

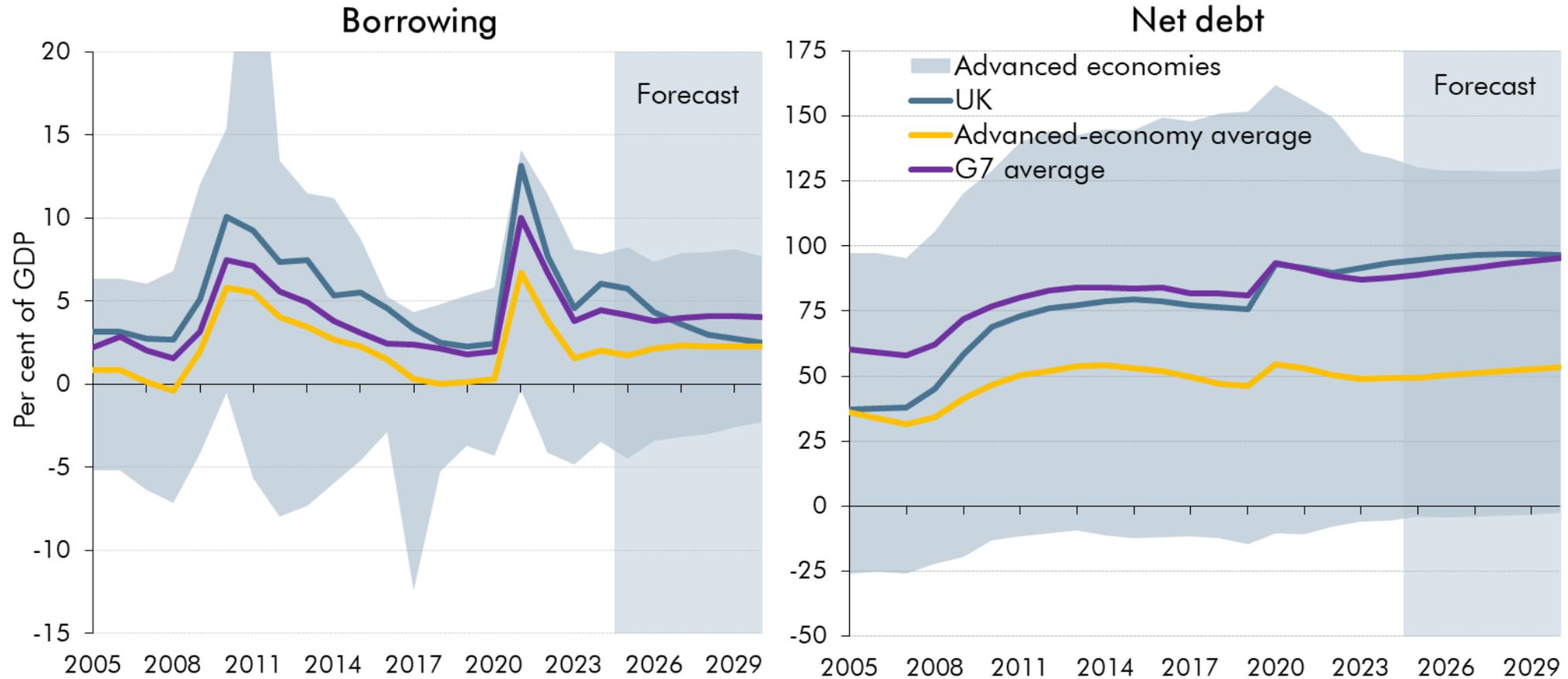
Office for
**Budget
Responsibility**

March 2026 Economic and fiscal outlook

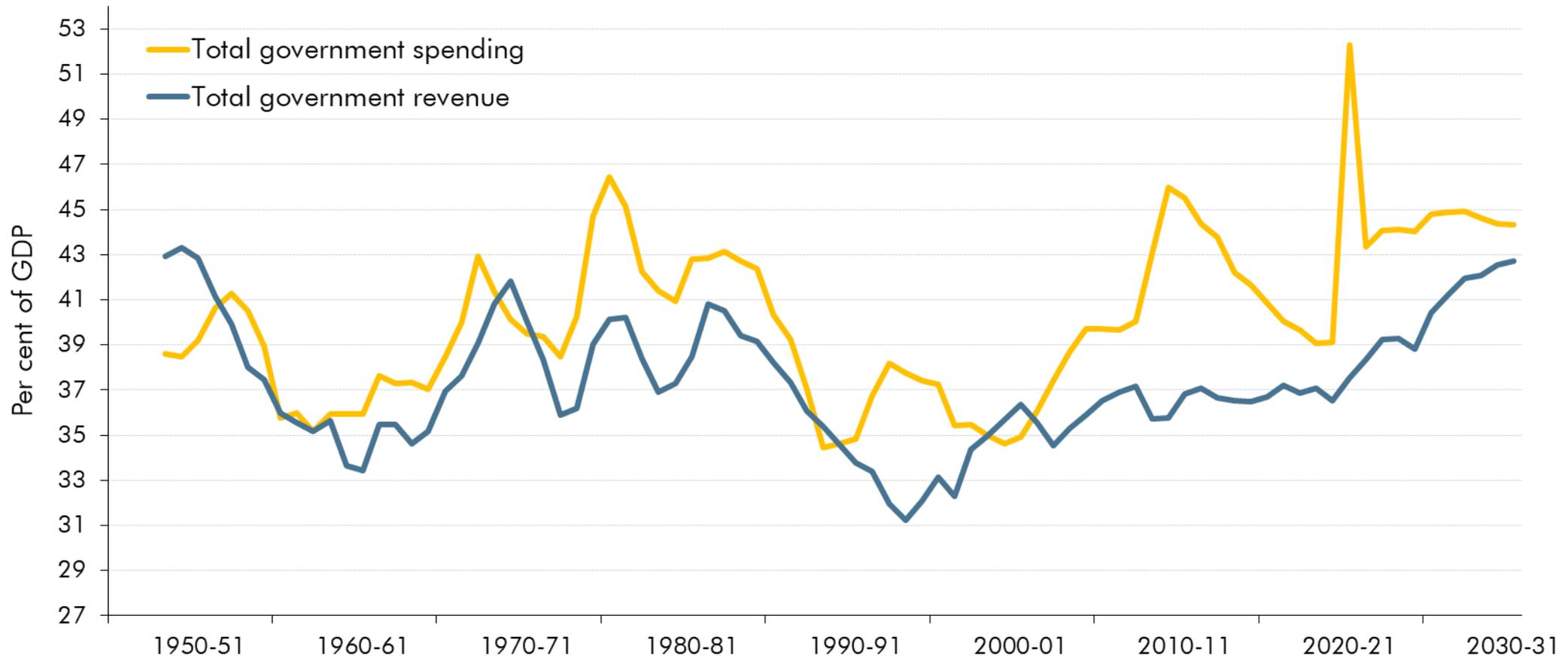
Prof. David Miles & Tom Josephs
Budget Responsibility Committee

3 March 2026

Fiscal context: high borrowing and debt levels

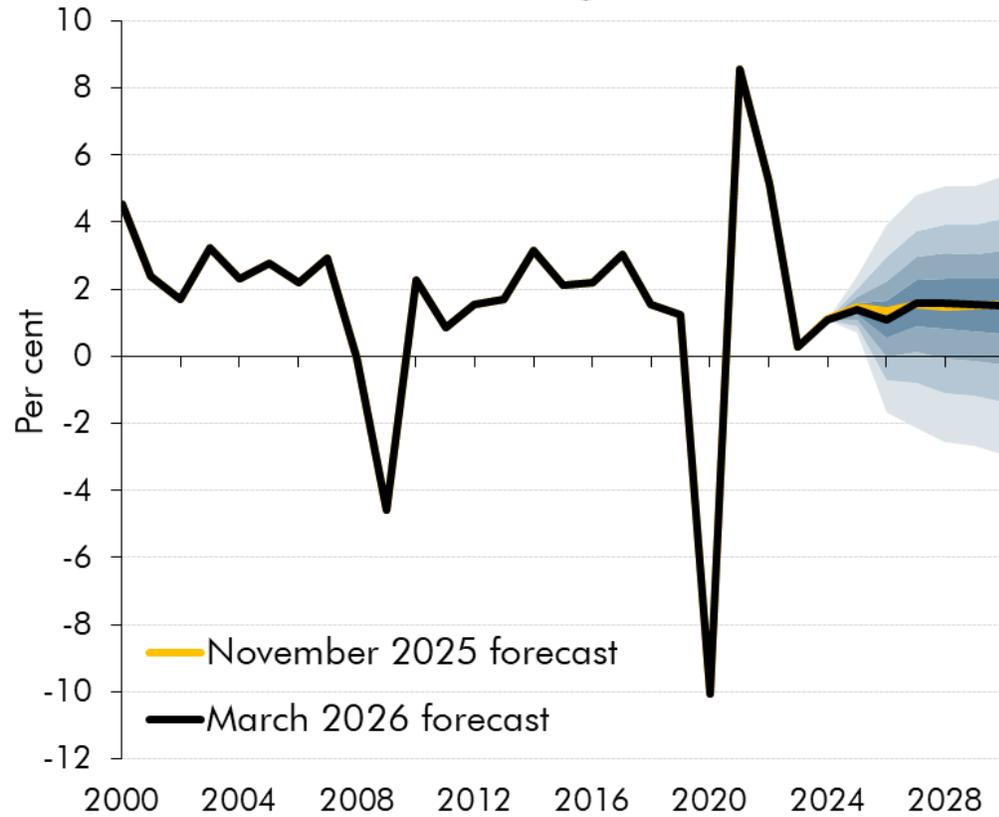


Historical taxes and spending as a share of GDP

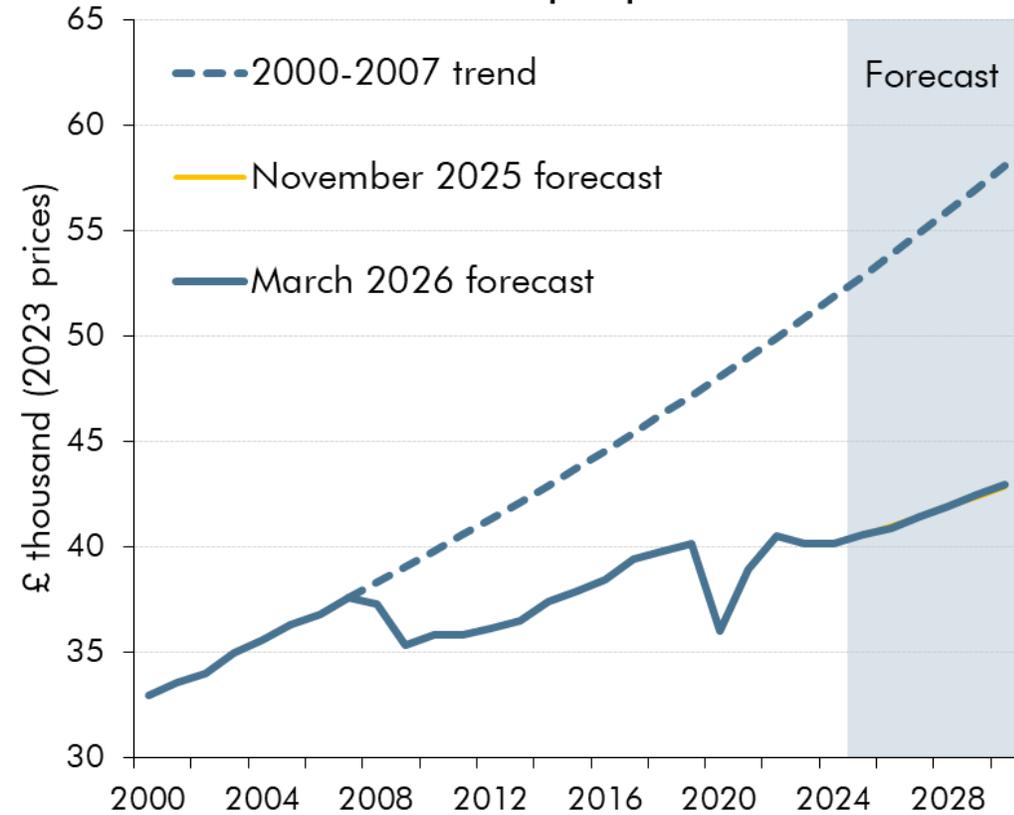


Growth and living standards

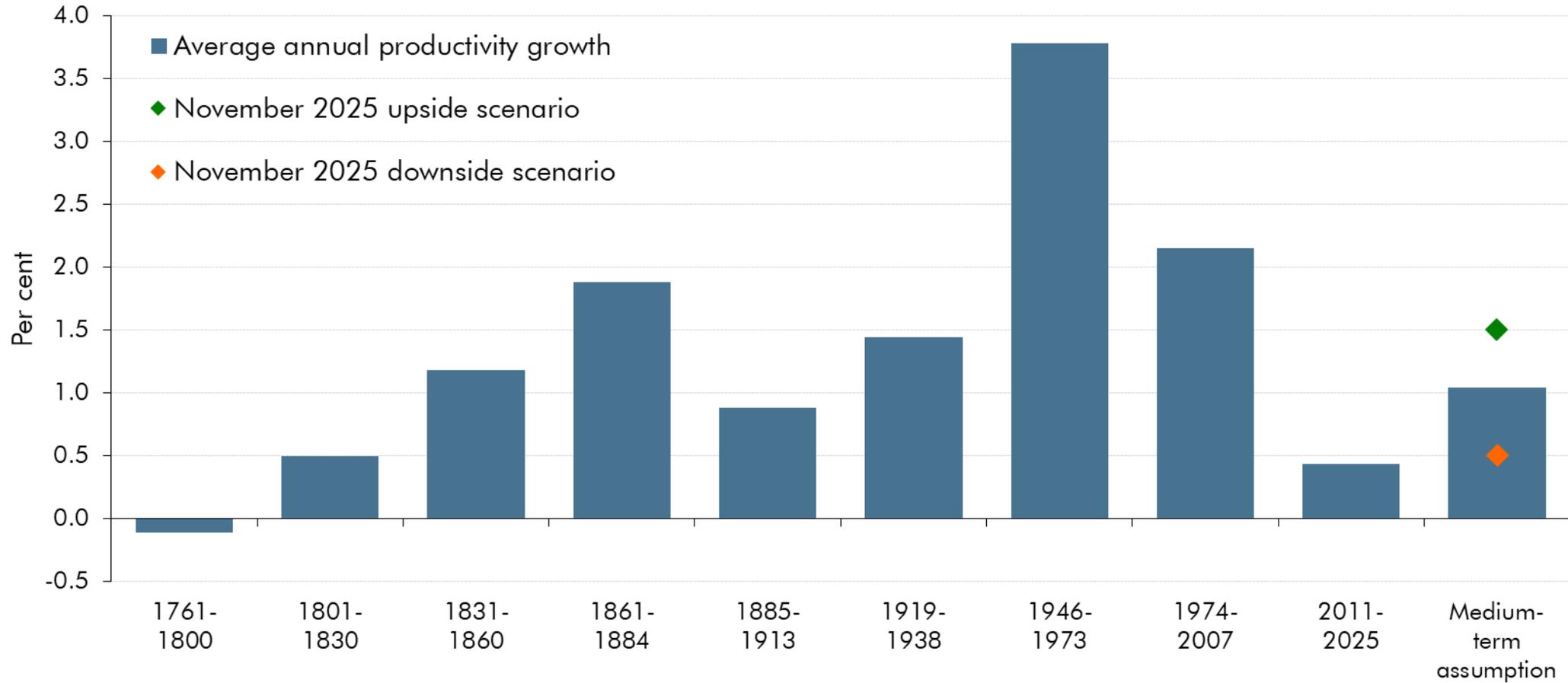
Real GDP growth



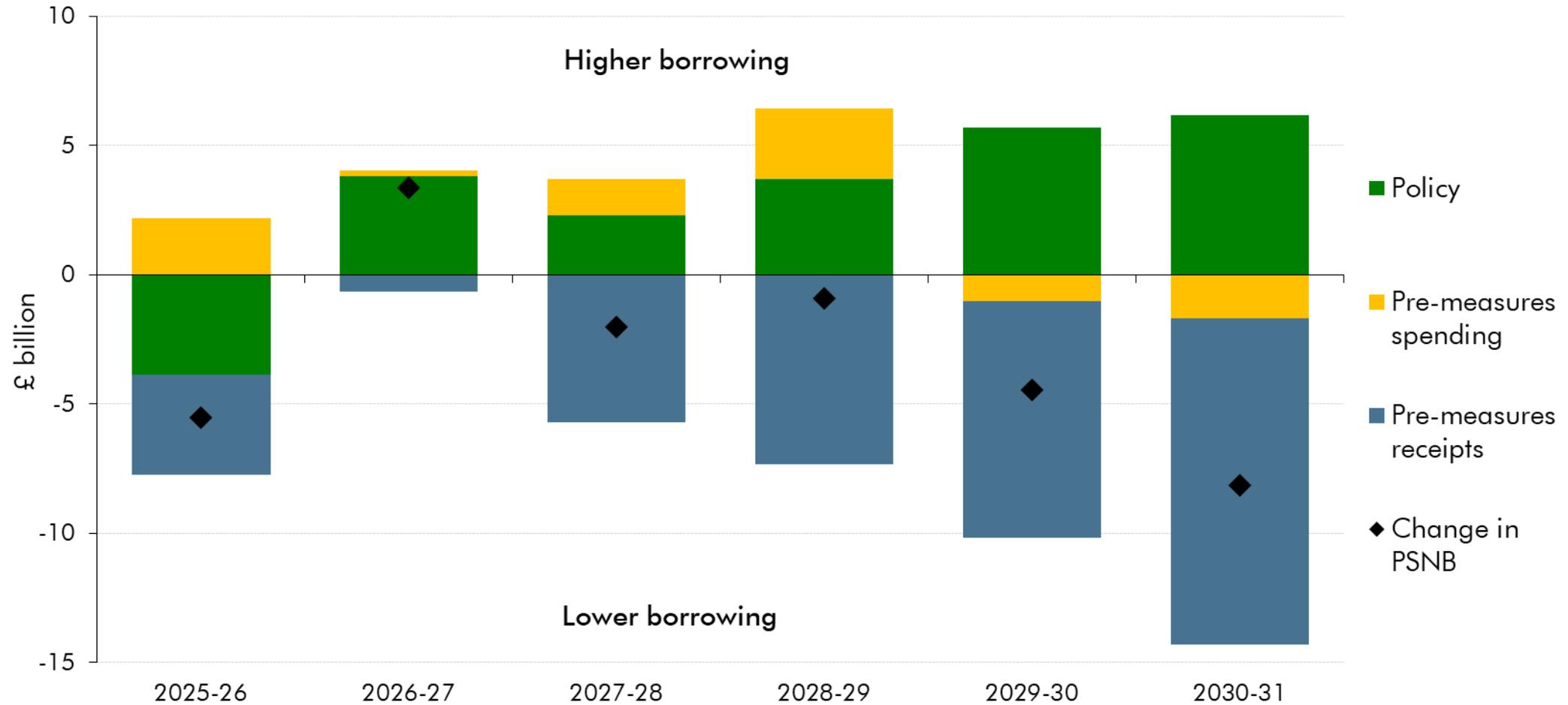
Real GDP per person



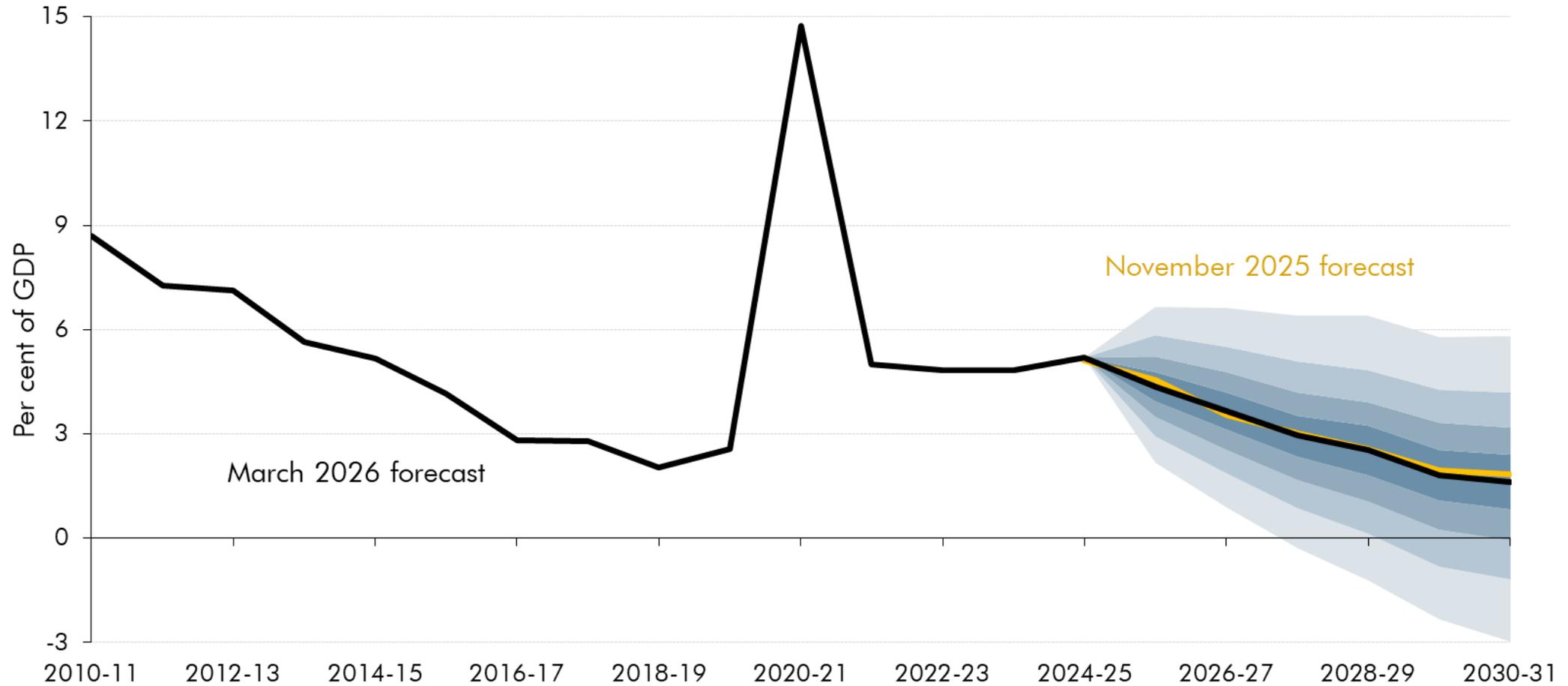
Productivity growth over time



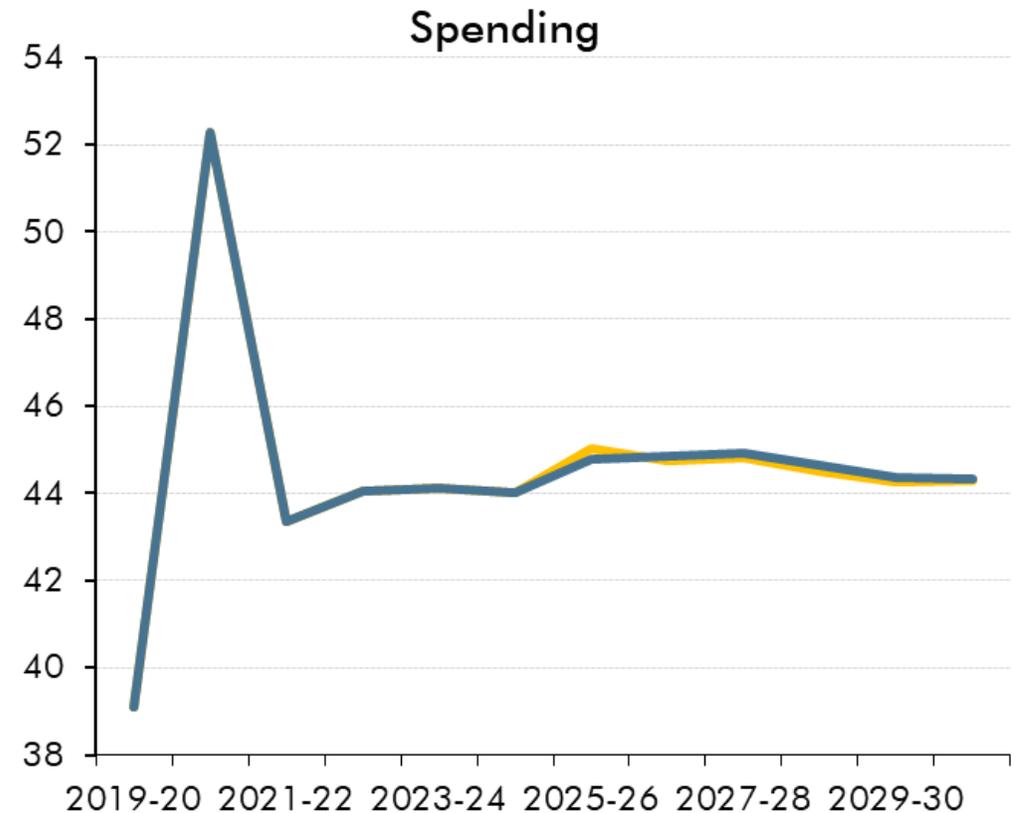
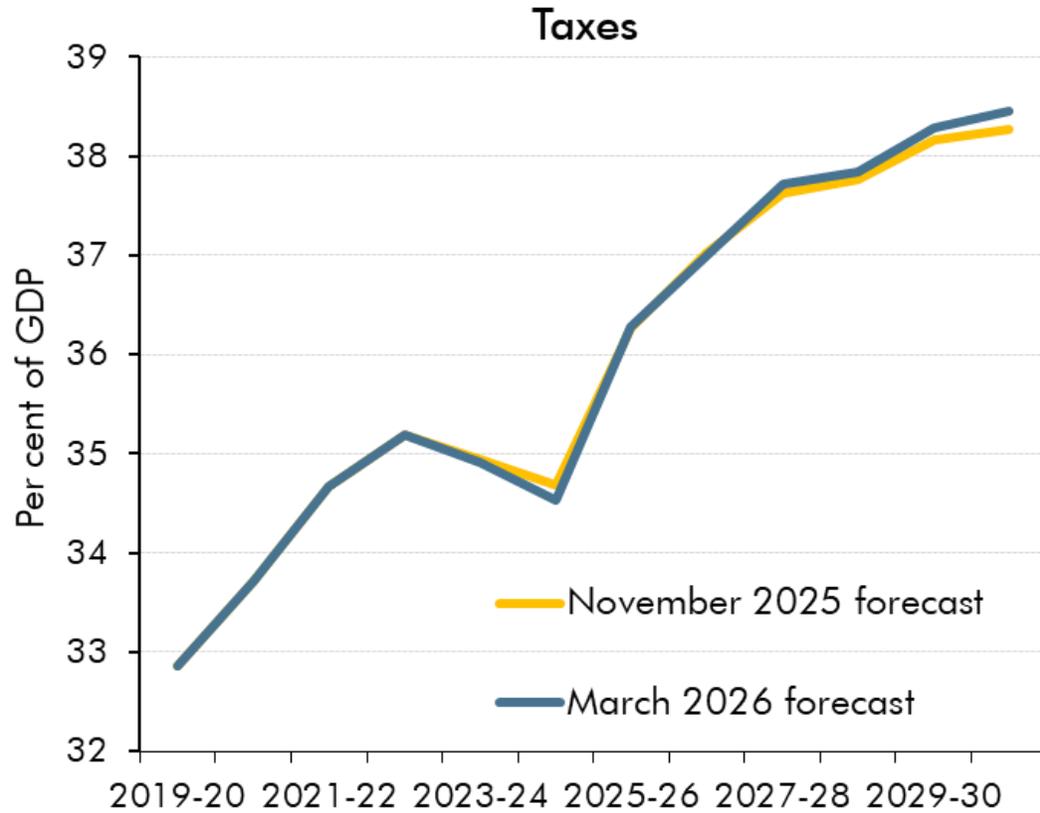
Public sector net borrowing: change since November



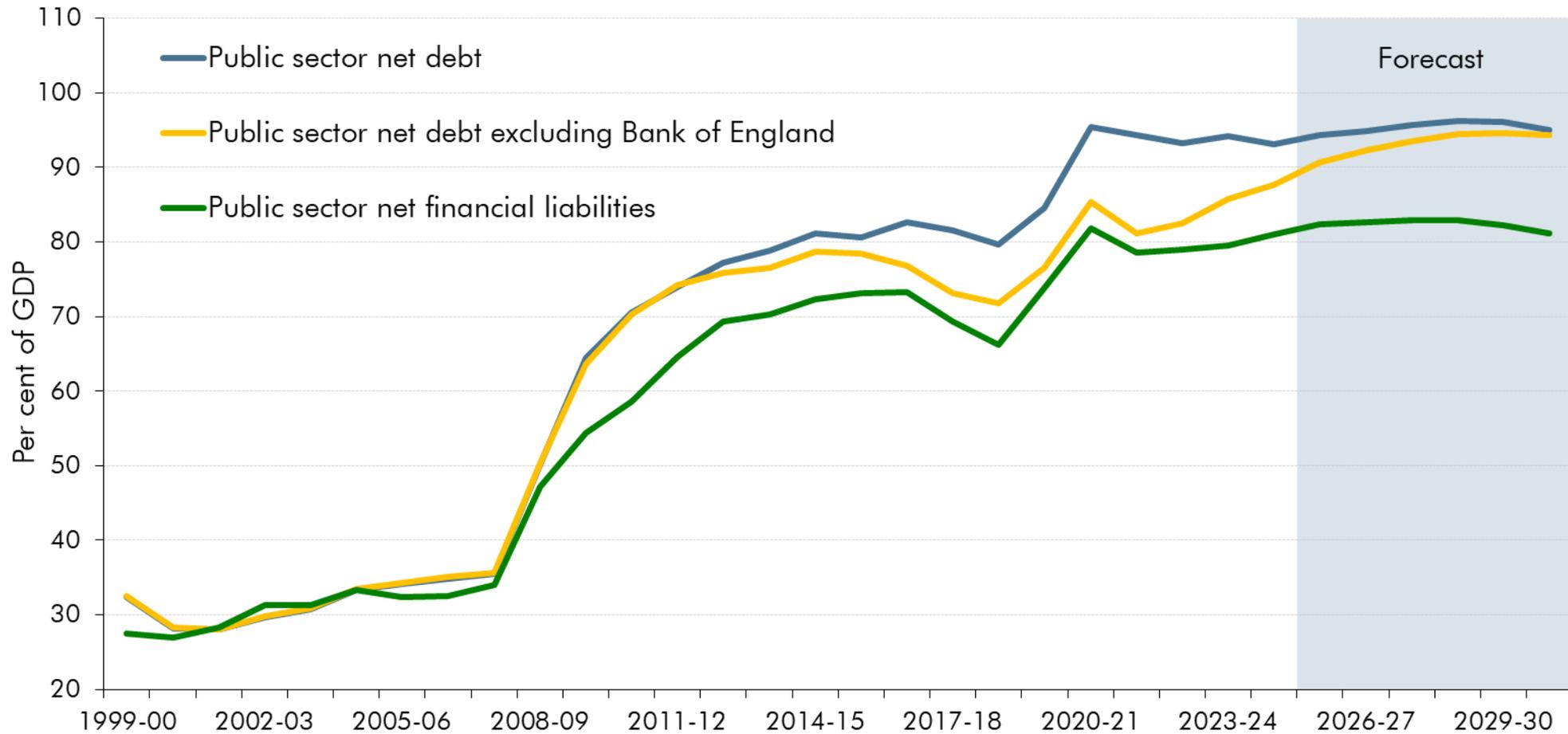
Public sector net borrowing



Taxes and spending as a share of GDP



Public sector balance sheet



Middle East conflict

- No economic or fiscal impacts of latest escalation in central forecast
- Highly uncertain effects through energy markets, trade, financial markets
- As of market close yesterday:
 - Spot oil prices around 20% above forecast
 - Spot gas prices around 25% above
 - Futures curves suggest rises fall back towards forecast levels within 1-2 years
- Potential short-term fiscal impact via higher inflation:
 - Upward pressure on welfare, debt interest, departmental spending
 - Likely only small offset from tax: North Sea revenue; any wage pass-through
- Other forecast determinants:
 - 10-year gilt yields around 10 basis points below forecast this morning
 - Equity markets around 3% above

Other risks to the outlook

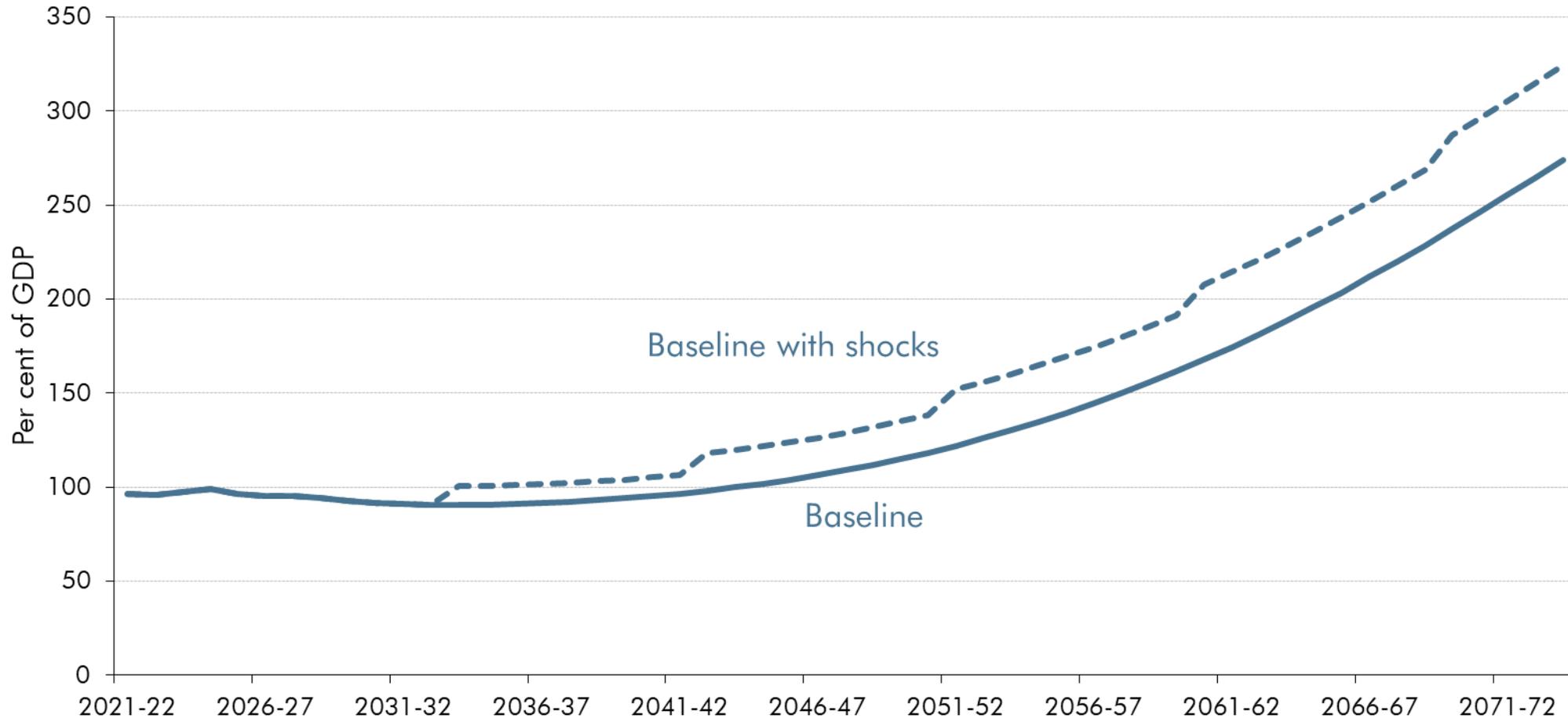
Economy

- Global trade policy
- Productivity growth
- Unemployment
- Equity and bond markets

Fiscal

- Rising tax take
- Departmental cost pressures
- Health-related welfare
- Long-term demographics

Latest long-run debt projections



Note: Long-term public sector net debt projection from the 2024 *Fiscal risks and sustainability report*

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Thank you for listening

**Slides will be available on our website
www.obr.uk**

**Please email us with any further questions
OBR.Enquiries@obr.uk**