

## News in Review

16 April 2025

*"We want to secure the best deal possible for British jobs and British industry"*



**After a tumultuous time for global markets following his Liberation Day announcement last Wednesday, President Trump took to social media to reveal a 90-day suspension on most of the tariffs, plus a lowering of reciprocal tariffs.**

Despite a lack of clarity over what will happen within the three months, the monumental U-turn initially boosted markets, with Trump saying there will be *"fair deals for everybody."*

The White House confirmed a 10% rate on most countries will be maintained, including those in the EU, plus higher 25% taxes on steel, aluminum and cars. Trade tariffs for China were increased to 125%, after they retaliated with elevated import tariffs. Canada and Mexico still face the tariffs imposed in March.

At a cabinet meeting on Thursday, Trump described the turmoil on global markets that led to his decision to delay tariffs as *"a big day,"* highlighting the record stock market gains in the hours after he announced the U-turn. He added, *"We're working with a lot of different countries, and it's all going to work out very well... we're in good shape."*

On home shores, a Downing Street spokesperson said the UK will *"coolly and calmly"* continue negotiations with the US. Rachel Reeves added, *"Of course we want to secure the best deal possible for British jobs and British industry... we are absolutely resolved to do everything we can."*

News came at the end of the week that the Trump administration is exempting

imported smartphones, laptops and other electronics from reciprocal tariffs. Market sentiment improved initially following the shifting signals on US trade policy.

### **UK economy grows**

New data from the Office for National Statistics (ONS) shows the UK economy grew by 0.5% in February, beating expectations of 0.1% growth in the period. Contributing factors to the surprise boost in growth include service output (increased by 0.3%, the largest contributor), while production output grew by 1.5% and construction output by 0.4%.

This positive uptick follows no growth in January (revised up from a 0.1% fall). In the three months to February, real GDP is estimated to have grown by 0.6%.

Rachel Reeves said the growth figures are an *"encouraging sign,"* adding *"we must go further and faster to kickstart economic growth, provide security for working people and put more money in their pockets."*

This strength in growth is likely to be short-lived, with higher tariffs and business taxes set to impact.

### **Government gains control of British Steel**

On Saturday, MPs had their Easter break interrupted as emergency legislation was rushed through Parliament, allowing the UK government to take control of Chinese-owned British Steel. Business Secretary Jonathan Reynolds said nationalising the Scunthorpe plant, which employs 2,700 people, may be the next step. He sought emergency powers to stop owner Jingye from shutting its blast

furnaces, which would end primary steel production in the UK. In a rare move, both Commons and Lords returned for a Saturday sitting to debate the bill, which has now passed and received Royal Assent.

### **Unemployment stagnant, pay growth strong**

The UK's unemployment rate remained steady at 4.4% in the three months leading up to February 2025, according to latest ONS data released on Tuesday. This stability comes amid signs of a cooling labour market, with job vacancies falling below pre-pandemic levels for the first time since mid-2021 and a decrease of 78,000 in payroll employment during March.

Average weekly earnings, excluding bonuses, increased by 5.9% year-on-year in February. Including bonuses, wage growth held steady at 5.6%. This sustained growth in earnings, particularly in the public sector, has been a key driver. Liz McKeown, Director of Economic Statistics at the ONS said, *"Regular pay growth remains strong having increased slightly in the latest period. Growth accelerated in the public sector as previous pay rises fully fed through to our headline figures, while pay in the private sector was little changed. The latest survey results estimate that the unemployment rate is unchanged on the previous three months, while separately the number of employees on payroll fell slightly over the same period."*

### **Here to help**

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