

News in Review

7 September 2022

"I will deliver a bold plan to cut taxes and grow our economy, I will deliver on the energy crisis..."



As widely expected, Liz Truss was announced as the new leader of the Conservative Party and the next Prime Minister on Monday afternoon at the QE2 conference centre in the capital. The Foreign Secretary was victorious over rival Rishi Sunak, winning 57% of Conservative Party member valid votes, a narrower margin than expected. Following the announcement of her victory, Truss pledged, "I will deliver a bold plan to cut taxes and grow our economy. I will deliver on the energy crisis, dealing with people's energy bills, but also dealing with the long-term issues we have on energy supply."

On Tuesday morning, Boris Johnson delivered his final speech as Prime Minister outside 10 Downing Street before journeying to Balmoral Castle to tender his formal resignation to the Queen. Ms Truss then met with her Majesty to be appointed as the new Prime Minister. Later that afternoon, it was her turn to take to the podium outside Number 10 to address the nation in her first prime ministerial speech, during which she said her government would work to "transform Britain into an aspiration nation."

Emphasising that "together we can ride out the storm," she set out her immediate priorities – the economy, the NHS and the energy crisis. Pledging to develop a "bold plan to grow the economy through tax cuts and reform," the new PM also guaranteed to ensure that people would have access to the NHS services they need and promised to take "action this week to deal with energy bills and to secure our future energy supply." A support package to help people and

businesses with soaring energy costs is expected to be announced on Thursday.

Markets

European shares responded positively as they anticipated the new PM's energy announcements, amid speculation that a £90bn energy bill support package is set to be unveiled. Housebuilding and retail stocks gained, with the FTSE 100 13.01 points higher at 7,300.44 when markets closed on Tuesday.

Sterling lifted from a two-year low following hopes of an imminent energy plan. The euro slumped to a 20-year low this week following the announcement from Russia that it would shut off gas deliveries to Europe indefinitely, deepening the energy crisis in the region.

Growth in the car market

The latest statistics from the Society of Motor Manufacturers and Traders (SMMT) highlight that UK new car registrations gained some ground in August with growth of 1.2%, the first monthly growth since February. A total of 68,858 new cars were registered in the month. Traditionally a quieter month for new registrations, overall growth was driven by battery electric vehicles (BEVs), which recorded a 35.4% increase in volumes and a 14.5% market share, although growth in this segment is slowing. The registration of plug-in hybrid electric vehicles (PHEV) fell by -23.1%, making up 5.6% of monthly registrations. Looking ahead, Chief Executive of the SMMT Mike Hawes commented, "With September traditionally a bumper time for new car uptake, the

next month will be the true barometer of industry recovery as it accelerates the transition to zero emission mobility despite the myriad challenges."

Latest house price data

Headline statistics for the Nationwide House Price Index for August showed that annual UK house price growth slowed to 10% in the month, down from 11% the previous month, although remaining in double digits for the tenth consecutive month. Although average house prices have risen almost £50,000 in two years, Nationwide's Chief Economist, Robert Gardner commented on the prospects for the market, "There are signs that the housing market is losing some momentum, with surveyors reporting fewer new buyer enquiries in recent months and the number of mortgage approvals for house purchases falling below pre-pandemic levels. However, the slowdown to date has been modest, and combined with a shortage of stock on the market, has meant that price growth has remained firm."

Mr Gardner continued, "We expect the market to slow further as pressure on household budgets intensifies in the coming quarters, with inflation set remain in double digits into next year. Moreover, the Bank of England is widely expected to continue raising interest rates, which will also exert a cooling impact on the market if this feeds through to mortgage rates, which have already increased noticeably in recent months."

Here to help

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