

The IMF forecast tough times ahead for the UK, but they...

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As the [FT noted](#) yesterday afternoon:

The IMF predicted that Britain's economy would increase by just 1.2 per cent in 2023 and that its inflation would be higher than every other G7 member and slower to return to its 2 per cent target.

As they added

Pierre-Olivier Gourinchas, IMF chief economist, said: "What we are seeing is that the UK is facing elevated inflation, and tight monetary policy is weighing down on economic activity this year and next."

I have one problem with this observation, which is that I think that they are far too optimistic.

The IMF have themselves said there are downside risks that might mean that their forecasts are too optimistic. These include escalation in the war in Ukraine; inflation pressures building; the COVID 19 pandemic getting worse again; financial instability as interest rates rise and, crucially:

We have also the potential for social unrest given the increase in energy and food prices in many countries

I would say all those risks are significant for the reason the IMF ignore. That is that within the aggregates they like to deal in they are overlooking the real poverty being created around the world now.

In the U.K. we now have energy companies forecasting 40% fuel poverty, which is inability to keep a house warm next winter.

And still there appears to be no real political awareness of the crisis that we are hearing for. I really have no explanation in the face of the obvious truth that we are facing, which is that there really is a crisis now and we have to deal with it immediately.