

News in Review

17 November 2021

"For all our disagreements, the world is undeniably heading in the right direction"



At a Downing Street news conference on Sunday evening, following the conclusion of the COP26 Summit, Boris Johnson hailed the climate deal as "game-changing", before adding that it sounds "the death knell for coal power."

Despite a late intervention by India and China, which resulted in the deal being altered to 'phase down' rather than 'phase out' coal, Boris Johnson acknowledged, "We can lobby, we can cajole, we can encourage, but we cannot force sovereign nations to do what they do not wish to do. For all our disagreements, the world is undeniably heading in the right direction."

Though notably tinged with disappointment, the PM was positive that a tipping point has been reached in people's attitudes, but cautioned, "The fatal mistake now would be to think that we in any way cracked this thing." UN Climate Chief, Patricia Espinosa said the agreement reached at the Summit was a "huge step forward."

Under the climate pact, countries have been asked to republish their climate action plans by the end of 2022, with more ambitious emission reduction targets for 2030. There is also an emphasis on developed countries increasing funding to countries already suffering the effects of climate change, beyond the current \$100bn annual target. As part of the agreement struck in Glasgow, countries will meet again next year to pledge further major carbon cuts.

In a surprise announcement last Wednesday, the US and China agreed to enhance their climate co-operation over the next decade. In a joint declaration, the world's two biggest CO2 emitters

pledged to 'recall their firm commitment to work together' to achieve the 1.5°C temperature goal.

Q3 economic growth

As supply chain problems continue to weigh on the pace of the economic recovery, the latest data from the Office for National Statistics (ONS) shows that economic growth slowed to an estimated 1.3% in Q3, a significant slowdown from the 5.5% growth recorded in Q2. The UK expanded less than the ONS initially anticipated in July and August, when the 'pingdemic' essentially kept the economy flat, followed by a rebound in September, boosted by services output growth. In Q3, there was a fall in underlying inventories, reflecting some of the recent supply chain challenges and a negative contribution from net trade. The UK economy is currently 2.1% smaller than the final quarter of 2019, before the pandemic took hold.

Jobs recovery continues

ONS figures released on Tuesday show that there were 160,000 more workers on payrolls in October than in September, despite the end of the furlough scheme. Job vacancies also hit a fresh record at 1.17 million in the three months to October, whilst the official unemployment rate fell to 4.3%. Sam Beckett, Head of Economic Statistics at ONS said, "It might take a few months to see the full impact of furlough coming to an end, as people who lost their jobs at the end of September could still be receiving redundancy pay. However, October's early estimate shows the number of people on the payroll rose strongly on the month and stands well above its pre-pandemic level."

Inflation rises

The cost of living surged to 4.2% in October, according to ONS Consumer Prices Index (CPI) figures released first thing on Wednesday morning. This is against a forecast of 3.9% and is the highest 12-month inflation rate since November 2011.

US and China virtual summit

The world's two most powerful nations held talks in a virtual summit in an attempt to improve relations which had deteriorated during Donald Trump's presidency. In the talks, which lasted for 3.5 hours, Chinese President Xi Jinping said "Humanity lives in a global village, and we face multiple challenges together. China and the US need to increase communication and co-operation."

US prices rising at fastest pace for over 30 years

According to the Bureau for Labour Statistics, the latest US Consumer Prices Index highlights that prices have increased by 6.2% over the last year, primarily driven by increases in fuel and food prices. This represents the highest 12-month increase since the period ending November 1990. A sharp jump from September, when prices were rising by 5.4%, inflation has been a growing global concern as the impact of the pandemic permeates. New and used vehicles were also large contributors, as prices rise at pace.

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.