

BCC comments on GDP for Q2 2017

Head of Economics Suren Thiru comments on the first estimate of GDP for Q2 2017.

“While GDP growth in Q2 was a slight improvement on the previous quarter, it was still less than half the pace of growth recorded at the end of 2016, and provides further evidence that the UK economy is treading water.

“UK economic growth remains unbalanced, with the service sector accounting for all of the growth recorded in Q2, while the industrial production and construction sectors were a drag on growth in the quarter.

“The pick-up in growth in Q2 could prove to be a high point for the UK economy this year. Inflation is likely to resume its upward trajectory in the coming months and this could trigger a sharper economic slowdown by increasing the squeeze on consumer spending – a major driver of UK economic growth. Rising inflation together with continued uncertainty over the longer-term impacts of Brexit is also likely to stifle investment intentions.

“The BCC’s Quarterly Economic Survey confirms that domestic business activity remains subdued with firms facing significant cost pressures. Overall, the UK economy remains on track to grow by 1.5% this year, which if realised would be the weakest rate of growth since 2012.

“With UK economic conditions becoming more challenging it is vital that as well as reaching a comprehensive agreement with the EU, longstanding domestic issues, including the multitude of upfront business costs that continue to undermine the UK’s long-term growth prospects, are addressed.”

Ends

Notes to editors:

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