



BRIEFING PAPER

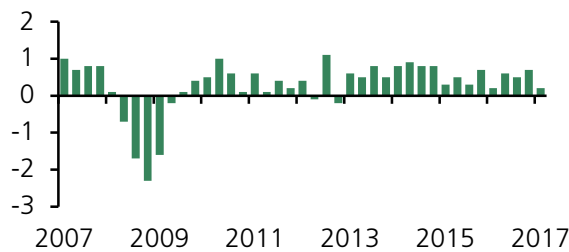
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Economic Indicators, June 2017

By Andrew Powell,
Matthew Ward

GDP growth

% change on previous qtr



GDP grew by 0.2% in real terms in Q1 2017 compared with the previous quarter.

Consumer Prices Index (CPI)

% change on yr



Consumer prices rose by 2.9% in May 2017 compared with a year ago, up from 2.7% in April 2017.

FTSE-100 Index

Daily closing price



The FTSE index passed 7,500 for the first time in May 2017 and hit a record high of 7,547 points on 2 June 2017.

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1. This month's developments

A recurring theme in recent Economic Indicators has been that the economy has largely performed well, but there was less positive news over the past month. The month saw data showing inflation rising quicker than earnings, a decrease in productivity and a slight downward revision in economic growth for the first quarter of 2017.

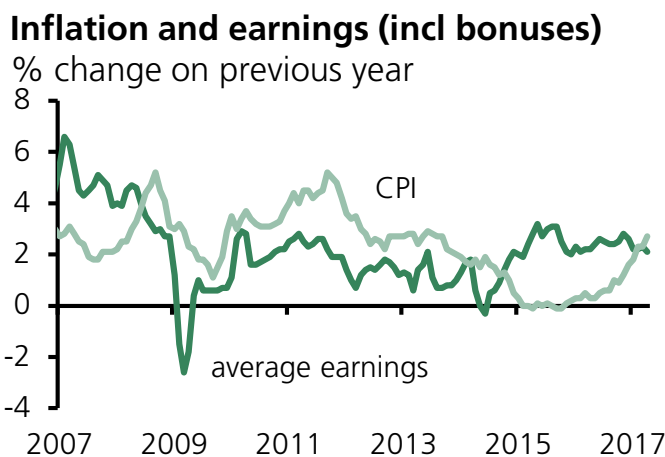
Inflation rose at a faster rate than earnings

The trend of rising employment and falling unemployment continued in the three months to April 2017. The employment rate reached its highest level since comparable records began in 1971, and the unemployment rate was at its lowest rate since 1975. However, the positive news in terms of employment growth has not led to positive news in terms of earnings.

Over the last year, wage growth, measured as the increase from the previous year, has generally been between 2 and 2.5%. Throughout 2016, the growth in wages was above inflation which was between 0 and 1% for most of this year.

The first few months of 2017, however, have seen a steady increase in inflation. In February, for the first time since autumn 2014, inflation increased to a higher level than wage growth. A further increase in inflation, and a slight decrease in wage growth means that, after adjusting for inflation, average earnings decreased by 0.4% in the three months to April 2017 compared to the previous year.

Since then CPI inflation rate has risen to 2.9% in May, its highest rate since June 2013.

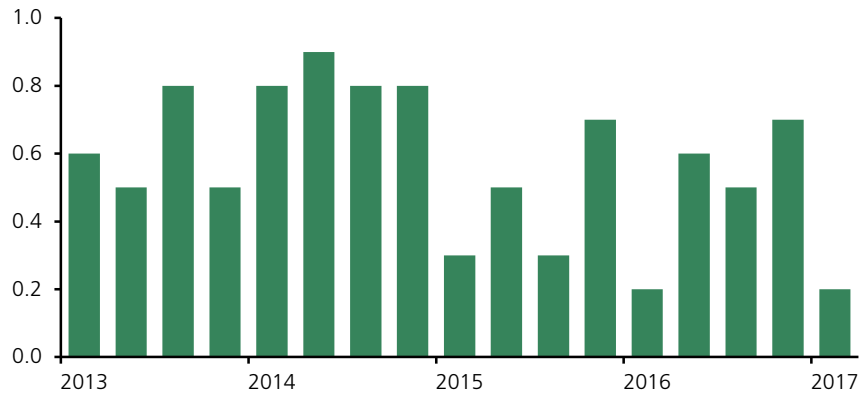


Consumer spending and economic growth

At the end of May, GDP growth in the first quarter of 2017 was slightly revised downwards to 0.2%, from a preliminary estimate of 0.3%. This was the slowest rate of quarterly growth for a year.

GDP growth

% change on previous quarter



The drop in real wages has led to a reduction in the purchasing power of households and a slowdown in consumer spending. This is already evident with the drop in GDP growth in the first quarter of 2017 and the lowest annual growth rate in the volume of retail sales in the three months to May since 2013. With consumers' income likely to continue to be squeezed in coming months, GDP growth may remain under pressure.

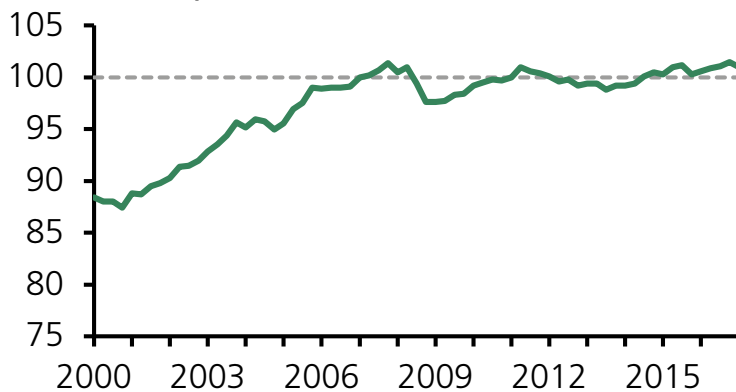
Productivity continues to be a problem

Even while other parts of the economy have been improving since the recession, one of the areas that has proved to be an exception is productivity. In the nine years since the recession began, productivity has stagnated with only small changes in the productivity level over the last five years.

Provisional estimates for the first quarter of 2017 suggest this particular issue will not be resolved in the short term with a decrease in productivity from the last quarter of 2016 and only a small increase from the year before.

Productivity level (GDP per hour)

Index where Q1 2007 level = 100



2. Headline UK Economic Indicators, June 2017

Gross Domestic Product: Q1 2017, Seasonally Adjusted		
Change (real %)	0.2 (qtr)	2.0 (yr)
Industries		
Service output: March 2017		
Change (%)	0.2 (mth)	2.7 (yr)
Manufacturing output: April 2017		
Change (%)	0.2 (mth)	0.0 (yr)
Productivity: Q1 2017, Seasonally Adjusted		
Output per hour		
Change (%)	-0.5 (qtr)	0.4 (yr)
Inflation: May 2017		
Change on year (%)	2.9 (CPI)	3.7 (RPI)
Labour Market: Feb - Apr 2017, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.6
Change (% points)	-0.2 (qtr)	-0.5 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		74.8
Change (% points)	0.2 (qtr)	0.6 (yr)
Interest Rate: as of 15 June 2017		
Bank of England Base Rate		0.25 (%)
Public Finances: 2016/17		
Net borrowing	49 (£ bn)	2.5 (% GDP)
Net debt	1,728 (£ bn)	86.5 (% GDP)
Trade: Q4 2016		
Current Account	-12.1 (£ bn)	-2.4 (% GDP)
Sterling Exchange rate: 15 June 2017		
US Dollar (\$)	1.28 (rate)	-10.9 (% change on yr)
Euro (€)	1.15 (rate)	-9.8 (% change on yr)
EC Economic Sentiment Indicator for UK: May 2017		
Points (1990-2012 average = 100)		110.5
Change (points)	-2.3 (mth)	+1.4 (yr)
Retail Sales: May 2017, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		5.6 (% change on yr)
Housing Market: April 2017, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.8 (mth)	5.6 (yr)

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

Headline Indicators summary

GDP grew by 0.2% in Q1 2017 compared to the previous quarter, following growth of 0.7% in Q4 2016, and by 2.0% from a year before. GDP has now increased for 17 consecutive quarters, although the latest quarter saw the slowest rate of growth for four quarters. In Q1 2017 the US growth was 0.3% and Eurozone growth was 0.5%.

Productivity across the whole UK economy decreased by 0.5% in Q1 2017 compared with the previous quarter, and increased by 0.4% from a year ago. Since the recession, productivity has stagnated.

Services output increased by 0.2% in March 2017 compared to February, and by 2.7% from a year before. **Manufacturing output** increased by 0.2% from February, but is unchanged from a year before.

CPI inflation was 2.9% in May 2017, up from 2.7% in April. This is the CPI's highest rate since June 2013. Annual inflation in the Eurozone is provisionally estimated at 1.4% in May 2017.

Average wages, including bonuses, were 2.1% higher in the three months to April 2017 compared with the year before. CPI inflation was 2.4% over the same period.

The **employment rate** in February-April 2017 was 74.8%, up 0.6% points on the previous year, and at its highest rate since comparable records began in 1971. The **unemployment rate** was 4.6%, down 0.5% points from the previous year, and at its lowest rate since 1975.

The UK official **interest rate** remains at 0.25%. It has been at this level since August 2016 when the rate was decreased from 0.5%.

The government is estimated to have **borrowed** £49 billion in 2016/17, a decrease of £23 billion from 2015-16 and the lowest level of borrowing since 2007/08. At the end of 2016/17 the UK's **debt to GDP ratio** was 86.6%, 3% points higher than a year before.

The **FTSE-100 Index** closed at a record high, 7,547 points, on 2 June 2017. It has fallen since and closed at 7,474 points on 14 June.

The UK had a **trade deficit** of £37 billion in 2016, with exports totalling £548 billion and imports totalling £585 billion. Over the three months to April 2017 the trade deficit was £8.6 billion, compared with £6.9 billion in the three months to January.

The **value of sterling** rose by 0.5% in May 2017 from April 2017, but is 9.1% lower than the year before.

The volume of **retail sales** in Great Britain in the three months to May 2017 was up 0.9% from the previous year. This is the lowest annual growth since April 2013.

House prices increased by 5.6% in the year to April 2017, and by 0.8% from the previous quarter.

Household debt in Q4 2016 was at 143% of household gross disposable income. Household debt peaked in Q1 2008 at 160%.

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, Andrew Powell 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 0.2% 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. The ONS reports the slowdown was mainly due to a lower output from some consumer-facing services, such as retail and accommodation.

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	0.2	2.0

GDP in Q1 2017 was 2.0% higher than a year before.

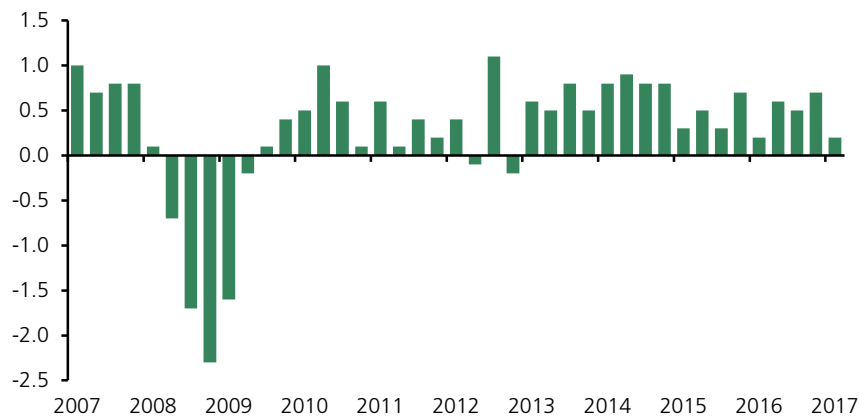
GDP has now increased for 17 consecutive quarters and is estimated to have grown by 1.8% in 2016, compared to growth of 2.2% in 2015.

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 March 2017 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

Subject Specialist

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Updates

HM Treasury, [Forecasts for the UK economy](#), 20 June 2017

ONS, [Quarterly National Accounts](#), 30 June 2017

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

A2: GDP International

Real GDP in the UK grew by 0.2% in Q1 2017 compared with the previous quarter. In the same quarter, the US saw growth of 0.3% and the Eurozone growth of 0.5%.

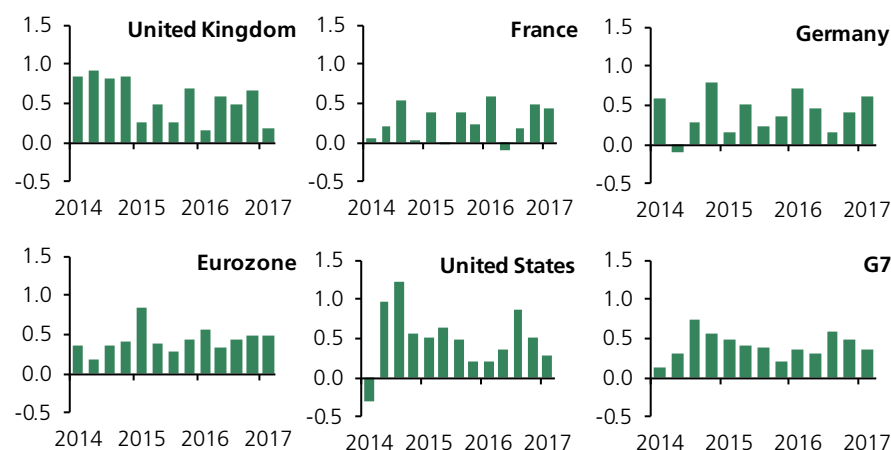
Real GDP

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

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 7 June, the OECD left its GDP growth [forecasts](#) for the UK unchanged from its March forecasts of 1.6% in 2017 and 1.0% in 2018. The [OECD cited](#) "uncertainty about the outcome of the Brexit negotiations" as the reason for the projected slowdown in growth.

Real GDP growth forecasts

% change

	IMF (Apr 17)		EC (May 17)		OECD (Jun 17)	
	2017	2018	2017	2018	2017	2018
UK	2.0	1.5	1.8	1.3	1.6	1.0
France	1.4	1.6	1.4	1.7	1.3	1.5
Germany	1.6	1.5	1.6	1.9	2.0	2.0
Eurozone	1.7	1.6	1.7	1.8	1.8	1.8
US	2.3	2.5	2.2	2.3	2.1	2.4
Japan	1.2	0.6	1.2	0.6	1.4	1.0
China	6.6	6.2	6.6	6.3	6.6	6.4
India	7.2	7.7	7.2	7.5	7.3	7.7
Brazil	0.2	1.7	0.5	1.8	0.7	1.6
World	3.5	3.6	3.4	3.6	3.5	3.6

Sources: IMF Apr'17 WEO update; EC Spring '17 forecast; OECD Economic Outlook Jun'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, [Autumn Economic Forecast](#), Nov 2017

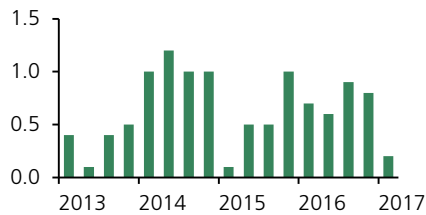
A3: Components of GDP

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 0.2% 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%.

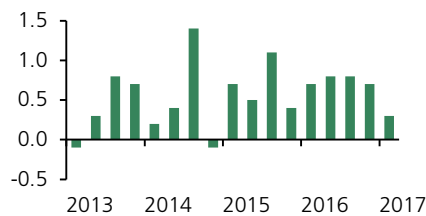
In Q1 2017, service sector output increased by 0.2% in real terms compared with Q4 2016, slower than the growth of 0.8%

recorded in the previous quarter.

Manufacturing output was up by 0.3% (the production sector overall was up by 0.1%). 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%.

In Q1 2017, household consumption grew by 0.3% in real terms compared with Q4

2016. Government consumption was up 0.8% and investment was up 1.2%.

Exports decreased by 1.6% while imports increased by 2.7%.

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
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	0.7
2017 Q1	0.3	0.8	1.2	-1.6	2.7	0.2

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

Note: * annual % change

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Updates

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

ONS, [Second Estimate of GDP](#), 24 Aug 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 nine 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 - output (GDP) per hour

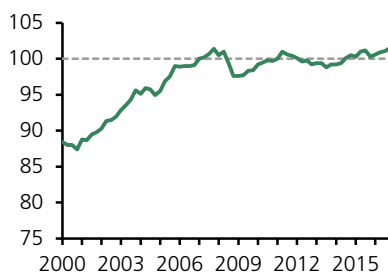
	% change on qtr	% change on yr
2015	..	0.9
2016	..	0.3
2016 Q2	0.3	-0.1
Q3	0.2	-0.1
Q4	0.4	1.2
2017 Q1	-0.5*	0.4*

Source: ONS series LZVD, TXBB

* Based on 'flash' ONS estimate for Q1 2017

Productivity level (GDP per hour)

Index where Q1 2007 level = 100



[Productivity](#) across the whole UK economy decreased by 0.5% in Q1 2017 compared with the previous quarter, and was only 0.4% higher compared with a year before in Q1 2016.

International comparisons

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

Productivity (GDP per hour), 2015

Index where UK=100



In 2015, ranked on GDP per hour 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](#), 5 July 2017

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

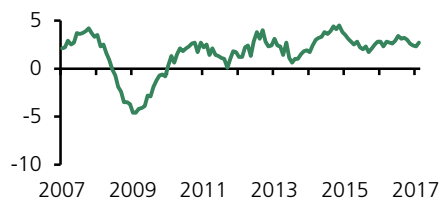
A5: Services

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 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

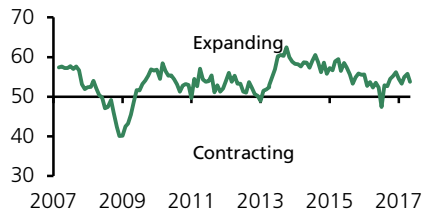


Services output increased by 0.2% in March 2017 compared to February.

Compared with a year before, it has increased by 2.7%.

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 May 2017 the index was 53.8, a fall from 55.8 in April. The index has been above the 50.0 no-change value for ten consecutive

months.

This drop signalled the slowest expansion of service sector output since February. 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.

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Update

ONS, [Index of Services](#), 30 June 2017

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

Services Output Index

	Index	% change on yr
2015	106.0	2.6
2016	109.0	2.9
2017 Jan	110.3	2.4
Feb	110.5	2.3
Mar	110.7	2.7

Source: ONS, series S2KU, S222, S26Q

PMI Index

	Index	Change on mth
2015 May	56.5	
2016 May	53.5	
2017 Mar	55.0	1.7
Apr	55.8	0.8
May	53.8	-2.0

Source: Markit/CIPS UK Services PMI

A6: Manufacturing

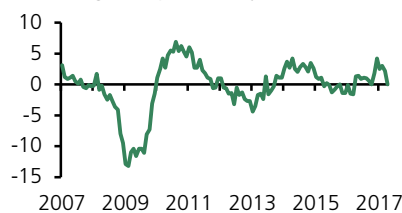
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

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



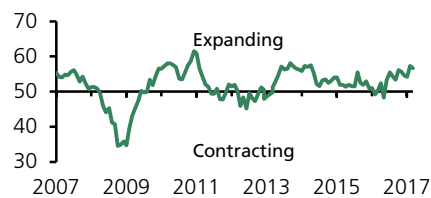
Total manufacturing output was up in April 2017 compared to March 2017, by 0.2%, a small rise after falling in February.

Manufacturing output was unchanged at 0.0% over the whole year to April 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 May 2017 it was 56.7, only slightly below April's three-year high of 57.3

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

Markit observe that the rate of job creation is at a 35 month high and that output and new order growth remain solid, with companies benefiting from the continued strength of the domestic market combined with an increase in new export business as well. (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	May	51.9	
2016	103.5	0.7	2016	May	50.4	
2017			2017	Mar	54.2	-0.4
				Apr	57.3	3.1
				May	56.7	-0.6

Source: ONS, series K22A, K27Y, K2DO

Source: Markit/CIPS UK Manufacturing PMI

Subject Specialist

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x2454

Update

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

Markit/CIPS, [UK Manufacturing PMI](#), 1 July 2017

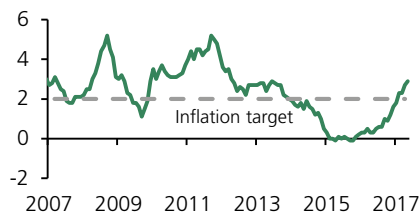
B1: Inflation

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 2.9% in May 2017, up from 2.7% in April 2017. This is the CPI’s highest rate since June 2013.

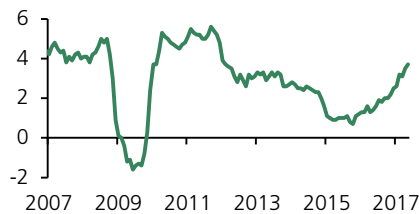
The RPI inflation rate rose from 3.5% in April to 3.7% in May. This is the RPI’s highest rate since February 2012.

Consumer Prices Index (CPI)
% change on yr



The increase in the CPI was primarily driven by recreation and culture (particularly games, toys and hobbies), offset by a fall in the costs of transport.

Retail Prices Index (RPI)
% change on yr



Price Indices

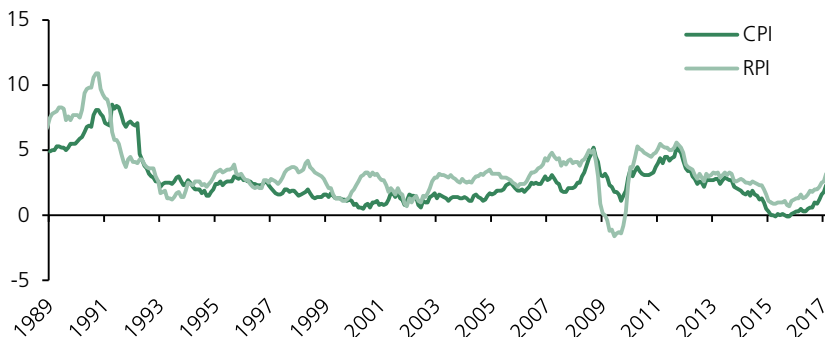
% change on a year ago

		CPI	RPI
2014	May	1.5	2.4
2015	May	0.1	1.0
2016	May	0.3	1.4
2017	Mar	2.3	3.1
	Apr	2.7	3.5
	May	2.9	3.7

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989

% change on yr



Subject Specialist

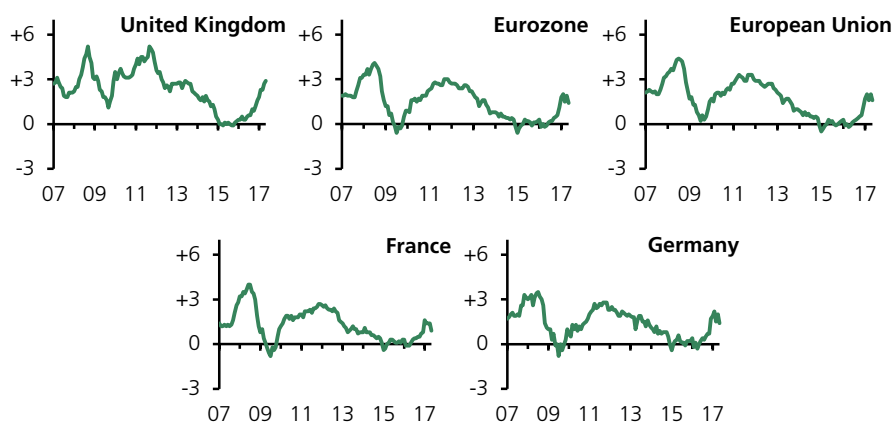
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 18 July 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, as measured by the CPI, was 2.9% in the year to May 2017, up from 2.7% in April. May's figure is the highest rate of inflation since June 2013. The UK's inflation rate is the third highest in the EU.

EU inflation was 1.6% in May 2017 compared with 2.0% in April and -0.1% in May 2016.

Annual inflation in the Eurozone was 1.4% in May 2017, down from 1.9% in April and compared with -0.1% in May 2016.

In Germany, inflation was 1.4% in May, down from 2.0% in April. In France it was 0.9% in May, down from 1.4% in April.

Estonia had the highest inflation rate in the EU in May at 3.5% followed by Lithuania at 3.2%. Ireland had the lowest inflation rate at 0.0% followed by Romania at 0.5%.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2014	2015	2016	Feb 17	Mar 17	Apr 17	May 17
UK	1.5	0.0	0.7	2.3	2.3	2.7	2.9
Eurozone	0.4	0.0	0.2	2.0	1.5	1.9	1.4
European Union	0.5	0.0	0.3	2.0	1.6	2.0	1.6
France	0.6	0.1	0.3	1.4	1.4	1.4	0.9
Germany	0.8	0.1	0.4	2.2	1.5	2.0	1.4

Source: ONS, Eurostat

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 18 Jul

Eurostat, [Flash estimate](#) (Eurozone), 30 Jun

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

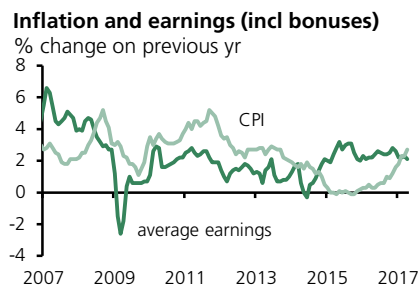
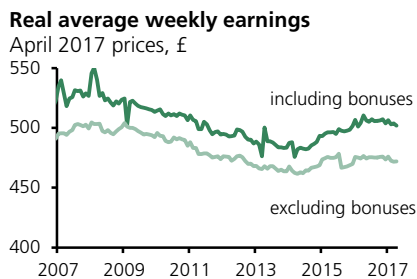
B3: Average Earnings

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 2.1% higher in the three months to April 2017 compared with the year before. Excluding bonuses, average weekly earnings increased by 1.7%. Inflation as measured by the CPI averaged 2.4% over the same period.

After adjusting for inflation, average weekly earnings including bonuses decreased by 0.4% compared to last year. Excluding bonuses, real average weekly earnings decreased by 0.7% compared to last year.

Average Earnings, Whole Economy



Trends by Sector

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

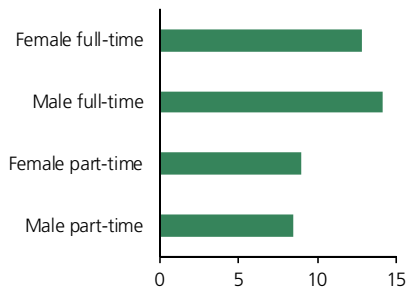
	Total	Private	Public
2015 Apr	2.8	3.5	0.4
2016 Apr	2.2	2.3	1.6
2017 Feb	2.2	2.4	1.3
Mar	2.3	2.6	1.2
Apr	2.1	2.3	1.1

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

Average weekly total pay (including bonuses) grew by 2.3% in the private sector in the three months to April 2017, compared with the year before. In the public sector, total pay increased by 1.1%.

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

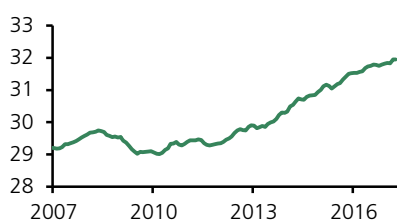
ONS, [Labour Market Statistics](#), 12 July 2017

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

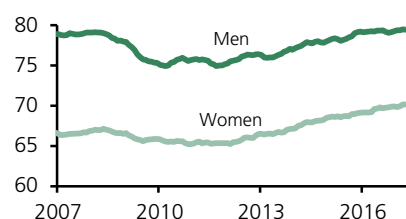
C1: Employment

31.95 million people were in employment in February - April 2017, up 109,000 from the previous quarter and 372,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.8%, up 0.6% points on the previous year.

Employment; UK
Millions, age 16+, seasonally adjusted



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



As the charts show employment has generally been rising for the last few years, with the employment rate reaching a record high in February- April 2017.¹

Female employment increased by 71,000 over the last quarter to 14.98 million. The employment rate for women aged 16-64 was 70.2%

16.97 million men were in work in February - April 2017, 38,000 higher than the previous quarter. The employment rate for men aged 16-64 was 79.5%.

4.80 million people were self-employed, up slightly on the previous quarter. The number of people working as employees was up by 127,000 from the previous quarter at 26.95 million.

23.50 million people were working full-time in February - April 2017, up 162,000 from the previous quarter and 427,000 higher than a year earlier. There were 8.45 million people working part-time, down 53,000 from the previous quarter and down 55,000 from a year earlier.

1.59 million people were employed on a temporary basis, down 17,000 from the previous quarter and down 47,000 from the previous year.

UK Employment

Seasonally adjusted

		Total		Men		Women		Youth	
Age:		000's	%	000's	%	000's	%	000's	%
		16+	16-64	16+	16-64	16+	16-64	16-24	16-24
Feb-Apr	2014	30,638	72.7	16,315	77.6	14,322	67.8	3,784	51.9
Feb-Apr	2015	31,126	73.4	16,546	78.2	14,579	68.7	3,865	53.2
Feb-Apr	2016	31,583	74.2	16,852	79.3	14,730	69.2	3,940	54.6
Nov-Jan	2017	31,846	74.6	16,933	79.4	14,913	69.8	3,933	55.0
Feb-Apr	2017	31,954	74.8	16,970	79.5	14,984	70.2	3,942	55.3
<i>Change on qtr</i>	<i>Level</i>	109	0.2	38	0.1	71	0.3	8	0.3
	<i>%</i>	0.3%		0.2%		0.5%		0.2%	
<i>Change on yr</i>	<i>Level</i>	372	0.6	118	0.2	254	1.0	2	0.7
	<i>%</i>	1.2%		0.7%		1.7%		0.0%	

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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X4904

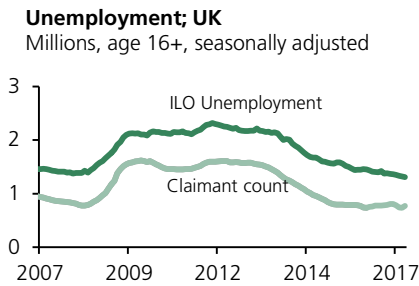
Updates

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

¹ Since records began in 1971.

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).²



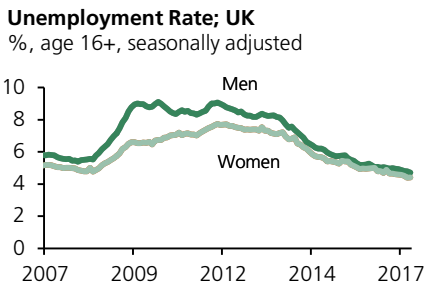
ILO unemployment was 1.53 million people in the UK in February - April 2017, down 50,000 on the previous quarter and down 145,000 from the previous year.

The unemployment rate was 4.6% (the percentage of the economically active population who are unemployed), down 0.2 percentage points from the previous quarter and down 0.5 percentage points on February - April 2016.

The unemployment rate was 4.6% (the percentage of the

economically active population who are unemployed), down 0.2 percentage points from the previous quarter and down 0.5 percentage points on February - April 2016.

Unemployment has generally been falling over the last few years. The unemployment rate is now at the joint lowest point it has been since 1975.³



There were 840,000 men unemployed in February - April 2017, down 26,000 on the previous quarter and 58,000 from a year earlier. 690,000 women were unemployed, down 24,000 on the previous quarter and down 87,000 from a year earlier.

564,000 people aged 16-24 were unemployed in February - April 2017, down 57,000 on the previous year. The unemployment rate for 16-24 year olds was 12.5%, down from 13.6% a year before.

UK Unemployment
Seasonally adjusted

Age	Total		Men		Women		Youth		
	000's 16+	% 16+	000's 16+	% 16+	000's 16+	% 16+	000's 16-24	% 16-24	
Feb-Apr 2014	2,167	6.6	1,207	6.9	960	6.3	848	18.3	
Feb-Apr 2015	1,822	5.5	1,010	5.8	812	5.3	734	16.0	
Feb-Apr 2016	1,676	5.0	898	5.1	778	5.0	621	13.6	
Nov-Jan 2017	1,580	4.7	866	4.9	714	4.6	554	12.3	
Feb-Apr 2017	1,530	4.6	840	4.7	690	4.4	564	12.5	
Change on qtr	Level	-50	-0.2	-26	-0.2	-24	-0.2	10	0.2
	%	-3.2%		-3.0%		-3.3%		1.8%	
Change on yr	Level	-145	-0.5	-58	-0.3	-87	-0.6	-57	-1.1
	%	-8.7%		-6.5%		-11.2%		-9%	

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](#), 12 July 2017

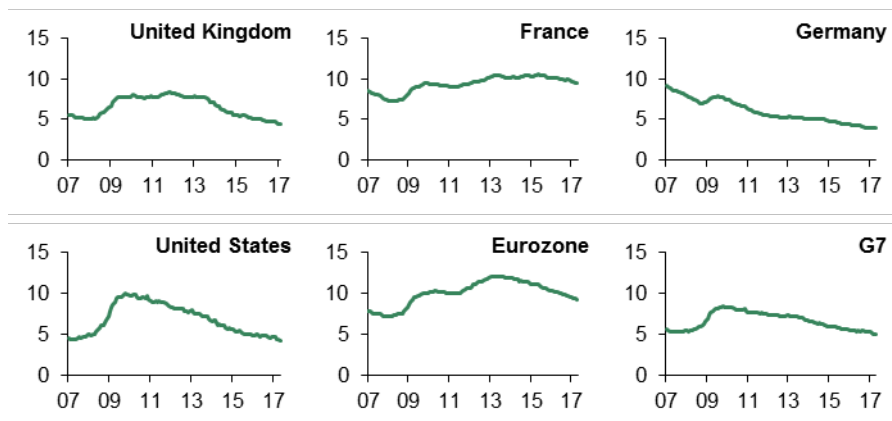
² The introduction of Universal Credit is having an impact on claimant count statistics for more information please see the Library’s briefing [Universal Credit and the claimant count](#)

³ Since records began in 1971.

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 equal to the rate of the US, below that of France (10.0%) but above that of Germany (3.9%). In the G7, the unemployment rate was 5.3%. Unemployment rates were slightly lower in Q1 2017 for the majority of these countries, although the UK figure hasn't been published to date.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q4 2016 (23.4%) followed by Spain at 18.7%.

Iceland and Japan had the lowest unemployment rate in the OECD for Q4 2016 at 2.8% and 3.1% 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, 42.5% in Spain and 39.1% in Italy. 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	6.1	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	10.1	4.1	11.7	3.1	4.8	4.9	10.0	5.5	6.3
2014 Q4	7.0	10.3	5.1	12.8	3.6	6.7	6.7	11.9	6.7	7.6
2015 Q4	6.8	10.3	4.8	12.3	3.5	5.5	5.5	11.2	6.0	7.0
2016 Q4	7.2	10.2	4.3	11.6	3.2	5.0	4.9	10.3	5.6	6.5
Q1	6.9	10.1	4.2	11.7	3.2	4.9	4.9	10.2	5.5	6.4
Q2	7.0	10.0	4.1	11.6	3.0	4.7	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
2017 Q1	6.7	9.6	3.9	11.6	2.9	..	4.7	9.4	5.2	6.0
<i>Change on qtr</i>	-0.2	-0.4	0.0	-0.2	-0.2	...	0.0	-0.3	-0.1	-0.2
<i>Change on yr</i>	-0.5	-0.6	-0.4	0.0	-0.3	...	-0.3	-0.8	-0.4	-0.4

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
15 June 2017

D1: Interest Rates and Monetary Policy

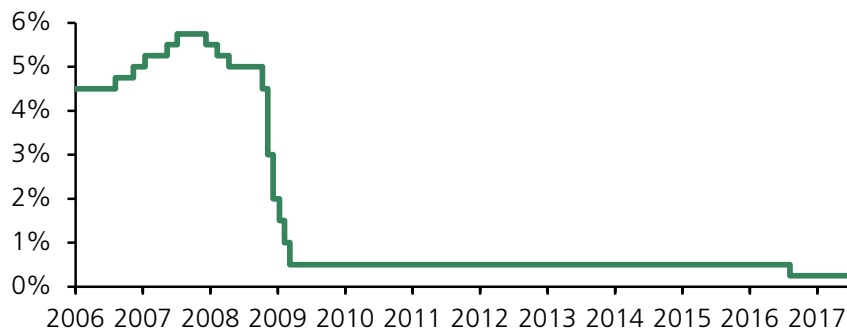
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 June 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 [June meeting](#). However, the vote to keep rates unchanged in June was closer than most observers expected; the MPC voted 5-3 in favour of keeping policy unchanged. Some MPC members were concerned by inflation rising faster than it had anticipated, to 2.9% in May, above the Bank's 2% target.

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, which it did. Policy was left [unchanged](#) in June 2017.

United States (Federal Reserve)

The US Federal Reserve [increased its main interest rate](#) by 0.25%-points at its June policy meeting to a range of 1.0-1.25%. Rates have been increased gradually from 0-0.25% since December 2015 against a backdrop of jobs growth and steady economic growth.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([3 Aug](#))
ECB ([20 Jul](#))
US ([26 Jul](#))

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	102	5.8%	1,466	81.2%
2014/15	94	5.1%	1,554	83.6%
2015/16	72	3.8%	1,604	83.5%
2016/17	49	2.5%	1,728	86.5%
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

GDP at the end of 2015/16 to 86.5% of GDP at the end of 2016/17.

Provisional estimates from the ONS suggest that government borrowing decreased by £23 billion to £49 billion in 2016/17. This is the lowest level of borrowing since 2007/08. The £49 billion borrowed in 2016/17 is equivalent to 2.5% of GDP.

At the end of 2016/17 the UK's net debt was £1,728 billion (£1.7 trillion). The debt-to-GDP ratio increased from 83.5% of GDP at the end of 2015/16 to 86.5% of GDP at the end of 2016/17.

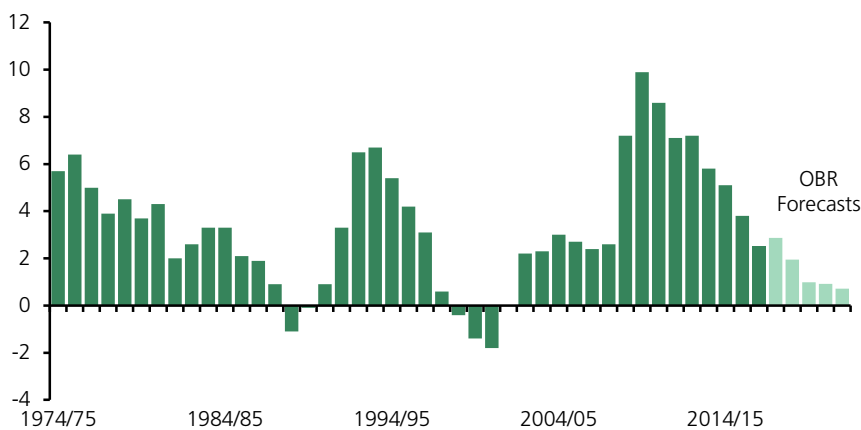
The ONS's figures for 2016/17 are provisional: they are not final figures and may be revised over the coming months as provisional data are replaced with finalised and audited data.

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.

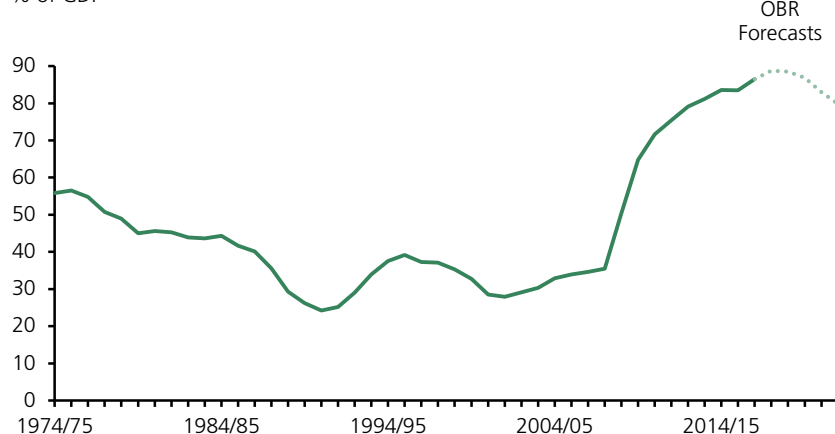
Public sector net borrowing

% of GDP



Public sector net debt

% of GDP



Subject Specialist

Matt Keep
x4324

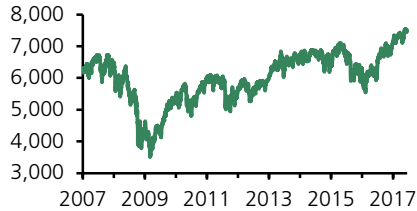
Next update

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

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

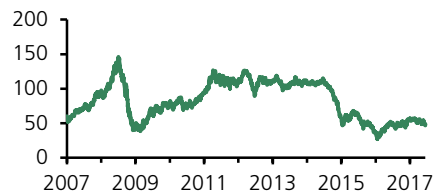


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index hit a series of highs from October 2016 and closed at twelve successive record highs between December

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 passed 7,500 for the first time in May 2017 and closed at another record high (7,547 points) on 2 June.

Brent Crude Oil

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

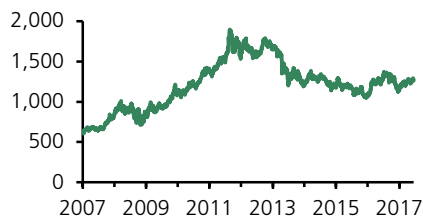


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since February 2004. The price has since climbed and has remained above or around \$50/barrel since December 2016, after OPEC

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 3% on the year to 15 June.

Subject Specialist

Daniel Harari
x2464

Updates

Financial Times, Weekly Basis

Data from 15 June 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
15 Jun 2017	7419.36	46.90	1254.55
%change over:			
1-month	0%	-10%	2%
12-months	24%	-5%	-3%

Note: Oil is Brent near-month futures price

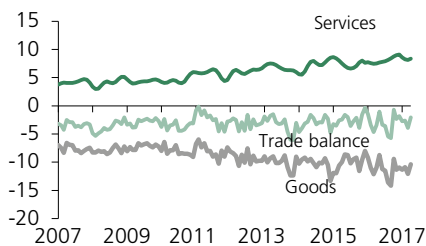
Source: Financial Times

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.

The trade deficit was £8.6 billion in the three months to April compared with £6.9 billion in the three months to January. Exports increased by 0.2% over this period while imports increased by 1.3% in cash terms.

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

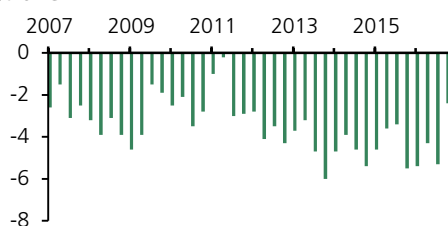
		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2015		517.4	547.2	-29.8	-80.2	-4.3%
2016		547.6	584.6	-37.0	-84.5	-4.4%
2016	Q1	129.0	138.6	-9.5	-25.7	-5.4%
	Q2	135.1	142.9	-7.8	-21.0	-4.3%
	Q3	136.5	151.3	-14.8	-25.7	-5.3%
	Q4	146.9	151.8	-4.8	-12.1	-2.4%
2017	Q1	147.4	156.7	-9.3

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](#), 7 July

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

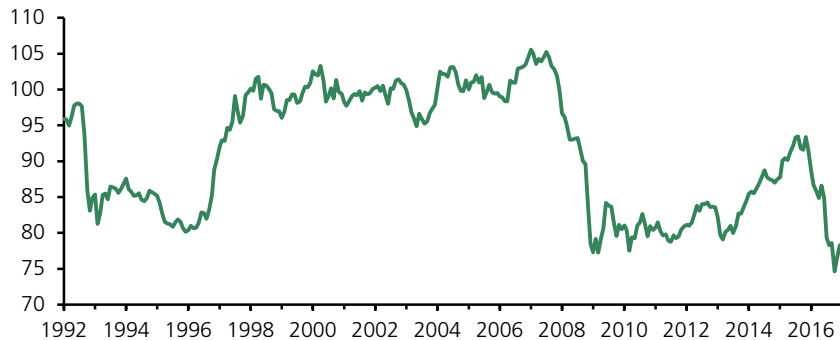
E2: Exchange Rates

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 rose by 0.5% in May 2017 compared with April 2017, the second successive monthly increase. Compared with the same period a year ago, it is 9.1% lower. It is 27.4% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



On average in May compared with April, the pound was up 2.2% against the dollar, the second successive monthly increase. The value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June 2016 to \$1.28 on 14 June 2017.

Sterling was down 0.9% against the Euro on average in May compared to April. On 14 June, the Euro was valued at €1.13 per £1, its lowest level since November 2016. 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:
 \$1.28 per £1
 €1.13 per £1
 (On 14 June 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 Mar	1.23	-13.3%	1.15	-9.8%
Apr	1.27	-11.6%	1.18	-6.5%
May	1.29	-10.9%	1.17	-9.0%

Source: Bank of England, Bankstats database

Subject Specialist

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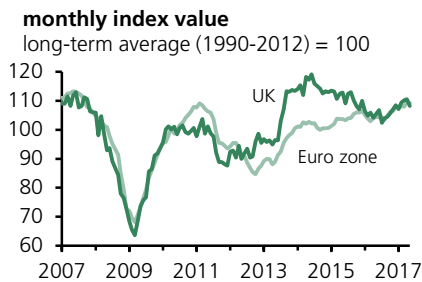
Updates

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

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

F1: Business and Consumer Confidence

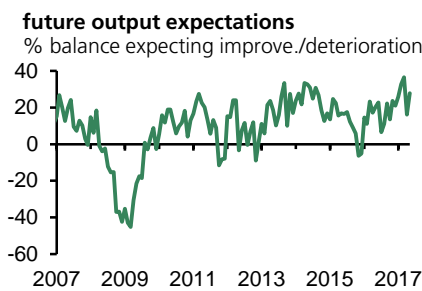
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

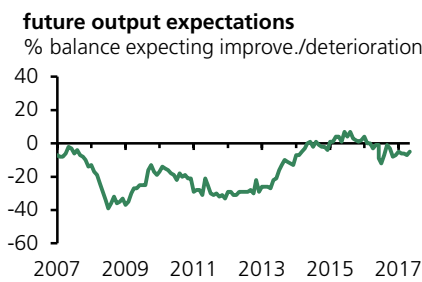
Between April and May 2017, the overall UK sentiment index fell by 2.3 points to 110.5 – levels are similar to December 2016.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In May, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +28% of manufacturers. This was up from +16% in April, but still below the +37% of 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 May, the overall consumer confidence index was -5, compared with -7 in April.

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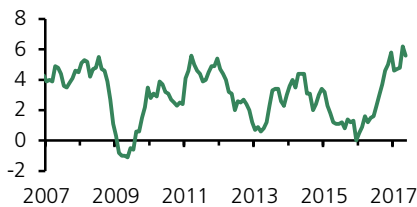
Update

EC, [Economic Sentiment](#)

F2: Retail Sales

The average weekly value (amount spent) of all retail sales in Great Britain was £7.7 billion in May 2017, down from £7.8 billion in April 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



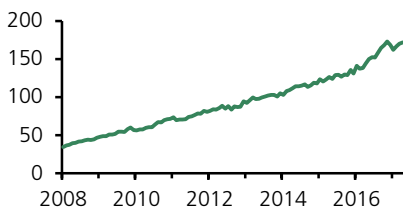
Compared to the same period a year ago, the value of retail sales was up 5.6% in the three months to May 2017.

However, the rise was mostly the result of inflation. The quantity bought (volume) in the retail industry was estimated to have

increased by only 0.9% compared with May 2016. This is the lowest annual growth rate since April 2013.

Average store prices (excluding fuel) increased by 2.8% on the year; the largest growth since March 2012.

Value of internet retail sales
2013=100, seasonally adjusted



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

The value of internet sales in May 2017 was up 14.5% on May 2016.

Value of retail sales
Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2015	May	101.7	108.5	104.5
2016	May	102.6	110.8	107.2
2017	Mar	104.8	112.0	110.6
	Apr	105.4	115.1	112.8
	May	105.3	112.8	111.6
% change on yr		3.0	3.8	5.6

The average weekly value of sales in food stores was £3.0 billion in May 2017 and £3.2 billion in non-food stores.

The value of sales in food stores in the three months to April 2017 was up 3.0% on the same period last year.

The value of sales in non-food stores was up 3.8% 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 May 2017 was £7.6 billion.

Subject Specialist

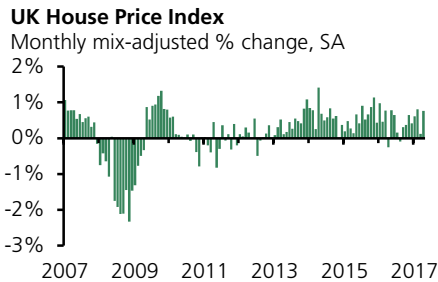
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Updates

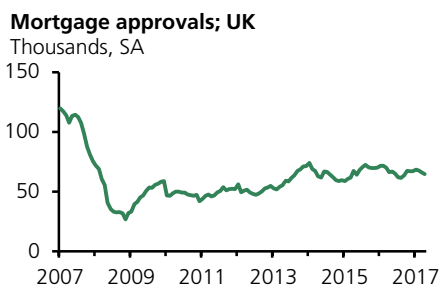
ONS, [Retail Sales](#),
20 July 2017

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 5.6% between April 2016 and April 2017. On a seasonally adjusted basis house prices increased by 0.8% between March and April 2017.



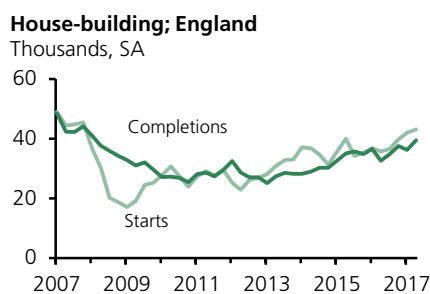
There are regional differences in house prices. The average price is highest in London at roughly £483,000. The lowest prices are found in the North East and Northern Ireland at £123,000 and £124,000 respectively.



Mortgage approvals in April 2017 were down by 2.1% on the previous month and 2.3% down on a year ago. Approvals remain well down on pre-recession levels. There were 64,645 mortgage approvals in April 2017, compared with 66,182 in April 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 3% in Q1 2017 compared with Q4 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 43,170 house building starts (seasonally adjusted) in England in Q1 2017, a 3% increase on the previous quarter, and up 21% on the same quarter of 2016. This is above the recent low of 17,150 in Q1 2009, but still below the 48,970 starts in Q1 2007.

There were 39,520 dwelling completions (seasonally adjusted) in Q1 2017, up 9% on the previous quarter and 21% on the same quarter of 2016. Completions remain below the peak of 48,440 completions in Q1 2007.

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Updates

HM Land Registry, [UK house price index](#), 18 July 2017

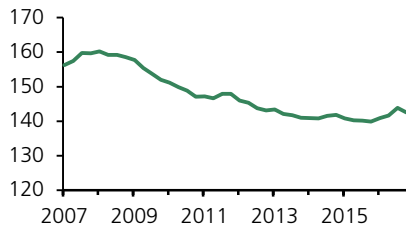
Bank of England, [Money and credit](#), 29 June 2017

DCLG, [House-building](#), 24 August 2017

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

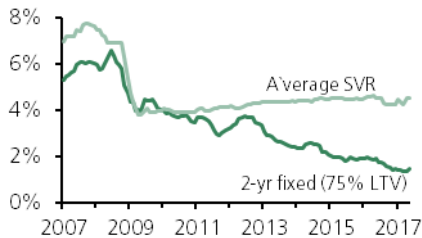


Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly over the next few years.

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



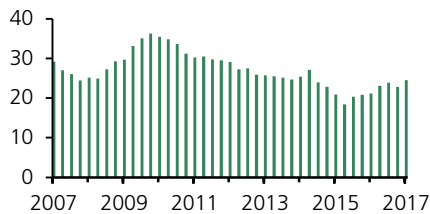
The average Standard Variable Rate (SVR) fell following the [cut in the base interest rate by the Bank of England](#) in August 2016, but it since came back up. The SVR was 4.54% in May 2017, virtually the same as a year before.

The average 2-year fixed mortgage rate also fell following

the rate cut. It was 1.47% in May, down 0.44% 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](#), 30
June 2017

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

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

4. Glossary

4.1 Definitions⁴

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.

⁴ 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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