

News in Review

Wednesday 25 November 2020

'A year like no other'



The International Monetary Fund's (IMF) recently released annual report, entitled 'A year like no other', highlights the extraordinary extent of government fiscal support provided this year to bolster global growth. As of September 2020, \$11.5trn globally had been provided by governments, to extend lifelines to businesses and people. In addition, the IMF has committed over \$100bn since the start of the pandemic.

The report goes on to sum up 2020, *'People all over the world have seen profound changes in their lives: economic recession, unemployment, climate change, technology and the automation of jobs, the rise of digital currencies, lower returns on their savings, and rising inequality and debt.'* Looking forward with positivity the report adds, *'Ongoing global forces and the current crisis can offer opportunities to build a better future for everyone. Working together in good faith and with shared goals can yield solutions to our most pressing problems, restore leadership and trust in institutions, and create a recovery that builds a global economy to serve everyone.'*

Vaccine optimism continues

In a good start to the week, on Monday, stocks gained ground, boosted by further positive vaccine development, this time from AstraZeneca and the University of Oxford, the third such announcement in three weeks. Following a large-scale trial, the University revealed that its vaccine provides 70% effectivity, increasing to 90% when administered as a half dose followed by a full dose one month later. The vaccine is cheaper and easier to store than the Pfizer and Moderna vaccines, so is likely to play a significant role if approved by

regulators. The UK has pre-ordered 100 million doses, sufficient to immunise 50 million people. Boris Johnson said, *"There are still further safety checks ahead, but these are fantastic results."* Professor of Vaccinology at Oxford, Sarah Gilbert commented, *"The announcement today takes us another step closer to the time when we can use vaccines to bring an end to the devastation caused by the virus."*

IMF Managing Director Kristalina Georgieva, said that despite headwinds, recent progress towards a vaccine has raised hopes of a return to normal but cautioned that the economic path ahead remains difficult. The Fund now predicts the global economy will shrink by 4.4% this year, the worst annual fall since the 1930s, but will return to growth of 5.2% in 2021.

UK economic news

Rishi Sunak is setting out his Spending Review on Wednesday 25 November, providing specifics on how much money will be allocated to each government department throughout the next financial year. Due to the overwhelming impact of the pandemic, the Review has been limited to the next 12 months, rather than the usual three or four years. (We will cover the Spending Review in further detail next week.)

Last week, UK economic data for October was released, with the Office for National Statistics (ONS) revealing government borrowing hit £22.3bn, the highest October figure since monthly records began in 1993. Although high, the figure was lower than some economists had forecast. The inflation rate, which analysts expected to remain flat, increased to 0.7% in October from 0.5% in September.

Deputy Statistician at ONS, Jonathan Athow, said, *"The rate of inflation increased slightly as clothing prices grew, returning to their normal seasonal pattern after the disruption this year."* Retail sales in the month were supported by early Christmas shoppers and discounting. According to ONS, sales rose by 1.2% in October, the sixth month in a row that sales increased.

Brexit talks resumed virtually after a member of the EU negotiating team tested positive for COVID-19 last week. Face-to-face talks are expected to resume later this week.

Tiered approach set to return in England

On Monday, Boris Johnson told the Commons that the three-tiered regional measures in England will return from 2 December, but each tier will be toughened. Regions will find out which tier applies to them on Thursday.

Leaders of the four nations reached agreement that up to three households will be able to meet during a five-day Christmas period.

US election latest

In further blows to the incumbent President, Joe Biden's victory in Georgia has been confirmed by a recount and Biden's victory in Michigan was officially certified. Meanwhile, the General Services Administration is acknowledging Biden as the *'apparent winner'* and President Trump has said the federal agency overseeing the handover must *"do what needs to be done"*, despite his continuing efforts to contest his election defeat.

Here to help

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