



Economic update

UK, February 2023



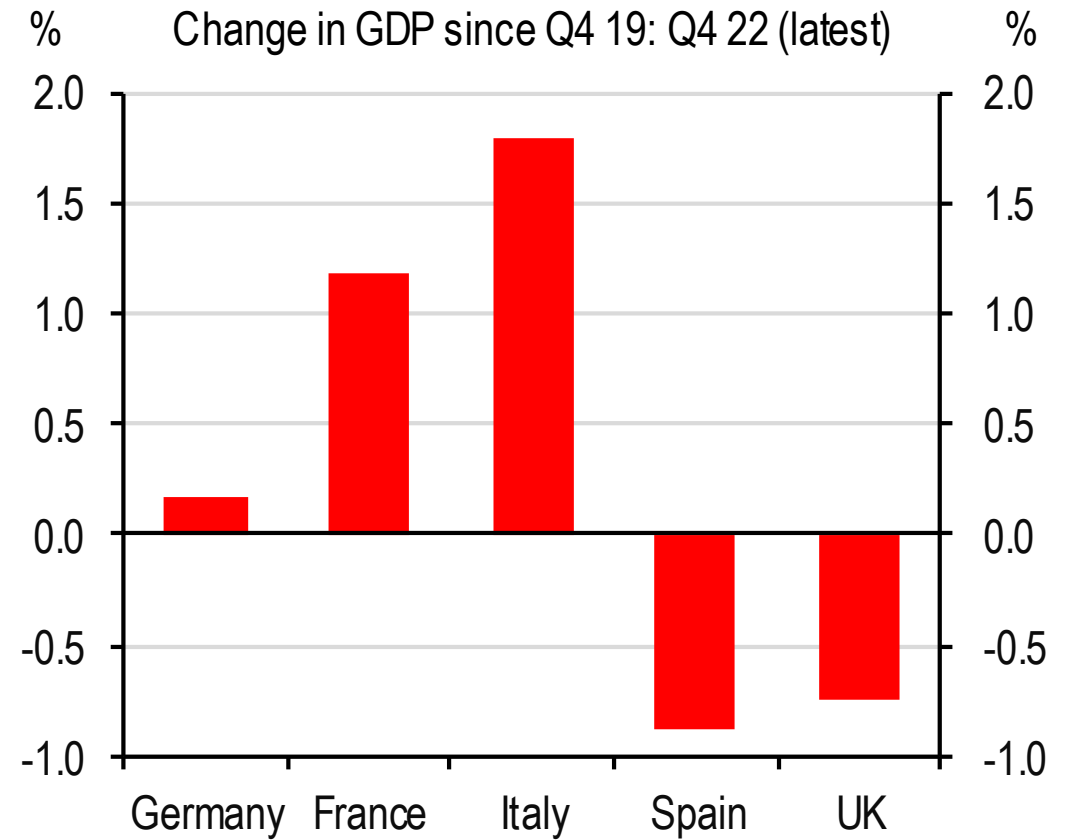
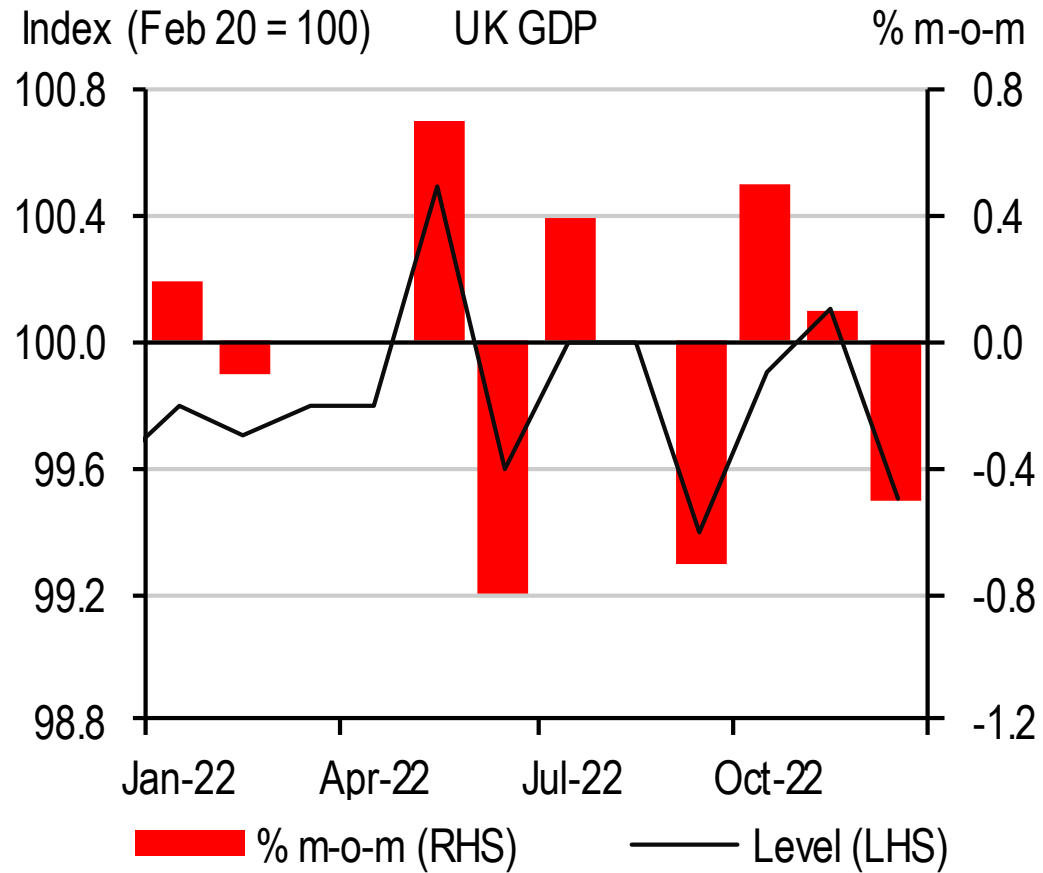
Liz Martins
Senior Economist
HSBC Bank plc
+44 20 7991 2170
liz.martins@hsbc.com

Economics
UK

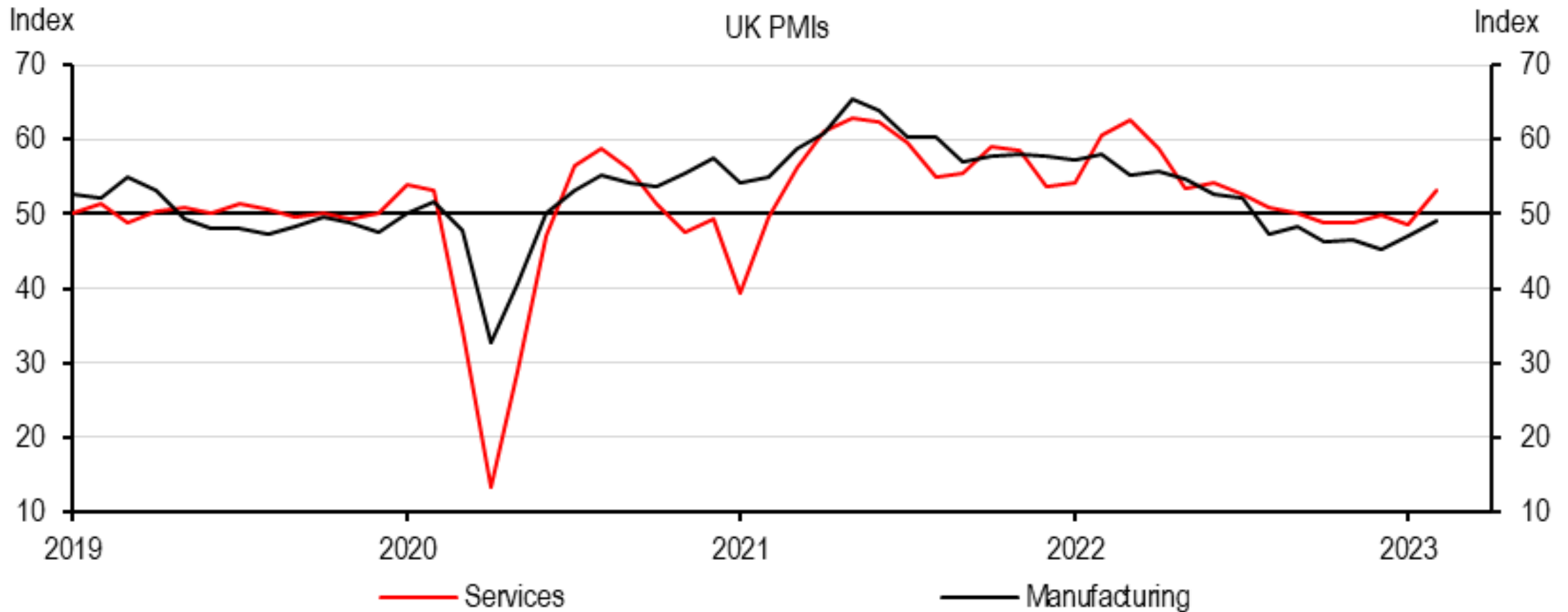
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The UK: Stagnation

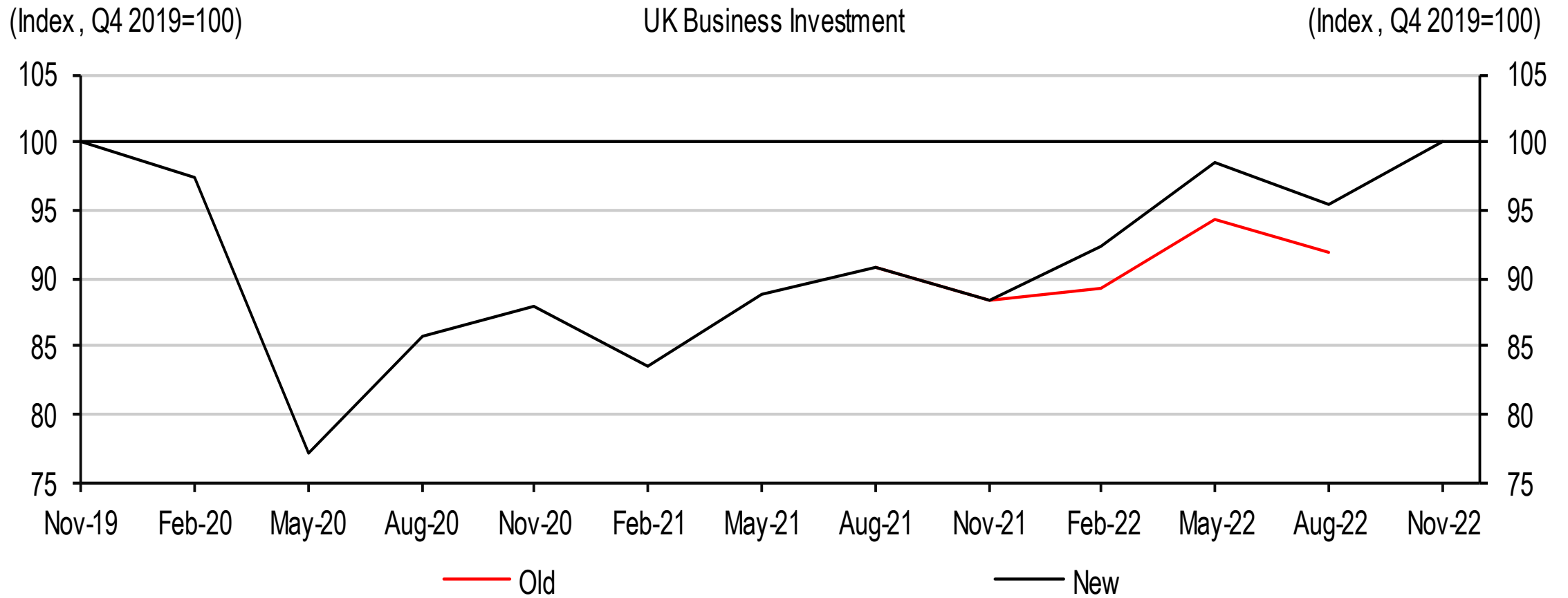


Though the news was a little better in February

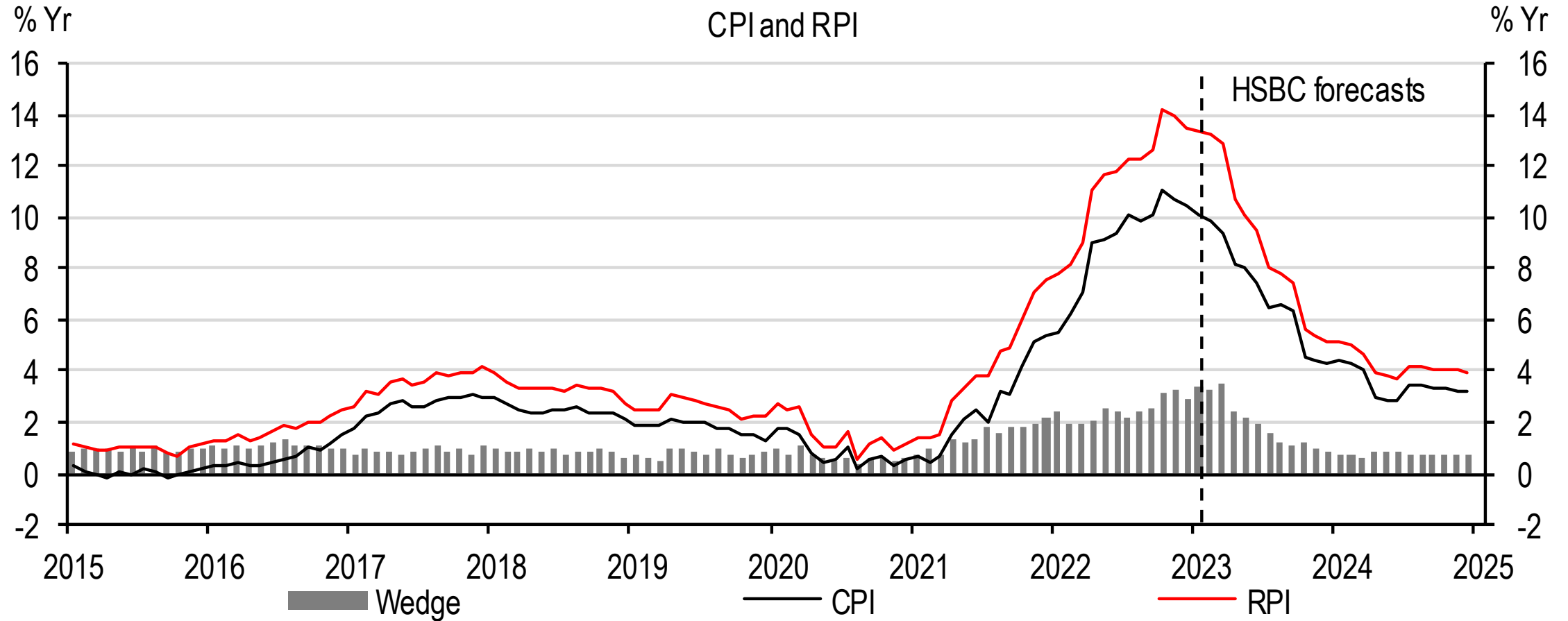


Source: S&P Global

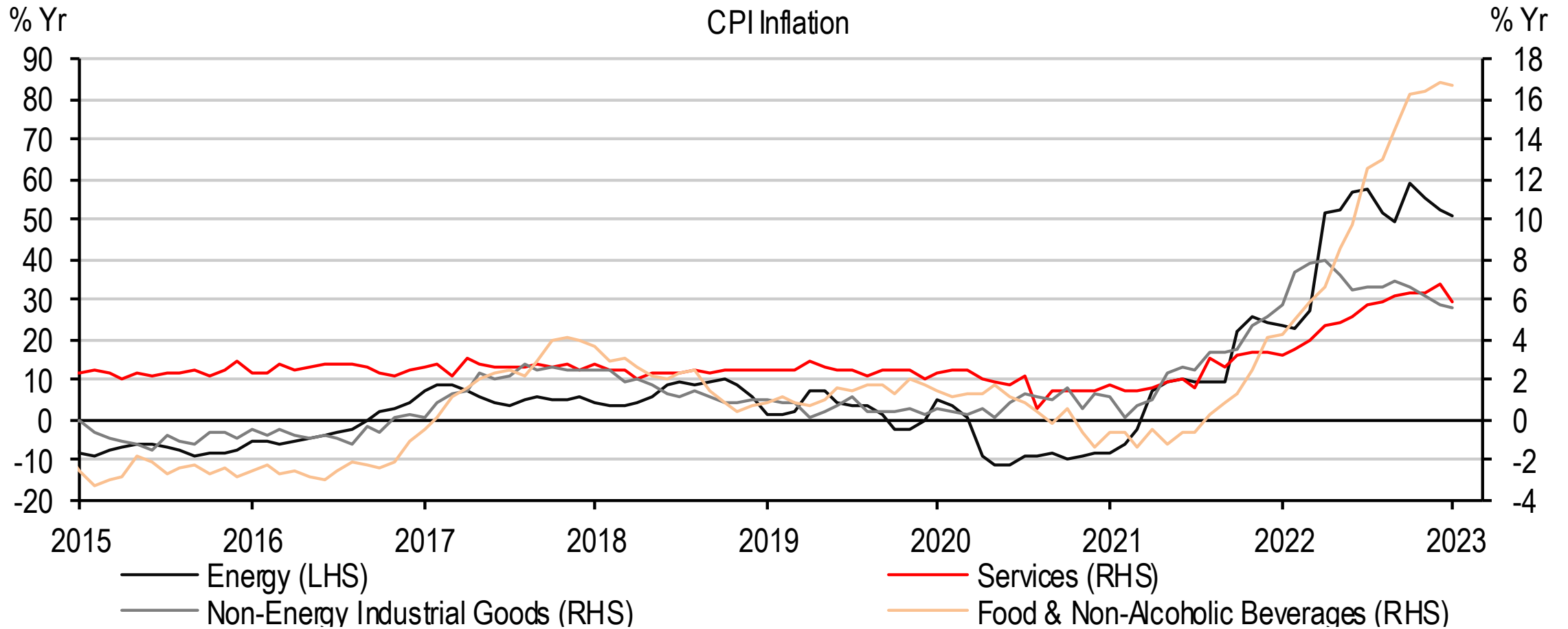
The best news from the Q4 GDP release



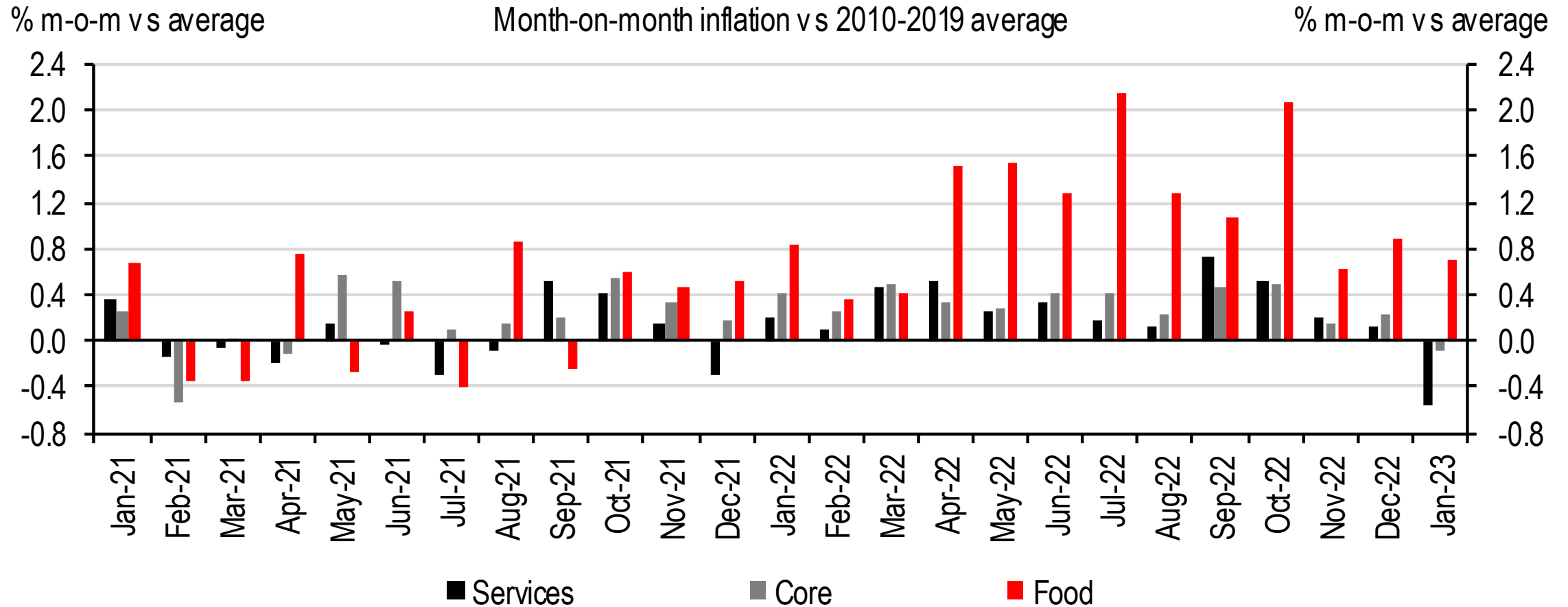
Inflation is on its way back down (but you'd hope so!)



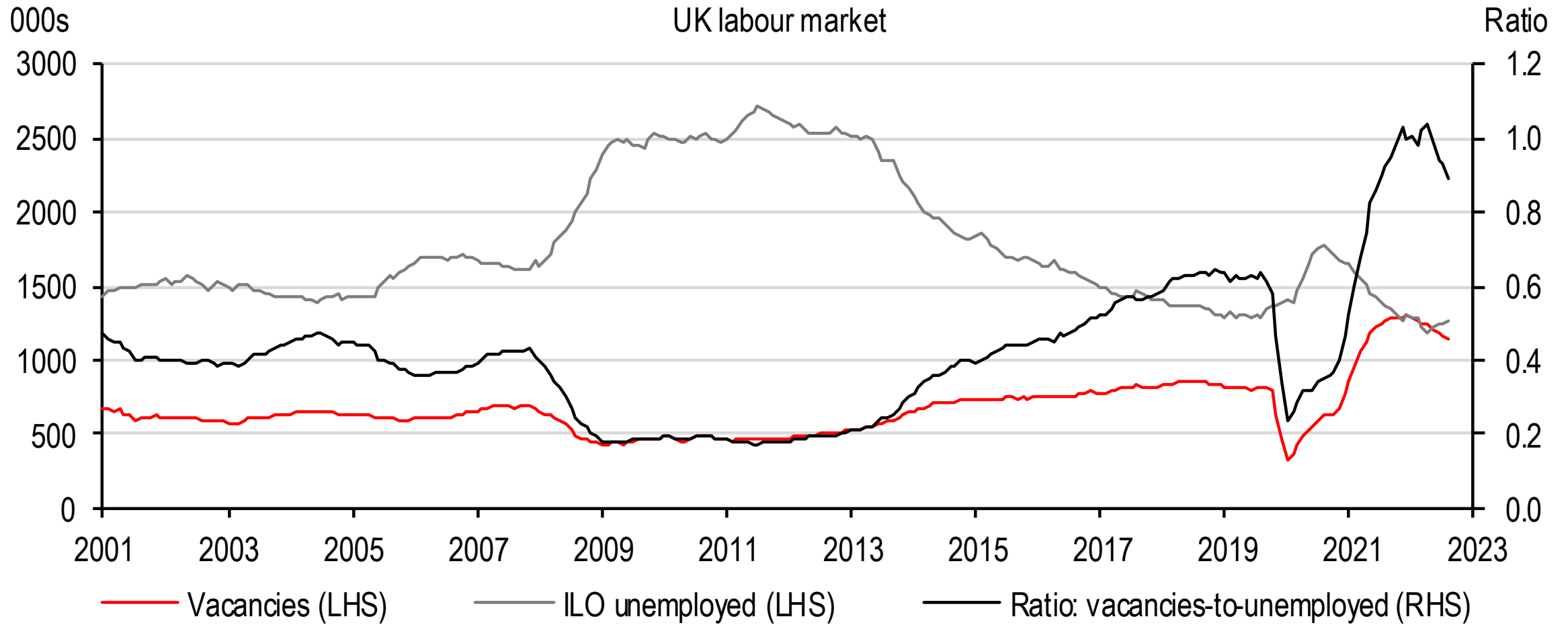
One swallow does not make a summer, but...



... Considerably better news in the January release

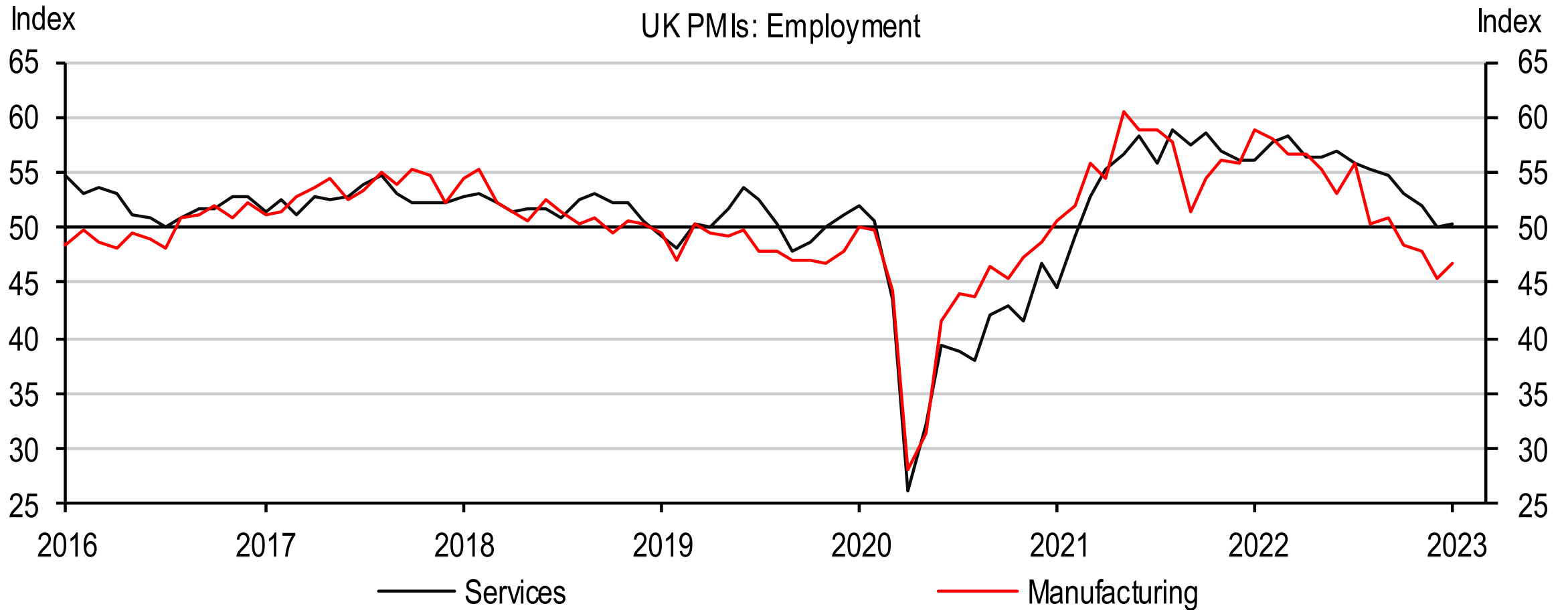


The labour market is turning slowly...

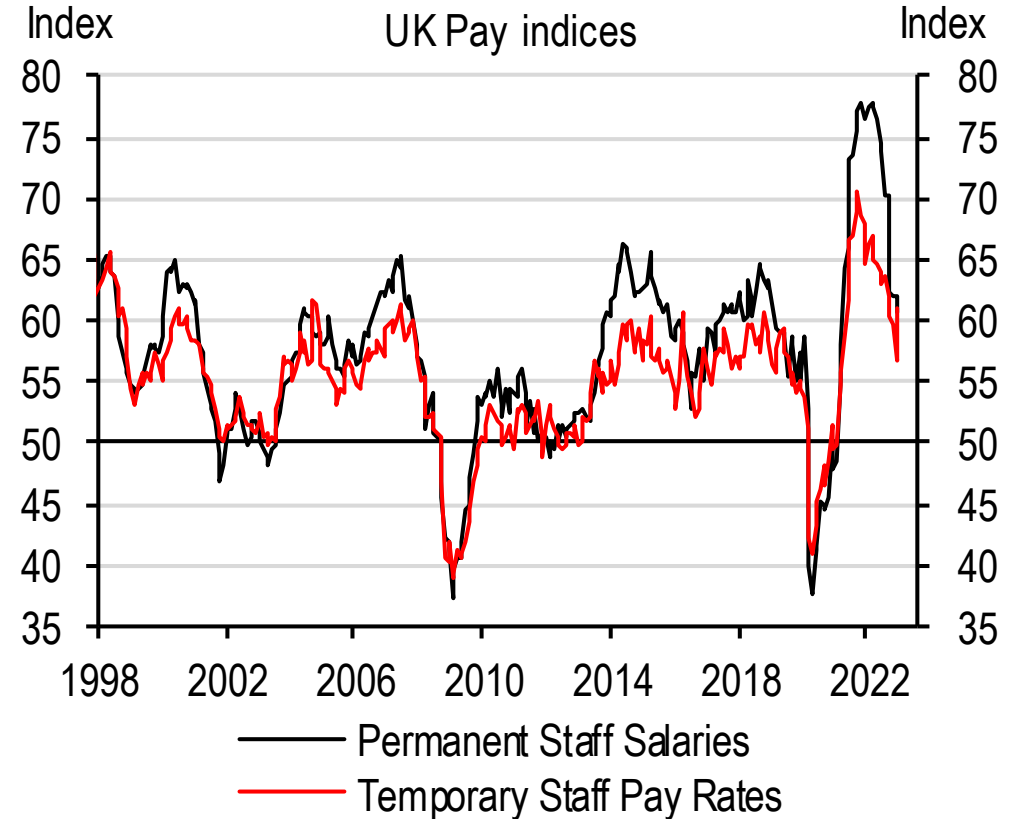
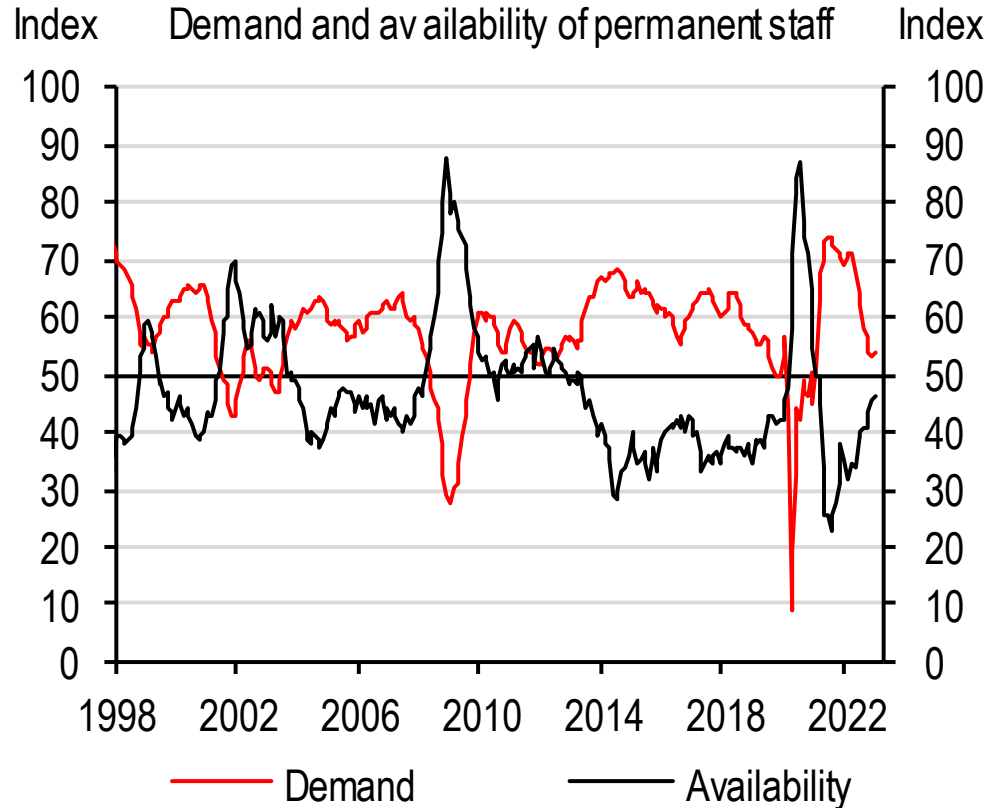


Source: Refinitiv Datastream, ONS

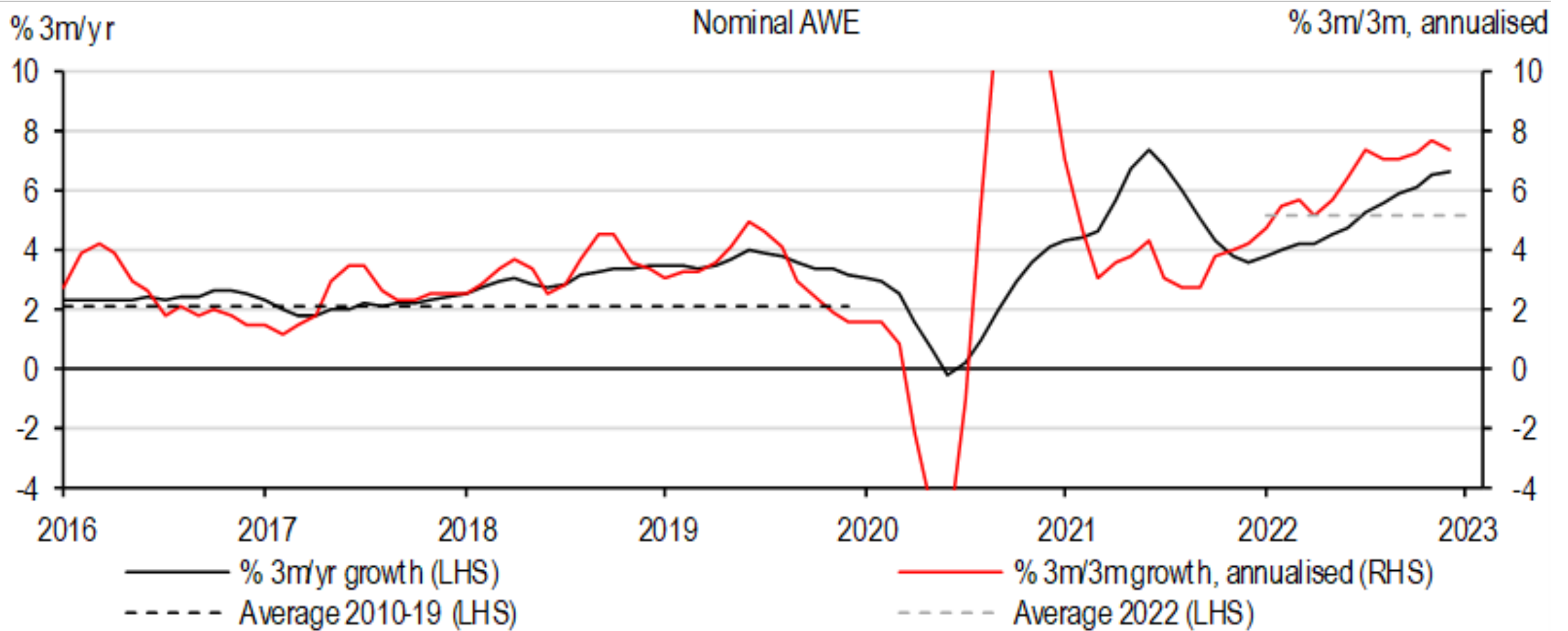
... as surveys have been suggesting



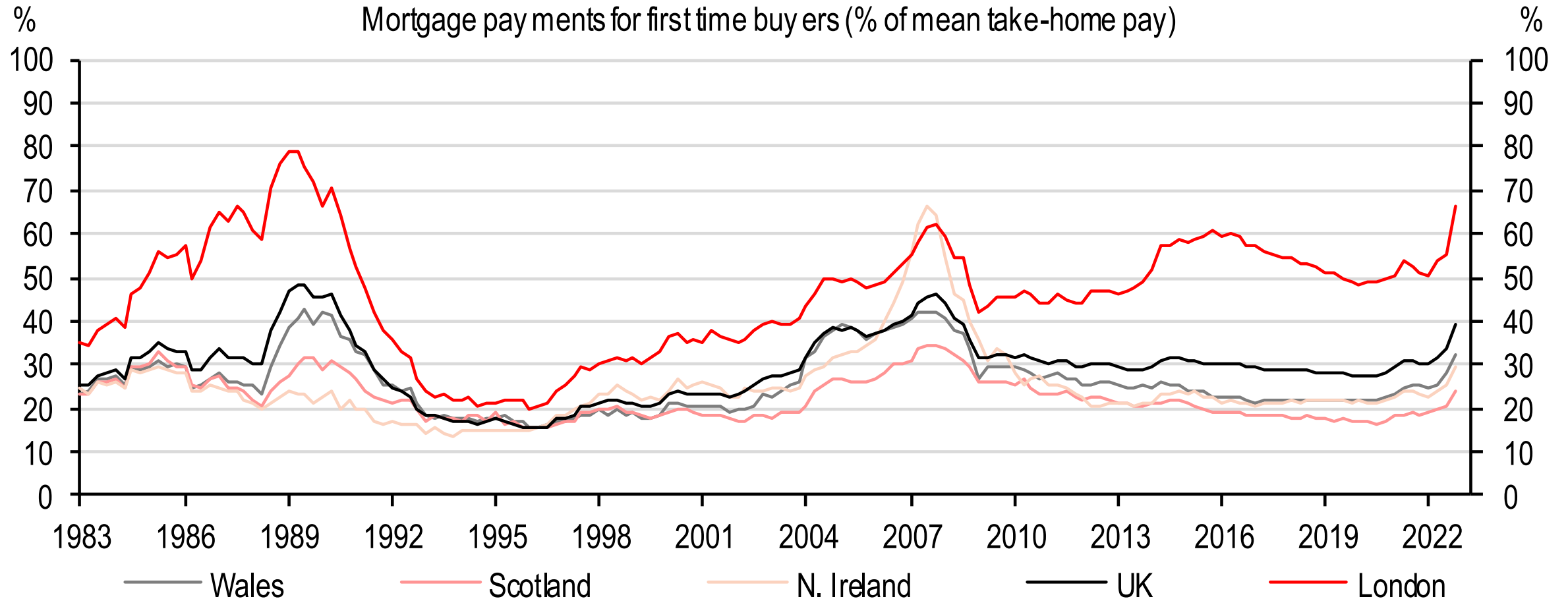
In some cases, they have been suggesting a slowdown for some time



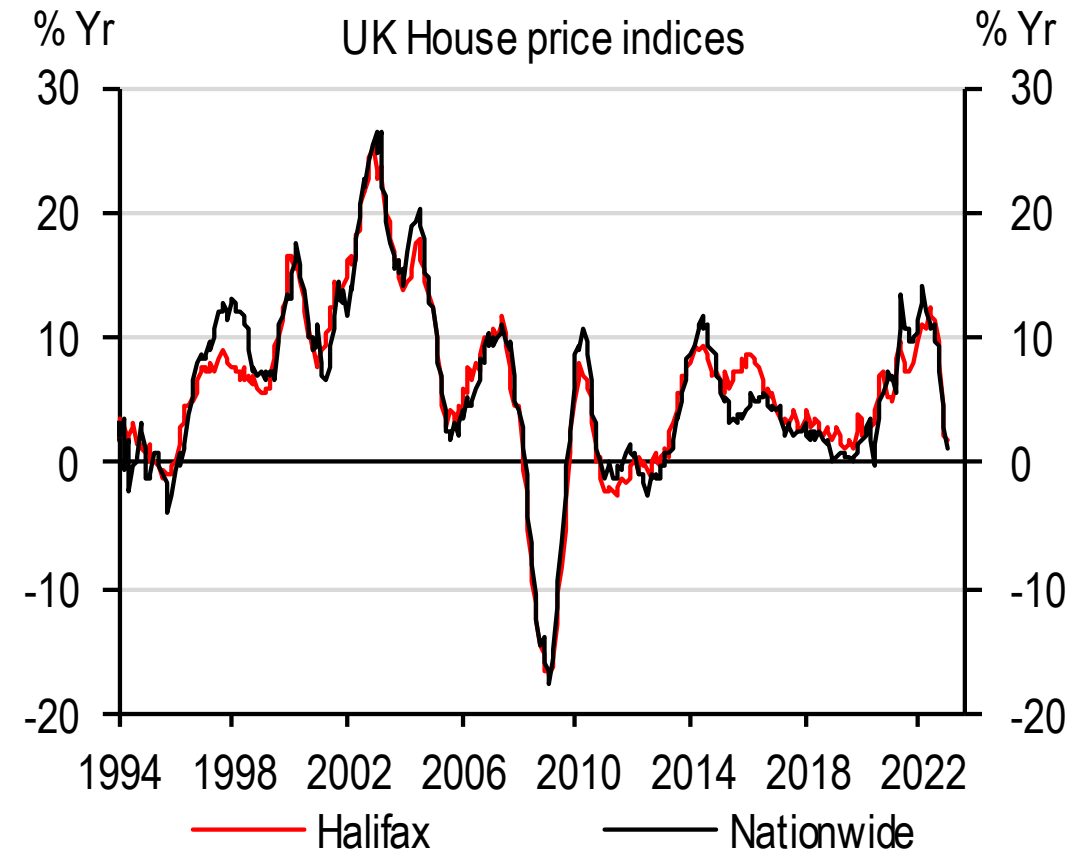
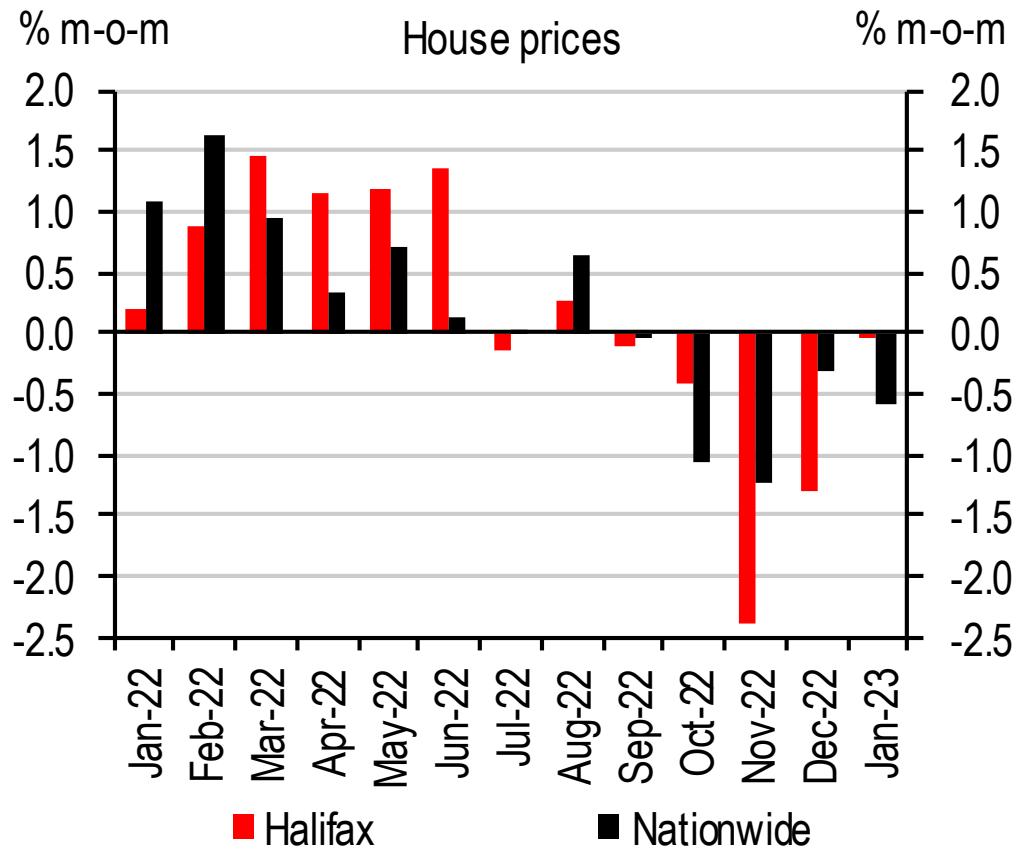
But the impact on pay is not yet evident



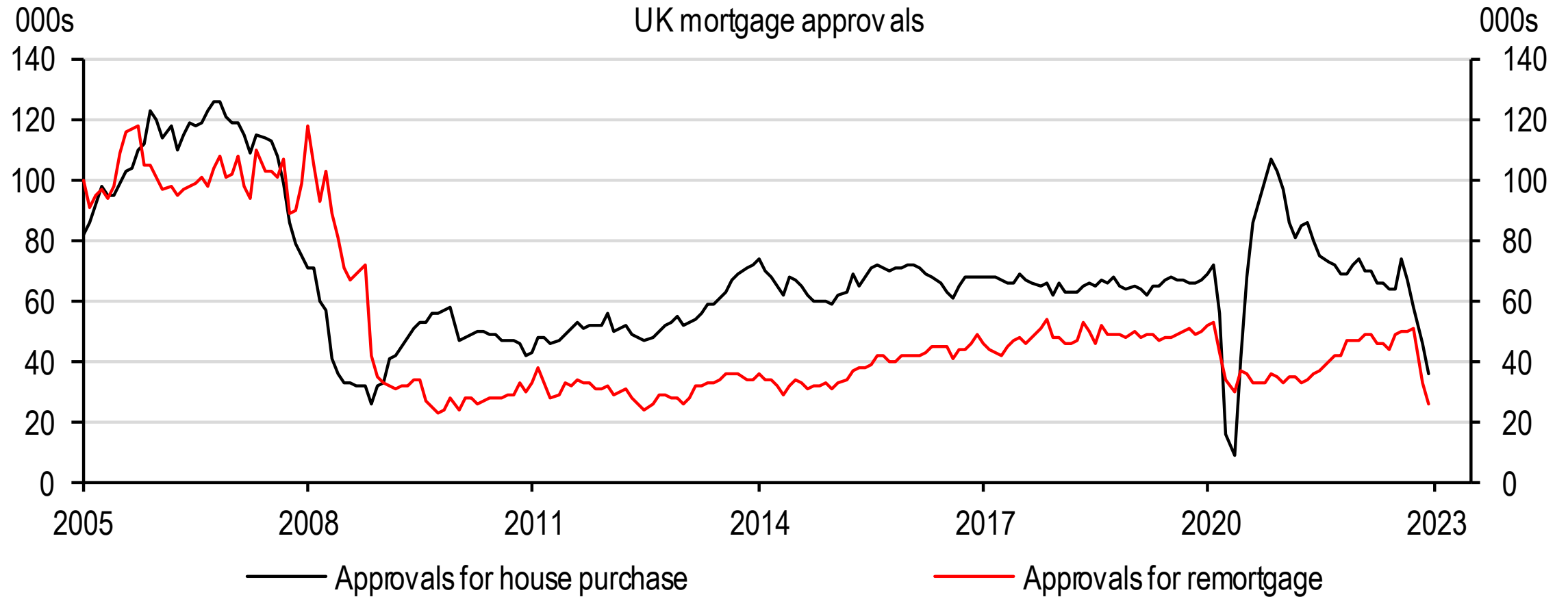
Meanwhile, the impact of higher rates is starting to be felt



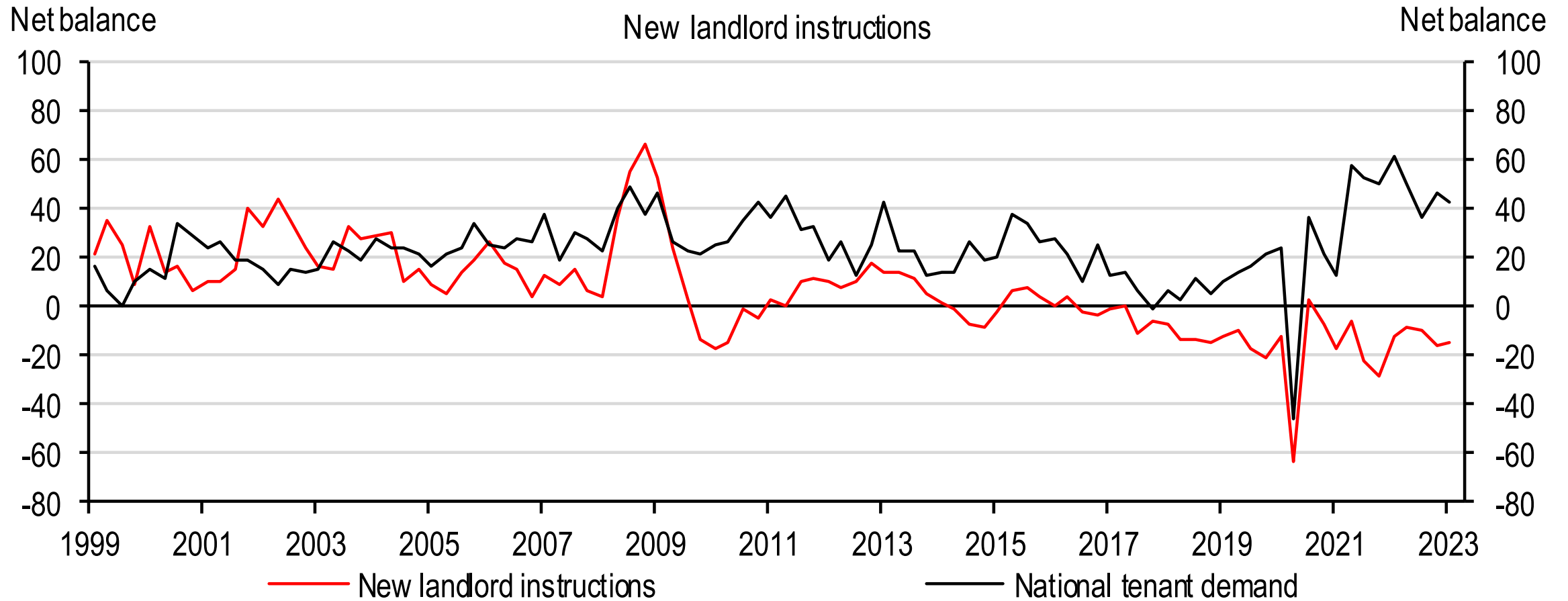
The 390bps of tightening we have seen is already having a big impact



Mortgage approvals at GFC/lockdown lows



The rental market is in imbalance



Lots of demands on the Chancellor ahead of 15 March Budget

Scrap
corporation
tax rise?

More money
for
defence?

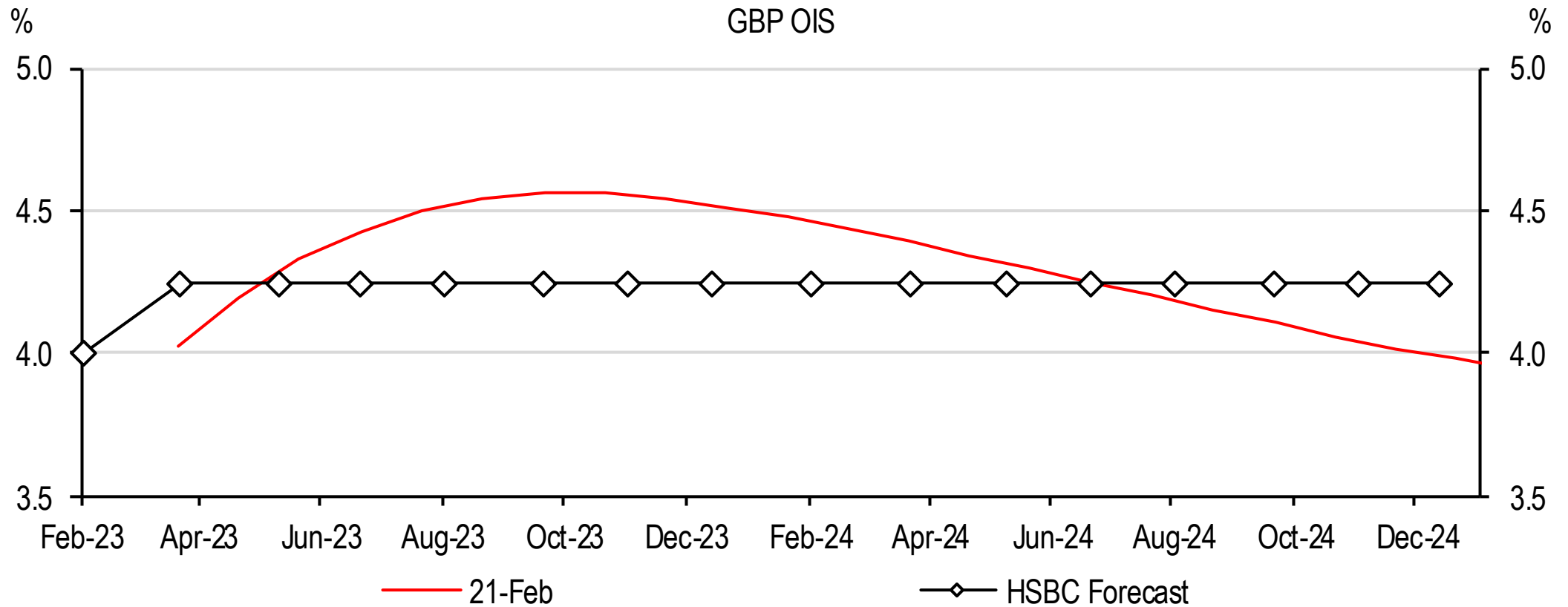
More money
for
childcare?

Nurses' pay
rise?

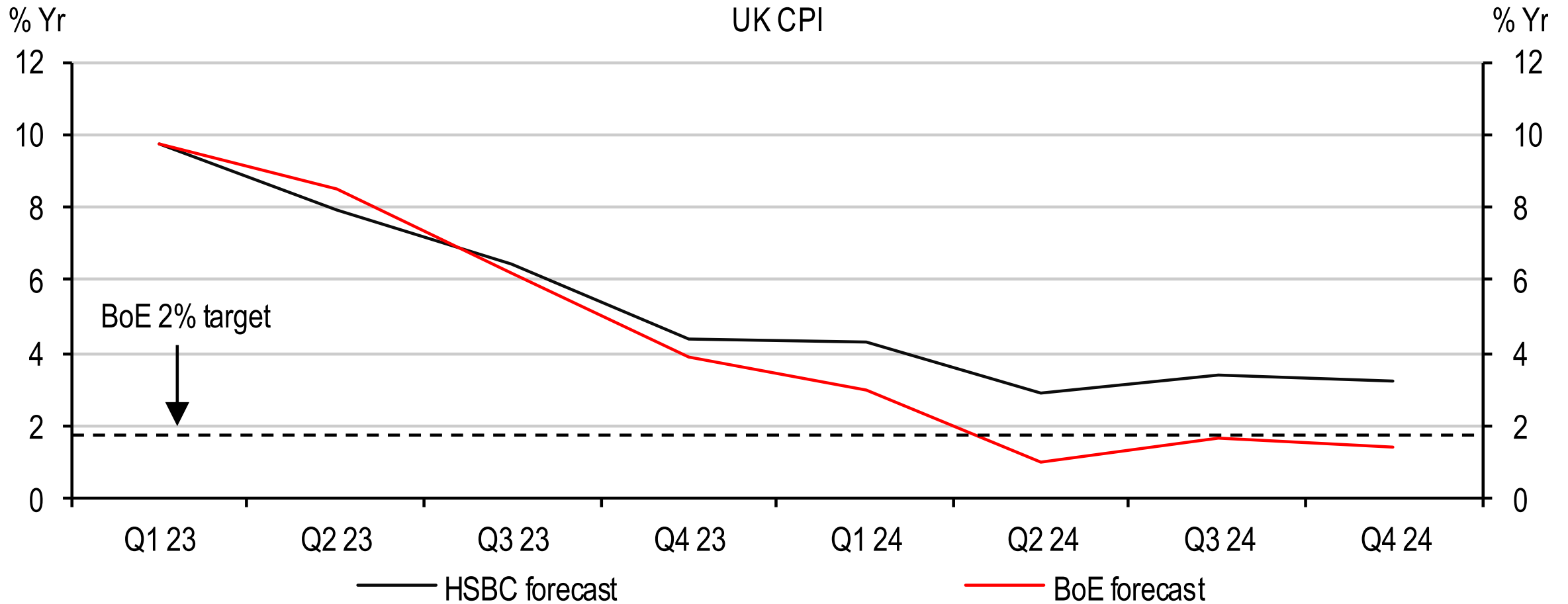


Extend business
energy support/
VAT cut on fuel?

The BoE is approaching the finish line



If the BoE is right, it could be cutting rates next year. If we are right, it could restart tightening



Disclosure appendix

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Issuer of report

HSBC Bank plc

8 Canada Square, London

E14 5HQ, United Kingdom

Telephone: +44 20 7991 8888

Fax: +44 20 7992 4880

Website: www.research.hsbc.com

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