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Independent Financial Advice

News in Review

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'The global economy has proved more resilient than expected this year'

The Organisation for Economic Co-operation and Development (OECD) has released its latest Economic Outlook, setting out projections for global growth over the coming years.

According to the report, global economic growth is expected to slow from 3.2% in 2025 to 2.9% in 2026 due to higher tariff rates temporarily impacting trade and investment. However, once economies have adjusted to this change, GDP growth is forecast to pick up slightly to 3.1% in 2027, supported by stronger financial conditions. Inflation is expected to return to target in most major economies – in the G20 countries, it should ease from 3.4% in 2025 to 2.5% on average in 2027.

Overall, the OECD noted that, *'The global economy has proved more resilient than expected this year, supported by improved financial conditions, rising AI-related investment and trade and macroeconomic policies. However, underlying fragilities are increasing.'*

Emerging Asian economies are set to be key drivers of global growth in 2026; India is projected to lead the way with growth of 6.2%, followed by Indonesia at 5.0%.

In the UK, GDP growth is expected to slow to 1.2% next year, held back by ongoing economic uncertainty and tight government budgets. While fiscal policy is set to remain restrictive, growth is forecast to slightly increase to 1.3% in 2027, supported by business investments and exports. Inflation is set to remain high at 2.5% in 2026 – the second highest in the G7 countries. It should ease to 2.1% in 2027, but this is still just above the Bank of England's target of 2%. The Outlook noted, *'Continuing to ensure that consolidation is carefully timed, given substantial downside risks to growth and upside risks to inflation, and well-calibrated, with a combination of revenue-raising measures and spending cuts, is essential.'*

The OECD also set out a series of recommendations to policymakers worldwide. These include working together to ease trade tensions, staying vigilant to shifts in inflation dynamics and strengthening financial stability frameworks.

House prices unchanged in November

The latest data from Halifax shows that house prices were flat in November with a monthly change of 0.0%, following an increase of 0.5% in October. Meanwhile, annual growth slowed to 0.7% – this is down from 1.9% in the 12 months to October and the slowest rate since March 2024. Despite this slow growth, the average property price is now £299,892, which is approaching a new record high.

The statistics indicate that the North/South divide in house prices persists. In England, the North West was the strongest performing region in November (+3.2%), followed by the North East (+2.9%). On the other hand, house prices fell by 1% in London and by 0.3% in the South East. The capital remains the most expensive region in the UK, with the average property costing £539,766.

Amanda Bryden, Head of Mortgages at Halifax, commented on November's data, *"While slower growth may disappoint some existing homeowners, it's welcome news for first-time buyers. Comparing property prices to average incomes, affordability is now at its strongest since late 2015."*

Construction sector shrinks significantly

New research shows that, in November, the UK's construction sector contracted at the fastest pace since the pandemic. The S&P Global UK Construction Purchasing Managers' Index was at 39.4 last month – this is down from 44.1 in October and the lowest recording since May 2020. It also marks the eleventh consecutive month recording lower volumes of construction output. The significant drop was driven by sharp downturns in housing activity, commercial construction and civil engineering, which the report attributed to *'fragile market confidence, delays with the release of new projects and a general lack of incoming new work.'*

Energy bills set to increase

UK households will see an increase in energy bills in the coming years. Energy regulator Ofgem has approved a five-year plan to improve the UK's electricity and gas grids. In order to fund this £28bn investment, household energy bills will increase by an estimated £108 by 2031. However, Ofgem said that, in the long run, the population will save more money as the project will make wholesale energy cheaper.

Here to help

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