



BRIEFING PAPER

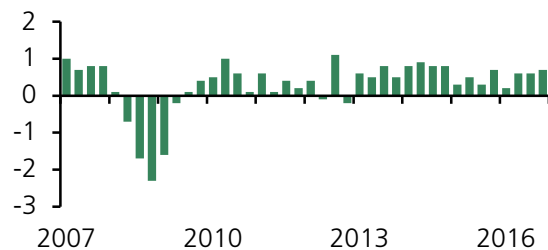
Number 7893, 6 March 2017

Economic Indicators, March 2017

By Daniel Harari,
Matthew Ward

GDP growth

% change on previous qtr



GDP grew by 0.7% in real terms in Q4 2016 compared with the previous quarter.

Consumer Prices Index (CPI)

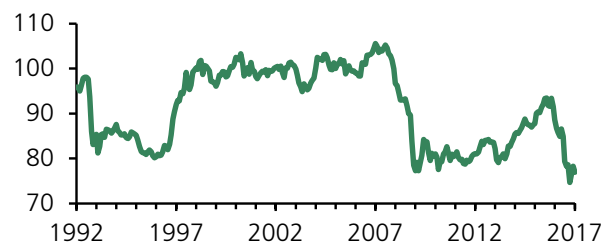
% change on yr



Consumer prices rose by 1.8% in January 2017 compared with a year ago, up from 1.6% in December 2016.

Sterling Exchange Rate Index

Jan 2005=100



Measured against a basket of currencies, the pound was 10.6% lower in February 2017 than the same period a year ago

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1. Headline UK Economic Indicators, March 2017

Gross Domestic Product: Q4 2016, Seasonally Adjusted		
Change (real %)	0.7 (qtr)	2.0 (yr)
Industries		
Service output: December 2016		
Change (%)	0.2 (mth)	2.8 (yr)
Manufacturing output: December 2016		
Change (%)	2.1 (mth)	4.0 (yr)
Productivity: Q3 2016, Seasonally Adjusted		
Output per hour		
Change (%)	0.4 (qtr)	0.4 (yr)
Inflation: January 2016		
Change on year (%)	1.8 (CPI)	2.5 (RPI)
Labour Market: Oct-Dec 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)		74.6
Change (% points)	0.1 (qtr)	0.1 (yr)
Interest Rate: as of 6 March 2017		
Bank of England Base Rate		0.25 (%)
Public Finances: 2015/16		
Net borrowing	72 (£ bn)	3.8 (% GDP)
Net debt	1,606 (£ bn)	83.7 (% GDP)
Trade: Q3 2016		
Current Account	-25.5 (£ bn)	-5.2 (% GDP)
Sterling Exchange rate: 3 March 2017		
US Dollar (\$)	1.23 (rate)	-15.1 (% change on yr)
Euro (€)	1.16 (rate)	-11.6 (% change on yr)
EC Economic Sentiment Indicator for UK: February 2017		
Points (1990-2012 average = 100)		109.4
Change (points)	+2.3 (mth)	+4.6 (yr)
Retail Sales: January 2017, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.9 (% change on yr)
Housing Market: December 2016, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	1.4 (mth)	7.2 (yr)

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

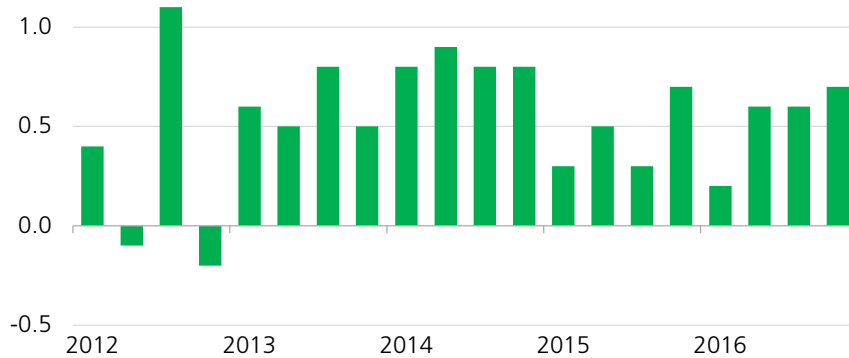
2. This month's developments

The Library paper [Spring Budget 2017: Background briefing's](#) contains a section looking at recent developments in - and future prospects of - the UK economy. This is a slightly amended version of the summary of that section.

Growth in the UK economy during the second half of 2016 continued unaffected by the EU referendum result. GDP increased by 0.6% in Q3 2016 compared with the previous quarter and by 0.7% in Q4 2016, supported by robust consumer spending. In 2016 as a whole, GDP growth was 1.8%.

Quarterly real GDP growth

% change in real GDP on previous quarter

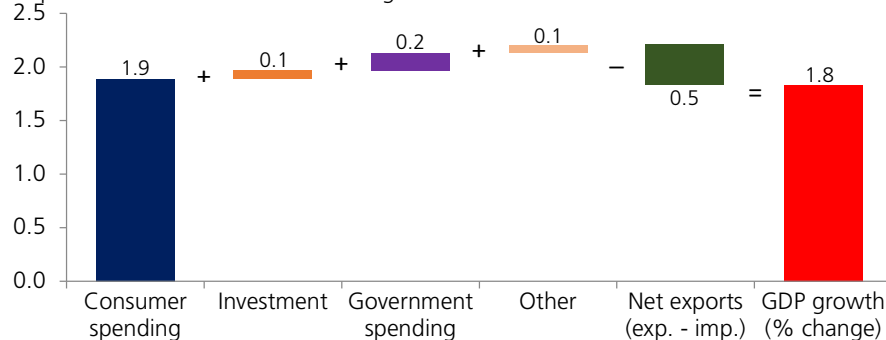


Source: ONS, series IHYQ

Growth in 2016 was dependent on consumer spending, which increased by 3.1% for the year as a whole, its strongest annual expansion since 2004. Meanwhile, other parts of the economy fared less well. Total investment grew by only 0.5% in 2016, with business investment falling by 1.5%. Exports rose by 1.4%, while imports increased by 2.5%, resulting in net trade subtracting 0.5 percentage points from 2016 growth.

GDP growth in 2016 dependent on household spending

%-point contribution to annual GDP growth in 2016



Source: Library calculations based on data in ONS, Second Estimate of GDP Q4 2016

Consumers' appetite to spend, the bedrock of recent economic growth, will be tested by the increase in inflation currently underway and which is anticipated to continue. This is mostly the result of the fall in the pound since the EU referendum (down 12% as of 1 March), causing import prices to rise. Consumer prices were up 1.8% in the year to

January, mostly due to higher petrol prices and the period of falling food prices coming to an end. Consumer price inflation is forecast to reach approximately 3% later this year and early next year.

UK£ exchange rate index against main trading partners

Index, where 23 June 2016 =100; daily values from 1 Sep'15 to 1 Mar'17

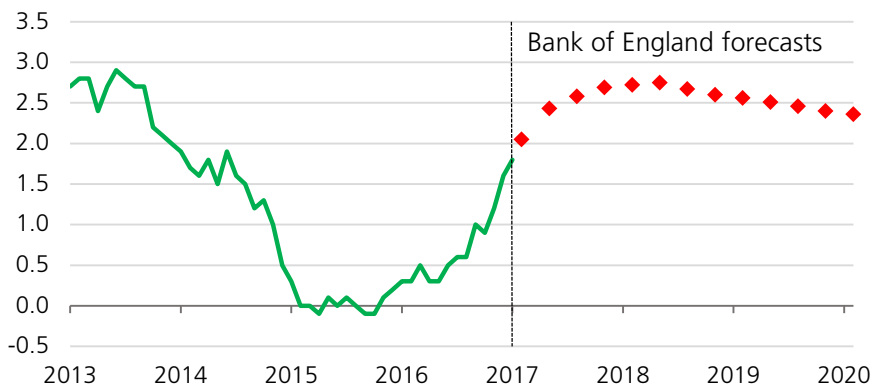


Source: Bank of England

Rising inflation will eat into consumers' purchasing power. This is the main reason GDP growth is forecast to slow to 1.4% in both 2017 and 2018 (based on the average of economists' latest forecasts).

Consumer price inflation expected to rise

Annual % change in CPI, monthly data and quarterly forecasts



Source: ONS, series D7G7 and Bank of England projections from February 2017 Inflation report: mode forecasts based on market interest rate expectations and other policy as announced

Without unexpectedly higher income growth, an acceleration in household borrowing and/or reductions in savings rates, overall economic growth will need to come from elsewhere to prevent a sharper slowdown. It is unlikely to come from investment, which is forecast to remain weak, and government spending is not likely to provide any meaningful boost to GDP. Instead, the hope – and expectation – is that the fall in the pound will boost the performance of UK exporters, thereby contributing to growth in 2017 and 2018.

For a more detailed look at the UK's economic situation, please see the Library briefing paper [Spring Budget 2017: Background briefing](#) from which the above is taken.

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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A1: Gross Domestic Product

The economy grew by 0.7% in Q4 2016 compared to the previous quarter, following growth of 0.6% in Q3 2016.

Real Gross Domestic Product seasonally adjusted

	% change on qtr	% change on yr
2013	...	1.9
2014	...	3.1
2015	...	2.2
2016	...	1.8
2015 Q4	0.7	1.7
2016 Q1	0.2	1.6
Q2	0.6	1.7
Q3	0.6	2.0
Q4	0.7	2.0

GDP in Q4 2016 was 2.0% higher than a year before.

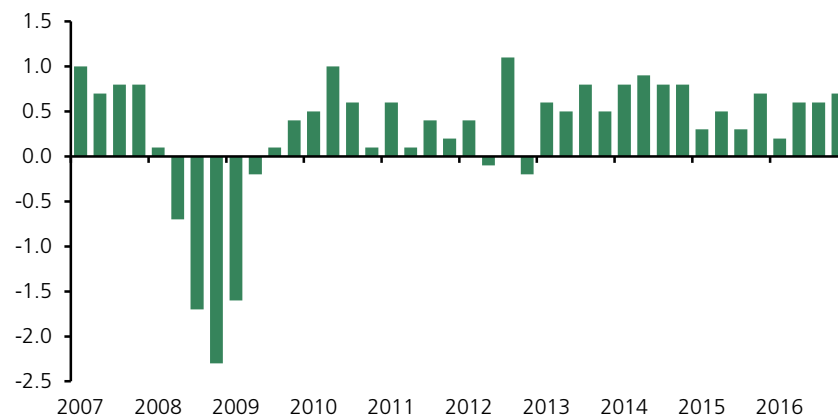
GDP has now increased for 16 consecutive quarters and is estimated to have grown by 1.8% in 2016, compared to growth of 2.2% in 2015.

GDP in cash terms was £1,940 billion in 2016.

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

In February 2017, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.4% for 2017 and 1.4% for 2018.

The latest Office for Budget Responsibility (OBR) forecasts, published alongside the 2016 Autumn Statement, are for growth of 1.4% in 2017 and 1.7% in 2018.

Annual GDP growth forecasts (%)

	2017	2018
HM Treasury average of independent forecasts (Feb 17)	1.4	1.4
OBR forecasts (Nov 16)	1.4	1.7

Source:

HMT, Forecasts for the UK economy: a comparison of independent forecasts, Feb 2017
Office for Budget Responsibility, *Economic and fiscal outlook*, Nov 2016

Subject Specialist

Daniel Harari
x2464

Updates

HM Treasury, [Forecasts for the UK economy](#),
15 Mar 2017

ONS, [Quarterly National Accounts](#),
31 Mar 2017

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

A2: GDP International

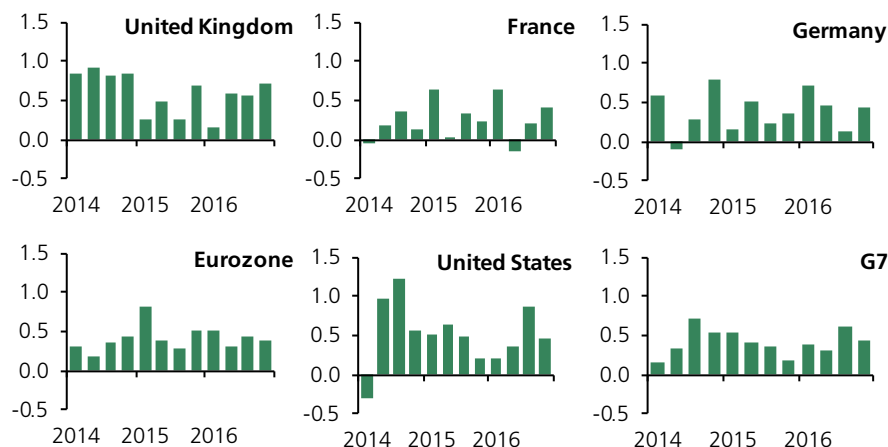
Real GDP in the UK grew by 0.7% in Q4 2016 compared with the previous quarter (revised up from a preliminary estimate of 0.6%). In the same quarter, the US saw growth of 0.5% and the Eurozone 0.4%.

Real GDP % changes

	change on quarter				change on year			
	Q1 16	Q2 16	Q3 16	Q4 16	Q1 16	Q2 16	Q3 16	Q4 16
UK	0.2	0.6	0.6	0.7	1.6	1.7	2.0	2.0
Eurozone	0.5	0.3	0.4	0.4	1.7	1.6	1.8	1.7
USA	0.2	0.4	0.9	0.5	1.6	1.3	1.7	1.9
Japan	0.6	0.4	0.3	0.2	0.4	0.9	1.1	1.6
Germany	0.7	0.5	0.1	0.4	1.8	1.8	1.7	1.8
France	0.7	-0.1	0.2	0.4	1.2	1.1	1.0	1.2
G7	0.4	0.3	0.6	0.4	1.4	1.3	1.5	1.7
OECD	0.4	0.4	0.5	0.4	1.7	1.7	1.7	1.7

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 13 February, the European Commission raised its 2017 GDP growth [forecast](#) for the UK from 1.0% (in November) to 1.5%, noting the stronger-than-expected growth in the aftermath of the EU referendum.

Real GDP growth forecasts % change

	IMF (Jan 17)		EC (Feb 17)		OECD (Nov 16)	
	2016	2017	2016	2017	2016	2017
UK	2.0	1.5	2.0	1.5	2.0	1.2
France	1.3	1.3	1.2	1.4	1.2	1.3
Germany	1.7	1.5	1.9	1.6	1.7	1.7
Eurozone	1.7	1.6	1.7	1.6	1.7	1.6
US	1.6	2.3	1.6	2.3	1.5	2.3
Japan	0.9	0.8	1.0	0.5	0.8	1.0
China	6.7	6.5	6.7	6.4	6.7	6.4
India	6.6	7.2	6.9	7.1	7.4	7.6
Brazil	-3.5	0.2	-3.4	0.6	-3.4	0.0
World	3.1	3.4	3.0	3.4	2.9	3.3

Sources: IMF Jan '17 WEO update; EC Winter '17 forecast; OECD Economic Outlook Nov '16

Subject Specialist

Daniel Harari
x2464

Next updates

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

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

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

European Commission,
[Spring Economic Forecast](#), May 2017

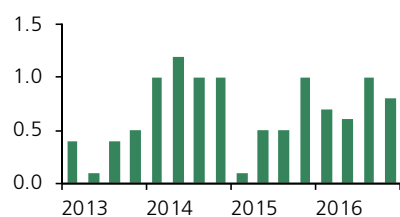
A3: Components of GDP

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 is estimated to have increased by 0.7% in real terms in Q4 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%.

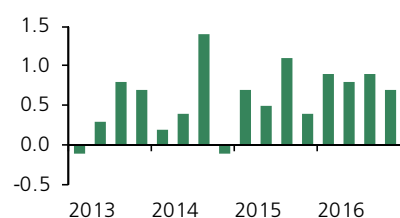
In Q4 2016, service sector output increased by 0.8% in real terms compared with Q3 2016.

Manufacturing output was up by 1.2% (and overall the production sector was up by 0.3%). Output in the construction sector was up slightly, by 0.2%.

GDP by Expenditure

Household consumption is the largest element of expenditure, accounting for 62% of the total in 2016. Government consumption accounted for 19% and investment for 17%.

Household Consumption
quarterly growth (%)



In Q4 2016, household consumption grew by 0.7% in real terms compared with Q3.

Government consumption up 0.2% and investment was flat (0.0%).

Exports increased by 4.1% while imports decreased by 0.4%.

GDP by expenditure

% change on previous quarter (real terms)

	Household consumption	Government consumption	Investment	Exports	Imports	GDP
2015 *	2.5	1.3	3.4	6.1	5.5	2.2
2016 *	3.1	0.8	0.5	1.4	2.5	1.8
2015 Q4	0.4	-0.2	-0.9	5.9	2.1	0.7
2016 Q1	0.9	0.4	0.1	-2.9	0.3	0.2
Q2	0.8	0.1	-0.2	1.2	0.4	0.6
Q3	0.9	0.0	0.9	-2.6	1.3	0.6
Q4	0.7	0.2	0.0	4.1	-0.4	0.7

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

Note: * annual % change

Subject Specialist

Daniel Harari
x2464

Update

ONS, [Quarterly National Accounts](#), 31 Mar 2017

ONS, [Gross Domestic Product: Preliminary Estimate](#), 28 Apr 2017

ONS, [Second Estimate of GDP](#), 25 May 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.

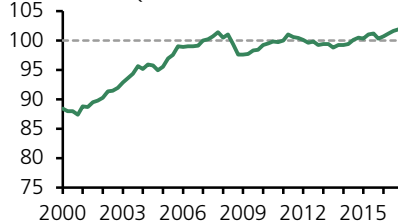
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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
2015	..	0.9
2016*	..	0.6
2016 Q1	0.4	0.4
Q2	0.5	0.2
Q3	0.4	0.4
Q4*	0.3	1.6

Source: ONS series LZVD, TXBB

* Based on 'flash' ONS estimate for Q4 2016

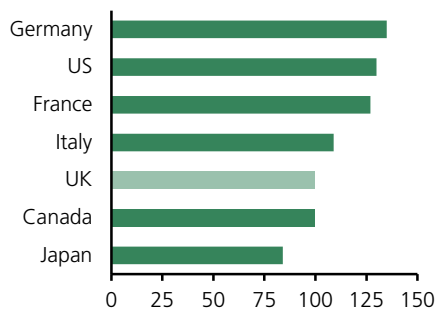
Productivity across the whole UK economy increased by 0.3% in Q4 2016 compared with the previous quarter, and by 1.6% compared with a year ago (data based on first 'flash' ONS estimates). In 2016 as whole, productivity was up by 0.6% compared with 0.9% the year before.

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](#), 5 Apr 2017

ONS, [International comparisons of productivity](#), 5 Apr 2017

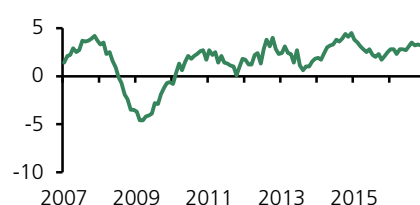
A5: Services

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

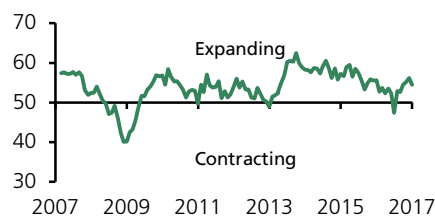


Output increased by 0.2% in December compared to November.

Compared with a year before, it has increased by 2.8%.

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 February 2017 the index was 53.3, down from 54.5 in January, signifying the index's second successive monthly fall.

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. The index has now remained above 50.0 for six consecutive months (a figure above 50 indicates that output is increasing).

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2015	106.0	2.6	2015 Feb	56.7	
2016	109.1	2.9	2016 Feb	52.7	
2016 Oct	110.2	3.3	2016 Dec	56.2	1.0
Nov	110.4	3.2	2017 Jan	54.5	-1.7
Dec	110.7	2.8	Feb	53.3	-1.2

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

Subject Specialist

Federico Mor
x2454

Update

ONS, [Index of Services](#),
31 March 2017

Markit/CIPS, [UK Services PMI](#), 5 April
2017

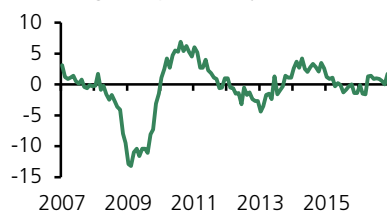
A6: Manufacturing

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



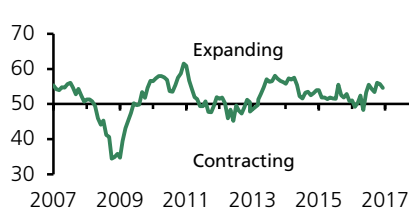
Total manufacturing output was up in December compared to November 2016, by 2.1%. This is the largest monthly increase since April 2016.

Manufacturing output was up by 4.0% over the whole year to December 2016.

This is the largest year on year increase since April 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 February 2017 it was 54.6, down 1.1 points on the January figure, and a three-month low after December's two-and-a-half

year high.

The headline PMI has now remained above the neutral mark of 50.0 for seven months.

Markit observe further solid growth of production and new orders, particularly for export, during February, comfortably above long-run averages. They also note business optimism, in spite of ongoing purchase price rises: input cost inflation remained at one of its highest levels since records began.

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

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2015	102.7	-0.2	2015 Feb	54.0	
2016	103.4	0.7	2016 Feb	50.8	
2016 Oct	102.8	0.0	2016 Dec	56.1	2.7
Nov	104.2	1.7	2017 Jan	55.7	-0.4
Dec	106.3	4.0	Feb	54.6	-1.1

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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Federico Mor
x2454

Update

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

Markit/CIPS, [UK Manufacturing PMI](#), 3 April 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 1.8% in January, up from 1.6% in December. This is the CPI’s highest rate since June 2014.

The RPI inflation rate also increased from 2.5% in December to 2.6% in January. This is also the RPI’s highest rate since June 2014.

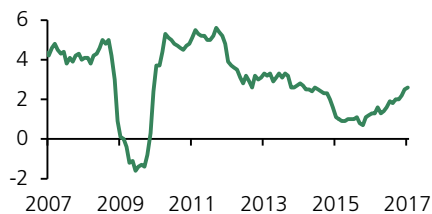
Consumer Prices Index (CPI)
% change on yr



The main contribution to the CPI increase came through prices for motor fuels and food.

These upward pressures were partially offset by prices for clothing and footwear, which fell by more than they did a year ago.

Retail Prices Index (RPI)
% change on yr



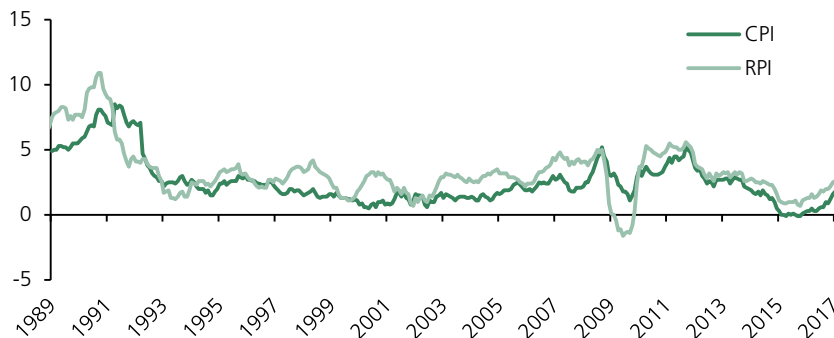
Price Indices

% change on a year ago

		CPI	RPI
2014	Jan	1.9	2.8
2015	Jan	0.3	1.1
2016	Jan	0.3	1.3
2016	Nov	1.2	2.2
	Dec	1.6	2.5
2017	Jan	1.8	2.6

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



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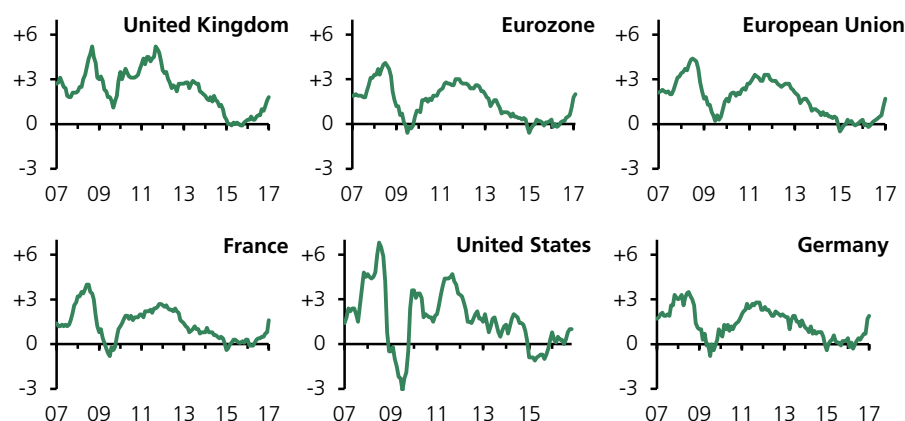
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 21 March 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 1.8% in the year to January 2017, up from 1.6% in December 2016 and from 0.3% in January 2016. This is the highest rate of inflation since June 2014.

Annual inflation in the Eurozone is provisionally estimated as 2.0% in February 2017, up from 1.8% in January and -0.2% in February 2016.

Inflation was 1.9% in Germany in January and 1.6% in France. Belgium had the highest annual inflation rate in the EU in January at 3.1%, followed by Latvia at 2.9%. The lowest inflation rate in the EU was Ireland where inflation was 0.2%.

HICP inflation in the US in the year to November was 1.0%, the same as in October.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2014	2015	2016	Nov 16	Dec 16	Jan 17	Feb 17
UK	1.5	0.0	0.7	1.2	1.6	1.8	..
Eurozone	0.4	0.0	0.2	0.6	1.1	1.8	2.0
European Union	0.5	0.0	0.3	0.6	1.2	1.7	..
France	0.6	0.1	0.3	0.7	0.8	1.6	..
Germany	0.8	0.1	0.4	0.7	1.7	1.9	..
US	1.3	-0.7	..	1.0

Source: ONS, Eurostat & stat.OECD database

Subject Specialist

Daniel Harari
x2464

Update

ONS, [Consumer Prices bulletin](#) (UK), 21 Mar

Eurostat, [Flash estimate](#) (Eurozone), 31 Mar

Eurostat, [HICP full release](#), 16 Mar

B3: Average Earnings

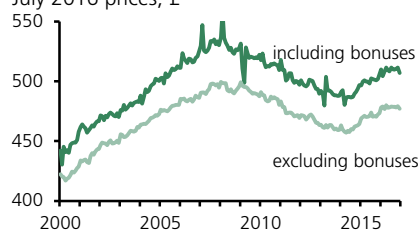
In April 2016 median gross weekly earnings for full-time employees were £539, up 2.2% on April 2015.

More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.6% higher in the three months to December 2016 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.6%. Inflation as measured by the CPI averaged 1.2% over the same period.

Average Earnings, Whole Economy

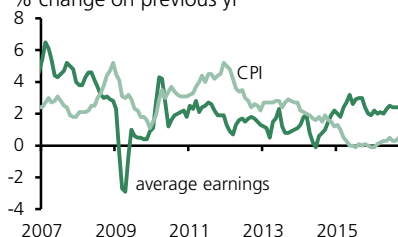
Real average weekly earnings

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	Dec	2.2	2.6	0.7
2015	Dec	1.9	2.1	1.3
2016	Oct	2.5	2.8	1.4
	Nov	2.8	3.2	1.3
	Dec	2.6	2.8	1.5

Average weekly total pay (including bonuses) grew by 2.8% in the **private sector** in the three months to December 2016, compared with the year before. In the **public sector**, total pay increased by 1.5%.

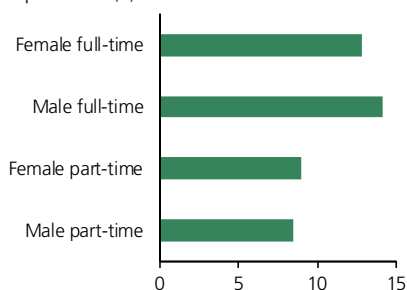
Note: Data show annual % change in earnings to three month period ending in given month; data are seasonally adjusted

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

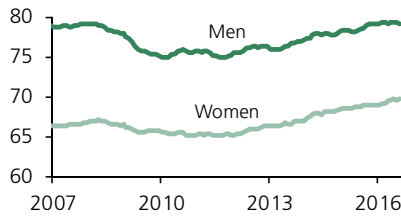
ONS, [Labour Market Statistics](#), 15 Mar 2017

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

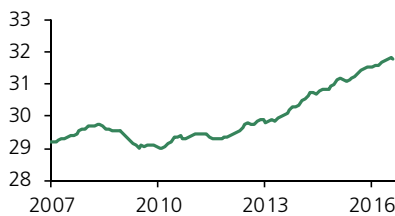
C1: Employment

31.84 million people were in employment in October- December 2016, up 37,000 from the previous quarter and 302,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.6%, up 0.1% points on the previous year.

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



Employment; UK
Millions, age 16+, seasonally adjusted



Female employment increased by 55,000 over the past quarter to 14.94 million. The employment rate for women aged 16-64 was 70%

16.90 million men were in work in October-December 2016, 18,000 lower than the previous quarter. The employment rate for men aged 16-64 was 79.3%.

4.80 million people were self-employed, up 0.3% points on the previous quarter. The number of people working as employees was unchanged from the previous quarter at 26.82 million.

23.29 million people were working full-time in October- December 2016, up 45,000 from the previous quarter and 218,000 higher than a year earlier. There were 8.55 million people working part-time, down 7,000 from the previous quarter but 84,000 higher than a year earlier.

1.61 million people were employed on a temporary basis, down 13,000 from the previous quarter and down 10,000 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
Oct-Dec	2013	30,285	72.0	16,128	76.9	14,157	67.1	3,709	50.8
Oct-Dec	2014	30,940	73.2	16,438	77.9	14,503	68.5	3,835	52.6
Oct-Dec	2015	31,534	74.1	16,829	79.2	14,705	69.1	3,984	54.9
Jul-Sep	2016	31,799	74.5	16,917	79.2	14,882	69.8	3,910	54.4
Dec-Feb	2017	31,837	74.6	16,900	79.3	14,937	70.0	3,948	55.1
<i>Change on qtr</i>	<i>Level</i>	37	0.1	-18	0.0	55	0.2	38	0.7
	<i>%</i>	0.1%		-0.1%		0.4%		1.0%	
<i>Change on yr</i>	<i>Level</i>	302	0.5	70	0.1	232	0.8	-36	0.2
	<i>%</i>	1.0%		0.4%		1.6%		-0.9%	

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

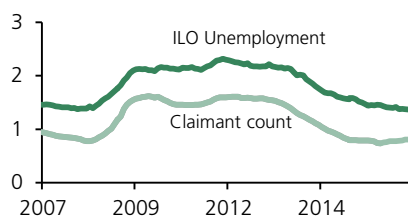
ONS, [Labour Market Statistics](#), 15 Mar 2016

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

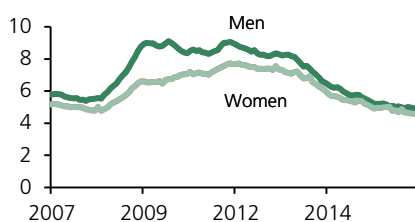
Millions, age 16+, seasonally adjusted



ILO unemployment was 1.60 million people in the UK in October- December 2016, down 7,000 on the previous quarter and down 97,000 from the previous year.

Unemployment Rate; UK

%, age 16+, seasonally adjusted



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

The claimant count in January 2017 was 745,000 people aged

18 or over. This is a decrease of 42,400 from the previous month but an increase of 2,800 thousand from the previous year.

There were 877,000 men unemployed in October- December 2016, was virtually unchanged on the previous quarter but down 48,000 from a year earlier. 720,000 women were unemployed, down 8,000 on the previous quarter and down 50,000 from a year earlier.

568,000 people aged 16-24 were unemployed in October- December 2016, down 36,000 on the previous year. The unemployment rate for 16-24 year olds was 12.6%, down from 13.6% 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
Oct-Dec	2013	2,359	7.2	1,323	7.6	1,037	6.8	930	20.0
Oct-Dec	2014	1,875	5.7	1,044	6.0	831	5.4	750	16.4
Oct-Dec	2015	1,694	5.1	925	5.2	770	5.0	625	13.6
Jul-Sep	2016	1,604	4.8	876	4.9	728	4.7	591	13.1
Oct-Dec	2016	1,597	4.8	877	4.9	720	4.6	568	12.6
Change on qtr	Level	-7	0.0	1	0.0	-8	-0.1	-23	-0.5
	%	0%		0%		-1%		-4%	
Change on yr	Level	-97	-0.3	-48	-0.3	-50	-0.4	-57	-1.0
	%	-6%		-5%		-6%		-9%	

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

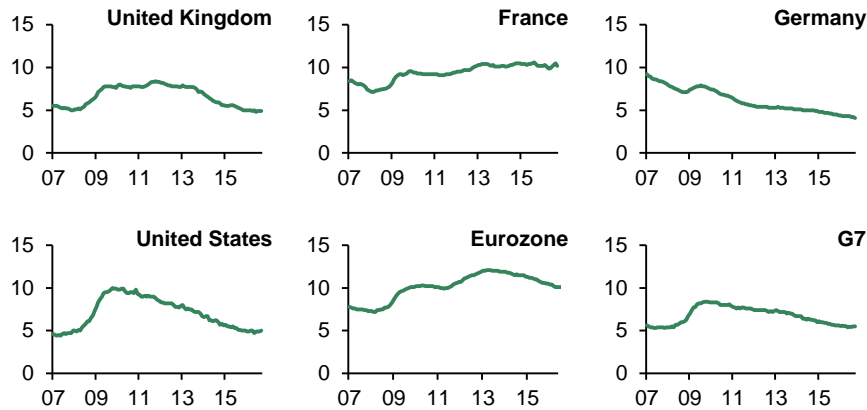
Updates

ONS, [Labour Market Statistics](#), 15 Mar 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 4.8%. This was below the rate of France (10.1%) but above that of Germany (4.1%).

In the US, the unemployment rate stood at 4.7% in Q4 2016, down from Q3. In the G7, the unemployment rate was 5.3% in Q4 2016, up from Q3 2016.

Spain had the highest harmonised unemployment rate out of the OECD member states for Q4 2016 (18.7%). Unemployment in Greece stood at 23.2% in Q3 2016.

Iceland, Japan and South Korea had the lowest unemployment rate in the OECD for Q4 2016 at 2.8%, 3.1% and 3.6% 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 45.3% 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
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
2016	7.0	9.9	4.1	11.7	3.1	..	4.9	10.0	5.5	6.3
2013 Q4	7.1	10.1	5.1	12.4	3.9	7.2	6.9	11.9	6.8	7.7
2014 Q4	6.7	10.5	4.9	12.8	3.5	5.7	5.7	11.4	6.1	7.1
2015 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	10.1	4.1	11.6	3.0	4.8	4.9	9.9	5.5	6.3
Q4	6.9	9.6	3.9	11.9	3.1	..	4.7	9.7	5.3	6.2
<i>Change on qtr</i>	<i>-0.1</i>	<i>-0.5</i>	<i>-0.2</i>	<i>0.3</i>	<i>0.0</i>	<i>...</i>	<i>-0.2</i>	<i>-0.3</i>	<i>-0.1</i>	<i>-0.1</i>
<i>Change on yr</i>	<i>-0.1</i>	<i>-0.6</i>	<i>-0.5</i>	<i>0.3</i>	<i>-0.2</i>	<i>...</i>	<i>-0.3</i>	<i>-0.8</i>	<i>-0.3</i>	<i>-0.4</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
9 March 2017

D1: Interest Rates and Monetary Policy

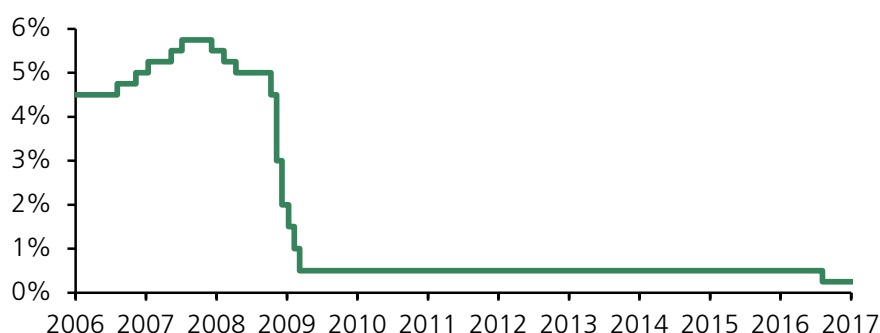
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 [2 February 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 [February meeting](#). The MPC forecasts inflation to rise above its 2% target in 2017 as a result of the recent fall in sterling. The MPC revised up its forecasts for economic growth in its February *Inflation Report*. The MPC is not expected to change interest rates over the near term.

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. Policy was left unchanged in January.

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. Policy was left unchanged in February.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([16 Mar](#))
ECB ([9 Mar](#))
US ([15 Mar](#))

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	136	8.6%	1,156	71.6%
2011/12	116	7.1%	1,251	75.4%
2012/13	122	7.2%	1,363	79.1%
2013/14	103	5.8%	1,466	81.2%
2014/15	95	5.2%	1,554	83.6%
2015/16	72	3.8%	1,606	83.7%
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

As of January 2016, the government has borrowed 22% less than at the same point of 2015/16. The Office for Budget Responsibility (OBR) forecasts that borrowing across the whole of 2016/17 will be 10% lower than in 2015/16.

OBR's November 2016 forecast

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.

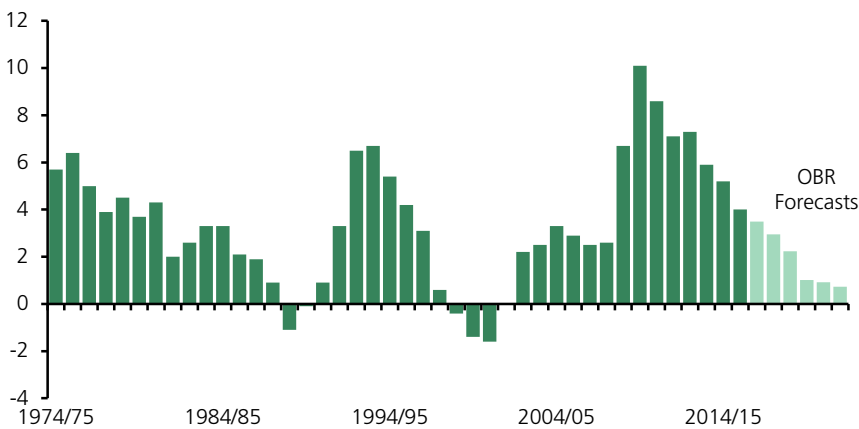
The ONS's figures for 2015/16 and 2016/17 are provisional: they are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

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.

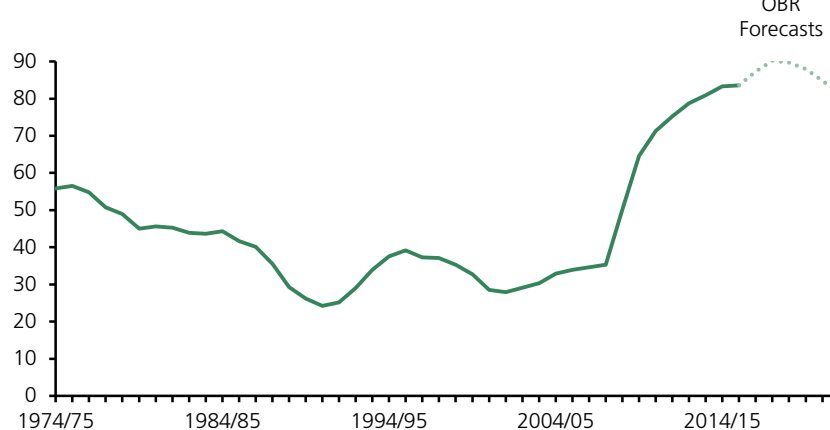
Public sector net borrowing

% of GDP



Public sector net debt

% of GDP



Subject Specialist

Matt Keep
x4324

Next update

ONS, [Public sector finances](#), 21 Mar 2017

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

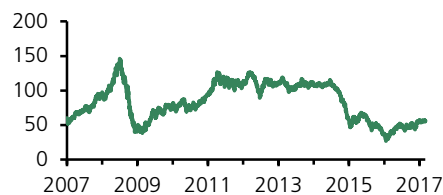


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index hit a series of highs from October 2016 and closed at twelve successive record highs between December 2016 and January 2017. This is the

index's longest run of successive all-time peaks since its inception in 1984. The index closed at another record high (7,382.90) on 1 March.

Brent Crude Oil

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

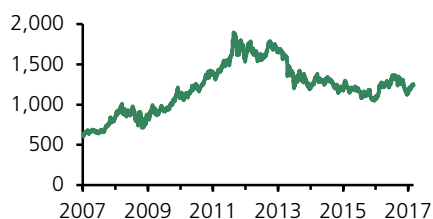


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since February 2004. The price has since climbed and reached \$57/barrel on 28 December 2016, after OPEC agreed to its first supply cut in

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. It is up 1% on the month and down 1% on the year to 3 March.

Data from 3 March 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
03 Mar 2017	7374.26	55.80	1226.50
%change over:			
1-month	3%	-2%	1%
12-months	20%	52%	-1%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

Daniel Harari
x2464

Updates

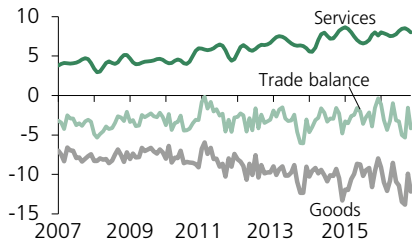
Financial Times, Weekly Basis

E1: Trade

In 2016, the UK's exports of goods and services totalled £545 billion and imports totalled £582 billion. The EU accounted for 44% of UK exports of goods and services in 2015 and 53% of imports in 2015.

Balance of trade, goods & services

£ billion, monthly data



Overall, the UK imports more than it exports meaning that it runs a trade deficit. The trade deficit was £36.8 billion in 2016 (1.9% of GDP).

The trade deficit fell to £5.9 billion in Q4, 2016 compared to a £13.7 billion deficit in the previous quarter. Exports increased by 6.7% in Q4 2016 while imports increased by 0.8% in cash terms.

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2015		517.4	547.2	-29.8	-80.2	-4.3%
2016		544.8	581.7	-36.8
2015	Q4	130.4	136.3	-5.9	-25.8	-5.5%
2016	Q1	129.2	138.5	-9.3	-23.6	-4.9%
	Q2	135.0	142.8	-7.9	-22.1	-4.6%
	Q3	135.8	149.5	-13.7	-25.5	-5.2%
	Q4	144.9	150.8	-5.9

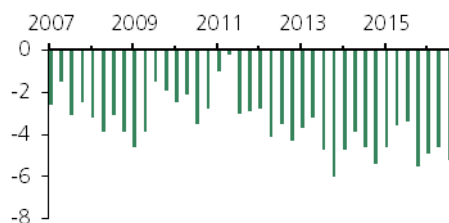
Source: ONS, series: IKBH, IKBI, IKBJ, HBOP, AA6H

.. Indicates data not yet published

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%.

Current Account Balance

% of GDP



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 Mar

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

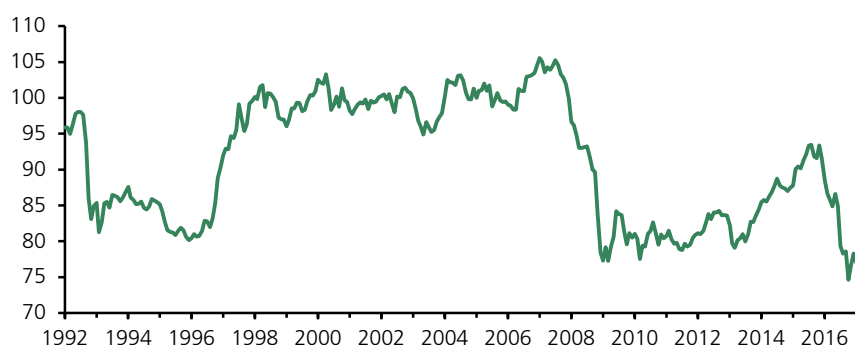
E2: Exchange Rates

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

The SERI fell rose 0.8% in February 2017 compared with January. Compared with the same period a year ago, it is 10.6% lower. In January the SERI was at its sixth lowest monthly level since the series began in January 1992 (the lowest was October 2016). It is 26.6% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



On average in February compared with January, the pound was up 1.1% against the dollar. The value of the pound against the dollar is still sharply lower since the EU Referendum, from \$1.48 on 23 June to \$1.23 on 3 March.

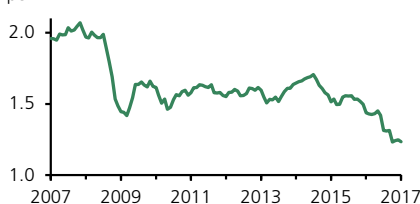
Sterling was down 1.0% against the Euro on average in February compared to January. On 3 March, the Euro was valued at €1.16 per £1. This compares with an all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 on 31 December 1998.

Latest closing prices:
\$1.23 per £1
€1.16 per £1
(On 3 March 2017)

€/£ Exchange Rate
€ per £



US\$/£ Exchange Rate
\$ per £



Sterling Exchange Rates

average rates in period and % changes

	US Dollar (\$)		Euro (€)	
	Rate	% change on yr	Rate	% change on yr
2014	1.65	5.3%	1.24	5.4%
2015	1.53	-7.2%	1.38	11.0%
2016	1.35	-11.4%	1.22	-11.2%
2016 Dec	1.25	-16.7%	1.18	-14.0%
2017 Jan	1.24	-13.1%	1.16	-11.5%
Feb	1.25	-13.8%	1.17	-13.2%

Source: Bank of England, Bankstats database

Subject Specialist

Daniel Harari
x2464

Updates

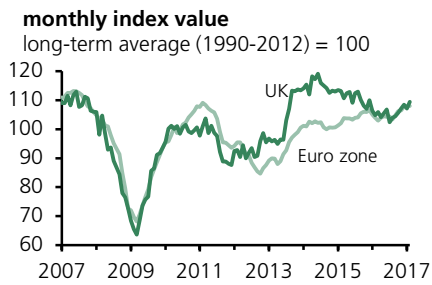
Financial Times, [sterling exchange rates](#) (daily)

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

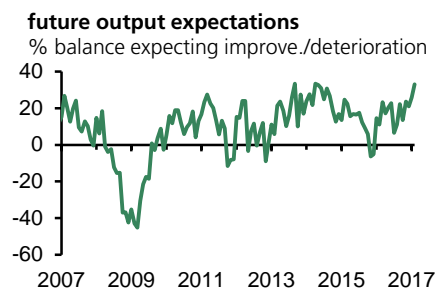
European Commission Economic Sentiment Indicator



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

Between January and February 2017, the overall UK sentiment index increased by 2.3 points to 109.4 – levels are similar to those seen in the last quarter of 2015.

CBI Industrial Trends Survey

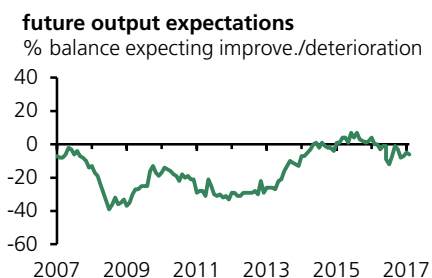


The CBI carries out monthly and quarterly Industrial Trends surveys.

In February, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +33% of manufacturers. This was up from +26% of manufacturers in

January and represents the survey's highest level since May 2014.

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 February, the overall consumer confidence index was -6, similar to the -5 seen in January.

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 30 Mar 2017

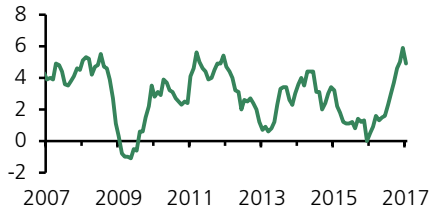
CBI, [Industrial Trends](#), 20 March 2017

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

F2: Retail Sales

The average weekly value of all retail sales in Great Britain was £6.8 billion in January 2017, up from £6.6 billion in January 2016. The

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



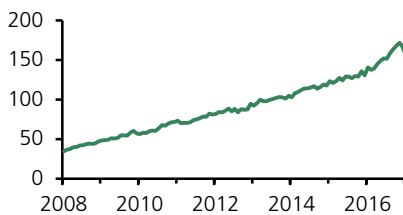
total annual retail sales value for 2016 was £388 billion.

Over the three months to January 2017, the value of retail sales was up 0.8% compared with the previous three months.

Compared to the same period a year ago, the value of retail sales was up 4.9% in the three months to January 2017.

The average weekly value of **internet sales** in Great Britain was £1.0 billion in January 2017.

Value of internet retail sales
2013=100, seasonally adjusted



The value of internet sales in January 2017 was up 10.1% on last year.

Value of retail sales
Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2015	Jan	101.3	106.6	103.7
2016	Jan	102.7	109.7	106.1
2016	Nov	103.9	114.6	111.5
	Dec	103.4	111.9	109.7
2017	Jan	102.8	113.1	109.7
% change on yr		1.3	4.2	4.9

The average weekly value of sales in food stores was £2.7 billion in January 2017 and £2.8 billion in non-food stores.

The value of sales in food stores in the three months to January 2017 was up 1.3% on the same period last year.

The value of sales in non-food stores was up 4.2% on last year.

Change on year is the change on the most recent three month period compared to the same period a year earlier
Total includes fuel and non-store retailing
Source: ONS, series: J5C4, EAQW, EAQY, J5BY, IEAU, IEAX

Subject Specialist

Federico Mor
x2454

Updates

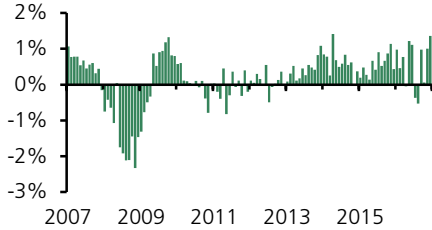
ONS, [Retail Sales](#),
23 March 2017

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 7.2% between December 2015 and December 2016. On a seasonally adjusted basis house prices increased by 1.4% between November 2016 and December 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 £484,000. The lowest prices are found in Northern Ireland and the North East at £125,000 and £129,000 respectively.

Mortgage approvals; UK

Thousands, SA



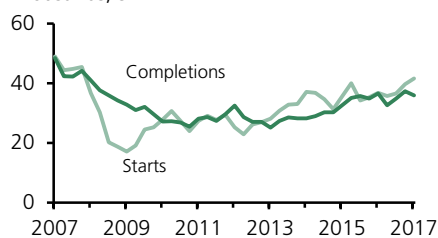
Mortgage approvals in January 2017 were up by 2.4% on the previous month but 3.9% down on a year ago. Approvals remain well down on pre-recession levels. There were 69,928 mortgage approvals in January 2017.

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 5% in Q4 2016 compared with Q3 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 41,620 house building starts (seasonally adjusted) in England in Q3 2016, a 5% increase on the previous quarter, and up 13% 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 35,980 dwelling completions (seasonally adjusted) in Q4 2016, down 4% on the previous quarter and down 2% 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](#), 21 Mar 2017

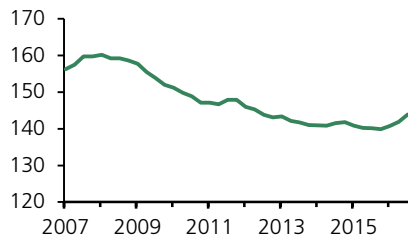
Bank of England, [Money and credit](#), 29 Mar 2017

DCLG, [House-building](#), 25 May 2017

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

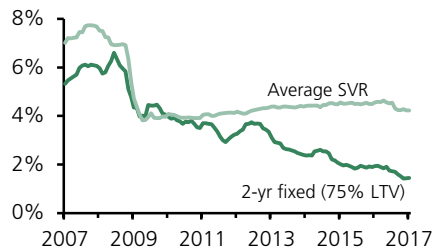


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly over the next few years.

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



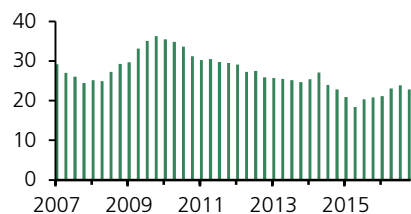
The average Standard Variable Rate (SVR) fell following the [cut in the base interest rate by the Bank of England](#) in August 2016. The SVR was 4.23% in January 2017, down 0.33% points on the year.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.44% in January down

0.49% points on the year.

Individual insolvencies, England and Wales

Individual insolvencies;
England and Wales, Thousands



There were 22,852 individual insolvencies in England and Wales in Q4 2016, 9.8% higher than a year earlier (seasonally adjusted figures). While individual insolvencies in England and Wales have been rising over the last year, the latest figure represents the first quarter on quarter fall since Q2

2015.

In Scotland, there were 2,616 individual insolvencies in Q4 2016, an increase of 12.4% on a year earlier. In Northern Ireland, there were 617 individual insolvencies in Q4 2016, an increase of 1.8% on a year earlier.

Subject Specialist

Daniel Harari
x2464

Updates

Bank of England,
[Statistical database](#), 28
Feb 2017

Insolvency Service,
[Insolvency Statistics](#), 28
Apr 2017

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

4. Glossary

4.1 Definitions¹

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

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

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

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

Basic prices: Prices excluding taxes and subsidies on products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.2 Symbols and abbreviations

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

5. Indicator Sources

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

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