RESEARCH PAPER 02/09
1 FEBRUARY 2002

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: The introduction of the Euro

Grahame Allen

ECONOMIC POLICY AND STATISTICS SECTION

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II The introduction of the Euro

Introduction

For decades European politicians and civil servants have harboured dreams of closer monetary integration between their respective national economies. Many accounts of the attempts by Member States to move closer together and towards some kind of monetary union start in October 1970 with the publication of the Werner Report. The Report proposed full monetary union to be achieved by a target date of 1980. Twenty years later the, arguably, final chapter in this story can be written as over 300 million Europeans exchanged national currencies for the euro on 1st January 2002. This brief article describes preparations for changeover and the outcome.

Preparations for EMU

It should be born in mind that 1st January was the second of the two 'opening nights' for the euro. In terms of economic significance current events are less important than the creation of the euro zone on 1st January 1999. On this date the exchange rates of the original eleven members were irrevocably fixed at the exchange rates defined by the monetary authorities. On this date economic management passed from the national to the supra national level with the birth of the European Central Bank (ECB). Finally on this date a 'virtual' euro was created and traded on the world's money markets.

The start of stage 3, the creation of the euro zone, entailed a massive effort on the part of, particularly, the financial services industry in Europe and elsewhere. On the changeover date over a billion bonds, securities and other financial contracts had to be redenominated into euros. This massive exercise was completed in the City of London seven hours ahead of the expected schedule. One City commentator was quoted as saying that "we had a few glitches where we took a few minutes to think about what to do, but I can't think of anything I would describe as a problem".[1]

In terms of economic management and the functioning of the wholesale capital markets therefore, January 1999 was a far bigger test than January 2002. It is also worth pointing out that whereas the exact participants of stage 3 of Economic & Monetary Union were not known until March 1998, all countries, with the exception of Greece, have had well over three years to plan for the recent changeover.

Preparations for the euro

The main tasks of the authorities ahead of the 1st January 2002 deadline were the physical production and transportation of some 14 billion bank notes and more than 50 billion new coins, and the educational and promotional programme to make individuals and businesses aware of the impending changes.

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1 'Smooth Conversion', *Financial Times*, 7 January 1999

The banknotes were first produced in July 1999 in 14 production centres across the Community. The ECB had the job of ensuring quality control standards were met as all notes had to be identical regardless of where they were produced. Coins, by contrast, are produced in mints in each participating state and have a national symbol on one side.

With production under way the next task was to decide upon a strategy for the distribution of money ahead of the changeover. It was decided in the summer that financial institutions, retail outlets and individuals would receive euros before the changeover date. This was called 'frontloading'. In effect the decision was made that retail outlets would be equally important as disseminators of the new currency as the banks. In theory, armed with front loaded stocks of euros, shops would take national currency and give change in euros from the first minutes of the New Year. For their part banks' cash dispensers (ATMs) would distribute euros only from midnight.

In the months leading up to January shops and banks took delivery of euro notes and coins. Individuals, due to the perceived increased risk of forgeries if notes were pre-issued, could only preload with coins. These were issued in December as 'starter kits' and were snapped up (in the Netherlands they were given away) to a largely enthusiastic public. In Germany 53.5 million kits went on sale and in Finland 500,000 kits were sold out in two days.[2] In one Dublin post office the entire allocation of 700 packs sold out within an hour.[3]

In a speech on 14th January the ECB President commented:

> By the end of 2001, more than 6.5 billion euro banknotes worth some EUR 134 billion and more than 37.5 billion euro coins with a total value of around EUR 12.4 billion had been frontloaded. This meant that around 70% of the banknotes and 80% of the coins were already distributed to banks before 1 January, which was decisive for a smooth start to the changeover. Broadly speaking, sub-frontloading was also in line with the initial forecasts and represented an overall amount of between 10% and 20% of the frontloaded amount.

And on the subject of coins:

> The citizens of the euro area were very quick to buy one or more coin sets. Overall, the general public acquired more than 150 million coin starter kits comprising over 4.2 billion coins worth EUR 1.6 billion. This means that on average each individual was in possession of 14 coins at the beginning of 2002. In a number of countries (i.e. Germany, Portugal, Finland and Luxembourg), demand was such that banks were authorised to make up their own kits and even to sell some of their bulk stocks. [4]

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2 Financial Times 18 December 2001

3 Financial Times 15/16 December 2001

4 Wim Duisenburg: Keynote address at the New Year's reception of the International Club of Economic Journalists

The Commission also co-ordinated extensive information campaigns about the introduction of the euro. This took many forms and differed between Member states, however, the young, the old and small businesses were the particular targets of most campaigns. Most visible of the campaigning effort was that in the mass media which went under the heading '*the* Euro: Our *money*' and which was launched in September. One should also remember that things such as dual pricing of goods in shops etc was practised for several years before the January changeover.

Given the extensive nature of the Commission's campaign it is surprising that there was such a high-declared level of ignorance on some issues. Public opinion on a range of euro matters can be gauged from a rolling opinion survey commissioned by the Commission.[5] It found that, as at October 2001, 68% of the population were either well informed or very well informed about the euro. 84% knew the date when the new coins would be introduced and 70% could correctly calculate the value of one euro in their national currency within 1% of the actual figure.

When asked "Will [the euro] mean more advantages than disadvantages for you personally?" 51% replied 'yes'. This compares with just 40% replying 'yes' to the same question in March 2000.

Whilst the wholesale money markets had been converted in time for the start of stage 3 of EMU (see above) banks had not generally made changes to the accounts of the retail customers - individuals and companies. This was an outstanding major task to be completed by 1st January. In fact the approach to conversion varied considerably between member states. In Belgium and France converting franc accounts into euros began in July 2001. Most other countries started their programmes in October and November. Austria and Ireland, however, adopted a 'big bang' approach and the change was made to coincide with the cash changeover. According to the Irish authorities this was done for several reasons. First, 'euro awareness' would be much higher at that time. Secondly, the big bang approach was seen as being easier to communicate to customers than a gradual changeover. Thirdly, the size of the banking sector in Ireland is fairly small in comparison to that in other member states. Finally, legal reasons particular to Ireland were relevant.

Changeover

Pessimists forecast long delays at shops as cashiers struggled with unfamiliar change and as cash registers failed to work. Also predicted were failing ATMs, forgeries and price rises imposed by unscrupulous companies on unwary consumers. Although not without the odd glitch, in fact the transition was as smooth as one might expect with no evidence yet of widespread problems. However, this is not quite the same thing as saying that everything has worked according to the letter of the Commission's and the ECB's plans.

According to the plan from midnight shops would accept both national currency and euros but only give euros in change. This certainly did not happen in many outlets. Unsurprising

5 See http://europa.eu.int/comm/dg10/epo/

given the circumstances. As a Belgian bar owner complained to the author this autumn, "what am I to do with the New Year's crowd?" Discretion has clearly got the better of the rules in many cases. Most of the reports of shopkeepers flouting the rules came from journalists despatched on day one making test purchases with crisp new euros. A selection of anecdotal stories like these and other accounts of aspects of the first few days in the life of the euro are shown below:

1. Journalist's diary in Paris

09:22 Go to Bar Mozart for a coffee. The place is full of men smoking. I cannot believe many of them are paying in euros.
09:30. I'm right. I ask how much I owe and am told Ffr 6.50. How much in euros? Barman consults a piece of paper and tells me €1.05 I give him €2.05. He says he doesn't have any euro cents. I tell him he doesn't need any for this transaction a one euro coin will do. He unwraps paper from his new rolls of coins and hands me one. "It's having two currencies circulating that's irritating".
09:33 Walk down street struggling to work out that Bar Mozart has increased the price of a coffee by 6% or six euro cents, since Ffr 6.50 is €0.99. Obviously a one-cent tip was seen as insufficient. The price of €1.05 would leave lots of small change for a tip.[6]

2. Acceptability

Due to their respective time zones Finland and Greece were the first two countries to introduce the euro. Journalists (testing the ease with which currency could be used in different countries) swapped Finnish currency for euros at 6.00 am on 1st January. They paid for the hotel and taxi in euros and flew to Greece via Amsterdam airport. Journalists succeeded in paying for items in a number of shops in Athens using notes and Finnish coins (all euro coins have a national symbol on one side). According to the writer: "Getting euro notes and coins accepted in the 12 eurozone countries, however hesitant its 300 million inhabitants are about the new currency, should not be so difficult".[7]

3. Demand for Euros

Generally speaking demand for euros was much higher than had been expected. Four times the normal level in France, three times in the Netherlands and Portugal. A Frankfurt bank had to close its doors due to the crush of customers: "People are coming in, emptying their wallets and saying 'I want euros'". The main problem one Dutch bank faced was the sheer volume of guilder coins that had to be transported for recycling. Despite high demand, ATMs did not run out of cash over the holiday period.[8] However, in the Netherlands the notes available from the ATMs were of too high a denomination. This caused problems when individuals used €100 notes (£61) to buy low value items such as cigarettes. One Belgian retail business representative complained that "customers are using us as a bureau de change. We have enough euros for this

6 Financial Times 2 January 2002
7 Ibid
8 Financial Times 3 January 2002, p 3

week but if this goes on we could have a cash crash next week".[9] It was noted above that the intention all along was for shops to be prime distributors of the new currency: clearly in this respect things went according to plan.

For many observers the interest was not in how things worked in the first few hours of the New Year but how things went over the first weekend when the pressure on retail outlets etc would be at their peak.

The event was reported in the Financial Times as *"Currency passes the Saturday shopping test"*.[10] Queues were longer than normal however, a poll in a French newspaper conducted on 4th and 5th January found that 73% of the French regarded the currency switch as simple. One of the surprising features of transactions over this period has been the increased use of cash to settle transactions. In supermarkets in France the value of electronic settlements has fallen by over 10%. Of the cash settlements, in France at the Carrefour hypermarket chain, 27% were in euros on 2nd January rising to 60% four days later.[11]

4. Problems

The country that appears to have experienced the bumpiest transition was Italy. There, long and sometimes fractious queues appeared at a variety of cash handling points, shops, banks, tolls etc. Several reasons were given for this:

- 2nd January was pension day for 7 million pensioners who added to queues in banks and post offices. In Naples four-hour queues were recorded.
- Italy was one country where starter kits had not sold in great numbers; retailers had taken up only 40% of available kits.
- The new software for use by the national rail system for booking fares failed to work.
- Shops had not enough euro denominated cash registers.[12]

Accusations about retailers using the changeover as a cover for raising prices have surfaced in several countries although not all in the way predicted beforehand. A Belgian consumer association calculated a 7% rise in prices during the six month period up to January. A German poll revealed a similar pattern. A Dutch group found a 10% increase in prices in the bar/restaurant sector since January.[13]

The feared wave of exploitation of the circumstances by organised crime did not (apparently) happen. Forgeries have been detected, but these seem to be one-off amateurish attempts by

9 Ibid
10 Financial Times 7 January 2002, p 7
11 Ibid
12 Ibid
13 Financial Times 8 January 2002, p 8

optimistic criminals. Europol announced that although thefts had taken place they were small. Only 0.0008% of euro notes had gone missing.[14]

The cost? The introduction of the euro cost Europe's banks an estimated €20 billion (£12 billion) according to a survey by the European Banking Federation.[15]

5. The Changeover.

Euros have replaced legacy currencies faster than anticipated. Public enthusiasm was higher than expected and people are using cash instead of credit cards to a greater degree than before. The Commission's latest assessment of the changeover is shown below.

> Brussels, 15 January 2002
> National currencies have practically disappeared from circulation
>
> ***On average, more than nine out of ten cash payments are made in euros. Close on three quarters of vending machines have been converted to the euro. Less than two weeks after the launch of the euro, very little national currency remains in circulation.***
>
> On Saturday the proportion of cash payments in euros averaged almost 92% (in volume terms). It is over 90% in virtually all the participating countries. The changeover to the euro is practically complete (with 95% or more of payments being made in euros) in five countries (Germany, the Netherlands, Ireland, Finland and Luxembourg). In all the participating countries very little national currency remains in circulation. The challenge of introducing the euro rapidly has been met thanks to the enthusiastic welcome given by the European public to their new currency, the very rapid conversion of cash machines and the fact that shopkeepers have abided by their undertaking to give change in euros.
>
> Just under three quarters of vending machines have been adapted to the euro. The figure is above the average in six countries (the Netherlands, Ireland, Italy, Greece, Austria and Luxembourg).
> A number of attempts to pass off poor-quality reproductions of euro notes (photocopies, prints of scanned notes, cut-out notes, etc.) are reported daily in virtually all the participating countries. No "serious" forgery of euro notes or coins has come to light.
>
> Queues are not out of the ordinary in shops despite the start of the sales in a number of participating countries. Cash transport companies are now concentrating on collecting the old national currencies. Activity at bank counters has returned to normal in most participating countries.
>
> The euro has eased itself smoothly into economic life.[16]

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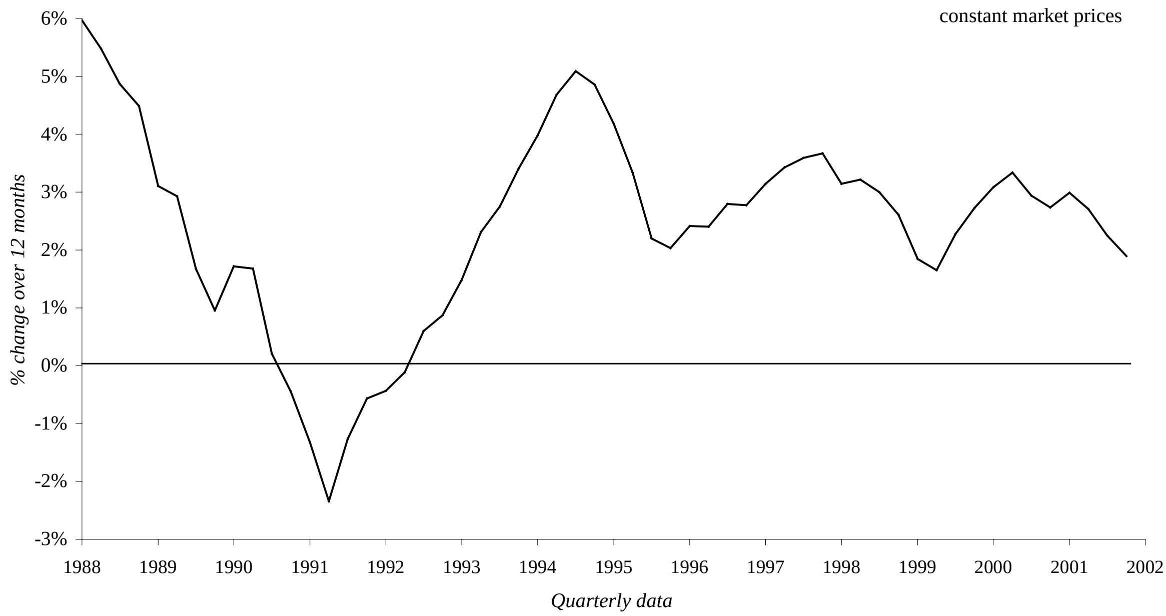
[14] Financial Times 5 January p 5
[15] Financial Times 4 January p 3
[16] Commission press release at: http://europa.eu.int/rapid/start/cgi/guesten.ksh?reslist

6. The Notes and Coins

The euro is composed of 100 cents. The notes have been issued in denominations of 500, 200, 100, 50, 20, 10 and 5. The coins have been issued in denominations of 2 and 1 euro and 50, 20, 10, 5, 2 and 1 cent. Thus the currency spans the range of £308 down to less than one pence. The only criticism of the currency has been with regards to the number of low denomination coins. The phenomenon of prices ending in '99' is common throughout the region. Euro conversions have resulted in new prices ending in 2s and 3s which has resulted in rather more loose change being needed for transactions than before.

A 1. Gross Domestic Product



Gross Domestic Product
seasonally adjusted

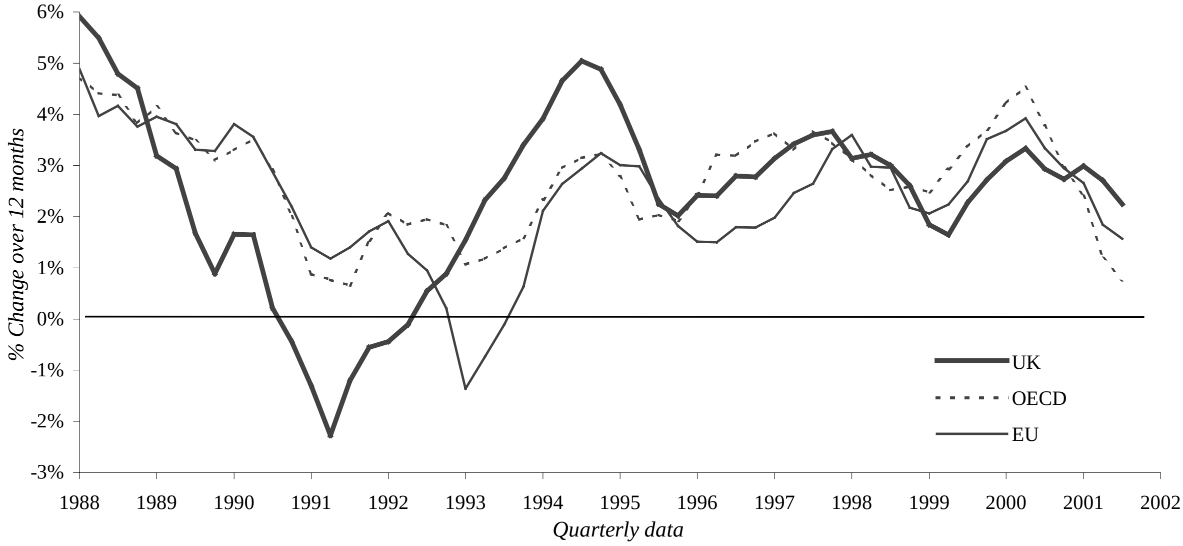
	GDP at current market prices		GDP at 1995 market prices
	£ billion	*12 month change*	*12 month change*
1998	859.8	6.0%	3.0%
1999	901.3	4.8%	2.1%
2000	944.7	4.8%	3.0%
2001(provisional)	967.7	2.4%	2.4%
2000 Q4	240.2	4.2%	2.7%
2001 Q1	243.2	5.1%	3.0%
Q2	246.9	5.0%	2.7%
Q3	249.1	4.7%	2.2%
(provisional) Q4	249.7	3.9%	1.9%

Source: NS database series YBHA & AMBI

- Gross domestic product (GDP) at 1995 market prices is estimated to have risen by 0.5% between the second and third quarters of 2001. Preliminary estimates for Q4 are that GDP grew by 0.2%. For the year as a whole the economy is estimated to have grown by 2.4% in 2001.
- Output of manufacturing fell in the latest quarter by 1.6%: the third successive quarterly decline. The latest decline was attributable in part to poor figures from the communications sector. Services are estimated to have grown by 0.6%, down from the previous quarter. Growth fell particularly in the transport sector possibly reflecting events in America. Overall output of the production industries fell by 0.8% in the last quarter.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 2.3% in 2001 and 1.9% in 2002.

CONTACT Tim Edmonds, x2883 *Next update: 26 April*

A 2. GDP - International Comparisons



GDP at constant market prices
% change on year

	1997	1998	1999	2000	2000 Q3	2000 Q4	2000 Q1	2001 Q2	2001 Q3
USA	4.4%	4.3%	4.1%	4.2%	0.4%	0.4%	0.3%	0.1%	-0.2%
Japan	1.7%	-1.0%	0.8%	1.5%	-0.7%	0.7%	0.1%	-0.7%	0.0%
Canada	4.2%	4.0%	5.1%	4.4%	1.2%	0.3%	0.5%	0.2%	-0.2%
United Kingdom	3.5%	2.9%	2.2%	2.9%	0.7%	0.4%	0.7%	0.4%	0.6%
Germany	1.4%	2.0%	1.8%	3.0%	0.1%	0.2%	0.4%	0.0%	-0.2%
France	2.0%	3.5%	3.0%	3.3%	0.7%	0.8%	0.4%	0.3%	0.4%
Italy	2.0%	1.8%	1.6%	2.9%	0.4%	0.8%	0.9%	0.0%	0.2%
Euro zone	2.6%	2.9%	2.7%	3.4%	0.5%	0.6%	0.5%	0.2%	na
G7	3.2%	2.8%	2.9%	3.3%	0.2%	0.5%	0.4%	-0.1%	na
OECD	3.5%	2.7%	3.1%	3.8%	0.4%	0.4%	0.3%	0.0%	na

Source: OECD, Main Economic Indicators, January 2002

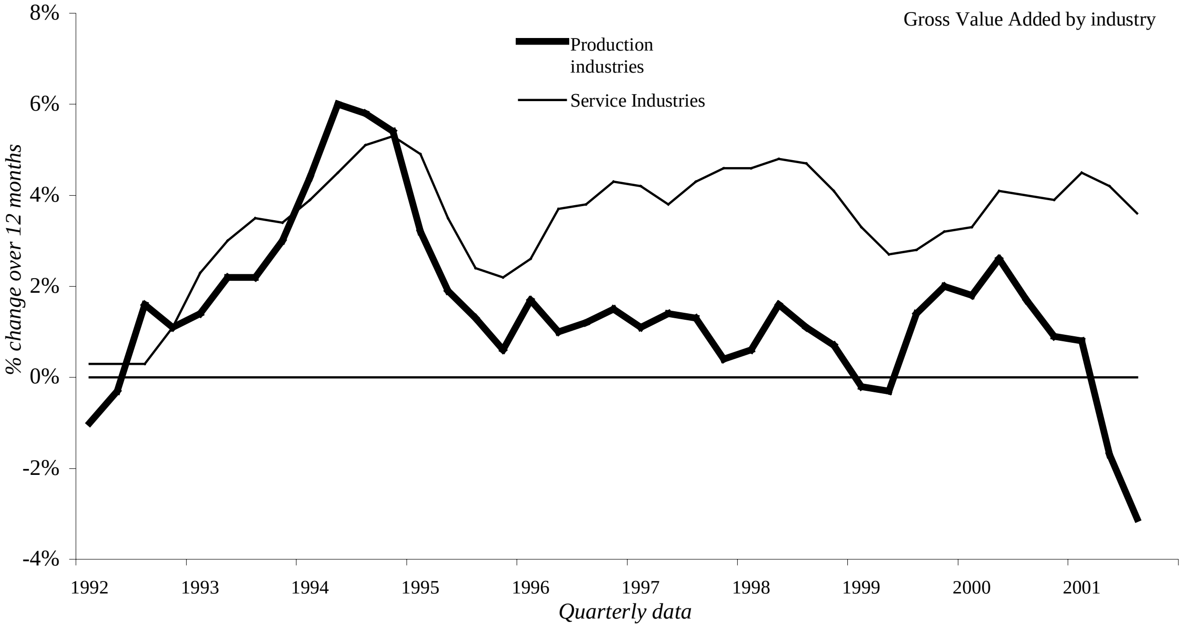
- The latest data give clear confirmation of the economic slowdown in the world economy. Four of the seven major economies in the world are now experiencing negative growth. Interest rates worldwide have fallen sharply in response to the terrorist attack in America and the slowdown. This represents the current best hope for restoring economic confidence.

- 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. The latest prediction from the Bank of Japan is that GDP growth for the year would be negative and price deflation would persist for a further four years.

- In November 2001 the OECD expect growth in 2002 to be 0.7% in the USA, -0.7% in Japan and 1.5% in the EU15. Its forecast for the UK was 1.7%.

CONTACT Tim Edmonds, x2883 *Next update: Mid-February*

A 3. Gross Domestic Product by Industry



Gross value added at 1995 basic prices

% changes on year; seasonally adjusted

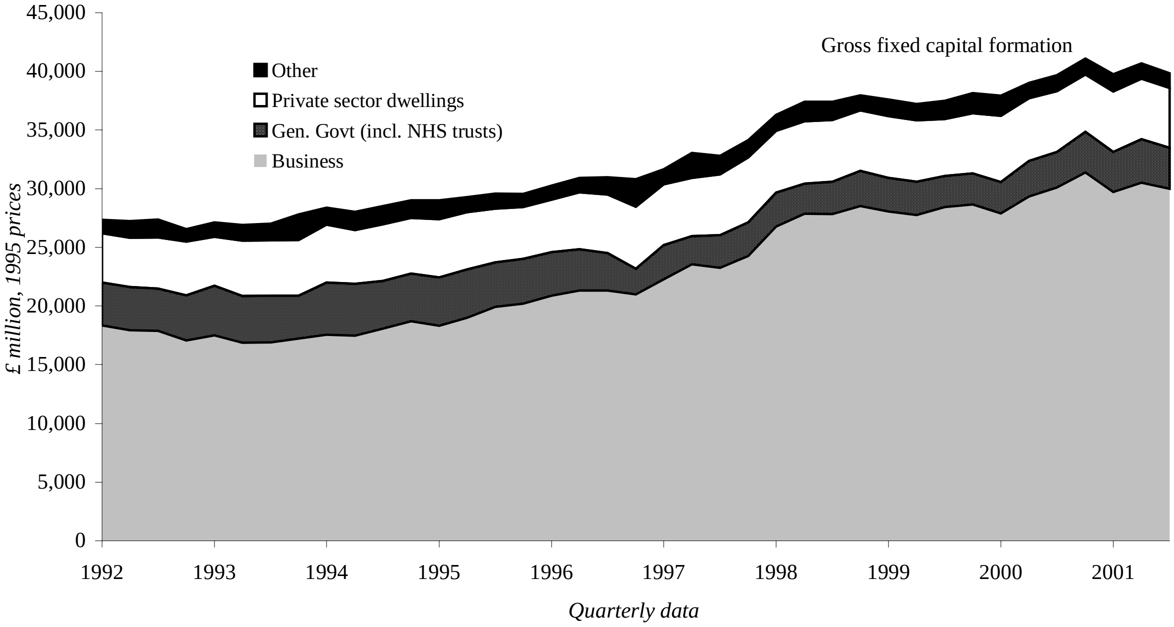
	Production industries			Agriculture,	
	Total	Manufac-turing	Services	hunting & fishing	Construction
1997	1.0%	1.4%	4.3%	-0.9%	2.9%
1998	1.0%	0.8%	4.5%	1.7%	1.2%
1999	0.8%	0.3%	3.0%	2.3%	0.8%
2000	1.8%	1.9%	3.8%	-2.5%	1.8%
2000 Q3	1.7%	1.7%	4.0%	-1.2%	-0.7%
Q4	0.9%	1.9%	3.9%	-4.8%	0.0%
2001 Q1	0.8%	1.5%	4.5%	-4.7%	-0.8%
Q2	-1.7%	-1.4%	4.2%	-6.2%	3.0%
Q3	-3.1%	-3.3%	3.6%	-5.1%	5.9%

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 3.6%. Between the second and third quarters of 2001, output in the service sector rose by 0.6%.
- Manufacturing output fell by 1.2% between the second and third quarters of 2001. In the three years 1998 to 2000 manufacturing output rose by 3%, equivalent to an average annual growth rate of 1%.
- In 2000 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: 26 April*

A 4. Investment



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

	Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
1997	12,794	53,737	38,362	22,671	4,103	131,667
1998	16,033	66,611	39,546	22,746	4,156	149,092
1999	14,413	68,223	41,757	22,069	4,004	150,466
2000	15,704	72,792	42,399	22,756	4,115	157,766
2000 Q3	3,856	18,534	10,645	5,612	1,036	39,683
2000 Q4	4,146	19,422	11,025	5,475	1,043	41,111
2001 Q1	3,505	18,639	10,926	5,632	1,039	39,741
2001 Q2	4,407	18,112	11,551	5,622	1,009	40,701
2001 Q3	3,992	17,868	11,467	5,531	1,001	39,859

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

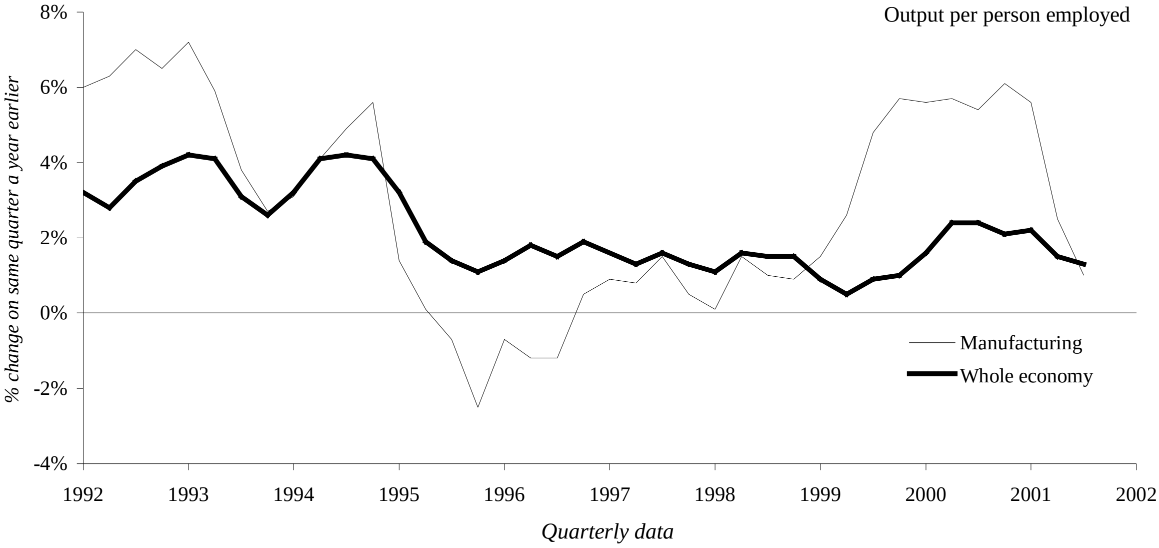
Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and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

- Total business investment in the third quarter of 2001 fell by 10.3% in real terms compared with the previous quarter and is now at the same level as the same quarter in 2000. Both manufacturing and service sector investment fell over the quarter. 10% for manufacturing and 0.5% in services.

- Total GFCF in the third quarter of 2001 fell by 2.1% in real terms compared with the previous quarter and was unchanged compared with the same quarter in 2000. Declines in real investment were recorded in most categories of investment, particularly in public investment.

CONTACT Tim Edmonds, x2883 *Next update: 26 February*

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		1.4	0.5	0.9	3.2	1.8	1.5
1998		0.8	-0.2	0.8	3.2	1.8	1.5
1999		0.3	-3.1	3.7	2.1	1.1	0.9
2000		1.9	-3.6	5.7	3.1	0.9	2.1
2000	Q3	1.7	-3.6	5.4	3.1	0.7	2.4
	Q4	1.9	-3.9	6.1	2.8	0.7	2.1
2001	Q1	1.5	-3.9	5.6	3.2	1.0	2.2
	Q2	-1.4	-3.8	2.5	2.5	0.9	1.5
	Q3	-3.3	-4.3	1.0	1.9	0.6	1.3

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

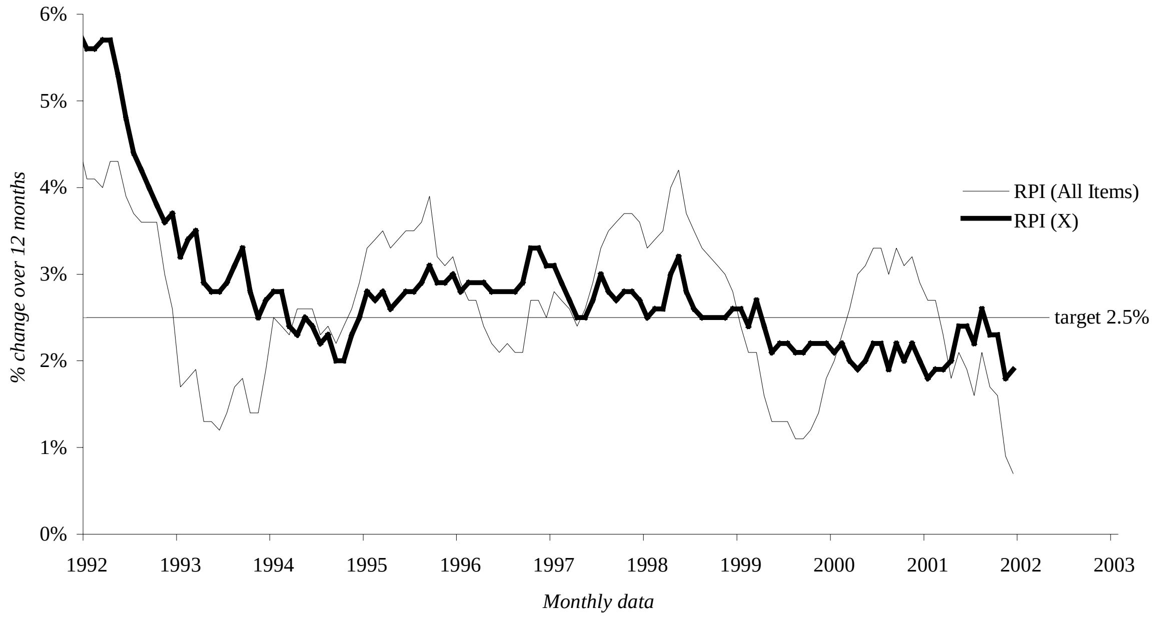
- Productivity across the whole economy, measured by output per head, is estimated to have grown by 2.1% in 2000 compared to 0.9% in 1999 and 1.5% in 1998.

- Productivity growth in manufacturing fell sharply from 2.5% per annum in 2001 Q2 to 1.0% in 2001 Q3. This is mainly due to the reversal in manufacturing output growth; contracting at an annual rate of 3.3% in 2001 Q3. Manufacturing employment is currently declining by around 4% per annum.

- For the economy as a whole, taking steady output growth and modest employment growth together, productivity growth has averaged 1.9% per annum over the last eight quarters.

CONTACT Dominic Webb, x2464 *Next update: 28 March*

B 1. Retail Prices Index



Retail Prices Index
% change on previous year

		RPI All Items	RPI (X) Excluding mortgage interest
1997		3.1	2.8
1998		3.4	2.6
1999		1.5	2.3
2000		3.0	2.1
2001		1.8	2.1
2000	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
	Jun	1.9	2.4
	Jul	1.6	2.2
	Aug	2.1	2.6
	Sep	1.7	2.3
	Oct	1.6	2.3
	Nov	0.9	1.8
	Dec	0.7	1.9

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 2001 was 1.8%, down from 3.0% in 2000. 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 December 2001 the headline rate of inflation was 0.7%, down slightly from 0.9% in November. The underlying rate of inflation rose slightly to 1.9%.

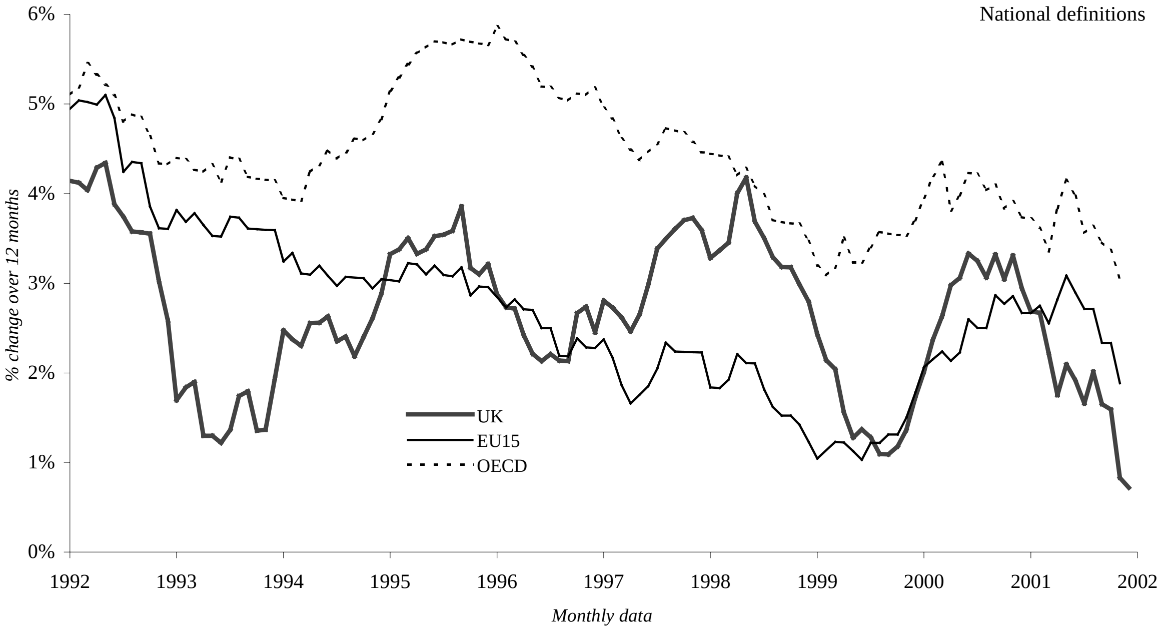
- Downward pressure on headline inflation came from lower housing costs, mainly as a result of lower mortgage rates following the Bank of England's base-rate cuts in September, October and November. There was also slight downward pressure from changes in motoring costs.

- Upward effects on the headline rate in December came mainly from changes in food prices, for both non-seasonal and seasonal food.

CONTACT Grahame Allen, x4324

Next update: 12 February

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	4.1	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	4.1	2.5
2001	June	3.3	-0.8	3.4	1.9	3.1	2.1	3.0	4.0	2.9
	July	2.7	-0.8	2.6	1.7	2.6	2.1	2.9	3.6	2.7
	August	2.7	-0.7	2.8	2.0	2.6	1.9	2.8	3.6	2.7
	September	2.6	-0.8	2.6	1.6	2.1	1.5	2.6	3.5	2.3
	October	2.1	-0.8	1.9	1.6	2.1	1.8	2.5	3.4	2.3
	November	1.8	-1.0	0.7	0.8	1.7	1.2	2.4	3.0	1.9

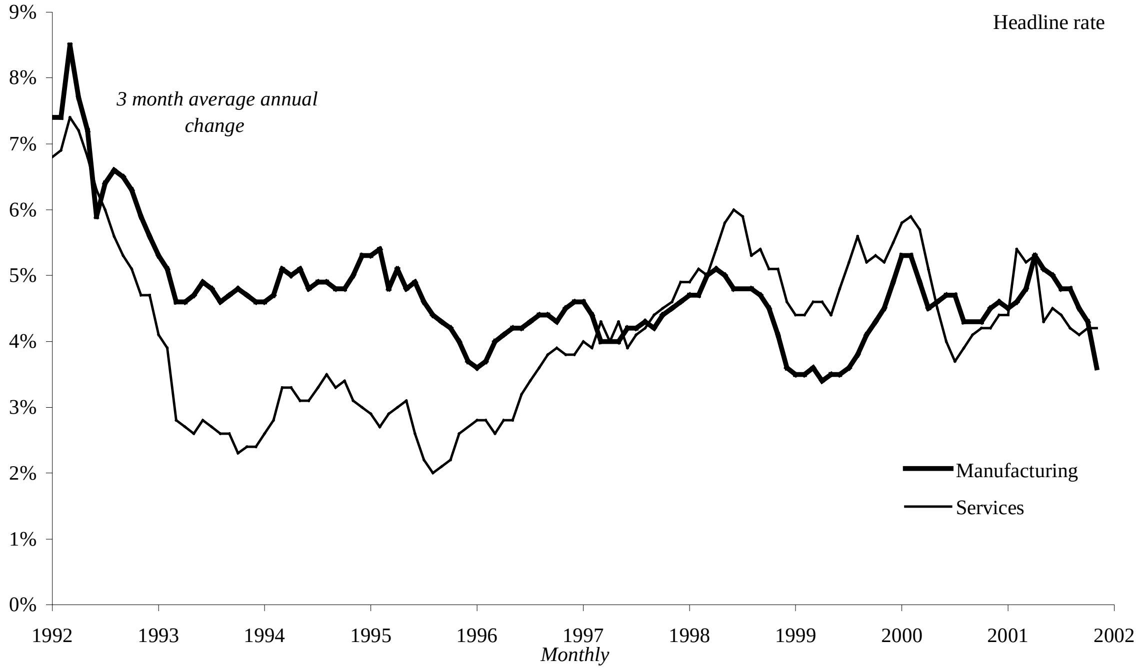
Source: OECD Hotfile

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 2.0% in November 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: 1.9%, Sweden: 2.5% (December) and the UK 0.9%.
- Harmonised inflation rates in the EU in October 2001 ranged from 4.2% in the Netherlands to 0.9% in the UK.

CONTACT Patsy Richards, x4904 *Next update: late February*

B 3. Average Earnings Index



Average Earnings, Great Britain
seasonally adjusted

		headline rate (% change on year)		
		Whole Economy	Private Sector	Public Sector
1997	Nov	4.5	5.1	2.3
1998	Nov	5.0	5.3	3.7
1999	Nov	5.0	5.2	3.9
2000	Nov	4.2	4.4	3.6
	Dec	4.4	4.5	3.9
2001	Jan	4.4	4.5	3.9
	Feb	5.2	5.5	3.5
	Mar	5.0	5.3	3.6
	Apr	5.2	5.4	4.3
	May	4.5	4.3	5.3
	Jun	4.7	4.6	5.5
	Jul	4.6	4.4	5.6
	Aug	4.5	4.2	5.7
	Sep	4.3	4.0	5.7
	Oct	4.3	4.0	5.7
	Nov	4.2	3.9	5.4

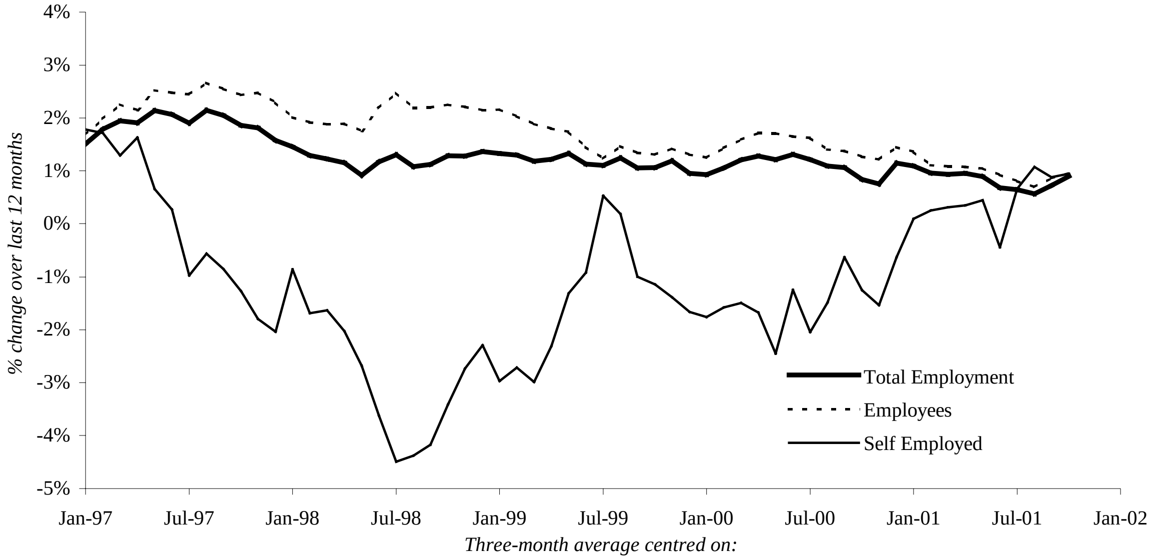
Source: NS database Series LNNC, LNND, LNNE

- Headline average earnings growth in the service sector was unchanged in November at 4.2% while manufacturing earnings growth slowed from 4.3% in October to 3.6% in November.
- November's headline rate of earnings growth, 4.2%, is slightly below the level which many economists regard, given the current level of productivity growth, as the maximum consistent with the Chancellor's inflation target of 2.5%.
- The headline rate of growth in average earnings for the whole economy in November was 4.2%, down from 4.3% in October.
- Headline earnings growth in the private sector was 3.9% in November compared to 5.4% in the public sector.
- Earnings are currently growing at the same rate as a year ago (the headline rate in November 2000 was 4.2%).

CONTACT Dominic Webb, x2464

Next update: 13 February

C 1. Employment



Employment structure in the UK
000s; seasonally adjusted

Three month average centred on		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1997	Oct	27,102	23,435	3,344	113	210
1998	Oct	27,451	23,963	3,230	100	157
1999	Oct	27,743	24,276	3,193	108	166
2000	Oct	27,975	24,584	3,153	105	133
2001	Jan	28,088	24,674	3,179	98	137
2001	Apr	28,180	24,760	3,171	97	153
2001	Jul	28,161	24,751	3,180	95	136
2001	Oct	28,227	24,821	3,183	101	122
Changes:						
Last three months		*0.2%*	*0.3%*	*0.1%*	*6.3%*	*-10.3%*
Last year		*0.9%*	*1.0%*	*1.0%*	*-3.8%*	*-8.3%*

Source: National Statistics First Release Labour Market Statistics 14 January 2002

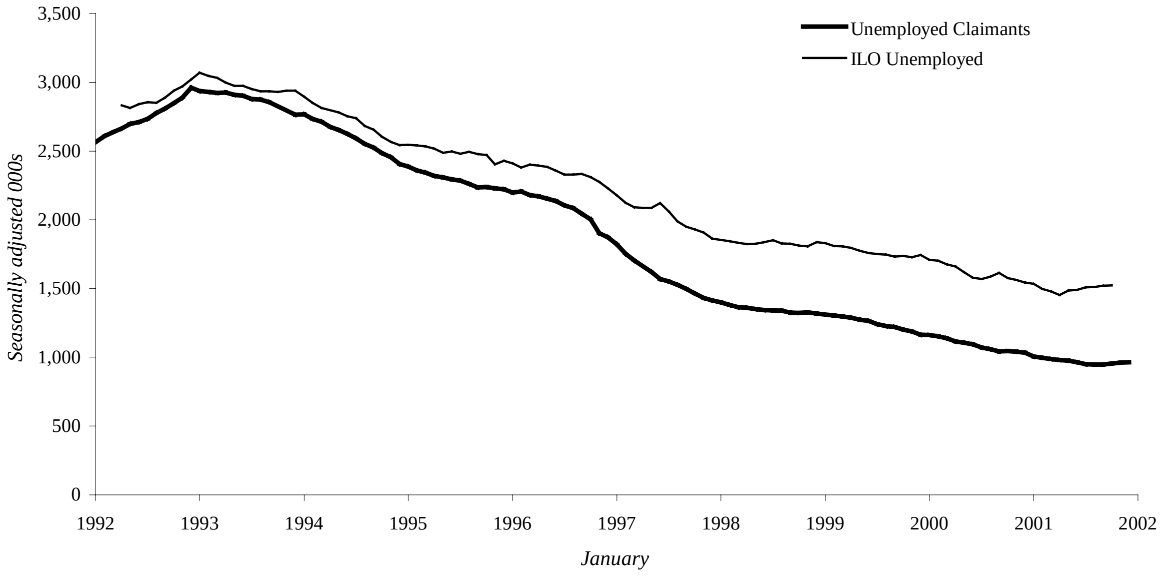
- Total employment, at 28.2 million, was 65,000 up on the period June-August 2001, and 250,000 higher than a year previously. The working age employment rate for September-November 2001 was 75%, little changed from the previous three-month period.

- Workforce jobs fell by 45,000 over the quarter to September, but were still 116,000 higher than a year previously. Over the year production industry workforce jobs fell by 154,000 but this was compensated for by a rise of 229,000 in service sector jobs.

- 7.0 million people were in part time employment in September-November 2001, of whom 5.6 million were women.

CONTACT Patsy Richards, x4904 *Next update: 13 February*

C 2. Unemployment: National



ILO Unemployment in the UK
seasonally adjusted

		000s	rate (%)
1997	Jun-Aug	2,058	7.1
	Sep-Nov	1,930	6.6
1998	Dec-Feb	1,853	6.4
	Mar-May	1,822	6.3
	Jun-Aug	1,851	6.3
	Sep-Nov	1,813	6.2
1999	Dec-Feb	1,831	6.2
	Mar-May	1,795	6.1
	Jun-Aug	1,751	6.0
	Sep-Nov	1,737	5.9
2000	Dec-Feb	1,709	5.8
	Mar-May	1,661	5.6
	Jun-Aug	1,569	5.3
	Sep-Nov	1,577	5.3
2001	Dec-Feb	1,535	5.2
	Mar-May	1,453	4.9
	Jun-Aug	1,507	5.1
	Sep-Nov	1,522	5.1

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 September to November 2001, the level of ILO unemployment in the UK was 1,522,000. This was an increase of 15,000 from the June to August 2001 period. Seasonally adjusted unemployment, as measured by the monthly claimant count, rose by 3,000 between November and December 2001 to stand at 964,000.

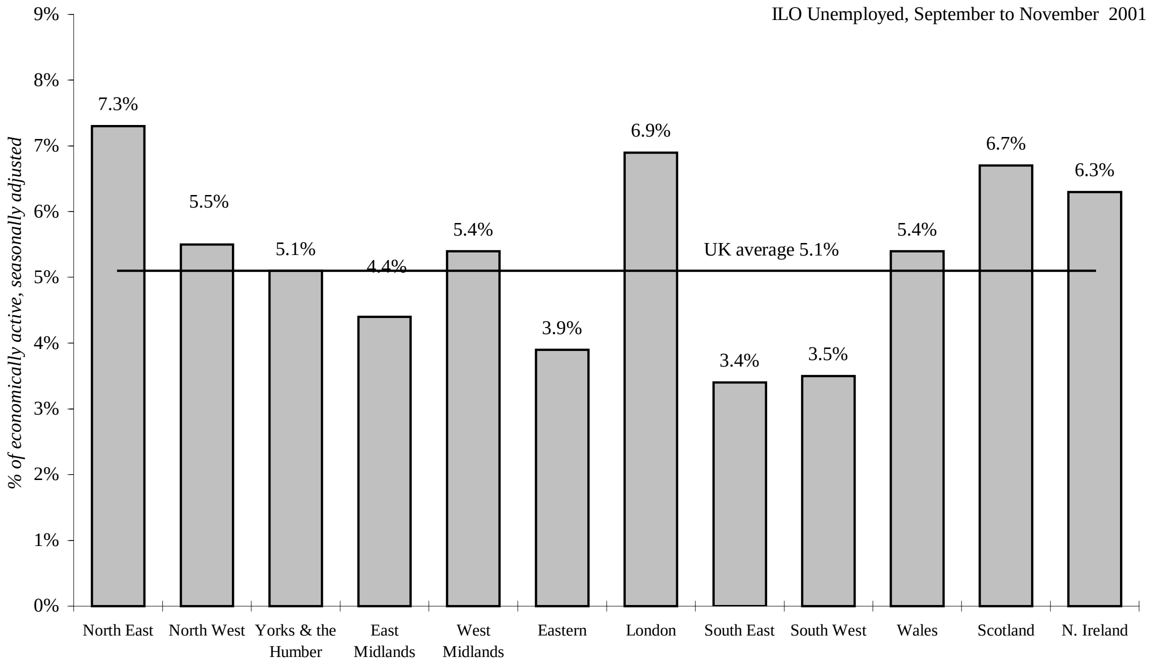
- The New Deal for the Young Unemployed started in January 1998 and 732,000 people had joined the scheme by the end of November 2001. Of those leaving the scheme, 271,000 had moved into 'sustained jobs' up to the end of November, i.e. those who had not returned to claim Jobseekers' Allowance (JSA) within three months of starting employment. Of these, 249,900 (92%) had moved into an unsubsidised job.

- The New Deal for the Long-Term Unemployed started in July 1998 for those claiming JSA for more than 2 years. The enhanced scheme was launched in April 2001 and eligibility extended to those claiming JSA for 18 months. By the end of November 2001 353,000 people had joined the pre-April 2001 scheme. 62,000 had entered sustained jobs of which 49,000 (79%) were unsubsidised. 85,000 people have started on the enhanced scheme since April 2001.

CONTACT Alex Adcock, x3793

Next update: 13 February

C 3. Unemployment: Regional



ILO Unemployment, September to November 2001
change on same period in previous year
seasonally adjusted

	000s	%
North East	-8	-9%
North West & Merseyside	0	0%
Yorkshire & the Humber	-28	-18%
East Midlands	-6	-6%
West Midlands	-18	-11%
Eastern	9	9%
London	2	1%
South East	11	8%
South West	-13	-13%
Wales	-15	-17%
Scotland	7	4%
Northern Ireland	4	9%
UK	-55	-3%

Source: National Statistics, First Release 16 January 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).

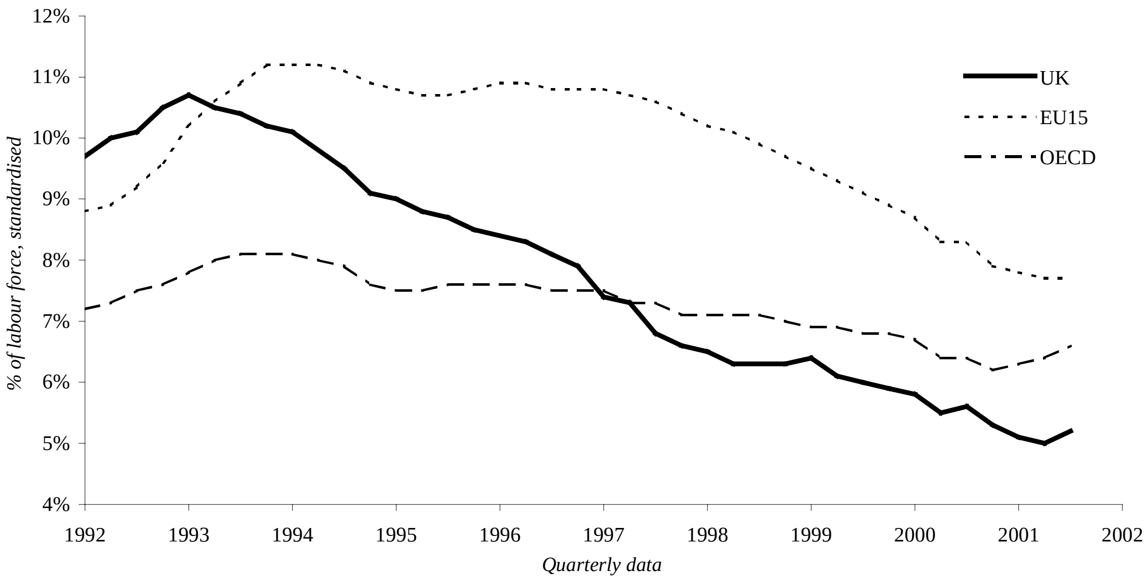
- A comparison of the period September to November 2001 with the same period a year earlier shows that the largest fall in unemployment occurred in the Yorkshire and Humber region where it fell 18%. The Eastern region experienced the largest rise (9%) in unemployment over the same period.

- Over this period the North East region had the highest unemployment rate of the economically active population at 7.3%. The lowest rate over the same period was 3.4% in the South East region of England.

CONTACT Alex Adcock, x3793

Next update: 13 February

C 4. Unemployment - International Comparisons



Unemployed as % of labour force
standardised; seasonally adjusted

	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
USA	4.5	4.2	4.0	4.0	4.0	4.2	4.5	4.8
Japan	4.1	4.7	4.7	4.6	4.8	4.7	4.9	5.1
Canada	8.3	7.6	6.8	6.9	6.9	7.0	7.0	7.1
UK	6.3	6.1	5.5	5.4	5.3	5.1	5.0	5.2
Germany	9.4	8.8	7.9	8.3	7.9	7.8	7.8	7.9
France	11.8	11.2	9.6	9.5	9.0	9.0	8.9	9.0
Italy	11.8	11.3	10.5	10.3	8.9	9.7	9.5	9.4
Euro zone	10.9	10.0	8.9	8.8	8.6	8.5	8.4	8.4
G7	6.4	6.2	5.7	5.7	5.6	5.7	5.8	6.0
OECD	7.1	6.9	6.4	6.3	6.3	6.3	6.4	6.6

Source: OECD

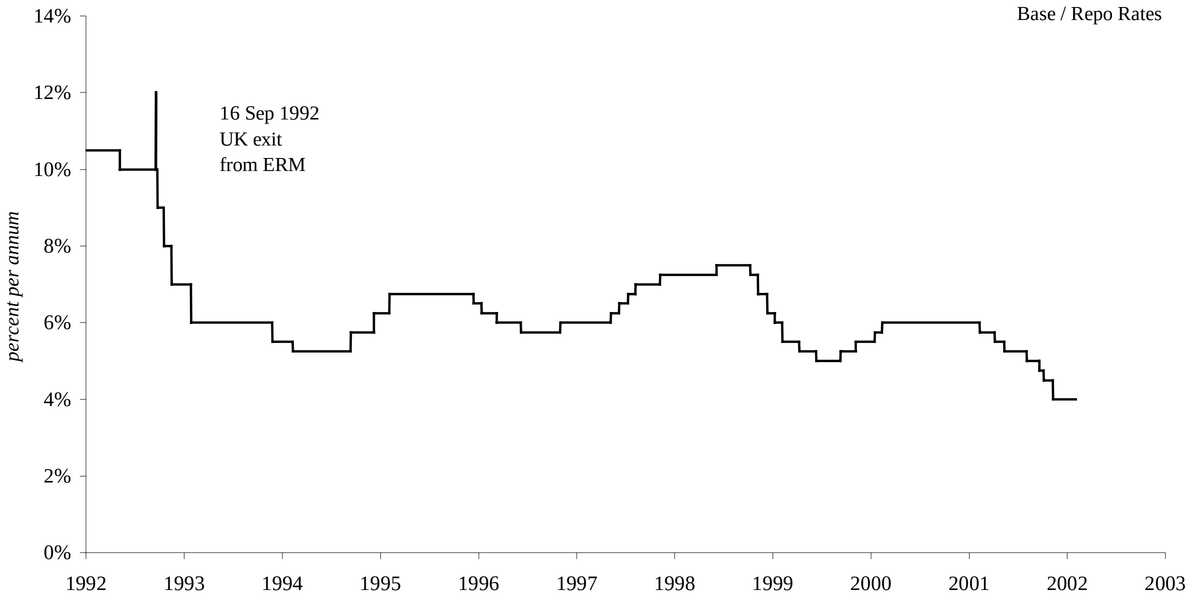
- Using standardised definitions, the UK unemployment rate for 2000 was 5.5%, significantly below the Euro-zone (8.9%) average and slightly below the G7 and OECD rates (5.7% and 6.4% respectively).

- From Q2 to Q3 2001 the unemployment rate rose in all G7 countries except for Italy. In the UK the rate in Q3 2001 was 5.2%, up from 5.0% in Q2.

- The most recent forecasts published by the OECD (December 2001 *Economic Outlook*) suggest the UK (non-standardised) unemployment rate will rise to around five and a half percent of the labour force in 2003. In 2003 the unemployment rate for the Euro zone is expected to be 8.8% and for the OECD as a whole 7.0%.

CONTACT Patsy Richards, x4904 *Next update: Mid-February*

D 1. Interest Rates



UK Base/Repo Rates
% 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
	Aug 2	5.00
	Sept 18	4.75
	Oct 4	4.50
	Nov 8	4.00

Source:Bank of England

The ¼% interest rate increase on 6 June 1997 signified the first time that interest rates were set by the independent Monetary Policy Committee (MPC) of the Bank of England rather than by the Chancellor.

- The ¼ percentage point cut announced in February 2001 was the first interest rate cut since February 2000. Since then, interest rates have fallen by a further 1.75% to 4.00% today.

- The ½ percentage point cuts in November and December 1998, February 1999 and the latest cut in November 2001, were the largest changes in rates yet made by the MPC.

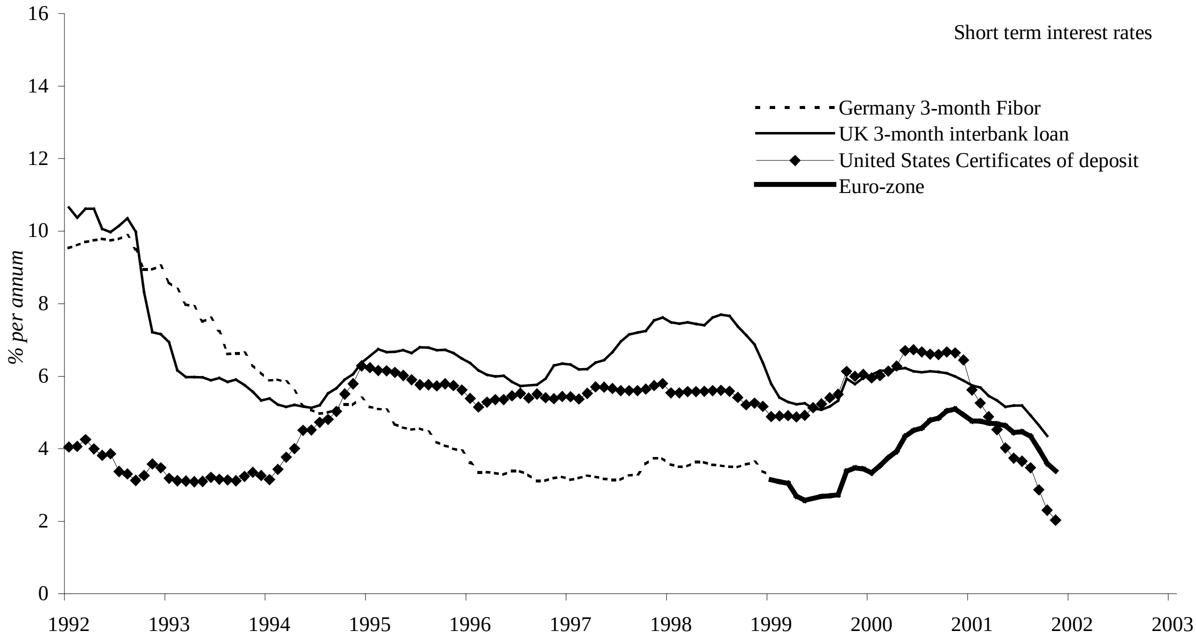
- The latest Bank Inflation Report forecasts that inflation will fall towards 2% early in 2002 before increasing towards the target rate thereafter. In its January meeting, the MPC felt that risks to output growth and inflation were generally on the downside due to the uncertainty of a recovery in the global economy and the easing of domestic labour market pressures.

- The MPC next meets on 6 & 7 February, the minutes from which are expected to be published on 20 February 2002.

CONTACT Grahame Allen, x4324

Next update 7 February

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.

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.

International Interest Rates
As at 30 January 2002

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	4.94	4
United States	4.97	1 27/32
Switzerland	3.48	1 19/32
Japan	1.48	3/32
Euro-zone	..	3 3/8

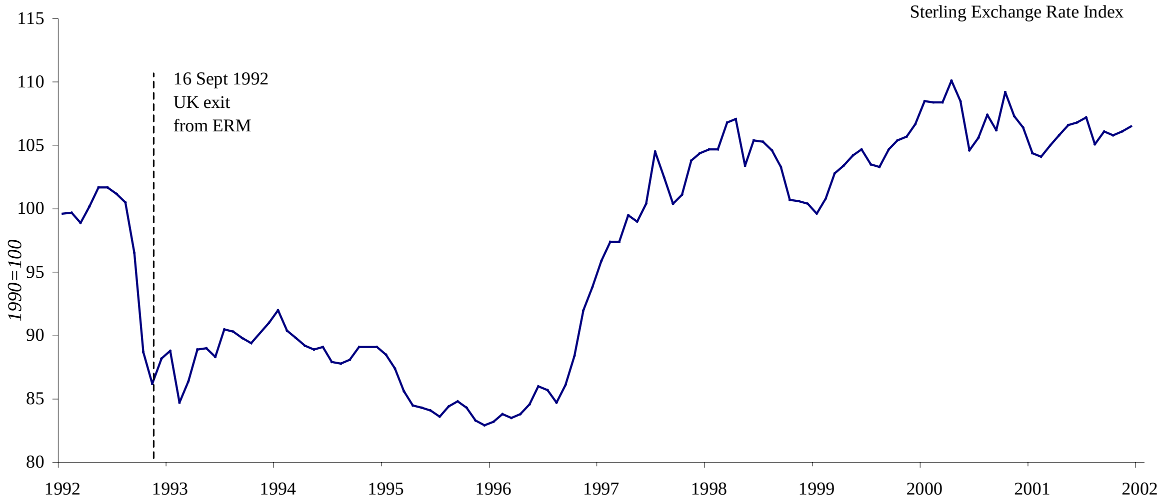
Source: Financial Times, 31 January 2002

- The main development on the international stage in 2001 was the action of the main Central Banks in cutting their interest rates. The US Federal Reserve cut rates by ½% eight times, the last cut of ¼% was announced on 11 December. The MPC responded by reducing the UK Repo rate by ¼% six times and ½% once during 2001.

- The ECB did not followed the lead of the Fed or the MPC on a like for like basis, as might have been expected. They reduced interest rates twice by ¼% in May and August and twice by ½% on 18 September and 9 November. Another cut by the ECB seams unlikely in the short-term due to a slow down in growth in the euro-zone.

CONTACT Grahame Allen, x4324 *Next update: Early February*

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%
2001		1.440	-5.0%	174.8	7.1%	1.609	-2.0%
2000	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%
	June	1.401	-7.1%	171.4	7.1%	1.643	3.5%
	July	1.414	-6.3%	176.1	7.9%	1.643	2.4%
	August	1.437	-3.7%	174.4	8.2%	1.596	-3.2%
	September	1.464	2.0%	173.5	13.2%	1.606	-2.5%
	October	1.452	0.0%	176.1	11.9%	1.602	-5.7%
	November	1.436	0.7%	175.7	13.1%	1.617	-3.0%
	December	1.441	-1.5%	183.6	12.0%	1.615	-0.9%

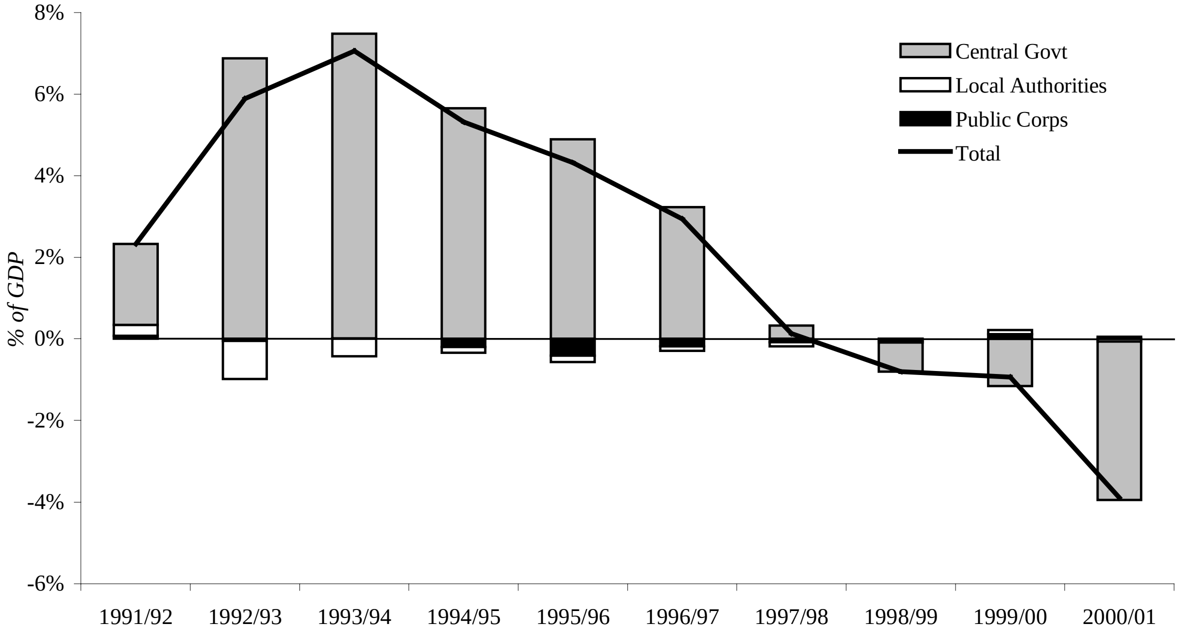
Source: ONS database series AJFA, AJFO, AJHX, THAP

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 increased by just over 2 points in 2001 suggesting that the UK was relatively less competitive at the end of 2001 than at the beginning of the year.
- The pound was worth euro 1.6393 at the London market close on 30 January 2002, compared to a launch rate of euro 1.4168 on 31 December 1998.
- Series for the ECU and the participating currencies of the euro zone are no longer officially published.

CONTACT Grahame Allen, x4324 *Next update: Mid-February*

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	0.3%
1998/99	-7.0	-0.8%	-6.9	-0.8%
1999/00	-8.6	-0.9%	-8.1	-0.9%
2000/01	-37.2	-3.9%	-37.1	-3.9%
2000 Q4	4	1.5%	4	1.5%
2001 Q1	-13	-5.2%	-13	-5.2%
2001 Q2	6	2.6%	6	2.6%
2001 Q3	-6	-2.4%	-5	-2.1%
2001 Q4	10	na	10	na

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

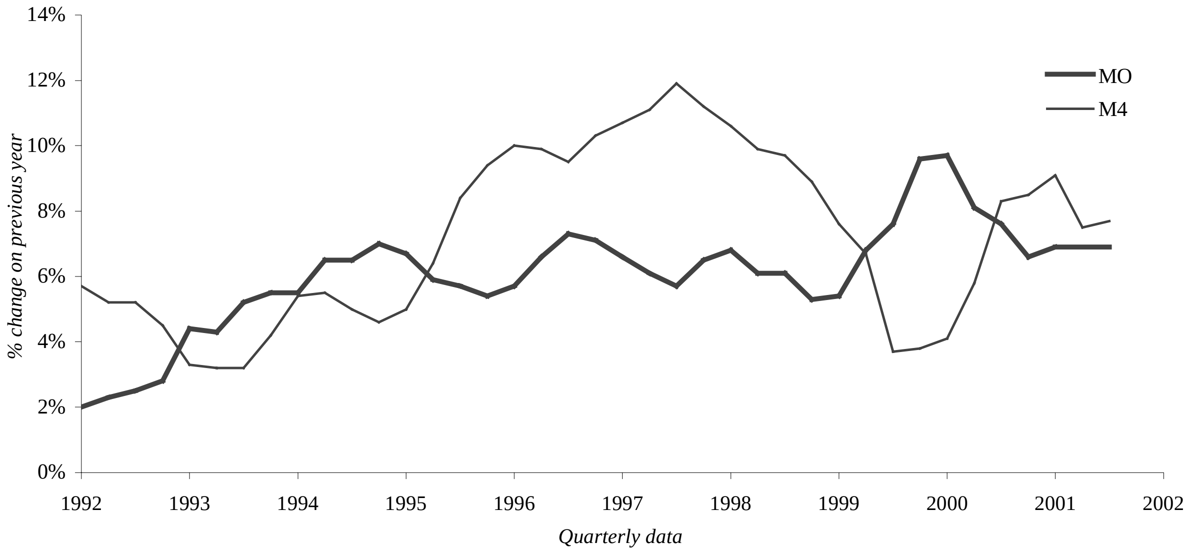
The public sector net cash requirement was previously known as the public sector borrowing requirement (PSBR).

- 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 officially forecast at £6 billion (0.6% of GDP) excluding windfall tax receipts and associated spending. City estimates are that the out turn may be £3 billion instead.

CONTACT Tim Edmonds, x2883 *Next update: 20 February*

D 5. Money Supply



Money stock
seasonally adjusted

		MO		M4	
		3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
2000	December	7.0	4.8	7.5	8.3
2001	January	9.8	4.1	9.9	9.6
	February	10.9	8.3	9.4	9.2
	March	6.7	8.4	7.6	8.2
	April	4.1	7.4	4.3	7.7
	May	2.0	6.7	5.0	7.3
	June	3.1	6.7	6.6	7.5
	July	5.1	7.1	7.3	7.8
	August	8.1	7.3	10.0	7.0
	September	8.6	6.3	10.3	8.0
	October	8.8	6.9	10.9	8.1
	November	10.5	7.8	7.9	8.0
	December	15.0	8.3	2.6	6.7

Source: Bank of England

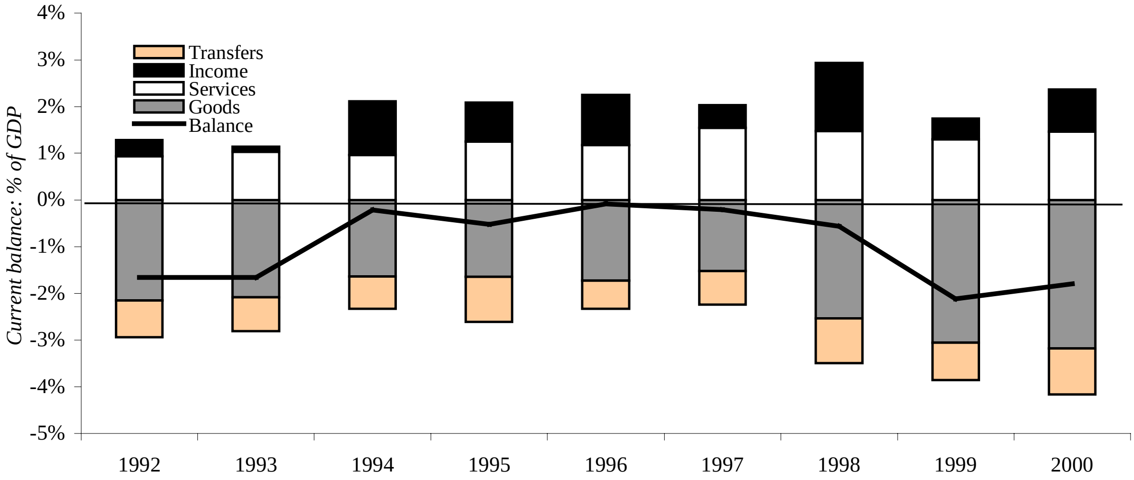
M0 comprises notes and coins in circulation outside the Bank of England *plus* bankers' operational deposits with the Bank and is the UK's main narrow monetary aggregate. M4 is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

- Seasonally adjusted M4 rose by 6.7% in the 12 months to December 2001. The twelve-month growth rate of seasonally adjusted M0 rose by 8.3% in December compared to 7.8% in November.

- There are now no formal targets for money supply growth.

CONTACT Grahame Allen, x4324 *Next update: Late February*

E 1. International Trade



Current Account Balances
seasonally adjusted; £ million

		Trade in goods and services			Income	Transfers			Current
		goods	services	total	(total)	Cent. Govt	other	total	Balance
1997		-12,342	12,528	186	3,906	-3,087	-2,725	-5,812	-1,720
1998		-21,813	12,666	-9,147	12,558	-4,844	-3,381	-8,225	-4,814
1999		-27,524	11,660	-15,864	4,019	-3,749	-3,497	-7,246	-19,091
2000		-30,023	13,779	-16,244	8,576	-5,552	-3,785	-9,337	-17,005
2000	Q3	-7,895	3,874	-4,021	2,941	-1,304	-1,180	-2,484	-3,564
	Q4	-7,922	3,187	-4,735	2,177	-1,841	-911	-2,752	-5,310
2001	Q1	-7,903	3,647	-4,256	4,281	-783	-1,292	-2,075	-2,050
	Q2	-9,302	4,184	-5,118	3,277	-1,237	-1,496	-2,733	-4,574
	Q3	-7,994	2,589	-5,405	3,465	792	-880	-88	-2,028

Source: National Statistics First Release Balance of Payments 20 December 2001

Estimates have been revised from Q1 2000 to include new data on trade in services, foreign direct investment and insurance and pension funds. This has resulted in a revision of the current account deficit for 2000 from £18.4 billion to £17.0 billion.

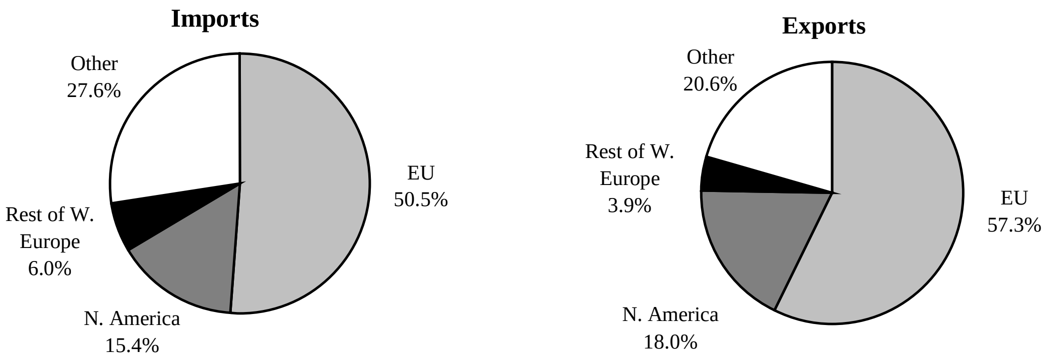
- The Q3 2001 current account deficit was £2.0 billion, down from a record deficit of £4.6 billion in Q2. This was partly due to a lower goods deficit and a reduced current transfers deficit, which fell to £0.1 billion in Q3 compared to a record £2.7 billion in Q2, because of lower payments to EU institutions, and higher receipts.

- A lower trade in services surplus (£2.6 billion compared to a record £4.2 billion in Q2) partly offset the lower trade in goods deficit. The surplus on trade in services decreased because exports of insurance services fell by £1 billion, mainly due to increased claims related to September 11. Imports of transportation services also fell.

CONTACT Patsy Richards x4904 *Next update: 27 March*

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

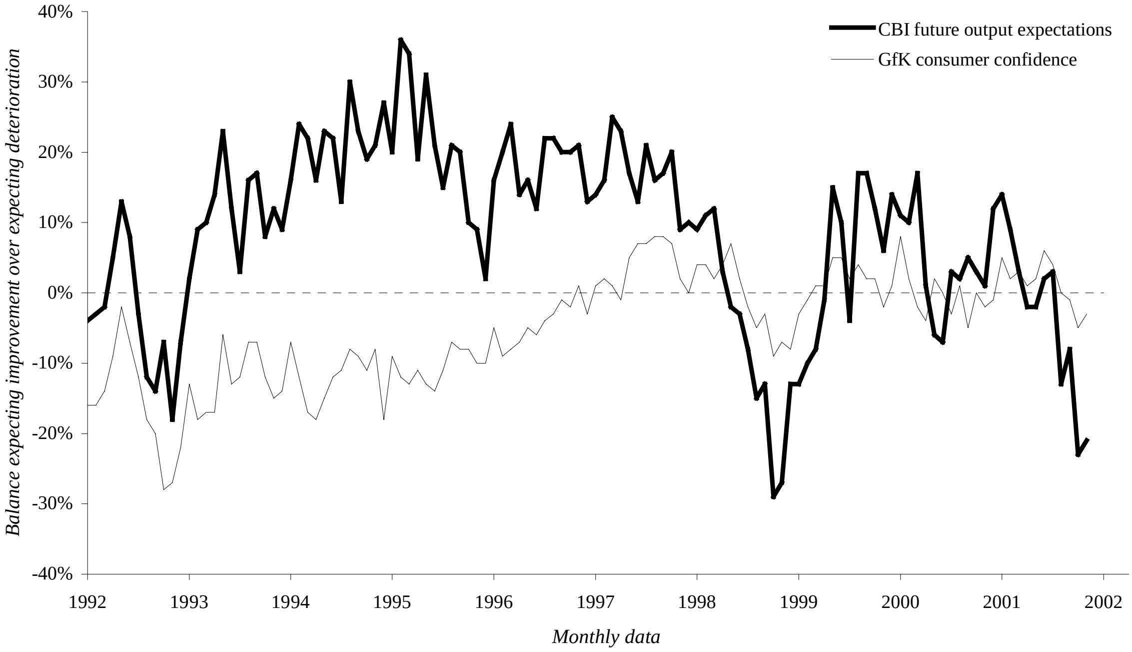
	Volume Index 1995=100		Trade in Goods (£m)		
	Exports	Imports	Exports	Imports	Balance
1997	116.7	120.3	171,923	184,265	-12,342
1998	118.2	131.1	164,056	185,869	-21,813
1999	123.3	141.3	166,198	193,722	-27,524
2000	137.6	158.3	188,085	218,108	-30,023
2000 Q3	137.7	160.9	47,132	55,228	-8,096
Q4	142.5	164.5	49,288	57,083	-7,795
2001 Q1	146.0	168.7	50,171	58,073	-7,902
Q2	141.8	165.8	48,684	57,902	-9,218
Q3	136.7	160.1	46,616	54,624	-8,008

Source: National Statistics Database 24 January 2002

- The UK deficit on trade in goods for November 2001 is estimated at £2.8 billion, compared to £2.4 billion in October. Trends in the value of trade show both exports and imports falling in recent months.
- The deficit on trade in goods with EU countries was £0.8 billion in November, up from £0.7 billion in October. The deficit with non-EU countries was £2.1 billion, an increase from £1.7 billion a month previously.
- Exports of goods to all G7 countries fell, with the largest falls to Italy, France and the USA. Imports from all G7 countries also fell, with the largest falls being in imports from the USA (a fall of 23% from exports three months previously).

CONTACT Patsy Richards, x4904 *Next update: 20 February*

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
2001	Jan	14	5
	Feb	9	2
	Mar	3	3
	Apr	-2	1
	May	-2	2
	Jun	2	6
	Jul	3	4
	Aug	-13	0
	Sep	-8	-1
	Oct	-23	-5
	Nov	-21	-3
	Dec	-28	-1
2002	Jan	-13	6

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.

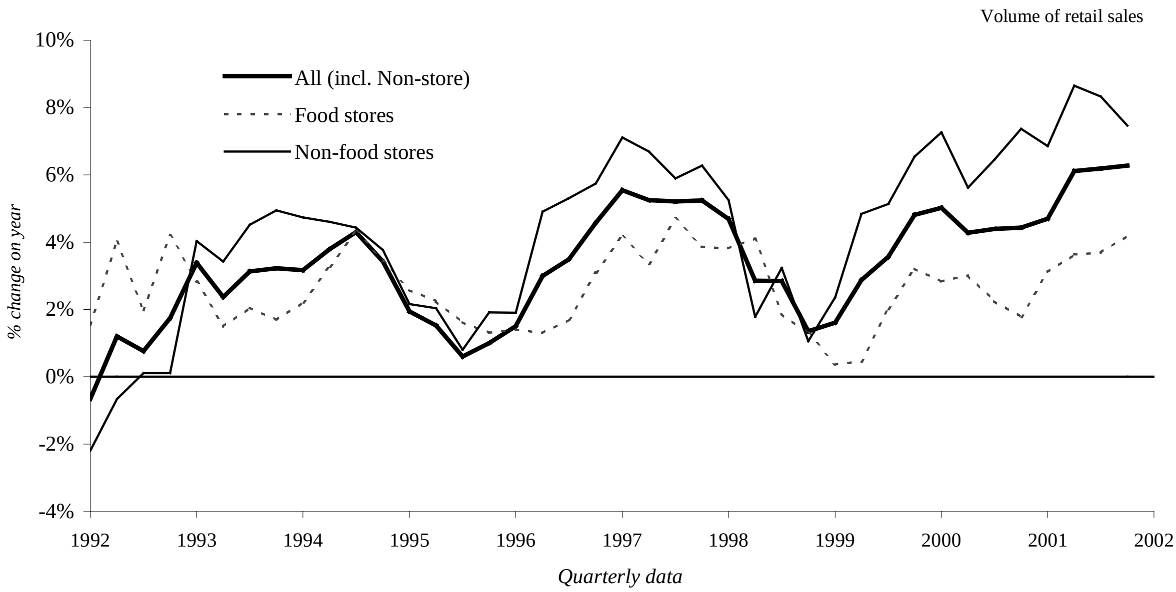
The GfK consumer confidence indicator is a composite measure of forward expectations of the general economic situation and households' financial positions; perceptions of how these have changed over the last 12 months, and also views on major household purchases.

- After declining sharply over the second half of 2001 the balance of expectations from the CBI's monthly Industrial Trends Survey for future output has now regained the confidence level that existed pre September 11th.
- The CBI's indicator of overall business confidence in manufacturing (for which figures are only available on a quarterly basis) rose from a three-year low in October 2001 of -54 to -31 in Jan 2002.
- Within the overall GfK consumer confidence indicator the 'household finance' indicator stood at its highest level since records began in 1982.

CONTACT Tim Edmonds, x2883

Next update: March

F 2. Retail Sales



Value of Retail Sales
not seasonally adjusted; % change on year

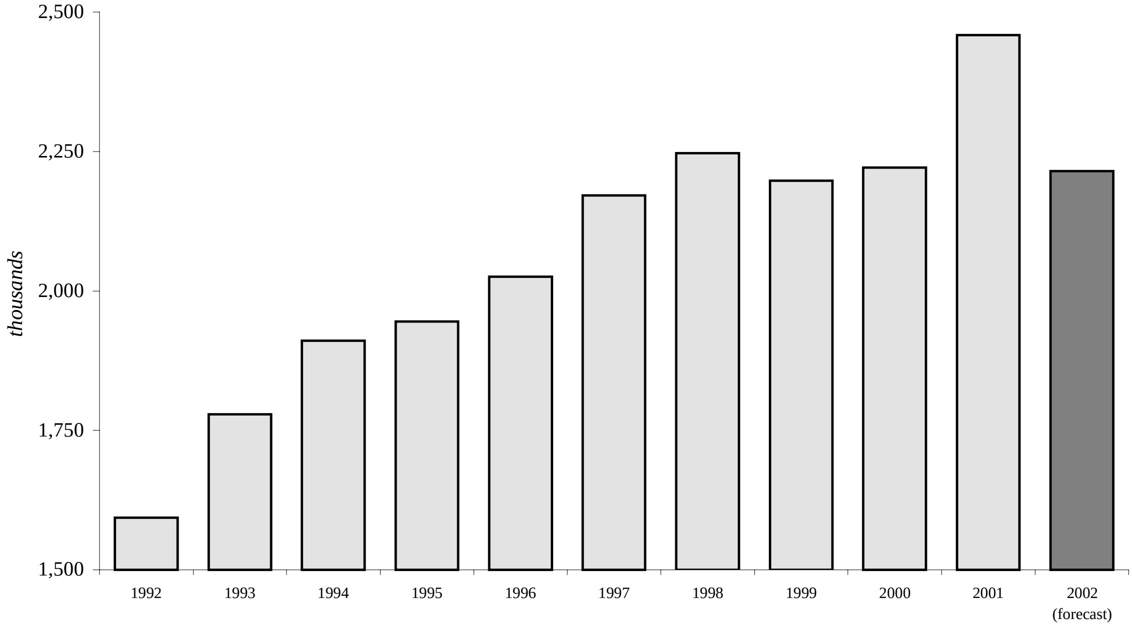
	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
1998	3.7%	2.7%	5.8%	3.6%	3.6%
1999	2.7%	3.4%	4.7%	2.6%	3.4%
2000	3.5%	2.5%	7.5%	2.5%	4.2%
2001	5.9%	5.7%	4.9%	8.2%	6.4%
2000 Q4	4.0%	3.3%	7.6%	3.5%	4.3%
2001 Q1	5.4%	3.9%	2.9%	6.4%	5.3%
Q2	7.7%	5.1%	4.6%	9.6%	6.7%
Q3	7.0%	7.6%	6.7%	8.5%	6.7%
Q4	6.9%	3.2%	6.5%	8.8%	6.9%

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

- In 2001 Q4, the *volume* of retail sales grew by 1.3% compared with the Q3, reaching a level 6.2% higher than the previous year.
- Seasonally adjusted retail sales volume in December was 5.7% higher than the previous year.
- Retail sales volumes in predominantly non-food stores increased by 7.5% in 2001 Q4, compared to a year earlier. In food stores, sales volumes grew by 4.2% over the same period. Sales growth was particularly strong in household goods stores.
- In December 2001, the average weekly value of retail sales was £5,760 million, 6.7% higher than in December 2000 (based on non-seasonally adjusted data).

CONTACT Dominic Webb, x2464 *Next update: 21 February*

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		2,459	10.7%
2002 (forecast)		2,215	-9.9%
2000	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%
	June	215	11.4%
	July	173	11.6%
	August	77	6.4%
	September	443	25.4%
	October	185	20.7%
	November	184	13.4%
	December	126	17.3%

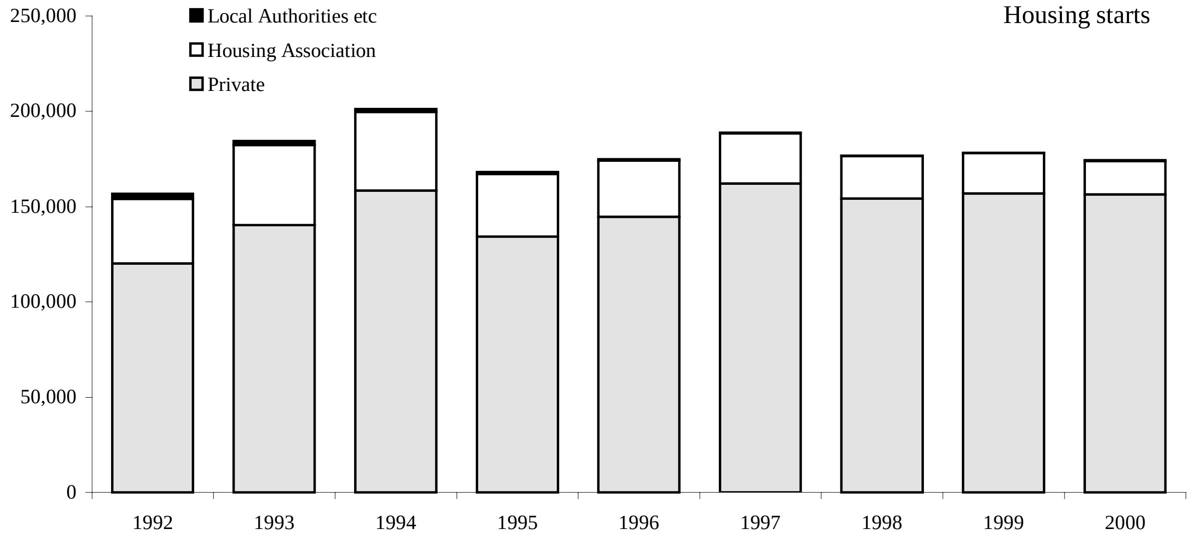
Source: SMMT "Monthly Statistical Review", December 2001

- Figures from the Society of Motor Manufacturers and Traders show that new car registrations in December 2001 rose 17.3% over the previous year's figure.
- The number of new registrations of cars was 2.5 million units in 2001, a rise of 10.7% on the previous year and the highest total ever.
- Registrations of British-built cars increased by 7.8% in December from the previous year's figure to 31,000 units, or 24.6% of the market. In 2001, registrations of British built cars declined 5.6% from the previous year's figure to 594,000 units, or 24.2% of the market.
- New registrations of cars are forecast to fall by 9.9% in 2002

CONTACT Dominic Webb, x2464

Next update: Late February

F 4. Housing



House prices
Standardised average price (£)

	All Houses	New Houses	Existing Houses	First time buyers
2000 Q4	86,000	91,600	86,000	61,100
2001 Q1	86,200	88,600	86,600	61,800
Q2	91,800	95,000	92,400	65,500
Q3	94,200	99,200	94,900	67,000
Q4	96,100	100,100	96,700	68,600
% change over same period last year				
2000 Q4	5.7%	6.1%	5.7%	5.9%
2001 Q1	3.1%	2.1%	3.6%	1.5%
Q2	7.7%	7.0%	8.3%	6.5%
Q3	9.8%	4.8%	10.7%	9.5%
Q4	11.7%	9.3%	12.4%	12.3%

Source: Halifax House Price Index: Fourth Quarter 2001

- According to the latest DTLR press release, it is provisionally estimated that 14,000 dwellings were started in Great Britain in November 2001, compared with 12,000 in November 2000. There were 14,000 completions compared with 14,900 in the same month of the previous year. In the latest three months 45,000 dwellings were started, an increase of 12% on the same three month period a year ago. There were 42,000 completions over this period, a decrease of 2% on the previous period a year earlier.

- According to the Halifax Monthly Index, house prices in the United Kingdom rose by 2.9% in December from November (seasonally adjusted). On an annual basis, house price inflation rose to 15.5% in December from 11.7% in November.

- According to the Halifax Quarterly Index, UK house prices rose by 2.6% in the Q4 of 2001 following a 3.0% rise in Q3. Regionally, annual house price inflation was highest in East Anglia (19.8%) and lowest in Scotland (5.2%).

CONTACT Alex Adcock, x3793 *Next update: 6 February*