

# Back to the 70s: Primark to put prices up as boss warns on inflation spiral

FRESH fears about how bad inflation could get were stoked today when Primark boss George Weston warned we are “back in the 1970s” and an influential data group said food prices are rising at the fastest for 11 years.

Primark, owned by Associated British Foods, said it would have no choice but to increase prices later this year, a possible dent to its image as a value-for-money retailer.

CEO Weston said: “We are dealing with really substantial inflation in all our businesses. It is different from 2008 inflation, I think we are back in the 70s.”

The business itself has returned to form after being hit hard by store closures during Covid. Profit for the half-year is up 109% to £706 million. The dividend of 13.8p compares well with payouts to investors in 2019 before the pandemic.

Sales rose 28% to £7.8 billion across the group, which includes Twinings tea and Silver Spoon sugar in its grocery arm.

## READ MORE

- [FTSE 100 Live: Reaction to Elon Musk's Twitter deal, markets recover](#)
- [Elon Musk reaches £34billion agreement to buy Twitter](#)
- [Government borrowing overshoots forecasts as interest payments jump by 50%](#)

-  [BRANDPOST | PAID CONTENT](#) [Join us on a tour of The Macallan Estate](#)

Asked how the inflation crisis gets solved, Weston said: “Two things have to happen. The supply chain has to sort itself out – Covid is threatening the China supply chain. And money supply has to be brought back under control.”

That means central banks withdrawing support for the economy with money printing and rapid rises in interest rates.

Those rate rises will in turn hit consumer spending, something Weston thinks is now inevitable.

Weston says Primark will retain “a clear competitive price advantage”. “We will remain the best value retailer on the high street,” he said. There will be “selective price increases” starting this summer.

Wages are up 12% at Primark, something Weston hopes is not repeated. “I really hope we are not in a wage/prices spiral.”

Meanwhile Kantar said today that supermarket sales fell by 5.9% in the 17 weeks to April 2022 – the first fall for grocers since the pandemic began.

Households are going to face inevitably higher food bills.

Grocery price inflation is also at 5.9%, the highest since December 2011. Fraser McKeivitt, head of retail and consumer insight at Kantar, said: “The average household will now be exposed to a potential extra £271 per year. A lot of this is going on non-discretionary, everyday essentials which will prove difficult to cut back on as budgets are squeezed. We’re seeing a clear flight to value as shoppers watch their pennies.”

Aldi is presently the fastest growing retailer. Over one

million extra shoppers visited Aldi and Lidl over the last 12 weeks compared to a year ago. Tesco was the only other supermarket to gain market share.

McKevitt added: "The major retailers are listening to shoppers' concerns, with Asda launching its Just Essentials line, Morrisons announcing that it is cutting the price of many everyday goods, and Tesco locking in savings through its Clubcard strategy."