

2023, THE NEVER ENDING STORM, OR IS IT?

December 2023



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As we all know, the very somber 20-21 sent the world in to a "hibernation programme" with a long two year lockdown. We have now almost left Covid behind, but coming into 2023, there are still many other challenges to overcome. For businesses this has been like a never ending winter with the prevailing winds continuing to batter business.

Since Brexit took place, we can still see how businesses struggle to find solutions due to the lack of staff, as well as to the increased prices of goods, which has been worsened by the war in Ukraine.

Over 14% Inflation added to the already freezing hail, and to add more insult to injury, the staggering increase in energy prices is turning these already difficult times into a fight for survival for many businesses.

"We speak to thousands of businesses who tell us this is unsustainable. Our research shows that confidence is falling fast as many SMEs find it almost impossible to absorb or pass on rising costs"

"While the Bank of England seeks to control inflation through further interest rate rises, this is a blunt instrument that fails to address the core drivers of inflation for most firms: soaring energy costs, global supply chain disruption, and rising staff costs due to labour shortages"

David Bharier (Head of Research)
British Chambers of Commerce -
Nov 2022

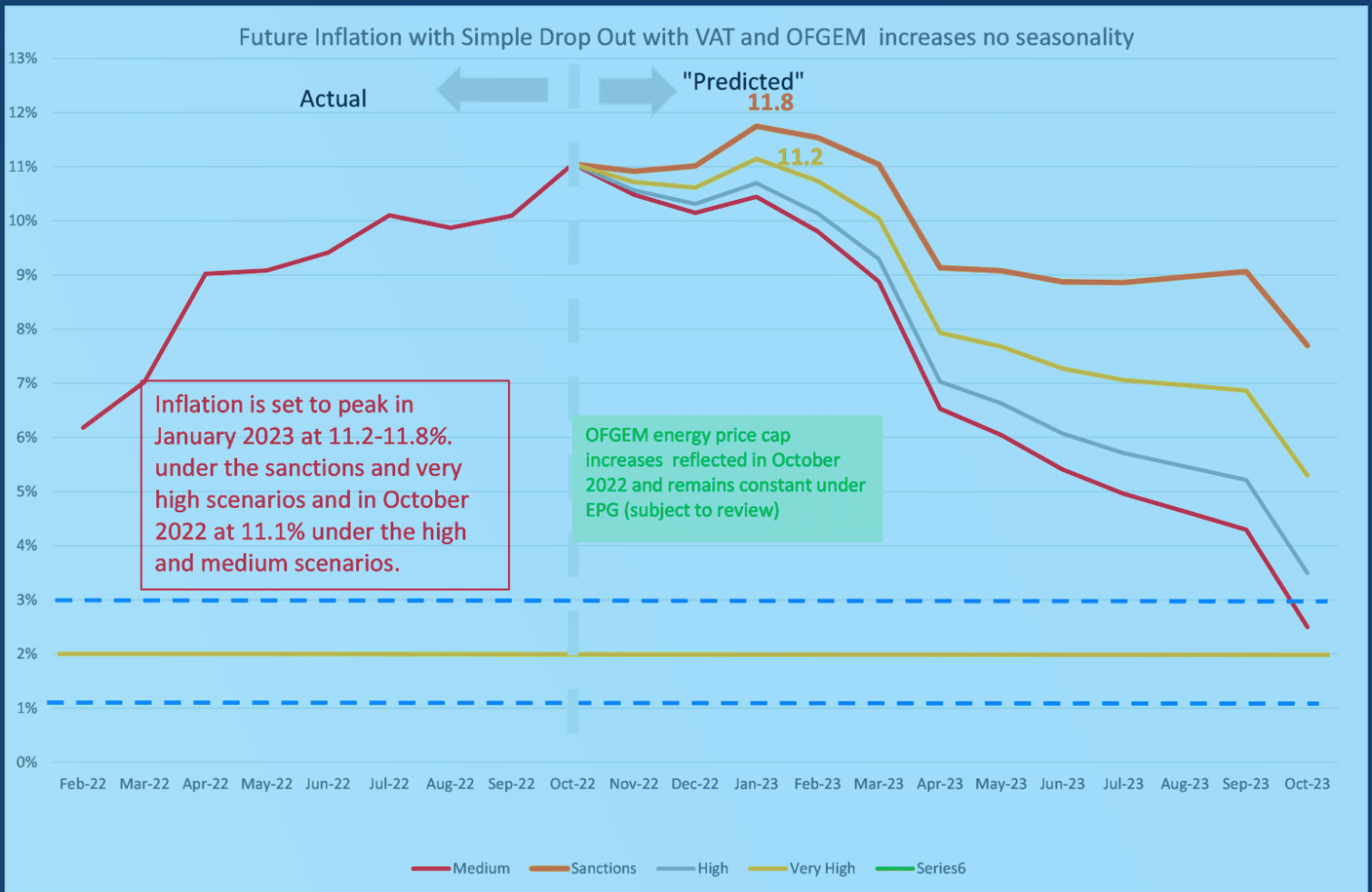
Looking back 100 years, in 1922, Germany suffered an unforgettable chapter of hyperinflation, prior to the collapse of their currency.

The price of a loaf of bread went so high, that a wheelbarrow of money couldn't buy a single loaf, as it went from 163DM in 1922 to 1,500DM only a year later.

At the peak of German hyperinflation, a loaf of bread cost 200b DM.

Whilst not anywhere near so dire, it may not be pleasant to see inflation going up so drastically as we have today, and it is easy to wonder about the potential different scenarios in the future, but according to the National Institute of Economic and Social Research, Inflation is set to fall in early 2023.

According to the graph, we should see a notable drop in inflation during 2023 and a sharp drop during the third quarter of that year, so the “winter of discontent” could be coming to an end, enabling hope, new possibilities, and a return to prosperity.



At Pro Commercica, we focus on the positive and look to find much needed savings for businesses in places perhaps companies do not know exist.

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