

## News in Review

27 May 2026

***"Shoppers will breathe a sigh of relief as both headline and food inflation eased this month"***



The latest figures from the Office for National Statistics (ONS) show that inflation slowed to 2.8% in April, down from 3.3% in March. The data is better than expected, although analysts predict that inflation will rise to 4% by the end of the year due to the Middle East conflict.

ONS said that the fall in inflation was partly due to the government's energy price cap and support package, both of which came into effect from April 2026. This helped ease the impact of elevated fuel prices, which have reached their highest level since 2022. As a result, the 12-month rate for housing and household services fell from 4.3% in March to 3.0% in April.

Harvir Dhillon, Economist at the British Retail Consortium, commented, *"Shoppers will breathe a sigh of relief as both headline and food inflation eased this month. Despite the ongoing cost pressures stemming from the Iran conflict, intense competition across the retail sector has successfully helped to stem inflation in the short-term."*

Meanwhile, Chancellor Rachel Reeves announced a scheme to support families during the cost-of-living crisis. During the summer holidays, VAT will be reduced from 20% to 5% on certain children's activities, including theme parks, theatre trips and children's menu restaurant meals. The government will also suspend tariffs on over 100 types of food products including biscuits, chocolate, dried fruit and nuts.

The Chancellor also announced free bus journeys in August for under-16s in England.

### UK strikes trade deal with Gulf partners

The UK has agreed a trade deal with the Gulf Cooperation Council (GCC), which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (UAE). Once fully implemented, the agreement is estimated to add £3.7m to the economy and remove £580m in tariffs per year.

Tax will be removed on UK exports such as cereals, cheddar, chocolate and butter, which is expected to boost the food and drink sector. It is the first time a G7 country has agreed a trade deal with the GCC.

William Bain, Head of Trade Policy at the British Chambers of Commerce, commented, *"This deal is great news for the UK economy; it will open up new opportunities for inward investment, exports and supply chains."* He added, *"Securing long-term economic benefits with close trade partners, like the GCC, is vital for tens of thousands of UK firms with high ambitions on export growth."*

### Fuel Duty freeze extended

Fuel Duty was due to rise by 5p between September 2026 and March 2027; however, Prime Minister Keir Starmer has postponed the increase due to the war in Iran until the end of the year.

The previous Conservative government first reduced Fuel Duty by 5p in March 2022 - the measures were due to last only 12 months, but the freeze has been repeatedly extended since then.

### Unemployment rate rises

The UK unemployment rate rose to 5% in the three months to March, up slightly from 4.9% in February.

Meanwhile, the number of job vacancies dropped to the lowest level since April 2021, according to ONS. Payroll employment figures also declined by 100,000 in April.

Liz McKeown, Director of Economic Statistics at ONS said, *"Lower-paying sectors such as hospitality and retail have seen some of the largest falls in vacancies and payroll numbers, both in recent months and over the last year."*

### World Cup expected to boost UK economy

The 2026 World Cup is expected to give the hospitality industry a boost this summer. During the Euros 2024, London bars generated an additional £30m on the day that England beat Switzerland in the quarter-finals. Data suggests that spending could be even higher this year, as venue bookings for the World Cup are already up 52% when compared with 2024.

As the World Cup is being hosted by Canada, Mexico and the USA, many games will kick off in the evening for the UK. The government has therefore extended licensing hours for venues in England and Wales, so pubs can stay open later.

This will come as welcome news to pub owners, who have been under financial pressure this year with around two venues closing per day in the first quarter of this year. In Scotland, alcohol licensing is handled separately by local authorities.

### Here to help

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