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UK Retail Sales Jump 3.1%, Hinting at Recovery

July 15, 2025

— Categories: Economics



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Retail sales in the United Kingdom rose by **3.1% year-on-year in June**, the strongest monthly increase recorded so far this year and a key signal of recovering consumer spending amid earlier weakness.

According to the British Retail Consortium, total retail sales increased by 3.1% year-on-year in June, compared to a sharp 2.7% drop in May. The improvement was driven

largely by unseasonably warm weather, which prompted households to spend more on summer goods such as electric fans, outdoor sports equipment, and seasonal products. BRC Chief Executive Helen Dickinson noted that both food and non-food categories showed healthy growth. Food sales rose by 4.1% year-on-year in June, helped by ongoing food inflation, while non-food spending increased by 2.2%, reversing declines seen earlier in the year. This sharp rebound helped offset the retail sector's earlier drag on economic growth.

While households continue to face the burden of higher living costs, the uptick in consumer spending adds to other recent indicators suggesting that business confidence is recovering. The IHS Markit/CIPS purchasing managers' index (PMI) reported the strongest expansion of private-sector output in nine months. Additionally, according to a Bank of England survey, firms expect to increase payrolls by around 1.1% over the next year, signalling a cautious but more optimistic hiring outlook than earlier in 2025.

Research fellow Paul Dales noted that the worst of the consumer-led downturn appears behind the UK, though he emphasised that the recovery remains fragile, especially in the face of global headwinds and monetary tightening. "Recent data shows that confidence is returning across key parts of the economy," Dales said, while warning that ongoing risks such as global instability and rising interest rates could still weigh on growth.

The upturn in retail sales offers some political relief for Prime Minister Keir Starmer, who has faced criticism over sluggish productivity and a rising cost of living. For his government, these gains present a narrow but welcome opportunity to push forward with economic reforms without the pressure of a deepening recession. Even so, economists caution that sustaining this progress will require careful policy choices and a focus on stabilising household finances in the months ahead.