



BRIEFING PAPER

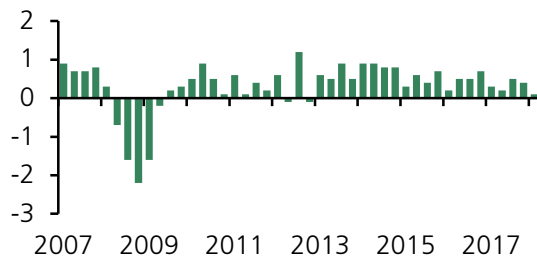
Number 8298, 2 May 2018

Economic Indicators, May 2018

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GDP growth

% change on previous quarter



GDP grew by 0.1% in Q1 2018, following growth of 0.4% in Q4 2017

Consumer Prices Index (CPI)

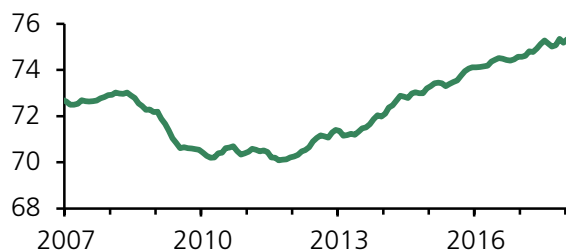
% change on yr



Consumer prices rose by 2.5% in March 2018 compared with a year ago, down 0.2% percentage points on a month earlier.

Employment Rate; UK

%, age 16-64



The employment rate was 75.4% in the three months to February 2018, 0.8% higher than a year ago.

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1. Last month's developments

Economic summaries for April 2018 will inevitably focus on the GDP figures that were published at the end of the month, and which showed that economic growth was at its lowest level for five years.

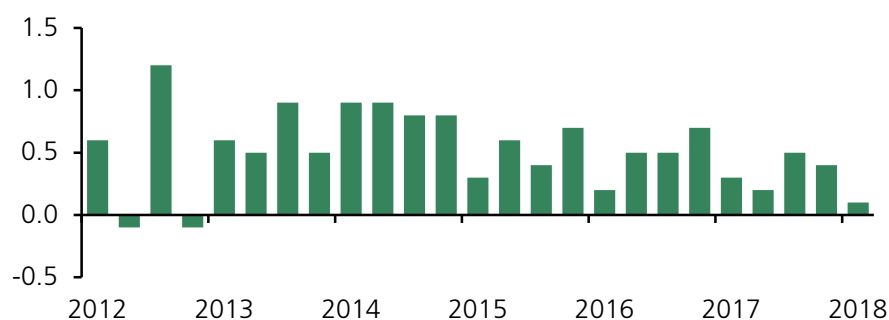
There were more positive economic developments throughout the month that have been rather overshadowed by the GDP data. Inflation continues to fall, and is now at a similar level to earnings growth, the employment rate is currently at its highest level since comparable records began and unemployment levels fell again.

Slowest economic growth since 2012

The economy grew by just 0.1% in the first quarter of 2018 compared to the previous quarter. This was the slowest quarterly growth since the final quarter of 2012. Over the year, the economy grew by 1.2%, which was the slowest annual rate of growth since the second quarter of 2012.

GDP growth

% change on previous quarter



A slowdown from the 0.4% quarterly growth seen in the preceding quarter had been expected in the first quarter following the heavy snow that fell during the first few months of the year. However, experts had predicted a smaller slowdown than proved to be the case, at least in this initial estimate (figures may get revised).

The weak growth resulted from a sharp fall in construction output, which declined by 3.3%, along with a slowdown in manufacturing output growth (which rose by 0.2%, down from 0.9% in the last quarter of 2017) and a continuation of the limited growth in services (0.3%).

But was this due to the snow?

The Chancellor stated that part of the slowdown reflected "some impact from the exceptional weather", although the Office for National Statistics reported that the snow had a limited impact:

While the snow had some impact on the economy, particularly in construction and some areas of retail, its overall effect was limited with the bad weather actually boosting energy supply and online sales.

The effect that the snow had on construction is evident from the decline in this sector, and overall retail sales volumes also fell in this quarter as people stayed indoors. Petrol sales, in particular, fell as a result of the weather.

However, other areas of the economy seemed to benefit from the weather. Internet sales, in particular, appeared to be boosted by the snow, with department stores reporting growth in their online sales.

Inflation fell to a similar level to earnings growth

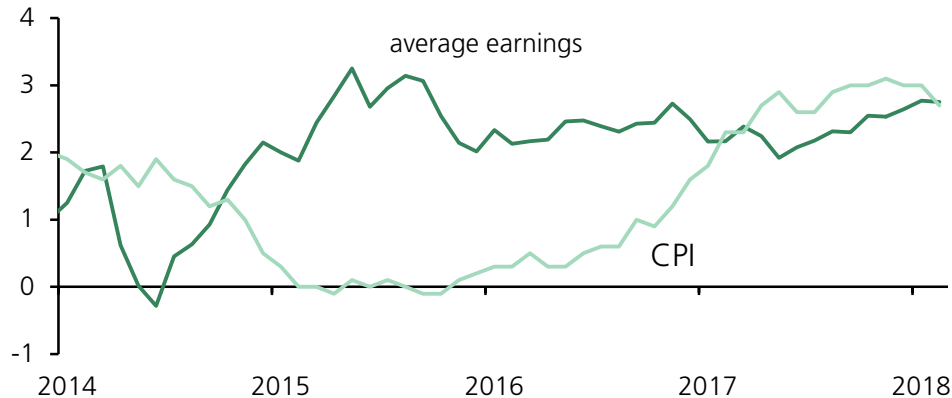
One of the most discussed economic trends throughout 2017 was the inflation rate rising to a level above the growth in earnings. This meant that, after adjusting for inflation, average earnings were decreasing.

In the three months to February 2018, average earnings were 2.8% higher than in the same three months in 2017. This is slightly below the CPI inflation rate of 2.9% over the same period.

Inflation has been on a downward trend in recent months, easing from 3.0% in January 2018 to 2.7% in February 2018 and 2.5% in March. If average earnings growth continues at similar levels to that seen in the three months to February, then average earnings will be at a higher level than inflation in months to come.

Inflation and earnings (incl bonuses)

% change on previous year



Will interest rates change?

Next week the Bank of England's Monetary Policy Committee (MPC) will meet to decide whether to change interest rates. Following the previous meeting in March, where two of its nine members voted to raise interest rates from the current rate of 0.5%, the expectation was that the MPC would raise rates in May. The MPC had implied that an interest rate increase would be appropriate over the coming months.

However, the MPC also stated that a rate rise would be dependent on the economic data published between March and May, with the GDP data seen as being an especially important indicator. Even before this data was published, the Governor of the Bank of England had suggested that a rate rise may not be imminent, and the recent weak economic data may provide a further reason to keep them unchanged.

2. Headline UK Economic Indicators, May 2018

Gross Domestic Product: Q1 2018, Seasonally Adjusted		
Change (real %)	0.1 (qtr)	1.2 (yr)
Industries		
Service output: February 2018		
Change (%)	-0.2 (mth)	1.3 (yr)
Manufacturing output: February 2018		
Change (%)	0.1 (mth)	-0.2 (yr)
Productivity: Q4 2017, Seasonally Adjusted		
Output per hour		
Change (%)	0.7 (qtr)	1.0 (yr)
Inflation: March 2018		
Change on year (%)	2.5 (CPI)	3.3 (RPI)
Labour Market: December 2017 - February 2018, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.2
Change (% points)	0.1 (qtr)	0.8 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.4
Change (% points)	0.1 (qtr)	0.8 (yr)
Interest Rate: as of 2 May 2018		
Bank of England Base Rate		0.50 (%)
Public Finances: 2017/18		
Net borrowing	43 (£ bn)	2.1 (% GDP)
Net debt	1,798 (£ bn)	86.3 (% GDP)
Trade: Q4 2017		
Current Account	-18.4 (£ bn)	3.6 (% GDP)
Sterling Exchange rate: 1 May 2018		
US Dollar (\$)	1.36 (rate)	4.9 (% change on yr)
Euro (€)	1.13 (rate)	-4.8 (% change on yr)
EC Economic Sentiment Indicator for UK: April 2018		
Points (1990-2012 average = 100)		104.9
Change (points)	-0.4 (mth)	-4.6 (yr)
Retail Sales: March 2018, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		3.7 (% change on yr)
Housing Market: February 2018, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.2 (mth)	4.4 (yr)

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

Headline Indicators summary

GDP grew by 0.1% in Q1 2018 compared to the previous quarter, following growth of 0.4% in Q4 2017. Compared with the previous year, GDP grew by 1.2%.

Services output was up 0.3% in Q1 2018 compared with the previous quarter. **Manufacturing output** was up 0.2%.

The Bank of England's Monetary Policy Committee (MPC) voted by 7-2 to **leave interest rates unchanged** at its March policy meeting, but indicated that rates may rise in coming months.

CPI inflation was 2.5% in March 2018, down from 2.7% in February. Inflation in the Eurozone was 1.3% in March.

Average wages, including bonuses, were 2.8% higher in the three months to February 2018 compared with the year before. This was lower than CPI inflation for the same period (2.9%).

Employment rose by 55,000 from the previous quarter to 32.26 million in December 2017 – February 2018, up 427,000 from the previous year.

Unemployment fell by 16,000 from the previous quarter and fell by 136,000 from the previous year.

The **employment rate** was 75.4% and the **unemployment rate** was 4.2% in December 2017 – February 2018. The UK harmonised unemployment rate in Q4 2017 was the 11th lowest of the 35 OECD member countries.

Productivity across the whole UK economy in Q4 2017 was 0.7% higher than in the previous quarter, and 1.0% higher than a year before. It is 1.8% above its pre-recession peak.

Government borrowing in 2017/18 was £3.5 billion (8%) lower than in 2016/17. At the end of March 2018, the UK's **debt to GDP ratio** was 86.3%, up 1.0% points on March 2017.

As of 1 May the **FTSE-100 Index** was up 7% compared with a month ago and unchanged from a year ago.

The UK had a **trade deficit** of £6.4 billion in the three months to February 2018, compared with £5.9 billion in the three months to September. The **current account deficit**, which includes investment income and transfers as well as trade, was £18.4 billion in Q4 2017, down from £19.2 billion in Q3 2017.

The **value of sterling** increased by 1.4% between March and April 2018, following an increase of 0.2% between February and March.

The **value of retail sales** was up 3.7% in the three months to March 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 1.4%.

House prices increased by 4.4% in the year to February 2018. Prices increased by 0.2% between January and February 2018.

Household debt stood at 138% of disposable income in Q4 2017. This was up slightly from Q3 2017.

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 0.1% in Q1 2018 compared to the previous quarter. This is the slowest quarterly growth since Q4 2012 and follows growth of 0.4% in Q4 2017.

Real Gross Domestic Product
seasonally adjusted

	% change on qtr	% change on yr
2015	...	2.3
2016	...	1.9
2017	...	1.8
2017 Q1	0.3	2.1
Q2	0.2	1.9
Q3	0.5	1.8
Q4	0.4	1.4
2018 Q1	0.1	1.2

Source: ONS, series: IHYP, IHYQ, IHYR

Compared to the year before, GDP was 1.2% higher in Q1 2018, the slowest annual rate of growth since Q2 2012.

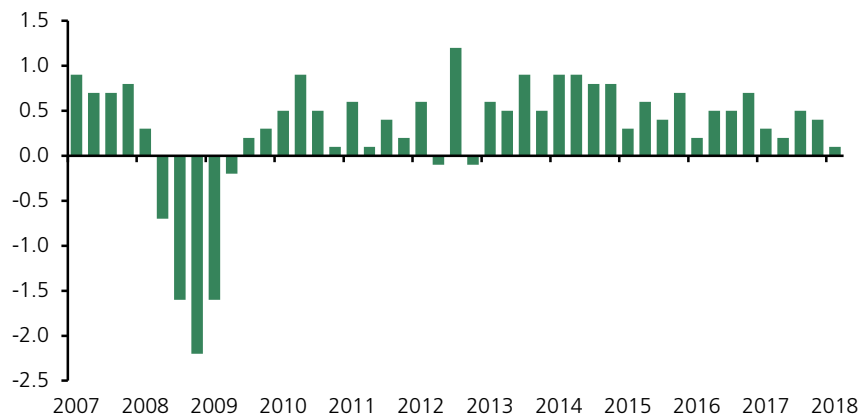
GDP is estimated to have grown by 1.8% in 2017, following growth of 1.9% in 2016.

GDP in cash terms was £2,038 billion in 2017.

GDP increased by 0.1% in Q1 2018 compared with the previous quarter

GDP growth

% change on previous quarter



Forecasts

At the March 2018 Spring Statement, the Office for Budget Responsibility (OBR) forecast growth of 1.5% in 2018 and 1.3% in 2019.

The Treasury's April 2018 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.5% for 2018 and 1.4% for 2019.

Annual GDP growth forecasts (%)

	2018	2019
HM Treasury average of independent forecasts (Apr 18)	1.5	1.4
OBR forecasts (Mar 18)	1.5	1.3

Source:

Office for Budget Responsibility, *Economic and fiscal outlook*, Mar 2018

HMT, *Forecasts for the UK economy: a comparison of independent forecasts*, Apr 2018

Subject Specialist

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Updates

ONS, [Second estimate of GDP](#), 25 May 2018

HM Treasury, [Forecasts for the UK economy](#), 16 May 2018

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

A2: GDP International

GDP in the UK grew by 0.1% in Q1 2018 compared with the previous quarter. The US saw growth of 0.6% during the same quarter, with France recording growth of 0.3%. Other G7 economies have not yet published data for Q1.

Real GDP

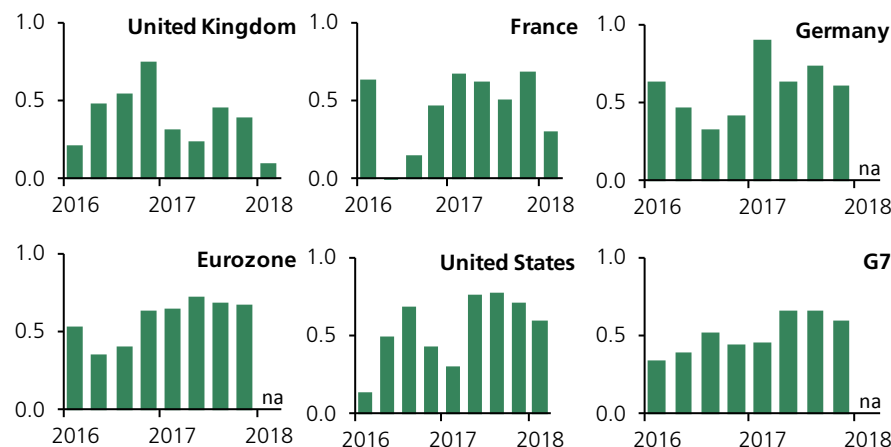
% changes

updated 27 Apr

	change on quarter				change on year			
	Q2 17	Q3 17	Q4 17	Q1 18	Q2 17	Q3 17	Q4 17	Q1 18
UK	0.2	0.5	0.4	0.1	1.9	1.8	1.4	1.2
Eurozone	0.7	0.7	0.7	..	2.4	2.7	2.8	..
USA	0.8	0.8	0.7	0.6	2.2	2.3	2.6	2.9
Japan	0.6	0.6	0.4	..	1.6	1.9	2.1	..
Germany	0.6	0.7	0.6	..	2.3	2.7	2.9	..
France	0.6	0.5	0.7	0.3	2.0	2.3	2.6	2.1
G7	0.7	0.7	0.6	..	2.1	2.2	2.4	..
OECD	0.8	0.7	0.7	..	2.5	2.8	2.7	..

Sources: OECDstat; ONS (UK); INSEE (Fra); BEA (US)

Quarter-on-quarter GDP growth rates (%)



Forecasts

IMF forecasts [released](#) on 17 April raised UK GDP growth forecasts for 2018 slightly to 1.6% from 1.5% in their previous January forecast, while for 2019 it was unchanged at 1.5%. 2018 growth forecasts were raised in the US (to 2.9%) and the Eurozone (to 2.4%).

Real GDP growth forecasts

% change

	IMF (Apr 18)		EC (Feb 18/Nov 17)*		OECD (Mar 18)	
	2018	2019	2018	2019	2018	2019
UK	1.6	1.5	1.4	1.1	1.3	1.1
France	2.1	2.0	2.0	1.8	2.2	1.9
Germany	2.5	2.0	2.3	2.1	2.4	2.2
Eurozone	2.4	2.0	2.3	2.0	2.3	2.1
US	2.9	2.7	2.3	2.1	2.9	2.8
Japan	1.2	0.9	1.2	1.0	1.5	1.1
China	6.6	6.4	6.5	6.2	6.7	6.4
India	7.4	7.8	7.5	7.6	7.2	7.5
Brazil	2.3	2.5	1.8	2.0	2.2	2.4
World	3.9	3.9	3.7	3.7	3.9	3.9

Sources: IMF Apr'18 WEO; EC Winter'18 forecast; OECD Interim Economic Outlook Mar'18

*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, [Economic Outlook](#), May/June 2018

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

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

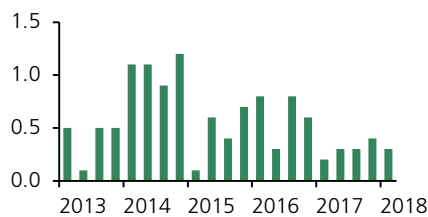
A3: Components of GDP

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 0.1% in real terms in Q1 2018 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 2017, they accounted for 79% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

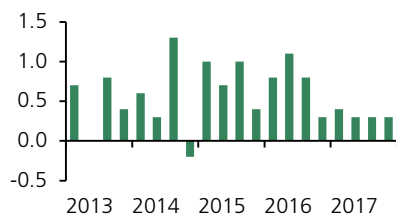
In Q1 2018, service sector output increased by 0.3% in real terms

compared with Q4 2017.

Manufacturing output was up by 0.2% (the production sector overall was up by 0.7%). Output in the construction sector was down by 3.3%.

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 18% and investment for 17%.

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 0.4% and investment was up 1.1%. Exports decreased by 0.9% and imports increased by 0.4%.

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 *	1.7	0.1	4.0	5.7	3.2	1.8
2016 Q4	0.3	0.0	0.7	5.2	-1.0	0.7
2017 Q1	0.4	-0.1	0.7	-0.2	0.9	0.3
Q2	0.3	0.3	1.7	1.9	0.6	0.2
Q3	0.3	-0.1	0.5	1.8	1.2	0.5
Q4	0.3	0.4	1.1	-0.9	0.4	0.4

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

Note: * annual % change

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Updates

ONS, [Second Estimate of GDP](#), 25 May 2018

ONS, [Quarterly National Accounts](#), 30 Jun 2018

ONS, [GDP first quarterly estimate](#), 10 Aug 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.

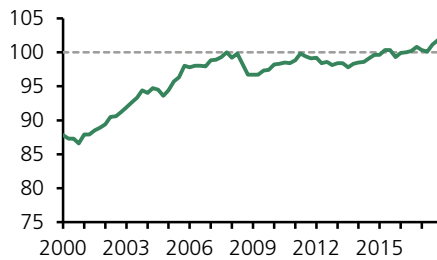
Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

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 1.8% above what it was 10 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 1.8% 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	-0.4	0.5
Q2	-0.2	0.1
Q3	1.0	0.9
Q4	0.7	1.0

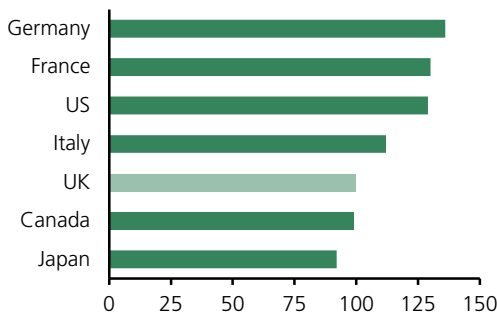
Source: ONS series LZVD, TXBB

[Productivity](#) increased by 0.7% 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 1.0% 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 16% below the average of the rest of the G7 countries, the largest since at least 1995 (when the ONS data series began).

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Updates

ONS, [UK productivity](#), 6 July 2018

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

A5: Services

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

In 2017, the service industries accounted for 79% of total UK economic output (Gross Value Added). Services accounted for 83% of workforce jobs in September 2017.

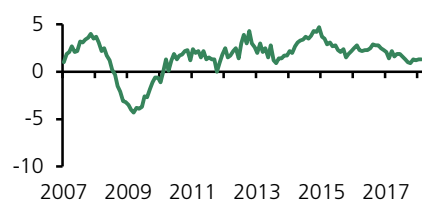
Services Output

Preliminary estimates suggest that in Q1 2018, service sector output increased by 0.3% in real terms compared with Q3, down from growth of 0.4% in the previous quarter.

In the three months to February 2017, services output increased by 0.4% compared with the three months ending November 2017.

Output - Index of Services

% change on previous year



The largest contributions to growth over the quarter came from business services and finance which contributed 0.26% points.

Compared with a year before, services output increased by 1.3% in the three months to February 2018; the same level as in the three months to January 2018. Services output decreased by 0.2% in February 2018 compared to January 2018, the lowest month-on-month services growth since February 2017.

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 fell to 51.7 in March 2018 from 54.5 in

February, the largest month-on-month fall since July 2017. This was due in part to a fall in consumer spending as well as continued economic uncertainty.

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

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

Subject Specialist

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Update

ONS, [Index of Services](#),
25 May 2018

Markit/CIPS, [UK Services PMI](#), 3 May
2018

Services Output Index

	Index	% change on yr
2016	102.5	2.6
2017	104.1	2.5
2017 Dec	104.8	1.2
Jan	105.0	1.3
Feb	104.7	1.3

Source: ONS, series S2KU, S222, S26Q

PMI Index

	Index	Change on mth
2016 Mar	53.7	
2017 Mar	55.0	
2018 Jan	53.0	-1.2
Feb	54.5	1.5
Mar	51.7	-2.8

Source: Markit/CIPS UK Services PMI

A6: Manufacturing

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

In 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

Preliminary estimates suggest that in Q1 2018, manufacturing output increased by 0.2% in real terms compared with Q4 2017, down from growth of 0.9% in the previous quarter.

Manufacturing output
3 month % change on year before



Total manufacturing output was up 0.6% in the 3 months to February 2018 compared with the 3 months to November 2017.

This was the weakest growth since the three months to July 2017, when it also increased by 0.6%.

Additionally, only 7 of the 13 sub-sectors experienced growth over this period. This points to a slowdown in manufacturing output.

Purchasing Managers' Index (PMI)

UK Manufacturing PMI
50 = no change



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

In April 2018 the UK Manufacturing PMI was 53.9, a 17-month low, down from 54.9 in March.

Manufacturing production has now risen for twenty-one successive months, with the latest figures confirming a slowdown in the rate of expansion.

Business optimism dipped to a five-month low, with IHS Markit expecting output growth to remain subdued in the coming months.

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index		Change on mth
2016	100.9	0.9		2016	Apr	49.2	
2017	103.5	2.6		2017	Apr	57.3	
2017	Dec	105.3	1.3	2018	Feb	55.0	-0.3
2018	Jan	105.4	1.0		Mar	54.9	-0.1
	Feb	105.2	0.6		Apr	53.9	-1.0

Source: ONS, series K22A, K2P4

Source: Markit/CIPS UK Manufacturing PMI

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

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

Subject Specialist

Chris Rhodes
x2454

Update

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

Markit/CIPS, [UK Manufacturing PMI](#), 1 June 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 decreased to 2.5% in March 2018, down 0.2 percentage points from 2.7% in February.

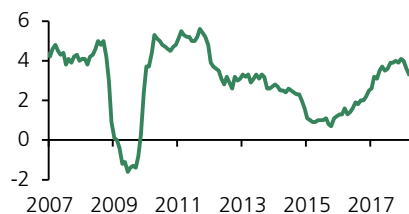
The RPI inflation rate decreased to 3.3% in March 2018, down from 3.6% in February. This is the lowest the rate has been since March 2017.

Consumer Prices Index (CPI)
% change on yr



The decrease in the CPI rate was mostly due to falls in the price of alcohol and tobacco, clothing and footwear, and miscellaneous goods and services. This was partly offset by an increase in the price of recreation and culture.

Retail Prices Index (RPI)
% change on yr

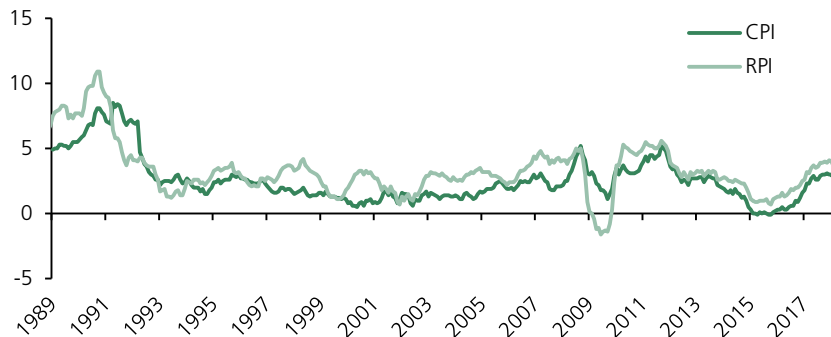


Price Indices
% change on a year ago

		CPI	RPI
2014	Mar	0.0	0.9
2015	Mar	0.5	1.6
2016	Mar	2.3	3.1
2018	Jan	3.0	4.0
	Feb	2.7	3.6
	Mar	2.5	3.3

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

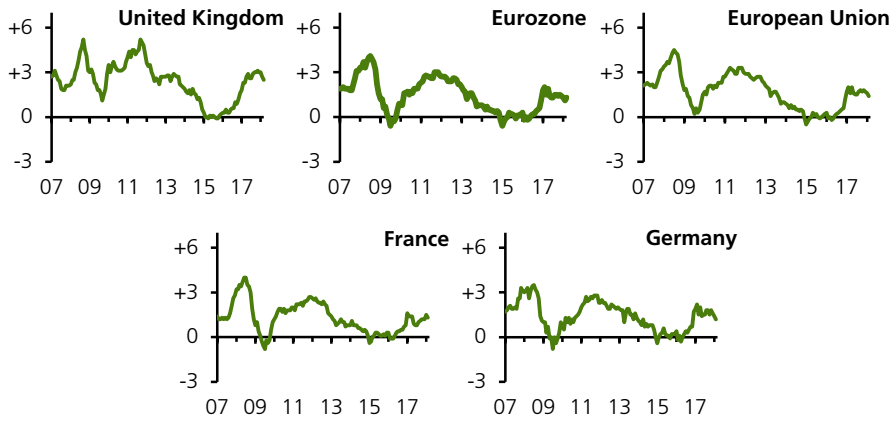
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 23 May 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 2.5% in the year to March 2018, down from 2.7% in February. UK inflation was 2.3% in March 2017. UK inflation is at its lowest level for a year.

EU inflation was 1.5% in March 2018, compared with 1.4% in February. EU inflation was 1.6% in March 2017.

Annual inflation in the Eurozone was 1.3% in March, up from 1.1% in February and compared with 1.5% in March 2017.

In Germany, inflation was 1.5% in March, up from 1.2% in February. In France it was 1.7% in March, up from 1.3% in February.

Romania had the highest inflation rate in the EU in March (4.0%). The lowest inflation rate in the EU was in Cyprus (-0.4%).

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2015	2016	2017	Dec 17	Jan 18	Feb 18	Mar 18
UK	0.0	0.7	2.7	3.0	3.0	2.7	2.5
Eurozone	0.0	0.2	1.5	1.4	1.3	1.1	1.3
European Union	0.0	0.3	1.7	1.7	1.6	1.4	1.5
France	0.1	0.3	1.2	1.2	1.5	1.3	1.7
Germany	0.1	0.4	1.7	1.6	1.4	1.2	1.5

Source: ONS, Eurostat.

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 23 May

Eurostat, [Flash estimate](#) (Eurozone), 3 May

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

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 for all employees in Great Britain, both including and excluding bonuses, were 2.8% higher in the three months to February 2018 compared with the year before.

Inflation as measured by the CPI averaged 2.9% over the same period. After adjusting for inflation, average weekly earnings were 0.1% lower than the year before, both including and excluding bonuses.¹

Average Earnings, Whole Economy

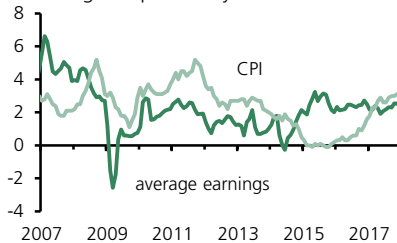
Real average weekly earnings

February 2018 prices, £



Inflation and earnings (incl bonuses)

% change on previous year



Trends by Sector

Annual % change in average earnings (incl Great Britain, employees only)

	Total	Private	Public
2016 Feb	2.1	2.4	1.3
2017 Feb	2.2	2.5	1.3
2017 Dec	2.6	2.8	2.0
2018 Jan	2.8	2.9	2.1
Feb	2.8	2.9	2.3

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 2.9% in the private sector in the three months to February 2018 compared with the year before.

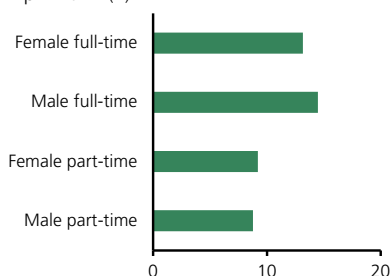
In the public sector, total pay increased by 2.3%.

Hourly pay levels

Median hourly earnings (excluding overtime) were £13.94 for full-time employees at April 2017: £14.48 for men working full-time and £13.16 for women.

Median hourly pay excluding overtime

April 2017 (£)



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.

The median is the point at which half earn more and half earn less.

Subject Specialist

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Update

ONS, [Labour Market Statistics](#), 15 May 2018

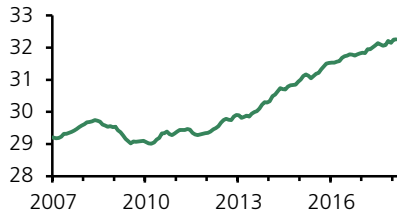
ONS, [Annual Survey of Hours and Earnings](#), October 2018

¹ The ONS publishes earnings figures adjusted for CPIH inflation. On this basis, average earnings growth over the past year was slightly higher than inflation.

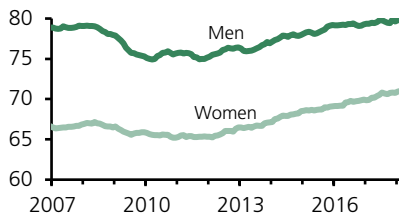
C1: Employment

32.26 million people were in employment in December 2017-February 2018, up 55,000 from the previous quarter and up 427,000 from the previous year. The employment rate (the proportion of the population aged 16-64 in work) was 75.4%, 0.8% 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 currently at its highest rate since comparable records began in 1971.

15.17 million women were in work in December 2017-February 2018, up 47,000 from the previous quarter and 251,000 higher than a year ago. The employment rate for women aged 16-64 was 71.0%.

17.10 million men were in work, around the same as the previous quarter and 176,000 higher than a year ago. The employment rate for men aged 16-64 was 79.8%.

23.68 million people were working full-time, up 25,000 from the previous quarter and 280,000 higher than a year ago. There were 8.58 million people working part-time, an increase of 29,000 from the previous quarter and up 146,000 from the previous year.

Self-employment decreased by 18,000 from the previous quarter, to 4.76 million people. The number of people working as employees increased by 103,000 from the previous quarter to 27.34 million.

1.56 million people were employed on a temporary basis, down slightly on the previous quarter and down 39,000 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	
Dec-Feb 2015	31,117	73.4	16,558	78.3	14,559	68.6	3,862	53.1	
Dec-Feb 2016	31,533	74.1	16,841	79.2	14,692	69.2	3,960	54.8	
Dec-Feb 2017	31,835	74.6	16,921	79.4	14,914	69.9	3,922	54.9	
Sep-Nov 2017	32,207	75.3	17,089	79.9	15,118	70.8	3,862	54.6	
Dec-Feb 2018	32,262	75.4	17,097	79.8	15,165	71.0	3,833	54.4	
<i>Change on qtr</i>	<i>Level</i>	<i>55</i>	<i>0.1</i>	<i>8</i>	<i>-0.1</i>	<i>47</i>	<i>0.2</i>	<i>-29</i>	<i>-0.2</i>
	<i>%</i>	<i>0.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.3%</i>	<i>-0.8%</i>			
<i>Change on yr</i>	<i>Level</i>	<i>427</i>	<i>0.8</i>	<i>176</i>	<i>0.5</i>	<i>251</i>	<i>1.1</i>	<i>-89</i>	<i>-0.5</i>
	<i>%</i>	<i>1.3%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.7%</i>	<i>-2.3%</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

Andrew Powell
X6962

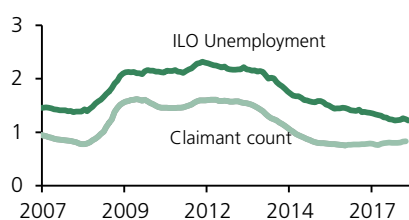
Updates

ONS, [Labour Market Statistics](#), 15 May 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).²

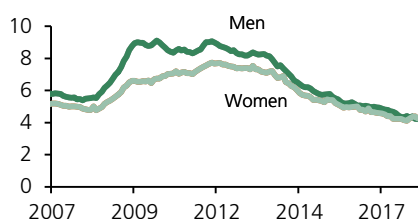
Unemployment; UK
Millions, age 16+, seasonally adjusted



1.42 million people in the UK were unemployed on the ILO definition between December 2017-February 2018, down 16,000 on the previous quarter but down 136,000 on the previous year.

The unemployment rate was 4.2% (the percentage of the economically active population who are unemployed), down 0.1% points on the previous quarter and down 0.4% points from the previous year.

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



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

There were 751,000 men unemployed between December 2017-February 2018, down 17,000 on the previous quarter and down 104,000 from a year earlier. 672,000 women were unemployed, around the same as the previous quarter but down 32,000 from a year earlier.

525,000 people aged 16-24 were unemployed in December 2017-February 2018, down 33,000 on the previous year. The unemployment rate for 16-24 year olds was 12.0%, down from 12.5% a year ago.

UK Unemployment
Seasonally adjusted

Age	Total		Men		Women		Youth		
	000's 16+	% 16+	000's 16+	% 16+	000's 16+	% 16+	000's 16-24	% 16-24	
Dec-Feb 2015	1,845	5.6	1,017	5.8	828	5.4	742	16.1	
Dec-Feb 2016	1,705	5.1	936	5.3	769	5.0	632	13.8	
Dec-Feb 2017	1,559	4.7	855	4.8	704	4.5	558	12.5	
Sep-Nov 2017	1,439	4.3	768	4.3	671	4.3	538	12.2	
Dec-Feb 2018	1,423	4.2	751	4.2	672	4.2	525	12.0	
<i>Change on qtr</i>	<i>Level</i>	<i>-16</i>	<i>-0.1</i>	<i>-17</i>	<i>-0.1</i>	<i>1</i>	<i>0.0</i>	<i>-13</i>	<i>-0.2</i>
	<i>%</i>	<i>-1.1%</i>		<i>-2.2%</i>		<i>0.1%</i>		<i>-2.4%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>-136</i>	<i>-0.4</i>	<i>-104</i>	<i>-0.6</i>	<i>-32</i>	<i>-0.3</i>	<i>-33</i>	<i>-0.4</i>
	<i>%</i>	<i>-8.7%</i>		<i>-12.2%</i>		<i>-4.5%</i>		<i>-6%</i>	

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

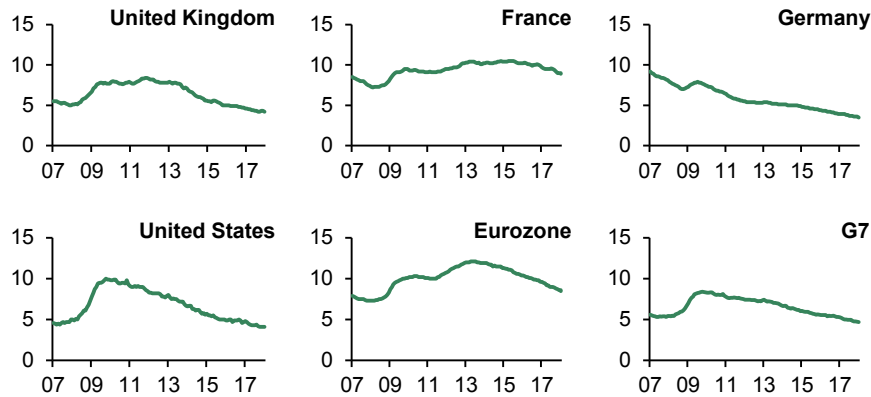
ONS, [Labour Market Statistics](#), 15 May 2018

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

C3: Unemployment International

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

Harmonised Unemployment Rate (%)



The UK harmonised unemployment rate for Q4 2017 was 4.3%. This was slightly below the rate of the US (4.1%), below that of France (9.1%) but above that of Germany (3.6%). The UK rate was the 11th lowest of the 35 OECD member countries.

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 4.9% to 4.8%. Almost all of the OECD countries have seen a fall in the unemployment rate over the last year.

Greece had the highest unemployment rate out of the OECD member states for Q4 2017 (20.9%) followed by Spain at 16.6%.

The Czech Republic had the lowest unemployment rate in the OECD for Q4 2017 at 2.4%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q4 2017 youth unemployment was 43.9% in Greece, 37.0% in Spain and 33.6% in Italy. UK youth unemployment stood at 12.1%.

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	9.4	3.8	11.2	2.8	4.4	4.4	9.1	5.0	5.8
2016 Q3	6.9	10.0	4.0	11.8	3.1	4.7	4.7	9.7	5.3	6.2
2017 Q1	6.6	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	4.3	9.1	5.0	5.8
Q3	6.2	9.5	3.7	11.2	2.8	4.2	4.3	9.0	4.9	5.7
Q4	6.0	9.1	3.6	11.0	2.7	4.3	4.1	8.7	4.8	5.5
<i>Change on qtr</i>	<i>-0.3</i>	<i>-0.4</i>	<i>-0.1</i>	<i>-0.2</i>	<i>-0.1</i>	<i>0.0</i>	<i>-0.2</i>	<i>-0.3</i>	<i>-0.2</i>	<i>-0.2</i>
<i>Change on yr</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.4</i>	<i>-0.7</i>	<i>-0.3</i>	<i>-0.4</i>	<i>-0.6</i>	<i>-1.0</i>	<i>-0.6</i>	<i>-0.7</i>

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
15 May 2018

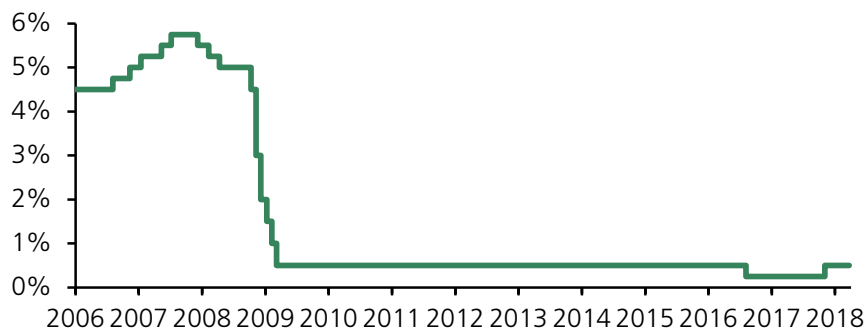
D1: Interest Rates and Monetary Policy

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 7-2 to leave interest rates unchanged at 0.5% at its March policy meeting. In November, the MPC raised interest rates for the first interest rate increase in more than a decade.

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 (it was 2.7% in February). 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 April 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 21 March, the US Federal Reserve [raised interest rates](#) by 0.25%-points to 1.50-1.75%. Rates have been increased gradually from 0-0.25% since December 2015 against a backdrop of jobs growth and steady economic growth.

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

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([10 May](#))
ECB ([16 May](#))
US ([2 May](#))

D2: Public finances

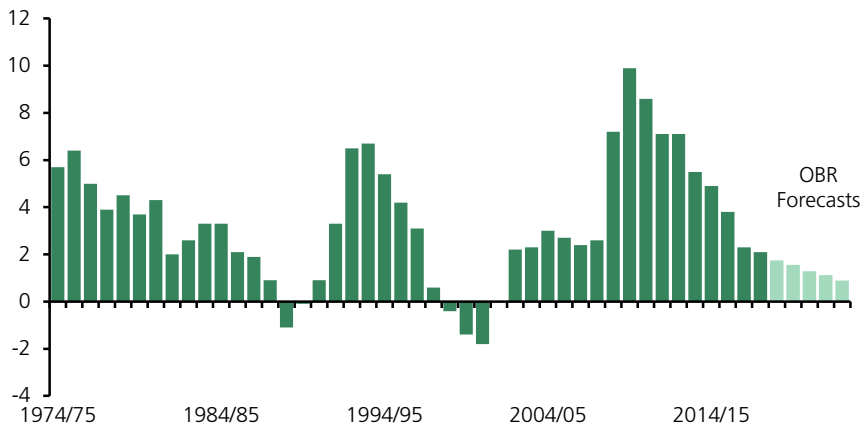
	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	137	8.6%	1,158	71.4%
2011/12	116	7.1%	1,253	75.1%
2012/13	121	7.1%	1,364	78.6%
2013/14	98	5.5%	1,464	80.5%
2014/15	92	4.9%	1,555	82.9%
2015/16	73	3.8%	1,603	82.6%
2016/17	46	2.3%	1,727	85.3%
2017/18	43	2.1%	1,798	86.3%
2018/19	37	1.8%	1,835	85.5%
2019/20	34	1.6%	1,880	85.1%
2020/21	29	1.3%	1,868	82.1%
2021/22	26	1.1%	1,841	78.3%
2022/23	21	0.9%	1,893	77.9%

Sources: ONS, OBR. Excludes public sector banks

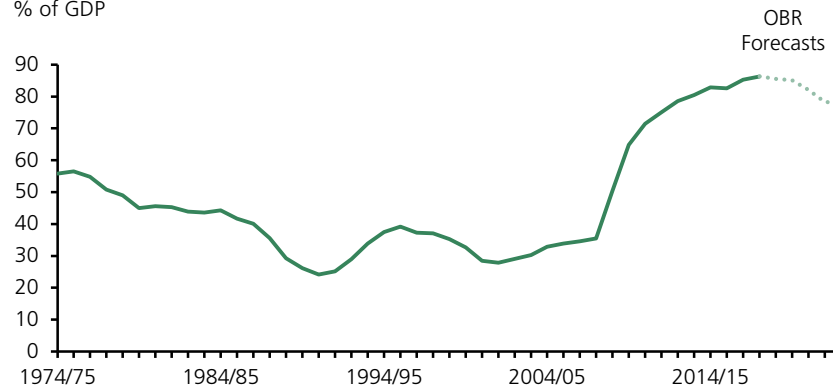
rather than final outturns.

At the end of March 2018 public sector net debt was equivalent to 86.3% of GDP, up 1.0% points on March 2017.

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



The ONS has released its first provisional estimate for borrowing in 2017/18. The ONS estimates that government borrowed £42.6 billion in 2017/18, equivalent to 2.1% of GDP. Borrowing in 2017/18 was £3.5 billion lower than in 2016/17.

The provisional estimate for 2017/18 is likely to be revised as some of the data are still based on forecasts and estimates,

The ONS's figures for 2017/18 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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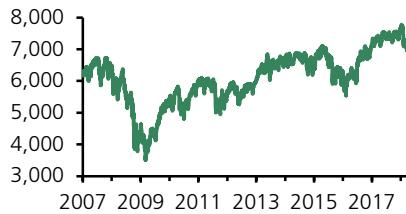
Next update
OBR, [Economic and fiscal outlook](#), autumn 2018

ONS, [Public sector finances](#), 22 May 2018

D3: Financial Indicators

FTSE-100 Index

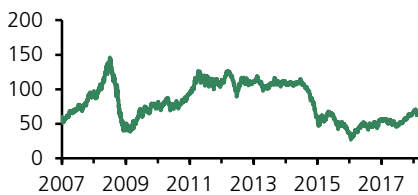
FTSE-100 Index
Daily closing price



The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite 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. In late March, it fell below 7,000 for the first time over a year, though has since returned to above 7,000.

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



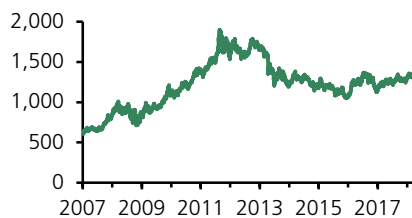
Brent Crude Oil

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 has now remained above \$1,300/ounce since early January 2018.

Data from 1 May 2018

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
01 May 2018	7520.36	73.61	1313.20
%change over:			
1-month	7%	8%	-1%
12-months	0%	45%	4%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

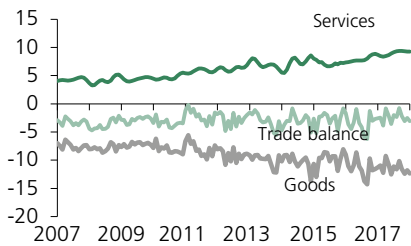
Daniel Harari
x2464

E1: Trade

In 2017, the UK's exports of goods and services totalled £622 billion and imports totalled £651 billion. The EU accounted for 44% of UK exports of goods and services and 53% of imports in 2017.

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 £136 billion on trade in goods was partially offset by a surplus of £107 billion on trade in services in 2017. The overall trade deficit was £29 billion in 2017.

The UK had a trade deficit with the EU of £71.6 billion in 2017 and a trade surplus of £42.9 billion with non-EU countries.

The trade deficit with all countries widened to £6.4 billion in the three months to February compared with £5.9 billion in the three months to November. Exports decreased by 0.5% over this period. Imports decreased by 0.2% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

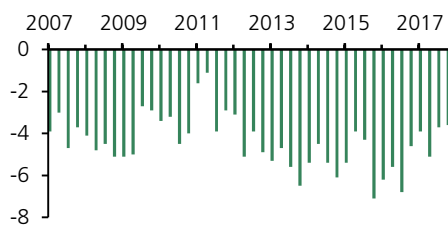
		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2016		554.7	595.4	-40.7	-113.6	-5.8%
2017		622.1	650.7	-28.6	-82.9	-4.1%
2016	Q4	149.4	156.3	-7.0	-22.9	-4.6%
2017	Q1	151.3	160.2	-8.9	-19.6	-3.9%
	Q2	154.4	161.2	-6.8	-25.6	-5.1%
	Q3	158.3	163.5	-5.2	-19.2	-3.7%
	Q4	158.1	165.8	-7.6	-18.4	-3.6%

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 £82.9 billion in 2017, compared with £113.6 billion in 2016. The current account deficit was 4.1% of GDP in 2017 compared with 5.8% in 2016.

Current Account Balance

% of GDP



The current account deficit was £18.4 billion in Q4 2017 (3.6% of GDP), down from £19.2 billion (3.7% of GDP) in Q3 2017.

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Updates

ONS, [UK Trade](#), 10 May

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

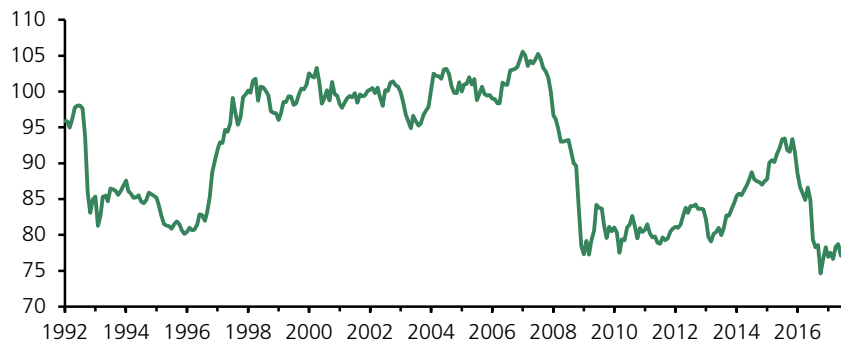
E2: Exchange Rates

The Sterling Exchange Rate Index (SERI) measures sterling’s value against a ‘basket’ of currencies, ‘trade-weighted’ (based on currencies’ relative importance in UK trade).

The SERI increased by 1.4% between March and April, following a rise of 0.2% between February and March. This is the SERI’s eighth successive monthly rise. Compared with the same period a year ago, it is 2.5% higher. It is 23.9% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100

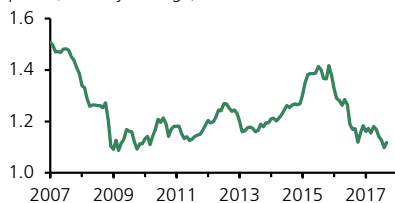


On average in April compared with March, the pound was up 0.8% against the dollar, and up 11.3% from April 2017. This was the eighth successive month the year on year increase has been positive. The pound fell sharply against the dollar following the EU referendum, from \$1.48 on 23 June 2016 to \$1.14 in June 2017 – a thirty-one year low. In recent months, the value of the pound against the dollar has reached as high as \$1.43, the highest level since the EU referendum.

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

Sterling was up 1.3% against the Euro on average in April compared to March. On 1 May 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.

€ / £ 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%
2018 Feb	1.40	11.8%	1.13	-3.6%
Mar	1.40	13.1%	1.13	-1.9%
Apr	1.41	11.3%	1.15	-2.7%

Source: Bank of England, Bankstats database

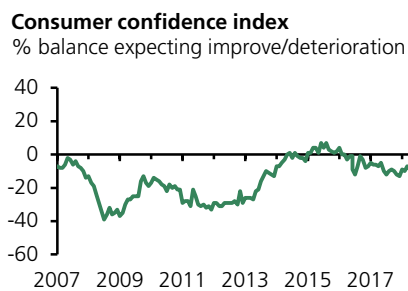
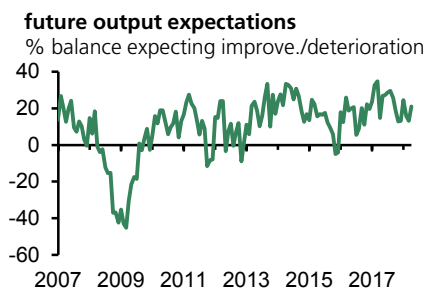
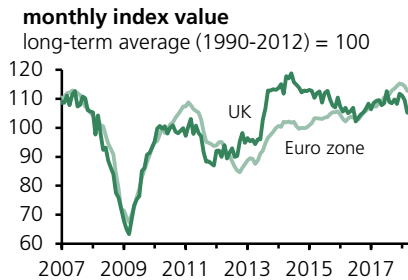
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Updates
 Financial Times, [sterling exchange rates](#) (daily)

Bank of England, [SERI & monthly rates](#), Early June 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 March and April, the overall UK sentiment index decreased by 0.4 points to 104.9, about the same level as in October 2016.

CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In April, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +21% of manufacturers, up from +13% in March.

GfK NOP Consumer Confidence Survey

GfK NOP's Consumer Confidence Index measures a range of consumer attitudes, including forward expectations of the general economic situation and households' financial positions, and views on making major household purchases.

In April, the overall consumer confidence index was -9, down by 2 from -7 in March.

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Update

EC, [Economic Sentiment Indicator](#), 30 May 2018

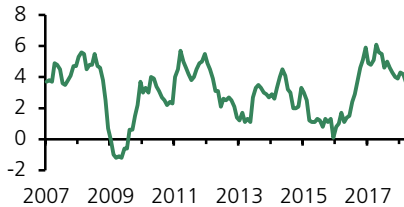
CBI, [Industrial Trends](#), Mid-May 2018

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

F2: Retail Sales

In the three months to March 2018, the quantity bought (**volume**) in retail sales fell by 0.5% compared with the previous three months.

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



risen by 1.4% in the three months to March 2018 compared to the same period a year ago.

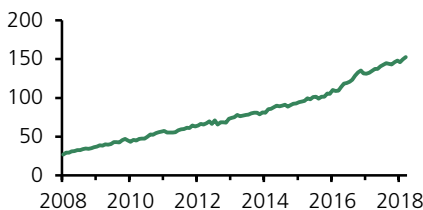
Compared to the same period a year ago, the **value** of retail sales was up 3.7% in the three months to March 2018.

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

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 March 2018, 17% of all retail sales.

Online sales increased year-on-year by 13%. Most internet spending is stores without a physical presence.

Value of retail sales

Index 2015=100, seasonally adjusted

		Food	Non-food	Total
2016	Mar	100.6	99.6	100.6
2017	Mar	104.1	103.7	106.4
2018	Jan	104.4	107.8	109.8
	Feb	105.8	107.0	110.6
	Mar	105.9	106.1	109.6
3m % change on yr		2.2	3.2	3.7

The value of sales in food stores in the three months to March 2018 was up 2.2% on the same period last year.

The value of sales in non-food stores was up 3.2% on last year.

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

Total includes fuel and non-store retailing

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

Subject Specialist

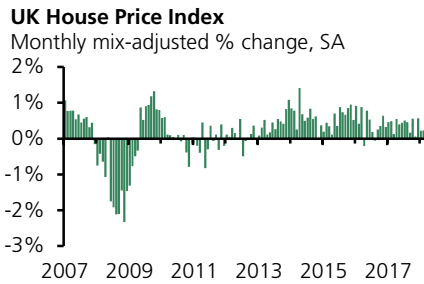
Chris Rhodes
x2454

Updates

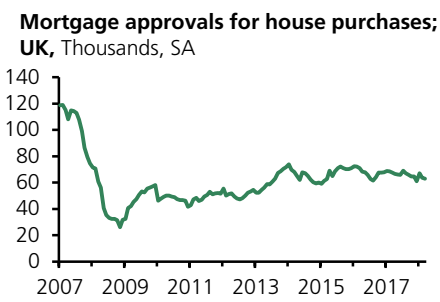
ONS, [Retail Sales](#),
24 May 2018

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 4.4% between February 2017 and February 2018. On a seasonally adjusted basis house prices increased by 0.2% between January 2018 and February 2018.



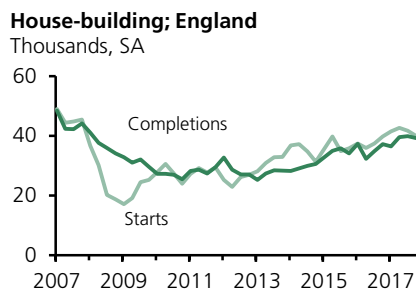
There are regional differences in house prices. The average price is highest in London at roughly £472,000. The lowest prices are found in Northern Ireland and the North East at £130,500 and £128,000 respectively.



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

Mortgage approvals for house purchases in March 2018 were down 6.8% on a year ago and down 1.4% on February 2018.

Approvals remain well down on pre-recession levels. There were 62,914 mortgage approvals in March 2018, compared with 67,529 in March 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.

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Updates

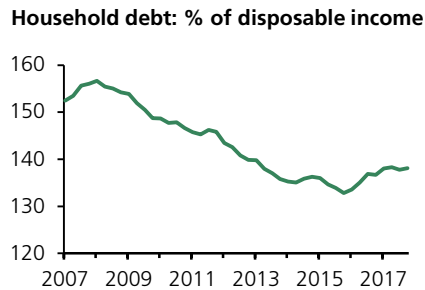
HM Land Registry, [UK house price index](#), 23 May 2018

Bank of England, [Money and credit](#), 31 May 2018

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

F4: Household Debt

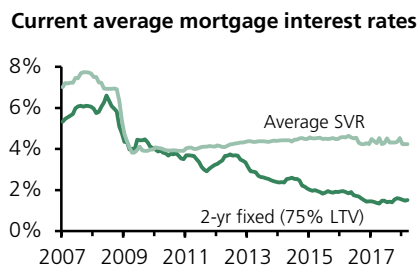
Household debt as a % of disposable income



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. In the last quarter of 2017 it was 138% of disposable income.

Current average mortgage interest rates



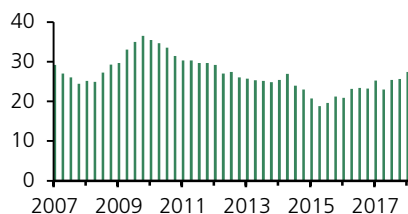
The average Standard Variable Rate (SVR) was 4.23% in March 2018, slightly down on the level seen a year ago.

The average 2-year fixed mortgage rate was 1.52% in March, down slightly on the level seen a year ago.

The increase in rates towards the end of 2017 followed 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 27,388 individual insolvencies in England and Wales in Q1 2018, up 7% on the previous quarter, and 9% up on the same period in 2016. The total number of insolvencies in Q1 2018 was the highest number of individual insolvencies since 2012.

In Scotland, there were 2,501 individual insolvencies in Q1 2018, a fall of 0.6% on a year earlier.

In Northern Ireland, there were 574 individual insolvencies in Q1 2018, an fall of% on a year earlier. There were 2,878 individual insolvencies in 2017.

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Updates

Bank of England,
[Statistical database](#),
31 May 2018

Insolvency Service,
[Insolvency Statistics](#),
27 July 2018

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

4. Glossary

4.1 Definitions³

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

³ 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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