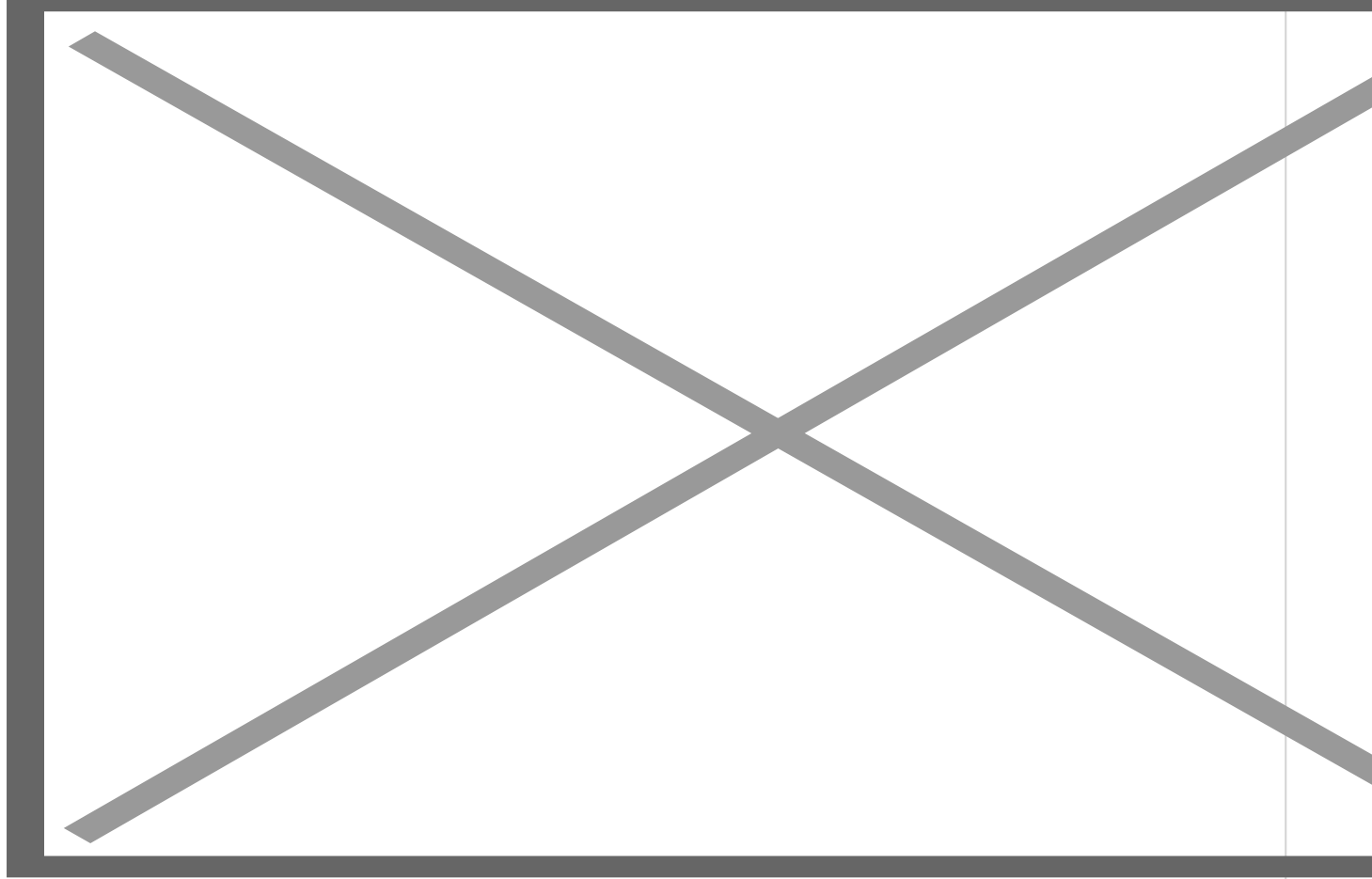


# *New data reveals troubled British economy edging towards recession*

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**British economy shrank in the second quarter of the year, official data showed as the country edges closer to recession. (File photo)**

London, August 13 (RHC)-- The British economy contracted in the second quarter of the year, according to official figures, with the country swiftly heading towards recession under a yet-to-be-selected new premier next month by the ruling Conservative Party.

The country's gross domestic product (GDP) dropped 0.1 percent in the April-June period following an increase of 0.8 percent in the first quarter, the Office for National Statistics (ONS) said in a Friday statement.

"With May's growth revised down a little and June showing a notable fall, overall the economy shrank slightly in the second quarter," ONS director of economic statistics Darren Morgan declared.

"Health was the biggest reason the economy contracted as both the (COVID) test and trace and vaccine programs were wound down, while many retailers also had a tough quarter," he added.

Morgan said it was "partially offset by growth in hotels, bars, hairdressers and outdoor events across the quarter, partly as a result of people celebrating the Platinum Jubilee" that marked British Queen Elizabeth II's 70 years on the throne. The ONS also noted that the UK's economy slumped 0.6 percent in June.

The development came amid local press reports that the Bank of England (BoE) expects the economy to enter a year-long recession by the end of 2022 as Britons sustain a cost-of-living crisis with inflation at its highest level in decades.

Following the Friday release of the economic data, UK's Finance Minister Nadhim Zahawi underlined that he was "determined to work with the Bank of England to get inflation under control and grow the economy."

However, the outgoing Prime Minister Boris Johnson will not make "major fiscal interventions" before leaving office next month, his spokesman declared on Monday amid demands for immediate government measures to deal with Britain's cost-of-living crisis.

Johnson, who has just returned to his office after a five-day belated honeymoon with his wife in Slovenia last week, has been censured for being absent as the BoE last week warned of recession. His vacation also coincided with Zahawi's absence for a holiday break as UK's central bank increased interest rates by the largest margin in nearly three decades in a move to curtail surging inflation.

Johnson, who declared last month that he would quit office on September 6 following a wave of scandals, will hand power to either Liz Truss or Rishi Sunak after a summer-long Conservative leadership battle.

Foreign Secretary Truss and Sunak -- Zahawi's predecessor as Chancellor of the Exchequer -- have clashed over how to address the growing economic crisis. While Truss plans an emergency budget to lower taxes, Sunak insists that tax cuts financed with more borrowing would force the bank to increase interest rates even more, underlining the need to maintain fiscal rigor.

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