



BRIEFING PAPER

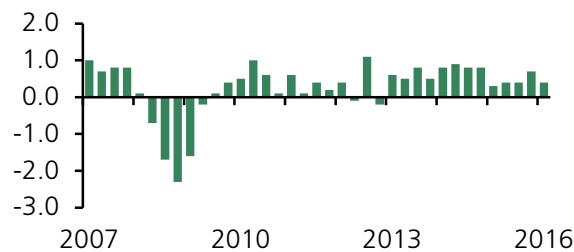
Number 7645, 5 July 2016

Economic Indicators, July 2016

By Jeanne Delebarre

GDP growth

% change on previous qtr



GPD grew by 0.4% in real terms in Q1 2016. This was lower than Q4 2015, when growth was 0.7%.

US\$/£ Exchange Rate

\$ per £



On average in June, the pound was down 1.6% against the dollar compared to May.

Consumer Prices Index (CPI)

% change on yr



The Consumer Price Index rose by 0.3% in the year to May 2016. This was unchanged from April.

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 Components of GDP
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 Manufacturing
 Productivity

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1. Headline UK Economic Indicators, Jul 2016

Gross Domestic Product: Q1 2016, Seasonally Adjusted		
Change (real %)	0.4 (qtr)	2.0 (yr)
Industries		
Service output: April 2016		
Change (%)	0.6 (mth)	3.0 (yr)
Manufacturing output: April 2016		
Change (%)	2.3 (mth)	0.8 (yr)
Productivity: Q1 2016, Seasonally Adjusted (approximate)		
Output per hour		
Change (%)	0.4 (qtr)	0.0 (yr)
Inflation: May 2016		
Change on year (%)	0.3 (CPI)	1.4 (RPI)
Labour Market: Feb-Apr 2016, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		5.0
Change (% points)	-0.1 (qtr)	-0.5 (yr)
Employment		
Employment Rate (% aged 16-64)		74.2
Change (% points)	0.1 (qtr)	0.8 (yr)
Interest Rate: as of 20 June 2016		
Bank of England Base Rate		0.5%
Public Finances: 2015/16		
Net borrowing	74 (£ bn)	4.0 (% GDP)
Net debt	1,598 (£ bn)	83.7 (% GDP)
Trade: Q1 2016		
Current Account	-32.6 (£ bn)	-6.9 (% GDP)
Sterling Exchange rate: 4 July 2016		
US Dollar (\$)	1.33 (rate)	-15.0 (% change on yr)
Euro (€)	1.19 (rate)	-16.0 (% change on yr)
EC Economic Sentiment Indicator for UK: June 2016		
Points (1990-2012 = 100)		107.0
Change (points)	1.3 (mth)	-2.2 (yr)
Retail Sales: May 2016, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		1.8 (% change on yr)
Housing Market: Apr 2016		
House Price Index		
Change (%)	-0.1 (mth)	8.2 (yr)

See Section 5 for information on the sources used in this table.

2. This month's developments

Almost all of the economic data included in this publication date from before the EU referendum. As a result, the most recent changes to the economic situation will not be reflected.

2.1 Economic indicators

GDP growth lower

GDP grew by 0.4% in real terms in Q1 2016. This was lower than Q4 2015, when growth was 0.7%.

Inflation low

The Consumer Price Index rose by 0.3% in the year to May 2016. This was unchanged from April and below the Bank of England's target of 2.0% for the 29th successive month.

Employment and unemployment steady

The headline rate of employment for 16-64 year olds was 74.2% in February-April 2016. In the same period, the headline unemployment rate was 5.0%. Both these figures are broadly unchanged compared with the preceding quarter.

Sterling exchange rate and pound against dollar lower

The Sterling Exchange Rate Index fell by 2.0% in June 2016 on average by 9% since the EU Referendum. Compared with the same period a year ago, it is 7.8% lower.

On average in June, the pound was down 1.6% against the dollar and down 2.1% against the Euro compared to May. At the 4 July market close, the pound stood at \$1.33 and €1.19. On 5 July, the pound fell to \$1.31, its lowest level against the dollar since 1985. This represents a 12% fall since the EU Referendum.

2.2 The UK economy and Brexit

The Bank of England's view

30 June

On 30 June, the Governor of the Bank of England, Mark Carney, [addressed the future of the UK economy](#) in the wake of the EU referendum result. Crucially, he hinted at the possibility of 'some monetary policy easing' over the summer – in the shape of a **cut to interest rates** (which have been set at 0.5% since March 2009).

He repeated the forecast made by the Bank's Monetary Policy Committee before the referendum that a Brexit would lead to a **slowdown in domestic growth** due to increasing levels of economic, political and geopolitical uncertainty. He predicted 'a more persistent drag on activity than we had previously projected' and 'possible negative spill-overs to growth in the UK's major trading partners.'

Mark Carney warned that the outcome of the referendum would **alter the outlook for growth and inflation** as households could defer consumption and firms could delay investment with **negative consequences on employment and investment**. He also noted that the depreciation of the pound would lead to **higher prices** for imported goods and lower real incomes.

5 July

On 5 July, Mark Carney made another speech, this time releasing the Bank's Financial Policy Committee's [Financial Stability Report](#). In this report, the committee repeated its warning that 'the referendum could **increase risks to financial stability**.' It went further by asserting that 'there is evidence that some risks have begun to crystallise' and that 'the current outlook for UK financial stability is **challenging**.'

The most prominent announcement from this report was the **easing of capital requirements for banks**. The committee reduced the UK countercyclical buffer rate from 0.5% to 0%, thus freeing up banks' lending capacities by up to **£150 billion**.

Political and economic developments

On 1 July, the Chancellor [announced](#) that as a result of the referendum's outcome he would **scrap his target of running a budget surplus by 2020**. He said that in the light of 'clear signs' of shock in the British economy a week after the referendum result, the Government had to be 'realistic' about what could be achieved.

This decision came at the end of a week during which the UK was stripped of its **triple-A credit rating** by credit agency Standard & Poor's (27 June) and was downgraded by agency Fitch from AA+ to AA. On 24 June, agency Moody's had cut the UK's credit rating outlook to negative.

Economists surveyed by [Consensus Economics](#) have reviewed their growth forecasts for the UK and downgraded it to **0.4%** in 2017 – a 1.7% change on 2016.

3. Introduction to Economic Indicators

Economic Indicators is published on the first Tuesday of the month. Individual indicator pages are updated more frequently as new data becomes available and are published on the Library's webpages.

Feedback

If you have any comments or suggestions about Economic Indicators please contact the editor, Jeanne Delebarre on x6962.

Weekly email alert

A weekly email alert with updated indicators is available to Members and their staff on request. To subscribe, please visit the Economic Indicators web pages.

Regional Economic Indicators

A separate briefing, Regional and National Economic Indicators, is available containing key economic data on the regions and countries of the UK, compared to the national UK average.

Sources and glossary

A guide to sources is provided in Section 5. Economic terms, symbols and abbreviations used in the publication are provided in Section 6.

Contacts

Members and their staff are encouraged to talk to Library subject specialists. A comprehensive guide is available in Using the Library. Researchers are not able to discuss pages with members of the public. For enquiries please contact the following specialists:

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Unemployment	Jeanne Delebarre	6962
Wages and Earnings	Feargal McGuinness	4904

A1: Gross Domestic Product

The economy grew by 0.4% in real terms in Q1 2016 compared with the previous quarter, following growth of 0.7% in Q4 2015.

Real Gross Domestic Product seasonally adjusted

	% change on qtr	% change on yr
2012	...	1.3
2013	...	1.9
2014	...	3.1
2015	...	2.2
2015 Q1	0.3	2.9
Q2	0.4	2.3
Q3	0.4	2.0
Q4	0.7	1.8
2016 Q1	0.4	2.0

GDP was 2.2% higher in 2015 compared with 2014.

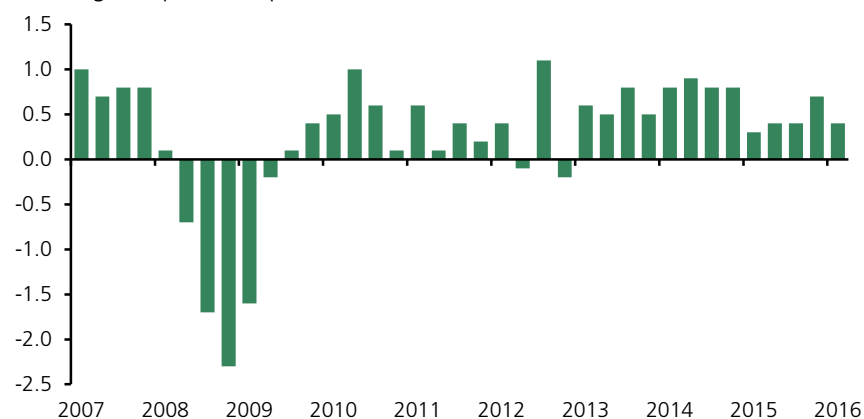
GDP has now increased for 13 consecutive quarters and is estimated to be 7.0% above the pre-economic downturn peak in Q1 2008.

GDP in cash terms was £1,870 billion in 2015.

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

In June 2016, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.8% for 2016 and 2.1% for 2017. This is based on forecasts made up to 13 June 2016, before people voted in the referendum on the UK's membership of the European Union.

The latest Office for Budget Responsibility (OBR) forecasts, published alongside the March 2016 Budget, are for growth of 2.0% in 2016 and 2.2% in 2017. Again, these predate the referendum on the UK's membership of the European Union and subsequent economic developments.

Annual GDP growth forecasts (%)

	2016	2017
HM Treasury average of independent forecasts (Jun 16)	1.8	2.1
OBR forecasts (Mar 16)	2.0	2.2

Source: HMT, Forecasts for the UK economy: a comparison of independent forecasts, June 2016
Office for Budget Responsibility, *Economic and fiscal outlook*, March 2016

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Updates

HM Treasury, [Forecasts for the UK economy](#), 20 July 2016

ONS, [Preliminary estimate of GDP, Q2 2016](#), 27 July 2016

OBR, [Economic and fiscal outlook](#), late 2016

A2: GDP International

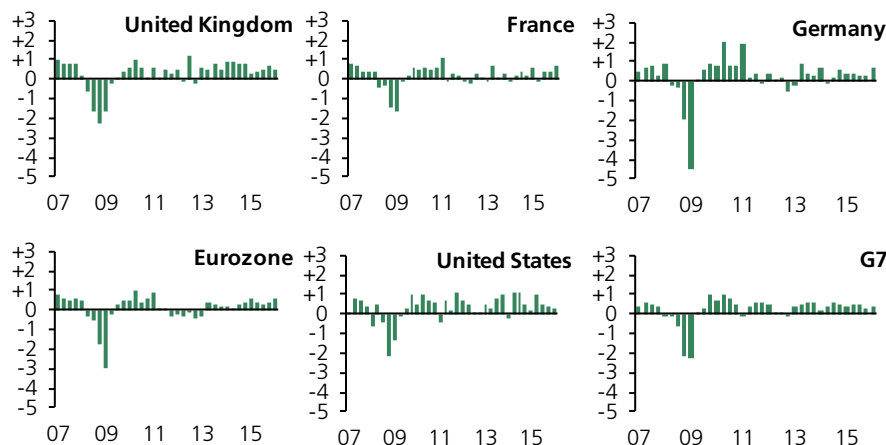
Real GDP in the UK grew by 0.4% in Q1 2016 compared with the previous quarter. In the same quarter, the Eurozone saw growth of 0.6%, while the US grew by 0.3%.

Real GDP % changes

	change on quarter				change on year			
	Q2 15	Q3 15	Q4 15	Q1 16	Q2 15	Q3 15	Q4 15	Q1 16
UK	0.4	0.4	0.7	0.4	2.4	2.2	2.1	2.0
Eurozone	0.4	0.3	0.4	0.6	1.6	1.6	1.7	1.7
USA	1.0	0.5	0.3	0.3	2.7	2.1	2.0	2.1
Japan	-0.4	0.4	-0.4	0.5	0.7	1.8	0.8	0.0
Germany	0.4	0.3	0.3	0.7	1.6	1.7	1.3	1.6
France	-0.1	0.4	0.4	0.6	1.1	1.1	1.3	1.3
G7	0.5	0.4	0.2	0.4	2.0	1.9	1.6	1.6
OECD	0.5	0.5	0.4	0.4	2.2	2.1	1.9	1.9

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 1 June, the OECD lowered its 2016 GDP growth forecast for the UK from 2.1% (at the time of the last forecast in February) to 1.7%. The 2017 growth forecast was unchanged at 2.0%. All forecasts below were made before the result of the EU referendum in the UK.

Real GDP growth forecasts

% change

	IMF (Apr 16)		EC (May 16)		OECD (Jun 16)	
	2016	2017	2016	2017	2016	2017
UK	1.9	2.2	1.8	1.9	1.7	2.0
France	1.1	1.3	1.3	1.7	1.4	1.5
Germany	1.5	1.6	1.6	1.6	1.6	1.7
Eurozone	1.5	1.6	1.6	1.8	1.6	1.7
US	2.4	2.5	2.3	2.2	1.8	2.2
Japan	0.5	-0.1	0.8	0.4	0.7	0.4
China	6.5	6.2	6.5	6.2	6.5	6.2
India	7.5	7.5	7.4	7.4	7.4	7.5
Brazil	-3.8	0.0	-3.7	0.3	-4.3	-1.7
World	3.2	3.5	3.1	3.4	3.0	3.3

Sources: IMF Apr '16 WEO; EC Spring '16 forecast; OECD Economic Outlook Jun '16

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Updates

OECD, [OECDStat data on G7 growth rates](#)

OECD, [Economic Outlook](#), Sep 2016

IMF, [World Economic Outlook update](#), Jul 2016

European Commission, [Autumn Economic Forecast](#), Nov 2016

A3: Components of GDP

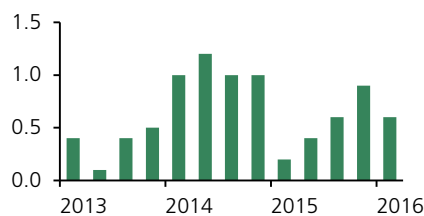
GDP can be analysed in terms of the output produced of different industries of the economy and by expenditure on goods and services made by households, businesses and the government.

Overall, GDP increased by 0.4% in real terms in Q1 2016 compared with the previous quarter.

GDP by Industry

In 2014, the service sector accounted for around 78% of economic output, the production sector for 15% and the construction sector for 6%.

Service sector
quarterly growth (%)



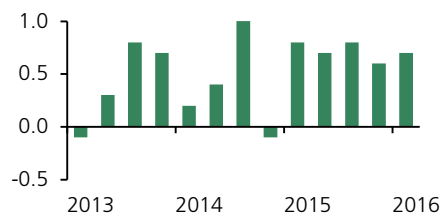
In Q1 2016, service sector output increased by 0.6% in real terms compared with Q4 2015.

Manufacturing output was down by 0.2% (and overall the production sector declined by the same percentage). Output in the construction sector decreased by 0.3%.

GDP by Expenditure

Household consumption is the largest element of expenditure, accounting for 62% of the total in 2015. Government consumption accounted for 19% and investment for 17%.

Household Consumption
quarterly growth (%)



In Q1 2016, household consumption grew by 0.7% in real terms compared with Q4 2015. Government consumption was up 0.5% and investment was down 0.1%.

Exports fell by 0.4% while imports increased by 0.1%.

GDP by expenditure

% change on previous quarter (real terms)

	Household consumption	Government consumption	Investment	Exports	Imports	GDP
2014 *	2.1	2.3	6.7	1.5	2.5	3.1
2015 *	2.6	1.4	3.3	4.8	5.8	2.2
2015 Q1	0.8	0.4	1.5	2.1	3.8	0.3
Q2	0.7	1.0	1.2	-0.3	-2.1	0.4
Q3	0.8	0.3	0.5	-0.2	1.3	0.4
Q4	0.6	0.2	-1.0	3.2	2.5	0.7
2016 Q1	0.7	0.5	-0.1	-0.4	0.1	0.4

Source: ONS series ABJR, NMRY, NPQT, IKBK, IKBL and AE

Note: * annual % change

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Update

ONS, [Gross Domestic Product: Preliminary Estimate](#), 27 July 2016

ONS, [Second Estimate of GDP](#), 26 Aug 2016

ONS, [Quarterly National Accounts](#), 30 Sept 2016

A4: Productivity

One of the most important factors in determining living standards is productivity – how much output is produced for a given input (such as an hour of work).

The more efficient the economy is, the more that can be produced in a sustainable fashion. In other words, higher productivity growth leads to a higher long-term growth rate of the economy.

Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

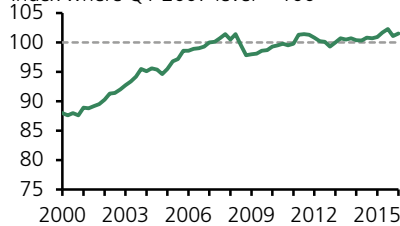
UK productivity

The average increase historically in the UK has been about 2% but in the eight years since the recession began, productivity has stagnated. The Office for National Statistics in March 2015 [said](#) this is “unprecedented in the post-war period”.

Productivity across the whole UK economy, measured by output per hour, is estimated to have increased by 0.9% in 2015, the most since 2011, though still below historical trends. After improving in the first three-quarters of the year, productivity fell in Q4 2015 by 1.2% compared with the previous quarter (due to more hours being worked). In Q1 2016, early ‘flash’ estimates of productivity show that it increased by 0.4% on a quarterly basis. Compared with a year ago, productivity was unchanged (on this preliminary estimate).

Productivity level (GDP per hour)

Index where Q1 2007 level = 100



Productivity - output (GDP) per hour

	% change on qtr	% change on yr
2014	..	0.1
2015	..	0.9
2015 Q2	0.8	1.4
Q3	0.6	1.5
Q4	-1.2	0.4
2016 Q1*	0.4	0.0

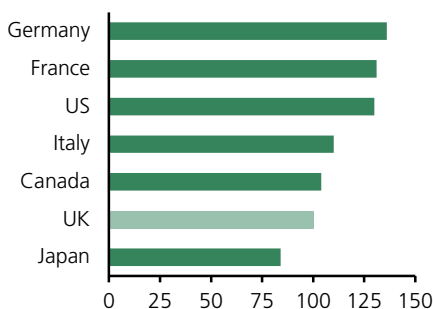
Source: ONS series LZVD, TXBB* data are approximate

International comparisons

International comparisons of productivity levels are presented in the chart below as an index where the UK=100.

Productivity (GDP per hour), 2014

Index where UK=100



In 2014, based on GDP per hour, the UK came sixth highest out of the G7 countries, with Germany top and Japan bottom. UK productivity was 18 percentage points below the average of the rest of the G7 countries, the widest productivity gap since at least 1991 (when the ONS data series began).

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Update

ONS, [UK Productivity](#),
8 Jul

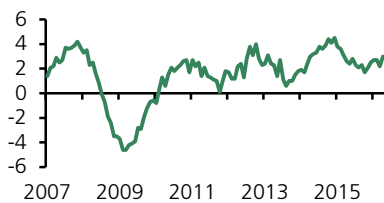
A5: Services

The service industries include the retail sector, the financial sector, the public sector, business administration and cultural activities.

In 2014, the service industries accounted for 80% of total UK economic output (Gross Value Added) and accounted for 83% of jobs in March 2016.

Services Output

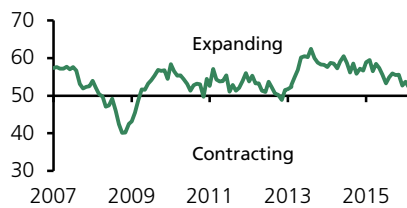
Output - Index of Services
% change on previous year



Output increased by 0.6% in April compared to March. Compared with a year before, it has increased by 3.0%.

Purchasing Managers' Index (PMI)

UK Services PMI
50 = no change



The Markit/CIPS UK Services PMI is an important indicator of output and confidence in the sector.

In June it was 52.3 (where a figure above 50 indicates that output is increasing). This is down 1.2 on May, and matches April's 38 month low.

Services Output Index

	Index	% change on yr
2014	103.3	3.3
2015	106.0	2.6
2016		
FEB	108.0	2.7
MAR	107.7	2.2
APR	108.3	3.0

Source: ONS, series S2KU, S222

PMI Index

	Index	Change on mth
2014 Jun	57.3	
2015 Jun	58.5	
2016		
Apr	52.3	-1.4
May	53.5	1.2
Jun	52.3	-1.2

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#),
27 July 2016

Markit/CIPS, [UK Services PMI](#), 3 August
2016

A6: Manufacturing

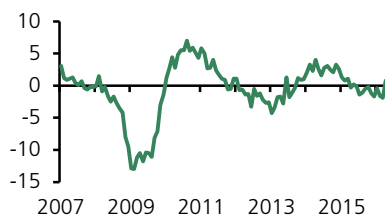
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

In 2014, the manufacturing sector accounted for 11% of total UK economic output (Gross Value Added). In March 2016, it accounted for 8% of jobs.

Manufacturing Output

Output - Index of manufacturing

% change on previous year



Total output was up in April 2016 compared with March, by 2.3%, the largest monthly rise since July 2012.

Manufacturing output rose over the year to April 2016 by 0.8%.

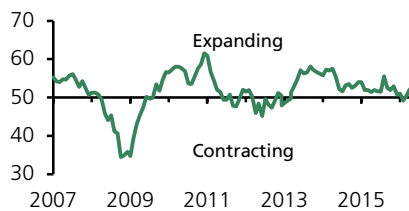
Purchasing Managers' Index (PMI)

The Markit/CIPS UK Manufacturing PMI is an important indicator of

output and confidence in the sector.

UK Manufacturing PMI

50 = no change



In June 2016 it was 52.1, a 1.7 percentage-points increase on May (a figure above 50 indicates that output is increasing).

Manufacturing output index

	Index	% change on yr
2014	101.6	2.7
2015	101.3	-0.3
2016 FEB	100.2	-1.6
MAR	100.3	-1.9
APR	102.7	0.8

Source: ONS, series K22A, K27Y, K2DO

PMI Index

	Index	Change on mth
2014 Jun	57.5	
2015 Jun	51.4	
2016 Apr	49.2	-1.8
May	50.4	1.2
Jun	52.1	1.7

Source: Markit/CIPS UK Manufacturing PMI

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Update

Markit/CIPS, [UK Manufacturing PMI](#), 1 July 2016

ONS, [Index of Production](#), 7 July 2016

B1: Inflation

The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not meet international standards. It is included here as it is well-known and is the longest running measure of inflation.

Consumer Prices Index (CPI)
% change on yr

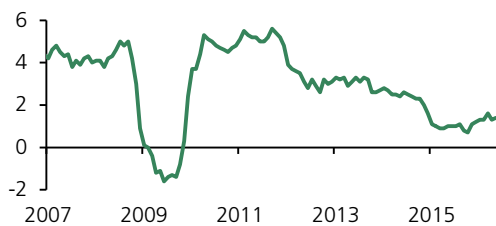


The CPI inflation rate was 0.3% in May, unchanged from April. The RPI inflation rate rose by 0.1% points to 1.4%.

The main contribution to the increase came through rises in transport costs, restaurant and hotel bills.

The upwards pressures were partially offset by a fall in the price of food, clothing and games, toys and hobbies.

Retail Prices Index (RPI)
% change on yr



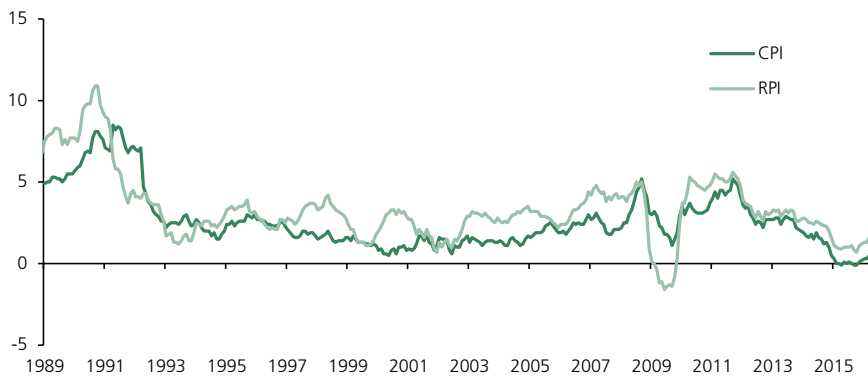
Price Indices

% change on a year ago

		CPI	RPI
2013	May	2.7	3.1
2014	May	1.5	2.4
2015	May	0.1	1.0
2016	Mar	0.5	1.6
	Apr	0.3	1.3
	May	0.3	1.4

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

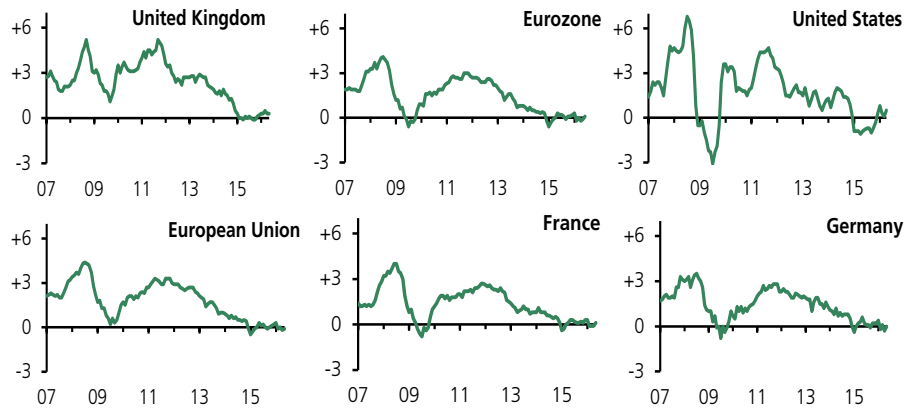
Dominic Webb
x2042

Update

ONS, [Consumer Price Indices](#), 19 July 2016

B2: International inflation

Inflation in the EU, some other European countries, and the US can be compared using the standard Harmonised Index of Consumer Prices (HICP), or the CPI as it is known in the UK.



UK inflation was 0.3% in the year to May 2016, unchanged from April.

Eurozone inflation in June is provisionally estimated as +0.1%, up from -0.1% in May.

In May, inflation in Germany was 0.0%. It was 0.1% in France. Inflation was negative in a number of large EU economies in May, including Italy, Spain and Poland. Belgium had the highest annual inflation rate in the EU in May at 1.6%, followed by Malta at 1.0%. The lowest annual inflation rate in the EU was Romania (-3.0%) followed by Bulgaria (-2.5%). 16 of the 28 EU member states had negative inflation in May, 3 had inflation of 0.0% and 9 member states had positive inflation.

HICP inflation in the US in the year to April was 0.5%, compared with 0.1% in March.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2013	2014	2015	Mar 16	Apr 16	May 16	Jun 16
UK	2.6	1.5	0.0	0.5	0.3	0.3	..
Eurozone	1.3	0.4	0.0	0.0	-0.2	-0.1	0.1
European Union	1.5	0.5	0.0	0.0	-0.2	-0.1	..
France	1.0	0.6	0.1	-0.1	-0.1	0.1	..
Germany	1.6	0.8	0.1	0.1	-0.3	0.0	..
US	1.2	1.3	-0.7	0.1	0.5

Source: ONS, Eurostat & stat.OECD database. Note: Eurozone figure for June is provisional estimate

Subject Specialist

Dominic Webb
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Update

ONS, [Consumer Prices bulletin](#) (UK), 19 July

Eurostat, [Flash estimate](#) (Eurozone), 29 July

Eurostat, [HICP full release](#), 15 July

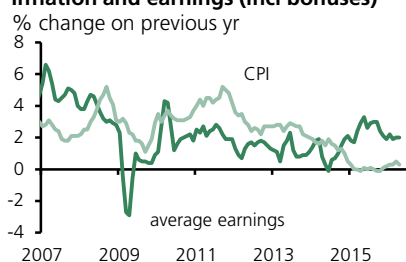
B3: Average Earnings

In April 2015 median gross weekly earnings for full-time employees were £528, up 1.8% on April 2014.

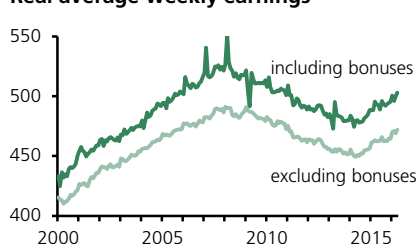
More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.0% higher in the three months to April 2016 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.3%. Inflation as measured by the CPI averaged 0.4% over the same period.

Average Earnings, Whole Economy

Inflation and earnings (incl bonuses)



Real average weekly earnings



Trends by Sector

Annual % change in average earnings (including bonuses), Great Britain

	Total	Private	Public
2014 Apr	0.8	0.7	0.0
2015 Apr	2.9	3.6	1.3
2016 Feb	1.9	2.0	1.3
Mar	2.0	2.2	1.6
Apr	2.0	2.1	1.7

Note: Data show annual % change in earnings to three month period ending in given month; data are seasonally adjusted

Source: ONS, Average Weekly Earnings series

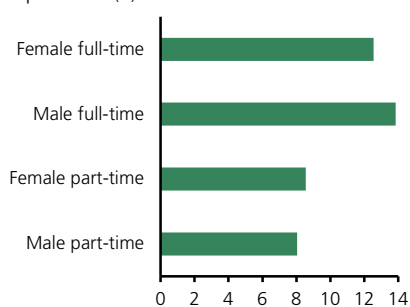
Average total weekly pay (including bonuses) grew by 2.1% in the **private sector** in the three months to February 2016, compared with the year before. In the **public sector**, total pay increased by 1.7%.

Sectors seeing larger increases in average earnings over the year to March 2016 included

construction (up 8.4%).

Pay Levels

Median hourly pay excluding overtime
April 2015 (£)



Median weekly earnings for full-time employees in the UK were £528 in April 2015. (The median is the point at which half earn more and half earn less).

Median hourly earnings (excluding overtime) were £13.29 for full-time employees; £13.84 for men working full-time and £12.54 for women.

Median hourly earnings (excluding overtime) were £8.44 for part-time employees; £8.04 for men working part-time, and £8.56 for women. Women are more likely than men to work part-time.

Subject Specialist

Feargal McGuinness
x4904

Update

ONS, [Labour Market Statistics](#), 15 June 2016

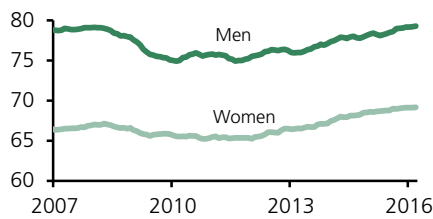
ONS, [Annual Survey of Hours and Earnings](#),
Nov 2016

C1: Employment

31.59 million people were in employment in February-April 2016, up 55,000 from the previous quarter and up 461,000 on the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.2%, up 0.8% points on the previous year and the joint highest rate since comparable records began in 1971.

Employment Rate; UK

%, age 16-64, seasonally adjusted



16.87 million men were in work in February-April 2016, 29,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.3%.

Female employment increased by 26,000 over the past quarter to 14.73 million. The employment rate for women aged 16-64 was 69.2%.

Employment; UK

Millions, age 16+, seasonally adjusted



4.70 million people were self-employed, 42,000 higher than in the previous quarter. The number of people working as employees remained broadly unchanged at 26.69 million.

23.10 million people were working full-time in February-April 2016, up 63,000 on the previous quarter and 304,000 higher than a year earlier. There were 8.50 million people working part-time, a decrease of 8,000 from the previous quarter but 157,000 higher than a year earlier.

1.64 million people were employed on a temporary basis in February-April 2016, down 20,000 from the previous quarter and down 47,000 compared to the year before.

UK Employment

Seasonally adjusted

Age		Total		Men		Women		Youth	
		000's 16+	% 16-64	000's 16+	% 16-64	000's 16+	% 16-64	000's 16-24	% 16-24
Feb-Apr	2013	29,881	71.2	15,893	76.0	13,988	66.5	3,689	50.3
Feb-Apr	2014	30,636	72.7	16,319	77.7	14,317	67.8	3,782	51.8
Feb-Apr	2015	31,133	73.4	16,558	78.3	14,575	68.6	3,874	53.2
Nov-Jan	2016	31,538	74.1	16,837	79.2	14,701	69.1	3,981	55.0
Feb-Apr	2016	31,594	74.2	16,866	79.3	14,728	69.2	3,950	54.7
<i>Change on qtr</i>	<i>Level</i>	55	0.1	29	0.1	26	0.1	-31	-0.3
	<i>%</i>	0.2%		0.2%		0.2%		-0.8%	
<i>Change on yr</i>	<i>Level</i>	461	0.8	308	1.0	153	0.5	76	1.5
	<i>%</i>	1.5%		1.9%		1.0%		2.0%	

Source: ONS Labour Market Statistics, A05, A06; Data Series

Notes: The employment rate is a percentage of the population aged 16-64

Subject Specialist

Jeanne Delebarre
x6962

Updates

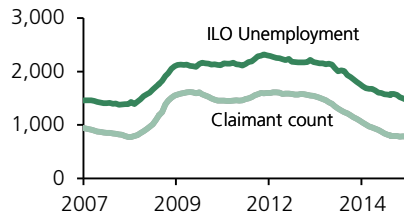
ONS, [Labour Market Statistics](#), 15 June 2016

C2: Unemployment

The International Labour Organisation (ILO) definition of unemployment is the headline measure of unemployment in the UK. The number of people out of work claiming Universal Credit (UC) and Jobseeker's Allowance (JSA) and predecessor unemployment benefits is also used.

Unemployment; UK

000s, age 16+, seasonally adjusted



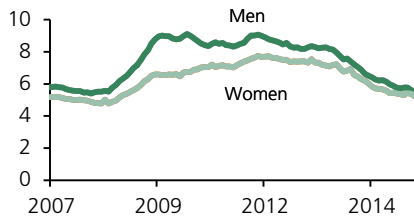
ILO unemployment was 1.67 million people in the UK in February-April 2016, down 20,000 on the previous quarter and down 148,000 from the previous year.

The unemployment rate was 5.0% (the percentage of the economically active population who are unemployed), roughly unchanged on the previous quarter but down 0.5% points on the previous year.

The number of people claiming JSA (adjusting for Universal Credit) fell by 400 between April and May 2016 to 746,100 people

Unemployment Rate; UK

% age 16+, seasonally adjusted



aged 18 or over.

There were 892,000 men unemployed in February-April 2016, down 31,000 on the previous quarter. 779,000 women were unemployed, up 12,000 on the previous quarter.

UK Unemployment

Seasonally adjusted

Age	Total		Men		Women		Youth		
	000's 16+	% 16+	000's 16+	% 16+	000's 16+	% 16+	000's 16-24	% 16-24	
Feb-Apr 2013	2,527	7.8	1,421	8.2	1,106	7.3	955	20.6	
Feb-Apr 2014	2,164	6.6	1,203	6.9	962	6.3	848	18.3	
Feb-Apr 2015	1,818	5.5	1,005	5.7	814	5.3	736	16.0	
Nov-Jan 2015	1,691	5.1	923	5.2	767	5.0	632	13.7	
Feb-Apr 2016	1,671	5.0	892	5.0	779	5.0	621	13.6	
Change on qtr	Level	-20	-0.1	-31	-0.2	12	0.1	-11	-0.1
	%	-1%		-3%		2%		-2%	
Change on yr	Level	-148	-0.5	-113	-0.7	-35	-0.3	-116	-2.4
	%	-8%		-11%		-4%		-16%	

Source: ONS Labour Market Statistics, A05, A06, CLA01

Notes: The unemployment rate is a percentage of the economically active population unemployed

621,000 people aged 16-24 were unemployed in February-April 2016, down 116,000 on the previous year. The unemployment rate for 16-24 year olds was 13.6%, down from 16.0% a year before.

Subject Specialist

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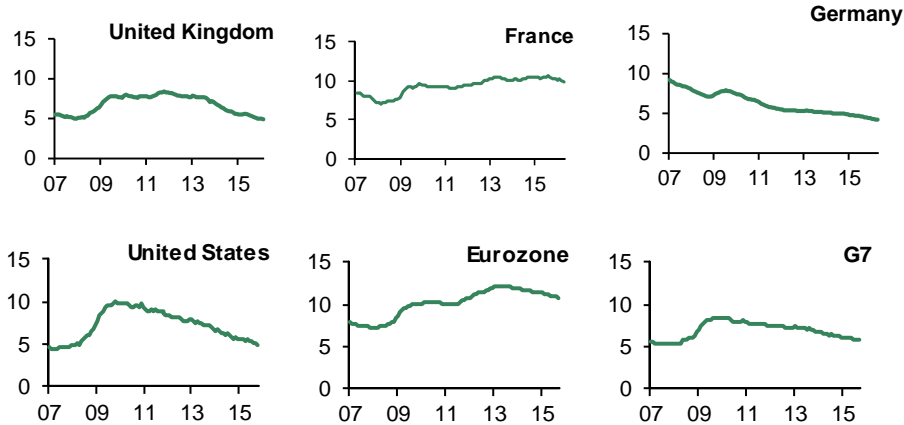
Updates

ONS, [Labour Market Statistics](#), 15 June 2016

C3: Unemployment International

The OECD produces harmonised unemployment rates for OECD members based on the ILO definition of unemployment.

Harmonised Unemployment Rate (%)



The UK harmonised unemployment rate for Q4 2015 was 5.0%. This was below the rate of France and Italy but above that of Germany.

In the US, the unemployment rate stood at 4.9% in Q1 2016, down from 5.0% in Q4 2015.

In the G7, the unemployment rate was 5.5% in Q1 2016, compared to 5.6% in Q3 2015.

Spain has the highest harmonised unemployment rate out of the OECD member states currently reporting for Q1 2016 (20.5%).

Japan, Korea and Iceland had the lowest unemployment rate in the OECD in Q4 2015 at 3.2%, 3.8% and 3.2% respectively.

Youth (15-24) unemployment is a major issue in many developed economies at present. In Q4 2015 youth unemployment was 46.4% in Spain and 48.8% in Greece. In the same period UK youth unemployment stood at 13.3%.

Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

	CAN	FRA	GER	ITA	JPN	UK	USA	Eurozone	G7	OECD
2013	7.1	10.3	5.2	12.1	4.0	7.6	7.4	12.0	7.1	7.9
2014	6.9	10.3	5.0	12.7	3.6	6.2	6.2	11.6	6.4	7.4
2015	6.9	10.4	4.6	11.9	3.4	5.3	5.3	10.9	5.8	6.8
2013 Q2	7.1	10.3	5.3	11.9	4.2	7.8	7.7	12.0	7.3	8.0
2014 Q2	7.0	10.2	5.1	12.7	3.6	6.7	6.7	11.8	6.6	7.6
2015 Q1	6.8	10.3	4.8	12.3	3.5	5.5	5.6	11.2	6.0	7.0
Q2	6.8	10.4	4.7	12.2	3.4	5.5	5.4	11.0	5.9	6.9
Q3	7.0	10.5	4.6	11.6	3.4	5.3	5.2	10.7	5.7	6.7
Q4	7.0	10.2	4.4	11.6	3.3	5.0	5.0	10.5	5.6	6.6
2016 Q1	7.2	10.1	4.3	11.5	3.2	n/a	4.9	10.3	5.5	6.5
<i>Change on qtr</i>	0.2	-0.1	-0.2	0.0	0.0	...	-0.1	-0.2	-0.1	-0.1
<i>Change on yr</i>	0.4	-0.2	-0.5	-0.8	-0.2	...	-0.6	-0.9	-0.5	-0.5

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

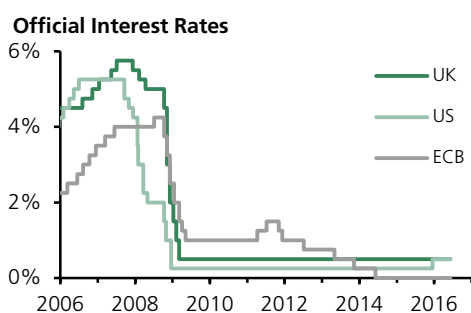
Jeanne Delebarre
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
12 July 2016

D1: Interest Rates and Monetary Policy

The Bank of England has left the Base Rate in the UK unchanged at 0.5% since March 2009 – the lowest since the Bank was founded in 1694.



The Governing Council of the European Central Bank (ECB) lowered the main interest rate for the Eurozone to 0.00% and the deposit rate to -0.40% in March 2016.

The US Federal Reserve increased its target range for the federal funds rate to

between 0.25-0.5% on 16 December 2015. This is the first increase since 2006. The Fed had previously signalled they would raise rates by the end of 2015.

Quantitative Easing

With little room for further cuts in interest rates, the Bank of England initiated an asset purchase or quantitative easing (QE) programme in March 2009.

From an initial £75bn in March 2009, QE was increased by £125bn (to a total of £200bn) by November 2009. It was further increased as follows: up by £75bn (to £275bn) in October 2011; £50bn (to £325bn) in February 2012 and £50bn in July 2012 to a total of £375bn.

The majority (over 99%) of assets purchased by the Bank of England through QE have been gilts (UK government debt).

On 21 April 2016 the ECB expanded the QE programme established in January. It will now buy €80bn assets (mostly government bonds of Eurozone countries) (up from €60bn in January) each month until at least September 2016. The ECB has implemented this programme to raise the rate of inflation to its 2% target (inflation was -0.2% in Dec 2014).

The Federal Reserve in the US, has run three programmes of QE since the Great Recession. The first from December 2008 to March 2010 saw the Fed buy \$1.75 trillion of mortgage-backed securities and government debt between December 2008 and March 2010. The second programme involved the Fed buying about \$600bn in new assets between November 2010 and June 2011. The third programme, so-called QE3, ran from September 2012 to October 2014 and saw the Fed purchasing assets (mortgage debt and government debt) of around \$1.6 trillion.

Subject Specialist

Dominic Webb
x2042

Update

Monetary policy meetings: 21 July (ECB), 27 July (US), 14 July (UK)

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2009/10	155	10.3%	1,004	65.2%
2010/11	137	8.7%	1,150	71.7%
2011/12	116	7.1%	1,243	75.2%
2012/13	123	7.3%	1,353	78.9%
2013/14	104	5.9%	1,459	81.0%
2014/15	92	5.0%	1,547	83.3%
2015/16	75	4.0%	1,598	83.7%
2016/17	56	2.9%	1,638	82.6%
2017/18	39	1.9%	1,677	81.3%
2018/19	21	1.0%	1,715	79.9%
2019/20	-10	-0.5%	1,725	77.2%
2020/21	-11	-0.5%	1,740	74.7%

Sources: ONS, OBR. Excludes public sector banks

The ONS's third provisional estimate suggests that public sector net borrowing was £75 billion in 2015/16, a decrease of 18% compared with 2014/15. Net borrowing for 2015/16 was around £3 billion higher than forecast by the Office for Budget Responsibility (OBR) in March 2016.

The ONS's provisional

figures suggest that public sector net debt increased between the end of 2014/15 and 2015/16; this is true whether measured by the debt-to-GDP ratio or in £ billion. The debt-to-GDP ratio at the end of 2015/16 was similar – at 83.7% of GDP – to the OBR's forecast in March 2016.

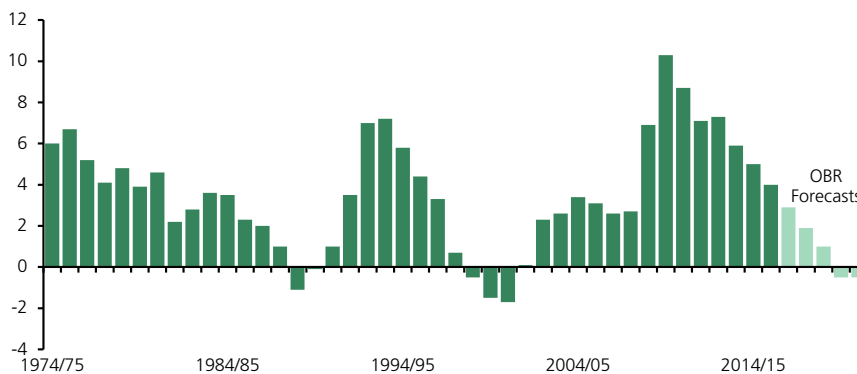
The ONS's figures for 2015/16 are provisional: they are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

Net borrowing – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a particular time period.

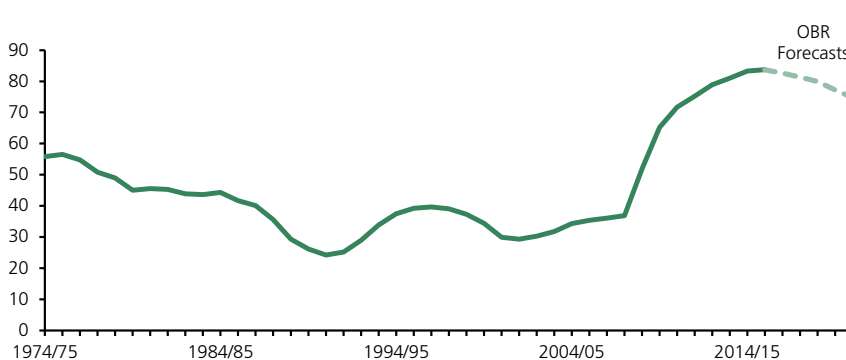
Net debt is the total amount that the public sector owes – it is largely the stock of past borrowing.

All forecasts were made by the OBR in March 2016, **before the EU referendum result was known.**

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



Subject Specialist

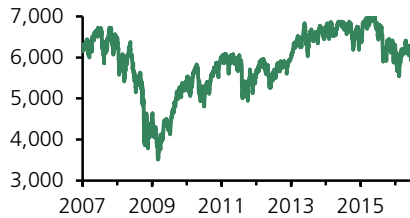
Matt Keep
x4324

Next update

ONS, [Public Sector Finances](#), 21 July 2016

D3: Financial Indicators

FTSE-100 Index
Daily closing price



FTSE-100 Index

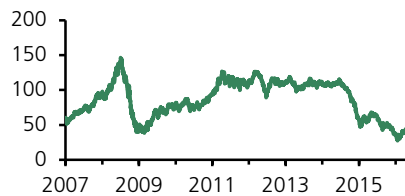
The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. It hit an all-time high of 7,103 in May 2015, passing the previous record high of 6,930 set in December 1999. Despite turbulence following the EU Referendum result, on the 4

July market close the FTSE 100 was up 5% on the month.

Brent Crude Oil

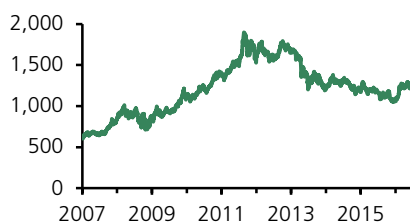
The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since February 2004, though has since returned to above \$40/barrel and despite a small fall over the last month, has climbed steadily since the beginning of 2016.

Brent Crude Oil (\$ per barrel)
Daily closing price of Brent crude, near-month futures contract



Gold price

Gold (\$ per ounce)
Daily price



The nominal price of gold exceeded \$1,800/ounce for the first time in August 2011, but the metal's price has since moderated considerably. In December 2015, it fell to its lowest level in six years, though on the 4 July market close, gold stood at its highest level since March 2014.

Data from 4 July 2016

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
04 Jul 2016	6,522.3	50.2	1,350.8
%change over:			
1-month	5%	1%	9%
12-months	-1%	-17%	16%
%change from:			
cyclical peak	-5%	-66%	-29%
date	15 Jun '07	03 Jul '08	23 Aug '11
cyclical trough	86%	38%	90%
date	03 Mar '09	24 Dec '08	24 Oct '08

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

Daniel Harari
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Updates

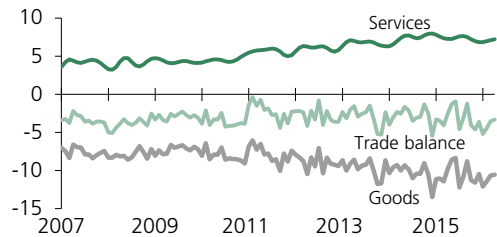
Financial Times, Weekly Basis

E1: Trade

In 2015, the UK's exports of goods and services totalled £510 billion and imports totalled £549 billion. The EU accounted for 44% of exports of goods and services in 2015 and 53% of imports.

Balance of trade, goods and services

£ billion, monthly data



Overall, the UK imports more than it exports meaning that it runs a trade deficit. A surplus on trade in services (£88 billion in 2015) was more than offset by a deficit on trade in goods (£126 billion in 2015). The overall trade

deficit was £38.6 billion (2.1% of GDP) in 2015.

The trade deficit increased to £12.0 billion in Q1 2016, up from £11.6 billion in Q4 2015.

Goods & Services and Current Account Balances

Seasonally adjusted

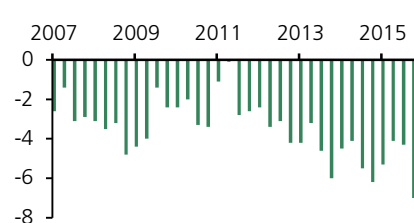
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2014	511.7	547.9	-36.2	-85.0	-4.7%
2015	510.3	548.9	-38.6	-100.3	-5.4%
2015 Q1	129.6	139.3	-9.6	-24.9	-5.4%
Q2	128.1	134.3	-6.2	-19.5	-4.2%
Q3	125.1	136.2	-11.1	-21.9	-4.7%
Q4	127.4	139.1	-11.6	-34.0	-7.2%
2016 Q1	127.9	139.9	-12.0	-32.6	-6.9%

Source: ONS, series: IKBH, IKBI, IKBJ, HBOP, AA6H

The current account, which includes investment income and transfers as well as trade, saw a deficit of £100 billion in 2015, up from £85 billion in 2014.

Current Account Balance

% of GDP



This is an increase from 4.7% of GDP to 5.4%. The 2015 deficit is a record high.

The current account deficit was £32.6 billion in Q1 2016 (6.9% of GDP), down slightly on £34.0 billion (7.2% of GDP) in Q4 2015.

Subject Specialist

Dominic Webb
x2042

Update

ONS [UK Trade](#) 8 Jul

[UK BoP](#) 30 Sep

E2: Exchange Rates

The Sterling Exchange Rate Index (SERI) measures sterling's value against a 'basket' of currencies, 'trade-weighted' (based on currencies' relative importance in UK trade).

The SERI fell by 2.0% in June 2016 on average by 9% since the EU Referendum. Compared with the same period a year ago, it is 7.8% lower. It is currently 9.9% above its March 2009 level, when it was at its lowest point since the series began in 1980. It is 19.6% below its pre-recession peak in July 2007.

Sterling Exchange Rate Index (SERI)

Jan 2005=100

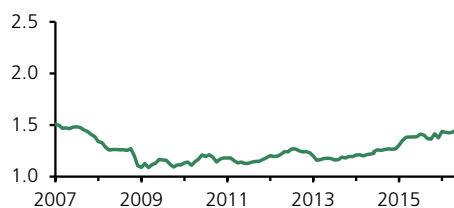


On average in June, the pound was down 1.6% against the dollar compared to May. At the 4 July market close, the pound stood at \$1.33. On 5 July, the pound fell to \$1.31, its lowest level against the dollar since 1985. This represents a 12% fall since the EU Referendum.

Sterling was down 2.1% against the Euro on average in June compared to May. At the 4 July market close the pound stood at €1.19, the lowest level since March 2014. This compares with an all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 on 31 December 1998.

€ / £ Exchange Rate

€ per £



US\$/£ Exchange Rate

\$ per £



Sterling Exchange Rates

average rates in period and % changes

	US Dollar (\$)			Euro (€)		
	Rate	% change on yr		Rate	% change on yr	
2013	1.56	-1.3%		1.18	-4.5%	
2014	1.65	5.3%		1.24	5.4%	
2015	1.53	-7.2%		1.38	11.0%	
2016 Apr	1.43	-4.3%		1.26	-9.5%	
May	1.45	-6.2%		1.28	-7.5%	
Jun	1.42	-9.1%		1.26	-8.9%	

Source: Bank of England, Bankstats database

Subject Specialist

Dominic Webb
x2042

Updates

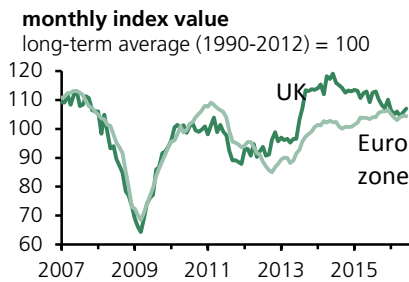
Financial Times, [sterling exchange rates](#) (daily)

Bank of England, [SERI & monthly rates](#), 3 August 2016

F1: Business and Consumer Confidence

Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.

European Commission Economic Sentiment Indicator

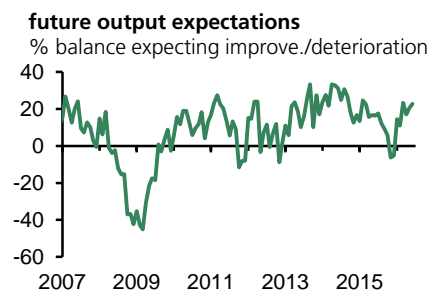


The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

Between May and June 2016 the overall UK sentiment index increased by 1.3 points to 107.0, 2.2 points lower than a year

earlier. The Eurozone index was up 1.0 points over the year to 104.4.

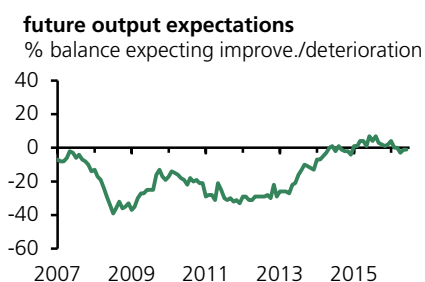
CBI Industrial Trends Survey



The CBI carries out monthly and quarterly Industrial Trends surveys.

In June 2016, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +23, up slightly on May's figure of +20.

GfK NOP Consumer Confidence Survey



GfK NOP's Consumer Confidence Index measures a range of consumer attitudes, including forward expectations of the general economic situation and households' financial positions, and views on making major household purchases.

The overall consumer confidence index was -1 in June 2016, the same as in the previous month.

Please note that all of the figures on this page are based on surveys that took place before the EU referendum results were known.

Subject Specialist

Daniel Harari, x2464

Update

CBI, [Industrial Trends](#), mid/late July

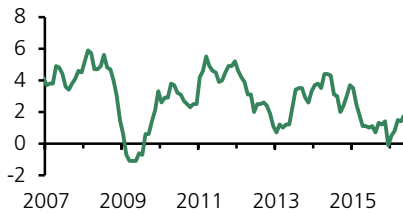
EC, [Economic Sentiment Indicator](#), 28 July

GfK NOP, [Consumer Confidence](#), 29 July

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £7.3 billion in May 2016, up from £7.1 billion in May 2015. The total annual retail sales value for 2015 was £375 billion.

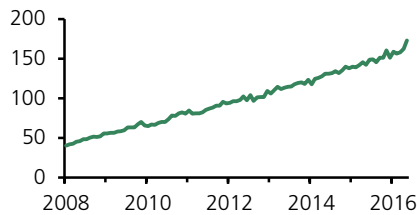
Value of retail sales (incl. vehicle fuel)
3 mth % change on yr, seasonally adjusted



Over the three months to May 2016, the value of retail sales was up 0.8% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 1.8% in the three months to May 2016.

Value of internet retail sales
2012=100, seasonally adjusted



The average weekly value of internet sales in Great Britain was £963.8 million in May 2016.

This is 21.6% up on May 2015, the biggest annual increase in online retailing since 2013.

Three quarters of the value of retail sales online is from stores without a physical presence.

Value of retail sales

Index 2012=100, seasonally adjusted

		Food	Non-food	Total
2014	May	104.5	106.5	105.4
2015	May	103.8	110.3	106.9
2016	Mar	105.6	109.4	107.4
	Apr	104.5	112.6	108.8
	May	106.2	113.5	110.2
% change on yr		1.3	1.2	1.8

The average weekly value of sales in food stores was £3.0 billion in May 2016 and also £3.0 billion in non-food stores.

The value of sales in food stores in May 2016 was up 1.3% on the May 2015 level.

The value of sales in non-food stores was up 1.2% on last year.

Change on year is the change on the most recent three month period compared to the same period a year earlier
Total includes fuel and non-store retailing

Source: ONS, series: J5C4, EAQW, EAQY, J5BY, IEAU, IEAX

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Updates

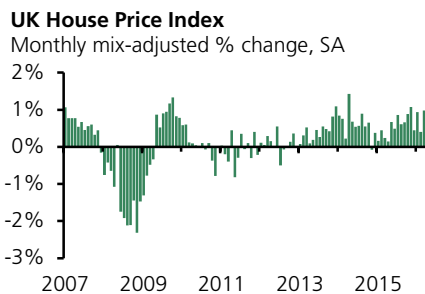
ONS, [Retail Sales](#),
21 July 2016

F3: Housing Market

On a seasonally adjusted basis, **house prices** on the UK House Price Index were broadly flat between March 2016 and April 2016. Prices were 8.2% higher in April 2016 compared with a year ago. These data are from the first release of the new [UK House Price Index](#).

Mortgage approvals in May 2016 were up 1.3% on the previous month and 4.0% on a year ago. Approvals remain well down on pre-recession levels.

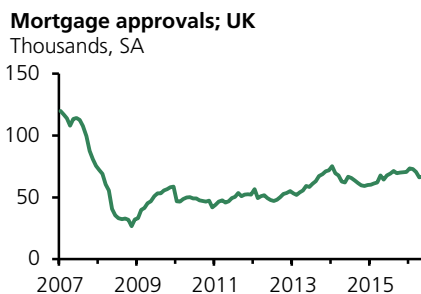
Housing starts decreased by 3% in Q1 2016 compared to Q4 2015. Housing starts and completions have increased from the lows observed in late 2008 and early 2009 but remain below pre-recession levels.



On a seasonally adjusted basis, average mix-adjusted house prices in the UK were broadly flat between March 2016 and April 2016.

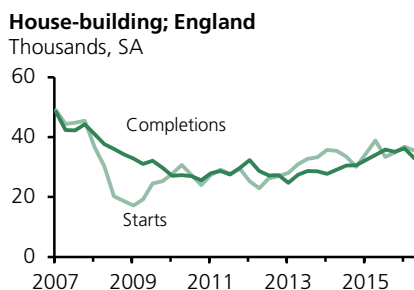
There are regional differences in house prices. The average price is highest in London at roughly £470,000. The lowest prices are found in Northern Ireland and the

North East at £118,000 and £122,000 respectively.



Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.

There were 67,042 mortgage approvals in May 2016, up 1.3% on the previous month and 4.0% on May 2015.



There were 35,530 seasonally adjusted house building starts in England in Q1 2016, a 3% decrease on the previous quarter, and 9% down on the same quarter of 2015. This is above the recent low of 17,150 in Q1 2009, but still below the 48,970 starts in Q1 2007.

There were 32,950 seasonally adjusted dwelling completions in Q4 2015, down 9% on the previous quarter, and 3% lower than during the same quarter of 2015. Completions remain below the peak of 48,440 completions in Q1 2007.

Subject Specialist

Matt Keep
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Updates

ONS, [UK house price index](#), July 2016

Bank of England, [Money and credit](#), 29 July 2016

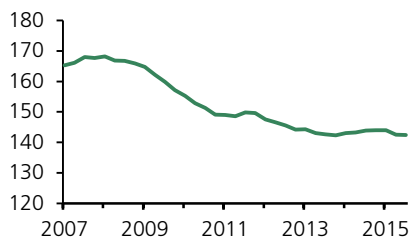
DCLG, [House-building](#), August 2016

F4: Household Debt

Household debt as a % of disposable income

Household debt peaked at 169% of household gross disposable income in Q1 2008.

Household debt: % of disposable income

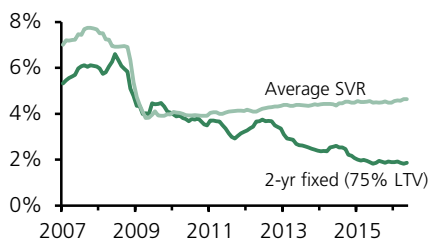


In Q4 2015, it was 143%. It has been at roughly this level since the end of 2012.

Current average mortgage interest rates

The average Standard Variable Rate (SVR) has risen slightly over the past year – in May 2016 it was 4.64%, compared with 4.55% a year before.

Current average mortgage interest rates

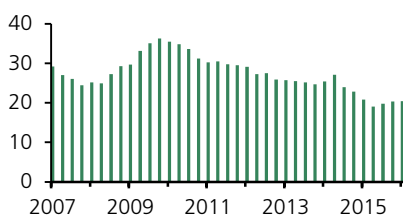


The average 2-year fixed mortgage rate fell considerably between 2012 and mid-2015, but has been steady since then. In May 2016 it was 1.87% compared with 1.90% a year before.

Individual insolvencies, England and Wales

There were 20,383 individual insolvencies in England and Wales in Q1 2016, 2.2% lower than a year earlier (seasonally adjusted figures). Although lower than a year ago, the number of insolvencies was higher in Q1 2016 than in Q4 2015.

Individual insolvencies; England and Wales, Thousands



In Scotland, there were 2,232 individual insolvencies in Q1 2016, a decrease of 13.3% on a year earlier. In Northern Ireland, there were 664 individual insolvencies in Q1 2016, a decrease of 14.5% on a year earlier.

Subject Specialist

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Updates

Bank of England,
[Statistical database](#), 11
July 2016

Insolvency Service,
[Insolvency Statistics](#), 29
July 2016

ONS, [UK Economic
Accounts](#), 31 Jul 2016

4. Glossary

4.1 Definitions¹

Balance of payments: A country's financial position, with other countries of the world, comprising two parts:

Current account: the balance of imports and exports of goods and services, income and transfers combined;

Capital account: the difference between a country's capital invested in other countries, and the capital invested by other countries in it. Technically, the two parts always balance. A balance of payments deficit normally refers to a current account deficit.

Balance of trade: The difference between a country's exports and imports of either goods only or goods and services combined. Trade in financial services account for around a third of UK exports, and thus partially offsets trade in goods deficits.

Basic prices: Prices excluding taxes and subsidies on products.

Claimant count: The number of people aged 18 and over claiming Jobseeker's Allowance (JSA) benefits. This includes out-of-work Universal Credit claimants.

Consumer Prices Index (CPI): This is the headline UK domestic measure of inflation. It measures the average change from month to month in the prices of consumer goods and services purchased in the UK.

Current account balance: The difference between receipts/payments due to transactions in goods, services, income and transfers between the UK and all other countries. A current account deficit means that total payments exceed total receipts; in the reverse case, the current account is in surplus.

Current budget: Measures the balance of public sector current account revenue over public sector current expenditure.

Current/constant prices: Current prices are the actual or estimated recorded monetary value over a defined period for a group of industries or products. They show the value for each item expressed in terms of the prices of that period.

Constant prices refer to volume measures whose values are derived by applying to current quantities, prices for a specific base period. They allow figures to be represented so that the effects of inflation are removed. The values for each time period are expressed in terms of the prices in a particular base period.

Economically active: Those aged 16 and over who are either in employment or unemployed.

Economically inactive: Those aged 16 and over who are neither in employment nor unemployed. This includes those who do not want a job, those who want a job but have not been seeking work in the last four weeks and those who want a job and are seeking work but not available to start work.

¹ Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

Employment: The number of people with jobs as estimated by the Labour Force Survey (LFS). This includes all people aged 16 or over who did paid work, those who had a job that they were temporarily away from, those on government supported training and employment programmes, and those doing unpaid family work during the survey period. The employment rate refers to the number of people employed as a percentage of the working age population as measured by the LFS.

Exchange rate: The rate at which one currency is traded against another.

Gross Domestic Product (GDP): The total market value of goods and services produced after deducting the cost of goods and services used up in the process of production (intermediate consumption) but before deducting consumption of fixed capital (depreciation).

Gross Domestic Product – Real GDP: Also known as constant price or chained volume measure, this is a measure used to indicate change in the actual quantity of goods and services produced, by adjusting for inflation.

Gross Fixed Capital Formation (GFCF): Expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.

Gross Value Added (GVA): The difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA is used to measure the productivity of sectors/industries and economies.

Harmonised Indices of Consumer Prices (HICP): Harmonised indices of consumer prices for Member States of the European Union, which enable comparisons to be made across countries. The UK's CPI measure uses HICP methodology.

Market prices: The prices actually paid by the purchaser for goods and services, including transport costs, trade margins and taxes. $\text{GDP at market prices} = \text{GDP at basic prices} + \text{transport prices paid separately} + \text{non-deductible taxes on expenditure} - \text{subsidies received}$.

Money supply: The total amount of money in an economy at a given time.

The Public Sector Net Borrowing (PSNB): This measures the public sector's accumulation of debt net of liquid financial assets. Its approximate stock equivalent is net public sector debt.

Public Sector Net Debt: This is approximately the stock analogue of the PSNB. It measures the public sector's financial liabilities to the private sector and abroad, net of short-term financial assets such as bank deposits and foreign exchange reserves.

Retail Prices Index (RPI): A domestic indicator of inflation. It measures the average change from month to month in the prices of goods and services purchased in the UK. It is similar to the CPI, but differs in terms of methodology and coverage. For example, the RPI includes housing costs such as mortgage interest payments while the CPI doesn't.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences, which may distort the data, has been removed.

Sterling Exchange Rate Index (SERI): This measures the value of sterling against a trade-weighted 'basket' of other currencies. The weights used in this index measure currencies' relative importance to UK trade in goods and services.

UK Base/Repo rate: The rate at which the Bank of England lends to discount houses by buying their bills. The base rate is usually the minimum rate at which banks are prepared to lend money. The high street bank base rate follows that set by the Bank of England, and it acts as the benchmark for other interest rates, including mortgages and personal loans.

Unemployment: The ILO definition includes all people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed persons expressed as a percentage of the total economically active population.

Volume/value of retail sales: The volume of retail sales is the total takings adjusted for inflation and the value of retail sales is the total actual takings.

Workforce jobs: The sum of employee jobs, self-employment jobs, those in HM Forces and government-supported trainees.

4.2 Symbols and abbreviations

..	Figure(s) not yet available
CBI	Confederation of British Industry
ILO	International Labour Organisation
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics

5. Indicator Sources

Indicator Page	Sources
A1 Gross Domestic Product	ONS, <i>GDP Preliminary Estimates</i> ONS, <i>Second Estimates of GDP</i> ONS, <i>Quarterly National Accounts</i> HM Treasury, <i>Forecasts for the UK Economy</i>
A2 GDP: International	OECD, <i>OECDStat database</i> OECD, <i>Economic Outlook</i> IMF, <i>World Economic Outlook</i> European Commission's growth forecasts
A3 Components of GDP	ONS, <i>Second Estimate of GDP</i> ONS, <i>Quarterly National Accounts</i>
A4 Services	ONS, <i>Index of Services</i> Markit/CIPS, <i>UK Services Purchasing Managers Index</i>
A5 Manufacturing	ONS, <i>Index of Services</i> Markit/CIPS, <i>UK Manufacturing Purchasing Managers Index</i>
A6 Productivity	ONS, <i>Labour Productivity</i>
B1 Inflation	ONS, <i>Consumer Price Indices</i>
B2 Inflation: International	OECD, <i>Main Economic Indicators</i> Eurostat
B3 Average Earnings	ONS, <i>Labour Market Statistics</i> ONS, <i>Annual Survey of Hours and Earnings</i>
C1 Employment	ONS, <i>Labour Market Statistics</i>
C2 Unemployment: National	ONS, <i>Labour Market Statistics</i>
C3 Unemployment: International	OECD, <i>Main Economic Indicators</i> OECD, <i>Economic Outlook</i>
D1 Interest Rates and Monetary Policy	Bank of England, <i>Monetary Policy Committee decisions and minutes</i> Federal Reserve, <i>Federal Open Market Committee decisions</i> European Central Bank news releases Bank of England: Bankstats, <i>Tables A1.1 and A2.2.1</i> ONS Database
D2 Public Finances	ONS, <i>Public sector finances</i> Forecasts from Office for Budget Responsibility
D3 Financial Indicators	Financial Times, <i>Market Data</i>
E1 Trade	ONS, <i>UK Balance of Payments</i> ONS, <i>UK Trade</i>
E2 Exchange Rates	Financial Times, <i>Sterling Exchange Rates</i> Bank of England, <i>SERI & monthly rates</i>
F1 Business and Consumer Confidence	EC, <i>Economic Sentiment Indicator</i> CBI, <i>Industrial Trends Survey press release</i> GfK NOM, <i>Consumer Confidence Index</i>
F2 Retail Sales	ONS, <i>Retail Sales</i>
F3 Housing Market	ONS, <i>UK House Price Index</i> Bank of England, <i>Money and Credit</i> DCLG, <i>House-Building</i>
F4 Household Debt	Bank of England, <i>Lending to Individuals</i> The Insolvency Service, <i>Insolvency Statistics</i>

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