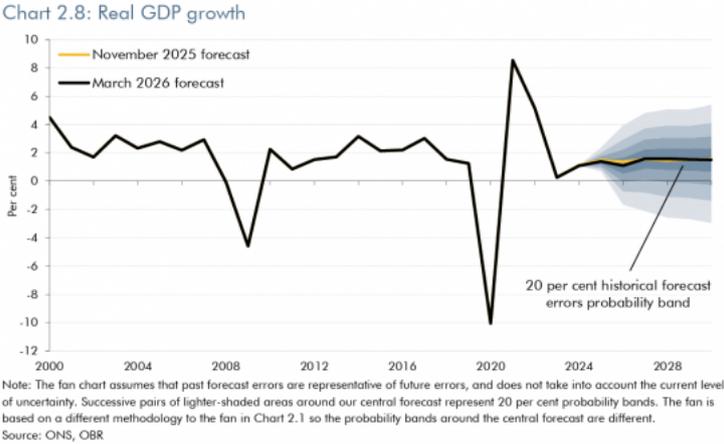


Funding the Future

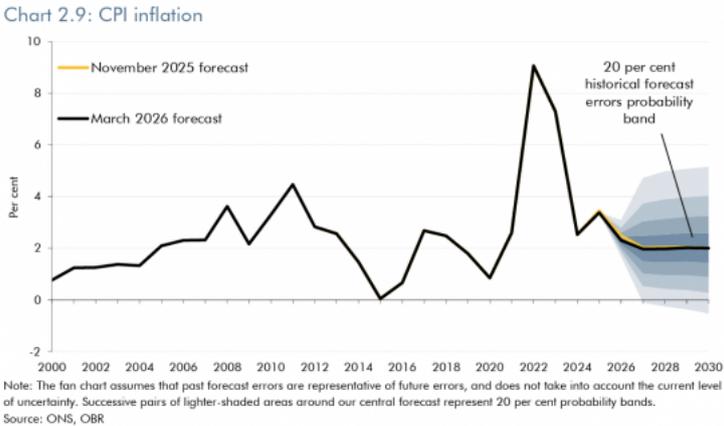
Who is going to gain from Rachel Reeves' stability?

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I have already [noted this morning](#) that the growth forecast in the [Office for Budget Responsibility's predictions](#), which were published yesterday, was a flat 2% per annum. This is the chart:



Their forecast for inflation was also a flat 2%:

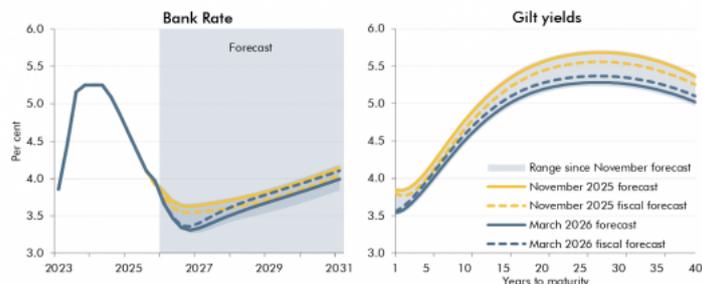


So, they forecast nominal growth of 4%. Nominal growth is just inflation plus real

growth to indicate the nominal increase in the monetary value of the economy.

Now note this:

Chart 2.2: Bank Rate and gilt yields



Note: March 2026 forecast uses the 10 working days to 22 January, March 2026 fiscal forecast uses the 10 working days to 30 January, November 2025 forecast uses the 10 working days to 10 October 2025, and November 2025 fiscal forecast uses the 10 working days to 21 October.
Source: Bank of England, OBR

The OBR is forecasting that in the short term, Bank of England base rates will fall to 3.25% (which looks less likely now for obvious reasons) and then return to 4%.

This matters. UK GDP (excluding the absurd measure for notional rents) is around £2,700 billion right now.

UK household financial wealth, excluding property wealth, might be very broadly similar right now ([the data is out of date](#)).

So, the economy is going to grow by 4%, and the minimum expected return on financial wealth is 4%.

The denominator in both cases is nearly the same.

Who captures all the gains from growth in that case? I think you can work that out.

And, this is the minimum rate of return, which on gilts will be higher. So, the capture of growth by those with wealth is likely to be complete.

I think that is worth noting. Rachel Reeves's stability will not make most people any better off.

It may be helping the best off the most, quite considerably.

That's the way Labour works now. There was nothing in this forecast for ordinary people. Nothing for those who work. Nothing for anyone but the wealthy. And she said Labour's plan was working.