

UK economy is "dire"

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Those investing in shares in UK firms may be interested to hear one expert has reported that the economy is performing badly, noting consumer spending had been affected as credit has become more difficult to access.

Jonathan Davis, economist and wealth manager at Jonathan Davis Wealth Management, believes the housing market is overvalued.

His comments were in response to a statement by the International Monetary Fund that high property values could impact on the country's ability to recover from the financial downturn.

Mortgages will be more difficult to pay when interest rates rise and this could negatively affect consumer confidence, the organisation explained.

Mr Davis agreed with the body, predicting house prices will decline by 30 per cent within two to four years.

"The consumer could only spend these last ten years due to rising debt, not to economic strength," he added, asserting the worth of abodes has been on a downward trend since 2007.

He believes it will not only be mortgage famine but many factors including public sector cuts, high household debt and rising unemployment that will hit the property market.

"The economy is dire," he stated.