

# UK Economic Overview

CONSUMERS AND THE MACRO ECONOMY

May 2025



# Disclaimer

The material in this presentation has been prepared by Ankura Consulting Group, LLC (“Ankura”) and is general background information about the matters described herein to be used for informational purposes only. This information is given in summary form and does not purport to be complete. This information should not be considered legal or financial advice. You should consult with an attorney or other professional to determine what may be best for your individual needs.

Information in this presentation should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. No one should make any investment decision without first consulting his or her own financial advisor and conducting his or her own research and due diligence.

Ankura does not make any guarantee or other promise as to any results that may be obtained from using the information in this presentation. Ankura shall have no liability to the recipient of this presentation or to third parties, for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this presentation nor for any special, direct, indirect, incidental or consequential loss or damage that may be sustained because of the use of the information contained and/or referred to in this presentation or otherwise arising in connection with the information contained and/or referred to in this presentation, provided that this exclusion of liability shall not exclude or limit any liability under any law or regulation applicable to Ankura that may not be excluded or restricted.

IRS Circular 230 Disclosure: Ankura and its affiliates do not provide tax or legal advice. Any discussion of tax matters in these materials (i) is not intended or written to be used, and cannot be used or relied upon, by you for the purpose of avoiding any tax penalties and (ii) may have been written in connection with the “promotion or marketing” of a transaction (if relevant) contemplated in these materials. Accordingly, you should seek advice based your particular circumstances from an independent tax advisor.

This presentation contains data compilations, writings and information that are confidential and proprietary to Ankura and protected under copyright and other intellectual property laws, and may not be reproduced, distributed or otherwise transmitted by you to any other person for any purpose unless Ankura’s prior written consent has been obtained.

# Contents



1. Summary
2. Inflation and GDP
3. Consumer Metrics
4. Retail Sales
5. Employment
6. Supply Chain
7. Housing
8. About Ankura

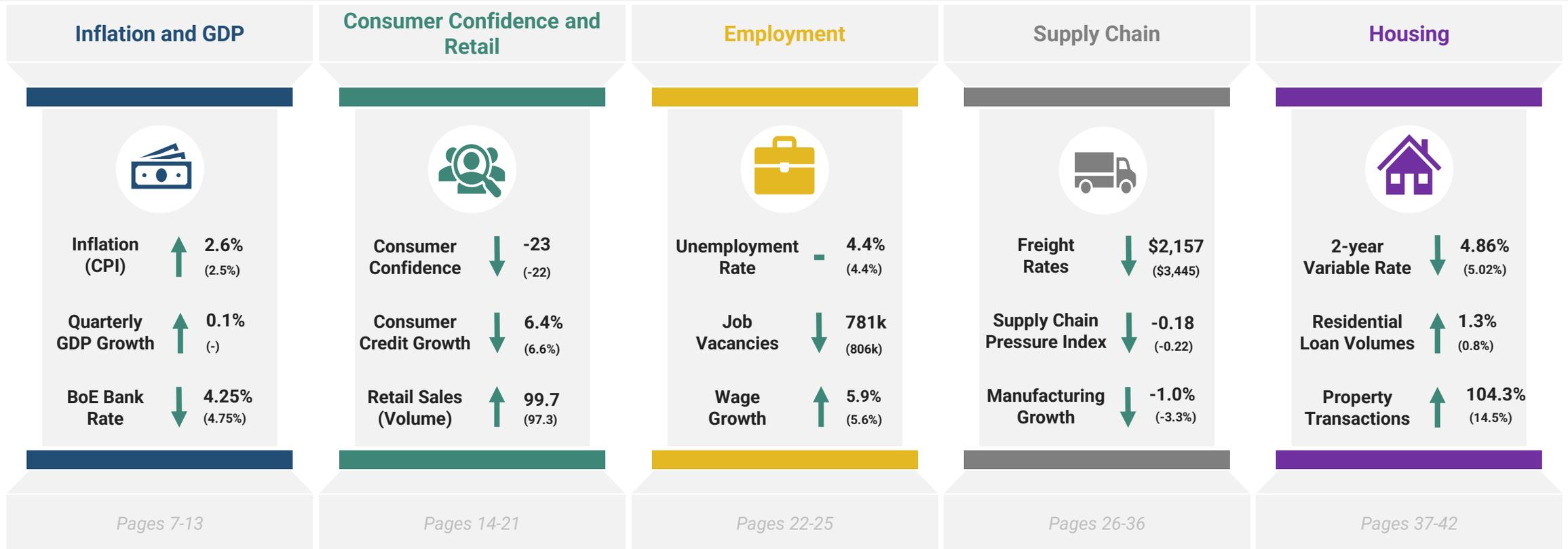
---

# 1. Summary

# Highlights – Current Economic Trends



The UK economy remained weak over Q1 2025, with modest GDP growth and inflation levels remaining above target over the period. Positive developments included monetary policy rates and supply chain pressures continuing to ease. However, consumer sentiment and job creation metrics have persisted to deteriorate



**Key**  
 ↑ Latest Reported Data  
 (Data per previous Report in January 2025<sup>1</sup>)

<sup>1</sup> Note data adjusted from previous report where revised data provided, or relevant indexes rebalanced.



# Consumers & Macro Economy Executive Summary



## Positive Trends

- The Bank of England Bank Rate has reduced to 4.25% following cuts in February and May due to progress in disinflation
- Monthly GDP growth of 0.5% was reported for February which was ahead of expectations driven by increased activity across the services and production sectors
- Deep sea freight rates continued to fall sharply over Q1 and the beginning of Q2 to \$2,157. Rates remain c.20% below the same period last year (\$3,725) even after they peaked at a record high last July (\$5,937)
- Industrial production ceased its trend of 13 months of consecutively neutral or declining YoY growth in February, though growth was modest at 0.1%
- The UK's recently announced trade deals with India and the US is welcome progress amid global trade tensions, contributing to longer term growth prospects



## Key Headwinds

- Despite modest improvement over the start of Q1, consumer confidence fell sharply by four points in April. Declines were recorded across all measurement categories, in particular perceptions of the general economy over the past year (down 5 points) and the outlook for the next twelve months (down 8 points)
- Jobs growth continued to trend downwards over Q1, with vacancies down 14% YoY in March



## Concerns

- Recent economic volatility caused by US trade policy decisions is yet to be reflected in much of the data reported. It is likely that ongoing tensions, particularly with China, will contribute to prolonged economic uncertainty and global recessionary concerns
- Despite beating recent market expectations, UK GDP growth remains weak with limited confidence in credible growth being sustained over the remainder of the year
- Inflation remains above the Bank of England's target rate with the CPI rising to 3% in January before softening to 2.6% in February. The Bank's approach to rate cuts remains gradual due to the persistent and uncertain nature of inflationary risks in the economy

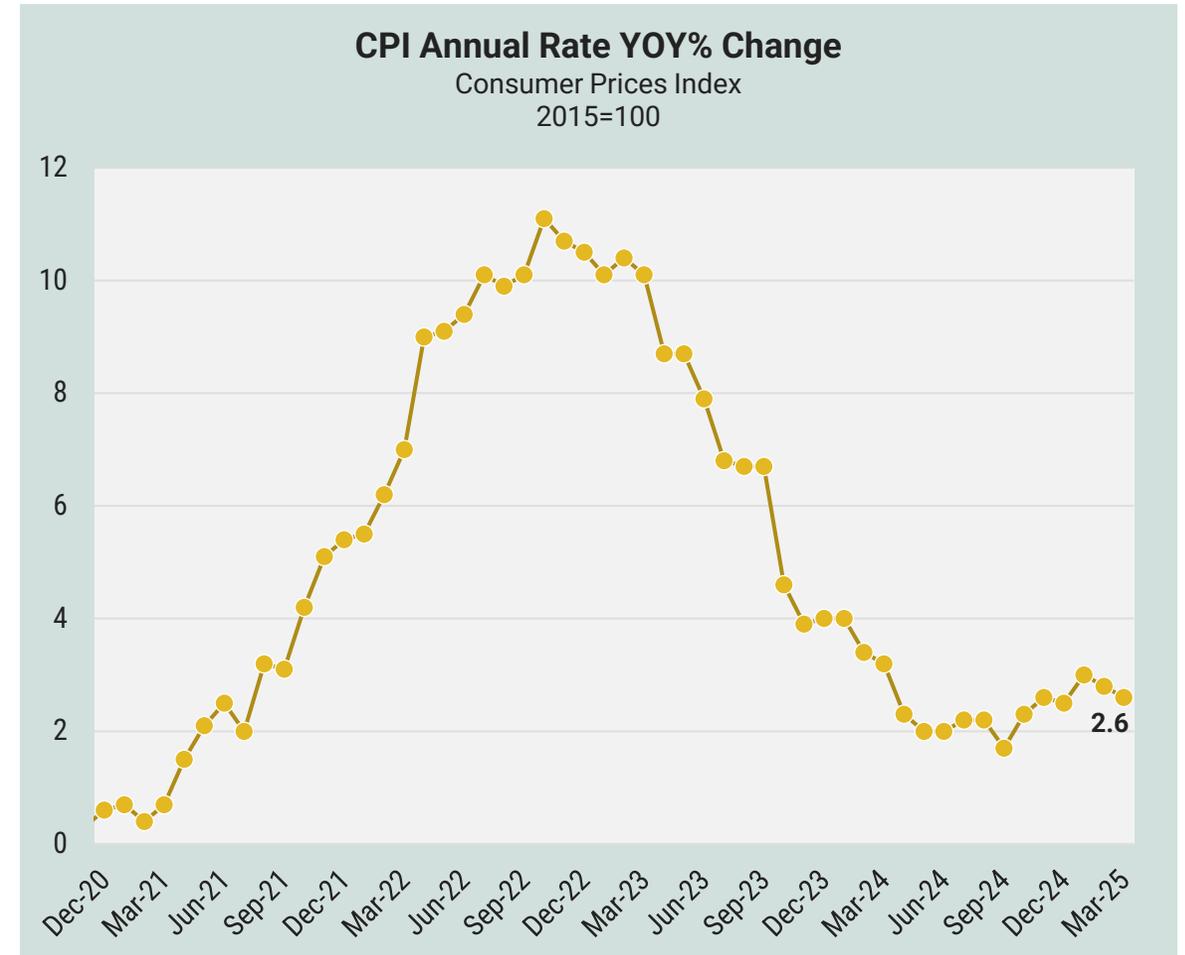
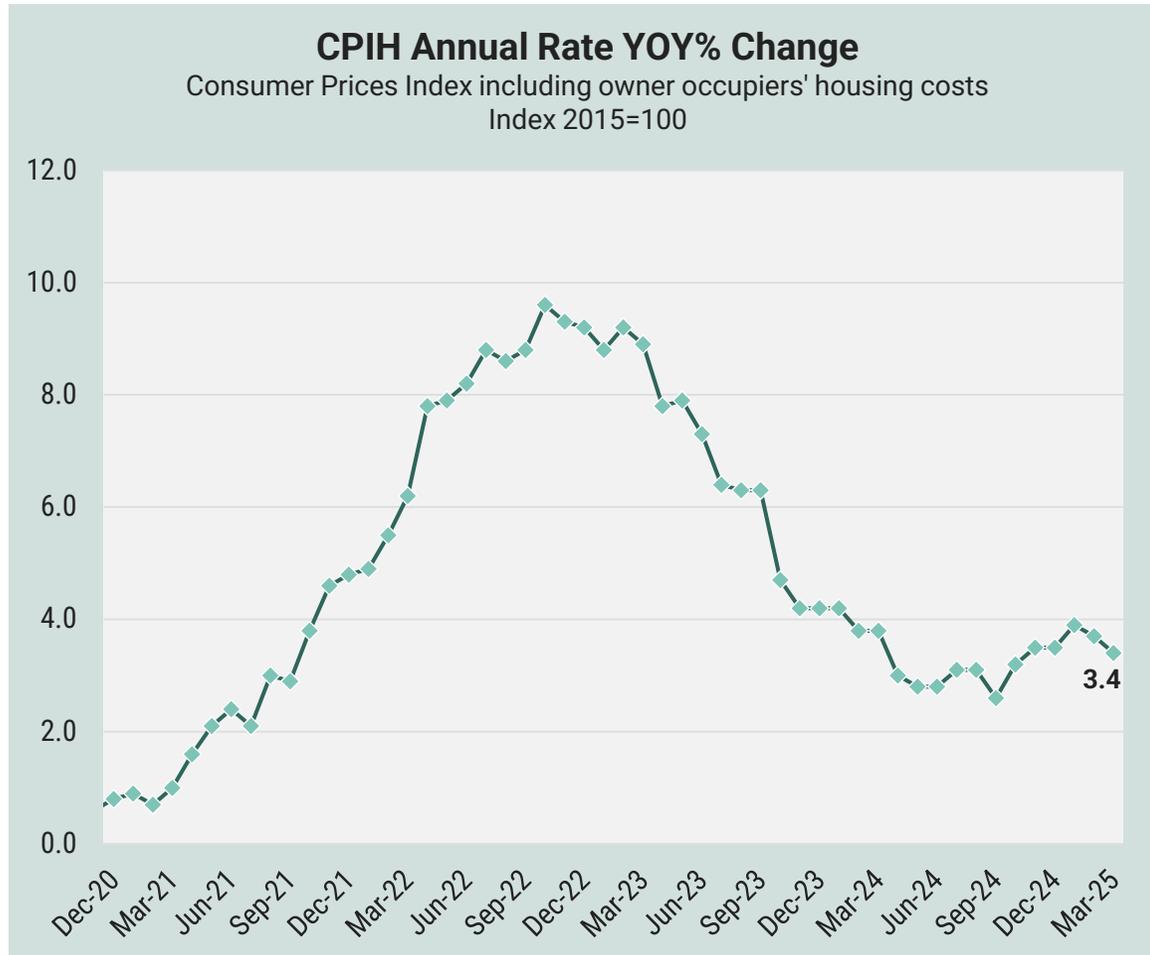
---

## 2. Inflation and GDP



# Consumer Price Index

Consumer price index (CPIH, incl. housing) indicated a gradual decline over Q1 to 3.4% in March, down from 3.9% at the end of 2024. The same trend persisted for the CPI excluding housing costs, falling to 2.6% in March from 3% in December

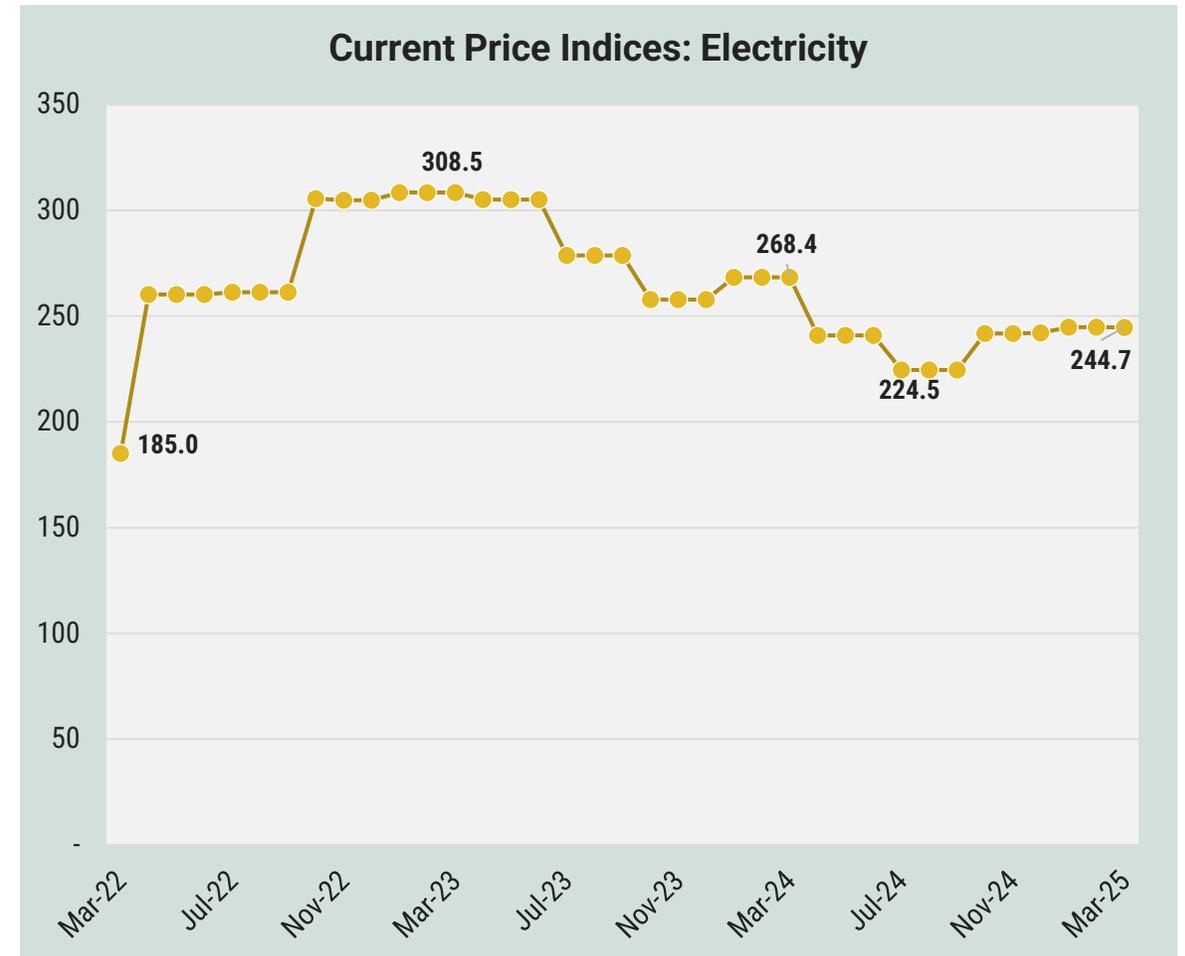
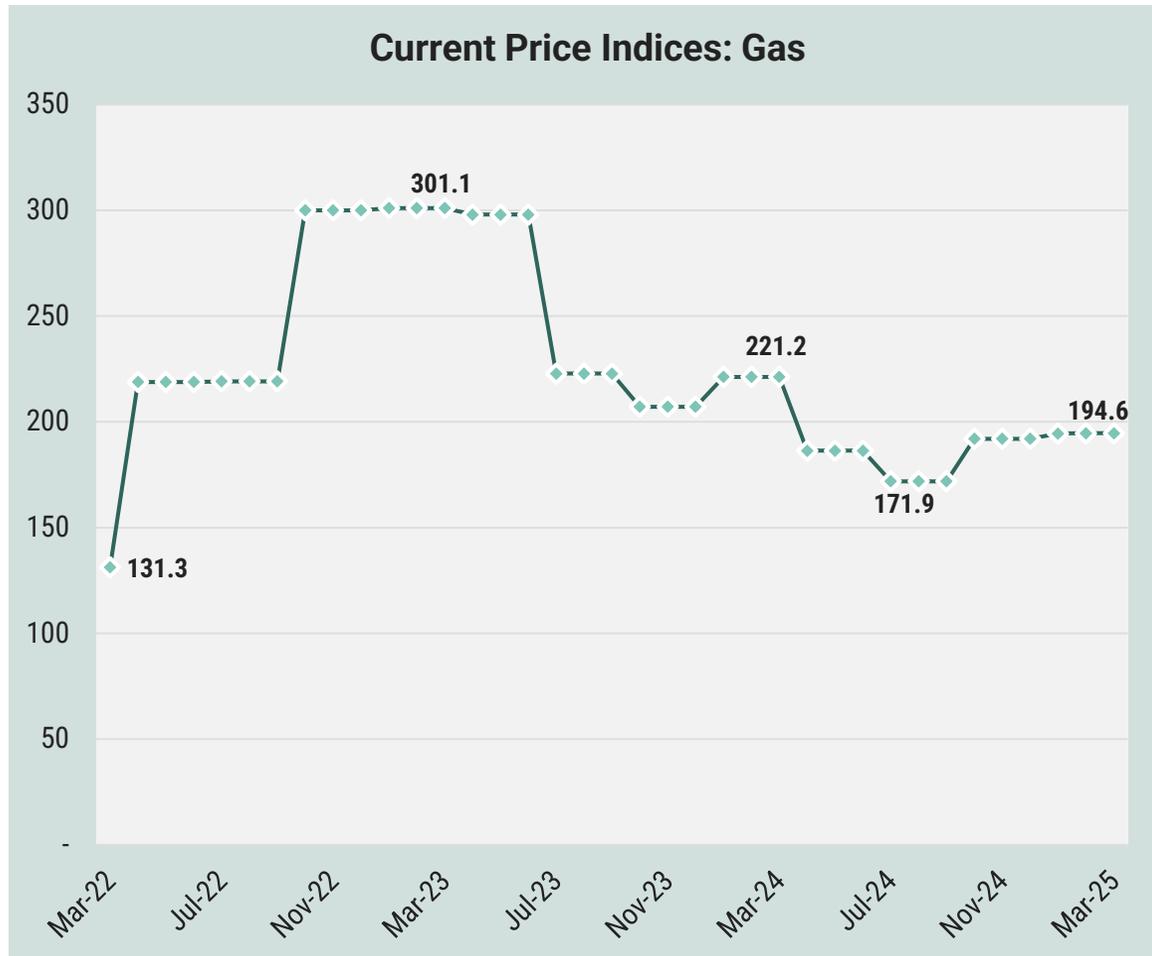


Source: Office for National Statistics



# Gas & Electricity

Gas & electricity indices remained stable over Q1 2025 and remain well below their 2022 and 2023 peaks

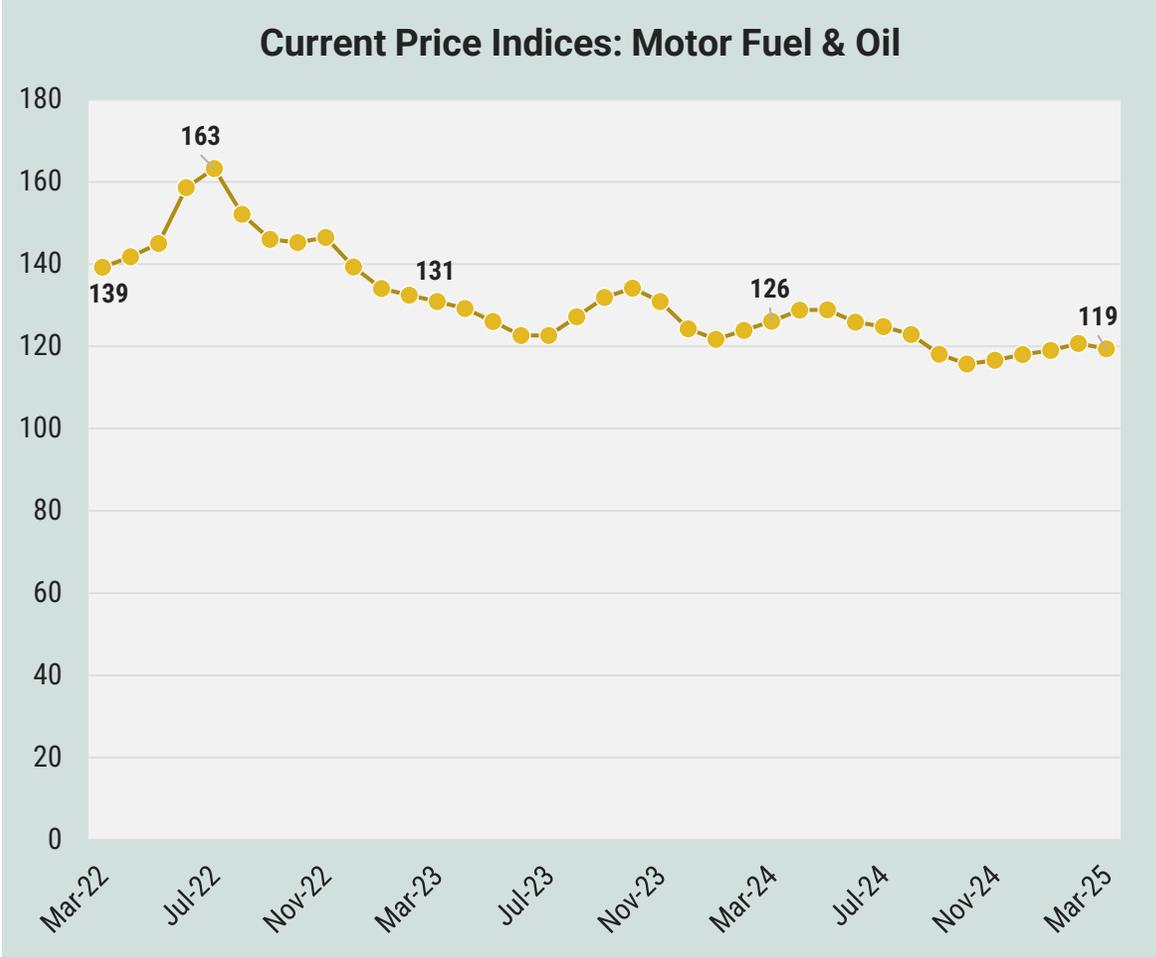
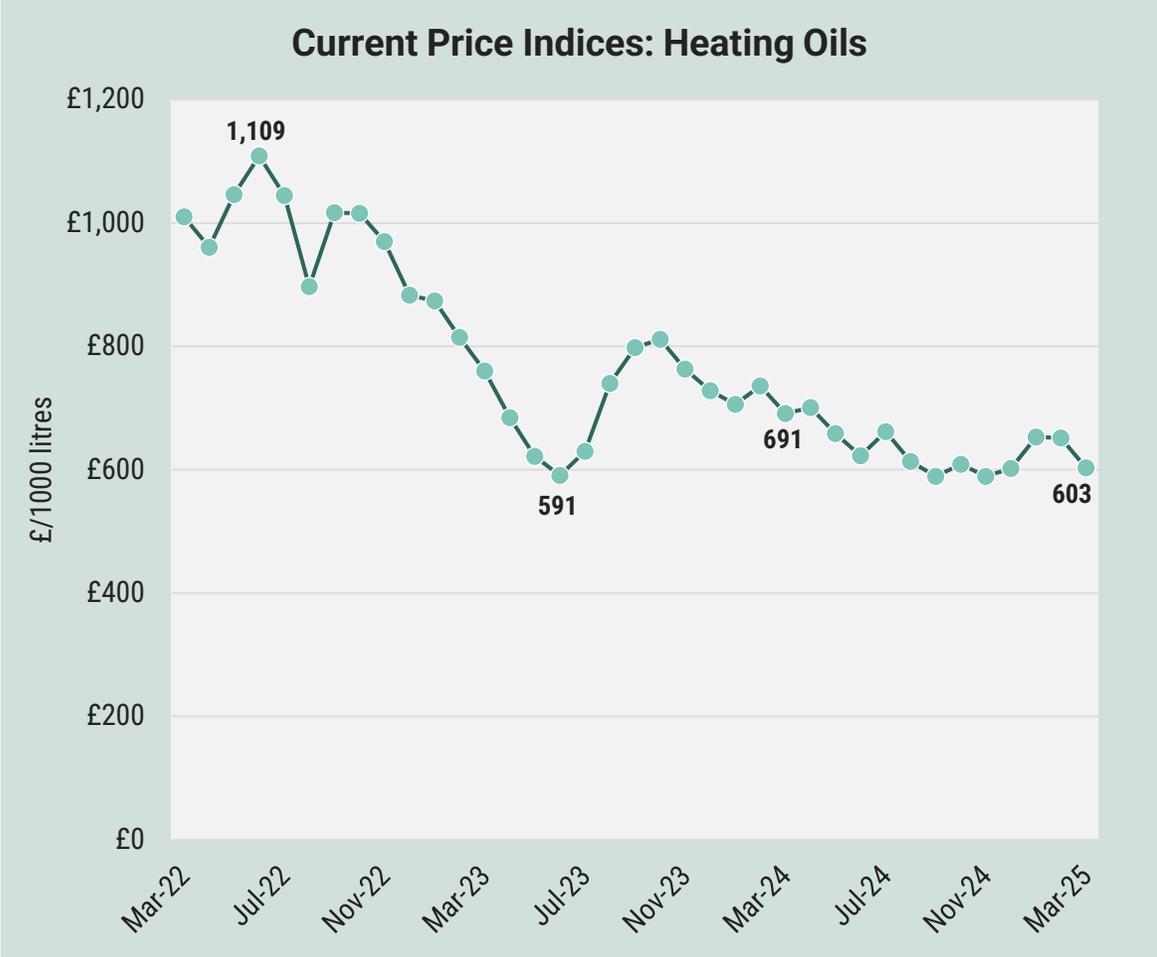


Source: Gov.uk, [energyprices.stats@energysecurity.gov.uk](mailto:energyprices.stats@energysecurity.gov.uk)



# Heating Oils & Motor Fuel

Despite an initial price increase at the beginning of the year, heating oils have stabilised towards the end of the quarter and remain flat from year-end 2024. Motor fuels have continued to remain relatively flat over the period

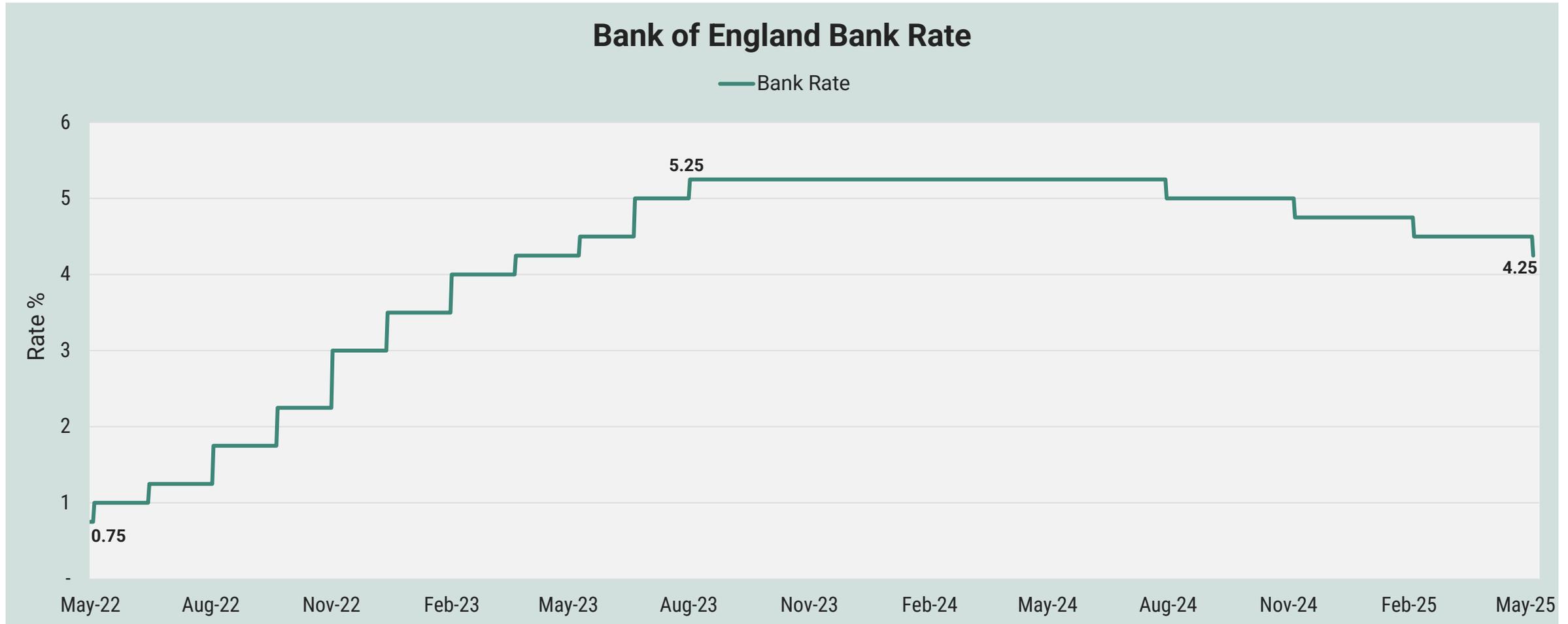


Source: Gov.uk, Domestic Energy Price Indices



# Interest Rates

The Bank of England Bank Rate has fallen to 4.25% in May due to progress in disinflation. The Bank maintains a gradual approach to rate cuts amid persistent inflationary risks to prices and wages

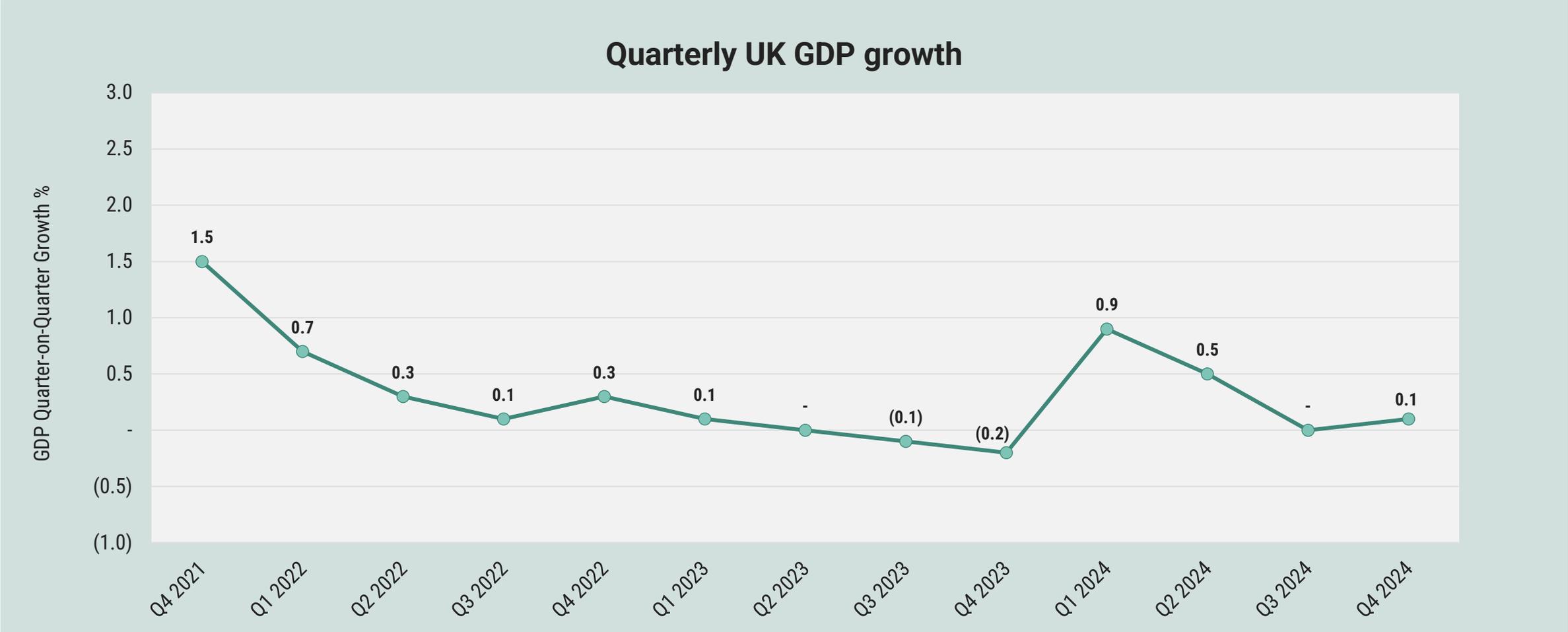


Source: Bank of England



# GDP (Quarter-on-Quarter Growth)

UK gross domestic product (GDP) growth remained weak over Q4 2024, following flat growth in the previous quarter



Source: Office for National Statistics, Gross Domestic Product: Quarter on Quarter growth: CVM SA %

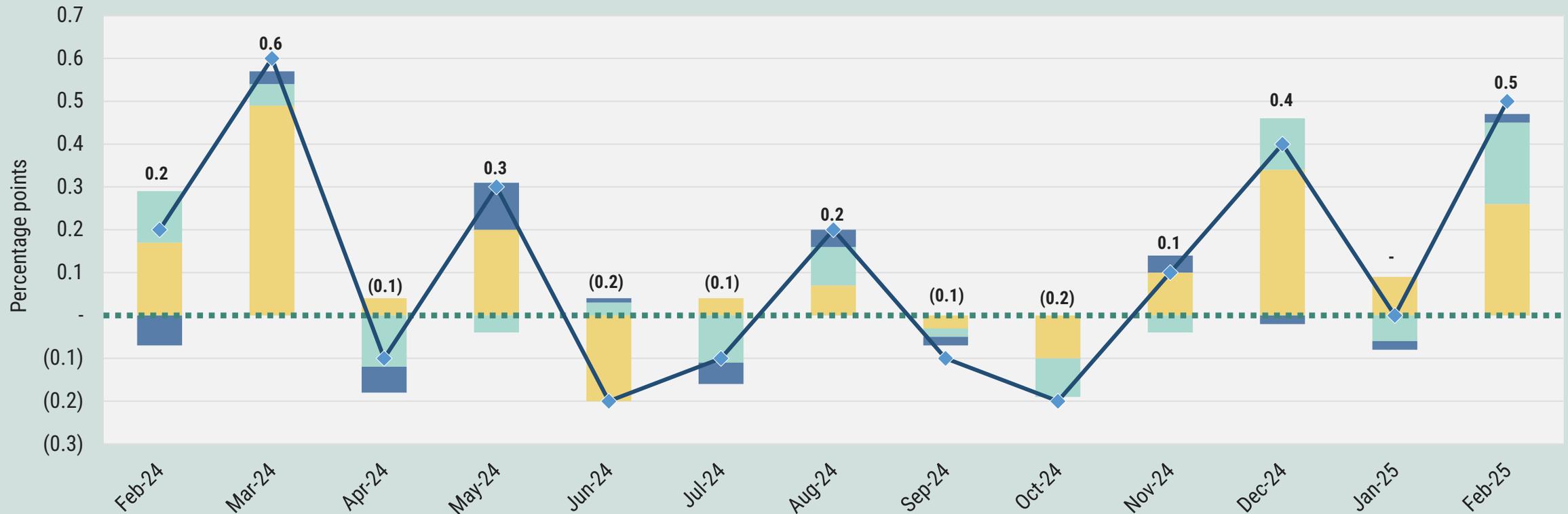


# GDP (Monthly Growth)

Positive monthly GDP growth of 0.5% for February driven by increased output across all three main sectors. This follows no growth in January with positive service growth offset by falling production and construction output

## Contributions to Monthly GDP Growth, UK

Services Production Construction GDP



Source: GDP monthly estimate from the Office for National Statistics, Sum of component contributions may not sum to total services growth because of rounding

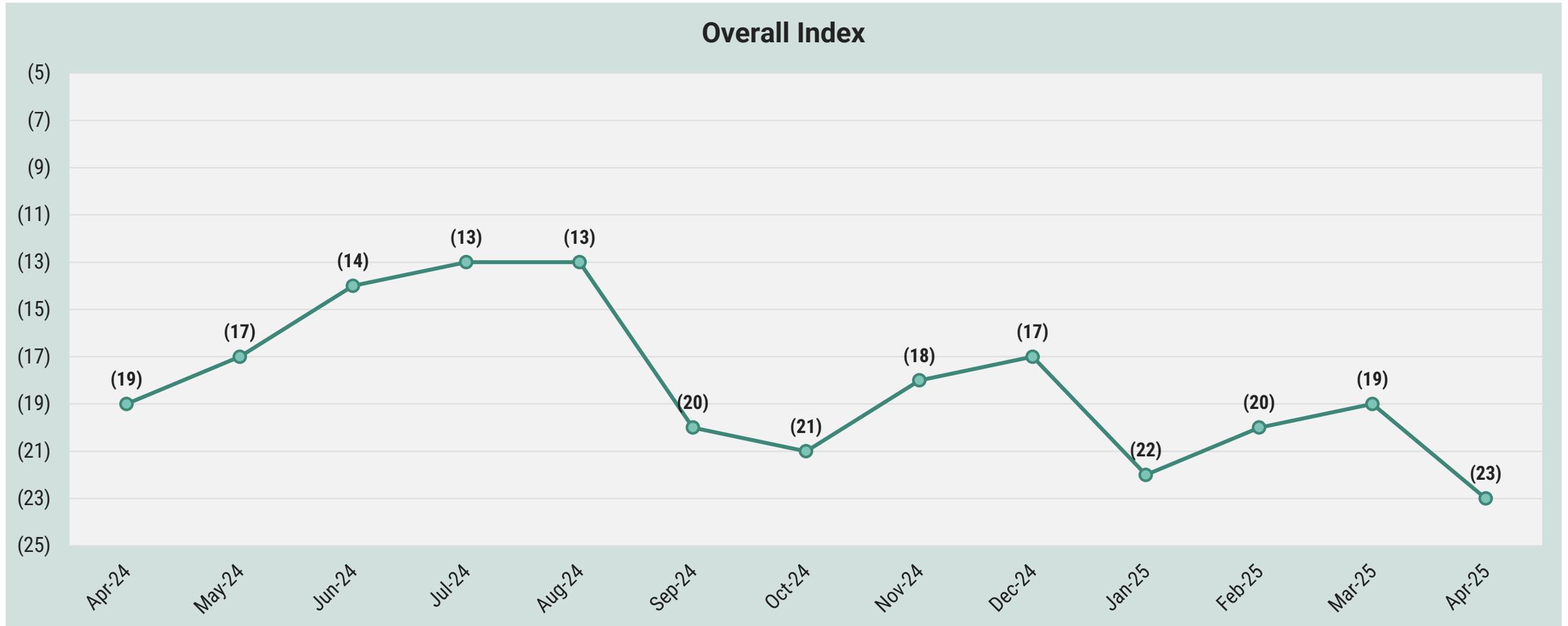
---

## 3. Consumer Metrics



# UK Consumer Confidence

Despite improving over January and February, the GfK Consumer Confidence Index decreased by four points to -23 in April, its lowest point over the past 12 months



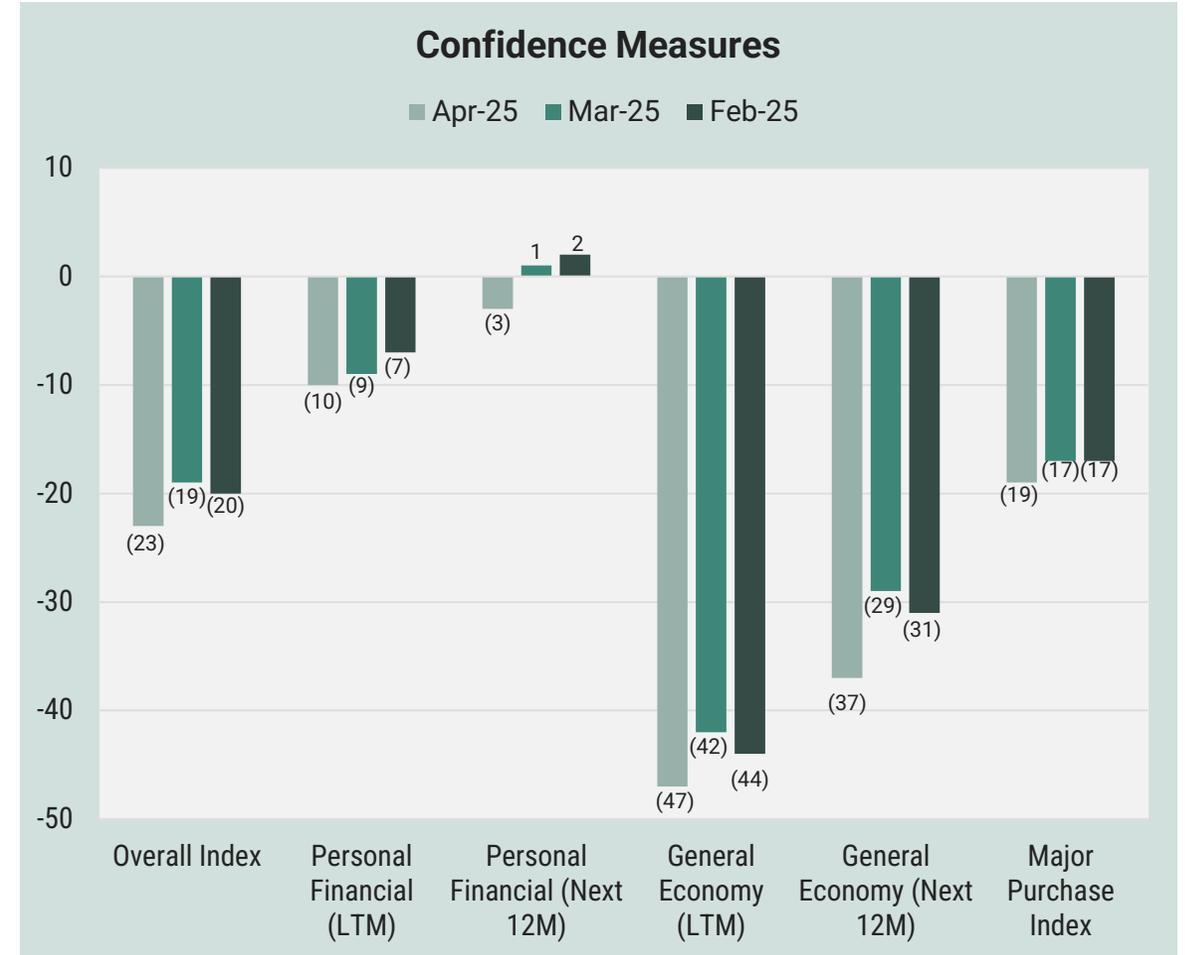
Source: GfK Consumer Confidence Barometer



# UK Consumer Confidence

All measures of consumer confidence declined in April, with steep declines across both Personal Financial and the General Economy over the next 12 months

Measure	Trend	Apr-25	Mar-24	Feb-24
Overall Index	↓ 4	(23)	(19)	(20)
Personal Financial Situation (LTM)	↓ 1	(10)	(9)	(7)
Personal Financial Situation (Next 12 Months)	↓ 4	3	1	2
General Economy (LTM)	↓ 5	(47)	(42)	(44)
General Economy (Next 12M)	↓ 8	(37)	(29)	(31)
Major Purchase Index	↓ 2	(19)	(-17)	(17)

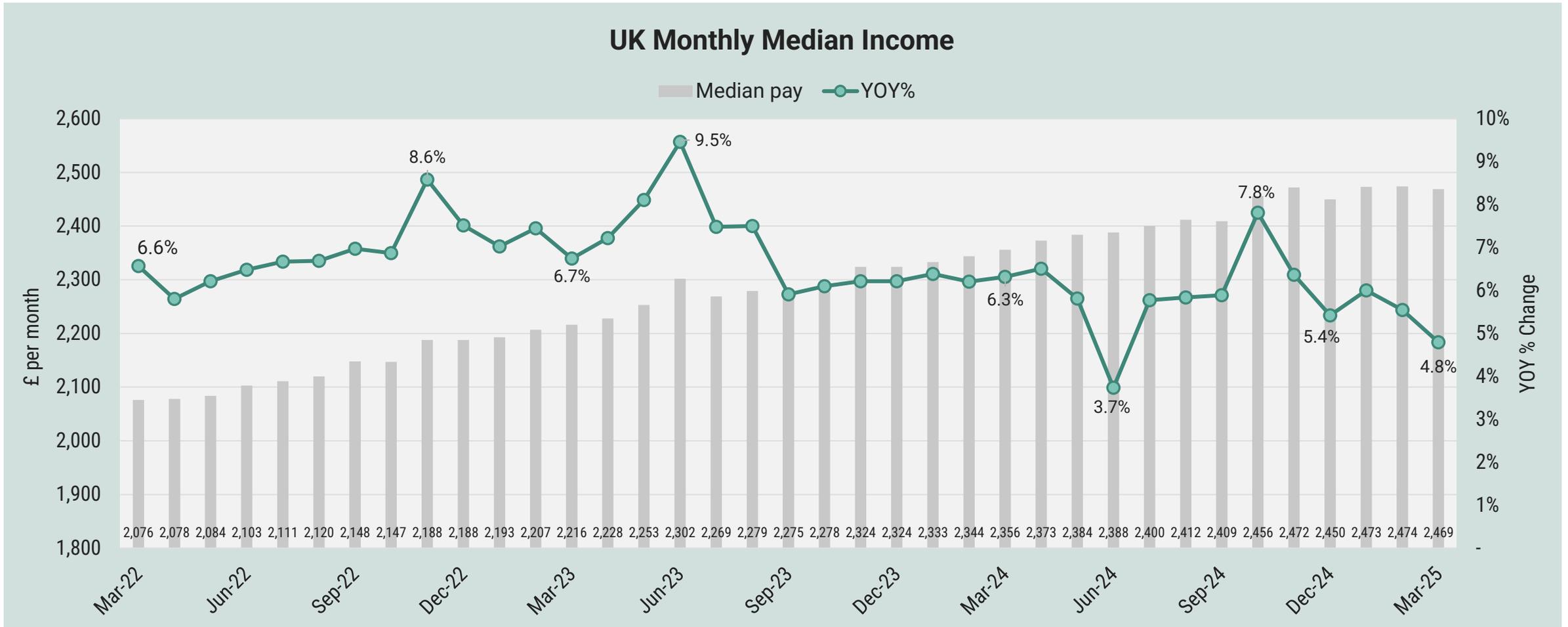


Source: GfK Consumer Confidence Barometer

# Income



UK Median Income growth continued to slow over Q1 2025, with YoY growth softening to 4.8% in March

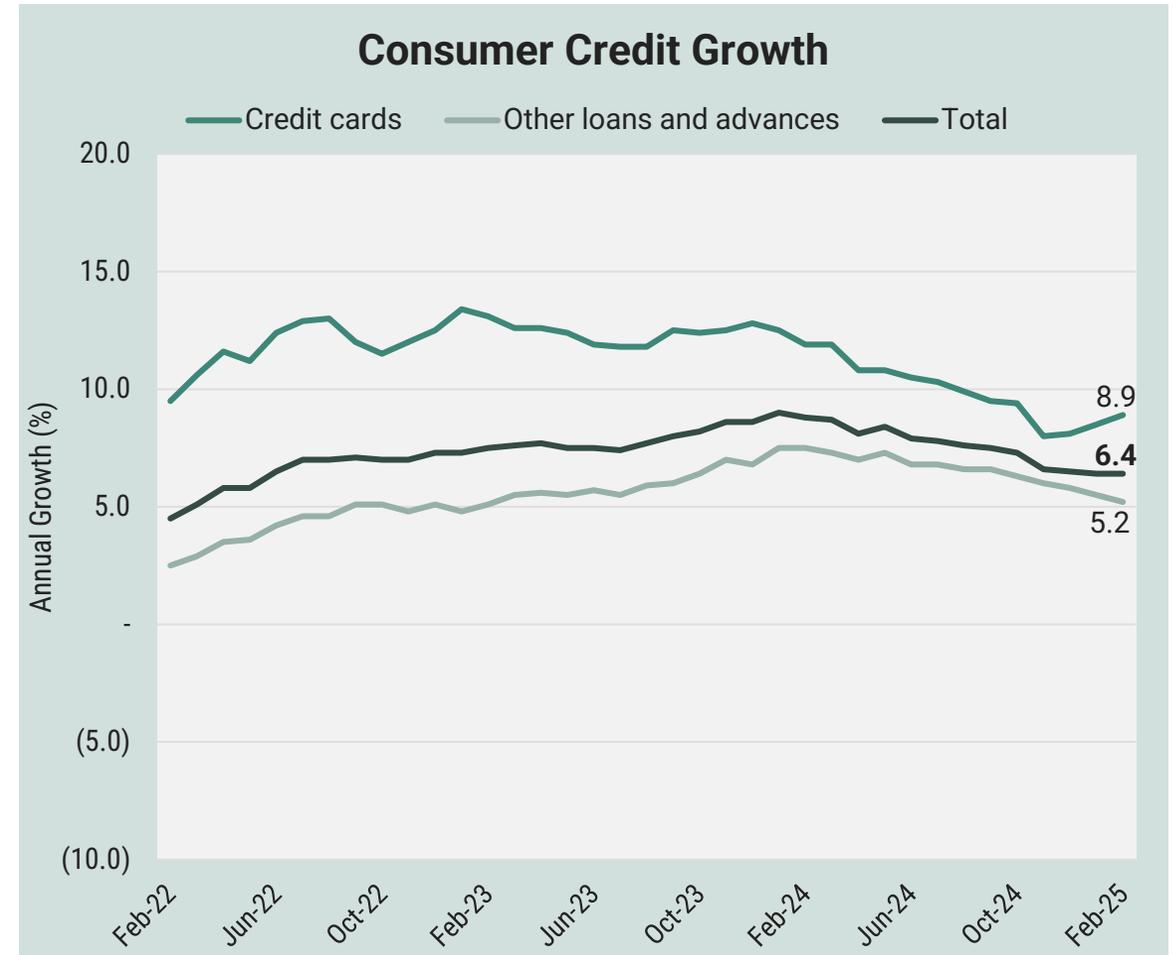
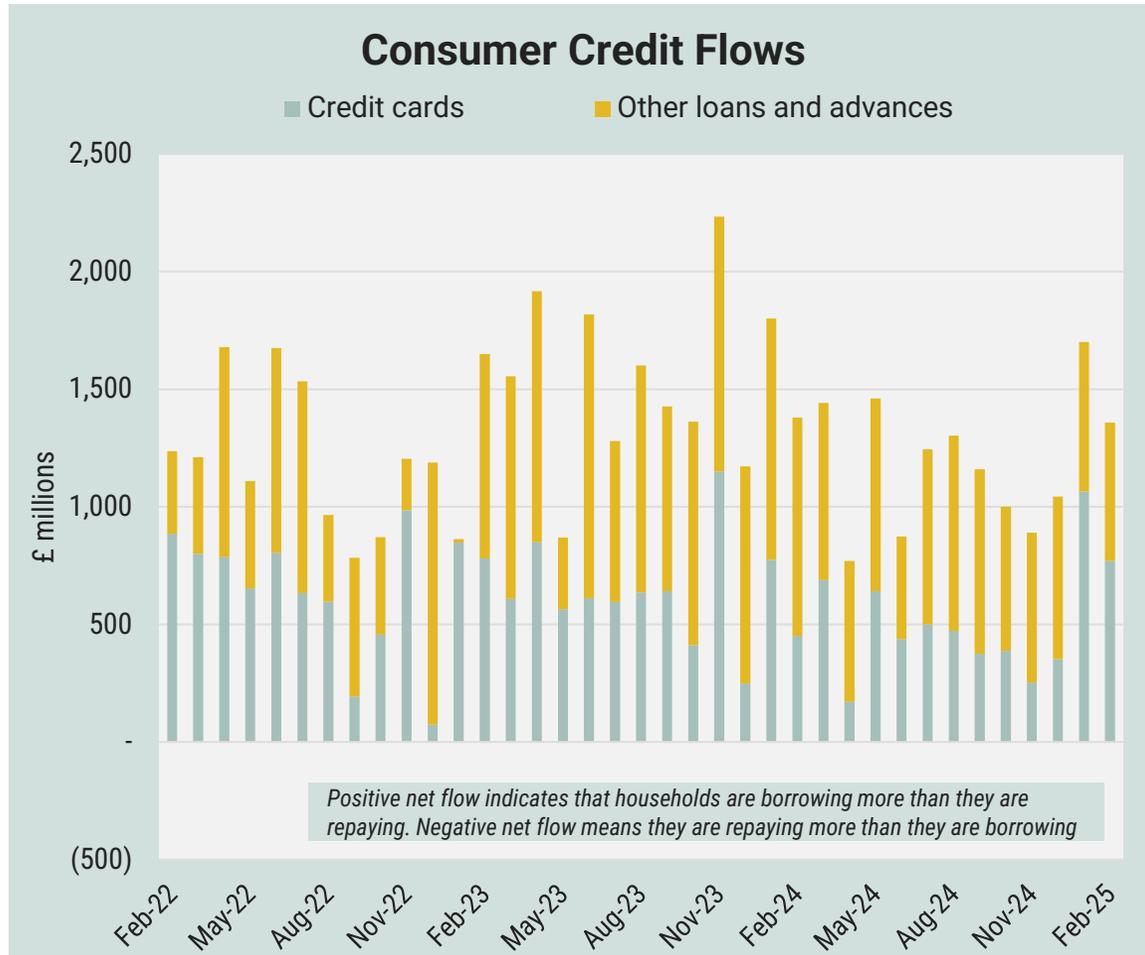


Source: Office for National Statistics, Earnings and employment from Pay As You Earn Real Time Information



# Consumer Credit

**Net consumer credit flows increased strongly over Q1 2025, showing a similar trend to the same period last year. Total credit growth remained stable over Q1; however, higher credit card growth offset declining other advances**



Source: Bank of England, Household credit

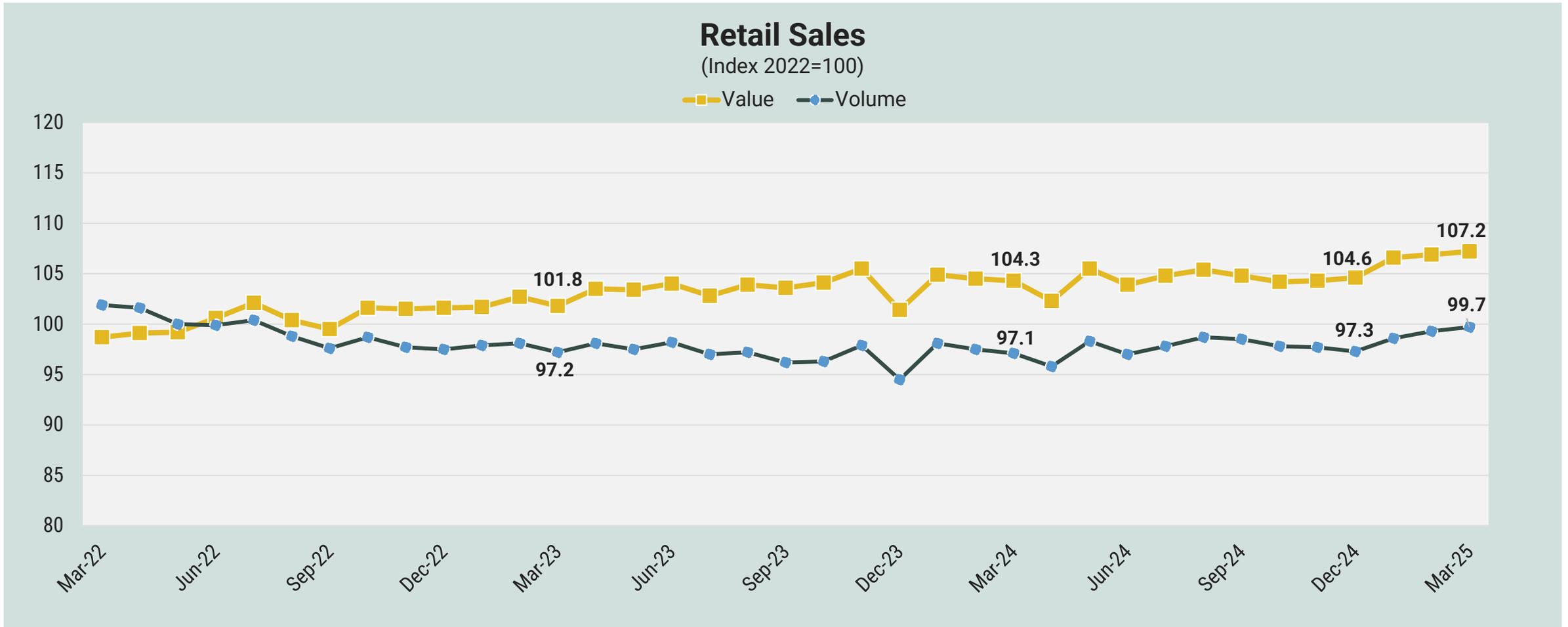
---

## 4. Retail Sales

# Retail Sales



Both retail values and volumes sustained gradual increases over the first quarter of 2025, rising 2.6% and 2.4% respectively since December

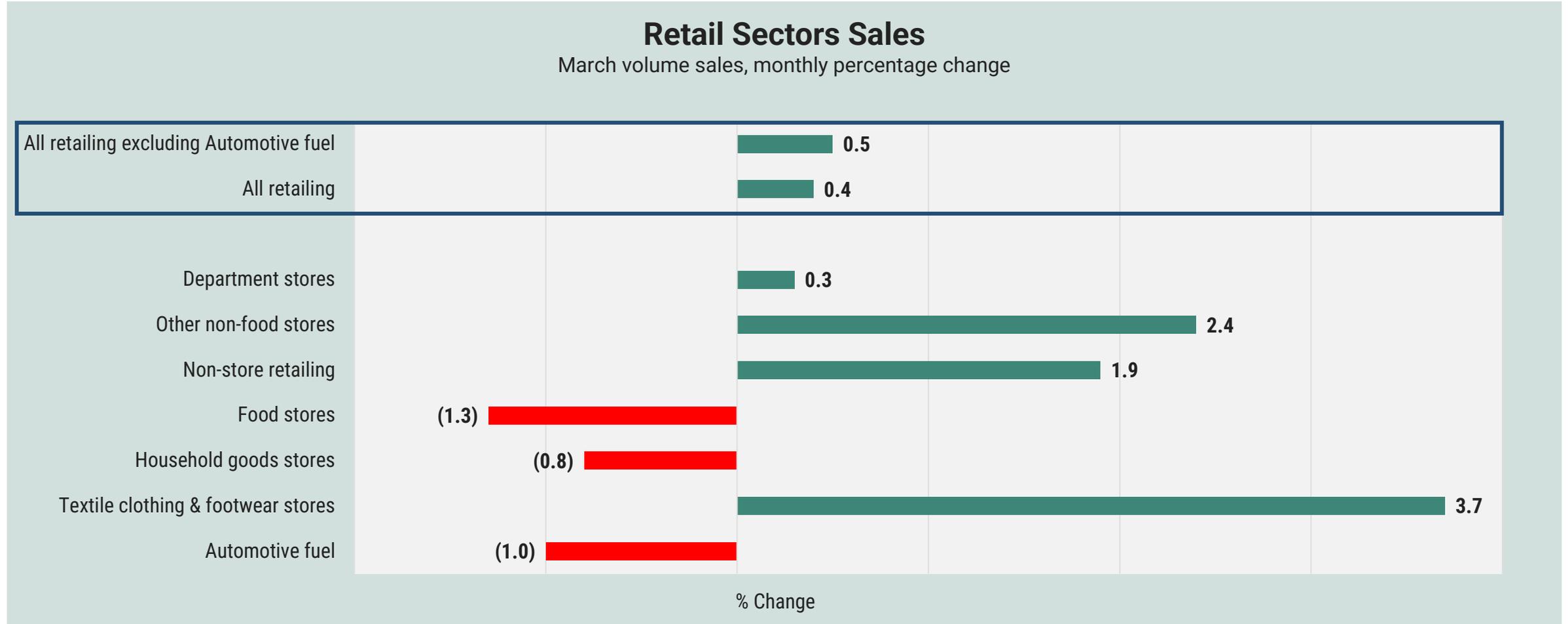


Source: Office for National Statistics, Retail Sales

# Category Sales



March volume increases were driven by higher reported sales across non-food retailers, including online retailers, clothing & footwear, department stores, and others. There was a decrease in volumes for food and automotive fuel sales



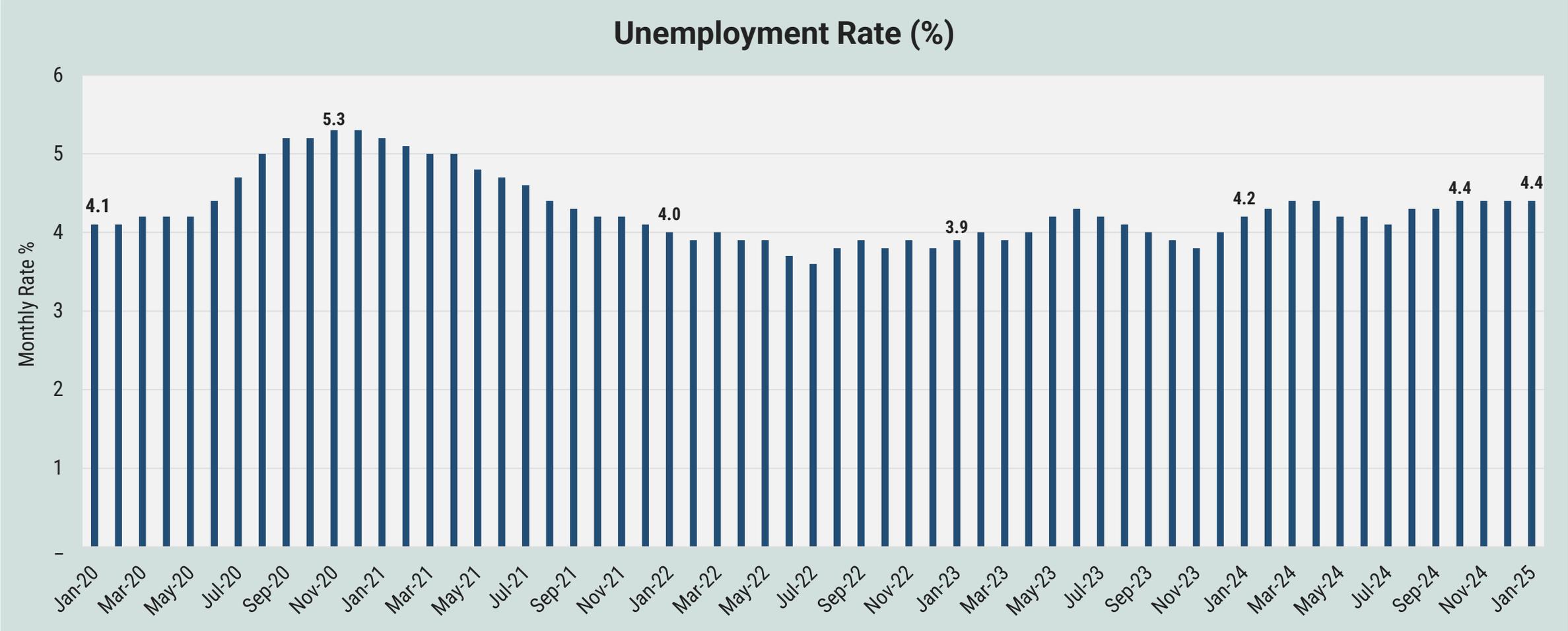
---

## 5. Employment

# Unemployment



**UK unemployment rate has remained flat at 4.4% over Q4 2024 and January 2025. This compares to a rate of 4.2% in January 2024**

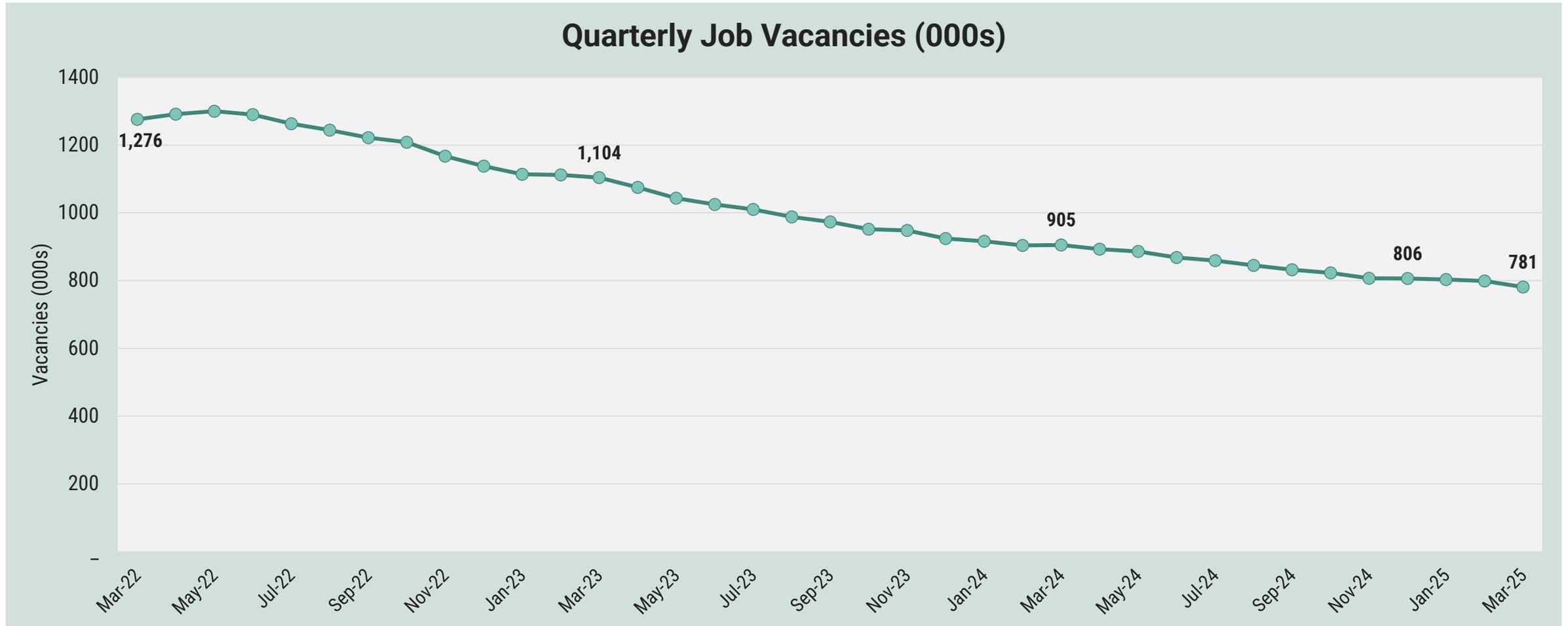


Source: Office for National Statistics, Employment Rate (aged 16 and over, seasonally adjusted)



# Job Vacancies

**UK job vacancies continued to fall during the quarter January to March to 781,000. This represents a 14% decrease in vacancies compared to the same period last year**

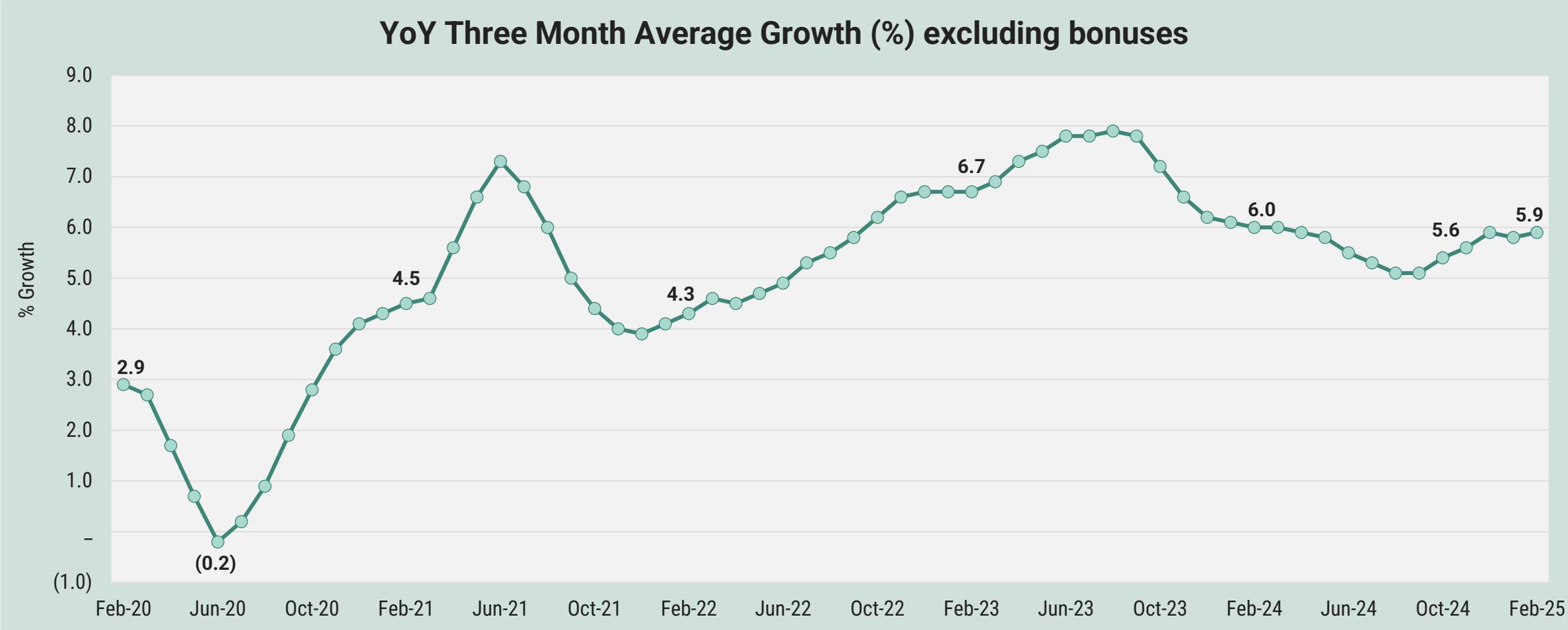


Source: Office for National Statistics, Vacancies and Unemployment

# Wage Growth



Annual average growth in employees' earnings (excl. bonuses) was 5.9% over the three months December to February November, indicating relatively flat growth since Q4 2024



Source: Office for National Statistics, Whole Economy Year on Year Three Month Average Growth (%)

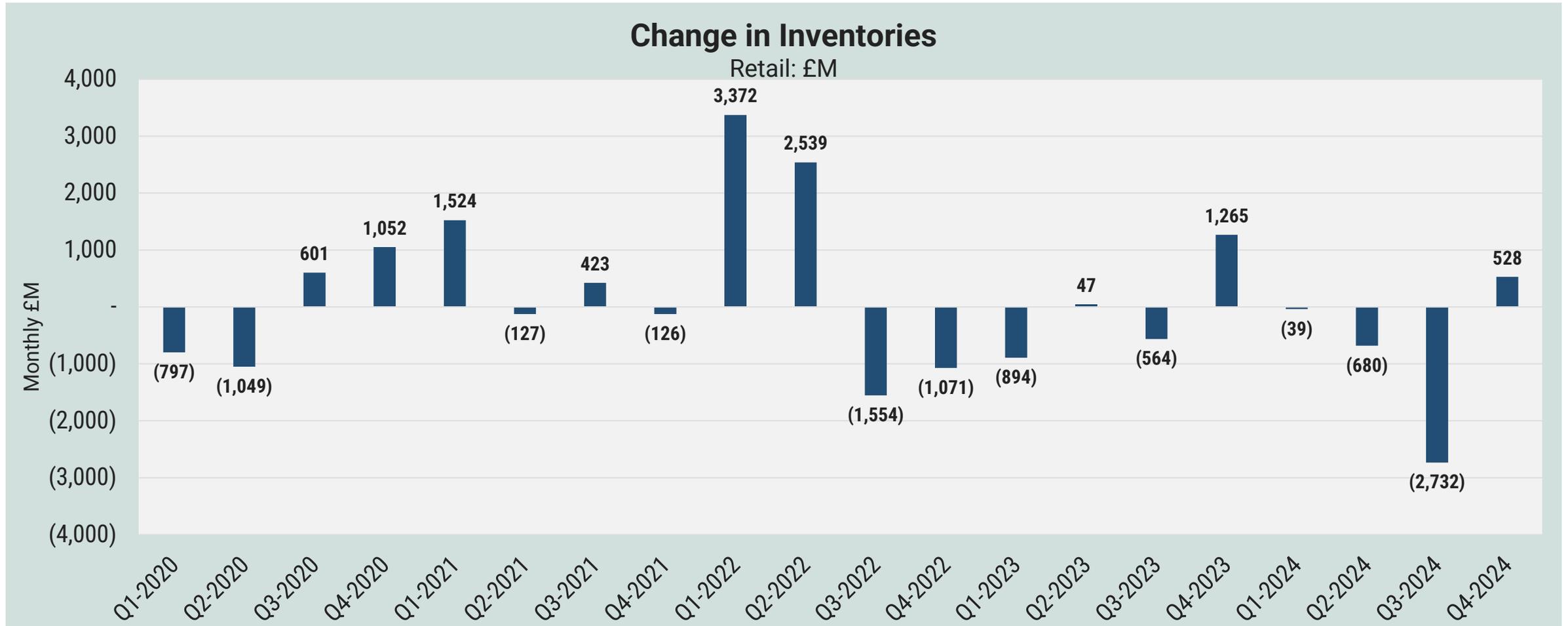
---

## 6. Supply Chain



# Inventories: Retail

Revised figures indicate retail inventories being reduced at a significantly higher rate over Q3-2024, the largest quarterly decrease over the dataset. Total retail inventories fell £2,923m over 2024 following a decrease of £146m in 2023



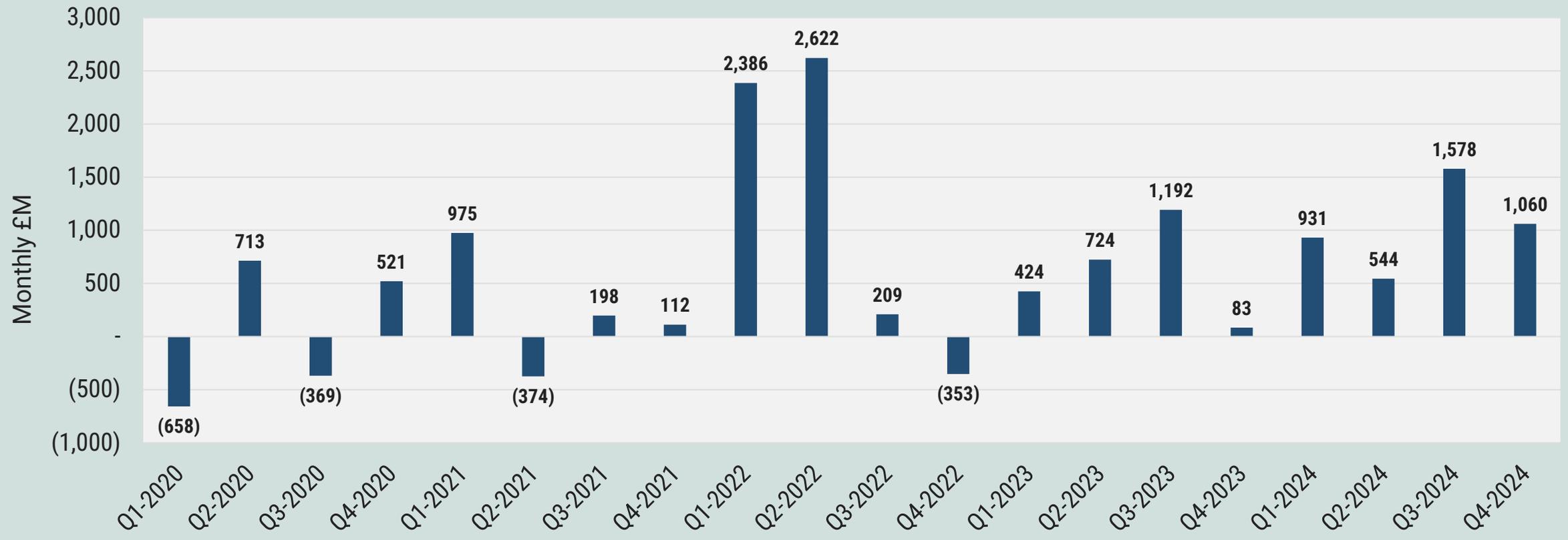
Source: Office for National Statistics, Change in Inventories: Retail



# Change in Inventories: Manufacturing: Finished Goods

Inventories of finished goods continued to increase for the eight consecutive quarter over Q4 2024. Total finished goods inventories increased by £4,113m over 2024 following an increase of £2,423m over 2023

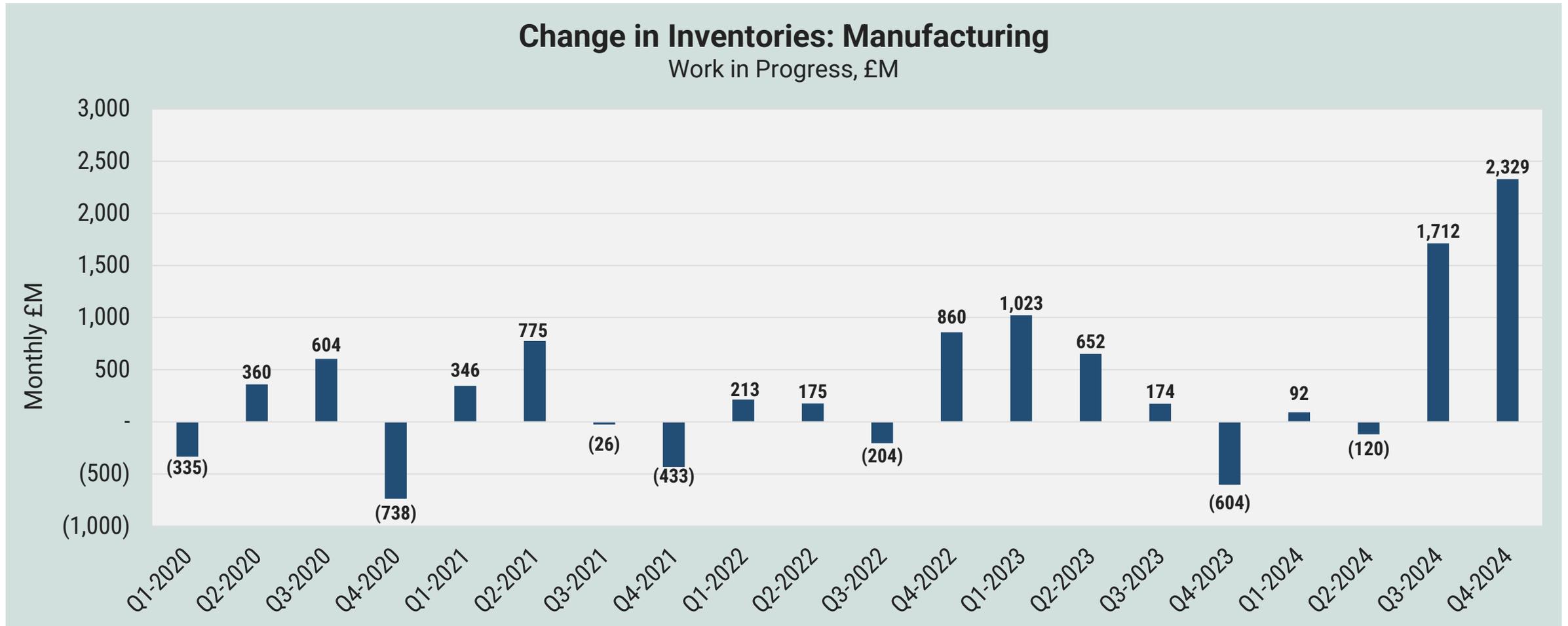
**Change in Inventories: Manufacturing**  
Finished Goods, £M





# Change in Inventories: Manufacturing - Work in Progress

**WIP inventories continued to rise sharply over Q4-2024. Total WIP inventories increased by £4,013m over 2024 following an increase of £1,245m over 2023**





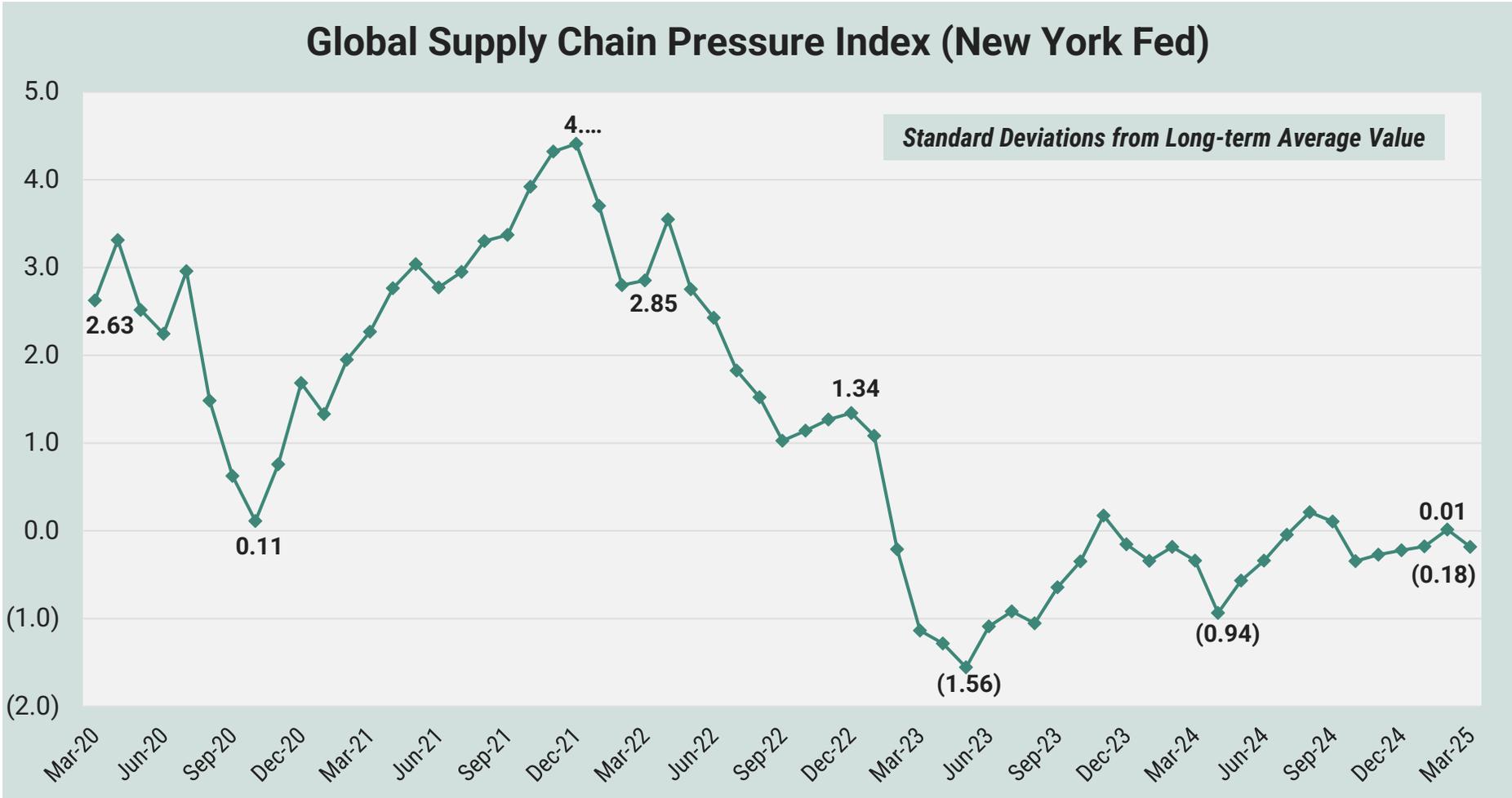
# Global Supply Chain Index

The GSCPI has remained relatively stable over Q4-2024 and

The GSCPI tracks the state of global supply chains using data from the transportation and manufacturing sectors.

The Index comprises several data points, including PMIs for 7 global economies (incl. UK and US), as well as shipping and airfreight indices.

The Index is normalised around its long-term average value.



Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index

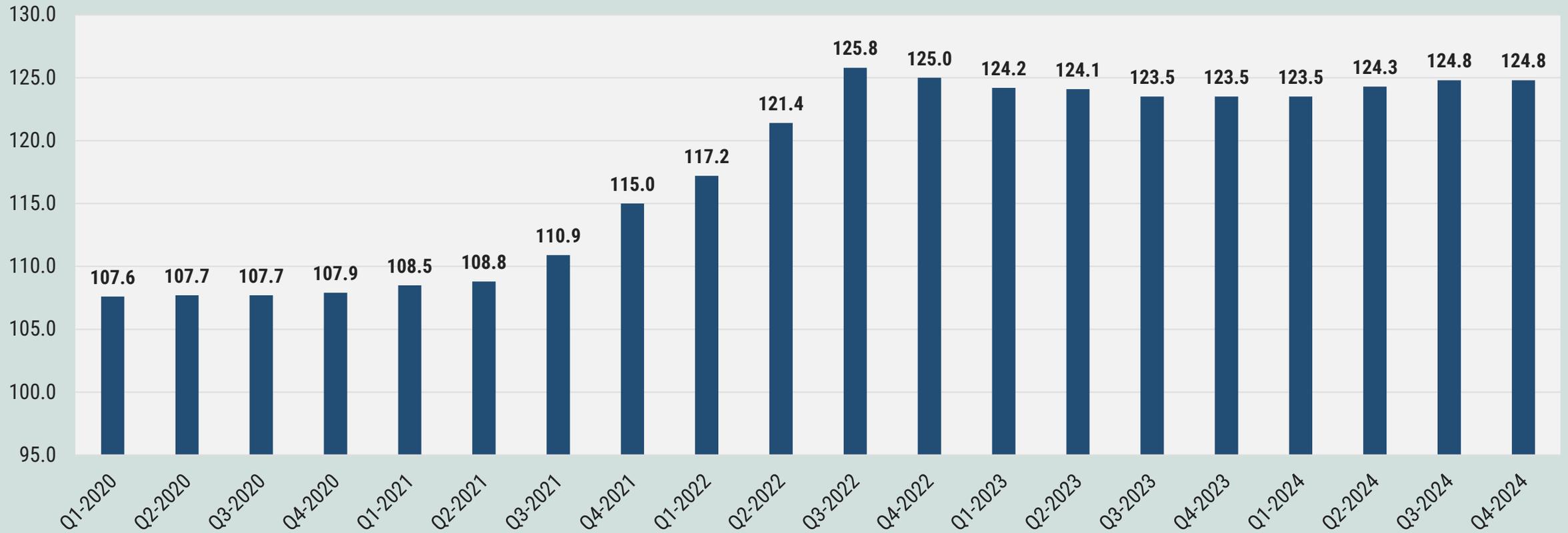
# Freight Transport Volume



There has been no update to the freight transport services index since our last report in Q1 which indicated volumes remaining steady over Q4-2024

## Freight Transport Services by Road

SPPI Index Output Domestic, 2015=100

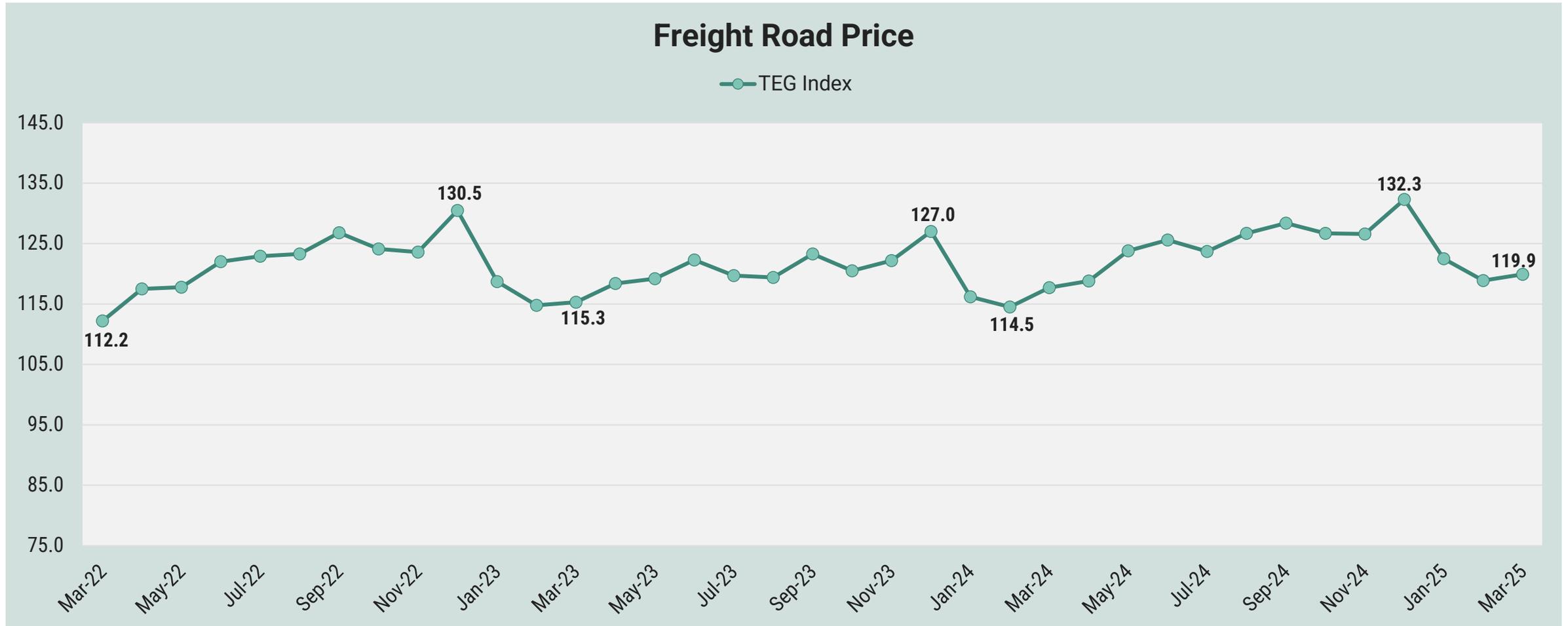


Source: Office for National Statistics, SPPI Index Output Domestic



# Freight Road Price

The TEG Road Transport Index fell sharply over January and February which is in line with previous seasonal trends. The index rose 1 point in March, up 1.7 points compared to the previous period last year



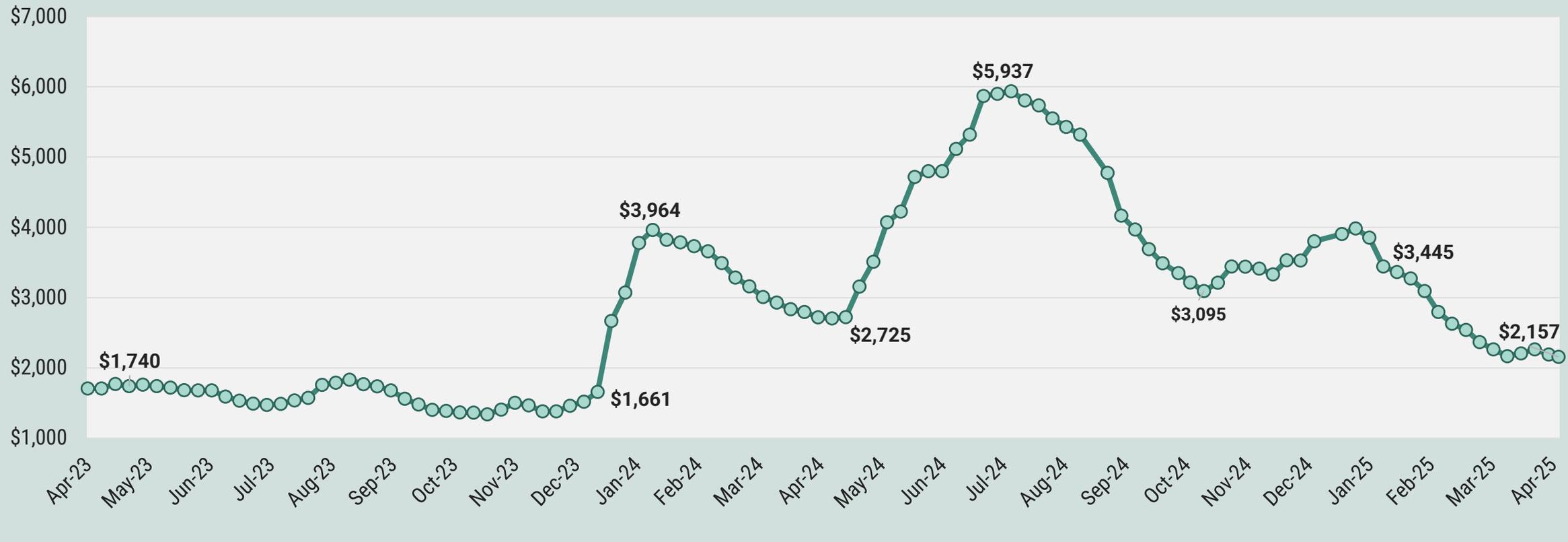
Source: Transport Exchange Group



# Deep Sea Freight

Global freight rates have decreased sharply over Q1-2025 before steadying over April. Despite rates increasing by 117% between April and June last year, rates are currently c.20% below their April 2024 level

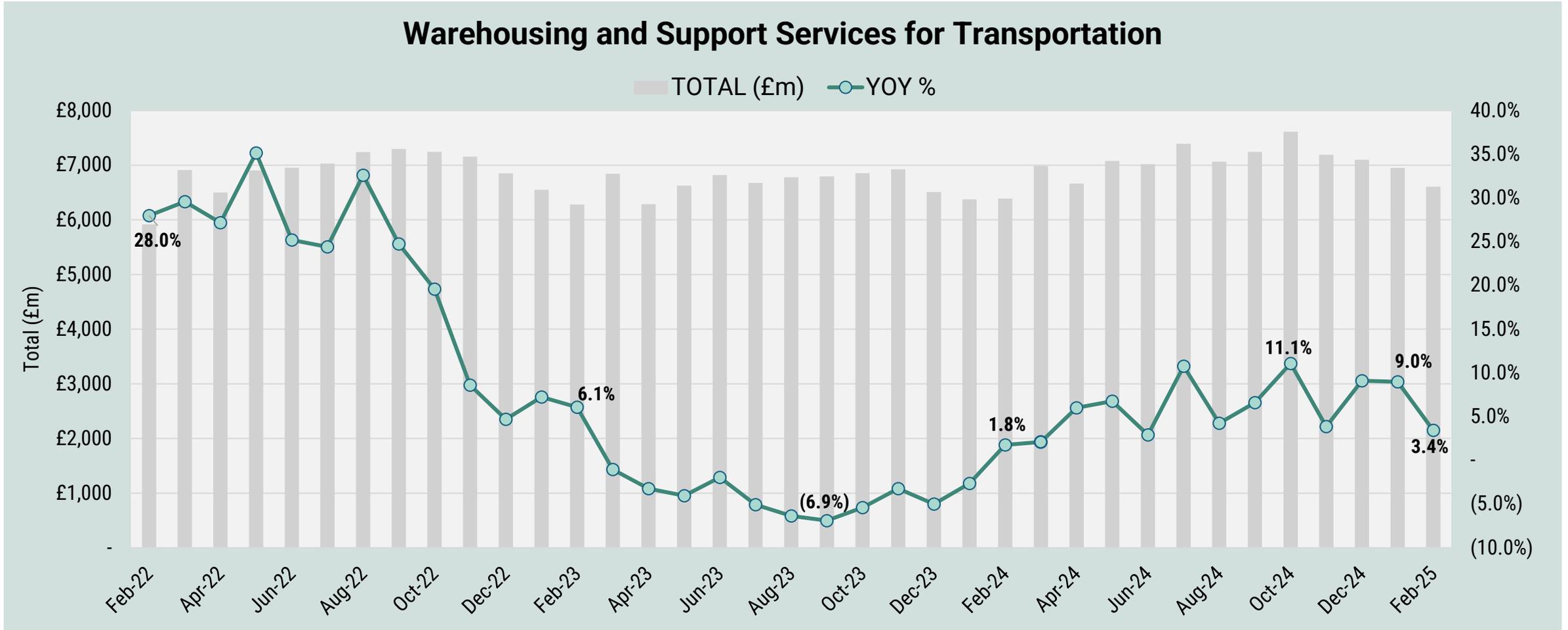
**Global Container Freight Rate Index**  
U.S. dollars per 40-foot container



# Warehouse Services



Warehousing and support services spending recorded strong YoY over December and January at c.9%. Growth softened but remained positive in February at 3.4%

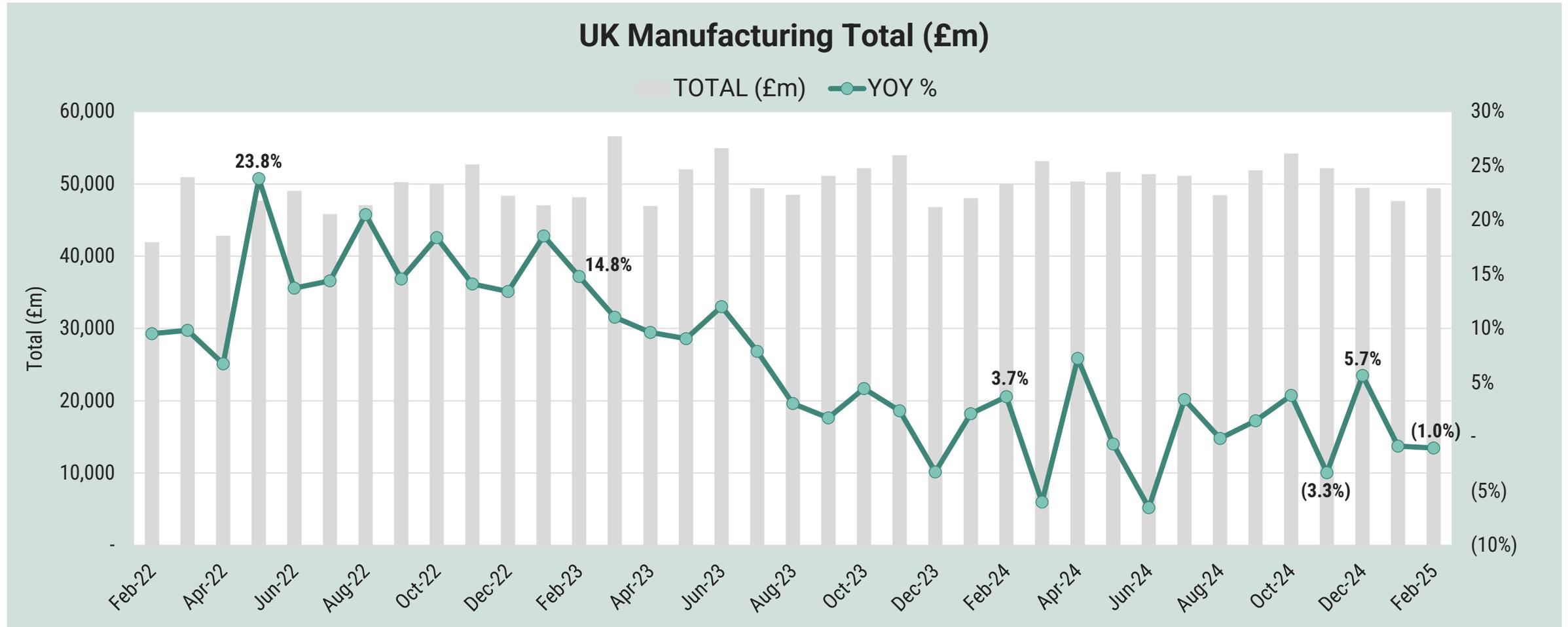


Source: Office for National Statistics, Warehousing and support services for transportation TOTAL (£m)

# Manufacturing



Despite growing strongly at the end of 2024, UK Manufacturing output remains lower YoY to February



Source: Office for National Statistics, UK Manufacturing

# Production



The Industrial production index continued to fall over Q4-2024 and January 2025. However, it indicated its first month of YoY growth since December 2023 in February

## Index of Production Industries Output, UK

Seasonally adjusted 2022 = 100

Production Industries YOY %



Source: Office for National Statistics, Output of the Production Industries

Note: Movements in the volume of production for the UK production industries: manufacturing, mining and quarrying, energy supply, and water and waste management. Figures are seasonally adjusted.

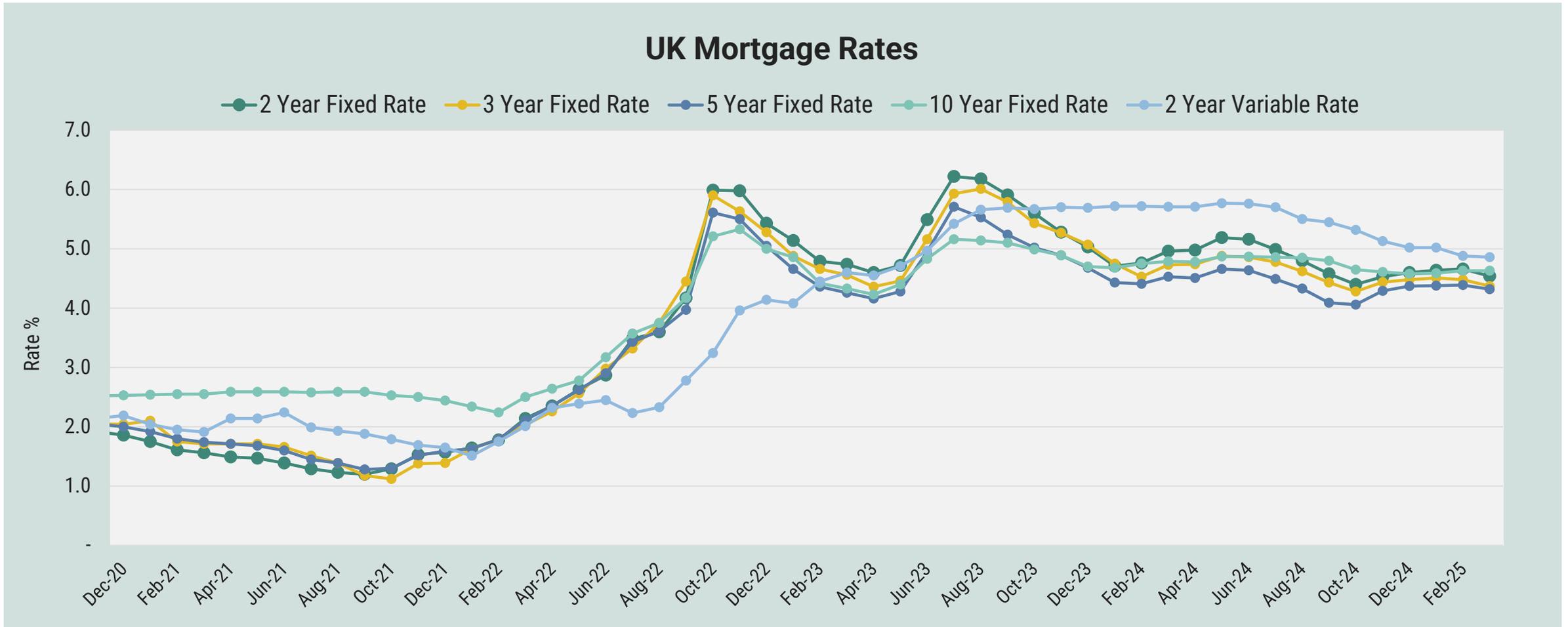
---

## 7. Housing

# Mortgage Rates



The downward trajectory of variable rates softened over the first quarter of 2025 with fixed rates remaining relatively flat over the period



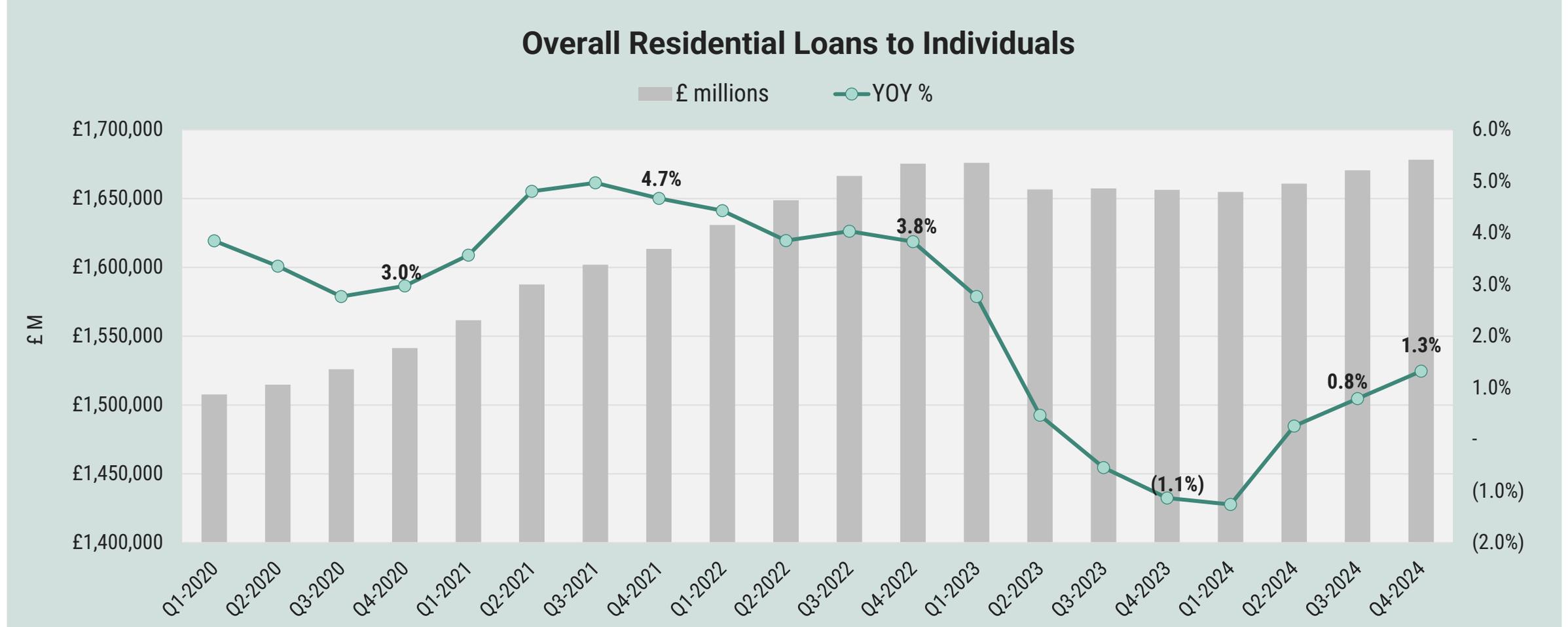
Source: Bank of England (rates assume 75% LTV)

# Residential Loans Volume



Residential loan volumes continued a gradual upward trend in Q4 2024

## Overall Residential Loans to Individuals

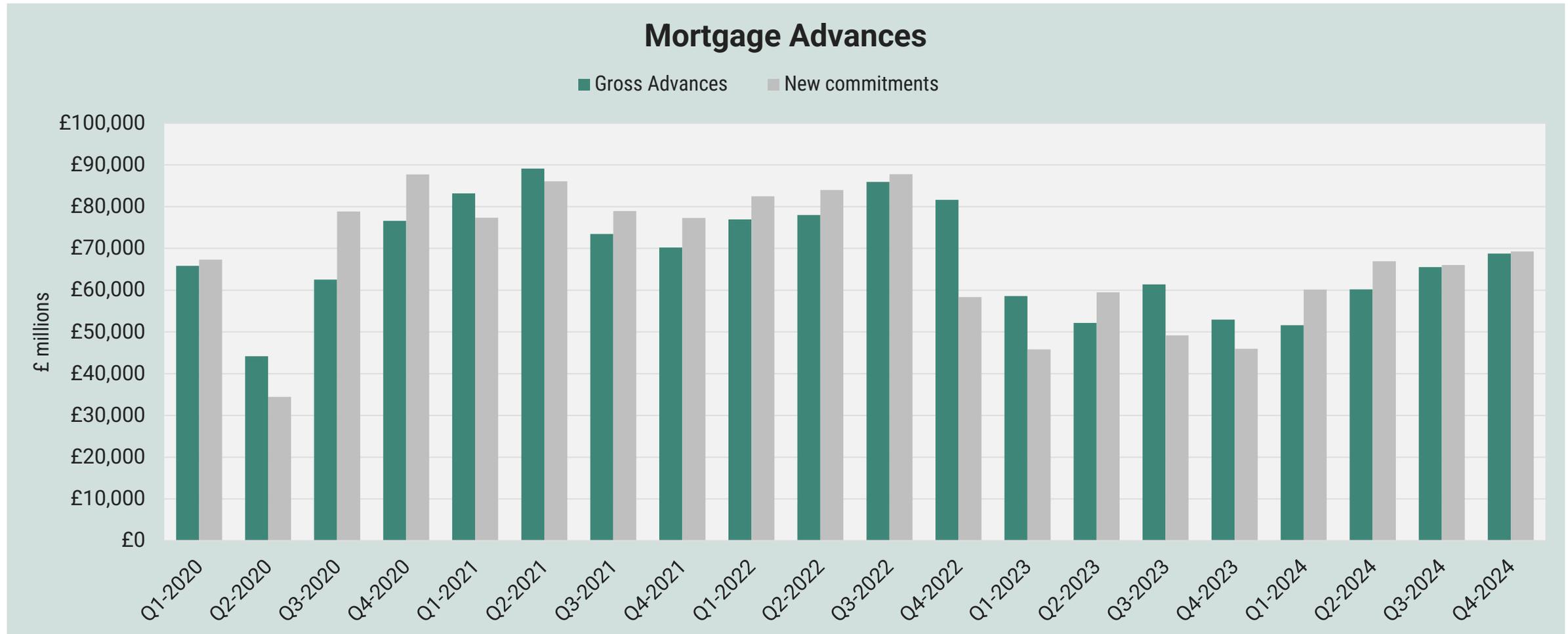


Source: FCA



# Mortgage Advances

Both gross advances and new commitments demonstrated minor growth over Q4-2024

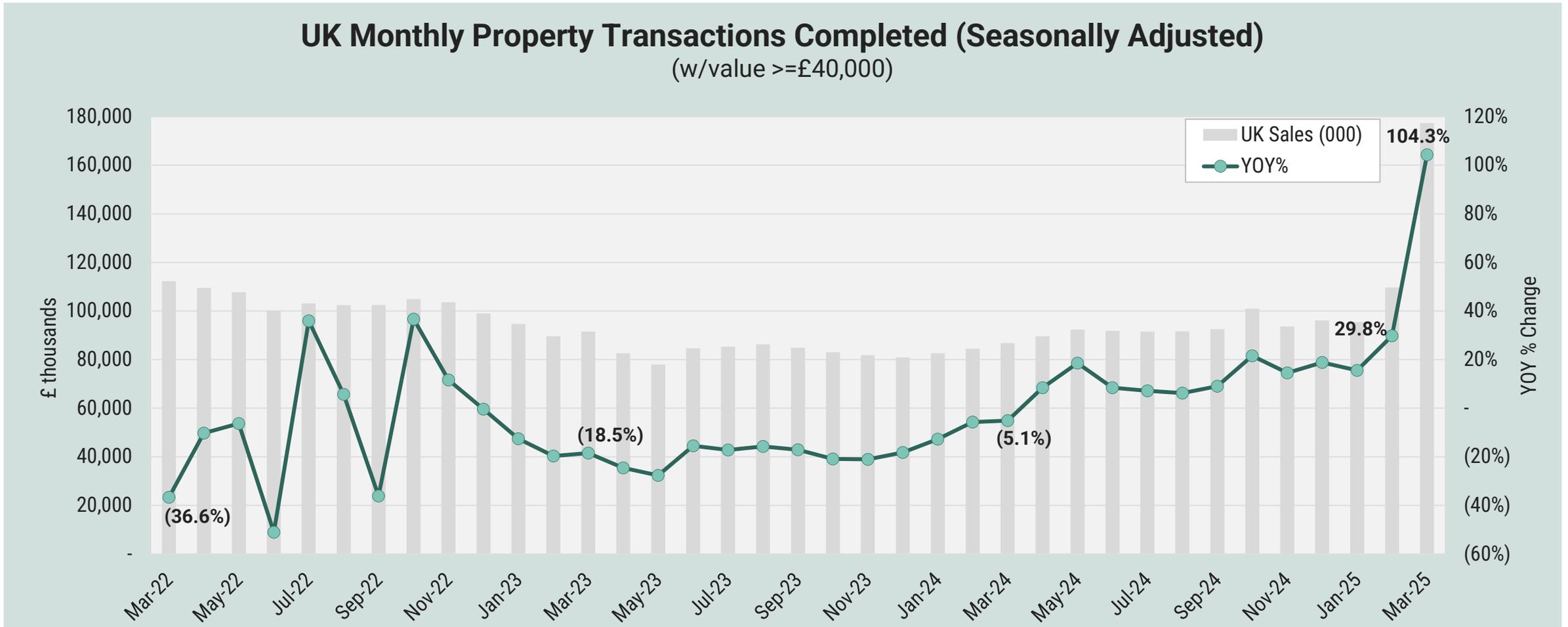


Source: Bank of England

# Property Transactions



Provisional transaction data for January to March reports a sharp rise in YoY property sales due to impending changes to stamp duty thresholds from 1 April

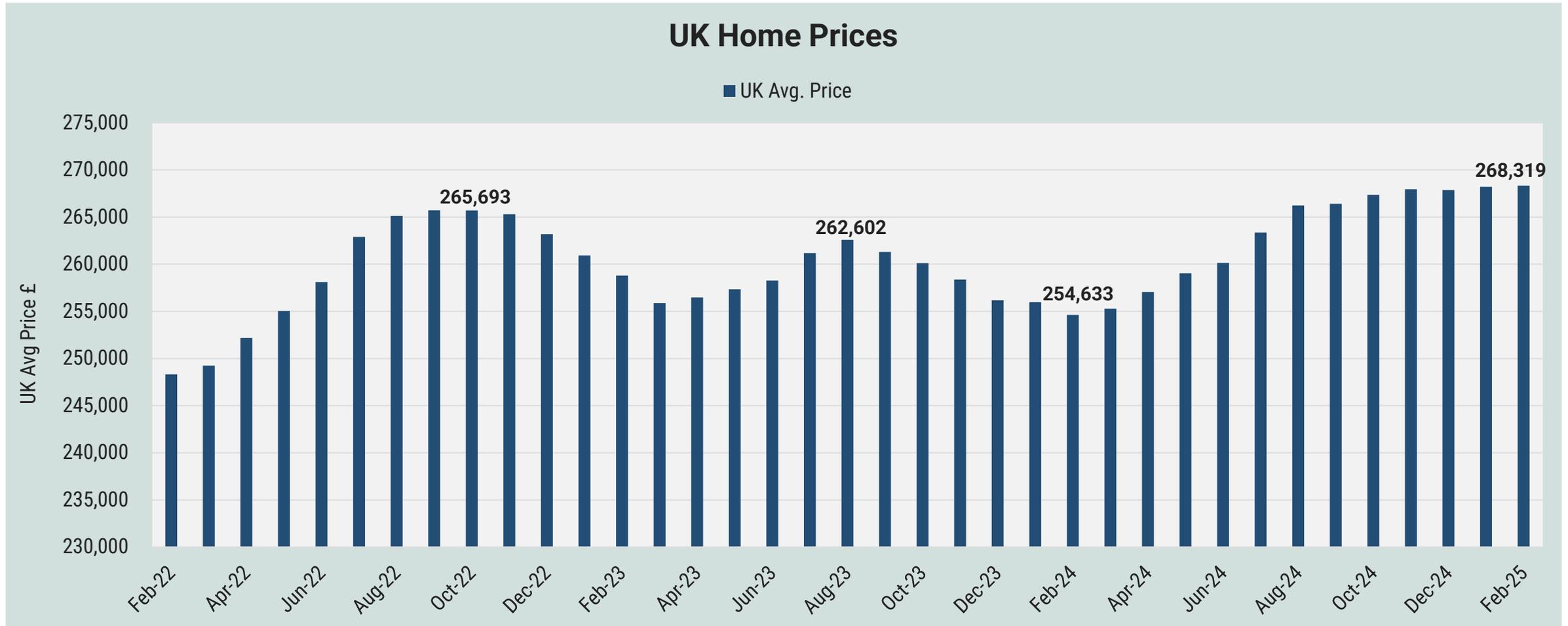


Source: Bank of England



# House Sales Price

Average UK home prices have remained flat over Q4-2024 and the start of 2025. Prices have increased 5.4% YoY to February



Source: UK Government, UK House Price Index

---

## 8. About Ankura

# Ankura Global Reach

Delivers Results Around the World



Ann Arbor • Atlanta • Beijing • Boston • Brussels • Chicago • Dallas • Denver • Dubai • Fairfield • Frankfurt am Main • Gurugram  
Hong Kong • Houston • Irvine • London • Los Angeles • Melbourne • Miami • Mumbai • Nashville • New York • Perth • Philadelphia  
Phoenix • Riyadh • San Francisco • San Juan • Seattle • Shanghai • Singapore • Sydney • Tampa • Toronto • Vancouver • Washington, DC

**2,000+** professionals serving **3,000** clients across **72** countries  
**35** languages spoken **650+** consultants with industry certifications

# Our Comprehensive Solutions

 Performance Improvement	 Ankura Office of the CFO™	 Data & Analytics
 Advanced Human Capital & Labor Strategies	 Transaction Advisory	 Cybersecurity
 Turnaround & Restructuring	 Global Strategies and Solutions	 National Security, Trade and Technology
 Joint Ventures and Partnerships	 Capital Projects Advisory and Forensic Services	 Construction, Disputes & Advisory
 Economics & Statistics	 Investigations and Accounting Advisory	 Litigation, Arbitration and Disputes

## GLOBAL COVERAGE. TARGETED IMPACT.

Where industries, disciplines, technologies, and trends intersect and when transformational moments and events overlap – Ankura is there. Every solution, every service, every offering we provide is built to **PROTECT, CREATE, AND RECOVER VALUE** for our clients.

# Our Industry Depth

 Apparel/Textiles	 Automotive	 Building Products & Construction
 Education	 Energy, Mining & Natural Resources	 Financial Services
 Food & Beverage	 Government & Public Sector	 Healthcare & Life Sciences
 Hospitality, Gaming & Leisure	 Manufacturing, Chemicals & Industrials	 Real Estate
 Retail & Consumer Products	 Technology, Media & Telecommunications	 Transportation & Logistics

# Performance Improvement | Core Solutions Offerings

We utilize four key levers, and apply targeted approaches to align strategy and drive improved execution to maximize EBITDA and cash flow



# CONTACT US

Ankura Consulting Group, LLC is an independent global expert services and advisory firm that delivers services and end-to-end solutions to help clients at critical inflection points related to conflict, crisis, performance, risk, strategy, and transformation.

The Ankura team consists of more than 2,000 professionals serving 3,000+ clients across 55 countries who are leaders in their respective fields and areas of expertise. Collaborative lateral thinking, hard-earned experience, expertise, and multidisciplinary capabilities drive results and Ankura is unrivalled in its ability to assist clients to Protect, Create, and Recover Value.

For more information, please visit:  
[ankura.com](https://www.ankura.com).



**Craig Bowen**

Managing Director  
+44 7917 177 861  
craig.bowen@ankura.com



**Keith Jelinek**

Senior Managing Director  
1 248 894 8264  
keith.jelinek@ankura.com



**Geraint Thomas**

Senior Managing Director  
+44 20 7469 1111  
geraint.thomas@ankura.com



**Rick Maicki**

Senior Managing Director  
+1 216 906 1580  
rick.maicki@ankura.com





PERFORMANCE IMPROVEMENT

[ankura.com](https://ankura.com)

