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News in Review

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"I will fight for every vote"



Last Wednesday, hot on the heels of fresh inflation data, Prime Minister Rishi Sunak took to a rain-soaked Downing Street podium to announce the date of the General Election – which is due to be held on 4 July. The countdown is on. The statement signals the start of intense campaigning for 650 Parliamentary seats across the country.

Mr. Sunak vowed, *"Over the next few weeks I will fight for every vote,"* as he endeavors to win a fifth term in office for the Conservative party. Sir Keir Starmer responded by saying that it was *"time for change,"* while Ed Davey, Leader of the Liberal Democrats said the election is a chance to *"deliver the change the public is crying out for."*

Parliament was suspended on Friday, before formally shutting down on Thursday (30 May) in advance of an official five-week election campaign. This left the government limited time to push through any outstanding legislation before the end of the parliamentary session on 24 May.

The Finance Bill, which includes taxation plans as outlined in the Spring Budget, was passed, while the Renters Reform Bill was dropped. This Bill would have brought changes to the private rental sector, including rent rise regulation.

Party leaders and MPs hit the campaign trail with vengeance ahead of the bank holiday weekend. In the coming weeks, each party will release their manifestos, outlining key pledges and their intentions

if they form a government – essentially their key priorities. Focus areas are likely to be the economy, immigration, security and defence, crime, the NHS, climate, housing, tax, pensions and education.

The Royal Family has postponed engagements *'which may appear to divert attention or distract from the election campaign,'* according to the Palace.

Inflation closer to target

With an improving economic picture a likely election trail theme for the Conservatives, it came as no coincidence that the election announcement was made on the day that new inflation data from the Office for National Statistics (ONS) showed the annual Consumer Prices Index (CPI) rose by 2.3% in the year to April 2024, down from 3.2% in the year to March 2024, in touching distance of the Bank of England's (BoE's) 2% target. The lowest inflation level in almost three years, ONS noted that falling electricity and gas prices resulted in the largest downward contributions to the monthly change in CPI annual rates. From a monthly perspective, CPI rose by 0.3% in April 2024, compared with a rise of 1.2% in April last year.

The Prime Minister said in a statement, *"Today marks a major moment for the economy, with inflation back to normal. This is proof that the plan is working and that the difficult decisions we have taken are paying off. Brighter days are ahead, but only if we stick to the plan to improve economic security and opportunity for everyone."*

Markets and retail sales

The surprise election announcement was made after UK markets closed last Wednesday, but on Thursday the FTSE 100 slipped as weaker banking and utility stocks weighed. Last Wednesday, sterling reached a two-month high but tempered as the week progressed.

On Friday, poor UK retail sales weighed on the market, with data for April showing a worse than expected monthly fall of 2.3%, as bad weather and early Easter holidays impacted. Economists had widely expected a modest 0.4% decline in the month.

After reviewing the retail data from the ONS, Director of Insight at the British Retail Consortium, Kris Hamer, spoke about the prospects for the retail sector in the coming months, *"With summer around the corner, and inflation fast approaching the Bank of England's 2% target, retailers are hopeful that consumer confidence will improve, and spending will pick up once again. Retail is crucial to healthy local economies, and if the next government wants to boost growth and jobs in left behind regions, it must help unlock retail investment right across the country. With a General Election fast approaching, political parties must ensure their manifestos detail how they will support retail, the three million people it employs, and the 60 million people it serves."*

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 (29 May 2024)***