

UK news

- **UK deficit** | Forecasts suggest that the UK is likely to have a 5% deficit by the end of 2024 and that by the same time, GDP will be 4% lower than forecast in February 2020.
- **Workforce** | HMRC revealed that 8.4 million employees have been furloughed and 2.3 million self-employed workers have made claims for income support which together account for £21.8bn and represent a third of the UK workforce.
- **Changes to furlough** | From August, employers will start paying 20% of furloughed staff wages, NI and pension contributions. A cut off date for new applicants is expected to be introduced in the next few weeks.
- **Harrods** announced plans to open a new outlet at Westfield Shepherd's Bush in July to sell reduced and discontinued stock affected by the lockdown.
- **Brexit** | After writing to leaders of the UK's opposition parties to advise that an extension to the transition period would be granted, should the UK request one, Michael Barnier warned that Britain needs to be "more realistic" in its demands as trade talks resume this week.
- **Foreign investment** | France overtook the UK as a destination for foreign investment projects in 2019 for the first time in two decades. However London's share of projects in the UK grew according to the EY Attractiveness Survey.

Materials and commodities

- **Crude steel** production in China has increased and is nearly 2% higher than seen at the same time in 2019 however, in Germany, output has fallen 24%. The World Steel Association estimates that global production fell 13% in the year to April 2020.
- **Iron ore** prices increased as Chinese demand increased whilst the spread of Covid-19 caused mines to close in Brazil, the world's second-largest exporter. However, some think that iron ore's resilience may falter in the coming weeks.

Construction and property news

- **Housing** | Interest in the housing market grew 20% in the last two weeks according to Zoopla, although many believe the bounce to be temporary. Current levels remain 14% lower than levels seen in February and interest in London has not recovered.
- **HS2 progress** | The first permanent HS2 structures are being built with the first of 24 large beams delivered to build four modular bridges at the Interchange station site in Solihull.
- **Airport projects** | According to analysis by Construction News, nearly £1bn of capital investment has been cancelled or deferred by UK airports. The aviation industry has been one of the hardest hit by Covid-19.
- **Reverse charge VAT** | Industry groups have asked the Chancellor to delay changes to VAT by another year as cash flow concerns mount.
- **JCB** staff have voted to introduce flexible working proposals to save jobs. Currently only 30% of staff have returned to work.

The world

- **Europe** | The European Commission unveiled proposals for a €750bn, major recovery plan which will bring the 2021-2027 Budget to €1.85tn. Hopes for a large stimulus strengthened the Euro.
- **Global jobs market** | Data from LinkedIn suggests that the slump in hiring figures around the world may have stabilised albeit at low levels, and some countries (including France and Italy) have seen mild improvements. In China, hiring is now flat compared to a year ago and in the US, it is 35% lower.
- **China tensions** | China has approved plans for controversial security laws in Hong Kong. The news pushed stockmarkets down as investors are concerned about rising international tensions.
- **Global growth rates** | PMI data suggests that the global downturn may have bottomed out in April and the rate of decline has eased since then with markets show increasingly positive signs.

Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	6,076.60	1.39	-15.15
FTSE 250	17,042.96	3.93	-14.66
Nikkei	21,877.89	7.31	6.20
CSI 300	3,867.02	-0.05	6.54
S&P 500	3,044.31	3.01	10.62
Nasdaq	9,489.87	1.77	27.33
CAC 40	4,695.44	5.64	-9.84
Dax	11,586.85	4.63	-1.19
\$ per £	1.2320	1.20	-2.40
€ per £	1.1091	-0.76	-2.00
Gold £/oz	1,400.81	-1.77	35.50
Brent Oil \$/barrel	37.66	7.20	-41.60

Weekly summary

As the strict lockdown begins to ease many will be looking for signs of recovery, and when and how that will gather pace.

The Construction Products Association issued its forecast for construction growth suggesting that output could shrink by 25% this year under the main scenario. However, there are many unknowns in any forecast, particularly at the moment as the effects of the pandemic are broad and the situation is unprecedented.

There are some positives: the industry is working together to gather further knowledge on how to safely increase site productivity, and over the last few weeks we have seen continued commitment to funding and construction of large infrastructure projects.

To look out for this week

In the coming week global manufacturing PMIs will be released which will give the first major insight into how the world economy fared in May, hopefully giving an indication of the scale and speed of the economic reaction to Covid-19.

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