



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.

OCTOBER 2024

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BUDGET TAXES TO BITE

The Autumn Budget introduced several key policy changes, including tax increases for employers and higher infrastructure spending. This shift suggests a less restrictive fiscal approach than that of the previous government in March, which may add to inflationary pressures in the coming year, potentially impacting consumer spending.

Retail sales volumes have shown upward momentum heading into the Golden Quarter, and robust real wage growth is expected to support sales into Christmas and the New Year. Inflation declined to 1.7% in September, but higher housing and energy costs in October are likely to push the upcoming CPI above target. However, with services inflation easing, the Bank of England is likely to reduce the bank rate to 4.75% from 5%. Ongoing inflation and planned National Living Wage increases may limit the extent of further rate cuts.

Global oil prices, which hit lows last month, averaged around \$77 per barrel in October, driven by geopolitical tensions in the Middle East. Though recently stable, commodity prices still face upward pressure. Business costs remain elevated, and combined pressures from labour and tax costs are expected to contribute to rising prices through 2025.

GDP GROWTH

0.5%

% change – QOQ, Q2 2024
Down from 0.7% in Q1 2024

UNEMPLOYMENT

4.0%

August
Down from 4.1% in July

BRC – KPMG RETAIL SALES

2.0%

% change – YOY, September
Up from 1.0% in August

CPI INFLATION

1.7%

% change - YOY September
Unchanged from 2.2% in August

WAGE GROWTH

4.9%

% change – YOY August
Down from 5.1% in July

CONSUMER CONFIDENCE

-21

October
Down from -20 in September

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GDP FLAT IN AUGUST

Indicators of Economic Output

GDP grew 0.2% in August, following no growth in July. Services activity expanded marginally by 0.1%, and the largest upward contributors were professional, scientific and technical activities. The biggest downward contributors were human health and social work activities. Consumer-facing services expanded similarly, and retail trade provided the largest positive contribution. The biggest downward contributors were sports, amusement, and recreation activities.

Looking at the most recent quarterly figures, the economy expanded by 0.5% over the second quarter of 2024. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 2.9% above this level. Services output expanded robustly, and the biggest increase came from professional, scientific and technical activities. Wholesale and retail trade declined marginally on the quarter. Production output decreased slightly by 0.3%, and, within this, manufacturing activity declined most steeply, driven by the manufacture of transport equipment. Construction output fell by 0.1% as a slump in residential and infrastructure construction drove declines in new construction activity. On the expenditure side, net trade provided the only negative contribution to headline GDP, and household expenditure rose by 0.2% in real terms. Investment increased 1.4% on the quarter and is 0.4% above its pre-Covid level.

The latest S&P Global UK Composite PMI showed activity in October stayed in positive territory, though the overall index edged down to 51.7, above the no-change 50-mark, an 11-month low. Services activity continues to expand, but the pace of expansion again slowed in the most recent month. Manufacturing activity expanded but the pace eased further, to a 6-month low. “Prices charged” inflation picked up, with businesses seeking to alleviate pressures on margins. Cost burdens have been helped by easing fuel costs, but increased salary payments are pushing up input costs.

Prices and Monetary Policy

Inflation notably eased in September and the Consumer Price Index annual rate fell to 1.7%. Of the headline rate, 0.2% emanates from food, 0.6% from restaurants and hotels, and 0.5% from recreation and culture. Housing and energy costs are now pushing down by less on inflation, shaving off 0.2% from the headline figure. Fuel prices fell for both petrol and diesel, with these figures registered when petrol was £1.37 per litre and diesel £1.42.

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 212% higher than a year ago. Global oil prices had recently peaked at \$93 per barrel in April but have more recently fallen to \$77 (October average). Domestically, the headline Producer Price Inflation (PPI) measure for business input costs saw deflation deepen over September. Output cost inflation also fell into deflation, suggesting business cost pressures have significantly eased, although remain at a high level.

The Bank of England (BoE), in September, opted to keep interest rates unchanged at 5%, though still remaining at decade-highs. The latest forecasts are considerably more optimistic about economic growth over 2024, projecting 1.3% GDP growth. It settles at around 1% over 2025 and 2026, with real incomes expected to exhibit a decent increase of 3.5%, over this year, easing to 1.5% in 2025. Interest rates will remain elevated until inflation sustainably settles at the 2% target, with most of the impact of monetary tightening having come through. Inflation is expected to average 2.7% over Q4 2024, before rising again. With a sustainable return to the 2% target from Q1 2026 onwards, falling below 2% beyond. Households will continue to feel the effects of higher mortgage repayments, however, with an estimated 1.4 million mortgages coming onto a higher rate by the end of this year, and 3.9 million by the end of 2026.

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(August Forecast)
1.0%

IMF (October
Forecast)
1.5%

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UNEMPLOYMENT DECREASES TO 4.0%

Faster Indicators: BRC-KPMG Retail Sales

In September 2024, retail sales experienced year-on-year growth of 2.0%, marking a rebound from the sharp decline in April and the slight contraction in June. It also shows improvement over the slower growth seen in July and August. However, this remains below the 2.7% growth recorded in September 2023.

Retailers continue to face challenges from the long-term effects of high inflation, tighter monetary policies, and global economic uncertainties, which are affecting consumer confidence and spending. Although the worst contraction occurred in April, growth remains weaker than in 2023 as economic pressures continue to hinder a stronger recovery.

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 August) edged down to 4.0%, 0.3 percentage points lower than at the start of the year. The economic inactivity rate remains above pre-pandemic norms, however, but declined in the most recent period to 21.8%, down from 22.1%. The job vacancy figures additionally suggest labour demand has slowed considerably.

Job vacancies fell to 841,000 in the three months to September, decreasing by 142,000 over the past year. This still represents 22,000 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 85,000, which is a notable 35,000 below pre-pandemic levels.

Outlook

Fiscal policy from the Autumn Budget, including tax hikes on employers and a boost to infrastructure investment, introduces a less restrictive stance than was planned in March. This shift will add to inflationary pressures and, while lifting investment in public infrastructure, will increase costs for businesses facing higher employer taxes. Consumers remain cautious, with savings on the rise, but discount-driven retail may help hold consumption steady over the Golden Quarter. Risks for commodity prices are high, with global energy and food costs trending upwards; energy prices, in particular, are at risk from ongoing geopolitical uncertainty in the Middle East. A Bank of England rate cut remains likely this month, but the heightened risk environment could prompt a more measured approach. Although the Bank is in a stronger position to address external inflation than in 2022, any further cuts will likely be gradual, especially with rising wage costs and services inflation. Our central view remains that rates will hold above 4% through 2025, as pressures on costs, particularly from labour and employer tax measures, limit the scope for significant monetary loosening.

% year-on-year (unless otherwise specified)	2022	2023	2024 (f)	2025(f)	2026(f)
Real GDP	4.3	0.0	1.3	1.0	1.3
Inflation	10.8	4.3	2.8	2.3	1.5
Unemployment (rate)	4.0	3.8	4.5	4.8	4.8
Interest (Bank Rate)	2.8	5.3	4.9	4.1	3.7
Real post-tax labour income	-2.5	0.8	3.5	1.5	0.5

Source: Bank of England, Monetary Policy Report August 2024

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

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England
(August Forecast)
1.0%

IMF (October
Forecast)
1.5%

Office for Budget
Responsibility
(October Forecast)
2.0%

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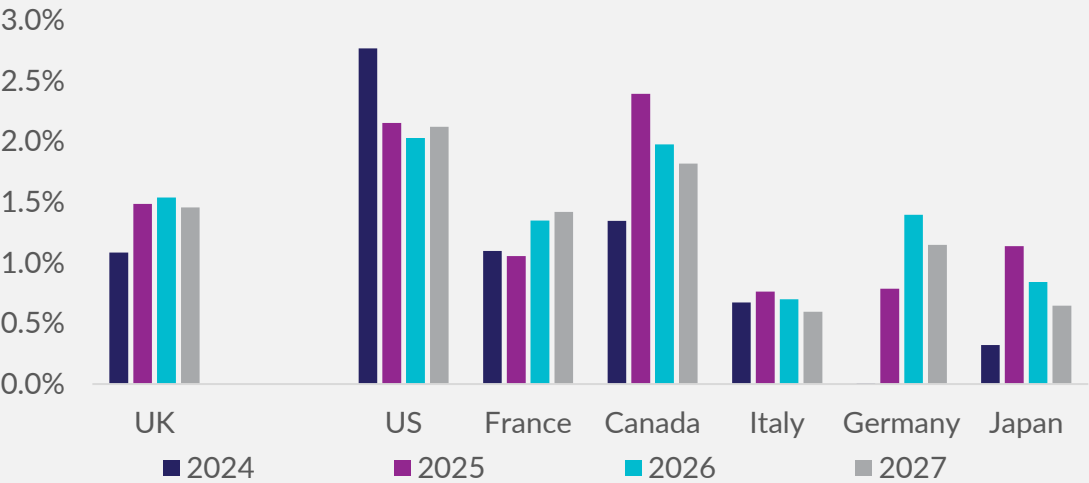


GLOBAL DEMAND UNDER PRESSURE

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 2.8% 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 October S&P Global Eurozone Composite PMI shows business activity remained in contractionary territory. Activity barely expanded in the service sector, reaching an 8-month low, with manufacturing still witnessing falls in output levels, though the pace of contraction did slow. Against the backdrop of a weakening demand environment, new orders fell for a fifth consecutive month. Input cost inflation eased to the lowest in just under four years.

US inflation eased to 2.4% in September 2024. Inflation has now settled to its lowest since February 2021. The Federal Reserve has begun to cut the Federal Funds rate, cutting by 50 basis points in September, with the rate now down to 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, last month, now down to 3.25%. Amidst economic weakening, the ECB has opted to reduce pressure on the EU economies. The inflation rate slowed to 1.7% in the 12 months to September. Energy prices were 6.1% lower on the year, food, alcohol and tobacco prices 2.4% higher and the cost of non-energy industrial goods increased 0.4%.

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 DISPLAY RESILIENCE

UK retail sales rose by 0.3% in September, following an increase of 1.0% in August. In broader terms, sales volumes rose by 1.9% in the three months leading up to September when compared to the preceding three months.

Food store sales fell by 1.9% on the month, following a 2.1% expansion in August. The divergence between sales values and volumes is greatest in this category of retail goods. Food stores' sales volumes are now 5.7% below their pre-pandemic February 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales rose by 2.5% on the month, with sales volumes having risen by 0.6% in the preceding month. Volumes rose the most in other stores (niche goods and luxury) and non-specialised stores. None of the non-food categories saw sales fall on the month. Automotive fuel sales volumes fell by 0.1%, in September.

The proportion of retail sales conducted online (seasonally adjusted) increased slightly to 27.7% in September, up from 27.5% in August. 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

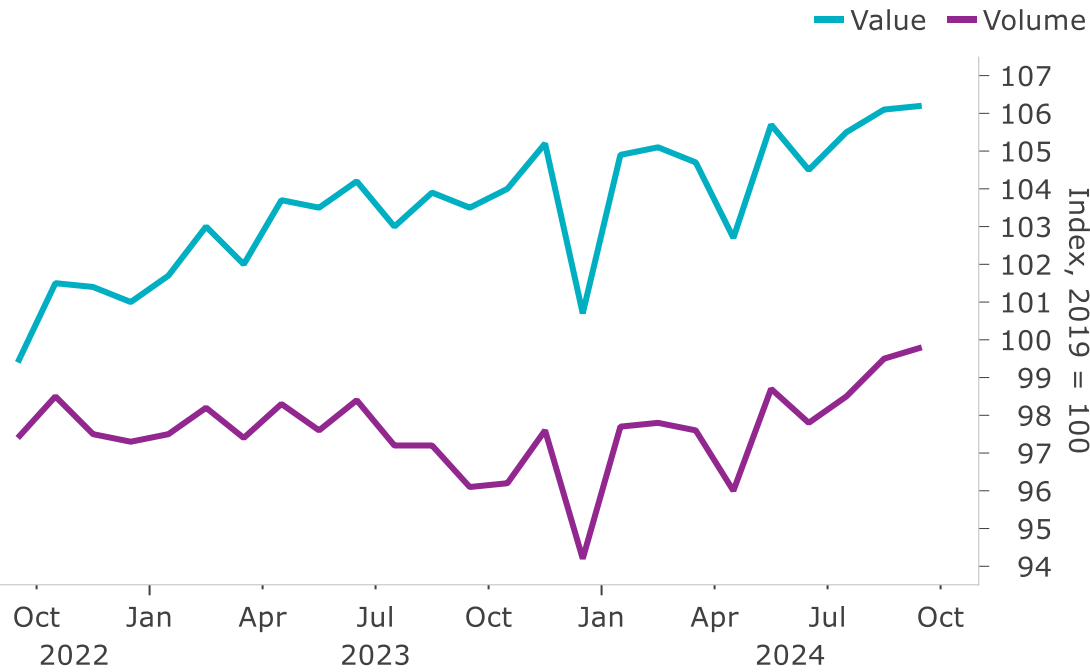


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY SEPTEMBER

Retail Sales

0.3%

Down from 1.0% in August.

Online Sales

1.3%

Up from -0.4% in August.

Volumes trend back upwards

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales	RSM Sales
Jul-24	2.5	-0.2
Aug-24	2.3	1.0
Sep-24	3.6	2.0

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
Sep-23	5.4	9.0	5.6	4.7	-1.0	-1.1	4.9
Oct	4.0	7.9	5.6	3.6	-2.6	-4.9	5.8
Nov	5.7	6.9	5.8	3.4	-2.6	4.6	10.0
Dec	1.2	2.8	-1.8	-1.4	-5.4	0.5	5.6
Jan	3.8	6.1	0.7	-1.2	-4.6	8.2	3.6
Feb	2.8	4.4	2.5	-2.4	-2.8	4.9	3.2
Mar	3.8	5.0	-1.4	0.2	-3.1	11.9	1.8
Apr	-2.5	-2.8	-5.5	-8.6	-8.3	4.7	1.4
May	2.2	1.3	-2.4	-1.0	-4.1	8.2	8.2
Jun	-0.5	-1.2	-8.1	-5.2	-6.8	7.3	6.5
Jul	2.5	2.2	2.2	-2.2	-6.1	7.7	7.6
Aug	2.3	1.8	1.1	0.9	-5.0	8.0	4.8
Sep-24	3.6	-0.2	5.3	2.7	-2.5	17.6	6.2

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Jul-24	2.2	3.6
Aug-24	2.4	2.1
Sep-24	2.8	6.3

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
Sep-23	-1.4	0.1	-2.3	-2.2	-3.0	-2.8	-2.4
Oct	0.4	0.0	0.7	1.5	-2.5	1.6	0.7
Nov	1.5	0.7	2.9	1.2	2.2	4.9	-0.4
Dec	-3.6	-4.5	-5.8	-3.1	0.2	-3.7	-2.3
Jan	3.3	4.6	2.6	0.1	-1.6	6.7	2.3
Feb	0.3	-0.4	3.5	0.2	0.0	0.7	0.7
Mar	-0.6	-1.5	-4.8	0.4	1.0	2.8	-0.8
Apr	-1.2	-0.5	1.3	-3.8	-2.7	-3.6	0.9
May	2.8	1.2	1.7	4.5	3.6	2.6	6.4
Jun	-1.3	-1.1	-2.2	-2.5	-2.3	-0.9	-0.3
Jul	1.0	0.2	4.5	1.1	0.4	1.7	1.3
Aug	1.1	2.1	0.1	2.6	1.0	-0.8	-0.3
Sep-24	0.3	-1.9	1.9	0.3	0.5	5.5	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
Sep-23	£8.4bn	£8.4bn	8.2	25.9
Oct	£9.0bn	£9.0bn	7.1	26.7
Nov	£10.2bn	£10.2bn	10.4	31.2
Dec	£10.6bn	£10.6bn	5.0	28.1
Jan	£8.1bn	£8.1bn	3.7	27.3
Feb	£8.3bn	£8.3bn	3.3	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	26.6
Jun	£8.8bn	£8.8bn	2.9	26.2
Jul	£9.1bn	£9.1bn	4.3	26.8
Aug	£8.8bn	£8.8bn	4.1	25.8
Sep-24	£8.7bn	£8.7bn	7.1	26.8

Source: ONS RSI

SUMMARY SEPTEMBER

ONS Sales

3.6%



Up from 2.3% in August.

Large retailers

2.8%



Up from 2.4% in August.

Strong increase in other non-food retail sales

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CBI COMMENTARY

“Year-on-year retail sales volumes declined at a modest pace in October, following slight growth last month. Some firms mentioned that consumers were spending cautiously due to uncertainty about the upcoming Autumn Budget. Retailers separately judged sales volumes to be “poor” for the time of year, to a greater extent than the previous month. Poor sales were accompanied by a marginal cutback in annual orders placed upon suppliers. Meanwhile, stock volumes remained elevated in relation to expected demand in October, though to a slightly lesser extent than the long-run average.

Looking ahead, retailers anticipate headline sales to be broadly flat next month, with seasonal sales set to remain weak. Firms expect to reduce orders at a faster pace in November, while stock positions are set to remain elevated.

In contrast with headline sales, online retail sales volumes in the year to October rose at a similarly firm pace as last month. Retailers expect internet sales to grow at a faster rate next month.

Wholesale sales volumes declined in the year to October for the fifth month in a row, as firms continue to report a weak market. Wholesalers expect sales volumes to fall at a firm pace next month. In motor trades, sales volumes in the year to October contracted at a considerably slower pace compared to last month. Motor traders expect the sales downturn to continue easing in November.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Nov-23	-11	-13
Dec	-32	-6
Jan	-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-24		-1

Source: CBI Distributive Trades Survey

SUMMARY OCTOBER

CBI Balance

-6



Down from +4 in September.

CBI Expected (November)

-1



Down from +5 in October.

Sales outlook turns negative

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GfK CONSUMER CONFIDENCE

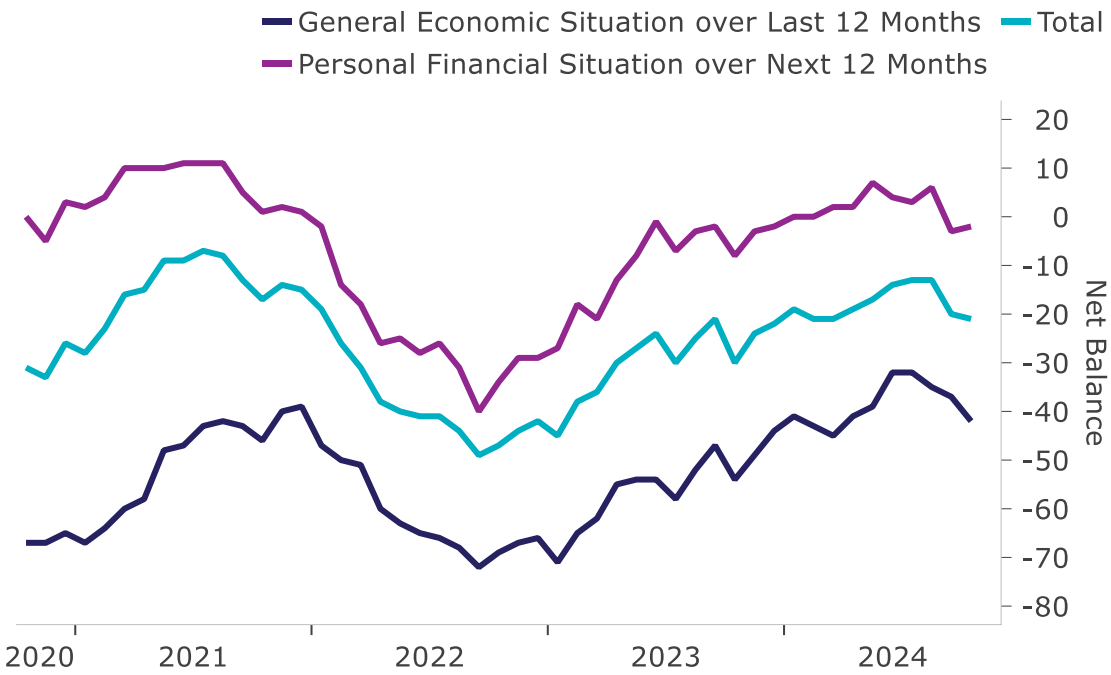
“Consumer confidence fell one point this month to -21, taking the score back down to the level last seen in March this year. Also falling one point are both personal financial situation over the last 12 months and general economic situation over the next 12 months. The largest drop though was in our view of the general economic situation over the last 12 months, down five points to -42.

On the plus side, the major purchase index rose two points and future personal financial expectations by one point. As the Budget statement looms, consumers are in a despondent mood despite a fall in the headline rate of inflation. This month’s Consumer Confidence Barometer paints a picture of people holding their breath to see what’s in store for them on 30th October.”

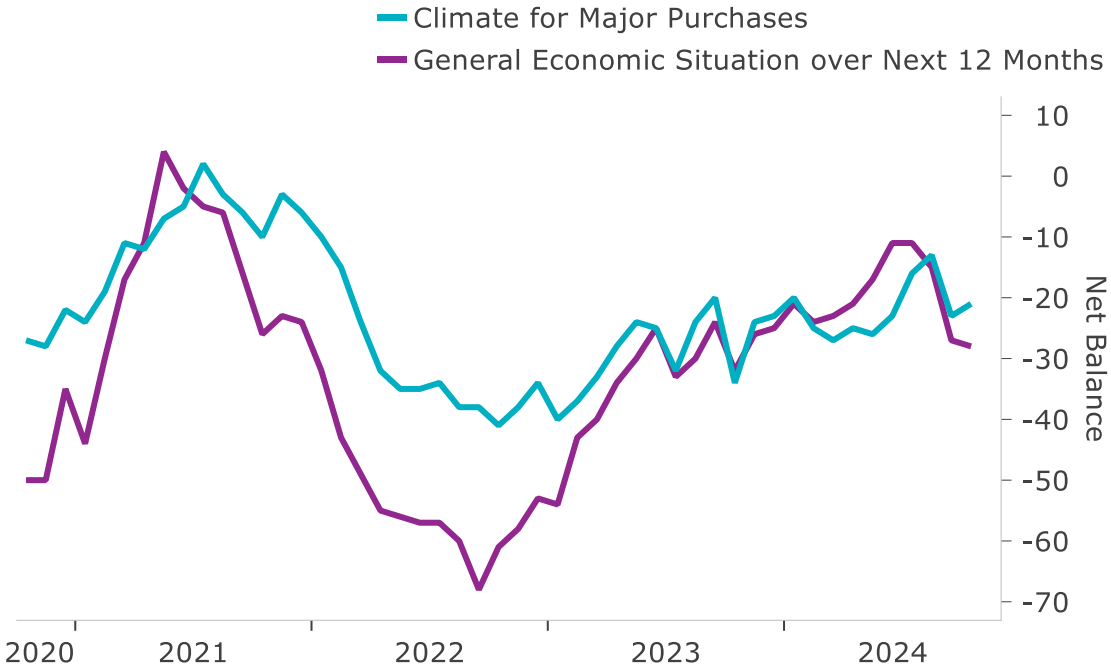
NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Oct-23	-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	-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-24	-21	-21	-10	-2	-42	-28

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

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Headline GfK confidence

-21



Down from -20 in September.

Major Purchases confidence

-21



Up from -23 in September.

Consumer confidence drops in October

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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)
Sep-23	6.7	8.9	7.6
Oct	4.6	6.1	4.8
Nov	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-24	1.7	2.7	2.0

Source: ONS.

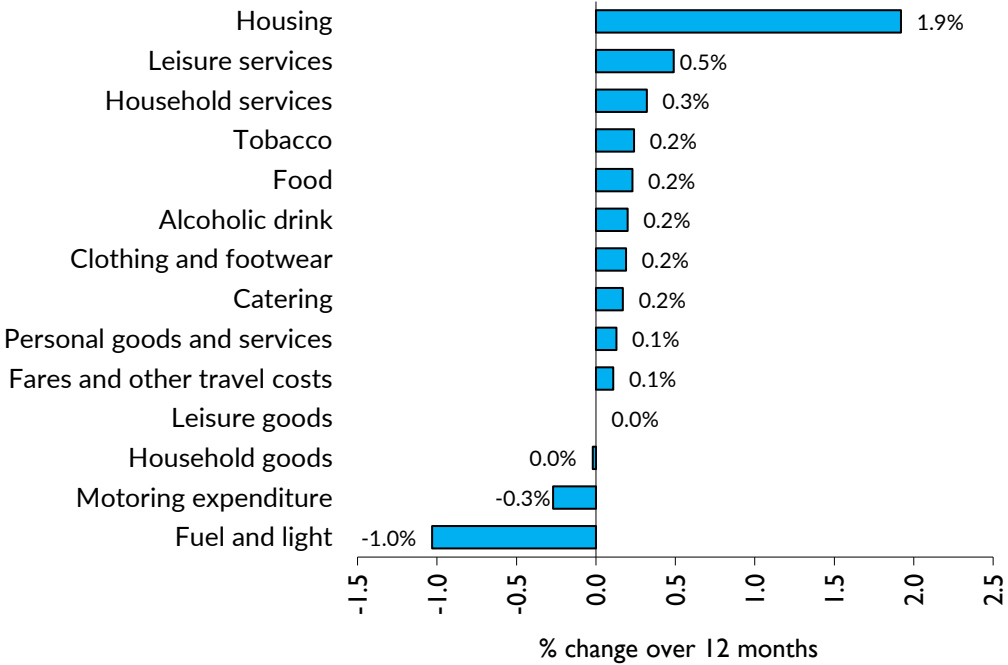
CPI: SUB-CATEGORIES, %, YOY

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Sep-23	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	6.4	-3.4	2.5	-1.1	7
Jan	6.9	5.6	-2.1	0.4	-0.3	7
Feb	5	5	-1.7	0	-0.1	6
Mar	4	4	-1.6	-0.9	0.1	5.8
Apr	2.9	3.7	-4.9	-1	0.1	6
May	1.7	3	-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-24	1.9	0.8	-1.7	-1	-2.2	4.1

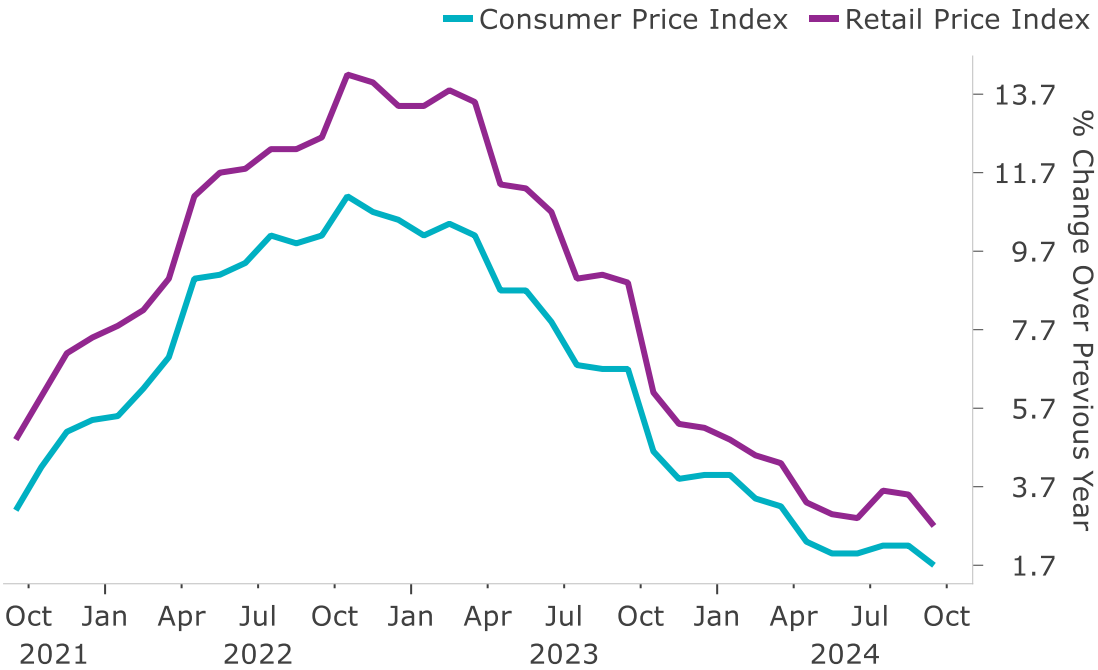
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY SEPTEMBER

CPI

1.7%

Down from 2.2% in August.

CPI Food

1.9%

Up from 1.3% in August.

CPI falls below target

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UK EMPLOYMENT

In the three months to August 2024:

- The UK employment rate was estimated at 75.0%, 0.6 percentage points higher when compared to the previous three-month period, and 1.2 percentage points lower than before the coronavirus pandemic (December 2019 to February 2020).
- The UK unemployment rate was estimated at 4.0%, 0.4 percentage points lower than the previous three-month period (March to May), and below pre-Covid levels.
- Total hours worked increased in the most recent reporting period, to 1.06 billion hours, slightly above pre-pandemic levels, broadly signifying normalisation in the labour market.
- The UK economic inactivity rate was estimated at 21.8%, lower on the previous quarter, and 1.3 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 will now be published in October in tandem with the current Labour Force Survey (LFS) figures due to methodological concerns regarding the overrepresentation of elderly respondents in the new survey (see more information [here](#)).

LABOUR FORCE SURVEY

	Claimant Count		Unemployment	
	mills	% rate	Mills	% rate
Sep-23	1,524	4.0	1,407	4.1
Oct	1,525	4.0	1,367	4.0
Nov	1,536	4.0	1,355	3.9
Dec	1,544	4.0	1,320	3.8
Jan	1,552	4.1	1,373	4.0
Feb	1,595	4.2	1,440	4.2
Mar	1,608	4.2	1,486	4.3
Apr	1,594	4.2	1,510	4.4
May	1,629	4.3	1,528	4.4
Jun	1,640	4.3	1,435	4.2
Jul	1,778	4.7	1,437	4.1
Aug	1,773	4.6	1,386	4.0
Sep-24	1,794	4.7	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Aug-23	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	32,980	24,759	8,222
Mar	32,997	24,850	8,146
Apr	32,967	24,704	8,263
May	32,999	24,791	8,208
Jun	33,094	24,803	8,291
Jul	33,232	24,909	8,323
Aug-24	33,372	24,901	8,472

Source: ONS

SUMMARY AUGUST

Unemployment Rate

4.0%



Down from 4.1% in July.

Total Employment

74.8%



Up from 74.5% in July.

Unemployment close to year-lows

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EARNINGS

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

- **Regular pay** was estimated to have increased by 4.9% in nominal terms and increased by 1.9% in real terms.
- **Total pay** was estimated to have increased by 4.4% in nominal terms and increased by 0.9% in real terms.

Between June and August 2023 and June and August 2024:

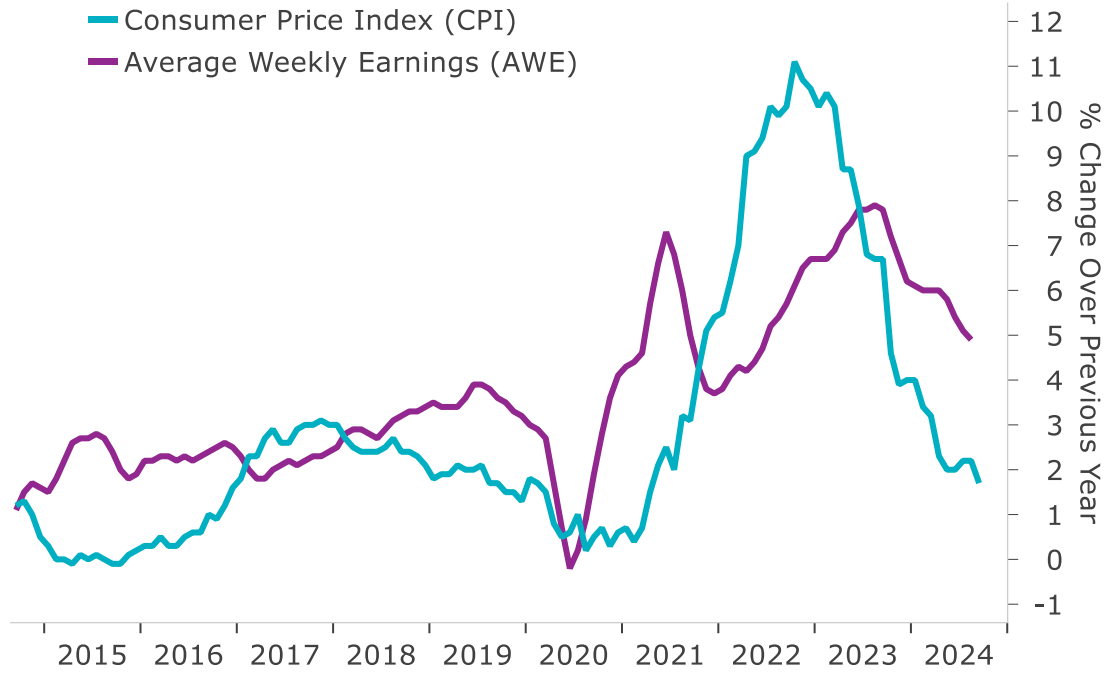
- **Average regular pay (excluding bonuses)** was estimated at £648 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£620 per week) and £488 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£481 per week).
- **Average total pay (including bonuses)** was estimated at £693 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£663 per week) and £520 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£513 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Sep-23	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	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-24		1.7	

Source: ONS.

LONG TERM EARNINGS SERIES



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

SUMMARY AUGUST

Regular pay growth

4.9%



Down from 5.1% in July.

Total pay growth

4.4%



Up from 4.0% in July.

Real wage growth slows

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MONEY, CREDIT & INSOLVENCIES

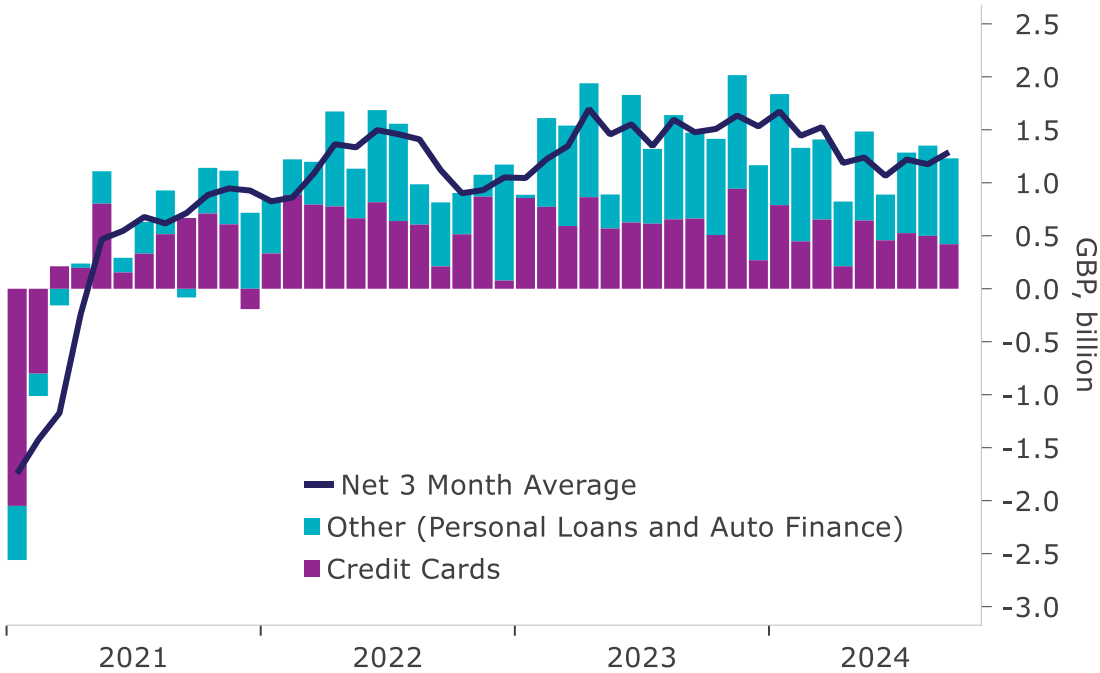
- Consumers in September borrowed an additional £1.2 billion in consumer credit, in net terms, of which borrowing was £0.8 billion in personal/auto loans and £0.4 billion of which was repayments on credit cards.
- Individuals borrowed £2.5 billion in mortgage debt in September, compared to £2.9 billion in net borrowing in August. Mortgage approvals for house purchases increased to 65,647, up from 64,958 in August, the highest since August 2022.
- Sterling money (known as M4ex) net flows were £8.9 billion in September, up from £1.6 billion in the preceding month. Households in net terms deposited £8.2 billion at banks and building societies, compared with £8.0 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies edged down slightly to 4.31%, down from 4.37%.
- Private non-financial companies (PNFCs) borrowing of market finance from capital markets was broadly flat, compared to £1.8 billion of net borrowing in the preceding month.
- There were 574 retail insolvencies in Great Britain in Q2 2024, up from 504 in Q1 2023. In 2023, there were 2,338 insolvencies, 23% higher compared to the 1,901 figure in 2022.
- There were 8 retail CVAs in England and Wales during Q2 2024, up from 4 in Q1 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)
Sep-2023	£1.5bn	£0.7bn	£0.8bn
Oct	£1.4bn	£0.5bn	£0.9bn
Nov	£2.0bn	£0.9bn	£1.1bn
Dec	£1.2bn	£0.3bn	£0.9bn
Jan	£1.8bn	£0.8bn	£1.0bn
Feb	£1.3bn	£0.4bn	£0.9bn
Mar	£1.4bn	£0.7bn	£0.8bn
Apr	£0.8bn	£0.2bn	£0.6bn
June	£1.5bn	£0.6bn	£0.8bn
Jun	£0.9bn	£0.5bn	£0.4bn
Jul	£1.3bn	£0.5bn	£0.8bn
Aug	£1.4bn	£0.5bn	£0.9bn
Sep-2024	£1.2bn	£0.4bn	£0.8bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY SEPTEMBER

Net consumer credit

£1.2bn



Down from £1.4 billion in August.

Net credit card lending

£0.4bn



Down from £0.5 billion in August.

The effective rate on new personal loans decreased to 8.69% and increased on credit cards to 21.70%

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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 (£)
Oct-2023	1.22	1.15	8.89	182.01
Nov	1.24	1.15	8.98	186.13
Dec	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-2024	1.30	1.20	9.27	195.50

Source: Average monthly exchange rate, Bank of England

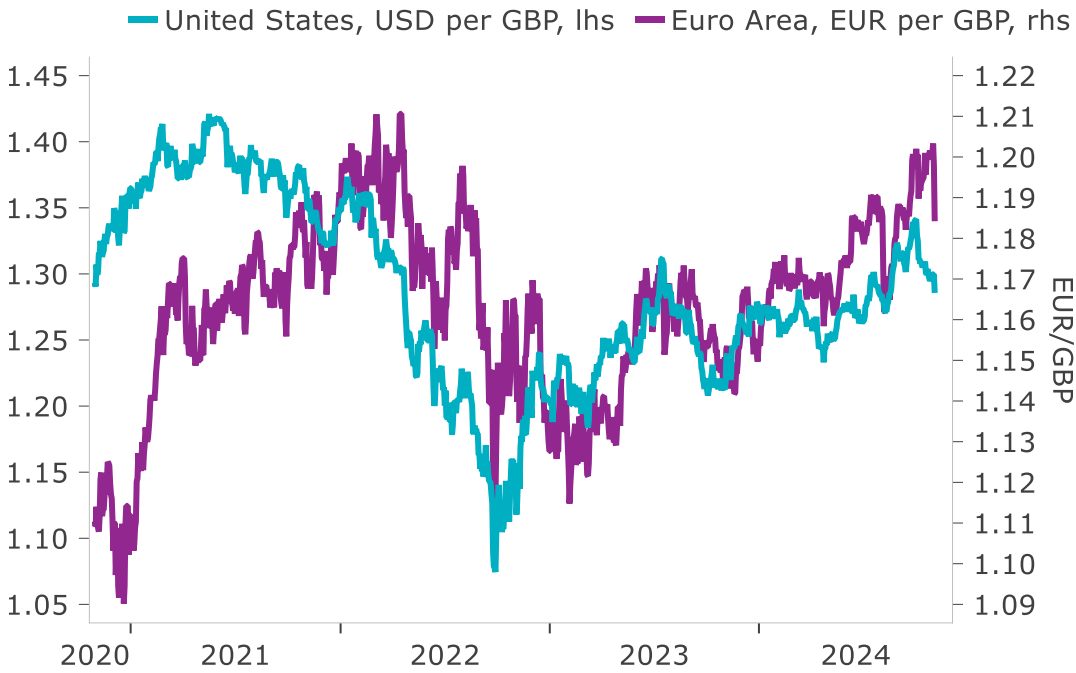
IMPACTS FROM CURRENCY DEPRECIATION

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.

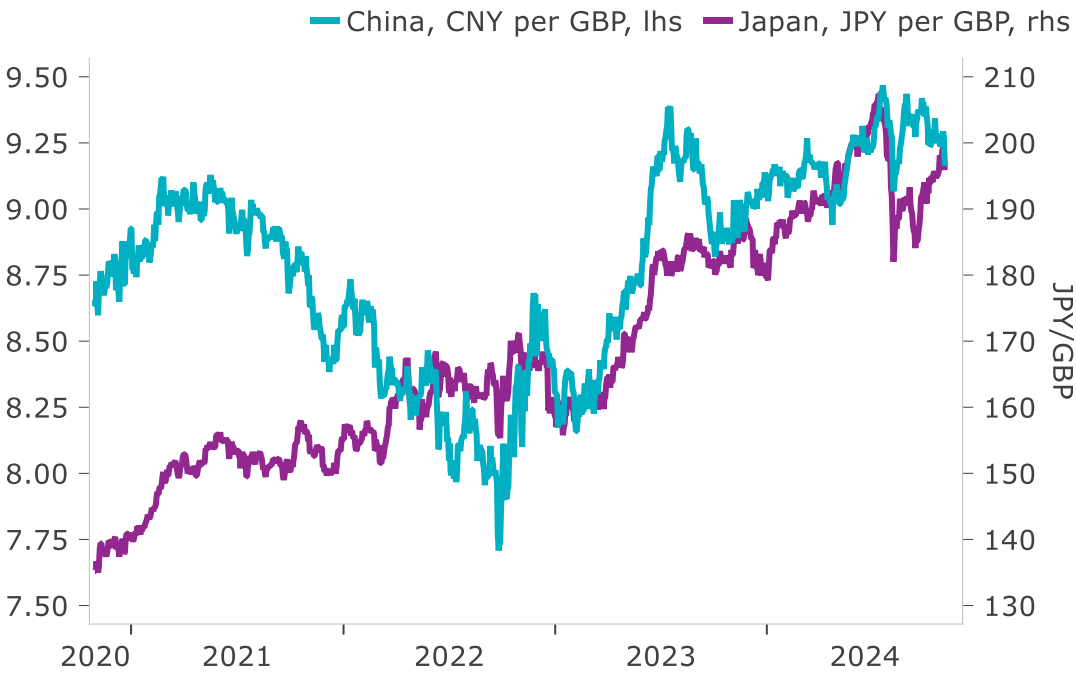
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 OCTOBER

USD TO GBP, YOY

7.2%

Sterling appreciation in relation to the USD , YoY.



EURO TO GBP, YOY

3.9%

Sterling appreciation in relation to the Euro, YoY.



Sterling was higher on the year in October 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

	2024			2025		
	City	BoE	OBR	City	BoE	OBR
GDP	1.0	1.3	1.1	1.3	1.0	2.0
Cons. Spending	0.6	0.5	0.4	1.3	1.5	1.7
CPI (Q4)	2.6	2.8	2.5	2.1	2.3	2.6
Avg Earnings	4.8	5.0	4.7	3.6	3.0	3.6
Bank Rate (Q4)	4.7	4.9	4.8	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) August 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

1.0%



Down from the previous projection of 1.1%.

Avg. Earnings 2024

4.8%



Unchanged from a previous projection of 4.8%.

The consensus City forecast for 2024 growth in October was 1.0%

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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.

AUTHOR



HARVIR DHILLON
ECONOMIST

EDITOR



KRIS HAMER
DIRECTOR OF INSIGHT

CONTACT & DISCLAIMER

BRITISH RETAIL CONSORTIUM
+44 (0) 207 854 8900
insight@brc.org.uk

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