

Business optimism sinks to lowest level in over a year

Business optimism has dropped to its lowest level since March 2021 as firms weigh the prospect of continued inflationary pressure and supply chain disruption in the months ahead.

Accountancy firm [BDO](#)'s optimism index fell by 4.82 points to 101.93, the second consecutive month of decline, while the services optimism index fell 5.35 points to 100.95.

It comes as figures released by the Office for National Statistics showed the UK economy shrinking by a bigger than expected 0.3% in April.

Forecasts from the [OECD](#) suggested the UK would have the slowest [growth](#) in the [G7](#), with a growth rate of 3.6% in 2022 dropping down to 0% in 2023.

More than a quarter of mid-sized businesses said they've had to put [prices](#) up as a result of inflation, according to a poll of 500 company heads by accounting firm [BDO](#), while 19% said they had paused all business investment.

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Almost a fifth (18%) said soaring [inflation](#) and a cost of living crisis is set to have a worse impact than Covid.

BDO partner Kaley Crossthwaite said: “The fact that business optimism is now at the same level it was more than a year ago while the country was still experiencing coronavirus restrictions paints a worrying picture for the UK economy.

“Weakened consumer spending power is undoubtedly weighing heavily on businesses and will continue to curtail growth in the months ahead.”