



BRIEFING PAPER

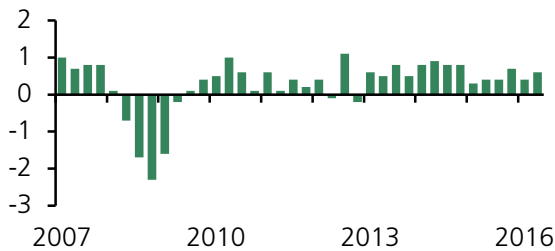
Number 7695, 6 September 2016

Economic Indicators, September 2016

By Feargal McGuinness
Matthew Ward

GDP growth

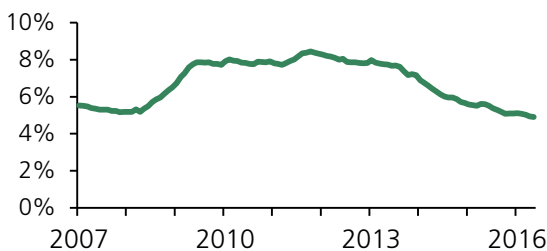
% change on previous qtr



GDP grew by 0.6% in real terms in Q2 2016 compared with the previous quarter. This was higher than growth of 0.4% in Q1 2016.

Unemployment rate

Aged 16+



The unemployment rate was 4.9% in April-June 2016, the lowest rate since 2005.

Sterling Exchange Rate Index

Jan 2007 = 100



The value of the pound fell following the vote to leave the EU on 23 June. The Sterling Exchange Rate Index was 10% lower in August than in May 2016.

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1. Headline UK Economic Indicators, Sep 2016

Gross Domestic Product: Q2 2016, Seasonally Adjusted		
Change (real %)	0.6 (qtr)	2.2 (yr)
Industries		
Service output: May 2016		
Change (%)	0.2 (mth)	2.4 (yr)
Manufacturing output: June 2016		
Change (%)	-0.3 (mth)	0.9 (yr)
Productivity: Q2 2016, Seasonally Adjusted (preliminary estimate)		
Output per hour		
Change (%)	0.5 (qtr)	0.3 (yr)
Inflation: June 2016		
Change on year (%)	0.6 (CPI)	1.9 (RPI)
Labour Market: April-June 2016, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.9
Change (% points)	-0.2 (qtr)	-0.7 (yr)
Employment		
Employment Rate (% aged 16-64)		74.5
Change (% points)	0.3 (qtr)	1.0 (yr)
Interest Rate: as of 6 September 2016		
Bank of England Base Rate		0.25%
Public Finances: 2015/16		
Net borrowing	75 (£ bn)	4.0 (% GDP)
Net debt	1,600 (£ bn)	83.7 (% GDP)
Trade: Q1 2016		
Current Account	-32.6 (£ bn)	-6.9 (% GDP)
Sterling Exchange rate: 5 September 2016		
US Dollar (\$)	1.33 (rate)	-14.8 (% change on yr)
Euro (€)	1.19 (rate)	-14.7 (% change on yr)
EC Economic Sentiment Indicator for UK: August 2016		
Points (1990-2012 = 100)		104.0
Change (points)	+1.4 (mth)	-9.0 (yr)
Retail Sales: July 2016, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		2.5 (% change on yr)
Housing Market: June 2016, Seasonally Adjusted		
House Price Index		
Change (%)	0.7 (mth)	8.7 (yr)

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

2. This month's developments

A series of positive economic data in August and early September appeared to defy predictions of immediate Brexit gloom. Nevertheless, a lack of hard data on the state of the UK economy post-EU referendum coupled with forecasts for weak economic growth means caution is very much still in order.

Reasons to be cheerful

After falling sharply in July, the Purchasing Managers Indices (PMIs) for **services and manufacturing** (which track growth in activity in the sectors) rebounded in August with the largest or joint-largest monthly increases in at least twenty years. One of the main factors behind the bounce was the fall in the value of sterling post-referendum, which benefited exporters.

The value of **retail sales** increased by 1.6% in July compared to June and the **FTSE100 index** was buoyant during August. Surveys indicated a rise in **consumer confidence** between July and August, although confidence remains down compared to before the EU referendum.

Bank on the ball

These positive indicators may have been helped by economic stimulus announced by the Bank of England at the start of August. The swift formation of a new government in July also helped remove some uncertainty for firms.

The Bank's Monetary Policy Committee (MPC) **cut interest rates** to 0.25% (from 0.5%), the lowest rate since the Bank was founded in 1694. A new **Term Funding Scheme** is intended to ensure banks pass on the interest rate cut to customers. In addition the Bank expanded its **quantitative easing** programme.

The Bank's stimulus is intended to mitigate any negative economic effects of the referendum result. The MPC [observed](#) that "the outlook for growth in the short to medium term has weakened markedly" following the leave vote.

Good foundations

The economy was in good shape going into the referendum, as indicated by other data released last month. **GDP** grew by 0.6% in Q2 2016 compared with the previous quarter (unchanged from last month's preliminary estimate), up from 0.4% in Q1.

The labour market continued its impressive momentum in Q2: the **employment rate** grew further into record territory to hit 74.5%, while the **unemployment rate** dipped to 4.9%. Among the few pieces of evidence relating to the labour market post-referendum was a fall in the claimant count between June and July.

Reasons to be wary

Of course, the primary economic risk associated with Brexit is what happens to trade and investment when the UK actually leaves the EU. The impact will depend on the new trading relationship with the bloc.

At present we have little idea what this relationship will look like and the UK has not yet commenced formal negotiations to leave.

Even if last month's data do give some cause for optimism, the economy could be about to hit a rocky patch. There is much we still do not know, for example what is the impact of the leave vote on investment by firms. A weak pound could soon turn into a hindrance rather than a help, pushing up prices and weighing down real wages. That in turn could depress consumer spending. Indeed, the manufacturing and services PMI releases noted the weakness in sterling had increased firms' input prices.

In short, there is still far too little data to come to say how the EU referendum result has affected the UK economy. As new data are released in September and October, the picture should become a bit clearer. Another good reason, dear Reader, to keep reading *Economic Indicators*.

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, Chris Rhodes on x2454.

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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A1: Gross Domestic Product

The economy grew by 0.6% in Q2 2016 compared to the previous quarter, following growth of 0.4% in Q1 2016.

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 Q2	0.4	2.3
Q3	0.4	2.0
Q4	0.7	1.8
2016 Q1	0.4	2.0
Q2	0.6	2.2

Source: ONS, series: IHYP, IHYQ, IHYR

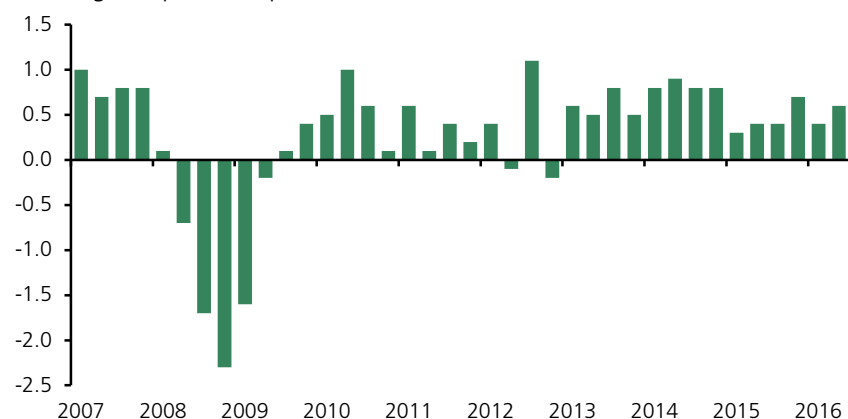
GDP in Q2 2016 was 2.2% higher than a year before.

GDP has now increased for 14 consecutive quarters and is estimated to be 7.7% above the pre-economic downturn peak in Q1 2008.

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

GDP growth

% change on previous qtr



Forecasts

In August 2016, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.6% for 2016 and 0.7% for 2017. The very large majority of forecasts in the survey were made after the referendum on the UK's membership of the European Union.

At the time of the March 2016 Budget, the Office for Budget Responsibility (OBR) forecast growth of 2.0% in 2016 and 2.2% in 2017. These forecasts were made before 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 (Aug 16)	1.6	0.7
OBR forecasts (Mar 16)	2.0	2.2

Source:

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

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Updates

HM Treasury, [Forecasts for the UK economy](#), 21 September 2016

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

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

A2: GDP International

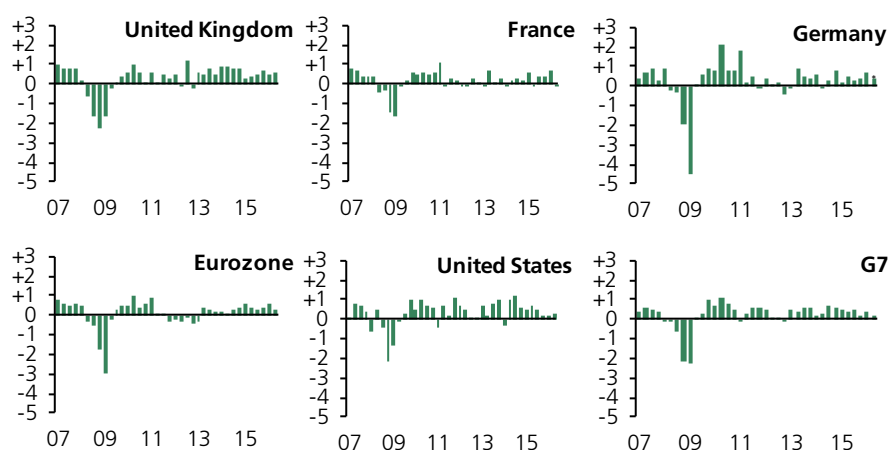
Real GDP in the UK grew by 0.6% in Q2 2016 compared with the previous quarter. In the same quarter, the Eurozone and the US both saw growth of 0.3%.

Real GDP % changes

	change on quarter				change on year			
	Q3 15	Q4 15	Q1 16	Q2 16	Q3 15	Q4 15	Q1 16	Q2 16
UK	0.4	0.7	0.4	0.6	2.0	1.8	2.0	2.2
Eurozone	0.3	0.4	0.6	0.3	1.6	1.7	1.7	1.6
USA	0.5	0.2	0.2	0.3	2.2	1.9	1.6	1.2
Japan	0.5	-0.4	0.5	0.0	1.8	0.8	0.1	0.6
Germany	0.2	0.4	0.7	0.4	1.7	1.3	1.8	1.7
France	0.3	0.4	0.7	0.0	1.1	1.3	1.4	1.4
G7	0.4	0.2	0.4	0.2	1.9	1.5	1.4	1.2
OECD	0.5	0.3	0.4	0.3	2.2	2.0	1.7	1.6

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 19 July, the IMF lowered its 2016 GDP growth forecast for the UK from 1.9% (at the time of the last forecast in April) to 1.7% and from 2.2% to 1.3% for 2017. The IMF cited uncertainty following the UK's decision to leave the EU as the reason for its downgrade.

Real GDP growth forecasts

% change

	IMF (Jul 16)		EC (May 16)		OECD (Jun 16)	
	2016	2017	2016	2017	2016	2017
UK	1.7	1.3	1.8	1.9	1.7	2.0
France	1.5	1.2	1.3	1.7	1.4	1.5
Germany	1.6	1.2	1.6	1.6	1.6	1.7
Eurozone	1.6	1.4	1.6	1.8	1.6	1.7
US	2.2	2.5	2.3	2.2	1.8	2.2
Japan	0.3	0.1	0.8	0.4	0.7	0.4
China	6.6	6.2	6.5	6.2	6.5	6.2
India	7.4	7.4	7.4	7.4	7.4	7.5
Brazil	-3.3	0.5	-3.7	0.3	-4.3	-1.7
World	3.1	3.4	3.1	3.4	3.0	3.3

Sources: IMF Jul '16 WEO Update; 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](#), Oct 2016

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

A3: Components of GDP

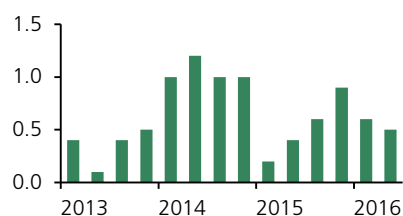
GDP can be analysed in terms of the output produced by different industries in the economy and by expenditure on goods and services made by households, businesses and the government.

Overall, GDP increased by 0.6% in real terms in Q2 2016 compared with the previous quarter.

GDP by Industry

In 2015, the service sector accounted for 80% of economic output, the production sector for 13% and the construction sector for 6%.

Service sector
quarterly growth (%)



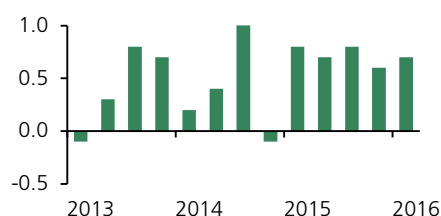
In Q2 2016, service sector output increased by 0.5% in real terms compared with Q1 2016.

Manufacturing output was up by 1.8% (and overall the production sector increased by 2.1%). Output in the construction sector decreased by 0.7%.

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 Q2 2016, household consumption grew by 0.9% in real terms compared with Q1. Government consumption was down 0.2% and investment was up 1.4%.

Exports increased by 0.1% while imports increased by 1.0%.

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 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
Q2	0.9	-0.2	1.4	0.1	1.0	0.6

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

Note: * annual % change

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Update

ONS, [Second Estimate of GDP](#), 25 Nov 2016

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

ONS, [Gross Domestic Product: Preliminary Estimate](#), 27 Oct 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.

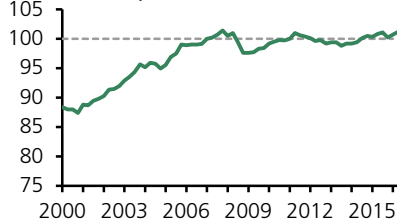
UK productivity

The average annual 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 0.8% in 2015, the largest annual increase since 2011, though still below historical trends. Early estimates for Q2 2016 show an increase in productivity of 0.5% on a quarterly basis (the same as in Q1 2016). However, compared with a year ago productivity was only up by 0.3%.

Productivity level (GDP per hour)

Index where Q1 2007 level = 100



Productivity - output (GDP) per hour

	% change on qtr	% change on yr
2014	..	0.6
2015	..	0.8
2015 Q3	0.3	1.0
Q4	-0.9	-0.3
2016 Q1	0.5	0.4
Q2*	0.5	0.3

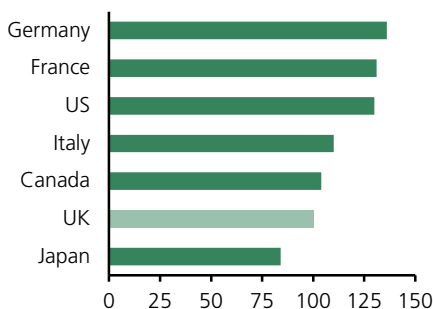
Source: ONS series LZVD, TXBB; *flash estimate

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](#), 6 October 2016

ONS, [International comparisons of productivity](#), 6 October 2016

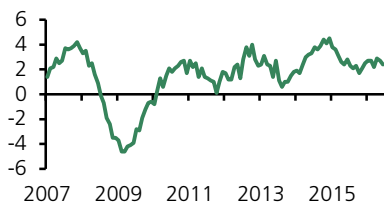
A5: Services

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

In 2015, 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 0.2% in June compared to May.

Compared with a year before, it has increased by 2.4%.

Purchasing Managers' Index (PMI)

UK Services PMI
50 = no change



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

In August it was 52.9, up from 47.4 in July. This is the biggest monthly increase in the survey's 20 history.

Markit commented that it was unclear whether August's positive figures represented a "dead-cat bounce or the start of a sustained post-shock recovery."

(A figure above 50 indicates that output is increasing).

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2014	103.3	3.3	2014 Aug	60.5	
2015	106.0	2.6	2015 Aug	55.6	
2016 APR	108.3	2.9	2016 Jun	52.3	-1.2
MAY	108.2	2.7	Jul	47.4	-4.9
JUN	108.4	2.4	Aug	52.9	5.5

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#),
30 September 2016

Markit/CIPS, [UK Services PMI](#), 5 October
2016

A6: Manufacturing

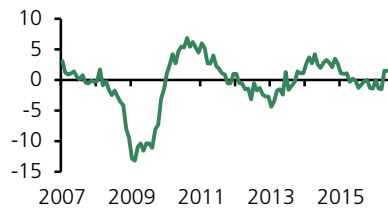
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

In 2015, the manufacturing sector accounted for 10% 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



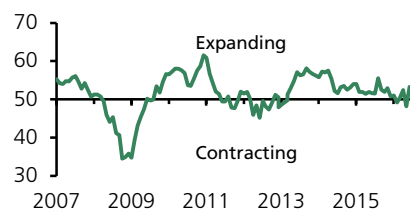
Total output was down in June 2016 compared with May, by 0.3%.

Manufacturing output rose over the year to June 2016 by 0.9%.

Purchasing Managers' Index (PMI)

UK Manufacturing PMI

50 = no change



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

In August 2016 it was 53.3, an increase of 5.0 on the July figure. This is the joint biggest monthly increase in the history of the series.

The main factor cited by Markit to explain the upswing was the depreciation of Sterling since the EU referendum.

(A figure above 50 indicates that output is increasing).

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2014	102.9	2.9	2014 Aug	52.2	
2015	102.7	-0.2	2015 Aug	51.6	
2016 APR	104.7	1.5	2016 Jun	52.4	2.0
MAY	104.0	1.5	Jul	48.3	-4.1
JUN	103.7	0.9	Aug	53.3	5.0

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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Update

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

Markit/CIPS, [UK Manufacturing PMI](#),
3 October 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 0.6% in July, compared to 0.5% in June. The RPI inflation rate was 1.9%, up from 1.6% in June.

The main contribution to the increase came through rises in motor fuels, alcoholic beverages and accommodation services. The upwards pressures were partially offset by a fall in social housing rent and falling prices for certain games and toys.

The upwards pressures were partially offset by a fall in social housing rent and falling prices for certain games and toys.

Retail Prices Index (RPI)
% change on yr



Price Indices

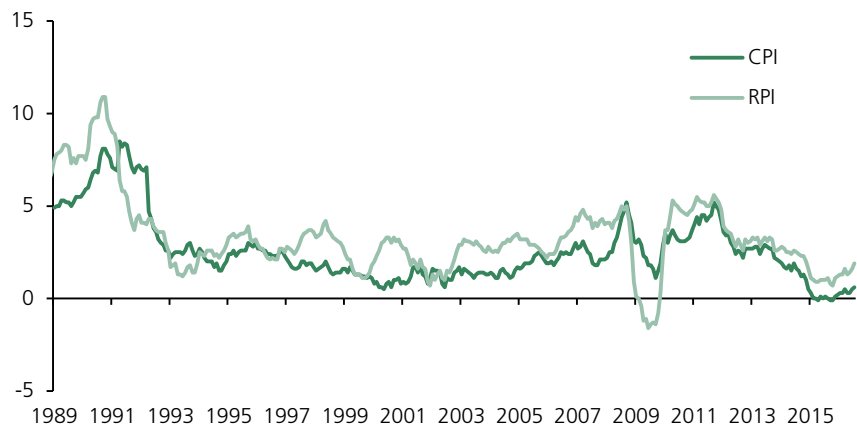
% change on a year ago

		CPI	RPI
2013	Jul	2.8	3.1
2014	Jul	1.6	2.5
2015	Jul	0.1	1.0
2016	May	0.3	1.4
	Jun	0.5	1.6
	Jul	0.6	1.9

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989

% change on yr



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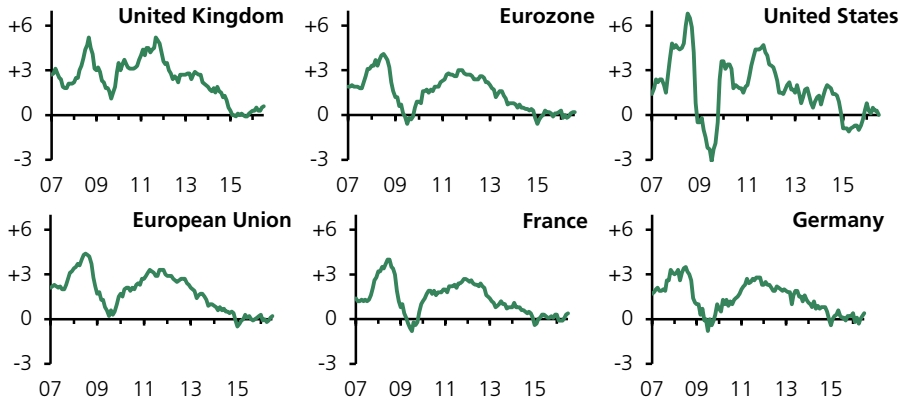
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Update

ONS, [Consumer Price Indices](#), 13 Sept 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 0.6% in the year to July 2016, up from 0.5% in June.

Annual inflation in the Eurozone is provisionally estimated as 0.2% in August, unchanged from July. Inflation was 0.4% in both Germany and France in July. Inflation was negative in a number of large EU economies in July, including Italy, Spain, the Netherlands and Poland.

Belgium had the highest annual inflation rate in the EU in July at 2.0%, followed by Sweden at 1.1%. The lowest annual inflation rate in the EU was in Bulgaria and Croatia (-1.1% in both countries), followed by Slovakia (-0.9%). 12 of the 28 EU member states had negative inflation in July.

HICP inflation in the US in the year to July was 0.0%, down from 0.3% in June.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

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

Source: ONS, Eurostat & stat.OECD database.

Note: Eurozone figure for August is provisional

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Update

ONS, [Consumer Prices bulletin](#) (UK), 13 September

Eurostat, [Flash estimate](#) (Eurozone), 30 Sept

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

B3: Average Earnings

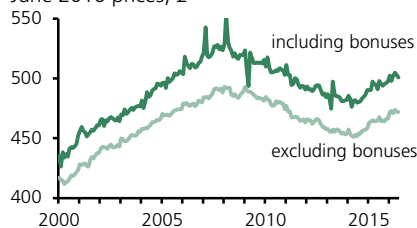
In April 2015 median gross weekly earnings for full-time employees were £528, up 1.8% on April 2014.

More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.4% higher in the three months to June 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

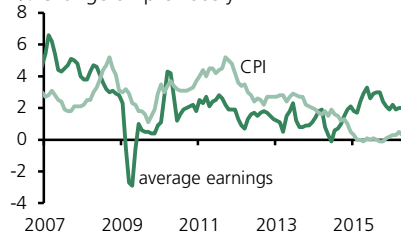
Real average weekly earnings

June 2016 prices, £



Inflation and earnings (incl bonuses)

% change on previous yr



Trends by Sector

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

	Total	Private	Public
2014 Jun	-0.1	0.1	0.2
2015 Jun	2.6	2.9	1.0
2016 Apr	2.0	2.1	1.7
May	2.3	2.5	1.7
Jun	2.4	2.5	1.7

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

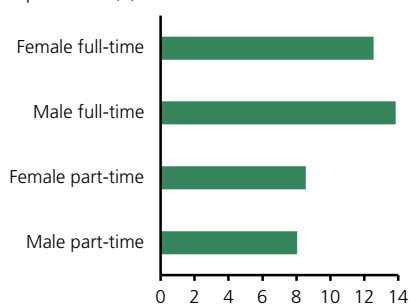
Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 2.5% in the **private sector** in the three months to June 2016, compared with the year before. In the **public sector**, total pay increased by 1.7%.

Particularly strong growth was observed in the **construction** sector, where average weekly total pay was up 8.4% compared to the previous year.

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](#),
14 September 2016

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

C1: Employment

31.75 million people were in employment in April-June 2016, up 172,000 from the previous quarter and up 606,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.5%, up 1.0% points on the previous year and the highest rate since comparable records began in 1971.



Female employment increased by 116,000 over the past quarter to 14.83 million. The employment rate for women aged 16-64 was 69.6%.

16.92 million men were in work in April-June 2016, 56,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.4%.



4.79 million people were self-employed, 94,000 higher than in the previous quarter. There was a smaller increase in the number of people working as employees, up 73,000 to 26.76 million.

23.22 million people were working full-time in April-June 2016, up 101,000 from the previous quarter and 374,000 higher than a year earlier. There were 8.53 million people working part-time, up 71,000 from the previous quarter and 231,000 higher than a year earlier.

1.67 million people were employed on a temporary basis, up 20,000 from the previous quarter and up 21,000 from 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	
Apr-Jun 2013	29,945	71.3	15,936	76.2	14,009	66.6	3,619	49.4	
Apr-Jun 2014	30,718	72.9	16,342	77.9	14,376	67.9	3,807	52.2	
Apr-Jun 2015	31,144	73.4	16,554	78.2	14,591	68.7	3,905	53.6	
Jan-Mar 2016	31,578	74.2	16,859	79.3	14,719	69.2	3,989	55.2	
Apr-Jun 2016	31,750	74.5	16,915	79.4	14,835	69.6	3,956	54.9	
<i>Change on qtr</i>	<i>Level</i>	<i>172</i>	<i>0.3</i>	<i>56</i>	<i>0.1</i>	<i>116</i>	<i>0.5</i>	<i>-33</i>	<i>-0.3</i>
	<i>%</i>	<i>0.5%</i>		<i>0.3%</i>		<i>0.8%</i>		<i>-0.8%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>606</i>	<i>1.0</i>	<i>362</i>	<i>1.2</i>	<i>244</i>	<i>0.9</i>	<i>52</i>	<i>1.3</i>
	<i>%</i>	<i>1.9%</i>		<i>2.2%</i>		<i>1.7%</i>		<i>1.3%</i>	

Source: ONS Labour Market Statistics, Tables A05 and A06

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

Subject Specialist

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Updates

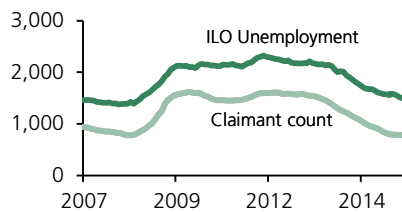
ONS, [Labour Market Statistics](#),
14 September 2016

C2: Unemployment

The International Labour Organisation (ILO) definition of unemployment is the headline measure of unemployment in the UK. Another measure is the claimant count – the number of people claiming unemployment benefits (namely, Jobseeker's Allowance or people claiming Universal Credit who are required to seek work).

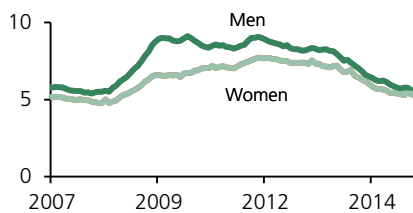
Unemployment; UK

000s, age 16+, seasonally adjusted



Unemployment Rate; UK

% , age 16+, seasonally adjusted



ILO unemployment was 1.64 million people in the UK in April-June 2016, down 52,000 on the previous quarter and down 207,000 from the previous year.

The unemployment rate was 4.9% (the percentage of the economically active population who are unemployed), down from 5.1% in the previous quarter and down from 5.6% in the same period in 2015.

The claimant count fell by 8,600 between June and July 2016 to 763,600 people aged 18 or over.

There were 890,000 men unemployed in April-June 2016, down 27,000 on the previous quarter. 750,000 women were unemployed, down 25,000 on the previous quarter.

626,000 people aged 16-24 were unemployed in April-June 2016, down 105,000 on the previous year. The unemployment rate for 16-24 year olds was 13.7%, down from 15.8% a year before.

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
Apr-Jun 2013	2,514	7.7	1,437	8.3	1,078	7.1	986	21.4
Apr-Jun 2014	2,060	6.3	1,139	6.5	921	6.0	766	16.8
Apr-Jun 2015	1,848	5.6	1,014	5.8	834	5.4	731	15.8
Jan-Mar 2016	1,692	5.1	917	5.2	775	5.0	631	13.7
Apr-Jun 2016	1,641	4.9	890	5.0	750	4.8	626	13.7
<i>Change on qtr</i>								
<i>Level</i>	-52	-0.2	-27	-0.2	-25	-0.2	-5	0.0
<i>%</i>	-3%		-3%		-3%		-1%	
<i>Change on yr</i>								
<i>Level</i>	-207	-0.7	-124	-0.8	-84	-0.6	-105	-2.1
<i>%</i>	-11%		-12%		-10%		-14%	

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

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

Subject Specialist

Jeanne Delebarre
x4904

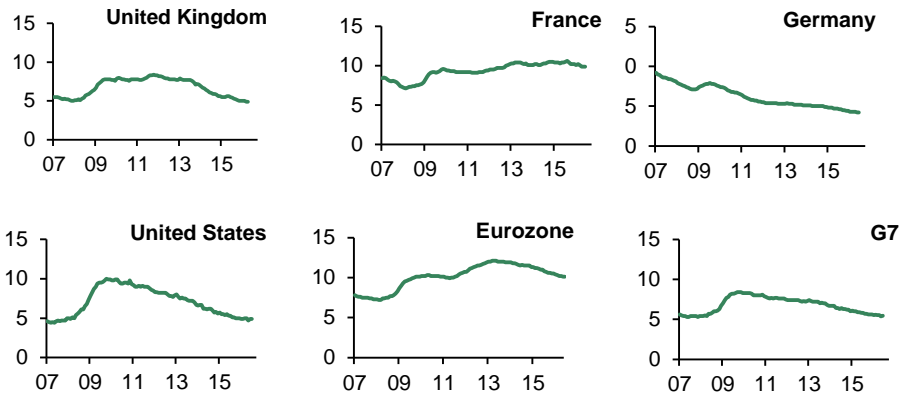
Updates

ONS, [Labour Market Statistics](#),
14 September 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 Q1 2016 was 5.0%. This was below the rate of France (9.9% at Q2) but above that of Germany (4.2% at Q2).

In the US, the unemployment rate stood at 4.9% in Q2 2016, unchanged from Q1 2016. In the G7, the unemployment rate was 5.5% in Q2 2016, down 0.1% points from Q1 2016.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q1 2016 (24.0%).

Japan, Korea and Iceland had the lowest unemployment rate in the OECD for Q1 2016 at 3.2%, 3.7% and 2.9% respectively.

Youth (15-24) unemployment is a major issue in many developed economies at present. In Q1 2016 youth unemployment was 46.0% in Spain and at Q2 it was 50.7% 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	10.4	5.3	12.1	4.0	7.7	7.5	12.1	7.2	8.0
2014 Q2	7.0	10.1	5.0	12.4	3.6	6.3	6.2	11.6	6.4	7.4
2015 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	4.5	11.6	3.3	5.0	5.0	10.5	5.6	6.6
2016 Q1	7.2	10.1	4.3	11.6	3.2	5.0	4.9	10.3	5.6	6.4
Q2	6.9	9.9	4.2	11.6	3.2	..	4.9	10.1	5.5	6.3
<i>Change on qtr</i>	-0.3	-0.2	-0.1	-0.1	-0.1	...	-0.1	-0.2	-0.1	-0.1
<i>Change on yr</i>	0.1	-0.5	-0.5	-0.6	-0.2	...	-0.5	-0.9	-0.4	-0.5

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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Next Update

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

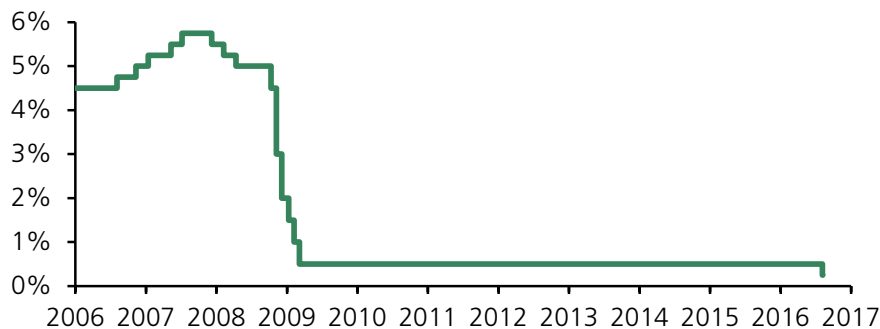
D1: Interest Rates and Monetary Policy

Central banks around the world cut interest rates sharply during the financial crisis of 2007-2009. Rates have remained at historic lows since then, with key interest rates close to or below 0% in most developed economies.

UK - Bank of England

The Bank of England's Monetary Policy Committee (MPC) cut its main interest rate (the Base Rate) from 0.5% to 0.25% on 4 August 2016, the first change since March 2009, and the lowest since the Bank was founded in 1694. The MPC cited the weaker outlook for the economy following the vote to leave the EU as its main reason for cutting rates.

UK official interest rate



As well as cutting interest rates by a quarter of a percentage point, the MPC agreed a series of other measures designed to boost the economy:

- Expanded its **quantitative easing** (QE) programme, where the Bank creates new money to buy financial assets from financial institutions, by £70bn (£60bn of government debt and £10bn of corporate debt). QE was first introduced in March 2009 and now totals £445 billion.
- Introduced a new **Term Funding Scheme** (TFS) intended to ensure that banks pass through the MPC's rate cut to their customers (consumers and businesses). The Bank will offer cheap loans to banks linked to the amount of lending they are providing, with more being available to banks that expand their lending.

Subject Specialist

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Updates

UK ([15 Sep](#)), ECB ([8 Sep](#)), US ([21 Sep](#))

Eurozone (European Central Bank)

The European Central Bank (ECB) lowered its main interest rate for the Eurozone to 0.0% and the deposit rate to -0.4% in March 2016. The ECB is also conducting a QE programme, intended to stimulate the economy, whereby it buys €80bn worth of assets (mostly government bonds of Eurozone countries) a month.

United States (Federal Reserve)

The US Federal Reserve increased its main interest rate by 0.25%-points in December 2015 to a range of 0.25-0.5%. This was the first increase since 2006.

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2009/10	155	10.1%	1,004	64.4%
2010/11	137	8.6%	1,150	71.2%
2011/12	116	7.1%	1,243	74.9%
2012/13	123	7.3%	1,353	78.5%
2013/14	104	5.9%	1,459	80.9%
2014/15	92	5.0%	1,546	83.2%
2015/16	75	4.0%	1,600	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

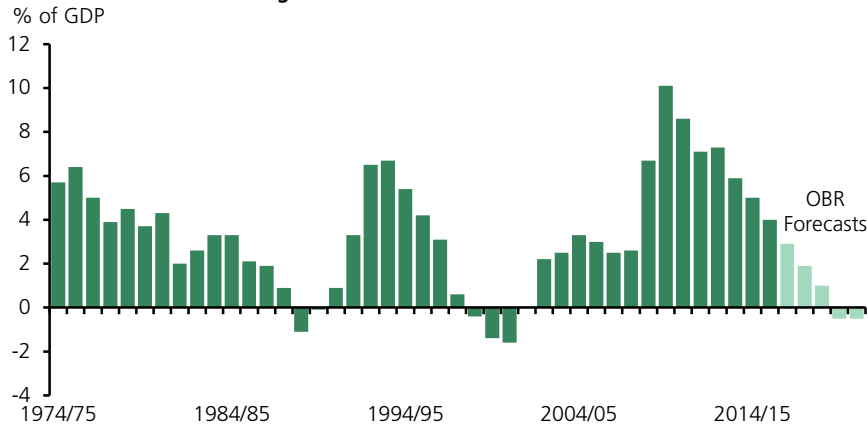
During the first third of 2016/17 (April – July), public sector net borrowing was 11% lower compared with the same period in 2015/16. The Office for Budget Responsibility (OBR) forecast in March 2016 that across the whole of 2016/17, borrowing would be 26% lower than during the previous year.

The public finance data presents the latest position as at 31 July 2016 and so includes the first

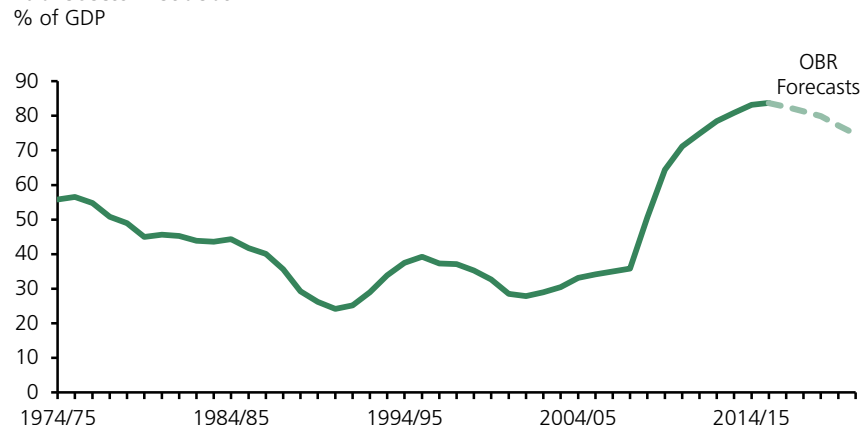
data post-EU referendum. However, any post-referendum impact may not become clear for some time as the latest period always contains substantial estimates.

All forecasts – data from 2016/17 – were made by the OBR in March 2016, before the EU referendum result was known. A new set of forecasts are expected alongside the 2016 Autumn Statement.

Public sector net borrowing



Public sector net debt



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.

Subject Specialist

Matt Keep
x4324

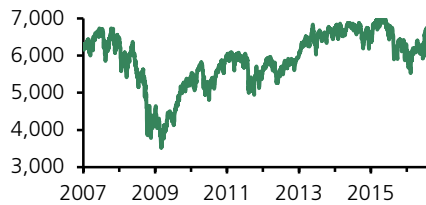
Next update

ONS, [Public sector finances](#), 21 September 2016

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price



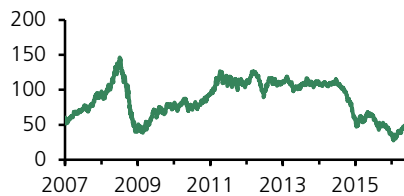
The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. It hit an all-time high of 7,103 in May 2015, passing the previous record high of 6,930 set in December 1999. Despite some turbulence following the EU Referendum result, on the 15 August market

close the FTSE-100 reached its highest level since June 2015.

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. The price has since climbed, remaining in the region of just under \$50/barrel since May 2016.

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



Gold 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 in July 2016, gold stood at its highest level since March 2014.

Gold (\$ per ounce)
Daily price



Data from 5 September 2016

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
05 Sep 2016	6,879.4	47.6	1,236.4
%change over:			
1-month	1%	7%	-8%
12-months	14%	-4%	11%
%change from:			
cyclical peak	0%	-67%	-35%
date	15 Jun '07	03 Jul '08	23 Aug '11
cyclical trough	96%	31%	74%
date	03 Mar '09	24 Dec '08	24 Oct '08

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

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Updates

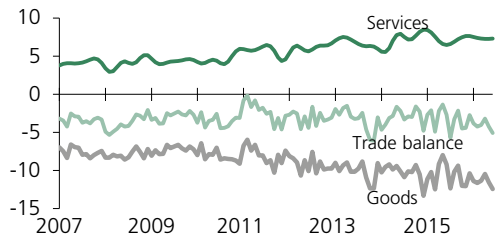
Financial Times, Weekly Basis

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 UK 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 £12.3 billion in Q2 2016, up from £12.0 billion in Q1. Exports increased by £3.2 billion in Q2 2016 while imports increased by £3.4 billion.

Goods & Services and Current Account Balances

Seasonally adjusted

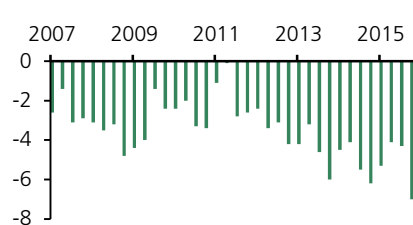
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2014	511.7	547.9	-36.2	-85.0	-4.7%
2015	510.3	548.9	-38.6	-100.3	-5.4%
2015 Q2	128.1	134.3	-6.2	-19.5	-4.2%
Q3	125.1	136.2	-11.1	-21.9	-4.7%
Q4	127.4	139.1	-11.6	-34.0	-7.2%
2016 Q1	127.9	139.9	-12.0	-32.6	-6.9%
Q2	131.0	143.3	-12.3

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](#), 9 Sep

ONS, [UK Balance of Payments](#), 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 1.3% in August 2016 compared with July. Compared with the same period a year ago, it is 16.2% lower. It is currently 1.3% above its March 2009 level, when it was at its lowest point since the series began in 1980. It is 25.9% below its peak in July 2007.

Sterling Exchange Rate Index (SERI)

Jan 2005=100

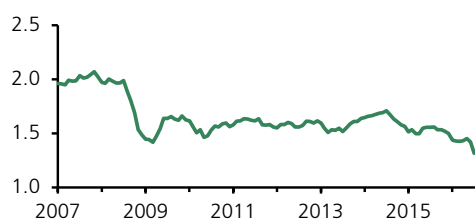


On average in August compared with July, the pound was down 0.3% against the dollar. The value of the pound against the dollar fell dramatically following the EU Referendum, falling from \$1.48 on 23 June to \$1.28 on 6 July, its lowest level since 1985. The value of the pound has climbed steadily since July and stood at \$1.33 at the 5 September market close.

Sterling was down 1.7% against the Euro on average in August compared to July. At the 5 September market close the pound stood at €1.19. 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.

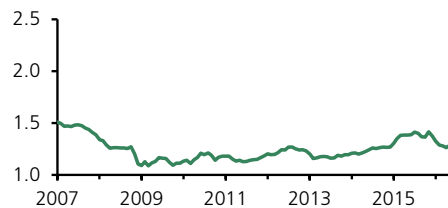
US\$/£ Exchange Rate

\$ per £



€/£ 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	-2.3%	1.24	17.0%
2015	1.53	0.0%	1.38	0.0%
2016 Jun	1.42	-8.7%	1.26	-8.9%
Jul	1.31	-15.5%	1.19	-15.9%
Aug	1.31	-15.9%	1.17	-16.5%

Source: Bank of England, Bankstats database

Subject Specialist

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x2042

Updates

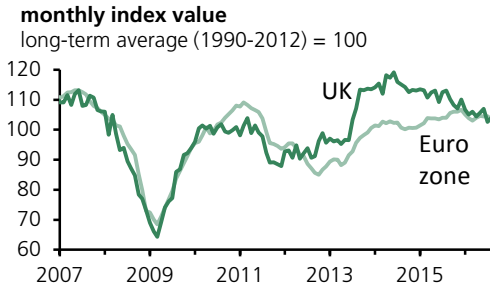
Financial Times, [sterling exchange rates](#) (daily)

Bank of England, [SERI & monthly rates](#), early October 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



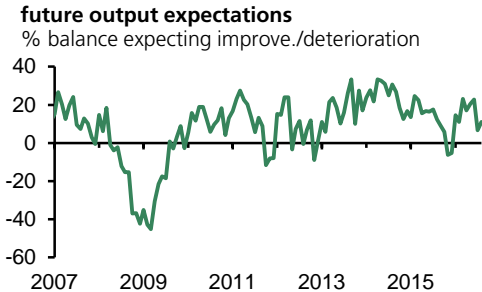
The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

Between July and August 2016 the overall UK sentiment index increased by 1.4 points to 104.0,

although this was 9.0 points lower than a year earlier. The Eurozone index was down 0.5 points over the year to 103.5.

These changes followed the Brexit vote on 23 June.

CBI Industrial Trends Survey

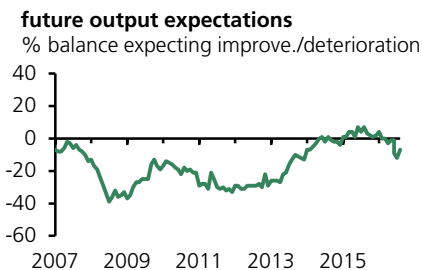


The CBI carries out monthly and quarterly Industrial Trends surveys.

In August, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference equated to +11%

of manufacturers, up from +6% in July.

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.

In August, the overall consumer confidence index was -7, up from -12 in July. It was -1 towards the beginning of June 2016.

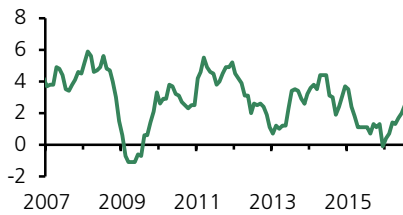
Subject Specialist
Daniel Harari, x2464

Update
CBI, [Industrial Trends](#), 22 Sep
EC, [Economic Sentiment Indicator](#), 29 Sept
GfK NOP, [Consumer Confidence](#), 30 Sep

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £7.4 billion in July 2016, up from £7.1 billion in July 2015. The total annual retail sales value for 2015 was £375 billion.

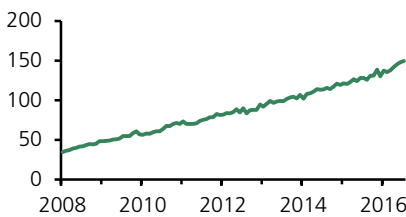
Value of retail sales (incl. vehicle fuel)
3 mth % change on yr, seasonally adjusted



Over the three months to July 2016, the value of retail sales was up 1.7% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 2.5% in the three months to July 2016.

Value of internet retail sales
2013=100, seasonally adjusted



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

The value of internet sales in the three months to July 2016 was up 16.5% on last year.

Three quarters of the value of retail sales online is from stores without

a physical presence.

Value of retail sales

Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2014	Jul	100.7	105.7	103.3
2015	Jul	101.4	108.6	104.4
2016	May	103.4	111.0	107.4
	Jun	101.9	109.8	106.3
	Jul	102.6	112.9	108.1
% change on yr		1.3	2.2	2.5

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

The average weekly value of sales in food stores was £3.0 billion in July 2016 and £3.2 billion in non-food stores.

The value of sales in food stores in the three months to July 2016 was up 1.3% on last year.

The value of sales in non-food stores was up 2.2% on last year.

Subject Specialist

Chris Rhodes
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Updates

ONS, [Retail Sales](#),
15 September 2016

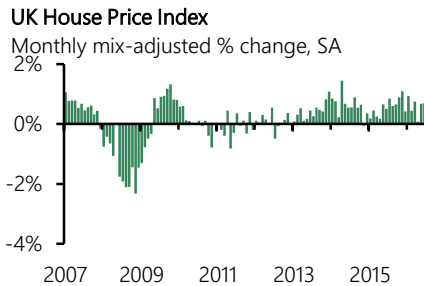
F3: Housing Market

On a seasonally adjusted basis, **house prices** on the UK House Price Index increased by 0.7% between May 2016 and June 2016. Prices were 8.7% higher in June 2016 compared with a year ago. These data are from the third release of the new [UK House Price Index](#).

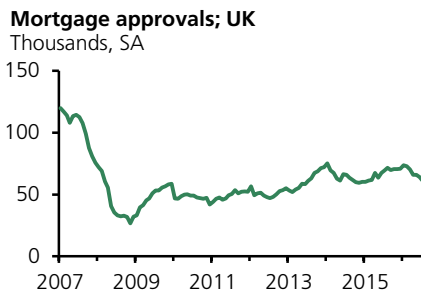
Mortgage approvals in July 2016 were down 5.1% on the previous month and 12.4% down on a year ago. Approvals remain well down on pre-recession levels.

Housing starts increased by 2% in Q2 2016 compared to Q1 2016. 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 house prices in the UK increased by 0.7% between May 2016 and June 2016.

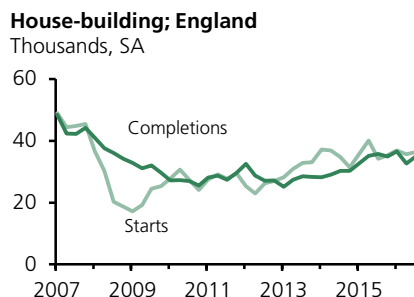


There are regional differences in house prices. The average price is highest in London at roughly £472,000. The lowest prices are found in Northern Ireland and the North East at £123,000 and £124,000 respectively.



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

There were 60,912 mortgage approvals in July 2016, down 5.1% on the previous month and down 12.4% compared to July 2015.



There were 36,400 house building starts (seasonally adjusted) in England in Q2 2016, a 2% increase on the previous quarter, and 6% up 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 34,920 dwelling completions (seasonally adjusted) in Q2 2016, up 7% on the previous quarter, but 2% lower than during the same quarter of 2015. Completions remain below the peak of 48,440 completions in Q1 2007.

Subject Specialist

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Updates

ONS, [UK house price index](#), 13 September 2016

Bank of England, [Money and credit](#), 30 September 2016

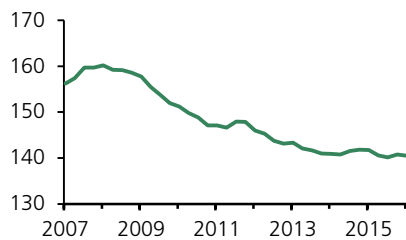
DCLG, [House-building](#), November 2016

F4: Household Debt

Household debt as a % of disposable income

Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly for another year or so.

Household debt: % of disposable income

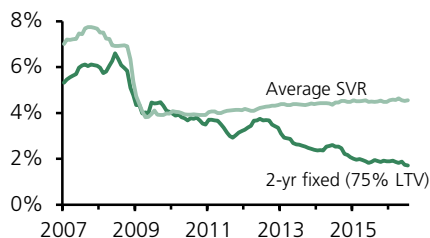


In Q1 2016, household debt was 140%. It has been at roughly this level since mid-2013.

Current average mortgage interest rates

The average Standard Variable Rate (SVR) has risen slightly over the past year – at the end of July 2016 it was 4.55%, compared with 4.50% a year before. Since 2011, the SVR increased slowly but steadily.

Current average mortgage interest rates

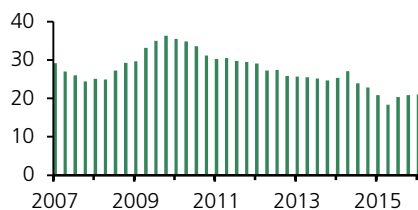


The average 2-year fixed mortgage rate fell considerably after the financial crash of 2008 and 2009. Since then, the trend has also been down, but more slowly. At the end of July 2016 it was 1.71% compared with 1.87% a year before.

Individual insolvencies, England and Wales

There were 22,503 individual insolvencies in England and Wales in Q2 2016, 22.4% higher than a year earlier (seasonally adjusted figures). This represents the highest number of insolvencies since Q4 2014.

Individual insolvencies; England and Wales, Thousands



In Scotland, there were 2,405 individual insolvencies in Q2 2016, an increase of 49.8% on a year earlier. In Northern Ireland, there were 755 individual insolvencies in Q2 2016, an increase of 8.5% on a year earlier.

Subject Specialist

Daniel Harari
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Updates

Bank of England, [Statistical database](#), 30 September 2016

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

ONS, [UK Economic Accounts](#), 30 Sep 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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