

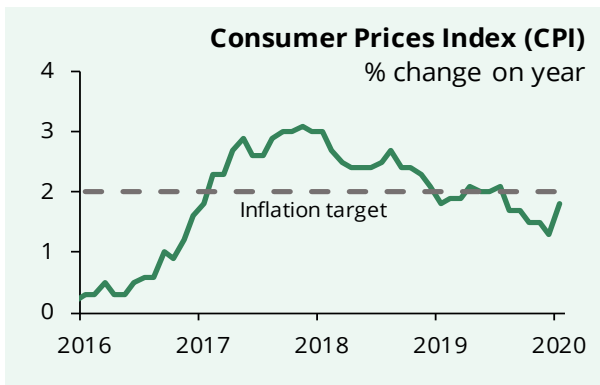


BRIEFING PAPER

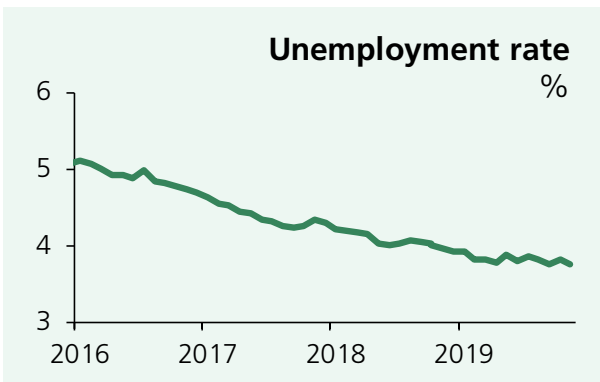
Number 8831, 26 February 2020

Economic Indicators, February 2020

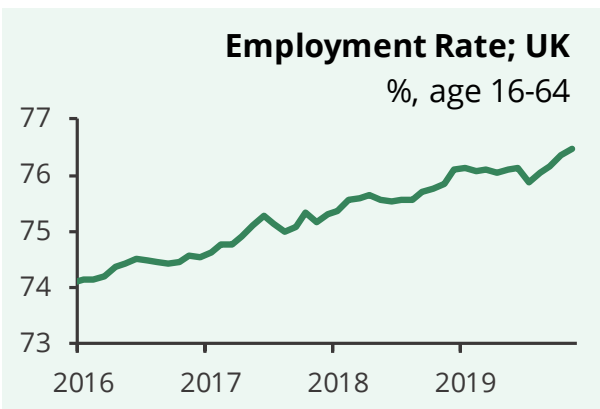
By Philip Brien



The CPI inflation rate was 1.8% in December 2019, up from 1.3% in December.



The unemployment rate was 3.8% in October-December 2019, down very slightly from the previous quarter.



The employment rate was 76.3% in October-December 2019, up slightly from the previous quarter.

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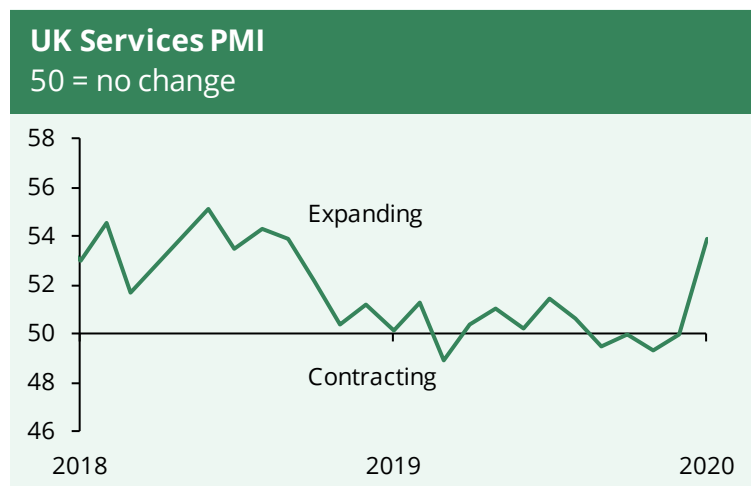
1. Economic update: Optimism on the up

As the new Chancellor prepares to give his first Budget, he will be looking at an economy that appears to be on the up, with business and consumer optimism increasing and a recovery in retail sales. However, he will also have to contend with a weaker situation than hoped for in the public finances, and stubbornly low economic growth.

Uncertainty gives way to optimism

Services and manufacturing

Purchasing managers in both the services and manufacturing industries predicted better overall performance than in recent months. IHS Markit's Purchasing Managers' Index for services (which measures business performance) has risen sharply to its highest level in over a year. This may reflect a continuing bounce back from the uncertainty before December's election, as industries start work on orders that were previously delayed.



Business confidence was also up according to the Confederation of British Industry (CBI). Its monthly Industrial Trends Survey showed that [more manufacturers expect output to grow rather than shrink](#) over the next three months. A higher proportion of manufacturers are expecting growth than at any point since January 2019.

Retail

Retail sales also recovered slightly, with sales volumes in January up 0.9% on the previous month and up 0.8% on a year before. However, this follows a very weak year for the sector, and it is not yet clear whether the new figures represent the start of a sustained recovery.

Economic growth remains at a low ebb

While optimism may be increasing, we don't yet have enough data to know if it will bring actual growth. The economy stayed flat in the last quarter of 2019, with no growth compared to the previous quarter. Forecasts for growth are also yet to take off, with the Treasury's survey

of independent forecasts showing an average forecast of **1.2% growth in 2020** (for context, actual growth in 2019 was 1.4%).

Monthly GDP figures (which are more volatile than the quarterly ones) showed growth of 0.3% in December, an improvement on the 0.3% contraction in the previous month. February's bad weather and the potential impact of the COVID-19 coronavirus (which may disrupt supply chains) mean that economic growth may continue to struggle, at least in the short term.

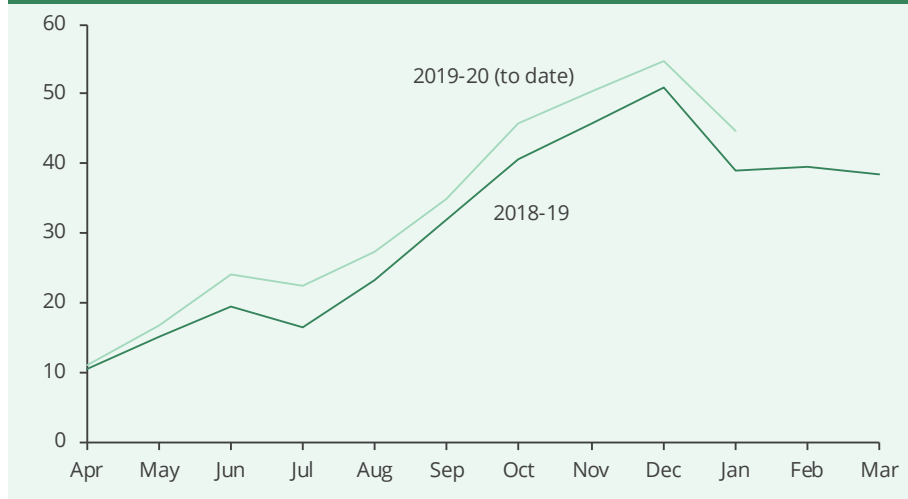
The labour market continues to be strong however; average earnings finally exceeding their pre-financial crisis levels. Employment also remains at a near-record high, with unemployment at a near-record low.

Higher borrowing leaves less room for manoeuvre

Aside from the weakness in growth, the Chancellor will also have to contend with a less promising position in the public finances than he would have liked. Although there was a public sector surplus in January (as there normally is, because this is when most self-assessed income tax is received), this surplus was £2.1 billion lower than in January 2019.

The Office for Budget Responsibility (OBR) expects that total borrowing for the 2020/21 financial year will be above the £38.4 billion of the previous year, a far cry from the £10 billion surplus forecast by the OBR back in March 2016.

Cumulative public sector borrowing £ billions, not adjusted for inflation



2. Headline UK Economic Indicators, February 2020

Gross Domestic Product: Oct-Nov 2019, Seasonally Adjusted		
Change (real %)	0.0 (qtr)	1.1 (yr Q4 18-Q4 19)
Industries		
Service output: 3 months to December 2019		
Change (%)	0.1 (mth)	1.3 (yr)
Manufacturing output: 3 months to December 2019		
Change (%)	-0.8 (mth)	-1.1 (yr)
Productivity: Q4 2019		
Output per hour		
Change (%)	0.3 (qtr)	0.3 (yr)
Inflation: January 2020		
Change on year (%)	1.8 (CPI)	2.7 (RPI)
Labour Market: Oct-Dec 2019, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		3.8
Change (% points)	-0.1 (qtr)	-0.2 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		76.5
Change (% points)	0.4 (qtr)	0.6 (yr)
Interest Rate: as of 26 February 2020		
Bank of England Base Rate		0.75 (%)
Public Finances: 2019/20		
Net borrowing	48 (£ bn)	2.2 (% GDP)
Net debt	1,817 (£ bn)	81.3 (% GDP)
Trade: Q3 2019		
Current Account	-15.9 (£ bn)	-2.8 (% GDP)
Sterling Exchange rate: 29 January 2020		
US Dollar (\$)	1.30 (rate)	-0.8% (% change on yr)
Euro (€)	1.20 (rate)	4.2% (% change on yr)
EC Economic Sentiment Indicator for UK: January 2020		
Points (1990-2012 average = 100)		91.5
Change (points)	+3.3 (mth)	-12.4 (yr)
Retail Sales: January 2020, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		-0.8 (% change on yr)
Housing Market: December 2019, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.4 (mth)	2.2 (yr)

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

2.1 Headline Indicators summary

GDP in the UK was flat (growth of 0.0%) in October-December 2019 compared to the previous quarter. This compares to growth of 0.1% in the Eurozone in Q4 2019.

Services output was up by 1.3% in the three months to December 2019 compared to the previous year. **Manufacturing output** fell by 1.1%.

CPI inflation was 1.8% in January 2020, up from 1.3% in December. Inflation in the Eurozone was 1.4% in January, up from 1.3% in December.

The Bank of England's Monetary Policy Committee (MPC) voted 7-2 to **leave interest rates unchanged** at 0.75% at its January policy meeting. They were raised from 0.5% in August 2018.

Average wages excluding bonuses were 3.2% higher in the three months to December 2019 compared with the year before. CPI inflation for this period was 1.4%.

32.93 million people were in **employment** in October-December 2019, up 336,000 from a year before. The **employment rate** was 76.5%, up from 75.8% the previous year.

1.29 million people were **unemployed** in October-December 2019, down 73,000 from the year before. The **unemployment rate** was 3.8%. The UK harmonised unemployment rate for Q3 2019 was the 12th lowest of the 36 OECD countries.

Productivity across the whole UK economy rose by 0.3% in Q4 2019 compared with the previous quarter. Compared with the previous year, it was up by 0.3%.

Government borrowing in the current financial year to date (April 2019 to January 2020) was £44.8 billion, £5.8 billion more than during the same period in 2018/19. At the end of January 2020, public sector net debt was equivalent to 79.6% of GDP, down from 80.3% at the end of January 2019.

The UK had a **trade surplus** of £5.9 billion in the three months to December 2019, compared with a £3.4 billion deficit in the previous three months. The **current account deficit** was £16 billion in Q3 2019 (2.8% of GDP), down from £24 billion in Q2 2019 (4.4% of GDP).

The **value of sterling** fell by 0.3% between December and January, following a rise of 1.3% between November and December.

The volume of **retail sales** decreased by 0.8% in the three months to January 2020 compared with the previous three months, and increased by 0.8% compared with the previous year.

House prices increased by 2.2% in the year to December 2019.

Household debt stood at 126.6% of disposable income in Q3 2019. It has been around this level since mid-2017.

3. 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 was flat (0.0% growth) in October-December 2019 compared to the previous quarter (July-September).

Real Gross Domestic Product seasonally adjusted		
	% change on qtr	% change on yr
2016	...	1.9
2017	...	1.9
2018	...	1.3
2018 Q4	0.2	1.4
2019 Q1	0.6	2.0
Q2	-0.1	1.3
Q3	0.5	1.2
Q4	0.0	1.1

Source: ONS, series: IHYP, IHYQ, IHYR

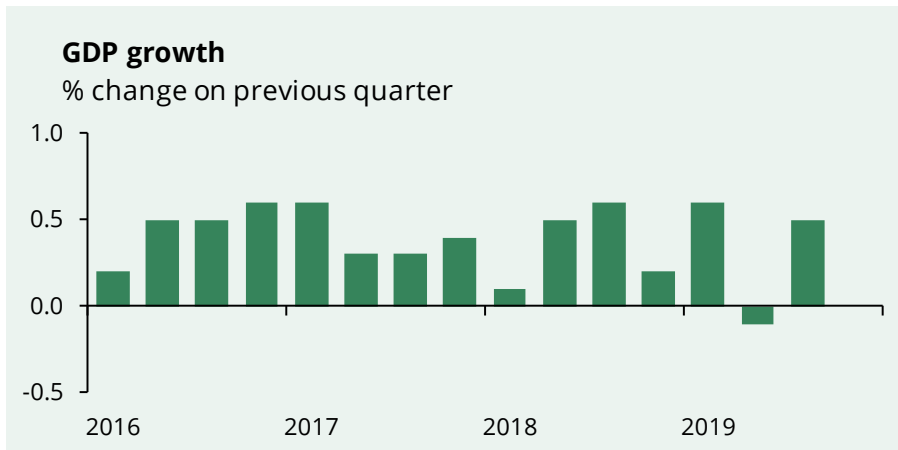
The services and construction sectors were the positive contributors to GDP growth in October-December, although growth in services was low at 0.1%. Output in the production sector contracted by 0.8%.

Looking at month-on-month growth rates, GDP grew by 0.3% in December following a decrease of -0.3% in November and growth of 0.2% in

GDP was flat in October-December 2019 compared with the previous quarter.

October. (These monthly figures are more volatile than the quarterly estimates.)

In cash terms, GDP was £2,215 billion in 2019.



Forecasts

At the March 2019 Spring Statement, the Office for Budget Responsibility (OBR) forecast growth of 1.4% for 2020 and 1.6% for 2021.

The Treasury’s February 2020 [survey of independent forecasts](#) for GDP growth showed an average forecast of 1.2% for 2020 and 1.4% for 2021.

Annual GDP growth forecasts (%)		
	2020	2021
HM Treasury average of independent forecasts (Feb 20)	1.2	1.4
OBR forecasts (Mar 19)	1.4	1.6

Source:

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

HMT, *Forecasts for the UK economy: a comparison of independent forecasts*, Feb 2020

Subject Specialist

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Updates

ONS, [GDP monthly estimate](#), 11 March 2020

ONS, [GDP national accounts](#), 31 March 2020

HM Treasury, [Forecasts for the UK economy](#), 18 March 2020

OBR, [Economic and fiscal outlook](#), March 2020

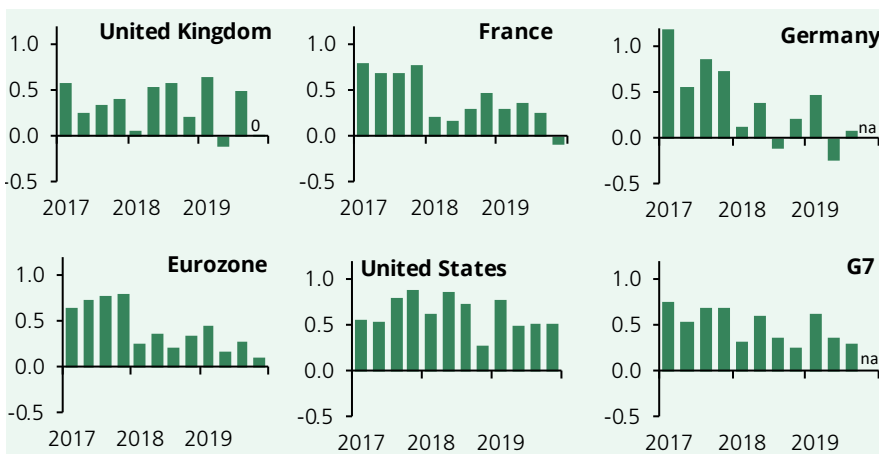
A2: GDP International

UK GDP was unchanged in Q4 2019 compared with the previous quarter. Growth in the Eurozone was 0.1% and was 0.5% in the US.

GDP growth								
% change in real GDP								
	% change on previous quarter				% change on a year ago			
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 19	Q2 19	Q3 19	Q4 19
	UK	0.6	-0.1	0.5	0.0	2.0	1.3	1.2
Eurozone	0.4	0.2	0.3	0.1	1.4	1.2	1.2	1.0
USA	0.8	0.5	0.5	0.5	2.7	2.3	2.1	2.3
Japan	0.6	0.5	0.4	..	0.8	0.8	1.9	..
Germany	0.5	-0.2	0.1	..	1.0	0.3	0.5	..
France	0.3	0.4	0.3	-0.1	1.3	1.5	1.4	0.8
G7	0.6	0.4	0.3	..	1.9	1.6	1.6	..
OECD	0.6	0.4	0.4	..	1.7	1.6	1.6	..

Sources: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

In its January [forecasts](#), the IMF trimmed its global growth projections for this year and next. For the UK, growth forecasts are 1.4% in 2020 and 1.5% in 2021, unchanged from the previous forecast.

Real GDP growth forecasts						
	% change					
	IMF (Jan '20)		EC (Feb'20/Nov'19)		OECD (Nov'19)	
	2020	2021	2020	2021	2020	2021
UK	1.4	1.5	1.2	1.2	1.0	1.2
France	1.3	1.3	1.1	1.2	1.2	1.2
Germany	1.1	1.4	1.1	1.1	0.4	0.9
Eurozone	1.3	1.4	1.2	1.2	1.1	1.2
US	2.0	1.7	1.8	1.6	2.0	2.0
Japan	0.7	0.5	0.4	0.6	0.6	0.7
China	6.0	5.8	5.8	5.6	5.7	5.5
India	5.8	6.5	6.1	6.3	6.2	6.4
Brazil	2.2	2.3	1.5	1.8	1.7	1.8
World	3.3	3.4	3.0	3.1	2.9	3.0

EC forecasts for European economies from Feb'20; EC forecasts for other economies from Nov'19
Sources: IMF Jan'20 WEO update; EC Winter'20 forecast (Feb'20); OECD Economic Outlook Nov'19

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Next updates

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

OECD, [Economic Outlook update](#), Mar 2020

IMF, [World Economic Outlook](#), Apr 2020

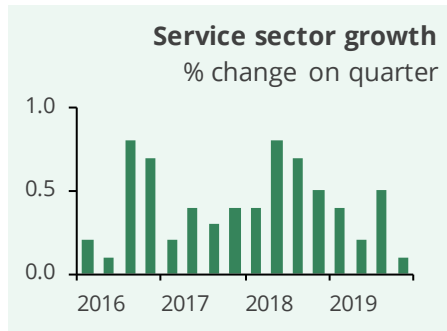
European Commission (EC), [Economic Forecasts](#), May 2020

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 growth is estimated to have been flat (0.0% growth) in Oct-Dec 2019 compared to the previous quarter (Jul-Sep 2019).

GDP by Industry



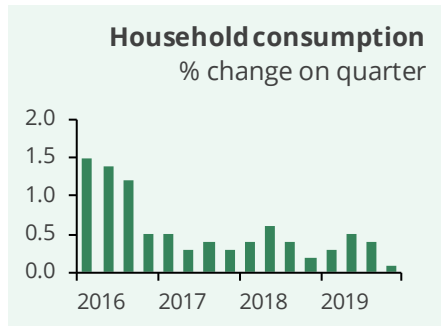
Services are the sector that account for the largest part of the economy – in 2018, they accounted for 80% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Oct-Dec 2019, service sector output increased by 0.1% in real

terms compared with the previous quarter.

Manufacturing output was down 1.1% (the production sector was down 0.8% overall), and construction sector output was up 0.5%.

GDP by Expenditure



Household consumption is the largest element of expenditure across the economy, accounting for 63% of the total in 2019.

Government consumption accounted for 19% and investment for 17%.

In Oct-Dec 2019, household consumption grew by 0.1% in real

terms. Government consumption was up 2.1% and investment was down 1.6%. Exports were up 4.1% and imports were down 0.8% compared with the previous quarter.

GDP by expenditure						
% change on previous quarter (real terms)						
	Household consumption	Government consumption	Investment (GFCF)	Exports	Imports	GDP
2018 *	1.6	0.4	-0.2	1.2	2.0	1.3
2019 *	1.4	3.6	0.4	3.7	3.6	1.4
2018 Q4	0.2	1.3	-0.1	-0.3	2.9	0.2
2019 Q1	0.3	0.6	1.1	1.1	9.2	0.6
Q2	0.5	1.3	-0.5	-3.0	-10.7	-0.1
Q3	0.4	0.3	0.3	5.9	1.2	0.5
Q4	0.1	2.1	-1.6	4.1	-0.8	0.0

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

Note: * annual % change

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Updates

ONS, [GDP monthly estimate](#), 11 Mar 2020

ONS, [Quarterly national accounts](#), 31 Mar 2019

ONS, [GDP first quarterly estimate, UK](#), 12 May 2020

A4: Productivity

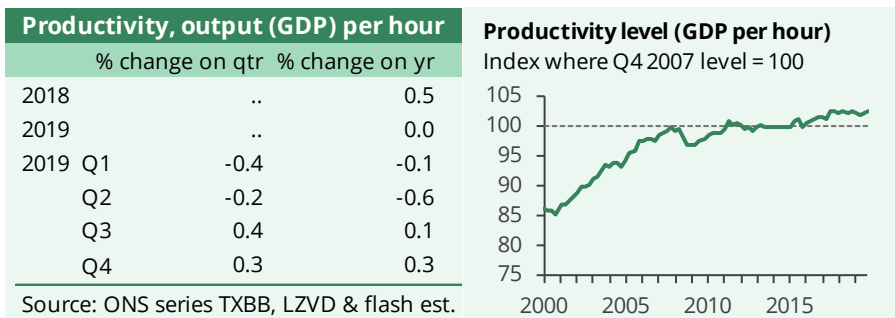
One of the most important factors in determining living standards is productivity – how much output is produced for a given input (such as an hour of work).

The more efficient the economy is, the more that can be produced in a sustainable fashion. In other words, higher productivity growth leads to a higher long-term growth rate of the economy. Economic theory states that labour productivity also determines wages: the more productive an employee is, the more they are likely to be paid.

UK productivity

Historically, UK labour productivity has grown by around 2% per year but since the 2008/2009 recession it has stagnated. The level of labour productivity in Q4 2019 was only 2.7% above what it was 12 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 2.7% above the pre-financial crisis peak of late 2007



Productivity [rose by 0.3% in Q4 2019](#) compared with the previous quarter. It was only 0.3% higher compared with a year ago (Q4 2018).

International comparisons

International comparisons of productivity levels are presented in the chart below as an index where the UK=100.



In 2016, ranked on GDP per hour worked, the UK came fifth highest out of the G7 countries, with Germany top and Japan bottom. UK productivity was 16% below the average of the rest of the G7 countries, the largest since at least 1995 (when the ONS data series began).

[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
ONS, [UK productivity bulletin](#), 7 Apr 2020
ONS, [UK productivity flash estimates](#), 19 May 2020
ONS, [International comparisons of productivity](#), date to be announced

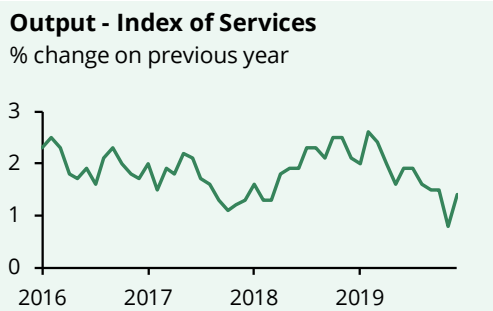
A5: Services

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 84% of workforce jobs in September 2019.

Services Output

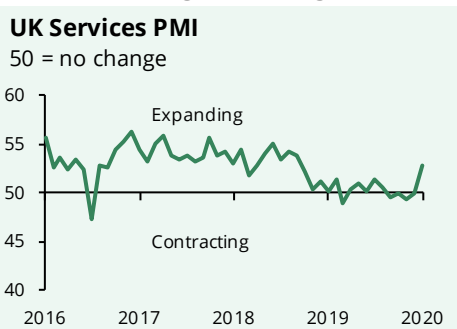
Compared to a year before, services output in December 2019 increased by 1.4%. This is stronger growth than in November.



Services output for the three months to December 2019 increased by 0.1% compared with the previous three months.

The education sector and the health sector were the biggest contributors to growth in the services sector in the most recent three months.

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 53.9 in January 2020, up from 50.0 in December. This is its highest level

since September 2018.

Markit/CIPS reported a sharp increase in new work, possibly due to work being delayed during the general election and the rate of new business expansion reaching its highest level since June 2018.

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.1	2.1	2018 Jan	53.0	
2018	103.9	1.7	2019 Jan	50.1	
2019 Oct	106.1	1.5	2019 Nov	49.3	-0.7
Nov	105.6	0.8	Dec	50.0	0.7
Dec	106.0	1.4	2020 Jan	53.9	3.9

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 March 2020

Markit/CIPS, [UK Services PMI](#),
5 March 2020

A6: Manufacturing

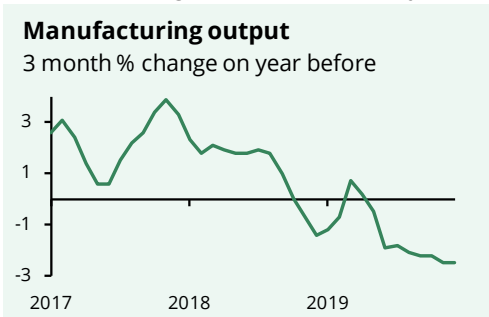
Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

In 2018, the manufacturing sector accounted for 10% of total UK economic output (Gross Value Added). In September 2019, it accounted for 8% of jobs.

Manufacturing Output

Total manufacturing output fell by 1.1% in the 3 months to December 2019 compared with the same 3 months in 2018.

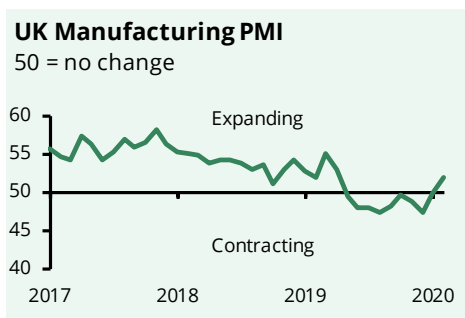
11 out of 13 manufacturing sub-sectors declined, led by transport manufacturing which declined by 1.9% on the quarter.



Monthly manufacturing output in December compared to November was down 2.5%. This is the eighth successive fall in monthly output.

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 flash (early) manufacturing PMI for February 2020 was 51.9, this was a rise of 4% on the January level, and a ten month high for manufacturing.

Markit/CIPS characterised this as a "solid expansion" in the manufacturing sector, with a sustained rebound in client spending and higher levels of new work.

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 March 2020

Markit/CIPS, [UK Manufacturing PMI](#), 2 March 2020

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.5	2.5	2018 Feb	55.0	
2018	103.4	0.9	2019 Feb	52.0	
2019 Oct	100.8	-2.2	2019 Dec	47.5	-1.4
Nov	99.2	-2.5	2020 Jan	50.0	2.5
Dec	99.5	-2.5	Feb	51.9	1.9

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

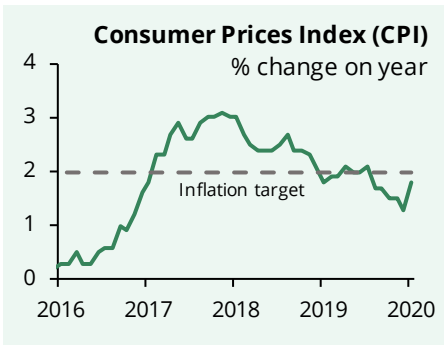
Source: [Markit/CIPS UK Manufacturing PMI](#)

B1: Inflation

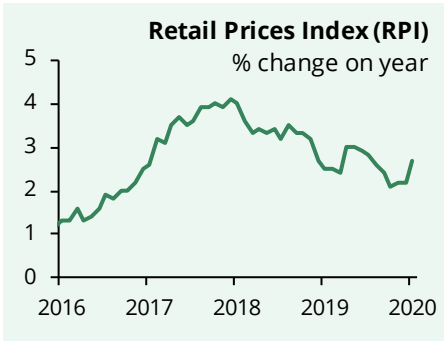
The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not 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 1.8% in January 2020, up from 1.3% in December to its highest level since July 2019.

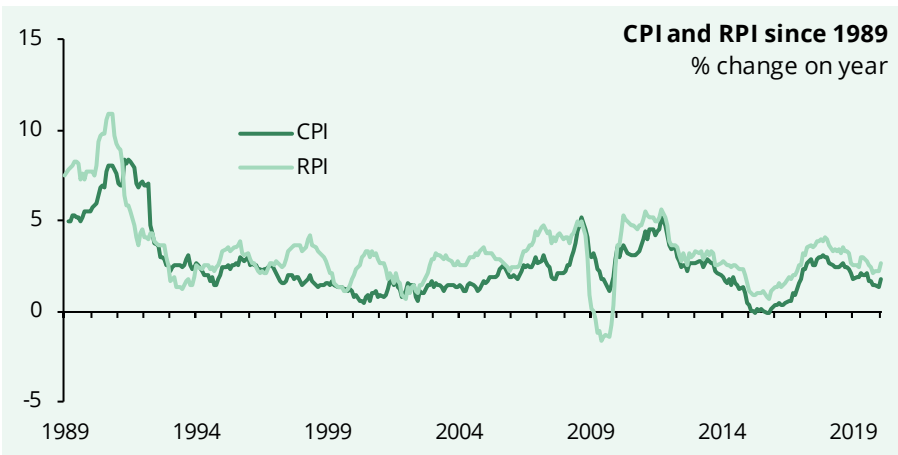
The RPI inflation rate was 2.7% in January 2020, up from 2.2% in December.



Upward contributions to the CPI rate came mostly from transport (particularly fuel prices and airfares) and clothing and footwear, partly offset by falls in the prices of furniture and household goods.



Price indices			
% change on a year ago			
		CPI	RPI
2017	Jan	1.8	2.6
2018	Jan	3.0	4.0
2019	Jan	1.8	2.5
	Nov	1.5	2.2
	Dec	1.3	2.2
2020	Jan	1.8	2.7

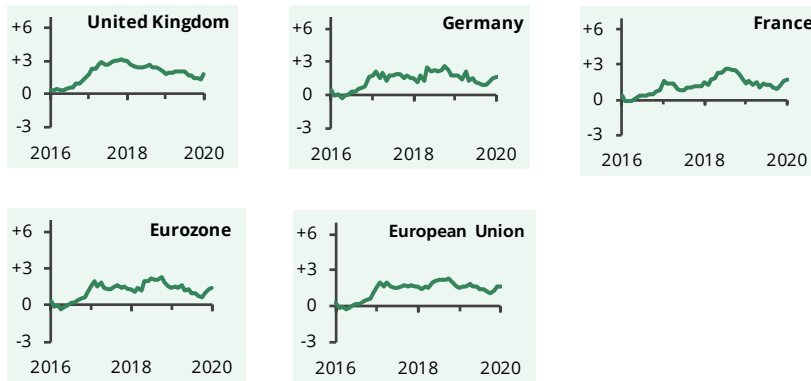


Subject Specialist
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Update
 ONS, [Consumer price inflation](#), 25 March 2020

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 1.8% in the year to January, up from 1.3% in December. UK inflation was 1.8% in January 2019.

EU inflation was 1.7% in January, up from 1.6% in December. EU inflation was 1.5% in January 2019.

Inflation in the Eurozone was 1.4% in January, up from 1.3% in December. Eurozone inflation was 1.4% in January 2019.

In Germany, inflation was 1.6% in January compared with 1.5% in December; in France it was 1.7% in January, up from 1.6% in December.

Hungary had the highest inflation rate in the EU in January (4.7%). The lowest inflation rate in the EU was in Italy (0.4%).

Inflation rates: selected countries							
Annual % change in consumer prices (HICP)							
	2017	2018	2019	Oct 19	Nov 19	Dec 19	Jan 20
UK	2.7	2.5	1.8	1.5	1.5	1.3	1.8
Eurozone	1.5	1.8	1.2	0.7	1.0	1.3	1.4
European Union	1.7	1.9	1.5	1.1	1.3	1.6	1.7
France	1.2	2.1	1.3	0.9	1.2	1.6	1.7
Germany	1.7	1.9	1.4	0.9	1.2	1.5	1.6

Source: ONS, Eurostat

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 25 Mar

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

Eurostat, [Flash estimate \(Eurozone\)](#), 3 Mar

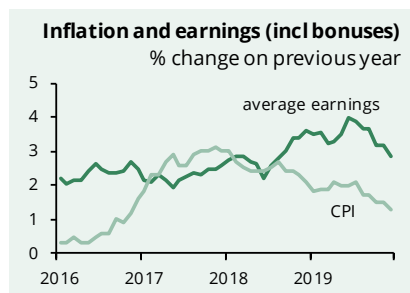
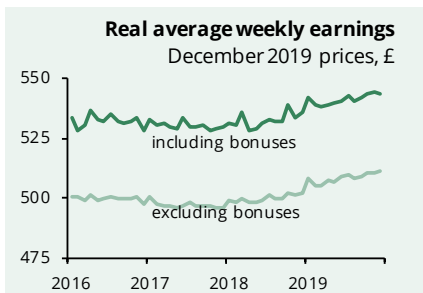
B3: Average Earnings

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 3.2% excluding bonuses in the three months to December 2019 compared with the previous year. Average weekly pay including bonuses increased by 2.9%.

Inflation as measured by the CPI averaged 1.4% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 1.8% higher than the previous year and average pay including bonuses were 1.4% higher.

Average Earnings, Whole Economy



Trends by Sector

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

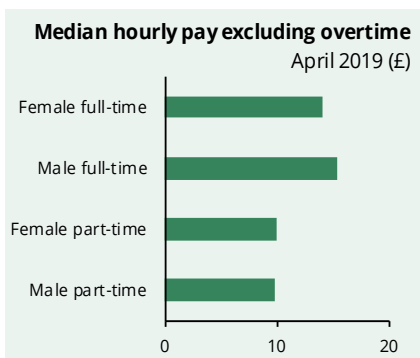
	Total	Private	Public
2017 Dec	2.6	2.8	2.0
2018 Dec	3.6	3.8	2.8
2019 Oct	3.2	3.2	3.1
2019 Nov	3.2	3.1	3.3
2019 Dec	2.9	2.7	3.3

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

Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 2.7% in the private sector and by 3.3% in the public sector in the three months to December 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.

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Update

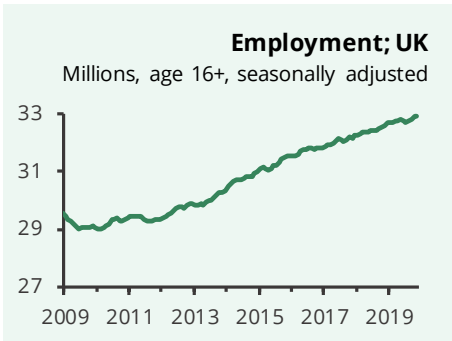
ONS, [Labour Market Statistics](#),
17 March 2020

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

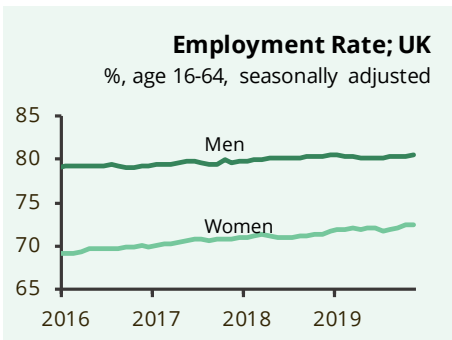
C1: Employment

32.93 million people were in employment in October-December 2019. Employment was up 180,000 from the previous quarter and up 336,000 from the year before.

The employment rate (the proportion of the population aged 16-64 in work) was 76.5%, up from 75.8% a year previously. It compares to a post-recession low of 70.1% in July-September 2011.



15.61 million women were in work, up 150,000 from the previous quarter and up 298,000 from a year ago. The female employment rate was 72.4%. Increases in the rate over recent years are partly due to changes to the State Pension age for women.



17.33 million men were in work, 30,000 more than the previous quarter and 39,000 more than a year ago. The male employment rate was 80.6%.

24.42 million people were working full-time, an increase of 203,000 from the previous quarter and an increase of 381,000 from a year ago. Part-time employment fell by 23,000

from the previous quarter and by 45,000 from the year before to 8.52 million.

Self-employment was up by 71,000 from the previous quarter and up by 187,000 from the year before to 5.03 million. The number of people working as employees increased by 106,000 from the last quarter, and an increase of 136,000 from the year before to 27.73 million.

UK Employment									
Seasonally adjusted									
		Total		Men		Women		Youth	
Age:		000's	%	000's	%	000's	%	000's	%
		16+	16-64	16+	16-64	16+	16-64	16-24	16-24
Oct-Dec	2016	31,845	74.6	16,901	79.2	14,944	70.0	3,928	55.0
Oct-Dec	2017	32,154	75.2	17,035	79.6	15,119	70.8	3,814	54.1
Oct-Dec	2018	32,597	75.8	17,290	80.3	15,308	71.4	3,830	55.0
Jul-Sep	2019	32,753	76.0	17,298	80.3	15,455	71.8	3,709	53.8
Oct-Dec	2019	32,934	76.5	17,328	80.6	15,605	72.4	3,790	55.0
Change on qtr	Level	180	0.4	30	0.3	150	0.6	81	1.3
	%	0.6%		0.2%		1.0%		2.2%	
Change on yr	Level	336	0.6	39	0.2	298	1.0	-40	0.0
	%	1.0%		0.2%		1.9%		-1.0%	

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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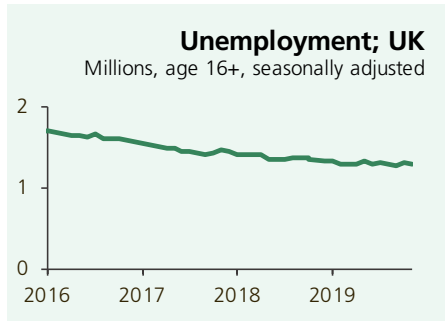
Updates

ONS, [Labour Market Statistics](#),
17 March 2020

C2: Unemployment

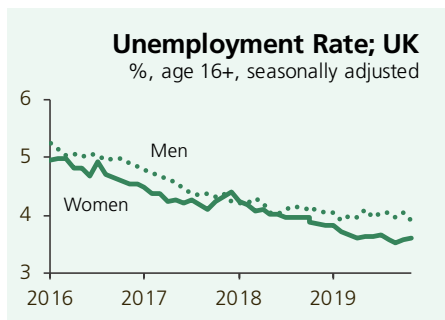
There were 1.29 million unemployed people in the UK in October-December 2019, down by 16,000 from the previous quarter and down 73,000 from the year before.

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



481,000 young people aged 16-24 were unemployed, down 20,000 from the previous quarter and 30,000 less than the year before. The unemployment rate for 16-24 year olds was 11.3%.

707,000 men were unemployed, down 24,000 from the previous quarter and down 39,000 from the year before.



582,000 women were unemployed, a slight increase since the previous quarter and a fall of 34,000 from a year ago.

The unemployment rate for men was 3.9% and the unemployment rate was 3.6% for women.

291,000 people had been unemployed for over 12 months, 17,000 less than the previous quarter and 59,000 less than a year ago.

		Total		Men		Women		Youth	
		000's	%	000's	%	000's	%	000's	%
Age		16+	16+	16+	16+	16+	16+	16-24	16-24
Oct-Dec	2016	1,585	4.7	873	4.9	713	4.6	562	12.5
Oct-Dec	2017	1,463	4.4	778	4.4	685	4.3	541	12.4
Oct-Dec	2018	1,363	4.0	746	4.1	617	3.9	510	11.8
Jul-Sep	2019	1,306	3.8	731	4.1	575	3.6	500	11.9
Oct-Dec	2019	1,290	3.8	707	3.9	582	3.6	481	11.3
Change on qtr	Level	-16	-0.1	-24	-0.1	8	0.0	-20	-0.6
	%	-1.2%		-3.2%		1.4%		-4.0%	
Change on yr	Level	-73	-0.2	-39	-0.2	-34	-0.3	-30	-0.5
	%	-5.4%		-5.2%		-5.6%		-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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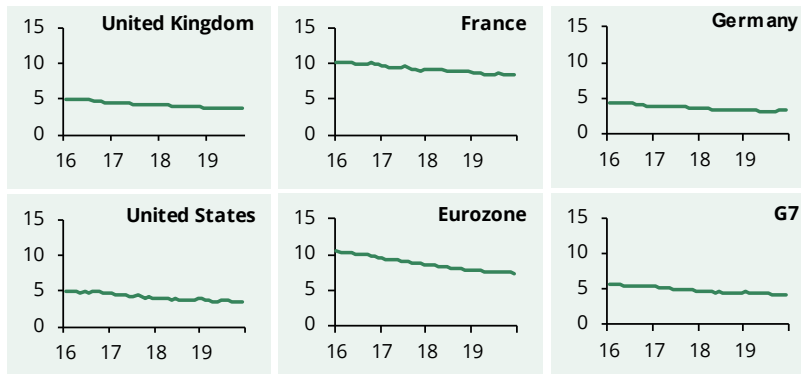
Updates

ONS, [Labour Market Statistics](#),
17 March 2020

C3: Unemployment International

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

Harmonised Unemployment Rate (%)



The UK harmonised unemployment rate for **Q3 2019** was 3.8%. This was slightly above the rate of the US (3.6%), below that of France (8.6%) but above that of Germany (3.1%). The UK rate was the 12th lowest of the 36 OECD member countries.

The unemployment rate for the Eurozone fell by 0.1% to 7.5% in Q4 2019, and in the G7 stayed at 4.2%.

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 Q3 2019 (16.9%) followed by Spain at 14.3%.

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

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q3 2019 youth unemployment was 34.2% in Greece, 32.6% in Spain, 28.6% in Italy and 26.6% in Turkey. UK youth unemployment stood at 11.7%.

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 Q4	5.7	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	5.6	8.5	3.1	10.0	2.4	3.8	3.6	7.6	4.3	5.2
Q3	5.6	8.5	3.1	9.8	2.3	3.8	3.6	7.5	4.2	5.2
Q4	5.7	8.4	3.2	9.8	2.3	..	3.5	7.5	4.2	5.1
<i>Change on qtr</i>	0.1	-0.1	0.1	0.0	0.0	...	-0.1	-0.1	0.0	-0.1
<i>Change on yr</i>	0.0	-0.5	-0.1	-0.8	-0.2	...	-0.3	-0.4	-0.2	-0.2

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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Next Update

OECD, [Harmonised Unemployment Rates](#),
11 March 2020

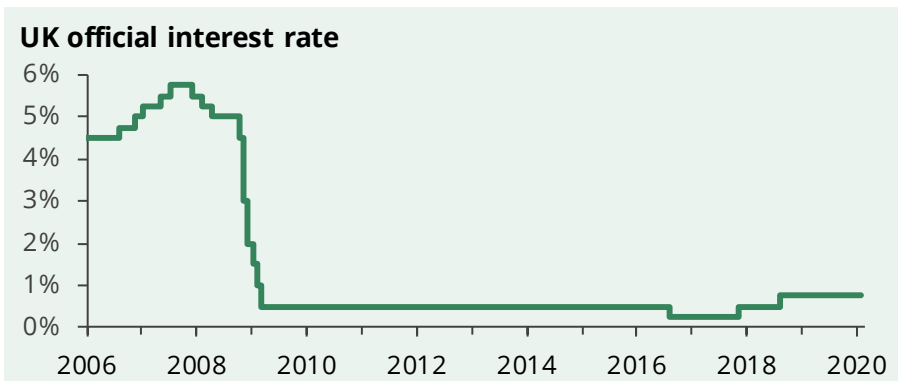
D1: Interest Rates and Monetary Policy

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 7-2 to leave interest rates unchanged at 0.75% at its January [policy meeting](#) (the two dissenting votes were for a 0.25%-point rate cut). Economists had been divided on whether or not the MPC would cut rates following statements from some MPC members in recent weeks suggesting they might vote for a rate reduction.

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



In its [January Monetary Policy Report](#) the MPC noted that economic growth in the UK has slowed towards the end of 2019. However, there has been a reduction in uncertainty – and increase in business confidence – following the decisive General Election result. The MPC's forecasts assume an orderly transition to a "deep" UK-EU trade agreement from late 2020.

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.

Andrew Bailey, currently Chief Executive of the Financial Conduct Authority, will [become Governor of the Bank of England](#) on 16 March 2020. He will replace Mark Carney, who has been Governor since 2013.

Eurozone (European Central Bank)

At its January [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%. The ECB restarted its [quantitative easing programme](#) in November, purchasing €20bn of assets every month.

United States (Federal Reserve)

The Federal Reserve [left interest rates unchanged](#) at a range of 1.5-1.75% at its meeting ending on 29 January. The Fed cut rates by a total of 0.75%-points during 2019.

Subject Specialist

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Updates – next monetary policy meetings

UK ([26 Mar](#))
ECB ([12 Mar](#))
US ([18 Mar](#))

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	57	2.7%	1,753	82.4%
2018/19	38	1.8%	1,774	80.7%
2019/20	48	2.2%	1,817	81.3%
2020/21	40	1.8%	1,810	78.2%
2021/22	38	1.6%	1,781	74.3%
2022/23	35	1.5%	1,827	73.6%
2023/24	33	1.3%	1,870	72.7%

Sources: ONS, OBR. Excludes public sector banks

Government borrowing in the current financial year to date (April 2019 to January 2020) was £44.8 billion. This is £5.8 billion more than during the same period in 2018/19, an increase of 15%.

At the end of January 2020, public sector net debt was equivalent to 79.6% of GDP which is lower than at the end of January 2019, when the debt-to-GDP ratio was 80.3%.

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.

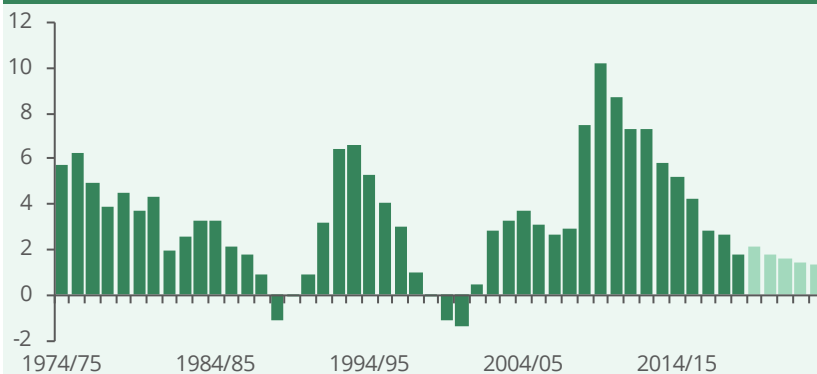
Net borrowing – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a particular time period.

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

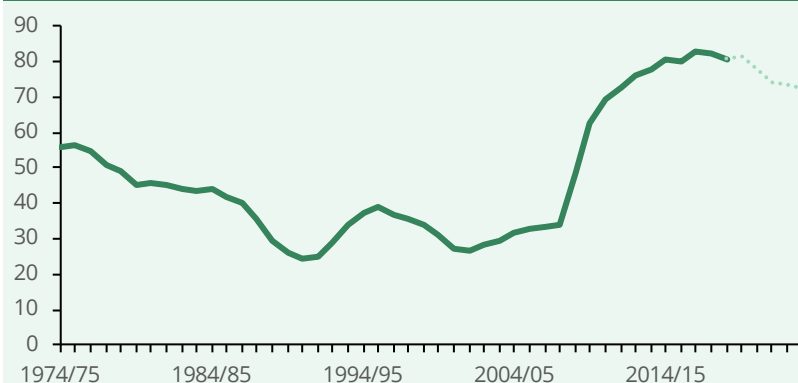
All figures exclude public sector banks.

The OBR have [restated their March 2019 forecasts](#) to allow for [accounting changes](#) made by the ONS in September 2019. The most significant of these relates to [student loans](#).

Public sector net borrowing, % of GDP



Public sector net debt, % of GDP



Subject Specialist

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x4324

Next update

OBR, [Economic and fiscal outlook](#), 11 March 2020

ONS, [Public sector finances](#), 20 March 2020

D3: Financial Indicators

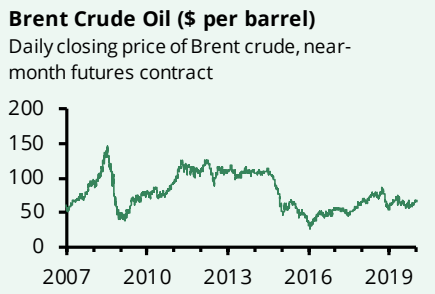
FTSE-100 Index



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. The index's value has moderated since but rallied following the general election – the index rose just over 4% in the week following 12th December 2019.

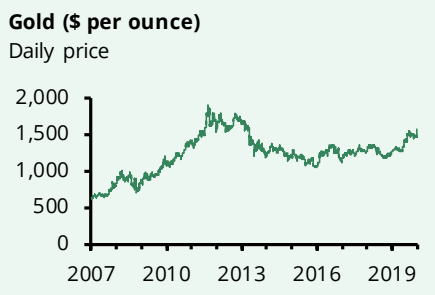
Brent Crude Oil



The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. In January 2016, the price fell below \$30/barrel for the first time since 2004. The price 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



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 and has largely

remained above \$1,500/ounce ever since.

Data from 25 February 2020			
	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
25 Feb 2020	7017.88	55.41	1671.65
%change over:			
1-month	-5%	-6%	7%
12-months	-2%	-15%	26%
Note: Oil is Brent near-month futures price			
Source: Financial Times			

Subject Specialist

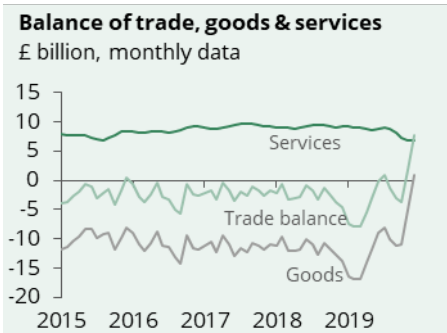
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Updates

Financial Times, Weekly Basis

E1: Trade

In 2019, the UK's exports of goods and services totalled £689 billion and imports totalled £718 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 £130 billion on trade in goods was partially offset by a surplus of £100 billion on trade in services in 2019. The overall trade deficit was £29 billion in 2019.

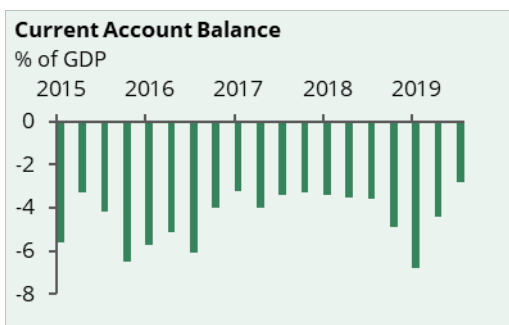
The UK had a trade deficit with the EU of £66 billion in 2018 and a trade surplus of £36 billion with non-EU countries.

The trade surplus with all countries widened to £5.9 billion in the three months to December 2019 compared with a £3.4 billion deficit in the previous three months. This was largely driven by increasing exports and falling imports of precious metals, including non-monetary gold. Exports grew by 2.9% over this period. Imports decreased by 2.3% (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	629.1	654.2	-25.1	-72.3	-3.5%
2018	656.5	686.3	-29.8	-82.9	-3.9%
2018 Q4	168.2	178.9	-10.8	-26.6	-4.9%
2019 Q1	168.1	191.2	-23.1	-37.4	-6.8%
Q2	165.0	173.7	-8.7	-24.2	-4.4%
Q3	175.4	178.7	-3.4	-15.9	-2.8%
Q4	180.5	174.6	5.9

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 £83 billion in 2018, compared with £72 billion in 2017. The current account deficit was 3.9% of GDP in 2018 compared with 3.5% in 2017.



The current account deficit was £16 billion in Q3 2019 (2.8% of GDP), down from £24 billion (4.4% of GDP) in Q2 2019.

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Updates

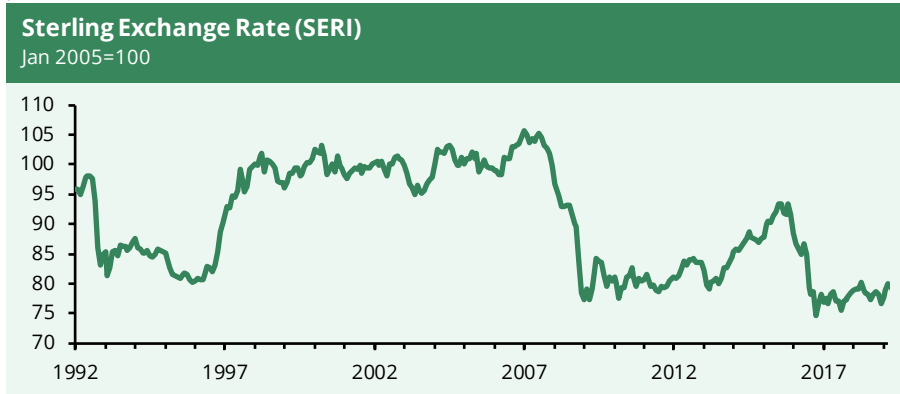
ONS, [UK Trade](#),
11 March

ONS, [UK Balance of Payments](#), 31 March

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).

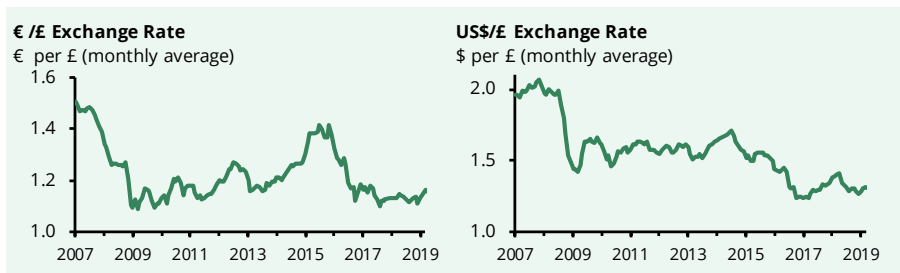
The SERI fell by 0.3% between December and January, following a rise of 1.3% between November and December. Compared with the same period a year ago, it is 3.3% higher. It is 23.9% below its January 2007 peak level.



On average in January compared with December, the pound fell by 0.2% against the dollar, its first month-on-month fall since August 2019. 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 its highest rate in 2019 was \$1.33.

Latest closing prices:
 \$1.30 per £1
 €1.20 per £1
 (On 25 Feb 2020)

Sterling was down 0.1% against the Euro on average in January compared to December. On 6 February 2020, the Euro was valued at €1.18 per £1, down from a recent high of €1.18 set in December 2019.



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Updates
 Financial Times, [sterling exchange rates](#) (daily)
 Bank of England, [SERI & monthly rates](#), Early March 2020

Sterling Exchange Rates				
average rates in period and % changes				
	US Dollar (\$)		Euro (€)	
	Rate	% change on yr	Rate	% change on yr
2017	1.29	-4.8%	1.14	-6.7%
2018	1.34	3.6%	1.13	-0.9%
2019	1.28	-4.4%	1.14	0.9%
2019 Nov	1.29	-0.1%	1.17	2.7%
Dec	1.31	3.5%	1.18	6.0%
2020 Jan	1.31	1.3%	1.18	4.3%

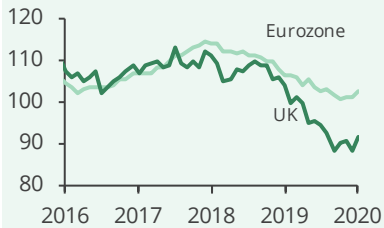
Source: Bank of England, Bankstats database

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.

Monthly index value

long-term average (1990-2012) = 100



European Commission Economic Sentiment Indicator

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

Between December 2019 and January 2020, the overall UK sentiment index rose by 3.3 points to 91.5, recovering slightly after the lows of the past few months.

Future output expectations

% balance expecting improve/deterioration



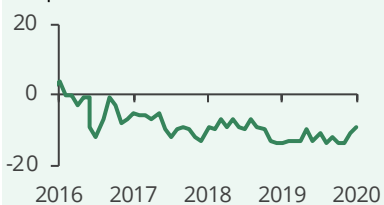
CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In February, more manufacturers thought that output would rise over the next three months than thought it would fall. The difference was +8% of manufacturers, up from +4% in January to its highest level since January 2019.

Consumer confidence index

% balance expecting improve/deterioration



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 January, the overall consumer confidence index increased by two points to -9, the same level as in September 2018.

Subject Specialist

Daniel Harari, x2464

Update

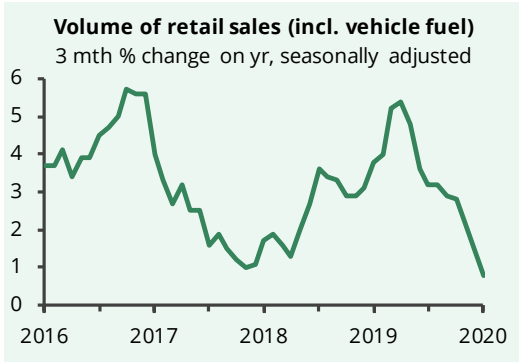
EC, [Economic Sentiment Indicator](#), 27 February 2020

CBI, [Industrial Trends](#), Mid-March 2020

GfK NOP, [Consumer Confidence](#), 28 February 2020

F2: Retail Sales

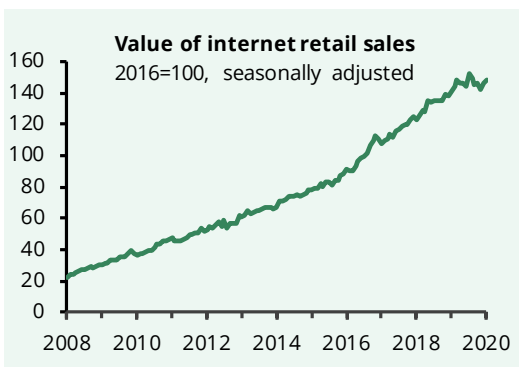
In January 2020, [retail sales in the UK](#) totalled £6.9 billion per week, down £2.8 billion on the figure in December. This figure includes money spent in shops, supermarkets, in petrol stations and online.



In the three months to January 2020, the quantity (**volume**) of retail sales fell by 0.8% 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 0.8%.

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** was £1.4 billion in January 2020, up 7.4% on the year.

This was 19.9% of all retail sales, down from 21.4% in December 2019. Since this series began in 2006, internet sales as a proportion of all retail sales has risen

steadily. But since the beginning of 2019 this trend appears to be ending and internet sales has plateaued at around 20% of all sales.

The volume of sales in food stores in the three months to January 2020 was down 0.1% on the same period last year. The volume of sales in non-food stores was down 1.0% compared to last year.

Volume of retail sale				
Index 2016=100, seasonally adjusted				
		Food	Non-food	Total
2018	Jan	99.6	102.9	102.6
2019	Jan	103.5	102.1	107.3
2019	Nov	102.7	105.3	107.7
	Dec	101.5	105.2	107.1
2020	Jan	103.2	104.6	108.1
3m % change on yr		-0.1	-1.0	0.8

Change on year is the change on the most recent three month period compared to the same period a year earlier
Total includes fuel and non-store retailing
Source: ONS, series: J5C4, EAQW, EAQY, J5BY, IEAU, IEAX

Subject Specialist

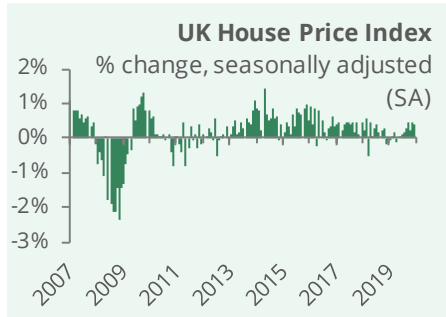
Chris Rhodes
x2454

Updates

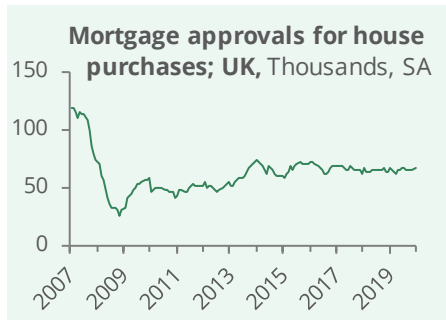
ONS, [Retail Sales](#),
26 March 2020

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 2.2% between December 2018 and December 2019. On a seasonally adjusted basis house prices increased by 0.4% between November 2019 and December 2019.



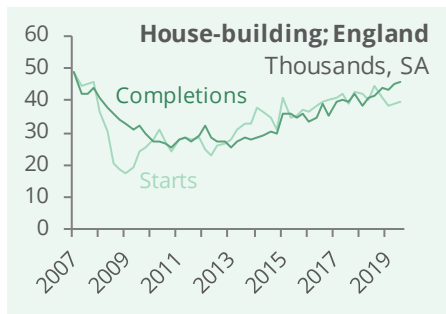
House prices grew at different rates across the UK's countries and regions over the year to December 2019. House prices grew fastest in Yorkshire & The Humber (3.9%) and the East Midlands (2.8%). House prices grew slowest in the South East (1.2%) and the West Midlands (1.4%).



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 December 2019 were up 4.6% on a year ago and up 2.6% on November 2019.

Approvals remain well down on pre-recession levels. There were 67,241 mortgage approvals in December 2019, compared with 64,263 in December 2018.



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

There were 39,510 house building starts (seasonally adjusted) in England in Q3 2019, a 2% increase compared with the

previous quarter, but a 11% decrease compared with the same quarter of 2018. This is above the recent low of 17,170 in Q1 2009, but still below the 48,850 starts in Q1 2007.

There were 46,000 house building completions (seasonally adjusted) in England in Q3 2019, a 2% increase compared with the previous quarter, and a 11% increase compared with the same quarter of 2018. Completions remain below the peak of 48,520 completions in Q1 2007.

Subject Specialist

Matt Keep
x4324

Updates

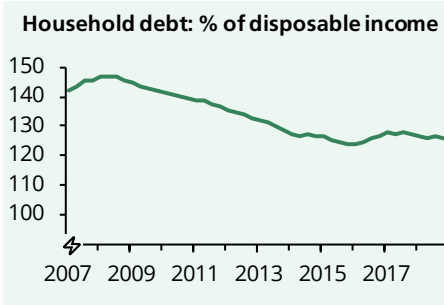
HM Land Registry, [UK house price index](#), 25 March 2020

Bank of England, [Money and credit](#), 2 March 2020

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

F4: Household Debt

Household debt as a % of disposable income

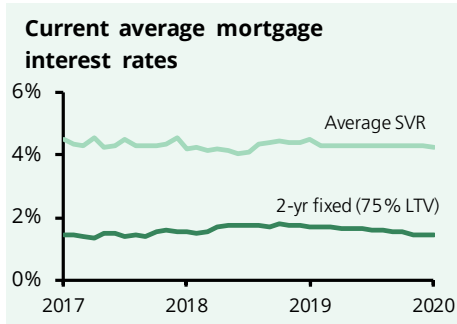


Household debt peaked in Q2 2008 at 147% of household disposable income. It then declined to 124% by late 2015.

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

Q3 2019 it was 126.6%.

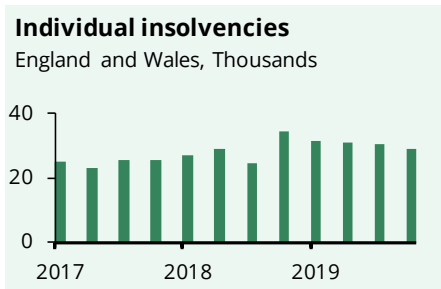
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 4.27% in January 2020, down from 4.48 a year ago.

The average 2-year fixed mortgage rate was 1.45% in January 2020, down 0.27% points on the year.

Individual insolvencies, England and Wales



There were 29,261 individual insolvencies in England and Wales in Q4 2019, slightly down on the previous quarter. This is the fifth successive quarterly fall in the number of insolvencies.

The Q4 2019 level is the 16% down on the level in Q4 2018,

which saw the highest number of insolvencies since Q1 2010.

In Scotland, there were 3,312 individual insolvencies in Q4 2019, slightly up on the level a year before.

In Northern Ireland, there were 656 individual insolvencies in Q4 2019, down 7% on the year.

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Updates

Bank of England,
[Statistical database](#),
05 March 2020

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

ONS, [UK Economic Accounts](#), 31 Mar 2020

4. Glossary

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 unpaid family work during the survey period. The employment rate refers to

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

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.

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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