SRC Wealth Matters

SRC Wealth Management

January 2026

Introduction: A New Monthly Update for You

We're pleased to introduce a **monthly financial briefing** designed to keep you informed about the broader economic, market, and financial trends that may influence your retirement planning and investment strategy.

This sits alongside our **more comprehensive quarterly newsletters** — think of this monthly briefing as a timely snapshot to help you stay updated between quarterly editions.

Our aim is to communicate the key developments clearly and calmly, focusing on what matters for your long-term plan and income sustainability.

Market Facts – Key Metrics

(The figures shown below reflect the most recent data available as of late January 2026. They are intended as a snapshot of current conditions and will be updated in future issues.)

Interest Rates & Inflation

- **Bank of England Base Rate:** ~3.75% (following the latest rate decision)
- **UK Consumer Price Index (CPI):** ~3.2%–3.4% (latest readings indicate inflation remains above target but lower than prior peaks)

Stock Market Performance

- **FTSE 100:** Around the 9,900–10,000 level after a strong run into early 2026, following high returns in 2025

- **S&P 500:** Continued elevated levels in early 2026 after solid gains last year

Exchange Rates

- **£ to USD:** ~1.34 (reflecting recent trading levels)
- **£ to EUR:** ~1.13 (c. recent reference rates)

Note: Markets and exchange rates fluctuate daily — these figures provide a recent baseline, not precise end-of-month values.

What's Happened Recently

Interest Rates & Inflation

Late in 2025, the Bank of England reduced its key interest rate to **3.75%**, the first such cut in several months, as inflation pressures eased from higher levels. This move reflects a continued balancing act between managing price pressures and supporting economic growth.

Inflation remains above the Bank's 2% target, though the latest monthly readings suggest some moderation in price increases.

For retirees and near-retirees, interest rate moves can influence savings yields, borrowing costs, and market valuations — but changes are typically only one of many factors we consider within a long-term plan.

Equity Markets

The UK stock market has shown resilience, with the FTSE 100 maintaining elevated levels as 2026 begins, following a strong performance in 2025.

The US market remains robust as well, with the S&P 500 sustaining lofty valuations after consecutive years of positive returns.

It’s worth remembering that past performance is not a reliable predictor of future returns — different markets lead at different times, and diversification across regions and asset classes is a core part of managing long-term risk.

What This Means for Your Plan

As we begin 2026, a few themes are worth keeping in mind:

1. Inflation remains above target
Although price growth has slowed from its peaks, inflation is still higher than the Bank of England’s long-run target. For retirees, higher inflation can erode purchasing power over time — another reason why growth-oriented assets have a role alongside secure income sources.

2. Interest rates are lower than last year
The shift in interest rates affects yield on cash and certain income assets. While higher rates earlier gave savers better returns, lower rates now can support asset values and borrowing costs.

3. Markets can be volatile — context matters more than headlines
Daily market moves often reflect short-term sentiment rather than long-term fundamentals. Keeping your strategy focused on your goals, timescale, and spending needs helps avoid knee-jerk reactions.

Planning Considerations This Month

- **Review your income sources:** Ensure your basic spending needs are met by predictable income streams, independent of market moves.
- **Cash allocation:** With rate shifts, the role of cash in your plan may need balancing between liquidity and real-return considerations.
- **Diversification:** Global exposure can help manage risk over time, especially when markets perform differently across regions.

Looking Ahead

In our next monthly briefing, we'll revisit key indicators like inflation, interest rates, and major market performance, and outline any emerging themes that could influence retirement planning later this year.

Of course, if recent events have raised any questions about your individual strategy — whether it's income sequencing, asset allocation, or spending plans — we're always happy to talk them through in more detail.

Closing Thought

Short-term headlines can be loud — but meaningful financial planning is steady and forward-looking. These briefings are another way to help you stay informed, confident, and aligned with your long-term goals.