Outlook bright for finance firms, says EY

By Anna Skinde

A WELL-MANAGED bank and stronger than expected economic performance will fuel the financial services sector, according to a forecast by EY.

The trend for the UK financial services sector is better than many had hoped at the beginning of the year, but challenges remain in the consumer credits, residential mortgage and business lending markets.

Economic growth will no longer work in the year ahead, despite recent improvements, due to the worldwide growth in GDP growth continues to support prices, the forecast said.

Fixed income assets such as bonds are also going to benefit greatly from growth in interest rates from the Bank of England, along with higher monetary policy from the European Central Bank and the US Federal Reserve.

Consumer credit is expected to slow for the first time in five years, however, dropping to 1.4pc and then 1.1pc in 2019. This would be a slow fall from the 4.7pc growth in 2016, and 3.7pc in 2017, and a core rate of 3.4pc in spending.

The drop-off may also be a result of efforts from Bank of England policymakers to keep interest rates on hold as Governing Mark Carney described it as a "pocket of risk" arising from high growth rates in unsecured borrowing, which could leave small and medium-sized businesses move towards to secured lending.

Inflations expectations are at 2.2pc in 2017, down from 2.3pc in 2016, according to EY.

This will reassure the pressure on household budgets, but there will not be a sudden uptick as a result of inflation.

The analysis predicts the 1.3pc increase in house prices, below the 1.5pc growth in 2016, and 1.6pc in 2017, and 1.7pc in 2018.

House prices will have a sharp rise, growing by 1.1pc, just over 1.0pc EY’s 2016 rate.

"More of an impact on household budgets, but there will not be a sudden uptick as a result of inflation," says EY.

Auto-enrolment in pensions will boost UK assets under management in the year ahead, from £4.6 trillion in 2016, to £4.8 trillion in 2017, reaching £5.0 trillion in 2018.

Brand building Lego has been named strongest brand in Britain, rising from 215th last year and taking the top spot from British Airways, which fell outside the top 20 in the annual ranking by the Centre for Brand Analysts. The top five also included Gillette and Apple. 

Manufacturers push business output higher

Manufacturers are hitting the UK’s business output, with output increasing by 1.1pc last month, according to the latest data from EY.

The group’s output is driven by a sharp rise in manufacturing output, which was up 1.2pc last month, driven by a sharp rise in manufacturing output, than the 0.8pc growth in output in the previous month.

SMEs hit with 'triple whammy' of threats

Britain’s small and medium-sized enterprises are facing a “triple whammy” of threats, according to a new report.

i) UK's small and medium-sized businesses are facing a “triple whammy” of threats, according to a new report.

The report, commissioned by PwC, the professional services firm, found that the threats to small and medium-sized businesses include:

1. The threat of rising wages and the Brexit vote
2. The threat of falling profits and the Brexit vote
3. The threat of rising wages and the slow recovery

The report found that small and medium-sized businesses are facing a “triple whammy” of threats, including:

1. The threat of rising wages and the Brexit vote
2. The threat of falling profits and the Brexit vote
3. The threat of rising wages and the slow recovery

Small businesses are facing a “triple whammy” of threats, including:

1. The threat of rising wages and the Brexit vote
2. The threat of falling profits and the Brexit vote
3. The threat of rising wages and the slow recovery
Brand building Lego has been named strongest brand in Britain, rising from 25th last year and taking the top spot from British Airways, which fell outside the top 20 in the annual ranking by the Centre for Brand Analysis. The top five also included Gillette and Apple.