

# London's Economy Today - Issue 250 - June 2023

## Key information

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## Overview

- Inflation remains stubbornly high in the UK
- The effect of interest rates on housing costs has yet to be fully felt, and will impact on London most
- Cost of living crisis heavily impacting low income Londoners

## Economic Indicators

- The underlying trend in passenger journeys on London public transport remains very marginally upward. 234.2 million passenger journeys were registered between 30 April and 27 May 2023, 4.9 million more than in the previous period. In the latest period, 88.2 million of all journeys were underground journeys and 146.0 million were bus journeys.
- In May, the business activity PMI index for London private firms decreased from 59.0 in April to 58.5 in May. The Purchasing Managers' Index (PMI) survey shows the monthly business trends at private sector firms. Index readings above 50 suggest a month-on-month increase in activity on average across firms, while readings below 50 indicate a decrease.
- Consumer confidence in London decreased noticeably in June, and just remained positive. The consumer confidence index in London declined from 13 in May to 1 in June. The GfK index of consumer confidence reflects people's views on their financial position and the general economy over the past year and in the next 12 months. A score above zero suggests positive opinions; a score below zero indicates negative sentiment.

# LET supplement: London macroeconomic scenarios (June 2023 update)

The scenario results presented in this supplement come within a context of continuing unprecedented uncertainty. Overall, GLA Economics judges that risks are tilted to the downside, especially with high inflation proving more persistent than hoped, lowering real consumer incomes and prompting yet more interest rate rises. Other headwinds also skew risks to the downside, including the war in Ukraine, financial sector turbulence, falling house prices, a potential US recession later this year, and the risk of skill and geographic labour mismatches due to remote working.

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