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# THE LATYMER ECONOMICS BULLETIN

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Week Beginning 29/1/18



**Carillion collapse  
rattles construction  
industry**



**Big changes could be  
coming to US  
healthcare**



**Unexpected recent  
house price growth**

## Carillion collapse rattles construction industry

### What's going on here?

Construction activity has fallen for first time since immediately after EU referendum following Carillion's liquidation. This slow down in home construction could be embarrassing for Chancellor Philip Hammond after introducing tax cuts for first-time buyers and extra support for household building in last year's autumn statement.



### Why is this important?

The effects from Carillion's collapse have rattled the construction industry in the past month, with its failure likely causing a decrease in business confidence across the industry and threatening to drag down tens of thousands of smaller sub-contractors that relied on it for work. Carillion's collapse could also have detrimental effects on public infrastructure development, as the company had 450 contracts from the government, some of which included contracts for building hospitals in both Liverpool and Birmingham. Some believe that the impact of Carillion's liquidation would have shaken confidence across the industry.

## Big changes could be coming to US healthcare

### What's going on here?

In what may seem like an unusual move, three corporate giants have announced that they are joining forces to launch a new healthcare company catering to their employees' medical needs. Amazon, investment bank JP Morgan and Warren Buffet's Berkshire Hathaway want to create a tech-focused healthcare provider, offering their employees high-quality care at affordable prices and supposedly free from 'profit making incentives'.



### Why is this important?

Medical costs in the US have been growing rapidly for the past few years and are expected to pick up even more this year due to a number of factors, such as non-generic medicines becoming more expensive. Some have argued that these costs have hindered growth for US firms, as they have been facing bigger and bigger payments to health insurance providers, whilst they could be using that money more productively. At this stage it is unclear as to what the alliance proposes, but healthcare provision in the US may be about to experience lots of change.

## Unexpected recent house price growth

### What's going on here?

According to Nationwide, house prices have seen unexpected growth in January, as annual house price growth has increased to 3.2% in January. This growth in house price has been unexpected, as there have been signs of weakening consumer activity, such as new mortgage approvals being at their lowest in three years.



### Why is this important?

The English housing survey reported a 20% decrease of home owners in the 25-34 year old age group to just 37%, showing that rather than waiting to buy a house, many in this age group are just not buying at all. This is likely to be because of the lack of housing in the market, as housing market experts have pointed out that there is a lack of housing available for purchase. With a change in consumer habits becoming more evident, could this mean that more and more people are going to be unable or unwilling to purchase properties in the future?