

BCC comments on OBR forecast

Commenting on the latest forecasts by the Office for Budget Responsibility, published today in conjunction with the Chancellor's Spring Budget, Suren Thiru, Head of Economics at the BCC, said:

"The OBR's latest forecasts provide a more optimistic assessment of the UK's near-term economic prospects compared to the Autumn Statement in November, though still not as bright as this time last year.

"However, in our view the OBR is too bullish about the UK's near-term growth prospects. We expect that inflation will be a greater challenge to the UK economy than the OBR currently predicts, with price growth overtaking pay growth this year. This is likely to squeeze consumer spending, a key driver of UK growth. The OBR forecast also confirms that UK economic growth is expected to remain unbalanced, with business investment and trade forecast to add little to overall growth over the next few years, and will continue to leave the UK vulnerable to external shocks.

"On the public finances, the OBR have confirmed that the stronger than anticipated growth over recent quarters has boosted tax revenues and delivered a marked improvement to the UK's expected fiscal position. However, if economic conditions do become more challenging over the next few years than the OBR predicts, the UK's ability to generate tax receipts will come under greater pressure. Over the long-term, more needs to be done to achieve a sustainable strengthening and broadening of the UK's tax base, including greater support for firms looking to invest, recruit and grow their business."

Ends

Notes to editors:

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