

## *March 2025 Economic and fiscal outlook*

### **Twitter video transcript: 5 things you need to know about our economic and fiscal forecast**

We've just published our *March 2025 Economic and fiscal outlook*. Here are five things you need to know about:

- how the global and domestic context has changed since our last EFO,
  - how that's affected our underlying economic and fiscal forecast,
  - how the policy measures included in the Chancellor's Spring Statement respond to that context,
  - what that means for the headroom against her fiscal rules,
  - and how that headroom compares to the array of risks to the economic and fiscal outlook going forward.
- 1 Since the Chancellor presented her first Budget in the autumn, the economic outlook has become both more challenging, with output stagnating, business and consumer confidence falling, and energy prices and government bond yields rising over the past six months, and, also less certain with big questions about the UK's recent productivity performance, European security arrangements, and global trade policies.
  - 2 Against this more difficult backdrop, and before taking account of Spring Statement policies, the forecast we presented to the Chancellor halved the rate of GDP growth this year from two to one per cent and left the level of productivity lower in the medium term, it also had the current budget in deficit by around four billion pounds at the end of the decade.
  - 3 In and around this Spring Statement, the government announced reforms to the planning system which we expect to boost house building by over 170,000 over the next five years. It also announced cuts to welfare spending totalling five billion pounds, tax measures which raise an additional 2 billion pounds in revenue, and 7 billion pounds in cuts to overseas aid, to pay for an increase in defence spending.
  - 4 By the fifth year of our forecast, these and other changes were just enough to restore the headroom against the Chancellor's main fiscal rule, to the £10 billion current surplus she had back in the autumn.
  - 5 But £10 billion is still the third lowest margin any Chancellor has had against their fiscal rules, and the risk to the outlook for UK productivity, interest rates and global tariff policies could all reduce it to zero over the next five years.

And you can read more about it in our *March 2025 Economic and fiscal outlook*.