HOWARD
WEALTH MANAGEMENT

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News in Review

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"For many businesses, a second national lockdown marks the start of a bleak midwinter"

With a shroud of lockdowns descending over swathes of Europe and the UK, as virus cases surge, England followed suit on 31 October, with Boris Johnson announcing national lockdown measures commencing 5 November for four weeks.

The Prime Minister said he was *"truly, truly sorry"* for the impact on businesses, but said the furlough scheme paying 80% of employee wages will be extended until December. Director General of the Confederation of British Industry, Dame Carolyn Fairbairn, said, *"For many businesses, a second national lockdown marks the start of a bleak midwinter"*, before commending the extension of the furlough scheme as a *"vital step."*

On Monday, Boris Johnson set out his plans in Parliament, to be followed by a vote on his proposed measures on Wednesday, which will come into force on Thursday, if successfully passed.

Mortgage payment holiday extension

The government also announced an extension to the mortgage payment holiday scheme, which was previously scheduled to end on 31 October. Any mortgage borrowers impacted by coronavirus who have not yet had a mortgage payment holiday, will be entitled to a six-month deferral. Borrowers who had already started a payment holiday will be able to increase this to six months, without it being recorded on their credit file. Further guidance will be issued by the Financial Conduct Authority.

'Headwinds from a second COVID-19 wave'

Last week the International Monetary Fund (IMF) reduced their predictions for UK GDP this year to a 10.4% contraction, a downgrade to its previous forecast of a 9.6% contraction. The IMF said the UK, *'Now faces headwinds from a second COVID-19 wave, Brexit-related uncertainty, rising unemployment, and stress on corporate balance sheets.'* The UK's substantial fiscal boost, combined with loose monetary policy, according to the IMF was, *'One of the best examples of coordinated action globally… Fiscal policy should continue to accommodate the costs of programs now in place to protect workers and firms directly affected by the pandemic.'* Growth next year has been forecast down from 5.9% to 5.7%.

Eurozone economy *"losing momentum faster than expected"*

Last week, the European Central Bank (ECB) left interest rates on hold but implied further support was likely next month, saying it would, *'Recalibrate its instruments'* in response to the second wave following its next meeting on 10 December. Christine Lagarde, President of the ECB, said the bloc's economy was, *"Losing momentum faster than expected,"* and that there was *"clear deterioration"* in the near-term outlook due to, *"The recent resurgence of coronavirus cases and associated intensification of containment measures."*

Highest electoral turnout in over a century

The world is still waiting with bated breath for the final outcome in the next quadrennial bid for the US presidency. The last few days on the campaign trail saw Biden and Trump, plus running mates, traverse the US. Ahead of election day, more than 101 million people had already voted, with the country on course for its highest electoral turnout in over 100 years. With votes currently being counted, Mr Trump has said he will go to the Supreme Court to fight the election results. Mr Trump or Mr Biden will be inaugurated on January 20, 2021. US markets were up on Tuesday as investors hoped a clear winner would emerge, with the Dow Jones closing up 2.1% and the NASDAQ advancing by 1.9%.

"Activity is likely to slow in the coming quarters"

According to the latest Nationwide index, house prices increased at their fastest rate for five years in October, with buyers acting fast to benefit from the Stamp Duty holiday, applicable in England and Northern Ireland, for homes valued up to £500,000. Annual house price growth accelerated to 5.8%, taking the average price to £227,826. Chief Economist at Nationwide, Robert Gardner commented, *"Activity is likely to slow in the coming quarters, perhaps sharply, if the labour market weakens as most analysts expect, especially once the Stamp Duty holiday expires at the end of March."*

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.