

B2B Economic Outlook: Inc Impact of COVID-19 - UK - June 2020

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“The COVID-19 lockdown will see household expenditure on energy increase in 2020. While consumption is up, wholesale energy prices have collapsed amid the pandemic. This is pushing down the cost of new deals which means households are able to make greater savings by switching to a cheaper tariff. This would help to partly offset the rise in energy bills due to increased consumption.”
– **Claudia Preedy, B2B Analyst – 21 May 2020**

This report looks at the following areas:

- **GDP shrinks by 2% in Q1 2020 with UK facing significant recession**
- **Bank rate cut to historic low of 0.1% in response to COVID-19**
- **Inflation looks set to fall sharply over coming months due to falling energy prices and weak demand**
- **Households gloomy about their finances**
- **Unemployment rate could reach 8% by the end of 2020**

In 2019, UK GDP rose by 1.4%, slightly above the 1.3% growth rate recorded in 2018, but still one of the weakest annual growth rates since the financial crisis. Sluggish economic growth in 2019 was largely due to ongoing uncertainties surrounding Brexit, reduced business spending and slowing global economic growth.

According to latest ONS estimates, the UK economy shrank by 2% in Q1 2020, the fastest decline since the 2008 global financial crisis. This comes after the economy stagnated in the final quarter of 2019.

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Table of Contents

Overview

What you need to know
 Economic overview
 Business health
 Special focus: utilities
 What's next?

Economic Overview

GDP shrinks by 2% in Q1 2020 with UK facing significant recession
 Figure 1: UK GDP growth rate, 2012-19, (Annual % change)

Bank rate cut to historic low of 0.1% in response to COVID-19
 Figure 2: Bank rate, 2008-20, by date of adjustment

Inflation looks set to fall sharply over coming months due to falling energy prices and weak demand
 Figure 3: Consumer Price Index, February 2019 - April 2020, (12-month Rate)

Households gloomy about their finances
 Figure 4: Average weekly earnings, total pay, January 2019 - March 2020, (three month average % change year-on-year)

Unemployment rate could reach 8% by the end of 2020

Business Health

Business turnover continued to grow in 2019, but will slump in 2020
 Figure 5: UK business turnover, 2019, at the start of the year, by business sector, (£ million)

Company insolvencies rise by 7% in 2019
 Figure 6: Underlying company insolvencies in England and Wales, Q3 2017-Q1 2020

Profitability falls over 2019
 Figure 7: UK PNFCs net rate of return, Q3 2017-Q4 2019, (% return)

Business confidence suffered before COVID-19
 Figure 8: ICAEW UK National Business Confidence™ index, Q1 2014 - Q1 2020

Slight improvement in business investment intentions at the start of 2020 squashed by COVID-19 impact
 Figure 9: UK business investment, £ million, Q1 2015 - Q4 2019

Special Focus: Utilities

Electricity demand falls as many factories, shops, and offices close due to COVID-19
 Figure 10: Scenario for COVID-19 related electricity demand reduction in Great Britain, summer 2020

Trends in household energy consumption
 Figure 11: Average UK domestic gas and electricity consumption, 2008 - 18, (in kWh)

Total household expenditure on energy
 Figure 12: Total UK household expenditure on energy, 2010-19, (£ million)

The economic contribution of the energy and water and sewerage sectors
 Figure 13: GVA generated by the electricity, gas, steam and air conditioning supply sector, 2013-18, (£ million at current price estimates)

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Figure 14: GVA generated by the water supply and sewerage sector, 2013-18, (£ million at current price estimates)

Transition to low carbon economy drives capital investment in UK energy sector

Figure 15: Investment in the electricity and gas industries, 2011-18, (£ billion)

...But investment in clean energy has stalled since 2016 due to changes in government policies

Significant pick-up in clean energy investment required if UK is to meet its net zero target by 2050

Investment in water and sewerage industry

Figure 16: UK capital expenditure on water and sewerage services, 2015/16-2018/19, (£ million)

Brexit unlikely to affect energy and environmental policies

What's Next?

COVID-19 derails business investment intentions and confidence

UK economy could shrink by 14% in 2020

Figure 17: Forecast GDP development based on Bank of England illustrative scenario, 2020-21, (% change)

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

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