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The Week in Review

Monday 10 August 2020

"We have to look forwards"



Last week, the Bank of England (BoE) released the minutes of the latest Monetary Policy Committee (MPC) meeting which concluded on 4 August, during which members unanimously voted to maintain the base rate at a historic low of 0.1%. The MPC feel the current rate and monetary policy remain suitable, adding, 'The Committee will continue to monitor the situation closely and stands ready to adjust monetary policy accordingly to meet its remit.'

The BoE expects the economy to shrink 9.5% in 2020, less severe than initial estimates of a 14% contraction this year. On Thursday, Andrew Bailey, Governor of the BoE, warned the pandemic is likely to cause structural, unavoidable changes in the economy and job market. Although some business groups are calling for more support, Bailey backed the government's move to end the furlough scheme in October, agreeing that Rishi Sunak had forged a definitive course, *"I think the Chancellor has set out a very clear path... It's been a very successful scheme, but he's right to say we have to look forwards now and move forward."*

The BoE estimates that at its peak, 7.5 million workers benefited from the furlough scheme. With four million now returned to the workplace, 3.5 million people remain on the scheme. Unemployment is expected to reach 7.5% by the end of the year.

Planning reforms "long overdue"

Government proposals outlined last week, include far-reaching changes to the planning system in England. The

Prime Minister said the plans, which aim to automatically grant planning permission for new homes constructed within designated growth zones, are *"long overdue"*. Housing Secretary, Robert Jenrick, said the proposals will modernise the current outdated planning system, which sees many proposed developments become embroiled in planning disputes that can result in long delays.

UK news

Boris Johnson said there is a *"moral duty"* to get all children back to school in September. If any future lockdowns occur, the Prime Minister has made it clear that schools should be the last sector to close.

As rules on gatherings in Greater Manchester, East Lancashire and parts of West Yorkshire remain in place, restrictions in Bradford, Leicester and Blackburn also continue. At the tail end of the week, lockdown measures were reintroduced in Preston following a spike in cases.

Lockdown restrictions were being re-imposed in Aberdeen last week including the closure of restaurants and pubs in the city. Nicola Sturgeon said the case statistics *"underline why it was so important that we took strong and decisive action... to try to keep this outbreak under control."*

In Northern Ireland, wearing face coverings in shops and other enclosed public spaces will be mandatory from Monday. First Minister Arlene Foster also announced that indoor pubs not serving food will not be allowed to reopen on Monday, as previously intended. The health department confirmed infections have risen three-fold since early July.

Gold rush

The price of gold reached \$2,000 an ounce last week, a major milestone for the precious metal, capping a record-breaking rally. Growing US-China tension weighed on market sentiment by the end of the week, as President Trump issued executive orders targeting WeChat and TikTok, and the White House struggled to finalise a new coronavirus fiscal stimulus package.

At the end of last week, Michael Gove, who has been overseeing Brexit talks, said he was confident a free trade deal would be agreed with the EU, following a recent change of tone from the bloc. Last week, BP announced intentions to halve its shareholder dividend and posted a record \$6.7bn quarterly loss after the pandemic hit global oil demand.

Quarantine list - new additions

Last week, the UK government announced a 14 day quarantine for passengers arriving into Britain from the Bahamas, Belgium and Andorra. These countries are the most recent to face the rule change, after quarantine rules were re-imposed for Luxembourg and Spain. Rishi Sunak said on Friday that Britain will *"not hesitate"* to add other countries to its quarantine list, as fears grow over an increase in cases across Europe, including France, which recently recorded its highest number of daily infections in over two months.

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.