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News in Review

4 January 2023

"For hard-working families facing today's challenging economic conditions, it's right that we continue to help them secure their first home or move into their dream house"

The government has confirmed the extension of the Mortgage Guarantee Scheme by one year to the end of December 2023. Positive news for people with 5% deposits, the scheme provides lenders with the financial guarantees they need to provide mortgages that cover the other 95%, on a house worth up to £600,000.

Originally intended to close at the end of 2022, the scheme was launched in April 2021 and has helped over 24,000 households. Available to first-time buyers and existing homeowners, the scheme has helped support the wider housing sector. During the pandemic, when lenders withdrew high loan-to-value (LTV) products, the scheme helped restore competition and consumer choice to the market, according to the government.

John Glen MP, Chief Secretary to the Treasury, commented on the scheme extension, *"For hard-working families facing today's challenging economic conditions, it's right that we continue to help them secure their first home or move into their dream house. Extending this scheme means thousands more have the chance to benefit and supports the market as we navigate through these difficult times."*

Manufacturing "notably weaker"

Recent data from the Office for National Statistics (ONS) shows that the UK economy contracted by 0.3% in the three months to September 2022 (Q3), revised down from a previous estimate of a 0.2% fall. In addition, growth data for the first half of last year has also been revised

down, with Q1 growth of 0.6% and Q2 growth of 0.1% predicted, previously estimated at 0.7% and 0.2% respectively. Director of Economic Statistics at ONS, Darren Morgan, spoke about growth, *"Our revised figures show the economy performed slightly less well over the last year than we previously estimated"*, he added that manufacturing and electricity generation were *"notably weaker."*

Christmas Day tax returns top 3,000

Were you amongst the 3,275, people who chose Christmas Day to file their Self-Assessment tax return? HM Revenue and Customs (HMRC) data has revealed that 22,060 people submitted their online form for the 2021-22 tax year between 24 and 26 December 2022, of which 141 opted to file it between 23:00 and 23:59 on Christmas Eve. Interestingly though, the total number of returns filed over the three-day period was 30% lower than the same period in 2021, when the Omicron variant meddled with the festive plans of many.

Extra bank holiday popular with shoppers

Retail data analysis has shown that many festive shoppers chose to exploit the extra bank holiday on Tuesday 27 December in search of post-Christmas bargains, with the day proving more popular for shoppers than Boxing Day. Visiting retail parks, high streets and shopping centres, footfall was almost 40% higher than on bank holiday Monday. Diane Wehrle, Springboard Insights Director, commented on their data, *"The 36.6% increase in footfall from Boxing Day to 27 December suggests*

that consumers remain keen to shop for sale bargains post-Christmas. Increased inflation may act as an incentive for many shoppers who are keen to secure purchases ahead of any further price rises." Retail parks recorded the largest increase in visitors on 27 December, however footfall does still remain below pre-pandemic levels.

Markets

Rounding off a challenging year, the UK's benchmark index ended the year slightly higher in contrast to the sharp drop in other domestic, US and European markets. The blue-chip FTSE 100 index registered a modest annual gain of 0.91%, while the domestically focused FTSE 250, more closely correlated to the UK economy, weighed down by economic and political uncertainty, closed the year 19.70% lower. In the US, the Dow closed the year registering its biggest annual loss since the 2008 financial crisis indicating how the Federal Reserve's quickest succession of rate hikes in forty years have taken their toll on markets. The Dow closed the year down around 8.78%, while the NASDAQ closed the year down over 33%.

On the first trading day of 2023, London stocks were positive helped by a drop in sterling and amid optimism around the reopening of the Chinese economy. The FTSE 100 ended the session up 1.37% at 7,554.09, and the FTSE 250 was ahead 1.49% at 19,134.34.

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 (4 January 2023)***

