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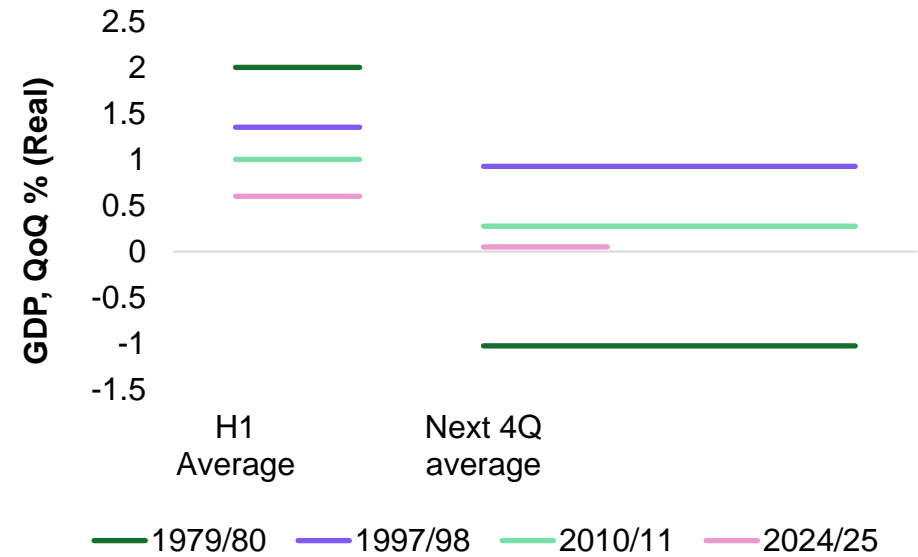
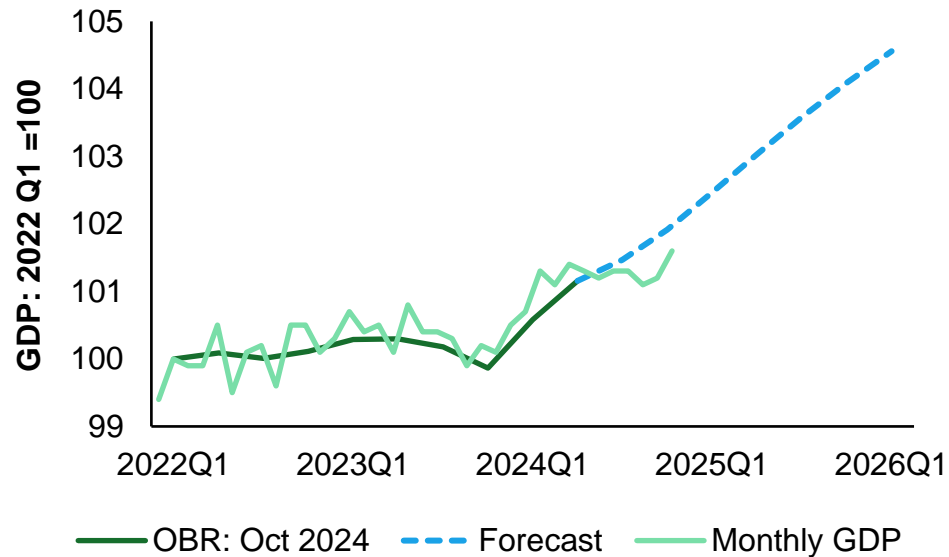
Look ahead to the Spring Forecast

Prepared for the IFS

6 March 2025



What has happened since October?



Output has flatlined since the summer

- Was December an inflection, or an aberration?

“Gangbusters” economy is not a trend

- NICs cuts was simply pre-election juicing?

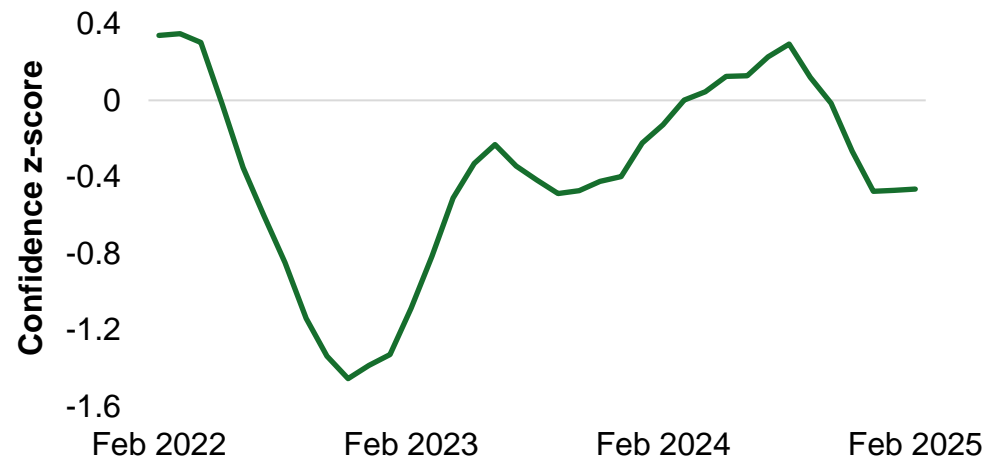
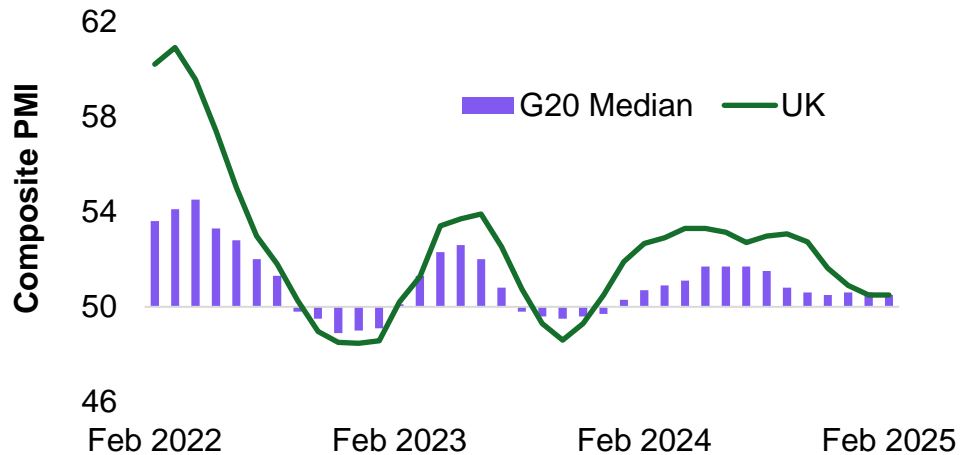
Growth stalls after change elections

- Is this simply a repeat of 1979, 1997, 2010?

Public & private sectors adjust to change

- Pent up demand unlocked later in the forecast?

What happens next for UK growth?



UK and Global PMIs have softened

- Led by concerns over an inflation resurgence

Demand conditions have eased

- Casts doubt on state of UK financial conditions

Confidence has moderated post-election

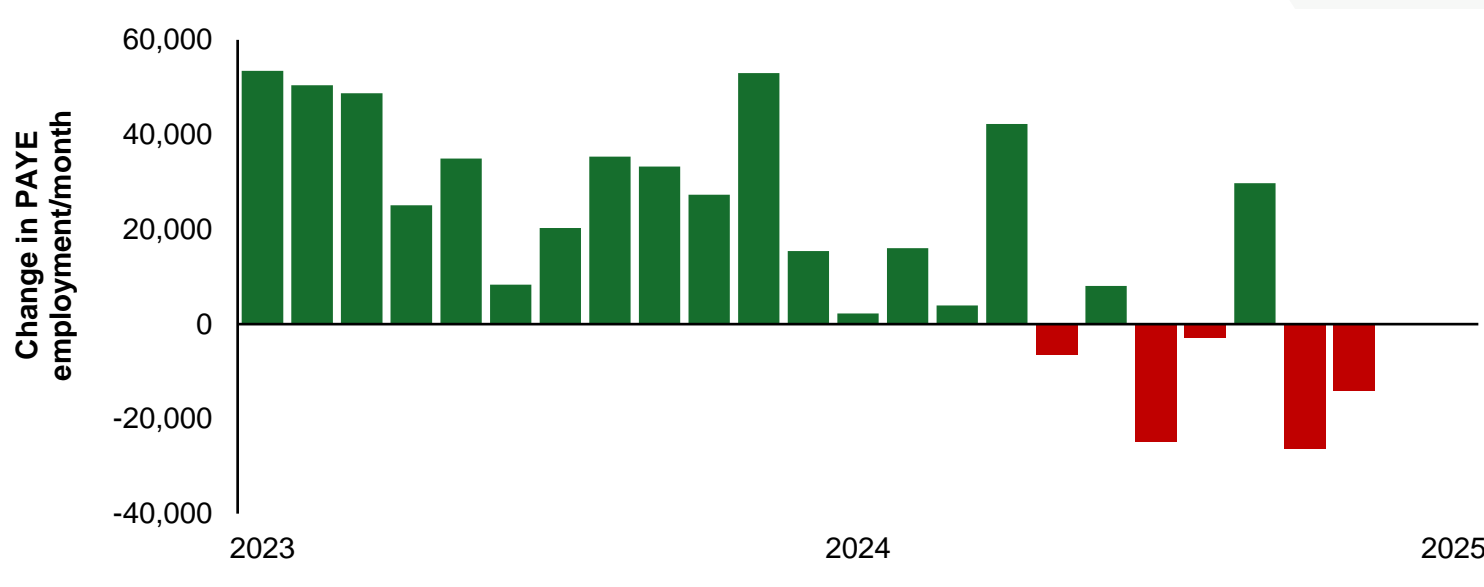
- Scale of softening varies by survey type

Data has begun to stabilize

- OBR must judge what comes in April

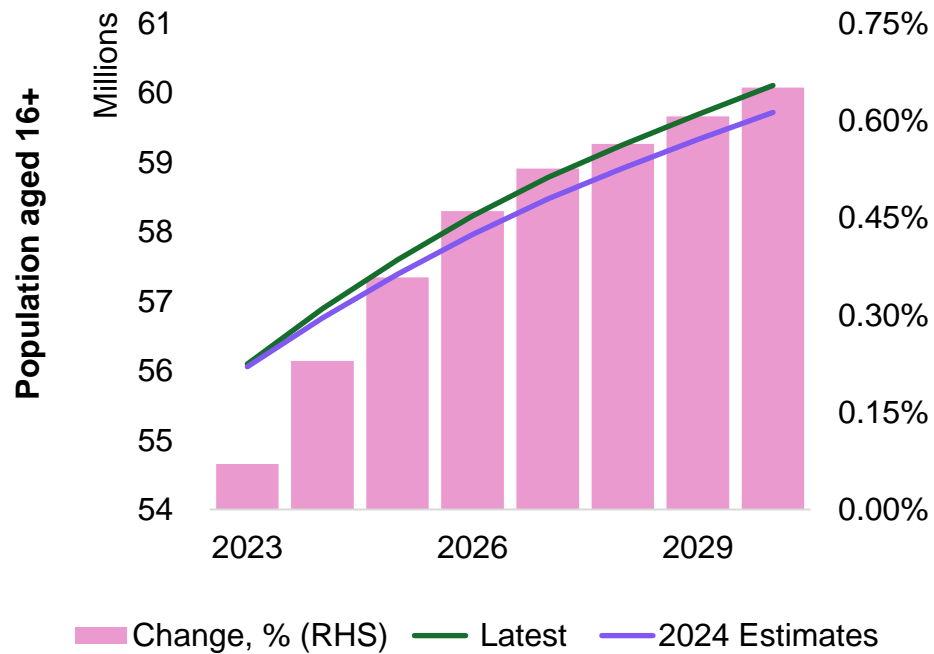
Key uncertainties

US trade	• Tariff backdrop changing daily
US/EZ fiscal	• DoGE, Schwarze Null
UK inflation	• MPC split on inflation persistence
UK employment	• Data deficiencies & wages pressure

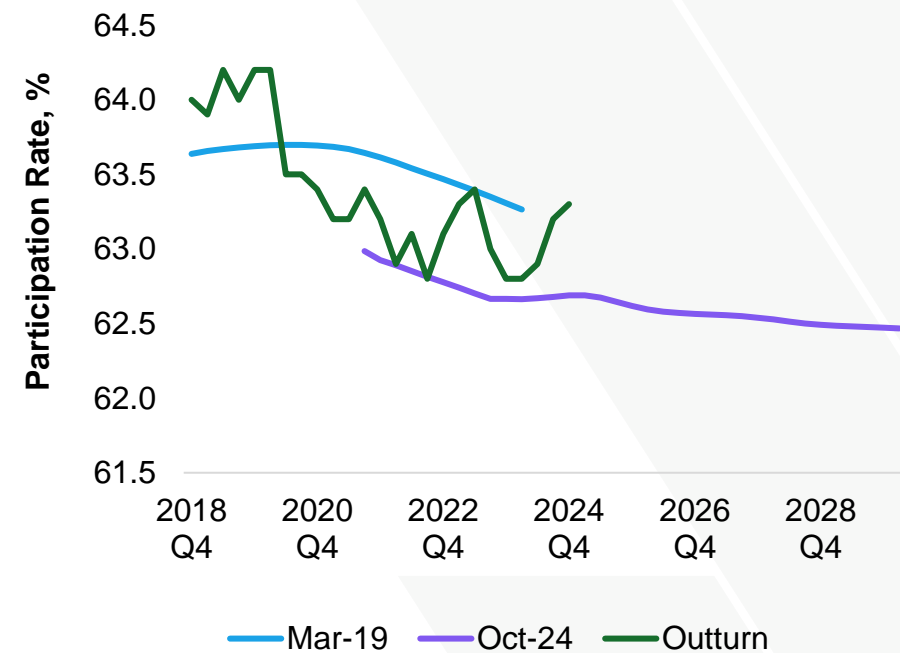


Longer term growth...

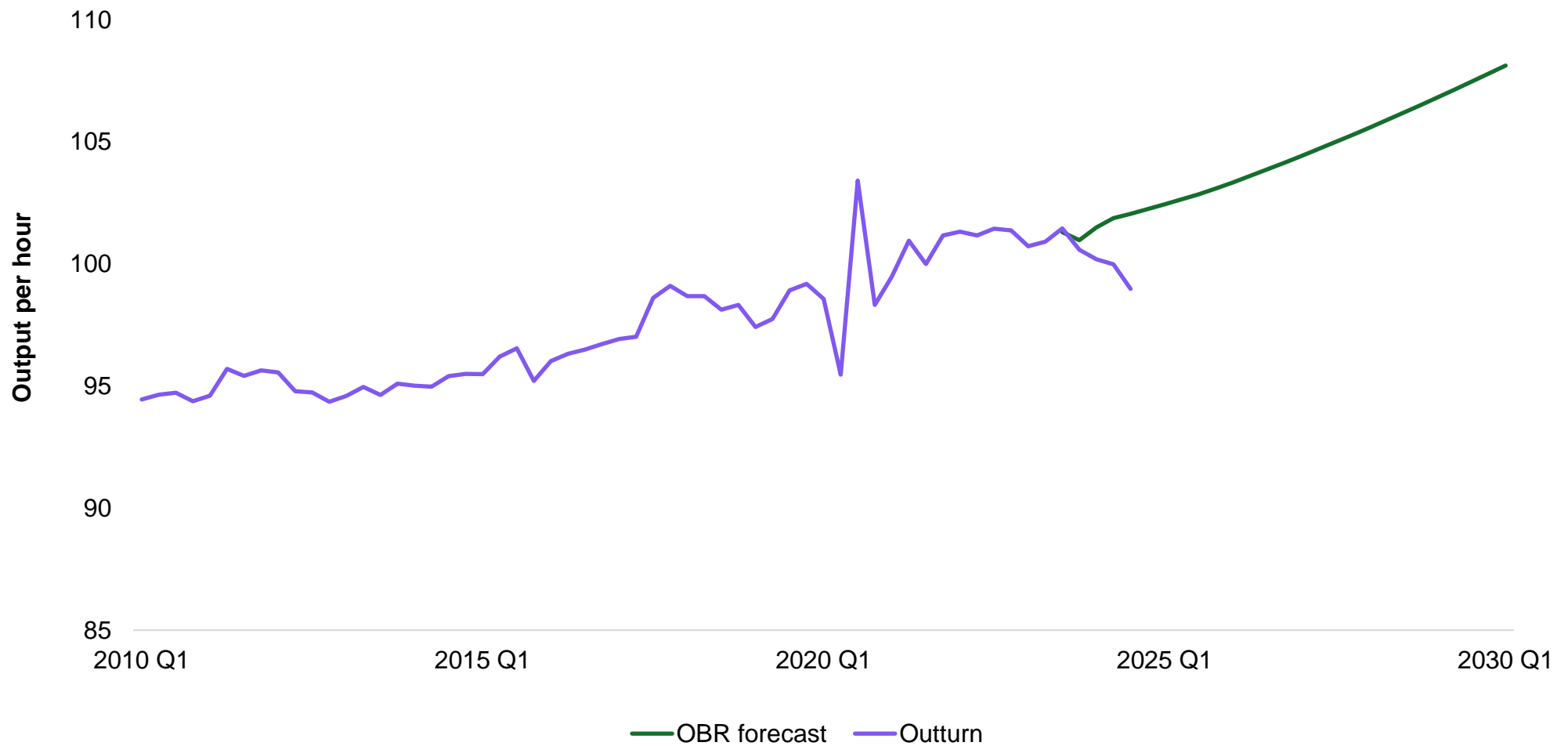
Demography has moved favorably....



As has the participation rate....

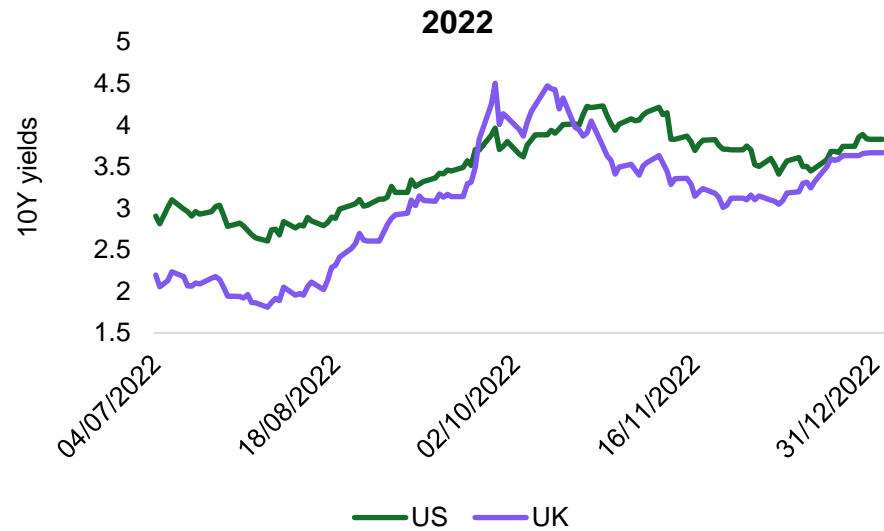
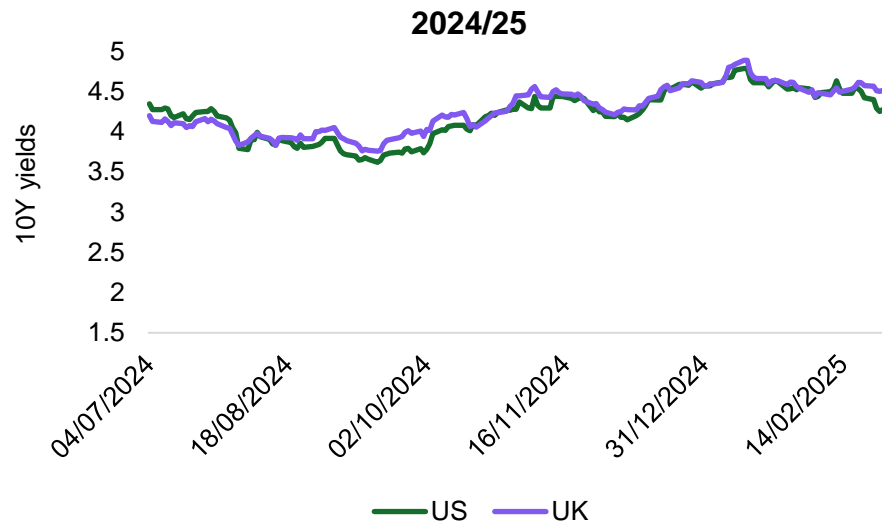


Productivity remains awful, will the OBR throw in the towel?

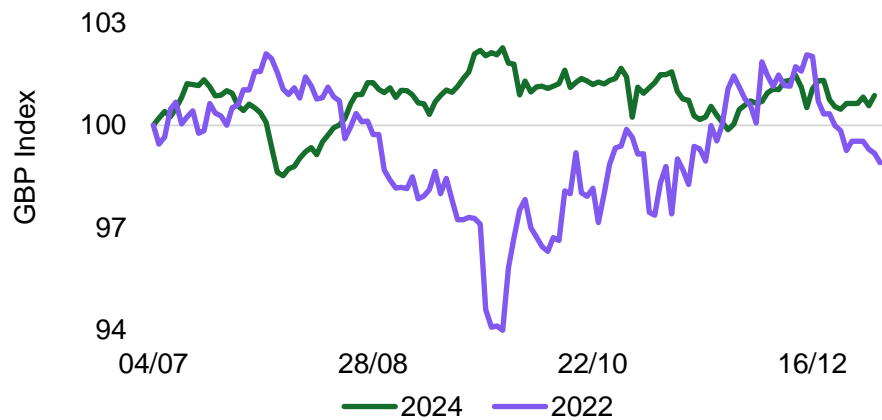


Financial markets: 2022 & 2024/25

Bonds



Sterling



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