

An aerial photograph of a city, likely London, showing a dense urban landscape with a prominent railway line running through the center. The image is overlaid with a semi-transparent pink filter.

UK macroeconomic outlook

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UK economic outlook – GDP and unemployment


Economic outlook

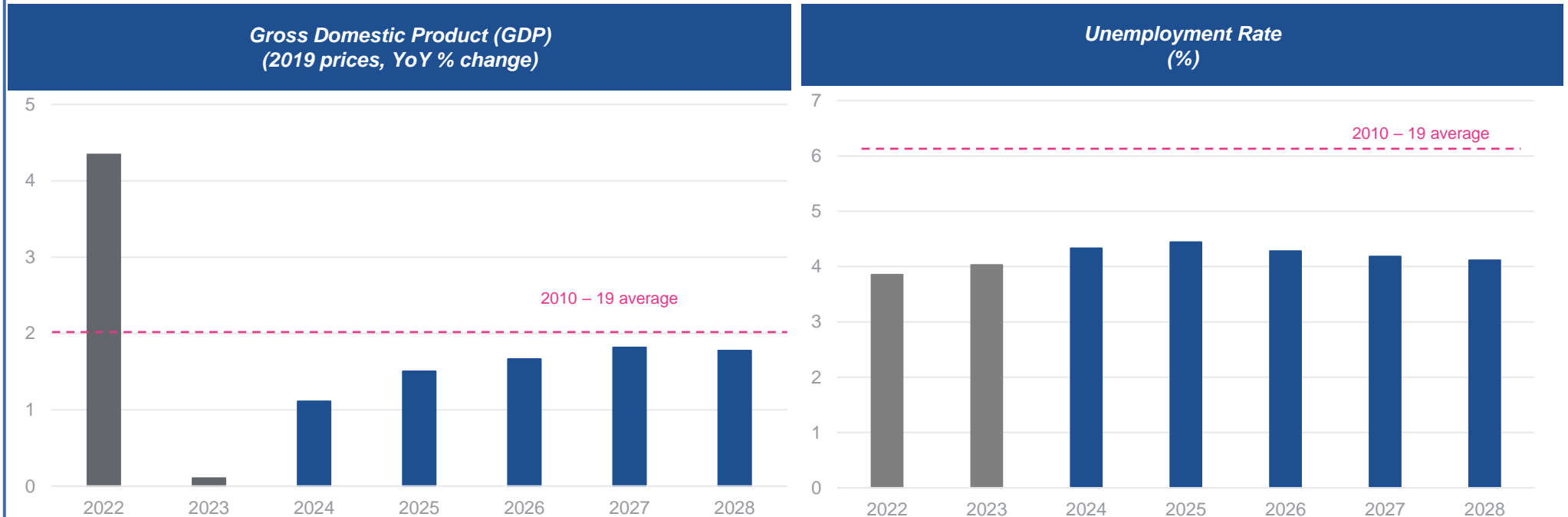

BoE & inflation


Budget


Cost-of-living


Businesses


Sector insights

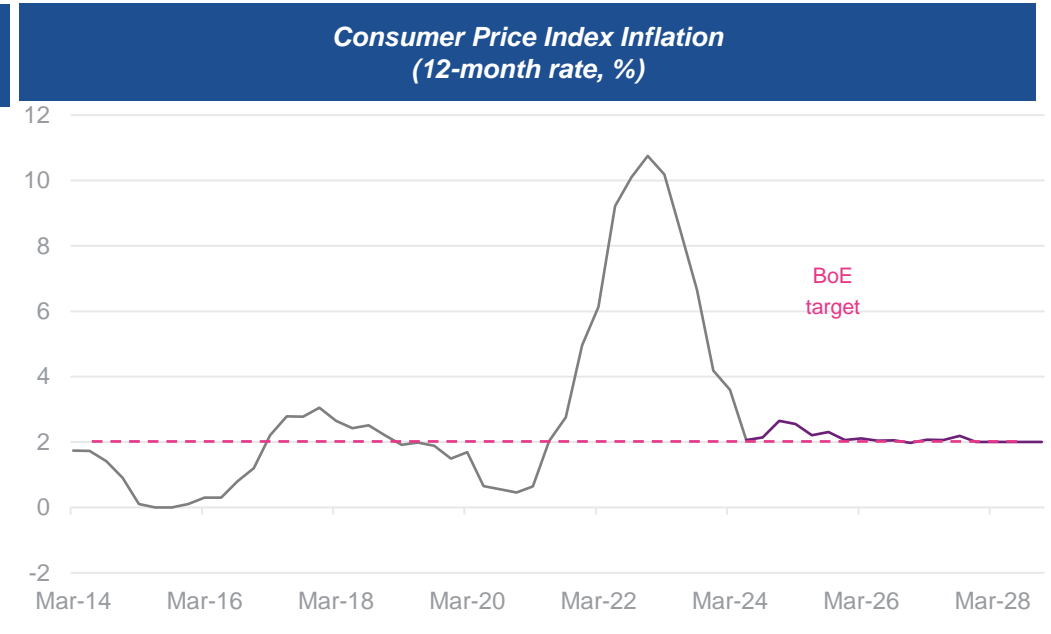
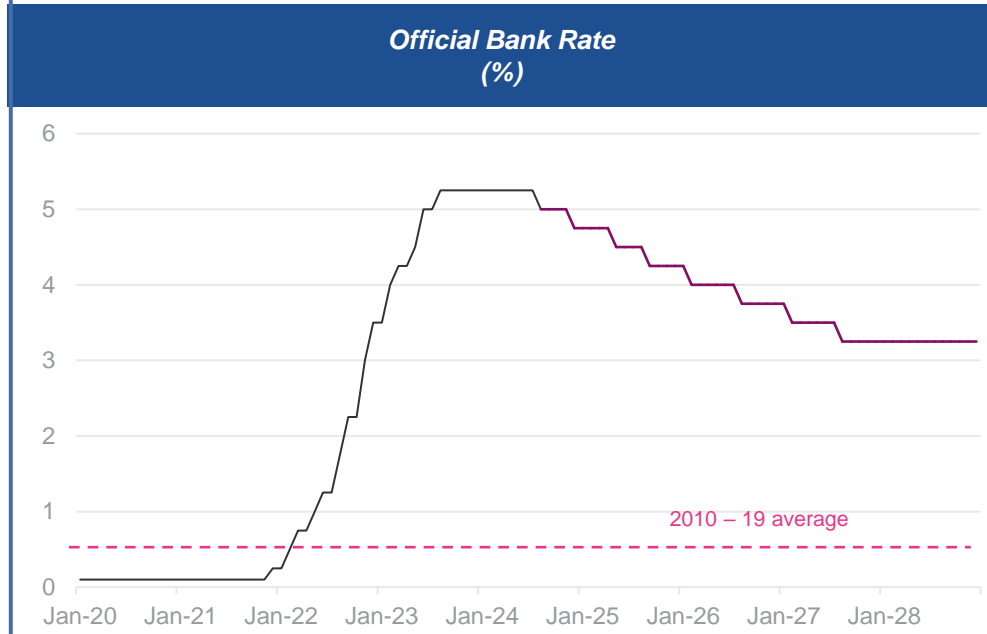


- **UK GDP** broadly flatlined across 2023, and is estimated to have grown by just 0.1%, driven by a slight expansion in the first half of the year. Growth has since rebounded and is forecast to increase by 1.1% in 2024 and accelerate further in 2025.
- The **unemployment rate** only increased marginally in 2023 compared to 2022, despite weak economic fundamentals. It is expected to rise to a peak of 4.5% in late 2024 and early 2025.

Sources: Bank of England, Office for National Statistics, Forecasts = Experian Economics



UK economic outlook – interest rates and inflation



- The BoE increased **Bank Rate** to 5.25% in August 2023, and made its first cut of this cycle a year later in August 2024. We expect policymakers to make another 25 basis point cut in December.
- **CPI inflation** stood at 2.2% in July and August 2024, up marginally from 2.0% in June, but down from 4.0% at the start of the year, driven by a reduction in goods prices. In 2024, price growth is expected average 2.6% for the year.

Sources: Bank of England, Office for National Statistics, Forecasts = Experian Economics




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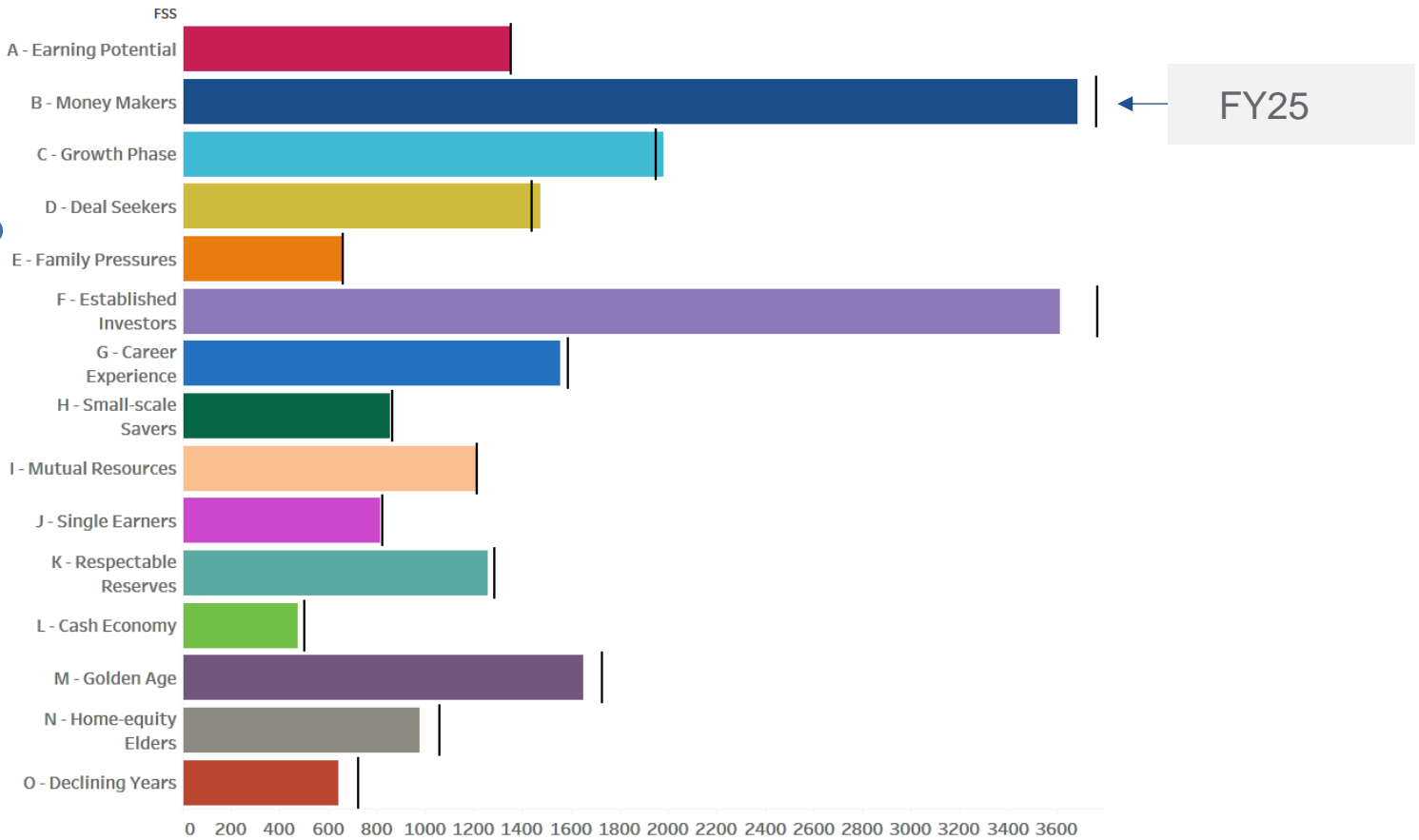


Discretionary income continues to grow

£1540
Average UK discretionary income (FY24)

£1566
Average UK discretionary income (FY25)

1.7% Growth



- Foresee discretionary income to continue to grow from FY24 to FY25 for most demographics, driven by sustained real wage growth

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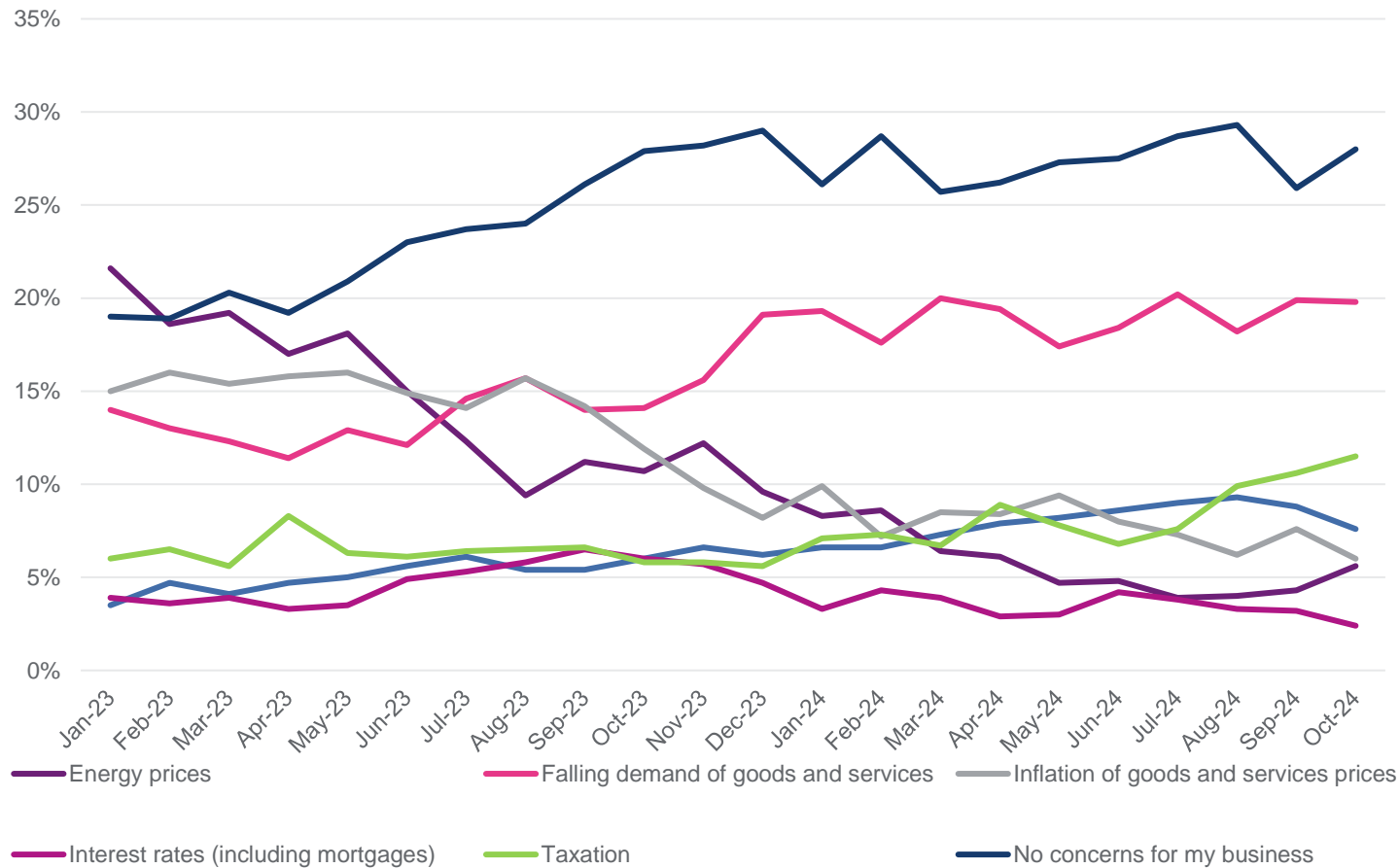
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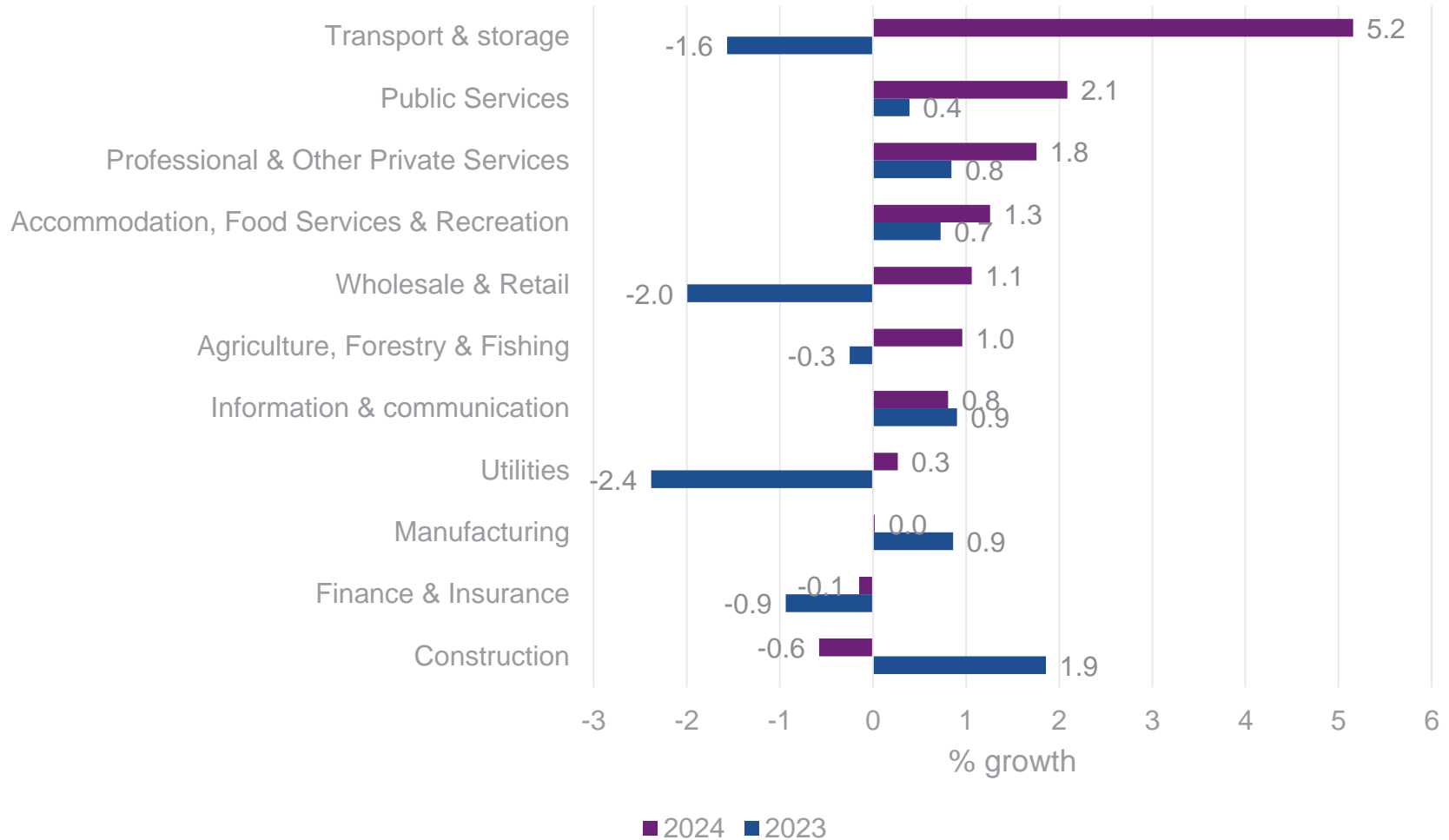
Business's expectations over time: Which are the main concerns for your business?



- 28.0% of surveyed firms had no concerns for their business for October.
- A rising share are concerned about taxation, with 11.5% reporting this concern for October up from 5.8% a year earlier.

Source: ONS BICS survey

Sector growth: many industries bounce back



Source: Experian

Summary and economic risks



Inflation
back on
track



Cautious optimism
on the economy for
2024



Unemployment
rate to rise
moderately



Prior increases in
interest rates
weighing on activity



Energy prices could yet
cause further inflationary
pressure



Ukraine and Middle East
conflicts represent an
inflationary risk