

News in Review

Wednesday 9 December 2020

"We are no longer resting on the mere hope that we can return to normal next year in the spring, but rather on the sure and certain knowledge that we will succeed"



As the UK death toll surpassed 60,000 last week, the first consignment of the Pfizer/BioTech vaccine arrived in the country from Belgium. With 40 million doses on order, sufficient to vaccinate 20 million people, the first doses have been distributed to various designated hospital vaccination centres across the country. On Tuesday, the NHS embarked on the biggest programme of mass vaccination in the history of the UK. In line with advice from the independent Joint Committee on Vaccination and Immunisation, the first phase will include care home residents and care staff.

At a Downing Street briefing last Wednesday, the Prime Minister confirmed the government's acceptance of the recommendation from the independent Medicines and Healthcare Products Regulatory Agency to approve the vaccine for distribution. In an optimistic air, Boris Johnson commented, *"We are no longer resting on the mere hope that we can return to normal next year in the spring, but rather on the sure and certain knowledge that we will succeed and together reclaim our lives and all the things about our lives that we love."* Despite his obvious jubilation, the Prime Minister struck a cautious tone, urging people to continue to adhere to the applicable restrictions within their tier, adding, *"Until the vaccine is deployed, our plan does rely on all of us continuing to make sacrifices to protect those we love."*

Hopes grow over vaccine and US stimulus deal

As health authorities prepared for the vaccine rollout, the FTSE 100 ended last

week on a nine-month high; its highest closing level since the first week of March. The rally was led by oil companies and mining stocks, optimistic about economic prospects following the vaccine approval. US stocks also reached highs, following a weak jobs report, which is pressurising US policymakers to agree a new stimulus package. President-elect Joe Biden urged Congress to agree a path forward. Moving away from the \$2.4trn pandemic relief package they had been advocating before the election, House Speaker Nancy Pelosi and Senate Democratic leader Chuck Schumer, indicated they *"could come to an agreement"* based on a \$908bn plan devised by a bipartisan group of lawmakers.

Oil prices traded higher last week after the Organization of Petroleum Exporting Countries and allies (OPEC+) agreed to increase their collective output by 500,000 barrels a day from January, indicating their belief that the worst of the shock to demand inflicted by the pandemic has passed.

'Uncertainty has receded'

According to the most recent economic outlook from the Organisation for Economic Co-operation and Development (OECD), the UK economy will contract by 11.2% this year, followed by growth of 4.2% and 4.1% in 2021 and 2022, as consumption rebounds. However, the report says that for the first time since the pandemic began there is now hope for the future, *'Progress with vaccines and treatment have lifted expectations and uncertainty has receded.'*

The report highlights the importance of the UK agreeing a trade deal with the EU by the end of the year to limit disturbances to importing and exporting industries. Failure to do so would, *'entail serious additional economic disturbances in the short term and have a strongly negative effect on trade, productivity and jobs in the longer term.'*

Brexit end game? Divergences remain

In a final push to reach a post-Brexit trade deal, talks between the UK and EU resumed in Brussels over the weekend, with the UK government insisting there is *'still time to reach an agreement.'* Boris Johnson is meeting European Commission President Ursula von der Leyen in Brussels this week in a final bid to agree a deal. EU leaders are scheduled to meet on Thursday and Friday, which is likely to be the final feasible occasion for them to approve any potential deal before the end of the year.

The current rules on EU-UK trade end on 31 December, by which time both sides have to agree and ratify any deal. Failure to do so, would mean business would be conducted on World Trade Organization rules, meaning the introduction of tariffs and border checks on goods.

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.