



January 2023: A summary for investors

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What's happened in January?

- Inflation numbers falling, but still high
- China's economy slowly getting back to normal
- Europe's mild winter weather prevents a power crisis

Market summary

After a very difficult 2022, markets were more optimistic in January. UK inflation fell again to 10.5%, but it's still far from the long-term target of 2%.

The Bank of England increased interest rates to 4.00% at the beginning of February as they try to tackle inflation. The USA's Central Bank (Federal Reserve) and the European Central Bank also raised interest rates.

UK food prices increased by 14.6% in 2022. This, plus rising mortgage costs, is squeezing wallets and UK consumer confidence has plummeted to record lows.

While US unemployment is at a 50-year low, some large tech companies like Amazon and Microsoft have announced big staff layoffs to reduce costs.

As we move into 2023 and markets start to settle, a broader range of company sectors and sizes should perform well. Staying invested means there's potential to take advantage of these opportunities.

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