



BRIEFING PAPER

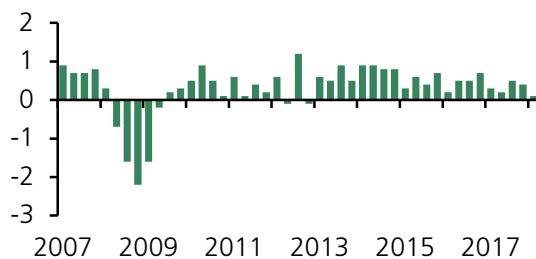
Number 8333, 8 June 2018

Economic Indicators, June 2018

By
Daniel Harari
Andrew Powell
Matthew Ward

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 2.4% in April 2018 down 0.1% percentage points on a month earlier.

Employment Rate; UK

%, age 16-64



The employment rate was 75.6% in the three months to March 2018, up from 75.2% in the previous three months.

Inside:

1. **Headline UK Economic Indicators, June 2018**
2. **This month's developments**
3. **Introduction to Economic Indicators**

- A. **Growth and Output**
 - Gross Domestic Product (GDP)
 - GDP: International
 - Components of GDP
 - Services
 - Manufacturing
 - Productivity
- B. **Prices and Wages**
 - Inflation
 - Inflation: International
 - Average Earnings
- C. **Labour Market**
 - Employment
 - Unemployment
 - Unemployment: International
- D. **Finance and Borrowing**
 - Interest Rates
 - Public Finances
 - Business Lending
 - Individual Lending
 - Financial Indicators
- E. **Trade and Exchange Rates**
 - Trade
 - Exchange Rates
- F. **Other Indicators**
 - Business and Consumer Confidence
 - Retail Sales
 - Housing Market
 - Household Debt

4. **Glossary**
5. **Indicator Sources**

Contents

1. Last month's developments	3
2. Headline UK Economic Indicators, June 2018	5
3. Introduction to Economic Indicators	7
A1: Gross Domestic Product	8
A2: GDP International	9
A3: Components of GDP	10
A4: Productivity	11
A5: Services	12
A6: Manufacturing	13
B1: Inflation	14
B2: International inflation	15
B3: Average Earnings	16
C1: Employment	17
C2: Unemployment	18
C3: Unemployment International	19
D1: Interest Rates and Monetary Policy	20
D2: Public finances	21
D3: Financial Indicators	22
E1: Trade	23
E2: Exchange Rates	24
F1: Business and Consumer Confidence	25
F2: Retail Sales	26
F3: Housing Market	27
F4: Household Debt	28
4. Glossary	29
4.1 Definitions	29
4.2 Symbols and abbreviations	31
5. Indicator Sources	32

1. Last month's developments

Economic activity looks set to have rebounded in the second quarter this year after only minimal growth in the first, but the bigger picture remains one of modest growth.

Signs of recovery from weak first quarter

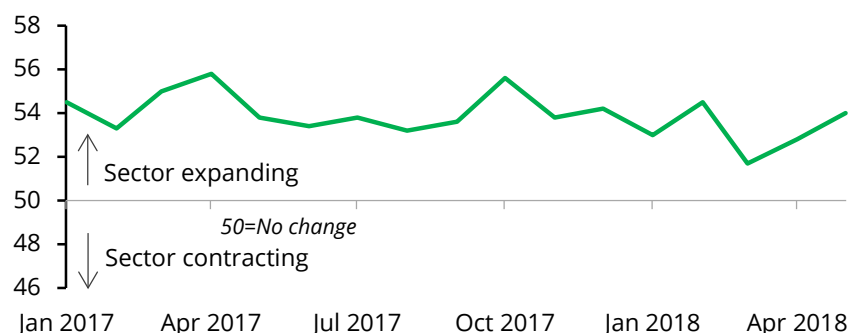
Ever since data was published showing that GDP growth was only 0.1% in the three months of the year, economists have debated whether this was a temporary blip due to severe winter weather or instead reflected more widespread weakness.

Over the past month, economic indicators for April and May have been published giving us a better idea of conditions more recently. These seem to show that economic activity has picked up somewhat.

Retail sales rebounded in April, boosted by warmer weather, while the purchasing managers' index (PMI) showed growth in the services sector accelerating in April and May after the weakness seen in March.

Growth in services sector accelerating

PMI index (value above 50 indicates growth)



Source: IHS Markit / CIPS UK Services PMI News Release, 5 June 2018

IHS Markit, the company that produces the PMI survey, [said](#) that these figures indicate a quarterly GDP growth rate of between 0.3-0.4% in the second quarter, up from 0.1% in the first. This would be in line with average growth during 2017.

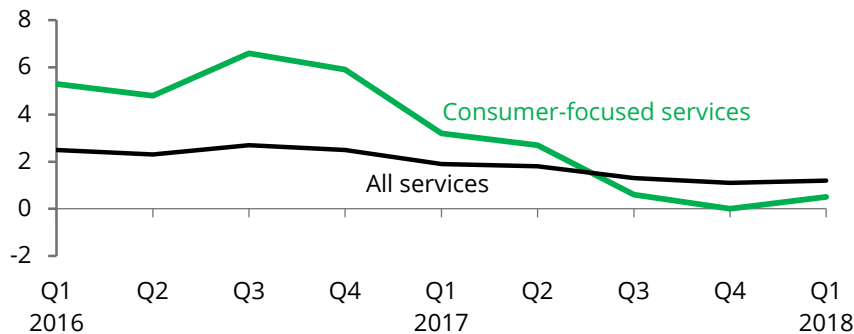
Bigger picture remains one of modest growth

Taking a step back from short-term fluctuations, the broader picture remains one of relatively modest growth by historical standards: the consensus among economic forecasters is for GDP to increase by around 1½% in 2018 as a whole.

This reflects a slowdown in spending growth among consumers, squeezed by the post-EU referendum rise in inflation (caused mainly by the fall in the value of the pound). From early 2017 until the last few months had been higher than average wage growth. As a result, the robust 5%+ annual growth seen as recently as late 2016 in consumer-focused services industries (such as retail and food) slid to 0% by late 2017 (it was 0.5% in early 2018).

Consumer-focused services growth has slowed since 2016

Quarterly, % change in output on same quarter one year before



Source: ONS, Second estimate of GDP: January to March 2018, fig 3

Optimists may point to recent declines in inflation combined with slowly accelerating average wage growth. The annual inflation rate as measured by CPI is down from 3.0% at the beginning of the year to 2.4% in April, while average wages (excluding bonuses) were up by 2.9% in the three months to March.

Nevertheless, even with lower inflation, real (inflation-adjusted) earnings growth looks set to remain modest. Combined with an already-low savings rate and limited scope for further growth in borrowing, economists don't expect consumers to break far out of their recent caution any time soon.

Interest rate rise put on hold...for now

Since our last update, the Bank of England's Monetary Policy Committee (MPC) had its May meeting and left interest rates unchanged at 0.5%. Following the MPC's March meeting there had been an expectation in the financial markets that they would raise rates in May. However, comments from the Bank's Governor in April and then the release of the weak first quarter GDP growth figure lowered expectations of a rate rise.

Following May's decision, where a 7-2 majority voted for no change, the MPC noted that the economy had been weaker than expected since its previous set of forecasts were published in February. However, it believes that this slowdown is temporary – due to the severe winter weather – and expects growth to pick up again, to similar rates as before.

With indicators published since the MPC's meeting suggesting growth has bounced back, at least to some degree, observers are now discussing the possibility that the MPC will raise rates at the time of its August policy meeting, when its next set of economic forecasts are released.

2. Headline UK Economic Indicators, June 2018

Gross Domestic Product: Q1 2018, Seasonally Adjusted		
Change (real %)	0.1 (qtr)	1.2 (yr)
Industries		
Service output: March 2018		
Change (%)	0.1 (mth)	1.1 (yr)
Manufacturing output: March 2018		
Change (%)	0.1 (mth)	2.9 (yr)
Productivity: Q1 2018, Seasonally Adjusted		
Output per hour		
Change (%)	-0.5 (qtr)	1.0 (yr)
Inflation: April 2018		
Change on year (%)	2.4 (CPI)	3.4 (RPI)
Labour Market: January - March 2018, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.2
Change (% points)	-0.2 (qtr)	-0.4 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.6
Change (% points)	0.6 (qtr)	1.2 (yr)
Interest Rate: as of 6 June 2018		
Bank of England Base Rate		0.50 (%)
Public Finances: 2017/18		
Net borrowing	40 (£ bn)	2.0 (% GDP)
Net debt	1,780 (£ bn)	85.4 (% GDP)
Trade: Q4 2017		
Current Account	-18.4 (£ bn)	3.6 (% GDP)
Sterling Exchange rate: 6 June 2018		
US Dollar (\$)	1.34 (rate)	3.7 (% change on yr)
Euro (€)	1.14 (rate)	-0.9 (% change on yr)
EC Economic Sentiment Indicator for UK: May 2018		
Points (1990-2012 average = 100)		107.4
Change (points)	+1.9 (mth)	-0.4 (yr)
Retail Sales: April 2018, Seasonally Adjusted, 3 month average		
Retailing total (inc vehicle fuel), value		3.5 (% change on yr)
Housing Market: March 2018, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	-0.1 (mth)	4.2 (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 an estimated 1.2%. The Eurozone saw growth of 0.4% in Q1 2018 compared to the previous quarter.

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 7-2 to **leave interest rates unchanged** at its May policy meeting.

CPI inflation was 2.4% in April 2018, down slightly from 2.5% in March. Inflation in the Eurozone was 1.2% in April.

Average wages, excluding bonuses, were 2.9% higher in the three months to March 2018 compared with the year before. CPI inflation for the same period averaged 2.7%.

Employment rose by 197,000 from the previous quarter to 32.34 million in January-March 2018 and was 396,000 higher than the previous year. The **employment rate** was 75.6%, the highest rate since comparable records began in 1971.

The **unemployment rate** was 4.2%, down 0.4% points from the previous year and the lowest rate since 1975.

Productivity across the whole UK economy in Q1 2018 was 0.5% higher than in the previous quarter, following two successive quarters of growth. It is 1.0% higher than a year before.

Government borrowing in 2017/18 was £5.7 billion lower than in 2016/17. At the end of April 2018 public sector net debt was equivalent to 85.1% of GDP, up 0.3% points on April 2017.

As of 6 June the **FTSE-100 Index** was up 2% compared with a month ago and up 2% on a year ago. In May 2018, the index passed 7,800 for the first time and reached a record high of 7,877.45 on 22 May.

The UK had a **trade deficit** of £7.7 billion in the three months to March 2018, compared with £7.6 billion in the three months to December 2017. 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** fell by 1.8% between April and May 2018, the first month on month fall since August 2017.

The **value of retail sales** was up 3.5% in the three months to April 2018 compared with the previous year. The volume of sales (the quantity of things bought) increased by 0.1%.

House prices increased by 4.2% in the year to March 2018. Prices increased only fell between February and March 2018, by 0.1%.

Household debt stood at 133% of disposable income in Q4 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

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:

Subject	Specialist	Contact
Balance of Payments	Dominic Webb	2042
Businesses	Chris Rhodes	2454
EC Finance	Matthew Keep	4324
GDP	Daniel Harari	2464
Employment	Andrew Powell	6962
Financial Services	Federico Mor	2464
Housing	Cassie Barton	2210
Incomes	Feargal McGuinness	4904
Industries	Chris Rhodes	2454
International Trade	Dominic Webb	2042
International Development	Lorna Booth	2883
International Economies	Daniel Harari	2464
National Accounts	Daniel Harari	2464
Prices and Interest Rates	Daniel Harari	2464
Public Expenditure	Matthew Keep	4324
Taxation	Matthew Keep	4324
Unemployment	Andrew Powell	6962
Wages and Earnings	Feargal McGuinness	4904

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.

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

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

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

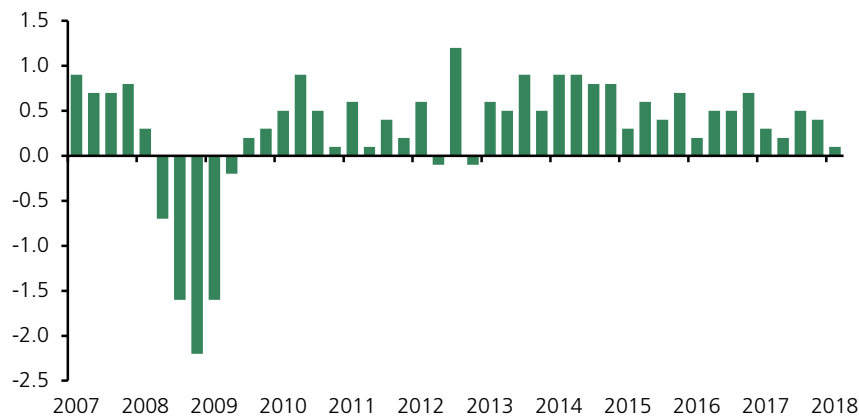
The Office for National Statistics suggests that while bad weather in February and March had some impact on the economy, its overall effect was limited. However, in the Bank of England's assessment, the relative weakness in GDP growth in Q1 [largely reflects](#) the bad weather.

Source: ONS, series: IHYP, IHYQ, IHYR

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

GDP growth

% change on previous quarter



Forecasts

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

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

Annual GDP growth forecasts (%)

	2018	2019
HM Treasury average of independent forecasts (May 18)	1.4	1.5
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*, May 2018

Subject Specialist

Daniel Harari
x2464

Updates

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

HM Treasury, [Forecasts for the UK economy](#),
20 June 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 0.5% during the same quarter, with the Eurozone recording growth of 0.4%.

Real GDP

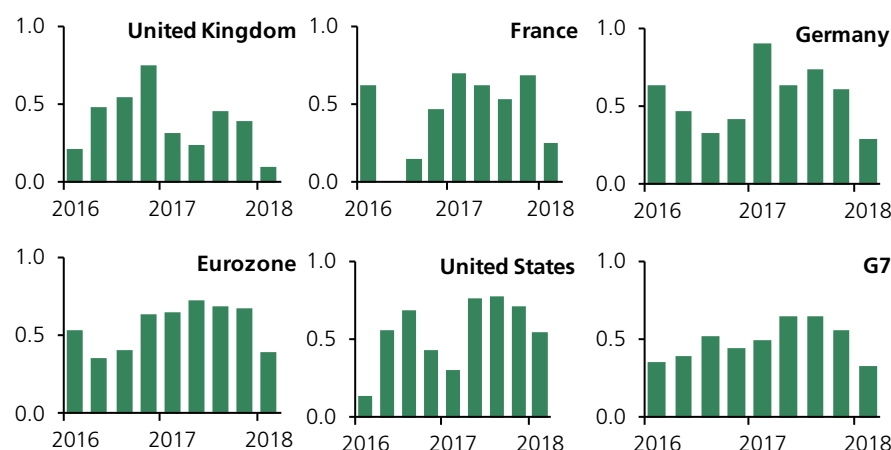
% changes

updated 1 Jun

	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	0.4	2.4	2.7	2.8	2.5
USA	0.8	0.8	0.7	0.5	2.2	2.3	2.6	2.8
Japan	0.5	0.5	0.1	-0.2	1.6	1.9	1.8	1.0
Germany	0.6	0.7	0.6	0.3	2.3	2.7	2.9	2.3
France	0.6	0.5	0.7	0.3	2.0	2.3	2.6	2.1
G7	0.7	0.7	0.6	0.3	2.1	2.3	2.4	2.2
OECD	0.8	0.7	0.6	0.5	2.5	2.8	2.7	2.6

Sources: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

The OECD [released new forecasts](#) on 30 May. These raised UK GDP growth forecasts for 2018 slightly to 1.4% from 1.3% in their previous March forecast, although this is below its forecasts for other large European economies such as Germany (2.1%) and France (1.9%). Growth in the Eurozone is forecast at 2.2% and in the US at 2.9%.

Real GDP growth forecasts

% change

	IMF (Apr 18)		EC (May 18)		OECD (May 18)	
	2018	2019	2018	2019	2018	2019
UK	1.6	1.5	1.5	1.2	1.4	1.3
France	2.1	2.0	2.0	1.8	1.9	1.9
Germany	2.5	2.0	2.3	2.1	2.1	2.1
Eurozone	2.4	2.0	2.3	2.0	2.2	2.1
US	2.9	2.7	2.9	2.7	2.9	2.8
Japan	1.2	0.9	1.3	1.1	1.2	1.2
China	6.6	6.4	6.6	6.3	6.7	6.4
India	7.4	7.8	7.4	7.6	7.4	7.5
Brazil	2.3	2.5	2.4	2.6	2.0	2.8
World	3.9	3.9	3.9	3.9	3.8	3.9

Sources: IMF Apr'18 WEO; EC Spring'18 forecast; OECD Economic Outlook May'18

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

Subject Specialist

Daniel Harari
x2464

Next updates

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

OECD, [Interim Economic Outlook](#),
20 Sep 2018

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

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

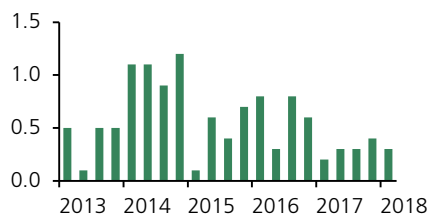
A3: Components of GDP

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%.

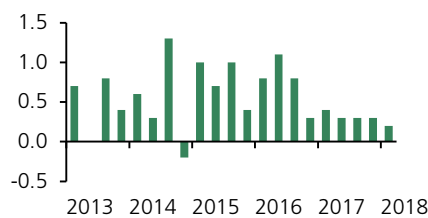
In Q1 2018, service sector output increased by 0.3% in real terms

compared with Q4 2017.

Manufacturing output was up by 0.2% (the production sector overall was up by 0.6%). Output in the construction sector was down by 2.7%.

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 18% and investment for 17%.

In Q1 2018, household

consumption grew by 0.2% in real terms – growth has been at around this level for about a year. Government consumption was up 0.5% and investment was up 0.9%. Exports decreased by 0.5% and imports decreased by 0.6%.

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
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
2018 Q1	0.2	0.5	0.9	-0.5	-0.6	0.1

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

Note: * annual % change

Subject Specialist

Daniel Harari
x2464

Updates

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

ONS, [GDP monthly estimate](#), 10 Jul 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 Q1 2018 was 1.3% above what it was over 10 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 1.3% above the pre-financial crisis peak of late 2007



Productivity - output (GDP) per hour		
	% change on qtr	% change on yr
2016	..	0.3
2017	..	0.6
2017 Q2	-0.2	0.1
Q3	1.0	0.9
Q4	0.7	1.0
2018 Q1	-0.5	1.0

Source: ONS series LZVD, TXBB
* Based on 'flash' ONS estimate for Q1 2018

Productivity decreased by 0.5% in Q1 2018 compared with the previous quarter (based on initial 'flash' estimates). This reversal followed two consecutive quarters of strong growth. Compared with the previous year, productivity was up by 1.0% in Q1 2018.

International comparisons

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

Subject Specialist
Daniel Harari
x2464

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

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

A5: Services

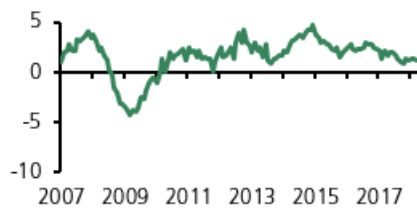
The service industries include the retail sector, the financial sector, the public sector, business administration, leisure and cultural activities.

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

In Q1 2018, service sector output increased by 0.3% compared with Q4 2017, down from growth of 0.4% between Q3 and Q4 2017, but equal to the average quarterly growth in 2017.

Output - Index of Services
% change on previous year



In the three months to March 2017, services output increased by 0.3% compared with the three months ending December 2017. The largest contributions to growth over the quarter came from business services and finance which contributed 0.18% points.

Compared with a year before, services output increased by 1.2% in the three months to March 2018. Services output increased by 0.1% in March 2018 compared to February 2018, following a fall of 0.3% in February 2018.

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.

UK Services PMI
50 = no change



The UK services PMI increased to 54.0 in May 2018 from 52.8 in April. The May value was the fastest growth for three months, following the March value which was the lowest level seen since July 2016.

The continued subdued growth was seen to be partly due to a sharp rise in input costs, and also partly due to higher fuel bills and staff salaries.

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 Services](#), 29 June 2018

Markit/CIPS, [UK Services PMI](#), 4 July 2018

Services Output Index

	Index	% change on yr
2016	102.5	2.6
2017	104.1	2.5
2018 Jan	105.0	1.3
Feb	104.7	1.3
Mar	104.8	1.1

Source: ONS, series S2KU, S222, S26Q

PMI Index

	Index	Change on mth
2016 May	53.5	
2017 May	53.8	
2018 Mar	51.7	-2.8
Apr	52.8	1.1
May	54.0	1.2

Source: Markit/CIPS UK Services PMI

A6: Manufacturing

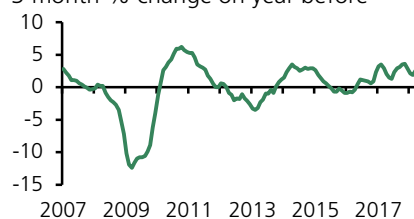
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

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

Manufacturing output

3 month % change on year before



Total manufacturing output was up 0.2% in the 3 months to March 2018 compared with the 3 months to December 2017.

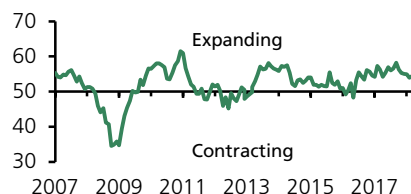
There has been a slowdown in this sector since January 2018, and the current three-monthly rise has not been broad-based,

with only 5 of the 13 sub-sectors experiencing growth over this period

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 May 2018 the UK Manufacturing PMI was 54.4, up

slightly from April's 17-month low of 53.9. Manufacturing production has now risen for twenty-two successive months.

Despite the mild improvement, several areas of potential concern remain. The pace of expansion was at an 11-month low, while the increase of job creation in the manufacturing sector was at its lowest level in 15 months. On the positive side, the growth of incoming new business remained solid in May.

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index		Change on mth
2016	100.9	0.9		2016	May	50.4	
2017	103.5	2.6		2017	May	56.3	
2018	Jan	105.4	1.0	2018	Mar	54.9	-0.1
	Feb	105.2	0.6		Apr	53.9	-1.0
	Mar	105.1	0.2		May	54.4	0.5

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](#), 11 June 2018

Markit/CIPS, [UK Manufacturing PMI](#), 2 July 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 2.4% in April 2018, down 0.1 percentage points from 2.5% in March. This is the lowest it has been since March 2017.

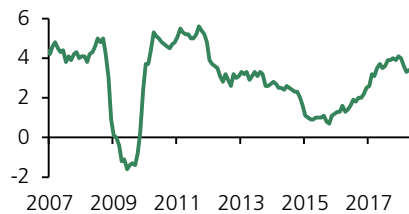
The RPI inflation rate increased to 3.4% in April 2018, up 0.1 percentage points from 3.3% in March.

Consumer Prices Index (CPI)
% change on yr



The decrease in the CPI rate was mostly due to falls in the price of transport (partly due to Easter being on a different date to last year), clothing and footwear and food and alcoholic beverages, partially offset by a rise in the price of communication.

Retail Prices Index (RPI)
% change on yr



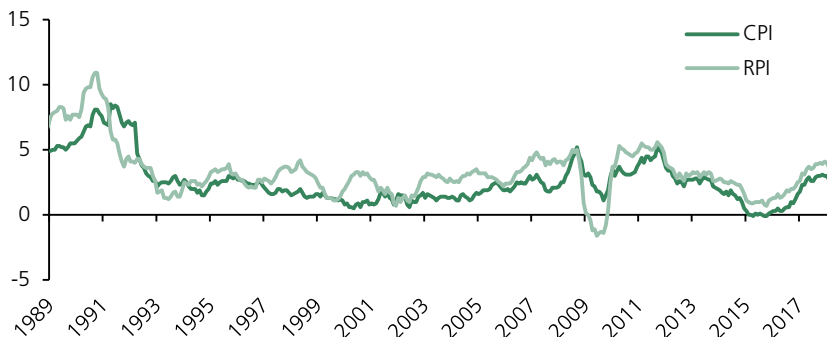
Price Indices

% change on a year ago

		CPI	RPI
2014	Apr	-0.1	0.9
2015	Apr	0.3	1.3
2016	Apr	2.7	3.5
2018	Feb	2.7	3.6
	Mar	2.5	3.3
	Apr	2.4	3.4

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989
% change on yr



Subject Specialist

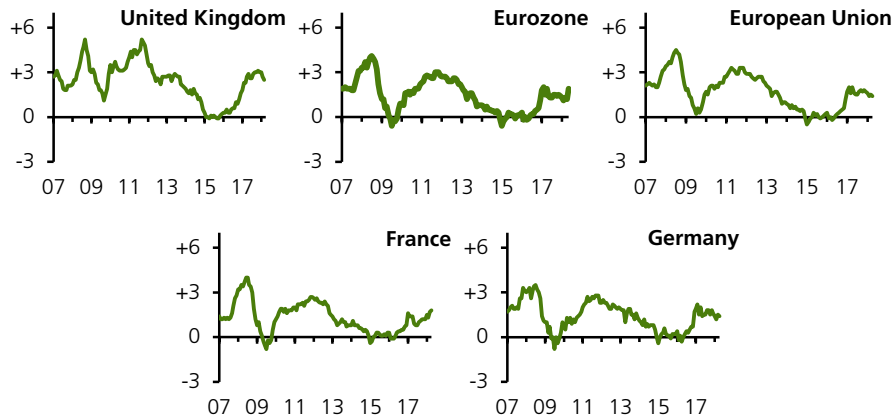
Daniel Harari
x2464

Update

ONS, [Consumer Price Indices](#), 13 June 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 2.4 % in the year to April 2018, down from 2.5% in March. This is the lowest level since March 2017.

EU inflation was 1.4% in April 2018, compared with 1.5% in March. EU inflation was 2.0% in April 2017.

Annual inflation in the Eurozone is provisionally estimated as 1.9% in May, up from 1.2% in April and compared with 1.4% in May 2017.

In Germany, inflation was 1.4% in April, compared with 1.5% in March. In France it was 1.8% in April, up from 1.7% in March.

Romania had the highest inflation rate in the EU in April (4.3%). The lowest inflation rate in the EU was in Cyprus (-0.3%).

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2015	2016	2017	Feb 18	Mar 18	Apr 18	May 18
UK	0.0	0.7	2.7	2.7	2.5	2.4	..
Eurozone	0.0	0.2	1.5	1.1	1.3	1.2	1.9
European Union	0.0	0.3	1.7	1.4	1.5	1.4	..
France	0.1	0.3	1.2	1.3	1.7	1.8	..
Germany	0.1	0.4	1.7	1.2	1.5	1.4	..

Source: ONS, Eurostat.

Notes: Eurostat figure for May is provisional. .. Indicates data not yet available

Subject Specialist

Daniel Harari
x2464

Update

ONS, [Consumer Prices bulletin](#) (UK), 13 June

Eurostat, [Flash estimate](#) (Eurozone), 29 June

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

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%.

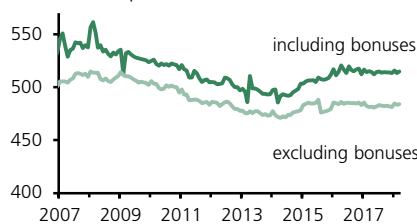
More timely but less detailed data show average weekly earnings for all employees in Great Britain, increased by 2.9% excluding bonuses in the three months to March 2018 compared with the previous year. Average weekly pay including bonuses increased by 2.6%.

Inflation as measured by the CPI averaged 2.7% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 0.1% higher than the previous year. Average pay including bonuses was 0.1% lower.

Average Earnings, Whole Economy

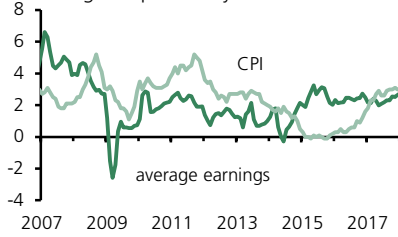
Real average weekly earnings

March 2018 prices, £



Inflation and earnings (incl bonuses)

% change on previous year



Trends by Sector

Annual % change in average earnings (incl bonuses)

Great Britain, employees only

		Total	Private	Public
2016	Mar	2.2	2.4	1.6
2017	Mar	2.4	2.7	1.2
2018	Jan	2.8	2.9	2.1
	Feb	2.8	3.0	2.3
	Mar	2.6	2.6	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 2.6% in the private sector in the three months to March 2018 compared with the year before.

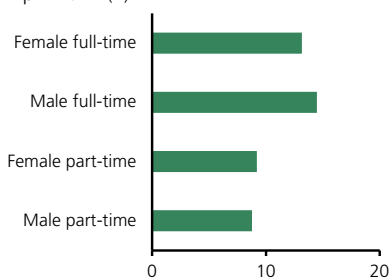
In the public sector, total pay increased by 2.3%.

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

Feargal McGuinness
x4904

Update

ONS, [Labour Market Statistics](#), 12 June 2018

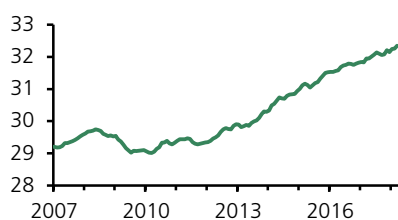
ONS, [Annual Survey of Hours and Earnings](#), October 2018

C1: Employment

32.34 million people were in employment in January-March 2018. Employment increased by 197,000 compared to the previous quarter and was 396,000 higher than the year before. The employment rate (the proportion of the population aged 16-64 in work) was 75.6%, 0.8% points higher than a year ago.

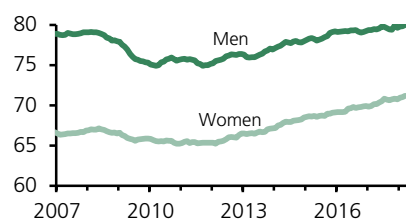
Employment; UK

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.

15.22 million women were in work, 108,000 more than the previous quarter and 234,000 more than a year ago. The female employment rate was 71.2%.

Recent increases in the rate are partly due to ongoing changes to the State Pension age for women.

17.13 million men were in work, 90,000 more than the previous quarter and 163,000 higher than

the year before. The male employment rate was 80.0%.

23.75 million people were working full-time, up 133,000 from the previous quarter and 256,000 higher than a year ago. There were 8.60 million people working part-time, an increase of 64,000 from the previous quarter and up 140,000 from the previous year.

Self-employment decreased by 33,000 from the previous quarter, to 4.75 million people. The number of people working as employees increased by 271,000 from the previous quarter to 27.43 million.

1.59 million people were employed on a temporary basis, up 54,000 on the previous quarter and up slightly 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
Jan-Mar	2015	31,164	73.4	16,590	78.4	14,574	68.6	3,874	53.3
Jan-Mar	2016	31,566	74.2	16,844	79.2	14,722	69.2	3,968	54.9
Jan-Mar	2017	31,947	74.8	16,966	79.5	14,982	70.2	3,946	55.3
Oct-Dec	2017	32,147	75.2	17,039	79.7	15,108	70.8	3,836	54.3
Jan-Mar	2018	32,344	75.6	17,128	80.0	15,215	71.2	3,862	54.8
<i>Change on qtr</i>	<i>Level</i>	197	0.4	90	0.4	108	0.4	27	0.6
	<i>%</i>	0.6%		0.5%		0.7%		0.7%	
<i>Change on yr</i>	<i>Level</i>	396	0.8	163	0.5	234	1.0	-84	-0.5
	<i>%</i>	1.2%		1.0%		1.6%		-2.1%	

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

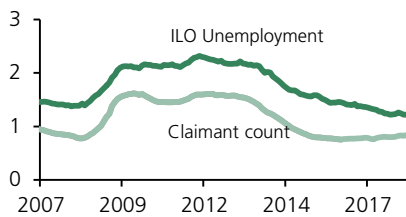
Updates

ONS, [Labour Market Statistics](#), 12 June 2018

C2: Unemployment

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

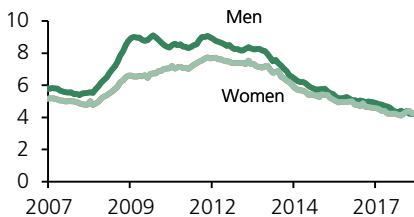
Unemployment; UK
Millions, age 16+, seasonally adjusted



1.42 million people in the UK were unemployed on the ILO definition between January -March 2018, down 46,000 on the previous quarter but down 116,000 on the previous year.

The unemployment rate was 4.2% (the percentage of the economically active population who are unemployed), down 0.2% 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 756,000 men unemployed between January - March 2018, down 26,000 on the previous quarter and down 96,000 from a year earlier. 669,000 women were unemployed, down slightly on the previous quarter and on a year earlier.

531,000 young people aged 16-24 were unemployed, down 31,000 from a year ago. The unemployment rate for 16-24 year olds was 12.1%, 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	
Jan-Mar 2015	1,830	5.5	1,007	5.7	823	5.3	732	15.9	
Jan-Mar 2016	1,693	5.1	919	5.2	774	5.0	630	13.7	
Jan-Mar 2017	1,541	4.6	852	4.8	688	4.4	562	12.5	
Oct-Dec 2017	1,470	4.4	782	4.4	689	4.4	547	12.5	
Jan-Mar 2018	1,425	4.2	756	4.2	669	4.2	531	12.1	
<i>Change on qtr</i>	<i>Level</i>	<i>-46</i>	<i>-0.2</i>	<i>-26</i>	<i>-0.2</i>	<i>-20</i>	<i>-0.2</i>	<i>-16</i>	<i>-0.4</i>
	<i>%</i>	<i>-3.1%</i>		<i>-3.3%</i>		<i>-2.9%</i>		<i>-3.0%</i>	
<i>Change on yr</i>	<i>Level</i>	<i>-116</i>	<i>-0.4</i>	<i>-96</i>	<i>-0.6</i>	<i>-20</i>	<i>-0.2</i>	<i>-31</i>	<i>-0.4</i>
	<i>%</i>	<i>-7.5%</i>		<i>-11.3%</i>		<i>-2.8%</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

Andrew Powell
X6962

Updates

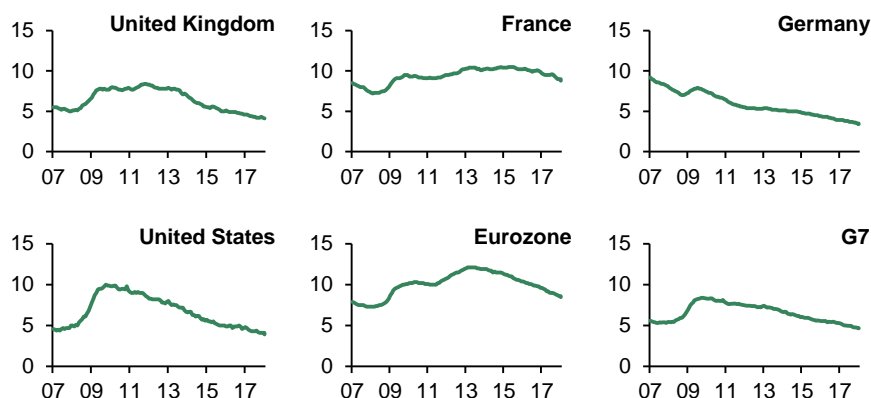
ONS, [Labour Market Statistics](#), 12 June 2018

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 Q4 2017 was 4.2%. 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 UK figure for Q1 2018 has not yet been published.

The unemployment rate for the Eurozone fell to 8.5% in Q1 2018 from 8.7% in Q4 2017, and fell for the G7 from 4.8% to 4.7%. 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 (21.0%) 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 43.1% in Greece, 37.0% in Spain and 33.5% in Italy. UK youth unemployment stood at 12.0%.

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
2017 Q1	6.6	9.6	3.9	11.6	2.9	4.6	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	11.1	2.7	4.2	4.1	8.7	4.8	5.5
2018 Q1	5.8	8.9	3.5	11.1	2.5	..	4.1	8.5	4.7	5.4
Change on qtr	-0.1	-0.2	-0.1	0.0	-0.3	...	0.0	-0.2	-0.1	-0.1
Change on yr	-0.8	-0.7	-0.4	-0.5	-0.4	...	-0.6	-1.0	-0.5	-0.6

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
14 June 2018

D1: Interest Rates and Monetary Policy

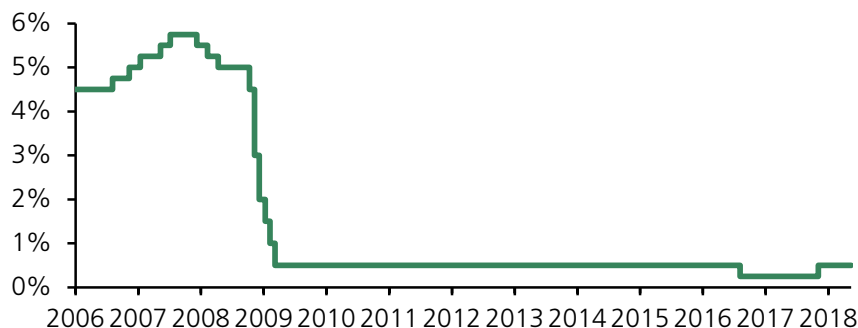
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates have stayed at historic lows since then, close to or below 0% in most developed economies.

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 May policy meeting. In November, the MPC raised interest rates for the first interest rate increase in more than a decade.

The MPC left interest rates unchanged at 0.5% following its May [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, pushed up inflation to around 3% in the second half of 2017 – above the MPC's 2% target. It has since eased to 2.5% in March. Despite 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 a few more rate increases are likely at some point, possibly later this year.

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 2 May, the US Federal Reserve left [interest rates unchanged](#) at a range of 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. More rates rises are expected later this year.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([21 June](#))
ECB ([16 May](#))
US ([13 June](#))

D2: Public finances

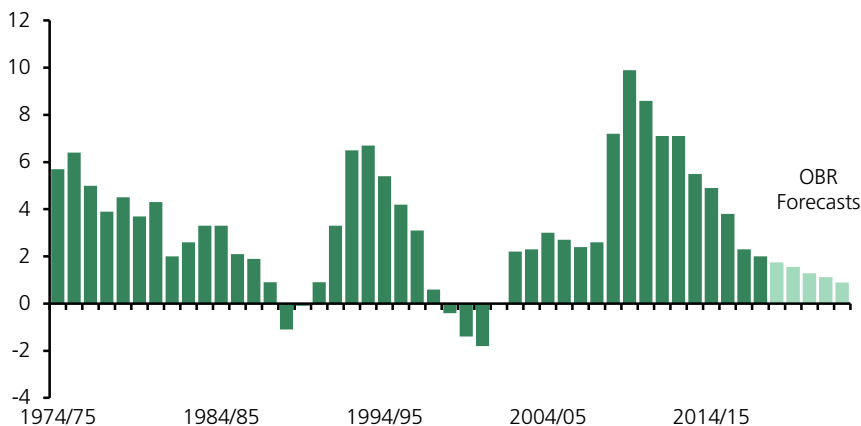
	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	137	8.6%	1,158	71.4%
2011/12	116	7.1%	1,253	75.1%
2012/13	121	7.1%	1,364	78.6%
2013/14	98	5.5%	1,464	80.5%
2014/15	92	4.9%	1,555	82.9%
2015/16	73	3.8%	1,603	82.6%
2016/17	46	2.3%	1,727	85.3%
2017/18	40	2.0%	1,780	85.4%
2018/19	37	1.8%	1,835	85.5%
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

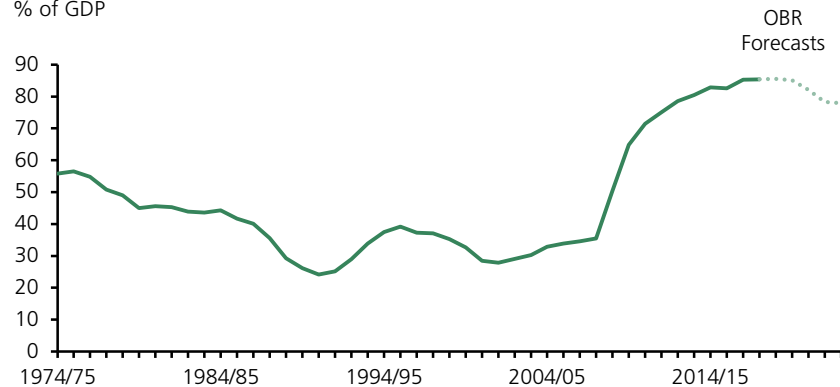
outturn data.

At the end of April 2018 public sector net debt was equivalent to 85.1% of GDP, up 0.3% points on April 2017.

Public sector net borrowing
% of GDP



Public sector net debt
% of GDP



The ONS has released its second provisional estimate for borrowing in 2017/18. The ONS estimates that government borrowed £40.5 billion in 2017/18, equivalent to 2.0% of GDP. Borrowing in 2017/18 was £5.7 billion lower than in 2016/17.

The provisional estimate for 2017/18 is likely to be revised as the ONS replaces initial estimates with provisional and then final

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
Matt Keep
x4324

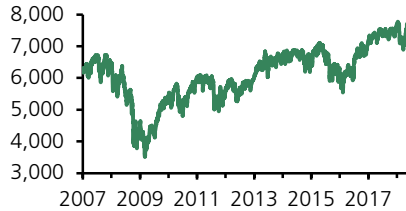
Next update
OBR, [Economic and fiscal outlook](#), autumn 2018

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

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

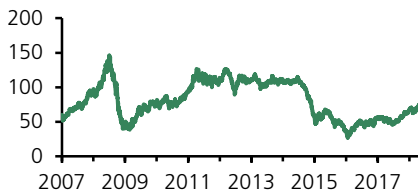


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite turbulence following the EU Referendum result, the index closed at twelve successive record highs between December 2016 and January 2017 - the index's

longest run of successive all-time peaks since its inception in 1984. The index passed 7,500 for the first time in May 2017 and closed at another series of record highs between December 2017 and January 2018. In May 2018, the index passed 7,800 for the first time, reaching another record high of 7,877.45 on 22 May 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 climbed since December 2016, after OPEC agreed to its first supply cut since 2008. Since late October 2017, it

has closed at above \$60/barrel, and reached \$80/barrel in May 2018 for the first time since late 2014.

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 or around \$1,300/ounce since early January 2018.

Data from 6 June 2018

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
06 Jun 2018	7712.37	74.96	1292.05
%change over:			
1-month	2%	-2%	-1%
12-months	2%	50%	0%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

Daniel Harari
x2464

Updates

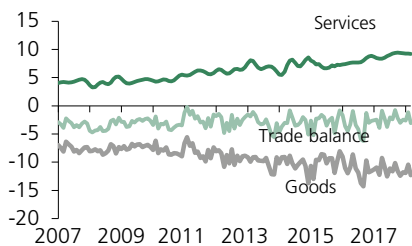
Financial Times, Weekly Basis

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 increased slightly to £7.7 billion in the three months to March compared with £7.6 billion in the previous three months. Exports decreased by 1.2% over this period. Imports decreased by 1.1% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

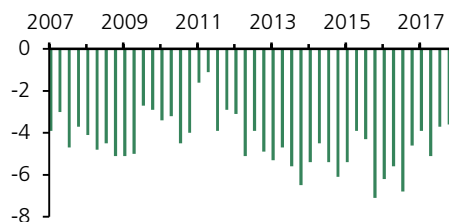
		Goods and Services (£bn)			Current Account balance	
		Exports	Imports	Balance	£bn	% GDP
2016		554.7	595.4	-40.7	-113.6	-5.8%
2017		622.1	650.7	-28.6	-82.9	-4.1%
2017	Q1	151.3	160.2	-8.9	-19.6	-3.9%
	Q2	154.4	161.2	-6.8	-25.6	-5.1%
	Q3	158.3	163.5	-5.2	-19.2	-3.7%
	Q4	158.1	165.8	-7.6	-18.4	-3.6%
2018	Q1	156.2	163.9	-7.7	-	-

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.

Subject Specialist

Dominic Webb
x2042

Updates

ONS, [UK Trade](#), 11 June

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 fell by 1.8% between April and May, following a rise of 1.4% between March and April. This is the SERI’s first monthly fall since August 2017. Compared with the same period a year ago, it is 0.1% higher. It is 25.3% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



On average in May compared with April, the pound fell by 4.4% against the dollar, the first month on month fall since October 2017. 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 reaching as high as \$1.43 in mid-April (the highest level since the EU referendum), though has since fallen to below \$1.40.

Latest closing prices:
 \$1.34 per £1
 €1.14 per £1
 (On 6 June 2018)

Sterling was down 0.7% against the Euro on average in May compared to April. On 6 June 2018, the Euro was valued at €1.14 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 Mar	1.40	13.1%	1.13	-1.9%
Apr	1.41	11.3%	1.15	-2.7%
May	1.35	4.1%	1.14	-2.6%

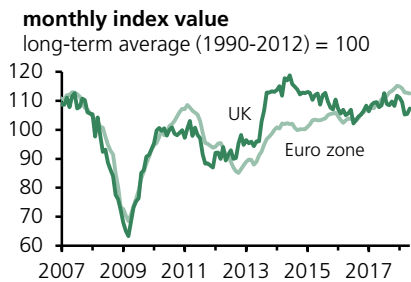
Source: Bank of England, Bankstats database

Subject Specialist
 Daniel Harari
 x2464

Updates
 Financial Times, [sterling exchange rates](#) (daily)
 Bank of England, [SERI & monthly rates](#), Early July 2018

F1: Business and Consumer Confidence

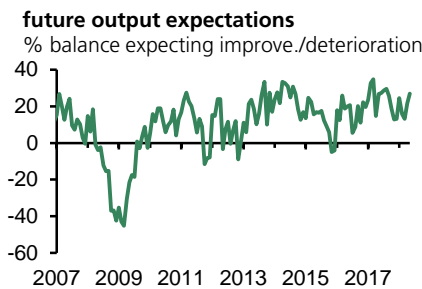
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

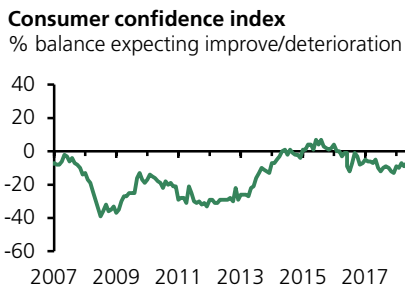
Between April and May, the overall UK sentiment index increased by 0.2 points to 107.4, about the same level as in May 2017.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In May, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +27% of manufacturers, up from +22% in April.



GfK NOP Consumer Confidence Survey

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

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

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 28 June 2018

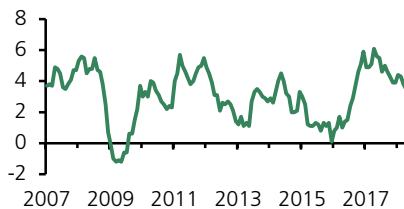
CBI, [Industrial Trends](#), Mid-June 2018

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

F2: Retail Sales

In the three months to April 2018, the quantity bought (**volume**) in retail sales increased slightly, by 0.1% 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 April 2018 compared to the same period a year ago.

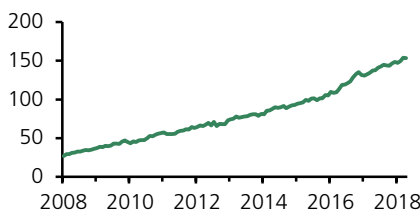
Compared to the same period a year ago, the **value** of retail sales was up 3.5% in the three months to April 2018.

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 April 2018, 17% of all retail sales.

Online sales increased year-on-year by 12%. Most internet spending is stores without a physical presence.

Value of retail sales

Index 2015=100, seasonally adjusted

		Food	Non-food	Total
2016	Apr	100.1	101.3	100.9
2017	Apr	103.8	106.1	107.8
2018	Feb	106.1	107.2	110.8
	Mar	106.1	106.4	109.8
	Apr	107.5	108.3	111.6
3m % change on yr		2.7	2.3	3.5

The value of sales in food stores in the three months to April 2018 was up 2.7% on the same period last year.

The value of sales in non-food stores was up 2.3% 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

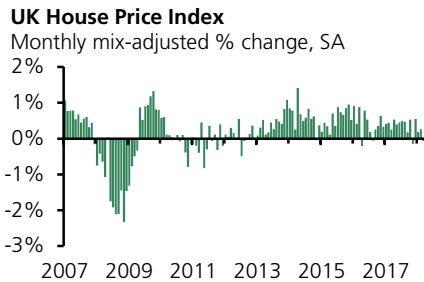
Chris Rhodes
x2454

Updates

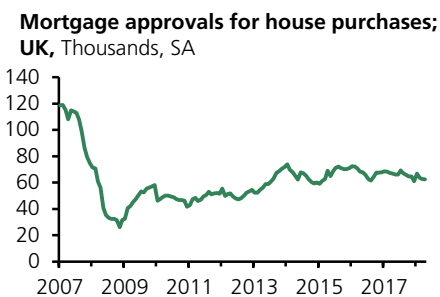
ONS, [Retail Sales](#),
14 June 2018

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 4.2% between March 2017 and March 2018. On a seasonally adjusted basis house prices were broadly flat between February 2018 and March 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 £130,000 and £124,000 respectively.

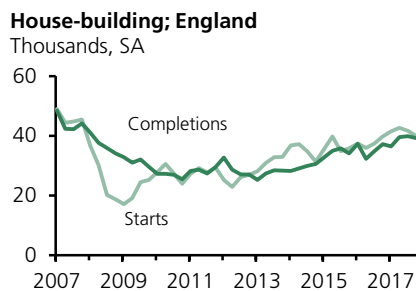


Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.

Mortgage approvals for house purchases in April 2018 were down 6.5% on a year ago and down 0.6% on March 2018.

Approvals remain well down on

pre-recession levels. There were 62,455 mortgage approvals in April 2018, compared with 66,767 in April 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

Matt Keep
x4324

Updates

HM Land Registry, [UK house price index](#), 13 June 2018

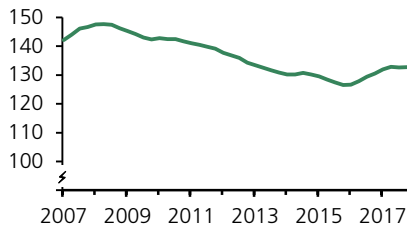
Bank of England, [Money and credit](#), 29 June 2018

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

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income



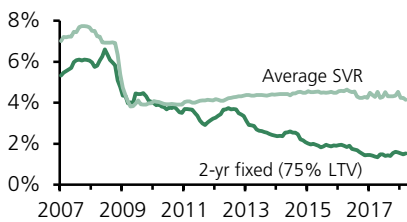
Household debt peaked in Q1 2008 at 148% of household disposable income. It then fell until reaching 127% by late 2015.

Starting in early 2016, growth in household debt levels accelerated, leading to the debt-to-income ratio to increase to 133% in Q4 2017.

Statistical note: The household debt and income source data have been changed. Previously debt and income totals included the non-profit sector (mostly charities and universities). The new data reflects only individuals in the household sector. The overall historical trends are unchanged. For more see Box 1 in the [Library paper on household debt](#).

Current average mortgage interest rates

Current average mortgage interest rates



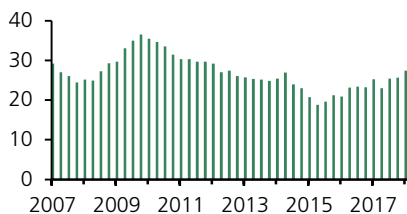
The average Standard Variable Rate (SVR) was 4.18% in April 2018, slightly down on the level seen a year ago.

The average 2-year fixed mortgage rate was 1.7% in April, up 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, a fall of % on a year earlier. There were 2,878 individual insolvencies in 2017.

Subject Specialist

Daniel Harari
x2464

Updates

Bank of England, [Statistical database](#), 30 June 2018

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

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

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer - This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the conditions of the Open Parliament Licence.