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News in Review

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"Consumer confidence and measures of housing sentiment have weakened"

The latest data from Nationwide shows that house price growth ticked higher in June, with an annual increase of 2.2%, up from 1.7% in May. The month-on-month figures were flat, with no monthly growth in June, although this is an improvement on the decline of 0.6% seen in May.

Promisingly, the regional house price data for Q2 shows that all UK regions saw annual growth between April and June. Northern Ireland continued to outperform other regions by some distance with annual growth of 8.6% - this is around four times faster than the average for the whole UK (2.2%). The North West and North recorded the strongest growth in England, both with 3.9%. Scotland and Wales followed closely behind, both with 3.5%. Meanwhile, growth in the South of England remained relatively stable, but price rises were modest in comparison to other regions. London displayed the strongest growth out of the southern regions at 1.6%, even though it is still the most expensive place in the UK.

Robert Gardner, Chief Economist at Nationwide, commented, *"It is not surprising that the market has softened a little in recent months, given the uncertainty caused by developments in the Middle East and the subsequent rise in energy prices and market interest rates. Indeed, consumer confidence and measures of housing sentiment have weakened, and mortgage approvals fell noticeably in May."*

The economic impact of the World Cup

Many football fans stayed up all night to watch England play Mexico in the early hours of Monday morning.

Analysis indicates that this match, along with the rest of the 2026 FIFA World Cup, has been positive for the UK economy, which is expected to see a boost of £7.6bn between May and July. The hospitality industry is likely to benefit the most, with food and beverage businesses expected to generate an additional £4.2bn in revenue across the three-month period. This may be offset by a dip in productivity seen by other employers - a survey found that one in five Brits were planning to take a sick day after watching at least one England match, which could result in a £2.4bn fall in economic output.

ECB Forum on Central Banking

Central bank leaders met in Sintra, Portugal last week for the annual European Central Bank conference. During a panel discussion, Andrew Bailey, Governor of the Bank of England (BoE) said that any plans to reduce Bank Rate are *"off the table."* He explained, *"we've got a softening economy, so we're seeing a softening labour market, we're seeing some softening of activity."* The new Chair of the Federal Reserve, Kevin Warsh, was also in attendance. He did not give an indication about what the Fed will do next regarding interest rates, although he was committed to achieving the target of 2% inflation.

He expressed being open to using AI to inform how the Fed collects and analyses data,*"My hope, my aspiration, is that nine to 12 months from now we're going to be using new technologies to understand what's happening in the real economy in a contemporaneous real-time way that positions us as central banker to make better decisions."*

Pressure has subsequently eased on the Fed to increase interest rates, as the latest data revealed that the US labour market is weaker than expected.

Survey on workplace pension contributions

A report has found that half of UK workers would contribute more to their workplace pensions if their employer increased their contributions too. If minimum contribution rates were to rise, 34% of workers said they would be willing to contribute 6% - 8% of their salary. However, the survey indicated that rising operation and staffing costs are preventing employers from doing so. There is also a gap in knowledge when it comes to pensions, as 41% of workers did not know how much they contribute each month.

Manufacturing cools in June

British manufacturing activity cooled in June, with the S&P Global UK Manufacturing PMI falling to 52.5 from 53.9 in May, below the preliminary estimate of 53.1. Readings above 50 denote growth. Output rose to 52.6, the highest since September 2024, supported by customer stockpiling ahead of expected price rises and supply chain disruptions. However, new orders slowed sharply, raising concerns that the temporary boost may fade, even as input cost inflation eased.

Here to help

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