

BCC: Inflationary pressures continue to mount for business

BCC's Head of Economics, Suren Thiru, comments on the inflation statistics out today which show inflation rose to 2.9% in May 2017.

Commenting on the inflation statistics for May 2017, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"Inflation rose for the second successive month, confirming that price growth is firmly on an upward trend. The rise in May mostly reflects increasing prices for recreational and cultural goods and services in the month.

"The continued increase in factory gate prices suggests consumer price growth is likely to maintain its current upward trend for some time to come. Significantly, if the current political uncertainty persists, this is likely to increase the downward pressure on sterling's value, pushing inflation even higher over the next year.

"Higher inflation is a key business concern as it squeezes margins and weakens their ability to invest, particularly during this time of heightened political uncertainty. The BCC's Quarterly Economic Survey confirms that businesses continue to feel the inflationary pressures, with a significant proportion of firms struggling to absorb the rising cost of raw materials and other overheads – a task made more challenging by the myriad of upfront costs imposed on businesses.

"A key focus of the new government must therefore be on easing the current pressure on firms' cost base by tackling the burden of upfront costs and taxes associated with doing business in the UK. It is also imperative that the MPC provides monetary stability during this period of political instability by continuing to 'look through' the expected increases in inflation and keep interest rates on hold."

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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