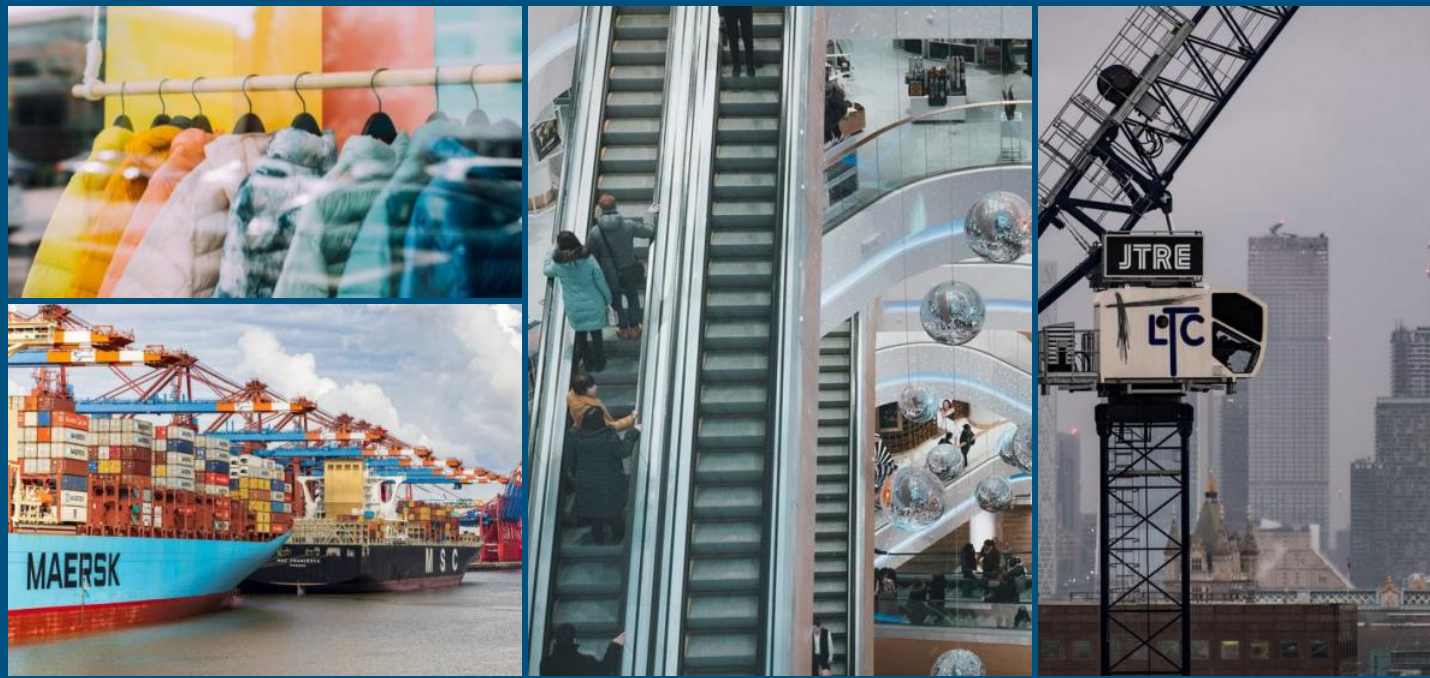




Macro & Market News

Week 35 2021 – Week ending 03/09/2021



Macro/Economic News

Week 35 2021 – Week ending 03/09/2021

Macro / Economic News (1)

Week 35 2021 – Week ending 3/9/2021

- **Big house price rise during August:** House prices recorded their second largest rise in more than 15 years last month, despite the tapering of stamp duty relief. Property prices increased by 2.1 per cent month-on-month in August after falling by 0.6 per cent in July, according to the Nationwide house price index. The introduction of the stamp duty relief last year helped to boost the market, which expanded at a record pace in 2020 even though the economy contracted by almost 10 per cent. Record low interest rates and a surge in pent-up demand have supported property prices, which are 11 per cent higher than a year ago, still further.
- **Global firms on brink of buyout spree:** The chief executives of the world's biggest businesses are preparing to go on an acquisition spree as confidence in the global economy returns to levels not seen since the start of the pandemic, a survey by accountancy firm KPMG has found. A poll of 1,325 business leaders in the world's largest economies, including 150 in Britain, found that 87 per cent were looking to do deals in the next three years to help boost and transform their businesses. Mergers and acquisitions, joint ventures and strategic alliances were identified as the main strategies for expansion and business transformation by 67 per cent of leaders of companies turning over at least \$500 million (£365 million) in Britain.
- **Factories remain optimistic despite supply disruptions:** Supply chain issues continue to drive up input prices for Britain's manufacturers but factories remain optimistic about their prospects and the outlook for jobs. The manufacturing purchasing managers index for August dipped to 60.3 from 60.4 in July, dropping to its lowest level in five months, but was well above the 50 mark that separates expansion from contraction. Economists warned that the performance was flattered by supply constraints. Production is being slowed by shortages in global shipping and road haulage, a lack of key components such as microchips and high commodity and freight prices.
- **Demand for flights will take off within weeks, says Ryanair CEO Michael O'Leary.** Revealing his latest forecasts for Ryanair's recovery from the pandemic, O'Leary said the airline would carry 10.5 million passengers in September, 75 per cent of 2019 levels, and 11 million passengers in October, an 80 per cent recovery. Ryanair flew 10.5 million passengers in the crucial holiday month of August, well down on the 14.9 million it carried in August 2019. Last year it fell to an €815 million loss compared with a €1 billion profit the year before.
- **Mortgages paid off as deadline passes.** Households made a net repayment on their mortgages in July for only the second time in the past decade, figures from the Bank of England show. The market cooled after a surge in borrowing in recent months as buyers took advantage of the temporary stamp duty relief. Households made a net repayment of £1.4 billion in July whereas economists were expecting a £3.1 billion rise in mortgage borrowing. Since it was introduced last summer, stamp duty relief for the first £500,000 of a property's purchase price has helped to lift transactions and house prices. But mortgage advances dipped in July as the relief started to be tapered.

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- **Inflation in the eurozone surged to its highest level in a decade last month**, raising pressure on the European Central Bank to tighten monetary policy. Consumer prices rose by 3 per cent during August, up from 2.2 per cent in July and the second consecutive month that inflation came in above the ECB's 2 per cent target. Economists were expecting a reading of 2.7 per cent. Prices are rising rapidly as the bloc emerges from lockdown. Higher energy prices and supply bottlenecks are fuelling inflationary pressure and the index is being flattered by weak comparable figures last year. Prices are likely to climb even more rapidly over the coming months, with economists pencilling in a peak of 3.5 per cent.
- **Business rates are a 'drag on growth after Covid'**: The business rates system is "indefensible" and is stopping small companies from investing in post-Covid expansion plans, ministers have been warned. The Federation of Small Businesses has written to the government to say that the tax is "regressive and outdated" and could hinder the economy's recovery, plans for net zero and measures to improve employee wellbeing. The tax brings in about £30 billion a year for the Treasury. Critics say that it unfairly punishes businesses with a bricks-and-mortar presence while sparing their online rivals. They also claim that it has grown disproportionately compared with other levies.
- **Graduates in demand to cover shortages**: Employers are expanding graduate recruitment programmes to cope with a shortage of staff as the economy emerges from lockdown, new figures show. An analysis of online job adverts found 13,221 graduate active job vacancies in August. This was up 197 per cent from 4,450 a year ago, when the early stages of the pandemic led employers to put their graduate programmes on hold. Adzuna, the job search platform that carried out the research, said that graduate recruitment was recovering well, with vacancies up 44 per cent when compared with August 2019. However, vacancies are still 6.9 per cent lower than they were at the start of last year.
- **Start-ups in pandemic are looking to the long term**. The Covid-19 pandemic prompted a rush of first-time entrepreneurs and new research suggests that many of them plan to continue working for themselves during the economic recovery. The combination of a need to supplement income and having more spare time to explore long-held business ambitions has been linked with a jump in company formations last year. In a survey of individuals who started a business during the pandemic, seven in ten said that their start-up had become their main professional focus. However, more than half of those polled by Studio Graphene, a technology design agency, said that they expected their businesses to perform less well now that lockdown restrictions had been lifted.
- **Mobile retail sales have grown over 30 per cent so far this year** despite a widespread reopening of retail as the medium becomes "a new normal that will outlast these Covid times." The global shift towards mobile retail has largely been driven by a staggering rise in the use of retail apps during the pandemic, according to new research from Liftoff, App Annie and Poq. The new research reveals a historic and prolonged surge in mobile shopping app use in the wake of the COVID-19 pandemic. Since January 2020, mobile users have spent 49 per cent more time on retail apps, topping 18 million hours per week in April 2021.



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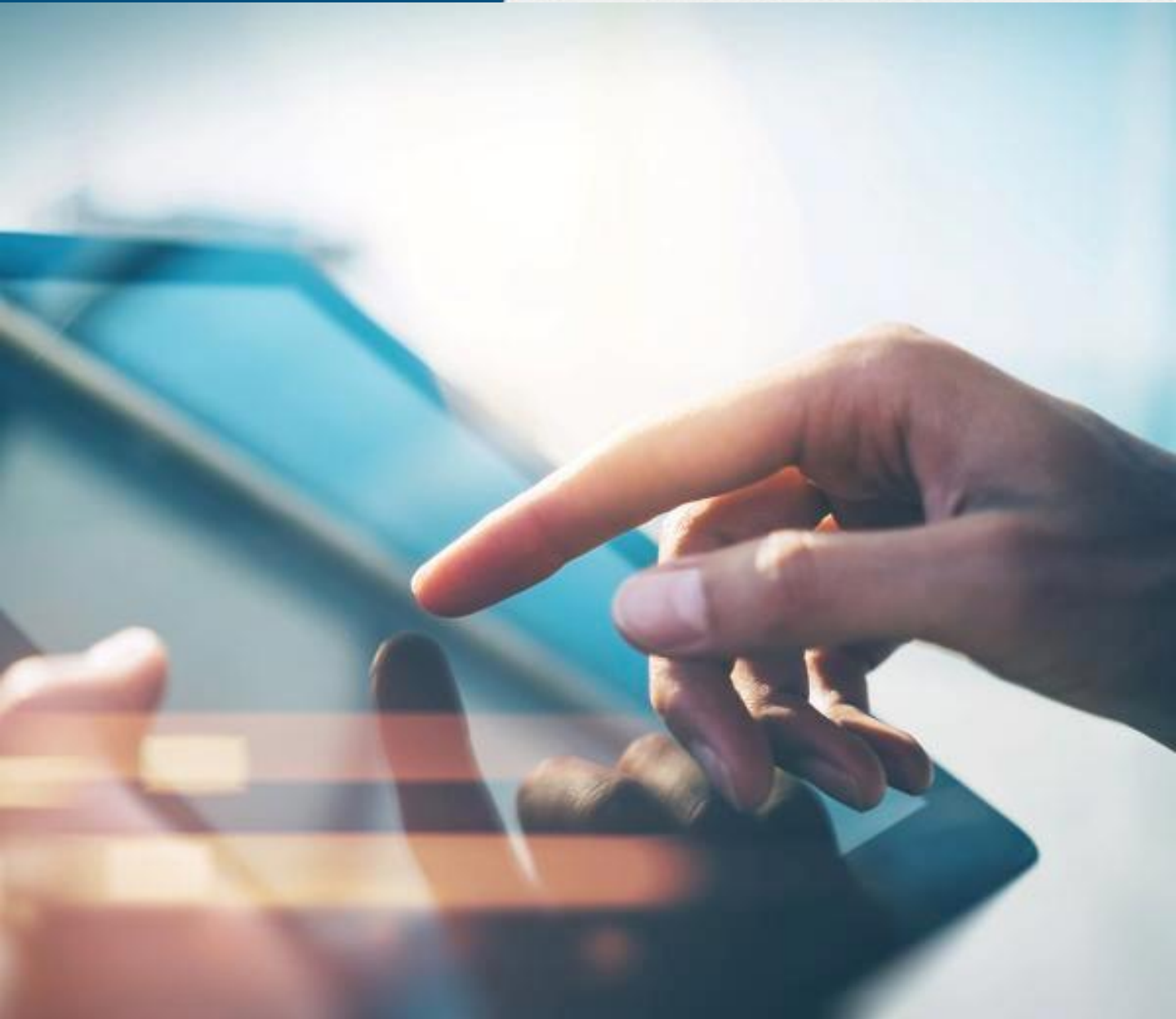
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- **Driver shortages bite:** The CBI reported last week that companies were struggling with the worst stock levels on record. A separate survey of hospitality businesses found that 94 per cent had issues with their stock, and two thirds were reducing product lines as a result. The Road Haulage Association believes there is a shortfall of 100,000 HGV drivers, including about 25,000 EU hauliers who went home during the pandemic. Meanwhile, Covid-19 has caused a huge backlog in HGV driving tests that may not clear until January. Food, retail and logistics industry bodies have said that the supply chain crisis would continue for months and could raise prices for consumers.
- **Supermarkets recruiting lorry drivers by offering higher wages** will lead to shortages of hauliers needed to deliver to schools, prisons and wholesalers, MPs have been warned. The risk to the economy from the government's refusal to respond to retailers' demands for temporary work visas for European drivers was set out in a meeting with the UK Trade and Business Commission, a group of MPs and business representatives. The commission was formed by Best for Britain, a group that campaigned against Brexit.
- **JD Wetherspoon has revealed that it recently experienced a shortage** in some beer brands including Carling and Coors as a result of supply problems caused by the ongoing Brexit HGV driver crisis. The group, which usually sells 23 different brands on draught in each of its pubs, said that due to the issues, some pubs were having to sell less to combat the problem. The shortage and supply issues follows on from other groups experiencing similar problems such as Nando's which recently had to shut around 50 of its UK outlets.
- **No-shows cost hospitality £17.6bn a year, study finds.** Bookers who don't turn up to hospitality reservations without telling the venue reportedly cost the hospitality industry £17.6bn per year. According to research conducted by hospitality technology firm Zonal and data and insight consultancy CGA, one in seven customers have failed to make a reservation without warning ahead since April. The survey, which included responses from 5,000 British consumers, found that 28% of 18-24-year-olds have missed a reservation without telling the venue ahead of time. This figure compares to just 1% of over 55-year-olds, but has been attributed to younger adults acting as more frequent bookers.
- **Brewing giant to give local pubs a makeover.** Heineken plans to spend £38 million on revamping almost a third of its pubs as it adjusts to more of its customers working from home and travelling less into city centres. The multinational brewer, which owns about 2,500 pubs in the UK as part of its Star Pubs & Bars business, will focus on creating "premium locals" in suburban and high street locations within a ten-minute walk from residential areas.

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- **Card payments hit their highest level in nearly two years over the bank holiday weekend**, in what experts say is “a sign of more positive times to come”. Bank holiday spending jumped 14.4 per cent compared to last year and 9.4 per cent compared to the same period before the pandemic in 2019. According to Barclaycard, this was the highest level of spending since Christmas Eve 2019, “the last major shopping milestone before the pandemic”. While food and drinks sales saw a 20 per cent rise in sales, leisure and entertainment businesses saw the biggest boosts rising 37.2 per cent year-on-year and 26.8 per cent compared to 2019.
- **The latest Covid-19 economic indicators from the Office for National Statistics** show a net 22 per cent of businesses reporting a decrease in turnover compared with normal trading conditions for the two weeks to August 22, up from the net 15 per cent reporting depressed sales in the fortnight to August 8. The ONS collects responses from about 9,000 businesses in the fortnightly survey. Overall 28 per cent said that turnover was down compared with expectations for the time of year.
- **Morrisons is joining London’s premier FTSE 100 index**, while takeaway delivery service company Just Eat Takeaway.com has been booted from the benchmark of blue-chip stocks.
- **Sainsbury’s is in talks to sell its banking arm** to US private equity firm Centerbridge Partners in a deal that could value the loss-making lender at £200 million. The Edinburgh-based bank, is thought to have been on the block for a year after the grocer’s chief executive, Simon Roberts, looked for ways to boost returns at Britain’s second-biggest supermarket chain.
- **Asda tycoons to open 300 stores in petrol stations**. The billionaire Issa brothers are planning to open more than 300 Asda convenience stores across their EG Group forecourts empire as the supermarket’s new owners begin to make their mark. Mohsin and Zuber Issa are pressing ahead with the plan after a trial of five “Asda on the Move” stores on EG’s 400 UK forecourts. They will open the new stores, over the next few years, at about 300 petrol stations.
- **Pret A Manger, Burger King offer food to Afghan refugees arriving in UK airports** Refugees from Afghanistan arriving in UK airports are being offered food from Pret A Manger and Burger King. The Home Office officials are working with commercial partners at airports to “ensure arrivals are being well fed before they are taken to hotels nearby.”
- **Papa John’s announces three new store openings**: Papa John’s announced new store openings in Totton in Hampshire, Southsea in Essex and a further outlet in Southampton.
- **Taco Bell plans to open a second Nottingham** city centre restaurant, with this one located in the Victoria Centre shopping mall. Meanwhile it has also announced the upcoming opening of its first drive-thru restaurant in Wales, located in Dragon Retail Park.



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