

United Kingdom Consumer Confidence Index Sees Steepest Decline Since 2022

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— Categories: Breaking News



Consumer sentiment in the United Kingdom has suffered its sharpest quarterly drop in nearly three years, according to figures from the financial services firm Deloitte. The second quarter decline reflects growing public anxiety about rising living costs, job security, and personal debt, with the economic mood faltering even as business resilience holds firm.

Deloitte's latest consumer tracker shows sentiment fell by 2.6 percentage points to 10.4 per cent between April and June. This marks the largest fall since the third quarter of 2022, excluding a minor, statistically insignificant decline last year. Analysts suggest this shift is driven by concerns around employment prospects, inflationary pressure, and household financial management.

Celine Fenech, Consumer Insight Lead at Deloitte, stated that “mounting concerns about a weakening labour market have led consumers to feel less secure about job stability and income growth.” The ongoing cost-of-living crisis, fuelled by persistent inflation, has made it harder for many to manage debt or plan future spending. These worries are not unfounded, with official data showing unemployment reached 4.7 per cent in the three months to May, the highest since mid-2021. Simultaneously, inflation rose to 3.6 per cent in June, the highest annual rate since January 2024.

Employers have reportedly become more hesitant to hire, citing increased employment costs, a higher minimum wage implemented in April, and planned law changes making it harder to dismiss new employees. These factors, under the current Labour government, are raising concerns among business owners and may be contributing to the stagnation in the job market.

Despite the gloom among consumers, Deloitte's separate quarterly survey of Chief Financial Officers suggests larger firms remain cautiously optimistic, with business sentiment proving more resilient than household confidence. This divergence highlights a growing disconnect between boardroom stability and everyday financial anxiety faced by ordinary families.

The consumer confidence index was based on responses from 3,200 individuals surveyed between 13 and 16 June. It measured perceptions on job security, income prospects, debt levels, child welfare, and overall well-being. While the survey did show a modest 3.9 percentage point rise in the outlook on the broader economy, this metric still lags nearly 18.4 points behind its position a year ago.

With household budgets stretched and economic uncertainty mounting, there is little indication of a near-term rebound in consumer-driven growth. For policymakers, restoring confidence will demand more than rhetoric; it requires meaningful, market-friendly solutions that ease pressure on both workers and employers.