



Macro & Market News

Week 7 2021 – Week ending 19/02/2021



Macro/Economic News

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- **Prime minister Boris Johnson** has said he is “optimistic” he will be able to begin announcing the easing of restrictions when he sets out his “roadmap” out of lockdown in England on 22nd February. Johnson said his first priority remained opening schools in England on Monday, 8 March to be followed by other sectors.
- **The Scottish government** has confirmed that it will continue to offer 100% business rates relief to the retail, hospitality, leisure, and aviation sectors for the full year ahead rather than 3 months previously announced.
- **Lockdown restrictions in Northern Ireland** will be extended until 1 April, the Stormont executive has announced. Another review of the measures will take place on 18 March. However, children in years one to three will go back to school on Monday, 8 March.
- **Underlying inflation** increased to 0.5 per cent in the year to January 2021 from 0.3 per cent in December 2020, The NIESR reports. Headline [as opposed to underlying] inflation increased to 0.7 per cent in January, up from 0.6 per cent recorded in December. The NIESR also said the 9.9% drop in UK GDP in calendar 2020 is likely to be the largest annual fall among G7 countries last year.
- **The European Commission** estimates that EU GDP will be 0.5% lower than would otherwise have been the case by the end of 2022 due to Brexit. It believes the UK economy will be around 2.25% smaller.
- **UK quarantine hotel regulations** came into effect at 4am on Monday 15th February. Passengers arriving from any of 33 "red list" countries will have to spend 14 days in a hotel room under new border restrictions designed to stop new variants of the coronavirus.
- **CPI** rose to an annualised 0.7% in the year to January, up from 0.6% in December, as food prices rose, according to the Office for National Statistics.
- **The pound** has hit its highest level against the dollar in nearly three years, amid rising optimism about an end to lockdown in the UK. It surpassed \$1.39 on Monday, while also hitting a nine-month high against the euro at €1.147.
- **Coronavirus infection levels** have dropped by two-thirds in England since lockdown began in January, with an 80% fall in London, according to Imperial College London's React study.
- **The City of London** has extended for six months the period over which restaurants will not be charged in order to provide outdoor seating areas via pavement areas.
- **The Resolution Foundation** says that almost half a million people are now in arrears on rent or mortgage payments as a result of the coronavirus pandemic & its impact on the ability to pay. The Foundation says that 22% of renters went into the pandemic with no savings.



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- **Prime minister Boris Johnson** has hinted hospitality will be the last sector to reopen as restrictions are gradually eased. He said quick coronavirus testing could enable nightclubs and theatres to reopen. He has no plans to introduce so-called vaccine passports for activities such as going to the pub. Johnson said he imagined such schemes could be required for foreign travel, although he has no plans to introduce them for domestic activities.
- **More than 160 sector bosses** from the UK's leading hospitality businesses have written to the chancellor ahead of next month's Budget. The letter highlighted an extension of the 5% rate of VAT for hospitality for another year, expanded to the wider sector including on-premises alcohol sales, leisure activities and weddings; and the continuation of the business rates holiday for hospitality for the whole of 2021-22.
- **The night-time economy** is at risk of "extinction" unless the government takes further action, a cross-party group of more than 40 MPs has warned. The All Party Parliamentary Group (APPG) for the Night Time Economy has published the findings of its recent inquiry into the impact of covid. The MPs have urged the government to bring forward a sector-specific grant package – including extending furlough, business rates relief and the cut in VAT – and a detailed roadmap for reopening the sector to avoid "irreversible losses" that would create "ghost towns" across the country and hinder the wider economic recovery.
- **The British Beer & Pub Association (BBPA)** has said that Food and Beverage services – which includes pubs – dropped by 48.0% in 2020. Alcohol drink manufacturing, which includes breweries, fell by 33.9%. Both sectors clearly underperformed the weak, wider economy. The BBPA has urged the government to reopen pubs fully in April, in line with non-essential retail outlets, or 29,000 sites (60% of all UK pubs) will remain closed even if outdoor drinking is permitted. The trade body was responding to speculation outdoor drinking at pubs would be allowed to take place from April and explained although about 75% of UK pubs have a beer garden or outdoor space, only 40% of pubs are likely to have a beer garden or outdoor space big enough.
- **KFC and Pizza Hut** have delighted fans by joining forces to bring back the Popcorn Chicken pizza. The cheesy pizza is topped with popcorn chicken and sweetcorn on a gravy base. It is only available in large size and for delivery, costing £20.99 and is available for four weeks. Last year, the pizza sold out in two days before restocking and selling out once again.

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- **Subway** has launched new Loaded Value Meal Deals, in which customers can now pick up a Subway Meal Deal - including any Sub, salad or wrap, a drink and a cookie or crisps from £4.79 in stores across the UK. Subway has also launched three new Loaded Value Bundle Deals, available on delivery services – a small meal, large meal or footlong bundle for two, with nine choices of fillings.
- **Deliveroo** is poised to fire a formal starting gun on its stock market flotation early next month with a likely market value of up to £7.5bn. The company and its advisers have pencilled in Monday, 8 March to publish an expected intention to float announcement, meaning shares in Deliveroo could start trading just weeks later. The company recently announced plans to expand into a further 100 towns and cities across the UK, enabling it to reach an additional four million people. Deliveroo now has about 45,000 restaurants on its platform in the UK.
- **Itsu** has seen delivery sales rise by 28% year-on-year for the third and fourth quarters of 2020 versus 2019 while trading with fewer shops open. Since the beginning of the pandemic, the brand has made 330,000 deliveries in less than 12 months. Itsu has also added new items to its sushi sharing platters for delivery. Comprising seven different platters, dishes range from £20.95 for the large veggie platter to £45 for the party platter, which has been created with families in mind.
- **Wendy's** is opening its first UK branch in 21 years after closing all its British restaurants in 1999. The US restaurant, which is known for its spicy nuggets and square burgers will open two chains in the next five months, one in Reading and a second in Oxford. Locations in London are also being explored by Wendy's, who are looking for franchise owners for their stores. Currently, there are 6,700 Wendy's across 30 countries.



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