

## News in Review

28 April 2021

*"We must make decisions that will avoid the worst consequences of the climate crisis"*



**US President Joe Biden has pledged to cut his country's carbon emissions by 50-52% compared to 2005 levels, by the year 2030. The President unveiled the new target during his opening remarks at a two-day virtual Climate Summit, which started last Thursday to coincide with Earth Day. Mr Biden said there was a moral and economic imperative to act, adding, "Scientists tell us that this is the decisive decade - this is the decade we must make decisions that will avoid the worst consequences of the climate crisis."**

Boris Johnson, who was among 40 global leaders to attend the virtual summit, described the announcement as *"game-changing"*. The Prime Minister also stressed the UK's commitment to tackling climate change and in his concluding remarks said, *"Let's use this extraordinary moment and the incredible technology that we're working on, to make this decade the moment of decisive change in the fight against climate change and let's do it together."*

### **Strong economic recovery predicted**

On Monday, the EY ITEM Club released its latest economic projections which suggest the UK will grow at its fastest rate on record in 2021. The forecasting group said the economy had proven *"to be more resilient than we ever expected"* and upgraded its growth prediction for this year from 5.0% to 6.8%. The body's Chief Economic Adviser, Dr. Howard Archer, said the forecast implies the economy will *"emerge from the pandemic with much less long-term 'scarring' than was originally envisaged and looks set for a strong recovery over the rest of the year and beyond."*

### **Vaccine rollout continues**

A key factor behind the recovery prospects is the successful vaccination programme, with over half of the UK population now having received a first dose. Earlier this week, Health Secretary Matt Hancock confirmed the country remains *"on track to offer a job to all adults by the end of July."* There was also further good news on the vaccine front with Fujifilm Diosynth Biotechnologies saying its Billingham plant was on track to produce 60 million doses of the new Novavax vaccine.

### **COVID - second wave in India**

Meanwhile, in India the COVID death toll has sadly surpassed 200,000, as the country continues to struggle with a devastating second wave. The capital Mumbai and the western state of Maharashtra have been especially impacted. International efforts are underway to provide critical medical supplies and oxygen.

### **Borrowing at peacetime high**

Amongst a raft of economic statistics released in the last seven days, public sector finance figures showed government borrowing at its highest level since the end of World War Two. During the first full financial year of the pandemic, Office for National Statistics (ONS) data showed the government borrowed £303bn, nearly £250bn more than in the previous fiscal year. Despite this record figure, the data was better than expected, with the 2020-21 annual total £24bn below the Office for Budget Responsibility's forecast produced in March.

### **Sales recovery; inflation higher**

The latest retail sales statistics, also published last Friday, showed February's partial recovery continued last month. According to ONS data, total sales volumes rose by 5.4% in March, with the clothing sector the biggest beneficiary, as shoppers purchased new outfits before lockdown restrictions started to ease. In addition, ONS reported a rise in purchases of mobility equipment as older people ventured out more following their vaccinations, along with an increase in sales at garden centres.

Last week also saw release of the latest inflation data, with an increase in the cost of fuel and clothes pushing the Consumer Prices Index (CPI) up to 0.7% in March, from 0.4% the previous month. While the rise was slightly below expectations, economists continue to warn of mounting inflationary pressures, which could push the CPI rate above the Bank of England's 2% target later this year.

### **Housing market sees sales surge**

Data published last week also revealed a buoyant housing market as buyers and sellers rushed to complete deals ahead of the original Stamp Duty holiday deadline. HMRC figures showed there were 180,690 property transactions in March, the highest monthly total since records began in 2005, while ONS data showed this fevered activity pushed up property prices with the average UK house price in February 8.6% higher than a year earlier.

### **Here to help**

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