

BCC comments on inflation statistics for December 2017

Commenting on the inflation statistics for December, released today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“Inflation has eased for the first time since June 2017, with air fares placing the largest downward pressure on price growth in December.

“It’s probable that inflation is on a downward trajectory, as the impact of the post-EU referendum slide in sterling starts to fade. However, our own survey data suggests that the substantial increases in the cost of raw materials over the past year are still passing through supply chains, and therefore progress back to the Bank of England’s 2% target is likely to be painfully slow. As a consequence, the cost pressures on both consumers and business is set to remain sizable over the near term, and together with faltering confidence levels, is likely to stifle overall economic activity.

“With inflation likely to remain above target for some time, the prospect of further rises in interest rates remains very much on the table. However, with economic conditions in the UK likely to weaken further, the most preferential option would be for the MPC to opt for a prolonged period of monetary stability and to keep interest rates steady over the near term. More also needs to be done to tackle the high upfront cost of doing business in the UK, including fundamental reform of the UK’s business rates system.”

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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