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News in Review

25 February 2026

"Inflation fell markedly in January"



The latest inflation data from the Office for National Statistics (ONS) for January shows the Consumer Prices Index (CPI) fell to its lowest level since last March. In the 12 months to January, CPI increased by 3.0%, down from 3.4% in the 12 months to December, in line with expectations from a Reuters poll of economists.

Although the inflation rate is tempering, prices are rising at a slower pace. Chief Economist at ONS Grant Fitzner commented on the latest dataset, *"Inflation fell markedly in January... driven partly by a decrease in petrol prices."* The reduction can also be attributed to a lowering in airfares, as prices fell back after festive increases in December. Food and non-alcoholic drink also helped the rate tick lower as prices increased at a slower pace, although lower costs for meat, cereals and bread were partially offset by the cost of takeaways and hotel stays.

The fall in CPI has heightened expectations of an interest rate cut, especially when combined with the news of a slowdown in wage growth. Suren Thiru, Economics Director of the ICAEW feels an interest rate in the spring is now almost a given, saying prices took *"a decisive turn for the better in January... these figures make a spring interest rate cut look almost assured, though a lingering question among policymakers will be whether to pull the trigger in March or April as some may want slightly more evidence of easing inflation before reducing rates."*

January retail sales jump on fitness and gold demand

Retail data from ONS shows sales volumes rose by 1.8% in January, beating expectations and marking the strongest monthly growth since May 2024. Demand for sports supplements, likely linked to New Year's resolutions, helped drive the increase. Strong online jewellery sales, supported by higher gold prices, also contributed.

Analysts caution the uplift may prove short-lived. Sales were close to flat over the three months to January, and signs of a softer labour market may weigh on consumer confidence.

Trump and tariffs

Last week, President Trump said he intends to impose global tariffs of 15%, escalating his response to a Supreme Court ruling that struck down his previous import taxes. The court ruled 6-3 that he had overstepped his authority under a 1977 emergency powers law. Trump had initially proposed a 10% levy on all imports, due to take effect on 24 February, but later said he would raise this to 15%. The temporary measure can last around five months without congressional approval, creating uncertainty for the US's global trading partners. The 10% levy came into effect on Tuesday.

Downing Street representatives have said no retaliatory action is *'off the table'* if the US fails to honour its tariff agreement with the UK, though it stressed that *'no one wants a trade war.'* The Prime Minister's spokesperson said most elements of the UK-US deal, including arrangements

covering steel, cars and pharmaceuticals, are not expected to change.

However, they described the situation as *'evolving,'* with discussions between the two governments continuing. The EU has paused its own tariff agreement with the US.

World Cup leads to late night pub opening

Pubs in England and Wales will be permitted to open later for any home nation knockout matches during this summer's men's World Cup, set to be held in the US, Canada and Mexico. Kick off times will be at least five hours behind the UK. The government had initially proposed extended hours for the semi-finals and final only, but this has now been widened to cover all knockout fixtures involving England, Scotland and Wales or Northern Ireland (qualification permitting).

Under the temporary measures, pubs in England and Wales can open until 01:00 for knockout matches, and until 02:00 for 22:00 kick-offs, with later games able to apply for temporary licences. Licensing remains devolved in Scotland and Northern Ireland, where local authorities will determine their own arrangements.

According to the British Beer and Pub Association, the news is *"a win for pubs, jobs and community spirit,"* with major football fixtures delivering substantial uplifts in footfall and drink sales.

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 (25 February 2026)