

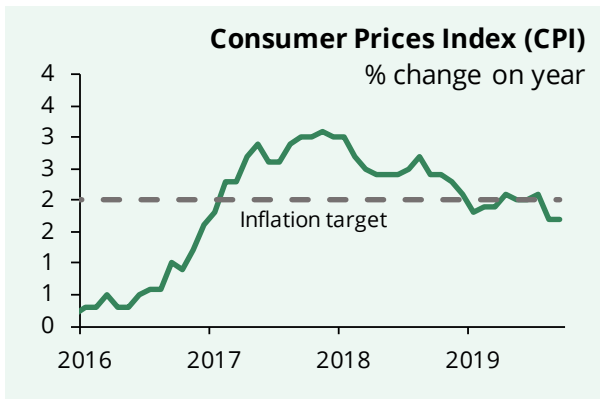


BRIEFING PAPER

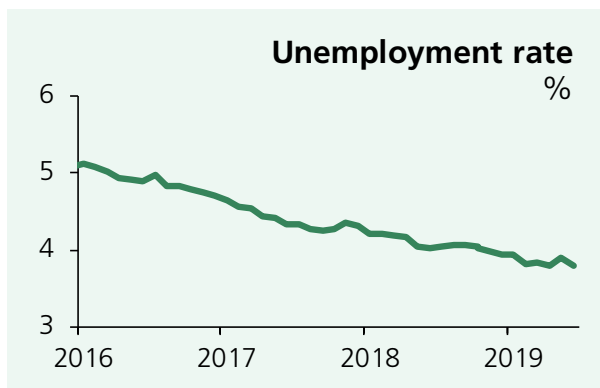
Number 8726, 31 October 2019

Economic Indicators, October 2019

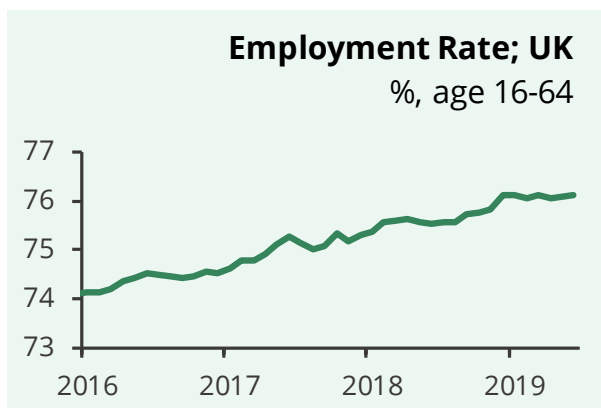
By
Philip Brien
Matthew Ward



The CPI inflation rate was 1.7% in September 2019, unchanged from August.



The unemployment rate was 3.9% in June-August 2019, up slightly from the previous quarter.



The employment rate was 75.9%, down slightly from the previous quarter.

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Economic update: October 2019

The UK's economy was a mixed bag in October. The labour market (which had previously been at record levels) began to show cracks, and Government borrowing began to rise. On the other hand, economic growth has stayed positive, with the UK looking increasingly likely to avoid a recession – despite a previous quarter of negative growth – and inflation remaining steady.

A knock to the economy's confidence

The month was dominated by debates over Brexit, as the Bill implementing the Government's new Withdrawal Agreement with the EU was introduced, scrutinised and ultimately paused.

There are potential signs of uncertainty in the labour market: the number of people in employment dropped by 56,000 in June-August 2019 relative to the previous quarter, with unemployment rising by 22,000 over the same period. Although this still leaves the labour market in a strong position (and it is too early to tell whether this is a reversal of the trend), this is in contrast to steady growth in employment and decreases in unemployment over the previous year.

Business confidence also continued to be low. The Confederation of British Industry (CBI) has found the majority of manufacturers are expecting output to decrease in the next three months.

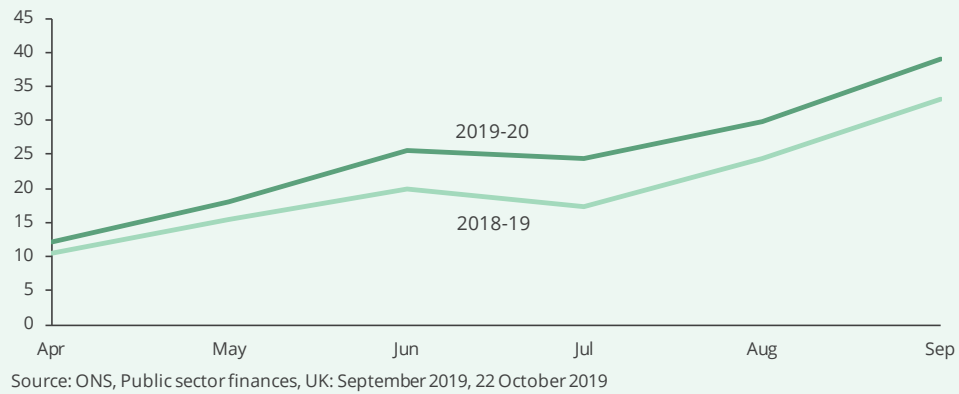


Borrowing increases (as the Budget vanishes)

Chancellor Sajid Javid had been expected to deliver his first Budget on 6 November, but these plans have now been cancelled. This will leave us without the OBR's detailed economic and fiscal forecasts next month., However, we already know that borrowing has begun to rise as spending increases – Government borrowing in the financial year to date was £39.0 billion, up £5.8 billion compared to the same period last year.

Cumulative net borrowing in the financial year to date

£ billions, excluding public sector banks



It is increasingly likely that the UK will now avoid a technical recession (two consecutive quarters of negative growth), with GDP growth being positive in the last three months (+0.3% in June-August 2019) and services sector growth accelerating somewhat.

Some things remain the same

Despite the turmoil, some parts of the economy have been steady. Inflation remained at 1.7% in September, a little below the Bank of England's target of 2%, and retail sales in September stayed at the same level as in August. Average earnings continued their above-inflation increases, although their levels are still to reach their pre-crisis height.

1. Headline UK Economic Indicators, October 2019

Gross Domestic Product: Jun-Aug 2019, Seasonally Adjusted		
Change (real %)	-0.2 (qtr)	1.3 (yr Q2 18-Q2 19)
Industries		
Service output: 3 months to August 2019		
Change (%)	0.4 (mth)	1.6 (yr)
Manufacturing output: 3 months to August 2019		
Change (%)	-0.4 (mth)	-1.5 (yr)
Productivity: Q2 2019		
Output per hour		
Change (%)	-0.2 (qtr)	-0.5 (yr)
Inflation: September 2019		
Change on year (%)	1.7 (CPI)	2.4 (RPI)
Labour Market: Jun-Aug 2019, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		3.9
Change (% points)	0.1 (qtr)	-0.2 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		75.9
Change (% points)	-0.2 (qtr)	0.3 (yr)
Interest Rate: as of 31 October 2019		
Bank of England Base Rate		0.75 (%)
Public Finances: 2018/19		
Net borrowing	41 (£ bn)	1.9 (% GDP)
Net debt	1,803 (£ bn)	83.1 (% GDP)
Trade: Q2 2019		
Current Account	-25.2 (£ bn)	-4.6 (% GDP)
Sterling Exchange rate: 30 October 2019		
US Dollar (\$)	1.29 (rate)	1.6% (% change on yr)
Euro (€)	1.16 (rate)	3.4% (% change on yr)
EC Economic Sentiment Indicator for UK: September 2019		
Points (1990-2012 average = 100)		89.8
Change (points)	+1.8 (mth)	-18.5 (yr)
Retail Sales: September 2019, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		0.6 (% change on yr)
Housing Market: August 2019, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.6 (mth)	1.3 (yr)

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

Headline Indicators summary

GDP in the UK grew by 0.3% in June-August 2019 compared to the previous quarter. This compares to growth of 0.2% in the Eurozone in Q2 2019.

Services output was up by 1.6% in the three months to August 2019 compared to the previous year. **Manufacturing output** fell by 1.5%.

CPI inflation was 1.7% in September 2019, unchanged from August. Inflation in the Eurozone was 0.7% in the flash estimate for October, down from 0.8% in September.

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

Average wages excluding bonuses were 3.8% higher in the three months to August 2019 compared with the year before. CPI inflation for this period was 1.8%.

32.69 million people were in **employment** in June-August 2019, up 282,000 from a year before. The **employment rate** was 75.9%, up from 75.6% the previous year.

1.31 million people were **unemployed** in June-August 2019, down 49,000 from the year before. The **unemployment rate** was 3.9%. The UK harmonised unemployment rate for Q2 2019 was the 11th lowest of the 36 OECD countries.

Productivity across the whole UK economy fell by 0.2% in Q2 2019 compared with the previous quarter. Compared with the previous year, productivity was down by 0.5% in Q2 2019.

Government borrowing in 2018/19 was £41.4 billion, £15.0 billion less than in 2017/18. At the end of September 2019, public sector net debt was equivalent to 80.3% of GDP, down from 81.5% at the end of September 2018.

The UK had a **trade deficit** of £4.6 billion in the three months to August 2019, compared with £17.6 billion in the previous three months. The **current account deficit** was £25 billion in Q2 2019 (4.6% of GDP), down from £33 billion in Q1 2019 (6% of GDP).

In August 2019 the **price of gold** passed \$1,500/ounce for the first time since August 2013.

The **value of sterling** rose by 2.4% between August and September, following a fall of 1.7% between July and August.

The volume of **retail sales** increased by 0.6% in the three months to September 2019 compared with the previous three months, and increased by 3.1% compared with the previous year.

House prices increased by 1.3% in the year to August 2019.

Household debt stood at 125% of disposable income in Q2 2019. It has been around this level since mid-2017.

2. Introduction to Economic Indicators

Economic Indicators is published once per 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, Philip Brien on x7574.

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 4.

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 0.3% in June-August 2019 compared to the previous quarter (March-May).

Real Gross Domestic Product seasonally adjusted		
	% change on qtr	% change on yr
2016	...	1.9
2017	...	1.9
2018	...	1.4
2018 Q2	0.5	1.3
Q3	0.6	1.6
Q4	0.3	1.5
2019 Q1	0.6	2.1
Q2	-0.2	1.3

Source: ONS, series: IHYP, IHYQ, IHYR

The services sector was the main driver of this growth, while output in the production sector contracted.

In the latest calendar quarter (April-June 2019) the economy contracted by 0.2%, the first time the economy has contracted since 2012.

Looking at month-on-month growth rates, GDP contracted

by 0.1% in August following growth of 0.4% in July. (These monthly figures are more volatile than the quarterly estimates.)

In cash terms, GDP was £2,140 billion in 2018.



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 October 2019 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.2% for 2019 and 1.0% for 2020. This was unchanged from the September survey. The 2020 forecast was 1.2% in the August survey.

Annual GDP growth forecasts (%)		
	2019	2020
HM Treasury average of independent forecasts (Oct 19)	1.2	1.0
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*, Oct 2019

GDP grew by 0.3% in June-August 2019 compared with the previous quarter.

Subject Specialist

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Updates

ONS, [GDP monthly estimate](#), 11 November 2019

HM Treasury, [Forecasts for the UK economy](#), 20 November 2019

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

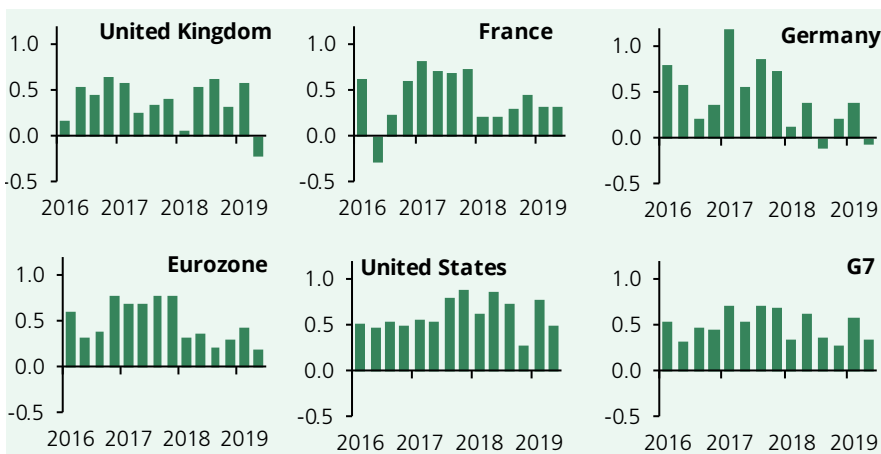
A2: GDP International

UK GDP fell by 0.2% in Q2 2019, down from growth of 0.6% in Q1. Eurozone GDP growth was 0.2% in Q2 2019 and was 0.5% in the US.

GDP growth		updated 21 Oct							
% change in real GDP		% change on previous quarter				% change on a year ago			
		Q3 18	Q4 18	Q1 19	Q2 19	Q3 18	Q4 18	Q1 19	Q2 19
UK		0.6	0.3	0.6	-0.2	1.6	1.5	2.1	1.3
Eurozone		0.2	0.3	0.4	0.2	1.7	1.2	1.3	1.2
USA		0.7	0.3	0.8	0.5	3.1	2.5	2.7	2.3
Japan		-0.5	0.4	0.5	0.3	0.2	0.3	1.0	0.8
Germany		-0.1	0.2	0.4	-0.1	1.1	0.6	0.9	0.4
France		0.3	0.4	0.3	0.3	1.5	1.2	1.3	1.4
G7		0.4	0.3	0.6	0.3	2.0	1.6	1.9	1.6
OECD		0.3	0.2	0.6	0.4	2.2	1.7	1.7	1.6

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

The IMF lowered its growth forecasts for most large economies in its [new forecasts](#) released 15 October. For the UK, 2019 growth is forecast to be 1.2% (down from 1.3% previously) and 1.4% in 2020.

Real GDP growth forecasts		% change					
		IMF (Oct '19)		EC (Jul'19/May'19)		OECD (Sep'19)	
		2019	2020	2019	2020	2019	2020
UK		1.2	1.4	1.3	1.3	1.0	0.9
France		1.2	1.3	1.3	1.4	1.3	1.2
Germany		0.5	1.2	0.5	1.4	0.5	0.6
Eurozone		1.2	1.4	1.2	1.4	1.1	1.0
US		2.4	2.1	2.4	1.9	2.4	2.0
Japan		0.9	0.5	0.8	0.8	1.0	0.6
China		6.1	5.8	6.2	6.0	6.1	5.7
India		6.1	7.0	7.1	7.3	5.9	6.3
Brazil		0.9	2.0	1.9	2.4	0.8	1.7
World		3.0	3.4	3.2	3.5	3.1	3.2

EC forecasts for European economies from Jul'19; EC forecasts for other economies from May'19
Sources: IMF Oct'19 WEO; EC Summer'19 & Spring'19 forecast; OECD Interim Econ. Outlook Sep'19

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Next updates

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

OECD, [Economic Outlook](#), 21 Nov 2019

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

European Commission, [Economic Forecasts](#), November 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 grown by 0.3% in June-August 2019 compared to the previous quarter (March-May 2019).

GDP by Industry

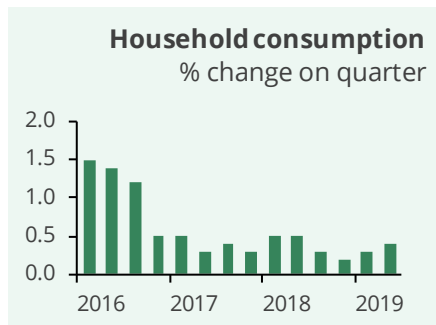


Services are the sector that account for the largest part of the economy – in 2017, they accounted for 79% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In June-August 2019, service sector output increased by 0.4% in real terms compared with the previous quarter.

Manufacturing output fell by 1.1% (the production sector overall fell by 0.4%), and construction sector output grew by 0.1%.

GDP by Expenditure



Household consumption is the largest element of expenditure across the economy, accounting for 63% of the total in 2018. Government consumption accounted for 19% and investment for 17%.

In April-June 2019, household consumption grew by 0.4% in real terms. Government consumption was up 1.1% and investment was down 0.9%. Exports were down 6.6% and imports were down 13.0% compared with the previous quarter (which had seen a 10.3% rise in imports).

GDP by expenditure						
% change on previous quarter (real terms)						
	Household consumption	Government consumption	Investment (GFCF)	Exports	Imports	GDP
2017 *	2.3	0.3	1.6	6.1	3.5	1.9
2018 *	1.6	0.6	-0.1	-0.9	0.7	1.4
2018 Q2	0.5	0.0	-0.4	-2.6	0.4	0.5
Q3	0.3	0.4	0.5	3.4	0.9	0.6
Q4	0.2	1.6	-0.1	0.5	2.8	0.3
2019 Q1	0.3	0.8	0.9	1.6	10.3	0.6
Q2	0.4	1.1	-0.9	-6.6	-13.0	-0.2

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

Note: * annual % change

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Updates

ONS, [GDP monthly estimate](#), 11 Nov 2019

ONS, [Quarterly national accounts](#), 20 Dec 2019

ONS, [GDP first quarterly estimate, UK](#), 11 Nov 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 Q2 2019 was only 2.1% above what it was over 11 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 2.1% above the pre-financial crisis peak of late 2007

Productivity, output (GDP) per hour		
	% change on qtr	% change on yr
2017	..	0.9
2018	..	0.5
2018 Q3	-0.3	-0.2
Q4	0.4	0.0
2019 Q1	-0.5	0.0
Q2	-0.2	-0.5

Source: ONS series TXBB, LZVD



[Productivity](#) fell by 0.2% in Q2 2019 compared with the previous quarter, and by 0.5% compared with a year ago (Q2 2018). Both the manufacturing sector (-1.9%) and the services sector (-0.8%) recorded a decline in labour productivity compared with a year before.

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).

[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.

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Updates

[UK productivity bulletin](#), 8 Jan 2020

ONS, [UK productivity flash estimates](#), 12 Nov 2019

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

A5: Services

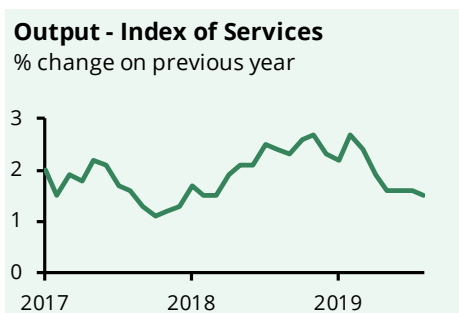
The service industries include the retail sector, the financial sector, the public sector, business administration, leisure and cultural activities.

In 2018, the service industries accounted for 81% of total UK economic output (Gross Value Added). Services accounted for 83% of workforce jobs in June 2019.

Services Output

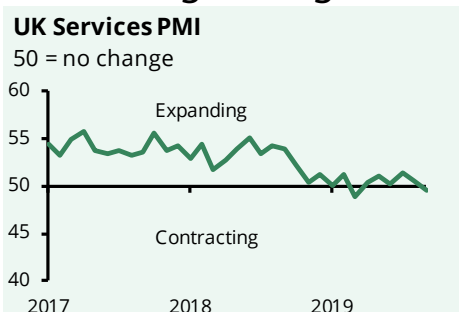
Compared to a year before, services output in August 2019 increased by 1.5%.

Services output for the three months to August 2019 increased by 0.4% compared with the three months ending May 2019.



The professional, scientific and technical sector was the biggest contributor to growth in the services sector in the most recent quarter.

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.

The UK services PMI was 49.5 in September 2019, down from 50.6 in August. This was only the fifth time in over a decade that the PMI has been below 50.

Markit/CIPS blamed this trend on a decline in both new and outstanding business, while there was also the biggest fall in employment in over nine years.

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.1	2.1	2017 Sep	53.6	
2018	103.9	1.7	2018 Sep	53.9	
2019 Jun	105.5	1.6	2019 Jul	51.4	1.2
Jul	105.8	1.6	Aug	50.6	-0.8
Aug	105.8	1.5	Sep	49.5	-1.1

Source: ONS, series [S2KU](#), [S222](#), [S26Q](#)

Source: [Markit/CIPS UK Services PMI](#)

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

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

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Update

ONS, [Index of Services](#),
11 November 2019

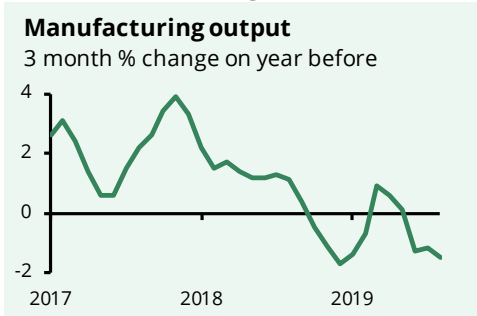
Markit/CIPS, [UK Services PMI](#), 5
November 2019

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 March 2019, it accounted for 8% of jobs.

Manufacturing Output

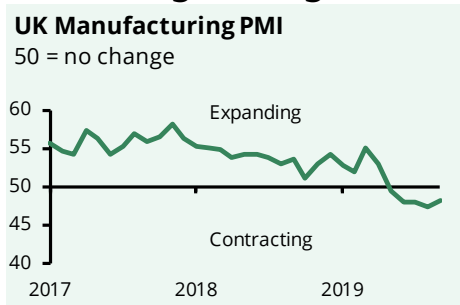


Total manufacturing output fell by 1.5% in the 3 months to August 2019 compared with the same 3 months in 2018.

This was driven by falls in output from most of the major manufacturing sub-sectors, including food, beverages and tobacco manufacturing (which

fell by 2.0%) and computer, electronic and optical products manufacturing (which fell by 3.5%).

Purchasing Managers' Index (PMI)



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

In September 2019 the UK Manufacturing PMI was 48.3, up from 47.4 in August. Although the September PMI was a 4-month high, it means that the index has been below the 50 mark for five successive months, its longest sequence below that mark since mid-2009. The August PMI was the lowest since July 2012.

According to Markit/CIPS, the sector's poor performance in September was due to further falls in new orders, output and employment. The consumer goods sector was the only sector to see output rise in this month.

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

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

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Update

ONS, [Index of Production](#), 11 November 2019

Markit/CIPS, [UK Manufacturing PMI](#), 1 November 2019

Manufacturing output index			PMI Index			
	Index	% change on yr		Index	Change on mth	
2017	102.5	2.5	2017	Sep	56.0	
2018	103.4	0.9	2018	Sep	53.6	
2019			2019	Jul	48.0	0.0
				Aug	47.4	-0.6
				Sep	48.3	0.9

Source: ONS, series [K22A](#), [K2JE](#)

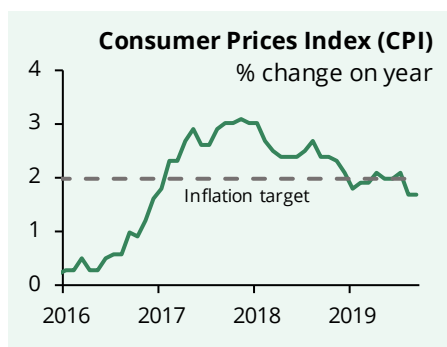
Source: [Markit/CIPS UK Manufacturing PMI](#)

B1: Inflation

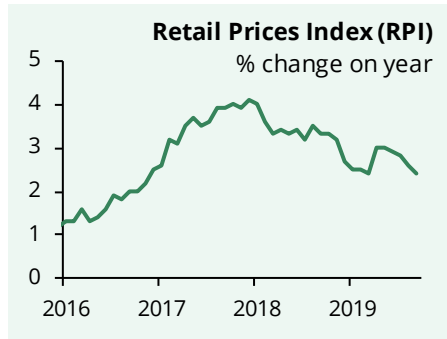
The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not 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 1.7% in September 2019, unchanged from August.

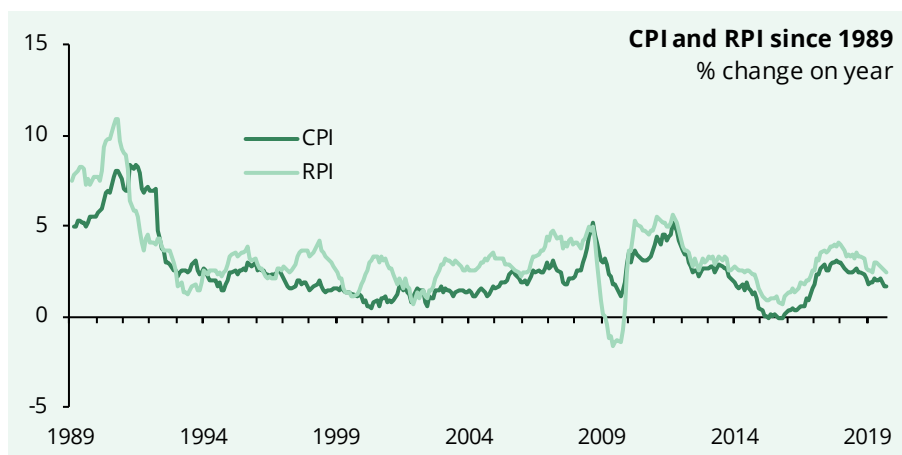
The RPI inflation rate was 2.4% in September 2019, down from 2.6% in August.



Downward contributions to the CPI rate came from motor fuels, second-hand cars, and electricity, gas and other fuels. These were offset by upward movements from furniture, household appliances, hotel overnight stays, and from recreation and culture items.



Price indices			
% change on a year ago			
		CPI	RPI
2016	Sep	1.0	2.0
2017	Sep	3.0	3.9
2018	Sep	2.4	3.3
2019	Jul	2.1	2.8
	Aug	1.7	2.6
	Sep	1.7	2.4

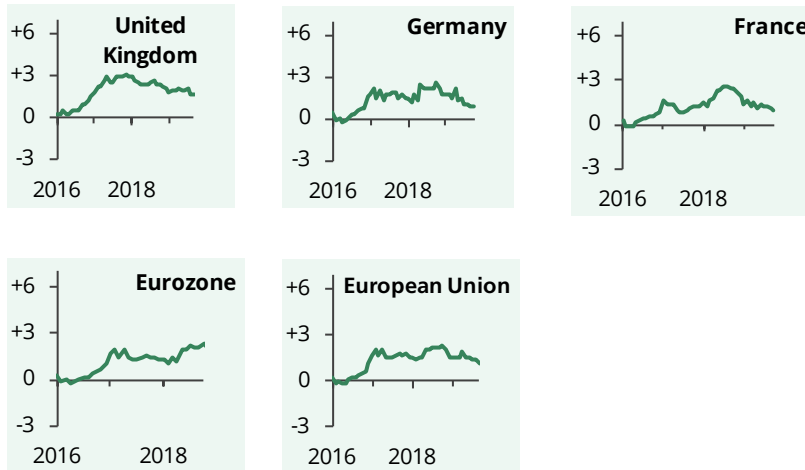


Subject Specialist
Daniel Harari
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Update
ONS, [Consumer price inflation](#), 13 November 2019

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 1.7% in the year to September 2019, unchanged from August. UK inflation was 2.4% in September 2018.

EU inflation was 1.2% in September 2019, down from 1.4% in August. EU inflation was 2.2% in September 2018.

Inflation in the Eurozone was 0.7% in the flash estimate for October 2019 compared with 0.8% in September. Eurozone inflation was 2.3% in October 2018.

In Germany inflation was 0.9% in October's flash estimate, the same as in September; in France it was also 0.9% in October, down from 1.1% in September.

Romania had the highest inflation rate in the EU in September (3.5%). The lowest inflation rate in the EU was in Cyprus (-0.5%).

Inflation rates: selected countries							
Annual % change in consumer prices (HICP)							
	2016	2017	2018	Jul 19	Aug 19	Sep 19	Oct 19
UK	0.7	2.7	2.5	2.1	1.7	1.7	..
Eurozone	0.2	1.5	1.7	1.0	1.0	0.8	0.7
European Union	0.3	1.7	1.9	1.4	1.4	1.2	..
France	0.3	1.2	2.1	1.3	1.3	1.1	0.9
Germany	0.4	1.7	1.9	1.1	1.0	0.9	0.9

Source: ONS, Eurostat .. denotes data not yet available Figures for October are preliminary estimates

Subject Specialist

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Update

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

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

Eurostat, [Flash estimate \(Eurozone\)](#), 30 Nov

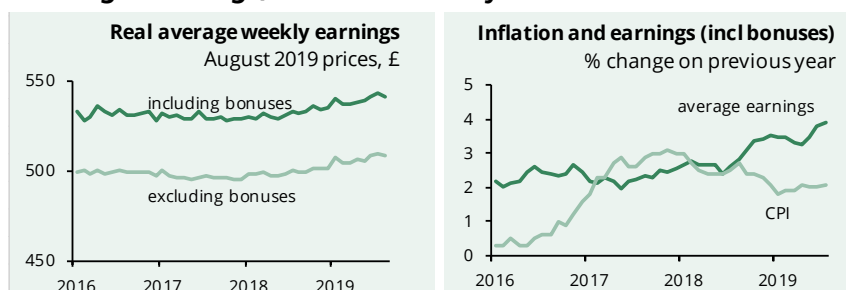
B3: Average Earnings

In April 2019 median gross weekly earnings for full-time employees in the UK were £585, up 2.8% on April 2018. Adjusted for inflation, median earnings for full-time employees increased by 0.7%.

More timely but less detailed data show average weekly earnings for all employees in Great Britain increased by 3.8% including bonuses in the three months to August 2019 compared with the previous year. Average weekly pay excluding bonuses increased by 3.8%.

Inflation as measured by the CPI averaged 1.8% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 2.0% higher than the previous year and average pay including bonuses were 1.9% higher.

Average Earnings, Whole Economy



Trends by Sector

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

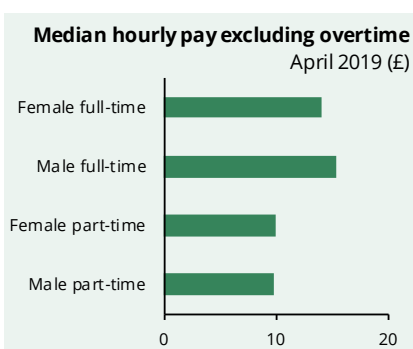
	Total	Private	Public
2017 Aug	2.3	2.5	1.4
2018 Aug	2.8	2.8	2.6
2019 Jun	3.8	4.0	4.0
2019 Jul	3.9	4.0	3.7
2019 Aug	3.8	3.8	3.5

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 3.8% in the private sector and by 3.5% in the public sector in the three months to July 2019 compared with the year before.

Hourly pay levels



Median hourly earnings (excluding overtime) were £14.80 for full-time employees at April 2019: £15.34 for men working full-time and £13.97 for women.

Median hourly earnings (excluding overtime) were £9.94 for part-time employees; £9.70 for men and £10.00 for women. Women are more likely than men to work part-time.

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

Subject Specialist

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Update

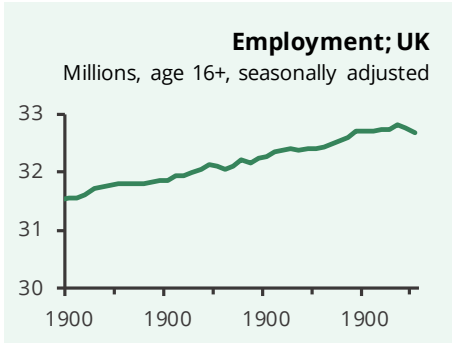
ONS, [Labour Market Statistics](#), November 2019

ONS, [Annual Survey of Hours and Earnings](#), October 2020

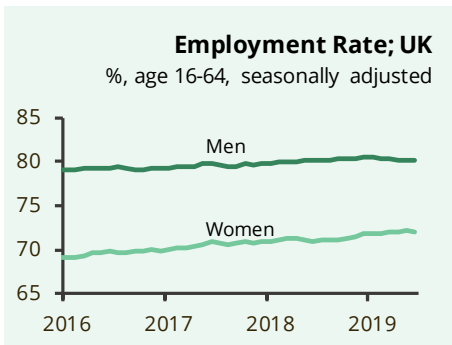
C1: Employment

32.69 million people were in employment in June-August 2019. Employment was down 56,000 from the previous quarter but up 282,000 from the year before.

The employment rate (the proportion of the population aged 16-64 in work) was 75.9%, up from 75.6% a year previously. It compares to a post-recession low of 70.1% in July-September 2011.



15.44 million women were in work, a decrease of 32,000 from the previous quarter but an increase of 202,000 from a year ago. The female employment rate was 71.6%. Increases in the rate over recent years are partly due to changes to the State Pension age for women.



17.26 million men were in work, 24,000 fewer than the previous quarter but 80,000 more than a year ago. The male employment rate was 80.2%.

24.16 million people were working full-time, an increase of 73,000 from the previous quarter and an increase of 263,000 from a year ago. Part-time employment

fell by 129,000 from the previous quarter but increased by 20,000 from the year before at 8.53 million.

Self-employment fell by 25,000 from the previous quarter but increased by 162,000 from the year before to 4.93 million. The number of people working as employees fell by 49,000 from the last quarter, but had an increase of 97,000 from the year before to 27.58 million.

UK Employment		Seasonally adjusted							
		Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
Age:	16+	16-64	16+	16-64	16+	16-64	16-24	16-24	
Jun-Aug	2016	31,811	74.5	16,961	79.4	14,850	69.6	3,917	54.5
Jun-Aug	2017	32,104	75.1	17,002	79.6	15,102	70.7	3,848	54.4
Jun-Aug	2018	32,410	75.6	17,176	80.1	15,235	71.0	3,827	54.8
Mar-May	2019	32,749	76.0	17,280	80.2	15,469	72.0	3,774	54.5
Jun-Aug	2019	32,693	75.9	17,256	80.2	15,437	71.6	3,704	53.7
Change on qtr	Level	-56	-0.2	-24	0.0	-32	-0.3	-70	-0.9
	%	-0.2%		-0.1%		-0.2%		-1.9%	
Change on yr	Level	282	0.3	80	0.0	202	0.6	-124	-1.1
	%	0.9%		0.5%		1.3%		-3.2%	

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

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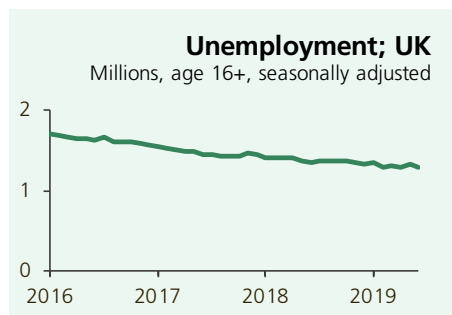
Updates

ONS, [Labour Market Statistics](#),
12 November 2019

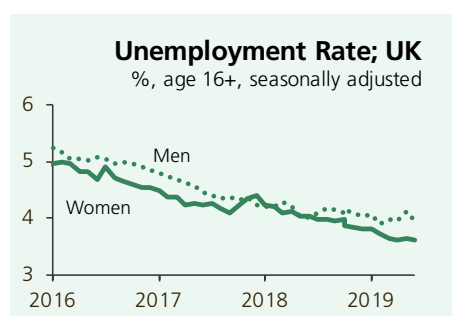
C2: Unemployment

There were 1.31 million unemployed people in the UK in June-August 2019, up 22,000 from the previous quarter but down 49,000 from the year before.

The unemployment rate was 3.9% (the percentage of the economically active population who are unemployed). The rate reached a post-recession high of 8.5% in late 2011.



494,000 young people aged 16-24 were unemployed, a similar level to the previous quarter and 27,000 more from the year before. The unemployment rate for 16-24 year olds was 11.8%.



727,000 men were unemployed, an increase of 15,000 from the previous quarter but a slight decrease from the year before.

586,000 women were unemployed, a slight fall from the previous quarter and a fall of 43,000 from a year ago.

The unemployment rate for men was 4.0% and the unemployment

rate was 3.7% for women.

333,000 people had been unemployed for over 12 months, down slightly from the previous quarter and down 22,000 from a year ago.

UK Unemployment									
Seasonally adjusted									
Age		Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
	16+	16+	16+	16+	16+	16+	16-24	16-24	
Jun-Aug	2016	1,668	5.0	901	5.0	768	4.9	628	13.8
Jun-Aug	2017	1,452	4.3	780	4.4	672	4.3	533	12.2
Jun-Aug	2018	1,363	4.0	733	4.1	629	4.0	467	10.9
Mar-May	2019	1,292	3.8	712	4.0	580	3.6	493	11.6
Jun-Aug	2019	1,314	3.9	727	4.0	586	3.7	494	11.8
Change on qtr	Level	22	0.1	15	0.1	6	0.0	1	0.2
	%	1.7%		2.1%		1.1%		0.2%	
Change on yr	Level	-49	-0.2	-6	-0.1	-43	-0.3	27	0.9
	%	-3.6%		-0.8%		-6.8%		6%	

Source: ONS Labour Market Statistics, A05, A06

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

Subject Specialist

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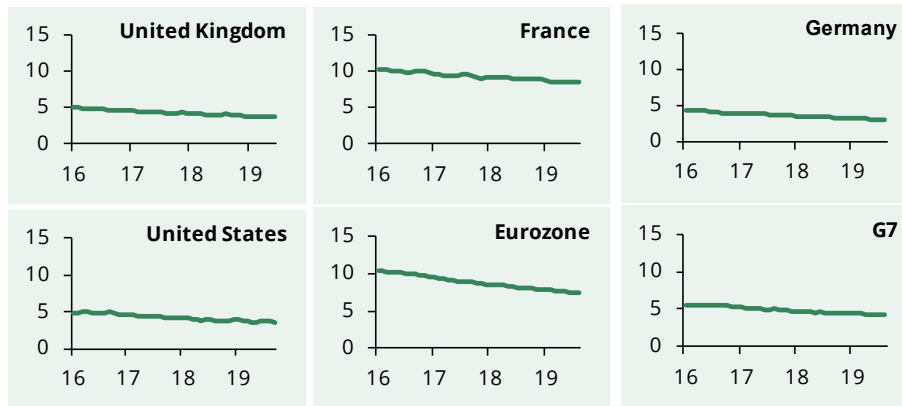
Updates

ONS, [Labour Market Statistics](#),
12 November 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 **Q2 2019** was 3.8%. This was slightly above the rate of the US (3.6%), below that of France (8.5%) but above that of Germany (3.1%). The UK rate was the 11th lowest of the 36 OECD member countries.

The unemployment rate for the Eurozone fell to 7.6% from 7.8% in Q2 2019, and fell in the G7 from 4.4% to 4.3%.

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 Q2 2019 (17.2%) followed by Spain at 14.1%.

The Czech Republic had the lowest unemployment rate in the OECD at 2.0%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q2 2019 youth unemployment was 33.0% in Greece, 32.8% in Spain, 28.9% in Italy and 25.5% in Turkey. 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 Q2	5.9	9.1	3.4	10.8	2.4	3.9	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	10.5	2.4	3.9	3.8	7.9	4.4	5.3
2019 Q1	5.8	8.7	3.2	10.3	2.4	3.7	3.9	7.8	4.4	5.3
Q2	5.5	8.5	3.1	9.9	2.4	3.8	3.6	7.6	4.3	5.2
<i>Change on qtr</i>	-0.3	-0.2	-0.1	-0.4	-0.1	0.0	-0.2	-0.2	-0.2	-0.1
<i>Change on yr</i>	-0.4	-0.6	-0.3	-0.9	-0.1	-0.2	-0.3	-0.7	-0.3	-0.1

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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Next Update

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

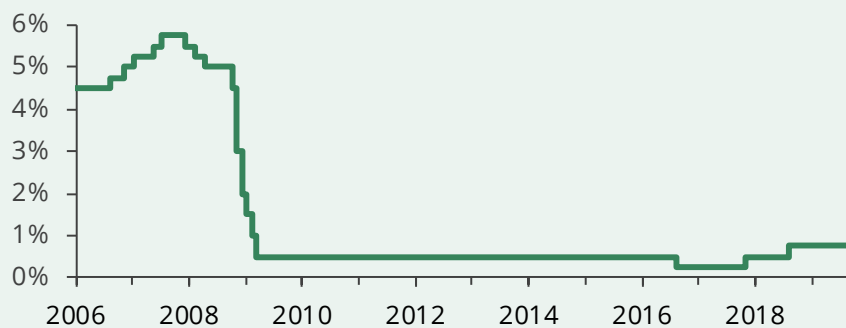
D1: Interest Rates and Monetary Policy

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 September [policy meeting](#). The MPC's next scheduled meeting will be held in early November.

UK official interest rate



In its [August Inflation Report](#), the MPC downgraded its forecasts for GDP growth from 1.5% to 1.3% in 2019 and from 1.6% to 1.3% in 2020, citing slowing UK growth and global trade tensions. The Bank's forecasts **assume a smooth Brexit** with an orderly transition to new trading arrangements between the UK and EU. In a no-deal scenario it suggested economic growth would be lower.

The MPC noted the "increased uncertainty about the nature of EU withdrawal" and, as a result, the economy could "follow a wide range of paths over coming years". The monetary policy response to Brexit, the MPC states, 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 October [policy meeting](#), the European Central Bank (ECB) left its main interest rate unchanged at 0.0%. In September it [lowered the deposit rate](#) (the interest rate banks receive on overnight deposits with the ECB) from -0.4% to -0.5% and announced its [quantitative easing programme](#) would restart in November at a monthly pace of €20bn.

United States (Federal Reserve)

The Federal Reserve [cut interest rates](#) for the third successive meeting on 30 October. Rates were lowered by 0.25%-points to a range of 1.5-1.75% due to a weaker global outlook and "muted inflation pressures".

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

Subject Specialist

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Updates – next monetary policy meetings

UK ([7 Nov](#))
ECB ([12 Dec](#))
US ([11 Dec](#))

D2: Public finances

Government borrowing and debt

	Net borrowing		Net debt	
	£ bn	% GDP	£ bn	% GDP
2010/11	140	8.7%	1,140	69.3%
2011/12	122	7.3%	1,236	72.9%
2012/13	125	7.3%	1,343	76.2%
2013/14	105	5.8%	1,443	78.1%
2014/15	97	5.2%	1,528	80.5%
2015/16	81	4.2%	1,579	79.9%
2016/17	56	2.8%	1,702	82.9%
2017/18	56	2.7%	1,753	82.6%
2018/19	41	1.9%	1,803	83.1%

Sources: ONS, OBR. Excludes public sector banks

In September, the ONS implemented accounting changes to student loans, pensions and an update to corporation tax, which they discuss [in a blog](#). The change to student loans accounting has also been discussed in a Library [Insight](#). The change to student loans increases government borrowing by

£12.4 billion in 2018/19, while changes to pensions increase it by £1.4 billion and corporation tax by £2.6 billion. The change to pensions also reduces government debt by £28.6 billion in 2018/19.

With these changes incorporated, borrowing in the current financial year to date (April to September 2019) was £39.0 billion. This is £5.8 billion more than during the same period in 2018/19.

At the end of September 2019, public sector net debt was equivalent to 80.3% of GDP which is lower than at the end of September 2018, when the debt-to-GDP ratio was 81.5%.

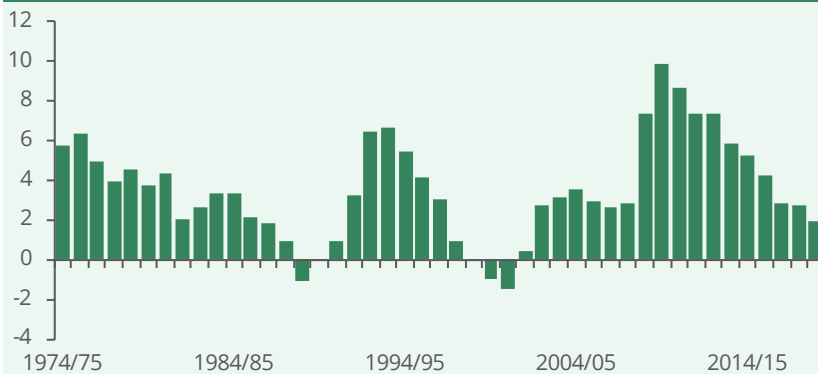
The ONS's figures for 2018/19 and 2019/20 are provisional: they're not final figures and may be revised as provisional data are replaced with final audited data.

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.

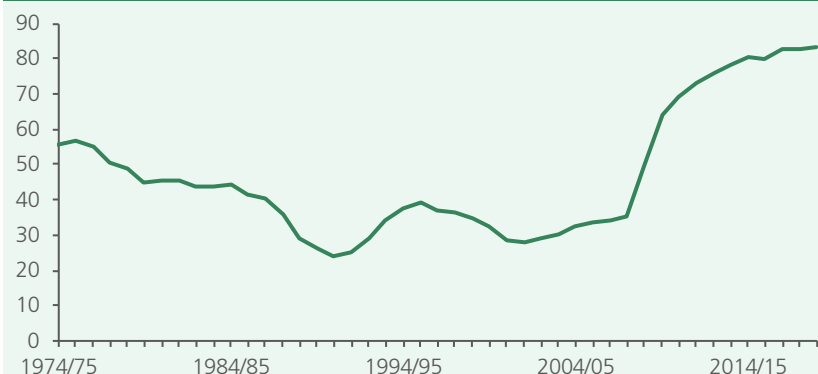
Net debt is the total amount that the public sector owes – it is largely the stock of past borrowing.

All figures exclude public sector banks.

Public sector net borrowing, % of GDP



Public sector net debt, % of GDP



Subject Specialist

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Next update

OBR, [Economic and fiscal outlook](#), 6 November 2019

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

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index

Daily closing price



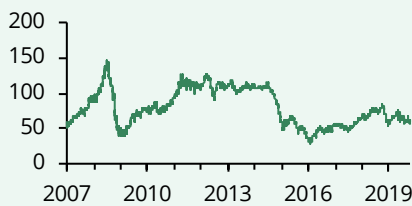
The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. Despite turbulence following the EU Referendum result, the index closed at twelve successive record highs between December 2016 and January 2017 – the index's longest run of

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 but rallied after that. Around the beginning of August 2019 the index fell by about 5%.

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 around \$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 moderated considerably after that. More recently the price has been rising – in August 2019, the price passed \$1,500/ounce for the first time since 2013.

Data from 30 October 2019

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
30 Oct 2019	7330.78	60.20	1486.75
%change over:			
1-month	-1%	0%	0%
12-months	4%	-21%	21%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

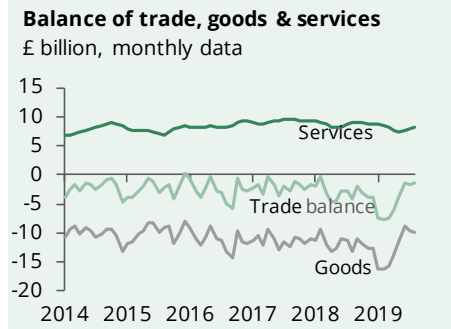
Daniel Harari
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Updates

Financial Times, Weekly
Basis

E1: Trade

In 2018, the UK's exports of goods and services totalled £642 billion and imports totalled £680 billion. The EU accounted for 45% of UK exports of goods and services and 53% of imports in 2018.



Overall, the UK imports more than it exports meaning that it runs a trade deficit. A deficit of £142 billion on trade in goods was partially offset by a surplus of £105 billion on trade in services in 2018. The overall trade deficit was £38 billion in 2018.

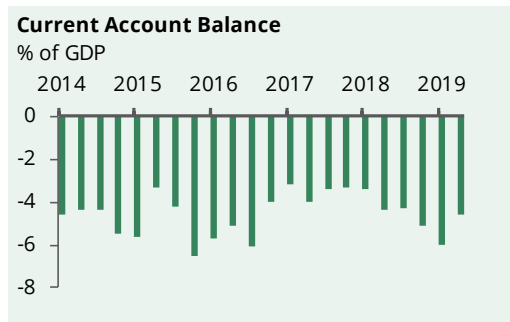
The UK had a trade deficit with the EU of £67 billion in 2018 and a trade surplus of £29 billion with non-EU countries.

The trade deficit with all countries narrowed to £4.6 billion in the three months to August 2019 compared with £17.6 billion in the previous three months. Exports increased by 2.6% over this period. Imports fell by 5.0% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance					
Seasonally adjusted					
	Goods and Services (£bn)			Current Account	
	Exports	Imports	Balance	£bn	% GDP
2017	629.1	654.2	-25.1	-72.3	-3.5%
2018	642.2	680.0	-37.7	-92.5	-4.3%
2018 Q2	156.6	168.7	-12.0	-23.5	-4.4%
Q3	162.3	171.2	-8.9	-23.2	-4.3%
Q4	165.6	176.6	-11.0	-27.6	-5.1%
2019 Q1	166.8	189.5	-22.7	-33.1	-6.0%
Q2	156.9	168.3	-11.4	-25.2	-4.6%

Source: ONS, series: IKBH, IKBI, IKB, HBOP, AA6H

The current account, which includes investment income and transfers as well as trade, saw a deficit of £92 billion in 2018, compared with £72 billion in 2017. The current account deficit was 4.3% of GDP in 2018 compared with 3.5% in 2017.



The current account deficit was £25 billion in Q2 2019 (4.6% of GDP), down from £33 billion (6% of GDP) in Q1 2019.

Subject Specialist

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Updates

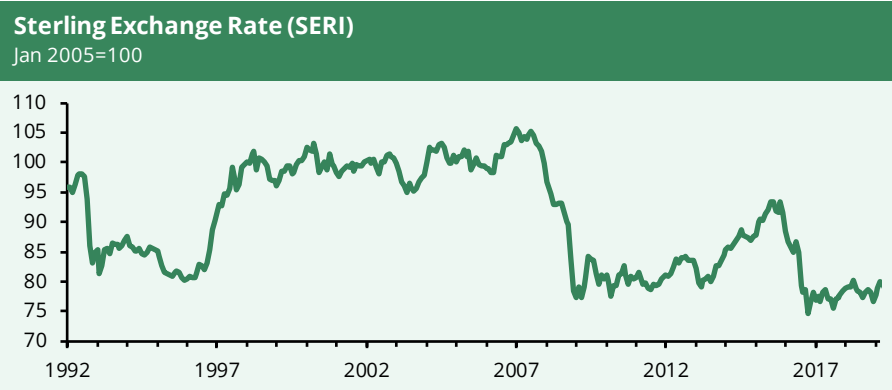
ONS, [UK Trade](#),
11 November

ONS, [UK Balance of Payments](#), 20 December

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).

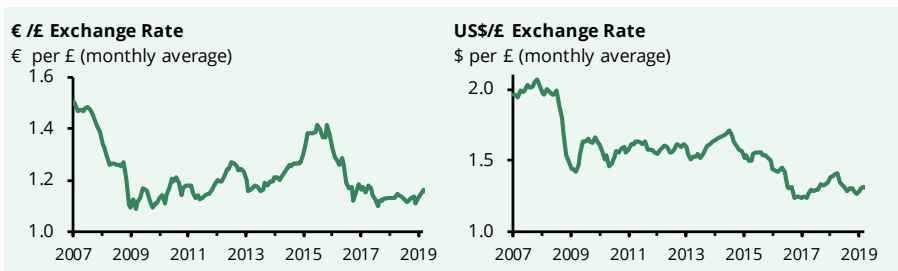
The SERI rose by 2.4% between August and September, following a fall of 1.7% between July and August. Compared with the same period a year ago, it is 2.0% lower. It is 27.4% below its January 2007 peak level.



On average in September compared with August, the pound rose by 1.6% against the dollar, following a fall of 2.5% between July and August. 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 fallen since, remaining between \$1.20-\$1.25 since July 2019.

Latest closing prices:
 \$1.29 per £1
 €1.16 per £1
 (On 30 Oct 2019)

Sterling was up 2.7% against the Euro on average in September compared to August. On 3 October 2019, the Euro was valued at €1.13 per £1. This compares with a daily all-time low of €1.02 (on



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

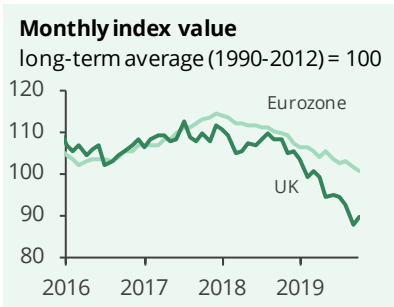
Bank of England, [SERI & monthly rates](#), Early November 2019

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 Jul	1.25	-5.3%	1.11	-1.3%	
Aug	1.22	-5.6%	1.09	-2.1%	
Sep	1.24	-5.4%	1.12	0.3%	

Source: Bank of England, Bankstats database

F1: Business and Consumer Confidence

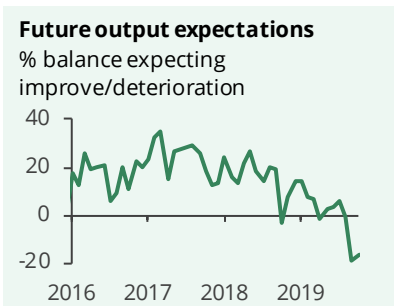
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

Between September and October, the overall UK sentiment index rose by 1.8 points to 89.8, having been at 88.0.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In October, more manufacturers thought that output would fall over the next three months than thought it would rise. The difference was -17% of manufacturers, up from -19% in September, which had been its lowest level since May 2009.



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 October, the overall consumer confidence index fell two points to -14, down from -12 in September to its joint-lowest level since July 2013.

Subject Specialist

Daniel Harari, x2464

Update

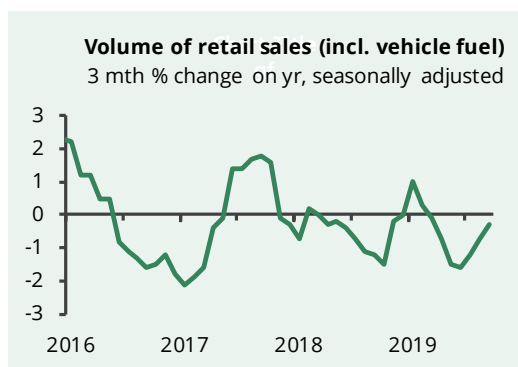
EC, [Economic Sentiment Indicator](#), 28 November 2019

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

GfK NOP, [Consumer Confidence](#), 29 November 2019

F2: Retail Sales

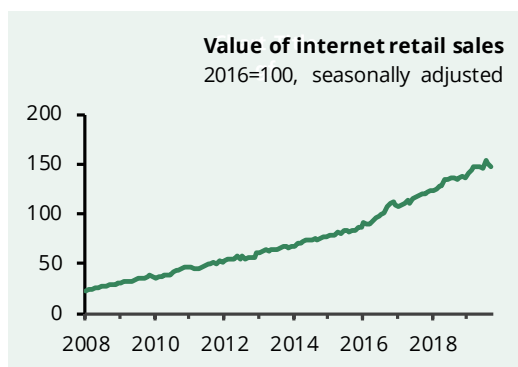
In September 2019, [retail sales in the UK](#) totalled £7.3 billion per week, the same as August 2019 and down from £7.6 billion in July 2019. This figure includes money spent in shops, supermarkets, in petrol stations and online.



In the three months to September 2019, the quantity (**volume**) of retail sales increased by 0.6% 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 3.1%.

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 £1.5 billion in September 2019, up 9.1% on the year. This was 19.1% of all retail sales. Internet retailing exceeded 20% of retail sales for the first time in November 2018.

Volume of retail sale				
Index 2016=100, seasonally adjusted				
		Food	Non-food	Total
2017	Sep	99.7	100.4	102.5
2018	Sep	101.3	101.8	105.7
2019	Jul	102.7	104.5	109.2
	Aug	103.0	106.4	108.9
	Sep	103.6	104.3	109.0
3m % change on yr		1.1	0.8	3.1

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

The volume of sales in food stores in the three months to September 2019 was up 1.1% on the same period last year.

The volume of sales in non-food stores was up 0.8% on last year.

Subject Specialist

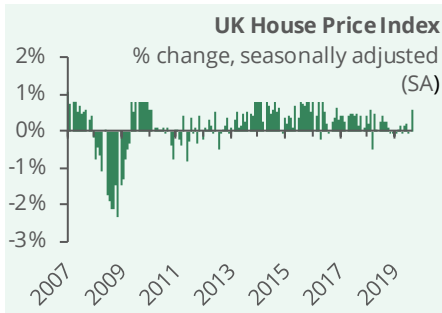
Chris Rhodes
x2454

Updates

ONS, [Retail Sales](#),
14 November 2019

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 1.3% between August 2018 and August 2019. On a seasonally adjusted basis house prices increased by 0.6% between July 2019 and August 2019.



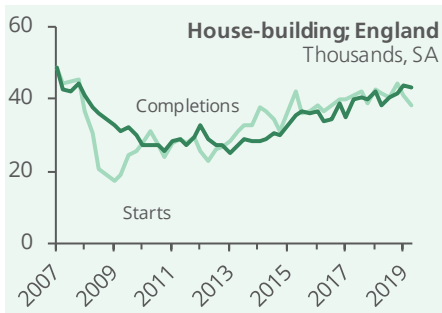
There are regional differences in house prices. The average price is highest in London at roughly £473,000. The lowest prices are found in Northern Ireland and the North East at £137,000 and £135,000 respectively.



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 September 2019 were up 0.6% on a year ago and up 0.4% on August 2019.

Approvals remain well down on pre-recession levels. There were 65,919 mortgage approvals in September 2019, compared with 65,551 in September 2018.



Housing starts and completions have increased from the lows observed in late 2008 and early 2009.

There were 37,220 house building starts (seasonally adjusted) in England in Q2 2019, a 2% decrease compared with the

previous quarter, and an 8% decrease compared with the same quarter of 2018. This is above the recent low of 17,170 in Q1 2009, but still below the 48,830 starts in Q1 2007.

There were 45,190 dwelling completions (seasonally adjusted) in Q2 2019, a 4% increase compared with the previous quarter, and a 11% increase compared with the same quarter of 2018. Completions remain below the peak of 48,440 completions in Q1 2007.

Subject Specialist

Matt Keep
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Updates

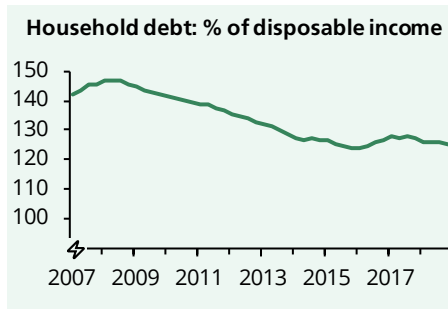
HM Land Registry, [UK house price index](#), 13 November 2019

Bank of England, [Money and credit](#), 29 November 2019

DCLG, [House-building](#), January 2020

F4: Household Debt

Household debt as a % of disposable income

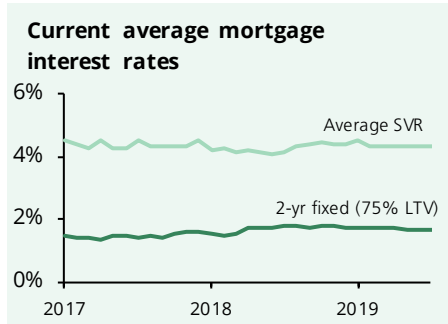


Household debt peaked in Q2 2008 at 147% of household disposable income. It then declined to 124% by late 2015.

Growth in household debt levels accelerated from early 2016, so that the debt-to-income ratio rose again to 128% by mid-2017. In

Q2 2019 it was 125%.

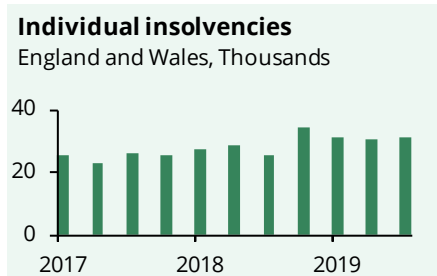
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 4.30% in August 2019, down from 4.35% a year ago.

The average 2-year fixed mortgage rate was 1.64% in August 2019, down slightly from 1.75% a year ago.

Individual insolvencies, England and Wales



There were 30,879 individual insolvencies in England and Wales in Q3 2019, slightly up on the previous quarter, and up 23% on the same period in 2018. Insolvencies in the last four quarters have been at their highest level since Q4 2010.

In Scotland, there were 3,466 individual insolvencies in Q3 2019, up 13% on the year.

In Northern Ireland, there were 718 individual insolvencies in Q3 2019, up 34% on the year.

Subject Specialist

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Updates

Bank of England,
[Statistical database](#),
01 November 2019

Insolvency Service,
[Insolvency Statistics](#),
30 January 2020

ONS, [UK Economic Accounts](#), 20 Dec 2019

4: Glossary

4.1 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 government supported training and employment programmes, and those doing

¹ Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

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.

4.2 Symbols and abbreviations

..	Figure(s) not yet available
CBI	Confederation of British Industry
ILO	International Labour Organisation
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics

5. Indicator Sources

Indicator Page	Sources
A1 Gross Domestic Product	ONS, <i>GDP Preliminary Estimates</i> ONS, <i>Second Estimates of GDP</i> ONS, <i>Quarterly National Accounts</i> HM Treasury, <i>Forecasts for the UK Economy</i>
A2 GDP: International	OECD, <i>OECDStat database</i> OECD, <i>Economic Outlook</i> IMF, <i>World Economic Outlook</i> European Commission's growth forecasts
A3 Components of GDP	ONS, <i>Second Estimate of GDP</i> ONS, <i>Quarterly National Accounts</i>
A4 Services	ONS, <i>Index of Services</i> Markit/CIPS, <i>UK Services Purchasing Managers Index</i>
A5 Manufacturing	ONS, <i>Index of Services</i> Markit/CIPS, <i>UK Manufacturing Purchasing Managers Index</i>
A6 Productivity	ONS, <i>Labour Productivity</i>
B1 Inflation	ONS, <i>Consumer Price Indices</i>
B2 Inflation: International	OECD, <i>Main Economic Indicators</i> Eurostat
B3 Average Earnings	ONS, <i>Labour Market Statistics</i> ONS, <i>Annual Survey of Hours and Earnings</i>
C1 Employment	ONS, <i>Labour Market Statistics</i>
C2 Unemployment: National	ONS, <i>Labour Market Statistics</i>
C3 Unemployment: International	OECD, <i>Main Economic Indicators</i> OECD, <i>Economic Outlook</i>
D1 Interest Rates and Monetary Policy	Bank of England, <i>Monetary Policy Committee decisions and minutes</i> Federal Reserve, <i>Federal Open Market Committee decisions</i> European Central Bank news releases Bank of England: Bankstats, <i>Tables A1.1 and A2.2.1</i> ONS Database
D2 Public Finances	ONS, <i>Public sector finances</i> Forecasts from Office for Budget Responsibility
D3 Financial Indicators	Financial Times, <i>Market Data</i>
E1 Trade	ONS, <i>UK Balance of Payments</i> ONS, <i>UK Trade</i>
E2 Exchange Rates	Financial Times, <i>Sterling Exchange Rates</i> Bank of England, <i>SERI & monthly rates</i>
F1 Business and Consumer Confidence	EC, <i>Economic Sentiment Indicator</i> CBI, <i>Industrial Trends Survey press release</i> GfK NOM, <i>Consumer Confidence Index</i>
F2 Retail Sales	ONS, <i>Retail Sales</i>
F3 Housing Market	ONS, <i>UK House Price Index</i> Bank of England, <i>Money and Credit</i> DCLG, <i>House-Building</i>
F4 Household Debt	Bank of England, <i>Lending to Individuals</i> The Insolvency Service, <i>Insolvency Statistics</i>

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