



Macro & Market News

Week 49 2020 – Week ending 04/12/2020



Macro/Economic News

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- **Tiered** restrictions are in force in England from December 2nd. **PM Boris Johnson** wrote to MPs, signalling millions of people who will be hit with the toughest restrictions this week will see them eased on Saturday, 19 December. He announced the new rules would be scrapped altogether in February unless MPs want them to continue. The new tiers will be announced on Thursday, 17 December and come into force two days later.
- **PM Boris Johnson** has confirmed a one-off £1,000 payment will be made to wet-let pubs in England in December and vowed to work with the hospitality sector to help it bounce back next year.
- **Under tier two restrictions** from 2 December, pubs and restaurants may offer alcohol to customers so long as it is ordered alongside a “substantial meal”. It was confirmed by Downing Street that people will not be allowed to linger to drink in pubs and restaurants after eating. At the same time, PM Boris Johnson has given his backing to savvy pub landlords who are using takeaways as a way of providing customers with a “substantial” meal.
- **In Wales**, pubs, restaurants and bars have been told to close at 6pm from Friday, 4th December. Sites could only remain open after 6pm for takeaway or delivery. They will not be able to sell any alcohol at all at any point. The new restrictions are the same as the “level three” system in Scotland while, in England, pubs and restaurants in tier three areas are closed, except for takeaway and delivery. Cinemas, bowling alleys and other indoor entertainment venues will have to close but non-essential retail, hairdressers, gyms and leisure centres can remain open. A £340m support package for hospitality businesses affected by the new regulations was announced. Smaller and medium-sized businesses could access up to £100,000, while larger businesses can access up to £150,000.
- **Jersey** pubs, bars and restaurants are set to close from 00:01 GMT on Friday, December 4th until January 4th in order to tackle a surge in covid cases. All other food and hospitality outlets, except takeaways, will have to shut. All shops can stay open, but indoor sport and fitness classes and gyms must close and the 2m distancing law is to be brought back into force.
- **Ireland** has allowed restaurants and pubs serving food to reopen on Tuesday, 1 December. Travel between counties will also be permitted from Friday, 18 December. People can welcome up to two other households into their homes from that date until Wednesday, 6 January. But pubs that just serve drinks will remain shut across Ireland, meaning such venues in Dublin will have pulled their last pint of 2020 in March. Non-food pubs in other counties were briefly allowed to open in September.

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- **The OECD** says the UK economy will be among the hardest hit by the pandemic globally. It says the UK economy will still be 6% smaller than before the Covid health crisis by the end of next year.
- **IHS Markit** says its PMI index rose to 55.6 in November from 53.7 in October, temporarily boosted by 'Brexit-buying' among clients and the ongoing boost from economies re-opening following lockdowns earlier in the year. The service PMI however shows a number of 47.6 (down from 51.4 in October) where any number below 50.0 implies contraction.
- **The Nationwide** reports UK house prices rose 6.5% in the year to November, the highest annual rate in nearly six years.

Local restrictions tiers by area from 2 December 2020

	Tier 1	Tier 2	Tier 3
North West		Cumbria Liverpool City Region Warrington and Cheshire	Blackburn with Darwen Blackpool Greater Manchester Lancashire
North east			North East Combined Authority: County Durham Gateshead South Tyneside Sunderland North of Tyne Combined Authority: Newcastle upon Tyne North Tyneside Northumberland Tees Valley Combined Authority: Darlington Hartlepool Middlesbrough Redcar and Cleveland Stockton-on-Tees East Riding of Yorkshire Kingston upon Hull/Hull North East Lincolnshire North Lincolnshire South Yorkshire West Yorkshire Derby and Derbyshire Leicester and Leicestershire Lincolnshire Nottingham and Nottinghamshire Birmingham, Dudley, Sandwell, Walsall and Wolverhampton Staffordshire and Stoke-on-Trent Warwickshire, Coventry and Solihull
Yorkshire and The Humber		City of York North Yorkshire	
East Midlands		Northamptonshire Rutland	
West Midlands		Herefordshire Shropshire and Telford & Wrekin Worcestershire	
London East of England		all 32 boroughs plus the City of London Bedfordshire and Milton Keynes Cambridgeshire, including Peterborough Essex, Thurrock and Southend on Sea Hertfordshire Norfolk Suffolk	
South East	Isle of Wight	Bracknell Forest Brighton and Hove Buckinghamshire East Sussex Hampshire, including Portsmouth and Southampton Oxfordshire Reading Surrey West Berkshire West Sussex Windsor and Maidenhead Wokingham	Kent and Medway Slough (remainder of Berkshire is tier 2: High alert)
South West	Cornwall, Isles of Scilly	Bath and North East Somerset Bournemouth, Christchurch and Poole Devon, including Plymouth and Torbay Dorset Gloucestershire (Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud and Tewkesbury) Somerset (South Somerset, Somerset West and Taunton, Mendip and Sedgemoor) Wiltshire and Swindon	Bristol North Somerset South Gloucestershire



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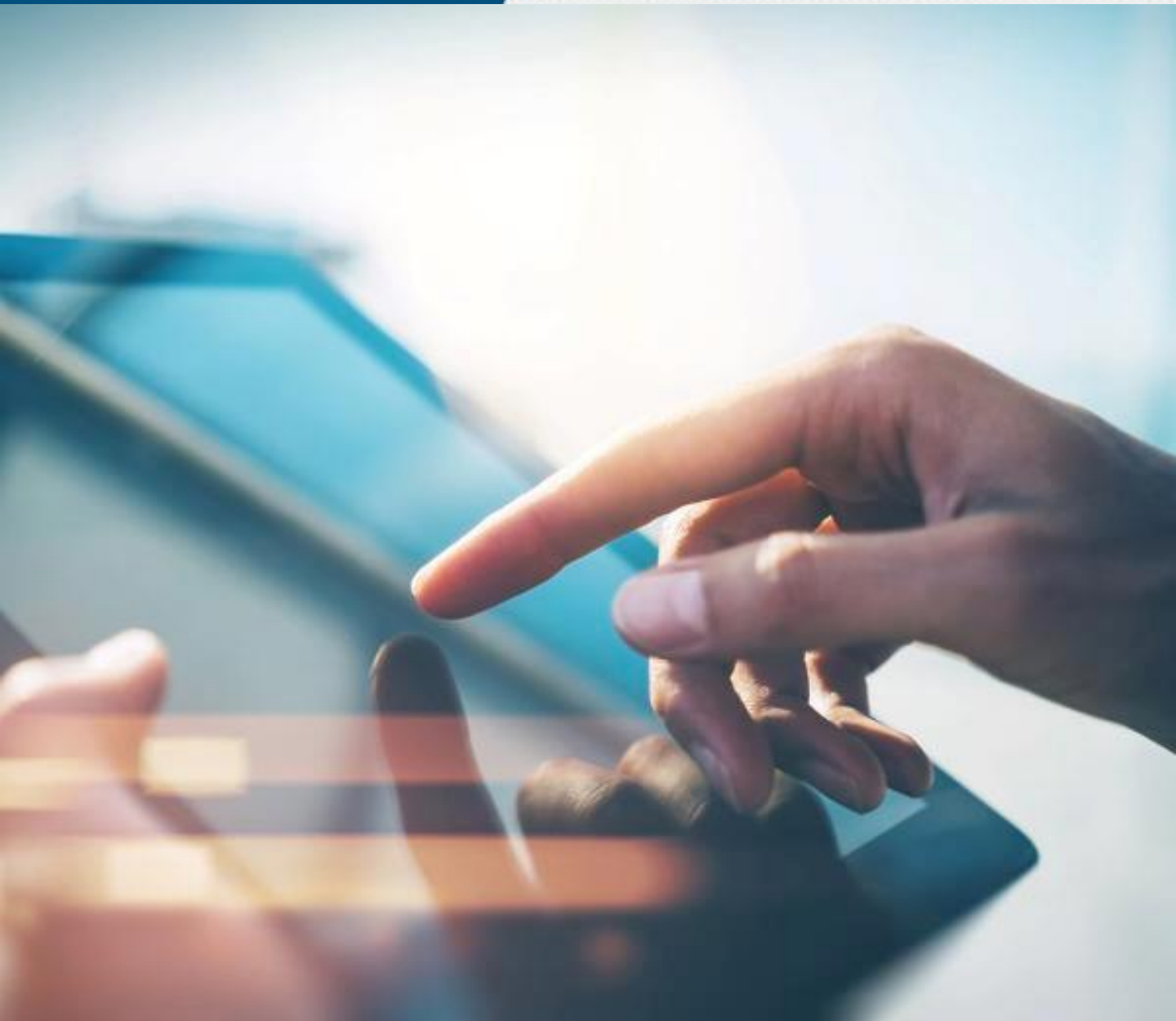
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- **KFC** will install rapid electric vehicle charge points at 450 of its drive-thru restaurants across the UK. The tie-up with InstaVolt will see chargers at KFC restaurants in London and Hampshire to come online during the next few months. InstaVolt operates an “open charger” model, so anyone can use its charging points on a pay-as-you-go basis.
- **JD Wetherspoon** has introduced a new breakfast range to its pubs. The new menu offers customers a chance to grab a cup of coffee or tea for 99p (with unlimited refills), and a breakfast muffin, from £1.99. Customers are able to choose from four new breakfast muffins – filled with either egg and bacon or egg and sausage – that range in price from £2.39 to £3.79. Muffins with bacon and Lincolnshire sausage cost between £2.59 and £3.99, and the egg and cheese muffin ranges in price, from £1.99 to £3.39. The new breakfast menu is served until 11.30am daily.
- **PizzaExpress** has confirmed its plans for reopening following the lockdown in England. In line with local tier restrictions and government guidelines, 286 sites will be open on Wednesday, 2 December, for dine-in services, while an additional 16 will offer customers delivery and click and collect. All customers through the door will be offered a free portion of its snowball dough balls. PizzaExpress will also provide an online booking service, digital menu and cashless payment.
- **Pizza Hut Delivery** is to hire 2,500 staff in a recruitment drive after its plans for rapid expansion were boosted by surging demand for takeaways during the pandemic. It has plans to create around 2,000 additional jobs over the next three years as part of significant growth plans, including 125 more locations over the three-year period.
- **Caffe Nero** has had its company voluntary arrangement (CVA) approved on 1 December – but the proposal could yet face a legal challenge. **EG Group** had written to Caffe Nero to propose buying the chain from its founder and controlling shareholder, Gerry Ford. Under the EG proposal, Caffe Nero’s landlords would be paid in full for the rent arrears owed to them as a result of the covid-19 crisis. EG’s bid could have forced the coffee shop chain to postpone the CVA vote. However, the shareholders have undertaken to reject the offer. Critically, the CVA proposal now has a provision that in the event of a sale of the group to this third party within the next six months, compromised landlords will have their arrears as of today’s date paid in full. Under the existing CVA proposal, a number of its 650 Caffe Nero-branded sites could eventually close, although the focus of the plan is to switch to a turnover rent model.

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- **Leon** has set out its restructuring plan that would see four of Leon's restaurants switch to a rent-free model. The majority of its 60 outlets will switch to turnover-based rents. It also stipulates the CVA will be in place for two years, unlike many three-year restructurings drawn up by rivals. As part of the restructuring, Leon's shareholders will inject £3m into the company if its cash reserves fall below £2.25m for more than 28 consecutive days
- **EG Group** has announced it has partnered with Cinnabon to roll out 150 sites under the US bakery brand across the UK over the next five years. Cinnabon previously operated a handful of sites in the UK, including one at the London Trocadero in Piccadilly at the start of the previous decade, before retreating from the country.
- **Papa John's** has opened six new pizza shops across the UK, generating more than 90 new jobs. The sites are located in Kempston in Bedford, Pallion in Sunderland, Stockton-on-Tees, Swadlincote in Derbyshire, Holborn in London and New Milton in Hampshire. There are over 450 Papa John's in the UK. New shops are all managed by franchisees.
- **J Sainsbury (£440), Asda (£340), Aldi (£100) and B&M Bargains (£80)** followed **Tesco (£585m) and Morrisons (£274)** in pledging to hand back the tax break given at the start of the crisis this week. Collectively they will repay £1.82 billion in business rates relief after intense criticism that food retailers had benefited from taxpayer support while enjoying a surge in sales.
- **Arcadia Group**, owner of Topshop, Ms Selfridge and Dorothy Perkins and other retail brands, collapsed into administration on Monday, 30th November, putting 13,000 jobs at risk.
- **Debenhams** stores are set to close after the failure of last-ditch efforts to rescue the ailing store chain. It means all 12,000 employees are likely to lose their jobs when the chain's 124 shops cease trading. Hopes of a rescue were crushed after the last remaining bidder, JD Sports, withdrew.
- **Bonmarche** is yet another high street retailer that falls into administration this week, putting 1500 more jobs at risk.
- **Tipjar** has received a £100,000 government innovation grant to allow hospitality venues to try out its new Tap to Tip boxes. Tap to Tip boxes are easy-to-install devices that connect to 4G and Wi-Fi, allowing customers to instantly tip venue staff via contactless payment, with Tipjar's software distributing tips directly to the staff members who are working.



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