

The inflation lull before the storm

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As the [Office for National Statistics has reported](#) this morning:

- * The Consumer Prices Index (CPI) rose by 2.8% in the 12 months to April 2026, down from 3.3% in the 12 months to March.
- * On a monthly basis, CPI rose by 0.7% in April 2026, compared with a rise of 1.2% in April 2025.
- * Housing and household services made the largest downward contribution to the monthly change in CPI annual rates; an upward contribution from a large increase in motor fuel prices was counteracted by downward effects from other categories in the transport division.

I think we can have no doubt that Rachael Reeves will be jumping up and down with glee this morning as a consequence of this, claiming credit for the fall, even though she has outsourced control of inflation to the Bank of England.

The reality behind this fall is, however, that most of it is technical. In April 2025, the index rose exceptionally, and in April 2026, the run was much smaller, so a decline in the index this month was always going to happen. Everyone who follows these things and has worked out just how crude this inflation index really is already knew that.

But that said, the index has fallen. I cannot deny that this is the reported data. However, I should draw attention to three things.

The first is that this is backwards-looking information. It records what has supposedly happened (and I use the word supposedly very wisely, because these things are subject to revision), and it does not imply what will happen.

Secondly, the world has changed now. We know that fuel shortages are imminent. We know that food shortages are on the global agenda due to the crisis in the Gulf and a shortage of fertiliser supplies. And we know that other raw materials are in Short supply. Even [Martin Wolf in the Financial Times](#) has finally woken up to the reality of

these facts this morning. As the saying goes, the proverbial is about to hit the fan, and that fact is not reflected in this index.

Thirdly, it is reasonable to note that just before the global financial crisis hit in 2008, politicians and the Bank of England were assuring everyone that there was no crisis developing. If Rachael Reeves now likes to claim that inflation is under control, she will be as delusional as they were then.

Do not, in other words, be confused by this data. As financial advisors are keen to say, past performance is no indication of future expectations, and that is most certainly true in this case. Just because inflation is a little better at the moment does not mean we have not got a full-blown economic meltdown coming our way.