

Economic Indicators

Economic Policy and
Statistics Section

27 August 2025

Economic indicators: Key statistics for the UK economy

Economic summary

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Economic update: Interest rates cut to their lowest level for over two years

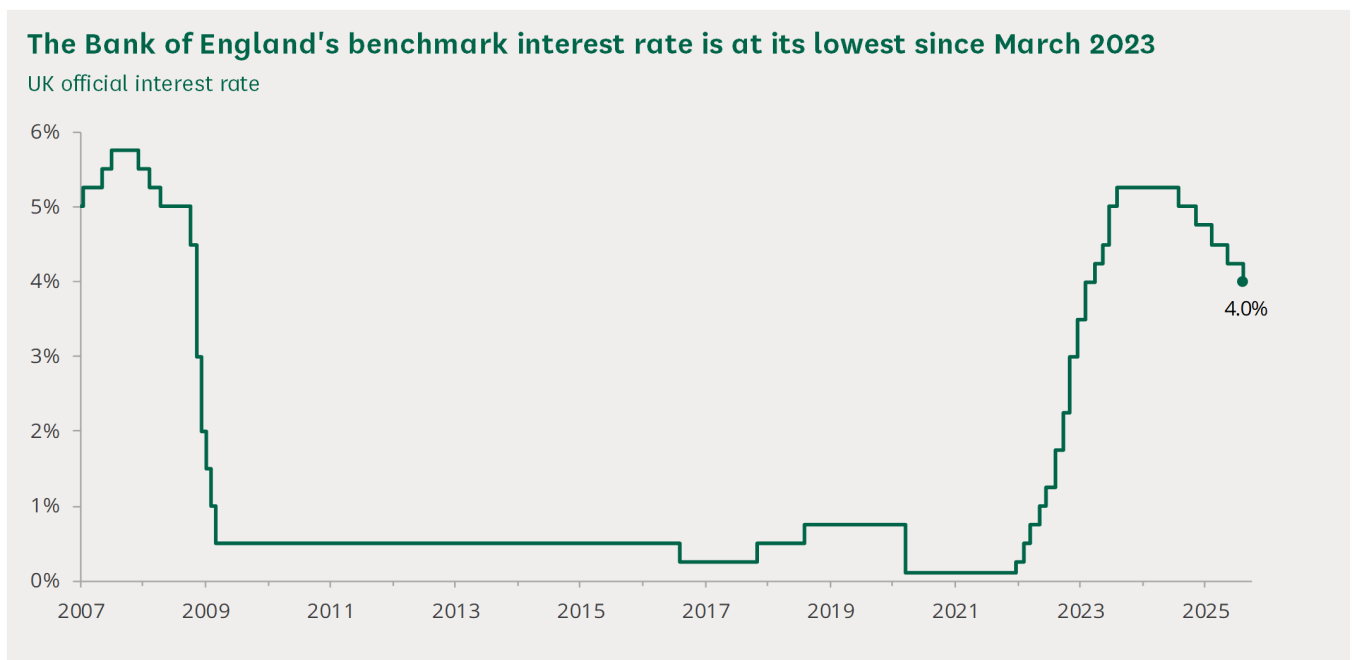
August began with a knife edge vote at the Bank of England, where the Monetary Policy Committee cut interest rates to their lowest level for over two years.

Financial markets were expecting further cuts to follow in 2025, but recent inflation and other economic data appear to have made the pace of cuts more uncertain.

Looking ahead, when MPs return to Parliament in September, we may get a date for the 2025 Autumn Budget.

Bank cuts interest rate by 0.25 percentage points

On 7 August, [the Bank of England's Monetary Policy Committee \(MPC\) reduced its benchmark interest rate by 0.25 percentage points to 4%](#). This can be seen in the chart below.



Source: Bank of England, [Interest rates and Bank Rate](#) [accessed 7 August 2025]

[The benchmark interest rate began 2025 at 4.75%](#) but the Bank has made cuts because inflation has subsided from its earlier peaks. Inflation rose to over 11% after the shocks of the pandemic and the energy crisis following Russia's full-scale invasion of Ukraine in 2022. Despite now being much lower, inflation hasn't yet returned to the Bank's target rate of 2% (as we show below, it was 3.8% in July 2025).

The decision to cut the interest rate to 4% was only narrowly backed with a [five to four vote by the MPC](#), which took two votes to reach the decision. Broadly speaking, the MPC's tight vote reflects two conflicting concerns:

- that [higher inflation could become persistent](#)
- that [the economy could downturn sharply](#)

Markets appear to think that [data released since the MPC's vote point to interest rates being cut slower than previously expected](#).

Signs of persistent inflation in the July data

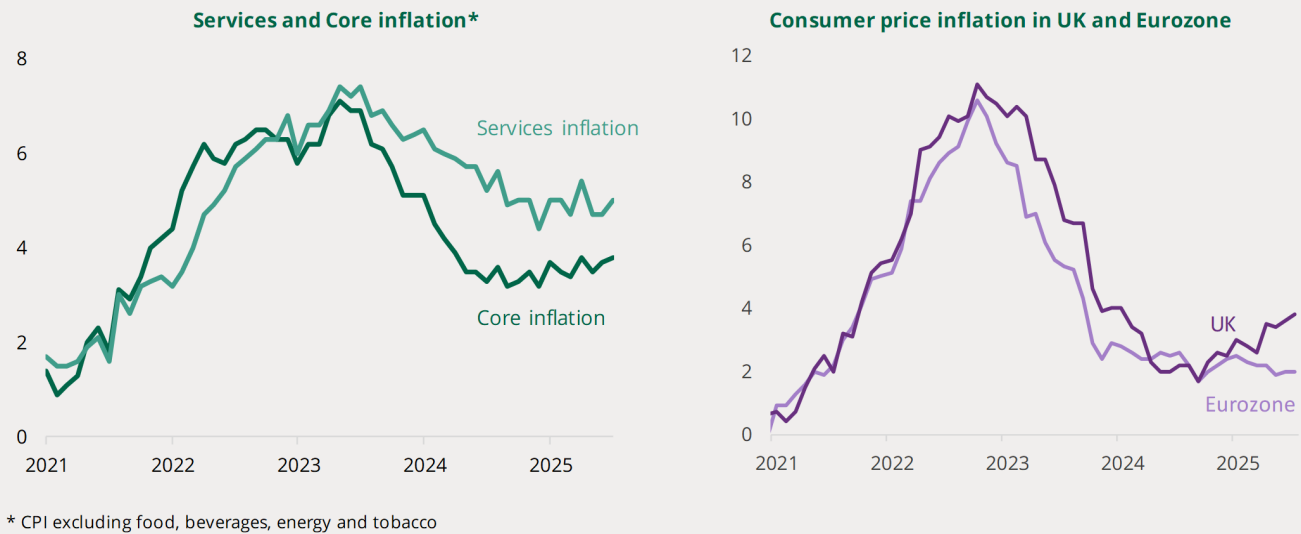
[Prices, as measured by the Consumer Prices Index \(CPI\)](#), rose by 3.8% in the 12 months to July 2025, the highest rate since January 2024. July's inflation was driven by transport, with [a sharp rise in air fares](#) (probably influenced by the timing of school summer holidays) and a rise in petrol and diesel prices. Food and non-alcoholic drink prices also contributed, increasing by 4.9% in July 2025.

While July's overall inflation rate of 3.8% was as the Bank expected, [measures of inflation that reflect domestic price and wage pressures may concern members of the MPC](#). Inflation in services prices and core inflation (CPI, excluding energy, food, alcohol and tobacco) both increased in July 2025, which could give more weight to [the argument that UK inflation is more persistent than hoped](#). These trends can be seen in the chart on the left below.

There are also [signs that the UK is becoming an international outlier](#), with the highest rate of inflation in the G7 and a higher rate than the EU and Eurozone averages. This can be seen in the chart on the right below.

Underlying measures of inflation increased in July 2025

Annual % change in prices



Sources: ONS series [D7NN \(services\)](#); [DKO8 \(core\)](#); [D7G7 \(overall prices\)](#); Eurostat, [Harmonised Index of Consumer Prices](#), 20 August

Signs of a gradual economic slowdown

The [UK economy grew faster than most forecasters expected](#) in the second quarter (Q2) of 2025. While the [UK economy expanded by 0.3% in Q2 2025](#), this was somewhat slower than the 0.7% growth experienced in Q1 2025. Since 2022, the UK has grown fastest in the first quarter of the year and the data for the first half of 2025 is in keeping with this recent trend.

As we have discussed previously, [labour market data is very uncertain at the moment](#). That said, employment appears to have continued falling in June and July 2025, but not as quickly as some on the MPC may have worried. Compared with May 2025, [payrolled employment fell by around 26,000 in June 2025](#), rather than the 41,000 suggested in the early estimate for June 2025. Early estimates suggest that there were 8,000 fewer payrolled employees in July 2025 than in June 2025.

Budget speculation

MPs return to Parliament on 1 September for a little over two weeks, before [conference recess begins on 16 September](#). During this sitting period, it's likely that the Chancellor will announce the date of the 2025 Autumn Budget. The required timescales for the Office for Budget Responsibility (OBR) to

complete its forecasts for the Budget suggest the Chancellor will present the Budget be no earlier than the week beginning 10 November.

Commentators expect the Chancellor to raise taxes in the Budget to meet her self-imposed rules for the public finances (the fiscal rules). The fiscal rules were being met by a relatively small margin when last assessed by the OBR and many commentators expect the OBR's forecast for the public finances to get worse, reducing or wiping out the small margin.

Greater government revenues but even greater spending

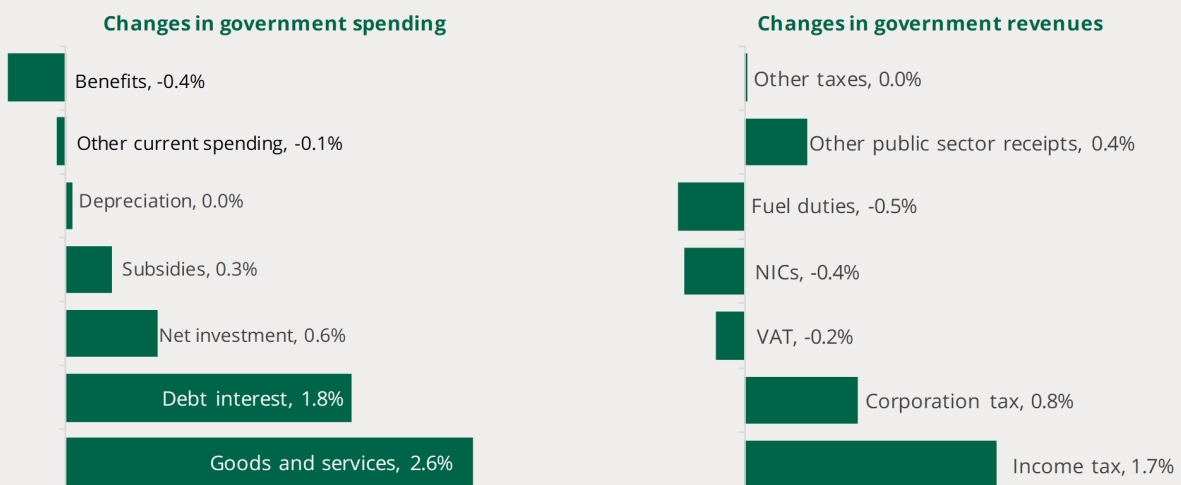
The big picture for the Chancellor is that while UK tax revenues are relatively high by historical standards, the government is still having to borrow over £100 billion a year (around 5% of gross domestic product (GDP)) to cover its spending.

In 2018/19, government borrowing was 2.1% of GDP, its lowest level in over 15 years. Since then, government spending has grown faster than government revenues, and borrowing was 5.1% of GDP in 2024/25.

As the chart below shows, government spending on debt interest and on goods and services (largely salaries and procurement) are significantly higher than six years ago. There are more government employees now, and inflation has put pressure on wages and costs. Debt interest costs have more than doubled because of high inflation and increases to interest rates.

Government borrowing was higher in 2024/25 than in 2018/19 in because spending increased by 5% of GDP but revenues only grew by 2% of GDP.

Breakdown of changes in government spending and revenues, 2018/19 to 2024/25, % of GDP



Sources: ONS series BKTU; ONS, [Public sector finances borrowing by sub-sector: Appendix R](#); OBR, [Public finances databank – August 2025](#)

A tough time to be Chancellor?

In the Budget, the Chancellor will face the immediate challenge of meeting the [government's "non-negotiable" fiscal rules](#) while [growing the economy](#). The public finances also face fundamental longer-term challenges, which we discussed in the [economic update for July 2025](#).

The Chancellor's (and the MPC's) challenges are made more difficult by [fears over the unreliability of the Office for National Statistics' economic data](#).

Making economic policy is particularly difficult when policymakers can't be confident about the reliability of data in important areas such as [the labour market](#) and [retail sales](#).

1

Headline UK economic indicators, August 2025

Gross Domestic Product: Q2 2025, Seasonally Adjusted		
Change (real %)	0.3 (qtr)	1.2 (yr Q2 24-Q2 25)
Industries		
Service output: 3 months to June 2025		
Change (%)	0.4 (qtr)	1.2 (yr)
Manufacturing output: 3 months to June 2025		
Change (%)	0.3 (qtr)	1.0 (yr)
Productivity: Q2 2025		
Output per hour		
Change (%)	-0.6 (qtr)	-0.8 (yr)
Inflation: July 2025		
Change on year (%)	3.8 (CPI)	4.8 (RPI)
Labour Market: April - June 2025, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.7
Change (% points)	0.1 (qtr)	0.5 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.3
Change (% points)	0.3 (qtr)	0.7 (yr)
Interest Rate: as of 27 August 2025		
Bank of England Base Rate		4.00 (%)
Public Finances: 2025/26 forecast		
Net borrowing	118 (£ bn)	3.9 (% GDP)
Net debt	95.1 (% GDP)	82.9 (% GDP, PSNFL)
Trade: Q1 2025		
Current Account	-23.5 (£ bn)	-3.2 (% GDP)
Sterling Exchange rate: as of 26 August 2025		
US Dollar (\$)	1.35 (rate)	2.1% (% change on yr)
Euro (€)	1.16 (rate)	-2.1% (% change on yr)
ONS Business Insights and Conditions Survey: August 2025		
% of respondents thought their business's performance would increase over the next 12 months		17.9
Retail Sales: June 2025, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		1.8 (% change on yr)
Housing Market: June 2025, Seasonally Adjusted		
House Price Index (HM Land Registry)		
Change (%)	1.0 (mth)	3.7 (yr)

See each indicator page for information on the sources used in this table.

2

Headline Indicators summary

Gross domestic product (GDP) and productivity

GDP is estimated to have grown by 0.3% in April to June 2025 compared to the previous three-month period (January to March 2025). Eurozone GDP grew by 0.1% in April to June 2025.

Services output was up by 1.2% in April to June 2025 compared to the previous year.

Manufacturing output increased by 1.0% over the same period.

Productivity across the whole UK economy decreased by 0.6% in Q2 2025 compared with the previous quarter. Compared with the previous year, it was down by 0.8%.

Inflation and interest rates

CPI inflation was 3.8% in July 2025, up from 3.6% in June. Inflation in the Eurozone was 2.0% in July 2025, the same level as in June.

The Bank of England's Monetary Policy Committee (MPC) cut interest rates by 0.25 percentage points to 4.0% on 7 August. Rates have been cut by 1.25 percentage points overall since August 2024.

Earnings and employment

Average wages excluding bonuses were 5.0% higher in the three months to June 2025 compared with the year before, and 1.4% higher after adjusting for inflation. CPI inflation for this period was 3.5%.

34.21 million people were in employment in April to June 2025, up 725,000 from a year before (but note that other data shows a fall in payrolled employees of 164,000 over the same period). The employment rate was 75.3%, up from 74.6% the previous year.

1.67 million people were unemployed in April to June 2025, up 206,000 from the year before. The unemployment rate was 4.7%. The UK harmonised unemployment rate for Q2 2025 was 4.7%, above the rate of Germany (3.7%) and the US (4.2%) but below that of France (7.0%).

Public finances

Government borrowing in the first four months of the 2025/26 financial year was £60.0 billion, £6.7 billion more than in the same period in 2024/25.

At the end of July 2025, public sector net debt was equivalent to 96.1% of GDP, compared to 95.6% a year before.

Trade and exchange rates

The UK had a trade deficit of £14.4 billion in the three months to June 2025, compared to £12.3 billion in the three months to March 2025.

The current account deficit was £23.5 billion in Q1 2025 (3.2% of GDP), up from £21 billion in Q4 2024 (2.9% of GDP).

The value of sterling decreased by 1.1% between June and July 2025, having risen by 0.3% between May and June 2025. Compared with a year ago, it is 0.9% higher.

Retail sales and consumer confidence

The volume of retail sales rose by 0.2% in the three months to June 2025 compared with the previous three months, and increased by 1.8% compared with the previous year.

GfK's Consumer Confidence Index, which measures consumer attitudes, was at -17 in August 2025, up by two points from July.

House prices

House prices increased by 3.7% in the year to June 2025.

Household debt

Household debt stood at 117.2% of disposable income in Q1 2025. This was its lowest level since at least 2007.

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About this publication

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Sources and glossary

Sources are listed on each indicator's page. Economic terms, symbols and abbreviations used in the publication are provided in section 4.

Contacts

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Gross domestic product

GDP is estimated to have grown by 0.3% in Q2 2025 (April-June 2025)

Real gross domestic product		
Seasonally adjusted		
	% change on qtr	% change on yr
2022	...	4.8
2023	...	0.4
2024	...	1.1
2024 Q2	0.5	1.1
Q3	0.0	1.2
Q4	0.1	1.5
2025 Q1	0.7	1.3
Q2	0.3	1.2

Source: ONS, series: IHYP, IHYQ, IHYR

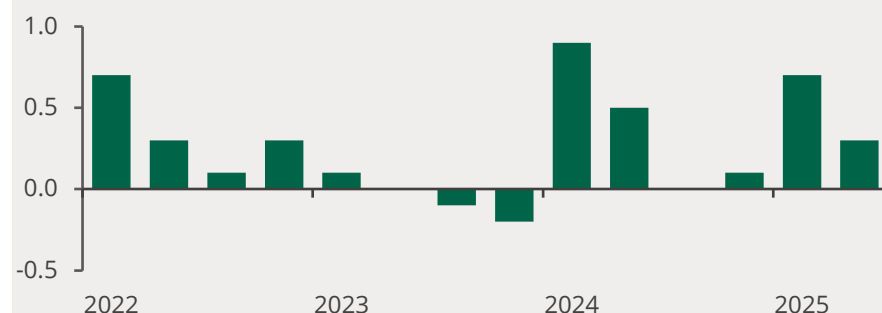
compared to Q1 2025 (January-March 2025) and by 1.2% in Q2 2025 compared to Q2 2024. GDP is estimated to have grown 0.4% in June compared to May, following a fall of 0.1% in May compared to April. This followed a fall of 0.1% in April.

The services sector grew by 0.4% in Q2 2025 and the construction sector by 1.2%, but production fell by 0.3%.

In cash terms, GDP was £2,851 billion in 2024.

GDP growth, % change on quarter

Calendar quarters



GDP growth forecasts

In their March 2025 [Economic and fiscal outlook](#), the Office for Budget Responsibility's (OBR) GDP growth forecast was 1.0% in 2025 and 1.9% in 2026.

The Treasury's August 2025 [survey of independent forecasts](#) showed an average forecast of 1.2% for 2025 and 1.1% for 2026.

Annual GDP growth forecasts (%)		
	2025	2026
OBR forecast (March 2025)	1.0	1.9
HM Treasury average of independent forecasts (August 2025)	1.2	1.1

Source:

OBR, Economic and fiscal outlook, March 2025

HMT, Forecasts for the UK economy: a comparison of independent forecasts, July 2025

Subject specialist

Daniel Harari

Updates

ONS, [GDP monthly estimate](#), 12 September 2025

ONS, [GDP first quarterly estimate](#), 13 November 2025

ONS, [GDP national accounts](#), 30 September 2025

HM Treasury, [Forecasts for the UK economy](#), 17 September 2025

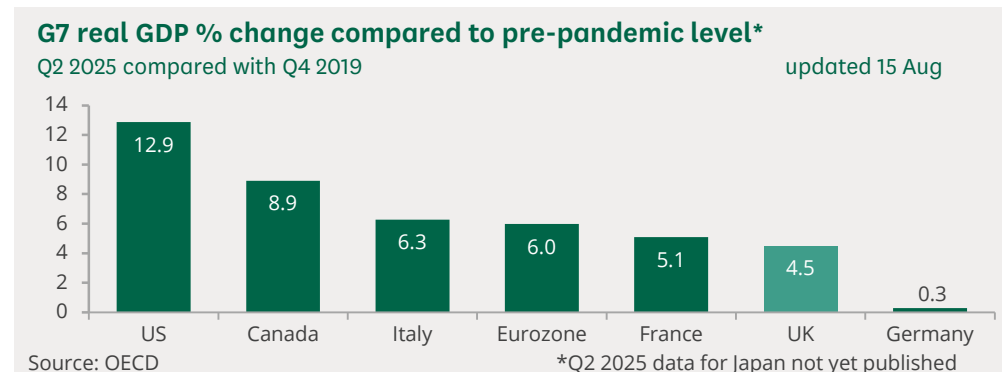
OBR, [Economic and fiscal outlook](#), October 2025

GDP international comparisons

In Q2 2025, Eurozone GDP grew by 0.1% compared with the previous quarter (Q1 2025), with France growing by 0.3% but Germany contracting by 0.1%. In the US, GDP rose by 0.7%. In the UK, GDP rose by 0.3%. UK GDP in Q2 2025 was 4.5% above its pre-pandemic level of Q4 2019.

Headline GDP growth figures across countries are not 100% comparable during the pandemic. UK growth was relatively lower in 2020 – and higher in 2021 and 2022 – because of differences in how output in the education and health sectors was calculated.

GDP growth								
% change in real GDP								
	% change on previous quarter				% change on a year ago			
	Q3 24	Q4 24	Q1 25	Q2 25	Q3 24	Q4 24	Q1 25	Q2 25
UK	0.0	0.1	0.7	0.3	1.2	1.5	1.3	1.2
Eurozone	0.4	0.3	0.6	0.1	1.0	1.3	1.5	1.4
USA	0.8	0.6	-0.1	0.7	2.7	2.5	2.0	2.0
Japan	0.2	0.6	0.0	..	0.7	1.4	1.7	..
Germany	0.0	0.2	0.3	-0.1	-0.6	-0.2	0.2	0.4
France	0.4	-0.1	0.1	0.3	1.1	0.6	0.6	0.7
G7	0.5	0.4	0.1	..	1.7	1.7	1.6	..
OECD	0.5	0.5	0.2	..	1.7	1.9	1.7	..



Forecasts

Subject Specialist

Daniel Harari

Updates

OECD, [OECDstat data on G7 growth rates](#)

IMF, [World Economic Outlook](#), Oct 2025

OECD, [Interim Economic Outlook](#), Sep/Oct 2025

Real GDP growth forecasts						
% change						
	IMF (Jul 2025)			OECD (Jun 2025)		
	2024	2025	2026	2024	2025	2026
UK	1.1	1.2	1.4	1.1	1.3	1.0
France	1.1	0.6	1.0	1.1	0.6	0.7
Germany	-0.2	0.1	0.9	-0.2	0.4	1.2
Eurozone	0.9	1.0	1.2	0.8	1.0	1.2
US	2.8	1.9	2.0	2.8	1.6	1.5
Japan	0.2	0.7	0.5	0.2	0.7	0.4
China	5.0	4.8	4.2	5.0	4.7	4.3
India*	6.5	6.4	6.4	6.2	6.3	6.4
Brazil	3.4	2.3	2.1	3.4	2.1	1.6
World	3.3	3.0	3.1	3.3	2.9	2.9

Note: *For fiscal years (April-March)
Sources: IMF World Econ Outlook Jul'25; OECD Econ Outlook Jun'25

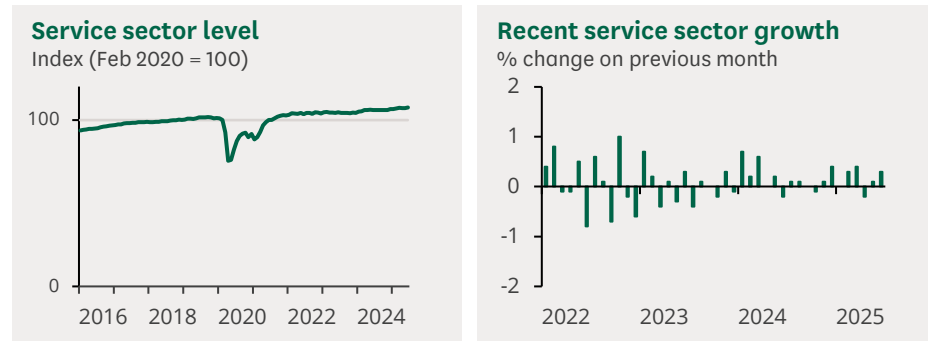
On 29 July, the IMF published new [forecasts for the world economy](#). The IMF said uncertainty remained elevated mostly due to changing US tariff policy. However, it said that the global economy “had continued to hold steady”. The IMF raised slightly its forecast for UK GDP growth in 2025 from 1.1% to 1.2%, while leaving 2026 unchanged at 1.4%.

Components of GDP

GDP can be analysed in terms of the output produced by different industries, or in terms of spending by households, business and government.

GDP is estimated to have grown by 0.4% in June 2025, following a decrease of 0.1% in May.

GDP by industry

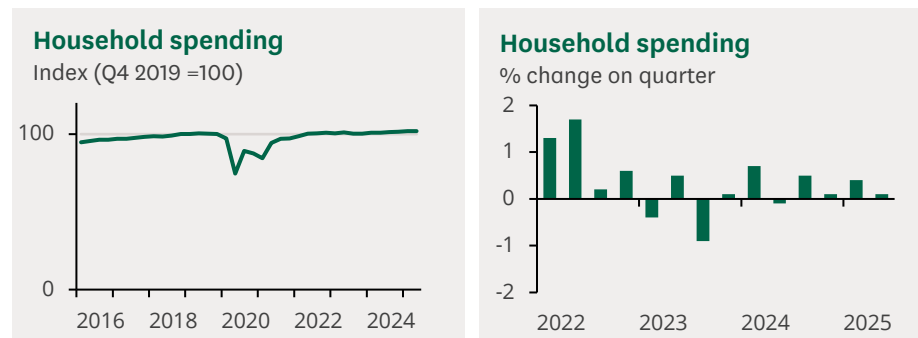


Services are the largest part of the economy – making up four-fifths of output in 2023. Service sector output grew by 0.3% in June 2025.

Manufacturing output increased by 0.5% in June 2025. Manufacturing is part of the wider production sector; production sector output increased by 0.7% in June 2025.

Construction sector output increased by 0.3% in June 2025.

GDP by expenditure



Household spending is the largest element of spending across the economy, accounting for 60% of the total in 2024.

In April to June 2025, there was an increase of 0.1% in household spending compared with the previous quarter.

Government consumption is estimated to have increased by 1.2% in April to June 2025, and investment (GFCF) fell by 1.1%. Exports were up 1.6% and imports increased by 1.4%.

Subject specialist
Daniel Harari

Updates
ONS, [GDP monthly estimate](#), 12 September 2025

ONS, [Quarterly national accounts](#), 30 September 2025

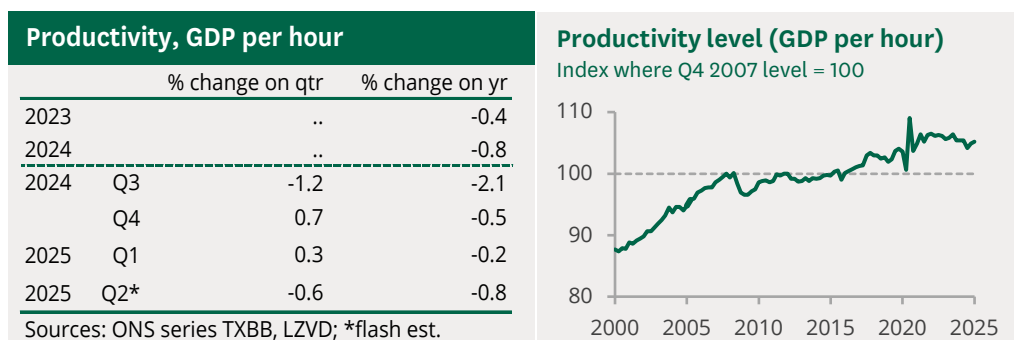
ONS, [GDP first quarterly estimate, UK](#), 13 November 2025

Productivity

One of the most important factors in determining living standards over the long term is productivity – how much output is produced for a given input (such as an hour of work).

UK labour productivity

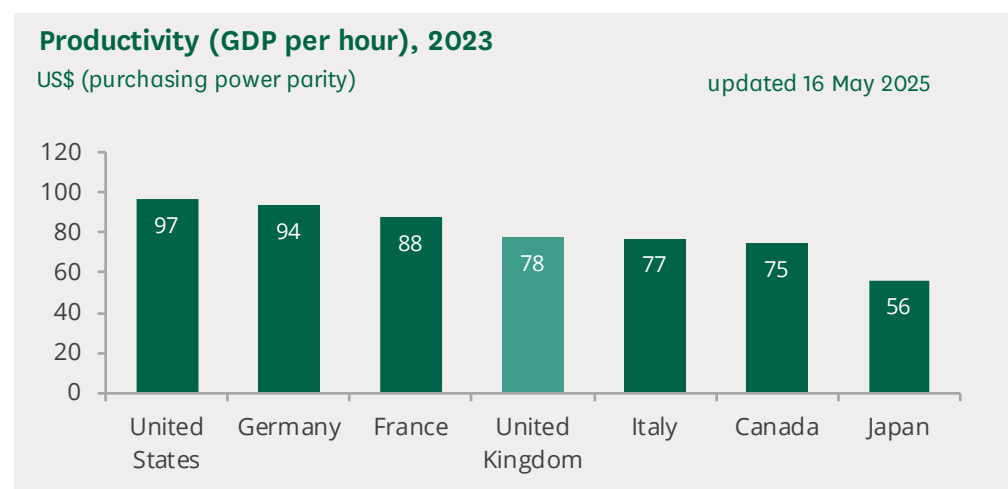
In Q2 2025, productivity was estimated to be 0.8% lower compared with a year ago (Q2 2024), according to the [latest ONS flash estimate](#). Productivity was down by 0.6% compared with the previous quarter and was 1.5% higher compared with before the pandemic in 2019 (2019 average).



Historically, UK labour productivity has grown by around 2% per year but since the 2008/2009 recession it has [risen more slowly](#) (see chart above). The [effects of the pandemic](#) presented [significant challenges](#) in the measurement of productivity, but it appears the pre-pandemic trend of sluggish productivity growth has continued, if not further deteriorated.

International comparisons

In 2023, ranked on [GDP per hour worked](#), the UK came fourth highest out of the G7 countries, with the US highest and Japan lowest. UK productivity was around 20% below the US.



Subject specialist
Daniel Harari

Updates

ONS, [Productivity flash estimate and overview, UK](#), 13 Nov 2025

OECD, [G7 labour productivity levels](#)

Service industries

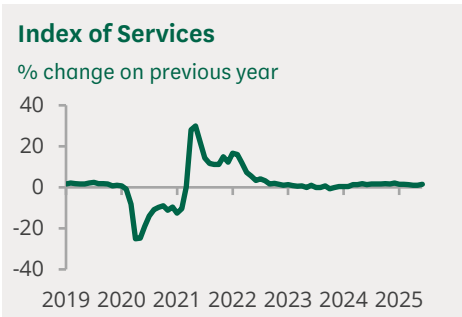
The service industries include the retail sector, the financial sector, the public sector, business administration, leisure and cultural activities.

The service industries accounted for 81% of total UK economic output (gross value added) and 83% of employment in April to June 2025.

Services output

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.



There was an increase of 0.3% in the Index of Services between May and June 2025.

Services output increased by 0.4% in Q2 2025 (April-June) compared with Q1 2025 (January-March).

In April-June 2025, compared with April-June 2024, services output increased by 1.2%.

Purchasing Managers' Index (PMI)



In the S&P Global PMI, a value of 50 means that there is no change in activity compared with the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

The [UK services PMI](#) (PDF) was 53.6 in the flash estimate for August 2025, up from 51.8 in July. Business activity increased strongly, due to increased demand and more new orders. However, employment continued to decrease, and input cost inflation was at its highest since May 2025. Survey respondents expected higher growth in the future because of business investment and higher consumer spending.

Subject specialist
Philip Brien

Update
ONS, [Index of Services](#), 12 September 2025

S&P Global, [UK Services PMI](#), 3 September 2025

Index of Services		
	Index	% change on yr
2023 June	100.6	1.0
2024 June	101.9	1.3
2025 April	103.0	1.1
May	103.1	1.0
June	103.4	1.5

Source: ONS, series [S2KU](#), [S222](#), [S26Q](#)

UK services PMI		
	Index	Change on mth
2023 August	49.5	
2024 August	53.7	
2025 June	52.8	1.9
July	51.8	-1.0
August	53.6	1.8

Source: [S&P Global UK Services PMI](#)

Manufacturing industries

Manufacturing is one of the production industries. Production also includes mining, electricity, water and waste management, and oil and gas extraction.

In April to June 2025, the manufacturing sector accounted for 8.8% of total UK economic output (gross value added) and 7.9% of employment.

Manufacturing output

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.

Subject specialist

Georgina Hutton

Update

ONS, [Index of Production](#), 12 September 2025

S&P Global, [UK Manufacturing PMI](#), 1 September 2025

Manufacturing output index

		Index	% change on yr
2023	Jun	103.5	1.2
2024	Jun	101.9	-0.7
2025	Apr	102.3	0.9
	May	101.3	1.0
	Jun	101.9	1.0

Manufacturing output increased by 0.6% between May and June 2025 following a decrease of 1.0% between April and May. Output increased in 8 of the 13 subsectors between May and June.

Manufacturing output for the three months to June 2025 rose by 0.3%

compared to the three months to March 2025. Output in the three months to June 2025 rose by 1.0% compared with output in the same period the previous year.

Purchasing Managers' Index (PMI)

UK Manufacturing PMI



In the S&P Global PMI, a value of 50 means that there is no change compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

The [UK manufacturing PMI](#) (PDF) in the flash estimate for August 2025 was 47.3, down from 48.0 in July. Production

levels decreased, largely because of a decrease in new work, which was linked to weak demand and uncertainty about US tariffs. Employment was also down and cost burdens were up, although output prices rose more slowly. However, business optimism improved.

Manufacturing output index

		Index	% change on yr
2023	Jun	103.5	1.2
2024	Jun	101.9	-0.7
2025	Apr	102.3	0.9
	May	101.3	1.0
	Jun	101.9	1.0

Source: ONS, series [K22A](#), [K2JE](#).

PMI Index

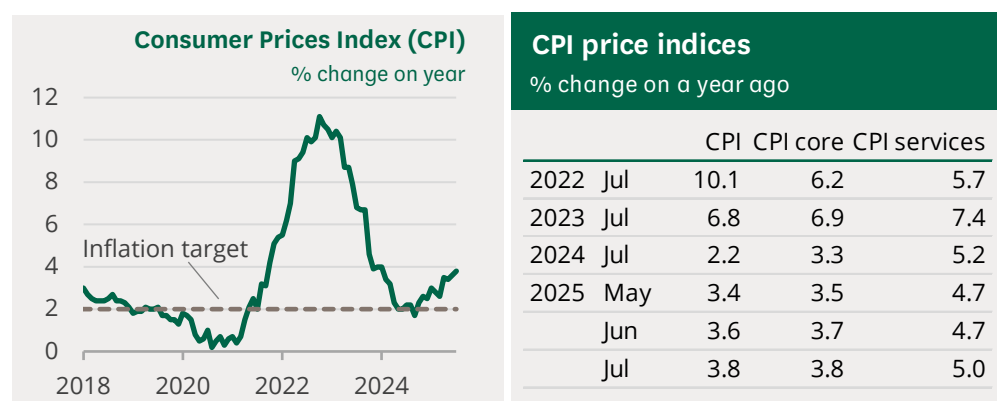
		Index	Change on mth
2023	Aug	43.0	
2024	Aug	52.5	
2025	Jun	47.7	1.3
	Jul	48.0	0.3
	Aug	47.3	-0.7

Source: [S&P Global UK Manufacturing PMI](#).

Inflation in the UK

The Consumer Prices Index (CPI) is the main measure of inflation in the UK. It is produced in line with international standards and is the measure used for [the Bank of England's 2% inflation target](#).

The CPI annual inflation rate was [3.8% in July](#). This was the highest since January 2024 and compares with 3.6% in June. Upward pressure on inflation came primarily from airfares, which rose much more sharply in July 2025 than they had in July 2024, possibly because of the timing of school holidays. [Food price inflation](#) has also been rising and was 4.9% in July 2025, the highest rate since February 2024.

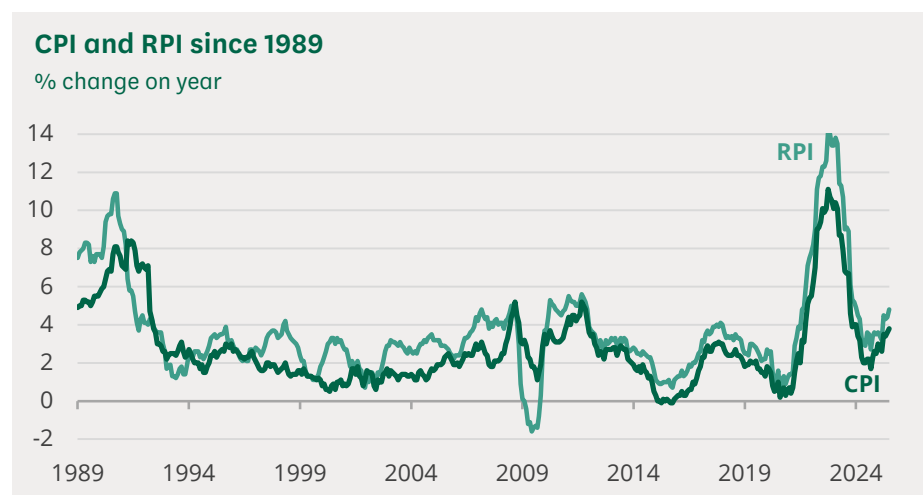


Source: ONS series [D7GZ](#), [DKO8](#), [D7NN](#)

Note: [An error led to CPI being overstated](#) in Apr'25; instead of 3.5%, it should've been 3.4%

The CPI annual inflation rate is expected by most forecasters to [remain over 2% during the rest of 2025](#). The Bank of England in August 2025 said it [expects CPI inflation to peak at 4.0% in September](#). The [average forecast among economists surveyed by the Treasury](#) in August 2025 was for inflation to be 3.3% in Q4 2025.

The CPI is the main measure of inflation in the UK. The Retail Prices Index (RPI) is no longer classified as a National Statistic because it has [technical deficiencies in how it is calculated](#). [RPI annual inflation](#) was 4.8% in July 2025.



Subject specialist
Daniel Harari

Update
ONS, [Consumer Price Inflation](#),
17 September 2025

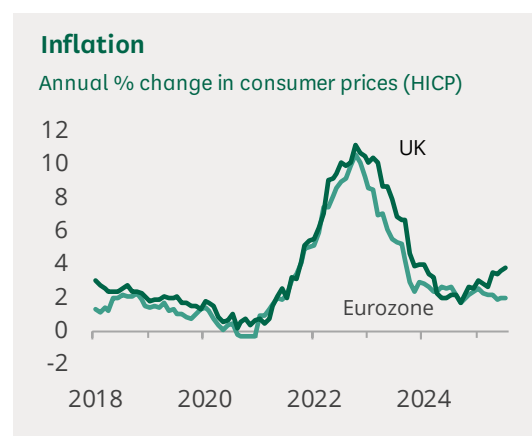
Inflation international comparisons

Inflation in different countries can be compared using the Harmonised Index of Consumer Prices (HICP) or the Consumer Prices Index (CPI) as it is known in the UK.

UK inflation was 3.8% in July, up from 3.6% in June. UK inflation was 2.2% in July 2024.

EU inflation was 2.4% in July, up from 2.3% in June. In July 2024, EU inflation was 2.8%.

Inflation in the Eurozone (the EU member states that use the euro as their currency) was 2.0% in July, the same level as in June. In July 2024, Eurozone inflation was 2.6%.



In Germany, inflation was 1.8% in July, down from 2.0% in June.

In France, inflation was 0.9% in July, the same level as in June.

Romania had the highest inflation rate in the EU in July (6.6%). Cyprus had the lowest inflation rate (0.1%).

Subject specialist

Daniel Harari

Updates

ONS, [Consumer Prices Bulletin](#), 17 September
Eurostat, [Harmonised Index of Consumer Prices \(flash estimate\)](#), 2 September
Eurostat, [Harmonised Index of Consumer Prices](#), 17 September

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2022	2023	2024	May 25	Jun 25	Jul 25
UK	9.1	7.3	2.5	3.4	3.6	3.8
Eurozone	8.4	5.4	2.4	1.9	2.0	2.0
EU	9.2	6.4	2.6	2.2	2.3	2.4
France	5.9	5.7	2.3	0.6	0.9	0.9
Germany	8.7	6.0	2.5	2.1	2.0	1.8

Source: ONS, Eurostat

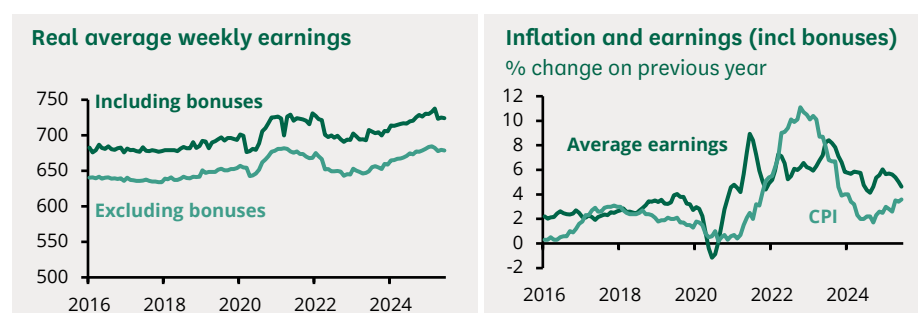
Average earnings

In April 2024 median gross weekly earnings for full-time employees in the UK were £728, up from £687 in April 2023. Adjusted for inflation, median earnings for full-time employees increased by 3.5%.

More recent but less detailed data show average weekly earnings for all employees in Great Britain increased by 5.0% excluding bonuses in the three months to June 2025 compared with the previous year. Average weekly pay including bonuses increased by 4.6%.

Inflation as measured by the CPI averaged 3.5% over the same period. After adjusting for inflation, average pay excluding bonuses was 1.4% higher than the previous year and average pay including bonuses was 1.1% higher.

The median is the point where half earn more and half earn less.



Trends by sector

Annual % change in average earnings (incl bonuses) Great Britain, employees only				
		Total	Private	Public
2023	Jun	8.3	7.8	10.7
2024	Jun	4.8	5.4	1.8
2025	Apr	5.4	5.3	5.5
2025	May	5.0	5.0	5.3
2025	Jun	4.6	4.7	5.3

Note: Annual % change in earnings to three month period ending in given month; data are seasonally adjusted

Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses, not adjusted for inflation) rose by 4.7% in the private sector and by 5.3% in the public sector in the three months to June 2025 compared with the year before.

Subject specialist
Campbell Brooks

Updates

ONS, [Labour Market Statistics](#), 16 September 2025

ONS, [Annual Survey of Hours and Earnings](#), November 2025

Hourly pay

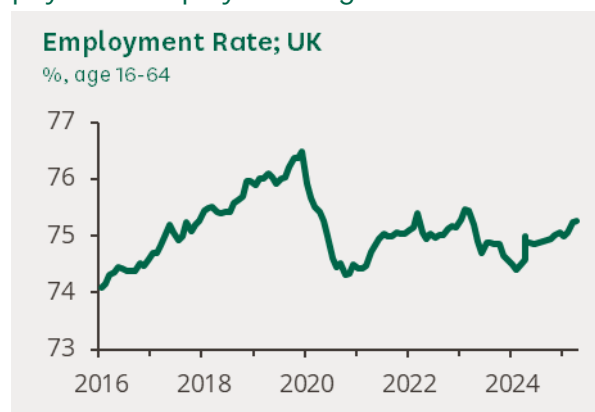


point at which half earn more and half earn less.

Median hourly earnings (excluding overtime) were £18.64 for full-time employees at April 2024: £19.24 for men working full-time and £17.88 for women. Median hourly earnings (excluding overtime) were £13.26 for part-time employees; £13.00 for men and £13.40 for women. Women are more likely than men to work part-time. The median is the

Employment

This page provides statistics from the Office for National Statistics (ONS) Labour Force Survey (LFS) unless marked otherwise. LFS data is less reliable than usual at the moment, and the ONS have said that the employment estimates from this survey should be considered alongside other labour market sources, such as the [workforce jobs series](#) or the estimates for [payrolled employees using PAYE data](#).



34.21 million people were in employment in April to June 2025.

The employment rate (the proportion of the population aged 16-64 in work) was 75.3%. It was 72.3% for women and 78.4% for men.

Although LFS data suggests that there has been an increase in employment of 725,000 over the year to April to June 2025, this is in contrast to estimates from the PAYE data. This shows a fall of 164,000 payrolled employees in the year to April to June 2025.

LFS data also suggests there has been an increase in employment over the quarter to April to June 2025, but the number of payrolled employees fell by 48,000 in this period. Early estimates suggest there was a further fall in payrolled employees in July 2025 compared to June 2025.

In April to June 2025, 25.62 million people were working full-time while 8.59 million were working part-time. 4.41 million were self-employed and 29.64 million were working as employees.

Subject specialist

Khadijah Zaidi

Updates

ONS, [Labour Market Statistics](#)

16 September 2025

UK employment

Seasonally adjusted

		Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
Age:		16+	16-64	16+	16-64	16+	16-64	16-24	16-24
Apr-Jun	2024	33,489	74.6	17,188	77.4	16,301	71.9	3,714	50.8
Apr-Jun	2025	34,214	75.3	17,620	78.4	16,594	72.3	3,850	51.8
Change on yr	Level	725	0.7	432	1.0	293	0.4	137	1.0

Notes: The employment rate is a percentage of the population aged 16 to 64

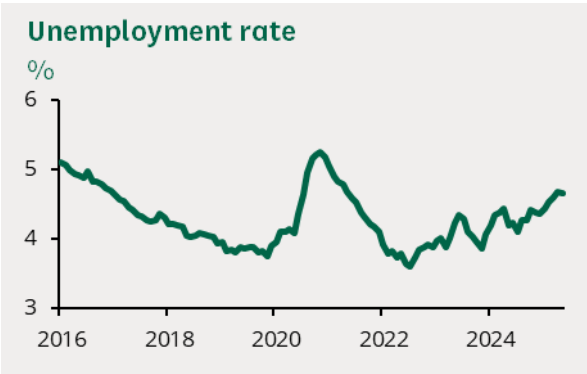
Unemployment in the UK

In February 2024, the Office for National Statistics (ONS) reintroduced [Labour Force Survey \(LFS\) data](#), which also includes a population reweighting. This is after only [some experimental headline data was published between October 2023 and January 2024](#) due to falling response rates. The ONS have said that the reintroduced LFS estimates should be treated with additional caution. The Library briefing [UK Labour market statistics](#) provides more information.

Unemployment statistics have been quite volatile in recent months due to survey volatility.

There were 1.67 million unemployed people in the UK in April to June 2025, an increase of 206,000 from the previous year.

The unemployment rate (the percentage of the economically active population who are unemployed) was 4.7%, up from 4.2% a year before.



634,000 young people aged 16 to 24 were unemployed in April to June 2025, 59,000 more than the year before.

The unemployment rate for 16-to-24-year-olds was 14.1%, an increase from 13.4% a year before.

Subject specialist
Khadijah Zaidi

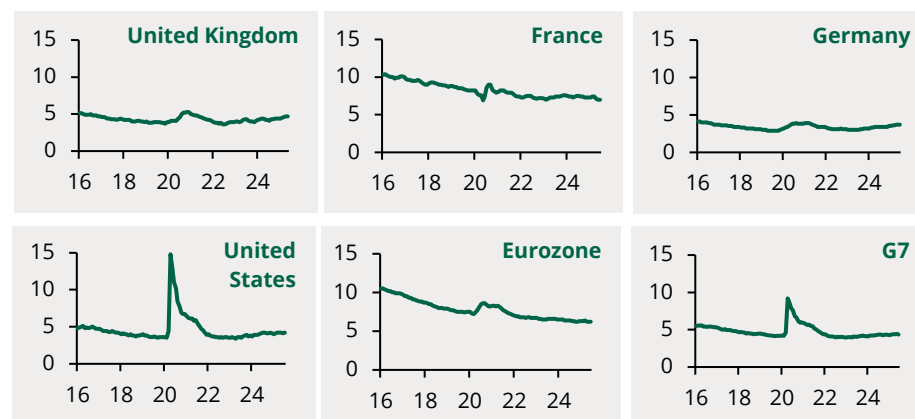
Updates
ONS, [Labour Market Statistics](#)
16 September 2025

UK unemployment									
Seasonally adjusted									
		Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
Age		16+	16+	16+	16+	16+	16+	16-24	16-24
Apr-Jun	2024	1,467	4.2	797	4.4	670	3.9	575	13.4
Apr-Jun	2025	1,672	4.7	886	4.8	787	4.5	634	14.1
Change on year									
Level		206	0.5	89	0.4	117	0.6	59	0.7
%		14.0%		11.2%		17.4%		10.3%	

Unemployment international comparisons

The OECD produces harmonised unemployment rates for OECD members based on the ILO definition of unemployment.

Harmonised unemployment rate (%)



The UK harmonised unemployment rate for Q2 2025 was 4.7%. This was above Germany (3.7%) and the US (4.2%) but below France (7.0%).

The Eurozone's rate was 6.2% in Q2 2025, while in the G7 it was 4.4%.

Spain had the highest unemployment rate out of the OECD member states in Q2 2025 at 10.6%, and Japan had the lowest at 2.5%.

Youth (aged 15 to 24) unemployment is a major issue in many developed economies at present. In Q1 2025 the youth unemployment rate was 26.2% in Spain, and it was also 20% or over in Sweden (24.1%), Costa Rica (23.8%), Chile (21.7%), Finland (20.8%), Luxembourg (20.7%), Portugal (20.5%), Greece (20.3%) and Italy (20.0%). It was 14.2% in the UK.

Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

	CAN	FRA	GER	ITA	JPN	UK	USA	Eurozone	G7	OECD
2023	5.4	7.4	3.1	7.7	2.6	4.1	3.6	6.6	4.1	4.8
2024	6.4	7.4	3.4	6.5	2.6	4.3	4.0	6.4	4.3	4.9
2024 Q2	6.3	7.4	3.4	6.7	2.6	4.2	4.0	6.4	4.3	4.9
Q3	6.6	7.4	3.4	6.3	2.5	4.3	4.2	6.3	4.3	4.9
Q4	6.7	7.3	3.4	6.2	2.5	4.4	4.1	6.2	4.3	4.9
2025 Q1	6.6	7.4	3.6	6.3	2.5	4.5	4.1	6.3	4.3	4.9
Q2	6.9	7.0	3.7	6.3	2.5	4.7	4.2	6.2	4.4	4.9
Change on qtr	0.3	-0.3	0.1	0.0	0.0	0.2	0.1	-0.1	0.1	0.0
Change on yr	0.6	-0.4	0.3	-0.4	-0.1	0.5	0.2	-0.2	0.1	0.0

Source: OECD, Harmonised Unemployment Rates

Subject specialist
Andy Powell

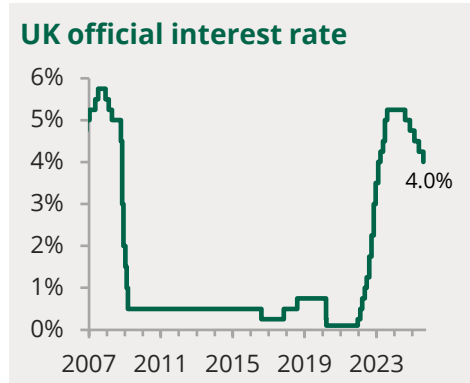
Updates
OECD, [Harmonised Unemployment Rates](#),
11 September 2025

Interest rates and monetary policy

Major central banks around the world tightened monetary policy in response to [high inflation](#), initially caused by higher goods and energy prices, as well as bottlenecks in global supply chains. Beginning in 2023, rates are being cut.

UK (Bank of England)

On 7 August, the Bank of England's Monetary Policy Committee (MPC) announced it had [cut interest rates by 0.25 of a percentage point](#) to 4.0%. The MPC vote was split with five members in favour of cutting rates by 0.25%-point and four in favour of no change (after the second round of voting which followed a 4-4-1 split first vote). Rates have been reduced at a gradual pace since August 2024, by 1.25 percentage points in total.



The MPC's previous cycle of rate increases – from 0.1% in December 2021 to 5.25% in August 2023 – came in response to [high inflation](#), which peaked at 11.1% in October 2022. Inflation then fell to 1.7% in September 2024 before picking up again in late 2024 and early 2025. Inflation was [3.6% in June 2025](#) on the [CPI measure](#) – above the MPC's target of 2%. The Bank, in its [August Monetary Policy Report](#), raised its inflation forecasts and expects inflation to peak at 4% in September, before falling to its 2% target by Q2 2027.

The MPC is [reducing the size](#) of its asset purchase – or [quantitative easing](#), QE – programme from its peak value of £895 billion to £586 billion on 30 July 2025. It is doing this by letting some of the government bonds it holds mature and by actively selling some of the bonds it holds to the market – this is called Quantitative Tightening (QT). At its [September 2024 meeting](#), the MPC said it planned to reduce the size of the assets it holds by a further £100 billion over the year to September 2025. The MPC will announce its plans for the next year at its policy meeting in September 2025.

United States (Federal Reserve)

Interest rates were [left unchanged](#) at a range of 4.25% to 4.50% by the Fed at its policy meeting ending 30 July. This was the fifth meeting in a row that rates were left unchanged and comes against the backdrop of an uncertain economic outlook given recent changes to US trade policy. Since 1 April 2025, the Fed has adjusted its quantitative easing (QE) programme by [reducing the pace of its asset sales](#) from \$60bn to \$40bn per month.

Eurozone (European Central Bank)

At its 24 July 2025 meeting the ECB [kept its main interest rates unchanged](#), with the deposit rate left at 2.0%.

QE consists of central banks creating new money electronically and then using it to purchase financial assets, mostly government bonds.

Subject specialist

Daniel Harari

Updates – next scheduled monetary policy meetings

UK ([18 Sep](#))

US ([17 Sep](#))

ECB ([11 Sep](#))

Public finances

Government borrowing and debt

	Net borrowing		Debt, % GDP	
	£ bn	% GDP	PSND	PSNFL
2018/19	45	2.1%	80.2%	66.9%
2019/20	61	2.7%	85.4%	74.8%
2020/21	314	15.0%	96.6%	83.1%
2021/22	122	5.2%	96.4%	80.4%
2022/23	127	4.9%	94.8%	80.4%
2023/24	132	4.8%	95.6%	80.8%
2024/25	148	5.1%	94.8%	82.0%
2025/26	118	3.9%	95.1%	82.9%
2026/27	97	3.1%	95.8%	83.5%
2027/28	80	2.5%	96.1%	83.4%
2028/29	77	2.3%	96.3%	83.2%
2029/30	74	2.1%	96.1%	82.7%

Net borrowing is the difference between what the government spends and what it receives in taxes over a period.

Net debt is largely the stock of the government's outstanding borrowing.

Net financial liabilities is a wider measure of the government's balance sheet including more financial liabilities and assets.

Subject specialist
Matt Keep

Updates

OBR, [Economic and fiscal outlook](#), autumn 2025

ONS, [Public sector finances](#), 19 September 2025

Borrowing in the first four months of 2025/26 was £60 billion. This is £6.7 billion more than during the same period of 2024/25 but in line with the Office for Budget Responsibility forecast in March 2025.

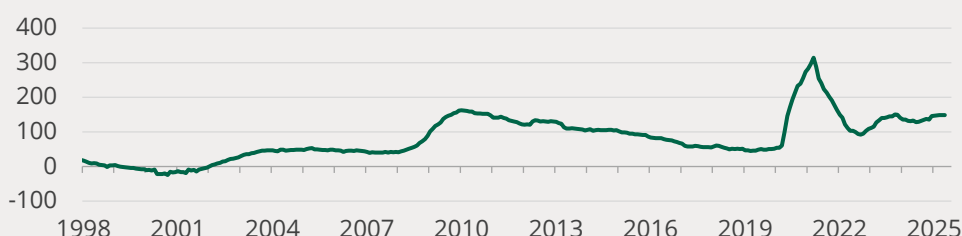
Public sector net debt (PSND) was equivalent to 96.1% of GDP at the end of July 2025. It was 95.6% of GDP at the end of July 2024.

Public sector net financial liabilities (PSNFL) measure the government's wider balance sheet. It is one of the measures targeted in the

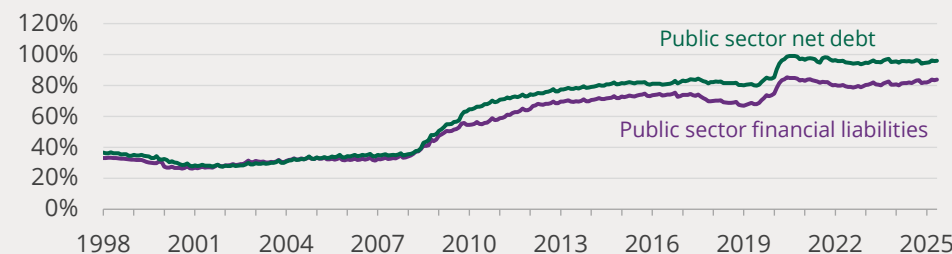
government's [fiscal targets](#). PSNFL was equivalent to 83.9% of GDP at the end of July 2025. It was 81.6% of GDP at the end of July 2024.

Our briefing [Spring Statement 2025: A summary](#) summarises the OBR's latest forecast.

Public sector net borrowing: rolling 12-month total, £ billion



Public sector net debt, monthly, % of GDP



Sources: Office for Budget Responsibility (OBR). [Public finances databank](#); Office for National Statistics (ONS). Series, [J51I](#), [J51J](#), [HF6W](#), [HF6X](#), [CPOE](#)

Financial markets

FTSE-100 Index

Daily closing price



2011. In February 2023, the FTSE passed 8,000 for the first time. The FTSE has reached a series of record highs in 2025, closing above 9,000 for the first time on 21 July.

FTSE 100 Index

The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. In 2020, the index fell sharply, as global shares fell amid fears of the economic impact of the covid-19 pandemic, closing at 4,994 on 23 March 2020, its lowest since October

Brent Crude Oil (\$/barrel)

Daily closing price of Brent crude, near-month futures contract



2022, its highest since 2008. In April 2025, the price fell below \$60/barrel for the first time since February 2021.

Brent Crude Oil

The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. The price fell dramatically in 2020, owing to a collapse in demand due to the covid-19 pandemic, falling to \$19.31 in April 2020, its lowest level since 2002. The price reached \$127/barrel in March

Gold (\$ per ounce)

Daily price



Gold price

The nominal price of gold has generally risen since mid-2020, closing at a high of \$2,067/ounce in August 2020. In October 2022, it fell to \$1,631, its lowest since April 2020, though has climbed steadily since. Gold closed at a record high of \$3,435/ounce on 16 June 2025.

Data from 26 August 2025

	FTSE-100	Oil (\$/barrel)	Gold (\$/oz)
26 Aug 2025	9265.80	67.42	3334.25
% change over:			
1-month	2%	-2%	-1%
12-months	11%	-17%	33%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject specialist

Daniel Harari

Updates

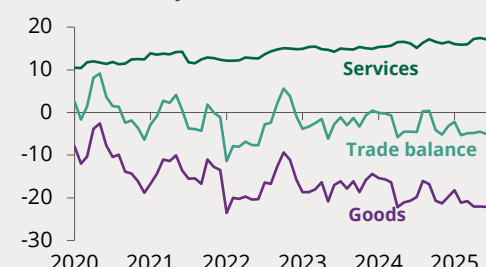
Financial Times,
Weekly basis

Trade in goods and services

In 2024, the UK's exports of goods and services totalled £873 billion and imports totalled £906 billion. The EU accounted for 41% of UK exports of goods and services and 50% of imports in 2024.

Balance of trade, goods and services

£ billion, monthly data



The UK generally imports more than it exports meaning that it runs a trade deficit. A deficit of £226 billion on trade in goods was partly offset by a surplus of £194 billion on trade in services in 2024. The overall trade deficit was £32 billion in 2024.

The UK had a trade deficit with the EU of £97 billion in 2024 and a trade surplus of £65 billion with non-EU countries.

The trade deficit with all countries increased to £14.4 billion in Q2 2025 (April-June) compared with £12.3 billion in Q1 2025 (January-March). Exports increased by 0.2% and imports increased by 1.1% in cash terms over this period.

Trade in goods and services and current account balance

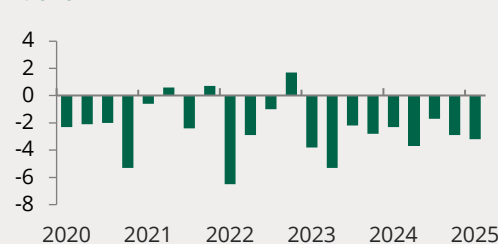
Seasonally adjusted

		Goods and services (£bn)			Current account balance	
		Exports	Imports	Balance	£bn	% GDP
2023		867.0	896.1	-29.1	-95.1	-3.5%
2024		873.5	905.8	-32.3	-75.7	-2.7%
2024	Q2	219.0	233.8	-14.8	-26.3	-3.7%
	Q3	218.4	222.4	-4.0	-12.5	-1.7%
	Q4	216.4	228.9	-12.5	-21.0	-2.9%
2025	Q1	226.6	238.9	-12.3	-23.5	-3.2%
	Q2	227.1	241.5	-14.4

Source: ONS, series: IKBH, IKBI, IKBJ, HBOP, AA6H

Current account balance

% of GDP



The current account, which includes investment income and transfers as well as trade, had a deficit of £76 billion in 2024, compared with £95 billion in 2023. The current account deficit was 2.7% of GDP in 2024 compared with 3.5% in 2023.

The current account deficit increased to £23.5 billion in Q1 2025 (3.2% of GDP), compared with £21 billion in Q4 2024 (2.9% of GDP).

Subject specialist

Ilze Jozepa

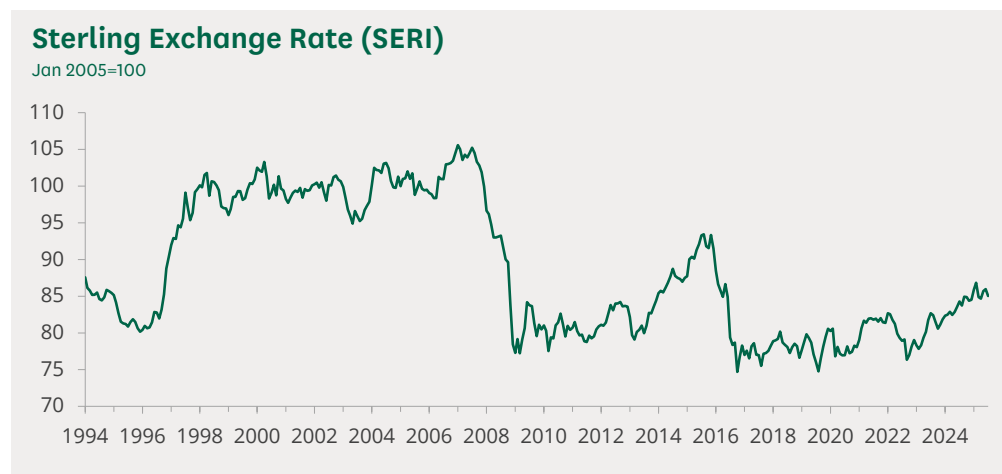
Updates

ONS, [UK Trade](#),
12 September 2025

ONS, [UK Balance of Payments](#),
30 September 2025

Sterling exchange rates

The Sterling Exchange Rate Index (SERI) measures sterling's value against a 'basket' of currencies, 'trade-weighted' (based on currencies' relative importance in UK trade). The SERI decreased by 1.1% between June and July, having risen by 0.3% between May and June. It was 0.9% higher in July compared with a year earlier. It is 19.4% below its January 2007 peak.



Between June and July, the pound fell by 0.5% against the dollar, to \$1.35. The value of the pound reached \$1.43 in April 2018, its highest level since the EU referendum. The pound fell to \$1.08, its lowest ever level, in September 2022 (based on daily spot exchange rates). Sterling fell by 1.8% against the euro between June and July, to €1.16.

Sterling exchange rates

Average rates in period and % changes

	US Dollar (\$)		Euro (€)	
	Rate	% change on yr	Rate	% change on yr
2024	1.28	2.8%	1.18	2.7%
2025 May	1.34	5.8%	1.19	1.4%
Jun	1.36	6.7%	1.18	-0.4%
Jul	1.35	4.9%	1.16	-2.5%

Source: Bank of England, Bankstats database

Subject specialist

Daniel Harari

Updates

Bank of England, [SERI and monthly rates](#), 5 September

Latest rates

Financial Times, [sterling exchange rates](#) (daily)

Value of sterling in euros



Value of sterling in dollars

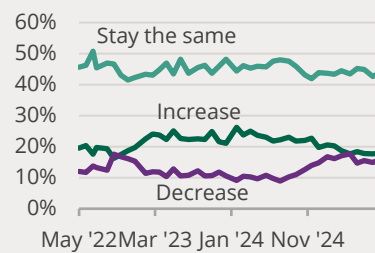


Business and consumer confidence

Confidence surveys are generally released ahead of official statistical data, so they can indicate changes to the economic outlook as well as turning points in the economic cycle.

Business performance

% of businesses expecting their performance over next 12 months to:



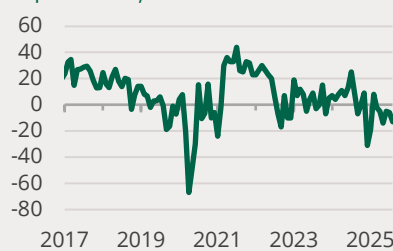
ONS Business Insights and Conditions Survey

The ONS conducts a voluntary survey of businesses to look at the impact of challenges facing the economy.

In the two weeks ending 17 August 2025, 17.9% of respondents thought their business's performance would increase over the next 12 months. 15.8% thought it would decrease.

Future output expectations

% balance expecting improvement/deterioration



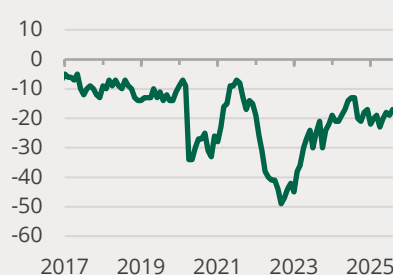
CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends Surveys.

In August 2025, more manufacturers thought that output would decrease over the next three months than thought it would increase. The difference was -13% of manufacturers, down from -6% in July 2025.

Consumer confidence index

GfK Overall Index Score



GfK Consumer Confidence Survey

GfK's Consumer Confidence Index measures a range of consumer attitudes, including forward expectations of the general economic situation and households' financial positions, and views on making major household purchases.

The index rose to -17 in August 2025, up by two points from July.

Subject specialist

Daniel Harari

Update

ONS, [Business insights and impact on the UK economy](#), September 2025

CBI, [Industrial Trends](#), Mid-September 2025

GfK, [Consumer Confidence](#), 19 September 2025

Retail sales

In June 2025, [retail sales in Great Britain](#) totalled £9.0 billion per week, down slightly from May. This figure includes money spent in shops, supermarkets, in petrol stations and online.

Volume of retail sales (incl. vehicle fuel)
3 mth % change on yr, seasonally adjusted



Between May and June, the total quantity of retail sales volumes rose by 0.9%, following a fall of 2.8% between April and May.

In the three months to June 2025, the volume of sales rose by 1.8% compared with the same period last year. The volume of sales rose by 0.2% in the three months to June 2025 compared with the previous three months.

The volume of sales was 1.6% lower in June 2025 compared to February 2020 and pre-pandemic levels.

Volume of retail sales
Index 2022=100, seasonally adjusted

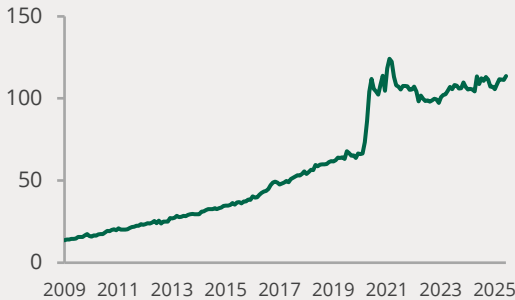
		Food	Non-food	Total
2023	Jun	97.7	99.2	98.1
2024	Jun	93.5	96.6	96.7
2025	Apr	94.7	101.1	100.3
	May	94.9	99.6	97.5
	Jun	93.0	99.7	98.4
3m % change on yr		-0.2	3.5	1.8
% change on Feb 2020		-6.4%	-2.7%	-2.6%

Sales in food stores rose by 0.7% in June compared with May, following a 5.4% fall between April and May 2021. Supermarket sales rose, with some feedback from some retailers attributing this to increased drinks sales because of the warm weather.

Sales in non-food stores, such as clothing and department stores, rose by 0.2% between May and

June. Increased sales in department stores and clothing retailers partly offset by falls in household goods stores.

Value of internet retail sales
2022=100, seasonally adjusted



The average weekly value of internet sales was £2.6 billion in June 2025 (excluding fuel). This was 27.8% of all retail sales. Internet sales as a proportion of all retail sales have been rising steadily since 2006, reaching around 19% of all sales in 2019. Internet sales rose sharply in April 2020 with the onset of the pandemic.

All figures are seasonally adjusted.

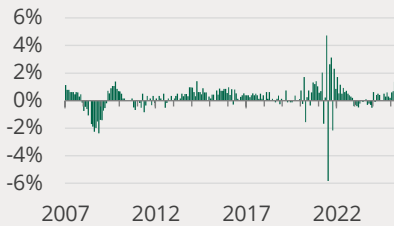
This means calendar effects (such as Easter moving between March and April) and seasonal effects (such as increased spending in December for Christmas) are removed.

Subject specialist
Matthew Ward

Updates
ONS, [Retail Sales](#),
5 September 2025

Housing market

UK House Price Index
% change, seasonally adjusted (SA)



House prices, as measured by the UK House Price Index, increased by 3.7% between June 2024 and June 2025. On a seasonally adjusted basis, average house prices increased by 1.0% between May and June 2025.

House prices changed at different rates across the UK's countries and regions over the year to June 2025. House prices grew fastest in Scotland, the North East and Northern Ireland, although prices in Northern Ireland are measured over a different period (the year to Q2 of 2025). House prices grew slowest in London, the South West and Wales.

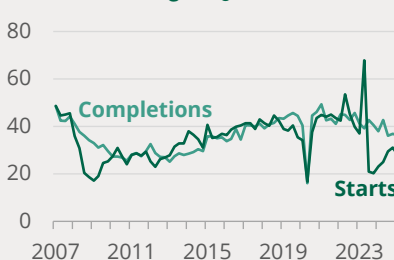
Mortgage approvals for house purchases; UK, Thousands, SA



Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.

Mortgage approvals for house purchases reached a lockdown-related record low in May 2020. Approvals then increased significantly towards the end of 2020 but are now lower. Mortgage approvals for house purchases in June 2025 were up 6% on a year ago and up 1% on May 2025. There were 64,167 mortgage approvals in June 2025, compared with 60,761 in June 2024.

House-building; England, Thousands, SA



Housing starts and completions fell sharply during the Covid-19 lockdown but recovered since.

There were 28,180 house building starts (seasonally adjusted) in England in Q1 2025, a 9% decrease compared with the previous quarter, but a 22% increase compared with the same quarter of 2024.

There were 36,180 house building completions (seasonally adjusted) in England in Q1 2025, a 2% decrease compared with the previous quarter, and a 5% decrease compared with the same quarter of 2024. There was a peak of 67,740 starts in Q2 2023, largely due to house builders bringing forward the start of work to avoid [new building regulatory standards](#). This lowered starts in subsequent quarters. The new standards relate to energy performance and electric vehicle charging points and were introduced from 15 June 2023.

Subject specialist
Matt Keep

Updates

HM Land Registry, [UK house price index](#), 17 September 2025

Bank of England, [Money and credit](#), 1 September 2025

MHCLG, [House-building](#), September 2025

Economic Indicators

18 July 2025

Number 02885

Household debt

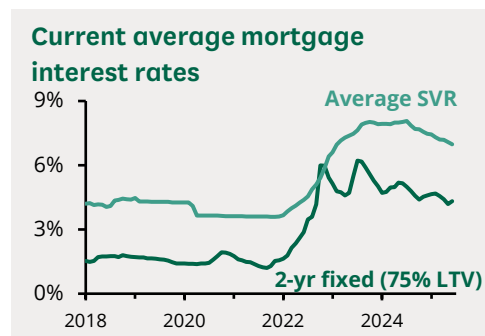
Household debt as a percentage of disposable income



Household debt peaked in Q3 2008 at 156.4% of household disposable income. It then declined to 134.6% by early 2016.

Growth in household debt levels has been slowing since the beginning of 2022. In Q1 2025 the debt-to-income ratio was 117.2%.

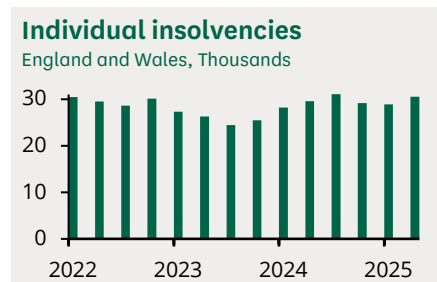
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 6.99% in July 2025, down 1.08 percentage points on a year ago.

The average 2-year fixed mortgage rate was 4.25% in July 2025, down 0.74 percentage points on a year ago.

Individual insolvencies



There were 30,494 individual insolvencies in England and Wales in Q2 2025, 1,639 more than in the previous quarter.

The Q2 2025 level is 3.2% higher than the level in Q2 2024.

In Scotland, there were 1,673 individual insolvencies in Q1 2025, down 11% on the year.

In Northern Ireland, there were 392 individual insolvencies in Q2 2025, up 3% on the year.

Subject specialist

Brigid Francis-Devine

Updates

Bank of England,
[Statistical database](#)

5 September 2025

Insolvency Service,
[Insolvency Statistics](#)

18 November 2025

ONS, [UK Economic Accounts](#), 30
September 2025

4

Glossary

Definitions¹

Balance of payments: A country's financial position, with other countries of the world, comprising two parts:

Current account: the balance of imports and exports of goods and services, income and transfers combined; **Capital account:** the difference between a country's capital invested in other countries, and the capital invested by other countries in it. Technically, the two parts always balance. A balance of payments deficit normally refers to a current account deficit.

Balance of trade: The difference between a country's exports and imports of either goods only or goods and services combined. Trade in financial services account for around a third of UK exports, and thus partially offsets trade in goods deficits.

Basic prices: Prices excluding taxes and subsidies on products.

Claimant count: The number of people aged 18 and over claiming Jobseeker's Allowance (JSA) benefits. This includes out-of-work Universal Credit claimants.

Consumer Prices Index (CPI): This is the headline UK domestic measure of inflation. It measures the average change from month to month in the prices of consumer goods and services purchased in the UK.

Current account balance: The difference between receipts/payments due to transactions in goods, services, income and transfers between the UK and all other countries. A current account deficit means that total payments exceed total receipts; in the reverse case, the current account is in surplus.

Current budget: Measures the balance of public sector current account revenue over public sector current expenditure.

Current/constant prices: Current prices are the actual or estimated recorded monetary value over a defined period for a group of industries or products. They show the value for each item expressed in terms of the prices of that period.

Constant prices refer to volume measures whose values are derived by applying to current quantities, prices for a specific base period. They allow figures to be represented so that the effects of inflation are removed. The values for each time period are expressed in terms of the prices in a particular base period.

¹ Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

Economically active: Those aged 16 and over who are either in employment or unemployed.

Economically inactive: Those aged 16 and over who are neither in employment nor unemployed. This includes those who do not want a job, those who want a job but have not been seeking work in the last four weeks and those who want a job and are seeking work but not available to start work.

Employment: The number of people with jobs as estimated by the Labour Force Survey (LFS). This includes all people aged 16 or over who did paid work, those who had a job that they were temporarily away from, those on government supported training and employment programmes, and those doing unpaid family work during the survey period. The employment rate refers to the number of people employed as a percentage of the working age population as measured by the LFS.

Exchange rate: The rate at which one currency is traded against another.

Gross Domestic Product (GDP): The total market value of goods and services produced after deducting the cost of goods and services used up in the process of production (intermediate consumption) but before deducting consumption of fixed capital (depreciation).

Gross Domestic Product – Real GDP: Also known as constant price or chained volume measure, this is a measure used to indicate change in the actual quantity of goods and services produced, by adjusting for inflation.

Gross Fixed Capital Formation (GFCF): Expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.

Gross Value Added (GVA): The difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA is used to measure the productivity of sectors/industries and economies.

Harmonised Indices of Consumer Prices (HICP): Harmonised indices of consumer prices for Member States of the European Union, which enable comparisons to be made across countries. The UK's CPI measure uses HICP methodology.

Market prices: The prices actually paid by the purchaser for goods and services, including transport costs, trade margins and taxes. $\text{GDP at market prices} = \text{GDP at basic prices} + \text{transport prices paid separately} + \text{non-deductible taxes on expenditure} - \text{subsidies received}$.

Money supply: The total amount of money in an economy at a given time.

The Public Sector Net Borrowing (PSNB): This measures the public sector's accumulation of debt net of liquid financial assets. Its approximate stock equivalent is net public sector debt.

Public Sector Net Debt: This is approximately the stock analogue of the PSNB. It measures the public sector's financial liabilities to the private sector and abroad, net of short-term financial assets such as bank deposits and foreign exchange reserves.

Retail Prices Index (RPI): A domestic indicator of inflation. It measures the average change from month to month in the prices of goods and services purchased in the UK. It is similar to the CPI, but differs in terms of methodology and coverage. For example, the RPI includes housing costs such as mortgage interest payments while the CPI doesn't.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences, which may distort the data, has been removed.

Sterling Exchange Rate Index (SERI): This measures the value of sterling against a trade-weighted 'basket' of other currencies. The weights used in this index measure currencies' relative importance to UK trade in goods and services.

UK Base/Repo rate: The rate at which the Bank of England lends to discount houses by buying their bills. The base rate is usually the minimum rate at which banks are prepared to lend money. The high street bank base rate follows that set by the Bank of England, and it acts as the benchmark for other interest rates, including mortgages and personal loans.

Unemployment: The ILO definition includes all people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed persons expressed as a percentage of the total economically active population.

Volume/value of retail sales: The volume of retail sales is the total takings adjusted for inflation and the value of retail sales is the total actual takings.

Workforce jobs: The sum of employee jobs, self-employment jobs, those in HM Forces and government-supported trainees.

4.1

Symbols and abbreviations

.. Figure(s) not yet available

CBI Confederation of British Industry

ILO International Labour Organisation

IMF International Monetary Fund

OECD Organisation for Economic Co-operation and Development

ONS Office for National Statistics

Economic Indicators online

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