



**Rocket
Performance
Group**

2nd February 2021

Economic UPDATE

Economic & Market Overview

Trust building communications is critical today.

Among the changes over the last year of the COVID-19 pandemic, one that cannot be ignored is the low consumer and business confidence levels. Small lifts have been seen when lockdown levels were eased and when the vaccination programme was first announced, but it is fragile. In recent days, we have seen concerns about new COVID variants and the likelihood of sustained lockdowns.

In this environment, the importance of authentic communications that seek to build trust is business critical. This ethos applies to all communication, digital and spoken. Many people are feeling fragile and in today's 'Groundhog Day' situation are often short of the everyday dialogues they would have traditionally enjoyed.

As well as creating good reassuring messages, there is a particular need for coaching. In one-to-one calls and digital dialogues, people within businesses need to be conscious of the importance of speed, content and especially tone. Saying we care and we are here to treat you as an individual as far as possible must be evident.

Trust-Building Communication is Not Temporary

As lockdown hit last March, there was an immediate need for practical communication to explain new home operating practices, what businesses could/could not do and financial forbearance measures. It must be hoped that we are past that stage.

Despite hopes for a return to normal, the new normal will be a different place to February 2020. How we work, travel and purchase, almost everything has changed. Socially distancing and face coverings are set to be around for an

extended period. Of these, how we buy things will be particularly significant. The shift to online is notable and face-to-face contact will be limited.

In an online world, people will make buying decisions differently. Trust and the promise of care and service will be far more important – communicating these will be a differentiator.

Authenticity

Communications must be real, rapid and consistent. Trite words open the door to damaging an organisation's reputation. If a product is going to be delayed, be honest and explain why; make promises you can deliver; place hyperbole on the backburner and be real. Taking time to consider each customer individually, especially in one-to-one emails and ensuring grammar and spelling have been checked is important,

Price v Trust

The price will always be important, but with confidence bruised, people want reassurance and credibility. Any business that is not investing in and executing a communication plan and coaching to bring trust to the forefront of their tone of voice and content, especially digitally is missing an opportunity to stand out from the crowd and in turn, build their online reputation.

Best Wishes & Stay Safe

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Key Economic Data Summary

(as at 01/02/21)



UK Consumer Confidence Jan 2021*	-28	The Overall Index Score decreased two points
CPI (December)	+0.6%	Up from 0.3% in November
CPIH (December)	+0.8%	Up from 0.6% in November
Employment Rate (Sept-Nov'20)	75.2%	Lower than previous report
Unemployment Rate (Sept-Nov'20)	5.0%	Higher than previous report
GDP Q3 2020	16%	Revised from first estimate of 15.5% growth
BoE Base Rate	0.1%	Unchanged from previous report
LIBOR (6M GBP)	0.04388%	Prices have risen since previous report
Crude Oil	\$52.20 a barrel	Prices have risen since previous report
Gold	\$1,865.62 per oz.	Prices have fallen since previous month

(*Source GFK)

Consumer Confidence

source GFK Consumer Confidence Barometer January 2021

Personal Financial Situation

The index measuring changes in personal finances over the last 12 months is up one point to -8; this is nine points lower than January 2020. The forecast for personal finances over the next 12 months is down one point this month at +2; this is four points lower than January 2020.

General Economic Situation

The measure for the general economic situation of the country during the last 12 months is down two points at -67; this is 39 points lower than in January 2020.

Expectations for the general economic situation over the coming 12 months are down nine points; this is 20 points lower than January 2020.

Major Purchase Index

The Major Purchase Index has decreased by two points to -24 in January; this is 25 points lower than it was in January 2020. Savings Index - The Savings Index has gone up by one point only to +18 in January; this is two points lower than this time last year.

Personal Loan Rates

(as at 01/02/21)

Unsecured Personal Loan Rates sourced from lenders websites on 01/02/21. Based on £5,000 loan over 36 months and subject to underwriting. These advertised rates should apply to 51% of all customers accepted for a loan on the advertised T's & C's. Some rates may only be available to existing customers.

Sainsbury's Finance	3.6%
Tesco Personal Finance	3.4%
Santander UK	4.5%
Nat West/RBS	7.9%
M & S	3.9%
Halifax	9.9%
HSBC	6.1%
Lloyds Bank	15.4%
TSB Bank	9.9%
Barclays Bank	10.9%
Virgin Money	3.9%

National House Price Index

(source: Halifax Banking Group as at 08/01/21)

Annual change	+6.0%
Quarterly change	+2.6%
Monthly change	+0.2%
Average price	£253,374



House Price NEWS

source Halifax Banking Group as at (08/01/21)



HMRC Monthly property transactions data for UK home sales rose for the seventh consecutive month in November. UK seasonally adjusted residential transactions in November 2020 were 115,190 – up by 8.6% from October (up 3.3% on a non-seasonally adjusted basis). The latest quarterly transactions (September-November 2020) were approximately 46.9% higher than the preceding three months (June- August 2020). Year on year, transactions were 19.1% higher than November 2019 (22.0% higher on a non- seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)



Mortgage approvals rose in November to the highest level seen in over 13 years. The latest Bank of England figures show the number of mortgages approved to finance house purchases rose by 6.7% to 104,969. Year-on-year, the November figure was 56.4% above November 2019. (Source: Bank of England, seasonally-adjusted figures)



Results from the latest (November 2020) RICS Residential Market Survey remain positive but show an easing in momentum for housing market activity. New buyer enquiries displayed a net balance of +27% (previously +42% in October), new instructions +16% (+30% previously) and agreed sales +25% (+41% previously).

(Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

ABOUT ROCKET PERFORMANCE GROUP

In Marketing, Public Relations, Training & Development and Corporate Development
Our three distinct business disciplines share one common goal -
to give our clients a performance edge

After many years in corporate business leadership, we struggled to find the type of results focused, entrepreneurial people who could make the type of positive contributions we were looking for to drive our businesses forward. People who were knowledgeable, energetic, results focused and fun to work with, people we could trust as friends.

To create such a support service was our goal and now seventeen years on we continue to grow, remaining true to this original vision. Across the UK, Europe and beyond we are proud to be making a valued contribution to the businesses and above all people with whom we work. From training and development, through public relations and marketing and on to major corporate development we are delighted to share our expertise, energy and results focus.

We love what we do and our passion comes through in everything we do.

We bring focus to deliver results



Financial NEWS

Money & Credit December 2020

Bank of England 01/02/21

Consumer credit

Households' consumer credit remained weak in December with net repayments of £1.0 billion. This follows a net repayment of £1.5 billion in November. Total net repayments were £16.6 billion in 2020, the weakest in one year on record. As a result, the annual growth rate fell further to -7.5% in December, a new series low since it began in 1994.

Within consumer credit, the weakness in December reflected net repayments on both credit cards (£0.8 billion) and other forms of consumer credit (£0.1 billion). As a result, the annual growth rates of both components fell further, to -16.2% and -3.4%, respectively. For credit cards, this represents a new series low.

The effective rate on interest-charging overdrafts was little changed at 20.51% in December. Rates on new personal loans to individuals fell slightly to 5.38% in December, and continue to remain low compared to an interest rate of 7.03% in January. The cost of credit card borrowing bounced back to 17.76% in December, following the series low at 17.49% in November.

Households' deposits

Households' flows into deposit-like accounts rose in December. The net flow of deposits was £20.9 billion in December, up from £18.4 billion in November. And there were smaller withdrawals – £2.7 billion in December compared to £6.3 billion in November – from National Savings and Investment (NS&I) accounts. These are not captured within household deposits but can act as a substitute for them. The combined flow into both deposits and NS&I accounts in December (£18.2 billion) was higher than recent months (around £12 billion between September and November), but similar to an average of £19.9 billion seen between March and August 2020.

Businesses borrowing from banks

Overall, non-financial corporates repaid £0.5 billion of bank loans in December, following net borrowing of £2.4 billion in November. The average cost of new borrowing from banks by all PNFCs rose by 20 basis points, to 1.86%. The rate compares with 2.68% in January 2020.

Within overall corporate borrowing, small and medium sized non-financial businesses (PNFCs and public corporations) net borrowing from banks weakened. In December, they drew down an extra £0.7 billion in loans, down from £1.9 billion in November. Despite the fall in net borrowings, the annual growth rate continued to rise following record net borrowing in 2020 (£43.3 billion), reaching 25.6% in December. Interest rates on new loans to SMEs increased by a further 28 basis points to 2.32% in December, but remain well below the rate of 3.37% in January. Rates have risen gradually over recent months from a trough of 0.98% in May.

Large non-financial businesses made net repayments of £1.1 billion in December. Large businesses have been making large net repayments since May, leading to total net repayment of £5.8 billion in 2020 compared to net borrowing of £13.8 billion in 2019. The annual growth rate of borrowing by all large businesses was -1.7% in December.



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