



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.

JUNE 2024

INFLATION FALLS TO 2.3%

The prospects for faster economic growth in the near term have improved, and recovering household incomes following the high rates of inflation seen last year should help to bolster consumer spending over the coming quarters. The BRC Customer Sentiment Monitor for May suggests that most British shoppers feel the economy will get better and will likely continue to grow.

The fall in the Consumer Price Index was less than anticipated, though dropped to 2.3%, not too far from the target rate of inflation. Recent drops in inflation mean higher real wage growth, and tax cuts such as the one to national insurance imply better spending power for the working population, over the second half of this year. However, despite there now being deflation in goods, inflation in services remains elevated.

Oil prices have tailed off somewhat, but the general trend for commodity prices has been upward over the past few months. Fuel prices remain elevated, but other key inputs in food production such as natural gas have eased off considerably. Supply chain conditions nonetheless remain fragile and shipping operators are continuing to divert traffic away from the Red Sea, causing delays in shipping. Shipping costs have now surpassed their most recent peak, since the Israel-Hamas conflict began, adding further upside risks to other commodity prices.

GDP GROWTH

0.6%

% change - QOQ, Q1 2024

Up from -0.3% in Q4 2023

CPI INFLATION

2.3%

% change - YOY April

Down from 3.2% in March

UNEMPLOYMENT

4.3%

March

Up from 4.2% in February

WAGE GROWTH

6.0%

% change - YOY March

Unchanged from 6.0% in February

BRC - KPMG RETAIL SALES

-4.0%

% change - YOY, April

Down from 3.5% in March

CONSUMER CONFIDENCE

-17

May

Up from -19 in April

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GDP GROWS IN MARCH

Indicators of Economic Output

GDP grew in March by 0.4%, following upwardly revised growth of 0.2% in February. Services activity expanded by 0.5%, and the largest upward contributor was human health and social work activities. The biggest downward contributor was arts, entertainment and recreation. Consumer-facing services grew similarly, and retail trade provided the largest positive contribution. The biggest downward contributor was real estate activities.

Looking at the most recent quarterly figures, the economy contracted by 0.6% over the first quarter of 2024. Relative to the pre-pandemic benchmark of Q4 2019, economic output is 1.7% above this level. Services output expanded robustly, and the biggest increase came from transportation and storage. Retail trade also returned to growth. Production output increased by 0.8%, and, within this, manufacturing activity rose, driven by the manufacture of transport equipment. Construction output fell by 0.9% as a slump in private commercial construction drove declines in new construction activity. Looking at the expenditure side, investment provided the only negative contribution to headline GDP, and household expenditure rose by 0.2% in real terms. Investment, however, rose 0.9% on the quarter and is currently 5.6% above its pre-Covid level.

The latest S&P Global UK Composite PMI showed activity in May stayed in positive territory, with the overall index inching down to 52.8, above the no-change 50-mark. Services remained in positive territory, although the pace of expansion firmly slowed. Manufacturing activity rose to a 22-month high, with a solid rebound led by strong client demand. Survey respondents noted a softening in labour cost pressures following the April increase in the National Living Wage, seeing a drop in input inflation.

Prices and Monetary Policy

Inflation eased considerably in April and the Consumer Price Index lowered to 2.3%. Of the headline rate, 0.4% emanates from food, 0.9% from restaurants and hotels and 0.6% from recreation and culture. Housing and energy costs are now pushing down on inflation, shaving off 0.7% from the headline figure. Fuel prices rose for both petrol and diesel, with these figures registered when petrol was £1.48 per litre and diesel £1.57.

Gas and food prices have steadily come down though shipping rates remain elevated (although these are starting to fall back). Global oil prices had recently peaked at \$93 but have more recently fallen to \$83 (May average). Domestically, the headline Producer Price Inflation (PPI) measure for business input costs remained in deflation over April. Output cost inflation remained slightly positive, suggesting business cost pressures have significantly eased, although remain at a high level.

The Bank of England (BoE), in May, opted to keep rates unchanged for a sixth consecutive meeting, following fourteen consecutive hikes, at 5.25%, remaining at the highest level since 2008. They are expected to hold once more, during their meeting on the 20th of June. The latest forecasts are more optimistic about economic growth, though the outlook remains broadly flat with growth not expected to pick up significantly until the end of 2025. Real incomes are expected to exhibit decent upwardly revised growth of 3.3%, over this year, easing to 1.2% in 2025. Interest rates will remain elevated until inflation sustainably settles at the 2% target, with most of the impact of monetary tightening having come through. Inflation is expected to hover around 2% over Q2 2024, before rising again. With a sustainable return to the 2% target from Q1 2026 onwards. Households will continue to feel the effects of higher mortgage repayments with an estimated 2.3 million mortgages seeing an end to their fixed rate by the end of this year, and 2.4 million by the end of 2026.

PROJECTIONS FOR 2024 UK GDP GROWTH

Bank of England (May Forecast)

0.5%

IMF (April Forecast)

0.5%

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UNEMPLOYMENT INCREASES TO 4.3%

Faster Indicators: BRC-KPMG Retail Sales

With the run-up to Easter shifting into the end of March this year, as opposed to being in April in 2023, the decline in sales seen across the retail industry was expected. However, the fall by 4.0% on a Total basis was more severe than anticipated.

Food sales fell into decline for the first time since June 2022, which highlights the severity of the Easter distortion as Easter is a major event on the culinary calendar, but when looking at the 3-month average remained in growth thanks to the ongoing price inflation seen on that side of consumer spending. Non-Food sales continue to slump further into decline, now at -2.8% which is also the lowest recorded since June 2022. The Easter holidays traditionally herald significant spending on DIY goods for inside the home, together with gardening goods and garden furniture.

Labour Market

The UK's labour market has begun to cool, and the ONS' most recently re-introduced statistics estimate the unemployment rate to have risen to 4.3%, suggestive of mild loosening in the labour market. The job vacancy figures are more reliable and have come firmly down from peaks with hiring intentions slowing considerably. However, the UK continues to have a large share of the workforce not currently seeking work, otherwise known as 'economically inactive'. As of the most recent figures, 22.1% of those aged 16-64 were inactive in the labour force.

Job vacancies fell to 898,000 in the three months to April and have come down significantly since their recent peak. This still represents 79,000 more vacancies than before the pandemic. Vacancies are above pre-crisis levels in 14 of 18 sectors, most notably accommodation and food, as well as healthcare jobs. In absolute terms, the wholesale and retail sector accounts for the third largest number of vacancies, at 94,000, which is 26,000 below pre-pandemic levels.

Outlook

The UK's swift exit from a recession appears to have continued over Q2. Services activity continues to expand, and consumer sentiment remains on the up. The outlook for personal finances over the next 12 months has also surged to its highest since the end of 2021. Bolstering sentiment has been a combination of falls in inflation, as well as robust real wage growth. The Consumer Price Index's April figure of 2.3% was higher than expected and suggests inflationary persistence may linger over H2 2024. Household consumption is expected to pick up nonetheless, and prospects for economic growth appear brighter. However, interest rates remain at high levels, and the chances for a cut in interest rates by the summer are appearing slimmer, with services inflation stubborn and commodity risks in play.

% year-on-year (unless otherwise specified)	2022	2023 (f)	2024 (f)	2025(f)	2026(f)
Real GDP	4.3	0.0	0.5	1.0	1.3
Inflation	10.8	4.3	2.5	2.3	1.5
Unemployment (rate)	4.0	3.8	4.3	4.8	4.8
Interest (Bank Rate)	2.8	5.3	4.8	4.3	3.8
Real post-tax labour income	-2.5	0.8	3.3	1.3	0.3

Source: Bank of England, Monetary Policy Report May 2024

Nb: Headline labour market statistics (unemployment and inactivity rates) are currently not accredited 'official statistics' designation. The ONS will introduce their new methodology in September.

PROJECTIONS FOR 2024 UK GDP GROWTH

Bank of England (May Forecast)

0.5%

IMF (April Forecast)

0.5%

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GLOBAL DEMAND UNDER PRESSURE

Financial conditions are tightening as the global interest rate-setter, the United States, maintains high interest rates. Many currencies have depreciated against the US Dollar, not least the Pound (though dollar weakening has strengthened certain currencies more recently). The squeeze on emerging markets via higher debt interest payments is anticipated to slow global economic activity. Uncertainty remains in the conclusion of the Ukraine-Russia conflict, tensions in the Middle East, and the effects of a demand shock from China (as it tries to stem deflation and buoy private consumption amidst the bursting of a property bubble) add tail risks to the global outlook. As these impacts are uncertain and volatile, commodity prices could rise higher as a result. As economic activity experiences persistent headwinds in weaker demand and elevated interest rates, global activity will be weighed upon.

The US economy expanded by 1.6% on an annualised basis in Q1 2024, a seventh consecutive period of growth, though a notable slowdown compared to the preceding quarter. The increase was led by improvements in consumer spending and housing investment that were offset partly by private inventory investment and higher imports. The US' growth has slowed up following the hike in interest rates with an elevated Federal Funds Rate expected to weigh on growth in the near term.

GDP GROWTH, APRIL FORECASTS



Source: IMF, The World Economic Outlook.

The Eurozone economy picked up slightly in Q1 2024, growing 0.4% (on an annual basis), up from 0.1% in Q4 2023. Germany's economy contracted by -0.2% (unchanged from -0.2% in Q4 2023). In contrast, France's GDP expanded by 1.1% (up from 0.8% in Q4 2023), Italy's by 0.6% (down from 0.7% in Q4 2023) and Spain's by 2.4% (down from 2.1% in Q4 2023).

The May S&P Global Eurozone Composite PMI shows business activity remained in expansionary territory and was at a 12-month high. Orders for services picked up at their fastest rate in a year, however in manufacturing they continued to contract. Manufacturing output, however, still registered steep contractions. Input cost inflation eased but remained above pre-pandemic averages and cost burdens also remained above their historical trend level. Service providers continued to record price increases and selling price inflation also remains historically high, having re-accelerated last month.

US inflation eased slightly to 3.4% in April 2024. Inflation has now settled from 9.1% but remains above the target rate. The Federal Reserve has embarked upon an aggressive tightening cycle over the past year, seeking to demonstrate credibility in reversing its loose money policy over the pandemic and quell demand to bring inflation back to the target rate. The central bank has signalled a higher likelihood of interest rate cuts, during H2 2024.

Inflation in the Eurozone has slowed from recent highs, and the European Central Bank kept their key rate unchanged at 4.5%, stressing that further hikes remain on the table. Prices were unchanged at 2.4% in the 12 months to April. Energy prices were 0.6% lower on the year, food, alcohol and tobacco prices 2.8% higher and the cost of non-energy industrial goods increased 0.9%.

2024 PROJECTED GROWTH - IMF (APRIL)

UK

0.5%

US

2.7%

FRANCE

0.7%

GERMANY

0.2%

JAPAN

0.9%

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SALES VOLUMES DROP IN APRIL

UK retail sales fell by 2.3% in April, following a downwardly revised decrease of 0.2% in March. In broader terms, sales volumes rose by 0.7% in the three months leading up to April when compared to the preceding three months.

Food store sales fell by 0.8%, on the month, following a 1.1% contraction in March. Growth in volumes fell, and deteriorating sales performance was attributed to higher price levels affecting consumer spending habits. Food stores' sales volumes are now 5.2% below their pre-pandemic February 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales fell by 4.1% on the month, with sales volumes having risen by 0.9% in the preceding month. Volumes fell across all categories (but two), most dramatically falling in household goods stores and fashion stores, followed by automotive fuel. Non-store retailing, in contrast, saw a decent rebound in volumes (by 1.1%). Automotive fuel sales volumes fell by 4.9%, in April, attributed to rising fuel prices.

The proportion of retail sales conducted online (seasonally adjusted) rose slightly to 26.5% in April, up from 26.2% in March. Online sales remained above pre-pandemic norms of 19.7% (March 2020).

For the BRC's in-house data on retail sales, [visit here](#).

DATA & CHARTS

FIG 1 - Retail Sales Volumes vs Retail Sale Value

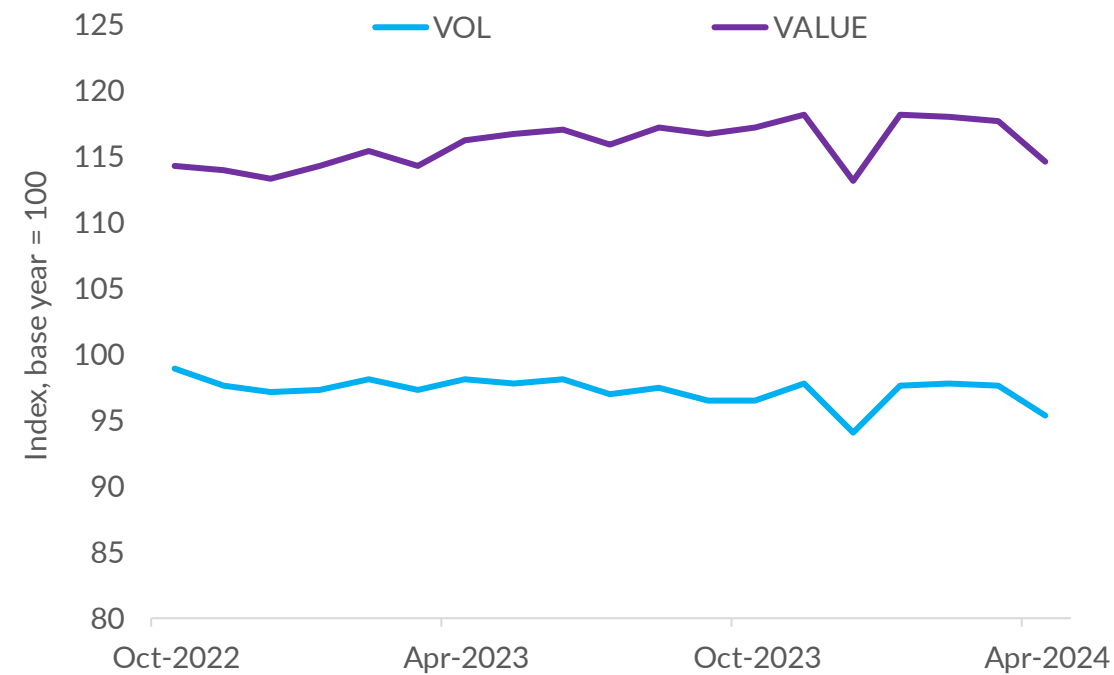
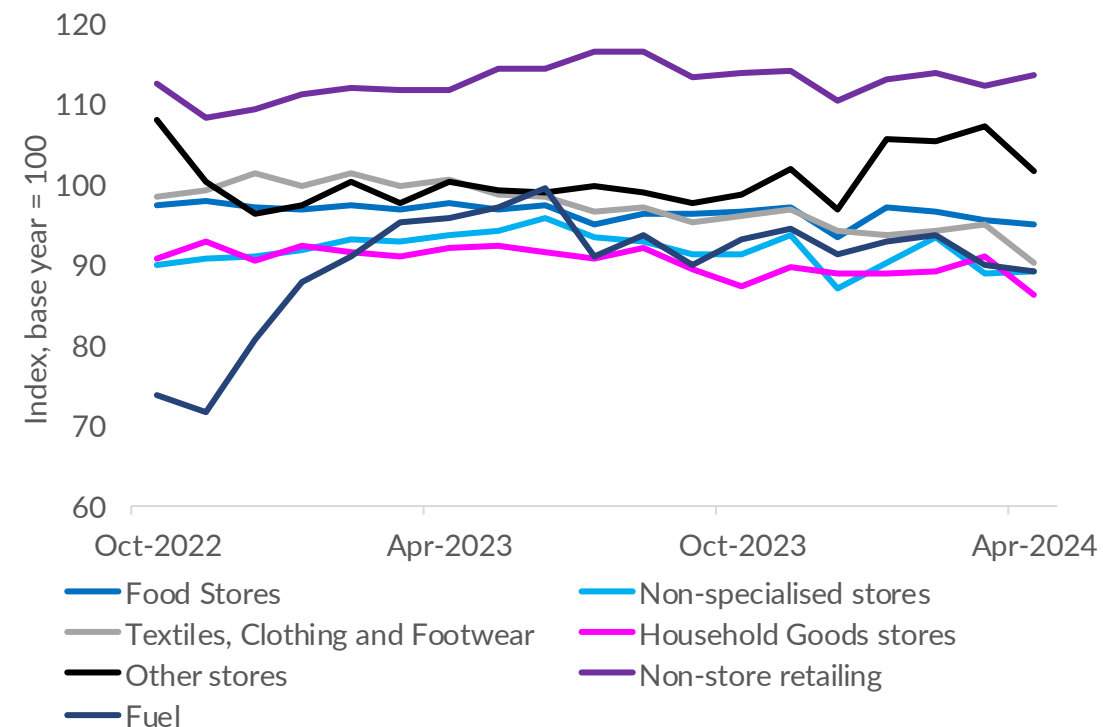


FIG 2 - ONS Retail Sales Category Volumes



SUMMARY APRIL

Retail Sales

2.3%

Down from 0.2% in March.



Online Sales

1.2%

Down from 0.3% in March.



Seasonal adjustment brings down sales growth

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales	RSM Sales
Feb-24	3.2	1.1
Mar-24	4.3	3.5
Apr-24	-2.7	-4.0

Source: ONS RSI & BRC RSM

ONS RETAIL SALES GROWTH – VALUE TERMS

M-Y	All (excl. fuel)	Predom. food stores	Depart. stores	Textiles, cloth. & footwear	Househ old goods	Oth. non-food	Non-store retailing
Apr-23	5.9	10.2	7.5	10.8	-0.2	0.7	-2.3
May	7.5	13.0	10.4	8.1	-0.1	0.6	1.2
Jun	6.9	10.2	11.6	10.0	3.2	-2.2	3.5
Jul	4.4	5.6	5.1	5.8	2.9	-0.4	5.1
Aug	6.5	7.4	8.0	10.1	2.9	1.0	7.4
Sep	5.5	9.3	5.6	4.6	-1.0	-0.5	4.6
Oct	4.1	8.1	5.7	3.4	-2.7	-4.4	5.3
Nov	5.6	7.3	5.9	2.9	-2.3	4.9	8.6
Dec	1.3	3.2	-1.7	-1.8	-4.5	0.6	5.2
Jan	4.3	6.4	0.6	-1.3	-3.5	10.1	4.1
Feb	3.2	4.6	2.4	-2.5	-1.5	6.1	4.0
Mar	4.3	5.8	-1.4	0.6	-1.6	11.5	2.3
Apr-24	-2.7	-2.6	-6.8	-9.5	-7.0	2.1	2.7

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Feb-24	1.7	8.5
Mar-24	3.7	6.4
Apr-24	-3.8	0.7

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
Apr-23	1.0	0.8	1.0	0.8	1.2	2.7	0.1
May	-0.3	-0.8	0.5	-1.8	0.4	-1.1	2.3
Jun	0.3	0.7	1.5	-0.3	-0.8	-0.1	0.1
Jul	-1.3	-2.6	-2.3	-2.1	-0.9	0.7	1.8
Aug	0.7	1.5	-0.7	0.6	1.3	-0.7	0.1
Sep	-1.2	0.0	-1.7	-1.8	-2.9	-1.3	-2.9
Oct	0.2	0.1	0.0	0.6	-2.5	1.1	0.5
Nov	1.4	0.7	2.6	0.9	2.8	3.2	0.2
Dec	-4.0	-4.0	-7.0	-2.8	-0.9	-5.1	-3.4
Jan	3.7	4.1	3.6	-0.5	0.2	9.1	2.7
Feb	0.3	-0.4	3.4	0.7	0.3	-0.1	0.6
Mar	-0.6	-1.1	-4.7	0.8	1.9	1.7	-1.3
Apr-24	-2.0	-0.8	0.4	-5.1	-5.4	-5.1	1.1

Source: ONS RSI

ONS INTERNET SALES

M-Y	Av. Weekly value of all retail sales	Av. Weekly value of internet retail sales	Internet sales % YoY	Internet sales % of all retail sales
Apr-23	£8.7bn	£2.2bn	3.0	25.8
May	£8.9bn	£2.3bn	7.3	25.7
Jun	£8.8bn	£2.2bn	7.6	25.3
Jul	£8.8bn	£2.3bn	9.9	26.2
Aug	£8.6bn	£2.2bn	10.3	25.3
Sep	£8.4bn	£2.2bn	8.0	25.8
Oct	£9.0bn	£2.4bn	6.7	26.5
Nov	£10.2bn	£3.2bn	9.5	31.0
Dec	£10.6bn	£3.0bn	4.5	27.9
Jan	£8.1bn	£2.2bn	3.5	27.1
Feb	£8.3bn	£2.2bn	4.0	25.9
Mar	£8.7bn	£2.2bn	2.9	25.8
Apr-24	£8.5bn	£2.2bn	-1.5	26.1

Source: ONS RSI

SUMMARY APRIL

ONS Sales

4.6%



Up from 3.3% in March.

Large retailers

3.7%



Up from 1.5% in March.

Strong increase in household goods store sales

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CBI COMMENTARY

The retail sector saw sales volumes rise in the year to May. Sales volumes were judged to be average for the time of year. Online sales contracted in the year to May and are expected to contract again in June.

Overall year-on-year sales volumes increased over May, in line with seasonal norms. Stock positions picked up relative to expected sales. Retailers anticipate that orders will contract this month, at a greater pace than during the previous month.

Wholesalers saw volumes expand in the year to May, a return to growth. Sales volumes are expected to increase next month, at a faster pace. Distribution reported sales volumes expanded compared to April, a return to growth. Sales are expected to increase, but at a milder pace, in June.

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Jun-2023	-9	0
Jul	-25	0
Aug	-44	-32
Sep	-14	-21
Oct	-36	-8
Nov	-11	-13
Dec	-32	-6
Jan	-50	-41
Feb	-7	-50
Mar	+2	-15
Apr	-44	-25
May	+8	-19
Jun-24		-4

Source: CBI Distributive Trades Survey

SUMMARY MAY

CBI Balance

+8

Up from -44 in April.



CBI Expected (June)

-4

Up from -19 in May.



Sales outlook turns positive

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GfK CONSUMER CONFIDENCE

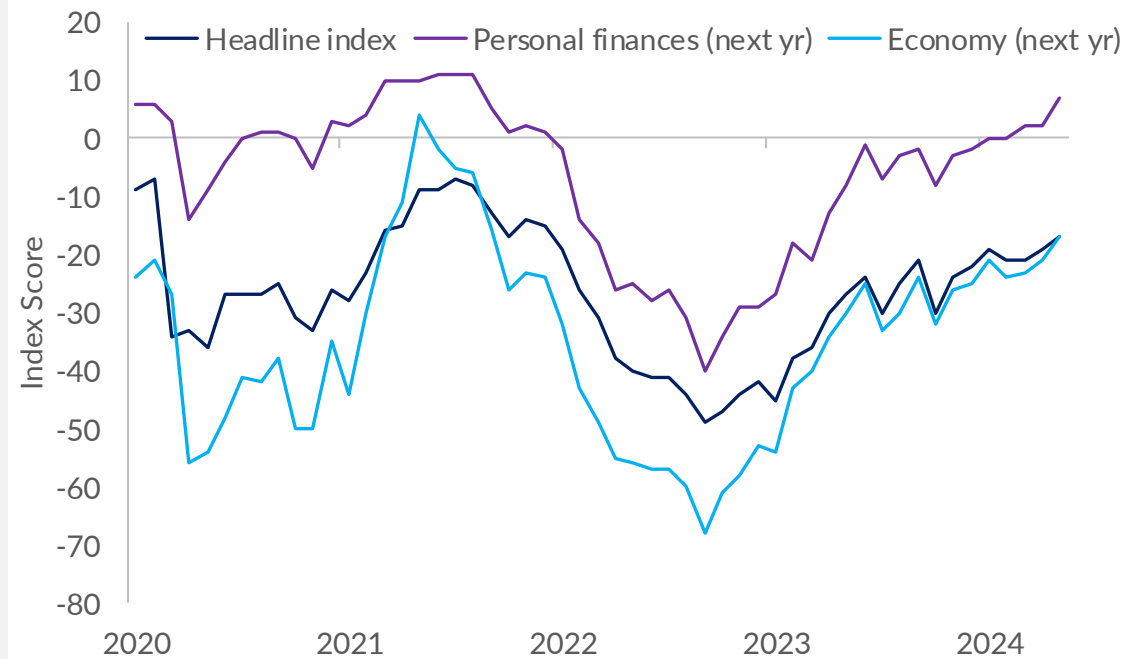
“There was another strong showing for the UK Consumer Confidence Index this month, driven by a jump in the outlook for our personal finances (up five) and a boost for our view on the wider economy in the coming year (up four). The only negative in May is the slight dip in our major purchase measure (down one point to -26), reinforcing the fact that the cost-of-living crisis is still a day-to-day reality for all of us.

However, with the latest drop in headline inflation and the prospect of interest rate cuts in due course, the trend is certainly positive after a long period of stasis which has seen the Overall Index Score stuck in the doldrums. All in all, consumers are clearly sensing that conditions are improving. This good result anticipates further growth in confidence in the months to come.”

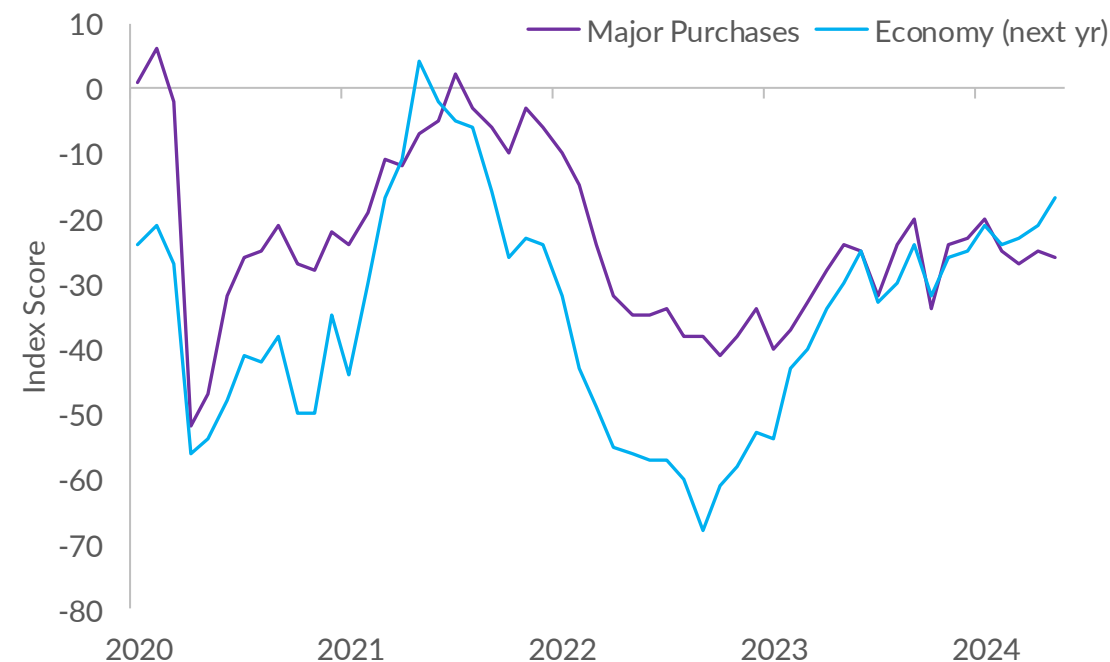
GfK NOP CONSUMER CONFIDENCE INDEX

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
May-23	-27	-24	-20	-8	-54	-30
Jun	-24	-25	-15	-1	-54	-25
Jul	-30	-32	-20	-7	-58	-33
Aug	-25	-24	-15	-3	-52	-30
Sep	-21	-20	-13	-2	-47	-24
Oct	-30	-34	-19	-8	-54	-32
Nov	-24	-24	-16	-3	-49	-26
Dec	-22	-23	-14	-2	-44	-25
Jan	-19	-20	-12	0	-41	-21
Feb	-21	-25	-14	0	-43	-24
Mar	-21	-27	-13	2	-45	-23
Apr	-19	-25	-11	2	-41	-21
May-24	-17	-26	-10	7	-39	-17

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

SUMMARY MAY

Headline GfK confidence

-17



Up from -19 in April.

Major Purchases confidence

-26



Down from -25 in April.

Consumer confidence on the up

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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)
Apr-23	8.7	11.4	10.4
May	8.7	11.3	10.3
Jun	7.9	10.7	9.6
Jul	6.8	9.0	7.9
Aug	6.7	9.1	7.8
Sep	6.7	8.9	7.6
Oct	4.6	6.1	4.8
Nov	3.9	5.3	4.1
Dec	4.0	5.2	4.0
Jan	4.0	4.9	3.8
Feb	3.4	4.5	3.5
Mar	3.2	4.3	3.3
Apr-24	2.3	3.3	2.3

Source: ONS.

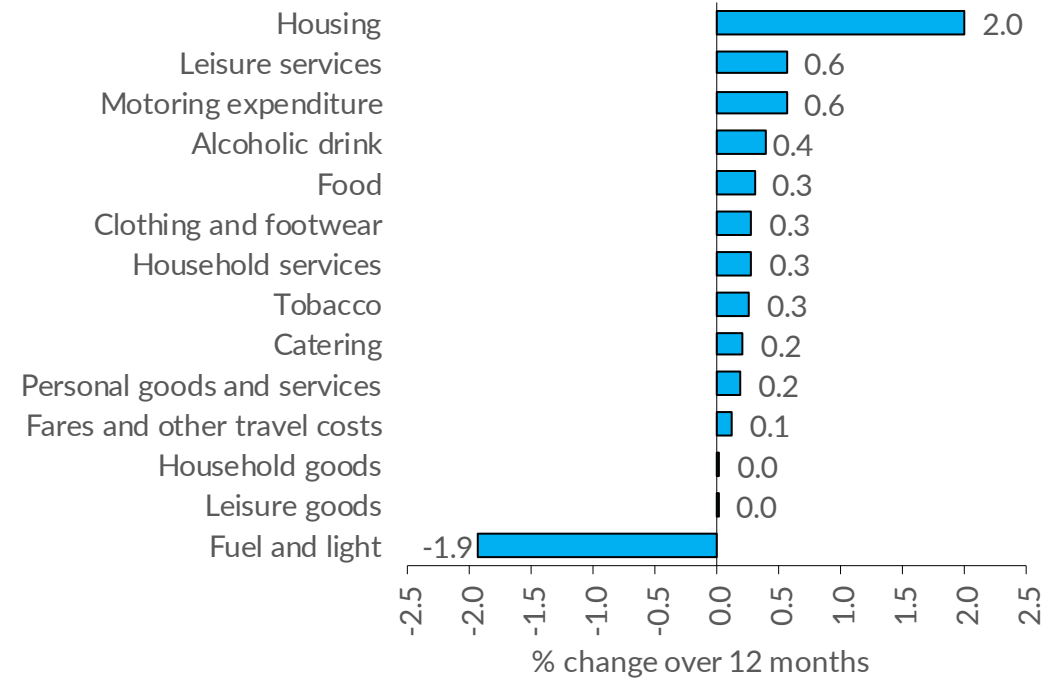
CPI: CONTRIBUTIONS TO THE ANNUAL RATE

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Apr-23	19	6.8	12.3	7.5	1.5	10.2
May	18.3	7.1	12.1	7.5	1.2	10.3
Jun	17.3	7.2	12	6.5	-1.8	9.5
Jul	14.8	6.6	6.8	6.2	-2	9.6
Aug	13.6	7.0	7.0	5.1	-0.5	8.3
Sep	12.1	6.9	6.9	3.7	0.7	8.6
Oct	10.1	6.2	-3.5	3.1	0.5	7.5
Nov	9.2	5.7	-3.4	2.3	-1.5	7.5
Dec	8.0	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-24	2.9	3.7	-4.9	-1.0	0.1	6.0

Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



SUMMARY APRIL

CPI
2.3%

Down from 3.2% in March.



CPI Food
2.9%

Down from 4.0% in March.



CPI eases to lowest since July 2021

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UK EMPLOYMENT

In the three months to March 2024:

- The UK employment rate was estimated at 74.5%, 0.3 percentage points lower when compared to the previous three-month period, and 1.7 percentage points lower than before the coronavirus pandemic (December 2019 to February 2020).
- The UK unemployment rate was estimated at 4.3, 0.5 percentage points higher than over the previous three-month period, and 0.2 percentage points above pre-Covid levels.
- Total hours worked was unchanged creased in the most recent reporting period, to 1.06 billion hours, slightly above pre-pandemic levels, signifying normalisation in the labour market.
- The UK economic inactivity rate was estimated at 22.1%, higher on the previous quarter, and 1.6 percentage points higher than before the coronavirus pandemic.

NB: Headline estimates are not accredited 'official statistics' designation, and the 'Transformed Labour Force Survey' (TLFS) figures will now be published in September, when the Office for National Statistics introduces its new methodology for the collection of the UK's labour market figures (see more information [here](#)).

LABOUR FORCE SURVEY

	Claimant Count		Unemployment	
	mills	% rate	Mills	% rate
Apr-23	1,550	4.1	1,353	3.9
May	1,522	4.0	1,395	4.0
Jun	1,535	4.0	1,460	4.2
Jul	1,546	4.1	1,496	4.3
Aug	1,537	4.0	1,452	4.2
Sep	1,544	4.0	1,407	4.1
Oct	1,553	4.1	1,367	4.0
Nov	1,558	4.1	1,355	3.9
Dec	1,562	4.1	1,320	3.8
Jan	1,566	4.1	1,373	4.0
Feb	1,572	4.1	1,440	4.2
Mar	1,570	4.1	1,486	4.3
Apr-24	1,579	4.1	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Mar-23	33,201	24,617	8,584
Apr	33,326	24,730	8,596
May	33,311	24,705	8,606
Jun	33,163	24,518	8,645
Jul	33,082	24,500	8,582
Aug	33,028	24,487	8,541
Sep	33,102	24,607	8,495
Oct	33,196	24,687	8,509
Nov	33,136	24,743	8,393
Dec	33,174	24,813	8,361
Jan	33,107	24,849	8,257
Feb	32,980	24,759	8,222
Mar-24	32,997	24,850	8,146

Source: ONS

SUMMARY MARCH

Unemployment Rate

4.3%



Up from 4.2% in February.

Total Employment

74.5%



Unchanged from 74.5% in February.

Inactivity higher than first estimated



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EARNINGS

Between January and March 2024 (compared to a year ago):

- **Regular pay** was estimated to have increased by 6.0% in nominal terms and increased by 2.0% in real terms.
- **Total pay** was estimated to have increased by 5.7% in nominal terms and increased by 1.7% in real terms.

Between January and March 2023 and January and March 2024:

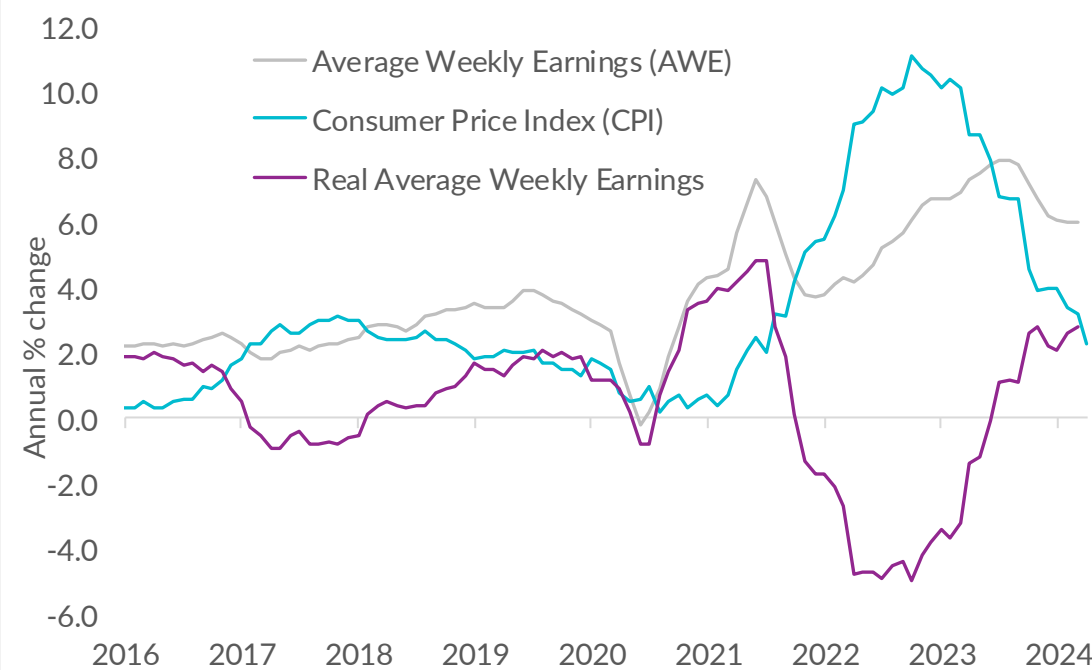
- **Average regular pay (excluding bonuses)** was estimated at £637 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£600 per week) and £483 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£472 per week).
- **Average total pay (including bonuses)** was estimated at £682 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£644 per week) and £518 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£511 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Apr-23	7.3	8.7	-1.4
May	7.5	8.7	-1.2
Jun	7.8	7.9	-0.1
Jul	7.9	6.8	1.1
Aug	7.9	6.7	1.2
Sep	7.8	6.7	1.1
Oct	7.2	4.6	2.6
Nov	6.7	3.9	2.8
Dec	6.2	4.0	2.2
Jan	6.1	4.0	2.1
Feb	6.0	3.4	2.6
Mar	6.0	3.2	2.8
Apr-24		2.3	

Source: ONS.

LONG TERM EARNINGS SERIES



SUMMARY MARCH

Regular pay growth

6.0%

Unchanged from 6.0% in February.

Total pay growth

5.7%

Unchanged from 5.7% in February.

Real wage growth heads above 2%

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MONEY, CREDIT & INSOLVENCIES

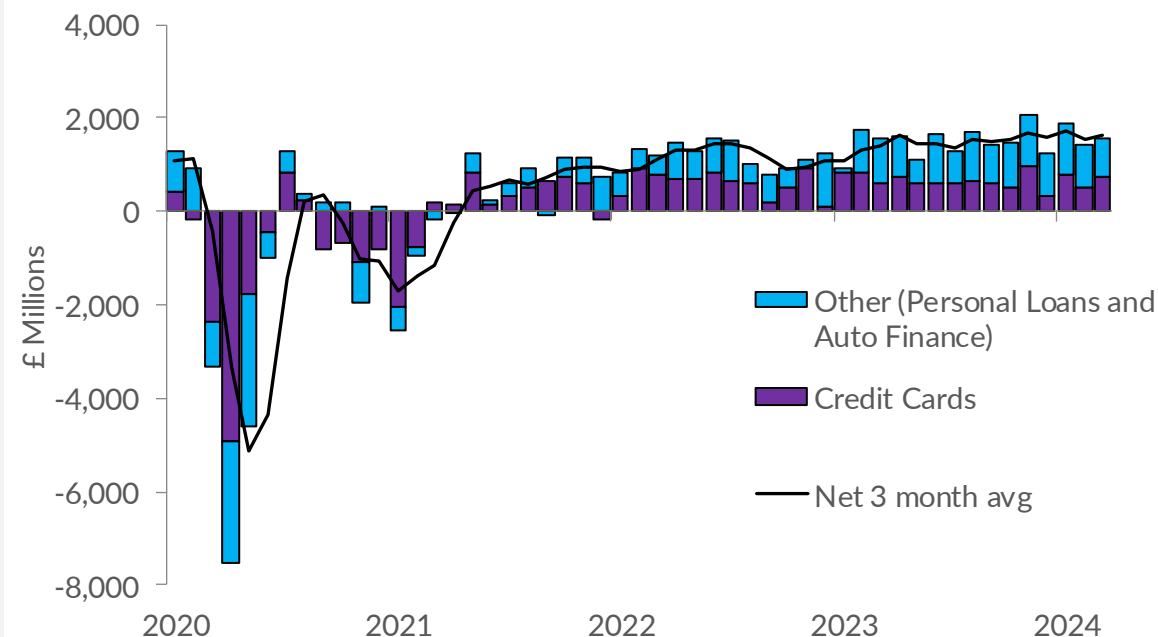
- Consumers in April borrowed an additional £0.7 billion in consumer credit, in net terms, of which borrowing was £0.5 billion in personal/auto loans and £0.2 billion of which was repayments on credit cards.
- Individuals borrowed £2.4bn in mortgage debt in April, compared to £0.5bn in net borrowing in March. Mortgage approvals for house purchases were little changed at 61,100, slightly down from 61,300.
- Sterling money (known as M4ex) net flows were £10.3 billion in April, down from £11.6 billion in the preceding month. Households in net terms deposited £8.4 billion at banks and building societies, compared with £8.3 billion of deposits in the preceding month.
- The effective interest rate paid on households' new time deposits with banks and building societies rose slightly to 4.40%, up from 4.37%.
- Private non-financial companies (PNFCs) in total repaid a net £3.3 billion in market finance from capital markets, compared to £9.6 billion of net borrowing in the preceding month.
- There were 505 retail insolvencies in Great Britain in Q1 2024, down from 637 in Q4 2023. In 2023, there were 2,335 insolvencies, 22.9% higher compared to the 1,900 figure in 2022.
- There were 4 retail CVAs in England and Wales during Q1 2024, unchanged from 4 in Q4 2023. 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)
Apr-23	1,942	849	1,093
May	1,018	589	429
Jun	1,626	618	1,008
Jul	1,302	623	679
Aug	1,676	666	1,010
Sep	1,426	622	804
Oct	1,427	519	907
Nov	2,029	948	1,081
Dec	1,166	248	918
Jan	1,885	801	1,085
Feb	1,340	454	886
Mar	1,422	662	760
Apr-24	730	192	537

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY APRIL

Net consumer credit
£0.7bn



Down from £1.4 billion in March.

Net credit card lending
£0.2bn



Down from £0.7 billion in March.

The effective rate on new personal loans increased to 9.01% and increased on credit cards to 21.46%

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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 (£)
Apr-23	1.25	1.13	8.54	166.2
May	1.25	1.15	8.63	171.0
Jun	1.26	1.17	8.83	178.6
Jul	1.29	1.17	9.20	181.7
Aug	1.27	1.16	9.11	183.9
Sep	1.24	1.16	9.17	183.1
Oct	1.22	1.15	8.85	182.0
Nov	1.24	1.15	8.91	186.1
Dec	1.27	1.16	9.02	182.3
Jan	1.27	1.17	9.00	185.7
Feb	1.26	1.17	9.09	188.9
Mar	1.27	1.17	9.11	190.4
Apr-24	1.25	1.17	9.09	192.6

Source: Average monthly exchange rate, Bank of England

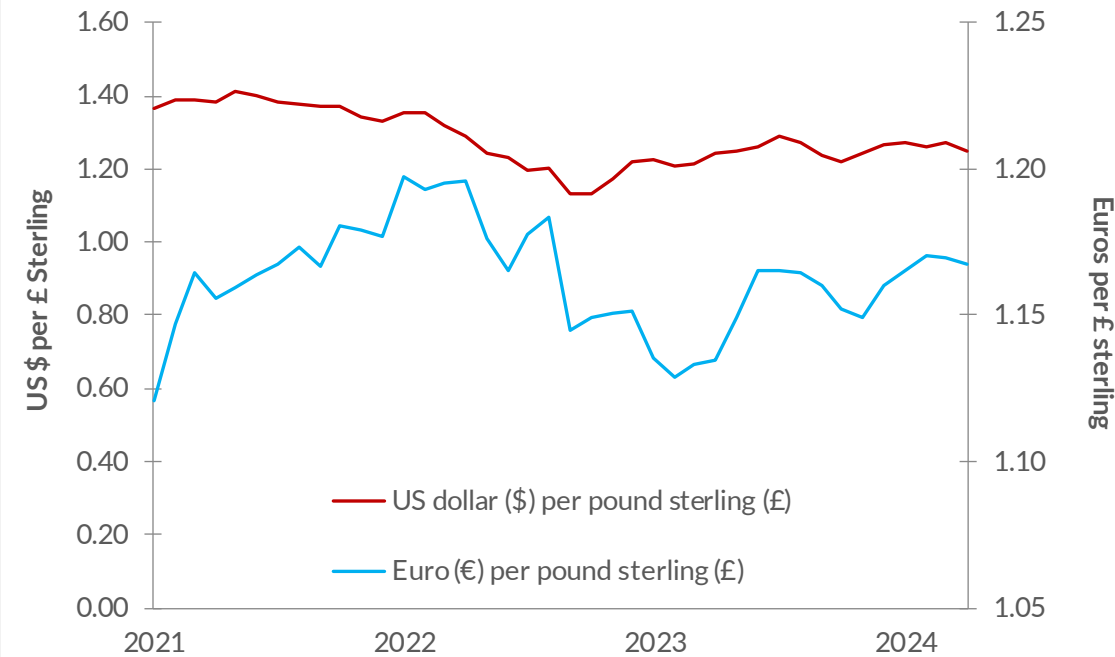
IMPACTS FROM CURRENCY DEPRECIATION

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.

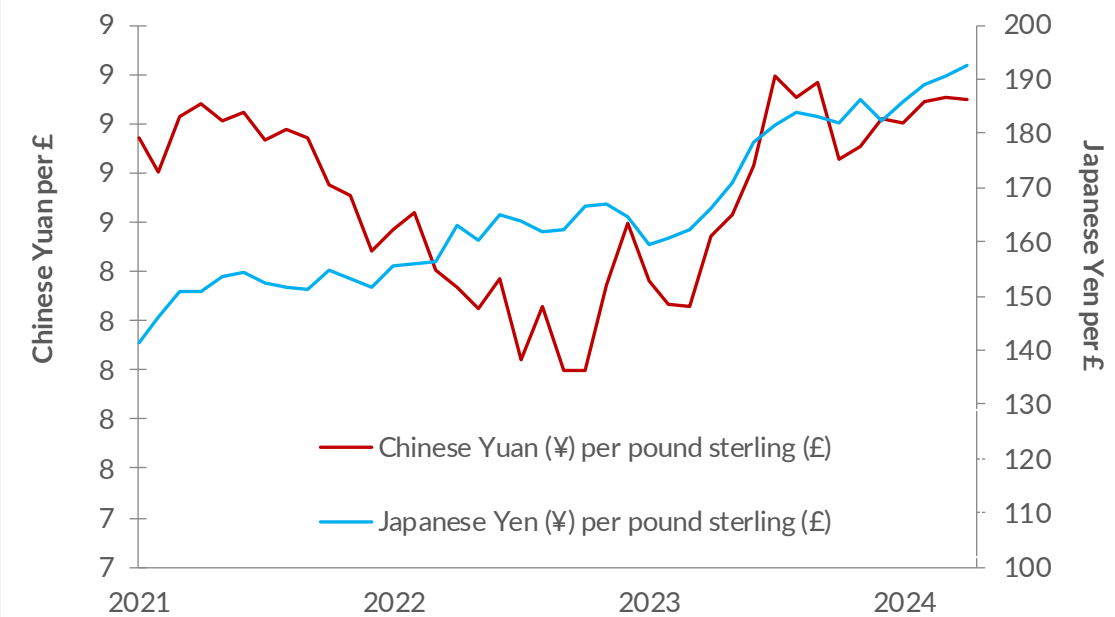
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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 APRIL

USD TO GBP, YOY

0.5%

Sterling appreciation in relation to the USD, YoY.



EURO TO GBP, YOY

2.9%

Sterling appreciation in relation to the Euro, YoY.



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



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CONSENSUS FORECASTS FOR THE UK ECONOMY

CONSENSUS ECONOMIC FORECASTS, CITY, OBR AND INDEPENDENT AVERAGE

	2024			2025		
	City	BoE	OBR	City	BoE	OBR
GDP	0.4	0.5	0.8	1.1	1.0	1.9
Cons. Spending	0.3	0.3	2.9	1.2	1.3	2.0
CPI (Q4)	2.0	2.5	1.4	2.0	2.3	1.6
Avg Earnings	4.0	5.3	3.4	2.7	2.3	1.8
Bank Rate (Q4)	4.3	4.8	4.2	3.4	4.3	3.4

Source: City average forecasts in HM Treasury's 'Forecasts for the UK Economy', the Bank of England's (BoE) May 2024 Monetary Policy Report and the Office for Budget Responsibility's (OBR) Economic and fiscal outlook - March 2024 forecasts.

SUMMARY FORECASTS

GDP 2024

0.4%



Up from the previous projection of 0.2%

Avg. Earnings 2024

4.0%



Revised up from a previous projection of 3.8%.

The consensus City forecast for 2024 growth in May was 0.4%



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

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

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

ECONOMIC MONITOR

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

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

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