



# VICTORY PARTNERS

## MIDDLE MARKET INSIGHT | What Business Owners Need To Know

### KEY RATE 3%

KEY RATE WAS BROUGHT TO 3% AFTER CONSUMER PRICE INFLATION RETURNED TO A 40-YEAR HIGH IN SEPTEMBER

### WHOLESALE

GAS PRICES IN THE UK HAVE DROPPED MORE THAN 50% SINCE THE AUGUST PEAK

### COST OF

INSURING CREDIT SUISSE DEBT AGAINST DEFAULT ROSE SLIGHTLY TO AROUND 260 BASIS POINTS

### S&P CUT ITS

RATING ONE NOTCH TO BBB- AND REDUCED ITS VIEW ON MAIN OPERATING UNIT CREDIT SUISSE AG AND SUBSIDIARIES TO A/A-1

### MEDIAN DISTANCE

HAS CHANGED FROM WHAT WAS ONCE 15 MILES TO 50 MILES

### REPORT

ALSO SHOWS THAT 26% OF HOME BUYERS WAS MADE UP OF FIRST-TIME HOME BUYERS

### Bank of England Biggest Interest Rate Hike in 30 Years

- On Thursday, the Bank of England raised interest rates the most it has in thirty years, joining the U.S. Federal Reserve and other central banks across the world have accelerated rate increases, in an effort to combat persistently rising inflation brought on by Russia's invasion of Ukraine and the poor economic policies of former prime minister Liz Truss.
- The interest rate decision is the first since Truss' government promised unfunded tax cuts of £52 billion, which caused turbulence on the financial markets, increased mortgage rates, and ultimately led to Truss' forced resignation after only six weeks in office. In an effort to repair the harm and demonstrate that Britain is dedicated to paying its debts, her successor, Rishi Sunak, has warned of budget reductions and tax rises.
- After initially believing that foreign causes outside of their control were driving price increases, central banks have failed to manage inflation. As it became apparent that inflation was getting ingrained in the economy and bleeding through to increased borrowing prices and demands for greater pay, their response intensified in recent months.

### S&P Cuts Credit Suisse Group

- The Swiss bank's efforts to rebuild its reputation following a string of scandals and losses have been hampered by "material execution risks," according to S&P Global Ratings, which has lowered Credit Suisse Group's (CSGN.S) long-term credit rating to one rung above junk bond status.
- It said that Credit Suisse's banking franchise had suffered as evidenced by a weak operating performance in the third quarter and that the positioning of investment bank CS First Boston was unclear due to concerns about future funding and ownership.
- Due to the Swiss bank's deteriorated liquidity position, the risks involved with the restructuring plan, and the negative pressures related to the bank's projected return to profitability, the outlook remained negative.

### In Real Estate, 2022: The Year of Moving Farther Away

- "People want to be closer to their support networks," Jessica Lautz, NAR vice president of demographics and behavioral insights, told *Forbes*. "And of course, we can't underscore affordability enough and how important that is to home buyers."
- The trend of relocating further away was skewed by first-time purchasers. If you think 50 miles is a large step, consider how much further repeat customers were prepared to go. When first-time purchasers are excluded, the median distance increased to 90 miles. For comparison, compare San Francisco to Sacramento or New York to New Haven, Connecticut. The previous record for that metric was only 20 miles, set in 2021.
- So far this year, roughly half of the properties bought have been in or close to cities. Those regions consistently claimed a 65% market share between 2017 and 2021. Small towns, where 29% of all sales were made, experienced the largest growth. That is nine percentage points greater than it was last year at this time.

Sources: [www.apnews.com](http://www.apnews.com) | [www.reuters.com](http://www.reuters.com) | [www.forbes.com](http://www.forbes.com)