

News in Review

5 May 2021



"A huge national effort"

During the May Bank Holiday weekend, a momentous milestone was achieved as the UK surpassed 50 million vaccine doses administered: 34,588,600 first vaccine doses and 15,500,949 second doses. As a result of the unprecedented programme, nearly 66% of the adult population have had at least one dose, ahead of the next stage of the road map on 17 May.

Health Secretary Matt Hancock, commented on the success of the programme, *"These jabs are saving lives and helping us get back to normal... I want to pay tribute to everybody involved in this huge achievement – the NHS, armed forces, volunteers, councils, scientists and the British public. A huge national effort."*

This week, EU leaders are meeting to discuss plans for non-essential overseas travel, in a bid to revive the tourism industry. In the UK, the Prime Minister said the approach to foreign travel will be sensible, to avoid *"an influx of disease."* In London, G7 Foreign Ministers are meeting for their first face-to-face talks in over two years; led by the UK Foreign Secretary Dominic Raab, discussions will centre around ways to defend international rules from external threats.

Across England, Scotland and Wales this Thursday, voters will be taking to the polls in the latest local elections.

UK trade deal backed by European Parliament

Last week, the European Parliament ratified the post-Brexit EU-UK trade deal, with Members of the European Parliament

voting overwhelming in favour, by 660 votes to 5, with 32 abstentions. Boris Johnson hailed the outcome as a *"final step in a long journey"*, with the trade deal providing *"stability to our new relationship with the EU as vital trading partners, close allies and sovereign equals."* Lord Frost, the UK's Chief Negotiator, said the vote *"brings certainty and allows us to focus on the future."* In an address to the European Parliament, European Commission President Ursula von der Leyen, cautioned that the UK will face tough action if it breaches the trade agreement.

Eurozone experiences another recession

As output fell due to lockdown measures, in Q1 2021, the eurozone contracted by 0.6%, the second consecutive quarterly contraction (0.7% in Q4 2020), taking the bloc into a technical recession (two consecutive quarters of negative growth). Many European economies have been severely impacted by a renewed surge in COVID-19 infections and restrictions. In the first three months of the year, Italy, Spain and Germany registered falls in output, while France rebounded slightly, growing by 0.4%. An uptick in growth is expected in the coming months, as vaccination programmes continue and subsequent easing of restrictions support consumer confidence.

Average house price reaches record high

The most recent Nationwide House Price Index shows that last month, annual house price growth rebounded to 7.1%, up from 5.7% the previous month. The data also highlights that prices increased 2.1% month-on-month, the largest monthly

increase since early 2004, pushing the average house price to a new record high of £238,831, a rise of £15,916 over the last year. Robert Gardner, Chief Economist at Nationwide, commented, *"With the stock of homes on the market relatively constrained, there is scope for annual house price growth to accelerate further in the coming months... Further ahead, the outlook for the market is far more uncertain. If unemployment rises sharply towards the end of the year as most analysts expect, there is scope for activity to slow, perhaps sharply."*

100 days in the job

Last Friday, US President Joe Biden, completed 100 days in office. He has devoted much of the last few months to passing a \$1.9trn stimulus bill and deploying the vaccine rollout programme. Other key initiatives over the last three months or so, include re-joining the 2015 Paris Agreement to tackle climate change and setting out a \$2trn infrastructure plan. The US economy is rebounding faster than expected after contracting sharply in 2020. Economic growth is expected to surpass 7% this year. Last week, the Federal Reserve kept its target range for the benchmark interest rate unchanged at between 0% and 0.25%, citing the need to continue supporting growth. Chairman Jerome Powell said there were clear signs of progress in the economy but that the recovery is *"uneven and far from complete."*

Here to help

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