



Economic Outlook, GDP, the wider economic context and retail sales

Confidence, inflation, labour market, credit & insolvencies

ECONOMIC MONITOR

A detailed analysis of trading conditions, consumer demand, and how the UK economy is performing.

May 2024

REAL WAGE GROWTH TO IMPROVE

The economic outlook for the UK has improved over the last month, with several indicators pointing towards recovering household incomes and a gradual improvement in consumers' financial outlook. The BRC Customer Sentiment Monitor for April suggests that most consumers expect the economy to improve over the coming months. Momentum has held up, and the UK's return to growth over Q1 appears to have continued into Q2.

Meanwhile, real wage growth has now eclipsed 2% and is likely to remain strong as we expect inflation to fall sharply in the Consumer Price Index (CPI) data this month. The National Living Wage uplift, effective from last month, will support nominal wage growth. Additionally, the recent cut to national insurance suggests the working population will have greater spending power, in the near term. On the cost of living, the lowering of Ofgem's energy price cap last month will also offer a welcome reprieve for households' bills.

However, geopolitical risks remain high. Oil prices have risen in recent months, and fuel prices at the pump are higher as a result. Disruption in the Red Sea persists, and many shipping operators are continuing to follow longer routes. However, shipping costs are around 40% lower than their most recent peak, though remain 200% higher than before the Israel-Hamas conflict.

GDP GROWTH

-0.3%

% change - QOQ, Q4 2023

Down from -0.1% in Q3 2023

CPI INFLATION

3.2%

% change - YOY March

Down from 3.4% in February

UNEMPLOYMENT

4.2%

February

Up from 4.0% in January

WAGE GROWTH

6.0%

% change - YOY February

Down from 6.1% in January

BRC - KPMG RETAIL SALES

3.5%

% change - YOY, March

Up from 1.1% in February

CONSUMER CONFIDENCE

-19

April

Up from -21 in March

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

GDP GROWS IN FEBRUARY

Indicators of Economic Output

GDP grew in February by 0.1%, following upwardly revised growth of 0.3% in January. Services activity expanded by 0.2%, and the largest upward contributor was professional, scientific and technical activities. The biggest downward contributor was wholesale and retail trade, led by declines in the former.

Consumer-facing services grew similarly, and sports activities and amusement and recreation activities provided the largest positive contribution. The biggest downward contributor was real estate activities.

Looking at the most recent quarterly figures, the economy contracted by 0.3% over the fourth quarter of 2023. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 1.0% above this level. Services output fell marginally, but there was mixed performance, though the biggest decrease came from wholesale and retail trade. Improving activity in administrative support and support services was not enough to offset decreases in most sub-sectors. Production output decreased by 1.1%, and, within this, manufacturing activity fell, driven by the manufacture of machinery equipment. Construction output fell by 0.9% as a slump in private housing construction drove declines in new construction activity. Looking at the expenditure side, investment provided the only positive contribution to headline GDP, and household expenditure fell 0.1% in real terms. Investment rose 1.4% on the quarter and is currently 4.7% above its pre-Covid level.

The latest S&P Global UK Composite PMI showed activity in April stayed in positive territory, with the overall index rising to 54.0, above the no-change 50-mark. Services remained in positive territory, rising to an 11-month high. Manufacturing fell back into contractionary territory, though services activity expanded robustly. The rise in the National Living Wage pushed up business expenses, likely to generate higher output charges for consumers.

Prices and Monetary Policy

Inflation eased in March and the Consumer Price Index lowered to 3.2%. Of the headline rate, 0.5% emanates from food, 0.8% from restaurants and hotels and 0.7% from recreation and culture. Housing and energy costs are now pushing down on inflation, shaving off 0.2% from the headline figure. Fuel prices rose for both petrol and diesel, with these figures registered when petrol was £1.47 per litre and diesel £1.54.

Gas and food prices have steadily come down though shipping rates remain elevated (although these are starting to fall back). Global oil prices had recently peaked at \$96 but have more recently risen to \$90 (April average). Domestically, the headline Producer Price Inflation (PPI) measure for business input costs remained in deflation over March. Output cost inflation remained slightly positive, suggesting business cost pressures have significantly eased, although remain at a high level.

The Bank of England (BoE), in March, opted to keep rates unchanged for a fifth consecutive meeting, following fourteen consecutive hikes, at 5.25%, remaining at the highest level since 2008. They are expected to hold once more, during their meeting this month. The latest forecasts are more optimistic about economic growth, though the outlook remains broadly flat with growth not expected to pick up significantly until the end of 2025. Real incomes are expected to exhibit moderate growth (though decline in per-capita terms), helped by healthy nominal wage growth. Interest rates will remain elevated until inflation sustainably settles at the 2% target, with two-thirds of the impact of monetary tightening having come through. Inflation is expected to temporarily undershoot 2% over Q2 2024, before rising again. With a sustainable return to the 2% target from Q3 2025 onwards. Households will continue to feel the effects of higher mortgage repayments with an estimated 2.3 million mortgages seeing an end to their fixed rate by the end of this year, and 2.4 million by the end of 2026.

PROJECTIONS FOR 2024 UK GDP GROWTH

Bank of England (February Forecast)

0.3%

IMF (April Forecast)

0.5%



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



UNEMPLOYMENT INCREASES TO 4.2%

Faster Indicators: BRC-KPMG Retail Sales

In March, retail sales growth increased to 3.5%, the strongest result since August. On the surface, this could be viewed as a successful month, however, the primary driver of this step up in performance was the earlier timing of Easter this year, which drew more sales from April into March compared to last year.

For Food sales, the pre-Easter week is a key part of the retail calendar, as people traditionally look to splash out on luxurious foods to make the most of the festivities over the long weekend. The earlier timing of Easter saw a spike in food spending at the end of March this year, as opposed to April for the past few years. While Easter is a lesser event for Non-Food spending, the extra bank holiday in the month, heralding the start of the Easter school holidays, significantly boosted Non-Food spending at the end of the month.

Labour Market

The UK's labour market has begun to cool and the ONS' most recently re-introduced statistics estimate the unemployment rate to have risen to 4.2%, suggestive of mild loosening in the labour market. The job vacancy figures are more reliable and have come firmly down from peaks with hiring intentions slowing considerably. However, the UK continues to have a large share of the workforce not currently seeking work, otherwise known as 'economically inactive'. As of the most recent figures, 22.2% of those aged 16-64 were inactive in the labour force.

Job vacancies picked up to 916,000 in the three months to March and have come down significantly since their recent peak. This still represents 97,000 more vacancies than before the pandemic. Vacancies are above pre-crisis levels in 14 of 18 sectors, most notably accommodation and food, as well as healthcare jobs. In absolute terms, the wholesale and retail sector accounts for the third largest number of vacancies, at 95,000, which is 25,000 below pre-pandemic levels.

Outlook

The UK economy's improving momentum appears to have continued into Q2 2024. Improving services performance in April and better consumer sentiment data suggest that consumption remains resilient. Real wage growth has now surpassed the 2% mark and is likely to remain robust as the Consumer Price Index falls below 2%, during this month's release of data. A lower Ofgem price cap will bring the energy component of inflation sharply down, whilst additionally providing more consumer spending power as money is freed up due to lower direct debits. Hence, spending is likely to hold up over the coming months, offering some upside for stronger-than-expected consumption, this year. Despite this, interest rates remain high, and are likely to be held at their current rate during this month's Monetary Policy Committee meeting. This will weigh on economic activity and prevent faster economic growth in the near term. Persistent services inflation as well as commodity risks pose problems for a sustainable return to the 2% inflation target by year-end.

% year-on-year (unless otherwise specified)	2022	2023 (f)	2024 (f)	2025(f)	2026(f)
Real GDP	4.3	0.3	0.3	0.8	1.0
Inflation	10.8	4.3	2.8	2.5	2.0
Unemployment (rate)	3.8	4.2	4.5	5.0	5.0
Interest (Bank Rate)	2.8	5.2	4.2	3.4	3.2
Real post-tax labour income	-2.5	0.5	2.0	0.5	-0.3

Source: Bank of England, Monetary Policy Report February 2024

Nb: Headline labour market statistics (unemployment and inactivity rates) are currently not accredited 'official statistics' designation. The ONS will introduce their new methodology in September.

PROJECTIONS FOR 2024 UK GDP GROWTH

Bank of England (February Forecast)

0.3%

IMF (April Forecast)

0.5%

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



GLOBAL DEMAND UNDER PRESSURE

Financial conditions are tightening as the global interest rate-setter, the United States, maintains high interest rates. Many currencies have depreciated against the US Dollar, not least the Pound (though dollar weakening has strengthened certain currencies more recently). The squeeze on emerging markets via higher debt interest payments is anticipated to slow global economic activity. Uncertainty remains in the conclusion of the Ukraine-Russia conflict, tensions in the Middle East, and the effects of a demand shock from China (as it tries to stem deflation and buoy private consumption amidst the bursting of a property bubble) add tail risks to the global outlook. As these impacts are uncertain and volatile, commodity prices could rise higher as a result. As economic activity experiences persistent headwinds in weaker demand and elevated interest rates, global activity will be weighed upon.

The US economy expanded by 1.6% on an annualised basis in Q1 2024, a seventh consecutive period of growth, though a notable slowdown compared to the preceding quarter. The increase was led by improvements in consumer spending and housing investment that were offset partly by private inventory investment and higher imports. The US' growth has slowed up following the hike in interest rates with an elevated Federal Funds Rate expected to weigh on growth in the near term.

GDP GROWTH, APRIL FORECASTS



Source: IMF, The World Economic Outlook.

The Eurozone economy picked up slightly in Q1 2024, growing 0.4% (on an annual basis), up from 0.1% in Q4 2023. Germany's economy contracted by -0.2% (unchanged from -0.2% in Q4 2023). In contrast, France's GDP expanded by 1.1% (up from 0.8% in Q4 2023), Italy's by 0.6% (down from 0.7% in Q4 2023) and Spain's by 2.4% (down from 2.1% in Q4 2023).

The April S&P Global Eurozone Composite PMI shows business activity entered expansionary territory and was at an 11-month high. Orders for services picked up at their fastest rate in a year, however in manufacturing they continued to contract. Manufacturing output, however, still registered steep contractions. Input costs started to pick back up again, the joint-fastest increase over the past year, and cost burdens remain above their historical trend level. Service providers continued to record price increases and selling price inflation also remains historically high, having re-accelerated last month.

US inflation picked up slightly to 3.5% in March 2024 though remains considerably lower than the June 2022 peak of 9.1%. The Federal Reserve has embarked upon an aggressive tightening cycle over the past year, seeking to demonstrate credibility in reversing its loose money policy over the pandemic and quell demand to bring inflation back to the target rate. The central bank has signalled a higher likelihood of interest rate cuts, during H2 2024.

Inflation in the Eurozone has slowed from recent highs, and the European Central Bank kept their key rate unchanged at 4.5%, stressing that further hikes remain on the table. Prices eased to 2.4% in the 12 months to March, down from February's figure of 2.6%. Energy prices were 1.8% lower on the year, food, alcohol and tobacco prices 2.7% higher and the cost of non-energy industrial goods increased 1.1%.

2024 PROJECTED GROWTH - IMF (APRIL)

UK

0.5%

US

2.7%

FRANCE

0.7%

GERMANY

0.2%

JAPAN

0.9%

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

SALES VOLUMES FLAT IN MARCH

UK retail sales were estimated to be flat in March, following an upwardly revised increase of 0.1% in February. In broader terms, sales volumes rose by 1.9% in the three months leading up to March when compared to the preceding three months.

Food store sales fell by 0.7%, on the month, following a 0.4% expansion in February. Growth in volumes fell, and deteriorating sales performance was attributed to higher price levels affecting consumer spending habits. Food stores' sales volumes are now 3.9% below their pre-pandemic February 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales rose by 0.5% on the month, with sales volumes having risen by 0.9% in the preceding month. Volumes rose across all categories (but two), most dramatically falling in non-specialised stores, followed by non-store retailers (Pure play). Household goods stores, in contrast, saw a decent rebound in volumes (by 2.4%). Automotive fuel sales volumes rose by 3.2%, in March, attributed to the Easter holiday period.

The proportion of retail sales conducted online (seasonally adjusted) rose slightly to 25.8% in March, up from 25.7% in February. Online sales remained above pre-pandemic norms of 19.7% (February 2020).

DATA & CHARTS

FIG 1 - Retail Sales Volumes vs Retail Sale Value

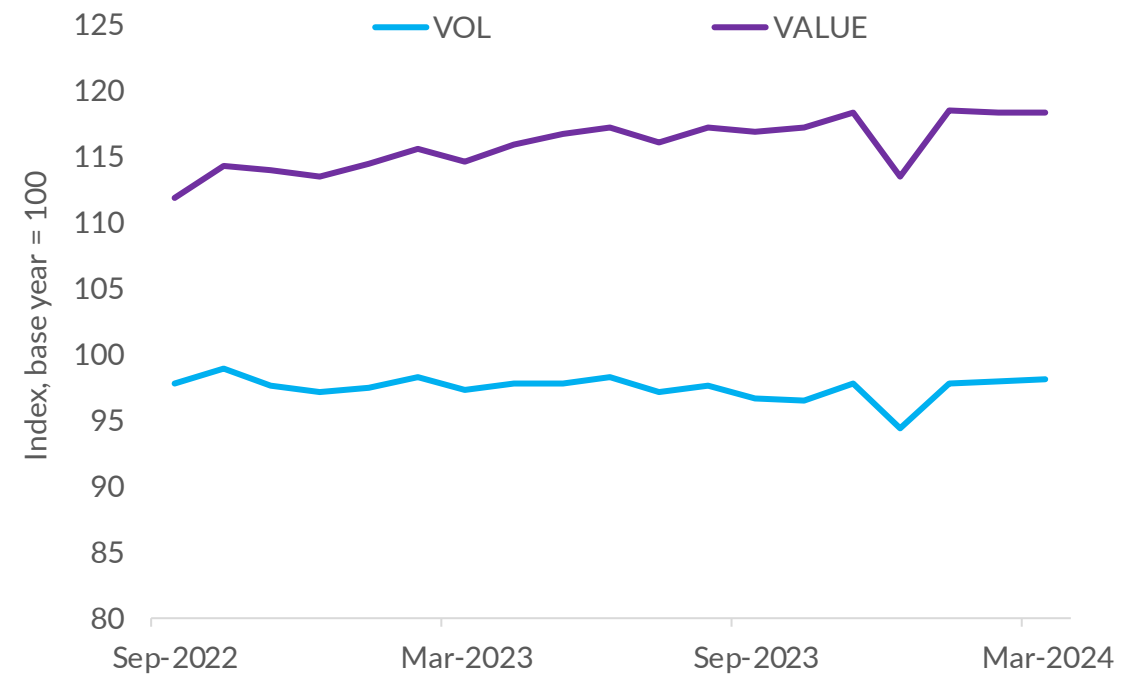
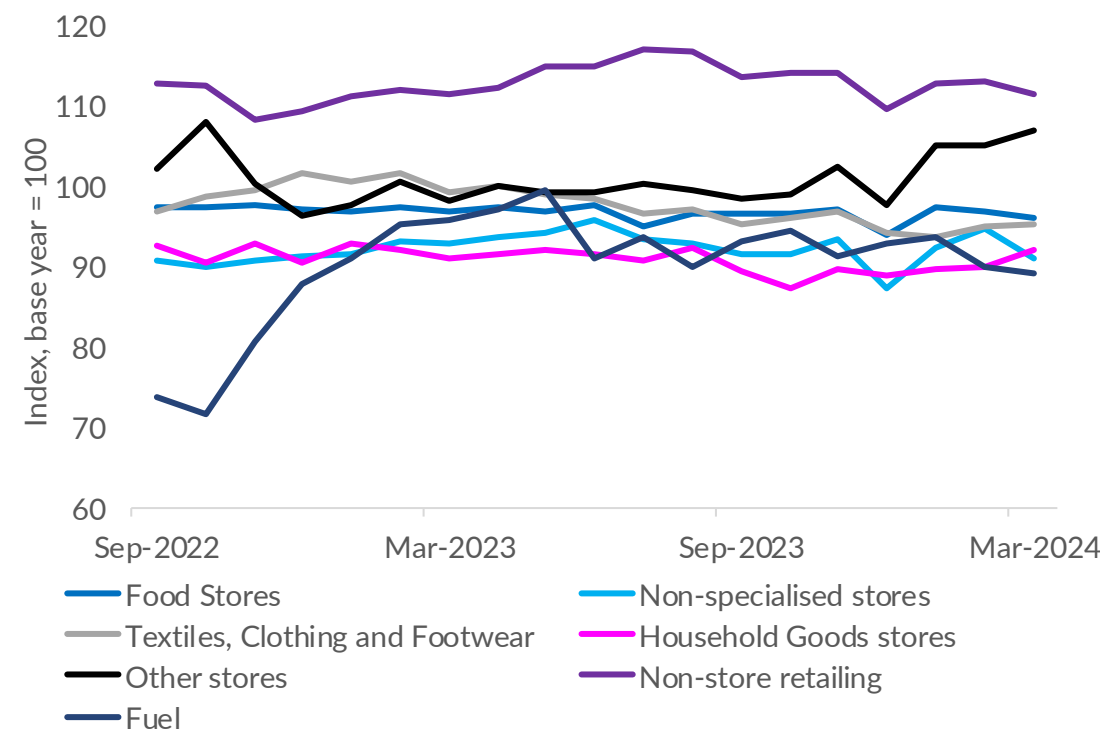


FIG 2 - ONS Retail Sales Category Volumes



SUMMARY MARCH

Retail Sales

0.0%



Down from 0.1% in February.

Online Sales

0.1%



Down from 2.0% in February.

Seasonal adjustment brings down sales growth



For the BRC's in-house data on retail sales, [visit here](#).

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales	RSM Sales
Jan-24	4.4	1.2
Feb-24	3.3	1.1
Mar-24	4.6	3.5

Source: ONS RSI & BRC RSM

ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Househ old goods	Oth. non-food	Non-store retailing
Mar-23	5.1	11.1	4.0	10.8	-3.7	-7.4	2.5
Apr	5.9	10.2	7.5	10.8	-0.2	0.5	-2.0
May	7.6	13.0	10.4	8.1	0.0	0.7	1.6
Jun	7.0	10.2	11.6	10.0	3.2	-2.0	3.8
Jul	4.6	5.7	5.1	5.8	3.0	0.4	5.4
Aug	6.7	7.4	8.0	10.2	3.0	2.0	7.5
Sep	5.7	9.4	5.6	4.6	-1.0	0.4	4.7
Oct	4.2	8.2	5.7	3.3	-2.6	-4.1	5.7
Nov	5.8	7.3	5.9	2.9	-2.2	5.3	8.8
Dec	1.7	3.9	-1.8	-1.9	-4.5	1.6	4.7
Jan	4.4	6.5	3.7	-2.0	-3.4	9.4	3.7
Feb	3.3	4.6	3.9	-2.1	-1.3	5.6	3.4
Mar-24	4.6	6.4	1.0	0.6	-0.8	11.0	1.5

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Jan-24	2.6	10.6
Feb-24	1.5	9.1
Mar-24	3.7	7.7

Source: ONS RSI

For the BRC's in-house data on retail sales, [visit here](#).

ONS SALES GROWTH – VOLUME TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Household goods	Oth. non-food	Non-store retailing
Mar-23	-1.1	-0.6	-0.2	-2.4	-1.0	-2.4	-0.5
Apr	0.8	0.5	0.8	0.9	0.6	1.8	0.7
May	-0.1	-0.5	0.7	-1.3	0.7	-0.9	2.2
Jun	0.4	0.9	1.5	-0.4	-0.7	0.1	0.1
Jul	-1.2	-2.7	-2.4	-2.1	-0.8	1.1	1.7
Aug	0.7	1.5	-0.5	0.7	1.5	-0.7	-0.1
Sep	-1.2	0.0	-1.6	-1.9	-3.1	-1.2	-2.9
Oct	0.1	0.1	0.1	0.8	-2.5	0.7	0.6
Nov	1.3	0.7	2.1	1.1	3.0	3.4	0.1
Dec	-3.7	-3.4	-6.6	-2.9	-0.8	-4.5	-4.0
Jan	3.5	3.5	6.0	-0.6	0.9	7.6	2.8
Feb	0.3	-0.4	2.4	1.4	0.1	0.0	0.3
Mar-24	-0.3	-0.7	-3.8	0.5	2.4	1.8	-1.5

Source: ONS RSI

ONS INTERNET SALES

M-Y	Av. Weekly value of all retail sales	Av. Weekly value of internet retail sales	Internet sales % YoY	Internet sales % of all retail sales
Mar-23	£8.4bn	£2.2bn	4.3	26.1
Apr	£8.7bn	£2.2bn	2.9	25.7
May	£8.9bn	£2.3bn	7.3	25.7
Jun	£8.8bn	£2.2bn	7.5	25.3
Jul	£8.9bn	£2.3bn	10.0	26.2
Aug	£8.6bn	£2.2bn	10.2	25.2
Sep	£8.4bn	£2.2bn	7.9	25.8
Oct	£9.0bn	£2.4bn	6.9	26.6
Nov	£10.3bn	£3.2bn	9.5	31.0
Dec	£10.7bn	£3.0bn	4.0	27.7
Jan	£8.1bn	£2.2bn	2.5	26.8
Feb	£8.3bn	£2.1bn	3.0	25.7
Mar-24	£8.8bn	£2.2bn	1.7	25.4

Source: ONS RSI

SUMMARY MARCH

ONS Sales

4.6%



Up from 3.3% in February.

Large retailers

3.7%



Up from 1.5% in February.

Strong increase in household goods store sales

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

CBI COMMENTARY

The retail sector saw sales volumes fall sharply in the year to April. Sales volumes were judged to be below average for the time of year, last month. Online sales were flat in the year to April and are expected to remain flat again this month.

Overall year-on-year sales volumes were sharply negative last month, below average against seasonal norms. Stock positions were considered “too high” relative to expected sales. Retailers anticipate that orders will contract this month, at a greater pace than during the previous month.

Wholesalers saw volumes contract in the year to April, for a second consecutive month. Sales volumes are expected to fall next month, at a milder pace. Distribution reported sales volumes contracted when compared to March, following two consecutive periods of growth. Sales are expected to be flat over this month.

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
May-23	-10	-7
Jun	-9	0
Jul	-25	0
Aug	-44	-32
Sep	-14	-21
Oct	-36	-8
Nov	-11	-13
Dec	-32	-6
Jan	-50	-41
Feb	-7	-50
Mar	+2	-15
Apr	-44	-25
May-24		-19

Source: CBI Distributive Trades Survey

SUMMARY APRIL

CBI Balance

-44



Down from +2 in March.

CBI Expected (May)

-19



Up from -25 in April.

Sales outlook turns sharply negative



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



GfK CONSUMER CONFIDENCE

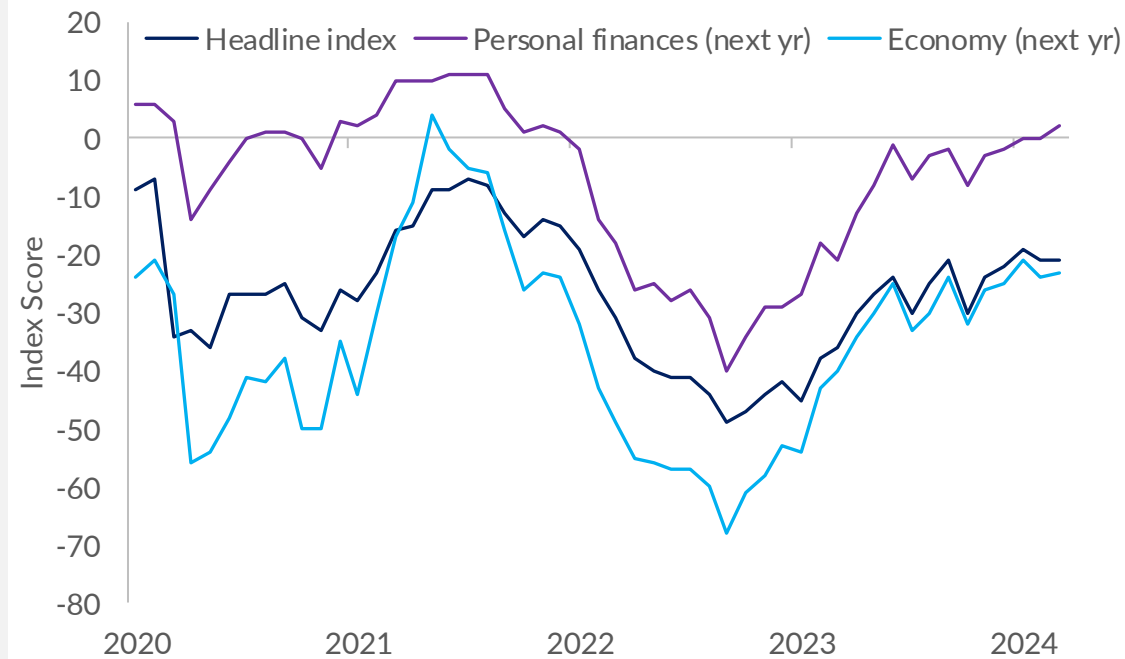
“Headline confidence edged forward in April to -19. There was a welcome repeat of the March +2 score for how consumers feel about their personal finances in the next 12 months. While the Overall Index Score remains negative, all of the underlying five measures this April are significantly better than they were last April. These improvements reflect the impact on household budgets of lower inflation and the anticipation of further tax cuts.

However, we are a long way from the much firmer sentiment last seen in the period before Brexit, Covid and the conflict in Ukraine. There is a lot of ground to make up, and caution is needed in the face of continuing economic and fiscal challenges, and revised views on when the Bank of England might cut borrowing costs. But Spring has arrived and maybe consumer confidence is, at last, slowly becoming brighter and heading in the right direction.”

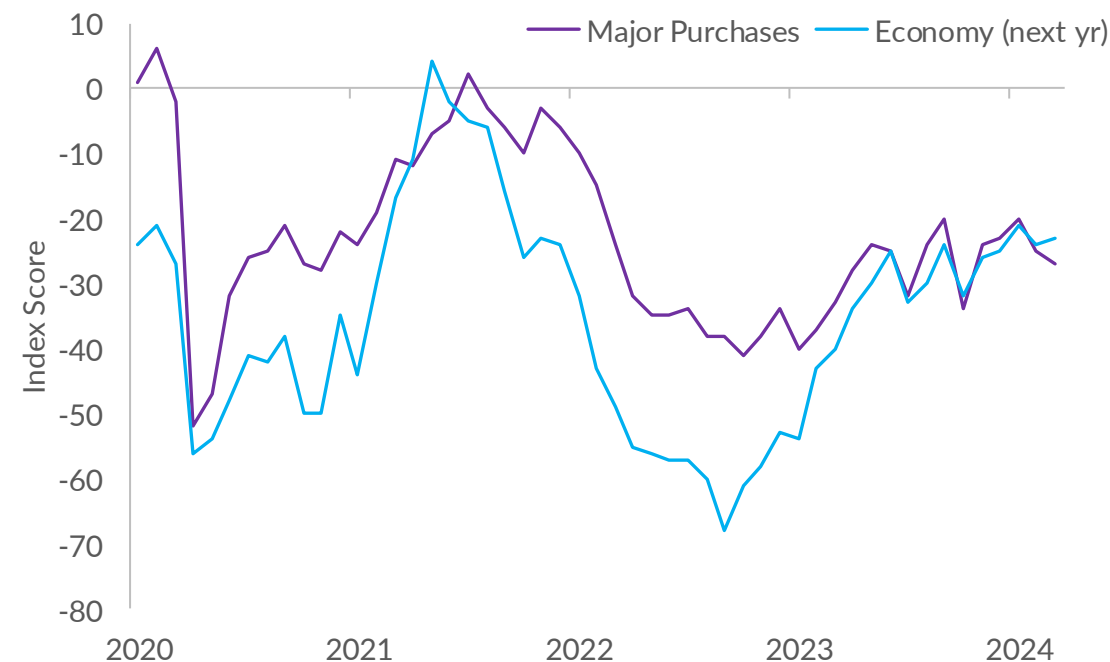
GfK NOP CONSUMER CONFIDENCE INDEX

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Apr-23	-30	-28	-21	-13	-55	-34
May	-27	-24	-20	-8	-54	-30
Jun	-24	-25	-15	-1	-54	-25
Jul	-30	-32	-20	-7	-58	-33
Aug	-25	-24	-15	-3	-52	-30
Sep	-21	-20	-13	-2	-47	-24
Oct	-30	-34	-19	-8	-54	-32
Nov	-24	-24	-16	-3	-49	-26
Dec	-22	-23	-14	-2	-44	-25
Jan	-19	-20	-12	0	-41	-21
Feb	-21	-25	-14	0	-43	-24
Mar	-21	-27	-13	2	-45	-23
Apr-24	-19	-25	-11	2	-41	-21

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

SUMMARY APRIL

Headline GfK confidence

-19



Up from -21 in March.

Major Purchases confidence

-25



Up from -27 in March.

Consumer confidence edges back up in April

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



ONS CONSUMER PRICE INDEX (CPI)

HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
Mar-23	10.1	13.5	12.6
Apr	8.7	11.4	10.4
May	8.7	11.3	10.3
Jun	7.9	10.7	9.6
Jul	6.8	9.0	7.9
Aug	6.7	9.1	7.8
Sep	6.7	8.9	7.6
Oct	4.6	6.1	4.8
Nov	3.9	5.3	4.1
Dec	4	5.2	4
Jan	4	4.9	3.8
Feb	3.4	4.5	3.5
Mar-24	3.2	4.3	3.3

Source: ONS.

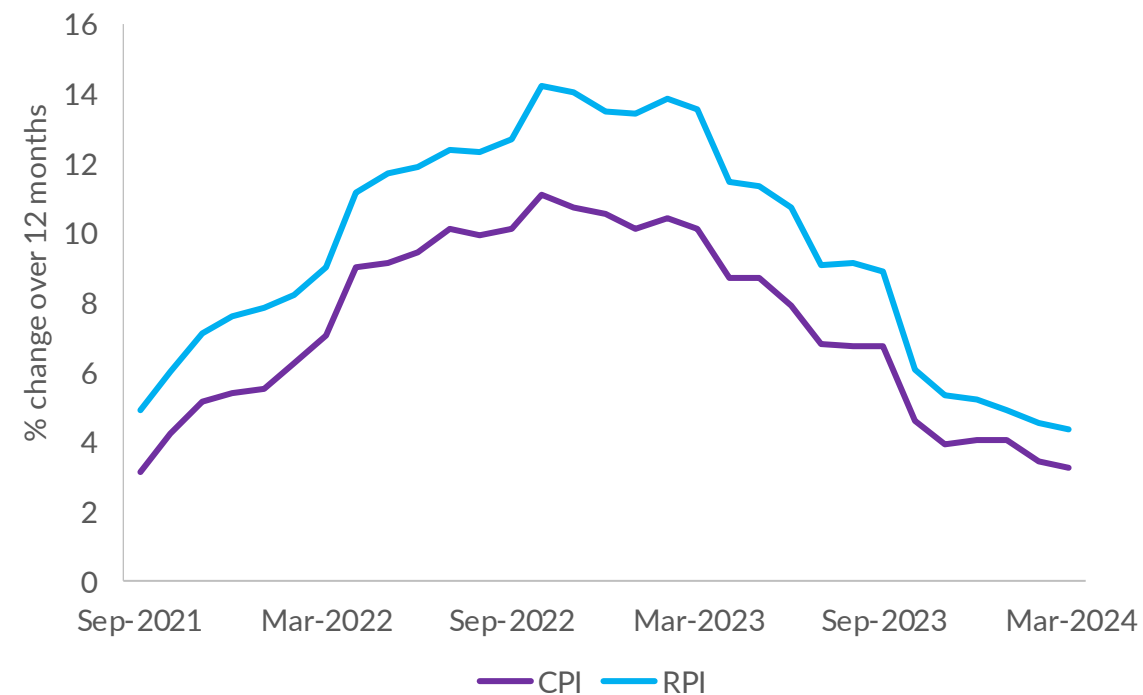
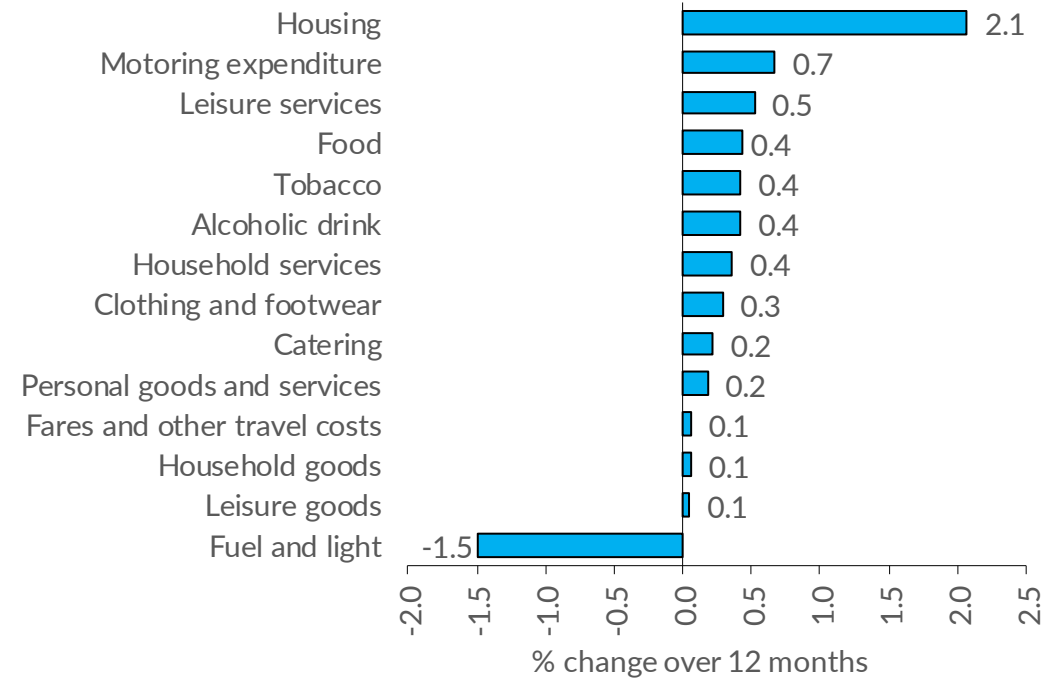
CPI: CONTRIBUTIONS TO THE ANNUAL RATE

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Mar-23	19.1	7.2	26.1	8.0	0.8	11.3
Apr	19.0	6.8	12.3	7.5	1.5	10.2
May	18.3	7.1	12.1	7.5	1.2	10.3
Jun	17.3	7.2	12.0	6.5	-1.8	9.5
Jul	14.8	6.6	6.8	6.2	-2.0	9.6
Aug	13.6	7.0	7.0	5.1	-0.5	8.3
Sep	12.1	6.9	6.9	3.7	0.7	8.6
Oct	10.1	6.2	-3.5	3.1	0.5	7.5
Nov	9.2	5.7	-3.4	2.3	-1.5	7.5
Dec	8.0	6.4	-3.4	2.5	-1.1	7.0
Jan	6.9	5.6	-2.1	0.4	-0.3	7.0
Feb	5.0	5.0	-1.7	0.0	-0.1	6.0
Mar-24	4.0	4.0	-1.6	-0.9	0.1	5.8

Source: ONS.

For the BRC's in-house data on Shop Price inflation, [visit here](#).

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



SUMMARY MARCH

CPI

3.2%

Down from 3.4% in February.



CPI Food

4.0%

Down from 5.0% in February.



CPI eases to lowest since September 2021

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

UK EMPLOYMENT

In the three months to February 2024:

- The UK employment rate was estimated at 74.5%, 0.5 percentage points lower when compared to the previous three-month period, and 1.7 percentage points lower than before the coronavirus pandemic (December 2019 to February 2020).
- The UK unemployment rate was estimated at 4.2, 0.3 percentage points higher than over the previous three-month period, and 0.1 percentage points above pre-Covid levels.
- Total hours worked increased in the most recent reporting period (September), to 1.06 billion hours, slightly above pre-pandemic levels, signifying normalisation in the labour market.
- The UK economic inactivity rate was estimated at 22.2%, higher on the previous quarter, and 1.7 percentage points higher than before the coronavirus pandemic.

NB: Headline estimates are not accredited 'official statistics' designation, and the 'Transformed Labour Force Survey' (TLFS) figures will now be published in September, when the Office for National Statistics introduces its new methodology for the collection of the UK's labour market figures (see more information [here](#)).

LABOUR FORCE SURVEY

	Claimant Count		Unemployment	
	mills	% rate	Mills	% rate
Mar-23	1,526	3.9	1,383	4.0
Apr	1,549	3.9	1,353	3.9
May	1,527	3.9	1,395	4.0
Jun	1,543	3.9	1,460	4.2
Jul	1,550	4.0	1,496	4.3
Aug	1,541	3.9	1,452	4.2
Sep	1,550	4.0	1,407	4.1
Oct	1,559	4.0	1,367	4.0
Nov	1,560	4.0	1,355	3.9
Dec	1,565	4.0	1,320	3.8
Jan	1,568	4.0	1,373	4.0
Feb	1,572	4.0	1,440	4.2
Mar-24	1,583	4.0	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Feb-23	33,176	24,678	8,498
Mar	33,201	24,617	8,584
Apr	33,326	24,730	8,596
May	33,311	24,705	8,606
Jun	33,163	24,518	8,645
Jul	33,082	24,500	8,582
Aug	33,028	24,487	8,541
Sep	33,102	24,607	8,495
Oct	33,196	24,687	8,509
Nov	33,136	24,743	8,393
Dec	33,174	24,813	8,361
Jan	33,107	24,849	8,257
Feb-24	32,980	24,759	8,222

Source: ONS

SUMMARY FEBRUARY

Unemployment Rate

4.2%



Up from 4.0% in January.

Total Employment

74.5%



Down from 74.8% in January.

Inactivity higher than first estimated



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



EARNINGS

Between December 2023 and February 2024:

- **Regular pay** was estimated to have increased by 6.0% in nominal terms and increased by 1.9% in real terms.
- **Total pay** was estimated to have increased by 5.6% in nominal terms and increased by 1.6% in real terms.

Between December 2023 and February 2024 and December 2023 and February 2024:

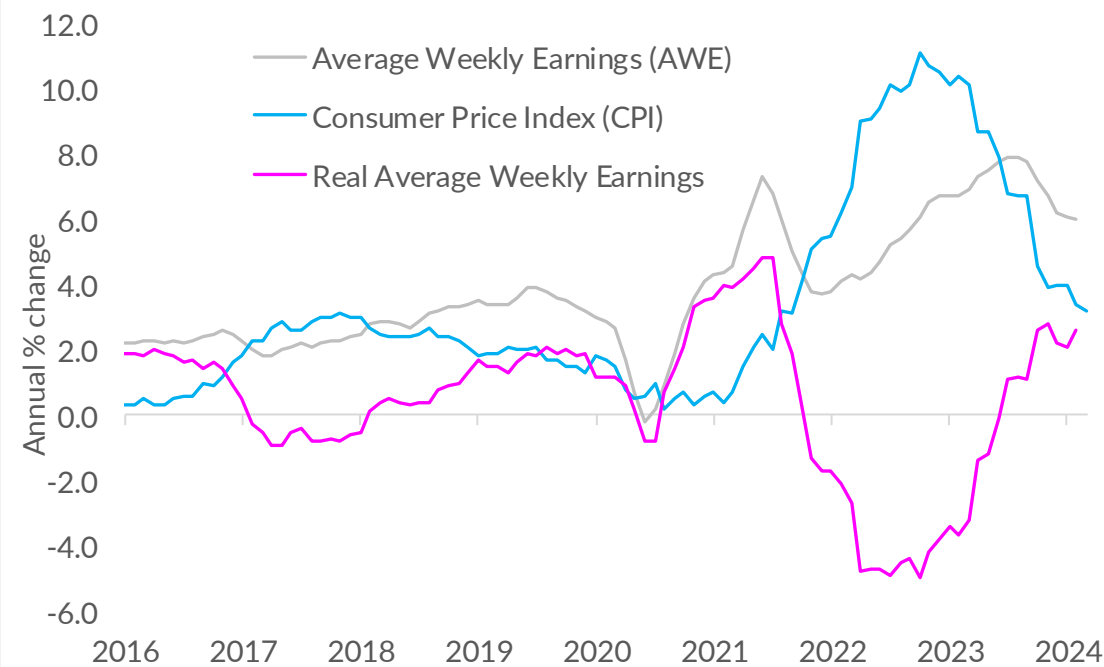
- **Average regular pay (excluding bonuses)** was estimated at £633 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£597 per week) and £483 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£473 per week).
- **Average total pay (including bonuses)** was estimated at £677 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£642 per week) and £515 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£506 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Mar-23	6.9	10.1	-3.2
Apr	7.3	8.7	-1.4
May	7.5	8.7	-1.2
Jun	7.8	7.9	-0.1
Jul	7.9	6.8	1.1
Aug	7.9	6.7	1.2
Sep	7.8	6.7	1.1
Oct	7.2	4.6	2.6
Nov	6.7	3.9	2.8
Dec	6.2	4.0	2.2
Jan	6.1	4.0	2.1
Feb	6.0	3.4	2.6
Mar-24		3.2	

Source: ONS.

LONG TERM EARNINGS SERIES



SUMMARY FEBRUARY

Regular pay growth

6.0%



Down from 6.1% in January.

Total pay growth

5.6%



Unchanged from 5.6% in January.

Wage growth is easing in nominal terms

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



MONEY, CREDIT & INSOLVENCIES

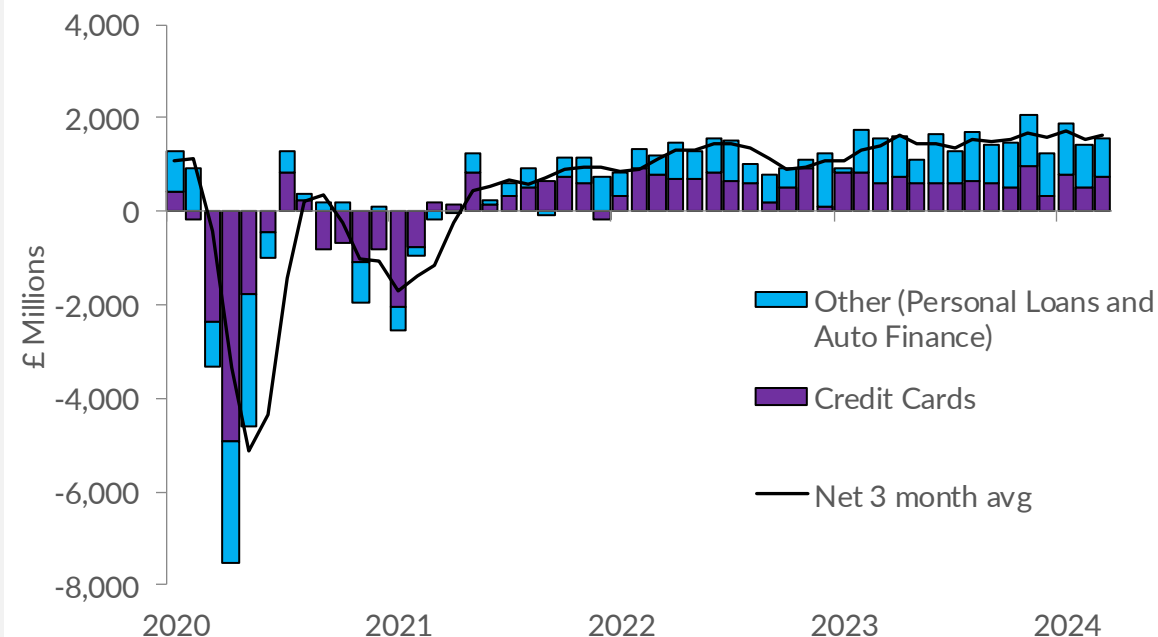
- Consumers in March borrowed an additional £1.6 billion in consumer credit, in net terms, of which borrowing was £0.9 billion in personal/auto loans and £0.7 billion of which was repayments on credit cards.
- Individuals borrowed £0.3bn in mortgage debt in March, compared to £1.6bn in net borrowing in February. Mortgage approvals for house purchases increased to 61,300, up from 60,500.
- Sterling money (known as M4ex) net flows were £8.9 billion in March, up from £8.9 billion in the preceding month. Households in net terms deposited £8.5 billion at banks and building societies, compared with £7.0 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies fell slightly to 4.37%, down from 4.46%.
- Private non-financial companies (PNFCs) in total repaid a net £1.1 billion in market finance from capital markets, compared to £2.8 billion of net repayments in the preceding month.
- There were 634 retail insolvencies in Great Britain in Q4 2023, up from 550 in Q3 2023. In 2023, there were 2,331 insolvencies, 22.6% higher compared to the 1,901 figure in 2022.
- There were 4 retail CVAs in England and Wales during Q4 2023, up from 2 in Q3 2023. In 2023, the industry had 14 companies enter a Company Voluntary Arrangement, up since 2022 and 2021 when there were 10 and 13 CVAs respectively.

CONSUMER CREDIT

	Consumer Credit monthly changes (bn)	Credit Cards monthly changes (bn)	Other Loans and Advances monthly changes (bn)
Mar-23	1560	604	956
Apr	1610	725	885
May	1095	612	483
Jun	1636	610	1026
Jul	1286	616	670
Aug	1685	664	1021
Sep	1433	620	813
Oct	1446	526	920
Nov	2082	980	1102
Dec	1255	315	940
Jan	1877	787	1091
Feb	1429	517	911
Mar-24	1577	714	862

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY MARCH

Net consumer credit
£1.6bn



Up from £1.4 billion in February.

Net credit card lending
£0.7bn



Up from £0.5 billion in February.

The effective rate on new personal loans decreased to 8.39% and increased on credit cards to 21.26%

EXCHANGE RATES

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

DOLLAR, EURO, YUAN, YEN

	US dollar (\$) per pound sterling (£)	Euro (€) per pound sterling (£)	Chinese Yuan (¥) per pound sterling (£)	Japanese Yen (¥) per pound sterling (£)
Apr-23	1.25	1.13	8.54	166.2
May	1.25	1.15	8.63	171.0
Jun	1.26	1.17	8.83	178.6
Jul	1.29	1.17	9.20	181.7
Aug	1.27	1.16	9.11	183.9
Sep	1.24	1.16	9.17	183.1
Oct	1.22	1.15	8.85	182.0
Nov	1.24	1.15	8.91	186.1
Dec	1.27	1.16	9.02	182.3
Jan	1.27	1.17	9.00	185.7
Feb	1.26	1.17	9.09	188.9
Mar	1.27	1.17	9.11	190.4
Apr-24	1.25	1.17	9.09	192.6

Source: Average monthly exchange rate, Bank of England

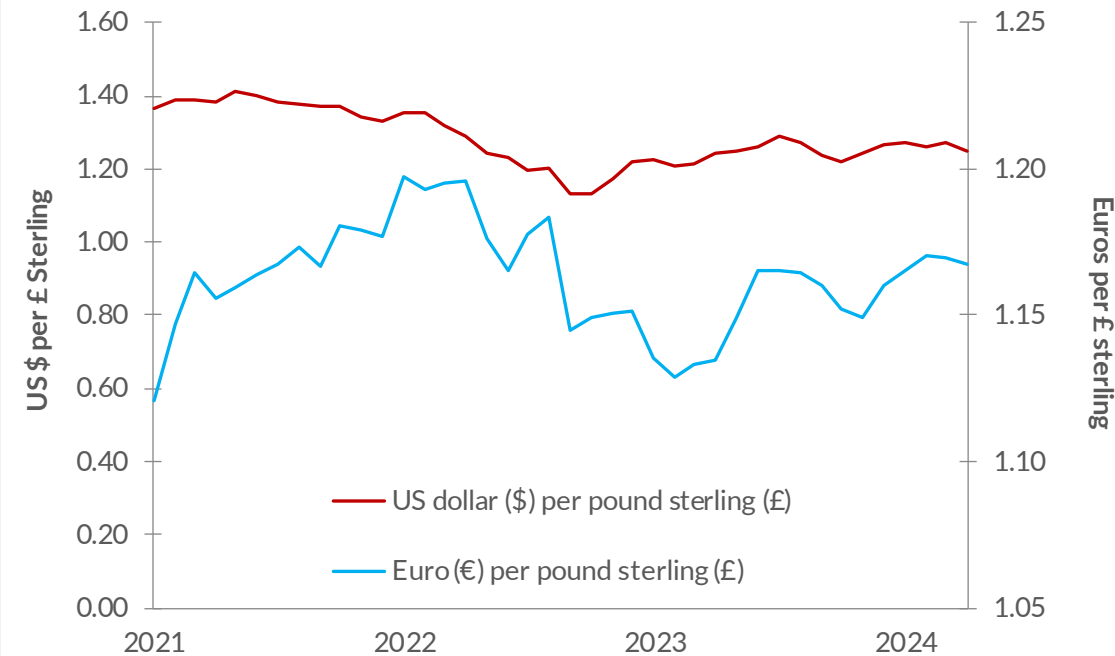
IMPACTS FROM CURRENCY DEPRECIATION

If Sterling depreciates, it can buy less foreign currency and therefore fewer foreign goods. This means retailers have to pay more for imports overall. There is no impact in the short-run, however, with retailers commonly using 6-12 months hedging contracts to protect themselves against currency fluctuations. Any permanent shock to the currency - i.e. a sustained sterling depreciation - takes one to two years to feed through in final consumer prices.

From the perspective of the wider economy, in theory, a pound depreciation should also stimulate exports, since domestically produced goods are cheaper to foreigners, which would increase the demand for UK produced goods.

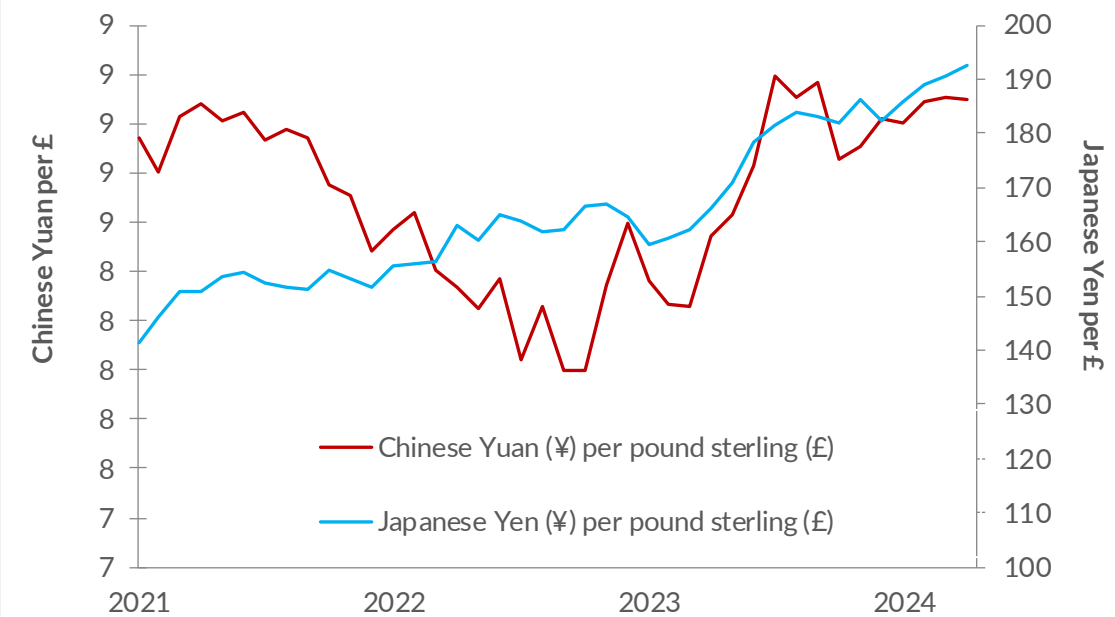
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

USD PER GBP, EURO PER GBP



Source: Average monthly exchange rate, Bank of England

YUAN PER GBP, YEN PER GBP



Source: Average monthly exchange rate, Bank of England

SUMMARY APRIL

USD TO GBP, YOY

0.5%

Sterling appreciation in relation to the USD, YoY.



EURO TO GBP, YOY

2.9%

Sterling appreciation in relation to the Euro, YoY.



Sterling was higher on the year in April in relation to the US dollar and in relation to the Euro.



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

CONSENSUS FORECASTS FOR THE UK ECONOMY

CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2024			2025		
	City	BoE	OBR	City	BoE	OBR
GDP	0.2	0.3	0.8	1.0	0.8	1.9
Cons. Spending	0.3	-0.3	2.9	1.2	0.8	2.0
CPI (Q4)	1.9	2.8	1.4	1.9	2.5	1.6
Avg Earnings	3.8	4.0	3.4	2.7	2.8	1.8
Bank Rate (Q4)	4.3	4.2	4.2	3.2	3.4	3.4

Source: City average forecasts in HM Treasury's 'Forecasts for the UK Economy', the Bank of England's (BoE) February 2024 Monetary Policy Report and the Office for Budget Responsibility's (OBR) Economic and fiscal outlook - November 2023 forecasts.

SUMMARY FORECASTS

GDP 2024

0.2%



Unchanged from the previous projection of 0.2%

Avg. Earnings 2024

3.8%



Revised down from a previous projection of 3.9%.

The consensus City forecast for 2024 growth in April was 0.2%

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

UK Economy (Page 2)

WORLD ECONOMY

RETAIL SALES

ONS

ONS

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US

BRC INSIGHT

The BRC has a diverse team of experts dedicated to providing insight into the UK’s retail industry. They work across several specialities to bring together cutting-edge data sources and provide in-depth analysis of both into fast-moving market developments and longer-term structural trends. We help our members with insight into the market in which they operate and to benchmark their performance against their peers.

The BRC produces some of the leading measures of UK retail performance, including sales, footfall, property vacancies and more.

You can find out more about our work by visiting <https://brc.org.uk/insight/>

ECONOMIC MONITOR

The BRC’s Economic Monitor is our monthly measure of the global & UK economy, the wider trading environment, and a collection of performance market measures within this context.

If you have any thoughts or feedback on how we might be able to improve this report – please do get in touch.

AUTHOR



HARVIR DHILLON
ECONOMIST

EDITOR



KRIS HAMER
DIRECTOR OF INSIGHT

PUBLICATIONS

MONTHLY

RETAIL SALES MONITOR

SHOP PRICE INDEX

FOOTFALL MONITOR

DIGITAL RETAIL INSIGHTS

ECONOMIC MONITOR

QUARTERLY

FORECASTING

VACANCY MONITOR

HR BENCHMARK

ANNUAL

ANNUAL SALES REVIEW

CRIME SURVEY

PAYMENTS SURVEY

DIVERSITY AND INCLUSION SURVEY

CONTACT & DISCLAIMER

BRITISH RETAIL CONSORTIUM

+44 (0) 207 854 8900

insight@brc.org.uk

The articles and opinions contained in this publication do not necessarily reflect the views of the BRC. Whilst the BRC endeavours to ensure that the information in this publication is accurate and that the articles contain nothing prejudicial to the position or reputation of any party, the BRC shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision as a result of reading this report.

