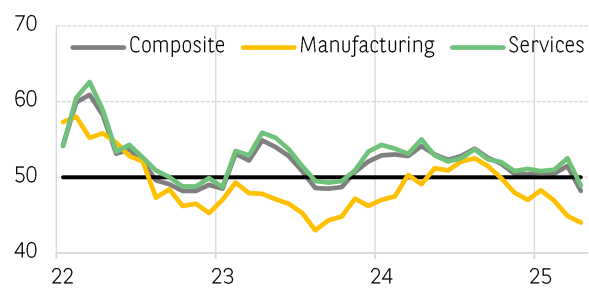


United Kingdom: Indicators Deteriorated

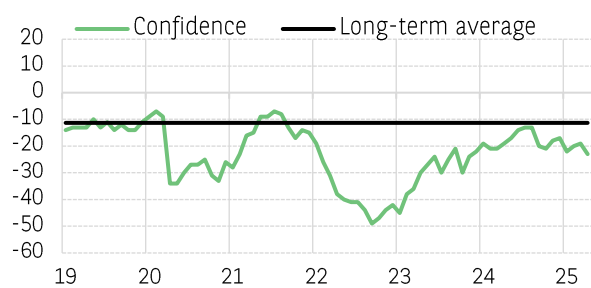
Businessclimate: PMI



Source: S&P Global PMI, BNP Paribas.

Business climate is deteriorating: the services PMI (48.9) catch up the industrial PMI (45.4) in contraction territory in April, as does the composite PMI (48.2). The index of new export orders in the manufacturing sector (not taken into account in the calculation of the manufacturing PMI) plunges and approaches the lows reached during Covid.

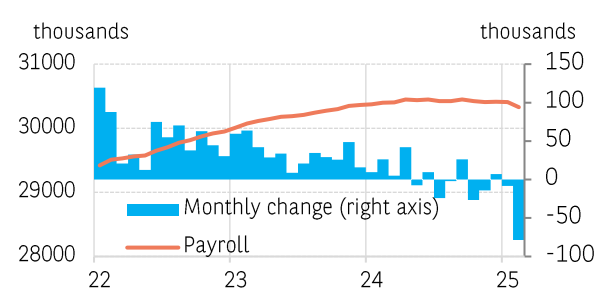
Consumer confidence



Source: Gfk, BNP Paribas.

Households: a short-lived increase in consumption? Retail sales grew steadily in the first quarter of 2025 (+1.7% q/q), while new car registrations rebounded by 12.3% y-o-y in March. However, the Gfk index fell by 4 points in April (-23, well below its long-term average).

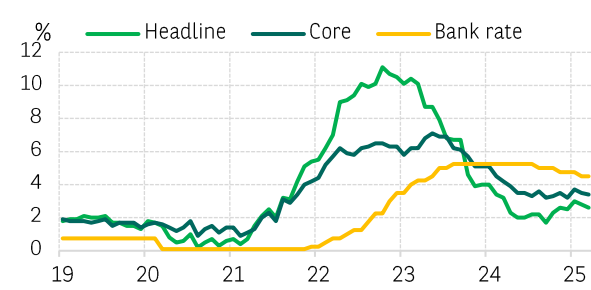
Labourmarket: payrolls



Source: ONS, BNP Paribas.

Labour market: beginning of downward reversal. The number of payroll employees fell by 78,000 to 30.3 million in March (preliminary figures). The unemployment rate was stable at 4.4% in February (3m/3m) while the number of vacancies reached its lowest post-Covid level. Wages (including bonuses) continue to grow at a steady pace (+5.6% y/y).

Inflation (y/y) and bank rate



Source: ONS, Bank of England, BNP Paribas.

Inflation is decreasing, inflation expectations are rising. Headline inflation fell to 2.6% y/y in March. This is due to a slowdown in services and greater disinflation in energy. Core inflation remains higher at 3.4% y/y. In the face of tariffs, one-year household inflation expectations rose to 4% and long-term expectations jumped to 4.2% (YouGov/Citi).

GDP growth q/q : actual, carry-over, forecasts

| Actual | | | | Carry-over | Forecast | | | Annual forecasts (y/y) | | |
|---------|---------|---------|---------|------------|----------|---------|---------|------------------------|------|------|
| Q1 2024 | Q2 2024 | Q3 2024 | Q4 2024 | Q4 2024 | Q1 2025 | Q2 2025 | Q3 2025 | 2024 (estimate) | 2025 | 2026 |
| 0.9 | 0.5 | 0.0 | 0.1 | 0.2 | 0.5 | 0.3 | 0.1 | 1.1 | 1.0 | 0.8 |

Source: Refinitiv, BNP Paribas

A temporary growth acceleration in Q1? Our growth forecast for the first quarter of 2025 has been raised to 0.5%. Q2 and Q3 were revised downwards due to the price shock and the rise in inflation expectations (from 0.4% to 0.3% for Q2 and from 0.4% to 0.1% for Q3). As a result, our forecasts confirm moderate growth in activity at 1.0% in 2025, followed by a slowdown in 2026.

Guillaume Derrien (completed on May 2, 2025)



BNP PARIBAS

The bank for a changing world