

News in Review

24 August 2022

“Own-label ranges are at record levels of popularity”



UK retail sales improved in July, according to data released on Friday from the Office for National Statistics (ONS). Sales volumes rose by 0.3% in the month, outperforming predictions of a 0.2% decline.

According to ONS, sales volumes were 2.3% above their pre-COVID (February 2020) levels, but down over the past year and for the three months to July 2022 sales volumes were 1.2% lower. A variety of promotions in July contributed towards a boost in online sales, with volumes picking up by 4.8%, while food store volumes registered a 0.1% uptick in the month. As UK inflation rose to 10.1% in July, the ONS revealed last week that rising food prices made the largest upward contribution to price increases over the month, with cheese, eggs, bread, cereals and milk contributing the largest price rises.

Fraser McKevitt, Head of Retail and Consumer Insight at global market researcher Kantar, commented on grocery price inflation, *“As predicted, we’ve now hit a new peak in grocery price inflation... It’s not surprising that we’re seeing shoppers make lifestyle changes to deal with the extra demands on their household budgets.”* He continued, *“Own-label ranges are at record levels of popularity, with sales rising by 7.3% and holding 51.6% of the market compared with branded products, the biggest share we’ve ever recorded.”*

As cost-conscious customers contemplate their weekly grocery shop, Aldi is poised to become one of the ‘Big Four’ UK supermarkets, overtaking Morrisons. Aldi

held a 9.1% share of the grocery market in the three months to 7 August, up from 8.2% last year. Tesco, Sainsbury’s and Asda currently reside in the top three slots by market share.

ONS report that housing and transport, along with food prices, make up the majority of price rises over the last year, with fuel prices up by 43.7% in the year to July.

Last week the UK became the third developed country to record double digit inflation in July, along with the Netherlands and Spain.

Reduction in cash use eases off

A recent UK Finance report analysing payment methods has highlighted that the speedy decline in the use of cash has eased. Although the use of cash is still expected to tail off, accounting for just 6% of payments by 2031, the report points out that, *‘Rather than the UK becoming a cash-free society over the next decade, the UK will transition to an economy where cash is less important than it once was but remains valued and preferred by many.’* Natalie Ceeney CBE Chair of the Access to Cash Review has indicated that those favouring cash *“tend to be older, poorer or more vulnerable, many of whom simply can’t go digital.”* Card use, particularly contactless payments, looks set to continue; in 2021, debit or credit cards were used in 57% of all UK payments.

Markets

Towards the end of last week, the FTSE 100 proved to be surprisingly resilient

following the news that consumer confidence has hit a record low. London stocks finished in the red on Tuesday, after a fresh batch of data from the Purchasing Managers’ Index (PMI) showed manufacturing activity unexpectedly contracting, with the FTSE 100 closing down 0.61% at 7,488.11 and the FTSE 250 closing down 0.99% at 19,306.89.

On a lighter note

Last week it was announced that the first flight of NASA’s Orion spacecraft carrying an array of culturally significant mementos will be heading on a mission to the moon. Launching from the Kennedy Space Center in Florida on 29 August the unmanned flight will commence the Artemis program, a mission which will eventually return astronauts to the surface of the moon. Great excitement was created when it was revealed that a toy of UK TV character Shaun the Sheep will be on board. Director for Human and Robotic Exploration at the European Space Agency’s (ESA) Dr David Parker, commented on the collaboration, *“It is an exciting time for Shaun and ESA. We’re very happy he’s been selected for the mission and we understand, although it might be a small step for a human, it’s a giant leap for lambkind.”*

Here to help

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