

# *UK slipping into recession as service sector shrinks unexpectedly*

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London, October 7 (RHC)-- The British economy may have slipped into recession after the dominant services sector took an unexpectedly sharp downturn last month, as firms brace for the risk of a disruptive Brexit, according to a new survey.

A monthly survey conducted in September by IHS Markit and Chartered Institute of Procurement and Supply (CIPS) found that activity in the service sector fell as companies reported sliding sales, job losses, cancelled and postponed projects and weak investment levels.

The IHS Markit/CIPS services Purchasing Managers' Index (PMI) tumbled to a six-month low of 49.5, below the 50 level that divides growth from contraction. It was also the worst reading for service PMIs among major advanced economies in September.

Combined with even weaker manufacturing and construction surveys this week, September's all-sector PMI sank to 48.8 from 49.7, its lowest since the month after the Brexit referendum decision to leave the EU in June 2016, and before that 2009. IHS Markit said the figures suggested Britain's economy shrank by 0.1% in the three months to September.

“Coming on the heels of a decline in the second quarter, (this) would mean the UK is facing a heightened risk of recession,” IHS Markit economist Chris Williamson said. “September’s decline is all the more ominous, being the result of an insidious weakening of demand over the past year rather than a sudden shock,” Williamson said.

Britain’s economy shrank by 0.2 percent in the three months to June and a second quarterly contraction would meet the recession definition used in Europe. Britain’s economy is also slowing due to global trade tensions.

Britain’s economy is also slowing due to global trade tensions. Companies said foreign customers were switching business away from the UK due to fears of a no-deal Brexit and new export orders fell at the sharpest rate since March.

British Prime Minister Boris Johnson has promised to take Britain out of the European Union by October 31, even if no Brexit deal is reached with the EU. Johnson’s promise comes despite the UK Parliament passing a law ordering him to seek a delay if he cannot secure a new transition deal to soften the economic blow.

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