

News in Review

24 March 2021

"We remain on track to reclaim the things we love"



The Prime Minister stressed, "Our roadmap to freedom depends on the continued success of our vaccination programme," during a week that also saw new daily job records set on three consecutive days and the country come together for a national day of reflection to mark the anniversary of the first coronavirus lockdown. Speaking at a Downing Street briefing last week, Mr Johnson said, "We remain on track to reclaim the things we love, to see our families and friends again, to return to our local pubs, our gyms and sports facilities, and of course our shops, all as long as the data continue to go in the right direction."

While the week did see short-term vaccine supply interruption problems emerge and an escalation in the UK-EU dispute over vaccine exports, the country's successful rollout continued at pace, with the three successive record-breaking days culminating in 844,285 doses being administered last Saturday. Another milestone was also reached during the week, with more than half of the UK adult population having now received at least one dose of a COVID-19 vaccine.

Economic outlook 'unusually uncertain'

Last Thursday, the Bank of England's Monetary Policy Committee unanimously voted to maintain base rates at an all-time low of 0.1%. However, while the minutes accompanying the announcement highlighted growing confidence that a near-term recovery was gathering pace, they also suggested policymakers are split over longer-term economic prospects. Specifically, the minutes stated that the

outlook for the UK economy 'remains unusually uncertain' and that it 'continues to depend on the evolution of the pandemic, measures taken to protect public health, and how households, businesses and financial markets respond to these developments.'

Another record borrowing figure

Public sector finance statistics were also published last week and revealed yet another record monthly deficit. In February, the government borrowed £19.1bn, the highest amount ever recorded for that month. However, while an eye-watering amount, the number was actually lower than analysts' expectations and, along with a downward revision to January's figure, suggests borrowing for the whole of the current financial year is likely to undershoot the Office for Budget Responsibility's most recent forecast.

The Chancellor was once again at pains to defend the record levels of spending saying, "Coronavirus has caused one of the largest economic shocks this country has ever faced, which is why we responded with our £352bn package of support to protect lives and livelihoods. This was the fiscally responsible thing to do and the best way to support the public finances in the medium term."

Labour market resilience

Data published on Tuesday, suggests the UK labour market continues to be remarkably resilient. The official unemployment rate in the three months to January dropped to 5.0%, down marginally from the previous three-month period, while the number of workers on company payrolls rose by almost 200,000 in the

three months to February. However, commenting on the data, ONS Head of Economic Statistics, Sam Beckett, stressed there remains a lot of uncertainty in the jobs market adding, "furlough is still doing a lot of heavy lifting."

'Tax Day' announcements

On Tuesday, the government published a series of tax plans and consultations designed to create a more trusted, simple and modern tax system as part of what Whitehall had dubbed 'Tax Day.' Over 30 policy updates and documents, that would normally have been published alongside the Budget, were released separately to allow space for greater scrutiny. Among the key announcements were proposals to close a tax loophole for second property owners; cut the red tape involved with Inheritance Tax paperwork; tax the self-employed in a similar way to employees; and introduce new green levies for long-distance flyers and lower taxes for shorter domestic flights.

Fed forecasts stronger growth

Last week also saw the Federal Reserve vote to leave US interest rates unchanged, although it did announce an upgrade to growth forecasts driven by rising vaccination rates and the recent release of government relief funds. The Fed now expects the US economy to grow by 6.5% across the whole of 2021, a significant increase from the 4.2% growth rate forecast in December.

Here to help

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