



**INVICTUS**  
Independent Financial Advice

Invictus IFA  
Minster Gardens,  
Nottingham,  
NG16 2AT

T: 0115 88 00 244  
M: 07793 323027  
E: [info@invictusifa.co.uk](mailto:info@invictusifa.co.uk)  
[www.invictusifa.co.uk](http://www.invictusifa.co.uk)

## News in Review

12 October 2022

*"We are experiencing a fundamental shift in the global economy"*



**Last week, International Monetary Fund (IMF) Managing Director Kristalina Georgieva delivered a speech in Washington DC entitled 'Navigating a more fragile world.' She referred to the combined impact of a trio of challenges - recovery from the pandemic, the Ukraine invasion and climate issues - which have driven a global price surge and referred to how geopolitical fragmentation has made dealing with them even more challenging.**

*She professed, "We are experiencing a fundamental shift in the global economy, from a world of relative predictability, with a rules-based framework for international economic cooperation, low interest rates, and low inflation... to a world with more fragility - greater uncertainty, higher economic volatility, geopolitical confrontations, and more frequent and devastating natural disasters - a world in which any country can be thrown off course more easily and more often."*

She spoke about an urgent ongoing need to continue efforts to stabilise the global economy, through monetary policy tightening to bring down inflation, deploying targeted fiscal measures to help the vulnerable, and supporting emerging market economies. In their just-released World Economic Outlook the IMF has forecast that global growth will slow to 3.2% in 2022 and 2.7% in 2023.

### **UK food retail sector**

The latest financial results from Tesco show that changing consumer habits are intensifying the high street battle for shoppers keen to save money. Consumers are continuing a newly established trend

to buy more own brand goods, buy less in their weekly shop and being prepared to shop around to get more with their weekly budget.

According to Ken Murphy, Tesco Chief Executive Officer, customers are trying to "make their money go further, whether they are switching from branded products, between categories or cutting back on eating out." The increasing move toward value for money has seen Lidl becoming the fastest growing UK supermarket, with Aldi leapfrogging Morrisons to become the fourth largest.

### **Mortgage rates climb**

As the mortgage market continues to deal with the fallout from the Growth Plan and rate rises, news came last week that the average five-year mortgage rate has nearly reached a 12-year high, with the typical deal now topping 6%. The last time this average figure breached 6% was in January 2010. The average two-year fixed rate, which stood at 4.74% at the beginning of October has also risen to over 6%, its highest since November 2008, during the onset of the financial crisis. Wind the clock back one year to October 2021, the average two- and five-year rates were 2.25% and 2.55% respectively.

Chancellor Kwasi Kwarteng met with major UK lenders, including Barclays and Natwest last week, for discussions which included recent developments in the mortgage market. In a statement following the meeting, the Treasury outlined, "While it is the responsibility of the sector to provide the best value for mortgage rates, the Chancellor confirmed that the Treasury would continue to work closely with the sector in the weeks and months ahead."

The Chancellor has been asked by lenders to extend the government's mortgage guarantee scheme due to expire at the end of 2022, which offers government underwriting for 5% deposit mortgages.

### **Medium-Term Fiscal Plan**

Mr Kwarteng has brought forward the date for his Medium-Term Fiscal Plan from 23 November to 31 October. Nearly a month before the original date, he will outline his plan for balancing the government's finances, laying out more detail on how he intends to pay for £43bn of tax cuts, in addition to plans to reduce debt. An independent economic forecast from the Office for Budget Responsibility (OBR) will be published at the same time.

### **Unemployment falls**

New data from the Office for National Statistics (ONS) has highlighted that the unemployment rate has unexpectedly fallen to its lowest level since the three-month period to February 1974. In the three months to August, the jobless rate reduced by 0.3 percentage points to 3.5%.

### **Markets**

The Bank of England intervened twice this week to increase the scale of its emergency bond-buying programme and announced that it would widen its scope to include index-linked bonds which are linked to inflation. London stocks closed down on Tuesday with the FTSE 100 ending the session down 1.06% at 6,885.23, and the FTSE 250 closed down 1.29% at 16,904.06.

### **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.  
All details are correct at time of writing (12 October 2022)***