



BRIEFING PAPER

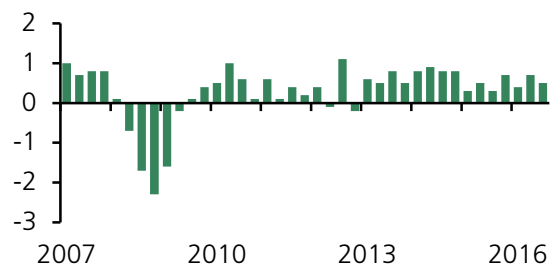
Number 7751, 02 November 2016

Economic Indicators, November 2016

By Daniel Harari

GDP growth

% change on previous qtr



GDP grew by 0.5% in real terms in Q3 2016 compared with the previous quarter.

Consumer Prices Index (CPI)

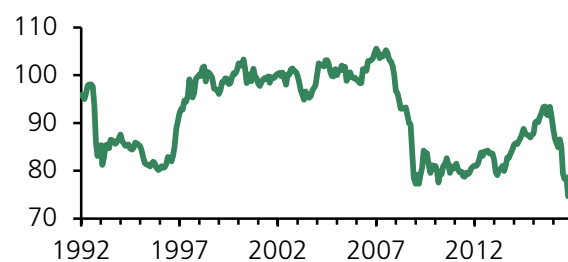
% change on yr



Consumer prices rose by 1.0% in September 2016 compared with a year ago, up from 0.6% in August.

Sterling Exchange Rate Index

Jan 2005=100



The value of the pound fell following the vote to leave the EU on 23 June. In October 2016, the Sterling Exchange Rate Index was at its lowest level since the series began in January 1992.

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1. Headline UK Economic Indicators, November 2016

Gross Domestic Product: Q3 2016, Seasonally Adjusted		
Change (real %)	0.5 (qtr)	2.3 (yr)
Industries		
Service output: August 2016		
Change (%)	0.2 (mth)	3.2 (yr)
Manufacturing output: August 2016		
Change (%)	0.2 (mth)	0.5 (yr)
Productivity: Q2 2016, Seasonally Adjusted (preliminary estimate)		
Output per hour		
Change (%)	0.6 (qtr)	0.6 (yr)
Inflation: September 2016		
Change on year (%)	1.0 (CPI)	2.0 (RPI)
Labour Market: June-August 2016, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.9
Change (% points)	0.0 (qtr)	-0.5 (yr)
Employment		
Employment Rate (% aged 16-64)		74.5
Change (% points)	0.1 (qtr)	0.9 (yr)
Interest Rate: as of 1 November 2016		
Bank of England Base Rate		0.25 (%)
Public Finances: 2015/16		
Net borrowing	76 (£ bn)	4.0 (% GDP)
Net debt	1,603 (£ bn)	84.0 (% GDP)
Trade: Q2 2016		
Current Account	-28.7 (£ bn)	-5.9 (% GDP)
Sterling Exchange rate: 31 October 2016		
US Dollar (\$)	1.22 (rate)	-26.2 (% change on yr)
Euro (€)	1.11 (rate)	-25.5 (% change on yr)
EC Economic Sentiment Indicator for UK: October 2016		
Points (1990-2012 = 100)		105.8
Change (points)	+1.2 (mth)	-2.4 (yr)
Retail Sales: September 2016, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		3.7 (% change on yr)
Housing Market: August 2016, Seasonally Adjusted		
House Price Index		
Change (%)	0.9 (mth)	8.4 (yr)

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

2. Summary of last month's economic developments

GDP growth of 0.5% in the three months following the EU referendum was in line with its trend of recent years and above most forecasts. However, with inflation expected to increase over the next year due to the fall in the pound, consumers may rein in their spending, potentially resulting in slower GDP growth.

Growth faster-than-expected

The first estimate of GDP following the EU referendum [showed](#) that the economy grew by 0.5% in July-September 2016 compared with the previous three months. This was faster than most economists anticipated, particularly when compared with forecasts made in the run-up to the referendum and in its immediate aftermath ([many expected](#) only very modest growth or a contraction in GDP).

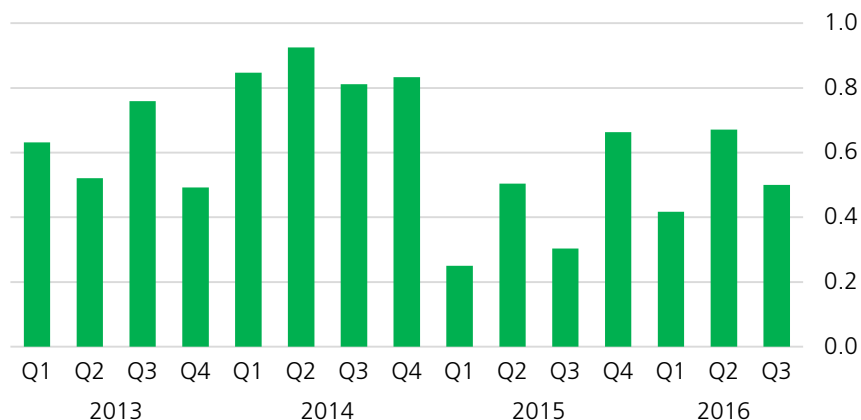
Compared with a year ago GDP growth was 2.3%.

The ONS chief economist [noted](#) growth was in keeping with its pre-referendum performance:

“While quarterly growth has fallen slightly [from 0.7% in Q2], the economy has continued to expand at a rate broadly similar to that seen since 2015 and there is little evidence of a pronounced effect in the immediate aftermath of the vote.”

UK quarterly GDP growth

Real GDP, % change compared with previous quarter



Source: ONS series ABMI

Growth was driven entirely by the services sector (accounting for nearly 80% of the economy) which grew by 0.8%, while the other sectors all saw falls in output: construction declined by 1.4%; industrial production was down by 0.4%; and agriculture contracted by 0.7%.

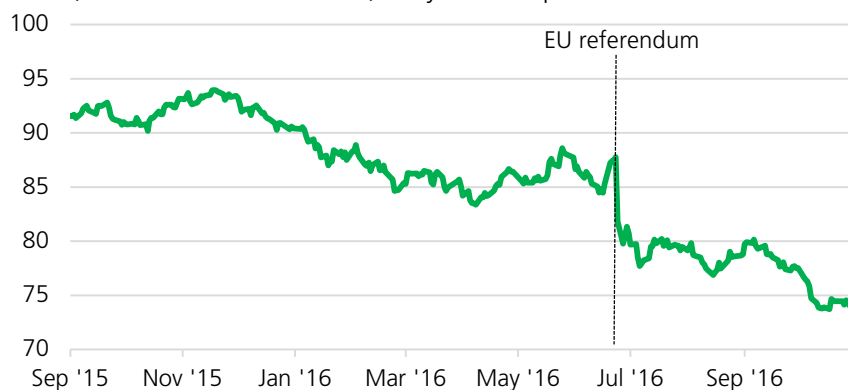
Strong services growth is in line with [robust retail sales data](#) in the months following the referendum, as well as measures of consumer confidence which have remained [fairly upbeat](#) after a dip in the immediate post-referendum period.

The impact of sterling's fall is yet to be fully felt

The pound [fell](#) by 4% against its major trading partners in October, taking its post-referendum decline to 15%. Compared with a year ago sterling is down by 20%.

UK£ exchange rate index against main trading partners

Index, where Jan. 2005 = 100; daily values up to 31 Oct 2016



Source: Bank of England

The fall in sterling is starting to be felt in [producer input prices](#) – the prices of materials and fuels bought by UK manufacturers for processing. They have been rising in recent months and were 7.2% higher in September 2016 than a year ago. 6.5 percentage points of that increase was due to imported goods and crude oil.

While consumer prices, on the [CPI measure](#), were 1.0% higher in September 2016 than a year ago (up from 0.6% in August), the ONS believes that there has been little impact so far from sterling's fall.

Economists do, however, anticipate that rising import costs will result in higher consumer inflation heading into 2017. This is expected to reduce the purchasing power of consumers, leading to their spending being reined in and, in turn, overall [economic growth slowing](#).

Points of interest

Other events of the past month include:

- Bank of England Governor Mark Carney [announced](#) he will be staying in his post until June 2019, one year longer than he originally intended (though less than the full eight-year term).
- Nissan [announced](#) it will make two new car models at its Sunderland plant, providing a boost to the industry in the wake of the vote to leave the EU.

Autumn Statement

The Chancellor will present his first “fiscal event”, the Autumn Statement, to the House on Wednesday 23 November. This will be based on the Office for Budget Responsibility's first set of economic forecasts following the referendum. The Library will publish a background briefing to the Autumn Statement, providing analysis of the economic and fiscal situation.

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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Wages and Earnings	Feargal McGuinness	4904

A1: Gross Domestic Product

The economy grew by 0.5% in Q3 2016 compared to the previous quarter, following growth of 0.7% in Q2 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 Q3	0.3	1.9
Q4	0.7	1.7
2016 Q1	0.4	1.9
Q2	0.7	2.1
Q3	0.5	2.3

GDP in Q3 2016 was 2.3% higher than a year before.

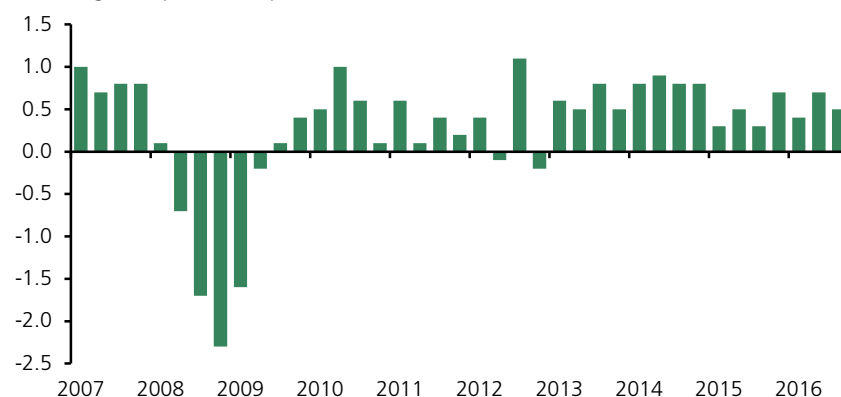
GDP has now increased for 15 consecutive quarters and is estimated to be 8.2% above the pre-economic downturn peak in Q1 2008.

GDP in cash terms was £1,871 billion in 2015.

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

In October 2016, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.9% for 2016 and 1.0% for 2017. These are an improvement on the average forecasts from September (1.7% growth in 2016 and 0.7% growth in 2017).

However, the forecasts remain less positive than those produced by the Office for Budget Responsibility (OBR) at the time of the March 2016 Budget. The OBR forecast growth of 2.0% in 2016 and 2.2% in 2017. The OBR 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 (Oct 16)	1.9	1.0
OBR forecasts (Mar 16)	2.0	2.2

Source:

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

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Updates

HM Treasury, [Forecasts for the UK economy](#), 16 Nov 2016

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

OBR, [Economic and fiscal outlook](#), 23 Nov 2016

A2: GDP International

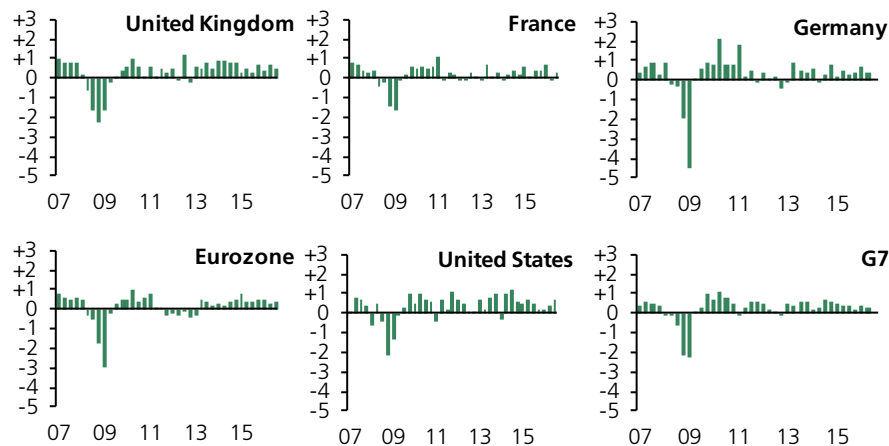
Real GDP in the UK grew by 0.5% in Q3 2016 compared with the previous quarter. In the same quarter, the US saw growth of 0.7%, while the Eurozone saw growth of 0.3%.

Real GDP % changes

	change on quarter				change on year			
	Q4 15	Q1 16	Q2 16	Q3 16	Q4 15	Q1 16	Q2 16	Q3 16
UK	0.7	0.4	0.7	0.5	1.7	1.9	2.1	2.3
Eurozone	0.5	0.5	0.3	0.3	2.0	1.7	1.6	1.6
USA	0.2	0.2	0.4	0.7	1.9	1.6	1.3	1.5
Japan	-0.4	0.5	0.2	..	0.8	0.1	0.8	..
Germany	0.4	0.7	0.4	..	1.3	1.8	1.7	..
France	0.3	0.6	-0.1	0.2	1.3	1.4	1.3	1.1
G7	0.2	0.4	0.3	..	1.5	1.4	1.3	..
OECD	0.3	0.4	0.3	..	2.0	1.7	1.6	..

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 4 October, the IMF raised its 2016 GDP growth forecast for the UK slightly from 1.7% (in July) to 1.8% but lowered its 2017 forecast from 1.3% to 1.1%.

Real GDP growth forecasts % change

	IMF (Oct 16)		EC (May 16)		OECD (Sep 16)	
	2016	2017	2016	2017	2016	2017
UK	1.8	1.1	1.8	1.9	1.8	1.0
France	1.3	1.3	1.3	1.7	1.3	1.3
Germany	1.7	1.4	1.6	1.6	1.8	1.5
Eurozone	1.7	1.5	1.6	1.8	1.5	1.4
US	1.6	2.2	2.3	2.2	1.4	2.1
Japan	0.5	0.6	0.8	0.4	0.6	0.7
China	6.6	6.2	6.5	6.2	6.5	6.2
India	7.6	7.6	7.4	7.4	7.4	7.5
Brazil	-3.3	0.5	-3.7	0.3	-3.3	-0.3
World	3.1	3.4	3.1	3.4	2.9	3.2

Sources: IMF Oct'16 WEO Update; EC Spring '16 forecast; OECD Interim Economic Outlook Sep '16

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Updates

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

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

IMF, [World Economic Outlook](#), Jan 2017

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

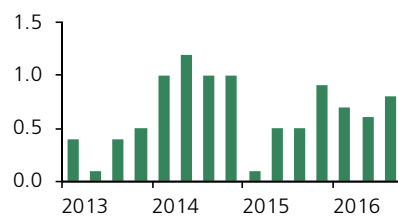
A3: Components of GDP

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 0.5% in real terms in Q3 2016 compared with the previous quarter.

GDP by Industry

Service sector
quarterly growth (%)



In 2015, the service sector accounted for 79% of economic output, the production sector for 14% and the construction sector for 6%.

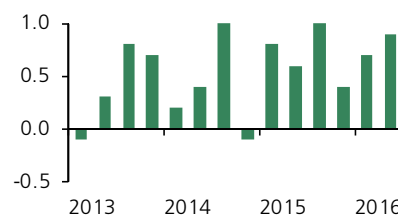
In Q3 2016, service sector output increased by 0.8% in real terms compared with Q2 2016.

Manufacturing output was down by 1.0% (and overall the production sector decreased by 0.4%). Output in the construction sector decreased by 1.4%.

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 did not change (0.0%) and investment was up 1.6%.

Exports decreased by 1.0% while imports increased by 1.3%.

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	1.5	3.4	4.5	5.4	2.2
2015 Q2	0.6	1.0	0.9	-1.1	-1.7	0.5
Q3	1.0	0.6	0.9	-0.3	0.5	0.3
Q4	0.4	0.0	-1.3	4.3	2.6	0.7
2016 Q1	0.7	0.4	-0.1	0.1	0.2	0.4
Q2	0.9	0.0	1.6	-1.0	1.3	0.7

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](#), 23 Dec 2016

ONS, [Gross Domestic Product: Preliminary Estimate](#), 26 Jan 2017

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.

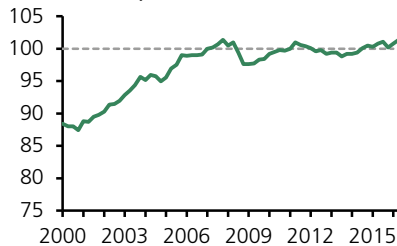
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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 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	0.6	0.5
Q2	0.6	0.6

Source: ONS series LZVD, TXBE

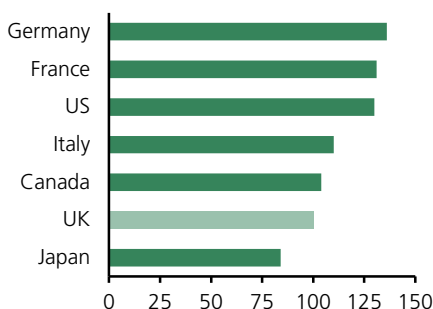
Productivity across the whole UK economy, measured by output per hour, is estimated to have increased by 0.8% in 2015, the largest annual increase since 2011, though still below historical trends. Figures for Q2 2016 show an increase in productivity of 0.6% on a quarterly basis (the same as in Q1 2016). Compared with a year ago productivity was also up by 0.6%.

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 Oct 2016

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

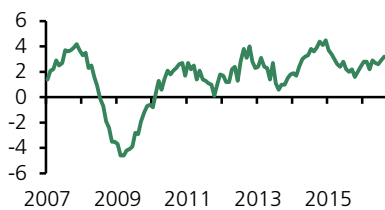
A5: Services

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 September 2016.

Services Output

Output - Index of Services
% change on previous year



Output increased by 0.2% in August compared to July.

Compared with a year before, it has increased by 3.2%.

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 September the index was 52.6, down slightly from 52.9 in August.

July had seen a substantial fall in the index (to 47.4) but the levels

for August and September are similar to that seen shortly before the EU referendum.

(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 Sep	58.7	
2015	105.9	2.5	2015 Sep	53.3	
2016 Jun	108.6	2.6	2016 Jul	47.4	-4.9
Jul	109.0	2.9	Aug	52.9	5.5
Aug	109.2	3.2	Sep	52.6	-0.3

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#),
25 Nov 2016

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

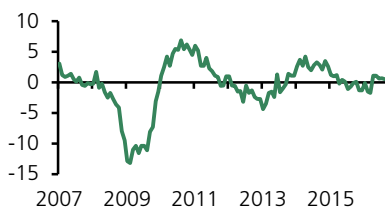
A6: Manufacturing

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 September 2016, it accounted for 8% of jobs.

Manufacturing Output

Output - Index of manufacturing
% change on previous year

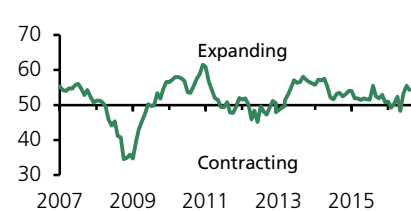


Total manufacturing output was up slightly in August compared in July 2016, by 0.2%. Before this, output had fallen for three months in a row.

Manufacturing output was up by 0.5% over the whole year to August 2016.

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 October 2016 it was 54.3, a slight decrease of 1.2 on the September figure, the PMI's highest level since mid-2014.

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	Oct	53.2		
2015	102.8	-0.1	2015	Oct	55.5		
2016			2016	Aug	53.3	5.0	
				Sep	55.5	2.2	
				Oct	54.3	-1.2	

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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Update

ONS, [Index of Production](#), 8 Nov 2016

Markit/CIPS, [UK Manufacturing PMI](#), 1 Dec 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.

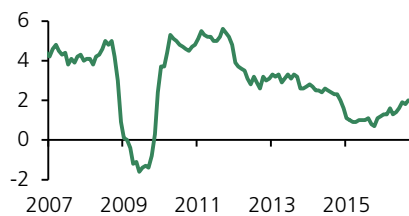
The CPI inflation rate was 1.0% in September, the highest since November 2014 when it was also 1.0%. The RPI inflation rate also increased from 1.8% in August to 2.0% in September.

Consumer Prices Index (CPI)
% change on yr



The main contribution to the increase came through rising prices for clothing, overnight hotel stays and motor fuels, and prices for gas, which were unchanged, having fallen a year ago. These upward pressures were partially offset by a fall in air fares and food prices.

Retail Prices Index (RPI)
% change on yr

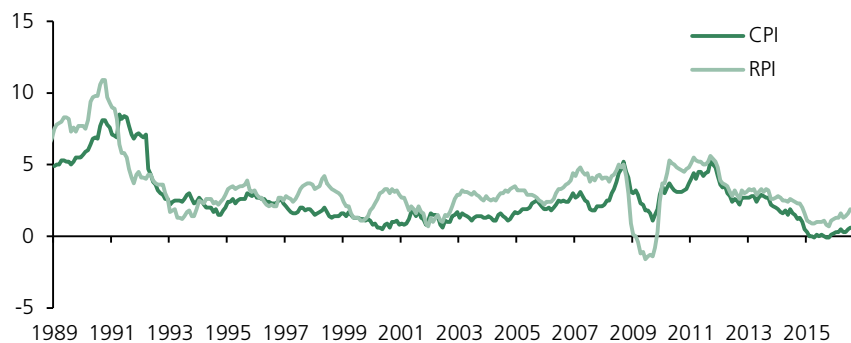


Price Indices
% change on a year ago

		CPI	RPI
2013	Sep	2.7	3.2
2014	Sep	1.2	2.3
2015	Sep	-0.1	0.8
2016	Jul	0.6	1.9
	Aug	0.6	1.8
	Sep	1.0	2.0

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

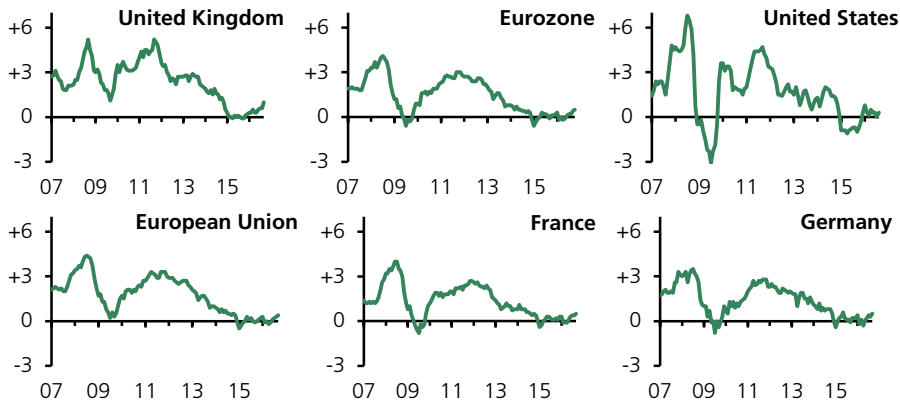
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Update

ONS, [Consumer Price Indices](#), 15 Nov 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 1.0% in the year to September 2016, up from 0.6% in August.

Annual inflation in the Eurozone is provisionally estimated as 0.5% in October, up from 0.4% in September. Inflation was 0.5% in both France and Germany in September. Inflation was negative in a number of EU economies in September, including Ireland, Poland, Denmark and the Netherlands.

Belgium had the highest annual inflation rate in the EU in September at 1.8%, followed by Estonia at 1.7%. The lowest annual inflation rate in the EU was in Bulgaria at -1.1% followed by Croatia at -0.7%. 10 of the 28 EU member states had negative inflation in September.

HICP inflation in the US in the year to August was 0.3%, up from 0.0% in July.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

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

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

Subject Specialist

Dominic Webb
x2042

Update

ONS, [Consumer Prices bulletin](#) (UK), 15 Nov 2016

Eurostat, [Flash estimate](#) (Eurozone), 30 Nov 2016

Eurostat, [HICP full release](#), 17 Nov 2016

B3: Average Earnings

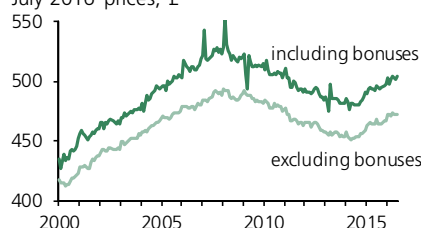
In April 2016 median gross weekly earnings for full-time employees were £539, up 2.2% on April 2015.

More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.3% higher in the three months to August 2016 compared with the year before. Excluding bonuses, average weekly earnings also increased by 2.3%. Inflation as measured by the CPI averaged 0.6% over the same period.

Average Earnings, Whole Economy

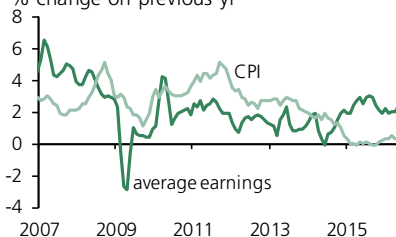
Real average weekly earnings

July 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	Aug	0.7	1.1	0.4
2015	Aug	3.1	3.4	1.0
2016	Jun	2.5	2.6	1.7
	Jul	2.3	2.4	1.6
	Aug	2.3	2.3	2.3

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 2.4% in the **private sector** in the three months to August 2016, compared with the year before. In the **public sector**, total pay increased by 1.8%.

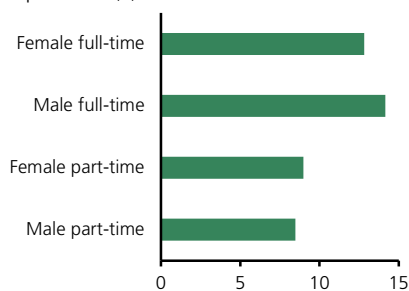
There was strong pay growth in the **construction** sector, where average weekly total pay grew by

6.5%.

Pay Levels

Median hourly pay excluding overtime

April 2016 (£)



Median weekly earnings for full-time employees in the UK were £539 in April 2016. (The median is the point at which half earn more and half earn less).

Median hourly earnings (excluding overtime) were £13.59 for full-time employees; £14.16 for men working full-time and £12.82 for women.

Median hourly earnings (excluding overtime) were £8.88 for part-time employees; £8.48 for men working part-time, and £8.99 for women. Women are more likely than men to work part-time.

Subject Specialist

Feargal McGuinness
x4904

Update

ONS, [Labour Market Statistics](#), 16 Nov 2016

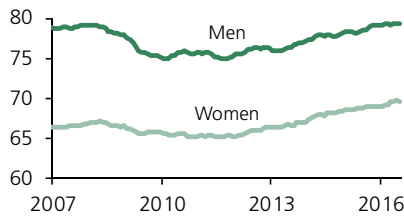
ONS, [Annual Survey of Hours and Earnings](#), Late 2017

C1: Employment

31.81 million people were in employment in June-August 2016, up 106,000 from the previous quarter and up 560,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.5%, up 0.9% points on the previous year and the highest rate since comparable records began in 1971.

The employment rate has generally been increasing since 2012. It reached 74.5% in the three months to August 2016, the highest rate since at least 1971.

Employment Rate; UK
%, age 16-64, seasonally adjusted



Female employment increased by 37,000 over the past quarter to 14.86 million. The employment rate for women aged 16-64 was 69.7%.

16.95 million men were in work in June-August 2016, 69,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.4%.

Employment; UK
Millions, age 16+, seasonally adjusted



4.79 million people were self-employed, slightly higher than in the previous quarter. There was also an increase in the number of people working as employees, up 121,000 to 26.83 million.

23.23 million people were working full-time in June-August 2016, up 40,000 from the previous quarter and 362,000 higher than a year earlier. There were 8.58 million people working part-time, up 66,000 from the previous quarter and 198,000 higher than a year earlier.

1.66 million people were employed on a temporary basis, up 40,000 from the previous quarter but down slightly from the year before.

UK Employment

Seasonally adjusted

Age	Level	Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
		16+	16-64	16+	16-64	16+	16-64	16-24	16-24
Jun-Aug	2013	30,033	71.5	15,995	76.4	14,039	66.7	3,626	49.6
Jun-Aug	2014	30,801	73.0	16,377	78.0	14,424	68.1	3,837	52.6
Jun-Aug	2015	31,251	73.6	16,641	78.5	14,609	68.8	3,948	54.2
Mar-May	2016	31,705	74.4	16,878	79.2	14,827	69.6	3,960	54.9
Jun-Aug	2016	31,811	74.5	16,947	79.4	14,864	69.7	3,928	54.6
<i>Change on qtr</i>	<i>Level</i>	<i>106</i>	<i>0.1</i>	<i>69</i>	<i>0.2</i>	<i>37</i>	<i>0.1</i>	<i>-32</i>	<i>-0.3</i>
	<i>%</i>	<i>0.3%</i>		<i>0.4%</i>		<i>0.2%</i>		<i>-0.8%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>560</i>	<i>0.9</i>	<i>305</i>	<i>0.9</i>	<i>255</i>	<i>0.9</i>	<i>-20</i>	<i>0.4</i>
	<i>%</i>	<i>1.8%</i>		<i>1.8%</i>		<i>1.7%</i>		<i>-0.5%</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

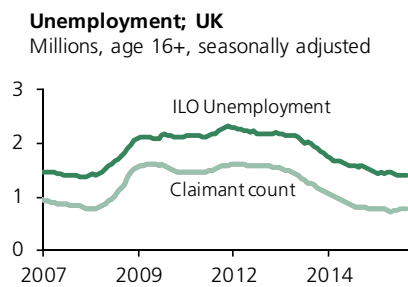
James Mirza-Davies
x6962

Updates

ONS, [Labour Market Statistics](#), 16 Nov 2016

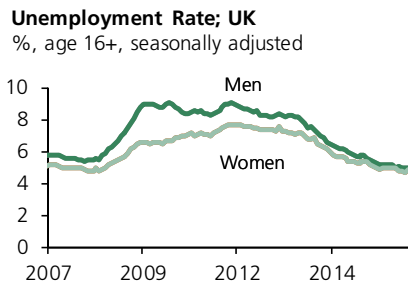
C2: Unemployment

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).



ILO unemployment was 1.66 million people in the UK in June-August 2016, up 10,000 on the previous quarter but down 118,000 from the previous year.

The unemployment rate was 4.9% (the percentage of the economically active population who are unemployed), unchanged from the previous quarter and down from 5.4% in the same period in 2015.



The claimant count increased slightly August and September 2016 to 776,400 people aged 18 or over.

There were 891,000 men unemployed in June-August 2016, down 12,000 on the previous quarter and down 81,000 from a year earlier. 785,000 women were unemployed, up 23,000 on the previous quarter but down 37,000 from a year earlier.

624,000 people aged 16-24 were unemployed in June-August 2016, down 57,000 on the previous year. The unemployment rate for 16-24 year olds was 13.7%, down from 14.7% 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
Jun-Aug 2013	2,502	7.7	1,417	8.1	1,085	7.2	985	21.4
Jun-Aug 2014	1,969	6.0	1,094	6.3	874	5.7	737	16.1
Jun-Aug 2015	1,774	5.4	972	5.5	802	5.2	682	14.7
Mar-May 2016	1,646	4.9	903	5.1	742	4.8	617	13.5
Jun-Aug 2016	1,656	4.9	891	5.0	765	4.9	624	13.7
<i>Change on qtr</i>								
<i>Level</i>	10	0.0	-12	-0.1	23	0.1	7	0.2
<i>%</i>	1%		-1%		3%		1%	
<i>Change on yr</i>								
<i>Level</i>	-118	-0.4	-81	-0.5	-37	-0.3	-57	-1.0
<i>%</i>	-7%		-8%		-5%		-8%	

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

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

Subject Specialist

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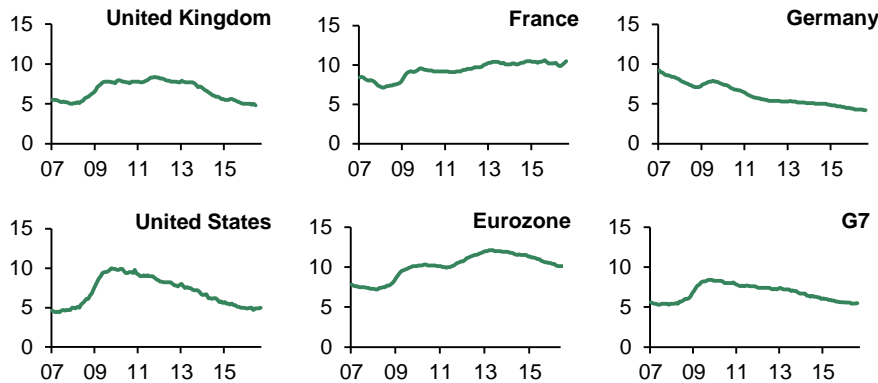
Updates

ONS, [Labour Market Statistics](#), 16 Nov 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 Q2 2016 was 4.9%. This was below the rate of France (10.0%) but above that of Germany (4.3%).

In the US, the unemployment rate stood at 4.9% in Q3 2016, unchanged from Q1. 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 Q2 2016 (23.5%).

Japan, Korea and Iceland had the lowest unemployment rate in the OECD for Q2 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 Q2 2016 youth unemployment was 46.0% in Spain and 49.5% in Greece. In Q1 2016 UK youth unemployment stood at 13.2%.

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	5.2	12.2	4.0	7.6	7.2	12.0	7.0	7.9
2014 Q2	7.0	10.3	5.0	12.6	3.6	5.9	6.1	11.5	6.3	7.3
2015 Q3	7.0	10.5	4.5	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	10.2	4.3	11.6	3.2	5.0	4.9	10.3	5.6	6.4
Q2	6.9	10.0	4.3	11.5	3.2	4.9	4.9	10.1	5.5	6.3
Q3	7.0	...	...	...	...	...	4.9	...	...	...
<i>Change on qtr</i>	<i>0.0</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>0.1</i>	<i>...</i>	<i>...</i>	<i>...</i>
<i>Change on yr</i>	<i>0.0</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>-0.2</i>	<i>...</i>	<i>...</i>	<i>...</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

James Mirza-Davies
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Next Update

OECD, [Harmonised Unemployment Rates](#),
14 Nov 2016

D1: Interest Rates and Monetary Policy

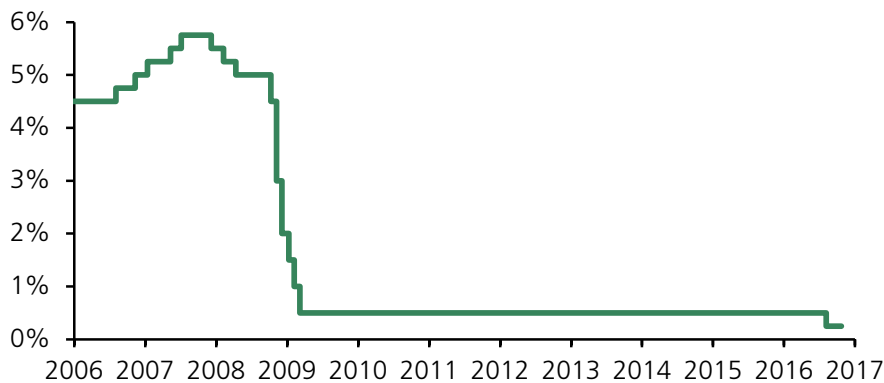
Central banks around the world cut interest rates sharply during the financial crisis of 2007-2009. Rates have remained at historic lows since then, with key interest rates close to or below 0% in most developed economies.

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.

Monetary policy was left unchanged at the MPC's [15 Sept. meeting](#).

UK official interest rates



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.

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. Policy was [left unchanged](#) at its latest meeting on 20 October.

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. It was left unchanged at its [latest meeting](#) on 21 Sept.

Subject Specialist

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Updates – next monetary policy meetings

UK ([3 Nov](#))
ECB ([8 Dec](#))
US ([2 Nov](#))

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2009/10	155	10.1%	1,007	64.6%
2010/11	137	8.6%	1,152	71.3%
2011/12	115	7.1%	1,247	75.2%
2012/13	123	7.3%	1,358	78.8%
2013/14	104	5.9%	1,460	80.9%
2014/15	96	5.2%	1,549	83.3%
2015/16	76	4.0%	1,603	84.0%
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 public finance data presents the latest position as at 30 September 2016 and so includes data post-EU referendum. However, any post-referendum impact may not yet be clear as the latest period always contain 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 on 23 November 2016.

In the current financial year to date (April – September), net borrowing decreased by £2.3 billion compared with the same period in 2015/16.

In March 2016, the OBR forecast net borrowing for the whole of 2016/17 to be £21 billion lower than in 2015/16.

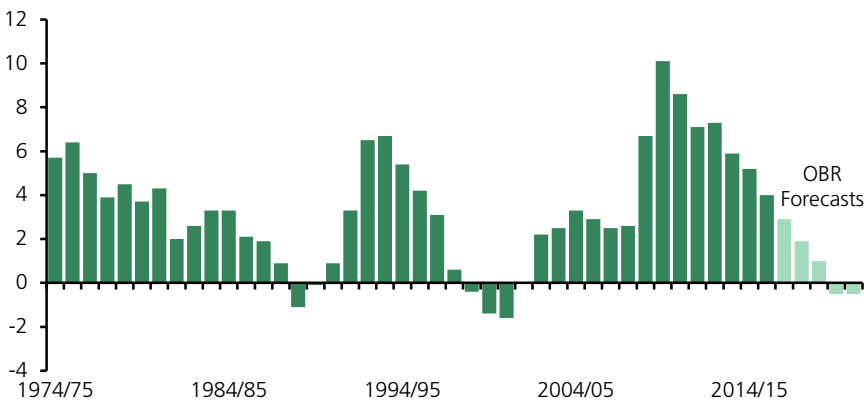
The ONS's figures for 2015/16 are provisional: they are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

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.

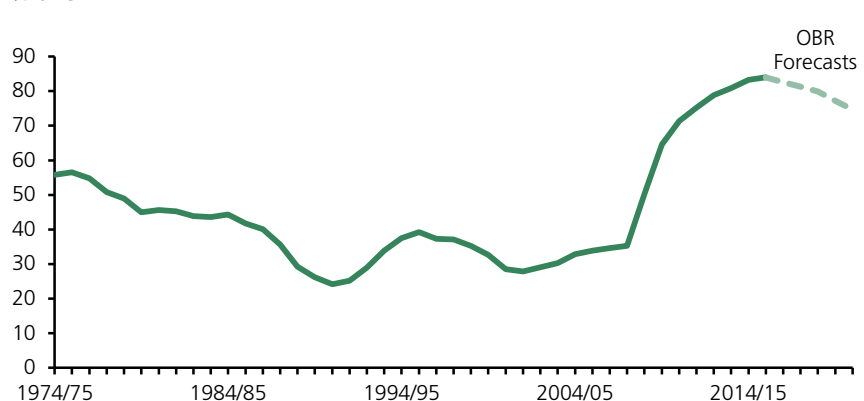
Public sector net borrowing

% of GDP



Public sector net debt

% of GDP



Subject Specialist

Matt Keep
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Next update

ONS, [Public sector finances](#), 22 Nov 2016

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

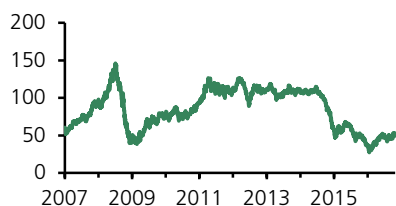


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. It hit an all-time high of 7,103.98 in April 2015, passing the previous record high of 6,930 set in December 1999. Despite some turbulence following the EU Referendum result, on 10 October the FTSE-100 closed at 7,097.50,

the second highest closing price in its history.

Brent Crude Oil

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



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 around \$50/barrel since August 2016.

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

Data from 31 October 2016

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
31 Oct 2016	6954.22	1272.00	48.89
%change over:			
1-month	1%	-4%	-2%
12-months	9%	11%	-1%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

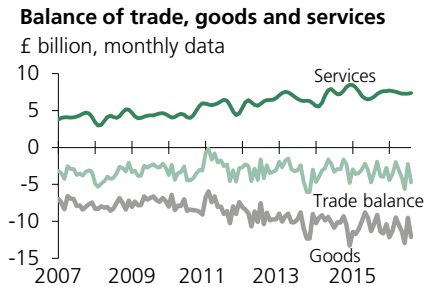
Daniel Harari
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Updates

Financial Times, Weekly
Basis

E1: Trade

In 2015, the UK's exports of goods and services totalled £509 billion and imports totalled £547 billion. The EU accounted for 44% of UK exports of goods and services in 2015 and 53% of imports.



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 £38.7 billion (2.1% of GDP) in 2015.

The trade deficit increased to £12.7 billion in Q2 2016, up from £10.0 billion in Q1. Exports increased by £2.1 billion in Q2 2016 while imports increased by £4.8 billion.

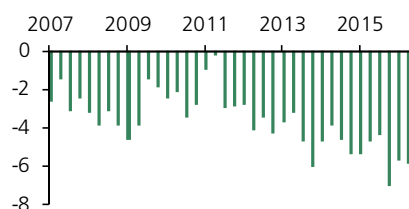
Trade in Goods & Services and Current Account Balances
Seasonally adjusted

	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2014	511.7	547.9	-36.2	-85.0	-4.7%
2015	508.8	547.4	-38.7	-100.2	-5.4%
2015 Q2	127.7	135.9	-8.2	-22.0	-4.7%
Q3	124.5	134.5	-10.0	-20.5	-4.4%
Q4	127.1	137.7	-10.6	-32.7	-7.0%
2016 Q1	129.7	139.7	-10.0	-27.0	-5.7%
Q2	131.8	144.4	-12.7	-28.7	-5.9%

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 £28.7 billion in Q2 2016 (5.9% of GDP), up from £27.0 billion (5.7% of GDP) in Q1.

Subject Specialist

Dominic Webb
x2042

Update

ONS, [UK Trade](#), 9 Nov 2016

ONS, [UK Balance of Payments](#), 23 Dec 2016

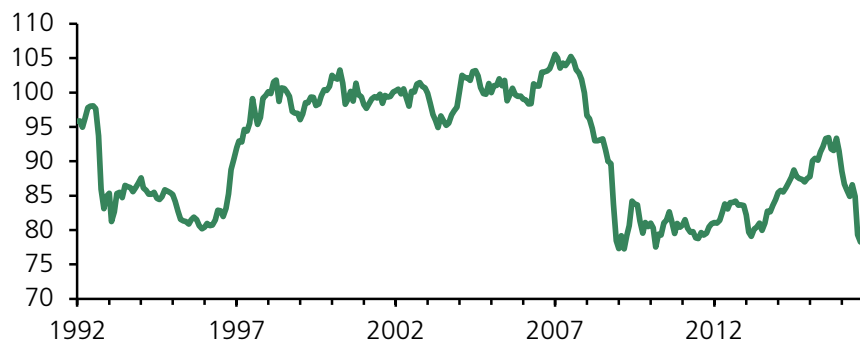
E2: Exchange Rates

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 5.1% in October 2016 compared with September. Compared with the same period a year ago, it is 18.5% lower. In October the SERI was at its lowest level since the series began. It is 29.3% below its peak in July 2007.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



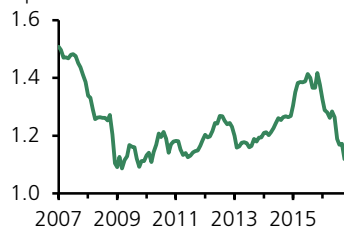
On average in October compared with September, the pound was down 6.2% against the dollar. The value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June to \$1.22 on 1 November.

Sterling was down 4.5% against the Euro on average in October compared to September. 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.

Latest closing prices:
\$1.22 per £1
€1.11 per £1
(On 1 Nov 2016)

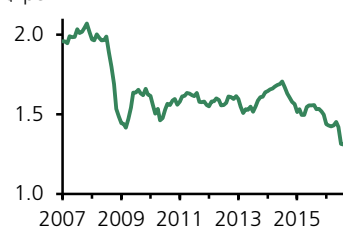
€ / £ Exchange Rate

€ 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
2012	1.59	-1.1%	1.23	7.0%
2013	1.56	-1.3%	1.18	-4.5%
2014	1.65	5.3%	1.24	5.4%
2016 Aug	1.31	-15.9%	1.17	-16.5%
Sep	1.31	-14.3%	1.17	-14.2%
Oct	1.23	-19.6%	1.12	-18.1%

Source: Bank of England, Bankstats database

Subject Specialist

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Updates

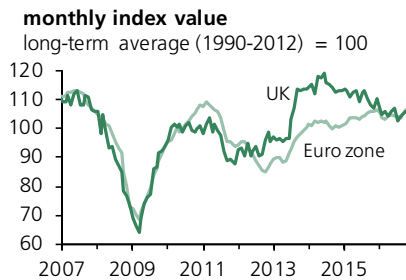
Financial Times, [sterling exchange rates](#) (daily)

Bank of England, [SERI & monthly rates](#), Early December 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



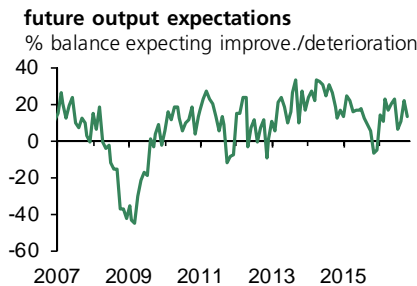
The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

Between September and October 2016 the overall UK sentiment index increased by 1.2 points to 105.8 (back to levels seen before the Brexit vote) although this was

2.4 points lower than a year earlier.

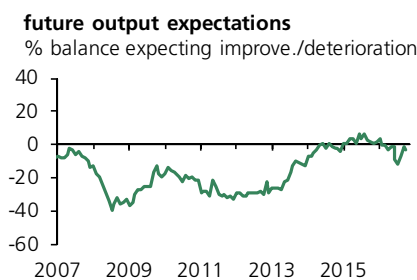
CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.



In October, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +13% of manufacturers, down from +22% in September.

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 October, the overall consumer confidence index was -3, down marginally from -1 in September. It is at a similar level to that seen before the EU referendum.

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 29 Nov 2016

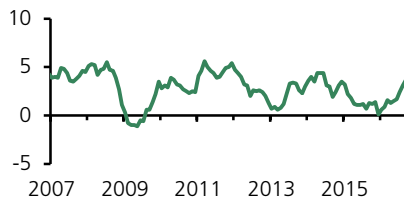
GfK NOP, [Consumer Confidence](#), 30 Nov 2016

CBI, [Industrial Trends](#), mid Nov 2016

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £7.2 billion in September 2016, up from £7.0 billion in September 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

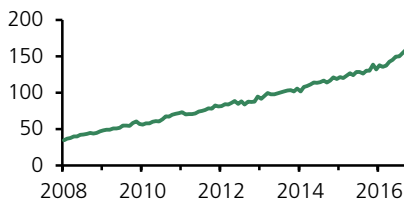


Over the three months to September 2016, the value of retail sales was up 2.0% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 3.7% in the three months to September 2016.

The average weekly value of **internet sales** in Great Britain was £931.0 million in September 2016.

Value of internet retail sales
2013=100, seasonally adjusted



The value of internet sales in September 2016 was up 22.0% 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	Sep	102.7	105.1	102.8
2015	Sep	101.1	109.2	105.4
2016	Jul	103.2	113.3	108.7
	Aug	103.9	110.7	108.3
	Sep	103.7	110.7	108.4
% change on yr		2.3	2.5	3.7

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 £2.9 billion in September 2016 and £3.0 billion in non-food stores.

The value of sales in food stores in the three months to September 2016 was up 2.3% on the same period last year.

The value of sales in non-food stores was up 2.5% on last year.

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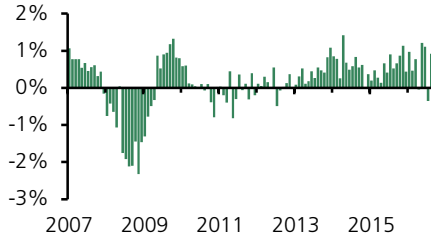
Updates

ONS, [Retail Sales](#),
17 Nov 2016

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 8.4% between August 2015 and August 2016. On a seasonally

UK House Price Index
Monthly mix-adjusted % change, SA



adjusted basis house prices increased by 0.9% between July 2016 and August 2016.

There are regional differences in house prices. The average price is highest in London at roughly £489,000. The lowest prices are found in Northern Ireland and the North East at £123,000 and £127,000 respectively.

Mortgage approvals in September were up 3.2% on the previous month but 9.6% down on a year ago. Approvals remain well down on pre-recession levels.

Mortgage approvals; UK
Thousands, SA



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

There were 62,932 mortgage approvals in September 2016, up 3.2% on the previous month but down by 9.6% compared to September 2015.

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.

House-building; England
Thousands, SA



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.

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Updates

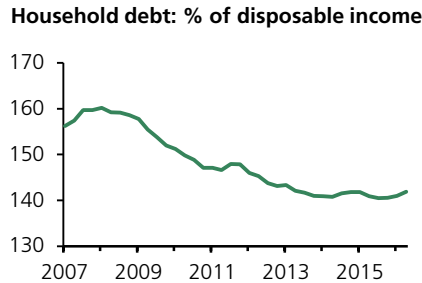
ONS, [UK house price index](#), 15 Nov 2016

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

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

F4: Household Debt

Household debt as a % of disposable income

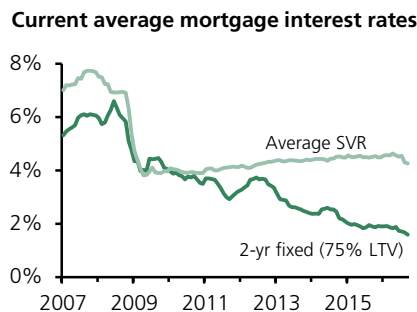


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly for another year or so.

In Q2 2016, household debt was 142%. It has risen gradually over the past year.

Current average mortgage

interest rates



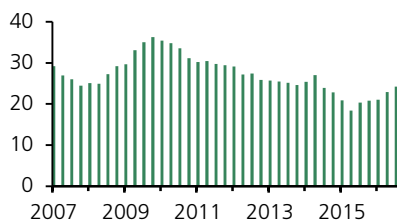
The average Standard Variable Rate (SVR) fell in August following the [cut in the base interest rate by the Bank of England](#). The SVR was 4.27%, in September, down 0.23% points on the year and at the lowest level since August 2012.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.59% in September, down from 1.68% in August and down 0.32% points on the year.

Individual insolvencies, England and Wales

There were 24,251 individual insolvencies in England and Wales in Q3 2016, 19.3% higher than a year earlier (seasonally adjusted figures). Individual insolvencies in England and Wales have risen steadily since early 2015, and the latest figure represents the highest number of insolvencies since Q2 2014.

Individual insolvencies;
England and Wales, Thousands



In Scotland, there were 2,424 individual insolvencies in Q3 2016, an increase of 8.5% on a year earlier. In Northern Ireland, there were 547 individual insolvencies in Q3 2016, a fall of 10.5% on a year earlier.

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Updates

Bank of England,
[Statistical database](#), 07
Nov 2016

Insolvency Service,
[Insolvency Statistics](#), 27
Jan 2017

ONS, [UK Economic Accounts](#), 23 Dec 2016

A1: Glossary

3.1 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.

3.2 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

4. 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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