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Key information

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Overview

- UK cuts interest rates for first time since 2020
- UK GDP grew respectably in Q2 2024
- The indicators for London’s economy remain positive

Economic indicators

- The underlying trend in passenger journeys on London public transport marginally increased in July. 243.5 million passenger journeys were registered between 23 June and 20 July, 4.7 million more than in the previous period. 238.9 million passenger journeys were registered between 26 May and 22 June. In the latest period, 95.2 million of all journeys were underground journeys and 148.3 million were bus journeys. The 13-period-moving average in the total number of passenger journeys rose marginally from 234.9 million in the previous period to 235.1 million in the latest period.
- In July, the sentiment of London’s PMI new business activity increased marginally with the PMI new business index in London increasing from 56.6 in June to 56.9 in July. An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.
- In July, over half of property surveyors expressed positive expectations for house prices in London over the next three months. The net balance of house prices expectations in London was 22 in July, up from 19 in June. The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

UK investment between 2000 & 2019: distinction with a difference

The role of investment as an integral component of GDP and long-term economic growth. In this supplement we focus on the broad and general trends underlying investment in the UK and how it compares to similar countries as well as the wider pool of OECD and G7 countries.
Key points to highlight include:

- In line with what many pundits and economists have been saying, measures of investment (whether gross fixed capital formation, business investment, or gross capital formation) reveal that annual growth has been weaker in recent years than in the 2000s, with that weakness exacerbating since 2016.
- Across the first two decades of this century, the UK underperformed France, Germany, and the US on measures of real gross capital and real gross fixed capital formation (both on aggregate and per-capita).
- That said, the UK did not always underperform these countries. In fact, until the mid-2010s, the UK was generally outperforming these countries and most of the G7 and OECD on both aggregate and per-capita measures of investment. The underperformance begins from 2016 onwards.
- While the Brexit referendum added to the uncertainty that undermined investment, there are other factors behind this malaise- one of which is the UK’s overreliance on certain sources of investment that are themselves sensitive to political and economic uncertainty (e.g., corporate investment) than many OECD countries.

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