



RESEARCH PAPER 03/81
3 NOVEMBER 2003

Economic Indicators

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

This month's article: National Statistics revisions

Ian Townsend

ECONOMIC POLICY AND STATISTICS SECTION

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CONTENTS

I	Contacts for further information	i
II	National Statistics revisions	ii-vi
III	Subject pages	1
	A. Growth & Output	1
	1. GDP	1
	2. GDP: International Comparisons	2
	3. GDP by Industry	3
	4. Investment	4
	5. Productivity	5
	B. Prices & Wages	6
	1. Retail Prices	6
	2. Prices: International Comparisons	7
	3. Average Earnings	8
	C. Labour Market	9
	1. Employment	9
	2. Unemployment: National	10
	3. Unemployment: Regional	11
	4. Unemployment: International Comparisons	12
	D. Finance & Government Borrowing	13
	1. Interest Rates	13
	2. Interest Rates: International Comparisons	14
	3. Exchange Rates	15
	4. Public Sector Net Cash Requirement	16
	5. Money Supply	17

E.	International Trade	18
	1. International Trade	18
	2. Trade in Goods	19
F.	Other Indicators	20
	1. Survey Indicators	20
	2. Retail Sales	21
	3. New Registration of Cars	22
	4. Housing	23

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	Edward Potton	2883
GDP	Grahame Allen	4324
Employment	Dominic Webb	2464
Financial services	Grahame Allen	4324
Housing	Gavin Berman	3851
Incomes	Ian Townsend	3977
Industries	Edward 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

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

II National Statistics revisions

Revision is an integral part of producing high quality official statistics, a result of the trade-off between timeliness and waiting for the best information available. However, there has been recent adverse press comment, and several revisions involving some key economic data such as growth, population and trade figures have prompted the Statistics Commission to announce a review.¹

The Office for National Statistics (ONS) is the official UK statistics office, overseen by an advisory Statistics Commission chaired by David Rhind. Len Cook is the National Statistician with overall responsibility, who heads ONS and the Government Statistical Service, working with the Head of Profession for statistics in each Department. An article in a previous edition of this research paper outlined the background to the launch of ONS.²

These are busy times for ONS: The ten-yearly census of population took place in 2001; data are increasingly required at a regional and local level to inform a range of new government policies; expectations regarding fast access to data are ever-increasing; and there are international drives towards standardisation, notably through the new European System of Accounts 1995 (ESA95). ESA95 sometimes conflicts with Treasury practice, leading to some recent friction between ONS and the Treasury on the treatment of, for instance, tax credits, public/private partnerships and not for profit bodies, such as Network Rail, in the National Accounts. Throughout, ONS data continue to underpin the range of day to day government policy making.

Building trust in official data - in their integrity, quality and freedom from political interference - is a key aim for ONS. Standards are set out in a Code of Practice, and data that carry the National Statistics (NS) logo can be deemed to be 'stamped with approval'. But there has recently been some discussion about when that approval should be withdrawn (it has happened in one or two cases), what being a 'National Statistic' really means, and whether the marquee will ever become familiar to the general public.³

The 2001 Census of Population did much to raise public awareness of ONS. The first 2001 census results were published in September 2002, with further quality assurance, including adjustment for under-counting, to be carried out after release. For England and Wales the population was some 900,000 lower than previously estimated: the so-called 'missing million' (mostly of young men; the figure has subsequently been revised downwards⁴). This

¹ "Data revisions are a fact of life", Letter to *Financial Times* from Professor David Rhind, Chairman, Statistics Commission, 13 October 2003, p20

² "National Statistics", in Library Research Paper 00/67 *Economic Indicators*, 30 June 2000; see <http://www.parliament.uk/commons/lib/research/rp2000/rp00-067.pdf>

³ For instance, uncorrected oral evidence taken before the Treasury Sub-Committee, 17 September 2003 (see <http://pubs1.tso.parliament.uk/pa/cm200203/cmselect/cmtreasy/uc1112-i/uc111201.htm>), and "Use of the term 'National Statistics': kitemark or trademark?", *Statistics Commission*, July 2003

⁴ Uncorrected oral evidence taken before the Treasury Sub-Committee, 15 October 2003 (see <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmtreasy/uc1177-i/uc117702.htm>, Question 74)

led to some press comment, but does confirm that census counts are necessary to periodically correct mid-year estimates rolled forward in the interim.

However, particularly large downward revisions took place in some inner-city areas, notably in the City of Westminster where Len Cook said mid-year estimates had been ‘seriously wrong’ during the 1990s. Westminster Council disagreed with this interpretation, believing the census flawed and its resident population to be in reality much higher.⁵ Revised mid-2001 population estimates for England and Wales were issued alongside the mid-2002 population estimates. The revision involved mostly adult males aged 25-49.⁶

In October 2003 the Statistics Commission published an interim report *The 2001 Census in Westminster*.⁷ They could not say whether or not Westminster was right, but the uncertainties involved were larger than ONS had estimated and published. Even the best methodology available for a conventional census, as used, had proven inadequate for the most extreme ‘hard to count’ areas. They thought that ONS should revisit the Westminster population estimates with a 2006 population count, and noted that migration data needed improving.

Len Cook has stressed that any such interim ‘mini-census’ studies will be a sample to improve mid-year estimates rather than an admission that the census was inaccurate,⁸ and ONS and Westminster are currently carrying out a joint address-matching exercise.⁹ Plans for the 2011 census are now underway. This is in hand with a longer term vision for an Integrated Population Statistics System to produce a type of continuous population survey. It will be based on census, survey, and administrative data linked at individual level to create one comprehensive population statistics database which is updated over time.¹⁰

In July 2003 Len Cook announced perhaps the largest ever revision to the UK’s trade figures, after ONS and HM Customs & Excise had quantified the effects of criminal activity, specifically intra-EU ‘missing trader’ VAT fraud. This meant that UK imports had been underestimated, with ramifications for the balance of payments and the National Accounts, including Gross Domestic Product (GDP).

Under the NS Code of Practice, the intention to issue revised figures was not pre-announced other than to select officials, since these were considered to be market sensitive statistics.¹¹ ONS includes details of revisions in its press releases, and the latest figures show a current

⁵ National Statistics, *Census 2001: The Westminster report. A review of the facts*, see http://www.statistics.gov.uk/downloads/census2001/westminster_report.pdf

⁶ National Statistics, *Impacts & implications of the revision to 2001 population estimates*, 26 September 2003, http://www.statistics.gov.uk/about/methodology_by_theme/revisions_to_population_estimates/implications.asp

⁷ See http://www.statscom.org.uk/resources/reports_docs/census2001.pdf

⁸ “National Statistician: my confidence in the Census”, Letter to *Local Government Chronicle*, 28 February 2003

⁹ “A show of confidence in the ONS”, Letter from Len Cook to the *Financial Times*, 30 October 2003, p20

¹⁰ National Statistics, *Proposals for an Integrated Population Statistics System*, Discussion Paper, October 2003; see <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=10784> (and related documents)

¹¹ “Revisions to estimates of UK foreign trade”, Letter from Len Cook to Professor David Rhind, Head of Statistics Commission, 9 July 2003

account deficit for 2002 of £19.0 billion, some £9.3 billion higher than previously thought.¹² This may however be viewed as an indication of the quality of UK statistics. As Len Cook told *The Economist*, Britain is “the first country that’s attempted to estimate the impact of that fraud”.¹³

When he appeared before the Treasury sub-committee on 15 October 2003 Len Cook said there had been four main revisions to GDP estimates during 2003.¹⁴ As well as the above effects, GDP was revised because of chain-linking, and changes to the way in which price changes for imports are measured; both were anticipated and methodological changes. (The National Accounts moved to annually weighted and chained estimates of volume measures from 30 September 2003, and with the introduction of annual chain-linking, the term ‘constant prices’ is no longer used.)

The final change to real GDP growth estimates in 2003 was to the June quarter estimate, which changed from 0.3 to 0.6 (percentage change over the previous quarter) primarily because of a shift in the way in which construction investment was measured. Len Cook told the Treasury sub-committee he would be looking ‘quite seriously’ at this estimate. The change between the estimates released in the second and third quarters was as follows:¹⁵

GDP at market prices

Based on Gross Value Added industry of output

Percentage change: annual and latest quarter on previous quarter

	July release - constant prices	October release - chained volume indices
2000	3.1	3.8
2001	2.1	2.1
2002	1.9	1.7
2003 Q1	0.1	0.2
2003 Q2	0.3 (e)	0.6

Note: (e) - preliminary estimates

Sources: NS, First Releases: *Gross Domestic Product Preliminary Estimate*, Q3 2003 (24 October 2003) and Q2 2003 (25 July 2003)

In other words, second quarter 2003 growth was double the previous estimate. The Treasury sub-committee Chairman Mr Michael Fallon MP asked Len Cook whether he accepted that such changes made it more and more difficult for economic and monetary policy makers:

[...] The Governor of the Bank told this Committee on 18 September, “For the more recent period since then” – that was the end of 2001 – the statistical fog is even more dense.”

¹² National Statistics, First release: *Balance of Payments Q2 2003*, 30 September 2003

¹³ “National Statistics: Damned lies and revisions”, *The Economist*, 18 October 2003, p35

¹⁴ Uncorrected oral evidence taken before the Treasury Sub-Committee, 15 October 2003; see <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmtreasy/uc1177-i/uc117702.htm>

¹⁵ National Statistics, First release: *Gross Domestic Product Preliminary Estimate* – 3rd Quarter 2003, 24 October 2003 and 2nd Quarter 2003, 25 July 2003

Mr Cook: The expectations of statistics are increasingly becoming refined. To produce an estimate which has a ten yearly average of 0.1 per cent from the final figure is an extremely good record. I would have thought that is something which has immensely facilitated the effectiveness of monetary policy.

Q7 Chairman: According to *The Financial Times*, you acknowledge that the way these revisions have been made may well have misled the Monetary Policy Committee. Is that right?

Mr Cook: I cannot be an expert on whether the Monetary Policy Committee is being misled. I do not happen to be in their minds. I do not happen to be pleased that we had a revision of that size. It is outside the expectations.

Q8 Chairman: Would you accept that it could have misled the Committee?

Mr Cook: That is a question you should ask the Governor, not me. I am not part of the Bank's decision making process. They not only use official statistics; they apply a huge amount of judgment to other information that comes in. They have a lot of micro information about the British economy. They have an immense amount of knowledge about regional influences in the economy. I cannot tell you about the weight they give any single statistic in any quarter. What I can advise you on is my understanding from the very intense amount of contact that we have with them as to what they generally place the weight on in a statistic. I would generally regard a revision of 0.3, which has happened twice in a decade, as something which would certainly challenge anyone who uses statistics simply because it is outside expectations. You need to look also at the expectations of UK statistics within the expectations of other countries. A study done this year by Statistics Sweden demonstrated that the UK had fewer revisions in the 1990s to its economic statistics than any other country of the EU, including several OECD countries that are not in the EU. Again, you have to look at the broader context of the quality of British statistics. A 0.3 revision is one heck of a big surprise here and it is something British statisticians do not like doing, but I think you will find a lot of other countries would be less surprised.¹⁶

Indeed, the report by Statistics Sweden¹⁷ noted that the UK had moved from a group of countries with the largest mean absolute value of revisions in the 1980s to the lowest value in the 1990s. Mervyn King, the Bank's new governor, has said that since the picture of real growth has altered over recent years, it is sensible to focus on other measures, such as money spending, when considering monetary policy.¹⁸

Regarding errors, Len Cook acknowledged to the sub-committee that ONS had made two substantive mistakes during his time in charge, which he regarded as two too many. These were regarding regional gross value added (GVA)¹⁹ and pensions. On pensions, he admitted

¹⁶ Uncorrected evidence before Treasury Sub-Committee, 15 October 2003, op.cit.

¹⁷ Statistics Sweden, *Revisions of Swedish National Accounts 1980-1998 and an International Comparison*, November 2002; see <http://www.scb.se/Grupp/ekonomi/Dokument/ReportNArev.pdf>

¹⁸ Speech by Mervyn King (Governor) East Midlands Development Agency/Bank of England Dinner in Leicester on 14 October 2003

¹⁹ Under ESA95, the term gross value added (GVA) is used to denote estimates previously known as Gross Domestic Product (GDP) at basic prices. Under ESA95, the term GDP denotes GVA plus taxes, less subsidies

to a 'substantial error made to a revision in the way that a survey was processed'. This involved the treatment of employers' contributions and tax relief. Net investment in pension funds in 2001 is now estimated as £12.8 billion less than previously estimated.²⁰

On GVA, UK regional accounts have become increasingly important both as a measure of economic performance and in determining the allocation of European Union funding. In November 2002, revised regional GVA estimates for 1989 to 1999 were released to replace provisional data first released in February 2001. The 'improved' estimates were withdrawn a month later because of problems associated with the source data from the Annual Business Inquiry (ABI). The ABI data were based on Standard Statistical Regions whereas regional account outputs relate to Government Office Regions, and there were underlying problems in the ABI data. Public sector organisations had been wrongly included in the education and health and social work sections. An ONS review (the Nolan review) highlighted two further areas of weakness in the regional accounts programme:

- The use of a system of spreadsheets to produce regional accounts for local area (NUTS2 and NUTS3) statistics was independent of the compilation system for regional (NUTS1) statistics.
- There had been an under investment in the programme.

On 14 August 2003 both the revised estimates of regional GVA and the report of the review were published. Commenting on the revised data Len Cook said:

I am confident that the regional GVA estimates released today are the best that can be produced with the data and methodology currently employed and are fit-for-purpose. The steps already taken by the ONS have put regional accounts onto a strong footing for the future and further work following from the Nolan review will reinforce this.

The revised data, the Review and the ONS response can be found on the National Statistics website.²¹

Looking to the future, in the 2002 spending review ONS was granted £75 million for modernisation, the bulk of which will be paid in the two years following 1 April 2004. The Statistics Commission is currently reviewing statistics legislation, looking both at the effectiveness of existing legislation and at its own powers and duties compared to similar organisations. Models for legislation are to be developed to form the basis for consultation, although at the same time the Commission says it should not be assumed that further legislation is needed, until further work has been done.²²

Patsy Richards & Grahame Allen
Economic Policy and Statistics Section

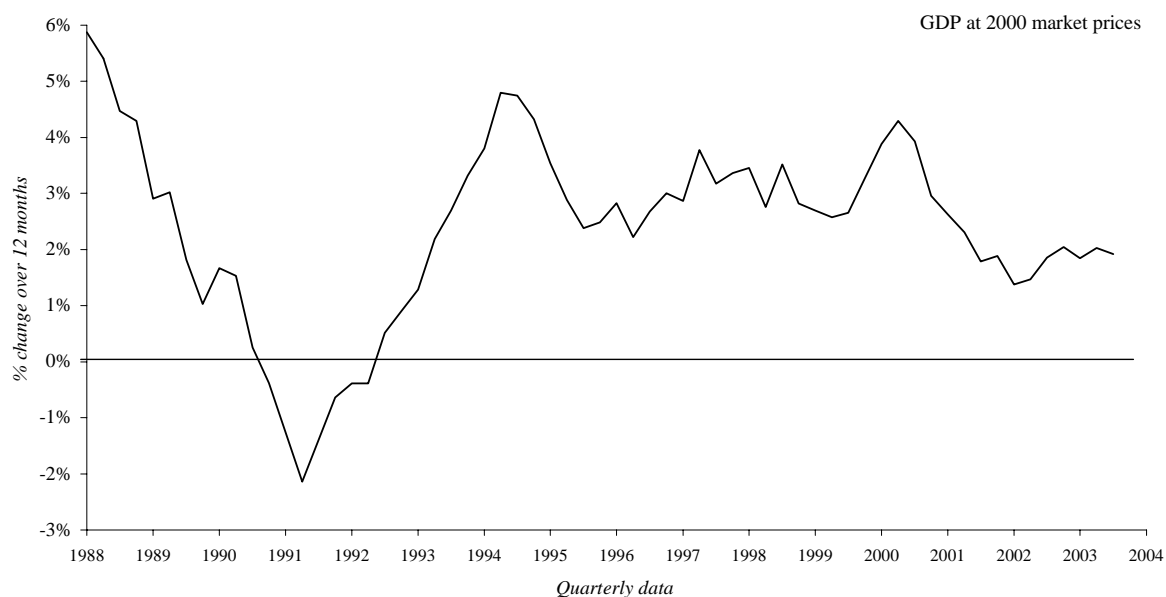
on products, i.e. at market prices. Since 2002 regional accounts have been published at basic prices so should be referred to as GVA rather than GDP.

²⁰ Insurance Companies, Pension Funds and Trusts: Revisions and Impact on Pension Contributions, ONS http://www.statistics.gov.uk/downloads/theme_commerce/MQ5_pension_funds_extra_briefing.pdf

²¹ www.statistics.gov.uk/StatBase/Product.asp?vlnk=7359&Pos=1&ColRank=1&Rank=272

²² Statistics Commission, Minutes of the twentieth Commission meeting, 2 October 2003; see <http://www.statscom.org.uk/resources/meeting20/Minutes02-10-03.pdf>

A 1. Gross Domestic Product



Gross Domestic Product seasonally adjusted

	GDP (at current market prices)		GDP (at 2000 market prices)	
	£ billion	12 month change	12 month change	
1999	903.9	5.2%	2.8%	
2000	951.3	5.2%	3.8%	
2001	994.0	4.5%	2.1%	
2002	1043.9	5.0%	1.7%	
2002 Q2	258.7	4.4%	1.5%	
Q3	262.8	5.7%	1.9%	
Q4	266.1	5.4%	2.0%	
2003 Q1	268.9	4.9%	1.8%	
Q2	272.0	5.1%	2.0%	
Q3	-	-	1.9%	

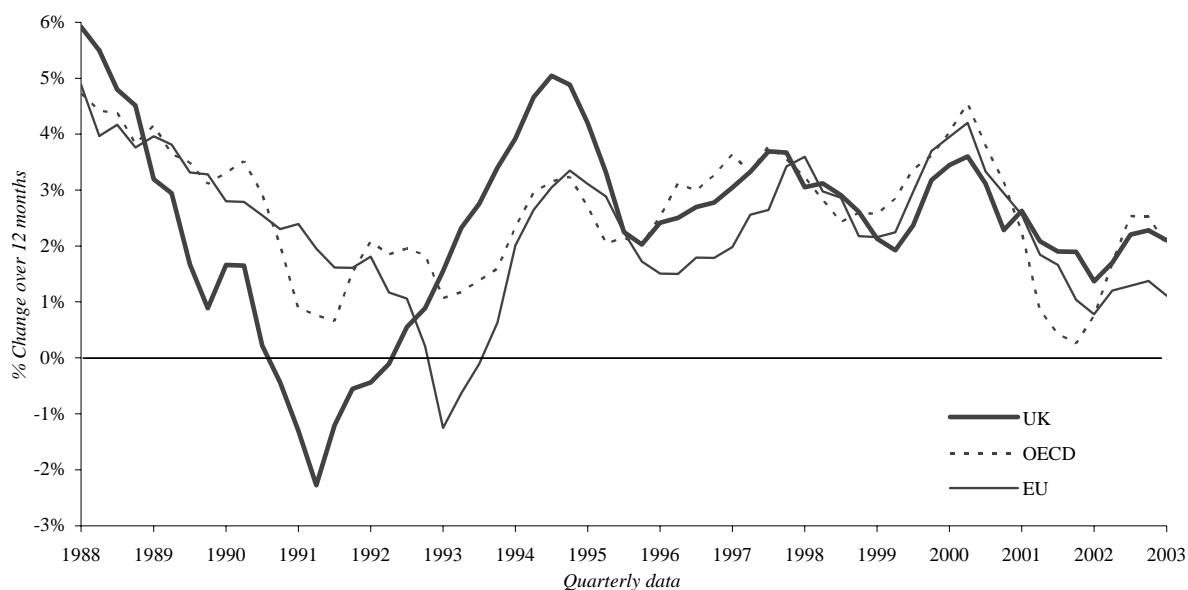
Source: NS database series YBHA & ABMI

- Gross domestic product (GDP) at 2000 market prices is estimated to have risen by 0.6% in the first quarter of 2003, the same growth as recorded in the previous quarter. For 2002, the economy is estimated to have grown by 1.7%, marginally lower than that forecast in the 2003 Budget.
- In 2003 Q3 output in manufacturing is estimated to have risen by 0.5% while services sector quarterly output grew by 0.2% compared with 0.5% in the previous quarter.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 2.0% in 2003 and 2.5% in 2004.

CONTACT Grahame Allen, x4324

Next update: 23 January

A 2. GDP: International Comparisons



GDP at constant market prices

	% change on year				% change quarter on quarter				
	1999	2000	2001	2002	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
USA	4.1%	3.7%	0.2%	2.5%	0.3%	1.0%	0.4%	0.5%	0.6%
Japan	0.1%	2.9%	0.4%	0.2%	0.9%	0.8%	0.6%	0.6%	0.9%
Canada	5.5%	3.4%	1.1%	3.3%	0.9%	0.6%	0.4%	0.7%	-0.1%
United Kingdom	2.4%	3.1%	2.1%	1.9%	0.6%	0.9%	0.5%	0.1%	0.3%
Germany	2.0%	2.8%	0.9%	0.2%	0.2%	0.2%	-0.1%	-0.2%	-0.1%
France	3.4%	4.1%	2.2%	1.1%	0.6%	0.3%	-0.1%	0.2%	-0.3%
Italy	1.6%	3.2%	1.8%	0.4%	0.4%	0.2%	0.4%	-0.1%	-0.1%
Euro zone	3.1%	3.6%	1.7%	0.9%	0.5%	0.3%	0.1%	0.0%	0.0%
G7	2.9%	3.6%	0.8%	1.5%	0.5%	0.8%	0.3%	0.3%	0.5%
OECD	3.2%	3.8%	0.9%	1.9%	0.6%	0.7%	0.4%	0.2%	0.5%

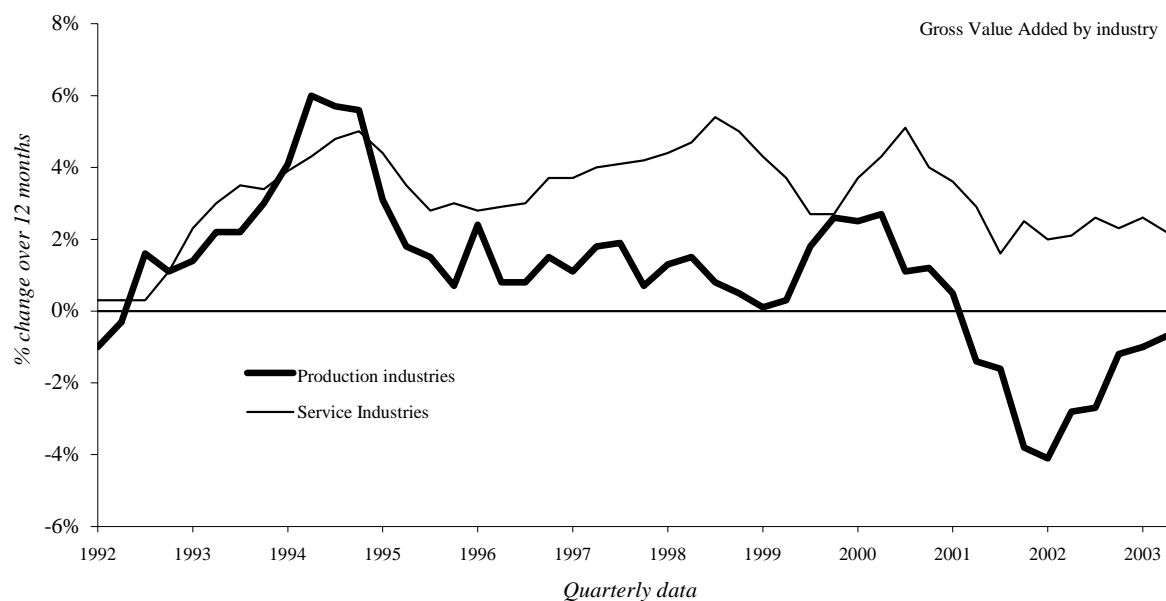
Source: OECD, Main Economic Indicators, June 2003

- The latest data suggest that the world economic slowdown is far from over, although there are encouraging signs as quarterly growth in the US, Japan and the UK continues to strengthen (OECD figures have yet to include revisions to the UK data suggesting growth in Q2 2003 of 0.6%).
- Recent growth in the euro zone has been described as 'meagre'. Annual growth to the second quarter of 2003 was just 0.4%. Negative growth in the last two quarters, a technical recession, was recorded in Germany, Italy and the Netherlands.
- In its latest projections, the OECD has downgraded its growth estimates for virtually all countries and regions for 2003 and 2004. They are currently forecasting: euro zone growth of 1.0% in 2003 and 2.4% in 2004; in the US, 2.5% in 2003 and 4.0% in 2004; and in Japan, 1.0% in 2003 and 1.1% in 2004. Its latest growth forecast for the UK is 2.1% in 2003 and 2.6% in 2004

CONTACT Grahame Allen, x4324

Next update: Mid-November

A 3. Gross Domestic Product by Industry



Gross value added at 2000 basic prices

% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufac- turing			
1999	1.2%	0.7%	3.4%	3.4%	0.3%
2000	1.9%	2.4%	4.3%	-0.6%	1.3%
2001	-1.6%	-1.3%	2.6%	-10.1%	3.4%
2002	-2.7%	-3.6%	2.3%	11.0%	7.5%
2002 Q2	-2.8%	-4.2%	2.1%	12.1%	7.0%
Q3	-2.7%	-3.1%	2.6%	12.9%	7.9%
Q4	-1.2%	-1.9%	2.3%	10.2%	7.9%
2003 Q1	-1.0%	-1.1%	2.6%	0.3%	2.9%
Q2	-0.7%	0.6%	2.2%	0.0%	6.2%

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

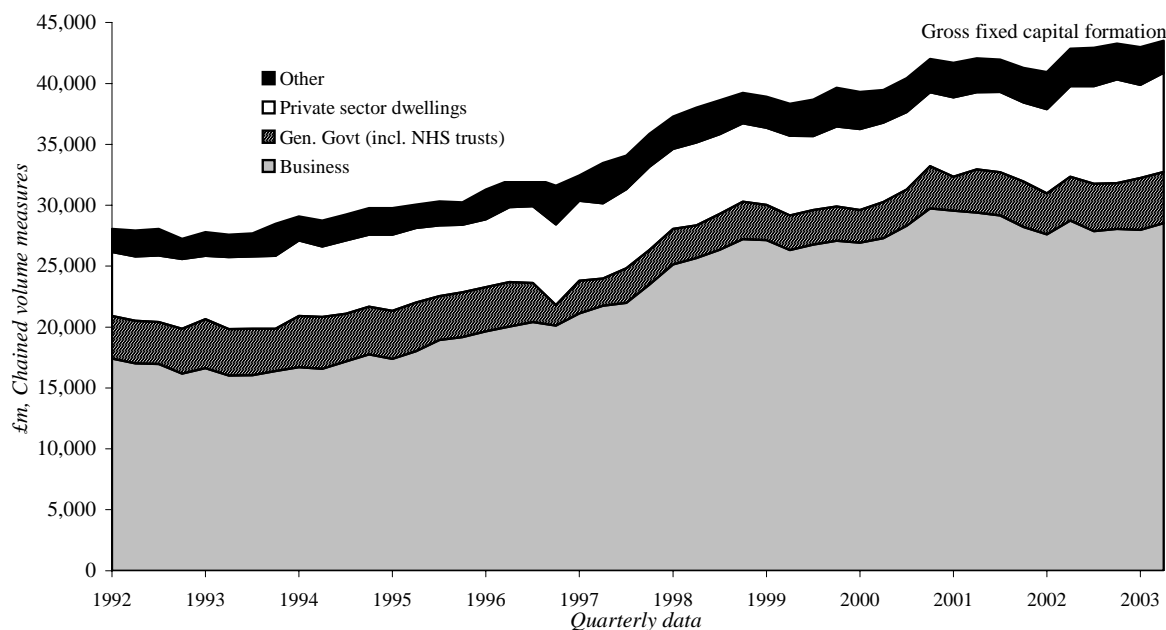
GDP by industry is measured by gross value added (GVA). GVA measures the value of output of an industry less the value of intermediate inputs used by that industry.

- Since 1999, output has grown faster in the service sector than in production industries, and is currently growing at an annual rate of 2.3%. Between the first quarter of 2003 and the second quarter of 2003 output in the service sector fell by 0.4%.
- Manufacturing output growth rose by 1.7% between the first quarter of 2003 and the second quarter of 2003, but fell by 3.6% in 2002.
- In 2002, services accounted for 72% of gross value added, manufacturing for 17%, other production industries (mining & quarrying, and electricity, gas & water supply) for 4%, construction for 6% and agriculture, hunting and fishing for 1%.

CONTACT Ed Potton, x2883

Next update: 23 January 2004

A 4. Investment



Gross fixed capital formation

£ million; Chained volume measures; seasonally adjusted

	Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
1999	15,128	56,849	51,760	27,372	4,758	155,576
2000	13,444	62,698	52,708	27,394	4,966	161,210
2001	15,296	65,290	53,524	27,999	4,923	167,032
2002	16,053	61,461	54,169	32,973	5,346	170,002
2002 Q2	4,025	16,147	13,446	7,910	1,335	42,863
Q3	4,048	15,077	13,894	8,553	1,351	42,923
Q4	4,098	14,873	13,831	9,064	1,413	43,279
2003 Q1	4,079	15,268	14,053	8,185	1,389	42,974
Q2	3,910	15,080	14,552	8,562	1,406	43,510

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

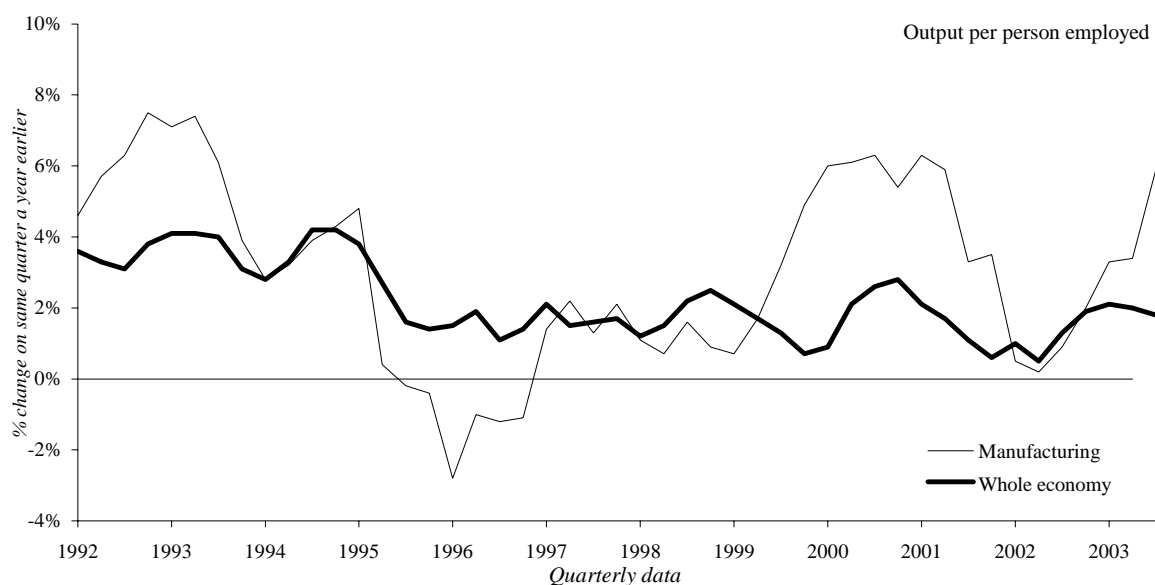
Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and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

- Total business investment (seasonally adjusted) increased by 2.0% in the second quarter of 2003 compared with the first quarter but was 0.7% lower than the second quarter of 2002.
- Manufacturing investment (seasonally adjusted) decreased by 5.3% over the first quarter of 2003 while service sector investment increased by 3.0%.

CONTACT Dominic Webb, x2464

Next update: 25 November

A 5. Productivity



Productivity

% changes on year; seasonally adjusted

		Manufacturing			Whole Economy		
		Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
1998		0.7	-0.3	1.0	3.5	1.5	2.0
1999		0.7	-3.1	4.0	2.5	1.3	1.1
2000		2.4	-3.4	6.0	3.8	1.4	2.5
2001		-1.3	-4.5	3.3	1.9	0.8	1.1
2002		-3.6	-5.0	1.5	1.4	-0.1	1.4
2002	Q2	-4.2	-5.1	0.9	1.4	-0.1	1.3
	Q3	-3.1	-5.0	2.0	1.8	-0.3	1.9
	Q4	-1.9	-5.0	3.3	2.0	-0.3	2.1
2003	Q1	-1.1	-4.4	3.4	1.8	-0.2	2.0
	Q2	0.6	-5.0	5.9	1.8	0.0	1.8

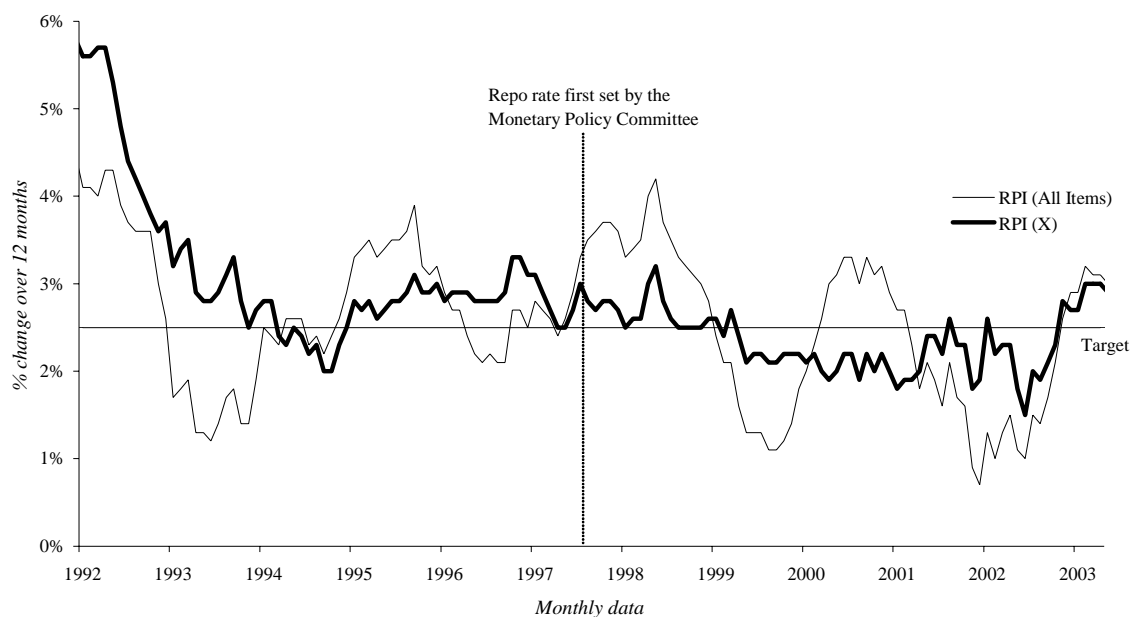
Source: NS database series ERIU, LNNS, LNNU, GDPR, LNNO, LNNP, ERIT, LNOK, LNNX, ABMM, LNNM, LNNN

- 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 2.5% in 2000.
- In 2002, manufacturing output fell by 3.6% and employment in manufacturing fell by 5.0% while manufacturing output per head rose by 1.5%.
- Productivity growth in manufacturing rose from 3.4% per annum in 2003 Q1 to 5.9% per annum in 2003 Q2 while whole economy productivity growth fell from 2.0% per annum to 1.8% per annum in 2003 Q1.
- For the economy as a whole, productivity growth has averaged 1.4% per annum over the last eight quarters.

CONTACT Ed Potton, x2883

Next update: 23 December

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 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
April	3.1	3.0
May	3.0	2.9
June	2.9	2.8
July	3.1	2.9
August	2.9	2.9
September	2.8	2.8

Source: NS database (series CZBH, CDKQ)

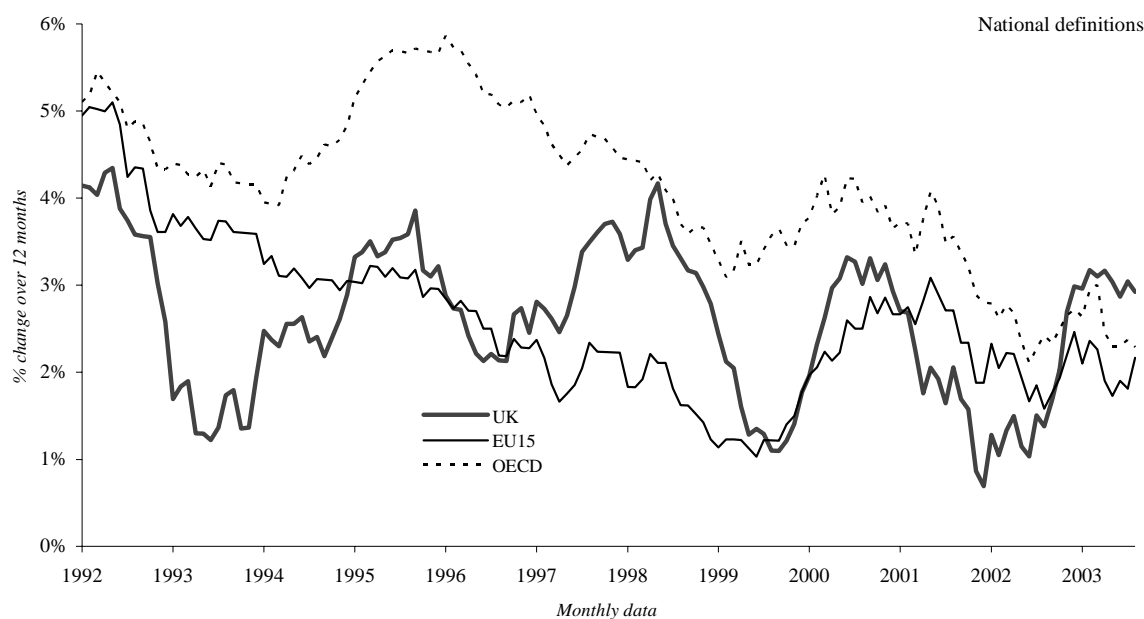
The current inflation target is RPI (X) remaining within 1 percentage point of 2.5%. A new target, based on the harmonised index of consumer prices (HICP) will be set at Pre-Budget Report time.

- 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 September 2003 the headline rate of inflation fell to 2.8%, from 2.9% in August. The underlying rate of inflation similarly fell to 2.8% from 2.9% in August.
- The largest downward effect on the all-items 12 month rate was clothing and footwear, followed by fares and travel costs. The costs of foreign holidays fell, whereas this time last year they were rising.
- The largest upward pressure came from food, especially seasonal food; fresh vegetable prices rose more than a year ago, because of adverse hot and dry growing conditions.

CONTACT Patsy Richards, x4904

Next update: 18 November

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	2.6	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
2003									
March	3.1	-0.1	4.3	3.1	0.3	2.5	2.7	3.0	2.3
April	2.2	-0.1	3.0	3.2	-0.2	2.0	2.7	2.5	1.9
May	2.0	-0.2	2.9	3.0	-0.4	1.8	2.7	2.3	1.7
June	2.1	-0.4	2.6	2.9	-0.0	2.0	2.7	2.3	1.9
July	2.1	-0.2	2.2	3.0	0.1	1.9	2.7	2.4	1.8
August	2.1	-0.3	2.0	2.9	0.2	1.8	2.8	2.3	2.2

Source: OECD Main Economic Indicators

Under the terms of the Maastricht Treaty, harmonised indices of consumer prices, HICPs, (rather than national definition data 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 September was 2.1%, the same as in August, and the same as a year earlier.
- The HICP inflation rates for the Member States not in the eurozone were Denmark 1.7%, Sweden 2.3% and the UK 1.4%.
- In September 2003 the eurozone countries with the highest HICP annual inflation rates were Ireland (3.8%), Portugal (3.2%) and Spain and Italy (both 3.0%). The lowest rates were in Germany (1.1%), Finland (1.2%) and Austria (1.3%).

CONTACT Patsy Richards, x4904

Next update: November

B 3. Average Earnings Index



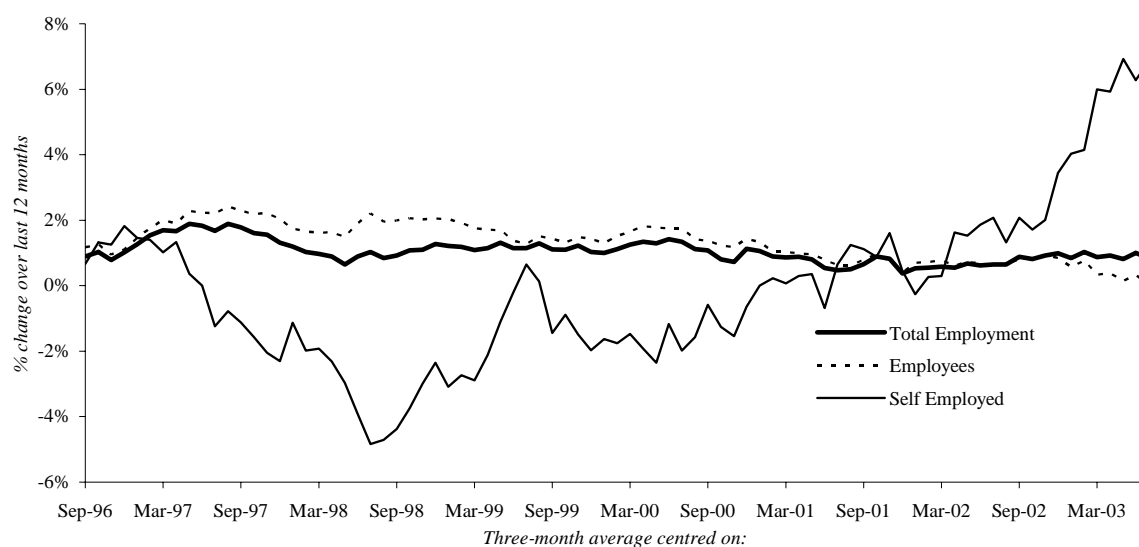
Average Earnings, Great Britain seasonally adjusted

		Headline rate (% change on year)		
		Whole Economy	Private Sector	Public Sector
1999	Aug	4.9	5.1	4.2
2000	Aug	4.0	4.1	3.4
2001	Aug	4.9	4.8	5.6
2002	Aug	3.7	3.7	3.5
	Sep	3.7	3.7	3.6
	Oct	3.7	3.6	3.7
	Nov	3.8	3.7	4.3
	Dec	3.8	3.5	4.7
2003	Jan	3.6	3.3	5.0
	Feb	3.2	2.8	5.1
	Mar	3.5	3.2	5.1
	Apr	3.3	2.8	5.1
	May	3.4	3.0	4.9
	Jun	3.0	2.4	5.1
	Jul	3.3	2.9	5.1
	Aug	3.4	2.9	5.6

Source: NS database Series LNNC, LNND, LNNE

- The headline rate of growth in average earnings for the whole economy in August was 3.4%, an increase on July's figure of 3.3%.
- August'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 3.0% in August (compared with 3.1% in July) while earnings growth in the service sector increased to 3.7% compared with 3.5% in July.
- Headline earnings growth in the private sector was 2.9% in August, compared to 5.6% in the public sector.
- Earnings are currently growing more slowly than a year ago (the headline rate in August 2002 was 3.7%).

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	Jul	27,001	23,618	3,130	94	159
2000	Jul	27,362	24,031	3,068	114	149
2001	Jul	27,492	24,178	3,088	95	130
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
2003	Apr	27,913	24,430	3,309	85	88
2003	Jul	27,904	24,340	3,368	98	98
<i>Changes:</i>						
<i>Last three months</i>		0.0%	-0.4%	1.8%	15.5%	11.5%
<i>Last year</i>		0.8%	0.0%	6.8%	6.1%	2.7%

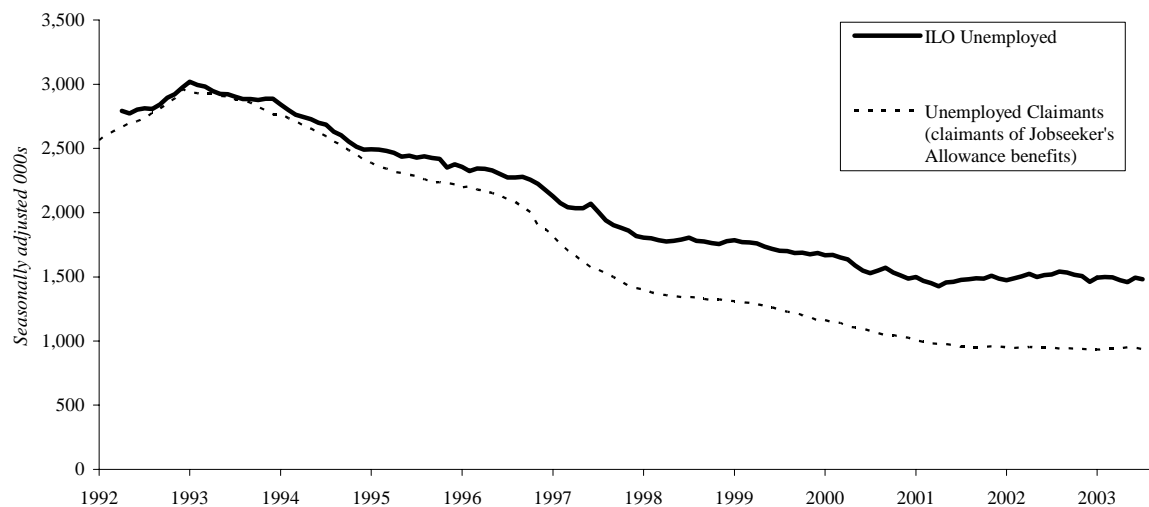
Source: National Statistics First Release Labour Market Statistics 15 October 2003

- Total employment was 27.9 million in the period June to August 2003, 0.8% higher than a year previously. The working age employment rate of 74.5% was 0.2% lower than the previous quarter and 0.1% higher than a year earlier.
- The number of workforce jobs increased by 47,000 between March and June 2003 and was 203,000 higher than a year previously. Over the year to June, the number of production industry workforce jobs fell by 140,000. Service sector jobs rose by 261,000 and other industries increased by 82,000.
- 7.2 million people were in part time employment in the period June to August 2003, of whom 5.7 million were women. Some 3.4 million people were self employed.

CONTACT Dominic Webb, x2464

Next update: 12 November

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
Mar - May	1,474	5.0
Jun - Aug	1,479	5.0

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 June to August 2003, the level of ILO unemployment in the UK was 1,479,000. This was an increase of 5,000 from the period March to May 2003.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, rose by 2,000 between August and September 2003 to 930,000.

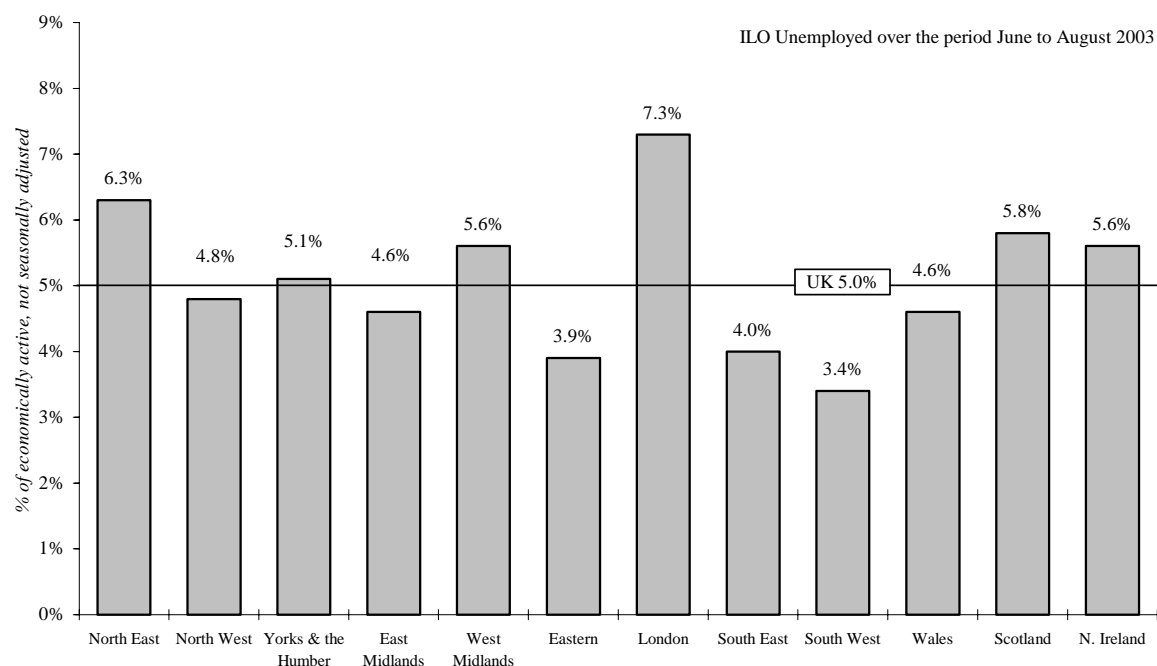
The New Deal for the Young Unemployed started in January 1998.

- 1,000,000 people had joined the scheme by the end of June 2003. Of those leaving the scheme 445,000 had moved into jobs up to the end of June, of which 352,000 (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.

- 360,000 people joined the original (pre-April 2001) scheme. Of these, 77,000 had entered jobs of which 61,000 (80%) were sustained. 265,000 people had started on the enhanced scheme by the end of June 2003. Of these, 80,000 people had entered jobs of which 61,000 (78%) were sustained.

C 3. Unemployment: Regional



ILO Unemployment, June to August 2003

*change on same period in previous year
seasonally adjusted*

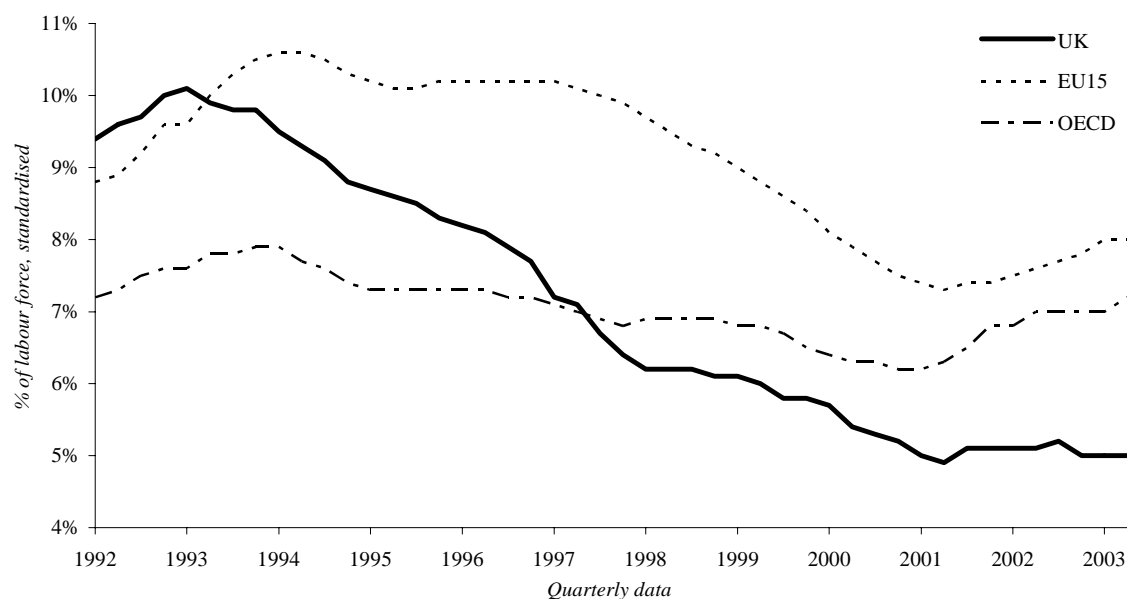
	000s	%
North East	1	1%
North West & Merseyside	-20	-11%
Yorkshire & the Humber	-8	-6%
East Midlands	1	1%
West Midlands	-10	-6%
Eastern	7	7%
London	14	6%
South East	7	4%
South West	-10	-10%
Wales	-6	-9%
Scotland	-16	-10%
Northern Ireland	-4	-9%

Source: National Statistics, 15 October 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 June to August 2003 the London region had the highest unemployment rate, 7.3% of the economically active population. The lowest rate over the same period was 3.4% in the South West region.
- A comparison of June to August 2003 with the same period a year earlier shows that the largest fall (11%) in unemployment occurred in the North West & Merseyside. The Eastern region experienced the largest rise (7%) in unemployment over the same period.

C 4. Unemployment: International Comparisons



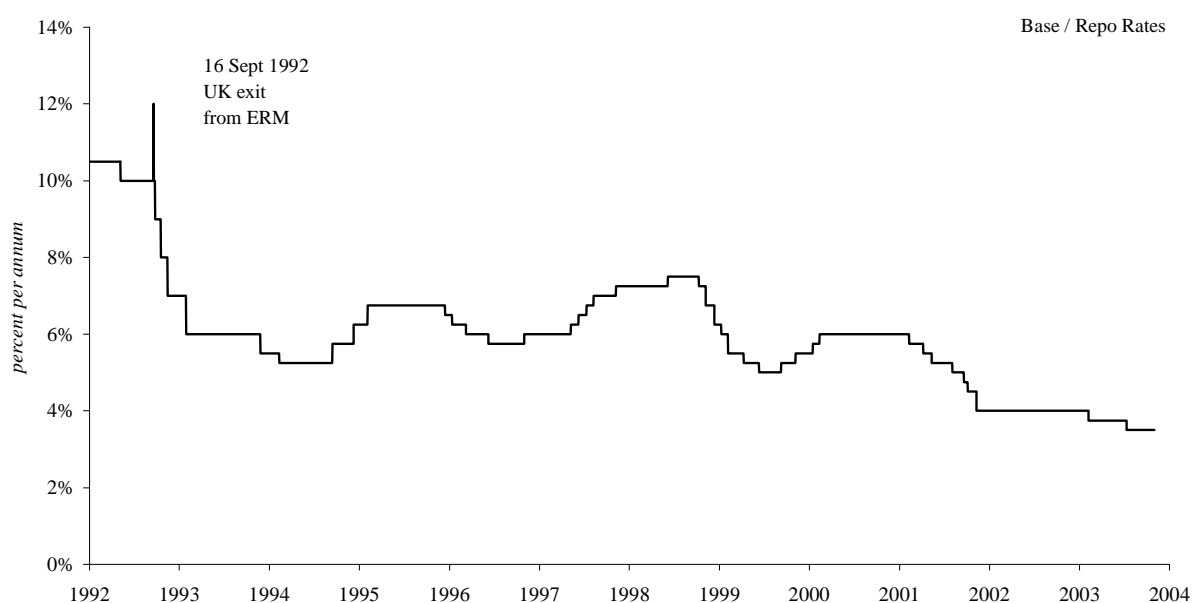
Unemployed as % of labour force standardised; seasonally adjusted

	1999	2000	2001	2002	2002	2002	2002	2002	2003	2003
					Q1	Q2	Q3	Q4	Q1	Q2
USA	4.2	4.0	4.7	5.8	5.6	5.9	5.8	5.9	5.8	6.2
Japan	4.7	4.7	5.0	5.4	5.3	5.4	5.4	5.4	5.4	5.4
Canada	7.6	6.8	7.2	7.7	7.8	7.6	7.6	7.6	7.4	7.7
UK	5.9	5.4	5.0	5.1	5.1	5.1	5.2	5.0	5.0	5.0
Germany	8.4	7.8	7.8	8.6	8.3	8.5	8.6	8.8	9.2	9.4
France	10.7	9.3	8.5	8.7	8.6	8.7	8.8	8.9	9.2	9.3
Italy	11.3	10.4	9.4	9.0	9.0	9.0	9.0	8.9	8.9	8.7
Euro zone	9.4	8.5	8.0	8.4	8.2	8.3	8.4	8.5	8.7	8.8
G7	6.1	5.6	5.9	6.5	6.4	6.5	6.5	6.6	6.6	6.8
OECD	6.7	6.3	6.5	6.9	6.8	6.9	7.0	7.0	7.0	7.2

Source: OECD Main Economic Indicators, October 2003

- Using standardised definitions, the UK unemployment rate for 2002 was 5.1%, significantly below the Euro zone average (8.4%) and below the G7 and OECD rates (6.5% and 6.9% respectively).
- Between Q1 and Q2 2003 the unemployment rate rose or remained the same in all G7 countries except Italy, where it fell 0.2 of a percentage point. The unemployment rate in all the G7 nations taken together rose by 0.2 of a percentage point.
- The most recent forecasts published by the OECD (*Economic Outlook, June 2003*) suggest the UK 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 6.9% for the OECD as a whole.

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
2003	Feb 7	3.75
	July 10	3.50

Source: Bank of England

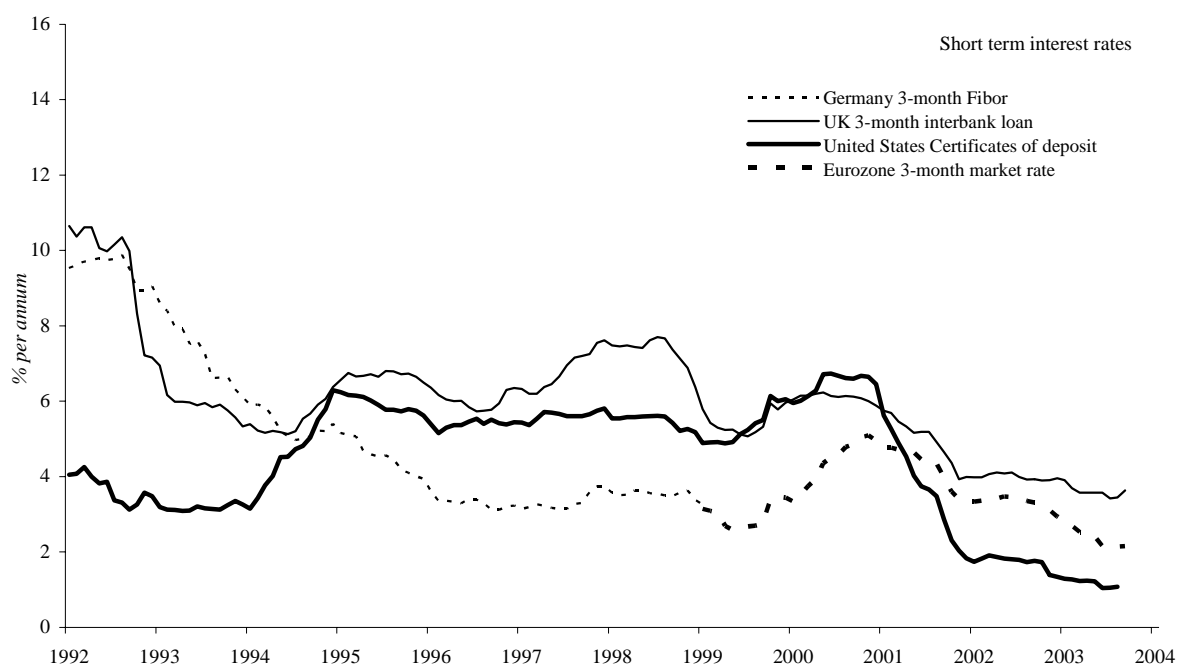
The ¼% interest rate increase on 6 June 1997 signified the first time that interest rates were set by the independent Monetary Policy Committee (MPC) of the Bank of England rather than by the Chancellor.

- 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 fall below the target by the end of 2003 and remain there throughout 2004.
- In its October meeting, the MPC suggested that the outlook for the euro zone was weaker but that growth in the rest of the world was 'robust'. Domestic demand was considered to be stronger and there was evidence that labour market activity had strengthened. It appears that the decision to hold rates was mainly due to fears of an adverse market reaction to an unexpected rise in rates. However, a decision to raise the rate at the November meeting is now widely anticipated.
- The MPC next meets on 5 November. It is expected that the minutes will be published on 19 November 2003.

CONTACT Grahame Allen, x4324

Next update: 6 November

D 2. Interest Rates: International Comparisons



International Interest Rates (% p.a.)

as at 31 October 2003

	Official rate	Yield on 10 yr Government bonds	3-month rate market rate
United Kingdom	3.50	5.04	$3 \frac{29}{32}$
United States	1.00	4.30	$1 \frac{1}{8}$
Switzerland	0.00-0.75	2.69	$\frac{7}{32}$
Japan	0.00	1.41	$-\frac{1}{16}$
Eurozone	2.00	n/a	$2 \frac{5}{32}$

Source: Financial Times, 3 Nov 2003 (Companies & Markets p35)

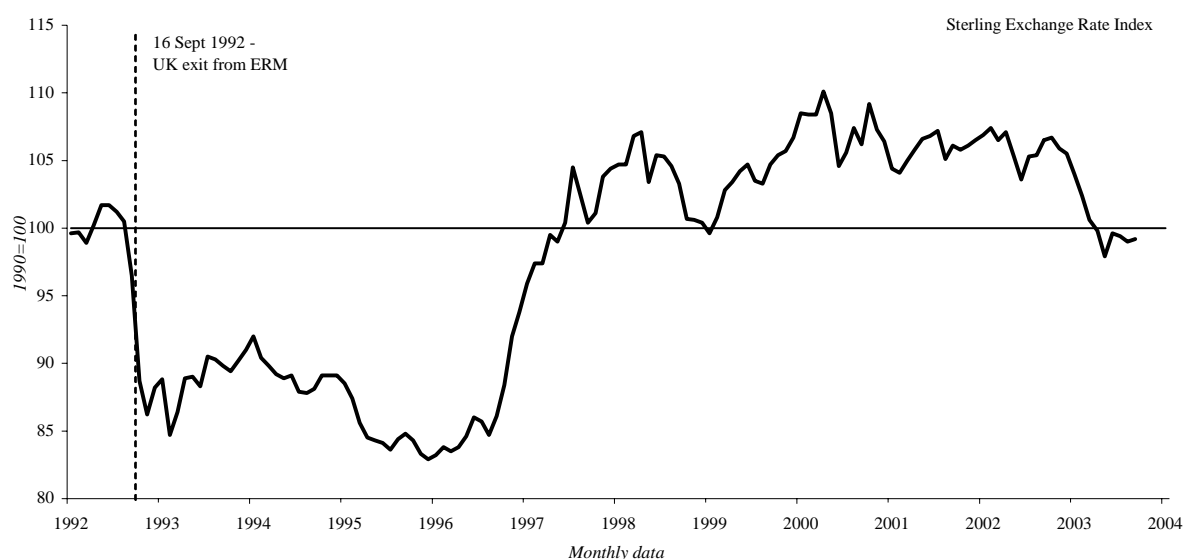
The main developments on the international stage have been the action of the main Central Banks in cutting their official rates and the negative effects on economic activity, stemming from the high degree of worldwide uncertainty.

- The US Federal Reserve cut the US Federal Funds Rate by $\frac{1}{2}\%$ eight times during 2001, with a further $\frac{1}{2}\%$ point cut in November 2002 and a further $\frac{1}{4}\%$ cut on 25 June 2003.
- The Bank of England's Monetary Policy Committee (MPC) reduced the UK Repo rate by $\frac{1}{4}\%$ six times and $\frac{1}{2}\%$ once during 2001. A cut of $\frac{1}{4}\%$ announced on 6 February 2003 was followed by a further $\frac{1}{4}\%$ cut on 10 July.
- 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 $\frac{1}{4}\%$ in May and August and twice by $\frac{1}{2}\%$ (in September and November). A $\frac{1}{2}\%$ cut on 6 March 2003 was followed by another $\frac{1}{2}\%$ point cut on 5 June 2003.

CONTACT Ian Townsend, x3977

Next update: Early November

D 3. Exchange Rates



Sterling Exchange Rates

	US Dollar		Yen		Euro	
	Rate	% change on year	Rate	% change on year	Rate	% change on year
1999	1.618	-2.4%	184.0	-15.1%	1.519	2.0%
2000	1.516	-6.3%	163.4	-11.2%	1.642	8.1%
2001	1.440	-5.0%	174.9	7.0%	1.609	-2.0%
2002	1.503	4.3%	187.8	7.4%	1.591	-1.1%
2002 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	12.9%	192.1	1.1%	1.522	-6.2%
February	1.605	12.8%	192.1	1.1%	1.489	-8.9%
March	1.584	11.3%	187.8	0.8%	1.465	-9.7%
April	1.575	9.1%	188.8	0.2%	1.451	-10.9%
May	1.623	11.2%	190.4	3.3%	1.403	-11.8%
June	1.661	11.7%	196.5	7.3%	1.423	-8.3%
July	1.624	4.5%	192.7	5.0%	1.428	-8.9%
August	1.595	3.7%	189.4	3.5%	1.429	-9.1%
September	1.613	3.7%	185.3	-1.5%	1.434	-9.6%

Source: ONS database series AUSS, AJFO, THAP

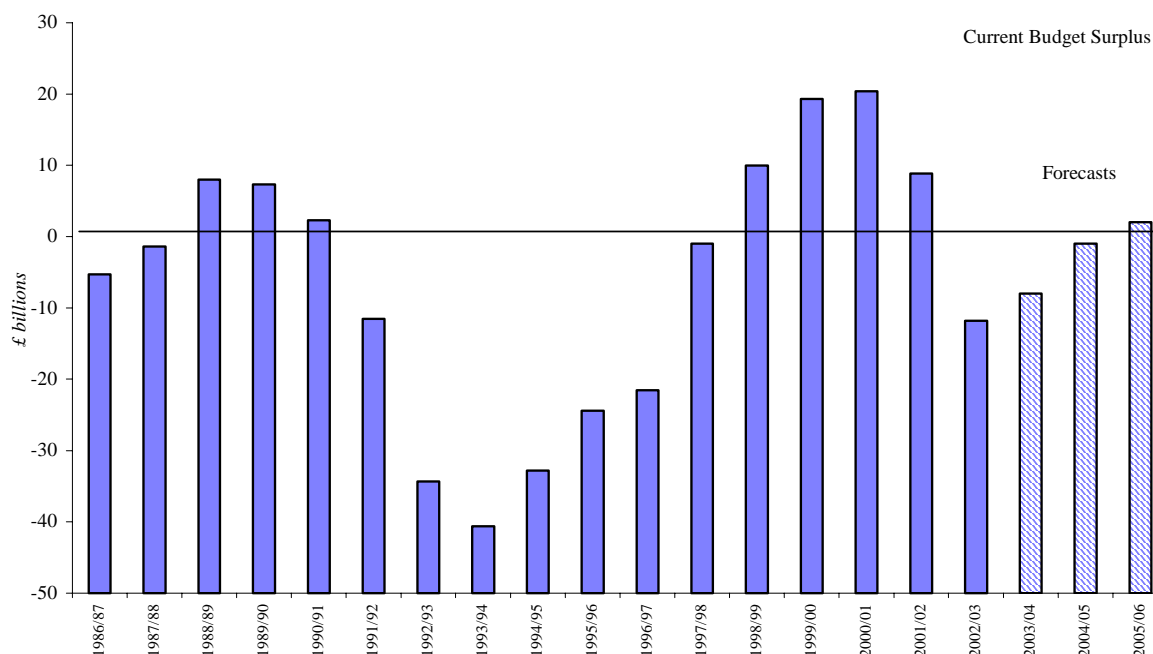
The Sterling Exchange Rate Index (SERI) measures the value of Sterling against a trade-weighted 'basket' of other currencies. The weights used to calculate the index measure currencies relative importance to UK trade in manufacturing.

- The large fall in the SERI following the UK exit from the ERM indicated a relative improvement in the competitiveness of the UK. Since December 2002, the SERI has decreased by 6.3 points suggesting that the UK was relatively more competitive at the end of September than at the beginning of 2003.
- The pound was worth euro 1.4599 at the London market close on 31 October 2003, compared to a launch rate of euro 1.4168 on 31 December 1998.

CONTACT Ian Townsend, x3977

Next update: November

D 4. Public Finances



Public Sector Net Debt

	Public Sector Net Debt	
	£ billion	as a % of GDP
1999/00	340.9	37.1%
2000/01	306.9	31.9%
2001/02	311.3	31.0%
2002/03	332.8	31.5%
2002 Q3	320.1	30.3%
2002 Q4	336.1	31.4%
2003 Q1	332.8	30.7%
2003 Q2	348.8	31.8%
2003 Q3	353.7	31.9%

Source: NS Database Series ANMU, RUTN & YBHA

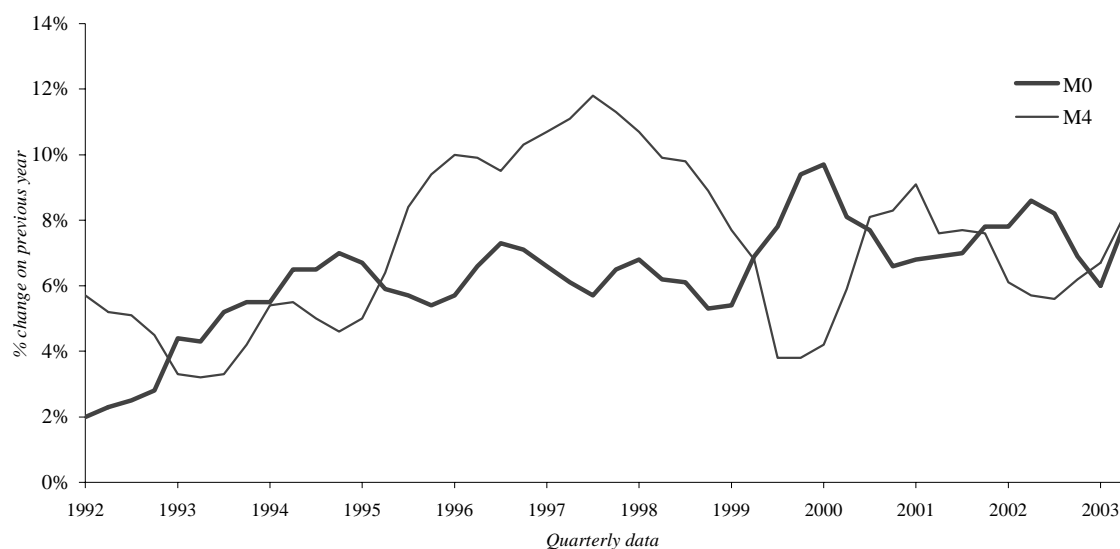
The Government's policy is to balance the current budget over the span of the economic cycle, i.e. surpluses to match deficits. The graph shows the last two completed cycles, 1986 Q2 to mid 1997, and mid 1997 to mid 1999. Data for 2003/04 and subsequent years are projections based on the 2003 Budget Report.

- There was a -£3.5 billion surplus (deficit) on the current budget in the third quarter of 2003 compared to -£6.5 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 for the current period and for the preceding four quarters.

- The public sector net cash requirement (the new aggregate replacing the PSBR) was £6.0 billion in the third quarter of 2003 compared to £0.7 billion in the same quarter of the previous year. For the full 2002/3 financial year the PSNCR was £22.3 billion compared to £3.3 billion in 2001/2.

D 5. Money Supply



Money stock

seasonally adjusted

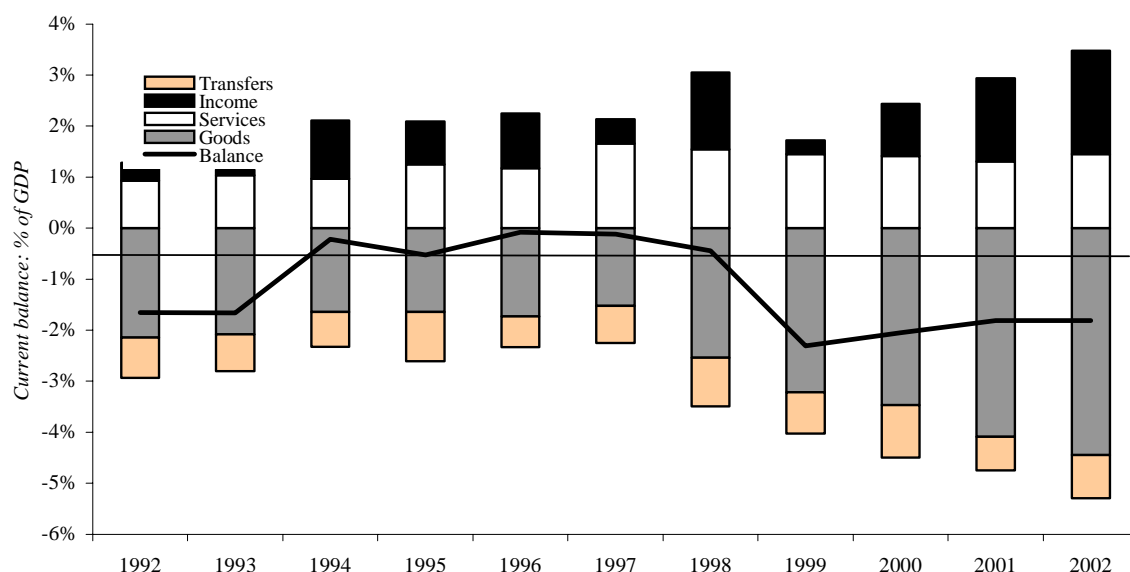
	M0		M4	
	3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
2002 September	3.5	7.9	8.6	5.4
October	8.4	8.3	8.7	5.5
November	5.9	6.8	7.0	5.9
December	3.7	5.8	8.8	7.1
2003 January	1.9	5.3	6.7	6.5
February	6.1	6.3	7.5	6.6
March	8.7	6.4	5.1	7.1
April	17.6	8.7	9.7	8.0
May	13.5	8.0	9.1	8.3
June	11.5	6.8	9.9	8.1
July	5.4	8.2	6.8	8.0
August	6.4	7.9	5.2	7.2
September	7.3	7.7	5.8	7.4

Source: Bank of England, Bankstats, 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 7.4% in the 12 months to September. The 12-month seasonally adjusted M0 growth rate was 7.7% in September 2003, compared to 7.9% in September 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	-29,051	13,134	-15,917	2,422	-3,940	-3,443	-7,383	-20,878
2000	-32,976	13,426	-19,550	9,763	-5,550	-4,202	-9,752	-19,539
2001	-40,620	13,000	-27,620	16,188	-2,593	-4,013	-6,606	-18,038
2002	-46,455	15,166	-31,289	21,119	-5,752	-3,043	-8,795	-18,965
2002 Q2	-10,463	3,112	-7,351	3,246	-1,276	-1,061	-2,337	-6,442
2002 Q3	-11,549	4,176	-7,373	5,901	-1,526	10	-1,516	-2,988
2002 Q4	-13,256	4,074	-9,182	7,655	-1,861	-603	-2,464	-3,991
2003 Q1	-10,772	2,618	-8,154	8,306	-1,660	-811	-2,471	-2,319
2003 Q2	-10,920	2,589	-8,331	3,038	-2,400	-918	-3,318	-8,611

Source: National Statistics database

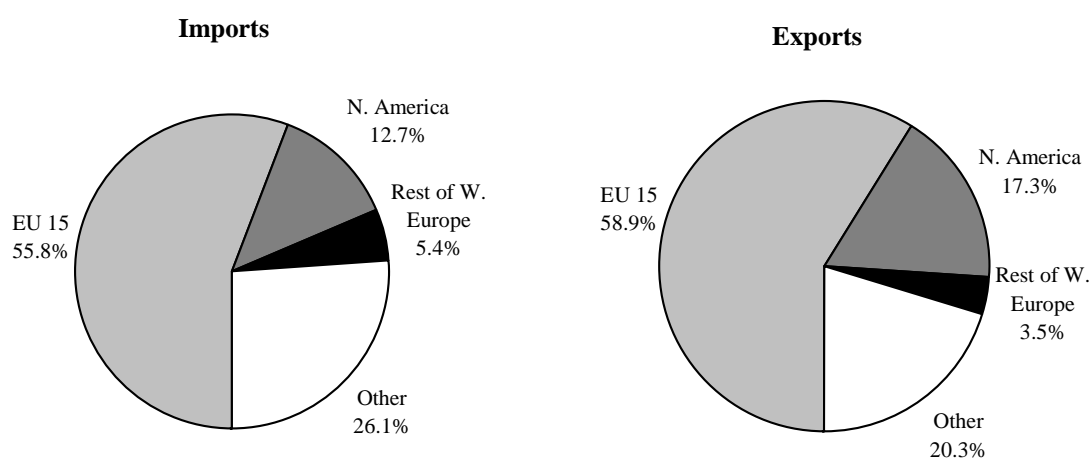
- The UK's current account has been substantially revised, largely through the measurement of VAT missing trader intra-Community fraud increasing import figures for trade in goods. The resultant deficit narrowed between 1996 and 1998, but increased in all years from 1999 onwards.
- The current balance for 2002 now shows a revised deficit of an estimated £19.0 billion, almost double the previous estimate. This compares to a deficit, also substantially revised, of £18.0 billion for 2001.
- The current account was in deficit by £8.6 billion in Q2 2003, compared to a £2.3 billion deficit in the previous quarter. While trade in services and income were in surplus, current transfers showed a deficit of £3.3 billion and trade in goods of £10.9 billion. The surplus on income for Q2 2003 of £3.0 billion was a fall from the record surplus of £8.3 billion in the first quarter.

CONTACT Patsy Richards x4904

Next update: 23 December

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 2000=100		Trade in Goods (£m)		
		Exports	Imports	Exports	Imports	Balance
1999		89.2	91.5	166,166	195,217	-29,051
2000		100.0	100.0	187,936	220,912	-32,976
2001		102.7	105.4	190,050	230,670	-40,620
2002		100.8	109.5	186,257	232,712	-46,455
2002	Q2	106.3	111.8	49,300	59,763	-10,463
	Q3	101.4	110.4	46,770	58,319	-11,549
	Q4	96.2	109.6	44,384	57,640	-13,256
2003	Q1	101.5	110.5	47,486	58,258	-10,772
	Q2	98.8	108.4	46,386	57,306	-10,920

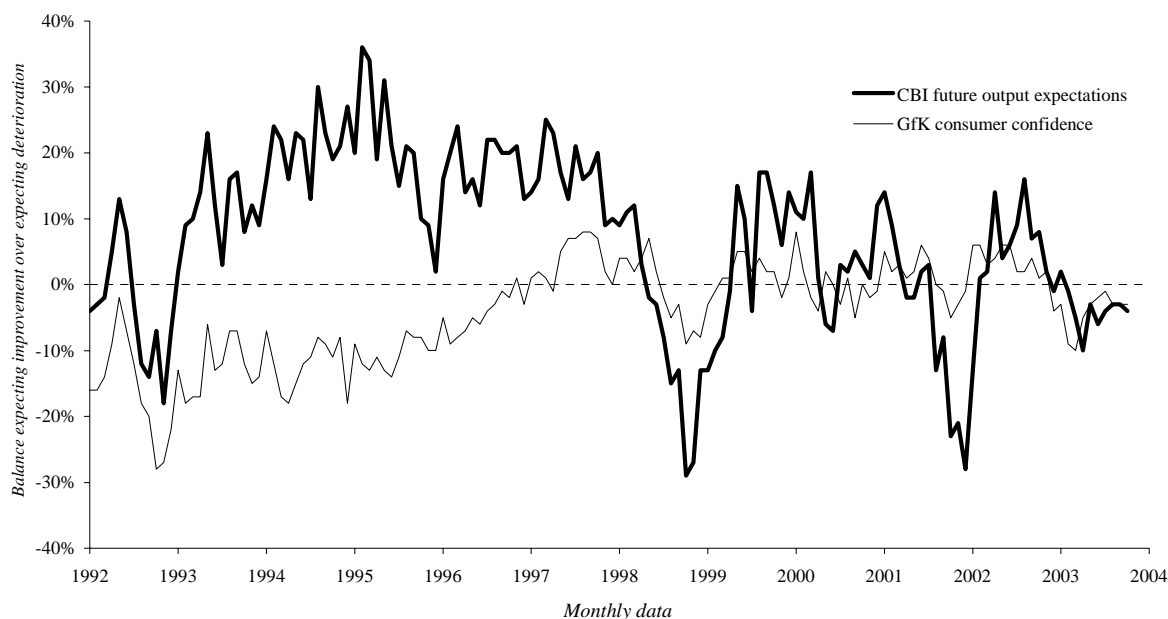
Source: National Statistics Database

- Figures for trade in goods now include adjustments to allow for the impact of intra-community VAT fraud, which causes under-recording of imports. The revised goods trade deficit for 2002 is now an estimated £46.5 billion, compared to a revised £40.6 billion deficit in 2001.
- In August 2003 the deficit on trade in goods is provisionally estimated at £3.6 billion compared with a revised deficit of £3.0 billion in July. In August total exports of goods fell 5.0% on the previous month to £15.2 billion, while goods imports fell 1.5% to £18.8 billion.
- The deficit on trade in goods with EU countries for August was £2.0 billion, compared to £1.3 billion in July. The deficit with non-EU countries was £1.6 billion (£1.7 billion in July).
- The trends in the value of trade show exports flat and imports falling in recent months.

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Next update: 11 November

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 Oct	8	1
Nov	2	2
Dec	-1	-4
2003 Jan	2	-3
Feb	-1	-9
Mar	-5	-10
Apr	-10	-5
May	-3	-3
Jun	-6	-2
Jul	-4	-1
Aug	-3	-3
Sep	-3	-3
Oct	-4	-3

Source: National Statistics Database, series ETCU;

Martin Hamblin GfK on behalf of the European Commission

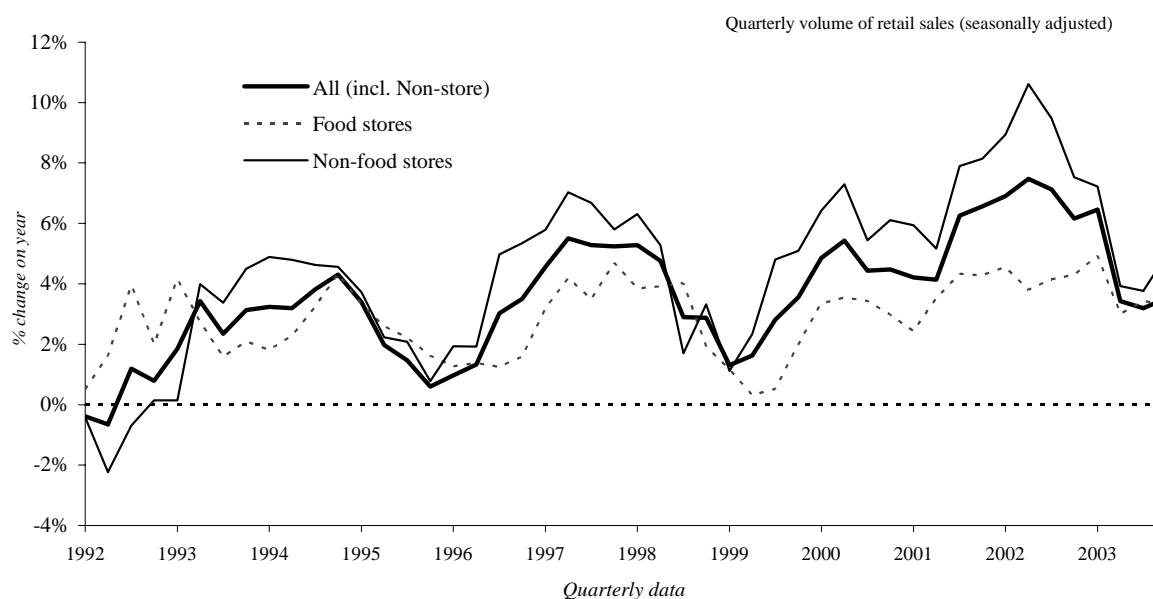
Survey indicators – including those shown here – are often expressed in the form of a balance of the percentage of respondents who expected the situation to improve in the immediate future over the percentage who expected things to worsen.

- The balance of expectations from the CBI’s monthly Industrial Trends Survey for future output has fallen slightly from September’s level of -3 to -4 in October 2003.
- The CBI’s quarterly indicator of overall business confidence in manufacturing, which looks at current optimism compared with three months previously, has risen to -7 in October 2003 from July’s figure of -13.

The GfK Consumer Confidence Barometer 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.

- October’s results show that the overall index remains at -3 for a third month, following a slight rise from this level in June and July 2003.
- Optimism regarding the general economic situation improved from September’s levels, although optimism regarding future personal finances fell. The survey data also found that the climate for making major purchases improved on the previous month.

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	2.1%	3.2%	5.6%	2.1%	4.3%
2000	4.2%	4.2%	6.4%	3.1%	3.1%
2001	5.0%	6.0%	6.0%	6.0%	6.0%
2002	3.8%	2.8%	8.5%	6.6%	4.7%
Q3	2.9%	2.9%	7.9%	4.8%	3.9%
Q4	1.7%	1.7%	6.3%	6.2%	4.0%
2003 Q1	1.9%	1.9%	2.8%	0.0%	2.0%
Q2	2.8%	2.8%	2.8%	-1.9%	2.8%
Q3	4.7%	4.7%	3.7%	-1.8%	2.8%

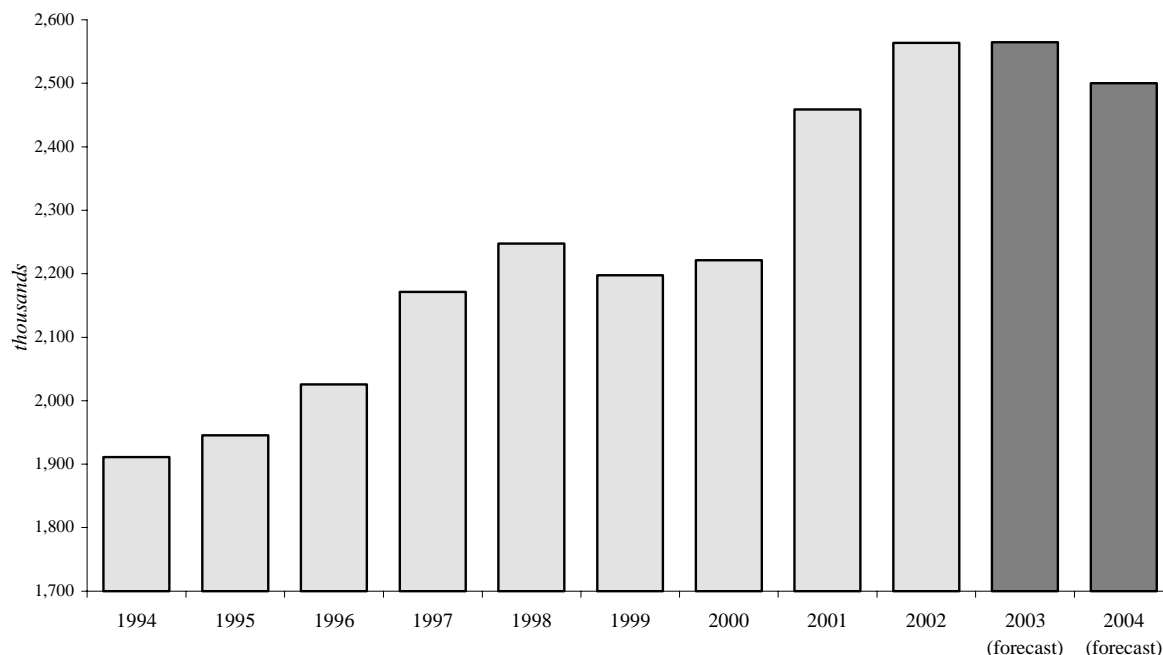
Source: NS database series EAWN, EAWO, EAWP, EAWQ, EAWM

- The *volume* of retail sales grew by 1.2% for July to September compared with the previous three months, and was 3.5% higher than a year previously (seasonally adjusted).
- Retail sales volumes in September 2003 were 3.9% higher than in September 2002 (seasonally adjusted).
- Retail sales volumes in predominantly non-food stores increased by 5.0% in July to September compared to the same quarter a year earlier. In predominantly food stores, sales volumes grew by 3.3% over the same period (seasonally adjusted).
- The average weekly *value* of retail sales in September 2003 was £4,370 million, 3.2% higher than in September 2002 (non-seasonally adjusted).

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Next update: 20 November

F 3. New Registrations of Cars



New Registrations of Cars

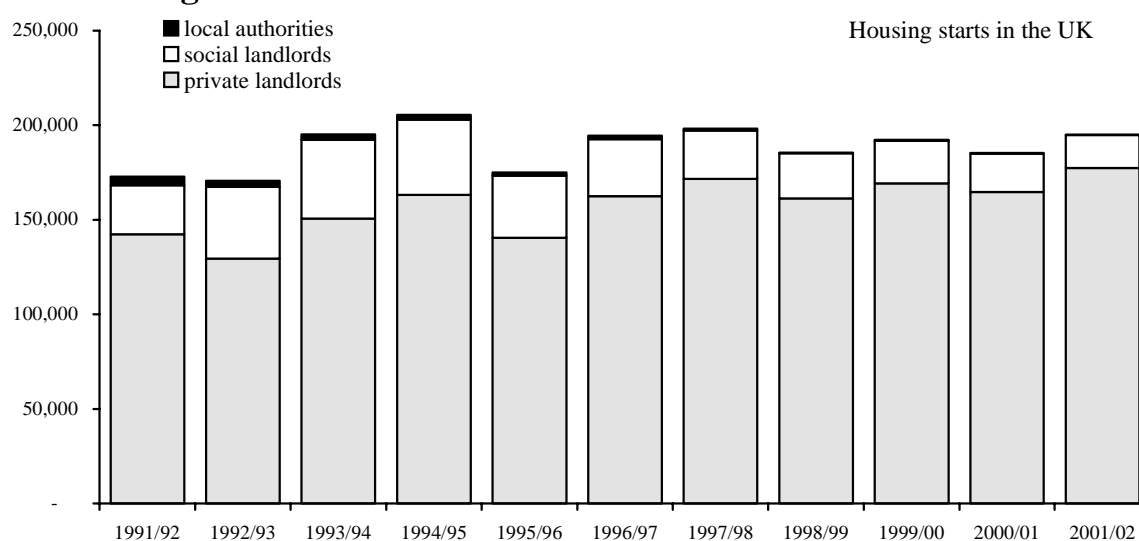
not seasonally adjusted

	Number (000s)	Change over 12 months
2001	2,459	10.7%
2002	2,564	4.3%
2003 (forecast)	2,565	0.1%
2004 (forecast)	2,500	-2.5%
<hr/>		
2002		
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%
April	194	-7.0%
May	200	-4.1%
June	240	15.8%
July	197	0.6%
August	89	2.4%
September	439	1.5%

Source: SMMT "Monthly Statistical Review"

- Figures from the Society of Motor Manufacturers and Traders show that new car registrations increased by 1.5% in September 2003 compared with the previous September's figure to 439,365 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 95,000 registrations of British-built cars in September, equivalent to 21.6% of the market. This is a fall of 1.8% on the previous September'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 remain relatively constant in 2003 and fall by 2.5% in 2004.

F 4. Housing



House prices

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

	All Houses	New Houses	Existing Houses	First time buyers
2002 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
Q2	130,500	129,300	131,600	92,500
Q3	135,200	134,400	136,600	96,000
<i>% change over same period in previous year</i>				
2002 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%
Q2	21.9%	17.3%	22.1%	20.3%
Q3	18.6%	16.7%	18.4%	19.5%

Sources: ODPM & Halifax House Price Index

The Office of the Deputy Prime Minister (ODPM) has discontinued monthly figures for housing starts and completions due to variability of monthly data. Releases are now on a quarterly basis:

- The latest available UK-wide data is for Q2 2002. This is due to a lack of data for Northern Ireland. In that quarter 50,000 dwellings were started in the UK, compared with 51,875 in same quarter in 2001. The latest available completion data is for Q1 2002, which saw 42,048 completions, compared with 41,974 in Q1 2001 (non-seasonally adjusted).

The ODPM also now publishes, in experimental form, its own house price index. This index is based on completions, while the Halifax index is based on mortgage approvals.

- ODPM data for August 2003 put the average UK house price at £159,010 (up from £156,273 in July). UK annual house price inflation was at 14.0%, down from 14.6% in July. Regionally, annual house price inflation was highest in the North East (26.3%) and lowest in Northern Ireland (8.5%) (non-seasonally adjusted).
- UK house prices rose by 1.5% in September 2003 according to the Halifax House Price Index. Annual house price inflation was running at 18.6%. The Halifax's Quarterly Index shows that UK house prices rose by 3.4% in Q3 2003 compared with Q2 2003, following an increase of 3.5% in Q2 2003 on Q1 2003 (all based on seasonally adjusted figures).
- Based on its regional breakdown, the Halifax Index put annual house price inflation in Q3 2003 at its highest in the North of England (37.6%) and lowest in Greater London (8.6%). By comparison, the UK-wide figure was 18.6% (all based on non-seasonally adjusted figures).

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Next update: 10 November