

# One-click report : United Kingdom

July 24th 2024

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# Content

## 1. Summary

[1.1 Briefing sheet](#)

## 2. Medium-term forecast

[2.1 Outlook for 2024-28: Forecast summary](#)

[2.2 Political stability](#)

[2.3 Election watch](#)

[2.4 International relations](#)

[2.5 Policy trends](#)

[2.6 Fiscal policy](#)

[2.7 Monetary policy](#)

[2.8 Global forecast data](#)

[2.9 Economic growth](#)

[2.10 Inflation](#)

[2.11 Exchange rates](#)

[2.12 External sector](#)

### **3. Business and policy environment**

- 3.1 Country forecast overview: Business environment rankings
- 3.2 Business environment at a glance
- 3.3 Market opportunities: Social indicators and living standards
- 3.4 Global position
- 3.5 Regulatory/market assessment
- 3.6 Regulatory/market watch
- 3.7 Long-term outlook: The long-term outlook

### **4. Industry outlook**

- 4.1 Automotive
- 4.2 Consumer goods
- 4.3 Energy
- 4.4 Financial services
- 4.5 Healthcare
- 4.6 Telecommunications

### **5. Data and charts**

- 5.1 Data and charts: Annual trends charts
- 5.2 Data and charts: Quarterly trends charts
- 5.3 Data and charts: Monthly trends charts
- 5.4 Data summary: Gross domestic product, current market prices

5.5 Data summary: Gross domestic product, at constant prices

5.6 Data summary: Gross domestic product by sector of origin

5.7 Data summary: Growth and productivity

5.8 Data summary: Economic structure, income and market size

5.9 Data summary: Fiscal indicators

5.10 Data summary: Monetary indicators

5.11 Data summary: Employment, wages and prices

5.12 Data summary: Current account and terms of trade

5.13 Data summary: Foreign direct investment

## **6. Basic Information**

6.1 Political structure

6.2 Basic data

# One-click report : United Kingdom

## Briefing sheet

[United Kingdom](#) | [Summary](#) | [Briefing sheet](#)

July 5th 2024

### Political and economic outlook

- The UK economy is the sixth largest in the world. Services make up more than 40% of total exports and 80% of GDP. Although the UK is now outside the EU single market and customs union, Europe remains its largest trading partner and a key investment source.
- The general election on July 4th resulted in a landslide win and a big majority for the centre-left Labour Party, after 14 years of Conservative government. There is now a more fragmented opposition than is typical in the UK's first-past-the-post electoral system. EIU expects the Labour government to be stable and effective, lasting a full term to 2029.
- We expect Labour to prioritise an overhaul of planning legislation (to accelerate construction permits) and to boost investment in housing, infrastructure and green energy. Improving public services—especially healthcare and education—will also be a priority, but ambitions will be cramped by a continued emphasis on fiscal consolidation.
- GDP growth will be the second-weakest in the G7 in 2024, reflecting the UK economy's overreliance on private consumption—which will remain affected by cost-of-living strains—as well as the ongoing impact of Brexit on

One-click report : United Kingdom ,October 2nd 2024

exports. We expect firmer growth in 2025 and a return to trend growth in 2026-28 as domestic and external demand pick up.

- The US election in November 2024 presents notable risks for transatlantic relations and UK economic growth. Should Donald Trump win (a very high risk), we would expect strains over policy towards the Middle East and potential blanket import tariffs.
- The UK is one of seven European countries with a public debt/GDP ratio over 100%. Borrowing costs will remain high amid weak economic growth and elevated interest rates, but the UK benefits from the ability to borrow in sterling and a long debt maturity.
- Relations with the EU will be less fractious under a Labour government. Labour will seek closer relations with the EU, especially on trade and defence matters, but will not rejoin the single market or customs union. This limits the degree of trade liberalisation possible.

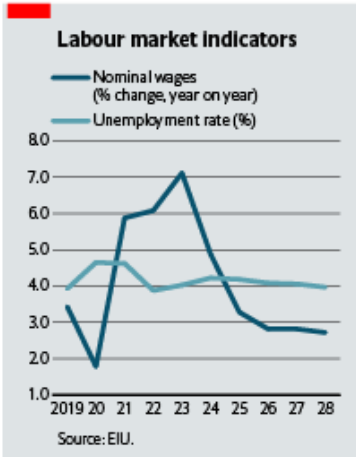
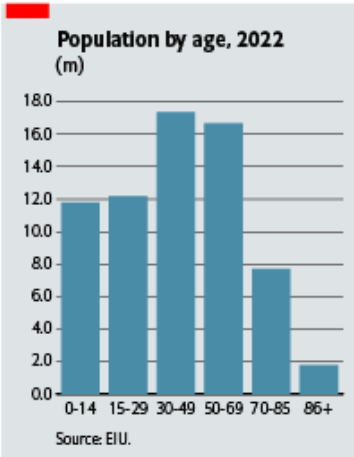
Key indicators

	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Real GDP growth (%)	0.1	0.6	1.3	1.6	1.6	1.5
Consumer price inflation (av; %)	6.8	2.8	2.0	2.0	2.0	1.9
Government balance (% of GDP)	-5.6	-4.2	-3.7	-2.9	-2.5	-2.2
Current-account balance (% of GDP)	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Short-term interest rate (av; %)	5.0	5.1	4.3	3.3	3.0	2.9
Unemployment rate (%)	4.0	4.2	4.2	4.1	4.1	4.0
Exchange rate £:US\$ (av)	0.80	0.79	0.79	0.78	0.77	0.76

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

One-click report : United Kingdom ,October 2nd 2024

Market opportunities





## One-click report : United Kingdom ,October 2nd 2024

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### Key changes since June 1st

- At the general election on July 4th Labour won easily, with 412 seats out of 650 (with one left to declare), and it is now set to form the next government. The Conservatives lost heavily, down 251 seats, with a number of prominent party figures losing their seats.
- Labour's large win was expected, as it followed a strong lead in the polls since Liz Truss's disastrous premiership in late 2022. A majority of more than 170 seats means that Labour will be able to pass bills easily, without difficult negotiations with stakeholders.
- At its monetary policy committee meeting on June 19th the Bank of England (BoE, the central bank) kept interest rates unchanged at 5.25%, in line with our forecast, given still-strong services inflation. We continue to expect the first rate cut to come in August.
- The revised estimate of first-quarter growth from the Office for National Statistics put the quarterly expansion at 0.7%, up from 0.6% previously. However, high-frequency indicators suggest that growth stalled in the second quarter in the run-up to the general election.
- We have revised up our real GDP growth forecast for 2024 from 0.4% to 0.6%. Moreover, we now expect investment spending to grow, while export and import volumes will fall, given poor external and domestic demand. We expect trade growth to return in 2025.

### The month ahead

- July 17th—King's speech: Parliament will convene on July 9th, when members of parliament (MPs) will be sworn in and the speaker elected. The King's Speech on July 17th will then outline the government's priorities for the coming year. Parliament's summer recess is likely to be pushed back to the end of July to allow this to be approved by MPs.

One-click report : United Kingdom ,October 2nd 2024

- July 18th—European Political Community meeting: This will bring together about 50 leaders from across Europe—including from outside the EU. Multilateral and bilateral discussions will take place on issues including the war in Ukraine and illegal migration. Although useful as a discussion platform, concrete outcomes are likely to be limited.

Major risks to our forecast

Scenarios, Q2 2024	Probability	Impact	Intensity
UK falls from sluggish growth into recession	Very high	High	20
Strains on corporate balance sheets from elevated interest rates lead to a wave of business failures	High	High	16
Another major cyber-attack strikes the UK	Very high	Moderate	15
Limited fiscal space and rising borrowing costs force significant tax rises	Very high	Moderate	15
Electricity grid infrastructure proves inadequate for energy transition	High	Moderate	12

Note. Scenarios and scores are taken from our Operational Risk product. Risk scenarios are potential developments that might substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.

Source: EIU.

# Forecast summary

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Forecast summary](#)

July 5th 2024

## Forecast summary

(% unless otherwise indicated)

	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Real GDP (% change)	0.1	0.6	1.3	1.6	1.6	1.5
Industrial production (% change)	-0.4	0.7	0.9	2.1	2.2	2.1
Unemployment rate (av; EU/OECD harmonised measure)	4.0	4.2	4.2	4.1	4.1	4.0
Consumer price inflation (av; CPIH measure)	6.8	2.8	2.0	2.0	2.0	1.9
3-month £-LIBOR rate (av)	5.0	5.1	4.3	3.3	3.0	2.9
Bank of England base rate (end-period)	5.25	4.50	3.50	3.00	3.00	3.00
Government budget balance (% of GDP) <sup>c</sup>	-5.6	-4.2	-3.7	-2.9	-2.5	-2.2
Exports of goods fob (US\$ bn)	491	495	501	520	534	553
Imports of goods fob (US\$ bn)	-722	-739	-761	-797	-827	-860
Current-account balance (US\$ bn)	-110.4	-97.8	-105.6	-112.9	-120.8	-125.3
Current-account balance (% of GDP)	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Exchange rate US\$:£ (av)	1.24	1.26	1.26	1.29	1.30	1.31
Exchange rate ¥:£ (av)	174.7	186.1	165.0	155.8	154.4	149.7

One-click report : United Kingdom ,October 2nd 2024

Exchange rate €:£ (av)	1.15	1.16	1.15	1.13	1.13	1.12
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<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> General government.

Political stability

United Kingdom | Politics | Forecast | Political stability

July 5th 2024

A Labour Party government will shortly take office in the wake of the general election on July 4th, led by Keir Starmer as prime minister. This will have a much larger majority than the outgoing Conservative Party government. As a consequence, it is set to be much more stable and effective, and we expect it to serve its full term until 2029.

Labour will have an initial honeymoon period, on the back of a big win and with a large intake of new and enthusiastic members of parliament (MPs). The euphoria of victory will soon be tempered by the need for Mr Starmer to better articulate his plan for the country and to start taking difficult decisions. However, given that he has a working majority of more than 170 seats, even some erosion of party unity will not slow policymaking. In 2025 a degree of public disappointment can be expected as the realities of making progress on long-standing and intractable problems become clear. Expectations for Labour are high, after 14 years of Conservative government, but achieving quick wins in priority areas such as reducing waiting times in the National Health Service (NHS) will be difficult. However, EIU sees a strong chance of powerful changes to planning and investment policy that will help to lift economic growth, with the positive impact of these being felt later in the government’s term.

Mr Starmer’s chief of staff and many of the advisers to the incoming cabinet are senior civil servants. Their expertise will inform the execution of Mr Starmer’s ideas, and, unlike recent Conservative governments, they will seek to

## One-click report : United Kingdom ,October 2nd 2024

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harness the power of the civil service rather than working against it. We expect this approach to be less antagonistic and more effective.

The Conservative Party remains the main opposition party, but has suffered a historic loss, and now faces its sixth leadership contest in a decade. Given who will vote in this leadership election (Conservative MPs who retain their seats, who mostly skew to the right of the party, and—in the final round—party members, who skew well to the right of the electorate), this will result in the party as a whole shifting to the right. As an electoral strategy, this will be ineffective. The Conservatives will be hemmed in on the right by Reform UK, an anti-immigration party led by Nigel Farage that has just won its first seats in parliament and will benefit from substantial media attention. Meanwhile, the Conservatives will struggle to win back centrist voters from the Liberal Democrats. If Labour does not make serious errors in office, the Conservatives face the possibility of a significant spell in opposition.

## Election watch

[United Kingdom](#) | [Politics](#) | [Forecast](#) | [Election watch](#)

July 5th 2024

At the general election on July 4th Labour won in a landslide with 412 seats (with one left to declare). As well as retaining most of its already held metropolitan constituencies, Labour won back swathes of seats across the "red wall" in the Midlands and the north of England from the Conservatives, and also won big in Scotland's central belt, gaining seats previously held by the Scottish National Party (SNP). With its support well spread out geographically, Labour benefited from the UK's first-past-the-post electoral system, winning almost as many seats as under Tony Blair in 1997, despite receiving a lower vote share than in any of the previous elections it has won (at about 34%).

## One-click report : United Kingdom ,October 2nd 2024

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The Conservatives recorded a historic defeat, losing 251 constituencies, and with a record-breaking 12 cabinet ministers losing their seats. The Lib Dems won their highest number of seats ever, at 71, and made major gains in the commuter towns around London and in the south-west of England. In terms of vote share, however, their 12% was actually outstripped by the 14% won by Reform UK. Reform UK's rise contributed to the Conservatives' decline, as in many constituencies this split the right-wing vote.

## International relations

[United Kingdom](#) | [Politics](#) | [Forecast](#) | [International relations](#)

July 5th 2024

UK policy towards Ukraine and Russia will not change under the incoming government. In line with the rest of Europe, the UK will keep sanctions against Russia in place, while also maintaining the freeze on central bank reserves, the cut-off of some Russian banks from international systems and the ban on Russian oil imports. The UK has been the third-largest contributor of military aid to Ukraine in absolute terms (after the US and Germany), and is heavily involved in training Ukrainian military personnel and supplying long-range missiles. Greater co-ordination with the EU on defence and security matters is likely under the new government.

The US election in November presents some risks for transatlantic relations. Should Donald Trump win the US presidency (a very high risk), his absolutist and unpredictable approach to foreign policy, along with a strong pro-Israel bent and stated intent to "make a deal" in the Ukraine war, will place him at odds with Mr Starmer's more traditional and cautious foreign policy approach. On both the Ukraine war and the Israel-Hamas war (where Labour MPs and members are more likely to be pro-Palestine), we could expect strains with the US. Mr Trump's proposed blanket import tariffs would be another flashpoint.

## One-click report : United Kingdom ,October 2nd 2024

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Tensions with Ireland have risen over migration, as the passing in April of a controversial bill to deport asylum-seekers from the UK to Rwanda resulted in a surge in asylum-seekers to Ireland instead. The diplomatic spat has yet to be resolved, with the Irish government pursuing emergency legislation to return migrants who have crossed the border from Northern Ireland. However, with Mr Starmer as prime minister, Anglo-Irish relations are likely to be reset, with an aim of co-operation from both sides.

The UK's relationship with the EU has stabilised since the Brexit negotiations, which ran from 2017 until the UK's EU exit on January 31st 2020. The EU-UK Trade and Co-operation Agreement (TCA), which came into force in 2021, allows for zero-tariff, zero-quota trade between the UK and the EU. However, leaving the single market and customs union has created many non-tariff trade barriers. At the review of the TCA in 2025 the incoming government is likely to accept EU rulemaking in exchange for greater market access in some areas, probably including chemical regulations, AI standards, and veterinary standards for food imports and exports. However, Labour has set three red lines—no customs union, no single market membership and no freedom of movement—and adhering to these will limit the degree of trade liberalisation possible.

## Policy trends

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Policy trends](#)

July 5th 2024

Labour structured its election manifesto around five missions: driving stronger economic growth, boosting renewable energy, reducing crime, improving educational outcomes and addressing severe strains in the NHS. In recent months it has downsized its green investment plans in favour of a greater focus on education and healthcare, voters' key concerns. With a large majority in parliament, it should be able to make strong progress on some of the more

## One-click report : United Kingdom ,October 2nd 2024

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ambitious elements of its plans, such as reforming the UK's restrictive planning rules in order to accelerate investment and construction, especially of houses (with a pledge to build 1.5m new homes in five years) and infrastructure.

During the campaign Labour emphasised that it would be the party of business, not just the party of workers. Mr Starmer has proposed strategic partnerships with industry to support innovation and new technology, as well as boosting investment by establishing a National Wealth Fund of £7.3bn (US\$9.4bn). Corporation tax will be capped at the current level of 25%, alongside a pledge to avoid increasing national insurance, income tax or value-added tax (VAT). Instead, additional tax revenue of £6.8bn is set to come from new taxes on high-earners, most notably non-domiciled tax residents and private school fees, in order to finance new spending on public services.

The key policy challenge for the incoming government will be improving public services, which have been squeezed by many years of austerity. We expect this to be difficult given the modest scale of spending planned. The Institute for Fiscal Studies (IFS), a think-tank, estimates that Labour's healthcare pledges—which include reducing NHS waiting times to 18 weeks for hospital treatment and hiring more general practitioners (GPs), dentists and mental health practitioners—would require the NHS budget to rise by 3 percentage points above inflation each year. Labour's planned £1.8bn in new healthcare spending is less than 1% of annual expenditure at present. Similar problems affect plans for the education sector. We expect only moderate progress here.



## Fiscal policy

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Fiscal policy outlook](#)

July 5th 2024

Avoiding the sort of market panic triggered in 2022 by the short-lived premiership of Liz Truss is a priority, and so the incoming Labour government will take a prudent approach to the public finances. However, with surprise tax rises ruled out and economic growth likely to pick up only gradually, new borrowing is likely to become necessary. We expect the probable incoming chancellor, Rachel Reeves, to use the set piece of an autumn budget to change the UK's fiscal rules to allow the government to take on more debt to finance infrastructure and decarbonisation investment, pending a comprehensive spending review. We do not expect the public debt/GDP ratio to fall below 100% of GDP until the very end of our forecast period (2024-28); nonetheless, this should be manageable, and we do not expect markets to react poorly to Ms Reeves's plans.

The fiscal deficit came in at 5.6% of GDP in 2023, and will remain above 4% of GDP in 2024. Despite the pressing need for more spending on public services, alongside investment spending to spur growth, the incoming government will continue to target a narrowing deficit. We forecast that the shortfall will narrow to within 3% of GDP in 2026, aided by economic growth rates returning to trend. In addition, income tax thresholds will remain frozen, which will see more workers falling into higher tax brackets by virtue of inflation as time passes, helping to boost revenue. Some spending plans may be moderated, such as the Conservatives' pledge to raise defence spending from 2.3% to 2.5% of GDP—this will be maintained, but "as resources allow" rather than by 2030.

## Monetary policy

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Monetary policy outlook](#)

July 5th 2024

The Bank of England (BoE, the central bank) has kept the policy interest rate steady since September 2023 at 5.25%, after 14 consecutive rises. The headline inflation rate has now returned to the BoE's 2% target, but services price inflation and wage growth remain elevated, and base effects suggest that an uptick in inflation can be expected later this year. We expect the first rate cut to come in August, with two further cuts thereafter resulting in a cumulative easing of 75 basis points this year. We forecast a year-end policy rate of 4.5%, declining to 3.5% by end-2025 and stabilising at 3% shortly thereafter.

We forecast that both inflation and interest rates will stabilise at a higher level than they were in the 2010s, given greater investment spending on defence and the green transition, and higher social spending for the ageing population.

# Global forecast data

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [International assumptions](#)

July 5th 2024

	2023	2024	2025	2026	2027	2028
<b>Economic growth (%)</b>						
US GDP	2.5	2.2	1.8	2.2	2.2	2.2
Developed economies GDP	1.6	1.6	1.8	1.9	1.9	1.9
EU27 GDP	0.6	1.1	1.7	1.8	1.8	1.7
World GDP	2.6	2.5	2.7	2.8	2.8	2.7
World trade	-0.9	2.6	3.4	3.5	3.6	3.5
<b>Inflation indicators (% unless otherwise indicated)</b>						
US CPI	4.1	3.0	2.3	2.3	2.3	2.4
Developed economies CPI	4.5	2.6	2.1	2.0	2.0	2.0
EU27 CPI	6.1	2.5	2.2	2.1	2.1	2.0
Manufactures (measured in US\$)	3.9	2.2	4.2	3.4	2.2	4.9
Oil (Brent; US\$/b)	82.6	83.7	80.6	74.4	69.5	65.5
Non-oil commodities (measured in US\$)	-15.1	1.1	-1.4	-0.7	1.5	1.9
<b>Financial variables</b>						
US\$ 3-month commercial paper rate (av; %)	5.1	5.2	4.4	3.5	2.7	2.6

One-click report : United Kingdom ,October 2nd 2024

€ 3-month interbank rate (av; %)	3.4	3.7	2.7	1.9	1.8	1.8
US\$:£ (av)	1.24	1.26	1.26	1.29	1.30	1.31
US\$:€ (av)	1.08	1.08	1.10	1.14	1.16	1.17

Economic growth

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Economic growth](#)

July 5th 2024

The UK has seen the second-slowest growth in the G7 since the pandemic, as poor productivity growth and trade frictions with the EU in the wake of Brexit have compounded challenges from high inflation and interest rates. Growth in the first quarter of 2024 was strong, at 0.7% quarter on quarter, after a technical recession in the second half of 2023. Household spending and gross fixed investment grew, but exports fell for the fifth successive quarter, and imports also declined, pointing to still-weak domestic demand. We expect growth to have stalled in the second quarter, with spending decisions being put on hold in the run-up to the election. However, with a new government coming into office, the policy outlook will become clearer, supporting growth in the second half of the year. We forecast 0.6% growth in 2024—an acceleration from 0.1% in 2023, but still the second-slowest in the G7, ahead of only Germany.

In 2025 we forecast that growth will pick up to 1.3%. Household spending will be supported by an easing of inflation and lower interest rates (albeit held back to some degree by still-high energy, food and mortgage-servicing costs). Policy under the new Labour government will boost new investment, particularly in green energy, housebuilding and infrastructure, with reforms to currently stringent planning regulations proving particularly supportive. A stronger

One-click report : United Kingdom ,October 2nd 2024

external context should boost export-oriented businesses, although should Mr Trump win the US election (a very high risk), new blanket import tariffs would represent a major downside risk to UK growth. The renewal of the UK’s TCA with the EU in 2025 may result in some modest improvements to trade in sectors such as food and chemicals, but non-tariff trade barriers will remain substantial. The loss of frictionless access to the EU market will continue to weigh on the competitiveness of UK manufacturing (almost 10% of GDP).

We forecast an annual average growth rate of 1.6% in 2026-28. We expect services to continue to dominate the economy (accounting for about 80% of GDP—a high share among advanced economies), and we forecast that this sector will grow slightly more rapidly than industry (which accounts for about 20% of GDP) and the small agriculture sector. Hospitality, business services, retail trade and finance will remain the largest services sectors, and will post firmer growth rates from 2025 as cost-of-living pressures start to ease. Structural limitations—such as a low investment rate and poor productivity, significant skills gaps, high regional inequalities, and trade barriers created by Brexit—will continue to limit the UK’s medium-term growth potential.

Economic growth

%	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
GDP	0.1	0.6	1.3	1.6	1.6	1.5
Private consumption	0.1	0.6	1.6	1.7	1.7	1.6
Government consumption	0.5	1.7	1.6	1.4	1.4	1.3
Gross fixed investment	2.2	0.7	1.3	1.9	2.0	2.0
Exports of goods & services	-0.5	-0.7	1.7	2.1	2.2	2.3
Imports of goods & services	-1.5	-0.8	3.1	2.3	2.3	2.6
Domestic demand	-0.1	0.5	1.8	1.7	1.7	1.6
Agriculture	0.0	1.9	0.3	0.7	0.7	0.6

One-click report : United Kingdom ,October 2nd 2024

Industry	0.4	0.7	0.5	1.5	1.6	1.6
Services	0.3	0.6	1.5	1.6	1.6	1.5

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

Inflation

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Inflation](#)

July 5th 2024

Headline consumer price inflation slowed to the BoE’s target of 2% in May for the first time since April 2021—mostly owing to falling food prices. However, on the measure that we use in our forecasts, which includes owner-occupiers’ housing costs, inflation remains higher, at 2.8% in May. This reflects a steep rise in mortgage interest payments. Moreover, prices are still rising in month-on-month terms, with the decline in the year-on-year rate owing much to the high base in 2023. Inflation will pick up slightly in the coming months as these base effects prove bumpy and some upside pressures persist. Purchasing managers’ indices suggest that rising input costs due to bottlenecks in global shipping started to push up prices in June, affecting the manufacturing sector, while services prices are still rising robustly, not least reflecting rising wages. We expect inflation to ease to an annual average of 2% in 2026-28.

## One-click report : United Kingdom ,October 2nd 2024

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# Exchange rates

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [Exchange rates](#)

July 5th 2024

After closing 2023 at US\$1.27:£1, sterling will remain steady against the US dollar on average in 2024. Sterling's forecast weakness against the dollar in the short term mostly reflects our expectation that the dollar will remain strong, given the continued rapid expansion in the US economy. In full-year average terms we forecast a rate of US\$1.26:£1 in 2024, with sterling appreciating thereafter as easing by the Federal Reserve (the US central bank) moderates the strength of the dollar, to US\$1.31:£1 in 2028. Sterling will weaken against the euro in the first half of the forecast period as UK growth lags the euro area average, but will recover thereafter as UK growth returns to trend, averaging €1.12:£1 in 2026-28.

# External sector

[United Kingdom](#) | [Economy](#) | [Forecast](#) | [External sector](#)

July 5th 2024

The UK will continue to run a persistent current-account deficit in 2024-28, as it has done since 1985, as a large merchandise trade deficit offsets a smaller surplus on the services account. Government efforts to foster trading relations with other non-EU markets will fail to offset the loss of the preferential trading terms that the UK enjoyed when it was part of the EU. Lower import prices will prevent a sharp widening of the trade deficit in 2024-25, but

over the medium term higher trade barriers will worsen the UK’s competitiveness. We expect the current-account deficit to remain substantial throughout our forecast period, averaging about 3% of GDP.

## Country forecast overview: Business environment rankings

[United Kingdom](#) | [Business](#) | [Business environment](#) | [Rankings overview](#)

May 8th 2024

Value of index <sup>a</sup>		Global rank <sup>b</sup>		Regional rank <sup>c</sup>	
2019-23	2024-28	2019-23	2024-28	2019-23	2024-28
7.86	7.91	15	18	9	10

<sup>a</sup> Out of 10. <sup>b</sup> Out of 82 geographies. <sup>c</sup> Out of 18 geographies: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the UK.

- The UK’s score in EIU’s business environment rankings improves slightly, from 7.86 in the historical period (2019-23) to 7.91 for the forecast period (2024-28). However, owing to faster improvements elsewhere, its global ranking deteriorates from 15th to 18th (out of 82). At a regional level, the UK drops one place, to tenth (out of 18). The UK’s better score reflects improved political stability, as the political turbulence of the Brexit years has now eased, as well as a better macroeconomic context, and improvements in financing, infrastructure and market opportunities. However, a faster improvement in the score was prevented by a deterioration in technological readiness and a rising tax burden.



## Business environment at a glance

[United Kingdom](#) | [Business](#) | [Business environment](#) | [Business environment at a glance](#)

May 8th 2024

### Policy towards private enterprise and competition

2024-25: Greater state intervention in utilities and rail under a Labour government after the 2024 election.

2026-28: New state aid rules are implemented. Potential for further state intervention as 2029 election approaches and Labour appeals to its base.

### Policy towards foreign investment

2024-25: Continued openness to investment, but increased scrutiny in sectors considered sensitive to national security, especially under a Labour government. Further crackdown on Russian and Chinese investment.

2026-28: Infrastructure plans offer investment opportunities, but UK remains less attractive to investors than it once was.

### Foreign trade and exchange controls

2024-25: Increased trade barriers with EU persist, alongside growing regulatory divergence. Sanctions imposed on Russian exports remain in place. Accession to Comprehensive and Progressive Agreement for Trans-Pacific Partnership trade bloc.

## One-click report : United Kingdom ,October 2nd 2024

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2026-28: UK-EU relationship improves, resulting in some reduction of frictions. New trade agreements with other countries.

### Taxes

2024-25: Focus on fiscal consolidation. Freezing of income- and inheritance-tax bands leads to real terms tax rises.

2026-28: Continued focus on fiscal consolidation. Any rise in spending under Labour to be muted. Tax rises are likely to fund public spending, investment and social care.

### Financing

2024-25: With policy interest rates falling gradually from mid-2024, commercial lending rates for businesses will start to ease. Slow progress in establishing equivalence with the EU.

2024-28: Modest decline in City of London's status. Steady growth in alternative forms of debt-financing.

### The labour market

2024-25: Short-term rise in unemployment in 2024, but labour market remains tight. Shortages in low-skilled occupations continue, made worse by tighter immigration rules.

2026-28: Addition of more low-wage sectors to shortage lists could be complicated by hardening attitudes to migration.

### Infrastructure

One-click report : United Kingdom ,October 2nd 2024

2024-25: Spending on housing, transport and energy. Offshore oil and gas exploration expansion under threat under Labour, potentially reducing activity in the North Sea.

2026-28: Increased investment with emphasis on boosting competitiveness; new nuclear reactor to come on line in 2026.

Technological readiness

2024-25: High e-commerce penetration and strong research base. Modest positive impact from the Advanced Research and Invention Agency, a "blue skies" fund, which opened in 2023.

2026-28: Modest rise in public R&D spending. Continued high threat from cybercrime and cyber-espionage.

Market opportunities: Social indicators and living standards

United Kingdom | Business | Market opportunities | Social indicators and living standards

May 8th 2024

Social indicators and living standards

	2023		2028	
	Europe (av) <sup>a</sup>		Europe (av) <sup>a</sup>	
Health				
Healthcare spending (% of GDP)	10.9	9.7	10.8	9.8
Healthcare spending (US\$ per head)	5,376	3,142	7,023	4,083

## One-click report : United Kingdom ,October 2nd 2024

Infant mortality rate (per 1,000 live births)	3.8	6.0	3.6	5.4
Physicians (per 1,000 population)	3.2	3.7	3.4	3.8
<b>Food and beverages</b>				
Food, beverages & tobacco (% of household spending)	11.9	19.2	11.4	18.4
Meat consumption (kg per person)	81.8	72.6	80.2	75.0
Milk consumption (litres per person)	223.0	219.0	245.0	235.0
Coffee & tea consumption (kg per person)	3.3	4.5	3.6	5.0
<b>Consumer goods in use (per 1,000 population)</b>				
Passenger cars	559	438	566	444
Telephone main lines	440	268	444	247
Mobile phone subscribers	1,230	1,300	1,280	1,350
Television sets	1,216	920	1,286	1,047
Personal computers	833	778	793	801
<b>Households</b>				
No. of households (m)	28.4	335.2	29.1	342.6
No. of people per household (av)	2.4	2.4	2.4	2.4
<b>Income and income distribution</b>				
Median household income (US\$)	62,670	43,220	80,590	54,340
Average monthly wage (US\$)	4,700	2,620	6,080	3,350
Gini index	32.4 <sup>b</sup>	–	–	–

One-click report : United Kingdom ,October 2nd 2024

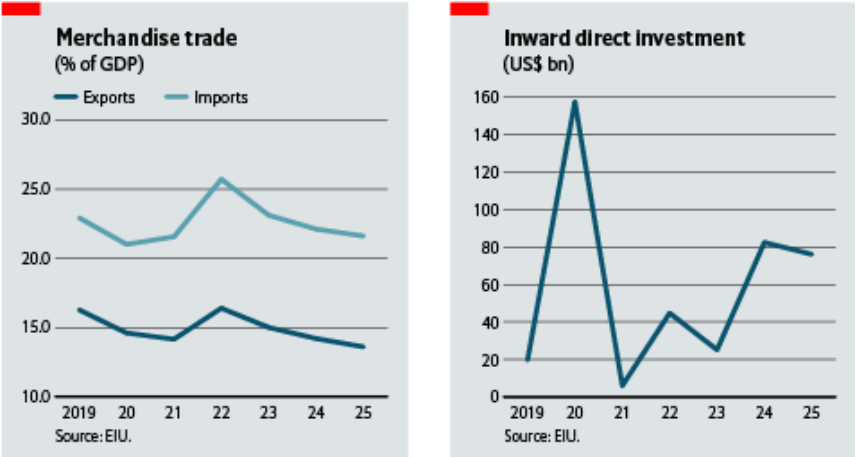
<sup>a</sup> Austria, Azerbaijan, Belgium, Bulgaria ,Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom. <sup>b</sup> Latest available year.

Sources: UN Statistics Division; World Bank; Food and Agriculture Organisation; Euromonitor; World Health Organisation; national statistical offices; International Telecommunication Union; EIU estimates and forecasts.

Global position

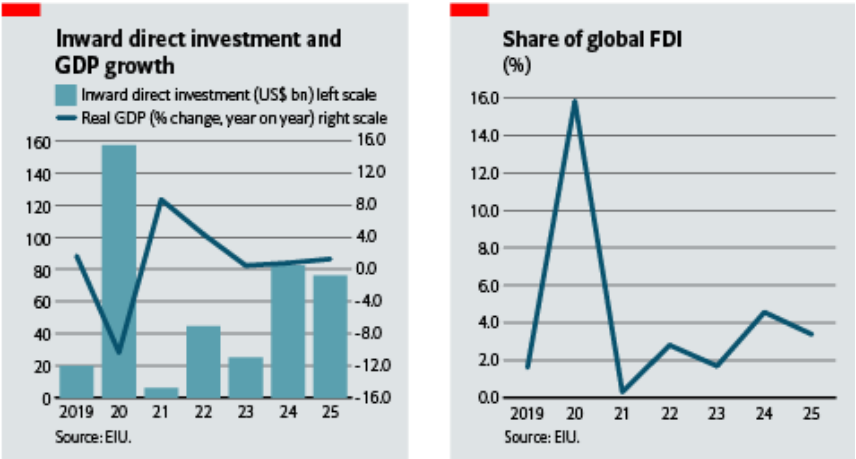
United Kingdom | Regulation | Global position

December 1st 2023



One-click report : United Kingdom ,October 2nd 2024

The outlook for the UK has become much more uncertain following the 2016 referendum vote to leave the EU. The UK departed the bloc in early 2020, entering a transition period that lasted until the end of that year, during which the UK retained most aspects of EU membership. An EU-UK Trade and Co-operation Agreement came into force in 2021, providing for zero-tariff, zero-quota trade between the UK and the EU. However, leaving the EU single market and customs union has created a variety of nontariff trade barriers. The coronavirus (covid-19) pandemic compounded an already uncertain outlook during 2020–21, as did Russia’s invasion of Ukraine in February 2022. Frequent changes at the top of the British government during the second half of 2022, taking place against a backdrop of challenging economic conditions, disrupted policymaking. The UK will hold a general election in 2024 or, at the latest, by January 2025, which will weigh heavily on government decision-making during the lead up to the poll. Nevertheless, the UK still has much to offer as an investment destination. Existing clusters and economies of scale in sectors such as pharmaceuticals, biotechnology, software development and financial services will remain powerful magnets for foreign entrants, while significant potential exists for large-scale, long-term investments in the energy, communications and transport sectors.



## Regulatory/market assessment

[United Kingdom](#) | [Regulation](#) | [Regulatory/market assessment](#)

December 1st 2023

- In September 2023 the prime minister, Rishi Sunak, announced a watering down of some the UK's environmental targets. This includes delaying a ban on sales of new petrol and diesel vehicles to 2035, exemptions for the requirement that UK households replace gas boilers with electric heat pumps and scrapping energy-efficiency targets for the residential sector. However, the changes will have only a minor impact on the UK's net-zero aims.
- With effect from April 1st 2023, the hourly minimum wage stands at £10.42 for workers aged 23 and over, £10.18 for those aged 21–22, £7.49 for those aged 18–20 and £5.28 for those aged 16–17. For apprentices, the hourly rate is £5.28.
- Effective from April 2023, the government increased the corporate income tax rate from 19% to 25% for companies with annual profits over £250,000. The 19% rate was retained for companies with annual profits of £50,000 or less. Marginal relief is available on profits between £50,000 and £250,000.
- In February 2023 the UK reached an agreement with the EU to address the long-running dispute over Northern Ireland. In effect since October 2023, the Windsor Framework reduces the number of checks on goods travelling from the rest of the UK to Northern Ireland and creates a “Stormont brake” allowing members of the Northern Ireland Assembly to block EU legislation from taking effect in Northern Ireland, among other measures.

## One-click report : United Kingdom ,October 2nd 2024

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- In July 2023 the UK signed the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a mega-regional trade deal. The UK's accession remained subject to ratification as of end-November 2023; the government expects the agreement to enter into force in the second half of 2024.
- In October 2023 the Online Safety Act received final approval. The new law places duties of care on providers of online content-sharing platforms such as Facebook and YouTube (both US), requiring them to remove illegal and harmful content. The law also grants powers to Ofcom, the telecoms regulator, to fine companies and block access to sites.

## Regulatory/market watch

[United Kingdom](#) | [Regulation](#) | [Regulatory/market watch](#)

December 1st 2023

- Despite major fractures within the ruling Conservative Party, Rishi Sunak is likely to remain prime minister until the next general election, which EIU expects to be held in late 2024. We expect the centre-left opposition Labour party to win the election with a small working majority, amid deep public discontent about the country's poor economic performance and state of public services.
- Since the outbreak of the Russia-Ukraine war, the government has announced a series of measures to cushion workers and businesses against surging energy prices. These include cash transfers, discounts on energy bills, and an Energy Price Guarantee that reduces the unit cost of electricity and gas if prices rise above an agreed threshold, among others.



## One-click report : United Kingdom ,October 2nd 2024

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- The UK has introduced a number of import restrictions on Russian goods following Russia's invasion of Ukraine. These include bans on the import of Russian oil, liquefied natural gas and iron and steel products. The UK has also banned the export of various goods to Russia, including aviation and space-related goods and technology, and high-end luxury goods.
- In March 2023 a new version of the Data Protection and Digital Information Bill, aimed at amending the UK's data-protection framework, was introduced to Parliament after the original version was paused in September 2022. The current version looks to make the EU's General Data Protection Regulation regime easier to navigate.
- In 2021 the UK was among the nearly 140 countries that endorsed the OECD global tax deal. The agreement aims to introduce sweeping changes to international tax rules, including a 15% minimum corporate tax and provisions to tax large companies based on where their goods and services are sold. Implementation is scheduled for 2025 but will likely take longer.

# Long-term outlook: The long-term outlook

[United Kingdom](#) | [Economy](#) | [Long-term outlook](#) | [Long-term outlook](#)

May 8th 2024

	2024-30	2031-50	2024-50
<b>Population and labour force (% change; annual av)</b>			
Total population	0.30	0.18	0.21
Working-age population	0.13	-0.10	-0.04
Working-age minus total population	-0.17	-0.28	-0.25
Labour force	0.07	0.26	0.21
<b>Growth and productivity (% change; annual av)</b>			
Growth of real GDP per head	1.0	1.3	1.2
Growth of real GDP	1.3	1.5	1.4
Labour productivity growth	1.2	1.2	1.2
Growth of capital stock	2.3	2.6	2.5
Total factor productivity growth	0.8	0.4	0.5

Initial conditions: The immediate economic outlook is weak as private consumption remains constrained by high (albeit easing) inflation, corporates face elevated debt-servicing costs from high interest rates, and trade frictions from Brexit and supply-chain disruption depress export-oriented industries. Despite securing the Trade and Co-operation Agreement with the EU, the UK may diverge in some areas of regulation, particularly in technology and life sciences, while non-tariff barriers put UK firms at a competitive disadvantage within the European single market.

## One-click report : United Kingdom ,October 2nd 2024

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The UK's prospects for growth in the medium term will be highly dependent on government policy formulation in response to these challenges. Both major parties have signalled a willingness to pursue a more interventionist strategy in the economy and provide more public investment, in an effort to address the UK's regional inequality and weak productivity growth. The Conservative government has increased its threshold for borrowing for investment from 2% of GDP to 3%, established a national infrastructure bank in addition to the pre-existing British Business Bank, and invested £800m (US\$1bn) into the Advanced Research and Invention Agency (ARIA), a "blue skies," fund to support innovative research.

The UK's structural advantages have traditionally included a comparatively low regulatory burden, a flexible labour market and a business environment that is conducive to foreign investment, which EIU expects to persist. On the negative side, factors that tend to constrain the UK's long-term outlook include an over-reliance on wealth effects generated by the volatile financial and real estate sectors, high levels of private-sector debt and a deficit in "intermediate" labour market skills, which are skewed by significant geographical inequalities. These have contributed to the development of an unbalanced economy. Levels of productivity in the UK, in terms of output per hour worked, lag well behind those in the US, Germany and France. This weak trend is worrying and will weigh on medium- and long-term growth if not reversed, as well as playing an increasing role in policy debates.

Demographic trends: The working-age population is forecast to rise gradually in 2024-30, but will gradually shrink after then. The share of the population aged 65 or over will continue to increase in the coming decades. We forecast that by 2050 the share of the working-age population will be 59.2%, down from 63.5% in 2020. The labour force participation rate stands at nearly 80%—higher than the OECD average, and this will probably increase in 2024-50 as the pool of working-age people declines. We expect migration to continue to provide a key source of population and human capital growth. However, growing resistance to immigration threatens this outlook and could hasten demographic challenges if immigration is drastically reduced in the years ahead. Most countries that operate skills-based immigration systems adjust their requirements periodically, a trend that we expect the UK to follow.

## One-click report : United Kingdom ,October 2nd 2024

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**External conditions:** The UK is a highly trade-dependent economy, and thus its departure from the world's largest trading bloc will continue to have implications for its long-term prospects. Despite the UK leaving the single market, the EU is likely to remain the UK's most important export destination, particularly for goods trade, given its proximity and the volume of existing trade. The total estimated value of any non-EU trade deals negotiated will not make up for the loss of access to the EU market. The importance of the EU market means that some degree of re-liberalisation of trade is likely, particularly under a Labour government from late 2024, but rejoining the single market or customs union remains politically unlikely owing to the unwillingness of politicians to revisit the divisive Brexit issue.

The UK is likely to maintain its surplus in services, which is expected to grow as a percentage of total trade value over the course of our long-term forecast period as e-commerce and trade in intangible goods become more prominent globally.

**Institutions and policy trends:** The UK is a long-established democracy with well-entrenched rule of law (guaranteeing security of contracts), liberalised product markets and a rigorous competition policy regime. Much of the UK's policy around competition, trade, product regulation and other areas of economic policymaking had been informed by its EU membership, as was the governance of its own internal market, much of which is currently being repatriated to domestic equivalent authorities. It remains too early to gauge how effectively policymakers and institutions will manage these competencies on a national level.

**Long-term performance:** Since the 2008 financial crisis the UK has suffered from chronically low productivity growth relative to its OECD peer countries, and relied heavily on moving people into work. The UK's ability to increase its productivity will be the determining factor behind long-term growth potential. A number of factors have been cited as possible causes for the UK's persistent productivity gap with its peers. These include a high degree of centralisation of the economy around London; the UK's relatively low share of spending on research and development (R&D) outside the south-east; the dominance of the volatile financial services sector; and reliance on

One-click report : United Kingdom ,October 2nd 2024

low-skilled immigration. Successive governments have tried to address the productivity issue, including the current government, which has committed to an increase in public investment to stimulate R&D, a shift in emphasis towards skilled immigration and supporting investment outside London. Whether these plans will boost productivity remains highly uncertain. We forecast that real GDP will grow by an annual average of 1.3% in 2024-30 and stabilise at 1.5% in 2031-50.

Income and market size

	2023	2030	2050
Income and market size			
Population (m)	67.7	69.2	71.7
GDP (US\$ bn at market exchange rates)	3,342.5	4,347.8	7,499.8
GDP per head (US\$ at market exchange rates)	49,350	62,850	104,620
Private consumption (US\$ bn)	2,066.5	2,728.8	4,526.9
Private consumption per head (US\$)	30,510	39,450	63,150
GDP (US\$ bn at PPP)	3,927.6	4,999.1	9,174.2
GDP per head (US\$ at PPP)	57,980	72,270	127,980
Exports of goods & services (US\$ bn)	1,075.4	1,478.5	3,098.3
Imports of goods & services (US\$ bn)	1,116.9	1,557.0	3,170.1
Memorandum items			
GDP per head (at PPP; index, US=100)	72.1	69.8	69.4
Share of world population (%)	0.9	0.8	0.8
Share of world GDP (% at market exchange rates)	3.2	3.0	2.0

One-click report : United Kingdom ,October 2nd 2024

Share of world GDP (% at PPP)	2.2	2.0	1.6
Share of world exports of goods & services (%)	3.5	3.4	2.4

Automotive

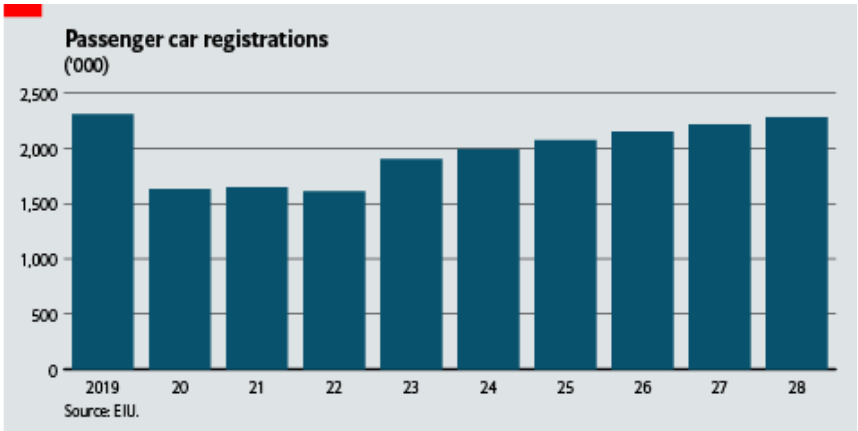
[United Kingdom](#) | [Automotive](#) | [Overview](#)

July 22nd 2024

- The UK’s automotive industry is an integral part of the manufacturing sector, comprising 10% of goods exports. Vehicle production has fallen significantly since 2016, and prospects appear relatively unfavourable. This reflects the UK’s gradual relative economic decline and deteriorating competitiveness over the past decade, the damaging effects of Brexit on trade openness and investor sentiment, intensifying global competition, comparatively high energy costs, weak public finances and the sluggish development of domestic electric vehicle (EV) battery manufacturing capacity.
- In 2023 the UK was the world’s 17th-largest vehicle producer and the sixth largest in Europe, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Vehicle output fell for six consecutive years between 2017 and 2022, collapsing from a peak of 1.82m units in 2016 to a 40-year low of 876,614. Improving global supply conditions drove a moderate rebound in 2023 (to 1.03m units). At best, there will be only limited gains over EIU’s five-year forecast period to 2028, with a gradual decline more likely.
- Production facilities of the UK’s five mass vehicle manufacturers (all foreign-owned) are of a good quality and are transitioning towards higher EV output. A recent firming of investment plans has seemingly safeguarded near-term production. However, medium-term prospects are less secure, amid a highly competitive global automotive sector,

One-click report : United Kingdom ,October 2nd 2024

ramped-up state subsidies (in the US and the EU) and EV tariffs (by the US and EU towards China) amid robust EV output growth by Chinese automakers, and with the UK lagging most peer countries in developing large-scale battery-production facilities (gigafactories). Nissan (Japan) is expanding the UK’s only existing gigafactory from late 2024, with a Jaguar Land Rover (UK; owned by Tata Motors of India) plant due from 2026 and another Nissan facility under consideration in the medium term. A major scaling-up of capacity is required.



- The new-car market has also weakened significantly from a peak in 2016, with annual sales falling in five of the past seven years and slumping to a 30-year low of 1.61m units in 2022, according to the Society of Motor Manufacturers and Traders (SMMT). This was down from 2.7m in 2016 and an average of 2.3m in 2010-19. Recovering supply chains and vehicle stocks drove a partial rebound in new registrations in 2023—up by about 18% to 1.9m—as manufacturers fulfilled outstanding orders built up over the pandemic. Growth was driven entirely by fleet demand, amid flat private sales.
- Underlying conditions in the UK economy are expected to improve gradually over 2024-25, with lower inflation and interest rates bringing modest relief to households’ purchasing power. However, new-car demand will remain

## One-click report : United Kingdom ,October 2nd 2024

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fairly subdued, amid lacklustre growth, structurally higher living costs and a rising tax burden. We forecast sales growth of 4.8% in 2024, driven by fleet demand, with a compound annual growth rate (CAGR) of 3.7% in the five-year period to 2028. Annual sales will remain below 2010-19 levels.

- Chargeable EVs' share of new-car sales rose slightly from 22.8% in 2022 to 24% in 2023. A new zero-emission vehicle (ZEV) mandate applies in the UK from 2024, stipulating annual EV sales quota shares for manufacturers. We expect EVs' share of new-car sales to rise gradually in 2024-28, but affordability issues and "real-world" charging constraints will continue to inhibit uptake by private buyers (among whom the EV share was just 9% of sales in 2023). ZEV targets are likely to be watered down. There are attractive tax incentives for fleet EV sales; subsidies for private buyers ended in 2022.
- The UK left the EU single market and customs union in 2021, having agreed a limited Trade and Co-operation Agreement (TCA) with the bloc. This allowed for quota-free trade but still represented a "hard Brexit", imposing significant trade frictions with its main trading region and disrupting integrated supply chains. EU-UK relations are recovering gradually as economic realities force a more conciliatory UK stance, but Brexit has structurally weakened the UK's trade links and investment appeal. "Rules of origin" rules under the TCA that impose a 10% conditional tariffs on UK-EU trade in EVs are deferred until 2027.
- There will be greater emphasis on climate issues, "green" targets and industrial policy under the new centre-left Labour Party government than the previous administration, including a strong focus on raising investment and improving infrastructure. Overall this should be a net positive for the UK auto sector, but tight fiscal constraints and global geopolitical pressures will limit the room for policy manoeuvre. The government is expected to reinstate a 2030 deadline (from the current 2035) on a ban of the sale of new combustion-engine cars.



## Consumer goods

[United Kingdom](#) | [Consumer goods](#) | [Overview](#)

May 24th 2024

- Household spending accounts for about two-thirds of the UK's annual GDP, a similar share to the US and the largest of all major European economies. An increase of 10% in the national minimum wage and a reduction in a statutory energy-price cap should provide mild support to consumer spending in 2024-25 after a tough 2022-23. However, economic activity, retail demand and consumer sentiment will remain fairly subdued owing to structurally higher living costs, a near-record-high tax burden, large income inequality across the population, increasingly unaffordable housing and the poor state of public services continuing to hold back any significant rebound in discretionary consumer spending, which will keep retail sales growth muted in 2024 after two consecutive years of negative retail volume growth.
- Retail is an important economic contributor, comprising 5% of GDP and employing 2.9m people. The food and drink industry is the single largest manufacturing sector, accounting for 1.3% of GDP. Household income per head is relatively high, but this masks large income inequality across the UK population. Low-income households, which tend to have a high marginal propensity to consume, are poorer on average than in most west European countries. Average real wages have stagnated since the mid-2000s. This has contributed to a gradual deterioration in living standards, which is likely to continue for a majority of households over 2024-28
- The UK will remain Europe's largest online retail market. After subdued growth in 2022-23, EIU expects online retail to strengthen gradually over the forecast period, lifting the online share of retail sales to 28.2% by 2028 (up from 17.5% in 2019). Online grocery retail penetration is higher than in most peer countries.

One-click report : United Kingdom ,October 2nd 2024

- Strained post-Brexit EU-UK relations are slowly improving as economic realities force a more conciliatory UK stance. This will likely gather momentum if, as expected, the opposition Labour Party wins the next general election (scheduled for July 4th). One area of focus will probably be harmonising veterinary standards with the EU, which would bolster UK agri-food exports. Overall, however, Brexit will remain a drag on the economy, trade competitiveness and living standards over 2024-28.
- After repeated UK delays, post-Brexit border controls on animal and plant products imported from the EU are being phased in over 2024, with a second stage taking effect from May 1st and a third phase scheduled for October 31st. The border checks will introduce additional bureaucracy and lengthen supply timelines, pushing up costs across the food and hospitality industries that are likely to be passed on to retail prices.

Retail sales

	2019 <sup>a</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>	2028 <sup>c</sup>
Retail sales (£ bn)	425.1	433.7	450.7	471.1	488.6	505.1	520.3	534.7	550.2	566.3
Retail sales (US\$ bn)	543.0	556.7	620.2	583.0	607.7	631.5	660.4	695.2	720.7	747.5
Retail sales, volume growth (%)	2.4	1.0	1.4	-3.1	-2.9	0.7	1.0	0.8	0.9	1.0
Retail sales, US\$ value growth (%)	-0.4	2.5	11.4	-6.0	4.2	3.9	4.6	5.3	3.7	3.7
Non-food retail sales (US\$ bn)	295.2	295.4 <sup>a</sup>	338.7	309.3	319.2	330.3	345.4	364.4	378.9	393.3
Food retail sales (US\$ bn)	247.7	261.3	281.5	273.7	288.5	301.2	315.0	330.8	341.8	354.2
Consumer price inflation (av; %)	1.7	1.0 <sup>a</sup>	2.5 <sup>a</sup>	7.9 <sup>a</sup>	6.8 <sup>a</sup>	2.6	2.0	2.0	2.0	1.9

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

Sources: Flywheel Retail Insights; EIU.

## One-click report : United Kingdom ,October 2nd 2024

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# Energy

[United Kingdom](#) | [Energy](#) | [Overview](#)

June 15th 2024

- In a continuation of what is now a long-running trend as the economy becomes less energy intensive, UK energy consumption is set to decline in 2024. Weak economic growth and elevated energy prices will also pull down energy demand. Over EIU's forecast period (2024-33) energy demand will continue to fall as energy efficiency gains completely offset rising demand driven by economic growth. We forecast that real GDP will grow at an annual rate of 1.4% in that period.
- We expect oil demand to expand marginally in 2024 as increased consumption in the aviation sector offsets reduced demand from motorists. We forecast that oil consumption will decline sharply in the second half of the decade as a ban on the sale of new petrol and diesel cars set for 2035 approaches.
- We expect natural gas consumption to rise gradually in 2024 amid slow economic growth. It will then fall almost every year over our forecast period as consumption in the industrial, residential and power generation sectors declines.
- Coal demand is set to decline sharply in 2024, owing to the planned phase-out of coal use in power generation by year-end. It will continue to decline over the rest of the forecast period as the industrial sector, which by then will be the main coal consumer in the UK, cuts usage.
- We expect the share of fossil fuels in total energy demand to decline from 77% in 2023 to 71% in 2033. Natural gas will continue to be the main energy source in the UK over our forecast period.

One-click report : United Kingdom ,October 2nd 2024

- Owing to a sharp increase in wind and solar power, we forecast that the share of non-hydro renewables (excluding biomass) in power generation will rise from 35% in 2023 to 64% in 2033. By the end of the forecast period wind power will be the largest source of electricity, followed by natural gas and solar energy.

Energy: key indicators

	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>	2033 <sup>b</sup>
GDP (US\$ bn at market exchange rates)	3,101	3,343	3,421	3,465	3,748	3,925	4,101	4,560
Real GDP (% change, year on year)	4.3	0.1	0.4	1.3	1.6	1.5	1.5	1.5
Population (m)	67.5	67.7	68.0	68.2	68.4	68.6	68.8	69.7
Population (% change, year on year)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Gross domestic energy consumption (ktoe)	153,718 <sup>c</sup>	148,488 <sup>c</sup>	147,673	145,320	144,661	143,849	139,786	136,315
Gross domestic energy consumption (% change, year on year)	-3.2 <sup>c</sup>	-3.4 <sup>c</sup>	-0.5	-1.6	-0.5	-0.6	-2.8	-0.6

Note. Forecasts for all dates are available via EIU's data tool.

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> EIU estimates.

Sources: EIU; World energy balances © OECD/IEA 2024 IEA statistics, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), licence: [www.iea.org/t&c](http://www.iea.org/t&c).

## Financial services

[United Kingdom](#) | [Finance](#) | [Overview](#) | [Financial services](#) | [Overview](#)

July 24th 2024

- The UK has one of the world's best-developed financial industries. The sector suffered a short, sharp shock from the covid-19 pandemic, and the UK's departure from the EU triggered what has proven to be a greater and longer-term challenge; trading relationships are still shifting and may affect the sector further. Conditions are likely to remain difficult for financial firms in 2024 amid tepid economic growth and still-high (but slowing) inflation. Higher interest rates are boosting banks' profits, but are causing difficulties for some borrowers, particularly in the housing market.
- London, the capital, is one of the two leading global financial centres (along with New York) and has the largest share of many international markets. The UK financial sector—banking, insurance, fund management, securities and alternative investment—plays a significant role in the economy. In 2022 it accounted for 9% of gross value added, down from 9.7% at its peak in 2009, according to the Office for National Statistics. In 2023 it employed 1.18m people, or 3.2% of the total workforce, down from 3.7% in 2009. The industry makes a substantial contribution to the balance of payments and tax revenue.
- UK real GDP grew by just 0.1% in 2023 (down sharply from 4.3% growth in 2022 and 8.7% in 2021), reflecting the country's overreliance on private consumption (which has been heavily affected by falling real wages) to drive growth, as well as the negative effect of Brexit on export competitiveness. EIU expects growth to remain weak in 2024, at 0.6%, averaging 1.4% a year in 2024-28.
- After a general election on July 4th, Keir Starmer of the centre-left Labour Party took over as prime minister from Rishi Sunak of the Conservative Party. Labour won a landslide victory and now has a substantial majority in

## One-click report : United Kingdom ,October 2nd 2024

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parliament, after 14 years of Conservative government. Mr Sunak became prime minister in October 2022, following the resignations of Boris Johnson and Liz Truss earlier in the year. The results will enable effective policymaking, and we expect significant reforms, for instance to planning regulations and investment policy, that will help to boost the UK's growth and productivity in the medium term.

- After an initial honeymoon period, we expect Mr Starmer to come under pressure to deliver on promises to improve public services and boost investment. Long-standing and intractable issues in the National Health Service (NHS) in particular will be difficult to resolve given a continued focus on fiscal prudence. Still, Labour's large majority means that it is well placed to make strong policy progress and reform regulations to boost growth.
- The UK left the EU on January 31st 2020, and a transition period ended on December 31st 2020. An EU-UK free-trade agreement in December 2020 did not include financial services, but the parties agreed to and implemented some temporary arrangements to reduce disruption to financial markets. The UK granted a designation of regulatory equivalence for many EU financial firms, allowing them to continue to operate in the country. However, the EU did not reciprocate for UK financial firms, except for derivatives clearing houses.
- The previous government initiated reform regulations governing UK markets, starting with changes to stockmarket listing rules. The Financial Services and Markets Act 2023, which opens the way to replacing elements of retained EU law applying to the sector, received royal assent in June 2023.
- The Bank of England (BoE, the central bank) raised interest rates by 25 basis points to 5.25% in August 2023, a cumulative 5.15-percentage-point rise since December 2021. However, it has since left rates unchanged following a slowing of the annual inflation rate. In June 2024 inflation slowed to the Bank of England's 2% target, but the bank was not expected to lower rates until after the election. Our view is that the tightening cycle has ended and that rates will start to fall in the second half of 2024.

## One-click report : United Kingdom ,October 2nd 2024

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- We expect London to retain its status as one of the world's main financial centres, especially in the trading of foreign exchange and derivatives, but a loss of influence and post-Brexit restrictions on financial services trade with the EU are inevitable. Financial firms in the UK must come to terms with the loss of "passporting" (the right of UK-regulated companies to do business in the EU and vice versa).

## Healthcare

[United Kingdom](#) | [Healthcare](#) | [Spending](#)

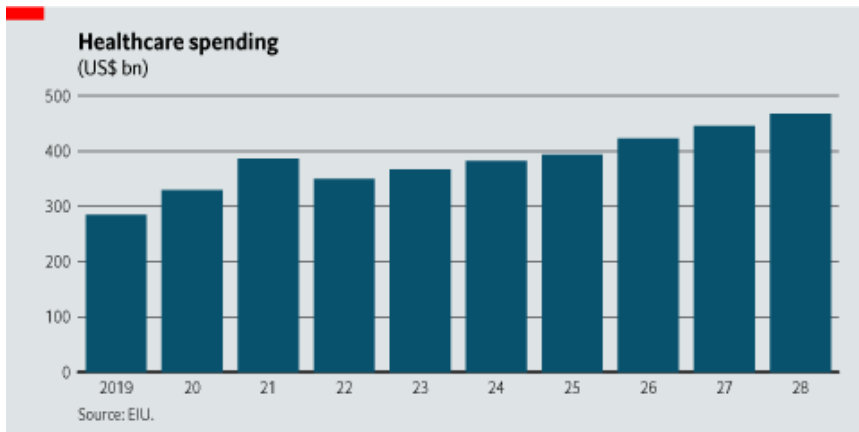
June 25th 2024

### Overview

- The UK's public health expenditure was constrained even before the covid-19 pandemic, amid government-imposed fiscal austerity, soft economic growth and rising demand for health services from an ageing population. The pandemic resulted in further strains, pushing hospital waiting lists for the UK's National Health Service (NHS) to record levels in late 2023 and prompting strikes by healthcare staff. The centre-right Conservative government has called for a snap general election on July 4th 2024 against a background of weak public finances. The incoming government will be under pressure to address the problems within the healthcare system, but will face funding constraints throughout EIU's forecast period (2024-28).
- Annual healthcare spending as a share of GDP was stable in the decade to 2020, at 9.8%, close to the OECD average, but below that of Germany, France, Japan and the US. As in many countries, the ratio jumped in 2020-21 (peaking at 12.3%), owing to pandemic-related spending and a fall in GDP. The ratio has since trended downwards, to an estimated 11% in 2023, when high inflation led to a second consecutive annual decline in real-term spending.

One-click report : United Kingdom ,October 2nd 2024

- We do not expect any significant increase in public spending in 2024, with total health expenditure expected to edge up to 11.2% of GDP. With a centre-left Labour government forecast to take power following the election in July and inflation set to fall, we forecast that real spending growth will return in 2024. By 2028 health spending as a share of GDP will rise to 11.4%. This implies a compound annual growth rate (CAGR) of 3.9% over our forecast period in nominal local-currency terms (5% in US dollar terms). In real terms, growth will average 1.7% per year.



- Private healthcare spending as a share of total health expenditure, which fell to a low of 16.9% in 2020, is forecast to rise gradually to 19.8% by 2028. This increase will reflect intensifying strains on the NHS and an ongoing shift towards more outsourcing of routine operations and treatments to the private sector.
- The NHS keeps a tight rein on pharmaceutical spending through a voluntary pricing agreement and other measures. Nevertheless, we forecast that pharmaceutical sales will rise at a CAGR of 4.3% in nominal local-currency terms in 2024-28 amid strong demand.

Funding sources



## One-click report : United Kingdom ,October 2nd 2024

- Healthcare provision in the UK is dominated by the NHS, which is financed primarily via general taxation. NHS care is free at the point of delivery, but fixed charges are levied (in England) for most prescription medicines and dental care, with certain exemptions. These fixed charges or co-payments are generally lower in Wales, Scotland and Northern Ireland.
- Public expenditure (including compulsory contributions) accounted for 81.5% of total healthcare spending in 2022, above the OECD average of 76%. We expect this share to dip over our forecast period, reaching 80.2% by 2028.

### Healthcare expenditure

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>	2028 <sup>c</sup>
Healthcare spending (US\$ bn)	284.8	329.3	386.4	349.9	367.1	382.3	394.0	423.1	445.8	467.4
Healthcare spending (£ bn)	222.9	256.5	280.8	282.8	295.1	307.7	319.3	328.0	342.9	356.8
Healthcare spending (% of GDP)	10.0	12.2	12.3	11.3	11.0	11.2	11.4	11.3	11.4	11.4

### Spending by source

Public/compulsory spending (US\$ bn)	225.8	273.6	320.9	285.3	297.3	308.5	316.7	339.8	357.8	374.9
Public/compulsory spending (% of total)	79.3	83.1	83.0	81.5	81.0	80.7	80.4	80.3	80.3	80.2
Government schemes (% of public spending)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Social security funds (% of public spending)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private healthcare spending (US\$ bn)	59.0	55.8	65.6	64.6	69.7	73.8	77.3	83.3	88.0	92.4
Private healthcare spending (% of total)	20.7	16.9	17.0	18.5	19.0	19.3	19.6	19.7	19.7	19.8
Out of pocket (% of private spending)	75.7	75.3	74.7	75.4	75.5	75.6	75.7	75.8	75.9	76.0
Voluntary insurance (% of private spending)	24.4	24.7	25.3	24.6	24.5	24.4	24.3	24.2	24.1	24.0
External healthcare spending (US\$ bn)	0.0	0.0	0.0	0.0 <sup>b</sup>	0.0	0.0	0.0	0.0	0.0	0.0

## One-click report : United Kingdom ,October 2nd 2024

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<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

Sources: US Bureau of the Census; UN; OECD; World Bank; EIU.

- Most NHS funding and commissioning occurs under separate frameworks in the four UK nations, with variations in policies. About 86% of funding goes to NHS England, with Scotland, Wales and Northern Ireland sharing the rest under the Barnett formula according to population size.
- The 2021 Health and Care Act reorganised NHS England funding flows from July 2022. It has transferred management from the 191 clinical commissioning groups (CCGs) set up in 2012 to 42 integrated care systems that will co-ordinate care at the regional level. The reforms do not apply in Scotland, Wales or Northern Ireland.

### Private health insurance

- Voluntary (or private) spending on healthcare accounted for 18.5% of the UK's total health expenditure in 2022. This was up from a near three-decade low of 16.9% in 2020, amid a gradual normalisation of spending patterns following the pandemic. The share of private healthcare spending is forecast to rise steadily to nearly 20% by 2028. We expect private health expenditure to grow at a CAGR of 4.7% in local-currency terms over 2024-28, outpacing public health spending growth (of 3.7%).
- Out-of-pocket (OOP) spending accounted for 13.9% of total health spending in 2022, up from 12.7% in 2020-21 but below a 2019 peak of 15.7%. We expect the share of OOP expenditure to edge closer towards this level to reach 15% by the end of the forecast period.
- The private health insurance market was broadly stable in the years preceding the pandemic, reflecting NHS dominance. In 2020 private spending in hospitals and clinics shrank as they provided resources to the NHS (at cost). Expenditure growth has rebounded strongly since 2021, driven in part by increased NHS outsourcing of

## One-click report : United Kingdom ,October 2nd 2024

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medical treatment and surgery to private contractors due to staff shortages and in an effort to reduce elevated backlogs and waiting lists.

- The leading independent healthcare group is Bupa, with 3.4m UK health insurance customers at end-2023. It was boosted by an agreement between Bupa UK and a friendly society, CS Healthcare, to transfer the latter's 17,500 members in January 2021.

## Telecommunications

[United Kingdom](#) | [Telecommunications](#) | [Overview](#)

May 14th 2024

- The UK is ahead of many European countries in 5G deployment, owing largely to a clear policy. The country's largest mobile operators have all launched 5G services, although speed remains below expectations. The government published an updated UK Digital Strategy in June 2022, focusing on technology-led economic growth and productivity. In February 2023 the prime minister, Rishi Sunak, created a new government department for science, innovation and technology, which includes digital responsibilities. The country favours a light-touch approach to regulation, but is stricter on competition.
- Mobile telephony makes up the majority of telecommunications connections in the UK. The mobile penetration rate has levelled off in recent years amid a saturated market. EIU expects a moderate rise over the forecast period to 123.8% in 2028.
- In 2023 there were an estimated 41.9 broadband subscriptions per 100 people, with internet user penetration at an estimated 95.6% of the population. We forecast that this will rise modestly, to 96.4%, by 2028.

## One-click report : United Kingdom ,October 2nd 2024

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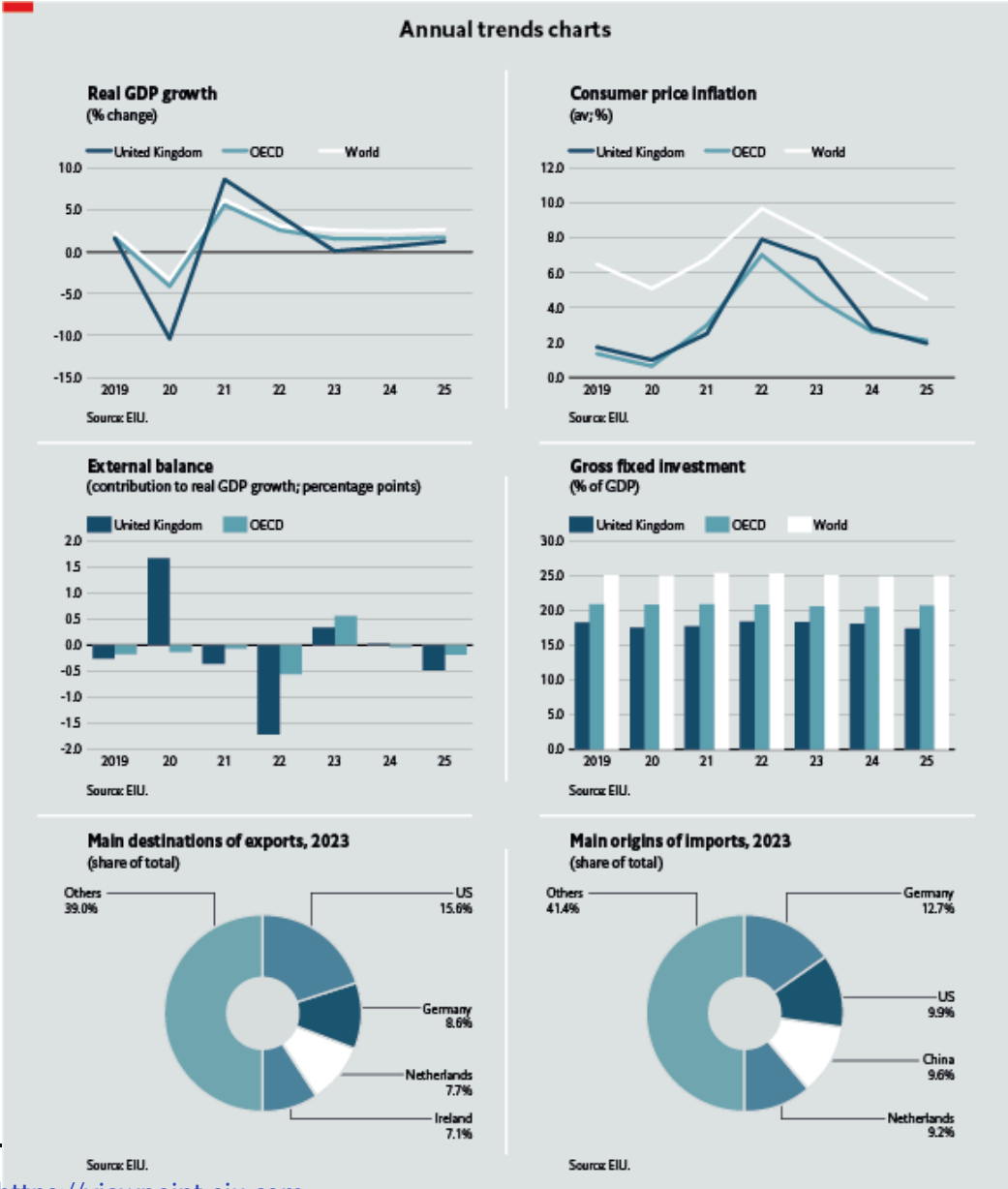
- In early 2023 the government launched three proposals. The first was to make the UK a global science and technology superpower by 2030 by encouraging investment in three transformational technologies—artificial intelligence (AI), quantum computing and engineering biology. The second focused on offering a different version of data protection from that of the EU. The third was the Digital Markets, Competition and Consumers Bill, a piece of legislation looking at tech competition. The UK is light touch when it comes to regulation, to favour innovation, but is strict on competition.

## Data and charts: Annual trends charts

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Annual trends charts](#)

July 5th 2024

One-click report : United Kingdom ,October 2nd 2024



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## One-click report : United Kingdom ,October 2nd 2024

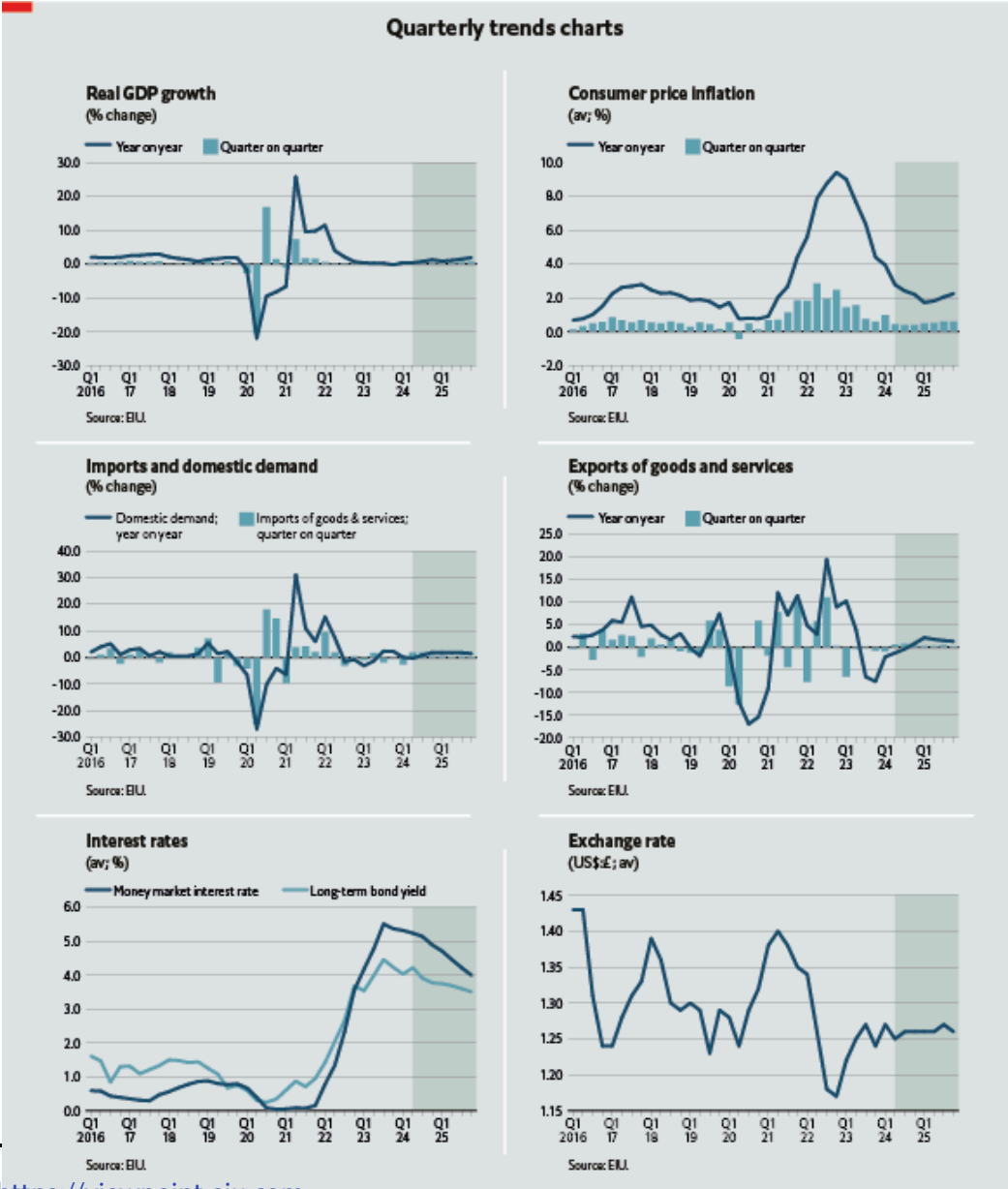
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# Data and charts: Quarterly trends charts

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Quarterly trends charts](#)

July 5th 2024

One-click report : United Kingdom ,October 2nd 2024



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## One-click report : United Kingdom ,October 2nd 2024

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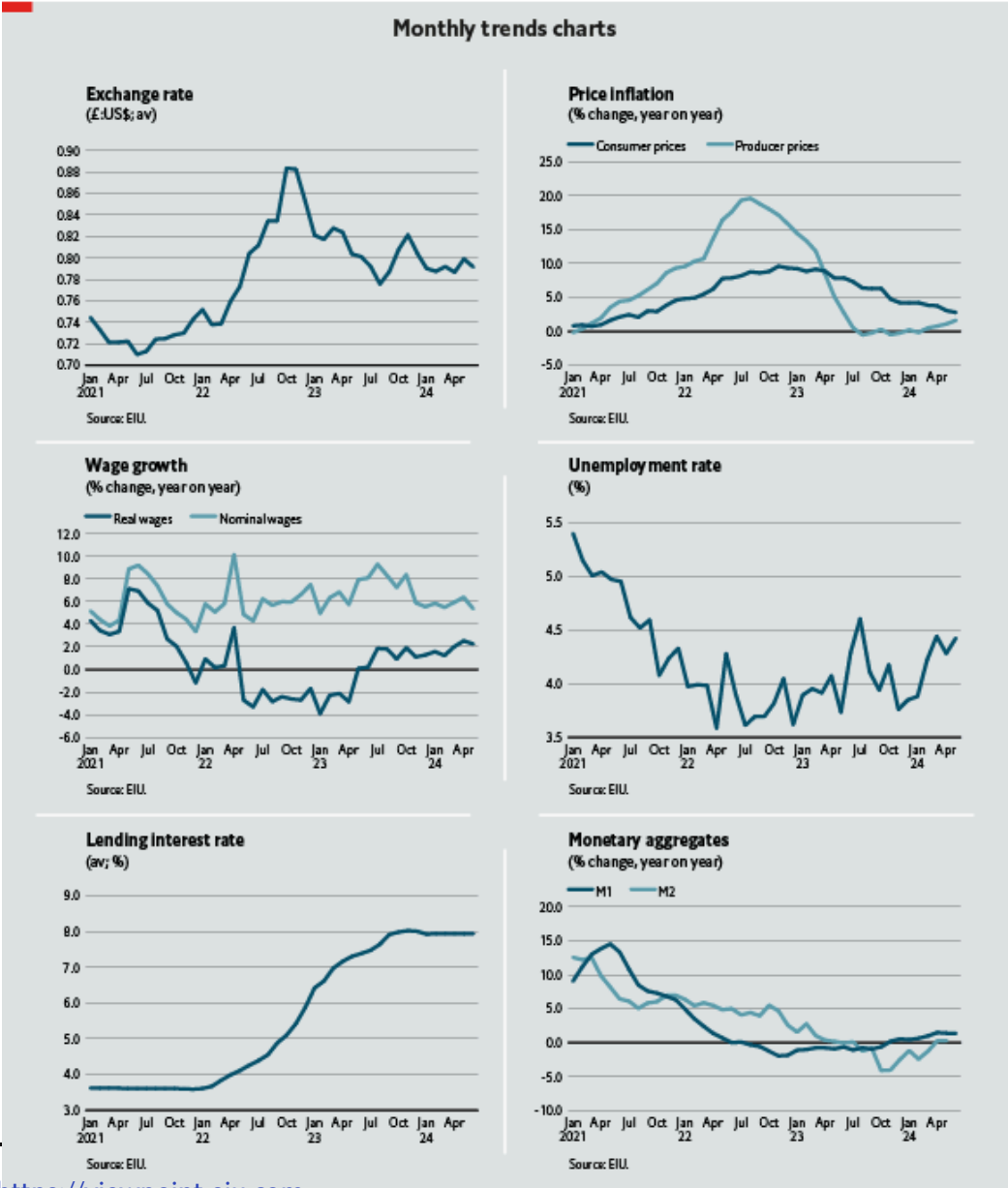
# Data and charts: Monthly trends charts

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Monthly trends charts](#)

July 5th 2024



One-click report : United Kingdom ,October 2nd 2024



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# Data summary: Gross domestic product, current market prices

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [GDP at current market prices](#)

May 8th 2024

## Gross domestic product, at current market prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Expenditure on GDP (£ bn at current market prices)</b>										
GDP	2,233.9	2,104.3	2,284.1	2,506.0	2,687.2	2,780.2	2,871.3	2,958.8	3,064.0	3,168.4
Private consumption	1,427.9	1,246.1	1,369.3	1,550.3	1,661.3	1,729.9	1,787.1	1,853.5	1,920.4	1,988.8
Government consumption	426.6	475.6	508.7	526.2	557.1	588.4	615.5	643.3	672.5	702.9
Gross fixed investment	406.4	367.5	403.8	459.4	490.9	494.9	491.1	501.0	511.7	522.7
Exports of goods & services	706.7	624.8	676.0	837.8	864.5	887.9	927.8	954.3	994.8	1,037.2
Imports of goods & services	737.9	612.0	679.5	904.6	897.9	921.3	953.6	997.4	1,037.9	1,087.3
Stockbuilding	4.1	2.3	5.7	6.8	-13.9	0.5	3.5	4.0	2.5	4.0
Domestic demand	2,265.1	2,091.5	2,287.6	2,542.7	2,695.5	2,813.6	2,897.1	3,001.8	3,107.1	3,218.5
<b>Expenditure on GDP (US\$ bn at current market prices)</b>										
GDP	2,853.5	2,701.3	3,143.1	3,100.8	3,342.5	3,458.2	3,572.0	3,816.8	3,983.3	4,150.6
Private consumption	1,824.0	1,599.6	1,884.3	1,918.2	2,066.5	2,151.7	2,223.2	2,391.0	2,496.6	2,605.4

## One-click report : United Kingdom ,October 2nd 2024

Government consumption	544.9	610.6	700.0	651.1	692.9	731.8	765.6	829.9	874.2	920.9
Gross fixed investment	519.1	471.8	555.7	568.5	610.6	615.6	610.9	646.3	665.2	684.7
Exports of goods & services	902.7	802.1	930.3	1,036.6	1,075.4	1,104.4	1,154.2	1,231.1	1,293.2	1,358.7
Imports of goods & services	942.5	785.6	935.1	1,119.3	1,116.9	1,145.9	1,186.3	1,286.6	1,349.2	1,424.3
Stockbuilding	5.3	2.9	7.8	8.4	-17.2	0.6	4.4	5.2	3.3	5.2
Domestic demand	2,893.3	2,684.8	3,147.9	3,146.2	3,352.8	3,499.7	3,604.1	3,872.3	4,039.3	4,216.2
<b>Economic structure (% of GDP at current market prices)</b>										
Household consumption	63.9	59.2	60.0	61.9	61.8	62.2	62.2	62.6	62.7	62.8
Government consumption	19.1	22.6	22.3	21.0	20.7	21.2	21.4	21.7	21.9	22.2
Gross fixed investment	18.2	17.5	17.7	18.3	18.3	17.8	17.1	16.9	16.7	16.5
Stockbuilding	0.2	0.1	0.2	0.3	-0.5	0.0	0.1	0.1	0.1	0.1
Exports of goods & services	31.6	29.7	29.6	33.4	32.2	31.9	32.3	32.3	32.5	32.7
Imports of goods & services	33.0	29.1	29.8	36.1	33.4	33.1	33.2	33.7	33.9	34.3
<b>Memorandum item</b>										
National savings ratio (%)	15.7	14.7	17.5	15.4	14.5	15.0	14.3	14.2	13.8	13.6

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

# Data summary: Gross domestic product, at constant prices

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [GDP at constant prices](#)

May 8th 2024

## Gross domestic product, at constant prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Real expenditure on GDP (£ bn at 2019 prices)</b>										
GDP	2,233.9	2,002.5	2,176.2	2,270.8	2,273.1	2,281.3	2,310.7	2,347.1	2,383.1	2,419.5
Household consumption	1,427.9	1,238.7	1,330.8	1,396.0	1,398.1	1,403.9	1,426.6	1,450.6	1,474.9	1,499.0
Government consumption	426.6	393.0	451.5	461.7	464.1	473.4	481.0	488.2	495.5	503.4
Gross fixed investment	406.4	362.7	389.7	420.9	430.1	427.2	433.4	442.2	451.7	461.3
Exports of goods & services	706.7	625.6	656.6	715.4	711.8	713.8	733.0	747.5	764.7	781.7
Imports of goods & services	737.9	619.8	657.9	754.0	742.7	746.0	772.7	791.3	813.8	836.1
Stockbuilding (% of GDP)	1.3	2.5	-1.7	19.5	-0.1	0.0	0.5	1.0	1.1	1.2
Domestic demand	2,265.0	1,996.4	2,177.2	2,280.6	2,279.3	2,289.3	2,327.4	2,367.3	2,408.8	2,450.5
<b>Real expenditure on GDP (% change)</b>										
GDP	1.6	-10.4	8.7	4.3	0.1	0.4	1.3	1.6	1.5	1.5
Household consumption	1.1	-13.3	7.4	4.9	0.1	0.4	1.6	1.7	1.7	1.6
Government consumption	4.0	-7.9	14.9	2.3	0.5	2.0	1.6	1.5	1.5	1.6
Gross fixed investment	2.2	-10.8	7.4	8.0	2.2	-0.7	1.5	2.0	2.1	2.1

## One-click report : United Kingdom ,October 2nd 2024

Exports of goods & services	2.0	-11.5	4.9	9.0	-0.5	0.3	2.7	2.0	2.3	2.2
Imports of goods & services	2.7	-16.0	6.1	14.6	-1.5	0.4	3.6	2.4	2.8	2.7
Stockbuilding (% contribution to GDP growth)	0.0	0.1	-0.2	1.0	-0.9	0.0	0.0	0.0	0.0	0.0
Domestic demand	1.8	-11.9	9.1	4.7	-0.1	0.4	1.7	1.7	1.8	1.7
<b>Real contribution to GDP growth (% points)</b>										
Private consumption	0.7	-8.5	4.6	3.0	0.1	0.3	1.0	1.0	1.0	1.0
Government consumption	0.7	-1.5	2.9	0.5	0.1	0.4	0.3	0.3	0.3	0.3
Gross fixed investment	0.4	-2.0	1.3	1.4	0.4	-0.1	0.3	0.4	0.4	0.4
External balance	-0.3	1.7	-0.4	-1.7	0.3	-0.1	-0.3	-0.2	-0.2	-0.2
<b>Memorandum items</b>										
Industrial production (% change)	1.7	2.3	-3.9	-3.4	-0.4	1.1	1.7	1.9	1.9	1.8
Real personal disposable income (% change)	2.1	-0.5	1.4	-1.4	2.1	-1.3	1.3	1.6	1.7	1.6

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

# Data summary: Gross domestic product by sector of origin

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [GDP by sector of origin](#)

May 8th 2024

## Gross domestic product by sector of origin

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Origin of GDP (£ bn at constant 2018 prices)</b>										
GDP at factor cost	1,995.7	1,796.9	1,948.3	2,034.1	2,041.1	2,048.4	2,074.9	2,107.5	2,139.8	2,172.5
Agriculture	13.5	12.3	11.4	11.6	11.6	11.8	11.8	11.9	12.0	12.1
Industry	396.7	387.3	387.2	386.1	387.8	389.8	391.3	397.1	403.2	409.4
Services	1,585.5	1,397.3	1,549.7	1,636.4	1,641.7	1,646.9	1,671.8	1,698.6	1,724.6	1,751.1
<b>Origin of GDP (real % change)</b>										
Agriculture	16.8	-9.3	-6.8	1.5	0.0	1.6	0.4	0.7	0.6	0.6
Industry	1.4	-2.4	-0.1	-0.3	0.4	0.5	0.4	1.5	1.6	1.5
Services	1.8	-11.9	10.9	5.6	0.3	0.3	1.5	1.6	1.5	1.5
<b>Origin of GDP (% of factor cost GDP)</b>										
Agriculture	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Industry	19.9	21.6	19.9	19.0	19.0	19.0	18.9	18.8	18.8	18.8

One-click report : United Kingdom ,October 2nd 2024

Services	79.4	77.8	79.5	80.4	80.4	80.4	80.6	80.6	80.6	80.6
Memorandum item										
Industrial production (% change)	1.7	2.3	-3.9	-3.4	-0.4	1.1	1.7	1.9	1.9	1.8

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

Data summary: Growth and productivity

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Growth and productivity](#)

May 8th 2024

Growth and productivity

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Growth and productivity (%)										
Labour productivity growth	0.5	-9.6	8.8	3.0	-0.6	0.3	1.0	1.3	1.2	1.2
Total factor productivity growth	0.0	-10.0	8.2	-1.0	-0.7	0.1	0.9	1.2	1.2	1.1
Growth of capital stock	2.6	0.7	1.6	2.4	2.4	2.0	1.9	1.9	1.9	2.0
Growth of potential GDP	1.4	-1.5	0.9	1.2	0.9	0.8	1.8	2.0	2.0	2.0
Growth of real GDP	1.6 <sup>c</sup>	-10.4 <sup>c</sup>	8.7 <sup>c</sup>	4.3 <sup>c</sup>	0.1 <sup>c</sup>	0.4	1.3	1.6	1.5	1.5
Growth of real GDP per head	1.1 <sup>c</sup>	-10.7 <sup>c</sup>	8.3 <sup>c</sup>	4.0 <sup>c</sup>	-0.2 <sup>c</sup>	0.0	1.0	1.3	1.2	1.2

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts. <sup>c</sup> Actual.

# Data summary: Economic structure, income and market size

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Economic structure, income and market size](#)

May 8th 2024

## Economic structure, income and market size

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Population, income and market size</b>										
Population (m)	66.8	67.1	67.3	67.5	67.7	68.0	68.2	68.4	68.6	68.8
GDP (US\$ bn at market exchange rates)	2,854	2,701	3,143	3,101	3,343	3,458	3,572	3,817	3,983	4,151
GDP per head (US\$ at market exchange rates)	42,731	40,282	46,715	45,932	49,346	50,884	52,390	55,806	58,064	60,328
Private consumption (US\$ bn)	1,824	1,600	1,884	1,918	2,066	2,152	2,223	2,391	2,497	2,605
Private consumption per head (US\$)	27,314	23,854	28,007	28,415	30,507	31,660	32,608	34,959	36,393	37,869
GDP (US\$ bn at PPP)	3,283	2,982	3,389	3,786	3,928	4,052	4,191	4,354	4,523	4,698
GDP per head (US\$ at PPP)	49,166	44,468	50,375	56,075	57,983	59,624	61,463	63,668	65,930	68,280
Personal disposable income (£ bn)	1,453	1,454	1,508	1,603	1,728	1,792	1,846	1,912	1,981	2,052
Personal disposable income (US\$ bn)	1,856	1,866	2,075	1,983	2,149	2,229	2,296	2,467	2,575	2,688
Growth of real disposable income (%)	2.1	-0.5	1.4	-1.5	0.8	0.0	1.3	1.6	1.7	1.6
<b>Memorandum items</b>										
Share of world population (%)	0.88	0.87	0.87	0.86	0.87	0.87	0.87	0.85	0.84	0.84
Share of world GDP (% at market exchange rates)	3.29	3.19	3.27	3.11	3.21	3.16	3.05	3.07	3.04	3.03



One-click report : United Kingdom ,October 2nd 2024

Share of world GDP (% at PPP)	2.43	2.23	2.29	2.31	2.25	2.19	2.16	2.12	2.09	2.05
Share of world exports of goods (%)	2.55	2.37	2.10	2.17	2.13	2.09	2.00	1.99	1.98	1.95

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

Data summary: Fiscal indicators

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Fiscal indicators](#)

May 8th 2024

Fiscal indicators

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Fiscal indicators (% of GDP)										
Government expenditure	37.2	49.0	45.0	43.2	43.6	43.4	43.3	43.4	43.3	43.3
Interest <sup>c</sup>	2.2	2.0	2.8	4.3	3.1	3.8	3.8	3.4	2.4	1.6
Non-interest <sup>c</sup>	35.0	47.0	42.2	38.8	40.6	39.7	39.5	40.1	41.0	41.7
Government revenue <sup>c</sup>	35.2	35.8	37.1	38.8	38.0	39.2	39.7	40.4	40.8	41.1
Budget balance <sup>c</sup>	-2.0	-13.2	-7.9	-4.4	-5.6	-4.2	-3.6	-3.0	-2.5	-2.2
Primary balance <sup>c</sup>	0.2	-11.2	-5.1	-0.1	-2.6	-0.5	0.2	0.4	-0.2	-0.6
Government debt <sup>d</sup>	85.7	105.8	105.2	100.4	101.2 <sup>e</sup>	102.0	102.0	102.0	101.0	99.8

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> General government. <sup>d</sup> General government, gross public debt (Maastricht definition). Includes impact of financial sector interventions in Northern Rock, Bradford & Bingley and compensation payments to Icelandic bank depositors. Does not include impact

One-click report : United Kingdom ,October 2nd 2024

of reclassification of Royal Bank of Scotland and Lloyds Banking Group as public corporations by the Office for National Statistics. Does not include impact of gilt transactions with the Bank of England. End-period. <sup>e</sup> EIU estimates.

Data summary: Monetary indicators

United Kingdom | Economy | Charts and tables | Monetary indicators

May 8th 2024

Monetary indicators

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Monetary indicators										
Exchange rate US\$:£ (av)	1.28	1.28	1.38	1.24	1.24	1.24	1.24	1.29	1.30	1.31
Exchange rate €:£ (av)	1.14	1.12	1.16	1.17	1.15	1.14	1.09	1.12	1.12	1.12
Exchange rate US\$:€ (av)	1.12	1.14	1.18	1.05	1.08	1.09	1.14	1.16	1.17	1.17
Exchange rate €:£ (year-end)	1.18	1.11	1.19	1.13	1.15	1.11	1.08	1.11	1.11	1.12
Real effective exchange rate (av; 2010=100)	98.6	98.8	102.6	101.2	103.7	102.5	99.4	101.7	101.7	102.0
M4 money supply growth (%) <sup>c</sup>	3.8	12.6	6.4	1.6	-1.3	2.7	1.8	2.1	3.4	3.2
Domestic credit growth (%)	4.9	3.1	1.7	1.0	-1.2	2.2	2.3	1.7	3.1	2.9
Purchasing power parity US\$:£ (av)	1.47	1.42	1.48	1.51	1.46	1.46	1.46	1.47	1.48	1.48
3-month £-Libor rate (av; %)	0.8	0.3	0.1	2.0	5.0	5.1	4.5	3.7	3.2	3.0

One-click report : United Kingdom ,October 2nd 2024

10-year government bond yield (av; %)	0.9	0.4	0.8	2.4	4.1	3.7	3.5	3.3	3.2	3.1
Bank of England base rate (%; end-period)	0.75	0.10	0.25	3.50	5.25	4.50	4.25	3.50	3.00	3.00
Lending rate (%; average mortgage SVR from UK MFIs)	4.3	3.8	3.6	4.7	7.5	7.9	7.3	6.2	5.2	5.2
Deposit rate (av; %)	0.9	0.4	0.2	2.1	5.0	5.2	4.9	4.2	3.3	3.3

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> Headline broad money (M4) figures from Bank of England include deposits of "intermediate other financial corporations" (IOFCs) that specialise in intermediation between banks, giving a distorted measure of underlying M4 growth.

Data summary: Employment, wages and prices

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Employment, wages and prices](#)

May 8th 2024

Employment, wages and prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>The labour market (av)</b>										
Labour force (m)	34.2	34.1	34.1	34.2	34.6	34.6	34.7	34.7	34.8	34.9
Labour force (% change)	0.9	-0.1	-0.2	0.5	0.9	0.0	0.4	0.2	0.3	0.2
Employment (m)	32.8	32.5	32.5	32.9	33.2	33.2	33.3	33.4	33.5	33.6
Employment (% change)	1.1	-0.9	-0.1	1.3	0.7	0.1	0.3	0.3	0.3	0.3

## One-click report : United Kingdom ,October 2nd 2024

Unemployment (m)	1.3	1.6	1.6	1.3	1.4	1.4	1.4	1.4	1.3	1.3
Unemployment rate (%; EU/OECD standardised measure)	3.9	4.7	4.6	3.9	4.0	3.9	4.0	3.9	3.9	3.8
<b>Wage and price inflation (% except labour costs per hour)</b>										
GDP deflator	2.1	5.1	-0.1	5.1	7.1	3.1	2.0	1.4	2.0	1.8
Consumer prices (av; CPIH measure)	1.7	1.0	2.5	7.9	6.8	2.6	2.0	2.0	2.0	1.9
Producer prices (av)	1.4	-1.0	5.2	16.0	3.2	1.2	0.9	1.9	2.0	2.0
GDP deflator (av)	2.1	5.1	-0.1	5.1	7.1	3.1	2.0	1.4	2.0	1.8
Private consumption deflator (av)	1.5	0.6	2.3	7.9	7.0	3.7	1.7	2.0	1.9	1.9
Government consumption deflator (av)	2.8	21.0	-6.9	1.2	5.3	3.5	3.0	3.0	3.0	2.9
Fixed investment deflator (av)	2.7	1.3	2.3	5.3	4.6	1.5	-2.2	0.0	0.0	0.0
Average nominal wages (av)	3.4	1.8	5.9	6.1	7.1	3.3	2.6	2.8	2.8	2.7
Average real wages (av)	1.7	0.8	3.3	-1.7	0.3	0.8	0.7	0.8	0.8	0.8
Unit labour costs (£-based; av)	2.7	12.3	-2.8	2.9	7.3	3.1	1.6	2.0	2.1	2.0
Unit labour costs (US\$-based)	-1.8	12.9	4.1	-7.5	7.9	3.1	1.6	5.8	2.9	2.8
Labour costs per hour (£)	23.5 <sup>c</sup>	23.9 <sup>c</sup>	25.3 <sup>c</sup>	26.8 <sup>c</sup>	28.8 <sup>c</sup>	29.7	30.5	31.4	32.2	33.1
Labour costs per hour (US\$)	30.0 <sup>c</sup>	30.7 <sup>c</sup>	34.8 <sup>c</sup>	33.2 <sup>c</sup>	35.8 <sup>c</sup>	37.0	37.9	40.5	41.9	43.4

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> EIU estimates.

# Data summary: Current account and terms of trade

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Current account and terms of trade](#)

May 8th 2024

## Current account and terms of trade

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Current account (US\$ bn)</b>										
Current-account balance	-76.6	-78.3	-14.9	-100.5	-110.4	-97.5	-104.0	-109.0	-118.8	-124.3
Current-account balance (% of GDP)	-2.7	-2.9	-0.5	-3.2	-3.3	-2.8	-2.9	-2.9	-3.0	-3.0
Goods: exports fob	470.2	403.5	455.3	522.2	490.5	495.0	505.0	530.3	554.5	572.7
Goods: imports fob	-655.7	-568.4	-679.9	-794.0	-722.4	-735.4	-748.4	-816.0	-849.8	-897.2
Trade balance	-185.4	-164.9	-224.6	-271.6	-232.0	-240.3	-243.4	-285.7	-295.3	-324.5
Services: credit	431.9	398.6	473.8	506.5	584.2	608.7	648.5	700.4	738.5	786.0
Services: debit	-286.4	-218.5	-254.0	-321.6	-394.0	-412.4	-451.1	-472.1	-500.2	-525.2
Services balance	145.5	180.1	219.8	184.9	190.2	196.3	197.4	228.3	238.3	260.8
Primary income: credit	291.7	176.6	293.7	349.6	468.3	535.1	574.3	611.4	710.2	826.6
Primary income: debit	-294.3	-233.4	-276.6	-335.3	-511.7	-564.3	-607.2	-638.0	-748.1	-864.6
Primary income balance	-2.6	-56.8	17.1	14.3	-43.4	-29.2	-32.9	-26.7	-38.0	-38.0
Secondary income: credit	34.9	34.0	35.9	36.6	39.2	40.6	41.9	44.8	46.7	48.7
Secondary income: debit	-69.0	-70.4	-63.1	-64.8	-64.5	-64.9	-67.0	-69.6	-70.5	-71.3

## One-click report : United Kingdom ,October 2nd 2024

Secondary income balance	-34.1	-36.4	-27.2	-28.2	-25.3	-24.3	-25.1	-24.8	-23.8	-22.6
<b>Terms of trade</b>										
Export price index (US\$-based; 2010=100)	92.4	89.9	109.8	118.3	115.6	118.1	119.7	123.5	126.7	130.3
Export prices (% change)	-4.3	-2.7	22.1	7.8	-2.3	2.2	1.4	3.1	2.6	2.8
Import price index (US\$-based; 2010=100)	89.6	86.4	93.6	109.2	107.4	109.5	108.1	114.6	116.3	119.5
Import prices (% change)	-6.0	-3.6	8.4	16.6	-1.6	1.9	-1.3	6.0	1.5	2.8
Terms of trade (2010=100)	103.1	104.1	117.2	108.4	107.6	107.9	110.8	107.8	108.9	109.0
<b>Memorandum item</b>										
Export market growth (%)	1.2	-4.7	10.2	6.5	0.1	2.7	3.0	2.9	2.8	3.0

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

# Data summary: Foreign direct investment

[United Kingdom](#) | [Economy](#) | [Charts and tables](#) | [Foreign direct investment](#)

May 8th 2024

## Foreign direct investment

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
<b>Foreign direct investment (US\$ bn)</b>										
Inward FDI flows	19.7	157.2	6.0	44.9	-48.2	-2.8	31.0	56.7	73.9	78.6
Inward FDI flows (% of GDP)	0.7	5.8	0.2	1.4	-1.4	-0.1	0.9	1.5	1.9	1.9
Inward FDI flows (% of gross fixed investment)	3.8	33.3	1.1	7.9	-7.9	-0.4	5.1	8.8	11.1	11.5
Outward FDI flows	21.5	-16.4	-160.9	-124.9	-41.8	-128.2	-156.5	-166.1	-173.0	-180.1
Net FDI flows	41.2	140.8	-154.9	-80.0	-90.0	-131.0	-125.5	-109.4	-99.1	-101.6
Stock of inward FDI flows	2,317.0	2,548.0	2,562.0	2,606.9	2,558.7	2,555.9	2,586.9	2,643.6	2,717.5	2,796.1
Stock of inward FDI flows per head (US\$)	34,697	37,996	38,079	38,616	37,774	37,609	37,942	38,653	39,614	40,641
Stock of inward FDI flows (% of GDP)	81.2	94.3	81.5	84.1	76.5	73.9	72.4	69.3	68.2	67.4
<b>Memorandum items</b>										
Share of world inward FDI flows (%)	1.6	12.9	0.4	3.0	-3.1	-0.2	1.8	3.2	4.0	4.0
Share of world inward FDI stock (%)	6.8	7.5	6.8	6.3	5.8	5.6	5.4	5.3	5.2	5.2

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts.

## Political structure

[United Kingdom](#) | [Summary](#) | [Political structure](#)

July 5th 2024

### Official name

United Kingdom of Great Britain and Northern Ireland

### Form of state

Parliamentary monarchy

### Legal system

Based on statute and common law; no written constitution; Scotland has its own system

### National legislature

Bicameral; the House of Commons (the lower house of parliament) has 650 members directly elected on a first-past-the-post basis; the House of Lords (the upper house, with about 775 members) was reformed in 1999, when most hereditary peers lost their seats

### Electoral system

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## One-click report : United Kingdom ,October 2nd 2024

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Universal direct suffrage from the age of 18

### National elections

The last general election was held on July 4th 2024; the next will be in 2029

### Head of state

King Charles III, who acceded to the throne on September 8th 2022

### National government

Cabinet headed by the prime minister, who is appointed by the monarch on the basis of ability to form a government with the support of the House of Commons. The centre-left Labour Party will shortly be forming a majority government led by Keir Starmer

### Main political parties

Conservative Party; Labour Party; Liberal Democrats; Reform UK (formerly Brexit Party); Green Party; Scottish National Party (SNP); Plaid Cymru (Welsh National Party); Northern Ireland parties: Ulster Unionist Party (UUP), Democratic Unionist Party (DUP), Alliance Party, Social Democratic and Labour Party (SDLP), Sinn Fein

### The government

Prime minister: Outgoing: Rishi Sunak

## One-click report : United Kingdom ,October 2nd 2024

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Chancellor of the Duchy of Lancaster (and deputy prime minister): Oliver Dowden

Chancellor of the exchequer: Jeremy Hunt

Leader of the House of Commons: Penny Mordaunt

Leader of the House of Lords & Lord Privy Seal: Nicholas True

Parliamentary secretary to the Treasury & chief whip: Simon Hart

### **Secretaries of state**

Business & trade, women & equalities: Kemi Badenoch

Culture, media and sport: Lucy Frazer

Defence: Grant Shapps

Education: Gillian Keegan

Energy security & net zero: Claire Coutinho

Environment, food & rural affairs: Steve Barclay

Foreign, commonwealth & development: David Cameron

Health & social care: Victoria Atkins

Home Office: James Cleverly

Justice & Lord Chancellor: Alex Chalk

Levelling up, housing & communities: Michael Gove

Northern Ireland: Chris Heaton-Harris

## One-click report : United Kingdom ,October 2nd 2024

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Science, innovation & technology: Michelle Donelan

Scotland: Alister Jack

Transport: Mark Harper

Wales: David Davies

Without portfolio: Richard Holden

Work & pensions: Mel Stride

### Central bank governor

Andrew Bailey

## Basic data

[United Kingdom](#) | [Summary](#) | [Basic data](#)

July 5th 2024

### Land area

244,100 sq km (including inland water), of which 71% is arable and pasture land, 10% forest and 19% urban and other.  
England totals 130,400 sq km, Scotland 78,800 sq km, Wales 20,800 sq km and Northern Ireland 14,100 sq km

## One-click report : United Kingdom ,October 2nd 2024

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### Population

67m (official mid-year estimate, 2021)

### Main urban areas

Population in '000 (official mid-year estimates, 2021)

Greater London (capital): 8,797

West Midlands (Birmingham): 2,916

Greater Manchester: 2,868

West Yorkshire (Leeds): 2,350

Merseyside (Liverpool): 1,423

### Climate

Temperate

### Weather in London (altitude 5 metres)

Hottest month, July, 13-22°C; coldest month, January, 2-6°C; driest months, March and April, 37 mm average rainfall; wettest month, November, 64 mm average rainfall

### Language

## One-click report : United Kingdom ,October 2nd 2024

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English. Welsh is also spoken in Wales, and Gaelic in parts of Scotland

### Measures

Officially metric system, but the former UK imperial system is still widely used

### Currency

Pound (or pound sterling) = 100 pence

### Time

GMT (one hour ahead in summer)

### Fiscal year

April 1st-March 31st; tax year April 6th-April 5th

### Public holidays

January 1st (New Year's Day), March 29th (Good Friday), April 1st (Easter Monday), May 6th (Early May Bank Holiday), May 27th (Late May Bank Holiday), August 26th (Summer Bank Holiday), December 25th and 26th (Christmas Day and Boxing Day)

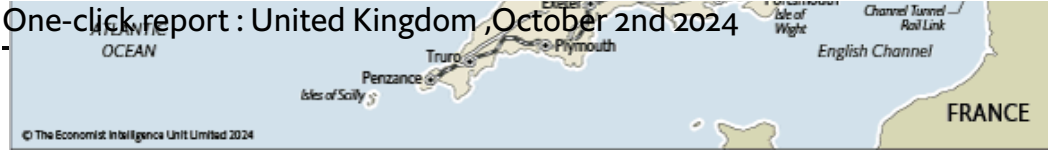
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## One-click report : United Kingdom ,October 2nd 2024

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### Symbols for tables

"o or o.o" means nil or negligible; "n/a" means not available; "-" means not applicable

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