



WEALTH MANAGEMENT

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The Week in Review

Monday 21 September 2020

"Everything is being done that we possibly can to increase testing capacity"



All over the country, people have been struggling to get tested for coronavirus, with appointments paused and the system under immense pressure as demand spikes. Some people in need of a test have reported being directed to sites located hundreds of miles from their homes. Data shows that just a third of tests conducted in community testing centres in England are currently being processed within 24 hours.

Last week, Boris Johnson informed the Commons Liaison Committee that although testing capacity is not sufficient, it has increased by 10% in the last two weeks and that four new labs are being built and 300 people recruited. He promised that there would be capacity for 500,000 tests a day by the end of October, adding, *"Everything is being done that we possibly can to increase testing capacity."* The Prime Minister went on to urge people without symptoms to stay away from testing centres.

Matt Hancock told MPs that although the testing system is facing an enormous challenge he wanted to make sure those most in need of tests were prioritised and that any issues with the virus testing system will be solved *"in a matter of weeks."*

With around 200,000 tests on average currently being processed daily, most capacity is being directed towards virus hot spots. Both headteachers and hospital bosses have warned of serious staff shortages as they self-isolate with symptoms, awaiting tests and subsequent results. In addition, many

parents are having to keep children at home as they present with symptoms but struggle to get tests.

"We have got to take the necessary action to keep people safe"

When questioned about the prospect of a second national lockdown, Boris Johnson told the Commons Liaison Committee that it would have *"disastrous"* financial consequences for the UK, insisting the government was doing *"everything in our power"* to prevent another one. Meanwhile, as cases continue to rise, new restrictions have been imposed in certain regions, with 13.5 million people in the UK now facing local restrictions, equating to around one in five people.

Tighter national rules are being considered to curb the spread of the virus. Without intervention, scientific advisers have warned that another serious outbreak is likely by the end of October. Ministers are reportedly pondering the closure of hospitality businesses in England, although a decision on the *'circuit break'* plan has not yet been made. Speaking last Friday, Matt Hancock said, *"The virus is clearly accelerating across the country. We have got to take the necessary action to keep people safe."*

A new legal duty being introduced in England from 28 September, will mean that people who refuse an order to self-isolate if they test positive for coronavirus, or are traced as a close contact, will be fined up to £10,000.

Economic outlook 'unusually uncertain'

Last Thursday, The Bank of England's

Monetary Policy Committee (MPC) unanimously voted to maintain the Bank Rate at 0.1%. The MPC outlined that the outlook for the economy remains *'unusually uncertain'*, the minutes from the meeting cite, *'The path of growth and inflation will depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It will also depend on the responses of households, businesses and financial markets to these developments.'*

The 12-month inflation rate (Consumer Prices Index) fell sharply in August to 0.2%, from 1.0% the previous month. According to the Office for National Statistics (ONS), the government's Eat Out to Help Out scheme, which pushed down restaurant prices, combined with the VAT cut in the hospitality sector, were contributing factors. It is expected that inflation will remain below 1% until early 2021. The ONS also reported on labour statistics last week, revealing that the number of people on UK payrolls in August was around 695,000 lower than in March and that the unemployment rate grew from 3.9% to 4.1%. Despite this rise in unemployment, according to the ONS, the number of job vacancies continued to recover into August, with fewer furloughed workers and the average number of hours worked increasing.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated.