

Economic strife to last until 2024 warns Sage of Soho Martin Sorrell

ADVERTISING guru Sir [Martin Sorrell](#) today likened the energy crisis to the financial crash of 2008 and warned there may be no signs of economic recovery until 2024.

He was talking as he revealed an £82 million loss at his tech start-up [S4 Capital](#) for the first half of the year. That follows a spectacular [profit warning](#) in July that saw the shares halve.

Today's results calmed nervous [investors](#) somewhat – the stock rallied 12p to 156p.

On the economy, the man dubbed the Sage of Soho told the Standard: “It is going to be tough, whether it is a hard landing or soft landing, the energy stuff is going to have an impact for 2023 that will stretch into 2024 and the next US presidential election.”

On comparisons with the financial crisis, he said: “This is different. You have Putin. Climate change, inflation, interest rates, US-China relations or lack of them. When you look at all those things, it is probably uniformly tough. The financial crisis you could see your way through, this one is harder.”

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S4 Capital has grown rapidly since Sorrell was ousted from WPP in an acrimonious departure four years ago.

He has remained critical of his former employer as he built a digitally focussed rival, largely through acquisitions paid for with equity.

The summer warning was largely due to the cost of hiring staff. An indication of S4's growth is that today's statement showed that staff numbers have "stabilised" at 9100, up from 6000 a year ago.

Sorrell said S4 is now being "more selective" in its hiring. Tech giants such as Facebook have done the same, easing pressure on salaries.

The business is also still recovering from an auditing issue that saw PwC twice delay results statements, deeply unnerving the stock market.

Sorrell had called this "unacceptable and embarrassing". His rivals at WPP privately enjoyed his disquiet.

Sales at S4 in the last six months were up 60% to £446 million.

Sorrell boasts of eight major accounts that he thinks will see the business through difficult times, of which Google is the biggest. BMW and Facebook owner Meta are also part of that group.

The US Federal Reserve is due to put interest rates up again

tonight at 7pm UK time. The Bank of England will do the same tomorrow.

Sorrell warned that borrowing costs would have to rise beyond inflation, to get cost rises under control.