

Economic turning point could change course of Sunak's premiership

The Downing Street diary has an enormous red ring circled around Wednesday morning when the Office for National Statistics releases its monthly inflation data.

The [Politics at Jack and Sam's](#) podcast discuss whether the prime minister can use this week to create an economic turning point.

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Rishi Sunak is hoping this will allow him to lay claim to what he hopes will be seen as one of his stronger economic achievements – holding down price rises after Liz Truss's premiership.

CPI inflation reached its peak of 11.1% when Mr Sunak came to power in October 2022.

Inflation could rise again

It has been falling pretty steadily ever since and currently sits at 3.2%, with one person in government forecasting it will come out at 2.2%.

The government is likely to argue, whatever the precise outcome, that this is back to a “normal” pre-pandemic figure. In the 10 years before, the average standard deviation was about 1%.

This does not mean the next gathering of the Bank of England's Monetary Policy Committee will automatically reduce interest rates from a 16-year high of 5.25% on 20 June.

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This is in part because inflation could rise again this year when the effect of falling energy prices drops out of the comparisons.

Nevertheless, expect the prime minister to be about and pushing this as well as Chancellor Jeremy Hunt on Wednesday. They'll argue inflation has dropped because of tough decisions – code for tax cuts other Tories wanted but No 10 did not.

No 10 hope is that by November it will start to feel different

This really matters because, of course, the core Tory argument going into the election is going to be: Stick with the plan, it is working. And the big bet – or perhaps vague forlorn hope – inside No 10 is that by the time we go to the polls in November, it will actually start to feel like that.

This week the energy price cap could help with that goal.

On Friday regulator Ofgem is due to make an announcement at 7am and the expectation is that it will fall by more than £100 to its lowest level in more than two years.

This means energy bills should be £500 a year less than last summer. So again although they are still way higher than they used to be, there is this slow sense of normalisation.

Read more:

[Lowest shop price inflation since December 2021 as some prices fall](#)

[Why an interest rate cut may not come as soon as you think](#)
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