



Daily UK Opening News

The following report has been compiled by scouring all major UK financial newspapers and services ahead of the short sterling open.



21st March 2011

Rightmove House Prices (Mar) M/M 0.8% vs. Prev. 3.1%; Y/Y 0.9% vs. Prev. 0.3% (RTRS)

Rightmove saw some grounds for optimism for estate agents, as higher levels of enquiries and viewings in January and February appeared to be converting into sales.

BOE's Bean expects inflation to be moderately above target in 2012, adding that there is a risk of a more anaemic recovery than BOE's forecast. (Times/RTRS)

Meanwhile, BOE's Dale said Britain's economy remains on a recovery track and the weakness of broad money growth may be misleading.

Britain's economic recovery will continue in the months ahead, but the strength and sustainability of the bounceback remain in doubt, according to BOE's quarterly bulletin. (Independent)

George Osborne set for GBP 8bln windfall from bounce in tax revenues and public spending cuts. (Telegraph)

The Ernst & Young ITEM club said a rebound in tax revenues and restraint in public spending imposed by the Chancellor had given a short-term boost to the public purse.

British households suffered the sharpest deterioration in their finances in two years this month, underlining the fragility of the economic recovery days before the government announces its 2011/12 tax and spending plans, according to a survey by research company Markit. (RTRS)

Weekend Press:

The main focus of UK press this weekend was on the forthcoming budget announcement this Wednesday. Below is a list of some of the more interesting articles:

At the weekend the chancellor was putting the final touches to policies designed to reinvigorate Britain's flagging recovery, including a GBP 300mln package to address record youth unemployment, reform of the planning system and a range of regulatory changes. Measures expected in Wednesday's budget include: (Sunday Times)

- Plans to merge income tax and national insurance, easing the administrative burden for all companies.
- A bolstering of enterprise investment schemes and venture capital trusts in a bid to boost investment in small and medium-sized businesses.
- Funding for 50,000 more apprenticeships, with 8,000 to be placed in small and medium-sized businesses over the next four years.
- Up to 20 enterprise zones — just 10 had been expected — with these areas given tax incentives and faster planning decisions.
- A doubling of the number of new technical colleges from 12 to 24.
- The launch of a Creative Industries Council, a single body to champion television production, computer games, music, film and design for the first time.
- Tax changes that will increase the price of some CDs and DVDs bought online.

George Osborne, chancellor, has signalled that this week's Budget will be broadly fiscally neutral and that he will not be putting up taxes or announcing more spending cuts to fund his vaunted growth strategy. (Weekend FT [More](#)/RTRS)

Chancellor also said Britain would risk its economic stability if it watered down a programme of tax rises and public spending cuts aimed at reducing a record budget deficit.

Budget 2011: Official UK growth forecast to be slashed. (Telegraph)

The Chancellor's "pro-growth" Budget faces a stumble at the first hurdle as the Office for Budget Responsibility (OBR) is likely to downgrade its expectations for the economy, while the threat of inflation intensifies. The prediction that GDP will grow 2.1% in 2011 now looks optimistic, say economists, who expect the figure to be slashed when new forecasts are released alongside the Budget on Wednesday.

Osborne must signal an end to the 50% tax rate - David Smith (Sunday Times)

If the chancellor is serious about fostering enterprise he must give business a signal by abolishing the top rate of income tax.

George Osborne will this week anger the City by announcing a crackdown on executive pensions as part of a budget aimed at boosting economic growth. (Sunday Times)

Closing the pensions loophole will mean the trusts, called "efurbs", will become subject to income tax at up to 50%. A flat rate for non-doms, people who have their main tax domicile outside the UK, is also being considered, a move that will anger the legions of foreign City workers.