

“A number of major uncertainties cloud the outlook”
OECD forecast

STARTER HOMES



The Housing and Planning Bill aimed to transform “generation rent into generation buy” and outlined plans to create discounted homes for first-time buyers. Under the scheme, some buyers could be eligible for a 20% discount.

UK STEEL CRISIS



Cheaper steel imports, particularly rebar from China, and an unsupportive tax environment challenged the UK’s steel sector threatening several manufacturing plants and production at the SSI Redcar plant was suspended before being liquidated. The Crisis extended into 2016. A summit was held between ministers, producers and unions in which Unite called for a more level playing field for UK steel through business rates reform, help with high energy bills, and fair implementation of regulations.



DEFLATION FEARS

Consumer price inflation was between 0.3% and -0.1% in 2015, driven down by plunging oil prices, supermarket wars and a strong pound, which peaked at 1.4409 EUR in July as the Eurozone debt crisis suppressed the euro.

ECONOMIC WEEK IN REVIEW
2015
RETROSPECTIVE

FALLING OUTPUT

Construction output fell for the first time since May 2013 in September. Total quarterly output recovered past its previous peak set in Q1 2008, driven by a rebound in housing but construction employment remained 14% lower.



CHINESE RELATIONS



2015 saw the then Chancellor George Osborne make a five-day trade mission to China in the hope of turning the UK into China’s biggest trading partner by 2025. A return visit from the Chinese President gave Chinese backing to the Northern Powerhouse and a £6bn deal with China Nuclear Power Cooperation to support Hinkley Point, and ushered in a period of large Chinese investment into UK real estate and assets.

COMMODITY PRICE CRASH



The price of key commodities such as oil, iron ore, copper fell markedly in 2015 as a result of oversupply and weak demand as China posted its weakest growth (but still 6.3%) in 25 years. A strong US shale industry also helped push oil prices down by increasing supplies. In light of the challenges, Anglo American suspended its dividends and announced plans to cut its workforce by 85,000 and dispose of more than half its mines.

“If we put all this together, we see global growth that is disappointing and uneven”
Christine Lagarde, IMF