



RESEARCH PAPER 08/32
1 APRIL 2008

Economic Indicators, April 2008

This Research Paper series summarises the main economic indicators currently available for the UK, along with comparisons with other major OECD countries for selected indicators.

This month's issue is an indicator-only update.

Next publication date: **6 May 2008**

Bryn Morgan (editor)

ECONOMIC POLICY AND STATISTICS SECTION

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I Introduction to *Economic Indicators*

Economic Indicators research papers are published in sitting time on the **first Tuesday** of the month. Also, individual indicators are updated and made available through the subject pages of the Library's intranet as standard notes. Indicator pages are listed both under the relevant subject page headings, and collectively on the *Economic Indicators* subject page.¹ A guide to sources is provided in section V.

Discard previous issues

Upon receipt of each issue users should discard the previous issue as it may contain statistics which are no longer the most current, or which have been revised.

Glossary

Some economic terms used in this publication may be unfamiliar to readers. Many of these terms are described in the glossary at the end of this publication. Symbols and abbreviations used in this publication are also described here.

Contacts

Members and their staff requiring detailed information are encouraged to talk to the researchers specialising in the relevant area. A comprehensive guide to the subject coverage of specialists in the Library's Research Service is available in *Using the Library*.² Researchers are not able to discuss pages with members of the public. For enquiries in these subject areas please contact the following researchers:

Subject	Statistician	tel. extn.
Balance of payments	Grahame Allen	3977
EC finance	Ed Potton	2883
GDP	Dominic Webb	4324
Employment	Edward Beale	2464
Financial services	Ed Potton	2883
Housing	Gavin Berman	3851
Incomes	Bryn Morgan	4904
Industries	Ed Potton	2883
National accounts	Dominic Webb	4324
International development	Edward Beale	2464
Prices & interest rates	Dominic Webb	4324
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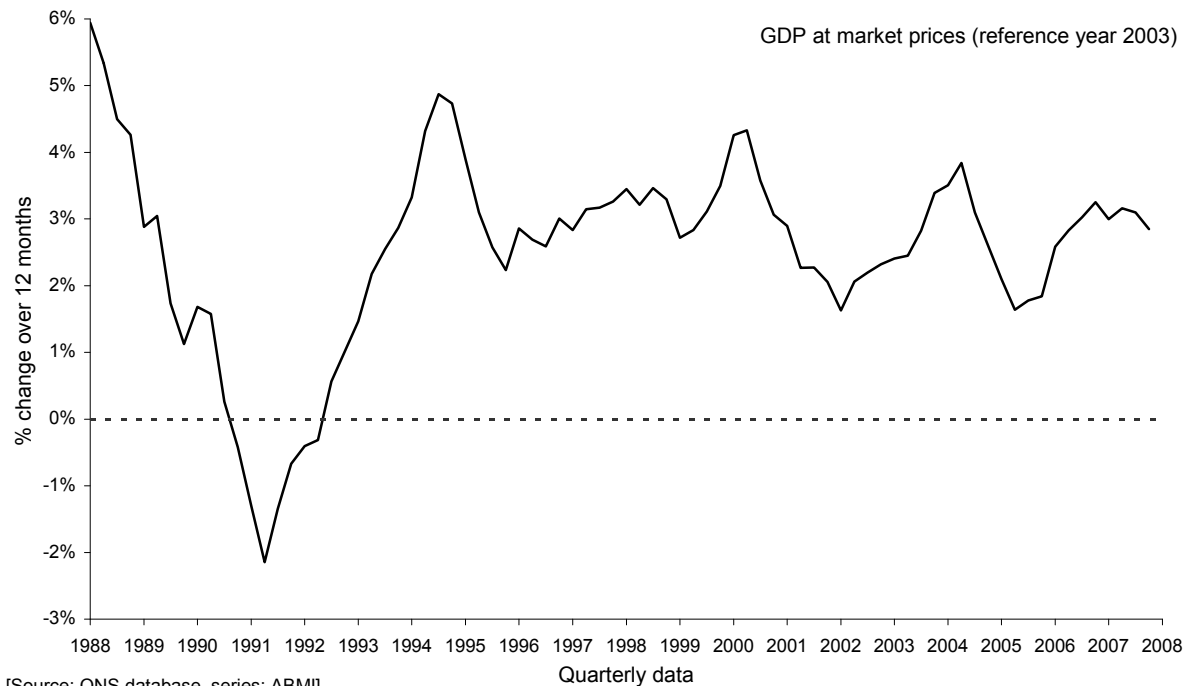
Members and their staff and are also free to contact the named persons on each indicator page for updates during normal hours.³

¹ <http://hcl1.hclibrary.parliament.uk/wdw/subject/EI.asp>

² http://hcl1.hclibrary.parliament.uk/general_pdf/usingthelibrary.pdf

³ After 6pm there is a statistician on duty until the rise of the House who can be contacted via the Oriol Room of the Main Library (extn. 3666).

A1: Gross Domestic Product



Gross Domestic Product at market prices

£ billion & %; seasonally adjusted

	Current prices		Chained volume (reference year 2003)
	£ billion	% change on year	% change on year
2004	1,184.3	5.9	3.3
2005	1,234.0	4.2	1.8
2006	1,303.9	5.7	2.9
2007	1,384.8	6.2	3.0
2006 Q4	333.2	6.1	3.2
2007 Q1	337.7	5.8	3.0
Q2	345.3	7.1	3.2
Q3	348.8	6.0	3.1
Q4	353.0	5.9	2.8

Source: ONS database, series: YBHA, ABMI

- The UK economy is estimated to have grown by 3.0% in 2007, compared with 2.9% in 2006.
- The chained volume measure of gross domestic product (GDP) at market prices was 0.6% higher in Q4 2007 than in the previous quarter (Q3 2007). Compared with the same quarter in the previous year (Q4 2007 on Q4 2006) this measure of GDP was 2.8% higher.
- In February 2008, HM Treasury's average of independent economic forecasts of GDP growth in 2008 was 1.7% down from 1.8% in January. The average growth forecast for 2009 was 1.9% in March.

Contact: Grahame Allen, x3977

Updates: HM Treasury, *Forecasts for the UK Economy*, 16 Apr; ONS, *UK output, income & expenditure*, 25 Apr

A2: GDP: International Comparisons



GDP at constant market prices

% changes

	% change on year				% change quarter on quarter					
	2004	2005	2006	2007	2006		2007			
					Q3	Q4	Q1	Q2	Q3	Q4
USA	3.6	3.1	2.9	2.2	0.3	0.5	0.1	0.9	1.2	0.2
Japan	2.7	1.9	2.4	2.1	0.0	1.1	0.9	-0.4	0.3	0.9
Canada	3.1	3.1	2.8	2.7	0.3	0.4	1.0	0.9	0.7	0.2
United Kingdom	3.3	1.8	2.9	3.1	0.6	1.0	0.8	0.8	0.7	0.6
Germany	1.1	0.8	2.9	2.5	0.7	1.0	0.6	0.2	0.7	0.3
France	2.5	1.7	2.0	1.9	-0.1	0.5	0.6	0.3	0.8	0.3
Italy	1.2	0.1	1.9	..	0.3	1.1	0.3	0.1	0.4	..
Eurozone	1.9	1.7	2.9	2.6	0.6	0.8	0.8	0.3	0.8	0.4
G7	2.9	2.3	2.7	..	0.3	0.7	0.4	0.6	0.9	0.3
OECD	3.2	2.6	3.1	..	0.5	0.8	0.6	0.6	0.9	..

Source: OECD, *Main Economic Indicators*, Mar 2008

- All of the OECD countries displayed in the table above recorded positive growth in Q3 and Q4 2007. Annual UK GDP growth was 3.1% in 2007 compared with 2.2% in the US and 2.6% in the eurozone.
- Historic annual growth in the eurozone has been weaker than growth in all OECD countries and the G7. However, in 2006 eurozone growth was 2.9%, higher than G7 growth of 2.7%.
- UK growth is forecast to be 2.0% in 2008 compared with 2.0% in the US and 1.6% in Japan. Overall OECD growth is forecast to be 2.3% in 2008.

OECD growth forecasts

% change on year

	2007	2008	2009
USA	2.2	2.0	2.2
Japan	1.9	1.6	1.8
United Kingdom	3.1	2.0	2.4
Eurozone	2.6	1.9	2.0
OECD	2.7	2.3	2.4

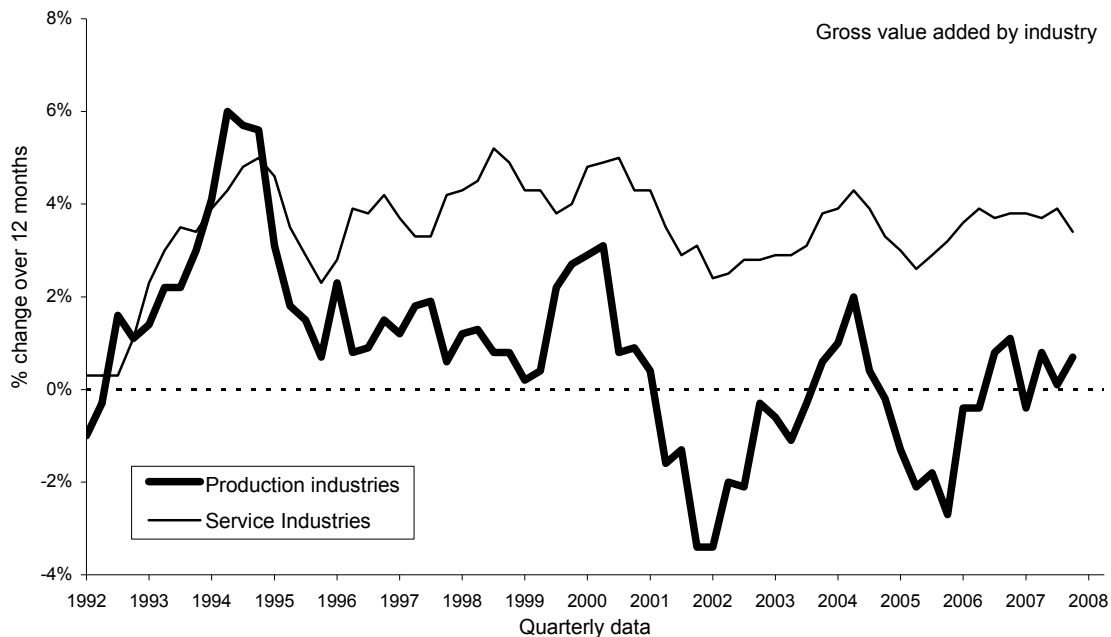
Source: OECD, *Economic Outlook*, Dec 2007

Contact: Edward Beale, x2464

Update: OECD, *Main Economic Indicators*, mid-Apr

A3: Gross Domestic Product by Industry

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.



[Source: ONS database, series: ERIE, GDSI]

- Since 1995, output has grown faster in the service sector than in production industries, and is currently growing at an annual rate of 3.4%. Between the third quarter of 2007 and the fourth quarter of 2007 annual output growth in the service sector decreased by 0.5%.

Gross value added at current basic prices

% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufacturing			
2005	-2.0	-1.2	2.9	4.4	1.5
2006	0.3	1.5	3.7	2.8	1.1
2007	0.3	0.6	3.7	0.9	2.4
2006 Q4	1.1	2.7	3.8	0.5	2.9
2007 Q1	-0.4	0.8	3.8	1.1	1.9
Q2	0.8	1.1	3.7	0.7	2.8
Q3	0.1	0.2	3.9	-0.8	2.3
Q4	0.7	0.2	3.4	2.8	2.5

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

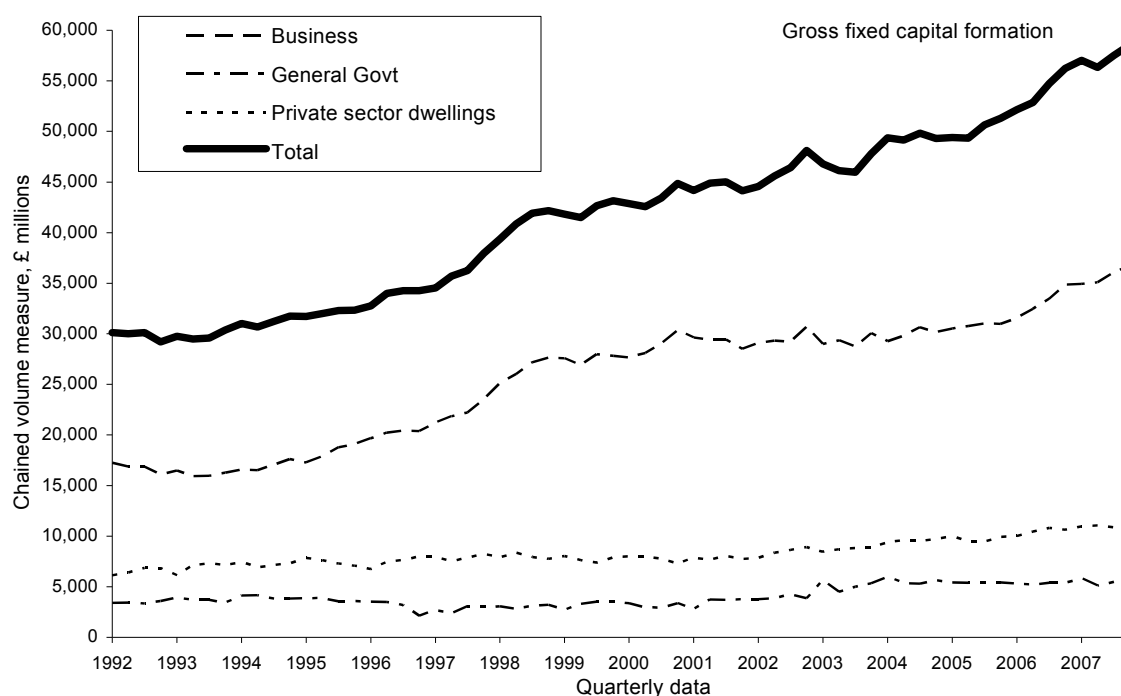
- Manufacturing output increased by 0.2% in the fourth quarter of 2007 compared with the same quarter in 2006, and manufacturing output increased by 0.6% overall in 2007.
- In 2005, services accounted for 75% of gross value added, manufacturing for 14%, other production industries (mining & quarrying, and electricity, gas & water supply) for 5%, construction for 6% and agriculture, hunting and fishing for 1%.

Contact: Ed Potton, x2883

Update: ONS, *Preliminary GDP Estimates–Q1*, 25 Apr

A4: Investment

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 on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings. The graph excludes the effect of the exceptional transfer of nuclear reactors as this distorts the figures.



[Source: ONS database: series DFEA, DLWF, NPEL, NPQT]

Gross fixed capital formation

£ million; Chained volume measures, reference year 2003; seasonally adjusted

	Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
2004	14,706	58,817	68,135	41,541	14,457	197,655
2005	14,908	58,839	70,493	42,337	14,077	200,654
2006	15,361	62,878	77,021	45,746	14,979	215,985
2007	15,631	69,745	81,018	47,508	15,521	229,423
2006 Q4	4,244	16,434	20,145	11,568	3,830	56,220
2007 Q1	4,025	17,528	19,655	11,906	3,908	57,023
Q2	3,931	16,862	19,744	11,960	3,835	56,331
Q3	3,914	17,334	20,535	11,858	3,876	57,517
Q4	3,761	18,021	21,084	11,784	3,902	58,552

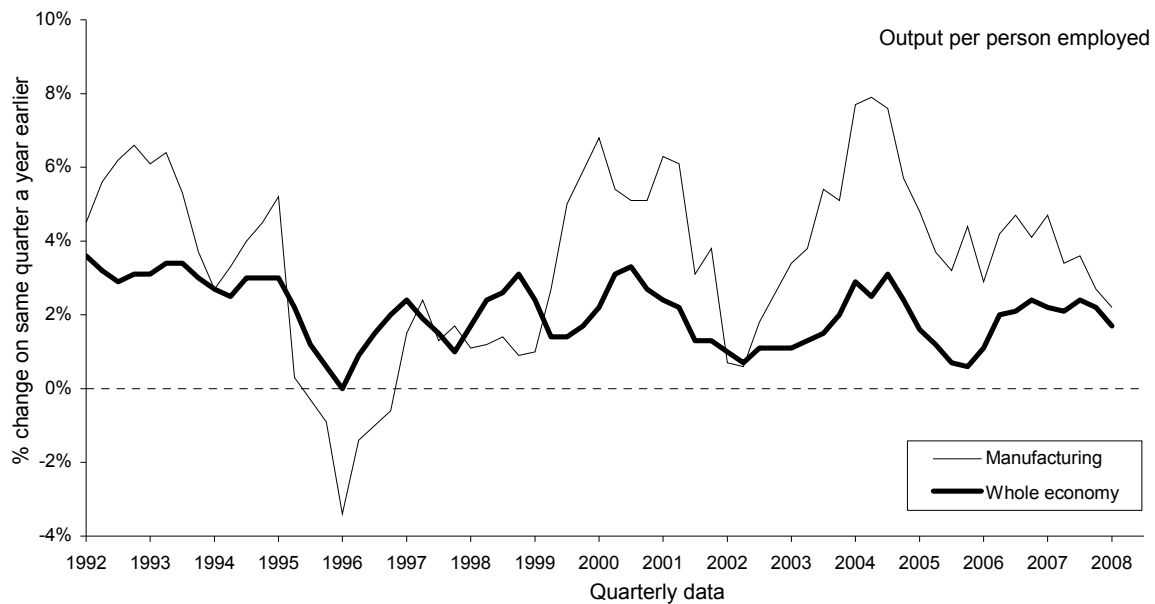
Source: ONS database, series: DLWL, DLWO, DLWT, DFEG, EQDO, NPQT

- Total business investment increased by 1.8% in Q4 2007 compared with the previous quarter, and increased by 5.3% compared with Q4 2006 on a seasonally adjusted basis.
- Total manufacturing investment increased by 3.2% in Q4 2007 compared with the previous quarter while investment in private sector services increased by 2.1% on a seasonally adjusted basis.

Contact: Dominic Webb, x4324

Update: ONS, *Business Investment*, 22 May

A5: Productivity



[Source: ONS database, series: LNNN, LNNP, LNNU, LNNX]

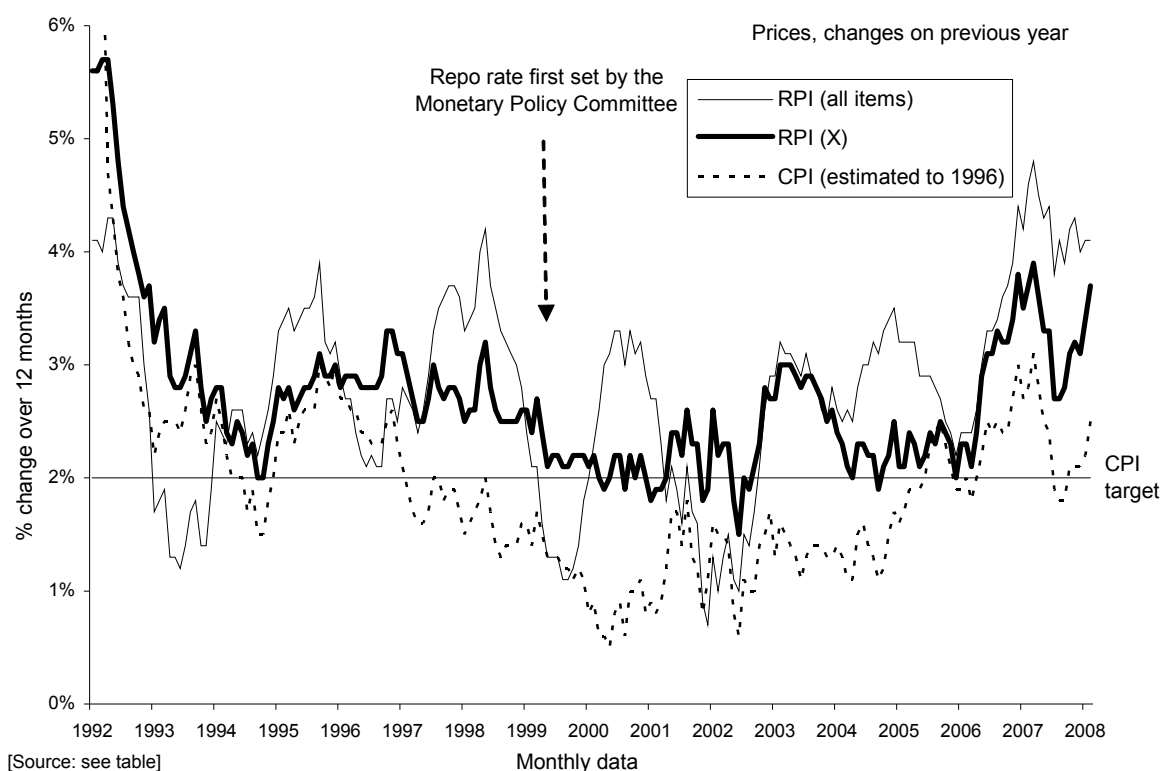
Productivity

% changes on year; seasonally adjusted

	Manufacturing			Whole Economy		
	Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
2005	-1.2	-4.5	3.5	1.9	1.0	1.0
2006	1.5	-2.8	4.4	3.0	0.8	2.1
2007	0.6	-2.2	3.0	2.9	0.8	2.1
2006 Q4	2.7	-1.9	4.7	3.2	1.0	2.2
2007 Q1	0.8	-2.5	3.4	3.0	0.7	2.1
Q2	1.1	-2.4	3.6	3.2	0.7	2.4
Q3	0.2	-2.4	2.7	3.1	0.7	2.2
Q4	0.2	-2.0	2.2	2.9	1.0	1.7

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

- Productivity across the whole economy, measured by output per head, is estimated to have grown by 2.1% in 2007 compared with 2.1% in 2006 and 1.0% in 2005.
- In 2007, manufacturing output increased by 0.6% and employment in manufacturing fell by 2.2%, while manufacturing output per head rose by 3.0%.
- Productivity growth in manufacturing fell to 2.2% per annum in Q4 2007 compared to 2.7% per annum in the previous quarter, while whole economy productivity growth decreased from 2.2% per annum in Q3 2007 to 1.7% per annum in Q4 2007.
- For the economy as a whole, productivity growth has averaged 2.1% per annum over the last eight quarters. Figures on this page are based on output per job.

B1: Prices

On 10 December 2003 the Chancellor wrote to the Bank of England setting a new UK inflation target of 2.0%, measured by the consumer prices index (CPI). Inflation must remain within 1 percentage point either side. The previous target was 2.5% measured by RPI(X).

- In the year to February, the consumer prices index (CPI) showed inflation at 2.5%, up from 2.2% in January.
- The largest upward effect on the CPI came from housing and household services due to gas and electricity bills rising by more than a year ago. This was partly the result of a change in the methodology used to compile the index related to gas and electricity price changes.

The largest downward contribution on the CPI annual rate came from food and non-alcoholic beverages.

- The former headline (all items RPI) rate of inflation was 4.1% in February, unchanged from January. The underlying RPI(X) rose to 3.7% in February from 3.4% in January.
- The largest upward effect on the RPI came from fuel and light. The largest downward effect came from housing, mainly from mortgage interest payments where there was a smaller increase than last year.

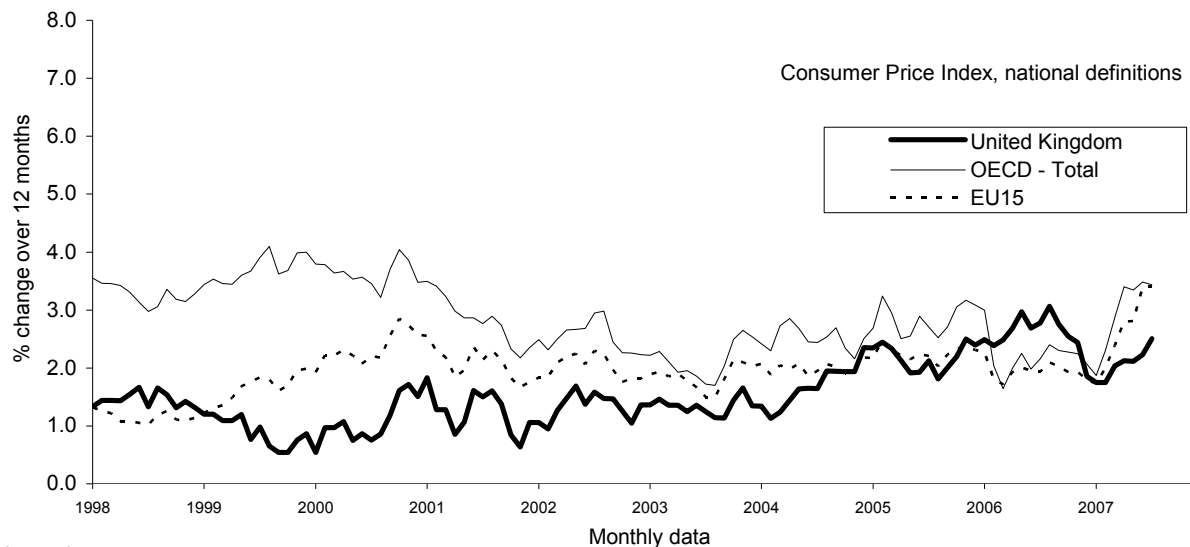
Price Indices

% change over 12 months

	CPI (was HICP)	RPI (all items)	RPI (X)
2004	1.3	3.0	2.2
2005	2.1	2.8	2.3
2006	2.3	3.2	2.9
2007	2.3	4.3	3.2
2007 Feb	2.8	4.6	3.7
Mar	3.1	4.8	3.9
Apr	2.8	4.5	3.6
May	2.5	4.3	3.3
Jun	2.4	4.4	3.3
Jul	1.9	3.8	2.7
Aug	1.8	4.1	2.7
Sep	1.8	3.9	2.8
Oct	2.1	4.2	3.1
Nov	2.1	4.3	3.2
Dec	2.1	4.0	3.1
2008 Jan	2.2	4.1	3.4
Feb	2.5	4.1	3.7

Source: ONS database, series: D7G7, CDKQ, CJYR

B2: Prices: International Comparisons



[Source: See table]

Consumer Price Indices

national definitions; % change over 12 months

	USA	Japan	Canada	UK	OECD
2004	2.7	-0.0	1.9	1.3	2.3
2005	3.4	-0.3	2.2	2.0	2.6
2006	3.2	0.2	2.0	2.3	2.6
2007	2.9	0.1	2.1	2.3	2.4
2007 Sep	2.8	-0.2	2.5	1.7	2.3
Oct	3.5	0.3	2.4	2.0	2.9
Nov	4.3	0.6	2.5	2.1	3.4
Dec	4.1	0.7	2.4	2.1	3.3
2008 Jan	4.3	0.7	2.2	2.2	3.5
Feb	4.0	1.0	1.8	2.5	3.4

Source: OECD, Consumer Prices Release

The OECD compiles inflation rates based on national consumer price measures. While these are not strictly comparable they indicate that:

- Inflation in the United States was 4.0% in February, a fall of 0.3 percentage points over January.
- The average inflation rate for all OECD countries in February was 3.4%.
- By this measure, the EU average inflation rate (not shown in the table, but in the chart above), was 3.4% in February.

Eurozone inflation

harmonised indices (HICPs); % change over 12 months

	France	Germany	Italy	UK	Eurozone
2004	2.3	1.8	2.3	1.3	2.1
2005	1.9	1.9	2.2	2.1	2.2
2006	1.9	1.8	2.2	2.3	2.2
2007	1.6	2.3	2.0	2.3	2.1
2007 Sep	1.6	2.7	1.7	1.8	2.1
Oct	2.1	2.7	2.3	2.1	2.6
Nov	2.6	3.3	2.6	2.1	3.1
Dec	2.8	3.1	2.8	2.1	3.1
2008 Jan	3.2	2.9	3.1	2.2	3.2
Feb	3.2	2.9	3.1	2.5	3.3

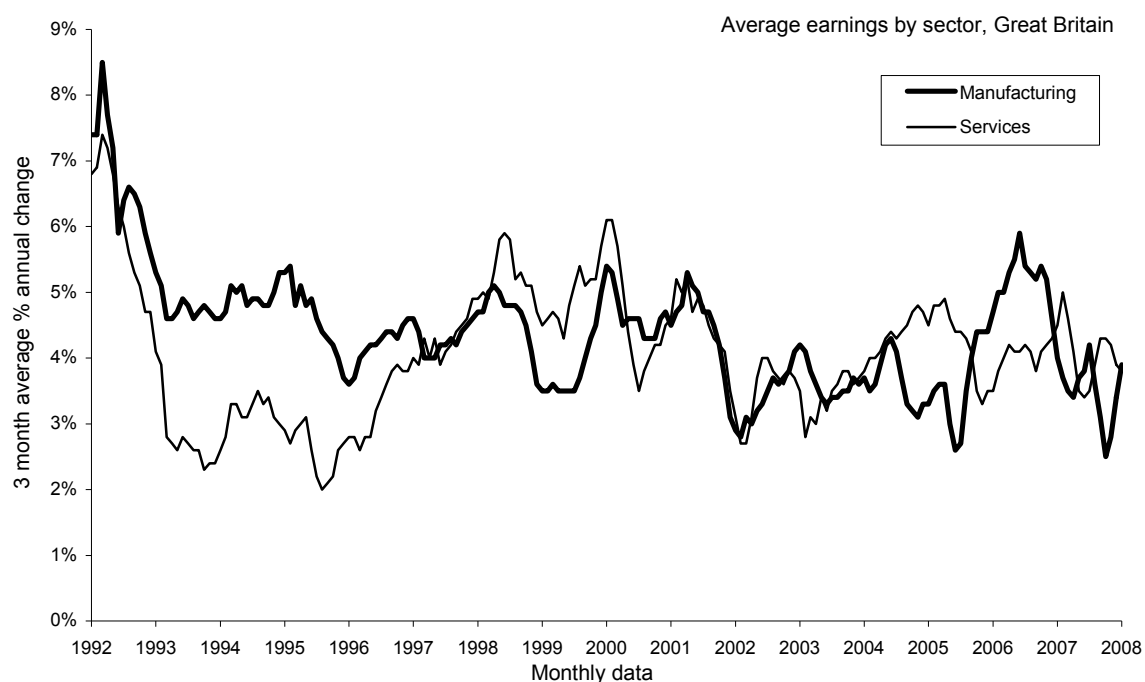
Source: Eurostat, Euro-Indicators news release, Mar 2008

The EU has developed harmonised indices of consumer prices (HICPs), designed for international comparison, to monitor prices within the eurozone:

- In February 2008, Eurozone annual inflation was 3.3%. The flash estimate for March is 3.5%.
- The HICP inflation rates for the EU15 Member States not in the eurozone were 3.3% in Denmark, 2.9% in Sweden and 2.5% in the UK.
- The eurozone countries with the highest HICP annual inflation rates were Slovenia (6.4%), Greece (4.5%) and Spain (4.4%). The lowest rates were in the Netherlands (2.0%) and Germany and Portugal (both 2.9%).

Contact: Bryn Morgan, x4904

Updates: OECD, consumer prices release, 29 Apr
Eurostat, *Euro-indicators news release*, 16 Apr

B3: Average Earnings Index

[Source: ONS database, series: LNNG, LNNH]

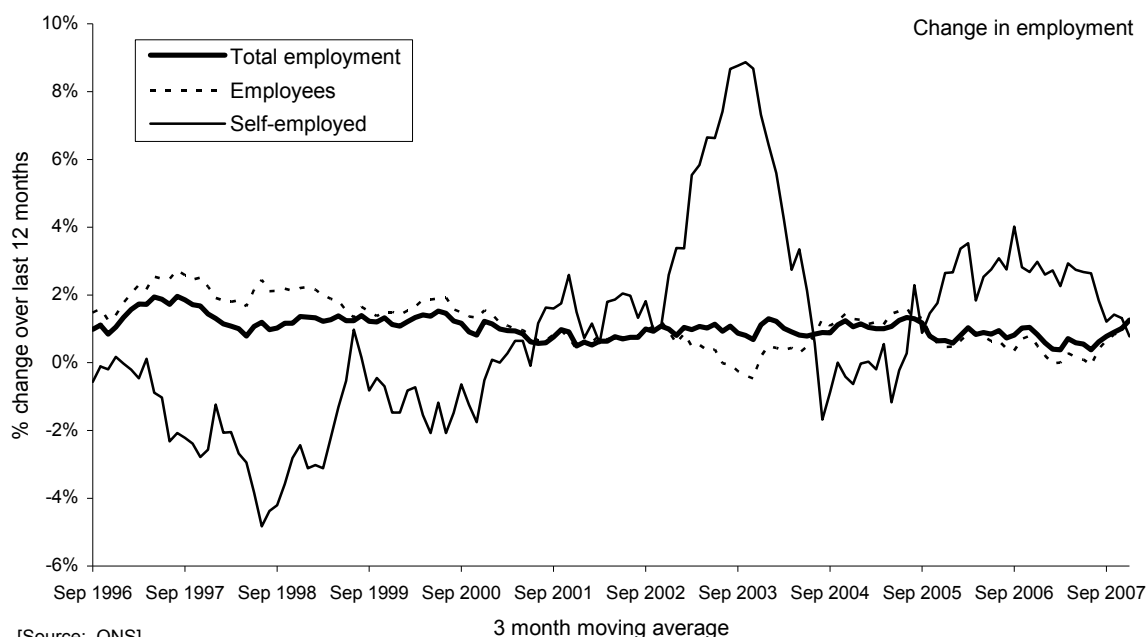
- The headline rate of growth in average earnings for the whole economy in January was 3.7%, down from 3.8% in December.
- Headline average earnings growth in manufacturing was 3.9% in January, up from 3.4% in December. Earnings growth in the service sector was 3.8% in January, down from 3.9% in the previous month.
- Headline earnings growth in the private sector was 3.8% in January, compared with 3.5% in the public sector. Earnings growth in the private sector was down from 3.9% in December, while earnings growth in the public sector was up from 3.3% in December.
- Earnings are currently growing at a slower rate than they were a year ago (the headline rate in January 2007 was 4.2%).
- In the year to January, the consumer price index showed inflation below the rate of earnings growth at 2.2%. Earnings growth of 4.5% is thought to be consistent with the Government's inflation target of 2.0%.

Average Earnings, Great Britain
% change on year; seasonally adjusted

	Headline rate		
	Whole Economy	Private Sector	Public Sector
2004 Jan	3.8	3.7	4.2
2005 Jan	4.4	4.5	4.6
2006 Jan	3.7	3.6	4.4
2007 Jan	4.2	4.5	3.2
Feb	4.6	4.9	3.1
Mar	4.5	4.8	3.1
Apr	4.0	4.1	3.0
May	3.5	3.6	3.1
Jun	3.4	3.4	3.1
Jul	3.5	3.7	2.8
Aug	3.7	3.9	2.9
Sep	4.1	4.3	3.0
Oct	4.0	4.2	3.2
Nov	4.0	4.2	3.3
Dec	3.8	3.9	3.3
2008 Jan	3.7	3.8	3.5

Source: ONS database, series: LNNC, LNND, LNNE

C1: Employment



Employment structure in the UK

3-month average centred on month; '000s & % changes; seasonally adjusted

	Total in employment	Employees	Self-employed	Unpaid Family Workers	Government Training
2003 Dec	28,359	24,495	3,652	101	111
2004 Dec	28,661	24,811	3,629	98	122
2005 Dec	28,848	24,927	3,725	92	103
2006 Dec	29,090	25,051	3,836	100	103
2007 Mar	29,087	25,038	3,843	104	101
2007 Jun	29,178	25,114	3,836	107	120
2007 Sep	29,291	25,224	3,856	100	111
2007 Dec	29,457	25,374	3,866	108	109

Changes (%):

on last 3 months	0.6	0.6	0.3	8.1	-1.7
on last year	1.3	1.3	0.8	18.2	5.3

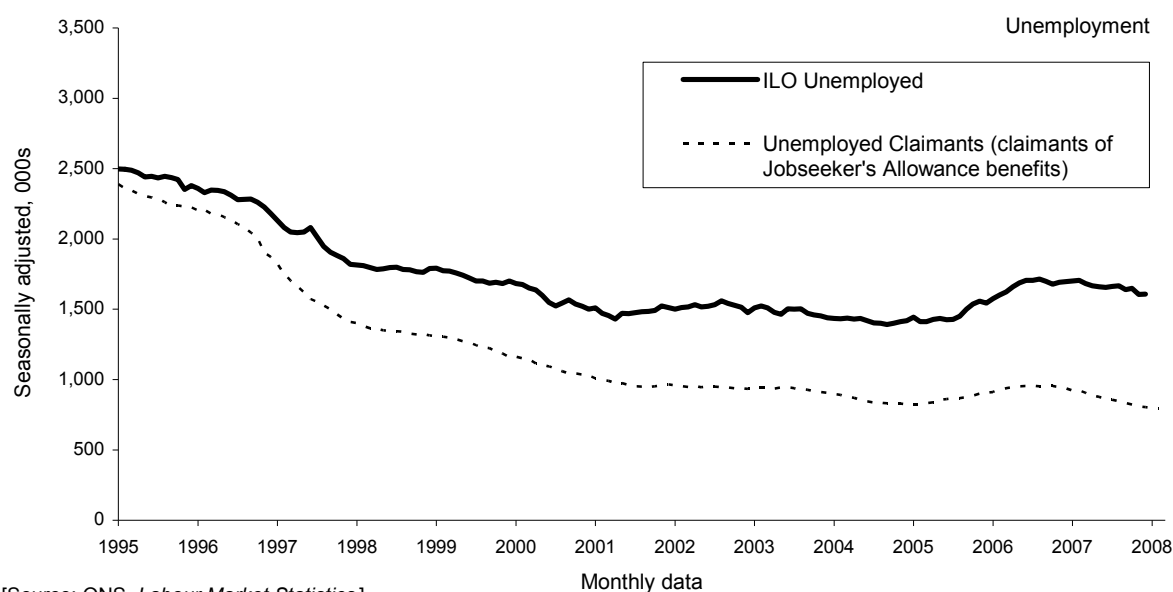
Source: ONS

- Total employment was 29.5 million in the period November 2007 to January 2008, 1.3% higher than a year earlier. The working age employment rate of 74.8% was 0.3 percentage points higher than the previous quarter and 0.4 percentage points higher than a year earlier.
- The number of workforce jobs increased by 13,000 between September and December 2007 and was 208,000 higher than a year earlier. Over the year to December, the number of production industry workforce jobs fell by 47,000. The number of service sector jobs rose by 264,000 over the year.
- 7.6 million people were in part-time employment in the period November 2007 to January 2008, of whom 5.7 million were women. 3.9 million people were self-employed.

Contact: Dominic Webb, x4324

Update: ONS, *Labour Market Statistics*, 16 Apr

C2: Unemployment: National



[Source: ONS, *Labour Market Statistics*]

Since April 1998, the Office for 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 November 2007 to January 2008, the level of ILO unemployment in the UK was 1,608,000 (seasonally adjusted). This was a decrease of 89,000 from the same period a year earlier.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, fell by 3,000 between January and February 2008 to 794,000.

The New Deal for Young People started in January 1998.

- By August 2007, there had been 1,725,000 starts under the scheme. By May 2007, 1,587,000 spells had been completed, 633,000 (40%) of which resulted in sustained employment i.e. where the individual had not returned to claim Jobseeker's Allowance (JSA) within three months of starting employment.

The New Deal 25 plus started in June 1998 and an enhanced scheme was introduced in April 2001.

- By August 2007, there had been 1,034,000 starts under the scheme. By May 2007, 577,000 spells had been completed of which 159,000 (28%) resulted in sustained employment.

ILO Unemployment in the UK seasonally adjusted

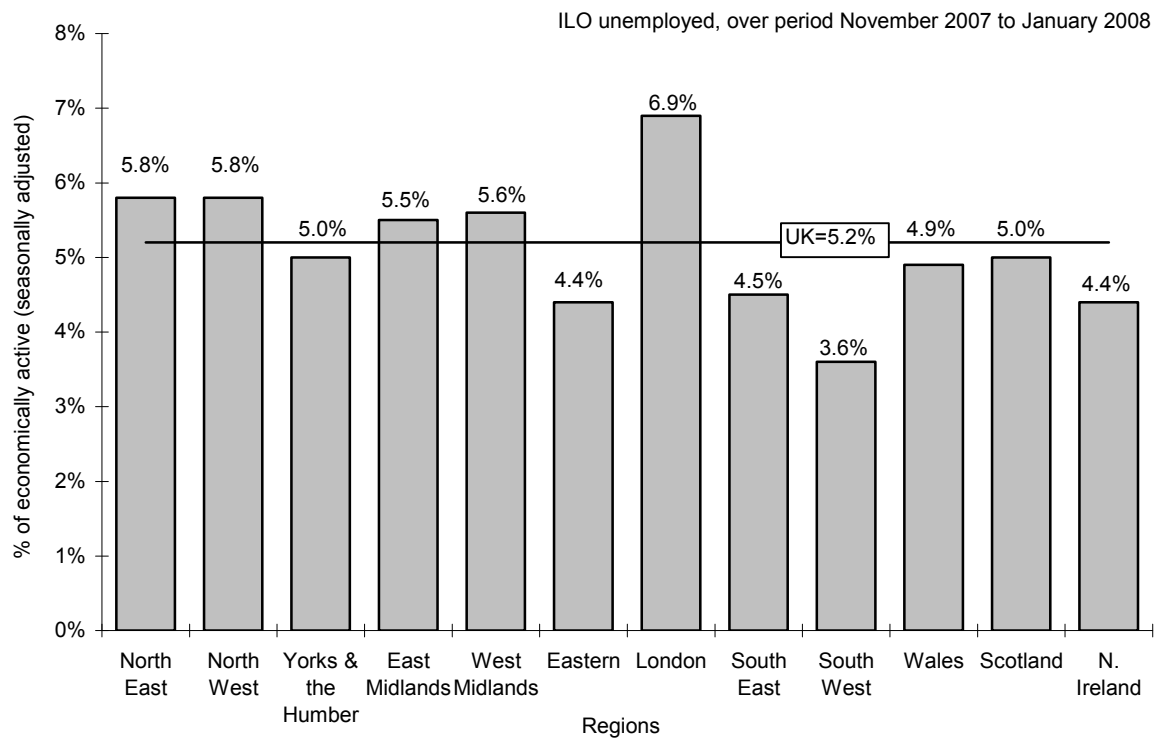
		'000s	rate (%)
2002	Nov - Jan	1,513	5.2
	Feb - Apr	1,518	5.2
	May - Jul	1,522	5.2
	Aug - Oct	1,543	5.2
2003	Nov - Jan	1,476	5.0
	Feb - Apr	1,510	5.1
	May - Jul	1,503	5.1
	Aug - Oct	1,472	5.0
2004	Nov - Jan	1,440	4.8
	Feb - Apr	1,437	4.8
	May - Jul	1,419	4.8
	Aug - Oct	1,391	4.7
2005	Nov - Jan	1,419	4.7
	Feb - Apr	1,413	4.7
	May - Jul	1,425	4.7
	Aug - Oct	1,501	4.9
2006	Nov - Jan	1,544	5.1
	Feb - Apr	1,623	5.3
	May - Jul	1,705	5.6
	Aug - Oct	1,699	5.5
2007	Nov - Jan	1,697	5.5
	Feb - Apr	1,683	5.5
	May - July	1,656	5.4
	Aug - Oct	1,640	5.3
2008	Nov - Jan	1,608	5.2

Source: ONS, *Labour Market Statistics*

Contact: Alex Adcock, x3793

Updates: ONS, *Labour Market Statistics*, 16 April 2008
DWP *New Deal*, May 2008

C3: Unemployment: Regional



[Source: ONS, *Labour Market Statistics*]

Since April 1998, the Office for 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 November 2007 to January 2008 London had the highest unemployment rate, 6.9% of the economically active population. The lowest rate over the same period was 3.6%, in the South West.
- A comparison of November 2007 to January 2008 with the same period a year earlier shows that the highest fall (17%) in unemployment occurred in the Yorkshire & Humber. The North West showed the largest increase (5%) over the period.

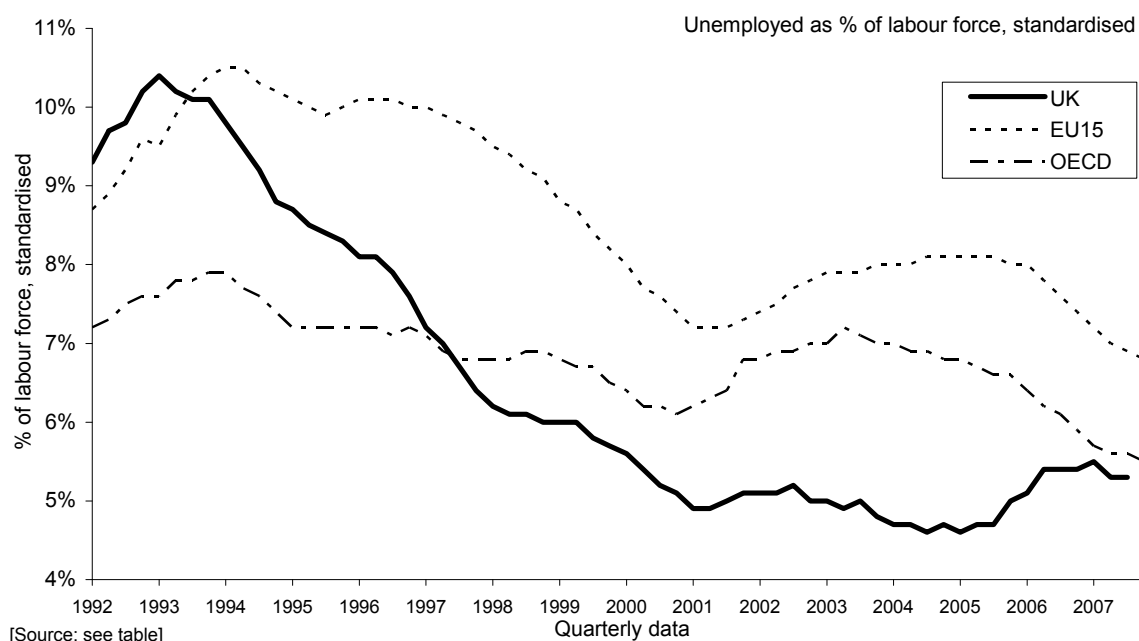
ILO Unemployment, November 2007 to January 2008

change on same period in previous year;
seasonally adjusted

	Number (rounded)	%
North East	-4,000	-5
North West & Merseyside	10,000	5
Yorkshire & the Humber	-26,000	-17
East Midlands	-4,000	-3
West Midlands	-25,000	-14
Eastern	-4,000	-3
London	-24,000	-8
South East	0	0
South West	-10,000	-9
Wales	-5,000	-7
Scotland	0	0
Northern Ireland	1,000	4

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

	2005	2006	2007	2006				2007			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Canada	6.8	6.3	6.0	6.4	6.2	6.4	6.2	6.1	6.1	6.0	5.9
France	9.3	9.2	8.3	9.5	9.3	9.2	8.9	8.6	8.4	8.2	7.9
Germany	10.6	9.8	8.4	10.4	10.0	9.6	9.2	8.7	8.5	8.3	8.0
Italy	7.7	6.8	..	7.3	6.8	6.5	6.5	6.2	5.9	6.0	..
Japan	4.4	4.1	3.9	4.2	4.1	4.1	4.1	4.0	3.8	3.8	3.8
UK	4.8	5.3	..	5.1	5.4	5.4	5.4	5.5	5.3	5.3	..
USA	5.1	4.6	4.6	4.7	4.7	4.7	4.4	4.5	4.5	4.7	4.8
Eurozone	8.8	8.2	7.4	8.6	8.3	8.1	7.9	7.6	7.4	7.3	7.2
G7	6.2	5.8	5.4	6.0	5.8	5.8	5.6	5.5	5.2	5.4	5.4
OECD	6.7	6.1	5.6	6.4	6.2	6.1	5.9	5.7	5.6	5.6	5.5

Source: OECD, Standardised Unemployment Rate, March 2008

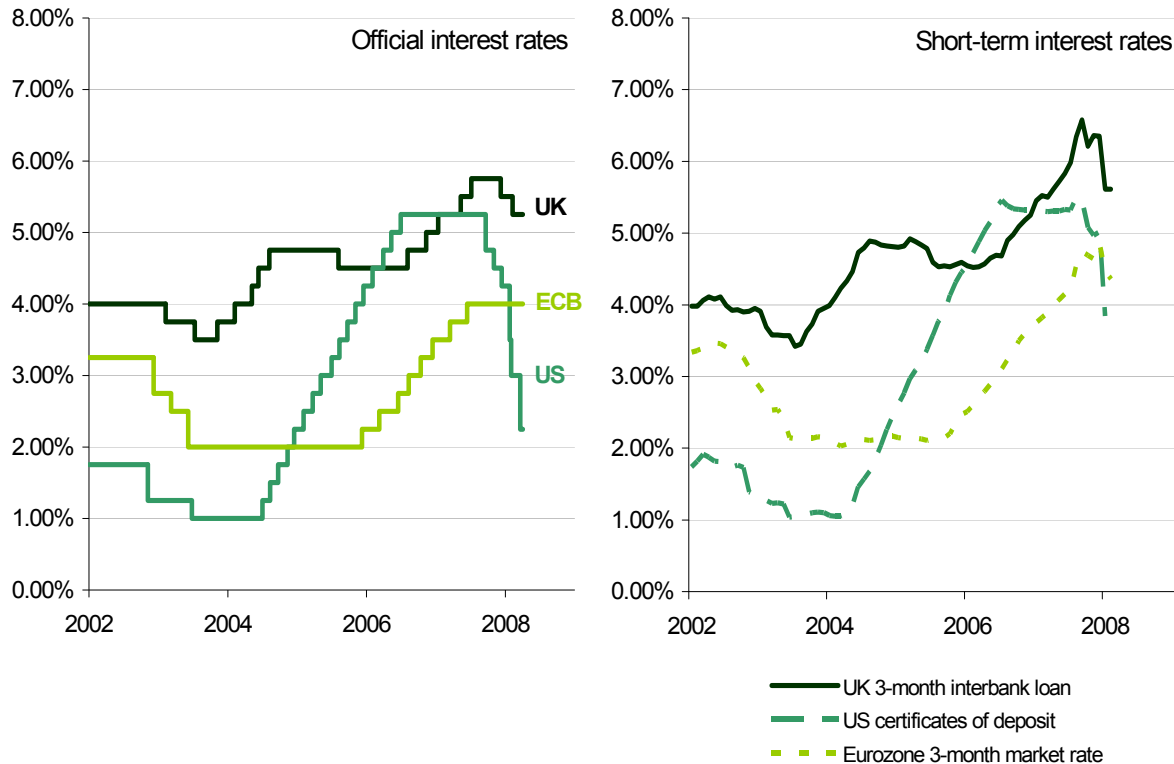
- Using standardised definitions, the UK unemployment rate for 2006 (the latest year for which all data are available) was 5.3%, significantly below the eurozone average (8.2%) and below the G7 and OECD rates (5.8% and 6.1% respectively).
- Between Q3 2006 and Q3 2007 (the latest quarter for which all data are available) the largest fall in unemployment among G7 countries was in Germany where it fell by 1.3 percentage points.
- The most recent forecasts published by the OECD (*Economic Outlook*, Preliminary Edition December 2007) suggest the UK unemployment rate will be 5.5% in 2007 and 5.7% in 2008. The respective forecasts for the eurozone are 6.8% and 6.4% and for the OECD as a whole 5.4% and 5.4%.

Contact: Alex Adcock, x3973

Updates: OECD, *Standardised Unemployment Rates*, 11 April
OECD, *Economic Outlook*, June

D1: Interest Rates

- At its latest meeting on 6 March, the Bank of England's Monetary Policy Committee (MPC) voted to keep the interest rate at 5.25%. This followed a cut of 25 basis points at the February meeting.
- The minutes of the March meeting show that seven MPC members voted to hold the rate at 5.25% and that two voted for a cut.
- On 18 March 2008, the US Federal Reserve cut its funds rate by a 75 basis points to 2.25%. This followed a cut of 50 points on 30 January, an unscheduled cut of 75 basis points on 22 January and cuts at its September, October and December 2007 meetings.
- The Governing Council kept the European Central Bank (ECB) interest rate for main refinancing operations at 4.00% at its meeting on 6 March.



UK Base/Repo rate changes

% per annum

Date	New rate	Date	New rate
2000 Jan 13	5.75	2004 Feb 5	4.00
Feb 10	6.00	May 6	4.25
2001 Feb 8	5.75	Jun 10	4.50
Apr 5	5.50	Aug 5	4.75
May 10	5.25	2005 Aug 4	4.50
Aug 2	5.00	2006 Aug 3	4.75
Sep 18	4.75	Nov 9	5.00
Oct 4	4.50	2007 Jan 11	5.25
Nov 8	4.00	May 10	5.50
2003 Feb 6	3.75	Jul 5	5.75
Jul 10	3.50	Dec 6	5.50
Nov 6	3.75	2008 Feb 7	5.25

Source: Bank of England

International interest rates

% per annum, at 31 March 2008

	Official rate	Yield 10yr Govt bonds Since	3-month market rate
United Kingdom	5.25	7/2/08 4.35	6.07 -5.93
Eurozone	4.00	6/6/07 n/a	4.72 - 4.68
United States	2.25	18/3/08 3.43	3.00 - 2.90
Japan	0.50	21/2/07 1.28	0.96 - 0.89
Switzerland	2.25-3.25	13/9/07 2.93	3.03 - 2.95

Source: *Financial Times*, 1 April 2008

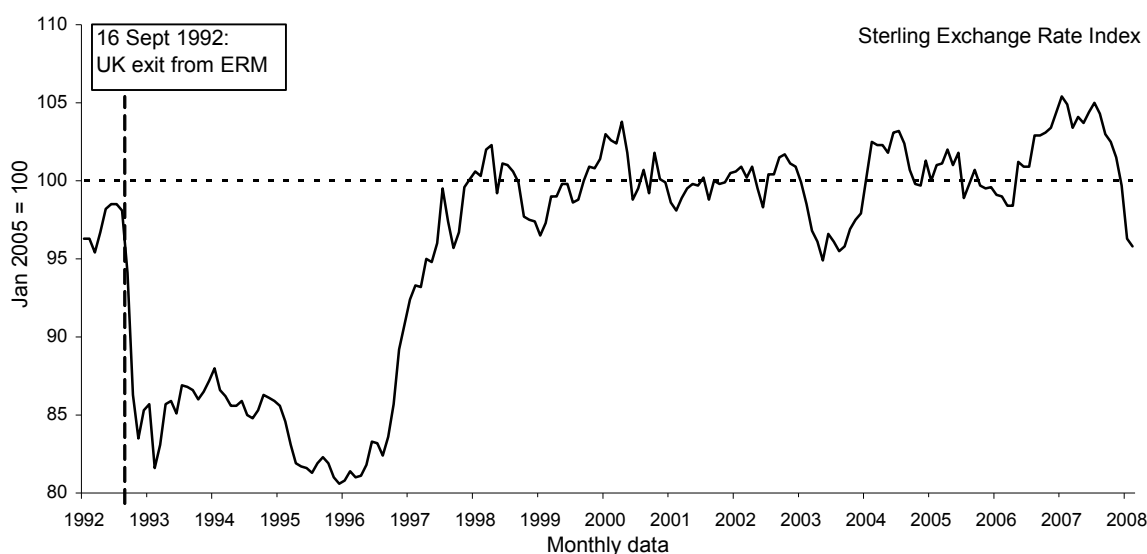
(*Companies & Markets*, p.35)

Contact: Bryn Morgan, x4904

Updates: Short-term interest rates: OECD, MEI, mid-Apr;
Base rates: 10 Apr (UK MPC), 10 Apr (ECB), 30 Apr (US)

D3: Exchange rates

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



[Source: ONS database, series: BK67]

- The large fall in the SERI following the UK exit from the ERM indicated a relative improvement in the competitiveness of the UK. Compared with December 2007, the SERI fell by 3.9 points in February 2008, suggesting that the UK was relatively more competitive at the end of February than at the end of the previous year.

The table shows sterling exchange rates for three major currencies: the US dollar, Japanese yen and the euro. The pound was worth €1.254 at the London market close on 31 March 2008, compared with a launch rate of €1.476 on 31 December 1998. The pound was worth \$1.987 at the market close on 31 March 2008.

Sterling Exchange Rates

rates and % changes

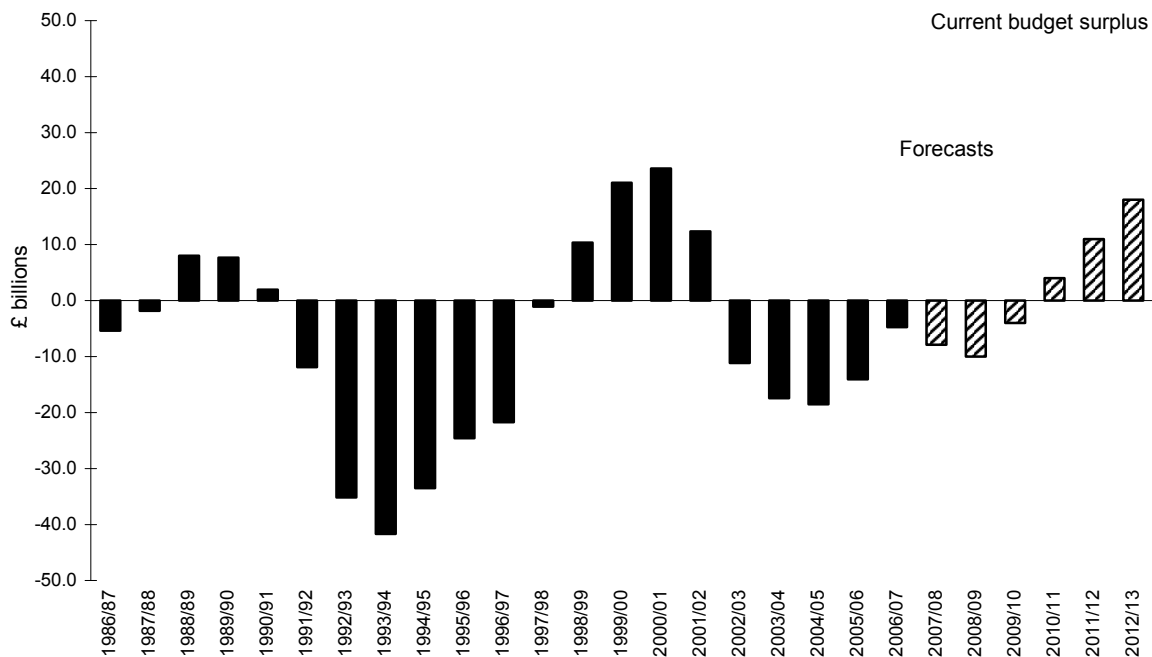
	US Dollar (\$)		Yen (¥)		Euro (€)	
	Rate	change on yr (%)	Rate	change on yr (%)	Rate	change on yr (%)
2004	1.832	12.1	198.1	4.6	1.474	2.0
2005	1.820	-0.7	200.1	1.0	1.463	-0.7
2006	1.843	0.6	214.3	8.2	1.467	-0.5
2007	2.002	10.0	235.6	17.7	1.462	-0.1
2007 Feb	1.958	12.1	235.9	14.5	1.497	2.3
Mar	1.947	11.7	228.4	11.7	1.470	1.4
Apr	1.991	12.6	236.7	14.4	1.471	2.2
May	1.984	6.1	239.6	14.8	1.468	0.3
Jun	1.986	7.8	243.7	15.4	1.481	1.7
Jul	2.034	10.3	247.1	15.8	1.482	1.9
Aug	2.011	6.2	234.8	7.0	1.476	-0.2
Sep	2.019	7.1	232.2	5.2	1.452	-2.0
Oct	2.045	9.0	236.9	6.5	1.437	-3.4
Nov	2.070	8.3	229.6	2.4	1.411	-4.9
Dec	2.019	2.8	226.8	-1.4	1.386	-6.7
2008 Jan	1.970	0.6	212.2	-10.1	1.338	-11.2
Feb	1.964	0.3	210.3	-10.8	1.332	-11.0

Source: ONS database, series: AUSS, AJFO, THAP

Contact: Edward Beale, x2464

Updates: ONS, SERI, mid-Apr; Sterling Exchange Rates, daily

D4: Public Finances



[Source: ONS database, series: ANMU; HM Treasury]

The Government's "golden rule" requires it to balance the current budget over the economic cycle. The Treasury's provisional view is that the cycle ran from 1997/98 to 2006/07 and on this basis the golden rule is met. The chart shows outturns for the current budget balance and Treasury forecasts from the 2008 Budget.

- There was a £9.0 billion deficit on the current budget in Q4 2007 compared with a £6.7 billion deficit in the same quarter of 2006.

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

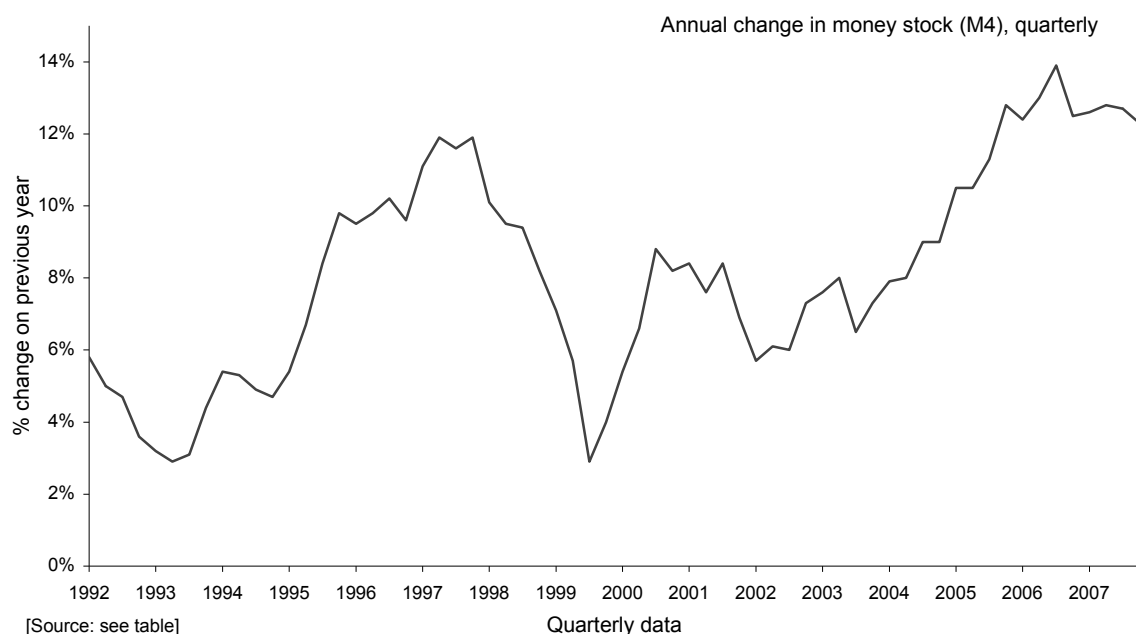
- The public sector net cash requirement (PSNCR - the aggregate replacing the PSBR) was £20.4 billion in Q4 2007 compared with £12.3 billion in the same quarter of 2006. In 2006/07, the PSNCR was £35.1 billion compared with £40.0 billion in 2005/06.

Public Sector Net Debt

£ billion & %

	Public Sector Net Debt	
	£ billion	as a % of GDP
2003/04	382.8	32.8
2004/05	423.6	34.7
2005/06	463.0	36.0
2006/07	499.5	36.6
2006 Q4	501.8	37.3
2007 Q1	499.5	36.6
Q2	514.4	37.1
Q3	516.0	36.7
Q4	535.6	37.7

Source: ONS database, series: RUTN, RUTO

D5: Money Supply**Money stock**

% change; seasonally adjusted

	Notes and coin		M4	
	3 month change (annualised)	12 month change	3 month change (annualised)	12 month change
2007 Jan	2.2	4.2	9.9	12.7
Feb	3.2	4.1	11.6	12.5
Mar	6.1	4.1	12.6	12.7
Apr	5.5	3.7	14.6	13.0
May	6.9	4.6	15.4	14.0
Jun	7.4	4.8	13.8	13.0
Jul	6.8	4.3	12.9	13.1
Aug	4.7	4.6	13.6	13.8
Sep	5.3	5.4	14.8	12.9
Oct	7.2	5.4	10.8	12.0
Nov	6.6	5.3	7.1	11.9
Dec	4.4	5.8	9.1	12.5
2008 Jan	5.6	6.2	14.2	13.1

Source: Bank of England, *Monetary and Financial Statistics*, February 2008, Tables A1.1.1 and A2.1.1

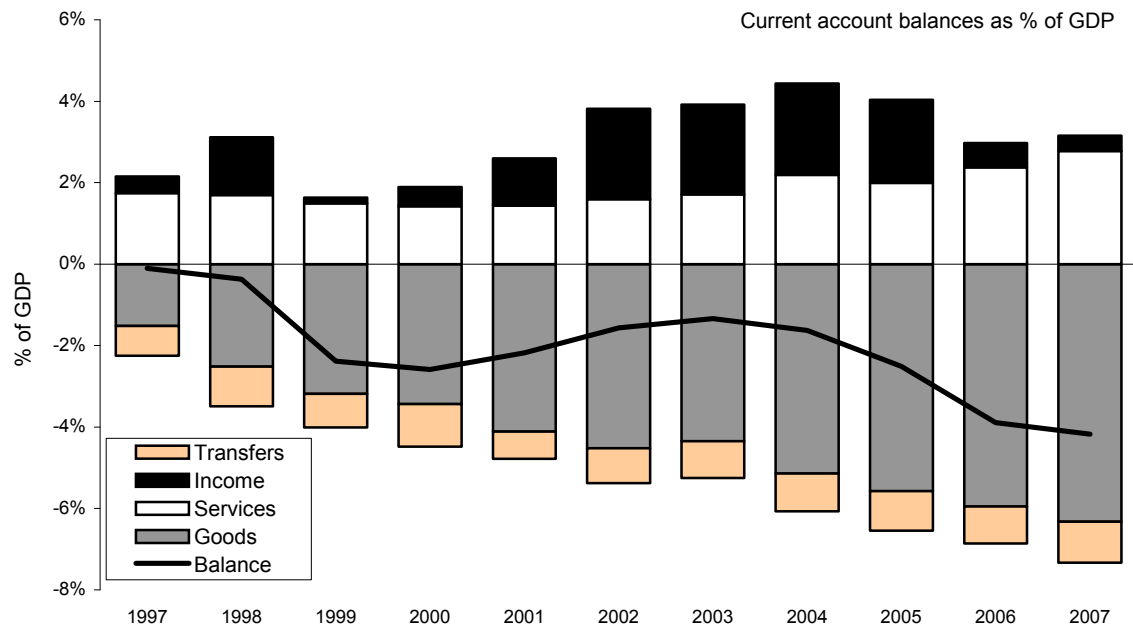
The Bank of England no longer publishes data on M0 following the introduction of new money market arrangements in 2006 (see Bank of England *Quarterly Bulletin*, Autumn 2005 for details). The table above now shows sterling notes and coin in circulation outside the Bank of England. M4 is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

- Seasonally adjusted M4 rose by 13.1% in the 12 months to January 2008. The 12-month seasonally adjusted growth rate of notes and coins was 6.2% in January 2008.
- There are now no formal targets for money supply growth.

Contact: Dominic Webb, x4324

Update: Bank of England, *Monetary & Financial Stats*, 2 April

E1: UK Overseas Trade



[Source: see table]

Current Account Balances

£ millions; seasonally adjusted

	Trade in goods/services			Income (total)	Transfers			Current Account Balance
	Goods	Services	Total		Central Gov.	Other	Total	
2004	-60,893	25,918	-34,975	26,596	-8,304	-2,645	-10,949	-19,328
2005	-68,789	24,611	-44,178	25,204	-9,427	-2,584	-12,011	-30,985
2006	-77,555	31,023	-46,532	7,760	-9,531	-2,422	-11,953	-50,725
2007	-87,649	38,450	-49,199	5,280	-10,031	-3,845	-13,876	-57,795
2006 Q4	-20,120	8,576	-11,544	492	-2,931	-756	-3,687	-14,739
2007 Q1	-21,116	9,088	-12,028	-1,942	-2,165	-953	-3,118	-17,088
Q2	-20,173	9,631	-10,542	425	-2,071	-998	-3,069	-13,186
Q3	-23,169	9,592	-13,577	-2,426	-2,145	-915	-3,060	-19,063
Q4	-23,191	10,139	-13,052	9,223	-3,650	-979	-4,629	-8,458

Source: ONS database, series: BOKI, FNSV, FNTC, HBOJ, HBOP, IKBD, IKBJ, IKBP

- **Annually**, the current account deficit in 2007 was £57.8 billion, equivalent to -4.2% of GDP. The surplus on income narrowed between 2006 and 2007 and the services surplus widened, while the deficits on goods trade and transfers widened.
- On a **quarterly** basis, the current account deficit was estimated at £8.5 billion in Q4 2007, narrowing from the Q3 2007 deficit of £19.1 billion. Between Q3 2007 and Q4 2007 the surplus on services widened, as did the deficit on goods.
- In 2007 the **annual** current account deficit with EU27 countries was £40.4 billion, compared with a deficit with non-EU countries of £47.3 billion. On a **quarterly** basis, the deficit with EU countries was £10.3 billion in Q4 2007 (compared with £10.2 billion in Q3 2007). With non-EU countries, the current account was in deficit by £12.87 billion in Q4 2007 (compared with £12.95 billion in Q3 2007).

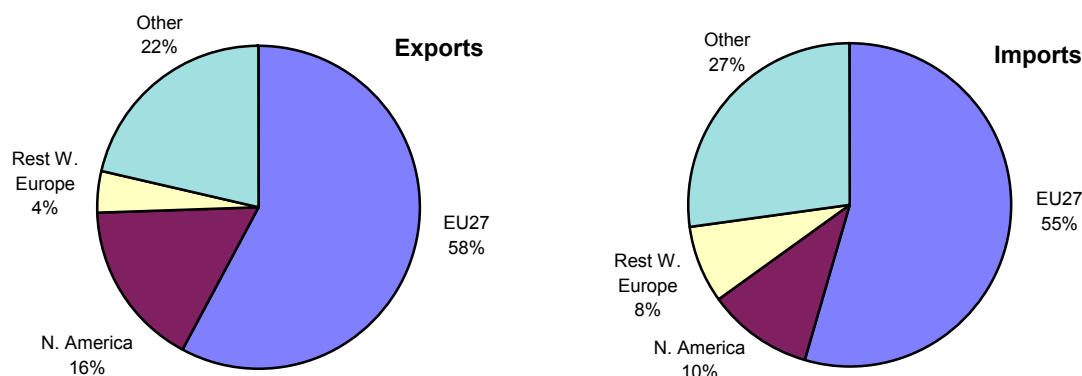
Contact: Grahame Allen, x3977

Updates: ONS, *UK Balance of Payments*, 27 June; *UK Trade*, 10 Apr

E2: UK Overseas Trade in Goods

Shares of UK trade in goods by area, 2007

Balance of Payments basis



[Source: ONS database, series: LGCK, HBZQ, HCJD, HCII, HDII, HCHW, LGDC, HCRB, HBTS, HDJQ, HCPC, HCIF]

Export & import volume indices & trade in goods balances

Index & £ million; Balance of Payments basis; seasonally adjusted

	Volume index (2003=100)		Trade in goods (£m)		
	Exports	Imports	Exports	Imports	Balance
2004	101.5	106.9	190,877	251,770	-60,893
2005	111.0	114.7	211,608	280,397	-68,789
2006	125.2	127.9	243,631	321,186	-77,555
2007	110.1	121.8	220,857	308,506	-87,649
2006 Q4	112.9	119.6	54,651	74,771	-20,120
2007 Q1	109.1	119.5	53,364	74,480	-21,116
Q2	109.3	118.5	54,508	74,681	-20,173
Q3	111.6	124.9	55,779	78,948	-23,169
Q4	110.6	124.2	57,206	80,397	-23,191

Source: ONS database, series: BQKU, BQKV, BOKG, BOKH, BOKI

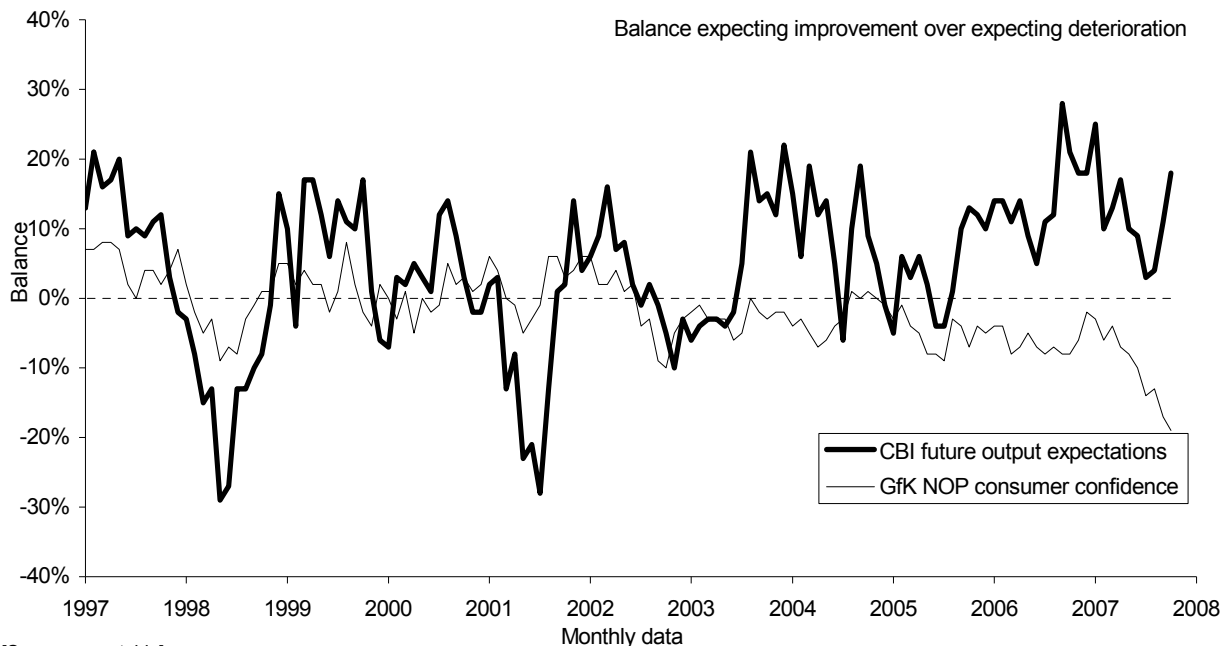
- In January, the provisionally estimated total value of UK goods exports was £20.0 billion and the total value of UK goods imports was £27.5 billion. As a result, the estimated deficit on goods trade was £7.5 billion, slightly lower than the December 2007 level of £7.51 billion.
- Geographical breakdowns of UK trade with EU and non-EU countries are affected by VAT Missing Trader Intra-Community (MTIC) – or ‘carousel’ – fraud. These issues make EU/non-EU breakdowns difficult to interpret. However, the latest estimates suggest that the goods deficit with the EU27 was £3.2 billion in January (compared with £3.4 billion in December 2007), while the deficit with non-EU countries was £4.3 billion (compared with £4.1 billion in December 2007).
- The UK’s monthly surplus on trade in **services** was £3.4 billion in January compared with £3.4 billion in December 2007.
- The UK’s overall monthly deficit on **goods and services combined** in January was £4.10 billion, up slightly from £4.09 billion in December 2007.

Contact: Grahame Allen, x3977

Update: ONS, *UK Trade*, 10 Apr

F1: Survey indicators

The survey indicators shown here are expressed in terms of a balance of 'the percentage of respondents expecting the situation to improve' over 'the percentage expecting things to worsen':



[Sources: see table]

The CBI carries out monthly and quarterly *Industrial Trends Surveys*:

- The balance of expectations for future output from the CBI's quarterly survey was +11% in February 2008, an increase of seven points on January, but 17 points below February 2007.
- A balance of +3% of firms thought that order books were above normal, although a balance of 8% of firms reported export order books below normal.
- A balance of 22% of firms expected their domestic prices to go up over the next three months, particularly among food and metal products manufacturers.

GfK NOP's *Consumer Confidence Barometer* measures a range of consumer attitudes, including forward expectations of the general economic situation and households' financial positions, and views on making major household purchases:

- The overall index fell by two points in March to stand at -19, the lowest figure since February 1993. All five measures in the index fell.
- The outlook for major purchases (-21) is 24 points below the March 2007 figure, and the lowest since April 1995.
- The index for the general economic situation over the next 12 months fell to -32. The forecast of personal financial situation was +4, a fall of two points.

Output Expectations & Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

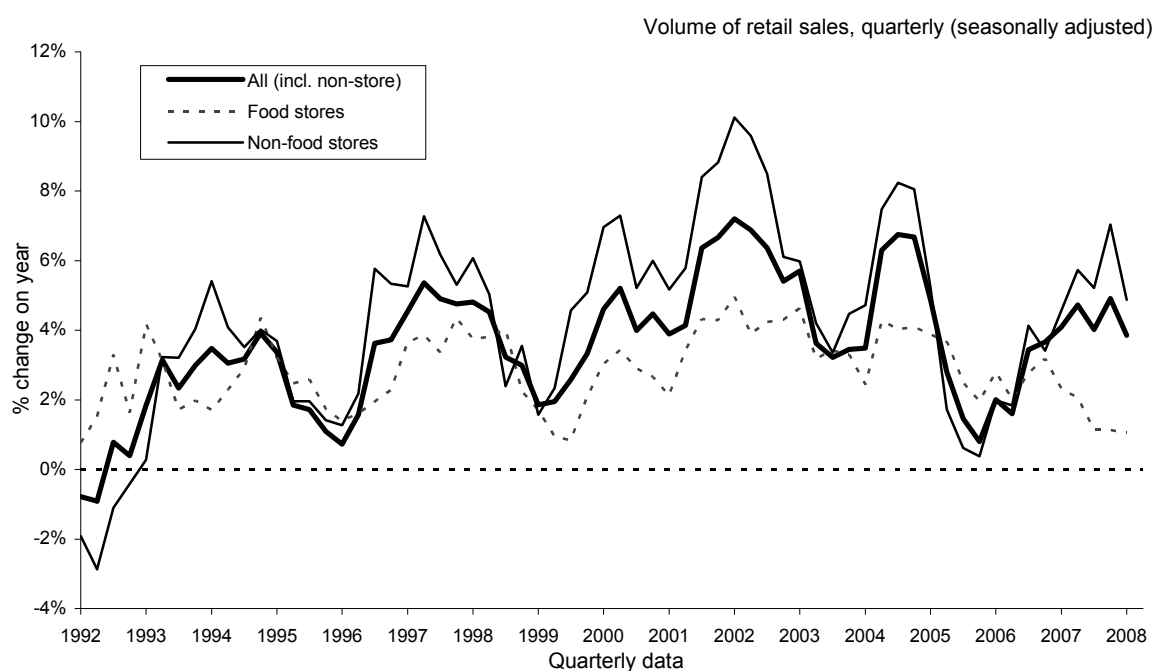
		Future output expectations (CBI)	Consumer confidence (GfK)
2007	Mar	+21	-8
	Apr	+18	-6
	May	+18	-2
	Jun	+25	-3
	Jul	+10	-6
	Aug	+13	-4
	Sep	+17	-7
	Oct	+10	-8
	Nov	+9	-10
	Dec	+3	-14
2008	Jan	+4	-13
	Feb	+11	-17
	Mar	+18	-19

Sources: CBI, *Industrial Trends Survey* (monthly), from ONS database, series: ETCU; GfK NOP, *Consumer Confidence Survey* on behalf of the European Commission

Contact: Bryn Morgan, x4904

Updates: GfK NOP, *Consumer Confidence*, 30 Apr; CBI, *Industrial Trends* (Monthly), end-Apr

F2: Retail Sales



[Source: ONS database, series: EAPS, EAPT, EAPV]

- The *volume* of retail sales in the three months from December to February was 1.0% higher compared with the previous three month period, and was 4.7% higher than a year previously (seasonally adjusted).
- Retail sales volumes in February 2008 were 5.5% higher than in February 2007 (seasonally adjusted).
- Retail sales volumes in predominantly non-food stores increased by 5.3% in December to February compared with the same quarter a year earlier. In stores selling mainly food, sales volumes grew by 2.0% over the same period (seasonally adjusted).

Value of Retail Sales

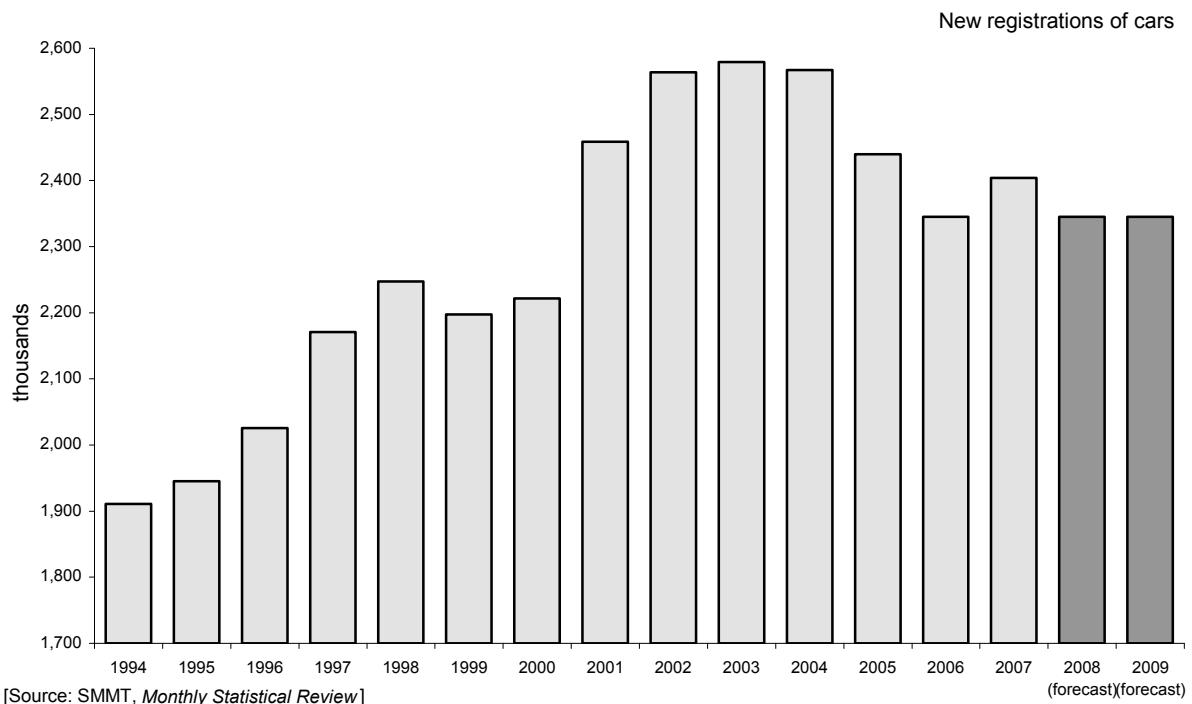
% change on year; non-seasonally adjusted

	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
2004	3.6	3.8	4.6	6.2	4.5
2005	3.1	2.2	-1.5	-1.5	0.9
2006	3.5	3.5	2.5	1.3	2.8
2007	2.2	3.9	5.6	4.5	3.6
2006 Q4	4.2	5.6	5.0	2.2	4.2
2007 Q1	4.6	5.8	6.7	2.2	4.8
Q2	2.7	4.7	6.6	5.3	4.4
Q3	1.2	5.2	6.4	4.7	3.6
Q4	0.9	1.0	3.2	5.4	2.4

Source: ONS database, series: EAWN, EAWO, EAWP, EAWQ, EAFY

- The average weekly *value* of retail sales in February 2008 was £4.9 billion, a 6.6% increase from February 2007 (non-seasonally adjusted).

F3: New Car Registrations



Figures from the Society of Motor Manufacturers & Traders (SMMT) show that new car registrations decreased by 5.6% in February 2008, compared with the previous February's figure, to 69,452 units.

- The number of new registrations of cars was just over 2.4 million units in 2007, a rise of 2.5% on the previous year.
- New registrations of cars are forecast to fall by 2.5% in 2008 and then remain unchanged in 2009.
- In 2007 as a whole, there were 338,893 registrations of British-built cars, a decrease of 1.2% from the previous year's figure and equivalent to 14.1% of the market.
- In 2007 1,534,567 cars were produced in the UK; 23% or 349,108 of these were for the UK market, while 77% or 1,185,459 were for export.

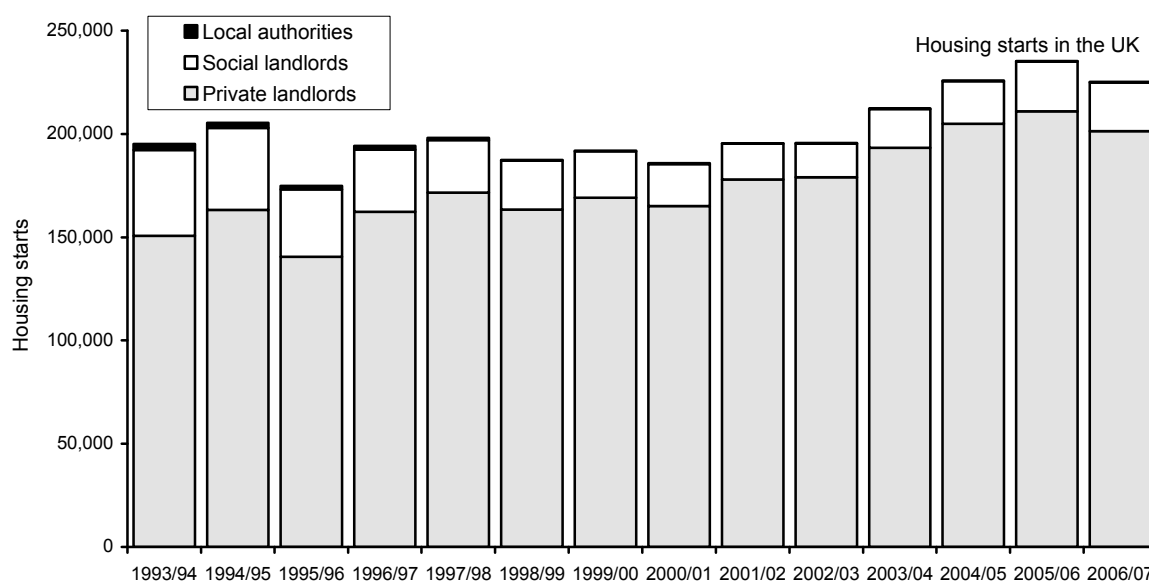
New Registrations of Cars

000s & % change; not seasonally adjusted

	Number ('000s)	Change over 12 months
2006	2,345	-3.9
2007	2,404	2.5
2008 (forecast)	2,345	-2.5
2009 (forecast)	2,345	0.0
<hr/>		
2007 Feb	74	-3.2
Mar	449	3.1
Apr	170	4.3
May	186	-2.2
Jun	223	1.5
Jul	176	4.9
Aug	78	-0.4
Sep	419	1.3
Oct	167	8.4
Nov	159	2.2
Dec	138	3.1
2008 Jan	162	-2.4
Feb	69	-5.6

Source: SMMT, *Monthly Statistical Review and website*

F4: House-building & Prices



[Source: DCLG, Live table 208]

Data on housing starts and completions from the Department for Communities and Local Government show that there were 42,229 dwelling starts in the UK in Q3 2007, compared with 40,154 in Q3 2006. In Q3 2007 there were 38,308 completions compared with 37,623 in Q3 2006 (all data are not seasonally adjusted).

The Halifax *House Price Index* data shows that (seasonally adjusted data):

- **Monthly** UK house prices fell by 0.3% in February compared to no change in January 2008.
- **Annual** house prices in February were 4.2% higher than in the same month in 2007 (compared with 4.5% higher in January 2008).
- **Quarterly** house prices fell by 0.8% in Q4 2007, on Q3 2007, compared with a rise of 0.9% in Q3 2007 on Q2 2007.
- Regionally, the Halifax data show that in Q4 2007 **annual** house price inflation was highest in Scotland (13.1%) and lowest in the East Midlands (0.6%), while all-UK prices rose by 5.2% (not seasonally adjusted; regions are not aligned with regions used by the DCLG below).

Standardised average house prices

£s & %; non-seasonally adjusted

	All houses	New houses	Existing houses	First time buyers
<i>average house prices, £</i>				
2006 Q4	186,242	174,481	188,266	141,118
2007 Q1	189,681	188,670	190,863	141,945
Q2	199,021	190,085	200,234	151,923
Q3	200,623	187,842	201,894	150,999
Q4	196,002	198,884	195,517	147,980
<i>% change over same period in previous year</i>				
2006 Q4	9.9	6.9	10.5	10.3
2007 Q1	11.1	12.1	10.9	10.5
Q2	10.7	9.3	10.6	12.2
Q3	10.7	6.7	10.7	11.2
Q4	5.2	14.0	3.9	4.9

Source: HBOS, *Halifax House Price Index* (historical data)

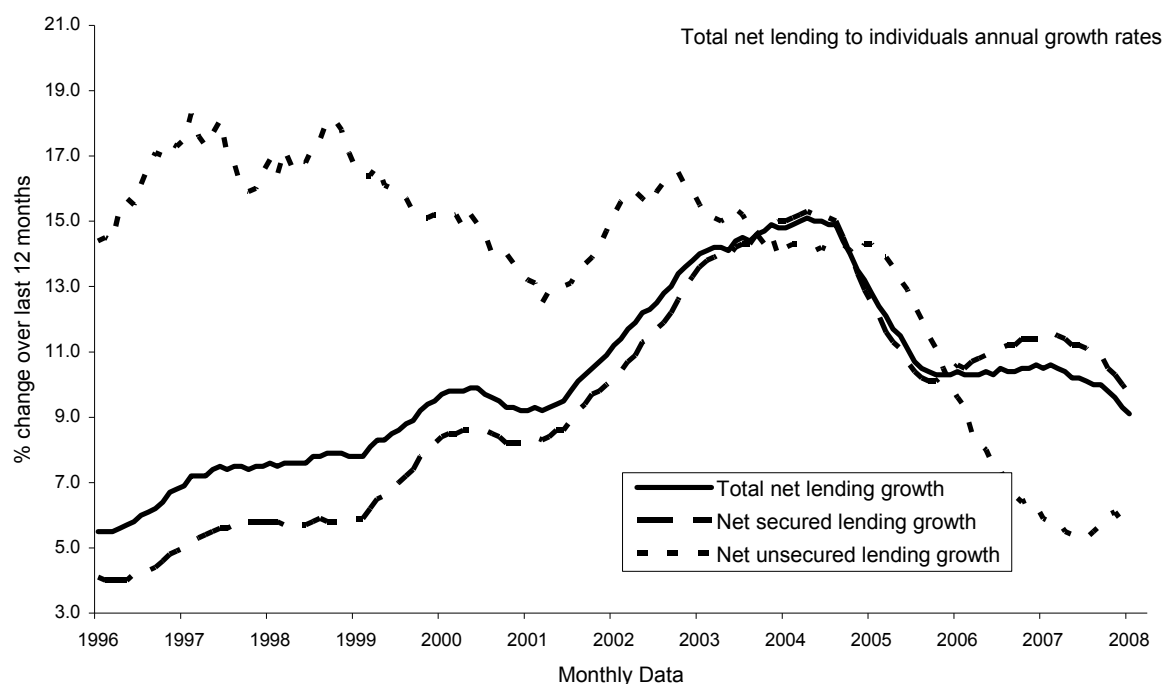
The DCLG's house price index is based on completions (the Halifax index is based on mortgage approvals). All figures are not seasonally adjusted:

- The average house price in the UK in January 2008 stood at £221,758, up from £218,007 in December 2007. **Annual** house price inflation in January was 8.0%, down from 8.4% in December 2007.
- Regionally, **annual** house price inflation in January was highest in London (13.8%) and lowest in the West Midlands (3.2%).

Contact: Grahame Allen, x3977

Updates: *Halifax House Prices*, early April; DCLG, *House Prices*, 3 Apr; *House-building*, 15 May

F5: Consumer borrowing



[Source: Bank of England]

Net lending to individuals

£ millions and % changes on year; seasonally adjusted

	Net Lending Outstanding			Net Lending Growth Rates		
	Secured	Unsecured	Total	Secured	Unsecured	Total
2004 Jan	782,571	181,824	964,396	15.0	14.2	14.8
2005 Jan	882,647	200,349	1,082,996	12.5	14.3	12.8
2006 Jan	974,230	211,417	1,185,647	10.6	9.6	10.4
2007 Jan	1,086,328	212,741	1,299,069	11.4	5.9	10.5
Apr	1,112,770	213,347	1,326,116	11.4	5.5	10.4
Jul	1,140,064	214,613	1,354,677	11.1	5.3	10.1
Oct	1,169,798	222,723	1,392,521	10.5	6.0	9.8
2008 Jan	1,186,630	225,390	1,412,019	9.7	5.9	9.1

Source: Bank of England, series: VTYI, VTYO, VTYC, VTXK, VZRI, VZXC

- Total net outstanding lending to individuals was £1,412 billion at the end of January 2008 (seasonally adjusted).
- Total net lending to individuals grew by 0.6% in January 2008 compared with the previous month, and grew by 9.1% on an annual basis (all seasonally adjusted); the annual growth rate is 0.2 percentage points lower than in December 2007.
- Of the £8.4 billion increase in net lending in January 2008, £7.4 billion was mortgage borrowing and £0.9 billion was consumer credit (seasonally adjusted).

Contact: Ed Potton, x2883

Update: Bank of England, *Lending to Individuals*, 2 Apr

III Indicator sources

The table gives details of sources used in this paper. Office for National Statistics (ONS) releases are available from www.statistics.gov.uk/press_release/CurrentReleases.asp.

Indicator		Source details
A1	Gross Domestic Product	Office for National Statistics (ONS), releases: <i>Preliminary GDP Estimates</i> ; www.statistics.gov.uk/statbase/Product.asp?vlnk=406 <i>Quarterly National Accounts</i> www.statistics.gov.uk/statbase/Product.asp?vlnk=818 <i>UK output, income & expenditure</i> ; www.statistics.gov.uk/statbase/Product.asp?vlnk=1129 HM Treasury, <i>Forecasts for the UK Economy</i> ; www.hm-treasury.gov.uk/economic_data_and_tools/forecast_for_the_uk_economy/data_forecasts_index.cfm
A2	GDP: ICs	Gross Domestic Product: Organisation for Economic Co-operation and Development (OECD), <i>Main Economic Indicators</i> ; Growth Forecasts: OECD, <i>Economic Outlook</i>
A3	GDP by Industry	ONS, <i>UK Output, income and expenditure, Quarterly National Accounts/GDP preliminary estimate</i> releases HM Treasury, <i>Forecasts for the UK economy</i> ; www.hm-treasury.gov.uk/economic_data_and_tools/forecast_for_the_uk_economy/data_forecasts_index.cfm
A4	Investment	ONS Database & ONS, <i>Business Investment</i> release
A5	Productivity	ONS, <i>Productivity</i> release
B1	Prices	ONS, <i>Consumer Price Indices</i> release
B2	Prices: International Comparisons	CPI: OECD, <i>Main Economic Indicators</i> ; HICP: National Statistics Database; Eurozone data: Eurostat; europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=Eurostat
B3	Average Earnings Index	ONS, <i>Labour Market Statistics</i> release; www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 , or ONS Database
C1	Employment	ONS Database & ONS, <i>Labour Market Statistics</i> release; www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 Commentary: ONS, <i>Labour Market Statistics</i> release
C2	Unemployment: National	ONS, <i>Labour Market Statistics</i> release; www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 , and <i>Labour Market Statistics First Release Historical Supplement</i> (via Virtual Bookshelf); www.statistics.gov.uk/OnlineProducts/LMS_FR_HS.asp Commentary: Department for Work and Pensions (DWP) Quarterly Working Age Statistics for New Deal for Young People & Long-term Unemployed (table 6); www.dwp.gov.uk/asd/ndyp.asp
C3	Unemployment: Regional	Data: ONS, <i>Labour Market Statistics</i> release; www.statistics.gov.uk/statbase/Product.asp?vlnk=1944
C4	Unemployment: International Comparisons	Data: OECD, <i>Main Economic Indicators</i> Commentary: OECD, <i>Main Economic Indicators & Economic Outlook</i>

Indicator		Source details
D1	Interest Rates	Base rate: Bank of England, www.bankofengland.co.uk/Links/setframe.html ; Monetary Policy Committee minutes: www.bankofengland.co.uk/mpc/minutes.htm ; Quarterly Inflation Report: www.bankofengland.co.uk/inflationreport/index.htm
D2	Interest Rates: International Comparisons	Short term interest rates (graph): OECD; <i>Main Economic Indicators</i> ; International interest rates: <i>Financial Times</i> , Companies & Analysis section, "Currencies, Bonds & Interest Rates" page; Rates: Bank of England, www.bankofengland.co.uk/Links/setframe.html ; European Central Bank, www.ecb.int/mopo/html/index.en.html ; US Federal Reserve, www.federalreserve.gov/fomc
D3	Exchange Rates	Effective and sterling exchange rates: ONS Database; Euro spot rate: <i>Financial Times</i>
D4	Public Finances	Data: ONS, <i>Public Sector Accounts</i> , www.statistics.gov.uk/StatBase/Product.asp?vlnk=3764 or <i>Public Sector Finances</i> , www.statistics.gov.uk/StatBase/Product.asp?vlnk=805 , National Statistics Database; Forecasts of budget surplus: HM Treasury, <i>Pre-Budget Report</i> , table B2 or <i>Budget Red Book</i> , table C2.
D5	Money Supply	Bank of England: Bankstats, tables A 1.1 and A 2.2.1; www.bankofengland.co.uk/mfsd/current/ms/index.htm , and ONS Database.
E1	International Trade	Data: ONS Database; Commentary: ONS, <i>Balance of Payments</i> ; www.statistics.gov.uk/STATBASE/Product.asp?vlnk=1118
E2	Trade in Goods	Data: ONS Database; Commentary: ONS, <i>UK Trade</i> ; www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119
F1	Survey Indicators	Future Output Expectations/Quarterly Business Confidence: Confederation of Business Industry (CBI), <i>Economic and Business Outlook</i> and <i>Quarterly Industrial Trends Survey</i> press releases; www.cbi.org.uk/ndbs/press.nsf/awprdate?OpenView&Start=1&ExpandView , or ONS Database Consumer Confidence: GfK NOP; www.gfknop.co.uk
F2	Retail Sales	ONS, <i>Retail Sales</i> release
F3	New Car Registrations	Society of Motor Manufacturers and Traders, <i>Monthly Statistical Review</i> (in Library holdings)
F4	Housing	Department for Communities and Local Government (DCLG, formerly Office of the Deputy Prime Minister) UK Housing Starts: table 201; www.odpm.gov.uk/index.asp?id=1156032 ; DCLG House building statistics: statistical release; www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_housing_023765.hcsp Halifax House Price data: housing research page; www.hbosplc.com/economy/HousingResearch.asp DCLG Experimental House Prices: statistical release; www.odpm.gov.uk/index.asp?id=1156181
F5	Consumer Debt	Bank of England Lending to Individuals www.bankofengland.co.uk ; Database: www.bankofengland.co.uk/mfsd/index.htm

IV Glossary

Symbols and abbreviations

..	Figure(s) not yet available
CBI	Confederation of British Industry
ILO	International Labour Organisation
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics

Definitions⁴

Average Earnings Index: Measures changes in gross wages and salaries paid to employees, including overtime payments. Excludes employers' insurance contributions, holiday pay, benefits in kind and bonuses which are not part of regular pay.

Balance of payments: A country's financial position, with other countries of the world, comprising two parts:

- **Current account:** the balance of imports and exports of goods and services, income and transfers combined;
- **Capital account:** the difference between a country's capital invested in other countries, and the capital invested by other countries in it.

Technically, the two parts always balance. A Balance of payments deficit normally refers to a **current account deficit**.

Balance of trade: The difference between a country's exports and imports of either goods only or goods and services combined. Trade in financial services account for around a third of UK exports, and thus partially offsets trade in goods deficits.

Basic prices: Prices excluding taxes and subsidies on products.

Claimant count: The number of people claiming Jobseeker's Allowance benefits.

Consumer Prices Index (CPI): This is the headline UK domestic measure of inflation. It measures the average change from month to month in the prices of consumer goods and services purchased in the UK.

Current account balance/deficit: The difference between receipts/payments due to transactions in goods, services, income and transfers between the UK and all other countries. A **current account deficit** means that total payments exceed total receipts; in the reverse case, the current account is in surplus.

Current budget: Measures the balance of public sector current account revenue over public sector current expenditure. It is the measure for assessing progress against **the golden rule**. This states that, on average over the economic cycle, the Government should borrow only to invest and not to fund current expenditure.

HM Treasury has stated that progress against the golden rule will be measured by averaging the

surplus on current budget, when expressed as a percentage of GDP, over each year of the economic cycle. To meet the rule, this average should be positive.

Constant/current prices: Constant prices refer to volume measures whose values are derived by applying to current quantities, prices for a specific base period. They allow figures to be represented so that the effects of inflation are removed. The values for each time period are expressed in terms of the prices in a particular base period.

Current prices are the actual or estimated recorded monetary value over a defined period for a group of industries or products. They show the value for each item expressed in terms of the prices of that period.

Economically active: Those aged 16 and over who are either in employment or unemployed.

Economically inactive: Those aged 16 and over who are neither in employment nor unemployed. This includes those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but not available to start work, and those who do not want a job.

Employment: The number of people with jobs as estimated by the Labour Force Survey (LFS). This includes all people aged 16 or over who did paid work, those who had a job that they were temporarily away from, those on government supported training and employment programmes, and those doing unpaid family work during the survey period. The employment rate refers to the number of people employed as a percentage of the working age population as measured by the LFS.

Exchange rate: The rate at which one currency is traded against another.

Gross Domestic Product (GDP): The total market value of goods and services produced after deducting the cost of goods and services used up in the process of production (intermediate consumption) but before deducting consumption of fixed capital (depreciation).

Gross Domestic Product – chained volume measure: Also known as *constant price* or *real GDP*, this is a measure used to indicate change in the actual quantity of goods and services produced.

Gross Fixed Capital Formation (GFCF): 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 on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.

Gross Value Added (GVA): The difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which

⁴ Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

are used up in production. GVA is used to measure the productivity of sectors/industries and economies.

Harmonised Indices of Consumer Prices (HICP): Harmonised indices of consumer prices for Member States of the European Union.

Market prices: The prices actually paid by the purchaser for goods and services, including transport costs, trade margins and taxes. GDP at market prices = GDP at basic prices + transport prices paid separately + non deductible taxes on expenditure - subsidies received.

Money supply: The total amount of money in an economy at a given time. In the UK the main measures of money supply are:

- M0 which 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 which is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

New Deal for Young Persons (NDYP): A Government employment programme designed to help the long-term unemployed between the ages of 18-24 back into sustained employment through the provision of training, education, work experience, and job-search support.

New Deal for 25 plus (ND25+): A Government employment programme designed to help the long-term unemployed aged 25 and over back into sustained employment through the provision of training, education, work experience, and job-search support.

The Public Sector Net Cash Requirement (PSNCR): This measures the public sector's accumulation of debt net of liquid financial assets. Its approximate stock equivalent is net public sector debt.

Public Sector Net Debt: This is approximately the stock analogue of the PSNCR. It measures the public sector's financial liabilities to the private sector and abroad, net of short-term financial assets such as bank deposits and foreign exchange reserves.

Retail Prices Index (RPI): A domestic indicator of inflation. It measures the average change from month to month in the prices of goods and services purchased in the UK. It is similar to the CPI, but differs in terms of coverage and methodology. **RPI(X)** excludes mortgage interest payments.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences has been removed. Seasonal influences are those which recur regularly once or more a year.

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

Sustained employment: In terms of the New Deal programmes, sustained employment is classified as a job from which the participant does not return to claim Jobseeker's Allowance (JSA) or transfer to another option within 13 weeks. It includes those who have been in employment for less than 13 weeks but have not yet returned to JSA.

UK Base/Repo rate: The rate at which the Bank of England lends to discount houses by buying their bills. The base rate is usually the minimum rate at which banks are prepared to lend money. The high street bank base rate follows that set by the Bank of England, and it acts as the benchmark for other interest rates, including mortgages and personal loans.

Unemployment: The ILO definition includes all people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed persons expressed as a percentage of the economically active population.

Volume/value of retail sales: The volume of retail sales is the total takings adjusted for inflation and the value of retail sales is the total actual takings.

Workforce jobs: The sum of employee jobs, self-employment jobs, those in HM Forces and government-supported trainees.