



Economic Outlook

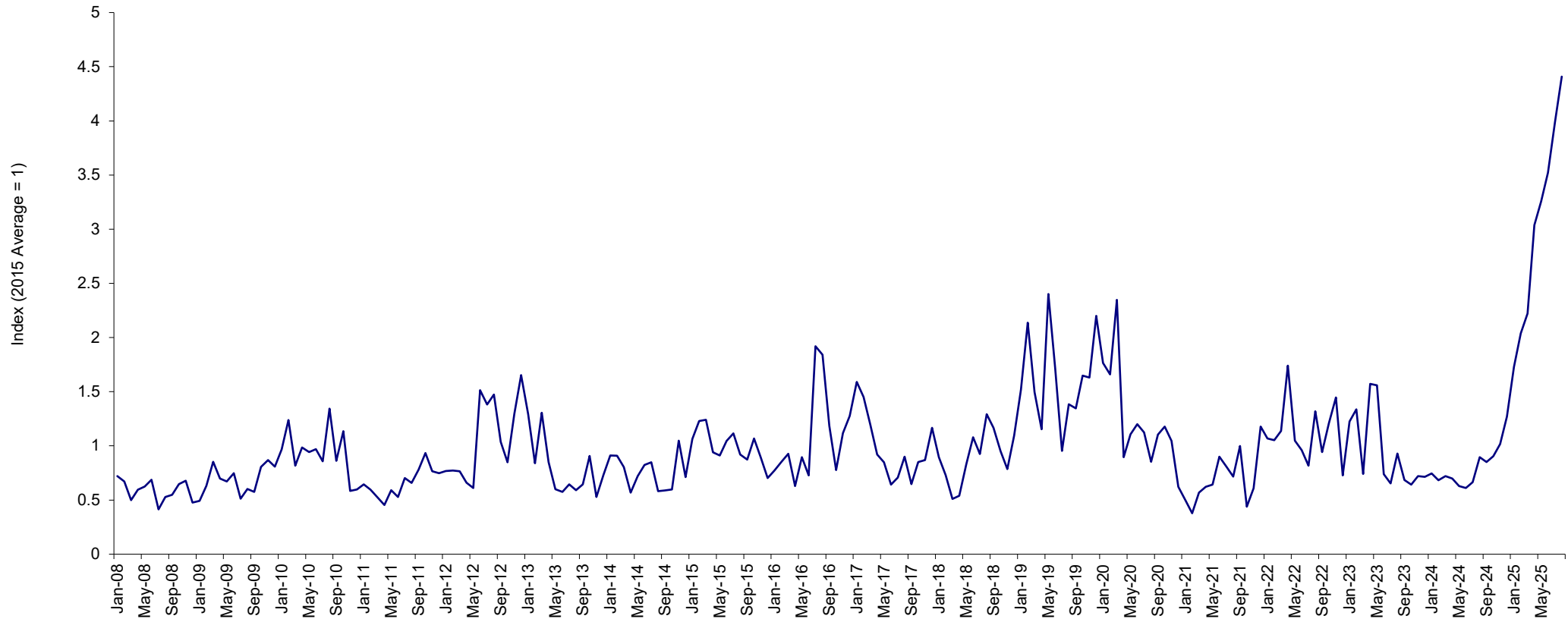
Yael Selfin
Chief Economist, KPMG

9th September 2025



Global uncertainty is dampening the outlook

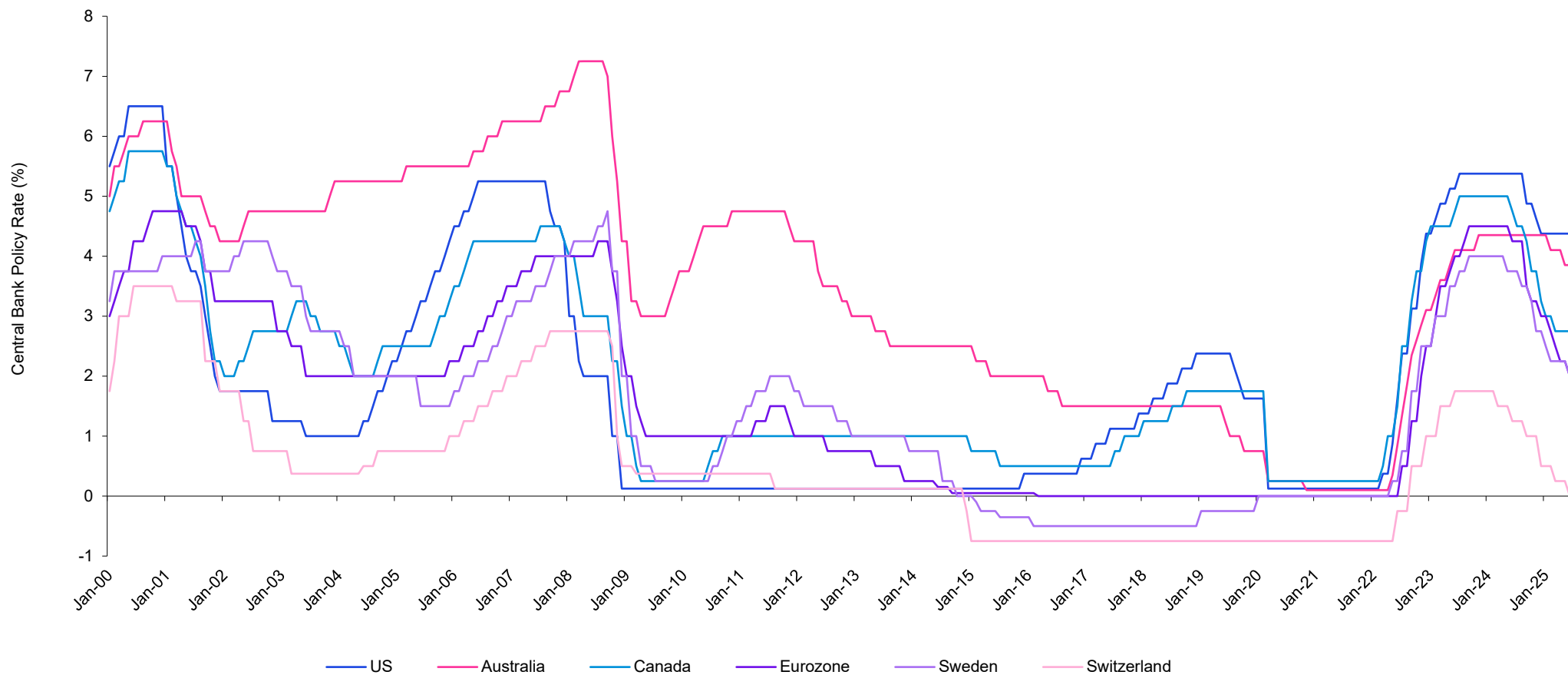
Heightened uncertainty globally is weighing on confidence, impacting investment, capital flows and growth



→ Source: Ahir, H, N Bloom, and D Furceri (2022), "World Uncertainty Index"

Easing interest rates may facilitate greater investment

Falling interest rates as inflationary pressures ease may support greater business investment and deals



→ Source: Bank of International Settlements

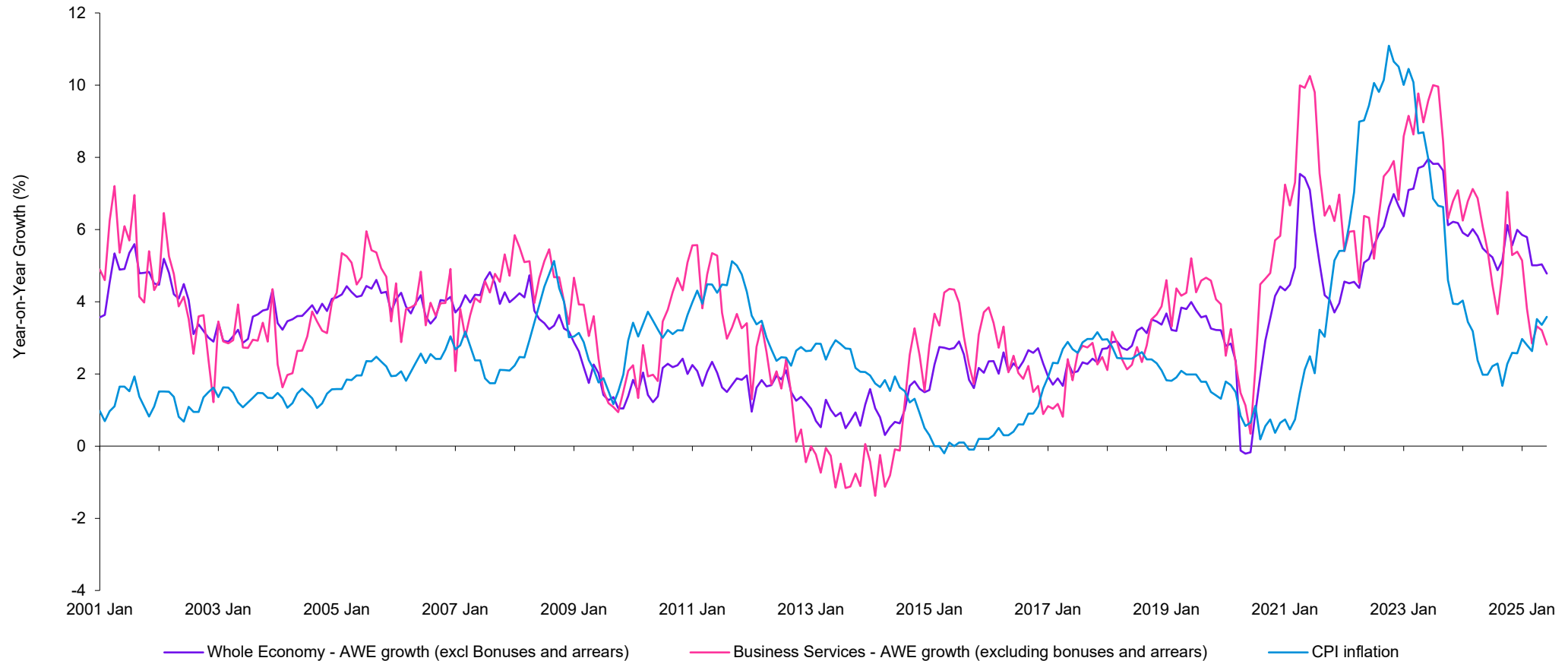


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Cost pressures for business services continue to ease

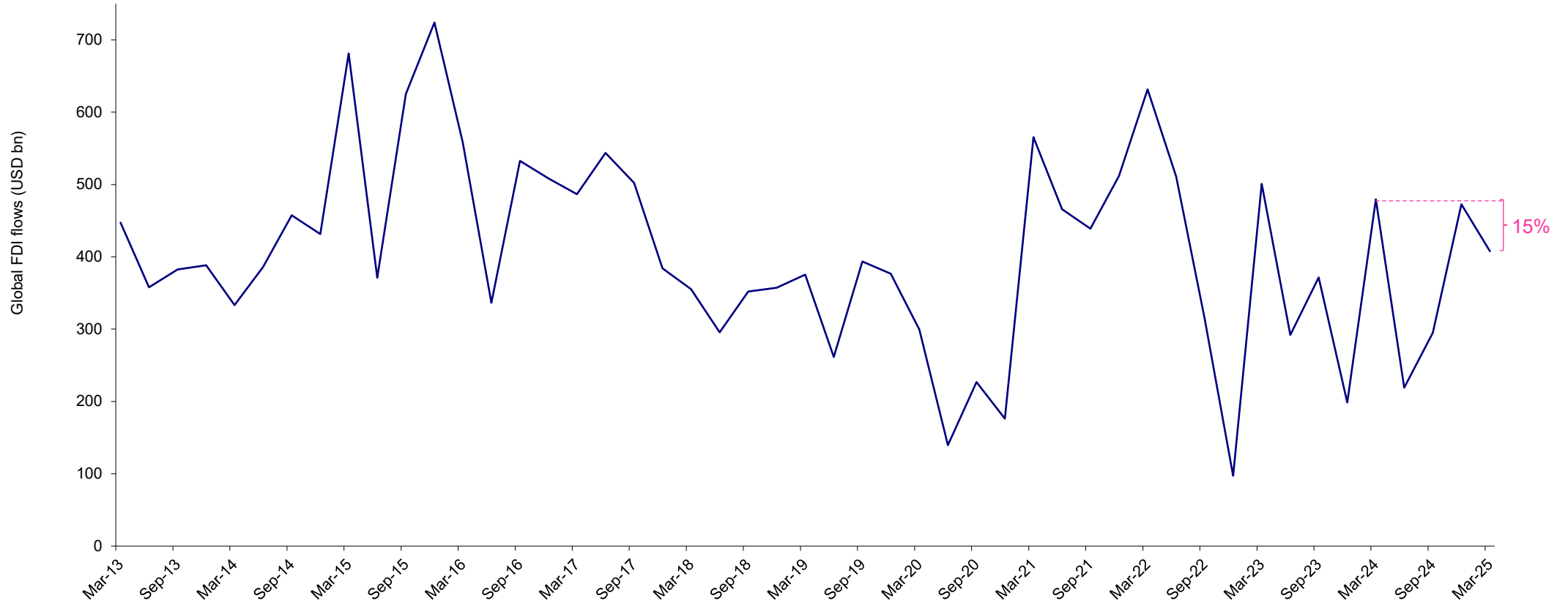
UK wage inflation within the business services sector continues to ease faster than other parts of the economy



→ Source: ONS

Uncertainty is weighing on global FDI flows

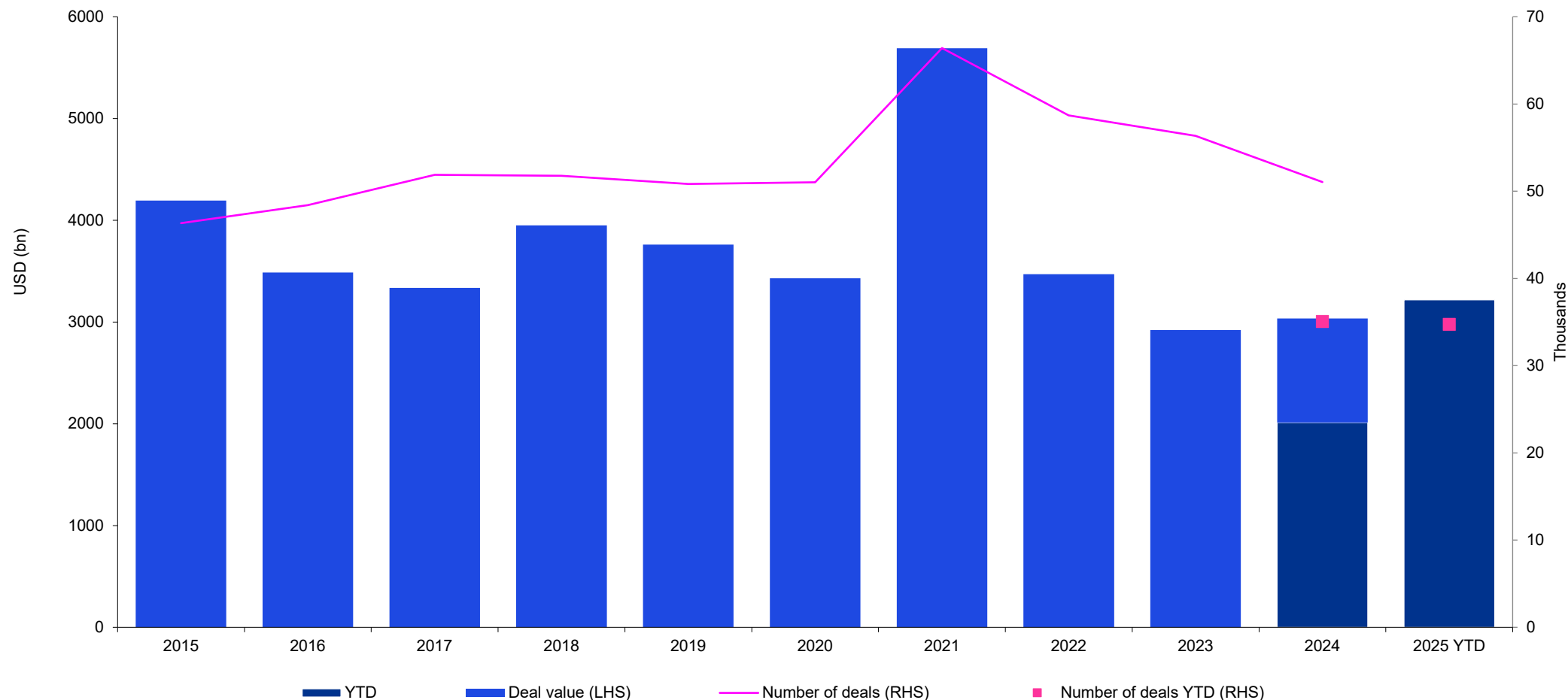
Trade tensions and geopolitical uncertainty at the start of 2025 weighed on FDI flows, with a 15% year on year decline in 2025Q1



→ Source: OECD International Direct Investments Statistics Database

Global deals activity is resilient

Global M&A activity is proving resilient up 60% in value terms (YTD), supported by higher value deals despite fewer deals, a continuation of the trend seen in 2024



➔ Source: LSEG Datastream, KPMG analysis.

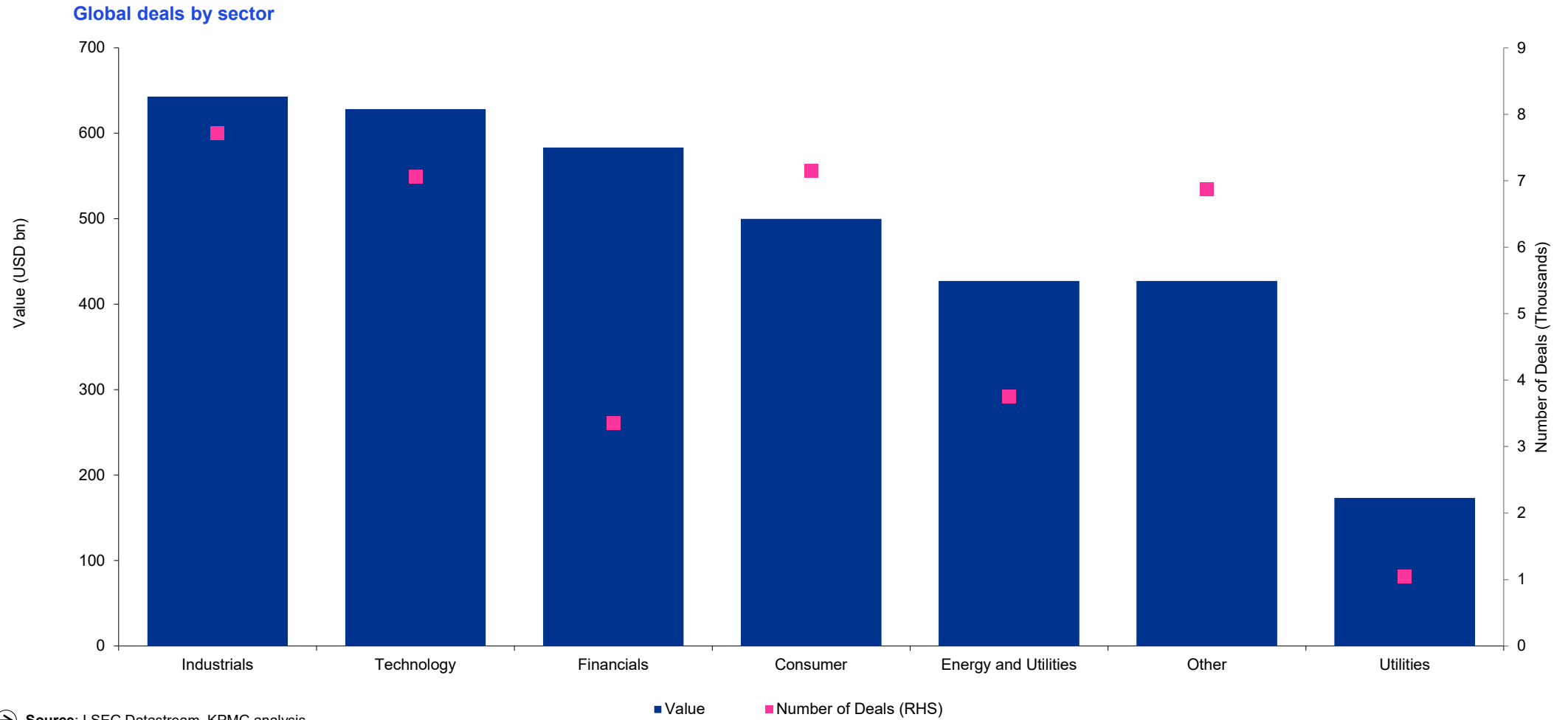


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Financial sector is driving the trend towards higher value

The financial sector is driving the trend for a smaller number of high value transitions, whilst Industrial and Technology are the dominant sectors by number



➔ Source: LSEG Datastream, KPMG analysis.



kpmg.com/uk/en/macroeconomics

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