



**Rocket
Performance
Group**

December 2021

Economic UPDATE

Economic & Market Overview

The outlook for 2022 - The importance of human spirit

It's that time in the business calendar when all manner of people hypothesise about the year ahead. In adding my view, one of the great joys is having the freedom to do so with an independent, authentic outlook.

Some of what we can expect to see economically appeared broadly clear until the noun Omicron entered the business lexicon. Socially and economically, it is right to recognise that it will have an impact, not least of all, on confidence. It is also evident that it and any other COVID variants that might follow are great unknowns. That caveat out of the way; this outlook is based on the knowns or those that can be reasonably be anticipated.

The UK economy is on track for output to jump by 6.9% in 2021, with growth of 4.7% in 2022 and 2.1% in 2023, forecasted by the Organisation for Economic Co-operation and Development (OECD) on December 1st. If this is correct, the UK will outpace the broader G7. However, there are some significant issues to be addressed;

Inflation – CPI is already at 4.2% and is forecast to hit 5% early next year. Labour shortages, supply chain issues and rising utility prices globally and are contributing to the type of rise we have not seen for many years. While it had mainly been felt that inflation was 'transitory' by banks globally, the signs are that it could be more ingrained and more stubborn to bring down that first thought.

Interest Rates – the Bank of England trailed a rise in its last MPS report, and we will know on December 16th if this will happen. However, the Sterling Overnight Index Average (SONIA) has already discounted a rise. Prices for personal loans, credit cards and mortgages have already been rising. Any increase in Bank Rate would be the first since August 2018. I also want to point out that we have to go back to early 2009 to discover when Bank Rate was last above 1%.

There is a generation of borrowers who have known nothing but historically low interest rates. Whatever rate rises happen, it will be uncomfortable, especially on top of utility price rises. Back to Omicron, it is the one factor that might delay or soften any rate rise(s) from the Bank of England.

Looking beyond the headwinds, which I must add are global issues, there are positives to be considered. Many of these will flow through from a combination of economic recovery and the acceleration of change created by the pandemic.

While many people were negatively impacted financially by the pandemic, a significant number of people contributed to record levels of savings and the pay down of debt. Pent-up demand remains in the system.

Global supply chains – are slowly building up. In part, this should see supply issues starting to ease (reducing inflationary pressures) in others, such as electric vehicles; it will feed into an increasing desire to embrace positive change to enhance the environment.

The pace of the potential economic positives is deeply entwined with the speed and agility with which the world can adapt to COVID-19, which is not going away any time soon. The pre-Omicron optimism may have faded, but even if the road ahead is bumpy, we expect the desire for positivity, socially, economically and environmentally, will help sustain recovery. In short, we must back the human spirit.

All the best from 2022.

Graham Filmer



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Key Economic Data Summary

(as at 01/12/21)



UK Consumer Confidence Nov 2021*	-14	+3 on previous month
CPI (Oct)	+4.2%	Up from 3.1% in September
CPIH (Oct)	+3.8%	Up from 2.9% in September
Employment Rate (July-Sept)	75.4%	0.5% higher than the previous quarter
Unemployment Rate (July-Sept)	4.3%	0.5% lower than previous quarter
GDP September 2021	0.6%	Estimated growth by 0.6% in September 2021
BoE Base Rate	0.1%	Unchanged from previous report
Crude Oil	\$65.57 a barrel	Prices have fallen since previous report

(*Source GFK)

Consumer Confidence

Source GFK Consumer Confidence Barometer 19/11/21

UK Consumer Confidence creeps up in November despite high inflation

Personal Financial Situation

The index measuring changes in personal finances over the last 12 months has dropped two points to -7; this is nine points better than November 2020.

The forecast for personal finances over the next 12 months has increased one point to +2; this is seven points higher than this time last year.

General Economic Situation

The measure for the general economic situation of the country during the last 12 months is six points better at -40; this is 27 points higher than in November 2020.

Expectations for the general economic situation over the coming 12 months have improved by three points to -23; this is 27 points higher than November 2020.

Major Purchase Index

The Major Purchase Index has increased by seven points to -3 in November; this is 25 points higher than it was this month last year.

Savings Index

The Savings Index has weakened by seven points to +15 in November; this is four points higher than this time last year.

Personal Loan Rates

(as at 01/12/21)

Unsecured Personal Loan Rates sourced from lenders websites on 01/12/2021. 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	3.3%
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%
Barclays Bank	10.9%

National House Price Index

(source: Halifax Banking Group as at 05/11/21)

Annual change	+8.1%
Quarterly change	+2.3%
Monthly change	+0.9%
Average price	£270.027



House Price NEWS

source Halifax Banking Group as at (05/11/21)



HMRC monthly property transactions data for UK home sales increased in September 2021. UK seasonally adjusted residential transactions in September 2021 were 160,950 – up by 67.5% from August's figure of 96,110 (up 59.7% on a non-seasonally adjusted basis). The latest quarterly transactions (July- September 2021) were approximately 23.5% lower than the preceding three months (April 2021- June 2021). Year-on-year, transactions were 68.4% higher than September 2020 (67.3% higher on a non- seasonally adjusted basis). (Source: HMRC, seasonally-adjusted figures)



The latest Bank of England figures show the number of mortgages approved to finance house purchases fell in September 2021 by 2% to 72,645. Year-on-year, the September figure was 22% below September 2020. (Source: Bank of England, seasonally-adjusted figures)



The latest results from the RICS Residential Market Survey show buyer enquiries posted a net balance of zero during September, up from -13% in August. Newly agreed sales declined for a third consecutive month, with a net balance of -15% (-17% previously) and new instructions remain in negative territory at - 35% (-36% 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



Retail Sales September – ONS 19/11/21

Retail sales volumes rose by 0.8% in October 2021, from a revised unchanged (0.0%) position between August and September (previous estimate was a 0.2% fall); volumes were 5.8% higher than their pre-coronavirus (COVID-19) pandemic February 2020 levels.

Non-food stores was the only main retail sector that saw a rise in sales volumes, increasing by 4.2% in October 2021, because of growth in other non-food stores (7.2%), such as second-hand stores, toy stores and sports equipment stores, and clothing stores (6.2%).

Clothing stores sales volumes in October 2021 were only 0.5% below pre-pandemic levels in February 2020, with some retailers suggesting that early Christmas trading had boosted sales.

Automotive fuel sales volumes fell by 6.4% in October 2021 as they returned to more typical recent levels following strong growth in September; volumes were 5.0% below their February 2020 levels.

Food store sales volumes fell by 0.3% in October 2021; despite the fall in October, volumes were 3.4% above pre-coronavirus pandemic levels in February 2020.

The proportion of retail sales online fell to 27.3% in October 2021, its lowest proportion since March 2020 (22.5%) but still substantially higher than the 19.7% in February 2020 before the coronavirus pandemic.

Money & Credit

October 2021 Bank of England 29/11/21

Consumer credit

Individuals borrowed £0.7 billion in consumer credit in October, on net. The majority of this was £0.6 billion of additional borrowing on credit cards, which is the strongest net borrowing since July 2020. Individual borrowing in other forms of consumer credit (such as car dealership finance and personal loans) accounted for the other £0.1 billion of net lending.

The annual growth rate for all consumer credit remained weak but increased to -1.0% in October from -1.7% in September. The annual growth rates of credit cards and other forms of consumer credit were -3.2% and -0.5% respectively.

Households' deposits

Households deposited an additional £5.5 billion with banks and building societies in October. In addition, households deposited £0.9 billion into National Savings and Investment (NS&I) accounts in October, which are not captured within household deposits but can act as a substitute for them. The combined net flow into both deposits and NS&I accounts in October (£6.4 billion) compares to an average net flow of £11.9 billion in the twelve months to September 2021. The combined October net flow was slightly higher than pre-pandemic flows: in the year to February 2020, the average net flow was £5.5 billion.

Businesses' Borrowing from Banks

Net borrowing of bank loans by UK non-financial businesses (PNFCs and public corporations) was £0.4 billion in October, compared to a net repayment of £0.4 billion in September. Net borrowing by large non-financial businesses was £2.0 billion in October, compared to £1.1 billion in September. Small and Medium sized non-financial businesses (SMEs) repaid £1.6 billion, on net, rising from a £1.5 billion net repayment in September.

The annual growth rate of borrowing by all large businesses increased to 0.9% in October, the first positive growth rate since February 2021.

The average cost of new borrowing from banks by all PNFCs rose by 1 basis point to 1.89% in October. The rate in October was slightly below the average seen since March 2020 (1.93%). The net loan repayment by SMEs of £1.6 billion in October was the largest on record and the seventh month in a row of net repayments by SMEs. The annual growth rate fell to -2.0% in October, the lowest since January 2015.

Interest rates on new loans to SMEs rose by 6 basis points to 2.43% in October, remaining well below January 2020 rates (3.37%).



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