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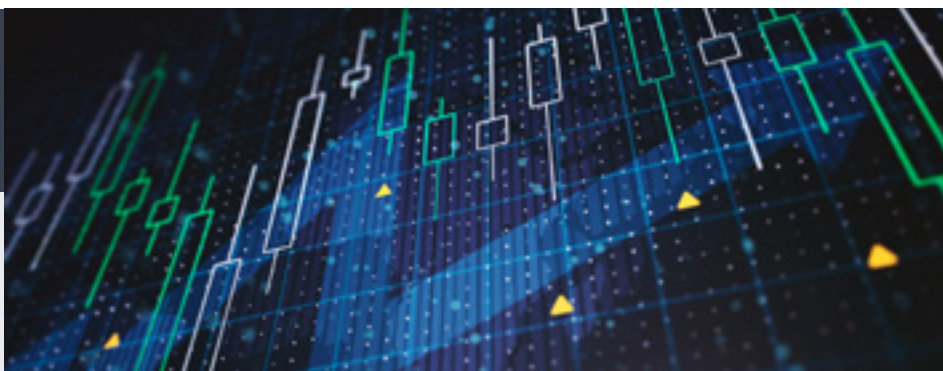
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News in Review

22 October 2025

"We will continue to prioritise economic and fiscal stability"



Latest data from the Office for National Statistics (ONS) indicates that the economy experienced a slight expansion of 0.1% in August. In the three months to August, GDP increased by 0.3% – this is a slight improvement on the three months to July, which saw expansion of 0.2%.

The services sector was the main driver of economic growth in the three months to August, increasing by 0.4%, due to a strong contribution from human health and social work activities. However, in August alone, services did not see any growth. Construction increased by 0.3% in the three months to August, while production output decreased by 0.3% due to a significant fall in electricity, gas, steam and air conditioning supply.

Some experts predict economic growth to continue weakening in the coming months, as households face higher food costs and businesses feel the effects of tax rises that came into effect in April. If the Chancellor announces more tax hikes in the upcoming Budget, there could be further strain. Speaking on this last week, Rachel Reeves said, *"I've always been very clear that we will continue to prioritise economic and fiscal stability in the UK."* When asked if taxes will be raised further, she said, *"As we get the forecast and as we develop our plans, of course we are looking at further measures on tax and spending, to make sure that the public finances always add up."*

IMF publishes outlook on economic growth

The International Monetary Fund (IMF) has released its latest projections for global growth. From an international perspective, the economy is expected to grow by 3.2% in 2025 followed by expansion of 3.1% in 2026, a slowdown from 3.3% recorded in 2024.

Meanwhile, the UK has reason to be both cautious and hopeful. On the upside, the UK is set to be the second-fastest growing economy out of all the G7 countries this year, with a projected expansion of 1.3%. This has been revised up from April estimates, reflecting strong activity in the first six months of the year and improvements in what IMF calls the *'external environment,'* including the trade deal with the US announced in May. However, the UK is also forecast to have the fastest rate of inflation in 2025 and 2026, with CPI predicted to rise by 3.4% and 2.5% respectively. However, IMF believes that, by the end of next year, UK inflation will ease to 2% due to *'a loosening labour market and moderating wage growth'*. IMF's Pierre-Olivier Gourinchas commented, *"The path forward for the Bank of England should be very cautious in its easing trajectory and make sure that inflation is on the right track."*

US-China trade war escalates

Trade tensions are mounting again between the US and China. The two countries reached a reciprocal agreement to reduce tariffs in May 2025,

but this fragile truce has been disturbed. On 9 October, China announced that foreign companies will need approval from the Chinese government to export products containing rare earths. These materials are essential to the US, being used in technology such as smartphones, electric cars and military equipment. In response, President Trump threatened to impose an additional 100% tariff on Chinese goods starting from 1 November. China's President Xi Jinping and Trump are set to meet later this month. China processes 90% of the world's rare earths, so experts believe that its new restrictions might give China leverage to negotiate a more favourable trade deal with the US.

Mortgage rates rise

According to data from Moneyfacts, the average two and five-year fixed mortgage rates have risen for the first time in eight months to 4.98% and 5.02% respectively. Although this may come as a disappointment to borrowers, rates are still notably lower than this time last year, where two and five-year rates were 5.40% and 5.07% respectively. Rachel Springall at Moneyfacts commented, *"Volatile swap rates and a cautious approach among lenders have led to an abrupt halt in consecutive monthly average rate falls"*.

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 (22 October 2025)***