



Macro & Market News

Week 48 2020 – Week ending 27/11/2020



Macro/Economic News

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- **England** will be under a new set of local Covid-19 restrictions until March when the national lockdown ends on December 2nd. Areas will be placed in one of three tiers. Changes to the previous rules include applying the ban on pubs that don't serve food to Tier 2. It previously applied to Tier 3. Even people in Tier 1 are asked to stay at home where possible. Hairdressers will be allowed to operate, collective worship and some forms of outdoor sport can resume and there will be a limited return of spectators and audiences to cultural and sporting events. Shops will be able to open regardless of which tier premises are in, as will gyms. The tiers will be reviewed every fortnight against five criteria — overall case numbers in all age groups; case numbers among the over-60s; the rate of increase or decrease in local prevalence; number of cases per 100,000; and NHS capacity.
- **99% of the country** is placed into Tier 2 or Tier 3 of Covid restrictions it was announced on November 26th. Only Isle of Wight, Cornwall and Isles of Scilly are in Tier 1. London is in Tier 2. Slough, Bristol, Manchester, Birmingham, Stoke-on-Trent, Coventry, Leicester, Derby and Nottingham are among cities in Tier 3 (see full list on the next page).
- **Pubs** and other businesses flouting rules under the new tier system can be issued with a coronavirus improvement notice, giving them 48 hours to bring in covid-secure measures while continuing to trade. Fines of £2,000 will be handed to businesses that disobey these orders. Pubs and shops with more serious breaches face an immediate restriction notice, which will close premises that pose a public health risk for 48 hours to allow staff to put in necessary safeguards. The toughest measure – a coronavirus restriction notice – would close premises for seven days. Breaching the closure orders carries a fine of £4,000.
- **The UK-wide Christmas Rule** states that up to three households will be allowed to meet up during a five-day Christmas period between 23 December and 27 December but they cannot meet in hospitality settings or other entertainment venues. People can mix indoors in homes, places of worship and in outdoor spaces but existing rules on hospitality and venues will remain and the bubbles people form must be “exclusive”. This means people cannot get together with those from more than two other households and, once a bubble is formed, it must not be changed or be extended further. Travel restrictions will also be lifted between England, Scotland, Wales and Northern Ireland to allow people to visit families in other parts of the UK.

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Local restrictions tiers by area

December 2nd

	Tier 1	Tier 2	Tier 3
South East	Isle of Wight	East Sussex, West Sussex, Brighton & Hove, Surrey, Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead, West Berkshire, Hampshire (except the Isle of Wight), Portsmouth and Southampton, Buckinghamshire, Oxfordshire	Slough (remainder of Berkshire is tier 2), Kent and Medway
South West	Cornwall, Isles of Scilly	South Somerset, Somerset West and Taunton, Mendip and Sedgemoor, Bath and North East Somerset, Dorset, Bournemouth, Christchurch, Poole, Gloucestershire, Wiltshire and Swindon, Devon	Bristol, South Gloucestershire, North Somerset
North West		Cumbria, Liverpool City Region, Warrington and Cheshire; York, North Yorkshire	Greater Manchester, Lancashire, Blackpool, Blackburn with Darwen; The Humber, West Yorkshire, South Yorkshire
West Midlands		Worcestershire, Herefordshire, and Shropshire and Telford & Wrekin	Birmingham and Black Country, Staffordshire and Stoke-on-Trent, Warwickshire, Coventry and Solihull
East Midlands		Rutland, Northamptonshire	Derby and Derbyshire, Nottingham and Nottinghamshire, Leicester and Leicestershire, Lincolnshire
East of England		Suffolk; Hertfordshire; Cambridgeshire, including Peterborough; Norfolk; Essex, Thurrock and Southend-on-Sea; and Bedfordshire and Milton Keynes	
London		all 32 boroughs plus the City of London	
North east			Tees Valley Combined Authority: Hartlepool, Middlesbrough, Stockton-on-Tees, Redcar and Cleveland, Darlington; North East Combined Authority: Sunderland, South Tyneside, Gateshead, Newcastle-upon-Tyne, North Tyneside, County Durham, Northumberland

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- **The vaccine** being developed by Oxford University and AstraZeneca can protect 70.4% of people from becoming ill and up to 90% if a lower first dose is used followed by a second dose. It can be stored at fridge temperature and uses existing technology. The UK has pre-ordered 100m doses of the Oxford vaccine. Some 4m doses have been supplied so far. These cannot be used until the vaccine is licensed.
- **The National Living Wage** will increase by 2.2% to £8.91 an hour from April, with this rate extended to those aged 23 and over, chancellor Rishi Sunak has announced in his Spending Review.
- The **IHS Markit/CIPS** Flash UK Composite PMI data showed a reading of 47.4 so far this month. Anything below 50 is seen as a decline in activity. October's reading at the same point was 52.9 and 56.5 in September. The downturn was driven by the fastest fall since May in leisure and hospitality businesses as pubs, restaurants and bars closed under new lockdown measures.



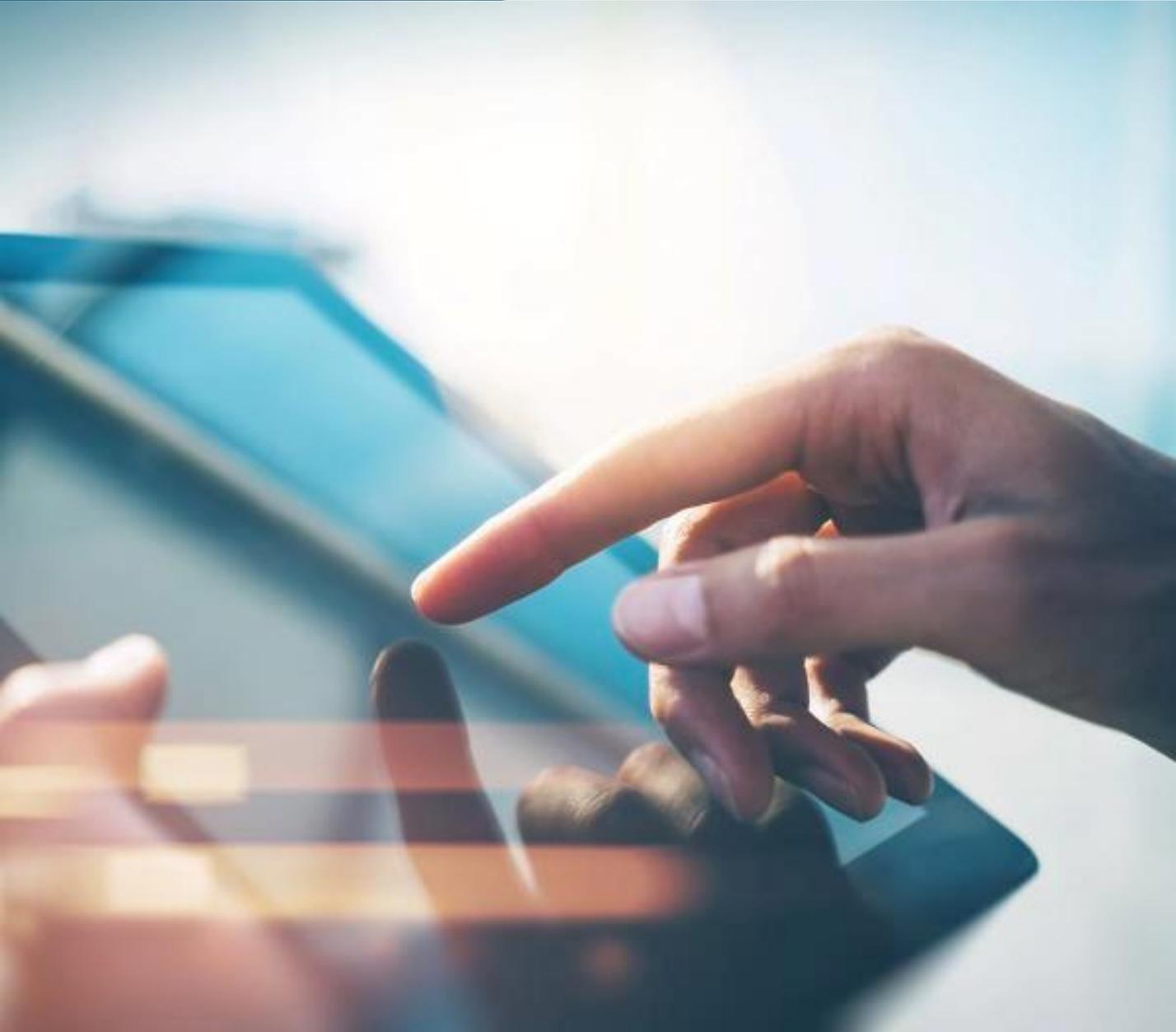
Market News

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- **The Eat Out To Help Out** scheme in August saw customers buying more than 160 million meals, while businesses claimed more than £849m, according to official figures. HM Revenue & Customs has announced more than 49,000 restaurants, pubs and cafes made claims by the end of September. Customers secured an average discount of £5.24 per meal claimed.
- **Taco Bell** opens 49th UK site, in Leicester. The restaurant is open for takeaway, click and collect, and delivery, and when dine-in is once again allowed, it will have capacity for 57 diners.
- **Leon** is to become the latest sector operator to undergo a restructure through CVA, which is likely to involve seeking permanent rent cuts from landlords. It is thought the business has been looking to follow Pret in pushing to change to a turnover-based rent model. The implications for jobs and restaurant closures are unclear at the current time.
- **Boparan Restaurant Group (BRG)** is to further roll out its Slim Chickens brand, after entering into a franchise agreement to launch the US concept in south west of England. The company, which last month acquired the bulk of the Gourmet Burger Kitchen business out of administration in a deal valued in excess of £5m, has signed the franchise agreement with KK Restaurants SW, an established franchise operator with a track record in rolling out hospitality brands, including Pizza Hut Delivery and Costa Coffee, in the region. The first restaurant under the new agreement, which will see KK Restaurant open an initial five outlets in the south west, will open in Exeter next month. It is thought this could be a conversion of BRG's existing Giraffe site in the city's Princesshay scheme. It will become the tenth opening for Slim Chickens in the UK.
- **JD Wetherspoon** has said that the new tier system has "effectively closed half our pubs". It has 13 pubs in England that are classified as tier one and 51 sites in Wales, where the regulations are similar to England's tier one – which will be subject to the most sympathetic restrictions. It has 435 pubs in the "high alert" tier two, which includes 17 pubs in Scotland where the regulations are approximate to tier two in England. And the company has 366 pubs that will remain closed – 315 of these are in "very high alert" tier three areas in England while 51 are in Northern Ireland and Scotland. These 51 pubs have similar restrictions to tier three in England. This group of pubs will remain closed, since opening for takeaways, for example, is unlikely to be a realistic proposition.



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