



RESEARCH PAPER 03/37
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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 current WTO trade round

Ian Townsend - Editor

ECONOMIC POLICY AND STATISTICS SECTION

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I **Contacts for further information**

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

Subject	Statistician	Extn
Balance of payments	Patsy Richards	4904
EC finance	Ed Potton	2883
GDP	Grahame Allen	4324
Employment	Dominic Webb	2464
Financial services	Grahame Allen	4324
Housing	Gavin Berman	3851
Incomes	Ian Townsend	3977
Industries	Ed Potton	2883
National accounts	Grahame Allen	4324
Overseas aid	Patsy Richards	4904
Prices & interest rates	Grahame Allen	4324
Public expenditure	Grahame Allen	4324
Taxation	Ian Townsend	4904
Trade	Patsy Richards	3977
Transport	Ross Young	4313
Unemployment	Dominic Webb	2464
Wages & earnings	Dominic Webb	2464

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II The current WTO trade round

The current World Trade Organisation (WTO) round of talks has lost the momentum gained on its launch in Doha in November 2001 and is generally viewed as having stalled,¹ with deadlines missed so far on agriculture, special and differential treatment for developing countries, and intellectual property rights and public health. The WTO considers that considerable uncertainty clouds trade growth prospects for 2003 and has urged governments to “summon the political courage that is required to bridge differences across the negotiations”.² This article provides a background and outlines some pressing issues, notably in the area of agriculture.

The shadow of Seattle

The current round of trade talks was launched by the members of the WTO in Doha in November 2001. At the time, a new round was seen as very important by the WTO, with two major concerns; the needs of developing countries, and the relevance of the WTO itself. These concerns were later augmented by the events of 11 September.

Before Doha the then WTO Secretary-General Mike Moore said that failure to reach consensus, particularly in the light of the failed Ministerial meeting two years earlier in Seattle, ‘would lead many to question the value of the WTO as a forum for negotiation’. It would certainly condemn the WTO to a long period of irrelevance. Yet there was no better way to address the global economic slowdown or the marginalisation of many developing countries and nowhere else would the undisputed need for negotiation on agriculture be met.³

The WTO had also to address the issue of globalisation: Mike Moore acknowledged that “Whereas the GATT⁴ was virtually invisible, the WTO, like big business, has become heavily identified with the demon ‘globalization.’”⁵ *The Economist* concluded: “Few believe the organisation could easily survive another failure in Doha.”⁶

The Doha outcome

The Doha Ministerial Declaration⁷ said that the WTO was determined, particularly in the light of the global economic slowdown, to maintain reform and the liberalisation of trade policies. Since the majority of WTO members are now developing countries (a constituency

¹ *The Economist*, 19 April 2003, p.74; *Financial Times* on line, 23 April 2003

² “WORLD TRADE FIGURES 2002 Trade recovered in 2002, but uncertainty continues”, WTO press release Press/337, 22 April 2003

³ Doha WTO Ministerial 2001 30 July 2001, Statement by the Director-General Informal General Council

⁴ The General Agreement on Tariffs and Trade, now part of the WTO Agreements.

⁵ “Changes in the multilateral trading system: challenges for the WTO,” WTO news: Speeches - DG Mike Moore 5 July 2001, Winconference 2000; http://www.wto.org/english/news_e/spmm_e/spmm66_e.htm

⁶ “Playing games with prosperity”, *The Economist*, 26 July 2001

⁷ DOHA WTO MINISTERIAL 2001: MINISTERIAL DECLARATION WT/MIN(01)/DEC/1 20 November 2001; http://www-chil.wto-ministerial.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm

boosted by the accession of China at Doha), the WTO said it would place their needs and interests at the heart of the work programme adopted in the Declaration. The marginalisation of least-developed countries would be addressed.

Mike Moore commended the determination many Ministers had shown in shifting position on sensitive issues to accommodate the needs of others and reach agreement.⁸ France accepted wording relating to “negotiations aimed at...reductions of, with a view to phasing out, all forms of export subsidies” after a compromise was reached.⁹ Concessions from the US were made at a time when ‘Fast Track’ (the President’s trade promotion authority) legislation, since passed, was at a sensitive stage.

Negotiations timetable

The resultant Work Programme covered a wide range of areas such as agriculture, intellectual property rights, special and differential treatment for developing countries, anti-dumping and anti-subsidy rules, fisheries subsidies, trade and the environment, foreign direct investment and competition policy, Government procurement, e-commerce, technology transfer and WTO dispute procedures. Negotiations on services had already begun. Significantly, a timetable was established for the programme’s conclusion as a ‘single undertaking’, by 1 January 2005. In other words, negotiations in all areas would have to be concluded in three years’ time with a mid term review at the Ministerial meeting in Cancún, Mexico, in September 2003.

With all negotiations forming part of a package that is binding on all participants (‘nothing is agreed until everything is agreed’¹⁰) and with many members already on uncomfortable ground, the timetable for the new round was optimistic. Of the eight trade rounds held since 1947 the Uruguay round was the longest and most recent, running from 1986 to 1994. While it created the WTO, it was a tortuous process involving issues that remain sensitive – trade in services, intellectual property, textiles and agricultural reform.

The current WTO Director-General Supachai Panitchpakdi said in April 2003 that while the WTO was ‘sticking to the Doha text’ with nothing added and nothing removed, slipped deadlines – on parts of the Declaration on TRIPS and public health, on implementation issues and on the modalities of future agricultural negotiations – were disappointing.¹¹

Agriculture

This is perhaps the dominant problem. Doha agreed to ‘comprehensive negotiations aimed at substantial improvements in market access; reductions of, with a view to phasing out, all

⁸ Conference ends with agreement on new programme”, WTO Summary of 14 November 2001

⁹ WTO agrees to launch trade round: Decision boosts global economic confidence and should benefit developing nations”, *Financial Times*, 15 November 2001

¹⁰ *World Economic Situation and Prospects 2003*, UN Department of Economic and Social Affairs and United Nations Conference on Trade and Development 2003 Chapter II

¹¹ “WTO: Slipping Doha (development) agenda”, Reported in the *South Bulletin* number 55, 2003

forms of export subsidies; and substantial reductions in trade-distorting domestic support'. The agricultural modalities (the general principles for the negotiations) including special and differential treatment for developing countries, should have been agreed by 31 March 2003.

The EU and the US support their farmers in different ways. The US makes direct payments de-coupled from production levels, and the 2002 Farm Act provided a new framework of guaranteed income. The EU has traditionally supported high prices for agricultural produce and while these are being replaced by direct payments, over-production persists and export subsidies are key to the operation of the Common Agricultural Policy (CAP). The EU's own reform of the CAP began in 2002, but Agriculture Commissioner Franz Fischler's proposals to decouple direct payments from the level of agricultural output have been opposed by several Member States.

The European Commission has been at pains to say that success in the EU's internal reform process is not a prerequisite for successful WTO farm talks, and that the EU's WTO position is not linked to CAP reform.¹² While this may be so in principle, it is hard to see how the current levels and forms of support cannot be trade distorting. They are at present protected by the so-called 'peace clause' under which the EU agricultural subsidy system has enjoyed special protection against WTO challenges. The Secretary of State for International Development has said of the new round that "All European governments must face the fact that CAP reform is absolutely essential to this process. Without it the EU will have little or no basis to reach a meaningful agreement in the trade negotiations."¹³

In July 2002, the US proposed deep cuts in tariffs on agricultural products and domestic support. It wanted to eliminate more than \$100bn worldwide in trade-distorting domestic supports by 2010, and to lower the average world tariff from 62% to 15%. But as the *Financial Times* pointed out, this ambitious proposal would require far deeper reductions in support for farmers by US major trading partners than by the US itself.¹⁴

The EU's proposals to the WTO were greatly delayed by disagreement between Member States. In December 2002 it proposed a 36% cut in import tariffs, a 45% reduction in export subsidies, and a 55% reduction in trade-distorting domestic farm support.¹⁵

A draft modalities paper was presented by WTO Agriculture Chairman Stuart Harbinson in February 2003,¹⁶ calling for the abolition of export subsidies within ten years, reduction of tariffs through a differential formula, and severe reductions in direct payments. Developing countries would receive concessions. In WTO terminology, subsidies in general are identified by 'boxes' the colours of traffic lights: green (permitted), amber (should be reduced), red (forbidden). In agriculture, things are, as usual, more complicated. The

¹² Letter to the *Financial Times* from Commission agriculture and trade spokespersons, 4 April 2003 p.16

¹³ "The Dangers to Doha- the Risks of Failure in the Trade Round." Chatham House, 25 March 2003
DFID press release 25 March 2003

¹⁴ "US Proposes Cuts in Farm Subsidies", *Financial Times*, 26 July 2002

¹⁵ *EU Trade News*, 19 December 2002

¹⁶ see http://www.wto.org/english/tratop_e/agric_e/negoti_mod1stdraft_e.htm

Agriculture Agreement has no red box, and there is a blue box for subsidies tied to programmes that limit production.

The paper called, *inter alia*, for the blue box, which includes EU direct payments, to be cut by 50% over five years forcing the EU to either decouple aids from production or scale down existing aid payments by half. A *de minimis* loophole through which the US excludes billions of dollars in subsidies from reduction commitments would be cut by 0.5% to 4.5% over five years.¹⁷ The EU criticised the paper,¹⁸ while the US praised it. It has been claimed that redrafting the Harbinson proposal towards the EU position would remove it further from most other WTO members' positions.¹⁹

The revised draft modalities paper of March 2003 was very similar to the original. The EU was again critical, wanting to see the 'peace clause' retained.²⁰ Without this the CAP, unless it is greatly modified or a deal is struck, could be referred to a WTO dispute panel. When the 31 March deadline passed, Supachai Panitchpakdi said of the agricultural negotiations:²¹

This is a setback. The fact that at this juncture the wide divergence of views in key areas could not be bridged must be of serious concern to all of us. Nevertheless, we should guard against the temptation to pass around the blame for the situation - this is not the time for pointing fingers. ... It is also clear that sooner rather than later, major political decisions are required on all sides so as to create the room for appropriate compromises on key issues with a view to establishing modalities as soon as possible. The serious consequences for the Doha Development Agenda as a whole of any failure to achieve this are too obvious to require further elaboration.

TRIPS

There are several issues surrounding the controversial trade-related aspects of intellectual property rights (TRIPS) agreement, but the most contentious relates to public health.

At Doha the WTO reaffirmed its commitment to TRIPS, but to be implemented 'in a manner supportive of public health'. The intention was to make it clear that the Agreement can and should be interpreted and implemented to support Members' rights to promote access to medicines for all – countries can over-ride patents to meet public health needs. A separate TRIPS declaration was issued,²² but this does not address the problem for those who cannot produce their own medicines. Some developing countries who cannot manufacture sufficient pharmaceuticals rely on imports from countries where production occurs under licence, but

¹⁷ "WTO draft accord calls for export subsidy abolition", *Agra Europe*, 14 February 2003 EP/1

¹⁸ "Fischler denounces WTO draft", *Agra Europe*, 21 February 2003 EP/1

¹⁹ "The Harbinson WTO draft – a fair compromise?", *Agra Europe*, 14 March 2003 A/1

²⁰ "EU unimpressed by Harbinson revision", *Agra Europe*, 21 March 2003 EP/2

²¹ "WTO: Slipping Doha (development) agenda", Reported in the *South Bulletin* number 55, 2003

²² WT/MIN(01)/DEC/2 20 November 2001, "Declaration on the TRIPS agreement and public health," Adopted on 14 November 2001, and HC Deb 23 November 2001 c492w

under TRIPS such licences are intended to be primarily for production for domestic consumption. Therefore, exemptions are needed under TRIPS.

There have been disagreements over the technical measures needed to make TRIPS more flexible. Which illnesses and medicines should be exempted and which countries should benefit, which countries should be allowed to produce generic equivalents of patented medicines for export, and which safeguards should be adopted are all to be decided. Disease coverage was a major area of disagreement.²³

The Secretary of State for International Development has said that "... in December 2002 [one deadline for TRIPS] we were on the verge of a workable compromise but the US, responding to industry concerns, blocked the deal", with US fears that medicines would find their way to western markets, and exemption coverage might extend to non-essential medicines.²⁴

Services

On services, at Doha it was agreed that negotiations that started in January 2000 under GATS (General Agreement on Trade in Services) would continue. The right of members to regulate and to introduce new regulations on the supply of services was reaffirmed. The DTI has recently consulted on those market access requests being made of the EU pertaining to the UK, and the Commission has made requests of other countries, although it has missed the 31 March deadline to table its own offers to the WTO.²⁵ In comparison to the problems with agriculture and TRIPS, progress on services, a highly contentious issue for many NGOs concerned with developing countries' needs, has been such that the WTO has labelled it 'satisfactory'.²⁶

Future prospects

On the release of world trade figures for 2002 in April 2003, the WTO forecast that growth in trade in 2003 might be below 3%, less than half of the average during the 1990s. While world trade grew at 2.5% in 2002 after recovering from a 1% decline in 2001, there were high downside risks for 2003 including sluggishness in the world economy, the conflict in Iraq, and the possibility of the continuing spread of Severe Acute Respiratory Syndrome (SARS) and its effect on the Chinese economy:

"These trade figures reflect the growing economic and political uncertainty in the world today. This uncertainty is detrimental to economic growth and development and can give rise to greater instability across the globe. Governments must send a

²³ *World Economic Situation and Prospects 2003*, UN Department of Economic and Social Affairs and United Nations Conference on Trade and Development, 2003, Chapter II

²⁴ "The Dangers to Doha- the Risks of Failure in the Trade Round", Chatham House, 25 March 2003, see DFID press release, 25 March 2003

²⁵ HC Deb 9 April 2003 c300W

²⁶ "WTO: Slipping Doha (development) agenda", Reported in the *South Bulletin* number 55, 2003

signal that they are prepared to address this problem. One very important contribution to this effort would be to accelerate work on the negotiations in the Doha Development Agenda,” said Director-General Supachai Panitchpakdi.

[...] Director-General Supachai has urged the 146 member governments to summon the political courage that is required to bridge differences across the negotiations.²⁷

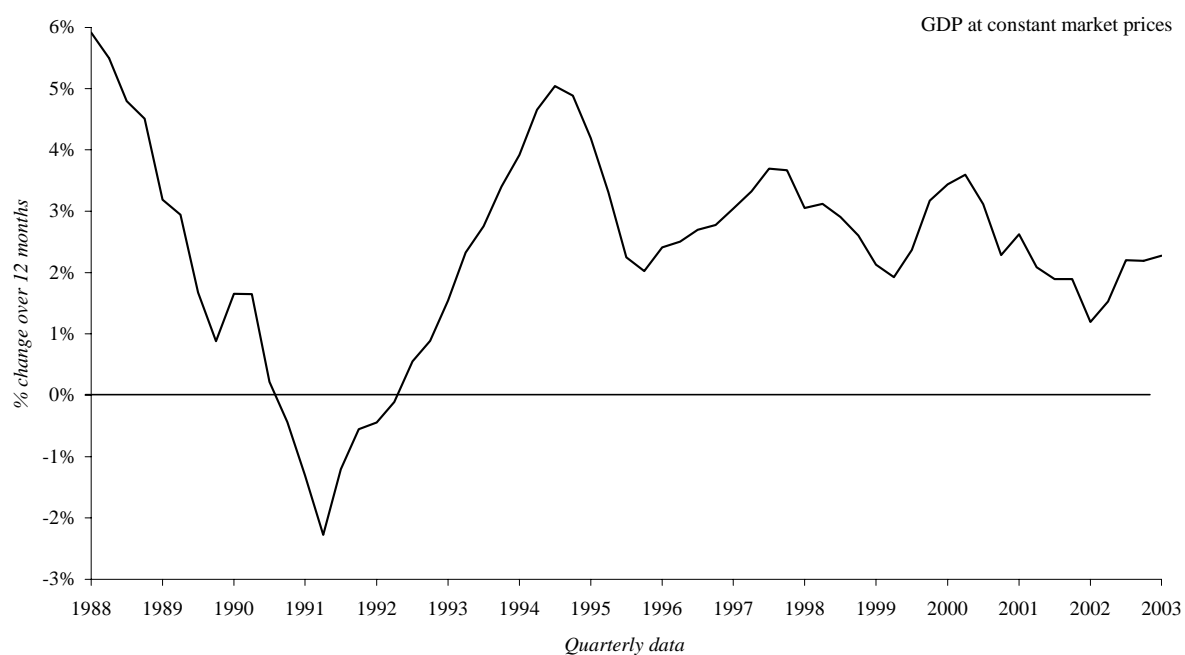
Of course bilateral and regional trade agreements are proliferating, leading to trade liberalisation in certain regions. However, the WTO remains the major forum for multilateral negotiations and dispute settlement, with the new round important for economic growth, and also the most likely catalyst for the agricultural reform needed by developing countries.

Patsy Richards & Christopher Barclay

Economic Policy and Statistics Section &
Science and Environment Section

²⁷ “WORLD TRADE FIGURES 2002 Trade recovered in 2002, but uncertainty continues” WTO Press Release Press/337, 22 April 2003; see http://www.wto.org/english/news_e/pres03_e/pr337_e.htm

A 1. Gross Domestic Product



Gross Domestic Product

seasonally adjusted

	GDP (at current market prices)		GDP (at 1995 market prices)
	<i>£ billion</i>	<i>12 month change</i>	<i>12 month change</i>
1999	902.5	5.0%	2.4%
2000	950.4	5.3%	3.1%
2001	993.1	4.5%	2.1%
2002	1043.3	5.1%	1.8%
2002 Q1	255.9	4.4%	1.2%
Q2	258.7	4.6%	1.6%
Q3	262.5	5.8%	2.2%
Q4	266.2	5.3%	2.2%
2003 Q1	2.3%

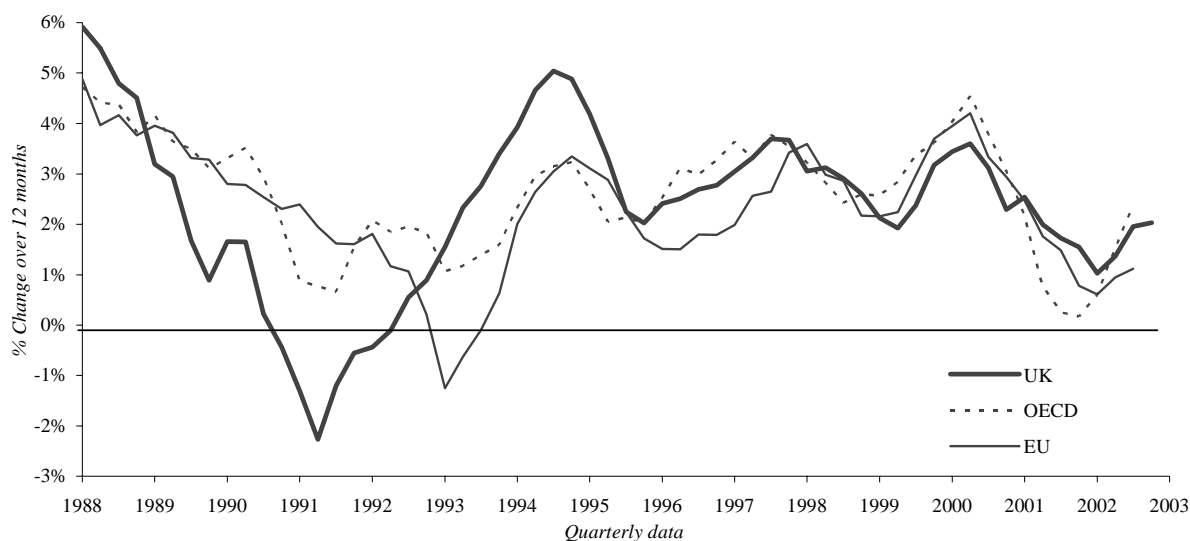
Source: NS database series YBHA & ABMI

- Gross domestic product (GDP) at 1995 market prices is estimated to have risen by 0.2% in the first quarter of 2003, half the growth recorded in the previous quarter. For 2002, the economy is estimated to have grown by 1.8%, marginally higher than that forecast in the November 2002 Pre Budget Report.
- In 2002 Q4 output in manufacturing is estimated to have fallen by 1%. Part of this is due to a Jubilee-influenced rise in Q3. The most significant falls came from transport equipment industries, due to weak motor vehicle production in Q4 and high tech goods.
- Services sector quarterly output grew by only 0.5% compared with 1.1% in the previous quarter.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 1.9% in 2003 and 2.4% in 2004.

CONTACT Grahame Allen, x4324

Next update: 25 July

A 2. GDP: International Comparisons



GDP at constant market prices

	% change on year				% change quarter on quarter				
	1999	2000	2001	2002	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4
USA	4.1%	3.7%	0.2%	2.5%	0.7%	1.2%	0.3%	1.0%	0.4%
Japan	0.1%	2.9%	0.4%	0.3%	-0.4%	0.1%	1.2%	0.7%	0.6%
Canada	5.3%	3.5%	1.1%	3.3%	0.7%	1.5%	1.1%	0.9%	0.4%
United Kingdom	2.4%	3.1%	1.9%	1.6%	0.3%	0.2%	0.6%	0.9%	0.3%
Germany	2.0%	2.8%	0.6%	0.2%	-0.4%	0.4%	0.1%	0.4%	-0.1%
France	3.3%	4.0%	1.9%	1.1%	-0.3%	0.7%	0.5%	0.3%	0.3%
Italy	1.6%	3.2%	1.8%	0.4%	-0.1%	0.0%	0.3%	0.3%	0.4%
Euro zone	2.8%	3.5%	1.4%	..	-0.2%	0.4%	0.3%	0.3%	..
G7	2.9%	3.5%	0.7%	1.6%	0.3%	0.8%	0.5%	0.8%	0.3%
OECD	3.1%	3.9%	0.8%	..	0.3%	0.7%	0.6%	0.8%	..

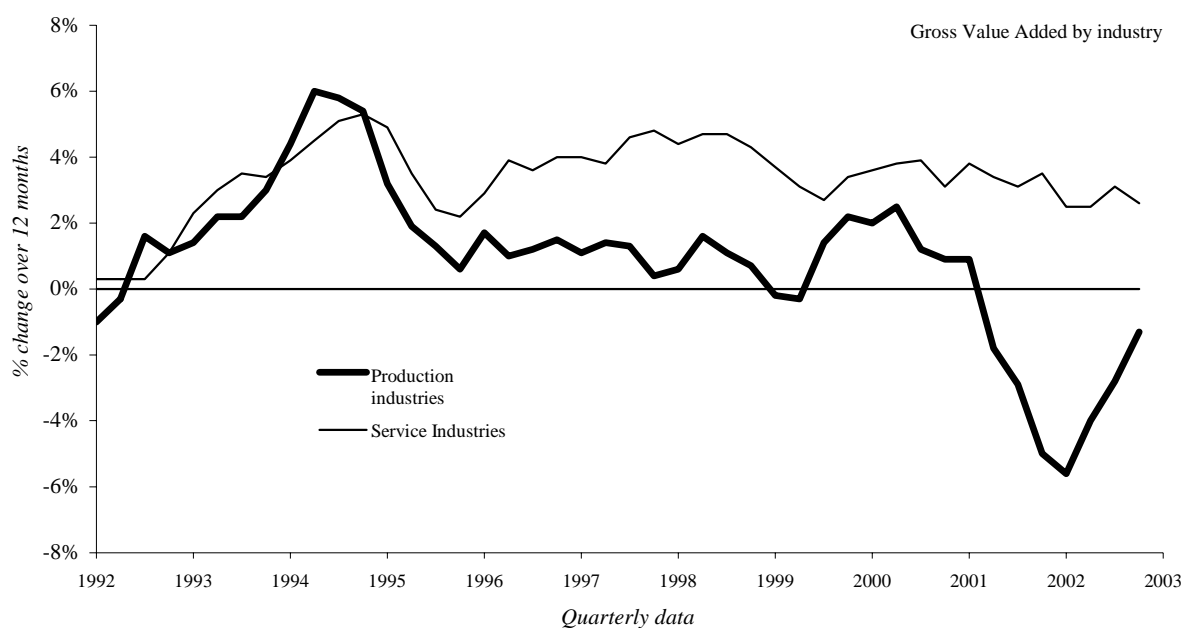
Source: OECD, Main Economic Indicators, April 2003

- The latest data suggest that the world economic slowdown is far from over with the recovery of growth in 2002 Q3 in the US and UK not persisting in the final quarter of the year.
- Recent growth in the EU has been described in the latest EU Commission document as 'meagre'. Annual growth to the last quarter of 2002 in the EU was just 0.2%, and negative growth was recorded in Germany for the latest quarter. Euro zone growth for 2003 is forecast at just 1% for 2003 and 2.3% in 2004.
- In its latest forecast the OECD has downgraded its growth estimates for virtually all countries and regions for 2002 and 2003. They are currently predicting growth of 2.2% in the USA, -0.5% in Japan and 1.1% in the EU15. Its latest forecast for the UK is 2.2%.

CONTACT Grahame Allen, x2883

Next update: Mid-May

A 3. Gross Domestic Product by Industry



Gross value added at 1995 basic prices

% changes on year; seasonally adjusted

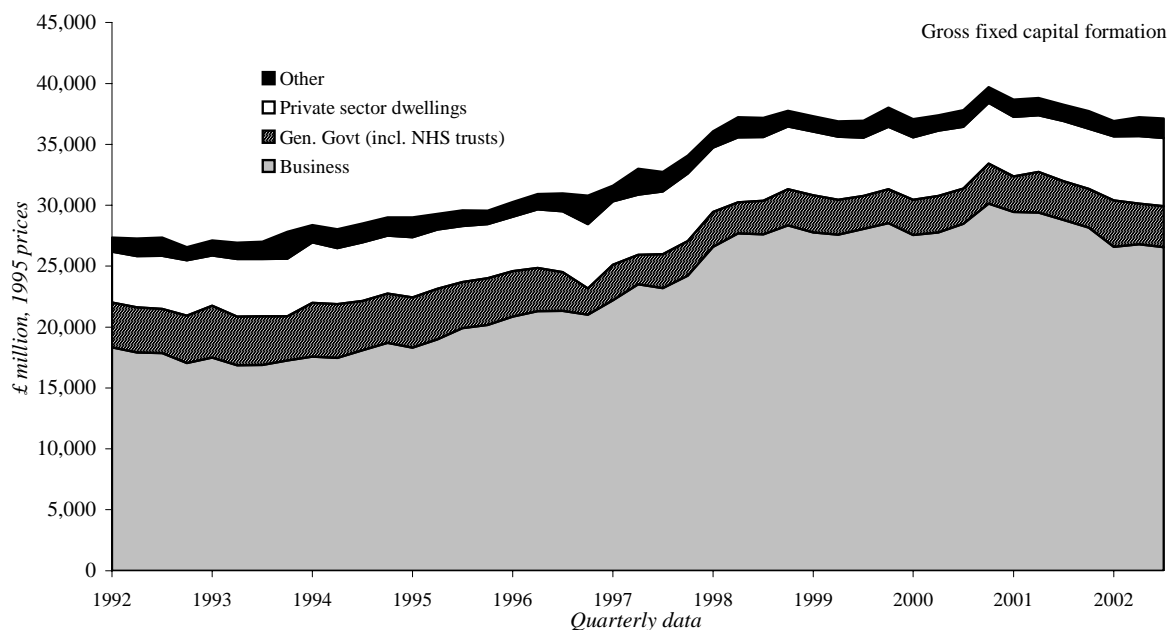
	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufacturing			
1999	0.8%	0.3%	3.2%	3.2%	0.8%
2000	1.7%	2.0%	3.6%	-3.2%	1.8%
2001	-2.2%	-2.4%	3.5%	-10.6%	3.6%
2002	-3.5%	-4.0%	2.7%	3.5%	7.5%
2001 Q4	-5.0%	-6.1%	3.5%	-7.4%	6.3%
2002 Q1	-5.6%	-6.3%	2.5%	2.4%	7.2%
Q2	-4.0%	-5.0%	2.5%	3.8%	7.0%
Q3	-2.8%	-2.8%	3.1%	5.3%	7.8%
Q4	-1.3%	-1.7%	2.6%	2.6%	7.9%

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

GDP by industry is measured by gross value added (GVA). GVA measures the value of output of an industry less the value of intermediate inputs used by that industry.

- Since 1999, output has grown faster in the service sector than in production industries and is currently growing at an annual rate of 2.6%. Between the third and fourth quarters of 2002, output in the service sector rose by 0.5%.
- Manufacturing output fell by 1.0% between the third and fourth quarters of 2002 and fell by 4.0% in 2002.
- In 2001, services accounted for 71% of gross value added, manufacturing for 18%, other production industries (mining & quarrying, and electricity, gas & water supply) for 5%, construction for 5% and agriculture, hunting and fishing for 1%.

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
1999	14,154	68,367	40,699	21,826	4,097	149,143
2000	12,640	72,753	40,145	22,070	4,378	151,986
2001	14,635	72,405	40,563	21,035	4,522	153,160
2002	14,291	75,213	40,333	20,853	4,757	155,447
2001 Q4	3,766	17,321	10,094	5,378	1,171	37,730
2002 Q1	3,549	16,542	10,042	5,660	1,112	36,905
Q2	3,587	16,514	10,031	5,958	1,147	37,237
Q3	3,800	15,875	10,254	5,996	1,215	37,140
Q4	3,753	15,869	10,301	6,102	1,285	37,310

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

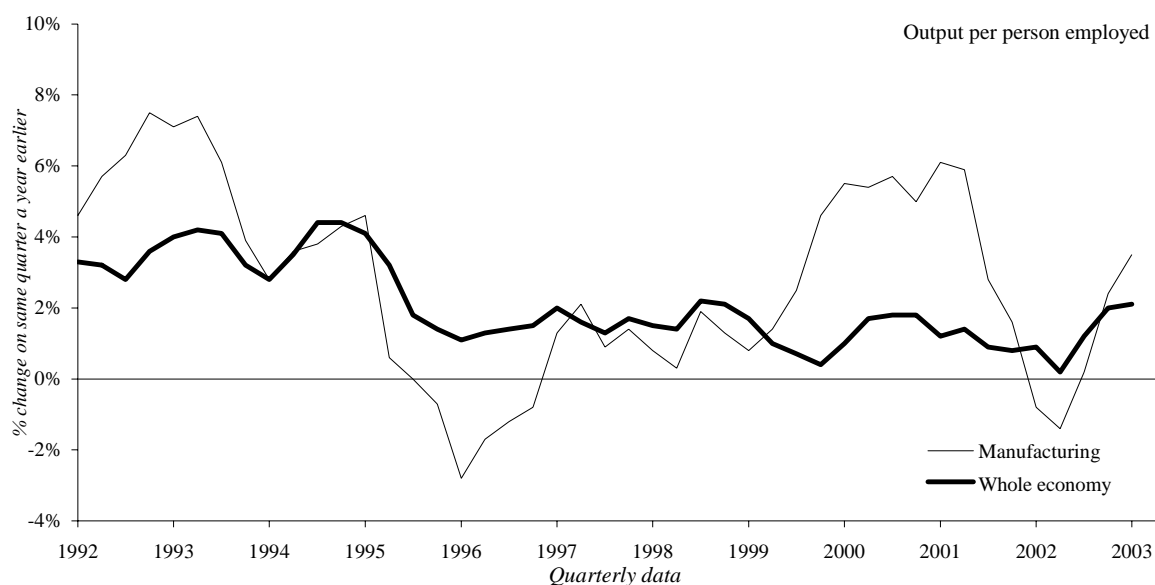
Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and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

- Total business investment (seasonally adjusted) grew by 0.4% in the fourth quarter of 2002 in real terms compared with the previous quarter and is now about 10% below its 1999 level.
- Manufacturing investment fell by 0.7% over the fourth quarter and service sector investment remained flat.

CONTACT Dominic Webb, x2883

Next update: 22 May

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
1998	0.8	-0.3	1.0	3.3	1.5	1.8
1999	0.3	-3.2	3.5	2.2	1.3	0.8
2000	2.0	-3.4	5.6	3.1	1.4	1.6
2001	-2.4	-4.4	2.2	1.8	0.7	1.1
2002	-4.0	-5.1	1.1	1.3	0.0	1.4
2001 Q4	-6.3	-5.4	-0.8	1.2	0.4	0.9
2002 Q1	-6.4	-5.0	-1.4	0.8	0.4	0.2
Q2	-5.0	-5.2	0.2	1.2	-0.1	1.2
Q3	-2.8	-5.0	2.4	2.0	-0.2	2.0
Q4	-1.7	-5.0	3.5	1.9	-0.3	2.1

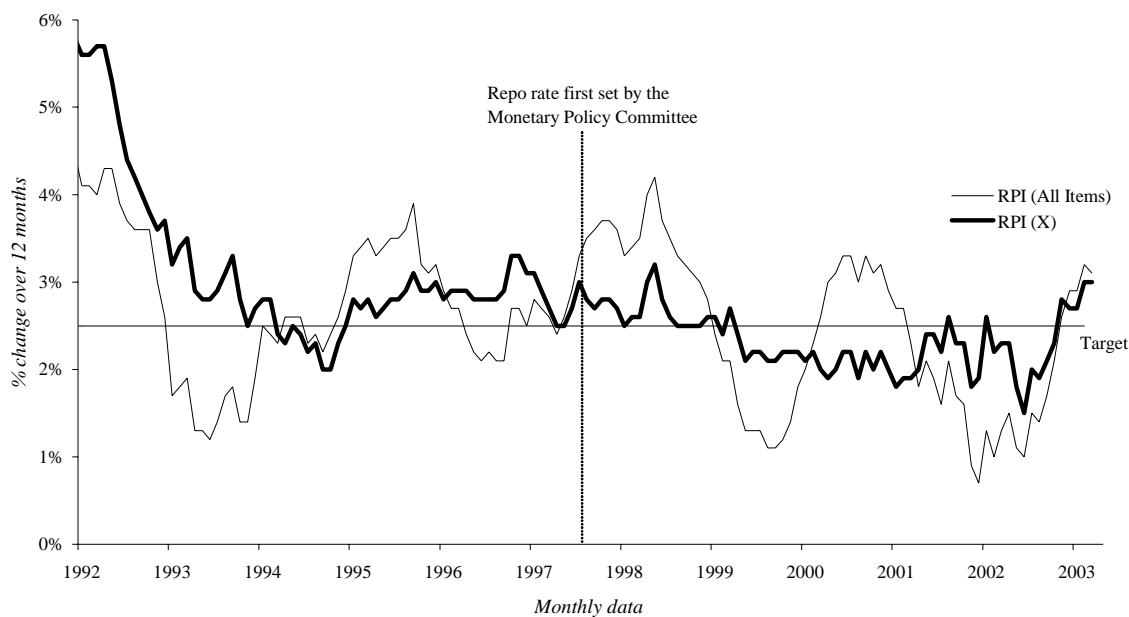
Source: NS database series ERIU, LNNS, LNNU, GDPR, LNNO, LNNP, ERIT, LNOK, LNNX, ABMM, LNNM, LNNN

- Productivity across the whole economy, measured by output per head, is estimated to have grown by 1.4% in 2002 compared to 1.1% in 2001 and 1.6% in 2000.
- In 2002, manufacturing output fell by 4.0% and employment in manufacturing fell by 5.1% while manufacturing output per head rose by 1.1%.
- Productivity growth in manufacturing rose from 2.4% per annum in 2002 Q3 to 3.5% per annum in 2002 Q4 while whole economy productivity growth rose from 2.0% per annum to 2.1% per annum in 2002 Q4.
- For the economy as a whole, productivity growth has averaged 1.2% per annum over the last eight quarters.

CONTACT Ed Potton, x4324

Next update: Late May

B 1. Retail Prices Index



Retail Prices Index

% change on previous year

	RPI	RPI (X)
	All Items	Excluding mortgage interest
1999	1.5	2.3
2000	3.0	2.1
2001	1.8	2.1
2002	1.7	2.2
2002 March	1.3	2.3
April	1.5	2.3
May	1.1	1.8
June	1.0	1.5
July	1.5	2.0
August	1.4	1.9
September	1.7	2.1
October	2.1	2.3
November	2.6	2.8
December	2.9	2.7
2003 January	2.9	2.7
February	3.2	3.0
March	3.1	3.0

Source: NS database (series CZBH, CDKQ)

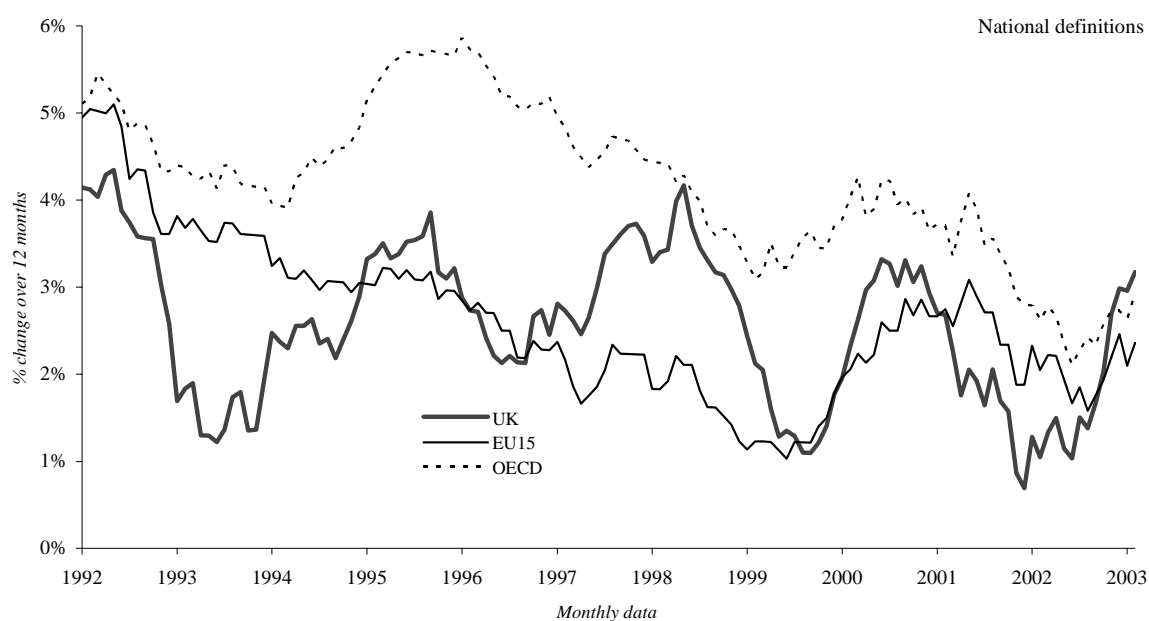
The current inflation target is 2.5%: if RPI (X) diverges from this target by more than 1 percentage point, the Governor of the Bank of England is required to send a letter to the Chancellor explaining the reasons for the divergence.

- The average annual increase in headline inflation (RPI) for 2002 was 1.7%, down from 1.8% in 2001. The annual average increase in underlying inflation (RPI(X)) was 2.2%, up from 2.1% in 2001.
- In the year to March 2003 the headline rate of inflation fell to 3.1%, from 3.2% in February. The underlying rate of inflation remained steady at 3.0% since February.
- The biggest upward effect on the headline rate in March came from increases in petrol prices due to fears over future supplies. The introduction of the congestion charge in London also contributed to the index for the first time.
- Downward pressure on the rate came from falling mortgage rates following the cut in interest rates in February and from cheaper leisure goods such as CDs and tapes.

CONTACT Patsy Richards, x4904

Next update: 20 May

B 2. Prices: International Comparisons



Consumer Price Index (national definitions)

% change over 12 months

	USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1999	2.1	-0.3	1.7	1.6	0.6	0.5	1.7	3.4	1.2
2000	3.4	-0.7	2.7	2.9	1.5	1.7	2.5	4.0	2.4
2001	2.8	-0.7	2.5	1.8	2.0	1.6	2.8	3.4	2.4
2002	1.5	-1.0	2.2	1.6	1.4	1.9	2.5	2.5	2.1
2002 September	1.5	-0.7	2.3	1.7	0.1	1.8	2.6	2.3	1.8
October	2.1	-0.9	3.2	2.0	0.3	1.9	2.7	2.6	1.9
November	2.2	-0.4	4.3	2.7	0.2	2.2	2.8	2.7	2.2
December	2.3	-0.3	3.8	3.0	1.0	2.3	2.8	2.7	2.5
2003 January	2.6	-0.4	4.5	3.0	0.1	2.0	2.8	2.6	2.1
February	3.0	-0.2	4.7	3.2	0.3	2.6	2.6	2.9	2.4

Source: OECD Main Economic Indicators

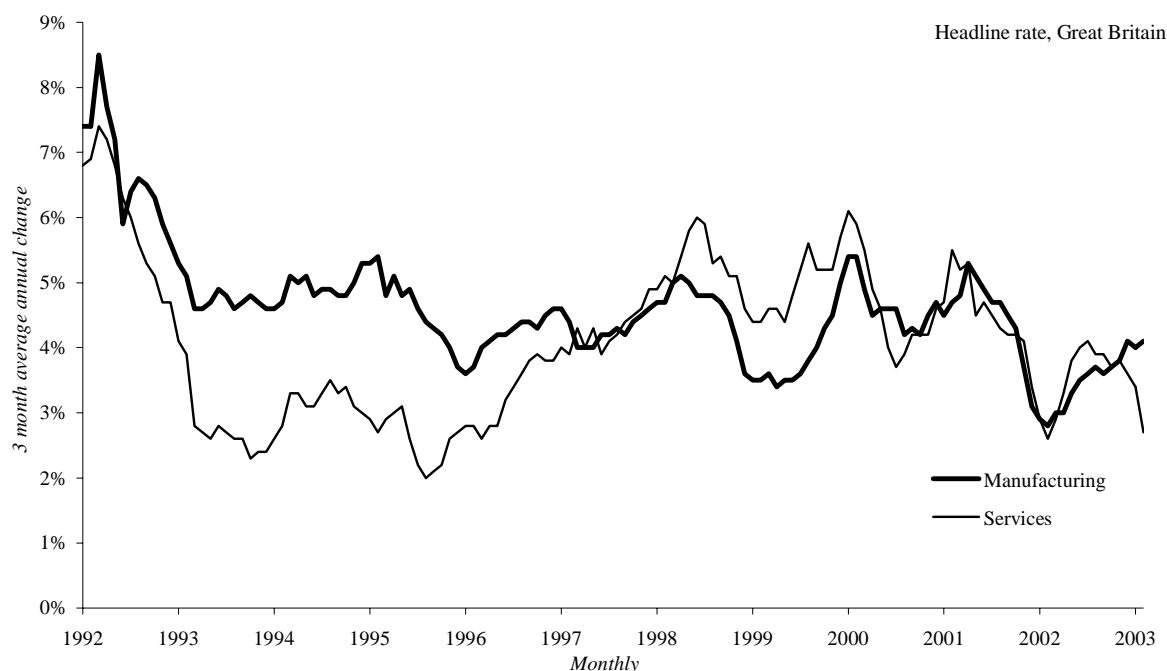
Under the terms of the Maastricht Treaty, harmonised indices of consumer prices (rather than data compiled on national definitions as in the table) are used to assess price stability in Member States.

- The provisional annual inflation rate (harmonised basis) for the twelve eurozone countries in March was 2.4%, the same as in February, but compared to 2.5% a year earlier.
- The inflation rates for the Member States not in the eurozone were (on a harmonised basis) Denmark 2.8%, Sweden 2.9% and the UK 1.6%.
- In March 2003 the eurozone countries with the highest annual inflation rates were, on a harmonised basis, Ireland (4.9%), Greece (3.9%) and Portugal (3.8%). The lowest rates were in Germany (1.2%) and Belgium (1.7%).

CONTACT Patsy Richards, x4904

Next update: June

B 3. Average Earnings Index



Average Earnings, Great Britain seasonally adjusted

		Headline rate (% change on year)		
		Whole Economy	Private Sector	Public Sector
1999	Feb	4.3	4.4	3.9
2000	Feb	5.7	6.1	4.3
2001	Feb	5.3	5.6	3.6
2002	Feb	2.7	2.3	4.7
	Mar	3.0	2.8	4.6
	Apr	3.4	3.3	4.2
	May	3.8	3.8	3.8
	Jun	3.9	4.0	3.5
	Jul	3.9	4.0	3.6
	Aug	3.8	3.9	3.4
	Sep	3.8	3.8	3.6
	Oct	3.7	3.6	3.7
	Nov	3.8	3.7	4.3
	Dec	3.7	3.4	4.6
2003	Jan	3.5	3.2	4.9
	Feb	3.0	2.5	5.1

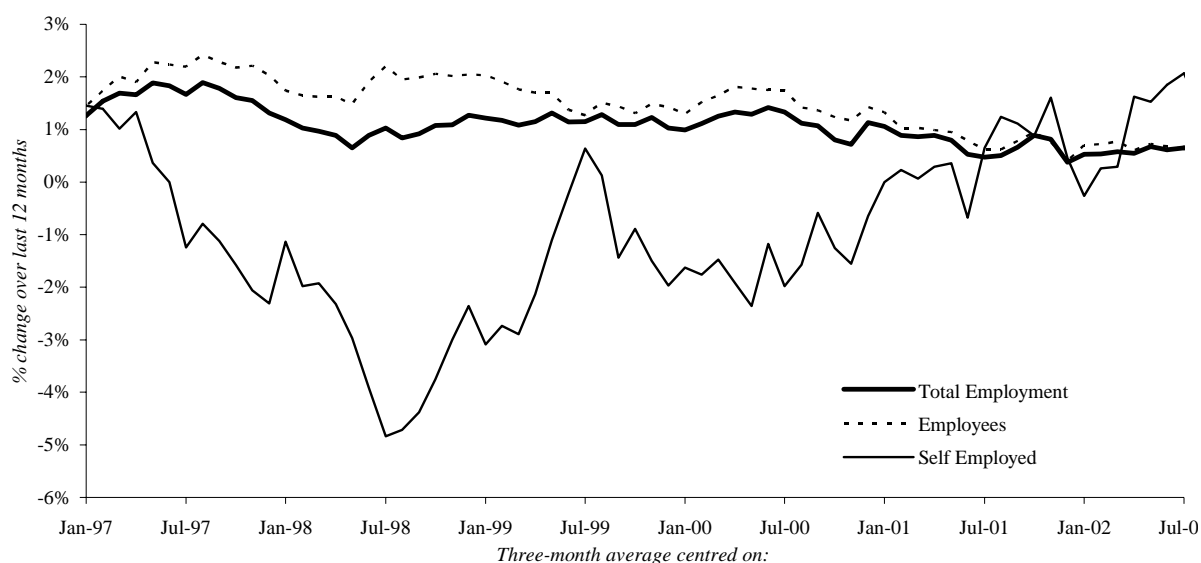
Source: NS database Series LNNC, LNND, LNNE

- The headline rate of growth in average earnings for the whole economy in February was 3.0%, a decrease on January's figure of 3.5%.
- February's headline rate of earnings growth for the whole economy is 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%.
- Headline average earnings growth in manufacturing was 4.1% in February (compared with 4.0% in January) while earnings growth in the service sector fell to 2.7% compared with 3.4% in January.
- Headline earnings growth in the private sector was 2.5% in February, compared to 5.1% in the public sector.
- Earnings are currently growing more quickly than a year ago (the headline rate in January 2002 was 2.7%).

CONTACT Dominic Webb, x2464

Next update: 14 May

C 1. Employment



Employment structure in the UK

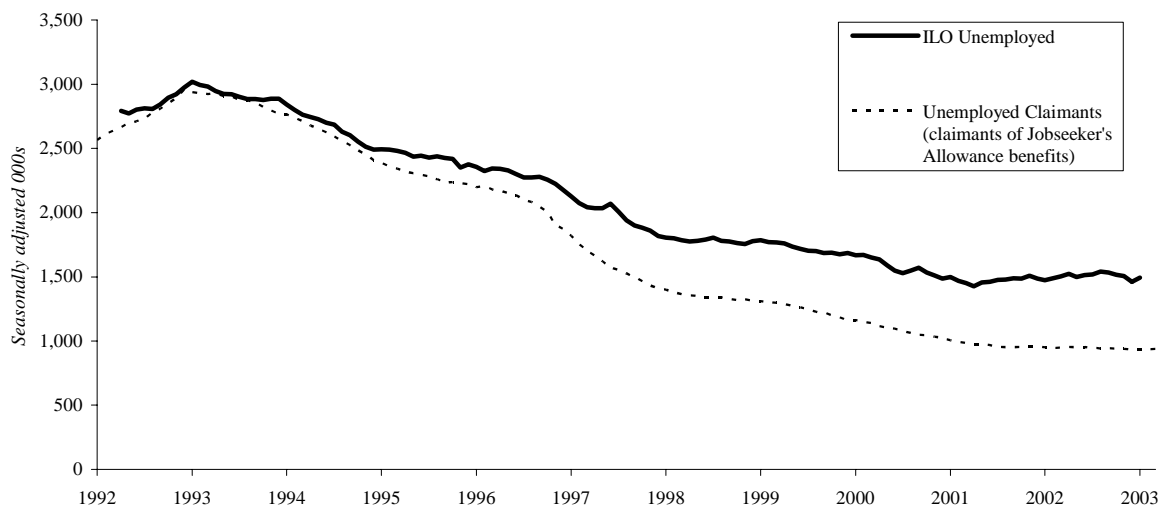
000s; seasonally adjusted

Three month average centred on		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1999	Jan	26,880	23,495	3,136	102	147
2000	Jan	27,147	23,800	3,085	110	152
2001	Jan	27,433	24,116	3,085	96	136
2002	Jan	27,577	24,285	3,077	101	114
2002	Apr	27,659	24,339	3,124	95	102
2002	Jul	27,671	24,330	3,152	93	96
2002	Oct	27,778	24,452	3,141	91	95
2003	Jan	27,811	24,422	3,201	90	99
<i>Changes:</i>						
<i>Last three months</i>		0.1%	-0.1%	1.9%	-1.5%	4.1%
<i>Last year</i>		0.8%	0.6%	4.0%	-10.8%	-13.8%

Source: National Statistics First Release Labour Market Statistics 16 April 2003

- Total employment was 27.8 million in the period December 2002 to February 2003, 0.8% higher than a year previously. The working age employment rate of 74.5% was the same as the previous quarter and 0.2% higher than a year earlier.
- The number of workforce jobs increased by 47,000 between September and December and was 45,000 higher than a year previously. Over the year to December, production industry workforce jobs fell by 160,000. Service sector jobs rose by 255,000 and other industries fell by 49,000.
- 7.1 million people were in part time employment in the period December 2002 to February 2003, of whom 5.6 million were women. Some 3.2 million people were self employed.

C 2. Unemployment: National



ILO Unemployment in the UK seasonally adjusted

	000s	rate (%)
1997 Mar - May	2,036	7.2
Jun - Aug	2,007	7.1
Sep - Nov	1,881	6.6
1998 Dec - Feb	1,805	6.4
Mar - May	1,772	6.2
Jun - Aug	1,799	6.3
Sep - Nov	1,757	6.2
1999 Dec - Feb	1,779	6.2
Mar - May	1,754	6.1
Jun - Aug	1,698	5.9
Sep - Nov	1,682	5.8
2000 Dec - Feb	1,664	5.8
Mar - May	1,633	5.7
Jun - Aug	1,527	5.3
Sep - Nov	1,529	5.3
2001 Dec - Feb	1,495	5.2
Mar - May	1,428	4.9
Jun - Aug	1,476	5.1
Sep - Nov	1,487	5.1
2002 Dec - Feb	1,473	5.1
Mar - May	1,524	5.2
Jun - Aug	1,520	5.2
Sep - Nov	1,515	5.2
2003 Dec - Feb	1,494	5.1

Source: Labour Force Survey (NS)

Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS). This data has been revised to take account of the 2001 Census results.

- The latest LFS estimates show that over the period December 2002 to February 2003, the level of ILO unemployment in the UK was 1,494,000. This was a decrease of 21,000 from the period September to November 2002.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, rose by 2,000 between February and March 2003 to 940,000.

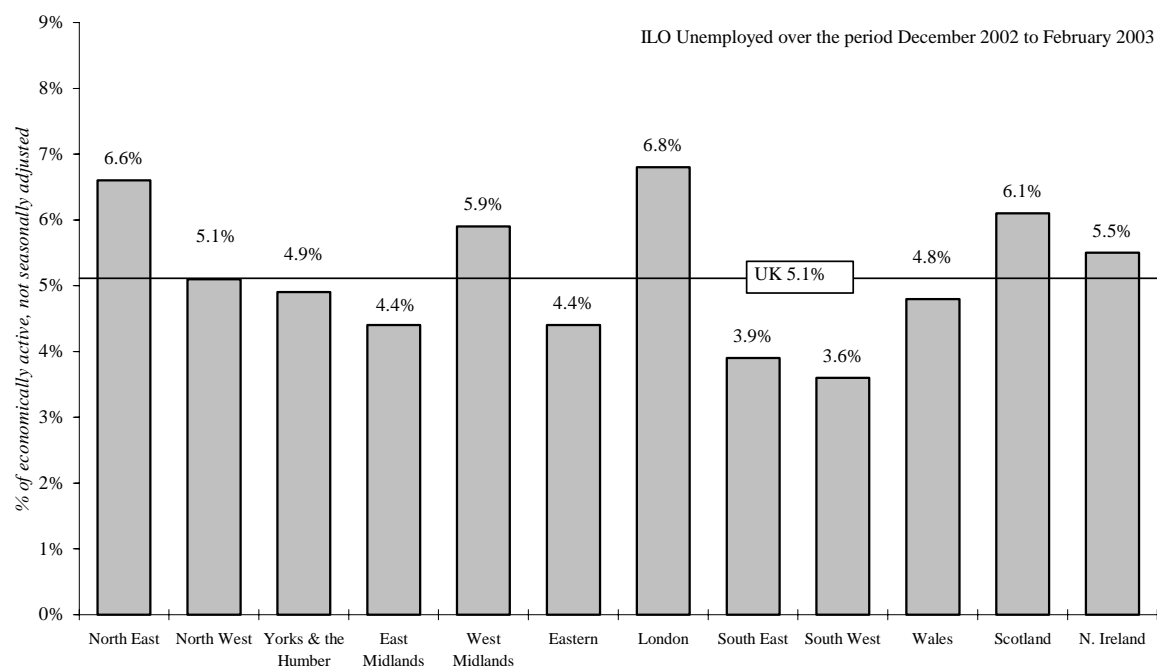
The New Deal for the Young Unemployed started in January 1998.

- 909,000 people had joined the scheme by the end of December 2002. Of those leaving the scheme 414,000 had moved into jobs up to the end of December, of which 326,000 (79%) were 'sustained', i.e. those who had not returned to claim Jobseekers' Allowance (JSA) within three months of starting employment.

The enhanced New Deal for the Long-Term Unemployed started in April 2001.

- By the end of December 2002, 360,000 people had joined the original (pre-April 2001) scheme. Of these, 77,000 had entered jobs of which 61,000 (80%) were sustained. 208,000 people had started on the enhanced scheme. Of these, 59,000 people had entered jobs of which 46,000 (78%) were sustained.

C 3. Unemployment: Regional



ILO Unemployment, December 2002 to February 2003 change on same period in previous year seasonally adjusted

	000s	%
North East	-13	-15%
North West & Merseyside	1	1%
Yorkshire & the Humber	-2	-2%
East Midlands	-7	-7%
West Midlands	8	6%
Eastern	17	16%
London	1	0%
South East	24	17%
South West	5	6%
Wales	-4	-6%
Scotland	-9	-5%
Northern Ireland	-2	-4%

Source: National Statistics, 16 April 2003

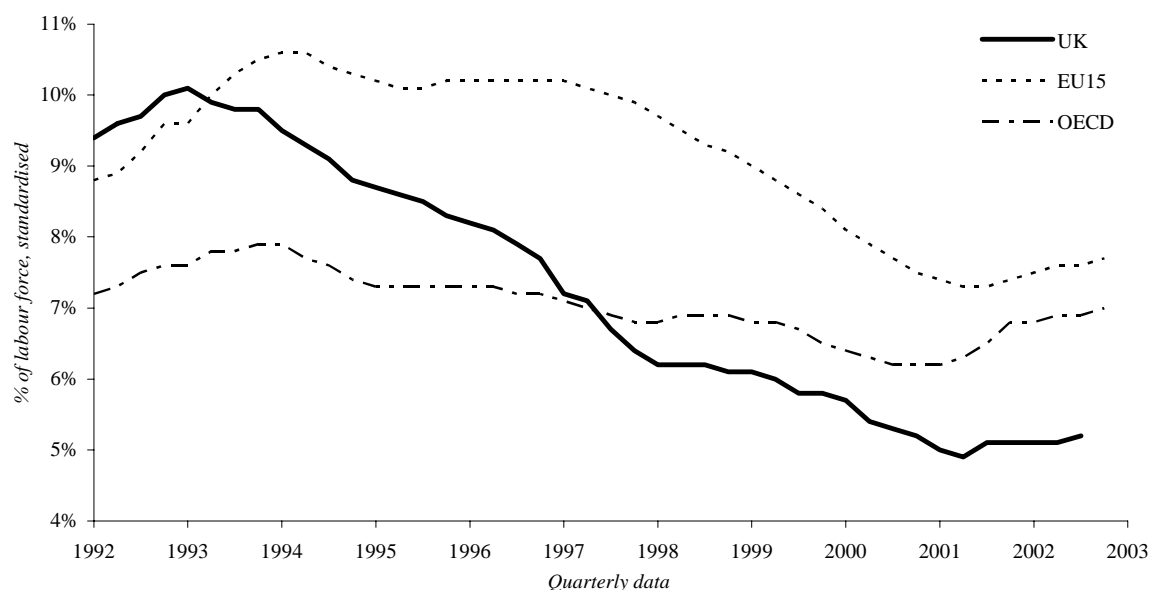
Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- Over the period December 2002 to February 2003 the London region had the highest unemployment rate, 6.8% of the economically active population. The lowest rate over the same period was 3.6% in the South West region.
- A comparison of the period December 2002 to February 2003 with the same period a year earlier shows that the largest fall in unemployment occurred in the North East, where it fell 15%. The South East experienced the largest rise (17%) in unemployment over the same period.

CONTACT Alex Adcock, x3793

Next update: 14 May

C 4. Unemployment: International Comparisons



Unemployed as % of labour force
standardised; seasonally adjusted

	1999	2000	2001	2002	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4
USA	4.2	4.0	4.8	5.8	5.6	5.6	5.9	5.8	5.9
Japan	4.7	4.7	5.0	5.4	5.4	5.3	5.3	5.4	5.4
Canada	7.6	6.8	7.2	7.7	7.6	7.8	7.6	7.6	7.6
UK	5.9	5.4	5.0	..	5.1	5.1	5.1	5.2	..
Germany	8.4	7.7	7.7	8.2	7.9	8.0	8.2	8.3	8.4
France	10.7	9.3	8.5	8.7	8.5	8.6	8.7	8.8	8.9
Italy	11.3	10.4	9.4	..	9.2	9.0	9.0	9.0	..
Euro zone	9.4	8.5	8.0	8.3	8.0	8.1	8.2	8.3	8.5
G7	6.1	5.6	5.9	6.5	6.3	6.3	6.5	6.5	6.5
OECD	6.7	6.3	6.5	6.9	6.8	6.8	6.9	6.9	7.0

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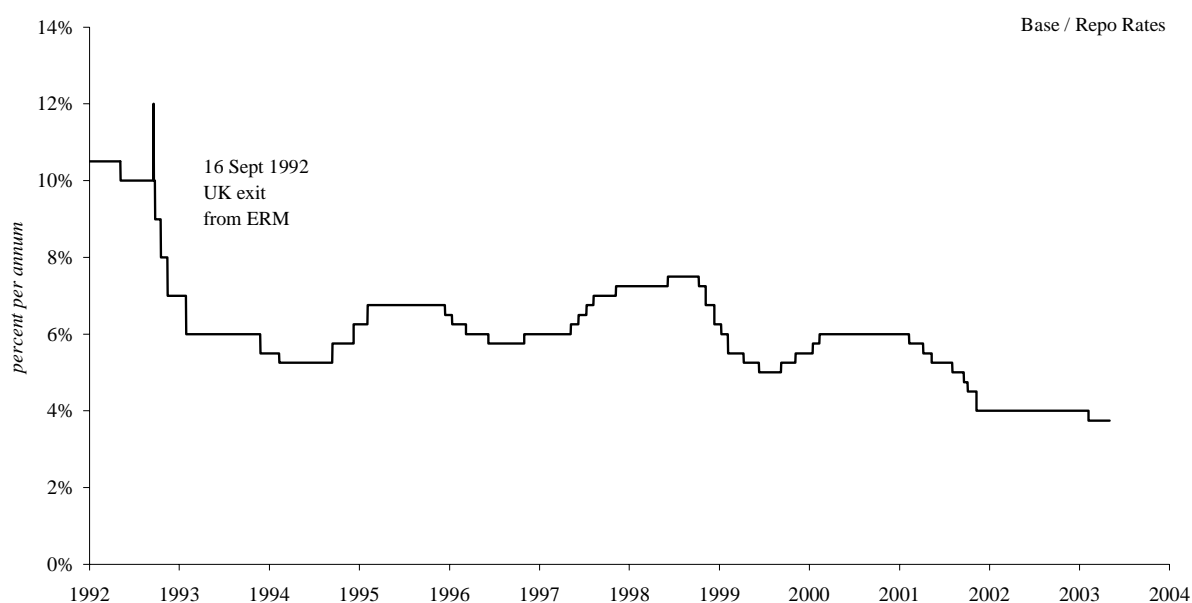
Source: OECD Main Economic Indicators

- Using standardised definitions, the UK unemployment rate for 2001 was 5.0%, significantly below the Euro-zone average (8.0%) and below the G7 and OECD rates (5.9% and 6.5% respectively).
- Between Q2 2002 and Q3 2002 the unemployment rate rose or remained the same in all G7 countries except the USA, where it fell 0.1 of a percentage point. The unemployment rate in all the G7 nations taken together did not change.
- The most recent forecasts published by the OECD (preliminary summary of *Economic Outlook, April 2003*) suggest the UK (non-standardised) unemployment rate will be 5.2% of the labour force in 2004. In 2004 the unemployment rate is expected to be 8.6% for the Euro zone and 7.0% for the OECD as a whole.

CONTACT Alex Adcock, x3973

Next update: May

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
2000	Jan 4	5.50
	Jan 13	5.75
2001	Feb 10	6.00
	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
2003	Feb 6	3.75

Source: Bank of England

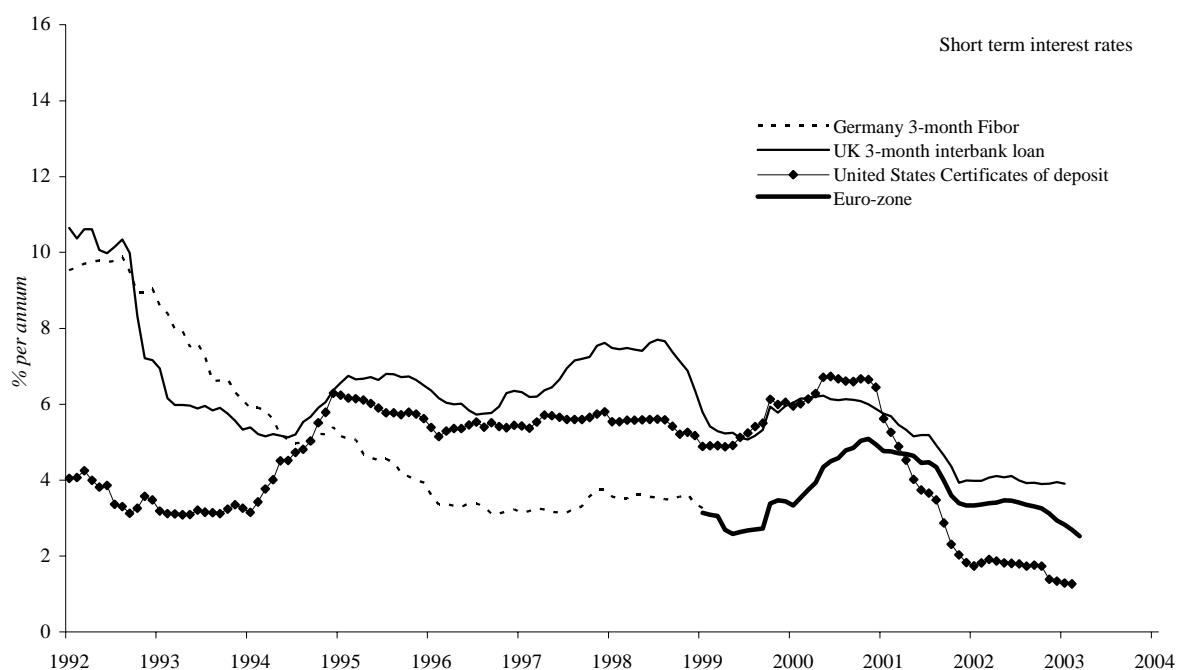
The ¼% interest rate increase on 6 June 1997 signified the first time that interest rates were set by the independent Monetary Policy Committee (MPC) of the Bank of England rather than by the Chancellor.

- The ¼ percentage point cut announced in February 2003 was the first interest rate cut since November 2001. The ½ percentage point cuts in November and December 1998, February 1999 and November 2001 were the largest changes in rates yet made by the MPC.
- The latest Bank Inflation Report forecasts that inflation is likely to remain above the target rate throughout 2003.
- In its April meeting, the MPC felt that the outlook for the economy had deteriorated slightly as the global outlook seemed weaker.
- The MPC suggested that lower oil prices, a fall in exchange rates and cooling in the housing market were the main reasons for maintaining the present rate.
- The MPC next meets on 7 May. It is expected that the minutes will be published on 21 May 2003.

CONTACT Grahame Allen, x4324

Next update: 8 May

D 2. Interest Rates: International Comparisons



International Interest Rates (% p.a.)

As at 30 April 2003

	Official rate	Yield on 10 yr Government bonds	3-month rate market rate
United Kingdom	3.75	4.34	3 ⁹ / ₁₆
United States	1.25	3.84	1 ⁹ / ₃₂
Switzerland	0.75-1.75	2.41	¹ / ₄
Japan	-0.01	0.59	..
Euro-zone	2.50	..	2 ¹ / ₂

Source: Financial Times, 1 May 2003

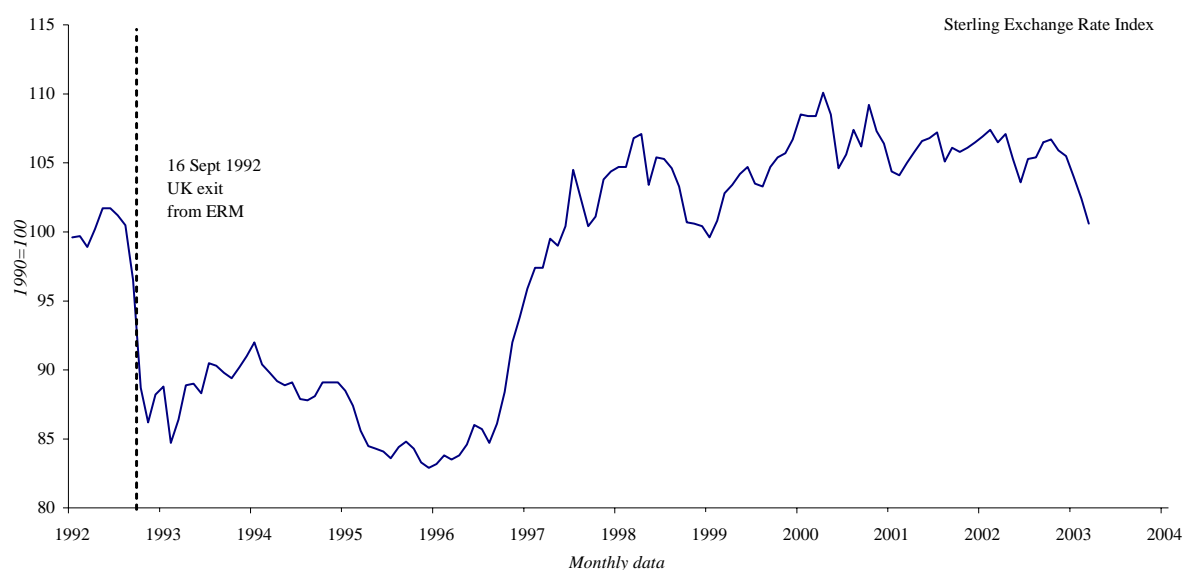
The main developments on the international stage have been the action of the main Central Banks in cutting their official rates and the negative effects on economic activity stemming from the high degree of worldwide uncertainty.

- The US Federal Reserve cut the US Federal Funds Rate by ½% eight times during 2001. A further cut of ½% was announced on 6 November 2002.
- The Monetary Policy Committee (MPC) responded by reducing the UK Repo rate by ¼% six times and ½% once during 2001. The latest cut of ¼% was announced on 6 February 2003.
- The ECB did not follow the lead of the Fed or the MPC on a like for like basis, as might have been expected. They reduced the minimum lending rate four times during 2001, by ¼% in May and August and twice by ½% in September and November. The latest cut of ¼% was announced on 6 March 2003.
- A further cut by the ECB seems unlikely in the short-term due to dampened upward pressure on inflation and expectations of improved demand and output growth in the euro-zone beginning in the second half of 2003.

CONTACT Ian Townsend, x3977

Next update: Early May

D 3. Exchange Rates



Sterling Exchange Rates

	US\$		Yen		ECU/Euro	
	Rate	% change on year	Rate	% change on year	Rate	% change on year
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%
2002	1.504	4.4%	187.9	7.5%	1.591	-1.1%
2002						
March	1.423	-1.6%	186.3	6.2%	1.622	2.0%
April	1.443	0.6%	188.5	6.2%	1.628	1.2%
May	1.459	2.3%	184.3	6.1%	1.591	-2.4%
June	1.486	6.1%	183.1	6.8%	1.552	-5.6%
July	1.555	10.0%	183.5	4.2%	1.567	-4.7%
August	1.538	7.0%	183.0	4.9%	1.572	-1.5%
September	1.556	6.3%	188.1	8.4%	1.586	-1.2%
October	1.557	7.3%	192.9	9.5%	1.587	-1.0%
November	1.572	9.5%	191.0	8.7%	1.569	-2.9%
December	1.586	10.1%	193.4	5.3%	1.557	-3.6%
2003						
January	1.617	13.6%	192.1	1.1%	1.522	-6.2%
February	1.609	13.0%	192.1	1.1%	1.492	-8.7%
March	1.584	11.3%	187.8	0.8%	1.465	-9.7%

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

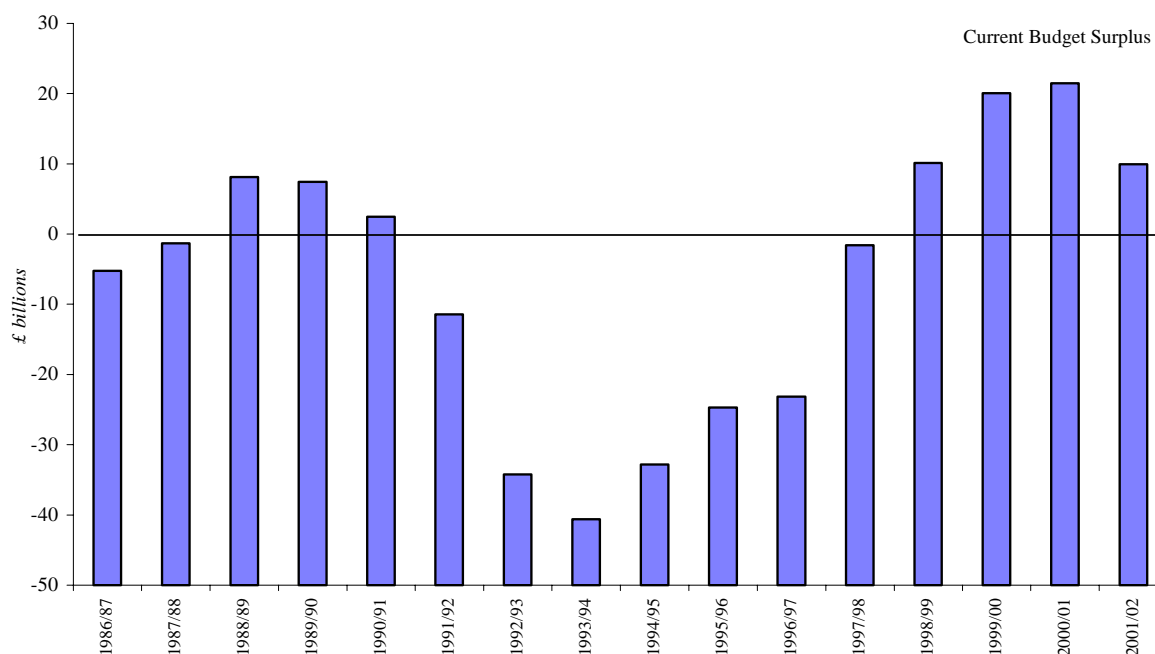
The Sterling Exchange Rate Index (SERI) measures the value of Sterling against a trade-weighted 'basket' of other currencies. The weights used to calculate the index measure currencies relative importance to UK trade in manufacturing.

- The large fall in the SERI following the UK exit from the ERM indicated a relative improvement in UK competitiveness. The SERI has decreased by 4.9 points so far in 2003 suggesting that the UK was relatively more competitive at the end of March than at the beginning of the year.
- The pound was worth euro 1.4327 at the London market close on 30 April 2003 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 Ian Townsend, x3977

Next update: Early May

D 4. Public Finances



Public Sector Net Debt

	Public Sector Net Debt	
	£ billion	as a % of GDP
1998/99	348.5	40.1%
1999/00	340.9	37.3%
2000/01	306.8	31.9%
2001/02	311.4	31.0%
2001 Q3	308.1	31.4%
2001 Q4	318.7	32.1%
2002 Q1	311.4	31.0%
2002 Q2	318.1	31.3%
2002 Q3	320.2	31.1%

Source: NS Database Series AMNU, RUTN & YBHA

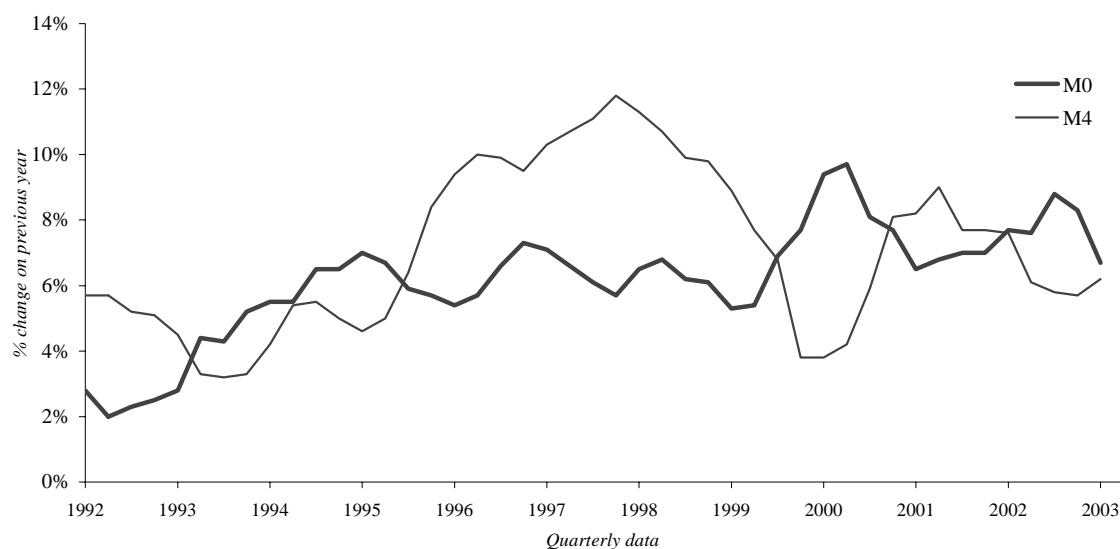
The Government's policy is to balance, i.e. surpluses in one year to match deficits in another, the current budget over the span of the economic cycle. The graph shows the last two completed cycles, 1986 Q2 to mid 1997, and mid 1997 to mid 1999. Data for 2002/03 and subsequent years are projections based on the Pre-Budget Report.

- There was a negative £5.6 billion surplus on the current budget in the fourth quarter of 2002 compared to £1.2 billion in the same quarter of the previous year.

The Government's policy is to keep public sector net debt below 40% of GDP. In the table net debt is expressed as a percentage of GDP in the current period and the preceding three quarters.

- The public sector net cash requirement (the new aggregate replacing the PSBR) was £15.7 billion in the fourth quarter of 2002 compared to £9.5 billion in the same quarter of the previous year. For the full 2002/3 financial year the PSNCR was £22.5 billion compared to £3.3 billion in 2001/2.

D 5. Money Supply



Money stock

seasonally adjusted

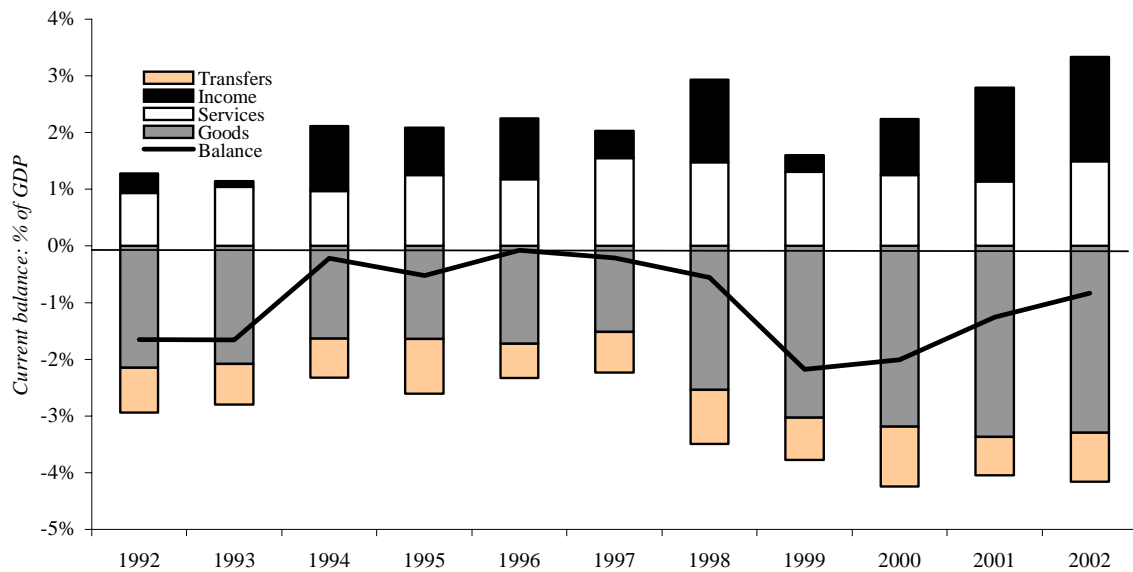
	M0		M4	
	3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
2002 March	5.5	7.3	5.4	5.7
April	4.6	7.9	4.2	5.8
May	9.4	9.1	2.9	5.8
June	12.2	9.4	6.4	5.8
July	8.6	8.5	6.1	5.7
August	6.4	8.4	7.7	5.6
September	3.2	8.1	7.3	5.3
October	6.2	8.1	8.3	5.4
November	3.3	6.6	7.6	5.8
December	1.2	5.4	9.0	7.0
2003 January	1.2	5.1	7.1	6.4
February	5.7	6.2	8.3	6.6
March	9.7	6.5	6.3	7.2

Source: Bank of England, National Statistics series EUAC, EUAD; VQMY, VQMX, VQKA, VQJW

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 7.2% in the 12 months to March 2003. The 12-month seasonally adjusted M0 growth rate was 6.5% in March 2003, compared to 6.2% in February 2002.
- There are now no formal targets for money supply growth.

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	
1999	-27,372	11,794	-15,578	2,609	-3,940	-2,747	-6,687	-19,656
2000	-30,326	11,838	-18,488	9,400	-5,552	-4,480	-10,032	-19,120
2001	-33,510	11,300	-22,210	16,404	-2,600	-4,079	-6,679	-12,485
2002	-34,394	15,522	-18,872	19,233	-5,742	-3,305	-9,047	-8,686
2001 Q4	-8,703	3,693	-5,010	2,746	-1,050	-986	-2,036	-4,300
2002 Q1	-8,131	3,328	-4,803	5,316	-1,017	-1,388	-2,405	-1,892
Q2	-6,502	3,385	-3,117	2,983	-1,377	-1,150	-2,527	-2,661
Q3	-8,890	3,881	-5,009	5,569	-1,546	-79	-1,625	-1,065
Q4	-10,871	4,928	-5,943	5,365	-1,802	-688	-2,490	-3,068

Source: National Statistics database

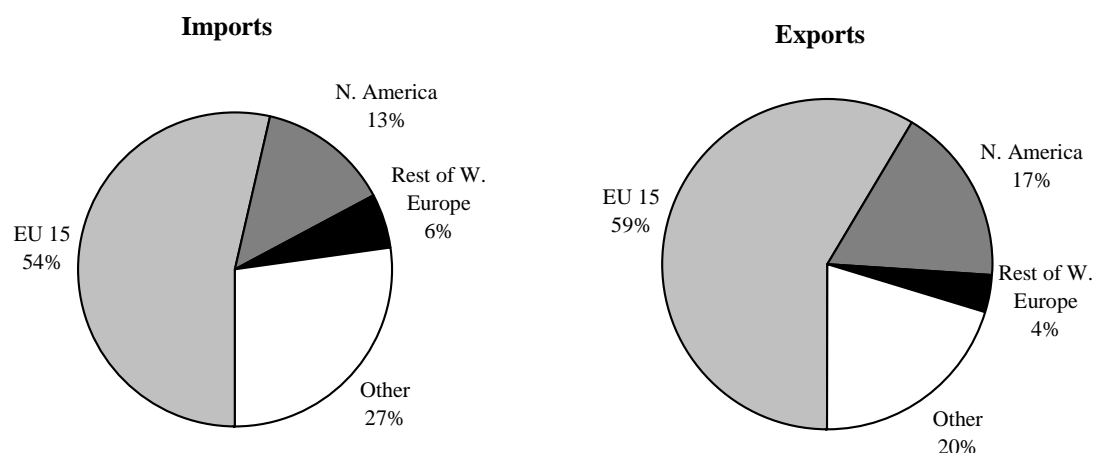
- The current account deficit for 2002 was an estimated £8.7 billion compared to a revised deficit of £12.5 billion for 2001. A record annual deficit on trade in goods was more than offset by record surpluses on trade in services and income.
- The current account was in deficit by £3.1 billion in Q4 2002, compared to a revised deficit of £1.1 billion in the previous quarter. The increase was due mainly to higher deficits on trade in goods and current transfers, partly offset by a higher surplus on trade in services.
- The surplus on trade in services was a record £4.9 billion in Q4 2002, up from £3.9 billion in Q3 2002. The surplus rose to a record £15.5 billion for the year 2002 compared to £11.3 billion in 2001, mainly accounted for by increases in exports of insurance and other business services.

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Next update: 27 June

E 2. Trade in Goods

Shares of trade in goods by area: 2002
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
1999	123.3	141.2	166,166	193,538	-27,372
2000	137.5	158.3	187,936	218,262	-30,326
2001	139.4	163.3	190,050	223,560	-33,510
2002	136.8	165.2	185,848	220,242	-34,394
2001 Q4	135.2	162.3	45,621	54,324	-8,703
2002 Q1	135.2	163.2	45,927	54,058	-8,131
Q2	142.9	165.9	49,188	55,690	-6,502
Q3	138.5	165.5	46,587	55,477	-8,890
Q4	130.5	166.2	44,146	55,017	-10,871

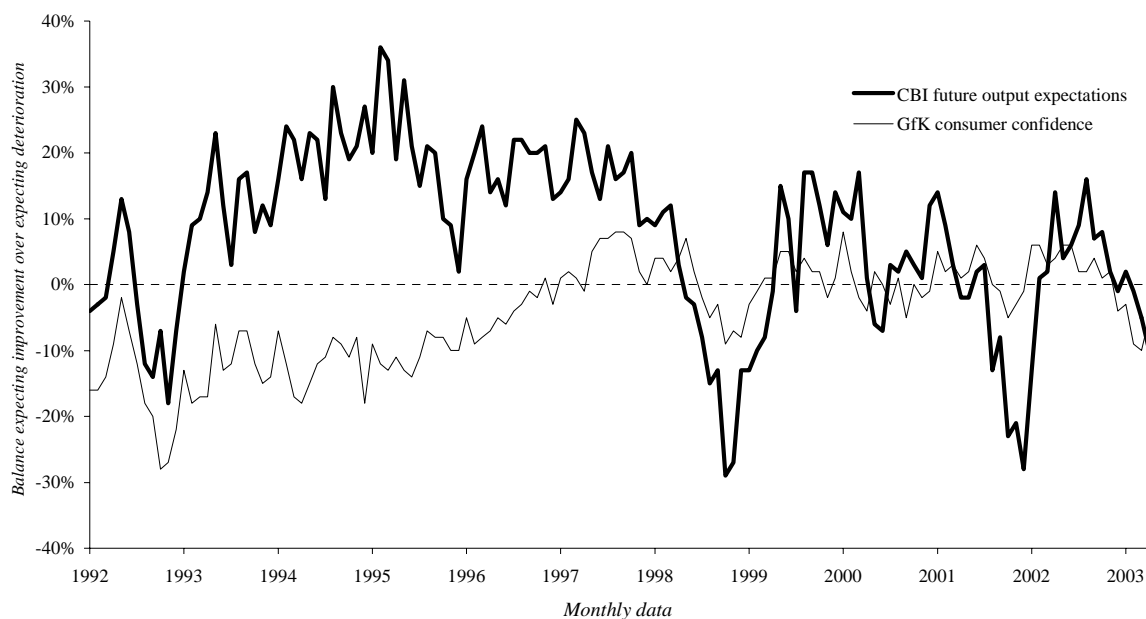
Source: National Statistics Database

- The goods trade deficit for the year 2002 as a whole is estimated as £34.4 billion, compared to a £33.5 billion deficit in 2001.
- In February 2003 the deficit on trade in goods is provisionally estimated at £3.7 billion compared with a revised deficit of £3.2 billion for January. In February total exports of goods fell 5.0% on the previous month to £14.8 billion, while goods imports fell 1.5% to £18.5 billion.
- The deficit on trade in goods with EU countries for February was £1.2 billion, unchanged from January. The deficit with non-EU countries was £2.4 billion, up from £2.0 billion in January.
- The latest estimate of trend suggests that the UK trade deficit and the whole world goods deficit are widening. The trends in the value of trade show exports falling and imports flat in recent months.

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Next update: 12 May

F 1. Survey Indicators



Output Expectations and Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

	CBI Industrial Trends Survey: future output expectations	GfK Consumer Confidence Index
2002 Apr	14	4
May	4	6
Jun	6	6
Jul	9	2
Aug	16	2
Sep	7	4
Oct	8	1
Nov	2	2
Dec	-1	-4
2003 Jan	2	-3
Feb	-1	-9
Mar	-5	-10
Apr	-10	-5

Source: NS database Series ETCU & ETBA

Survey indicators – including those shown here – are often expressed in the form of a balance of the percentage of respondents who expected the situation to improve in the immediate future over the percentage who expected things to worsen.

- The balance of expectations from the CBI's monthly *Industrial Trends Survey* for future output has fallen by a further 5 percentage points to -10 in April 2003.
- The CBI's quarterly indicator of overall business confidence in manufacturing, which looks at current optimism compared with four months previously, fell from -19 in January 2003 to -27 in April 2003.

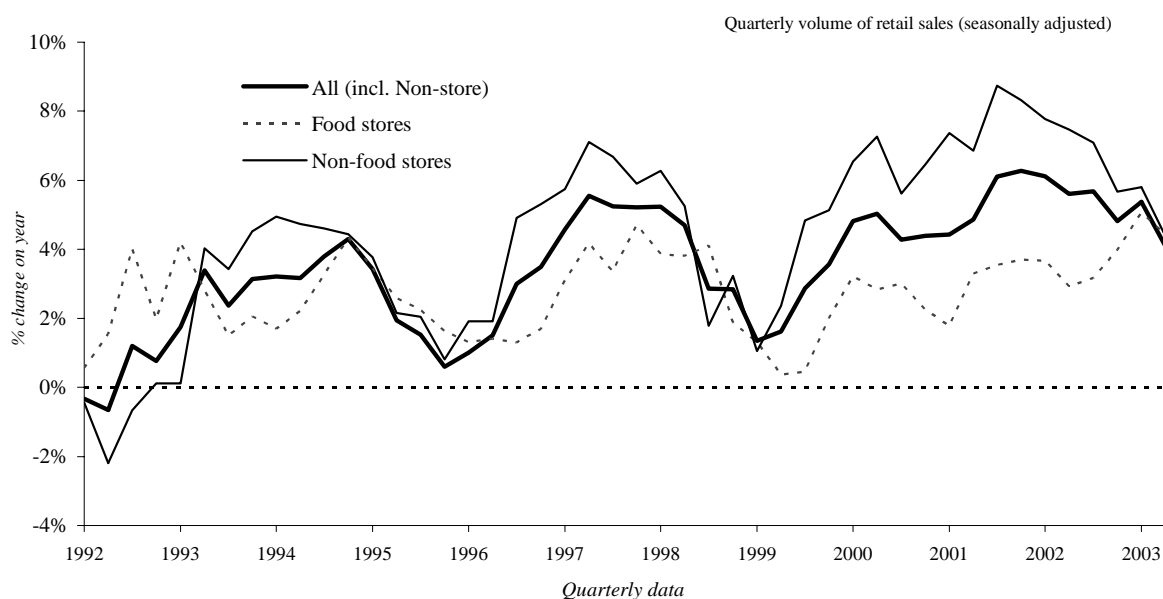
The GfK *Consumer Confidence Index* is a composite measure of a variety of measures of consumer attitudes. These include forward expectations of the general economic situation and households' financial positions, perceptions of how these have changed over the last 12 months, and also views on major household purchases.

- The results for April show that the overall index has risen by 5 points since last month to -5. Expectations for the general economic situation also rose, whilst the likelihood of consumers saving over the next 12 months is unchanged on last month.

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Next update: 22 May

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
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%
2002	3.2%	3.8%	5.3%	5.3%	3.8%
2002 Q1	5.1%	15.9%	8.5%	4.3%	5.8%
Q2	2.4%	4.9%	6.6%	4.8%	3.9%
Q3	3.3%	3.3%	4.9%	4.7%	3.9%
Q4	1.4%	1.4%	3.3%	6.9%	3.2%
2003 Q1	4.0%	4.0%	3.3%	2.5%	3.1%

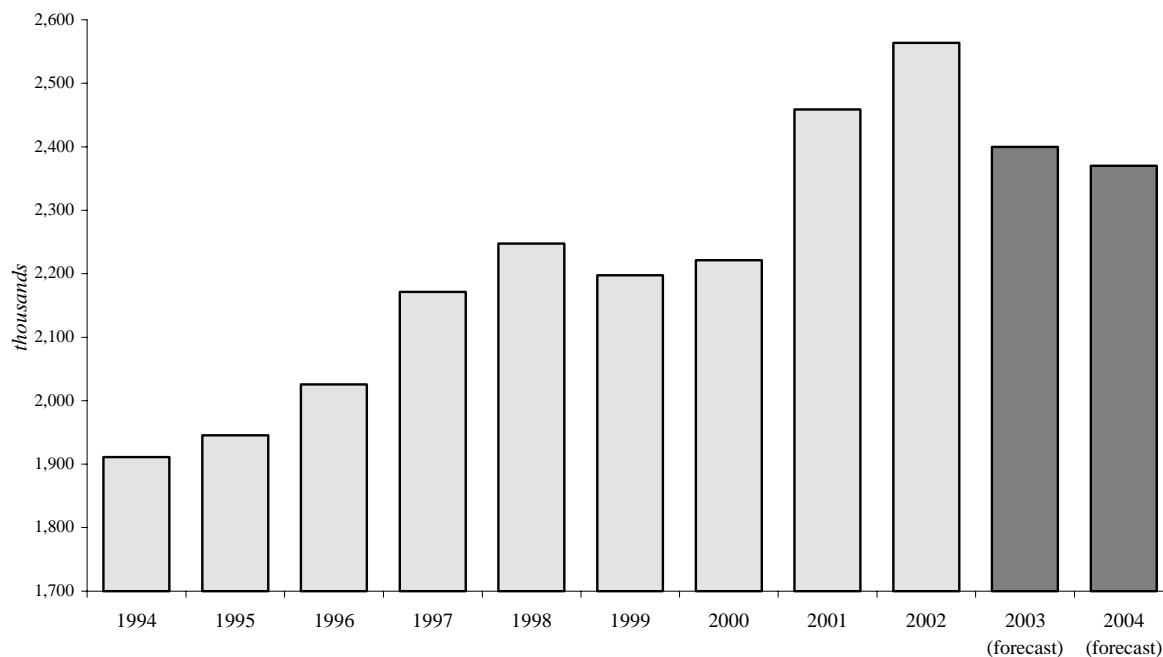
Source: NS database Series EAWN, EAWO, EAWP, EAWQ, EAWM

- The *volume* of retail sales grew by just 0.1% compared with the last quarter of 2002, and 4.1% higher than a year previously (seasonally adjusted).
- Retail sales volumes in March 2003 were 4.3% higher than in March 2002 (seasonally adjusted).
- Retail sales volumes in predominantly non-food stores increased by 4.5% in Q1 2003 compared to the same quarter a year earlier. In predominantly food stores, sales volumes grew by 4.4% over the same period. Sales growth was particularly strong in textile, clothing and footwear stores, at 6.8% (all seasonally adjusted data).
- The average weekly *value* of retail sales in March 2003 was £4,280 million, 2.7% higher than in February 2002 (non-seasonally adjusted).

CONTACT Ed Potton, x2883 .

Next update: 22 May

F 3. New Registrations of Cars



New Registrations of Cars

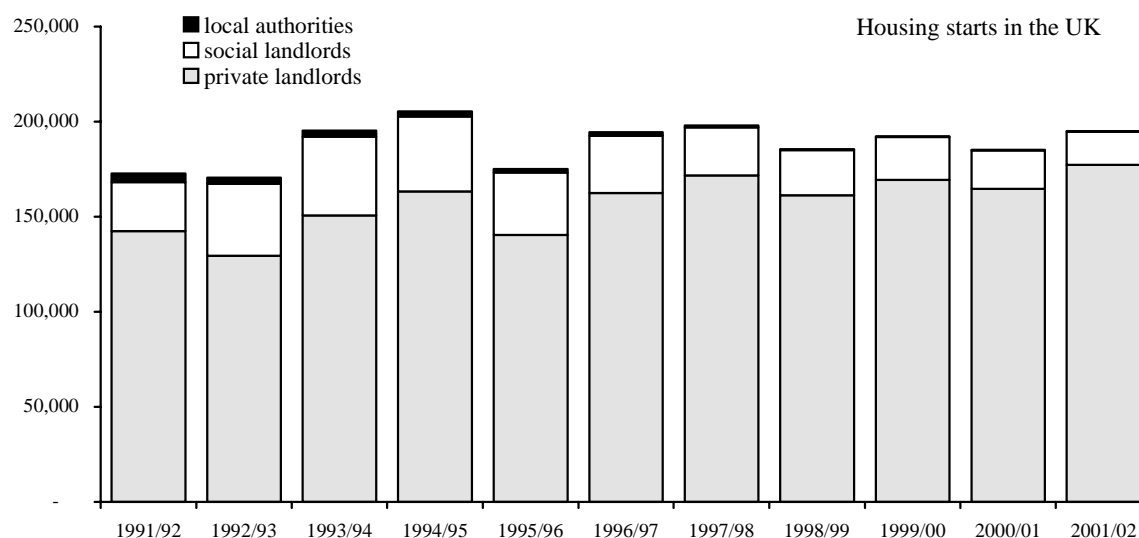
not seasonally adjusted

	Number (000s)	Change over 12 months
2001	2,459	10.7%
2002	2,564	4.3%
2003 (forecast)	2,400	-6.4%
2004 (forecast)	2,370	-1.3%
2002		
March	424	3.8%
April	209	16.1%
May	209	5.1%
June	207	-3.7%
July	196	13.1%
August	87	12.8%
September	433	-2.4%
October	184	-0.6%
November	172	-6.8%
December	145	14.3%
2003		
January	187	-9.1%
February	88	-5.8%
March	438	3.4%

Source: SMMT "Monthly Statistical Review"

- Figures from the Society of Motor Manufacturers and Traders show that new car registrations increased by 3.4% in March 2003 compared with the previous March's figure to 438,000 units.
- The number of new registrations of cars was around 2.6 million units in 2002, a rise of 4.3% on the previous year and the highest annual total ever.
- There were 97,000 registrations of British-built cars in March, equivalent to 22.2% of the market. This is a fall of 10.1% on the previous March's figure. In 2002 as a whole, there were 583,000 registrations of British-built cars, a decrease of 1.9% from the previous year's figure and equivalent to 22.7% of the market.
- New registrations of cars are forecast to fall by 6.4% in 2003 and by a further 1.3% in 2004.

F 4. Housing



House prices

Standardised average price (£), non-seasonally adjusted, rounded

	All Houses	New Houses	Existing Houses	First time buyers
2002 Q1	100,200	103,800	100,900	71,900
Q2	107,100	110,200	107,900	76,900
Q3	114,000	115,200	115,400	80,300
Q4	121,400	123,000	122,800	84,600
2003 Q1	123,600	126,800	124,400	86,700
<i>% change over same period in previous year</i>				
2002 Q1	16.2%	17.2%	16.4%	16.4%
Q2	16.7%	16.1%	16.8%	17.4%
Q3	21.0%	16.1%	21.6%	20.0%
Q4	26.4%	22.9%	27.0%	23.5%
2003 Q1	23.4%	22.2%	23.3%	20.5%

Sources: ODPM & Halifax House Price Index

- The latest ODPM press release provisionally estimates that 16,700 dwellings were started in Great Britain in February 2003, compared with 14,700 in February 2002. February 2003 saw 13,300 completions, up from 12,300 in the same month in the previous year. In the latest three months 43,400 dwellings were started, up 9% on the same three-month period a year ago. There were 42,800 completions in the latest three months, up almost 8% on the same three months in the previous year (all based on non-seasonally adjusted figures).

Note: The ODPM will publish quarterly figures on housing starts and completions from the 2003/04 financial year to provide better trend assessment given the variability of monthly figures.

- According to the Halifax Monthly Index, house prices in the United Kingdom rose by 1.1% in March 2003. On an annual basis, house price inflation was running at 23.4%.
- The Halifax Quarterly Index shows that UK house prices rose by 2.4% in the first quarter of 2003 following a 7.5% rise in the fourth quarter of 2002 (all seasonally adjusted figures).
- Regionally in Q1 2003, annual house price inflation was highest in the East Midlands (33.9%) and lowest in Northern Ireland, which saw a prices fall 0.6%. These figures compare with a figure of 23.4% for the whole UK (all non-seasonally adjusted figures).

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Next update: 8 May