



Macro & Market News

Week 9 2021 – Week ending 05/03/2021



Macro/Economic News

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- **The Budget** - Chancellor Rishi Sunak has unveiled the contents of his Budget in the House of Commons. Ongoing Covid-19 support includes an extension of the Furlough scheme until the end of September. The Government will continue paying 80% of employees' wages for hours they cannot work, while Employers will be asked to contribute 10% in July and 20% in August and September. Support for the self-employed also to be extended until September, with 600,000 more self-employed people eligible for help as access to grants is widened. The £20 weekly uplift in Universal Credit has been extended for another six months, and Working Tax Credit claimants will get £500 one-off payment. The minimum wage will increase to £8.91 an hour from April.
- **The UK economy** - The Office of Budget Responsibility (OBR) has forecast the economy to rebound in 2021 (from a -10% decline in 2020), with predicted annual growth of +4% this year. The economy is forecast to return to pre-Covid levels by middle of 2022, with growth of +7.3% next year. 700,000 people have lost their jobs since pandemic began, with unemployment expected to peak at 6.5% next year, lower than 11.9% previously predicted. Government borrowing to reach a peacetime record of £355bn this year.
- **Taxation** - No changes were announced in the Budget to rates of income tax, national insurance or VAT. Tax-free personal allowances & the higher rate income tax threshold are to be frozen from April 2021 to 2026. Corporation tax on company profits above £250,000 to rise from 19% to 25% in April 2023, while the rate to be kept at 19% for about 1.5 million smaller companies with profits of less than £50,000. The stamp duty holiday on house purchases in England and Northern Ireland has been extended to 30 June.
- **Business support** – Also announced in the Budget were tax breaks for firms to "unlock" £20bn worth of business investment. Firms will be able "deduct" investment costs from tax bills, reducing taxable profits by 130%. In addition, incentives for firms to take on apprentices are to rise to £3,000 and £126m for traineeships, while the lower VAT rate for hospitality firms to be maintained at 5% rate until September, with the interim 12.5% rate to then apply for the following six months. Business rates holiday for firms in England will continue until June with 75% discount after that and £5bn in Restart grants for shops and other businesses in England forced to close are being introduced, with £6,000 per premises for non-essential outlets due to re-open in April and £18,000 for gyms, personal care providers and other hospitality and leisure businesses.

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- **Alcohol, tobacco & fuel duty** - All alcohol duties are to be frozen for second year running, with no extra tax on spirits, wine, cider or beer. Fuel duty to be frozen for eleventh consecutive year, while tobacco duties to rise by inflation plus 2%.
- **Environment, transport, infrastructure & housing** – A new UK Infrastructure Bank is to be set up in Leeds. It will have £12bn in capital, with aim of funding £40bn worth of public and private infrastructure projects. In addition, £15bn in green bonds, including for retail investors, were announced to help finance the transition to net zero by 2050.
- **Brexit** - The EU says a UK move to unilaterally extend grace periods for Irish Sea border checks will be a breach of international law. The grace periods mean EU import procedures and checks are not yet fully applied. The first of these periods will expire at the end of March, but the UK has said it will be extended until October. The European parliament has postponed setting a date for ratifying the trade and security deal with Britain.
- **Northern Ireland** - Details of NI lockdown exit plan has been revealed. Unlike plans announced in England, NI's blueprint does not include a timetable.
- **Isle of Man** - A 21-day "circuit-breaker" lockdown has been announced to limit the spread of Covid-19 on the Isle of Man, the chief minister has said.
- **Wales** - Hospitality, leisure and tourism businesses affected by ongoing coronavirus restrictions in Wales could see an additional £180m in extra support, the Welsh Government has announced. Businesses are expected to receive an initial extra £30m, and pending the outcome of the Government's upcoming review on 12 March, a further £150m in grants could be made available to firms through the Non Domestic Rates (NDR) scheme if coronavirus restrictions are extended.
- **Scotland** - Scotland's lockdown could end sooner than ministers thought possible as coronavirus cases and hospital admissions continue to plummet, first minister Nicola Sturgeon has said. She said: "We have every reason now to believe the exit from lockdown might be quicker and come sooner than we believed would be the case just a few weeks ago."
- **Retail footfall** - footfall in UK retail destinations in February rose by +16% from January 2021 according to Springboard data. This result has strengthened the annual drop in footfall to -61.0%, from -65.6% in January 2021. Footfall rose between January and February 2021 in all three destination types, but the largest increase of +18% was in high streets, followed by retail parks (+16.7%) and then shopping centres (+11.7%).



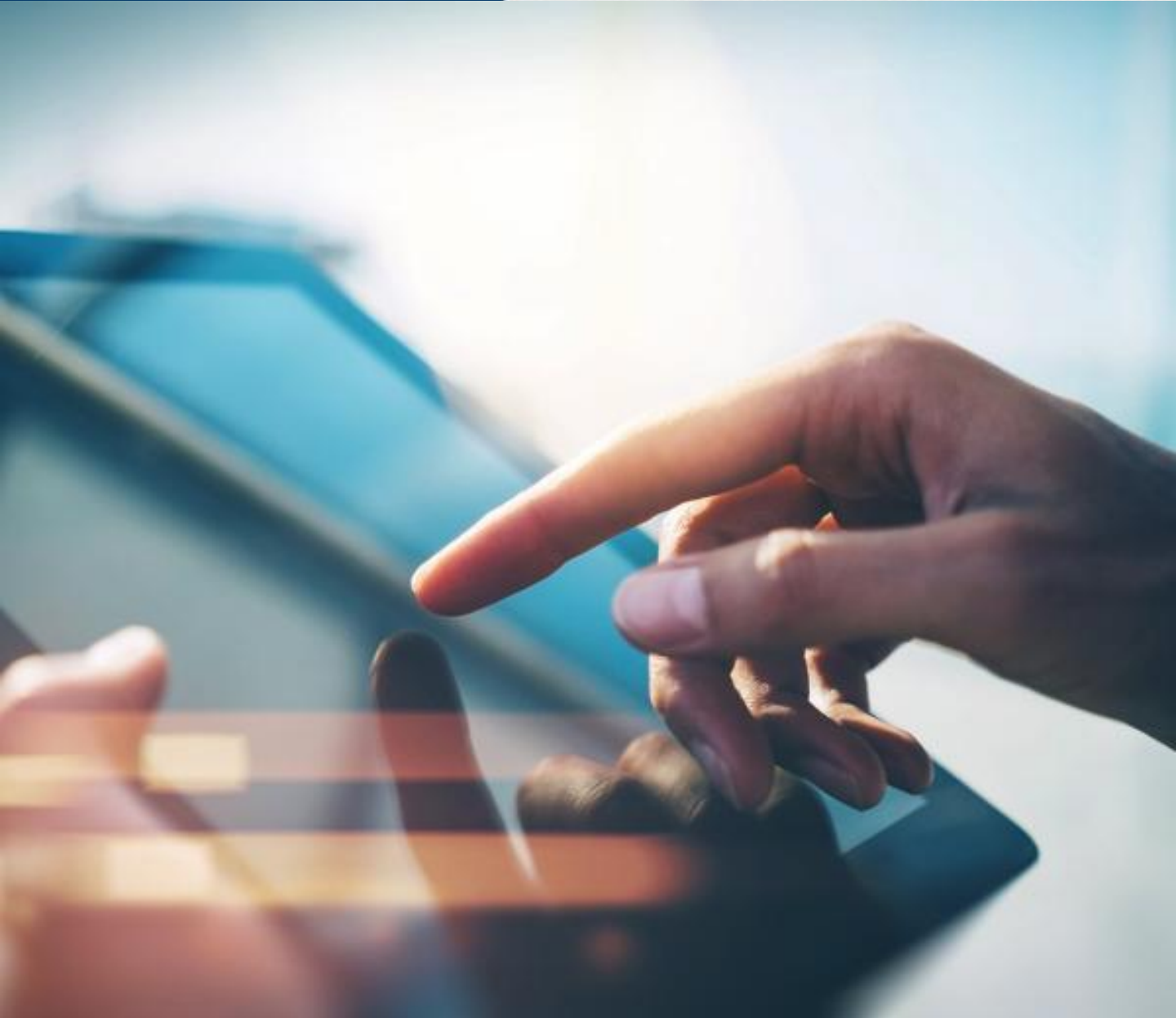
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- **Test & Trace** - Data from “hundreds of millions” of test and trace check-ins to pubs and restaurants before lockdown failed to be used by the service. According to a confidential report obtained by Sky News, the £22bn scheme failed to use check-in data for alerts or contact, “potentially leading to the spread of the virus”.
- **JD Wetherspoon (JDW)** - has earmarked 394 of its pubs for reopening on 12 April, but they are due to operate under reduced hours. The pub business will open up sites which have beer gardens, roof top gardens and patios, in England, from 9am-9pm, Sunday to Thursday and 9am-10pm on Fridays and Saturdays. The pubs will still offer food, but there will be a reduced menu available, with customers able to order and pay through JDW’s app.
- **Wendy’s** - US fast food chain Wendy’s is on track to begin opening restaurants in the UK in the first half of 2021. The company plans to build about five corporate-owned restaurants in the UK in 2021 and add another 10 in 2022. The chain will open two branches in the next five months, one in Reading and a second in Oxford, while locations in London are also being explored.
- **Deliveroo** is planning an initial public offering in London as the U.K. prepares to reform listing rules that would allow the company to have a dual-class share structure. The IPO could reportedly value the company at about \$7bn (£5bn).
- **Amazon** has opened a till-less grocery store in London - its first “just walk out” shop outside the US. Visitors to Amazon Fresh scan a smartphone app when entering and are automatically billed as they leave. The store stocks hundreds of own-brand items as well as third-party products, and also serves as a place to collect and return goods bought online.
- **Burger King UK** has set out a four-year roadmap towards improved sustainability, food quality and ethics, which will see the chain use 100% recycled or certified packaging by 2025. In its new charter, ‘Burger King for Good’, the company will continue to develop sustainability credentials, its commitment to developing its food strategy, as well as initiatives to champion diversity and inclusivity across the business. It has set goals to achieve 0% single use plastic over the next four years, adopt the WRAP’s food waste roadmap, focus on sustainably sourced commodities, and bid to minimise the negative social and environmental impacts of its operational footprint.
- **Pret A Manger** has reduced the coverage of its Dinners offering, as it continues to experiment with the food range. The company said it had evolved the evening proposition with new items such as a katsu curry, new pizzas, and wedges.
- **Chick ‘n’ Sours** has launched meal kits, including signature dishes, cocktails, and a 24-hour playlist of tunes.



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