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## News in Review

3 July 2024

*"With consumer demand on shaky ground, an incoming government can help business by ensuring that the UK is the most attractive place to start, grow and run a business"*



**New retail data from the Confederation of British Industry (CBI) has highlighted a softening in retail sales in June, with a similar expectation for July, as "unseasonably cold weather" impacted, while "internet retail sales fell sharply too," according to Interim Deputy Chief Economist at the CBI, Alpesh Paleja. Measuring volumes year-on-year, the CBI's monthly retail sales balance fell to -24 in June from +8 in May. Expected sales for July indicate a reading of -9.**

Internet sales fell at a much faster pace than expected in the year to June (-45% from -6% in May). They are expected to fall again in July by -5% (year-on-year). Retailers are experiencing a reduction in orders (-14% in June from -11% in May), with expectations of a continuation in July (-16%).

Speaking about improving consumer fundamentals, Paleja added, *"With inflation now at the Bank of England's target and real incomes rising... it is clear that households are still struggling with the legacies of the cost-of-living crisis, with the level of process still historically high in some areas. With consumer demand on shaky ground, an incoming government can help business by ensuring that the UK is the most attractive place to start, grow and run a business. This will require bold action such as delivering a holistic cross-economy solution to the UK's overly complex business rates system, which is a particular burden for retailers. This would help to alleviate the burden of higher costs."*

### **Uptick in quarterly GDP**

New UK growth data from the Office for National Statistics (ONS) shows that real gross domestic product (GDP) increased by 0.7% in the three months to April 2024, exceeding estimates of 0.6%.

From a monthly perspective, GDP is estimated to have shown no growth during the month of April, following growth of 0.4% in March.

The quarterly growth improvement was largely attributable to the services sector, which expanded by 0.8% in the quarter, with slightly stronger activity in the professional services, storage and transport sectors.

### **Car manufacturing**

The latest UK car manufacturing statistics from the Society of Motor Manufacturers and Traders (SMMT) show a decline in units produced by 11.9% in May to 69,652 as factories prioritise 'retooling for an electric future'. Nearly two fifths of all output in the month was attributed to electrified vehicles (battery electric, plug-in hybrid and hybrid). The SMMT expect this share to continue to grow 'as manufacturers invest in greener product lines and technology to deliver Britain's net zero ambitions. As countries around the world continue to compete for such investment in their own industries, the UK must do all it can to position itself ahead of the competition.'

### **Election news**

The last few days of campaigning have become more heated as parties put their case to the electorate. The 'Gamblegate'

betting controversy has rumbled on as the number of election candidates placing bets on the timing and outcome of the election elevates.

Rishi Sunak and Keir Starmer took part in a final televised debate before the election last week, answering audience questions on immigration, tax, Brexit, welfare and protecting women-only spaces. The Prime Minister went on the offensive, cautioning over Labour's tax plans. In a plea to the public he professed, *"If you're not certain about Labour, don't surrender to them."* Mr Starmer countered that Conservatives were planning *"unfunded tax cuts"* and people were *"paying hundreds of pounds more because of the damage done to the economy."*

With polls continuing to show a robust labour majority, a report from the Centre for Social Justice entitled 'Breadline Britain's Election Battleground,' said Labour was 'overwhelmingly' the most popular party among Britain's poorest people, with half of those polled supporting them in the election, an increase of 14% on 2019 data. Conservative support has tailed off from 23% in 2019 to just 15%, while 40% of the nation's poorest voters saw the Conservatives as 'out of touch,' up 6% from 2019.

### **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 (3 July 2024)***