

## News in Review

18 March 2026

*The near-term outlook is now dominated by heightened uncertainty surrounding conflict in the Middle East'*



**According to the latest data from the Office for National Statistics (ONS), the UK economy unexpectedly flatlined in January, showing no monthly growth. This stagnation follows growth of 0.1% in December and 0.2% in November. According to a Reuters poll, economists had expected to see a month-on-month increase of 0.2%.**

The service sector showed no growth in January, with the largest downward contribution coming from a 2.7% fall in food and beverage service activities. Meanwhile, production declined by 0.1% due to falls in mining and quarrying, along with a dip in electricity and gas supply. Construction output increased by 0.2%.

The three-month GDP statistics are slightly more positive, with growth of 0.2% in the three months to January 2026. The largest upward contribution came from the production sector, which grew by 1.3%.

Deputy Chief Economist at CBI, Alpesh Paleja, commented, *"While the economy managed to eke out modest growth in the three months to January, underlying momentum remained weak. The broader picture is still one of an economy treading water since the middle of last year. However, this data is already backward-looking. The near-term outlook is now dominated by heightened uncertainty surrounding conflict in the Middle East."*

### **Oil prices fluctuate**

Oil prices are extremely volatile as the Middle East conflict continues to have a global economic impact. Before the outbreak of war in Iran, oil was around

\$71 a barrel, but the price has risen significantly and continues to fluctuate.

Last Wednesday, the International Energy Agency (IEA) announced that all 32 of its member countries would release a total of 400 million barrels from their emergency reserves. Despite this being a record amount, the price of Brent Crude increased by around 9% on Thursday, rising back above the \$100-per-barrel mark. This is due to the effective closure of the Strait of Hormuz, which typically ships 25% of global oil supplies. Iran's new supreme leader, Mojtaba Khamenei has vowed to keep blocking the route, which will put further pressure on the price.

### **Mortgage rates tick higher**

Mortgage rates have increased as geopolitical tensions affect the likelihood of further Bank Rate cuts in the UK. Some lenders have raised their rates, while others have chosen to remove products from the market entirely.

According to Moneyfacts, 472 residential mortgage products were withdrawn within 48 hours last week – the largest decline since September 2022 following Liz Truss' mini-budget. Meanwhile, Nationwide increased rates by 0.25% on some of its two, three, five and 10-year products due to rises in swap rates.

Adam French at Moneyfacts commented, *"It's unwelcome news for borrowers, as the prospect of falling mortgage rates has quickly given way to rate rises. How far they could go is now heavily dependent on how global markets and inflation expectations evolve as conflict in the Middle East unfolds."*

### **Temperature check on the housing market**

The latest survey from the Royal Institution of Chartered Surveyors indicates a mixed outlook for the housing market. Buyer demand dipped in February, with new enquiries posting a net balance of -26%, down from -15% in January. The measure for agreed sales was marginally weaker, falling monthly from -9% to -12% in February. Meanwhile, survey responses suggest there has been a relatively stable flow of new supply over the last three months.

The uncertainty caused by the Middle East conflict seems to have affected near-term sales expectations, which recorded the lowest reading since November 2025 (-2%). Respondents were more hopeful about sales activity over the next twelve months, showing a net balance of +17%, down from +35% in January.

Looking at the lettings market, tenant demand was broadly stable, with a net balance of +2%. However, landlord instructions remained firmly in negative territory, with a net balance of -27%. A net balance of +20% respondents expect rent prices to increase over the next three months, in line with market predictions.

### **FTSE latest**

The FTSE 100 pushed higher on Tuesday, despite the rise in oil prices, with gains in the banking sector providing a lift. The index closed on 10,403.60, above the 10,400 mark for the first time in a week.

### **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 (18 March 2026)*