



# UK Economic Outlook

March 2024



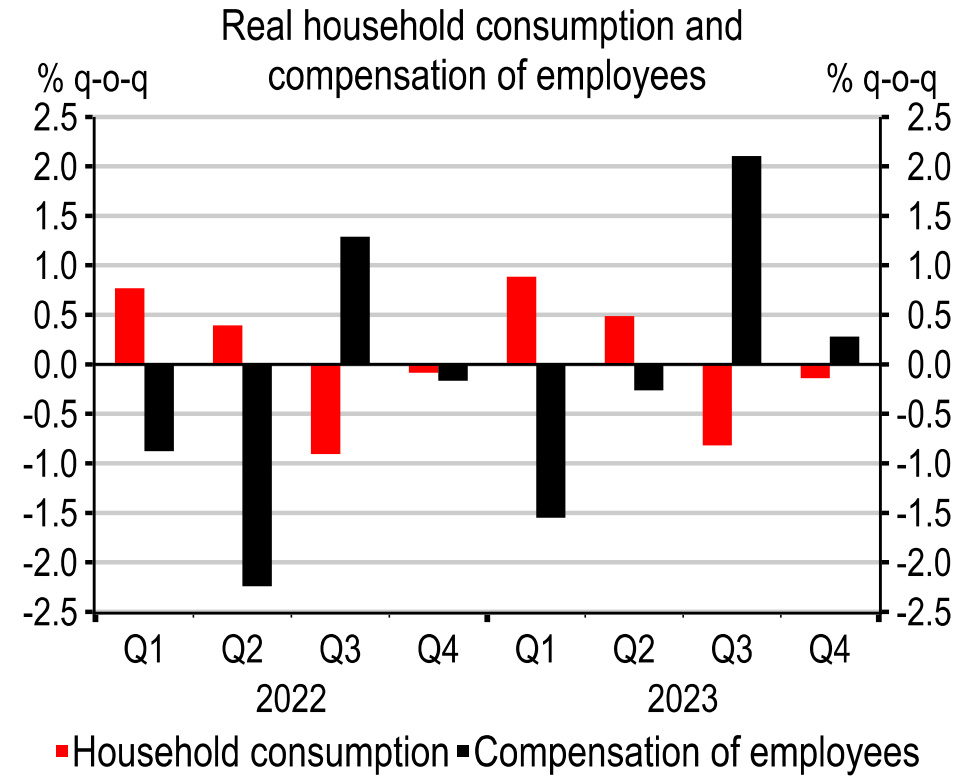
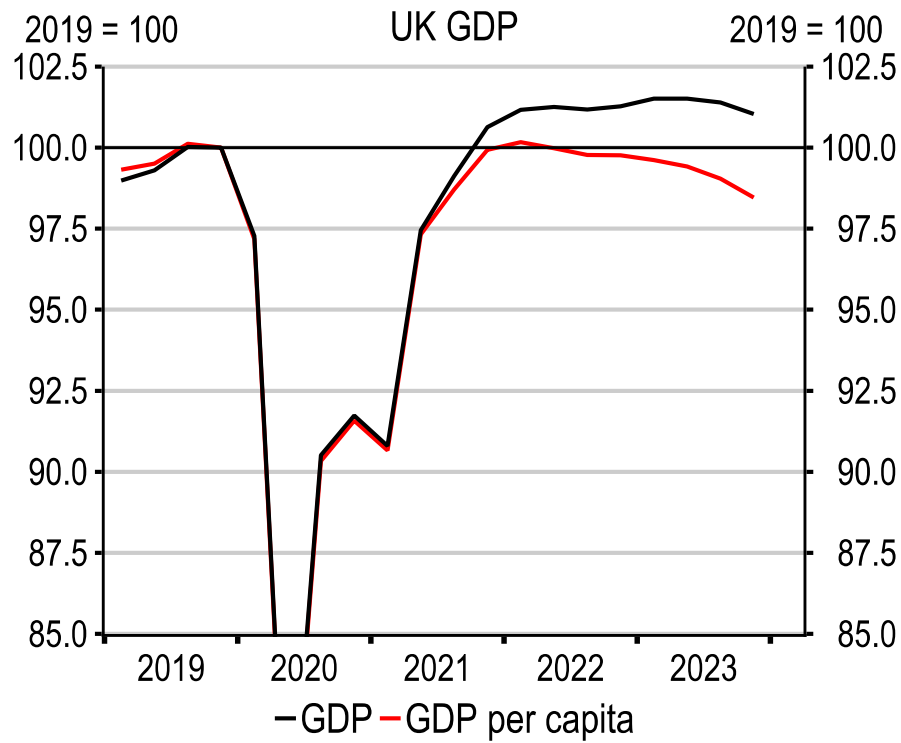
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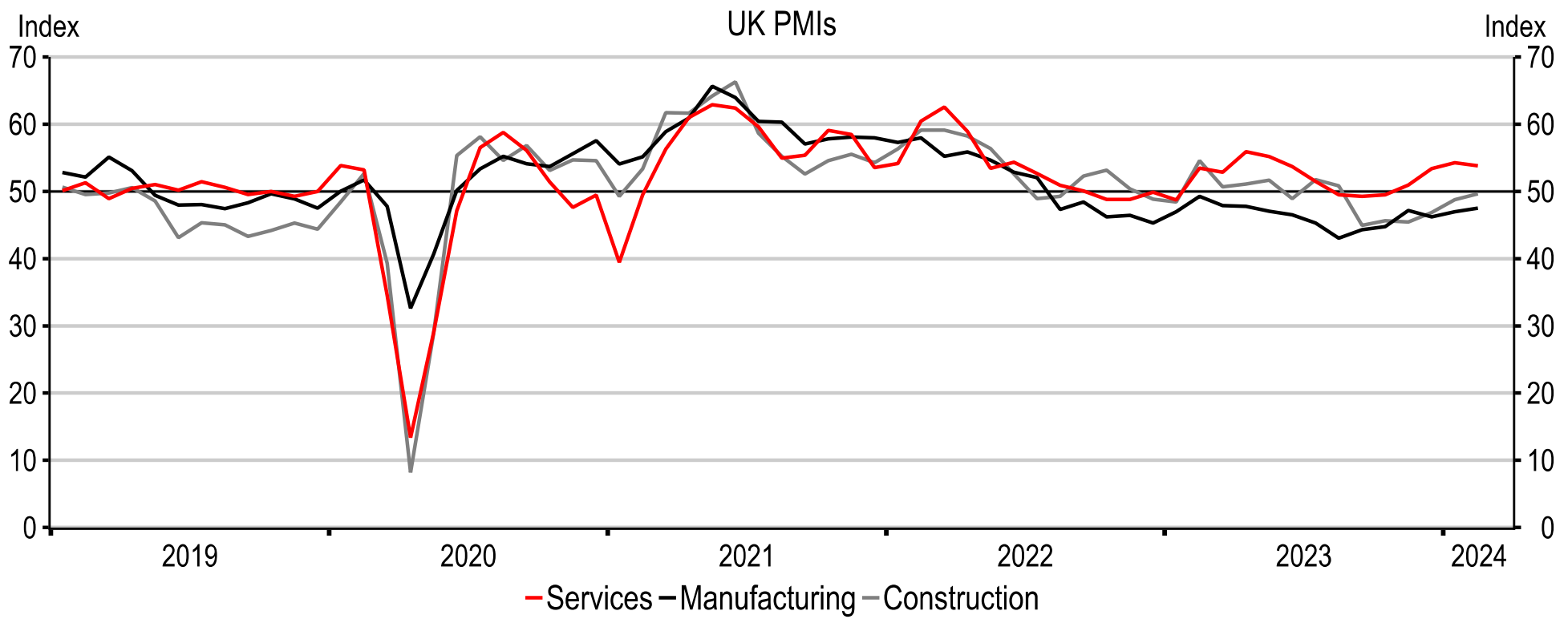
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## First, the bad news: The UK is in recession



Source: Macrobond

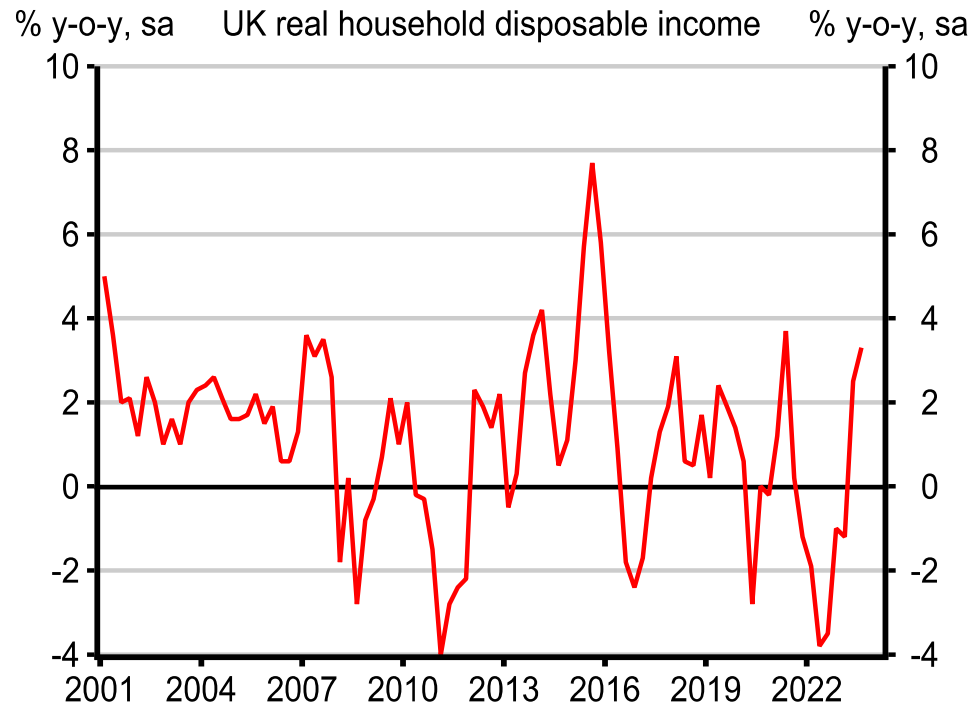
# Perking up?



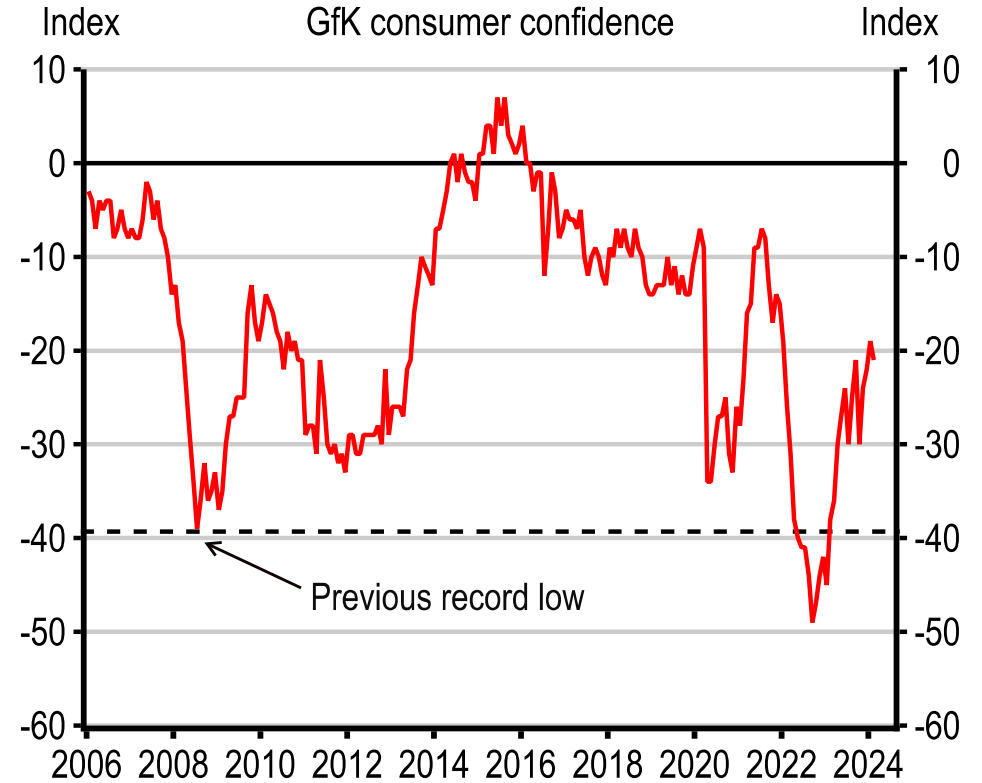
Source: S&P Global



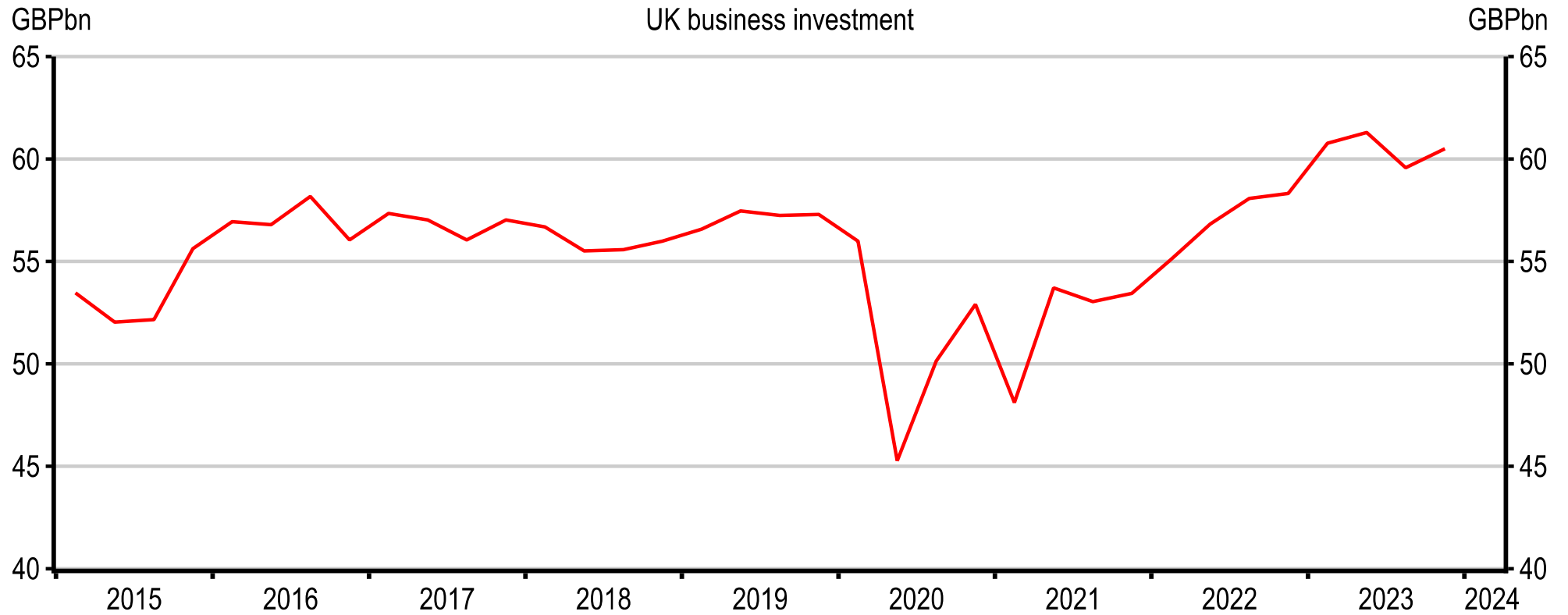
## The cost of living squeeze should be easing



Source: GfK, Macrobond

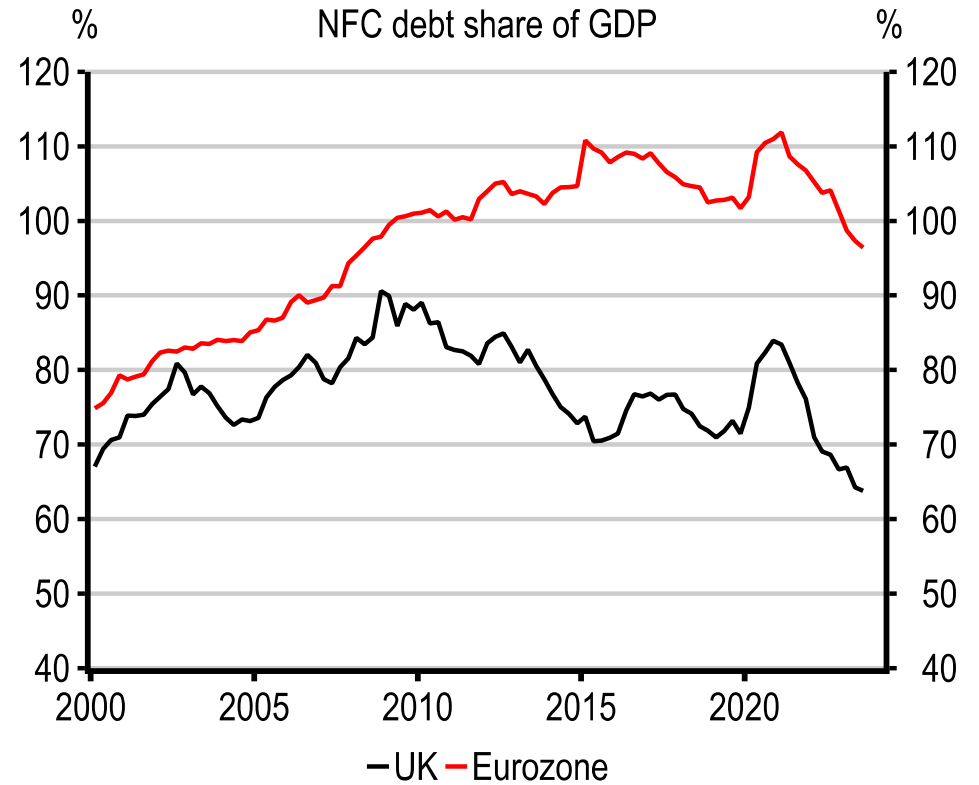
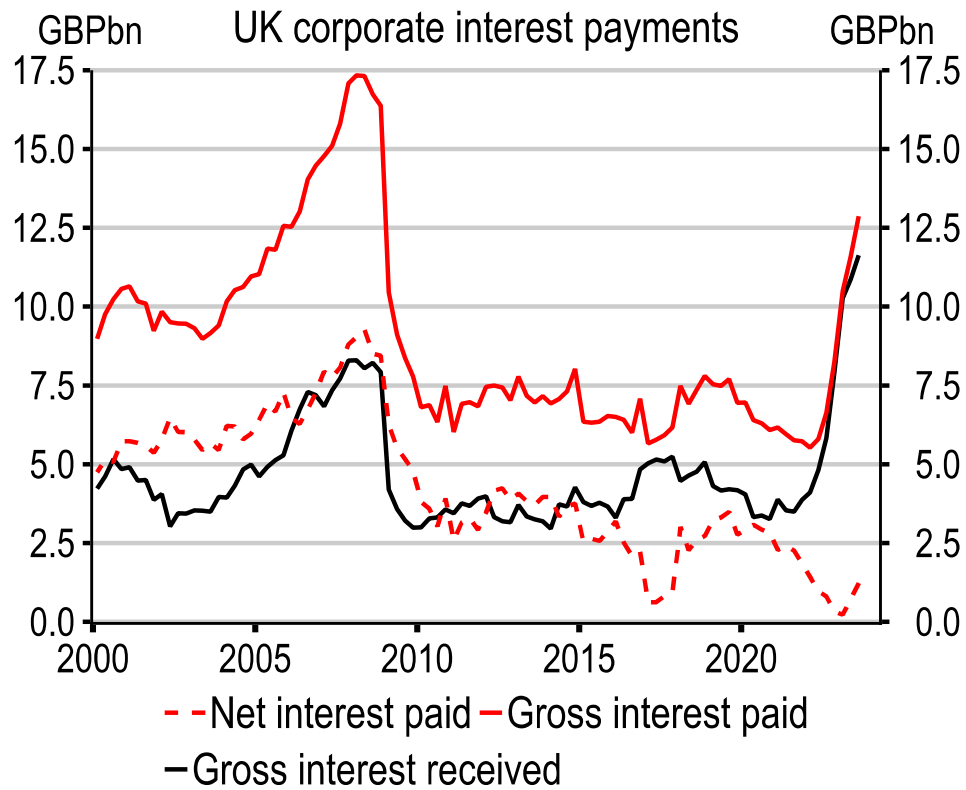


## Business investment has been remarkably resilient...

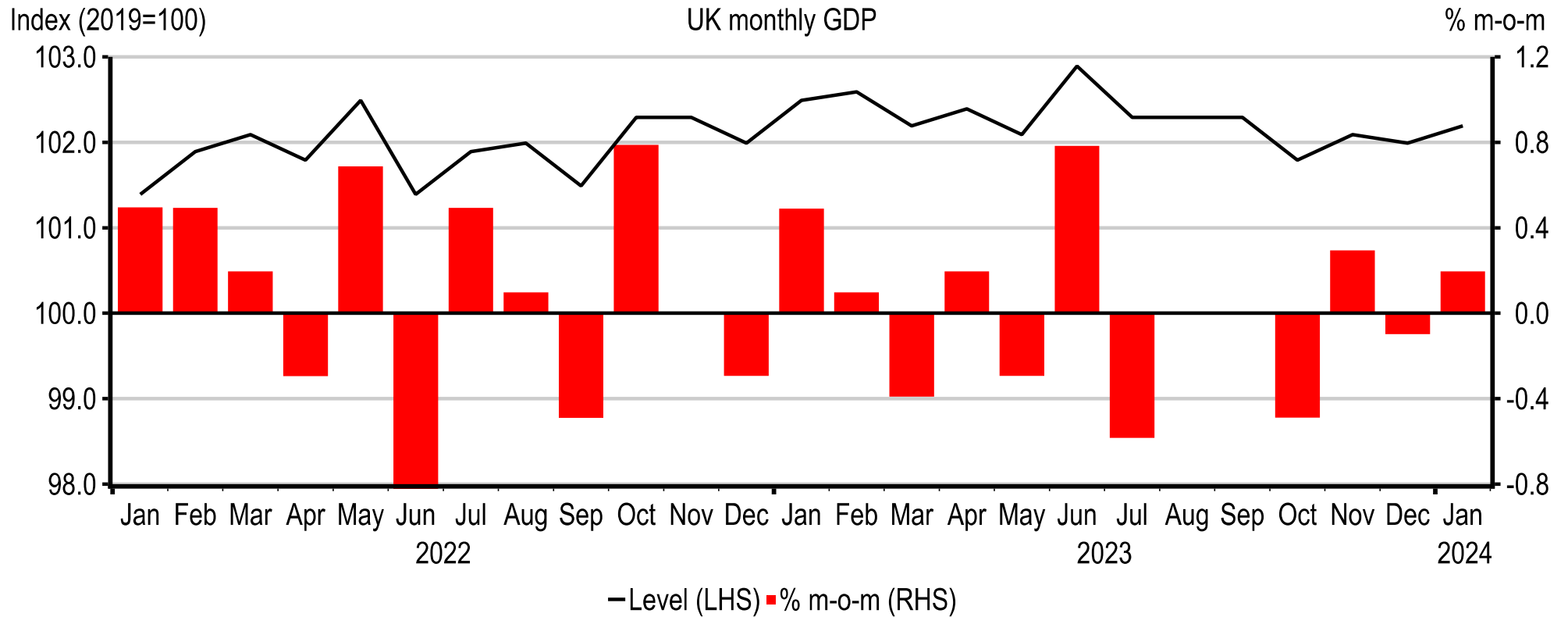


Source: ONS, Macrobond

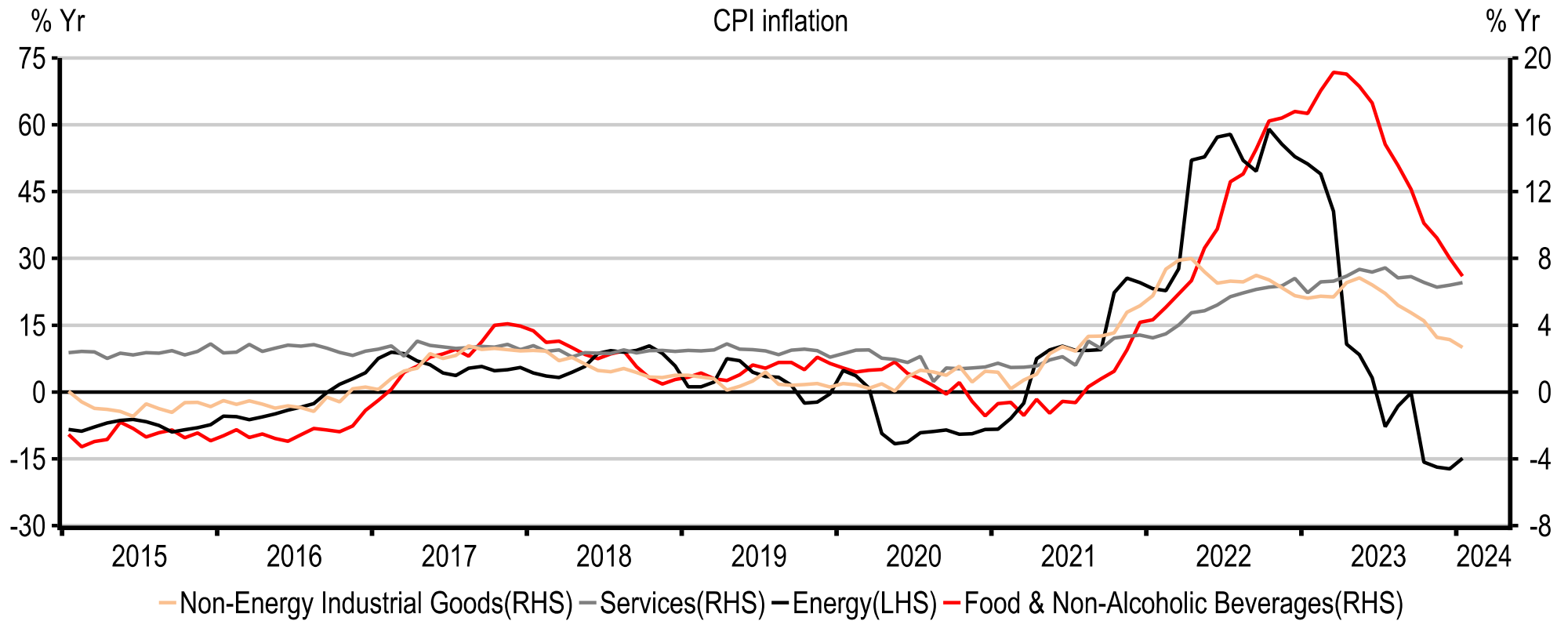
...with limited apparent drag from higher rates



## Though the monthly GDP data aren't playing ball yet

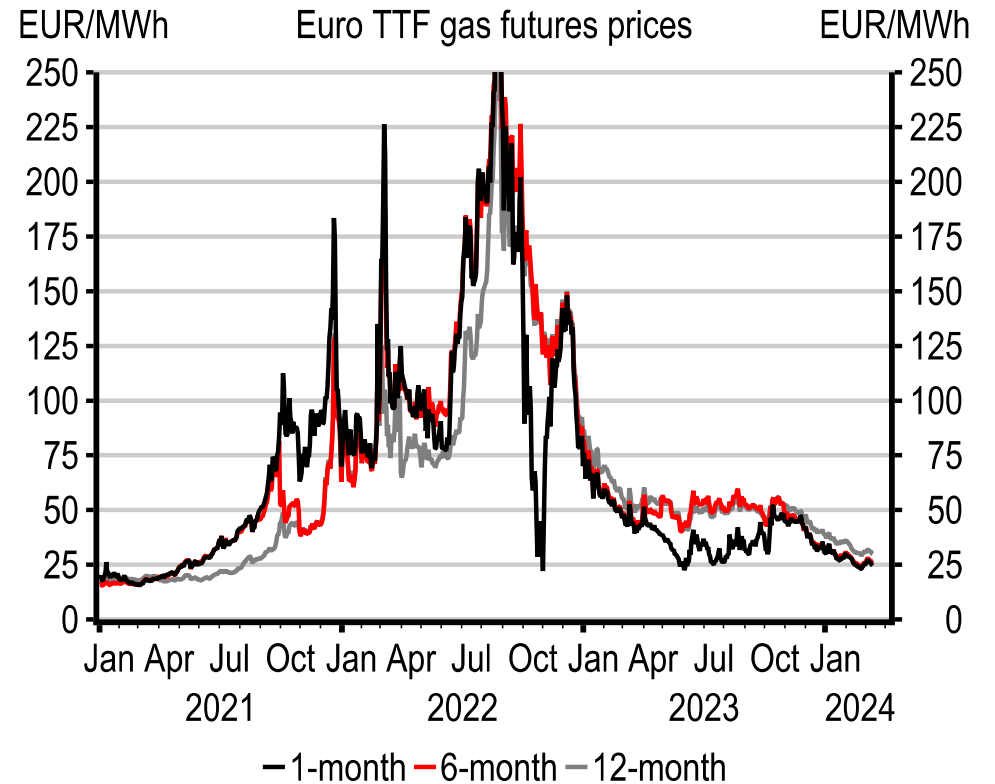
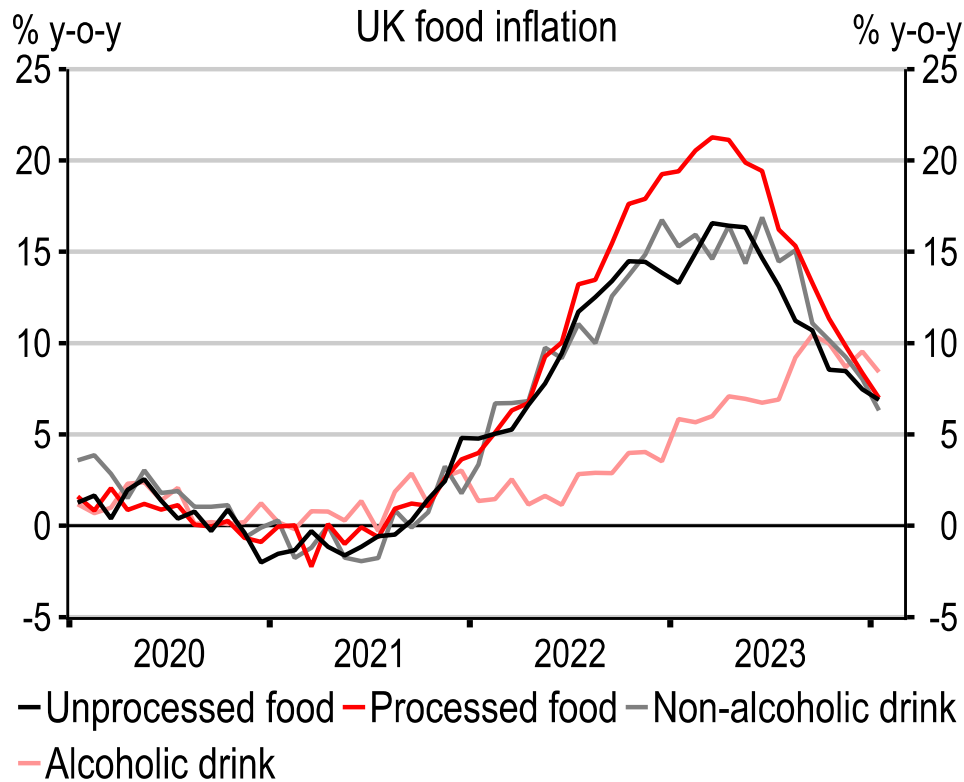


## Inflation moving in the right direction

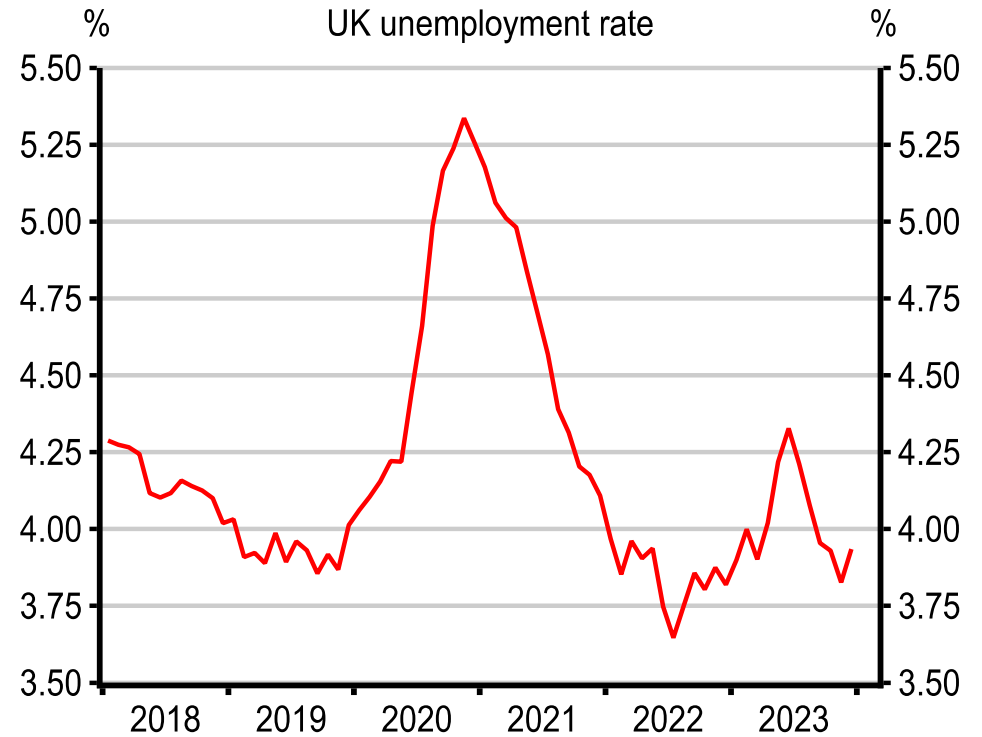
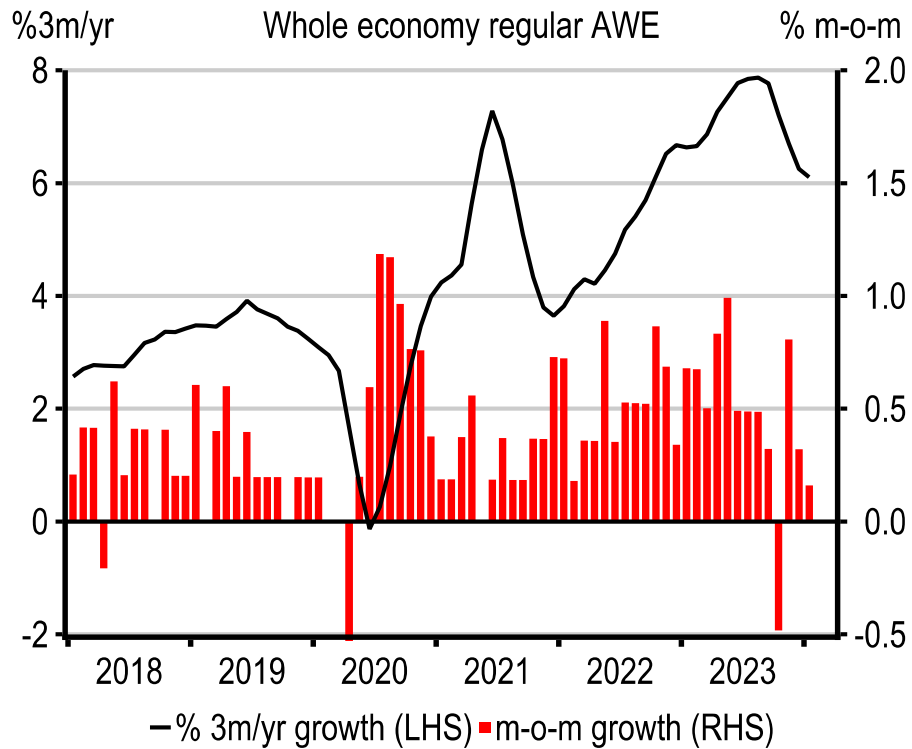




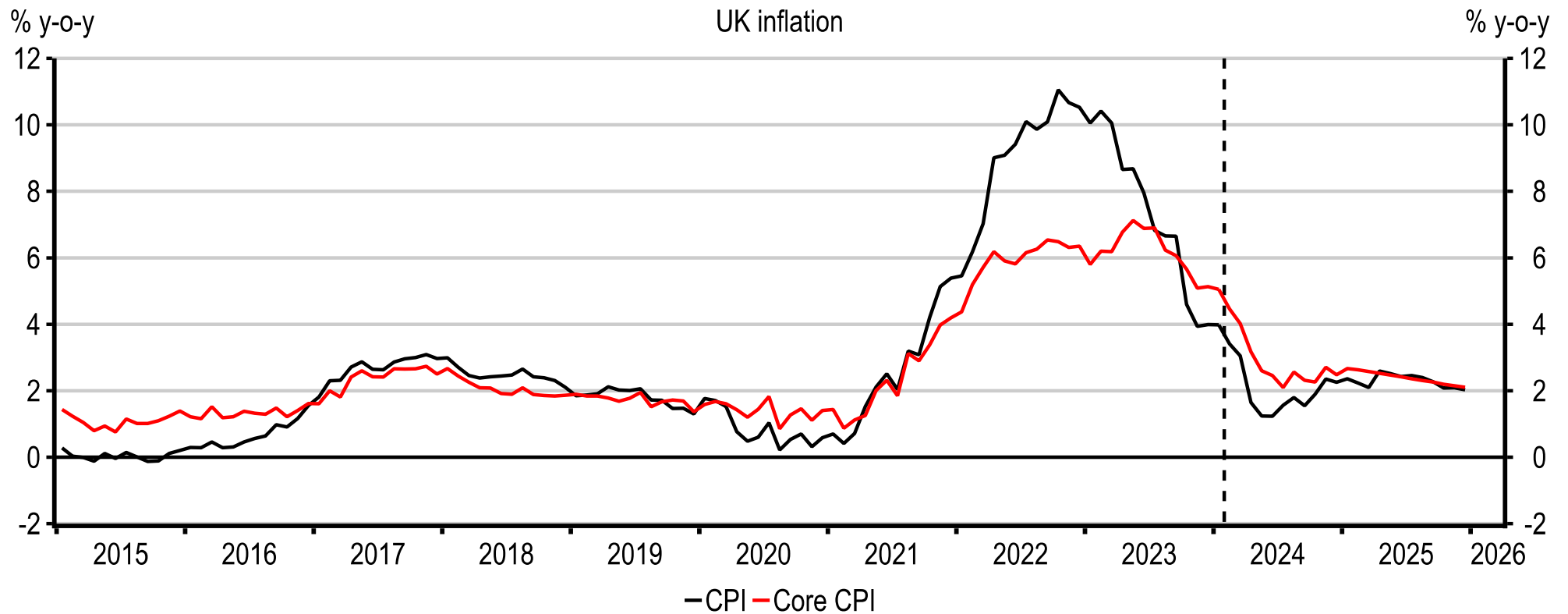
## Food inflation, and gas prices, are falling



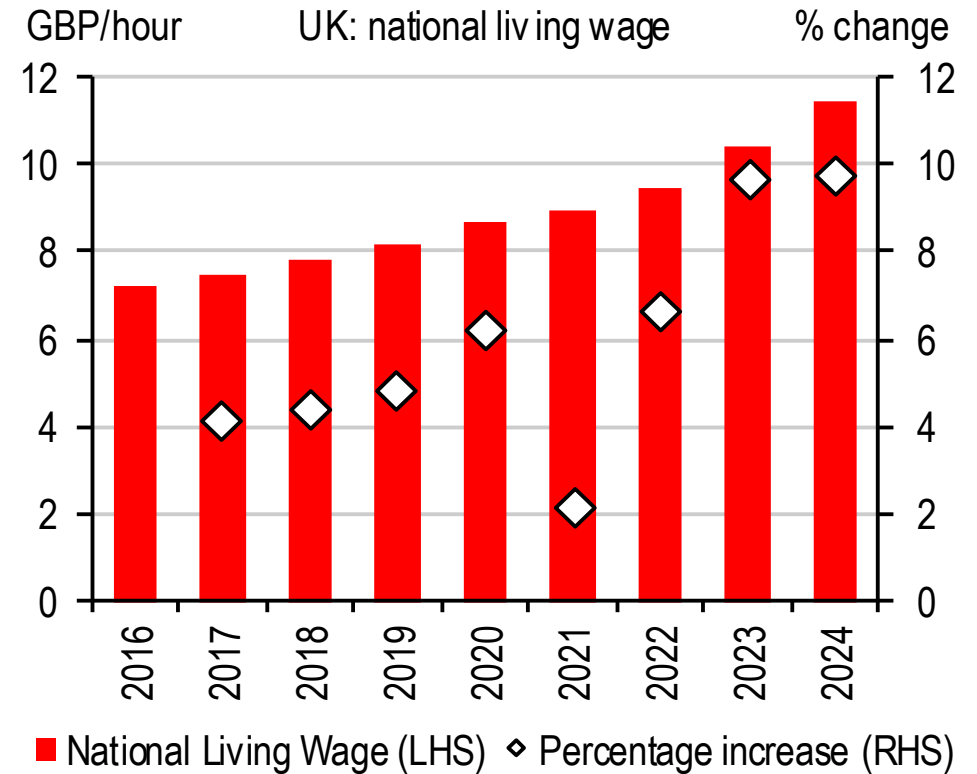
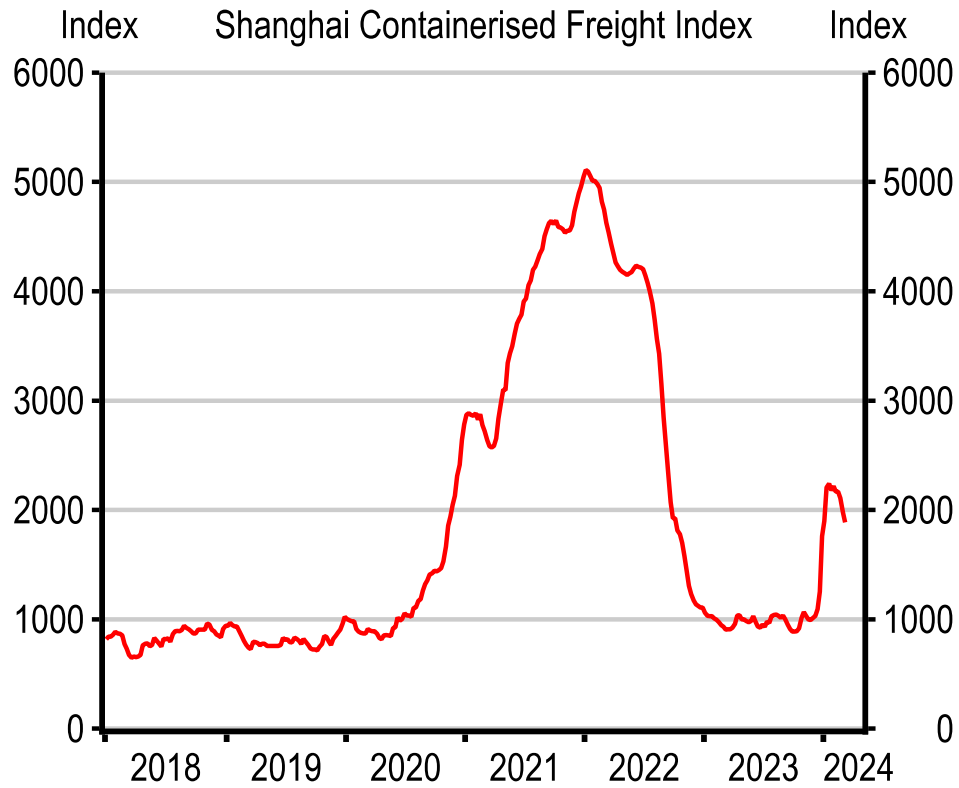
## It's unclear how quickly wage growth is slowing



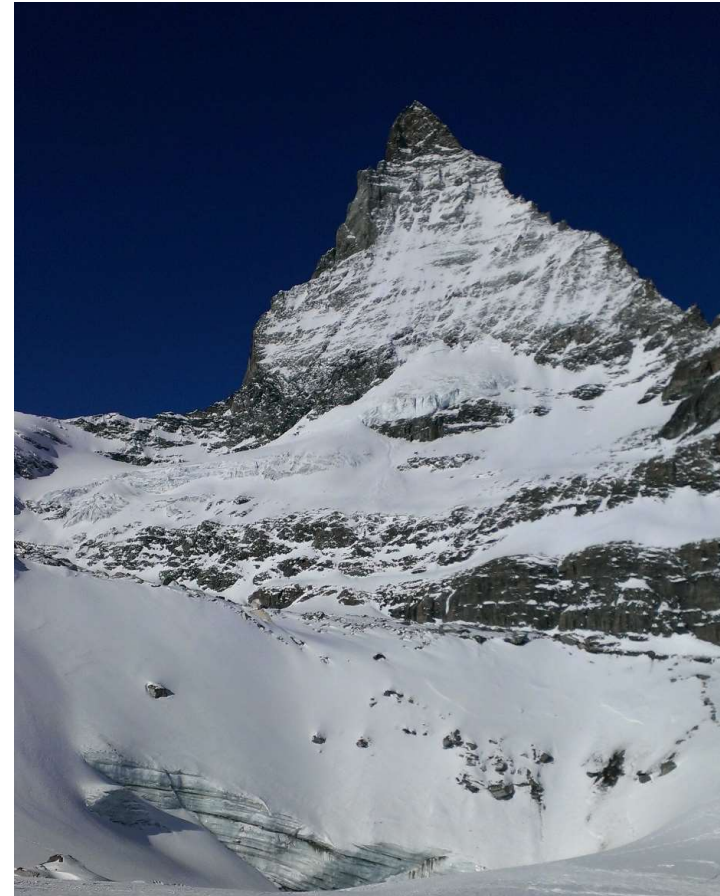
## We could be back below target by April... albeit not for long



## Risks from Red Sea disruption and sticky wage inflation

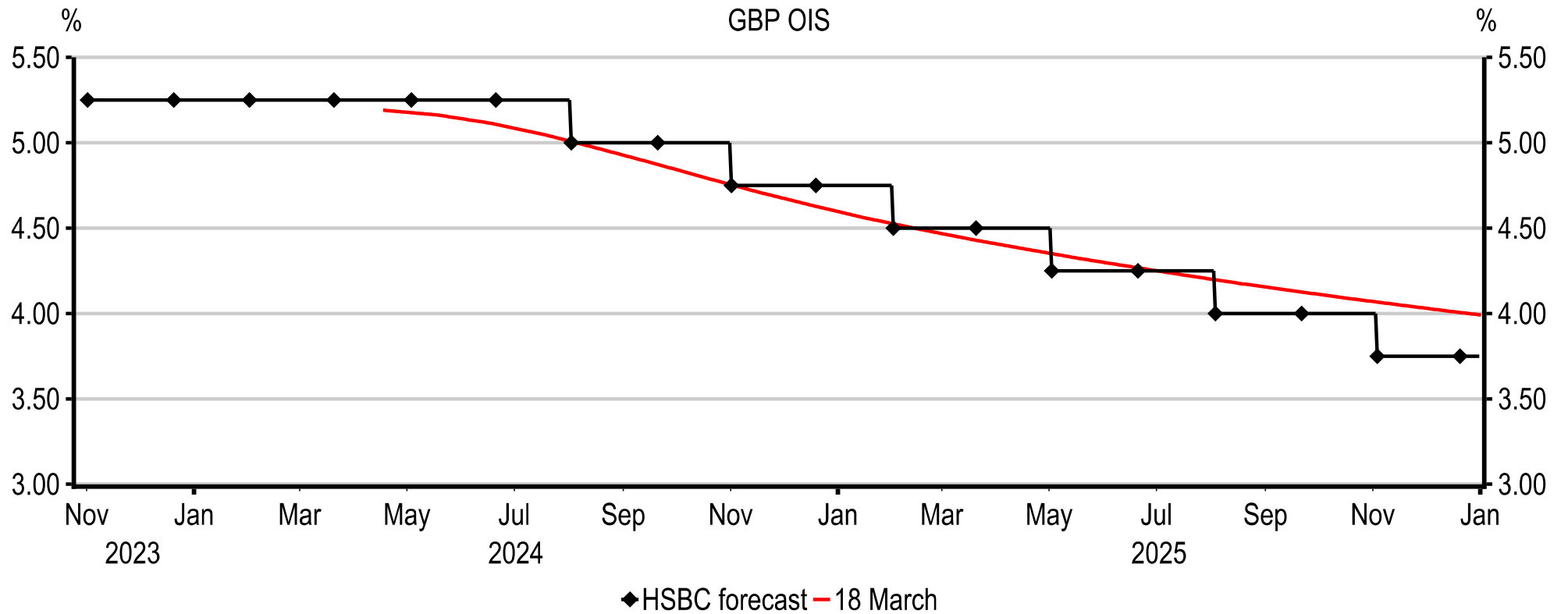


## Rates outlook still more Table Mountain than Matterhorn

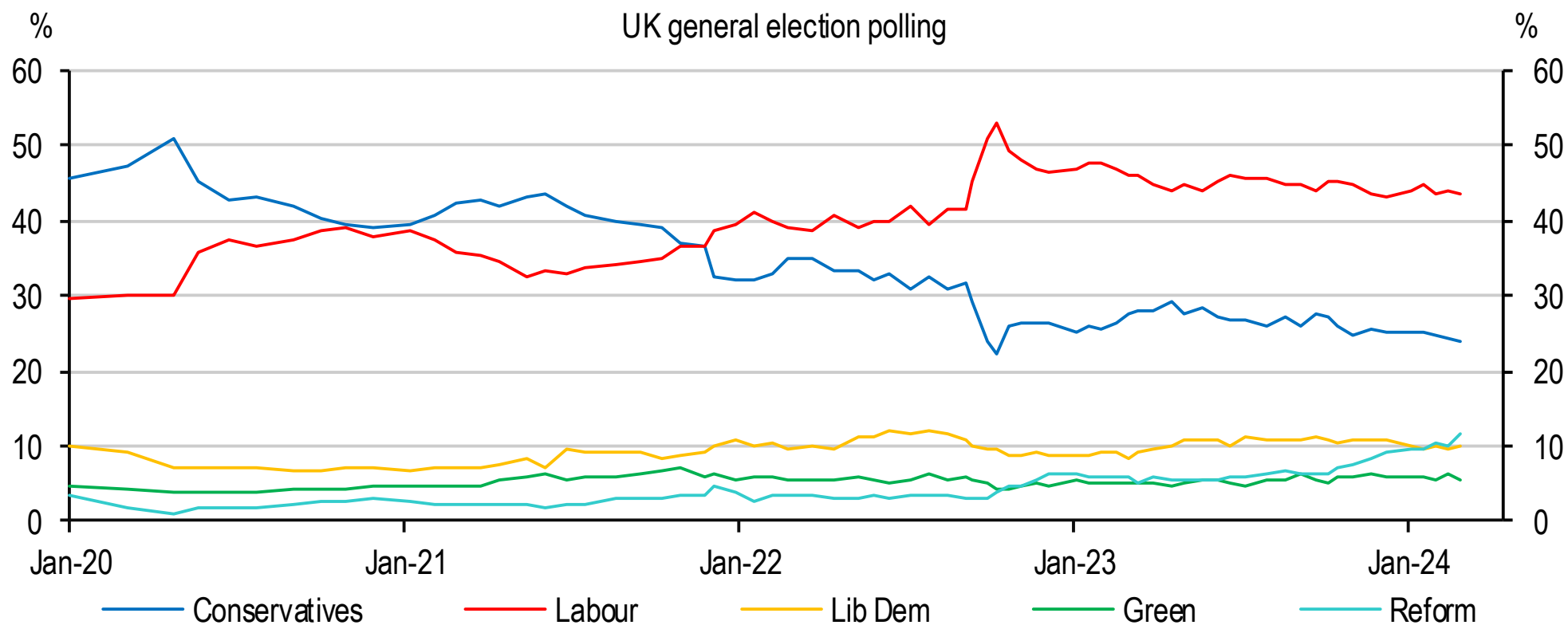


Sources: Chris Hare, Simon Wells

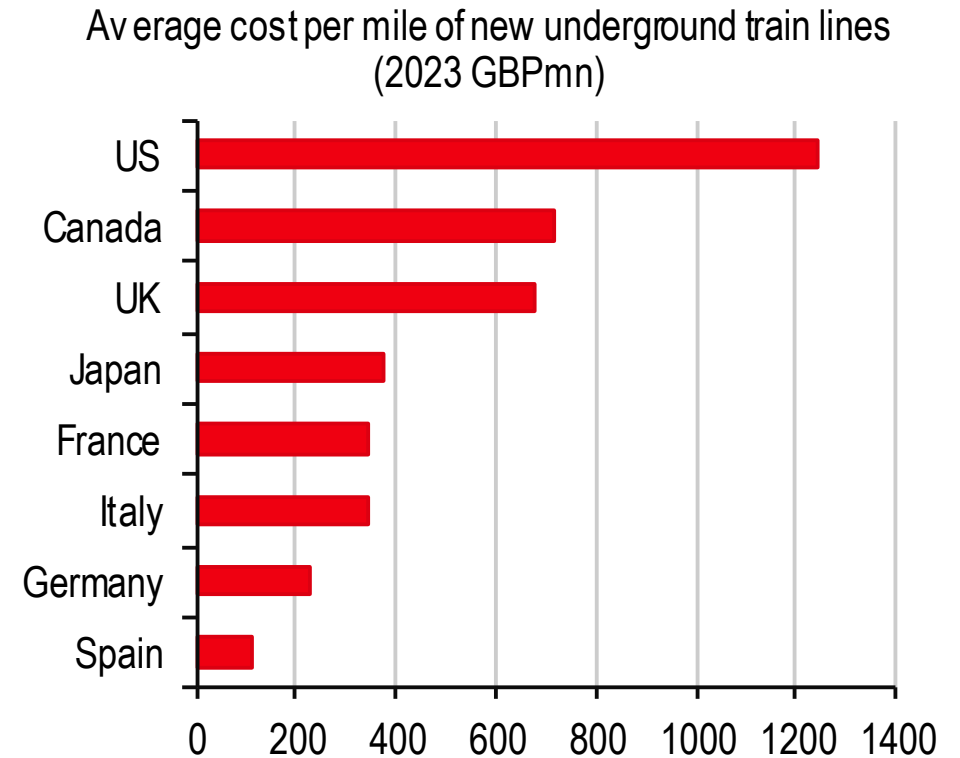
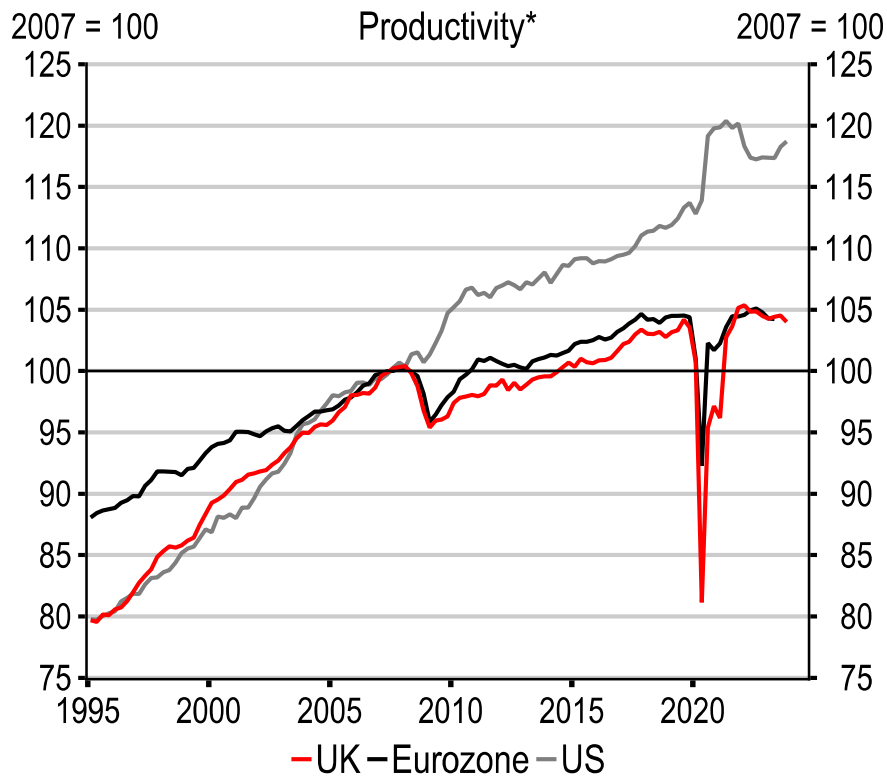
## We see the first Bank Rate cut in August....



## Election coming – but when?

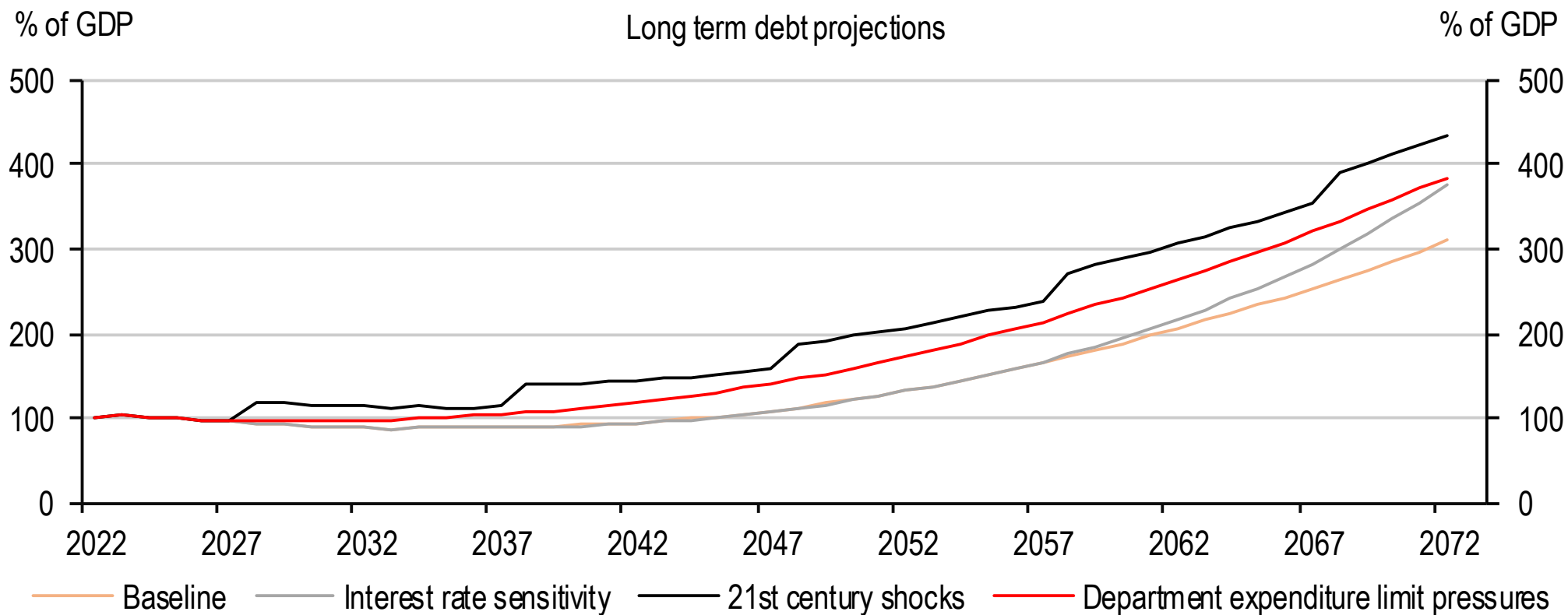


## Can the next government pull the 'growth lever'?

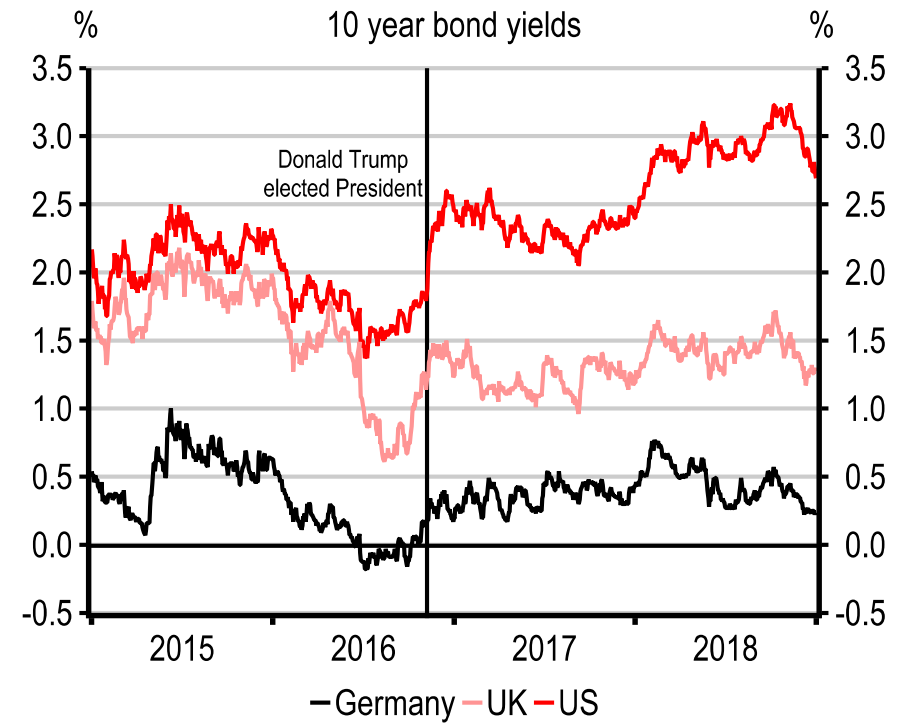




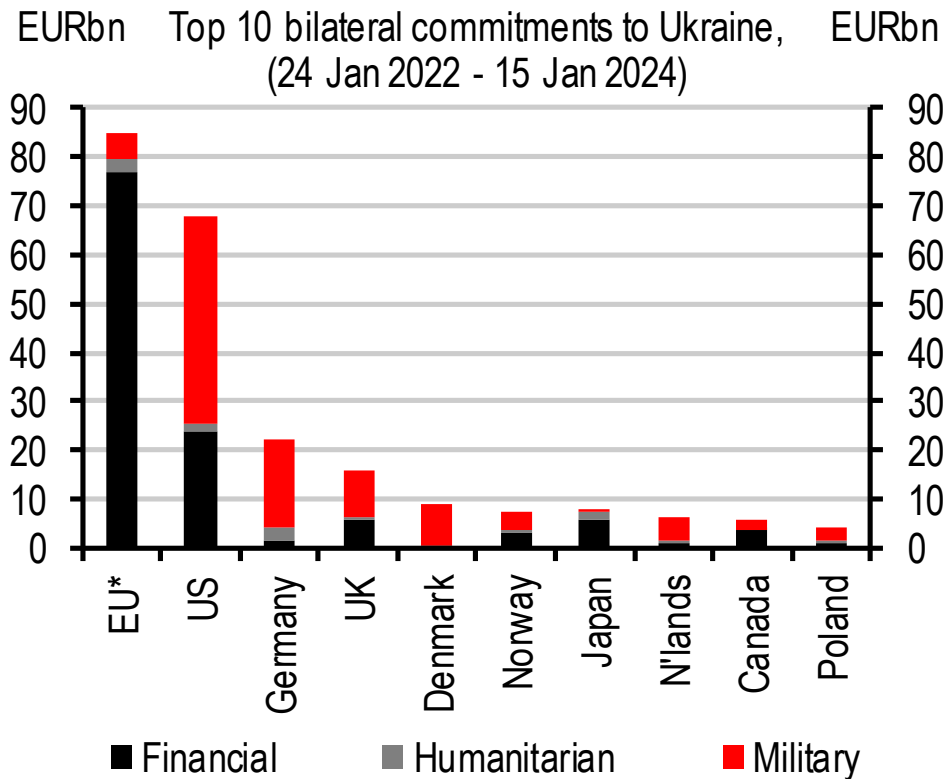
## High debt levels will limit the options for whoever wins the election



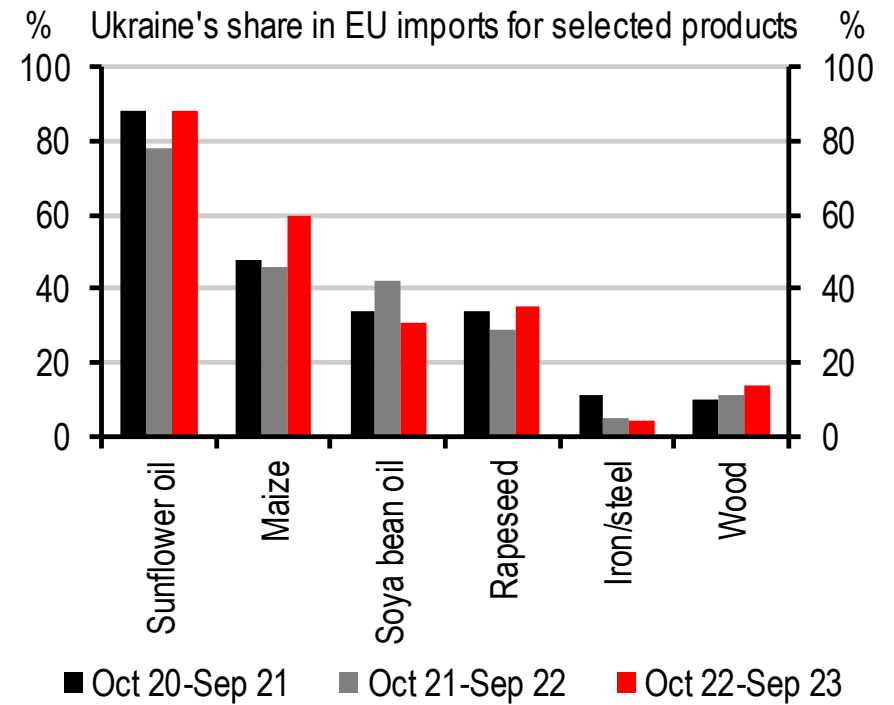
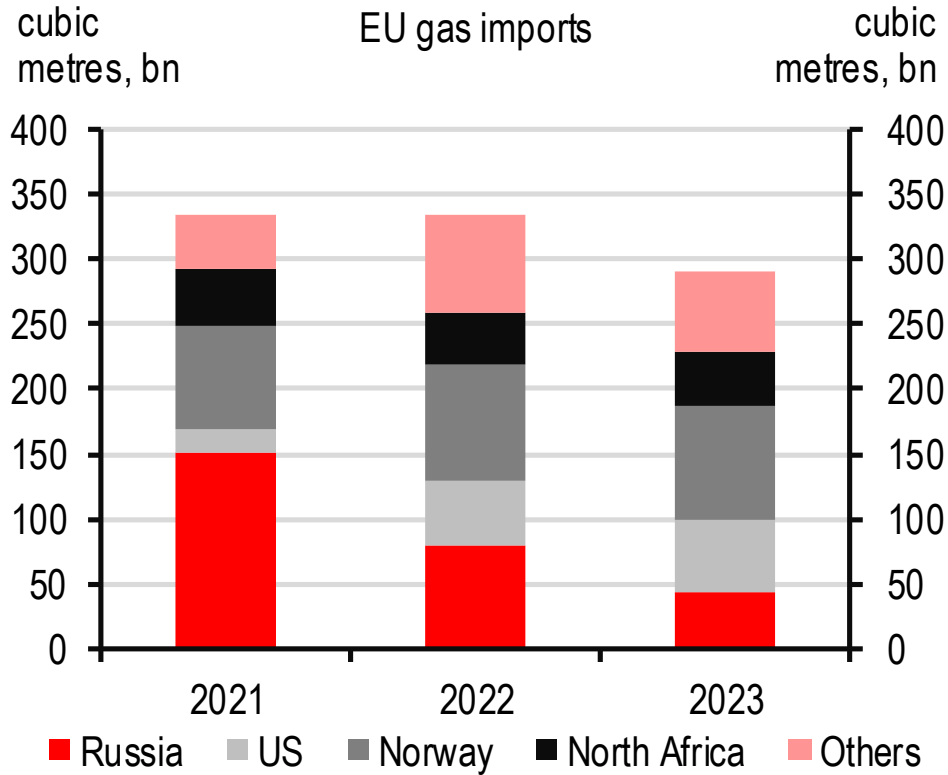
## US policy changes could affect Europe's exports and financial markets



## The war in Ukraine poses fiscal questions for Europe...



...and there are ongoing exposures in relation to gas and food



## Conclusions

- **The UK is in recession but some indicators are perking up...**
- **...inflation is coming down (gradually)...**
- **...and Bank Rate is likely to decline (eventually)...**
- **...but the UK and US election pose risks**

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