

## News in Review

29 April 2026

*"The Bank of England faces a stagflationary dilemma"*



**The latest inflation figures from the Office for National Statistics (ONS) have highlighted the impact of the war in Iran. The data shows that prices increased by 3.3% in the 12 months to March, up from 3% in February. Motor fuels were a key driver of inflation, with prices rising annually by 4.9% in March, the highest increase since January 2023.**

Looking ahead, economists warn that inflation could reach 4% this year, double the Bank of England's target of 2%. All eyes will be on the Monetary Policy Committee this week as they meet on Thursday 30 April to decide whether to change Bank Rate.

David Bharier, Head of Research at the British Chambers of Commerce, commented, *"With spiralling energy costs and sustained supply chain disruption, the March inflation figure is more likely to be a floor than a peak. The Bank of England faces a stagflationary dilemma. Cutting rates risks embedding inflation but holding or raising them could wreak major damage on an already fragile economy."*

### State visit to the US

On Monday, King Charles and Queen Camilla began a four-day state visit to the United States, welcomed at the White House by President Donald Trump and First Lady Melania Trump. With heightened security following the shooting at the White House Correspondents' Association dinner, a key focus of the visit is promoting reconciliation of UK-US relations. In a historic address to Congress, the King stressed that the relationship between the two nations is *"more important"* than ever, before adding,

*"the challenges we face are too great for any one nation to bear alone."* The King went on to reiterate the UK's *"highest regard and friendship"* with the US.

### IHT receipts continue to tick higher

Statistics from HMRC have found that, in the 2025/26 financial year, Inheritance Tax (IHT) receipts reached £8.5bn, setting a record for the fifth consecutive year. The annual total is expected to keep rising in future, with receipts projected to hit £14.5bn in 2030/31, representing a 67% increase in revenue over a five-year period. In March 2026 alone, IHT revenue was £755m, which is £200m higher than March 2025.

### Consumer confidence is slipping

Consumer confidence declined in April according to two separate indexes. S&P Global's UK Consumer Sentiment Index fell to a 33-month low of 42.3, while household financial outlook was at the lowest level since November 2023.

Meanwhile, according to GfK's Barometer, the measure for the general economic situation over the last year dropped by eight points to -51 in April. Neil Bellamy at GfK commented on the findings, *"Consumers really do have the jitters now."* He added, *"The only measure to go up is our savings index, often an indication that people are concerned about what lies ahead, so those who can are building contingency funds."*

### Government borrowing falls in March

Government borrowing decreased by £19.8bn in the year to March 2026, falling to a three-year low of £132bn.

Experts warn that this improvement is likely to be temporary due to the economic impact of the Middle East conflict. The International Monetary Fund (IMF) predicts that the UK would be the hardest hit of the G7 economies, partly because gas accounts for 62% of energy consumption among British households. The Resolution Foundation estimated that government borrowing could therefore be about £16m a year higher in 2029/30.

Simon Pittaway, Senior Economist at the Resolution Foundation, commented, *"The Chancellor deserves credit for building up enough of a buffer in last year's Budget to withstand a hit of this scale. And by keeping any support with energy bills targeted and temporary, she should be able to weather this latest economic shock with her fiscal rules intact."*

### Retail sales rise

Figures from ONS have shown that retail sales increased by 0.7% in March. This is up from a fall of 0.6% in February and significantly higher than analysts' forecasts of 0.1%. Growth was driven by a sharp rise in fuel sales (6.1%), as many retailers reported that motorists were stocking up as prices increased. Clothing sales also showed growth of 1.2%, which ONS attributed to better weather. Food stores were the only sector to report a monthly decline in sales, with a reduction of 0.8%.

### Here to help

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