



# The Week Ahead

Date - 31st March 2025

## What are the expectations of M4?

In spring 2025, the M4 Money Supply in the UK is expected to grow at a modest pace, reflecting the cautious stance of monetary policy in response to ongoing inflationary pressures. With the Bank of England's base rate holding steady at 4.5% and inflation climbing back to 3.0% in January, monetary conditions remain relatively tight. These elevated interest rates discourage excessive borrowing and spending, which in turn limits the expansion of broad money supply measures like M4. The central bank is expected to continue prioritizing price stability over stimulating money growth in the near term.

Furthermore, weak economic activity is also likely to dampen M4 growth. UK GDP growth has been flat or slightly positive since mid-2024, and business surveys indicate declining confidence and lower levels of output and investment. Higher taxes on employers and rising costs, such as the above-inflation increase in the National Living Wage, are adding further pressure on businesses and households. These conditions typically reduce the appetite for credit and limit the overall velocity of money, which constrains M4 expansion even further.

Finally, with the government aiming to meet strict fiscal rules and maintain credibility with financial markets, there is little expectation of large-scale fiscal stimulus that might otherwise increase the money supply indirectly. Although there may be some policy adjustments in the Spring Statement, they are likely to be targeted and limited in scope. Overall, unless there is a sharp shift in either fiscal or monetary policy, the M4 Money Supply is expected to remain stable or grow only slowly throughout the spring months of 2025.

## US Unemployment rates

The U.S. unemployment rate held steady at 4.1% in February 2025, signaling a pause in recent labor market improvements. Although total nonfarm payrolls rose by 151,000 jobs—driven by gains in health care, finance, and transportation—other indicators suggest underlying weakness. Employment declined by 588,000, while the number of unemployed individuals rose by over 200,000 to 7.05 million. At the same time, the labor force participation rate slipped to 62.4%, and the employment-population ratio dropped to 59.9%. These shifts, combined with a rise in the U-6 underemployment rate from 7.5% to 8.0%, reflect a growing number of people working part-time involuntarily or struggling to find full-time employment.

Looking ahead to April 2025, the unemployment rate is expected to either remain at 4.1% or edge slightly higher to 4.2%, as hiring momentum appears to be slowing. Job growth remains positive but uneven across industries, with declines in retail, temporary help, and federal government roles offsetting some of the gains elsewhere. Rising numbers of discouraged workers and those not actively participating in the labor force could continue to weigh on broader employment indicators. Unless hiring picked up significantly in March, labor market softness may persist into the second quarter of the year.

## Economic Calendar

### Monday

- UK: Nationwide House Price Index
- UK: M4 Money Supply
- GER: Import Price Index
- GER: Inflation Rate YoY (Mar)

### Tuesday

- EU: Inflation Rate YoY Flash (Mar)
- EU: Unemployment Rate (Feb)

### Wednesday

- FR: Budget Balance (Feb)
- Quilter plc: Annual Reports (2024)

### Thursday

- US: Initial Jobless Claims (Mar)
- AU: Balance of Trade (Feb)
- CA: Balance of Trade (Feb)

### Friday

- US: Unemployment Rate (Mar)
- US: Non-Farm Payrolls (Mar)
- CA: Unemployment Rate (Mar)
- JEGI: Interim dividend payment

Importance Level: Low ● Medium ● High ●

Most anticipated earnings release For the week beginning MARCH 31 - APRIL 04 2025					
Monday	Tuesday	Wednesday	Thursday	Friday	