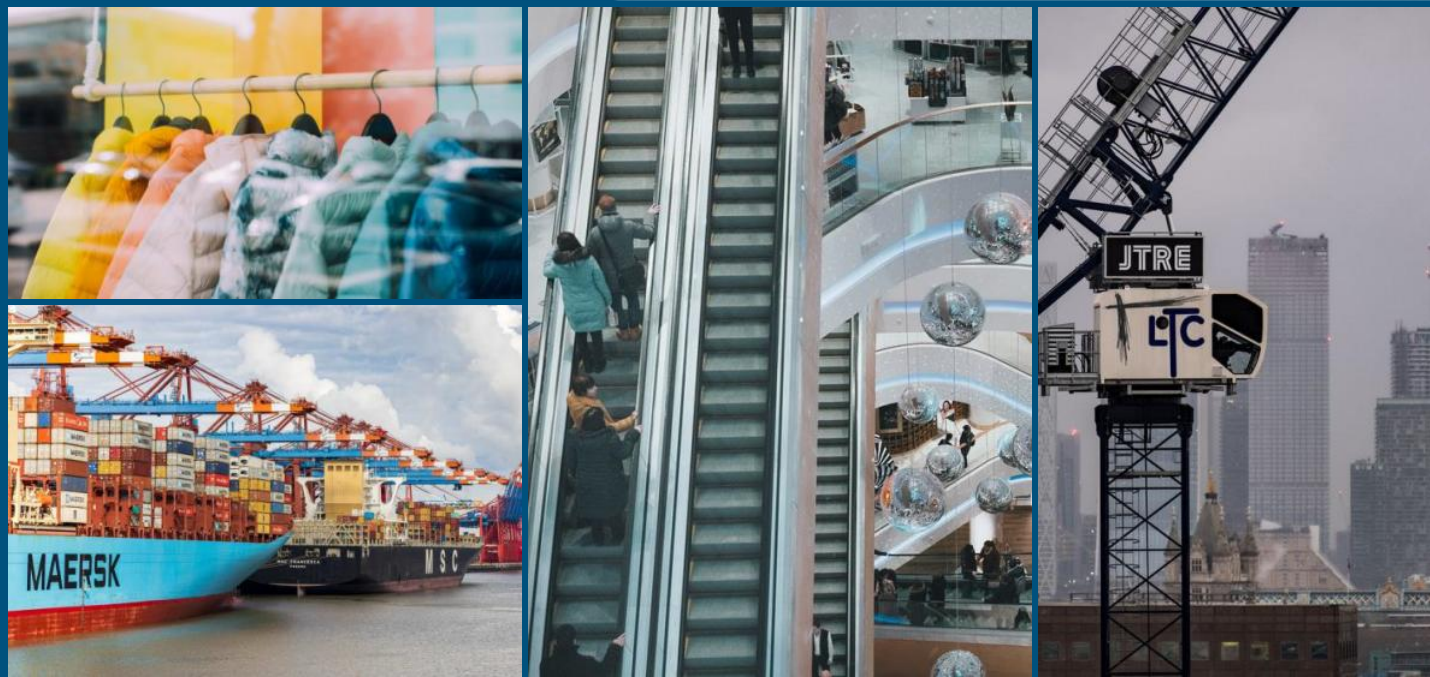




Macro & Market News

Week 31 2021 – Week ending 06/08/2021



Macro/Economic News

Week 31 2021 – Week ending 06/08/2021

Macro / Economic News (1)

Week 31 2021 – Week ending 6/8/2021

- **The Bank of England has called an end to its pandemic stimulus after warning that inflation will peak at 4% later this year, the highest level in a decade.** Under the Bank's new forecasts, interest rates rise from 0.1 per cent to 0.2 per cent in 2022, an earlier increase than expected at other central banks, and to 0.5 per cent by August 2024. Rates are projected to rise as the economy recovers strongly on the back of the vaccines and the removal of restrictions. The Bank expects GDP to return to pre-pandemic levels by the end of the year, growing by 5 per cent in the second quarter and by 3 per cent in the third, and for the lasting economic damage to be only 1 per cent of GDP, lower than the 1.25 per cent it predicted previously. The pound rose nearly 0.5 cents to \$1.3946 after the Bank's release on the prospect of higher rates, but fell back to \$1.3932 later.
- **Bank of England: Unemployment has already peaked at only 1 percentage point above its pre-crisis level.** The furlough scheme prevented a sharp rise in unemployment last year even though the economy contracted by almost 10 per cent. Unemployment has already peaked at 4.8 per cent and will not hit the previous projection of 5.4 per cent, partly because demand has recovered strongly and partly because inactivity levels remain high. This means the end of the furlough scheme will not lead to the big rise in joblessness that many had feared. The Bank said that the economy was recovering more strongly than expected in May, that the economy would have largely recovered its pandemic losses and be able to cope.
- **250,000 viable jobs at risk as furlough scheme winds down:** Analysis by the think tank New Economics Foundation suggests hundreds of thousands of viable jobs will be put at risk when the furlough scheme ends as workers in industries where voluntary restrictions persist lose the support. Employers must now pay 20 per cent of the wages covered by furlough, up to a maximum of £625 a month, to admit staff to the scheme as the staged withdrawal continues. Furlough is due to be removed completely from the start of October. The changes would threaten 250,000 jobs as the 20 per cent contribution "will not be cost-effective" for some employers. When the scheme ends, 660,000 workers will still need support because many industries, such as travel, transport, arts and hospitality, may not be able to return to normal despite the removal of official restrictions.
- **Covid pandemic on the decline as alerts drop by nearly half in a week.** The number of alerts sent by the NHS Covid-19 tracing app dropped by 43 per cent last week, reflecting the fall in positive test results. The app sent 395,971 alerts to users in England and Wales in the week to the end of July 28, telling them they had been in close contact with someone who tested positive for coronavirus and should self-isolate for ten days. The figure, taken from NHS data, dropped from 690,129 alerts the previous week, the first fall since May. The number of positive Covid-19 test results registered through the app also fell, dropping to 84,542 from 148,138. This reflected a wider fall in positive Covid test results across the UK, covering the same week in which the daily number of cases fell for seven days in a row. This comes as the 'pingdemic' crisis blighting the retail industry could soon be over as the government announces plans for "an update to the app".

Macro / Economic News (2)

Week 31 2021 – Week ending 6/8/2021

- **Offices revamp for returning workers:** A construction group has reported record demand from businesses looking to revamp their offices before workers return. Morgan Sindall said that it had an order book of £581 million for office fit-outs at the end of June, 42 per cent higher than at the end of last year and the strongest level in its history. John Morgan, chief executive, said: “The office certainly isn’t dead. Our clients are the occupiers [of offices] and I think the trend is that they’ve got to make offices more attractive places for people.”
- **The retail sector has presented some of the lowest pay gap numbers over the past year,** according to research by Diversity in Retail. DiR, which counts Sainsbury’s and the John Lewis Partnership as founding members, analysed published data for the end of May this year. It found that the retail industry managed to narrow the pay gap by offering similar pay levels for the mainly prevalent junior roles, which are typically well-balanced between men and women.
- **Uber rides and pizza bribes for under-30s to have their covid jab:** Young people are to be bribed to have coronavirus jabs with “vouchers for vaccines” that will give them money off Uber rides and takeaway food if they get jabbed. The new scheme will offer the under-30s discounts from Uber, Bolt, Deliveroo and Pizza Pilgrims. Under a deal struck with Uber, the private taxi app will send reminders to all users this month, encouraging them to have the vaccine. Those who do so will be offered discounted Uber rides and meals on Uber Eats. Bolt, a rival ride-sharing app, will offer free trips to vaccination centres.
- **Vaccine passports deny basic freedoms, cabinet critics tell Boris Johnson:** Boris Johnson has been accused by cabinet ministers of denying people their fundamental freedoms over plans for vaccine passports. The prime minister has announced plans to make vaccine passports mandatory in indoor venues such as nightclubs and conference centres from September. The move is in response to concerns from government advisers that they are “super-spreading” environments and could fuel a resurgence of coronavirus in the autumn and winter.
- **Local high streets could see 17,000 new stores open over the next 12 months,** according to research by Barclays Corporate Banking. This comes as new hybrid working models increasingly become the norm in a post-pandemic economic climate. The boom of online shopping was heavily accelerated during the Covid-19 pandemic, but after three lockdowns and a more recent end to legal restrictions across England, 40 per cent of shoppers said they now plan to now increase their in-store spending. The research also revealed that home and hybrid working patterns are likely to help local high streets across both town and city centres, with 16 per cent of workers expecting to work entirely from home and 28 per cent anticipating a flexible part-home, part-office model.



Market News

Week 31 2021 – Week ending 6/8/2021

Market News (1)

Week 31 2021 – Week ending 6/8/2021

- **Hospitality businesses have suffered a hefty £100.2 billion drop in sales from pre-pandemic levels in the 15 months since the start of the COVID-19 pandemic**, according to the latest UKHospitality Quarterly Tracker. Prolonged closures and trading restrictions limited total sector sales in the 12 months to end-June 2021 to an estimated £59.8 billion, £72 billion less from the £131.9 billion in the 12 months to end-June 2019. Adding on the second quarter of 2020, this brings total sales in the last 15 months to £64.4 billion, compared to £164.6 billion in the 15-month period to June 2019.
- **Greggs profits surge to £55m after pandemic losses:** The company posted pre-tax profits of £55.5 million for the six months to July 3 compared with the £65.2 million loss recorded last year, and even higher than the £36.7 million posted in 2019. In January the business warned that it was bracing for its first ever half-year loss and believed profits wouldn't recover until next year. However by May it was more upbeat about its prospects, forecasting a return to the black this year. Walk-in customer transactions still remained below the level seen in the second quarter of 2019, but were compensated for by higher average transaction values and increases in delivery sales. Greggs' delivery partnership with Just Eat is now available in 837 of its 2,115 shops, representing 8.5% of shop sales over the first six months of the year. Greggs has also announced its plans to open 100 new stores this year.
- **The government has named and shamed some 191 employers, including Pret A Manger, for paying workers under the national minimum wage.** Investigations by Her Majesty's Revenue and Customs found that employers owed a total of £2.1m to over 34,000 workers who were underpaid between 2011 and 2018. Named employers have since been ordered to pay back what they owed and were fined an additional £3.2m.
- **Uber delivers loss amid driver shortage.** Uber revealed losses that were wider than expected. The world's largest ride-hailing group recovered as key markets continued to reopen in the latest quarter, with revenues more than doubling to \$3.93 billion — but its shares came under pressure in after-hours trading, falling by 6.2 per cent, or \$2.59, to \$39.22, as doubts around its path to profitability overshadowed growth in trips and food deliveries. Adjusted losses fell by 39 per cent to \$509 million, falling short of analysts' hopes, but Uber's chief financial officer, maintained that the business was "well positioned" to reach adjusted profitability by the end of the year.
- **Five Guys opens first UK drive-thru site:** the fast-growing burger concept has opened its first drive-thru site in the UK, on Teesside. The circa 110-strong brand opened the new site on the former Chiquito restaurant at Teesside Park.

Market News (2)

Week 31 2021 – Week ending 6/8/2021

- **Staycation trend boosts spending at restaurants in first half of 2021:** New data from Cardlytics shows the boom in Brits taking staycation breaks in the UK this summer is helping to drive recovery in the hard-hit dining and restaurant sector as UK consumers spend their holiday savings on eating and drinking out. The research found restaurants and eateries benefited from a 30% average growth in spend each month in the first half of 2021. Despite restrictions, the data showed spend at coffee shops jumped 20% in the first half of 2021 compared with the same period last year. England's participation in the quarter final of the Euro Football Championship saw a dramatic increase in year-on-year spending of 13,400% and pubs saw 77% year-on-year growth for the semi-final.
- **Domino's credits 'supercharged' Euros campaign as profits double:** Domino's has delivered a strong sales performance over the first half of 2021, "boosted" by the brand's Euros 2020 marketing campaign. According to the business, the England vs Scotland match was Domino's highest recorded trading day this calendar year. England's extended involvement in the competition, with the squad making it through to the final, has also been credited in driving order growth. Domino's has reported a 27.7% rise in its pre-tax profits for the 26 weeks ended 27 June 2021 to £60.8m from £47.6m the previous year
- **Papa John's next phase of growth in the UK could be in the form of 'fortessing' or** adding further stores in larger territories and trade zones in the name of convenience, the chain's UK director of business development revealed. "We'd like people to think 'Let's get a Papa John's.' rather than 'Let's order a pizza.' To achieve this, we need to be on everyone's mind and where our customers are." COVID has not affected Papa John's goal of opening in more locations. The chain recently introduced the option for delivery to selected outdoor locations around the UK.
- **Pret A Manger planning to roll out coffee vending machines:** Pret A Manger may be getting into the coffee vending business, as chains continue to explore multi-channel experiences. The Financial Times reported the brand has trademarked the name Pret Express under the class of 'vending machines' and 'coffee vending and dispensing machines', as well as Pret Perks, which the publication suggested as plans to create a loyalty or incentive scheme. Pret, which also has a £20-a-month coffee subscription, said last summer that the impact of the pandemic had set sales back a decade, with trade across its 367 high street sites down 60% year on year.
- **Taco Bell continues its streak of openings,** announcing it will launch a new restaurant in Bradford's Greengates area on 9 August. This is the brand's 65th UK restaurant opening and the first drive-thru site in Bradford.



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