

So here we are, another in the litany of sterling/Gilt 'crises'. And yet we are in the throes of a noticeable drop in UK money markets, occurring against a noticeably different backdrop in political personnel (an issue to which I will return), & as such, triggered by diametrically opposed policies. Does this mean markets have no confidence in sterling regardless of UK politics? Or...

Let's recap. The last sterling crisis before this, came with an UnTruss'ted Budget, delivered by the hapless KK. In that fiscal (non)event, 'unfunded tax cuts for the wealthy', were the reason (or so we have been convinced) why sterling & Gilts 'fell out of bed'. This time around the imposition of higher ENICS's etc., by 'Reeves the Reckless', & their hurt to the economy & ultimately to tax revenues, has triggered the 'sell off' in the 'poor pound, & its Gilt ridden' debt.

So much for both parties 'conclusively' proving that political ineptitude in managing UK economic finances & its fortunes, is not exclusive to the Tories or Labour. For its part, the Kilt market, had THAT IS an independent Scotland under the SNP come about, would have been the proverbial catching of FALLING knives. Anyway, I digress.

I wrote earlier that I would return to how diametric different political personnel on Downing Street in '22 and now, has resulted in the same sorry state for sterling & Gilts. Well, here's the thing, there has been one common element through the ever so brief Chancellorship of KK &, one can only wonder how short a time in No.11, of RR.

The One thread common to the very different personnel on Downing Street then and now, has been a rather singular leadership on Threadneedle Street.

The reality is that KK & RR shared the same BoE Governor. As such, both have faced equally appalling momentary management. True, Bailey has been just 1 vote in 9. No less true, he has been involved in EVERY SINGLE wrong decision made by the MPC.

Let's cast our mind back to that blink of an eye in Sept/Oct '22 when the UK had Liz the UnTruss'ted as PM. To be clear although her time in office was ultra-short, the Tory process of imposing her on the rest of us seemed interminable. And less we forget, at no point was there any doubt concerning her desire to test the efficacy of a Laffer Curve she believed would prove itself robust; that is, lower tax rates, yielding higher receipts for the Exchequer. So why then before the KK budget didn't the MPC raise the base rate by the full 1 per cent 'markets' were expecting? That was surely the most sensible tighter monetary ying, to balance the anticipated yang of looser fiscal policy coming from KK? Well, we instead got half what was expected. And this failure was to my mind at least, why sterling markets sold off. Yes, Blame Bailey.

Let's move forward in time & alphabet from KK to RR. How can any sensible observer deny that the newly elected Government's public sector pay, ENIC, energy & property policies, have not acted to 'fuel' UK inflation? And yet, since the RR Budget the MPC has TWICE cut the base rate.

Here then is a question. Do we employ Hanlon's Razor to the ever so hapless Bailey?

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