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# Economic insights: COVID-19

Presented by UK Industry Analysts:

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John Griffin

20<sup>th</sup> April 2020



# COVID-19 Statistics

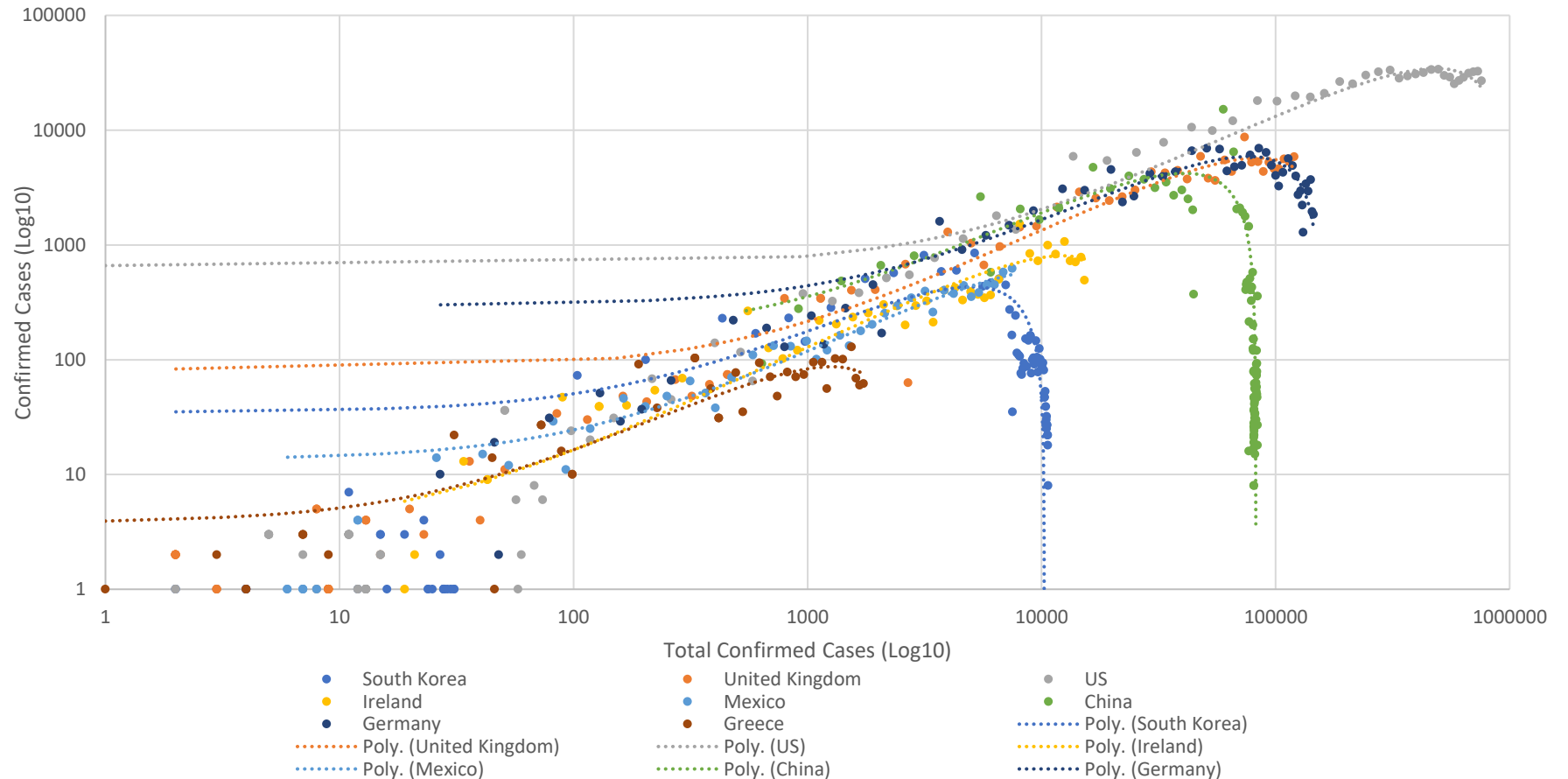
# United Kingdom COVID-19 Statistics

## Latest UK figures 19<sup>th</sup> April 2020

- Total number of lab-confirmed UK cases: 120,067
- Daily number of lab-confirmed UK cases: 5,850

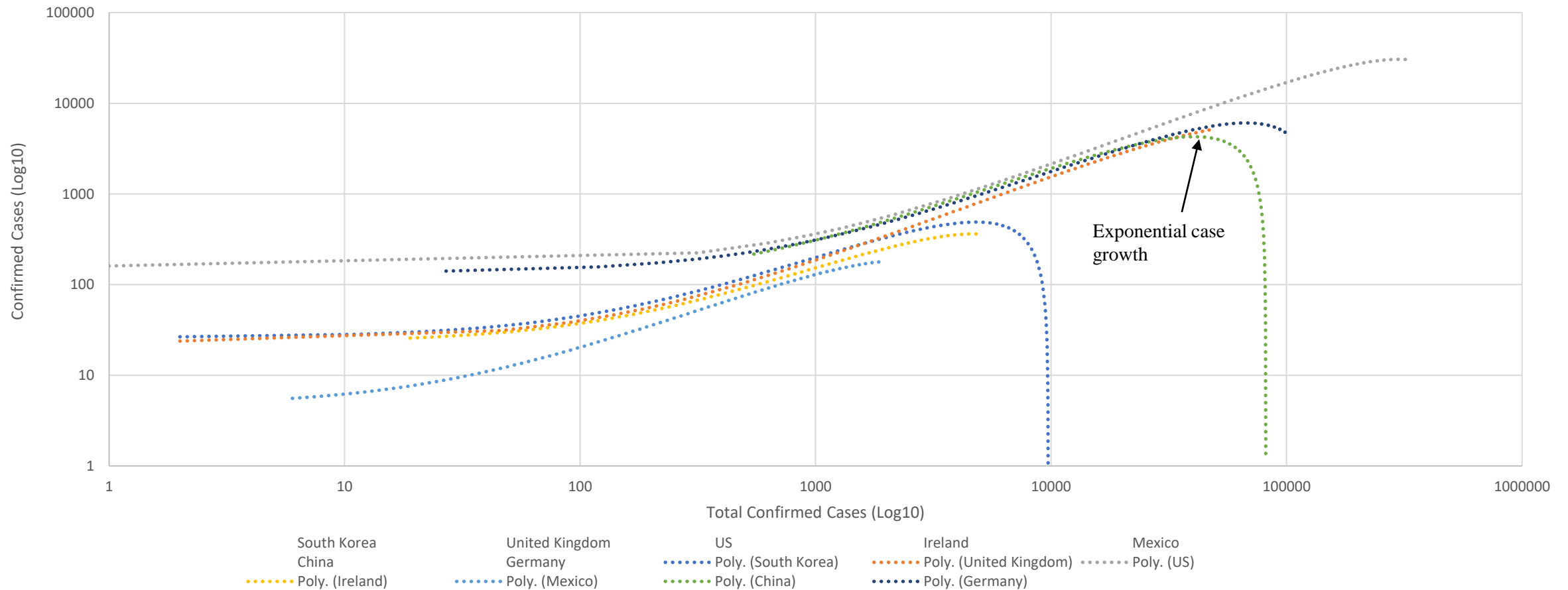
United Kingdom has exited the Coronavirus confirmed cases exponential growth phase.

COVID-19 Containment Data



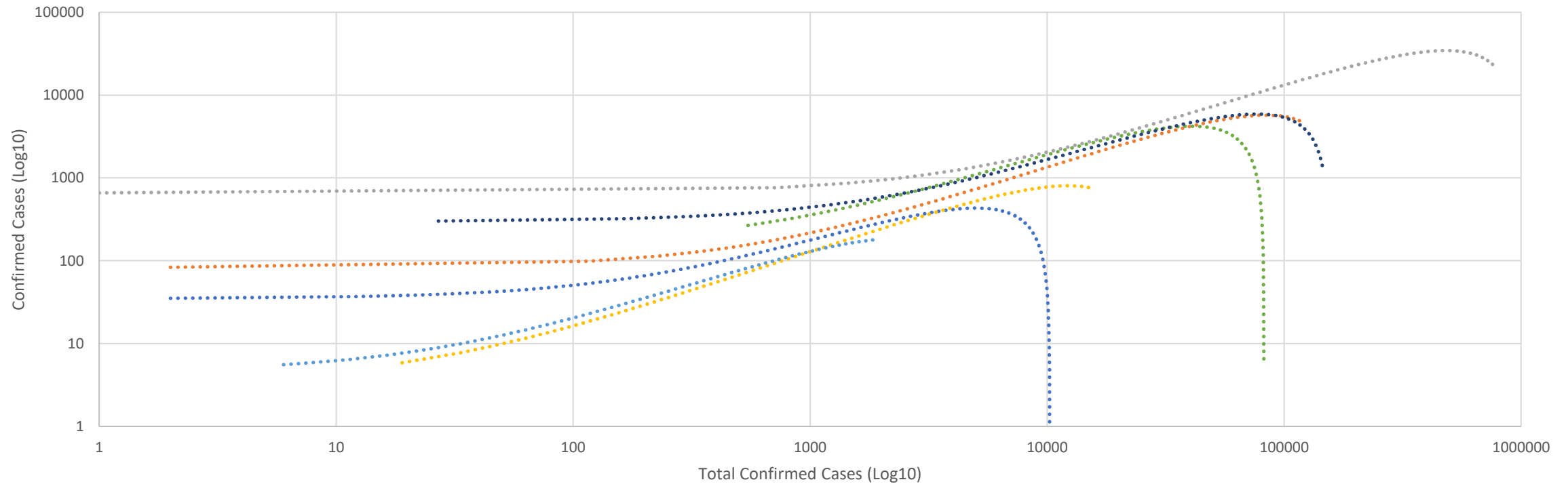
# United Kingdom COVID-19 Statistics 7<sup>th</sup> April

## COVID-19 Containment Trend



# United Kingdom COVID-19 Statistics 20<sup>th</sup> April

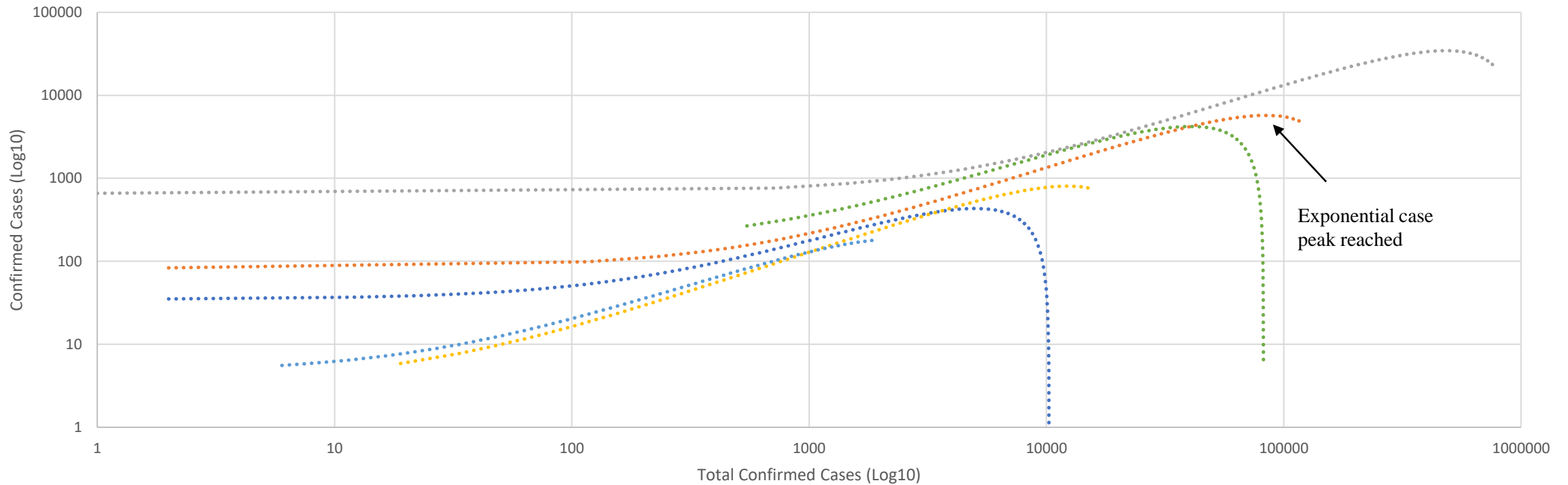
COVID-19 Containment Trend



- South Korea
- China
- Poly. (Ireland)
- United Kingdom
- Germany
- Poly. (Mexico)
- US
- Poly. (South Korea)
- Poly. (China)
- Ireland
- Poly. (United Kingdom)
- Poly. (Germany)
- Mexico
- Poly. (US)

# United Kingdom COVID-19 Statistics 20<sup>th</sup> April

COVID-19 Containment Trend



- South Korea  
China  
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Poly. (US)

# Government response

# United Kingdom government response

## Updated Government measures:

- 16<sup>th</sup> April: The government announced an extension of lockdown measures for at least another three weeks.

## Other developments:

- 8<sup>th</sup> April: The chancellor set out an extra £750 million coronavirus funding for frontline charities.
- 18<sup>th</sup> April: The government announced an £1.6 billion extra support for English councils.
- 20<sup>th</sup> April: The government unveiled a £1.3 billion package to support start-ups.



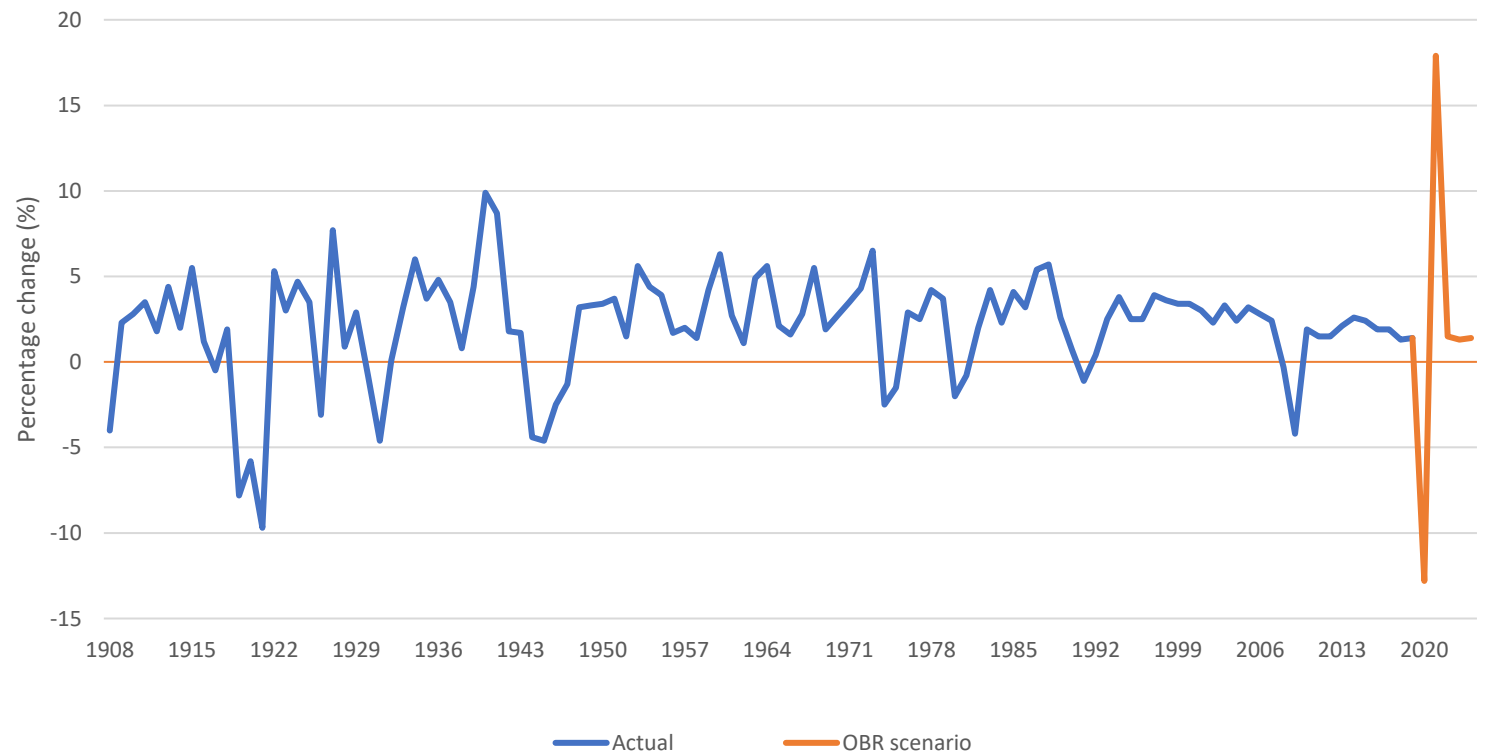
# Economic indicators

# United Kingdom GDP growth

## Real GDP decline

- Real GDP forecast to decline by 35% during first quarter of 2020-21.
- Steeper fall in output than during Global Financial Crises (GFC).
- Faster recovery expected.
- Increased government borrowing expected to spur a long-term increase in public sector net debt.

## Real GDP growth



# Unemployment

## Severe increase in unemployment

- New claims for universal credit made between 16 and 31 March: 950,000
- Significantly worse than Global Financial Crises (GFC) unemployment increase.
- Unemployment may reach 10% in worst case scenario.
- Recovery anticipated to be relatively quick, barring exogenous shocks.
- Job retention scheme goes live 20<sup>th</sup> April.

United Kingdom Unemployment Rate



# Industries

# IBISWorld's most affected UK sectors

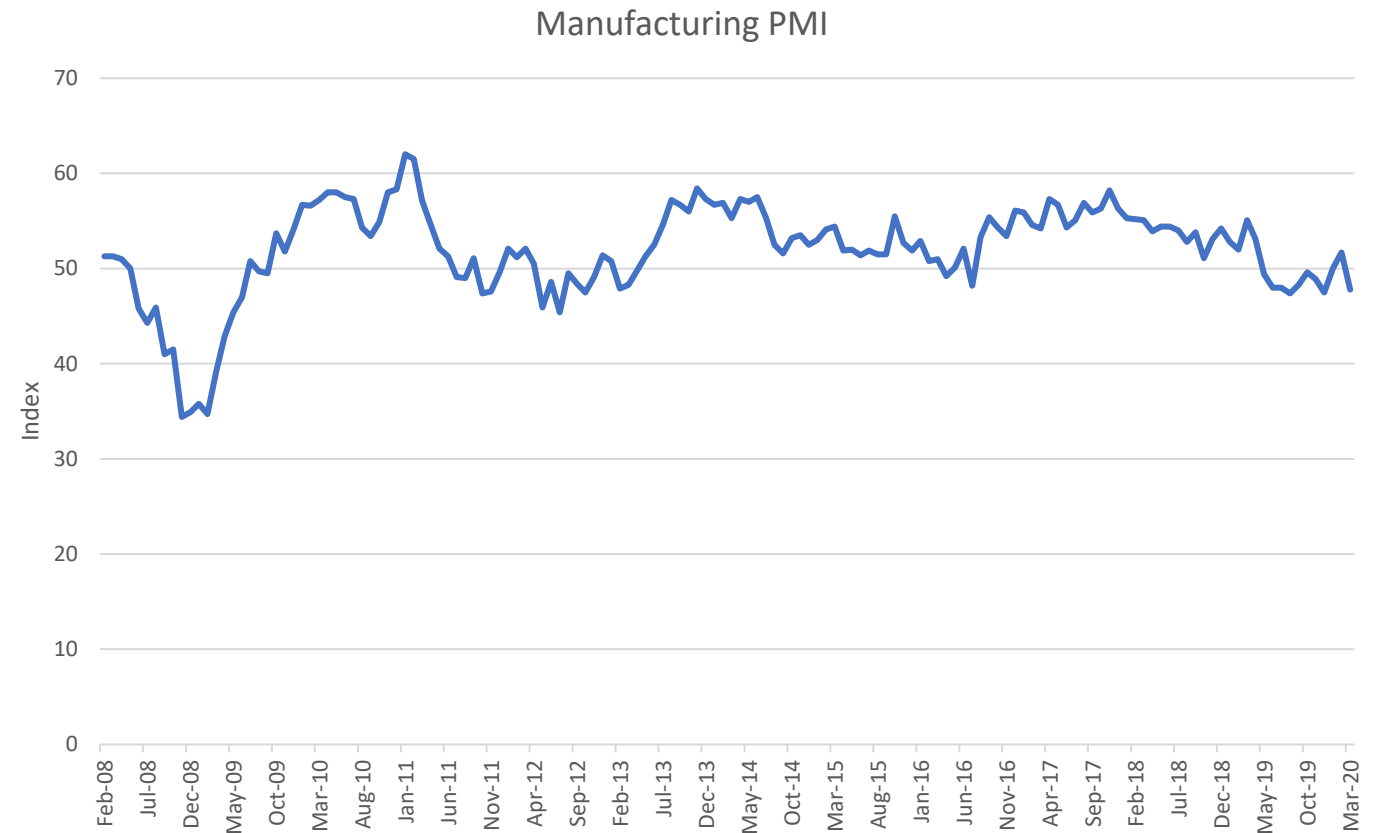
Industry Code (UK)	Sub-sector
A	Agriculture, Forestry and Fishing
B	Mining and Quarrying
C	Other manufacturing
C10-C12	Food and beverage manufacturing
C13-C15	Clothing, textiles and footwear manufacturing
C16-C17, C22-C25	Material manufacturing
C18, C26-C27	Electronics manufacturing
C19-C20	Chemicals manufacturing
C21	Pharmaceuticals manufacturing
C28-C29	Vehicle & Machinery manufacturing
D	Electricity, Gas, Steam and Air Conditioning Supply
E	Water Supply; Sewerage, Waste Management and Remediation Activities
F	Construction
G	Other wholesale and retail
G45	Motor vehicle wholesale and retail
G46-G47	Food and beverage wholesale and retail
H	Transportation and Storage
I	Accommodation and Food Service Activities
J	Information and Communication
K	Insurance
K	Finance
L	Real Estate Activities
M & S	Professional, Scientific and Technical Activities
N	Administrative and Support Service Activities
P	Education
Q	Human Health and Social Work Activities
R	Arts, Entertainment and Recreation

# Manufacturing

# Manufacturing

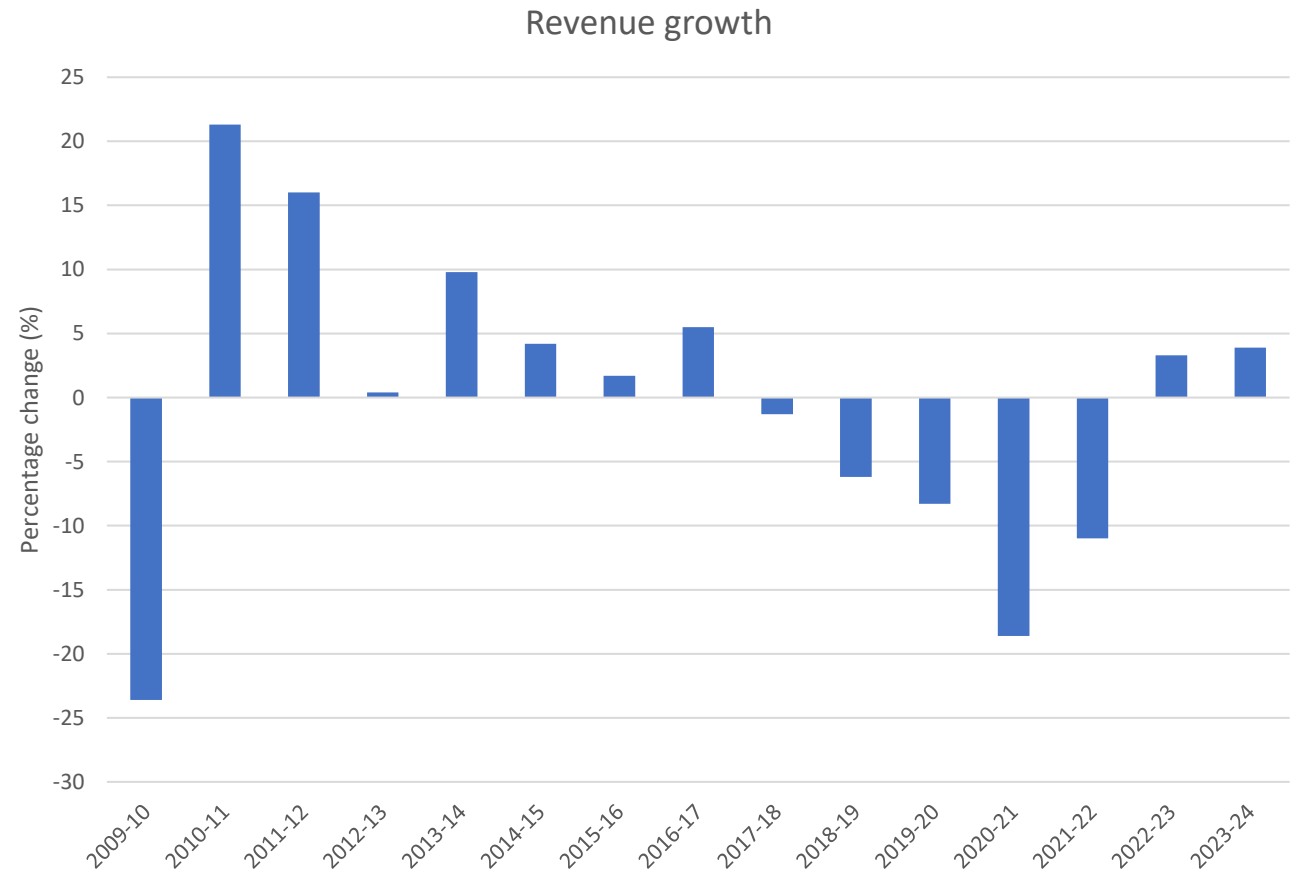
## Stifled Manufacturing

- UK manufacturers suffer by weak new orders and supply chain disruption.
- Manufacturing PMI records steepest fall in output since July 2012.
- Several manufacturers re-purpose operations towards the production of medical equipment.



# Motor Vehicle Manufacturing

- Revenue growth:
  - 2019-20: -8.3%
  - 2020-21: -18.6%
  - 2021-21: -11.0%
- Highly globalised nature of the industry leaves it susceptible to coronavirus impact.
- SMMT forecast an 18% drop in output in 2020.





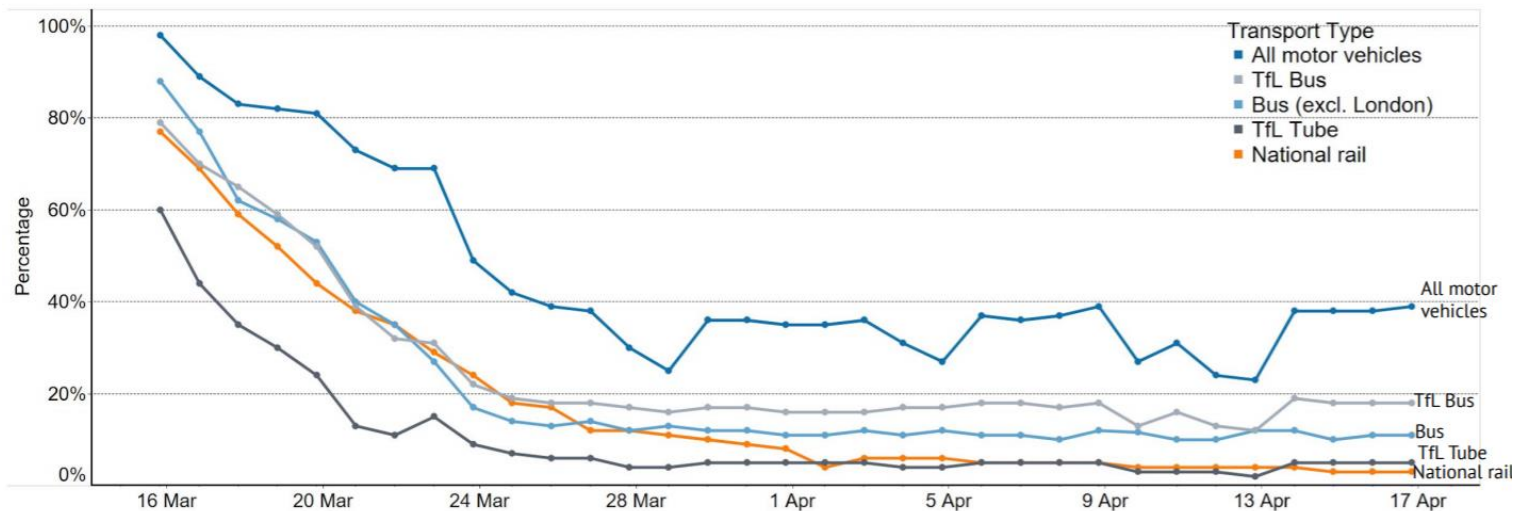
# Transportation and Storage

# Transportation and Storage

- Transport use down 60% for all transport types compared with February.
- 95% fall in rail and tube passenger numbers.
- Industries most affected:
  - Urban Passenger Rail Operations.
  - Intercity Passenger Rail Transport.
  - Bus and Tramway Operations.
- Government support
  - Temporary nationalisation of rail services.
  - £400 million bailout for bus services.

## Transport use change (Great Britain)

Transport use is down by more than 60% for all transport types since February. Rail and Tube use are down by 95%. Tuesday 14 April data shows a return to the pattern of travel seen before the Easter weekend.



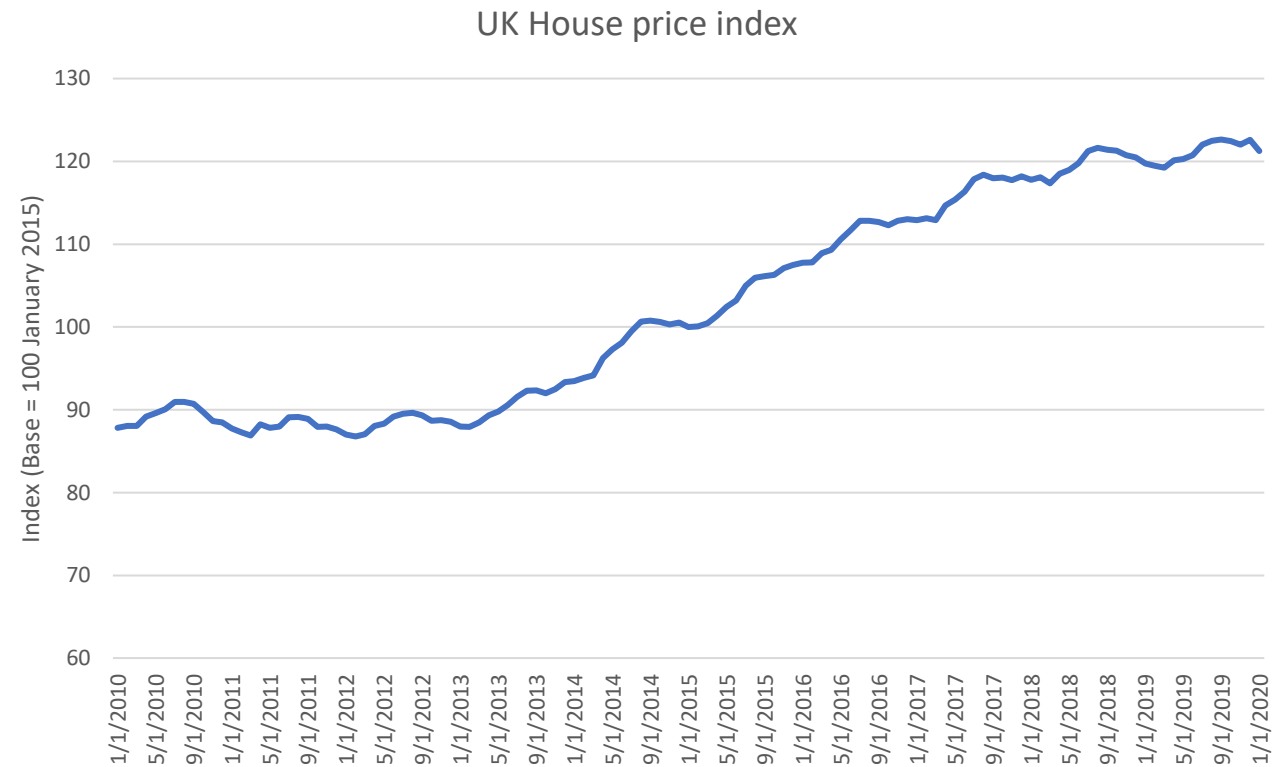
Source: Department for Transport. Bus (excl. London) data has been adjusted to compare against typical usage for the Easter break, whereas all other data sources have not.

# Real Estate Activities

# Real Estate

## Residential sector

- Social distancing and virus fears limit residential transactions.
- Bank Of England bank rate changes mean many mortgages have been revaluated.
- Mortgage repossessions generally halted by Financial Conduct Authority.
- Residential house price stagnant in March.
- Major estate agencies expected residential property sales to drop significantly.
- Property listing websites are reporting a significant fall in residential property demand.
- House prices in the United Kingdom to decline in 2020 according to property experts.



# Real Estate

## Commercial

- Demand for warehouse space spikes since mid-March 2020. This has mainly been driven by major supermarkets, online-retailers and pharmaceutical third-party logistic firms.
- Real Estate Investment Trusts (REITS) face fall in real estate capital values as social distancing measures affect retail sales and subsequently retail property rental values.
- Office space less affected but not immune. Work from home has driven technology integration which may reduce demand for office space in future.

# IBISWorld COVID-19 Updates

# COVID-19 Updates

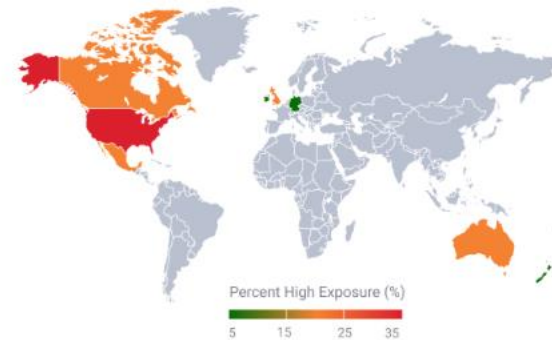
<b>IBISWorld Industry code</b>	<b>IBISWorld Industry Title</b>
C17.220	Sanitary Product Manufacturing in the UK
C20.510	Explosives Manufacturing in the UK
C21.100	Basic Pharmaceutical Product Manufacturing in the UK
C26.200	Computer & Peripheral Equipment Manufacturing in the UK
C29.100	Motor Vehicle Manufacturing in the UK
G47.110	Supermarkets in the UK
G47.710	Clothing Retailing in the UK
G47.730	Dispensing Chemists in the UK
H51.101	Scheduled Passenger Air Transport in the UK
H51.102	Non - Scheduled Passenger Air Transport in the UK
I55.100	Hotels in the UK
I56.101	Full - Service Restaurants in the UK
J60.200	Television Programming & Broadcasting in the UK
K64.992	Factoring in the UK
N79.110	Travel Agencies in the UK
N82.200	Call Centres in the UK
Q86.900	Diagnostic & Ambulance Services in the UK
Q87.300	Retirement Homes in the UK
SP0.068	Budget Airlines in the UK
SP0.064	Online Travel Agencies in the UK

## Coronavirus Insights

IBISWorld is closely monitoring the COVID-19 pandemic's effects on industries and providing insights and analysis to keep you in the know. Scroll down to find insightful articles, on demand webinars and useful statistics.

We're also providing our [Exposure Analysis Tool](#) to help you detect potential points of exposure that will inform your strategy. This top-level analysis provides an indicator of exposure to early disruptions already resulting from the virus as well as areas of interest for potential further research.

### Industry Exposure Intensity by Country



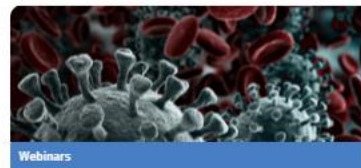
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