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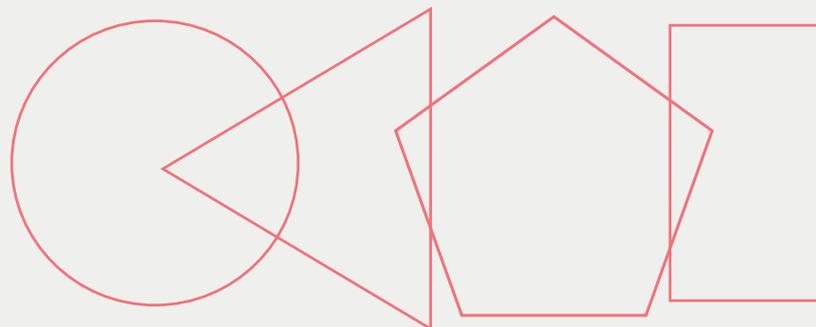
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# Forward Look

March 2021



# Spring is in the air as Rishi Sunak's Budget approaches



Nick Paler, associate director - head of news and content, MRM

Spring is in the air, Covid is being tackled and we have a path out of lockdown – it's not every month we have such a confluence of positives to start us off but as we move towards the end of the first quarter, things are certainly a lot brighter than they were a year ago.

Unfortunately, markets have not been playing ball in recent days, with fears of higher interest rates and bond yields causing shockwaves in equity markets which remain heavily dependent on central bank support.

How do the financial kingpins at the Federal Reserve and other central banks get us out of this scenario? It's a question they are battling with, and they may get a favour from inflation if it can keep climbing as we "build back better" from Covid.

More details of that particular strategy should (hopefully) be forthcoming at this month's big event; the 2021 Budget, on 3 March.

The Government, consistent in its approach if nothing else, has sent out a number of policy "feelers" in recent weeks to gauge the mood of the country, including extending the stamp duty holiday by three months to the end of June, raising corporation tax to 23 per cent by the next election, and elongating the business rates holiday extended to hospitality, retail and leisure firms.

We all know why taxes need to rise – the UK is staring at a deficit expected to come in at around £394bn for 2020/21, its largest ever in peacetime.

Lots of commentators believe the Budget next week will be about securing the recovery, not trying to fix the public finances, and in a time of national crisis caused by a one-off pandemic the above seem like sensible steps.

The other key focus in the Budget will be around furlough schemes and ongoing support for businesses, many of which have been on lockdown for

much of the last year.

A report by the Resolution Foundation this month said almost two million people in the UK have not worked for at least six months because of the pandemic, and experts have pushed the Government not to let support fall off a cliff edge, but rather be removed "gently". Let's hope they are listening.

Moving on from the Budget, on 8 March it is International Women's Day, which can trace its origins back to 1911. This year the focus is on "Choose to Challenge", with individuals and organisations urged to call out inequality where they see it.

Elsewhere, 11 March will mark the first anniversary of the Bank of England's move to cut rates to 0.25% to help tackle the pandemic. While we don't expect much movement from the Monetary Policy Committee on this, the meeting and subsequent decision on 18 March will give us insight into the possible medium-term path for rates.

One other talking point, alongside the usual inflation and GDP figures, will be the quarterly reshuffle of the FTSE indices on 19 March. Usually eventful, the impact of Covid on the UK has already changed the makeup of the country's leading share indices, but this could start to be unwound next month. For example, with the pandemic (hopefully) nearer the end than the beginning, we could see some of the major airlines start to return to the big league of the FTSE 100 if their recent performance continues.

And finally, for the foodies among you, next month also sees both British Pie Week, starting on 1 March, as well as International Waffle Day on 25 March. See, we told you things were looking up.

# Roadmap out of lockdown leads the way back to normality



Paul Montague-Smith, senior counsel - public affairs, MRM

Over a year on from the first confirmed coronavirus cases in the UK, we finally have an 'irreversible' roadmap back towards normality. If things go well, all legal limits on social contact will be lifted by 21 June (although with local lockdowns still possible).

The Prime Minister has chosen caution over optimism, having learned the lesson that the virus doesn't take a holiday and things can quickly fall apart. This is a sensible move, particularly with local and Scottish parliamentary elections coming up.

The pace of planned relaxations also appears to be in tune with public thinking. There's probably enough glimpse of sunlit uplands to keep people onside and playing by the rules, at the same time as keeping the Covid-recovery freedom fighters on his backbenches at bay.

While the plans come with a huge dollop of 'contingent' - with gaps between stages potentially infinitely elastic - the fact that the government has committed to it being a one-way street is significant.

The ground is now prepared to move to a situation where the nation has to live with a certain level of Covid deaths, as it does with so many other diseases. While tens of thousands more will die before the virus becomes endemic, I'd wager the walk back towards normality wouldn't be politically possible (given public opinion) without the successful development of the vaccines and the Government's far from cautious - even cavalier - approach to financing, buying and distributing them.

The government has seen a five-point uptick in its approval ratings over the last two weeks and remains ahead in the polls. The speed and impact of the vaccine rollout programme will inevitably help to immunise it from its previous mistakes.

The Labour leadership, much to the annoyance of the left of the party, has supported most of

what the government has done, stymieing its ability to make headway. Where it sees the main opportunity is in carving out a clear narrative on how we should recover.

With the roadmap out of lockdown in place, the Budget marks a clear inflexion point for that debate to begin in earnest.

The Chancellor faces a delicate balancing act. He will need to extend support for businesses that can't reopen - and the poorest who have been most affected - but will also need to signal to the markets that he is ready to repair the nation's finances, though without choking off growth.

He faces other headwinds, too. HSBC has recently flagged the potential impact of growing inflation on the Government's borrowing costs, suggesting £15 billion could be added to the cost of servicing Britain's £2.1 trillion debt in 2025-26 alone, which would need a 2p increase in income tax to cover. An online sales tax, an increase in corporation tax and changes to help drive the move to net zero must all be in play.

A final thought. Not that long ago, in the run up to Brexit, there was a palpable mood in the country that experts didn't know what they were talking about and weren't to be trusted.

Despite the huge restrictions on our personal freedom, on our economy and high compliance with government rules and guidance, over 120,000 people have died with Covid-19 over the last 12 months. Had the virus been left to let rip the toll would be enormous.

Without the Chris Whittys, Jonathan Van Tams and the boffins in the labs, we'd still be looking ahead with dread rather than the hope that Spring now offers. Perhaps the resurrection of the experts has begun.

# Two Minutes With... Nick Paler, head of news and content, MRM

MRM's head of news and content Nick Paler talks financial services, some much-needed financial advice, and the difficulty of doing Zoom calls with fund managers while children ask you for snacks



## 1. Tell us about yourself

I'm an ex-financial journalist who spent a decade writing for some of the top trade titles in the sector, including Investment Week and numerous titles at Citywire.

My beats as a journalist were varied, from platforms to investments to adviser networks, as well as having a stint as a markets reporter and writing consumer finance stories.

I've been lucky enough to work in financial services during some spectacular and unique events, including the credit crisis (I started writing about markets a few weeks before RBS' shares fell 70% in a day) as well as working with some fantastic journalists who have gone on to make their marks all across the sector.

Like many of my former colleagues, I succumbed to the thrall of PR some six years ago and haven't looked back since.

## 2. Where did your interest in FS come from?

In truth, I didn't have one before I took a job as a reporter on Professional Adviser back in 2006. However, since then, my love of finance – and in particular investing – has grown and grown. It can be such a powerful force to change one's financial position, and as I quickly found after starting in the industry, it's anything but dull.

## 3. Why did you join MRM?

I had known MRM – and in particular Andrew Appleyard and Chris Duncan – for many years and had always been impressed with the business,

its culture, and the way it operated.

We had a conversation, the timing was right for everyone, and that was that. Six years later I still love it.

## 4. What area of PR gives you the most satisfaction? Is it fast-paced sell ins, or a killer stat press release write-up?

Good stories. As a journalist you are always trying to write things that people want to read, and as head of news and content at MRM, the same thing applies. We want to create content for clients that journalists or their clients can not only use, but that they actually enjoy reading. It can be anything from a quick comment to a longer thought piece, from a video interview to a podcast. The medium doesn't matter, but whether I want to read it or not does.

## 5. If you could give one piece of financial advice to a teenage version of yourself, what would it be?

Get into investing earlier because it can make a real difference to your wealth in the long run. And don't get sucked into using credit cards.

## 6. What would you do if you were Prime Minister for a day?

Raise taxes on those that can afford it and spend the money on the NHS.

## 7. What is your biggest pet peeve, or makes you angry?

Missing a good angle for a story. And Spurs. Spurs often make me angry.

 We want to create content for clients that journalists or their clients can not only use, but that they actual enjoy reading

**8. Now, tell us a little about your life outside of work, do you have any hobbies?**

I spend a lot of time chasing around after my kids, who are seven and four. Outside of that, I'm one of those annoying people who tries to do lots of exercise and then tells everyone about it. I also like playing poker with mates (over Zoom these days) and eating very unhealthy food.

**9. What is the one column or website that you read every day?**

Lots to be honest, but some of my go to publications daily include the FT, the Telegraph and the trades.

**10. What would you do if you received a windfall of £10,000?**

Invest in penny shares and try and find a 10 bagger.

**11. How has lockdown changed how you work?**

Like everyone, we've had to adapt to how we do things, but luckily with content in particular, it has become more important rather than less. Plus you really can write from anywhere, and about anything, so it's therefore been pretty seamless (although my children have a habit of bursting in on me with demands for food when I'm in the middle of a fund manager interview).

# Redditors cast their sights on Dogecoin



Milo Larkin, consultant, MRM

This month saw one of the most extraordinary events in markets for years as an army of diehard retail traders “took on” hedge funds by pumping up prices of heavily shorted stocks

At the start of February struggling retailer GameStop was singled out as a business to “save” from circling hedge funds who were busy lowering its share price. A merry band of retail investors turned the tables on the professionals, buying up shares in GameStop and pumping them up to ludicrous levels, crushing some of the hedge funds who had shorted them.

The frenzy filtered through into other markets, with UK firms Pineapple Power and Argo Blockchain among those seeing huge levels of interest and price appreciation.

The saga continues now, with GameStop seeing its shares pushed up sharply once again by retail investors – its shares have risen over 200% in the last few days, with no actual news coming out of the business.

It wasn't just equities that saw huge gains. Crypto has been another focus for users on WallStreetBets, and chief among those in Redditors' sights was Dogecoin.

Investors on social media began to ‘pump’ DOGE, driving the price up artificially through memes, misinformation and hype. It jumped to an all-time high of \$0.08 after Tesla boss Elon Musk tweeted his support for the coin. Musk is now under investigation by the Securities Exchange Commission following his Doge tweets (an investigation that he branded as ‘awesome’).

Crypto has long been easily influenced by social media chatter and hype, but this month the sector has exploded, with record highs coming weekly thanks to statements of support from some of the world's leading businesses and figures.

Some of that euphoria has since dissipated, with prices coming back down. However, the correction (at the time of writing) has been marginal when you consider bitcoin

has risen more than 400% in the last year, even after taking into account the big sell off last week.

What conclusions can we take from memecoins, pump and dump scenarios, and Elon Musk tweeting photoshopped pictures of him and Dogecoin in the Lion King?

Firstly, it is that for some areas of the internet, investing and trading are expressions of personality. For every trader buying DOGE to make a quick buck, there is another buying the crypto for fun. Markets are chaotic, and as humans we look to find reason in madness, but sometimes people are just there for the ride, and to say they were there. It's an alien concept to much of investing, but with crypto it rings true, with many proponents of this emerging asset class truly believing it can shake up the financial system.

The Reddit saga also showed that investors are becoming more aware of their own power if they act as a collective. In the world of Reddit boards, Telegram groups and Twitter hashtags, organising a mass purchase of an asset with thousands of others all around the world is now child's play.

Day traders know that they can band together to devastating effect, as a few former hedge fund managers can now attest to.

Perhaps most importantly, firms in financial services should recognise this power and traders' motivations.

We can question how much influence they really had versus the big boys in markets, and many have said their influence was overplayed. But ignoring these trends

is foolhardy, and professional financial services firms must be wise to these events. If not, they may just find themselves chasing their own tails.



# Dates for your diary...

01/03/2021 St. David's Day

01/03/2021 British Pie Week

01/03/2021 First day of Spring

01/03/2021 Rail fares increase of 2.6% take effect

01/03/2021 CIPS/Markit Manufacturing PMI

01/03/2021 UK in a changing Europe event: "Global Britain - navigating the post-Brexit world"

01/03/2021 Bank of England money and credit figures

01/03/2021 Office for National Statistics (ONS) house building data

01/03/2021 VAT domestic reverse charge for building and construction services comes into effect

01/03/2021 Free Wills Month starts

02/03/2021 Nationwide house price index

02/03/2021 Kantar grocery market share figures

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

02/03/2021 CBI growth indicator survey for February

03/03/2021 Chancellor Rishi Sunak delivers the Budget

03/03/2021 FTSE Russell's quarterly reshuffle

03/03/2021 Office for Budget Responsibility publishes economic and fiscal outlook

03/03/2021 Bank of England MPC Member Silvana Tenreiro discussed negative interest rates; event co-hosted by IMF and University of Frankfurt

03/03/2021 Financial Ombudsman Service publishes complaints data

03/03/2021 CIPS/Markit Services PMI

03/03/2021 Society of Professional Economists' post-Budget briefing (virtual)

03/03/2021 HM Treasury consultation closes on Govt's assessment of VAT challenged posed by the sharing economy

04/03/2021 Shadow Chancellor Anneliese Dodds responds to the Budget

04/03/2021 Institute for Fiscal Studies post-Budget briefing (virtual)

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

04/03/2021 UK Finance household finances review for Q4

04/03/2021 Society of Motor Manufacturers & Traders monthly car registrations

04/03/2021 Bank of England decision maker panel data for February

04/03/2021 CIPS/Markit construction PMI

04/03/2021 World Book Day

05/03/2021 Halifax house price index

05/03/2021 KPMG and RECK UK report on jobs

05/03/2021 ONS furloughed jobs data (March 20 to Jan 21)

05/03/2021 The Regional Press Awards entry deadline

06/03/2021 Fidelity International on women's salaries during the pandemic

08/03/2021 International Women's Day

08/03/2021 Commonwealth Day

## KEY

- Economy, Insurance & Investing
- Mortgages & Housing
- Public Policy & Regulation
- Pensions & Benefits
- Other



# Dates for your diary...

08/03/2021 BoE governor Andrew Bailey speaks about the economy at Resolution Foundation event

08/03/2021 PMI by IHS Markit: UK regional PMI figures for February

08/03/2021 Official Monetary and Financial Institutions Forum publishes Gender Balance Index, looking at gender mix of senior roles with central banks

09/03/2021 Chancellor Rishi Sunak takes questions from MPs

09/03/2021 Organisation for Economic Co-operation & Development economic outlook report

09/03/2021 EU reveals growth figures for Q4

09/03/2021 Barclaycard monthly consumer spending data

09/03/2021 Japan Q4 economic growth figures

09/03/2021 ONS merger & acquisition figures for Q4 and 2020

09/03/2021 Pensions and Lifetime Savings Association virtual conference

09/03/2021 BofE mortgage lenders and administrators return stats Q4

10/03/2021 No Smoking Day

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

10/03/2021 ONS 2020 weekly family spending stats

10/03/2021 Department for Work & Pensions consultation on trustee requirements with regards climate change closes

11/03/2021 First anniversary of World Health Organisation declaring coronavirus a pandemic

11/03/2021 Royal Institution of Chartered Surveyors residential market survey

11/03/2021 European Central Bank rate decision

11/03/2021 BoE Financial Policy Committee meeting

11/03/2021 PricewaterhouseCoopers Global CEO annual survey

11/03/2021 Professional Adviser Awards (virtual)

12/03/2021 Wales reviews Covid-19 restrictions

12/03/2021 BofE/Kantar inflation attitudes survey

12/03/2021 ONS monthly GDP data

12/03/2021 ONS productivity analysis

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

12/03/2021 ONS monthly service sector figures

12/03/2021 ONS construction output figures

13/03/2021 Fourth anniversary of Brexit bill clearing parliament, clearing way for Gov't to trigger Article 50

14/03/2021 Mother's Day

15/03/2021 ONS' CPI basket of goods and services annual review

15/03/2021 Rightmove monthly house price index

15/03/2021 Markit business outlook survey

15/03/2021 World Consumer Rights day

16/03/2021 UK Finance card spending stats

16/03/2021 First anniversary of Andrew Bailey becoming BoE governor

16/03/2021 Insolvency Service monthly insolvency stats

16/03/2021 Pensions Regulator annual report on UK defined benefit and hybrid schemes

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

17/03/2021 US interest rate decision

17/03/2021 St Patrick's Day

17/03/2021 Scottish GDP, first estimate Q4

17/03/2021 US House Financial Services Committee latest hearing on GameStop

17/03/2021 Z/Yen releases global financial centres index

17/03/2021 HM Treasury forecasts for the UK economy release

18/03/2021 UK interest rate decision

18/03/2021 BoE agents summary of business conditions

18/03/2021 Building Societies Association's property tracker survey

19/03/2021 Comic Relief Red Nose Day

19/03/2021 ONS public sector finances

19/03/2021 Liberal Democrats spring conference opens

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

19/03/2021 GfK's UK consumer confidence survey for March

19/03/2021 FTSE quarterly review changes are applied

19/03/2021 First anniversary of rates falling to a record low of 0.1%

19/03/2021 Japan decision on interest rates

19/03/2021 European Pension Awards entry deadline

19/03/2021 Insurance Port British Insurance Awards entry deadline

21/03/2021 Census 2021

21/03/2021 15th anniversary of Twitter

21/03/2021 HM Treasury consultation and call for evidence on cryptoassets and stable coins closes

22/03/2021 Global Money Week

23/03/2021 ONS' monthly employment figures

23/03/2021 HM Treasury publishes interim report for review of business rates

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

23/03/2021 First anniversary of first national lockdown in UK

23/03/2021 The Press Awards

23/03/2021 HM Treasury publishes a number of tax-related consultations and calls for evidence

23/03/2021 CBI industrial trends survey

23/03/2021 HMRC property transactions, February

23/03/2021 Chartered Institute of Public Relations Excellence Awards entry deadline

24/03/2021 UK monthly inflation figures

24/03/2021 ONS house price data

24/03/2021 CIPS flash UK PMI

24/03/2021 CBI distributive trades survey

24/03/2021 Zoopla house price index

25/03/2021 Class action against Mastercard returns to court

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

25/03/2021 US final growth figures for Q4

25/03/2021 International Waffle Day

25/03/2021 EU summit

25/03/2021 ONS housing affordability figures

25/03/2021 Yourmoney.com Awards winners announced

25/03/2021 Cover Magazine health & wellbeing conference (virtual)

26/03/2021 ONS UK monthly retail sales figures

27/03/2021 Conservative Party spring conference (virtual)

28/03/2021 Palm Sunday

28/03/2021 British Summer Time begins

28/03/2021 CBI growth indicator survey for March

29/03/2021 Stay at home rule expires in England

## KEY

Economy, Insurance & Investing

Mortgages & Housing

Public Policy & Regulation

Pensions & Benefits

Other



# Dates for your diary...

29/03/2021 ONS financial survey of pension schemes, Q3

29/03/2021 British Podcast Awards entry deadline

29/03/2021 Black British Business Awards nomination deadline

30/03/2021 Kantar grocery market share figures

31/03/2021 ONS UK quarterly national accounts

31/03/2021 Stamp duty holiday to end (unless extended in the Budget)

31/03/2021 Temporary VAT cut for hospitality, accommodation and attractions ends

31/03/2021 World Economic Forum's global gender gap report

31/03/2021 Current Help to Buy scheme ends

31/03/2021 ONS consumer trends Q4

31/03/2021 HMRC pension contributions and tax relief stats

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# Capital City Media

14 Buckingham Street  
London, WC2N 6DF

020 3326 9900

[www.mrm-london.com](http://www.mrm-london.com)  
[www.capitalcitymedia.co.uk](http://www.capitalcitymedia.co.uk)

