

News in Review

13 September 2023

"India is going to be one of the most significant countries geopolitically over the next years and decades, and it's vitally important for the UK to deepen our ties"



The G20 summit concluded in Delhi on Sunday with a joint declaration that denounced using force for territorial gain but fell short of explicitly condemning Russia. Ukraine reacted angrily to the watered-down wording about the war, with foreign ministry spokesperson Oleg Nikolenko saying that the G20 had "nothing to be proud of".

At the summit, several significant deals were agreed. On Saturday, Prime Minister of India Narendra Modi and President of the European Commission Ursula von der Leyen, announced a new project to build an economic corridor linking Europe with the Middle East and India via rail and sea.

The G20 members also made further ground on climate. The bloc announced a 100% consensus to 'pursue and encourage efforts to triple renewable energy capacity globally through existing targets and policies'. Meanwhile, the summit launched a global biofuel alliance between India, the US and Brazil to boost the use of cleaner fuels.

The African Union was inducted as a new permanent member, part of an effort by India to make the G20 more inclusive. When Mr Modi closed the summit on Sunday afternoon, he handed a ceremonial gavel to Brazil's President Luiz Inacio Lula da Silva, who is taking over the presidency.

UK Prime Minister Rishi Sunak had his own mission for the summit: the prospect of finalising a free-trade agreement with India. Before the trip, a spokesperson told reporters that, "As the first British Prime Minister of Indian descent, his visit will be an historic moment."

Afterwards, Mr Sunak said "What you'll see in the communique is strong language, highlighting the impact of the war on food prices and food security." A further round of talks between India and the UK have been scheduled for late September. Mr Sunak added, "Without question, India is going to be one of the most significant countries geopolitically over the next years and decades and it's vitally important for the UK to deepen our ties, particularly economically and more broadly, with India."

Autumn Statement date confirmed

Last week, Chancellor of the Exchequer Jeremy Hunt announced that he will present this year's Autumn Statement to Parliament on 22 November. The government also confirmed that the Office for Budget Responsibility (OBR) has been commissioned to prepare an economic and fiscal forecast that will be presented to Parliament alongside the Autumn Statement, reinstating the practice a year after former Chancellor Kwasi Kwarteng snubbed the OBR forecasts for his ill-fated 'mini-budget' in September 2022.

Wage growth outstrips inflation

On Tuesday, Office for National Statistics (ONS) latest employment data revealed that basic wage growth in July outstripped the rate of inflation for the first time in more than 18 months. Up 7.8% compared to the same month a year ago, excluding the effects of bonuses, this was a 22-year high for the figure.

The full ONS report, however, presents a more nuanced picture of employment and wage dynamics.

Between May and July, for example, the UK's employment rate was estimated at 75.5%, slightly lower than the previous quarter (February to April 2023). Payrolled employees remained largely unchanged in August from the previous month.

Meanwhile, unemployment rose by 0.5% between May and July compared to the previous quarter.

China's economy stumbles again

Official figures released last week showed that China's exports have fallen for a fourth consecutive month, amidst weak demand at home and abroad. Exports dropped by 8.8% in August compared with a year earlier and imports fell 7.3%. Despite staying in the red, those declines still surpassed expectations and signalled an improvement on the previous month.

As well as a slump in global demand for Chinese-made goods, the country is facing several post-pandemic challenges at home, including a property crisis and weak consumer spending.

A spokesperson for the Chinese foreign ministry told a regular news briefing on Tuesday that China's economy had great potential and that the fundamentals of long-term improvement had not changed.

Here to help

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