

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

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“COVID-19 has had differing effects on the UK economy, but it has hit the service sector hardest. Customer-facing services in sectors such as retail, hospitality and leisure have been most impacted both because of Government restrictions and continued consumer wariness.”

– **Francesco Salau, B2B Analyst**

This report looks at the following areas:

GDP rose by 1.5% in 2019, surpassing the 1.3% recorded in 2018. Though a slight improvement on 2018, with 2019 being the first year of improvement in growth since 2014, it nonetheless continued the trend of subdued growth exhibited since the financial crisis, which has been driven by Brexit uncertainty in recent years.

GDP fell by 20.4% on a quarterly basis in Q2, while the economy was 21.7% smaller than the same period a year earlier. This actually represented better performance than expected by some projections. However, while a recession on this scale was widely anticipated, it should not be underestimated. This is the deepest recession since official records began, driven by a similar drop in household consumption during lockdown.

However, as the economy has started to reopen, the recovery has begun. Monthly GDP grew by 2.4% in May and 8.7% in June. As long as the UK avoids a damaging second wave of COVID-19 infections resulting in another national lockdown, this growth is expected to continue and restrict the recession to the first half of the year.

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