

“No green shoots, just prickly thorns ahead”

The economy is weakening with two of the key elements concerning most people the most unlikely to indicate a swift recovery, namely unemployment and the housing market.

Commenting, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons said “It is more than likely that unemployment will continue to rise for some considerable time to come and all available evidence suggests that even when the housing market rallies, it will remain sluggish.”

Given the imbalances of the UK economy, the government is currently looking to the export sector to lead the recovery based on the devaluation of the pound which has fallen by an average of 25 per cent making British goods extremely competitive in overseas markets. “The problem here is that due to the global nature of the slowdown demand is rapidly declining across all major markets despite the advantage of a cheap pound,” added Phil.

Obviously there are many uncertainties in attempting to forecast the future path of the economy and, in particular, just how long the downturn will last but Phil believes that the government has been somewhat over-optimistic about both the depth of the downturn and the speed of recovery.

“Credit must of course go to all governments in taking major actions to counteract the effects of the downturn but one thing is certain it would be foolhardy to expect too many green shoots of recovery in the near future,” said Phil.