

BCC: UK economic growth loses momentum

BCC comments on the UK GDP statistics for Q1 2017 released today.

Friday 28th April 2017

Commenting on the preliminary UK GDP figures for Q1 2017, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The preliminary estimate of UK GDP growth indicates that the UK economy suffered a slight loss of momentum in the first quarter of the year, following a strong end to 2016. That said, quarterly growth of 0.3% is still in line with the average over the past decade.

“The main reason for the slowdown were declines in output from consumer-focused industries such as retail and hotels – further evidence that higher inflation is dampening consumer activity. However, the service sector was still the main driver of the economic activity in the quarter, with industrial production and construction sectors adding little to overall UK growth.

“It is increasingly likely that the slowdown in the first quarter is the start of a sustained period of more sluggish growth. Inflation is expected to continue to rise, increasing the squeeze on consumer spending power and firm’s profit margins, pushing growth lower. The BCC’s own Quarterly Economic Survey confirms that inflation is a key risk to the UK’s growth prospects, with businesses under increasing pressure to raise prices. Uncertainty over the impact of Brexit and the distraction of a General Election are also likely to weigh on economic activity over the near term.

“With the UK economy set to enter a more challenging period, it is vital that more is done to address the longstanding domestic issues, including the chronic skills shortages and the escalating burden of upfront business costs, that continue to undermine the UK’s long-term growth prospects.”

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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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