Burnham would be right to keep Miliband out of the Treasury

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Markets will breathe a sigh of relief if incoming UK Prime Minister Andy Burnham keeps Ed Miliband out of the Treasury, warns Nigel Green, CEO of deVere Group, one of the world's largest independent financial advisory organisations.

The comments come as reports suggest opponents within Burnham's own camp have quashed Miliband's bid for the Treasury, with Labour whips reportedly steering the role toward home secretary Shabana Mahmood, while foreign secretary Yvette Cooper is also being floated as a contender.

Miliband, a key architect of Burnham's leadership campaign and the first Cabinet minister to break ranks and call for Sir Keir Starmer's departure, is instead expected to be offered the Foreign Office.

Burnham takes office on Monday, July 20, becoming the UK's seventh prime minister in a decade.

His choice of Chancellor, the eighth in 10 years, is his first true test of economic credibility, and investors already flagged their nerves when gilt yields spiked to an 18-year high on the 10-year and a 28-year high on the 30-year amid speculation over a Miliband appointment.

"Markets have already told Burnham exactly what they think of Ed Miliband running the Treasury," says Nigel Green.

"Gilt yields hit multi-decade highs the moment his name entered the frame as a serious contender, and the message could not have been clearer. Investors don't want to find out what a Miliband Treasury looks like in practice."

He continues: "Miliband carries a reputation among institutional investors as fiscally expansive and instinctively wary of business.

His record on blocking new oil and gas licences, his slow approach to approving the Jackdaw and Rosebank fields, and his uncompromising stance on net zero all read to bond investors as a government prepared to spend first and count the cost later.

"Bond markets punished Liz Truss's government for precisely that instinct during the 2022 mini-budget, when unfunded pledges sent gilt yields into freefall and forced the Bank of England into emergency intervention.

"Investors have long memories, and they won't extend the benefit of the doubt to a second Chancellor within four years."

The deVere CEO warns the fallout would not stop at gilts.

"Sterling is already trading near the bottom of its 2026 range against the dollar, and a Miliband appointment would pile fresh pressure on the pound just as households absorb higher energy costs from the Hormuz crisis.

"Combine that with a Chancellor markets regard as unfunded and unpredictable, and you invite the kind of currency and bond selloff that pushes up borrowing costs for mortgages, businesses, and the government itself."

"Shabana Mahmood or Yvette Cooper would send a fundamentally different signal," Nigel Green continues.

"Both are viewed as pragmatic and disciplined, and neither is expected to tear up the fiscal rules that have kept gilts comparatively stable through the uncertainty of a leadership change.

"Markets don't need a radical Chancellor right now. They need continuity and credibility, and either name would, potentially, deliver both."

"Burnham has been careful so far," the deVere CEO adds.

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“He’s repeatedly signalled respect for the existing fiscal framework, and that caution has bought him a grace period with investors who might otherwise have marked gilts down further already.

“Installing Miliband at the Treasury would spend that goodwill in a single afternoon.

Nigel Green concludes: “This is the first real test of his premiership, and markets are watching it more closely than almost anything else he will do in his opening 100 days.

“Get it right, and Burnham buys himself time and credibility with investors who are still willing to give him a chance.

“Get it wrong, and he risks his own mini-budget moment before he has even delivered his first speech from Downing Street.”

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