

Fallout from UK mini budget

Britain's Prime Minister and Chancellor are facing calls to slash public spending by more than the annual defence budget to stabilize public finances and halt a growing market rout



Prime Minister **Liz Truss** and Chancellor of the Exchequer **Kwasi Kwarteng**

■ **Sep 23:** Cost of Chancellor Kwarteng's mini budget totals **£161 billion** (\$178bn) over five years, according to Treasury

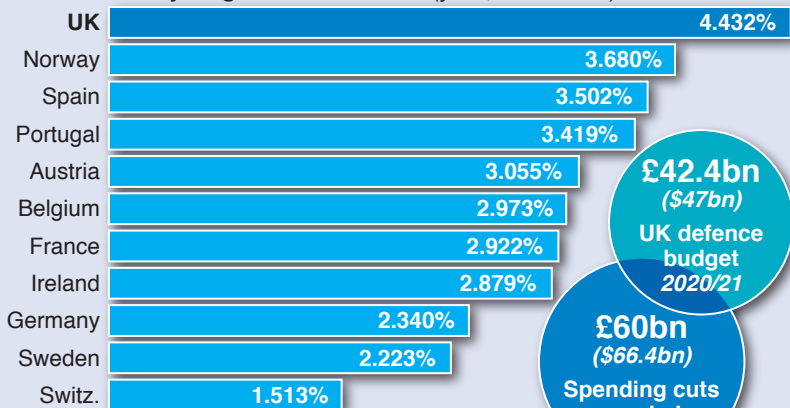
■ **Sep 28-Oct 14:** Bank of England steps in to buy **£65 billion** (\$72bn) of government bonds, with limit of **£5bn** (\$5.5bn) per day

■ **Sep 26:** Sterling crashes. Pound falls to record low

■ **Oct 10:** Central bank increases emergency bond buying limit to **£10bn** (\$11bn) per day as fire sale of gilts (government debt) threatens economic stability



Benchmark 10-year government bonds (yield, October 11)



£42.4bn
(\$47bn)

UK defence budget 2020/21

£60bn
(\$66.4bn)

Spending cuts needed

■ **Oct 11:** *Institute for Fiscal Studies* warns Kwarteng must find savings of at least **£60 billion** (\$66.4bn) to shore up market confidence

■ **Oct 31:** Kwasi Kwarteng to present his fiscal plan