



BRIEFING PAPER

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Economic Indicators, March 2020

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UK Services PMI

50 = no change



The UK services PMI was 35.7 in March 2020, a record low, recording a slump in business activity amid emergency public health measures.

Unemployment rate

%



The unemployment rate was 3.9% in November 2019 – January 2020, up slightly from the previous quarter.

FTSE-100 Index

Daily closing price



The FTSE-100 index fell to its lowest level since October 2011, closing at 4,993.89 on 23 March. This represented a fall of 34% from 1 January.

Inside:

- 1. This month's developments**
- 2. Headline UK Economic Indicators, March 2020**
- 3. Introduction to Economic Indicators**
 - A. Growth and Output**
 - Gross Domestic Product (GDP)
 - GDP: International
 - Components of GDP
 - Services
 - Manufacturing
 - Productivity
 - B. Prices and Wages**
 - Inflation
 - Inflation: International
 - Average Earnings
 - C. Labour Market**
 - Employment
 - Unemployment
 - Unemployment: International
 - D. Finance and Borrowing**
 - Interest Rates
 - Public Finances
 - Financial Indicators
 - E. Trade and Exchange Rates**
 - Trade
 - Exchange Rates
 - F. Other Indicators**
 - Business and Consumer Confidence
 - Retail Sales
 - Housing Market
 - Household Debt

4. Glossary

5. Indicator Sources

Contents

Economic update: Coronavirus brings recession	3
Headline UK Economic Indicators, January 2020	7
Headline Indicators summary	8
1. Introduction to Economic Indicators	8
A1: Gross Domestic Product	10
A2: GDP International	11
A3: Components of GDP	12
A4: Productivity	13
A5: Services	14
A6: Manufacturing	15
B1: Inflation	16
B2: International inflation	17
B3: Average Earnings	18
C1: Employment	19
C2: Unemployment	20
C3: Unemployment International	21
D1: Interest Rates and Monetary Policy	22
D2: Public finances	23
D3: Financial Indicators	24
E1: Trade	25
E2: Exchange Rates	26
F1: Business and Consumer Confidence	27
F2: Retail Sales	28
F3: Housing Market	29
F4: Household Debt	30
3. Glossary	31
4. Indicator Sources	34

Economic update: Coronavirus brings recession

It's fair to say a lot has happened since our last monthly update, which noted business and consumer optimism was on the up. The rapid spread of coronavirus in the UK has upended our daily lives and the economy.

The impact on the economy is occurring in different ways: from enforced closures of businesses to supply chain disruption and uncertainty over how long it will all last. It is clear the economy has entered recession.

Official statistics reflecting the current situation won't be published until late April at the earliest. However, a range of other sources such as business surveys and anecdotal information can be used to capture some of the economic disruption. Here we summarise the available evidence.

This is a fast-moving situation and the content here should be read as correct at the date of publication (02.04.20).

Economic shock took hold in March

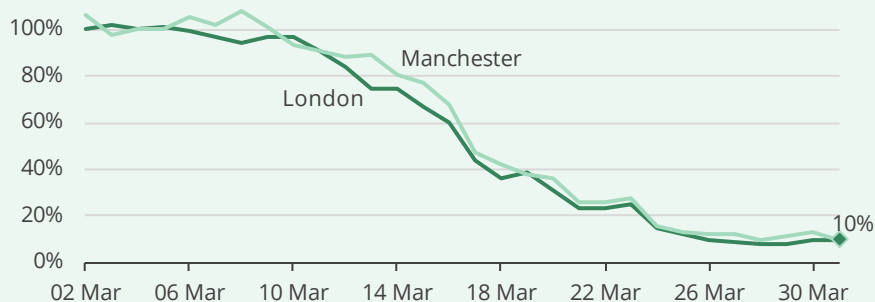
Over the course of March, public health measures designed to slow the spread of Covid-19 became more stringent as the scale of the crisis became evident.

On 20 March, the [closure of restaurants and pubs](#) was announced. On 23 March the [Prime Minister announced a 'lockdown,'](#) with non-essential shops closing and a stricter social distancing policy.

Even before shops were shut, advice to limit foreign travel and then for the general public to stay at home was having an impact on the economy. A proxy for the [number of journeys](#) made in London and Manchester, provided by the Citymapper app, shows a noticeable decline from the middle of March (see chart below). [Retail footfall shows a similar pattern](#), according to data from Springboard, a retail research provider.

Number of journeys plummeted in March

% of normal trips planned (100% = usual), Citymapper 'mobility index'



Source: Citymapper; data for 3-31 March 2020, % compared to usual (100% = usual)

The extent of the economic impact of all this is difficult to gauge. But with fewer people able to work, companies in some sectors being shut down entirely, and people largely stuck at home, there is clearly a serious impact on many businesses.

Measures to support businesses and workers

Some companies face big declines in revenues, while still having fixed costs such as rents and wages to pay. Consumer-facing services sectors, such as hospitality and entertainment are [thought to be most vulnerable](#). Even firms with good long-term prospects, who make profits in normal times, can face cash flow issues in the meantime.

Some may have cash reserves to make the required payments or be able to borrow. Some may not and face the prospect of going out of business. This may lead to them cutting wages or laying off staff. It is likely unemployment levels will rise.

A survey conducted 25-27 March by the British Chambers of Commerce reported that [18% of businesses had less than a month's worth of cash in reserve](#). A further 44% had 1-3 months' worth. Meanwhile, 44% of businesses surveyed said they expect to furlough at least half of their workforce in the next week.

[Policies intended to help businesses and workers](#) have been announced by the Government and the Bank of England. The [first package of measures](#) was announced on the day of the Budget, 11 March. Since then, more extensive interventions have been made. These are set out in our briefings on [support for businesses](#) and [the effects of coronavirus on the economy](#).

The key goal of these policies is to offer companies in difficulty a financial bridge over the current cash shortfall. If businesses can be kept afloat, they either will not have to reduce their workforce by as much or be in a better position to get going again following the crisis.

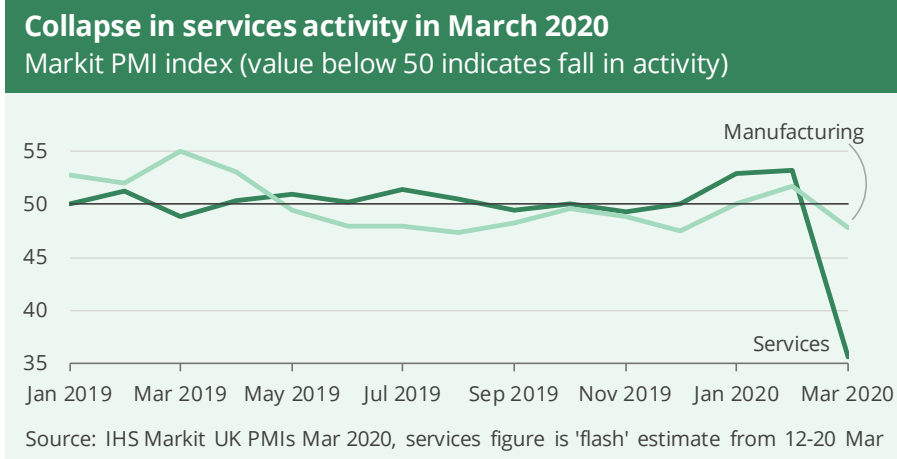
Financially supporting workers who face unemployment, or the loss of income due to fewer working hours, may also help to reduce the impact of lower consumer spending on the economy.

Economic data shows steep decline in activity

How effective these policy measures will be in practice remains to be seen. Even if they are effective, they will not be able to completely mitigate the economic downturn that is currently underway.

While official data won't be available until late April at the earliest, other indicators provide a guide to [what is happening in the economy](#).

[Business activity fell sharply in March](#) according to the closely-followed IHS Markit purchasing managers' index (PMI). The services sector had its steepest fall since the series began in 1996.



Some businesses in trouble

Other surveys reflected the concerns of many businesses who fear they may go out of business. For example, a survey of 'business leaders' conducted 20-26 March by the Institute of Directors, found [39% thought coronavirus posed a severe threat](#) to their organisation. 40% had contacted their bank about an emergency loan.

An Opinium survey commissioned by Be the Business, an organisation that supports businesses raise productivity, reported that [7% of small businesses had stopped trading permanently](#). A further 12% said they would likely close within a month. 8% have made redundancies, with 15% planning to in the next month. The survey was conducted 20-24 March.

Similar figures suggesting [18% of small- and medium-sized firms may not survive](#) until the end of April were reported by the Corporate Finance Network of accountants.

Unemployment

Unemployment already appears to be increasing sharply based on new benefit claims figures. The Department for Work and Pensions reported there were [almost 950,000 new claims \(applications\)](#) for [Universal Credit in the two weeks to 31 March](#).

This compares with an average of 110,000 per fortnight over the course of 2019.

Consumer demand

The Bank of England's network of agents, who are in contact with businesses across the UK, reported [sharp falls in consumer demand](#) in the first few weeks of March.

The travel, leisure and hospitality sectors were particularly badly hit. Car sales were also down significantly. Some businesses had put investment projects on hold to preserve cash. The Bank summarised economic conditions in bleak terms:

"The Covid-19 (Coronavirus) pandemic has caused a sudden, rapid decline in economic activity in recent weeks. The situation has been

described by many agency contacts as being worse than the financial crisis in 2008.”

While we don't know how deep the recession will be, it is clear we are [already in recession](#). The crucial question is how long it will go on for.

This will be determined by how long the lockdown is in place for, and how much permanent damage is done to the economy in the meantime.

Further information

[Coronavirus: Latest economic data](#), House of Commons Library, 31 March 2020

[Coronavirus: Effect on the economy and public finances](#), House of Commons Library, 27 March 2020

Headline UK Economic Indicators, March 2020

Gross Domestic Product: Q4 2019, Seasonally Adjusted		
Change (real %)	0.0 (qtr)	1.1 (yr Q4 18-Q4 19)
Industries		
Service output: 3 months to January 2020		
Change (%)	0.0 (mth)	1.1 (yr)
Manufacturing output: 3 months to January 2020		
Change (%)	-1.2 (mth)	-2.4 (yr)
Productivity: Q4 2019		
Output per hour		
Change (%)	0.3 (qtr)	0.3 (yr)
Inflation: February 2020		
Change on year (%)	1.7 (CPI)	2.5 (RPI)
Labour Market: Nov 2019-Jan 2020, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		3.9
Change (% points)	4.9 (qtr)	0.4 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		76.5
Change (% points)	0.1 (qtr)	0.1 (yr)
Interest Rate: as of 2 April 2020		
Bank of England Base Rate		0.10 (%)
Public Finances: 2019/20		
Net borrowing	47 (£ bn)	2.1 (% GDP)
Net debt	1,799 (£ bn)	79.5 (% GDP)
Trade: Q4 2019		
Current Account	-5.6 (£ bn)	-1.0 (% GDP)
Sterling Exchange rate: 1 April 2020		
US Dollar (\$)	1.30 (rate)	-6.0% (% change on yr)
Euro (€)	1.20 (rate)	-2.8% (% change on yr)
EC Economic Sentiment Indicator for UK: March 2020		
Points (1990-2012 average = 100)		92.0
Change (points)	-3.5 (mth)	-8.1 (yr)
Retail Sales: Febuary 2020, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		-0.6 (% change on yr)
Housing Market: December 2019, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	-0.4 (mth)	1.3 (yr)

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

Headline Indicators summary

GDP in the UK remained flat (growth of 0.0%) in November 2019-January 2020 compared to the previous quarter. This compares to growth of 0.1% in the Eurozone in Q4 2019.

Services output was up by 1.1% in the three months to January 2020 compared to the previous year. **Manufacturing output** fell by 3.2%.

CPI inflation was 1.7% in February 2020, down from 1.8% in January. Inflation in the Eurozone is provisionally estimated as 0.7% in March, down from 1.2% in February.

The Bank of England's Monetary Policy Committee (MPC) **cut interest rates to 0.1%** on 19 March, the lowest it has ever been, following a cut from 0.75% to 0.25% on 17 March.

Average wages excluding bonuses were 3.1% higher in the three months to January 2020 compared with the year before. CPI inflation for this period was 1.5%.

32.99 million people were in **employment** in November 2019-January 2020, up 271,000 from a year before. The **employment rate** was 76.5%, up from 76.1% the previous year.

1.34 million people were **unemployed** in November 2019-January 2020, up slightly from the year before. The **unemployment rate** was 3.9%. 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 February 2020) was £44 billion, £4 billion more than during the same period in 2018/19. At the end of February 2020, public sector net debt was equivalent to 79.1% of GDP, down from 80.2% at the end of February 2019.

The UK had a **trade surplus** of £14 billion in the three months to January 2020, compared with a £5.6 billion deficit in the previous three months. The **current account deficit** was £5.6 billion in Q4 2019 (1% of GDP), down from £19.9 billion in Q3 2019 (3.6% of GDP).

The **value of sterling** rose by 0.4% between January and February, following a rise of 0.3% between December and January.

The volume of **retail sales** decreased by 0.6% in the three months to February 2020 compared with the previous three months, and was flat compared with the previous year.

House prices increased by 1.3% in the year to January 2020.

Household debt stood at 126.8% of disposable income in Q4 2019. It has been around this level since mid-2017.

1. 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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Wages and Earnings	Matthew Keep	4324

A1: Gross Domestic Product

In the quarterly national accounts, the economic growth in the latest calendar quarter (October-December 2019) remained flat (0.0% growth) compared to the previous quarter.

Real Gross Domestic Product seasonally adjusted		
	% change on qtr	% change on yr
2017	...	1.9
2018	...	1.3
2019	...	1.4
2018 Q4	0.2	1.4
2019 Q1	0.7	2.0
Q2	-0.2	1.3
Q3	0.5	1.3
Q4	0.0	1.1

Source: ONS, series: IHYP, IHYQ, IHYR

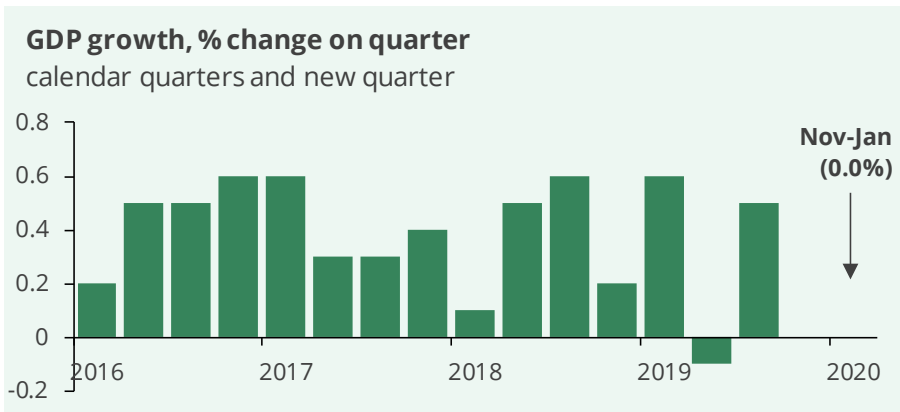
The economy was also flat in November 2019-January 2020 compared to the previous quarter (August-October).

There was no growth in the services sector in the three months to January 2020, while a growth in the construction sector offset a decline in the production sector.

GDP was flat in November 2019-January 2020 compared with the previous quarter.

Looking at month-on-month growth, GDP was flat in January 2020 following growth of 0.3% in December. (Monthly figures are more volatile than quarterly estimates.)

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



Forecasts

At the March 2020 Budget, the Office for Budget Responsibility (OBR) forecast growth of 1.1% for 2020 and 1.8% for 2021. These forecasts do not take into account the full expected impact of the Coronavirus.

The Treasury's March 2020 [survey of independent forecasts](#) for GDP growth showed an average forecast of 0.6% for 2020 and 1.3% for 2021. These are based on forecasts from 1 March to 17 March. Therefore, they will partly take into account the expected impact of the Coronavirus, although are unlikely to incorporate the full impact.

Annual GDP growth forecasts (%)		
	2020	2021
HM Treasury average of independent forecasts (Mar 20)	0.6	1.3
OBR forecasts (Mar 20)	1.1	1.8

Source:

Office for Budget Responsibility, *Economic and fiscal outlook*, Mar 2020

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

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Updates

ONS, [GDP monthly estimate](#), 9 April 2020

ONS, [GDP national accounts](#), 12 May 2020

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

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

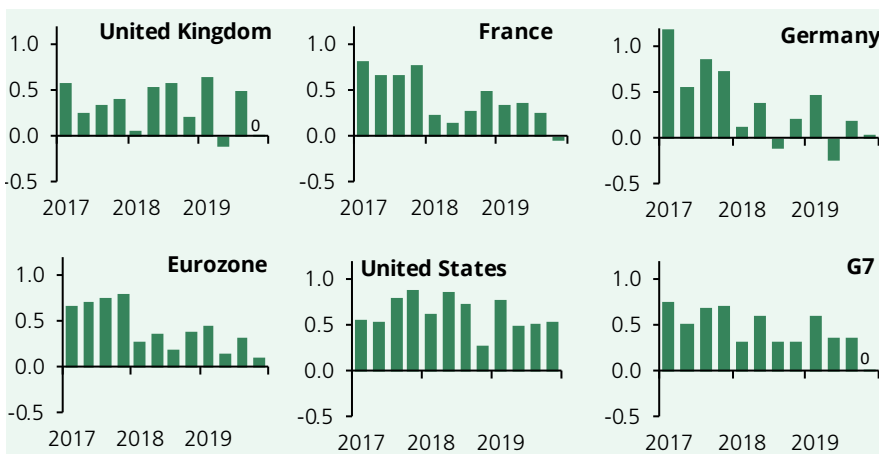
A2: GDP International

Latest GDP data is from before the Coronavirus outbreak. UK GDP was unchanged in Q4 2019 compared with 0.1% in the Eurozone.

GDP growth									
% change in real GDP									
	% change on previous quarter				% change on a year ago				updated 31 Mar
	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	0.5	0.1	0.3	0.1	1.4	1.2	1.3	1.0	
USA	0.8	0.5	0.5	0.5	2.7	2.3	2.1	2.3	
Japan	0.5	0.6	0.0	-1.8	0.8	0.9	1.7	-0.7	
Germany	0.5	-0.2	0.2	0.0	1.0	0.3	0.6	0.5	
France	0.3	0.4	0.3	-0.1	1.3	1.5	1.5	0.9	
G7	0.6	0.4	0.4	0.0	1.9	1.6	1.6	1.4	
OECD	0.6	0.4	0.4	0.2	1.7	1.6	1.7	1.6	

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

Latest [OECD forecasts](#) published 2 March assumed only a limited spread of the virus beyond China. A more recent [report from the OECD](#), published 27 March, describes a severe recession across the OECD.

Real GDP growth forecasts				
	% change			
	IMF (Jan 2020)		OECD (Mar 2020)	
	2020	2021	2020	2021
UK	1.4	1.5	0.8	0.8
France	1.3	1.3	0.9	1.4
Germany	1.1	1.4	0.3	0.9
Eurozone	1.3	1.4	0.8	1.2
US	2.0	1.7	1.9	2.1
Japan	0.7	0.5	0.2	0.7
China	6.0	5.8	4.9	6.4
India	5.8	6.5	5.1	5.6
Brazil	2.2	2.3	1.7	1.8
World	3.3	3.4	2.4	3.3

Note: Indian forecasts for fiscal years (April to March)

Sources: IMF Jan'20 WEO update; OECD Interim Economic Outlook 2 Mar'19

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Next updates

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

OECD, [Economic Outlook](#), May 2020

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

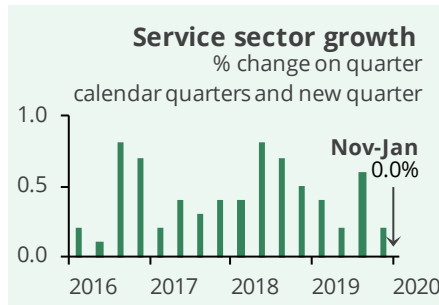
European Commission (EC), [Economic Forecasts](#), May 2020

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 Nov-Jan 2020 compared to the previous quarter (Aug-Oct 2019).

GDP by Industry

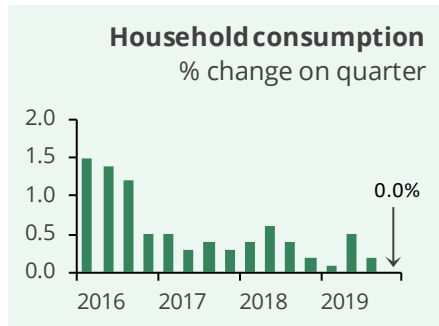


Services are the sector that account for the largest part of the economy – in 2018, they accounted for 80% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Nov-Jan 2020, service sector output was flat (growth was 0.0%) in real terms compared with the previous quarter.

Manufacturing output was down 1.2% (the production sector was down 1.0% overall), and construction sector output was up 1.4%.

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 was flat (0.0% growth) in real terms. Government consumption was up 1.5% and investment was down 1.2%. Exports were up 5.0% and imports were up 0.4% 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 *	1.1	3.5	0.6	4.8	4.6	1.4
2018 Q4	0.2	1.3	-0.1	-0.3	2.9	0.2
2019 Q1	0.1	1.1	1.0	1.8	9.3	0.7
Q2	0.5	1.1	-0.5	-3.5	-10.7	-0.2
Q3	0.2	0.0	0.5	7.0	2.3	0.5
Q4	0.0	1.5	-1.2	5.0	0.4	0.0

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

Note: * annual % change

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Updates

ONS, [GDP monthly estimate](#), 9 Apr 2020

ONS, [Quarterly national accounts](#), 30 Jun 2020

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

A4: Productivity

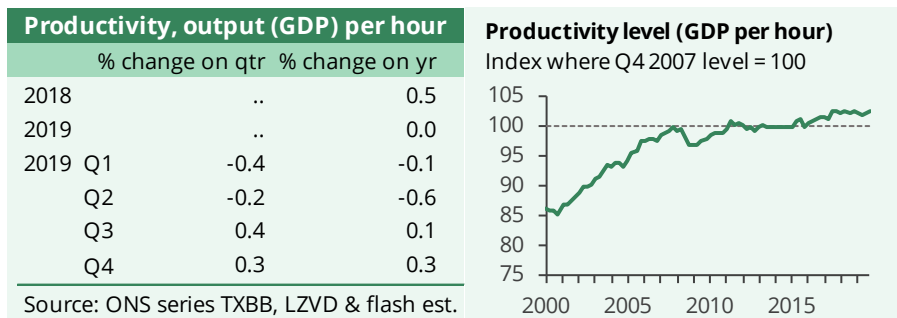
One of the most important factors in determining living standards is productivity – how much output is produced for a given input (such as an hour of work).

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

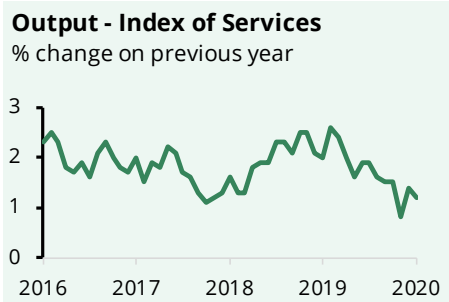
A5: Services

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

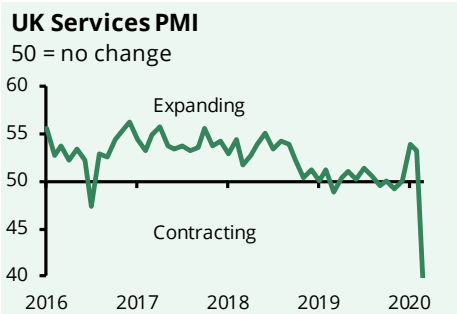
The Index of Services increased by 0.1% between December 2019 and January 2020. Wholesale, retail and motor trade was the largest driver of the monthly growth, contributing 0.12 percentage points.



There was no growth in services in the three months to January 2020 compared with the previous three months.

In the three months to January 2020, compared with the three months to January 2019, services output increased by 1.1%. This is the lowest growth since April 2010 when it was 0.6%.

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 35.7 in March 2020, falling from 53.2 in February. This is a survey record low, recording a slump in business activity amid emergency public health measures to halt spread of coronavirus. This exceeded the previous record low of 40.1 in November 2008.

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.1	2.1	2018 Mar	51.7	
2018	103.9	1.7	2019 Mar	48.9	
2019 Nov	105.6	0.8	2020 Jan	53.9	3.9
Dec	106.0	1.4	Feb	53.2	-0.7
Jan	106.1	1.2	Mar	35.7	-17.5

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](#), 9 April 2020

Markit/CIPS, [UK Services PMI](#), 3 April 2020

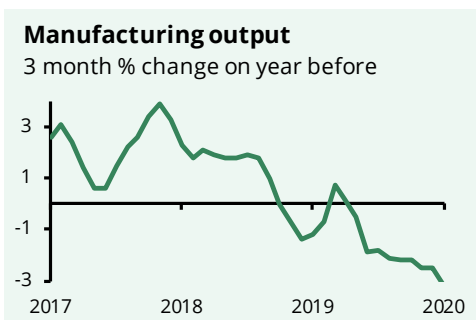
A6: Manufacturing

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 1.2% in the 3 months to January 2020 compared with the 3 months to October 2019.



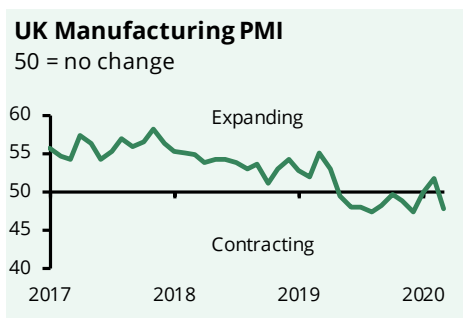
9 out of 13 manufacturing sub-sectors declined, led by food, beverages and tobacco, which fell by 2.1% and transport equipment which fell by 2.2%.

Monthly manufacturing output in January compared to December rose by 0.2%. This reflects a mixed picture with

only 6 of the 13 subsectors displaying upward contributions.

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 manufacturing PMI for March 2020 was 47.8, a fall of 3.9% on the February level. Both output and new orders fell at the fastest rates since 2012.

Markit/CIPS observed an intensification of supply chain disruption and a record low slump in business optimism. The

effects were felt across manufacturing, with output falling sharply in all major sectors excepting food production and pharmaceuticals.

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.5	2.5	2018 Mar	54.9	
2018	103.4	0.9	2019 Mar	55.1	
2019 Nov	99.2	-2.5	2020 Jan	50.0	2.5
Dec	99.5	-2.5	Feb	51.7	1.7
Jan	99.7	-3.2	Mar	47.8	-3.9

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

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

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

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

Subject Specialist

Gloria Tyler, x2432

Update

ONS, [Index of Production](#), 9 April 2020

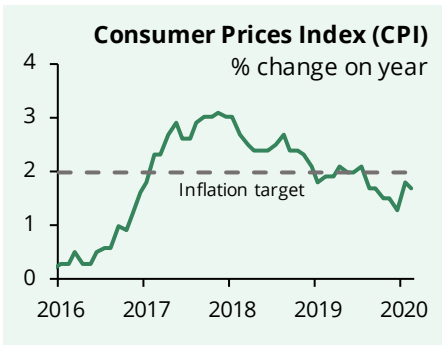
Markit/CIPS, [UK Manufacturing PMI](#), 23 April 2020

B1: Inflation

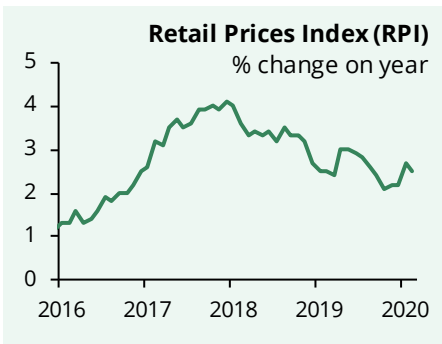
The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not 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 February 2020, down slightly from 1.8% in January.

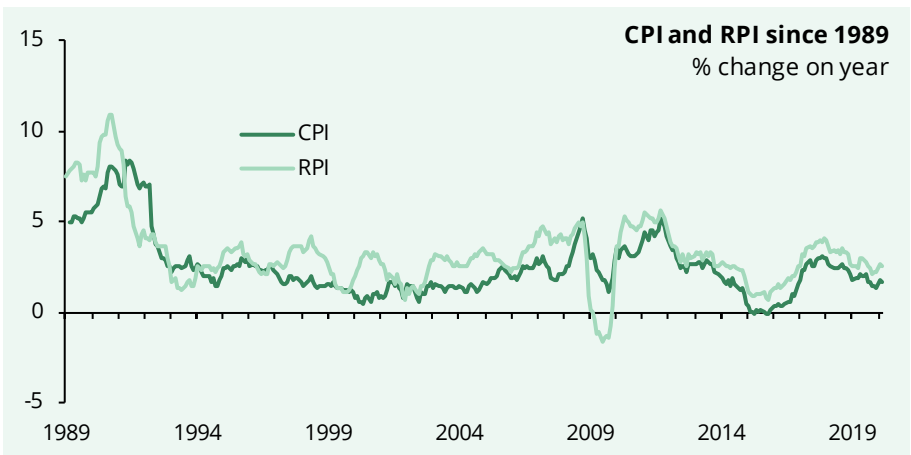
The RPI inflation rate was 2.5% in February 2020, down from 2.7% in January.



Downward contributions to the CPI rate came mostly from alcohol and tobacco, food, and furniture and household goods, partly offset by increases in price in restaurants and hotels.



Price indices			
% change on a year ago			
		CPI	RPI
2017	Feb	2.3	3.2
2018	Feb	2.7	3.6
2019	Feb	1.9	2.5
2019	Dec	1.3	2.2
2020	Jan	1.8	2.7
	Feb	1.7	2.5

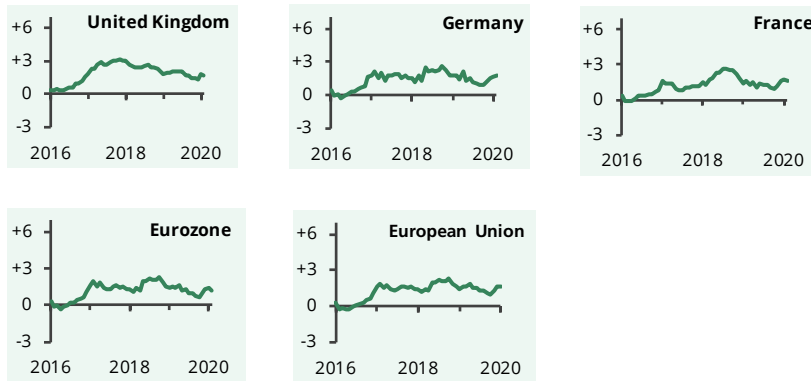


Subject Specialist
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Update
ONS, [Consumer price inflation](#), 22 April 2020

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 1.7% in the year to February, down from 1.8% in January. UK inflation was 1.9% in February 2019.

EU inflation was 1.6% in February, down from 1.7% in January. EU inflation was 1.6% in February 2019. All these EU figures exclude the UK.

Inflation in the Eurozone is provisionally estimated as 0.7% in March, down from 1.2% in February. Eurozone inflation was 1.4% in March 2019.

In Germany, inflation is provisionally estimated as 1.3% in March, down from 1.7% in February; in France inflation is provisionally estimated as 0.7% in March compared with 1.6% in February.

Hungary had the highest inflation rate in the EU in February (4.4%). The lowest inflation rate in the EU was in Italy (0.2%).

Inflation rates: selected countries						
Annual % change in consumer prices (HICP)						
	2017	2018	2019	Jan 20	Feb 20	Mar 20
UK	2.7	2.5	1.8	1.8	1.7	..
Eurozone	1.5	1.8	1.2	1.4	1.2	0.7
European Union	1.7	1.9	1.5	1.7	1.6	..
France	1.2	2.1	1.3	1.7	1.6	0.7
Germany	1.7	1.9	1.4	1.6	1.7	1.3

Source: ONS, Eurostat

Notes: all European Union figures exclude UK; March 2020 figures are provisional; .. denotes data not available

Subject Specialist

Daniel Harari
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Update

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

Eurostat, [HICP full release](#), 17 Apr

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

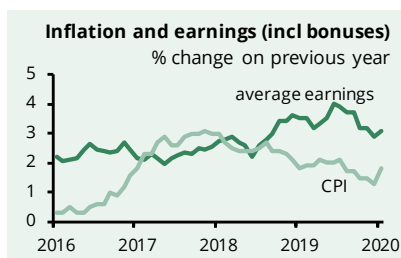
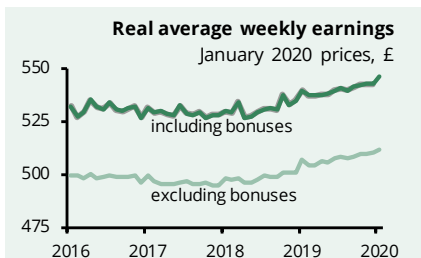
B3: Average Earnings

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 3.1% excluding bonuses in the three months to January 2019 compared with the previous year. Average weekly pay including bonuses also increased by 3.1%.

Inflation as measured by the CPI averaged 1.5% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 1.5% higher than the previous year and average pay including bonuses were 1.5% higher.

Average Earnings, Whole Economy



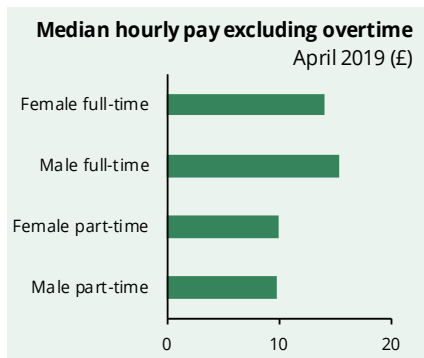
Trends by Sector

Annual % change in average earnings (incl bonuses) Great Britain, employees only			
	Total	Private	Public
2018 Jan	2.7	2.9	2.0
2019 Jan	3.5	3.6	2.8
2019 Nov	3.2	3.2	3.3
2019 Dec	2.9	2.8	3.3
2020 Jan	3.1	3.1	3.2

Note: Data show annual % change in earnings to three month period ending in given month; data are seasonally adjusted
Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) grew by 3.1% in the private sector and by 3.2% in the public sector in the three months to January 2020 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

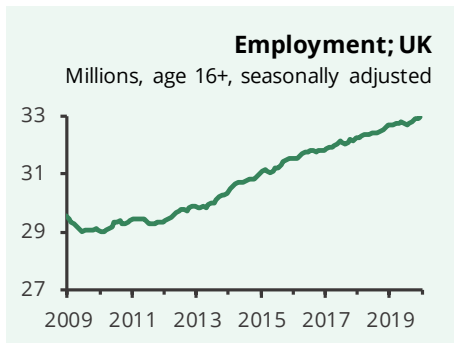
ONS, [Labour Market Statistics](#),
21 April 2020

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

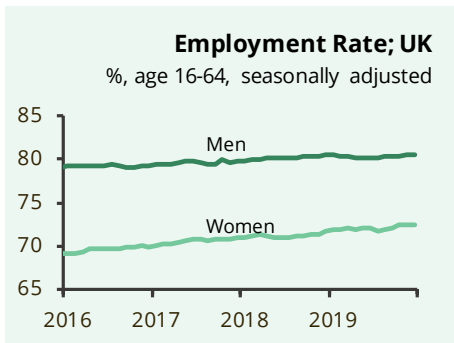
C1: Employment

32.99 million people were in employment in November 2019-January 2020. Employment was up 184,000 from the previous quarter and up 271,000 from the year before.

The employment rate (the proportion of the population aged 16-64 in work) was 76.5%, up from 76.1% a year previously. This is the joint highest rate since comparable records began in 1971. It compares to a post-recession low of 70.1% in July-September 2011.



15.66 million women were in work, up 171,000 from the previous quarter and 262,000 more than a year ago. The female employment rate was 72.5%. 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, 12,000 more than the previous quarter and slightly more than a year ago. The male employment rate was 80.4%.

The total number of people working full-time increased by 225,000 from the previous quarter and increased by 345,000 from the year before to 24.46

million. Part-time employment fell by 42,000 from the previous quarter and decreased by 74,000 from the year before to 8.52 million.

The number of people in self-employment was up 72,000 from the previous quarter and up by 194,000 from the year before to 5.03 million. 27.76 million people were working as employees, up 100,000 from the last quarter and up 57,000 over the last year.

		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
Nov-Jan	2017	31,847	74.5	16,926	79.3	14,921	69.8	3,917	54.9
Nov-Jan	2018	32,241	75.3	17,091	79.8	15,150	70.9	3,817	54.2
Nov-Jan	2019	32,714	76.1	17,317	80.5	15,396	71.8	3,858	55.5
Aug-Oct	2019	32,801	76.2	17,315	80.4	15,487	72.0	3,759	54.5
Nov-Jan	2020	32,985	76.5	17,327	80.4	15,658	72.5	3,820	55.5
Change on qtr	Level	184	0.3	12	0.1	171	0.5	61	1.0
	%	0.6%		0.1%		1.1%		1.6%	
Change on yr	Level	271	0.4	9	0.0	262	0.7	-38	0.0
	%	0.8%		0.1%		1.7%		-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

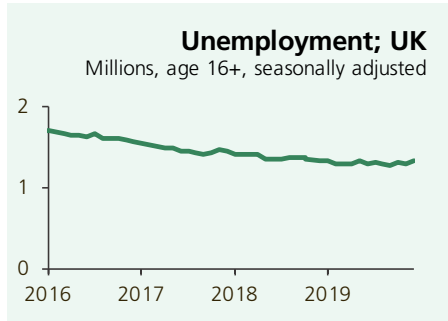
Subject Specialist
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X1398

Updates
ONS, [Labour Market Statistics](#),
21 April 2020

C2: Unemployment

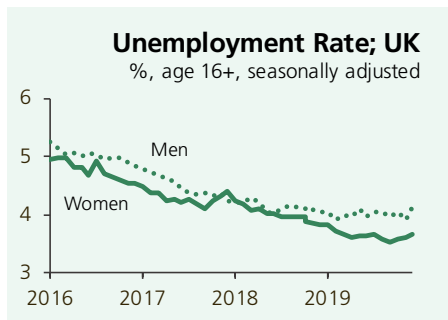
There were 1.34 million unemployed people in the UK in November 2019- January 2020, up by 63,000 from the previous quarter and up slightly from the year before.

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.



506,000 young people aged 16-24 were unemployed, up 34,000 from the previous quarter and slightly more than the year before. The unemployment rate for 16-24 year olds was 11.7%.

748,000 men were unemployed, up 33,000 from the previous quarter and up 20,000 from the year before.



595,000 women were unemployed, up 29,000 from the previous quarter and a fall of 15,000 from a year ago.

The unemployment rate for men was 4.1% and the unemployment rate was 3.7% for women.

306,000 people had been unemployed for over 12 months, 34,000 more than the previous quarter and slightly up since a year ago.

UK Unemployment									
Seasonally adjusted									
		Total		Men		Women		Youth	
Age		000's	%	000's	%	000's	%	000's	%
		16+	16+	16+	16+	16+	16+	16-24	16-24
Nov-Jan	2017	1,573	4.7	864	4.9	709	4.5	551	12.3
Nov-Jan	2018	1,451	4.3	755	4.2	696	4.4	535	12.3
Nov-Jan	2019	1,338	3.9	728	4.0	611	3.8	500	11.5
Aug-Oct	2019	1,281	3.8	715	4.0	566	3.5	473	11.2
Nov-Jan	2020	1,343	3.9	748	4.1	595	3.7	506	11.7
Change on qtr	Level	63	0.2	33	0.2	29	0.1	34	0.5
	%	4.9%		4.7%		5.2%		7.1%	
Change on yr	Level	5	0.0	20	0.1	-15	-0.2	7	0.2
	%	0.4%		2.7%		-2.5%		1%	

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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X1398

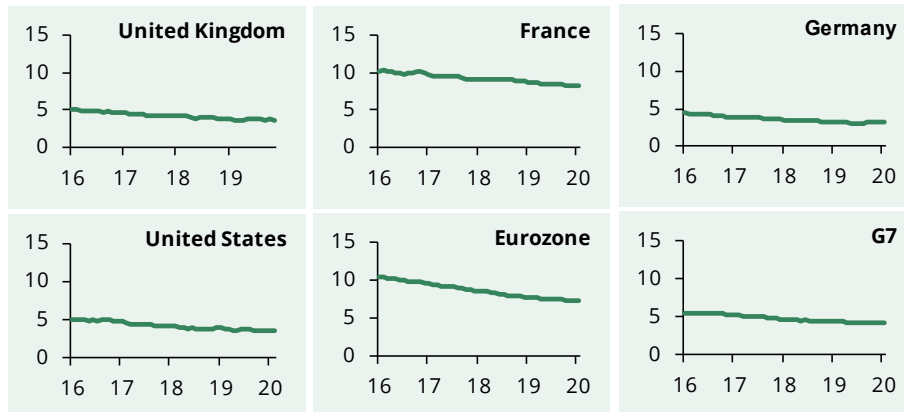
Updates

ONS, [Labour Market Statistics](#),
21 April 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 (8.5%) 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 from 7.5% to 7.4% in **Q4 2019**, and in the G7 stayed at 4.2%. The Q4 figure for the UK has not yet been published.

Most of the OECD countries have seen a fall in the unemployment rate over the last year.

Greece had the highest unemployment rate out of the OECD member states for Q3 2019 (16.9%) followed by Spain at 14.2%.

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 Q3 2019 youth unemployment was 34.2% in Greece, 32.7% in Spain, 28.6% in Italy and 26.5% 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	
2017	6.3	9.4	3.8	11.2	2.8	4.4	4.4	9.1	5.0	5.8	
2018	5.8	9.0	3.4	10.6	2.4	4.0	3.9	8.2	4.5	5.3	
2019	5.7	8.5	3.2	10.0	2.4	..	3.7	7.6	4.3	5.2	
2018 Q4	5.7	8.8	3.3	10.5	2.4	3.9	3.8	7.9	4.4	5.3	
2019 Q1	5.8	8.6	3.2	10.3	2.5	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	8.2	3.2	9.7	2.3	..	3.5	7.4	4.2	5.1	
Change on qtr	0.1	-0.2	0.1	-0.1	-0.1	...	-0.1	-0.1	-0.1	-0.1	
Change on yr	0.0	-0.6	-0.1	-0.8	-0.2	...	-0.3	-0.5	-0.3	-0.2	

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

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Next Update

OECD, [Harmonised Unemployment Rates](#),
9 April 2020

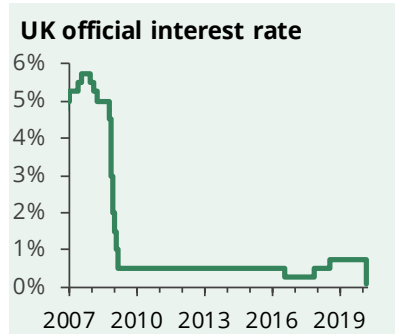
D1: Interest Rates and Monetary Policy

Central banks around the world cut interest rates sharply during the 2007-2009 financial crisis. Following the coronavirus outbreak, emergency measures have been announced by many central banks.

UK (Bank of England)

In response to the coronavirus outbreak and its impact on the economy, the Bank of England's Monetary Policy Committee (MPC) has announced a series of emergency measures.

On 19 March, the MPC [cut interest rates](#) from 0.25% to 0.1%, the lowest they have ever been. It also announced a £200bn expansion of its bond-buying programme (also known as quantitative easing), in order to support the economy and the functioning of the bond market.



Previously, on 17 March the Government announced the creation of a lending facility run by the Bank of England that will provide loans to larger businesses. The Chancellor said the government would guarantee this lending, for an initial £330bn. [Other measures were also announced.](#)

On 11 March, the MPC cut interest rates by 0.5 percentage points. The MPC also announced the introduction of a number of schemes designed to provide cheap loans to banks so they have additional capacity to lend to businesses. Further information on these 11 March measures is available in the Commons Library Insight: "[Budget 2020: Measures to limit the economic impact of coronavirus](#)".

United States (Federal Reserve)

Responding to the economic impact of the coronavirus outbreak, the Federal Reserve had by 15 March [cut interest rates](#) to a range of 0-0.25% from 1.5%-1.75% at the [beginning of March](#). On 23 March, the Fed announced a [wide range of measures](#) designed to support the economy. This includes buying debt from the government, corporations and purchasing other securities (such as those backed by mortgages, student loans and other assets). The Fed pledged to buy government debt "in the amounts needed", with no upper limit. A new loan facility to small- and medium-sized companies was also launched.

Eurozone (European Central Bank)

In an emergency move on 18 March, the European Central Bank (ECB) launched a [new €750bn programme](#) of [bond purchases](#) – on top of the €120bn [announced](#) on 12 March – and said there were "[no limits](#)" on its commitment to the euro, in response to the Covid-19 outbreak. The ECB left its main interest rate at 0.0% and kept the deposit rate (the interest rate banks receive on overnight deposits with the ECB) unchanged at -0.5%.

The MPC cut interest rates on 11 March and then again on 19 March, taking the base rate to 0.1%

The MPC's quantitative easing programme was expanded by £200bn on 19 March. QE now totals £645bn

Andrew Bailey took over from Mark Carney as Bank of England Governor on 16 March

See Library briefing, [Coronavirus: Effect on the economy and public finances](#)

Subject Specialist

Daniel Harari
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Updates – next scheduled monetary policy meetings

UK ([7 May](#))
US ([29 Apr](#))
ECB ([30 Apr](#))

D2: Public finances

	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	39	1.8%	1,774	80.7%
2019/20	47	2.1%	1,799	79.5%
2020/21	55	2.4%	1,818	77.4%
2021/22	67	2.8%	1,827	75.0%
2022/23	61	2.5%	1,900	75.4%
2023/24	60	2.4%	1,969	75.6%
2024/25	58	2.2%	2,031	75.2%

Sources: ONS, OBR. Excludes public sector banks

Government borrowing in the current financial year to date (April 2019 to February 2020) was £44 billion. This is £4 billion more than during the same period in 2018/19, an increase of 10%.

At the end of February 2020, public sector net debt was equivalent to 79.1% of GDP which is lower than at the end of February 2019, when the debt-to-GDP ratio was 80.2% of GDP.

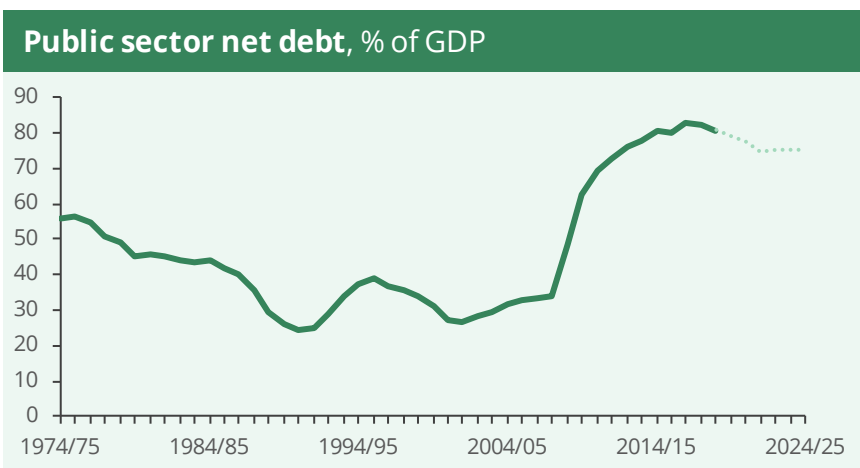
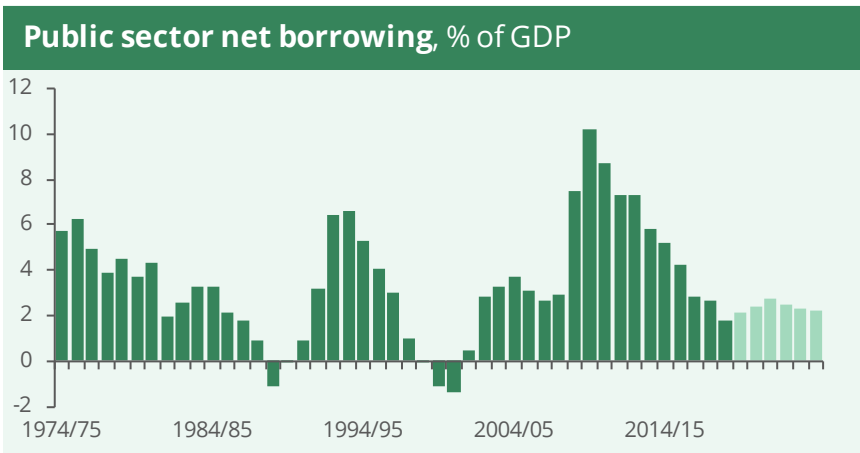
The OBR published their [Spring Budget 2020 forecast](#) on 11 March. **The OBR's forecasts were produced too early to take account of the ongoing coronavirus pandemic.**

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.



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

ONS, [Public sector finances](#), 23 April 2020

D3: Financial Indicators

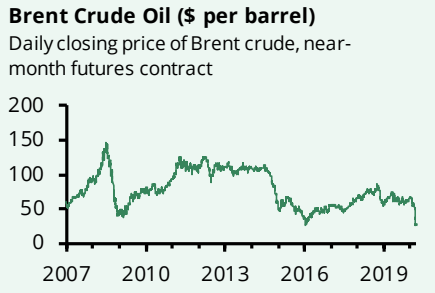
FTSE-100 Index



The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. In 2020, the index has fallen dramatically, as global share prices fell amid fears of the impact of the coronavirus. The FTSE closed at 4,993.89 on 23 March, the index's lowest level since October 2011, though it subsequently

rallied since and closed at 5,815.73 on 26 March, an increase of 16%. It closed at 5,454.57 on 1 April, a fall of 6%.

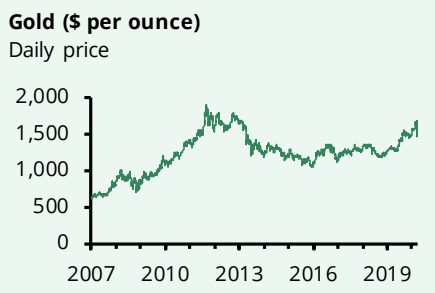
Brent Crude Oil



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 in over ten years, though climbed in late 2016, after OPEC agreed to its first supply cut since 2008. Recently, the price has fallen dramatically,

following OPEC and Russia failing to agree to cut production. On 27 March, the price closed at \$24.57, its lowest level since May 2003. Since 1 January, the price has fallen by 62%.

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, reaching

\$1,600/ounce in February 2020, its highest level in seven years. On 13 March, the price fell to \$1,570/ounce, a fall of 5% on the previous day. The price has now returned to over \$1,600/ounce.

Data from 1 April 2020			
	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
01 Apr 2020	5454.57	24.86	1608.95
%change over:			
1-month	-18%	-52%	0%
12-months	-25%	-64%	24%
Note: Oil is Brent near-month futures price			
Source: Financial Times			

Subject Specialist

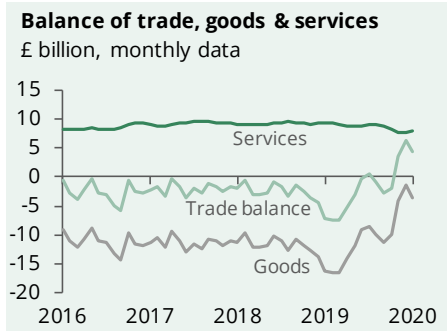
Daniel Harari
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Updates

Financial Times, Weekly
Basis

E1: Trade

In 2019, the UK's exports of goods and services totalled £699 billion and imports totalled £725 billion. The EU accounted for 43% of UK exports of goods and services and 51% of imports in 2019.



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 £104 billion on trade in services in 2019. The overall trade deficit was £26 billion in 2019.

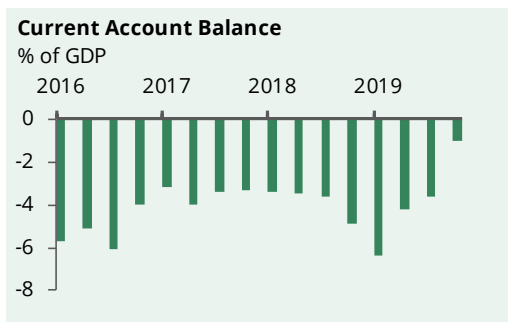
The UK had a trade deficit with the EU of £72 billion in 2019 and a trade surplus of £46 billion with non-EU countries.

The trade surplus with all countries increased to £14 billion in the three months to January 2020 compared with a £5.6 billion deficit in the previous three months. This was largely driven by increasing precious metals exports. Exports grew by 5.4% over this period. Imports decreased by 5.4% (both figures in cash terms).

Trade in Goods and Services and Current Account Balance					
Seasonally adjusted					
	Goods and Services (£bn)			Current Account balance	
	Exports	Imports	Balance	£bn	% GDP
2018	656.5	686.3	-29.8	-82.9	-3.8%
2019	698.7	724.5	-25.9	-83.8	-3.9%
2018 Q4	168.2	178.9	-10.8	-26.6	-4.9%
2019 Q1	169.4	191.5	-22.1	-35.3	-6.4%
Q2	165.3	173.9	-8.6	-23.0	-4.2%
Q3	177.4	180.6	-3.2	-19.9	-3.6%
Q4	186.6	178.6	7.9	-5.6	-1.0%

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 £84 billion in 2019, compared with £83 billion in 2018. The current account deficit was 3.9% of GDP in 2019 compared with 3.8% in 2018.



The current account deficit narrowed to £5.6 billion in Q4 2019 (1% of GDP), down from £19.9 billion (3.6% of GDP) in Q3 2019.

Subject Specialist

Ilze Jozepa
X6920

Updates

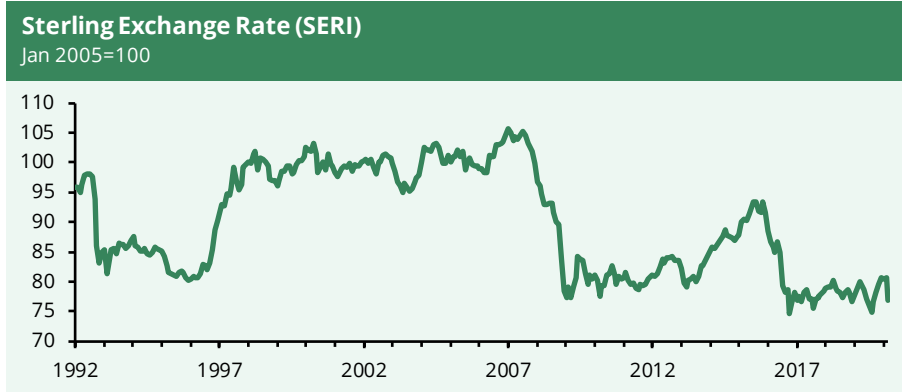
ONS, [UK Trade](#),
9 April

ONS, [UK Balance of Payments](#), 30 June

E2: Exchange Rates

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

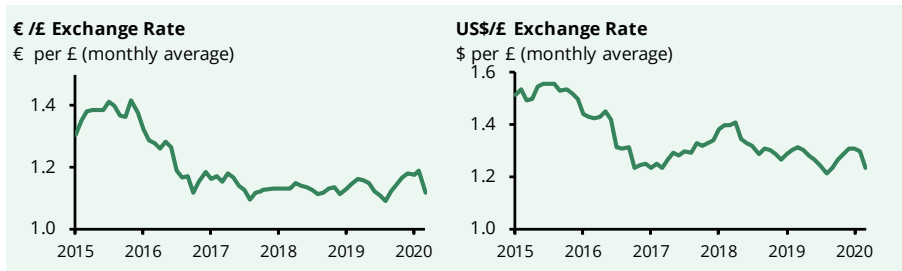
The SERI fell by 4.7% between February and March (the largest month-on-month fall since October 2016), following a rise of 0.4% between January and February. Compared with the same period a year ago, it is 3.7% lower. It is 27.1% below its January 2007 peak level.



On average in March compared with February, the pound fell by 4.6% against the dollar, the largest month-on-month fall since October 2016. 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. Recently, the value of the pound has fallen, reaching \$1.15 on 23 March, its lowest since June 2017.

Latest closing prices:
 \$1.24 per £1
 €1.14 per £1
 (On 1 April 2020)

Sterling was down 5.8% against the Euro on average in March compared to February - the largest month-on-month fall since July 2016. On 25 March, the pound was valued at €1.07, its lowest value against the Euro since March 2009.



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%
2020 Jan	1.31	1.3%	1.18	4.3%
Feb	1.30	-0.5%	1.19	3.6%
Mar	1.24	-6.1%	1.12	-3.9%

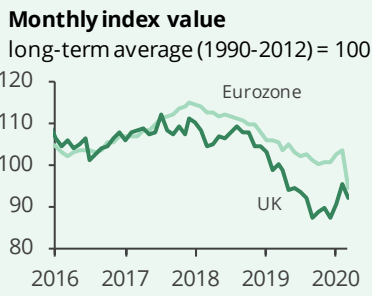
Source: Bank of England, Bankstats database

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 Daniel Harari
 x2464

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

F1: Business and Consumer Confidence

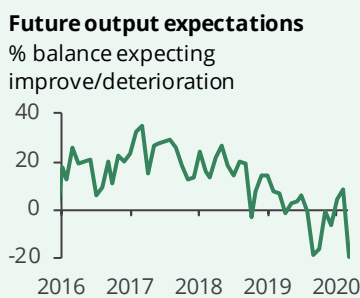
Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.



European Commission Economic Sentiment Indicator

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

Between February and March 2020, the overall UK sentiment index fell by 3.5 points to 92.0, reversing January and February's upwards trend.



CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In March, more manufacturers thought that output would fall over the next three months than thought it would rise. The difference was -20% of manufacturers, down sharply from +8% in February to 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 March, the overall consumer confidence index decreased by two points to -9, the same level as in January this year.

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Update

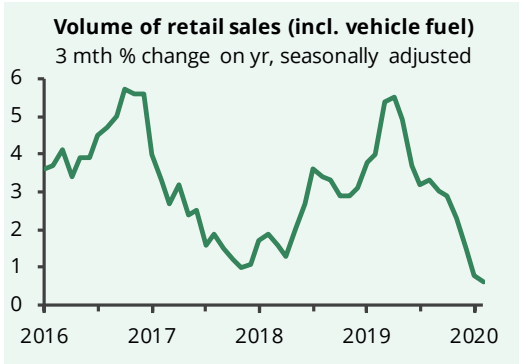
EC, [Economic Sentiment Indicator](#), 29 April 2020

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

GfK NOP, [Consumer Confidence](#), 30 April 2020

F2: Retail Sales

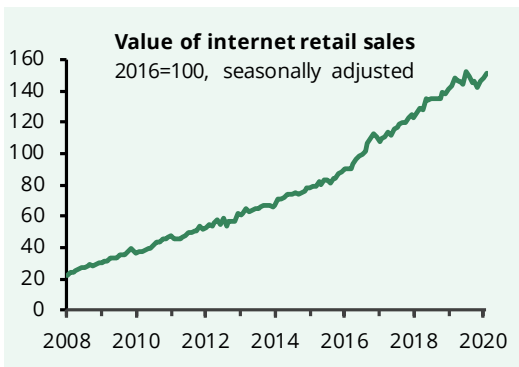
In February 2020, [retail sales in the UK](#) totalled £7.0 billion per week, up £0.1 billion on the figure in January. This figure includes money spent in shops, supermarkets, in petrol stations and online.



In the three months to February 2020, the quantity (**volume**) of retail sales fell 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 remained flat.

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 £1.5 billion in February 2020, up 5.3% on the year.

This was 19.6% of all retail sales, up from 19.1% in January 2020. 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 February 2020 was down 0.1% on the same period last year. The volume of sales in non-food stores was down 0.6% compared to last year.

Volume of retail sale				
Index 2016=100, seasonally adjusted				
		Food	Non-food	Total
2018	Feb	100.6	102.2	103.2
2019	Feb	102.5	105.6	107.7
2019	Dec	101.5	103.4	107.0
2020	Jan	103.5	104.8	108.1
	Feb	103.1	105.0	107.8
3m % change on yr		-0.1	-0.6	0.6

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

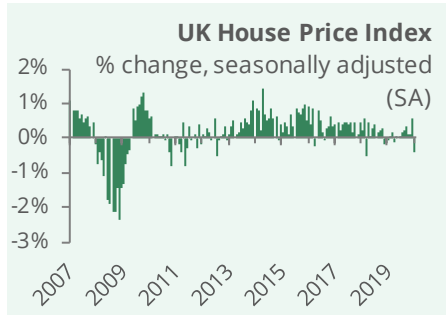
Philip Brien
x7574

Updates

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

F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 1.3% between January 2019 and January 2020. On a seasonally adjusted basis house prices decreased by 0.4% between December 2019 and January 2020.



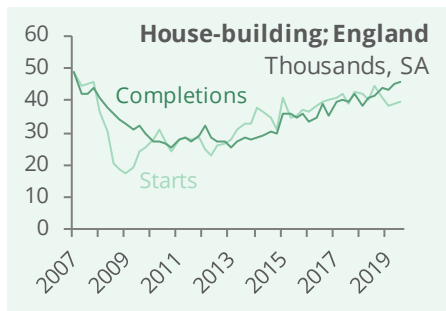
House prices grew at different rates across the UK's countries and regions over the year to January 2020. House prices grew fastest in Yorkshire & The Humber (3.1%) and West Midlands (2.6%). House prices fell in East of England (-0.6%), South East (-0.5%) and South West (-0.1%).



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 February 2020 were up 12.5% on a year ago and 3.1% on January 2020. Approvals remain well down on pre-recession

levels. There were 73,546 mortgage approvals in February 2020, compared with 65,378 in February 2019.



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

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Updates

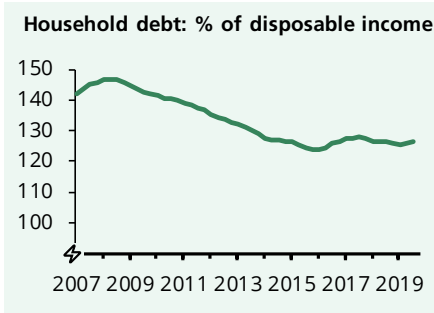
HM Land Registry, [UK house price index](#), 22 April 2020

Bank of England, [Money and credit](#), 1 May 2020

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

F4: Household Debt

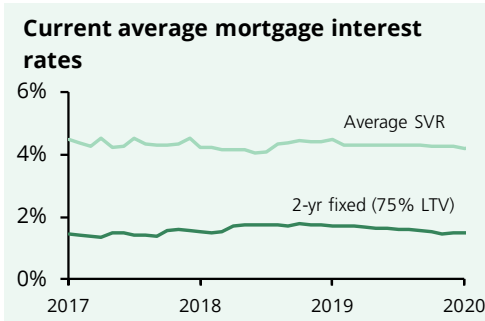
Household debt as a % of disposable income



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 Q4 2019 it was 126.8%.

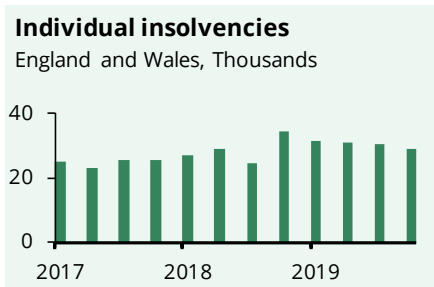
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 4.26% in February 2020, down 0.05% on a year ago.

The average 2-year fixed mortgage rate was 1.48% in February 2020, down 0.22% 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.

Subject Specialist

Brigid Francis-Devine
X4904

Updates

Bank of England,
[Statistical database](#),
07 April 2020

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

ONS, [UK Economic Accounts](#), 30 June 2020

3. 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

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.

1.1 Symbols and abbreviations

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

4. Indicator Sources

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

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