

News in Review

21 September 2022

"With admiration we recall her lifelong sense of duty and dedication to her people"



The nation ground to a halt on Monday to observe a Bank Holiday for Her Majesty Queen Elizabeth II's state funeral, rounding off an emotive period of mourning.

Attended by world leaders, foreign royal families, heads of state, foreign dignitaries and representatives from across the Commonwealth, opening the service at Westminster Abbey, the Dean of Westminster delivered the bidding, *"We gather from across the nation, from the Commonwealth, and from the nations of the world, to mourn our loss, to remember her long life of selfless service... With gratitude we remember her unswerving commitment... With admiration we recall her lifelong sense of duty and dedication to her people."*

Members of The Royal Family, royal household staff and representatives, remain in mourning until 26 September, seven days after the funeral.

Inflation rate moderates

The Consumer Price Index (CPI) fell to 9.9% in the 12 months to August 2022, down from 10.1% July, according to the Office for National Statistics (ONS). Lower petrol prices were the main reason the pace of inflation eased slightly in August. Food prices continued to rise in the month, partially offsetting the fall in fuel prices. Although the rate was not as high as many economists had expected in August, there are warnings that CPI is likely to rise again later in 2022.

The data also outlined that average wages, excluding bonuses, increased by 5.2% in

the three months to July 2022, but with inflation taken into account, the real value of that pay fell by 2.8%.

With the same cost issues impacting countries worldwide, ONS has said that UK inflation is similar to the European Union average at present.

It is widely expected that the Bank of England will raise Bank Rate on Thursday by another 50 basis points, although it may opt for an even bigger move, a Reuters poll of economists found.

World Bank warning

Last Thursday, the World Bank issued a press release warning of the risks of a global recession, with the Bank cautioning that leading central banks risk sending the global economy into a 'devastating' recession next year if policymakers raise interest rates too high over the months ahead and stress financial markets. The Washington-based organisation called on monetary authorities in leading economies to co-ordinate their actions to reduce the overall amount of tightening.

World Bank Group President David Malpass commented, *"Global growth is slowing sharply, with further slowing likely as more countries fall into recession. My deep concern is that these trends will persist, with long-lasting consequences that are devastating for people in emerging market and developing economies."* He continued, *"To achieve low inflation rates, currency stability and faster growth, policymakers could shift their focus from reducing consumption to boosting production."*

Policies should seek to generate additional investment and improve productivity and capital allocation, which are critical for growth and poverty reduction."

UK fiscal event

The new Chancellor Kwasi Kwarteng will be making a fiscal statement on Friday 23 September. The government is expected to set out the estimated cost of plans to cap energy prices, as well detailing tax cuts pledged by Prime Minister Liz Truss in a bid to boost the economy.

Retail sales - 'consumers are cutting back'

New data from ONS shows that retail sales volumes decreased by 1.6% in August, a continuation of the downward trend which started in summer 2021. Sales across all retail sectors, including food, online, non-food, and fuel, reduced as households cut back in the face of rising prices. The volume reduction in August was the largest month-on-month decline since December last year. Although supermarket sales volumes also fell by 0.9% in the month, tobacco and sales registered a 6.3% increase. In addition, department stores saw a large 2.7% drop in sales volumes, while sales in clothing shops fell by 0.6%. ONS noted, *'Feedback from retailers suggests that consumers are cutting back on spending because of increased prices and affordability concerns.'*

Here to help

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