



BRIEFING PAPER

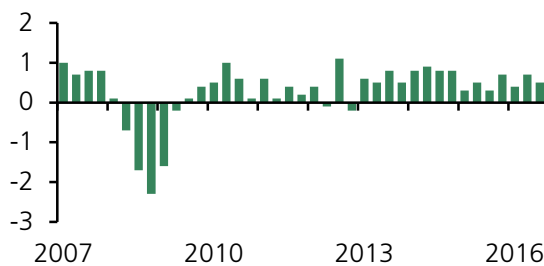
Number 7821, 6 December 2016

Economic Indicators, December 2016

By Daniel Harari,
Matthew Ward

GDP growth

% change on previous qtr



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

Inside:

1. **Headline UK Economic Indicators, December 2016**
2. **Summary of last month's economic developments**
3. **Introduction to Economic Indicators**

A. Growth and Output

Gross Domestic Product (GDP)
GDP: International
Components of GDP
Services
Manufacturing
Productivity

B. Prices and Wages

Inflation
Inflation: International
Average Earnings

C. Labour Market

Employment
Unemployment
Unemployment: International

D. Finance and Borrowing

Interest Rates
Public Finances
Business Lending
Individual Lending
Financial Indicators

E. Trade and Exchange Rates

Trade
Exchange Rates

F. Other Indicators

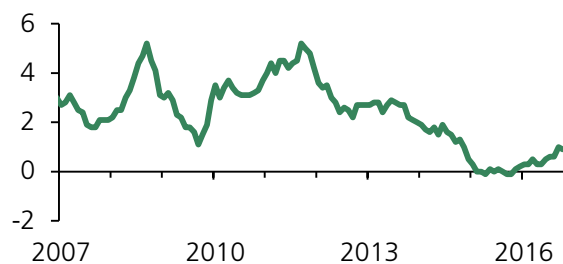
Business and Consumer Confidence
Retail Sales
Housing Market
Household Debt

4. Glossary

5. Indicator Sources

Consumer Prices Index (CPI)

% change on yr



Consumer prices rose by 0.9% in October 2016 compared with a year ago, down from 1.0% in September.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



The value of the pound rose by 2.7% in November. Overall it is still down by around 10% since the vote to leave the EU on 23 June.

Contents

1. Headline UK Economic Indicators, December 2016	3
2. Summary of last month's economic developments	4
Autumn Statement	4
New OBR forecasts	4
What else is happening to the economy?	5
3. Introduction to Economic Indicators	6
A1: Gross Domestic Product	7
A2: GDP International	8
A3: Components of GDP	9
A4: Productivity	10
A5: Services	11
A6: Manufacturing	12
B1: Inflation	13
B2: International inflation	14
B3: Average Earnings	15
C1: Employment	16
C2: Unemployment	17
C3: Unemployment International	18
D1: Interest Rates and Monetary Policy	19
D2: Public finances	20
D3: Financial Indicators	21
E1: Trade	22
E2: Exchange Rates	23
F1: Business and Consumer Confidence	24
F2: Retail Sales	25
F3: Housing Market	26
F4: Household Debt	27
4. A1: Glossary	28
4.1 Definitions	28
4.2 Symbols and abbreviations	30
5. Indicator Sources	31

1. Headline UK Economic Indicators, December 2016

Gross Domestic Product: Q3 2016, Seasonally Adjusted		
Change (real %)	0.5 (qtr)	2.3 (yr)
Industries		
Service output: September 2016		
Change (%)	0.2 (mth)	2.9 (yr)
Manufacturing output: September 2016		
Change (%)	0.6 (mth)	0.2 (yr)
Productivity: Q3 2016, Seasonally Adjusted (preliminary estimate)		
Output per hour		
Change (%)	0.2 (qtr)	0.4 (yr)
Inflation: October 2016		
Change on year (%)	0.9 (CPI)	2.0 (RPI)
Labour Market: July-September 2016, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.8
Change (% points)	-0.1 (qtr)	-0.5 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		74.5
Change (% points)	0.0 (qtr)	0.7 (yr)
Interest Rate: as of 6 December 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: 6 December 2016		
US Dollar (\$)	1.27 (rate)	-17.2 (% change on yr)
Euro (€)	1.19 (rate)	-14.5 (% change on yr)
EC Economic Sentiment Indicator for UK: November 2016		
Points (1990-2012 average = 100)		107.3
Change (points)	+1.5 (mth)	+0.2 (yr)
Retail Sales: October 2016, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.5 (% change on yr)
Housing Market: September 2016, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.5 (mth)	7.7 (yr)

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

2. Summary of last month's economic developments

November saw the Chancellor Philip Hammond deliver his first [Autumn Statement](#), which was accompanied by the publication of the Office for Budget Responsibility's first [set of forecasts](#) for the economy and the public finances since the EU referendum.

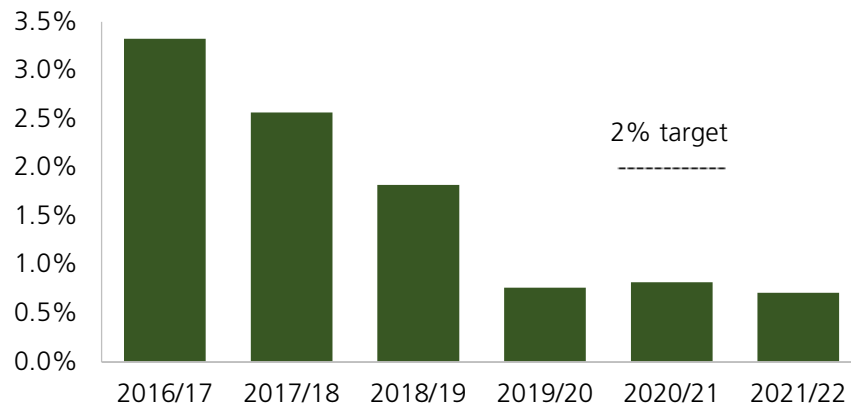
Autumn Statement

The Chancellor's announcements included additional infrastructure investment, [a modest change to Universal Credit](#), an increase in Insurance Premium Tax to raise revenues, and a change to the timing of the Budget (moving it from spring to autumn after 2017). The Library's briefing paper [Autumn Statement 2016: a summary](#) has a list of the key announcements.

The Government also proposed new [looser](#) targets for public sector borrowing, debt and the welfare cap (for total spending on certain benefits). The Government's proposed borrowing target requires structural borrowing – which ignores the ups and downs of the economic cycle – to be below 2% of GDP in 2020/21.

New borrowing target: structural public sector net borrowing

OBR November 2016 forecasts, % of GDP



These targets will need to be approved by Parliament in a revised Charter for Budget Responsibility – see the Library briefing [The Office for Budget Responsibility and Charter for Budget Responsibility](#) for more on this.

New OBR forecasts

The Office for Budget Responsibility revised up its 2016 economic growth forecast slightly compared with its previous March forecasts but lowered those for 2017 and 2018. The OBR believes that in the next couple of years uncertainty following the EU referendum will lead firms to delay investment and that consumers will be squeezed by the expected rise in inflation resulting from the fall in the pound.

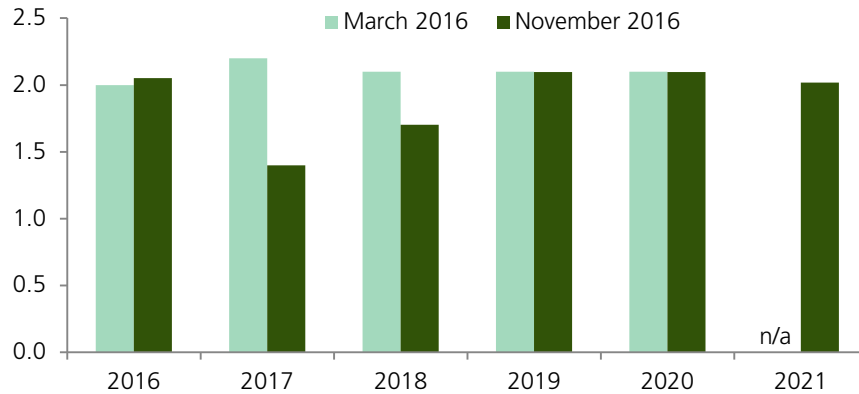
Some of these effects are mitigated by net trade (exports minus imports) providing a larger boost to growth over the next two years because the

fall in the pound is expected to: (i) lead to lower growth in imports (as they become more expensive); (ii) support growth in exports (as they become cheaper internationally).

The OBR left its forecasts for 2019 and 2020 GDP growth unchanged.

OBR lowered growth forecasts in 2017 and 2018

Annual GDP growth (%)



OBR forecasts for government borrowing have increased. Some of this is a result of policy decisions taken by the Government in the Autumn Statement, but much of the change comes as a result of the OBR reassessing its forecasts to reflect changes in the economy and public finances.

According to the [Institute for Fiscal Studies](#), the forecasts suggest that real (inflation-adjusted) wages in 2021 will still be below their 2008 level. They said that there had been no period remotely like it in the last 70 years.

What else is happening to the economy?

A summary of key indicators this past month:

- While **consumer price inflation** is forecast to rise next year, it currently remains low at 0.9% in October (CPI measure), with wages continuing to rise faster than prices.
- The **employment rate** remains high (74.5% of all people aged 16-64 were in work in July-September) and the **unemployment rate** remains low (4.8%).
- New estimates of quarterly **GDP growth** in Q3 2016 were unrevised at 0.5% in Q3 2016, similar to the pre-referendum trend – growth continues to be driven by the services sector and by consumer spending.
- **Business investment** grew by 0.9% in Q3 2016, although compared with the year before it was down by 1.6%.
- **The pound** rose by 2.7% in November against a basket of the UK's main trading partners' currencies. As of 5 December, the pound was still 10.1% lower since the EU referendum
- **Oil prices** have risen after OPEC's 30 November agreement to cut production.

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, Daniel Harari on x2464.

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:

Subject	Specialist	Contact
Balance of Payments	Dominic Webb	2042
Businesses	Chris Rhodes	2454
EC Finance	Matthew Keep	4324
GDP	Daniel Harari	2464
Employment	Feargal McGuinness	4904
Financial Services	Daniel Harari	2464
Housing	Cassie Barton	2210
Incomes	Feargal McGuinness	4904
Industries	Chris Rhodes	2454
International Trade	Dominic Webb	2042
International Development	Steven Ayres	7574
International Economies	Daniel Harari	2464
National Accounts	Daniel Harari	2464
Prices and Interest Rates	Daniel Harari	2464
Public Expenditure	Steven Ayres	7574
Taxation	Matthew Keep	4324
Unemployment	James Mirza-Davies	6962
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.

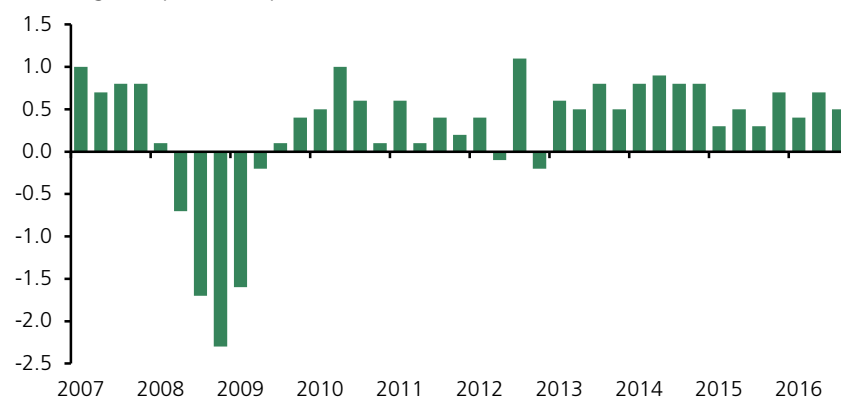
GDP has now increased for 15 consecutive quarters and is estimated to be 8.2% above the pre-economic downturn peak in Q1 2008.

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

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

In November 2016, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 2.0% for 2016 and 1.1% for 2017. These are an improvement on the average forecasts from October (1.9% growth in 2016 and 1.0% growth in 2017).

In the 2016 Autumn Statement, the Office for Budget Responsibility (OBR) forecast growth of 2.1% in 2016, revised up slightly from a forecast of 2.0% made at the time of the March 2016 Budget. OBR forecasts for 2017 and 2018 are both down from March 2016, with growth in 2017 forecast at 1.4% (down from 2.0%) and in 1.7% in 2018 (down from 2.2%). Forecasts for 2019 and 2020 are unchanged at 2.1%.

Annual GDP growth forecasts (%)

	2016	2017
HM Treasury average of independent forecasts (Nov 16)	2.0	1.1
OBR forecasts (Nov 16)	2.1	1.4

Source:

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

Subject Specialist

Daniel Harari
x2464

Updates

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

ONS, [Second estimate of GDP](#), 23 Dec 2016

OBR, [Economic and fiscal outlook](#), March 2017

A2: GDP International

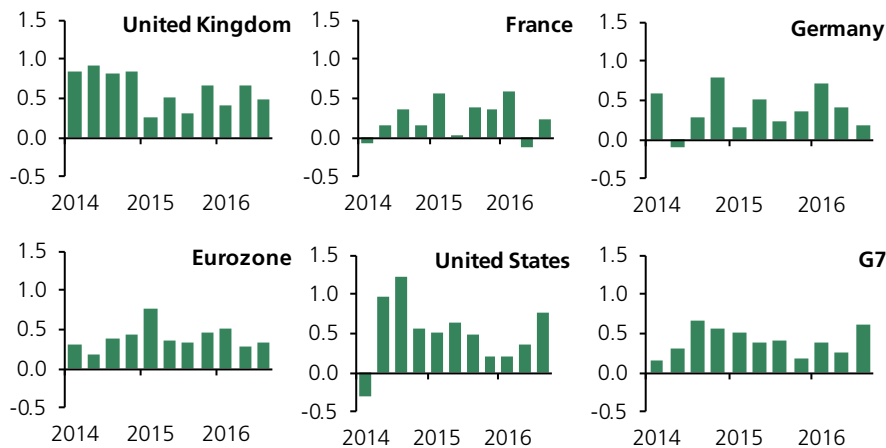
Real GDP in the UK grew by 0.5% in Q3 2016 compared with the previous quarter. In the same quarter, the US saw growth of 0.8%, while the Eurozone saw growth of 0.3%.

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	0.8	1.9	1.6	1.3	1.6
Japan	-0.4	0.5	0.2	0.5	0.9	0.2	0.7	0.8
Germany	0.4	0.7	0.4	0.2	1.3	1.8	1.7	1.7
France	0.4	0.6	-0.1	0.2	1.3	1.4	1.2	1.1
G7	0.2	0.4	0.3	0.6	1.5	1.4	1.3	1.5
OECD	0.3	0.4	0.3	0.6	2.0	1.7	1.6	1.7

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 28 November, the OECD raised its 2016 GDP growth [forecast](#) for the UK slightly from 1.8% (in September) to 2.0% and its forecast for 2017 from 1.0% to 1.2%.

Real GDP growth forecasts % change

	IMF (Oct 16)		EC (Nov 16)		OECD (Nov 16)	
	2016	2017	2016	2017	2016	2017
UK	1.8	1.1	1.9	1.0	2.0	1.2
France	1.3	1.3	1.3	1.4	1.2	1.3
Germany	1.7	1.4	1.9	1.5	1.7	1.7
Eurozone	1.7	1.5	1.7	1.5	1.7	1.6
US	1.6	2.2	1.6	2.1	1.5	2.3
Japan	0.5	0.6	0.7	0.8	0.8	1.0
China	6.6	6.2	6.6	6.2	6.7	6.4
India	7.6	7.6	7.4	7.4	7.4	7.6
Brazil	-3.3	0.5	-3.1	0.9	-3.4	0.0
World	3.1	3.4	3.0	3.4	2.9	3.3

Sources: IMF Oct'16 WEO; EC Autumn '16 forecast; OECD Economic Outlook Nov '16

Subject Specialist

Daniel Harari
x2464

Next updates

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

OECD, [Interim economic Outlook](#), Mar 2017

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

European Commission, [Winter Economic Forecast](#), Feb 2017

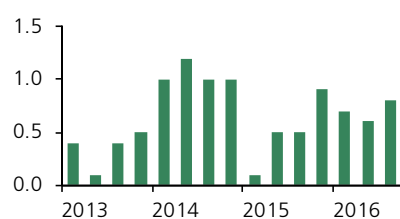
A3: Components of GDP

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%.

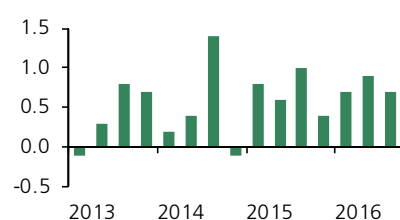
In Q3 2016, service sector output increased by 0.8% in real terms compared with Q2 2016.

Manufacturing output was down by 0.9% (and overall the production sector decreased by 0.5%). Output in the construction sector decreased by 1.1%.

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 Q3 2016, household consumption grew by 0.7% in real terms compared with Q2.

Government consumption was up by 0.4% and investment was up 1.1%.

Exports increased by 0.7% while imports decreased by 1.5%.

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 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
Q3	0.7	0.4	1.1	0.7	-1.5	0.5

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

Note: * annual % change

Subject Specialist

Daniel Harari
x2464

Update

ONS, [Quarterly National Accounts](#), 23 Dec 2016

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

ONS, [Second Estimate of GDP](#), 23 Feb 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.

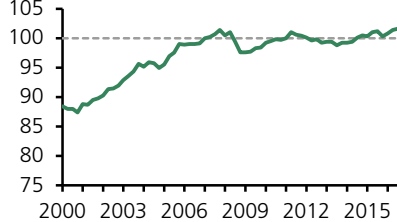
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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 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	..	0.9
2015 Q4	-0.9	-0.2
2016 Q1	0.5	0.5
Q2	0.6	0.4
Q3	0.2	0.4

Source: ONS series LZVD, TXBB & Q3'16 flash estimat

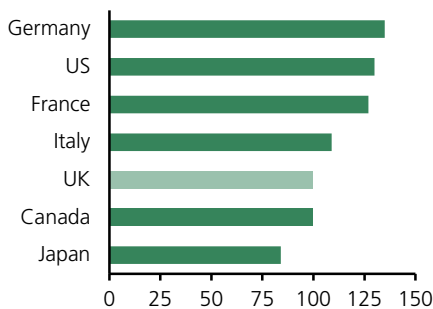
Productivity across the whole UK economy, measured by output per hour, is estimated to have increased by 0.9% in 2015, the largest annual increase since 2011, though still below historical trends. Preliminary estimates for Q3 2016 show an increase in productivity of 0.2% on a quarterly basis (down from 0.6% in Q2 2016). Compared with a year ago productivity was up by 0.4% (the same as in Q2 2016).

International comparisons

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

Productivity (GDP per hour), 2015

Index where UK=100



In 2015, ranked on GDP per hour, the UK came equal fifth highest (with Canada) 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 same productivity gap as in 2014 and the largest since at least 1991 (when the ONS data series began).

Subject Specialist

Daniel Harari
x2464

Updates

ONS, [Labour productivity](#), 6 Jan 2017

ONS, [International comparisons of productivity](#), 7 Apr

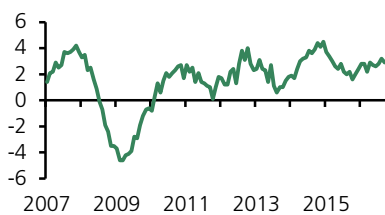
A5: Services

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 September compared to August.

Compared with a year before, it has increased by 2.9%.

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 November the index was 55.2, up from 54.5 in October, signifying the sector's fastest expansion since January.

July's substantial fall (to 47.4) after the EU referendum has proved to be temporary with the levels for August and September similar to those 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 Nov	58.6	
2015	105.9	2.5	2015 Nov	55.9	
2016 Jul	108.9	2.8	2016 Sep	52.6	-0.3
Aug	109.2	3.2	Oct	54.5	1.9
Sep	109.5	2.9	Nov	55.2	0.7

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

Subject Specialist

Chris Rhodes
x2454

Update

ONS, [Index of Services](#), 23 Dec 2016

Markit/CIPS, [UK Services PMI](#), 3 Jan 2017

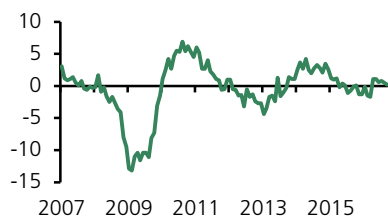
A6: Manufacturing

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

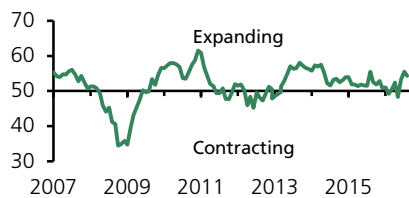


Total manufacturing output was up in September compared in August 2016, by 0.6%. This is the third successive month output has increased.

Manufacturing output was up by 0.2% over the whole year to September 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 November 2016 it was 53.4, a slight decrease of 0.8 on the October figure. This is the second successive month PMI has fallen.

The main factor cited by Markit to explain the upswing was the depreciation of Sterling since the EU referendum, driving up input costs.

(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	Nov	53.5		
2015	102.8	-0.1	2015	Nov	52.5		
2016			2016	Sep	55.5	2.2	
				Oct	54.3	-1.2	
				Nov	53.4	-0.9	
2016	Jul	102.6	0.8				
	Aug	102.9	0.5				
	Sep	103.5	0.2				

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

Subject Specialist

Chris Rhodes
x2454

Update

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

Markit/CIPS, [UK Manufacturing PMI](#), 2 Jan 2017

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 0.9% in October, down slightly from 1.0% in September. The RPI inflation rate remained static at 2.0% in October.

Consumer Prices Index (CPI)

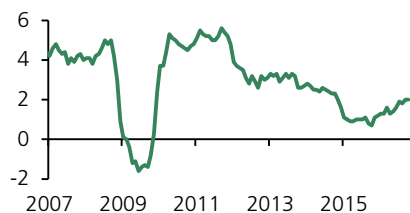
% change on yr



The main contribution to the decrease came through prices for clothing and university tuition fees, which rose by less than a year ago and falls in the prices of overnight hotel stays and non-alcoholic beverages.

Retail Prices Index (RPI)

% change on yr



Price Indices

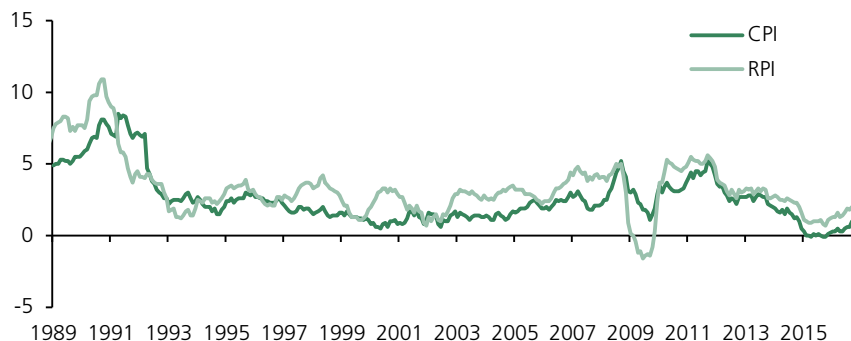
% change on a year ago

		CPI	RPI
2013	Oct	2.2	2.6
2014	Oct	1.3	2.3
2015	Oct	-0.1	0.7
2016	Aug	0.6	1.8
	Sep	1.0	2.0
	Oct	0.9	2.0

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989

% change on yr

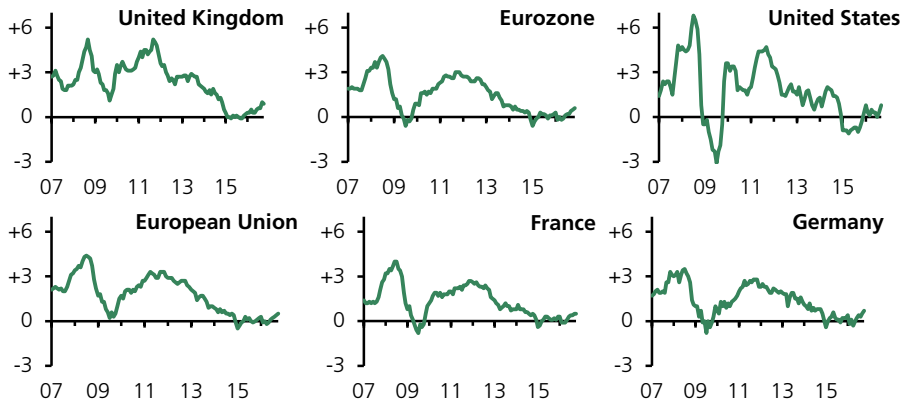


Subject Specialist
 Dominic Webb
 x2042

Update
 ONS, [Consumer Price Indices](#), 13 Dec 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 0.9% in the year to October 2016, down slightly from 1.0% in September. This is higher than the Eurozone and EU as a whole.

Annual inflation in the Eurozone is provisionally estimated as 0.6% in November, up from 0.5% in October.

Inflation was 0.7% in Germany and 0.5% in France in October. Belgium had the highest annual inflation rate in the EU in October at 1.9%, followed by Austria at 1.4%. The lowest annual inflation rate in the EU was in Bulgaria and Cyprus where inflation was -1.0%.

Inflation was negative in six EU economies in October, including Ireland and Italy.

HICP inflation in the US in the year to September was 0.8%, up from 0.3% in August.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2013	2014	2015	Aug 16	Sep 16	Oct 16	Nov 16
UK	2.6	1.5	0.0	0.6	1.0	0.9	..
Eurozone	1.3	0.4	0.0	0.2	0.4	0.5	0.6
European Union	1.5	0.5	0.0	0.3	0.4	0.5	..
France	1.0	0.6	0.1	0.4	0.5	0.5	..
Germany	1.6	0.8	0.1	0.3	0.5	0.7	..
US	1.2	1.3	-0.7	0.3	0.8

Source: ONS, Eurostat & stat.OECD database

Subject Specialist

Dominic Webb
x2042

Update

ONS, [Consumer Prices bulletin](#) (UK), 13 Dec 2016

Eurostat, [Flash estimate](#) (Eurozone), 4 Jan 2017

Eurostat, [HICP full release](#), 16 Dec 2016

B3: Average Earnings

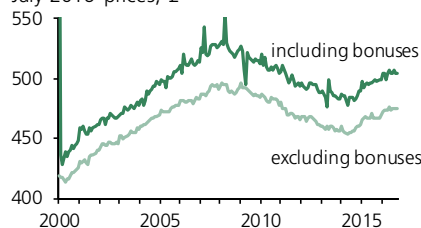
In April 2016 median gross weekly earnings for full-time employees were £539, up 2.2% on April 2015.

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 September 2016 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.4%. Inflation as measured by the CPI averaged 0.7% 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 Sep	1.0	1.2	0.5
2015 Sep	2.9	3.3	1.2
2016 Jul	2.4	2.5	1.6
Aug	2.3	2.4	1.8
Sep	2.3	2.5	1.4

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

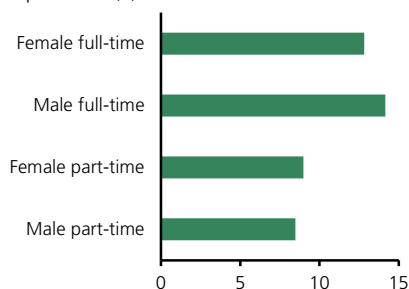
Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 2.5% in the **private sector** in the three months to September 2016, compared with the year before. In the **public sector**, total pay increased by 1.4%.

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](#), 14 Dec 2016

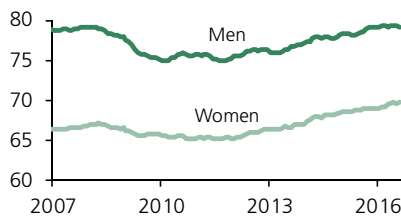
ONS, [Annual Survey of Hours and Earnings](#), Late 2017

C1: Employment

31.80 million people were in employment in July-September 2016, up 49,000 from the previous quarter and up 461,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.5%, up 0.7% points on the previous year and the joint 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 September 2016, the joint highest rate since at least 1971.

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



Female employment increased by 47,000 over the past quarter to 14.88 million. The employment rate for women aged 16-64 was 69.8%.

16.92 million men were in work in July-September 2016, 2,000 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 lower than in the previous quarter. There was also an increase in the number of people working as employees, up 63,000 to 26.82 million.

23.24 million people were working full-time in July-September 2016, up 26,000 from the previous quarter and 350,000 higher than a year earlier. There were 8.56 million people working part-time, up 24,000 from the previous quarter and 110,000 higher than a year earlier.

1.63 million people were employed on a temporary basis, down 44,000 from the previous quarter and down 42,000 from the previous year.

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
Jul-Sep	2013	30,108	71.6	16,051	76.7	14,057	66.7	3,670	50.2
Jul-Sep	2014	30,835	73.0	16,406	78.0	14,429	68.1	3,812	52.3
Jul-Sep	2015	31,339	73.8	16,675	78.6	14,664	69.0	3,975	54.7
Apr-Jun	2016	31,750	74.5	16,915	79.4	14,835	69.6	3,956	54.9
Jul-Sep	2016	31,799	74.5	16,917	79.2	14,882	69.8	3,910	54.4
<i>Change on qtr</i>	<i>Level</i>	49	0.0	2	-0.1	47	0.1	-46	-0.5
	<i>%</i>	0.2%		0.0%		0.3%		-1.2%	
<i>Change on yr</i>	<i>Level</i>	461	0.7	242	0.6	219	0.8	-65	-0.3
	<i>%</i>	1.5%		1.5%		1.5%		-1.6%	

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

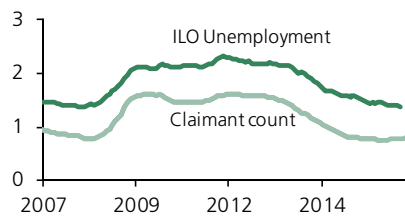
Updates

ONS, [Labour Market Statistics](#), 14 Dec 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
Millions, age 16+, seasonally adjusted

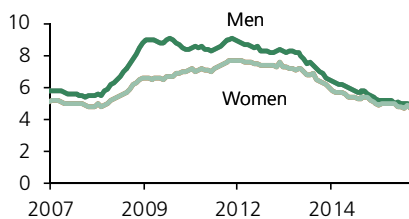


ILO unemployment was 1.60 million people in the UK in July-September 2016, down 37,000 on the previous quarter and down 146,000 from the previous year.

The unemployment rate was 4.8% (the percentage of the economically active population who are unemployed), down 0.1% from the previous quarter and down from 0.5% in the same period in 2015.

The claimant count in October 2016 was 803,300 people aged 18 or over. This is an increase of 9.8 thousand from the previous month and 9.9 thousand from the previous year.

Unemployment Rate; UK
%, age 16+, seasonally adjusted



There were 876,000 men unemployed in July-September 2016, down 15,000 on the previous quarter and down 82,000 from a year earlier. 728,000 women were unemployed, down 22,000 on the previous quarter and down 64,000 from a year earlier.

591,000 people aged 16-24 were unemployed in July-September 2016, down 33,000 on the previous year. The unemployment rate for 16-24 year olds was 13.1%, down from 0.6% 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
Jul-Sep 2013	2,481	7.6	1,387	8.0	1,094	7.2	985	21.2
Jul-Sep 2014	1,955	6.0	1,085	6.2	870	5.7	744	16.3
Jul-Sep 2015	1,750	5.3	958	5.4	792	5.1	651	14.1
Apr-Jun 2016	1,641	4.9	890	5.0	750	4.8	626	13.7
Jul-Sep 2016	1,604	4.8	876	4.9	728	4.7	591	13.1
<i>Change on qtr</i>								
Level	-37	-0.1	-15	-0.1	-22	-0.1	-36	-0.5
%	-2%		-2%		-3%		-6%	
<i>Change on yr</i>								
Level	-146	-0.5	-82	-0.5	-64	-0.5	-60	-0.9
%	-8%		-9%		-8%		-9%	

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

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

Subject Specialist

James Mirza-Davies
x6962

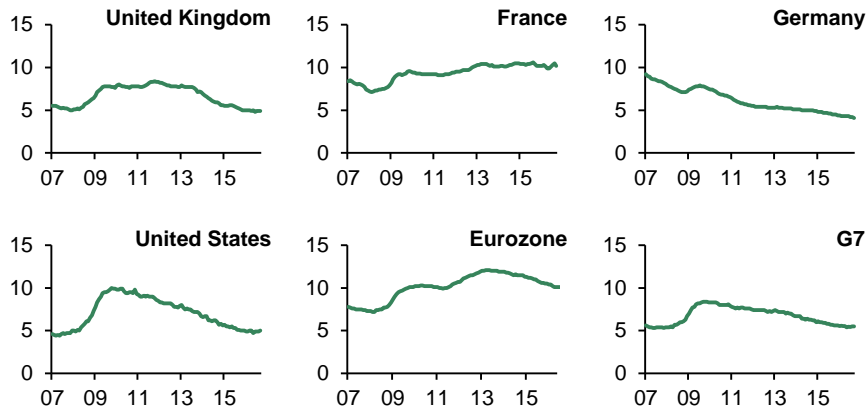
Updates

ONS, [Labour Market Statistics](#), 14 Dec 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 Q3 2016 was 4.9%. This was below the rate of France (10.3%) but above that of Germany (4.1%).

In the US, the unemployment rate stood at 4.9% in Q3 2016, unchanged from Q2. In the G7, the unemployment rate was 5.5% in Q3 2016, unchanged from Q2 2016.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q3 2016 (23.2%).

Iceland, Japan and South Korea had the lowest unemployment rate in the OECD for Q3 2016 at 2.9%, 3.0% and 3.8% respectively.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q3 2016 youth unemployment was 43.3% in Spain and (in Q2 2016) 49.5% in Greece. UK youth unemployment stood at 13.1% in Q3 2016.

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	10.3	4.1	11.6	3.0	4.9	4.9	10.0	5.5	6.3
<i>Change on qtr</i>	<i>0.0</i>	<i>0.4</i>	<i>-0.2</i>	<i>0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>0.0</i>
<i>Change on yr</i>	<i>0.0</i>	<i>-0.2</i>	<i>-0.4</i>	<i>0.0</i>	<i>-0.3</i>	<i>-0.4</i>	<i>-0.2</i>	<i>-0.7</i>	<i>-0.2</i>	<i>-0.4</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

James Mirza-Davies
x6962

Next Update

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

D1: Interest Rates and Monetary Policy

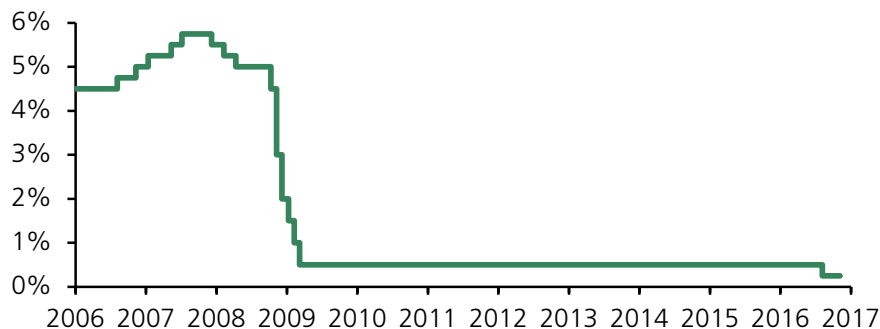
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 [3 Nov. meeting](#).

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, including expanding 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). Planned QE now totals £445 billion.

At its latest [November meeting](#), the MPC left interest rates and policy unchanged. It forecast inflation to rise above its 2% target in 2017 as a result of the recent fall in sterling. The MPC stated it would not react to this by raising rates as it expected sterling's impact to be temporary.

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 2 Nov, although many expect a rate hike to occur at its 13-14 Dec meeting.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([15 Dec](#))
ECB ([8 Dec](#))
US ([14 Dec](#))

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
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	68	3.5%	1,725	87.3%
2017/18	59	2.9%	1,840	90.2%
2018/19	47	2.2%	1,904	89.7%
2019/20	22	1.0%	1,945	88.0%
2020/21	21	0.9%	1,950	84.8%
2021/22	17	0.7%	1,952	81.6%

Sources: ONS, OBR. Excludes public sector banks

represents around £30 billion more borrowing than they had forecast in March 2016.

The OBR forecast higher net debt in all years. The debt-to-GDP ratio is now expected to start falling in 2018/19, two years later than previously expected.

The Office for Budget Responsibility (OBR) published its forecasts for the public finances alongside the Autumn Statement 2016. The fiscal watchdog revised its forecasts for all years up to 2020/21 and published its first forecast for 2021/22.

The OBR's forecasts for borrowing increased in all years to 2020/21.

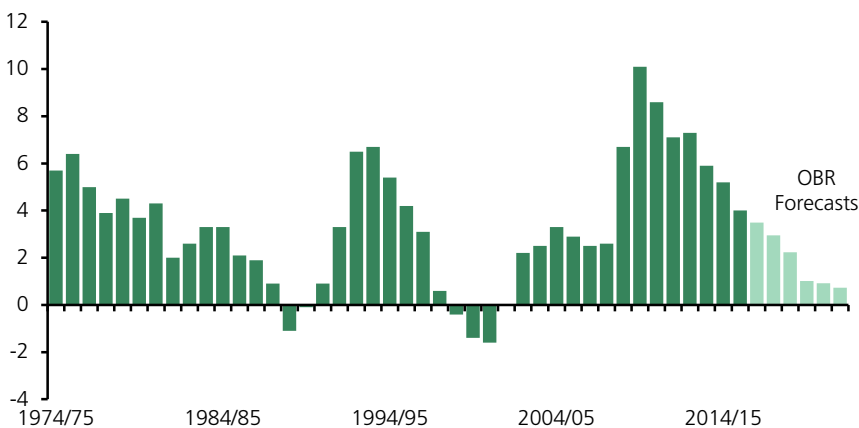
The OBR forecast borrowing of £21 billion in 2020/21, this

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.

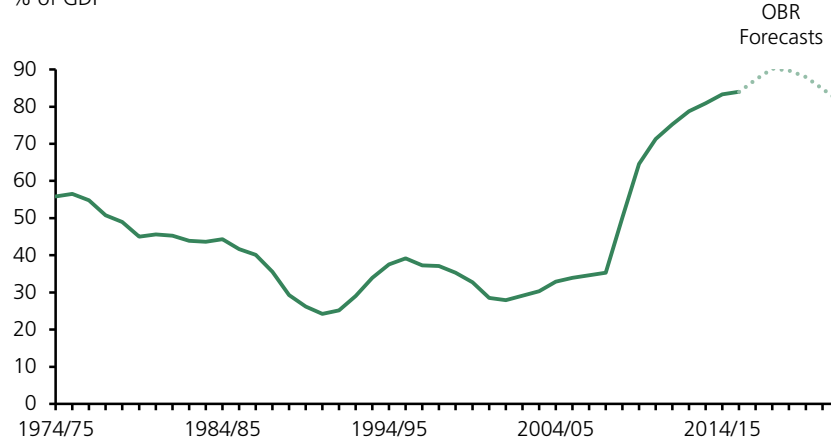
Net borrowing – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a particular time period.

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



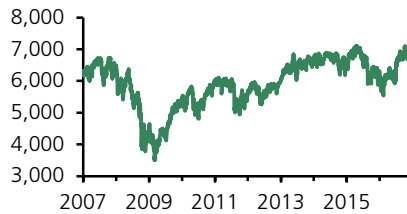
Subject Specialist
Matt Keep
x4324

Next update
ONS, [Public sector finances](#), 21 Dec 2016

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

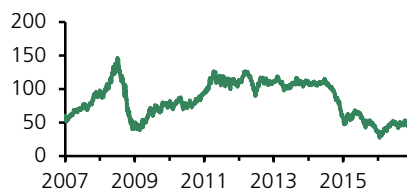


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. It hit an all-time high of 7,103.98 in April 2015, passing the previous record high of 6,930 set in December 1999. Despite some turbulence following the EU Referendum result, on 10 October the FTSE-100 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. On 5 December 2016, it

closed at its highest level since July 2015, after Opec agreed to its first supply cut in eight years.

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.

Subject Specialist

Daniel Harari
x2464

Updates

Financial Times, Weekly Basis

Data from 5 December 2016

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
05 Dec 2016	6746.83	54.97	1162.20
%change over:			
1-month	-1%	21%	-9%
12-months	8%	27%	8%

Note: Oil is Brent near-month futures price

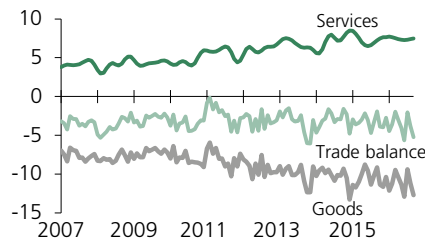
Source: Financial Times

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.

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 £38.7 billion (2.1% of GDP) in 2015.

The trade deficit fell to £9.4 billion in Q3 2016, down from £12.7 billion in Q2. Exports increased by £5.6 billion in Q3 2016 while imports increased by £2.3 billion.

Trade in Goods & Services and Current Account Balances

Seasonally adjusted

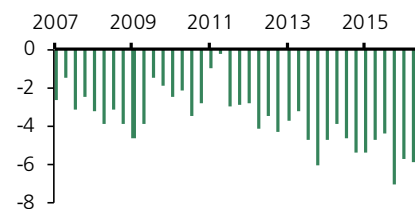
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2014	511.7	547.9	-36.2	-85.0	-4.7%
2015	508.8	547.4	-38.7	-100.2	-5.4%
2015 Q3	124.5	134.5	-10.0	-20.5	-4.4%
Q4	127.1	137.7	-10.6	-32.7	-7.0%
2016 Q1	129.7	139.7	-10.0	-27.0	-5.7%
Q2	131.8	144.4	-12.7	-28.7	-5.9%
Q3	137.3	146.7	-9.4

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 Dec 2016

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

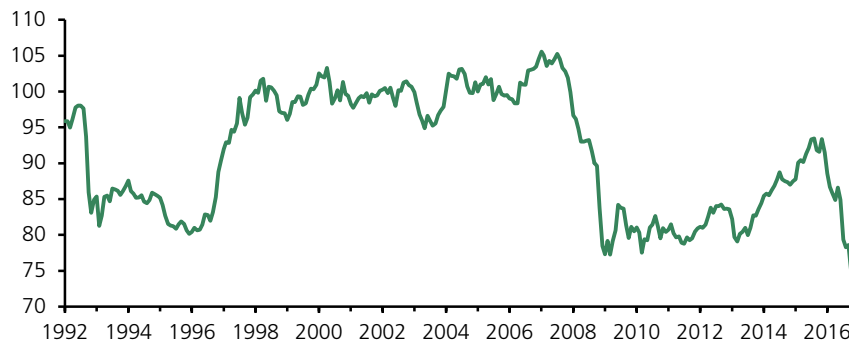
E2: Exchange Rates

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 rose by 2.7% in November 2016 compared with October. Compared with the same period a year ago, it is 17.9% lower. In November the SERI was at its second lowest level since the series began (the lowest was October 2016). It is 29.3% below its peak in July 2007.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



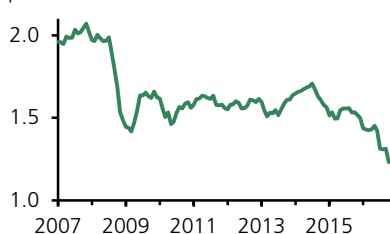
On average in November compared with October, the pound was up 0.8% against the dollar. While the value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June to \$1.27 on 5 December, November’s figures represent the largest monthly increase since May 2016 and only the second monthly increase since the EU Referendum.

Latest closing prices:
 \$1.27 per £1
 €1.19 per £1
 (On 5 Dec 2016)

Sterling was up 3.1% against the Euro on average in November compared to October – the largest monthly increase since November 2015. 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.

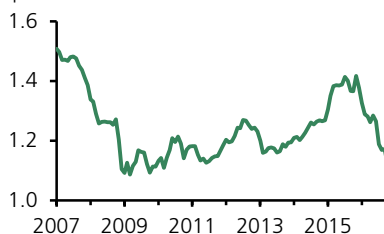
US\$/£ Exchange Rate

\$ per £



€/£ Exchange Rate

€ per £



Sterling Exchange Rates

average rates in period and % changes

	US Dollar (\$)		Euro (€)	
	Rate	% change on yr	Rate	% change on yr
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 Sep	1.31	-14.3%	1.17	-14.2%
Oct	1.23	-19.6%	1.12	-18.1%
Nov	1.24	-18.2%	1.24	-12.3%

Source: Bank of England, Bankstats database

Subject Specialist

Daniel Harari
x2464

Updates

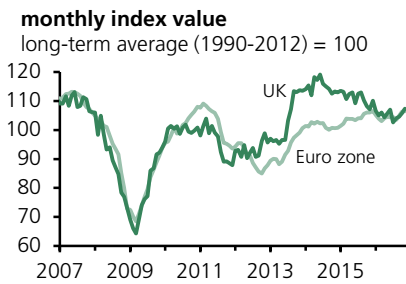
Financial Times, [sterling exchange rates](#) (daily)

Bank of England, [SERI & monthly rates](#), Early January 2017

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

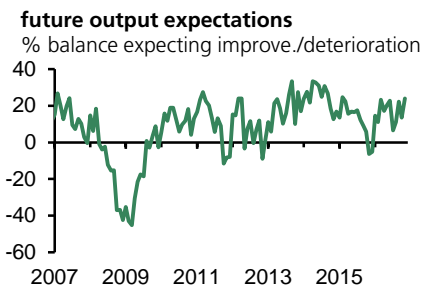


The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

Between October and November 2016 the overall UK sentiment index increased by 1.5 points to 107.3 – a similar level to a year

earlier. Increases in the last few months are largely linked to industry and retail.

CBI Industrial Trends Survey

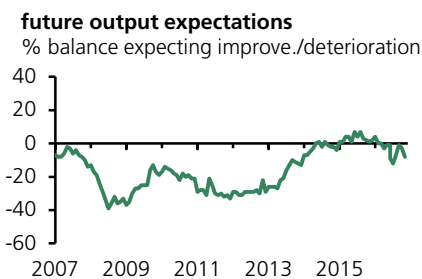


The CBI carries out monthly and quarterly Industrial Trends surveys.

In November, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +24% of manufacturers, up from +13% of manufacturers in October,

returning to a similar level to that seen in September and before the referendum.

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 November, the overall consumer confidence index was -8, down from -3 in October.

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 6 Jan 2017

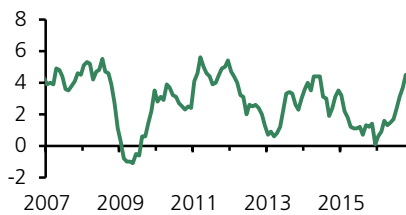
GfK NOP, [Consumer Confidence](#), 22 Dec 2016

CBI, [Industrial Trends](#), 16 Dec 2016

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £7.7 billion in October 2016, up from £7.2 billion in October 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

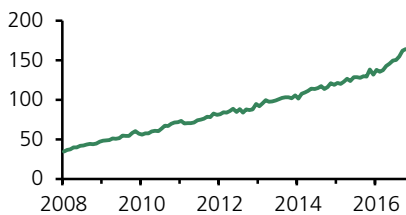


Over the three months to October 2016, the value of retail sales was up 2.0% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 4.5% in the three months to October 2016.

The average weekly value of **internet sales** in Great Britain was £1.0 billion in October 2016.

Value of internet retail sales
2013=100, seasonally adjusted



The value of internet sales in October 2016 was up 26.8% 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	Oct	100.9	106.7	103.6
2015	Oct	101.7	108.0	104.1
2016	Aug	103.7	110.9	108.4
	Sep	103.3	110.9	108.7
	Oct	104.1	114.0	111.0
% change on yr		2.0	2.4	4.5

The average weekly value of sales in food stores was £2.9 billion in October 2016 and £3.3 billion in non-food stores.

The value of sales in food stores in the three months to October 2016 was up 2.0% on the same period last year.

The value of sales in non-food stores was up 2.4% on last year.

Change on year is the change on the most recent three month period compared to the same period a year earlier

Total includes fuel and non-store retailing

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

Subject Specialist

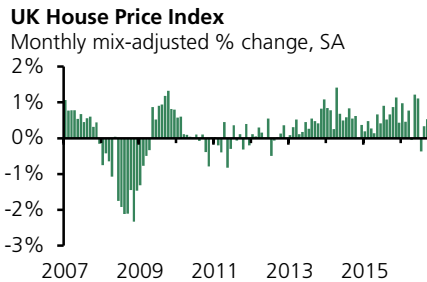
Chris Rhodes
x2454

Updates

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

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 7.7% between September 2015 and September 2016. On a seasonally adjusted basis house prices increased by 0.5% between August 2016 and September 2016.



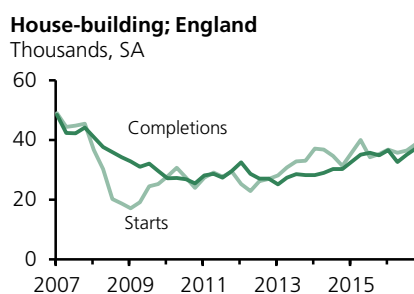
There are regional differences in house prices. The average price is highest in London at roughly £488,000. The lowest prices are found in Northern Ireland and the North East at £124,000 and £125,000 respectively.



Mortgage approvals in October were up 6.2% on the previous month but 3.3% down on a year ago. Approvals remain well down on pre-recession levels. There were 67,518 mortgage approvals in October 2016.

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

Housing starts increased by 6% in Q3 2016 compared with Q2 2016. Housing starts and completions have increased from the lows observed in late 2008 and early 2009 but remain below pre-recession levels.



There were 38,730 house building starts (seasonally adjusted) in England in Q3 2016, a 6% increase on the previous quarter, and 10% 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 37,280 dwelling completions (seasonally adjusted) in Q3 2016, up 6% on the previous quarter and 7% on the same quarter of 2015. Completions remain below the peak of 48,440 completions in Q1 2007.

Subject Specialist

Matt Keep
x4324

Updates

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

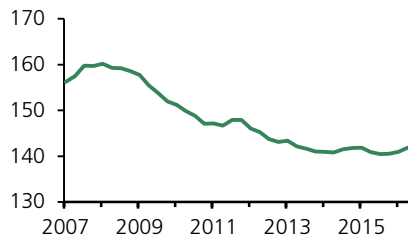
Bank of England, [Money and credit](#), 4 Jan 2017

DCLG, [House-building](#), 23 Feb 2017

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

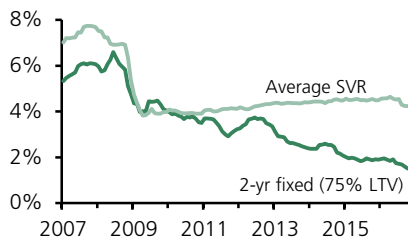


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly for another year or so.

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

Current average mortgage interest rates

Current average mortgage interest rates



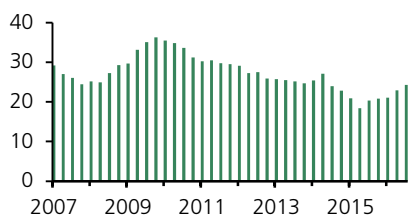
The average Standard Variable Rate (SVR) fell in August 2016 following the [cut in the base interest rate by the Bank of England](#).

The SVR was 4.24% in October 2016, down 0.36% points on the year and at the lowest level since June 2012.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.51% in October down 0.30% points on the year.

Individual insolvencies, England and Wales

Individual insolvencies;
England and Wales, Thousands



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.

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.

Subject Specialist

Daniel Harari
x2042

Updates

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

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

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

4. A1: 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>

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).