

The signs of economic downturn are increasing

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I [wrote yesterday morning](#) that the post-Brexit economic honeymoon looked to be over. More signs emerged as yesterday evolved.

As [the FT noted](#):

The availability of consumer credit tightened for the first time in six years during the first three months of 2017, the Bank of England said. High street banks and building societies told the BoE that the flow of unsecured credit is likely to slow further over the coming year and at a faster rate during the second quarter.

In itself that could be seen as good news: there is a debt bubble in the UK economy. But given that growth has been debt dependent and wages are declining as well this suggests a downturn is going to be uncomfortable.

And as the UK has also reported, [the rate of UK house price growth is slowing](#). Again, in itself that is a good thing: house prices are too high and the downturn is partly because of a decline in the buy-to-let market, which is also welcome. But, as is also known, UK economic fortunes are uncomfortably associated with house prices.

The signs that there might be trouble ahead are growing. It may not happen, but I fear a debt bubble might burst as people fail to make ends meet as this year progresses. And that's always the basis for a downturn.