

Big fall in the economy

As feared and predicted, UK GDP fell a massive 20.4% in April on top of the fall in March already reported. There were few surprises. Cars were down 41.6%, and food and beverage 38.8% as you would expect given the lock downs. Retail managed to keep the fall to a very creditable 8.9%, demonstrating the way on line took up some of the slack with an explosion in the digital alternative to a visit to the shops and with heavy demand for food from supermarkets.

What is perhaps more surprising is the large fall in Health, down 11.4%. It underlines the impact of Covid 19 even here on activity. Whilst we are all grateful to the many nurses, doctors and support staff who were working very hard and taking risks to care for very sick patients with the virus, other large sections of the NHS closed down or just dealt with emergencies. Much of the private hospital sector was also taken over for use as part of the NHS plans for Covid 19 and related healthcare.

Education also fell a hefty 18.8% as schools pared back to look after a limited number of children attending in person, and putting on variable amounts of distance learning.

It shows us that the public sector as well as the commercial sector has a job to do to get back to anything like normal. The NHS now has a massive backlog of elective surgery and non urgent treatments to provide, and has to reconnect with seriously ill patients who have kept away from hospitals not wishing to get in the way of pandemic emergencies, or worrying about picking up the infection.

Meanwhile the debate continues about one metre or two for social distancing, which makes a lot of difference to businesses that need to meet their customers in person. Government needs to communicate some optimism and confidence that we can create safe models of doing business so livelihoods can be restored and the economy can pick up some momentum.