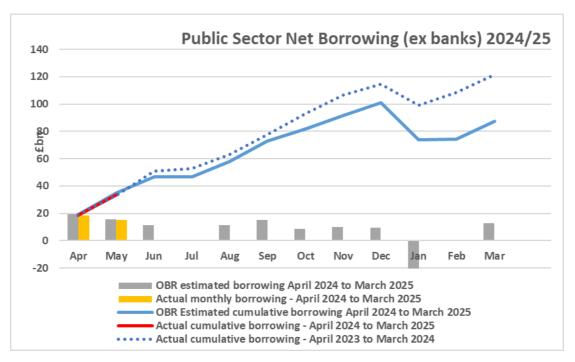


May's Government Borrowing Figures

Synopsis: May borrowing numbers were much as expected by the market but had the unfortunate side effect of raising the debt/GDP ratio to just 0.2% short of the round 100%, its highest level since 1961.



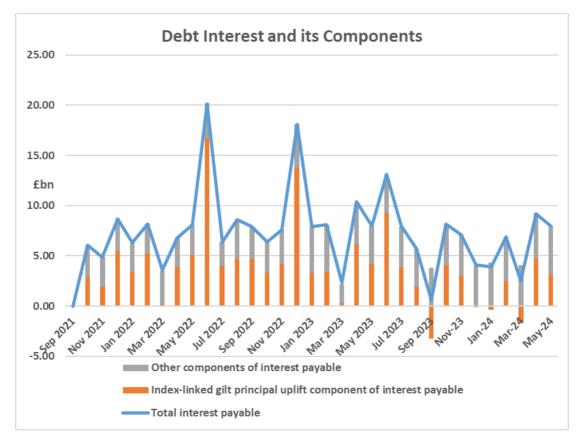
Date published: 24.06.2024

A week of important economic announcements has ended with the Office for National Statistics (ONS) publishing the public sector borrowing <u>data</u> for May 2024. The first two months' provisional data for 2024/25 show...

- The public sector net deficit ex banks (PSNB ex) in May 2024 is estimated to have been £15.0bn, meaning it was...
 - £0.8bn more than a year ago;
 - £6.2bn more than in May 2022;
 - £2.7bn less than in May 2021;
 - £0.7bn below the OBR's Budget monthly profile projection,
 - \circ $\ \ \$ £0.7bn above the Reuters economists' median forecast and
 - \circ The third highest May borrowing figure since records began in 1993
- Borrowing in 2023/24 was revised upwards by £0.7bn to £122.1bn, £8.0bn above the OBR's forecast. The OBR's 2024/25 forecast, issued alongside March's Budget, is £87.2bn.



- Overall public sector net debt excluding banks (PSND ex) was £2,742.9bn, equivalent to 99.8% of GDP (up 0.7% on April). A year ago, the figure was 96.1%. No wonder the politicians only target debt falling five years out...
- At £8.0bn, May 2024 interest payments were £1.2bn lower than April's revised figure thanks to lower inflation, but £0.5bn higher than a year ago.



• Bank of England holdings of gilts (at redemption value) fell by £3.1bn to £598.6bn. The gap between the reserves the Bank created to purchase the gilts under QE and their redemption value widened to £102.7bn (counted as government debt, as the Treasury indemnified the Bank against losses).

Comment

That 99.8% debt/GDP ratio is a salutary reminder of the challenges for the winner of the General election. So too is an interest bill for the last 12 months of £77.3bn.

020 7183 3931 www.riskassured.co.uk

Risk Assured is authorised and regulated by the Financial Conduct Authority. This information is based on our understanding of current legislation, regulations and HM Revenue and Customs practice at the published date. This technical paper should not be relied upon as it may be subject to change and should not be construed as advice. We take no responsibility for any advice given or contracts entered into on the basis of this technical paper. This information is intended for professional advisers only. E&OE