

UK news

- **Returning to city centres** | The Mayor of London, Sadiq Khan has called for support for city centres from government, identifying an extension of furlough, business rates holidays for retail, hospitality and leisure sectors. According to research by City Hall, two-thirds of Londoners see Covid-19 as a risk to themselves and 90% see it as a risk to others and are reluctant to return to city centres until the virus is less prevalent.
- **Jobs** | Early figures from the ONS suggest that 730,000 jobs have been shed from payrolls since the beginning of the pandemic.
- **EU/UK negotiations** | The UK's chief negotiator, David Frost, has said that a Brexit agreement can be reached next month.
- **UK GDP** fell by 20.4% in Q2, in line with analysts' expectations. Two consecutive quarters of contraction mean that the economy is now in a technical recession.

Global news

- **Euro area** employment fell by 4.9 million in the first half of the year (but mostly in Q2), removing nearly half of the 12 million jobs created since the Global Financial Crisis. The number is expected to grow as furlough programs are withdrawn.
- **Covid-19** | Many European countries are experiencing local spikes in case numbers with Spain and Italy increasing some lockdown closures and mandating the wearing of masks wherever social distancing cannot be maintained. The public health authority in France warned that indicators were trending upwards.
- **Japan's economy** shrank by a record 7.8% in Q2. Japan didn't close all business activity, but announced a state of emergency over Covid-19.

Materials and commodities

- **Oil demand** | The International Energy Agency (IEA) has downgraded estimates for demand in Q3 and Q4. Total global oil demand will fall 8% this year. The outlook for next year has also been trimmed due to the ongoing "weakness in the aviation sector". Opec, however, maintained its 2021 forecast but highlighted large uncertainties around its view.
- **Plaster shortages** are expected to continue until mid-to-late September, according to the Builders Merchants Federation despite factories working at full capacity. The shortage is partly driven by panic-buying but also by earlier constrained pallet supplies.
- **Steel** | Thyssenkrupp warned that its steel business is set to make "a good €1bn" operating loss this year having been hit hard by falling demand from the car industry.

Construction and property news

- **Employment** figures for construction fell by 83,000 in Q2, the steepest decline since 2010 when employment levels dropped by 103,000.
- **Construction output** grew by 23.5% in June, but remains 24.8% below February 2020 levels.
- **Future workload** | The most recent RIBA Future Trends Workload Index rose to +3 in July, from -17 in June with 31% of practices expecting workloads to increase. 28% expect falling workloads.
- **Commonwealth Games** | Organisers have scrapped plans to build an athlete's village for the 2022 games in Birmingham, instead using existing student residences around the city as organisers were concerned that the village would not be finished in time. The legacy permanent housing will still be built.
- **Facemasks** | New guidance from the CLC recommends that employers make face coverings available for those working in close proximity with others.
- **Property loans** | Three of the largest lenders to UK real estate have seen an increase in stressed loans. Natwest's central scenario expects property prices to fall 16% in 2020, rising 2% in 2021 and 6% in 2022

Friday to Friday

	Price / index	Week % change	Annual % change
FTSE 100	6,090.04	0.96	-14.43
FTSE 250	17,735.62	0.64	-5.77
Nikkei	23,289.36	4.30	14.06
CSI 300	4,704.63	-0.07	26.79
S&P 500	3,372.85	0.64	16.76
Nasdaq	11,019.30	0.08	39.56
CAC 40	4,962.93	1.50	-6.37
Dax	12,901.34	1.79	11.58
\$ per £	1.3107	0.51	7.84
€ per £	1.1077	0.03	1.08
Gold £/oz	1,486.49	-4.68	19.31
Brent Oil \$/barrel	44.80	0.90	-23.60

Weekly Summary

As Covid-19 cases remain relatively low - but still a concern - thoughts are now turning to what the new normal will be and how it will be affected by changing behaviours in lockdown.

The Chancellor's Eat Out to Help Out is encouraging consumer spending but the scale of unemployment figures and lost GDP means that there is significant ground to reclaim, and this largely depends on public confidence in covid-security measures and how safe they feel, alongside their participation in social-distancing.

For construction, it is encouraging to see an increase in construction output, especially when coupled with last week's rapid rebound in PMI, now we must hope that this trajectory continues.

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