

News in Review

20 May 2026

“Growth picked up in the first quarter of the year, led by broad-based increases across the services sector”



The latest figures from the Office for National Statistics (ONS) show that the UK economy grew by 0.3% in March, following growth of 0.4% in February and no growth in January. This came as a surprise to many analysts, who had expected a small contraction as it was the first full month following the Middle East conflict.

The services and construction sectors were key drivers of growth in March, expanding by 0.3% and 1.5% respectively, partially offset by a 0.2% fall in production.

Meanwhile, in the three months to March, GDP grew by 0.6%, with the largest positive contribution coming from the services sector (0.8%). This represents the fastest quarterly growth in a year and is the strongest among the G7 countries who have recorded data thus far.

ONS suggested that some consumers may have brought forward their spending in March in anticipation of price increases, which could explain the better-than-expected data.

Liz McKeown, Director of Economic Statistics at ONS, commented, *“Growth picked up in the first quarter of the year, led by broad-based increases across the services sector.”*

Research Manager at the British Chambers of Commerce, Stuart Morrison, said the growth in March, *“suggests the continued resilience of business in the face of economic shocks,”* before warning, *“firms are concerned the full impact of the Iran conflict will start to show in the coming months.”*

The King's Speech 2026

Last week, King Charles gave a speech to the House of Lords outlining the 37 bills that are expected to pass in the coming year. Proposed reforms include increased investment in social housing and a ban on the use of leasehold for new flats in England and Wales. Legislation will be introduced to strengthen ties with the European Union and protect small businesses by tackling late payments. King Charles also announced reforms to the special educational needs system, the NHS and the police force.

As the King looks ahead to the next parliamentary session, there is much uncertainty about Prime Minister Keir Starmer's role as leader. Last week, Wes Streeting resigned as Health Secretary, announcing at the weekend his intention to oust the Prime Minister. Greater Manchester Mayor Andy Burnham is running in the Makerfield by-election set to be held in June. If successful in his bid, he is expected to enter the Labour leadership contest.

Trump's state visit to Beijing

US President Trump concluded his state visit to China last week, noting that his talks with Xi Jinping were *“very successful.”* In a press conference, the leaders said they discussed Iran, trade, oil and Taiwan over the course of Trump's two-day visit. According to Trump, Xi would like the Strait of Hormuz to reopen and China has agreed to buy oil from the US. However, no major policy deals have been announced.

US inflation soars

In April, US inflation reached 3.8%, the fastest rate since May 2023.

According to the Bureau of Labor Statistics, the rise was mainly driven by a spike in energy costs, with the average price of unleaded petrol reaching the highest level since July 2022. An increase in housing and food costs also contributed to inflation.

The news coincides with confirmation that Kevin Warsh is taking over from Jerome Powell as the Chair of the Federal Reserve, after winning a Senate majority last week. While Trump is hoping that Warsh will encourage cuts to interest rates, the latest inflation data will make it challenging to do.

Many risk pension poverty

A report has highlighted the extent of pension poverty in the UK, with 31% of adults expected to experience financial insecurity in retirement. While this is an improvement on last year's recording of 39%, it still represents 12.2 million people who will be unable to cover their basic needs.

Those who have physical or mental health conditions are at a particular disadvantage, as 50% of this group are at risk of poverty in retirement. Debbie Abrahams MP, Chair of the Work and Pensions Committee, said *“We need a discussion on what we expect an adequate income in retirement to be. The work of the Pensions Commission will be critical in determining how we can ensure adequate pension incomes in the future.”*

Here to help

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