



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.

APRIL 2025

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Executive Summary

The Chancellor of the Exchequer’s recent Spring Statement introduced departmental spending reductions and welfare reforms that broadly kept projected government borrowing within their fiscal rules. Despite a downgrade in economic growth, household consumption is expected to remain resilient, supported by slightly lower savings rates. Our [Consumer Sentiment Monitor](#) echoes this, suggesting that spending intentions are on the up.

A rise in utility bills (water, broadband and council tax) kicked in this month, almost certain to push up on inflation over the coming quarters, towards 4% by mid-2025. Wage growth remains strong, and the National Living Wage uplift should help consumers adjust to the rise in the cost of living. However, as a result, interest rates are likely to remain higher for longer, above 4% by the year-end.

The US government recently announced the broad imposition of trade tariffs, in recent days. Whilst likely to boost global inflation by up to a few percentage points in the short term, global prospects will be hit harder if affected countries implement reciprocal tariffs. The OBR predict this could shave off between 0.2 and 0.6 percentage points from the UK’s GDP over 2025/26 and between 0.2 and 1.0 percentage points over 2026/27. The precise nature of the economic impact is uncertain and subject to change if a prospective trade deal with the US comes to fruition.

GDP GROWTH

0.1%

% change – QOQ, Q4 2024

Up from 0.0% in Q3 2024

CPI INFLATION

2.8%

% change - YOY February

Down from 3.0% in January

UNEMPLOYMENT

4.4%

January

Unchanged from 4.4% in December

WAGE GROWTH

5.9%

% change – YOY January

Unchanged from 5.9% in December

BRC – KPMG RETAIL SALES

1.1%

% change – YOY, February

Down from 2.6% in January

BRC – OPINIUM CONSUMER SENTIMENT

-35

March

Up from -37 in February

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MONTHLY GDP CONTRACTS IN JANUARY

Economic Growth

GDP fell by 0.1% in January (on the month), following robust growth of 0.4% in December.

- Services activity also grew 0.1% and the largest upward contributor was administrative and support services activities. The biggest downward contributor was accommodation and food services.
- Consumer-facing services expanded by 0.1%, and retail trade activities provided the largest positive contribution. Accommodation and food services provided the biggest downward contribution.

Looking at the most recent quarterly figures, the economy grew a marginal 0.1% over the fourth quarter of 2024. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 3.4% above this level.

- Services output grew by 0.1%, and the biggest contribution came from human health and social work activity.
- Production output decreased by 0.4%, with mining and quarrying falling the most.
- Construction output increased by 0.3% and private new housing construction drove the increase in new construction activity.
- On the expenditure side, asset inventories provided the biggest contribution to headline GDP, and household expenditure was flat in real terms.
- Business investment decreased by 3.2% on the quarter and is 2.9% above its pre-Covid level.

Prices

Inflation stepped back in February and the Consumer Price Index annual rate eased to 2.8%, down from 3.0%. Of the headline rate, 0.4% emanates from food, 0.5% from restaurants and hotels, and 0.5% from recreation and culture. Housing and energy costs are now pushing up on inflation, adding 0.2% to the headline figure (set to rise further in April’s figures).

Domestically, the headline Producer Price Inflation (PPI) measure for business input costs remained lower than a year ago over January. Output cost inflation remained in slight positive territory, suggesting business cost pressures have significantly eased, although have settled at a higher level, 30.4% higher than Feb 2020 levels for inputs, and 25.5% higher for outputs.

Note: PPI data have been [suspended](#) until the summer.

Monetary Policy

The Bank of England (BoE), in March, held interest rates at 4.5%. The latest forecasts have downgraded GDP growth over the coming year, to 0.7% (down from 1.5%). Growth picks up to 1.5% over 2026 and 2027, however, real incomes are set to ease to 1.4% in 2025, more or less flat in the subsequent two years. Interest rates will remain elevated until inflation sustainably settles at the 2% target.

Inflation is expected to pick up to 3.7% in Q3 2025 and is now not expected to fall below 2% until 2028, a year later than thought during the December round of forecasts. Households will still continue to feel the effects of higher mortgage repayments, however, with an estimated 4.4 million mortgages coming onto a higher rate by the end of 2027.

For more on trends in global commodity prices, see our in-depth commentary in the [Shop Price Index](#) report.

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(February Forecast)

0.7%

IMF (January
Forecast)

1.6%

Office for Budget
Responsibility (March
Forecast)

1.0%

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UNEMPLOYMENT UNCHANGED AT 4.4%

Purchasing Managers’ Index

The flash S&P Global UK Composite PMI rose to 52.0 in March, a six-month high, signalling modest private sector growth. Services gained pace (53.2), with stronger domestic and overseas demand, but manufacturing slumped to a 17-month low (44.6) amid weak exports and US tariff concerns.

Employment fell for a sixth month, though at a slower rate. Cost pressures persisted, with wages driving service sector inflation. Business confidence remained subdued, with manufacturers at their least optimistic since 2022. Despite some resilience in services, headwinds from geopolitical uncertainty, sluggish investment, and rising costs continue to weigh on the economic outlook.

Labour Market

The UK’s labour market continues to cool, though the ONS’ most recent statistics estimate the unemployment rate (in the three months to January) was unchanged at 4.4%, closer to the rate at the start of 2024. The economic inactivity rate remains above pre-pandemic norms, however, but fell in the most recent period to 21.5%. The job vacancy figures additionally suggest labour demand has slowed considerably.

Job vacancies fell to 816,000 in the three months to February, decreasing by 98,000 over the past year. This now represents fewer vacancies compared to before the pandemic. Vacancies are above pre-crisis levels in 7 of 18 sectors, most notably public sector jobs. In absolute terms, the wholesale and retail sector accounts for the fourth largest number of vacancies, at 82,000, which is a notable 38,000 below pre-pandemic levels.

Outlook

The most recent Office for Budget Responsibility set of projections tally with the Bank of England’s, insofar as growth prospects have been halved over the course of this year. Measures announced at the Spring Statement were largely limited to welfare reforms as well as departmental spending reductions. This restored the government’s fiscal position to broadly the same as in October, during the Autumn Statement.

Whilst near-term growth prospects have worsened, new planning reforms have been assessed to provide a boost to output by the end of the forecast period (2030). Wages continue to grow robustly, offering some uplift to retail spending intentions. However, the prospect of goods tariffs (imposed on the UK) is likely to impact the already sluggish growth picture. Amidst sticky inflation, prospects for further interest rate cuts have diminished in the near term, although retaliatory tariffs may prompt economic weakness that forces the Bank of England to cut sooner.

% year-on-year (unless otherwise specified)	2023	2024	2025(f)	2026(f)	2027(f)
Real GDP	0.4	0.7	0.7	1.5	1.5
Inflation	4.3	2.5	3.4	2.7	2.2
Unemployment (rate)	3.8	4.5	4.5	4.6	4.8
Interest (Bank Rate)	5.3	4.9	4.2	4.1	4.0
Real post-tax labour income	1.1	4.5	1.4	0.2	0.2

Source: Bank of England, Monetary Policy Report February 2025

Note: Labour market statistics (unemployment and inactivity rates) are currently not accredited ‘official statistics’ designation.

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(February Forecast)

0.7%

IMF (January
Forecast)

1.6%

Office for Budget
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1.0%

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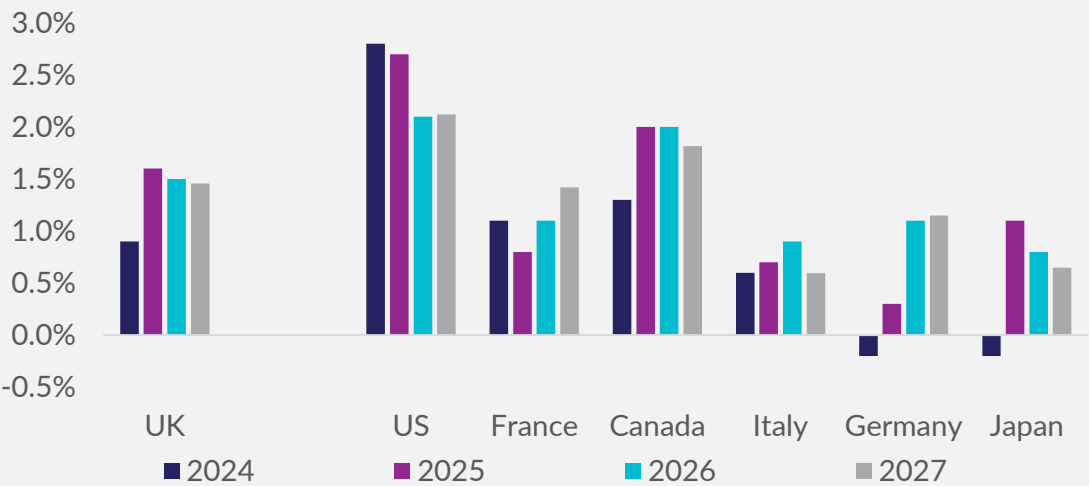
GLOBAL US TRADE BARRIERS ENACTED

The United States recently announced the imposition of tariffs on a range of countries, calculating it as the US’ trade deficit divided by imports with/from a given country. This implied tariffs as high as 49% in Cambodia, 34% in China, to the lowest baseline tariff of 10%, imposed upon the United Kingdom. This is certain to weigh on growth prospects, with still-high interest rates already holding back global economic activity. The eventual retaliatory measures taken by affected countries will determine the extent of the economic hit.

Uncertainty remains in the conclusion of the Ukraine-Russia conflict, 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, the risk of a recession is higher as a result.

The US economy expanded by 2.3% on an annualised basis in Q4 2024, a notable deceleration compared to the preceding quarter. The increase was led by improvements in consumer spending and government spending, which was offset partly by a decrease in investment. The US’ growth has slowed and an elevated Federal Funds Rate, as well as freshly introduced tariffs, will weigh on growth in the near term.

GDP GROWTH, JANUARY FORECASTS



Source: IMF, The World Economic Outlook.

The Eurozone economy was unchanged in Q4 2024, growing 0.9% (on an annual basis), registering the same rate of growth in Q3 2024. Germany’s economy contracted by -0.2% (slightly up from -0.3% in Q3 2024). In contrast, France’s GDP slowed to 0.7% (down from 1.2%), Italy’s by 0.5% (unchanged from 0.5%) and Spain’s by 3.5% (unchanged from 3.5%).

The HCOB Flash Eurozone Composite PMI rose to 50.4 in March (Feb: 50.2), the highest in seven months. Manufacturing output (50.7) grew for the first time in two years, while services expansion (50.4) slowed. New orders continued to fall, but employment stabilized. Input cost inflation eased, with prices rising at a slower pace. Business confidence dipped again, reflecting economic uncertainty. Germany outperformed France, while growth in the rest of the Eurozone extended to 15 months.

US inflation edged down to 2.8% in February, following four consecutive increases. The Federal Reserve has begun to cut the Federal Funds rate, with three successive cuts bringing the target range of the Federal Funds rate to between 4.25% and 4.5%. They kept it unchanged at their most recent meeting and are expected to cautiously loosen monetary policy, though they will keep rates elevated above the average during the 2010s.

Inflation in the Eurozone has slowed from recent highs, and the European Central Bank was the first major central bank to cut the base interest rate, once again doing so, in March, now down to 2.5%. Amidst economic weakening, the ECB has opted to reduce pressure on the EU economies. The inflation rate eased to 2.3% in the 12 months to February. Energy prices were 0.2% higher on the year, food, alcohol and tobacco prices 2.7% higher and the cost of non-energy industrial goods increased 0.6%.

2025 PROJECTED GROWTH – IMF (JANUARY)

UK

1.6%

US

2.7%

FRANCE

0.8%

GERMANY

0.3%

JAPAN

1.1%

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GREY DAYS FOR FASHION SALES

“February saw a 1.1% increase in Total sales YOY, with Food at 2.3% and Non-Food being flat. A positive 1.9% Non-food online figure helped to offset a -1.0% Non-food In-store figure. Online Penetration was up to 36.4% compared with 35.8% last year.

Retailers reported struggles to move Spring and Summer fashion lines due to the prolonged cold weather in February, but with good weather so far in March, they hope these trends will turn around.

Valentines saw fragrances, Jewellery and Watches, and luxury chocolates perform well YOY. Health and Beauty has recently been propped up by the new must-have wrinkle solution - LED light therapy masks - many of which retail over £100. Computing kept up its recent healthy gains, being positive for 10 of the last 11 months (with the one exception being caused by the change in Black Friday dates last year).

With a combination of flat Non-food sales, Record-low optimism about the UK economy, geopolitical turmoil, and looming increases in Employer National Insurance rates and the National Living Wage, there is plenty of uncertainty for both retailers and consumers, and the coming months could be a rough ride.”

DATA & CHARTS

FIG 1 – BRC Retail Sales and Online Performance

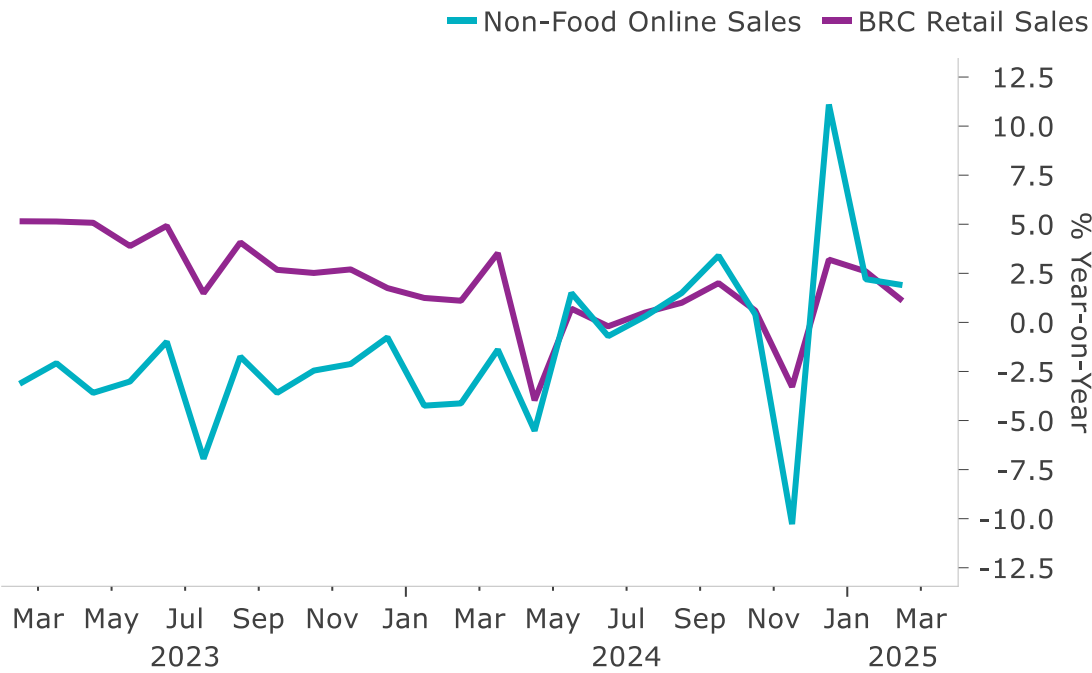
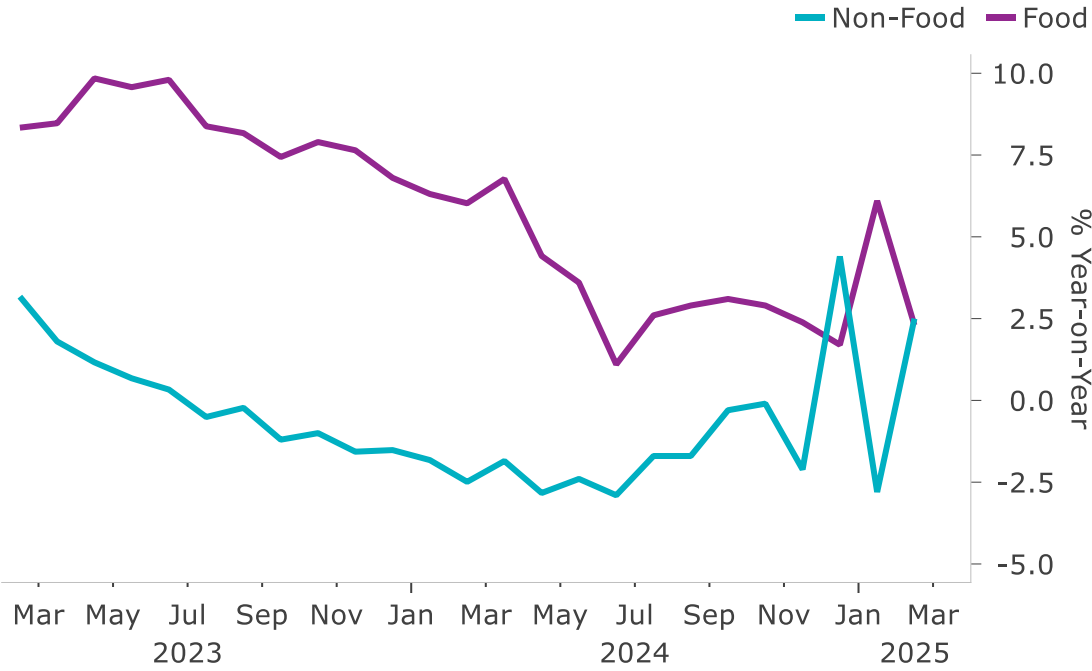


FIG 2 – BRC Retail Sales Category Performance



SUMMARY FEBRUARY

Retail Sales

1.1%

Down from 2.6% in January.

Online Sales

1.9%

Down from 2.2% in January.

Non-food sales pick up

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SALES VOLUMES REBOUND ON THE MONTH

UK retail sales rose by 1.0%, for a second consecutive month, in February (on the month), following a (downwardly revised) increase of 1.4% in January. In broader terms, sales volumes fell by 0.6% in the three months leading up to February when compared to the preceding three months.

Food store sales fell by 2.0% on the month – following a sharp rise of 4.8% in the preceding month. Supermarkets provided the largest downward contribution, with the fall attributed to increasing prices.

- The divergence between sales values and volumes is greatest in this category of retail goods.
- Food stores' sales volumes are now 5.5% below their pre-pandemic Feb 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales rebounded by 3.1% on the month, with sales volumes having contracted by 1.6% in the preceding month.

- Volumes rose the most in household goods stores retailers, followed by flat growth in non-store retailers (PurePlay).
- No categories saw falls, with other stores and clothing and footwear stores seeing solid growth on the month.
- Automotive fuel sales volumes rose 0.7%, in February.

The proportion of retail sales conducted online (seasonally adjusted) increased to 26.5% in February, up from 25.8% in January. Online sales remain well above pre-pandemic norms of 19.7% (February 2020).

DATA & CHARTS

FIG 1 – Retail Sales Volumes vs Retail Sale Value

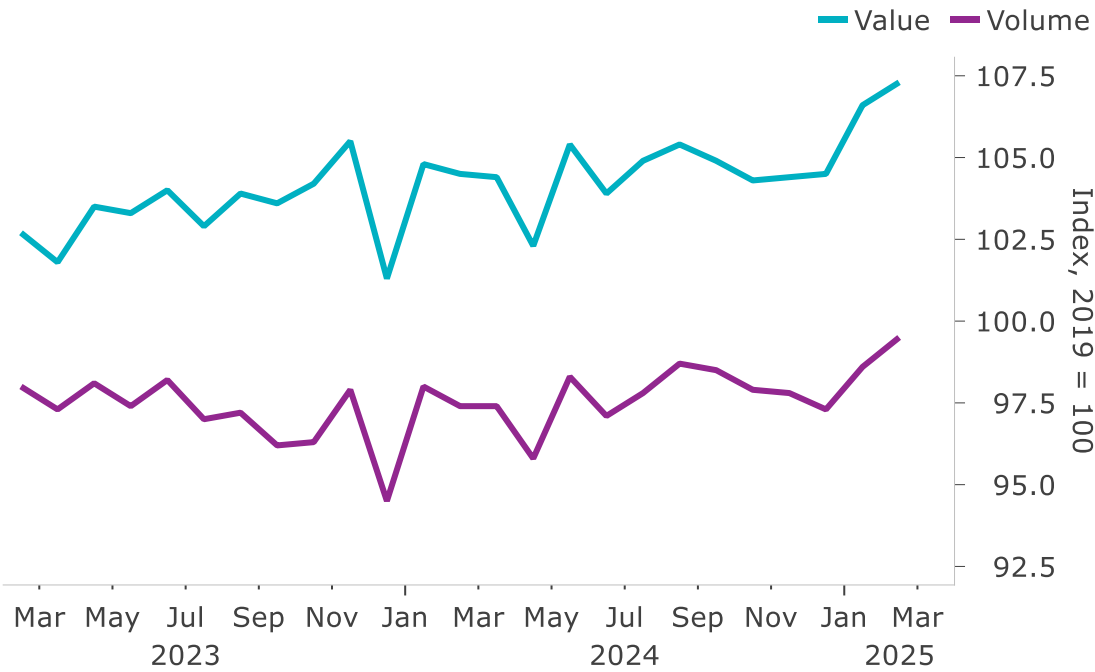
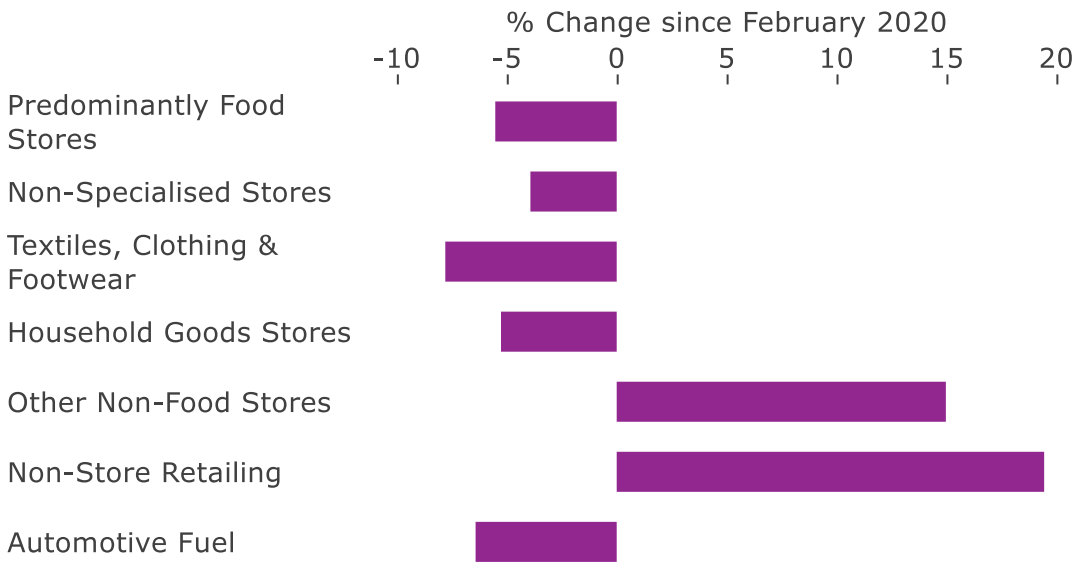


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY FEBRUARY

Retail Sales

1.0%

Down from 1.4% in January.

Online Sales

3.3%

Up from -1.7% in January.

Volumes rise for second consecutive month

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Dec-24	5.0	-0.2
Jan-25	1.1	2.6
Feb-25	2.8	1.1

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
Feb-24	2.7	4.3	2.5	-2.3	-3.2	4.7	2.9
Mar	3.6	5.0	-1.4	0.2	-3.5	11.0	1.8
Apr	-2.7	-2.9	-5.5	-8.3	-8.7	3.8	1.3
May	2.0	1.2	-2.4	-0.6	-4.6	7.3	8.1
Jun	-0.9	-1.3	-8.2	-5.2	-7.6	6.3	5.9
Jul	2.0	2.3	0.4	-1.9	-8.3	6.8	6.4
Aug	1.6	1.8	0.9	0.6	-6.4	6.7	2.0
Sep	2.2	-0.9	2.6	3.1	-3.8	14.8	2.8
Oct	0.9	-1.5	1.4	-2.7	-2.5	12.5	1.5
Nov	-2.5	-1.8	-4.2	-7.4	-6.8	6.6	-5.6
Dec	5.0	1.4	6.4	0.3	4.7	16.0	7.5
Jan	1.1	1.9	4.7	-2.5	-0.3	3.2	-1.3
Feb-25	2.8	0.8	3.2	-1.1	7.1	6.5	5.6

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Dec-24	4.5	6.7
Jan-25	2.6	-3.8
Feb-25	2.2	4.5

Source: ONS RSI

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
Feb-24	-0.4	-0.4	2.6	-0.6	-2.6	0.0	-1.3
Mar	-0.5	-1.5	-3.9	0.5	1.1	2.4	-0.1
Apr	-1.1	-0.5	1.3	-3.3	-2.5	-3.4	0.6
May	2.7	1.0	1.6	4.2	3.6	2.6	6.1
Jun	-1.7	-1.2	-2.0	-2.5	-2.6	-1.1	-2.0
Jul	1.0	0.8	3.1	0.8	-0.5	1.9	0.4
Aug	1.1	2.2	0.9	2.2	1.7	-1.3	-0.9
Sep	-0.2	-2.6	0.4	0.5	0.6	4.8	0.2
Oct	-0.9	-0.4	-0.2	-3.4	-0.3	-1.3	-0.4
Nov	0.0	0.3	-1.3	-3.5	1.5	1.9	0.2
Dec	-0.7	-1.9	1.0	3.9	0.4	0.4	-3.6
Jan	1.6	4.8	0.8	-2.7	-0.9	-2.3	2.5
Feb-25	1.0	-2.0	0.7	2.3	6.8	3.1	3.3

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
Feb-24	£8.3bn	£8.3bn	3.3	25.9
Mar	£8.7bn	£8.7bn	2.4	25.8
Apr	£8.5bn	£8.5bn	-0.6	26.3
May	£9.1bn	£9.1bn	5.8	26.7
Jun	£8.8bn	£8.8bn	2.5	26.2
Jul	£9.0bn	£9.0bn	4.0	26.9
Aug	£8.7bn	£8.7bn	2.5	25.6
Sep	£8.6bn	£8.6bn	6.5	27.0
Oct	£9.1bn	£9.1bn	4.7	27.7
Nov	£10.0bn	£10.0bn	-5.6	30.3
Dec	£11.2bn	£11.2bn	8.7	29.1
Jan	£8.1bn	£8.1bn	-0.6	26.8
Feb-25	£8.5bn	£8.5bn	3.2	26.0

Source: ONS RSI

SUMMARY FEBRUARY

ONS Sales

2.8%



Up from 1.1% in January.

Large retailers

2.2%



Down from 2.6% in January.

Strong increase in household goods stores’ retail sales

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CBI COMMENTARY

“The retail sales downturn accelerated in the year to March, marking its sixth consecutive month of decline. Retailers separately judged sales volumes to be below seasonal norms in March, to a similar extent as in February. Online retail sales volumes fell in the year to March, at a similarly quick rate to last month. The later timing of Easter this year may have influenced the poor outturn in headline sales. In addition, anecdotal evidence suggests that global trade tensions and the Autumn Budget are weighing on consumer and business confidence, which is further weakening demand.

Looking ahead, retailers anticipate annual sales to decline next month, albeit at a slower rate. Seasonal sales are set to disappoint again in April, and firms expect internet sales to contract at a broadly unchanged pace.

Retailers cut back on orders placed upon suppliers in the year to March at the same rapid pace as in February. Stock volumes in relation to expected demand were firm in March. With demand remaining weak, retailers continue to expect to reduce orders at a similar pace next month, while stock positions are set to soften slightly.

Elsewhere in the distribution sector, wholesale annual sales volumes contracted at a faster rate in March but are expected to fall at a marginally slower pace next month. Motor traders reported that sales volumes declined at a considerably slower rate in the year to March. Sales are anticipated to fall at a slightly quicker pace next month.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Apr-24	-44	-25
May	+8	-19
Jun	-24	-4
Jul	-43	-9
Aug	-27	-32
Sep	+4	-17
Oct	-6	+5
Nov	-18	-1
Dec	-15	-29
Jan	-24	-11
Feb	-23	-26
Mar	-41	-30
Apr-25		-30

Source: CBI Distributive Trades Survey

SUMMARY MARCH

CBI Balance

-41



Down from -23 in February.

CBI Expected (April)

-30



Unchanged from -30 in March.

Sales outlook remains negative

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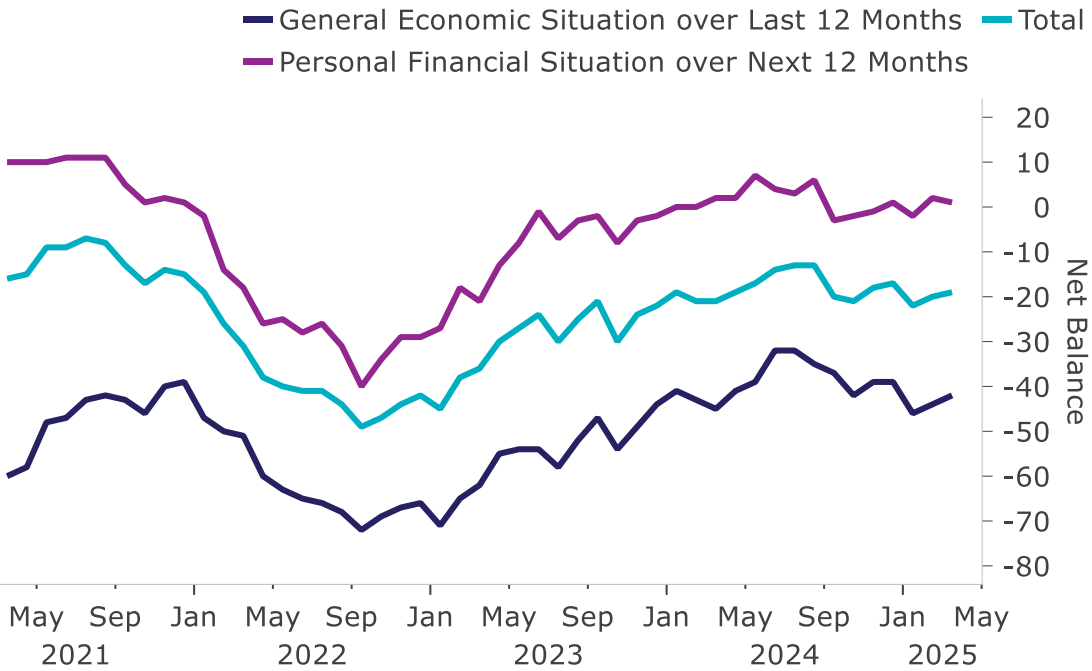
“Consumer confidence remains subdued with a headline score of -19 for March. Views on personal finances for the past year are slightly down from -7 to -9, while perceptions of the wider economy over the last 12 months and looking ahead a year are each up two points at -42 and -29 respectively. But this is only a marginal improvement. Since September last year, the headline has been in a range of -17 to -22.

This is more positive than mid-2022 into early 2023 at the height of the cost-of-living crisis, which delivered the worst headline scores ever including nine months at -40 or worse. But we are still below the long-term average of -10. If consumer confidence were a patient languishing in a hospital bed, a doctor would say there is little evidence of a recovery as yet. Where do we go from here? The current stability is to be welcomed but it won't take much to upset the fragile consumer mood.”

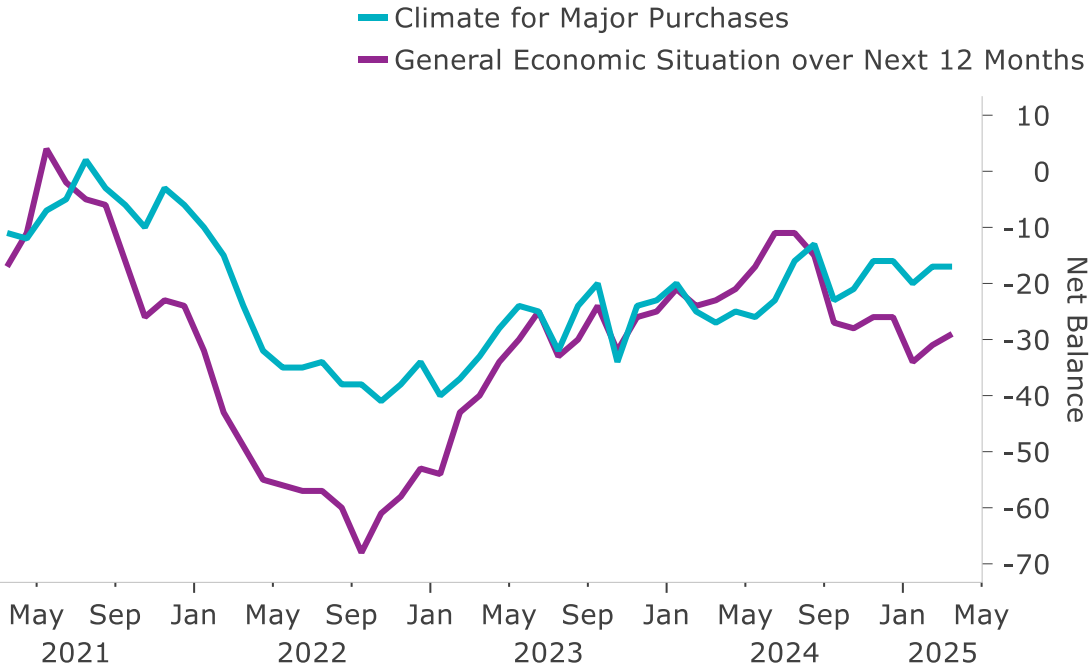
NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Mar-24	-21	-27	-13	2	-45	-23
Apr	-19	-25	-11	2	-41	-21
May	-17	-26	-10	7	-39	-17
Jun	-14	-23	-10	4	-32	-11
Jul	-13	-16	-8	3	-32	-11
Aug	-13	-13	-7	6	-35	-15
Sep	-20	-23	-9	-3	-37	-27
Oct	-21	-21	-10	-2	-42	-28
Nov	-18	-16	-9	-1	-39	-26
Dec	-17	-16	-7	1	-39	-26
Jan	-22	-20	-10	-2	-46	-34
Feb	-20	-17	-7	2	-44	-31
Mar-25	-19	-17	-9	1	-42	-29

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

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Headline GfK confidence

-19

Up from -20 in February.



Major Purchases confidence

-17

Unchanged from -17 in February.



Consumer confidence inches up in March

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ONS CONSUMER PRICE INDEX (CPI)

HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
Feb-24	3.4	4.5	3.5
Mar	3.2	4.3	3.3
Apr	2.3	3.3	2.3
May	2.0	3.0	1.9
Jun	2.0	2.9	1.9
Jul	2.2	3.6	2.7
Aug	2.2	3.5	2.8
Sep	1.7	2.7	2.0
Oct	2.3	3.4	2.8
Nov	2.6	3.6	3.0
Dec	2.5	3.5	2.9
Jan	3.0	3.6	3.2
Feb-25	2.8	3.4	3.0

Source: ONS.

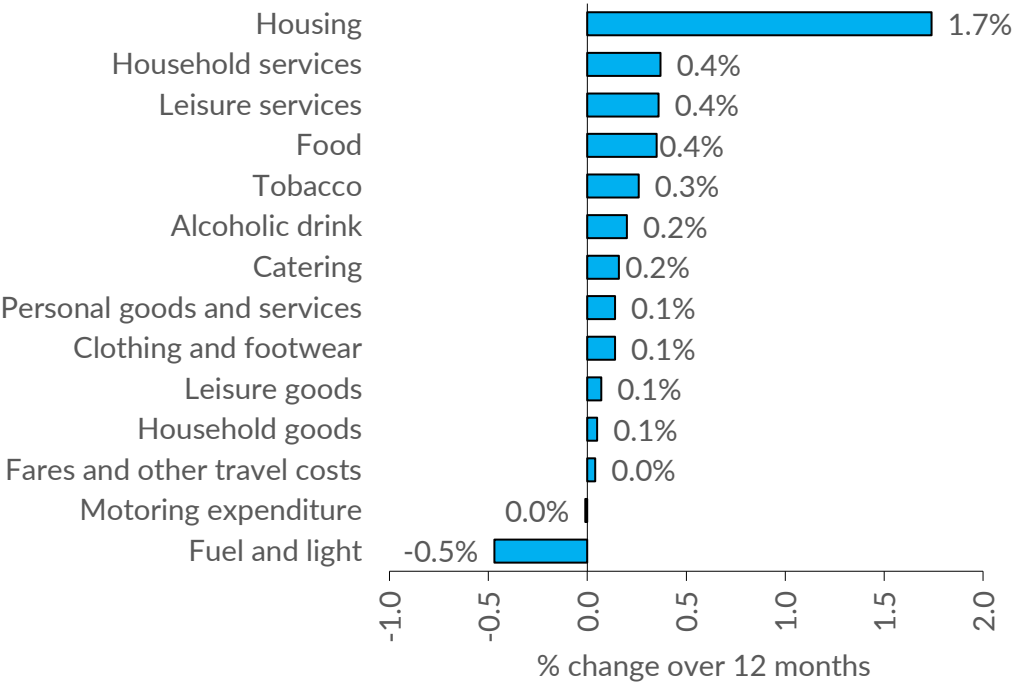
CPI: SUB-CATEGORIES, %, YOY

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Feb-24	5.0	5.0	-1.7	0.0	-0.1	6.0
Mar	4.0	4.0	-1.6	-0.9	0.1	5.8
Apr	2.9	3.7	-4.9	-1.0	0.1	6.0
May	1.7	3.0	-4.8	-1.9	0.5	5.8
Jun	1.5	1.6	-4.7	-1.6	0.9	6.2
Jul	1.5	2.1	-1.5	-1.7	0.2	4.9
Aug	1.3	1.6	-1.6	-1.3	1.3	4.3
Sep	1.9	0.8	-1.7	-1.0	-2.2	4.1
Oct	1.9	1.0	2.9	-0.5	-1.9	4.3
Nov	2.0	2.0	3.0	-0.4	-0.9	4.0
Dec	2.0	1.1	3.1	-0.3	-0.6	3.4
Jan	3.3	1.8	2.1	0.5	1.7	3.3
Feb-25	3.3	-0.6	1.9	0.2	1.8	3.4

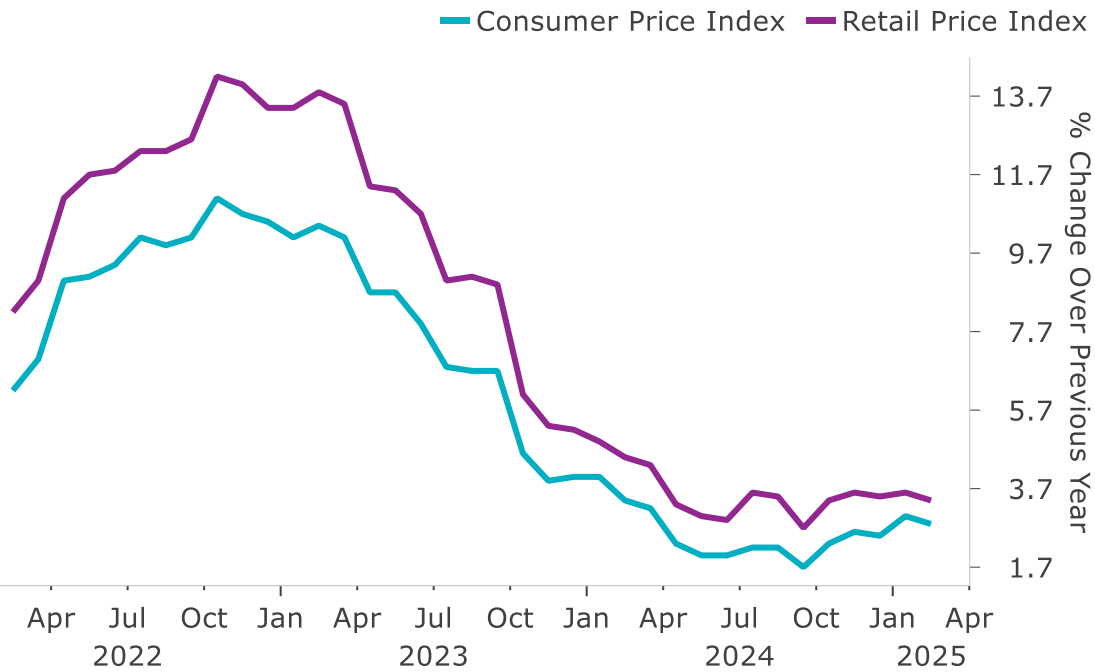
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY FEBRUARY

CPI

2.8%

Down from 3.0% in January.



CPI Food

3.3%

Unchanged from 3.3% in January.



CPI eases to 2.8%

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UK EMPLOYMENT

In the three months to January 2024:

- The UK employment rate was estimated at 75.0%, 0.1 percentage points higher when compared to the previous three-month period, and 1.5 percentage points lower than before the coronavirus pandemic (Dec 2019 to Feb 2020).
- The UK unemployment rate was estimated at 4.4%, 0.1 percentage points higher than the previous three-month period (August to October), and 0.4 percentage points above pre-Covid levels.
- Total hours worked slightly decreased in the most recent reporting period, to 1.08 billion hours, notably above pre-pandemic levels, broadly signifying normalisation in the labour market.
- The UK economic inactivity rate was estimated at 21.5%, 0.2 percentage points lower on the previous quarter, and 1.2 percentage points higher than before the coronavirus pandemic.

Note: Headline estimates are not accredited ‘official statistics’ designation, and the new ‘Transformed Labour Force Survey’ (TLFS) figures are not expected to be transitioned until 2027, as the Office for National Statistics continues to have quality concerns regarding an earlier transition (see more information [here](#)).

LABOUR FORCE SURVEY

	Claimant Count		Unemployment	
	mills	% rate	Mills	% rate
Feb-24	1,595	4.2	1,460	4.2
Mar	1,608	4.2	1,513	4.3
Apr	1,594	4.2	1,524	4.4
May	1,629	4.3	1,549	4.4
Jun	1,640	4.3	1,467	4.2
Jul	1,778	4.7	1,480	4.2
Aug	1,773	4.6	1,440	4.1
Sep	1,770	4.6	1,507	4.3
Oct	1,754	4.6	1,505	4.3
Nov	1,726	4.5	1,560	4.4
Dec	1,700	4.5	1,552	4.4
Jan	1,697	4.4	1,545	4.4
Feb-25	1,784	4.7	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Jan-24	33,314	25,016	8,297
Feb	33,313	25,001	8,311
Mar	33,335	25,103	8,232
Apr	33,344	25,017	8,327
May	33,376	25,075	8,301
Jun	33,489	25,117	8,372
Jul	33,589	25,203	8,386
Aug	33,748	25,213	8,536
Sep	33,775	25,262	8,513
Oct	33,778	25,296	8,482
Nov	33,790	25,374	8,416
Dec	33,863	25,419	8,444
Jan-25	33,922	25,496	8,426

Source: ONS

SUMMARY JANUARY

Unemployment Rate

4.4%

Unchanged from 4.4% in December.



Total Employment

75.0%

Unchanged from 75.0% in December.



Unemployment unchanged in the most recent period

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EARNINGS

Between November and January 2024 (compared to a year ago):

- **Regular pay** was estimated to have increased by 5.9% in nominal terms and increased by 2.2% in real terms.
- **Total pay** was estimated to have increased by 5.8% in nominal terms and increased by 2.1% in real terms.

Between November and January 2023 and November and January 2024:

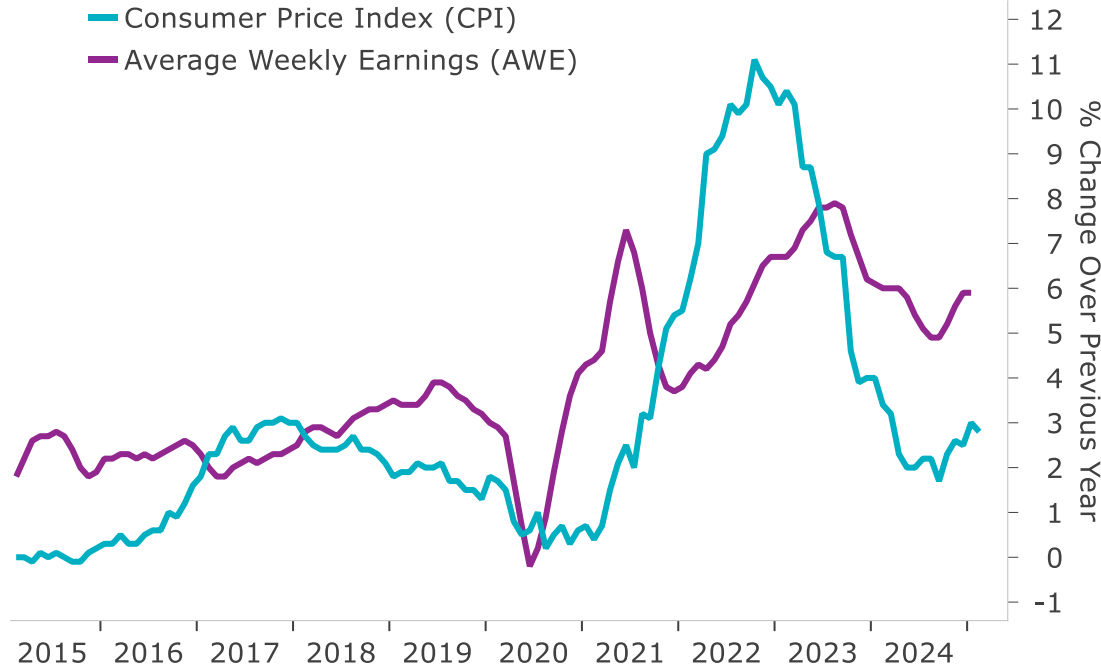
- **Average regular pay (excluding bonuses)** was estimated at £667 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£628 per week) and £491 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£481 per week).
- **Average total pay (including bonuses)** was estimated at £711 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£674 per week) and £524 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£515 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Feb-24	6.0	3.4	2.6
Mar	6.0	3.2	2.8
Apr	6.0	2.3	3.7
May	5.8	2.0	3.8
Jun	5.4	2.0	3.4
Jul	5.1	2.2	2.9
Aug	4.9	2.2	2.7
Sep	4.9	1.7	3.2
Oct	5.2	2.3	2.9
Nov	5.6	2.6	3.0
Dec	5.9	2.5	3.4
Jan	5.9	3.0	2.9
Feb-25		2.8	

Source: ONS.

LONG TERM EARNINGS SERIES



Note: The average weekly earnings measure used is 'regular pay,' which excludes bonuses and arrears.

SUMMARY JANUARY

Regular pay growth

5.9%



Unchanged from 5.9% in December.

Total pay growth

5.8%



Down from 6.1% in December.

Real wage growth picks up

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MONEY, CREDIT & INSOLVENCIES

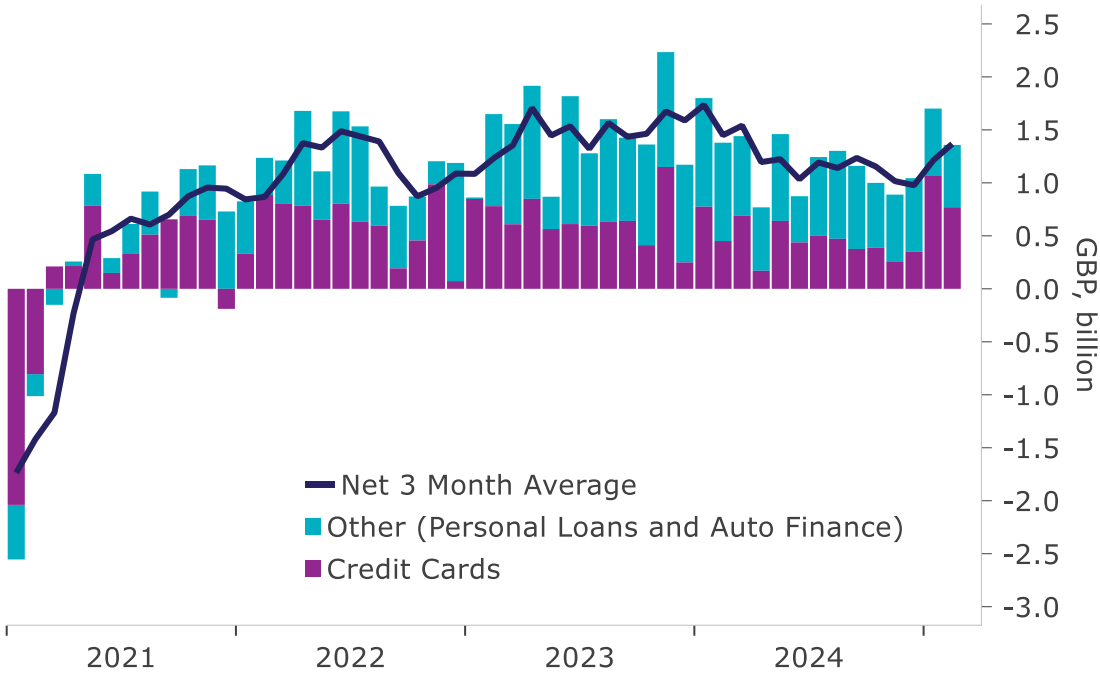
- Consumers in February borrowed an additional £1.4 billion in consumer credit, in net terms, of which borrowing was £0.6 billion in personal/auto loans and £0.8 billion of which was repayments on credit cards.
- Individuals borrowed £3.3 billion in mortgage debt in February, compared to £4.2 billion in net borrowing in January. Mortgage approvals for house purchases decreased to 65,481, down from 66,041 in January.
- Sterling money (known as M4ex) net flows were £1.2 billion in February, compared with £25.1 billion in the preceding month. Households in net terms deposited £4.3 billion at banks and building societies, compared with £8.7 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies inched up to 3.93%, up from 3.91%.
- Private non-financial companies (PNFCs) repaid, on net, £0.5bn in market finance from capital markets, compared to £2.4billion of net borrowing in the preceding month.
- There were 463 retail insolvencies in Great Britain in Q4 2024, down from 475 in Q3 2024. In 2024, there were 2,018 insolvencies, 13.6% lower compared to the 2,337 figure in 2023.
- There were 2 retail CVAs in England and Wales during Q4 2024, unchanged from 2 in Q3 2024. In 2024, the industry had 16 companies enter a Company Voluntary Arrangement, up since 2023 and 2022 when there were 14 and 10 CVAs, respectively.

CONSUMER CREDIT

	Consumer Credit monthly changes (bn)	Credit Cards monthly changes (bn)	Other Loans and Advances monthly changes (bn)
Feb-24	£1.4bn	£0.5bn	£0.9bn
Mar	£1.4bn	£0.7bn	£0.8bn
Apr	£0.8bn	£0.2bn	£0.6bn
May	£1.5bn	£0.6bn	£0.8bn
Jun	£0.9bn	£0.4bn	£0.4bn
Jul	£1.2bn	£0.5bn	£0.7bn
Aug	£1.3bn	£0.5bn	£0.8bn
Sep	£1.2bn	£0.4bn	£0.8bn
Oct	£1.0bn	£0.4bn	£0.6bn
Nov	£0.9bn	£0.3bn	£0.6bn
Dec	£1.0bn	£0.4bn	£0.7bn
Jan	£1.7bn	£1.1bn	£0.6bn
Feb-25	£1.4bn	£0.8bn	£0.6bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY FEBRUARY

Net consumer credit

£1.4bn



Down from £1.7 billion in January.

Net credit card lending

£0.8bn



Down from £1.1 billion in January.

The effective rate on new personal loans increased to 8.91% and decreased on credit cards to 21.82%

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DOLLAR, EURO, YUAN, YEN

	US dollar (\$) per pound sterling (£)	Euro (€) per pound sterling (£)	Chinese Yuan (¥) per pound sterling (£)	Japanese Yen (¥) per pound sterling (£)
Mar-2024	1.27	1.17	9.18	190.45
Apr	1.25	1.17	9.08	192.56
May	1.26	1.17	9.15	196.95
Jun	1.27	1.18	9.25	200.69
Jul	1.29	1.19	9.36	202.76
Aug	1.29	1.17	9.25	189.31
Sep	1.32	1.19	9.35	189.27
Oct	1.30	1.20	9.27	195.52
Nov	1.27	1.20	9.20	195.82
Dec	1.26	1.21	9.22	194.60
Jan	1.24	1.19	9.04	193.27
Feb	1.25	1.20	9.13	190.07
Mar-2025	1.29	1.19	9.36	192.46

Source: Average monthly exchange rate, Bank of England

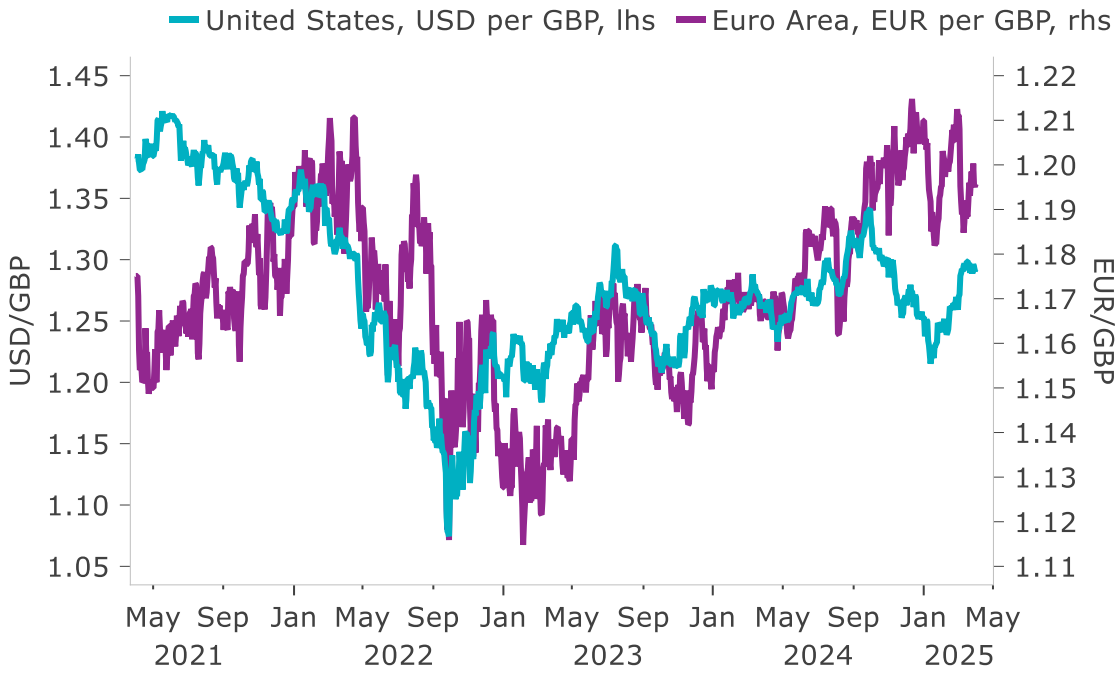
IMPACTS FROM CURRENCY DEPRECIATION

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.

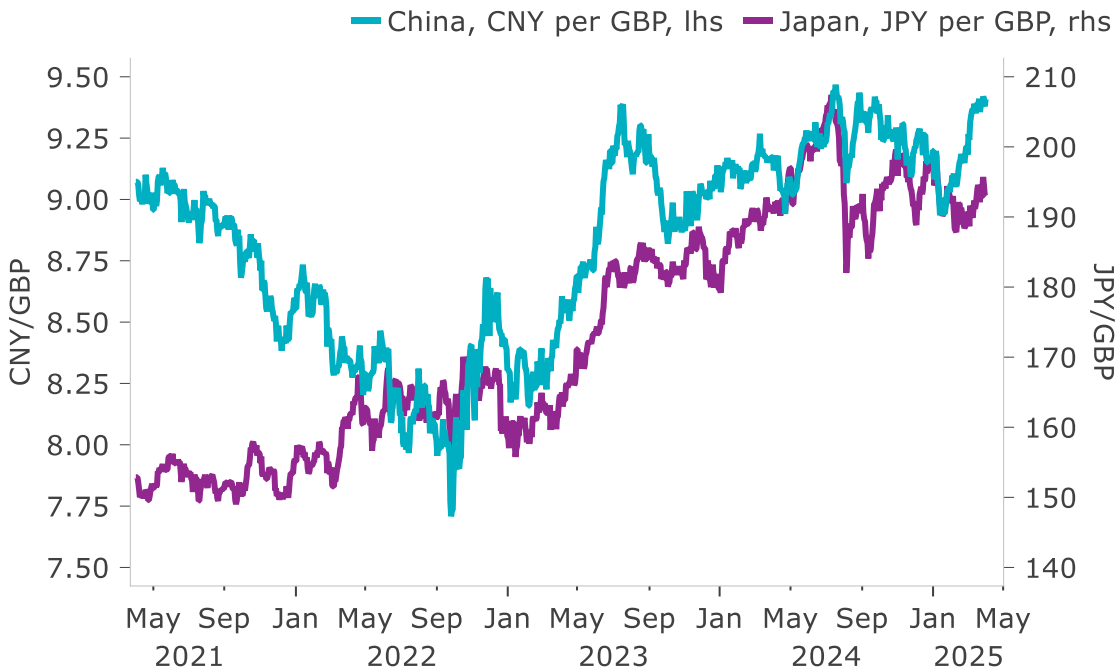
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 FEBRUARY

USD TO GBP, YOY

1.6%

Sterling depreciation in relation to the USD , YoY.



EURO TO GBP, YOY

2.1%

Sterling appreciation in relation to the Euro, YoY.



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

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CONSENSUS FORECASTS FOR THE UK ECONOMY

CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2025			2026		
	City	BoE	OBR	City	BoE	OBR
GDP	1.0	0.7	0.9	1.3	1.5	1.0
Cons. Spending	1.0	1.5	1.2	1.3	1.8	1.5
CPI (Q4)	3.1	3.5	3.2	2.3	2.4	2.1
Avg Earnings	4.0	3.0	4.3	3.0	3.0	2.1
Bank Rate (Q4)	3.8	4.2	3.9	3.6	4.1	3.8

Source: City average forecasts in HM Treasury’s ‘Forecasts for the UK Economy’, the Bank of England’s (BoE) February 2025 Monetary Policy Report and the Office for Budget Responsibility’s (OBR) Economic and fiscal outlook – March 2025 forecasts.

Note: Average Weekly Earnings estimates are that for the private sector under the Bank of England’s forecasts.

BRC FORECASTS FOR SHOP PRICES AND RETAIL SALES, IN 2025

	2024	2025
Overall Shop Prices	0.4	1.8
Overall Retail Sales	0.7	1.2

Source: [British Retail Consortium Retail Outlook \(2025\)](#).

SUMMARY FORECASTS

GDP 2025

1.0%



Up from the previous projection of 0.9%.

Avg. Earnings 2024

4.0%



Up from a previous projection of 3.5%.

The consensus City forecast for 2025 growth in March was 1.0%

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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/market-intelligence/>

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.

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