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News in Review

25 November 2026

"Higher inflation will mean another squeeze in living standards"



Annual UK inflation reached 3.6% in October, the highest level in a year, according to the Office for National Statistics (ONS). Up from 3.5% in September, this is the fourth consecutive rise. The increase, which is in line with analysts' expectations, has been attributed to the ongoing impact of the war in the Middle East.

The largest upward contribution came from transport, with prices increasing by 7.5% in the 12 months to October, up from 6.6% in September. This was largely down to motor fuel prices rising annually by 33.2%, marking the largest increase since July 2022. Meanwhile, the largest downward contribution came from restaurants and hotels, with annual inflation slowing from 3.8% in September to 3.4% in October. Food inflation also slowed to from 1.3% to 0.9%, the lowest rate for five years.

A spokesperson from the Bank of England (BoE) said, *"Inflation is expected to rise further by the middle of next year due to cost pressures already in the pipeline."* Martin Sartorious, Lead Economist at the Confederation of British Industry (CBI), commented, *"Higher inflation will mean another squeeze in living standards, undermining the resilience in economic growth that we've seen so far."*

Household energy prices are expected to rise by 26% in January, according to forecasts from energy consultancy Cornwall Insight, taking gas and electricity bills to the highest level since 2023. In anticipation, the government announced in the Budget that people living in Council Tax bands A-D will receive a £100 Household Energy Payment.

UK reach agreement at summit, meanwhile in China...

The second EU-UK summit took place in Brussels last Friday, as leaders committed to enhancing the strategic partnership between the UK and EU. Details of a draft agreement were confirmed in a news conference between Prime Minister Andy Burnham, President of the European Council, António Costa and President of the European Commission, Ursula von der Leyen.

Under a Youth Experience Scheme, up to 100,000 young people from the UK will be able to travel, work and study in the EU every year, with the same opportunity for young Europeans coming to the UK. As part of a food and agricultural deal, most checks will be scrapped on British food exports from 2028, and the UK will follow some EU regulations in return, in a deal which will boost the British economy by £17bn. Regarding tuition fees, there will be another six months to strike a deal on reducing costs for UK students studying in the EU and European students in the UK. The EU and UK have also committed to working together to tackle migrant smuggling and human trafficking.

In other political news, the US, Russian and Chinese leaders have issued a *'joint declaration of peace'* after meeting in China for historical trilateral talks last Thursday. In the statement, Donald Trump, Vladimir Putin and Xi Jinping said, *"nuclear war cannot be won and must never be fought."* The three leaders also committed to reforming the UN and increasing the production of refined petroleum products.

Consumer confidence edges up

Consumer confidence was up slightly in November, according to GfK's Index, rising by two points to -22. Expectations for the general economic situation over the next 12 months increased by four points to -32, which is the same level as last year.

However, the forecast for personal finances over the coming year fell by two points to -5. Neil Bellamy, Consumer Insights Director at GfK said, *"The main improvement within our five sub-measures came from the Major Purchase Index, which rose five points to −17. That should reassure manufacturers and retailers ahead of the crucial Black Friday and Christmas trading period that there are still people out there willing to spend."*

Financial gifting at Christmas

Are you giving your children money this Christmas? Six in ten parents are planning to do so, but nearly half (45%) have not considered how this could affect their retirement savings. The main motivator for making a financial gift was giving children a head start with saving or investing (39%). However, when survey respondents were told how this could potentially affect their pension, 39% said they would reconsider the gift or reduce the amount.

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 November 2026)