



BRIEFING PAPER

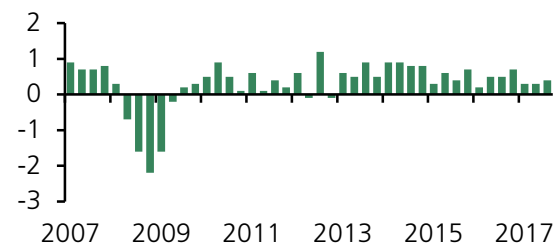
Number 8194, 9 January 2018

Economic Indicators, January 2018

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GDP growth

% change on previous qtr



GDP grew by 0.4% in Q3 2017, following growth of 0.3% in Q2 2017

Consumer Prices Index (CPI)

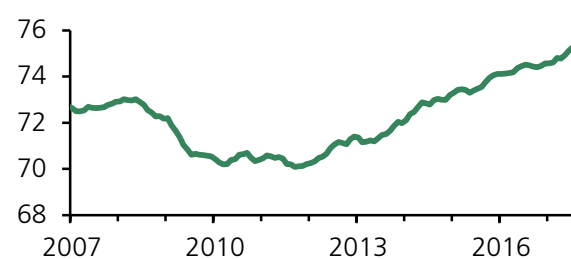
% change on yr



Consumer prices rose by 3.1% in November 2017 compared with a year ago, a five and a half year high.

Employment Rate; UK

%, age 16-64



The employment rate was 75.1% in the three months to October 2017, 0.7% higher than a year ago.

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1. Last month's developments

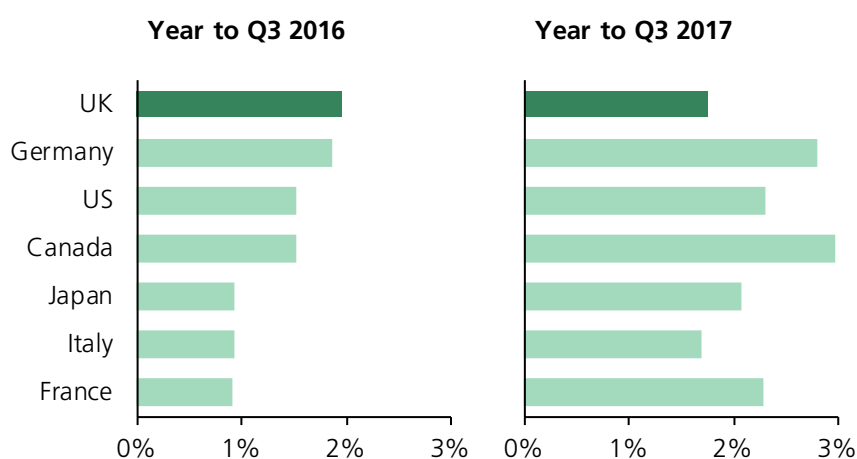
Inflation reached a five and a half year high in November while a dip in employment meant an uptick in productivity.

UK economy growing more slowly than rest of G7...

The Office for National Statistics confirmed the UK economy grew by 0.4% over the quarter to Q3 2017 and revised up its estimates for growth over the past year to 1.7%.

The UK had the joint lowest annual growth rate out of the G7 economies in the year to Q3 2017, a reversal of last year's situation when the UK had the highest annual growth rate. The International Monetary Fund [suggests](#) that the vote to withdraw from the EU and the decision to invoke Article 50 are "already having an impact in the economy", as UK economic performance contrasts with a strong recovery in global growth in 2017.

Annual GDP growth, G7 economies



Source: OECD. Figures for UK differ slightly to those published by ONS.

The comparative weakness in UK performance has been partly due to weak growth in household spending. Although household spending was 0.5% higher than in the previous quarter (and the largest contributor to growth for this quarter), it was only 1.0% higher than a year ago: the smallest annual increase since Q1 2012.

... but productivity figures a silver lining

While GDP increased by 0.4% over the quarter, there was a sharper increase in productivity of 0.9%. That at least is something to welcome given productivity performance has been remarkably poor since the 2008/09 recession. Even after the latest quarter, productivity is just 1.0% higher than its pre-recession peak in Q4 2007.

However, productivity is calculated as economic output divided by total hours worked in the economy, and the recent productivity rise is mainly down to a fall in hours worked rather than an increase in output. The number of people in employment in the UK fell by 56,000 in the quarter to August-October 2017, after five years of strong growth.

The employment rate remains very high by historical standards. It could be the most recent figures are something of a statistical blip, in which case productivity has not turned a corner just yet.

Inflation rises to five-year high...

Even if productivity has improved, the effect is yet to be felt in workers' pay packets as average pay continues to grow more slowly than prices.

CPI inflation reached 3.1% in November 2017, its highest rate since March 2012. Since inflation is more than 1 percentage point above the Bank of England's target of 2%, the Governor, Mark Carney, must write to the Chancellor explaining why inflation has increased and how the Bank proposes to bring it back to target. The Governor's letter will be published on 8 February.

CPI inflation reached 3.1% in November

% change in prices compared to a year earlier, UK, 2008-17



Source: ONS

After adjusting for inflation, average pay excluding bonuses fell by 0.6% in the three months to October compared with the year before.

Inflation is [likely](#) to be close to its peak and we may expect the rate of price growth to slow over the coming months. This is because the impact from the fall in sterling in 2016, the main cause behind recent rising inflation, has most likely now fully fed through to consumer prices.

...but retail sales continue to grow

Despite the increase in prices, there has been continued growth in retail sales. The quantity of goods bought was 1.0% higher in the three months to November compared with the year before. But some of this growth may be explained by more consumers bringing forward purchases to take advantage of Black Friday promotions – if that is the case, then sales may be weaker in subsequent months. We will know more when ONS publishes December data on 19 January.

2. Headline UK Economic Indicators, January 2018

Gross Domestic Product: Q3 2017, Seasonally Adjusted		
Change (real %)	0.4 (qtr)	1.7 (yr)
Industries		
Service output: October 2017		
Change (%)	0.2 (mth)	2.5 (yr)
Manufacturing output: October 2017		
Change (%)	0.0 (mth)	3.6 (yr)
Productivity: Q3 2017, Seasonally Adjusted		
Output per hour		
Change (%)	0.9 (qtr)	0.8 (yr)
Inflation: November 2017		
Change on year (%)	3.1 (CPI)	3.9 (RPI)
Labour Market: August - October 2017, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.3
Change (% points)	-0.1 (qtr)	-0.6 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.1
Change (% points)	-0.2 (qtr)	0.7 (yr)
Interest Rate: as of 8 January 2018		
Bank of England Base Rate		0.50 (%)
Public Finances: 2016/17		
Net borrowing	46 (£ bn)	2.3 (% GDP)
Net debt	1,727 (£ bn)	85.8 (% GDP)
Trade: Q3 2017		
Current Account	-22.8 (£ bn)	-4.5 (% GDP)
Sterling Exchange rate: 8 Jan 2017		
US Dollar (\$)	1.36 (rate)	10.7 (% change on yr)
Euro (€)	1.13 (rate)	-1.9 (% change on yr)
EC Economic Sentiment Indicator for UK: December 2017		
Points (1990-2012 average = 100)		112.4
Change (points)	+3.6 (mth)	+3.8 (yr)
Retail Sales: November 2017, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.2 (% change on yr)
Housing Market: October 2017, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.1 (mth)	4.5 (yr)

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

Headline Indicators summary

GDP grew by 0.4% in Q3 2017 compared to the previous quarter, following growth of 0.3% in Q1 and Q2. Compared with the previous year, GDP grew by an estimated 1.7%. The Eurozone saw growth of 0.6% in Q3 2017 compared to the previous quarter.

Services output was up 0.4% in Q3 2017 compared with the previous quarter. **Manufacturing output** was up 1.3%.

The Bank of England's Monetary Policy Committee (MPC) voted unanimously to **leave interest rates unchanged** at its December policy meeting, following a 7-2 vote in November to raise interest rates from 0.25% to 0.5%. The November increase was the first in more than a decade.

CPI inflation was 3.1% in November 2017, its highest rate since March 2012. Inflation in the Eurozone was 1.5% in November.

Average wages, excluding bonuses, were 2.3% higher in the three months to October 2017 compared with the year before. This was lower than CPI inflation for the same period (2.9%).

Employment fell by 56,000 from the previous quarter to 32.08 million in August-October 2017, but was still 325,000 higher than the previous year. The **employment rate** was 75.1% which is very high by historical standards.

The **unemployment rate** was 4.3%, down 0.6% points from the previous year and the lowest rate since 1975.

Productivity across the whole UK economy in Q3 2017 was 0.9% higher than in the previous quarter, and 0.8% higher than a year before. However it is only 1.0% above its pre-recession peak, reflecting the stagnation in productivity since the 2008/09 recession.

Government borrowing between April and November 2017 was £3.1 billion (6%) lower than in the same period in 2016, although the OBR forecasts borrowing will still be higher across the full 2017/18 financial year than in 2016/17. At the end of November 2017, the UK's **debt to GDP ratio** was 84.6%, up 1.2% points on a year ago.

As of 8 January the **FTSE-100 Index** was up 4% compared with a month ago and up 6% on a year ago.

The UK had a **trade deficit** of £5.0 billion in the three months to October 2017, compared with £7.8 billion in the three months to July. The **current account deficit**, which includes investment income and transfers as well as trade, was £22.8 billion in Q3 2017, down from £25.8 billion in Q2 2017.

The **value of sterling** increased by 0.9% between November and December 2017, following an increase of 0.4% between October and November.

The **value of retail sales** was up 4.2% in the three months to November 2017 compared with the previous year, but most of this rise

was the result of inflation. The volume of sales (the quantity of things bought) increased by 1.0%.

House prices increased by 4.5% in the year to October 2017. Prices increased only slightly between September and October 2017, by 0.1%.

Household debt stood at 138% of disposable income in Q3 2017. This was down slightly from Q2 2017, having been increasing from the start of 2016.

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 0.4% in Q3 2017 compared to the previous quarter, following growth of 0.3% in the two previous quarters.

Real Gross Domestic Product seasonally adjusted

	% change on qtr	% change on yr
2014	...	3.1
2015	...	2.3
2016	...	1.9
2016 Q3	0.5	2.0
Q4	0.7	2.0
2017 Q1	0.3	2.1
Q2	0.3	1.9
Q3	0.4	1.7

Source: ONS, series: IHYP, IHYQ, IHYR

GDP in Q3 2017 was 1.7% higher than a year before.

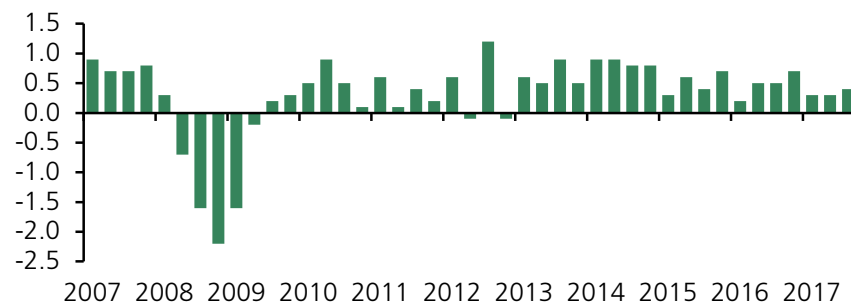
GDP has now increased for 19 consecutive quarters and is estimated to have grown by 1.9% in 2016, compared to growth of 2.3% in 2015.

GDP in cash terms was £1,963 billion in 2016.

GDP growth was 0.4% in Q3 2017 compared with the previous quarter

GDP growth

% change on previous qtr



Forecasts

At the November 2017 Budget, the Office for Budget Responsibility (OBR) forecast growth of 1.5% in 2017 and 1.4% in 2018.

The Treasury's December 2017 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.6% for 2017 and 1.5% for 2018.

Annual GDP growth forecasts (%)

	2017	2018
HM Treasury average of independent forecasts (Dec 17)	1.6	1.5
OBR forecasts (Nov 17)	1.5	1.4

Source:

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

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Updates

ONS, [Gross Domestic Product: Preliminary Estimate](#), 26 Jan 2018

HM Treasury, [Forecasts for the UK economy](#), 17 January 2018

OBR, [Economic and fiscal outlook](#), Spring 2018

A2: GDP International

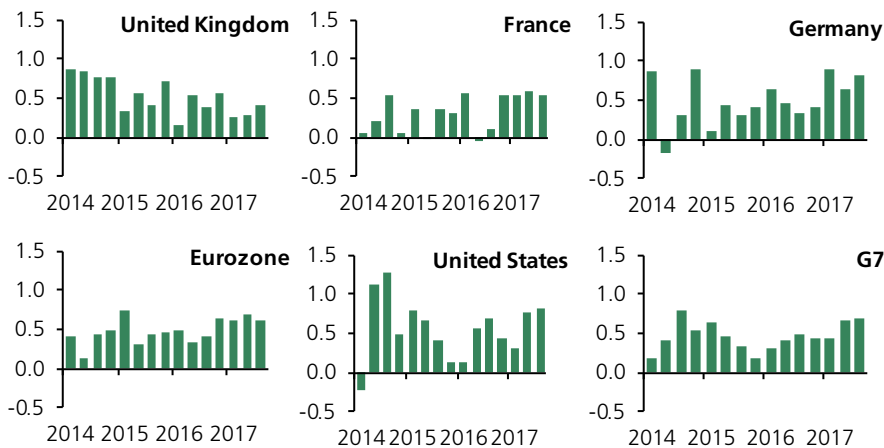
Real GDP in the UK grew by 0.4% in Q3 2017 compared with the previous quarter. The US economy saw growth of 0.8%, while the Eurozone continued its run of relatively strong growth at 0.6%.

Real GDP % changes

	change on quarter				change on year			
	Q4 16	Q1 17	Q2 17	Q3 17	Q4 16	Q1 17	Q2 17	Q3 17
UK	0.6	0.3	0.3	0.4	1.6	1.8	1.5	1.5
Eurozone	0.6	0.6	0.7	0.6	1.9	2.1	2.4	2.6
USA	0.4	0.3	0.8	0.8	1.8	2.0	2.2	2.3
Japan	0.3	0.4	0.7	0.6	1.5	1.3	1.7	2.1
Germany	0.4	0.9	0.6	0.8	1.9	2.1	2.3	2.8
France	0.6	0.5	0.6	0.5	1.2	1.1	1.8	2.2
G7	0.4	0.4	0.7	0.7	1.7	1.8	2.1	2.3
OECD	0.7	0.5	0.8	0.7	2.0	2.2	2.5	2.7

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

On 28 November the OECD raised its 2018 GDP growth [forecast](#) for the UK to 1.2% from 1.0% in the previous September forecasts, (their 2017 UK growth forecast is at 1.5%). However, the OECD [notes](#) that it expects economic growth continues to weaken from year to year.

Real GDP growth forecasts % change

	IMF (Oct 17)		EC (Nov 17)		OECD (Nov 17)	
	2017	2018	2017	2018	2017	2018
UK	1.7	1.5	1.5	1.3	1.5	1.2
France	1.6	1.8	1.6	1.7	1.8	1.8
Germany	2.0	1.8	2.2	2.1	2.5	2.3
Eurozone	2.1	1.9	2.2	2.1	2.4	2.1
US	2.2	2.3	2.2	2.3	2.2	2.5
Japan	1.5	0.7	1.6	1.2	1.5	1.2
China	6.8	6.5	6.8	6.5	6.8	6.6
India	6.7	7.4	6.6	7.5	6.7	7.0
Brazil	0.7	1.5	0.7	1.8	0.7	1.9
World	3.6	3.7	3.5	3.7	3.6	3.7

Sources: IMF Oct'17 WEO; EC Autumn'17 forecast; OECD Economic Outlook Nov'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, [Interim Economic Outlook](#),
Feb/Mar 2018

IMF, [World Economic Outlook update](#),
Jan 2018

European Commission,
[Winter Economic Forecast](#), Feb 2018

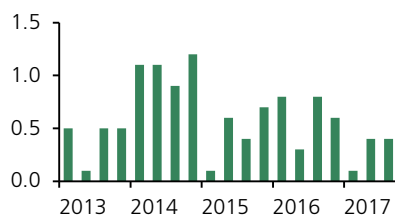
A3: Components of GDP

GDP can be analysed in terms of the output produced by different industries in the economy or alternatively by expenditure on goods and services made by households, businesses and the government.

Overall, GDP is estimated to have increased by 0.4% in real terms in Q3 2017 compared with the quarter before. Service sector output increased by 0.4% and household consumption grew by 0.5%.

GDP by Industry

Service sector
quarterly growth (%)



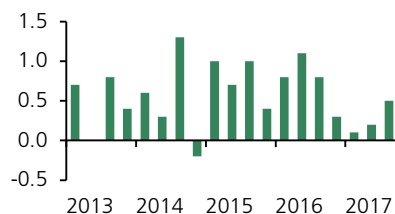
In 2016, the service sector accounted for 79% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Q3 2017, service sector output increased by 0.4% in real terms compared with Q2, the same as in the previous quarter.

Manufacturing output was up by 1.3% (the production sector overall was also up by 1.3%). Output in the construction sector was down by 0.5%.

GDP by Expenditure

Household Consumption
quarterly growth (%)



Household consumption is the largest element of expenditure across the economy, accounting for 63% of the total in 2016. Government consumption accounted for 19% and investment for 16%.

In Q3 2017, household consumption grew by 0.5% in real terms – its highest growth this year. Government consumption was down 0.2% but investment was up 0.3%. Exports increased by 0.8% and imports increased by 0.9%.

GDP by expenditure

% change on previous quarter (real terms)

	Household consumption	Government consumption	Investment	Exports	Imports	GDP
2015 *	2.7	0.6	2.8	5.0	5.1	2.3
2016 *	3.1	0.8	1.8	2.3	4.8	1.9
2016 Q3	0.8	0.0	1.1	-1.8	3.3	0.5
Q4	0.3	0.0	0.7	5.2	-1.0	0.7
2017 Q1	0.1	0.1	0.5	0.4	1.0	0.3
Q2	0.2	0.4	1.0	1.8	0.4	0.3
Q3	0.5	-0.2	0.3	0.8	0.9	0.4

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

Note: * annual % change

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Updates

ONS, [Quarterly National Accounts](#), 29 Mar 2018

ONS, [Gross Domestic Product: Preliminary Estimate](#), 26 Jan 2018

ONS, [Second Estimate of GDP](#), 22 Feb 2018

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.

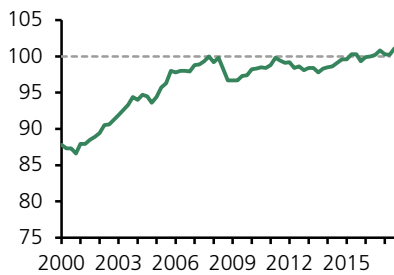
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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 Q3 2017 was 1.0% above what it was over nine years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are only 1% above the pre-financial crisis peak of late 2007

Productivity level (GDP per hour)
Index where Q4 2007 level = 100



Productivity - output (GDP) per hour

	% change on qtr	% change on yr
2015	..	1.0
2016	..	0.3
2016 Q4	0.5	1.5
2017 Q1	-0.5	0.5
Q2	-0.1	0.1
Q3	0.9	0.8

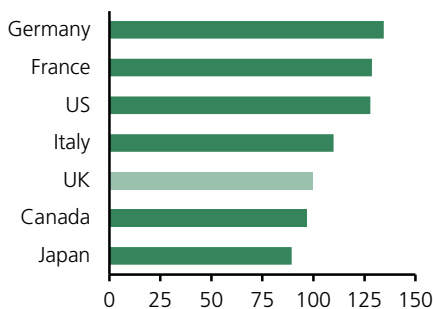
Source: ONS series LZVD, TXBB

[Productivity](#) across the whole UK economy increased by 0.9% in Q3 2017 compared with the previous quarter – the fastest quarterly growth since Q2 2011 – and was 0.8% higher compared with a year before in Q3 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), 2016
Index where UK=100



In 2016, 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 15% below the average of the rest of the G7 countries, the same gap as in every year from 2012 and the largest since at least 1995 (when the ONS data series began).

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Updates

ONS, [UK productivity](#), 21 Feb 2018

ONS, [International comparisons of productivity](#), 6 Apr 2018

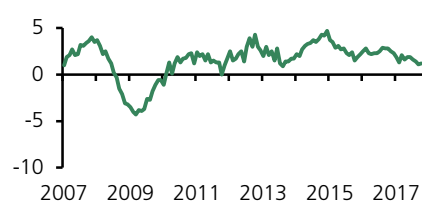
A5: Services

The service industries include the retail sector, the financial sector, the public sector, business administration, leisure 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



In the three months to October 2017, services output increased by 0.3% compared with the three months ending July 2017. Retail trade made the largest contribution to the quarterly growth, contributing 0.06 percentage points. Services

output increased by 0.2% in October 2017 compared to September. Compared with a year before, services output increased by 1.3% in October 2017; this growth is at its lowest since October 2013. This is the first Index of Services release to incorporate Value Added Tax (VAT), using data from 469,440 businesses across 35 industries.

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.

The UK services PMI rose from 53.8 in November to 54.2 in

December, signifying sharper growth in activity. However, Markit also noted that the flow of incoming new work was at its slowest since August 2016, and that input price inflation is at a three-month high.

Services Output Index				PMI Index		
	Index	% change on yr		Index	Change on mth	
2015	100.0	2.6	2015	Dec	55.5	
2016	102.5	2.5	2016	Dec	56.2	
2017			2017	Oct	55.6	2.0
				Nov	53.8	-1.8
				Dec	54.2	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](#),
26 January 2018

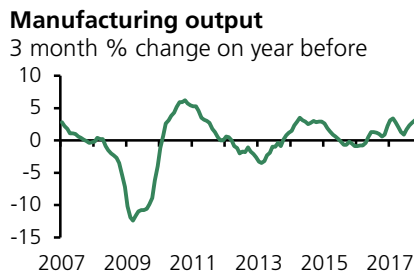
Markit/CIPS, [UK Services PMI](#), 5
February 2018

A6: Manufacturing

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

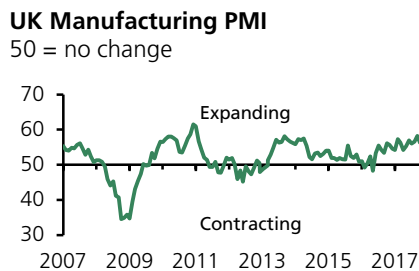
In 2016, the manufacturing sector accounted for 10% of total UK economic output (Gross Value Added). In December 2016, it accounted for 8% of jobs.

Manufacturing Output



Total manufacturing output was up 1.2% in the 3 months to October 2017 compared with the 3 months to July 2017. The largest contribution to the rise in manufacturing in the three months to October 2017 came from transport equipment (again), which rose by 2.5%

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 December 2017 the UK Manufacturing PMI was 56.3, down from November's 51-month high of 58.2. This was the sixth consecutive month where the index has been greater than 55, and the average for Q4 2017 was the highest since Q2 2014.

Although December saw rates of expansion in output, new orders and employment slow from November's highs, growth in all three remained well above long-run trends.

Manufacturing production has now risen for seventeen successive months. Manufacturers remained optimistic, with close to 54% forecasting output would be higher in a year's time.

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index	Change on mth	
2015	100.0	0.0		2015	Dec	51.9	
2016	100.9	0.9		2016	Dec	56.1	
2017	Aug	103.3	0.7	2017	Oct	56.6	0.6
	Sep	104.0	1.1		Nov	58.2	1.6
	Oct	104.1	1.2		Dec	56.3	-1.9

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.

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Update

ONS, [Index of Production](#), 10 January 2018

Markit/CIPS, [UK Manufacturing PMI](#), 1 February 2018

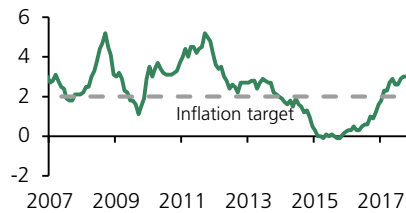
B1: Inflation

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 increased to 3.1% in November 2017, up from 3.0% in October. This is the CPI’s highest rate since March 2012.

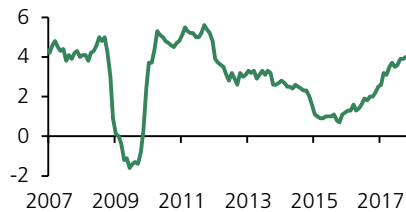
The RPI inflation rate decreased to 3.9% in November, down from 4.0% in October. This is the same rate as in August and September.

Consumer Prices Index (CPI)
% change on yr



The increase in the CPI rate was mostly due to price rises in transport and recreation and culture, partly offset by decreases in the prices of miscellaneous goods and services, clothing and furniture.

Retail Prices Index (RPI)
% change on yr

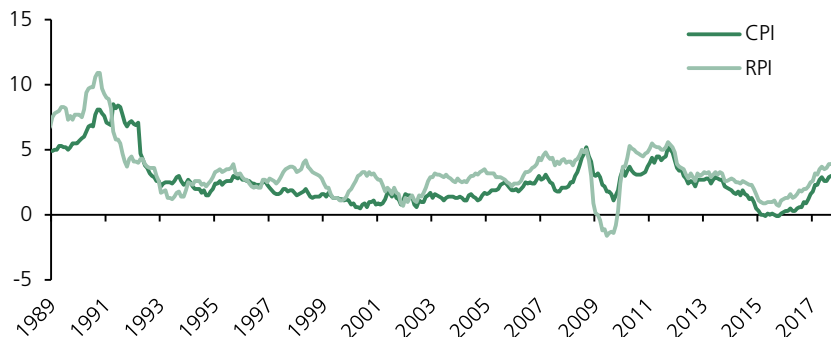


Price Indices
% change on a year ago

		CPI	RPI
2014	Nov	1.0	2.0
2015	Nov	0.1	1.1
2016	Nov	1.2	2.2
2017	Sep	3.0	3.9
	Oct	3.0	4.0
	Nov	3.1	3.9

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

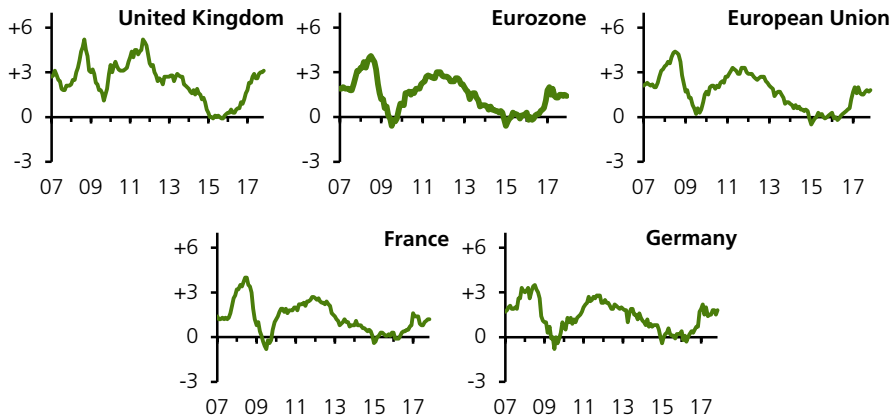
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 16 Jan 2018

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 3.1% in the year to November 2017, up from 3.0% in October. UK inflation was 1.2% in November 2016. The November 2017 figure is the highest since March 2012.

EU inflation was 1.8% in November 2017, up from 1.7% in October. EU inflation was 0.6% in November 2016.

Annual inflation in the Eurozone is provisionally estimated as 1.4% in December, down from 1.5% in November and compared with 1.1% in December 2016.

In Germany, inflation was 1.8% in November, up from 1.5% in October. In France it was 1.2% in November, unchanged from October.

Estonia had the highest inflation rate in the EU in November at 4.5% followed by Lithuania at 4.2%. The lowest inflation rate in the EU was in Cyprus at 0.2%, followed by Ireland at 0.5%. The UK's inflation rate of 3.1% was the third highest in the EU in November.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2014	2015	2016	Sep 17	Oct 17	Nov 17	Dec 17
UK	1.5	0.0	0.7	3.0	3.0	3.1	..
Eurozone	0.4	0.0	0.2	1.5	1.4	1.5	1.4
European Union	0.5	0.0	0.3	1.8	1.7	1.8	..
France	0.6	0.1	0.3	1.1	1.2	1.2	..
Germany	0.8	0.1	0.4	1.8	1.5	1.8	..

Source: ONS, Eurostat.

Eurozone figure for Dec 2017 is provisional

Subject Specialist

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Update

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

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

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

B3: Average Earnings

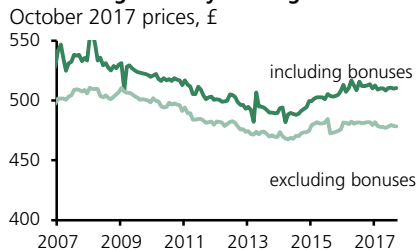
In April 2017 median gross weekly earnings for full-time employees in the UK were £550, up 2.2% on April 2016. Adjusted for inflation, full-time workers' weekly earnings decreased by 0.4%.

More timely but less detailed data show average weekly earnings for the whole Great Britain economy, including bonuses, were 2.5% higher in the three months to October 2017 compared with the year before. Excluding bonuses, average weekly earnings increased by 2.3%. Inflation as measured by the CPI averaged 2.9% over the same period.

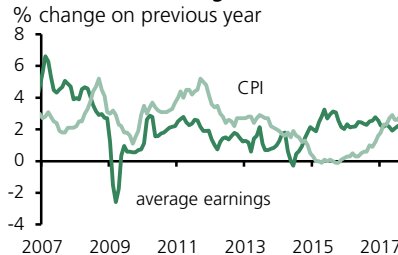
After adjusting for inflation, average weekly earnings including bonuses decreased by 0.4% compared to last year, while average weekly earnings excluding bonuses decreased by 0.6%.

Average Earnings, Whole Economy

Real average weekly earnings



Inflation and earnings (incl bonuses)



Trends by Sector

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

	Total	Private	Public
2015 Oct	2.5	2.8	1.4
2016 Oct	2.5	2.8	1.5
2017 Aug	2.3	2.5	1.4
Sep	2.3	2.5	1.7
Oct	2.5	2.7	1.8

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

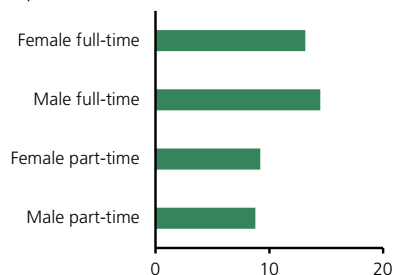
Average weekly total pay (including bonuses) grew by 2.7% in the private sector in the three months to October 2017, compared with the year before.

In the public sector, total pay increased by 1.8%.

Pay Levels

Median weekly earnings for full-time employees in the UK were £550 in April 2016. (The median is the point at which half earn more and half earn less).

Median hourly pay excluding overtime
April 2017 (£)



Median hourly earnings (excluding overtime) were £13.94 for full-time employees; £14.48 for men working full-time and £13.16 for women.

Median hourly earnings (excluding overtime) were £9.12 for part-time employees; £8.76 for men working part-time, and £9.21 for women.

Women are more likely than men to work part-time.

Subject Specialist

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Update

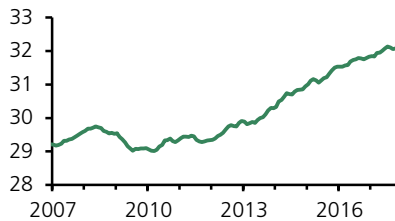
ONS, [Labour Market Statistics](#), 24 Jan 2018

ONS, [Annual Survey of Hours and Earnings](#), Oct 2018

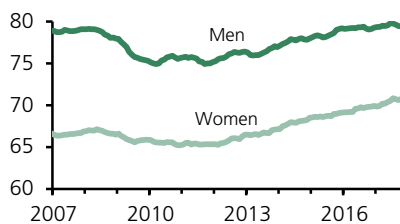
C1: Employment

32.08 million people were in employment in August-October 2017, down 56,000 from the previous quarter but up 325,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 75.1%, 0.7% points higher than a year ago.

Employment; UK
Millions, age 16+, seasonally adjusted



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



Employment has generally been growing strongly over the past five years, so that the employment rate reached a record high of 75.3% earlier this year.

15.11 million women were in work in August-October 2017, a slight decrease on the previous quarter but 218,000 higher than a year ago. The employment rate for women aged 16-64 was 70.8%.

16.97 million men were in work, down 50,000 from the previous quarter but 107,000 higher than a year ago. The employment rate for men aged 16-64 was 79.4%.

23.54 million people were working full-time, down 55,000 from the previous quarter but 337,000 higher than a year ago. There were 8.54 million people working part-time, about the same as the previous quarter but 12,000 lower than the previous year.

Self-employment decreased by 41,000 from the previous quarter, to 4.81 million people. The number of people working as employees decreased by 14,000 from the previous quarter to 27.08 million.

1.60 million people were employed on a temporary basis, about the same as the previous quarter but down 14,000 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
Aug-Oct	2014	30,842	73.0	16,398	77.9	14,444	68.2	3,794	52.1
Aug-Oct	2015	31,417	74.0	16,754	79.0	14,663	69.0	3,975	54.8
Aug-Oct	2016	31,755	74.4	16,863	79.1	14,891	69.8	3,909	54.5
May-Jul	2017	32,136	75.3	17,021	79.8	15,115	70.8	3,915	55.1
Aug-Oct	2017	32,080	75.1	16,970	79.4	15,110	70.8	3,836	54.2
<i>Change on qtr</i>	<i>Level</i>	-56	-0.2	-50	-0.4	-6	-0.1	-79	-0.9
	<i>%</i>	-0.2%		-0.3%		0.0%		-2.0%	
<i>Change on yr</i>	<i>Level</i>	325	0.7	107	0.4	218	1.0	-73	-0.3
	<i>%</i>	1.0%		0.6%		1.5%		-1.9%	

Source: ONS Labour Market Statistics, Tables A05 and A0
Notes: The employment rate is a percentage of the population aged 16 to 64

Subject Specialist

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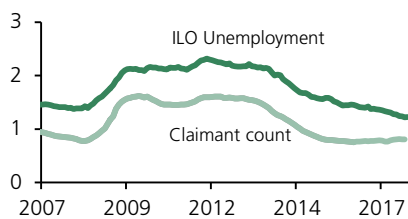
Updates

ONS, [Labour Market Statistics](#),
24 January 2018

C2: Unemployment

The International Labour Organisation (ILO) definition of unemployment is the headline measure of unemployment in the UK. Another measure is the claimant count – the number of people claiming unemployment benefits (namely, Jobseeker’s Allowance or people claiming Universal Credit who are required to seek work).¹

Unemployment; UK
Millions, age 16+, seasonally adjusted

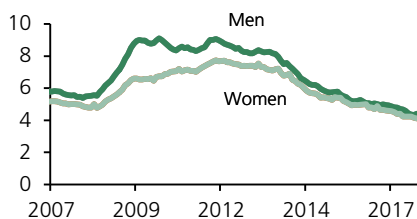


1.43 million people in the UK were unemployed on the ILO definition in August- October 2017, down 26,000 on the previous quarter and down 182,000 on the previous year.

The unemployment rate was 4.3% (the percentage of the economically active population who are unemployed), down 0.1% points from the previous quarter and down 0.6% points from the previous year.

Unemployment has been falling over the past few years and the unemployment rate is now at its joint lowest point since 1975.

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



There were 783,000 men unemployed in August- October 2017, down slightly on the previous quarter and down 103,000 from a year earlier. 647,000 women were unemployed, down 21,000 on the previous quarter and down 80,000 from a year earlier.

523,000 people aged 16-24 were unemployed in August- October 2017, down 60,000 on the previous year. The unemployment rate for 16-24 year olds was 12.0%, down from 13.0% the 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
Aug-Oct 2014	1,952	6.0	1,086	6.2	866	5.7	757	16.6
Aug-Oct 2015	1,713	5.2	936	5.3	777	5.0	624	13.6
Aug-Oct 2016	1,612	4.8	885	5.0	726	4.7	583	13.0
May-Jul 2017	1,455	4.3	788	4.4	667	4.2	528	11.9
Aug-Oct 2017	1,429	4.3	783	4.4	647	4.1	523	12.0
<i>Change on qtr</i>								
Level	-26	-0.1	-5	0.0	-21	-0.1	-5	0.1
%	-1.8%		-0.7%		-3.1%		-1.0%	
<i>Change on yr</i>								
Level	-182	-0.6	-103	-0.6	-80	-0.5	-60	-1.0
%	-11.3%		-11.6%		-11.0%		-10%	

Source: ONS Labour Market Statistics, A05, A06,

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

Subject Specialist

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Updates

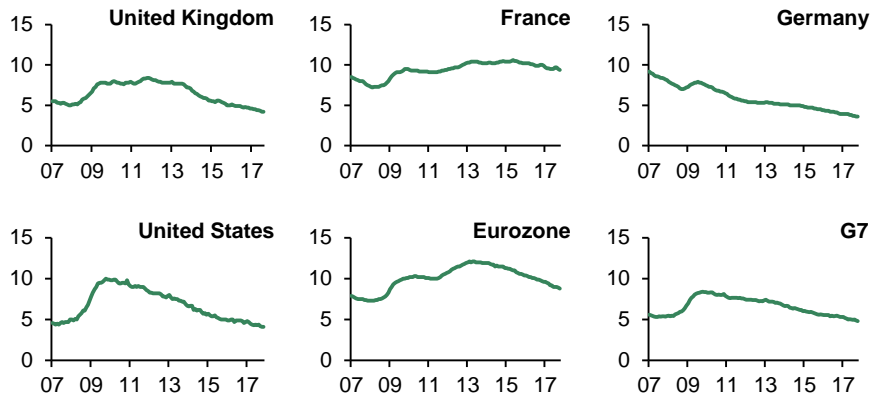
ONS, [Labour Market Statistics](#), 24 January 2018

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

C3: Unemployment International

The OECD produces harmonised unemployment rates for OECD members based on the ILO definition of unemployment.

Harmonised Unemployment Rate (%)



The UK harmonised unemployment rate for Q2 2017 was 4.4%. This was equal to the rate of the US, below that of France (9.5%) but above that of Germany (3.8%). The UK rate was the 8th lowest of the 35 OECD member countries.

The unemployment rate for the Eurozone fell to 9.0% in Q3 2017 from Q2 2017, and was at 5.0% for the G7 for both quarters. 25 of the 32 OECD countries that have published rates for Q3 2017 had a lower rate for that quarter than for Q2 2017. The Q3 figure for the UK has not been published to date.

Greece had the highest harmonised unemployment rate out of the OECD member states for Q2 2017 (21.5%) followed by Spain at 17.3%.

Iceland and Japan had the lowest unemployment rates in the OECD for Q2 2017 at 2.9%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q2 2017 youth unemployment was 43.6% in Greece, 39.1% in Spain and 35.5% in Italy. UK youth unemployment stood at 12.0% in Q2 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 Q3	7.0	9.9	4.1	11.6	3.0	4.8	4.9	9.9	5.4	6.3
Q4	6.9	10.0	3.9	11.8	3.1	4.7	4.7	9.7	5.3	6.2
2017 Q1	6.7	9.6	3.9	11.6	2.9	4.5	4.7	9.5	5.2	6.0
Q2	6.5	9.5	3.8	11.2	2.9	4.4	4.4	9.1	5.0	5.8
Q3	6.2	9.6	3.7	11.2	2.8	..	4.3	9.0	5.0	5.7
<i>Change on qtr</i>	<i>-0.3</i>	<i>0.1</i>	<i>-0.2</i>	<i>0.0</i>	<i>-0.1</i>	<i>...</i>	<i>-0.1</i>	<i>-0.2</i>	<i>-0.1</i>	<i>-0.1</i>
<i>Change on yr</i>	<i>-0.8</i>	<i>-0.3</i>	<i>-0.5</i>	<i>-0.4</i>	<i>-0.2</i>	<i>...</i>	<i>-0.6</i>	<i>-1.0</i>	<i>-0.5</i>	<i>-0.6</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
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Next Update

OECD, [Harmonised Unemployment Rates](#),
16 January 2018

D1: Interest Rates and Monetary Policy

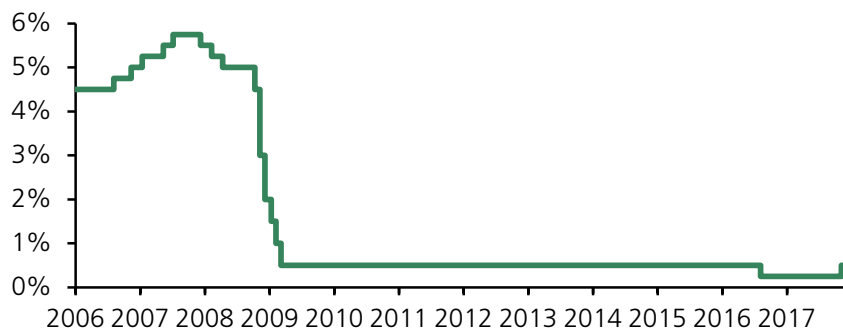
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

UK (Bank of England)

The Bank of England's Monetary Policy Committee (MPC) voted 9-0 to leave interest rates unchanged at its December policy meeting. This follows a 7-2 vote in November to raise interest rates from 0.25% to 0.5% - the first interest rate increase in more than a decade.

The MPC left interest rates unchanged at 0.5% following its 14 Dec. [meeting](#).

UK official interest rate



The fall in the value of the pound since early 2016 and, particularly, following the Brexit vote in June 2016, has pushed up inflation to around 3% – above the MPC's 2% target. Despite relatively subdued economic growth in recent quarters, the MPC believes that there is little spare capacity in the economy. This means that to bring inflation down to its target, the MPC believed that interest rates needed to be raised at its November meeting.

The MPC's **quantitative easing** (QE) programme, where the Bank creates new money to buy financial assets, remains active and unchanged. QE now totals £445 billion of assets, mostly government bonds.

Eurozone (European Central Bank)

At its December 2017 [policy meeting](#), the European Central Bank (ECB) left its main interest rate unchanged at 0.0%. It also confirmed it would reduce its quantitative easing programme – whereby it purchases assets (mostly government bonds of Eurozone countries) in an attempt to stimulate the economy – from €60bn per month currently to €30bn beginning in January until September 2018, or longer "if necessary".

United States (Federal Reserve)

At its two-day policy meeting ending on 13 December, the US Federal Reserve [raised interest rates](#) by 0.25%-points to 1.25-1.50%. 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 ([8 Feb](#))
ECB ([25 Jan](#))
US ([30-31 Jan](#))

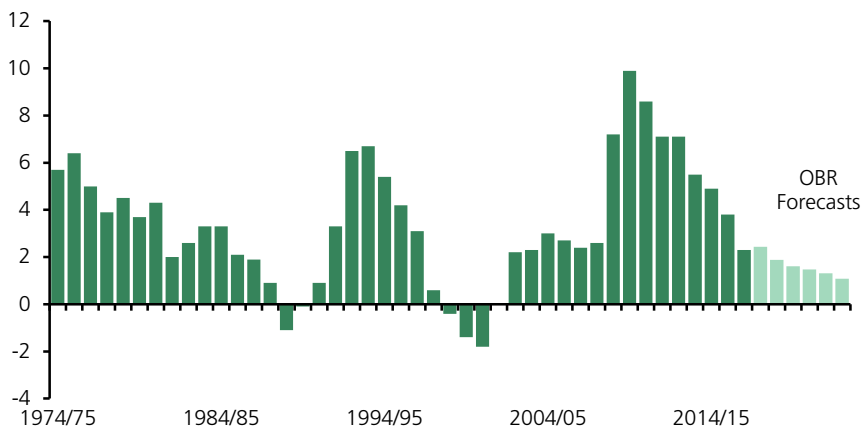
D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	137	8.6%	1,158	71.4%
2011/12	116	7.1%	1,253	75.1%
2012/13	121	7.1%	1,364	78.6%
2013/14	98	5.5%	1,464	80.5%
2014/15	91	4.9%	1,555	82.9%
2015/16	73	3.8%	1,603	82.6%
2016/17	46	2.3%	1,727	85.8%
2017/18	50	2.4%	1,791	86.5%
2018/19	39	1.9%	1,840	86.4%
2019/20	35	1.6%	1,885	86.1%
2020/21	33	1.5%	1,879	83.1%
2021/22	30	1.3%	1,853	79.3%
2022/23	26	1.1%	1,909	79.1%

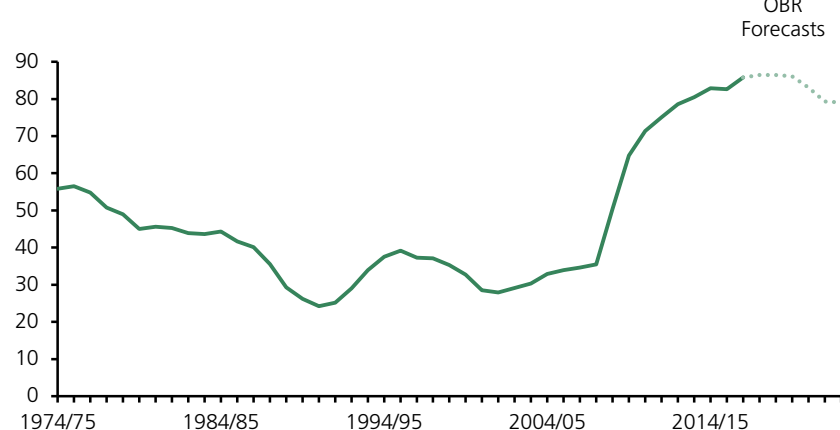
Sources: ONS, OBR. Excludes public sector banks

At the end of November 2017 public sector net debt was equivalent to 84.6% GDP, up 1.2% points on November 2016.

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



Government borrowing in the current financial year to date (April to November 2017) was £3.1 billion lower compared with the same period in 2016. This is equivalent to a decrease of 6%. However, the OBR forecast that borrowing across the financial year will be higher in 2017/18 than in 2016/17. The OBR expect growth in tax receipts to slow in the later part of 2017/18, pushing up borrowing.

The ONS's figures for 2016/17 and the current financial year to date are provisional: they're not final figures and may be revised as provisional data are replaced with final 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.

All figures exclude public sector banks.

Subject Specialist
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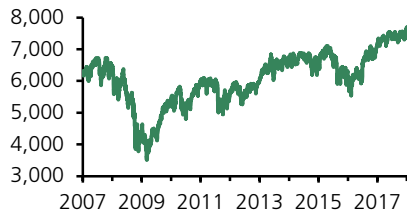
Next update
OBR, [Economic and fiscal outlook – March 2018](#), March 2018

ONS, [Public sector finances](#), 23 January 2018

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

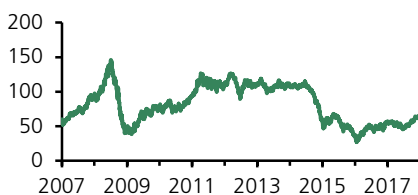


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index closed at twelve successive record highs between December 2016 and January 2017. This is the

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 a series of record highs between December 2017 and January 2018, closing at 7,724 points on 5 January 2018.

Brent Crude Oil

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

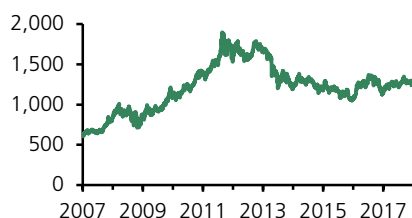


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since February 2004. The price has since climbed and has remained above or around \$50/barrel since December 2016, after OPEC

agreed to its first supply cut in eight years. Since late October 2017, it has closed at above \$60/barrel, its highest level in over two 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, though has remained above \$1,200/ounce for all of 2017.

Data from 8 January 2018

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
08 Jan 2018	7696.51	67.63	1319.95
%change over:			
1-month	4%	7%	6%
12-months	6%	22%	12%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

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Updates

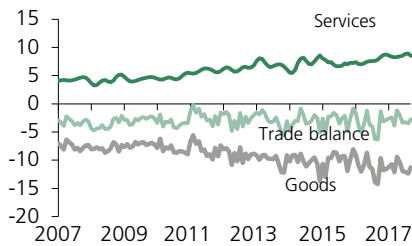
Financial Times, Weekly Basis

E1: Trade

In 2016, the UK's exports of goods and services totalled £555 billion and imports totalled £595 billion. The EU accounted for 43% of UK exports of goods and services and 54% 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 deficit of £135.5 billion on trade in goods was partially offset by a surplus of £94.8 billion on trade in services in 2016. The overall trade deficit was £40.7 billion in 2016 (2.1% of GDP).

The UK had a trade deficit with the EU of £79.7 billion in 2016 and a trade surplus of £39.0 billion with non-EU countries.

The trade deficit with all countries was £5.0 billion in the three months to October compared with £7.8 billion in the three months to July. Exports increased by 2.7% over this period. Imports increased by 0.8% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

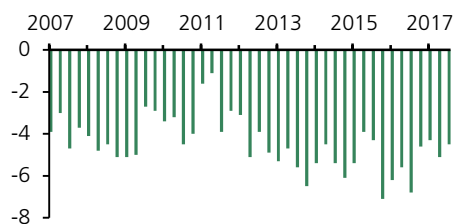
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2015	517.2	549.5	-32.4	-98.1	-5.2%
2016	554.7	595.4	-40.7	-113.6	-5.8%
2016 Q3	138.6	154.9	-16.3	-33.5	-6.8%
Q4	149.4	156.3	-7.0	-22.9	-4.6%
2017 Q1	151.6	160.2	-8.5	-21.6	-4.3%
Q2	154.9	161.0	-6.1	-25.8	-5.1%
Q3	156.8	162.7	-5.8	-22.8	-4.5%

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 £113.6 billion in 2016, compared with £98.1 billion in 2015. The current account deficit was 5.8% of GDP in 2016 compared with 5.2% in 2015.

Current Account Balance

% of GDP



The current account deficit was £22.8 billion in Q3 2017 (4.5% of GDP), down from £25.8 billion (5.1% of GDP) in Q2 2017.

Subject Specialist

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x2042

Updates

ONS, [UK Trade](#), 10 Jan 2018

ONS, [UK Balance of Payments](#), 29 Mar 2018

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 increased by 0.9% between November and December 2017, following a rise of 0.4% between October and November. This is the SERI's fourth successive monthly rise. Compared with the same period a year ago, it is 0.1% higher. It is 25.8% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



On average in December compared with November, the pound was up 1.4% against the dollar, and up 8.5% from December 2016. This was the fourth successive month the year on year increase has been positive. The value of the pound against the dollar has fallen sharply since the EU Referendum, from \$1.48 on 23 June 2016 to \$1.36 on 8 January 2018.

Sterling was up 0.6% against the Euro on average in December compared to November. On 8 January 2018, the Euro was valued at €1.13 per £1. This compares with a daily all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 on 31 December 1998.

Latest closing prices:
\$1.36 per £1
€1.13 per £1
(On 8 Jan 2018)

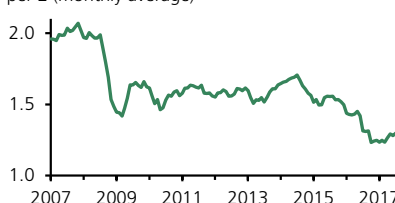
€/£ Exchange Rate

€ 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
2015	1.53	-7.2%	1.38	11.0%
2016	1.35	-11.4%	1.22	-11.2%
2017	1.29	-4.8%	1.14	-6.7%
2017 Oct	1.32	7.0%	1.12	0.3%
Nov	1.32	6.3%	1.13	-2.4%
Dec	1.34	7.3%	1.13	-4.3%

Source: Bank of England, Bankstats database

Subject Specialist

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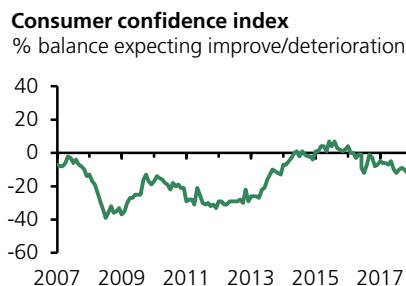
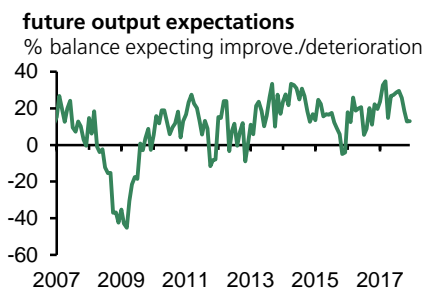
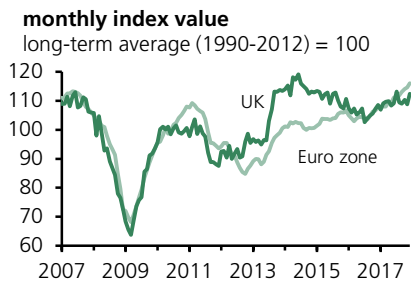
Updates

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

Bank of England, [SERI & monthly rates](#), Early February 2018

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 November and December 2017, the overall UK sentiment index increased by 3.6 points to 112.4, slightly below July 2017's figure of 113.2.

CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In December, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +13% of manufacturers, the same as in November and the lowest it has been since October 2016.

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 December, the overall consumer confidence index was -13, down by 1 from -12 in November to the lowest it has been since December 2013.

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Update

EC, [Economic Sentiment Indicator](#), 23 January 2018

CBI, [Industrial Trends](#), Mid-January 2018

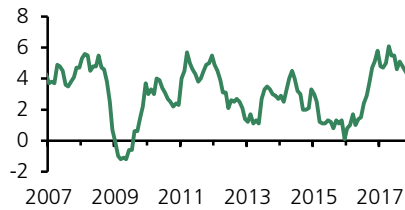
GfK NOP, [Consumer Confidence](#), 31 January 2018

F2: Retail Sales

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

In November 2017, the quantity bought (volume) in retail sales increased by 1.1% compared with the previous month.

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



Compared to the same period a year ago, the value of retail sales was up 4.2% in the three months to November 2017.

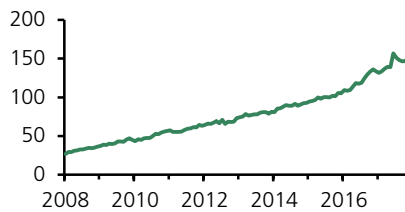
However, most of the rise was the result of inflation. The quantity bought (volume) in the retail industry was estimated to have

increased by only 1.0% in the three months to November 2017 compared to the same period a year ago.

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).

Value of internet retail sales
2015=100, seasonally adjusted



The average weekly value of **internet sales** in Great Britain was £1.2 billion in November 2017.

Online sales increased year-on-year by 10.2% and by 2.2% on the month, accounting for approximately 17.0% of all retail

spending.

Value of retail sales

Index 2015=100, seasonally adjusted

		Food	Non-food	Total
2015	Nov	100.3	100.3	100.5
2016	Nov	102.4	105.4	106.4
2017	Sep	104.4	106.6	109.1
	Oct	105.1	107.4	109.9
	Nov	106.0	109.1	111.4
3m % change on yr		2.5	3.1	4.2

The value of sales in food stores in the three months to November 2017 was up 2.5% on the same period last year.

The value of sales in non-food stores was up 3.1% 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

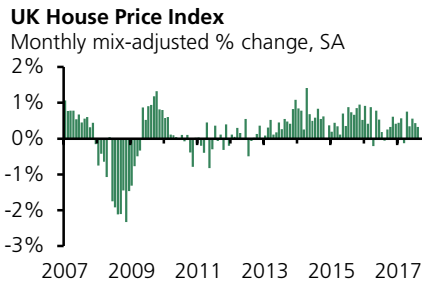
Chris Rhodes
x2454

Updates

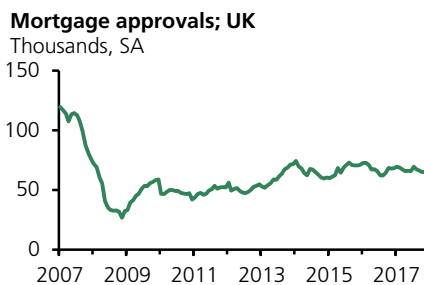
ONS, [Retail Sales](#),
19 January 2018

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 4.5% between October 2016 and October 2017. On a seasonally adjusted basis house prices increased slightly – by 0.1% – between September and October 2017.



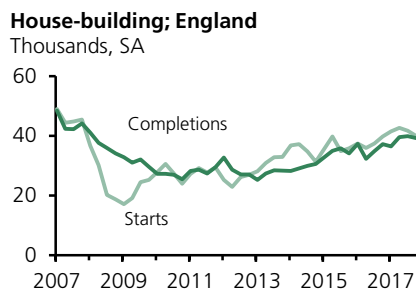
There are regional differences in house prices. The average price is highest in London at roughly £481,000. The lowest prices are found in Northern Ireland and the North East at £132,000 and £127,000 respectively.



Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.

Mortgage approvals in November 2017 were up 0.4% on the previous month but down 4.1% on a year ago. Approvals remain well down on pre-

recession levels. There were 65,139 mortgage approvals in November 2017, compared with 67,925 in November 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 40,070 house building starts (seasonally adjusted) in England in Q3 2017, a 4% decrease compared with the

previous quarter, but a 1% increase compared with the same quarter of 2016. This is above the recent low of 17,110 in Q1 2009, but still below the 48,980 starts in Q1 2007.

There were 39,250 dwelling completions (seasonally adjusted) in Q3 2017, a 2% decrease compared with the previous quarter, but a 5% increase compared with the same quarter of 2016. Completions remain below the peak of 48,440 completions in Q1 2007.

Subject Specialist

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Updates

HM Land Registry, [UK house price index](#), 16 January 2018

Bank of England, [Money and credit](#), 30 January 2018

DCLG, [House-building](#), May 2018

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

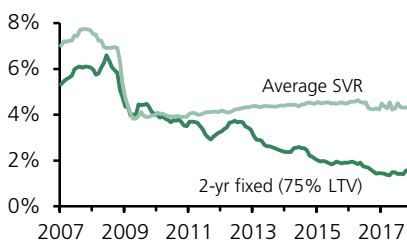


Household debt peaked in Q1 2008 at 157% of household gross disposable income. It then fell until 2014.

It rose for 6 successive quarters from the first quarter of 2016. Q3 2017 was the first quarter in over a year and a half to see a fall. It is now 138% of disposable income.

Current average mortgage interest rates

Current average mortgage interest rates



The Standard Variable Rate (SVR) was 4.35% in November 2017, but from 1.4.31% in October.

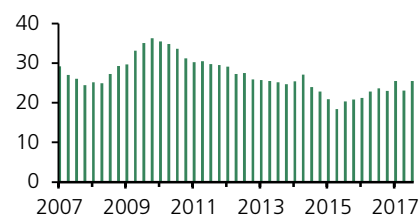
The average 2-year fixed mortgage rate was 1.61% in November, up from 1.55% in September.

The increase in rates over the past few months anticipated the much-

trailed [base interest rate rise that the Bank of England announced at the beginning of November 2017](#).

Individual insolvencies, England and Wales

Individual insolvencies; England and Wales, Thousands



2014.

In Scotland, there were 2,472 individual insolvencies in Q3 2017, a fall of 0.5% on a year earlier. In Northern Ireland, there were 684 individual insolvencies in Q3 2017, an increase of 25.0% on a year earlier.

There were 25,479 individual insolvencies in England and Wales in Q3 2017, an increase of 11% on the previous quarter, and 8% up on the same period in 2016. The number of individual insolvencies in the first three quarters of 2017 was the highest first three quarterly total since

Subject Specialist

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Updates

Bank of England, [Statistical database](#), 5 February 2018

Insolvency Service, [Insolvency Statistics](#), 26 January 2018

ONS, [UK Economic Accounts](#), 29 March 2018

4. Glossary

4.1 Definitions²

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

Current account: the balance of imports and exports of goods and services, income and transfers combined; **Capital account:** the difference between a country's capital invested in other countries, and the capital invested by other countries in it. Technically, the two parts always balance. A balance of payments deficit normally refers to a current account deficit.

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

Basic prices: Prices excluding taxes and subsidies on products.

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

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

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

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

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

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

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

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

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

² Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

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. GDP at market prices = GDP at basic prices + transport prices paid separately + non-deductible taxes on expenditure - 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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