



Macro & Market News

Week 18 2021 – Week ending 07/05/2021



Macro/Economic News

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- **Boris Johnson has** revealed there is a “good chance” current social distancing rules will be scrapped on 21 June. The prime minister said he hopes it will be possible to axe the existing one-metre-plus rule when the nation reaches the final step in his lockdown exit roadmap. It was reported during the weekend that one-way systems, screens and mask-wearing – while moving around within hospitality sites – could remain in place beyond 21 June but customer numbers will no longer be limited. Audiences in theatres and cinemas will have to wear face coverings during performances, while there will be strict guidance on ventilation and staggered entry.
- **The UK’s biggest employers** have said they do not plan to bring staff back to the office full-time. 43 of 50 firms, questioned by the BBC, said they would embrace a mix of home and office working, with staff encouraged to work from home two to three days a week. Four firms said they were keeping the idea of hybrid working under review. Currently, people who can work at home are advised to do so. However, that is likely to change in June when the government hopes to end all social distancing restrictions.
- **The Bank of England** has kept interest rates and its QE policy on hold. It has reported the UK economy should grow at its fastest rate in more than 70 years in 2021 as Covid-19 restrictions are lifted. Growth of 7.25% is expected. The Bank says Covid has hit spending, incomes and jobs in the UK. It is maintaining its 2% target rate for inflation.
- **The single-use carrier bag charge** will rise from 5p to 10p and be extended to all businesses in England from 21 May. The government said all stores, including corner shops, will now have to apply the charge from that date. The 5p levy on plastic bags was introduced in England in 2015. Since then their use has fallen by over 95%. The average person in England now buys just four single-use carrier bags a year from the main supermarkets, compared with 140 in 2014.
- **Plans for roads and railways** in the UK are being reviewed, as travel patterns shift in response to the Covid pandemic. The BBC has learned that civil servants are studying transport expansion plans to see which are still viable, with some schemes in the £27bn roads programme now facing the axe in the post-Covid world.
- **UK’s manufacturing PMI** has risen to 60.9, the highest level since 1994, according to Markit. The number for the month was 61.0 in April, up from 56.3 in March and the highest since October 2013.
- **Debenhams** has announced it will shut its remaining stores by 15 May, closing the door on more than 200 years of trade on UK high streets. The move means 49 more shops will go, on top of the 52 due to close on 8 May. The Debenhams brand will continue online after being bought by retailer Boohoo for £55m in January.



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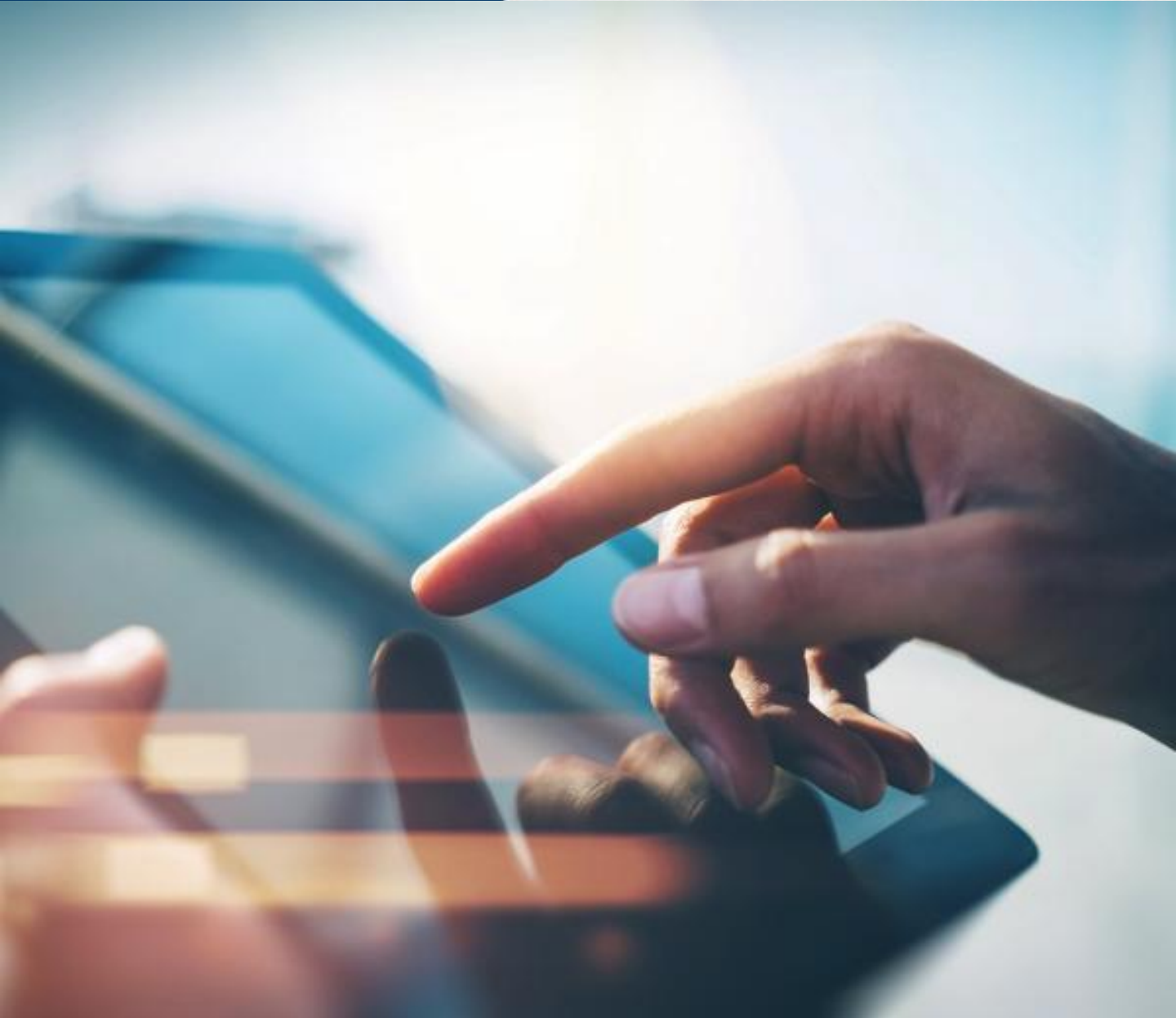
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- **SAGE**, the government’s scientific advisers have admitted that the risk of catching coronavirus in a pub or restaurant is “relatively low”. They found the chance of contracting the virus in hospitality settings appeared slightly higher than in gyms or shops, but concluded the risk was still small. SAGE found there had been just 226 outbreaks in pubs and restaurants in England since the pandemic began, despite the sector being heavily penalised throughout the government’s covid response. But the number of clusters rose to 343 when fast food outlets, cafes, bars and other eateries were included, according to the data up to February.
- **UK Hospitality** has called for ‘decisive Government action on rent debt to help safeguard sector recovery and protect up to a million hospitality jobs.’ It has written to the Government ‘urging it to adopt its proposals to help tackle the £2.5bn rent debt crisis that threatens to wreck the hospitality sector’s recovery and risks further widespread job losses.’ It says the moratorium on eviction has kicked the can down the road but nothing more. UK Hospitality suggests a further 6mth extension on protections and ‘the developing of a national-level adjudication process on ‘legacy rent debt’ that should aim to share the pain of closure (with at least 50% of rent debt written off for this period, and at least 25% written off when the sector operated under restrictions).’ It calls ‘for landlords and tenants to come to reasonable repayment terms, led by guidance and further protections if necessary.’
- **Caffe Nero**, the Gerry Ford-led coffee chain, may consider a refinancing as one of its options going forward to ward off the threat of a hostile takeover by the Issa brothers, owners of the EG Group. A court case over the company voluntary arrangement, which gained approval from 93% of Caffe Nero’s landlords, is still ongoing, while, last month, the Issa brothers reportedly acquired some of the coffee chain’s junior debt from Partners Group. The brothers are seeking to get into a position to take control of Caffe Nero if the business was to default on the terms of its borrowing.
- **Starbucks** has begun a recruitment drive to fill 400 positions across the UK as demand rebounds. The jobs are available at almost 200 of its city centre, suburban high street and drive-thru stores to deal with higher demand as lockdown restrictions ease. The Seattle-founded company said it did not make any redundancies or take furlough support in the UK after the pandemic struck. It said its hiring plans would fill “natural vacancies” from staff members who left the business during covid-enforced closures. Starbucks, which currently employs 3,664 staff across the UK, said about 98% of its estate is now operational.

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- **Papa John's** is reportedly set to open nine further restaurants under franchise in the north west of England. Papa John's International has also reported Q1 numbers saying these are its seventh straight quarter of growth.
- **Wasabi** has said it is in a strong position to grow as covid restrictions ease and the consumer economy recovers. It has now reopened 39 of its sites and said it was "building a confident new openings programme for 2021 and beyond". It opened one new site in February – London Bridge, which it said was already performing well, and expects to open four or five more new sites during the rest of the year, including in Bishopsgate in May.
- **Moto**, the motorway service area operator, has launched the UK's flagship electric vehicle (EV) site with the opening of its new Rugby services following a £40m investment programme. The services features 24 ultra-rapid EV charging points, making it the largest ultra-rapid charging site on the motorway, ahead of the government ban on the sale of petrol and diesel cars and vans from 2030. The ultra-rapid 350kW direct current (DC) chargers, set to be at a total of 28 Moto sites, will have ultra-rapid chargers by the end of this year. The aim is to have all Moto services with at least six ultra-rapid chargers by the end of 2022, as part of a long-term, £100m-plus investment programme, including an upgrade to all existing 50kW chargers by the end of July.
- **Famously Proper**, the Calveton UK-backed owner of better burger brand Byron, has acquired Mother Clucker, the London-based, buttermilk-fried chicken concept. Byron, which currently operates 19 restaurants and five dark kitchen units, is set to open its first new site for five years as part of its expansion plans. The company has also lined up a series of reopenings and recently added to its growing dark kitchens estate. The business reopened in Manchester on 12 April, and has also agreed a deal to reopen its site in London's Covent Garden. The group is also understood to have three further former sites in central London under negotiation with landlords. The business opened its fifth dark kitchen site at the end of March, at the Deliveroo Editions unit in Nottingham.



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