



## BRIEFING PAPER

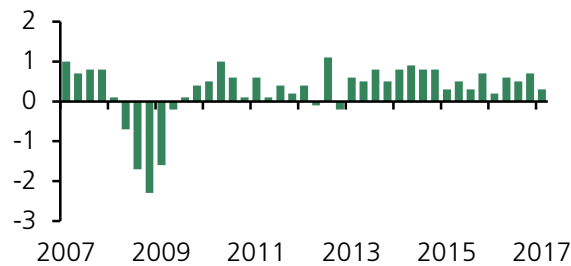
Number 7959, 2 May 2017

# Economic Indicators, May 2017

By Daniel Harari,  
Matthew Ward

### GDP growth

% change on previous qtr



GDP grew by 0.3% in real terms in Q1 2017 compared with the previous quarter.

### Consumer Prices Index (CPI)

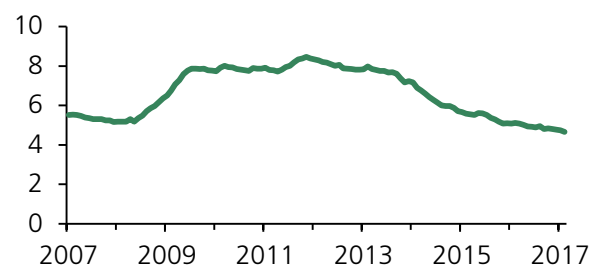
% change on yr



Consumer prices rose by 2.3% in March 2017 compared with a year ago, unchanged from February.

### Unemployment rate

%



The unemployment rate was 4.7% in the three months to February 2017. This is down from 4.8% in the previous three-month period.

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# 1. Headline UK Economic Indicators, May 2017

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<b>Gross Domestic Product:</b> Q1 2017, Seasonally Adjusted		
Change (real %)	0.3 (qtr)	2.1 (yr)
<b>Industries</b>		
<b>Service output:</b> February 2017		
Change (%)	0.2 (mth)	2.4 (yr)
<b>Manufacturing output:</b> February 2017		
Change (%)	-0.1 (mth)	3.3 (yr)
<b>Productivity:</b> Q4 2016, Seasonally Adjusted		
<b>Output per hour</b>		
Change (%)	0.4 (qtr)	1.2 (yr)
<b>Inflation:</b> March 2017		
Change on year (%)	2.3 (CPI)	3.2 (RPI)
<b>Labour Market:</b> Dec 2016-Feb 2017, Seasonally Adjusted		
<b>Unemployment</b>		
Unemployment Rate (% of economically active)		4.7
Change (% points)	-0.1 (qtr)	-0.4 (yr)
<b>Employment</b>		
Employment Rate (% aged 16-64 in work)		74.6
Change (% points)	0.1 (qtr)	1.0 (yr)
<b>Interest Rate:</b> as of 2 May 2017		
Bank of England Base Rate		0.25 (%)
<b>Public Finances:</b> 2015/16		
Net borrowing	72 (£ bn)	3.8 (% GDP)
Net debt	1,606 (£ bn)	83.6 (% GDP)
<b>Trade:</b> Q4 2016		
Current Account	-12.1 (£ bn)	-2.4 (% GDP)
<b>Sterling Exchange rate:</b> 1 May 2017		
US Dollar (\$)	1.29 (rate)	-13.7 (% change on yr)
Euro (€)	1.18 (rate)	-8.0 (% change on yr)
<b>EC Economic Sentiment Indicator for UK:</b> March 2017		
Points (1990-2012 average = 100)		110.5
Change (points)	+0.3 (mth)	+6.3 (yr)
<b>Retail Sales:</b> March 2017, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.8 (% change on yr)
<b>Housing Market:</b> February 2017, Seasonally Adjusted		
<b>House Price Index (ONS)</b>		
Change (%)	0.6 (mth)	5.8 (yr)

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

## 2. This month's developments

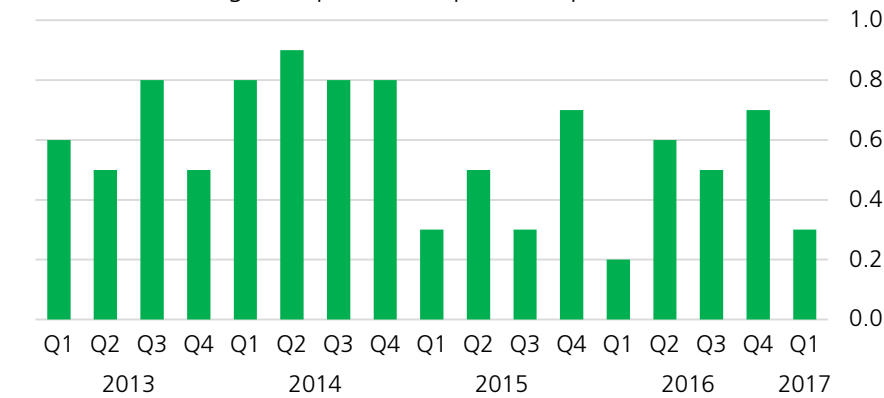
Over the past month there's been a lot of economic data...and a decision to hold a General Election on 8 June. So in this last economic update before the election, we focus on the latest GDP growth data for early 2017. Growth was somewhat lower than in recent quarters, with the first indications that consumers are beginning to tighten their belts.

### GDP growth slowed in early 2017...

Economic growth [slowed](#) in the first three months of 2017, following healthy growth in the second half of 2016. GDP rose by 0.3% in Q1 2017 compared with the previous quarter, down from 0.7% in Q4 2016.

#### UK quarterly GDP growth

Real GDP, % change compared with previous quarter

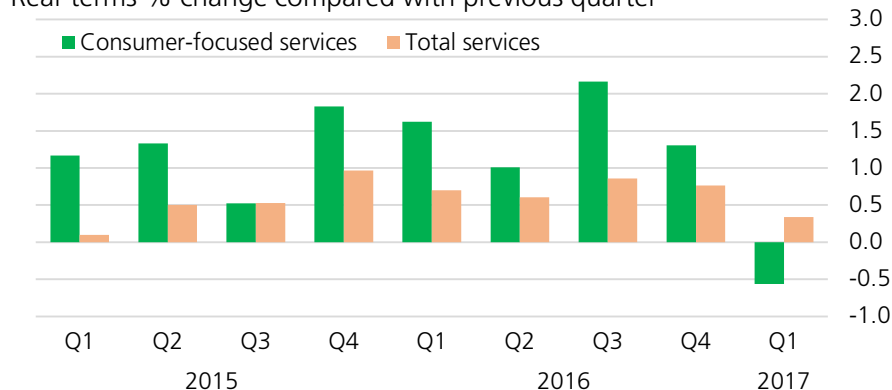


### ...as consumers reined in their spending...

The principal cause of the weaker start to 2017 was the crucial services sector – accounting for around 80% of the economy – which grew by just 0.3% in Q1 2017, its weakest quarterly increase since Q2 2013. In particular, consumer-focused services (such as the retail sector) saw their output fall in Q1 2017 for the first time in over four years, after outperforming other service sectors in recent years and driving overall GDP growth.

#### Consumer-focused services output fell in Q1 2017

Real-terms % change compared with previous quarter



With overall annual inflation rates now roughly equal to [average wage rises](#), household finances are being squeezed again following two years of real-terms earnings growth (when inflation was very low). This was anticipated given the fall in sterling since the EU referendum which has led to inflation increasing in recent months.

### ...although export growth could be accelerating

If consumer spending is going to remain more restrained than in recent years, the key question for the economic outlook is whether other sectors of the economy can step in to provide the impetus to growth. Many have looked towards exporters to do this, who could well benefit from the lower pound increasing the price competitiveness of their products in international markets.

It's too early to tell for sure, but there are signs that export growth is accelerating – [exports in Q4 2016 were up strongly](#) – although whether it will be able to make up for the expected slowdown in consumer spending remains to be seen.

### Export growth has picked up in recent quarters

% change in total UK exports compared with Q1 2013 level



Source: ONS series IKBH

### Other economic developments

A quick summary of other economic news over the past month:

- The **public sector budget deficit** was £52 billion in 2016/17, equivalent to 2.6% of GDP. This is a decrease of £20 billion compared with the £72 billion borrowed in 2015/16, and is the lowest level of borrowing since 2007/08.
- Consumer price **inflation** remained unchanged in March 2017 at 2.3%, although economists expect it to rise in upcoming months.
- The **unemployment rate** was 4.7% in the three months to February 2017, the lowest it's been since 1975.

## 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 0.3% in Q1 2017 compared to the previous quarter, following growth of 0.7% in Q4 2016.

This was the slowest rate of growth for four quarters, since Q1 2016. ONS reports this mainly reflected slower growth in the services sector, which grew by 0.3% in Q1 2017 compared to 0.8% in Q4 2016.

## Real Gross Domestic Product seasonally adjusted

	% change on qtr	% change on yr
2014	...	3.1
2015	...	2.2
2016	...	1.8
2016 Q1	0.2	1.6
Q2	0.6	1.7
Q3	0.5	2.0
Q4	0.7	1.9
2017 Q1	0.3	2.1

GDP in Q1 2017 was 2.1% higher than a year before.

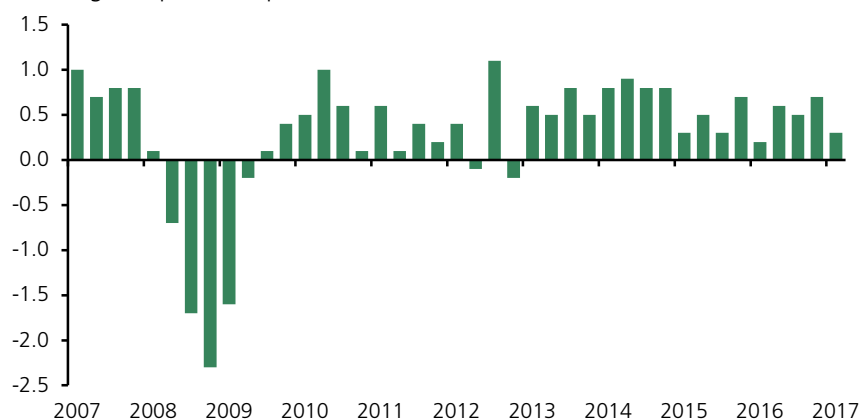
GDP has now increased for 17 consecutive quarters and is estimated to have grown by 1.8% in 2016, compared to growth of 2.2% in 2015.

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 April 2017, the Treasury survey of independent forecasts for GDP growth showed an average forecast of 1.7% for 2017 and 1.4% for 2018.

### Annual GDP growth forecasts (%)

	2017	2018
HM Treasury average of independent forecasts (Apr 17)	1.7	1.4
OBR forecasts (Mar 17)	2.0	1.6

Source:

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

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## Updates

HM Treasury, [Forecasts for the UK economy](#), 17 May 2017

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

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

## A2: GDP International

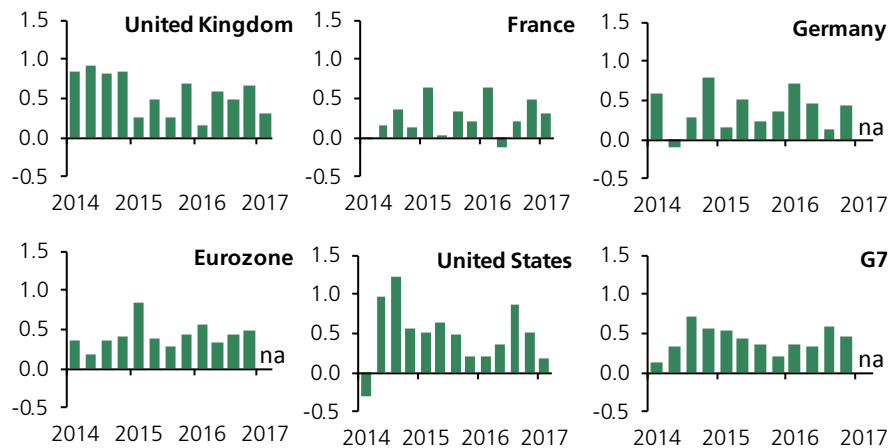
Real GDP in the UK grew by 0.3% in Q1 2017 compared with the previous quarter. In the same quarter, the US saw growth of 0.2% and France 0.3%.

### Real GDP % changes

	change on quarter				change on year			
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 16	Q3 16	Q4 16	Q1 17
UK	0.6	0.5	0.7	0.3	1.7	2.0	1.9	2.1
Eurozone	0.3	0.4	0.5	..	1.6	1.8	1.8	..
USA	0.4	0.9	0.5	0.2	1.3	1.7	2.0	1.9
Japan	0.5	0.3	0.3	..	0.9	1.1	1.6	..
Germany	0.5	0.1	0.4	..	1.8	1.7	1.8	..
France	-0.1	0.2	0.5	0.3	1.1	0.9	1.2	0.8
G7	0.3	0.6	0.5	..	1.3	1.5	1.8	..
OECD	0.4	0.5	0.7	..	1.7	1.7	2.0	..

Source: OECDstat

### Quarter-on-quarter growth rates



### Forecasts

On 18 April, the IMF raised its 2017 GDP growth [forecast](#) for the UK from 1.5% (in January) to 2.0%, as a result of the stronger-than-expected growth towards the end of 2016.

### Real GDP growth forecasts % change

	IMF (Apr 17)		EC (Feb 17)		OECD (Mar 17)	
	2017	2018	2017	2018	2017	2018
UK	2.0	1.5	1.5	1.2	1.6	1.0
France	1.4	1.6	1.4	1.7	1.4	1.4
Germany	1.6	1.5	1.6	1.8	1.8	1.7
Eurozone	1.7	1.6	1.6	1.8	1.6	1.6
US	2.3	2.5	2.3	2.2	2.4	2.8
Japan	1.2	0.6	1.0	0.5	1.2	0.8
China	6.6	6.2	6.4	6.2	6.5	6.3
India	7.2	7.7	7.1	7.5	7.3	7.7
Brazil	0.2	1.7	0.6	1.7	0.0	1.5
<b>World</b>	<b>3.5</b>	<b>3.6</b>	<b>3.4</b>	<b>3.6</b>	<b>3.3</b>	<b>3.6</b>

Sources: IMF Apr'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 update](#), Jul 2017

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



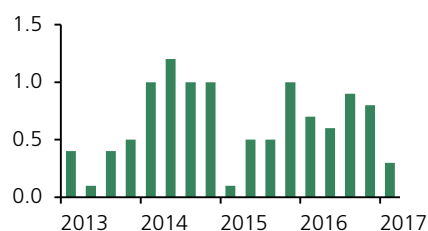
## A3: Components of GDP

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 0.3% in real terms in Q1 2017 compared with the prior quarter, down from 0.7% in Q4 2016.

### GDP by Industry

**Service sector**  
quarterly growth (%)



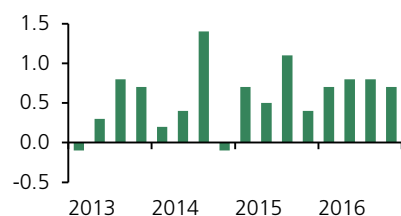
In 2015, the service sector accounted for 80% of economic output, the production sector for 13%, construction for 6% and agriculture for 1%.

In Q1 2017, service sector output increased by 0.3% in real terms compared with Q4 2016, slower than the growth of 0.8% recorded in the previous quarter.

Manufacturing output was up by 0.5% (the production sector overall was up by 0.3%). Output in the construction sector was up by 0.2%.

### 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%.

Data for Q1 2017 is not yet available. 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](#), 26 Jul 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.

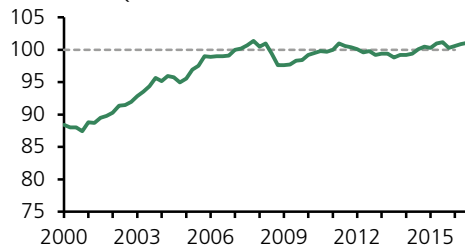
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

## 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

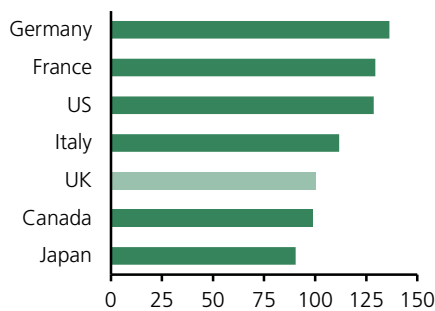
Productivity across the whole UK economy increased by 0.4% in Q4 2016 compared with the previous quarter, and by 1.2% compared with a year ago. In 2016 as whole, productivity was up by 0.3% compared with 0.9% the year before.

## 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 worked, 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, the same gap as in 2014 and the largest since at least 1995 (when the ONS data series began).

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### Updates

ONS, [Labour productivity](#), 17 May 2017

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

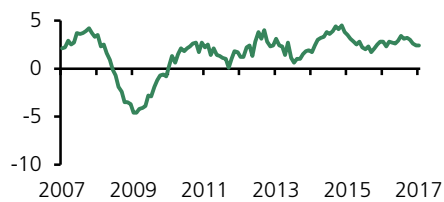
## A5: Services

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 80% of total UK economic output (Gross Value Added). Services accounted for 84% of workforce jobs in December 2016.

### Services Output

**Output - Index of Services**  
% change on previous year

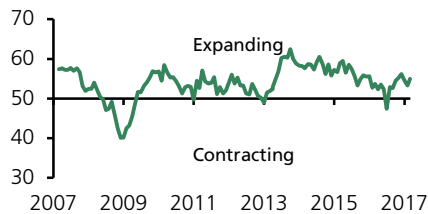


Services output increased by 0.2% in February 2017 compared to January.

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	2.9	2016 Mar	53.7	
2016 Dec	110.5	2.6	2017 Jan	54.5	-1.7
Jan	110.4	2.4	Feb	53.3	-1.2
Feb	110.6	2.4	Mar	55.0	1.7

Source: ONS, series S2KU, S222, S26Q

Source: Markit/CIPS UK Services PMI

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#### Update

ONS, [Index of Services](#),  
25 May 2017

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

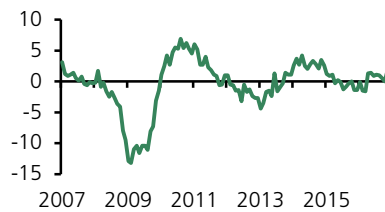
# A6: Manufacturing

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

In 2016, the manufacturing sector accounted for 10% of total UK economic output (Gross Value Added). In December 2016, it accounted for 8% of jobs.

## Manufacturing Output

**Output - Index of manufacturing**  
% change on previous year

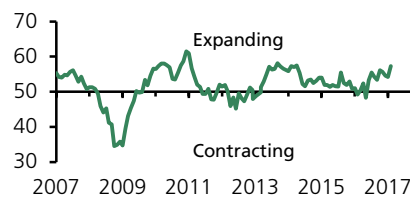


Total manufacturing output was down in February 2017 compared to January 2017, by 0.1%, the second successive month output has fallen.

Manufacturing output was up by 3.3% over the whole year to February 2017.

## 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 April 2017 it was 57.3, up 3.1 points on the March figure, and a three year high after March's four month low.

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

Markit observe that output was driven higher by the strongest inflows of new work since January 2014, with the domestic market remaining the principal source of new contract wins, bolstered with a solid increase in new export business.

(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 Apr	51.9	
2016	103.5	0.7	2016 Apr	49.2	
2016 Dec	106.5	4.2	2017 Feb	54.6	-1.1
2017 Jan	105.4	2.6	Mar	54.2	-0.4
Feb	105.2	3.3	Apr	57.3	3.1

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

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### Update

ONS, [Index of Production](#), 11 May 2017

Markit/CIPS, [UK Manufacturing PMI](#), 1 June 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 March 2017, unchanged from February 2017. This is the CPI’s highest rate since September 2013.

The RPI inflation rate fell slightly from 3.2% in February to 3.1% in March. This is the RPI’s second highest rate since September 2013.

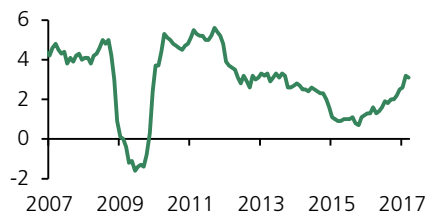
**Consumer Prices Index (CPI)**  
% change on yr



The main contribution to the CPI increase came through rising costs for food, alcohol and tobacco and clothing and footwear.

These were partially offset by falls in prices for air fares and motor fuels.

**Retail Prices Index (RPI)**  
% change on yr



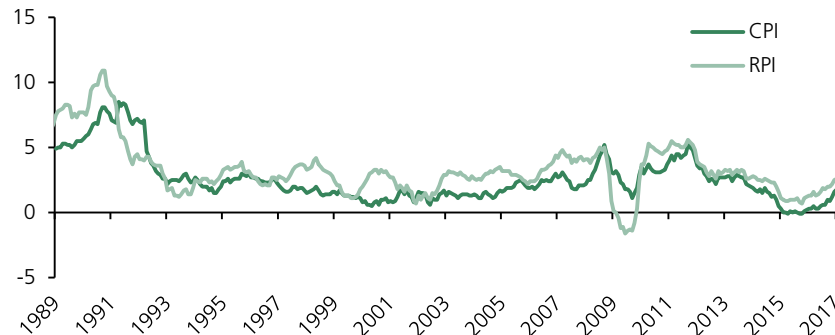
**Price Indices**

% change on a year ago

		CPI	RPI
2014	Mar	1.6	2.5
2015	Mar	0.0	0.9
2016	Mar	0.5	1.6
2017	Jan	1.8	2.6
	Feb	2.3	3.2
	Mar	2.3	3.1

Source: ONS database, series: D7G7, CZBH

**CPI and RPI since 1989**  
% change on yr



## Subject Specialist

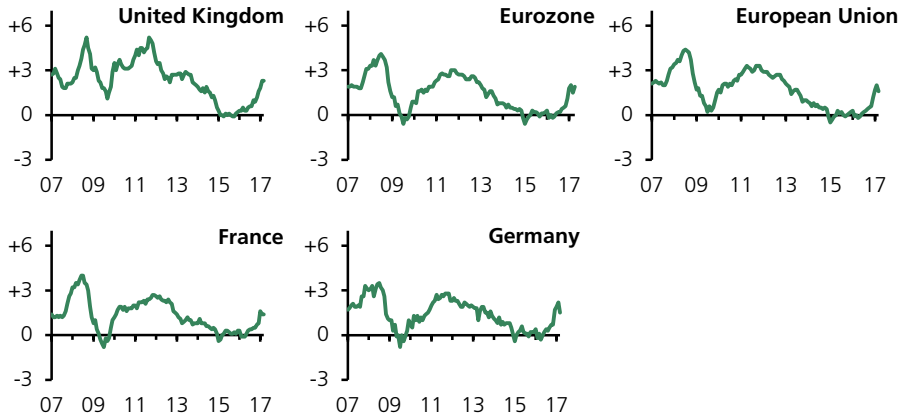
Daniel Harari  
x2464

## Update

ONS, [Consumer Price Indices](#), 16 May 2017

## B2: International inflation

Inflation in the EU 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 2.3% in the year to March 2017, unchanged from February, but up from 0.5% in March 2016. The rate of 2.3% in February and March 2017 is the highest rate of inflation since September 2013.

EU inflation was 1.6% in March 2017 compared with 2.0% in February and 0.0% in March 2016.

Annual inflation in the Eurozone is provisionally estimated as 1.9% in April 2017, up from 1.5% in March and -0.2% in April 2016.

Inflation was 1.5% in Germany in March and 1.4% in France. Latvia had the highest annual inflation rate in the EU in March at 3.3%. The lowest inflation rate in the EU was Romania at 0.4%.

### Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2014	2015	2016	Jan 17	Feb 17	Mar 17	Apr 17
UK	1.5	0.0	0.7	1.8	2.3	2.3	..
Eurozone	0.4	0.0	0.2	1.8	2.0	1.5	1.9
European Union	0.5	0.0	0.3	1.7	2.0	1.6	..
France	0.6	0.1	0.3	1.6	1.4	1.4	..
Germany	0.8	0.1	0.4	1.9	2.2	1.5	..

Source: ONS, Eurostat. Eurozone figure for April 2017 is provisional.

.. Indicates data not available

### Subject Specialist

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### Update

ONS, [Consumer Prices bulletin](#) (UK), 16 May

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

Eurostat, [HICP full release](#), 17 May

## B3: Average Earnings

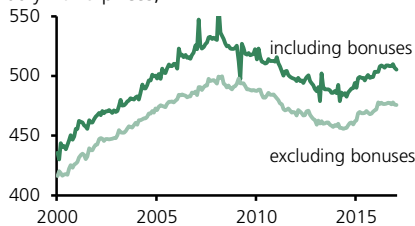
In April 2016 median gross weekly earnings for full-time employees were £539, up 2.2% on April 2015.

More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 2.3% higher in the three months to February 2017 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.2%. Inflation as measured by the CPI averaged 1.9% 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
2015 Feb	1.8	2.0	0.9
2016 Feb	2.0	2.2	1.3
2016 Dec	2.6	2.8	1.5
2017 Jan	2.3	2.5	1.4
Feb	2.3	2.5	1.4

Average weekly total pay (including bonuses) grew by 2.5% in the **private sector** in the three months to February 2017, compared with the year before. In the **public sector**, total pay increased by 1.4%.

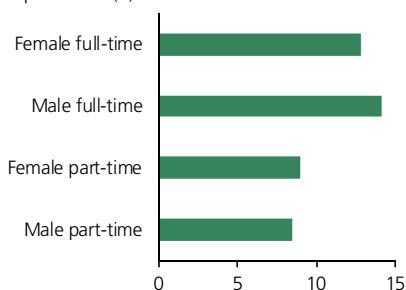
Note: Data show annual % change in earnings to three month period ending in given month; data are seasonally adjusted

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

Feargal McGuinness  
x4904

#### Update

ONS, [Labour Market Statistics](#), 17 May 2017

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

# C1: Employment

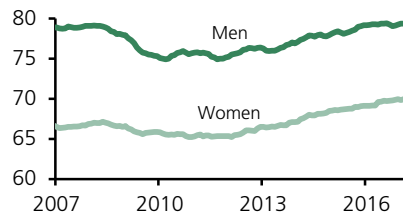
31.84 million people were in employment in December 2016- February 2017, up 39,000 from the previous quarter and 312,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.6%, up 0.5% points on the previous year.

Female employment increased slightly over the past quarter to 14.92 million. The employment rate for women aged 16-64 was 69.9%

**Employment; UK**  
Millions, age 16+, seasonally adjusted



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



16.92 million men were in work in December 2016- February 2017, 38,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.4%.

4.78 million people were self-employed, up slightly on the previous quarter. The number of people working as employees was up by 30,000 from the previous quarter at 26.85 million.

23.40 million people were working full-time in December 2016- February 2017, up 146,000 from the previous quarter and 327,000 higher than a year earlier. There

were 8.44 million people working part-time, down 107,000 from the previous quarter and down 15,000 from a year earlier.

1.61 million people were employed on a temporary basis, down 16,000 from the previous quarter and down 44,000 from the previous year.

## UK Employment

Seasonally adjusted

Age:	Total		Men		Women		Youth		
	000's	%	000's	%	000's	%	000's	%	
16+			16+		16+		16-24		
16-64			16-64		16-64		16-24		
Dec-Feb 2014	30,484	72.4	16,241	77.3	14,243	67.5	3,739	51.2	
Dec-Feb 2015	31,112	73.4	16,566	78.3	14,547	68.6	3,878	53.2	
Dec-Feb 2016	31,529	74.1	16,850	79.2	14,679	69.1	3,976	55.0	
Sep-Nov 2016	31,802	74.5	16,883	79.1	14,919	69.9	3,947	55.0	
Dec-Feb 2017	31,841	74.6	16,921	79.4	14,920	69.9	3,929	55.0	
<i>Change on qtr</i>	<i>Level</i>		<i>Level</i>		<i>Level</i>		<i>Level</i>		
		39	0.1	38	0.2	1	0.1	-18	-0.1
	%	0.1%		0.2%		0.0%		-0.5%	
<i>Change on yr</i>	<i>Level</i>	312	0.5	71	0.2	241	0.8	-48	0.0
	%	1.0%		0.4%		1.6%		-1.2%	

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

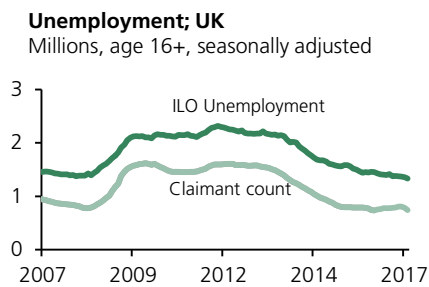
### Updates

ONS, [Labour Market Statistics](#), 17 May 2016



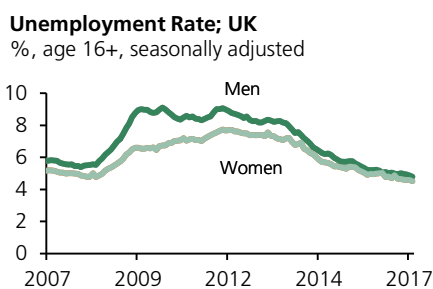
## C2: Unemployment

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).<sup>1</sup>



ILO unemployment was 1.56 million people in the UK in December 2016- February 2017, down 45,000 on the previous quarter and down 141,000 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 0.4 percentage points on December 2015 to February 2016.



There were 853,000 men unemployed in December 2016- February 2017, down 30,000 on the previous quarter and 76,000 from a year earlier. 706,000 women were unemployed, down 15,000 on the previous quarter and down 65,000 from a year earlier.

558,000 people aged 16-24 were unemployed in December 2016- February 2017, down 72,000 on the previous year. The unemployment rate for 16-24 year olds was 12.4%, 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
Dec-Feb 2014	2,257	6.9	1,260	7.2	997	6.5	887	19.2
Dec-Feb 2015	1,841	5.6	1,012	5.8	829	5.4	741	16.0
Dec-Feb 2016	1,700	5.1	928	5.2	772	5.0	630	13.7
Sep-Nov 2016	1,604	4.8	883	5.0	721	4.6	573	12.7
Dec-Feb 2017	1,559	4.7	853	4.8	706	4.5	558	12.4
<i>Change on qtr</i>	<i>Level</i>	<i>-45</i>	<i>-30</i>	<i>-0.2</i>	<i>-15</i>	<i>-0.1</i>	<i>-14</i>	<i>-0.2</i>
	<i>%</i>	<i>-2.8%</i>	<i>-3.4%</i>		<i>-2.1%</i>		<i>-2.5%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>-141</i>	<i>-76</i>	<i>-0.4</i>	<i>-65</i>	<i>-0.5</i>	<i>-72</i>	<i>-1.2</i>
	<i>%</i>	<i>-8.3%</i>	<i>-8.2%</i>		<i>-8.5%</i>		<i>-11%</i>	

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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X4904

### Updates

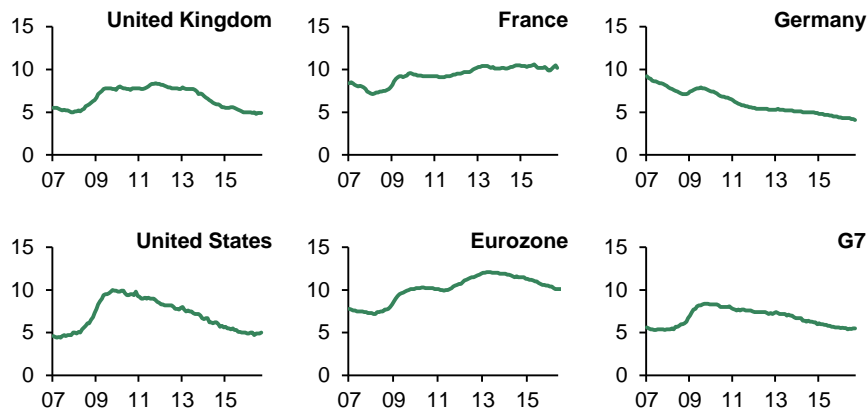
ONS, [Labour Market Statistics](#), 17 May 2017

<sup>1</sup> 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 Q4 2016 was 4.7%. This was below the rate of France (10.0%) but above that of Germany (3.9%).

In the US, the unemployment rate stood at 4.7% in Q4 2016, down from 4.9% in Q3. In the G7, the unemployment rate was 5.3% in Q4 2016, down from 5.4% in Q3 2016.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q4 2016 (23.1%) followed by Spain at 18.7%.

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 Q4 2016 youth unemployment was 45.2% in Greece and 42.7% in Spain. UK youth unemployment stood at 12.4% in Q4 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	5.4	6.3
Q4	6.9	10.0	3.9	11.8	3.1	4.7	4.7	9.7	5.3	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>-0.1</i>	<i>-0.2</i>	<i>-0.2</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>-0.3</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](#),  
11 May 2017

# D1: Interest Rates and Monetary Policy

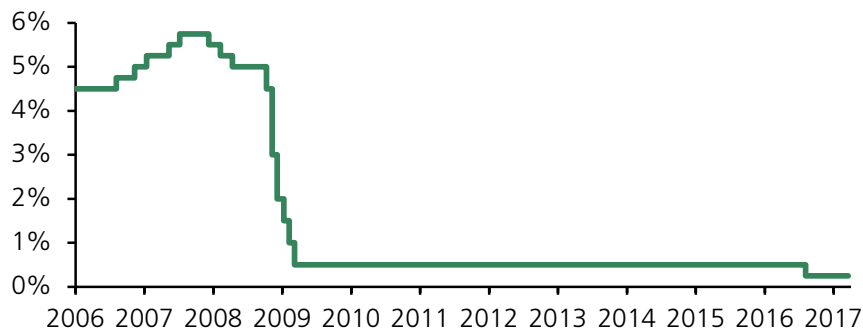
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

## 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 April 2017.

### Subject Specialist

Daniel Harari  
x2464

### Updates – next monetary policy meetings

UK ([11 May](#))  
ECB ([08 Jun](#))  
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	83.6%
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

ratio increased from 83.6% of GDP at the end of 2015/16 to 86.6% of GDP at the end of 2016/17.

Provisional estimates from the ONS suggest that the government borrowed £52 billion in 2016/17; equivalent to 2.6% of GDP. This is a decrease of £20 billion compared with the £72 billion borrowed in 2015/16, and is the lowest level of borrowing since 2007/08.

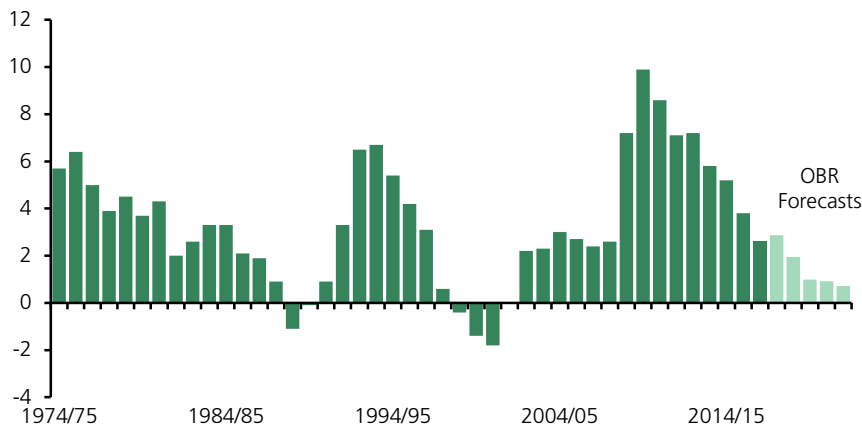
At the end of 2016/17 the UK's net debt was £1,730 billion (£1.7 trillion). The debt-to-GDP

The ONS's figures for 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.

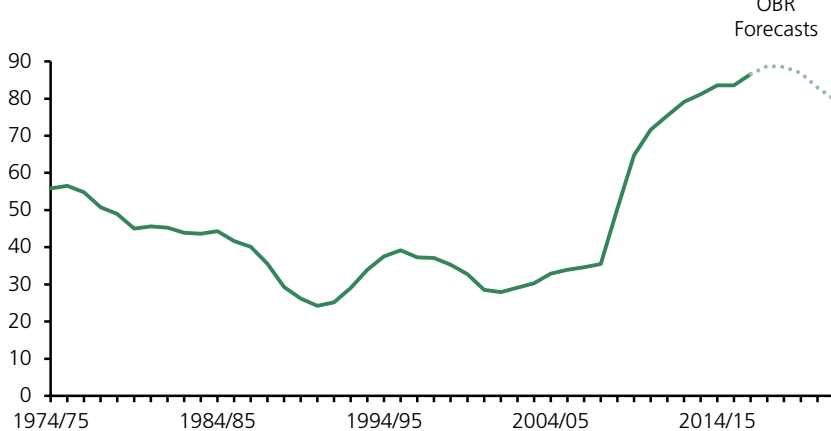
**Net borrowing** – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a particular time period.

**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](#), 23 May 2017

## D3: Financial Indicators

### FTSE-100 Index

#### FTSE-100 Index

Daily closing price



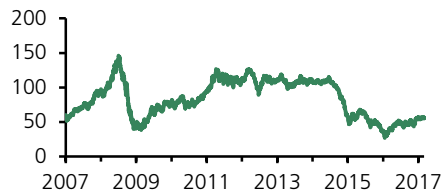
The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index hit a series of highs from October 2016 and closed at twelve successive record highs between December

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 2% on the month and down 1% on the year to 1 May.

#### Data from 1 May 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
01 May 2017	7203.94	51.44	1266.45
%change over:			
1-month	-2%	-4%	2%
12-months	15%	12%	-1%

Note: Oil is Brent near-month futures price

Source: Financial Times

#### Subject Specialist

Daniel Harari  
x2464

#### Updates

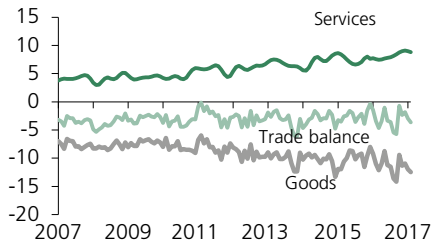
Financial Times, Weekly Basis

# E1: Trade

In 2016, the UK's exports of goods and services totalled £548 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.

Over the three months to February 2017, the trade deficit was £8.5 billion, down slightly on £8.8 billion in the three months to November 2016. Exports increased by 3.1% in the three months to February compared with the three months to November while imports increased by 2.7% in cash terms.

### Trade in Goods and Services and Current Account Balance

Seasonally adjusted

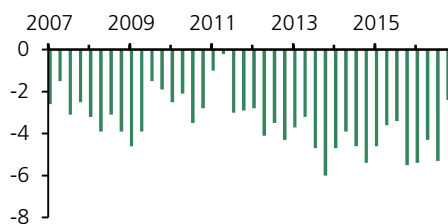
		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2015		517.4	547.2	-29.8	-80.2	-4.3%
2016		547.6	584.6	-37.0	-84.5	-4.4%
2015	Q4	130.4	136.3	-5.9	-25.8	-5.5%
2016	Q1	129.0	138.6	-9.5	-25.7	-5.4%
	Q2	135.1	142.9	-7.8	-21.0	-4.3%
	Q3	136.5	151.3	-14.8	-25.7	-5.3%
	Q4	146.9	151.8	-4.8	-12.1	-2.4%

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

The current account, which includes investment income and transfers as well as trade, saw a deficit of £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](#), 11 May

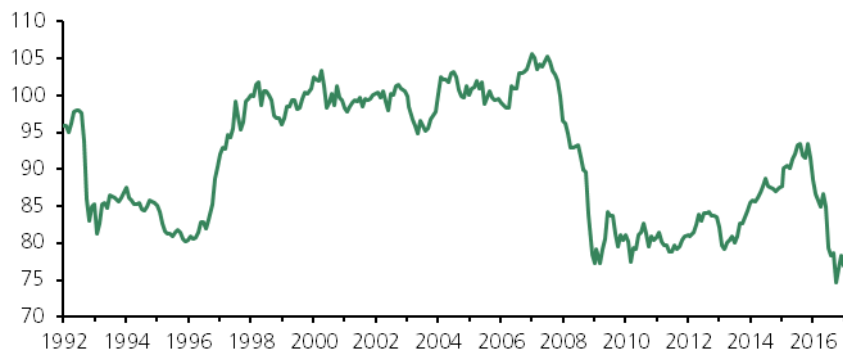
ONS, [UK Balance of Payments](#), 30 Jun

## 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 \$1.29 on 1 May 2017.

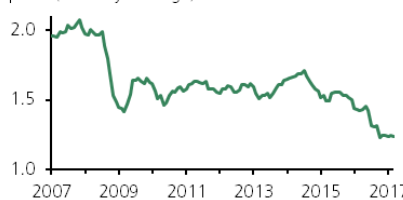
Sterling was down 1.6% against the Euro on average in March compared to February. On 1 May, the Euro was valued at €1.18 per £1. This compares with a daily all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 on 31 December 1998.

Latest closing prices:  
\$1.29 per £1  
€1.18 per £1  
(On 1 May 2017)

**€/£ Exchange Rate**  
€ per £ (monthly average)



**US\$/£ Exchange Rate**  
\$ per £ (monthly average)



**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

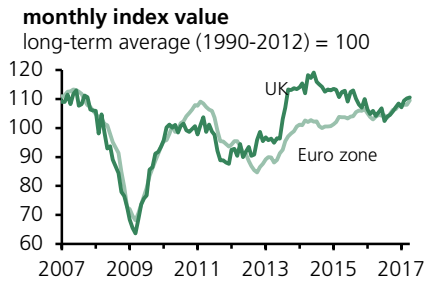
**Subject Specialist**  
Daniel Harari  
x2464

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

# F1: Business and Consumer Confidence

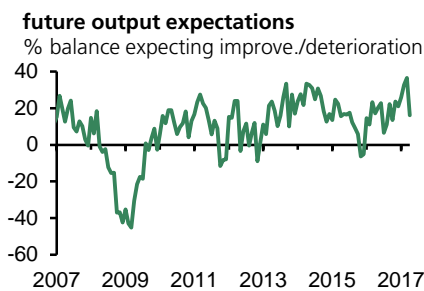
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.

## European Commission Economic Sentiment Indicator



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

Between March and April 2017, the overall UK sentiment index increased by 0.3 points to 110.5 – levels are similar to late 2015.



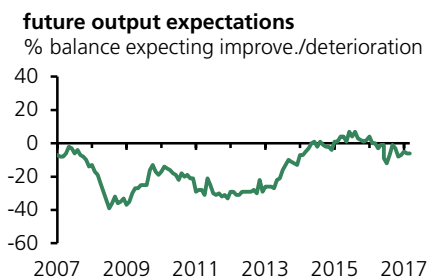
## CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In April, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +16% of

manufacturers. This was down from +37% in March.

## 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 April, the overall consumer confidence index was -7, compared with -6 in March.

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### Update

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

CBI, [Industrial Trends](#), 19 May 2017

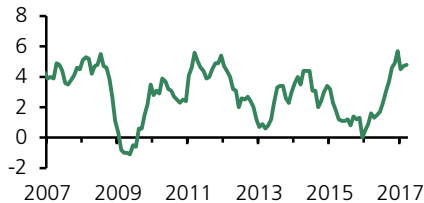
GfK NOP, [Consumer Confidence](#), 31 May 2017



## F2: Retail Sales

The average weekly value (amount spent) of all retail sales in Great Britain was £7.6 billion in March 2017, down from £7.7 billion in February 2017. The total annual retail sales value for 2016 was £388 billion.

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

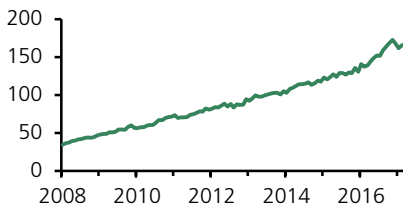


Compared to the same period a year ago, the value of retail sales was up 4.8% in the three months to March 2017.

However, in volume terms (quantity bought), the three months to March 2017 show a contraction of -1.4% compared to the previous three months. This is the third consecutive period of negative growth.

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

**Value of internet retail sales**  
2013=100, seasonally adjusted



The value of internet sales in March 2017 was up 19.5% on March 2016.

### Value of retail sales

Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2015	Mar	101.2	108.1	103.8
2016	Mar	102.2	107.7	104.8
2017	Jan	103.5	111.1	109.4
	Feb	104.4	114.3	111.7
	Mar	104.7	111.8	110.2
% change on yr		1.8	3.2	4.8

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

The value of sales in food stores in the three months to March 2017 was up 1.8% on the same period last year.

The value of sales in non-food stores was up 3.2% 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

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 March 2017 was £7.2 billion.

### Subject Specialist

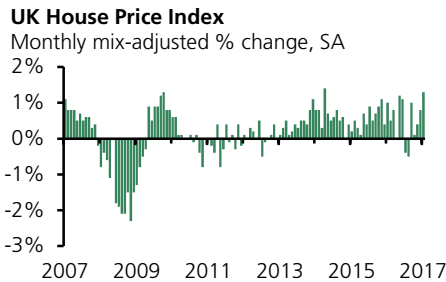
Federico Mor  
x2454

### Updates

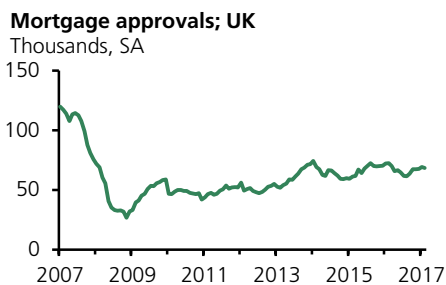
ONS, [Retail Sales](#),  
18 May 2017

## F3: Housing Market

**House prices**, as measured by the UK House Price Index, increased by 5.8% between February 2016 and February 2017. On a seasonally adjusted basis house prices increased by 0.6% between January and February 2017.



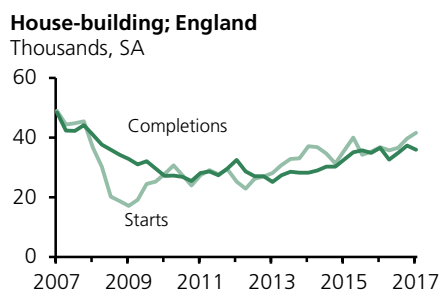
There are regional differences in house prices. The average price is highest in London at roughly £475,000. The lowest prices are found the North East and Northern Ireland at £124,000 and £125,000 respectively.



**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 Q4 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](#), 16 May 2017

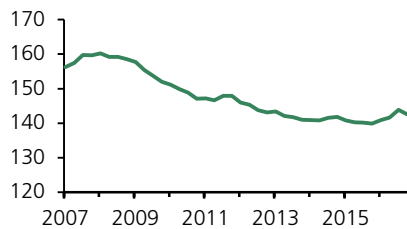
Bank of England, [Money and credit](#), 4 May 2017

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

## F4: Household Debt

### Household debt as a % of disposable income

Household debt: % of disposable income

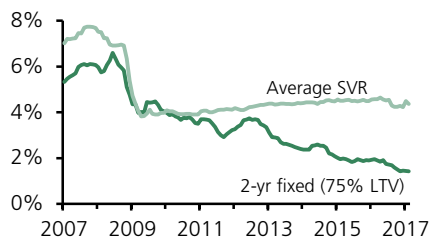


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly over the next few years.

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



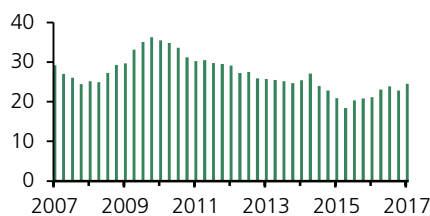
The average Standard Variable Rate (SVR) fell following the [cut in the base interest rate by the Bank of England](#) in August 2016. The SVR was 4.37% in March 2017, down 0.20% points on the year.

The average 2-year fixed mortgage rate also fell following the rate cut.

It was 1.37% in March, down 0.53% points on the year.

### Individual insolvencies, England and Wales

Individual insolvencies;  
England and Wales, Thousands



There were 24,531 individual insolvencies in England and Wales in Q1 2017, 16.0% higher than a year earlier (seasonally adjusted figures). This represents the highest quarterly total of individual insolvencies since Q2 2014.

In Scotland, there were 2,513 individual insolvencies in Q1 2017, an increase of 11.0% on a year earlier. In Northern Ireland, there were 712 individual insolvencies in Q1 2017, an increase of 6.9% on a year earlier.

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#### Updates

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

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

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

## 4. Glossary

### 4.1 Definitions<sup>2</sup>

**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.

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<sup>2</sup> 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
<b>CBI</b>	Confederation of British Industry
<b>ILO</b>	International Labour Organisation
<b>IMF</b>	International Monetary Fund
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>ONS</b>	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 &amp; 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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