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AVERAGE FIVE-YEAR MORTGAGE RATE HITS 12-YEAR-HIGH

A typical five-year fixed rate mortgage has hit 6.02%, the highest figure since the 2010 financial crisis.

Mortgage rates have been rising throughout 2022, but there was a significant increase after the mini-budget announcement on 23 September.

The average two-year mortgage also hit its highest rate since the 2008 financial crisis at 6.07%.

Following the announcement, a large number of lenders removed their mortgages from the market. Between 28 September and 5 October, the number of products on the market dropped from 3,961 to 2,371.

Prime Minister Liz Truss addressed homeowners' concerns in her speech at the Conservative Party conference, citing the stamp duty cut as one measure the Government is taking to offset the cost of living crisis.

Those most affected by the increased rates include first-time buyers and homeowners looking to remortgage.

An average of 100,000 people a month will be coming to the end of their current mortgage from October, and will also see a sharp rise in their monthly repayments.

Rachel Springall, press officer at Moneyfacts, said:

"The mortgage market has seen relentless rate rises this year, and borrowers coming off a fixed mortgage will find the cost to secure a new deal is much higher than they were perhaps anticipating.

Talk to us about your mortgage rate.

INFLATION RISES TO 10.1% IN SEPTEMBER

The inflation rate hit 10.1% in the 12 months to September, according to new data from the Office for National Statistics (ONS).

This is up from 9.9% in August and sees a return to the recent 40-year high witnessed in July.

One of the biggest contributors to the rise in the inflation rate in September was a 9.3% increase in housing and household services costs. This was mostly fueled by housing costs, private rents, and soaring energy prices.

A significant increase in food and drink costs heavily affected inflation, with prices rising by 14.6% in the 12 months to September, compared to only 13.1% in August.

The inflation rate for this category has continued to rise for the last 14 consecutive months.

The rise in inflation was partially offset by a continued decrease in petrol and diesel fuel prices. Fuel prices increased by 26.5% in the year to September, compared to 32.1% in August.

David Bharier, head of research at the British Chambers of Commerce, said:

"Businesses will need to see a clear long-term economic plan to provide a stable environment to invest, alongside specific measures that relieve unprecedented inflationary pressures."

Talk to us about your finances.

AUTUMN BUDGET DELAYED

Prime Minister Rishi Sunak announced that the statement on the Government's fiscal plan, originally planned for 31 October, will be delayed until 17 November.

The PM said the delay is in an effort to ensure the tax and spending plans "stand the test of time".

The statement will also be released alongside a full economic forecast from the Office for Budget Responsibility.

Speaking to his cabinet on 26 October, the Prime Minister said:

"It is important to reach the right decisions and there is time for those decisions to be confirmed with Cabinet.

"The Autumn Statement will set out how we will put public finances on a sustainable footing and get debt falling in the medium term and will be accompanied by a full forecast from the Office for Budget Responsibility."

The decision to delay the statement comes just a couple of weeks after Chancellor of the Exchequer, Jeremy Hunt, announced the reversal of his predecessor's fiscal plan.

The new Chancellor quickly scrapped the majority of Kwasi Kwarteng's previous tax plans within days of his new role, in a statement delivered on 17 October 2022.

Kwarteng's fiscal statement, or 'mini-budget' caused much controversy among politicians and the public after he announced it on 23 September.

As a result, the majority of mini-budget decisions are being reversed in an effort to protect the economy, which Hunt says should raise around £32bn a year.

The basic rate of income tax will remain at 20% instead of decreasing to 19% and will not be cut until "economic circumstances allow."

Changes to IR35 and dividend tax rates are also being scrapped, along with the VAT-free shopping scheme.

Alcohol duty rates will be frozen for one year from February 2023, while the proposed measures on stamp duty and National Insurance will stay in place.

The energy bills relief scheme will remain to help households and businesses with soaring energy costs. However, the Government will launch a Treasury-led review of the scheme after April 2023.

Talk to us about your business costs.

BUSINESS CONFIDENCE FALLS SIGNIFICANTLY

A new survey from the British Chambers of Commerce (BCC) reveals that business confidence declined significantly in Q3 compared to Q2 of this year.

Of the 5,200 firms that took part in the BCC's quarterly economic survey, nearly four in ten (39%) businesses believe they will see a fall in profits over the next 12 months.

Inflationary pressures are affecting business confidence, with soaring interest rates also cited as a growing concern for businesses.

Only 44% of businesses expect their turnover to increase over the next year, down from 54% in the last quarter.

Fewer businesses reported increased sales compared to Q2, with only 33% of firms reporting an increase in domestic sales in the last three months.

The retail and wholesale sector took a particularly large hit to sales, with more firms reporting a decrease (39%) than an increase (25%).

More businesses are experiencing cashflow problems, with 32% of firms reporting reduced cashflow compared to 23% reporting an increase.

David Bharier, head of research at the BCC, said:

"This quarter's results point to a significant decline in business confidence, with a clear shift downwards in many of the key indicators we track.

"Businesses now desperately need to see economic stability in order to rebuild the confidence to invest."

Responding to the findings of the economic survey, director general of the BCC, Shevaun Haviland, said:

"Our findings paint a worrying picture of the state of affairs at many UK firms. Almost every key business indicator is trending downwards – sounding alarm bells across all sectors and regions.

"Sales and cashflow are down, firms are operating below capacity, and the number of businesses expecting to see their profits increase is falling.

The BCC continued to urge the Government to bring forward any fiscal plans to help businesses and markets to understand how they may be able to find stability over the coming months.

Ask us about your business.