Treasury Management Economic Briefing

The Council's Treasury Management Advisors, Link Treasury Services Ltd, have provided an up to date economic forecast for inclusion in the report. The headlines are as follows:

- The bank rate remains unchanged at 0.10%
- The Bank of England's level of quantitative easing remains at £745bn
- The fall in GDP in the first half of 2020 was 21.8%.
- The pace of recovery is expected to be elongated and prolonged after a sharp recovery in June through to August which left the economy 11.7% smaller than in February.
- The last three months of 2020 are likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind.
- There will be some painful long-term adjustments as, for example, office space and public transport by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.

Interest Rate Forecasts

Link Treasury Service have provided the following forecasts up to September 2022:

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
PWLB Rates								
- 5 years	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%
- 10 years	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
- 25 years	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%
- 50 years	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%