



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.

NOVEMBER 2025

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Executive Summary

Retail sales volumes rose for the fourth straight month in September, reaching their highest level since July 2022. This sets a strong base for the Golden Quarter, which typically accounts for almost 30% of annual retail spend. However, food volumes remain subdued, with the bulk of momentum coming from non-food (particularly PurePlay) channels. Q3 GDP likely held steady, supported by consumer demand. But real wage growth remains below 1%, with inflation at 3.8% and private sector pay growth slowing, meaning purchasing power is weaker than last year.

Despite this, consumer spending intentions are rising, likely driven by higher prices rather than confidence. BRC’s [Consumer Sentiment Monitor](#) shows shoppers expect to spend more, even as concerns about personal finances and the Autumn Budget grow. The Budget is expected to include tax increases, though it’s unclear whether the burden will fall more on households or businesses.

Inflation held at 3.8% in September, below Bank of England forecasts. This eased gilt yields and government borrowing costs, increasing the chance of a rate cut, though markets still expect the first move in February 2026. Inflation is forecast to fall below 3% by mid-2026, driven by lower energy costs. US tariffs are beginning to weigh on global demand, which could further dampen inflation but also pose a risk to UK growth in 2026.

GDP GROWTH

0.3%

% change – QOQ, Q2 2025
Up from 0.7% in Q1 2025

CPI INFLATION

3.8%

% change - YOY September
Unchanged from 3.8% in August

UNEMPLOYMENT

4.8%

August
Up from 4.7% in July

WAGE GROWTH

4.7%

% change – YOY August
Down from 4.8% in July

BRC – KPMG RETAIL SALES

2.3%

% change – YOY, September
Down from 3.1% in August

BRC – OPINIUM CONSUMER SENTIMENT

-35

Net Balance - October
Up from -36 in September

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GDP GROWTH COULD HIT 1.5% OVER 2025

Economic Growth

GDP grew 0.3% in the three months to August, compared with 0.2% expansion in the three months to July.

- **Services** activity grew by 0.4% and the largest upward contributor was human health and social work activities as well as administrative and support activities. The biggest downward contributor was wholesale and retail trade.
- Consumer-facing services decreased 0.6%, and travel services was the biggest negative contributor. Accommodation provided the biggest positive contribution.

Looking at the most recent quarterly figures, the economy slowed to 0.3% over the second quarter of 2025. Relative to the pre-pandemic benchmark of Q4 2019, **economic output** is 5.2% above this level.

- Services output grew by 0.4%, and the biggest contribution came from information and communication activities.
- Production output decreased by 0.8%, driven by a decline in electricity, gas, steam and air conditioning supply.
- Construction output grew by 1.0%, driven by heightening infrastructure construction as well as private repair and maintenance (extensions and refurbishments).
- On the expenditure side, government consumption provided the biggest contribution to headline GDP, and **household expenditure** grew by 0.1% in real terms.
- **Business investment** decreased by 1.1% on the quarter and is 10.0% above its pre-Covid level.

Prices

Inflation was unchanged once more in September, and the Consumer Price Index annual rate stayed at 3.8%. Of the headline rate, 0.5% emanates from food, 0.6% from restaurants and hotels, and 0.4% from recreation and culture. Housing and energy costs are pushing up significantly on inflation, adding 0.9% to the headline figure. **Fuel prices** rose for both petrol and diesel, with these figures registered when petrol was £1.34 per litre and diesel £1.42.

Business input costs within the domestic supply chain – based on the newly resumed PPI series – remained in slight deflation. Revisions have, however, pushed up producer inflation relative to previously published estimates, and prices have settled at significantly elevated levels, with inputs up 34.0% and outputs up 30.5% compared to February 2020.

Monetary Policy

The Bank of England, in September, kept **interest rates** unchanged at 4.0%. The latest forecasts have upgraded GDP growth over the coming year to 1.2% (up from 1.1%). Growth remains unchanged at 1.2% over 2026 and picks up to 1.5% in 2027; however, real incomes are set to ease to 1.5% in 2025, subdued in the subsequent two years.

Inflation averaged 3.8% in Q3 2025 and is expected by the BoE to return to the 2% target in 2027 Q2. Households will 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 (Aug Forecast)
1.2%

IMF (Jul Forecast)
1.2%

Office for Budget Responsibility (Mar Forecast)
1.0%

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UNEMPLOYMENT UNCHANGED AT 4.7%

Purchasing Managers’ Index

The flash S&P Global UK Composite PMI rose to 51.1 in October, a two-month high, signalling a modest pick-up in private sector activity. Growth was supported by a tentative rebound in manufacturing, the first in a year, and another small upturn in services. New orders edged higher, while job losses eased to their slowest since May.

Input cost pressures cooled to the lowest in 11 months, softening price inflation. Business sentiment brightened slightly, helped by signs of firmer demand and easing inflation, though firms remained cautious amid weak exports, subdued confidence and uncertainty ahead of the November Budget.

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 August) ticked up to 4.8%, 0.2 percentage points higher on the previous quarter. The **economic inactivity rate** remains above pre-pandemic norms, however, and edged down slightly in the most recent period to 21.0%. The job vacancy figures additionally suggest labour demand remains subdued.

Job vacancies fell to 717,000 in the three months to September, decreasing by 115,000 over the past year, now 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 74,000, which is a notable 46,000 below pre-pandemic levels.

Outlook

Retail sales volumes have now grown for four consecutive months, and shopping baskets are at their heaviest since June 2022. Economic growth has also experienced a slight pick-up, whilst also having been revised upwards over 2023 and 2024, suggesting the UK’s economic performance had been better than initially estimated. Real wage growth has now dipped below the 1% mark as easing nominal wage growth is hit by elevated rates of inflation. This is likely to constrain consumer purchasing power; however, promotional activity is likely to intensify, helping volumes growth.

The UK remains vulnerable to global headwinds, and whilst input inflation has remained subdued due to a strong pound, the risks of a global economic slowdown remain in play, due to heightened US tariffs. Inflation, whilst elevated, didn’t hit the 4% mark over Q3, opening up a potential pathway for an interest rate cut this Thursday. However, the bulk of the easing in inflation is likely to occur in 2026, when interest rates are expected to be closer to 3.5% by mid-2026.

% year-on-year (unless otherwise specified)	2023	2024	2025(f)	2026(f)	2027(f)
Real GDP	0.4	1.1	1.2	1.2	1.5
Inflation	4.3	2.5	3.8	2.5	2.0
Unemployment (rate)	3.8	4.5	4.7	4.9	4.8
Interest (Bank Rate)	5.3	4.9	4.1	3.7	3.5
Real post-tax labour income	1.0	4.3	1.5	0.0	0.5

Source: Bank of England, Monetary Policy Report August 2025

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

PROJECTIONS FOR 2025 UK GDP GROWTH

Bank of England (Aug Forecast)

1.2%

IMF (Jul Forecast)

1.2%

Office for Budget Responsibility (Mar Forecast)

1.0%

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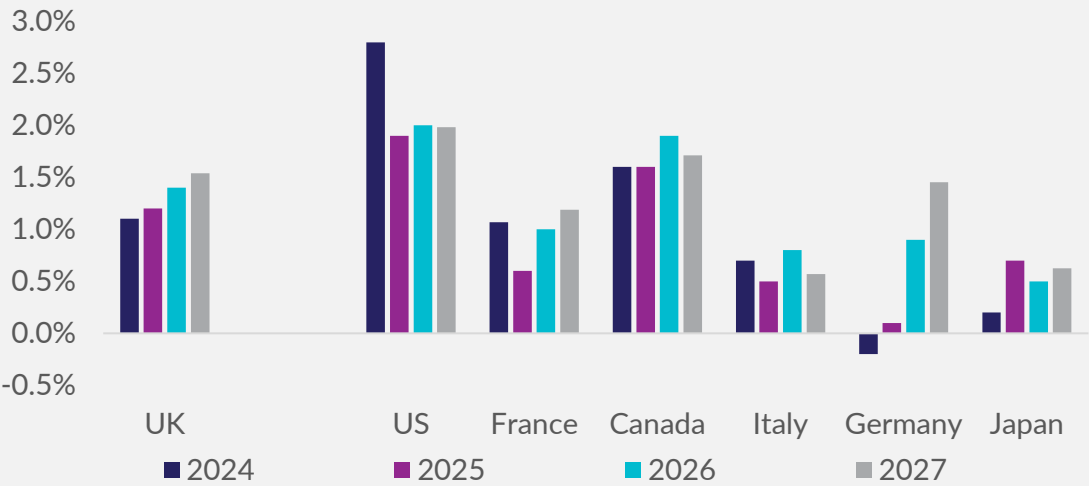
GLOBAL US TRADE BARRIERS REMAIN IN PLACE

The U.S. has imposed a 10% baseline tariff on all imports, pending a Supreme Court ruling. While China faces sharply higher duties, the UK and EU have been spared further escalation following temporary truce agreements. The pause offers short-term relief, but uncertainty remains. Businesses are cautious amid legal ambiguity and the risk of renewed protectionism, which continues to cloud global trade dynamics and investment planning.

Europe’s recovery remains fragile amid the ongoing Russia–Ukraine war. China’s economy is also under pressure, with weak demand, deflation risks, and a deep property slump. Despite targeted stimulus, confidence remains low. Combined with trade tensions, these factors heighten recession risks for advanced economies exposed to global supply chains and financial shocks.

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, JUL FORECASTS



Source: IMF, The World Economic Outlook.

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%).

The flash HCOB Eurozone Composite PMI rose to 52.2 in October, the strongest reading in 17 months, signalling a solid expansion in private sector activity. Growth was underpinned by the fastest rise in new orders for two and a half years, led by services, while manufacturing output edged higher. Employment returned to growth as backlogs stabilised, though optimism slipped to a five-month low amid uncertainty in France. Price pressures eased overall, even as firms raised charges at the quickest pace since March.

US inflation inched up to 3.0% in September, now trending upwards since the start of Q2. 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 inched up to 2.2% in the 12 months to September. Energy prices were 2.5% lower on the year, food, alcohol and tobacco prices 3.0% higher, and the cost of non-energy industrial goods increased 0.8%.

2025 PROJECTED GROWTH – IMF (JUL)

UK

1.2%

US

1.9%

FRANCE

0.6%

GERMANY

0.1%

JAPAN

0.7%

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RETAIL SALES SLOW SLIGHTLY

“In September, total sales increased by 2.3% YoY, comprising a 4.3% uplift in Food and a 0.7% rise in Non-Food. Within the Non-Food category, In-store sales grew by 0.5% YoY, while Online sales advanced by 1%.

Overall sales growth was buoyed up by continued food inflation, rather than food volume growth. This was supported by modest growth in Furniture, Computing and Health & Beauty. Apple saw YoY growth with the ongoing iPhone and Apple Watch launches.

The five weeks of this September period were volatile. After a mostly good start and a particularly strong middle week, overall sales slowed in the last fortnight, as Clothing and Footwear slumped.”

DATA & CHARTS

FIG 1 – BRC Retail Sales and Online Performance

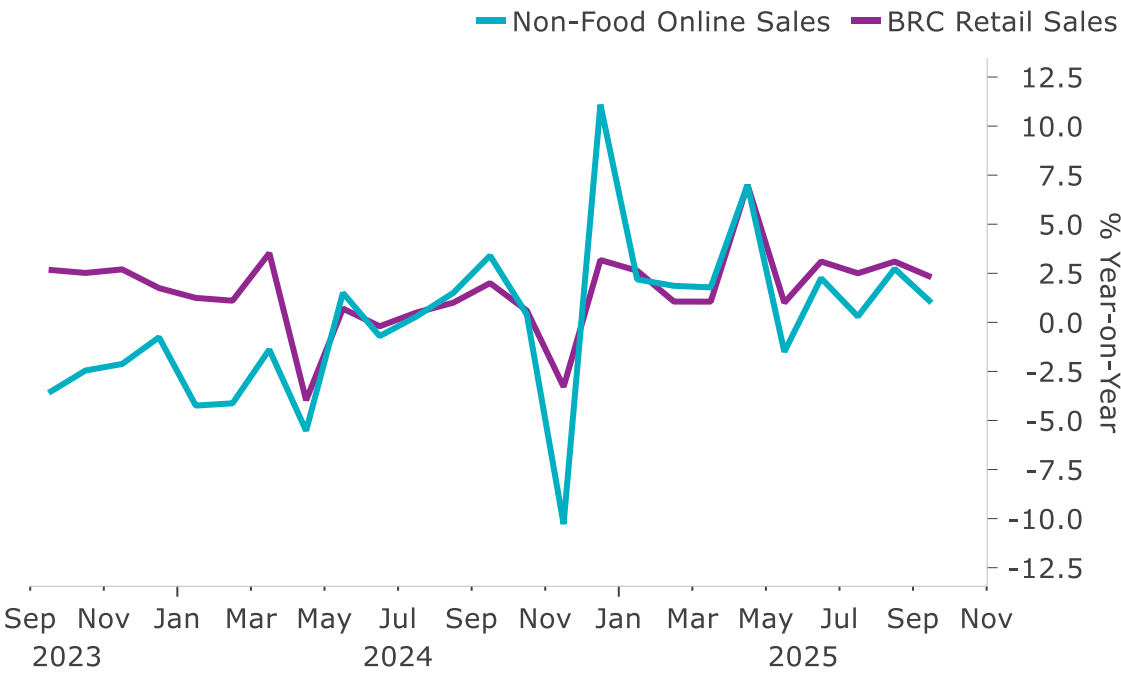
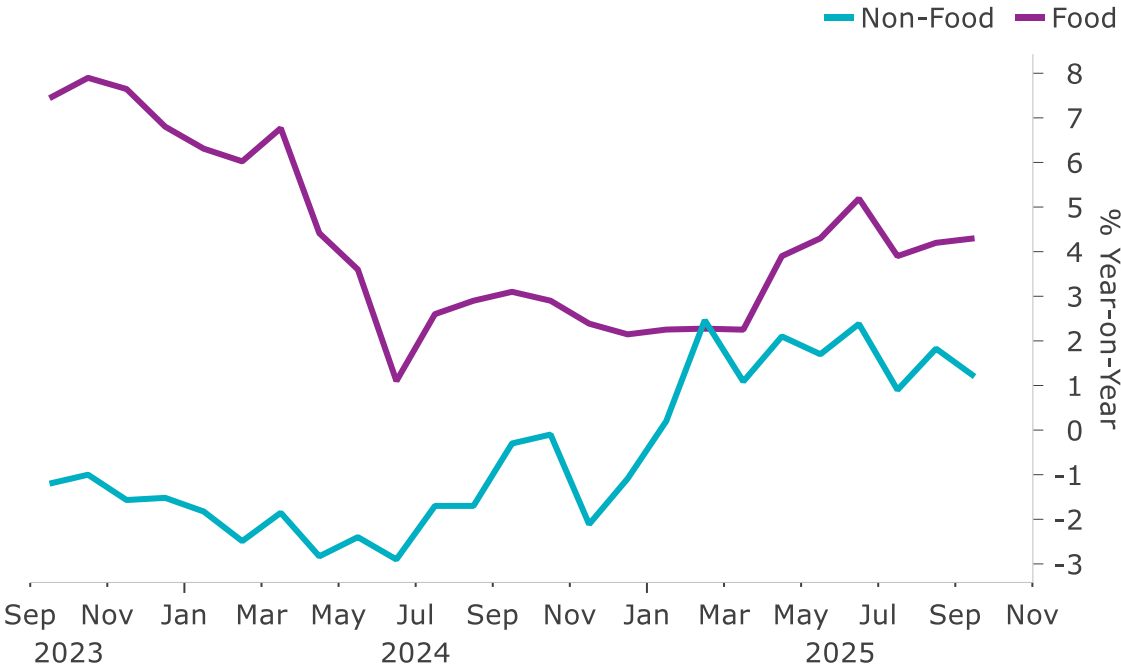


FIG 2 – BRC Retail Sales Category Performance



SUMMARY SEPTEMBER

Retail Sales

2.3%

Down from 3.1% in August.

Online Non-Food Sales

1.0%

Down from 2.7% in August.

Sales growth slows

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VOLUMES HIGHEST SINCE 2022

UK retail sales rose by 0.5% in September, following a (upwardly revised) increase of 0.5% in August. In broader terms, sales volumes rose by 0.9% in the three months leading up to September when compared to the preceding three months.

Food store sales fell marginally by 0.1% on the month, following an increase of 0.6% 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 7.9% below their pre-pandemic Feb 2020 levels, as elevated food inflation pushes down on sales volumes.

Non-food store sales rose by 0.9% on the month, with sales volumes having risen by 1.4% in the preceding month.

- Volumes grew the most in other stores, non-store (Pure Play retailers), followed by household goods stores.
- A smaller decrease took place in department stores, and a mild increase in textile, clothing and footwear.
- Automotive fuel sales volumes fell by 0.6% in September.

The proportion of retail sales conducted online (seasonally adjusted) increased to 28.0% in September, up from 27.8% in August, the highest since February 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

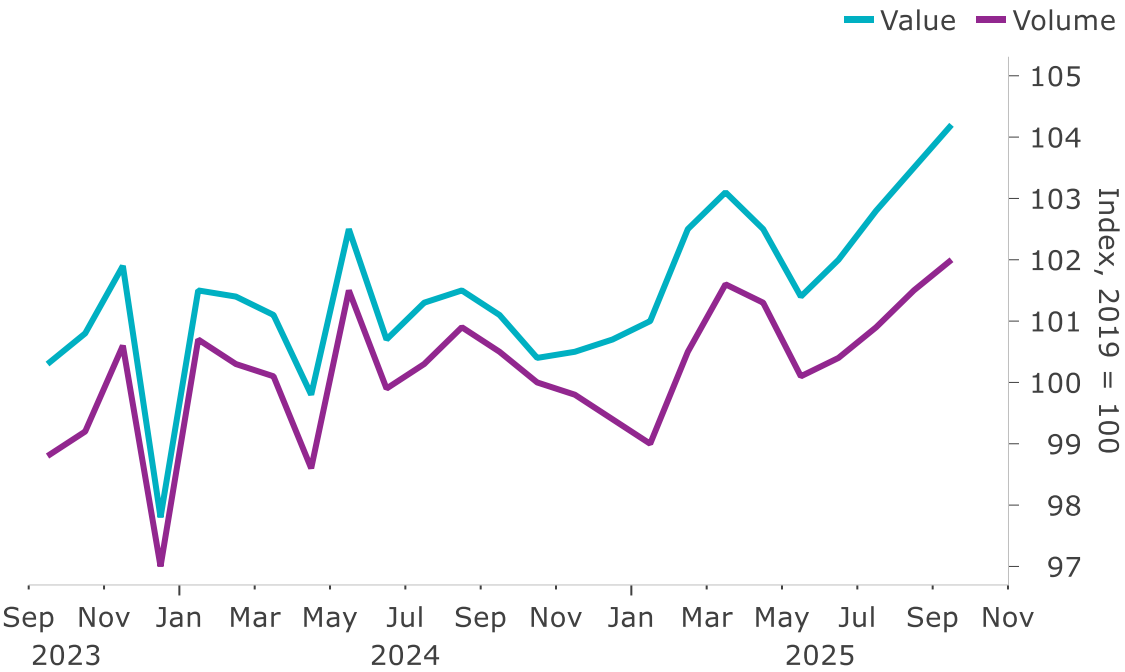
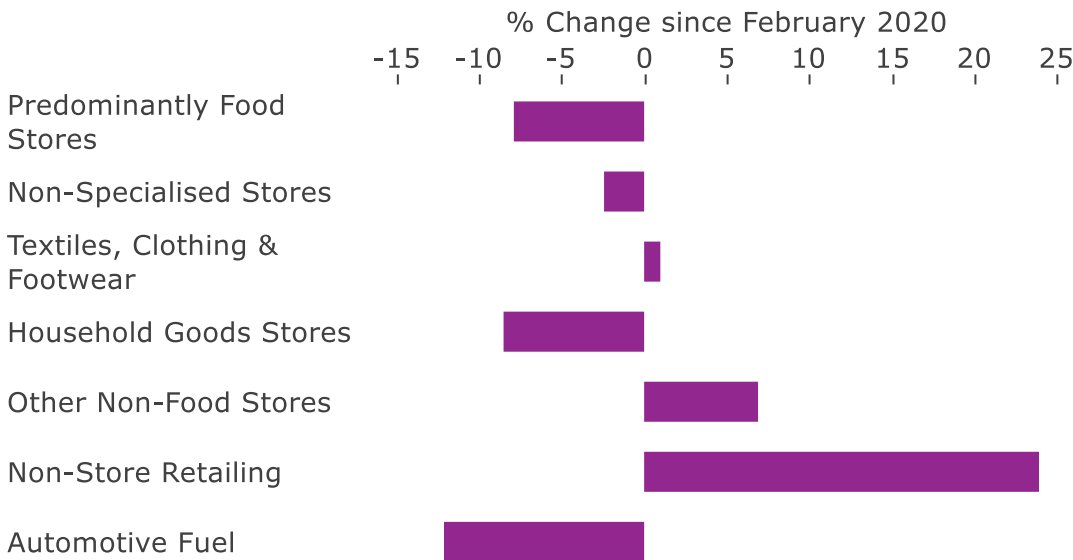


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY SEPTEMBER

Retail Sales
0.5%
Down from 0.6% in August.

Online Sales
1.4%
Up from 0.9% in August.

Sales trending back upwards

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Jul-25	1.7	2.5
Aug-25	2.6	3.1
Sep-25	3.8	2.3

Source: ONS RSI & BRC RSM

ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Househ old goods	Oth. non- food	Non- store retailing
Sep-24	2.0	-1.0	2.5	2.9	-4.2	14.0	3.2
Oct	0.6	-1.6	1.3	-2.3	-2.4	11.5	0.4
Nov	-2.9	-1.8	-4.5	-7.4	-7.2	6.0	-6.6
Dec	4.4	1.3	6.1	0.0	3.8	15.1	5.4
Jan	0.2	1.8	4.5	-2.7	-0.5	0.3	-4.3
Feb	1.5	1.0	2.6	0.7	6.0	2.3	0.0
Mar	1.3	-1.8	4.5	2.5	3.1	4.6	4.3
Apr	7.0	8.7	10.1	6.7	7.2	3.0	4.4
May	-0.5	0.0	2.9	-0.8	0.3	-1.0	-3.0
Jun	2.6	2.1	8.4	3.6	2.9	-1.6	4.5
Jul	1.7	-0.1	2.7	6.0	5.0	-1.2	4.3
Aug	2.6	-0.3	4.7	7.4	5.3	0.3	7.6
Sep-25	3.8	2.5	3.3	6.3	5.2	0.7	8.7

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Jul-25	1.0	3.9
Aug-25	1.4	6.4
Sep-25	2.8	7.2

Source: ONS RSI

ONS SALES GROWTH – VOLUME TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Household goods	Oth. non- food	Non-store retailing
Sep-24	-0.4	-2.3	0.6	0.3	-0.1	3.6	-0.1
Oct	-0.7	-0.3	-0.3	-2.0	0.7	-1.2	-1.0
Nov	0.0	0.3	-0.2	-3.8	0.0	2.0	0.3
Dec	-0.3	-0.6	0.0	3.7	0.3	-0.7	-2.8
Jan	-0.4	1.8	1.1	-1.8	0.8	-4.4	-3.1
Feb	1.5	-1.3	1.0	3.7	5.0	3.3	5.1
Mar	1.2	-0.1	0.3	1.8	-1.1	4.4	3.3
Apr	-0.4	0.7	1.0	-1.2	-0.6	-4.6	0.9
May	-1.3	-2.3	-2.0	-0.2	-2.5	-0.6	0.9
Jun	0.6	0.8	1.7	1.3	0.6	-1.5	0.8
Jul	0.5	-0.1	-1.1	2.4	0.7	0.1	1.7
Aug	1.0	0.6	1.8	1.7	0.8	1.3	1.0
Sep-25	0.6	-0.1	-0.3	0.1	1.2	2.1	1.5

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
Aug-24	£8.6bn	£2.3bn	6.8	27.1
Sep	£9.0bn	£2.5bn	4.6	27.7
Oct	£10.0bn	£3.0bn	-5.7	30.3
Nov	£11.1bn	£3.2bn	8.3	29.1
Dec	£8.1bn	£2.2bn	-0.9	27.0
Jan	£8.4bn	£2.2bn	2.0	26.0
Feb	£8.8bn	£2.4bn	5.3	26.9
Mar	£9.1bn	£2.4bn	7.1	26.3
Apr	£9.0bn	£2.4bn	-1.9	26.2
June	£9.0bn	£2.4bn	4.7	26.8
Jun	£9.1bn	£2.5bn	2.9	27.2
Jul	£8.9bn	£2.3bn	5.4	26.2
Aug-25	£8.9bn	£2.5bn	5.2	27.5

Source: ONS RSI

SUMMARY SEPTEMBER

ONS Sales

3.8%

Up from 2.6% in August.



Large retailers

2.8%

Up from 1.4% in August.



Strong increase in
jewellery retail sales

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CBI COMMENTARY

“Retail sales volumes continued to decline at a strong rate in the year to October, extending the sector’s downturn into a thirteenth consecutive month. For the time of year, sales volumes in October were judged to be “poor”, to a comparable extent to last month. Retailers reported persistent weakness in consumer spending, driven, at least in part, by caution ahead of next month’s Autumn Budget. Some retailers resorted to sales events to bolster weak trade, as broader confidence among both consumers and businesses remains subdued.

Looking ahead, the outlook for the retail sector remains gloomy. Next month’s sales are expected to decline at a faster pace, while continuing to fall short of seasonal norms.

Online retail sales volumes grew slightly in the year to October, but retailers expect sales to contract at a modest pace next month.

With demand conditions remaining poor, retailers reduced orders placed upon suppliers at a firm pace in the year to October, while stock volumes relative to expected sales softened. Retailers expect to cut back on order volumes at a faster rate in November, with stocks set to broadly hold at their current position.

Activity across the rest of the distribution sector mirrored the weakness reported by retailers. Wholesalers’ annual sales volumes fell at a fast rate in October, with the pace of the decline set to quicken slightly in November. Motor traders reported that sales volumes contracted in the year to October at a markedly slower rate compared to last month, but sales are also expected to fall at a stronger pace next month.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Nov-24	-18	-1
Dec	-15	-29
Jan	-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-25		-39

Source: CBI Distributive Trades Survey

SUMMARY OCTOBER

CBI Balance

-27



Up from -29 in September.

CBI Expected (November)

-39



Down from -36 in October.

Sales outlook falls back

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GfK CONSUMER CONFIDENCE

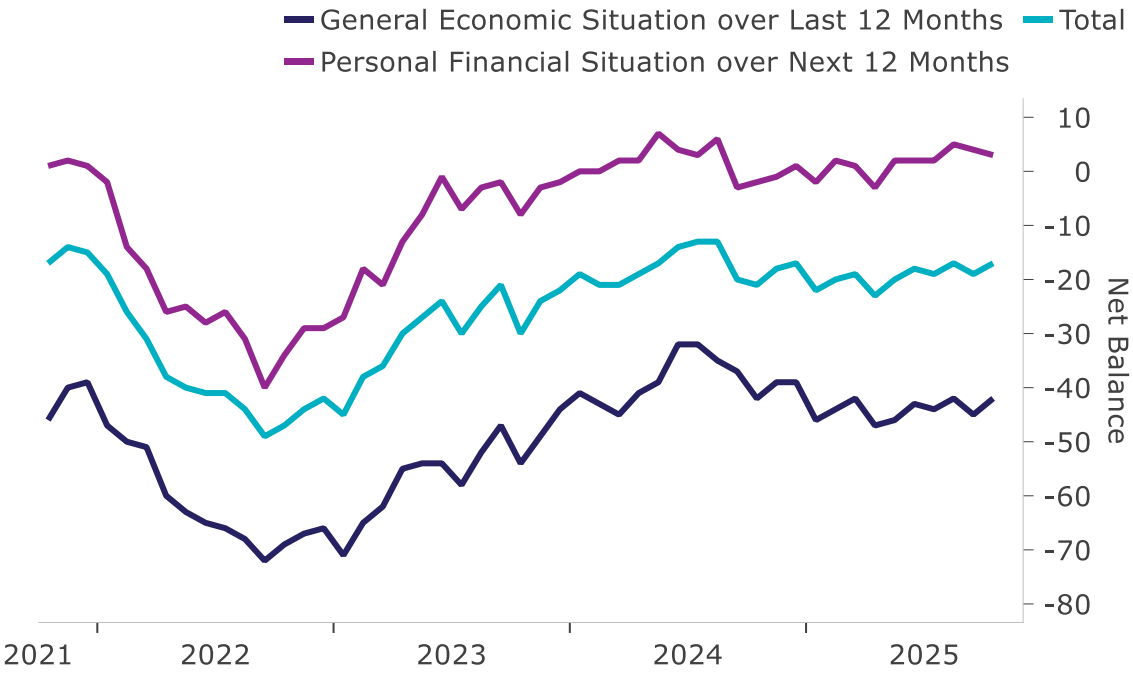
“Consumer confidence registered a marginal increase in October. Buying sentiment is up on last month, with a four-point rise in our Major Purchase Index, which tracks consumers’ intentions to buy big-ticket items such as electrical goods and furniture. This uptick is partly driven by major retailer sales events held earlier in the month.

After several years of high inflation, savvy consumers have adapted their purchasing strategies to make the most of their money when discounts are most attractive. Where possible, many now delay major purchases until one of these sales events – and the biggest of all is Black Friday, on November 28. Both consumers and UK retailers will be watching closely to see whether the Chancellor’s Budget, to be announced just two days before Black Friday, boosts or dampens spending during that crucial weekend.”

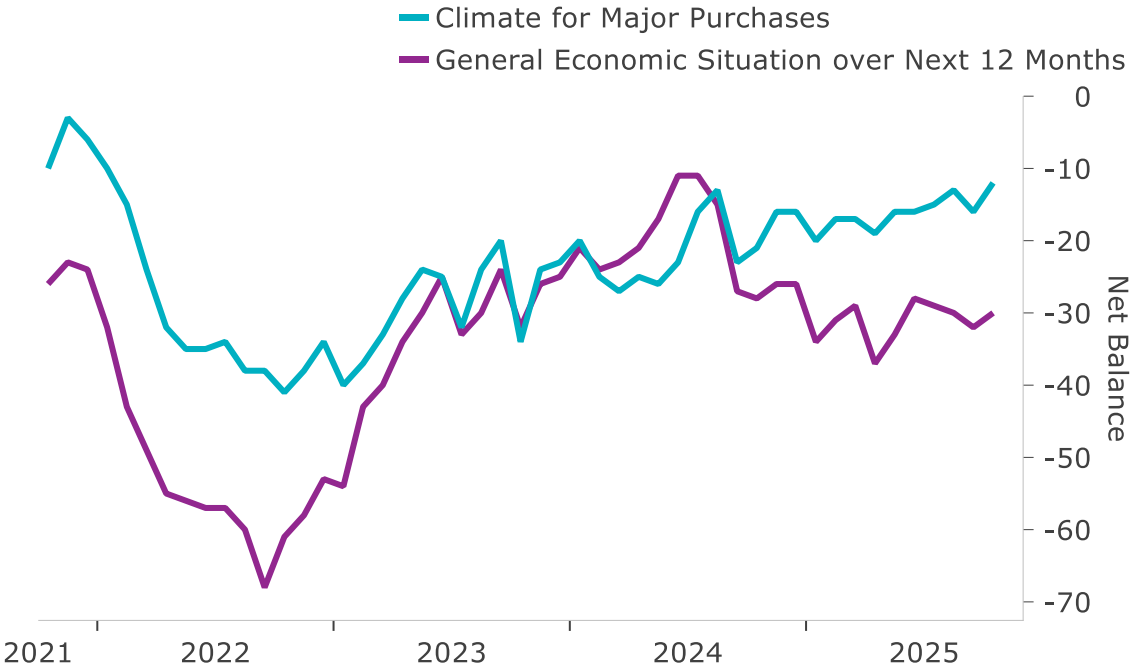
NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
Oct-24	-21	-21	-10	-2	-42	-28
Nov	-18	-16	-9	-1	-39	-26
Dec	-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-25	-17	-12	-5	3	-42	-30

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

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Headline GfK confidence

-17



Up from -19 in September.

Major Purchases confidence

-12



Up from -16 in September.

Consumer confidence improves despite Budget worries

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ONS CONSUMER PRICE INDEX (CPI)

HEADLINE FIGURES, %, YOY

	CPI	Retail Price Index, all items (RPI)	All Items excl. mortgage interest payments (RPIX)
Sep-24	1.7	2.7	2.0
Oct	2.3	3.4	2.8
Nov	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-25	3.8	4.5	4.4

Source: ONS.

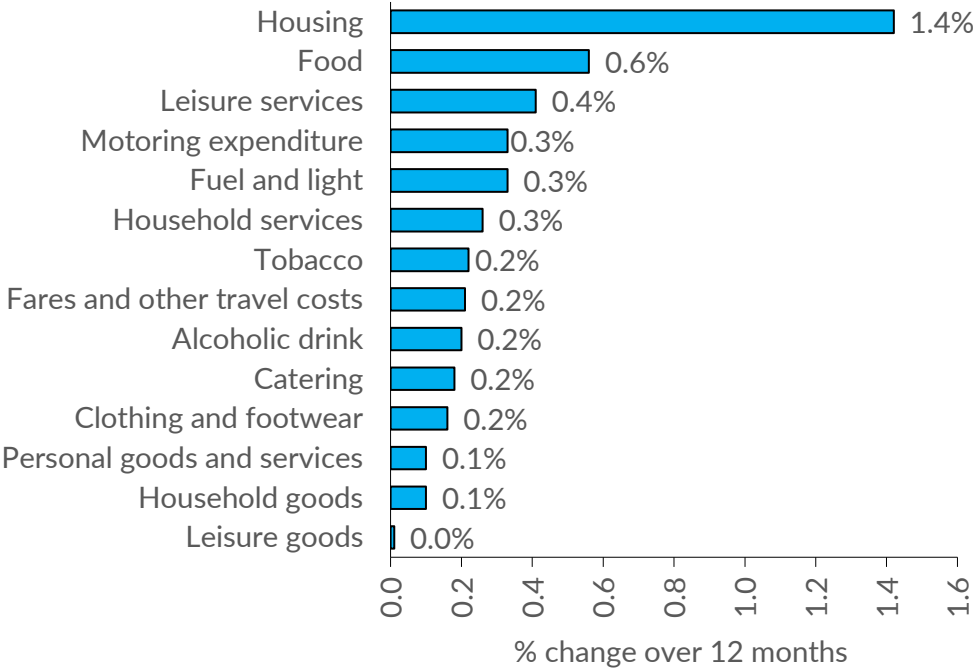
CPI: SUB-CATEGORIES, %, YOY

	Food & non- alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Sep-24	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	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-25	4.5	0.5	7.3	0.4	3.8	3.9

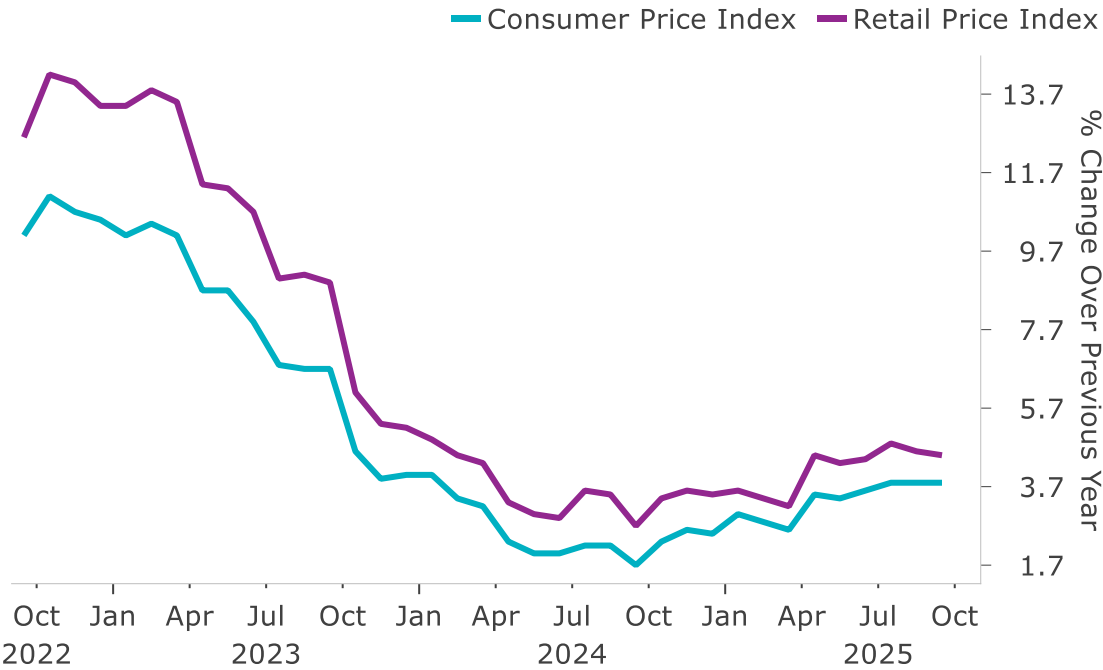
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY SEPTEMBER

CPI

3.8%

Unchanged from 3.8% in August.

CPI Food

4.5%

Down from 5.1% in August.

CPI holds at 3.8%

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UK EMPLOYMENT

In the three months to August 2025:

- The UK employment rate was estimated at 75.1%, 0.2 percentage points higher 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 4.8%, up 0.2 percentage points compared to the previous three-month period (March to May), and 0.9 percentage points above pre-Covid levels.
- The UK economic inactivity rate was estimated at 21.0%, flat 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 September 2025, there were 30.324 million payrolled employees, 0.3% lower compared to the previous year.

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
Sep-24	1,770	4.6	1,507	4.3
Oct	1,754	4.6	1,505	4.3
Nov	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-25	1,698	4.4	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Aug-24	33,748	25,213	8,536
Sep	33,775	25,262	8,513
Oct	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-25	34,221	25,563	8,658

Source: ONS

SUMMARY AUGUST

Unemployment Rate

4.8%



Unchanged from 4.7% in July.

Total Employment

75.1%



Down from 75.2% in July.

Unemployment highest since 2021

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EARNINGS

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

- **Regular pay** was estimated to have increased by 4.7% in nominal terms and increased by 0.7% in real terms.
- **Total pay** was estimated to have increased by 5.0% in nominal terms and increased by 0.5% in real terms.

Between June and August 2024 and June and August 2025:

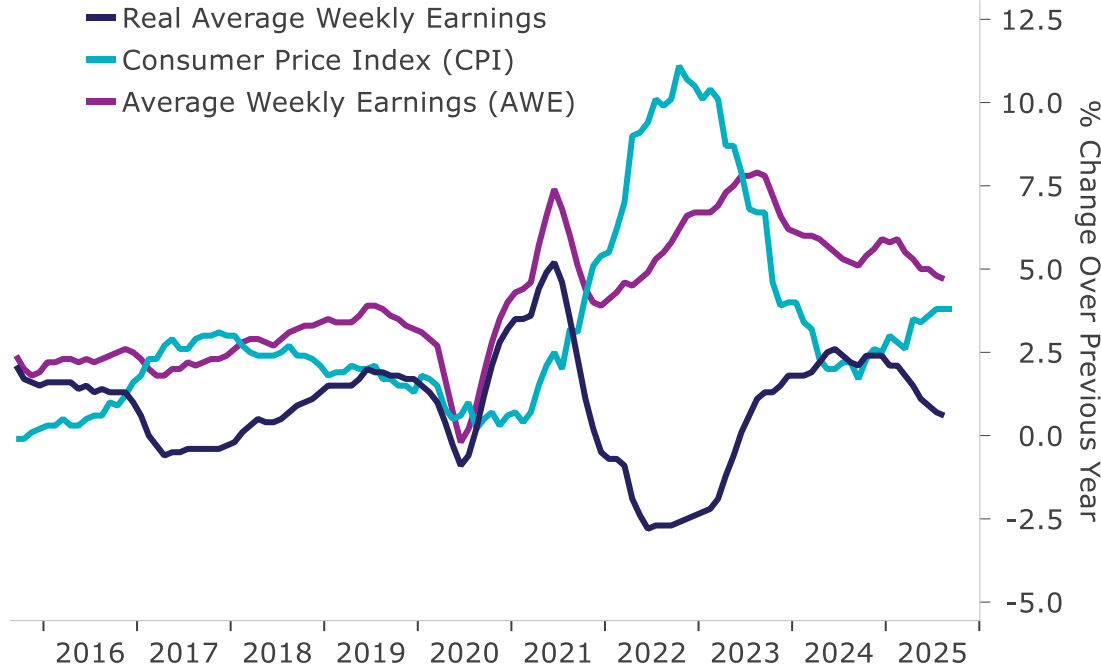
- **Average regular pay (excluding bonuses)** was estimated at £682 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£651 per week) and £493 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£490 per week).
- **Average total pay (including bonuses)** was estimated at £733 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£697 per week) and £529 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£524 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Sep-24	5.1	1.7	2.1
Oct	5.4	2.3	2.4
Nov	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-25		3.8	

Source: ONS.

LONG TERM EARNINGS SERIES



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

SUMMARY AUGUST

Regular pay growth

4.7%

Down from 4.8% in July.



Total pay growth

5.0%

Up from 4.8% in July.



Real wage growth slowing

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MONEY, CREDIT & INSOLVENCIES

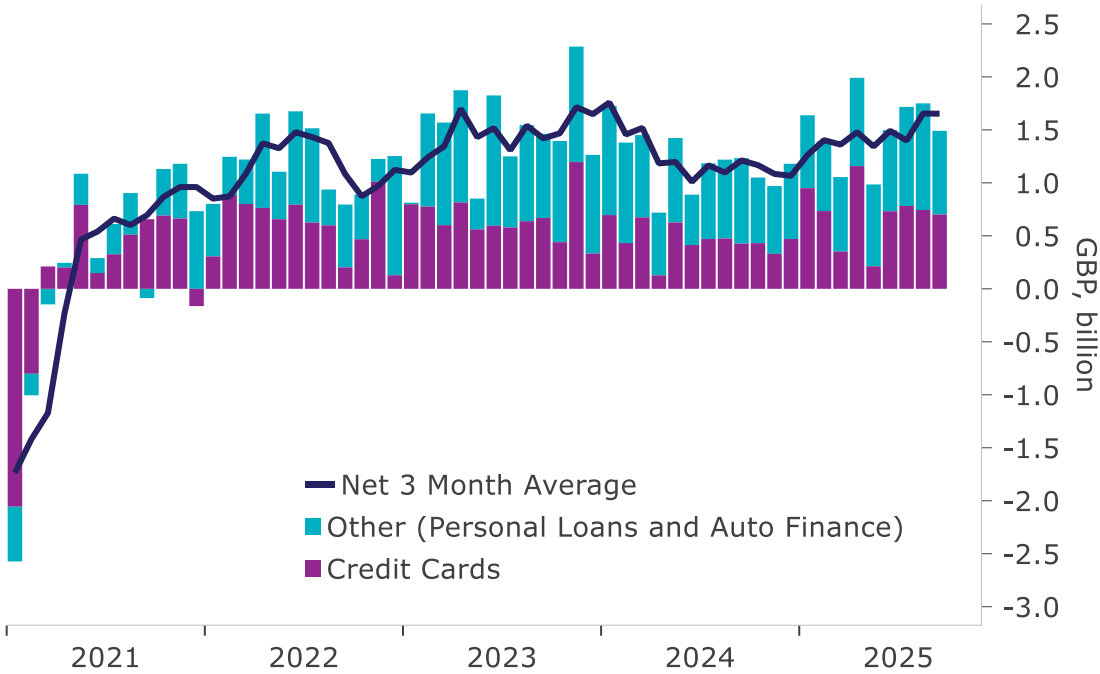
- Consumers in September borrowed an additional £1.5 billion in consumer credit, in net terms, of which borrowing was £0.8 billion in personal/auto loans and £0.7 billion of which was repayments on credit cards.
- Individuals borrowed £5.5 billion in mortgage debt in September, compared to £4.3 billion of net borrowing in August. Mortgage approvals for house purchases decreased to 65,944, up from 64,963 in August.
- Sterling money (known as M4ex) net flows were £13.7 billion in September, compared with £11.2 billion in the preceding month. Households in net terms deposited £7.9 billion at banks and building societies, compared with £5.2 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies decreased to 3.82%, up from 3.79%.
- Private non-financial companies (PNFCs) repaid, on net, £0.4 billion in market finance from capital markets, compared to £3.8 billion of net borrowing in the preceding month.
- There were 555 retail insolvencies in Great Britain in Q2 2025, up from 502 in Q1 2025. In 2024, there were 2,018 insolvencies, 13.6% lower compared to the 2,337 figure in 2023.
- There were 5 retail CVAs in England and Wales during Q2 2025, up from 1 in Q4 2024. 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

	Consumer Credit monthly changes (bn)	Credit Cards monthly changes (bn)	Other Loans and Advances monthly changes (bn)
Sep-24	£1.2bn	£0.4bn	£0.8bn
Oct	£1.1bn	£0.4bn	£0.6bn
Nov	£1.0bn	£0.3bn	£0.6bn
Dec	£1.2bn	£0.5bn	£0.7bn
Jan	£1.6bn	£1.0bn	£0.7bn
Feb	£1.4bn	£0.7bn	£0.7bn
Mar	£1.1bn	£0.4bn	£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	£1.7bn	£0.7bn	£1.0bn
Sep-25	£1.5bn	£0.7bn	£0.8bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY SEPTEMBER

Net consumer credit

£1.5bn



Down from £1.7 billion in August.

Net credit card lending

£0.7bn



Unchanged from £0.7 billion in August.

The effective rate on new personal loans increased to 8.34% and decreased on credit cards to 21.44%

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DOLLAR, EURO, YUAN, YEN

	US dollar (\$) per pound sterling (£)	Euro (€) per pound sterling (£)	Chinese Yuan (¥) per pound sterling (£)	Japanese Yen (¥) per pound sterling (£)
Oct-2024	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	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-2025	1.34	1.15	9.52	202.15

Source: Average monthly exchange rate, Bank of England

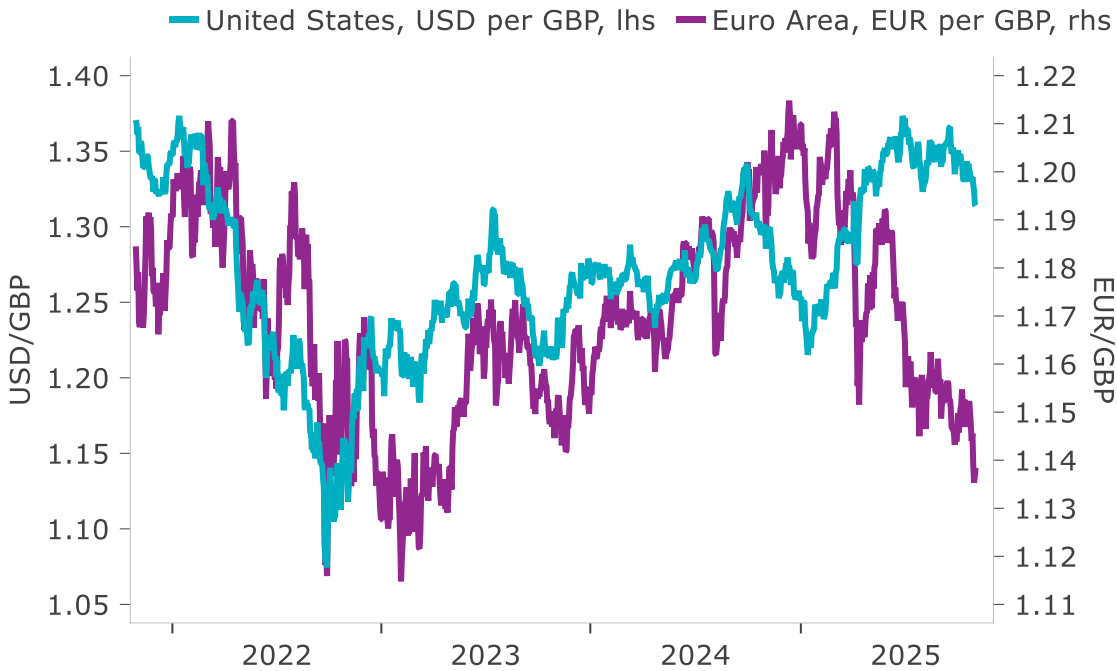
IMPACTS FROM CURRENCY DEPRECIATION

If Sterling depreciates, it can buy less foreign currency and therefore fewer foreign goods. This means retailers have to pay more for imports overall. There is no impact in the short-run, however, with retailers commonly using 6-12 months hedging contracts to protect themselves against currency fluctuations. Any permanent shock to the currency - i.e. a sustained sterling depreciation - takes one to two years to feed through in final consumer prices.

From the perspective of the wider economy, in theory, a pound depreciation should also stimulate exports, since domestically produced goods are cheaper to foreigners, which would increase the demand for UK produced goods.

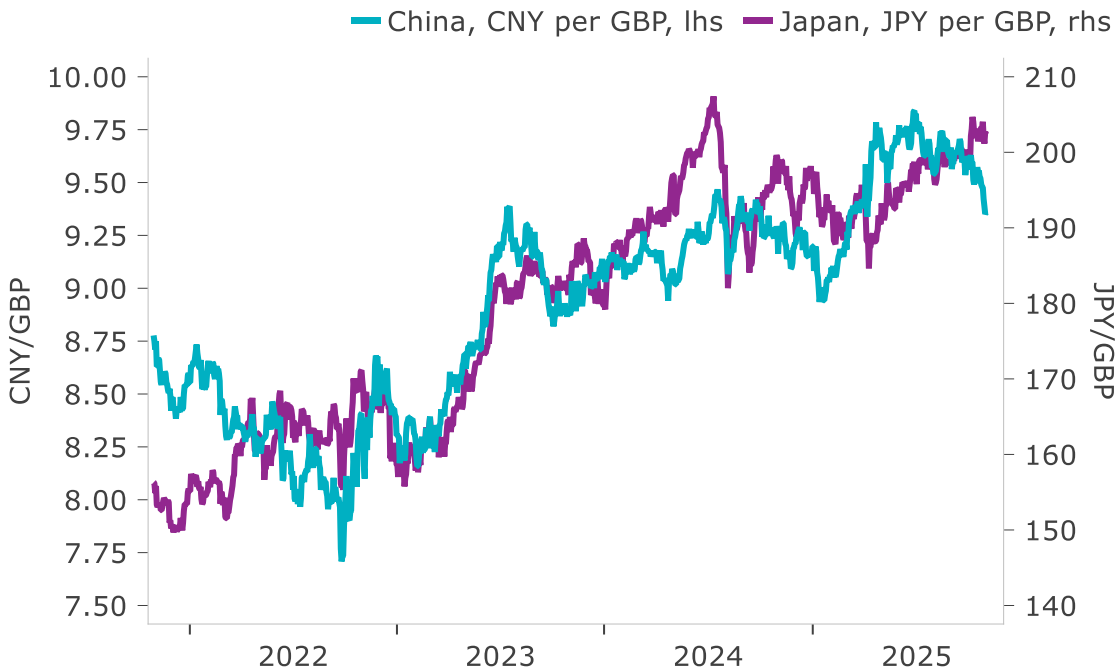
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

USD PER GBP, EURO PER GBP



Source: Average monthly exchange rate, Bank of England

YUAN PER GBP, YEN PER GBP



Source: Average monthly exchange rate, Bank of England

SUMMARY OCTOBER

USD TO GBP, YOY

2.3%



Sterling appreciation in relation to the USD, YoY.

EURO TO GBP, YOY

-4.2%



Sterling depreciation in relation to the Euro, YoY.

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

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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	1.2	0.9	1.1	1.2	1.0
Cons. Spending	0.9	1.0	1.2	1.2	1.5	1.5
CPI (Q4)	3.7	3.8	3.2	2.3	2.5	2.1
Avg Earnings	3.7	2.5	4.3	3.1	2.0	2.1
Bank Rate (Q4)	3.9	3.8	3.9	3.5	3.5	3.8

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

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

BRC FORECASTS FOR SHOP PRICES AND RETAIL SALES, IN 2026

	2024	2025	2026
Overall Shop Prices	0.4	0.7	1.4
Overall Retail Sales	0.7	2.4	2.2

Source: [British Retail Consortium Retail Outlook \(2025\)](#).

SUMMARY FORECASTS

GDP 2025

1.4%



Revised up from the previous projection of 1.3%.

Avg. Earnings 2025

3.7%



Down from a previous projection of 4.0%.

The consensus City forecast for 2025 growth in October was 1.4%

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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.

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