# UK General Election 2024: Insights into Market Reactions and Political Landscape



### UK General Election 2024: Key Points and Market Reactions

#### Inflation and Economics

In April, UK inflation fell to 2.3%, marking the lowest rate since July 2021. Prime Minister Rishi Sunak described this as a "major milestone." However, the cost of living continues to rise, albeit more slowly. Economists had anticipated a rate cut from the Bank of England, but given the slightly higher-than-expected inflation and other economic factors, this now appears unlikely to occur before August.

#### General Election Announcement

Prime Minister Rishi Sunak called a snap general election for July 4, taking many by surprise. The announcement follows a reduction in inflation and a slight GDP growth, but with lingering issues such as high NHS waiting lists. Former Chancellor George Osborne speculates that the early election was a strategic move due to stagnant polling numbers for the Conservatives.

#### Political Landscape

Labour leader Sir Keir Starmer has been actively campaigning and is predicted to secure a majority, though former Children’s Secretary Ed Balls suggests a majority over 60 seats would be challenging. Starmer's campaign to appeal to the business community has seen financial markets largely indifferent to the election news, expecting stability under a Labour government.

#### Market Reactions

The FTSE 100 and the pound remained stable following the election announcement, indicating investor confidence in a Labour-led government. The financial sector perceives a Labour majority as a stable outcome, much like the market response during Tony Blair’s 1997 landslide victory.

#### Potential Policy Shifts

While Labour aims to maintain fiscal discipline, limited room for economic maneuverability may necessitate tax increases to meet spending commitments. Labour's plans include creating a publicly-owned clean energy company, GB Energy, targeting 100% clean power by 2030.

#### Campaign Trail

Party leaders have already begun their campaigns, with Sunak visiting all four UK countries and Starmer rallying in Kent. Prominent figures like Ann Widdecombe and new SNP leader John Swinney are also active on the campaign trail.

Overall, the upcoming general election on July 4 is set to be a closely-watched event, with significant implications for the UK's economic and political future.