

ECONOMY WILL BE HIT HARD BY TARIFFS, POLITICAL INSTABILITY AND COST OF LIVING CRISIS – FAMILY BUILDING SOCIETY

Some three-quarters of people surveyed by the Family Building Society expect the economy to slow down over the next six months fuelled by trade tariffs, worldwide political instability and the ongoing cost of living crisis.

Just over 90% of the over 2,300 members of the Society who responded to the survey see trade tariffs as negative with 73% believing they will force the Bank of England to cut interest rates by between 0.25 and 0.5%

Over 42% think their personal financial situation will worsen with 30% expecting their pension and investment incomes to be negatively affected with 65% seeing that as a threat to their financial wellbeing.

Another 40% think their children and grandchildren are feeling pessimistic about their financial wellbeing over the next six months although the majority have not had to help out any family members financially over the past six months.

Even so, some 65% are happy with their current financial situation.

Family Building Society Director of Marketing, Alistair Nimmo said: "Our six-monthly survey of our members' financial wellbeing continues to reflect a general mood of pessimism for the UK and global economies. Indeed, it is probably the most pessimistic our members have felt in the five surveys we have carried out.

"The threatened introduction by the USA of trade tariffs this spring has only added to the uncertainty facing everyone, particularly the personal finances of younger family relatives of our members."

This uncertainty was reflected in a number of notable comments from members.

"If they are imposed it will make exports more expensive. This will make our exports less affordable and less demand. For example, cars. If manufacturers reduce or cease production, not only will this affect the manufacturer but all the businesses that rely on this trade. It could have far reaching consequences"

"They will inhibit growth in this country and even more so elsewhere in the world, including America, which appears to perceive tariffs as a punishment more than a reappraisal of trade relationships"

"Will act as a dampener on international trade, probably increase inflation and likely to kick off a US recession and possibly wider. It may however act as an incentive for Britain to cut Government expenditure which is

out of control, it may also have a positive effect on Bond prices as people shy away from equities. A lot of people however will be poorer due to market falls”

However, some members see some positives, in the short term at least:

“In the short term, there may be cheaper goods being imported / sold in UK from China, primarily due to the enormous 145% blocking tariff imposed by USA. China (and other Asian countries) still need to sell their manufactured goods to remain in business.

“Low wage economies will provide much cheaper consumer goods to UK retailers increasing spending by those who were previously holding back on purchases.”

“Potentially interest and mortgage rates could fall as Bank of England may have to cut its interest rate depending on how inflation is affected.”

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For further information, contact:

Alistair Nimmo, Director of Marketing, Family Building Society

Tel: 01372 845333 and 07958 248117

Allan Noel-Baker, City Road Communications Ltd

Tel: 0207 248 8010 and 07947 186693

About Family Building Society

The Family Building Society, launched in July 2014, is a trading name of National Counties Building Society.

1. National Counties Building Society is the UK's eleventh largest building society, with over 69,000 members and £2.5bn of assets. Operating from its head office in Epsom, Surrey, the Society employs approximately 180 people and offers a range of competitive savings and mortgage products throughout the UK.
2. National Counties Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
3. Eligible deposits with Family Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme.