

“The steep climb to recovery”

There is currently a consensus that believes the worst of the recession may be over and that there are promising signs that the pace of decline has slowed. In reality, this could well herald a false dawn during which growth appears to return only to fall away again. The chances of this happening are relatively high especially when considering the aggressive recession-busting measures that have been put into place by the government and Bank of England. These could well provide a temporary boost to the economy before it slips back.

Commenting, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons said, “There is little doubt that the British economy will bounce back in time but it is really too early to predict with any accuracy exactly when. It is more likely to occur when the world economy returns to robust growth as Britain rarely struggles when the rest of the world is doing well. Much will rest on the Bank of England’s timing. If the bank raises interest rates, reversing its quantitative easing measures, too slowly then there is a real risk of inflation. On the other hand, if it is too quick a sustained recovery is likely to be severely threatened. The balance of probability could be not finer”.