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The Week in Review

Monday 29 June 2020

"Our long national hibernation is beginning to come to an end"



In a significant step toward the 'new normal', the Prime Minister announced the next raft of lockdown easing measures in England, commencing from 4 July, including the re-opening of pubs, restaurants and hairdressers. The two metre social distancing rule will be modified, moving to a one metre plus rule, from the same date.

Others able to re-open include cinemas, theatres, museums, libraries and theme parks. Those keen to book a summer break will be pleased by the inclusion of hotels, holiday apartments, campsites and caravan parks on the list of properties able to re-open in early-July. 'Close proximity' venues, such as indoor gyms, swimming pools, bowling alleys and nightclubs, will remain closed.

Two households in England will be able to meet indoors and stay overnight from 4 July. These households will need to ensure social distancing measures are observed.

The Prime Minister addressed the House of Commons, *"Today, we can say that our long national hibernation is beginning to come to an end and life is returning to our shops, streets and homes and a new, but cautious, optimism is palpable. But it would be all too easy for that frost to return and that is why we will continue to trust in the common sense and the community spirit of the British people to follow this guidance, to carry us through and see us to victory over this virus."*

Voice of caution

He cautioned, *"I will not hesitate to put on the handbrake and reverse some of*

these changes at local or national level as required." Professor Chris Whitty, the government's Chief Scientific Adviser, said the relaxation was a *"reasonable balance of risk"*, but that the UK would *"get an uptick"* if people did not take measures seriously.

During the final daily coronavirus briefing, the Prime Minister said task forces were being established to work out how 'close proximity' venues can safely reopen. Ad hoc briefings will take place for important announcements.

With the hot weather returning, Boris Johnson warned that spikes in cases overseas should act as a warning to those flouting social distancing rules. Concerns of surging cases in Leicester prompted talks of local lockdown.

In other nations...

Scotland and Wales will maintain the two metre rule for the time being, in Northern Ireland it reduces to one metre on 29 June. Nicola Sturgeon said the downward trend in cases and deaths in Scotland mean she can outline *"more clarity on the path out of lockdown"*. From 10 July, people in Scotland can meet up with two other households indoors. Hairdressers, restaurants, pubs and holiday accommodation can reopen from 15 July. She reiterated that these are *"provisional"* dates, reliant on the virus remaining suppressed.

"Uncertainty about the containment of the pandemic remains"

The International Monetary Fund (IMF) lowered its global growth forecast for 2020 and 2021, predicting a decline of 4.9% in 2020, 1.9% below its last forecast

in April. The UK economy is expected to contract more than 10% this year, with a partial recovery in 2021. The IMF stated: *'As the economic fallout from the COVID-19 pandemic and the Great Lockdown has become more severe, many governments have stepped up their emergency lifelines to protect people, preserve jobs, and prevent bankruptcies. The steep contraction in economic activity and fiscal revenues, along with the sizable fiscal support, has further stretched public finances, with global public debt projected to reach more than 100% of GDP this year. As the lockdowns are unwound in many countries, policy focus needs to shift toward facilitating recovery, although uncertainty about the containment of the pandemic remains, and elevated debt could constrain the scope and effectiveness of further fiscal support.'*

Financial markets fluctuated amidst fears that a resurgence in cases could trigger new restrictions and optimism over improving European economic data. Christine Lagarde, European Central Bank President said the Eurozone is *"probably past"* the worst of the economic crisis, but the recovery will be uneven. Boris Johnson is due to set out his plans for a post-lockdown economic recovery on 30 June.

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.