

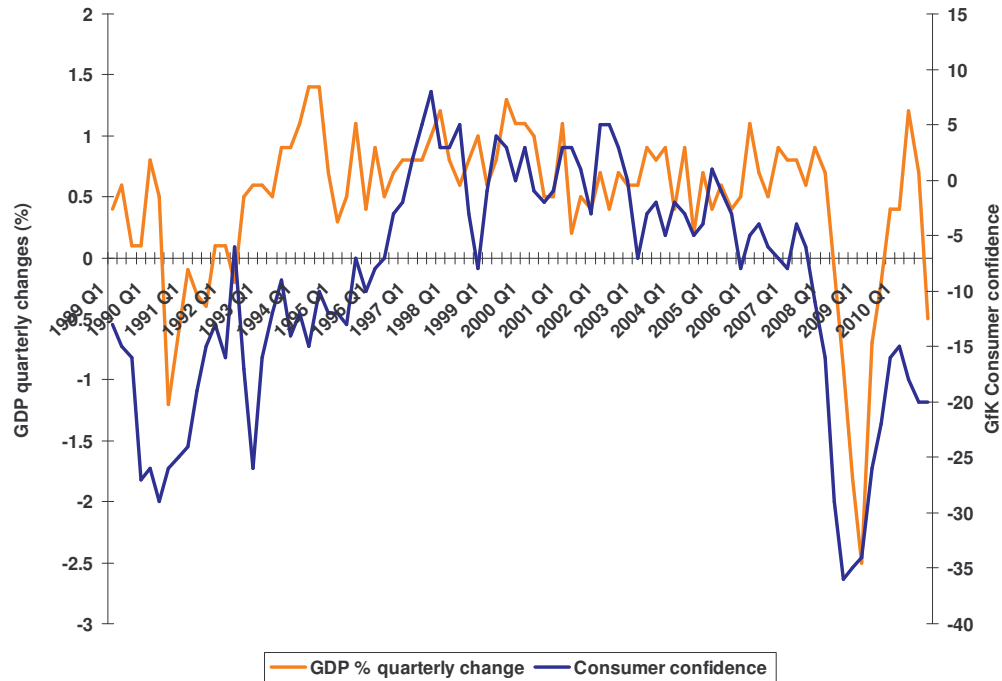
Hold onto your jobs - double dip approaching

Bad weather may have been a major cause, but today's negative growth figure (-0.5% Q4) points to a double dip recession. As we have been reporting in the *Consumer Confidence Monitor* the low levels of consumer confidence (especially the Nationwide CCI) suggest we may already be in recession.

Weak business and financial services growth (down 0.7%) has helped push overall services growth lower (-0.5%). Certainly retail financial services growth according to the latest *Financial Activity Barometer* looks set to be very weak in the coming months.

In the early 1990s following the end of the recession, a recovery of 3 quarters was followed by one quarter of negative growth before pulling clear. In the current situation this scenario of one quarter's negative growth seems less likely given the priority given to plug the fiscal deficit leading to the uncharted waters of a double-dip recession. A U-turn on some of the tax measures may be inevitable to try to boost spending. The January CCM is produced at the end of the month with the GfK CCB measure expected to slip into recession levels of well below -20.

Figure: Consumer confidence and changes in GDP, quarterly 1988 –2010*



*preliminary measure Q4 2010

Source: GfK NOP / European Commission / National Statistics / JGFR