



BRIEFING PAPER

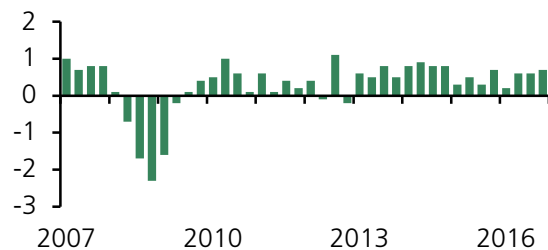
Number 7942, 5 April 2017

Economic Indicators, April 2017

By Andy Powell,
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)

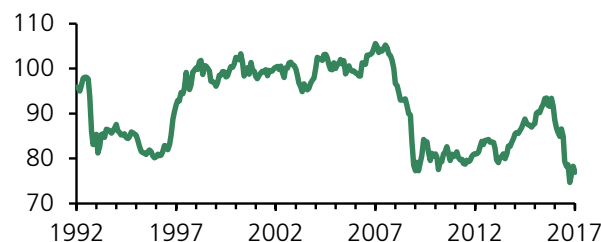
% change on yr



Consumer prices rose by 2.3% in February 2017 compared with a year ago, up from 1.8% in January 2017.

Sterling Exchange Rate Index

Jan 2005=100



Measured against a basket of currencies, the pound was 10.7% lower in March 2017 than the same period a year ago

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1. Headline UK Economic Indicators, April 2017

Gross Domestic Product: Q4 2016, Seasonally Adjusted		
Change (real %)	0.7 (qtr)	2.0 (yr)
Industries		
Service output: January 2017		
Change (%)	-0.1 (mth)	2.4 (yr)
Manufacturing output: January 2017		
Change (%)	-0.9 (mth)	2.7 (yr)
Productivity: Q4 2016, Seasonally Adjusted		
Output per hour		
Change (%)	0.4 (qtr)	0.7 (yr)
Inflation: February 2016		
Change on year (%)	1.8 (CPI)	2.5 (RPI)
Labour Market: Nov 2016-Jan 2017, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.7
Change (% points)	-0.1 (qtr)	-0.3 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		74.6
Change (% points)	0.2 (qtr)	0.5 (yr)
Interest Rate: as of 4 April 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: Q4 2016		
Current Account	-12.1 (£ bn)	-2.4 (% GDP)
Sterling Exchange rate: 4 April 2017		
US Dollar (\$)	1.25 (rate)	-14.3 (% change on yr)
Euro (€)	1.17 (rate)	-7.4 (% change on yr)
EC Economic Sentiment Indicator for UK: March 2017		
Points (1990-2012 average = 100)		110.2
Change (points)	+0.8 (mth)	+4.3 (yr)
Retail Sales: February 2017, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.9 (% change on yr)
Housing Market: January 2017, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	1.3 (mth)	6.2 (yr)

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

2. This month's developments

March 2017 proved to be yet another month that was dominated by Brexit and it concluded with the triggering of Article 50. Both the UK Government and the European Commission say the act is irrevocable, meaning that by April 2019 the UK will probably have left the European Union (EU). In other news inflation increased, unemployment continued to fall and the Spring Budget included an increase in National Insurance contributions for the self-employed, which was reversed a week later.

Article 50 has been triggered

On Wednesday 29 March the UK's ambassador to the EU Tim Barrow delivered a letter from Theresa May to EU Council President Donald Tusk. The letter gave formal notice of the UK's intention to leave the EU and its single market, meaning that Britain will likely officially leave no later than April 2019. It also starts the clock on the two year period the UK has to negotiate an exit deal with the EU.

Inflation continued to rise

Consumer Prices Index (CPI) Inflation increased to 2.3% in February 2017, its highest rate since September 2013, and an increase from 1.8% in January 2017. This reflected upwards pressure from increasing food and transport costs, particularly for fuel.

This was the first month of positive food price growth since April 2014, with positive contributions mainly from fruit and fish, offset by negative contributions from vegetables and meat. There were some rises in individual vegetable product prices in February following the widely reported shortages of some vegetables.

The trade deficit was at its lowest level in five years

The trade deficit was £4.8 billion in the final quarter of 2016, down sharply on the previous quarter figure of £14.8 billion which was unusually large. This was the lowest deficit since Quarter 2 2011.

The main reason for the fall in the trade deficit in the latest quarter was an increase in exports of £10.4 billion from the previous quarter, while imports increased by only £0.5 billion. Goods exports grew particularly strongly, increasing by £7.6 billion (+10%). While this was partly due to increases in exports of erratics (such as aircraft and non-monetary gold) and oil, exports of other categories of goods increased by £3.5 billion.

Unemployment falls but earnings growth slows

Unemployment was 1.58 million people in the UK in November 2016-January 2017, down 31,000 on the previous quarter and down 106,000 from the previous year. The unemployment rate was 4.7%, down from 5.1% a year earlier. This rate has not been lower since June to August 1975.

Average weekly earnings were 2.2% higher in the three months to January 2017 than in the year before. This was lower than the growth

rate in the three months to December 2015 and the three months to December 2016 (2.6%), reflecting lower pay growth across a broad range of industrial sectors. Pay growth was larger in the private sector (2.4%) than in the public sector (1.4%). Inflation as measured by the CPI averaged 1.5% over the same period.

Inflation and earnings (incl bonuses)
% change on previous yr



There was a negative reception to a proposed increase in self-employed National Insurance contributions in the Spring Budget

The Spring Budget 2017 was presented by the Chancellor of the Exchequer to Parliament on 8 March. At the same time the Office for Budget Responsibility (OBR) published updated forecasts in its economic and fiscal outlook.

The main talking point from the budget was a proposed increase in the main rate of National Insurance contributions for the self-employed. The proposal had a negative reception from some quarters, and a week later the Government announced that they would withdraw it, and that there would be no increase in National Insurance contribution rates in this Parliament.

In its March 2017 forecasts the OBR announced that it expects annual GDP growth to be higher in 2017 than in its November forecasts, but lower in 2018, 2019 and 2020. It also lowered its forecast for government borrowing in 2016/17 by £13.4 billion (on a like-for-like basis) to £51.7 billion, or from 3.3% of GDP to 2.6%; but expects broadly similar borrowing in each year from 2017/18 to 2021/22 as in its previous forecast.

A full breakdown of the other government announcements and OBR forecasts from the budget are included in the House of Commons Library briefing paper [Spring Budget 2017: A summary](#).

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, Andy Powell on x6962.

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

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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
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.

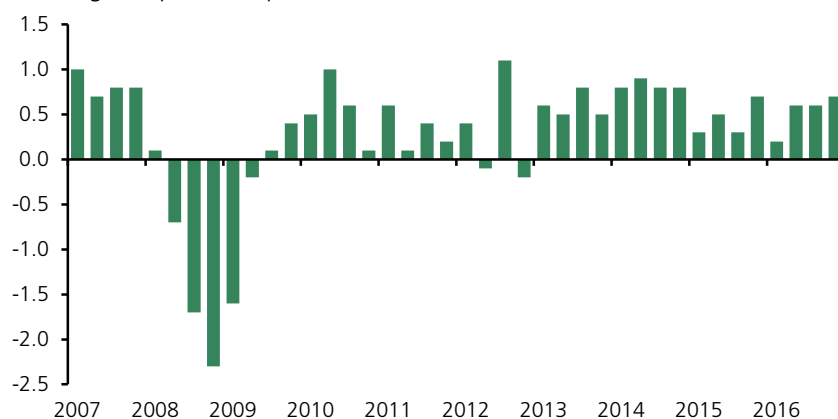
GDP has now increased for 16 consecutive quarters and is estimated to have grown by 1.8% in 2016, compared to growth of 2.2% in 2015.

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

Source: ONS, series: IHYP, IHYQ, IHYR

GDP growth

% change on previous qtr



Forecasts

The latest Office for Budget Responsibility (OBR) forecasts, published alongside the 2017 Spring Budget, are for growth of 2.0% in 2017 and 1.6% in 2018. (By comparison, in November 2016 the OBR had forecast growth of 1.4% in 2017 and 1.7% in 2018.)

In March 2017, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.6% for 2017 and 1.4% for 2018.

Annual GDP growth forecasts (%)

	2017	2018
HM Treasury average of independent forecasts (Mar 17)	1.6	1.4
OBR forecasts (Mar 17)	2.0	1.6

Source:

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

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Updates

HM Treasury, [Forecasts for the UK economy](#),
19 Apr 2017

ONS, [Preliminary estimate of GDP](#),
28 Apr 2017

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

A2: GDP International

Real GDP in the UK grew by 0.7% in Q4 2016 compared with the previous quarter. In the same quarter, the US saw growth of 0.5%, the Eurozone 0.4% and Japan 0.3%.

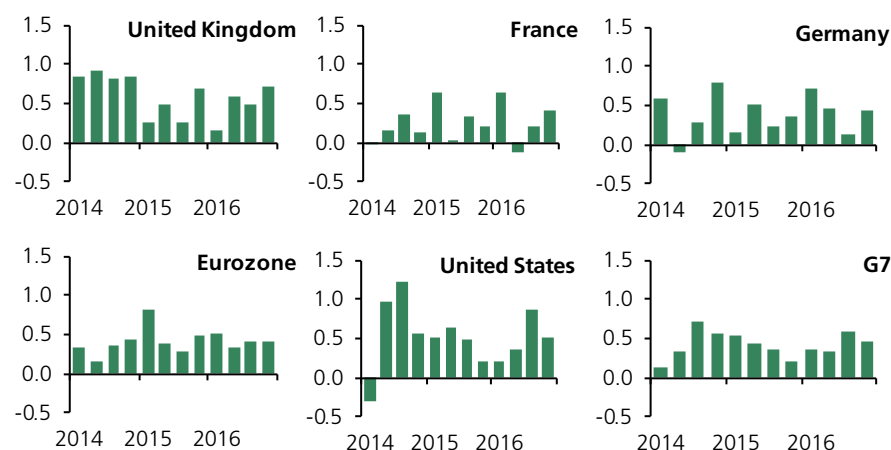
Real GDP

% 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	0.5	0.7	1.6	1.7	2.0	1.9
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	2.0
Japan	0.5	0.5	0.3	0.3	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	0.6	-0.1	0.2	0.4	1.2	1.1	0.9	1.1
G7	0.4	0.3	0.6	0.5	1.4	1.3	1.5	1.8
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 7 March, the OECD raised its 2017 GDP growth [forecast](#) for the UK from 1.2% (in November) to 1.6%, a result of the stronger-than-expected growth towards the end of 2016. However, it forecasts growth to slow as a result of the consequences of higher inflation.

Real GDP growth forecasts

% change

	IMF (Jan 17)		EC (Feb 17)		OECD (Mar 17)	
	2017	2018	2017	2018	2017	2018
UK	1.5	1.4	1.5	1.2	1.6	1.0
France	1.3	1.6	1.4	1.7	1.4	1.4
Germany	1.5	1.5	1.6	1.8	1.8	1.7
Eurozone	1.6	1.6	1.6	1.8	1.6	1.6
US	2.3	2.5	2.3	2.2	2.4	2.8
Japan	0.8	0.5	1.0	0.5	1.2	0.8
China	6.5	6.0	6.4	6.2	6.5	6.3
India	7.2	7.7	7.1	7.5	7.3	7.7
Brazil	0.2	1.5	0.6	1.7	0.0	1.5
World	3.4	3.6	3.4	3.6	3.3	3.6

Sources: IMF Jan'17 WEO update; EC Winter '17 forecast; OECD Interim Economic Outlook Mar'17

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Next updates

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

OECD, [Economic Outlook](#), Sep/Oct 2017

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

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

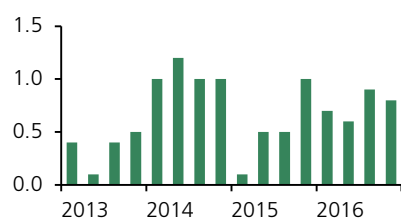
A3: Components of GDP

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 (%)



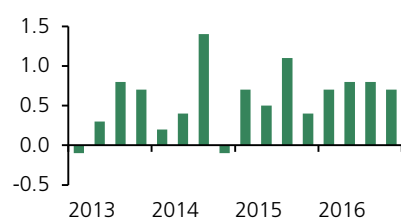
In 2015, the service sector accounted for 80% of economic output, the production sector for 13%, construction for 6% and agriculture for 1%.

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 0.4%). Output in the construction sector was up by 1.0%.

GDP by Expenditure

Household Consumption
quarterly growth (%)



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%.

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

Government consumption was flat (0.0%) and investment was up 0.1%.

Exports increased by 4.6% while imports decreased by 1.0%.

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 *	2.8	0.8	0.5	1.8	2.8	1.8
2015 Q4	0.4	-0.2	-0.9	5.9	2.1	0.7
2016 Q1	0.7	0.4	0.0	-2.9	0.4	0.2
Q2	0.8	0.2	0.2	1.3	0.3	0.6
Q3	0.8	-0.1	0.6	-2.1	2.3	0.5
Q4	0.7	0.0	0.1	4.6	-1.0	0.7

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

Note: * annual % change

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Update

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

ONS, [Second Estimate of GDP](#), 25 May 2017

ONS, [Quarterly National Accounts](#), 30 Jun 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.

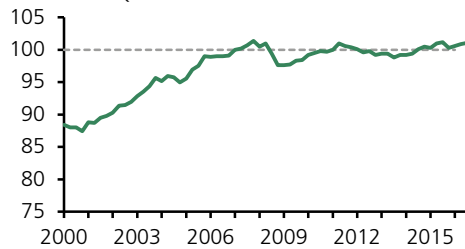
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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	..	0.3
2016 Q1	0.3	0.3
Q2	0.3	-0.1
Q3	0.2	-0.1
Q4	0.4	1.2

Source: ONS series LZVD, TXBB

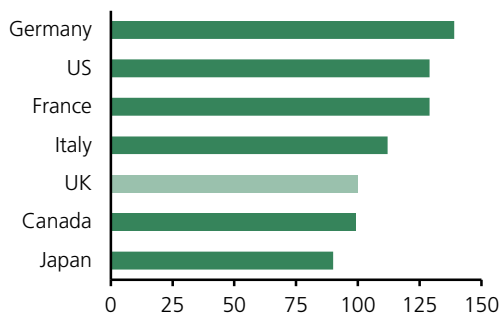
Productivity across the whole UK economy increased by 0.4% in Q4 2016 compared with the previous quarter, and by 1.2% compared with a year ago. In 2016 as whole, productivity was up by 0.3% compared with 0.9% the year before.

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 fifth highest out of the G7 countries, with Germany top and Japan bottom. UK productivity was 19 percentage points below the average of the rest of the G7 countries, 1 percentage point higher than in 2014 and the largest productivity gap since at least 1991 (when the ONS data series began).

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Updates

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

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

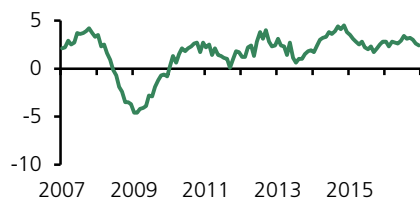
A5: Services

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

In 2016, the service industries accounted for 79% 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

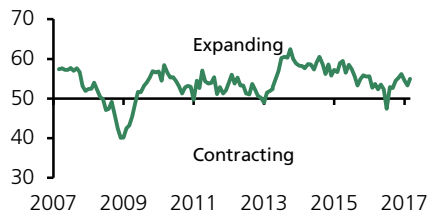


Output fell by 0.1% in January 2017 compared to December 2016.

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

Purchasing Managers' Index (PMI)

UK Services PMI
50 = no change



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

In March 2017 the index was 55.0, a marked rebound up from the five-month low of 53.3 in February. The index has been above the 50.0 no-change value for eight consecutive months.

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. Stronger activity growth was linked to supportive UK economic conditions and greater client demand.

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2015	106.0	2.6	2015 Mar	58.9	
2016	109.0	2.8	2016 Mar	53.7	
2016 Nov	110.2	3.0	2017 Jan	54.5	-1.7
Dec	110.5	2.6	Feb	53.3	-1.2
Jan	110.4	2.4	Mar	55.0	1.7

Source: ONS, series S2KU, S222

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#),
28 April 2017

Markit/CIPS, [UK Services PMI](#), 4 May
2017

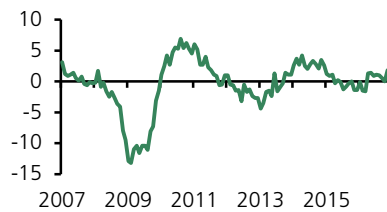
A6: Manufacturing

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



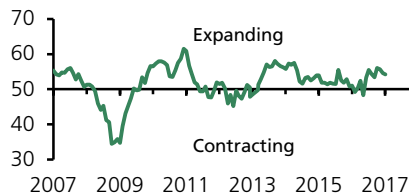
Total manufacturing output was down in January 2017 compared to December 2016, by 0.9%, following two successive months of growth.

Manufacturing output was up by 2.7% over the whole year to January 2017.

This is the second largest year on year increase since November 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 March 2017 it was 54.2, down 1.5 points on the January figure, and a four-month low after December's two-and-a-half year high.

high.

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

Markit observe further solid growth of production and new orders during March, comfortably above long-run averages. They also note business optimism rising to a ten month high. However, the rate of growth is losing momentum in March, with rising raw material costs driving up selling prices.

(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 Mar	54.0	
2016	103.4	0.7	2016 Mar	51.0	
2016 Nov	104.2	1.8	2017 Jan	55.7	-0.4
Dec	106.5	4.2	Feb	54.6	-1.1
Jan	105.5	2.7	Mar	54.2	-0.4

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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Update

ONS, [Index of Production](#), 7 April 2017

Markit/CIPS, [UK Manufacturing PMI](#), 4 May 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 2.3% in February 2017, up from 1.8% in January 2017. This is the CPI’s highest rate since September 2013.

The RPI inflation rate also increased from 2.6% in January to 3.2% in February. This is also the RPI’s highest rate since September 2013.

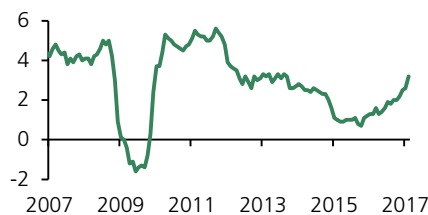
Consumer Prices Index (CPI)
% change on yr



The main contribution to the CPI increase came through rising transport costs, particularly for fuel.

Food prices also increased between February 2016 and February 2017, following 31 consecutive months of prices falling on the year.

Retail Prices Index (RPI)
% change on yr



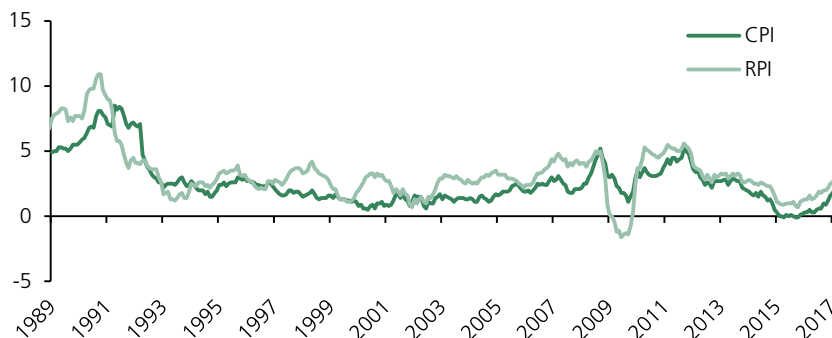
Price Indices

% change on a year ago

		CPI	RPI
2014	Feb	1.7	2.7
2015	Feb	0.0	1.0
2016	Feb	0.3	1.3
2016	Dec	1.6	2.5
2017	Jan	1.8	2.6
	Feb	2.3	3.2

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



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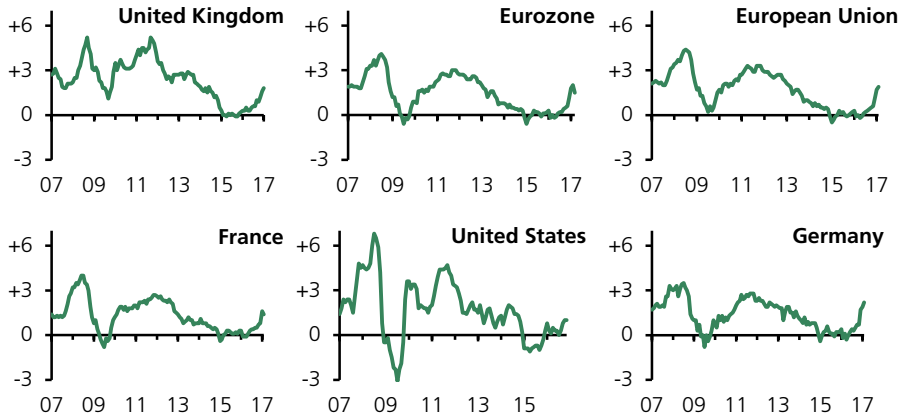
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Update

ONS, [Consumer Price Indices](#), 11 April 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.



EU inflation was 1.9% in February 2017 compared with -0.1% a year earlier and 0.6% in November 2016.

UK inflation was 2.3% in the year to February 2017, up from 1.8% in January and from 0.3% in February 2016. The February 2017 figure is the highest rate of inflation since September 2013.

Annual inflation in the Eurozone is provisionally estimated as 1.5% in March, down from 2.0% in February 2017.

Inflation was 2.2% in Germany in February and 1.4% in France. Estonia had the highest annual inflation rate in the EU in February at 3.4%, followed by Belgium at 3.3%. The lowest inflation rate in the EU was Ireland at 0.3%.

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	Dec 16	Jan 17	Feb 17	Mar 17
UK	1.5	0.0	0.7	1.6	1.8	2.3	..
Eurozone	0.4	0.0	0.2	1.1	1.8	2.0	1.5
European Union	0.5	0.0	0.3	1.2	1.7	1.9	..
France	0.6	0.1	0.3	0.8	1.6	1.4	..
Germany	0.8	0.1	0.4	1.7	1.9	2.2	..
US	1.3	-0.7

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

.. Indicates data not available

Subject Specialist

Daniel Harari
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Update

ONS, [Consumer Prices bulletin](#) (UK), 11 Apr

Eurostat, [Flash estimate](#) (Eurozone), 28 Apr

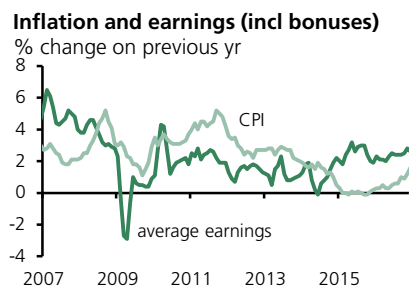
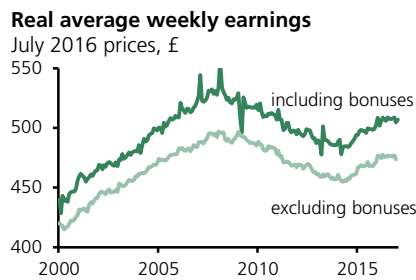
Eurostat, [HICP full release](#), 19 Apr

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 2.2% higher in the three months to January 2017 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.3%. Inflation as measured by the CPI averaged 1.5% over the same period.

Average Earnings, Whole Economy



Trends by Sector

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

	Total	Private	Public
2015 Jan	2.0	2.3	0.8
2016 Jan	2.3	2.5	1.3
2016 Nov	2.8	3.2	1.3
2016 Dec	2.6	2.8	1.5
2017 Jan	2.2	2.4	1.4

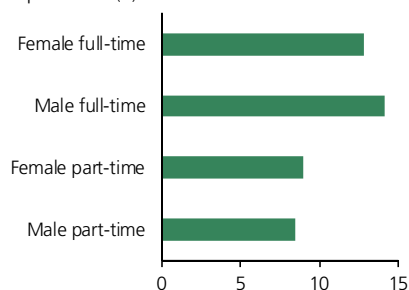
Average weekly total pay (including bonuses) grew by 2.4% in the **private sector** in the three months to January 2017, compared with the year before. In the **public sector**, total pay increased by 1.4%.

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

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Update

ONS, [Labour Market Statistics](#), 12 Apr 2017

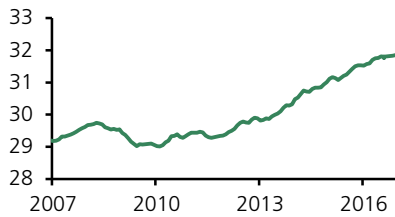
ONS, [Annual Survey of Hours and Earnings](#), Late 2017

C1: Employment

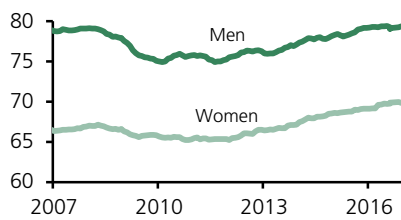
31.85 million people were in employment in November 2016- January 2017, up 92,000 from the previous quarter and 315,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.6%, up 0.5% points on the previous year.

Female employment increased by 19,000 over the past quarter to 14.92 million. The employment rate for women aged 16-64 was 69.8%

Employment; UK
Millions, age 16+, seasonally adjusted



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



16.94 million men were in work in November 2016- January 2017, 73,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.4%.

4.80 million people were self-employed, up 1.0% points on the previous quarter. The number of people working as employees was up slightly from the previous quarter at 26.83 million.

23.34 million people were working full-time in November 2016- January 2017, up 136,000 from the previous quarter and 305,000 higher than a year earlier. There were 8.52 million people working

part-time, down 44,000 from the previous quarter but 10,000 higher than a year earlier.

1.61 million people were employed on a temporary basis, down 9,000 from the previous quarter and down 49,000 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	
Nov-Jan 2014	30,322	72.1	16,167	77.1	14,155	67.1	3,717	50.9	
Nov-Jan 2015	31,003	73.3	16,481	78.1	14,522	68.5	3,853	52.9	
Nov-Jan 2016	31,538	74.1	16,837	79.2	14,701	69.1	3,981	55.0	
Aug-Oct 2016	31,762	74.4	16,866	79.1	14,895	69.8	3,910	54.5	
Nov-Jan 2017	31,854	74.6	16,939	79.4	14,915	69.8	3,938	55.1	
<i>Change on qtr</i>	<i>Level</i>	<i>92</i>	<i>0.2</i>	<i>73</i>	<i>0.3</i>	<i>19</i>	<i>0.0</i>	<i>28</i>	<i>0.6</i>
	<i>%</i>	<i>0.3%</i>		<i>0.4%</i>		<i>0.1%</i>		<i>0.7%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>315</i>	<i>0.5</i>	<i>102</i>	<i>0.2</i>	<i>213</i>	<i>0.7</i>	<i>-43</i>	<i>0.1</i>
	<i>%</i>	<i>1.0%</i>		<i>0.6%</i>		<i>1.5%</i>		<i>-1.1%</i>	

Source: ONS Labour Market Statistics, Tables A05 and A06
Notes: The employment rate is a percentage of the population aged 16 to 64

Subject Specialist

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Updates

ONS, [Labour Market Statistics](#), 12 Apr 2016

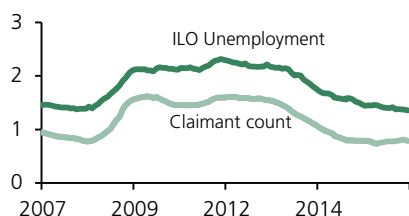
C2: Unemployment

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).¹

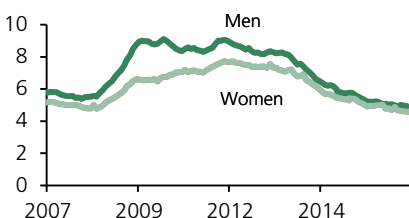
ILO unemployment was 1.58 million people in the UK in November 2016- January 2017, down 31,000 on the previous quarter and down 106,000 from the previous year.

The unemployment rate was 4.7% (the percentage of the economically active population who are unemployed), down slightly from the previous quarter and down 0.3 percentage points on December 2015 to January 16.

Unemployment; UK
Millions, age 16+, seasonally adjusted



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



There were 867,000 men unemployed in November 2016- January 2017, down 21,000 on the previous quarter and 56,000 from a year earlier. 717,000 women were unemployed, down 10,000 on the previous quarter and down 50,000 from a year earlier.

554,000 people aged 16-24 were unemployed in November 2016- January 2017, down 78,000 on the previous year. The unemployment rate for 16-24 year

olds was 12.3%, down from 13.7% a year before.

UK Unemployment
Seasonally adjusted

Age	Total		Men		Women		Youth	
	000's 16+	% 16+	000's 16+	% 16+	000's 16+	% 16+	000's 16-24	% 16-24
Nov-Jan 2014	2,343	7.2	1,290	7.4	1,052	6.9	921	19.9
Nov-Jan 2015	1,864	5.7	1,027	5.9	837	5.5	745	16.2
Nov-Jan 2016	1,691	5.1	923	5.2	767	5.0	632	13.7
Aug-Oct 2016	1,616	4.8	888	5.0	728	4.7	587	13.1
Nov-Jan 2017	1,584	4.7	867	4.9	717	4.6	554	12.3
<i>Change on qtr</i>								
Level	-31	-0.1	-21	-0.1	-10	-0.1	-33	-0.7
%	-1.9%		-2.4%		-1.4%		-5.7%	
<i>Change on yr</i>								
Level	-106	-0.3	-56	-0.3	-50	-0.4	-78	-1.4
%	-6.3%		-6.1%		-6.5%		-12%	

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

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

Subject Specialist

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Updates

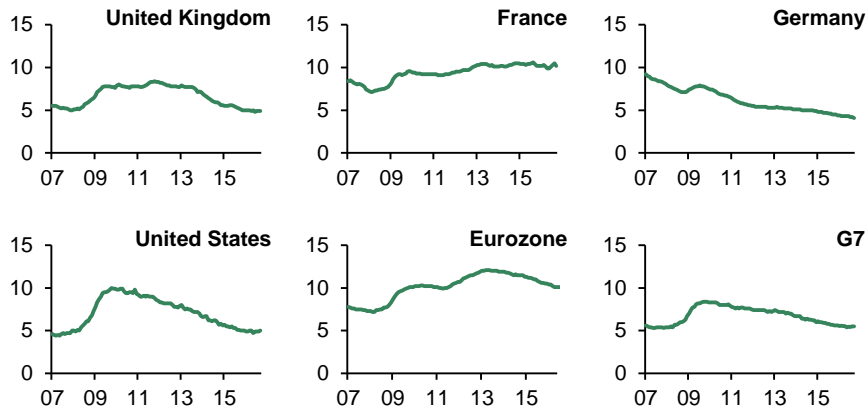
ONS, [Labour Market Statistics](#), 12 Apr 2017

¹ The introduction of Universal Credit is having an impact on claimant count statistics for more information please see the Library's briefing [Universal Credit and the claimant count](#)

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 5.4% 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 3.0%, 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 43.5% in Spain and 45.2% 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	10.0	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	10.0	3.9	11.8	3.1	..	4.7	9.7	5.4	6.2
<i>Change on qtr</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.2</i>	<i>0.2</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>-0.2</i>	<i>-0.5</i>	<i>0.2</i>	<i>-0.2</i>	<i>...</i>	<i>-0.3</i>	<i>-0.8</i>	<i>-0.2</i>	<i>-0.4</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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x6962

Next Update

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

D1: Interest Rates and Monetary Policy

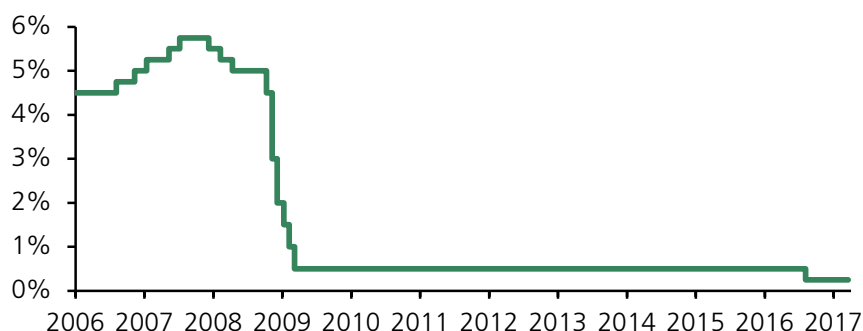
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 [15 March 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 [March 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 2016, [the ECB announced](#) it will reduce QE purchases to €60bn per month starting from April. Policy was left unchanged in March 2017.

Subject Specialist

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Updates – next monetary policy meetings

UK ([11 May](#))
ECB ([27 Apr](#))
US ([3 May](#))

United States (Federal Reserve)

The US Federal Reserve [increased its main interest rate](#) by 0.25%-points at its March policy meeting to a range of 0.75-1.0%. This was the third increase since 2006, following 0.25%-point increases in December 2015 and December 2016.

D2: Public finances

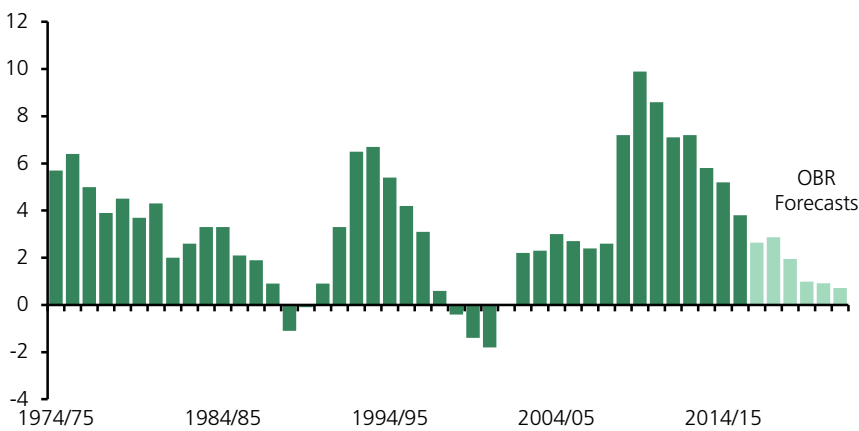
	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	136	8.6%	1,156	71.6%
2011/12	116	7.1%	1,251	75.4%
2012/13	122	7.2%	1,363	79.1%
2013/14	103	5.8%	1,466	81.2%
2014/15	95	5.2%	1,554	83.6%
2015/16	72	3.8%	1,606	83.7%
2016/17	52	2.6%	1,730	86.6%
2017/18	58	2.9%	1,830	88.8%
2018/19	41	1.9%	1,885	88.5%
2019/20	21	1.0%	1,918	86.9%
2020/21	21	0.9%	1,904	83.0%
2021/22	17	0.7%	1,904	79.8%

Sources: ONS, OBR. Excludes public sector banks

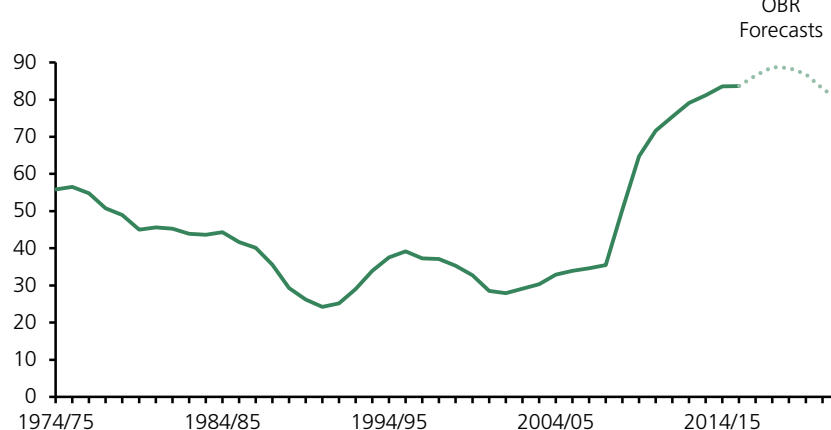
borrowing will be equivalent to 2.6% of GDP, a similar level to 2007/08.

Debt was equivalent to 85.4% of GDP at the end of February 2017; in February 2016 the debt-to-GDP ratio was lower as 83.1% of GDP. The OBR expect the debt-to-GDP ratio to begin falling between 2017/18 and 2018/19.

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



Borrowing in the current financial year (April 2016 to February 2017) is £19.9 billion lower compared with the same period in the previous financial year.

The Office for Budget Responsibility (OBR) forecasts that borrowing for the whole of 2016/17 will be £51.7 billion, a decrease of £20.3 billion compared with 2015/16. If this turns out to be the case,

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

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

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

Subject Specialist
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Next update
 ONS, [Public sector finances](#), 25 Apr 2017

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

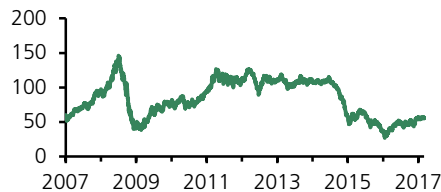


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index hit a series of highs from October 2016 and closed at twelve successive record highs between December

2016 and January 2017. This is the index's longest run of successive all-time peaks since its inception in 1984. More recently the index closed at another record high (7,430 points) on 20 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 has remained above \$50/barrel since 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 3% on the month and up 3% on the year to 4 April.

Data from 4 April 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
04 Apr 2017	7321.82	54.15	1257.65
%change over:			
1-month	-1%	-3%	3%
12-months	19%	42%	3%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

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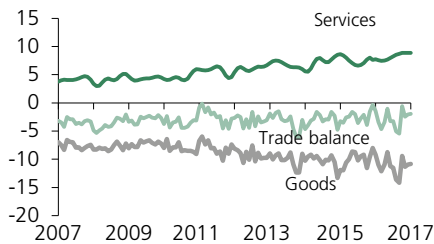
Updates

Financial Times, Weekly Basis

E1: Trade

In 2016, the UK's exports of goods and services totalled £544 billion and imports totalled £585 billion. The EU accounted for 44% of UK exports of goods and services and 53% of imports in 2016.

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 of £97.0 billion on trade in services was outweighed by a deficit of £134.1 billion on trade in goods in 2016. The overall trade deficit was £37.0 billion in 2016 (1.9% of GDP).

The UK had a trade deficit with the EU of £71.4 billion in 2016 and a trade surplus of £34.4 billion with non-EU countries.

The trade deficit fell to £5.0 billion in Q4 2016, compared to £13.7 billion in Q3. Exports increased by 6.2% in Q4 while imports increased by 0.2% (both in cash terms).

Trade in Goods and Services and Current Account Balance

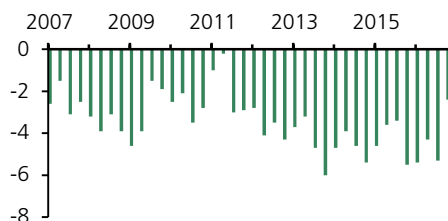
Seasonally adjusted

		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2015		517.4	547.2	-29.8	-80.2	-4.3%
2016		544.5	580.6	-36.0	-84.5	-4.4%
2015	Q4	130.4	136.3	-5.9	-25.8	-5.5%
2016	Q1	129.0	138.5	-9.5	-25.7	-5.4%
	Q2	135.0	142.7	-7.7	-21.0	-4.3%
	Q3	135.8	149.6	-13.7	-25.7	-5.3%
	Q4	144.8	149.8	-5.0	-12.1	-2.4%

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

The current account, which includes investment income and transfers as well as trade, saw a deficit of £84.5 billion in 2016, compared with £80.2 billion in 2015. The current account deficit was 4.4% of GDP in 2016 compared with 4.3% in 2015.

Current Account Balance
% of GDP



The current account deficit was £12.1 billion in Q4 2016 (2.4% of GDP), down from £25.7 billion (5.3%) in Q3.

Subject Specialist

Dominic Webb
x2042

Update

ONS, [UK Trade](#), 7 Apr

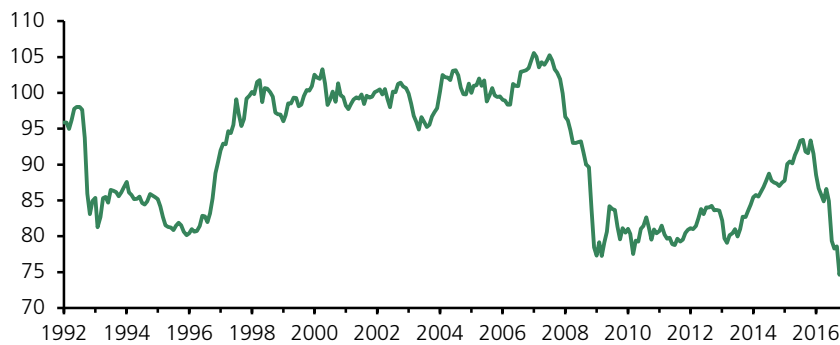
ONS, [UK Balance of Payments](#), 30 Jun

E2: Exchange Rates

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

The SERI fell by 1.1% in March 2017 compared with February 2017. Compared with the same period a year ago, it is 10.7% lower. In March the SERI was at its third lowest monthly level since the series began in January 1992 (the lowest was October 2016). It is 27.4% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)
Jan 2005=100

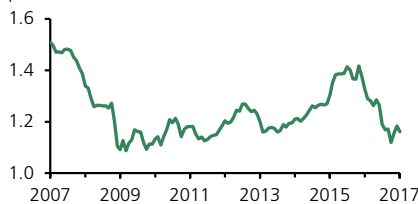


On average in March compared with February, the pound was down 1.1% against the dollar. The value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June 2016 to \$1.25 on 4 April 2017.

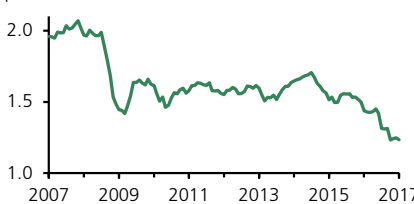
Sterling was down 1.6% against the Euro on average in March compared to February. On 4 April, the Euro was valued at €1.17 per £1. This compares with an all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 on 31 December 1998.

Latest closing prices:
\$1.25 per £1
€1.17 per £1
(On 4 April 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%
2017 Jan	1.24	-14.1%	1.16	-12.4%
Feb	1.25	-12.6%	1.17	-9.0%
Mar	1.23	-13.3%	1.15	-9.8%

Source: Bank of England, Bankstats database

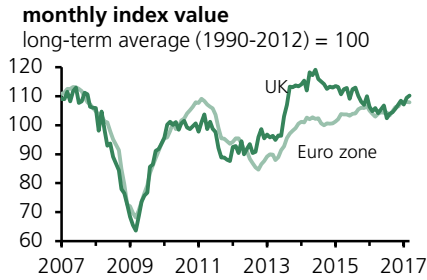
Subject Specialist
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Updates
Financial Times, [sterling exchange rates](#) (daily)
Bank of England, [SERI & monthly rates](#), Early May 2017

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.

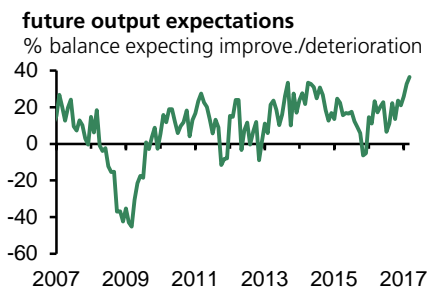
European Commission Economic Sentiment Indicator



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

Between February and March 2017, the overall UK sentiment index increased by 0.8 points to 110.2 – levels are similar to those seen in late 2015.

CBI Industrial Trends Survey

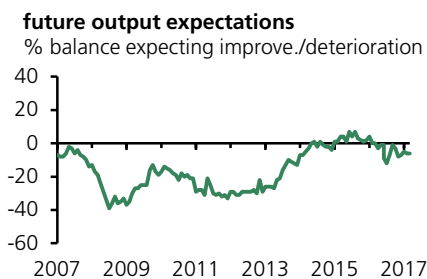


The CBI carries out monthly and quarterly Industrial Trends surveys.

In March, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +36% of manufacturers. This was up from +33% of manufacturers in

February and represents the survey's highest level in over twenty years.

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 March, the overall consumer confidence index was -6, the same as in February.

Subject Specialist

Daniel Harari, x2464

Update

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

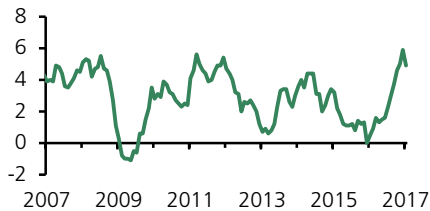
CBI, [Industrial Trends](#), 24 April 2017

GfK NOP, [Consumer Confidence](#), 28 Apr 2017

F2: Retail Sales

The average weekly value (amount spent) of all retail sales in Great Britain was £7.8 billion in February 2017, up from £7.3 billion in

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



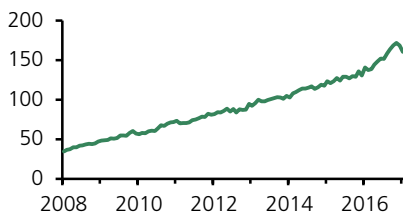
February 2016. The total annual retail sales value for 2016 was £388 billion.

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

However, in volume terms (quantity bought), the three months to February 2017 show a contraction of -1.4% compared to the previous months. This is the first fall since December 2013 registered on this measure, and the largest since March 2010.

The average weekly value of **internet sales** in Great Britain was £1.1 billion in February 2017.

Value of internet retail sales
2013=100, seasonally adjusted



The value of internet sales in February 2017 was up 21% on February 2016.

Value of retail sales

Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2015	Feb	100.7	108.3	103.7
2016	Feb	102.3	109.1	105.2
2016	Dec	103.5	111.6	109.7
2017	Jan	103.3	111.6	109.7
	Feb	103.9	114.1	111.9
% change on yr		1.2	3.6	4.9

The average weekly value of sales in food stores was £2.9 billion in February 2017 and £2.8 billion in non-food stores.

The value of sales in food stores in the three months to February 2017 was up 1.2% on the same period last year.

The value of sales in non-food stores was up 3.6% 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

All figures are **seasonally adjusted**

Seasonal adjustments estimate and remove calendar effects (for example Easter moving between March and April) and seasonal effects (for example increased spending in December as a result of Christmas).

The **non-seasonally adjusted** average weekly value of all retail sales in February 2017 was £7.1 billion.

Subject Specialist

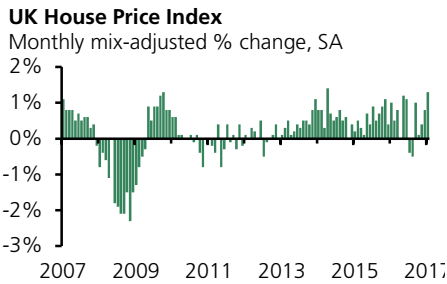
Federico Mor
x2454

Updates

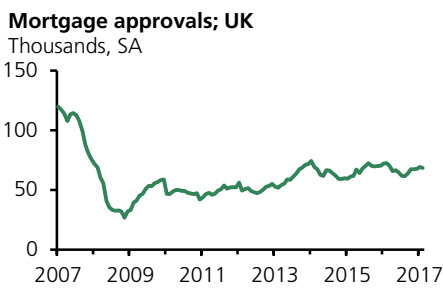
ONS, [Retail Sales](#),
21 April 2017

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 6.2% between January 2016 and January 2017. On a seasonally adjusted basis house prices increased by 1.3% between December 2016 and January 2017.



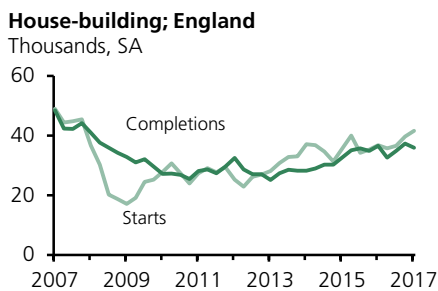
There are regional differences in house prices. The average price is highest in London at roughly £491,000. The lowest prices are found in the North East and Northern Ireland at £124,000 and £125,000 respectively.



Mortgage approvals in February 2017 were down by 1.2% on the previous month and 5.6% down on a year ago. Approvals remain well down on pre-recession levels. There were 68,315 mortgage approvals in February 2017, compared with 72,367 in February 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 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.



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

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Updates

HM Land Registry, [UK house price index](#), 11 Apr 2017

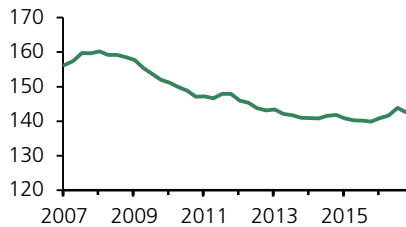
Bank of England, [Money and credit](#), 4 May 2017

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

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

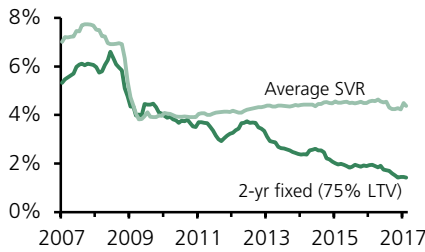


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly over the next few years.

In 2016 household debt started to increase again as a proportion of income, although it then dipped in the last quarter of 2016 to 143%.

Current average mortgage interest rates

Current average mortgage interest rates

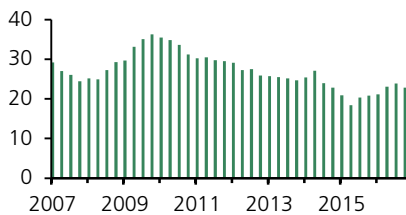


The average Standard Variable Rate (SVR) fell following the [cut in the base interest rate by the Bank of England](#) in August 2016. The SVR was 4.37% in February 2017, down 0.21% points on the year.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.42% in February, down 0.53% 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

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Updates

Bank of England, [Statistical database](#), 30 Apr 2017

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

ONS, [UK Economic Accounts](#), 30 June 2017

4. Glossary

4.1 Definitions²

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.

² 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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