

Between the lines

Week
28

Chancellor promises UK another £30bn in summer mini-budget

On Wednesday (8 Jul) Chancellor Rishi Sunak announced a raft of new stimulus measures in a mini-budget aimed at revitalising key segments of the UK economy and stemming a further rise in UK unemployment, which is currently the highest it's been since 1986.

Under the current furlough scheme, some 9.4m UK workers receive 80% of their wages from the government (up to a maximum of £2,500 a month). The emergency scheme was originally slated to end in July, but was extended to October, with employer contributions. From August, employers must pay National Insurance and pension contributions; from September they must pay 10% of their wage bill rising to 20% in October.

Mr Sunak rejected anxious calls to extend the furlough scheme beyond October on the grounds that it would



Chancellor Rishi Sunak, Credit: driving.co.uk

give "false hope" to those who might no longer have a job to return to. Instead, he announced a government 'bonus' scheme that will pay UK firms £1,000 for every staff member retained for three months after the end of the furlough scheme. The bonus scheme could cost as much as £9.4bn.

Elsewhere, the Chancellor cut VAT in the hospitality industry on food, accommodation and tourist attractions from 20% to 5%; a £4bn cash injection aimed at protecting some 2.4m UK jobs.

He also announced a scheme offering Britons '50% off' (terms and conditions apply) when dining out in August. The 'Eat Out to Help Out' discount is thought to cost around £500m while safeguarding 1.8m jobs.

Other measures announced included an additional £500m for Wales, a £2.1bn 'kickstart' job creation scheme for young people, a temporary stamp duty holiday costing around £3.8bn, as well as a £1.6bn package of loans and grants for the arts sector and a doubling of job centre staff.

Turning soft...

SoftBank Group saw its share price rise 4.6% on Tuesday (7 Jul) pushing it to highs last seen in March 2000, helped by progress on its share buyback programme and improved performance from some of its underlying investments.



Credit: Tada Images/Shutterstock

The Japanese conglomerate, which runs the technology-focused venture capital Vision Fund, has seen its share price more than double since its March low, when it sustained heavy losses during the coronavirus-induced market falls.

In March, chief executive Masayoshi Son outlined plans to sell around \$41bn of its assets in order to fund the purchase of its own shares, with the company having completed \$4.7bn of share buybacks by mid-June. However, its investments have also recently helped boost its fortunes, with one of its US start-ups, the online home insurance provider Lemonade, seeing its share price double on its stock market debut last Thursday (2 Jul). In late June SoftBank announced plans to sell roughly two-thirds of its stake in US phone carrier T-Mobile, raising around \$21bn for its coffers.

Quilter Market Explainer: Imagining the 'new normal'

In response to the severe market volatility that has accompanied the outbreak of the global coronavirus pandemic, Quilter has launched the Quilter Market Explainer, a special fortnightly webcast for advisers and clients.

All our previous broadcasts in this series are available on demand, to listen please click on the play button.

The latest *Explainer* aired at midday today (10 Jul) and featured experts from across Quilter discussing the outlook for investors in a post-coronavirus world.

Our panel discussed how the global pandemic has impacted sectors and regions, and the risks and opportunities available to investors as we navigate the 'new normal'.

[Click here to listen](#)



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