



# August 2023: A summary for investors

## Isaac Stell

Fund Research Manager

### 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.

## Parmenion

**Registered Office:** Aurora,  
Counterslip, Bristol, BS1 6BX.  
**Website:** [www.parmenion.co.uk](http://www.parmenion.co.uk)

Parmenion Capital Partners LLP  
Authorised and regulated by the  
Financial Conduct Authority.

FCA Number 462085.  
Registered in England and Wales  
OC322243.

**Important information:** This document is intended to support a conversation with your financial adviser. Any views expressed within this document are intended as general information only and should not be viewed as a form of personal recommendation. It should not be construed as financial advice from Parmenion Capital Partners LLP. If you are unsure whether an investment is suitable for your needs, you should speak to your authorised financial adviser. All investment carries risk: the value of investments and any income from them can go down as well as up and you could get back less than you put in.

Version date: 05/09/2023