

News in Review

20 January 2021

"By working together, we are making huge progress in our fight against this virus"



The Prime Minister has described the move to extend England's vaccination programme to people aged 70 and over, along with clinically extremely vulnerable individuals, as a "significant milestone." Mr Johnson's comments came on Monday, the same day that ten new mass vaccination hubs were opened across England.

While the Prime Minister did acknowledge further challenges lie ahead, he struck an upbeat tone adding that, *"By working together, we are making huge progress in our fight against this virus."* The previous day, Foreign Secretary Dominic Raab, had pledged that every adult would be offered a first vaccine dose by September, while NHS England's Chief Executive Sir Simon Stevens, announced that 140 people a minute were now being given the jab.

Figures released on Monday reiterated the progress being made, with the number of people that have received a first dose of the vaccine in the UK passing the four million mark. This figure includes more than half of the over 80s and half of all elderly care home residents.

Travel corridors closed

Last week the Prime Minister also announced a series of travel-related measures designed to ensure that progress made with the vaccine is not derailed by *"the risk of new strains coming from overseas."* As a result, travellers from South America, as well as Portugal and Cape Verde, were banned from entering the UK early last Friday morning.

In addition, all travel corridors were temporarily closed on Monday, with the government saying these new restrictions

would apply until at least 15 February. Anyone arriving in the UK, whether by boat, train or plane, is now required to quarantine for up to ten days and must provide proof of a negative COVID test taken in the 72 hours prior to travel, in order to gain entry to the country.

UK economy contracts

The latest gross domestic product (GDP) statistics have revealed the UK economy shrank by 2.6% in November, as fresh restrictions to contain the pandemic hit the service sector, with pubs and hairdressers suffering a particularly sharp decline. GDP is now 8.5% below its pre-pandemic peak and Chancellor Rishi Sunak admitted the figures suggest *"things will get harder before they get better."* But the Chancellor added that the vaccine roll-out programme is providing a reason to be hopeful.

The decline in economic output was smaller than most analysts had predicted, which implies that companies were better prepared for the second lockdown. Commenting on the GDP data, CBI (Confederation of British Industry) Lead Economist Alpesh Paleja said, *"The impact of the second lockdown was significantly smaller than the downturn seen in the spring. Steps taken by businesses earlier in the year to COVID-proof their operations – combined with the time-limited nature of the restrictions, and schools remaining open – meant more companies were able to continue trading safely."*

China bucks global economic trend

Official GDP figures for China have also recently been released, with the world's second largest economy expanding by

2.3% in 2020, despite COVID-related shutdowns causing a slump in output during the early part of last year. While this represents the country's slowest annual growth rate in over four decades, it does mean that China will be the only major economy in the world to avoid economic contraction during 2020.

The GDP data also revealed that growth in the final quarter of last year picked up to 6.5%, which suggests economic activity has almost normalised. This momentum is expected to continue into this year, with a Reuters poll of economists forecasting GDP growth of 8.4% across the whole of 2021.

Biden unveils stimulus plan

Prior to Wednesday's inauguration ceremony, details had begun to emerge of policy changes that incoming US President Joe Biden intends to implement during his early days in office. According to US media reports, among his top priorities are a major new immigration bill and rejoining the Paris climate accord.

In addition, the incoming President has unveiled details of a \$1.9tn stimulus package to help the US economy recover from the coronavirus pandemic. If passed by Congress, the plan would include \$1tn for households, with direct payments of \$1,400 to all Americans. This payment would be on top of the \$600 already provided in the relief bill enacted last month.

Here to help

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