

UK news

- **GDP** | The UK economy shrunk by 20.4% in April as lockdown stopped business. This is the largest monthly drop on record (the previous record was 5.8%, set in March).
- **Post-Brexit customs** | Plans to introduce full checks at borders from 1st January have been abandoned in an effort not to compound Covid-19 issues.
- **Trade talks** with Japan started on Thursday. Japan is the UK's fourth largest trading partner.
- **Unilever** announced that it will abandon its traditional Anglo-Dutch structure in favour of a single base in London.
- **Inflation** | According to the Bank of England, the public's view of future inflation fell to a record low in May. In February, the public's expectations for CPI in five year's time was 3.4%, in May it fell to 2.6%.

Labour

- **Robots** | UK farms are starting on an endeavour to bring robots to UK fields. A consortium will trial the use of robots this summer and will manufacture technology to roll out next year. A recent survey by EY revealed that 81% of respondents expected Covid-19 to accelerate adoption of automated processes in place of manual labour by humans.

Materials and commodities

- **Plaster** has faced a shortage, leading to companies seeking to stockpile while producers try to ramp up production. The Builders Merchants Federation says that output is now performing ahead of plan and supply issues should ease.
- **Copper** | Strong demand from China has caused the price of copper to rally, increasing 20% above its lockdown low. Supply disruptions have continued with output from Peru falling 33% year-on-year, however long-term the price is expected to fall, reflecting a surplus of 400,000 tonnes this year.

- **Iron ore** has been one of the least volatile commodities this year, outperforming most other metals driven by strong demand and weak supply, and pushing above \$100/tonne.



The world

- **Recovery** | The IMF will revise its growth projections next week following an announcement this week that the global economy is recovering more slowly than expected. Its previous projection (April) suggested the global economy would shrink by 3% this year.

Construction and property news

- **Furlough** | Latest data from the ONS reveals that 1.5 million construction workers are currently supported by the Coronavirus Job Retention Scheme and the Self-employment Income Support Scheme.
- **Cash flow** | 30% of construction businesses, who have not permanently stopped trading, reported that they had cash reserves to last 1-3 months, according to the latest Business Survey by the ONS.
- **Output** | Construction output fell 40% in April as many sites closed ahead of site safety guidance.
- **Value** | Estate agents are expecting to see increased demand for homes with balconies or gardens over the next two years.



Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	6,105.18	-5.85	-16.89
FTSE 250	17,077.34	-6.32	-10.68
Nikkei	22,305.48	-3.32	5.63
CSI 300	4,003.08	0.05	9.53
S&P 500	3,041.31	-4.78	5.35
Nasdaq	9,588.81	-2.30	22.99
CAC 40	4,839.26	-6.90	-9.84
Dax	11,949.28	-6.99	-1.22
\$ per £	1.2527	-1.36	-0.56
€ per £	1.1132	-1.00	-0.89
Gold £/oz	1,380.23	3.71	29.58
Brent Oil \$/barrel	38.73	-8.44	-37.54

Weekly Summary

Stock markets moved lower as concerns of a second wave of Covid-19 increased, especially in the USA and China as Beijing faced new localised lockdowns following new cases whilst France has lifted most of the restrictions, now focusing on rebuilding the economy.

Closer to home, non-essential shops are allowed to reopen today with social distancing measures in place and foreign travellers have to self-isolate for 14 days as the Foreign Office continues to warn against non-essential travel.

Brexit was also back in the headlines as Michael Gove confirmed that the UK will not seek an extension to the Transition Period, therefore increasing concerns of a No Deal departure from the bloc, a move not supported by the Opposition Parties.

Raw material prices are also coming under pressure as China seeks to build its way out of Covid-19 and mine output continues to decrease as a result of the pandemic. However an annual surplus may mean that price increases are limited.

Next week the IMF will release its new economic projections, having seen more of the evidence of the last period. They are expected to move their forecast lower.

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