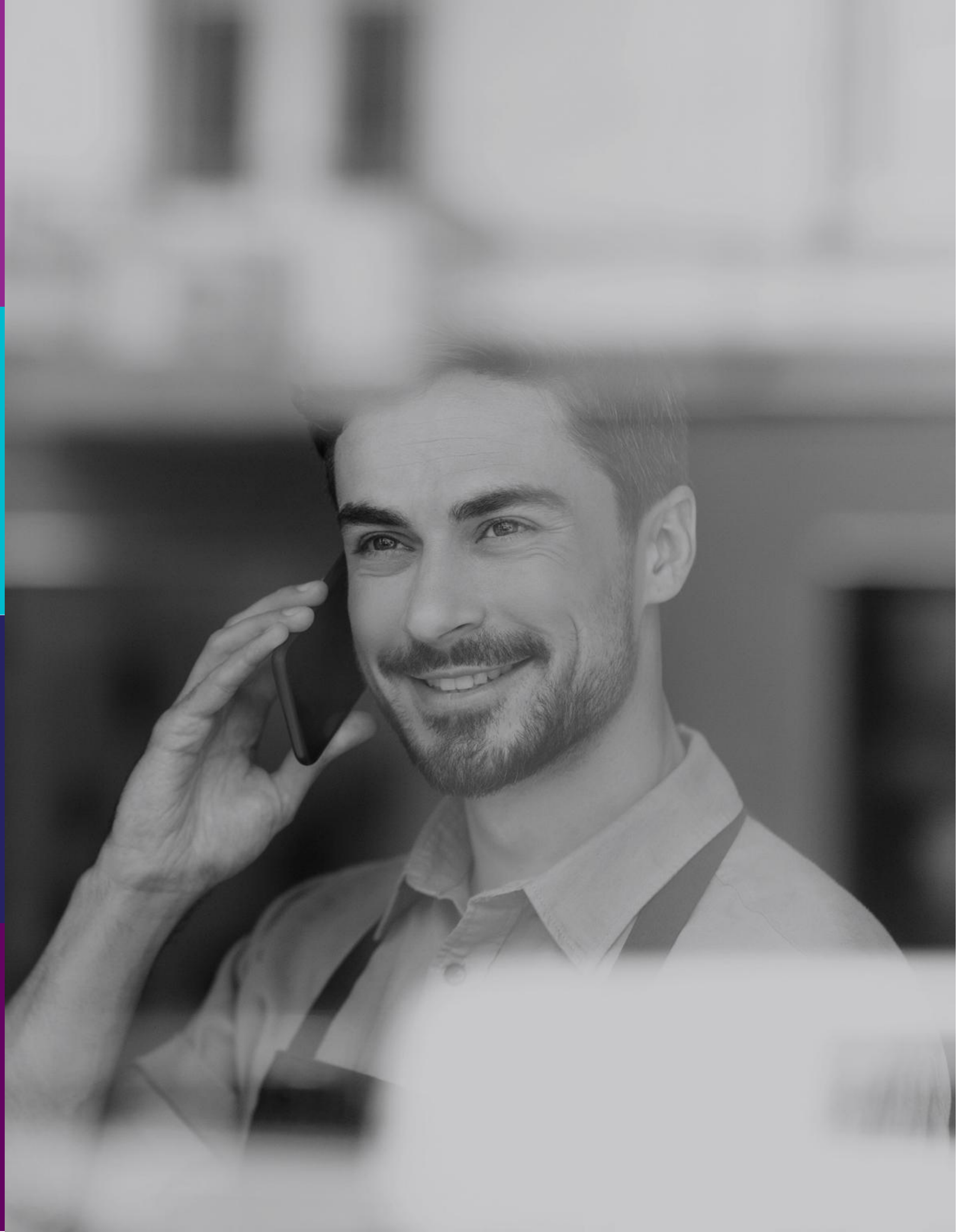
ECONOMIC MONITOR

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

July 2026



EXEC SUMMARY 3

UK ECONOMY 4

Page 1
Page 2

WORLD ECONOMY 6

RETAIL SALES 7

BRC
ONS
ONS Tables
CBI Trades Survey

CONSUMER CONFIDENCE 11

INFLATION 12

LABOUR MARKET 13

UK Employment
Earnings

CREDIT 15

EXCHANGE RATES 16

FORECASTS 17

EXECUTIVE SUMMARY

Consumer spending has proved resilient so far, but a building energy squeeze threatens to test it in the second half

The situation in the Middle East remains fragile, with the memorandum of understanding between the US and Iran now ostensibly over. Brent crude slipped below its pre-conflict level at the start of this week before recovering to around $76 per barrel, and natural gas has edged up, though both remain below last month's levels. As a net energy importer, the UK is directly exposed to these shifts.

For now, the near-term outlook for inflation has improved, though continued volatility keeps alive the risk that it remains above 3% into 2027. Cheaper fuel at the pump is already pulling the headline rate down, but rising natural gas prices will work in the other direction and feed through to household bills. Food inflation looks set to climb further, yet a return to the high single digits now looks unlikely, with a figure closer to 6% by the year's end the more probable outcome.

The labour market remains weak, with hiring demand at its lowest since 2014, and firms are likely to defer recruitment while uncertainty persists. The flip side is that the prospects for real incomes have improved, even if they are set to stay broadly flat as nominal wage growth eases. With businesses holding less pricing power and workers less bargaining power than in 2023, this slack should stop the energy shock from spreading into broader, more persistent inflation.

Consumer sentiment took an initial knock but has recovered over recent months, and although households say they feel worse off, spending has held up. Non-food sales have trended steadily higher through the year, while food sales have been broadly flat. But with real incomes flat and the energy squeeze building, that resilience will be tested through the second half.

GDP Growth

0.6%

% change – QoQ, Q1 2026

Up from 0.1% in Q4 2025

CPI Inflation

2.8%

% change - YOY May

Unchanged from 2.8% in April

Unemployment

4.9%

April

Down from 5.0% in March

Wage Growth

3.4%

% change – YOY April

Unchanged from 3.4% in March

Retail Sales

3.7%

% change - YOY May

Up from -3.0% in April

BRC Consumer Sentiment

-48

Net Balance - June

Up from -53 in May

UK ECONOMY

GDP GROWTH LIKELY TO BE UNDER PRESSURE AHEAD

Economic Growth

Monthly GDP grew 0.7% in the three months to April, compared with growth of 0.6% in the three months to March.

- Services activity grew by 0.8%, and the largest upward contributor was information and communication. The biggest downward contributor was administrative and support service activities.
- Consumer-facing services grew 0.6%, and accommodation provided the biggest upward contribution. Sports activities provided the biggest negative contribution.

Quarterly GDP Data

Looking at the most recent quarterly figures, the economy grew 0.6% over the first quarter of 2026, up from 0.1% in the final quarter of 2025.

- **Services output** grew 0.8% and the biggest contribution came from wholesale and retail trade.
- Production output increased by 0.2%, driven by growth in electricity, gas, steam and air conditioning supply.
- Construction output increased by 0.2%, driven by rising private residential repair and maintenance works.
- On the expenditure side, **household consumption** provided the second biggest contribution to headline GDP and grew by 0.6% in real terms.
- **Business investment** increased by 0.9% on the quarter, although remains 1.3% lower than the same quarter in the previous year.

Prices

The **Consumer Price Index** annual rate was unchanged at 2.8% in May. Of the headline rate, 0.3% emanates from food, 0.6% from restaurants and hotels, and 0.2% from recreation and culture. Housing and energy costs added 0.2% to the headline figure and transport costs added 1.0%. Fuel prices fell for both petrol and diesel in June, and petrol averaged £1.55 per litre and diesel £1.76.

Business input costs within the domestic supply chain – based on the PPI series – increased dramatically (8.7% in the year to May) following the spike in oil prices. Output prices witnessed slightly lower (albeit still higher vs the month preceding month) inflation of 4.0%, year-on-year. The largest upward contributor for inputs was inputs of crude oil, as well as for the largest upward contributor for outputs.

Monetary Policy

The Bank of England, in June, maintained the Bank Rate at 3.75%. Latest projections have downgraded GDP growth for 2026 to 0.8% (scenario average, from 1.2% previously). While growth may inch up to 0.9% in 2027 and 1.7% in 2028. Consumption is expected to decline in the near term, but it will remain more resilient than real incomes as households reduce their saving ratio, which stood at 9.9% in late 2025, to maintain their standard of living.

Inflation dropped to 2.8%, delaying the expected return to the 2% target. While government freezes on rail fares and green levies offered some downward pressure, the Middle East conflict has forced the Bank into three distinct scenarios. Consequently, the MPC remains focused on ensuring high inflation expectations do not become embedded, particularly if persistent second-round effects push inflation above 6% by 2027 under their more severe scenario.

Projections for 2026 UK GDP Growth	Bank of England (Apr Forecast)	IMF (Apr Forecast)	Office for Budget Responsibility (Mar Forecast)
	0.8%	0.8%	1.1%

UK ECONOMY

UNEMPLOYMENT TO PICK UP, HIRING DEMAND EXPECTED TO REMAIN WEAK

Purchasing Managers' Index

UK private sector output contracted for a second consecutive month in June, with the flash S&P Global Composite PMI slipping to 49.4 (May: 49.7), a 14-month low. A sharper services downturn, the joint-steepest since early 2021, outweighed a temporary manufacturing boost from stock-building linked to tariff front-running. New orders fell at their fastest pace in 14 months, and employment dropped for a twenty-first straight month as backlogs thinned. Input cost inflation eased slightly but stayed elevated, driven by energy, IT hardware and shipping costs, with businesses citing Middle East tensions and domestic policy uncertainty as key headwinds.

Labour Market

The ONS' most recent (unaccredited) Labour Force Survey (LFS) statistics estimate the **unemployment rate** (in the three months to March) decreased to 4.9%, 0.3 percentage points lower on the previous quarter. The **economic inactivity** rate remains elevated. This remains above pre-pandemic norms, and picked up in the most recent period to 21.0% as more individuals stopped actively seeking work. The job vacancy figures additionally suggest labour demand remains subdued.

Job vacancies fell to 707,000 in the three months to May, decreasing by 31,000 over the past year, their lowest since 2014 (outside of Covid). Vacancies are below pre-Covid levels in 11 of 18 sectors, most notably wholesale and retail jobs. In absolute terms, the wholesale and retail sector accounts for the second largest number of vacancies, at 71,000, however this is a notable 45,000 below pre-pandemic levels.

Outlook

The memorandum of understanding between the US and Iran is now ostensibly over, and with commercial traffic through the Strait of Hormuz still thin, upward pressure on energy prices has not fully cleared. Brent crude briefly slipped below its pre-conflict level this week before recovering to around $76, and while pump prices have eased a little, natural gas has edged higher again.

Inflation held at 2.8% in May, with a fall in food inflation to 2.2% the main force keeping the headline rate in check. Utility bills face a step up when the Ofgem price cap rises in July, and the pass-through into food and goods is still working through. The near-term picture has improved with softer energy prices, yet continued volatility keeps alive the risk that inflation stays above 3% well into 2027.

Prices nonetheless remain well below the peaks following the onset of the Russia-Ukraine conflict, and the economy entered this shock with considerably more slack than it carried in 2022. That should contain second-round effects. Markets have priced in one rate rise before year-end, which remains unlikely to materialise. With the labour market continuing to loosen and consumer confidence fragile, Bank Rate is more likely to hold at 3.75% through the remainder of the year than not, with subdued hiring demand set to persist.

% year-on-year (unless otherwise specified)	2024	25	26(f)	27(f)	28(f)
Real GDP	1.1	1.4	0.8	0.9	1.7
Inflation	2.5	3.4	3.7	3.5	2.1
Unemployment (rate)	4.3	4.8	5.1	5.5	5.5
Interest (Bank Rate, *Q2)	4.9	4.0	3.8*	4.2*	4.0*
Average Weekly Earnings	5.6	4.5	3.3	3.6	3.3

Source: Bank of England, Monetary Policy Report (scenario averages, Apr 2026)

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

Projections for 2026
UK GDP Growth

Bank of England (Apr Forecast)	IMF (Apr Forecast)	Office for Budget Responsibility (Mar Forecast)
0.8%	0.8%	1.1%

WORLD ECONOMY

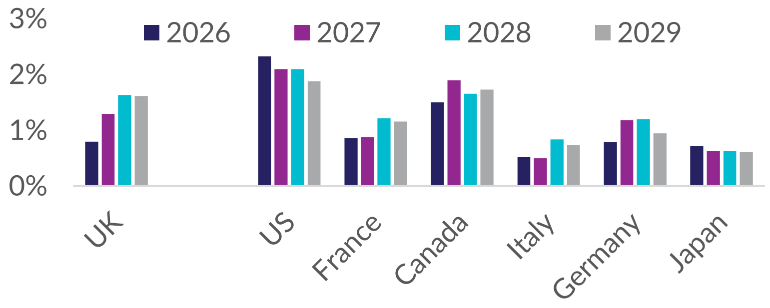
SECOND ENERGY PRICE SHOCK UNDERWAY, U.S. GLOBAL TARIFF REGIME PERSISTS DESPITE LEGAL SETBACKS

A June ceasefire reopened the Strait of Hormuz and pulled prices back towards pre-conflict levels, but renewed US strikes on Iran and fresh attacks on shipping have unravelled that truce, leaving a lasting settlement far from certain. Energy prices have eased sharply from their peaks, though the latest escalation has revived the risk premium and the drag on global growth is becoming harder to avoid. Renewed inflationary pressure will keep rates higher for longer, weighing on private consumption.

On trade, the Supreme Court's invalidation of IEEPA-based tariffs has forced Washington to regroup. The 10% universal levy under Section 122 is temporary, due to lapse on 24 July and already contested by US states. In its place, the administration is pursuing Section 301 tariffs of 10% to 12.5% on 60 countries on forced labour grounds, with the UK in scope at 10%. The EU deal capping most exports at 15% took effect on 1 July, but disputes over metals and tech leave the relationship far from settled.

The U.S. economy cooled sharply at the end of 2025. Real GDP rose by 2.1% (year-on-year) in Q1 2026, up from 0.5% in Q4 2025, with growth supported by investment, exports, consumer and government spending but partially offset by increases in imports.

GDP GROWTH, IMF APR FORECASTS



The Eurozone economy slowed notably in Q1 2026, growing 0.8% (on an annual basis), slightly down from 1.3% in Q4 2025. Germany's economy grew 0.3% (down from 0.4% in Q4 2025). France's GDP grew 1.1% (down from 1.3%), Italy's by 0.7% (down from 0.9%), and Spain's by 2.7% (up from 2.6%).

Eurozone private sector output edged closer to stabilisation in June, with the flash Composite PMI rising to 49.5 (May: 48.5), a three-month high. The downturn eased as services losses moderated to their slowest pace in three months, even as manufacturing growth cooled slightly on fading stock-building.

New orders fell for a fourth straight month, albeit marginally, while employment losses neared stabilisation. Encouragingly, input cost inflation slowed to its weakest since February, thanks largely to softer energy prices, and business confidence ticked higher for a second month, though it remained below pre-conflict levels amid lingering geopolitical uncertainty.

US inflation has picked up over the past few months following a strong rise in fuel prices. The CPI rose 4.2% (year-on-year) in May (up from 3.8% in April). The Federal Reserve, at its June 2026 meeting, held the federal funds target range at 3.5%–3.75%, signalling continued data-dependence as it balances inflation against the outlook for the labour market.

The European Central Bank increased its interest rate to 2.25%. The prospect of sustained inflationary pressures prompted the central bank to tighten monetary policy in response. The inflation rate was 2.8% in the 12 months to June. Energy prices were 8.7% higher on the year, food, alcohol and tobacco prices 1.6% higher, and the cost of non-energy industrial goods increased 0.9%.

2026 Projected Growth IMF (Apr 26)	UK	US	FRANCE	GERMANY	JAPAN
	0.8%	2.3%	0.9%	0.8%	0.7%

RETAIL SALES - BRC

MAY SALES HEAT UP

"May was a month of extremes. Extreme temperatures and some extreme sales. The heatwave in the second half of May, especially the last week, drove Summer related sales across a range of categories, and shifted many Non-Food sales from stores to online. The beneficiaries included Food, electric fans, refrigerators, paddling pools, bedding, clothing and Summer footwear.

Some retailers sold through huge Summer stocks of electric fans, predominantly own label stock, in a little over a week. This buying behaviour suggests that consumers, even very hot consumers, were looking for value. This aligns with the weak consumer confidence that we have been seeing for months. It also points to many consumers making reactive purchases, once the weather was hot. The supply chain issues these sales patterns can cause are yet more challenges that UK retailers must navigate."

DATA & CHARTS

Fig 1- BRC Retail and online performance

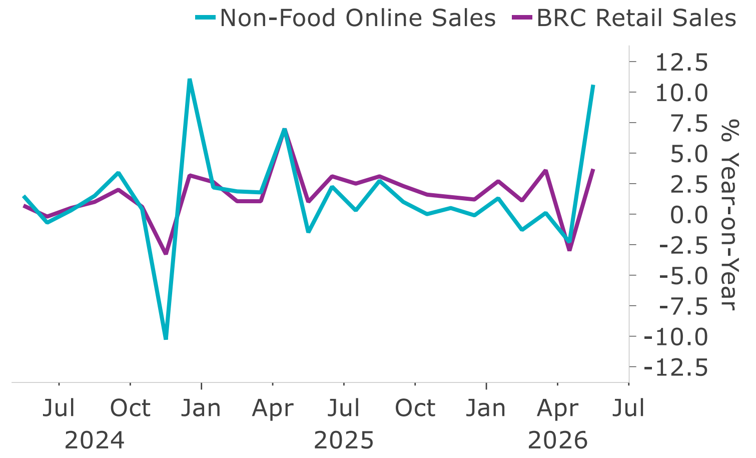
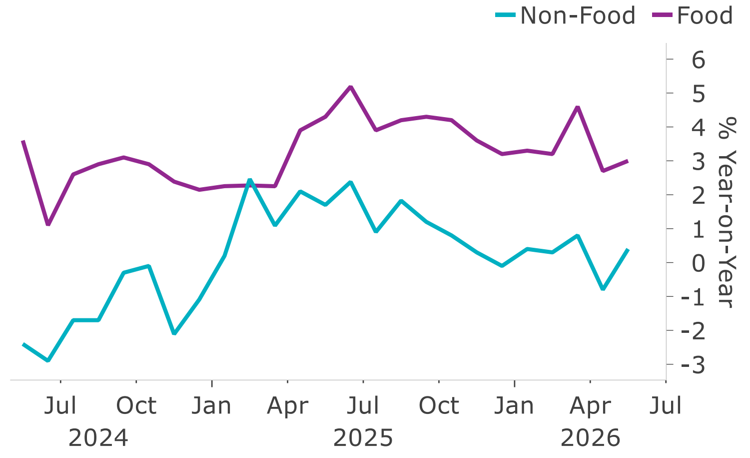


Fig 2- BRC Retail Sales category performance



Summary May (Year-on-Year)

Retail Sales
+3.7%↑
Up from -3.0% in April

Online Non-Food Sales
+10.6%↑
Up from -2.3% in April

First heatwave entices shopper spend

RETAIL SALES - ONS

VOLUMES RISE ON THE MONTH

UK retail sales volumes rose by 1.2% in May, following an upwardly revised 1.0% fall in April and a (revised) 0.7% increase in March. In broader terms, sales volumes rose by 0.4% in the three months leading up to May, when compared to the preceding three months.

Food store sales decreased by 0.4% on the month, following a 1.0% rise in the preceding month.

- Food store volumes decreased in May, with a sharp pullback in independent food shops.

Non-food store sales increased 1.1% on the month, following a 0.5% decrease in the preceding month.

- Volumes rose in household goods stores as well as department & variety stores. Clothing and footwear also increased, albeit more marginally.
- Elsewhere, sales also fell in other stores, but soared for non-store (pureplay) retailers.
- Automotive fuel sales volumes increased by 0.3%.

The proportion of retail sales conducted online (seasonally adjusted) was 28.8% in May, up from 28.1% in April. Online sales remain well above pre-pandemic norms of 19.7% (Feb 2020).

DATA & CHARTS

Fig 1- Retail sales volumes vs retail sale value

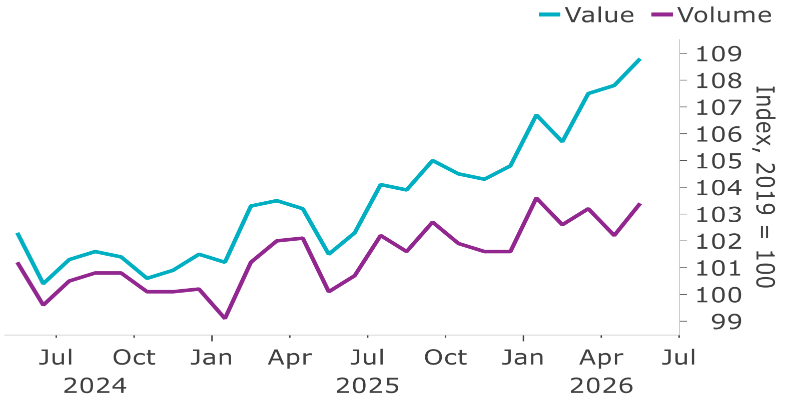
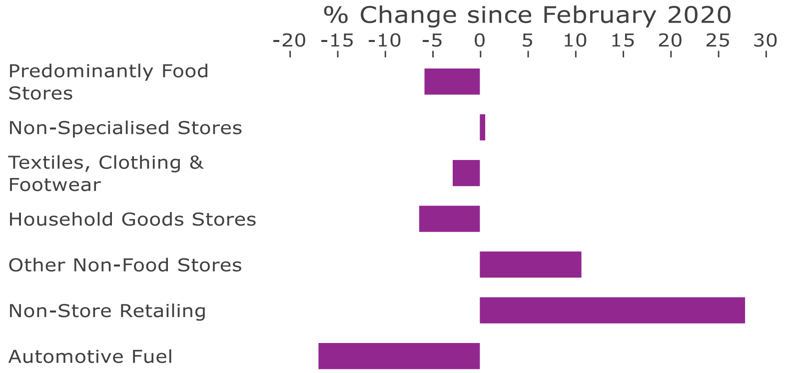


Fig 2- Retail sales category volumes



Summary May (Month-on-Month)

Retail Sales
1.2% ↑
Up from -1.0% in April

Online Sales
3.4% ↑
Up from -4.3% in April

Sales volumes pick up

RETAIL SALES – ONS TABLES

ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Mar-26	5.6	3.6
Apr-26	1.3	-3.0
May-26	6.7	3.7

ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	H Hold goods	Oth. Non-food	Non-store retailing
May-25	0.1	2.1	3.1	-4.8	-1.8	0.4	-3.0
Jun	3.4	4.8	9.2	-0.3	1.4	0.0	3.9
Jul	3.4	4.8	0.4	3.5	3.5	0.2	4.1
Aug	3.2	2.3	5.0	2.6	3.0	1.3	8.2
Sep	4.5	4.6	4.5	6.5	2.0	0.5	8.5
Oct	5.1	5.4	1.6	5.6	6.2	4.4	5.9
Nov	6.5	5.6	9.8	10.8	9.5	0.0	8.5
Dec	0.3	2.8	-3.8	1.6	-3.6	-4.4	2.3
Jan	7.2	5.1	0.0	8.2	4.8	10.2	15.5
Feb	3.5	3.0	1.0	3.5	-4.4	6.0	8.2
Mar	5.6	6.0	4.9	5.0	2.1	3.4	9.7
Apr	1.3	-1.5	-2.0	0.4	1.3	7.1	6.8
May-26	6.7	3.8	7.1	6.5	8.7	7.1	14.0

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	RSM Sales % YoY
Mar-26	6.0	4.5
Apr-26	-0.7	8.0
May-26	5.4	10.8

ONS SALES GROWTH – VOLUME TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Household goods	Oth. nonfood	Non-store retailing
May-25	-2.2	-1.7	-4.2	-4.5	-3.9	-0.5	-1.2
Jun	1.0	1.1	1.7	2.3	2.1	-1.6	1.4
Jul	1.5	2.3	-1.6	3.2	0.7	0.0	1.8
Aug	0.0	-1.6	2.9	0.1	0.4	1.3	1.4
Sep	1.0	0.4	0.2	3.8	0.5	1.0	1.4
Oct	-0.7	-0.6	-2.0	-2.6	2.6	1.8	-2.8
Nov	-0.6	-0.2	1.6	1.4	0.8	-2.1	-3.4
Dec	0.0	-0.1	-1.6	-2.1	-3.7	0.6	4.6
Jan	2.1	1.2	0.5	1.4	3.7	5.5	1.7
Feb	-1.0	-0.8	1.0	-1.1	-3.3	-1.1	-1.0
Mar	0.1	-0.9	1.3	1.2	1.9	-0.4	1.0
Apr	-0.1	1.0	-0.3	-2.1	-0.4	0.7	-2.4
May-26	1.2	-0.4	2.5	0.3	3.2	-0.1	6.1

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
May-25	£9.0bn	£2.4bn	-1.8	26.1
Jun	£9.0bn	£2.4bn	4.3	26.5
Jul	£9.3bn	£2.5bn	2.7	26.7
Aug	£9.0bn	£2.3bn	5.3	26.1
Sep	£9.0bn	£2.5bn	5.4	27.2
Oct	£9.5bn	£2.7bn	5.8	27.9
Nov	£10.6bn	£3.4bn	13.6	32.3
Dec	£11.2bn	£3.3bn	1.8	29.5
Jan	£8.7bn	£2.5bn	13.1	28.3
Feb	£8.8bn	£2.4bn	8.9	27.3
Mar	£9.3bn	£2.6bn	11.5	28.1
Apr	£9.3bn	£2.5bn	5.3	27.3
May-26	£9.6bn	£2.7bn	12.6	27.6

Summary May (Year-on-Year)

ONS Sales

+6.7%↑

Up from 1.3% in April.

Large Retailers

+5.4%↑

Up from -0.7% in April.

Strong monthly increase in household goods sales

CBI TRADES SURVEY

CBI COMMENTARY

"Retail sales volumes were judged to be below seasonal norms in June, to the greatest extent since January 2024. Over the year to June, sales volumes fell at a sharper rate, while online sales were reported to be flat. Retailers highlighted gloomy sentiment and rising cost pressures as some of the key factors depressing activity.

Looking ahead, retailers anticipate that sales volumes will be "poor" for the time of year in July, though to a slightly lesser degree. Annual sales volumes are expected to decline at a somewhat slower rate, while online sales are set to recover at a strong pace.

Retail order volumes placed upon suppliers declined at a slower pace in the year to June. Stock volumes relative to expected sales softened in June and are now broadly in line with the long-run average. Next month, retailers expect to cut back on orders at a slightly quicker rate, while stock positions are set to hold steady."

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Jul-25	-34	-49
Aug	-32	-31
Sep	-29	-16
Oct	-27	-36
Nov	-32	-39
Dec	-44	-24
Jan	-17	-57
Feb	-43	-30
Mar	-52	-17
Apr	-68	-49
May	-46	-60
Jun	-54	-36
Jul-26		-45

Summary June

CBI Balance
-54 ↓
Down from -46 in May

CBI Expected (July)
-45 ↓
Down from -36 in June

Retail sales slump deepens in June

CONSUMER CONFIDENCE

GfK CONSUMER CONFIDENCE

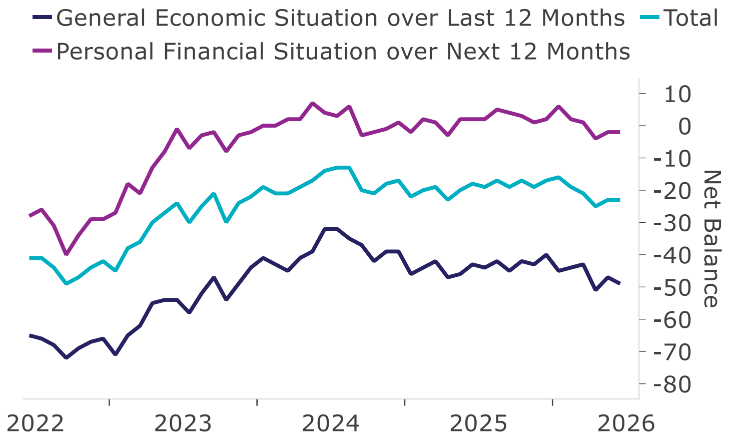
"Consumer confidence remains unchanged in June at -23. Views on personal finances going forward are flat at -2, and the backwards-looking measures of personal finances and the economy are both slightly down, reflecting the sense that things have been extremely tough over the last year for so many. The only value to increase is for the wider economy in the next 12 months, up two points from -38 to -36. The lack of movement in the headline figure is misleading as, beneath the surface, there are new signs that confidence is weakening.

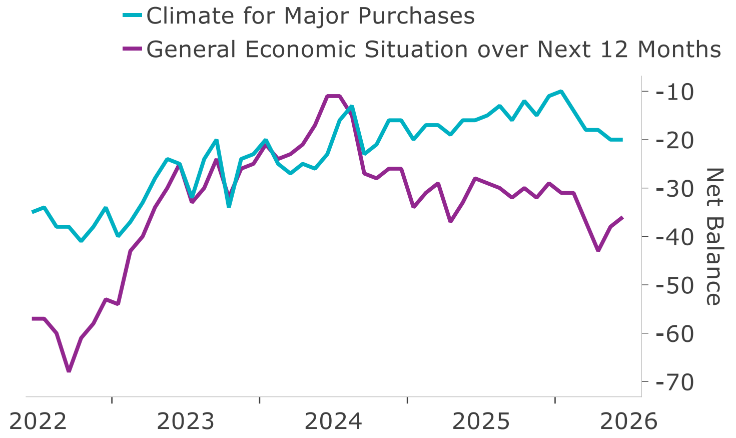
The biggest fall this month is among those aged 16 to 29, traditionally one of the most optimistic groups. Here confidence has dropped 11 points over the past month to -2, the lowest level seen for two years, driven by large falls in views on both their own personal finances and the wider economy. More broadly, there are now no demographic groups with a positive confidence score, including higher-income households earning £50,000 or more, who have slipped back into negative territory as of June. Confidence remains subdued and vulnerable to further economic or political uncertainty."

NET BALANCES BY MEASURE

	Headline Index (Total)	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Jun-25	-18	-16	-7	2	-43	-28
Jul	-19	-15	-7	2	-44	-29
Aug	-17	-13	-4	5	-42	-30
Sep	-19	-16	-7	4	-45	-32
Oct	-17	-12	-5	3	-42	-30
Nov	-19	-15	-7	1	-43	-32
Dec	-17	-11	-6	2	-40	-29
Jan	-16	-10	-3	6	-45	-31
Feb	-19	-14	-7	2	-44	-31
Mar	-21	-18	-7	1	-43	-37
Apr	-25	-18	-11	-4	-51	-43
May	-23	-20	-7	-2	-47	-38
Jun-26	-23	-20	-10	-2	-49	-36

LONG-TERM TRENDS





Source: GFK Consumer Confidence Index

Summary June (Net Balance)

Headline GFK Confidence
-23-
Unchanged from -23 in May

Major Purchases Confidence
-20-
Unchanged from -20 in May

Sentiment unchanged

INFLATION

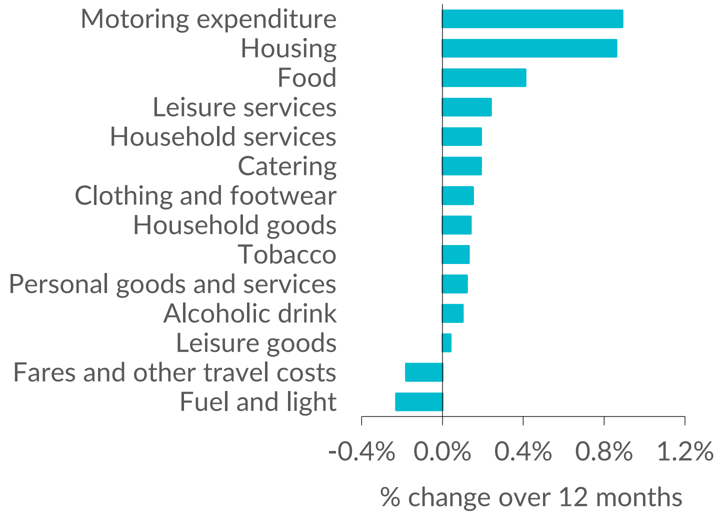
HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
May-25	3.4	4.3	4.1
Jun	3.6	4.4	4.3
Jul	3.8	4.8	4.7
Aug	3.8	4.6	4.4
Sep	3.8	4.5	4.4
Oct	3.6	4.3	4.2
Nov	3.2	3.8	3.7
Dec	3.4	4.2	4.1
Jan	3.0	3.8	3.7
Feb	3.0	3.6	3.5
Mar	3.3	4.1	4.0
Apr	2.8	3.0	3.0
May-26	2.8	3.1	3.0

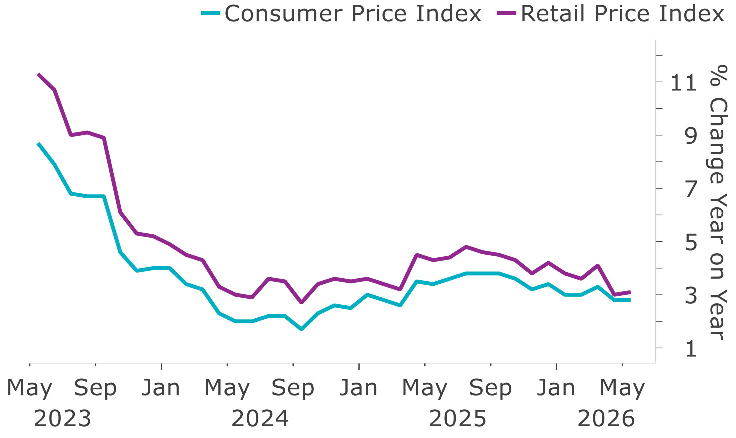
CPI: SUB-CATEGORIES, %, YOY

Month	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
May-25	4.4	-0.3	7.7	0.8	0.7	2.8
Jun	4.5	0.5	7.5	0.9	1.7	2.6
Jul	4.9	0.3	7.4	0.7	3.2	3.4
Aug	5.1	0.2	7.4	0.8	2.4	3.8
Sep	4.5	0.5	7.3	0.4	3.8	3.9
Oct	4.9	0.3	5.2	0.3	3.8	3.8
Nov	4.2	-0.6	5.1	-0.3	3.7	3.5
Dec	4.5	0.0	4.9	-0.6	4.0	3.8
Jan	3.6	0.0	4.5	-0.5	2.7	4.1
Feb	3.3	0.9	4.6	0.1	2.4	4.0
Mar	3.7	-0.8	5.3	-0.4	4.7	4.0
Apr	3.0	0.7	1.4	0.5	4.5	4.4
May-26	2.2	0.2	1.2	-0.1	6.8	4.2

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



Summary May (Year-on-Year)

CPI
+2.8%-
Unchanged from 2.8% in April

CPI Food
+2.2%
Down from 3.0% in April

Food inflation surprises to the downside

LABOUR MARKET

UK EMPLOYMENT

In the three months to April 2026:

- The UK employment rate was estimated at 75.0%, unchanged when compared to the previous three-month period, and 1.4 percentage points lower than before the coronavirus pandemic (Dec 2019 to Feb 2020).
- The UK unemployment rate was estimated at 5.0%, down 0.3 percentage points compared to the previous three-month period (November to January), and 0.9 percentage points above pre-Covid levels.
- The UK economic inactivity rate was estimated at 21.0%, up 0.3 percentage points on the previous quarter, and 0.7 percentage points higher than before the coronavirus pandemic.
- According to the latest HMRC Pay As You Earn figures for May 2026, there were 30.254 million payrolled employees, 0.4% lower (or a decline of 118,990 employees) compared to the previous year.

LABOUR FORCE SURVEY

Month	Claimant Count (mills)	Claimant Count (% rate)	Unemployment (Mills)	Unemployment (% rate)
May-25	1,691	4.4	1,673	4.7
Jun	1,697	4.4	1,672	4.7
Jul	1,669	4.3	1,674	4.7
Aug	1,664	4.3	1,737	4.8
Sep	1,657	4.3	1,789	5.0
Oct	1,650	4.3	1,832	5.1
Nov	1,636	4.3	1,840	5.1
Dec	1,626	4.2	1,883	5.2
Jan	1,635	4.3	1,869	5.2
Feb	1,685	4.4	1,780	4.9
Mar	1,693	4.4	1,806	5.0
Apr	1,678	4.4	1,764	4.9
May-26	1,709	4.5	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Month	Total (000s)	Full-time (000s)	Part-time (000s)
Apr-25	34,011	25,479	8,532
May	34,130	25,547	8,583
Jun	34,214	25,624	8,590
Jul	34,243	25,633	8,610
Aug	34,221	25,563	8,658
Sep	34,192	25,567	8,625
Oct	34,226	25,584	8,642
Nov	34,303	25,537	8,766
Dec	34,244	25,499	8,745
Jan	34,310	25,523	8,787
Feb	34,328	25,584	8,743
Mar	34,392	25,642	8,750
Apr-26	34,410	25,654	8,755

Source: ONS

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 April 2026, as the Office for National Statistics continues to have quality concerns regarding an earlier transition (see more information here).*

Summary April

Unemployment Rate
4.9%↓
Down from 5.0% in March

Total Employment Rate
75.0%-
Unchanged from 75.0% in March

Unemployment decreases to 4.9%

LABOUR MARKET

EARNINGS

Between February and April (compared to a year ago):

- Regular pay was estimated to have increased by 3.4% in nominal terms and increased by 0.1% in real terms.
- Total pay was estimated to have increased by 4.4% in nominal terms and increased by 1.2% in real terms.

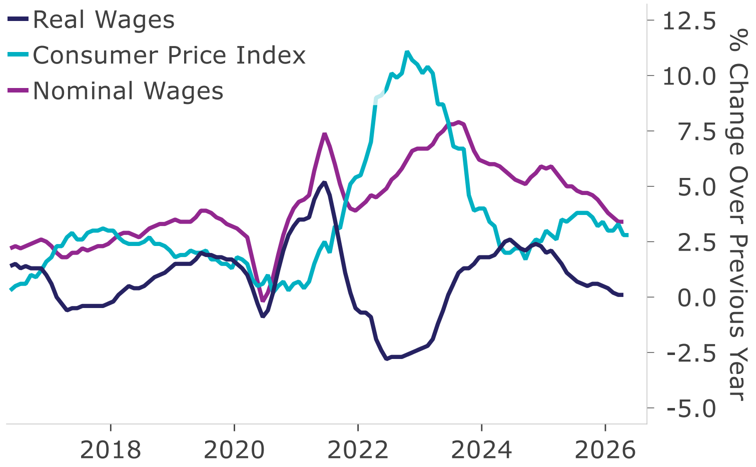
Between February and April (compared to a year ago):

- **Average regular pay (excluding bonuses)** was estimated at £698 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£674 per week) and £494 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£492 per week).
- **Average total pay (including bonuses)** was estimated at £753 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£720 per week) and £535 per week in real terms (constant 2015 prices), up from the estimate for a year earlier (£527 per week).

AVERAGE WEEKLY EARNINGS GROWTH

Month	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
May-25	5.0	3.4	1.1
Jun	5.0	3.6	0.9
Jul	4.8	3.8	0.7
Aug	4.7	3.8	0.6
Sep	4.7	3.8	0.5
Oct	4.6	3.6	0.6
Nov	4.4	3.2	0.6
Dec	4.1	3.4	0.5
Jan	3.8	3.0	0.4
Feb	3.6	3.0	0.2
Mar	3.4	3.3	0.1
Apr	3.4	2.8	0.1
May-26		2.8	

LONG TERM EARNINGS SERIES



Summary April (Year-on-Year)

Regular pay growth
+3.4%-
Unchanged from 3.4% in March

Total pay growth
+4.4%-
Unchanged from 4.4% in March

Real wage growth set to plateau

CREDIT

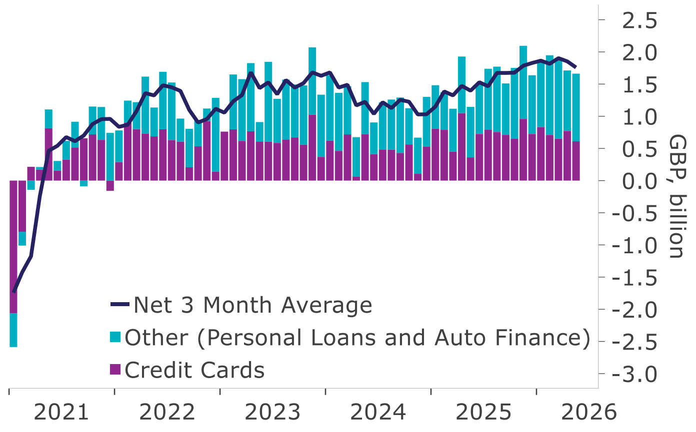
MONEY, CREDIT & INSOLVENCIES

- Consumers in April borrowed an additional £1.7 billion in consumer credit, in net terms, of which borrowing was £1.1 billion in personal/auto loans and £0.6 billion of which was borrowing on credit cards.
- Individuals borrowed £2.9 billion in mortgage debt in May, compared to £4.4 billion of net borrowing in April. Mortgage approvals for house purchases decreased to 56,205, from 66,034 in April.
- Sterling money (known as M4ex) net inflows were £11.0 billion in May, compared with £9.2 billion of net outflows in the preceding month. Households, in net terms, deposited £5.4 billion at banks and building societies, compared with £5.7 billion of deposits in the preceding month.
- There were 474 retail insolvencies in Great Britain in Q1 2026, up from 473 in Q4 2025. In 2025, there were 2,069 insolvencies, 2.5% higher compared to the 2,018 figure in 2024.
- There were 11 retail CVAs in England and Wales in 2025. 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

Month	Consumer Credit monthly changes (bn)	Credit Cards monthly changes (bn)	Other Loans and Advances monthly changes (bn)
May-25	£1.1bn	£0.4bn	£0.8bn
Jun	£1.5bn	£0.7bn	£0.8bn
Jul	£1.7bn	£0.8bn	£0.9bn
Aug	£1.8bn	£0.8bn	£1.0bn
Sep	£1.5bn	£0.7bn	£0.8bn
Oct	£1.8bn	£0.6bn	£1.1bn
Nov	£2.1bn	£1.0bn	£1.1bn
Dec	£1.6bn	£0.7bn	£0.9bn
Jan	£1.9bn	£0.8bn	£1.0bn
Feb	£1.9bn	£0.7bn	£1.2bn
Mar	£1.9bn	£0.7bn	£1.2bn
Apr	£1.7bn	£0.8bn	£0.9bn
May-26	£1.7bn	£0.6bn	£1.1bn

CONSUMER CREDIT



Source: Bank of England

Summary May

Net consumer credit

£1.7bn-

Unchanged from £1.7 billion in April

Net credit card lending

£0.6bn↓

Down from £0.8 billion in April.

The effective rate on new personal loans increased to 9.66% and increased on credit cards to 21.45%

EXCHANGE RATES

DOLLAR, EURO, YUAN, YEN

Month	US dollar ($) per pound sterling (£)	Euro (€) per pound sterling (£)	Chinese Yuan (¥) per pound sterling (£)	Japanese Yen (¥) per pound sterling (£)
Jun-25	1.36	1.18	9.74	196.15
Jul	1.35	1.16	9.68	198.41
Aug	1.35	1.16	9.65	198.40
Sep	1.35	1.15	9.62	199.65
Oct	1.34	1.15	9.52	202.15
Nov	1.31	1.14	9.34	203.87
Dec	1.34	1.14	9.43	208.75
Jan	1.35	1.15	9.42	211.92
Feb	1.36	1.15	9.37	210.53
Mar	1.33	1.15	9.20	211.63
Apr	1.35	1.15	9.20	214.05
May	1.35	1.16	9.18	213.44
Jun-26	1.33	1.16	9.04	214.34

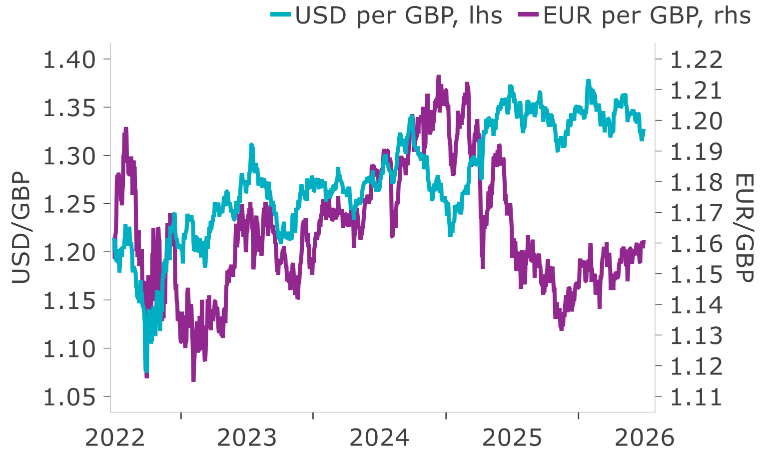
Impacts From Currency Depreciation

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.

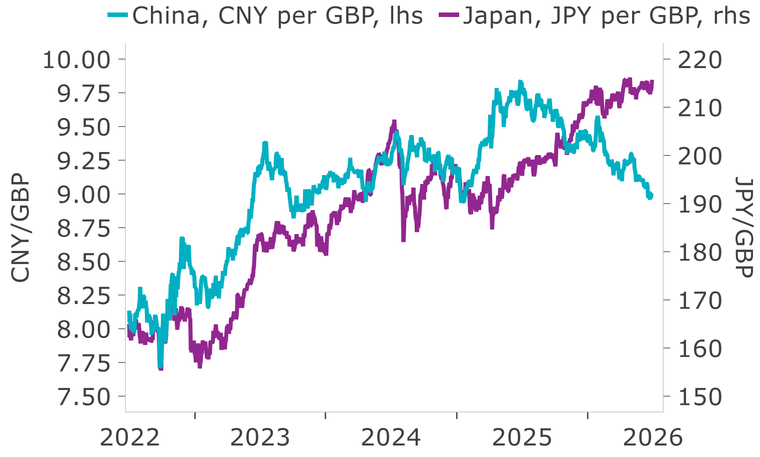
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 June (Year-on-Year)

USD TO GBP, YOY

-1.7% ↓

Sterling appreciation in relation to the USD.

EURO TO GBP, YOY

-1.6% ↓

Sterling depreciation in relation to the Euro.

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

FORECASTS

CONSENSUS FORECASTS FOR THE UK ECONOMY

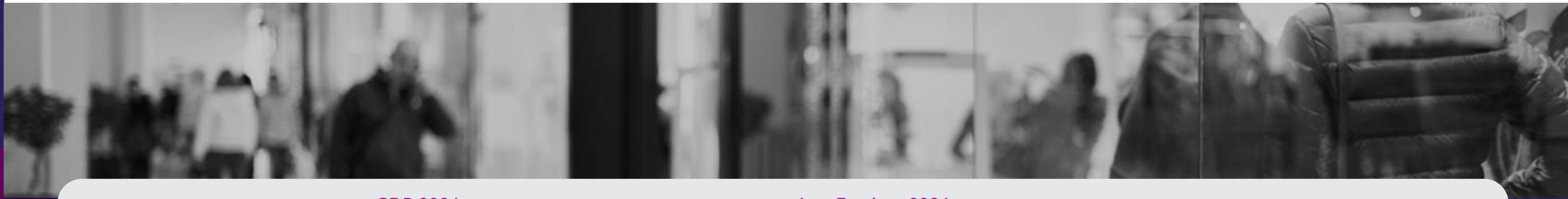
CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2026			2027		
	City	BOE	OBR	City	BOE	OBR
GDP	1.0	0.8	1.4	1.1	0.9	1.4
Cons. Spending	0.8	NA	0.8	1.0	NA	1.5
CPI (Q4)	3.6	3.7	1.9	2.1	3.5	1.9
Avg Earnings	3.0	3.3	3.4	3.1	3.6	2.4
Bank Rate (Q4)	3.8	3.8*	3.3	3.4	4.2*	3.5

Source: City average forecasts in HM Treasury's 'Forecasts for the UK Economy', the Bank of England's (BoE) Apr 2026 Monetary Policy Report (average of three scenarios) and the Office for Budget Responsibility's (OBR) Economic and fiscal outlook – Mar 2026 forecasts.

*BoE Bank rates represent as at Q2.

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



Summary Forecasts

GDP 2026
1.0%↑
Up from the previous projection of 0.9%.

Avg. Earnings 2026
3.0%↑
Up from the previous projection of 2.9%.

The consensus City forecast for 2026 growth in June was 1.0%

ABOUT US

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.

AUTHOR

Harvir Dhillon
Economist
E: Harvir.Dhillon@brc.org.uk

Contact

T: +44 (0)20 7854 8900 | E: market.intel@brc.org.uk

BRITISH RETAIL CONSORTIUM

The Form Rooms, 22 Tower Street, London WC2H 9NS
+44 (0)20 7854 8900 | info@brc.org.uk | brc.org.uk
British Retail Consortium – a company limited by guarantee Registered in England and Wales No. 405720

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