



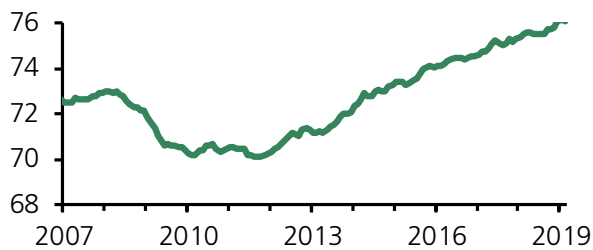
BRIEFING PAPER

Number 8579, 24 May 2019

Economic Indicators, May 2019

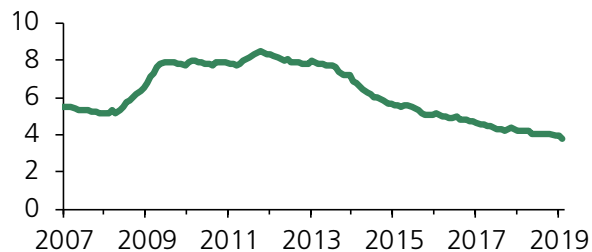
By
Philip Brien
Matthew Ward

Employment Rate; UK %, age 16-64



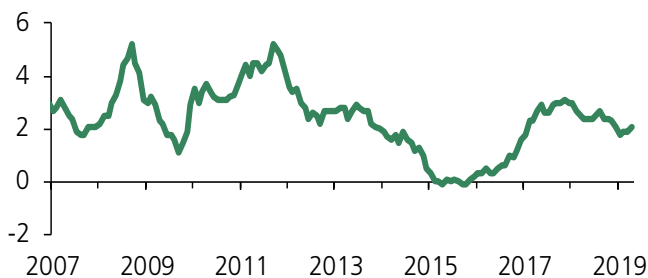
The employment rate was 76.1% in January-March 2019, the joint highest rate since comparable records began in 1971.

Unemployment rate %



The unemployment rate was 3.8% in January-March 2019, the joint highest rate since 1975.

Consumer Prices Index (CPI) % change on yr



The CPI inflation rate was 2.1% in April 2019, up from 1.9% in March.

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Economic update: stability and vulnerability

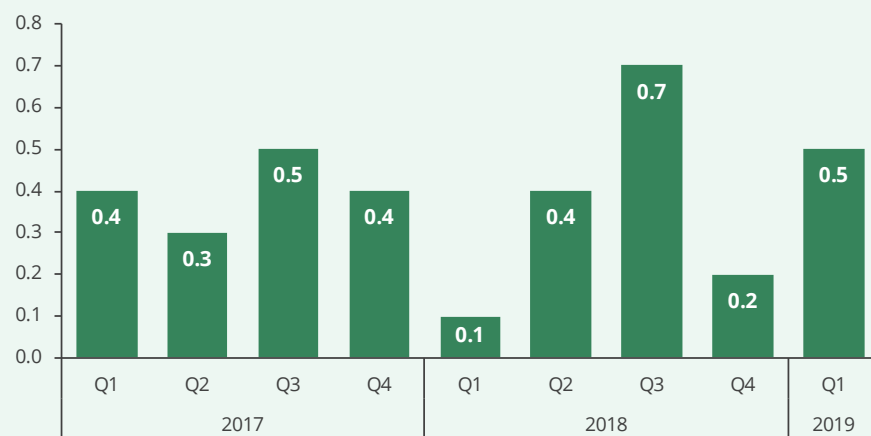
Economic growth in the UK has continued steadily during May, with little change in GDP figures from previous months. The labour market appears to be doing well, with record high employment and low unemployment, and above-inflation increases in wages. However, economic growth remains unspectacular, and weakness in productivity, trade and business confidence indicates that the economy remains vulnerable.

GDP growth remains steady as public finances improve

GDP grew by 0.5% in the first quarter of this year. While this was something of a recovery from 0.2% in the previous quarter, there is no sign as yet of a sustained acceleration in growth. All major sectors of the economy grew: services (the largest part of the economy) grew by 0.3%, with greater growth in manufacturing (2.2%) and construction (1.0%).

GDP growth in Q1 2019 is fairly typical of the last few years

% change in GDP compared with previous quarter



Source: ONS, series IHYQ

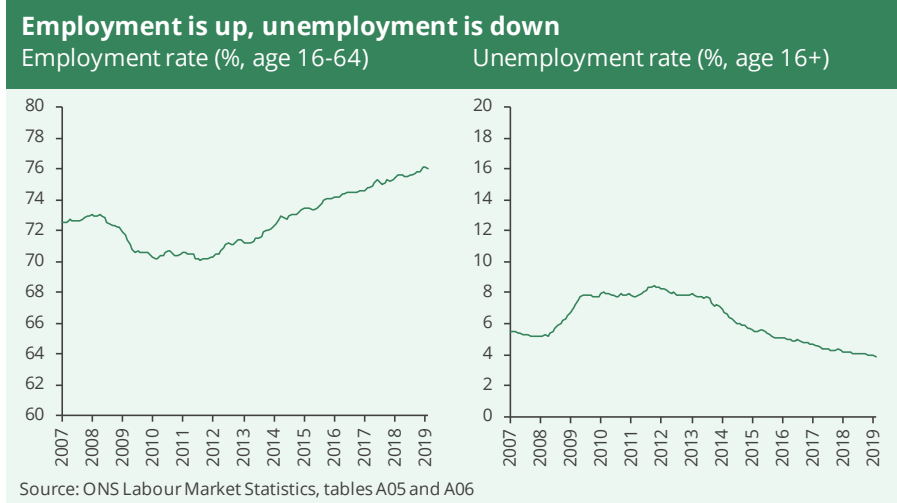
Inflation is also mostly steady – the Consumer Price Index inflation rate rose to 2.1% in April, up from 1.9% in March, but this remains very close to the Bank of England’s specific 2% target. In its May [Inflation Report](#), the Bank said that it was expecting inflation to drop back below its target in 2020 and then begin rising as economic growth picks up.

The Government’s [budget deficit](#) continues to decrease; the latest figures indicate that, at 1.1% of GDP, borrowing in 2018/19 was at its lowest level since 2001/02. After the sharp drop in borrowing in 2018/19, the Office of Budget Responsibility expect a small rise this year due to changes in tax and spending.

The labour market continues to impress

The employment figures continue to give good news. 354,000 more people were in employment in the first quarter of the year than in the

same period in 2018, and the employment rate increased from 75.6% to 76.1%, the joint-highest since comparable records began in 1971. Similarly, the number of people unemployed fell by 119,000 from the previous year, with the unemployment rate reaching 3.8%, its lowest level since 1975.



Earnings continue to outstrip inflation in both the public and private sector, although average real wages are yet to return to their pre-2008 financial crisis level.

But the economy remains vulnerable

Despite this steadiness, there is some cause for concern about the economy's vulnerability to another shock. Productivity continues to be stagnant, and stockpiling to protect against Brexit disruption has led to the value of imports growing faster than exports. As a result, the trade deficit widened by a record £8.9 billion to £18.3 billion (also a record) in this quarter.

Business confidence is also decreasing, with more manufacturers in April expecting output to fall than to rise. The EU's Economic Sentiment Indicator index for the UK has been falling towards levels last seen in 2013. This suggests that uncertainty in the current political climate is affecting confidence, and that risks to the economy remain.

1. Headline UK Economic Indicators, May 2019

Gross Domestic Product: Jan-Mar 2019, Seasonally Adjusted		
Change (real %)	0.5 (qtr)	1.8 (yr Q1 18-Q1 19)
Industries		
Service output: 3 months to March 2019		
Change (%)	-0.1 (mth)	2.0 (yr)
Manufacturing output: 3 months to March 2019		
Change (%)	0.7 (mth)	1.2 (yr)
Productivity: Q1 2019, Seasonally Adjusted		
Output per hour		
Change (%)	-0.6 (qtr)	-0.2 (yr)
Inflation: April 2019		
Change on year (%)	2.1 (CPI)	3.0 (RPI)
Labour Market: January-March 2019, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		3.8
Change (% points)	-0.2 (qtr)	-0.4 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		76.1
Change (% points)	0.2 (qtr)	0.5 (yr)
Interest Rate: as of 24 May 2019		
Bank of England Base Rate		0.75 (%)
Public Finances: 2018/19		
Net borrowing	24 (£ bn)	1.1 (% GDP)
Net debt	1,801 (£ bn)	83.1 (% GDP)
Trade: Q4 2018		
Current Account	-23.7 (£ bn)	-4.4 (% GDP)
Sterling Exchange rate: 23 May 2019		
US Dollar (\$)	1.27 (rate)	-4.8% (% change on yr)
Euro (€)	1.14 (rate)	0.0% (% change on yr)
EC Economic Sentiment Indicator for UK: April 2019		
Points (1990-2012 average = 100)		99.3
Change (points)	-1.5 (mth)	-5.9 (yr)
Retail Sales: April 2019, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		1.8 (% change on yr)
Housing Market: March 2019, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.1 (mth)	1.4 (yr)

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

Headline Indicators summary

GDP in the UK grew by 0.5% in January-March 2019 compared to the previous quarter. This compares to growth of 0.4% in the Eurozone.

Services output was down by 0.1% in the three months to March 2019 compared to the previous quarter. **Manufacturing output** rose by 2.2%.

CPI inflation was 2.1% in April 2019, up from 1.9% in March. Inflation in the Eurozone was 1.7% in April, up from 1.4%.

The Bank of England's Monetary Policy Committee (MPC) voted unanimously to **leave interest rates unchanged** at 0.75% at its May policy meeting. They were raised from 0.5% in August 2018.

Average wages excluding bonuses were 3.3% higher in the three months to March 2019 compared with the year before. CPI inflation for this period was 1.9%.

32.70 million people were in **employment** in January-March 2019, up 354,000 from a year before. The **employment rate** was 76.1%, the joint-highest rate since comparable records began in 1971.

1.30 million people were **unemployed** in January-March 2019, down 119,000 from the year before. The **unemployment rate** was 3.8%, the lowest rate since 1975. The UK harmonised unemployment rate for Q4 2018 was the 12th lowest of the 36 OECD countries.

Productivity across the whole UK economy fell by 0.6% in Q1 2019 compared with the previous quarter. Compared with the previous year, productivity was down by 0.2% in Q1 2019.

Government borrowing in 2018/19 was £23.5 billion, £18.3 billion less than in 2017/18. At the end of 2018/19, public sector net debt was equivalent to 83.1% of GDP, down from 84.6% at the end of 2017/18.

The UK had a **trade deficit** of £18.3 billion in the three months to March 2019, compared with £9.4 billion in the previous three months. The **current account deficit** was £23.7 billion in Q4 2018 (4.4% of GDP), up from £23.0 billion in Q3 2018 (4.3% of GDP).

As of 23 May the **FTSE-100 Index** was down 4% compared with a month ago and down 7% compared with a year ago. The index has now remained at above 7,000 points since February 2019.

The **value of sterling** fell by 0.6% between March and April, following a rise of 1.4% between February and March.

The volume of **retail sales** increased by 1.8% in the three months to April 2019 compared with the previous three months, and increased by 5.4% compared with the previous year.

House prices increased by 1.4% in the year to March 2019.

Household debt stood at 133% of disposable income in Q4 2018. It has been around this level since mid-2017.

2. Introduction to Economic Indicators

Economic Indicators is published on the first Tuesday of the month. Individual indicator pages are updated more frequently as new data becomes available and are published on the Library's webpages.

Feedback

If you have any comments or suggestions about Economic Indicators please contact the editor, Andy Powell on x6962.

Weekly email alert

A weekly email alert with updated indicators is available to Members and their staff on request. To subscribe, please visit the Economic Indicators web pages.

Regional Economic Indicators

A separate briefing, Regional and National Economic Indicators, is available containing key economic data on the regions and countries of the UK, compared to the national UK average.

Sources and glossary

A guide to sources is provided in Section 5. Economic terms, symbols and abbreviations used in the publication are provided in Section 6.

Contacts

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

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A1: Gross Domestic Product

The economy grew by 0.5% in January-March 2019 compared to the previous quarter (October-December 2018).

Real Gross Domestic Product

seasonally adjusted

	% change on qtr	% change on yr
2016	...	1.8
2017	...	1.8
2018	...	1.4
2018 Q1	0.1	1.2
Q2	0.4	1.4
Q3	0.7	1.6
Q4	0.2	1.4
2019 Q1	0.5	1.8

Source: ONS, series: IHYP, IHYQ, IHYR

The services sector was the largest contributor to the quarterly growth, while production and construction also contributed positively.

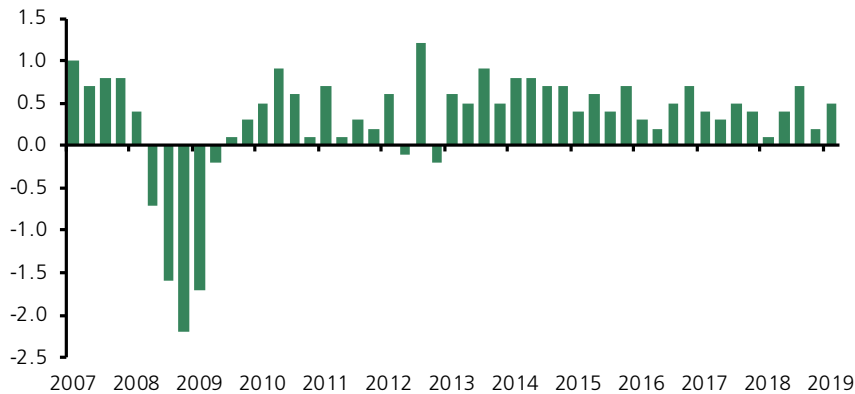
Looking at month-on-month growth rates, GDP contracted by 0.1% in March. (These monthly figures are more volatile than the quarterly estimates.)

GDP increased by 0.5% in January-March 2019 compared with the previous quarter

In cash terms, GDP was £2,115 billion in 2018.

GDP growth

Calendar quarters, % change on previous quarter



Forecasts

At the March 2019 Spring Statement, the Office for Budget Responsibility (OBR) forecast growth of 1.2% for 2019 and 1.4% for 2020.

The Treasury’s May 2019 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.4% for 2019 and 1.5% for 2020.

Annual GDP growth forecasts (%)

	2019	2020
HM Treasury average of independent forecasts (Apr 19)	1.4	1.5
OBR forecasts (Mar 19)	1.2	1.4

Source:

Office for Budget Responsibility, *Economic and fiscal outlook*, Mar 2019

HMT, *Forecasts for the UK economy: a comparison of independent forecasts*, May 2019

Subject Specialist

Daniel Harari
x2464

Updates

ONS, [GDP monthly estimate](#), 10 June 2019

HM Treasury, [Forecasts for the UK economy](#), 19 June 2019

OBR, [Economic and fiscal outlook](#), Autumn 2019

A2: GDP International

GDP in the UK grew by 0.5% in Q1 2019 compared with the previous quarter. This compares with growth of 0.4% in the Eurozone and growth of 0.8% in the US.

Real GDP

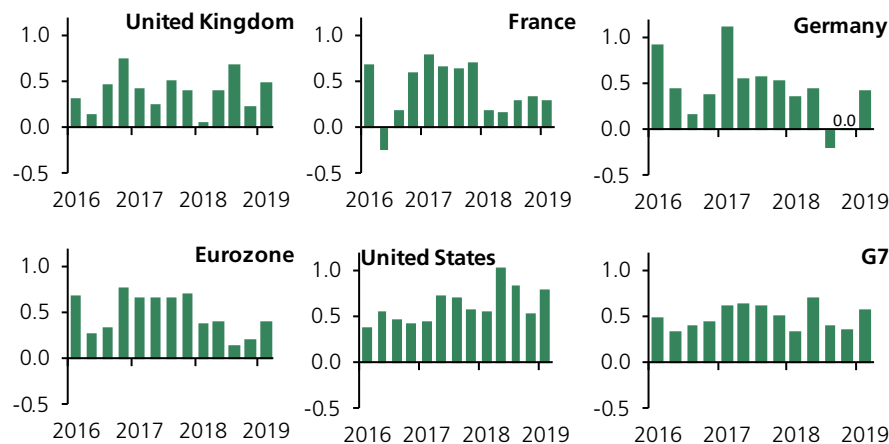
% changes

updated 24 May

	change on quarter				change on year			
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 18	Q3 18	Q4 18	Q1 19
UK	0.4	0.7	0.2	0.5	1.4	1.6	1.4	1.8
Eurozone	0.4	0.1	0.2	0.4	2.2	1.6	1.2	1.2
USA	1.0	0.8	0.5	0.8	2.9	3.0	3.0	3.2
Japan	0.5	-0.6	0.4	0.5	1.4	0.1	0.2	0.8
Germany	0.5	-0.2	0.0	0.4	2.0	1.2	0.6	0.7
France	0.2	0.3	0.3	0.3	1.7	1.4	1.0	1.1
G7	0.7	0.4	0.4	0.6	2.2	2.0	1.8	2.1
OECD	0.6	0.4	0.3	0.6	2.5	2.2	1.8	1.9

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

On 24 May, the OECD released its latest set of [forecasts](#). It raised slightly its GDP growth forecasts for the UK to 1.2% in 2019 and 1.0% in 2020, assuming a 'smooth' Brexit. Elsewhere, it warned that global trade tensions were "weighing on the world economy".

Real GDP growth forecasts

% change

	IMF (Apr '19)		EC (May'19)		OECD (Mar'19)	
	2019	2020	2019	2020	2019	2020
UK	1.2	1.4	1.3	1.3	0.8	0.9
France	1.3	1.4	1.3	1.5	1.3	1.3
Germany	0.8	1.4	0.5	1.5	0.7	1.1
Eurozone	1.3	1.5	1.2	1.5	1.0	1.2
US	2.3	1.9	2.4	1.9	2.6	2.2
Japan	1.0	0.5	0.8	0.8	0.8	0.7
China	6.3	6.1	6.2	6.0	6.6	6.2
India	7.3	7.5	7.1	7.3	7.0	7.2
Brazil	2.1	2.5	1.9	2.4	1.1	1.9
World	3.3	3.6	3.2	3.5	3.3	3.4

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

Sources: IMF Apr'19 WEO; EC Spring'19 WEO; OECD Interim Economic Outlook Mar'19

Subject Specialist

Daniel Harari
x2464

Next updates

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

OECD, [Interim economic Outlook](#),
Sep 2019

IMF, [World Economic Outlook update](#),
Jul 2019

European Commission,
[Economic Forecasts](#),
Summer 2019

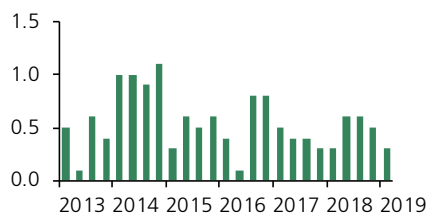
A3: Components of GDP

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 0.5% in real terms in Jan-Mar 2019 compared with the quarter before.

GDP by Industry

Service sector
quarterly growth (%)



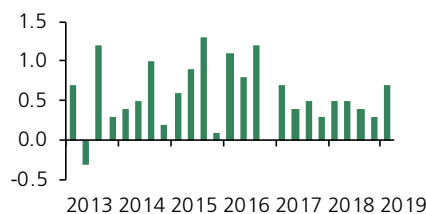
Services are the sector that account for the largest part of the economy – in 2017, they accounted for 79% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Jan-Mar 2019, service sector output increased by 0.3% in real terms compared with the previous quarter.

Manufacturing output grew by 2.2% (the production sector overall grew by 1.4%), and the construction sector grew by 1.0%.

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 2018. Government consumption accounted for 18% and investment for 17%.

In Q1 2019, household consumption grew by 0.7% in real terms. Government consumption was up 1.4% and investment was up 2.1%. Exports were unchanged and imports were up 6.8% compared with the previous quarter.

GDP by expenditure
% change on previous quarter (real terms)

	Household consumption	Government consumption	Investment (GFCF)	Exports	Imports	GDP
2017 *	2.2	-0.2	3.5	5.6	3.5	1.8
2018 *	1.8	0.4	0.2	0.1	0.7	1.4
2018 Q1	0.5	0.2	-0.8	-1.3	-0.6	0.1
Q2	0.5	-0.4	-0.6	-1.0	0.4	0.4
Q3	0.4	-0.1	0.9	0.9	0.7	0.7
Q4	0.3	1.3	-0.6	1.6	2.1	0.2
2019 Q1	0.7	1.4	2.1	0.0	6.8	0.5

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

Note: * annual % change

Subject Specialist

Daniel Harari
x2464

Updates

ONS, [GDP monthly estimate](#), 10 June 2019

ONS, [Quarterly national accounts](#), 29 June 2019

ONS, [GDP first quarterly estimate, UK](#), 28 June 2019

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 2019 was 1.4% above what it was over 11 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 1.4% above the pre-financial crisis peak of late 2007

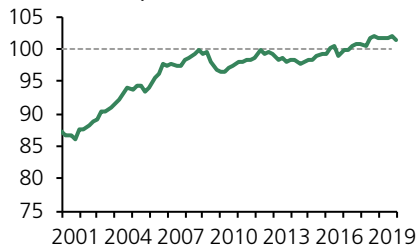
Productivity - output (GDP) per hour

	% change on qtr	% change on yr
2017	..	1.0
2018	..	0.5
2018 Q2	0.2	1.5
Q3	-0.2	-0.2
Q4	0.3	-0.1
2019 Q1*	-0.6	-0.2

Source: ONS series TXBB, LZVD; *flash estimate

Productivity level (GDP per hour)

Index where Q4 2007 level = 100



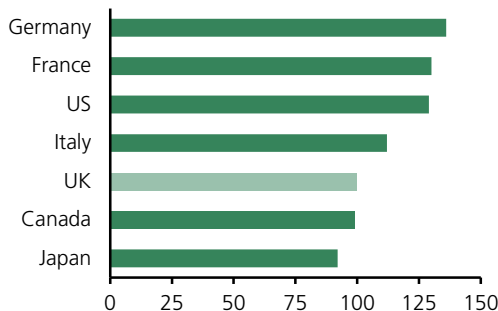
[Productivity](#) fell by 0.6% in Q1 2019 compared with the previous quarter. Compared with a year ago, productivity was down by 0.2% in Q1 2019.

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).

Recent [new evidence](#) from the OECD showed that the UK's productivity gap with the G7 average is not as great as previously thought, due to the different ways countries measure hours worked. The ONS is exploring this research.

Subject Specialist

Daniel Harari
x2464

Updates

ONS, [UK productivity bulletin](#), 5 July 2019

ONS, [International comparisons of productivity](#), date to be announced

A5: Services

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

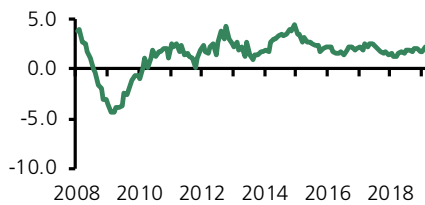
In 2017, the service industries accounted for 79% of total UK economic output (Gross Value Added). Services accounted for 83% of workforce jobs in December 2018.

Services Output

In the three months to March 2019, services output decreased by 0.1% compared with the three months ending December 2018.

Services output decreased by 0.1% between February and March 2019, following an increase of 0.1% between January 2019 and February 2019.

Output - Index of Services
% change on previous year

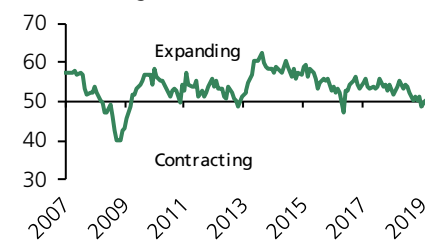


Services output for the three months to March 2019 increased by 2.0% compared with the three months to March 2018.

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 was 50.4 in April 2019. This is up from 48.9 in March, which was the lowest

that it had been since July 2016.

Despite the return to growth, uncertainty over Brexit and concerns about the economy in general contributed to subdued demand, with new business falling for the fourth month in a row.

Employment was largely unchanged from March, and business optimism was up.

Services Output Index

	Index	% change on yr
2017	102.1	2.1
2018	103.9	1.7
2019 Jan	105.0	1.8
Feb	105.1	2.3
Mar	105.0	2.0

Source: ONS, series S2KU, S222, S26Q

PMI Index

	Index	Change on mth
2017 Apr	55.8	
2018 Apr	52.8	
2019 Feb	51.3	1.2
Mar	48.9	-2.4
Apr	50.4	1.5

Source: Markit/CIPS UK Services PMI

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

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

Subject Specialist

Chris Rhodes
x2454

Update

ONS, [Index of Services](#), 10 June 2019

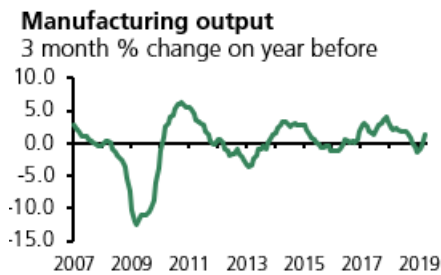
Markit/CIPS, [UK Services PMI](#), 5 June 2019

A6: Manufacturing

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

In 2018, the manufacturing sector accounted for 10% of total UK economic output (Gross Value Added). In September 2018, it accounted for 8% of jobs.

Manufacturing Output

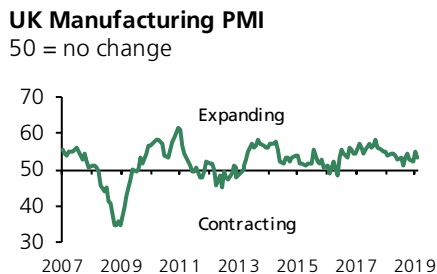


Total manufacturing output rose by 2.2% in the 3 months to March 2019 compared with the previous 3 months.

Manufacturing output rose by 1.2% in the 3 months to March 2019 compared with the 3 months to March 2018.

Particularly strong growth (of 9.4%) occurred in output from the pharmaceuticals sub-sector in the three months to March 2019.

Purchasing Managers' Index (PMI)



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

In April 2019 the UK Manufacturing PMI was 53.1, down from 55.1 in March. The

March figure was the highest since January 2018, and the PMI has now remained over 50 for 33 months.

In April, the rates of growth in output, new orders and export business all slowed. This was largely due to Brexit uncertainty and a decrease in employment in the sector. Business optimism was up, however. Stockpiling ahead of Brexit continued to increase, although at a slower rate than before.

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 June 2019

Markit/CIPS, [UK Manufacturing PMI](#), 3 June 2019

Manufacturing output index				PMI Index			
	Index	% change on year	% change 3m on previous 3m		Index	Change on mth	
2017	102.5	2.5		2017	Apr	57.3	
2018	103.4	0.9		2018	Apr	53.9	
2019	Jan 104.1		-0.1	2019	Feb	52.0	-0.8
	Feb 105.1		0.7		Mar	55.1	3.1
	Mar 106.1		2.2		Apr	53.1	-2.0

Source: ONS, series K22A, K2P4

Source: Markit/CIPS UK Manufacturing PMI

B1: Inflation

The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not meet international standards. It is included here as it is well-known and is the longest running measure of inflation.

The CPI inflation rate was 2.1% in April 2019, up from 1.9% in March.

The RPI inflation rate was 3.0% in April 2019, up from 2.4% in March to its highest value this year.

Consumer Prices Index (CPI)



Upward contributions came largely from rising prices of transport, mostly from air fares; this was partly offset by decreases in prices for recreation and culture, mostly from games, toys and hobbies.

Retail Prices Index (RPI)



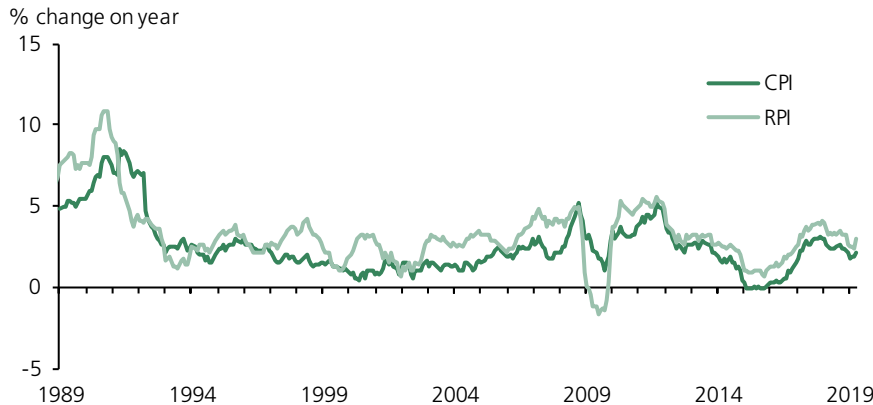
Price Indices

% change on a year ago

		CPI	RPI
2016	Apr	0.3	1.3
2017	Apr	2.7	3.5
2018	Apr	2.4	3.4
2019	Feb	1.9	2.5
	Mar	1.9	2.4
	Apr	2.1	3.0

Source: ONS series D7G7, CZBH

CPI and RPI since 1989



Subject Specialist

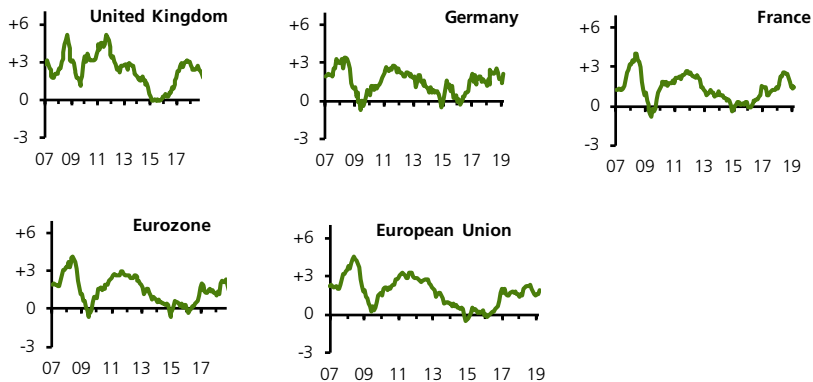
Daniel Harari
x2464

Update

ONS, [Consumer price inflation](#), 19 June 2019

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 1.9% in the year to March 2019, unchanged from February. UK inflation was 2.5% in March 2018.

EU inflation was 1.9% in April 2019, up from 1.6% in March. EU inflation was 1.5% in April 2018.

Inflation in the Eurozone was 1.7% in April, compared with 1.4% in March.

In Germany inflation was 2.1% in April, up from 1.4% in March; in France it was 1.5% in April, up from 1.3% in March.

Romania had the highest inflation rate in the EU in April (4.4%). The lowest inflation rate in the EU was in Croatia (0.8%).

Inflation rates: selected countries

Annual % change in consumer prices (HICP)

	2016	2017	2018	Jan 19	Feb 19	Mar 19	Apr 19
UK	0.7	2.7	2.5	1.8	1.9	1.9	..
Eurozone	0.2	1.5	1.7	1.4	1.5	1.4	1.7
European Union	0.3	1.7	1.9	1.5	1.6	1.6	1.9
France	0.3	1.2	2.1	1.4	1.6	1.3	1.5
Germany	0.4	1.7	1.9	1.7	1.7	1.4	2.1

Source: ONS, Eurostat

Subject Specialist

Daniel Harari
X2464

Update

ONS, [Consumer Prices bulletin](#) (UK), 22 May

Eurostat, [HICP full release](#), 18 Jun

Eurostat, [Flash estimate \(Eurozone\)](#), 4 June

B3: Average Earnings

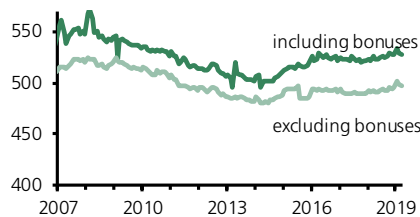
In April 2018 median gross weekly earnings for full-time employees in the UK were £569, up 3.5% on April 2017. This was the highest growth in earnings since 2008. Adjusted for inflation, median earnings for full-time employees increased by 1.2%.

More timely but less detailed data show average weekly earnings for all employees in Great Britain increased by 3.3% excluding bonuses in the three months to March 2019 compared with the previous year. Average weekly pay including bonuses increased by 3.2%.

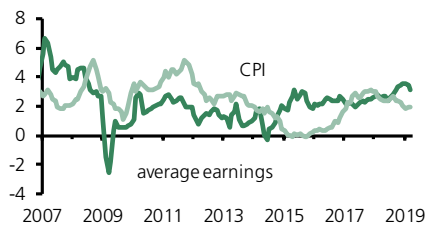
Inflation as measured by the CPI averaged 1.9% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 1.4% higher than the previous year and average pay including bonuses were 1.3% higher.

Average Earnings, Whole Economy

Real average weekly earnings
March 2019 prices, £



Inflation and earnings (incl bonuses)



Trends by Sector

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

		Total	Private	Public
2017	Mar	2.3	2.3	1.2
2018	Mar	2.6	2.9	2.4
2019	Jan	3.5	3.6	2.8
	Feb	3.5	3.7	2.6
	Mar	3.2	3.1	2.5

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

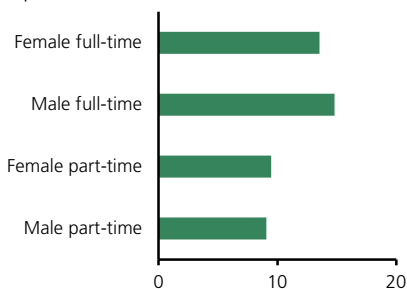
Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 3.1% in the private sector and by 2.5% in the public sector in the three months to March 2019 compared with the year before.

Hourly pay levels

Median hourly earnings (excluding overtime) were £14.31 for full-time employees at April 2018: £14.81 for men working full-time and £13.54 for women.

Median hourly pay excluding overtime
April 2018 (£)



Median hourly earnings (excluding overtime) were £9.36 for part-time employees; £9.07 for men and £9.47 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](#), 11 June 2019

ONS, [Annual Survey of Hours and Earnings](#), October 2019

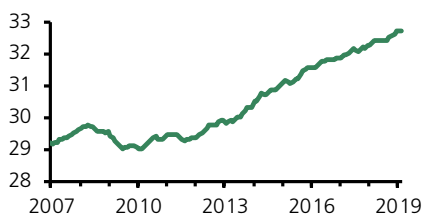
C1: Employment

32.70 million people were in employment in January-March 2019. Employment was up 99,000 from the previous quarter and up 354,000 from the year before.

The employment rate (the proportion of the population aged 16-64 in work) was 76.1%, up from 75.8% in the previous quarter. This is the joint-highest rate since comparable records began in 1971. It compares to a post-recession low of 70.1% in July-September 2011.

Employment; UK

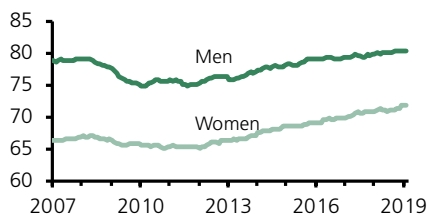
Millions, age 16+, seasonally adjusted



15.42 million women were in work, an increase of 114,000 from the previous quarter and 206,000 more than a year ago. The female employment rate was 71.8%. Increases in the rate over recent years are partly due to changes to the State Pension age for women.

Employment Rate; UK

%, age 16-64, seasonally adjusted



17.28 million men were in work, 15,000 fewer than the previous quarter and 148,000 more than a year ago. The male employment rate was 80.3%.

24.11 million people were working full-time, up 75,000 from the previous quarter and up 372,000 from a year ago. Part-

time employment was up 24,000 from the previous quarter but down 18,000 from the year before at 8.59 million.

Self-employment increased by 90,000 from the previous quarter and by 180,000 from the year before at 4.93 million. There was little change in the number of people working as employees from the last quarter, and an increase of 168,000 from the year before to 27.59 million.

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	2016	31,572	74.1	16,848	79.2	14,724	69.2	3,952	54.8
Jan-Mar	2017	31,946	74.8	16,960	79.4	14,986	70.2	3,920	55.1
Jan-Mar	2018	32,343	75.6	17,127	80.0	15,216	71.2	3,848	54.8
Oct-Dec	2018	32,597	75.8	17,290	80.3	15,308	71.4	3,830	55.0
Jan-Mar	2019	32,697	76.1	17,275	80.3	15,422	71.8	3,839	55.4
Change on qtr	Level	99	0.2	-15	0.0	114	0.4	10	0.3
	%	0.3%		-0.1%		0.7%		0.3%	
Change on yr	Level	354	0.5	148	0.3	206	0.7	-8	0.6
	%	1.1%		0.9%		1.4%		-0.2%	

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](#), 11 June 2019

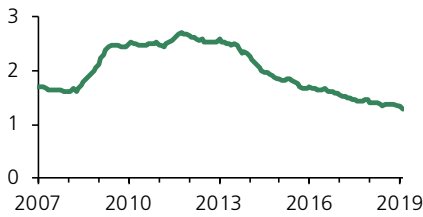
C2: Unemployment

There were 1.30 million unemployed people in the UK in January-March 2019, down 65,000 from the previous quarter and down 119,000 from the year before.

The unemployment rate was 3.8% (the percentage of the economically active population who are unemployed) – the lowest rate since 1975. The rate reached a post-recession high of 8.5% in late 2011.

Unemployment; UK

Millions, age 16+, seasonally adjusted

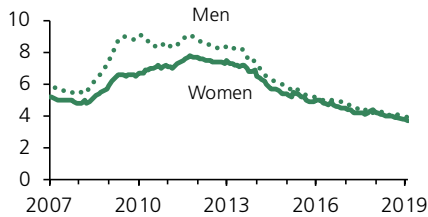


467,000 young people aged 16-24 were unemployed, down 43,000 from the previous quarter and down 57,000 from the year before. The unemployment rate for 16-24 year olds was 10.8%.

701,000 men were unemployed, down 45,000 from the previous quarter and down 50,000 from the year before.

Unemployment Rate; UK

%, age 16+, seasonally adjusted



597,000 women were unemployed, down 20,000 from the previous quarter and down 69,000 from a year ago.

The unemployment rates were similar for men and women – 3.9% for men and 3.7% for women.

346,000 people had been unemployed for over 12 months, little change from the previous quarter and down 11,000 on 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 2016	1,687	5.1	915	5.1	772	5.0	627	13.7	
Jan-Mar 2017	1,527	4.6	844	4.7	683	4.4	557	12.4	
Jan-Mar 2018	1,417	4.2	751	4.2	667	4.2	523	12.0	
Oct-Dec 2018	1,363	4.0	746	4.1	617	3.9	510	11.8	
Jan-Mar 2019	1,298	3.8	701	3.9	597	3.7	467	10.8	
Change on qtr	Level	-65	-0.2	-45	-0.2	-20	-0.1	-43	-0.9
	%	-4.8%		-6.1%		-3.2%		-8.5%	
Change on yr	Level	-119	-0.4	-50	-0.3	-69	-0.5	-57	-1.1
	%	-8.4%		-6.7%		-10.4%		-11%	

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

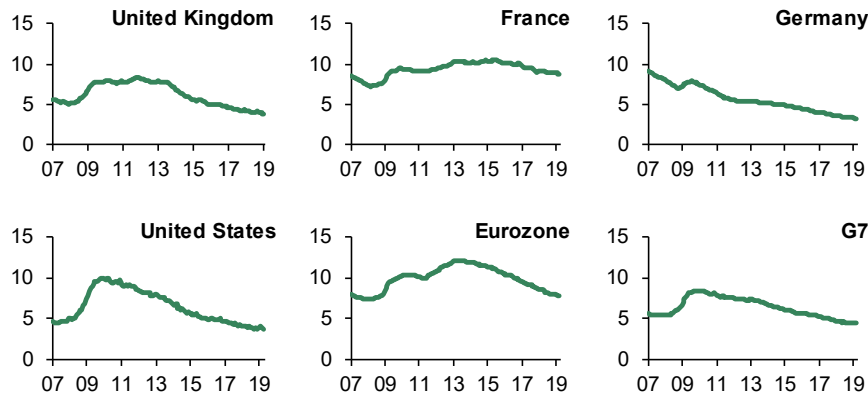
Updates

ONS, [Labour Market Statistics](#),
11 June 2019

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 2018** was 3.9%. This was slightly above the rate of the US (3.8%), below that of France (8.9%) but above that of Germany (3.3%). The UK rate was the 12th lowest of the 36 OECD member countries.

The unemployment rate for the Eurozone fell to 7.8% in **Q1 2019** from 7.9% in Q4 2018, but increased in the G7 from 4.4% to 4.5%. The Q1 figure for the UK has not yet been published.

Most 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 2018 (18.5%) followed by Spain at 14.5%.

The Czech Republic had the lowest unemployment rate in the OECD for Q4 2018 at 2.1%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q4 2018 youth unemployment was 39.6% in Greece, 33.5% in Spain and 32.5% in Italy. UK youth unemployment stood at 11.2%.

Unemployment

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

	CAN	FRA	GER	ITA	JPN	UK	USA	Eurozone	G7	OECD
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
2018	5.8	9.1	3.4	10.6	2.4	4.0	3.9	8.2	4.6	5.3
2018 Q1	5.8	9.2	3.5	10.9	2.5	4.2	4.1	8.5	4.7	5.4
Q2	5.9	9.1	3.4	10.7	2.4	4.0	3.9	8.3	4.6	5.3
Q3	5.9	9.0	3.4	10.3	2.4	4.0	3.8	8.0	4.5	5.3
Q4	5.6	8.9	3.3	10.6	2.4	3.9	3.8	7.9	4.4	5.3
2019 Q1	5.8	8.8	3.2	10.4	2.4	..	3.9	7.8	4.5	5.3
Change on qtr	0.2	-0.1	-0.1	-0.2	0.0	...	0.1	-0.2	0.0	0.0
Change on yr	0.0	-0.4	-0.3	-0.5	0.0	...	-0.2	-0.8	-0.2	-0.1

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
13 June 2019

D1: Interest Rates and Monetary Policy

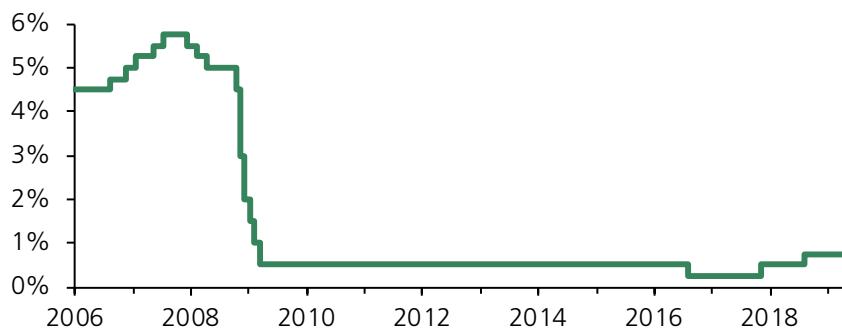
Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Rates remained at historic lows for many subsequent years close to or below 0% in most developed economies.

UK (Bank of England)

The Bank of England's Monetary Policy Committee (MPC) voted unanimously to leave interest rates unchanged at 0.75% at its [May policy meeting](#). The last change occurred in August 2018 when the MPC raised rates from 0.5% to 0.75%. Analysts are not expecting any rate changes over the next few months (at least).

The MPC left interest rates unchanged at 0.75% at its [May meeting](#)

UK official interest rate



In its [May Inflation Report](#), the MPC upgraded its forecast for GDP growth in 2019 from 1.2% to 1.5%. It forecast that growth would begin to accelerate from 2020, up to 2.1% in 2021. This is assuming interest rates rise to 1.0% over this period (as markets currently expect). In turn, it expects the inflation rate to rise above its 2% target in 2021.

The Bank's forecasts **assume a smooth Brexit** with an orderly transition to new trading arrangements between the UK and EU. The MPC states that the monetary policy response to Brexit will depend on the "form it takes".

The MPC's **quantitative easing** (QE) programme, where the Bank creates new money to buy financial assets, remains active and unchanged. QE 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 [policy meeting](#), the European Central Bank (ECB) left its main interest rate unchanged at 0.0%. In its previous meeting, the ECB pledged to keep rates unchanged until 2020 in response to weak economic data. New asset purchases under its [quantitative easing programme](#) ended in December 2018 and are worth a total of €2.6 tn.

United States (Federal Reserve)

At its two-day policy meeting ending on 1 May, the Federal Reserve kept [interest rates unchanged](#) in a range of 2.25-2.50%. Rates have risen gradually since December 2015 from 0-0.25% against a backdrop of jobs growth and a stronger economy.

Subject Specialist

Daniel Harari
x2464

Updates – next monetary policy meetings

UK ([20 Jun](#))
ECB ([6 Jun](#))
US ([19 May](#))

D2: Public finances

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	136	8.5%	1,158	71.0%
2011/12	116	7.0%	1,253	74.7%
2012/13	120	7.0%	1,364	78.2%
2013/14	98	5.5%	1,464	80.2%
2014/15	90	4.8%	1,555	82.6%
2015/16	72	3.8%	1,603	82.3%
2016/17	45	2.3%	1,727	85.1%
2017/18	42	2.0%	1,779	84.6%
2018/19	24	1.1%	1,801	83.1%
2019/20	29	1.3%	1,838	82.2%
2020/21	21	0.9%	1,828	79.0%
2021/22	18	0.7%	1,796	74.9%
2022/23	14	0.6%	1,838	74.0%
2023/24	13	0.5%	1,878	73.0%

Sources: ONS, OBR. Excludes public sector banks

The ONS has published its second provisional estimate of Government borrowing in 2018/19. Borrowing in 2018/19 was £23.5 billion, £18.3 billion less than in 2017/18. This is the lowest level of borrowing since 2001/02.

In December 2018, the [ONS announced](#) that it will change how it accounts for student loans. The change isn't yet reflected in the borrowing

figures, the ONS aims to implement it in September 2019.

At the end of April 2019, public sector net debt was equivalent to 82.7% of GDP which is lower than at the end of April 2018, when the debt-to-GDP ratio was 84.3%. The OBR forecast that net debt will decrease to around 73% of GDP by the end of 2023/24.

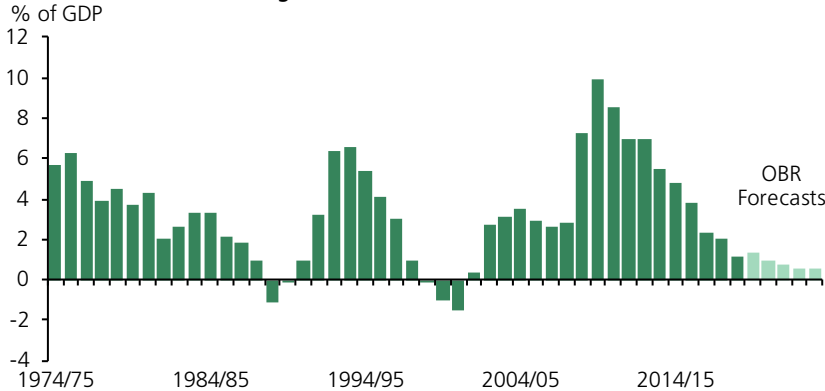
The ONS's figures for 2018/19 are provisional: they're not final figures and may be revised as provisional data are replaced with final audited data.

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.

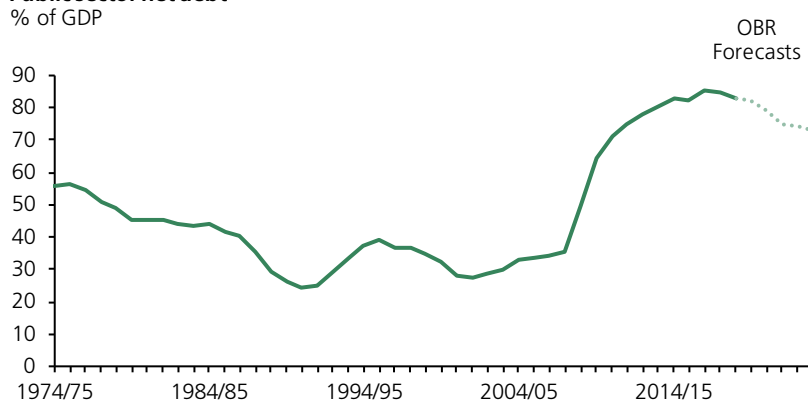
Net debt is the total amount that the public sector owes – it is largely the stock of past borrowing.

All figures exclude public sector banks.

Public sector net borrowing



Public sector net debt



Subject Specialist
 Matt Keep
 x4324

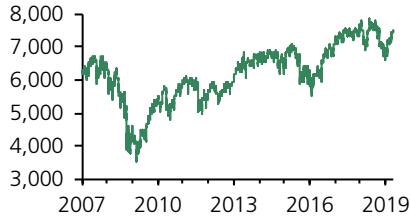
Next update
 OBR, [Economic and fiscal outlook](#), Autumn 2019

ONS, [Public sector finances](#), 21 June 2019

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index
Daily closing price

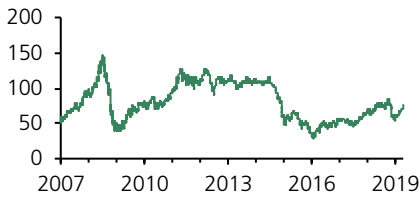


The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite turbulence following the EU Referendum result, the index closed at twelve successive record highs between December 2016 and January 2017 - the index's longest run of successive

all-time peaks since its inception in 1984. The index passed 7,800 for the first time in May 2018, reaching another record high on 22 May 2018. On 3 January 2019, the index closed at its lowest level in over two years.

Brent Crude Oil

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

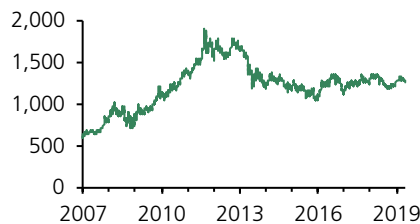


The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since 2004. The price climbed in late 2016, after OPEC agreed to its first supply cut since 2008, closing at above \$85/barrel in early October

2018, though has fluctuated since and has now closed at between \$60-\$70/barrel since mid-November 2018.

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. Since January 2017, the price has generally been between \$1,200 and \$1,300/ounce, reaching a high of \$1,354/ounce in January 2018.

Data from 23 May 2019

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
23 May 2019	7231.04	67.59	1273.80
%change over:			
1-month	-4%	-9%	0%
12-months	-6%	-11%	-1%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

Daniel Harari
x2464

Updates

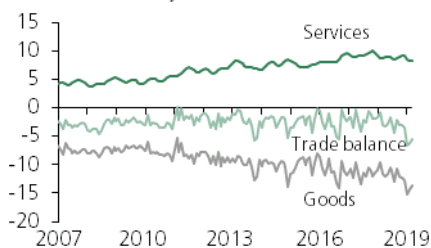
Financial Times, Weekly
Basis

E1: Trade

In 2018, the UK's exports of goods and services totalled £634 billion and imports totalled £665 billion. The EU accounted for 46% of UK exports of goods and services and 53% of imports in 2018.

Balance of trade, goods & services

£ billion, monthly data



Overall, the UK imports more than it exports meaning that it runs a trade deficit. A deficit of £138 billion on trade in goods was partially offset by a surplus of £107 billion on trade in services in 2018. The overall trade deficit was £31 billion in 2018.

The UK had a trade deficit with the EU of £64 billion in 2018 and a trade surplus of £33 billion with non-EU countries.

The trade deficit with all countries widened by a record £8.9 billion to a record £18.3 billion in the three months to March 2019 compared with the previous three months. Exports decreased by 0.8 % over this period. Imports increased by 4.4 % (both figures in cash terms).

Trade in Goods and Services and Current Account Balance

Seasonally adjusted

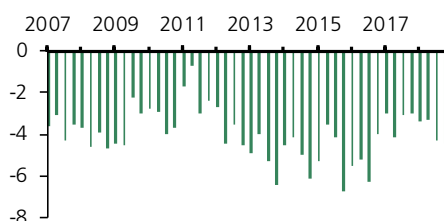
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2017	617.5	641.5	-23.9	-68.4	-3.3%
2018	634.1	665.0	-31.0	-81.6	-3.9%
2018 Q1	155.3	160.6	-5.2	-17.7	-3.4%
Q2	156.6	164.1	-7.4	-17.3	-3.3%
Q3	159.5	168.4	-8.9	-23.0	-4.3%
Q4	162.5	172.0	-9.4	-23.7	-4.4%
2019 Q1	161.2	179.5	-18.3

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 billion in 2018, compared with £68 billion in 2017. The current account deficit was 3.9% of GDP in 2018 compared with 3.3% in 2017.

Current Account Balance

% of GDP



The current account deficit was £23.7 billion in Q4 2018 (4.4% of GDP), up from £23.0 billion (4.3% of GDP) in Q3 2018.

Subject Specialist

Ilze Jozepa
X6920

Updates

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

ONS, [UK Balance of Payments](#), 28 June

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 0.6% between March and April, following a rise of 1.4% between February and March. Compared with the same period a year ago, it is 1.0% lower. It is 24.7% below its January 2007 peak level.

Sterling Exchange Rate Index (SERI)

Jan 2005=100



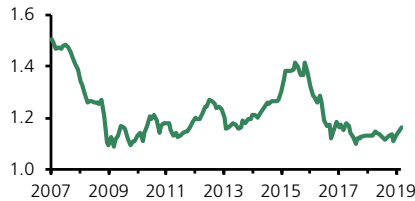
On average in April compared with March, the pound fell by 1.0% against the dollar, following a rise of 1.1% between February and March. The pound fell sharply against the dollar following the EU referendum, from \$1.48 on 23 June 2016 to \$1.14 in June 2017 – a 31 year low. In 2018, the value of the pound against the dollar reached as high as \$1.43 in mid-April (the highest since the EU referendum), though has remained between \$1.26 and a high of \$1.33 in 2019.

Latest closing prices:
 \$1.27 per £1
 €1.14 per £1
 (On 23 May 2019)

Sterling was down 0.4% against the Euro on average in April compared to March. On 2 May 2019, the Euro was valued at €1.17 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.

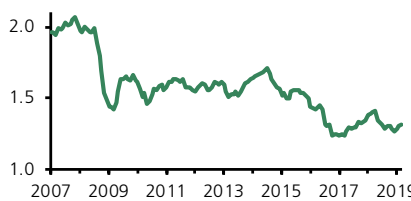
€ / £ Exchange Rate

€ 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
2016	1.35	-11.4%	1.22	-11.2%
2017	1.29	-4.8%	1.14	-6.7%
2018	1.34	3.6%	1.13	-0.9%
2019 Feb	1.30	-6.8%	1.15	1.4%
Mar	1.32	-5.8%	1.17	2.9%
Apr	1.30	-7.4%	1.16	1.1%

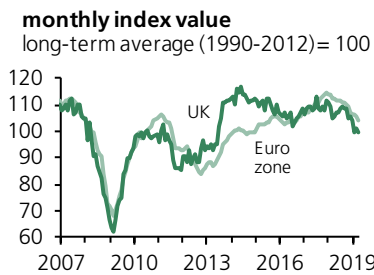
Source: Bank of England, Bankstats database

Subject Specialist
 Daniel Harari
 x2464

Updates
 Financial Times, [sterling exchange rates](#) (daily)
 Bank of England, [SERI & monthly rates](#), Early June 2019

F1: Business and Consumer Confidence

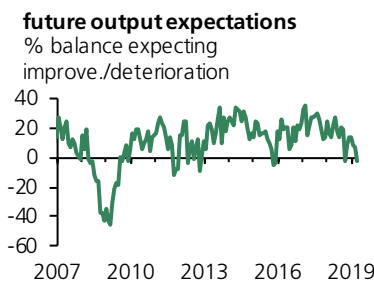
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

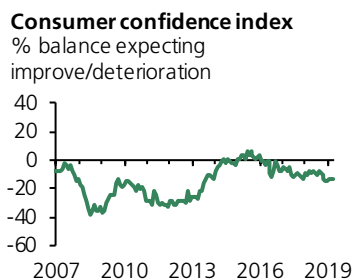
Between March and April, the overall UK sentiment index decreased by 1.5 points to 99.3.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In April, fewer manufacturers thought that output would rise over the next three months than thought it would fall. The difference was -2% of manufacturers, down from +7% 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 stayed at -13 for the third month in a row.

Subject Specialist

Daniel Harari, x2464

Update

EC, [Economic Sentiment Indicator](#), 28 May 2019

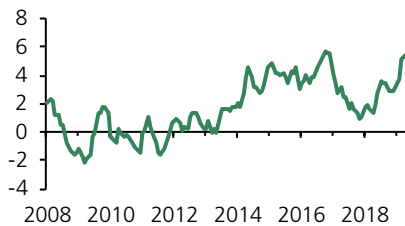
CBI, [Industrial Trends](#), Mid-May 2019

GfK NOP, [Consumer Confidence](#), 31 May 2019

F2: Retail Sales

In April 2019, [retail sales in the UK](#) totalled £7.4 billion per week, up from £7.1 billion per week in March 2019. This figure includes money spent in shops, supermarkets, in petrol stations and online.

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



In the three months to April 2019, the quantity (**volume**) of retail sales increased by 1.8% compared with the previous three months ('volume' figures do not include the effect of inflation). Over the year, the volume of retail sales increased by 5.4%.

All figures are **seasonally adjusted**

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

The average weekly value of **internet sales** in Great Britain was £1.3 billion in April 2019. This was 17.6% of all retail sales, down from 18.6% in March 2019. Internet retailing exceeded 20% of retail sales for the first time in November 2018.

Online sales increased year-on-year by 10.1%, driven by growth in non-store retailing, up 9.3% on the year.

Volume of retail sale

Index 2016=100, seasonally adjusted

		Food	Non-food	Total
2017	Apr	100.6	101.2	102.4
2018	Apr	100.8	102.2	103.2
2019	Feb	102.0	104.6	107.4
	Mar	103.1	104.6	108.7
	Apr	102.8	105.7	108.6
3m % change on y		2.2	3.6	5.4

Change on year is the change on the most recent three month period compared to the same period a year earlier, not including the effect of inflation

Total includes fuel and non-store retailing

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

Subject Specialist

Chris Rhodes
x2454

Updates

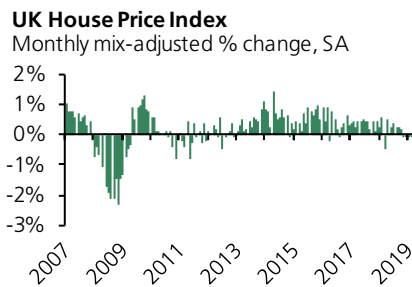
ONS, [Retail Sales](#),
20 June 2019

The volume of sales in food stores in the three months to March 2019 was up 2.2% on the same period last year.

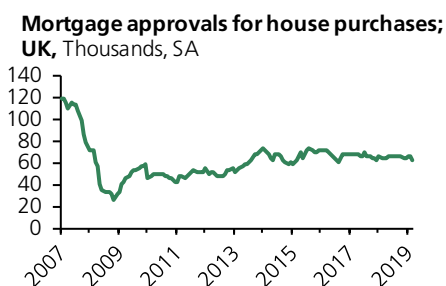
The volume of sales in non-food stores was up 3.6% on last year.

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 1.4% between March 2018 and March 2019. On a seasonally adjusted basis house prices increased by 0.1% between February 2019 and March 2019.



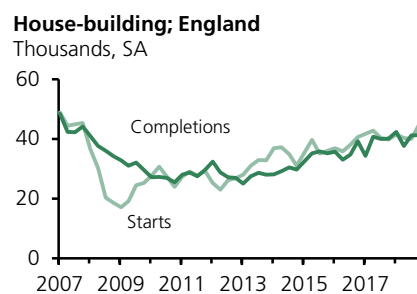
There are regional differences in house prices. The average price is highest in London at roughly £463,000. The lowest prices are found in Northern Ireland and the North East at £135,000 and £123,000 respectively.



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 2019 were down 2.1% on a year ago and 4.6% on February 2019.

Approvals remain well down on pre-recession levels. There were 62,341 mortgage approvals in March 2019, compared with 63,387 in March 2018.



Housing starts and completions have increased from the lows observed in late 2008 and early 2009 but remain below pre-recession levels.

There were 44,740 house building starts (seasonally adjusted) in England in Q3 2018, a 12% increase compared with the

previous quarter, and a 12% increase compared with the same quarter of 2017. This is above the recent low of 17,120 in Q1 2009, but still below the 48,920 starts in Q1 2007.

There were 41,270 dwelling completions (seasonally adjusted) in Q3 2018, broadly similar to the previous quarter and a 3% increase compared with the same quarter of 2017. Completions remain below the peak of 48,430 completions in Q1 2007.

Subject Specialist

Matt Keep
x4324

Updates

HM Land Registry, [UK house price index](#), 19 June 2019

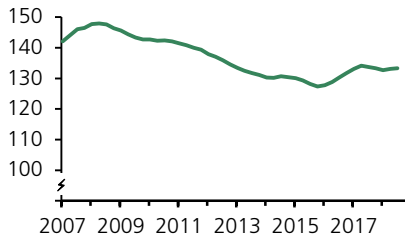
Bank of England, [Money and credit](#), 31 May 2019

DCLG, [House-building](#), April 2019

F4: Household Debt

Household debt as a % of disposable income

Household debt: % of disposable income

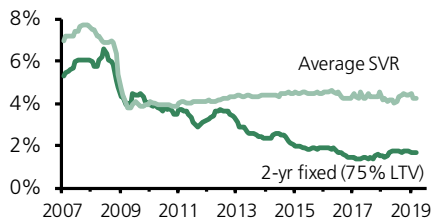


Household debt peaked in Q2 2008 at 148% of household disposable income. It then declined to 127% by late 2015.

Growth in household debt levels accelerated from early 2016, so that the debt-to-income ratio rose again to 134% by mid-2017. In Q4 2018 it was 133%.

Current average mortgage interest rates

Current average mortgage interest rates



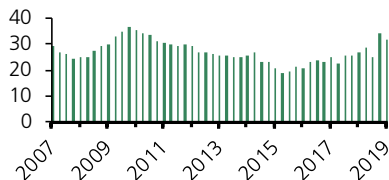
The average Standard Variable Rate (SVR) was 4.27% in February 2019, up from 4.14% a year ago.

The average 2-year fixed mortgage rate was 1.68% in January, up from 1.53% a year ago.

The increase in fixed-term interest rates in the past year follows the Bank of England [raising its base interest rate in November 2017](#) (from 0.25% to 0.5%). Interest rates were raised again in August 2018 (from 0.5% to 0.75%).

Individual insolvencies, England and Wales

Individual insolvencies;
England and Wales, Thousands



There were 31,527 individual insolvencies in England and Wales in Q1 2019, down 8% on the previous quarter, and 16% on the same period in 2017.

In Scotland, there were 3,272 individual insolvencies in Q1 2019, the highest since Q4 2013.

In Northern Ireland, there were 578 individual insolvencies in Q1 2019, up 1% on the year.

Subject Specialist

Daniel Harari
x2464

Updates

Bank of England,
[Statistical database](#),
30 May 2019

Insolvency Service,
[Insolvency Statistics](#),
30 Jul 2019

ONS, [UK Economic Accounts](#), 28 Jun 2019

3. Glossary

3.1 Definitions¹

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

¹ 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. $\text{GDP at market prices} = \text{GDP at basic prices} + \text{transport prices paid separately} + \text{non-deductible taxes on expenditure} - \text{subsidies received}$.

Money supply: The total amount of money in an economy at a given time.

The Public Sector Net Borrowing (PSNB): This measures the public sector's accumulation of debt net of liquid financial assets. Its approximate stock equivalent is net public sector debt.

Public Sector Net Debt: This is approximately the stock analogue of the PSNB. It measures the public sector's financial liabilities to the private sector and abroad, net of short-term financial assets such as bank deposits and foreign exchange reserves.

Retail Prices Index (RPI): A domestic indicator of inflation. It measures the average change from month to month in the prices of goods and services purchased in the UK. It is similar to the CPI, but differs in terms of methodology and coverage. For example, the RPI includes housing costs such as mortgage interest payments while the CPI doesn't.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences, which may distort the data, has been removed.

Sterling Exchange Rate Index (SERI): This measures the value of sterling against a trade-weighted 'basket' of other currencies. The weights used in this

index measure currencies' relative importance to UK trade in goods and services.

UK Base/Repo rate: The rate at which the Bank of England lends to discount houses by buying their bills. The base rate is usually the minimum rate at which banks are prepared to lend money. The high street bank base rate follows that set by the Bank of England, and it acts as the benchmark for other interest rates, including mortgages and personal loans.

Unemployment: The ILO definition includes all people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed persons expressed as a percentage of the total economically active population.

Volume/value of retail sales: The volume of retail sales is the total takings adjusted for inflation and the value of retail sales is the total actual takings.

Workforce jobs: The sum of employee jobs, self-employment jobs, those in HM Forces and government-supported trainees.

3.2 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

4. 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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