

News in Review

30 November 2022

"Black Friday is still an important milestone in the retail calendar"



On Friday, retailers received a boost from deal-seeking shoppers who defied fears of a dampened event to spend more than in 2021. Amid inflationary pressures and cost-of-living concerns, Black Friday – historically the biggest online spending day before Christmas – saw a 3.2% increase in transactions, according to Barclaycard Payments. Footfall also increased and a record was broken for transactions-per-second between 12pm and 1pm.

Before the event, experts had predicted overall sales and profits to be lower than last year due to prices rising at the fastest rate for 41 years. As well as splurging on Christmas gifts, however, cost-conscious shoppers sought out deals this year that will save them money further down the line, with Currys naming energy-efficient products as its bestsellers on the day.

Marc Pettican, head of Barclaycard Payments, commented, *"Black Friday is still an important milestone in the retail calendar. This is encouraging news for retailers who will have been unsure about the outcome of today, given the rising cost-of-living [...] While shoppers may be tightening their belts overall, it looks like some have been holding back on purchases to wait for the sales to start and others are likely on the hunt for deals for Christmas gifts."*

UK leads global slowdown

Last week, the Organisation for Economic Cooperation and Development (OECD) published its November Economic Outlook, in which it forecast a 'significant growth slowdown' globally in 2023. Titled

'Confronting the Crisis', the report laid out the realities of slowing growth combined with high and persistent inflation.

The slowdown is the result of a combination of factors, the OECD noted, with tighter monetary policy, persistently high energy prices, weak real household income growth and declining confidence all weighing on growth. Referencing the war in Ukraine, the report highlighted how higher energy prices have helped trigger an increase in prices across a broad basket of goods and services. The intergovernmental body forecasts average inflation across the OECD to be 6.6% in 2023.

The US and Europe are both expected to experience weak growth, but it is the UK that is forecast to suffer the biggest downturn. The UK economy will contract by 0.4%, according to the OECD, more than any other nation in the G7 group. Germany is the only other major economy expected to shrink, while Russia, still under Western sanctions, is the only G20 member expected to perform worse than the UK.

One cause of the UK's below-par performance is the Energy Price Guarantee, the OECD claimed. The scheme, set up to support household and business energy bills, will reduce the immediate headline inflation rate but increase medium-term inflationary pressures by adding to overall demand in the economy.

Output volumes rise

Last Thursday, the release of the Confederation of British Industry (CBI)'s

latest Industrial Trends Survey brought positive news, as it reported that UK manufacturers saw a rise in output in the three months to November.

This is the first increase since the three months to July 2022, the report noted, with manufacturing output volumes increasing by 18%, compared to a 4% fall in the three months to October. The increase in output was largely driven by food, drink and tobacco industries, as well as motor vehicles and transport equipment sectors, though output rose more broadly too, with positive readings in nine out of 17 sectors.

Looking ahead, however, output is predicted to fall by 10% in the three months to February, with production also expected to decline in the next quarter. Stocks remain broadly adequate, the CBI said, but total order books and export order books are below normal. Despite the positive news, Anna Leach, CBI Deputy Chief Economist, highlighted *"big question marks hanging over the competitiveness of UK manufacturing."*

Markets

London stocks were mixed at close on Tuesday, with the top-flight index maintaining most of its gains amid positive hopes that China would soon ease its strict COVID restrictions. The FTSE 100 ended the session up 0.51% at 7,512.00, while the FTSE 250 was down 0.55% at 19,186.16.

Here to help

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