



23rd September 2022

By Email: Urgent OBR update

Dear Richard,

We write to you with a deep sense of urgency and concern following the economically illiterate and reckless financial statement delivered today by the new Chancellor of the Exchequer.

As you will no doubt be aware, the markets have already cast their judgement on the mini-budget, and that judgement is damning. Minutes after the Chancellor sat down, we witnessed the pound plummeting, bond yields for borrowing soaring and we are all now faced with the real prospect of even sharper rises in interest rates. Therefore, not alone has this mini-budget disgracefully increased inequality, it has also been judged by the financial markets to have been totally incompetent.

That incompetence from the Chancellor will directly feed into three important areas – most of which he failed to mention in his statement. A year ago, in the last update from your office in terms of projected mortgage costs for households, it was forecast that mortgage holders could face cost increases of 13% by 2023. Since then, that figure is already dwarfed by the rises in interest rates we've seen, and after today those increases are only set to go higher and faster. Likewise, the devaluation of the pound will result in higher imported food prices in the middle of a cost-of-living emergency. And finally on overall borrowing, the failure to impose a windfall tax will mean climbing interest payments on government debt could cripple public spending.

In total, this is a trajectory that amounts to economic chaos - and it has all been delivered by the reckless choices of this Chancellor.

We believe it is more important than ever – for the sake of economic clarity and transparency – that a full, updated forecasts are now required from your office. However, given today's events on the financial markets we particularly believe urgent updates and forecasts are needed on the following.

- A renewed forecast on mortgage costs for households facing rising interest rates.
- The impact of the plummeting pound on imports, especially food prices ahead of this winter.
- And the immediate and long-term cost of increased bond borrowing on the public finances.

We believe your office's independent analysis is essential if we are to fully understand the depth of the damage done by the Chancellor in today's statement. Families and businesses need to know the consequences of the political choices made by this reckless UK government.

We look forward to your response.

Yours sincerely,

Ian Blackford MP - SNP Westminster Leader

Alison Thewliss MP – SNP Shadow Chancellor

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