

News in Review

1 September 2021



“Strong policy support has fuelled a vigorous but uneven recovery”

With the summer holiday season drawing to a close, travel stocks were impacted last week, following the latest announcement from the Transport Secretary. Although several additions were made to the green list, some countries moved to the red list and popular holiday spots such as Spain, Greece, France and Italy remain on the amber list, a disappointment for many travellers and travel firms alike.

On Friday, global investors were heavily focused on Jerome Powell's Jackson Hole keynote speech. During the much-anticipated symposium of central bankers, the Federal Reserve Chairman said the US Central Bank could begin to withdraw stimulus later this year, but the evolving impact of the Delta variant will be closely monitored. Despite a recent spike in inflation, he said the bank was in no rush to raise interest rates. He commented, *“Strong policy support has fuelled a vigorous but uneven recovery... We have said that we would continue our asset purchases at the current pace until we see substantial further progress toward our maximum employment and price stability goals.”*

European stock markets bounced on Friday and US stocks hit record highs on Monday as the Fed's cautious approach gave investors some reassurance that the central bank's efforts to shore up the economy will be withdrawn gradually. US stocks slipped from record highs on Tuesday as investors concerns intensified about the surge in Delta variant cases.

UK business confidence has risen to its highest point in over four years according

to the Lloyds Bank Business Barometer, which suggests growing optimism is being fuelled by expectations of stronger growth in the coming year and improvements in trading prospects.

Contactless limit on the rise

From 15 October, it has been confirmed that the contactless card limit is to rise from £45 to £100, an initiative first detailed in the Spring Budget in March. With almost two-thirds of all debit card transactions currently being made via contactless technology, regulators have said that businesses can decide whether to accept the higher limit or not. Chancellor Rishi Sunak commented, *“Increasing the contactless limit will make it easier than ever to pay safely and securely. As people get back to the high street, millions of payments will be made simpler, providing a welcome boost for retailers and shoppers.”* Concerns have been raised regarding the risk of fraud as the limit increases further.

July car production falls to lowest level in 65 years

In July, British car manufacturing output fell by 37.6%, the first fall since February 1956. The latest figures released by the Society of Motor Manufacturers and Traders (SMMT) emphasise how production volumes have been severely disrupted by global semiconductor shortages and staff absences caused by the 'pingdemic.' In July, production for the UK market declined by 38.7% while manufacturing for export also fell, down 37.4%.

Demand for alternatively fuelled models is picking up, with over a quarter (26%) of all cars made in July being alternatively fuelled, the highest share on record.

Mike Hawes, SMMT Chief Executive commented, *“These figures lay bare the extremely tough conditions UK car manufacturers continue to face... The UK automotive industry is doing what it can to keep production lines going, testament to the adaptability of its workforce and manufacturing processes, but government can help by continuing the supportive COVID measures currently in place and boosting our competitiveness with a reduction in energy levies and business rates for a sector that is strategically important in delivering net zero.”*

UK's first green gilt set to mature in 2033

At least £15bn of green gilts are set to be issued in the current financial year, the proceeds of which will go towards funding environmental projects. With COP 26 on the horizon, the gilts form part of the Chancellor's drive to assist the UK finance sector to meet its net zero ambitions. It was announced last week by the Debt Management Office, that the UK's inaugural green gilts, set to be launched in September, will have a maturity date of 31 July 2033. Later this year a new green bond for retail investors will also go on sale. Coupon rates are set to be announced in due course.

Here to help

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

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated