

## News in Review

Wednesday 11 November 2020

*"We are here to do everything we can to support the people of this country"*



**As lockdown 2.0 kicked off in England on 5 November, at a Downing Street press conference that afternoon, Boris Johnson confirmed his intention that the rules will expire on 2 December, at which point the tiered approach will resume.**

Many business owners and employees breathed a sigh of relief earlier on in the day when the Chancellor announced the extension of the Coronavirus Job Retention Scheme until March 2021, which will apply to all four nations of the UK. Rishi Sunak stated that the government's priority remains the protection of people's lives and livelihoods. Businesses will welcome the news that the extended scheme will once again cover 80% of wages until 31 January 2021; employers are only responsible for covering their National Insurance and workplace pension contributions. The initiative will be reviewed in January, to see whether the economy has sufficiently recovered to ask employers to begin contributing more from February. The Chancellor also extended the funding available from the Self-Employed Income Support Scheme.

In the three months to September, the unemployment rate was 4.8%, up 0.3% and redundancies rose by 181,000, to reach a record high of 314,000.

Around the rest of the UK, Wales emerged from its firebreak lockdown, with new rules to adhere to from 9 November, meanwhile, Scotland's five-tier system of regional restrictions were reviewed on Tuesday, the majority of local authorities will see no change in restrictions, a further three councils enter level 3. In Northern

Ireland, current restrictive measures are due to end on Friday 13 November, the NI Executive are meeting to discuss next steps.

### **Decisive economic support**

As restrictions tighten and the total number of confirmed COVID cases globally tops 50 million, Governor of the Bank of England (BoE), Andrew Bailey vowed to do *"everything we can"* to support the economy, adding it is vital that policymakers act *"quickly and strongly"*. The Bank announced a further £150bn of support, financed by the issuance of central bank reserves, taking the total stock of government bond purchases to £875bn. The Monetary Policy Committee voted unanimously to maintain Bank Rate at a record low of 0.1% at the latest meeting on 4 November.

In the final quarter of the year, if current restrictions loosen as intended, BoE expects the UK economy to shrink by 2%, before rebounding at the start of 2021. The BoE anticipates the economy to return to its pre-virus size in 2022. Mr Bailey said, *"We are here to do everything we can to support the people of this country – and we'll do it and will do it quickly."*

Negotiations for a post-Brexit trade deal continue in London this week, with Boris Johnson commenting at the weekend, *"significant differences"* remain between the UK and the EU.

### **Markets react positively to election and vaccine news**

After days of tension, news came in over the weekend that Joe Biden won the key battleground of Pennsylvania, 20 electoral votes was enough to push him over the

magical 270 threshold, securing his bid to become the next US President and take up residency in the White House. However, things aren't clear cut, as the Trump campaign has indicated the incumbent President does not plan to concede, amid claims of voter fraud.

Global stocks responded positively to the prospect of a Biden presidency, after days of uncertainty. Markets were further buoyed on Monday with news of progress on a vaccine. Global markets soared after Pfizer and BioNTech announced their experimental vaccine was found to be more than 90% effective in preventing COVID-19 in a trial of over 43,000 participants. Chairman and CEO of Pfizer, Dr Albert Bourla said in a statement, *"Today is a great day for science and humanity."* Emergency approval to use the vaccine by the end of the month is being applied for. At a Downing Street briefing later that day, Boris Johnson said the vaccine has *"cleared a significant hurdle"*, but he went on to caution it was *"very, very early days"*.

On Monday, the FTSE 100 topped the 6,000 mark for the first time in a month and had its best day since March, adding £70bn to its value. Both the Dow Jones and the S&P 500 reached intraday all-time highs and shares in Japan hit a 29-year high. Stocks experienced a more modest rally on Tuesday, investor caution capped gains, with tech shares remaining under pressure.

### **Here to help**

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