



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.

**FEBRUARY 2024**

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



Executive Summary

The UK ended 2024 with flat economic growth, although this is forecast to pick back up over 2025, to 1.6%, according to the IMF. Despite the better growth outlook, challenges remain, particularly for businesses. The retail industry continues to be a significant contributor to services growth, and consumer spending is expected to grow by a healthy ~2% over the coming year. However, [consumer sentiment](#) remains cautious, dampened by a pessimistic outlook on the economy.

Although inflation has moderated, it is expected to rise towards 3% over the coming months due to rising food inflation and persistent domestic inflationary pressures. Wage growth is anticipated to remain robust, potentially fuelling services inflation in the first half of 2025, as it drives demand and increases costs in labour-intensive industries. The Bank of England is likely to move cautiously in cutting interest rates, as a result.

The impact of recent tax policies on the labour market and payroll costs will likely be felt in the first half of 2025. Businesses are expected to continue to implement cost management strategies, including recruitment freezes. The geopolitical landscape additionally remains uncertain, with potential risks to inflation from global commodity prices, now approaching their highest since the outbreak of the Ukraine-Russia conflict, driven by food and metals.

GDP GROWTH

0.0%

% change – QOQ, Q3 2024

Up from 0.4% in Q2 2024

UNEMPLOYMENT

4.4%

November

Up from 4.3% in October

BRC – KPMG RETAIL SALES

3.2%

% change – YOY, January

Up from -3.3% in December

CPI INFLATION

2.5%

% change - YOY December

Down from 2.6% in November

WAGE GROWTH

5.6%

% change – YOY November

Up from 5.2% in October

CONSUMER CONFIDENCE

-22

January

Down from -17 in December

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



GDP Marginally Rose in November

Economic Growth

GDP rose 0.1% in November (on the month), following a 0.1% contraction in October.

- Services activity also grew 0.1% and the largest upward contributor was accommodation and food service activities. The biggest downward contributors were administrative and support service activities.
- Consumer-facing services expanded by 0.5%, and food and beverage activities provided the largest positive contribution. Sports activities and amusement and recreation activities provided the biggest downward contribution

Looking at the most recent quarterly figures, the economy was flat over the third quarter of 2024. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 2.9% above this level.

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

Prices

Inflation slowed in December and the Consumer Price Index annual rate edged down to 2.5%. Of the headline rate, 0.2% emanates from food, 0.5% from restaurants and hotels, and 0.5% from recreation and culture. Housing and energy costs are now pushing up on inflation, adding 0.4% to the headline figure. Fuel prices rose for both petrol and diesel, with these figures registered when petrol was £1.36 per litre and diesel £1.43.

Domestically, the headline Producer Price Inflation (PPI) measure for business input costs remained lower than a year ago over December. Output cost inflation re-entered positive territory, suggesting business cost pressures have significantly eased, although have settled at a higher level, 29% higher than Feb 2020 levels for inputs, and 25% higher for outputs.

Monetary Policy

The Bank of England (BoE), in December, kept interest rates unchanged at 4.75%. The latest forecasts have downgraded GDP growth over the final quarter of 2024. Growth picks up to 1.5% over 2025 and 1.4% in 2026, however, real incomes are set to ease to 1.5% in 2025. Interest rates will remain elevated until inflation sustainably settles at the 2% target, with the bulk of the impact of monetary tightening having already come through.

Inflation is expected to pick up to 2.8% over 2025 and is now not expected to fall below 2% until 2027, a year later than thought during the August round of forecasts. Households will still continue to feel the effects of higher mortgage repayments, however, with an estimated 4.4 million mortgages coming onto a higher rate by the end of 2027.

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

Projections for 2025 UK GDP Growth

Bank of England  
(November Forecast)  
**1.5%**

IMF (January  
Forecast)  
**1.6%**

Office for Budget  
Responsibility  
(October Forecast)  
**2.0%**

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



UNEMPLOYMENT PICKS UP TO 4.4%

Purchasing Manager’s Index

The flash S&P Global UK Composite PMI rose to 50.9 in January, a three-month high, signalling slight growth in private sector output. Services expanded modestly (51.2), offsetting a softer contraction in manufacturing (49.3). New orders fell at the fastest pace since October 2023, driven by weak demand and inflationary pressures.

Employment declined for the fourth month, with firms citing cost-cutting measures. Input price inflation hit its highest since May 2023, prompting the steepest rise in selling prices for 18 months. Business confidence remains subdued, reflective of economic uncertainties, elevated interest rates, and reduced spending on non-essential goods and services.

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 November) edged up to 4.4%, closer to the rate at the start of 2024. The economic inactivity rate remains above pre-pandemic norms, however, but fell in the most recent period to 21.6%. The job vacancy figures additionally suggest labour demand has slowed considerably.

Job vacancies fell to 812,000 in the three months to December, decreasing by 118,000 over the past year. This now represents 7,000 fewer vacancies than before the pandemic. Vacancies are above pre-crisis levels in 13 of 18 sectors, most notably healthcare jobs. In absolute terms, the wholesale and retail sector accounts for the fourth largest number of vacancies, at 79,000, which is a notable 41,000 below pre-pandemic levels.

Outlook

Inflation appears set to rise towards 3%, remaining elevated by the end of the year, and into 2026. The pass-through of rising input costs (in the form of heightened employer taxes) implies more stubborn inflationary pressures, preventing a return to the target rate of inflation until 2027. Strong wage growth is expected to offer a tailwind to consumption, potentially boosting retail spending.

However, in a landscape where the household savings ratio is elevated and housing costs remain high, this may limit the boost to consumption growing earnings power provides. Global commodity prices edged further up during January, their highest (in nominal terms) since the 08/09 financial crisis, driven by food and metals. The prospect of both persistent wage growth and imported inflation ahead is likely to mean the Bank of England moves cautiously, reducing rates to no lower than 4% by year-end.

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

Source: Bank of England, Monetary Policy Report November 2024

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

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England  
(November Forecast)  
1.5%

IMF (January  
Forecast)  
1.6%

Office for Budget  
Responsibility  
(October Forecast)  
2.0%



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



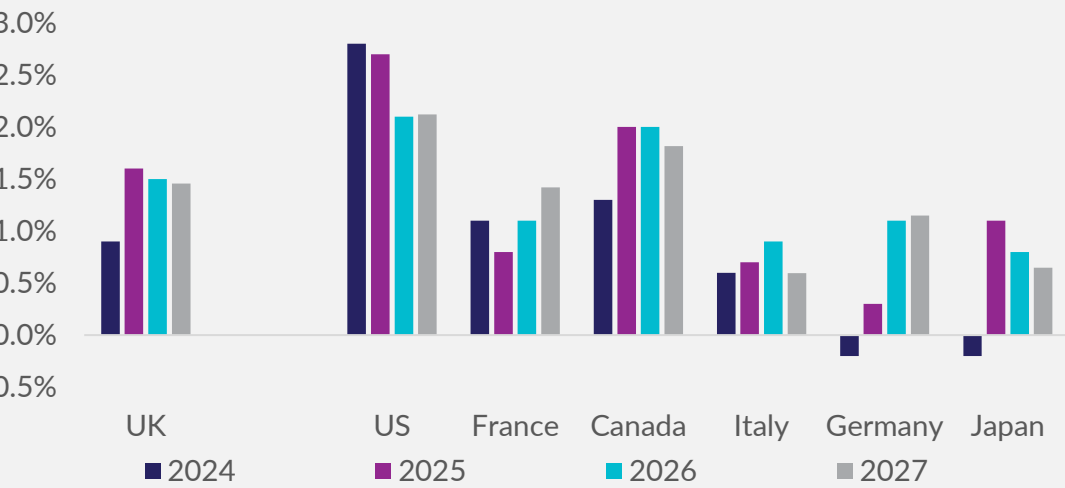
GLOBAL DEMAND UNDER PRESSURE

Financial conditions are tightening as the global interest rate-setter, the United States, maintains high interest rates. Many currencies have depreciated considerably 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, 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.

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

GDP GROWTH, JANUARY FORECASTS



Source: IMF, The World Economic Outlook.

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

The HCOB Flash Eurozone Composite PMI rose to 50.2 in January, marking the first growth in private sector activity since August 2024. Services expanded modestly, while manufacturing contraction eased to an eight-month low. New orders declined again, limiting recovery, but employment stabilised, driven by service sector gains. Input cost inflation surged to a 21-month high, with sharper increases in selling prices.

US inflation picked up to 2.9% in December 2024, a second consecutive increase. The Federal Reserve has begun to cut the Federal Funds rate, with three successive cuts bringing the target range of the Federal Funds rate to between 4.25% and 4.5%. They kept it unchanged at their most recent meeting and are expected to cautiously loosen monetary policy, though keep rates elevated above the average during the 2010s.

Inflation in the Eurozone has slowed from recent highs, and the European Central Bank was the first major central bank to cut the base interest rate, once again doing so, in January, now down to 3.0%. Amidst economic weakening, the ECB has opted to reduce pressure on the EU economies. The inflation rate picked up to 2.4% in the 12 months to December. Energy prices were 0.1% higher on the year, food, alcohol and tobacco prices 2.6% higher and the cost of non-energy industrial goods increased 0.5%.

2025 PROJECTED GROWTH – IMF (JANUARY)

UK

1.6%

US

2.7%

FRANCE

0.8%

GERMANY

0.3%

JAPAN

1.1%

MENU

- EXEC SUMMARY
- UK ECONOMY
  - PAGE 1
  - PAGE 2
- WORLD ECONOMY
- RETAIL SALES
  - ONS
  - ONS TABLES
  - CBI TRADES SURVEY
- CONSUMER CONFIDENCE
- INFLATION
- LABOUR MARKET
  - UK EMPLOYMENT
  - EARNINGS
- CREDIT
- EXCHANGE RATES
- FORECASTS
- ABOUT US



SALES VOLUMES CONTRACT ON THE MONTH

UK retail sales fell by 0.3% in December (on the month), following a (downwardly revised) increase of 0.1% in November. In broader terms, sales volumes fell by 0.8% in the three months leading up to December when compared to the preceding three months.

Food store sales fell by 1.9% on the month, following a 0.3% expansion in November.

- The divergence between sales values and volumes is greatest in this category of retail goods.
- Food stores' sales volumes are now 8.6% below their pre-pandemic February 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales rose by 1.1% on the month, with sales volumes having marginally inched up by 1.1% in the preceding month.

- Volumes rose the most in textile, clothing and footwear stores, followed by non-specialised stores. followed by an improvement in household goods sales.
- They fell the most in non-store retailing and other stores (niche goods and luxury).
- Automotive fuel sales volumes rose by 1.6%, in December.

The proportion of retail sales conducted online (seasonally adjusted) increased to 27.0% in December, up from 26.5% in November. 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

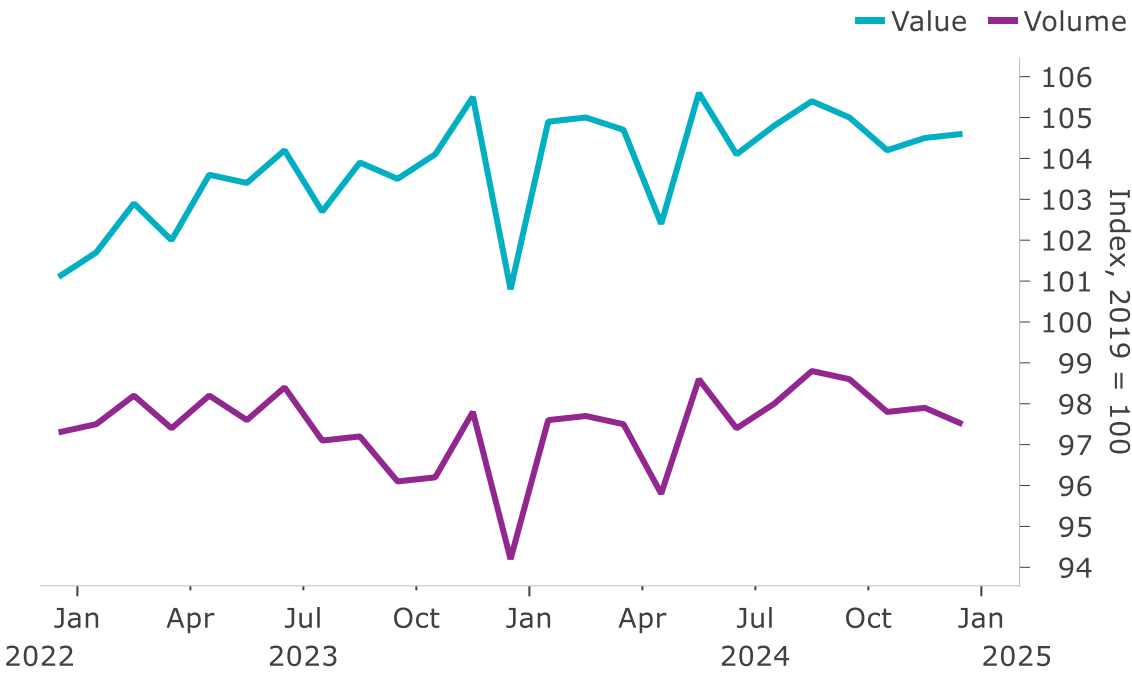
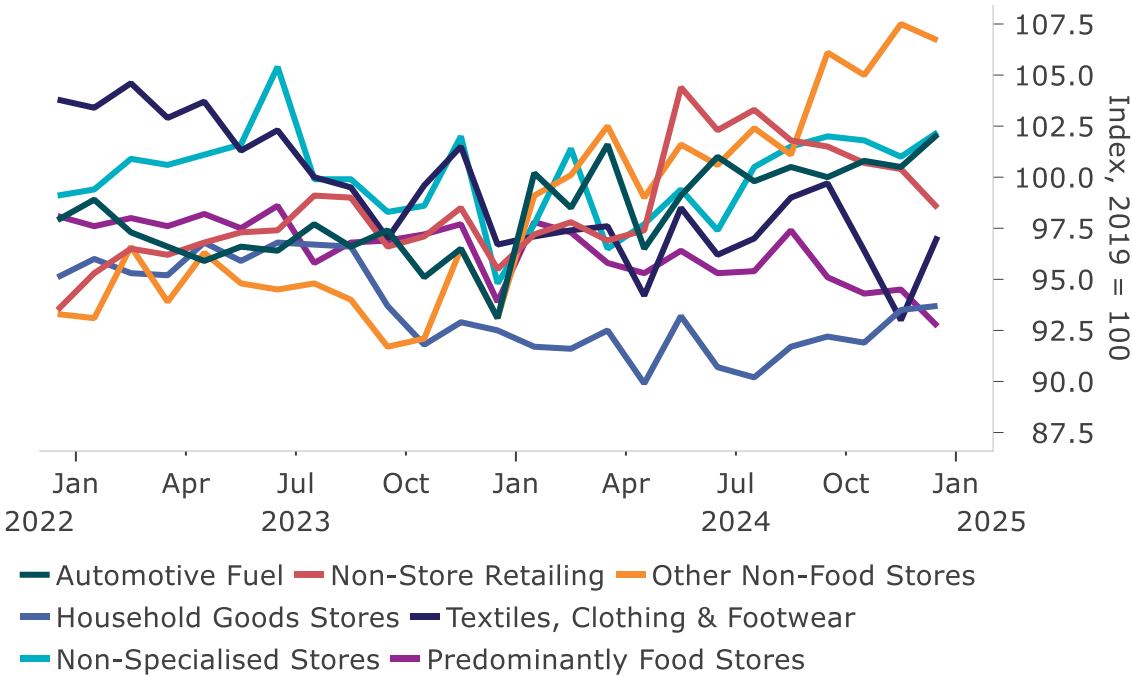


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY DECEMBER

Retail Sales

**-0.3%**

Down from 0.1% in November.

Online Sales

**1.5%**

Up from -4.5% in November.

Volumes step back in December

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Oct-24	0.8	-0.2
Nov-24	-2.5	-3.3
Dec-24	5.7	3.2

Source: ONS RSI & BRC RSM

ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Househ old goods	Oth. non- food	Non- store retailing
Dec-23	1.2	2.8	-1.8	-1.2	-5.6	0.3	5.6
Jan	3.8	6.2	0.7	-1.3	-4.7	8.1	3.4
Feb	2.7	4.4	2.5	-2.3	-3.2	4.6	3.1
Mar	3.6	5.1	-1.4	0.2	-3.5	10.9	1.9
Apr	-2.7	-2.8	-5.5	-8.3	-8.7	3.8	1.4
May	2.1	1.3	-2.4	-0.7	-4.6	7.3	8.2
Jun	-0.9	-1.2	-8.1	-5.0	-7.6	6.3	5.4
Jul	2.0	2.3	0.5	-1.7	-8.3	6.9	6.2
Aug	1.6	1.9	0.9	0.7	-6.4	6.7	1.9
Sep	2.3	-0.7	2.8	3.3	-3.7	15.1	2.8
Oct	0.8	-1.9	1.5	-2.4	-2.5	13.1	1.2
Nov	-2.5	-2.2	-3.2	-7.0	-6.4	7.6	-6.0
Dec-24	5.7	0.7	8.3	1.9	5.4	16.8	10.8

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Oct-24	1.8	-2.3
Nov-24	-2.3	-3.1
Dec-24	4.7	9.6

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
Dec-23	-3.8	-3.9	-7.1	-4.8	-0.3	-3.6	-3.0
Jan	3.2	4.2	3.0	0.5	-0.9	6.5	1.8
Feb	0.3	-0.6	3.9	0.3	-0.1	1.0	0.6
Mar	-0.7	-1.5	-4.9	0.2	1.0	2.4	-0.9
Apr	-1.2	-0.5	1.3	-3.5	-2.8	-3.5	0.5
May	2.9	1.1	1.7	4.5	3.6	2.7	7.2
Jun	-1.6	-1.1	-2.0	-2.3	-2.7	-1.0	-2.0
Jul	0.8	0.2	3.2	0.8	-0.5	1.9	1.0
Aug	0.9	2.0	1.0	2.1	1.6	-1.2	-1.4
Sep	-0.1	-2.4	0.5	0.7	0.6	4.9	-0.4
Oct	-1.1	-0.8	-0.2	-3.3	-0.3	-1.1	-0.8
Nov	0.1	0.3	-0.7	-3.5	1.7	2.4	-0.3
Dec-24	-0.6	-1.9	1.2	4.4	0.3	-0.7	-1.9

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
Dec-23	£10.6bn	£10.6bn	5.0	28.1
Jan	£8.1bn	£8.1bn	3.7	27.3
Feb	£8.3bn	£8.3bn	3.4	25.9
Mar	£8.7bn	£8.7bn	2.5	25.8
Apr	£8.5bn	£8.5bn	-0.5	26.4
May	£9.1bn	£9.1bn	5.9	26.7
Jun	£8.8bn	£8.8bn	2.5	26.2
Jul	£9.0bn	£9.0bn	4.0	26.9
Aug	£8.7bn	£8.7bn	2.6	25.6
Sep	£8.6bn	£8.6bn	6.5	27.0
Oct	£9.1bn	£9.1bn	4.9	27.7
Nov	£10.0bn	£10.0bn	-6.2	30.1
Dec-24	£11.2bn	£11.2bn	10.2	29.3

Source: ONS RSI

SUMMARY DECEMBER

ONS Sales

5.7%



Up from -2.5% in November.

Large retailers

4.7%



Up from -2.3% in November.

Strong increase in  
fashion retail sales

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1  
PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS  
ONS TABLES  
CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET  
UK EMPLOYMENT  
EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



CBI COMMENTARY

“Year-on-year retail sales volumes fell at a faster pace in January, extending the downturn into a fourth consecutive month. Retailers continued to cite weak demand and economic uncertainty as the main factors impacting sales. Online retail sales volumes also declined at a quicker pace in the year to January. Retail firms separately judged sales volumes to be poor for the time of year, to a similar degree as seen over the previous three months.

Looking ahead, retailers anticipate that headline annual sales will decline again at a similar pace, with internet sales expected to fall sharply. February sales volumes are set to fall short of seasonal norms, to a greater degree.

Retailers cut back on orders placed upon suppliers at an accelerated rate in the year to January. This comes as stock volumes remained elevated relative to expected demand in January. However, firms expect to reduce orders at a moderate pace next month, while stock positions are set to soften.

Elsewhere in the distribution sector, wholesalers reported that sales volumes contracted in the year to January at a similarly quick pace to last month. The sales decline is set to continue at a steady rate in February. Motor trades sales volumes fell at a rapid pace in the year to January, and firms expect sales to decline at a broadly similar rate next month.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Feb-24	-7	-50
Mar	+2	-15
Apr	-44	-25
May	+8	-19
Jun	-24	-4
Jul	-43	-9
Aug	-27	-32
Sep	+4	-17
Oct	-6	+5
Nov	-18	-1
Dec	-15	-29
Jan	-24	-11
Feb-25		-26

Source: CBI Distributive Trades Survey

SUMMARY JANUARY

CBI Balance

-24



Down from -15 in December.

CBI Expected (February)

-26



Down from -11 in January.

Sales outlook remains negative



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



GfK CONSUMER CONFIDENCE

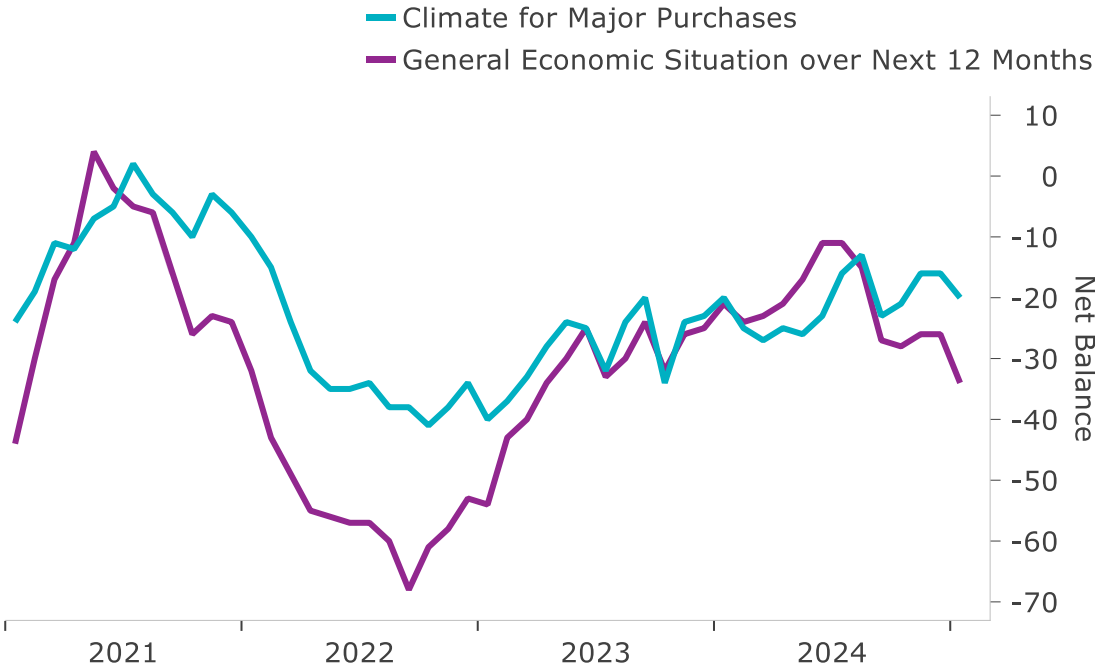
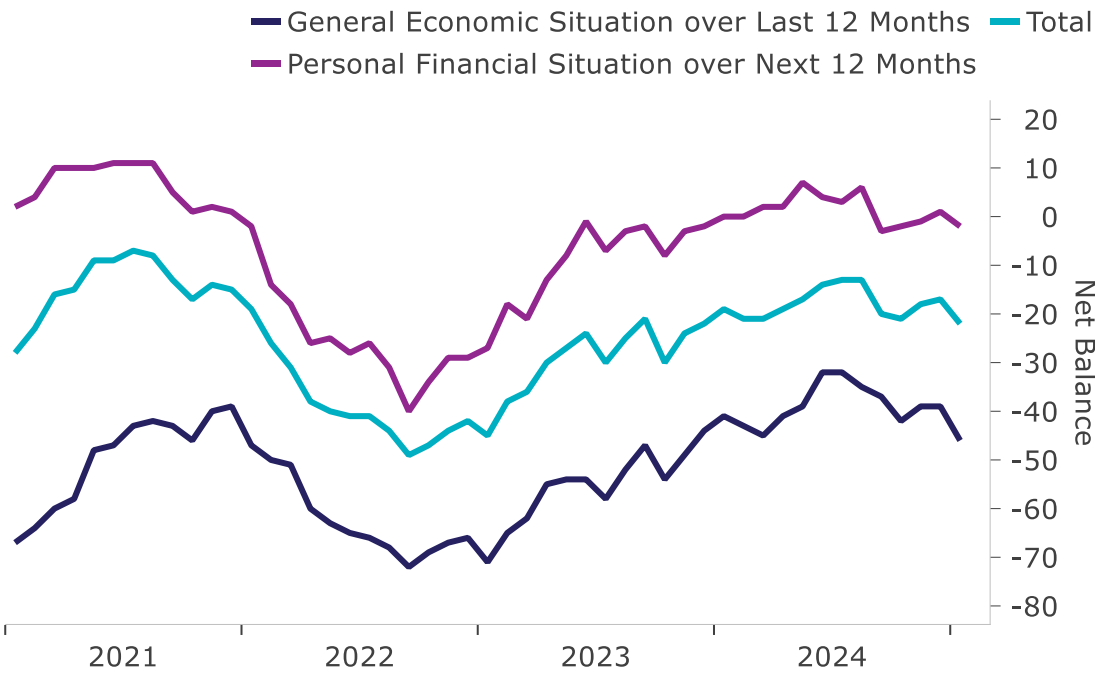
“New Year is traditionally a time for change, but looking at these figures, consumers don’t think things are changing for the better. This month’s results show a decline in all five measures that make up the Overall Index Score. There are particularly steep falls in consumer views on the wider UK economy, both looking back a year (down seven points) and at what’s in store for the next 12 months (eight points lower).

These figures underline that consumers are losing confidence in the UK’s economic prospects. While the Savings Index on motivation to save money is not included in the calculation of the Overall Index Score, it’s notable that it has leapt nine points in January to +30. This sharp increase is unwelcome because it’s another sign that people see dark days ahead and are therefore thinking of putting money aside for safety.”

NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Jan-24	-19	-20	-12	0	-41	-21
Feb	-21	-25	-14	0	-43	-24
Mar	-21	-27	-13	2	-45	-23
Apr	-19	-25	-11	2	-41	-21
May	-17	-26	-10	7	-39	-17
Jun	-14	-23	-10	4	-32	-11
Jul	-13	-16	-8	3	-32	-11
Aug	-13	-13	-7	6	-35	-15
Sep	-20	-23	-9	-3	-37	-27
Oct	-21	-21	-10	-2	-42	-28
Nov	-18	-16	-9	-1	-39	-26
Dec	-17	-16	-7	1	-39	-26
Jan-25	-22	-20	-10	-2	-46	-34

LONG-TERM TRENDS



SUMMARY JANUARY

Headline GfK confidence

-22



Down from -17 in December.

Major Purchases confidence

-20



Unchanged from -16 in December.

Consumer confidence drops in January

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



ONS CONSUMER PRICE INDEX (CPI)

HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
Dec-23	4.0	5.2	4.0
Jan	4.0	4.9	3.8
Feb	3.4	4.5	3.5
Mar	3.2	4.3	3.3
Apr	2.3	3.3	2.3
May	2.0	3.0	1.9
Jun	2.0	2.9	1.9
Jul	2.2	3.6	2.7
Aug	2.2	3.5	2.8
Sep	1.7	2.7	2.0
Oct	2.3	3.4	2.8
Nov	2.6	3.6	3.0
Dec-24	2.5	3.5	2.9

Source: ONS.

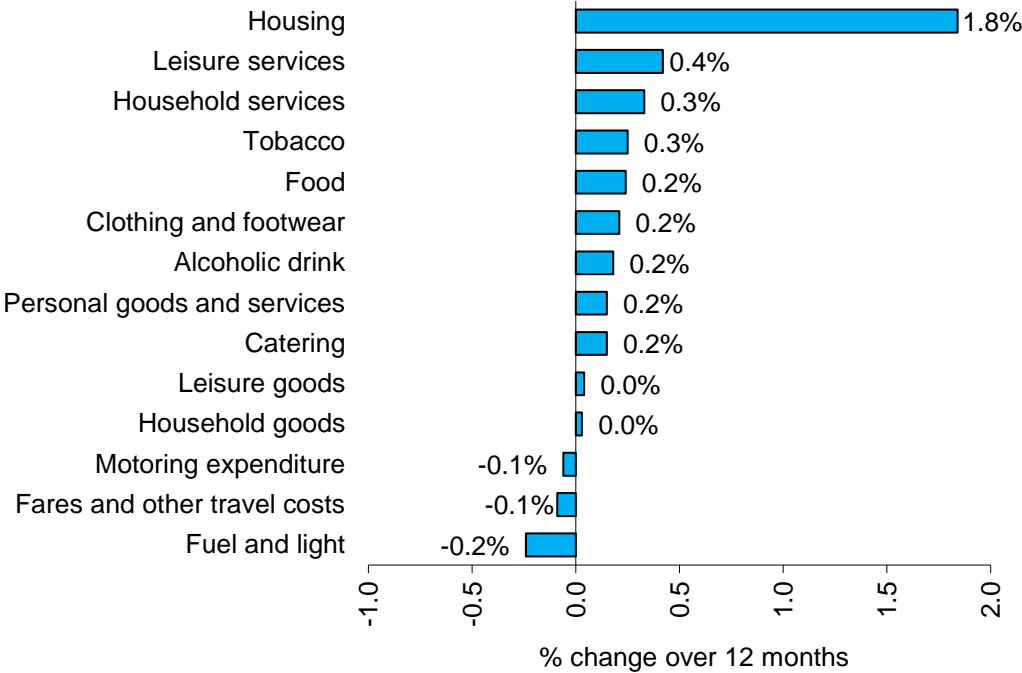
CPI: SUB-CATEGORIES, %, YOY

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Dec-23	8.0	6.4	-3.4	2.5	-1.1	7.0
Jan	6.9	5.6	-2.1	0.4	-0.3	7.0
Feb	5.0	5.0	-1.7	0.0	-0.1	6.0
Mar	4.0	4.0	-1.6	-0.9	0.1	5.8
Apr	2.9	3.7	-4.9	-1.0	0.1	6.0
May	1.7	3.0	-4.8	-1.9	0.5	5.8
Jun	1.5	1.6	-4.7	-1.6	0.9	6.2
Jul	1.5	2.1	-1.5	-1.7	0.2	4.9
Aug	1.3	1.6	-1.6	-1.3	1.3	4.3
Sep	1.9	0.8	-1.7	-1.0	-2.2	4.1
Oct	1.9	1.0	2.9	-0.5	-1.9	4.3
Nov	2.0	2.0	3.0	-0.4	-0.9	4.0
Dec-24	2.0	1.1	3.1	-0.3	-0.6	3.4

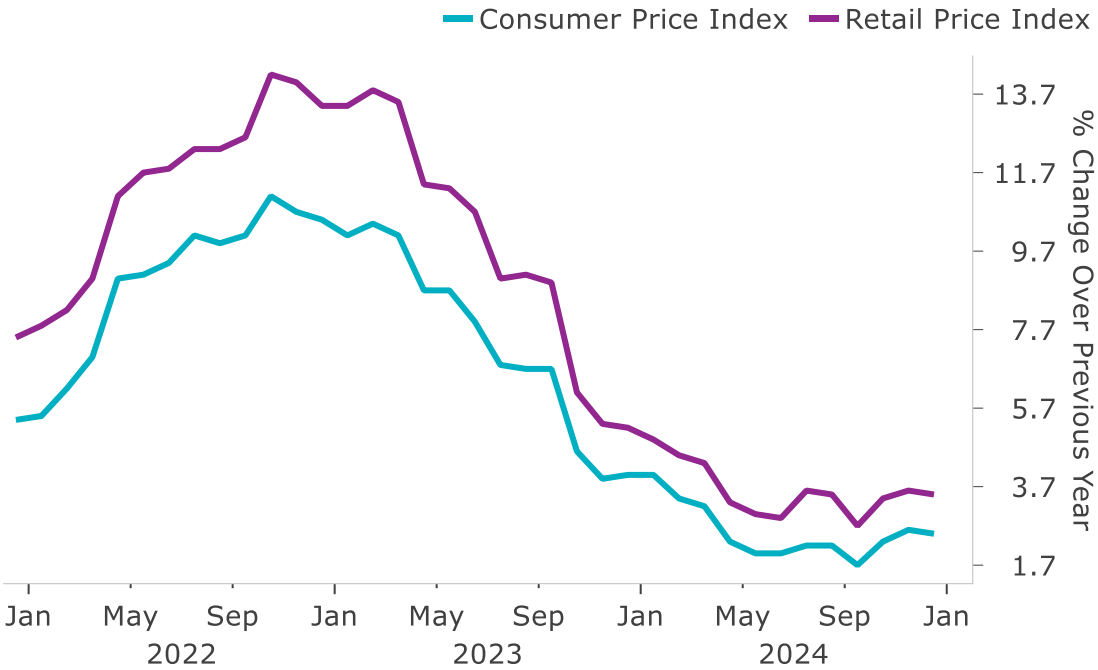
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY DECEMBER

CPI  
**2.5%**

Down from 2.6% in November.

CPI Food  
**2.0%**

Unchanged from 2.0% in November.

CPI edges down slightly

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



UK EMPLOYMENT

In the three months to November 2024:

- The UK employment rate was estimated at 74.8%, 0.1 percentage points lower when compared to the previous three-month period, and 1.6 percentage points lower than before the coronavirus pandemic (February 2019 to February 2020).
- The UK unemployment rate was estimated at 4.4%, 0.3 percentage points higher than the previous three-month period (June to August), and 0.5 percentage points above pre-Covid levels.
- Total hours worked slightly decreased in the most recent reporting period, to 1.08 billion hours, notably above pre-pandemic levels, broadly signifying normalisation in the labour market.
- The UK economic inactivity rate was estimated at 21.6%, 0.2 percentage points 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 are not expected to be transitioned until 2027, as the Office for National Statistics continues to have quality concerns regarding an earlier transition (see more information [here](#)).

LABOUR FORCE SURVEY

	Claimant Count		Unemployment	
	mills	% rate	Mills	% rate
Dec-23	1,544	4.0	1,344	3.9
Jan	1,552	4.1	1,412	4.1
Feb	1,595	4.2	1,460	4.2
Mar	1,608	4.2	1,510	4.3
Apr	1,594	4.2	1,524	4.4
May	1,629	4.3	1,547	4.4
Jun	1,640	4.3	1,465	4.2
Jul	1,778	4.7	1,478	4.2
Aug	1,773	4.6	1,435	4.1
Sep	1,770	4.6	1,509	4.3
Oct	1,754	4.6	1,508	4.3
Nov	1,726	4.5	1,568	4.4
Dec-24	1,730	4.5	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Nov-23	33,345	24,923	8,422
Dec	33,377	24,997	8,381
Jan	33,323	25,038	8,285
Feb	33,320	25,015	8,305
Mar	33,331	25,103	8,228
Apr	33,348	25,021	8,327
May	33,386	25,078	8,308
Jun	33,496	25,117	8,380
Jul	33,597	25,202	8,395
Aug	33,748	25,205	8,543
Sep	33,749	25,245	8,505
Oct	33,770	25,283	8,487
Nov-24	33,783	25,364	8,420

Source: ONS

SUMMARY NOVEMBER

Unemployment Rate

4.4%



Up from 4.3% in October.

Total Employment

74.8%



Down from 74.9% in October.

Unemployment rose slightly in the most recent period

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1  
PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS  
ONS TABLES  
CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET  
UK EMPLOYMENT  
EARNINGS

CREDIT  
EXCHANGE RATES  
FORECASTS  
ABOUT US



EARNINGS

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

- **Regular pay** was estimated to have increased by 5.6% in nominal terms and increased by 2.5% in real terms.
- **Total pay** was estimated to have increased by 5.6% in nominal terms and increased by 2.4% in real terms.

Between September and November 2023 and September and November 2024:

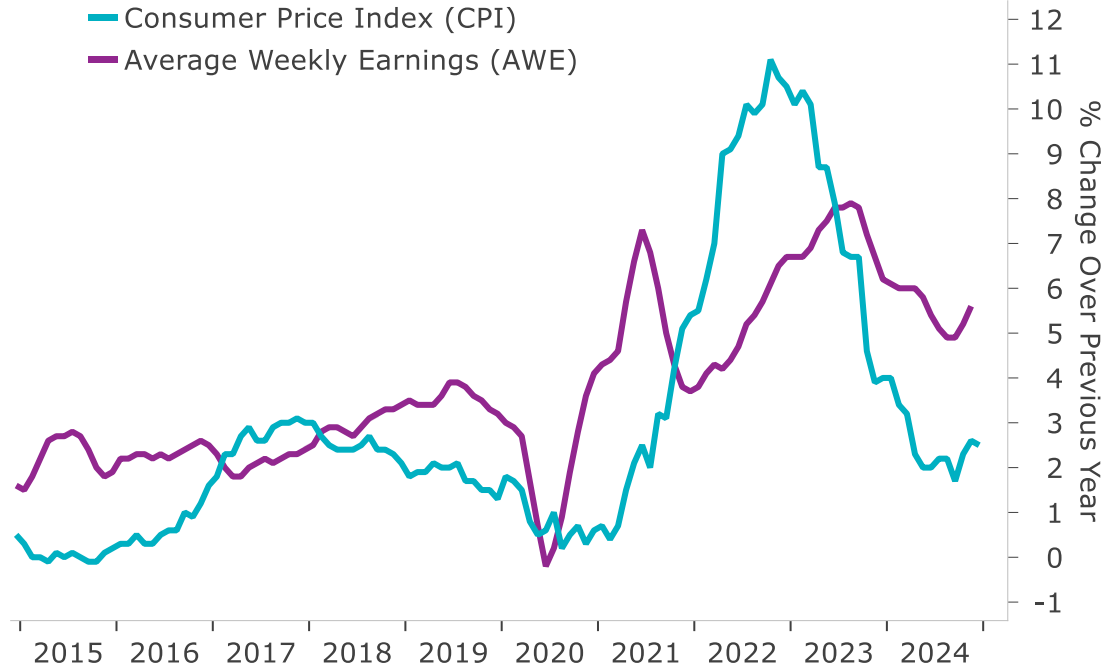
- **Average regular pay (excluding bonuses)** was estimated at £660 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£624 per week) and £492 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£482 per week).
- **Average total pay (including bonuses)** was estimated at £705 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£668 per week) and £524 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£514 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Dec-23	6.2	4.0	2.2
Jan	6.1	4.0	2.1
Feb	6.0	3.4	2.6
Mar	6.0	3.2	2.8
Apr	6.0	2.3	3.7
May	5.8	2.0	3.8
Jun	5.4	2.0	3.4
Jul	5.1	2.2	2.9
Aug	4.9	2.2	2.7
Sep	4.9	1.7	3.2
Oct	5.2	2.3	2.9
Nov	5.6	2.6	3.0
Dec-24		2.5	

Source: ONS.

LONG TERM EARNINGS SERIES



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

SUMMARY NOVEMBER

Regular pay growth

5.6%



Up from 5.2% in October.

Total pay growth

5.6%



Up from 5.2% in October.

Real wage growth picks up



MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



MONEY, CREDIT & INSOLVENCIES

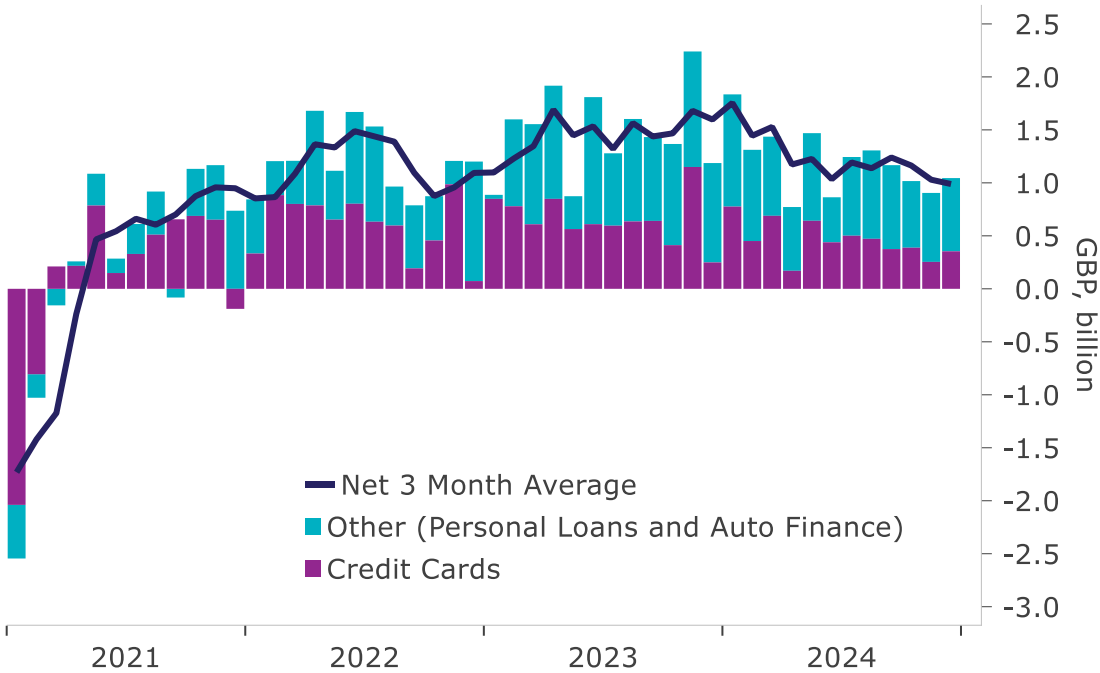
- Consumers in December borrowed an additional £1.0 billion in consumer credit, in net terms, of which borrowing was £0.7 billion in personal/auto loans and £0.4 billion of which was repayments on credit cards.
- Individuals borrowed £3.6 billion in mortgage debt in December, compared to £2.5 billion in net borrowing in November. Mortgage approvals for house purchases increased to 66,526 up from 66,061 in November.
- Sterling money (known as M4ex) net flows were £8.9 billion in December, up from -£0.6 billion in the preceding month. Households in net terms deposited £4.5 billion at banks and building societies, compared with £1.2 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies edged down to 3.96%, down from 4.02%.
- Private non-financial companies (PNFCs) repaid £2.8bn in market finance from capital markets, compared to £1.8 billion of net borrowing in the preceding month.
- There were 473 retail insolvencies in Great Britain in Q3 2024, down from 575 in Q2 2023. In 2023, there were 2,338 insolvencies, 23% higher compared to the 1,901 figure in 2022.
- There were 3 retail CVAs in England and Wales during Q3 2024, down from 8 in Q2 2024. In 2023, the industry had 14 companies enter a Company Voluntary Arrangement, up since 2022 and 2021 when there were 10 and 13 CVAs, respectively.

CONSUMER CREDIT

	Consumer Credit monthly changes (bn)	Credit Cards monthly changes (bn)	Other Loans and Advances monthly changes (bn)
Dec-23	£1.2bn	£0.2bn	£0.9bn
Jan	£1.8bn	£0.8bn	£1.1bn
Feb	£1.3bn	£0.5bn	£0.9bn
Mar	£1.4bn	£0.7bn	£0.7bn
Apr	£0.8bn	£0.2bn	£0.6bn
May	£1.5bn	£0.6bn	£0.8bn
Jun	£0.9bn	£0.4bn	£0.4bn
Jul	£1.2bn	£0.5bn	£0.7bn
Aug	£1.3bn	£0.5bn	£0.8bn
Sep	£1.2bn	£0.4bn	£0.8bn
Oct	£1.0bn	£0.4bn	£0.6bn
Nov	£0.9bn	£0.3bn	£0.7bn
Dec-24	£1.0bn	£0.4bn	£0.7bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY DECEMBER

Net consumer credit

£1.0bn



Up from £0.9 billion in November.

Net credit card lending

£0.4bn



Up from £0.3 billion in November.

The effective rate on new personal loans decreased to 8.85% and increased on credit cards to 21.57%

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



DOLLAR, EURO, YUAN, YEN

	US dollar (\$) per pound sterling (£)	Euro (€) per pound sterling (£)	Chinese Yuan (¥) per pound sterling (£)	Japanese Yen (¥) per pound sterling (£)
Jan-2024	1.27	1.16	9.12	185.44
Feb	1.26	1.17	9.10	188.86
Mar	1.27	1.17	9.18	190.45
Apr	1.25	1.17	9.08	192.56
May	1.26	1.17	9.15	196.95
Jun	1.27	1.18	9.25	200.69
Jul	1.29	1.19	9.36	202.76
Aug	1.29	1.17	9.25	189.31
Sep	1.32	1.19	9.35	189.27
Oct	1.30	1.20	9.27	195.52
Nov	1.27	1.20	9.20	195.82
Dec	1.26	1.21	9.22	194.60
Jan-2025	1.24	1.19	9.04	193.27

Source: Average monthly exchange rate, Bank of England

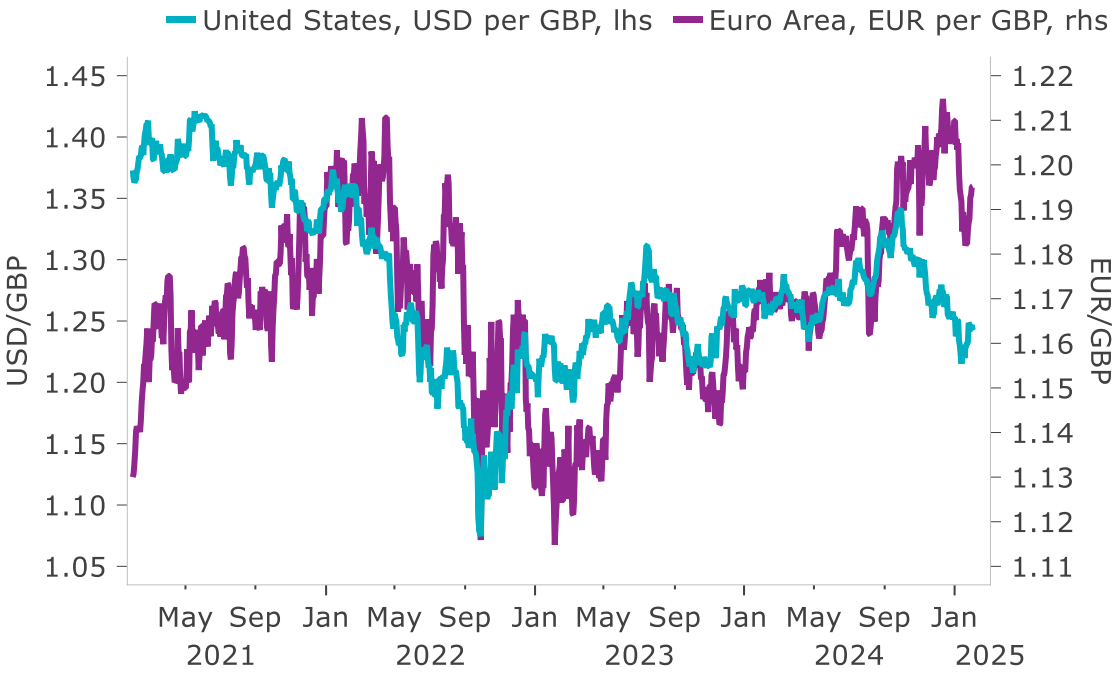
IMPACTS FROM CURRENCY DEPRECIATION

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.

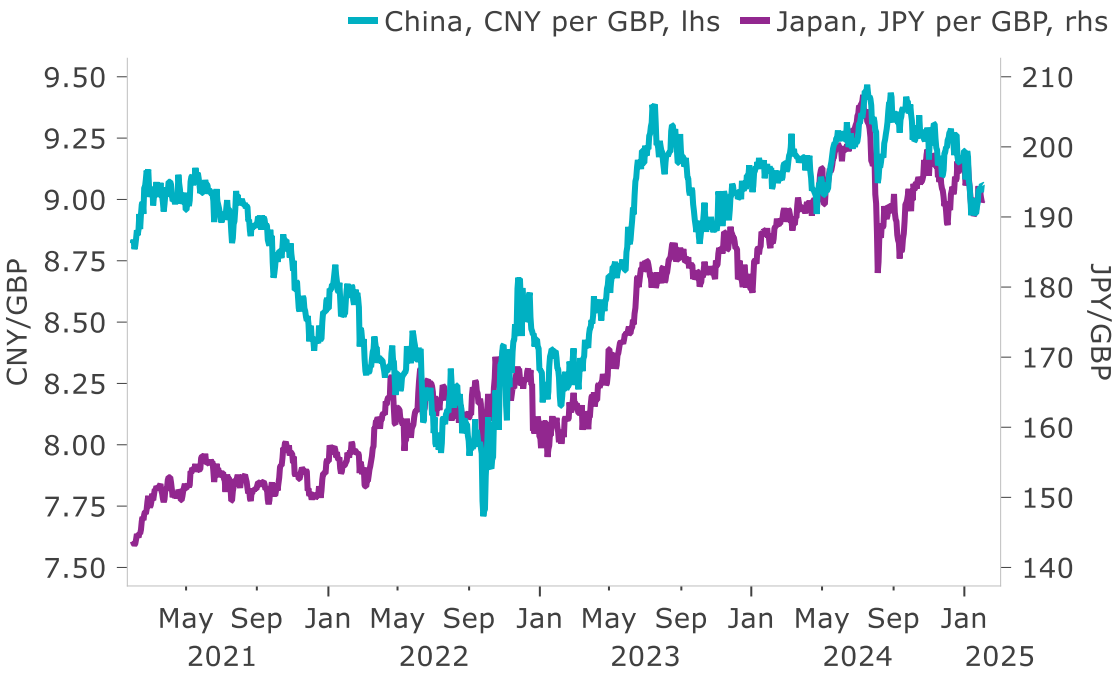
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 DECEMBER

USD TO GBP, YOY

-2.7%



Sterling depreciation in relation to the USD , YoY.

EURO TO GBP, YOY

4.1%



Sterling appreciation in relation to the Euro, YoY.

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

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1

PAGE 2

WORLD ECONOMY

RETAIL SALES

ONS

ONS TABLES

CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET

UK EMPLOYMENT

EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



CONSENSUS FORECASTS FOR THE UK ECONOMY

CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2024			2025		
	City	BoE	OBR	City	BoE	OBR
GDP	0.8	1.3	1.1	1.1	1.0	2.0
Cons. Spending	0.9	0.5	0.4	1.3	1.5	1.7
CPI (Q4)	2.5	2.8	2.5	2.5	2.3	2.6
Avg Earnings	5.8	5.0	4.7	3.8	3.0	3.6
Bank Rate (Q4)	4.8	4.9	4.8	3.7	4.1	3.8

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

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

SUMMARY FORECASTS

GDP 2024

0.8%



Unchanged from the previous projection of 0.8%.

Avg. Earnings 2024

5.8%



Up from a previous projection of 4.9%.

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

MENU

EXEC SUMMARY

UK ECONOMY

PAGE 1  
UK Economy (Page 2)

WORLD ECONOMY

RETAIL SALES

ONS  
ONS  
CBI TRADES SURVEY

CONSUMER CONFIDENCE

INFLATION

LABOUR MARKET  
UK EMPLOYMENT  
EARNINGS

CREDIT

EXCHANGE RATES

FORECASTS

ABOUT US



BRC INSIGHT

The BRC has a diverse team of experts dedicated to providing insight into the UK’s retail industry. They work across several specialities to bring together cutting-edge data sources and provide in-depth analysis of both into fast-moving market developments and longer-term structural trends. We help our members with insight into the market in which they operate and to benchmark their performance against their peers.

The BRC produces some of the leading measures of UK retail performance, including sales, footfall, property vacancies and more.

You can find out more about our work by visiting <https://brc.org.uk/market-intelligence/>

ECONOMIC MONITOR

The BRC’s Economic Monitor is our monthly measure of the global & UK economy, the wider trading environment, and a collection of performance market measures within this context.

If you have any thoughts or feedback on how we might be able to improve this report – please do get in touch.

AUTHOR



HARVIR DHILLON  
ECONOMIST

EDITOR



KRIS HAMER  
DIRECTOR OF INSIGHT

CONTACT & DISCLAIMER

BRITISH RETAIL CONSORTIUM  
+44 (0) 207 854 8900  
[market.intel@brc.org.uk](mailto:market.intel@brc.org.uk)

The articles and opinions contained in this publication do not necessarily reflect the views of the BRC. Whilst the BRC endeavours to ensure that the information in this publication is accurate and that the articles contain nothing prejudicial to the position or reputation of any party, the BRC shall not be liable for any damages (including without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise from this publication or any information contained in it, or from any action or decision as a result of reading this report.

[View the Insight hub](#)  
[Release Calendar](#)