SRC Wealth Matters

SRC Wealth Management

Monthly Financial Briefing – Edition #8

August 2026

Introduction

August has brought plenty for investors to consider. The new Government is beginning to put more detail around its priorities, UK inflation has moved higher again, and geopolitical uncertainty continues to influence energy prices and financial markets.

Despite this, investment markets have remained relatively resilient. As ever, our aim with this monthly briefing is not to react to every headline, but to consider what these developments might mean for your longer-term financial plans.

Key Takeaway

Inflation and political change have introduced some fresh uncertainty, but markets have so far taken this largely in their stride. For long-term investors, the important distinction remains between developments worth monitoring and those that require a change to your financial plan.

Market Facts – Key Metrics

Latest available figures as of 24 August 2026

Interest Rates & Inflation

- **Bank of England Base Rate:** 3.75%
- **UK CPI Inflation:** 2.9%

Equity Markets

- **FTSE 100:** 10,854
- **S&P 500:** 7,653

Exchange Rates

- **£1 = €1.17**
- **£1 = $1.36**

Precious Metals

- **Gold:** c. $4,624 per troy ounce
- **Silver:** c. $69 per troy ounce

Figures are rounded for clarity. Markets and exchange rates move daily and are provided for general context.

Inflation – A Small Step in the Wrong Direction

After several months in which falling inflation had provided some encouragement, the latest figures have been less helpful.

UK CPI inflation increased from **2.6% in June to 2.9% in July**. Higher household and energy-related costs were among the factors contributing to the increase.

This doesn't mean that we are returning to the very high inflation experienced a few years ago. However, it does demonstrate why the Bank of England remains cautious about reducing interest rates.

At its latest meeting, the Bank kept its Base Rate at **3.75%**, with some members of the Monetary Policy Committee favouring an increase.

For retirees, inflation remains particularly important. Even relatively modest inflation gradually reduces the spending power of cash and fixed income over time, which is one reason why maintaining an appropriate allocation to investments with the potential for long-term growth remains important.

The New Government – Ambition Meets Reality

Prime Minister Andy Burnham has now been in office for just over a month and the Government has wasted little time in announcing a wide range of initiatives.

Among the proposals announced or developed so far are measures aimed at reducing household energy costs, greater investment in affordable and social housing, changes to public transport, increased devolution of power to local areas and a broader ambition to encourage investment and economic growth outside London.

For households, one of the more immediate measures is the proposed temporary removal of VAT from domestic electricity bills from October. The Government estimates this could reduce an average annual bill by around £45.

There are also significant plans for affordable housing, with billions of pounds being committed over the coming decade and a greater role envisaged for local authorities.

These initiatives may prove beneficial if they succeed in improving infrastructure, housing supply, and productivity. But there is another side to the equation.

Government spending ultimately must be funded.

That means investors will be paying particularly close attention to the **Autumn Budget**, when we should get a clearer picture of how the Government intends to balance its ambitions against borrowing, taxation, and the wider public finances.

For those approaching or in retirement, tax policy will naturally be an area we monitor closely.

Markets – Surprisingly Resilient

Despite political change, inflation concerns and continued geopolitical uncertainty, equity markets have remained remarkably resilient.

The FTSE 100 finished 24 August at approximately **10,854**, while the US S&P 500 remains at historically high levels.

This provides another useful reminder that markets do not necessarily behave in the way that newspaper headlines might lead us to expect.

Markets are forward-looking. They constantly absorb expectations about company profits, interest rates, economic growth, and future risks.

Sometimes markets rise during periods of uncertainty because investors believe conditions will eventually improve. At other times they fall despite apparently good news because that good news was already anticipated.

Trying to predict these movements consistently is extremely difficult.

Gold and Silver Remain in Focus

Precious metals continue to attract considerable attention.

Gold has risen substantially and remains above **$4,600 an ounce**, while silver is trading around **$69**.

A combination of geopolitical uncertainty, concerns over government debt, currency movements and demand for perceived safe-haven assets has supported precious metal prices.

Silver also benefits from substantial industrial demand, including its use in electronics and renewable-energy technologies.

As we have mentioned previously, however, rising prices can themselves attract investors and create momentum.

Gold and silver can have a useful role as diversifying assets, but neither produces an

income and both can experience significant price movements. Recent performance alone is therefore not a reason to abandon a carefully diversified investment strategy.

Geopolitical Events – Uncertainty Hasn't Disappeared

Events involving Iran and the wider Middle East remain an important consideration for the global economy.

One of the principal economic consequences has been volatility in energy prices. The Bank of England has specifically highlighted higher energy costs as a risk to the inflation outlook.

This illustrates how geopolitics can affect us much closer to home: disruption thousands of miles away can ultimately influence oil and gas prices, transport costs, inflation, and therefore interest-rate decisions in the UK.

It remains sensible, however, to distinguish between these economic consequences and the temptation to make investment decisions based upon predictions about how a conflict might develop.

History repeatedly demonstrates how difficult geopolitical events are to forecast.

Diversification remains our first line of defence against that uncertainty.

Planning Considerations This Month

Keep inflation in perspective

At 2.9%, inflation is considerably lower than the levels experienced several years ago, but it hasn't disappeared. Retirement plans need to consider spending power over decades rather than just today's income.

Don't assume interest rates are about to fall

Earlier this year, markets expected a relatively straightforward path towards lower interest rates. Recent developments show why forecasts can change. Cash remains useful, but longer-term plans shouldn't depend upon predicting the next Bank of England decision.

Keep an eye on the Autumn Budget

With an ambitious new Government programme taking shape, the October Budget could be particularly significant. We will be watching closely for any changes affecting pensions, savings, investments, taxation, and estate planning.

Continue to think long term

Politics, inflation, and geopolitics matter, but none changes the fundamental purpose of a retirement portfolio: to provide sustainable income while preserving sufficient capital and growth potential for the years ahead.

A Steady Perspective

There is rarely a period when investors have nothing to worry about.

At different times it might be inflation, elections, wars, recessions, interest rates, or new technology. Yet financial markets and successful businesses have continued to adapt.

The purpose of a good financial plan isn't to predict which concern will dominate next month's headlines. It is to build sufficient resilience that we don't need to.

That remains particularly important in retirement, when confidence in your income and long-term financial security matters far more than the movement of an investment index on any day.

If You'd Like to Talk

If the new Government's announcements, recent inflation figures, or market developments have prompted questions about your investments or retirement plans, please don't hesitate to get in touch.

We will also be keeping a particularly close eye on developments ahead of the Autumn Budget and will consider any changes that may be relevant to your individual financial plan.

The **2.9% CPI figure** is the official July reading released by the ONS on 19 August, up from 2.6% in June. (Office for National Statistics) The Bank held rates at **3.75%** in July by 6–3, with the minority voting for 4%. (Bank of England)For the market snapshot, the FTSE 100 closed at **10,854.32** and the S&P 500 at **7,652.86** on 24 August. (Reuters) Sterling was around **€1.17/$1.36**, while gold and silver were approximately **$4,624/$69 per ounce** at the 24 August close. (European Central Bank)The government section is deliberately neutral. There genuinely are many initiatives emerging: the Commons Library confirms the electricity-VAT measure, while the latest housing programme involves a initial £10bn wave of low-cost housing funding. (House of Commons Library) The House of Lords Library also describes devolution as a particular priority of the new administration. (House of Lords Library)