



# CHN

FINANCIAL CONSULTANCY

CHN House, 1 John Charles Way,  
Gelderd Road, Leeds, LS12 6QA

 0113 3878240

 [info@chnfc.co.uk](mailto:info@chnfc.co.uk)

 [www.chnfc.co.uk](http://www.chnfc.co.uk)

## News in Review

31 January 2024

*"Consumer confidence has started the year well"*



**On Friday, the latest UK consumer confidence data from GfK showed that households are more optimistic about their personal finances. The index recorded a three point increase in January, to a reading of -19, the highest level in two years.**

This is despite a small untick in the annual rate of consumer price inflation (CPI) in December, rising to 4% from November's two-year low of 3.9%. The overall trend for inflation has been lower.

GfK's major purchase index also rose by three points on December's reading and by 20 points year-on-year, with consumers therefore more likely to make large purchases like appliances, furniture and cars.

By historical standards, confidence is still weak because the reading is below the 10-year average of -15, however Client Strategy Director at GfK, Joe Staton, had some positive comments on the recent data set, *"Consumer confidence has started the year well with all measures up... Importantly, the view on our personal financial situation for the coming year has gained two points and now stands at zero. This is exciting as it ends 24 consecutive months of negative scores for this measure and this significant change is the best single indicator for how the nation's households feel about their income and expenditure."*

### **UK vehicle production tops one million in 2023**

Recent statistics from the Society of Motor Manufacturers and Traders (SMMT) has highlighted that last year was the best

year for car production since 2019. With 1,025,474 units manufactured, broken down into 905,117 cars and 120,357 commercial vehicles, overall output increased 17% year-on-year. Accounting for 38.3% of total output, production of battery electric, plug-in hybrid and hybrid vehicles increased to 346,451 units, up 48% year-on-year.

Output levels were supported by various factors, including increased electrified model production and receding supply chain challenges. In addition, healthy levels (£23.7bn) of public and private investment commitments were announced during last year, more than the previous seven years combined, including R&D facilities and gigafactories, spanning the country. The SMMT specify that this investment *'will drive green economic growth, create jobs nationwide and transition the sector to electrified vehicle manufacturing, which has already hit record levels in 2023.'*

SMMT Chief Executive, Mike Hawes said that the industry needs to focus on *"transitioning the sector at pace to electric and scaling up the supply chain."* He continued, *"With global competition as fierce as it has ever been and amid escalating geopolitical tensions, both government and industry must remain singularly focused on competitiveness, with all the jobs and growth this will bring. We are in a much better position than a year ago, but the challenges are unrelenting."*

### **UK government borrowing**

Data published by the Office for National Statistics (ONS) last week showed the UK government borrowed less than

expected in December, with public sector borrowing falling to £7.8bn, about half the amount a year previously and the lowest December figure since 2019. Lower interest payments on government debt helped drive the figure down, which was considerably lower than the £14bn prediction from the Office for Budget Responsibility (OBR). The lower borrowing figure has fuelled expectation of tax cuts in the Spring Budget on 6 March.

### **ECB holds rates**

Last Thursday, the European Central Bank (ECB) retained its key interest rates for a third consecutive meeting. With the deposit rate remaining at 4%, and the Governing Council focused on returning inflation to its 2% medium-term target. ECB President Christine Lagarde said it was *"premature to discuss rate cuts,"* adding that it will continue to be data dependent rather than *"fixated on any calendar."*

### **Healthy US growth figures**

During the final quarter of 2023, the US economy grew at a much faster pace than anticipated, according to data estimates from the Bureau of Economic Analysis and the Commerce Department. The US economy expanded at an annual rate of 3.3% during Q4, down from 4.9% recorded in Q3 but much faster than the 2% analysts expected. The uptick was driven by factors including robust household and government spending.

### **Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

***All details are correct at time of writing (31 January 2024)***