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News in Review

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"Our new estimates indicate a stronger performance for professional and scientific businesses"



The UK's economy has grown faster since the start of the pandemic than had initially been stated, according to new data released last week by the Office for National Statistics (ONS).

Under the updated figures, the UK's economy is estimated to have grown by 1.8% since the end of 2019, compared to a previous estimate of a 0.2% contraction. This makes the UK's growth faster than both France and Germany for that period.

The upward change came mostly from a dramatic revision to the GDP figures for 2020 and 2021, with new data showing that the UK experienced a much better recovery from the pandemic than previously thought.

In response to the positive news, the FTSE 100 ended the third quarter with a 1% gain, following a 1.3% fall in the previous quarter. Elsewhere, the new data raised speculation that the Bank of England (BoE) will again hold Bank Rate unchanged at its November meeting.

The revised figures also presented a new picture of which sectors performed well over the past four years. Specifically, science firms were shown to have grown faster than previously thought. ONS Chief Economist Grant Fitzner explained, *"Our new estimates indicate a stronger performance for professional and scientific businesses due to improved data sources. Meanwhile, healthcare grew less because of new near real-time information showing the cost of delivering services."*

No tax cut but living wage going up

On Monday, Chancellor Jeremy Hunt confirmed in a speech at the Conservative Party conference that the National Living Wage is set to increase to at least £11 an hour from next April, a move that will benefit two million of the lowest-paid workers. The National Living Wage – the lowest amount workers aged 23 and over can be paid per hour by law – is currently £10.42 per hour.

Elsewhere in the speech, Mr Hunt said that the *"level of tax is too high,"* though the government has already hinted that no tax cuts are expected this year.

Mortgage lending slows

The latest statistics from the BoE on mortgage lending and approvals presented a mixed picture. Net borrowing of mortgage debt by individuals increased for the fourth consecutive month to £1.2bn in August, up from £0.2bn in July. On the other hand, net mortgage approvals for house purchases fell from 49,500 in July to 45,400 in August, the lowest level in six months.

Meanwhile, net approvals for remortgaging dropped from 39,300 to 25,000 during the same period, to reach its lowest point since July 2012. Moreover, net borrowing of consumer credit by individuals amounted to £1.6bn in August, a rise from £1.3bn in the previous month. At the last meeting of the Monetary Policy Committee (MPC), the BoE kept interest rates at a 15-year high of 5.25%.

Pension pot raid

Cash withdrawals from pension pots rose by nearly a fifth, according to

official data released by HM Revenue & Customs last week. The figures were widely commented and raised concerns about the squeeze on retirement savings as a result of the cost-of-living crisis. Between April and June this year, 567,000 individuals withdrew £4bn of taxable pension payments from retirement pots, a noticeable rise on the £3.4bn withdrawn in the previous quarter.

Rosebank gets go ahead

Last week, the North Sea Transition Authority (NSTA) granted development and production consent for the Rosebank field, situated to the north-west of Shetland, to owners Equinor and Ithaca Energy. Rosebank is the UK's largest untapped oil field and is estimated to contain up to 300 million barrels of oil.

A NSTA spokesperson commented, *"We have today approved the Rosebank Field Development Plan which allows the owners to proceed with their project. The FDP is awarded in accordance with our published guidance and taking net zero considerations into account throughout the project's lifecycle."*

Last month, 50 MPs and peers from all major parties raised concerns that Rosebank could produce 200 million tonnes of carbon dioxide. Mark Ruskell, climate spokesperson for the Scottish Greens, said that granting the licence was the *"worst possible choice at the worst possible time."*

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 October 2023)***