

Economy still uncertain despite base rate cut



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Industry: [Financial](#)

Press Release Summary: Debt management company Gregory Pennington warn that despite some potentially good news for the economy this week in the form of a half-point base rate cut and falling prices of petrol and oil, the risk of a severe economic downturn still remains, and taking care of personal finances should be made top priority in the coming weeks and months.

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Press Release Body: Debt management company **Gregory Pennington** have warned that the economy remains uncertain, despite a number of signals suggesting a potential recovery, and have advised anyone facing severe financial problems to seek professional debt advice as soon as possible.

The Bank of England Monetary Policy Committee's announcement on Wednesday that the base rate would fall to 4.5% was intended to calm fears surrounding the money market and increase lenders' willingness to do business with one another, subsequently increasing liquidity and boosting the loans market.

A number of lenders announced cuts to their mortgage rates following the base rate announcement – which may come as a relief to prospective homeowners or existing homeowners looking to remortgage, following many lenders' reluctance to respond to the last base rate drop.

Meanwhile, petrol prices recently fell to as little as 103.9 pence per litre, while food price growth slowed by 0.2% in September, according to the **British Retail Consortium (BRC)**– arousing speculation that overall inflation has hit its peak and will now begin to slow.

However, a spokesperson for **Gregory Pennington** commented that while there are encouraging signs for the economy, there is no guarantee that further difficulty for the economy can be avoided.

“The first thing to bear in mind is that while the base rate cut is intended to help the economy, it was brought in as an emergency measure,” she said. “The threat of a severe economic downturn is still looming and there are no guarantees it can be avoided.

“The fall in oil and food prices are very encouraging, but both are heavily affected by external factors, largely outside our Government's control.”

The debt management company spokesperson was keen to emphasise the continued need to take care over finances and manage debts effectively in the coming months. “There is still the possibility that things could get tighter in the near future, so it pays to tackle any financial issues now, rather than waiting to see what happens next.

“People who are struggling with debt are especially at risk, because their finances are already stretched – and any further rises in costs of living could make those debts unmanageable.

“As always, we advise anyone struggling with debt to seek expert debt advice as soon as possible. Leaving it too late could allow your debts to grow, which is particularly dangerous if costs of living do continue to rise.

“There are a number of debt solutions to help with various financial situations. A [debt management plan](#) is a flexible means of getting out of debt in which your repayments are based on how much you can afford, and in some cases interest and other charges can be frozen.

“[Debt consolidation](#) involves grouping your debts into one convenient monthly payment, therefore simplifying your finances, and your debt can also be spread out over a longer period of time, meaning monthly payments are smaller – although this can mean you pay more interest in the long run.

“For more serious debts of over £15,000, an IVA (Individual Voluntary Arrangement) might be more appropriate. These work by agreeing with your creditors to make payments based on what you can afford for a period of five years, after which the remaining debt is considered settled.”

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