MNI UK Data Preview: December 2025 Release

15 December, Tim Davis and Jonathan Nazar

Both labour market data and CPI data will be critical for the expected MPC cut on Thursday (which at the time of writing all of the sellside previews that we had seen had pencilled in a 25bp cut while markets priced 22bp). In order to get a cut across the line it is likely that all four members who voted for a November cut repeat their votes and likely that we need Governor Bailey to join them. There is additional focus on Lombardelli potentially joining the doves, with some also not ruling out a potential 7-2 vote.

The labour market and CPI data could pose potential roadblocks but we remain of the view that if data is broadly in line with the BOE's expectation, a cut is likely coming.
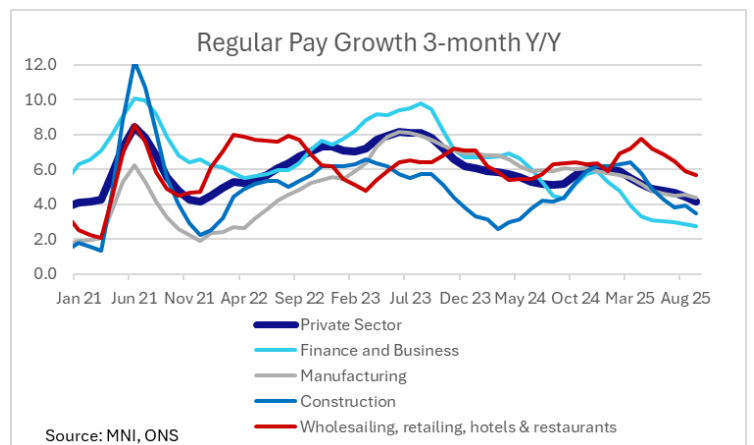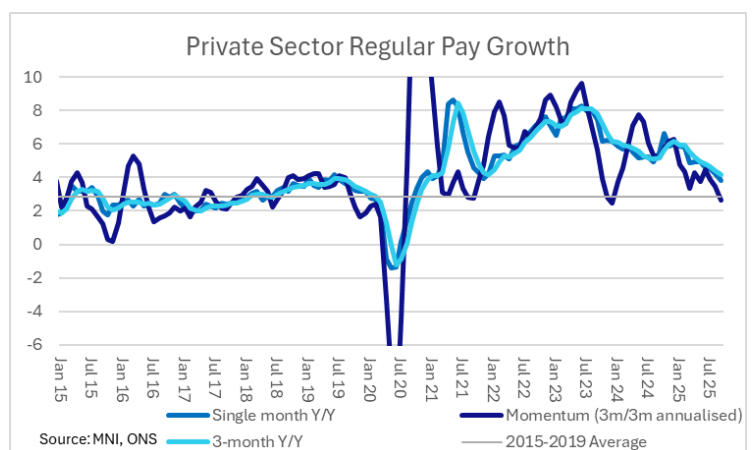
Labour Market Preview

Last month's labour market release (referring to September) was soft across the board despite coming broadly in line with Bank forecasts. The single month regular private AWE print was notably lower than expected and momentum continues to soften. The unemployment rate was around a tenth higher than expected and has an easy route to reach the peak seen in last week's MPR projections as soon as next month. And the positivity (or at least stability) that we had seen in the payrolls prints over the prior couple of months was revised away, with payrolls also pointing to a softening of the labour market.

Private Sector Regular Pay Growth
Source: MNI, ONS

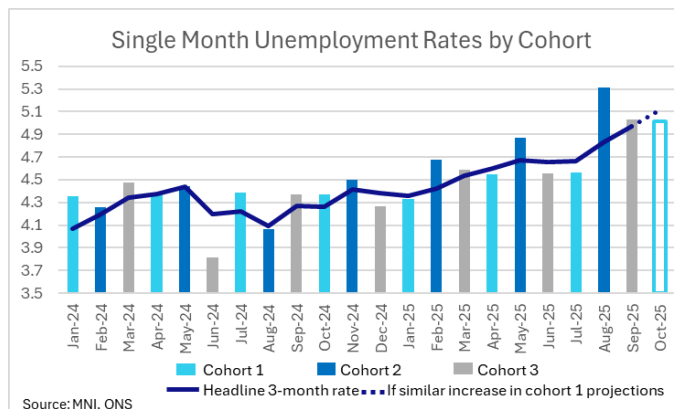

Regular Pay Growth 3-month Y/Y
Source: MNI, ONS

The BOE does not publish monthly forecasts for labour data (only quarterly) so there is less to benchmark against for expectations here. However, from the previews we have read there is a fairly solid consensus that private regular earnings will fall to 3.8% in the 3-months to October (from 4.17%Y/Y in the 3-months to September). As we noted above the single month print in September was 3.79%Y/Y while in August it was 4.23%Y/Y. This means to get to the consensus figure we need the single month print for October to come in around 3.4%Y/Y. Bear in mind that the BOE's Q4 forecast is for 3.51%Y/Y and if we saw a single month print around 3.4% we would be well on track to at the worst meet and likely undershoot the forecast (again).

On the quantities side, the unemployment rate is also expected to pick up another tenth to 5.1%. Again, putting this into context, the BOE's Q4-25 forecast was 4.97% and the November MPR projections only see a 5.1% peak print reached by Q2-26 before falling back to 5.0% or lower through the rest of the forecast. There was a 0.44ppt

Single Month Unemployment Rates by Cohort
Source: MNI, ONS

Unemployment rate (%)
Source: MNI, ONS

increase in the single month unemployment rate seen in August (versus May) to 4.83% and a marginally larger 0.47ppt change was seen in this cohort's single month print from 4.56% in June to 5.03% in September. If we assume that we see a similar increase in the single month rate between July and October we would be left with an unemployment rate marginally above 5.1%. Indeed, to round up to a 5.1% print the next cohort only needs to see a 0.25ppt increase between October and July. Risks around 5.1% therefore seem balanced to us.
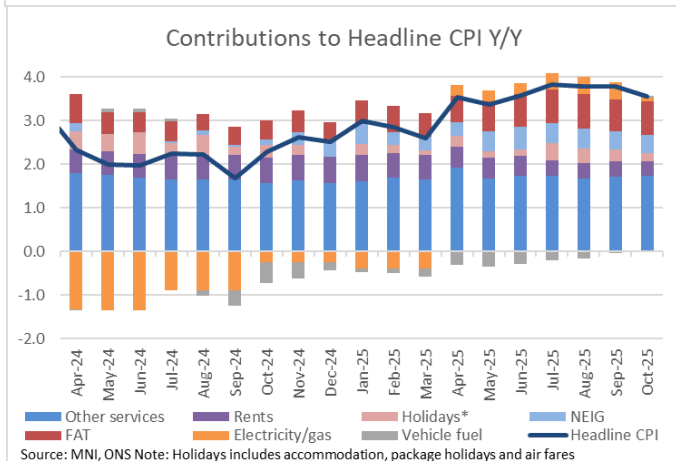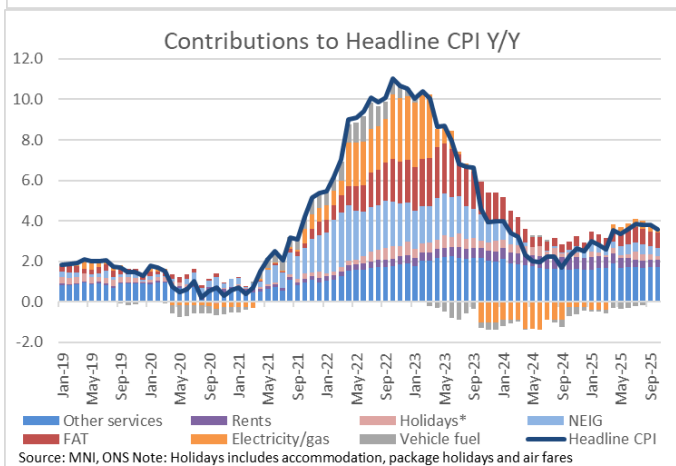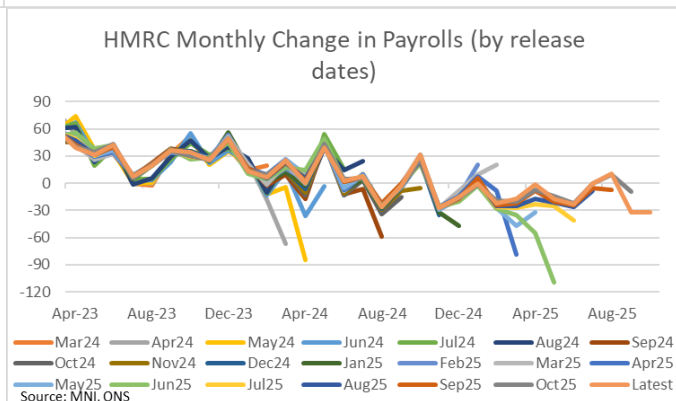
Payrolls data is expected to continue to decline (the median from the previews we have read looks for -20k).

CPI Preview

Headline CPI at 3.56% in October was very close to the Bank of England forecast, coming in only 4 hundredths below BOE's forecast. The MNI median (and Bloomberg consensus) had been looking for a 3.5%Y/Y print (rounded to 1dp), so there was a very marginal upside surprise here (but of course note that at 3.56%Y/Y, the print was close to rounding down and coming in line with consensus expectations).
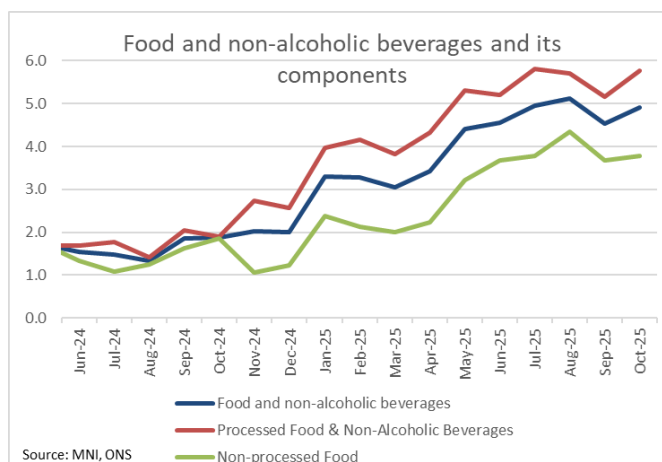
The November print is also expected a tenth above the BOE's forecast at 3.5%Y/Y. The source of the median view being above the BOE forecast is largely from petrol prices, however. The median for services CPI is 4.53%Y/Y (the BOE forecast is 4.5%) while food inflation (4.73%Y/Y) is expected to slow more than the BOE's forecast (5.0%).

There are also some uncertainties around core goods given the timing of Black Friday sales. We have seen forecasts range from 1.16% to 1.6%Y/Y for this category. The BRC Shop Price index pointed to

HMRC Monthly Change in Payrolls (by release dates)
Source: MNI, ONS

Contributions to Headline CPI Y/Y
Source: MNI, ONS Note: Holidays includes accommodation, package holidays and air fares

Contributions to Headline CPI Y/Y
Source: MNI, ONS Note: Holidays includes accommodation, package holidays and air fares

softness from early Black Friday sales but that survey is always earlier in the month than the ONS collects prices, so it's hard to know how much weight to give this.

We haven't really seen consistent messaging around services CPI in sellside views. We have seen there are risks around accommodation and restaurants and cafes. And as we pointed out in our October Inflation Insight there could be some upside pressure from transport services. Air fares are generally expected to be less negative than last November which will help the transport services category but there aren't a lot of analysts putting figures on expectations this month.

Food and non-alcoholic beverages and its components

Source: MNI, ONS

Summary Forecast Tables

Summary of Analyst UK Labour Market Expectations (December Release)						
	AWE ex bonus	Total AWE	Private AWE ex bonus	Unemployment	Employment (3m change)	HMRC Payrolls M/M
Jul-Sep	4.64	4.82	4.17	4.97	-22	-32 (Oct)
Aug-Oct (median)	4.5	4.4	3.8	5.1	-60	-20 (Nov)
Aug-Oct (mean)	4.50	4.42	3.80	5.08	-64	-20 (Nov)
BOE Q3 forecast			4.23	4.87		
BOE Q4 forecast			3.51	4.97		
Bbg consensus	4.5	4.4	3.8	5.1	-75	-20 (Nov)
Bank of America	4.5		3.8	5.1	-20	-20
Barclays	4.5	4.4	3.8	5.1		
Deutsche Bank	4.5	4.5	3.8	5.0		-25
Goldman Sachs	4.5	4.4	3.79	5.1		-15
ING	4.5	4.4	3.8	5.1	-60	-20
JP Morgan	4.5	4.4	3.8	5.1		-10
Lloyds	4.5	4.5		5.1		
Morgan Stanley	4.54	4.47	3.85	5.1	-60	-30
NatWest Markets	4.5	4.4	3.8	5.1	-45	-20
Nomura	4.5	4.4		5.0	-75	-20
RBC			3.8	5.1		
Societe Generale	4.4	4.4	3.8	5.1	-100	
TD Securities	4.5	4.4	3.8	5.1	-86	
*AWE: Average weekly earnings						
Source: Analyst previews, Bloomberg (consensus), MNI						

Summary of Analyst November Inflation Expectations

	Headline	Core	Services	Core Goods	Energy	FAT*	Food	RPI (Y/Y)	RPI (Index)
October	3.56	3.38	4.49	1.47	1.84	5.16	4.91	4.27	407.4
November (median)	3.50	3.40	4.53	1.43	1.78	4.60	4.73	4.20	407.4
November (mean)	3.49	3.41	4.53	1.39	1.77	4.58	4.72	4.20	407.47
November (BOE)	3.41		4.5		1.3		5.0		
October BOE surprise (Nov MPR)	-0.04		-0.11		0.1		-0.1		
Bbg consensus	3.5	3.4	4.5					4.2	407.3
Nomura	3.6	3.6	4.6					4.2	407.3
ING	3.6	3.5	4.5						
Santander	3.55	3.52	4.56				4.5	4.2	407.5
TD Securities	3.55	3.48	4.53	1.6	1.8	4.6			
Deutsche Bank	3.51	3.46	4.63	1.44	1.84	4.46	4.81	4.13	
JP Morgan	3.5	3.4	4.6					4.3	407.9
Bank of America	3.5	3.4	4.5	1.3	1.7		4.8	4.19	407.3
UBS	3.5	3.4	4.5	1.5	1.7	4.8			
Daiwa	3.5	3.4							
NatWest Markets	3.5	3.3	4.4	1.3			5.1	4.2	407.5
RBC	3.5		4.6						
Jefferies	3.5								
Barclays	3.46	3.40	4.54	1.43	1.76	4.42	4.5	4.2	407.3
Goldman Sachs	3.44	3.34	4.51		1.8	4.64	4.75		
Societe Generale	3.4	3.4	4.5				4.7	4.2	
Lloyds	3.4	3.3	4.5						
Morgan Stanley	3.36	3.28	4.55	1.16			4.56	4.13	

*FAT: Food, alcohol and tobacco

Source: Analyst previews, Bloomberg (consensus), MNI

Sell Side Inflation Preview Highlights (A-Z)

Bank of America

- Headline: 3.5% Y/Y
- Core: 3.4% Y/Y
- Services: 4.5% Y/Y – "We expect airfares inflation to pick up to 7.1% but expect continued progress in underlying services inflation … Risks are to the upside, as the decline in services inflation in October was partly driven by some erratic categories like accommodation, which could see a rebound."
- Core goods: 1.3% Y/Y – "driven by base effects from clothing."
- Energy: 1.7% Y/Y – "though weekly petrol prices are likely to post a small rise (0.3%m/m), the monthly rise is expected to be less than last year."
- Food: 4.8% Y/Y – "to reflect the decline in the BRC index."

Barclays

- Headline: 3.46% Y/Y
- Core: 3.40% Y/Y
- Services: 4.54% Y/Y – "Transport services to contract -0.4% m/m, though base effects to drive the annual rate up 1.9pp to 7.8% … North Rhine-Westphalia airfares contracted 14% in November, but we do not get as weak a signal from alt-data indicators, and expect a contraction of 5% m/m in airfares."
  - "RevPAR UK hotel price data contracted 8.6% m/m between 14 Oct and 11 Nov (most likely index day). Our modelling supports a small monthly contraction in the hotels, motels and inns category

and a flat month in package holidays and hotels as a whole … We expect communication services to deflate -1.1% m/m, in line with strong negative seasonality historically seen in November."

- Core goods: 1.43% Y/Y – "November BRC shop price index was flat for monthly non-food price changes, consistent with our expectation of 0.1% m/m in core goods … We expect semi-durables to grow 0.3% m/m, but this to be offset by a 0.1% m/m contraction in both durables and non-durables."
    o "The BRC shop price furniture and flooring index has tracked core goods CPI well in the past few months and would indicate a 0.5% m/m growth rate."
- Energy: 1.76% Y/Y – November pump prices grew 0.4% m/m, "and we expect auto fuels to increase by the same amount."
- Food, alcohol and tobacco: 4.42% Y/Y – Following October's upside surprise in FAT CPI, "the historically robust BRC food shop price index showed a second consecutive monthly contraction in food prices, at -0.3% m/m in November … We revise our expectation for alcoholic beverages up 0.5pp to -0.4% m/m, but this does not change our annual FAT forecast to 1dp."
    o Food: 0.1% M/M, 4.5% Y/Y
- Index date: Likely 11 November.

Daiwa

- Headline: 3.5% Y/Y – "with upside risks"
- Core: 3.4% Y/Y
- Energy: "should tick slightly higher again owing to a rise in petrol prices last month."

Deutsche Bank

- Headline: 3.51% Y/Y
- Core: 3.46% Y/Y
- Services: 4.63% Y/Y – "On housing, we see rental prices sticking around 0.3% m-o-m. Other housing costs will edge a little higher by 0.1% m-o-m."
    o "On airfares, we expect a usual seasonal drop … Our Airfares Tracker points to some upside (-7% to -10%). Available data from the Eurozone point to a steeper drop (-15% to -20%) … We pencil in a -14% m-o-m fall … Other travel services should edge a little higher [after a record monthly October drop in seafares] … Also expect some modest increases in coach fares and minicab fares. On motor insurance, our Motor Insurance Tracker showed a 0.3% m-o-m fall."
    o "Catering prices will rise 0.2% m-o-m. Our Hotels Tracker also points to some strength in accommodation prices with hotel prices up near 1-2% m-o-m. We expect package holidays to be broadly flat on the month. Recreational and cultural services will likely edge higher by 0.1% m-o-m."
- Core goods: 1.44% Y/Y – "We see health goods prices up a very marginal 0.1% m-o-m. Other non-durables will drop 0.2% m-o-m. Clothing prices will be up 0.3% m-o-m. On car prices, Auto-Trader data points to a slight increase in like-for-like prices … We pencil in a 0.1% m-o-m increase."
- Energy: 1.84% Y/Y – "The key thing to watch will be pump prices. Our pump price trackers point to some upward momentum, with oil prices up ~0.35% m-o-m."
- Food, alcohol and tobacco: 4.46% Y/Y – "Our own models point to some upside, relative to individual food price surveys … We see processed food up 0.2% m-o-m, with seasonal food prices up 0.3% m-o-m. Meat prices will have dropped 0.6% m-o-m … On our trackers, we see lower prices for beer, spirits and wine [alcohol down 0.2% m-o-m] … Our Tobacco Price Tracker points to a just a little over 0.2% m-o-m."
    o Food: 4.81% Y/Y
- Index date: Likely 11 November

- Looking ahead, "Autumn Budget measures have lowered our projections for next year – particularly in the spring. Lower energy prices have also helped to lower our projections. We see CPI pretty close to target from spring 2026 before more sustainably returning to target in 2027."

Goldman Sachs

- Headline: 3.44% Y/Y
- Core: 3.34% Y/Y
- Services: 4.51% Y/Y – "Some of [October's] weakness was driven by volatile components – sea fares and road recovery services – raising the possibility of a modest degree of payback in these categories."
- Core goods: Expected to decelerate, "survey data have continued to point to easing goods price pressures ahead, with the manufacturing PMI output prices and CBI Industrial Trends price expectations both dropping notably in recent months."
- Energy: 1.80% Y/Y – "Driven by a modest increase in road fuel prices"
- Food, alcohol and tobacco: 4.64% Y/Y – "BRC data also pointed to a sequential decrease in seasonally adjusted food prices. Although the relationship with the CPI figures is noisy on a month-to-month basis, we do think there is some signal in the weaker BRC data … The November 2024 figures captured the impact of the increase in tobacco duty announced at last year's Autumn Budget, whereas the later timing of this year's Budget means that the 2025 duty hike will only affect the CPI figures from December."
  - Food: 4.75% Y/Y
- "Looking ahead, we continue to think that services inflation will decelerate notably in early 2026 on the back of smaller regulated price resets and decelerating pay growth. We think that headline inflation will drop to 3.0% in 2026Q1, a tenth below the BoE's estimate. We then expect inflation to fall to 2.3% in 2026Q2."

ING

- Headline: 3.6% Y/Y
- Core: 3.5% Y/Y
- Services: 4.5% Y/Y
- Food: "The BOE will want further signs that food inflation has peaked."

Jefferies

- Headline: 3.5% Y/Y – "driven by falling food prices and base effects."

JP Morgan

- Headline: 3.5% Y/Y
- Core: 3.4% Y/Y
- Services: 4.6% Y/Y – "Anticipated 0.3%m/m, sa gain (arising from ongoing relative strength in rents and catering services)."
- Core goods: Expected to moderate, helping to offset some of the services gain.

Lloyds

- Headline: 3.4% Y/Y
- Core: 3.3% Y/Y – "We expect the decline led by moderating goods price inflation. A key driver of this from Black Friday-related discounting … We suspect a large amount of this will have been captured in within the price collection window … should be evident in recreation and culture, clothing and footwear and furniture and household equipment."

- Services: 4.5% Y/Y – "We do expect services inflation to resume trending lower in coming months."

Morgan Stanley

- Headline: 3.36% Y/Y – "See risks around our forecast as balanced", with biggest downside risks from food, and modest upsides from Black Friday-related core goods.
- Core: 3.28% Y/Y
- Services: 4.55% Y/Y – "Just about rounds down to 4.5%Y. Underlying services inflation softens by 10bp, as we judge the strong Restaurant and Cafes print from October was more of a one-off adjustment … We see air fares at -10%M … with downside risks."
  - Accommodation Services will be most interesting, as "last month's reading came in weaker than was consistent with high-frequency STR tracking, on the ONS's sampling idiosyncrasies. This month, STR tracking again suggests a rather weak print … We peg accommodation services at -0.8%M, and see balanced risks."
- Core goods: 1.16% Y/Y – "We expect a -0.2%M print … The BRC shop price index for non-food was soft (-0.02%M), citing early Black Friday discounts. BRC data is normally collected earlier in the month, so if even their shop price index managed to capture early sales, the ONS reading should too."
  - "We note that Barclaycard data showed overall retail spending dipping -1.1%Y in November, while the number of card transactions picked up – suggesting fairly steep discounts, and potentially well ahead of Black Friday."
- Energy: Fuel prices at 1.12% Y/Y, 0.46% M/M. Note no forecast for broader Energy basket.
- Food: 4.56% Y/Y – "We model a 0.1%M print … However, given the sharp drop in food inflation across a number of European countries in November … we think the risks are skewed severely to the downside."
- Index date: Likely 11 November.

NatWest Markets

- Headline: 3.5% Y/Y – "with downside risks to 3.4%."
- Core: 3.3% Y/Y
- Services: 4.4% Y/Y
- Core goods: 1.3% Y/Y – "partly on base effects."
- Energy: "Auto fuel prices to rise 0.4% m/m, lowering the y/y rate to 1.0% from 1.4%."
- Food: 5.1% Y/Y – "in part a reflection of ongoing cost-push pressures and an attempt by retailers to protect margins during the commercially crucial Christmas shopping season."

Nomura

- Headline: 3.6% Y/Y
- Core: 3.6% Y/Y
- Services: 4.5% Y/Y – "focus of this report will be on momentum in underlying services prices (i.e., stripping out volatile and administered prices)"
- Core goods: "some elements will be susceptible to any changes in the timing of pre-Christmas discounting during the month … Non-food prices in the BRC survey showed little evidence of such sales, which are typically more widespread after the CPI sample date."

RBC

- Headline: 3.5% Y/Y
- Services: 4.6% Y/Y – "increase in services offsetting a fall in goods prices."
- Food: "the main source of an expected 1ppt fall in CPI inflation."

Santander

- Headline: 3.55% Y/Y
- Core: 3.52% Y/Y
- Services: 4.56% Y/Y – "We expect airfares to fall 15.0% MoM, following a 1.7% MoM rise in October – strong for the time of year, but not as strong as 2024's +3.6% … We see services inflation ending the year at 4.9% YoY, pushed higher by airfares and remaining stubbornly elevated for the BoE."
    - "Expect a 3bp drag on annual CPI from Housing, water, electricity, gas and other fuels category … chiefly due to Private rentals for housing, [for which] we assume a 0.3% MoM, which would ease the annual rate to 4.9%, its lowest since May 2023."
- Energy: "We expect neutral influences from electricity and gas … We have yet to see evidence of fixed-price (uncapped) contracts having any inflation effects in between caps. But interventions in the Budget and sharp falls in energy futures prices mean that the story for 2026 is in flux … Energy if not completely irrelevant this month, liquid fuels prices have been on the rise in recent weeks but fell by 3.2% MoM last November, so should give annual CPI a 1bp boost this month."
- Food: 4.5% Y/Y – "After a more solid than normal rise, it appears a softer reading for food prices is in store for November, with survey steers signalling a subdued November compared to norms."
    - Alcohol and tobacco: "We see tobacco prices up 0.2% MoM before the Budget changes take effect … [coupled with] the strong November rise last year should yield a more than 5bp negative contribution to the headline CPI rate … For alcohol, we expect a 0.4% MoM fall, close to the drop in November last year, such that the expected impact on headline CPI is essentially neutral."
- Looking ahead, "our forecasts see disinflation stalling for the rest of 2025, holding stable at 3.6% in November before edging higher to end the year at 3.7% … We see airfares as responsible for ~4bp and ~13bp positive contributions to the headline rate in November and December, respectively."
- "Our forecasts see CPI easing to 3.3% as early as January and remaining close to that rate until dropping to 2.3% in April [helped by Budget measures]. We then expect inflation to ease as low as 2.2% in June before hovering around a 2.3-2.6% range for the rest of the year … Services CPI is set to remain stubbornly elevated, not dropping below 4.0% until April 2026, where it briefly falls to 3.3% before picking up over the rest of the year to stand at 3.8% in December 2026."

Societe Generale

- Headline: 3.4% Y/Y – "most of the decline likely to stem from a negative base effect in tobacco prices [estimated to shave around 0.05pp off headline CPI]."
- Core: 3.4% Y/Y
- Services: 4.5% Y/Y – "as softer rent inflation is offset by positive base effects in transport insurance and stronger accommodation inflation."
- Food: 4.7% Y/Y – "with risks tilted to the downside given the food component of the BRC Shop Price Index slumped by 0.7pp to 3% yoy."

TD Securities

- Headline: 3.55% Y/Y
- Core: 3.48% Y/Y
- Services:4.53% Y/Y – See the trend of in-line seasonal performances in airfares continuing. "Last year, November recorded -19%. This year, our monitoring suggests a smaller -11% m/m decline, making 11.4% y/y … The short-haul index was the major contributor to the downward price pressure."
    - "Just like airfares, we see accommodation services being on trend for the autumn months … We see the unwind continuing into November with -0.7% m/m in hotel prices. Unlike previous months,

our tracking doesn't identify any specific regional drivers, but general downward pressures across the UK."

- o "Early lettings indicators show that rent prices have slowed in November as demand moderates over winter. Social housing would have no contributions this month as it's not on the quarterly schedule, so we see the rent category increasing 0.3% m/m."
- o Index date: Likely 11 November – an 18 November collection would bring services inflation up to 4.6% y/y.

- Core goods: 1.6% Y/Y – "Collection date 17 days ahead of black Friday should eliminate much of the discounting effects later in the month … Strength in categories impacted by this (e.g., clothing, household goods) would be only partially balanced out by weakness in car prices as registrations slowed."
- Energy: 1.8% Y/Y – "Fuel the only pertinent story this month … We see prices moving up more than was expected by the BoE on a monthly basis … base effects bring fuel inflation to 1.1% y/y."
- Food, alcohol and tobacco: 4.6% Y/Y – "Though October did see a rebound, we expect a more muted trend of softening to resume this month. Early signals from EU food inflation and BRC reports corroborate this view with imported components slowing m/m. However, some of the locally-sourced inflation in foods like meat will continue to see strength."
- Looking ahead, "we expect a modest uptick in December, largely driven by seasonal holiday pricing pressures … Looking ahead to April, inflation is projected to fall even further as the annual impact of last year's administered price hikes (e.g., changes in regulated utility tariffs) drops out of the annual comparison."
  - o "Additionally, our outlook for energy prices beyond Q2 2026 has been revised downwards following the extension of the fuel price freeze."

UBS

- Headline: 3.5% Y/Y – "Balance of risks skewed to the upside, largely due to uncertainty around food inflation."
- Core: 3.4% Y/Y
- Services: 4.5% Y/Y
- Core goods: 1.5% Y/Y
- Energy: 1.7% Y/Y
- Food, alcohol and tobacco: 4.8% Y/Y

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