


UK Economy Stagnation should start to fade in 2024



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While key potential developments provide a broad overview, the actual outcomes for the British economy in 2024 will depend on a complex interplay of factors and unforeseen events. Continuous monitoring of economic indicators and policy responses will be essential for navigating uncertainties and fostering sustainable economic prosperity.

Based on common trends and ongoing issues up to January 2022, we can outline some typical factors that might affect businesses in the UK in 2024. Here are some key considerations:

1. **Economic Trends:** Economic conditions such as inflation rates, interest rates, and GDP growth can significantly impact businesses. In 2024, businesses may be influenced by the aftermath of events like Brexit and the ongoing global economic recovery from the COVID-19 pandemic.
2. **Regulatory Changes:** The regulatory environment plays a crucial role in shaping business operations. UK businesses may need to adapt to changes in regulations related to trade, taxation, employment laws, data protection, and environmental policies. Post-Brexit regulatory changes, in particular, could continue to impact various industries.
3. **Technology Advancements:** Rapid technological advancements can create opportunities and challenges for businesses. Companies may need to invest in digital transformation, cybersecurity measures, and innovation to stay competitive. Emerging technologies such as artificial intelligence, automation, and blockchain could reshape industries and business models.

4. **Global Trade Dynamics:** International trade agreements, tariffs, and geopolitical tensions can affect UK businesses engaged in global trade. Businesses may need to navigate trade barriers, supply chain disruptions, and changes in consumer preferences in different markets.
5. **Environmental Concerns:** Environmental sustainability and climate change are increasingly important considerations for businesses. Companies may face pressure to reduce their carbon footprint, adopt sustainable practices, and comply with environmental regulations. Green initiatives and eco-friendly products could gain prominence in consumer markets
6. **Financial Market Volatility:** Fluctuations in financial markets, currency exchange rates, and commodity prices can affect businesses' cost structures, investment decisions, and access to capital. Businesses may need to manage risks associated with market volatility and maintain financial resilience

These factors can interact in complex ways and vary across industries, so businesses in the UK will need to carefully monitor and respond to the evolving business environment in 2024

“UK economy stagnation should start to fade in 2024”

EY January 2024

“Bank Rate is also expected to fall significantly in 2024, with 100-125 basis points of rate cuts predicted to be made this year”

EY January 2024

“Inflation is expected to fall faster than previously expected, reaching the Bank of England’s 2% target by May and averaging 2.4% in 2024”

EY January 2024

“GDP growth expectations for 2025 have also been upgraded from 1.7% to 1.8%, although 2023 growth predictions have been downgraded from 0.6% to 0.3%”

EY January 2024

“The new EY ITEM Club Winter Forecast expects the UK economy to grow 0.9% in 2024, up from the 0.7% growth projected in October’s Autumn Forecast”

EY January 2024

"Businesses' outlook for February 2024 is more positive for some measures"

ONS January 2024

"Latest results suggest business conditions remained challenging in December 2023, but businesses' outlook for February 2024 is more positive for some measures"

ONS January 2024

"When looking ahead to February 2024, 18% of trading businesses expect their turnover to increase, up 7 percentage points from expectations for January 2024; while 14% reported that they expect their turnover to decrease, down 11 percentage points over the same period"

ONS January 2024

"More than one in six (17%) trading businesses expect to raise the prices of goods or services they sell in February 2024, broadly stable with expectations for January 2024"

ONS January 2024

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