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## News in Review

30 April 2025

*"Uncertainty is bad for business"*



**As policymakers gathered in Washington for the International Monetary Fund (IMF) and World Bank spring meetings, IMF Managing Director Kristalina Georgieva urged countries to act "swiftly" to resolve trade tensions jeopardising global growth. "Uncertainty is bad for business," Georgieva warned, with tariffs causing companies to delay investment and consumers to curb spending.**

The IMF highlighted the risk to global trade from President Trump's tariffs, warning modern supply chains are highly interconnected. In its April 2025 World Economic Outlook, the IMF downgraded its global growth forecast, citing US tariffs and growing uncertainty. It now sees a 40% chance of a US recession, up from 25% and expects US growth of just 1.8% this year, down from 2.7% in January. It also warned, *'Ratcheting up a trade war and heightened trade policy uncertainty may further hinder both short-term and long-term growth prospects. Scaling back international cooperation could jeopardise progress toward a more resilient global economy.'*

The IMF now forecasts UK growth at 1.1%, ahead of Germany, France and Italy, though the UK is also expected to have the highest inflation among developed economies at 3.1%, due to rising energy and water bills. Despite this, the IMF thinks the Bank of England could cut interest rates three more times this year. Chancellor Rachel Reeves said the government was working "flat out" to secure a trade deal with the US. *"We're all grappling with this issue of tariffs but I think there is an understanding why President Trump wants to address some of the global imbalances there are in the system,"* she said.

### **Challenging environment for manufacturers**

UK manufacturing output was broadly flat in the four months to April, according to the latest CBI Industrial Trends Survey from the Confederation of British Industry (CBI). Although several sectors reported weaker performance, higher production in motor vehicles and transport helped offset the decline. However, manufacturers expect output to dip slightly by July.

New domestic and export orders fell in Q1 and could decline further in the months ahead. Manufacturers remain concerned about rising costs, falling new orders and heightened uncertainty around global economic conditions. Export expectations are particularly weak, with half of firms citing political or economic uncertainty abroad, the highest since April 2021. Cost pressures have intensified, with average costs rising faster than earlier in the year. Domestic prices are expected to continue rising, though export prices may remain stable.

The sector's overall sentiment worsened in April and investment plans remain subdued. Firms expect to cut spending on buildings, machinery, innovation and training, blaming weak demand, poor returns and labour shortages. Employment is also under pressure – manufacturing headcount dropped at the fastest pace since October 2020.

CBI Chief Economist Ben Jones commented, *"The uncertainty around global economic conditions only increases the importance of getting it right in domestic economic policy. Firms are already feeling the cumulative burden of rises in National Insurance contributions and the National*

*Living Wage – and tariffs represent another headwind for the business sector."*

### **Consumer confidence slumps**

UK consumers have suffered an 'extraordinarily unsettling' April, according to GfK's Consumer Confidence Barometer. The overall index score, which includes five different measures of consumer confidence, slipped to its lowest since November 2023, falling four points to -23, erasing this year's gains. GfK said UK households were hit by *'multiple April cost increases'* including higher energy, water and telecoms bills, as well as Stamp Duty and Council Tax. Concerns over US tariffs and the return of higher inflation also filtered through to consumers. Business sentiment has weakened as well, with private sector activity falling at the fastest rate in over two years, according to S&P Global.

### **Stamp Duty deadline drives 'blockbuster' month**

Barclays reported mortgage completions increased by 50% in March, as buyers rushed to secure Stamp Duty savings before the temporary cut was phased out. March was the UK property market's busiest month since September 2021, when activity was driven by pandemic-era low interest rates. The number of completions was up by 70% among first-time buyers, but Barclays said the high level of activity didn't suggest broader confidence in the UK housing market. Its survey revealed just 16% of renters thought buying a property was achievable in the next five years.

### **Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.***

***All details are correct at time of writing (30 April 2025)***