

BCC comments on inflation figures for May 2018

Commenting on the inflation statistics for May 2018, published today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“Inflation held steady for the first time since January 2018, with the upward pressure from fuel prices in May offset by weaker outturns in several categories. That said, the marked pick-up in producer price growth does point to increased inflationary pressures further down the supply chain.

“It is possible that inflation may start to drift upwards in the coming months as the recent spike in oil prices filters through supply chains and into higher consumer prices. However, any pick-up in inflation would be relatively short-lived, with price growth likely to resume its downward path later in the year as the pressure from oil prices eases.

“With inflation unchanged and a number of other economic indicators pointing to a weakening economy, the prospect of an August rate hike is looking more remote. Indeed, the case for raising interest rates at all this year continues to look limited at best.

“With economic conditions becoming more sluggish, more needs to be done to incentivise business investment, including addressing the burden of upfront costs and taxes faced by UK business, as well as tackling longstanding issues such as the skills gap and the chronic underinvestment in the UK’s digital and physical infrastructure.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 53 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The BCC has launched a campaign aimed at eradicating not-spots for mobile voice coverage. Add your not-spot [here](#).

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BCC: Labour market remains robust, but earnings slowdown concerning

Commenting on the labour market figures for June 2018, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The marked increase in employment and the continued drop in the number of people out of work confirms that the UK labour market continues to perform robustly, even though wider economic conditions are weakening. While a slowing economy may start to weigh more heavily on jobs growth in the coming months, the high degree of flexibility in the UK labour market is likely to help curb the extent of any increase in unemployment.

“While pay is still outpacing price growth, the slowdown in earnings growth is a concern. Delivering sustained rises in real pay growth is likely to prove an uphill struggle amid weak productivity and a sluggish economy. As a consequence, household finances are likely to remain stretched, particularly given weak household savings and high debt levels. The slowdown in earnings growth, together with the recent weakness in a raft of other economic indicators, undermines the case for tightening monetary policy.

“The uptick in job vacancies is further indication of the chronic skills shortage with firms reporting that they are increasingly struggling to find staff with the right skills, which is stifling business growth and productivity. More needs to be done to safeguard the long-term health of the UK labour market, including reforming the Apprenticeship Levy through allowing more Levy funding to be passed down the supply chain and providing more support for SMEs accessing apprenticeship funding. Greater clarity is also needed on the UK’s future immigration regime.”

Ends

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BCC comments on trade statistics for April 2018

Head of Economics Suren Thiru comments on the latest ONS trade statistics for April 2018.

Commenting on the trade statistics and key short-term indicators for April 2018, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“While there was a slight monthly pick-up in construction output, the longer-term trends confirm continued weakness, and together with the widening in the UK’s trade deficit and weakening industrial output, point to a bleak start to the second quarter. While we still expect that UK GDP growth will pick-up in Q2, as economic activity rebounds from the bad weather in Q1, growth is likely to remain under pressure in the medium term.

“The deterioration in the UK’s trade position in April is a concern and means that the UK’s trade deficit remains significantly higher than the historical average. This deterioration largely reflects a marked decline in exports in the month.

“It is possible that the UK is now moving past the recent sweet spot for exporters, with growth in key markets moderating and the impact of the post-EU referendum slump in sterling, which has helped some exporters, subsiding. The possibility of an escalating trade war has added to the downside risks for exporters.

“More must be done to support UK exporters by addressing longstanding issues, from the lack of practical support for exporters to chronic skills shortages.”

Ends

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[BCC: No more delays, no more excuses on Heathrow expansion](#)

Commenting on the publication of the Government's Airports National Policy Statement, Adam Marshall, Director General of the British Chambers of Commerce (BCC) said:

"The message from business to Parliament couldn't be simpler: no more delays, no more excuses on Heathrow expansion.

"Bold decisions are needed to demonstrate that Britain is open for business at a time of change and uncertainty.

"A green light for Heathrow's third runway will show international investors, our trading partners and our competitors that the United Kingdom is serious about being at the heart of the global economy. A vote to proceed with expansion is a signal to businesses here at home that Westminster is serious about fixing the fundamentals and supporting UK growth in every region of the country.

"No more Westminster prevarication and indecision. It's time to crack on."

Ends

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[BCC cheers fresh look at immigration rules](#)

Commenting on the Home Secretary's remarks on the Andrew Marr Show about reviewing the UK's immigration rules, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

"The Home Secretary's commitment to taking a fresh look at the immigration rules will be cheered by employers all across the UK.

"The system as it stands is dysfunctional, expensive and a brake on growth.

"The Home Secretary should start by scrapping the nonsensical cap on skilled workers, which hamstringing both fast-growing firms and the public services. He should then act swiftly to combat the perception that the UK is closed for business – by stripping back the bureaucracy and costs that make it hard for firms to hire the best talent from around the world."

Ends

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