



# ECONOMIC MONITOR

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

January 2026





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## EXECUTIVE SUMMARY

### Inflation is heading down, but the labour market shows signs of fragility. Will consumers keep being cautious this year?

Following a Christmas interest rate cut, the prospects for the UK appear to be improving somewhat. A decline in inflation is expected to take place more rapidly than first thought, potentially heading below 3%, this quarter. This will push up on real earnings growth, bringing it closer to 1% growth, where more recently it has been plateauing. This should support consumer sentiment and spending power, over the course of this year.

However, consumers remained cautious, and this is reflected in an elevated savings ratio as well as a surge in deposits into Cash ISAs, in the run-up to the Budget. Whilst the Budget was not as impactful as feared, it did delay consumption and made shoppers even more price-conscious.

Indeed, our latest footfall figures suggest that footfall last month remained lower than a year ago, only picking up following post-Christmas sales.

Despite this, retail sales volumes are expected to have improved relative to a year ago, over the Golden Quarter. However, it is likely that this won't be enough to avoid stagnant overall GDP growth over the final quarter of 2025. Ahead, a pickup in growth is likely over the first half of 2026, however a deteriorating labour market may put the brakes on growth, especially if hiring remains weak. The prospect of a global slowdown due to tariffs remains in play, adding an additional headwind.

#### GDP Growth

# 0.1%

% change – QoQ, Q3 2025  
Down from 0.3% in Q2 2025

#### CPI Inflation

# 3.2%

% change - YOY November  
Down from 3.6% in October

#### Unemployment

# 5.1%

October  
Up from 5.0% in September

#### Wage Growth

# 4.6%

% change – YOY October  
Down from 4.7% in September

#### Retail Sales

# 1.4%

% change - YOY November  
Down from 1.6% in October

#### Consumer Sentiment

# -38

Net Balance - December  
Up from -44 in November



# UK ECONOMY

## GDP GROWTH SLOWING

### Economic Growth

**GDP** contracted 0.1% in the three months to October, compared with 0.1% expansion in the three months to September.

- Services activity was flat and the largest upward contributor was real estate activities as well as administrative and support activities. The biggest downward contributor was professional, scientific and technical activities.
- Consumer-facing services increased 0.2%, and retail trade provided the biggest upward contribution, followed by food and beverage activities. Other personal activities provided the biggest negative contribution.

Looking at the most recent quarterly figures, the economy slowed to 0.1% over the third quarter of 2025. **Relative to the pre-pandemic benchmark of Q4 2019, economic output is 5.3% above this level.**

- Services output** grew by 0.2%, and the biggest contribution came from arts, entertainment and recreation.
- Production output decreased by 0.5%, driven by a decline in the manufacture of transport equipment, particularly vehicles.
- Construction output grew by 0.1%, driven by heightening private residential repair and maintenance (extensions, repairs and refurbishments).
- On the expenditure side, gross fixed capital formation or investment provided the biggest contribution to headline GDP, and **household expenditure** grew by 0.2% in real terms.
- Business investment** decreased by 0.3% on the quarter and is 9.7% above its pre-Covid level.

### Prices

Inflation eased notably in November, and the **Consumer Price Index** annual rate fell to 3.2%, down from 3.6%. Of the headline rate, 0.5% emanates from food, 0.5% from restaurants and hotels, and 0.4% from recreation and culture. Housing and energy costs are pushing up on inflation, albeit now less so, adding 0.7% to the headline figure. Fuel prices rose for both petrol and diesel in December, and petrol averaged £1.36 per litre and diesel £1.46.

**Business input costs** within the domestic supply chain – based on the resumed PPI series – remained in slight inflation. Revisions have, however, pushed up producer inflation relative to previously published estimates, and prices have settled at significantly elevated levels, with inputs up 34.5% and outputs up 30.9% compared to February 2020.

### Monetary Policy

The Bank of England, in December, reduced **interest rates** to 3.75%. The latest forecasts have upgraded GDP growth over 2025 to 1.5% (up from 1.2%). Growth slows to 1.2% over 2026 and picks up to 1.6% in 2027; however, real incomes are set to ease to 0.7% in 2026, subdued in 2027, before picking up to 1% in 2028.

Inflation averaged 3.8% in Q3 2025 and is expected by the BoE to return to the 2% target in Q2 2027. Households will continue to feel the effects of higher mortgage repayments; however, with an estimated 3.9 million mortgages coming onto a higher rate over the next three years. On the flipside, 3 million mortgages will see their payments decrease.

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

Projections for 2026  
UK GDP Growth

Bank of England (Nov Forecast)

1.2%

IMF (Oct Forecast)

1.3%

Office for Budget Responsibility (Nov Forecast)

1.4%

# UK ECONOMY

## UNEMPLOYMENT ECLIPSES 5%

### Purchasing Managers' Index

UK private sector growth strengthened in December, with the flash S&P Global Composite PMI rising to 52.1 (Nov: 51.2), a two-month high. Services and manufacturing both saw faster output gains, supported by the sharpest rise in new business for 14 months and a return to export growth after more than a year of decline. Backlogs edged higher, signalling improving demand, though job cuts persisted for a fifteenth month amid cost pressures. **Input price inflation** accelerated to its highest since May, driving a rebound in selling prices. Business confidence improved post-Budget, but hiring remains constrained as firms grapple with rising expenses.

### Labour Market

The UK's labour market continues to deteriorate, and the ONS' most recent (unaccredited) Labour Force Survey (LFS) statistics estimate the **unemployment rate** (in the three months to October) ticked up to 5.1%, 0.4 percentage points higher on the previous quarter. The **economic inactivity** rate remains above pre-pandemic norms, however, but remained broadly flat in the most recent period to 21.0%. The job vacancy figures additionally suggest labour demand remains subdued, although may have bottomed out.

**Job vacancies** edged up slightly to 729,000 in the three months to November, decreasing by 78,000 over the past year, their lowest since 2015 (outside of Covid). This represents fewer vacancies compared to before the pandemic. Vacancies are below pre-Covid levels in 12 of 18 sectors, most notably wholesale and retail jobs. In absolute terms, the wholesale and retail sector accounts for the third largest number of vacancies, at 78,000, which is a notable 42,000 below pre-pandemic levels.

### Outlook

Consumer prospects appear to be brightening following the Bank of England's December decision to cut the Bank Rate to 3.75%. While pre-Budget "trepidation" sparked a slowdown in growth, this "Christmas cut" provides a necessary impetus for improving consumer sentiment. The disinflationary process appears to be accelerating, with CPI expected to dip below 3% this quarter as food and energy pressures retreat. This shift is likely to rejuvenate real earnings growth, projected to approach 1% after a broad plateau over the past year or so.

However, the cautious consumer remains the primary challenge. High savings ratios and a surge in Cash ISA deposits suggest households are prioritising resilience over immediate spending.

This caution is mirrored in a loosening labour market; unemployment has risen to 5.1%, and redundancies are at their highest level since 2013. While the Budget was less inflationary than feared, it delayed non-essential consumption. For retailers, the challenge in 2026 is whether consumers move from a "saving" mindset to a "spending" one amidst rising job market uncertainty.

% year-on-year (unless otherwise specified)	2024	25(f)	26(f)	27(f)	28(f)
Real GDP	1.1	1.5	1.2	1.6	1.8
Inflation	2.5	3.4	2.8	2.0	2.1
Unemployment (rate)	4.3	4.8	5.0	5.0	4.8
Interest (Bank Rate)	4.9	3.9	3.5	3.5	3.6
Real post-tax labour income	4.6	2.8	0.7	0.2	1.0

Source: Bank of England, Monetary Policy Report (Nov 2025)

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

Projections for 2026  
UK GDP Growth

Bank of England (Nov Forecast)

1.2%

IMF (Oct Forecast)

1.3%

Office for Budget Responsibility (Nov Forecast))

1.4%



# WORLD ECONOMY

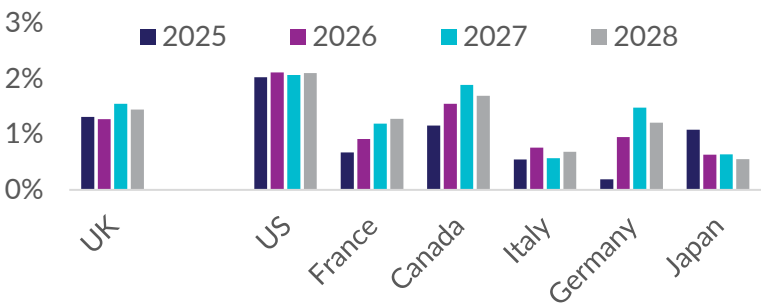
## GLOBAL US TRADE BARRIERS REMAIN IN PLACE

The **U.S.** continues to apply a **10% baseline tariff** on all imports, pending a Supreme Court ruling on the policy’s legality. While China faces sharply higher duties of up to 125%, the UK and EU have avoided further escalation following a 90-day suspension and ongoing talks. Though this pause has eased immediate pressure, legal and policy uncertainty persists, keeping global trade and investment sentiment cautious.

**Europe’s recovery** remains fragile amid the prolonged Russia–Ukraine conflict, which continues to strain fiscal balances and energy security. In China, weak demand, deflation risks, and a worsening property downturn weigh on growth. Despite targeted stimulus, confidence remains low, sustaining recession risks for trade-exposed advanced economies.

The US economy expanded by 3.8% on an annualised basis in Q2 2025, a return to growth, compared to the contraction in the preceding quarter. The increase was led by a decrease in imports as well as an increase in consumer spending, which was offset partly by decreases in investment and exports. Freshly introduced tariffs will weigh on growth going forward.

### GDP GROWTH, OCT FORECASTS



The **Eurozone** economy slowed slightly in Q3 2025, growing 1.3% (on an annual basis), slightly down from 1.5% in Q2 2025. Germany’s economy grew 0.3% (unchanged from 0.3% in Q2 2025). France’s GDP grew 0.9% (up from 0.7%), Italy’s by 0.4% (down from 0.5%), and Spain’s by 2.8% (down from 3.0%).

Eurozone business activity extended its run of growth into December, with the flash HCOB Composite PMI at 51.9 (Nov: 52.8), marking a full year of expansion but the slowest pace in three months. **Services** remained the key driver, though momentum eased, while manufacturing slipped back into contraction after nine months of growth.

New orders rose modestly, but export demand fell at the sharpest rate since March. Employment increased slightly for a third month, even as backlogs continued to decline. Inflationary pressures strengthened, with input costs at a nine-month high and output charges rising faster, underscoring persistent cost challenges.

**US inflation** edged down to 2.7% in November, back down following it reaching 3.0% in September. **The Federal Reserve** has continued to cut the Federal Funds rate, with the target range of the Federal Funds rate between 3.75% and 4%. That has meant two consecutive cuts, but they are still expected to cautiously loosen monetary policy, though they are likely to keep rates elevated above the average during the 2010s.

**Inflation in the Eurozone** remains near the 2% target, and the European Central Bank held its interest rate at 2.0%. Amidst economic weakening, **the ECB** has opted to reduce pressure on the EU economies. The inflation rate slowed to 2.1% in the 12 months to November. Energy prices were 0.9% lower on the year, food, alcohol and tobacco prices 2.5% higher, and the cost of non-energy industrial goods increased 0.6%.

2026 Projected Growth IMF (Oct)	UK	US	FRANCE	GERMANY	JAPAN
	1.3%	2.1%	0.9%	0.9%	0.6%

# RETAIL SALES - BRC

## RETAIL SALES HEAT UP

"In November, total sales increased by 1.4% YoY, comprising a 3.0% uplift in Food and a 0.1% rise in Non-Food. Within the Non-Food category, In-store sales fell by 0.3% YoY, while Online sales were up by 0.5%. This Black Friday bias towards the online channel was reflected in Non-Food online penetration hitting a high of 44%.

This report covers the four weeks of 2-29 November, which is a clean comparison of Black Friday sales in 2025 versus 2024.

Once again, Food inflation is supporting increased sales value. Non-Food categories were sluggish, with Clothing and Footwear slightly negative. Following an unseasonably mild first half of November in many areas, consumers remain slow to buy into new winter fashion ranges."

## DATA & CHARTS

Fig 1- BRC Retail and online performance

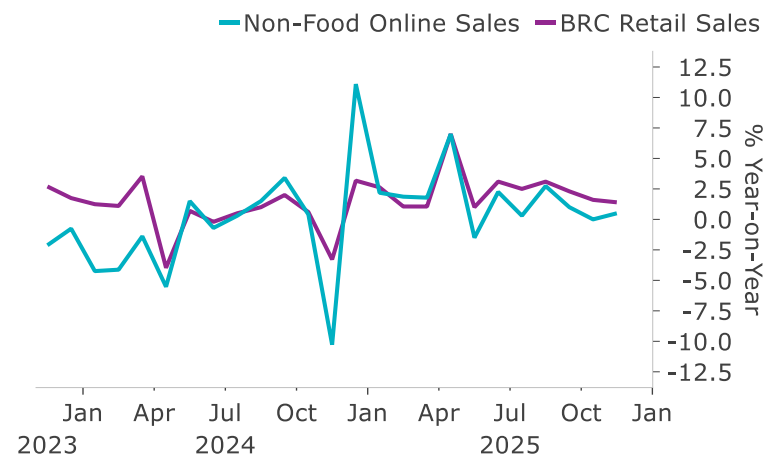
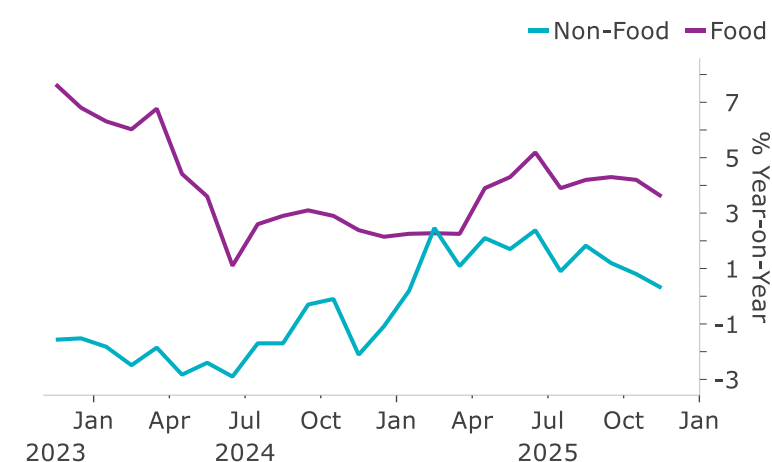


Fig 2- BRC Retail Sales category performance



Summary November

Retail Sales

1.4% ↓

Down from 1.6%  
in October

Online Non-Food Sales

0.5% ↑

Up from 0.0%  
in October

Sales growth steps back

# RETAIL SALES - ONS

## VOLUMES CHOPPY OVER RECENT MONTHS

UK retail sales fell by 0.1% in November, following an (upwardly revised) decrease of 0.9% in October. In broader terms, sales volumes rose by 0.6% in the three months leading up to November when compared to the preceding three months.

- Food store sales fell by 0.5% on the month, following a 0.9% fall in the preceding month.
- The divergence between sales values and volumes is greatest in this category of retail goods.
- Food stores' sales volumes are now 9.6% below their pre-pandemic Feb 2020 levels, as elevated food inflation pushes down on sales volumes.

Non-food store sales rose by 1.0% on the month, with sales volumes having fallen by 0.4% in the preceding month.

- Volumes grew the most in household goods stores, textiles, clothing and footwear as well as non-specialised stores.
- Elsewhere, sales decreased the most in other stores and non-store retailing.
- Automotive fuel sales volumes increased by 1.7% in November.

The proportion of retail sales conducted online (seasonally adjusted) was 28.6% in November, up from 28.4% October, the highest since January 2022. Online sales remain well above pre-pandemic norms of 19.7% (Feb 2020).

## DATA & CHARTS

Fig 1- Retail sales volumes vs retail sale value

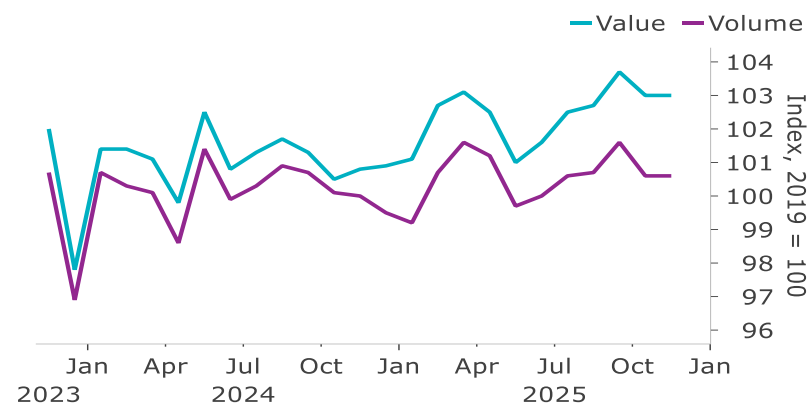
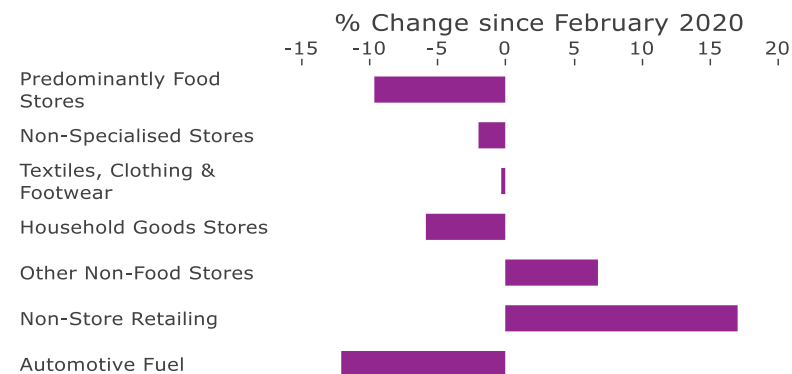


Fig 2- Retail sales category volumes



### Summary November

#### Retail Sales

**-0.1%** ↑

Up from -0.9% in October

#### Online Sales

**0.7%** ↑

Up from -0.1% in October

Sales flatten out



## RETAIL SALES – ONS TABLES

### ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Sep-25	3.1	2.3
Oct-25	3.7	1.6
Nov-25	5.5	1.4

### ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Hhold goods	Oth. nonfood	Non-store retailing
Nov-24	-2.7	-1.7	-4.5	-7.4	-7.3	7.1	-6.7
Dec	4.5	1.3	6.0	0.0	3.7	16.3	5.4
Jan	0.5	1.9	4.5	-2.7	-0.5	1.9	-4.3
Feb	1.7	1.1	2.4	0.7	6.0	3.9	0.0
Mar	1.2	-1.8	4.2	2.5	1.2	6.0	3.6
Apr	6.9	8.7	9.9	6.6	5.1	4.6	3.5
May	-0.9	0.0	2.8	-4.3	-1.5	0.7	-3.7
Jun	2.2	2.1	8.1	0.1	1.4	0.3	3.5
Jul	1.4	-0.2	2.6	3.9	3.7	0.4	3.6
Aug	1.9	-0.7	4.8	2.9	3.8	1.5	7.2
Sep	3.1	1.5	1.2	7.0	3.6	0.4	8.4
Oct	3.7	2.0	1.1	4.9	7.2	3.4	7.3
Nov-25	5.5	2.0	10.4	10.2	12.9	0.6	9.7

### LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	RSM Sales % YoY
Sep-25	2.4	5.4
Oct-25	2.6	7.2
Nov-25	4.3	9.9

### 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
Nov-24	0.2	0.4	-1.1	-4.2	-0.8	3.1	1.5
Dec	-0.4	-0.7	-0.1	3.7	1.0	-0.8	-3.2
Jan	-0.3	1.8	1.5	-1.9	1.0	-3.7	-3.5
Feb	1.4	-1.4	0.9	3.8	5.1	3.0	4.9
Mar	1.1	-0.1	0.3	2.2	-2.8	4.3	2.8
Apr	-0.4	0.7	1.0	-1.9	-0.1	-4.2	0.9
May	-1.7	-2.4	-2.0	-3.3	-2.3	-0.5	0.7
Jun	0.6	0.8	1.6	2.1	0.9	-1.5	0.5
Jul	0.5	-0.2	-1.0	3.3	0.8	-0.3	1.8
Aug	0.7	0.3	1.9	0.2	0.9	1.2	1.1
Sep	0.7	0.0	-1.6	3.9	1.1	1.0	1.3
Oct	-0.8	-0.9	-0.3	-3.3	2.1	0.5	-1.7
Nov-25	-0.2	-0.5	2.3	1.7	1.8	-0.8	-2.9

### 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-24	£10.0bn	£3.0bn	-5.7	30.3
Dec	£11.1bn	£3.2bn	8.3	29.1
Jan	£8.1bn	£2.2bn	-0.7	27.0
Feb	£8.4bn	£2.2bn	2.1	26.0
Mar	£8.8bn	£2.4bn	5.1	26.8
Apr	£9.1bn	£2.4bn	7.0	26.3
May	£9.0bn	£2.4bn	-2.0	26.3
Jun	£8.9bn	£2.4bn	4.2	26.8
Jul	£9.1bn	£2.5bn	2.5	27.2
Aug	£8.9bn	£2.3bn	4.9	26.3
Sep	£8.9bn	£2.5bn	5.5	27.6
Oct	£9.4bn	£2.7bn	6.0	28.4
Nov-25	£10.5bn	£3.4bn	12.8	32.4

### Summary November

ONS Sales

**5.5%** ↑  
Up from 3.7% in October.

Large Retailers

**4.3%** ↑  
Up from 2.6% in October.

Strong increase in department store retail sales

# CBI TRADES SURVEY

## CBI COMMENTARY

*“Retailers expect their business situation to deteriorate over the coming quarter, with sentiment deteriorating to the greatest extent in 17 years. Businesses again pointed to uncertainty ahead of the Autumn Budget as compounding already weak demand and further weighing on both business and consumer confidence.*

*The retail sales downturn extended into its fourteenth consecutive month in the year to December – though more broadly, the trend in sales growth has been weak since 2023. For the time of year, December’s retail sales were judged to be “poor”, to a somewhat greater extent than in November.*

*Looking ahead, the outlook remains subdued. Retailers anticipate sales volumes to decline again in January, albeit at a slower rate, and to continue disappointing against seasonal norms.*

*In contrast to headline sales, online retail sales volumes grew in the year to December at a moderate pace and for the second consecutive month. Retailers expect online sales to surge in January, marking the strongest expectation since May 2021.”*

### VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Jan-25	-24	-11
Feb	-23	-26
Mar	-41	-30
Apr	-8	-30
May	-27	-33
Jun	-46	-37
Jul	-34	-49
Aug	-32	-31
Sep	-29	-16
Oct	-27	-36
Nov	-32	-39
Dec	-44	-24
Jan-26		-57



Summary December

CBI Balance

-44↓

Down from -32 in November

CBI Expected (January)

-57↓

Down from -24 in December

Sales outlook falls back

# CONSUMER CONFIDENCE

## GfK CONSUMER CONFIDENCE

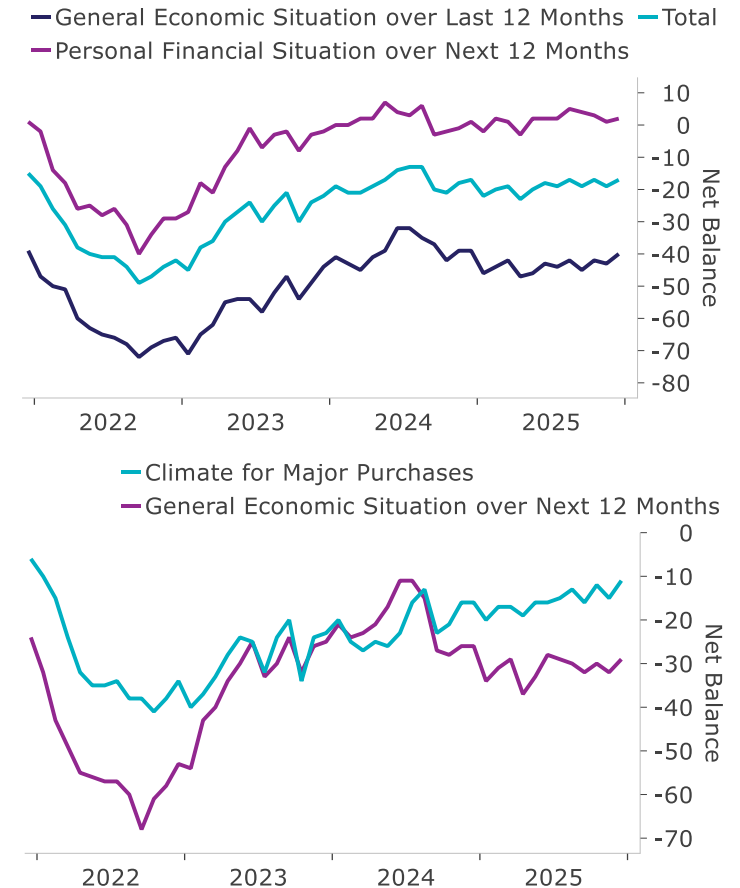
"It's tempting to see festive cheer in December's two-point improvement in consumer confidence. Are we seeing a sigh of relief that the Autumn Budget wasn't as bad as most had feared? All five measures are up this month led by a four-point jump in major purchase intentions. This is a surprise finding for the UK high street because it contrasts with the Black Friday sales slump we reported on earlier this month. Have people decided to spend on Christmas regardless, and worry about 2026 later?"

However, looking at the full year, the December headline score of -17 is the same as 12 months ago, and on that basis 2025 has been a year of no progress. UK households still face cost-of-living pressures, despite the recent softening in inflation, along with rising economic uncertainty, and those conditions result in weaker consumer confidence. Sadly, consumers resemble a family on a festive winter hike, crossing a boggy field – plodding along stoically, getting stuck in the mud and hoping that easier conditions are not far off."

### NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Dec-24	-17	-16	-7	1	-39	-26
Jan	-22	-20	-10	-2	-46	-34
Feb	-20	-17	-7	2	-44	-31
Mar	-19	-17	-9	1	-42	-29
Apr	-23	-19	-10	-3	-47	-37
May	-20	-16	-7	2	-46	-33
Jun	-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-25	-17	-11	-6	2	-40	-29

### LONG-TERM TRENDS



Source: GfK Consumer Confidence Index

### Summary December

#### Headline GfK Confidence

-17↑

Up from -19 in November

#### Major Purchases Confidence

-11↑

Up from -15 in November

Consumer confidence picked up ahead of Christmas

# INFLATION

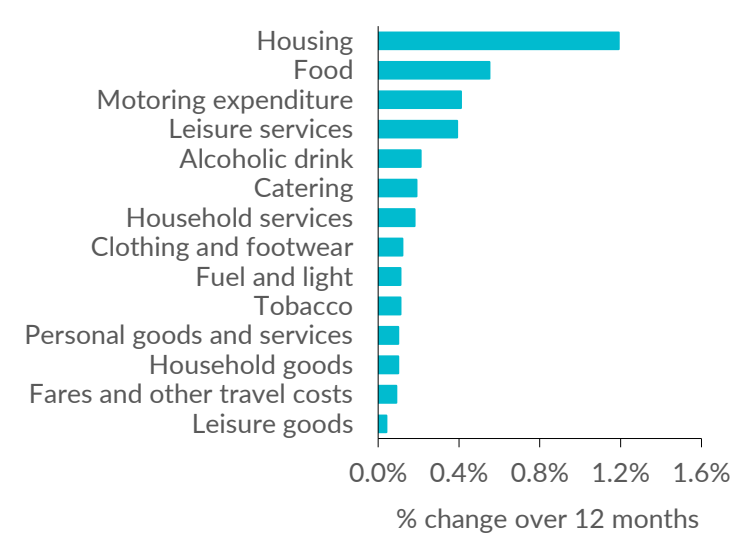
HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
Nov-24	2.6	3.6	3.0
Dec	2.5	3.5	2.9
Jan	3.0	3.6	3.2
Feb	2.8	3.4	3.0
Mar	2.6	3.2	2.8
Apr	3.5	4.5	4.2
May	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-25	3.2	3.8	3.7

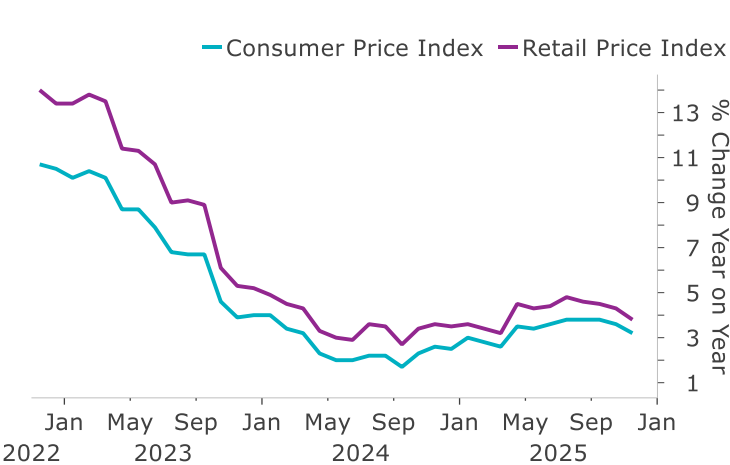
CPI: SUB-CATEGORIES, %, YOY

Month	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Nov-24	2.0	2.0	3.0	-0.4	-0.9	4.0
Dec	2.0	1.1	3.1	-0.3	-0.6	3.4
Jan	3.3	1.8	2.1	0.5	1.7	3.3
Feb	3.3	-0.6	1.9	0.2	1.8	3.4
Mar	3.0	1.1	1.8	0.5	1.2	3.0
Apr	3.4	-0.4	7.8	-0.5	3.3	2.7
May	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-25	4.2	-0.6	5.1	-0.3	3.7	3.5

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



## Summary November

CPI  
**3.2%** ↓  
Down from 3.8% in October

CPI Food  
**4.2%** ↓  
Down from 4.7% in October

CPI eases notably

# LABOUR MARKET

## UK EMPLOYMENT

In the three months to October 2025:

- The UK employment rate was estimated at 74.9%, 0.3 percentage points lower when compared to the previous three-month period, and 1.6 percentage points lower than before the coronavirus pandemic (Dec 2019 to Feb 2020).
- The UK unemployment rate was estimated at 5.1%, up 0.4 percentage points compared to the previous three-month period (May to July), and 1.1 percentage points above pre-Covid levels.
- The UK economic inactivity rate was estimated at 21.0%, 0.1 percentage points lower 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 November 2025, there were 30.256 million payrolled employees, 0.6% lower (or a decline of 170,685 employees) compared to the previous year.

### LABOUR FORCE SURVEY

Month	Claimant Count (mills)	Claimant Count (% rate)	Unemployment (Mills)	Unemployment (% rate)
Nov-24	1,726	4.5	1,560	4.4
Dec	1,700	4.4	1,552	4.4
Jan	1,697	4.4	1,545	4.4
Feb	1,751	4.6	1,574	4.4
Mar	1,742	4.5	1,614	4.5
Apr	1,708	4.5	1,640	4.6
May	1,691	4.4	1,673	4.7
Jun	1,697	4.4	1,672	4.7
Jul	1,669	4.4	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-25	1,668	4.3	NA	NA

Source: ONS

### EMPLOYMENT (3 MONTHS ENDING)

Month	Total (000s)	Full-time (000s)	Part-time (000s)
Oct-24	33,778	25,296	8,482
Nov	33,790	25,374	8,416
Dec	33,863	25,419	8,444
Jan	33,922	25,496	8,426
Feb	33,996	25,500	8,496
Mar	33,975	25,409	8,567
Apr	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-25	34,226	25,584	8,642

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

Summary October

Unemployment Rate

5.1↑

Up from 5.0% in September

Total Employment

74.9%↓

Down from 75.0% in September

Unemployment rises further



# LABOUR MARKET

## EARNINGS

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

- Regular pay was estimated to have increased by 4.6% in nominal terms and increased by 0.6% in real terms.
- Total pay was estimated to have increased by 4.7% in nominal terms and increased by 0.5% in real terms.

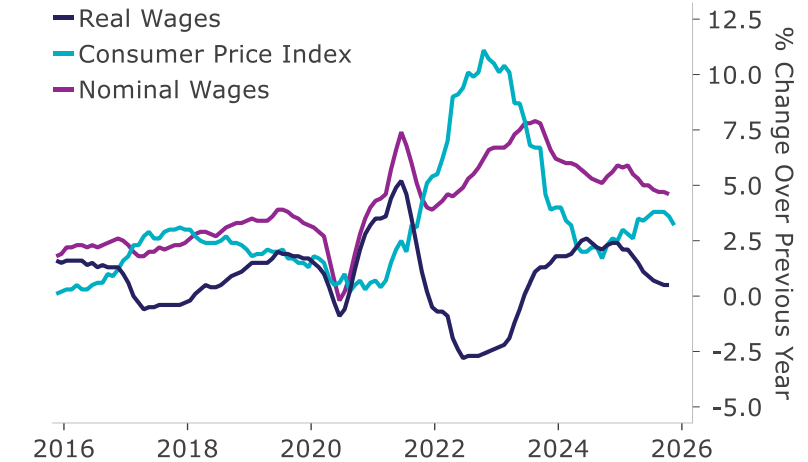
Between August and October (compared to a year ago):

- Average regular pay (excluding bonuses)** was estimated at £687 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£658 per week) and £495 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 £739 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£706 per week) and £530 per week in real terms (constant 2015 prices), up from the the estimate for a year earlier (£528 per week).

### AVERAGE WEEKLY EARNINGS GROWTH

Month	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Nov-24	5.6	2.6	2.4
Dec	5.9	2.5	2.4
Jan	5.8	3.0	2.1
Feb	5.9	2.8	2.1
Mar	5.5	2.6	1.8
Apr	5.3	3.5	1.5
May	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	0.5
Nov-25		3.2	

### LONG TERM EARNINGS SERIES



Summary October

Regular pay growth

4.6% ↓

Down from 4.7% in September

Total pay growth

4.7% ↓

Down from 4.9% in September

Real wage growth slowing

# CREDIT

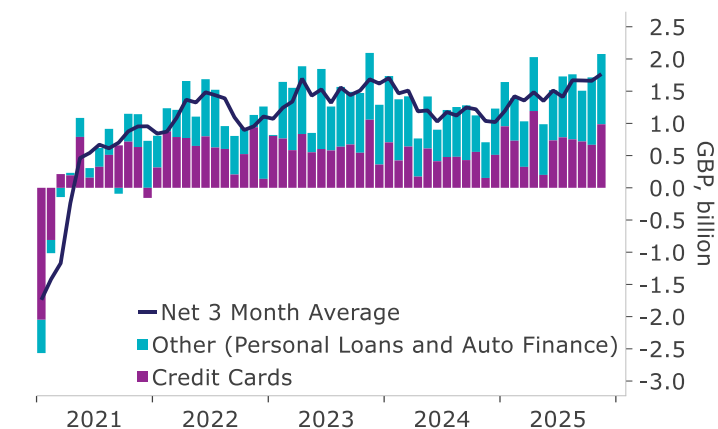
## MONEY, CREDIT & INSOLVENCIES

- Consumers in November borrowed an additional £2.1 billion in consumer credit, in net terms, of which borrowing was £1.1 billion in personal/auto loans and £1.0 billion of which was repayments on credit cards.
- Individuals borrowed £4.5 billion in mortgage debt in November, compared to £4.2 billion of net borrowing in October. Mortgage approvals for house purchases fell to 64,530, from 65,010 in October.
- Sterling money (known as M4ex) net flows were £15.3 billion in November, compared with £8.8 billion in the preceding month. Households in net terms deposited £8.1 billion at banks and building societies, compared with £6.7 billion of deposits in the preceding month.
- There were 534 retail insolvencies in Great Britain in Q3 2025, down from 558 in Q2 2025. In 2024, there were 2,018 insolvencies, 13.6% lower compared to the 2,337 figure in 2023.
- There were 3 retail CVAs in England and Wales during Q3 2025, down from 5 in Q2 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)
Nov-24	£0.7bn	£0.2bn	£0.6bn
Dec	£1.2bn	£0.5bn	£0.7bn
Jan	£1.6bn	£1.0bn	£0.7bn
Feb	£1.4bn	£0.7bn	£0.7bn
Mar	£1.0bn	£0.3bn	£0.7bn
Apr	£2.0bn	£1.2bn	£0.8bn
May	£1.0bn	£0.2bn	£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	£1.7bn	£0.7bn	£1.0bn
Nov-25	£2.1bn	£1.0bn	£1.1bn

### CONSUMER CREDIT



#### Summary November

Net consumer credit

**£2.1bn** ↑

Up from £1.7 billion in October

Net credit card lending

**£1.0bn** ↑

Up from £0.7 billion in October.

The effective rate on new personal loans increased to 8.68% and increased on credit cards to 21.60%

# 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 (£)
Dec-24	1.26	1.21	9.22	194.60
Jan	1.24	1.19	9.04	193.27
Feb	1.25	1.20	9.13	190.07
Mar	1.29	1.19	9.36	192.46
Apr	1.31	1.17	9.60	189.34
May	1.34	1.18	9.64	193.49
Jun	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-25	1.34	1.14	9.43	208.75

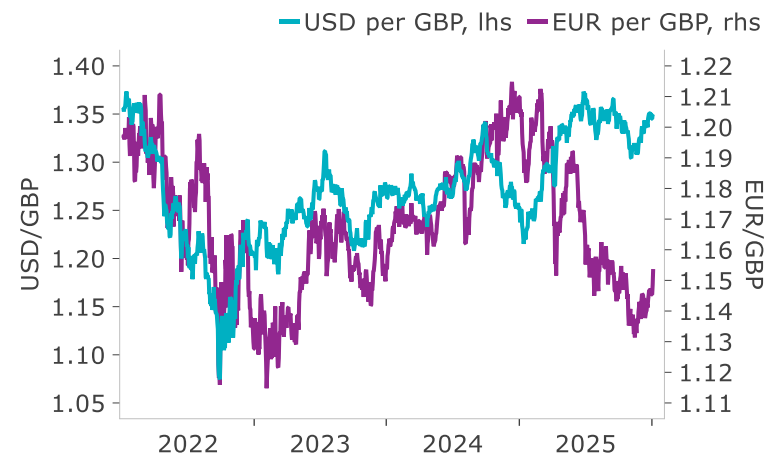
## Impacts From Currency Depreciation

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.

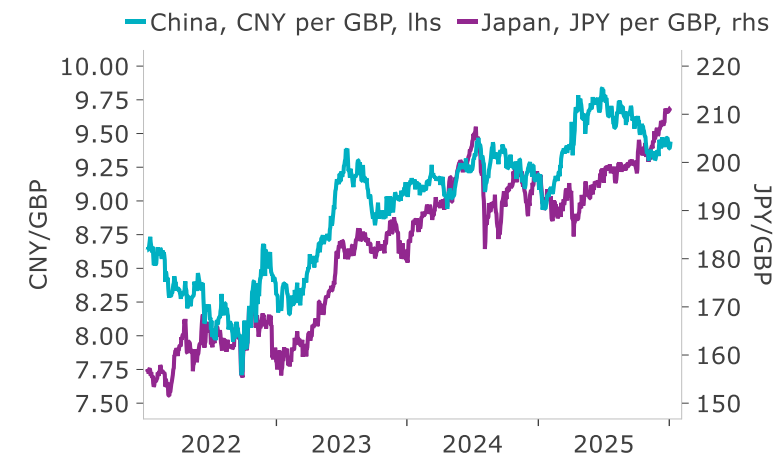
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

## 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 December

USD TO GBP, YOY

6.0% ↑

Sterling appreciation in relation to the USD, YoY.

EURO TO GBP, YOY

-5.3% ↓

Sterling depreciation in relation to the Euro, YoY.

Sterling was higher on the year in December 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

	2025			2026		
	City	BOE	OBR	City	BOE	OBR
GDP	1.4	1.5	1.5	1.1	1.2	1.4
Cons. Spending	0.9	1.1	0.9	0.9	1.8	1.2
CPI (Q4)	3.5	3.8	3.6	2.1	2.5	2.1
Avg Earnings	4.0	3.5	5.2	3.1	3.2	3.3
Bank Rate (Q4)	3.8	3.9	3.9	3.3	3.5	3.6

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

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



### Summary Forecasts

GDP 2025  
**1.4%**–  
Unchanged from the  
previous projection of 1.4%.

Avg. Earnings 2025  
**4.0%**↑  
Up from a previous  
projection of 3.9%.

The consensus City forecast for 2026  
growth in December was 1.1%



## 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.

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