



BRIEFING PAPER

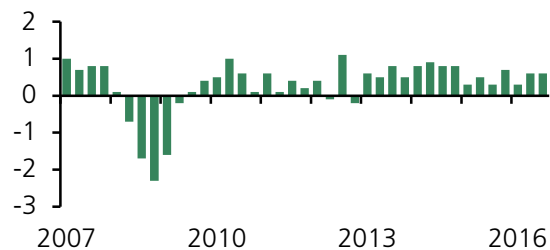
Number 7725, 13 January 2017

Economic Indicators, January 2017

By Matthew Keep,
Matthew Ward

GDP growth

% change on previous qtr



GDP grew by 0.6% in real terms in Q3 2016 compared with the previous quarter.

Consumer Prices Index (CPI)

% change on yr



Consumer prices rose by 1.2% in November 2016 compared with a year ago, up from 0.9% in October 2016.

FTSE-100 Index

Daily closing price



The FTSE index has hit a series of highs since October 2016 and closed at its eleventh successive record high on 12 January 2017.

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1. Headline UK Economic Indicators, January 2017

Gross Domestic Product: Q3 2016, Seasonally Adjusted		
Change (real %)	0.6 (qtr)	2.2 (yr)
Industries		
Service output: October 2016		
Change (%)	0.2 (mth)	3.2 (yr)
Manufacturing output: November 2016		
Change (%)	1.3 (mth)	1.2 (yr)
Productivity: Q3 2016, Seasonally Adjusted		
Output per hour		
Change (%)	0.4 (qtr)	0.4 (yr)
Inflation: November 2016		
Change on year (%)	1.2 (CPI)	2.0 (RPI)
Labour Market: Aug-Oct 2016, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.8
Change (% points)	0.0 (qtr)	-0.3 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		74.4
Change (% points)	-0.1 (qtr)	0.5 (yr)
Interest Rate: as of 13 January 2017		
Bank of England Base Rate		0.25 (%)
Public Finances: 2015/16		
Net borrowing	75 (£ bn)	4.0 (% GDP)
Net debt	1,602 (£ bn)	83.8 (% GDP)
Trade: Q3 2016		
Current Account	-25.5 (£ bn)	-5.2 (% GDP)
Sterling Exchange rate: 12 January 2017		
US Dollar (\$)	1.22 (rate)	-18.0 (% change on yr)
Euro (€)	1.15 (rate)	-15.7 (% change on yr)
EC Economic Sentiment Indicator for UK: December 2016		
Points (1990-2012 average = 100)		108.6
Change (points)	+1.3 (mth)	-1.5 (yr)
Retail Sales: November 2016, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		2.4 (% change on yr)
Housing Market: October 2016, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.6 (mth)	6.9 (yr)

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

2. This month's developments

If you're a regular of Economic Indicators you could be forgiven for getting a sense of déjà vu as you look through this month's summary. We again report that since the EU referendum the economy has largely continued to perform well (on the back of the service sector) and that economists expect growth to slow in 2017 (with consumers expected to rein in their spending, in the face of higher prices).

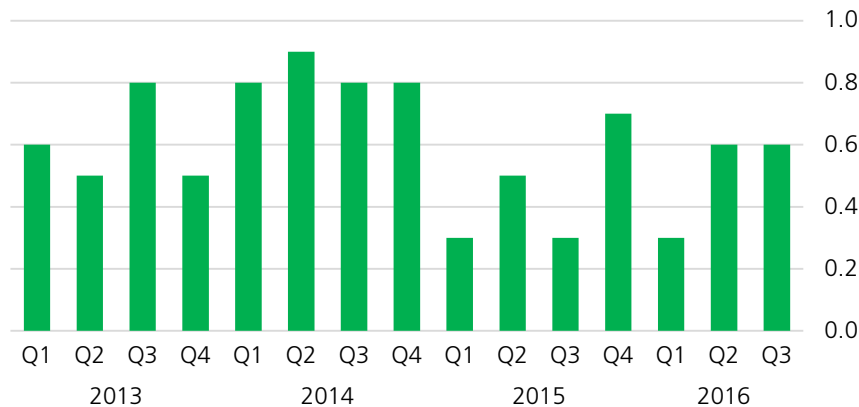
Growth revised up

The [economy grew](#) by 0.6% in the quarter following the EU referendum (July-September 2016) compared with the previous three months. The ONS had previously estimated growth in the quarter to be slightly lower at 0.5%. Growth continues to be in keeping with its pre-referendum performance and as the ONS' chief economist points out, it is driven by consumer spending:

Robust consumer demand continued to help the UK economy grow steadily in the third quarter of 2016. Growth was slightly stronger than first thought, though, due to greater output in the financial sector.

UK quarterly GDP growth

Real GDP, % change compared with previous quarter



Source: ONS series IHYQ

Growth was driven entirely by the service sector – it was the only broad sector of the economy to grow during Q3 2016. The importance of the service sector for economic growth is a reoccurring theme in our monthly summaries. The sector's output is 12% higher than its pre-recession peak. In contrast output from manufacturing and production remain 6% and 8% below pre-recession levels respectively. Construction has recovered to its 2008 level.

More positive news

In keeping with the growing service sector, [retail sales data](#) remain strong: over the three months to November 2016, the value of retail sales was up 2.4% compared with the previous three months. Consumer confidence is also [fairly upbeat](#).

Confidence indicators from [manufacturing](#) and [services](#) industries have been positive. The Manufacturing Purchasing Managers' Index, an important indicator of output and confidence in the sector, reached a two-and-a half year high in December.

The labour market remains in relatively good health – the unemployment rate is the lowest it has been since July-September 2005.

The FTSE-100 – which tracks the share-prices of the 100 largest companies listed on the London Stock Exchange – closed at its tenth successive record high on 11 January 2017.

Words of caution for 2017

The pound has fallen by 1.2% against its major trading partners in the early days of 2017. Sterling is now 13.2% lower than its pre-referendum level.

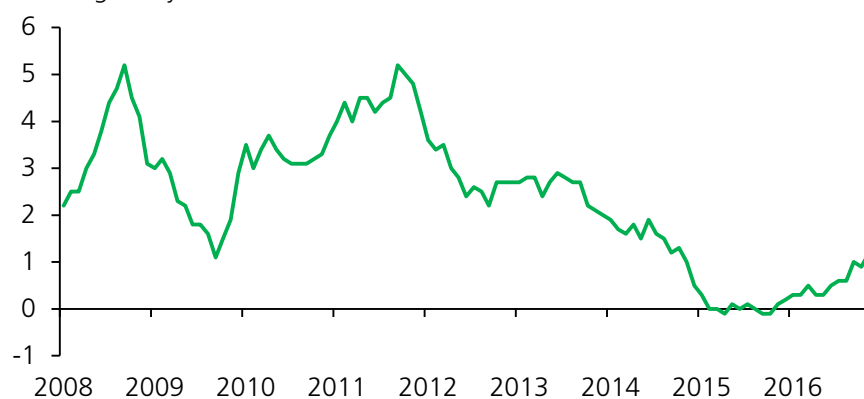
Economists expect the lower value of the pound – which makes imports more expensive – to feed through to the prices paid by consumers, as businesses pass higher costs onto consumers.

The higher import prices have been felt in the early stages of the supply chain in recent months. The prices of materials and fuels bought by UK manufacturers for processing were 12.4% higher in October 2016 compared with a year ago. Much of the price growth was due to imported goods and crude oil.

For consumers the important thing is whether higher supply chain costs get reflected in the price they pay for products. Consumer prices, on the [CPI measure](#), have been increasing in recent months. Prices were 1.2% higher in November 2016 compared with a year ago. The ONS say that more import-intensive products, including energy, have been the main driver of price increases in recent months.

Consumer Prices Index (CPI)

% change on yr



Economists expect consumer prices to continue to rise during 2017 and, as a consequence, the purchasing power of consumers to fall, leading them to cut back on spending. Falls in consumer demand are expected to slow economic growth. On average [economists expect](#) the economy to grow by 1.3% in 2017.

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:

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Wages and Earnings	Feargal McGuinness	4904

A1: Gross Domestic Product

The economy grew by 0.6% in Q3 2016 compared to the previous quarter, following growth of 0.6% 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	1.8
Q4	0.7	1.7
2016 Q1	0.3	1.8
Q2	0.6	2.0
Q3	0.6	2.2

GDP in Q3 2016 was 2.2% higher than a year before.

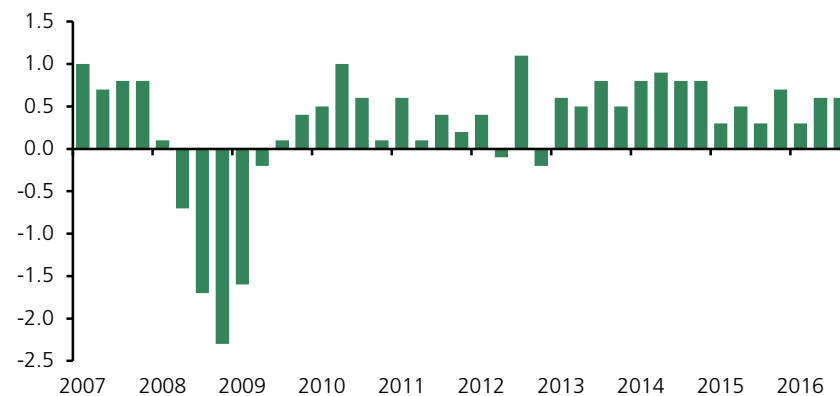
GDP has now increased for 15 consecutive quarters and is estimated to be 8.1% above the pre-economic downturn peak in Q1 2008.

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

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

In December 2016, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 2.1% for 2016 and 1.3% for 2017. These are an improvement on the average forecasts from November (2% growth in 2016 and 1.1% 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 (Dec 16)	2.1	1.3
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

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Updates

HM Treasury, [Forecasts for the UK economy](#), 18 Jan 2017

ONS, [Preliminary estimate of GDP](#), 26 Jan 2017

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

A2: GDP International

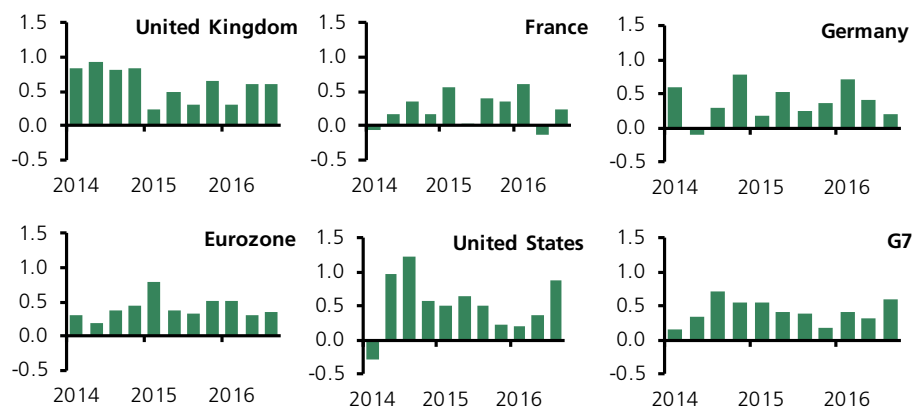
Real GDP in the UK grew by 0.6% in Q3 2016 compared with the previous quarter. In the same quarter, the US saw growth of 0.9%, while the Eurozone saw growth of 0.3%.

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	0.3	0.6	0.6	1.7	1.8	2.0	2.2
Eurozone	0.5	0.5	0.3	0.3	2.0	1.7	1.7	1.7
USA	0.2	0.2	0.4	0.9	1.9	1.6	1.3	1.7
Japan	-0.4	0.7	0.5	0.3	1.2	0.3	0.9	1.0
Germany	0.4	0.7	0.4	0.2	1.3	1.8	1.7	1.7
France	0.3	0.6	-0.1	0.2	1.2	1.2	1.1	1.0
G7	0.2	0.4	0.3	0.6	1.5	1.4	1.3	1.5
OECD	0.4	0.4	0.4	0.5	2.1	1.7	1.7	1.6

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

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Next updates

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

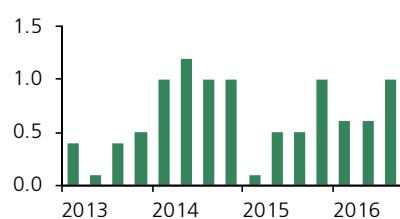
A3: Components of GDP

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

Overall, GDP increased by 0.6% in real terms in Q3 2016 compared with the previous quarter.

GDP by Industry

Service sector
quarterly growth (%)



In 2015, the service sector accounted for 80% of economic output, the production sector for 13%, construction for 6% and agriculture for 1%.

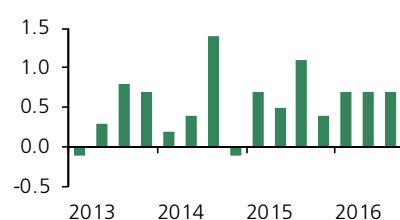
In Q3 2016, service sector output increased by 1.0% in real terms compared with Q2 2016.

Manufacturing output was down by 0.8% (and overall the production sector decreased by 0.4%). Output in the construction sector decreased by 0.8%.

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 flat (0.0% change) and investment was up 0.9%.

Exports decreased by 2.6% while imports increased by 1.4%.

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 *	2.5	1.3	3.4	6.1	5.5	2.2
2015 Q3	1.1	0.6	0.8	-0.6	0.6	0.3
Q4	0.4	-0.2	-0.9	5.9	2.1	0.7
2016 Q1	0.7	0.5	-0.5	-2.7	0.3	0.3
Q2	0.7	-0.1	1.1	1.4	0.4	0.6
Q3	0.7	0.0	0.9	-2.6	1.4	0.6

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

Note: * annual % change

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Update

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

ONS, [Second Estimate of GDP](#), 23 Feb 2017

ONS, [Quarterly National Accounts](#), 31 Mar 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.

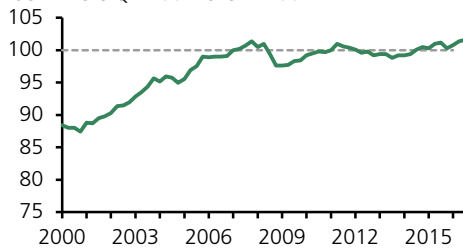
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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

Source: ONS series LZVD, TXBB

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. On a quarterly basis, productivity increased by 0.4% in Q3 2016, down from 0.5% in Q2. Compared with a year ago productivity was up by 0.4% (the same as in Q1 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).

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Updates

ONS, [Labour productivity](#), 5 Apr 2017

ONS, [International comparisons of productivity](#), 7 Apr 2017

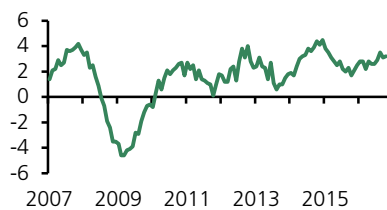
A5: Services

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 84% of jobs in September 2016.

Services Output

Output - Index of Services
% change on previous year



Output increased by 0.3% in October compared to September.

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 December the index was 56.2, up from 55.2 in November, signifying the sector's fastest expansion since July 2015.

July's substantial fall (to 47.4) after the EU referendum has proved to be temporary with the levels for the end of the year 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 Dec	55.8	
2015	106.0	2.6	2015 Dec	55.5	
2016 Aug	109.5	3.5	2016 Oct	54.5	1.9
Sep	109.8	3.1	Nov	55.2	0.7
Oct	110.0	3.2	Dec	56.2	1.0

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#),
26 Jan 2017

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

A6: Manufacturing

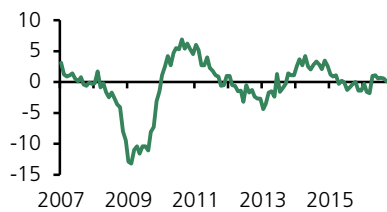
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

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 November compared to October 2016, by 1.3%. This is the largest monthly increase since April 2016.

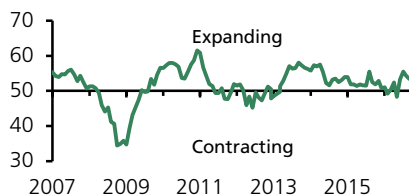
Manufacturing output was up by 1.2% over the whole year to

November 2016. This is the largest year on year increase since December 2014.

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 December 2016 it was 56.1, an increase of 5% on the November figure. This is the highest level PMI has reached since June 2014.

The main factor cited by Markit to explain the upswing was inflows of new work from both domestic and overseas clients, the latter aided by the weak Sterling exchange rate following 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 Dec	52.5	
2015	102.7	-0.2	2015 Dec	51.9	
2016 Sep	103.3	0.1	2016 Oct	54.3	-1.2
Oct	102.3	-0.5	Nov	53.4	-0.9
Nov	103.6	1.2	Dec	56.1	2.7

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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Update

ONS, [Index of Production](#), 10 Feb 2017

Markit/CIPS, [UK Manufacturing PMI](#), 1 Feb 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 1.2% in November. This was up slightly from 0.9% in October and is the highest rate since October 2014.

The RPI inflation rate also increased from 2.0% in October to 2.2% in November.

Consumer Prices Index (CPI)
% change on yr



The main contribution to the increase came through prices for clothing and motor fuels, as well as recreational and cultural goods and services.

Retail Prices Index (RPI)
% change on yr



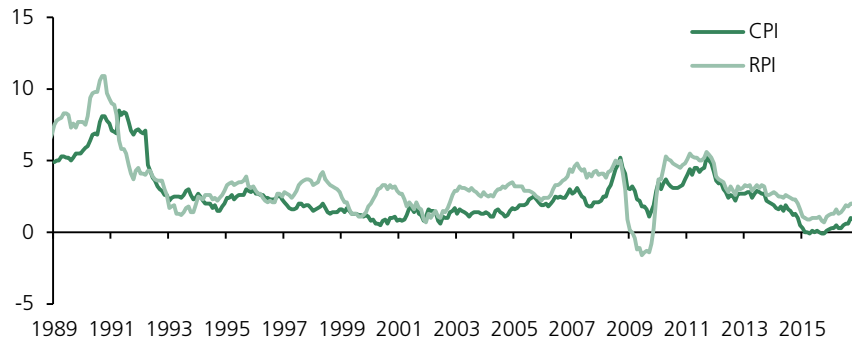
Price Indices

% change on a year ago

		CPI	RPI
2013	Nov	2.1	2.6
2014	Nov	1.0	2.0
2015	Nov	0.1	1.1
2016	Sep	1.0	2.0
	Oct	0.9	2.0
	Nov	1.2	2.2

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



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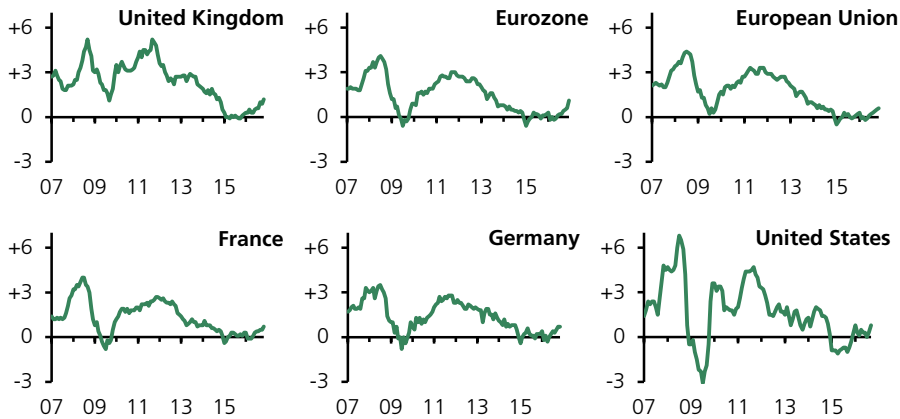
Dominic Webb
x2042

Update

ONS, [Consumer Price Indices](#), 17 Jan 2017

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 1.2% in the year to November 2016, up from 0.9% in October. This is the highest rate of inflation since October 2014.

Annual inflation in the Eurozone is provisionally estimated as 1.1% in December, up from 0.6% in November.

Inflation was 0.7% in Germany and 0.7% in France in November. Belgium had the highest annual inflation rate in the EU in November at 1.7%, followed by the Czech Republic at 1.6%. The lowest inflation rate in the EU was in Bulgaria and Cyprus where inflation was -0.8%.

Inflation was negative in six EU economies in November, including Ireland and Greece.

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	Sep 16	Oct 16	Nov 16	Dec 16
UK	2.6	1.5	0.0	1.0	0.9	1.2	..
Eurozone	1.3	0.4	0.0	0.4	0.5	0.6	1.1
European Union	1.5	0.5	0.0	0.4	0.5	0.6	..
France	1.0	0.6	0.1	0.5	0.5	0.7	..
Germany	1.6	0.8	0.1	0.5	0.7	0.7	..
US	1.2	1.3	-0.7	0.8

Source: ONS, Eurostat & stat.OECD database, Eurozone figure for December is provisional

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Update

ONS, [Consumer Prices bulletin](#) (UK), 17 Jan 2017

Eurostat, [Flash estimate](#) (Eurozone), 31 Jan 2017

Eurostat, [HICP full release](#), 18 Jan 2017

B3: Average Earnings

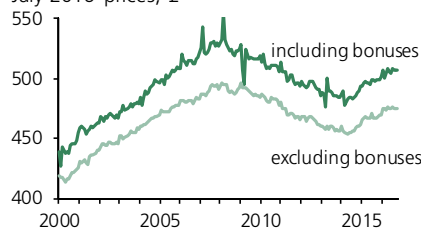
In April 2016 median gross weekly earnings for full-time employees were £539, up 2.2% on April 2015.

More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.5% higher in the three months to October 2016 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.6%. Inflation as measured by the CPI averaged 0.8% over the same period.

Average Earnings, Whole Economy

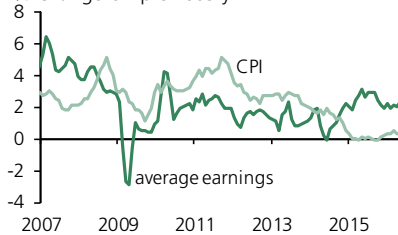
Real average weekly earnings

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 Oct	1.5	1.8	0.6
2015 Oct	2.4	2.7	1.3
2016 Aug	2.4	2.4	1.8
Sep	2.4	2.6	1.4
Oct	2.5	2.8	1.4

Average weekly total pay (including bonuses) grew by 2.8% in the **private sector** in the three months to October 2016, compared with the year before. In the **public sector**, total pay increased by 1.4%.

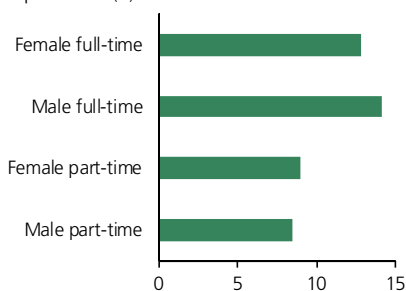
Note: Data show annual % change in earnings to three month period ending in given month; data are seasonally adjusted

Source: ONS, Average Weekly Earnings series

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

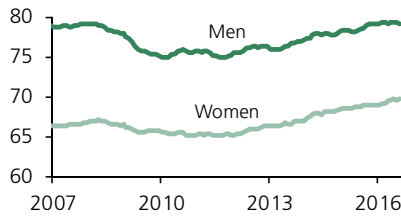
ONS, [Labour Market Statistics](#), 18 Jan 2017

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

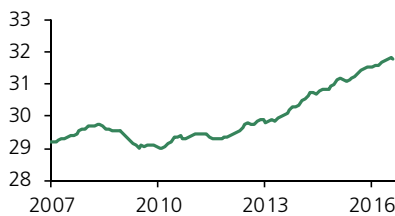
C1: Employment

31.76 million people were in employment in August-October 2016, down 6,000 from the previous quarter but up 342,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.4%, up 0.5% points on the previous year.

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



Employment; UK
Millions, age 16+, seasonally adjusted



Female employment increased by 43,000 over the past quarter to 14.90 million. The employment rate for women aged 16-64 was 69.8%.

16.87 million men were in work in August-November 2016, 49,000 lower than the previous quarter. The employment rate for men aged 16-64 was 79.1%.

4.75 million people were self-employed, slightly lower than in the previous quarter. There was also a slight decrease in the number of people working as employees, down 6,000 to 26.82 million.

23.20 million people were working full-time in August-October 2016, down 51,000 from the previous quarter but 235,000 higher than a year earlier. There were 8.56 million people working part-time, up 46,000 from the previous quarter and 107,000 higher than a year earlier.

1.62 million people were employed on a temporary basis, down 46,000 from the previous quarter and down 35,000 from the previous year.

UK Employment

Seasonally adjusted

	Age:	Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
Aug-Oct	2013	30,218	71.9	16,090	76.8	14,128	67.0	3,685	50.4
Aug-Oct	2014	30,838	73.0	16,392	77.8	14,446	68.2	3,794	52.1
Aug-Oct	2015	31,420	73.9	16,753	79.0	14,667	69.0	3,982	54.8
May-Jul	2016	31,767	74.5	16,915	79.4	14,852	69.8	3,944	54.8
Aug-Oct	2016	31,762	74.4	16,866	79.1	14,895	69.8	3,910	54.5
Change on qtr	Level	-6	-0.1	-49	-0.3	43	0.0	-33	-0.3
	%	0.0%		-0.3%		0.3%		-0.8%	
Change on yr	Level	342	0.5	113	0.1	229	0.8	-72	-0.3
	%	1.1%		0.7%		1.6%		-1.8%	

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

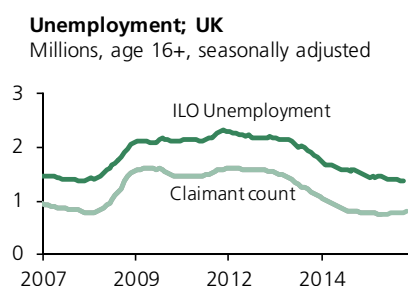
Feargal McGuinness
X4904

Updates

ONS, [Labour Market Statistics](#), 18 Jan 2016

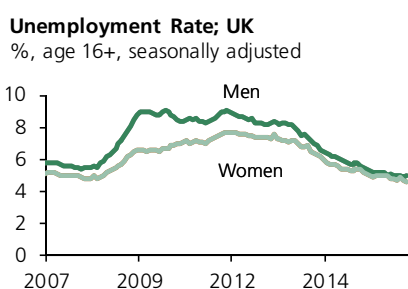
C2: Unemployment

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 1.62 million people in the UK in August-October 2016, down 16,000 on the previous quarter and down 103,000 from the previous year.

The unemployment rate was 4.8% (the percentage of the economically active population who are unemployed), unchanged from the previous quarter but down 0.3 percentage points on the same period in 2015.



The claimant count in November 2016 was 809,300 people aged 18 or over. This is an increase of 2,400 from the previous month and 23,500 thousand from the previous year.

There were 888,000 men unemployed in August-October 2016, down 13,000 on the previous quarter and down 53,000 from a year earlier. 728,000 women were unemployed, down 4,000 on the previous quarter and down 49,000 from a year earlier.

587,000 people aged 16-24 were unemployed in August-October 2016, down 38,000 on the previous year. The unemployment rate for 16-24 year olds was 13.1%, down from 18.6% 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	
Aug-Oct 2013	2,406	7.4	1,350	7.7	1,056	7.0	957	20.6	
Aug-Oct 2014	1,956	6.0	1,090	6.2	866	5.7	757	16.6	
Aug-Oct 2015	1,718	5.2	941	5.3	777	5.0	625	13.6	
May-Jul 2016	1,632	4.9	901	5.1	731	4.7	621	13.6	
Aug-Oct 2016	1,616	4.8	888	5.0	728	4.7	587	13.1	
<i>Change on qtr</i>	<i>Level</i>	<i>-16</i>	<i>0.0</i>	<i>-13</i>	<i>-0.1</i>	<i>-4</i>	<i>0.0</i>	<i>-34</i>	<i>-0.6</i>
	<i>%</i>	<i>-1%</i>	<i>-1%</i>	<i>0%</i>	<i>-6%</i>				
<i>Change on yr</i>	<i>Level</i>	<i>-103</i>	<i>-0.3</i>	<i>-53</i>	<i>-0.3</i>	<i>-49</i>	<i>-0.4</i>	<i>-38</i>	<i>-0.5</i>
	<i>%</i>	<i>-6%</i>	<i>-6%</i>	<i>-6%</i>	<i>-6%</i>	<i>-6%</i>	<i>-6%</i>	<i>-6%</i>	

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

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

Subject Specialist

Feargal McGuinness
X4904

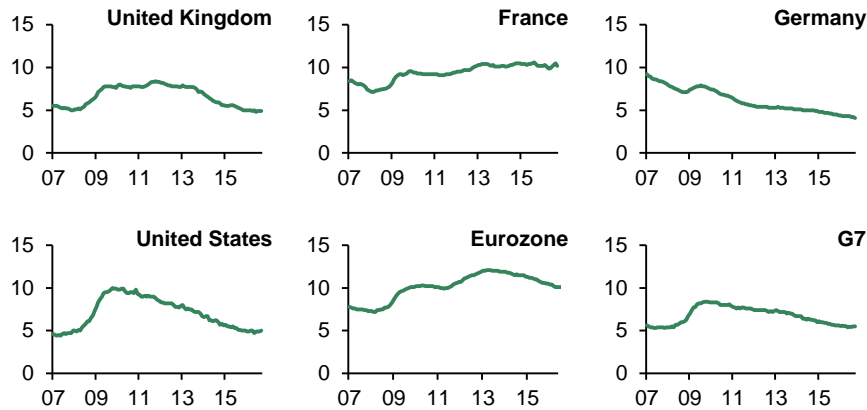
Updates

ONS, [Labour Market Statistics](#), 18 Jan 2017

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](#),
16 January 2017

D1: Interest Rates and Monetary Policy

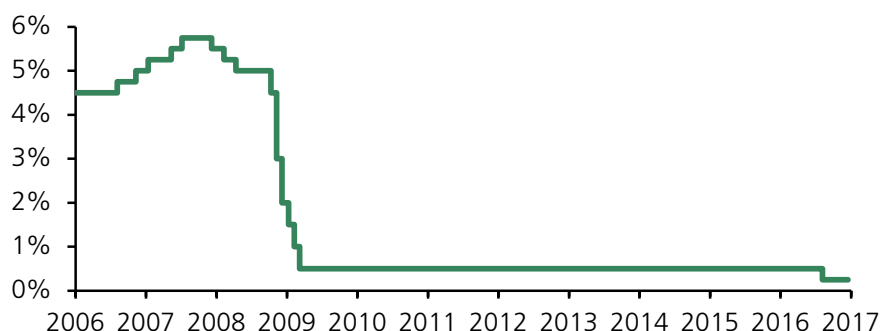
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 [15 Dec. meeting](#).

UK official interest rate



As well as cutting interest rates, the MPC agreed other measures designed to boost the economy, including expanding its **quantitative easing** (QE) programme, where the Bank creates new money to buy financial assets, by £70bn (£60bn of government debt and £10bn of corporate debt). Planned QE now totals £445 billion.

Since then, the MPC has left interest rates and policy unchanged, including at its latest [December meeting](#). The MPC forecasts inflation to rise above its 2% target in 2017 as a result of the recent fall in sterling. The MPC states it will not react to this by raising rates as it expects sterling's impact to "ultimately prove temporary", although there are "limits to the extent to which above-target inflation can be tolerated".

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. On 8 December, [the ECB announced](#) it will reduce QE purchases to €60bn per month starting from April 2017. Interest rates were left unchanged.

United States (Federal Reserve)

The US Federal Reserve [increased its main interest rate](#) by 0.25%-points at its December policy meeting to a range of 0.5-0.75%. This was the second increase since 2006, following a 0.25%-point increase in December 2015. Markets expect further rises in 2017.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([2 Feb](#))
ECB ([19 Jan](#))
US ([28 Jan](#))

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	75	4.0%	1,602	83.8%
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

Borrowing: year so far

Borrowing in the year so far (April – November) is 11% lower than during the same period in 2015. Across the financial year as a whole, the Office for Budget Responsibility (OBR) forecasts that borrowing will be 10% lower than in 2015/16.

OBR's November forecasts

In November 2016 the OBR forecast that borrowing would be higher in the coming years than it had forecast in March 2016. The OBR increased the amount that it thinks the government will borrow in all years to 2020/21.

The OBR also increased its forecast of net debt in November. The OBR expect the debt-to-GDP ratio to start falling in 2018/19, two years later than it had thought in March 2016.

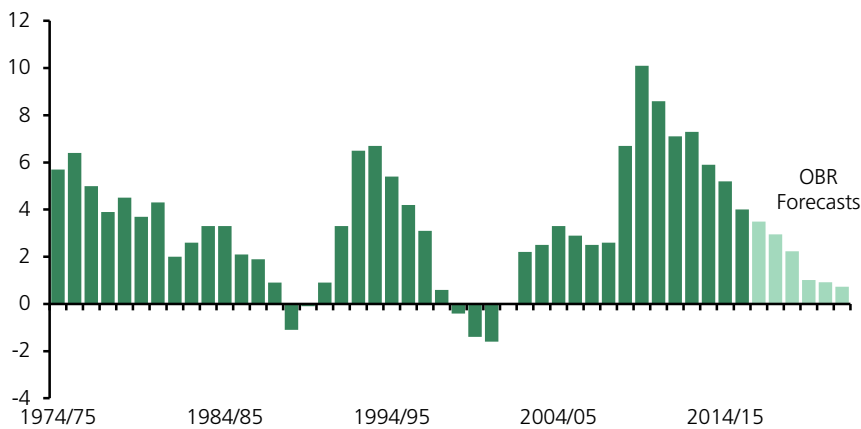
The ONS's figures for 2015/16 are provisional: they are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

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

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

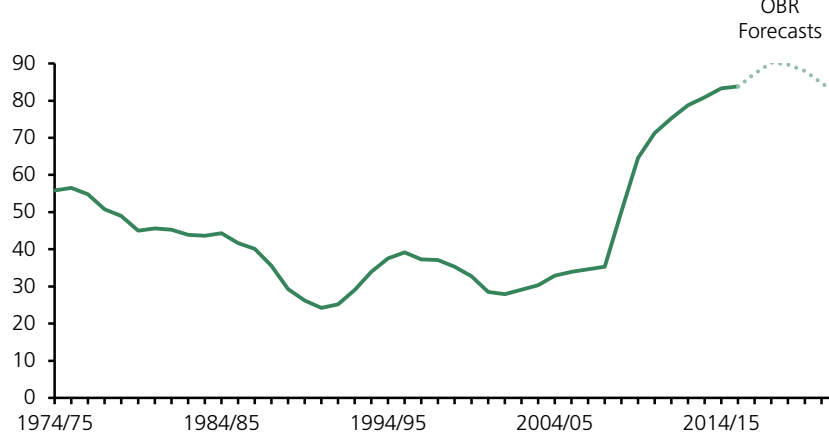
Public sector net borrowing

% of GDP



Public sector net debt

% of GDP



Subject Specialist
 Matt Keep
 x4324

Next update
 ONS, [Public sector finances](#), 24 Jan 2017

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price



index's longest run of successive all-time peaks since its inception in 1984.

The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index has hit a series of highs since October 2016 and closed at its tenth successive record high (7,292.37) on 12 January 2017. This is the

Brent Crude Oil

Gold (\$ per ounce)
Daily price

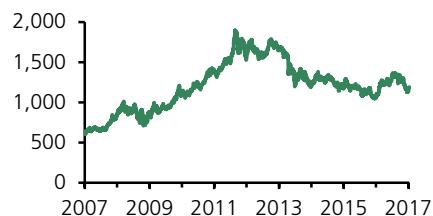


closed at its highest level since July 2015, after OPEC agreed to its first supply cut in eight years.

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 28 December 2016, it

Gold price

Gold (\$ per ounce)
Daily price



month to 12 January.

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. It is up 4% on the

Subject Specialist

Daniel Harari
x2464

Updates

Financial Times, Weekly
Basis

Data from 12 January 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
12 Jan 2017	7292.37	56.11	1205.05
%change over:			
1-month	6%	0%	4%
12-months	23%	84%	11%

Note: Oil is Brent near-month futures price

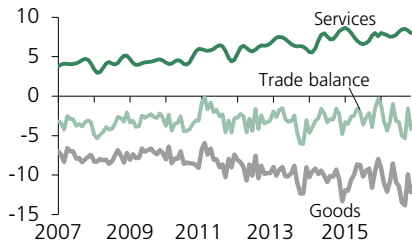
Source: Financial Times

E1: Trade

In 2015, the UK's exports of goods and services totalled £517 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 & 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 (£90 billion in 2015) was more than offset by a deficit on trade in goods (£120 billion in 2015). The overall trade deficit was £29.8 billion (1.6% of GDP) in 2015.

The trade deficit fell slightly to £11.0 billion in the three months to November 2016, compared to a £11.4 billion deficit in the previous three months. Exports increased by 2.9% in the last three months compared with the previous three months. Imports increased by 2.4%.

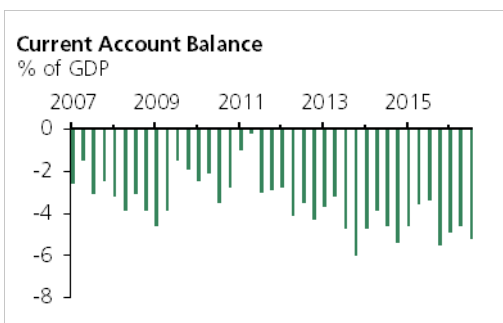
Trade in Goods and Services and Current Account Balance

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	517.4	547.2	-29.8	-80.2	-4.3%
2015 Q3	126.2	134.6	-8.5	-16.1	-3.4%
Q4	130.4	136.3	-5.9	-25.8	-5.5%
2016 Q1	129.8	138.3	-8.6	-23.6	-4.9%
Q2	135.3	142.7	-7.3	-22.1	-4.6%
Q3	135.4	149.0	-13.6	-25.5	-5.2%

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 £80 billion in 2015, down from £85 billion



in 2014. This is a decrease from 4.7% of GDP to 4.3%.

The current account deficit was £25.5 billion in Q3 2016 (5.2% of GDP), up from £22.1 billion (4.6% of GDP) in Q2.

Subject Specialist

Dominic Webb
x2042

Update

ONS, [UK Trade](#), 10 Feb 2017

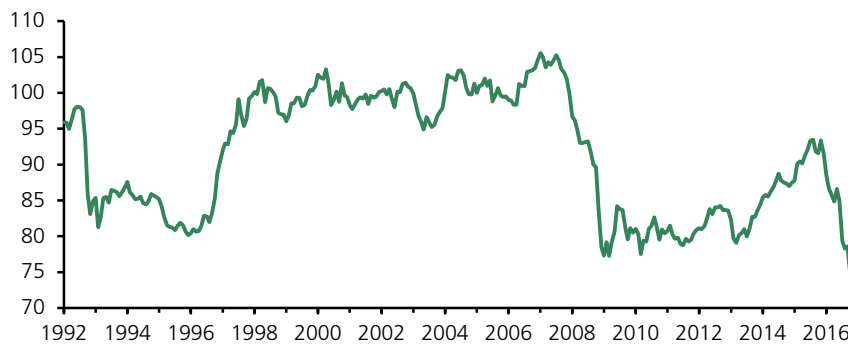
ONS, [UK Balance of Payments](#), 31 Mar 2016

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 2.1% in December 2016 compared with November. Compared with the same period a year ago, it is 14.5% lower. In December the SERI was at its sixth lowest monthly level since the series began (the lowest was October 2016). It is 25.9% below its July 2007 peak level.

Sterling Exchange Rate Index (SERI)
Jan 2005=100

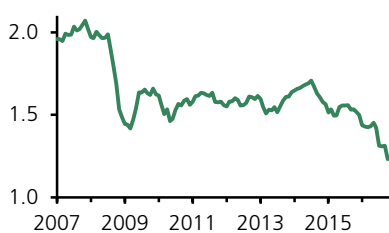


On average in December compared with November, the pound was up 0.5% against the dollar. Despite this increase, and following weakness in early January, the value of the pound against the dollar is still sharply lower since the EU Referendum, from \$1.48 on 23 June to \$1.22 on 12 January.

Sterling was up 2.6% against the Euro on average in December compared to November – the second largest monthly increase over the last 12 months. 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
€1.15 per £1
(On 12 Jan 2017)

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 Oct	1.23	-19.6%	1.12	-18.1%
Nov	1.24	-17.8%	1.15	-16.4%
Dec	1.25	-17.7%	1.18	-18.7%

Source: Bank of England, Bankstats database

Subject Specialist
Daniel Harari
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Updates
Financial Times, [sterling exchange rates](#) (daily)

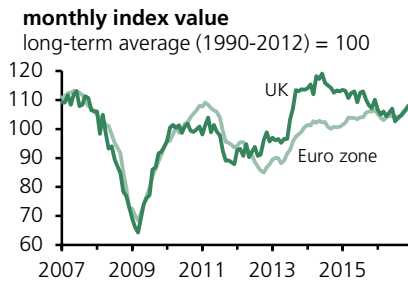
Bank of England, [SERI & monthly rates](#), Early February 2017

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.

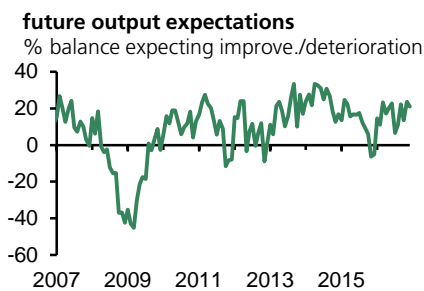
European Commission Economic Sentiment Indicator

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



Between November and December 2016, the overall UK sentiment index increased by 1.3 points to 108.6 – levels are now similar to those seen in the last quarter of 2015.

CBI Industrial Trends Survey



The CBI carries out monthly and quarterly Industrial Trends surveys.

In December, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +21% of manufacturers, down slightly from

+24% of manufacturers in November. The level is similar to that seen 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 December, the overall consumer confidence index was -7, at a similar level to the -8 seen in November.

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 27 Feb 2017

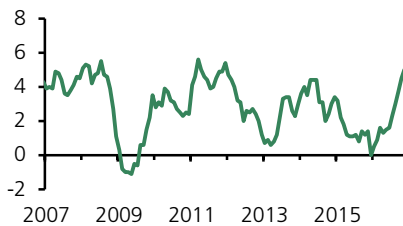
CBI, [Industrial Trends](#), mid Jan 2017

GfK NOP, [Consumer Confidence](#), 31 Jan 2017

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £8.5 billion in November 2016, up from £8.0 billion in November 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



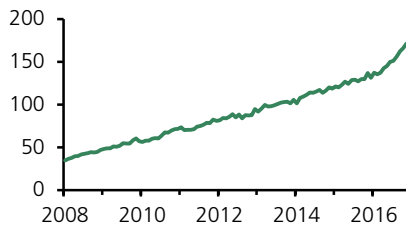
Over the three months to November 2016, the value of retail sales was up 2.4% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 5.0% in the three months to November 2016.

The average weekly value of

internet sales in Great Britain was £1.1 billion in November 2016.

Value of internet retail sales
2013=100, seasonally adjusted



The value of internet sales in November 2016 was up 24.9% 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	Nov	101.7	108.1	104.6
2015	Nov	102.4	109.2	105.3
2016	Sep	103.7	110.8	108.8
	Oct	103.9	114.3	111.0
	Nov	103.4	115.5	111.6
% change on yr		1.8	4.1	5.0

The average weekly value of sales in food stores was £3.0 billion in November 2016 and £3.7 billion in non-food stores.

The value of sales in food stores in the three months to November 2016 was up 1.8% on the same period last year.

The value of sales in non-food stores was up 4.1% on last year.

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

Total includes fuel and non-store retailing

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

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Updates

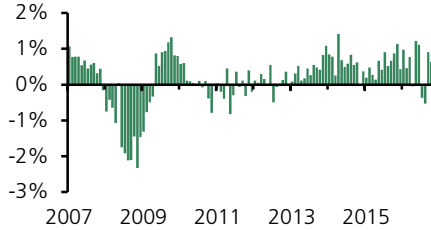
ONS, [Retail Sales](#),
20 Jan 2017

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 6.9% between October 2015 and October 2016. On a seasonally adjusted basis house prices increased by 0.6% between September 2016 and October 2016.

UK House Price Index

Monthly mix-adjusted % change, SA



There are regional differences in house prices. The average price is highest in London at roughly £475,000. The lowest prices are found in Northern Ireland and the North East at £124,000 and £125,000 respectively.

Mortgage approvals; UK

Thousands, SA



Mortgage approvals in

November 2016 were up by 0.2% on the previous month but 3.7% down on a year ago. Approvals remain well down on pre-recession levels. There were 67,505 mortgage approvals in November 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.

House-building; England

Thousands, SA



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.

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ONS, [UK house price index](#), 17 Jan 2017

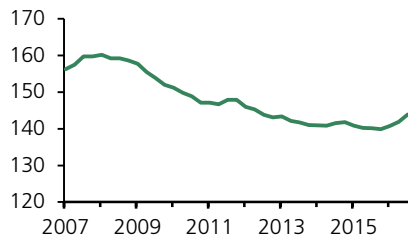
Bank of England, [Money and credit](#), 31 Jan 2017

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

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

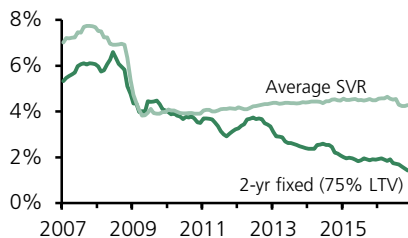


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly for another year or so.

In Q3 2016, household debt was 144%. It has been rising for much of the past year.

Current average mortgage interest rates

Current average mortgage interest rates

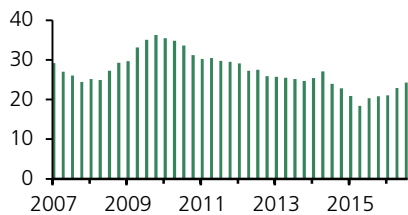


The average Standard Variable Rate (SVR) fell following the [cut in the base interest rate by the Bank of England](#) in August 2016. The SVR was 4.28% in November 2016, down 0.21% points on the year.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.42% in November down 0.5% 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.

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Updates

Bank of England,
[Statistical database](#), 31
Jan 2017

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

ONS, [UK Economic
Accounts](#), 31 March
2017

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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