

News in Review

22 December 2020

"We are sacrificing our chance to see loved ones this Christmas, so we have a better chance of protecting their lives so we can see them at future Christmases"



As Boris Johnson took to the Downing Street podium on Saturday afternoon, his imminent announcement was a game changer for millions of people across the country. With the virus spreading more rapidly in parts of the country, driven by a new variant, new tier 4 restrictions (applicable from midnight on Saturday) were introduced in London and large parts of the east and south-east of England, impacting around 18 million people, who were told to stay at home and not to mix with other households indoors. Non-essential shops and businesses (including close contact services) also had to close. The Prime Minister justified the change, "When the virus changes its method of attack, we must change our method of defence."

The planned relaxation of rules for Christmas has also been cancelled for those in England's tier 4. In the rest of England, Scotland and Wales, relaxed indoor mixing rules are cut from five days to just Christmas Day. People are advised not to travel to or from tier 4 locations. Over 40 countries have banned arrivals from the UK because of concerns at the spread of the new variant, including France, who closed its borders to UK hauliers for 48 hours on Sunday.

The Prime Minister concluded his announcement, *"Christmas this year will be very different, but we must be realistic. We are sacrificing our chance to see loved ones this Christmas, so we have a better chance of protecting their lives so we can see them at future Christmases. As sure as night follows day, we will beat back this virus, we will defeat it, and we will reclaim our lives"*.

The next formal review point is 30 December.

At present, the New Year will see a staggered return for England's secondary

school pupils, with some starting with online classes before coming back on site.

Across the UK

In Scotland, restrictions will only be relaxed on Christmas Day and mainland Scotland will then be placed under the tightest restrictions from Boxing Day. A Wales-wide lockdown, planned to commence on the 28th has been brought forward and commenced on Sunday 20 December. In Northern Ireland, three households can meet for one day between 23 to 27 December.

At a briefing on Monday, Boris Johnson revealed 500,000 people in the UK have already received their first dose of the vaccine.

Furlough scheme extended until April

The government will continue to pay up to 80% of the wages of furloughed workers until 30 April 2021, the Chancellor has confirmed. The move, he said, would provide *"certainty for millions of jobs and businesses"*. Many industry bodies welcomed the move, with Rain Newton-Smith, Chief Economist of the CBI, stating that the extension would *"bring some much-needed certainty and respite"* for businesses. In addition, Mr Sunak confirmed that government-backed business loan schemes would continue to be available until the end of March, providing much-needed support in the months before the Budget, which will take place on 3 March 2021.

"The moment of truth" for Brexit trade deal

EU Chief Negotiator Michel Barnier said on Friday that just hours remained to agree a post-Brexit trade deal with the UK, saying that there was still a *"chance"* of a deal. His comments came after a call between Boris Johnson and European Commission President Ursula von der Leyen on Thursday, during which both

parties conceded that significant differences remained. In a statement issued following the call, Number 10 said that while progress had been made, *"fundamental areas remained difficult"*, with particular emphasis on fishing rights. UK-EU talks continue. Boris Johnson has ruled out extending the deadline.

UK inflation falls

UK inflation plummeted to 0.3% in November, down from 0.7% in October, according to Office for National Statistics (ONS) data. Analysts have pointed to several reasons for the fall, with lower prices on clothing, food and non-alcoholic drinks the most significant contributors. Food prices fell across a range of products including vegetables and confectionery, while clothing retailers, desperate to clear unpurchased stock, offered heavier discounts to consumers on Black Friday goods. However, the fall was offset slightly by higher prices on games, toys and hobbies, as families tried to keep themselves entertained during lockdown. Economists say that inflation could be set to rise next year, with Brexit potentially leading to price rises on the cost of imported goods. According to Yael Selfin, Chief Economist at KPMG UK, *"Despite the weak economic background, inflation could accelerate in the coming months, with border frictions as a result of Brexit causing some prices to rise more than usual."*

US stimulus deal agreed

In the US, Congressional leaders finally agreed a deal on a \$900bn federal rescue package, to support Americans, including stimulus cheques, extra small business aid, funding for schools and universities, and emergency rental assistance programmes.

Here to help

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