

Inflation trends and future outlook in the UK



In recent months, the UK has experienced a decline in inflation measures, attributed partly to the high rates from early 2023 no longer impacting calculations. The presence of both domestic and geopolitical risks poses questions on the future trajectory of inflation. As of April 2024, the UK's inflation rate stood at 2.3%, a significant reduction from the 11.1% peak observed in October 2022, suggesting a potential stabilization in the short term.

The Bank of England faces uncertainty regarding inflation targets, reminiscent of the unpredictability during the 2021 post-Covid-19 lockdown recovery phase. Current geopolitical tensions, including sanctions and tariffs, alongside domestic factors, contribute to the complexity of forecasting inflation trends.

Interpreting recent inflation data requires caution; the reduction from 3.2% in March to 2.3% in April 2024 illustrates the impact of base effects, where the comparison of month-on-month inflation figures over a 12-month period reveals shifts in the headline rate. This phenomenon has led to a temporary decrease in inflation for the period from February to April 2024, as high inflation rates from the same months in 2023 ceased to affect the annual comparison. Moving forward, the inflation outlook will increasingly depend on both new data from 2024 and the interplay of domestic and international economic influences.

Source: [economicsobservatory.com](https://www.economicsobservatory.com)

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