



Macro and Market News

Week 43 2023 – Week ending 27/10/2023

27 OCTOBER 2023





Macro/Economic News

Week 43 2023 – Week ending 27/10/2023

Macro/Economic News (1 of 2)

Week 43 2023 – Week ending 27/10/2023

- Unemployment in the UK jumped to 4.2 per cent in the three months to August**, according to experimental statistics from the ONS, adding to evidence that the Bank of England's run of interest rate rises has slowed the economy. The UK's jobless rate climbed from 4 per cent in the three months to May, which was a slightly smaller rise than City economists had been expecting. It means that, in absolute terms, over the last quarter about an additional 70,000 people in Britain became unemployed.
- Britain's financial regulators have confirmed that the cap on bankers' bonuses will be scrapped from next week** as part of a post-Brexit bid to boost the attractiveness of the City of London. Since 2014, under rules inherited from the European Union, banks, building societies and investment firms have had to limit bonuses for employees to two times base salary. The EU's intention was to deter bankers from the type of risky behaviour that caused the 2008 financial crisis. However, the Financial Conduct Authority and the Prudential Regulation Authority, after almost a year of consultations, have now decided to get rid of the cap from October 31.
- Online shopping fuels 22% jump in authorised payments fraud:** The number of so-called "authorised push payments" fraud cases climbed by 22 per cent year-on-year to 116,324 in the six months to the end of June, a rise driven by a jump in consumers being conned into fake purchases. The volume of these purchase scams rose by 43 per cent to almost 77,000 cases, with the total amount lost to this type of fraud increasing by 31 per cent to £40.9 million, according to UK Finance, the trade body for banks.
- Santander UK has said the boost it has received from higher interest rates was likely to peak this year** in a further sign that the boom that Britain's banks have enjoyed from rising borrowing costs is starting to recede. Higher rates propelled pre-tax profits at the bank, rising 16 per cent to £1.7 billion in the first nine months of the year, compared with the same period in 2022. The lender's net interest margin, which measures the difference between what it pays for deposits and charges on loans, also climbed to 2.23 per cent from 2.04 per cent a year earlier.
- The cost-of-living crisis and soaring energy bills are pushing workers back to the office**, according to a study. One in five workers (21 per cent) in a survey said that free heating had encouraged them to commute into the office more often, rising to 24 per cent for those aged 65 and over. The latest Virgin Media O2 Business Movers Index has found that "savvy Brits are using everything at their disposal as the cost of living crisis reaches its two-year mark". The research showed that 56 per cent of the population were abandoning working from home and now commuting four days a week or more.
- A mild recession in the UK "cannot be ruled out" after the private sector economy contracted for the third month in a row.** S&P Global and CIPS's flash composite purchasing managers' index (PMI), which captures activity in the services and manufacturing sectors, edged up to 48.6 in October from 48.5 in the previous month. The rise was in line with City economists' expectations, although the services sector reading dropped faster than forecast to 49.2, the lowest point in nine months.

Macro/Economic News (2 of 2)

Week 43 2023 – Week ending 27/10/2023

- Commercial property landlords' rental collection, which dropped sharply during the pandemic, is almost back to where it was before the first lockdown.** Landlords received 77 per cent of the rent owed to them on the day it was due last month, according to data from Remit Consulting, which tracked 125,000 leases and £2 billion in rent demands. A week after the due date, 88 per cent of rent demanded had been paid. In 2019, before the pandemic, landlords received just over 90 per cent of rent owed within seven days. At the height of the lockdowns, barely a third of rents were being collected on time amid a moratorium that protected corporate renters.
- The Real Living Wage, which is paid by employers on a voluntary basis,** has risen by 10% to £12 outside London and to £13.15 in the Capital. Katherine Chapman, director of the Living Wage Foundation, comments 'as inflation eases, we cannot forget that low-paid workers remain at the sharp end of the cost-of-living crisis.' Ms Chapman continues 'low-paid workers continue to struggle with stubbornly high prices because they spend a larger share of their budget on food and energy.'
- UK Hospitality CEO Kate Nicholls has commented on the prospect of 6 more months of train strikes,** saying 'we urge all sides to avoid damaging the hospitality sector at its busiest trading period - in the run up to Christmas last year we lost over £1.5bn due to cancellations. The Government must ensure minimum service or compensate our businesses and workers'.
- The AA has accused fuel retailers of greed** for failing to fully pass on an 8p per litre drop in wholesale petrol costs to drivers in October with only 1p per litre pump price cuts so far. The roadside group said the fuel trade has been much slower to reduce prices compared to hiking them in July when oil prices rose, leaving pump prices well above reduced wholesale costs
- The UK welcomed 9.9 million inbound visitors in Q2 2023,** down 5% versus pre-pandemic 2019 but spending a record £7.9bn, up 15%, according to VisitBritain data. Average spend per visit rose 20% nominally versus 2019 to £799 while total nights were up 5% to 72.8 million, though real per night spend declined 10% amid inflationary pressures.
- Online retail sales have contracted at the sharpest pace on record this month,** dragged lower by people cutting back on their spending because of higher interest rates and an uncertain economic outlook. Monthly internet sales dropped to a weighted balance of -78 per cent in the year to October, the biggest decline since 2009 and down steeply from September's balance of -3 per cent, according to the CBI, the employers' lobby group. Overall retail sales fell to a balance of -36 per cent annually in the year to October, the joint worst reading for that specific month since the CBI started measuring the data in the 1980s and down from -14 per cent in the previous month.



Market News

Week 43 2023 – Week ending 27/10/2023

Market News (1 of 2)

Week 43 2023 – Week ending 27/10/2023

- Pizza Express owner eyes Wagamama:** The Restaurant Group has told investors that the owner of Pizza Express may make a takeover offer to start a bidding war with Apollo Global Management. Wheel Topco, the parent company of Pizza Express, has asked for due diligence information for TRG as it weighs a bid to compete with a £700 million approach made by Apollo. The board of TRG, the company behind the Wagamama chain, recommended that shareholders accept the 65p-per-share bid from Apollo earlier this month. TRG's executives have now said that they will "carefully consider" any rival bid from Wheel Topco.
- The new boss of Unilever laid out long-awaited growth plans** this week as the company posted a decline in third-quarter revenue. Sales at the consumer goods giant, whose products include Marmite and Dove soap, fell 3.8 per cent in three months to €15.2 billion, dragged lower by foreign exchange headwinds and a weaker performance in nutrition and ice cream. Underlying volumes eased by 0.6 per cent. Underlying sales improved 5.2 per cent, while price growth was 5.8 per cent. The FTSE 100 giant said that prices were continuing to moderate as inflation eased.
- Britons are eating less meat than at any point since the 1970s** as the cost of living crisis and the rise of veganism and vegetarianism lowers demand. Consumption at home fell 12.5 per cent to an average of 854g a week in the year to March 2022, down from 976g the previous year and 949g in the year before the pandemic, according to recent YouGov polling. Consumers are ditching beef, pork and lamb faster than other meats. Over the past decade, consumption of these products has fallen 26 per cent while chicken and other meats is down only 11 per cent. Overall, meat consumption at home is 14 per cent lower than in 2012. However, while the government figures are the latest available, they are more than 18 months old and may now be reversing after apparent backlash against veganism this year.
- Nestlé reported lower than expected 9-month sales growth of 8.4%** as higher prices made consumers balk at buying its products, leading to a 0.6% volume decline, though it expects positive growth by year-end according to CEO Mark Schneider. The packaged goods maker has raised prices over two years due to higher pandemic-driven input costs but now sees volumes recovering in H2 as rate hikes moderate.
- The boss who steered Aldi's assault on Britain's traditional supermarkets has been hired by Tesco** to lead its domestic operations as it battles the rise of the discounters. In a surprise announcement, Britain's biggest grocery chain said that Jason Tarry, 56, its well-regarded UK and Ireland chief executive, would step down in March after more than 33 years at the company. He will be succeeded by Matthew Barnes, who joined Aldi Ireland in 2000 and rose to the top of its British business before moving to join the executive board of Aldi Süd, its German parent.
- FoodCo has opened its 67th Muffin Break in the UK**, in Cheltenham, as it gears up for its next chapter of growth. Located in the High Street, the opening of the new cafe has seen Muffin Break invest £280,000 in the fit-out of the store. Muffin Break's new store in Cheltenham sets the stage for a new chapter in FoodCo's growth with plans to open additional bakery cafes, as the business actively looks for new locations and franchisees across England. In addition to this latest Muffin Break opening, this year, FoodCo opened its 20th Jamaica Blue cafe as part of its planned expansion for the UK, in Cornmarket, Belfast.

Market News (2 of 2)

Week 43 2023 – Week ending 27/10/2023

- Big Table Group to test fast-casual concepts through pop-ups:** The Big Table Group – the operator of Las Iguanas, Banana Tree, Café Rouge and Bella Italia – is to test fast-casual versions of its existing brands, through the launch of a number of pop-ups. It is thought the testing could also include some of the “dark” brands that the business will inherit when it completes the acquisition of The Restaurant Group’s (TRG) leisure division later this month.
- Wendy’s, the third-largest quick service restaurant chain in the US, has opened its third site with UK franchisee Blank Table, and third drive-thru site** here, in Peterborough. The brand, which relaunched in the UK in summer 2021, has opened the drive-thru site at the entrance to the new £30m Bourges View business park, in the city’s Maskew Avenue.
- Zambrero, Australia’s largest Mexican quick-service franchise,** which received £143m in equity financing to open more restaurants in Britain and Ireland earlier this year, is planning to open a second site in Birmingham. Earlier this week, the business confirmed it will make its debut in the Midlands, on Wednesday, 15 November.
- Heineken UK sales volumes fall as price of pint rises:** Heineken sold less beer in the UK in the third quarter of the year, as the price of a pint rose by nearly 10% and the wet summer discouraged drinkers. However, the company said inflation-driven price increases are tapering off after its own cost pressures eased. The Birra Moretti-owner said it pushed prices up by a “high single digit” percentage in Britain, which made up for a fall in sales volumes.
- TGI Fridays has launched Uptown and Downtown menus, offering guests the chance to “build their own” two course menu** “from a list of favourites”. The Downtown menu starts at £13.99 for two courses, offering appetisers such as mac and cheese bites or halloumi sticks, with main options including the Big City Dog. The “bigger appetites” Uptown menu starts from £18.99. Appetisers including mozzarella dippers, Fridays Corndogs, or the boneless hot wings can be paired with mains such as the Fridays’ Glazed Burger.
- BrewDog has launched an ‘Under-25 Club’, under which it will cut prices by 50% for younger customers across its UK bars.** BrewDog’s James Watt says ‘hopefully knowing you’ve bagged yourself a big saving will help ease the thought of going back to work or university on Monday...’
- Gourmet burger chain Patty & Bun will close its Soho restaurant** later this week seven years after its launch. The company said that “unfortunately it wasn’t our choice to leave”. The closure will leave Patty & Bun with 10 locations, nine of which are located in London and one in Brighton.
- Chipotle has reported Q3 numbers** saying that same-store sales rose by 5% with net sales up 11.3%, to \$2.47 billion. Q3 net income was \$313.2 million, up from \$257.1 million year-over-year
- Texas Roadhouse has reported Q3 numbers** saying that revenue rose to \$1.12 billion for the quarter, up 12.9% on last year. EPS was \$0.95 for the period compared to \$0.93 a year ago

For more information

Email Circana contactus@circana.com, or one of the UK Foodservice account representatives below:

Seton Leung

Head of UK Foodservice

seton.leung@circana.com

07795 430967

Gareth Nash

Commercial Lead

gareth.nash@circana.com

07503 629227

Sergey Chekmarev

Client Director

sergey.chekmarev@circana.com

[com](http://circana.com)

07741 658042

Peter Linden

Senior Client Manager

peter.linden@circana.com

07901 106568

About Circana

Circana is the leading advisor on the complexity of consumer behavior. Through unparalleled technology, advanced analytics, cross-industry data and deep expertise, we provide clarity that helps almost 7,000 of the world's leading brands and retailers take action and unlock business growth. We understand more about the complete consumer, the complete store, and the complete wallet so our clients can go beyond the data to apply insights, ignite innovation, meet consumer demand, and outpace the competition.

For more information, visit circana.com.