



The Election is over with the expected result a Labour victory.

The Labour party have won the 2024 UK General Election with a significant majority, in fact they gained over 400 seats, an estimated 35% of the vote, the lowest share for a governing party in history. The new PM will start appointing his cabinet, with Rachel Reeves expected to be chosen as the first female chancellor of the exchequer.

Well it was a Labour landslide victory resulting in a political move which has vowed to make big changes to the UK economy. But given poll forecasts, the result has caused few ripples on financial markets. The UK stock market moved slightly higher on the open. The pound was largely unchanged against the dollar, as the exit polls came in and lifted only very slightly as the overall result became clear, hovering around \$1.277. The lack of movement was unsurprising given the overall result had already been priced in. The priority will be keeping the bond markets calm in the aftermath of the election and not overdoing spending pledges. With 10-year gilt yields barely changed as the exit poll results came in, hovering around 4.2%, down from almost 4.7% last October.

With political turmoil in France, the UK looks finally set to enter into a period of financial stability. This could help ignite further investor interest in the UK.

A Labour government will most likely to mean higher Taxes!

Labour made some expensive commitments during the campaign, including sticking with the pensions triple lock and ruling out rises in income tax, National Insurance or VAT. We would forecast that there will be tax rises later. Much of the election chat was about tax hikes Labour didn't rule out, including capital gains tax and pension tax relief. There was a pledge to increase taxes for specific groups of people, these included non-doms (The ex PM wife for example) and independent schools faced with whether to pass on the expected newly-imposed VAT on school fees to parents. There was also silence on frozen income tax thresholds, which will mean even more people paying extra tax thanks to fiscal drag.