



RESEARCH PAPER 01/60
2 JULY 2001

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: Welcome to *Economic Indicators* and the Economic Policy and Statistics Section

Grahame Allen

ECONOMIC POLICY AND STATISTICS SECTION

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I Welcome to *Economic Indicators* and the Economic Policy and Statistics Section

This issue of *Economic Indicators*, produced by the Economic Policy and Statistics Section of the Library (EPAS) is the first of the new Parliament.

Economic Indicators appears on the 1st working day of the month when the House is sitting. Each month's edition contains an article plus a series of pages showing trends in a range of economic indicators. This month's article explains to new and returning Members and their staff why we produce *Economic Indicators*, improvements we are aiming to make to it, and the services that we can provide for the user. *Economic Indicators* (like all other Library Research Papers) is intended for use by Members and their staff, but as it is placed on the Internet it has a readership far beyond its original intended audience. We are happy to discuss its content with Members and their staff but cannot advise members of the general public.

Who we are and what we do

EPAS is one of eight sections in the research service of the Library, and covers the following subjects:

- UK and overseas economies, national accounts, fiscal and monetary policy, prices and inflation, public finance and expenditure;
- trade and the balance of payments;
- overseas aid and developing countries' debt;
- statistics on taxation, incomes and poverty;
- statistics on labour markets and pay;
- the New Deal and employment schemes;
- industries (including retailing, tourism and postal services), privatisation and regional policy; and
- European Union finance, the economic aspects of EU enlargement and EMU.

We have five subject specialists as follows:

Grahame Allen: x4324 email allengl2@parliament.uk

Grahame is the current editor of *Economic Indicators* and deals with enquiries on: regional policy including the Government Offices for the Regions and the Regional Development Agencies, EU structural funds, prices and inflation, statistics on financial markets including exchange and interest rates and Private Finance Initiatives. This session he has produced a Research Paper on *The Monetary Policy Committee: theory and performance* (RP 01/59).

Tim Edmonds: x2883 email edmondst@parliament.uk

Tim deals with most of the general macroeconomic policy and issues listed above, both current and historical. He also covers the economies of developed countries, the transition economies, the economic consequences of EU enlargement, EU Budgetary matters and the arguments for and against EMU. He is also the Section's economic modeller, running simulations to allow Members to test out the impact of alternative economic strategies.

Jane Hough: x3977 email houghj@parliament.uk

Jane's main subject areas are: policy and statistics relating to postal services and industries, the latter subject being shared with Dominic Webb. She also covers statistics on taxation, incomes and poverty. Taxation statistics encompass looking at the burden of taxation, both on individuals and the economy as a whole. Jane discussed the subject in a recent Research Paper: *The Burden of Taxation* (RP01/51).

Patsy Richards: x4904 email richardsp@parliament.uk

Patsy is Head of EPAS. Her subject areas include: international trade and the balance of payments, international development, development assistance and debt cancellation. While Tim covers developed countries' economies Patsy covers the economies of less developed countries. This session she will be producing a paper on the reintroduced International Development Bill, and continuing to cover issues such as UK aid provision, who the UK's largest trading partners are, developing countries' debt relief and the contentious issues of free trade and the World Trade Organisation.

Dominic Webb: x2464 email webbd@parliament.uk

Dominic is responsible for statistical enquiries on labour markets, including employment, unemployment, earnings, the National Minimum Wage and the New Deal. Statistics are available at a constituency level on employment, unemployment and the New Deal. He also deals with general questions on training and programmes for the unemployed (including the New Deal) and also with a range of industries including steel, the motor industry and tourism.

Our output

We help Members and their staff in many ways including:

- Individual enquiry work including oral and written briefings;
- Research Papers - including two regular monthly productions, *Unemployment by Constituency* and *Economic Indicators*;
- standard notes - more informal briefings on regularly raised issues;
- other material and links on the Library Intranet, which we are looking to expand extensively this year;
- we are available to talk through issues on the telephone or in person;
- economic modelling; and
- publications in our holdings are available for Members or their staff to browse and consult. Telephone x5504 to arrange this.

Individual enquiries

The major part of our work is the individual enquiry work we do for Members. This is carried out on a confidential and impartial basis. You can place an enquiry by telephoning the relevant subject specialist, by letter or e-mail. We cannot guarantee that e-mails to individual researchers will be read within the necessary time frame, but the Library has a general e-mail address that is checked regularly (hclibrary@parliament.uk) from which enquiries are passed on to the relevant subject specialist.

Please try to give as much information about the enquiry as possible. It is helpful if we know, for instance, the purpose for which the work is required. There is a difference in the kind of briefing needed by a Member who is drafting a speech from that needed for a reply to a constituent or for shaping a Parliamentary Question. It is also useful for us to know how much knowledge the Member already has on the topic.

Apart from the subject of your enquiry the most important detail for us is your deadline. We always undertake to meet specific deadlines, but we are subject to quite sudden fluctuations in workload. For example we are especially busy around Budget time, or in the run-up to elections, so sometimes we may offer a more limited response in order to meet the agreed deadline. It is obviously helpful to us to be given as much notice as possible, but we are well used to producing work under pressure of time. It is also useful to be specific about times or days of the week, as ‘urgent’, ‘as soon as possible’ or ‘no rush’ are all open to interpretation. If no deadline is given, we aim to respond within two weeks of receiving the enquiry, subject to workload.

We cover a wide range of requests, from confirmation of points of fact, through explanations of issues or procedures to general briefs on relevant issues. We are generally willing to find out information on any topic within our subject responsibilities and relevant to a Member’s parliamentary duties, but Members are referred to the Library’s *Statement of Services* which lists the areas that fall outside our remit.

Other services

We subscribe to Oxford Economic Forecasting’s World, Regional and Industry economic models which we can use for Members in answer to more specialised enquiries involving economic modelling. We also have substantial holdings from UK, OECD and European statistical sources and on-line databases, notably SPSS’s Labour Force Survey online and OLIS, the OECD’s online information service.

We are very happy to talk to any Member or group of Members, or their staff, about our work or about economic issues either in a seminar format or more informally.

Research Papers

While our enquiry work is demand led, our papers seek to anticipate issues, give the background to an issue of political importance such as a piece of legislation, or reflect matters of current concern to Members. Research Papers produced by EPAS recently include:

00/59	Background to the 2000 Spending Review
00/66	The Tourism Industry
00/71	Regional Social Exclusion Indicators
00/72	European Structural Funds
00/73	Regional Competitiveness & the Role of the Knowledge Economy
00/75	Third World Debt: after the Okinawa summit
01/18	The <i>International Development Bill</i> [Bill 49 of 2000-2001]
01/51	The burden of taxation
01/52	Road fuel prices and taxation
01/59	The Monetary Policy Committee: theory & performance

We also have two regular monthly papers - *Economic Indicators* and *Unemployment by Constituency*. As with other Research Papers the Library produces, both are available in hard copy from the Member's Library and Current Affairs Room or in electronic format from the Intranet.

Unemployment by Constituency

Unemployment by Constituency shows residence-based constituency unemployment rates that are not produced anywhere else. They differ from those published by National Statistics, which express the number of unemployed claimants as a percentage of the number of jobs plus the number of unemployed people in the constituency. As large-scale net commuting can bias the NS rates, we believe that residence-based unemployment rates provide a better measure of local deprivation. While unemployment has become a less high profile political issue than it has been in the past, we continue to produce *Unemployment by Constituency* because we believe Members value such constituency based data, and to maintain a continuous run of data should matters change. But we would welcome your views on this.

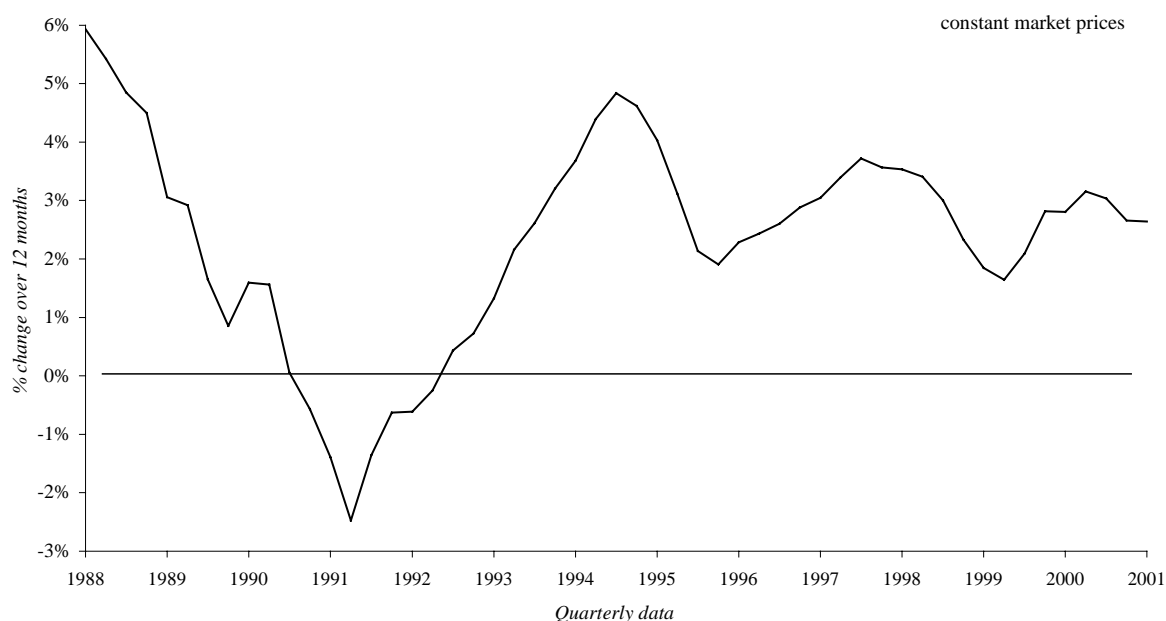
Economic Indicators - current and future content.

The monthly article usually investigates issues of economic importance or interest and was added to make the publication more welcoming. Recent articles have included 'The effects of foot and mouth on the economy' and 'The economic background to the March 2001 budget'. The rest of the paper is taken up with pages each showing the main economic indicators for the UK, and also some international comparisons.

We are always aiming to improve *Economic Indicators* and make it more appropriate to Members' needs, and to this end we are currently reviewing the indicators included. We aim, for instance, to include an Euro-indicators page at some time in the future. We are aware that a number of other organisations produce similar indicator publications but these are not so readily available or tailored to Parliamentarians.

We intend to include a questionnaire in the February 2002 edition of *Economic Indicators*, and hope that readers will use that questionnaire to tell us what they find is useful or not useful in *Economic Indicators*- or what else should be included. If you have views on *Economic Indicators* in the meantime, please let us know either by contacting the Head of Section - **Patsy Richards** or the editor - **Grahame Allen**.

A 1. Gross Domestic Product



Gross Domestic Product

seasonally adjusted

	GDP at current market prices		GDP at constant market prices
	£ billion	12 month change	12 month change
1997	805.4	6.5%	3.5%
1998	851.7	5.7%	2.6%
1999	891.0	4.6%	2.3%
2000	934.9	4.9%	3.1%
2000 Q1	216.9	5.4%	3.2%
Q2	220.7	5.5%	3.4%
Q3	224.7	4.9%	3.0%
Q4	228.7	3.9%	2.6%
2001 Q1	228.7	5.2%	2.7%

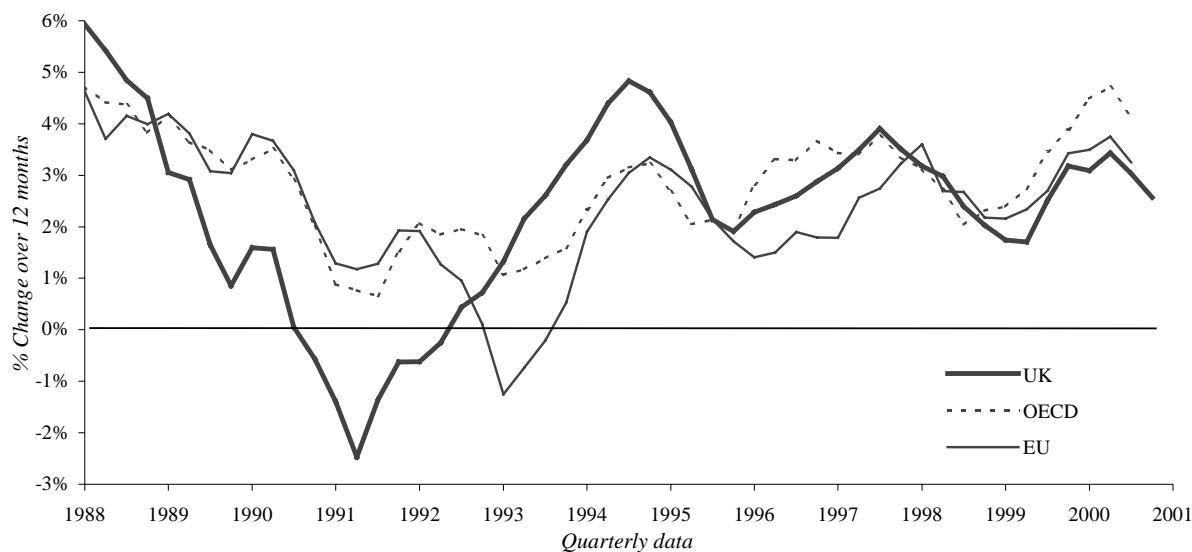
Source: NS database series YBHA & AMBI

- Gross domestic product (GDP) at 1995 market prices is estimated to have risen by 0.5% between the fourth quarter 2000 and first quarter 2001 and by 2.7% above the same quarter in 2000. This confirms the view that growth in the economy continues to moderate after the high rates of growth seen in 2000.
- Output of manufacturing fell in the latest quarter by 0.7%, mainly due to declines in areas such as electrical products and chemicals. Services are estimated to have grown by 0.9%. Growth was particularly strong in the telecommunications and post sectors. Overall output of the production industries fell by 0.6% in the last quarter.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 2.4% in 2001 and 2.7% in 2002.

CONTACT Tim Edmonds, x2883

Next update: 27 July

A 2. GDP - International Comparisons



GDP at constant market prices

% change on year

	1997	1998	1999	2000	1999 Q4	2000 Q1	2000 Q2	2000 Q3	2000 Q4
USA	4.4%	4.3%	4.3%	4.9%	5.0%	5.3%	6.1%	5.2%	3.4%
Japan	1.5%	-2.5%	0.3%	2.3%	0.5%	2.4%	1.0%	0.6%	2.8%
Canada	4.4%	3.3%	4.6%	4.6%	4.9%	4.9%	5.2%	4.7%	4.0%
United Kingdom	3.5%	2.5%	2.4%	3.0%	3.2%	3.1%	3.4%	3.0%	2.6%
Germany	1.4%	2.1%	1.5%	2.9%	2.5%	2.6%	4.0%	3.3%	2.6%
France	2.0%	3.5%	3.0%	3.3%	3.7%	3.6%	3.4%	3.0%	3.0%
Italy	2.0%	1.8%	1.6%	2.9%	2.7%	3.3%	2.8%	2.8%	2.8%
Euro zone	2.6%	2.9%	2.6%	3.4%	3.4%	3.5%	3.8%	3.3%	3.0%
G7	2.9%	2.8%	2.9%	3.8%	3.5%	4.2%	4.4%	3.6%	3.2%
OECD	3.5%	2.7%	3.1%	4.2%	3.9%	4.5%	4.7%	4.1%	3.4%

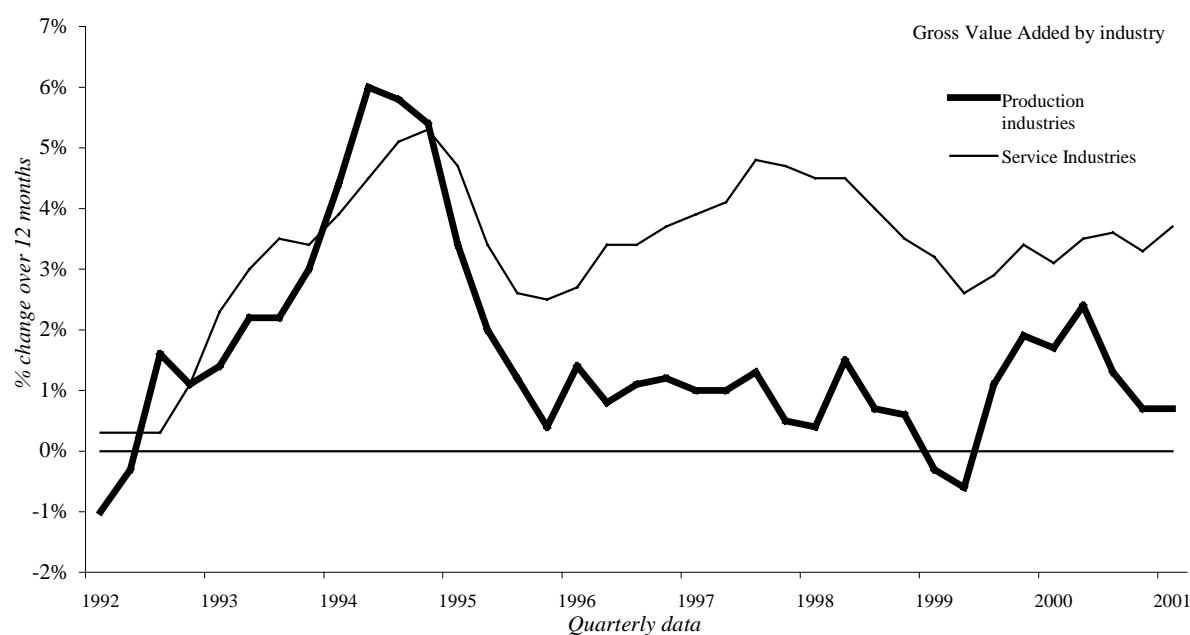
Source: OECD, Main Economic Indicators, May 2001

- The latest data give clear confirmation of the economic slowdown in both the US and Europe. In particular economic growth and confidence in the US have been severely downgraded in recent months, despite continuing cuts in US interest rates. In the core euro-zone economies of Germany, France and Italy, growth rates have also fallen but by far less than in the US. The European Central Bank has not followed the Federal Reserve by cutting interest rates at its meeting in June.
- The latest estimates of Japanese GDP suggest that the economy remains very weak. The economy has barely grown over the past few years and the outlook remains very bleak. Much needed reforms to the banking sector are apparently being delayed by political disputes. Some of the political impediments may be lessened by the appointment of a new, reform minded, Japanese Prime Minister, Mr Koizumi.
- In December 2000 the OECD expected growth in 2001 to be 3.5% in the USA, 2.3% in Japan and 3.0% in the EU15. Its forecast for the UK was 2.6%.

CONTACT Tim Edmonds, x2883

Next update: Mid-July

A 3. Gross Domestic Product by Industry



Gross value added at 1995 basic prices

% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufacturing			
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%	1.4%	0.8%
2000	1.5%	1.6%	3.4%	-1.4%	1.6%
2000 Q1	1.7%	1.8%	3.1%	-2.2%	5.4%
Q2	2.4%	2.0%	3.5%	-1.4%	2.6%
Q3	1.3%	1.2%	3.6%	-0.2%	-1.0%
Q4	0.7%	1.5%	3.3%	-1.9%	-0.5%
2001 Q1	0.7%	1.1%	3.7%	-0.2%	-1.4%

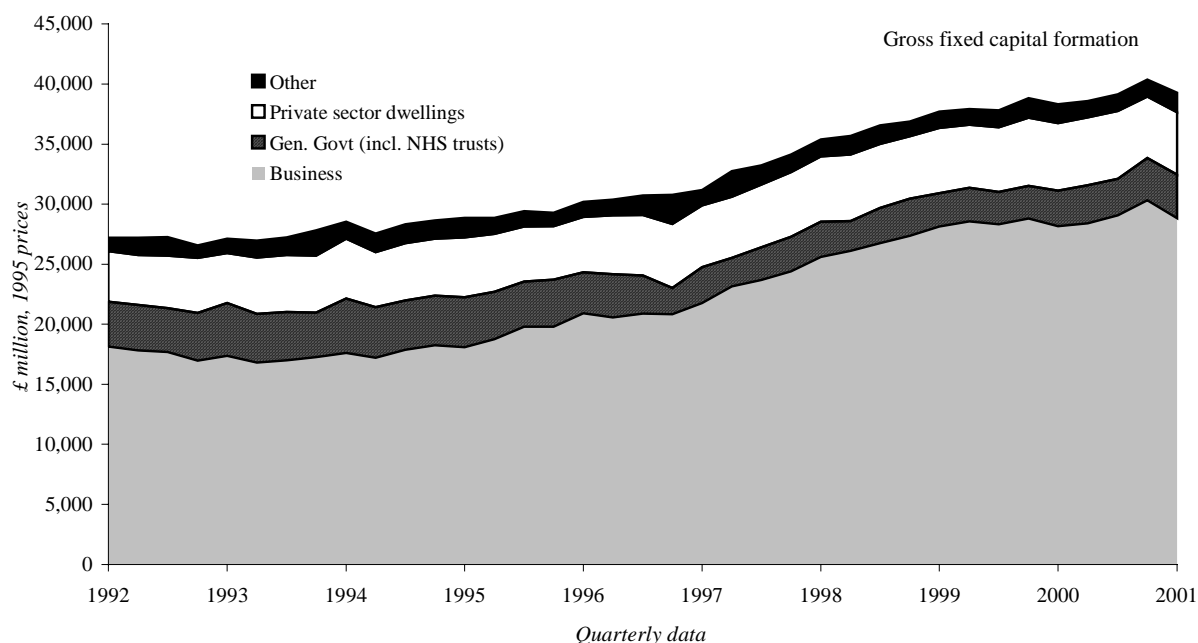
Source: NS database series ERID, ERIT, GDRN, GDQV, GDQW, ERIE, ERIU, GDSI, GDRQ, GDRR

- Since 1998 output has grown faster in the service sector than in other parts of the economy and is currently growing at an annual rate of around 3.7%. Between the last quarter of 2000 and first quarter of 2001, output in the service sector rose by 0.9%.
- Manufacturing output fell by 0.7% between the last quarter of 2000 and the first quarter of 2001. In the three years 1998 to 2000 manufacturing output rose by 2.1%, equivalent to an average annual growth rate of 0.7%.
- In 1999 services accounted for 70% of GVA, manufacturing for 19%, other production industries (mining & quarrying and electricity gas & water supply) for 5%, construction for 5% and agriculture etc. for 1%.

CONTACT Dominic Webb, x2464

Next update: 27 July

A 4. 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	144,437
1999	16,122	68,708	40,246	23,123	4,004	152,203
2000	15,700	70,741	42,084	23,752	4,115	156,392
2000 Q1	3,727	17,401	10,252	5,936	1,010	38,326
2000 Q2	3,979	17,074	10,412	6,089	1,026	38,580
2000 Q3	3,807	17,717	10,495	6,085	1,036	39,140
2000 Q4	4,187	18,549	10,925	5,642	1,043	40,346
2001 Q1	3,516	18,003	10,951	5,726	1,051	39,247

Source: NS database series DLWL, DLWO, DLWT, DFEG, EQDO, NPQT

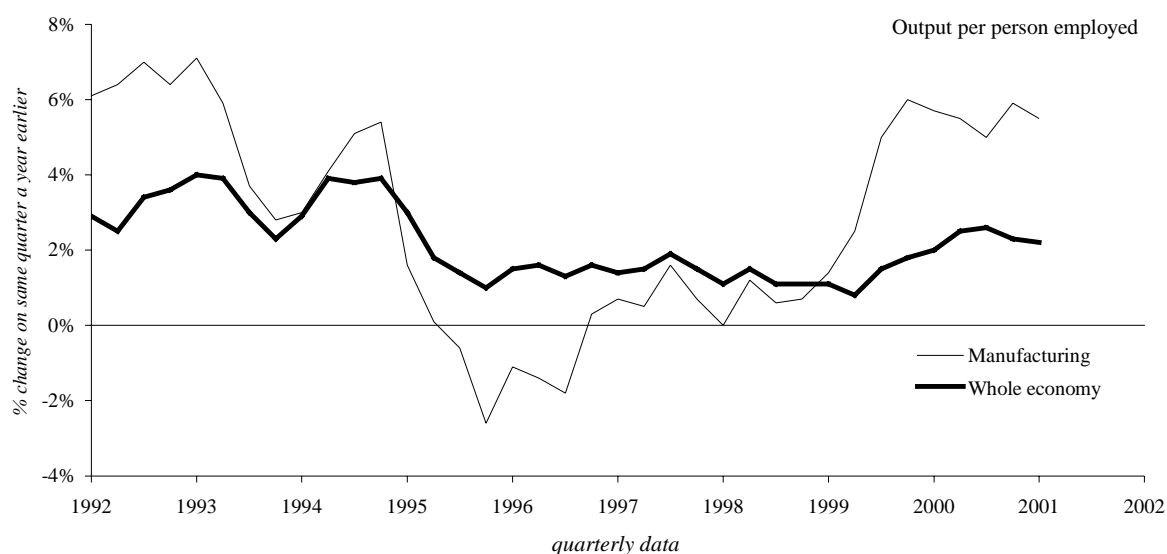
Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.

- Total business investment in the first quarter of 2001 fell by 5% in real terms compared with the previous quarter but was 2.3% higher compared with the same quarter in 2000. While manufacturing investment rose (0.9%) over the quarter, service sector investment fell by over 6%.
- Total GFCF in the first quarter of 2001 fell by 3% in real terms compared with the previous quarter but was 3% higher compared with the same quarter in 2000. Although GFCF on other buildings & structures, dwellings and intangible fixed assets all increased by less than 1% in real terms in the first quarter of 2001 this was more than offset by the 16% and 3% fall in GFCF on transport equipment and other machinery & equipment, respectively.

CONTACT Tim Edmonds, x2883

Next update: 21 August

A 5. 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	0.4	0.9	3.3	1.8	1.6
1998		0.5	-0.1	0.6	3.0	1.8	1.2
1999		0.0	-3.6	3.8	2.2	0.9	1.3
2000		1.6	-3.7	5.5	3.0	0.6	2.4
2000	Q1	1.8	-3.7	5.7	2.8	1.0	2.0
	Q2	2.0	-3.2	5.5	3.1	0.8	2.5
	Q3	1.2	-3.6	5.0	2.7	0.3	2.6
	Q4	1.5	-4.1	5.9	2.4	0.3	2.3
2001	Q1	1.1	-4.1	5.5	2.7	0.5	2.2

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

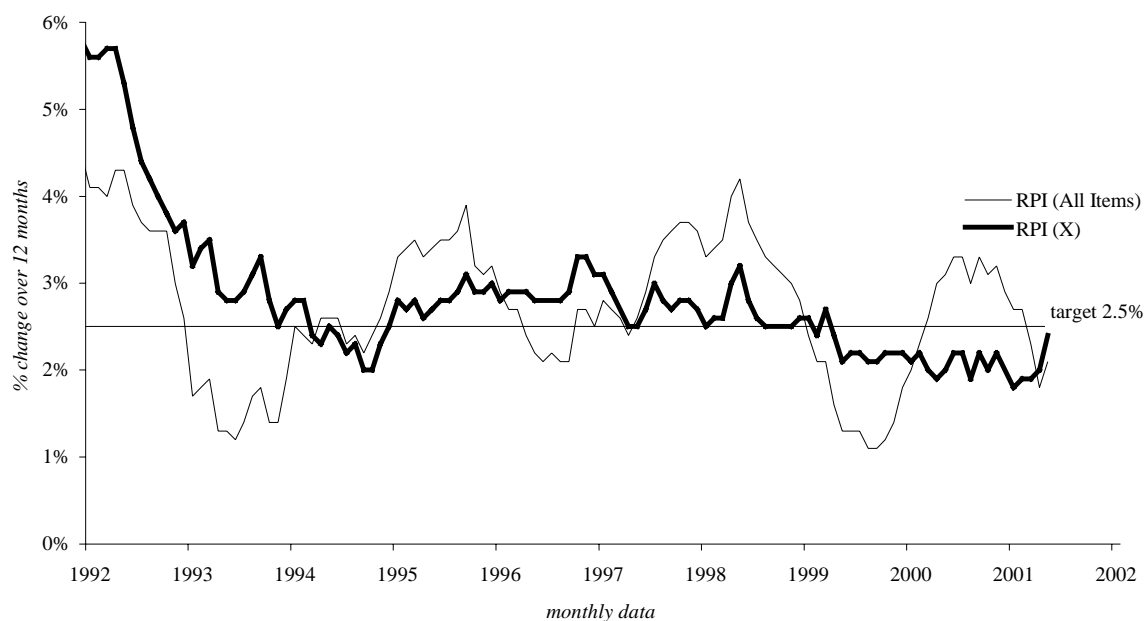
Revisions to employment data (as a result of the publication of the Annual Business Inquiry) by the Office for National Statistics in April 2001 mean that figures for productivity have also been revised.

- Productivity across the whole economy, measured by output per head, is now estimated to have grown by 2.4% in 2000 compared to 1.3% in 1999 and 1.2% in 1998.
- After picking up somewhat in the last quarter of 2000, the annual rate of output growth in manufacturing slowed to 1.1% per annum in 2001 Q1. Manufacturing employment is currently declining at a rate of over 4% per annum. The combination of falling employment and positive output growth is such that productivity is now growing at an annual rate of 5.5%.
- For the economy as a whole, the rate of output growth started to increase in the first quarter of 2001. Taking steady output growth and modest employment growth together, productivity has grown at an annual rate of 2.0% over the last eight quarters.

CONTACT Jane Hough, x3977

Next update: 18 July

B 1. Retail Prices Index



Retail Prices Index

% change on previous year

		RPI	RPI (X)
		All Items	Excluding mortgage interest
1997		3.1	2.8
1998		3.4	2.6
1999		1.5	2.3
2000		3.0	2.1
2000	May	3.1	2.0
	Jun	3.3	2.2
	Jul	3.3	2.2
	Aug	3.0	1.9
	Sep	3.3	2.2
	Oct	3.1	2.0
	Nov	3.2	2.2
	Dec	2.9	2.0
2001	Jan	2.7	1.8
	Feb	2.7	1.9
	Mar	2.3	1.9
	Apr	1.8	2.0
	May	2.1	2.4

Source: NS database (series CZBH, CDKQ)

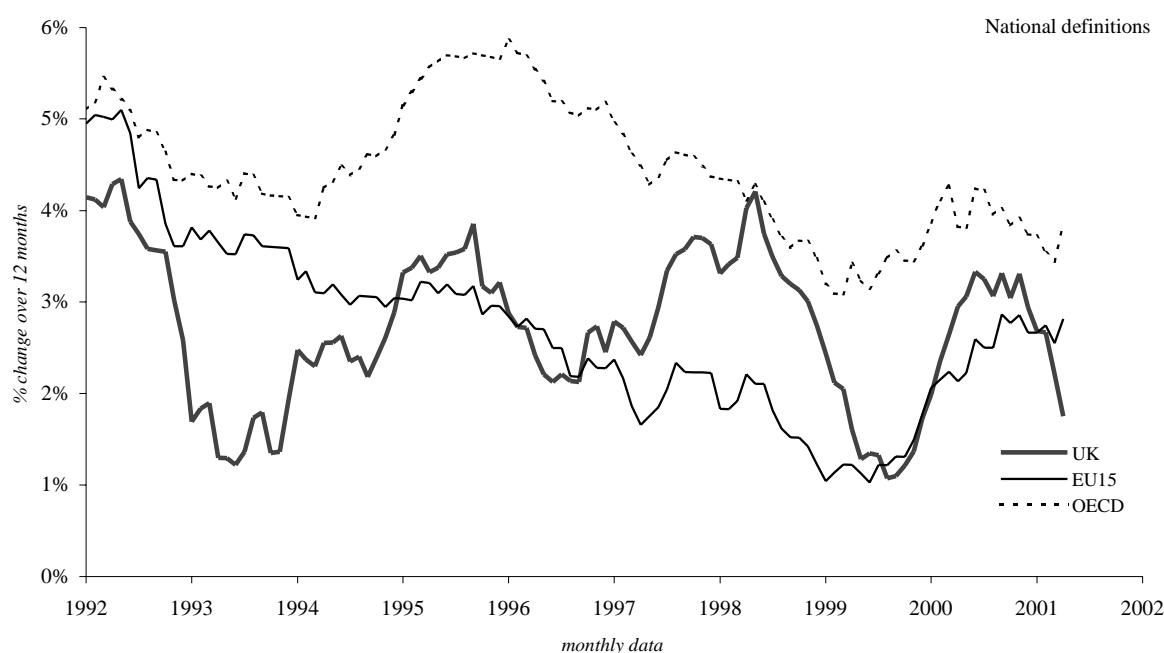
The current inflation target is 2.5%: if RPI (X) diverges from this target by more than 1 percentage point, the Governor of the Bank of England is required to send a letter to the Chancellor explaining the reasons for the divergence.

- The average annual increase in headline inflation (RPI) for 2000 was 3.0%, up from 1.5% in 1999. The annual average increase in underlying inflation (RPI (X)) was 2.1% - the lowest since 1976, the earliest date for which this series is available.
- In the year to May 2001 the headline rate of inflation was 2.1%, up from 1.8% in April. The underlying rate of inflation increased from 2.0% to 2.4%.
- Between April and May the largest upward pressure on inflation came from increases in food prices, especially seasonal items. This is the result of poor weather conditions, which hampered the planting of many crops. Motoring expenditure exerted a strong upward pressure too, as crude oil price rises were passed on at the pumps.
- Downward pressure on headline inflation came from lower housing costs, mainly as a result of lower mortgage rates in May.

CONTACT Jane Hough, x3977

Next update: 17 July

B 2. Prices - International Comparisons



Consumer Price Index (national definitions)

% change over 12 months

	USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1997	2.3	1.7	1.6	3.2	1.9	1.2	2.0	4.6	2.0
1998	1.6	0.7	1.0	3.4	1.0	0.8	2.0	4.0	1.7
1999	2.1	-0.3	1.8	1.6	0.6	0.6	1.6	3.4	1.3
2000	3.4	-0.7	2.6	2.9	2.0	1.6	2.6	4.0	2.5
2000 November	3.5	-0.5	3.3	3.3	2.4	2.2	2.7	3.9	2.9
December	3.4	-0.2	3.3	2.9	2.2	1.5	2.7	3.7	2.7
2001 January	3.8	0.1	3.0	2.7	2.4	1.1	3.0	3.7	2.7
February	3.6	-0.1	2.8	2.7	2.6	1.3	3.0	3.5	2.7
March	2.8	-0.4	2.5	2.2	2.5	1.2	2.8	3.4	2.6
April	3.3	-0.4	3.5	1.8	2.9	1.8	3.1	3.8	2.8

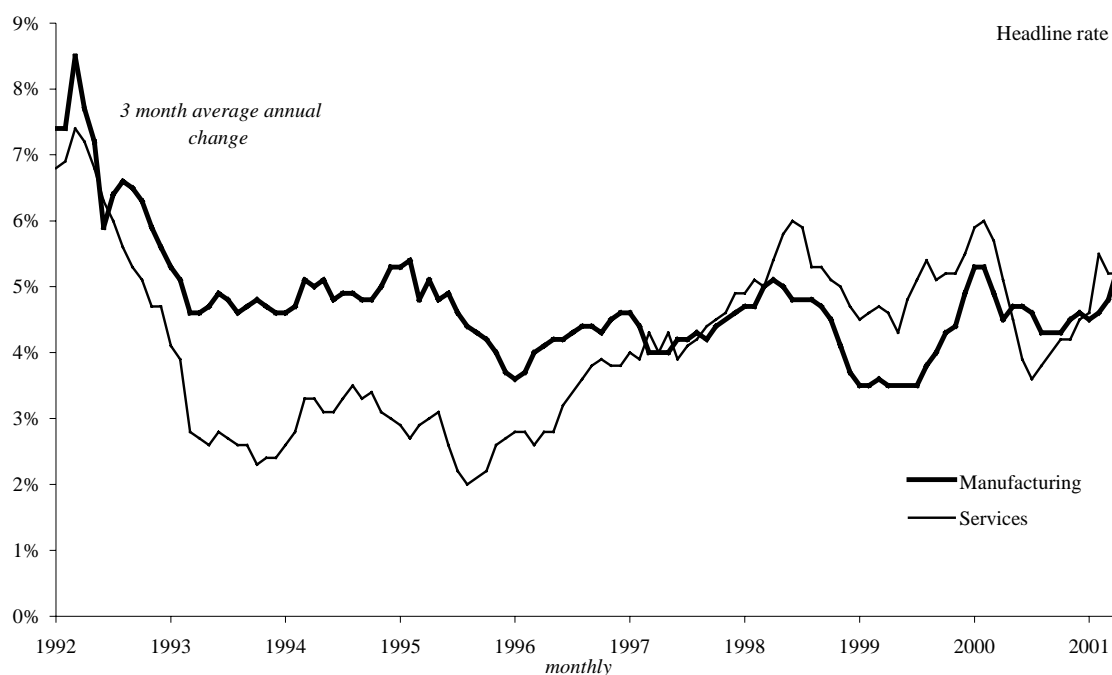
Source: OECD Main Economic Indicators / Hoffile

- 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 inflation rate for the twelve eurozone countries was 3.4% in May 2001. (Greece joined the euro-zone in January 2001.)
- The inflation rates for the three Member States not in the eurozone were (on a harmonised basis) Denmark: 2.8%, Sweden: 3.1% and the UK 1.7% in May 2001.
- Harmonised inflation rates in the EU in March ranged from 5.4% in the Netherlands to 1.7% in the United Kingdom. The average for the EU15 was 3.1%.

CONTACT Jane Hough, x3977

Next update: late July

B 3. Average Earnings Index



Average Earnings, Great Britain seasonally adjusted

		headline rate (% change on year)			
		Whole Economy	Private Sector	Public Sector	
1997	Apr	4.0	4.4	2.3	
1998	Apr	5.3	6.0	2.6	
1999	Apr	4.5	4.5	4.4	
2000	Apr	5.0	5.3	4.1	
	May	4.6	4.8	3.7	
	Jun	4.1	4.3	3.7	
	Jul	3.9	4.0	3.4	
	Aug	4.0	4.1	3.5	
	Sep	4.1	4.3	3.4	
	Oct	4.2	4.4	3.4	
	Nov	4.2	4.4	3.5	
	Dec	4.4	4.5	3.9	
	2001	Jan	4.5	4.6	3.8
		Feb	5.2	5.6	3.5
		Mar	5.0	5.3	3.6
Apr		5.2	5.4	4.3	

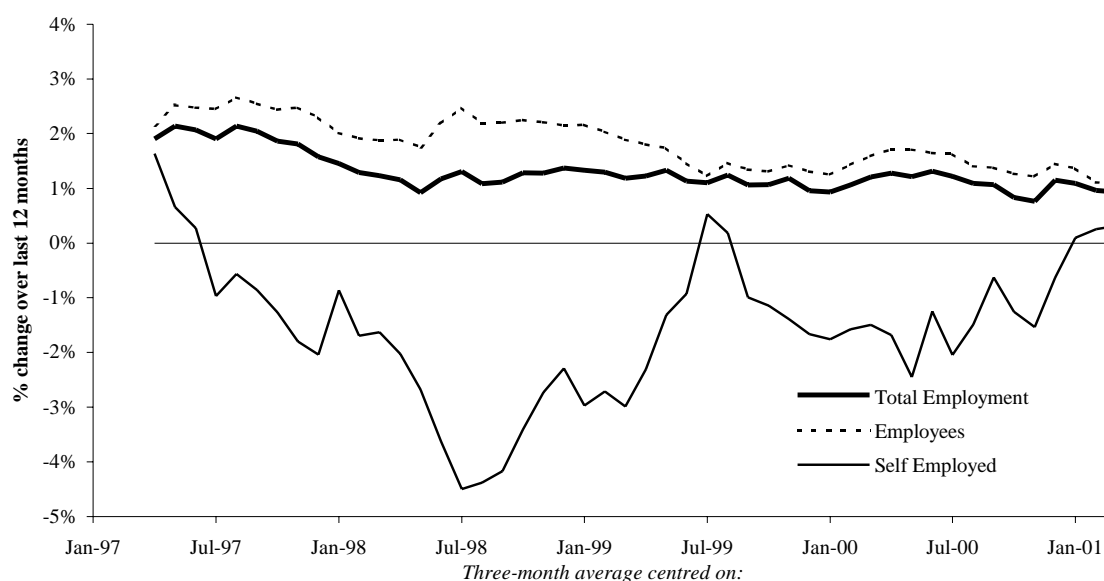
Source: NS database Series LNNC, LNND, LNNE

- Headline average earnings growth in the service sector remained at 5.2% in April while earnings growth in manufacturing increased to 5.3% compared to 4.8% in March.
- April's headline rate of earnings growth is currently over 4½%, the level which many economists regard, given the current level of productivity growth, as the maximum consistent with the Chancellor's inflation target of 2½%.
- The headline rate of growth in average earnings for the whole economy in April was 5.2% up from 5.0% in March.
- Headline three-month annual average earnings growth in the private sector was 5.4% in April compared to 4.3% in the public sector.
- Earnings are currently growing marginally faster than a year ago (April 2000).

CONTACT Dominic Webb, x2464

Next update: 18 July

C 1. Employment



Employment Structure in the UK

thousands; seasonally adjusted

Three month average centred on		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1997	Mar	26,895	23,191	3,366	118	219
1998	Mar	27,226	23,627	3,311	99	189
1999	Mar	27,548	24,073	3,212	103	161
2000	Mar	27,881	24,456	3,164	111	149
2000	Jun	27,964	24,529	3,171	115	150
2000	Sep	27,977	24,565	3,165	108	139
2000	Dec	28,075	24,667	3,167	101	140
2001	Mar	28,142	24,722	3,174	96	150
<i>Changes:</i>						
<i>Last three months</i>		0.2%	0.2%	0.2%	-5.0%	7.1%
<i>Last year</i>		0.9%	1.1%	0.3%	-13.5%	0.7%

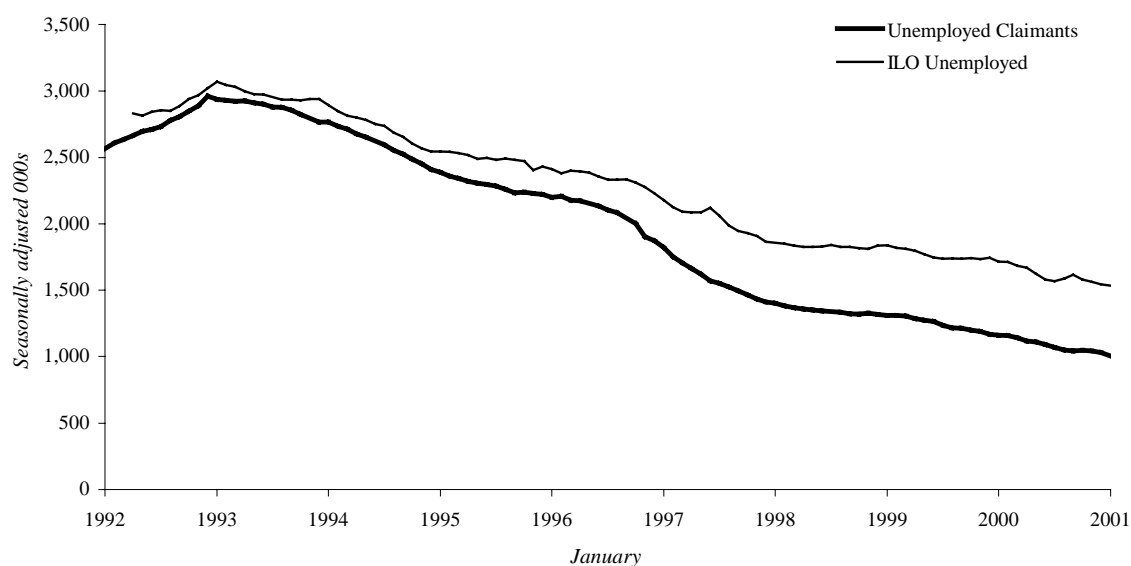
Source: National Statistics First Release Labour Market Statistics 13 June 2001

- Employment continues to grow. The average monthly rise was 22,300 over the three months and 27,500 over the six months to Feb-April 2001. The working age employment rate for February-March 2001 was 74.8%, 0.1 percentage points higher than in the previous three-month period.
- Survey estimates indicate that total employment increased by 261,000 over the year and by 67,000 over the quarter. The working age employment rate was 74.7% for the period Dec-Feb 2001, up 0.5 percentage points from a year earlier.
- The number of people in part time employment decreased by 21,000 compared to the previous three month period of Nov-Jan 2001 to stand at 7.01 million in Feb-Apr 2001.

CONTACT Patsy Richards, x4904

Next update: 18 July

C 2. Unemployment: National



ILO Unemployment in the UK seasonally adjusted

	000s	rate (%)
1997 Jan-Mar	2,124	7.3
Apr-Jun	2,087	7.2
Jul-Sep	1,988	6.8
Oct-Dec	1,908	6.6
1998 Jan-Mar	1,851	6.4
Apr-Jun	1,824	6.3
Jul-Sep	1,825	6.3
Oct-Dec	1,812	6.2
1999 Jan-Mar	1,819	6.2
Apr-Jun	1,770	6.0
Jul-Sep	1,739	5.9
Oct-Dec	1,733	5.9
2000 Jan-Mar	1,713	5.8
Apr-Jun	1,622	5.5
Jul-Sep	1,586	5.4
Oct-Dec	1,564	5.3
2001 Jan-Mar	1,497	5.1
Feb-Apr	1,478	5.0

Source: Labour Force Survey (NS)

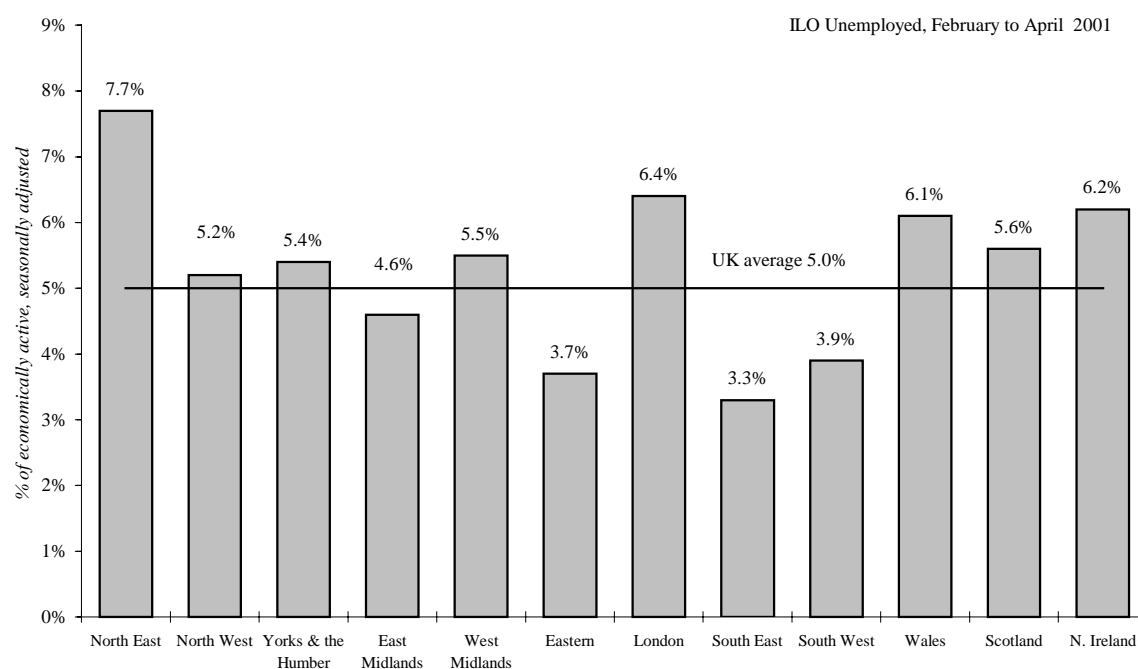
ILO data before April 1992 are interpolated from spring quarter each year. Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- The latest LFS estimates show that over the period February to April 2001, the level of ILO unemployment in the UK was 1,478,000. This was a decrease of 65,000 from the November 2000 to January 2001 period. As measured by the monthly claimant count, seasonally adjusted unemployment fell by 3,000 between May and April 2001 to stand at 977,000.
- The New Deal for the Young Unemployed started in January 1998 and 642,000 people had joined the scheme by the end of April 2001. Of those leaving the scheme, 232,000 had moved into 'sustained jobs' up to the end of January, i.e. excluding those who had returned to claim Jobseekers' Allowance (JSA) within three months of starting employment. Of these, 204,000 (88%) had moved into an unsubsidised job.
- The New Deal for the Long-Term Unemployed started in July 1998, and 357,000 people had joined the scheme by the end of April 2001. By the end of November, 58,000 people leaving the scheme had entered 'sustained jobs', with 46,000 of them (78%) going into unsubsidised jobs.

CONTACT Alex Adcock, x3793

Next update: 18 July

C 3. Unemployment: Regional



ILO Unemployment, February to April 2001 change on same period in previous year seasonally adjusted

	000s	%
North East	-11	-11%
North West & Merseyside	-20	-10%
Yorkshire & the Humber	-24	-15%
East Midlands	-11	-10%
West Midlands	-18	-11%
Eastern	0	0%
London	-35	-13%
South East	-8	-5%
South West	-14	-13%
Wales	-5	-6%
Scotland	-48	-25%
Northern Ireland	-4	-8%
UK	-198	-12%

Source: National Statistics, First Release 13 Jun 2001

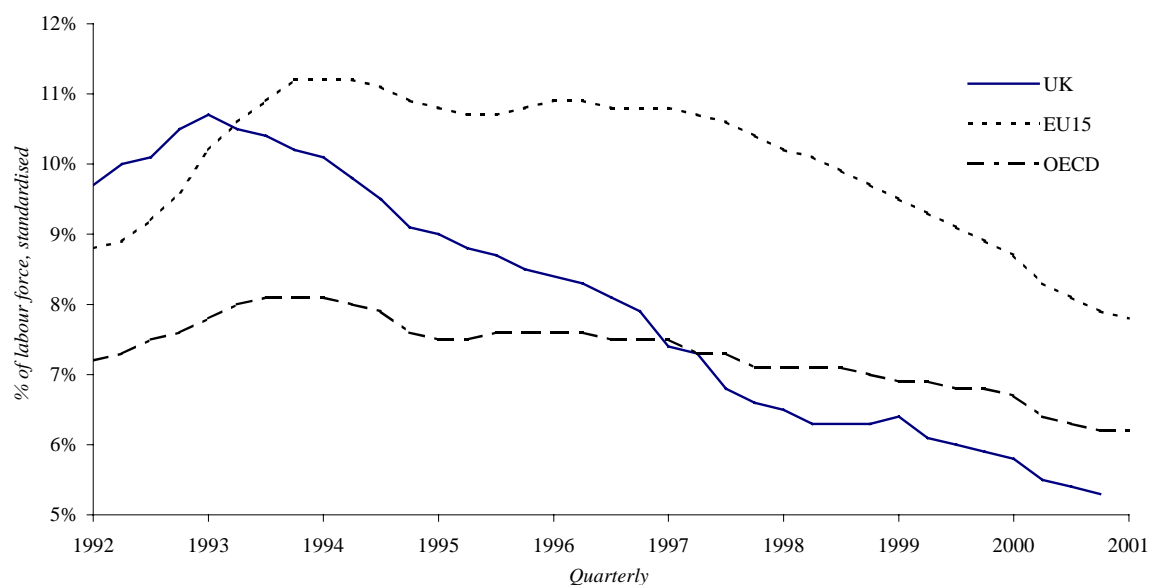
Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- Comparing the period February to April 2001 with the same period a year earlier, unemployment fell in all regions except Eastern.
- The largest fall in unemployment occurred in Scotland, where it was 25% lower in February to April 2001 than in the same period a year earlier. The North East had the highest unemployment rate of the economically active population at 7.7%. The lowest unemployment rate was 3.3% in the South East of England.

CONTACT Alex Adcock, x3793

Next update: 18 July

C 4. Unemployment - International Comparisons



Unemployed as % of labour force standardised; seasonally adjusted

	1997	1998	1999	2000	2000 Q2	2000 Q3	2000 Q4	2001 Q1
USA	4.9	4.5	4.2	4.0	4.0	4.0	4.0	4.2
Japan	3.4	4.1	4.7	4.7	4.7	4.6	4.8	4.7
Canada	9.1	8.3	7.6	6.8	6.7	6.9	6.9	7.0
UK	7.0	6.3	6.1	5.5	5.5	5.4	5.3	n/a
Germany	9.9	9.4	8.8	8.1	8.4	8.3	7.9	7.7
France	12.3	11.8	11.2	9.5	9.6	9.4	8.9	8.6
Italy	11.7	11.8	11.3	10.5	10.6	10.3	10.0	n/a
Euro zone	11.6	10.9	10.0	8.9	9.0	8.8	8.6	8.5
G7	7.4	6.4	6.2	5.7	5.8	5.7	5.6	5.7
OECD	7.4	7.1	6.9	6.4	6.6	6.5	6.3	6.2

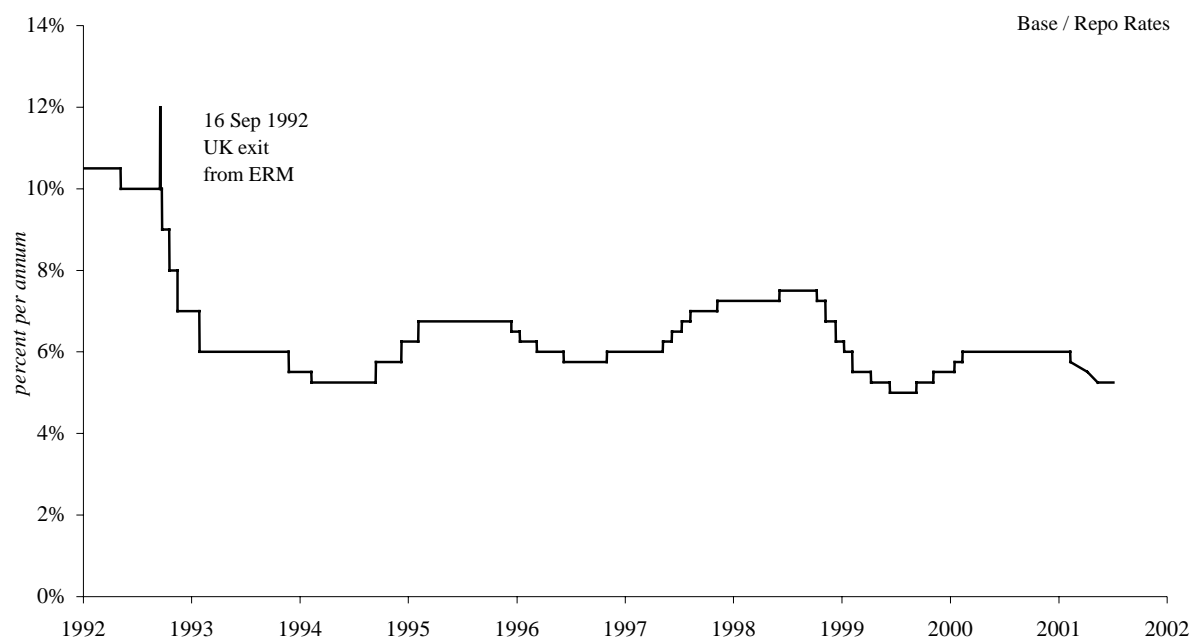
Source: OECD Standardised Unemployment Rates June 2001, www.oecd.org

- Using standardised definitions, the UK unemployment rate for 2000 was 5.5%, significantly below the EU (8.3%) and Euro-zone (9.1%) averages and slightly below the G7 and OECD rates (5.7% and 6.4% respectively).
- The UK unemployment rate in 2000 was 0.6 percentage points lower than in 1999. Rates fell from 1999 to 2000 in all OECD countries except Norway and the Czech republic, and the rate in both the EU-15 and Euro-zone fell by 0.9 percentage points over the year.
- The most recent forecasts published by the OECD (December 2000) suggest the UK unemployment rate will remain broadly flat in 2001 and 2002. The unemployment rate for the EU as a whole is expected to fall to 7.6% in 2001 and 7.2% in 2002. In contrast, the rate for the United States is expected to rise to 4.2% in 2001 and 4.5% in 2002.

CONTACT Patsy Richards, x4904

Next update: mid-July

D 1. Interest Rates



UK Base/Repo Rates

per cent per annum

Date of change		New rate
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
2001	Feb 8	5.75
	Apr 5	5.50
	May 10	5.25

Source: Bank of England

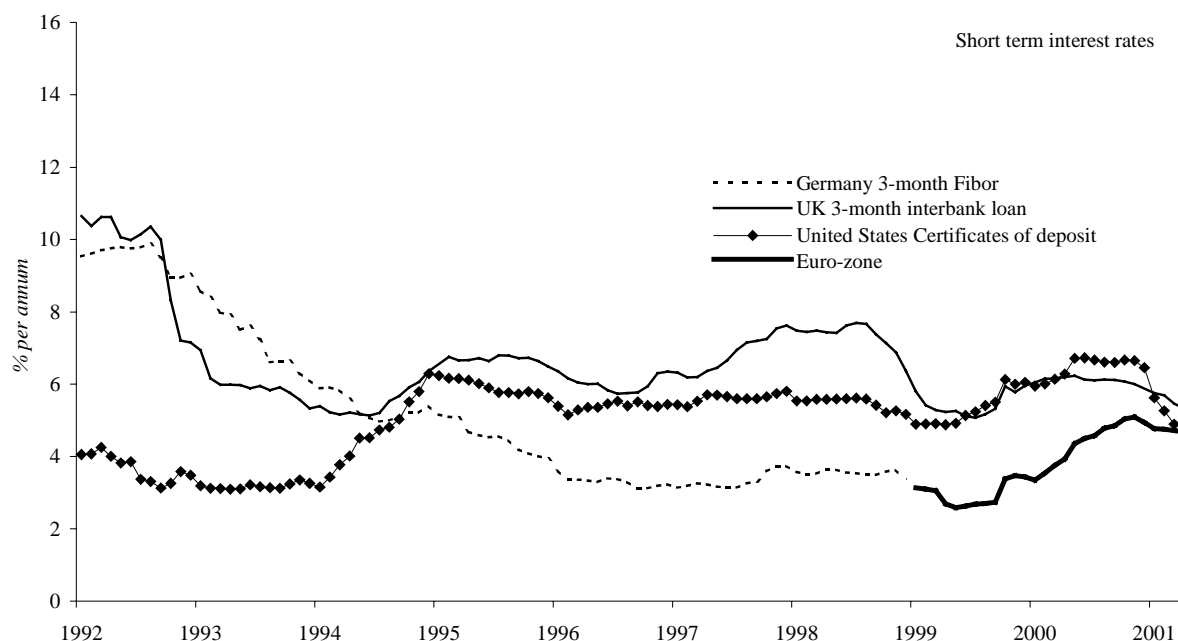
The interest rate increase on 6 June 1997 was the first time when interest rates were set by the independent Monetary Policy Committee of the Bank of England rather than by the Chancellor.

- The 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 ¼ percentage point cut announced in February 2001 was the first interest rate cut since February 2000.
- The latest Bank Inflation Report forecasts that inflation will remain around 2% in 2001 before increasing towards the target rate thereafter. The Committee felt that risks to both output growth and inflation were generally on the downside; a prolonged slowing world economy, reducing the demand for UK exports, tending to outweigh the upside risk from domestic labour market pressures.
- The MPC next meets on 4 & 5 July, the minutes of which are expected to be published on 18 July 2001.

CONTACT Grahame Allen, x4324

Next Update 5 July

D 2. Interest Rates - International Comparisons



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.

International Interest Rates

As at 29 June 2001

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	5.33	5 ¹ / ₄
United States	5.40	4 ²⁷ / ₃₂
Switzerland	3.34	3 ⁵ / ₃₂
Japan	1.15	³ / ₃₂
Euro-zone	..	4 ¹ / ₂

Source: *Financial Times*, 2 July 2001

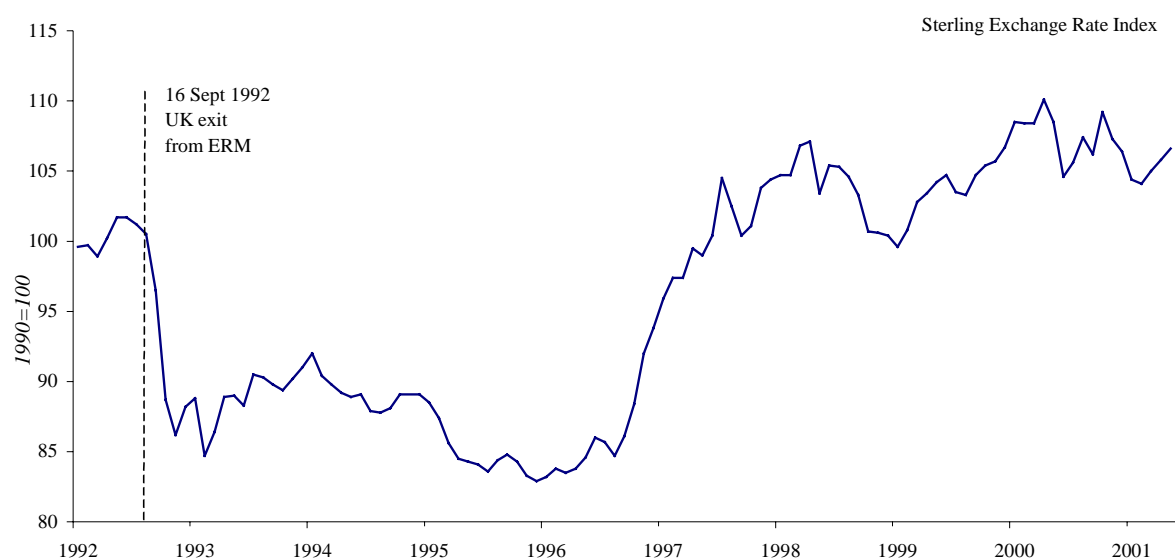
There is, as yet, no equivalent euro-zone government bond rate quoted. In future, a suitable comparator may be the rate on bonds issued by institutions like the European Investment Bank. Further details will be published on this page when they become available.

- The main development on the international stage in 2001 has been the action of the main Central Banks in cutting their interest rates. The US Federal Reserve has cut rates by $\frac{1}{2}\%$ four times and the latest cut of $\frac{1}{4}\%$ was announced on 26 June. The MPC has responded by reducing the UK Repo rate three times during 2001; by $\frac{1}{4}\%$ on 8 February, 5 April and 10 May.
- The ECB has not followed the Fed's lead, as was expected, and has only reduced interest rates once on 11 May by $\frac{1}{4}\%$. Another cut by the ECB seems unlikely in the short-term due to a slow down in growth in the euro-zone and renewed inflationary pressures in Germany and Italy.

CONTACT Grahame Allen, x4324

Next update: late July

D 3. Exchange Rates



Sterling Exchange Rates

	US\$		Yen		ECU/Euro	
	Rate	% change on year	Rate	% change on year	Rate	% change on year
1997	1.638	4.9%	198.1	16.5%	1.450	16.3%
1998	1.657	1.2%	216.8	9.4%	1.477	1.9%
1999	1.618	-2.4%	183.9	-15.1%	1.519	2.9%
2000	1.515	-6.4%	163.3	-11.2%	1.642	8.1%
2000 October	1.451	-12.4%	157.4	-10.4%	1.699	9.7%
November	1.426	-12.1%	155.4	-8.5%	1.666	6.1%
December	1.463	-9.3%	163.9	-1.1%	1.630	2.2%
2001 January	1.477	-10.0%	172.5	-0.2%	1.575	-2.9%
February	1.453	-9.2%	168.9	-3.6%	1.578	-3.0%
March	1.445	-8.5%	175.4	4.4%	1.590	-2.9%
April	1.435	-9.4%	177.5	6.1%	1.608	-3.9%
May	1.426	-5.4%	173.7	6.4%	1.630	-2.1%

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

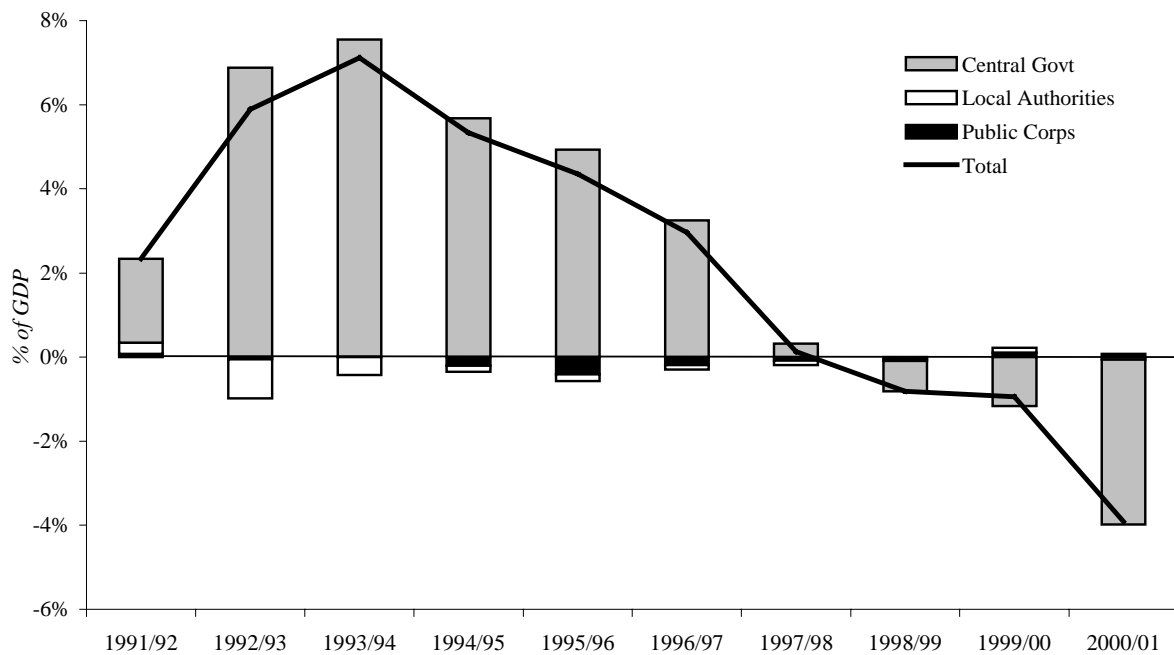
The Sterling Exchange Rate Index (SERI) measures the value of Sterling against a trade-weighted 'basket' of other currencies. The weights used to calculate the index measure a currencies relative importance to UK trade in manufacturing.

- The large fall in the SERI following the UK exit from the ERM indicates a relative improvement in UK competitiveness. The SERI has increased in each month of 2001 suggesting that the UK is relatively less competitive now than at the beginning of the year.
- The pound was worth euro 1.6569 at the London market close on 28 June 2001, compared to a launch rate of euro 1.4168 on 31 December 1998.
- Series for the ECU and the participating currencies of the EMU are no longer officially published.

CONTACT Grahame Allen, x4324

Next Update early July

D 4. 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	-8.6	-0.9%	-8.2	-0.9%
2000/01	-37.0	-3.9%	-36.9	-3.9%
2000 Q1	-12.7	-5.6%	-12.6	-5.6%
Q2	-11.8	-5.2%	-11.5	-5.0%
Q3	-16.5	-7.0%	-16.3	-6.9%
Q4	4.1	1.7%	4.1	1.7%
2001 Q1	-12.7	-5.3%	-12.7	-5.3%

Source: NS Database Series RURQ, RURS, YBHA, BKTL

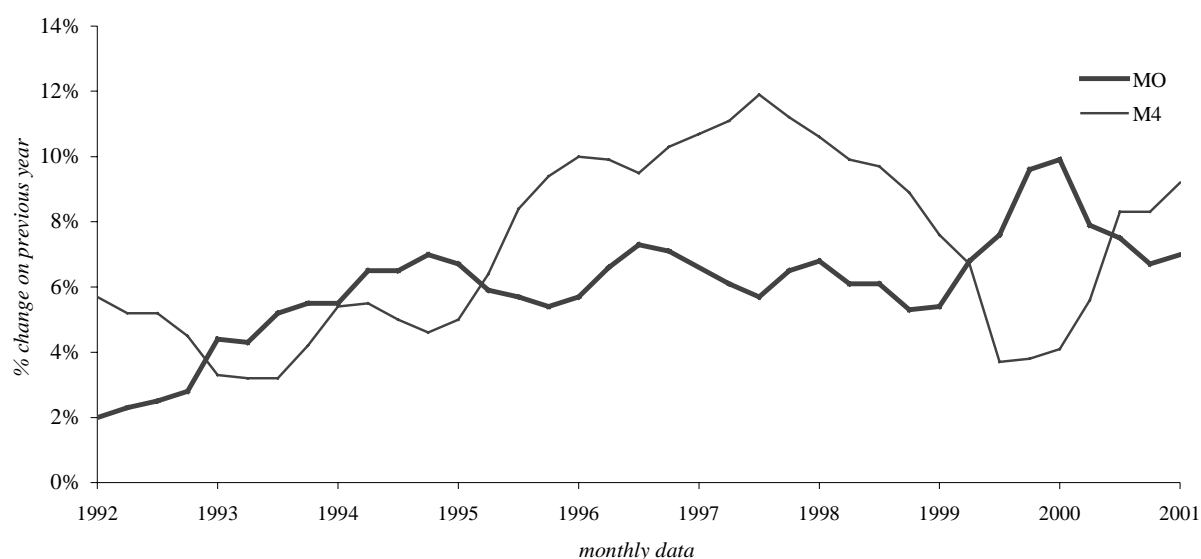
The public sector net cash requirement was previously known as the public sector borrowing requirement (PSBR).

- The PSNCR (including privatisation receipts) for the 2000/01 financial year was -£37 billion (i.e. a surplus) compared with -£8.6 billion in the 1999/00 financial year. Excluding privatisation receipts, the PSNCR for 2000/01 was -£36.9 billion compared with -£8.0 billion in 1999/00.
- The PSNCR for the 2001/02 financial year is forecast at -£1.9 billion (-0.2% of GDP) excluding windfall tax receipts and associated spending.

CONTACT Tim Edmonds, x2883

Next update: 21 July

D 5. Money Supply



Money stock

seasonally adjusted

		M0		M4	
		3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
2000	May	8.2	8.2	12.8	5.4
	June	7.6	7.6	10.0	7.0
	July	5.9	7.1	7.2	7.2
	August	5.5	6.9	12.8	8.9
	September	11.0	8.7	10.1	9.3
	October	10.0	8.0	11.5	8.9
	November	9.2	7.0	4.3	8.6
	December	6.5	4.6	5.4	8.4
2001	January	11.3	4.5	8.0	9.7
	February	10.0	8.2	7.8	9.3
	March	8.0	8.3	7.8	8.3
	April	4.0	7.8	4.5	7.8
	May	3.9	7.1	5.1	7.4

Source: Bank of England, Bankstats March 2001.

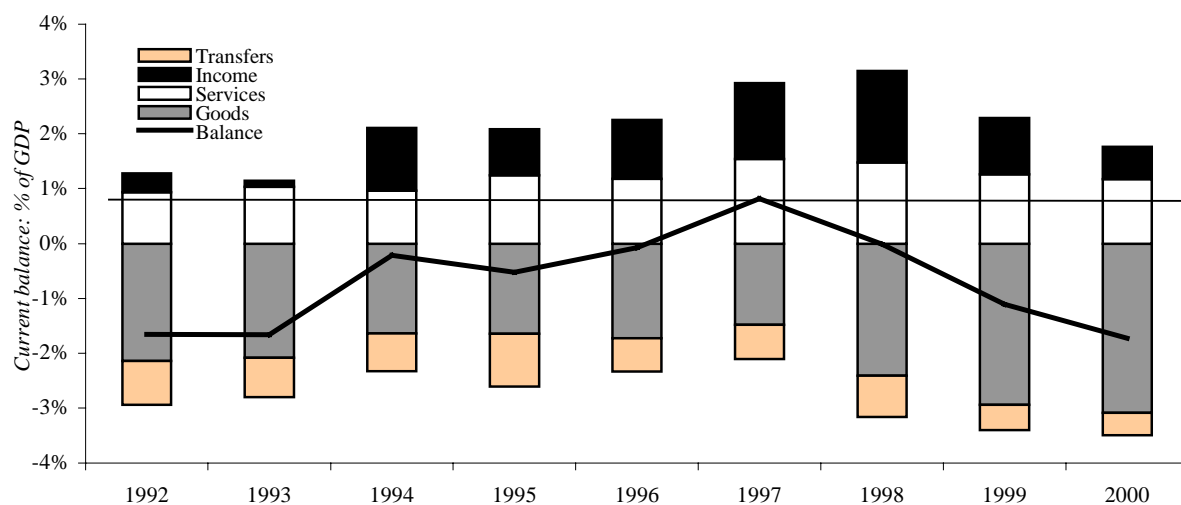
M0 comprises notes and coins in circulation outside the Bank of England *plus* bankers' operational deposits with the Bank and is the UK's main narrow monetary aggregate. M4 is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

- The average amount of outstanding notes and coin in Autumn 2000 was boosted by the effects of the fuel crisis. This is reflected in the increased growth rate for M0, particularly on the 3-month measure.
- There are now no formal targets for money supply growth.

CONTACT Grahame Allen, x4324

Next update: 4 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	-26,167	11,266	-14,901	9,169	2,533	-6,683	-4,150	-9,882
2000	-28,809	10,951	-17,858	5,515	4,318	-8,146	-3,828	-16,171
2000 Q1	-6,609	2,652	-3,957	1,110	1,119	-1,738	-619	-3,466
2000 Q2	-7,169	2,729	-4,440	-100	1,033	-1,456	-423	-4,963
2000 Q3	-7,395	2,603	-4,792	2,078	1,152	-2,484	-1,332	-4,046
2000 Q4	-7,636	2,967	-4,669	2,427	1,014	-2,468	-1,454	-3,696
2001 Q1	-7,443	2,476	-4,967	5,521	1,308	-2,042	-734	-180

Source: National Statistics First Release Balance of Payments 26 June 2001

- The annual current account for 2000 was in deficit by £16.2 billion, some 64% higher than in 1999, and the largest annual current account deficit since 1990. This reflects an increase in the deficit on trade in goods and a decrease in the investment income surplus. The deficit for the first quarter of 2001 of £0.2 billion was lower than the £ 3.7 billion deficit for the last quarter of 2000, because of higher surpluses on investment income and a lower deficit on current transfers.
- The deficit in goods and services for 2000 as a whole was some £17.9 billion, compared to £14.9 billion in 1999. The deficit on trade in goods was a record £28.8 billion for the year 2000. The surplus on income, at £5.5 billion for the year 2000, was the lowest since 1993. Income includes income from overseas investment and wages, etc earned by people working abroad.
- The deficit on current transfers decreased by £0.3 billion between 1999 and 2000 and decreased by over £0.7 billion in the first quarter of 2001 to £0.7 billion compared to the last quarter of 2000. The fall in the first quarter of 2001 reflected lower payments to, and higher receipts from, EU institutions however the path of contributions remains erratic.

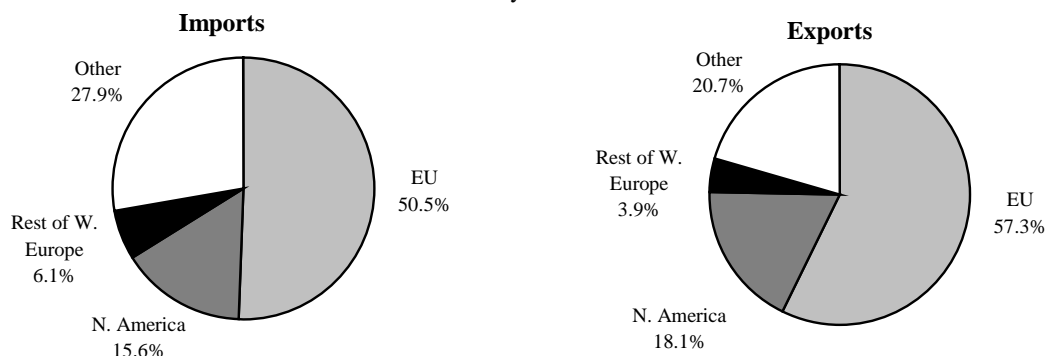
CONTACT Patsy Richards x4904

Next update: July

E 2. Trade in Goods

Shares of trade in goods by area: 2000

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	117.9	129.1	164,092	184,629	-20,537
1999	122.0	138.7	166,198	192,365	-26,167
2000	134.7	153.3	187,131	215,940	-28,809
2000 Q1	130.3	146.5	44,578	51,187	-6,609
Q2	134.4	153.4	46,506	53,675	-7,169
Q3	135.6	155.4	47,311	54,706	-7,395
Q4	138.5	157.9	48,736	56,372	-7,636
2001 Q1	141.7	161.6	49,921	57,364	-7,443

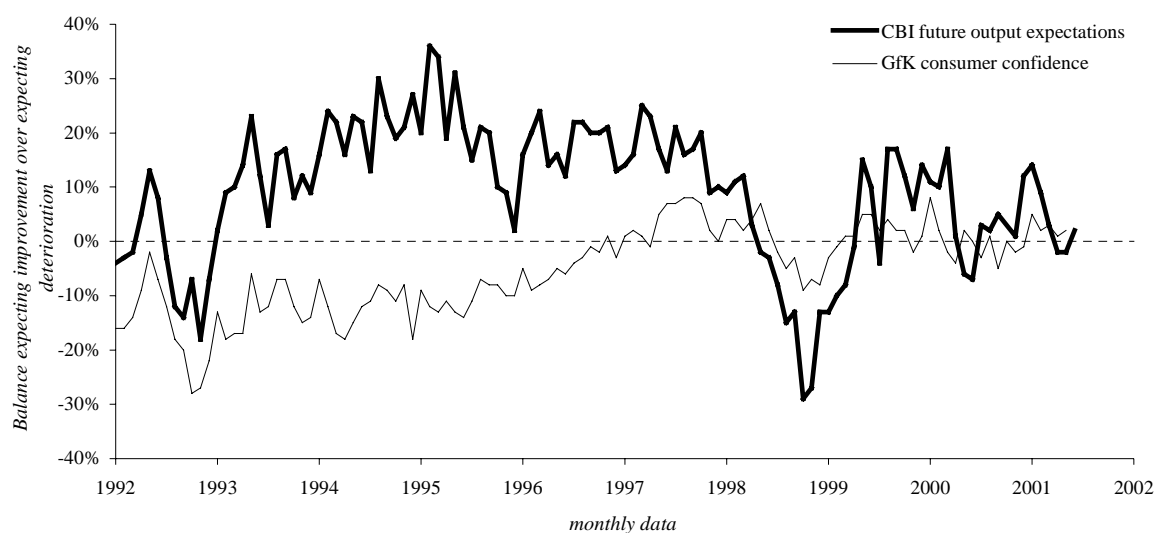
Source: National Statistics First Release: UK Trade 20 June 2001

- The UK deficit on trade in goods stood at an estimated £2.9 billion in April 2001, compared to a £2.8 billion deficit in March. Total exports of goods fell one and a half percent in April to £15.9 billion.
- The UK deficit on trade in goods with EU countries accounted for £0.2 billion of the goods deficit in April while the deficit with non-EU countries was £2.7 billion. In the three months ended April exports to EU countries rose by half a per cent while exports to non-EU countries fell by 3%.
- The rate of growth in the volume of both imports and exports has slowed. In the three months ending April exports changed little but imports rose half a per cent compared to the previous three months.
- Exports to Japan rose by 10% and exports to Germany and Italy also increased in the three months ended April. Exports to Canada fell by 17% and exports to the USA (-4%) and France (-3%) also fell.

CONTACT Patsy Richards, x4904

Next update: 19 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	-7	0	
	Jul	3	-3	
	Aug	2	1	
	Sep	5	-5	
	Oct	3	0	
	Nov	1	-2	
	Dec	12	-1	
	Jan	14	5	
	Feb	9	2	
	2001	Mar	3	3
		Apr	-2	1
		May	-2	2
Jun		2	..	

Source: NS database (series ETBA, ETCU)

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.

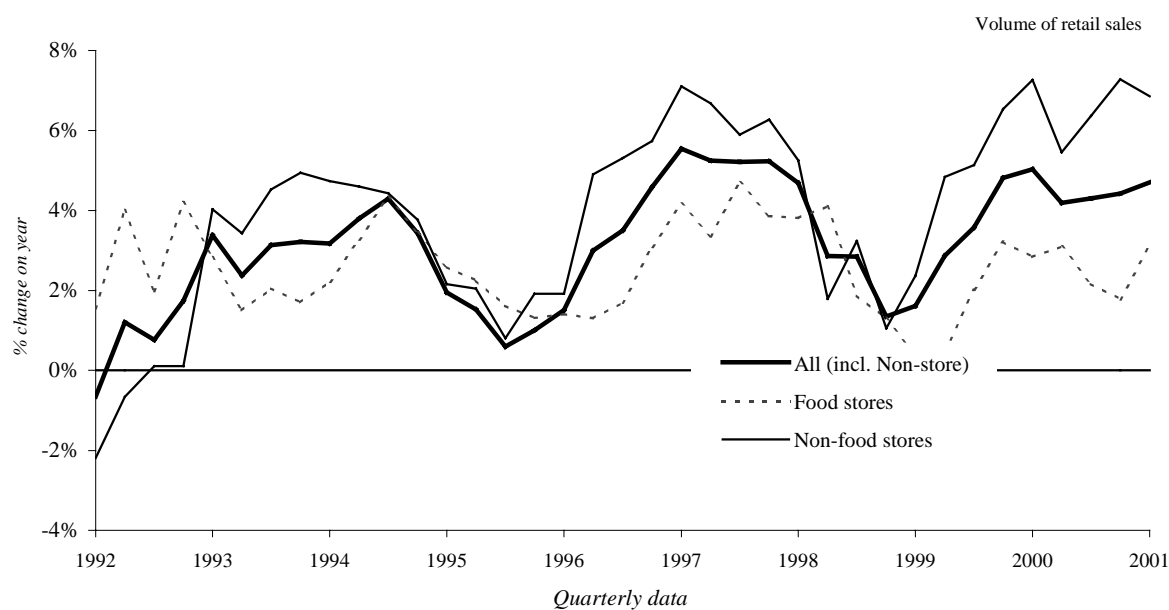
The GfK consumer confidence indicator is a composite measure of forward expectations of the general economic situation and households' financial positions; perceptions of how these have changed over the last 12 months, and also views on major household purchases.

- The balance of expectations from the CBI's monthly Industrial Trends Survey for future output levels in manufacturing declined in early 2001, from a balance of +14% in January to -2% in April and May. In June 2001 output was expected to be more or less stable, with a balance of +2%.
- The CBI's indicator of overall business confidence in manufacturing (for which figures are only available on a quarterly basis) fell to -29% in April 2001, the fastest decline since January 1999.
- The GfK consumer confidence indicator also suggests that the overall situation facing private households is likely to remain broadly unchanged, with a balance of +2% in May 2001.

CONTACT Jane Hough, x3977

Next update: late July

F 2. Retail Sales



Value of Retail Sales

not seasonally adjusted; % change on year

	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
1997	3.8%	7.6%	10.1%	6.7%	6.7%
1998	3.7%	2.7%	5.8%	3.6%	3.6%
1999	2.7%	3.4%	4.7%	2.6%	3.4%
2000	3.5%	2.5%	7.5%	2.5%	4.2%
2000 Q1	0.9%	4.0%	7.9%	2.8%	2.7%
Q2	3.5%	3.5%	8.3%	0.0%	3.5%
Q3	3.6%	1.7%	4.7%	1.7%	3.4%
Q4	4.0%	3.3%	7.6%	3.5%	4.3%
2001 Q1	5.4%	3.9%	2.9%	6.4%	5.3%

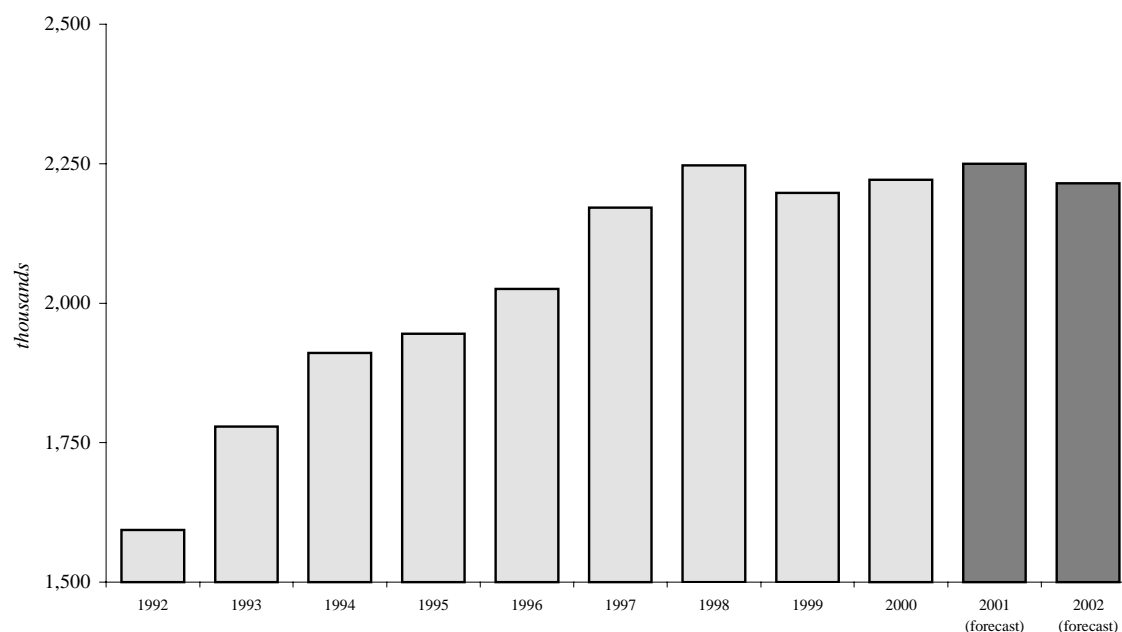
Source: NS database Series EAWN, EAWO, EAWP, EAWQ, EAWM

- In the first quarter of 2001, the *volume* of retail sales grew by 1.6% compared with the last quarter of 2000, reaching a level 4.7% higher than a year previously.
- Seasonally adjusted retail sales volume in May was 6.4% higher than a year previously. This is the highest rate of growth since July 1997.
- Growth in retail sales volumes were stronger in predominantly non-food stores (8.2% in March to May, compared to a year earlier) than in food stores, where sales volumes increased by only 3.5%. Sales growth was particularly strong in clothing and footwear stores.
- In May 2001, the average weekly value of retail sales was £4,120 million, 7.8% higher than in May 2000.

CONTACT Dominic Webb, x2464

Next update: 20 July

F 3. New Registrations of Cars



New Registrations of Cars

not seasonally adjusted

	Number (000s)	Change over 12 months
1997	2,171	7.2%
1998	2,247	3.5%
1999	2,198	-2.2%
2000	2,222	1.1%
2001 (forecast)	2,250	1.3%
2002 (forecast)	2,215	-1.6%
2000		
May	194	10.4%
June	193	-1.6%
July	155	-7.3%
August	73	-2.3%
September	353	-8.7%
October	154	2.6%
November	163	13.4%
December	108	27.5%
2001		
January	188	1.5%
February	79	7.3%
March	408	1.5%
April	180	7.0%
May	199	2.3%

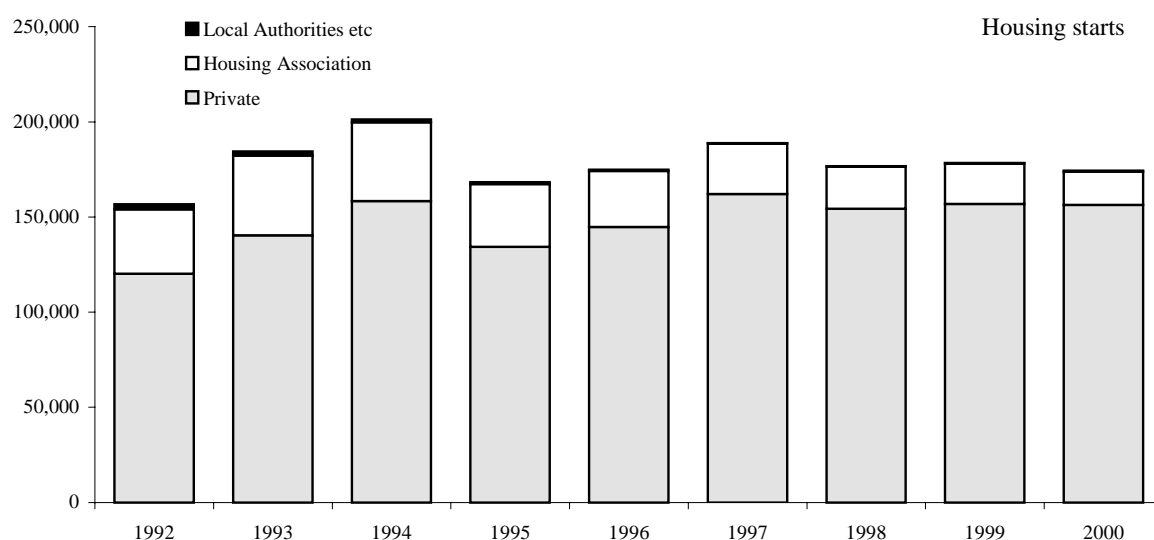
Source: SMMT "Monthly Statistical Review", May 2001

- Figures from the Society of Motor Manufacturers and Traders show that new car registrations in May 2001 rose 2.3% over the previous year's figure.
- The number of new registrations of cars was 2.2 million units in 2000, a rise of 1.1% on the previous year and the third highest total ever.
- Registrations of British-built cars declined 13.9% in May from the previous year's figure to 47,000 units, or 23.7% of the market. In the year to date registrations of British built cars declined 13.9% from the previous year's figure to 263,000 units, or 25.0% of the market.
- Last year the overall total number of registrations of British-built cars was 629,000 or 28.3% of the market.

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Next update: Late July

F 4. Housing



House prices

Standardised average price (£)

	All Houses	New Houses	Existing Houses	First time buyers
2000 Q1	83,600	86,800	83,600	60,900
Q2	85,200	88,800	85,300	61,500
Q3	85,800	94,700	85,700	61,200
Q4	86,000	91,600	86,000	61,100
2001 Q1	86,200	91,600	86,600	61,800
<i>% change over same period last year</i>				
2000 Q1	14.7%	13.9%	15.3%	14.3%
Q2	11.4%	14.6%	11.4%	12.0%
Q3	8.2%	16.1%	7.9%	6.6%
Q4	5.7%	6.1%	5.7%	5.9%
2001 Q1	3.1%	5.5%	3.6%	1.5%

Source: Halifax House Price Index: First Quarter 2001

- According to a DETR press release, it is provisionally estimated that in April 2001 14,000 dwellings were started in Great Britain, compared with 13,600 in April 2000, and there were 13,000 completions: the same number as in the previous year. In the latest three months 41,000 dwellings were started, a decrease of 5% on the same three months a year ago. There were 39,000 completions over this period, a decrease of 5% on the previous period.
- According to the Halifax Monthly Index, house prices in the United Kingdom rose by 1.5% in March (seasonally adjusted). On an annual basis, house price inflation rose to 7.3% from 5.7% in April.
- According to the Halifax Quarterly Index, UK house prices rose by 0.8% in the first quarter of 2001, compared with a 0.9% fall in the fourth quarter of 2000. Regionally, annual house price inflation was highest in Northern Ireland (23.0%) and lowest in Scotland (-3.7%).

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Next update: 4 July