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## News in Review

17 July 2024



*"We need to go further and faster if we are to fix the foundations of our economy"*

**Last week, Chancellor Rachel Reeves announced the launch of a National Wealth Fund (NWF), which has been created to increase investment in the UK. A key Labour manifesto promise, the Chancellor pledged £7.3bn of state funding to "unlock investment" in UK growth industries.**

The funding will be allocated through the UK Infrastructure Bank, alongside existing monies, while the British Business Bank will be reformed to help initiate institutional capital in the UK. British Business Bank Chief Executive, Louis Taylor, said, *"We expect the fund to create a single coherent governmental offer for businesses and a compelling proposition for investors that will help mobilise billions."*

A NWF task force has been assembled, the inaugural meeting of which was attended last week by Ms Reeves, Energy Secretary Ed Miliband and former Bank of England Governor Mark Carney. Further details on the fund will be outlined ahead of a global investment summit later in the year. The new government intends to legislate to make the fund a permanent institution.

At the meeting, the Chancellor commented, *"This new government is getting on with the job of delivering economic growth. I have been clear that there is no time to waste... We need to go further and faster if we are to fix the foundations of our economy to rebuild Britain and make every part of our country better off... Britain is open for business – and the work of change has begun."*

### **GDP uptick**

Recently released growth figures have shown the UK economy grew by 0.4% in May, following a flat reading the previous month. The data from the Office for National Statistics (ONS) highlights a rebound in the service sector as a key contributor, growing by 1.1% in the three months to May, the strongest three-monthly growth rate since December 2021. Growth in the sector was widespread, with output increasing in 10 of the 14 sub-sectors.

Exceeding expectations from a poll of economists of 0.2% growth for the month, sterling rose on the news last Thursday, to reach its highest level against the US dollar since early March.

### **Housing activity**

The new UK Residential Survey from the Royal Institution of Chartered Surveyors (RICS) has shown optimism in the housing market has reached *'the highest level since January 2022,'* on the back of the General Election. Over the next quarter, the RICS survey highlighted 20% of respondents are expecting a recovery in residential sales, the highest figure since January 2022. The survey states, *'The outlook does appear to be brightening somewhat, with near-term sales expectations improving noticeably.'* This can be partly attributed to confidence in the newly elected government, which has committed to deliver 1.5 million homes over the next five years.

A net balance of +54 survey respondents anticipate house prices will continue their ascent over the next year. New buyer enquiries show a net balance

reading of -7% in June, signaling a *'modest weakening'* in demand, the third consecutive month in which enquiries have slowed.

Senior Economist at RICS, Tarrant Parsons spoke of potential improvements in the sector, *"There are some factors emerging now that could support a recovery in the months ahead. If the Bank of England does decide that the current inflation backdrop is benign enough to start loosening monetary policy next month, this may prompt a further softening in lending rates. In addition, the recent election delivered a clear outcome, with housing pushed up the political agenda."*

### **Euros boost the economy**

Although the result didn't go in England's favour on Sunday, there is some good news for the economy, with expectations of a £3.1bn economic boost over the last month as Euros excitement gripped the nation. Before the final, those preparing to watch the match spent an estimated £405m, with an estimated £280.1m spent in supermarkets alone, as viewers stocked up on last-minute food and drink. Over the weekend, Tesco predicted selling over one million pizzas, 180,000 packs of burgers and four million packs of beer. Pubs and bars estimate a £120m revenue boost with fans turning out to cheer on the Three Lions.

### **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 (17 July 2024)***