



One-click report : United Kingdom

September 1st 2024

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Briefing sheet

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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 substantial majority for the centre-left Labour Party, after 14 years of Conservative government. The UK's first-past-the-post electoral system means that political fragmentation is less notable than in peer countries. 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.
- After a pick-up to 1.1% growth in 2024, we forecast 1.2% growth in 2025. 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). Labour's policy support for investment will provide further tailwinds for growth.

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- The US election in November 2024 presents notable risks for transatlantic relations and UK economic growth. Should Donald Trump win (our core forecast), we would expect strains over policy towards the Middle East and probable 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.

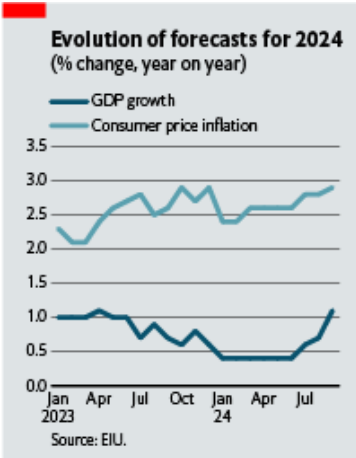
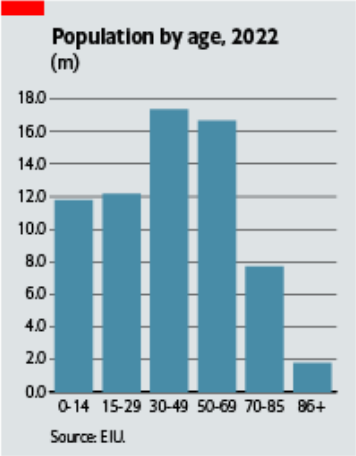
Key indicators

| | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Real GDP growth (%) | 0.1 | 1.1 | 1.2 | 1.6 | 1.6 | 1.5 |
| Consumer price inflation (av; %) | 6.8 | 2.9 | 2.0 | 2.0 | 2.0 | 1.9 |
| Government balance (% of GDP) | -5.6 | -4.1 | -3.5 | -2.8 | -2.3 | -1.9 |
| Current-account balance (% of GDP) | -3.3 | -3.0 | -3.0 | -3.3 | -3.2 | -2.9 |
| Short-term interest rate (av; %) | 5.0 | 5.2 | 4.4 | 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 | 0.80 | 0.79 | 0.79 |

^a Actual. ^b EIU forecasts.

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Market opportunities



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Key changes since August 6th

- Riots took place in over a dozen cities in England and Northern Ireland in early August following a knife attack that killed three children in Southport, with violent protests fuelled by social media amid (untrue) claims that the attacker was a Muslim immigrant.
- The prime minister, Keir Starmer, responded quickly to restore law and order. Over 1,000 people were arrested. Polls show a broadly supportive view of the government's response, but the incident has highlighted capacity pressures on the prison system.
- The government has laid the groundwork for tax rises in the budget on October 30th, with the chancellor, Rachel Reeves, and Mr Starmer warning of tough choices ahead. This focus on fiscal probity will limit the government's ability to boost growth.
- On August 1st the Bank of England (BoE, the central bank) cut its policy interest rate by 25 basis points to 5%, after inflation stabilised in June. This was as we expected, but we have revised our forecast from two more rate cuts in 2024, to just one, of 25 basis points.
- Second-quarter real GDP data showed a stronger than expected quarterly expansion of 0.6%, slowing only slightly from 0.7% in the first quarter. In response, we have revised up our forecast for annual economic growth this year from 0.7% to 1.1%.

The month ahead

- September 18th—Consumer price inflation (August): Headline inflation has stabilised just above the BoE's target since April, with services price inflation proving persistent. We continue to expect a slight uptick in the headline

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rate later this year as a result of base effects, and expect the BoE to keep rates on hold at its meeting on September 19th.

- October 14th—International investment summit: The government will host some 300 industry leaders in the hope of underscoring its message that the country is open for business. Labour’s plan to boost growth depends on accelerating private-sector investment, and this summit will provide an initial indication of progress on this front.

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](#)

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Forecast summary

(% unless otherwise indicated)

| | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Real GDP (% change) | 0.1 | 1.1 | 1.2 | 1.6 | 1.6 | 1.5 |
| Industrial production (% change) | -0.4 | 0.3 | 1.1 | 1.7 | 2.1 | 2.0 |
| 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 | 2.9 | 2.0 | 2.0 | 2.0 | 1.9 |
| 3-month £-LIBOR rate (av) | 5.0 | 5.2 | 4.4 | 3.3 | 3.0 | 2.9 |
| Bank of England base rate (end-period) | 5.25 | 4.75 | 3.50 | 3.00 | 3.00 | 3.00 |
| Government budget balance (% of GDP) ^c | -5.6 | -4.1 | -3.5 | -2.8 | -2.3 | -1.9 |
| Exports of goods fob (US\$ bn) | 491 | 504 | 522 | 525 | 531 | 547 |
| Imports of goods fob (US\$ bn) | -722 | -749 | -771 | -815 | -830 | -847 |
| Current-account balance (US\$ bn) | -110.4 | -106.3 | -110.5 | -124.6 | -125.6 | -118.2 |
| Current-account balance (% of GDP) | -3.3 | -3.0 | -3.0 | -3.3 | -3.2 | -2.9 |
| Exchange rate US\$:£ (av) | 1.24 | 1.27 | 1.26 | 1.25 | 1.26 | 1.27 |
| Exchange rate ¥:£ (av) | 174.7 | 190.0 | 172.6 | 160.6 | 158.4 | 159.4 |

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| | | | | | | |
|------------------------|------|------|------|------|------|------|
| Exchange rate €:£ (av) | 1.15 | 1.17 | 1.17 | 1.17 | 1.19 | 1.21 |
|------------------------|------|------|------|------|------|------|

^a Actual. ^b EIU forecasts. ^c General government.

Political stability

United Kingdom | Politics | Forecast | Political stability

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The Labour Party government elected in July 2024, led by Keir Starmer as prime minister, has a large working majority of over 170 seats in parliament. EIU expects it to prove stable and effective, and serve its full term to 2029. Progress in policymaking has already accelerated compared with the previous Conservative government. However, an insistence on fiscal rectitude will limit Labour’s ability to successfully address the UK’s structural challenges.

Labour’s initial honeymoon period was interrupted by social unrest in August, with riots in more than a dozen cities following a knife attack that killed three children in Southport. Mr Starmer responded quickly, with a tough approach aimed at restoring law and order, and over 1,000 people were arrested. Polls suggest that the public was broadly supportive of this response, but his approval rating has declined back to where it was before the election. The incident also highlighted overcapacity pressures on the prison system, which is one of the UK’s public services—alongside the National Health Service (NHS)—in most urgent need of reform and investment after years of austerity. We expect progress in addressing problems in the public services to be difficult.

Mr Starmer and Rachel Reeves, the chancellor of the exchequer, have also warned, since taking office, that the public finances are in worse shape than they had anticipated. They place the blame for this squarely on the Conservatives, although their own decisions have also contributed (notably on raising public-sector wages). They have announced

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that spending will be trimmed on capital investment projects, and are now laying the groundwork for tax rises in the autumn budget that will take place on October 30th. Tax rises will be unpopular, not least given Labour's insistence before the election that it would not raise taxes on working people. We expect some public disappointment, but with such a large working majority even some erosion of party unity will not slow policymaking.

Mr Starmer's chief of staff and many of the advisers in his cabinet are senior civil servants. Their expertise will inform the execution of Mr Starmer's ideas, and, unlike former Conservative governments, they will seek to harness the power of the civil service rather than working against it. We expect this to be less antagonistic and more effective, and expect powerful changes to planning and investment policy that will help to raise medium-term growth.

The Conservative Party is the main opposition party, and is facing its sixth leadership contest in a decade, to be concluded on November 2nd. Given who will vote in this leadership election—Conservative members of parliament (MPs) 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 are hemmed in on the right by Reform UK, an anti-immigration party led by Nigel Farage that will benefit from substantial media attention, and 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](#)

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At the July 2024 general election Labour won 411 seats. 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

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from the Conservatives, and also won back seats in Scotland's central belt from the Scottish National Party (SNP). With its support geographically well spread out, Labour benefited from the UK's first-past-the-post electoral system. The Conservatives recorded a historic defeat, losing 251 constituencies. The Lib Dems won their highest number of seats ever, at 72, but in terms of vote share, their 12% was outstripped by the 14% won by Reform UK, which entered parliament for the first time, with five seats. Reform UK's rise contributed to the Conservatives' decline, as in many constituencies this split the right-wing vote.

The next elections in the UK will be local elections in May 2025. The next general election will be in 2029.

International relations

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

September 1st 2024

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, in line with the rest of Europe. 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. Labour is pushing for greater co-ordination with the EU on defence and security matters, and an initial treaty with Germany is close to completion.

The US election in November presents significant risks for transatlantic relations. Should Donald Trump win the US presidency (our core forecast, but with a high degree of uncertainty), his 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

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Mr Starmer's more traditional foreign policy approach. On the Ukraine war, the Israel-Hamas war (where Labour MPs and members are more likely to be pro-Palestine) and Mr Trump's proposed blanket import tariffs, we there could be strains with the US.

The UK's relationship with the EU has stabilised since the Brexit negotiations (2017-20). If Mr Trump wins the US presidential election, UK-EU relations should strengthen further, especially on foreign policy and defence matters. 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 Labour government is likely to accept EU rulemaking in exchange for greater market access in some areas, probably including chemical regulations, artificial intelligence 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

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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 ambitious elements of its plans, such as reforming the UK's restrictive planning rules in order to accelerate

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investment and construction, especially of houses (with a pledge to build 1.5m new homes in five years) and infrastructure.

Mr Starmer has proposed strategic partnerships with industry to support innovation and new technology, and will host an International Investment Summit in October to attract private-sector investors. The government has established a National Wealth Fund of £7.3bn (US\$9.4bn) to deliver green infrastructure, and set up a state-owned company, GB Energy, to facilitate this. Corporation tax will be capped at the current level of 25%, and he has pledged 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. However, following what Ms Reeves, has described as an "undisclosed" £22bn fiscal hole inherited from the Conservative government, we expect further tax rises in the autumn budget.

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, 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

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Avoiding the sort of market panic triggered in 2022 by the short-lived premiership of Liz Truss is a priority, and so the new Labour government is taking a prudent approach to the public finances. However, with economic growth likely to pick up only gradually, new borrowing is likely to become necessary. We expect Ms 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 also expect tax rises in the budget in the form of inheritance and capital gains tax, in the light of the £22bn fiscal overspend that Ms Reeves argues has been left by the Conservatives. 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 greater risk is rather that excessive caution on spending will jeopardise the government's stated intention to boost growth (and so fiscal receipts).

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 Labour 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 lead to more workers falling into higher tax brackets by virtue of inflation as time passes, helping to boost revenue.

Monetary policy

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The Bank of England (BoE, the central bank) cut interest rates by 25 basis points to 5% on August 1st, after 14 consecutive rises. This was after the first cut by the European Central Bank (ECB), in June, but before the US Federal Reserve, which we expect to follow suit in September. The headline inflation rate has stabilised since April at just above the BoE's 2% target, with a further decline prevented by still elevated services price inflation and wage growth, and with base effects likely to push up the annual inflation rate later this year. We expect one further cut in November 2024, resulting in a cumulative easing of 50 basis points this year. We forecast a year-end policy rate of 4.75%, 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](#)

September 1st 2024

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|-------|------|------|------|------|------|
| Economic growth (%) | | | | | | |
| US GDP | 2.5 | 2.4 | 1.4 | 1.9 | 2.0 | 2.0 |
| Developed economies GDP | 1.6 | 1.6 | 1.5 | 1.6 | 1.7 | 1.8 |
| EU27 GDP | 0.6 | 1.1 | 1.6 | 1.6 | 1.6 | 1.7 |
| World GDP | 2.6 | 2.5 | 2.6 | 2.6 | 2.7 | 2.7 |
| World trade | -0.9 | 2.8 | 3.4 | 3.3 | 3.2 | 3.1 |
| Inflation indicators (% unless otherwise indicated) | | | | | | |
| US CPI | 4.1 | 3.0 | 2.6 | 2.8 | 2.5 | 2.6 |
| Developed economies CPI | 4.5 | 2.7 | 2.3 | 2.2 | 2.1 | 2.1 |
| EU27 CPI | 6.1 | 2.6 | 2.4 | 2.1 | 2.1 | 2.0 |
| Manufactures (measured in US\$) | 3.8 | 1.1 | 3.5 | 3.3 | 2.5 | 7.3 |
| Oil (Brent; US\$/b) | 82.6 | 83.1 | 81.3 | 76.4 | 73.0 | 70.5 |
| Non-oil commodities (measured in US\$) | -15.1 | -0.7 | -1.1 | -1.1 | 1.1 | 1.0 |
| Financial variables | | | | | | |
| US\$ 3-month commercial paper rate (av; %) | 5.1 | 5.1 | 4.3 | 3.8 | 3.3 | 2.8 |

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| | | | | | | |
|----------------------------------|------|------|------|------|------|------|
| € 3-month interbank rate (av; %) | 3.4 | 3.6 | 2.7 | 1.9 | 1.8 | 1.8 |
| US\$:£ (av) | 1.24 | 1.27 | 1.26 | 1.25 | 1.26 | 1.27 |
| US\$:€ (av) | 1.08 | 1.08 | 1.08 | 1.07 | 1.06 | 1.05 |

Economic growth

United Kingdom | Economy | Forecast | Economic growth

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The UK has seen the second-slowest growth in the G7 group of economies since the pandemic began as poor productivity growth and trade frictions with the EU in the wake of Brexit have compounded challenges from high inflation and interest rates. However, growth picked up in the first half of 2024 and we forecast 1.1% growth this year. In 2025 we forecast that growth will stabilise, at 1.2%. 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 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 external context should boost export-oriented businesses, although should Mr Trump win the US election (our core forecast, albeit with a high degree of uncertainty), new blanket import tariffs, which we forecast would average between 5% and 10%, would make for a more complex trading environment. We would expect an uptick in exports in 2025 as US firms stocked up before import tariffs were imposed in the fourth quarter, and slower growth in 2026. The renewal of the UK’s TCA with the EU in 2025 may result in some modest improvements to trade in sectors

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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), growing by more than industry and agriculture. 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. The main upside risk to our forecasts at present is that Kamala Harris wins the US election. In this scenario we would expect UK growth to be 0.1 percentage points stronger in each year in 2025-27, with higher investment, industrial production and exports.

Economic growth

| % | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GDP | 0.1 | 1.1 | 1.2 | 1.6 | 1.6 | 1.5 |
| Private consumption | 0.1 | 0.6 | 1.5 | 1.6 | 1.7 | 1.6 |
| Government consumption | 0.5 | 2.0 | 1.3 | 1.4 | 1.4 | 1.3 |
| Gross fixed investment | 2.2 | 1.1 | 1.2 | 1.9 | 2.0 | 2.0 |
| Exports of goods & services | -0.5 | 0.4 | 2.4 | 1.7 | 1.7 | 1.7 |
| Imports of goods & services | -1.5 | 1.4 | 2.7 | 2.1 | 1.8 | 2.0 |
| Domestic demand | -0.1 | 1.0 | 1.4 | 1.7 | 1.7 | 1.6 |
| Agriculture | 0.0 | 2.4 | 0.3 | 0.7 | 0.7 | 0.6 |
| Industry | 0.4 | 0.9 | 0.7 | 1.5 | 1.6 | 1.6 |
| Services | 0.3 | 1.2 | 1.3 | 1.6 | 1.6 | 1.5 |

^a Actual. ^b EIU forecasts.

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Inflation

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

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Headline consumer price inflation has stabilised at just above the BoE's target of 2% since April, amid still-high services price inflation, after declining sharply over the course of 2023. Inflation will pick up slightly in the coming months as base effects prove bumpy and some upside pressures persist, most notably from services prices, which are still rising robustly, not least reflecting rising wages. This will limit the pace of monetary easing. Moreover, on the measure that we use in our forecasts, which includes owner-occupiers' housing costs, inflation remains significantly higher, at 3.1% in July. This reflects a steep rise in mortgage interest payments, which has not yet fully played out, with the BoE estimating that another 3m households will shift onto higher interest rates on their mortgages in the next two years. We expect inflation to ease to an annual average of 2% on this measure in 2026-28.

Exchange rates

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After closing 2023 at US\$1.27:£1, sterling will remain steady against the US dollar on average in 2024. US growth, which remains reasonably strong, is currently supporting the dollar, and although we expect some volatility around the start of US monetary easing in September and the US election in November, the policies that we would expect to be introduced by Mr Trump would further strengthen the dollar. We therefore expect the pound to weaken slightly in

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2025-26 to US\$1.25:£1, before strengthening again thereafter as UK growth returns to trend, and closing our five-year forecast period in 2028 back at about US\$1.27:£1.

External sector

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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 average 3.1% of GDP in our forecast period, with an expansion to 3.3% in 2026 given the UK's exposure to US import tariffs.

Country forecast overview: Business environment rankings

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

August 14th 2024

| Value of index ^a | | Global rank ^b | | Regional rank ^c | |
|-----------------------------|---------|--------------------------|---------|----------------------------|---------|
| 2019-23 | 2024-28 | 2019-23 | 2024-28 | 2019-23 | 2024-28 |
| 7.83 | 7.94 | 15 | 16 | 9 | 9 |

^a Out of 10. ^b Out of 82 geographies. ^c 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 falls by one place in the global ranking, while its regional ranking remained unchanged in 2024-28. Brexit has worsened the UK’s terms of trade, but the country’s strengths—a pro-business policy stance, a welcoming attitude to foreign investment, and flexible labour and product markets—will continue.

Business environment at a glance

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

August 14th 2024

Policy towards private enterprise and competition

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2024-25: Greater state intervention in utilities and rail, as well as reform of the UK's restrictive planning rules in order to accelerate investment and construction, especially of houses.

2026-28: New state aid rules are implemented. Potential for further state intervention as 2029 election approaches.

Policy towards foreign investment

2024-25: Continued openness to investment, but increased scrutiny in sectors considered sensitive to national security. 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.

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

Taxes

2024-25: Limited fiscal space and rising borrowing costs force significant tax rises. Freezing of income- and inheritance-tax bands and increased tax for non-domiciled tax residents and private school fees leads to real-terms tax rises.

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

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

Financing

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

2026-28: 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 is complicated by hardening attitudes to migration.

Infrastructure

2024-25: Spending on housing, transport and energy. Offshore oil and gas exploration expansion under threat, 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

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

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) ^a | | Europe (av) ^a | |
| 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 |
| 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 |
| Food and beverages | | | | |
| 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 |

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

| | | | | |
|---|-------------------|--------|--------|--------|
| Coffee & tea consumption (kg per person) | 3.3 | 4.5 | 3.6 | 5.0 |
| Consumer goods in use (per 1,000 population) | | | | |
| 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 |
| Households | | | | |
| 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 |
| Income and income distribution | | | | |
| 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 ^b | – | – | – |

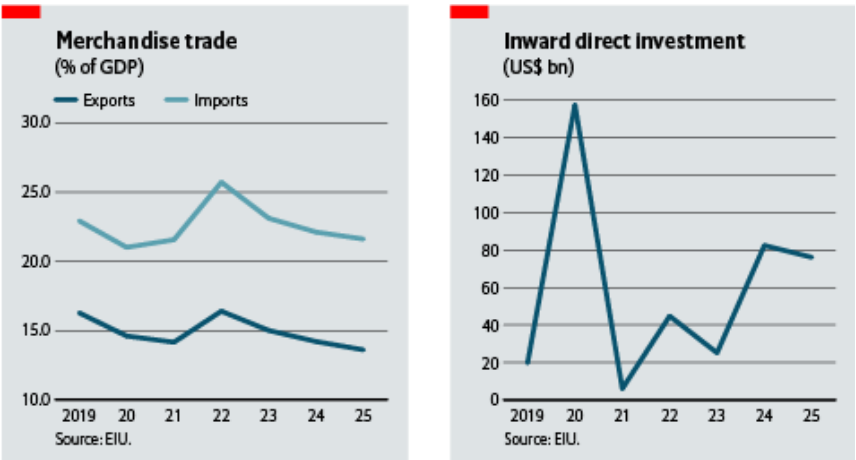
^a Austria, Azerbaijan, Belgium, Bulgaria ,Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom. ^b Latest available year.

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

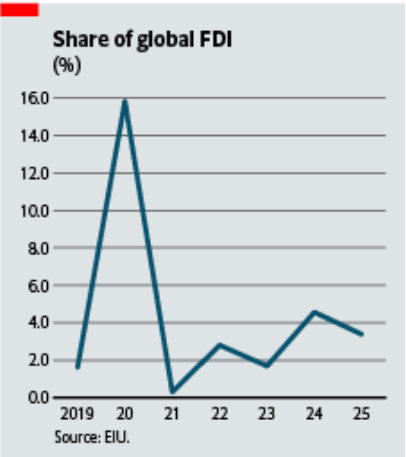
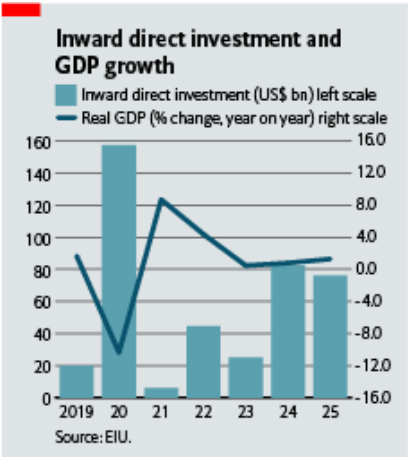
December 1st 2023



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

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

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

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

- 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 |
|--|---------|---------|---------|
| Population and labour force (% change; annual av) | | | |
| 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 |
| Growth and productivity (% change; annual av) | | | |
| Growth of real GDP per head | 1.0 | 1.3 | 1.2 |
| Growth of real GDP | 1.3 | 1.5 | 1.4 |

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

| | | | |
|----------------------------------|-----|-----|-----|
| 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.

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

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

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.

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

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

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 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 |

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

| | | | |
|---|---------|---------|---------|
| 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 |
| 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

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

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, 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.

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- 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 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.

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

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](#)

August 20th 2024

- Household consumption accounts for two-thirds of annual UK GDP, a similar share to the US and the largest of all major European economies. Household income per head is relatively high, but this masks large inequalities across

<https://viewpoint.eiu.com>

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

the 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 UK real wages remain close to their level in the mid-2000s. This and other factors have contributed to a gradual deterioration in UK living standards over the past decade. Official data show that recorded shoplifting offences rose to a 20-year high in the first half of 2024.

- Retail is an important economic sector, 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. EIU forecasts modest retail volume growth in 2024-25 (after two years of decline), amid lower inflation and energy tariffs, a gradual fall in interest rates, public-sector wage gains, and an expected more stable political and business environment under the new centre-left Labour Party government. Economic activity, discretionary retail spending and sentiment will remain fairly subdued, however, against a backdrop of structurally higher living costs, further tax rises, still relatively tight monetary policy and lacklustre economic growth.
- The UK is Europe’s largest online retail market. After weakening over 2022-23, online volume sales will rise gradually in 2024 and over the forecast period, lifting the online share of retail sales to nearly 28% by 2028 (from 17.5% in 2019). Online grocery retail penetration is higher than in most peer countries.
- Strained EU-UK relations will improve gradually, amid a ”diplomatic reset” by the Labour government and in response to post-Brexit economic realities for both sides. A review of the EU-UK Trade and Co-operation Agreement in 2025 may lead to more harmonised regulations in veterinary standards that could bolster UK agri-food trade. Overall, however, the UK’s ”third country” status implies that firms will continue to face significant non-tariff trade barriers with the EU. The UK’s position outside the single market and customs union means that the scope for UK-EU trade liberalisation is fairly limited.

Retail sales

| | 2019 ^a | 2020 ^b | 2021 ^b | 2022 ^b | 2023 ^b | 2024 ^c | 2025 ^c | 2026 ^c | 2027 ^c | 2028 ^c |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | | | | | | | |

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

| | | | | | | | | | | |
|-------------------------------------|-------|--------------------|------------------|------------------|------------------|-------|-------|-------|-------|-------|
| Retail sales (£ bn) | 425.1 | 433.7 | 450.7 | 471.1 | 488.6 | 506.3 | 522.2 | 538.0 | 554.5 | 571.8 |
| Retail sales (US\$ bn) | 543.0 | 556.7 | 620.2 | 583.0 | 607.7 | 641.7 | 661.5 | 694.0 | 720.8 | 749.1 |
| Retail sales, volume growth (%) | 2.4 | 1.0 | 1.4 | -3.1 | -2.9 | 0.8 | 1.1 | 1.0 | 1.1 | 1.2 |
| Retail sales, US\$ value growth (%) | -0.4 | 2.5 | 11.4 | -6.0 | 4.2 | 5.6 | 3.1 | 4.9 | 3.9 | 3.9 |
| Non-food retail sales (US\$ bn) | 295.2 | 295.4 ^a | 338.7 | 309.3 | 317.8 | 334.0 | 344.2 | 362.0 | 377.2 | 393.2 |
| Food retail sales (US\$ bn) | 247.7 | 261.3 | 281.5 | 273.7 | 290.0 | 307.7 | 317.3 | 332.0 | 343.6 | 355.9 |
| Consumer price inflation (av; %) | 1.7 | 1.0 ^a | 2.5 ^a | 7.9 ^a | 6.8 ^a | 2.8 | 2.0 | 2.0 | 2.0 | 1.9 |

^a Actual. ^b EIU estimates. ^c EIU forecasts.

Sources: Flywheel Retail Insights; EIU.

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

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

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.
- 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 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b | 2033 ^b |
|--|----------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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 ^c | 148,488 ^c | 147,673 | 145,320 | 144,661 | 143,849 | 139,786 | 136,315 |
| Gross domestic energy consumption (% change, year on year) | -3.2 ^c | -3.4 ^c | -0.5 | -1.6 | -0.5 | -0.6 | -2.8 | -0.6 |

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

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

^a Actual. ^b EIU forecasts. ^c EIU estimates.

Sources: EIU; World energy balances © OECD/IEA 2024 IEA statistics, www.iea.org/data-and-statistics, licence: 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.

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

- 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 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.

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

- 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.
- 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

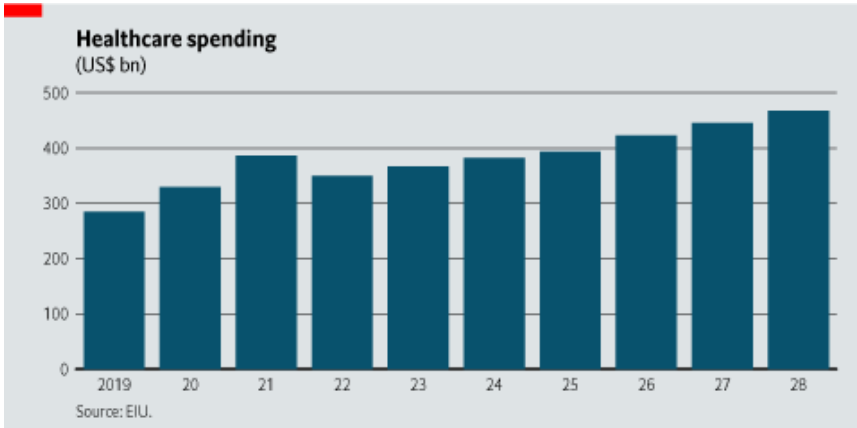
Overview

- 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

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

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.
- 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

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

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

- 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 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^b | 2024 ^c | 2025 ^c | 2026 ^c | 2027 ^c | 2028 ^c |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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 |

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

| | | | | | | | | | | |
|--|------|------|------|------------------|------|------|------|------|------|------|
| 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 ^b | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

^a Actual. ^b EIU estimates. ^c 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%).

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

- 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 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](#)

August 9th 2024

- The UK is ahead of many European countries in 5G deployment, largely owing to a clear policy. The country's largest mobile operators have all launched 5G services, although speed remains below expectations. The country favours a light-touch approach to regulation, but is stricter on competition.
- The centre-left Labour government, which took office following a general election on July 4th 2024, has included two pieces of technology-related legislation in its forthcoming parliamentary programme: a Digital Information

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

and Smart Data Bill, and a Cyber Security and Resilience Bill.

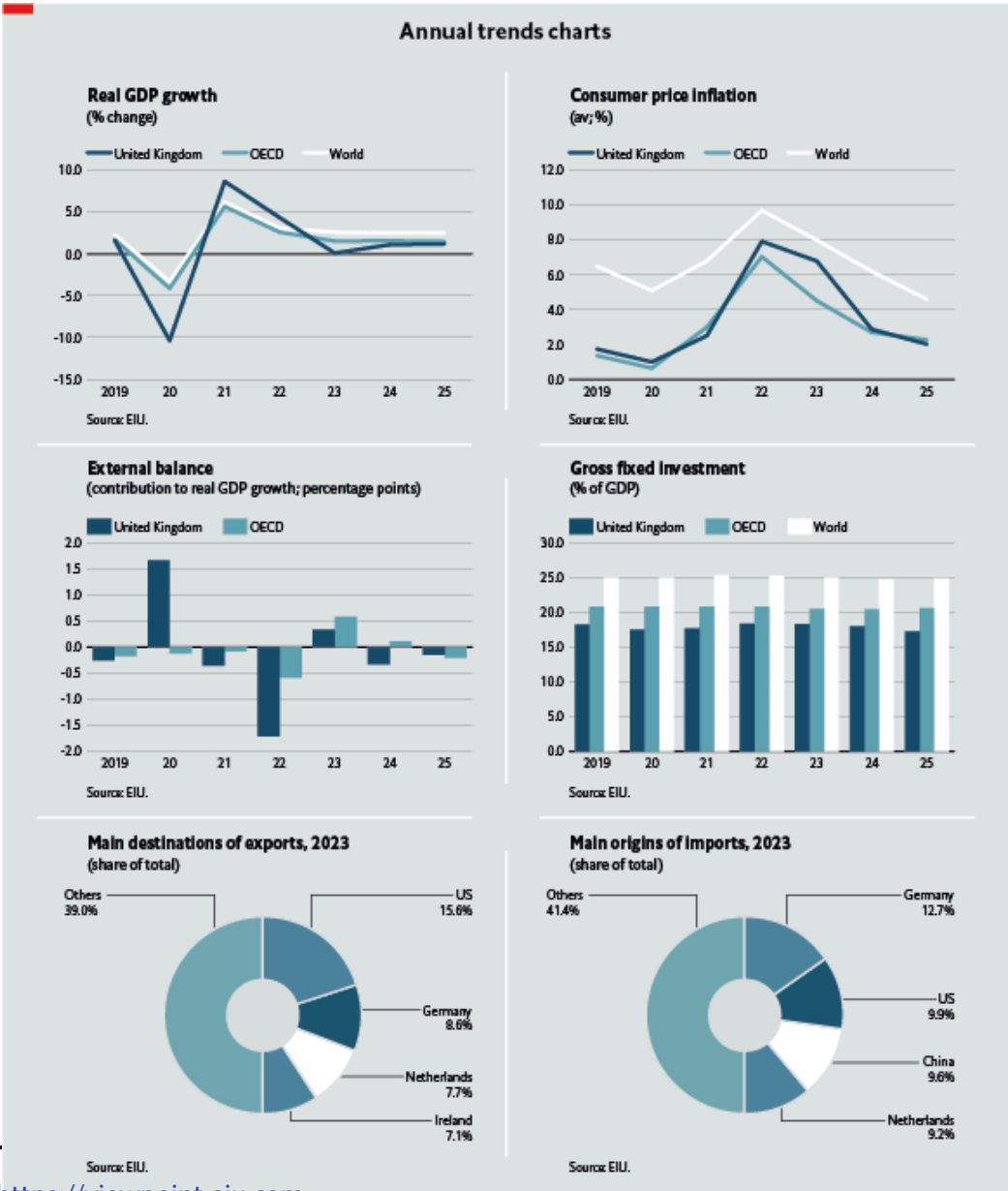
- Mobile telephony makes up the majority of telecommunications connections in the UK. The mobile penetration rate has levelled off in recent years amid a saturated market. EIU expects a moderate rise over the forecast period to 123.7% in 2028.
- In 2023 there were an estimated 41.7 broadband subscriptions per 100 people. Internet user penetration was at an estimated 95.6% of the population in 2023, which we expect to rise slightly to 96.4% by 2028.

Data and charts: Annual trends charts

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

September 1st 2024

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



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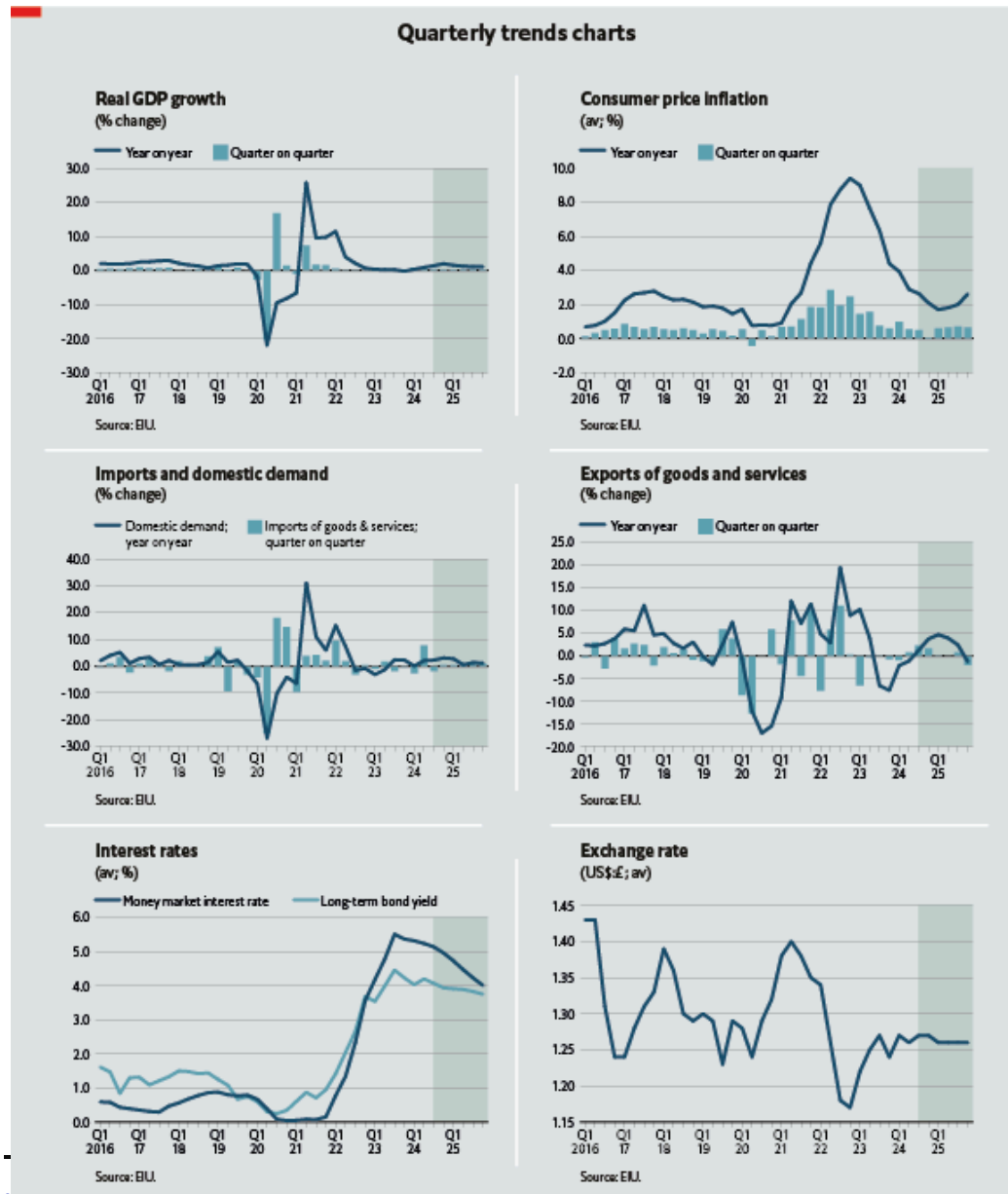
One-click report : United Kingdom ,October 2nd 2024

Data and charts: Quarterly trends charts

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

September 1st 2024

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



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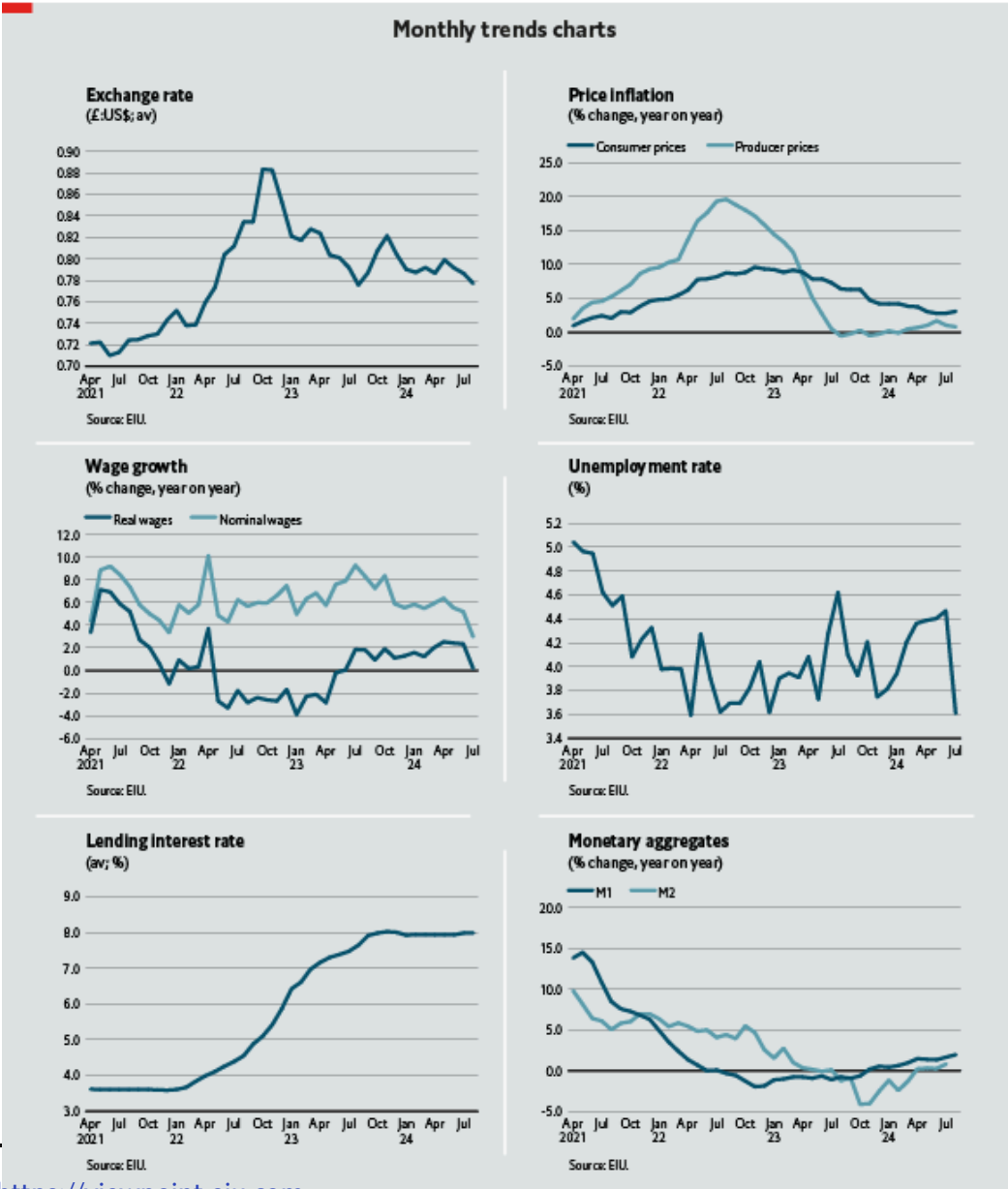
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Data and charts: Monthly trends charts

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September 1st 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](#)

August 14th 2024

Gross domestic product, at current market prices

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenditure on GDP (£ bn at current market prices) | | | | | | | | | | |
| GDP | 2,233.9 | 2,104.3 | 2,284.1 | 2,506.0 | 2,687.2 | 2,799.0 | 2,879.7 | 2,974.6 | 3,082.2 | 3,205.4 |
| Private consumption | 1,427.9 | 1,246.1 | 1,369.3 | 1,550.3 | 1,661.3 | 1,743.5 | 1,811.1 | 1,881.2 | 1,952.9 | 2,026.4 |
| Government consumption | 426.6 | 475.6 | 508.7 | 526.2 | 557.1 | 587.8 | 614.9 | 642.1 | 670.5 | 698.8 |
| Gross fixed investment | 406.4 | 367.5 | 403.8 | 459.4 | 490.9 | 501.8 | 496.9 | 506.4 | 516.8 | 527.3 |
| Exports of goods & services | 706.7 | 624.8 | 676.0 | 837.8 | 864.5 | 877.9 | 904.1 | 931.2 | 965.2 | 1,000.6 |
| Imports of goods & services | 737.9 | 612.0 | 679.5 | 904.6 | 897.9 | 912.6 | 950.8 | 990.3 | 1,025.7 | 1,051.8 |
| 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 | 2,833.6 | 2,926.4 | 3,033.7 | 3,142.7 | 3,256.6 |
| Expenditure on GDP (US\$ bn at current market prices) | | | | | | | | | | |
| GDP | 2,853.5 | 2,701.3 | 3,143.1 | 3,100.8 | 3,342.5 | 3,547.3 | 3,648.0 | 3,837.3 | 4,006.8 | 4,199.1 |
| Private consumption | 1,824.0 | 1,599.6 | 1,884.3 | 1,918.2 | 2,066.5 | 2,209.7 | 2,294.3 | 2,426.7 | 2,538.8 | 2,654.6 |

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

| | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Government consumption | 544.9 | 610.6 | 700.0 | 651.1 | 692.9 | 745.0 | 778.9 | 828.3 | 871.7 | 915.5 |
| Gross fixed investment | 519.1 | 471.8 | 555.7 | 568.5 | 610.6 | 635.9 | 629.5 | 653.3 | 671.8 | 690.8 |
| Exports of goods & services | 902.7 | 802.1 | 930.3 | 1,036.6 | 1,075.4 | 1,112.7 | 1,145.3 | 1,201.3 | 1,254.7 | 1,310.8 |
| Imports of goods & services | 942.5 | 785.6 | 935.1 | 1,119.3 | 1,116.9 | 1,156.6 | 1,204.5 | 1,277.5 | 1,333.4 | 1,377.9 |
| 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 | 3,591.2 | 3,707.1 | 3,913.5 | 4,085.5 | 4,266.2 |
| Economic structure (% of GDP at current market prices) | | | | | | | | | | |
| Household consumption | 63.9 | 59.2 | 60.0 | 61.9 | 61.8 | 62.3 | 62.9 | 63.2 | 63.4 | 63.2 |
| Government consumption | 19.1 | 22.6 | 22.3 | 21.0 | 20.7 | 21.0 | 21.4 | 21.6 | 21.8 | 21.8 |
| Gross fixed investment | 18.2 | 17.5 | 17.7 | 18.3 | 18.3 | 17.9 | 17.3 | 17.0 | 16.8 | 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 | 31.4 | 31.4 | 31.3 | 31.3 | 31.2 |
| Imports of goods & services | 33.0 | 29.1 | 29.8 | 36.1 | 33.4 | 32.6 | 33.0 | 33.3 | 33.3 | 32.8 |
| Memorandum item | | | | | | | | | | |
| National savings ratio (%) | 15.7 | 14.7 | 17.5 | 15.4 | 14.5 | 14.6 | 14.2 | 14.2 | 14.0 | 13.4 |

^a Actual. ^b EIU forecasts.

Data summary: Gross domestic product, at constant prices

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

August 14th 2024

Gross domestic product, at constant prices

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Real expenditure on GDP (£ bn at 2019 prices) | | | | | | | | | | |
| GDP | 2,233.9 | 2,002.5 | 2,176.2 | 2,270.8 | 2,273.1 | 2,288.0 | 2,315.0 | 2,351.2 | 2,388.0 | 2,422.6 |
| Household consumption | 1,427.9 | 1,238.7 | 1,330.8 | 1,396.0 | 1,398.1 | 1,406.0 | 1,428.1 | 1,451.4 | 1,475.8 | 1,499.8 |
| Government consumption | 426.6 | 393.0 | 451.5 | 461.7 | 464.1 | 472.0 | 479.5 | 486.3 | 493.1 | 499.5 |
| Gross fixed investment | 406.4 | 362.7 | 389.7 | 420.9 | 430.1 | 433.1 | 438.6 | 447.0 | 456.1 | 465.4 |
| Exports of goods & services | 706.7 | 625.6 | 656.6 | 715.4 | 711.8 | 705.9 | 714.2 | 726.3 | 738.5 | 751.2 |
| Imports of goods & services | 737.9 | 619.8 | 657.9 | 754.0 | 742.7 | 736.2 | 757.4 | 772.3 | 788.2 | 805.9 |
| Stockbuilding (% of GDP) | 1.3 | 2.5 | -1.7 | 19.5 | -0.1 | -4.4 | 0.5 | 1.0 | 1.1 | 1.0 |
| Domestic demand | 2,265.0 | 1,996.4 | 2,177.2 | 2,280.6 | 2,279.3 | 2,291.5 | 2,332.6 | 2,371.0 | 2,411.7 | 2,451.3 |
| Real expenditure on GDP (% change) | | | | | | | | | | |
| GDP | 1.6 | -10.4 | 8.7 | 4.3 | 0.1 | 0.7 | 1.2 | 1.6 | 1.6 | 1.5 |
| Household consumption | 1.1 | -13.3 | 7.4 | 4.9 | 0.1 | 0.6 | 1.6 | 1.6 | 1.7 | 1.6 |
| Government consumption | 4.0 | -7.9 | 14.9 | 2.3 | 0.5 | 1.7 | 1.6 | 1.4 | 1.4 | 1.3 |
| Gross fixed investment | 2.2 | -10.8 | 7.4 | 8.0 | 2.2 | 0.7 | 1.3 | 1.9 | 2.0 | 2.0 |

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

| | | | | | | | | | | |
|---|------|-------|------|------|------|------|------|------|------|------|
| Exports of goods & services | 2.0 | -11.5 | 4.9 | 9.0 | -0.5 | -0.8 | 1.2 | 1.7 | 1.7 | 1.7 |
| Imports of goods & services | 2.7 | -16.0 | 6.1 | 14.6 | -1.5 | -0.9 | 2.9 | 2.0 | 2.1 | 2.2 |
| Stockbuilding (% contribution to GDP growth) | 0.0 | 0.1 | -0.2 | 1.0 | -0.9 | -0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| Domestic demand | 1.8 | -11.9 | 9.1 | 4.7 | -0.1 | 0.5 | 1.8 | 1.6 | 1.7 | 1.6 |
| Real contribution to GDP growth (% points) | | | | | | | | | | |
| 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 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Gross fixed investment | 0.4 | -2.0 | 1.3 | 1.4 | 0.4 | 0.1 | 0.2 | 0.4 | 0.4 | 0.4 |
| External balance | -0.3 | 1.7 | -0.4 | -1.7 | 0.3 | 0.0 | -0.6 | -0.1 | -0.2 | -0.2 |
| Memorandum items | | | | | | | | | | |
| Industrial production (% change) | 1.7 | 2.3 | -3.9 | -3.4 | -0.4 | 0.7 | 0.9 | 2.0 | 2.2 | 2.0 |
| Real personal disposable income (% change) | 2.1 | -0.5 | 1.4 | -1.4 | 2.1 | -1.5 | 1.2 | 1.5 | 1.7 | 1.6 |

^a Actual. ^b EIU forecasts.

Data summary: Gross domestic product by sector of origin

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

August 14th 2024

Gross domestic product by sector of origin

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Origin of GDP (£ bn at constant 2018 prices) | | | | | | | | | | |
| GDP at factor cost | 1,995.7 | 1,796.9 | 1,948.3 | 2,034.1 | 2,041.1 | 2,054.4 | 2,078.7 | 2,111.2 | 2,144.2 | 2,175.3 |
| 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 | 390.3 | 392.2 | 397.8 | 404.0 | 410.1 |
| Services | 1,585.5 | 1,397.3 | 1,549.7 | 1,636.4 | 1,641.7 | 1,652.3 | 1,674.7 | 1,701.5 | 1,728.2 | 1,753.2 |
| Origin of GDP (real % change) | | | | | | | | | | |
| Agriculture | 16.8 | -9.3 | -6.8 | 1.5 | 0.0 | 1.9 | 0.3 | 0.7 | 0.7 | 0.5 |
| Industry | 1.4 | -2.4 | -0.1 | -0.3 | 0.4 | 0.7 | 0.5 | 1.4 | 1.6 | 1.5 |
| Services | 1.8 | -11.9 | 10.9 | 5.6 | 0.3 | 0.6 | 1.4 | 1.6 | 1.6 | 1.4 |
| Origin of GDP (% of factor cost GDP) | | | | | | | | | | |
| 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 | 18.9 |

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 | 0.7 | 0.9 | 2.0 | 2.2 | 2.0 |

^a Actual. ^b EIU forecasts.

Data summary: Growth and productivity

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

August 14th 2024

Growth and productivity

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|----------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Growth and productivity (%) | | | | | | | | | | |
| Labour productivity growth | 0.5 | -9.6 | 8.8 | 3.0 | -0.6 | -0.9 | 0.4 | 1.0 | 0.9 | 0.7 |
| Total factor productivity growth | 0.0 | -10.0 | 8.2 | -1.0 | -0.7 | -0.6 | 0.5 | 1.0 | 0.9 | 0.8 |
| Growth of capital stock | 2.6 | 0.7 | 1.6 | 2.4 | 2.4 | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| Growth of potential GDP | 1.2 | 0.9 | 0.8 | 1.1 | 1.2 | 1.3 | 1.7 | 2.0 | 2.0 | 1.9 |
| Growth of real GDP | 1.6 ^c | -10.4 ^c | 8.7 ^c | 4.3 ^c | 0.1 ^c | 0.7 | 1.2 | 1.6 | 1.6 | 1.5 |
| Growth of real GDP per head | 1.1 ^c | -10.7 ^c | 8.2 ^c | 3.6 ^c | -0.6 ^c | 0.0 | 0.6 | 1.0 | 1.0 | 0.9 |

^a EIU estimates. ^b EIU forecasts. ^c Actual.

Data summary: Economic structure, income and market size

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

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Economic structure, income and market size

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Population, income and market size | | | | | | | | | | |
| Population (m) | 67.1 | 67.4 | 67.7 | 68.2 | 68.7 | 69.1 | 69.6 | 69.9 | 70.3 | 70.6 |
| GDP (US\$ bn at market exchange rates) | 2,854 | 2,701 | 3,143 | 3,101 | 3,343 | 3,547 | 3,648 | 3,837 | 4,007 | 4,199 |
| GDP per head (US\$ at market exchange rates) | 42,519 | 40,107 | 46,448 | 45,480 | 48,666 | 51,308 | 52,450 | 54,872 | 57,001 | 59,441 |
| Private consumption (US\$ bn) | 1,824 | 1,600 | 1,884 | 1,918 | 2,066 | 2,210 | 2,294 | 2,427 | 2,539 | 2,655 |
| Private consumption per head (US\$) | 27,179 | 23,750 | 27,846 | 28,135 | 30,087 | 31,960 | 32,987 | 34,701 | 36,117 | 37,578 |
| GDP (US\$ bn at PPP) | 3,283 | 2,982 | 3,389 | 3,786 | 3,928 | 4,072 | 4,211 | 4,375 | 4,545 | 4,722 |
| GDP per head (US\$ at PPP) | 48,923 | 44,275 | 50,086 | 55,523 | 57,184 | 58,894 | 60,540 | 62,557 | 64,663 | 66,843 |
| Personal disposable income (£ bn) | 1,453 | 1,454 | 1,508 | 1,603 | 1,715 | 1,801 | 1,865 | 1,935 | 2,009 | 2,084 |
| Personal disposable income (US\$ bn) | 1,856 | 1,866 | 2,075 | 1,983 | 2,133 | 2,283 | 2,362 | 2,496 | 2,611 | 2,731 |
| Growth of real disposable income (%) | 2.1 | -0.5 | 1.4 | -1.5 | 0.0 | 0.7 | 1.2 | 1.5 | 1.7 | 1.6 |
| Memorandum items | | | | | | | | | | |
| Share of world population (%) | 0.88 | 0.88 | 0.87 | 0.87 | 0.88 | 0.88 | 0.89 | 0.87 | 0.86 | 0.86 |
| Share of world GDP (% at market exchange rates) | 3.28 | 3.19 | 3.26 | 3.10 | 3.21 | 3.27 | 3.17 | 3.13 | 3.10 | 3.08 |

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

| | | | | | | | | | | |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Share of world GDP (% at PPP) | 2.39 | 2.18 | 2.22 | 2.24 | 2.18 | 2.13 | 2.08 | 2.05 | 2.02 | 1.98 |
| Share of world exports of goods (%) | 2.55 | 2.37 | 2.10 | 2.17 | 2.13 | 2.09 | 2.00 | 1.96 | 1.93 | 1.90 |

^a Actual. ^b EIU forecasts.

Data summary: Fiscal indicators

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

August 14th 2024

Fiscal indicators

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fiscal indicators (% of GDP) | | | | | | | | | | |
| Government expenditure | 37.2 | 49.0 | 45.0 | 43.2 | 43.7 | 43.2 | 43.1 | 43.1 | 43.3 | 43.0 |
| Interest ^c | 2.2 | 2.0 | 2.8 | 4.3 | 3.1 | 3.4 | 3.1 | 2.7 | 1.9 | 1.2 |
| Non-interest ^c | 35.0 | 47.0 | 42.2 | 38.8 | 40.6 | 39.8 | 40.0 | 40.4 | 41.3 | 41.9 |
| Government revenue ^c | 35.2 | 35.8 | 37.1 | 38.8 | 38.1 | 39.2 | 39.6 | 40.4 | 41.0 | 41.2 |
| Budget balance ^c | -2.0 | -13.2 | -7.9 | -4.4 | -5.6 | -4.1 | -3.5 | -2.8 | -2.3 | -1.9 |
| Primary balance ^c | 0.2 | -11.2 | -5.1 | -0.1 | -2.6 | -0.6 | -0.4 | -0.1 | -0.4 | -0.7 |
| Government debt ^d | 85.7 | 105.8 | 105.2 | 100.4 | 101.3 | 101.3 | 100.9 | 100.4 | 99.2 | 97.6 |

^a Actual. ^b EIU forecasts. ^c General government. ^d 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.

Data summary: Monetary indicators

United Kingdom | Economy | Charts and tables | Monetary indicators

August 14th 2024

Monetary indicators

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Monetary indicators | | | | | | | | | | |
| Exchange rate US\$:£ (av) | 1.28 | 1.28 | 1.38 | 1.24 | 1.24 | 1.27 | 1.27 | 1.29 | 1.30 | 1.31 |
| Exchange rate €:£ (av) | 1.14 | 1.12 | 1.16 | 1.17 | 1.15 | 1.17 | 1.15 | 1.13 | 1.13 | 1.12 |
| Exchange rate US\$:€ (av) | 1.12 | 1.14 | 1.18 | 1.05 | 1.08 | 1.08 | 1.10 | 1.14 | 1.16 | 1.17 |
| Exchange rate €:£ (year-end) | 1.18 | 1.11 | 1.19 | 1.13 | 1.15 | 1.17 | 1.13 | 1.13 | 1.12 | 1.12 |
| Real effective exchange rate (av; 2010=100) | 98.6 | 98.8 | 102.6 | 101.2 | 103.9 | 106.2 | 103.8 | 103.0 | 102.5 | 102.2 |
| M4 money supply growth (%) ^c | 3.8 | 12.6 | 6.4 | 1.6 | -1.2 | 2.1 | 2.7 | 2.3 | 3.5 | 3.8 |
| Domestic credit growth (%) | 4.9 | 3.1 | 1.7 | 1.0 | -1.2 | 2.5 | 3.1 | 2.7 | 3.1 | 3.5 |
| Purchasing power parity US\$:£ (av) | 1.47 | 1.42 | 1.48 | 1.51 | 1.46 | 1.45 | 1.46 | 1.47 | 1.47 | 1.47 |
| 3-month £-Libor rate (av; %) | 0.8 | 0.3 | 0.1 | 2.0 | 5.0 | 5.2 | 4.4 | 3.3 | 3.0 | 2.9 |

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

| | | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|------|
| 10-year government bond yield (av; %) | 0.9 | 0.4 | 0.8 | 2.4 | 4.1 | 4.0 | 3.9 | 3.4 | 3.3 | 3.2 |
| Bank of England base rate (%; end-period) | 0.75 | 0.10 | 0.25 | 3.50 | 5.25 | 4.75 | 3.50 | 3.00 | 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 |

^a Actual. ^b EIU forecasts. ^c 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](#)

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Employment, wages and prices

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| The labour market (av) | | | | | | | | | | |
| Labour force (m) | 34.2 | 34.1 | 34.1 | 34.2 | 34.6 | 35.2 | 35.4 | 35.6 | 35.9 | 36.1 |
| Labour force (% change) | 0.9 | -0.1 | -0.2 | 0.5 | 0.9 | 1.8 | 0.7 | 0.6 | 0.7 | 0.6 |
| Employment (m) | 32.8 | 32.5 | 32.5 | 32.9 | 33.2 | 33.7 | 34.0 | 34.2 | 34.4 | 34.6 |
| Employment (% change) | 1.1 | -0.9 | -0.1 | 1.3 | 0.7 | 1.6 | 0.8 | 0.6 | 0.7 | 0.7 |

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

| | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|------|------|------|------|------|
| Unemployment (m) | 1.3 | 1.6 | 1.6 | 1.3 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 |
| Unemployment rate (%; EU/OECD standardised measure) | 3.9 | 4.7 | 4.6 | 3.9 | 4.0 | 4.2 | 4.2 | 4.1 | 4.1 | 4.0 |
| Wage and price inflation (% except labour costs per hour) | | | | | | | | | | |
| GDP deflator | 2.1 | 5.1 | -0.1 | 5.1 | 7.1 | 3.5 | 1.7 | 1.7 | 2.0 | 2.5 |
| Consumer prices (av; CPIH measure) | 1.7 | 1.0 | 2.5 | 7.9 | 6.8 | 2.8 | 2.0 | 2.0 | 2.0 | 1.9 |
| Producer prices (av) | 1.4 | -1.0 | 5.2 | 16.0 | 3.2 | 1.3 | 0.9 | 1.9 | 2.0 | 2.0 |
| GDP deflator (av) | 2.1 | 5.1 | -0.1 | 5.1 | 7.1 | 3.5 | 1.7 | 1.7 | 2.0 | 2.5 |
| Private consumption deflator (av) | 1.5 | 0.6 | 2.3 | 7.9 | 7.0 | 4.4 | 2.3 | 2.2 | 2.1 | 2.1 |
| Government consumption deflator (av) | 2.8 | 21.0 | -6.9 | 1.2 | 5.3 | 3.8 | 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 | 4.8 | 3.3 | 2.8 | 2.8 | 2.7 |
| Average real wages (av) | 1.7 | 0.8 | 3.3 | -1.7 | 0.3 | 2.0 | 1.3 | 0.8 | 0.8 | 0.8 |
| Unit labour costs (£-based; av) | 2.7 | 12.3 | -2.8 | 3.0 | 7.3 | 5.8 | 2.9 | 2.3 | 2.4 | 2.5 |
| Unit labour costs (US\$-based) | -1.8 | 12.9 | 4.1 | -7.3 | 7.8 | 7.8 | 2.9 | 4.2 | 3.2 | 3.2 |
| Labour costs per hour (£) | 23.5 ^c | 23.9 ^c | 25.3 ^c | 26.8 ^c | 28.8 ^c | 30.1 | 31.1 | 32.0 | 32.9 | 33.8 |
| Labour costs per hour (US\$) | 30.0 ^c | 30.7 ^c | 34.8 ^c | 33.2 ^c | 35.8 ^c | 38.2 | 39.4 | 41.3 | 42.8 | 44.3 |

^a Actual. ^b EIU forecasts. ^c EIU estimates.

Data summary: Current account and terms of trade

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

August 14th 2024

Current account and terms of trade

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Current account (US\$ bn) | | | | | | | | | | |
| Current-account balance | -76.6 | -78.3 | -14.9 | -100.5 | -110.4 | -118.6 | -116.4 | -114.3 | -112.5 | -131.3 |
| Current-account balance (% of GDP) | -2.7 | -2.9 | -0.5 | -3.2 | -3.3 | -3.3 | -3.2 | -3.0 | -2.8 | -3.1 |
| Goods: exports fob | 470.2 | 403.5 | 455.3 | 522.2 | 490.5 | 495.4 | 501.6 | 519.7 | 535.1 | 553.9 |
| Goods: imports fob | -655.7 | -568.4 | -679.9 | -794.0 | -722.4 | -739.5 | -761.3 | -812.4 | -841.1 | -859.2 |
| Trade balance | -185.4 | -164.9 | -224.6 | -271.6 | -232.0 | -244.0 | -259.7 | -292.7 | -306.0 | -305.4 |
| Services: credit | 431.9 | 398.6 | 473.8 | 506.5 | 584.2 | 616.5 | 643.1 | 681.2 | 719.5 | 757.1 |
| Services: debit | -286.4 | -218.5 | -254.0 | -321.6 | -394.0 | -404.8 | -438.5 | -462.7 | -491.6 | -518.4 |
| Services balance | 145.5 | 180.1 | 219.8 | 184.9 | 190.2 | 211.7 | 204.6 | 218.5 | 227.9 | 238.7 |
| Primary income: credit | 291.7 | 176.6 | 293.7 | 349.6 | 468.3 | 500.1 | 563.8 | 670.9 | 772.1 | 877.3 |
| Primary income: debit | -294.3 | -233.4 | -276.6 | -335.3 | -511.7 | -559.5 | -597.5 | -681.9 | -776.2 | -910.2 |
| Primary income balance | -2.6 | -56.8 | 17.1 | 14.3 | -43.4 | -59.4 | -33.7 | -11.0 | -4.1 | -32.9 |
| Secondary income: credit | 34.9 | 34.0 | 35.9 | 36.6 | 39.2 | 41.6 | 42.8 | 45.0 | 47.0 | 49.2 |
| Secondary income: debit | -69.0 | -70.4 | -63.1 | -64.8 | -64.5 | -68.5 | -70.4 | -74.0 | -77.3 | -81.0 |

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

| | | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Secondary income balance | -34.1 | -36.4 | -27.2 | -28.2 | -25.3 | -26.9 | -27.6 | -29.0 | -30.3 | -31.8 |
| Terms of trade | | | | | | | | | | |
| Export price index (US\$-based; 2010=100) | 92.4 | 89.9 | 109.8 | 118.3 | 115.6 | 120.0 | 121.7 | 124.4 | 127.7 | 131.1 |
| Export prices (% change) | -4.3 | -2.7 | 22.1 | 7.8 | -2.3 | 3.8 | 1.5 | 2.2 | 2.6 | 2.7 |
| Import price index (US\$-based; 2010=100) | 89.6 | 86.4 | 93.6 | 109.2 | 107.4 | 112.1 | 112.9 | 117.5 | 119.9 | 120.0 |
| Import prices (% change) | -6.0 | -3.6 | 8.4 | 16.6 | -1.6 | 4.3 | 0.8 | 4.1 | 2.0 | 0.1 |
| Terms of trade (2010=100) | 103.1 | 104.1 | 117.2 | 108.4 | 107.6 | 107.1 | 107.8 | 105.9 | 106.5 | 109.3 |
| Memorandum item | | | | | | | | | | |
| Export market growth (%) | 1.2 | -4.7 | 10.2 | 6.5 | 0.1 | 2.7 | 3.0 | 2.9 | 2.8 | 3.0 |

^a Actual. ^b EIU forecasts.

Data summary: Foreign direct investment

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

August 14th 2024

Foreign direct investment

| | 2019 ^a | 2020 ^a | 2021 ^a | 2022 ^a | 2023 ^a | 2024 ^b | 2025 ^b | 2026 ^b | 2027 ^b | 2028 ^b |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Foreign direct investment (US\$ bn) | | | | | | | | | | |
| Inward FDI flows | 19.7 | 157.2 | 6.0 | 44.9 | -48.2 | -1.0 | 34.6 | 59.9 | 76.3 | 81.1 |
| Inward FDI flows (% of GDP) | 0.7 | 5.8 | 0.2 | 1.4 | -1.4 | 0.0 | 0.9 | 1.6 | 1.9 | 1.9 |
| Inward FDI flows (% of gross fixed investment) | 3.8 | 33.3 | 1.1 | 7.9 | -7.9 | -0.2 | 5.5 | 9.2 | 11.4 | 11.7 |
| Outward FDI flows | 21.5 | -16.4 | -160.9 | -124.9 | -41.8 | -128.7 | -156.5 | -165.7 | -173.0 | -180.3 |
| Net FDI flows | 41.2 | 140.8 | -154.9 | -80.0 | -90.0 | -129.7 | -121.9 | -105.8 | -96.7 | -99.1 |
| Stock of inward FDI flows | 2,317.0 | 2,548.0 | 2,562.0 | 2,606.9 | 2,558.7 | 2,557.7 | 2,592.2 | 2,652.2 | 2,728.5 | 2,809.6 |
| Stock of inward FDI flows per head (US\$) | 34,525 | 37,831 | 37,861 | 38,236 | 37,254 | 36,994 | 37,271 | 37,925 | 38,816 | 39,772 |
| Stock of inward FDI flows (% of GDP) | 81.2 | 94.3 | 81.5 | 84.1 | 76.5 | 72.1 | 71.1 | 69.1 | 68.1 | 66.9 |
| Memorandum items | | | | | | | | | | |
| Share of world inward FDI flows (%) | 1.6 | 12.9 | 0.4 | 3.0 | -3.1 | -0.1 | 2.0 | 3.3 | 4.0 | 4.1 |
| Share of world inward FDI stock (%) | 6.8 | 7.5 | 6.8 | 6.3 | 5.8 | 5.5 | 5.4 | 5.3 | 5.2 | 5.1 |

^a Actual. ^b EIU forecasts.

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

Political structure

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

September 1st 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

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

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 formed 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: Keir Starmer

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

Deputy prime minister & Housing, communities & local government: Angela Rayner

Chancellor of the exchequer: Rachel Reeves

Chancellor of the Duchy of Lancaster: Pat McFadden

Leader of the House of Commons: Lucy Powell

Leader of the House of Lords & Lord Privy Seal: Angela Smith

Parliamentary secretary to the Treasury & chief whip: Alan Campbell

Secretaries of state

Business & trade, women & equalities: Jonathan Reynolds

Culture, media and sport: Lisa Nandy

Defence: John Healey

Education: Bridget Phillipson

Energy security & net zero: Ed Miliband

Environment, food & rural affairs: Steve Reed

Foreign, commonwealth & development: David Lammy

Health & social care: Wes Streeting

Home Office: Yvette Cooper

Justice & Lord Chancellor: Shabana Mahmood

Levelling up, housing & communities: Angela Rayner

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

Northern Ireland: Hilary Benn

Science, innovation & technology: Peter Kyle

Scotland: Ian Murray

Transport: Louise Haigh

Wales: Jo Stevens

Without portfolio: Ellie Reeves

Work & pensions: Liz Kendall

Central bank governor

Andrew Bailey

Basic data

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

September 1st 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

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

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)

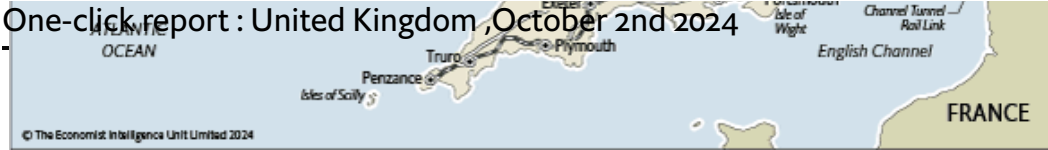
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