

Oops: £490 billion has gone AWOL

Published: January 12, 2026, 10:15 pm

The [Telegraph has reported that](#)

Global banks and international bond strategists have been left stunned by revised ONS figures showing that Britain is £490bn poorer than had been -assumed and no longer has any reserve of net foreign assets, depriving the country of its safety margin as Brexit talks reach a crucial juncture.

In the context of that my claim that UK national income accounting is CRAp (which stands for completely rubbish approximations) looks to be wholly justified.

The revision appears to come from three reappraisals. One is of corporate profitability overseas. The second is of the nature of flows from overseas. And the third is of FDI where it is noted that:

Making matters worse, foreign -direct investment (FDI) by companies is plummeting. It fell from a £120bn surplus in the first half 2016 to a £25bn deficit over the same period of this year.

As they also note:
The apparent resilience of [FDI flows shortly after Brexit was an illusion](#): the spending that took place in late 2016 had already been committed earlier.

There is also a reported change in sentiment:
The Bank of New York Mellon, the world's biggest custodial institution with \$31â€%tn (£23â€%tn) under purview, says its flow data shows a marked deterioration over recent weeks in purchases of sterling assets by "real money" players such as pension funds and sovereign wealth funds.

"The outflows from the UK began in mid-August," said Simon Derrick, the bank's currency strategist, "the big buyers are disappearing".

The first appropriate reaction is to say that this is logical: of course the UK should be

suffering because of its plan to leave the EU: nothing else would make sense.

Second, the reaction is not to panic: this largely relates to corporate profits. The claim that this need impact the gilt market as the Telegraph claims need not be true: gilts are an option for a government and not a necessity, and so there need be no impact at all.

Third, the importance of investing in national statistics becomes ever more clear. I wish they would start with their absolutely appalling website. If people could find data it would be useful.

Fourth, then it is time to reappraise where the UK is. It's not pretty, at all. The need for a Brexit deal is overwhelming. But who knows if it is on the cards.

And then, start asking questions. Perhaps the most compelling is of the sectoral balances, because if the foreign sector is not supplying the support it was then the obvious question is who is substituting for them? This, right now, might be the biggest question of all. The foreign sector has been UK savers. If it isn't any more and the government position is correctly stated what is happening in the UK domestic market? That's not clear.

And that makes this half a story, at best. But it makes the budget and the Office for Budget Responsibility data that comes with it even more important than usual, especially when it is already apparent that Philip Hammond thinks himself boxed in, whether that is the case, or not.