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## News in Review

11 October 2023

*"It's great to see financial services firms reporting another positive quarter"*



**Financial services activity held relatively firm in the third quarter, according to the latest Financial Services Survey released last week by the Confederation of British Industry (CBI).**

In total, optimism and business volumes grew slightly less quickly than in the buoyant second quarter. Moreover, following a 27% uplift in Q3, firms now predict business volume growth at a faster pace next quarter (+41%). Optimism among firms (+20%) remains considerably higher than the long-run average (+3%).

Louise Hellem, CBI Chief Economist, commented, *"It's great to see financial services firms reporting another positive quarter, with optimism and volume growth both firm, and activity expected to pick up further in the months ahead. A critically important sector to the UK economy, financial services also serve as a key catalyst and backer for a wealth of business activity across the country."*

### **Twice as many US jobs as predicted**

The number of US jobs surged more than expected last month, figures released by the Labor Department have revealed, with employers adding some 336,000 jobs in September. Additionally, the August tally was also revised upwards from 187,000 to 227,000 jobs.

The surge was led by leisure and hospitality, which alone accounted for 96,000 jobs in September; other top-performing sectors included food services and bars, which rose by 61,000 over the month. After almost doubling analysts' estimates of 170,000 new jobs, speculation that interest rates could rise further has been rife.

Unemployment stayed unchanged at 3.8%. Likewise, monthly wage growth remained moderate, with average hourly earnings rising by 4.2% in the year to September.

### **Private buyers steering clear of electric cars**

Sales of new electric cars to private buyers fell sharply in September compared with the same period a year ago, figures released last week by the Society of Motor Manufacturers and Traders (SMMT) revealed.

According to the SMMT, sales to private buyers fell by 14%, even though overall registrations of electric cars rose by almost 19%, driven by company fleet buyers. Overall, new car registrations grew by 21% last month compared with the same period in 2022, a fourteenth consecutive month of growth.

### **National debt interest at 20-year high**

The interest the government pays on national debt has soared to a 20-year high, as the rate on 30-year bonds increased to 5.05%. The UK's national debt is currently estimated at £2.59trn; a higher cost of servicing this debt could influence the government's spending plans ahead of the Autumn Statement, which is due to be delivered on 22 November.

### **Taxes at £40bn a year by 2028**

Frozen personal tax thresholds will see taxpayers pay £40bn a year by 2028, new analysis from the Resolution Foundation estimates. With Income Tax and National Insurance thresholds scheduled to remain frozen until 2028 and inflation pushing wages higher, the research suggests that taxpayers could face the biggest tax rise in at least 50 years.

Millions of people will be pulled into a higher tax band or see a greater proportion of their salaries taxed, according to the Resolution Foundation, which has called the frozen thresholds a 'stealth tax'. In response, a spokesperson for HM Treasury said that taxes were lower than elsewhere in Europe *'despite the difficult decisions we've had to make to restore public finances after the dual shocks of the pandemic and Putin's illegal invasion of Ukraine'*.

### **Northern leg of HS2 scrapped**

The Conservative party conference closed last week, with confirmation that the northern leg of the HS2 high speed rail link would be scrapped. After announcing the Birmingham to Manchester leg of HS2 would not go ahead, Prime Minister Rishi Sunak pledged billions of pounds to transport projects around the country, *"Every region outside of London will receive the same or more government investment than they would have done under HS2, with quicker results."*

### **Middle East scare pushes oil price up**

On Monday, Brent Crude oil prices climbed by \$2.50 a barrel amid concerns that an escalation of conflict in Israel and Gaza could disrupt output from the Middle East. The Middle Eastern region accounts for almost a third of global supply, although Israel and Palestinian territories are themselves oil producers.

### **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 (11 October 2023)***