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Economic Insights: March 2021

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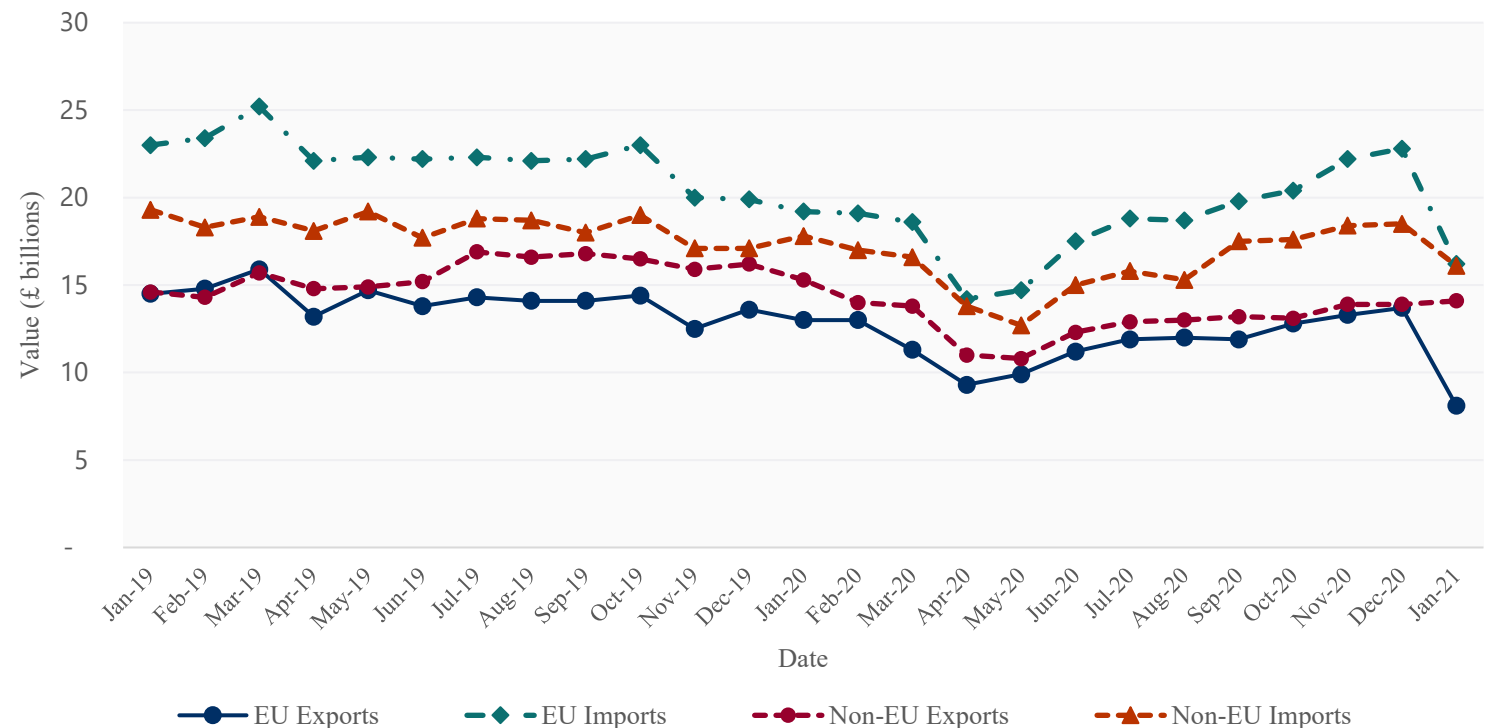
Brexit - Trade

Brexit – Impact on Trade

- Data for January 2021 shows the total value of UK trade fell by 19.3%
- The collapse was not equal, with EU imports and exports falling by 40.9% and 28.9% respectively.
- Non-EU exports rose by 1.4%, with imports falling just 13%.
- The primary causes are the running down stockpiles and introduction of non-tariff barriers to trade
- COVID-19-related restrictions and global supply chain issues partially to blame

EU and non-EU goods imports and exports

Excludes non-monetary gold and other precious metals, with EU and non-EU countries, January 2019 to January 2021



Source: Office for National Statistics – UK trade

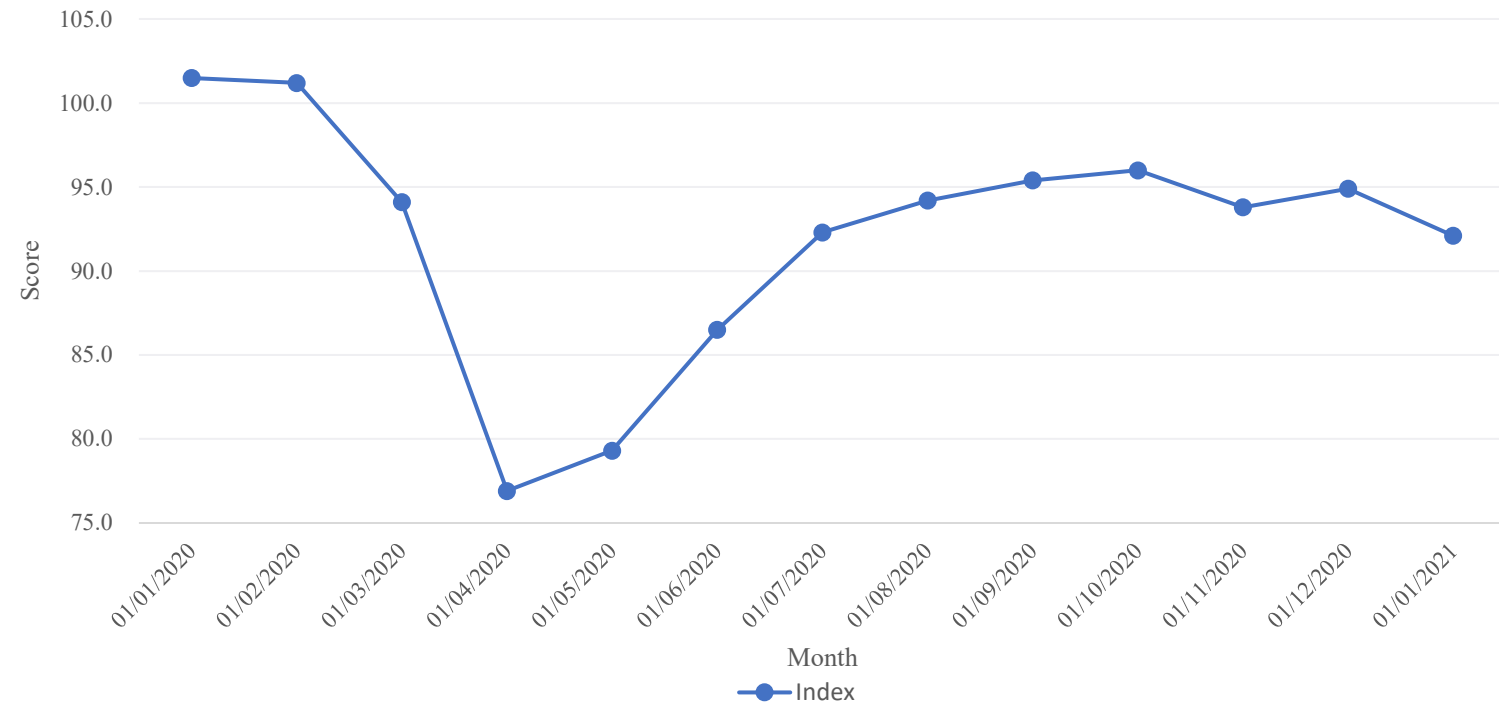
Coronavirus

Coronavirus

- UK GDP remains 9% below levels seen in February 2020
- Service contributed the greatest downward contribution of 3.5% in January, remaining 10.2% below February 2020 levels
- Accommodation and Food service activities declined to a lesser degree by 0.4 percentage points

GDP Index

GDP fell by 2.9% in January 2021 as government restrictions limited economic activity



The Office for National Statistics

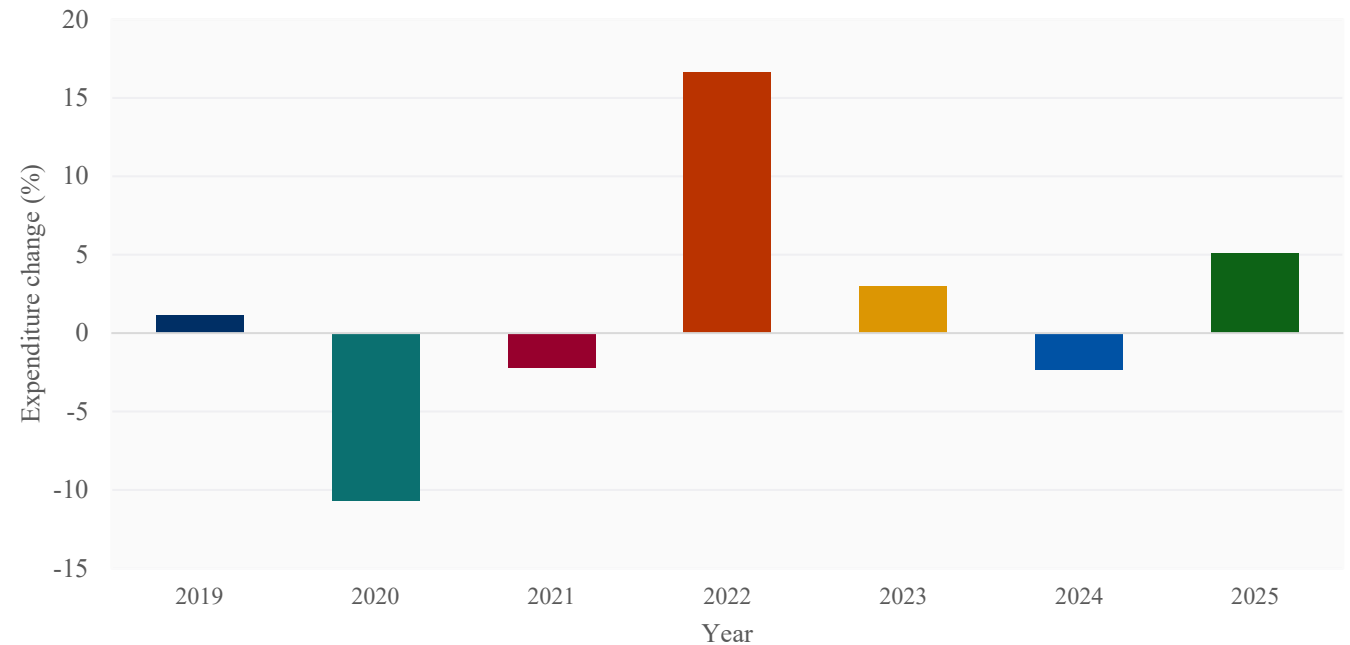
Economic outlook

Economic outlook – Investment incentives

- Government has brought in temporary, two-year incentives for investment to improve productivity
- First year write-down is increased to 130%, up from 18%
- The Annual Investment Allowance uprating to £1 million has been extended
- Business investment is forecast to spike in the short term in response

Real Business Investment

Percentage change on a year earlier



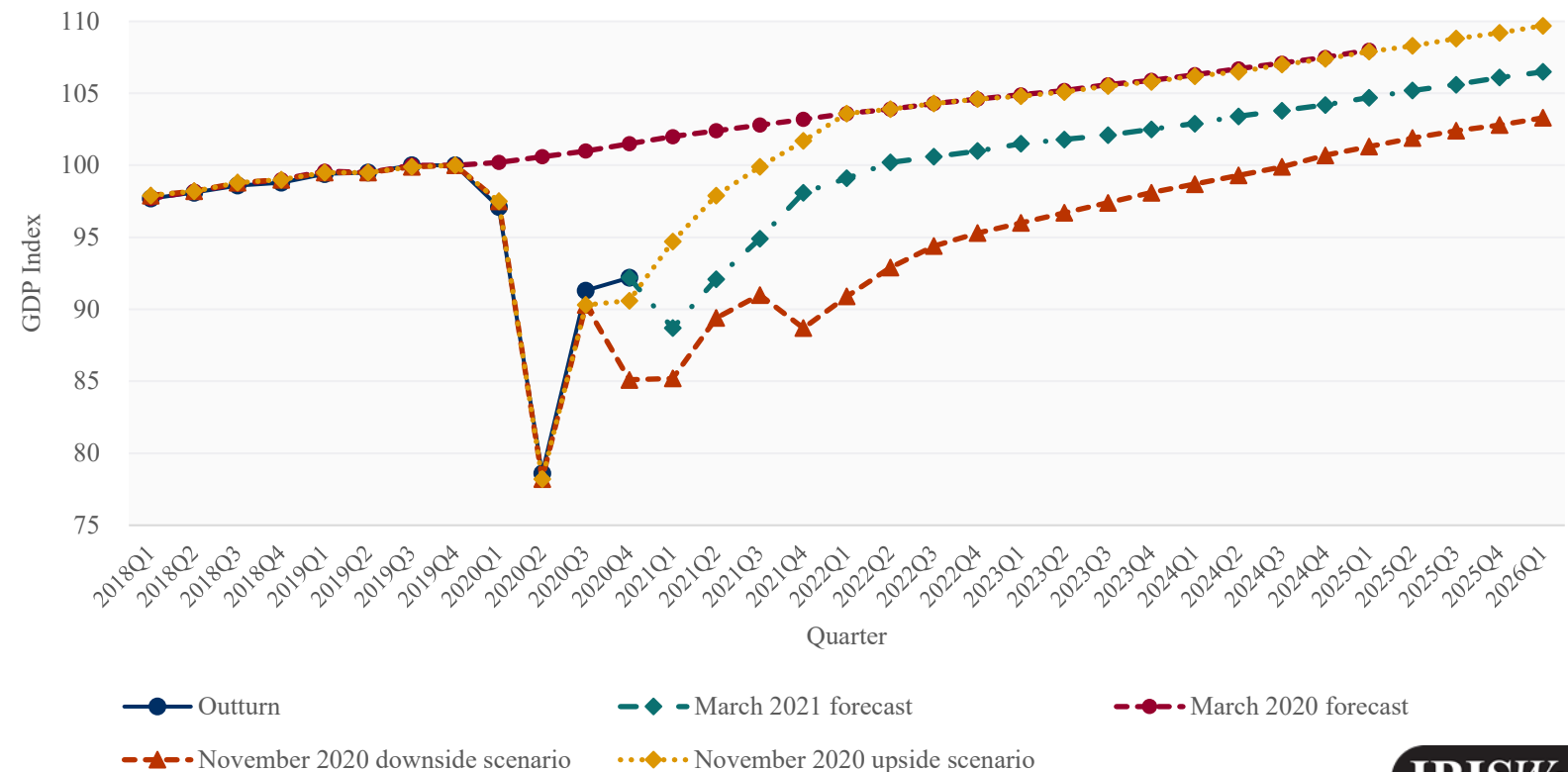
Source: Office for Budget Responsibility

Office for Budget Responsibility Outlook

OBR GDP Forecast

The OBR has revised its November projections to follow its central forecast due to the continuing roll out of vaccinations

- GDP is expected to reach pre-pandemic levels by 2022 Q2
- GDP is expected to grow by 7.3% over the 12 months through December 2022
- Government spending on health and public services is expected to support a healthy rebound in consumer demand
- Supply has benefited from government grants and the employee furlough scheme



IBISWorld Resources

Analyst Insights

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