

News in Review

8 March 2023

"High streets continue to show the biggest improvement"



Footfall in UK retail stores bounced back in February 2023 from the levels recorded a year earlier, according to the latest data released on Friday by the British Retail Consortium (BRC). In total, footfall increased by 10.4% on an annual basis, but fell by 2.1% month-on-month.

Specifically, High Street (+17.8%) and Shopping Centre footfall (+11.7%) both rose year-on-year, while Retail Parks saw footfall decrease by 3.3% compared to February 2022.

Despite the annual rise, however, the number of shoppers remains below pre-pandemic levels, with total footfall 8.8% lower than in 2019. Similarly, High Streets (-7.7%), Shopping Centres (-23.3%) and Retail Parks (-2.7%) are all below pre-pandemic figures.

Helen Dickinson, Chief Executive of the BRC, commented, *"Growth in footfall slowed this month after the rush of Christmas shopping and January sales. Some people are making fewer visits as the cost of living continues to bear down ahead of the April energy price rise. Despite this, high streets continue to show the biggest improvement compared to last year, when concerns around COVID kept people away from town and city centres."*

Energy price, guaranteed?

In the Chancellor's Budget, due to be delivered on 15 March, the future of the Energy Price Guarantee seems likely to be a significant announcement. On Friday, it was revealed that the government is

preparing to extend the Guarantee at its current levels for a further three months.

A Whitehall source said ministers are expected to keep the Guarantee at £2,500, protecting households from the scheduled rise to £3,000 per year (for a typical household) that was due to come into force from April.

Although the level of help is now expected to be maintained, energy firms have been asked to prepare for both scenarios. In contrast, the £400 winter payment, which resulted in a £66 per month reduction in monthly bills, is expected to end next month.

Inflation still a key concern

Inflation continues to be a major news story around the world. On Friday, a report from the Federal Reserve stressed that the central bank is *'acutely aware'* of the challenges that high inflation poses to the economy; the report also reiterated that the Federal Reserve is *'strongly committed'* to its 2% inflation target. On Tuesday, Federal Reserve Chair Jerome Powell warned of a return to big rate rises. In prepared remarks for a hearing before the Senate Banking Committee, Powell said, *"The latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated. It will take time for the full effects of monetary restraint to be realised, especially on inflation."*

In Europe, latest data released last week showed that core price inflation jumped to a record 5.6% across the Eurozone in February, up from 5.3% in January.

The consumer price index for the 20 countries that use the euro, eased slightly to 8.5% in February, a drop from 8.6% a month earlier.

In Japan, Prime Minister Fumio Kishida ordered the ruling coalition to draft additional measures in response to inflation. The country's economic recovery remains fragile, as prices continue to rise. *"We are aware that price hikes in food and other items are still carrying on due to existing raw material inflation and a weak yen,"* Chief Cabinet Secretary Hirokazu Matsuno said on Friday.

Cost of stamps rises

Stamp prices are due to rise in the UK, with a first class stamp set to cost £1.10 from April, Royal Mail announced on Friday. The 15p leap will occur the day before the first stamps with the image of King Charles go on general sale.

Second class stamps will also rise by 7p to 75p. With letter volumes down 25% since the pandemic, Royal Mail said the increases were needed to ensure the *'one-price-goes-anywhere Universal Service remains sustainable'*.

Markets

Stock markets slumped on Tuesday after the testimony from Jerome Powell to Congress, with the FTSE 100 closing down 0.13% to end on 7,919.48 and the FTSE 250 dropping 0.54% to close on 19,956.61.

Here to help

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