



Macro & Market News

Week 04 2022 – Week ending 28/01/2022



Macro/Economic News

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- **Inflation pushes government debt interest payments to December record high.** Rising inflation caused interest payments on government debt to treble in only a year to reach record levels for December, official statistics show. The government paid £8.1 billion in interest in December, 200 per cent higher than the £2.7 billion bill in the previous year, according to estimates from the Office for National Statistics. The increase is largely because of a rise in the retail prices index, which determines payouts on index-linked gilts.
- **Britain is more attractive to global financial services businesses as a place to expand than at any time since the Brexit referendum, according to poll conducted by EY.** A survey of senior decision-makers at international banks, insurers and asset managers found that 87 per cent planned to expand their operations in the UK or to establish a first operation here. That was the highest since 2016, when sentiment was hit by Britain's vote to leave the European Union, and a dramatic improvement from the 11 per cent figure recorded in 2019, before the pandemic hit.
- **About one in six white-collar workers want to change jobs because their employer is forcing them to return to the office.** According to a survey of 1,000 people by the messaging service Slack, those who work in IT, telecoms, sales, legal and marketing are the most determined to continue working from home and are considering switching roles if they are unable to do so. The research found that while a failure to increase staff pay and a poor bonus scheme were the most common reasons cited for wanting to quit, being forced back into the office also played a part. Last week Boris Johnson announced that workers could immediately return to their offices, before the remaining plan B coronavirus measures were lifted this week.
- **Rishi Sunak has insisted he is not “ignoring” or “writing off” multibillion-pound fraud in Covid-19 support schemes** The chancellor conceded that people were “absolutely right” to be concerned about successful attempts to defraud the programmes, saying criminals had “clearly” sought to exploit them. However, he said: “We’re going to do everything we can to get that money back and go after those who took advantage of the pandemic.”
- **The manufacturing sector is shouldering the steepest cost rises in more than four decades because of shortages in skilled workers and raw materials.** Companies are facing “intense” pressure from suppliers and have reported the highest growth in input costs since April 1980, according to the CBI's latest industrial trends survey. Businesses polled by the employers' federation are braced for their overheads to grow at a similar pace in the next three months. In response, manufacturers are raising domestic prices at a record pace, while export prices are growing at rates not seen in four decades, the CBI said. The proportion of companies citing skilled labour shortages as a factor curbing output rose in the last quarter to its highest level since 1973, with difficulties securing materials and components remaining “elevated” by historical standards.

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- **Airlines and travel operators are experiencing a surge of bookings** after testing for fully vaccinated travellers was dropped. Jet2, Tui and Thomas Cook have all reported a rush of bookings, with flights during the February school half-term and Easter holidays in high demand.
- **The price of oil rose to a seven-year high at close to \$90 a barrel today**, supported by tight supply and geopolitical tensions in Europe and the Middle East that raise concerns about further disruption. Brent crude, the international benchmark, was 1.4 per cent higher by late afternoon in London at \$89.47 a barrel after briefly touching \$89.87, the highest since October 2014 and up 13.5 per cent since the start of the year.
- **The International Monetary Fund has cut forecasts for economic growth in Britain** and around the world because of disrupted supply chains and the impact of pandemic restrictions. Global growth forecasts for 2022 have been revised down by 0.5 percentage points to 4.4 per cent since the last review in October in the face of an anticipated rise in American interest rates and slowing consumer demand in China. The fund also revised down its predictions for UK growth by 0.3 percentage points to 4.7 per cent.
- **Supermarkets and train operators will carry on asking people to wear masks after the legal requirement for them comes to an end today (27/1).** Plan B coronavirus measures in England have been dropped as Boris Johnson promises a route back to “complete normality”. Last night Sajid Javid, the health secretary, boasted of “restoring more freedoms to this country”. Some supermarkets said that they would continue to ask or suggest that shoppers wear a mask, with at least one large chain suggesting that it was safer to do so. Sainsbury’s, Waitrose and John Lewis are among shops where customers will still be asked to wear masks.
- **New research from the British Independent Retailers Association** suggests that half of its traders are still nervous about the restrictions being lifted in England. However, 55% of traders said they believed the restrictions being lifted would increase footfall and confidence in the High Street.
- **Jobseekers will have their benefits cut sooner if they do not consider sectors battling staff shortages in a plan to get half a million more into work.** Sanctions will kick in after a month for those who do not consider taking jobs in unfamiliar sectors to fill vacancies for delivery drivers, supply chain logistics and other roles affected by a lack of staff. At present people have three months to find a job in their preferred sector, but ministers are reducing this under an “any job now” plan that they say will help those on benefits as well as the wider economic recovery.
- **Boris Johnson is “wobbling” over plans to increase national insurance after Tory MPs warned that the rise must be delayed as a condition of their support.** The prime minister refused yesterday to commit himself to the 1.25 percentage point increase for employers and employees from April. It is the seventh time in four days that he has declined to say that the rise will go ahead. MPs who are considering putting in letters of no confidence in Johnson have repeatedly told him that the rise must not proceed when people are struggling to cope with the cost of living.



Market News

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- **The number of shuttered stores on high streets and in shopping centres has fallen for the first time since the beginning of 2018**, according to new data. High street vacancy rates dipped to 14.4 per cent between October and December, the British Retail Consortium said. Before the pandemic, about 12 per cent of shops in Britain were vacant. However, with businesses forced to stop trading for several months during lockdowns, that figure had risen to 14.5 per cent by last spring and it stayed at that level over the summer and into the autumn. Helen Dickinson, chief executive of the industry body, said that the drop, the first in almost four years, “offered the first glimmer of hope for Britain’s beleaguered shopping destinations”. Retailers and their landlords have been crippled by the pandemic.
- **McDonald’s has reported global like-for-likes were up 12.3% year-on-year in its fourth quarter ending 31 December 2021 and 10.8% on 2019 levels**, with the UK business seeing “very strong” growth. Global like-for-like sales for the full year increased 17% year-on-year and 8% on 2019 levels, reflecting positive comparable sales in all markets. The “international operated” segment, which includes the UK, saw like-for-like sales increase 21.6% year-on-year and 3.4% on 2019 levels.
- **A record number of Britons have given up meat, dairy and alcohol for January**, with demand for vegan foods and non-alcoholic drinks rocketing over the month, according to data from Tesco. Tesco said that sales of its Wicked Kitchen plant-based range were more than twice as high as the same period last year. Demand for vegan alternatives to milk was up by more than 100 per cent. The supermarket also reported that sales of vegan pasta and vegetable soups were up by nearly 140 per cent and vegan cooked meat alternatives were up 40 per cent. The figures suggest that Britons are sticking to new year’s resolutions to ditch meat and dairy for January, a commitment marketed as “veganuary”. They also contradict predictions that the vegan trend is beginning to wane.
- **The boss of Unilever has said that there are no plans to offload any of its brands or divisions** after announcing 1,500 job cuts. The FTSE 100 company, which employs 150,000 people worldwide, including 6,000 in Britain, said that it would cut senior management roles by 15 per cent and junior management roles by 5 per cent, equivalent to 1,500 jobs globally. Unilever shares fell 7½p, or 0.2 per cent, to £39.36.
- **Kate Nicholls, chief executive of industry group UKHospitality, hopes the government’s new Way to Work scheme**, which proposes to get 500,000 unemployed back into work by June, can help solve the hospitality staff shortage. The Department for Work and Pensions unveiled its plans, which works as a partnership between government and employers, to “turbo-charge our national recovery” and rapidly fill vacancies at a record high.

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- **Yolé, the world's first no-sugar ice cream and frozen yogurt brand**, which launched in the UK last year, has begun a search for franchisees as it seeks to expand across the country. The business is looking for franchisees to take on at least three sites each, as it targets expanding into every major UK city.
- **PizzaExpress has opened its first site of 2022, in the Surrey village of Cranleigh.** It marks a return for the business to what is claimed to be England's largest village after shutting its branch there last year as part of its company voluntary arrangement.
- **The advertising watchdog has banned a series of oat milk adverts** by plant-milk brand Oatly that made misleading claims about the environmental benefits of abandoning dairy products. One advert claimed that climate experts said cutting dairy and meat from our diets was the single biggest lifestyle change people could make to reduce their environmental impact. The watchdog concluded that the claim was misleading.
- **Wine-drinkers are set to be hit hardest by alcohol duty reforms as new analysis shows the price of 95 per cent of red wines will rise from next year.** Some popular brands, such as Hardy's Shiraz and Trivento Malbec, will increase by 50 pence a bottle, according to the research conducted for The Times. In last year's budget the chancellor announced plans to tax alcoholic drinks based on their strength from February 2023.
- **The London restaurant group behind the fashionable Wolseley on Piccadilly** has been placed in administration after a bitter dispute between its founders and their Thai owner. Jeremy King, 67, and Chris Corbin, 68, sold a controlling stake in their Corbin & King business to Minor International four years ago, but the two sides have since fallen out, culminating in the appointment last night of FRP Advisory as administrator.
- **Wagamama reopens five London restaurants.** Following government advice the capital, as well as other major cities and towns, has been quiet as most people worked from home. Now, after months of "increased demand" at Wagamama's other central London restaurants, it said it has taken the decision as "significant numbers" are set to return to work.
- **Nightclubs can reopen in Wales** after restrictions brought in to tackle the Omicron variant were scrapped. Social distancing rules have been lifted and limits on socialising in pubs and restaurants - known as the rule of six - have been removed. The legal requirement to work from home has also ended. But mask wearing rules - scrapped in England - are staying in shops, hospitals and public transport.



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