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News in Review

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"Countries need to lay the foundations for stronger growth and productivity"



The latest Economic Outlook from the Organisation for Economic Co-operation and Development (OECD) has outlined how the Middle East conflict is driving inflationary pressures and impacting growth potential. The report speaks about the uncertainty around the extent and duration of the conflict, highlighting how the economic impact will be 'felt for some time,' especially when you take into account 'the months it will take to restore damaged infrastructure and transport routes and deliver products around the world.'

The OECD have explored two scenarios, time-limited and prolonged. Under the latter, which assumes that the current disruptions persist into 2027, resulting in broader and longer-lasting consequences for the global economy, growth is projected to slow to 2.1% this year and 1.8% next. If the time-limited scenario plays out, during which energy production and trade progressively return to pre-conflict levels in the next month or so, global growth is projected to reach 2.8% in 2026, picking up to 3.1% next year.

In the UK, GDP growth is expected to weaken to 0.9% in 2026, down from 1.4% last year. It should then pick up slightly to 1.1% in 2027. These UK growth figures for 2026 are below the predictions for the United States (2.0%) and Canada (1.2%), but above Italy (0.5%) and Japan (0.6%).

Mathias Cormann, OECD Secretary-General, said, *"Countries need to lay the foundations for stronger growth and productivity by improving the business environment, enhancing skills, and unlocking the benefits of AI and other transformative technologies."*

Many workers unlikely to achieve comfortable retirement

A report by Pensions UK has calculated that a comfortable lifestyle in retirement would cost £45,400 annually for one person and £62,700 for two. The research indicates that only 9% of working age people in the UK are on track to achieve this. Meanwhile, 23% are likely to reach a moderate standard of living and 82% are expected to attain the minimum standard. The income needed by retirees has increased over the year last year due to inflation, which has pushed up the cost of food and socialising. Zoe Alexander from Pensions UK warned that, *"without action, too many risk facing a cliff-edge drop in income when they stop work."*

Manufacturing recovery gathers momentum

The UK manufacturing sector is showing signs of strong recovery, according to the latest data from S&P Global. The headline Purchasing Managers' Index (PMI) reached 53.9 in May - the highest level in four years. Meanwhile, the equivalent reading for the eurozone fell to 51.6, indicating that the UK is outperforming other European countries.

There are five PMI sub-components: new orders, output, employment, suppliers' delivery times and stocks of purchase. For the UK, all five of these sub-components were at levels which suggested improving operating conditions - the first time this has happened since May 2022. However, the strong recovery could be jeopardised by rising costs and ongoing supply chain pressures, with input cost inflation reaching its highest level in nearly four years.

Homeownership closer than thought for first-time buyers

New research from Iress suggests that getting financial advice early could help first-time buyers onto the property ladder more than five years sooner than expected. Many prospective buyers currently believe they will purchase their first home at around 38.7 years old, yet this could fall to closer to 33 with earlier planning and guidance.

The study highlights a clear perception gap between when people think homeownership is achievable and what may be possible with the right support. Despite this, only 16% of aspiring buyers are actively saving for a deposit and fewer than half (46%) of buyers have sought professional advice.

Jennifer Raffery, MD for UK sourcing at Iress said, *"Homeownership is often seen as something that happens later in life, but our research suggests many people could be closer to getting on the property ladder than they realise."*

Overall, the findings show that taking early steps such as budgeting, saving and seeking advice could make homeownership more achievable, sooner than many people think.

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 (10 June 2026)**