

Now, despite the PM's 'vote of confidence', many see The Chancer as short-dated; re-reshuffled-out, at the 1<sup>st</sup> chance.

I won't waste time on Rach's dud CV, or to molten her claim to be made of IRON. My focus is the question, "has RR either inherited the embers of a recession she has fanned, or caused one where there was no real threat of it striking?"

My answer is yes, we could record recession, but very small fractions of GDP decline; % rounding errors in the context of old, when the quantum of reversal was so much larger, & the whole sorry UK state went on for longer. In short, any Reevecession will thankfully pass the vast majority by.

No doubt cynics will employ Keynes's Paradox of Thrift, & claim a DEEP & DURABLE UK recession is a dead cert. Their reasoning will be RR has SO talked UP how bad things are, she has sharply sent DOWN biz & household confidence to induce paralysis: excess saving, much reduced spending, & investment; a collapse in recruitment, followed by outright redundancies; Reevecession worse than had she simply mentioned & done nothing concerning filling fiscal black holes. All this said, I am steadfast in expecting the UK will see out a short period of economic malaise.

We must remind ourselves the UK's labour, property & banking sectors are robust; with generous fiscal cushions in each to absorb the latest raft of daft Chancellorial changes.

Less we forget the UK enjoyed a protracted period of near ZIRP; post the GFC, then the Brexit Referendum, & again through, & too long post lockdown. The result is a housing market where like never before homes are owned outright (over 10m in England) & where those who are carrying a lien, have in aggregate never enjoyed lower LTV's. Indeed, after its poorly handled tightening, the MPC is AGAIN delivering looser money & will continue to (mistakenly) cut.

One can argue the MPCs recent easing against the backdrop of the Govs multi-fronted inflationary policies, was a big reason the rug got pulled from under the £ & Gilts. For a large part of RR policy is to boost public sector wages & employment. As it was put to me by an academic in whom I hold great store, "The Budget means the NHS will be able to more easily recruit porters to push patients on gurneys, who'd otherwise have been pulling trolleys filled with Tesco & Amazon products." His point was perfectly clear to me, the UK labour market will see rotation in roles, NOT net redundancies in employment; & if the market for jobs is ok, so too MUST THE UKECONOMY.

So, Yeap, certainly blame Rach of the Rubbish CV, for the £s trauma, but please hold Balls-up Bailey as complicit. Be assured Gilts & sterling will stabilise, just as they did post the UnTruss'ted time, & all poor UK politics before.

This is NOT 1976, & please don't let anyone take you back to that sorry time or mislead you into believing we are in the same UK State we were when it suffered REAL pains from 1979, 1989 & 2008. The UK is thankfully NOW so VERY different.

Table 1: Forecasts for a new normal monetary future - higher YES, alarmingly so, NO

Metric	Q4 '98 - Q4 '07 average (%)	Q4 '08 - Q1 '22 average (%)	Now	'25 - '29 forecasts (%)
UK Base rate	4.9	0.5	4.75	3.50 - 4.50
US Fed rate	3.6	0.6	4.50	5.00 - 6.00
UK Real Interest rate	3.3	-1.7	2.70	0.00 - 2.50
US Real Interest rate	1.0	-1.3	2.15	0.00 - 2.75
5 Year Gilt yield	4.9	1.2	4.51	3.00 - 3.50
10 Year Gilt yield	4.8	1.9	4.80	3.25 - 3.75
5 Year Treasury yield	4.4	1.5	4.61	5.00 - 6.00
10 Year Treasury yield	4.8	2.3	4.79	5.50 - 6.50
UK Fixed rate mortgage	5.7	3.2	4.82	4.00 - 4.50
UK House prices, yoy	12.9	3.0	3.30	2.00 - 5.50
UK CPI	1.6	2.3	2.50	3.00 - 4.25
UK Goods CPI	-0.1	1.7	0.70	2.00 - 4.00
UK Services CPI	3.7	2.9	4.40	4.00 - 5.50
UK Rent CPI	2.9	1.2	7.60	3.50 - 5.50
US CPI	2.7	1.9	2.75	4.00 - 5.50
UK Real GDP growth yoy	2.0	1.9	1.00	1.80 - 2.10
UK Implied Deflator GDP yoy	4.3	2.2	3.20	3.00 - 3.30
UK Nominal GDP growth yoy	6.4	4.0	4.00	4.80 - 5.40
UK Wage growth	4.3	2.3	6.33	3.50 - 5.50
US Wage growth	3.1	3.0	3.80	4.25 - 5.75
UK Unemployment	5.3	5.9	4.30	4.00 - 4.50
\$/£	1.69	1.46	1.22	1.60 - 1.70
€/£	1.52	1.19	1.19	1.30 - 1.40
UK Construction wage inflation	4.8	2.0	7.97	3.30 - 4.70
UK Construction materials cost inflation:				
New housing		3.5	1.32	(1.80) - 1.20
CRE/Infra		3.9	-1.16	(2.80) - 0.20
Repair and Maintenance		3.8	0.66	(1.90) - 1.10
All Work		3.7	0.00	(2.30) - 0.70

## Research Disclaimer:

### Important Disclosure Statement from QuantMetriks Research

This document is issued by QuantMetriks Research Limited solely for its clients. It may not be reproduced, redistributed or passed to any other person in whole or in part for any purpose without written consent of QuantMetriks Research. The material in this document is not intended for distribution or use outside the United Kingdom. This material is not directed at you if QuantMetriks Research is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you.

This document is provided for information purposes only and should not be regarded as an offer, solicitation, invitation, inducement or recommendation relating to the subscription, purchase or sale of any security or other financial instrument. This document does not constitute, and should not be interpreted as, investment advice. It is accordingly recommended that you should seek independent advice from a suitably qualified professional advisor before taking any decisions in relation to the investments detailed herein. All expressions of opinions and estimates constitute a judgement and, unless otherwise stated, are those of the author and the research department of QuantMetriks Research only, and are subject to change without notice. QuantMetriks Research is under no obligation to update the information contained herein. Whilst QuantMetriks Research has taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, QuantMetriks Research cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents. This document is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to herein. No representation or warranty either expressed or implied is made, nor responsibility of any kind is accepted, by QuantMetriks Research or any of its respective directors, officers, employees or analysts either as to the accuracy or completeness of any information contained in this document nor should it be relied on as such. No liability whatsoever is accepted by QuantMetriks Research or any of its respective directors, officers, employees or analysts for any loss, whether direct or consequential, arising whether directly or indirectly as a result of the recipient acting on the content of this document, including, without limitation, lost profits arising from the use of this document or any of its contents.

This document is provided with the understanding that QuantMetriks Research is not acting in a fiduciary capacity and it is not a personal recommendation to you. Investing in securities entails risks. Past performance is not necessarily a guide to future performance. The value of and the income produced by products may fluctuate, so that an investor may get back less than he invested. Investments in the entities and/or the securities or other financial instruments referred to are not suitable for all investors and this document should not be relied upon in substitution for the exercise of independent judgment in relation to any such investment. The stated price of any securities mentioned herein will generally be the closing price at the end of any of the three business days immediately prior to the publication date on this document. This stated price is not a representation that any transaction can be effected at this price.

QuantMetriks Research and its respective analysts are remunerated for providing investment research to professional investors, corporations, other research institutions and consultancy houses. QuantMetriks Research, or its respective directors, officers, employees and clients may have or take positions in the securities or entities mentioned in this document. Any of these circumstances could create, or be perceived as creating, conflicts of interest. QuantMetriks Research analysts are not censored in any way and are free to express their personal opinions. As a result, QuantMetriks Research may have issued other documents that are inconsistent with and reach different conclusions from, the information contained in this document. Those documents reflect the different assumptions, views and analytical methods of their authors. No director, officer or employee of QuantMetriks Research is on the board of directors of any company referenced herein and no one at any such referenced company is on the board of directors of QuantMetriks Research.

*QuantMetriks Research is an appointed representative of Messels Ltd which is authorised and regulated by the Financial Conduct Authority.*

Residents of the United Kingdom should seek specific professional financial and investment advice from a stockbroker, banker, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000. This report is intended only for investors who are 'professional clients' as defined by the FCA, and may not, therefore, be redistributed to other classes of investors.

The content of this report is covered by our Policy of Independence which may be viewed at [www.QuantMetriks.com](http://www.QuantMetriks.com)

The performance history of research recommendations over the last 12 months is available to clients on request.

### Analysts' Certification

The analysts involved in the production of this document hereby certify that the views expressed in this document accurately reflect their personal views about the securities mentioned herein. The analysts point out that they may buy, sell or already have taken positions in the securities, and related financial instruments, mentioned in this document.