

News in Review

2 November 2022

"Our number one priority is economic stability and restoring confidence"



Last week during the first meeting of the new Cabinet in Downing Street, Chancellor Jeremy Hunt announced the postponement of the government's fiscal statement from 31 October to 17 November.

Delayed by over a fortnight, the Medium-Term Fiscal Statement, due to be delivered in the House of Commons on Halloween, along with a forecast from the Office for Budget Responsibility (OBR), is now scheduled to be a full Autumn Statement.

Justifying the delay, Mr Hunt said that new Prime Minister Rishi Sunak's appointment had brought about the "prospect of much longer-term stability for the economy" so a delay will ensure "the right decisions" are made.

He continued, "Our number one priority is economic stability and restoring confidence... but it is also extremely important the statement is based on the most accurate possible economic forecasts and forecasts of public finances."

The statement is expected to include the OBR's economic forecast, addressing debt, and plans to put public spending on a sustainable footing.

Next MPC meeting imminent

The Bank of England's Monetary Policy Committee (MPC) meets this week and will make their next announcements on interest rates on 3 November. The Bank has made increases of half a percentage point or less, on the seven occasions Bank Rate has been increased since last December, to reach its current level of 2.25%. Some commentators are predicting a full percentage point increase to 3.25%,

while others think a 0.75 percentage point increase to 3% is a feasible outcome.

FCA's plan to tackle greenwashing

The Financial Conduct Authority (FCA) has proposed a package of new measures aimed at protecting consumers and improving trust in sustainable investment products, by clamping down on greenwashing. The measures include introducing investment product sustainability labels to give consumers the confidence to understand products, as well as restrictions on how terms like 'green,' 'sustainable' and 'ESG' can be used, and to eradicate exaggerated, misleading or unsubstantiated claims about ESG credentials. Other plans include disclosing investments that a consumer may not expect to be held in the product.

Sacha Sadan, FCA's Director of Environment Social and Governance, commented, "Greenwashing misleads consumers and erodes trust in all ESG products. Consumers must be confident when products claim to be sustainable that they actually are. Our proposed rules will help consumers and firms build trust in this sector. This supports investment in solutions to some of the world's biggest ESG challenges. This places the UK at the forefront of sustainable investment internationally. We are raising the bar by setting robust regulatory standards to protect consumers in line with our wider FCA strategy."

Lost pension values climbing

Data released last week by the Pension Policy Institute (PPI) has highlighted that the value of lost pension pots has risen by £7bn (37%) over the last four years, meaning the total value of lost pensions has now topped £26.6bn. In addition, the

number of pension pots considered as lost has increased by 75% over the last four years.

One key finding has shown that high unemployment levels prompted by the pandemic, combined with automatic enrolment, mean an especially large number of people may have left jobs with pension schemes, creating a wave of deferred pots which may become lost.

Director of Policy, Long Term Savings and Protection at the Association of British Insurers (ABI), Yvonne Braun said that people are "missing out on money that can make a real difference to their quality of life in retirement. It's time to pay your pension some attention and use the resources available to track down any lost pots."

Markets

UK stock markets benefited from a Halloween rebound at the end of October, with the FTSE 100 closing the month at a five-week high, buoyed by gains across Britain's high street banks, amid expectations of an imminent Bank Rate rise.

London-listed mining giants soared on Tuesday amid hopes that China was looking at a plan for the unwinding of its current zero-COVID strategy. By the end of the day, the FTSE 100 closed at 7,186.16, a 1.3% rise, after briefly peaking at 7,221, higher than before the 'mini budget' in late September. The FTSE 250 ended up 1.71% at 18,195.90.

Here to help

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