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Independent Financial Advice

News in Review

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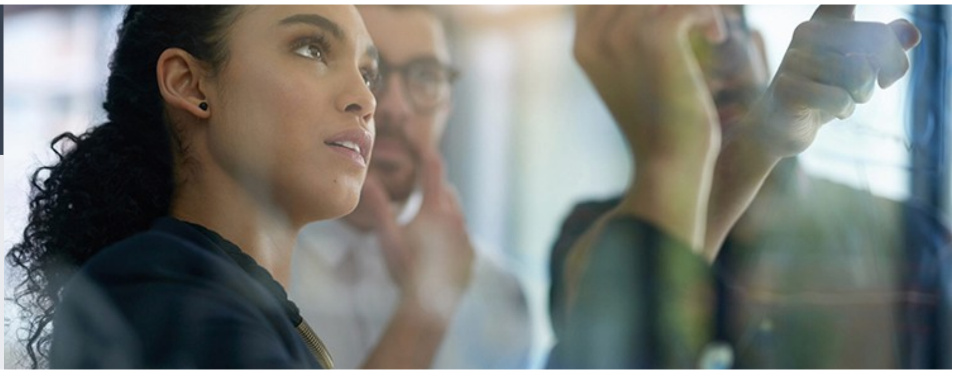
"Business disruption and economic uncertainty are becoming normalised"



Research from the Institute of Directors (IoD) found that confidence slipped among business leaders in June. The IoD Directors' Economic Confidence Index, which measures economic sentiment, fell from -53 in May to -61 in June.

Overall, the survey pointed to a weaker outlook for businesses, with revenue expectations dropping from +27 to +11 in June, which is the lowest reading so far this year. Meanwhile, investment intentions slipped from -1 to -4 and export expectations fell from +9 to +7. There is still concern over the supply chain, with 43% saying they were worried about shortages of fuel, materials or components due to the conflict in the Middle East, although this is down from 52% in April. Cost pressure also remains a challenge, with 72% of respondents reporting higher energy and fuel costs over the last three months.

Anna Leach, IoD Chief Economist commented, *"Despite a fragile peace in the Middle East, overall operating conditions worsened for businesses in June."* She added, *"Four fifths of businesses now report that business disruption and economic uncertainty are becoming normalised. As well as easing back on investment and hiring, this is pushing businesses to prioritise resilience over expansion, maintain higher reserves, reduce discretionary spend, diversify their supply chains and enhance their risk management."*

IMF indicates improved outlook for UK

Recent statistics suggest that the economic outlook is looking a little brighter for the UK. The International Monetary Fund (IMF) has improved its growth forecast for the UK, which is now projected to expand by 1.0% in 2026, up from 0.8% predicted in April. This would make the UK the third-fastest growing economy out of the G7 countries in 2026. Meanwhile, the Office for Budget Responsibility (OBR) published a report forecasting that the UK economy will grow by 1.5% every year for the next fifty years.

At her annual Mansion House speech on 14 July, the Chancellor announced a new SME lending package aimed at unlocking lending and investment across the economy. She also unveiled a series of reforms to strengthen the UK's financial services sector by positioning it at the forefront of innovation and ensuring it supports communities and businesses across all parts of the UK.

NATO Summit update

Last week, NATO members gathered in Turkey for the 2026 Summit. Defence was a key topic, as Alliance members committed to investing 5% of GDP annually into it by 2035. NATO General Secretary Mark Rutte's keynote speech suggests that this initiative is well underway, announcing that members had spent $37bn in one year on defence. Looking ahead, NATO announced that *'over $40bn dollars will be invested in counter-drone capabilities over the next five years."*

Meanwhile, there is uncertainty over the end of the war in Iran. US President Donald Trump said the ceasefire was over after US tankers were attacked last week, to which the US responded by striking across Iran.

Mortgage costs set to rise

The Bank of England (BoE) has forecast that more than five million British homeowners are likely to see their monthly mortgage repayments increase by the end of 2028. In December, the BoE had predicted that 3.9 million would see rises, but this has been revised up due to the impact of the war in Iran. However, the increase won't be as sharp as in recent years; the typical owner-occupier rolling off a fixed-rate mortgage over the next two years can expect to see payments rise by £45 per month, whereas the median repayment rose by around £120 between 2022 and 2024.

World Cup boost as England progress in the tournament

The England teams' quarter final match against Norway is predicted to have provided a £493.6m boost to the UK economy, according to data analysis firm GlobalData. Retailers are expected to have benefitted by £280m, while the hospitality sector is forecast to have seen a £105m uplift in sales. It was a momentous night for pubs, with drinks sales soaring by 84%, according to data from Heineken UK. Extra time delivered an estimated additional 10% uplift in sales as supporters stayed until the final whistle.

Fed releases meeting minutes

Minutes from the Federal Reserve's June meeting show that policymakers are divided over the future of US interest rates. In that meeting, the committee voted unanimously to hold rates in a range between 3.5-3.75%; the document suggests that policymakers may not be as unified in future meetings.

Here to help

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