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## News in Review

17 September 2025

*"In the latest month, GDP showed no growth, with increases in services and construction offset by falls in production"*



**The latest figures from the Office for National Statistics (ONS) show that the UK economy flatlined in July, with no growth recorded. This is in line with expectations and follows gross domestic product (GDP) growth of 0.4% in June.**

ONS highlighted that monthly growth rates can be volatile, so it recommends referring to the three-month growth rate as an indicator of the state of the economy. On this basis, GDP grew by 0.2% in the three months to July, a slowdown from 0.3% recorded in Q2. It also marks a noticeable decline on Q1 data, which saw robust growth of 0.7%, reinforcing concerns that the UK economy is losing steam after a stronger start to the year. Economists suggested that higher government spending, along with the impact of the US tariffs, may have contributed to the recent loss of momentum.

Director of Economic Statistics at ONS, Liz McKeown, commented on the findings, *"In the latest month, GDP showed no growth, with increases in services and construction offset by falls in production."* The service sector was the main driver of GDP growth in the three months to July, with the health sector, computer programming and office support services all showing strong performance. Meanwhile, production output contracted by 1.3%, the sharpest monthly decline since July 2024.

CBI Lead Economist, Ben Jones, said, *"The sunshine may have lifted consumers in July, but the broader economy stayed*

*stuck in the shade. Growth was uneven across sectors, highlighting that underlying demand remains more fragile. Speculation about new business taxes is casting a long shadow. Amid rising cost pressures, firms are already holding back on hiring and investment and are wary of weeks more Budget uncertainty."*

### **Uptick in US inflation**

US inflation was higher than expected in August, with the Consumer Price Index (CPI) rising by 0.4%, according to the US Bureau of Labor Statistics. This represents the sharpest increase since January, mainly driven by higher costs for housing, food and petrol, all of which continue to weigh heavily on consumers' budgets. So-called core CPI (which excludes food and energy) rose by 0.3%, unchanged from the previous month. Analysts noted that the spike in overall inflation reflects the impact of the tariffs, with businesses passing higher costs onto consumers. This has filtered through to the price of core goods, which increased by 0.3%, while food costs went up 1.6%.

At the same time, there are signs that the labour market is weakening. At the start of September, the number of initial claims for state unemployment benefits increased to 263,000, the highest level since October 2021. This figure tends to indicate the number of people who are newly out of work, so is another concerning sign for the US economy.

### **Later life lending increases**

According to UK Finance, 33,130 new loans were advanced to borrowers aged 55 and

above in Q2. This amounted to £5.2bn in lending, up 3% annually. The number of new lifetime mortgages also increased by 3.7% to 5,830, valued at £520m, which is 10.6% more than last year.

### **Two-year fixed mortgages are most popular**

Data from Moneyfacts has found that nearly half (48.5%) of prospective borrowers are seeking two-year fixed rate mortgages. Many of these people are looking to remortgage (25.34%), while 19.16% are first-time buyers. Five-year fixed deals were the second most popular mortgage option, with 27.05% of people preferring these terms. On the other hand, one- and four-year deals were the least sought after, attracting only 1.94% of borrowers.

### **State Pension likely to rise by 4.7% in April**

On Tuesday, ONS revealed the latest wages data showing that total pay, including bonuses, for the three months to July was 4.7%. Under the 'triple lock' policy, the State Pension goes up each year by either 2.5%, inflation, or average earnings growth – whichever is the highest figure. It is expected that the new flat-rate State Pension, for those who reached state pension age after April 2016, will increase to £241.05 a week, taking it to £12,534.60 a year, a rise of £561.60.

### **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 (17 September 2025)***