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News in Review

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"Now is not the time for complacency"

Speaking at an event last week, Managing Director of the International Monetary Fund (IMF) Kristalina Georgieva outlined the financial agency's global growth expectations for 2023. The Fund believe, that despite labour market resilience and strengthening consumer demand, economic growth will drop below 3% this year and remain at around 3% over the next five years. This estimate represents the global lender's lowest medium-term growth forecast in over thirty years and sits below the average growth rate of 3.8% seen in the last twenty years.

Ms Georgieva indicated that prospects remain weak in the face of persistently high inflation, adding that recent issues in the banking sector in Europe and the United States have exposed financial vulnerabilities that have contributed towards increased risks for the global economy. She highlighted, *"With rising geopolitical tensions, with inflation still running high, a robust recovery remains elusive, and that harms the prospects of everyone, especially for the most vulnerable people and the most vulnerable countries."*

Expectations from the IMF signal that half of global growth this year will be attributed to China and India, with around 90% of advanced economies experiencing a reduction in their growth rate in 2023. Countries with low incomes, hampered by weakening export demand and higher borrowing costs, are likely to experience per-capita income growth below emerging economies.

Addressing the recent banking sector woes and praising policymakers' fast response to stress in the sector, Ms Georgieva commented, *"The key is to carefully monitor risks in banks and non-bank financial institutions, as well as weaknesses in sectors such as commercial real estate. Now is not the time for complacency."* Despite some of the risks in the financial sector being *"more exposed,"* she maintains *"full confidence"* that central banks are being vigilant.

With spring meetings between the IMF and World Bank scheduled to commence this week, further details of growth expectations for the year ahead and the direction of the global economy will be released in the coming days.

Good Friday shopping exceeds expectations

Data from Springboard has shown that High Street footfall on Good Friday *'exceeded all expectations,'* signalling a *'continuation of strong activity.'* Both shopping centres and retail parks also experienced an increase in customers year-on-year. However, despite the promising turnout, overall footfall fell by 11% when compared with pre-pandemic data from 2019.

Car sales impress in Q1

Last Wednesday, the Society of Motor Manufacturers and Traders (SMMT) reported that new car registrations rose for the eighth consecutive month in March. Following an 18.2% year-on-year jump, numbers reached 287,825 units last month, which makes Q1 2023 the strongest quarter since 2019.

Notably, battery electric vehicle (BEV) sales reached a record monthly high in March, an 18.6% year-on-year growth. Mike Hawes, CEO of the SMMT, commented, *"The best month ever for zero emission vehicles is reflective of increased consumer choice and improved availability but if EV market ambitions – and regulation – are to be met, infrastructure investment must catch up."*

Post-Brexit border checks – a huge step forward?

Food logistics trade body the Cold Chain Federation has expressed concerns that fresh government plans for post-Brexit border controls on UK imports could deter many EU suppliers. The government proposals, required as per the UK's trade agreement with the European Union, are hoped to limit delays by reducing the need for physical checks for many imported goods, with the Cabinet Office professing the measures are a *'huge step forward for the safety, security and efficiency of our borders.'*

However, the Cold Chain Federation is expecting the forms and costs involved to *'fuel shortages and price inflation,'* with Chief Executive Shane Brennan commenting, *"Six years since the UK started the process of leaving the EU and after two previous postponements to bringing in the necessary food controls, the proposals today are a massive disappointment. They solve none of the real risks facing our post-Brexit food supply chains and will exacerbate shortages on the shelf and food inflation… None of the fundamental problems have been solved and business have nowhere near enough time to prepare."*

Here to help

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