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MAIN MACROECONOMIC INDICATORS OF UK IN 2015-2024

Abstract :

This paper investigates the relationship between exports, imports, inflation and economic growth in the United Kingdom. In order to achieve this purpose, annual data were collected from the reports of World Bank for the periods between 2016 and 2024. Also, it shows the increase after decreasing during the shock period (2020) because of UK government using effective monetar policy .

Key words: Gross Domestic Product, export, import, inflation, the UK.

1.Introduction

The theoretical and empirical studies mainly concentrate on either the relationship between export and growth or between import and growth or the association between export, import and economic growth. UK's economy is one of the largest economies of the world, where it occupies the sixth place in terms of GDP after the United States, China, Germany, Japan and India.

Economic Growth

As it was shown in figure 1.1 below , The UK’s growth between the years 2015-2024 experienced a significant fluctuation because of global challenges in 2019 and 2020 years. The proportion has gradually increased up to 2019 , however in 2020, it experienced a dramatic decline (from 1,6 % to -10,3 %) .The main reason for that was pandemic period. The global crisis at that time did not spare the UK either. The government used expansionary monetary policy by lowering

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interest rates, increasing the money supply, and providing liquidity to support demand and prevent recession.

The change in real GDP of the UK

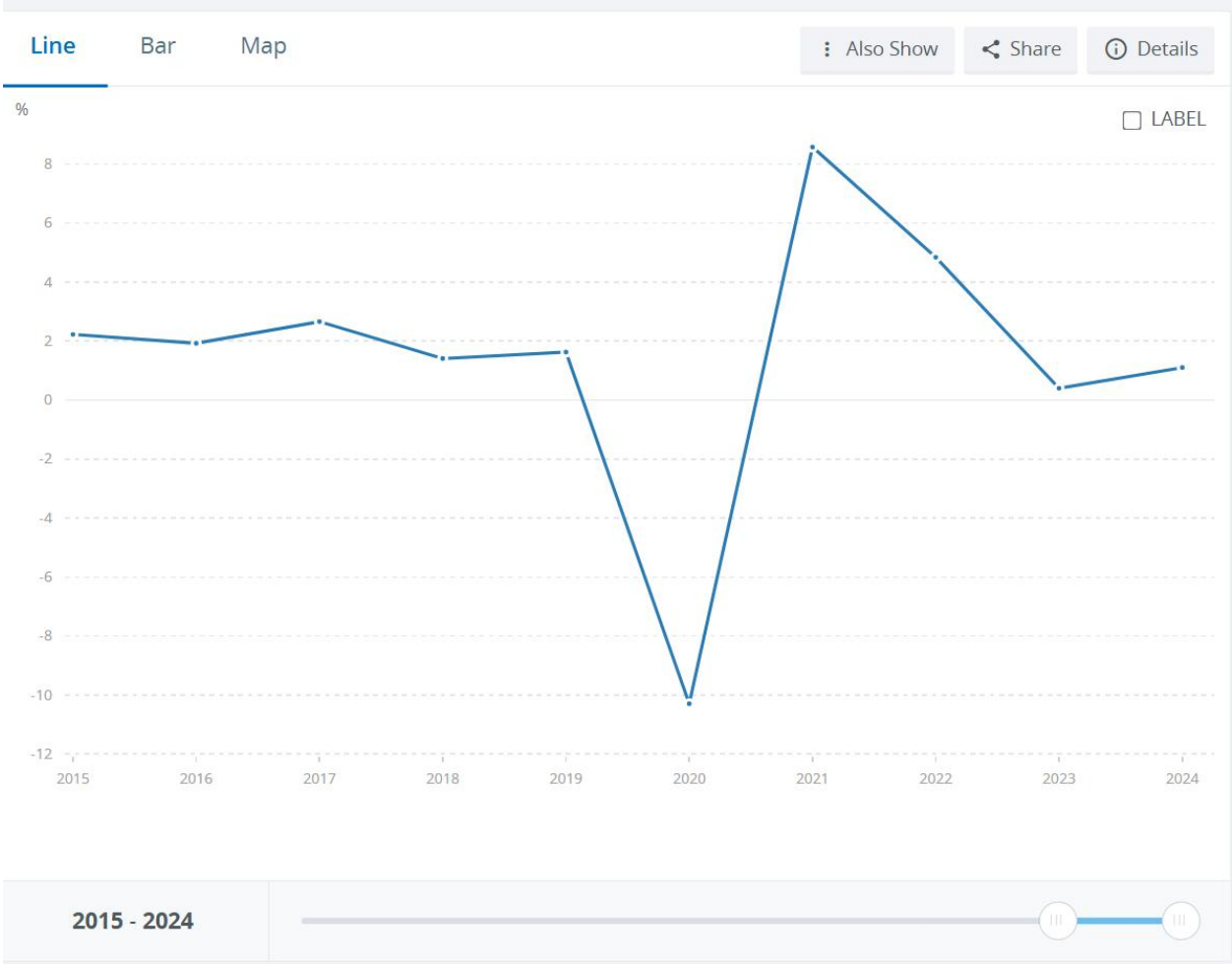


Figure 1.1

Inflation

The figure 1.2 shows the change in proportion of inflation. One of the main factors was the gradual decline in inflation, which restored households' real purchasing power and encouraged higher consumer spending. Falling global energy prices also helped businesses reduce production costs, relieving pressure on both firms and consumers. The Bank of England's earlier interest rate policies

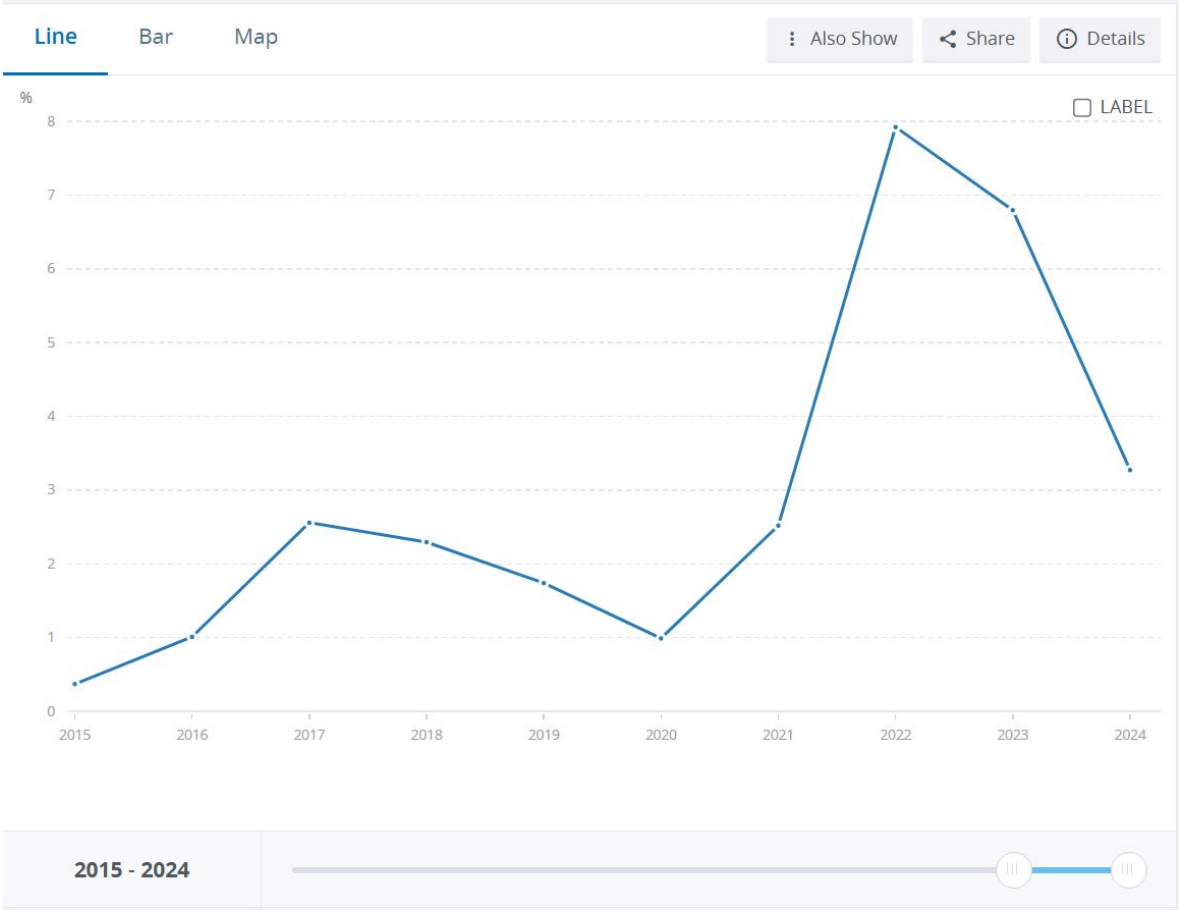
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stabilized financial markets and anchored inflation expectations, allowing businesses to plan with more certainty.

In addition, supply-chain conditions improved significantly after the pandemic, reducing delays and costs for manufacturing and trade. Government support for investment, innovation, and skills training helped strengthen key industries such as technology, finance, and professional services. The labour market remained relatively resilient, supporting steady income growth. Together, these developments increased confidence across the economy and created the conditions for a gradual and sustainable recovery.

The change in inflation

(Figure1.2)



Unemployment rate

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From 2015 to 2019, the unemployment rate in Great Britain showed a gradual decline. In 2015, unemployment was around 6.0%, and it decreased slightly each year: to about 5.9% in 2016, 5.85% in 2017, 5.75% in 2018, and 5.6% in 2019. This steady fall reflected stable economic conditions, moderate GDP growth, and strong hiring in the services sector. During this period, the UK mainly relied on monetary policy, keeping interest rates at historically low levels to encourage business investment and employment. Fiscal policy played only a minor role.

In 2020, the unemployment rate experienced a sharp increase to roughly 6.6%. This was caused by the COVID-19 pandemic, which led to nationwide lockdowns, disruptions in production and services, and temporary closures of many businesses. To respond to the crisis, the UK government relied heavily on fiscal policy, including the Job Retention (Furlough) Scheme, business grants, and state-backed loans. At the same time, the Bank of England cut interest rates, but fiscal measures were the primary tool that prevented even greater job losses.

In 2021, unemployment began to decrease, falling to about 6.0% as economic activity restarted and businesses reopened. The recovery was supported by a combination of fiscal policy (continuation of pandemic support measures) and monetary policy (very low interest rates and asset purchases). This combination helped firms rehire workers as demand returned.

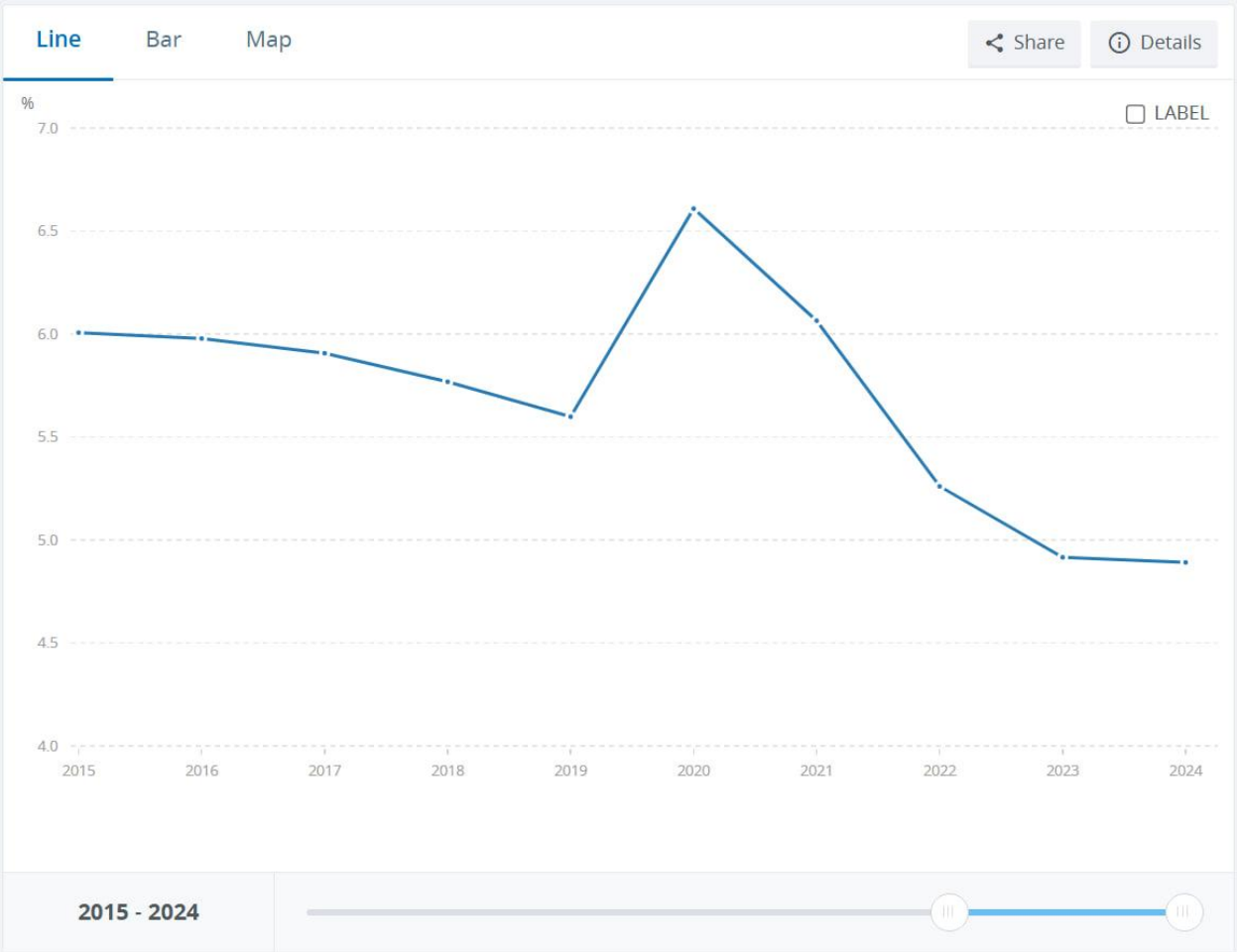
During 2022, unemployment continued to decline to approximately 5.6%, reflecting the post-pandemic rebound. Fiscal programs gradually ended, and monetary policy remained supportive during early 2022.

By 2023, unemployment fell more noticeably to about 5.0%, as the labour market strengthened and more sectors returned to normal operation. However, high inflation and rising energy prices during this period limited economic expansion.

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In 2024, unemployment decreased slightly again to around 4.9%, reaching its lowest point in the graph. At this stage, the main policy tool affecting the labour market was monetary policy, as the Bank of England raised interest rates to control inflation. Fiscal support was limited to targeted assistance for energy costs and vulnerable households.

Change in unemployment rate (Figure 2.1)



Trade balance

Between 2015 and 2025, the United Kingdom's external trade (exports and imports) experienced significant oscillations shaped by macroeconomic shocks, Brexit-driven restructuring, the COVID-19 pandemic and subsequent global supply-chain disruptions, as well as currency and price movements. In 2015 total exports of goods and services were approximately £537.5 billion, rising to a pre-

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Covid peak of £718.8 billion in 2019, supported by strong global demand and competitive services and financial sectors. Imports similarly increased from ~£563.9 billion in 2015 to ~£745.7 billion in 2019, reflecting robust domestic consumption and inward flows of goods and services. However, 2020 saw a sharp contraction — exports fell to ~£636.3 billion and imports dropped to ~£620.7 billion as the COVID-19 pandemic caused border closures, collapsed travel, and disrupted global trade routes, producing one of the largest annual declines in modern UK trade records. In response, the UK government and regulatory authorities introduced emergency fiscal and support measures, expedited customs procedures for essential goods, and provided financial support to exporters, while global trade began recovering in 2021; that year exports rebounded to ~£680.3 billion, and imports to ~£679.4 billion, marking a strong short-term trade recovery peak. The rebound continued and trade values surged further in 2022, when total exports reached ~£879.1 billion and imports ~£906.9 billion — the highest nominal levels in the decade — largely driven by post-pandemic demand rebound, surging global commodity prices (especially energy), and the depreciation of the pound which enhanced the price competitiveness of UK exports abroad. After 2022, however, volatility increased: in 2023 total exports dipped slightly to ~£878.3 billion and imports rose modestly to ~£910.4 billion; by 2024 exports were ~£893.2 billion and imports ~£918.7 billion, and as of the 12 months to September 2025, exports reached ~£927.0 billion while imports rose further to ~£955.5 billion, showing only gradual growth rather than a new boom. The trade-to-GDP ratio (total trade relative to GDP) fell slightly, indicating trade expansion was not matched by proportional GDP growth. Several structural and policy-driven factors explain these dynamics: the 2020 slump resulted from global lockdowns and supply-chain disruption; the sharp 2021–2022 rebound was enabled by fiscal/monetary support, pent-up global demand, and favorable exchange-rate effects; but the post-Brexit regulatory and customs friction — especially for UK-EU trade — along with inflation and higher global commodity costs, constrained

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further expansion. Additionally, as goods trade faced increasing difficulties, UK services exports and diversification into non-EU markets partially offset downward pressures. In sum, the decade from 2015 to 2025 saw the deepest trade contraction in 2020, a strong recovery peak in 2022, and thereafter a period of stabilization with elevated but volatile trade volumes, reflecting underlying structural shifts in the UK's position in global trade, evolving trade relationships, and external economic shocks.

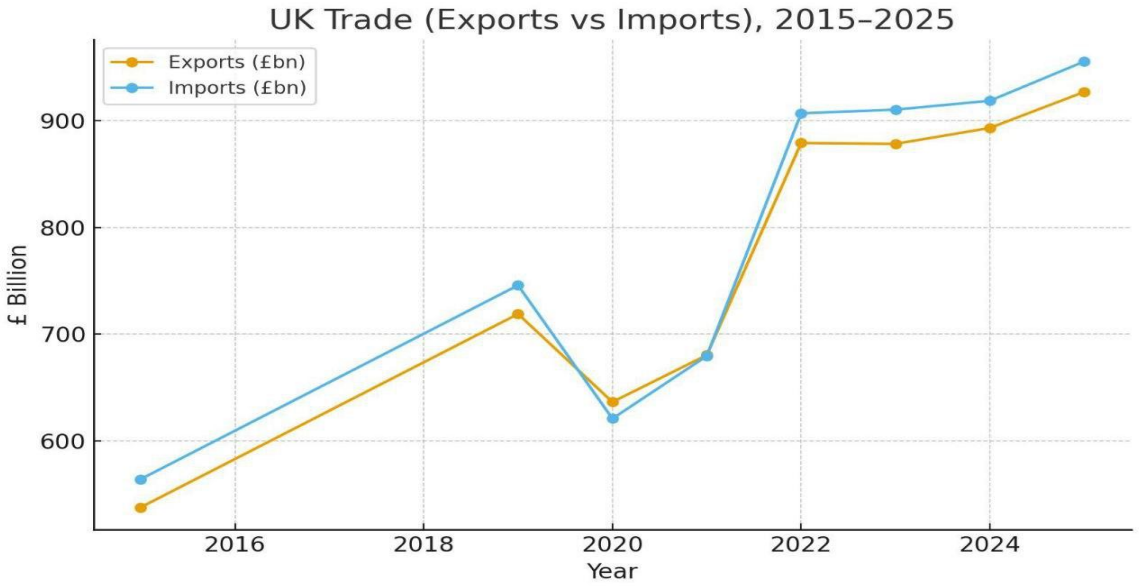


Figure 3.1