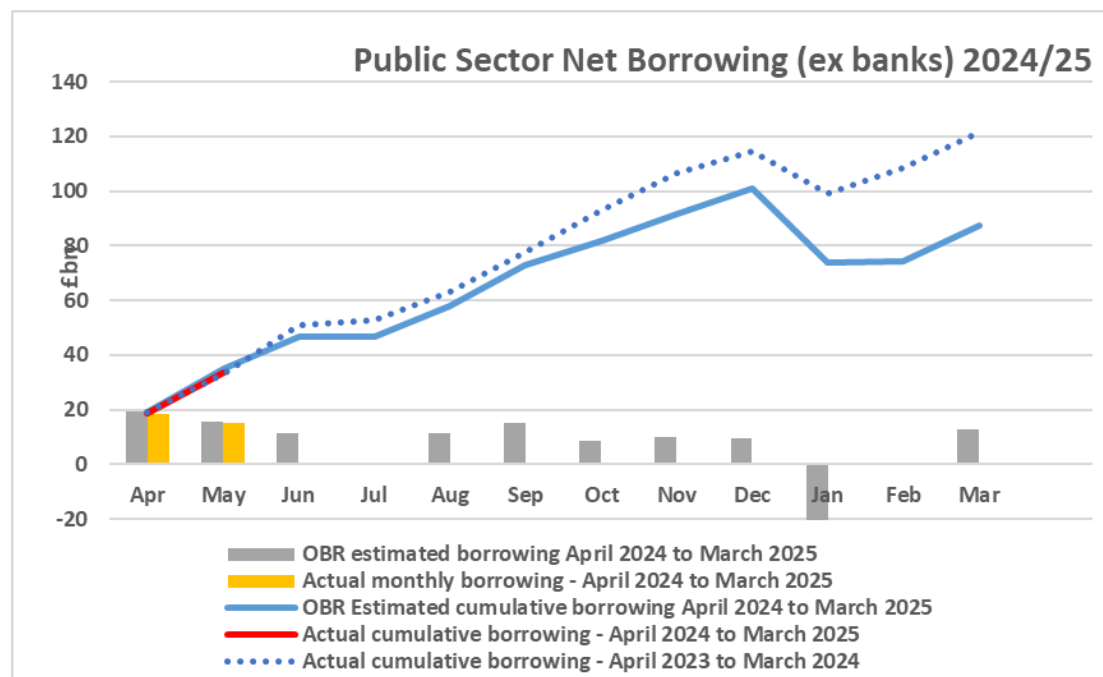


May's Government Borrowing Figures

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.

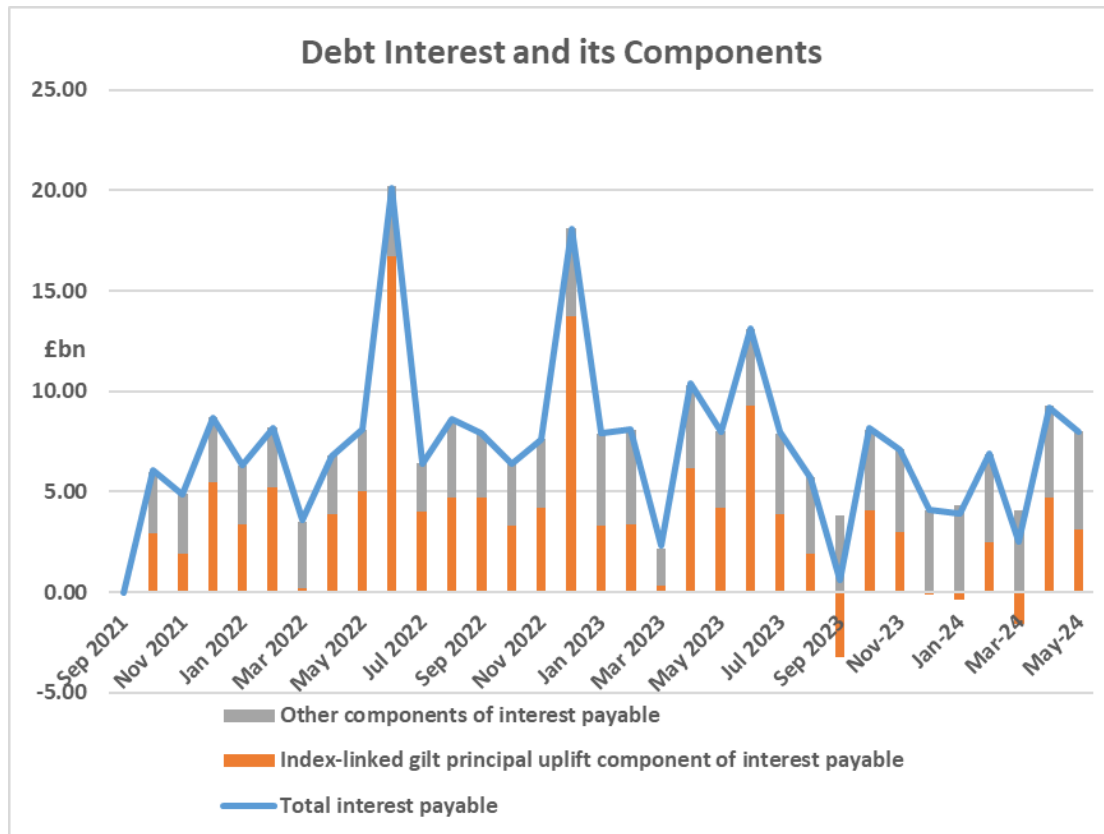
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A week of important economic announcements has ended with the Office for National Statistics (ONS) publishing the public sector borrowing [data](#) for May 2024. The first two months' provisional data for 2024/25 show...

- 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,
 - £0.7bn above the Reuters economists' median forecast and
 - 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.

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