The next step of lockdown easing in England will proceed as planned – non-essential retail, outdoor pubs and restaurants and hairdressers (a massive relief!) will re-open next week. While the data says that household savings pots are ready to lend a big helping hand! And with it the route out of the UK being a G7 economic laggard. As for those of us in Northern Ireland, there is no end of the dodgy haircut, or indicative dates for reopening, in sight.

Gathering steam. High-frequency indicators paint a picture of an economy inching back to normality. The proportion of working adults in the UK who travelled to work in the last seven days increased slightly to 53% in the week ending 28 Mar 2021, compared with the previous week. Similarly, card spending averaged close to 78% of its Feb’20 average, again a notable improvement compared to start of the year. Road traffic too picked up as did the ship visits. Labour market conditions have continued to improve. Total online job adverts on Adzuna stood at 96% of their average level in Feb’20, the highest volume observed since early March last year.

Saved by the savings? The UK economy grew by 1.3% in the final three months of 2020; slightly stronger than first estimated. That's cold comfort with GDP still 7.3% below its pre-covid peak – the greatest shortfall in the G7. Household spending, which was cut another 1.7% in Q4, is the main culprit. The consumption squeeze meant that the household saving ratio hit a record breaking 16.3% last year (£1 in every £6 saved). That financial cushion gives hope for a robust recovery. As does the surprising strength in business investment, which continued to recover lost ground in Q4 despite the uncertainty.

More cost, less uncertainty. According to the BoE's Decision Maker Panel survey, uncertainty peaked last April but has eased substantially since then. 57% of CFOs indicated overall uncertainty was high or very high in March – a 13-month low. For 40% of CFOs, COVID-19 remains the largest source of uncertainty, that's 10 times the percentage citing Brexit. Increased costs are part of living with the coronavirus. Relative to what would have otherwise happened, average unit costs in Q1, Q2 and Q3 are expected to be up by 8%, 6% and 5% respectively. Costs are going up but CFOs are now less pessimistic about COVID's impact on employment and investment during 2021 than they were in February.

More of the same. Net mortgage borrowing stood at £6.2 bn in February, the highest since March 2016, as stamp duty holiday neared its then-expected end. Mortgage approvals at c. 88k were off the Nov 2020 peak of over 100k but still higher than pre-Covid trend. Individuals continued to down unsecured debt, with credit card balances lower by 21% y/y. Similarly, people continue to save with deposits increasing by c. £17 bn in Feb. With the economy reopening that excess savings provides an excellent launch pad for the economic recovery.

Blowout. US non-farm payrolls printed a 916k increase in March 2021, well above market expectations. The main driver was services. In particular leisure and hospitality, where employment rose 260k. It meant the unemployment rate dipped 0.2% last month to 6%. The ongoing vaccine rollout and concomitant reopening of the US economy alongside the beneficial impact of the latest $1.9 trillion fiscal stimulus should prompt further sizeable job gains in coming months. Still, ongoing labour market disparities (wages, ethnicity and education) suggest the Fed will remain on the sidelines for a prolonged period.

Jab and more go. While China accelerates its vaccine efforts, administering around five million per day, its economy has also picked up, with the PMIs indicating a rebound in March from the Lunar New Year. The headline manufacturing figure rose to 51.9 with new export orders rebounding strongly. Indeed, manufacturing strength is visible across the wider region with above 50 readings in the PMIs of South Korea and Japan. Elsewhere, China’s PMI gauge covering services and construction rose to 56.3, the highest since November, supported by a loosening of travel restrictions following the New Year.

135.6 years to close the global gender gap! At the current rate of progress, unless you’re a Galapagos tortoise, it’s not happening in your lifetime. The World Economic Forum’s Global Gender Gap Index benchmarks the evolution of gender-based gaps among four key dimensions – Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment. The pandemic has disproportionately affected women and is likely to leave a scarring effect in terms of both inferior job opportunities and income prospects. The UK now stands at the 23rd position among 156 countries, slipping from its previous ranks of 21st in 2020 and 9th in 2006! Much work to be done.

Growth potential. In 2019 the Low carbon and renewable energy economy (LCREE) accounted for around 1% of total UK non-financial employment and turnover. Although the overall LCREE sector did not expand, the low emissions vehicle sector saw robust growth with turnover increasing 15% and employment by 13%, accounting for 14% and 8% of turnover and employment of the LCREE respectively. Reaching 2050 net-zero target would require fast growth in future. According to the Climate Change Committee electricity supply has to be further de-carbonised and to double in size to allow electrification of surface transport and heating.

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