



RESEARCH PAPER 00/67
30 JUNE 2000

Economic Indicators

This Research Paper summarises some of the main economic indicators currently available for the UK and gives comparisons with other major OECD countries on selected indicators.

This month's article: National Statistics

Laura Bardgett

ECONOMIC POLICY AND STATISTICS SECTION

HOUSE OF COMMONS LIBRARY

Recent Library Research Papers include:

00/52	The <i>Care Standards Bill</i> [HL] [Bill 105 of 1999-2000]	16.05.00
00/53	The local elections and elections for a London Mayor and Assembly: 4 May 2000	23.05.00
00/54	<i>Limited Liability Partnerships Bill</i> [HL] [Bill 108 of 1999-2000]	22.05.00
00/55	Trade union recognition	23.05.00
00/56	Economic Indicators	25.05.00
00/57	Gaming: regulation & taxation of casinos	25.05.00
00/58	The <i>Police (Northern Ireland) Bill</i> [Bill 125 of 1999-2000]	05.06.00
00/59	Background to the 2000 Spending Review	08.06.00
00/60	Lords Reform: major developments since the <i>House of Lords Act 1999</i>	14.06.00
00/61	Lords Reform: The interim House background statistics	15.06.00
00/62	EU enlargement: from Luxembourg to Helsinki and beyond	14.06.00
00/63	The <i>Children Leaving Care Bill</i> [HL] [Bill 134 of 1999-2000]	16.06.00
00/64	Unemployment by Constituency – May 2000	21.06.00
00/65	The Burden of Taxation	22.06.00
00/66	The Tourism Industry	23.06.00

Research Papers are available as PDF files:

- *to members of the general public on the Parliamentary web site,
URL: <http://www.parliament.uk>*
- *within Parliament to users of the Parliamentary Intranet,
URL: <http://hcl1.hclibrary.parliament.uk>*

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. Any comments on Research papers should be sent to the Research Publications Officer, Room 407, 1 Derby Gate, London, SW1A 2DG or e-mailed to PAPERS@parliament.uk.

CONTENTS

I	Contacts for further information	5
II	National Statistics	7
III	Subject pages	10
	A. Growth & Output	10
	1. GDP	10
	2. GDP by Industry	11
	3. Investment	12
	4. Productivity	13
	B. Prices & Wages	14
	1. Retail Prices	14
	2. Average Earnings	15
	C. Labour Market	16
	1. Employment	16
	2. Unemployment: National	17
	3. Unemployment: Regional	18
	D. Finances & Government Borrowing	19
	1. Interest Rates	19
	2. Exchange Rates	20
	3. Public Sector Net Cash Requirement	21
	4. Money Supply	22
	E. International Trade	23
	1. International Trade	23
	2. Trade in Goods	24

F.	Other Indicators	25
	1. Survey Indicators	25
	2. Retail Sales	26
	3. New Registration of Cars	27
	4. Housing	28
G.	International Comparisons	29
	1. Growth	29
	2. Unemployment	30
	3. Prices	31
	4. Interest Rates	32

I **Contacts for further information**

Members and their staff requiring further information are encouraged to talk to the statistician specialising in the relevant area. The statisticians dealing with the subjects covered by this Research Paper are shown below. (After 6pm there is a statistician on duty until the rise of the House who can be contacted via the Oriel Room of the Main Library – extn 3666)

Subject	Statistician	Extn
Balance of payments	Tim Edmonds/Bob Twigger	2883/4904
Construction	Laura Bardgett/Tim Edmonds	3977/2883
EC finance	Mick Hillyard/Laura Bardgett	4324/3977
Employment	Andrew Presland/Bob Twigger	2464/4904
Energy	Grahame Allen	6969
Financial services	Laura Bardgett/Tim Edmonds	3977/2883
Housing	Gavin Berman	3851
Incomes	Laura Bardgett/Bob Twigger	3977/4904
Industries	Laura Bardgett/Tim Edmonds	3977/2883
National accounts–GDP etc	Bob Twigger/Tim Edmonds	4904/2883
Overseas aid	Mick Hillyard/Laura Bardgett	4324/3977
Prices	Bob Twigger/Tim Edmonds	4904/2883
Production	Bob Twigger/Laura Bardgett	4904/3977
Public expenditure	Bob Twigger/Tim Edmonds	4904/2883
Taxation	Bob Twigger/Tim Edmonds	4904/2883
Trade	Mick Hillyard/Bob Twigger	4324/4904
Transport	Paul Bolton	6789
Unemployment	Andrew Presland/Bob Twigger	2464/4904
Wages & earnings	Andrew Presland/Bob Twigger	2464/4904

A comprehensive guide to the subject coverage of specialists in the Research Service is available from the Library – *Who Does What in Research*.

II National Statistics

A. Introduction

The 1997 Labour Manifesto included a commitment to an independent National Statistical Service. This followed long-standing concerns about the integrity of official statistics that had become increasingly apparent during the 1990s. There was a suspicion that UK statistics were subject to political meddling and doubts were expressed about the quality and transparency of official statistics. Perhaps the most frequently cited example of an area of statistics where the necessary trust was increasingly lacking was unemployment statistics. During the 1980s and 1990s the number of times that unemployment statistics had been changed had become a debate in itself. In 1995 a Royal Statistical Society study concluded that “the general public, many politicians, the media and various pressure groups do not trust the unemployment figures or find them convincing.”¹

The Government has sought to address these concerns. A Green Paper in 1998 was followed by a White Paper, and more recently the appointment of a National Statistician and Statistics Commission. The recent publication of a Framework setting out the aims and objectives and the responsibilities of the key players involved in producing National Statistics represents the latest stage of the Government addressing its 1997 commitment.

B. The 1998 Green Paper

A consultation paper published in February 1998² introduced the idea of *National Statistics* and put forward four models for strengthening their integrity. These ranged from strengthening the existing arrangements to direct accountability to Parliament, along similar lines as the National Audit Office. Other options included the appointment of an independent Statistical Commission and the establishment of a governing board responsible for National Statistics strategy.

C. The 1999 White Paper

In October 1999 a long-awaited White Paper *Building Trust in Statistics* was published.³ It proposed creating an independent Statistics Commission and the appointment of a Head of National Statistics – the “National Statistician”. This person would work closely with the Head of Profession for statistics in each Department and would be responsible for ensuring that the Chancellor of the Exchequer and Departmental Ministers are consulted on proposals that impinge on matters of government policy. The National Statistician would also take over the role of Director of the Office for National Statistics (ONS) in respect of the operation of the Office and as Head of the Government Statistical Service. Although ONS would continue under the ministerial responsibility of the Treasury, the National Statistician would

¹ RSS *Report of the Working Party on the Measurement of Unemployment in the UK*, 1995

² *Statistics a matter of trust* <http://www.official-documents.co.uk/document/ons/govstat/report.htm>

³ Cm 4412 http://www.statistics.gov.uk/about_ns/understanding.asp [contains links to full text]

continue to have access to the Prime Minister on matters concerning the integrity and validity of official statistics.

The Government believed that a scrutiny role for Parliament within the new arrangements would be desirable – but it would be for Parliament to decide how this might be achieved. This might be through the existing departmental Committee structure or by giving a single Committee a cross-cutting role. The White Paper suggested the Treasury Committee could be appropriate for this (given its previous interest in official statistics). There could however be another Committee, the Public Administration Committee, for example, which might be assigned this role.

The scope of National Statistics was not made clear in the White Paper – initially this was to be all ONS publications and public access databases and *with the agreement of Ministers*, other statistics published by other departments. The exact details were to be left until the later publication of a Framework for National Statistics, but concern was expressed that the involvement of departmental ministers in deciding what would be included within National Statistics was a retreat from the more all-encompassing vision outlined in the Green Paper. The Royal Statistical Society in particular expressed concern on this point, in particular that some sensitive data, for example figures on hospital waiting lists, might not be included with the proposed scope of National Statistics.

D. The June 2000 Framework

In June 2000 the first *Framework for National Statistics*⁴ was published. This followed the earlier announcements of the appointment of Len Cook, former Government Statistician in New Zealand, as the National Statistician and Sir John Kingman as chairman of the new Statistics Commission.

The *Framework* sets out the roles of Ministers, the Commission, the National Statistician and the Heads of Profession. It also details the aims and objectives of National Statistics. These recognise the role that National Statistics play outside government, and the aims include informing Parliament (and the devolved Parliament and Assemblies) and the citizens about the state of the nation and providing a window on the performance of government, allowing the impact of government policies to be assessed. Particular objectives to improve the quality and relevance of National Statistics and public confidence in them are also included.

The *Framework* was accompanied by a document outlining the initial scope of National Statistics⁵ as determined by Ministers. For the ONS this includes all statistical outputs and public access databases. For other departments the scope is generally defined in terms of existing published outputs. The Retail Prices Index (which has its own existing advisory committee) is excluded from National Statistics, as are monthly (but not quarterly) hospital waiting lists. Such omissions were seen as regrettable by some commentators. There also

⁴ Available at: www.hm-treasury.gov.uk/docs/2000/ons_framework.htm

⁵ Available at: www.hm-treasury.gov.uk/docs/2000/ons_initials.htm

remained worries about UK-wide statistics becoming increasingly difficult as devolved administrations became more independent.

The role of Parliament is not covered by the *Framework*, but the Minister for National Statistics (the Chancellor) will lay before Parliament the annual reports to be produced by the Statistics Commission and the National Statistician.

E. Devolution

The Scottish Executive and National Assembly for Wales share the aims and objectives of National Statistics. The devolved administrations are committed to working in accordance with the Memorandum of Understanding and Concordat on Statistics to ensure the availability of UK statistics, to ensure the statistical needs of the devolved areas are met and to allow comparisons to be made. The exact means of working with the Statistics Commission in respect of Scotland and Wales remain to be established.

The Northern Ireland Executive is committed to bringing relevant official statistics within the scope of the new arrangements. NI statisticians are not formally part of the Government Statistics Service, but it is intended to establish similar arrangements and a working relationship with the Statistics Commission for their outputs.

F. The Statistics Commission

The following members were appointed to the Statistics Commission by the Chancellor.⁶

Sir John Kingman (Chair) Vice-Chancellor of the University of Bristol since 1985. Previously he was Professor of Mathematics at the University of Oxford from 1969 to 1985; President of the Royal Statistical Society 1987-89, and President of the London Mathematical Society 1990-92.

Colette Bowe currently Head of Western Pooled Funds at Fleming Asset Management.

Sir Kenneth Calman currently Vice Chancellor and Warden of the University of Durham.

Patricia Hodgson currently Director of Public Policy at the BBC

David Rhind currently Vice Chancellor and Principal of City University

Janet Trewsdale a Senior Lecturer at Queen's University, Belfast since 1972

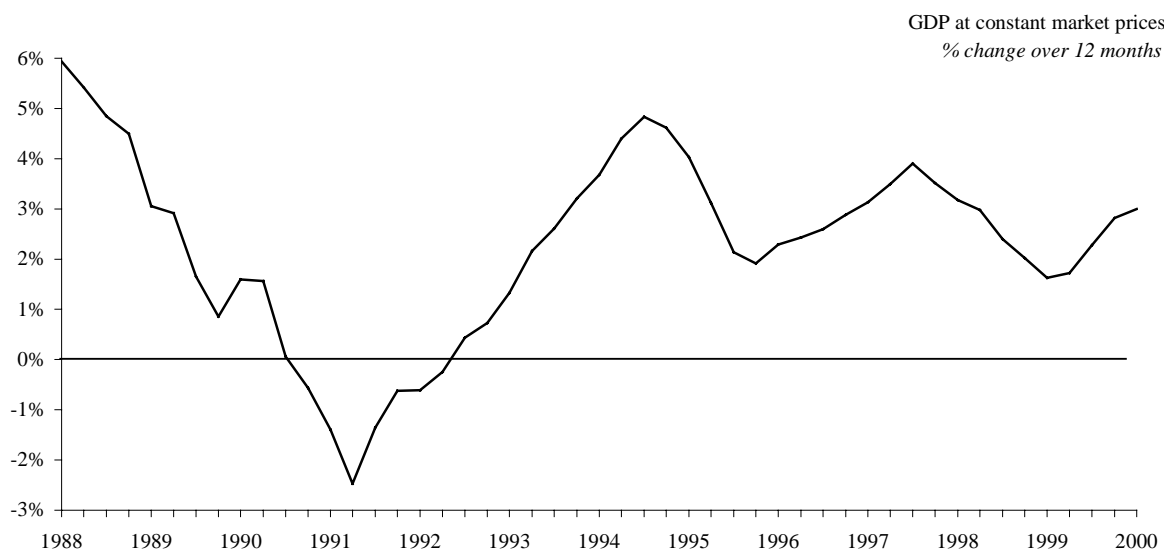
Derek Wanless currently a Director of Northern Rock and an advisory board member of GSC Partners Europe

Martin Weale currently Director of the National Institute of Economic and Social Research.

For further information please contact Richard Cracknell on ext. 4632

⁶ Further background on the Commissioners is available in the Press Notices announcing their appointment on the Treasury website: *Chairman of Statistics Commission appointed* HM Treasury 29 March 2000, available at: www.hm-treasury.gov.uk/press/2000/p42_00.html, and *Statistics Commission members appointed*, HM Treasury, 7 June 2000, available at: http://www.hm-treasury.gov.uk/press/2000/p74_00.html

A 1. Gross Domestic Product



Gross Domestic Product
seasonally adjusted

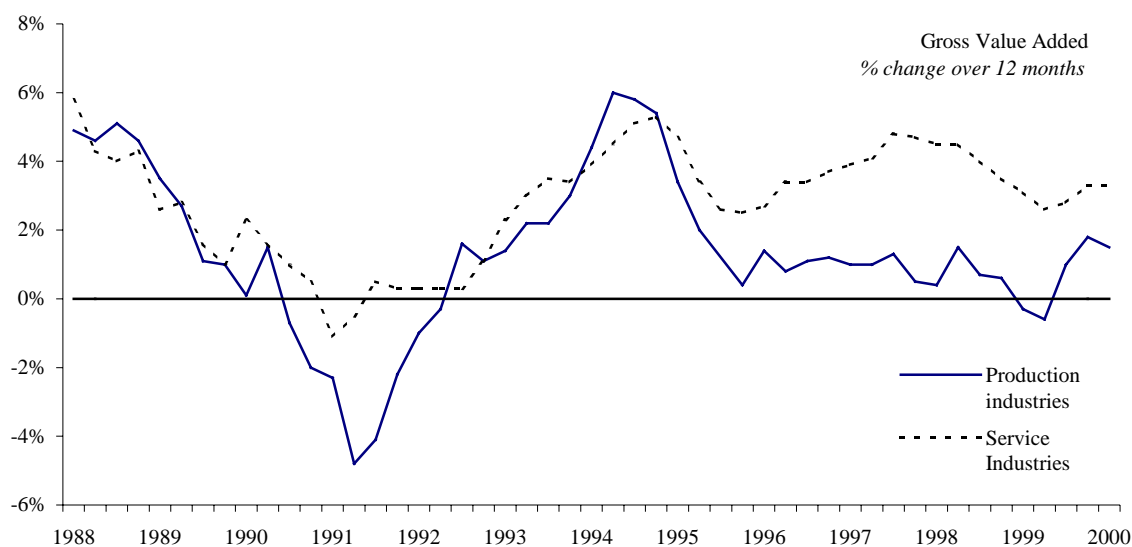
	GDP at current market prices £ billion	GDP at constant market prices 12 month change	HH consumption at constant market prices 12 month change	Non-Oil GVA at constant basic prices 12 month change
1997	805.4	3.5%	4.0%	3.5%
1998	851.7	2.6%	4.0%	3.0%
1999	891.1	2.1%	4.4%	2.1%
1999 Q1	217.3	1.6%	4.0%	1.8%
Q2	221.1	1.7%	4.1%	1.6%
Q3	225.1	2.3%	4.3%	2.2%
Q4	227.6	2.8%	5.1%	2.8%
2000 Q1	230.0	3.0%	4.0%	2.9%

Source: NS - CSDB database series YBHA, AMBI, ABJR, GDPT & GDPU

- Gross domestic product (GDP) at 1995 market prices is estimated to have risen by 0.5% in the first quarter of 2000 to a level 3.0% above the same quarter in 1999. This compares with a quarter-on-quarter growth rate of 0.7% for the fourth quarter of 1999.
- In the year to the first quarter of 2000 the volume of exports of goods and services grew by 9.5%. However, this was nearly matched by the 8.6% increase in the volume of imports of goods and services. The growth rate of 3.0% represented contributions of 3.1 percentage points from domestic demand and -0.2 percentage points from net exports. The balance reflects rounding.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 3.1% in 2000 and 2.6% in 2001.

Next update: 21 July

A 2. Gross Value Added by Industry



Gross value added at 1995 basic prices
% changes on year; seasonally adjusted

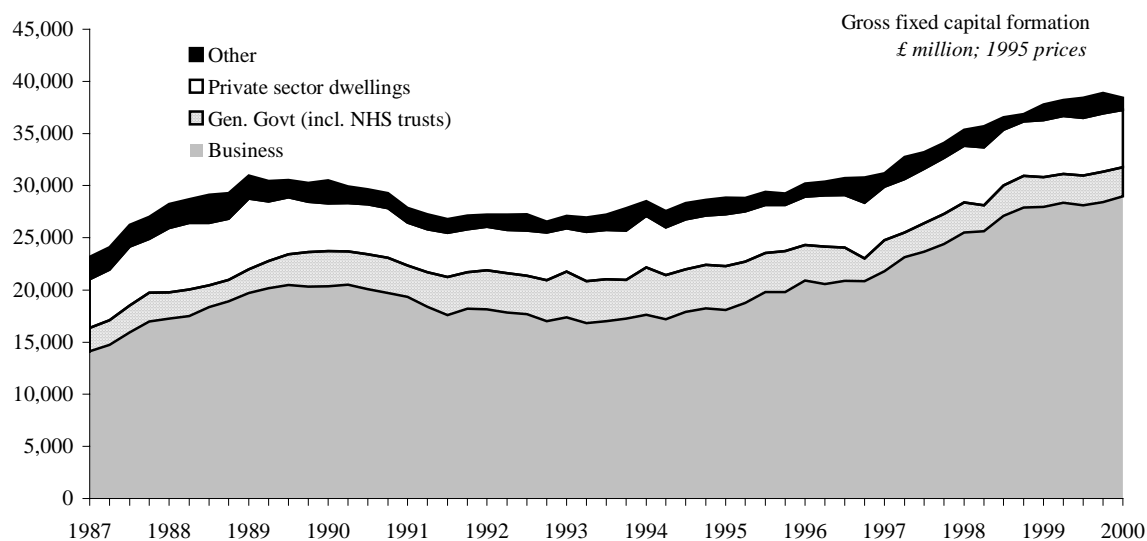
	Production industries			Agriculture, hunting & fishing	Construction
	Total	Manufac- turing	Services		
1997	1.0%	1.3%	4.4%	1.5%	3.2%
1998	0.8%	0.5%	4.1%	-1.6%	1.3%
1999	0.5%	0.0%	3.0%	1.3%	0.3%
1988 Q4	0.6%	-0.4%	3.5%	-1.6%	-1.1%
1999 Q1	-0.3%	-1.2%	3.1%	2.7%	-3.2%
Q2	-0.6%	-1.3%	2.6%	0.6%	0.8%
Q3	1.0%	0.5%	2.8%	0.8%	1.5%
Q4	1.8%	1.9%	3.3%	1.1%	2.1%
2000 Q1	1.5%	1.7%	3.3%	-2.6%	4.8%

Sources: NS - CSDB database ERID, ERIT, GDRN, GDQV, GDQW, ERIE, ERIU, GDSI, GDRQ, GDRR

- Since 1995 output has generally grown faster in the service sector than in other parts of the economy and is currently growing at an annual rate of around 3¼%. Between the fourth quarter of 1999 and the first quarter of 2000 output in the service sector rose by 0.7%.
- Manufacturing output fell by 0.5% in the first quarter of 2000. However, output was still 1.7% higher than in the first quarter of 1999 reflecting rises in the previous three quarters. In the four years 1995 to 1999 manufacturing output rose by just 2.2%, equivalent to an average annual growth rate of 0.5%. Output in other production industries (mining & quarrying and energy & water supply) also fell in the first quarter of 2000.
- In 1998 manufacturing accounted for 20% of GVA, other production industries (mining & quarrying and electricity gas & water supply) for 4%, agriculture etc. for 1%, construction for 5% and services for 70%.

Next update: 6, 19 & 21 July

A 3. Investment



Gross fixed capital formation
£ million; 1995 prices; seasonally adjusted

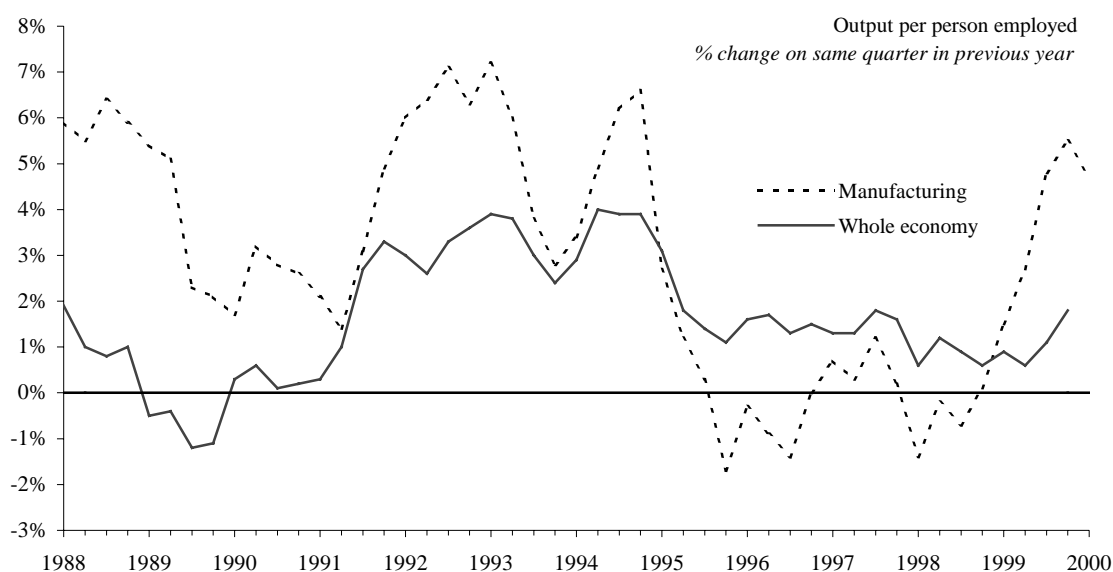
	Transport Equipment	Other Machinery & Equipment	Dwellings	Other Buildings & Structures	Intangible Fixed Assets	Total
1997	12,982	54,241	37,251	22,669	4,103	131,246
1998	14,913	63,833	38,304	23,231	4,156	145,715
1999	16,256	68,701	40,805	23,522	3,988	153,273
1999 Q1	4,038	17,116	9,847	5,790	978	37,769
Q2	4,143	17,197	10,048	5,834	987	38,209
Q3	4,081	17,146	10,306	5,916	978	38,427
Q4	3,994	17,242	10,604	5,982	1,045	38,867
2000 Q1	3,715	17,243	10,600	5,859	1,009	38,426

Source: National Statistics series DLWL, DLWO, DLWT, DFEG, EQDO, NPQT

- Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets.
- Total investment in the first quarter of 2000 fell 1.1% in real terms compared with the last quarter of 1999 but was 1.7% higher compared with the same quarter in 1999.
- Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings. In the first quarter 2000 business investment rose 1.9% in real terms compared with the previous quarter and 3.7% compared with the first quarter 1999.

Next update: September

A 4. Productivity



Productivity
% changes on year; seasonally adjusted

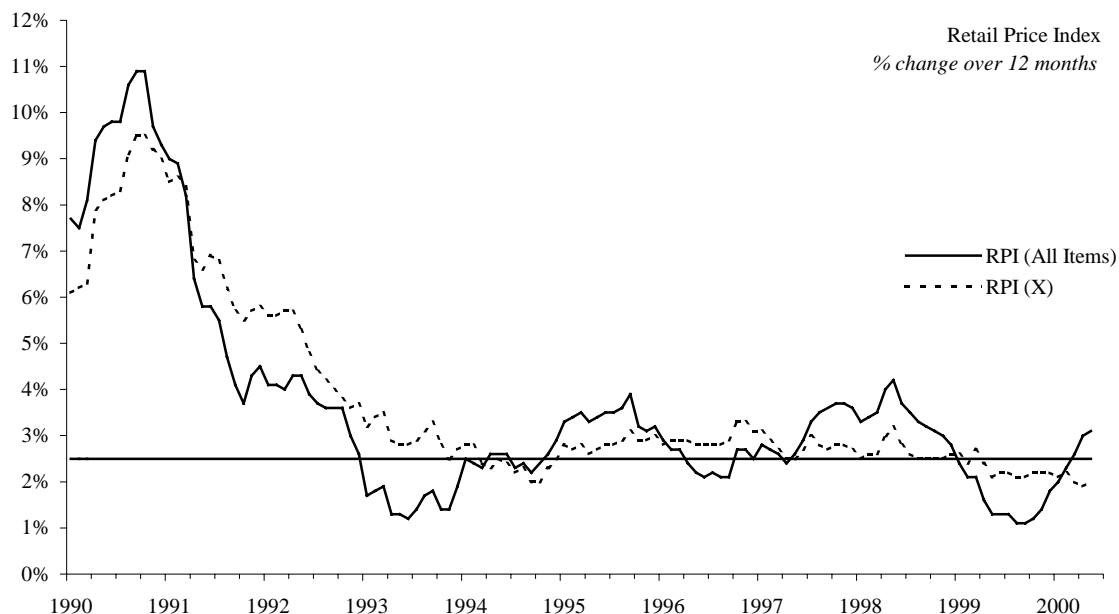
		Manufacturing			Whole Economy		
		Output	W'force in employment	Output per head	Output	W'force in employment	Output per head
1997		1.3	0.6	0.7	3.3	1.8	1.6
1998		0.3	1.3	-1.0	2.4	1.7	0.8
1999		-0.1	-3.5	3.6	1.8	0.7	1.2
1999	Q1	-1.2	-2.7	1.5	1.6	0.6	0.9
	Q2	-1.2	-3.7	2.7	1.4	0.8	0.6
	Q3	0.4	-4.2	4.8	1.9	0.7	1.1
	Q4	1.8	-3.6	5.5	2.5	0.7	1.8
2000	Q1	1.6	-2.9	4.7	2.7

Source: NS Series ERIU, LNNS, LNNU, GDPR, LNNO, LNNP, ERIT, LNOK, LNNX, ABMM, LNNM, LNNN

- Productivity, measured by output per head, in the fourth quarter of 1999 was 1.8% higher compared to a year earlier.
- In the manufacturing sector, the first quarter of 2000 saw positive output growth of 1.6%. This was accompanied by the continuing decline in manufacturing employment. The result is that annual productivity growth in manufacturing stands at 4.7% for the first quarter, compared to 1.5% a year earlier.
- For the economy as a whole, a levelling of the rate of employment growth and the rise in overall output growth to 2.5% means that the annual rate of productivity growth reached 1.8% in 1999 Q4. Output continued to grow at 2.7% in the first quarter of 2000.

Next update: 12 July

B 1. Retail Prices



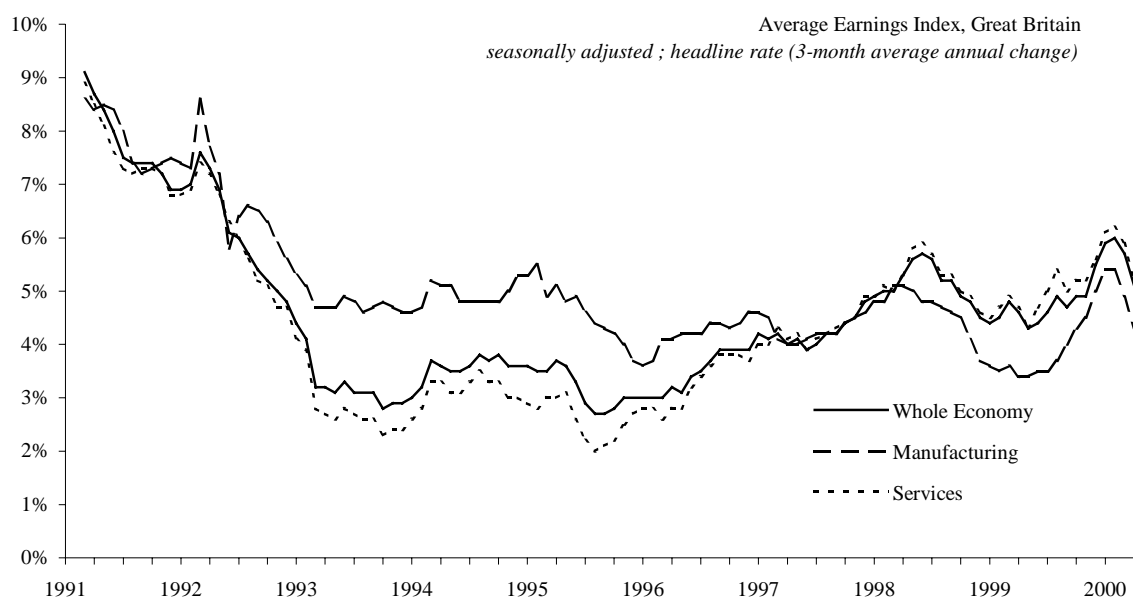
		<i>% change on previous year</i>	
		RPI	RPI (X)
		All Items	Excluding mortgage interest
1997		3.1	2.8
1998		3.4	2.6
1999		1.5	2.3
1999	May	1.3	2.1
	Jun	1.3	2.2
	Jul	1.3	2.2
	Aug	1.1	2.1
	Sep	1.1	2.1
	Oct	1.2	2.2
	Nov	1.4	2.2
	Dec	1.8	2.2
2000	Jan	2.0	2.1
	Feb	2.3	2.2
	Mar	2.6	2.0
	Apr	3.0	1.9
	May	3.1	2.0

Source: NS Series CHAW, CZBH, CHMK, CDKQ

- The current inflation target is 2.5%: if RPI (X) diverges from this target by more than 1 percentage point, the Governor of the Bank of England is required to send a letter to the Chancellor explaining the reasons for the divergence.
- The average annual increase in headline inflation for 1999 was 1.5%, a drop from 3.4% in 1998.
- In the year to May 2000 the headline rate of inflation rose to 3.1%, up from 3.0% in April.
- The main upward effect on the all items RPI came from increases in housing costs. This was mainly due to the increase in mortgage interest payments.
- Increases in the price of non-seasonal food also added upward pressure.
- Offsetting downward pressure came from price changes in furniture, electrical appliances and other household equipment.

Next update: 11 July

B 2. Average Earnings



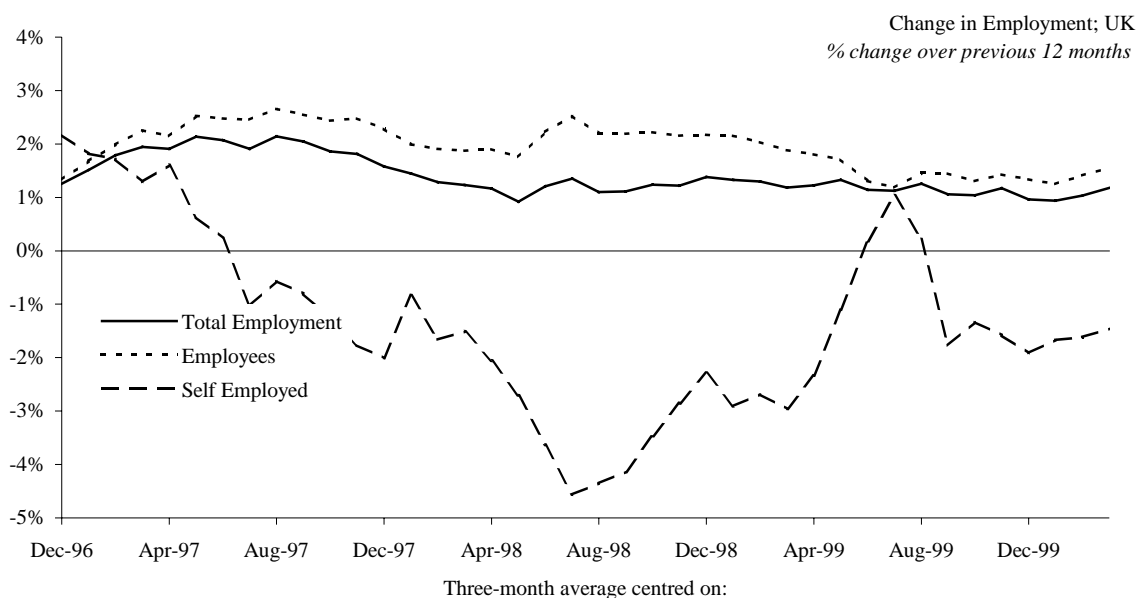
		Average Earnings, Great Britain seasonally adjusted		
		headline rate (% change on year)		
		Whole Economy	Private Sector	Public Sector
1999	Apr	4.6	4.7	4.3
	May	4.3	4.2	4.5
	Jun	4.4	4.3	4.8
	Jul	4.6	4.6	4.6
	Aug	4.9	5.0	4.3
	Sep	4.7	4.8	3.9
	Oct	4.9	5.1	3.9
	Nov	4.9	5.2	3.9
2000	Dec	5.5	5.8	3.9
	Jan	5.9	6.3	4.0
	Feb	6.0	6.5	4.2
	Mar	5.7	6.1	4.2
Apr	5.1	5.3	4.3	

Source: NS database Series LNNC, LNND, LNNE

- Publication of the Average Earnings Index was suspended in November 1998 because of problems identified with the reliability of the data; it was re-published in March 1999. Work to improve the quality of the data is continuing.
- The headline rate of growth in average earnings for April was 0.6 percentage points below the level reached in March. The separate figure for the private sector decreased by 0.8 percentage points whereas that for the public sector increased by 0.1 of a percentage point. Manufacturing and service industries both showed a fall in the rate of earnings growth.
- Commenting on the latest earnings data, Employment Minister Tessa Jowell said, "it is important that there is wage responsibility across all sectors, for stability and steady growth".
- The headline rate of earnings growth is currently above 4½%, the level which many economists regard as the maximum consistent with meeting the inflation target of 2½%. This could provide pressure for the Bank of England to increase interest rates in forthcoming months.

Next update: 12 July

C 1. Employment



Employment Structure in the UK
thousands; seasonally adjusted

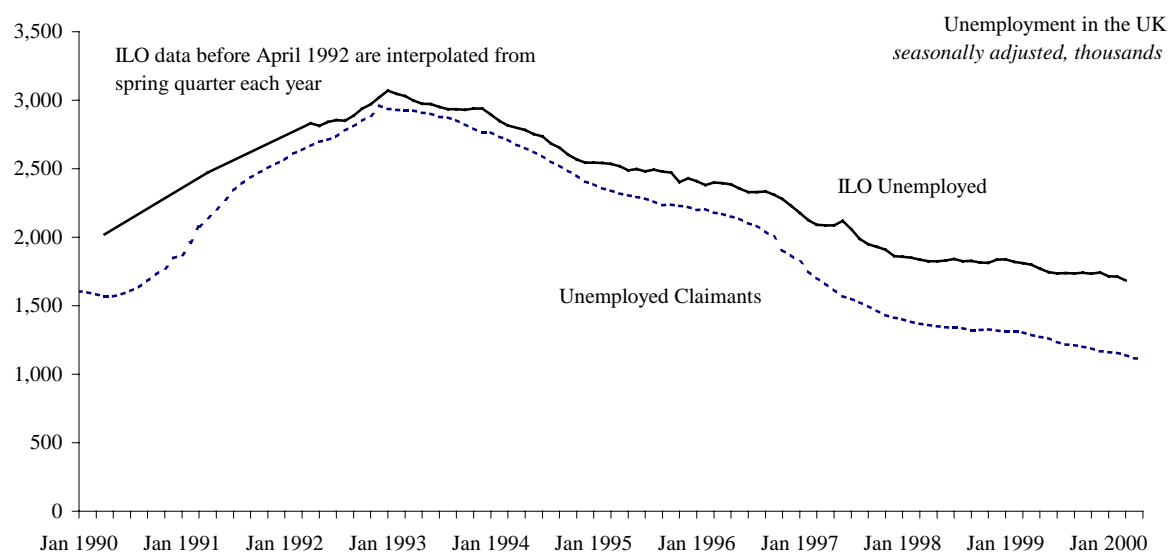
		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1996	Feb-Apr	26,382	22,680	3,322	129	251
1997	Feb-Apr	26,895	23,192	3,365	119	219
1998	Feb-Apr	27,227	23,626	3,314	99	188
1999	Feb-Apr	27,549	24,071	3,216	103	160
	May-Jul	27,613	24,107	3,244	95	167
	Aug-Oct	27,679	24,253	3,163	101	163
	Nov-Jan	27,761	24,325	3,181	102	153
2000	Feb-Apr	27,873	24,446	3,169	110	148
Changes:						
	1999 Feb-Apr	324	375	-47	7	-12
	to 2000 Feb-Apr	1.2%	1.6%	-1.5%	6.8%	-7.5%

Source: Labour Force Survey (NS)

- Employment has once again increased over the latest rolling three-month period, reaching 27.87 million.
- Compared to a year previously, employment was 324,000 (1.2%) higher in the February to April 2000 period. The pace at which employment is increasing has remained constant over the last year, at around 1% per annum.
- The number of people who are self-employed fell by 12,000 compared with the previous three-month period, and is 47,000 (1.5%) lower than a year previously.

Next update: 12 July

C 2. Unemployment: National



ILO Unemployment in the UK
seasonally adjusted

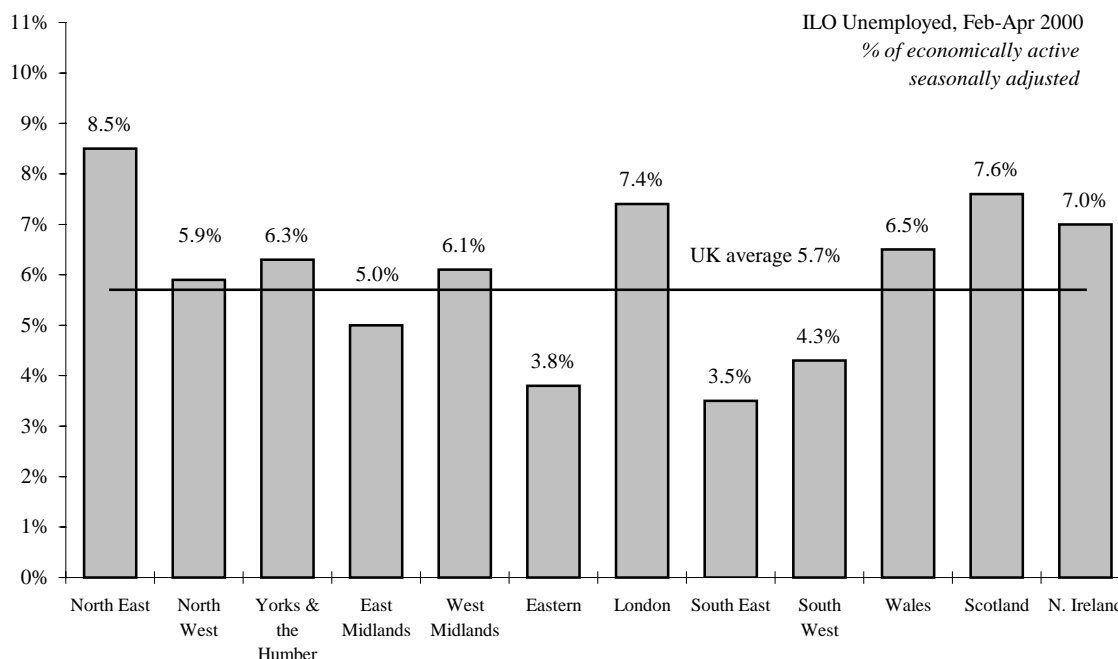
	thousands	rate (%)
1997 Feb-Apr	2,091	7.2
May-Jul	2,120	7.3
Aug-Oct	1,948	6.7
Nov-Jan	1,863	6.4
1998 Feb-Apr	1,836	6.3
May-Jul	1,830	6.3
Aug-Oct	1,828	6.3
Nov-Jan	1,836	6.3
1999 Feb-Apr	1,811	6.2
May-Jul	1,746	5.9
Aug-Oct	1,737	5.9
Nov-Jan	1,744	5.9
2000 Feb-Apr	1,684	5.7

Source: Labour Force Survey (NS)

- Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).
- The latest LFS estimates show that over the period February to April 2000, the level of ILO unemployment in the UK was 1,684,000. This was a decrease of 60,000 from the November to January period. As measured by the monthly claimant count, unemployment fell by 8,600 between April and May 2000 to stand at 1,109,000.
- Since the New Deal for the Young Unemployed started in January 1998, 470,400 people have joined the scheme. Of those leaving the scheme, 161,700 had moved into 'sustained jobs' up to the end of April, ie excluding those who had returned to claim Jobseekers' Allowance (JSA) within three months of starting employment. Of these, 86% had moved into an unsubsidised job. Since the New Deal for the Long-Term Unemployed started in July 1998, 258,400 people have joined the scheme. Up to the end of April, 36,180 people leaving the scheme had entered 'sustained jobs', with 27,900 people (77%) going into unsubsidised jobs.

Next update: 12 July

C 3. Unemployment: Regional



ILO Unemployment, Feb-Apr 2000
change on same period in previous year
seasonally adjusted

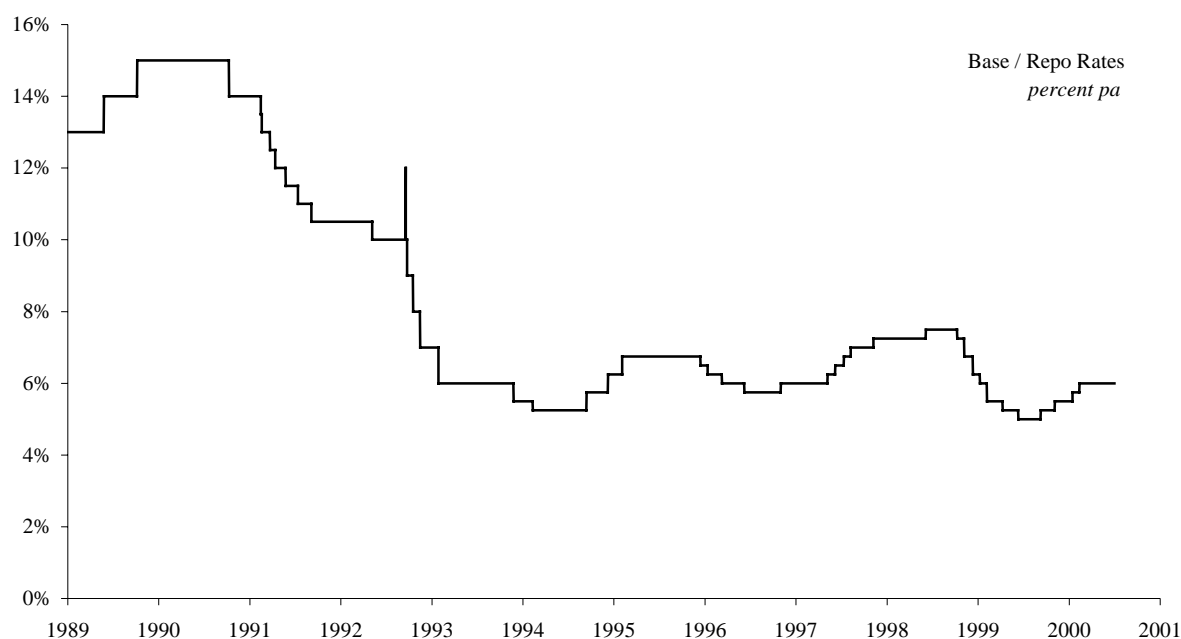
	thousands	%
North East	-13	-11%
North West & Merseyside	-23	-11%
Yorkshire & the Humber	-15	-9%
East Midlands	-4	-4%
West Midlands	-21	-12%
East	-11	-9%
London	-18	-6%
South East	-5	-3%
South West	-16	-13%
Wales	-7	-7%
Scotland	10	5%
Northern Ireland	-4	-7%
UK	-128	-7%

Source: National Statistics, First Release 21 June 2000

- Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).
- Comparing the period February to April 2000 with the same period a year earlier, unemployment fell in all regions except Scotland.
- The most rapid fall in unemployment occurred in the South West, where it was 13% lower in February to April 2000 than in the same period a year earlier. In Scotland it was up 5% on the previous year. The North East had the highest unemployment rate, at 8.5% of the economically active population. The lowest unemployment rate was 3.5% in the South East of England.

Next update: 12 July

D 1. Interest Rates



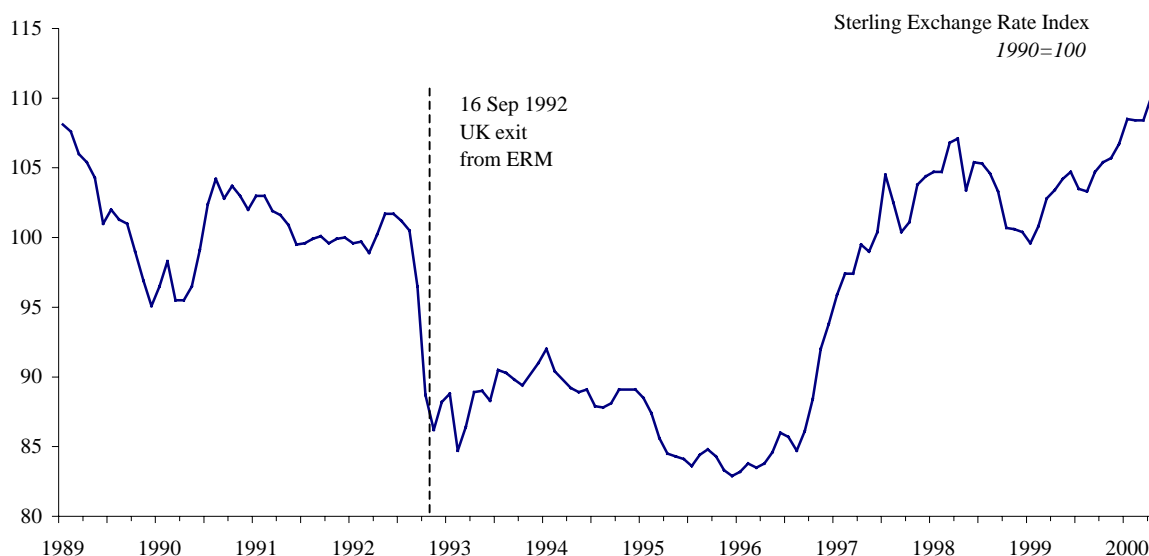
UK Base/Repo Rates
per cent per annum

Date of change	New rate
1994 Dec 7	6.25
1995 Feb 2	6.75
Dec 13	6.50
1996 Jan 11	6.25
Mar 8	6.00
Jun 6	5.75
Oct 30	6.00
1997 May 6	6.25
Jun 6	6.50
Jul 10	6.75
Aug 7	7.00
Nov 6	7.25
1998 Jun 4	7.50
Oct 8	7.25
Nov 5	6.75
Dec 10	6.25
1999 Jan 7	6.00
Feb 4	5.50
Apr 8	5.25
June 10	5.00
Sep 8	5.25
Nov 4	5.50
2000 Jan 13	5.75
Feb 10	6.00

Source: Bank of England

- The interest rate increase on 6 June 1997 was the first time when interest rates were set by the independent Monetary Policy Committee of the Bank of England rather than by the Chancellor.
- The MPC next meets on 6 July
- The ½ percentage point cuts in November and December 1998 and in February 1999, were the largest changes in rates yet made by the MPC.
- The latest Bank inflation forecast predicts a central probability range of between 2% and 2½% inflation in 2000/01. The Committee felt that the upside risks to this forecast were from the strong growth of domestic demand and a higher path for nominal earnings.
- Recent evidence of slowing economic activity has led to downward revisions in exchange rate expectations.

D 2. Exchange Rates

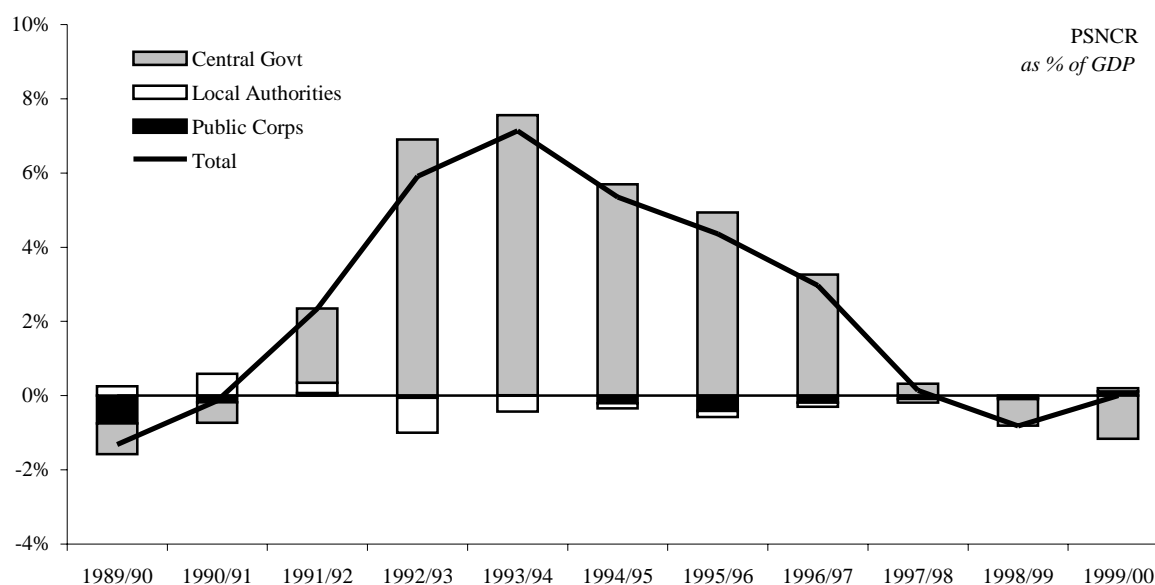


	US\$		Yen		ECU/Euro	
	Rate	% change on year	Rate	% change on year	Rate	% change on year
1997	1.638	4.9%	198.12	16.5%	1.450	16.3%
1998	1.657	1.2%	216.75	9.4%	1.477	1.9%
1999	1.618	-2.4%	183.94	-15.1%	1.519	2.9%
1999 Dec	1.613	-3.4%	165.70	-15.3%	1.595	12.3%
2000 Jan	1.640	-0.6%	172.89	-7.6%	1.620	13.8%
Feb	1.600	-1.7%	175.09	-7.7%	1.627	11.9%
Mar	1.580	-2.6%	167.99	-13.3%	1.638	9.9%
Apr	1.584	-1.7%	167.29	-13.1%	1.673	11.2%
May	1.508	-6.7%	163.24	-17.2%	1.666	9.7%

Source: ONS database series AJFA, AJFO, AJHW, THAP

- The US dollar has continued its recent rise against European currencies this month despite the fact that the US Federal interest rates were left unchanged at their last settlement. After falling to a six-year low level against the dollar in May, sterling recovered somewhat during June. However it remains about 8% below its value at the start of the year.
- Although it is too soon to be certain, after falling to new lows the euro appears to have 'bottomed out' against the pound in the last quarter of May. The euro was helped by comments from the MPC to the effect that UK interest rates may have peaked, following weaker than expected economic data, and by stronger economic growth in the euro-zone.
- The pound was worth eur 1.5960 at the London market close on 29 June 2000, compared to a launch rate of eur 1.4169 on 31 December 1998.
- Series for the ECU and the participating currencies of the EMU are no longer officially published.

D 3. Public Sector Net Cash Requirement



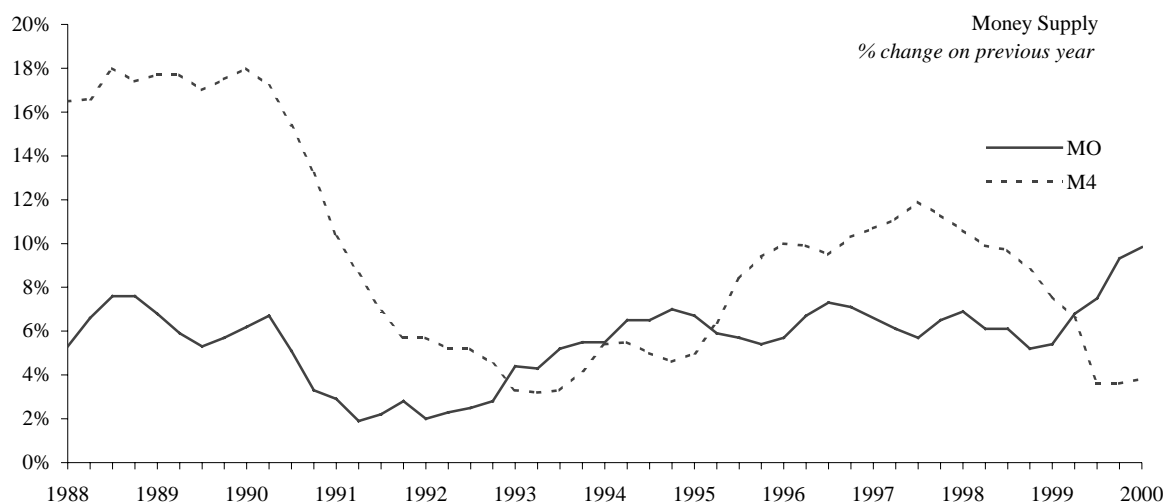
	Public Sector Net Cash Requirement			
	PSNCR		PSNCR excl privatisation receipts	
	£ billion	as a % of GDP	£ billion	as a % of GDP
1997/98	1.1	0.1%	2.9	0.4%
1998/99	-7.0	-0.8%	-6.9	-0.8%
1999/00	-8.7	-1.0%	-8.1	-0.9%
1999 Q1	-5.8	-2.7%	-5.8	-2.7%
Q2	5.3	2.4%	5.7	2.6%
Q3	-3.2	-1.4%	-3.2	-1.4%
Q4	1.9	0.8%	1.9	0.8%
2000 Q1	-12.8	-5.6%	-12.6	-5.5%

Source: ONS Database Series RURQ, RURS, YBHA

- The public sector net cash requirement was previously known as the public sector borrowing requirement (PSBR).
- The PSNCR (including privatisation receipts) for the 1999/00 financial year was a negative (i.e. a repayment) £8.7 billion compared with -£7.0 billion in 1998/99. Excluding privatisation receipts, the PSNCR for 1999/00 was -£8.1 billion compared with -£6.9 billion in 1998/99.
- The PSNCR for the 2000/01 financial year is forecast at -£6.9 billion (-0.7% of GDP) excluding windfall tax receipts.

Next update: 20 July

D 4. Money Supply



Money stock
seasonally adjusted

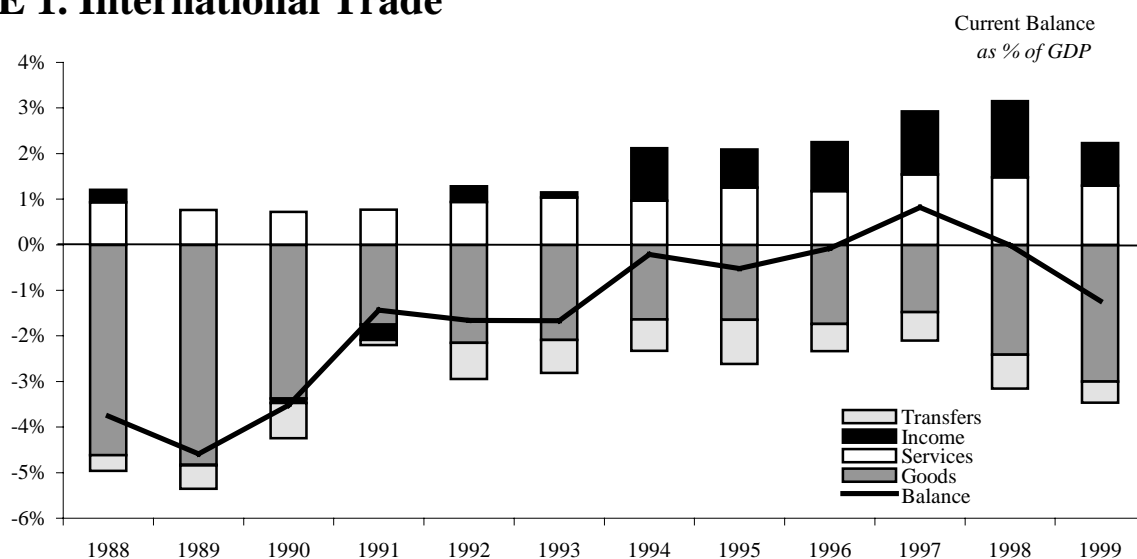
		MO		M4	
		3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
1999	May	9.5	6.9	4.6	7.0
	Jun	10.0	7.4	3.3	5.5
	Jul	10.5	7.6	-1.9	3.6
	Aug	9.2	7.7	-0.8	4.3
	Sep	7.3	7.1	0.6	3.0
	Oct	6.3	7.3	4.8	3.3
	Nov	9.0	8.8	4.3	3.6
	Dec	24.7	11.8	8.4	3.9
	Jan	30.6	12.7	4.7	3.2
2000	Feb	6.4	8.5	4.6	3.2
	Mar	-6.7	8.3	8.4	5.1
	Apr	-10.1	8.4	11.5	4.7
	May	7.0	7.9	12.5	5.0

Source: Bank of England, Bankstats, June 2000

- M0 comprises notes and coins in circulation outside the Bank of England *plus* bankers' operational deposits with the Bank. M4 is a broad measure of money consisting of the private sector's holdings of cash, and sterling deposits held by the private sector at both banks and building societies.
- The high levels of M0 growth in December and January partly reflect the increased note circulation for the millennium holiday. Subsequent reductions in the note issue in January and February produce the negative 3-month growth rates for March and April.
- There are now no formal targets for money supply growth.

Next updates: 3, 10, 20 & 31 July

E 1. International Trade



Current Account Balances
seasonally adjusted; £ million

	Trade in goods and services			Income (total)	Transfers			Current Balance
	goods	services	total		Cent. Govt	other	total	
1997	-11,910	12,414	504	11,170	892	-5,943	-5,051	6,623
1998	-20,537	12,582	-7,955	14,245	-204	-6,166	-6,370	-80
1999	-26,767	11,538	-15,229	8,332	2,186	-6,270	-4,084	-10,981
1999 Q1	-7,600	2,746	-4,854	1,700	885	-1,822	-937	-4,091
1999 Q2	-6,232	3,141	-3,091	1,276	441	-1,276	-835	-2,650
1999 Q3	-5,729	3,094	-2,635	1,230	423	-1,713	-1,290	-2,695
1999 Q4	-7,206	2,557	-4,649	4,126	437	-1,459	-1,022	-1,545
2000 Q1	-6,554	2,507	-4,047	855	895	-1,713	-818	-4,010

Source: National Statistics: series BOKI, IKBJ, IKBD, HBOJ, FNSV, FNTC, HBOP

First Release: UK Trade 29 June 2000

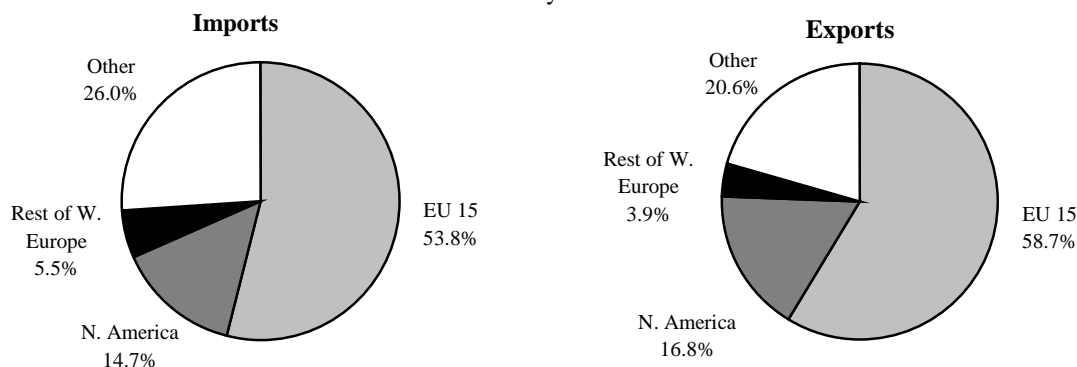
- Trade in goods and services: the last six quarterly figures include some of the largest quarterly deficits in trade in goods ever recorded. Surpluses in the trade of services have also been weakening over successive years, reflecting a deteriorating trading position.
- Income: this includes income from overseas investment and wages, etc earned by people working abroad. The surplus on income fell sharply in 1999 to £8,300 million compared with £14,300 million in 1998 and was about half that needed to offset the trade deficit of £15,300 million.
- Transfers: these are composed of Central Government transfers (mostly to the EU budget) and other transfers (e.g. gilts in cash or kind received by private individuals from abroad)
- Current account balance: the current account showed an overall deficit of £11 billion in 1999 compared with a current account deficit of only £80 million in 1998. The deterioration in the current account balance between 1997 and 1999 was £17.5 billion. The Budget forecast (March 2000) shows a current account deficit of £20½ billion in 2000, precisely double the figure that was forecast just four months earlier in the Pre-Budget Report (November 1999).

Next update: 27 September

E 2. Trade in Goods

Shares of trade in goods by area: 1999

Balance of Payments Basis



Export and import volume indices and trade in goods balances
seasonally adjusted; Balance of Payments basis

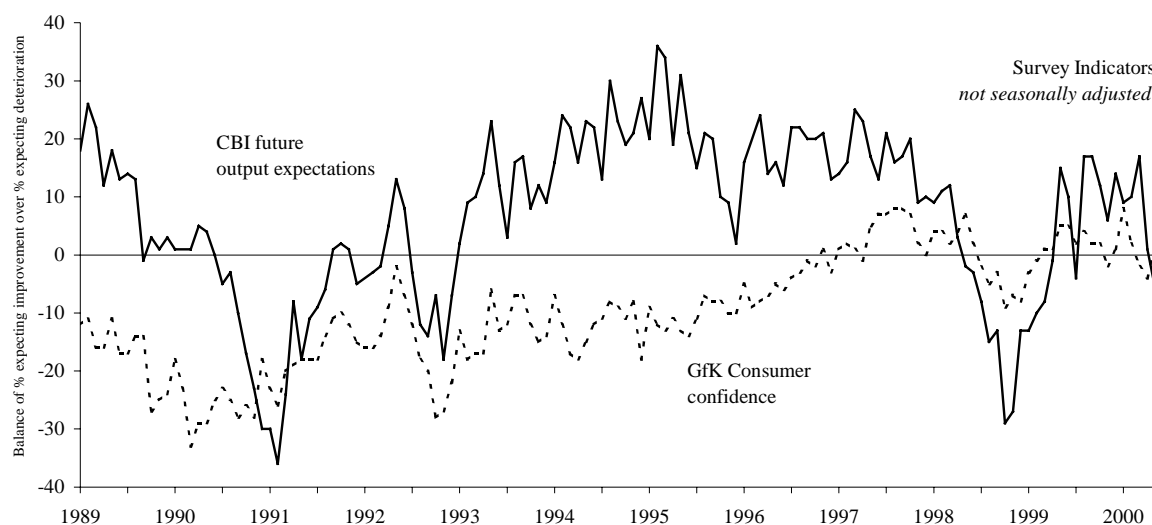
	Volume Index 1995=100		Trade in Goods (£m)		
	Exports	Imports	Exports	Imports	Balance
1997	116.5	119.0	171,783	183,693	-11,910
1998	117.8	129.1	164,092	184,629	-20,537
1999	121.6	138.7	165,204	191,815	-26,767
1999 Q1	115.0	134.1	39,023	46,623	-7,600
Q2	118.1	134.0	40,206	46,438	-6,232
Q3	127.3	141.9	43,503	49,232	-5,729
Q4	126.1	144.8	42,935	50,141	-7,206
2000 Q1	130.7	146.9	44,586	51,140	-6,554

Source: Series BQKU, BQKV, BOKG, BOKH, BOKI and National Statistics First Release: UK Trade Statistics, 23 June 2000

- The deficit for 1999 in trade in goods is estimated at £26,600 million, the highest on record. This compares unfavourably with the deficit in trade in goods of £11,900 million recorded only two years earlier.
- Trends: the latest estimate of volume trends shows the UK trade deficit widening. The UK's trade position seems to be adversely affected by the relatively high rate of domestic demand, the high value of sterling and the aftermath of the slowdown in Asian markets.
- In the 3 months ending April 2000 exports rose 4.1% and imports rose by 1.1% in volume terms compared with the previous 3 months. However, compared with the same 3 months in 1999, exports and imports rose 13.5% and 10.3% respectively.
- In value terms, exports rose 2.7% and imports rose by only 0.6% in the 3 months to April compared with the previous 3 months. However, compared with the same 3 months in 1999, exports and imports rose by 11.9% and 10.0% respectively.
- The deficit in trade in goods with non-EU countries for 1999 as a whole is estimated at a record £20,400 million, significantly higher than the £15,200 million recorded in 1998, which was the previously highest annual deficit. In volume terms, exports to non-EU countries rose 9.6% in the 3 months to May compared with the previous 3 months: imports rose 5.0% over the same period. Compared with the same 3 months in 1999, exports and imports rose 17.5% and 21.7% respectively. In the 3 months to April, exports to the EU rose by 0.7% and imports fell by 0.6% compared with the previous 3 months.

Next update: 25 July

F 1. Survey Indicators



Output Expectations and Consumer Confidence

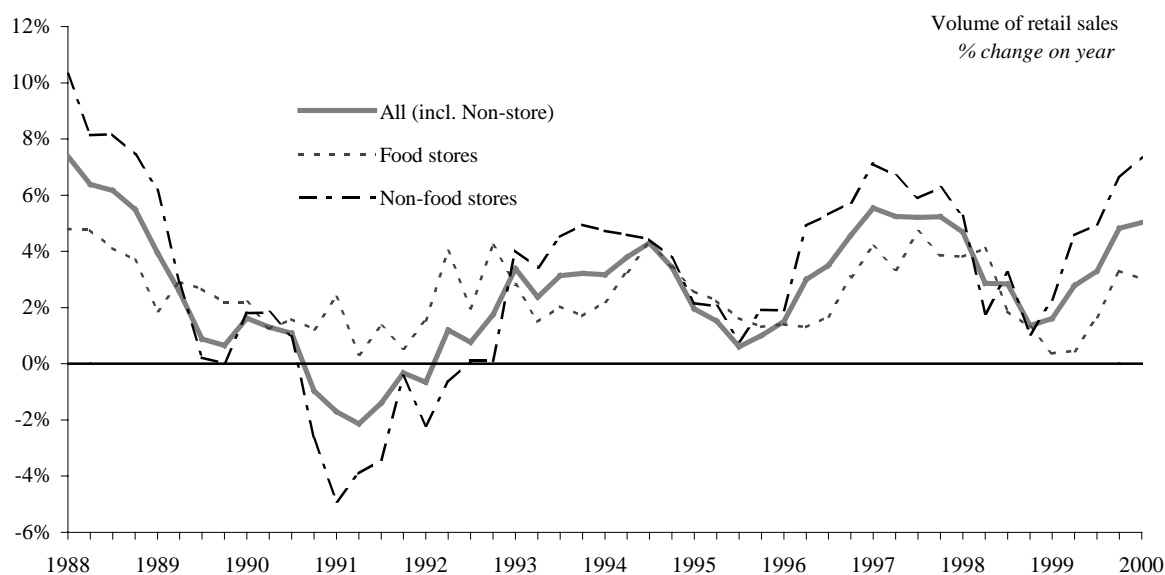
		Balance of % expecting improvement over % expecting deterioration	
		CBI Industrial Trends Survey: future output expectations	Consumer confidence GfK
2000	Jun	10	5
	Jul	-4	2
	Aug	17	4
	Sep	17	2
	Oct	12	2
	Nov	6	-2
	Dec	14	1
	Jan	9	8
	Feb	10	2
	Mar	17	-2
	Apr	1	-4
	May	-6	2
	Jun	-7	..

Source: National Statistics Database Series ETBA, ETBU

- Survey indicators – including those shown here – are often expressed in the form of a balance of the percentage of respondents who expected the situation to improve in the immediate future over the percentage who expected things to worsen.
- The balance of expectations from the CBI monthly Industrial Trends Survey for future output levels in manufacturing have continued to fall to -7 in June 2000, from a peak of 17% in March.
- The GfK consumer confidence indicator is a composite measure of forward expectations of the general economic situation and households' financial positions; perceptions of how these have changed over the last 12 months, and also views on major household purchases.
- The consumer confidence indicator was positive in May 2000, with a 2% balance. This follows negative balances in the previous two months.

Next update: late July

F 2. Retail Sales



Value of Sales
not seasonally adjusted; % change on year

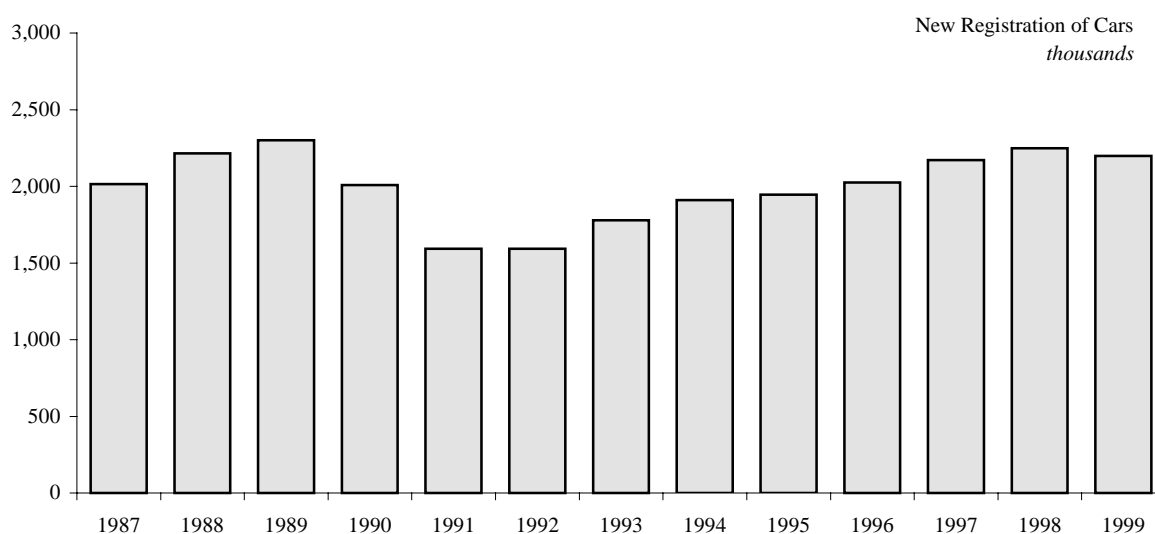
	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food
1997	4%	8%	10%	7%
1998	4%	3%	6%	4%
1999	3%	3%	5%	3%
1999 Q1	5%	3%	5%	3%
Q2	1%	3%	3%	4%
Q3	2%	4%	6%	3%
Q4	3%	4%	6%	3%
2000 Q1	1%	4%	8%	3%

Source: NS database Series EAWN, EAWO, EAWP, EAWQ

- In the three months March to May, the *volume* of retail sales grew by 0.2% over the previous three-month period, reaching a level 4.2% higher than a year previously. Sales in the single month of May were 3.6% higher than a year ago.
- Growth in retail sales volumes were stronger in predominantly non-food stores (0.9% over March to May compared to the previous three months) than in food stores, where sales volumes actually decreased by 0.6%. Sales volumes continue to be particularly strong in household goods stores (10.3% higher in March to May than a year earlier).
- In May 2000, the non-seasonally adjusted *value* of retail sales was 2.9% higher than a year earlier. The average weekly value of retail sales in April was £3,820 million, with actual sales through the till estimated at about £15.3 billion. For March to May the growth in the value of retail sales was strongest in the household goods sector (8% higher than previous year). The value of sales in the food, drink & tobacco sector grew by 2% and in the clothing & footwear sector by 3%.

Next update: 19 July

F 3. New Registrations of Cars



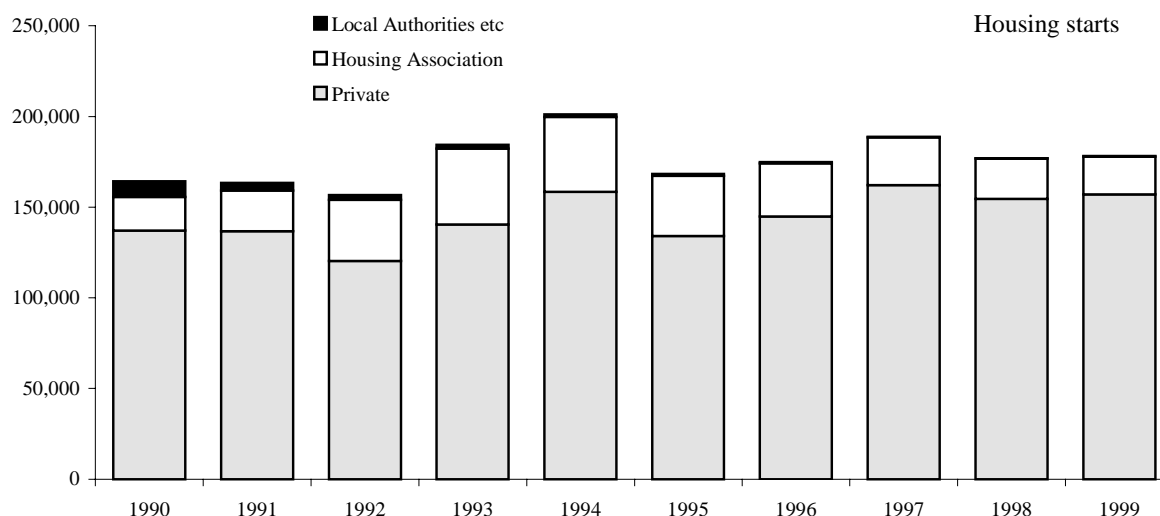
New Registrations of Cars <i>not seasonally adjusted</i>		
	Numbers (thousands)	Change over 12 months
1995	1,945	1.8%
1996	2,026	4.1%
1997	2,171	7.2%
1998	2,247	3.5%
1999	2,198	-2.2%
2000 (forecast)	2,200	0.1%
2001 (forecast)	2,210	0.5%
2000		
January	185	1.8%
February	74	-12.3%
March	402	8.6%
April	168	-8.1%
May	194	10.4%

Source: SMMT "Monthly Statistical Review", May 2000

- Figures from the SMMT show that the number of new registrations of cars totalled 2.2 million in 1999, a fall of 2.2% from the previous year. The market has been distorted by the introduction of the twice-yearly change in the registration prefix.
- The SMMT forecasts no significant change in new registrations in 2000 and an increase of less than 0.5% in 2001.
- In May 2000 new registrations of cars rose by 10.4% compared with the same month last year to 194,113 units. Registrations over the first five months of 2000 were up 2.8% on the same period in 1999 at 1,023,085 units.
- Registrations of British-built cars rose by 12.6% in May increasing their market share to 28.2% from 27.7% in 1999. Over the year to date their market share rose to 29.5% from 28.1% in 1999.

Next update: late July

F 4. Housing



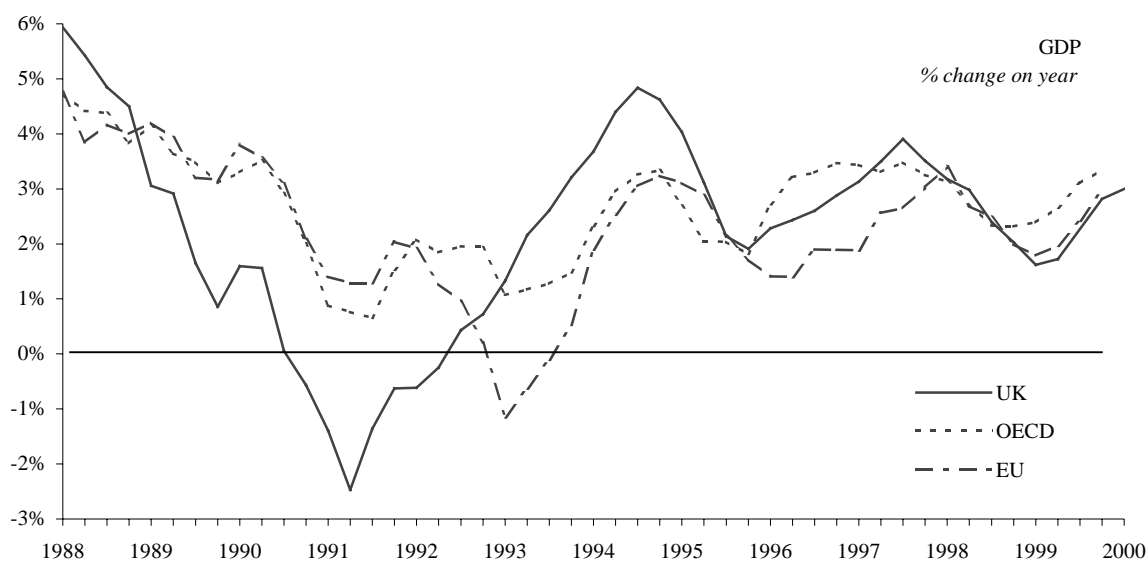
	House prices <i>Standardised average price (£)</i>			
	All Houses	New Houses	Existing Houses	First time buyers
1999 Q1	72,900	76,200	72,500	53,300
Q2	76,500	77,500	76,600	54,900
Q3	79,300	81,600	79,400	57,400
Q4	81,400	86,300	81,400	57,700
2000 Q1	83,600	86,800	83,600	60,900
<i>% change over same period last year</i>				
1999 Q1	4.4%	1.3%	3.9%	6.2%
Q2	5.4%	0.8%	5.7%	4.8%
Q3	8.8%	7.5%	9.1%	8.7%
Q4	11.7%	13.7%	11.8%	9.3%
2000 Q1	14.7%	13.9%	15.3%	14.3%

Source: Halifax House Price Index: First Quarter 2000

- According to the latest DETR press release, it is provisionally estimated that in April 2000 13,400 dwellings were started in Great Britain compared with 15,800 in April 1999. In the latest three months 46,600 dwellings were started and there were 40,000 completions. These figures were respectively 3% down and 2% up on the same period the previous year.
- According to the Halifax Monthly Index, house prices in the United Kingdom fell by 0.4% in May (seasonally adjusted). On an annual basis, house price inflation fell to 11.2% from 14.2% in March.
- According to the Halifax Quarterly Index, UK house prices rose by 3.2% in the first quarter, a modest decline from the third and fourth quarters of 1999 (4.4% and 3.6% respectively). Annual price inflation was highest in Greater London (29.5%) and lowest in Northern Ireland (4.0%).

Next update: 5 July

G 1. International Comparisons - Growth



GDP at constant market prices
% change on year

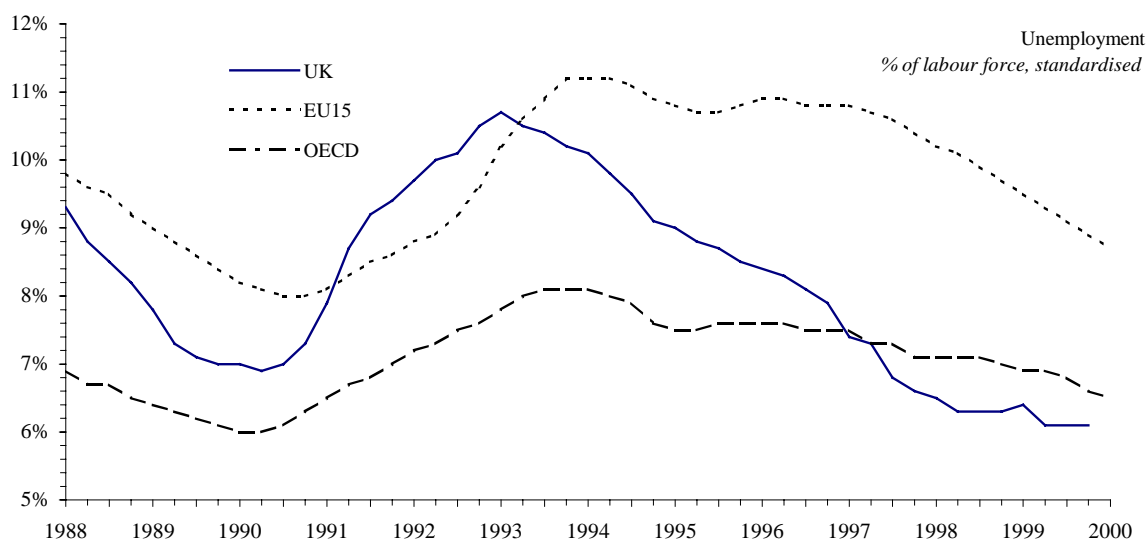
	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1
USA	4.2%	4.3%	4.2%	4.0%	3.8%	4.3%	4.6%	5.0%
Japan	1.5%	-2.5%	0.3%	-0.5%	0.7%	1.0%	0.0%	n.a.
Canada	4.4%	3.3%	4.6%	3.8%	4.2%	5.2%	4.9%	5.0%
United Kingdom	3.5%	2.6%	2.1%	1.6%	1.7%	2.3%	2.8%	3.0%
Germany	1.4%	2.2%	1.4%	0.9%	0.9%	1.4%	2.3%	n.a.
France	2.0%	3.2%	2.9%	2.8%	2.6%	3.1%	3.2%	3.2%
Italy	1.8%	1.6%	1.4%	1.0%	1.1%	1.5%	2.1%	n.a.
EU15	2.6%	2.7%	2.3%	1.8%	2.0%	2.4%	3.0%	n.a.
G7	3.1%	2.4%	2.8%	2.3%	2.6%	2.9%	3.3%	n.a.
OECD	3.4%	2.6%	2.9%	2.4%	2.7%	3.1%	3.4%	n.a.

Source: OECD, Main Economic Indicators, May 2000; NS - CSDB database

- The latest statistics suggest that economic growth in Europe is running at around 3% per annum. Growth rates are improving in Germany, Italy and the UK from relatively low levels recorded in the second half of 1998 and the first half of 1999.
- The US economy is continuing to grow strongly. Over the 12 years 1987 to 1999 the average annual growth rate was 3.1%. After a sharp recession in 1998 the Japanese economy recovered in the first half of 1999 but GDP fell again in the third and fourth quarters.
- In June 2000 the OECD expected growth in 2000 to be 4.9% in the USA, 1.7% in Japan and 3.4% in the EU15. Its forecast for the UK was 2.9%.

Next update: Mid-July

G 2. International Comparisons - Unemployment



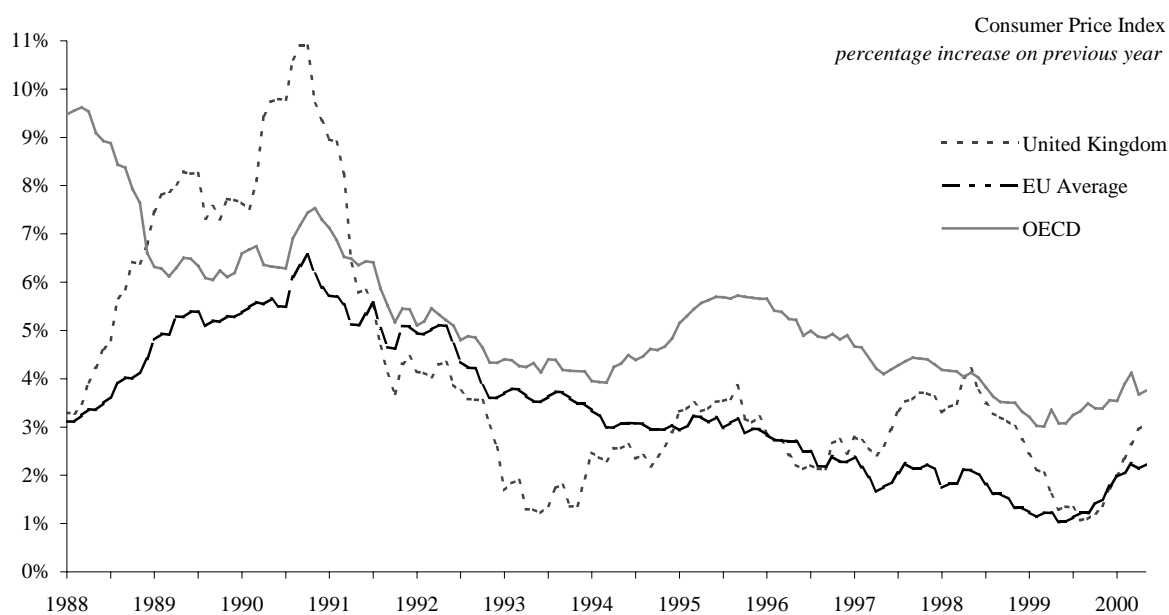
	Unemployed as % of labour force standardised; seasonally adjusted						
	1997	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1
USA	4.9	4.5	4.2	4.3	4.2	4.1	4.1
Japan	3.4	4.1	4.7	4.7	4.7	4.7	4.8
Canada	9.1	8.3	7.6	7.8	7.6	7.0	6.8
United Kingdom	7.0	6.4	6.2	6.1	6.1	6.1	..
Germany	9.9	9.4	8.7	9.1	8.7	8.7	8.4
France	12.3	11.8	11.3	11.2	11.2	10.8	10.3
Italy	12.0	11.9	11.4	11.4	11.2	11.1	..
EU 15	10.6	9.9	9.2	9.3	9.1	8.9	8.7
G7	6.6	6.4	6.2	6.2	6.2	6.0	6.0
OECD	7.4	7.1	6.8	6.9	6.8	6.6	6.5

Source: OECD Quarterly Labour Force Statistics/standardised unemployment rates at www.oecd.org

- Using standardised definitions, the UK unemployment rate was significantly below the EU average in 1999 Q4 and slightly below OECD averages. It was slightly above the G7 average.
- The unemployment rate in the euro-zone (the eleven Member States participating in the single currency) stood at 9.2% in April 2000, 0.7 of a percentage point higher than the rate of 8.5% for the EU15 as a whole.
- The latest forecasts published by the OECD in December 1999 suggest that unemployment rates for both the G7 and the UK will remain broadly flat in 2000 and 2001. The unemployment rate for the EU as a whole is expected to fall to 8.8% in 2000 and 8.4% in 2001.

Next update: mid July

G 3. International Comparisons - Prices



Consumer Price Index (national definitions)
% change over 12 months

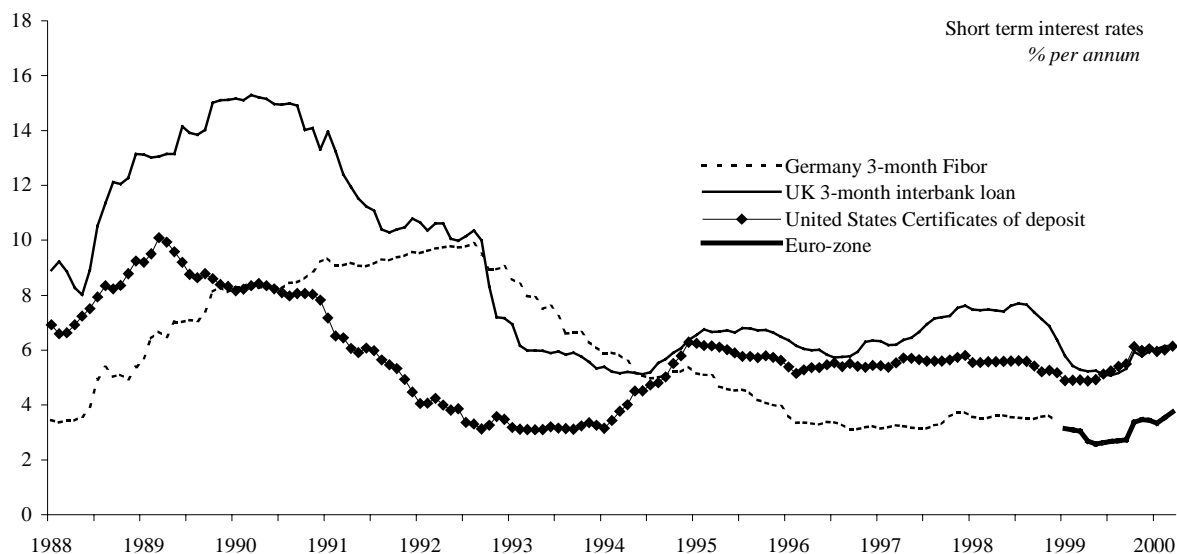
	USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1996	2.9	0.1	1.6	2.5	1.5	2.1	3.8	5.1	2.5
1997	2.4	1.8	1.6	3.1	1.7	1.1	1.8	4.2	2.0
1998	1.5	0.6	1.0	3.4	1.0	0.7	1.7	3.7	1.7
1999 Dec	2.7	-1.1	2.6	1.8	1.2	1.3	2.2	3.5	1.8
2000 Jan	2.7	-0.9	2.3	2.0	1.6	1.6	2.2	3.5	2.0
Feb	3.2	-0.6	2.7	2.3	1.8	1.4	2.4	3.9	2.1
Mar	3.7	-0.5	2.9	2.6	1.9	1.5	2.5	4.1	2.2
Apr	2.9	-0.8	2.1	3.0	1.5	1.3	2.3	3.7	2.1
May	3.0	..	2.4	3.1	1.4	1.5	2.5	3.8	2.2

Source: OECD Main Economic Indicators

- Under the terms of the Maastricht Treaty, harmonised indices of consumer prices (rather than data compiled on national definitions as in the table) are used to assess price stability in each Member State. On a harmonised basis the average inflation rate for the eleven EU countries in euro-zone was 1.9% in April. The UK's inflation rate on this basis was 0.6%.
- The inflation rates for the other three Member States not in the euro-zone were (on a harmonised basis) Denmark: 2.9%, Sweden: 1.0% and Greece: 2.1% in April 2000.
- Harmonised inflation rates in the EU in April ranged from 5.0% in Ireland to 0.6% in the United Kingdom.

Next update: late July

G 4. International Comparisons - Interest Rates



International Interest Rates

as at 24 May 2000

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	5.15	5 ³¹ / ₃₂
United States	6.04	6 ²⁵ / ₃₂
Switzerland	4.01	3 ³ / ₈
Japan	1.64	7/ ₃₂
Euro-zone	..	4 ⁹ / ₁₆

Source: *Financial Times*, 29 June 2000

- The European Central Bank (ECB) set its first repo rate at 3% in January 1999 when Stage III of EMU started. The current level of 3-month market rates within EMU is shown as the 'euro-zone' rate in the table.
- There is, as yet, no equivalent euro-zone government bond rate quoted. In future, a suitable comparator may be the rate on bonds issued by institutions like the European Investment Bank. Further details will be published on this page when they become available.
- June saw central bank interest rates rise only in Europe. On the 8th the ECB raised its key rates by ½ percentage point to 4.25%. The Bank of England did not raise interest rates and recent evidence of a slowdown in growth in the economy has dampened down future expectations of further rises.