# United Kingdom

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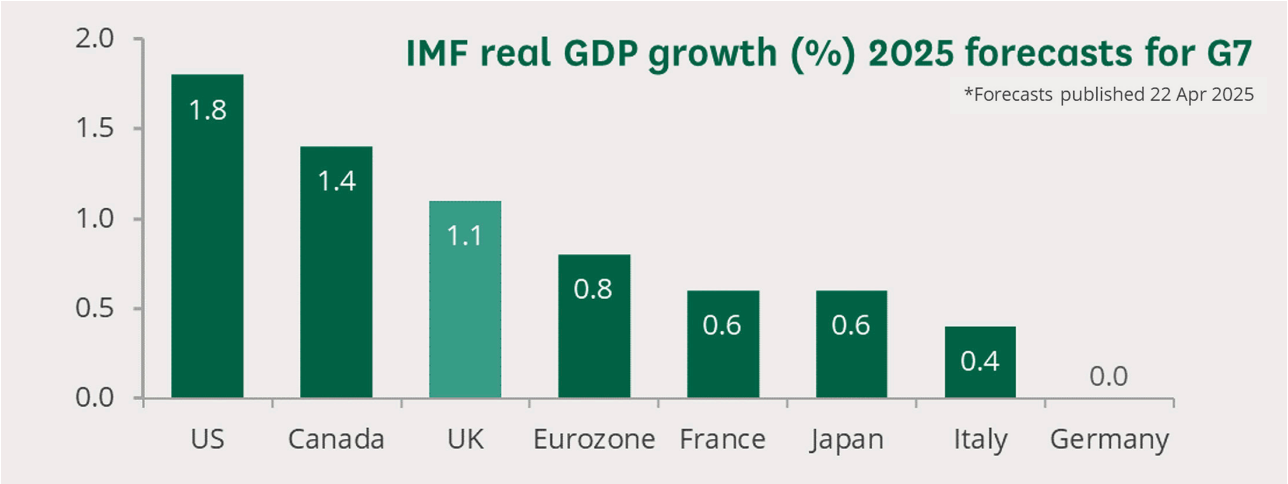
I think it was said in a past movie "hang onto your seat it's going to be a bumpy ride" which could be applied to the UK if not all the global economies! Tariff activities have certainly thrown a curve ball into the economic mix and the fallout globally still has some way to run.

The first half of 2024 certainly seemed to show some modest positives with falling inflation and signs of growth on the horizon for 2025. Since then, a change of government with a new agenda and a different approach to economics has resulted in the waters becoming a little muddied.

IMF forecasts for the UK in 2025 have seen a recent reduction in GDP growth from 1.7% to 1.4% and then 1.1% which contrasts with the Office of Budget Responsibility (OBR) indicating 1.0% growth for the year. However, the IMF has predicted UK economic growth will be stronger than Germany, France, and Italy. But, possibly with the highest rate of inflation for the world's advanced economies. Much could result from negotiations with the US and ultimately trade policies related to China after imposition of US tariffs.

Checking with the OECD stance, it is noted that significant changes in trade policies, referring mostly to US Tariffs, would hit global growth if sustained. It also observed that inflationary pressures continue to linger. The OECD lowered its forecast for UK GDP growth in 2025 from 1.7% to 1.4%. These forecast for the UK economy might in part be influenced by the country's dependence on natural gas where so much of UK electricity is generated from Gas and the recent price for gas is still approximately 50% higher than 2022. Interestingly, contrasting with this, Brent crude at $65 has fallen from $85 since our last review. UK energy costs are noted to be the most expensive in Europe and are seen as the major obstacle to growth and a huge impediment for any high energy consuming industry. British Steel Scunthorpe being a primary case in question. Long-term electricity price forecasts for the UK indicates prices will remain relatively high for the next few years, potentially dropping below pre-2022 levels, possibly in the 2030s.

In summary, the UK economic outlook for 2025 suggests a mixed picture, with potential for some growth but also persistent challenges. Overall, the economy is expected to grow slightly faster than in 2024, but this growth may not translate into immediate gains in living standards, even into 2026, for all households.

Emphasis must now be on the outcome of the recent US and UK trade agreement, which hopefully will have a positive outcome.