



BRIEFING PAPER

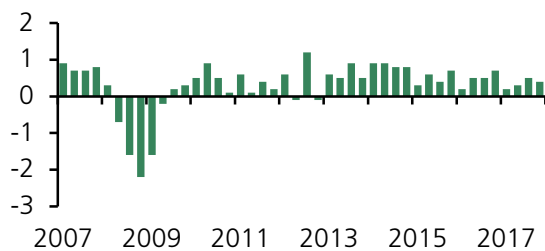
Number 8194, 8 March 2018

Economic Indicators, Spring Statement 2018

By
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Keep, Daniel Harari

GDP growth

% change on previous qtr



GDP grew by 0.4% in Q4 2017, following growth of 0.5% in Q3 2017

Consumer Prices Index (CPI)

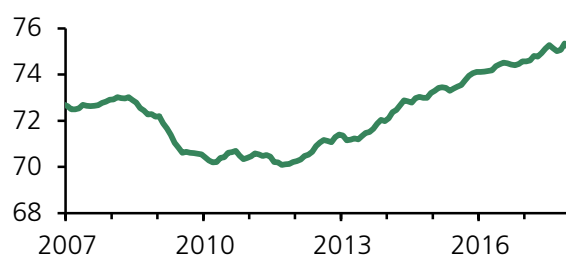
% change on yr



Consumer prices rose by 3.0% in January 2018 compared with a year ago, unchanged from December 2017.

Employment Rate; UK

%, age 16-64



The employment rate was 75.2% in the three months to December 2017, 0.6% higher than a year ago.

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Trade
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1. Background, Spring Statement 2018

The Library briefing paper [Spring Statement 2018](#) sets out the background to [Spring Statement 2018](#) which will take place on Tuesday 13 March 2018. This is a slightly amended version of the summary of that paper.

The spring statement

In his statement, the Chancellor will respond to the OBR's latest forecasts for the economy and public finances. It is unlikely that the statement will feature any new spending or tax announcements: the Chancellor has said that the statement will be 'no major fiscal event'.

Wider challenges for the economy and public finances may also be reviewed at the spring statement, and consultations launched on how they may be addressed.

Economic situation

The UK economy grew by 1.7% in 2017, slightly slower than in 2016. This relatively modest growth reflected subdued growth in consumer spending.

Consumers faced higher inflation, a result of past falls in the pound which raised import prices, and lacklustre earnings growth. Stronger export performance has mitigated this to some extent, supported by the lower value of the pound and a resurgent world economy.

Much of the world has seen accelerating economic growth of late, including the US and Eurozone.

With UK inflation at 3%, well above its 2% target, the Bank of England's Monetary Policy Committee (MPC) lifted interest rates – from 0.25% to 0.5% - in early November. The MPC has signalled that it is likely to raise interest rates further, possibly in May.

Consumer price inflation expected to ease somewhat in 2018

Annual % change in CPI, monthly data and quarterly forecasts



Source: ONS, series D7G7 and Bank of England projections from Feb 2018 Inflation report: mode forecasts based on market interest rate expectations and other policy as announced

Employment rates remain at near-record highs (around 75% of the working-age population is in work) and the unemployment rate is very low by historical standards at 4.4%.

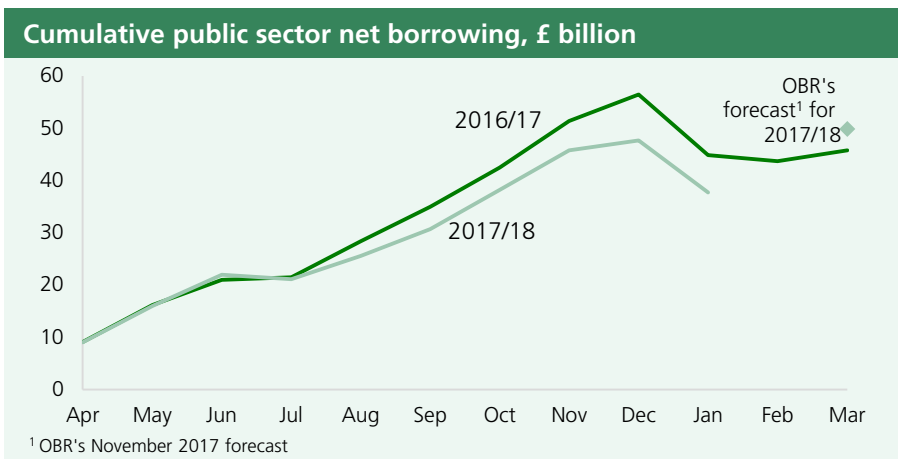
The backdrop of a stronger global economy has led some forecasters – including the Bank of England – to raise slightly their expectations of UK GDP growth for 2018. Most expect it to be somewhere between 1.5-2.0% again this year. If the OBR follows suit, it may revise up its current forecasts of GDP growth of 1.4% in 2018 and 1.3% in 2019.

Public finances

Borrowing and debt

In 2016/17, UK government borrowed £46 billion to make up the difference between its spending and income raised from taxes and other sources. Since its 2009/10 peak the UK's borrowing – often referred to as the deficit – has fallen by 70%. Borrowing is now at a similar level to before the 2007-2008 financial crisis.

It is very likely that the OBR will lower its estimate for borrowing in 2017/18. Outturn data for the year so far has been better than expected, and the OBR says “it now looks clear that borrowing in 2017-18 will undershoot our November forecast by a significant margin”.



If some of the improvement in borrowing is thought to be permanent, it may feed through to the OBR's borrowing forecast for future years. In November 2017, the OBR forecast that government borrowing will fall in each year after 2017/18 before reaching £26 billion, or 1.1% of GDP, in 2022/23.

At 86% of GDP, public sector net debt – largely the stock of borrowing arising from past deficits – remains relatively high by recent standards. In November 2017, the OBR forecast that the debt-to-GDP ratio will fall to just over 79% of GDP by 2022/23.

Government's public finance targets

In its forecast the OBR will assess the Government's progress against its targets for borrowing and debt. In its previous forecast, the OBR judged that the Government was on course to meet both targets.

The OBR will also assess progress against the Government's overall objective for the public finances, which is for the Government's budget

to be in balance – spending no more than its income – sometime in the 2020s. There is some ambiguity about the exact date for achieving this target, but the OBR says that, whatever the date, the objective appears challenging.

The Treasury Committee recommends that the Government clears up the ambiguity in some of its targets for the public finances at Spring Statement 2018.

Further information

The Library published [the background of Spring Statement 2018](#) on 8 March.

The Library will publish a summary of Spring Statement 2018 on the evening of 13 March.

Look out for Autumn Budget related 'Insights' on the Library's blog, [Second Reading](#).

2. Headline UK Economic Indicators, March 2018

Gross Domestic Product: Q4 2017, Seasonally Adjusted		
Change (real %)	0.4 (qtr)	1.4 (yr)
Industries		
Service output: December 2017		
Change (%)	0.0 (mth)	1.4 (yr)
Manufacturing output: December 2017		
Change (%)	-1.3 (mth)	2.1 (yr)
Productivity: Q4 2017, Seasonally Adjusted		
Output per hour		
Change (%)	0.8 (qtr)	1.1 (yr)
Inflation: January 2018		
Change on year (%)	3.0 (CPI)	4.0 (RPI)
Labour Market: October - December 2017, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.4
Change (% points)	0.1 (qtr)	-0.4 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.2
Change (% points)	0.2 (qtr)	0.6 (yr)
Interest Rate: as of 8 March 2018		
Bank of England Base Rate		0.50 (%)
Public Finances: 2016/17		
Net borrowing	46 (£ bn)	2.3 (% GDP)
Net debt	1,727 (£ bn)	85.6 (% GDP)
Trade: Q4 2017		
Current Account	-22.8 (£ bn)	-4.5 (% GDP)
Sterling Exchange rate: 7 Mar 2018		
US Dollar (\$)	1.39 (rate)	12.2 (% change on yr)
Euro (€)	1.12 (rate)	-2.7 (% change on yr)
EC Economic Sentiment Indicator for UK: February 2018		
Points (1990-2012 average = 100)		109.5
Change (points)	-1.6 (mth)	+0.9 (yr)
Retail Sales: January 2018, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		4.4 (% change on yr)
Housing Market: December 2017, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.5 (mth)	5.2 (yr)

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

Headline Indicators summary

GDP grew by 0.4% in Q4 2017 compared to the previous quarter, following growth of 0.5% in Q3. Compared with the previous year, GDP grew by 1.4%. Growth in the US and Eurozone in this quarter was 0.6% compared to the previous quarter.

Services output was up 0.6% in Q4 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 February policy meeting, but indicated that rates may rise during 2018.

CPI inflation was 3.0% in January 2018, unchanged from December 2017. Inflation in the Eurozone was 1.3% in January. The UK had the fourth highest inflation rate in this month of all the EU countries.

Average wages, excluding bonuses, were 2.5% higher in the three months to December 2017 compared with the year before. This was lower than CPI inflation for the same period (3.0%).

Employment rose by 88,000 from the previous quarter to 32.15 million in October-December 2017, up 321,000 higher from the previous year.

Unemployment rose by 46,000 from the previous quarter but fell by 123,000 from the previous year.

The **employment rate** was 75.2% and the **unemployment rate** was 4.4% in October-December 2017. The UK harmonised unemployment rate in Q3 2017 was the 9th lowest of the 35 OECD member countries.

Productivity across the whole UK economy in Q4 2017 was 0.8% higher than in the previous quarter, and 1.1% higher than a year before. It is 1.9% above its pre-recession peak.

Government borrowing between April 2017 and January 2018 was £7.2 billion (16%) lower than in the same period in 2016. At the end of January 2018, the UK's **debt to GDP ratio** was 84.1%, up 0.4% points on January 2017.

As of 1 March the **FTSE-100 Index** was down 4% compared with a month ago and down 3% on a year ago.

The UK had a **trade deficit** of £10.8 billion in the three months to December 2017, compared with £7.0 billion in the three months to September. 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 0.1% between January and February 2018, following an increase of 0.8% between December 2017 and January 2018.

The **value of retail sales** was up 4.4% in the three months to January 2018 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 1.5%.

House prices increased by 5.2% in the year to December 2017. Prices increased by 0.5% between November and December 2017.

Household debt stood at 138% of disposable income in Q3 2017. This was down slightly from Q2 2017, having previously risen since 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

Members and their staff are encouraged to talk to Library subject specialists. A comprehensive guide is available in Using the Library. Researchers are not able to discuss pages with members of the public. For enquiries please contact the following specialists:

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A1: Gross Domestic Product

The economy grew by 0.4% in Q4 2017 compared to the previous quarter, revised down from 0.5% in the [latest data release](#). This follows growth of 0.5% in Q3 2017 (revised up from 0.4%).

Real Gross Domestic Product seasonally adjusted

	% change on qtr	% change on yr
2015	...	2.3
2016	...	1.9
2017	...	1.7
2016 Q4	0.7	2.0
2017 Q1	0.2	2.0
Q2	0.3	1.8
Q3	0.5	1.8
Q4	0.4	1.4

Source: ONS, series: IHYP, IHYQ, IHYR

Compared to the year before, GDP was 1.4% higher in Q4 2017, the lowest it has been in over five years.

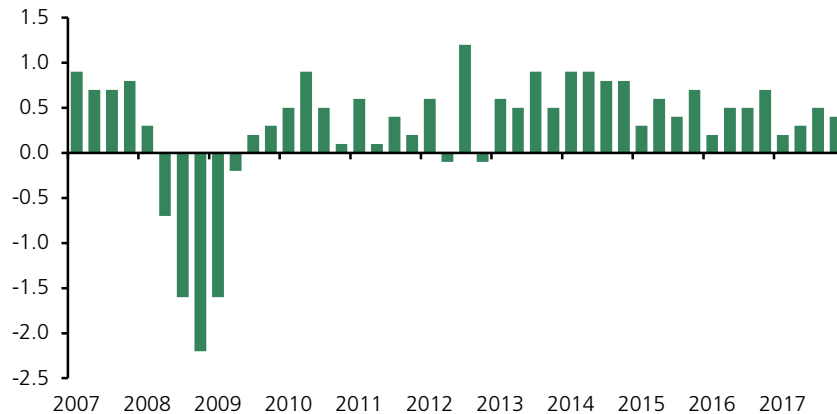
GDP has now increased for 20 consecutive quarters and is estimated to have grown by 1.7% in 2017, following growth of 1.9% in 2016.

GDP in cash terms was £2,039 billion in 2017.

GDP increased by 0.4% in Q4 2017 compared with the previous quarter

GDP growth

% change on previous quarter



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 February 2018 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.5% for 2018 and 2019.

Annual GDP growth forecasts (%)

	2018	2019
HM Treasury average of independent forecasts (Feb 18)	1.5	1.5
OBR forecasts (Nov 17)	1.4	1.3

Source:

HMT, Forecasts for the UK economy: a comparison of independent forecasts, Feb 2018
Office for Budget Responsibility, *Economic and fiscal outlook*, Nov 2017

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Updates

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

HM Treasury, [Forecasts for the UK economy](#),
21 March 2018

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

A2: GDP International

GDP in the UK grew by 0.4% in Q4 2017 compared with the previous quarter. The US and Eurozone economies saw growth of 0.6% compared with a year earlier, UK GDP rose 1.4%, while it was 2.5% higher in the US and up 2.7% in the Eurozone.

Real GDP

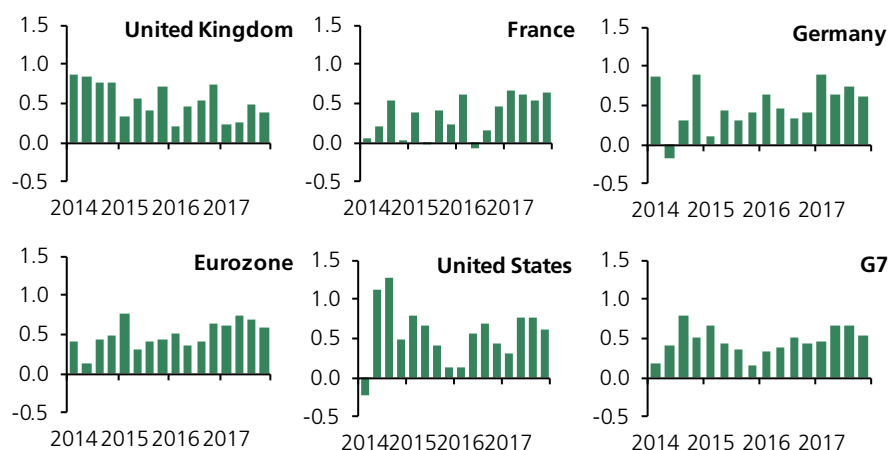
% changes

updated 8 Mar

	change on quarter				change on year			
	Q1 17	Q2 17	Q3 17	Q4 17	Q1 17	Q2 17	Q3 17	Q4 17
UK	0.2	0.3	0.5	0.4	2.0	1.8	1.8	1.4
Eurozone	0.6	0.7	0.7	0.6	2.1	2.4	2.7	2.7
USA	0.3	0.8	0.8	0.6	2.0	2.2	2.3	2.5
Japan	0.5	0.6	0.6	0.4	1.3	1.6	1.9	2.1
Germany	0.9	0.6	0.7	0.6	2.1	2.3	2.7	2.9
France	0.7	0.6	0.5	0.6	1.2	1.9	2.3	2.5
G7	0.5	0.7	0.7	0.5	1.8	2.1	2.2	2.4
OECD	0.5	0.8	0.7	0.6	2.2	2.5	2.8	2.6

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

On 7 February the European Commission released its new set of forecasts. They reflected the stronger Eurozone economy, with growth for the Eurozone raised to 2.3% in 2018. UK GDP growth forecasts for 2018 were raised slightly to 1.4% from 1.3% previously.

Real GDP growth forecasts

% change

	IMF (Jan 18)		EC (Feb 18/Nov 17)*		OECD (Nov 17)	
	2018	2019	2018	2019	2018	2019
UK	1.5	1.5	1.4	1.1	1.2	1.1
France	1.9	1.9	2.0	1.8	1.8	1.7
Germany	2.3	2.0	2.3	2.1	2.3	1.9
Eurozone	2.2	2.0	2.3	2.0	2.1	1.9
US	2.7	2.5	2.3	2.1	2.5	2.1
Japan	1.2	0.9	1.2	1.0	1.2	1.0
China	6.6	6.4	6.5	6.2	6.6	6.4
India	7.4	7.8	7.5	7.6	7.0	7.4
Brazil	1.9	2.1	1.8	2.0	1.9	2.3
World	3.9	3.9	3.7	3.7	3.7	3.6

Sources: IMF Jan'18 WEO update; EC Winter'18 forecast; OECD Economic Outlook Nov'17

*EC forecasts from Feb'18 are for EU countries only; EC forecasts for other countries are from Nov'17

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Next updates

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

OECD, [Interim Economic Outlook](#),
13 Mar 2018

IMF, [World Economic Outlook](#), Apr 2018

European Commission,
[Economic Forecasts](#),
May 2018

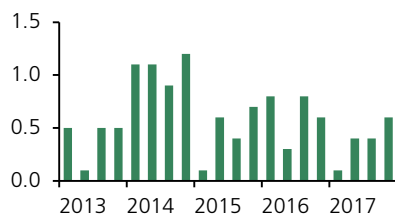
A3: Components of GDP

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 Q4 2017 compared with the quarter before.

GDP by Industry

Service sector
quarterly growth (%)



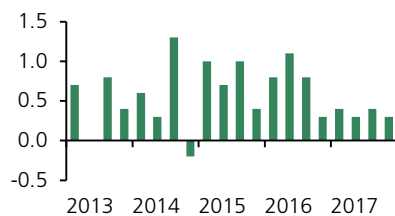
Services are the sector that account for the largest part of the economy – in 2016, they accounted for 79% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Q4 2017, service sector output increased by 0.6% in real terms compared with Q3, up from 0.4% in the previous quarter.

Manufacturing output was up by 1.3% (the production sector overall was up by 0.5%). Output in the construction sector was down by 0.7%.

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 Q4 2017, household consumption grew by 0.3% in real terms – growth has been at around this level for about a year. Government consumption was up 0.6% and investment was up 1.1%. Exports decreased by 0.2% and imports increased by 1.5%.

GDP by expenditure

% change on previous quarter (real terms)

	Household consumption	Government consumption	Investment	Exports	Imports	GDP
2016 *	3.1	0.8	1.8	2.3	4.8	1.9
2017 *	1.8	0.3	3.9	5.0	3.5	1.7
2016 Q4	0.3	0.0	0.7	5.2	-1.0	0.7
2017 Q1	0.4	-0.1	0.8	0.0	1.0	0.2
Q2	0.3	0.4	1.2	1.7	0.5	0.3
Q3	0.4	0.0	0.7	0.2	1.0	0.5
Q4	0.3	0.6	1.1	-0.2	1.5	0.4

Source: ONS series ABJR, NMR, 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](#), 27 Apr 2018

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

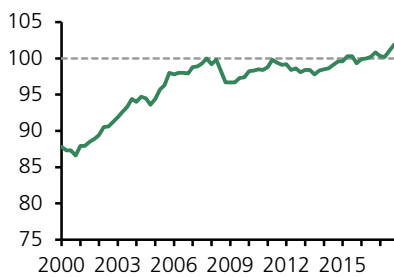
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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 Q4 2017 was 1.9% above what it was 10 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 1.9% 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
2016	..	0.3
2017*	..	0.6
2017 Q1	-0.5	0.5
Q2	-0.1	0.1
Q3	0.9	0.8
Q4*	0.8	1.1

Source: ONS series LZVD, TXBB

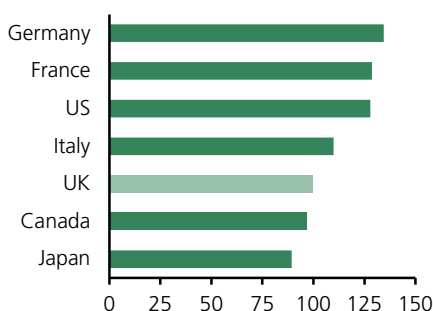
* Based on 'flash' ONS estimate for Q4 2017

Productivity increased by 0.8% in Q4 2017 compared with the previous quarter. Combined with similarly strong quarterly growth in the previous quarter, this was the fastest productivity growth over two quarters since the 2008/09 recession. Compared with the previous year, productivity was 1.1% higher in Q4 2017.

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

A5: Services

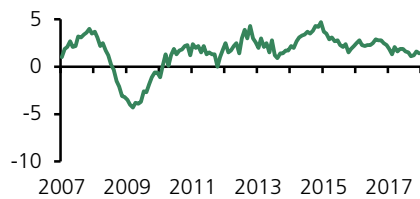
The service industries include the retail sector, the financial sector, the public sector, business administration, leisure and cultural activities.

In 2016, the service industries accounted for 80% of total UK economic output (Gross Value Added). Services accounted for 83% of workforce jobs in September 2017.

Services Output

In the three months to December 2017, services output increased by 0.6% compared with the three months ending September 2017. The largest contributions to growth over the quarter came from business services and financial components, which contributed 0.38% points in total.

Output - Index of Services
% change on previous year



Compared with a year before, services output increased by 1.4% in the three months to December 2017; this was up from 1.3% in the three months to November 2017. This was the lowest increase since October 2013. Services output was unchanged in December 2017 compared to November.

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 to 54.5 in February 2018 from 53.0 in January, the strongest upturn in

new work since May 2017. Business activity rose at the fastest pace for four months, and input cost inflation was the lowest for a year-and-a-half.

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.

Services Output Index

	Index	% change on yr
2015	100.0	2.6
2016	102.5	2.5
2017 Oct	104.6	1.2
Nov	105.0	1.6
Dec	105.0	1.4

Source: ONS, series S2KU, S222, S26Q

PMI Index

	Index	Change on mth
2016 Feb	52.7	
2017 Feb	53.3	
2017 Dec	54.2	0.4
2018 Jan	53.0	-1.2
Feb	54.5	1.5

Source: Markit/CIPS UK Services PMI

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Update

ONS, [Index of Services](#), 29 March 2018

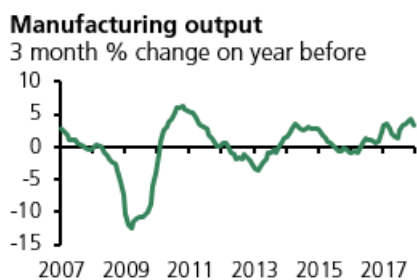
Markit/CIPS, [UK Services PMI](#), 5 April 2018

A6: Manufacturing

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

In 2017, the manufacturing sector accounted for 10% of total UK economic output (Gross Value Added). In September 2017, it accounted for 8% of jobs.

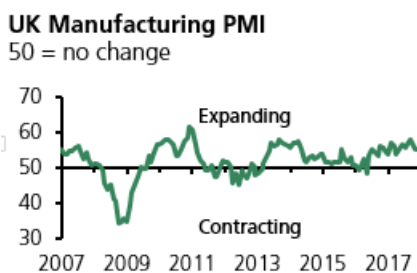
Manufacturing Output



Total manufacturing output was up 1.3% in the 3 months to December 2017 compared with the 3 months to August 2017. The rise in manufacturing in the three months to December 2017 was due to broad-based strength within the sector: 9 of the 13 sub-sectors

experienced growth over this period.

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 February 2018 the UK Manufacturing PMI was 55.2, down from November's 51-month high of 58.2 and the slowest pace of increase for 11 months. However, this was the eighth consecutive month where the index has been greater than 55, and the average for Q4 2017 was the highest since Q2 2014.

Manufacturing production has now risen for nineteen successive months. Manufacturers remained optimistic, with close to 56% forecasting output would be higher in a year's time, with a strong rise in employment levels as a result.

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.

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index		Change on mth
2016	100.9			2016	Feb	50.8	
2017	103.8	0.9		2017	Feb	54.6	
				2017	Dec	56.3	-1.9
2017	Oct	105.3	1.5	2018	Jan	55.3	-1.0
	Nov	105.5	1.5		Feb	55.2	-0.1
	Dec	105.8	1.3				

Source: ONS, series K22A, K2P4

Source: Markit/CIPS UK Manufacturing PMI

Subject Specialist

Chris Rhodes
x2454

Update

ONS, [Index of Production](#), 9 March 2018

Markit/CIPS, [UK Manufacturing PMI](#), 3 April 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 held steady at 3.0% in January 2018, the same level as in December 2017 and down slightly from 3.1% in November 2017.

The RPI inflation rate decreased to 4.0% in January 2018, down from 4.1% in December 2017. This had been the RPI’s highest rate since December 2011.

Consumer Prices Index (CPI)

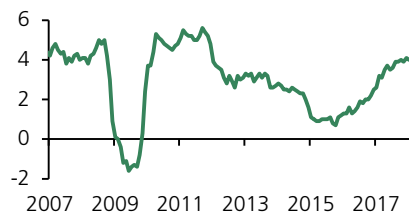
% change on yr



Some elements of CPI had downward effects on the rate, notably transport and food and non-alcoholic beverages; these were balanced out by upward contributions, mostly in recreation and culture.

Retail Prices Index (RPI)

% change on yr



Price Indices

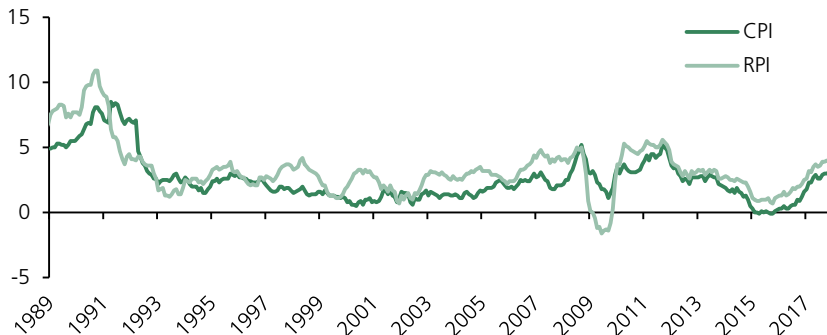
% change on a year ago

		CPI	RPI
2014	Jan	0.3	1.1
2015	Jan	0.3	1.3
2016	Jan	1.8	2.6
2017	Nov	3.1	3.9
	Dec	3.0	4.1
2018	Jan	3.0	4.0

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989

% change on yr



Subject Specialist

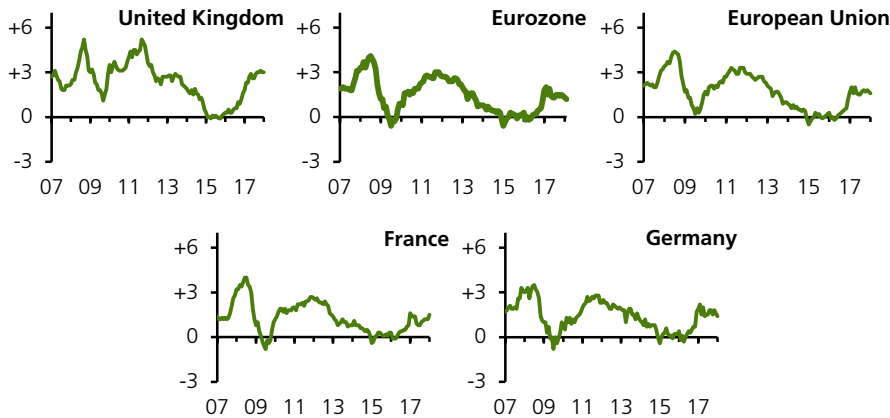
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 20 March 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 3.0% in the year to January 2018, unchanged from December. UK inflation was 1.8% in January 2017.

EU inflation was 1.6% in January 2018, compared with 1.7% in December. EU inflation was 1.7% in January 2017.

Annual inflation in the Eurozone is provisionally estimated as 1.2% in February, down from 1.3% in January and compared with 2.0% in February 2017.

In Germany, inflation was 1.4% in January, down from 1.6% in December. In France it was 1.5% in January, up from 1.2% in December.

Estonia and Lithuania had the highest inflation rate in the EU in January (both 3.6%). The lowest inflation rate in the EU was in Cyprus at -1.5%, followed by Greece at 0.2%. The UK's inflation rate of 3.0% was the fourth highest in the EU in January.

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2015	2016	2017	Nov 17	Dec 17	Jan 18	Feb 18
UK	0.0	0.7	2.7	3.1	3.0	3.0	..
Eurozone	0.0	0.2	1.5	1.5	1.4	1.3	1.2
European Union	0.0	0.3	1.7	1.8	1.7	1.6	..
France	0.1	0.3	1.2	1.2	1.2	1.5	..
Germany	0.1	0.4	1.7	1.8	1.6	1.4	..

Source: ONS, Eurostat.

February figure is provisional

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 20 Mar

Eurostat, [Flash estimate](#) (Eurozone), 4 Apr

Eurostat, [HICP full release](#), 16 Mar

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, median earnings for full-time employees decreased by 0.5%

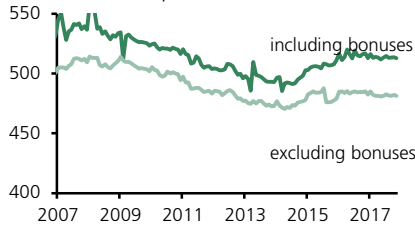
More timely but less detailed data show average weekly earnings including bonuses for all employees in Great Britain were 2.5% higher in the three months to December 2017 compared with the year before. Excluding bonuses, average weekly earnings also increased by 2.5%. Inflation as measured by the CPI averaged 3.0% over the same period.

After adjusting for inflation, average weekly earnings decreased by 0.5% compared to last year, both including and excluding bonuses.

Average Earnings, Whole Economy

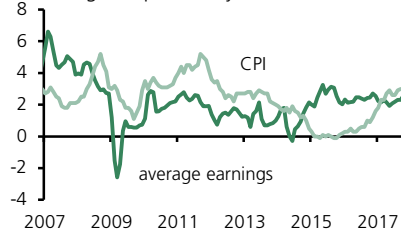
Real average weekly earnings

December 2017 prices, £



Inflation and earnings (incl bonuses)

% change on previous year



Trends by Sector

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

		Total	Private	Public
2015	Dec	2.0	2.3	1.3
2016	Dec	2.5	2.8	1.4
2017	Oct	2.5	2.7	1.8
	Nov	2.5	2.7	1.9
	Dec	2.5	2.7	2.0

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 December 2017, compared with the year before.

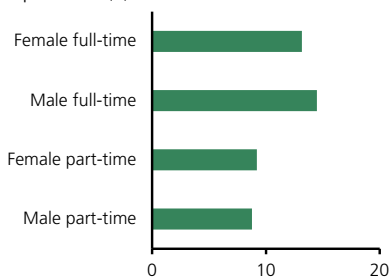
In the public sector, total pay increased by 2.0%.

Pay Levels

Median weekly earnings for full-time employees in the UK were £550 in April 2017. 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 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](#), 21 Mar 2018

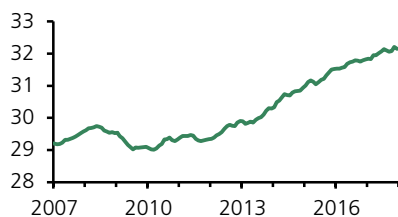
ONS, [Annual Survey of Hours and Earnings](#), Oct 2018

C1: Employment

32.15 million people were in employment in October-December 2017, up 88,000 from the previous quarter and up 321,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 75.2%, 0.6% points higher than a year ago.

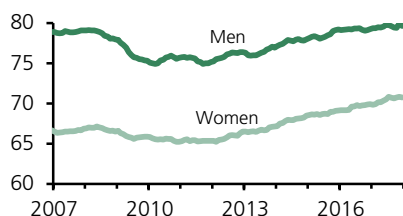
Employment; UK

Millions, age 16+, seasonally adjusted



Employment Rate; UK

%, age 16-64, seasonally adjusted



Employment has generally been growing strongly over the past five years. It is recently been at its joint highest rate since comparable records began in 1971 (75.3%).

15.11 million women were in work in October-December 2017, up 33,000 from the previous quarter and 178,000 higher than a year ago. The employment rate for women aged 16-64 was 70.8%.

17.04 million men were in work, up 55,000 from the previous quarter and 143,000 higher than a year ago. The employment rate for men aged 16-64 was 79.7%.

23.61 million people were working full-time, up 95,000 from the previous quarter and 323,000 higher than a year ago. There were 8.53 million people working part-time, a slight decrease from the previous quarter and unchanged from the previous year.

Self-employment decreased by 31,000 from the previous quarter, to 4.78 million people. The number of people working as employees increased by 85,000 from the previous quarter to 27.16 million.

1.54 million people were employed on a temporary basis, down 46,000 on the previous quarter and down 75,000 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
Oct-Dec	2014	30,942	73.2	16,440	78.0	14,501	68.5	3,825	52.6
Oct-Dec	2015	31,528	74.1	16,828	79.2	14,700	69.1	3,968	54.8
Oct-Dec	2016	31,826	74.6	16,896	79.3	14,930	69.9	3,943	55.1
Jul-Sep	2017	32,059	75.0	16,984	79.5	15,075	70.6	3,824	53.9
Oct-Dec	2017	32,147	75.2	17,039	79.7	15,108	70.8	3,836	54.3
<i>Change on qtr</i>	<i>Level</i>	<i>88</i>	<i>0.2</i>	<i>55</i>	<i>0.2</i>	<i>33</i>	<i>0.1</i>	<i>12</i>	<i>0.3</i>
	<i>%</i>	<i>0.3%</i>		<i>0.3%</i>		<i>0.2%</i>		<i>0.3%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>321</i>	<i>0.6</i>	<i>143</i>	<i>0.4</i>	<i>178</i>	<i>0.8</i>	<i>-107</i>	<i>-0.8</i>
	<i>%</i>	<i>1.0%</i>		<i>0.8%</i>		<i>1.2%</i>		<i>-2.7%</i>	

Source: ONS Labour Market Statistics, Tables A05 and A06

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

Subject Specialist

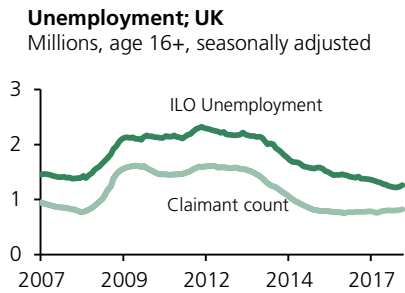
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X6962

Updates

ONS, [Labour Market Statistics](#),
21 March 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

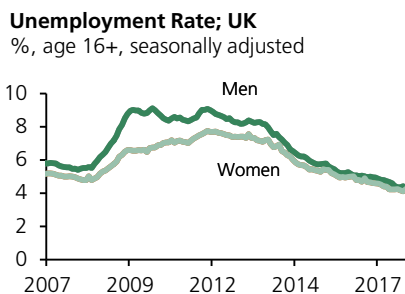


1.47 million people in the UK were unemployed on the ILO definition between October and December 2017, up 46,000 on the previous quarter but down 123,000 on the previous year.

The unemployment rate was 4.4% (the percentage of the economically active population

who are unemployed), up 0.1% points on the previous quarter but down 0.4% points from the previous year.

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



There were 782,000 men unemployed between October and December 2017, up 11,000 on the previous quarter but down 94,000 from a year earlier. 689,000 women were unemployed, up 35,000 on the previous quarter but down 30,000 from a year earlier.

547,000 people aged 16-24 were unemployed in October- December 2017, up 30,000 on the previous year. The unemployment rate for 16-24 year olds was 12.5%, down from 12.6% 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
Oct-Dec 2014	1,872	5.7	1,042	6.0	830	5.4	751	16.4
Oct-Dec 2015	1,692	5.1	923	5.2	769	5.0	628	13.7
Oct-Dec 2016	1,594	4.8	876	4.9	718	4.6	568	12.6
Jul-Sep 2017	1,425	4.3	770	4.3	654	4.2	517	11.9
Oct-Dec 2017	1,470	4.4	782	4.4	689	4.4	547	12.5
<i>Change on qtr</i>								
Level	46	0.1	11	0.0	35	0.2	30	0.6
%	3.2%		1.5%		5.3%		5.9%	
<i>Change on yr</i>								
Level	-123	-0.4	-94	-0.5	-30	-0.2	-20	-0.1
%	-7.7%		-10.7%		-4.1%		-4%	

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

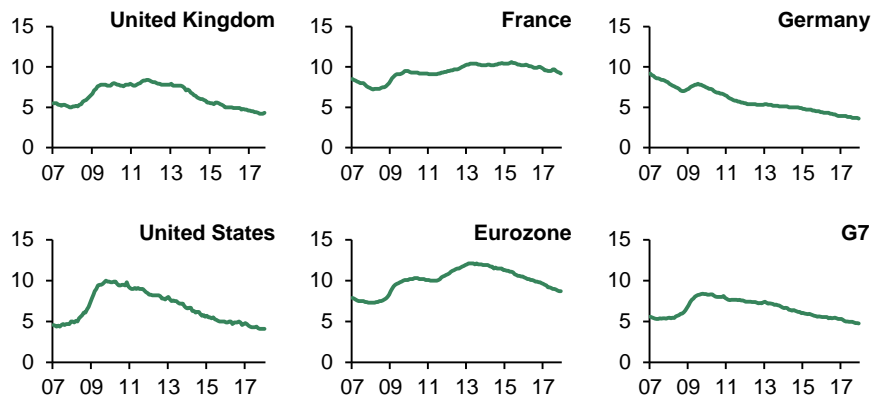
ONS, [Labour Market Statistics](#), 21 March 2018

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 Q3 2017 was 4.2%. This was just below the rate of the US (4.3%), below that of France (9.6%) but above that of Germany (3.7%). The UK rate was the 9th lowest of the 35 OECD member countries.

The UK figure for Q4 2017 has not yet been published.

The unemployment rate for the Eurozone fell to 8.7% in Q4 2017 from 9.0% in Q3 2017, and fell for the G7 from 5.0% to 4.8%. 24 of the 28 OECD countries that have published a figure for Q4 2017 had a lower rate for that quarter than for Q3 2017.

Greece had the highest unemployment rate out of the OECD member states for Q3 2017 (20.9%) followed by Spain at 16.8%.

The Czech Republic and Japan had the lowest unemployment rates in the OECD for Q3 2017 at 2.8%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q3 2017 youth unemployment was 40.3% in Greece, 37.7% in Spain and 35.2% in Italy. UK youth unemployment stood at 11.9%.

Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

	CAN	FRA	GER	ITA	JPN	UK	USA	Eurozone	G7	OECD
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
2017	6.3	9.5	3.8	11.2	2.8	..	4.4	9.1	5.0	5.8
2016 Q3	6.9	10.0	3.9	11.8	3.1	4.7	4.7	9.8	5.3	6.2
2017 Q1	6.6	9.7	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	4.3	9.2	5.0	5.8
Q3	6.2	9.6	3.7	11.2	2.8	4.2	4.3	9.0	5.0	5.7
Q4	6.0	9.3	3.7	10.9	2.8	..	4.1	8.7	4.8	5.6
<i>Change on qtr</i>	-0.3	-0.3	-0.1	-0.3	0.0	...	-0.2	-0.2	-0.2	-0.1
<i>Change on yr</i>	-0.9	-0.7	-0.3	-0.9	-0.3	...	-0.6	-1.0	-0.5	-0.6

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
12 March 2018

D1: Interest Rates and Monetary Policy

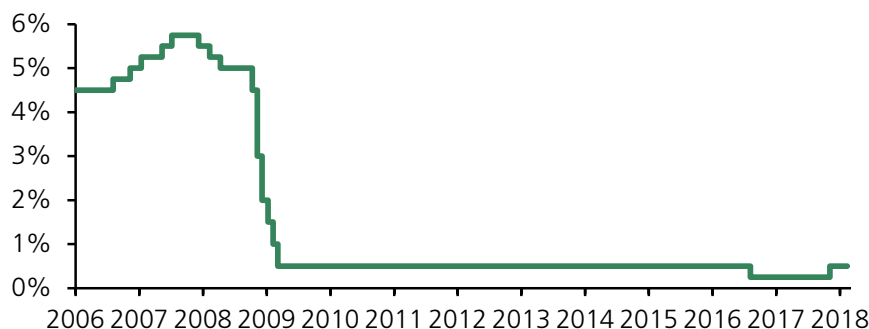
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

UK (Bank of England)

The Bank of England's Monetary Policy Committee (MPC) voted 9-0 to leave interest rates unchanged at 0.5% at its February policy meeting. In November, the MPC raised interest rates for the first interest rate increase in more than a decade. Following the MPC's February meeting, many observers now think there is a good chance that rates will next be raised in May.

The MPC left interest rates unchanged at 0.5% following its February [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 has stated that more rate increases in 2018 are likely.

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, £435 billion of which are government bonds and £10 billion of commercial debt.

Eurozone (European Central Bank)

At its March 2018 [policy meeting](#), the European Central Bank (ECB) left its main interest rate unchanged at 0.0%. It also left unchanged its quantitative easing programme – whereby it purchases assets (mostly government bonds of Eurozone countries) in an attempt to stimulate the economy – at €30 billion per month until September 2018, or longer “if necessary”.

United States (Federal Reserve)

At its two-day policy meeting ending on 31 January, the US Federal Reserve [left interest rates unchanged](#) at 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 ([22 Mar](#))
ECB ([26 Apr](#))
US ([21 Mar](#))

D2: Public finances

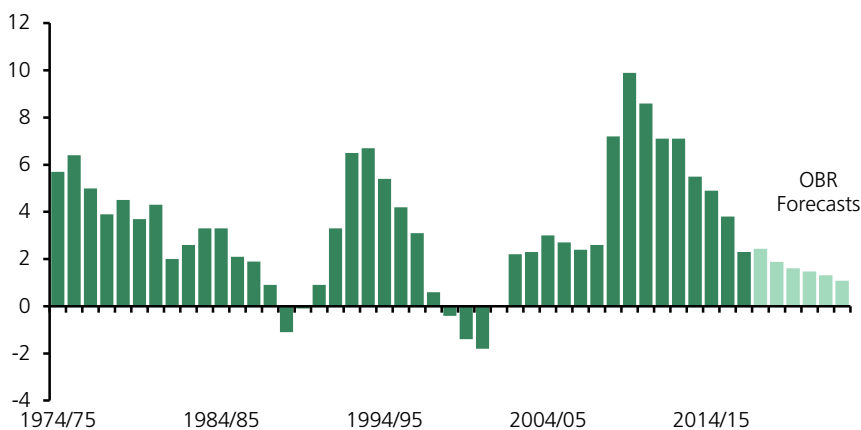
	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	137	8.6%	1,158	71.4%
2011/12	116	7.1%	1,253	75.1%
2012/13	121	7.1%	1,364	78.6%
2013/14	98	5.5%	1,464	80.5%
2014/15	91	4.9%	1,555	82.9%
2015/16	73	3.8%	1,603	82.6%
2016/17	46	2.3%	1,727	85.6%
2017/18	50	2.4%	1,791	86.5%
2018/19	39	1.9%	1,840	86.4%
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

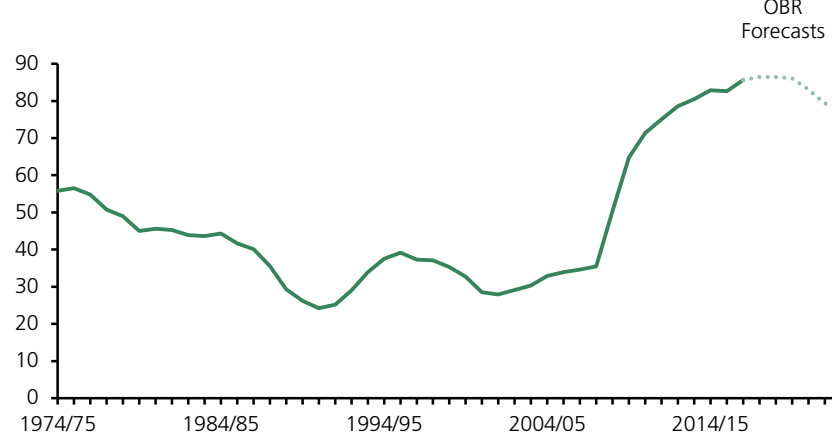
Government borrowing in the current financial year to date (April 2017 to January 2018) was £7.2 billion lower compared with the same period in 2017. This is equivalent to a decrease of nearly 16%. The OBR now predict borrowing in 2017/18 will undershoot their November forecast “by a significant margin”, though the full-year deficit “is still unlikely to fall as sharply from last year’s figure.”

At the end of January 2018 public sector net debt was equivalent to 84.1% of GDP, up 0.4% points on January 2017.

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



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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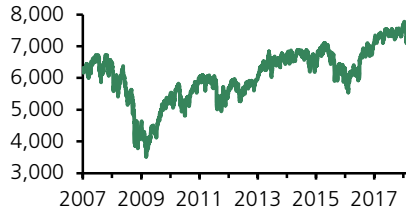
Next update
OBR, [Economic and fiscal outlook – March 2018](#), 13 March 2018

ONS, [Public sector finances](#), 21 March 2018

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

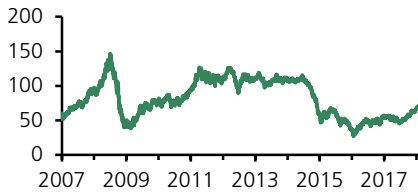


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite some turbulence following the EU Referendum result, the index closed at twelve successive record highs between December 2016 and January 2017. This is the

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 7,778 points on 12 January 2018.

Brent Crude Oil

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

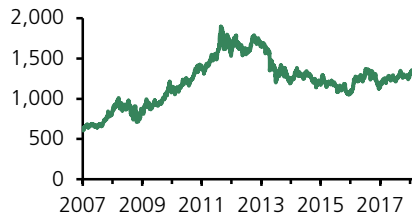


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since 2004. The price has since climbed and has remained above or around \$50/barrel since December 2016, after OPEC agreed to its first

supply cut in eight years. Since late October 2017, it has closed at above \$60/barrel, and reached \$70/barrel in January 2018 for the first time in over three 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 it remained above \$1,200/ounce for all of 2017.

Data from 7 March 2018

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
07 Mar 2018	7157.84	64.14	1329.40
%change over:			
1-month	-2%	-2%	0%
12-months	-2%	14%	9%

Note: Oil is Brent near-month futures price
Source: Financial Times

Subject Specialist

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Updates

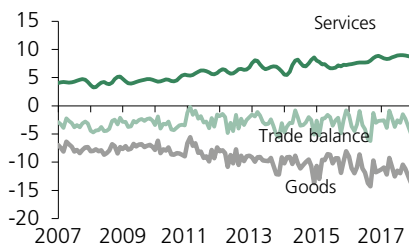
Financial Times, Weekly
Basis

E1: Trade

In 2017, the UK's exports of goods and services totalled £617 billion and imports totalled £651 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 £138 billion on trade in goods was partially offset by a surplus of £104 billion on trade in services in 2017. The overall trade deficit was £33.7 billion in 2017.

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 widened to £10.8 billion in the three months to December compared with £7.0 billion in the three months to September. Exports increased by 0.2% over this period. Imports increased by 2.5% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

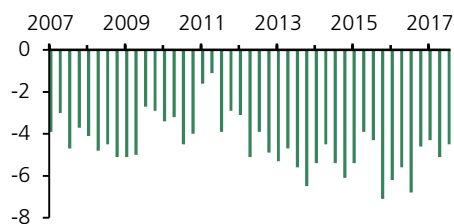
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2016	554.7	595.4	-40.7	-98.1	-5.2%
2017	617.2	650.9	-33.7	-113.6	-5.8%
2016 Q4	149.4	156.3	-7.0	-33.5	-6.8%
2017 Q1	151.1	160.2	-9.1	-22.9	-4.6%
Q2	154.3	161.0	-6.8	-21.6	-4.3%
Q3	155.8	162.8	-7.0	-25.8	-5.1%
Q4	156.1	166.9	-10.8	-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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Updates

ONS, [UK Trade](#), 9 Mar

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

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 0.1% between January and February, following a rise of 0.8% between December and January. This is the SERI's sixth successive monthly rise. Compared with the same period a year ago, it is 2.0% higher. It is 25.1% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



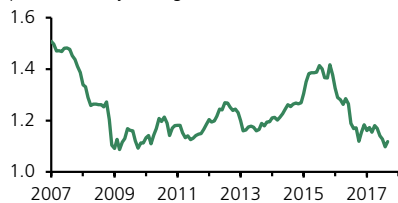
On average in February compared with January, the pound was up 0.9% against the dollar, and up 11.8% from February 2017. This was the sixth successive month the year on year increase has been positive. The pound fell sharply against the dollar following the EU referendum, from \$1.48 on 23 June 2016 to \$1.14 in June 2017 – a thirty-one year low. On 25 January 2018, the value of the pound against the dollar reached \$1.43, the highest level since the EU referendum.

Latest closing prices:
 \$1.39 per £1
 €1.12 per £1
 (On 7 March 2018)

Sterling was down 0.2% against the Euro on average in February compared to January. On 7 March 2018, the Euro was valued at €1.12 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.

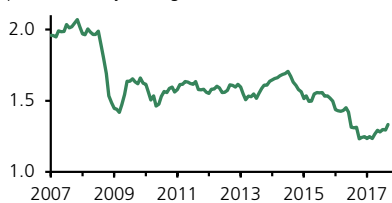
€/£ Exchange Rate

€ 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 Dec	1.34	7.3%	1.13	-4.3%
2018 Jan	1.38	12.0%	1.13	-2.4%
Feb	1.40	11.8%	1.13	-3.6%

Source: Bank of England, Bankstats database

Subject Specialist

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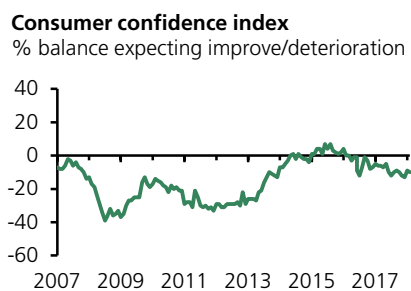
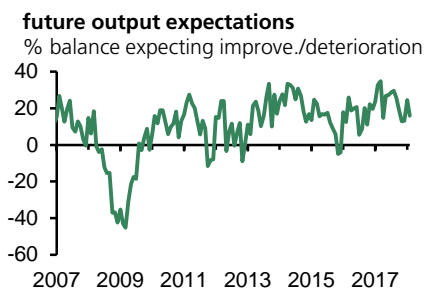
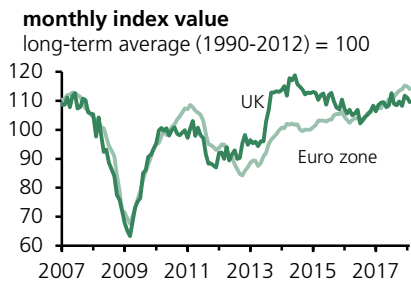
Updates

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

Bank of England, [SERI & monthly rates](#), Early April 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 January and February, the overall UK sentiment index decreased by 1.6 points to 109.5, the same level as in April 2017.

CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In February, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +16% of manufacturers, down from +25% in January and a similar level as in December.

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 February, the overall consumer confidence index was -10, down by 1 from -9 in January and the same level as in October 2017.

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Update

EC, [Economic Sentiment Indicator](#), 27 March 2018

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

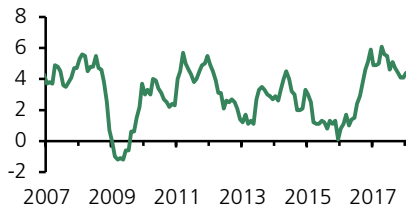
GfK NOP, [Consumer Confidence](#), 29 March 2018

F2: Retail Sales

The total annual retail sales value for 2016 was £406 billion.

In January 2018, the quantity bought (volume) in retail sales increased by 0.1% compared with December 2017. There was a decline in all sectors except non-food stores.

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

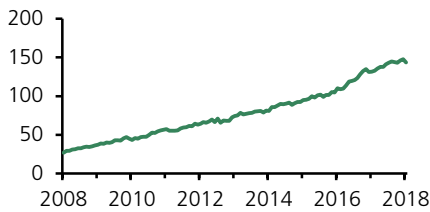


Compared to the same period a year ago, the value of retail sales was up 4.4% in the three months to January 2018.

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 1.5% in the three months to January 2018 compared to the same period a year ago.

Value of internet retail sales
2015=100, seasonally adjusted



The average weekly value of **internet sales** in Great Britain was £1.1 billion in January 2018, 17% of all retail sales.

Online sales increased year-on-year by 9.1%. Most internet spending is stores without a physical presence.

Value of retail sales
Index 2015=100, seasonally adjusted

		Food	Non-food	Total
2016	Jan	101.3	101.6	101.8
2017	Jan	102.1	103.1	105.3
2017	Nov	105.9	108.7	110.9
	Dec	105.4	107.3	110.0
2018	Jan	104.5	108.3	109.9
3m % change on yr		3.0	3.9	4.4

The value of sales in food stores in the three months to January 2018 was up 3.0% on the same period last year.

The value of sales in non-food stores was up 3.9% on last year.

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

Total includes fuel and non-store retailing

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

All figures are **seasonally adjusted**

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

Subject Specialist

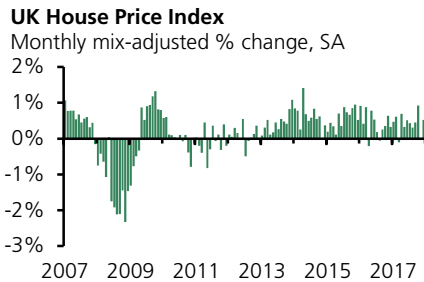
Chris Rhodes
x2454

Updates

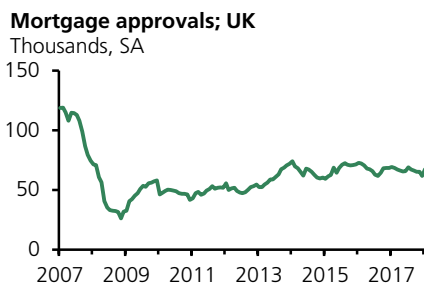
ONS, [Retail Sales](#),
22 March 2018

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 5.2% between December 2016 and December 2017. On a seasonally adjusted basis house prices increased by 0.5% between November and December 2017.



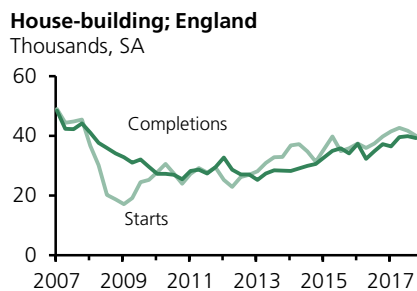
There are regional differences in house prices. The average price is highest in London at roughly £484,000. The lowest prices are found in Northern Ireland and the North East at £130,000 and £131,000 respectively.



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

Mortgage approvals in January 2018 were down 2.4% on a year ago, but up 9.4% on December 2017. Approvals remain well down on pre-recession levels.

There were 67,478 mortgage approvals in January 2018, compared with 69,169 in January 2017.



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](#), 20 March 2018

Bank of England, [Money and credit](#), 29 March 2018

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

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

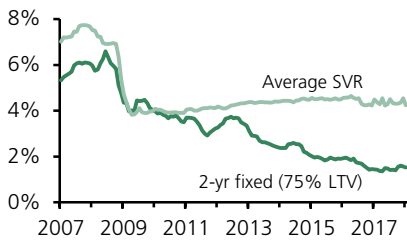


Household debt peaked in Q1 2008 at 157% of household gross disposable income. It then fell until 2014.

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



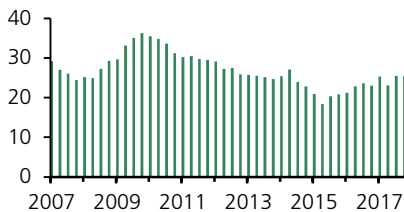
The average Standard Variable Rate (SVR) was 4.24% in January 2018, down from 4.54% in December 2017.

The average 2-year fixed mortgage rate was 1.53% in January, down slightly from 1.57% in November.

The increase in rates towards the end of 2017 coincides with 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



There were 25,401 individual insolvencies in England and Wales in Q4 2017, a similar level to the previous quarter, and 10% up on the same period in 2016. There were almost 100,000 individual insolvencies in 2017, the highest annual total since 2014.

In Scotland, there were 2,691 individual insolvencies in Q4 2017, a fall of 2.1% on a year earlier. There were 10,518 individual insolvencies in 2017.

In Northern Ireland, there were 640 individual insolvencies in Q4 2017, an increase of 3.7% on a year earlier. There were 2,878 individual insolvencies in 2017.

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Updates

Bank of England,
[Statistical database](#),
29 March 2018

Insolvency Service,
[Insolvency Statistics](#),
27 April 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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