Autumn statement 2022 review

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This year, the UK has seen more than its fair share of drama. Since June, we have had two monarchs, three prime ministers, and four chancellors!

Today, chancellor number four – Jeremy Hunt – laid out his plans for the economy.

As we have said, we always keep an eye on these events, but they tend not to impact our outlook or decisions. Flailing around and changing portfolios at every data release is not the way we run portfolios. As global multi asset investors, events such as the UK Autumn Statement usually have pretty much no impact on portfolios. In a balanced portfolio, our allocation to the UK is only around 15%. This allocation is also mostly to the FTSE 100, and these companies only earn 21% of their revenues from the UK economy, the rest comes from abroad! So, changes in the domestic economy's outlook aren't that relevant for those companies. The statement today has not impacted our allocations and we remain well positioned for the direction we see the global economy heading.

Nonetheless, most of us live in the UK and its always interesting to see the direction in which Westminster is trying to take the economy. Here are some of the key takeaways from today:

- UK Growth for 2022 is predicted to be 4.2%, but the outlook for next year is much worse, with the Office for Budget Responsibility expecting a 1.4% GDP contraction in 2023
- Year on year inflation for 2022 is predicted to be 9.1% and fall to 7.4% for 2023. This, no doubt, is partly due to the expected increase in unemployment from 3.6% to 4.9% in 2023
- Unsurprisingly, on the tax side, there has been a strong move away from Kwasi Kwarteng's proposals back in September. The 45% additional tax rate lower threshold will come down to £125,140 from £150,000, and minimum wage for over 23s will go from £9.50 to £10.42 an hour
- The cap on household energy prices will be extended for one year from April but at £3000 for most people as opposed to £2500
- The windfall tax on profits of oil and gas companies increased from 25% to 35% and will be extended until March 2028.

Any reference to specific instruments within this article does not constitute an investment recommendation.

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