

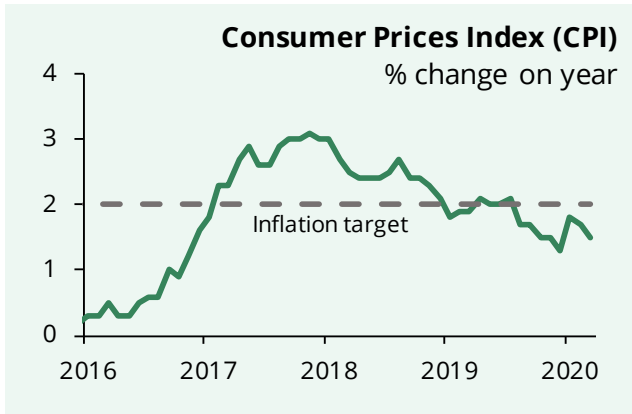


BRIEFING PAPER

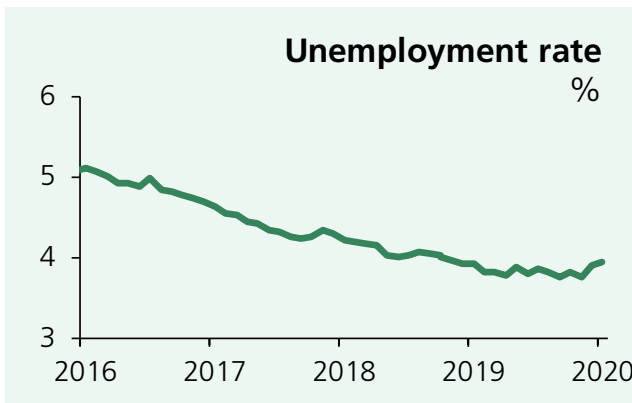
Number 8905, 27 April 2020

Economic Indicators, April 2020

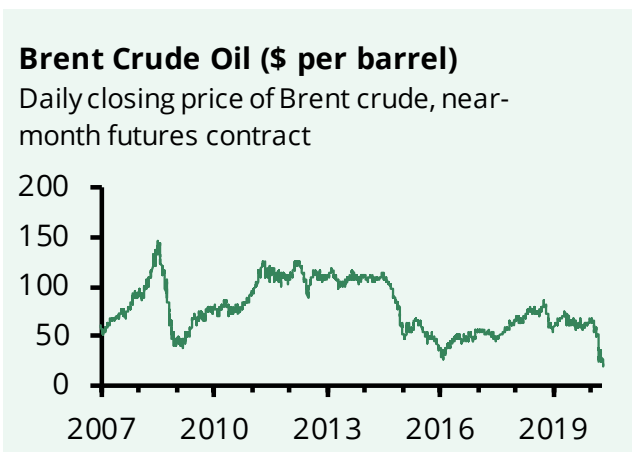
By
Philip Brien
Matthew Ward



The CPI inflation rate was 1.5% in March, down from 1.7% in February.



The unemployment rate was 4.0% in December 2019 – February 2020, up slightly from the previous quarter.



The price of Brent crude oil has fallen dramatically - on 21 April, the price closed at \$19.31, its lowest level since February 2002. Since 1 January, the price has fallen by 60%.

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Economic update: Evidence of a recession arrives

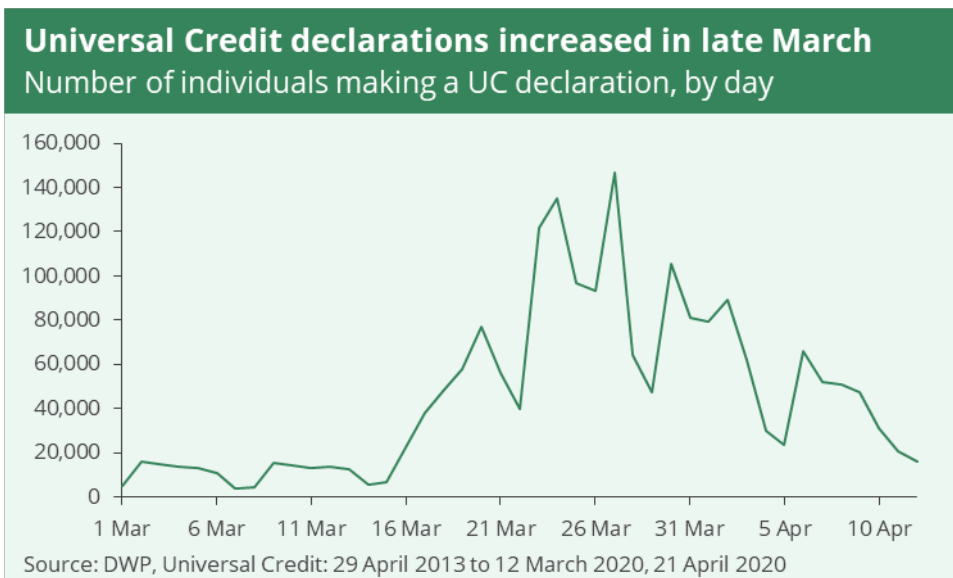
The ongoing coronavirus pandemic is continuing to have a serious impact on the economy. However, as official statistics tend to take some time to be released, most of the data is yet to show the scale of this impact.

This doesn't mean that we have no way of seeing the current state of the economy. The analysis below is based on such data as we can see in official statistics, some lesser-used (but more timely) data, and projections from some of the institutions most involved in the economy.

Unemployment to rise as businesses close

The latest figures from 21 April seem to show the labour market in good health, with the employment rate at a record high. However, as we explained in a recent briefing, [this is about to change rapidly](#). In a [survey of businesses](#) conducted by the Office for National Statistics (ONS), an average 21% of the workforce in businesses that continue to trade had been furloughed between 23 March and 5 April. 41% of businesses are also making redundancies.

Although the official unemployment figures have yet to show this, there are signs they may do before long. In particular, Universal Credit declarations increased sharply towards the end of March. The number of declarations in the six weeks to 12 April 2020 was [almost five times higher](#) than in the equivalent period last year.



Even with these cuts to staffing, many businesses are likely to go under. Analysis from the Enterprise Research Centre shows that [the number of firms that went out of business in March was 70% higher than a year ago](#). The number of new firms established is down by 23%. Not all of this change will have been caused by the pandemic, but the trend seems to be clear.

The latest IHS Markit Purchasing Managers' Index figures also show [sharp reductions in business activity](#), with both services and manufacturing experiencing the fastest decline since comparable records began two decades ago.

Inflation drops back as retail and oil prices fall

With the country in lockdown, retail sales volumes have dropped rapidly. Figures for March show [the largest monthly fall \(5.1%\) since records began](#). However, the proportion of purchases taking place online grew to its highest ever level, as customers stayed home and switched to online shopping.

Consumer confidence has declined sharply, with market research institute GfK's latest report showing that [its Consumer Confidence Index dropped by 25 points](#) between March and April. The last time it fell this steeply was during the 2008 financial crisis.

GfK's Consumer Confidence Index drops dramatically

Overall Index Score



Oil prices have also fallen. This is due to reduced demand during the coronavirus pandemic and a price war among producers. While Brent crude prices, the European benchmark, have not entered negative territory, as they briefly did in the US, they are still [lower than they have been in two decades](#).

In recent months the CPI inflation rate had been heading back upwards towards the Bank of England's 2% target. However, it has now fallen for two months in a row. The most recent decrease in March (down from 1.7% in February to 1.5%) is mostly due to the factors mentioned above. Clothing and footwear retailers put more of their products on sale in an attempt to boost flagging sales, while the rapidly falling oil prices have led to lower costs in transportation.

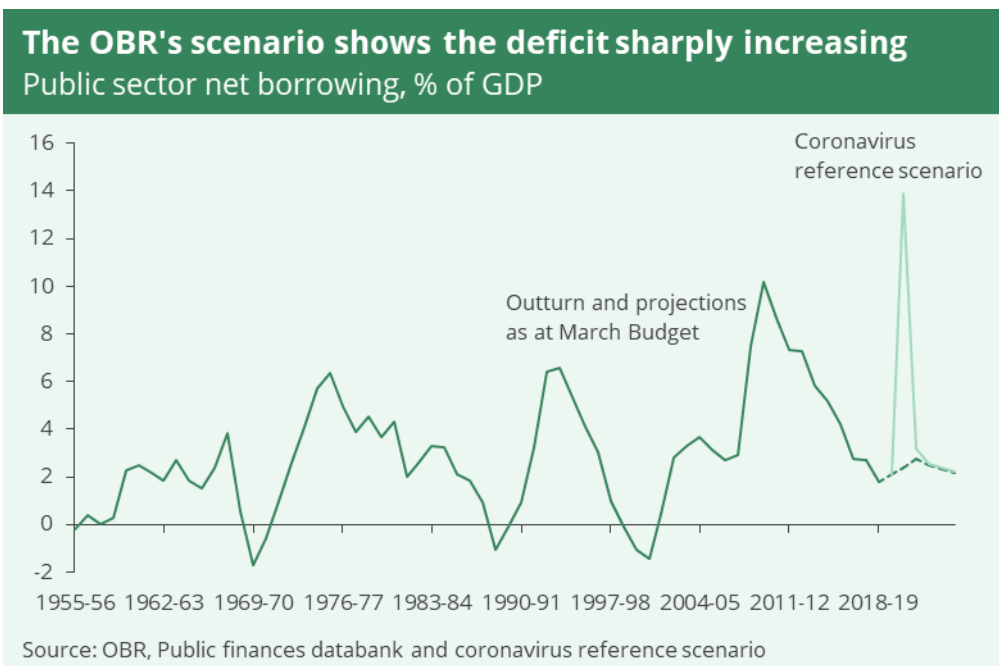
A shrinking economy

On 14 April, the Office for Budget Responsibility (OBR) produced a ['reference scenario'](#), looking at the possible impact of coronavirus on the public finances.

The OBR was careful not to call this a 'forecast'; it was instead positioned as a possible illustrative 'scenario' to form a baseline for

other work. Nevertheless, it provides a realistic picture of how the economy might look over the next few months.

The OBR's scenario shows the economy shrinking by about 35% in the second quarter of this year. It assumes there will be no lasting damage to the economy, so this decrease is then followed by a fairly quick rebound. This would result in public borrowing (also known as the deficit) increasing sharply in 2020/21, from its current level of around 2% of GDP to 14%. This would be higher than the level of borrowing during the financial crisis. In fact, it would be higher than at any time since the end of the Second World War.



Andrew Bailey, the Governor of the Bank of England, [said this scenario is plausible](#). However, he also warned there could be longer-term scarring to the economy, caused by businesses failing and higher unemployment.

Further reading

The Library has looked further into the possible impact of coronavirus on the economy in its briefing [Coronavirus: Effect on the economy and public finances](#), and we continue to update our briefing on the [latest economic data](#).

Headline UK Economic Indicators, April 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 February 2020		
Change (%)	0.2 (mth)	-1.3 (yr)
Manufacturing output: 3 months to January 2020		
Change (%)	-0.4 (mth)	-2.6 (yr)
Productivity: Q4 2019		
Output per hour		
Change (%)	0.3 (qtr)	0.3 (yr)
Inflation: March 2020		
Change on year (%)	1.5 (CPI)	2.6 (RPI)
Labour Market: Dec 2019-Feb 2020, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		4.0
Change (% points)	0.1 (qtr)	0.0 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		76.6
Change (% points)	0.2 (qtr)	0.4 (yr)
Interest Rate: as of 27 April 2020		
Bank of England Base Rate		0.1 (%)
Public Finances: 2019/20		
Net borrowing	49 (£ bn)	2.2 (% GDP)
Net debt	1,804 (£ bn)	79.7 (% GDP)
Trade: Q4 2019		
Current Account	-5.6 (£ bn)	-1.0 (% GDP)
Sterling Exchange rate: 24 April 2020		
US Dollar (\$)	1.23 (rate)	-4.5% (% change on yr)
Euro (€)	1.14 (rate)	-1.5% (% 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: March 2020, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		-1.8 (% change on yr)
Housing Market: December 2019, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	-0.3 (mth)	1.1 (yr)

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

Headline Indicators summary

GDP in the UK grew by 0.1% in December 2019-February 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 3.5%.

CPI inflation was 1.5% in March 2020, down from 1.7% in February. Inflation in the Eurozone was 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 2.9% higher in the three months to February 2020 compared with the year before. CPI inflation for this period was 1.6%.

33.07 million people were in **employment** in December 2019-February 2020, up 352,000 from a year before. The **employment rate** was 76.6%, up from 76.1% the previous year to a record high.

1.36 million people were **unemployed** in December 2019-February 2020, up by 22,000 from the year before. The **unemployment rate** was 4.0%. The UK harmonised unemployment rate for Q4 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 financial year just concluded (2019/20) was £48.7 billion, £9.3 billion more than in 2018/19. At the end of March 2020, public sector net debt was equivalent to 79.7% of GDP, down from 80.7% at the end of March 2019.

The UK had a **trade surplus** of £5.9 billion in the three months to February 2020, compared with a £1.1 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** fell by 4.7% between February and March, following a rise of 0.4% between January and February.

The volume of **retail sales** decreased by 1.6% in the three months to March 2020 compared with the previous three months, and fell by 1.8% compared with the previous year.

House prices increased by 1.1% in the year to February 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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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

Economic growth was up 0.1% in December-February 2020 compared to the previous quarter.

There was slight growth in the services sector in December-February 2020, with declines in the production and construction sectors.

Looking at month-on-month growth, GDP was down 0.1%

in February. (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 economic shut down. The OBR has subsequently published a "[reference scenario](#)" with forecasts of -12.8% for 2020 and 17.9% for 2021. The OBR's scenario assumes that the economy is largely shut down for three months and then progressively returns to normal over the following three months, with no lasting economic hit.

The Treasury's April 2020 [survey of independent forecasts](#) for GDP growth showed an average forecast of -5.8% for 2020 and 5.0% for 2021. These are based on forecasts from 1 April to 14 April.

Annual GDP growth forecasts (%)		
	2020	2021
HM Treasury average of independent forecasts (Apr 20)	-5.8	5.0

Source:

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

This document focusses on standard official sources. For more timely data on the economy, see the Library briefing [Coronavirus: Latest economic data](#).

Subject Specialist

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Updates

ONS, [GDP monthly estimate](#), 12 May 2020

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

HM Treasury, [Forecasts for the UK economy](#), 20 May 2020

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

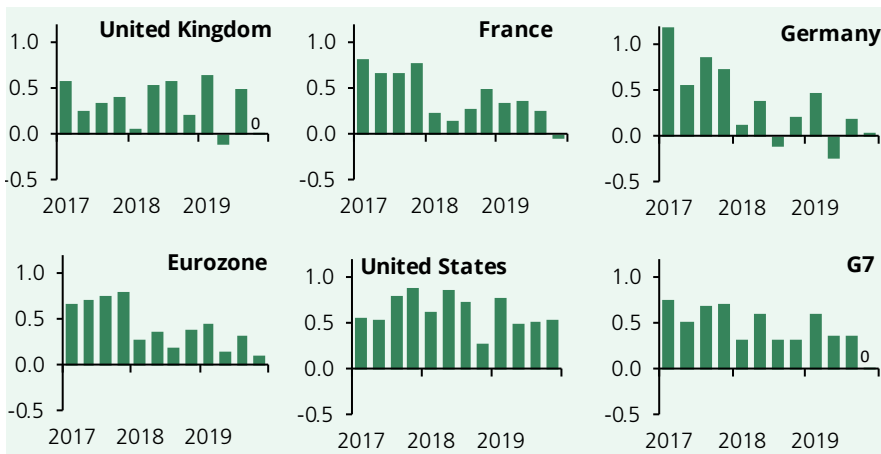
A2: GDP International

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

The IMF’s most recent forecasts, published 14 April 2020, projected a sharp contraction in much of the world economy in 2020. Growth will then be higher than usual in 2021 as the economy returns to normal.

Real GDP growth forecasts				
	% change			
	IMF (Apr 2020)		OECD (Mar 2020)	
	2020	2021	2020	2021
UK	-6.5	4.0	0.8	0.8
France	-7.2	4.5	0.9	1.4
Germany	-7.0	5.2	0.3	0.9
Eurozone	-7.5	4.7	0.8	1.2
US	-5.9	4.7	1.9	2.1
Japan	-5.2	3.0	0.2	0.7
China	1.2	9.2	4.9	6.4
India	1.9	7.4	5.1	5.6
Brazil	-5.3	2.9	1.7	1.8
World	-3.0	5.8	2.4	3.3

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

Sources: IMF Apr'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](#), Oct 2020

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

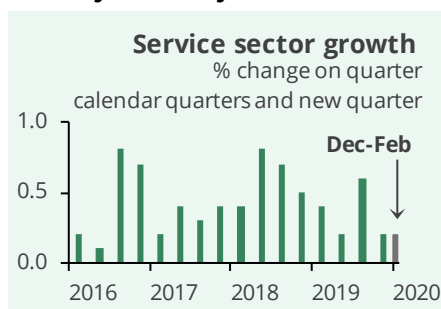
A3: Components of GDP

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 grown by 0.1% in Dec-Feb 2020 compared to the previous quarter (Sep-Nov 2019).

This document focusses on standard official sources. For more timely data on the economy, see the Library briefing [Coronavirus: Latest economic data](#).

GDP by Industry

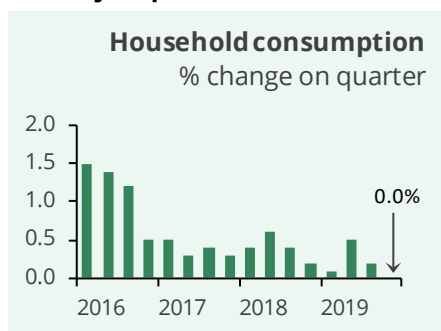


Services are the sector that account for the largest part of the economy – in 2018, they accounted for 80% of economic output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Dec-Feb 2020, service sector output grew by 0.2% in real terms compared with the previous quarter.

Manufacturing output was down 0.4% (the production sector was down 0.6% overall), and construction sector output was down 0.2%.

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, NMRY, NPQT, IKBK, IKBL and ABMI

Note: * annual % change

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Updates

ONS, [GDP monthly estimate](#), 12 May 2020

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

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

A4: Productivity

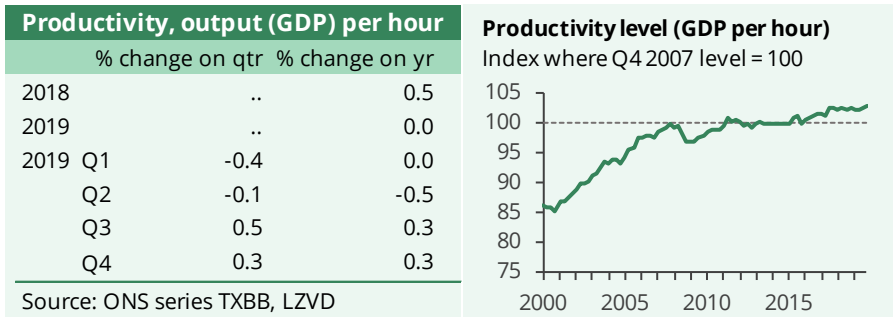
One of the most important factors in determining living standards is productivity – how much output is produced for a given input (such as an hour of work).

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 2.9% above what it was 12 years earlier in Q4 2007 (the pre-recession peak level).

Productivity levels are 2.9% 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 flash estimates](#), 19 May 2020

ONS, [UK productivity bulletin](#), 7 Jul 2020

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

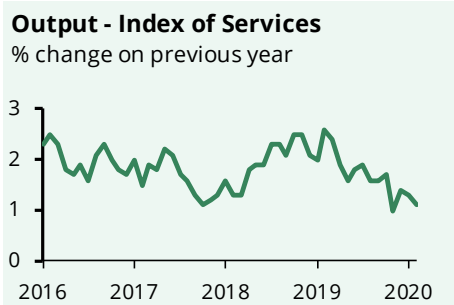
A5: Services

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

There was no growth in the Index of Services between January and February.

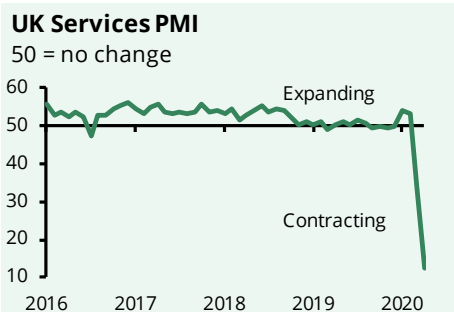


There was a 0.2% growth in services in the three months to February 2020 compared with the previous three months.

In the three months to February 2020, compared with the three months to February 2019, services

output increased by 1.3%. 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 in activity compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

The UK services PMI was 12.3 in April 2020, compared with 34.5 in March. 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. The survey began in July 1996.

Services Output Index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.1	2.1	2018 Apr	52.8	
2018	103.9	1.7	2019 Apr	50.4	
2019 Dec	106.0	1.4	2020 Feb	53.2	-0.7
Jan	106.2	1.3	Mar	34.5	-18.7
Feb	106.2	1.1	Apr	12.3	-22.2

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](#), 12 May 2020

Markit/CIPS, [UK Services PMI](#), 5 May 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 for the three months to February 2020 fell



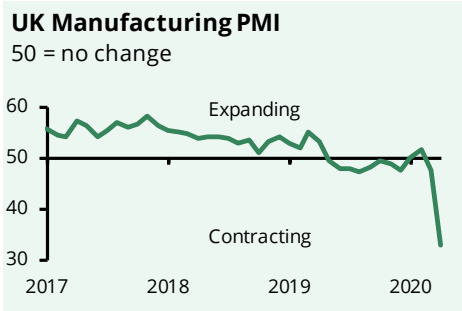
by 0.4%, compared with the three months to November 2019. This is the 10th consecutive three-monthly fall, highlighting the ongoing decline in output since early 2019.

Monthly manufacturing output in February rose by 0.5%

compared to January, the third consecutive monthly rise, with 9 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 April 2020 was 32.9, a fall of 14.9% on the March level. Both output and new orders fell at the fastest rates since this survey began in January 1992.

Markit/CIPS observed the sharpest drop in the textiles and clothing sector, reflecting

collapsed demand from the retail sector, though the transport sector, including car production, also reported a steep decline.

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.5	2.5	2018 Apr	53.9	
2018	103.4	0.9	2019 Apr	53.1	
2019 Dec	99.1	-2.7	2020 Feb	51.7	1.7
Jan	99.5	-3.3	Mar	47.8	-3.9
Feb	100.0	-3.5	Apr	32.9	-14.9

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.

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Update

ONS, [Index of Production](#), 12 May 2020

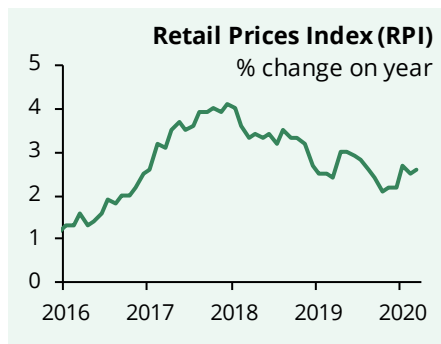
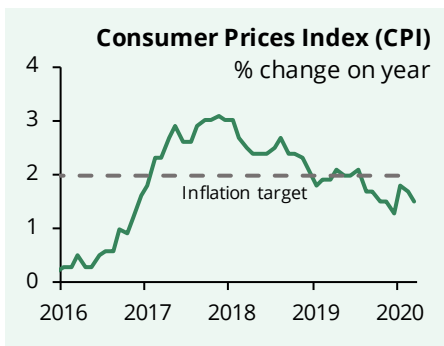
Markit/CIPS, [UK Manufacturing PMI](#), 1 May 2020

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 1.5% in March 2020, down from 1.7% in February.

The RPI inflation rate was 2.6% in March 2020, down from 2.5% in February.



Downward contributions to the CPI rate came largely from clothing and footwear and from transport (mostly fuel prices). Both of these were likely influenced by the Covid-19 pandemic.

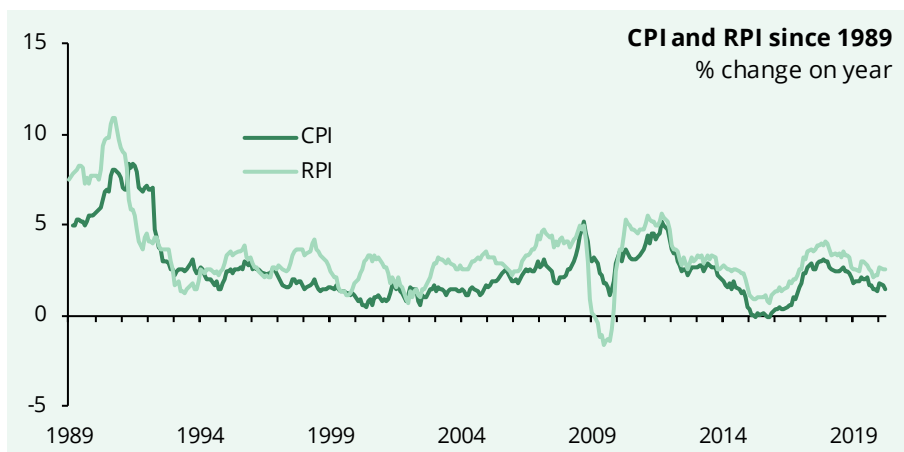
Price indices			
% change on a year ago			
		CPI	RPI
2017	Mar	2.3	3.1
2018	Mar	2.5	3.3
2019	Mar	1.9	2.4
2020	Jan	1.8	2.7
	Feb	1.7	2.5
	Mar	1.5	2.6

Subject Specialist

Daniel Harari
x2464

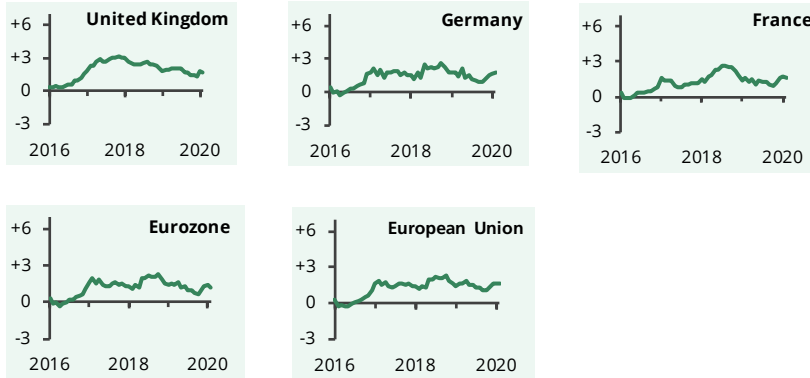
Update

ONS, [Consumer price inflation](#), 20 May 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 1.5% in the year to March, down from 1.7% in February. UK inflation was 1.9% in March 2019.

EU inflation was 1.1% in March, down from 1.6% in February. Inflation in the Eurozone was 0.7% in March, down from 1.2% in February. Eurozone inflation was 1.4% in March 2019.

In Germany, inflation was 1.3% in March, down from 1.7% in February; in France inflation was 0.8% in March compared with 1.6% in February.

Hungary and Poland had the highest inflation rate in the EU in March (3.9%). The lowest inflation rates in the EU were in Italy, Spain, Cyprus and Portugal (all 0.1%).

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	1.5
Eurozone	1.5	1.8	1.2	1.4	1.2	0.7
European Union	1.6	1.8	1.4	1.7	1.6	1.1
France	1.2	2.1	1.3	1.7	1.6	0.8
Germany	1.7	1.9	1.4	1.6	1.7	1.3

Source: ONS, Eurostat

Note: all European Union figures exclude UK

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Update

ONS, [Consumer Prices bulletin](#) (UK), 20 May

Eurostat, [HICP full release](#), TBC

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

B3: Average Earnings

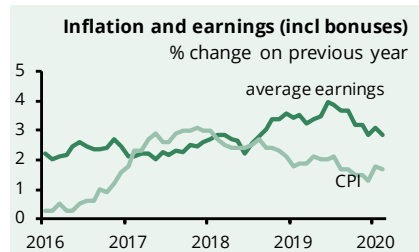
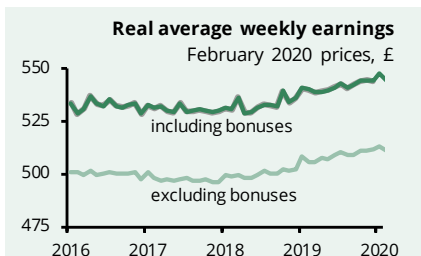
In April 2019 median gross weekly earnings for full-time employees in the UK were £585, up 2.8% on April 2018. Adjusted for inflation, median earnings for full-time employees increased by 0.7%.

More timely but less detailed data show average weekly earnings for all employees in Great Britain increased by 2.9% excluding bonuses in the three months to February 2020 compared with the previous year. Average weekly pay including bonuses increased by 2.8%.

Inflation as measured by the CPI averaged 1.6% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 1.3% higher than the previous year and average pay including bonuses were 1.2% higher.

This document focuses on standard official sources. For more timely data on the labour market see Library paper [Coronavirus: Impact on the labour market](#).

Average Earnings, Whole Economy



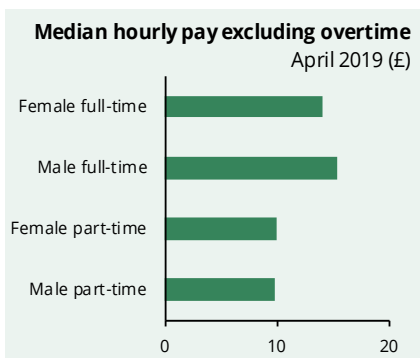
Trends by Sector

Annual % change in average earnings (incl bonuses)				
Great Britain, employees only				
		Total	Private	Public
2018	Feb	2.8	3.0	2.3
2019	Feb	3.5	3.7	2.6
2019	Dec	2.9	2.8	3.3
2020	Jan	3.1	3.1	3.2
2020	Feb	2.8	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 February 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

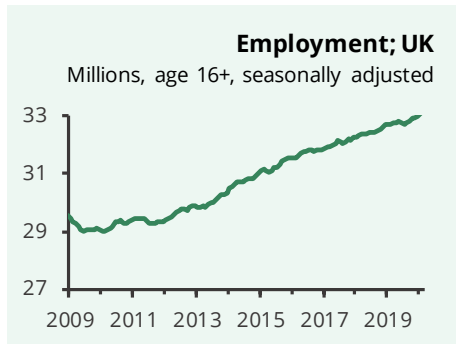
ONS, [Labour Market Statistics](#),
19 May 2020

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

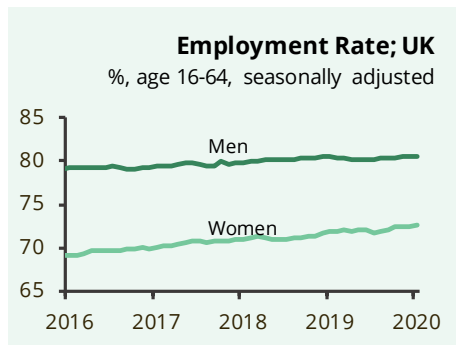
C1: Employment

33.07 million people were in employment in December 2019-February 2020. Employment was up 172,000 from the previous quarter and up 352,000 from the year before.

The employment rate (the proportion of the population aged 16-64 in work) was 76.6%, up from 76.1% a year previously. This is the highest rate since comparable records began in 1971. It compares to a post-recession low of 70.1% in July-September 2011.



15.73 million women were in work, up 143,000 from the previous quarter and 318,000 more than a year ago. The female employment rate was 72.7%. Increases in the rate over recent years are partly due to changes to the State Pension age for women.



17.35 million men were in work, 29,000 more than the previous quarter and 34,000 more than a year ago. The male employment rate was 80.5%.

The total number of people working full-time in December 2019- February 2020 increased by 98,000 from the previous quarter and increased by 309,000 from the year before to 24.45 million.

Part-time employment increased by 74,000 from the previous quarter and increased by 43,000 from the year before to 8.62 million.

The number of people in self-employment was up 27,000 from the previous quarter and up by 195,000 from the year before to 5.03 million. 27.86 million people were working as employees, up 144,000 from the last quarter and up 145,000 over the last year.

This document focuses on standard official sources. For more timely data on the labour market, see the Library briefing [Coronavirus: Impact on the labour market](#).

		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
Dec-Feb	2017	31,860	74.6	16,922	79.3	14,938	70.0	3,911	54.9
Dec-Feb	2018	32,264	75.4	17,090	79.8	15,173	71.0	3,818	54.3
Dec-Feb	2019	32,721	76.1	17,311	80.5	15,409	71.8	3,860	55.6
Sep-Nov	2019	32,901	76.3	17,317	80.4	15,584	72.3	3,765	54.6
Dec-Feb	2020	33,073	76.6	17,345	80.5	15,728	72.7	3,824	55.6
Change on qtr	Level	172	0.2	29	0.1	143	0.3	59	0.9
	%	0.5%		0.2%		0.9%		1.6%	
Change on yr	Level	352	0.4	34	0.0	318	0.9	-36	0.0
	%	1.1%		0.2%		2.1%		-0.9%	

Source: ONS Labour Market Statistics, Tables A05 and A06
Notes: The employment rate is a percentage of the population aged 16 to 64

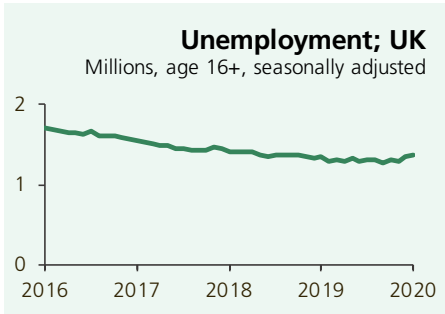
Subject Specialist
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X1398

Updates
ONS, [Labour Market Statistics](#),
19 May 2020

C2: Unemployment

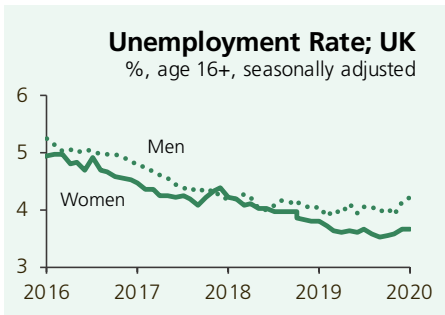
There were 1.36 million unemployed people in the UK in December 2019-February 2020, up by 58,000 from the previous quarter and up by 22,000 from the year before.

The unemployment rate was 4.0% (the percentage of the economically active population who are unemployed). The rate reached a post-recession high of 8.5% in late 2011.



513,000 young people aged 16-24 were unemployed, up 32,000 from the previous quarter and up 21,000 from the year before. The unemployment rate for 16-24 year olds was 11.8%, up from 11.3% a year before.

763,000 men were unemployed, up 34,000 from the previous quarter and up 32,000 from the year before.



601,000 women were unemployed, up 24,000 from the previous quarter but down 10,000 from a year ago.

The unemployment rate for men was 4.2% and the unemployment rate was 3.7% for women.

307,000 people had been unemployed for over 12 months, 14,000 more than the previous quarter but 40,000 less than a year ago.

This document focuses on standard official sources. For more timely data on the labour market, see the Library briefing [Coronavirus: Impact on the labour market](#).

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
Dec-Feb	2017	1,550	4.6	851	4.8	700	4.5	557	12.5
Dec-Feb	2018	1,419	4.2	749	4.2	670	4.2	523	12.1
Dec-Feb	2019	1,343	3.9	731	4.1	611	3.8	493	11.3
Sep-Nov	2019	1,306	3.8	729	4.0	577	3.6	482	11.3
Dec-Feb	2020	1,364	4.0	763	4.2	601	3.7	513	11.8
Change on qtr	Level	58	0.1	34	0.2	24	0.1	32	0.5
	%	4.4%		4.6%		4.2%		6.6%	
Change on yr	Level	22	0.0	32	0.2	-10	-0.1	21	0.5
	%	1.6%		4.3%		-1.7%		4%	

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

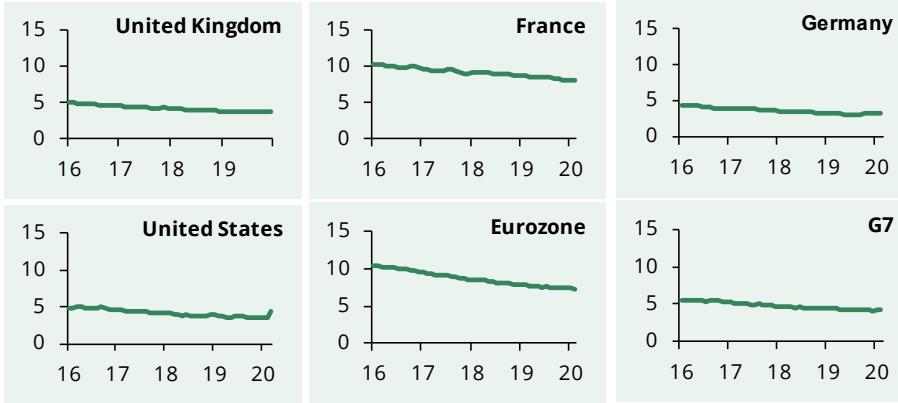
Updates

ONS, [Labour Market Statistics](#),
19 May 2020

C3: Unemployment International

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

Harmonised Unemployment Rate (%)



This document focusses on standard official sources. For more timely data on the economy, see the Library briefing [Coronavirus: Latest economic data](#).

The UK harmonised unemployment rate for **Q4 2019** was 3.7%. This was slightly above the rate of the US (3.5%), below that of France (8.2%) but above that of Germany (3.2%). 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%.

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

Greece had the highest unemployment rate out of the OECD member states for Q4 2019 (16.5%) followed by Spain at 13.8%.

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 Q4 2019 youth unemployment was 35.3% in Greece, 30.7% in Spain and 28.7% in Italy. UK youth unemployment stood at 11.0%.

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	3.8	3.7	7.6	4.3	5.2
2018 Q4	5.7	8.8	3.3	10.6	2.4	3.9	3.8	7.9	4.4	5.3
2019 Q1	5.8	8.7	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	3.7	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	-0.1
Change on yr	0.0	-0.6	-0.1	-0.8	-0.2	-0.2	-0.3	-0.5	-0.3	-0.2

Source: OECD, Harmonised Unemployment Rates

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 x6962

Next Update
 OECD, [Harmonised Unemployment Rates](#),
 13 May 2020

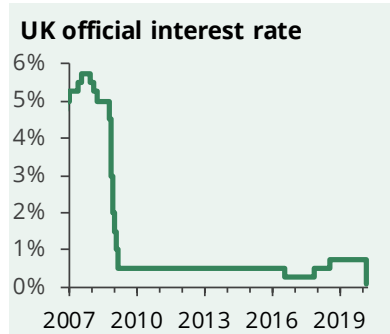
D1: Interest Rates and Monetary Policy

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

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Updates – next scheduled monetary policy meetings

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

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	39	1.8%	1,774	80.7%
2019/20	49	2.2%	1,804	79.7%

Sources: ONS, OBR. Excludes public sector banks

March 2020’s provisional government borrowing and debt figures have been published. [The ONS say](#) that the effect of coronavirus on the data is relatively limited for two reasons. First, public health measures were only introduced in the latter part of the month. Second, because of the way the provisional data is produced – which includes using

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.

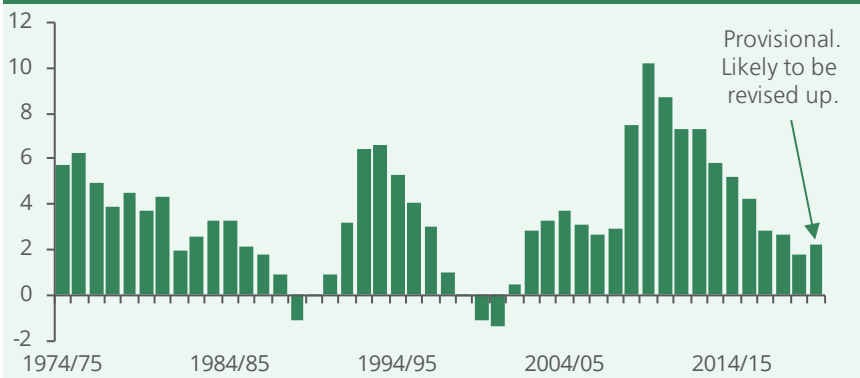
forecasts from 11 March 2020 – the effect of the coronavirus public health measures are not yet clear in the data. The data are likely to be revised upwards in the coming months.

The above said, borrowing in March 2020 was £3.1 billion, £3.9 billion more than in March 2019. Borrowing in 2019/20 was £48.7 billion, £9.3 billion more than in 2018/19. This is the first provisional estimate for the financial year and is likely to be revised higher.

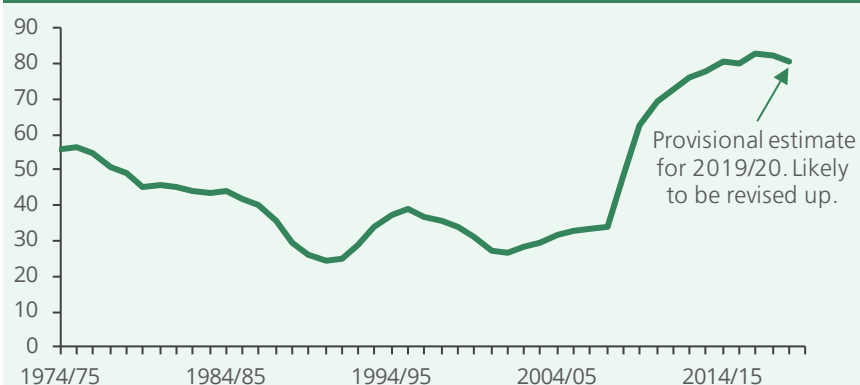
The Library briefing [Coronavirus: Effect on the economy and public finances](#) looks at the effect of coronavirus on the public finances.

All figures exclude public sector banks.

Public sector net borrowing, % of GDP



Public sector net debt, % of GDP



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Updates

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

ONS, [Public sector finances](#), 22 May 2020

D3: Financial Indicators

FTSE-100 Index

FTSE-100 Index

Daily closing price



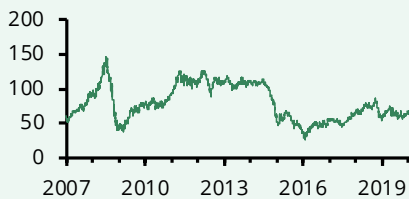
The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. In 2020, the index has fallen dramatically, as global share prices fell amid fears of the impact of the coronavirus. The FTSE closed at 4,993.89 on 23 March, the index's lowest level since October 2011,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

rallied since and closed at 5,842.66 on 9 April, an increase of 17% and its highest level since 11 March.

Brent Crude Oil

Brent Crude Oil (\$ per barrel)

Daily closing price of Brent crude, near-month futures contract



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

owing to a collapse in demand since the outbreak of the coronavirus. On 21 April, the price closed at \$19.31, its lowest level since February 2002. Since 1 January, the price has fallen by 58%.

Gold price

Gold (\$ per ounce)

Daily price



The nominal price of gold exceeded \$1,800/ounce for the first time in August 2011, but the metal's price moderated considerably after that, falling to \$1,049/ounce in December 2015. Recently the price has been rising, reaching \$1,600/ounce in February 2020, its highest level in seven

years. Despite some turbulence following the coronavirus outbreak, the price has risen again and passed \$1,700/ounce on 15 April for the first time since December 2012.

Data from 23 April 2020

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
23 Apr 2020	5826.61	22.37	1710.55
%change over:			
1-month	17%	-15%	14%
12-months	-23%	-70%	34%

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject Specialist

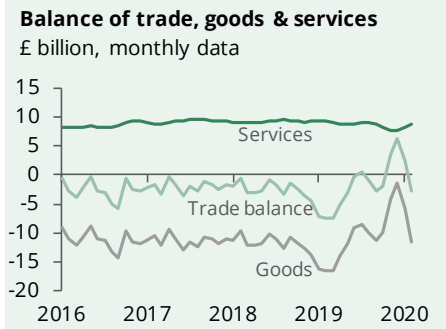
Daniel Harari
x2464

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.

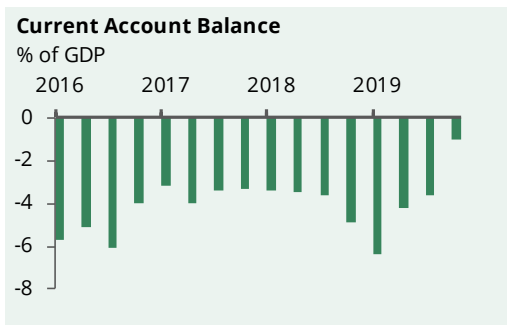
The UK had a trade deficit with the EU of £72 billion in 2019 and a trade surplus of £46 billion with non-EU countries.

The trade surplus with all countries increased to £5.9 billion in the three months to February 2020 compared with a £1.1 billion deficit in the previous three months. Exports decreased by 0.9% over this period. Imports decreased by 4.7% (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	698.6	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	177.3	180.6	-3.2	-19.9	-3.6%
Q4	186.6	178.6	8.0	-5.6	-1.0%

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

The current account, which includes investment income and transfers as well as trade, saw a deficit of £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

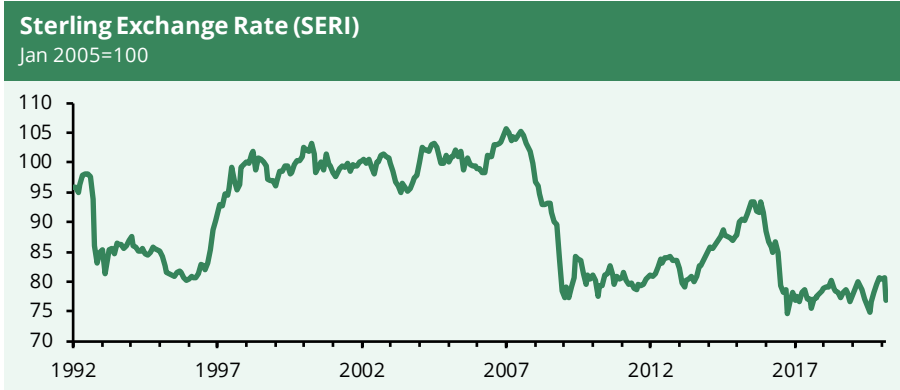
ONS, [UK Trade](#),
12 May

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).

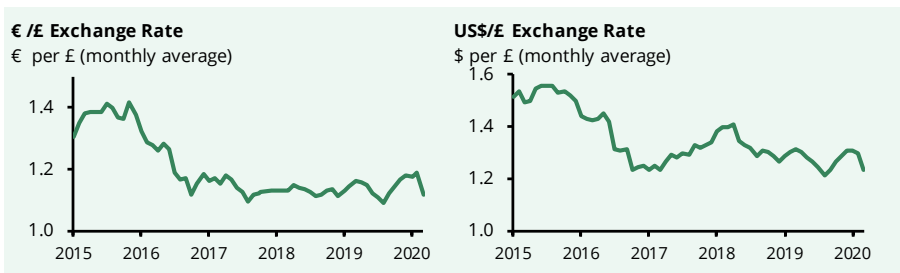
The SERI fell by 4.7% between February and March (the largest month-on-month fall since October 2016), following a rise of 0.4% between January and February. Compared with the same period a year ago, it is 3.7% lower. It is 27.1% below its January 2007 peak level.



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.



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

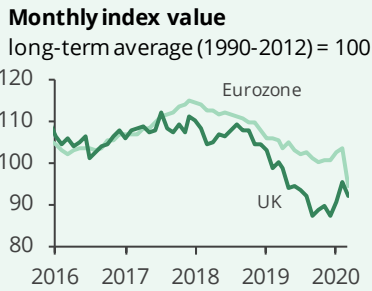
Bank of England, [SERI & monthly rates](#), Early May 2020

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%
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

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

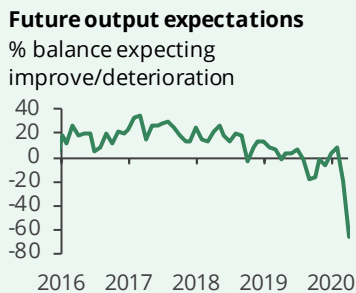
The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

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 April, more manufacturers thought that output would fall over the next three months than thought it would rise. The difference was -67% of manufacturers, continuing the decrease that began in March and reaching its lowest level on record.



GfK NOP Consumer Confidence Survey

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

In April the overall consumer confidence index declined by 25 points to -34, the largest fall in a single month since the survey began in 1974.



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Update

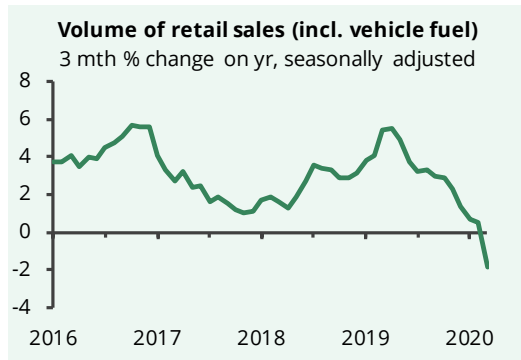
EC, [Economic Sentiment Indicator](#), 29 April 2020

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

GfK NOP, [Consumer Confidence](#), 29 May 2020

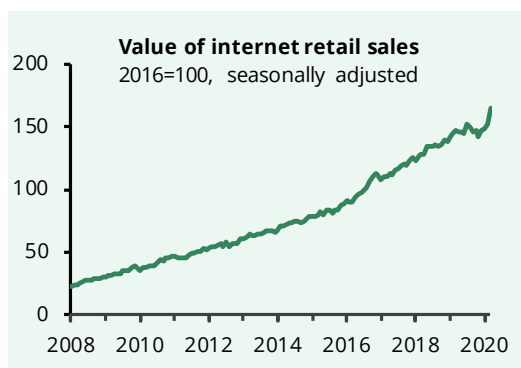
F2: Retail Sales

In March 2020, [retail sales in the UK](#) totalled £8.0 billion per week, down from £8.5 billion in February. This figure includes money spent in shops, supermarkets, in petrol stations and online.



In the three months to March 2020, the quantity (**volume**) of retail sales fell by 1.6% compared with the previous three months ('volume' figures do not include the effect of inflation). Over the year, the volume of retail sales fell by 1.8%. Between February and

March, the quantity of retail sales fell by 5.1%, the largest month on month drop since this series began, owing to mass shop closures, following official government guidance during the coronavirus pandemic.



The average weekly value of **internet sales** was £1.6 billion in March 2020, up 12.5% on the year.

This was 22.3% of all retail sales, up from 19.9% in February 2020 and the highest recorded value since this series began in 2006.

Internet sales as a proportion of all retail sales have been rising steadily since 2006, though this trend appeared to be ending since the beginning of 2019, with internet sales plateauing at around 20% of all sales.

The volume of sales in food stores in the three months to March 2020 was up 3.8% on the same period last year. The volume of sales in non-food stores was down 7.6% compared to last year.

Volume of retail sale				
Index 2016=100, seasonally adjusted				
		Food	Non-food	Total
2018	Mar	99.8	102.7	101.7
2019	Mar	103.3	105.0	108.7
2020	Jan	103.4	104.7	108.2
	Feb	103.1	103.4	107.8
	Mar	113.8	104.8	102.3
3m % change on yr		3.8	-7.6	-1.8

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

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).

Subject Specialist

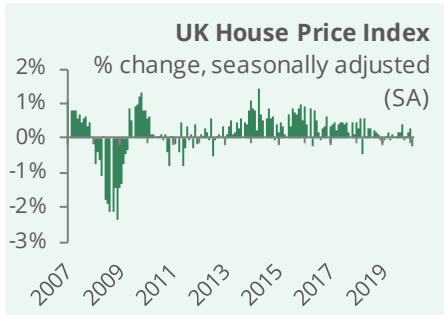
Philip Brien
x7574

Updates

ONS, [Retail Sales](#),
22 May 2020

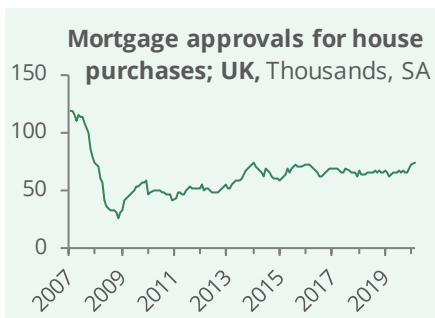
F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 1.1% between February 2019 and February 2020. On a seasonally adjusted basis house prices decreased by 0.3% between January 2020 and February 2020.

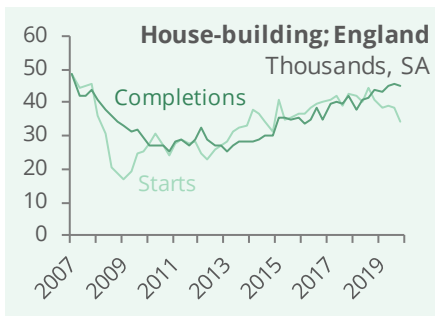


House prices grew at different rates across the UK's countries and regions over the year to February 2020. House prices grew fastest in Wales (3.4%) and Scotland (2.5%). House prices fell in East of England (-1.0%).

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 34,260 house building starts (seasonally adjusted) in England in Q4 2019, a 11% decrease compared with the previous quarter, and a 17% 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 44,980 house building completions (seasonally adjusted) in England in Q4 2019, a 1% decrease compared with the previous quarter, but a 3% increase compared with the same quarter of 2018. Completions remain below the peak of 48,520 completions in Q1 2007.

Subject Specialist

Matt Keep
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Updates

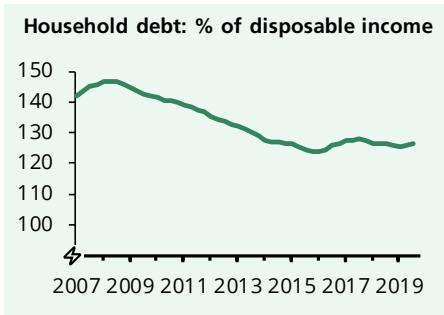
HM Land Registry, [UK house price index](#), 20 May 2020

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

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

F4: Household Debt

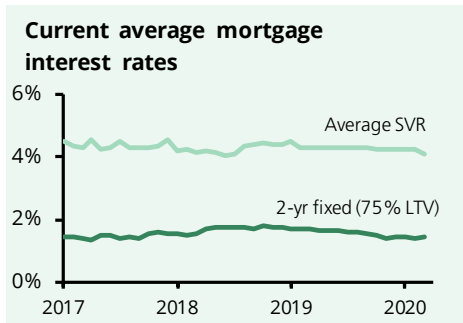
Household debt as a % of disposable income



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%.

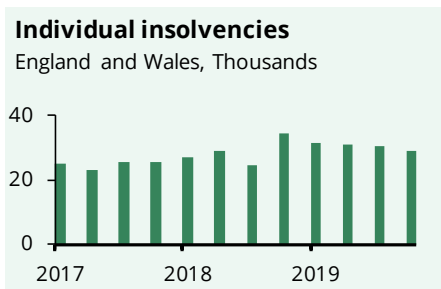
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 4.09% in March 2020, down 0.22% points on a year ago.

The average 2-year fixed mortgage rate was 1.42% in March 2020, down 0.28% 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

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X4904

Updates

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

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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