



BRIEFING PAPER

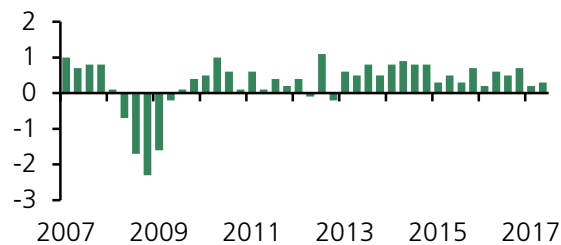
Number 8064, 1 August 2017

Economic Indicators, August 2017

By Andrew Powell,
Matthew Ward

GDP growth

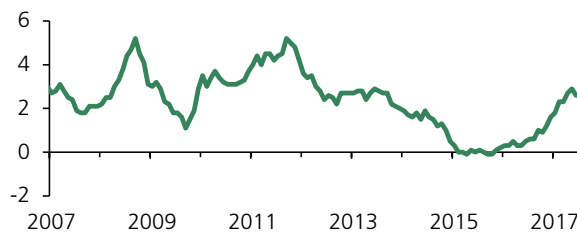
% change on previous qtr



GDP grew by 0.3% in Q2 2017, following growth of 0.2% in Q1 2017

Consumer Prices Index (CPI)

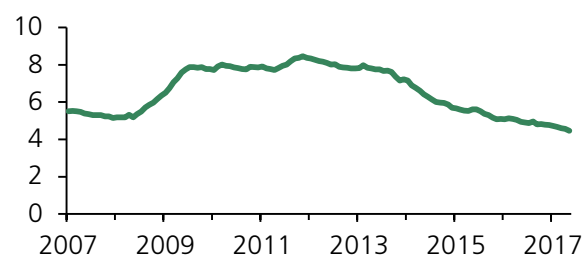
% change on yr



Consumer prices rose by 2.6% in June 2017 compared with a year ago, down from 2.9% in May.

Unemployment rate

%



The unemployment rate was 4.5% in the three months to May 2017. This is down from 4.8% in the previous three-month period.

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1. Headline UK Economic Indicators, August 2017

Gross Domestic Product: Q2 2017, Seasonally Adjusted		
Change (real %)	0.3 (qtr)	1.7 (yr)
Industries		
Service output: May 2017		
Change (%)	0.2 (mth)	2.4 (yr)
Manufacturing output: May 2017		
Change (%)	-0.1 (mth)	0.2 (yr)
Productivity: Q1 2017, Seasonally Adjusted		
Output per hour		
Change (%)	-0.5 (qtr)	0.4 (yr)
Inflation: June 2017		
Change on year (%)	2.9 (CPI)	3.7 (RPI)
Labour Market: Mar - May 2017, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.5
Change (% points)	-0.2 (qtr)	-0.5 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		74.8
Change (% points)	0.3 (qtr)	0.6 (yr)
Interest Rate: as of 31 July 2017		
Bank of England Base Rate		0.25 (%)
Public Finances: 2016/17		
Net borrowing	46 (£ bn)	2.4 (% GDP)
Net debt	1,727 (£ bn)	86.8 (% GDP)
Trade: Q1 2017		
Current Account	-16.9 (£ bn)	-3.4 (% GDP)
Sterling Exchange rate: 31 July 2017		
US Dollar (\$)	1.32 (rate)	0.0 (% change on yr)
Euro (€)	1.12 (rate)	-5.5 (% change on yr)
EC Economic Sentiment Indicator for UK: July 2017		
Points (1990-2012 average = 100)		113.2
Change (points)	+3.9 (mth)	+10.8 (yr)
Retail Sales: June 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 (%)	0.2 (mth)	4.7 (yr)

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

2. This month's developments

Over the course of July we observed the first estimate of GDP for the second quarter of 2017, and the picture was much the same as for the first quarter. Economic growth accelerated, but remained modest, inflation continued to grow at a higher rate than wages, and employment levels continued to rise.

A "noticeable slowdown" in economic performance...

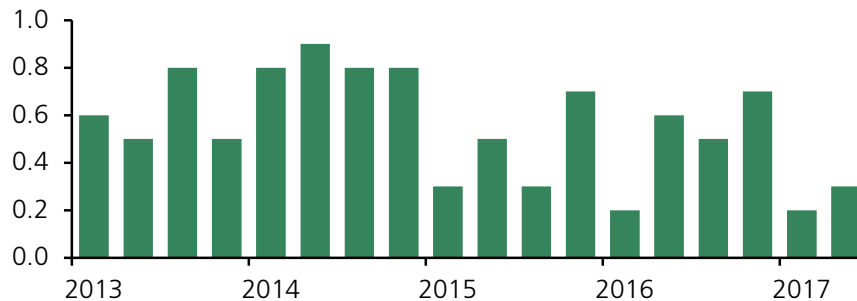
Let's start with the positive news. The publication of the preliminary estimates of UK economic growth in the second quarter of 2017 showed that growth had increased from the first quarter and that GDP had now grown for 18 consecutive quarters.

Less positive was the size of the increase. The economy grew by 0.3% in the latest quarter, following growth of 0.2% in the previous quarter, with the [Office for National Statistics](#) (ONS) stating that "the economy has experienced a noticeable slowdown in the first half of 2017".

This represents an increase of 0.7% from the last six months of 2016 to the first six months of 2017, the smallest increase since the middle of 2012.

GDP growth

% change on previous quarter



Despite growth in the services sector...

The last *Economic Indicators* summary reported that the slowdown in the first quarter of 2017 was mostly down to weak growth in the services sector, despite stronger growth in both the construction and manufacturing sectors.

This was reversed in the second quarter, leading to the small increase in GDP.

The services sector grew by 0.5%, up from 0.1% in the previous quarter, while there were falls in the output of both the construction and manufacturing sectors. Manufacturing decreased by 0.5%, primarily due to a fall in the manufacture of motor vehicles, and construction decreased by 0.9%.

Real wages continued to drop...

Recent summaries have reported that real wages have been falling and the latest labour market statistics showed a continuation of this trend.

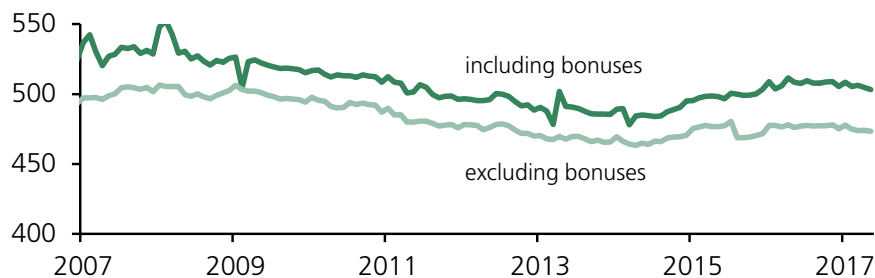
In the three months to May, average weekly earnings for the whole economy, including bonuses, were 1.8% higher compared with the year before. In itself this was the lowest increase since the three months to November 2014.

As wage growth has slowed, the inflation rate has risen. In May it rose to 2.9%, the highest rate since June 2013, leading to a continued fall in real wages.

After adjusting for inflation, in the three months to May, average weekly earnings including bonuses decreased by 0.8% compared to last year.

Average weekly earnings

May 2017 prices, £



Despite a fall in inflation, the decrease in real wages is likely to continue...

In June 2017 the inflation rate fell for the first time since October 2016, down to 2.6% from 2.9% in May.

However, compared to inflation rates over the last few years, the inflation rate remains high. The rate over the second quarter of 2017 was 2.7%, which is the highest it has been since the third quarter of 2013.

On 12 August the ONS will publish average wage growth data for the three months to June 2017. As wage growth has been slowing, it would be surprising if this does not show a further fall in average real wages.

All eyes will be on the next monetary policy meeting...

The Bank of England's Monetary Policy Committee (MPC) left interest rates unchanged in its June meeting, but the vote was closer than most observers expected. The MPC voted by 5-3 to keep the rates at the same value, with the three members voting to raise rates citing concerns over rising inflation.

The results of the next vote will be published on the 3 August, and the [Interest Rates and Monetary Policy](#) indicator page will be updated shortly after the decision is made.

Headline indicators

GDP grew by 0.3% in Q2 2017 compared to the previous quarter, following growth of 0.2% in Q1 2017.

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.

Preliminary estimates show that in Q2 2017 **service sector output** increased by 0.5% in real terms compared with Q1, greater than growth of 0.1% in the previous quarter. **Manufacturing output** was down by 0.5% in Q2 compared with growth of 0.3% in Q1.

CPI inflation was 2.6% in June 2017, down from 2.9% in May 2017. This is the first monthly fall in the CPI rate since October 2016. Annual inflation in the Eurozone is provisionally estimated as 1.3% in July 2017, unchanged from June.

After adjusting for inflation, in the three months to May 2017, **average weekly earnings** including bonuses decreased by 0.8% compared to last year.

The **employment rate** in the three months to May 2017 was 74.9%, up 0.6% points on the previous year, and at its highest rate since comparable records began in 1971. The **unemployment rate** was 4.5%, down 0.5% points from the previous year, and at its lowest rate since 1975.

The Bank of England's **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** £46 billion in 2016/17, a decrease of £26 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 86.8%, an increase from 83.5% at the end of 2015/16.

The **FTSE-100 Index** closed at 7,372 points on 31 July, up 1% from the end of June, and up 10% on a year ago.

The UK had a **trade deficit** of £37 billion in 2016, with exports totalling £548 billion and imports totalling £585 billion. The trade deficit was £8.6 billion in the three months to April compared with £6.9 billion in the three months to January. The **current account deficit** was £16.9 billion (3.4% of GDP) in Q1 2017, up from £12.1 billion (2.4% of GDP) in Q4 2016.

The **value of the pound against the dollar** was \$1.32 on 31 July, the pound's highest value against the dollar since September 2016.

The volume of **retail sales** in Great Britain in the three months to June 2017 was up 2.6% from the previous year. This is 0.3% better than the figure last month, but lower than the average figure of 4.3% since 2015.

House prices increased by 4.7% in the year to May 2017, and by 0.2% between April and May.

Household debt stood at 145% of disposable income in Q1 2017 – its highest level since Q2 2012.

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 Q2 2017 compared to the previous quarter, following growth of 0.2% in Q1 2017.

The ONS reports the growth in Q2 2017 was driven by services, which grew by 0.5% compared with 0.1% growth in Q1 2017. Construction and manufacturing were the largest downward pulls on GDP growth. Both fell in Q2 2017 following two consecutive quarters of growth.

Real Gross Domestic Product seasonally adjusted

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

Source: ONS, series: IHYP, IHYQ, IHYR

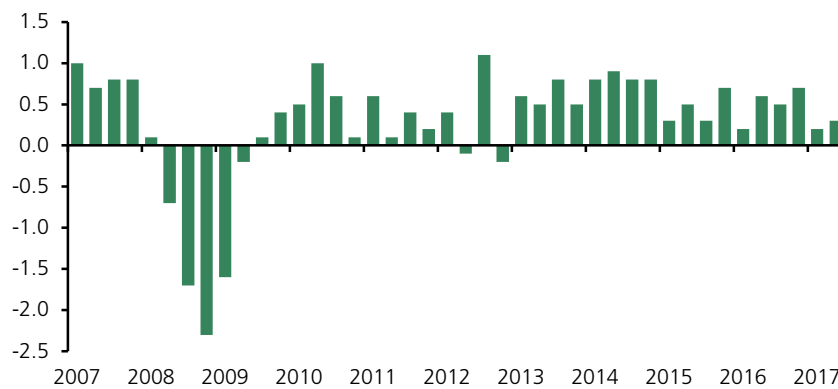
GDP in Q2 2017 was 1.7% higher than a year before.

GDP has now increased for 18 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.

GDP growth

% change on previous qtr



Forecasts

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

At the March 2017 Budget, the Office for Budget Responsibility (OBR) forecast growth of 2.0% in 2017 and 1.6% in 2018.

Annual GDP growth forecasts (%)

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

Source:

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

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Updates

HM Treasury, [Forecasts for the UK economy](#),
16 August 2017

ONS, [Quarterly National Accounts](#),
29 September 2017

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

A2: GDP International

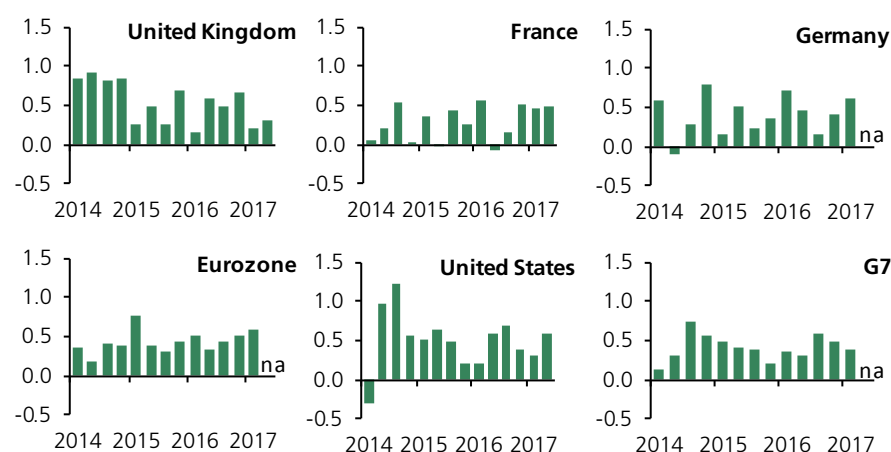
Real GDP in the UK grew by 0.3% in Q2 2017 compared with the previous quarter. The US saw growth of 0.6%, while growth was 0.5% in France. The other G7 countries have not published Q2 data yet.

Real GDP % changes

	change on quarter				change on year			
	Q3 16	Q4 16	Q1 17	Q2 17	Q3 16	Q4 16	Q1 17	Q2 17
UK	0.5	0.7	0.2	0.3	2.0	1.9	2.0	1.7
Eurozone	0.4	0.5	0.6	..	1.8	1.8	1.9	..
USA	0.7	0.4	0.3	0.6	1.5	1.8	2.0	2.1
Japan	0.3	0.3	0.3	..	1.0	1.6	1.3	..
Germany	0.2	0.4	0.6	..	1.7	1.8	1.7	..
France	0.2	0.5	0.5	0.5	0.9	1.2	1.1	1.8
G7	0.6	0.5	0.4	..	1.5	1.8	1.8	..
OECD	0.5	0.7	0.5	..	1.7	2.0

Source: OECDstat

Quarter-on-quarter growth rates



Forecasts

On 24 July, the IMF lowered its 2017 GDP growth [forecast](#) for the UK to 1.7% from its April forecast of 2.0% due to weaker than expected growth data in Q1 2017. Its 2018 forecast was unchanged at 1.5%.

Real GDP growth forecasts % change

	IMF (Jul 17)		EC (May 17)		OECD (Jun 17)	
	2017	2018	2017	2018	2017	2018
UK	1.7	1.5	1.8	1.3	1.6	1.0
France	1.5	1.7	1.4	1.7	1.3	1.5
Germany	1.8	1.6	1.6	1.9	2.0	2.0
Eurozone	1.9	1.7	1.7	1.8	1.8	1.8
US	2.1	2.1	2.2	2.3	2.1	2.4
Japan	1.3	0.6	1.2	0.6	1.4	1.0
China	6.7	6.4	6.6	6.3	6.6	6.4
India	7.2	7.7	7.2	7.5	7.3	7.7
Brazil	0.3	1.3	0.5	1.8	0.7	1.6
World	3.5	3.6	3.4	3.6	3.5	3.6

Sources: IMF Jul'17 WEO update; EC Spring '17 forecast; OECD Economic Outlook Jun'17

Note: Indian forecasts for fiscal years(April to March), except for European Commission

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Next updates

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

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

IMF, [World Economic Outlook](#), Oct 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.

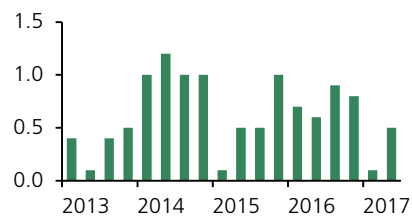
Overall, GDP is estimated to have increased by 0.3% in real terms in Q2 2017 compared with the quarter before, up slightly from 0.2% in Q1.

GDP by Industry

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

In Q2 2017, service sector output increased by 0.5% in real terms

Service sector
quarterly growth (%)



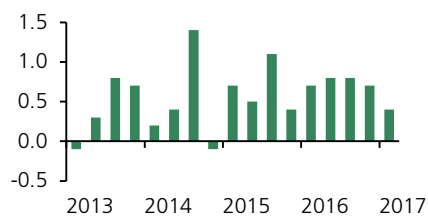
compared with Q1, greater than growth of 0.1% in the previous quarter.

Manufacturing output was down by 0.5% (the production sector overall was down by 0.4%).

Output in the construction sector was down by 0.9%.

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 0.4% in real terms compared with Q4 2016. Government consumption was up 0.7% and investment was up 1.0%. Exports decreased by 0.7% while imports increased by 1.7%.

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	0.7
2017 Q1	0.4	0.7	1.0	-0.7	1.7	0.2

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

Note: * annual % change

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Updates

ONS, [Second Estimate of GDP](#), 24 Aug 2017

ONS, [Quarterly National Accounts](#), 29 Sep 2017

ONS, [Gross Domestic Product: Preliminary Estimate](#), 25 Oct 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

Historically, UK labour productivity has grown by around 2% per year but since the 2008/2009 recession it has stagnated. The level of labour productivity in Q1 2017 was still 0.4% below what it was over nine years earlier in Q4 2007 (the pre-recession peak level).

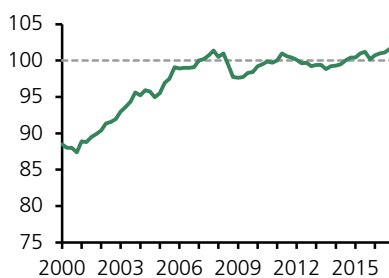
Productivity - output (GDP) per hour

	% change on qtr	% change on yr
2015	..	0.9
2016	..	0.4
2016 Q2	0.3	0.0
Q3	0.2	-0.1
Q4	0.4	1.4
2017 Q1	-0.5	0.3

Source: ONS series LZVD, TXBB

Productivity level (GDP per hour)

Index where Q1 2007 level = 100



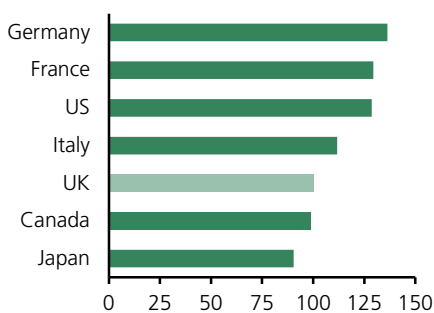
[Productivity](#) across the whole UK economy decreased by 0.5% in Q1 2017 compared with the previous quarter, and was only 0.3% higher compared with a year before in Q1 2016.

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, [UK productivity flash estimate](#), 16 Aug 2017

ONS, [International comparisons of productivity](#), 6 Oct 2017

A5: Services

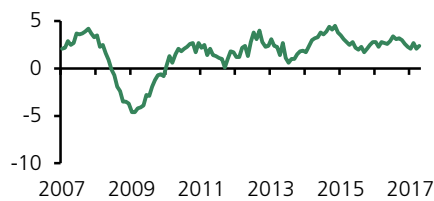
The service industries include the retail sector, the financial sector, the public sector, business administration and cultural activities.

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

Preliminary estimates show that in Q2 2017 service sector output increased by 0.5% in real terms compared with Q1, greater than growth of 0.1% in the previous quarter.

Output - Index of Services
% change on previous year



Services output increased by 0.2% in May 2017 compared to April. The largest contribution to the month-on-month growth came from business services and finance.

Compared with a year before, services output increased by 2.4% in May 2017, following growth of 2.1% in April 2017 compared with April 2016.

Purchasing Managers' Index (PMI)

UK Services PMI
50 = no change



In the Markit/CIPS PMI, a value of 50 means that there is no change compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

In June 2017 the index was 53.4, a fall from 53.8 in May and 55.8 in April, signalling the slowest expansion of the sector since February. However, the index has been above the 50.0 no-change value for eleven consecutive months now.

Last 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 Jun	58.5	
2016	109.0	2.9	2016 Jun	52.3	
2017 Mar	110.6	2.7	2017 Apr	55.8	0.8
Apr	110.7	2.1	May	53.8	-2.0
May	110.9	2.4	Jun	53.4	-0.4

Source: ONS, series S2KU, S222, S26Q

Source: Markit/CIPS UK Services PMI

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.

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Update

ONS, [Index of Services](#), 24 August 2017

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

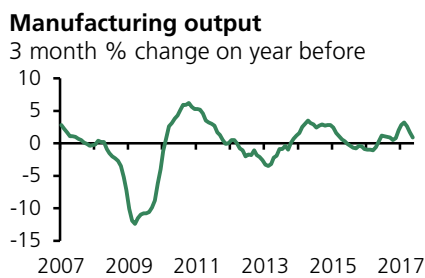
A6: Manufacturing

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

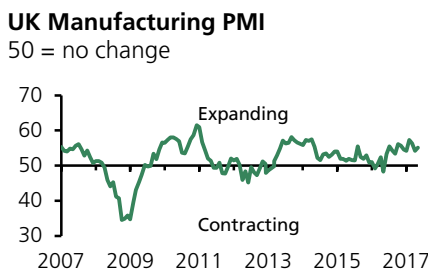
Preliminary estimates show that in Q2 2017 manufacturing output was down by 0.5% in real terms compared with Q1.



Total manufacturing output was down 1.1% in the 3 months to May 2017 compared with the 3 months to February 2017. The largest contribution to the fall in manufacturing output came from the highly volatile pharmaceutical industry.

However, it was up 0.9% in the 3 months to May 2017 compared with the same 3 months a year ago, with growth in most manufacturing industries.

Purchasing Managers' Index (PMI)



In the Markit/CIPS PMI, a value of 50 means that there is no change compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

In July 2017 the UK Manufacturing PMI was 55.1, an increase from 54.2 in June. This marked the first increase for three months, although the improvement was among the slowest registered in the last year.

Manufacturing production rose for the twelve successive month in June, and remained above the long-run survey average. Manufacturers remained optimistic, with almost 49% forecasting output would be higher in a year's time, compared to only 5% expecting a decline.

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index	Change on mth	
2015	102.7	-0.2		2015 Jul	51.9		
2016	103.5	0.8		2016 Jul	48.3		
2017 Mar	104.3		0.3	2017 May	56.3	-1.0	
Apr	104.5		-0.7	Jun	54.2	-2.1	
May	104.3		-1.1	Jul	55.1	0.9	

Source: ONS, series K22A, K2P4

Source: Markit/CIPS UK Manufacturing PMI

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.

Subject Specialist

Federico Mor
x2454

Update

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

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

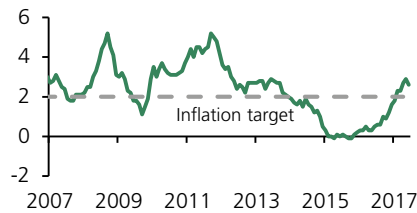
B1: Inflation

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 2.6% in June 2017, down from 2.9% in May 2017. This is the first monthly fall in the CPI rate since October 2016.

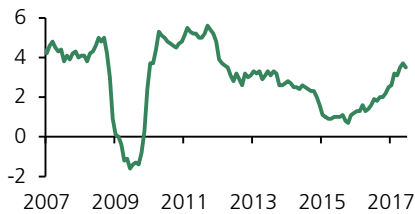
The RPI inflation rate fell slightly from 3.7% in May to 3.5% in June. This is the RPI’s second highest rate since February 2012.

Consumer Prices Index (CPI)
% change on yr



The fall in the CPI was primarily driven by a fall in the prices of motor fuels and recreational and cultural goods and services, partly offset by rising prices for furniture and furnishings.

Retail Prices Index (RPI)
% change on yr

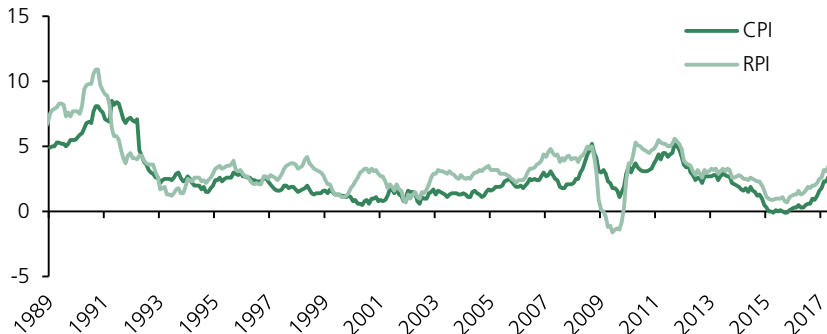


Price Indices
% change on a year ago

		CPI	RPI
2014	Jun	1.9	2.6
2015	Jun	0.0	1.0
2016	Jun	0.5	1.6
2017	Apr	2.7	3.5
	May	2.9	3.7
	Jun	2.6	3.5

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

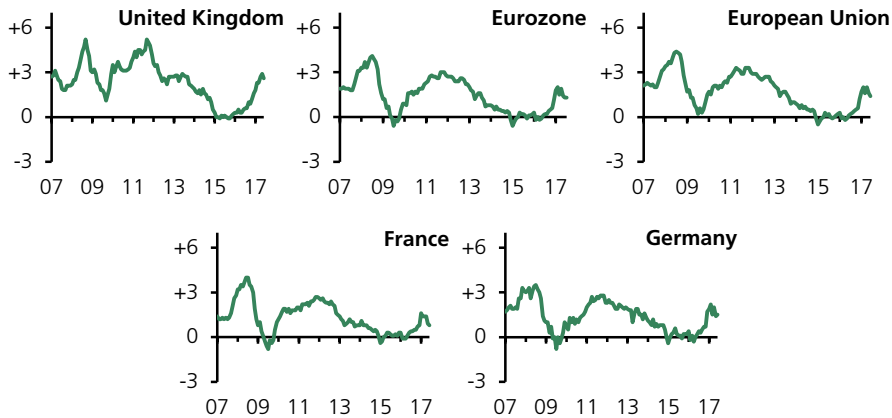
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 15 Aug 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 2.6% in the year to June 2017, down from 2.9% in May.

EU inflation was 1.4% in June 2017 compared with 1.6% in May and 0.1% in June 2016.

Annual inflation in the Eurozone is provisionally estimated as 1.3% in July 2017, unchanged from June and compared with 0.2% in July 2016.

In Germany, inflation was 1.5% in June, up from 1.4% in May. In France it was 0.8% in June, down from 0.9% in May.

Lithuania had the highest inflation rate in the EU in June at 3.5% followed by Latvia and Estonia, both on 3.1%. Ireland had the lowest inflation rate at -0.6% in June followed by Denmark at 0.4%.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2014	2015	2016	Apr 17	May 17	Jun 17	Jul 17
UK	1.5	0.0	0.7	2.7	2.9	2.6	..
Eurozone	0.4	0.0	0.2	1.9	1.4	1.3	1.3
European Union	0.5	0.0	0.3	2.0	1.6	1.4	..
France	0.6	0.1	0.3	1.4	0.9	0.8	..
Germany	0.8	0.1	0.4	2.0	1.4	1.5	..

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

.. Denotes data not yet available

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 15 Aug

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

Eurostat, [HICP full release](#), 15 Aug

B3: Average Earnings

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

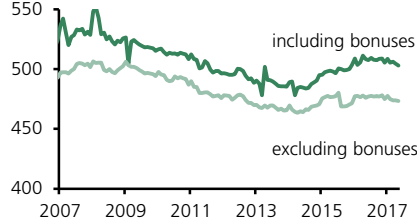
More timely but less detailed data show average weekly earnings for the whole economy, including bonuses, were 1.8% higher in the three months to May 2017 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.0%. Inflation as measured by the CPI averaged 2.6% over the same period.

After adjusting for inflation, average weekly earnings including bonuses decreased by 0.8% compared to last year. Excluding bonuses, real average weekly earnings decreased by 0.6% compared to last year.

Average Earnings, Whole Economy

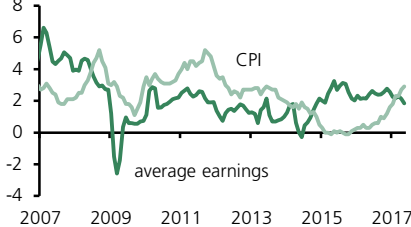
Real average weekly earnings

May 2017 prices, £



Inflation and earnings (incl bonuses)

% change on previous year



Trends by Sector

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

	Total	Private	Public
2015 May	3.2	4.0	0.4
2016 May	2.4	2.6	1.7
2017 Mar	2.3	2.6	1.2
Apr	2.1	2.4	1.1
May	1.8	1.9	1.4

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

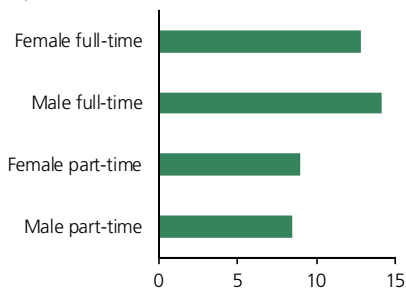
Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 1.9% in the private sector in the three months to May 2017, compared with the year before. In the public sector, total pay increased by 1.4%.

Pay Levels

Median hourly pay excluding overtime

April 2016 (£)



Median weekly earnings for full-time employees in the UK were £539 in April 2016. (The median is the point at which half earn more and half earn less).

Median hourly earnings (excluding overtime) were £13.59 for full-time employees; £14.16 for men working full-time and £12.82 for women.

Median hourly earnings (excluding overtime) were £8.88 for part-time employees; £8.48 for men working part-time, and £8.99 for women. Women are more likely than men to work part-time.

Subject Specialist

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Update

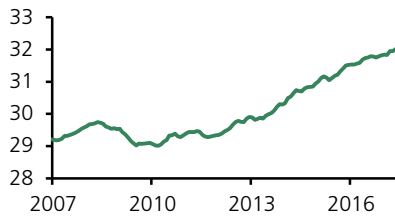
ONS, [Labour Market Statistics](#), 16 August 2017

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

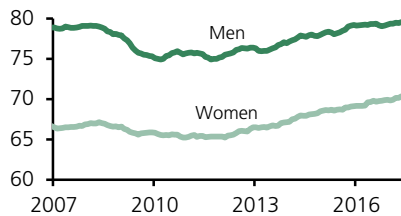
C1: Employment

32.01 million people were in employment in March - May 2017, up 175,000 from the previous quarter and 324,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 74.9%, 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 March - May 2017.¹

Female employment increased by 107,000 over the last quarter to 15.02 million. The employment rate for women aged 16-64 was 70.4%

16.99 million men were in work in March - May 2017, 68,000 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 189,000 from the previous quarter at 27.03 million.

23.53 million people were working full-time in March - May 2017, up 133,000 from the previous quarter and 364,000 higher than a year earlier. There were 8.48 million people working part-time, up 42,000 from the previous quarter and down 40,000 from a year earlier.

1.58 million people were employed on a temporary basis, down 19,000 from the previous quarter and down 34,000 from the previous year.

UK Employment

Seasonally adjusted

	Age:	Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
		16+	16-64	16+	16-64	16+	16-64	16-24	16-24
Mar-May	2014	30,735	72.9	16,360	77.9	14,376	68.0	3,798	52.1
Mar-May	2015	31,050	73.3	16,492	78.1	14,558	68.6	3,867	53.2
Mar-May	2016	31,686	74.4	16,865	79.2	14,821	69.6	3,948	54.7
Dec-Feb	2017	31,835	74.6	16,921	79.4	14,914	69.9	3,922	54.9
Mar-May	2017	32,010	74.9	16,989	79.5	15,021	70.4	3,921	55.1
Change on qtr	Level	175	0.3	68	0.2	107	0.4	-1	0.2
	%	0.6%		0.4%		0.7%		0.0%	
Change on yr	Level	324	0.6	124	0.3	200	0.8	-27	0.3
	%	1.0%		0.7%		1.4%		-0.7%	

Source: ONS Labour Market Statistics, Tables A05 and A06

Notes: The employment rate is a percentage of the population aged 16 to 64

Subject Specialist

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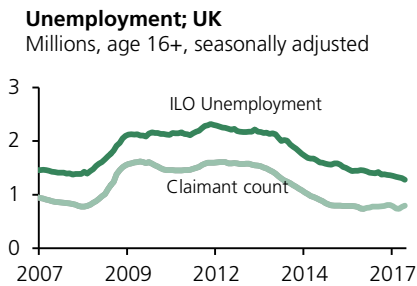
Updates

ONS, [Labour Market Statistics](#), 16 August 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

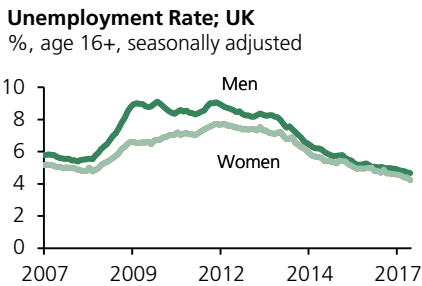


ILO unemployment was 1.50 million people in the UK in March - May 2017, down 64,000 on the previous quarter and down 152,000 from the previous year.

The unemployment rate was 4.5% (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 March - May 2016.

The unemployment rate was 4.5% (the percentage of the economically active population

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



There were 831,000 men unemployed in March - May 2017, down 24,000 on the previous quarter and 71,000 from a year earlier. 664,000 women were unemployed, down 40,000 on the previous quarter and down 81,000 from a year earlier.

562,000 people aged 16-24 were unemployed in March - May 2017, down 55,000 on the previous year. The unemployment rate for 16-24 year olds was 12.5%, down from 13.5% a year before.

Subject Specialist

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Updates

ONS, [Labour Market Statistics](#), 16 August 2017

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	
Mar-May 2014	2,110	6.4	1,160	6.6	951	6.2	816	17.7	
Mar-May 2015	1,847	5.6	1,010	5.8	838	5.4	722	15.7	
Mar-May 2016	1,647	4.9	902	5.1	745	4.8	617	13.5	
Dec-Feb 2017	1,559	4.7	855	4.8	704	4.5	558	12.5	
Mar-May 2017	1,495	4.5	831	4.7	664	4.2	562	12.5	
Change on qtr	Level	-64	-0.2	-24	-0.1	-40	-0.3	4	0.1
	%	-4.1%		-2.8%		-5.7%		0.7%	
Change on yr	Level	-152	-0.5	-71	-0.4	-81	-0.6	-55	-1.0
	%	-9.2%		-7.8%		-10.9%		-9%	

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

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

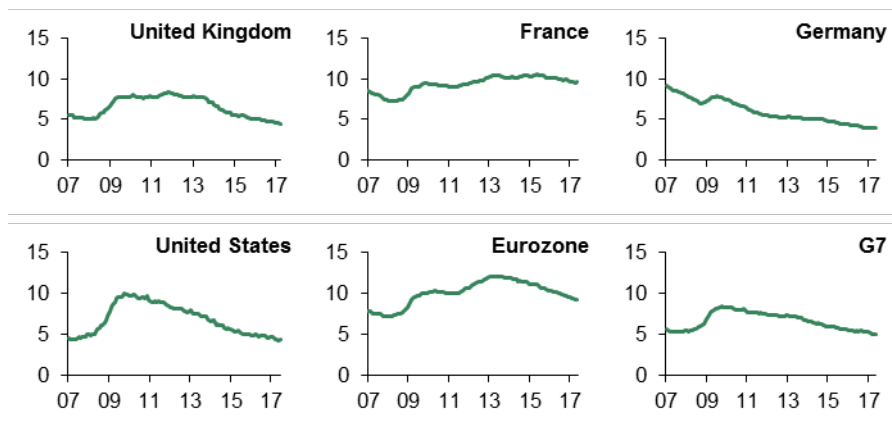
² The introduction of Universal Credit is having an impact on claimant count statistics for more information please see the Library’s briefing [Universal Credit and the claimant count](#)

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 Q1 2017 was 4.6%. This was slightly less than the rate of the US (4.7%), below that of France (9.6%) but above that of Germany (3.9%). In the G7, the unemployment rate was 5.2%. The UK rate was the 10th lowest of the 35 OECD member countries.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q4 2016 (22.6%) followed by Spain at 18.2%.

Iceland had the lowest unemployment rate in the OECD for Q4 2016 at 2.8% followed by Japan at 2.9%.

Only 6 of the 35 OECD member countries had a higher unemployment rate in Q1 2017 than in Q4 2016.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q1 2017 youth unemployment was 45.6% in Greece, 41.2% in Spain and 35.3% in Italy. UK youth unemployment stood at 12.2% in Q1 2017.

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
2016 Q1	7.2	10.2	4.3	11.6	3.2	5.0	4.9	10.3	5.6	6.5
Q2	6.9	10.1	4.2	11.6	3.2	4.9	4.9	10.2	5.5	6.4
Q3	7.0	10.0	4.1	11.6	3.0	4.8	4.9	9.9	5.4	6.3
Q4	6.9	10.0	4.0	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	4.6	4.7	9.5	5.2	6.0
Change on qtr	-0.2	-0.3	-0.1	-0.2	-0.2	-0.1	0.0	-0.2	-0.1	-0.1
Change on yr	-0.5	-0.5	-0.4	0.0	-0.3	-0.5	-0.3	-0.8	-0.3	-0.4

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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Next Update

OECD, [Harmonised Unemployment Rates](#),
8 August 2017

D1: Interest Rates and Monetary Policy

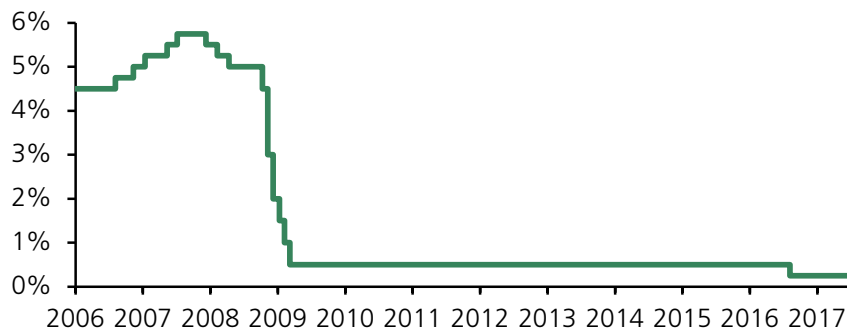
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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. Three MPC members were concerned by inflation rising faster than it had anticipated, to 2.9% in May, above the Bank's 2% target, and voted to raise rates.

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 July 2017.

United States (Federal Reserve)

At its latest July 25-26 policy meeting, the US Federal Reserve [left interest rates unchanged](#) at 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

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Updates – next monetary policy meetings

UK ([3 Aug](#))
ECB ([7 Sep](#))
US ([20 Sep](#))

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%	1,603	83.5%
2016/17	46	2.4%	1,727	86.8%
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

(£1.7 trillion). The debt-to-GDP ratio increased from 83.5% of GDP at the end of 2015/16 to 86.8% of GDP at the end of 2016/17.

Provisional estimates from the ONS suggest that the government borrowed £46 billion in 2016/17, which was £26 billion lower than the amount borrowed in 2015/16. Borrowing in 2016/17 was at its lowest level since 2007/08. The £46 billion borrowed in 2016/17 is equivalent to 2.4% of GDP.

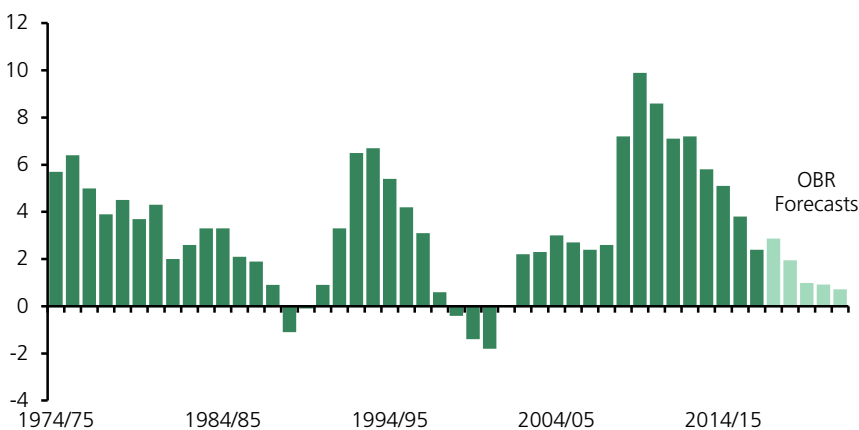
At the end of 2016/17 the UK's net debt was £1,727 billion

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.

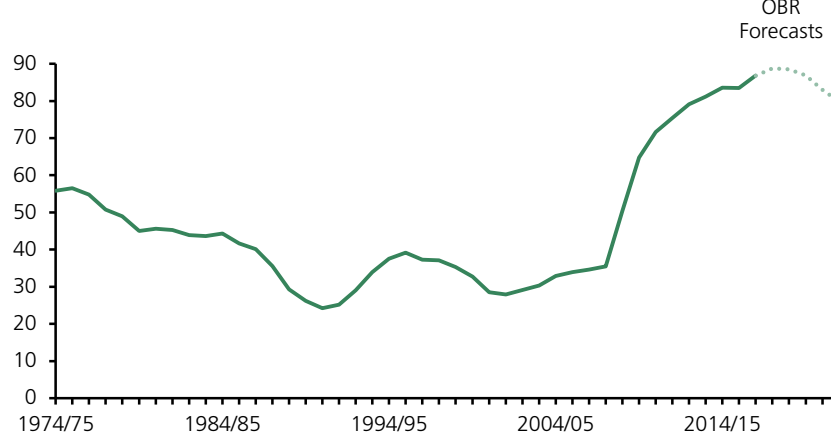
Net borrowing – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a particular time period.

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



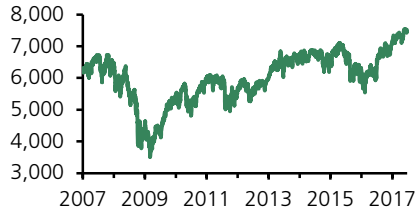
Subject Specialist
Matt Keep
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Next update
ONS, [Public sector finances](#), 22 August 2017

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

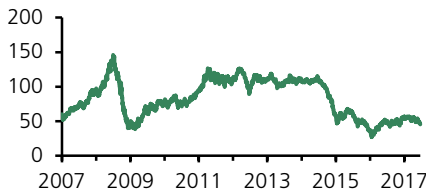


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index hit a series of highs from October 2016 and closed at twelve successive record highs between December

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

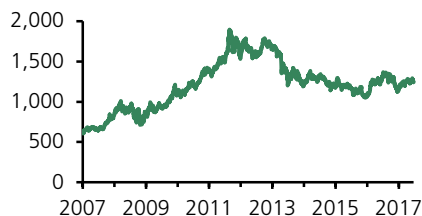


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since February 2004. The price has since climbed and has remained above or around \$50/barrel since December 2016, after OPEC

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 6% on the year to 31 July.

Subject Specialist

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Updates

Financial Times, Weekly Basis

Data from 31 July 2017

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
31 Jul 2017	7372	51.99	1267.55
%change over:			
1-month	1%	6%	2%
12-months	10%	24%	-6%

Note: Oil is Brent near-month futures price

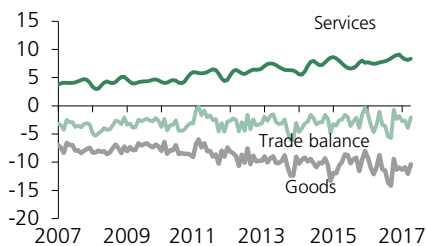
Source: Financial Times

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

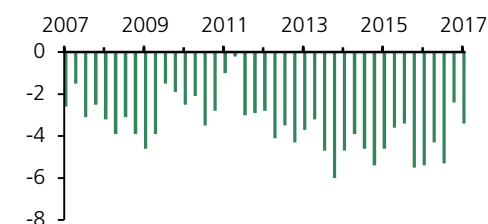
		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2015		517.4	547.2	-29.8	-80.2	-4.3%
2016		547.6	584.6	-37.0	-84.5	-4.4%
2016	Q1	129.0	138.6	-9.5	-25.7	-5.4%
	Q2	135.1	142.9	-7.8	-21.0	-4.3%
	Q3	136.5	151.3	-14.8	-25.7	-5.3%
	Q4	146.9	151.8	-4.8	-12.1	-2.4%
2017	Q1	147.8	156.7	8.8	-16.9	-3.4%

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 £16.9 billion in Q1 2017 (3.4% of GDP), up from £12.1 billion (2.4% of GDP) in Q4 2016.

Subject Specialist

Dominic Webb
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Update

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

ONS, [UK Balance of Payments](#), 29 Sep

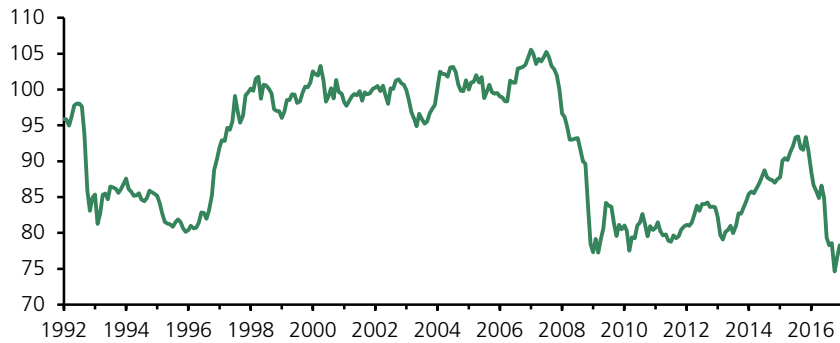
E2: Exchange Rates

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 2.0% in June 2017 compared with May 2017, following two successive monthly increases. Compared with the same period a year ago, it is 9.2% lower. It is 27.0% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



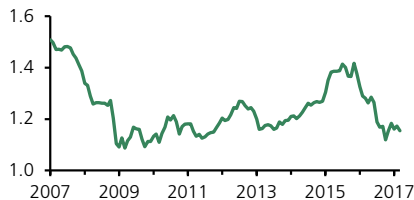
On average in June compared with May, the pound was down 0.9% against the dollar. The value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June 2016 to \$1.32 on 31 July 2017, though this is the pound's highest value against the dollar since September 2016.

Sterling was down 2.5% against the Euro on average in June compared to May. On 31 July, the Euro was valued at €1.12 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:
\$1.32 per £1
€1.12 per £1
(On 31 July 2017)

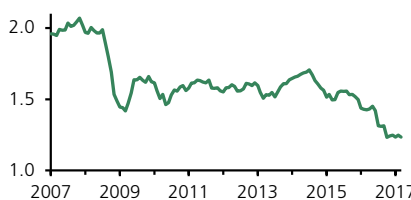
€ / £ Exchange Rate

€ 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 Apr	1.27	-11.6%	1.18	-6.5%
May	1.29	-10.9%	1.17	-9.0%
Jun	1.28	-9.8%	1.14	-9.8%

Source: Bank of England, Bankstats database

Subject Specialist

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x2464

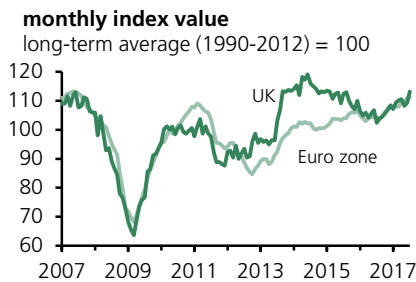
Updates

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

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

F1: Business and Consumer Confidence

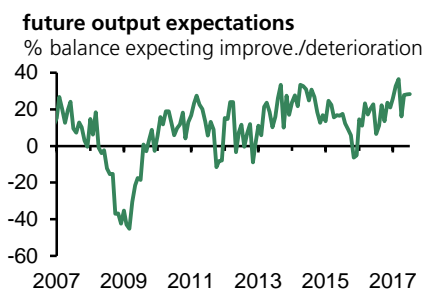
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

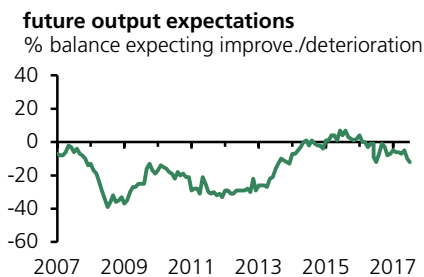
Between June and July 2017, the overall UK sentiment index rose by 3.9 points to 113.2, the highest that it has been since February 2015.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In July, 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 the same figure as in both May and June.



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 July, the overall consumer confidence index was -12, down 2 from -10 in June.

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Update

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

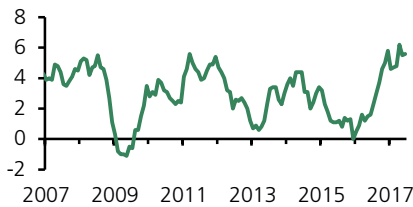
CBI, [Industrial Trends](#), Mid-August 2017

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

F2: Retail Sales

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

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

increased by 2.6% in the three months to June 2017 compared to the same period a year ago. This is 0.3% better than the figure last month, but still much lower than the average figure of 4.3% since 2015.

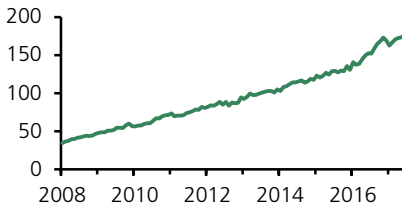
Average store prices (excluding fuel) were up 2.5% in June 2017 compared to a year earlier.

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 June 2017 was £7.6 billion.

Value of internet retail sales
2013=100, seasonally adjusted



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

The value of internet sales in June 2017 was up 16% on June 2016.

Value of retail sales
Index 2013=100, seasonally adjusted

		Food	Non-food	Total
2015	Jun	101.6	108.7	104.9
2016	Jun	102.4	108.5	106.2
2017	Apr	105.3	115.3	112.8
	May	105.1	113.2	111.8
	Jun	104.5	114.9	112.3
3m % change on yr		2.8	4.5	5.6

The value of sales in food stores in the three months to June 2017 was up 2.8% on the same period last year.

The value of sales in non-food stores was up 4.5% on last year.

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

Total includes fuel and non-store retailing

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

Subject Specialist

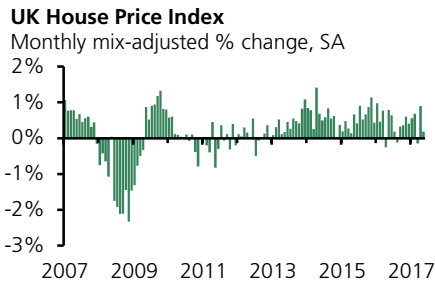
Federico Mor
x2454

Updates

ONS, [Retail Sales](#),
17 August 2017

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 4.7% between May 2016 and May 2017. On a seasonally adjusted basis house prices increased by 0.2% between April and May 2017.



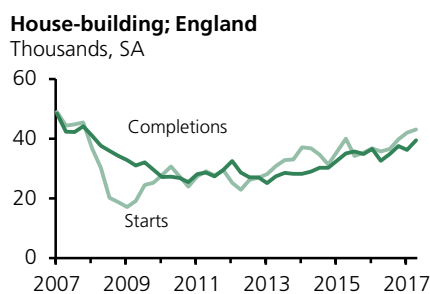
There are regional differences in house prices. The average price is highest in London at roughly £481,000. The lowest prices are found in Northern Ireland and the North East at £124,000 and £127,000 respectively.



Mortgage approvals in June 2017 were down by 0.7% on the previous month and down 0.5% on a year ago. Approvals remain well down on pre-recession levels. There were 64,684 mortgage approvals in June 2017, compared with 65,021 in June 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.

Subject Specialist

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x4324

Updates

HM Land Registry, [UK house price index](#), 15 August 2017

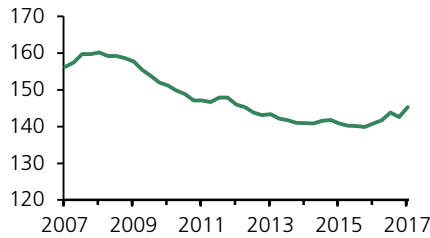
Bank of England, [Money and credit](#), 30 August 2017

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

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income



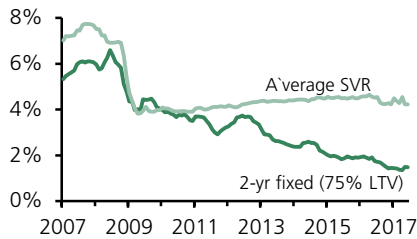
Household debt peaked in Q1 2008 at 160% of household gross disposable income. It then fell until 2011, before falling more slowly over the next few years.

In 2016 household debt started to increase again as a proportion of income. It stood at 145% of disposable income in Q1 2017 –

its highest value since Q2 2012.

Current average mortgage interest rates

Current average mortgage interest rates

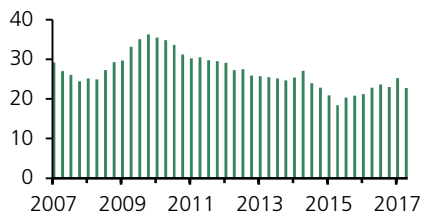


The average Standard Variable Rate (SVR) was 4.23% in June 2017, its joint lowest level since June 2012, and 0.29 less than a year previously. It originally fell following the [cut in the base interest rate by the Bank of England](#) in August 2016.

The average 2-year fixed mortgage rate also fell following the rate cut. It was 1.48% in June, down 0.27% points on the year.

Individual insolvencies, England and Wales

Individual insolvencies; England and Wales, Thousands



There were 22,772 individual insolvencies in England and Wales in Q2 2017, a very small fall from a year previously (seasonally adjusted figures), and down 9.7% from the previous quarter (which was the highest quarterly total of individual insolvencies since Q2 2014).

In Scotland, there were 2,839 individual insolvencies in Q2 2017, an increase of 17.3% on a year earlier. In Northern Ireland, there were 839 individual insolvencies in Q2 2017, an increase of 11.6% on a year earlier.

Subject Specialist

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Updates

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

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

ONS, [UK Economic Accounts](#), 29 September 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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