



August 2023: A summary for investors

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What's happened in August?

- The Bank of England raises rates to 15-year high
- US loses its top tier credit rating
- Chinese economic data causes concern
- Mixed economic performance makes global markets fall

Market summary

The Bank of England raised interest rates to a 15-year high of 5.25%, warning that tighter borrowing conditions may be needed as the fight against inflation continues. This is despite inflation falling to 6.8% in July. But even with this backdrop the UK economy managed to grow by 0.2% in the second quarter.

China's economic data continues to be a cause for concern, as attempts by the Peoples Bank of China to cut interest rates didn't spur the recovery many hoped for. Meanwhile Japan's GDP exceeded economists' forecasts, growing to 6% in the second quarter.

And projected tax cuts and expected fiscal deterioration convinced ratings agency Fitch to make a surprise downgrade of US Government debt caused some negative market sentiment in August.

Inflation watch continues, and is likely to for some time. Any movement – up or down – from predictions, pushes interest rate expectations in a new direction, and in turn, markets. But it feels like we're almost at a turning point, and it seems a case of when, not if, central banks will pause or halt rate rises altogether.

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