



# Macro and Market News

Week 49 2023 – Week ending 8/12/2023

8 DECEMBER 2023





# Macro/Economic News

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# Macro/Economic News (1 of 2)

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- The UK economy has “lost momentum” and will manage only sluggish rates of growth for the next three years**, according to forecasts from the British Chambers of Commerce. The trade body said that it expects annual growth of 0.6 per cent this year, and a slowdown to 0.4 per cent in 2024, before a slight recovery to 0.6 per cent in 2025. The UK has avoided a recession this year as household incomes have improved slightly in the face of falling inflation. Interest rates have also been kept on hold at 5.25 per cent since September after 18 months of aggressive tightening. The BCC, which represents regional chambers of commerce across the UK, said inflation would fall back to the Bank’s 2 per cent target only at the end of 2025, keeping monetary policy restrictive for most of next year. Business investment would also remain subdued despite government tax breaks, with capital spending forecast to contract by 0.8 per cent next year.
- The jobs market has weakened significantly under pressure from stagnant economic growth and high interest rates**, with companies laying off staff and limiting pay rises, a survey has suggested. Companies throughout the economy halted hiring plans and stepped up redundancies in November, according to the monthly report on jobs published by KPMG and the Recruitment and Employment Confederation. The report’s permanent hiring index dropped to 41.6 from 45.8 in October, far below the 50-point threshold that separates growth from contraction and representing the second worst reading since June 2020 and the early stages of the pandemic.
- Cash use bounced back last year as shoppers turned to notes and coins** to help them with budgeting. The value of cash transactions - increased by nearly a third in 2022 to account for one in every five purchases, according to the British Retail Consortium. In the previous year, one in seven transactions was made in cash. In its annual payments survey, the retailer body said this was the first time in a decade that cash use had grown, a trend driven by households grappling with the soaring cost of living. There was a “natural return to cash usage following the move to - contactless during Covid”, it found.
- The Bank of England will examine the financial stability risks posed by artificial intelligence** in an effort to keep regulators’ eyes open to the technology’s threats. Andrew Bailey said policymakers were “learning at speed” about the impact of AI on the economy and financial sector, leading regulators to expand their remit to include technology from next year.
- Britain is the only rich economy where food prices are still rising by more than 10%, according to new data.** The Organisation for Economic Co-operation and Development (OECD) said while UK food price inflation eased in October, rises remain in double digits in just three other countries. Food inflation across the 38 nations it monitors slowed to 7.4% in October, down from 8.1% in September. This means the UK is the only country in the G7 rich club of nations where food prices are still rising by more than 10%. Only Turkey, Iceland and Colombia have higher inflation rates in the wider OECD. By contrast, food prices are rising 2% in the US, 5.4% in Canada and 8% in France@ircana Foodservice UK

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- **The British economy has been held back by a flight of workers from the jobs market and staff electing to work fewer hours** after the pandemic, tied to overly generous covid government spending, a report has claimed. Participation in the labour market is still below its pre-pandemic level, which the Bank for International Settlements (BIS), the central bank of central banks, said had been caused by “health concerns” and “large” government pandemic fiscal support. “Workers’ preferences have shifted in favour of fewer working hours,” the BIS said, adding that “subdued growth in working-age population” in Britain and other developed countries had tightened labour markets.
- **House prices increased by 0.5 per cent in November, rising for the second month in a row** as a shortage of properties for sale offset the impact of higher mortgage rates. The price of a typical home increased by £1,300 in the month to £283,615, according to Halifax, the country’s biggest mortgage lender. That is about 3.5 per cent shy of the peak recorded in August 2022 but only 1 per cent below where they were this time last year.
- **The housebuilding sector has contracted for the twelfth month in a row** as higher mortgage costs continue to subdue demand for new projects. Residential construction remained the weakest performing segment in the S&P Global/CIPS UK purchasing managers’ index for the construction sector published on Wednesday, with a score of less than 50, which means it is shrinking. Housebuilding activity in November registered at 39.2, a slight uptick from 38.5 in October, but still among one of the fastest reduction rates since the global financial crisis in 2009.
- **Banks and building societies face tougher rules aimed at safeguarding the public’s access to cash** amid concerns that the closure of branches could isolate vulnerable people who rely on coins and notes. The Financial Conduct Authority has proposed a new regime that would require lenders to carry out assessments of cash services in their local area if a branch, ATM or other cash facility, such as one provided by the Post Office, is closing and to plug any gaps.



## Market News

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- A nation of snackers: Britons no longer eat three meals a day.** Hybrid working and fast-paced modern life means a third of the country have a sit-down meal just twice daily and replaces the third with snacks, found the Waitrose Food and Drink report. For others, days are blurring into one long meal: 10 per cent said they ate only one meal a day and grazed the rest of the time. One per cent grazed all day. Splitting work between home and the office was partly responsible, the report said. Some 43 per cent of those who work from home admitted nipping into the kitchen and helping themselves to snacks throughout the day.
- Morrisons and Marks & Spencer have been criticised by the competition watchdog for breaking land use laws** to stop rivals from opening nearby stores. The Competition & Markets Authority has taken action against the retailers over 65 agreements which restricted competition in local areas. The CMA said Morrisons had committed 55 breaches of land orders and M&S had committed ten breaches of the orders designed to outlaw exclusivity arrangements and restrictive covenants put in place by large grocers.
- Mediterranean cuisine jumped to top spot as the most popular lunchtime option for office workers in 2023**, closely followed by American cuisine, according to new research from Just Eat for Business. Classic lunchtime options also made a comeback this year, with soup orders having increased by 52%, wraps by 45% and sandwich orders by 32%. The research also found that almost three quarters (72%) of orders were placed midweek, pointing to midweek in-office working patterns. Pop-ups also increased by 40%.
- KFC is to acquire 218 restaurants from EG Group, its largest franchisee in the UK and Ireland**, for an undisclosed sum. KFC said the transaction represents a “significant opportunity to accelerate KFC's growth strategy in the large and growing UK and Ireland chicken market, with high average unit volumes and robust margins”. Once completed, all of EG's KFC UK and Ireland business – more than half of which is made up of drive-thrus – and 7,800 team members will come under KFC UK and Ireland management. KFC's parent company Yum! Brands said it anticipates finalising the transaction by the end of the first half of 2024.
- Häagen-Dazs is relaunching franchised ice cream shops in the UK**, with a focus on Greater London as a first step. The brand has recently returned to London for the first time since closing its Leicester Square store in 2015, with a pop-up store within John Lewis' flagship in Oxford Street. Häagen-Dazs said it is now ready to expand and contract with multi-unit franchises “sharing a common passion for high quality products and excellent consumer service”.
- The Big Table Group – the operator of Las Iguanas, Banana Tree, Café Rouge and Bella Italia – has opened a short-term pop-up in London's Victoria** to test fast-casual versions of three of its brands. Located in the ex-Café Rouge site in Victoria Place, the pop-up features versions of the company's pasta delivery concept Super Nonna, its Las Iguanas brand with a focus on burritos, and its Banana Tree brand.

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- **Popeyes Louisiana Kitchen, the US fried chicken quick-service restaurant brand, has opened in Lewisham Shopping Centre**, in south east London. Located in the East Mall, the 1,186 square-foot restaurant offers the brand's signature Louisiana chicken, chicken tenders, hot wings and southern biscuits with gravy.
- **Greene King is committing £250,000 worth of free Christmas meals**, the equivalent of around 5,500 meals, to customers that might be on their own this festive season. General managers from participating pubs (including the company's Flaming Grill and Hungry Horse sites) will be inviting six people from their local community, who are planning to spend Christmas by themselves, to enjoy a three-course meal on the house.
- **A Heavenly Desserts franchisee in Scotland has launched the brand's first kiosk-style location**, as the dessert restaurant franchise lines up seven new sites in first quarter of 2024. The new format, which the brand has labelled "Pico" restaurants, has opened within the Livingston Designer Outlet's Food Quarter, in West Lothian. It is Heavenly Desserts' fifth location in Scotland, among a UK estate of 50-plus sites, and its final launch of 2023.
- **London premium gelato brand Snowflake has reported that its group-wide revenue has increased 41% this year to £5.1m**, as it plans to open five new sites over the coming 12 months. The 11-strong business, which is led by founder Asad Khan, said its group-wide Ebitda pre-HQ was £808,000, a 16% increase on 2022, while store revenue from equity-owned outlets totalled £4.2m.
- **Luxury hot chocolate shop brand Knoop's is planning to open two sites in Edinburgh early next year**. The business, which completed a £8.3m fundraising last month, will open on the former Starbucks site on the corner of George Street and Castle Street in the Scottish capital's New Town.
- **Italian gelato brand Amorino has opened its 24th London location** in London's Greenwich – with a 25th to follow shortly. Its next site, at 38 Buckingham Palace Road, is due to open later this month.
- **Costa Coffee has launched its first trial in-store touch screen ordering points** and mobile phone "order to table" features in its UK & Ireland estate. They were launched at a new Costa store in Plymouth's New George Street on 30 November, and at a refurbished store in Dorchester's Cornhill the following day.
- **Itsu, the circa 85-strong, healthy Asian food chain, is set to open a further 20 sites next year**, as it announces the appointment of Jason Cotta, formerly of Ole & Steen and Costa Coffee, as its first chief growth officer. The business opened its "biggest and boldest site so far", in London's Bishopsgate, last month.
- **Italian food-to-go brand Coco di Mama has extended its partnership with motorway service area operator, Roadchef**, which will see it open a further eight roadside sites across the UK by the end of January 2024. Earlier this year, the Azzurri Group-owned business opened its first roadside services site, at Roadchef's flagship Norton Canes service area on the M6. The pasta counters serve Coco di Mama's customisable pasta range.
- **German Doner Kebab owned by Hero Brands, has launched its first motorway services site**. It has opened the restaurant at Unit 9 in the Baldock Services on the A1, in Hertfordshire, creating 30 jobs.

# For more information

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## About Circana

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