

BCC: Inflationary pressures beginning to ease

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

“Inflation was unchanged in January, as a smaller rise in motor fuel prices helped to keep a lid on overall UK price growth. The slowing growth in producer prices points to an easing of inflationary pressures further down the supply chain, which suggests that inflation is likely to drift downwards over the coming months.

“The path of inflation over the next year is likely to be determined by the extent to which more subdued UK economic growth is offset by inflationary pressure from rising global commodity prices. Against this backdrop, it remains probable that while inflation will continue to drift downwards, it’s likely to remain above the Bank of England’s 2% inflation target for some time to come.

“Nonetheless, with inflation now on a downward trajectory, this should give the Bank of England enough wriggle room to keep interest rates on hold for longer than implied by the hawkish tone of their latest inflation report, particularly if economic conditions weaken as we expect.

“We would urge the MPC to proceed with caution on raising rates, to avoid dampening business activity and wider economic growth. More must also be done to kickstart business investment, including addressing the upfront cost of doing business in the UK.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 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

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