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News in Review

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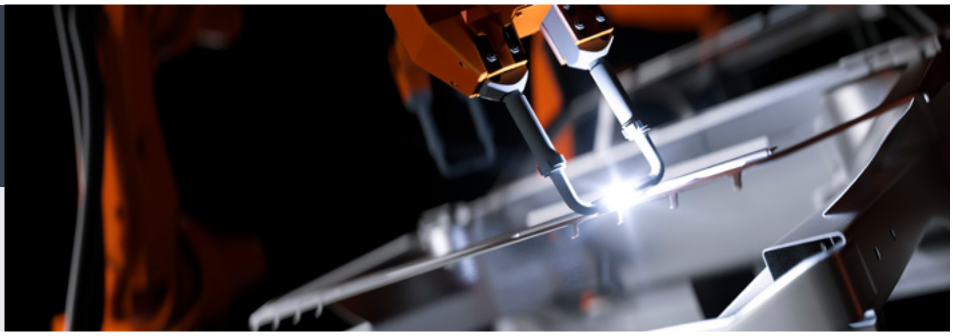
"This historic deal delivers for British business and British workers"



The UK secured what both leaders called a *"historic"* trade deal with the US, becoming the first country to reach an agreement with Washington since Donald Trump imposed sweeping new tariffs in April.

Under the agreement, duties on UK car exports to the US will fall to 10% for up to 100,000 vehicles a year, roughly matching last year's export total. The deal offers a lifeline to key British industries, especially carmakers, which faced the threat of punishing 27.5% tariffs.

Prime Minister Keir Starmer, speaking from a Jaguar Land Rover factory, called the deal a *"fantastic platform"* that would protect thousands of British jobs. Business Secretary Jonathan Reynolds said the breakthrough came just in time to prevent major job losses.

Starmer added, *"This historic deal delivers for British business and British workers protecting thousands of British jobs in key sectors… My government has put Britain at the front of the queue because we want to work constructively with allies for mutual benefit rather than turning our back on the world."*

The US will reinstate previous quotas on UK steel and aluminium, easing earlier tariff hikes, while both countries agreed to open up access to beef markets. The US will now be able to export up to 13,000 tonnes of beef to the UK, up from just 1,000 tonnes previously, while UK producers gain similar access in return.

Trump hailed the agreement as *"a great deal"* which would be expanded further. US officials claim it could unlock $5bn in export opportunities, including hundreds of millions in ethanol and agricultural products.

While the announcement lacked the formal signatures and detailed terms of a full trade agreement, both governments presented it as a significant step. However, analysts were cautious, suggesting the changes largely restored previous trading conditions rather than setting new ground.

UK and India strike landmark trade deal

The UK and India have signed a long-awaited trade agreement that promises to open up new opportunities for exporters and lower prices for consumers. The UK government estimates it could boost trade between the two countries by more than £25bn a year by 2040.

The deal, which took three years to negotiate, will cut tariffs on a wide range of goods, from British whisky and cars to Indian textiles and jewellery.

Keir Starmer said the agreement would help grow the economy and support jobs, while India's Prime Minister Narendra Modi called it a mutually beneficial milestone. India, already the world's fifth largest economy, is on track to become the third largest within a few years, making it a key trade partner.

British exporters of gin, whisky, aerospace and medical devices stand to benefit from lower Indian tariffs, with duties on whisky halving to 75% and falling further over time. Luxury carmakers will also see tariffs slashed from 100% to 10%, although exports will be subject to quotas. Meanwhile, Indian goods such as clothing, seafood and gems will become cheaper in the UK.

Observers say the deal could be transformational, given India's size and the historically high barriers to accessing its market. Jonathan Reynolds described the benefits as *"massive"* for both firms and consumers.

Bank of England cuts Bank Rate

The Bank of England (BoE) cut Bank Rate from 4.5% to 4.25% at its May meeting last week. The decision, made ahead of confirmation of the new UK-US trade deal, reflected concerns that higher tariffs would slow UK growth and bring inflation down. The BoE's Monetary Policy Committee was split, with two members pushing for a deeper cut to 4% and two favouring no change at all. Five members supported the quarter-point reduction.

Although the BoE stopped short of predicting a recession, it warned the global trade environment was adding to economic uncertainty. Governor Andrew Bailey said the rate cut was possible because inflation had continued to ease, but he said future rate decisions would be gradual and data-driven. Markets expect further rate cuts in the coming months, but uncertainty remains over how aggressive the BoE will be.

The BoE predicts UK gross domestic product (GDP) to grow 1% this year, up from 0.75%, largely due to a stronger-than-expected first quarter. However, underlying growth remains subdued at just 0.1% per quarter.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.