

News in Review

3 February 2021

“Every day, we’re protecting more people and getting ourselves one step closer to normal life”



As the vaccination programme continues in earnest, on Monday, at a Downing Street briefing, Matt Hancock confirmed that 9.2 million people in the UK had been vaccinated to date, including a record 931,204 vaccinations last weekend alone.

With other vaccines being developed, including the Novovax vaccine, of which the UK secured 60 million doses last week; the Health Secretary confirmed an order of 40 million vaccine doses from French pharmaceutical company Valneva. Although not expected to be available until later this year, the government are preparing supplies for possible revaccination next winter.

During the briefing Mr Hancock confirmed that mass testing is being rolled out for people in eight postcodes in England to identify cases of the South Africa variant. Approximately 80,000 people in Hertfordshire, London, Surrey, Kent, Walsall and Southport are being offered door-to-door testing.

On detection of the new variant and vaccine progress, the Health Secretary commented, *“This is so important so that we can break the chains of transmission of this new variant. And we’ve got to bring this virus to heel... there’s lots of good news, but this is a stark reminder that the fight against this virus isn’t over yet. Every day, we’re protecting more people and getting ourselves one step closer to normal life. But this is no time to let things slip.”*

Vaccine tensions

At the tail end of last week, tensions rose between the UK and the EU over the supply of the AstraZeneca/Oxford vaccine,

as Brussels looked to initiate a provision in the Brexit deal to control vaccine exports. As the weekend approached, Brussels reversed its widely condemned decision, which could have seen checks at the Northern Ireland border to prevent vaccines produced in the EU from reaching the UK. According to Cabinet Office Minister Michael Gove, the UK and EU are intending to “reset” relations. Early this week, the EU announced that AstraZeneca is now set to supply an additional nine million vaccine doses to the region by March.

IMF growth projections

In their recently released World Economic Outlook Update, entitled *‘Policy Support and Vaccines Expected to Lift Activity’*, the International Monetary Fund (IMF) upgraded its global economic growth forecast for 2021. They project global growth of 5.5% this year and 4.2% in 2022. The forecast for 2021 has been revised up 0.3% from previous estimates, which is *‘reflective of expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.’* The UK growth forecast is 4.5% and 5.0% for 2022. The IMF did outline that, beyond the pandemic, the agreement on the terms of the UK’s exit from the EU has *‘eliminated a key downside risk.’*

From a global trade perspective, volumes are forecast to increase around 8% this year, before moderating to 6% next year, with services trade expected to recover more slowly than merchandise volumes.

Gita Gopinath, Economic Counsellor and Director of the Research Department at the IMF, commented on the Outlook, *“There is a great deal of uncertainty*

around this forecast. Greater success with vaccinations and therapeutics, and additional policy support could improve outcomes, while slow vaccine rollout, virus mutations, and premature withdrawal of policy support can worsen outcomes... If vaccines and therapies remain effective against new virus strains, we may be able to exit this crisis with less scarring than was feared and arrest the divergence in prospects across and within countries.”

Car production falters

Latest data on car production in the UK shows that last year, the number of new cars built, fell by almost 30% compared with 2019 figures, to 920,928 vehicles, with the industry losing over £10bn in revenue. With output severely impacted by pandemic-enforced plant closures and the fall in consumer demand, this is the lowest car production volume since 1984. Despite the *“devastating impact of the pandemic”*, Mike Hawes, Chief Executive of the Society of Motor Manufacturers and Traders (SMMT), is more positive about the coming year, *“The industry faces 2021 with more optimism... with a vaccine being rolled out and clarity on how we trade with Europe, which remains by far our biggest market.”*

Captain Sir Tom Moore

The sad news came on Tuesday, of the death of the 100-year-old, who raised almost £33m for NHS charities by walking laps of his garden. The Queen led tributes to Captain Sir Tom, *“recognising the inspiration he provided for the whole nation and others across the world”*.

Here to help

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