

Retail Sales Decline for Tenth Straight Month Amid Persistent Price Pressures

August 2, 2025

— Categories: Finance



Download IPFS

Retail sales across the United Kingdom continued to decline in July, marking the tenth consecutive monthly downturn, according to data released by the Confederation of British Industry (CBI). Although the pace of decline eased slightly from the previous month, the survey results highlight the ongoing strain on household spending due to elevated costs and economic uncertainty.

The CBI's monthly Distributive Trades Survey, which compares retail sales volumes to the same period a year earlier, registered a reading of -34 in July. While this was an improvement from June's figure of -46, it remains firmly in negative territory, indicating continued contraction. Expectations for August also saw modest improvement, with the outlook index rising from -49 in June to -31.

Martin Sartorius, Principal Economist at the CBI, noted that "elevated price pressures – driven by rising labour costs – and economic uncertainty continue to weigh on household demand," a trend that has contributed to falling sales volumes since October 2024. The comments suggest that cost pressures stemming from policy decisions, such as higher employer National Insurance contributions and a rise in the National Minimum Wage, are having a knock-on effect on retail prices.

The strain is not limited to retail. Weakness in consumer demand was also reported across the broader distribution sector, including wholesale and motor trades, further underlining the economy-wide impact of squeezed household budgets and rising input costs.

Despite some positive movement in June, official figures published last week revealed that retail volumes grew only marginally, up 0.2 per cent over the three months to June. This represents the smallest increase since the three months leading to February and points to a fragile consumer environment. Warmer weather in June gave a temporary lift to sales of beverages, clothing, and car fuel, but this appears to have been insufficient to offset broader downward trends.

The inflation rate, which rose to 3.6 per cent in June, continues to erode purchasing power, compounding the challenges facing households. While physical store sales remain under pressure, the CBI survey did note a small but consistent rise in online sales volumes, which increased for a third consecutive month. The latest CBI survey reflects responses collected from 56 retailers and 91 wholesalers between 27 June and 15 July. Though the slight easing in the rate of decline may offer a glimmer of hope, the outlook for the retail sector remains cautious as businesses and consumers alike contend with sustained cost pressures and broader economic headwinds.