



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.

DECEMBER 2024

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Executive Summary

UK economic growth was revised downward in the first half of 2024, with the economy showing no growth in Q3. However, wholesale and retail trade was the biggest contributor to services growth, suggesting increasing sales volumes, now the highest since Q4 2022, as growing household consumption culminates in weightier shopper baskets. However, our most recent [Consumer Sentiment Monitor](#) shows consumers are becoming more cautious about personal spending intentions.

Inflation remains persistent, rising to 2.6% in November, driven by fuel prices and the strongest monthly rise in food prices in 2024. In cash terms, wage growth is anticipated to remain robust at between 4% and 6%, which suggests services inflation will persist over H1 2025 because higher wages fuel demand and raise costs in labour-intensive sectors. Inflation constrains real purchasing power, although widely anticipated reductions in the Bank interest rate in 2025 will provide a boost to consumption.

The bulk of the Budget impact on the labour market and payroll costs will materialise in the first half, along with the pass-through in higher prices. Businesses will also be freezing recruitment along with other measures to manage their costs. The geopolitical environment is still uncertain, with a further upside risk to inflation from rising gas prices, which may push up inflation further in the middle of 2025.

GDP GROWTH

0.0%

% change – QOQ, Q3 2024
Up from 0.4% in Q2 2024

CPI INFLATION

2.6%

% change - YOY November
Up from 2.3% in October

UNEMPLOYMENT

4.3%

October
Unchanged from 4.3% in September

WAGE GROWTH

5.2%

% change – YOY October
Up from 4.9% in September

BRC – KPMG RETAIL SALES

3.2%

% change – YOY, December
Up from -3.3% in November

CONSUMER CONFIDENCE

-17

December
Up from -18 in November

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GDP FELL IN OCTOBER

Indicators of Economic Output

GDP fell 0.1% in October, following a 0.1% contraction in September. Services activity was flat and the largest upward contributor was information and communication activities. The biggest downward contributors were administrative and support service activities. Consumer-facing services contracted by 0.6%, and food and beverage activities provided the largest negative contribution. The biggest upward contributor was accommodation.

Looking at the most recent quarterly figures, the economy was flat over the third quarter of 2024. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 2.9% above this level. Services output was flat as well, and the biggest increase came from wholesale and retail trade, a sign of increasing sales volumes. Production output decreased by 0.4%, and, within this, electricity, gas, steam and air conditioning supply fell the most. Construction output increased by 0.7% and infrastructure construction drove a surge in new construction activity. On the expenditure side, asset inventories provided the only negative contribution to headline GDP, and household expenditure rose by 0.5% in real terms. Business investment increased by 1.9% on the quarter and is 5.4% above its pre-Covid level.

The latest flash S&P Global UK Composite PMI showed private sector output was flat in December, with the headline index unchanged at 50.5, matching November’s 13-month low. New orders contracted for the first time in over a year, reflecting weaker consumer demand and business spending, especially in manufacturing. Staffing levels declined for the third straight month, with job cuts in services driving the steepest fall since January 2021. Input costs rose further, led by surging wages and supplier charges, while firms raised prices at the fastest pace in nine months to protect margins.

Prices and Monetary Policy

Inflation picked up in November and the Consumer Price Index annual rate rose to 2.6%. Of the headline rate, 0.2% emanates from food, 0.6% from restaurants and hotels, and 0.4% from recreation and culture. Housing and energy costs are now pushing up on inflation, adding 0.4% to the headline figure. Fuel prices rose for both petrol and diesel, with these figures registered when petrol was £1.35 per litre and diesel £1.41.

Gas and certain food (vegetable oils and sugar) commodity prices are inching upwards, and shipping rates remain high with the Shanghai to Rotterdam route spot rate now broadly flat when compared to a year ago. Global oil prices had risen above the \$80 mark at the start of November but have more recently fallen under \$74 (December average). Domestically, the headline Producer Price Inflation (PPI) measure for business input costs saw a return to slight inflation over November. Output cost inflation remained in deflation, suggesting business cost pressures have significantly eased, although remain at a high level.

The Bank of England (BoE), in December, kept interest rates unchanged at 4.75%. The latest forecasts have downgraded GDP growth over the final quarter of 2024. Growth picks up to 1.5% over 2025 and 1.4% in 2026, however, real incomes are set to ease to 1.5% in 2025. Interest rates will remain elevated until inflation sustainably settles at the 2% target, with the bulk of the impact of monetary tightening having already come through. Inflation is expected to pick up to 2.8% over 2025 and is now not expected to fall below 2% until 2027, a year later than thought during the September 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.

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(November Forecast)
1.5%

IMF (October
Forecast)
1.5%

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UNEMPLOYMENT UNCHANGED AT 4.3%

Faster Indicators: BRC-KPMG Retail Sales

With Black Friday moving into the December reporting period this year vs November last year, there was an artificial boost to non-food sales, up 4.4% this month compared to December last year, but it wasn't enough to offset the 7.9% decline that November saw without important sales weekend; therefore, non-food sales for the golden quarter finished down 1.1%.

This non-food decrease was driven by store sales, which were down 2.4% for the quarter and 2.2% for the year. Online sales were up 1.2% for the quarter, but down 0.4% for the year. Online penetration was up for the quarter as well, from 38.2% last year to 39.1% this year.

Food sales were up 1.7% for December, 2.1% for the quarter and 3.3% for the year. While positive, it's not close to 2023's figures, which never went below +6%. But this decrease has been driven by falling shop price inflation.

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 October) edged up to 4.3%, in line with the rate at the start of the year. The economic inactivity rate remains above pre-pandemic norms, however, but remained unchanged in the most recent period at 21.8%. The job vacancy figures additionally suggest labour demand has slowed considerably.

Job vacancies fell to 831,000 in the three months to November, decreasing by 130,000 over the past year. This now only represents 12,000 more vacancies than before the pandemic. Vacancies are above pre-crisis levels in 12 of 18 sectors, most notably healthcare 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

Inflation is anticipated to remain above target over the course of this year, and into the next. An increase in employer taxes announced during the Autumn Budget is likely to result in the passing-through of input costs to prices faced by consumers. Wage growth is expected to remain robust, forcing more persistent services inflation. This has the potential to drive stronger than expected growth in consumption over 2025, however, this will be blunted by a higher savings ratio as households manage stretched budgets. The risk of a commodity price resurgence remains with geopolitical risks firmly in play, with natural gas the latest commodity to witness heightening price levels. We expect there to be two cuts in interest rates this year, lowering the Bank Rate to no lower than 4% by year-end.

% year-on-year (unless otherwise specified)	2023	2024 (f)	2025(f)	2026(f)	2027(f)
Real GDP	0.3	0.9	1.5	1.4	1.2
Inflation	4.3	2.3	2.8	2.3	1.8
Unemployment (rate)	3.8	4.2	4.1	4.3	4.4
Interest (Bank Rate)	5.3	4.8	3.7	3.7	3.6
Real post-tax labour income	1.5	4.3	1.5	0.3	0.8

Source: Bank of England, Monetary Policy Report November 2024

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

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(November Forecast)

1.5%

IMF (October
Forecast)

1.5%

Office for Budget
Responsibility
(October Forecast)

2.0%

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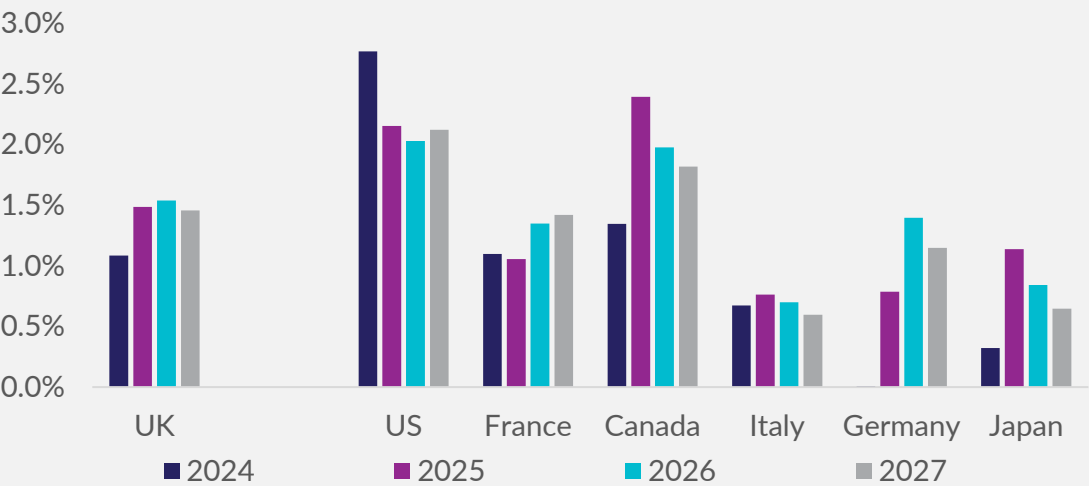


GLOBAL DEMAND UNDER PRESSURE

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, with the one exception being the British Pound. 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 3.1% on an annualised basis in Q3 2024, a ninth consecutive period of growth, a notable acceleration compared to the preceding quarter. The increase was led by improvements in consumer spending, exports and government spending which was offset partly by higher imports. The US' growth has slowed though cuts to the Federal Funds Rate should push up on growth in the near term.

GDP GROWTH, OCTOBER FORECASTS



Source: IMF, The World Economic Outlook.

The Eurozone economy picked up slightly in Q3 2024, growing 0.9% (on an annual basis), up from 0.6% in Q2 2024. Germany's economy contracted by -0.2% (unchanged from -0.2% in Q2 2024). In contrast, France's GDP expanded by 1.3% (up from 1.0% in Q2 2024), Italy's by 0.4% (down from 0.6% in Q2 2024) and Spain's by 3.4% (up from 3.2% in Q2 2024).

The December HCOB Flash Eurozone Composite PMI showed the private sector remained in contraction, despite a slight improvement to 49.5. Manufacturing output saw its sharpest decline in a year, while services activity returned to modest growth. New orders fell for a seventh month, driving the fastest job cuts in four years. Input and output price inflation accelerated, led by services, while manufacturing costs fell slightly. Business confidence edged higher but remained below average, with optimism stronger outside Germany and France.

US inflation picked up to 2.7% in November 2024, a second consecutive increase. 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 are expected to cautiously loosen monetary policy, though 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 December, now down to 3.0%. Amidst economic weakening, the ECB has opted to reduce pressure on the EU economies. The inflation rate picked up to 2.2% in the 12 months to November. Energy prices were 2.0% lower 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 (OCTOBER)

UK

1.5%

US

2.2%

FRANCE

1.1%

GERMANY

0.8%

JAPAN

1.1%

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SALES VOLUMES EDGE UP ON THE MONTH

UK retail sales grew by 0.2% in November (on the month), following a decrease of 0.7% in October. In broader terms, sales volumes rose by 0.3% in the three months leading up to November when compared to the preceding three months.

Food store sales rose by 0.5% on the month (the first expansion in three months), following a 0.4% contraction in October. The divergence between sales values and volumes is greatest in this category of retail goods. Food stores' sales volumes are now 6.0% below their pre-pandemic February 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales rose by 0.2% on the month, with sales volumes having fallen by 1.4% in the preceding month. Volumes rose the most in other stores (niche goods and luxury), followed by an improvement in household goods sales. They fell the most in textile, clothing and footwear stores. Automotive fuel sales volumes fell by 0.7%, in November, as prices rose on the month.

The proportion of retail sales conducted online (seasonally adjusted) decreased to 26.2% in November, down from 27.7% in October. Online sales remain well above pre-pandemic norms of 19.7% (February 2020).

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

DATA & CHARTS

FIG 1 – Retail Sales Volumes vs Retail Sale Value

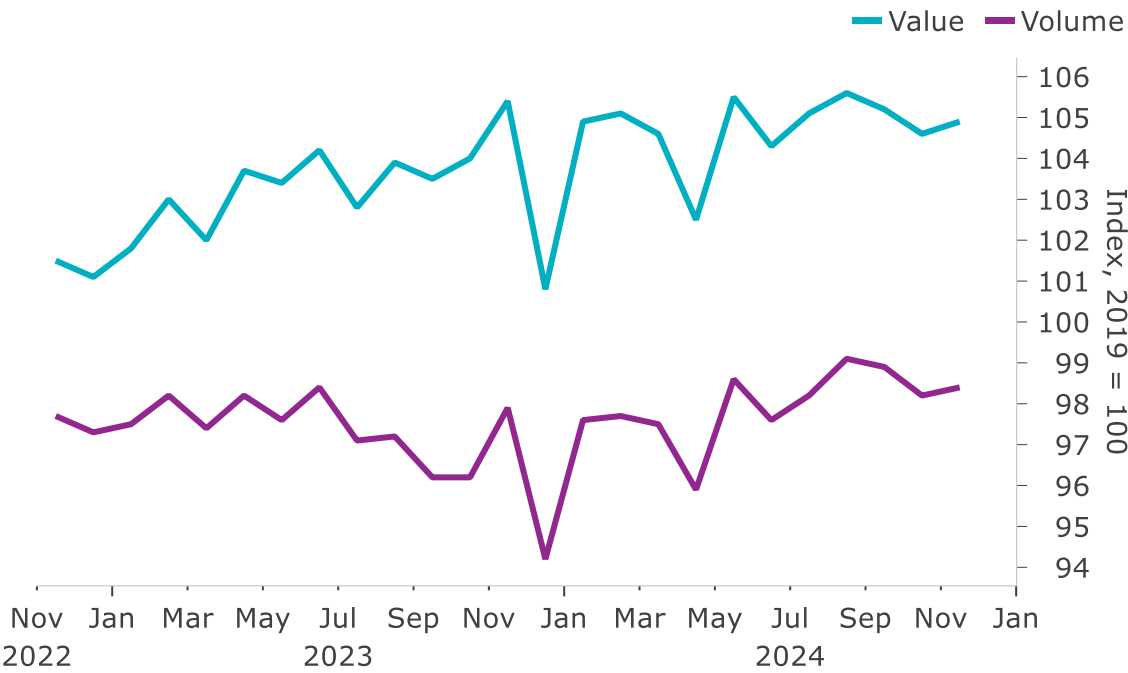
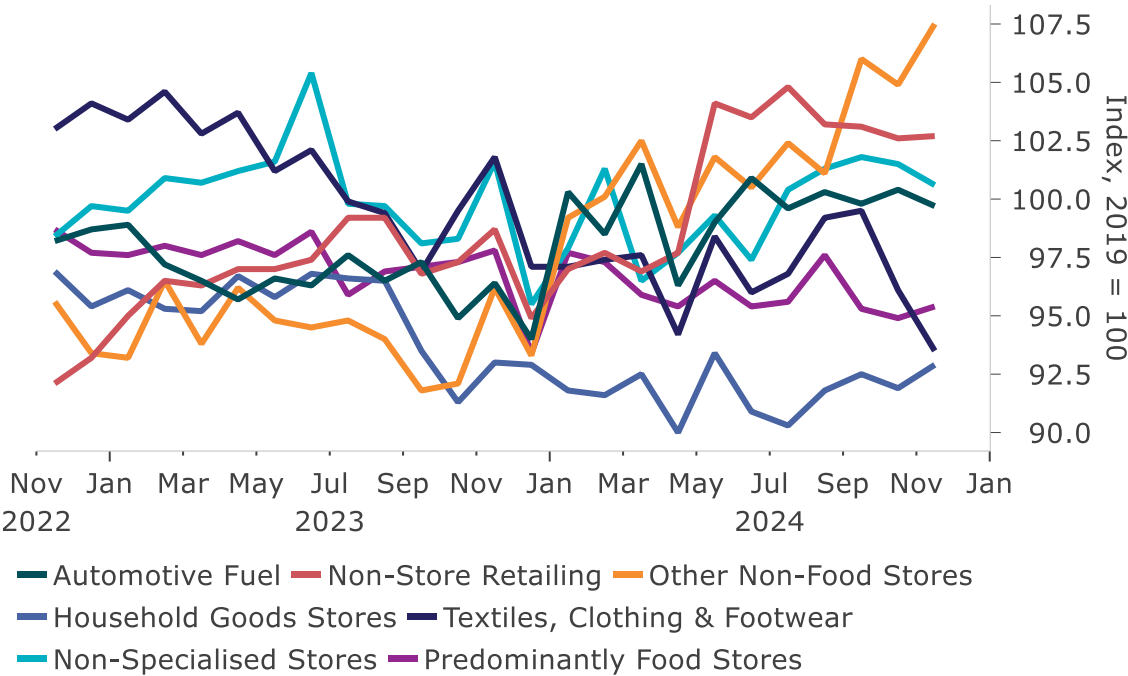


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY NOVEMBER

Retail Sales

0.2%

Up from -0.7% in October.



Online Sales

-4.3%

Down from -1.8% in October.



Volumes trend back upwards

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales	RSM Sales
Sep-24	2.5	-0.2
Oct-24	1.3	-3.3
Nov-24	-1.8	3.2

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
Nov-23	5.7	6.9	5.8	4.0	-2.8	4.5	9.9
Dec	1.2	2.9	-1.8	-1.2	-5.6	0.4	5.6
Jan	3.8	6.2	0.7	-1.3	-4.7	8.1	3.5
Feb	2.8	4.4	2.5	-2.3	-3.2	4.7	3.1
Mar	3.7	5.1	-1.4	0.2	-3.5	11.0	1.8
Apr	-2.6	-2.7	-5.5	-8.3	-8.5	3.8	1.4
May	2.1	1.4	-2.4	-0.7	-4.2	7.3	8.2
Jun	-0.7	-1.2	-8.1	-5.0	-7.3	6.2	6.6
Jul	2.3	2.4	0.5	-1.7	-8.1	6.9	7.8
Aug	1.9	1.9	0.9	1.0	-6.2	6.8	3.0
Sep	2.5	-0.7	2.8	3.2	-3.3	14.7	4.2
Oct	1.3	-1.4	1.4	-2.6	-2.0	13.0	2.9
Nov-24	-1.8	-1.5	-3.2	-6.8	-7.2	8.0	-4.1

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Sep-24	2.6	2.2
Oct-24	2.0	-1.1
Nov-24	-2.0	-1.4

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
Nov-23	1.8	0.5	3.3	2.4	1.8	4.5	1.5
Dec	-4.0	-4.5	-6.0	-4.6	0.0	-3.1	-3.8
Jan	3.3	4.7	2.5	0.0	-1.2	6.4	2.2
Feb	0.3	-0.4	3.5	0.3	-0.2	0.8	0.7
Mar	-0.7	-1.5	-4.8	0.2	1.0	2.5	-0.9
Apr	-1.2	-0.5	1.2	-3.5	-2.7	-3.7	0.8
May	2.9	1.1	1.7	4.5	3.7	3.0	6.6
Jun	-1.4	-1.1	-2.0	-2.4	-2.7	-1.2	-0.5
Jul	0.9	0.2	3.1	0.8	-0.7	1.9	1.3
Aug	0.9	2.1	0.9	2.5	1.7	-1.2	-1.5
Sep	-0.2	-2.4	0.5	0.3	0.7	4.8	-0.1
Oct	-0.9	-0.4	-0.3	-3.5	-0.6	-1.0	-0.5
Nov-24	0.3	0.5	-0.9	-2.6	1.1	2.5	0.1

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
Nov-23	£10.3bn	£10.3bn	10.6	31.3
Dec	£10.6bn	£10.6bn	5.0	28.0
Jan	£8.1bn	£8.1bn	3.7	27.3
Feb	£8.3bn	£8.3bn	3.4	25.9
Mar	£8.7bn	£8.7bn	2.4	25.8
Apr	£8.5bn	£8.5bn	-0.4	26.3
May	£9.1bn	£9.1bn	5.9	26.7
Jun	£8.8bn	£8.8bn	2.9	26.3
Jul	£9.0bn	£9.0bn	4.6	26.9
Aug	£8.7bn	£8.7bn	2.9	25.6
Sep	£8.6bn	£8.6bn	6.7	27.0
Oct	£9.1bn	£9.1bn	4.8	27.6
Nov-24	£10.1bn	£10.1bn	-5.7	30.0

Source: ONS RSI

SUMMARY NOVEMBER

ONS Sales

-1.8%

Down from 1.3% in October.

Large retailers

-2.0%

Down from 2.0% in October.

Strong decrease in
fashion retail sales

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CBI COMMENTARY

“Retailers reported a moderate fall in year-on-year sales volumes in December. This marked the third month in a row in which annual sales have declined. Sales volumes for the time of year were separately judged to be poor for the seventh consecutive month. Additionally, stock volumes remained high relative to expected demand in December. Persistently weak demand conditions seem to have prompted a faster decline in orders placed upon suppliers in the year to December.

The outlook for retail activity in the new year is gloomy. Retailers expect annual sales to decline again and fall short seasonal norms in January. Businesses are set to reduce orders at an accelerated pace next month, while stock positions are set to stay steady.

Internet sales volumes declined moderately in the year to December but are expected to grow slightly next month.

The sales downturn was broad-based across the rest of the distribution sector. Wholesale sales volumes declined in the year to December at the fastest rate since January 2021. Wholesalers expect an even sharper sales decline next month. Motor traders reported annual sales volumes dropping in December at the fastest pace since October 2022. Firms in motor trades expect sales to fall more steeply in January, marking the weakest expectation since June 2020.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Jan-24	-50	-41
Feb	-7	-50
Mar	+2	-15
Apr	-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-25		-11

Source: CBI Distributive Trades Survey

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CBI Balance

-15

Up from -18 in November.



CBI Expected (January)

-11

Up from -29 in December.



Sales outlook remains negative

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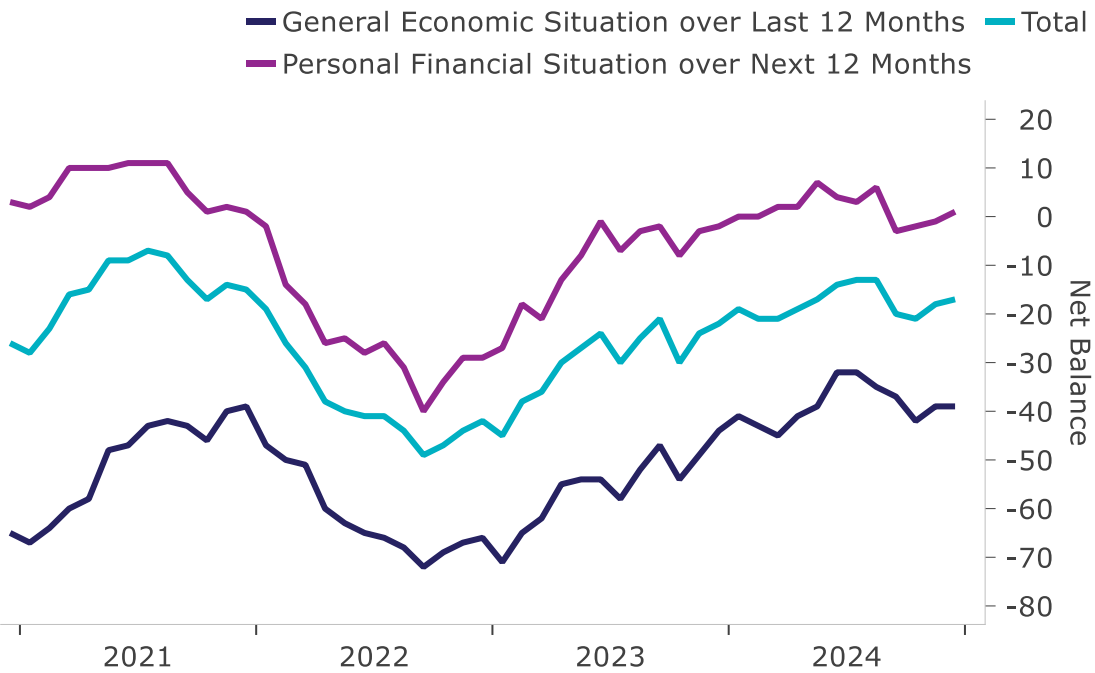
“Overall, 2024 has been another year of ups and downs in consumer confidence but much less so compared with recent years. In 2024, there was an eight-point difference between the highest and lowest score. In 2023, it was a difference of 23 points, and in 2022 it was 30 points. So volatility is down but will it stay that way?

Of all the major events in 2024, the UK General Election was the most impactful, with initial post-election optimism giving way to a large seven-point fall in September as consumers were spooked by Government messages about the state of the economy and difficult choices to be made.”

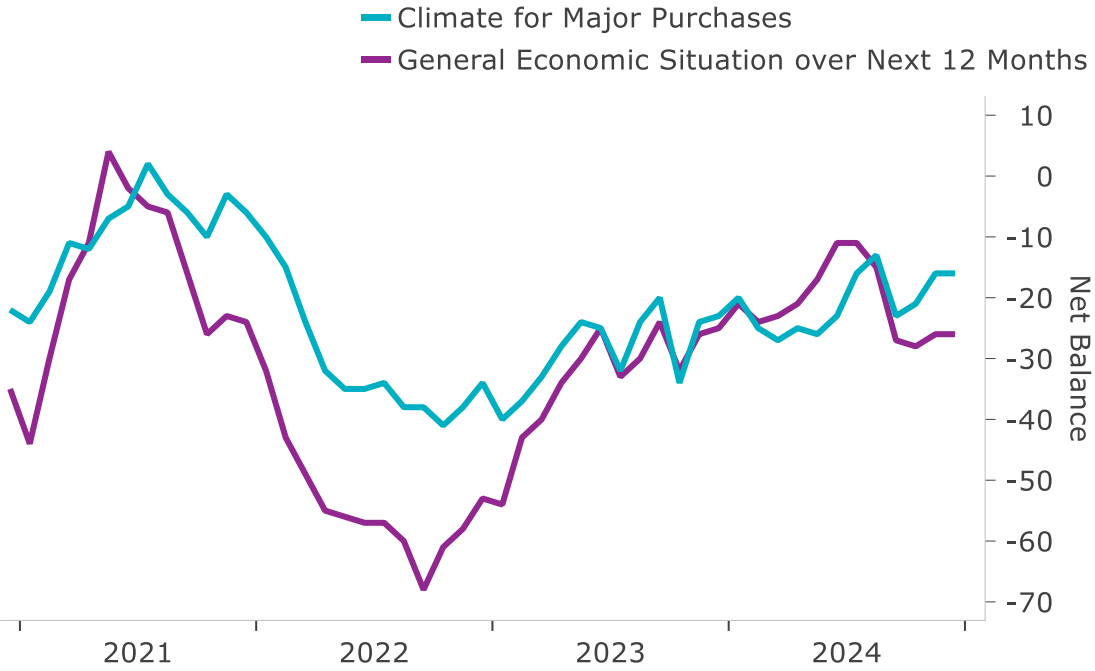
NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Dec-23	-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	-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-24	-17	-16	-7	1	-39	-26

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

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Headline GfK confidence

-17



Up from -18 in November.

Major Purchases confidence

-16



Unchanged from -16 in November.

Consumer confidence inches up in December

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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)
Nov-23	3.9	5.3	4.1
Dec	4.0	5.2	4.0
Jan	4.0	4.9	3.8
Feb	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-24	2.6	3.6	3.0

Source: ONS.

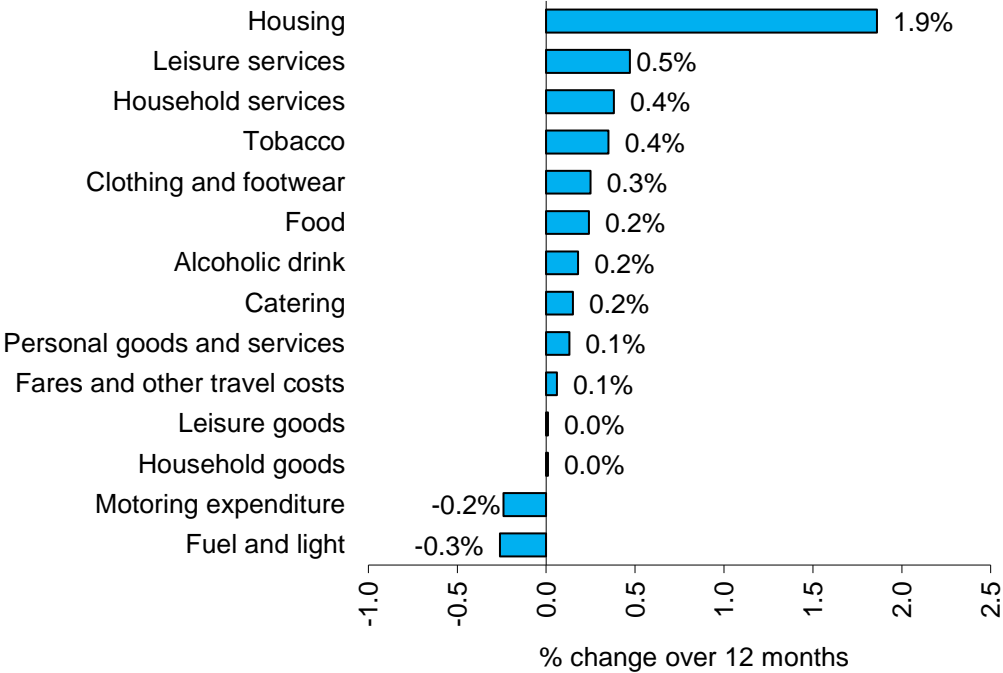
CPI: SUB-CATEGORIES, %, YOY

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Nov-23	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	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-24	2.0	2.0	3.0	-0.4	-0.9	4.0

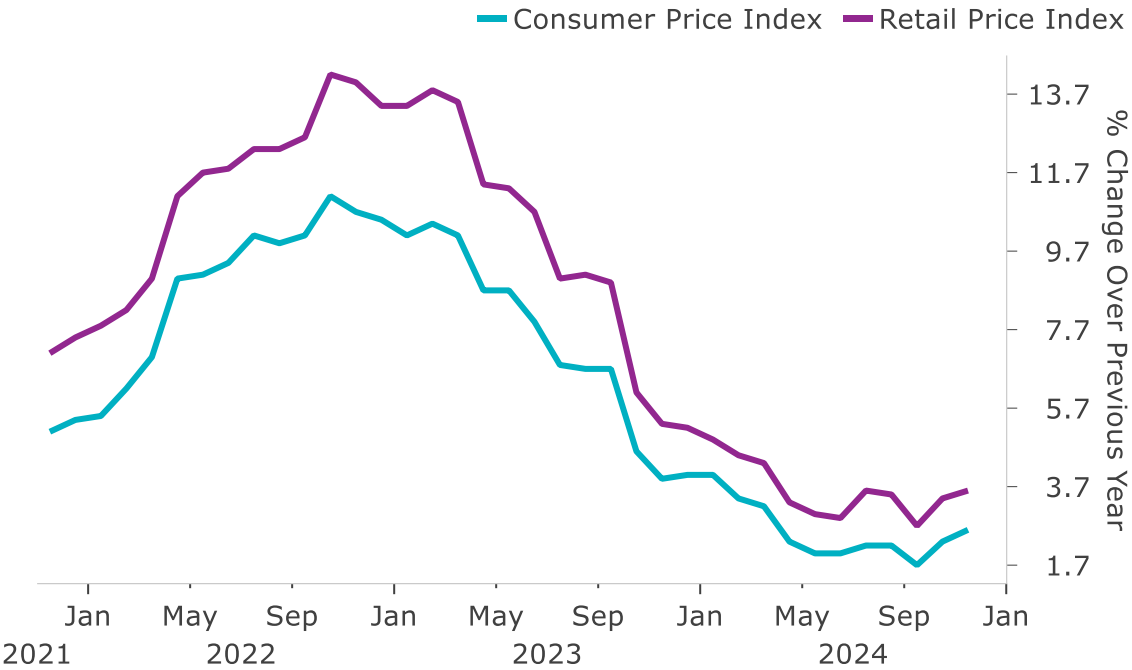
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY NOVEMBER

CPI

2.6%

Up from 2.3% in October.

CPI Food

2.0%

Up from 1.9% in October.

CPI increases back above target

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UK EMPLOYMENT

In the three months to October 2024:

- The UK employment rate was estimated at 74.9%, 0.1 percentage points higher when compared to the previous three-month period, and 1.6 percentage points lower than before the coronavirus pandemic (January 2019 to February 2020).
- The UK unemployment rate was estimated at 4.3%, 0.1 percentage points higher than the previous three-month period (April to July), and 0.3 percentage points above pre-Covid levels.
- Total hours worked increased 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 21.8%, 0.2 percentage points lower on the previous quarter, and 1.4 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
Nov-23	1,536	4.0	1,382	4.0
Dec	1,544	4.0	1,344	3.9
Jan	1,552	4.1	1,412	4.1
Feb	1,595	4.2	1,460	4.2
Mar	1,608	4.2	1,510	4.3
Apr	1,594	4.2	1,524	4.4
May	1,629	4.3	1,547	4.4
Jun	1,640	4.3	1,465	4.2
Jul	1,778	4.7	1,478	4.2
Aug	1,773	4.6	1,435	4.1
Sep	1,770	4.6	1,509	4.3
Oct	1,754	4.6	1,508	4.3
Nov-24	1,757	4.6	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Oct-23	33,361	24,850	8,512
Nov	33,345	24,923	8,422
Dec	33,377	24,997	8,381
Jan	33,323	25,038	8,285
Feb	33,320	25,015	8,305
Mar	33,331	25,103	8,228
Apr	33,348	25,021	8,327
May	33,386	25,078	8,308
Jun	33,496	25,117	8,380
Jul	33,597	25,202	8,395
Aug	33,748	25,205	8,543
Sep	33,749	25,245	8,505
Oct-24	33,770	25,283	8,487

Source: ONS

SUMMARY OCTOBER

Unemployment Rate

4.3%

Unchanged from 4.3% in September.

Total Employment

74.9%

Unchanged from 75.0% in September.

Unemployment unchanged in most recent period

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EARNINGS

Between August and October 2024 (compared to a year ago):

- **Regular pay** was estimated to have increased by 5.2% in nominal terms and increased by 2.2% in real terms.
- **Total pay** was estimated to have increased by 5.2% in nominal terms and increased by 2.2% in real terms.

Between August and October 2023 and August and October 2024:

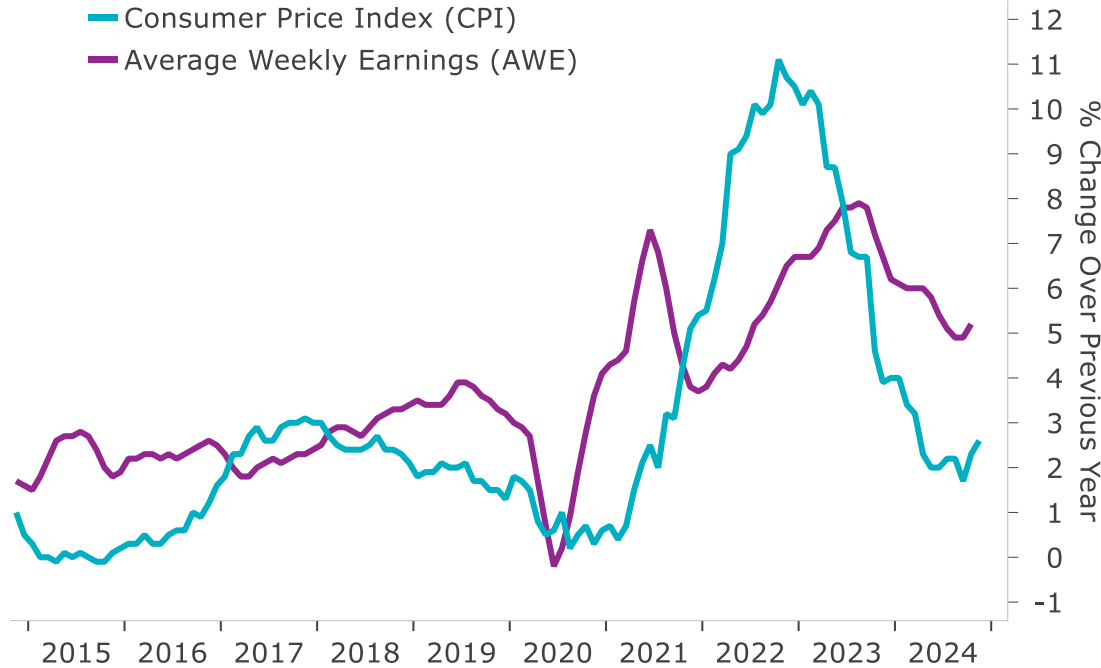
- **Average regular pay (excluding bonuses)** was estimated at £656 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£619 per week) and £491 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£478 per week).
- **Average total pay (including bonuses)** was estimated at £706 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£664 per week) and £527 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£512 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Nov-23	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	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-24		2.6	

Source: ONS.

LONG TERM EARNINGS SERIES



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

SUMMARY OCTOBER

Regular pay growth

5.2%



Up from 4.9% in September.

Total pay growth

5.2%



Up from 4.4% in September.

Real wage growth slows

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MONEY, CREDIT & INSOLVENCIES

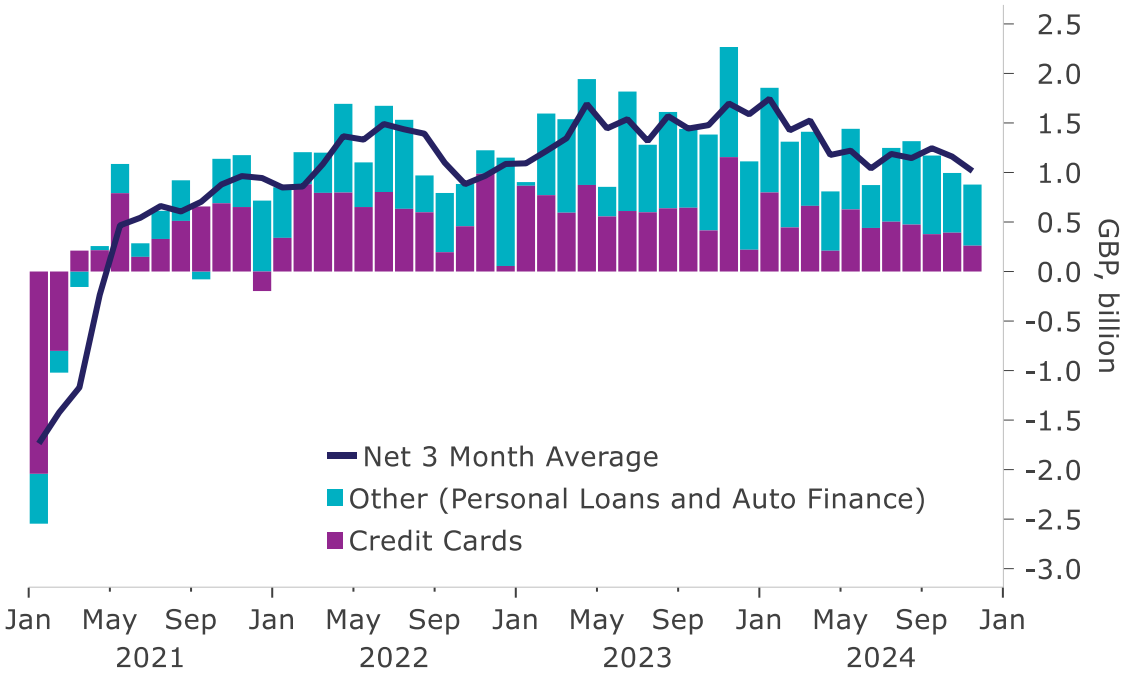
- Consumers in November borrowed an additional £0.9 billion in consumer credit, in net terms, of which borrowing was £0.6 billion in personal/auto loans and £0.3 billion of which was repayments on credit cards.
- Individuals borrowed £2.5 billion in mortgage debt in November, compared to £3.5 billion in net borrowing in October. Mortgage approvals for house purchases increased to 65,720, up from 68,129 in October.
- Sterling money (known as M4ex) net flows were -£2.2 billion in November, down from £17.0 billion in the preceding month. Households in net terms deposited £0.2 billion at banks and building societies, compared with £18.8 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies edged down to 4.02%, down from 4.16%.
- Private non-financial companies (PNFCs) borrowing of market finance from capital markets slowed to £1.5 billion, compared to £1.8 billion of net repayments in the preceding month.
- There were 473 retail insolvencies in Great Britain in Q3 2024, down from 575 in Q2 2023. In 2023, there were 2,338 insolvencies, 23% higher compared to the 1,901 figure in 2022.
- There were 3 retail CVAs in England and Wales during Q3 2024, down from 8 in Q2 2024. 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)
Nov-23	£2.3bn	£1.2bn	£1.1bn
Dec	£1.1bn	£0.2bn	£0.9bn
Jan	£1.9bn	£0.8bn	£1.1bn
Feb	£1.3bn	£0.4bn	£0.9bn
Mar	£1.4bn	£0.7bn	£0.7bn
Apr	£0.8bn	£0.2bn	£0.6bn
May	£1.4bn	£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-24	£0.9bn	£0.3bn	£0.6bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY NOVEMBER

Net consumer credit

£0.9bn



Down from £1.0 billion in October.

Net credit card lending

£0.3bn



Down from £0.4 billion in October.

The effective rate on new personal loans increased to 8.96% and decreased on credit cards to 21.54%

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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 (£)
Dec-2023	1.27	1.16	9.05	182.16
Jan	1.27	1.16	9.12	185.44
Feb	1.26	1.17	9.10	188.86
Mar	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-2024	1.26	1.21	9.22	194.60

Source: Average monthly exchange rate, Bank of England

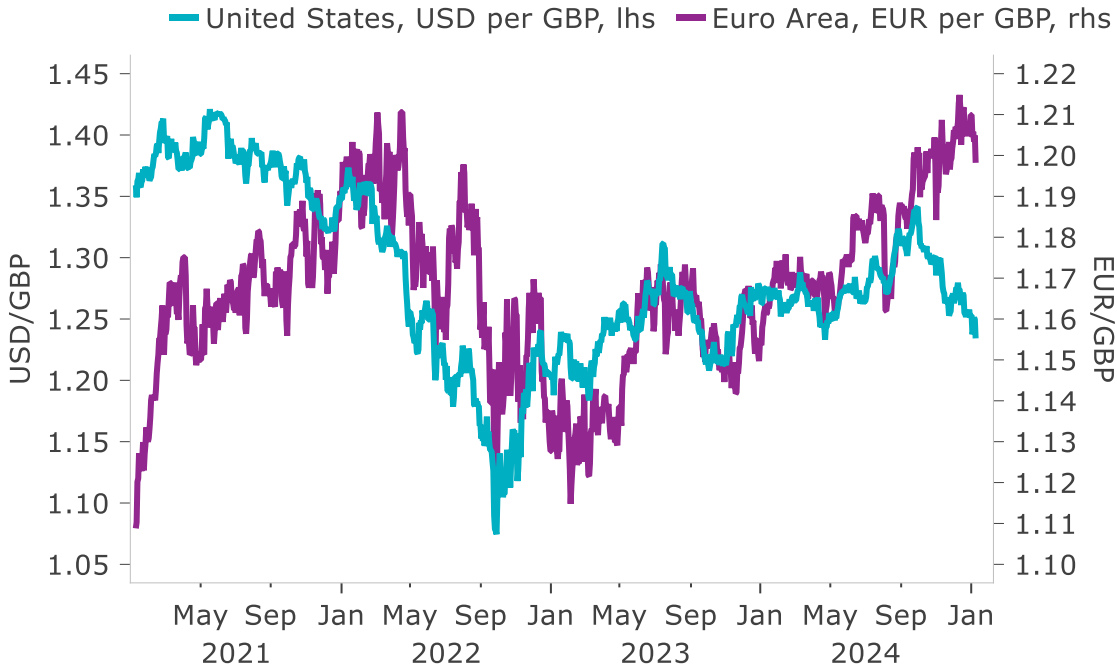
IMPACTS FROM CURRENCY DEPRECIATION

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.

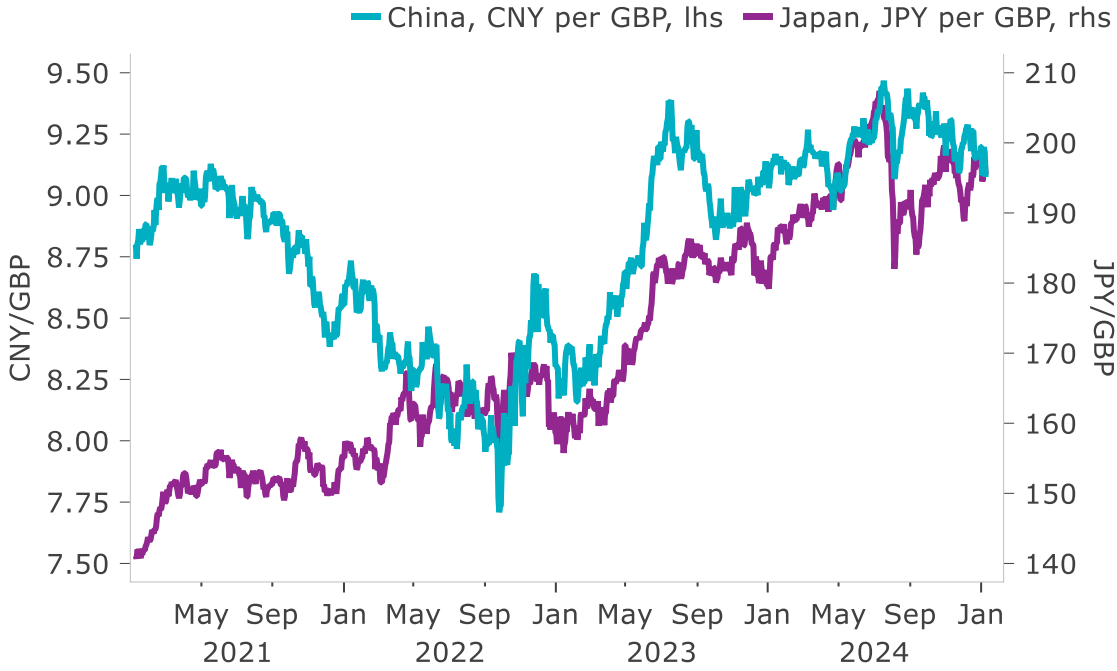
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 NOVEMBER

USD TO GBP, YOY

0.2%

Sterling appreciation in relation to the USD , YoY.



EURO TO GBP, YOY

4.1%

Sterling appreciation in relation to the Euro, YoY.



Sterling was lower on the year in December in relation to the US dollar but higher in relation to the Euro.

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CONSENSUS FORECASTS FOR THE UK ECONOMY

CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2024			2025		
	City	BoE	OBR	City	BoE	OBR
GDP	0.8	1.3	1.1	1.2	1.0	2.0
Cons. Spending	0.7	0.5	0.4	1.3	1.5	1.7
CPI (Q4)	2.5	2.8	2.5	2.4	2.3	2.6
Avg Earnings	5.1	5.0	4.7	3.7	3.0	3.6
Bank Rate (Q4)	4.8	4.9	4.8	3.7	4.1	3.8

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

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

SUMMARY FORECASTS

GDP 2024

0.8%



Down from the previous projection of 1.0%.

Avg. Earnings 2024

5.1%



Up from a previous projection of 4.9%.

The consensus City forecast for 2024 growth in December was 0.8%

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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.

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