

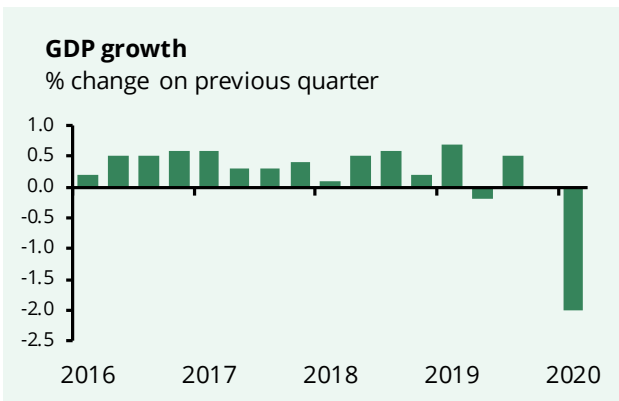


BRIEFING PAPER

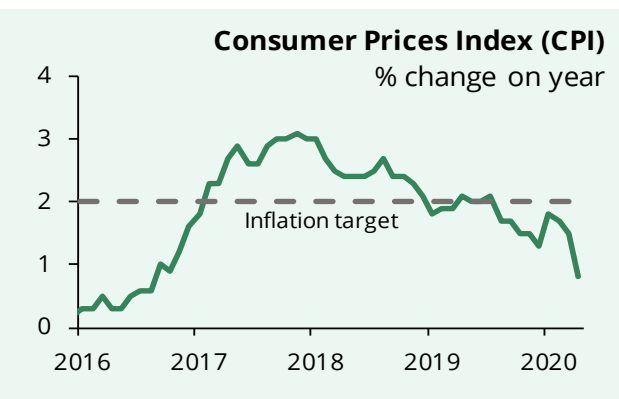
Number 8808, 27 May 2020

Economic Indicators, May 2020

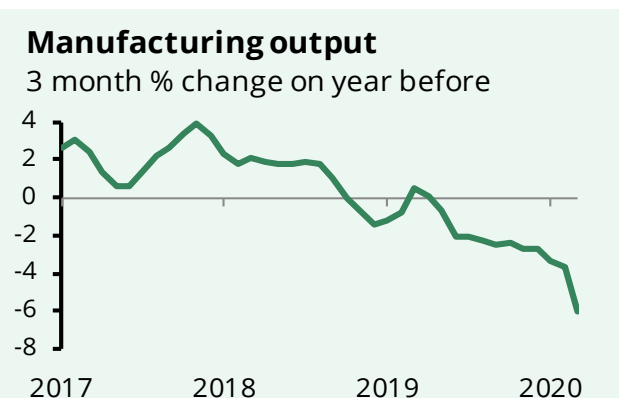
By
Philip Brien
Dominic Webb



Economic growth fell by 2.0% in January-March, compared to the previous quarter. This is the largest fall since 2008.



The CPI inflation rate was 0.8% in April, down from 1.5% in March. This is the CPI's lowest level since August 2016.



Manufacturing output for the three months to March 2020 fell by 1.7%, compared with the three months to December 2019. This is the 11th consecutive three-monthly fall.

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Economic update: UK facing 'severe recession'

The coronavirus lockdown is having a profound effect on the economy. Large sections are closed for business, household incomes are under pressure and there is deep uncertainty over future economic prospects. Earlier this month, the Chancellor told the House of Lords Economic Affairs Committee that the UK was facing a "severe recession the likes of which we haven't seen."

There have been sharp falls in GDP, increases in claims for unemployment-related benefits, and increases in government borrowing of the kind not seen for generations. It also looks at the latest inflation figures.

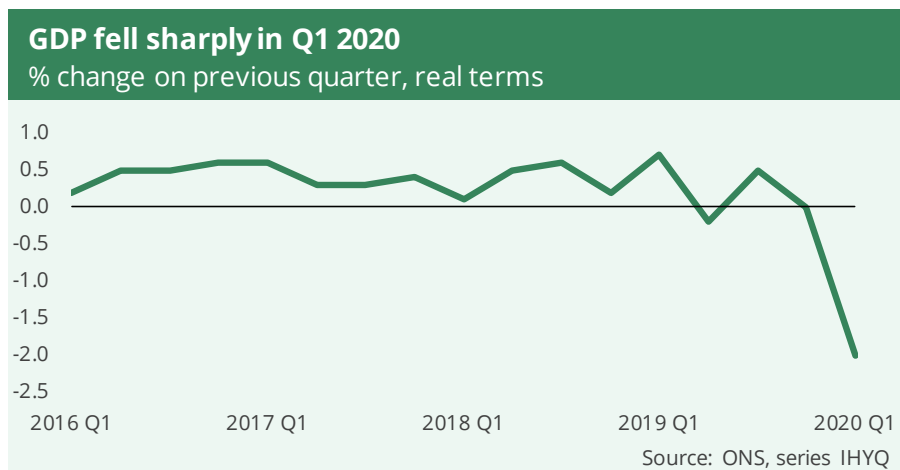
There's been a sharp fall in GDP

Data on the output of the economy, from January to March, only take account of the first few days of the lockdown.

Nevertheless, the figures paint a gloomy picture: UK economic output fell by 2.0% in the first three months of 2020, compared with the previous quarter. This is the largest fall since 2008.

The contraction was seen across all sectors. Output in the services sector was down by 1.9%, manufacturing down by 1.7% and construction down by 2.6%.

Spending by households, by far the largest component of GDP, fell by 1.7% compared with the previous quarter. Trade was affected particularly badly with imports falling by over 5% and exports down by more than 10%.



[Looking at monthly figures](#), GDP fell by 5.8% in March compared with February. This is the largest fall since monthly GDP records began in 1997.

It seems inevitable that the UK is now in recession, defined as two consecutive quarters of falling output. As noted above, GDP fell in the first quarter of 2020 and will fall further in the second quarter as significant parts of the economy have shut during the lockdown.

On average, [economic forecasters expect GDP to fall by 7.9%](#) in 2020. This would be the largest fall in GDP since the annual series began in 1948.

The largest annual fall in GDP seen to date was 4.2% in 2009. The Office for Budget Responsibility has set out a "[coronavirus reference scenario](#)" in which GDP falls by nearly 13% in 2020. It has stressed this is not a forecast but an 'illustrative scenario'.

Claimant count up by 850,000

Most of the available [data on the labour market](#) cover the period January to March 2020. They are therefore hardly affected by the pandemic. Some data are available for April and already show the effects of the lockdown.

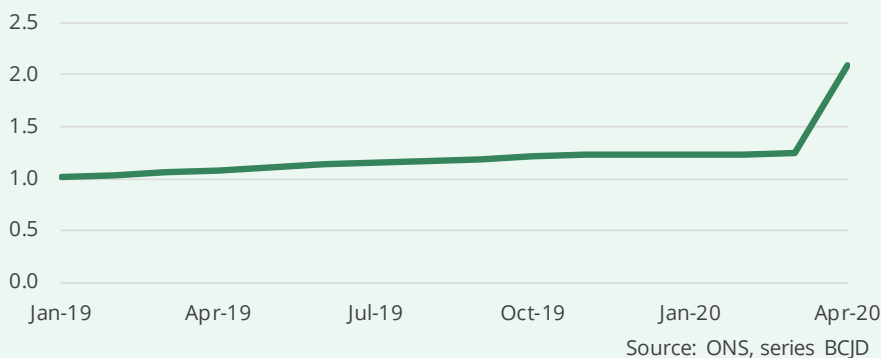
The number of people claiming unemployment benefits (the claimant count) increased by nearly 70% between March and April, reaching 2.1 million. This is its highest level since July 1996. This illustrates the profound effect the pandemic is having on the UK economy.

The number of claimants increased by over 850,000. This is by far the largest monthly increase since official records began in 1971. In addition, 8 million jobs had been furloughed by 17 May.

In the three months to March 2020, the number of weekly hours worked fell by 1.2% (12.4 million hours) compared with a year earlier. This is the largest fall for ten years.

Experimental statistics indicate this was mainly due to a fall in the number of hours worked in the last week of March. This was nearly 25% down on the other weeks of 2020.

Claimant count increased very sharply in April 2020 million

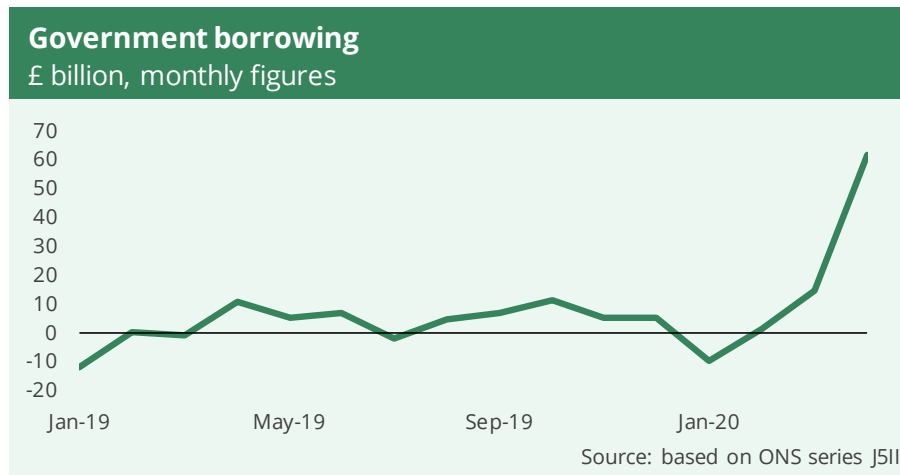


Government borrowing hits record high in April

The economic effects of the pandemic can also be seen in a sharp rise in government borrowing.

While the [figures for April](#) are likely to be revised, it is clear that Covid-19 is having a huge effect on the public finances. Government borrowing was £62.1 billion in April 2020 compared with £10.9 billion in April 2019.

This is the highest level of monthly borrowing since official records began in 1993 and is only marginally lower than the level of borrowing in 2019/20 as a whole.



Inflation down due to lower fuel prices

[Inflation, as measured by the Consumer Prices Index](#), was 0.8% in April, down from 1.5% in March.

This is the lowest rate of annual inflation since August 2016. The main reasons for the fall in inflation were lower petrol and diesel prices, together with falls in the cost of domestic energy.

The price of petrol fell by more than 10p a litre between March and April, as the price of oil on international markets fell sharply. This is the largest monthly fall since records for the price of unleaded petrol began in 1990.

The lockdown affected the Office for National Statistics's (ONS) ability to measure the prices of all the goods in its 'basket' in April. It was unable to measure the price of around 90 items as markets for these products were effectively closed. These unavailable items included haircuts, draft beer and theatre admissions. The ONS has put a [range of measures](#) in place to deal with the challenges of measuring the prices of these unavailable goods.

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](#).

The Library's [UK economy dashboard](#) updates when key economic data are published. The dashboard includes topics such as economic growth, inflation, unemployment and the public finances.

Headline UK Economic Indicators, May 2020

Gross Domestic Product: Q1 2020, Seasonally Adjusted		
Change (real %)	-2.0 (qtr)	-1.6 (yr Q1 19-Q1 20)
Industries		
Service output: 3 months to March 2020		
Change (%)	-1.9 (mth)	-1.0 (yr)
Manufacturing output: 3 months to March 2020		
Change (%)	-1.7 (mth)	-4.9 (yr)
Productivity: Q1 2020		
Output per hour		
Change (%)	-1.1 (qtr)	-0.4 (yr)
Inflation: April 2020		
Change on year (%)	0.8 (CPI)	1.5 (RPI)
Labour Market: Jan-Mar 2020, Seasonally Adjusted		
Unemployment		
Unemployment Rate (% of economically active)		3.9
Change (% points)	0.1 (qtr)	0.1 (yr)
Employment		
Employment Rate (% aged 16-64 in work)		76.6
Change (% points)	0.2 (qtr)	0.6 (yr)
Interest Rate: as of 27 May 2020		
Bank of England Base Rate		0.1 (%)
Public Finances: 2019/20		
Net borrowing	63 (£ bn)	2.8 (% GDP)
Net debt	1,804 (£ bn)	93.3 (% GDP)
Trade: Q4 2019		
Current Account	-5.6 (£ bn)	-1.0 (% GDP)
Sterling Exchange rate: 26 May 2020		
US Dollar (\$)	1.24 (rate)	-2.3% (% change on yr)
Euro (€)	1.13 (rate)	-0.3% (% change on yr)
EC Economic Sentiment Indicator for UK: March 2020		
Points (1990-2012 average = 100)		62.4
Change (points)	-29.6 (mth)	-36.2 (yr)
Retail Sales: April 2020, Seasonally Adjusted, 3 month average		
Quantity of retail sales (volume)		-8.6 (% change on yr)
Housing Market: March 2020, Seasonally Adjusted		
House Price Index (ONS)		
Change (%)	0.1 (mth)	2.1 (yr)

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

Headline Indicators summary

GDP in the UK fell by 2.0% in January-March 2020 compared to the previous quarter. This compares to a contraction of -3.8% in the Eurozone.

Services output was down by 1.0% in the three months to March 2020 compared to the previous year. **Manufacturing output** fell by 4.9%.

CPI inflation was 0.8% in April 2020, down from 1.5% in March. Inflation in the Eurozone was 0.3% in April, down from 0.7% in March.

The Bank of England's Monetary Policy Committee (MPC) **left interest rates unchanged at 0.1%** on 7 May, the lowest they have ever been, following a cut from 0.25% on 19 March.

Average wages excluding bonuses were 2.7% higher in the three months to March 2020 compared with the year before. CPI inflation for this period was 1.7%.

33.14 million people were in **employment** in January-March 2020, up 448,000 from a year before. The **employment rate** was 76.6%, up from 76.1% the previous year to a record high.

1.35 million people were **unemployed** in January-March 2020, up by 50,000 from the year before. The **unemployment rate** was 3.9%. The UK harmonised unemployment rate for Q4 2019 was the 11th lowest of the 36 OECD countries.

Productivity across the whole UK economy fell by 1.1% in Q1 2020 compared with the previous quarter. Compared with the previous year, it was down by 0.4%.

Government borrowing in April 2020 was £62 billion, £51 billion more than in April 2019. At the end of April 2020, public sector net debt was equivalent to 98% of GDP, up from 80% at the end of April 2019.

The UK had a **trade deficit** of £4.8 billion in the three months to March 2020, compared with an £8.0 billion surplus 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 1.6% between March and April, following a fall of 4.7% between February and March.

The volume of **retail sales** decreased by 8.6% in the three months to April 2020 compared with the previous three months, and fell by 9.2% compared with the previous year.

House prices increased by 2.1% in the year to March 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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GDP	Daniel Harari	2464
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Wages and Earnings	Matthew Keep	4324

A1: Gross Domestic Product

Economic growth fell by 2.0% in January-March 2020 compared to the

Real Gross Domestic Product seasonally adjusted		
	% change on qtr	% change on yr
2017	...	1.9
2018	...	1.3
2019	...	1.4
2019 Q1	0.7	2.0
Q2	-0.2	1.3
Q3	0.5	1.3
Q4	0.0	1.1
2020 Q1	-2.0	-1.6

Source: ONS, series: IHYP, IHYQ, IHYR

previous quarter (October-December). This was the largest fall since 2008.

All the headline sectors contributed to the fall in GDP growth in January-March. The services sector fell by 1.9%, production by 2.1% and construction by 2.6%.

Looking at month-on-month growth, GDP was down 5.8% in March, the biggest fall since

records began in 1997. (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 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 May 2020 [survey of independent forecasts](#) for GDP growth showed an average forecast of -8.6% for 2020 and 6.2% for 2021. These are based on forecasts from 1 May to 18 May.

Annual GDP growth forecasts (%)		
	2020	2021
HM Treasury average of independent forecasts (May 20)	-8.6	6.2

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

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 June 2020

ONS, [GDP national accounts](#), 30 June 2020

HM Treasury, [Forecasts for the UK economy](#), 17 June 2020

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

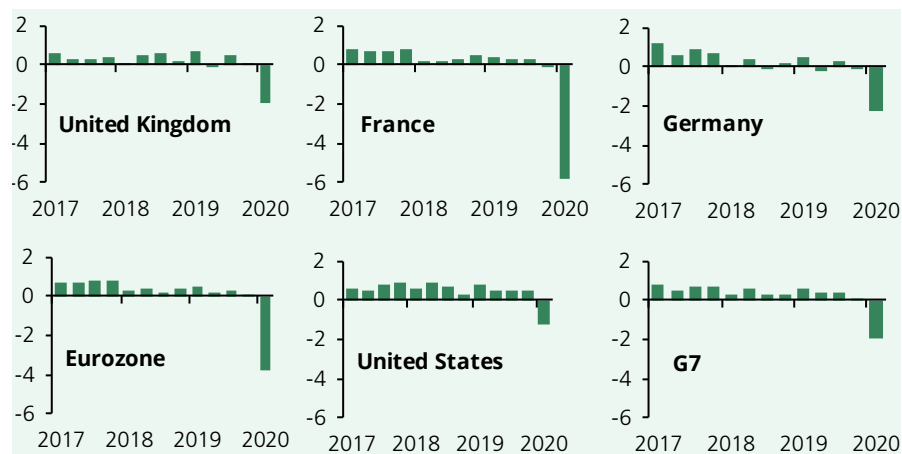
A2: GDP International

UK GDP fell by 2.0% in Q1 2020, compared with the previous quarter. This compares with -3.8% in the Eurozone and -1.2% in the US.

GDP growth								
% change in real GDP								
	% change on previous quarter				% change on a year ago			
	Q2 19	Q3 19	Q4 19	Q1 20	Q2 19	Q3 19	Q4 19	Q1 20
	UK	-0.2	0.5	0.0	-2.0	1.3	1.3	1.1
Eurozone	0.1	0.3	0.1	-3.8	1.2	1.3	1.0	-3.2
USA	0.5	0.5	0.5	-1.2	2.3	2.1	2.3	0.3
Japan	0.5	0.0	-1.9	-0.9	0.9	1.8	-0.7	-2.2
Germany	-0.2	0.3	-0.1	-2.2	0.3	0.7	0.4	-2.3
France	0.3	0.3	-0.1	-5.8	1.5	1.5	0.9	-5.4
G7	0.4	0.4	0.0	-2.0	1.6	1.7	1.4	-1.3
OECD	0.4	0.4	0.2	..	1.6	1.7	1.6	..

Source: OECDstat

Quarter-on-quarter GDP growth rates (%)



Forecasts

The IMF's most recent forecasts, published 14 April, projected a sharp contraction in much of the world economy in 2020 due to Covid-19. The expected recovery results in higher than usual growth in 2021.

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](#), 10 June 2020

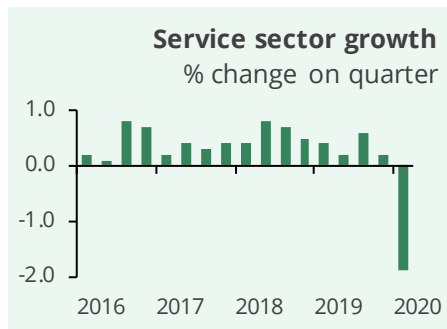
IMF, [World Economic Outlook](#), Jul 2020

A3: Components of GDP

GDP can be analysed in terms of the output produced by different industries, or by spending by households, business and government.

Overall, GDP is estimated to have fallen by 2.0% in Jan-Mar 2020 compared to the previous quarter (Oct-Dec 2019), as the economic effects of the coronavirus pandemic started to be felt. GDP fell by 5.8% in March alone, compared with February.

GDP by Industry



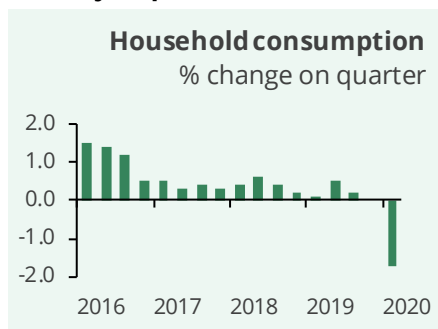
Services are the largest part of the economy – in 2018, they accounted for 80% of output, the production sector for 14%, construction for 6% and agriculture for 1%.

In Jan-Mar 2020, service sector output fell by 1.9% in real terms compared with Oct-Dec 2019.

Between February and March it fell 6.2%.

Manufacturing output was down 1.7% over the quarter, with a fall from February to March of 4.6%. Manufacturing is part of the wider production sector, which saw a fall of 2.1% over the quarter and a fall of 4.2% over the month. Construction sector output was down 2.6% in Jan-Mar 2020, and down 5.9% in March alone.

GDP by Expenditure



Household consumption is the largest element of expenditure across the economy, accounting for 63% of the total in 2019. Government accounted for 19% and investment for 17%.

In Jan-Mar 2020, household consumption was down 1.7% in real terms, on the quarter.

Government consumption was down 2.6% and investment was down 1.0%. Exports were down 10.8% and imports were down 5.3%.

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
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
2020 Q1	-1.7	-2.6	-1.0	-10.8	-5.3	-2.0

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

Note: * annual % change

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Updates

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

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

ONS, [GDP first quarterly estimate, UK](#), 10 Aug 2020

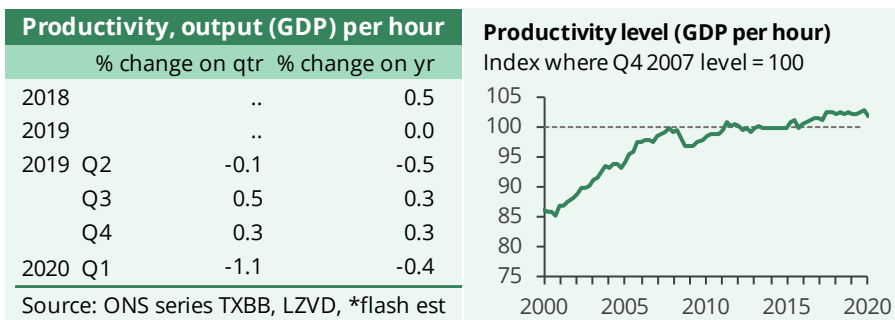
A4: Productivity

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

In Q1 2020, [productivity fell by 0.4%](#) compared with a year ago (Q1 2019). Compared with the previous quarter, productivity fell by 1.1%. The effects of the coronavirus outbreak present [significant challenges](#) in the measurement of productivity. This likely means [underlying productivity trends](#) will be difficult to discern for some time.



Historically, UK labour productivity has grown by around 2% per year but since the 2008/2009 recession it has stagnated (see chart above).

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).

[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 Jul 2020

ONS, [UK productivity flash estimates](#), 11 Aug 2020

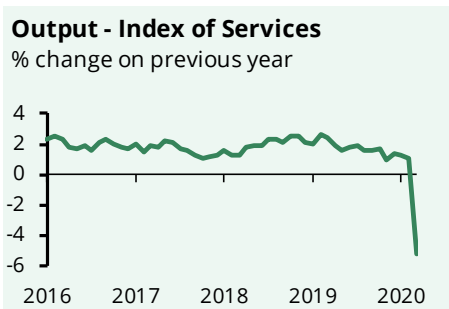
ONS, [International comparisons of productivity](#), no date scheduled

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

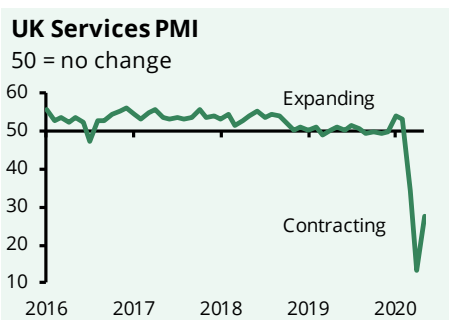


There was a fall of 6.2% in the Index of Services between February and March 2020. This is the largest monthly fall since records began in January 1997.

There was a negative 1.9% growth in services in the three months to March 2020 compared with the previous three months.

In the three months to March 2020, compared with the three months to March 2019, services output decreased by 1.0%.

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 27.8 in May 2020, compared with 13.4 in April. Around 55% of service

providers reported a drop in business activity during May, while 12% experienced a rise, mainly linked to demand for technology services.

In each of the past three months, the rate of decline in service sector activity has been faster than anything seen prior to this since 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 May	54.0	
2018	103.9	1.7	2019 May	51.0	
2020 Jan	106.2	1.3	2020 Mar	34.5	-18.7
Feb	106.2	1.1	Apr	13.4	-21.1
Mar	99.6	-5.2	May	27.8	14.4

Source: ONS, series [S2KU](#), [S22Z](#), [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 June 2020

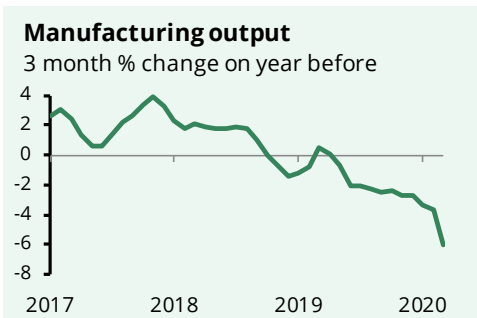
Markit/CIPS, [UK Services PMI](#), 3 June 2020

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.

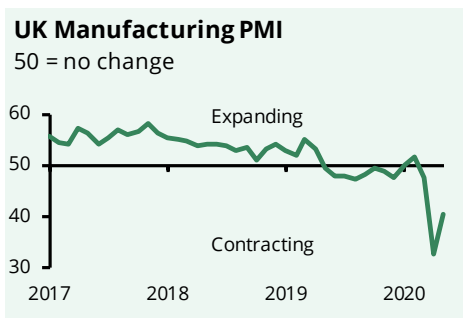
Manufacturing Output



Total manufacturing output for the three months to March 2020 fell by 1.7%, compared with the three months to December 2019. This is the 11th consecutive three-monthly fall, highlighting the ongoing decline in output since early 2019.

Monthly manufacturing output in March fell by 4.6% compared to February. Of the 13 subsectors, 10 displayed downward 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 May 2020 was 40.6, a rise of 8% on the April level. Around 54% of manufacturing companies reported a fall in output during May, while 24% signalled an expansion since the previous month.

Markit/CIPS observed that where manufacturing output growth was reported this was often linked to healthcare-related products.

Manufacturing output index			PMI Index		
	Index	% change on yr		Index	Change on mth
2017	102.5	2.5	2018	54.3	
2018	103.4	0.9	2019	49.4	
2020			2020	47.8	-3.9
Jan	99.3	-3.4	Apr	32.6	-15.2
Feb	99.5	-3.7	May	40.6	8.0
Mar	94.9	-6.0			

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](#), 12 June 2020

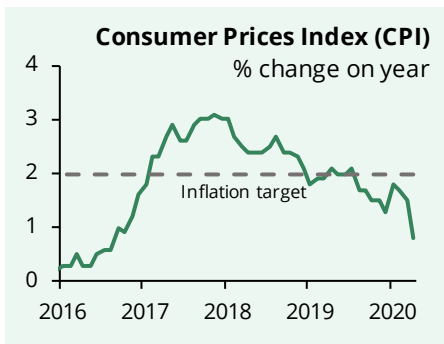
Markit/CIPS, [UK Manufacturing PMI](#), 1 June 2020

B1: Inflation

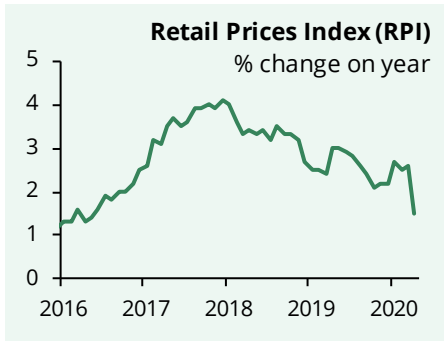
The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England’s 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic as the way it is calculated does not 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 0.8% in April 2020, down from 1.5% in March.

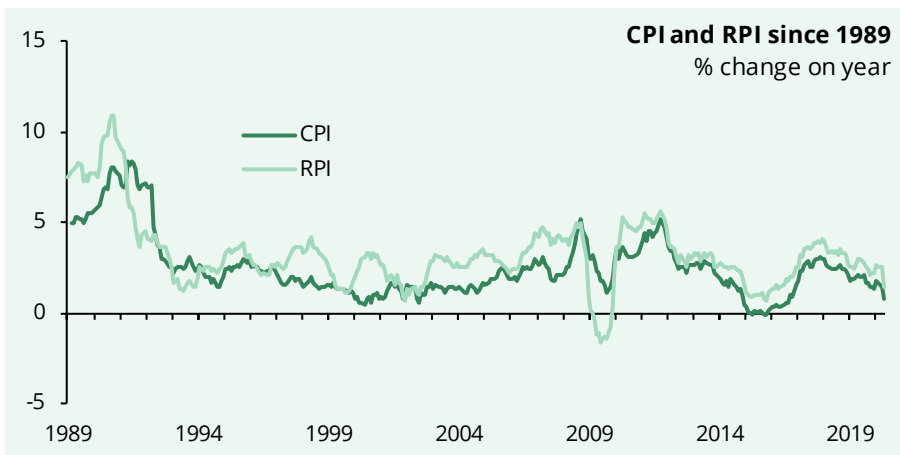
The RPI inflation rate was 1.5% in April 2020, down from 2.6% in March.



Downward contributions to the CPI rate came mostly from transport (largely fuel prices), partly offset by upward contributions from recreation and culture (particularly toys, games and hobbies).



Price indices			
% change on a year ago			
		CPI	RPI
2017	Apr	2.7	3.5
2018	Apr	2.4	3.4
2019	Apr	2.1	3.0
2020	Feb	1.7	2.5
	Mar	1.5	2.6
	Apr	0.8	1.5



Subject Specialist

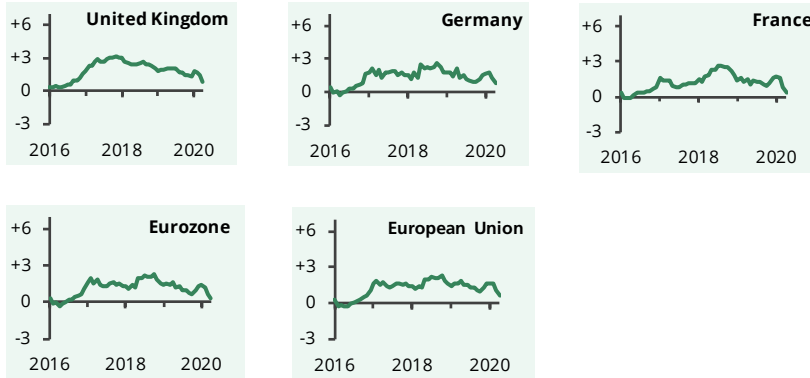
Daniel Harari
x2464

Update

ONS, [Consumer price inflation](#), 17 June 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 0.8% in the year to April, down from 1.5% in March. UK inflation was 2.1% in April 2019.

EU inflation was 0.6% in April, down from 1.1% in March. Inflation in the Eurozone was 0.3% in April, down from 0.7% in March. Eurozone inflation was 1.7% in April 2019.

In Germany, was 0.8% in April, down from 1.3% in March; in France inflation was 0.4% in April, down from 0.8% in March.

Czechia had the highest inflation rate in the EU in April (3.3%). The lowest inflation rate was in Slovenia (-1.3%).

Inflation rates: selected countries						
Annual % change in consumer prices (HICP)						
	2017	2018	2019	Feb 20	Mar 20	Apr 20
UK	2.7	2.5	1.8	1.7	1.5	0.8
Eurozone	1.5	1.8	1.2	1.2	0.7	0.3
European Union	1.6	1.8	1.4	1.6	1.1	0.6
France	1.2	2.1	1.3	1.6	0.8	0.4
Germany	1.7	1.9	1.4	1.7	1.3	0.8

Source: ONS, Eurostat

Notes: all European Union figures exclude UK.

Subject Specialist

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Update

ONS, [Consumer Prices bulletin](#) (UK), 17 Jun

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

Eurostat, [Flash estimate \(Eurozone\)](#), 29 May

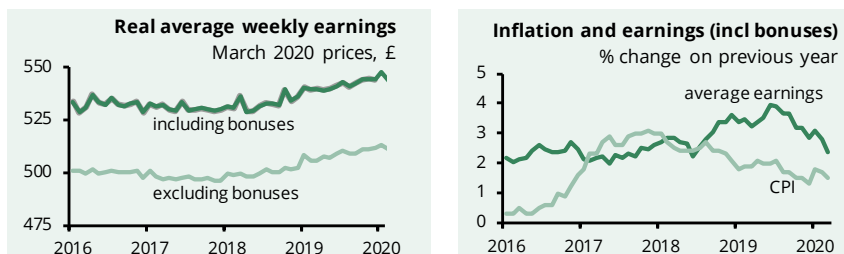
B3: Average Earnings

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 2.7% excluding bonuses in the three months to March 2020 compared with the previous year. Average weekly pay including bonuses increased by 2.4%.

Inflation as measured by the CPI averaged 1.7% over the same period. After adjusting for inflation, average weekly earnings excluding bonuses were 1.0% higher than the previous year and average pay including bonuses were 0.7% higher.

Average Earnings, Whole Economy



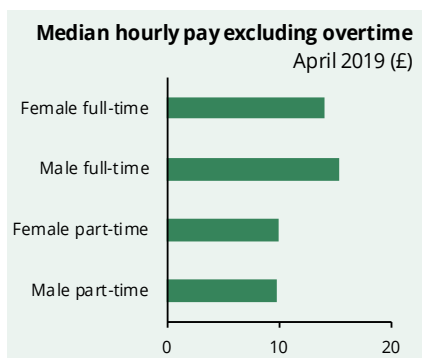
Trends by Sector

Annual % change in average earnings (incl bonuses)				
Great Britain, employees only				
		Total	Private	Public
2018	Mar	2.9	2.9	2.4
2019	Mar	3.2	3.4	2.5
2020	Jan	3.1	3.1	3.2
2020	Feb	2.8	2.7	3.3
2020	Mar	2.4	2.2	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 2.2% in the private sector and by 3.3% in the public sector in the three months to March 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

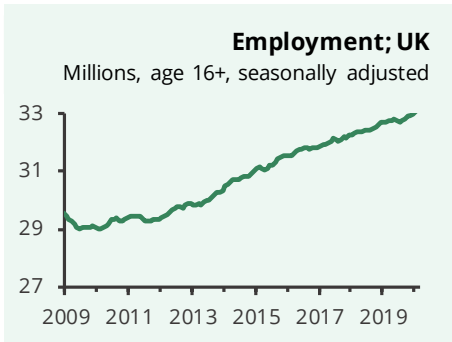
ONS, [Labour Market Statistics](#),
16 June 2020

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

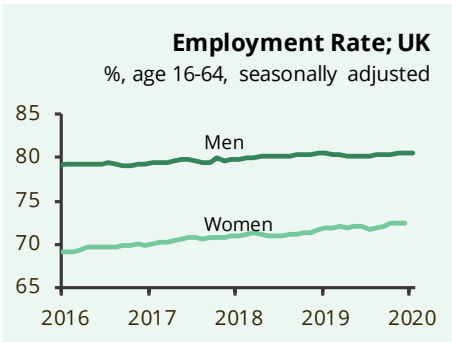
C1: Employment

33.14 million people were in employment in January-March 2020. Employment was up 211,000 from the previous quarter and up 448,000 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.



15.79 million women were in work, up 185,000 from the previous quarter and 369,000 more than a year ago. The female employment rate was 72.9%. 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, 25,000 more than the previous quarter and 79,000 more than a year ago. The male employment rate was 80.4%.

The total number of people working full-time in January-March 2020 increased by 36,000 from the previous quarter and increased by 342,000 from the year before to 24.45 million. Part-time employment increased by 174,000 from the previous quarter and increased by 105,000 from the year before to 8.69 million.

The number of people in self-employment was down 27,000 from the previous quarter and up by 69,000 from the year before to 5.00 million. 27.96 million people were working as employees, up 238,000 from the last quarter and up 370,000 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	
Jan-Mar	2017	31,946	74.8	16,960	79.4	14,986	70.2	3,920	55.1
Jan-Mar	2018	32,343	75.6	17,127	80.0	15,216	71.2	3,848	54.8
Jan-Mar	2019	32,697	76.1	17,275	80.3	15,422	71.8	3,839	55.4
Oct-Dec	2019	32,934	76.5	17,328	80.6	15,605	72.4	3,790	55.0
Jan-Mar	2020	33,144	76.6	17,354	80.4	15,790	72.9	3,823	55.6
Change on qtr	Level	211	0.2	25	-0.2	185	0.5	33	0.6
	%	0.6%		0.1%		1.2%		0.9%	
Change on yr	Level	448	0.6	79	0.1	369	1.1	-16	0.2
	%	1.4%		0.5%		2.4%		-0.4%	

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

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](#).

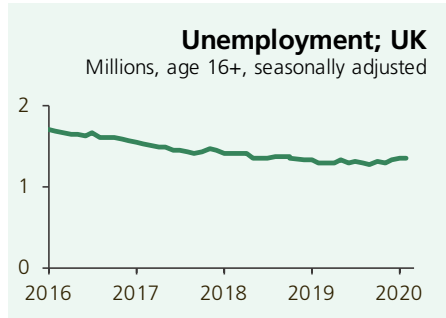
Subject Specialist
Niamh Foley
X1398

Updates
ONS, [Labour Market Statistics](#),
16 June 2020

C2: Unemployment

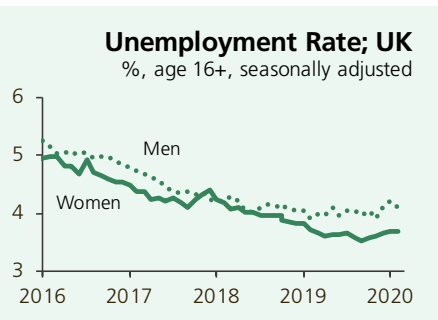
There were 1.35 million unemployed people in the UK in January-March 2020, up by 58,000 from the previous quarter and up by 50,000 from the year before.

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



516,000 young people aged 16-24 were unemployed, up 35,000 from the previous quarter and up 49,000 from the year before. The unemployment rate for 16-24 year olds was 11.9%, up from 10.8% a year before.

745,000 men were unemployed, up 37,000 from the previous quarter and up 44,000 from the year before.



603,000 women were unemployed, up 21,000 from the previous quarter and up slightly from a year ago.

The unemployment rate for men was 4.1% and the unemployment

rate was 3.7% for women.

295,000 people had been unemployed for over 12 months, at a similar level to the previous quarter but 51,000 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
Jan-Mar	2017	1,527	4.6	844	4.7	683	4.4	557	12.4
Jan-Mar	2018	1,417	4.2	751	4.2	667	4.2	523	12.0
Jan-Mar	2019	1,298	3.8	701	3.9	597	3.7	467	10.8
Oct-Dec	2019	1,290	3.8	707	3.9	582	3.6	481	11.3
Jan-Mar	2020	1,348	3.9	745	4.1	603	3.7	516	11.9
Change on qtr	Level	58	0.1	37	0.2	21	0.1	35	0.6
	%	4.5%		5.3%		3.5%		7.3%	
Change on yr	Level	50	0.1	44	0.2	6	0.0	49	1.0
	%	3.8%		6.2%		1.0%		10%	

Source: ONS Labour Market Statistics, A05, A06

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

Subject Specialist

Brigid Francis-Devine
X4904

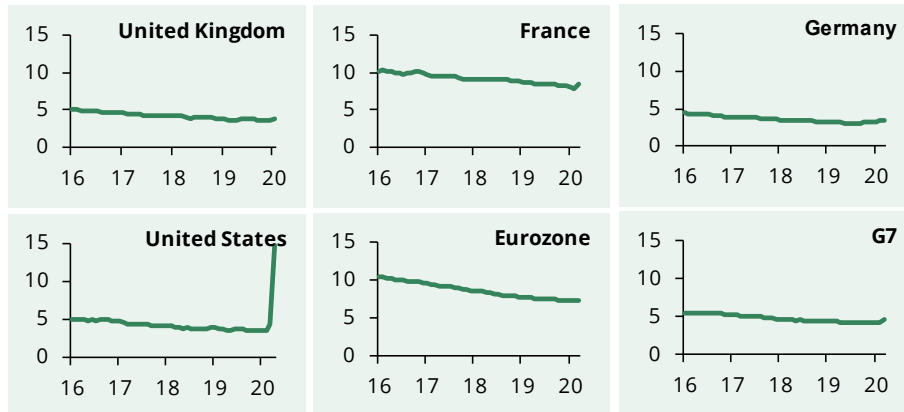
Updates

ONS, [Labour Market Statistics](#),
16 June 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 **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 11th lowest of the 36 OECD member countries.

The unemployment rate for the Eurozone fell from 7.4% to 7.3% in **Q1 2020**, while in the G7 increased from 4.2% to 4.3%. The Q1 figure for the UK has not yet been published.

The unemployment rate for the US rose from 3.5% in February 2020 to 14.7% in April. Most countries have not yet published figures for April.

Greece had the highest unemployment rate out of the OECD member states for Q4 2019 (16.6%) 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 34.0% in Greece, 30.7% in Spain and 28.4% 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	5.5
2019	5.7	8.5	3.2	10.0	2.4	3.8	3.7	7.6	4.3	5.4
2019 Q1	5.8	8.7	3.2	10.4	2.5	3.7	3.9	7.8	4.4	5.5
Q2	5.6	8.5	3.1	10.0	2.4	3.8	3.6	7.6	4.3	5.4
Q3	5.6	8.5	3.1	9.8	2.3	3.8	3.6	7.5	4.2	5.4
Q4	5.7	8.2	3.2	9.6	2.3	3.7	3.5	7.4	4.2	5.3
2020 Q1	6.3	8.1	3.4	9.1	2.4	..	3.8	7.3	4.3	5.3
Change on qtr	0.6	-0.1	0.2	-0.5	0.2	...	0.3	0.0	0.2	0.1
Change on yr	0.5	-0.5	0.2	-1.3	0.0	...	0.0	-0.4	-0.1	-0.2

Source: OECD, Harmonised Unemployment Rates

Subject Specialist

Andy Powell
x6962

Next Update

OECD, [Harmonised Unemployment Rates](#),
10 June 2020

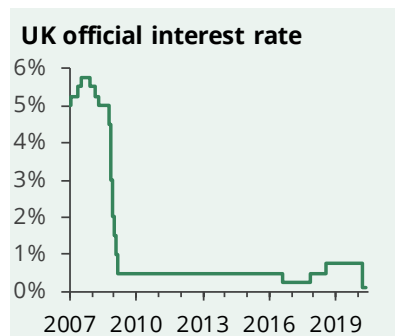
D1: Interest Rates and Monetary Policy

Major central banks around the world have introduced emergency measures in response to the coronavirus pandemic.

UK (Bank of England)

On 7 May, the Bank of England's Monetary Policy Committee (MPC) [left interest rates unchanged](#) at 0.1% and its bond-buying programme (known as quantitative easing, QE) was maintained at £645bn. In its [Monetary Policy Report](#), the Bank forecast GDP to fall by 3% in Q1 2020, compared with the previous quarter, and then decline a further 25% in Q2. The unemployment rate is projected to rise to 9% in Q2.

In March the Bank announced a series of emergency measures in response to Covid-19. 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 QE, 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 that will provide loans to larger businesses. The Chancellor said the government would guarantee lending up to £330bn. [Other measures were also announced](#). On 11 March, the MPC cut interest rates by 0.5 percentage points. The MPC also [launched schemes](#) designed to provide cheap loans to banks so they have additional capacity to lend to businesses and households.

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. On 30 April, the ECB left its main interest rates unchanged at 0.0% and -0.5% (for overnight deposits from banks). The ECB made [additional cheap loans](#) available to banks to encourage them to lend to businesses.

The MPC cut interest rates on 11 March and then again on 19 March, taking the base rate to 0.1%. They were left unchanged on 7 May.

The MPC's quantitative easing programme was expanded by £200bn on 19 March to a total of £645bn.

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

Subject Specialist

Daniel Harari
x2464

Updates – next scheduled monetary policy meetings

UK ([18 Jun](#))
US ([10 Jun](#))
ECB ([4 Jun](#))

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	40	1.9%	1,774	80.7%
2019/20	63	2.8%	1,804	93.3%

Sources: ONS, OBR. Excludes public sector banks

Government borrowed £62 billion in April 2020 according to the ONS’s provisional estimate. This is £51 billion more than in April 1919. More was borrowed in April 2020 than in any month since records began (January 1993). The unprecedented level of borrowing reflects the effects of the coronavirus pandemic.

April’s figures contain some forecast data and are very uncertain. They are likely to be revised in the coming months.

At the end of April 2020, government debt was equivalent to 98% of GDP which is higher than at the end of April 2019, when the debt-to-GDP ratio was 80%. This represents the largest year-on-year increase in the debt-to-GDP ratio since monthly records began (March 1993). The ratio was last over 95% in the early 1960s.

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

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

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

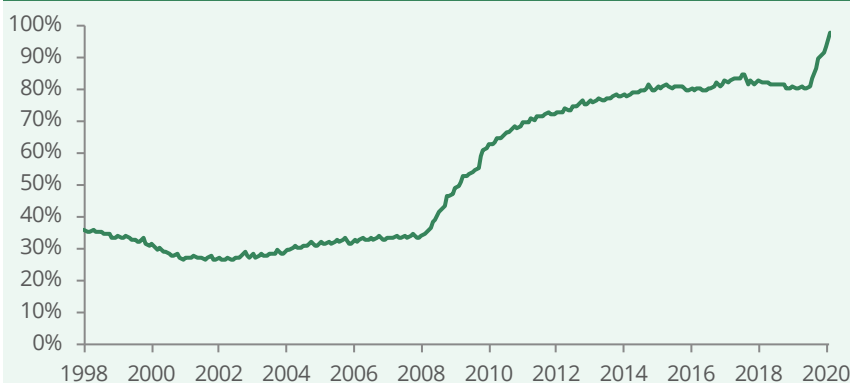
Net debt is the total amount that the public sector owes – it is largely the stock of past borrowing.

All figures exclude public sector banks.

Public sector net borrowing: rolling 12 month total £ billion



Public sector net debt, monthly, % of GDP



Subject Specialist

Matt Keep
x4324

Updates

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

ONS, [Public sector finances](#), 19 June 2020

D3: Financial Indicators

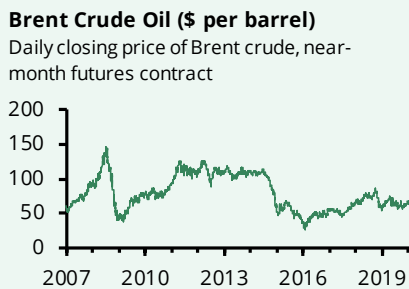
FTSE-100 Index



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 has subsequently

rallied since and closed at 6,115.25 on 29 April, its highest level since 6 March. It has closed at around 6,000 since 18th May.

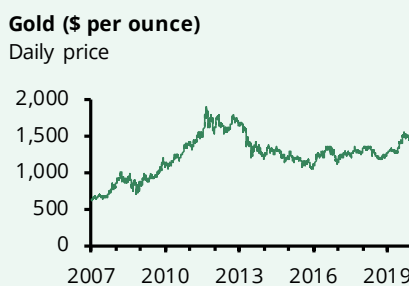
Brent Crude Oil



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,

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. The price has since returned to around \$30/barrel.

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, 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 26 May 2020			
	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
26 May 2020	6067.76	35.38	1733.55
%change over:			
1-month	4%	79%	1%
12-months	-17%	-49%	35%
Note: Oil is Brent near-month futures price			
Source: Financial Times			

Subject Specialist

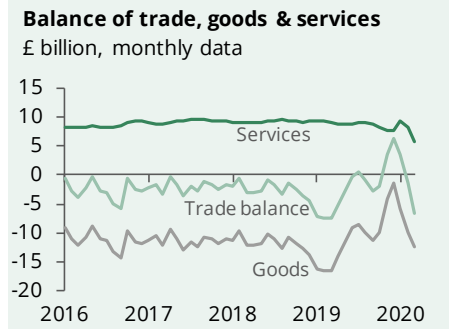
Daniel Harari
x2464

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.

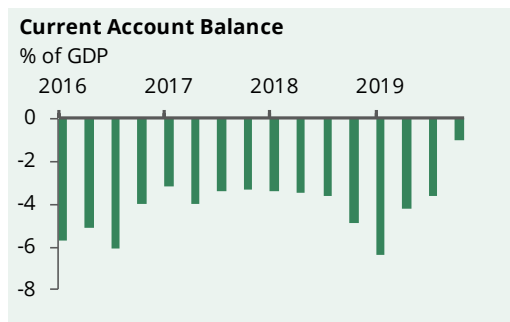
The UK had a trade deficit with the EU of £72 billion in 2019 and a trade surplus of £46 billion with non-EU countries.

The trade balance with all countries decreased by £12.7 billion to a deficit of £4.8 billion in Quarter 1 of 2020 compared with a £8.0 billion surplus in the previous Quarter. Exports decreased by 11.5% over this period. Imports decreased by 4.9% (both figures in cash terms). The data may show some evidence of the coronavirus-related impacts on trade.

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%
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%
2020 Q1	165.1	169.8	-4.8

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

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X6920

Updates

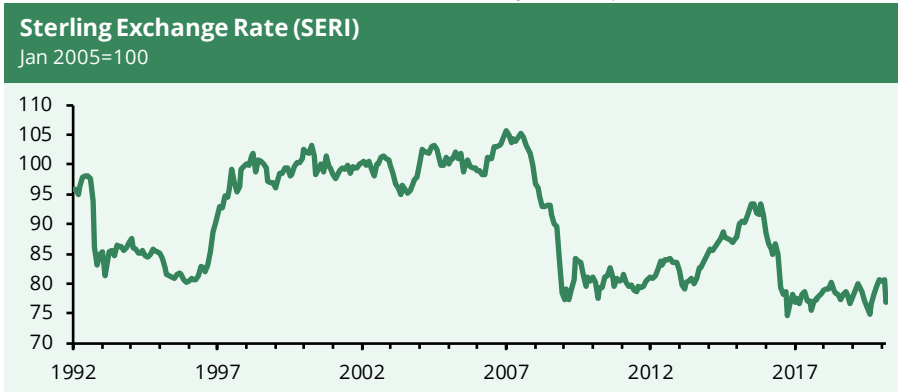
ONS, [UK Trade](#),
12 June

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).

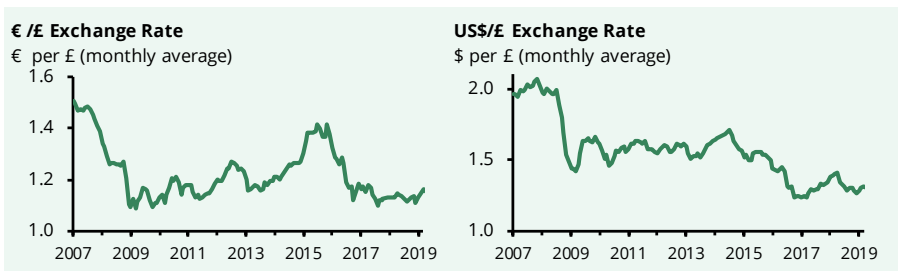
The SERI rose by 1.6% between March and April following a fall of 4.7% between February and March (the largest month-on-month fall since October 2016). Compared with the same period a year ago, it is 1.6% lower. It is 25.9% below its January 2007 peak level.



On average in April compared with March, the pound rose by 0.4% against the dollar, following a fall of 4.6% between February and March. The pound fell sharply against the dollar following the EU referendum, from \$1.48 on 23 June 2016 to \$1.14 in June 2017 – a 31 year low. In 2018, the value of the pound against the dollar reached as high as \$1.43 in mid-April (the highest since the EU referendum) though 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
 €1.13 per £1
 (On 26 May 2020)

Sterling was up 2.0% against the Euro on average in April compared to March, following a fall of 5.8% between February and March. On 25 March, the pound was valued at €1.07, its lowest value against the Euro since March 2009.



Subject Specialist
 Daniel Harari
 x2464

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

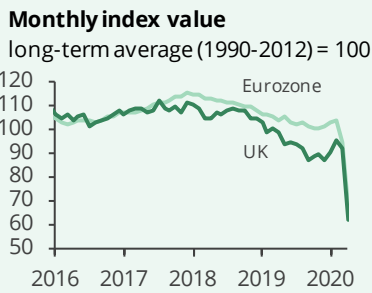
Bank of England, [SERI & monthly rates](#), Early June 2020

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 Feb	1.30	-0.5%	1.19	3.6%
Mar	1.24	-6.1%	1.12	-3.9%
Apr	1.24	-4.8%	1.14	-1.6%

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

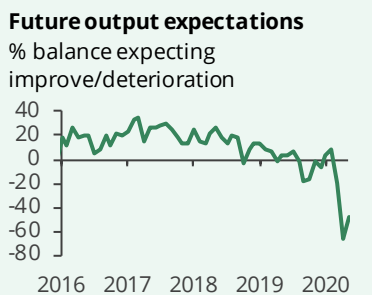
The European Commission conducts regular harmonised surveys for different sectors of EU member states' economies.

Between March and April 2020, the overall UK sentiment index fell by 29.6 points to 62.4, its lowest level since March 2009.

CBI Industrial Trends Survey

The CBI carries out monthly and quarterly Industrial Trends surveys.

In May, more manufacturers thought that output would fall over the next three months than thought it would rise. The difference was -49% of manufacturers, still very low but higher than the -67% of April.



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 a flash report for the end of April, the index increased by one point to -33, but is still lower than at any time since December 2011.



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Update

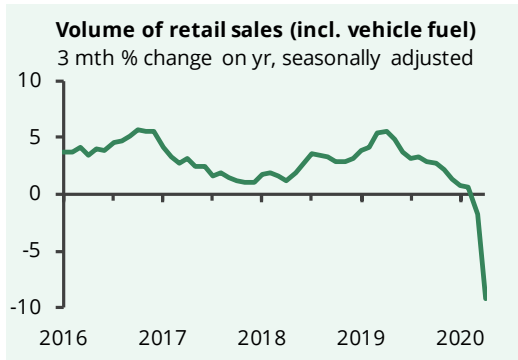
EC, [Economic Sentiment Indicator](#), 28 May 2020

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

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

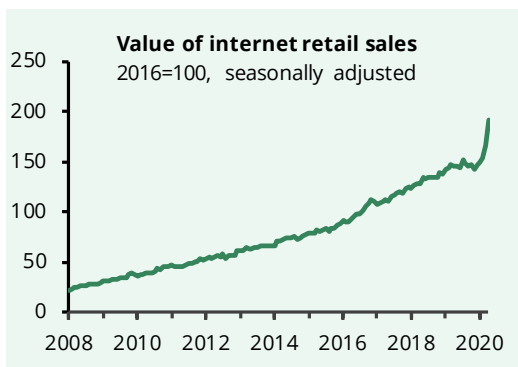
F2: Retail Sales

In April 2020, [retail sales in the UK](#) totalled £6.0 billion per week, down from £6.9 billion in March. This figure includes money spent in shops, supermarkets, in petrol stations and online.



In the three months to April 2020, the quantity (**volume**) of retail sales fell by a record 8.6% 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 9.2%. Between March and

April, the quantity of retail sales fell by a record 18.1%, 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 £1.9 billion in April 2020, up 31.6% on the year.

This was 30.0% of all retail sales, up from 21.9% in March 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 April 2020 was up 5.9% on the same period last year. The volume of sales in non-food stores was down 24.7% compared to last year.

Volume of retail sale				
Index 2016=100, seasonally adjusted				
		Food	Non-food	Total
2018	Apr	100.8	102.7	103.2
2019	Apr	102.9	105.0	108.3
2020	Feb	103.3	104.8	107.9
	Mar	113.7	103.4	102.3
	Apr	109.0	105.0	83.8
3m % change on yr		5.9	-24.7	-9.2

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

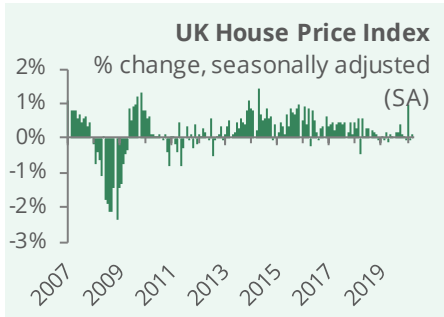
Philip Brien
x7574

Updates

ONS, [Retail Sales](#),
18 June 2020

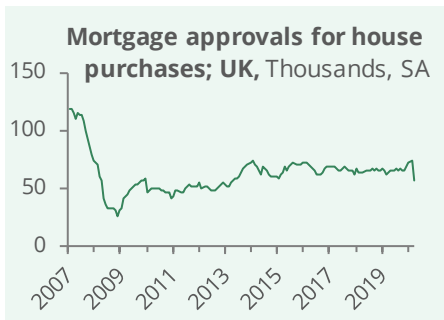
F3: Housing Market

House prices, as measured by the UK House Price Index, increased by 2.1% between March 2019 and March 2020. On a seasonally adjusted basis house prices increased by 0.1% between February 2020 and March 2020.



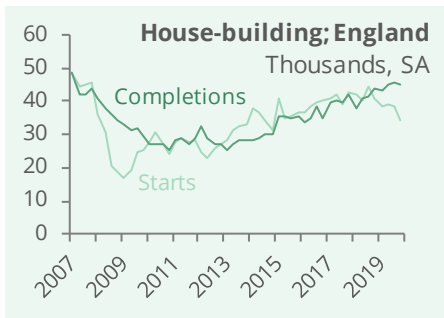
The Office for National Statistics (ONS) are [temporarily suspending](#) the House Price Index. Coronavirus is reducing the amount of housing transactions, making it difficult to produce a measure of house prices that would be representative of any true transaction activity within the housing market.

Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.



The housing market is slowing following the public health measures taken to contain the coronavirus outbreak. **Mortgage approvals** for house purchases in March 2020 were down 9.5% on a year ago and down 23.8% on February 2020. There were 56,161 mortgage approvals in

March 2020, compared with 62,086 in March 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.

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Updates

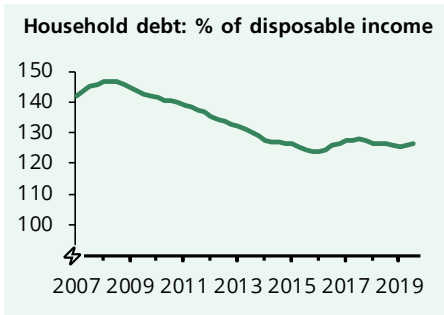
HM Land Registry, [UK house price index](#), n/a

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

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

F4: Household Debt

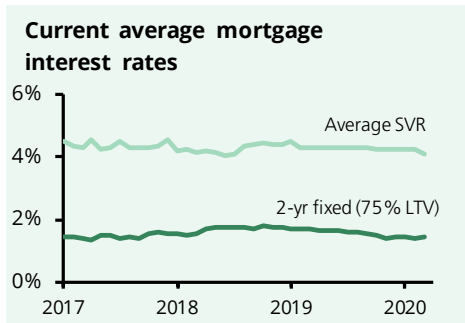
Household debt as a % of disposable income



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%.

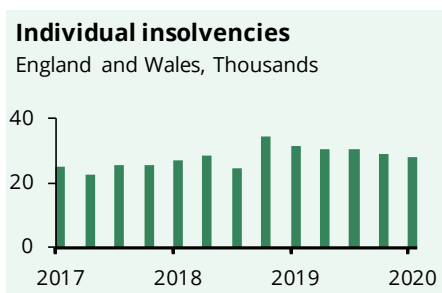
Current average mortgage interest rates



The average Standard Variable Rate (SVR) was 3.67% in April 2020, down 0.64% points on a year ago.

The average 2-year fixed mortgage rate was 1.40% in April 2020, down 0.26% points on the year.

Individual insolvencies, England and Wales



There were 27,849 individual insolvencies in England and Wales in Q1 2020, slightly down on the previous quarter. This is the sixth successive quarterly fall in the number of insolvencies.

The Q1 2020 level is 11.2% down on the level in Q1 2019, which

saw the second highest number of insolvencies since Q1 2010, after Q4 2018.

In Scotland, there were 3,156 individual insolvencies in Q1 2020, slightly lower than a year before.

In Northern Ireland, there were 621 individual insolvencies in Q1 2020, up 7% on the year.

Subject Specialist

Brigid Francis-Devine
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Updates

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

Insolvency Service,
[Insolvency Statistics](#),
30 July 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.

3.1 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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