

News in Focus

Tuesday 7 April 2020

The war against an invisible enemy -

"We will strain every sinew to defeat it once and for all"



COVID-19 continued its relentless rampage across the world last week, with the latest statistics painting a grim picture. We saw worldwide confirmed cases tip over the one million mark, with the United States suffering a surge in infections and the global death toll continuing its steady march upwards – including the tragic deaths of many of those on the frontline.

Replacing the Prime Minister, who remained in isolation following his COVID-19 diagnosis, at the podium on three days last week, Health Secretary Matt Hancock boldly stated: *"We will strain every sinew to defeat it once and for all."* Mr Hancock, who also contracted the virus, has since made a full recovery.

The topic of testing took centre stage last week. Amid mounting criticism of the government's failure to increase testing for key workers, Mr Hancock unveiled a new, five-step testing programme, which will aim to reach 100,000 tests per day by the end of April. It remains uncertain, however, exactly how the government will achieve this.

Looking ahead after a challenging Q1

While many are glad to see the end of a difficult Q1, it is with apprehension that we look ahead to Q2. Kristalina Georgieva, Managing Director of the International Monetary Fund, had the following to say during a conference call with G20 Finance Ministers and Central Bank Governors: *"We welcome the decisive actions many of you have taken to shield people and the economy from COVID-19, that led to a decline in volatility in major financial markets in recent days. Nonetheless we remain very concerned about the negative outlook for global growth*

in 2020 and in particular about the strain a downturn would have on emerging markets and low-income countries. Our forecast of a recovery next year hinges on how we manage to contain the virus and reduce the level of uncertainty. Thus, we support an ambitious G20 action plan to strengthen the capacity of health systems to cope with the epidemic; to stabilize the world economy through timely, targeted and coordinated measures; and to pave the way towards recovery."

Weak business activity data at the end of last week pointed to an economic and earnings recession, while major European indices were also down. As more and more nations impose country-wide lockdowns in response to the rapid rise in confirmed cases, economists are predicting that euro area real GDP could shrink by up to 43% in Q2. In the US, a record 113-month job growth streak was brought to a sudden halt as main Wall Street indices also traded lower – heightening concerns of economic downturn.

More support for businesses

On Friday, the Chancellor announced the extension of his business support package to mid-sized firms (those with a turnover of between £45m and £500m) originally excluded from fiscal support measures. Meanwhile, British banks are approaching the Coronavirus Business Interruption Loan Scheme (CBILS) with no small degree of caution. Aware of their responsibility for the survival of thousands of firms, participating lenders have granted just 1,250 loans, totalling £145m – a tiny fraction of the 130,000 enquiries so far received from SMEs.

The whole world comes together

As the nation woke to warm spring

sunshine, it was understandable that many sought to take advantage after weeks at home. In a video on his Twitter account, however, Boris Johnson appealed to the population to remain at home, continue to observe social distancing practices, and save lives. Although it is clear that many are abiding by the rules, others aren't doing their bit. On Sunday, Mr Hancock warned that restrictions could intensify if people continue to ignore the measures.

The country also tuned into a rare Queen's speech on Sunday evening. Extending her thanks to the UK's key workers, the Queen took a reassuring, empathetic tone in a bid to bolster the country's resolve in this difficult time: *"I hope in the years come everyone will be able to take pride in how they responded to this challenge. And those who come after us will say that the Britons of this generation were as strong as any."*

That same evening, we learned that Boris Johnson had been taken into hospital for routine tests on the advice of his doctor, after suffering persistent symptoms for 10 days. He was subsequently moved into intensive care. News also broke on Saturday that Sir Keir Starmer had been named the next leader of the Labour Party; he pledged to rebuild the country's trust in the party.

Keep in touch as we enter a new tax year

If you are worried about your finances, or have any questions, then please get in touch – professional advice is key in times such as these. We remain dedicated to offering pragmatic, professional advice and are taking a consistent and calculated approach to guide our clients through these uncertain times.