

BCC: Inflationary pressures intensifying for businesses

Commenting on the inflation statistics for January 2017, published today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce, said:

“While the rise was slightly less than expected, UK inflation remains firmly on course to breach the 2% inflation target, possibly as early as next month. Although most categories of goods and services contributed to the increase, it was primarily driven by rising food and fuel prices.

“The continued rise in factory gate prices confirms that inflationary pressures in the supply chain are intensifying, and a sustained period of materially above target inflation looks increasingly probable. However, the uncertainty over future economic conditions is likely to limit the extent to which the expected higher inflation becomes embedded in stronger wage growth. This means that consumer spending power is likely to come under increasing pressure in the coming months.

“Higher inflation is a major headache for businesses as it increases their cost base and weighs on investment decisions. Therefore, next month’s Budget must be used to ease the burden of up-front costs faced by firms including further, more fundamental reform of business rates.”

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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