



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 2025**

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Executive Summary

Retail sales continued to grow strongly into Q2 2025, and GDP strength is expected to have continued, in addition. Robust wage growth, a heightened savings ratio over 2024 and warm weather have prompted greater household spending in the economy. The BRC’s Consumer Sentiment Monitor suggests sentiment turned less negative, although concern is mounting on the hit to personal finances from global trade tensions.

Inflation picked up significantly to 3.5% over April, following sharp rises in utility bills such as water, energy and broadband. Food inflation is also now starting to pick up, with its contribution to inflation becoming greater. Inflation is likely to remain elevated over the course of this year, inching towards the 4% mark. However, energy prices will push down on inflation by year-end, expected to bring inflation below 3% into early 2026.

The US government’s global tariff policy remains in place, with the 90-day deadline swiftly approaching (July 8th). The landscape remains uncertain, with a federal court ruling threatening to jeopardise the tariff policy; however, the economic damage is likely to have already been inflicted and will have implications for all major economies, potentially culminating in a global economic downturn.

GDP GROWTH

0.7%

% change – QOQ, Q1 2025

Up from 0.1% in Q4 2024

CPI INFLATION

3.5%

% change - YOY April

Up from 2.6% in March

UNEMPLOYMENT

4.5%

March

Up from 4.4% in February

WAGE GROWTH

5.6%

% change – YOY March

Down from 5.9% in February

BRC – KPMG RETAIL SALES

7.0%

% change – YOY, April

Up from 1.1% in March

BRC – OPINIUM CONSUMER SENTIMENT

-36

Net Balance - May

Up from -48 in April

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MONTHLY GDP GROWTH PACE SLOWS

Economic Growth

GDP grew by 0.2% in March (on the month), following 0.5% growth in February.

- Services activity grew by 0.4% and the largest upward contributor was the wholesale and retail trade subsector. The biggest downward contributor was administrative and support service activities.
- Consumer-facing services expanded by 0.6%, and sports activities and amusement and recreation activities provided the largest positive contribution. Travel agency, tour operator and other reservation services activities provided the biggest downward contribution.

Looking at the most recent quarterly figures, the economy rebounded by a strong 0.7% over the first quarter of 2025. Relative to the pre-pandemic benchmark of Q4 2019, **economic output** is 4.1% above this level.

- Services output grew by 0.7%, and the biggest contribution came from administrative and support service activities.
- Production output increased by 1.1%, driven by manufacturing, where water supply, sewerage, waste management and remediation activities rose the most.
- Construction output was flat and increases in new work were counterbalanced by falls in remediation works.
- On the expenditure side, gross fixed capital formation provided the biggest contribution to headline GDP, and household expenditure grew a muted 0.2% in real terms.
- Business investment increased by 5.9% on the quarter and is 9.0% above its pre-Covid level.

Prices

**Inflation** picked up in April and the Consumer Price Index annual rate rose to 3.5%, up from 2.6% in March. Of the headline rate, 0.4% emanates from food, 0.4% from restaurants and hotels, and 0.5% from recreation and culture. Housing and energy costs are pushing up significantly on inflation, adding 1.0% to the headline figure. **Fuel prices** fell for both petrol and diesel, with these figures registered when petrol was £1.35 per litre and diesel £1.42.

Domestically, the (now-suspended) headline Producer Price Inflation (PPI) measure was in deflation as of March. Output cost inflation remained in slight positive territory, suggesting business cost pressures have significantly eased, although they have settled at a higher level, 30.4% higher than Feb 2020 levels for inputs, and 25.5% higher for outputs.

Note: PPI data have been [suspended](#) until the summer.

Monetary Policy

The Bank of England (BoE), in May, cut **interest rates** to 4.25%. The latest forecasts have upgraded GDP growth over the coming year, to 1.1% (up from 0.7%). Growth picks up to 1.2% over 2026 and 1.6% in 2027; however, real incomes are set to ease to 1.5% in 2025, more or less flat in the subsequent two years.

**Inflation** is expected to pick up to 3.5% in Q3 2025 and is now expected to fall below 2% in 2027 Q2, following a lower path for global energy prices. 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 (May Forecast)

1.1%

IMF (April Forecast)

1.1%

Office for Budget Responsibility (March Forecast)

1.0%

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UNEMPLOYMENT INCHES UP TO 4.5%

Purchasing Managers’ Index

The flash S&P Global UK Composite PMI rose slightly to 49.4 in May but remained in **contraction**, signalling a second month of falling output. Services edged back into growth (50.2), while manufacturing shrank further (44.8), hit by weak demand and continued export headwinds. New orders fell at the sharpest pace in over two years.

**Employment** declined again, led by heavy job losses in manufacturing. Cost pressures eased from April’s spike, but payroll costs remained elevated. Business confidence recovered from April’s slump, though concerns over global trade and US tariffs still cloud the outlook.

Labour Market

The UK’s labour market continues to cool, though the ONS’ most recent (unaccredited) Labour Force Survey (LFS) statistics estimate the unemployment rate (in the three months to March) inched up slightly to 4.5%, 0.2 percentage points higher on the previous quarter. The **economic inactivity rate** remains above pre-pandemic norms, however, but fell in the most recent period to 21.4%. The job vacancy figures additionally suggest labour demand has slowed considerably.

**Job vacancies** fell to 761,000 in the three months to April, decreasing by 131,000 over the past year. This now represents fewer vacancies compared to before the pandemic. Vacancies are below pre-Covid levels in 11 of 18 sectors, most notably wholesale and retail jobs. In absolute terms, the wholesale and retail sector accounts for joint-second largest number of vacancies, at 83,000, which is a notable 37,000 below pre-pandemic levels.

Outlook

The Bank of England cut interest rates to 4.25%, last month, although stronger-than-expected inflation and wage growth has pared back bets on further cuts. Key energy commodities such as oil and natural gas have been trending down over the past few months, which is expected to push down on consumer price inflation by year-end, likely to bring the figure below 3.0% into early 2026.

UK GDP surprised to the upside over Q1 and looks set to remain robust into Q2 , helped by robust retail sales volume growth, indeed the fastest since 2021. Wage growth remains strong in nominal terms and in real terms is hovering around the 2% mark. This has helped to support household consumption, with consumers feeling more confident to spend in recent months. Despite this, the medium-term outlook for growth has worsened, with the global fallout from the US government’s tariff policy yet to firmly materialise. This is likely to weigh on UK growth prospects over the second half of this year and into 2026.

% year-on-year (unless otherwise specified)	2023	2024	2025(f)	2026(f)	2027(f)
Real GDP	0.4	0.7	1.1	1.2	1.6
Inflation	4.3	2.5	3.3	2.0	1.8
Unemployment (rate)	3.8	4.5	4.7	5.0	5.0
Interest (Bank Rate)	5.3	4.9	4.1	3.7	3.5
Real post-tax labour income	1.0	4.3	1.5	0.5	0.5

Source: Bank of England, Monetary Policy Report May 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 (May Forecast)

1.1%

IMF (April Forecast)

1.1%

Office for Budget Responsibility (March Forecast)

1.0%



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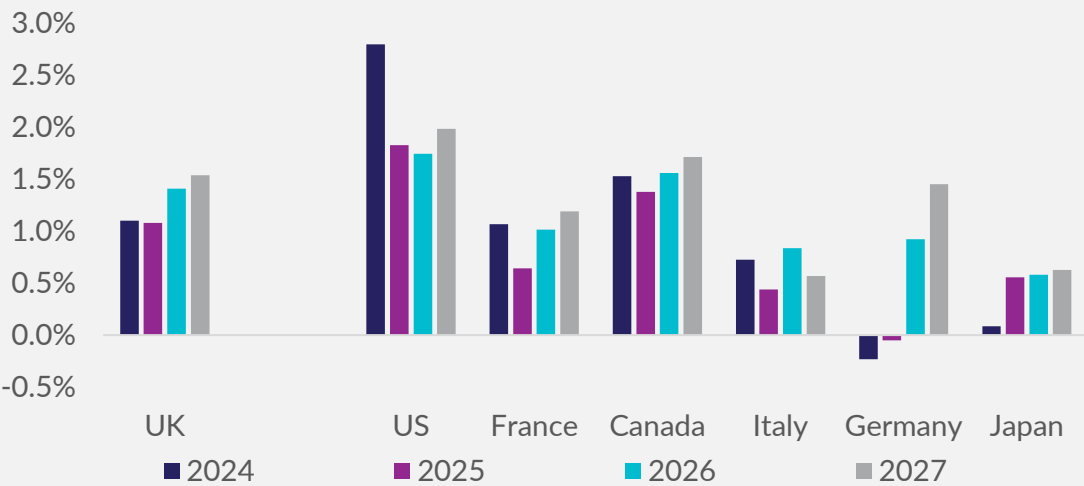
GLOBAL US TRADE BARRIERS REMAIN IN PLACE

The United States has announced a sweeping trade policy shift, introducing a 90-day pause before escalating tariff measures come into force. For now (pending the outcome of a court appeal), a baseline tariff of 10% applies to all trading partners, including the UK. While the temporary cap may offer short-term relief, the prospect of higher tariffs still looms large, contributing to heightened uncertainty and dampening the global growth outlook.

The unresolved Russia–Ukraine conflict continues to cast a shadow over Europe, while China’s weak domestic demand, amid efforts to manage deflation and a deepening property downturn, adds further fragility to the global outlook. These factors combine to raise the risk of recession, particularly in advanced economies exposed to trade and financial volatility.

The US economy contracted by 0.3% on an annualised basis in Q1 2025, a reversal of previous growth fortunes, compared to the preceding quarter. The decrease was led by an increase imports in as well as decrease in government spending, which was offset partly by increases in investment and consumer spending. The US’ growth has turned negative, and freshly introduced tariffs, will weigh on growth going forward.

GDP GROWTH, APRIL FORECASTS



Source: IMF, The World Economic Outlook.

The Eurozone economy was unchanged in Q1 2025, growing 1.2% (on an annual basis), registering the same rate of growth in Q3 2024. Germany’s economy contracted by -0.2% (unchanged from -0.2% in Q4 2024). France’s GDP grew 0.8% (unchanged from 0.8%), Italy’s by 0.6% (up from 0.5%) and Spain’s by 2.8% (down from 3.3%).

The HCOB Flash Eurozone Composite PMI fell to 49.5 in May, the first contraction in five months. **Services** activity declined (48.9), hitting a 16-month low, while **manufacturing** output (51.5) rose modestly for a third month. New orders dropped at the fastest pace this year, weighing on sentiment, which hit a seven-month low. Employment stagnated, and cost pressures eased overall, though service sector inflation persisted.

**US inflation** edged down to 2.3% in April, a third consecutive easing. 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 they will 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 April, now down to 2.25%. Amidst economic weakening, the ECB has opted to reduce pressure on the EU economies. The inflation rate eased to 2.2% in the 12 months to April. Energy prices were 3.6% lower on the year, food, alcohol and tobacco prices 3.0% higher and the cost of non-energy industrial goods increased 0.6%.

2025 PROJECTED GROWTH – IMF (APRIL)

UK

1.1%

US

1.8%

FRANCE

0.6%

GERMANY

-0.1%

JAPAN

0.6%

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GREEN SHOOTS FOR RETAIL SALES

“April saw an increase in total sales of 7% YOY, with Food up 8.2% and Non-Food growing 6.1%. The impact of Easter falling in April this year, versus March last year, flattered these April results. Nevertheless, both March and April experienced robust YOY sales. When sales values for March and April are taken together, the YOY total sales were up 4.3%. This is very welcome news for UK Retail.

Retailers reported strong sales activity across a wide array of product categories; this included full price sales and some great promotional uplift. The importance of revising product ranges with just the right level of newness was underlined, especially in some technology, clothing and footwear categories. Another important element in April’s sales was anticipating those must stock star products that ignite sudden consumer demand and traffic to shops and web sites.

Combined with warm weather, retailers holding sufficient stock volume in the right categories were rewarded with some very strong sales: electric fans, outdoor furniture, outdoor toys and summer footwear proved very popular with consumers eager to buy these seasonal lines. Conversely, there were some reports of footfall dipping in retail shops when the weather was hottest with consequent short term dips in sales of non-weather related categories.”

DATA & CHARTS

FIG 1 – BRC Retail Sales and Online Performance

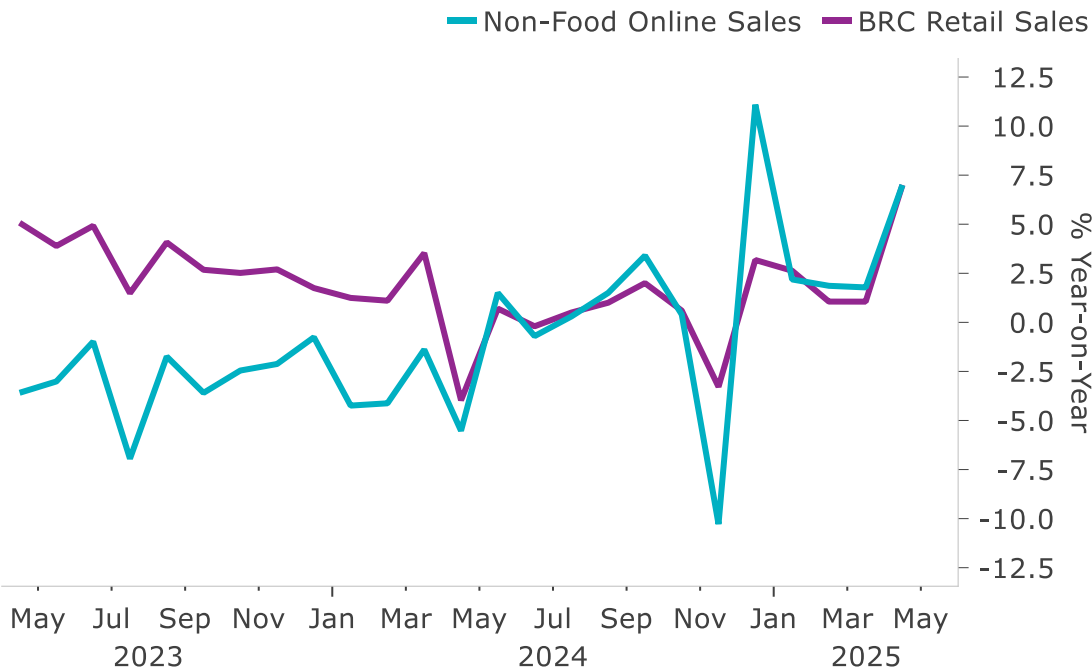
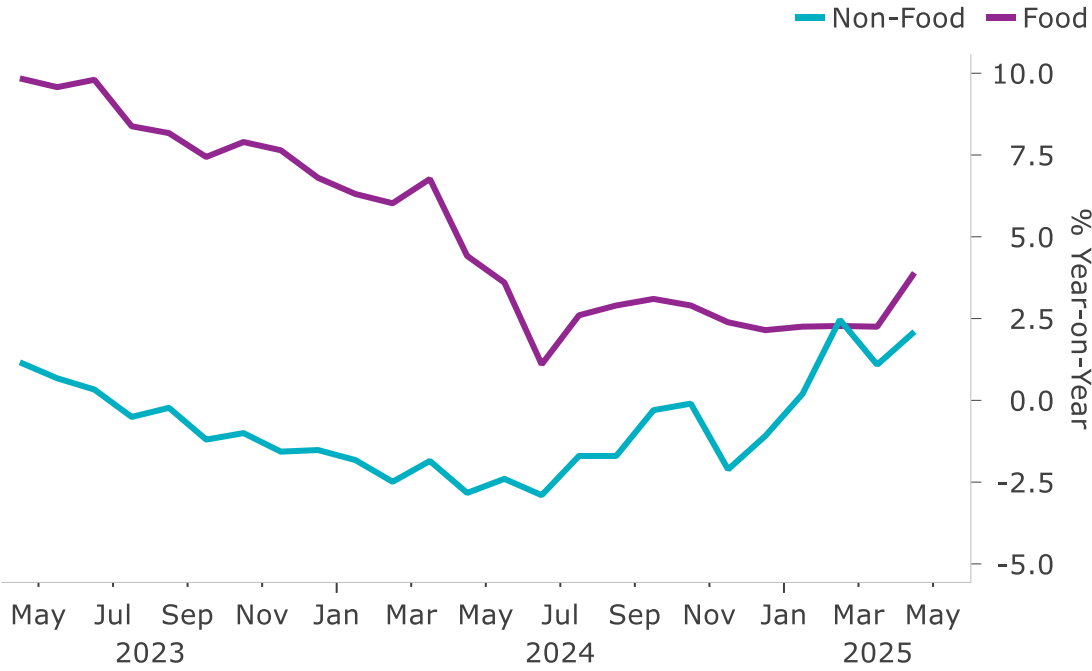


FIG 2 – BRC Retail Sales Category Performance



SUMMARY APRIL

Retail Sales

7.0%

Up from 1.1% in March.



Online Sales

7.0%

Up from 1.8% in March.



Sales growth surges due to Easter distortion

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FASTEST QUARTERLY SALES GROWTH SINCE 2021

**UK retail sales** rose by 1.2%, for a fourth consecutive month, in April (on the month), following a (downwardly revised) increase of 0.1% in March. In broader terms, sales volumes rose by 1.8% in the three months leading up to April when compared to the preceding three months.

Food store sales rose by 3.9% on the month – following a decline of 2.1% in the preceding month. Supermarkets provided the largest downward contribution.

- The divergence between sales values and volumes is greatest in this category of retail goods.
- Food stores' sales volumes are now 3.9% below their pre-pandemic Feb 2020 levels, as consumers grapple with a higher price level for food.

Non-food store sales fell by 0.7% on the month, with sales volumes having risen by 1.6% in the preceding month.

- Volumes rose the most in household goods retailers, followed by non-store retailing.
- This was counterbalanced by declines elsewhere, the most in other stores, followed by textile, clothing and footwear.
- Automotive fuel sales volumes rose by 0.5% in April.

The proportion of retail sales conducted online (seasonally adjusted) decreased to 26.8% in April, down from 27.1% in March. Online sales remain well above pre-pandemic norms of 19.7% (Feb 2020).

DATA & CHARTS

FIG 1 – Retail Sales Volumes vs Retail Sale Value

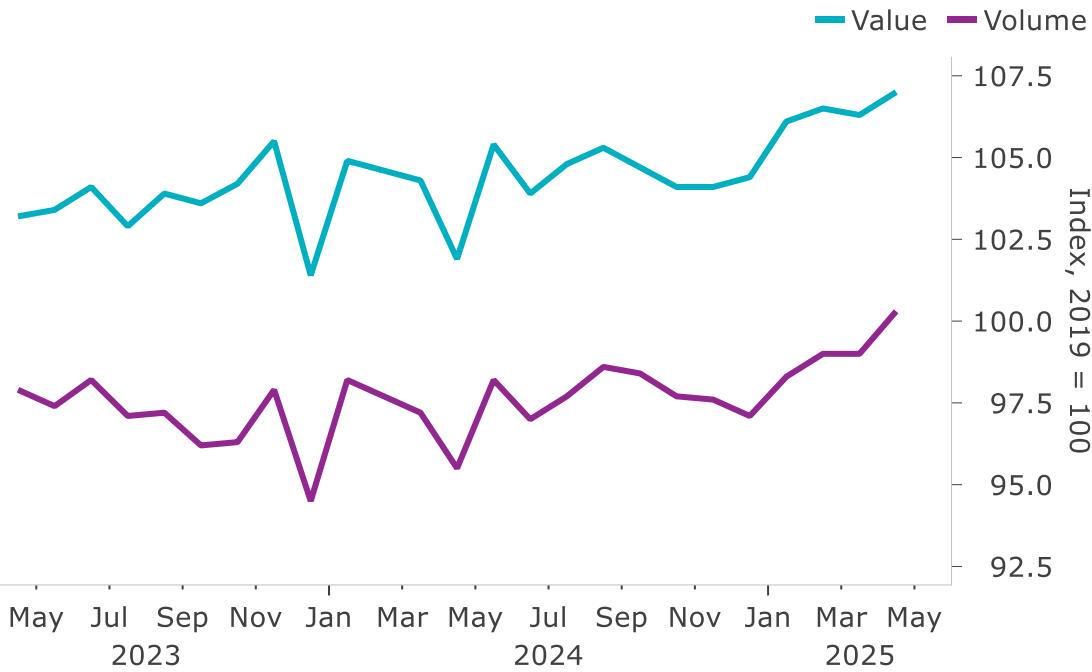


FIG 2 – ONS Retail Sales Category Volumes



SUMMARY APRIL

Retail Sales

1.2%

Up from 0.1% in March.

▲

Online Sales

0.3%

Down from 2.3% in March.

▼

Volumes rise for fourth consecutive month

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ONS & BRC SALES GROWTH – VALUE TERMS

% change on year ago	RSI Sales % YoY	RSM Sales % YoY
Feb-25	1.8	-0.2
Mar-25	2.1	1.1
Apr-25	7.4	7.0

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-24	-2.7	-2.9	-5.6	-8.2	-8.5	3.7	1.3
May	2.0	1.2	-2.4	-0.6	-4.6	7.3	7.8
Jun	-1.0	-1.4	-8.2	-5.3	-7.6	6.2	5.5
Jul	1.9	2.3	0.4	-2.0	-8.2	6.7	6.0
Aug	1.5	1.8	0.8	0.5	-6.1	6.4	1.6
Sep	2.0	-1.0	2.5	2.8	-3.5	14.4	2.4
Oct	0.7	-1.6	1.3	-2.7	-2.2	11.8	1.1
Nov	-2.7	-1.8	-4.5	-7.4	-7.0	6.3	-6.0
Dec	4.7	1.3	6.1	0.3	4.4	16.5	6.0
Jan	0.6	1.8	4.8	-2.8	-0.2	1.8	-3.5
Feb	1.8	0.8	3.1	0.1	6.5	3.6	1.1
Mar	2.1	-1.8	5.8	2.4	5.7	7.0	5.4
Apr-25	7.4	7.7	11.7	6.1	10.8	5.9	4.7

Source: ONS RSI

LARGE & SMALL RETAILERS

% change on year ago	ONS Large Retailers	ONS Small Retailers
Feb-25	1.5	2.7
Mar-25	-0.1	9.3
Apr-25	6.9	8.9

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
Apr-24	-1.3	-1.0	0.0	-3.1	-2.8	-2.1	0.3
May	2.9	1.3	2.4	4.8	4.0	2.3	6.2
Jun	-1.5	-1.1	-1.6	-2.6	-2.6	-0.9	-2.0
Jul	1.0	0.9	3.0	0.7	-0.4	1.7	0.4
Aug	0.9	1.9	1.0	2.3	1.9	-1.5	-1.0
Sep	-0.2	-2.6	0.5	0.4	0.7	4.8	0.1
Oct	-0.9	-0.4	-0.1	-3.1	-0.2	-1.4	-0.4
Nov	0.0	0.3	-1.4	-3.6	1.2	2.1	0.2
Dec	-0.7	-2.0	1.2	3.9	0.6	0.8	-4.0
Jan	1.5	5.0	1.1	-2.6	-0.6	-3.2	2.1
Feb	0.7	-2.1	1.2	3.6	5.5	1.9	2.3
Mar	0.2	-2.1	0.2	2.7	-0.4	2.8	2.3
Apr-25	1.3	3.9	2.8	-1.8	2.1	-3.1	0.5

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
Apr-24	£8.5bn	£8.5bn	-0.7	26.3
May	£9.0bn	£9.0bn	5.6	26.6
Jun	£8.7bn	£8.7bn	2.4	26.2
Jul	£9.0bn	£9.0bn	3.9	26.9
Aug	£8.7bn	£8.7bn	2.4	25.6
Sep	£8.6bn	£8.6bn	6.3	27.0
Oct	£9.0bn	£9.0bn	4.6	27.7
Nov	£10.0bn	£10.0bn	-5.7	30.3
Dec	£11.1bn	£11.1bn	8.4	29.1
Jan	£8.1bn	£8.1bn	-1.1	26.8
Feb	£8.4bn	£8.4bn	1.8	25.9
Mar	£8.8bn	£8.8bn	4.8	26.5
Apr-25	£9.1bn	£9.1bn	5.9	25.9

Source: ONS RSI

SUMMARY APRIL

ONS Sales

7.4%

Up from 2.1% in March.



Large retailers

6.9%

Up from -0.1% in March.



Strong increase in department store retail sales



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CBI COMMENTARY

“Sentiment amongst retailers plummeted in May, at the sharpest rate in five years, with firms expecting their business situation to worsen over the coming quarter. Retailers reported that year-on-year sales fell in May and judged sales to be “poor” for the time of year, but to a lesser extent than in April. Unlike headline sales, online retail sales volumes grew at a strong rate in the year to May, following six consecutive months of falling or flat sales.

Looking ahead, retailers anticipate sales to fall at a faster pace next month and to remain below seasonal norms. Meanwhile, online sales are expected to grow again in June, but at a moderate rate.

Retailers’ declining sentiment has dampened hiring and investment plans. Businesses expect to significantly scale back capital expenditure in the next 12 months (compared to the previous 12). Meanwhile, employment declined in the year to May at a broadly unchanged rate (compared with the previous quarter) but is expected to fall at a quicker pace next month.

Retailers also reported that selling price inflation rose at a strong pace in the year to May but remained below the long-run average for the fifth consecutive quarterly survey. Selling prices are expected to increase at an accelerated rate next month.

With demand remaining weak, retailers cut back on orders placed upon suppliers at an accelerated rate in the year to May. Stock volumes in relation to expected sales dipped below the long-run average in May. Next month, retailers expect to reduce orders at a steady pace, while stock positions are set to ease further.”

VOLUME OF SALES – REALISED AND EXPECTED

	Balance	Expected (next month)
Jun-24	-24	-4
Jul	-43	-9
Aug	-27	-32
Sep	+4	-17
Oct	-6	+5
Nov	-18	-1
Dec	-15	-29
Jan	-24	-11
Feb	-23	-26
Mar	-41	-30
Apr	-8	-30
May	-27	-33
Jun-25		-37

Source: CBI Distributive Trades Survey

SUMMARY MAY

CBI Balance

-27

Down from -8 in April.



CBI Expected (June)

-37

Down from -33 in May.



Sales outlook turns negative

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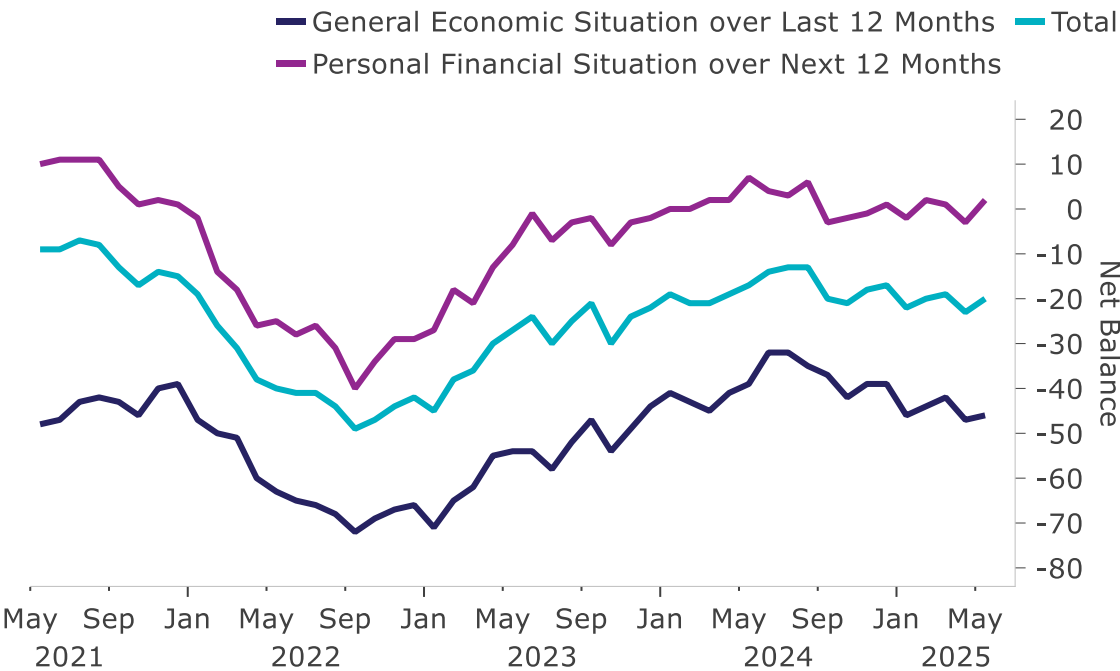
“There’s an improvement across all five key indicators in May, led by two forward-looking findings. The measure for personal finances looking ahead for the next 12 months has moved out of negative territory, increasing by five points to + 2. There’s a similar improvement in how consumers see the coming year’s general economy, with a four-point boost to -33. It’s also worth noting the three-point rise in the measure on major purchases for big-ticket items such as furniture or electrical goods, with May’s score of -16 marking the highest level seen since the end of 2024.

Have consumers taken comfort from the Bank of England’s May 8th quarter-point base-rate cut? And have they breathed a tiny sigh of relief since April when the sudden turbulence of the Trump Tariffs was prompting dire warnings of economic damage and a return to inflation?”

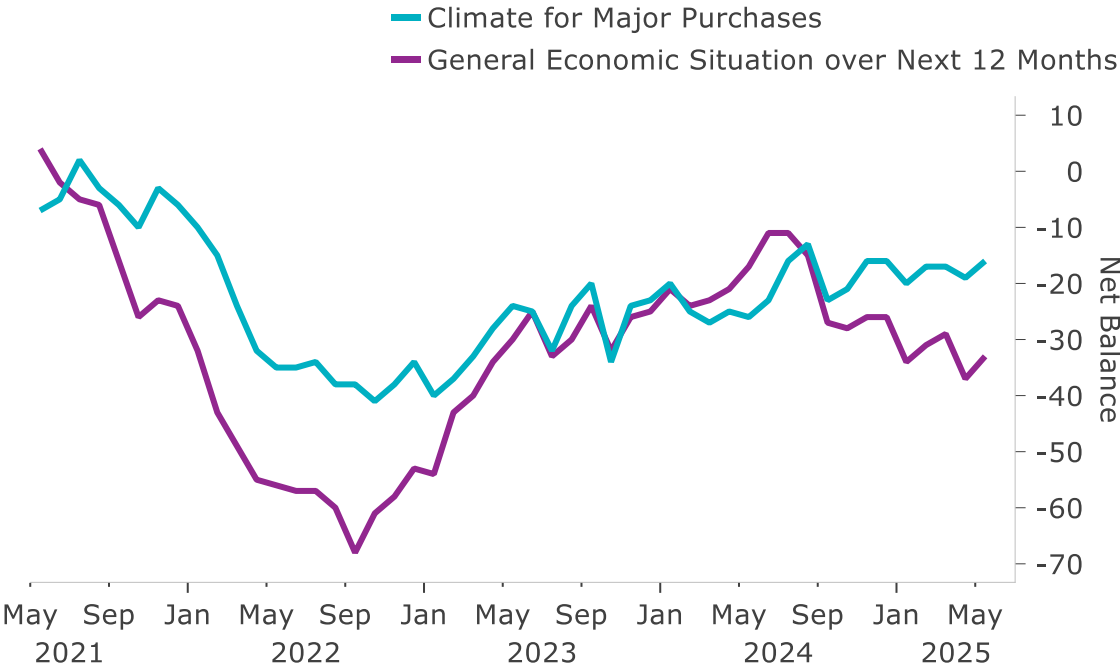
NET BALANCES BY MEASURE

	Headline index	Major Purchases	Personal finances (past YR)	Personal finances (next YR)	Economy (past YR)	Economy (Next YR)
May-24	-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	-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-25	-20	-16	-7	2	-46	-33

LONG-TERM TRENDS



Source: GfK Consumer Confidence Index



Source: GfK Consumer Confidence Index

SUMMARY MAY

Headline GfK confidence

-20

Up from -23 in April.



Major Purchases confidence

-16

Up from -19 in April.



Consumer confidence edges up in May

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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-24	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	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-25	3.5	4.5	4.2

Source: ONS.

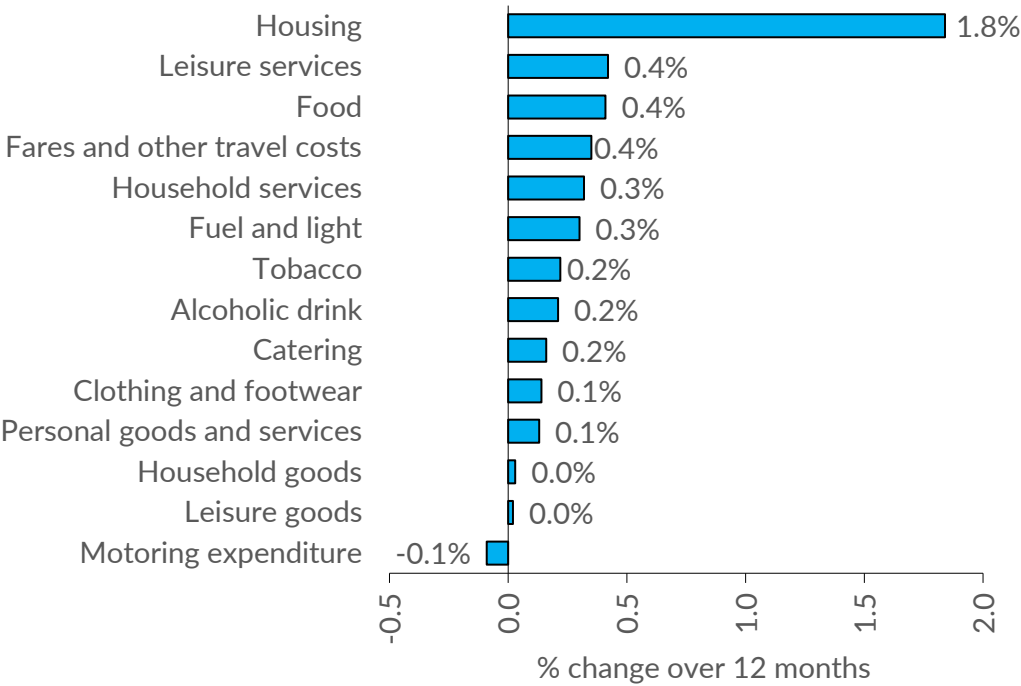
CPI: SUB-CATEGORIES, %, YOY

	Food & non-alcoholic beverages	Clothing & Footwear	Housing & household services	Furniture & household goods	Transport	Restaurants & hotels
Apr-24	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	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-25	3.4	-0.4	7.8	-0.5	3.3	2.7

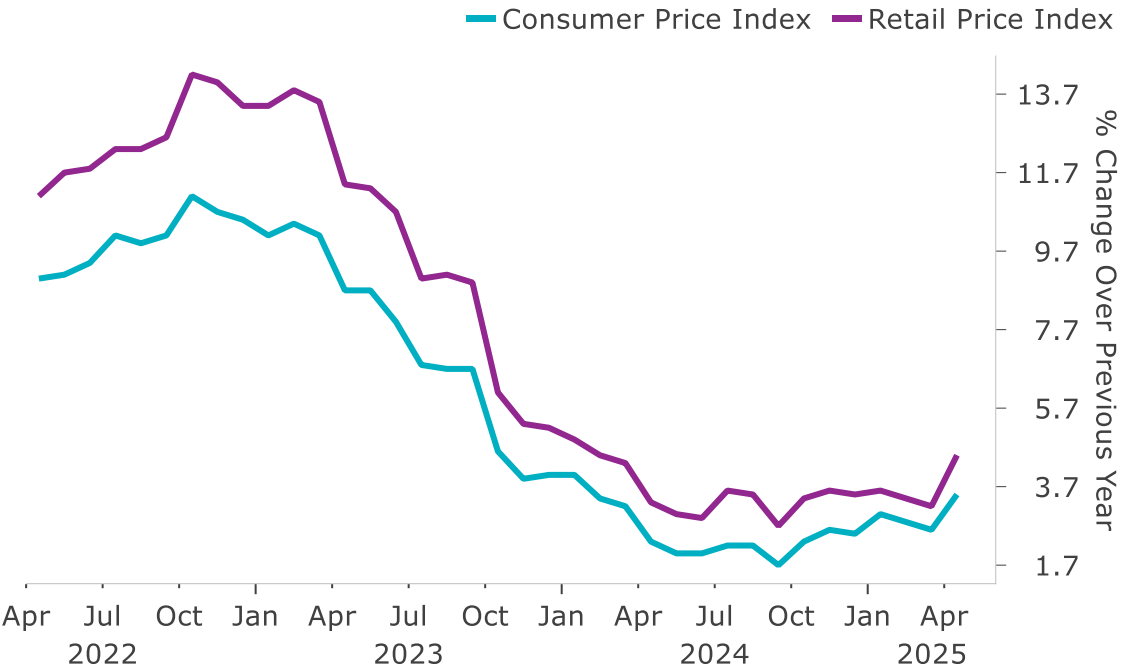
Source: ONS.

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

RPI: CONTRIBUTIONS TO THE ANNUAL RATE



CPI vs RPI



SUMMARY APRIL

CPI

3.5%

Up from 2.6% in March.

▲

CPI Food

3.4%

Up from 3.0% in March.

▲

CPI rises to 3.5%

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UK EMPLOYMENT

In the three months to March 2025:

- The UK employment rate was estimated at 75.0%, flat when compared to the previous three-month period, and 1.5 percentage points lower than before the coronavirus pandemic (Dec 2019 to Feb 2020).
- The UK unemployment rate was estimated at 4.5%, up 0.1 percentage points compared to the previous three-month period (October to December), and 0.6 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 21.4%, 0.2 percentage points lower on the previous quarter, and 1.1 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
Apr-24	1,594	4.2	1,524	4.4
May	1,629	4.2	1,549	4.4
Jun	1,640	4.3	1,467	4.2
Jul	1,778	4.6	1,480	4.2
Aug	1,773	4.6	1,440	4.1
Sep	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-25	1,742	4.5	NA	NA

Source: ONS

EMPLOYMENT (3 MONTHS ENDING)

Employment (3 months ending) (000s)	Total	Full-time	Part-time
Mar-24	33,335	25,103	8,232
Apr	33,344	25,017	8,327
May	33,376	25,075	8,301
Jun	33,489	25,117	8,372
Jul	33,589	25,203	8,386
Aug	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-25	33,975	25,409	8,567

Source: ONS

SUMMARY MARCH

Unemployment Rate

4.5%



Up from 4.4% in February.

Total Employment

75.0%



Down from 75.1% in February.

Unemployment inches up in the most recent period



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EARNINGS

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

- **Regular pay** was estimated to have increased by 5.6% in nominal terms and increased by 1.8% in real terms.
- **Total pay** was estimated to have increased by 5.5% in nominal terms and increased by 1.7% in real terms.

Between January and March 2024 and January and March 2025:

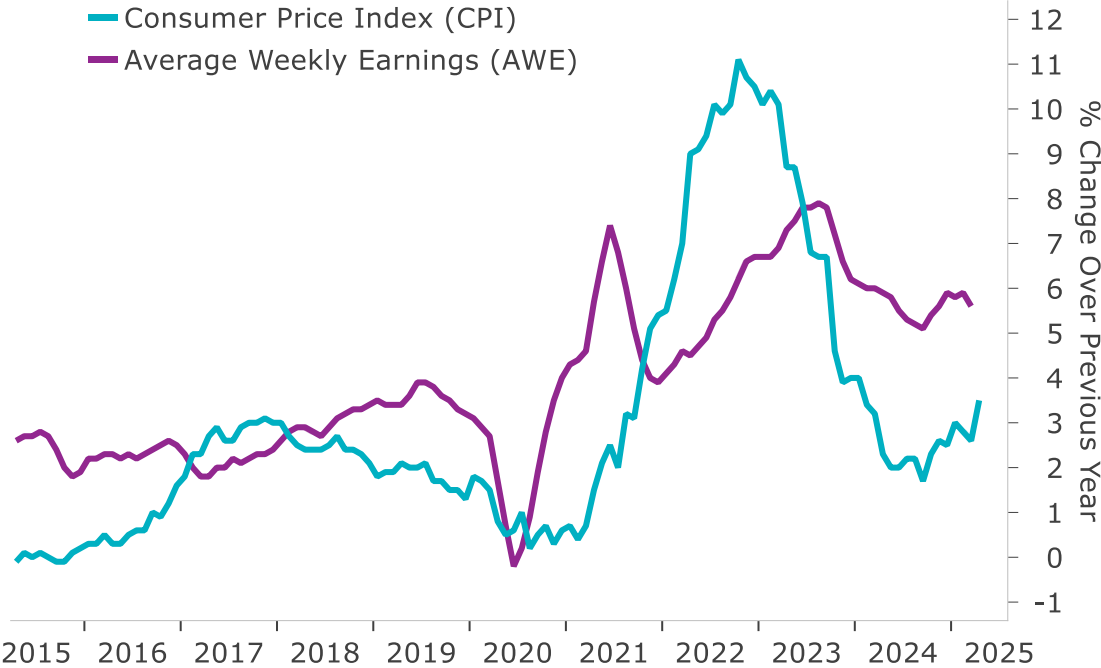
- **Average regular pay (excluding bonuses)** was estimated at £671 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£639 per week) and £492 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£485 per week).
- **Average total pay (including bonuses)** was estimated at £722 per week in nominal terms (not adjusted for inflation), higher than the estimate for a year earlier (£685 per week) and £531 per week in real terms (constant 2015 prices), higher than the estimate for a year earlier (£521 per week).

AVERAGE WEEKLY EARNINGS GROWTH

	Average Weekly Earnings	Consumer Price Index (CPI)	Real Average Weekly Earnings
Apr-24	5.9	2.3	3.6
May	5.8	2.0	3.8
Jun	5.5	2.0	3.5
Jul	5.3	2.2	3.1
Aug	5.2	2.2	3.0
Sep	5.1	1.7	3.4
Oct	5.4	2.3	3.1
Nov	5.6	2.6	3.0
Dec	5.9	2.5	3.4
Jan	5.8	3.0	2.8
Feb	5.9	2.8	3.1
Mar	5.6	2.6	3.0
Apr-25		3.5	

Source: ONS.

LONG TERM EARNINGS SERIES



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

SUMMARY MARCH

Regular pay growth

5.6%



Down from 5.9% in February.

Total pay growth

5.5%



Down from 5.7% in February.

Real wage growth slowing

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MONEY, CREDIT & INSOLVENCIES

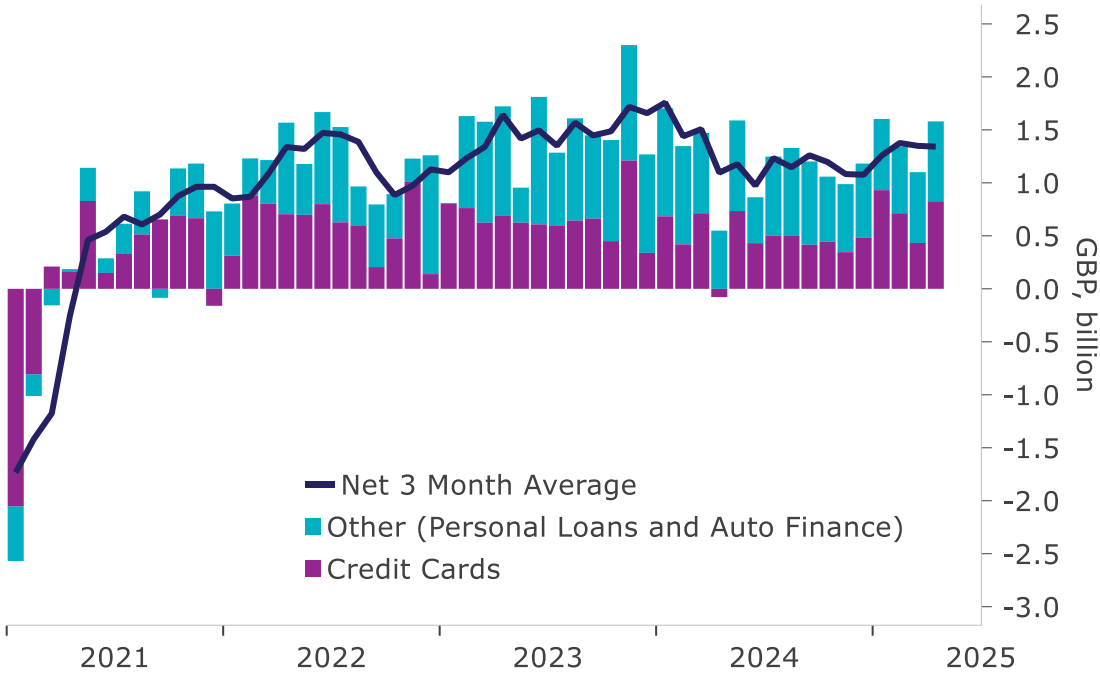
- Consumers in April borrowed an additional £1.6 billion in consumer credit, in net terms, of which borrowing was £0.8 billion in personal/auto loans and £0.8 billion of which was repayments on credit cards.
- Individuals repaid £0.8 billion in mortgage debt in April, compared to £9.6 billion in net borrowing in March. Mortgage approvals for house purchases decreased to 60,463, down from 63,603 in March.
- Sterling money (known as M4ex) net flows were £6.2 billion in April, compared with £12.7 billion in the preceding month. Households in net terms deposited £3.0 billion at banks and building societies, compared with £7.3 billion of deposits in the preceding month.
- The effective interest rate paid on households’ new time deposits with banks and building societies inched up to 4.02%, up from 3.95%.
- Private non-financial companies (PNFCs) repaid, on net, £1.2 billion in market finance from capital markets, compared to £2.0 billion of borrowing in the preceding month.
- There were 498 retail insolvencies in Great Britain in Q1 2025, down from 463 in Q4 2024. In 2024, there were 2,018 insolvencies, 13.6% lower compared to the 2,337 figure in 2023.
- There was 1 retail CVA in England and Wales during Q1 2025, down from 2 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)
Apr-24	£0.5bn	£-0.1bn	£0.5bn
May	£1.6bn	£0.7bn	£0.9bn
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	£1.1bn	£0.4bn	£0.6bn
Nov	£1.0bn	£0.3bn	£0.6bn
Dec	£1.2bn	£0.5bn	£0.7bn
Jan	£1.6bn	£0.9bn	£0.7bn
Feb	£1.3bn	£0.7bn	£0.6bn
Mar	£1.1bn	£0.4bn	£0.7bn
Apr-25	£1.6bn	£0.8bn	£0.8bn

Source: Bank of England

CONSUMER CREDIT



Source: Bank of England

SUMMARY APRIL

Net consumer credit

£1.6bn



Up from £1.1 billion in March.

Net credit card lending

£0.8bn



Up from £0.4 billion in March.

The effective rate on new personal loans increased to 8.69% and decreased on credit cards to 21.45%

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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 (£)
May-2024	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	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-2025	1.34	1.18	9.64	193.49

Source: Average monthly exchange rate, Bank of England

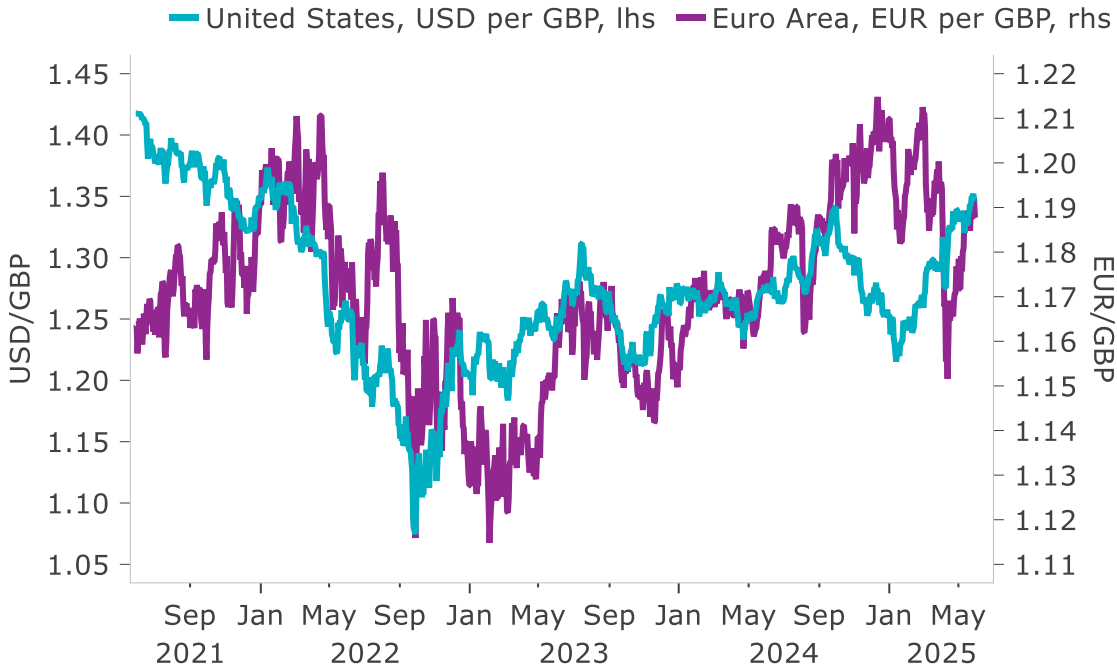
IMPACTS FROM CURRENCY DEPRECIATION

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.

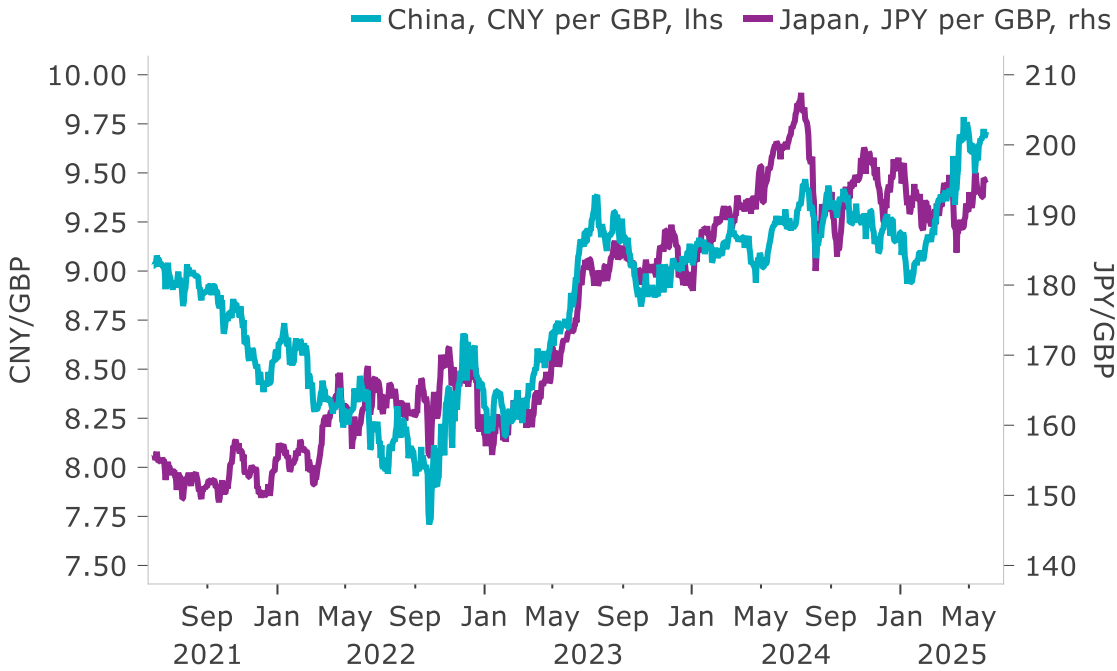
However, this failed to materialise following the post-referendum depreciation from 2016, most likely due to specialised supply chains.

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

5.8%

Sterling depreciation in relation to the USD , YoY.



EURO TO GBP, YOY

1.4%

Sterling appreciation in relation to the Euro, YoY.



Sterling was higher on the year in May 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

	2025			2026		
	City	BoE	OBR	City	BoE	OBR
GDP	0.9	1.1	0.9	1.1	1.2	1.0
Cons. Spending	0.9	1.3	1.2	1.2	1.8	1.5
CPI (Q4)	3.1	3.3	3.2	2.2	2.0	2.1
Avg Earnings	4.2	2.8	4.3	3.1	1.8	2.1
Bank Rate (Q4)	3.8	4.1	3.9	3.4	3.6	3.8

Source: City average forecasts in HM Treasury’s ‘Forecasts for the UK Economy’, the Bank of England’s (BoE) Feb 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 2025

	2024	2025
Overall Shop Prices	0.4	1.8
Overall Retail Sales	0.7	1.2

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

SUMMARY FORECASTS

GDP 2025

1.0%



Up from the previous projection of 0.9%.

Avg. Earnings 2024

4.2%



Up from a previous projection of 4.0%.

The consensus City forecast for 2025 growth in May was 1.0%



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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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