RESEARCH PAPER 08/75

Economic Indicators, October 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.

The series also includes articles on topical issues.

This month's article(s):
- The financial markets in the summer of 2008
- LIBOR: What is it?

Next publication date: 4 November 2008

Bryn Morgan (editor)

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A guide to sources is provided in section V.

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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

Many of the economic terms used in the publication are described in the glossary. Symbols and abbreviations used in the paper are also described here.

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[1] http://hcl1.hclibrary.parliament.uk/wdw/subject/EI.asp
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[3] 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).

II Monthly highlights

Output

- UK GDP stood still in the second quarter of 2008. Figures were revised last week, but continued to show growth of 0.0% (see indicator A1). This is the first quarter that the economy did not grow since the second quarter of 1992. Of the G7 countries, second quarter GDP fell in France, Germany, Italy and Japan, and in the eurozone (indicator A2).
- Output in production industries fell by 1.1% in quarter 2 compared with the same quarter of 2007.
- Business investment fell by 1.0% in quarter 2 compared with the previous quarter, but was 1.2% higher than the same quarter of 2007

Prices

- CPI inflation rose to 4.7% in August, although the retail prices index measure fell back a little (indicator B1)
- Eurozone inflation is estimated at 3.6% in September, a second consecutive monthly fall (indicator B2).
- The price of a barrel of Brent Crude has fallen back to stand at $90.25 on 3 October, a fall of 38% from the July peak of $146.08.

Labour market

- The number of unemployed claimants rose for the 7th consecutive month, to 905,000 in August, an increase of 14% since January.
- On the ILO definition, the number of unemployed in May to July was 1.7 million, a rate of 5.5% and an increase of 72,000 over the same period of 2007 (indicator C2).

Financial markets

- Sterling has fallen by 11% against the dollar since 23 July. On 3 October it stood at $1.77. Against the euro, sterling was 4.4% below its value at the start of the year. (indicator D3)
- Stock markets have fluctuated significantly over the past few months. At its close on 3 October, the FTSE 100 stood at 4,980.75, 22% below its value on May 19.

Other indicators

- Consumer confidence remains low, although the GfK NOP consumer confidence barometer showed a small improvement in September (indicator F1). Manufacturers' expectations of output over the next quarter have fallen sharply – a balance of 16% of firms predict a fall in output.
- According to the HBOS price index, house prices fell by 1.8% in August. The annual fall is 10.9% compared with August 2007.

There are two articles in this month's paper. The first is simply a diary of events from this summer's turbulence in the financial markets. The second gives a short explanation of the London Interbank Offered Rate (LIBOR), and why it is important.

III Articles

A. The financial markets in the summer of 2008

This summer's financial crisis has at times moved at an astonishing pace. This article simply provides a list of the key events since July.

July 2008

8 July - The gloomy findings of a survey of its members prompt the British Chambers of Commerce (BCC) to suggest that the UK is facing a serious risk of recession within months. [4]

Meanwhile, the FTSE 100 stock index briefly dips into a "bear market", in which the market suffers a 20% fall from its recent highs.[5]

13 July - US mortgage lender IndyMac collapses **-** the second-biggest bank in US history to fail. [6]

14 July - Financial authorities step in to assist America's two largest lenders, Fannie Mae and Freddie Mac. As owners or guarantors of $5 trillion worth of home loans, they are crucial to the US housing market and authorities agree they could not be allowed to fail. The previous week, there had been a panic amongst investors that they might collapse, causing their share prices to plummet.[3]

21 July - Just 8% of HBOS investors agree to take up the new shares offered in its £4 billion rights issue, because they are priced higher than existing shares are trading on the stock market. But HBOS still gets the £4 billion it wanted, as the unsold new shares are bought by the issue's underwriters. [7]

31 July - UK house prices show their biggest annual fall since the Nationwide began its housing survey in 1991, a decline of 8.1%. The average home now costs £169,316. That is nearly £15,000 cheaper than in the same month last year. [8]

Meanwhile, HBOS reveals that profits for the first half of the year sank 72% to £848 million, while bad debts rose 36% to £1.31 billion as customers failed to repay loans.[9]

August 2008

4 August - Global banking giant HSBC warned that conditions in financial markets are at their toughest "for several decades" after suffering a 28% fall in half-year profits. Of Europe's top banks, HSBC has among the heaviest exposure to the troubled US housing and credit markets. [10]

22 August - The bad news continues with revised figures from the ONS revealing that the UK economy is a standstill. [11]

28 August - Nationwide reveals that UK house prices have fallen by 10.5% in a year. [12] A day later Bradford and Bingley posts losses of £26.7 million for the first half of 2008, blaming surging mortgage

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[4] "Britain teeters on brink of recession as companies cut back", *Guardian*, 8 July 2008, p2
[5] "London shares slump into bear territory amid growing fears of recession", *Guardian,* 9 July 2008, p24
[6] "US Treasury credit deal to shore up Freddie and Fannie", *Independent*, 14 July 2008
[7] "City nurses heavy losses after just 8% of investors support HBOS cash call", *Guardian*, 22 July 2008, p22
[8] "Property market falling at fastest rate for 18 years", *Independent,* 1 August 2008
[9] "HBOS suffers 70% profit fall and sees hard times ahead", *Guardian*, 1 August 2008, p27
[10] "Struggling US operations take 28% chunk out of HSBC's first half profits", *Guardian*, 5 August 2008, p20
[11] "Recession fear as economic growth hits zero", *Guardian*, 23 August 2008, p4
[12] "Price of homes falls for 10th month", *Financial Times*, 29 August 2008, p3

arrears for a rise in impairment. Looking ahead, it warned it expected arrears to remain at high levels for the rest of the year.[13]

30 August - Chancellor Alistair Darling warns that the economy is facing its worst crisis for 60 years in an interview with the Guardian newspaper, saying the current downturn would be more "profound and long-lasting" than most had feared.[14]

September 2008

1 September - Official figures from the Bank of England show a slump in approved mortgages for July. [15]

Meanwhile, while the pound falls to record lows of 81.21 pence against the euro and two-year lows of $1.80 against the dollar.[16]

2 September - In an effort to kick-start the UK housing market the Treasury announces a one year rise in stamp duty exemption, from £125,000 to £175,000. [17]

But there is more bad news, as the Organisation for Economic Cooperation and Development forecasts that the UK will be in recession by the end of the next two quarters. A day later the European Central Bank cuts the Eurozone growth forecast 2009 to 1.2% from 1.5%. [18]

4 September - The Bank of England leaves rates on hold at 5% while the latest figures from the Halifax show that house prices in England and Wales continue to fall. [19]

5 September - A raft of negative news from around the world sees the FTSE notch up its steepest weekly decline since July 2002. [20]

The US labour market figures - which showed the unemployment rate rising to 6.1% - were a further jolt to investors who have had to swallow a slew of poor economic data in recent days. [21]

6 September - The Halifax warns that the impact of the credit crunch will be felt well into 2010. Chief executive Andy Hornby explains that British banks will continue to suffer major problems in offering loans until they can raise significant sums on wholesale markets, something that will not be possible until US house prices recover. [22]

7 September - Mortgage lenders Fannie Mae and Freddie Mac - which account for nearly half of the outstanding mortgages in the US - are rescued by the US government in one of the largest bailouts in US history. Treasury Secretary Henry Paulson says the two firms' debt levels posed a "systemic risk" to financial stability and that, without action, the situation would get worse. [23]

At the same time, in the UK, the Nationwide announces it will merge with two smaller rivals, the Derbyshire and Cheshire Building Societies. [24]

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[13] "Bradford & Bingley boss warns of tough two years ahead as lender reports loss", *Times*, 30 August 2008, p53
[14] "Storm warning", *Guardian,* 30 August 2008,
[15] "Mortgage approvals drop to lowest since records began", *Guardian*, 2 September 2008, p23
[16] "Pound left reeling by grim economic outlook", *Financial Times*, 2 September 2008, p24
[17] "Lukewarm welcome for Darling's £600m housing gamble", *Guardian*, 3 September 2008, p6
[18] "OECD sees UK recession loom", *Financial Times*, 3 September 2008, p7
[19] "Fall in house prices accelerates but Bank leaves rates on hold", *Times*, 5 September 2008, p7
[20] "FTSE has its worst week for six years", *Daily Telegraph*, 6 September 2008, p29
[21] "UK markets feel fallout from leap in US jobless", *Guardian*, 6 September 2008, p37
[22] "Credit misery will last another 18 months, says bank boss", *Sunday Telegraph*, 7 September 2008, p10
[23] "US takes control of Fannie and Freddie", *Financial Times*, 8 September 2008, p1
[24] "Nationwide considers merger with two rivals", *Financial Times*, 8 September 2008, p20

9 September - More bad news emerges for the UK economy as the ONS reveals manufacturing output fell by 0.2% between June and July, raising a real fear of recession. [25]

Meanwhile, the British Retail Consortium reports UK retail sales values fell by 1.0% on a like-for-like basis from August 2007. [26]

On the housing front, there were more negative headlines with the Royal Institute of Chartered Surveyors published figures showing house sales were at their lowest level for 30 years[27], while the CML reported that the number of first-time buyers has hit its lowest level since its survey began in January 2002. [28]

10 September - Wall Street bank Lehman Brothers posts a loss of $3.9 billion (£2.2 billion) for the three months to August. [29]

The announcement comes against a background of further dire economic warnings from the European Commission, which warned that the UK, Germany and Spain will go into recession by the end of the year. [30]

15 September - After days of searching frantically for a buyer, Lehman Brothers files for Chapter 11 bankruptcy protection, becoming the first major bank to collapse since the start of the credit crisis. [31]

Former Federal Reserve chief Alan Greenspan dubs failure as "probably a once in a century type of event" and warns that other major firms will also go bust. [32]

Meanwhile fellow US bank Merrill Lynch, also stung by the credit crunch, agreed to be taken over by Bank of America for $50 billion, the latest twist in a dramatic turn of events on Wall Street[33]

17 September - Lloyds TSB bank agrees to buy HBOS for around £2.32 a share[34]

Also, the Federal Reserve rescues the insurer AIG, effectively nationalising it at a reported cost of $85 billion.[35]

19 September - rumours circulate of Fed plan to buy out banks toxic assets. FSA announces ban on short selling of financial stocks. [36] Shares rise steeply worldwide [37]

26 September - JP Morgan buys (rescues) American mortgage lending institution Washington Mutual.[38]

29 September - US Congress rejects a plan involving $700 billion of government purchases of 'toxic debt'. US stock market registers its steepest ever fall. Citigroup buy parts of Wachovia, the Federal Deposit Insurance Corporation agrees to take responsibility for losses over a set level.[39]

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[25] "Manufacturing data fuels fears of UK recession", *Herald*, 10 September 2008, p28
[26] "August downpours dampen retail sales", *Daily Telegraph,* 9 September 2008, p5
[27] "House sales have hit new low, say surveyors", *Financial Times*, 9 September 2008, p4
[28] "First-time buyers need biggest deposits since 1980s", *Daily Telegraph*, 10 September 2008, p12
[29] "Lehman loss and sale of UK assets new blow for banks", *Scotsman*, 11 September 2008, p30
[30] "Britain will go into recession this year, Brussels says", *Times*, 11 September 2008, p50
[31] "Broken brothers; How brinkmanship was not enough to save Lehman", *Financial Times*, 16 September 2008, p13
[32] "The meltdown that turned the world of finance on its head", *Daily Telegraph*, 20 September 2008, p36
[33] "BofA tie-up with Merrill makes sense to analysts", *Financial Times,* 15 September 2008, p3
[34] "Lloyds TSB seals £12bn HBOS rescue", *Financial Times*, 18 September 2008, p1
[35] "Fed in $85bn AIG rescue deal", *Financial Times,* 17 September 2008, p1
[36] "US 'bad bank' to staunch toxic debt losses: Short-selling is banned in London to prevent run on the banks", *Daily Telegraph,* 19 September 2008, p1
[37] "Banks lead the charge in FTSE 100's record day", *Independent*, 20 September 2008
[38] "Washington Mutual: Crisis claims biggest victim and more could fall", *Daily Telegraph*, 27 September 2008, p4

In the UK, Bradford & Bingley bank is broken up. Its retail side is taken over by Santander and the mortgage and loan books are nationalised.[40]

In Iceland the government takes a 75% share in Glitner bank.[41]

The Fortis Group was nationalised by a coalition of the Belgian, Luxembourg and Dutch governments.[42]

30 September - Irish government guarantees all deposits in Irish banks for two years. Belgian bank Dexia rescued by Belgian, French and Dutch government money.[43]

October

3 October – the US House of Representatives follows the Senate and votes for a $700 billion plan to rescue the financial sector. It had previously rejected an earlier version of the plan.[44]

The Financial Services Authority increased the compensation limit for bank deposits from £35,000 up to a total of £50,000 for each customer's claim.[45]

6 October – Germany announces a €50 billion plan to save Hypo Real Estate, one of its largest banks. There is confusion when a pledge by Angela Merkel that no German savers would lose money was taken to mean that it would follow Ireland and Greece in guaranteeing all deposits. Although this turned out not to be the case, Denmark had already responded by giving a 100% guarantee and Sweden increased its protection levels.[46]

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[39] "Wall Street suffers its worst day since 1987", *Financial Times,* 30 September 2008, p34
[40] "Bradford & Bingley plc", HM Treasury Press Notice, 29 September 2008
[41] "Iceland's Government forced to step in to prevent imminent collapse of country's third-largest bank", *Times,* 30 September 2008, p43
[42] "Fortis gets €11bn lifeline from three governments", *Independent,* 30 September 2008
[43] "Ireland puts up €400bn to protect six big lenders", *Guardian,* 1 October 2008, p7
[44] "Bail-out approval fails to calm markets", *Financial Times*, 4 October 2008
[45] "Compensation scheme to cover savers' claims up to £50,000", *Financial Services Authority*, 3 October 2008
[46] "German savings pledge raises stakes for Gordon Brown", *The Times*, 6 October 2008

B. LIBOR

LIBOR, the London Interbank Offered Rate, has featured prominently in reports during the current financial crisis. This short article explains what LIBOR is, and why it is important.

What is LIBOR?

Banks lend money and provide liquidity to each other on an unsecured basis in order to allow them to balance their books. These loans can be very short-term, as short as overnight, and no collateral is taken to insure against the risk of non-repayment. The interest rate charged for such loans is set by supply and demand in the wholesale money markets. This is the LIBOR.

It is used as the basis for pricing various financial instruments, in sterling as well as other currencies. The British Bankers Association (BBA) describes LIBOR as the rate at which banks within its panel perceive they could raise unsecured funds. Central banks may set official base rates, but LIBOR reflects the rate at which banks are able to borrow from each other.

The BBA sets LIBOR rates daily at 11am, based on the average of the middle eight of rates proposed by the 16 panel banks contributing to it. This process is carried out for all ten currencies for which a LIBOR is quoted and for 15 maturities, i.e. lengths of loan, ranging from overnight to 12 months.

The BBA published a report in June 2008 outlining steps that would be taken to enhance the LIBOR rate and also asking for comments. In particular it asked respondents to consider whether there should a later daily LIBOR fix after the US Markets have opened. The results of the consultation showed no great demand for a second dollar fix, and the BBA said it would focus attention on broadening the contributor panel.[47]

Why has it risen?

While banks will normally pay a premium for such unsecured loans over and above the Bank of England official bank rate, this is usually relatively small. A key feature of the 'credit squeeze' is the divergence between the LIBOR and official interest rates. The cost of inter-bank borrowing is high because banks' demand for liquidity is high, while supply is low. Banks are holding on to their own funds because of a lack of confidence in other banks ability to repay loans. The LIBOR/base rate divergence is essentially an indicator of what has been called a 'lending strike'.[48]

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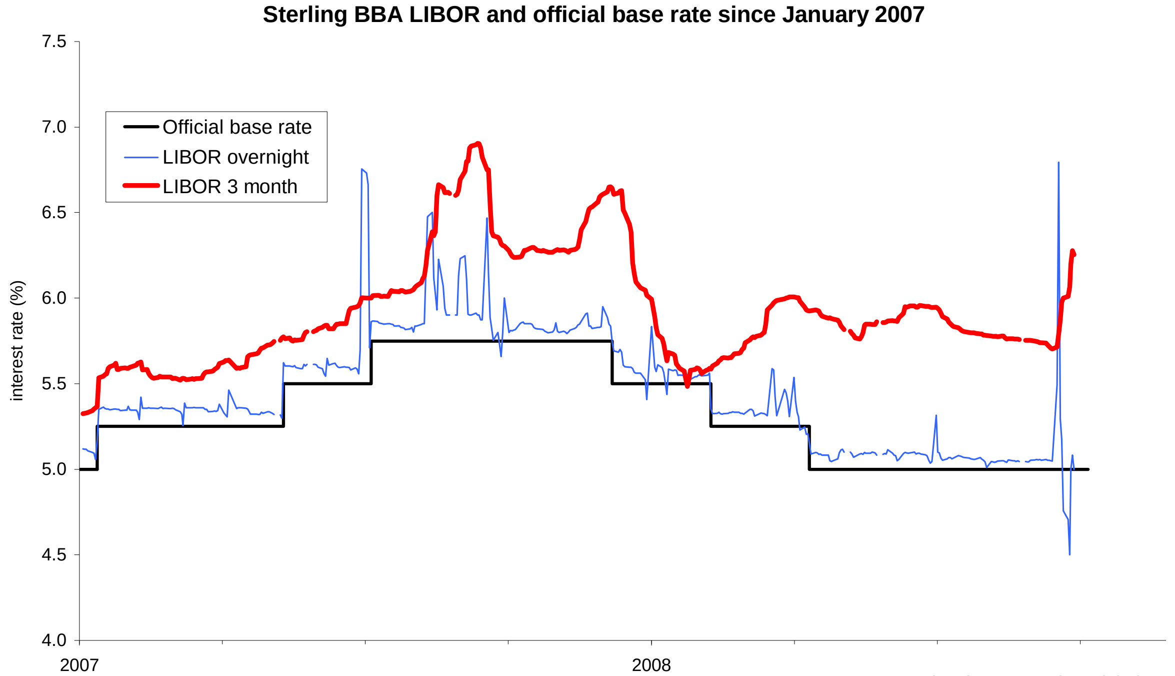
[47] *Understanding the construction of BBA LIBOR – strengthening for the future*, British Bankers' Association, 10 June 2008; *BBA Libor consultation: Feedback Statement*, British Bankers' Association, 5 August 2008

[48] Steven Barrow (Standard Bank), cited in "Libor hits record level as confidence evaporates", *Daily Telegraph*, 1 October 2008, p2



The chart above shows the official bank rate, the overnight and the three-month BBA LIBOR rates for sterling. The overnight LIBOR is seen to track the official bank rate fairly closely, with a number of spikes that correspond to developments in the financial markets.

However, attention has focused on the three-month LIBOR rate, which has generally seen a premium of "around 0.15 percentage points over where the market thinks the bank rate will be in three months' time."[49] However, in August 2007 as the 'credit crunch' came to prominence the LIBOR three-month rate suddenly increased. At the start of August 2007 the rate was just over 6.05%, based on market expectations of a 6% interest rate three-months ahead. However, this increased gradually over the first half of the month, then suddenly rising from 6.39% to 6.60% between 16 and 17 August 2007.[50] By the end of the month the LIBOR rate was at an 8½ year high of 6.69%,[51] and it went on to reach 6.90% in September 2007 with the Northern Rock crisis,[52] and it has remained at an elevated level ever since.

Launched on 21 April 2008, the Bank of England's special liquidity scheme was intended to address this issue.[53] This allows banks to temporarily swap high quality mortgage-backed and other securities for UK Treasury Bills to help improve liquidity position of the banking system. Although this did have an initial impact on rates, they have remained high.

Recent developments in the banking sector, notably concerning HBOS and Bradford & Bingley, have seen the three-month LIBOR rate rise again in the past few weeks. Despite

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49 "Explainer: What is Libor?", *The Guardian*, 1 September 2007
50 British Bankers Association LIBOR rates – Historic (August 2008); http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=141&a=627 (latest rates at http://markets.ft.com/ft/markets/researchArchive.asp?report=MNY&cat=BR)
51 "Explainer: What is Libor?", *The Guardian*, 1 September 2007
52 "Libor hits record level as confidence evaporates", *Daily Telegraph*, 1 October 2008, p2
53 "Special Liquidity Scheme", Bank of England release, 21 April 2008

the fact that the official base rate has been reduced by 0.5 percentage points since January, on 1 October the three-month LIBOR rate reached its highest level since December 2007, and on 3 October was 0.47 percentage points higher than it was at the start of the year.

The difference between the official bank rate and the three-month LIBOR has also increased. On 1 October, the three month LIBOR was 1.3075 points above the official bank rate, a greater gap than at any time since the credit crunch began.

Why does it matter?

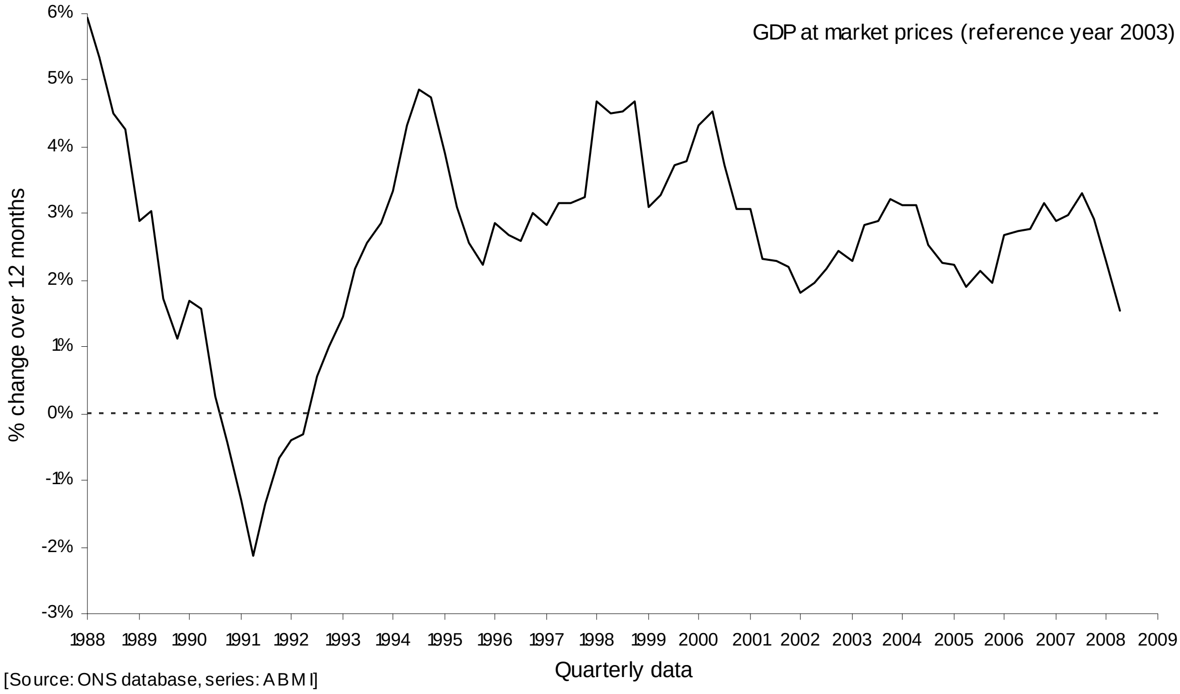
The high LIBOR rate is both a symptom of the lack of stability and confidence in financial markets and also a problem for the wider economy. Essentially it makes it more expensive for banks to borrow money, and therefore banks are likely to pass these increased costs on to consumers and businesses. In the housing market this has become apparent in larger differentials between the official bank rate and mortgage rates, and in the reduction in the number of mortgage products available: there are currently just under 700 products available, compared with over 4,000 a year ago.[54]

This is likely in turn to contribute to continued falls in house prices and particular problems for those with mortgages, including buy-to-let landlords, emerging from fixed-rate mortgages. For businesses it will reduce the likelihood of investment through the increased cost of borrowing.

Ian Townsend & Bryn Morgan
Economic Policy and Statistics Section

54 "How green is my rental flat?", *Sunday Telegraph*, 5 October 2008, p13

A1: Gross Domestic Product



Gross Domestic Product at market prices

£ billion & %; seasonally adjusted

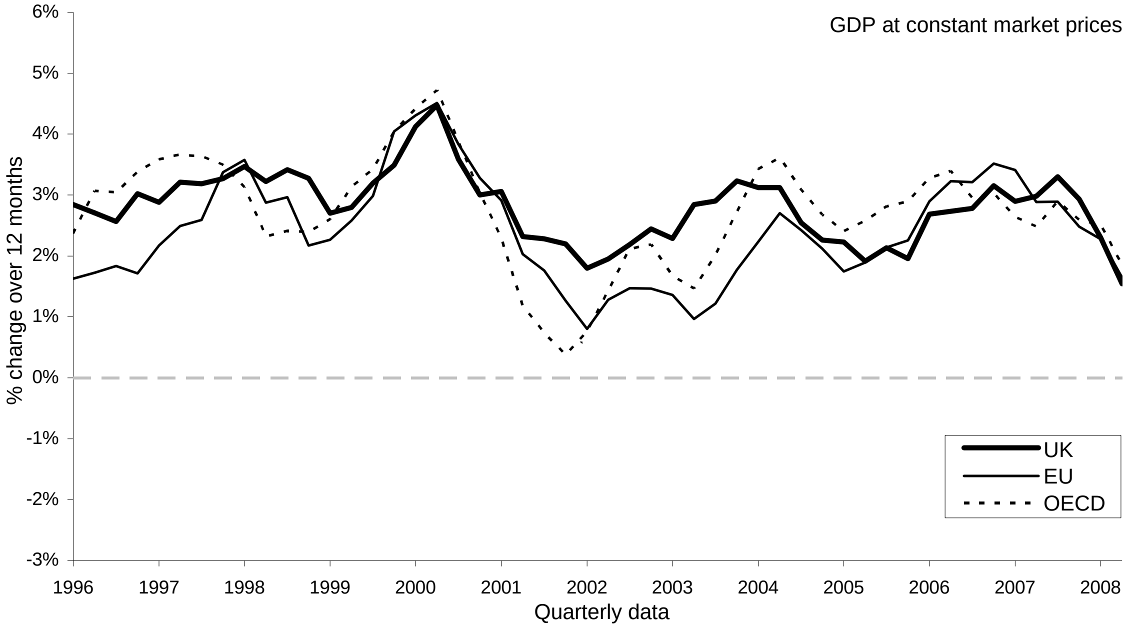
	Current prices		Chained volume (reference year 2003)
	£ billion	% change on year	% change on year
2004	1,200.6	5.3	2.8
2005	1,252.5	4.3	2.1
2006	1,321.9	5.5	2.8
2007	1,401.0	6.0	3.0
2007 Q2	348.4	6.7	3.0
Q3	353.4	6.1	3.3
Q4	356.6	5.6	2.9
2008 Q1	362.2	5.7	2.3
Q2	363.7	4.4	1.5

Source: ONS database, series: YBHA, ABMI

- The chained volume measure of gross domestic product (GDP) at market prices was estimated to be the same in Q2 2008 than in the previous quarter (Q1 2008). This is the first quarter that the economy has not grown since the second quarter of 1992. Compared with the same quarter in the previous year (Q2 2008 on Q2 2007) this measure of GDP was estimated to be 1.5% higher.
- In September 2008, HM Treasury's average of independent economic forecasts of GDP growth for 2008 was 1.2%, down from 1.4% in August. The average growth forecast for 2009 was 0.5% in September.

Contact: Grahame Allen, x3977 **Updates:** HM Treasury, *Forecasts for the UK Economy*, 15 Oct; ONS, *Quarterly National Accounts*, 24 Oct

A2: GDP: International Comparisons



[Source: OECD, *Main Economic Indicators*]

GDP at constant market prices

% changes

	% change on year				% change quarter on quarter 2007				2008	
	2004	2005	2006	2007	Q1	Q2	Q3	Q4	Q1	Q2
USA	3.6	2.9	2.8	2.0	0.0	1.2	1.2	0.0	0.2	0.7
Japan	2.7	1.9	2.4	2.1	0.9	-0.3	0.2	0.6	0.7	-0.7
Canada	3.1	2.9	3.1	2.7	1.0	1.0	0.6	0.2	-0.2	0.1
United Kingdom	2.8	2.1	2.8	3.0	0.9	0.8	0.8	0.5	0.3	0.0
Germany	1.2	0.8	3.0	2.5	0.4	0.4	0.6	0.3	1.3	-0.5
France	2.5	1.9	2.2	2.2	0.6	0.6	0.7	0.4	0.4	-0.3
Italy	1.5	0.6	1.8	1.5	0.3	0.1	0.1	-0.4	0.5	-0.3
Eurozone	1.9	1.8	3.0	2.6	0.7	0.5	0.6	0.4	0.7	-0.2
G7	2.9	2.3	2.7	2.2	0.4	0.7	0.8	0.1	0.4	0.1
OECD	3.3	2.7	3.1	2.7	0.6	0.8	0.8	0.4	0.5	0.1

Source: OECD, *Main Economic Indicators* , August 2008 (via OECD Stats browser)

- Of the OECD countries displayed in the table above, Japan, Germany, France, and Italy all recorded negative growth in Q2 2008, while UK GDP was unchanged in Q2.
- Annual UK GDP growth was 3.0% in 2007, compared with 2.0% in the US and 2.6% in the Eurozone.
- The OECD's forecast for UK growth is 1.8% in 2008, compared with 1.2% in the US and 1.7% in Japan, and overall OECD growth of 1.8%.

OECD growth forecasts

% change on year

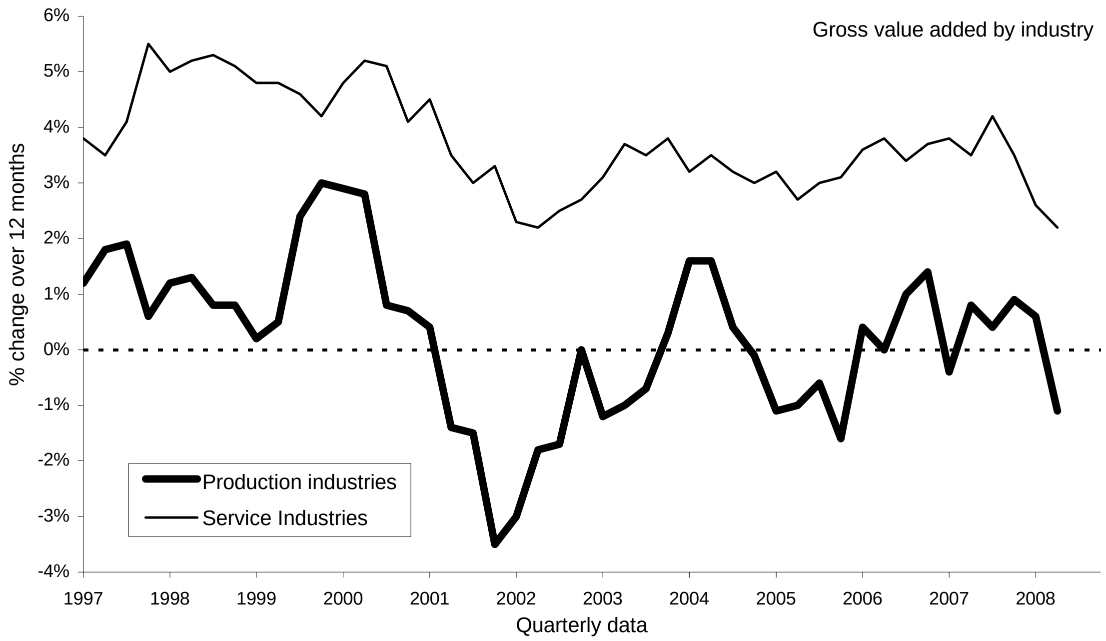
	2007	2008	2009
USA	2.2	1.2	1.1
Japan	2.1	1.7	1.5
United Kingdom	3.0	1.8	1.4
Eurozone	2.6	1.7	1.4
OECD	2.7	1.8	1.7

Source: OECD, *Economic Outlook* , Jun 2008

Contact: Ian Townsend, x2042 **Update:** OECD, *Main Economic Indicators*, mid-Oct

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 2.2%. Between the first and second quarter of 2008 annual output growth in the service sector decreased by 0.4 percentage points.

Gross value added at current basic prices

% changes on year; seasonally adjusted

	Production industries				
	Total	Manufacturing	Services	Agriculture, hunting & fishing	Construction
2005	-1.1	-0.2	3.0	5.3	1.0
2006	0.7	1.8	3.6	2.7	1.0
2007	0.4	0.6	3.7	-0.9	2.9
2007 Q2	0.8	1.0	3.5	0.0	3.3
Q3	0.4	0.3	4.2	-2.3	2.9
Q4	0.9	0.3	3.5	0.8	2.7
2008 Q1	0.6	1.1	2.6	1.5	3.5
Q2	-1.1	-0.9	2.2	1.8	2.0

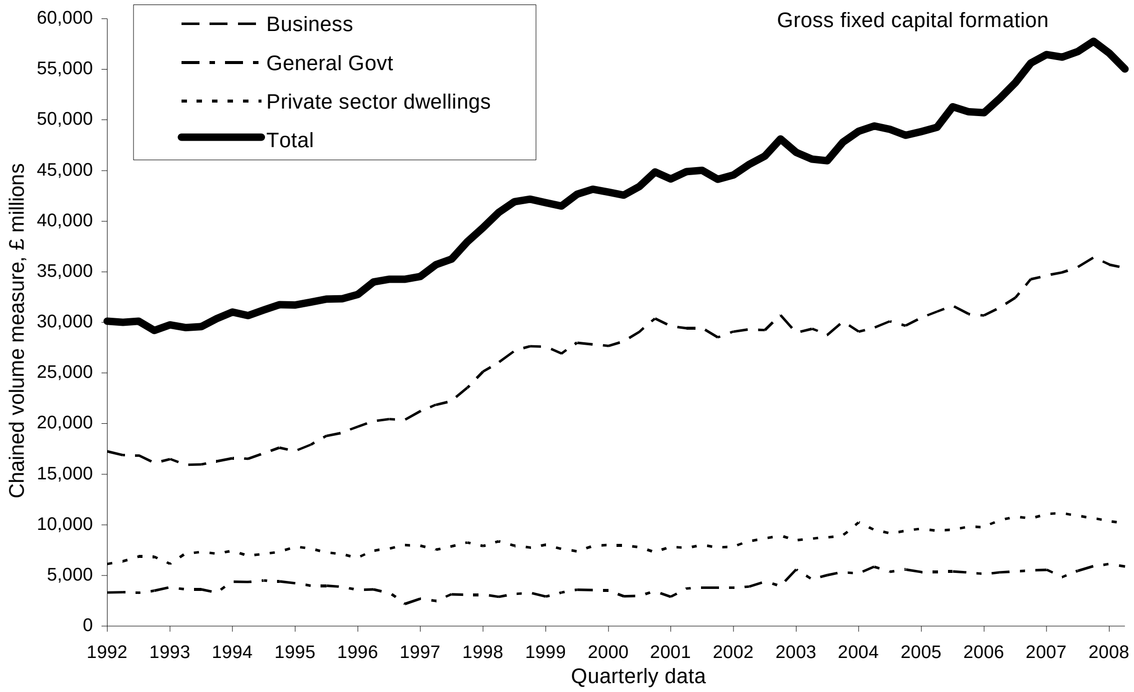
Source: ONS database, series: ERID, ERIE, ERIT, ERIU, GDQV, GDQW, GDRN, GDRQ, GDRR, GDSI

- Manufacturing output decreased by 0.9% in the second quarter of 2008 compared with the same quarter in 2007, and manufacturing output increased by 0.6% overall in 2007.
- In 2006, services accounted for 75% of gross value added, manufacturing for 13%, 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–Q3*, 24 Oct

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

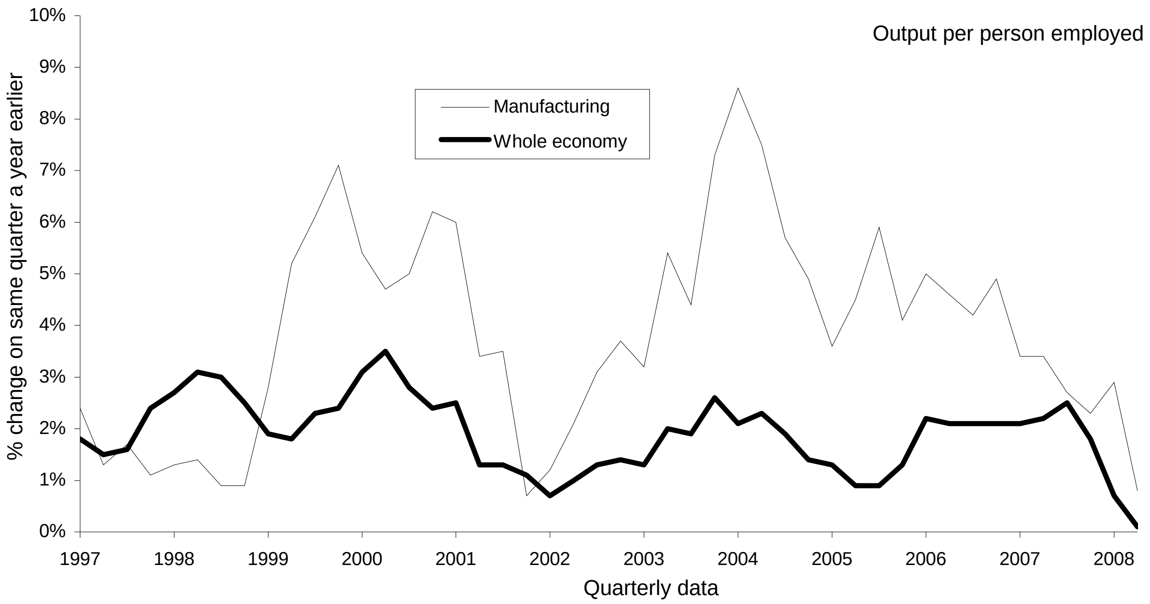
		Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
2004		14,092	61,479	64,480	41,598	14,134	195,782
2005		14,675	62,192	67,371	41,872	14,077	200,187
2006		14,799	65,116	71,787	45,466	14,978	212,146
2007		15,223	71,903	77,413	47,543	15,105	227,188
2007	Q2	3,858	17,425	19,129	12,069	3,728	56,209
	Q3	3,813	17,789	19,556	11,842	3,764	56,764
	Q4	3,626	18,629	20,088	11,633	3,781	57,758
2008	Q1	3,678	17,281	20,504	11,306	3,840	56,609
	Q2	3,570	17,672	18,873	11,070	3,846	55,031

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

- Total business investment decreased by 1.0% in Q2 2008 compared with the previous quarter, and increased by 1.2% compared with Q2 2007 on a seasonally adjusted basis.
- Total manufacturing investment decreased by 4.5% in Q2 2008 compared with the previous quarter while investment in private sector services decreased by 1.5% on a seasonally adjusted basis.

Contact: Dominic Webb, x4324 **Update:** ONS, *Business Investment,* 25 Nov

A5: Productivity



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

Productivity

% changes on year; seasonally adjusted

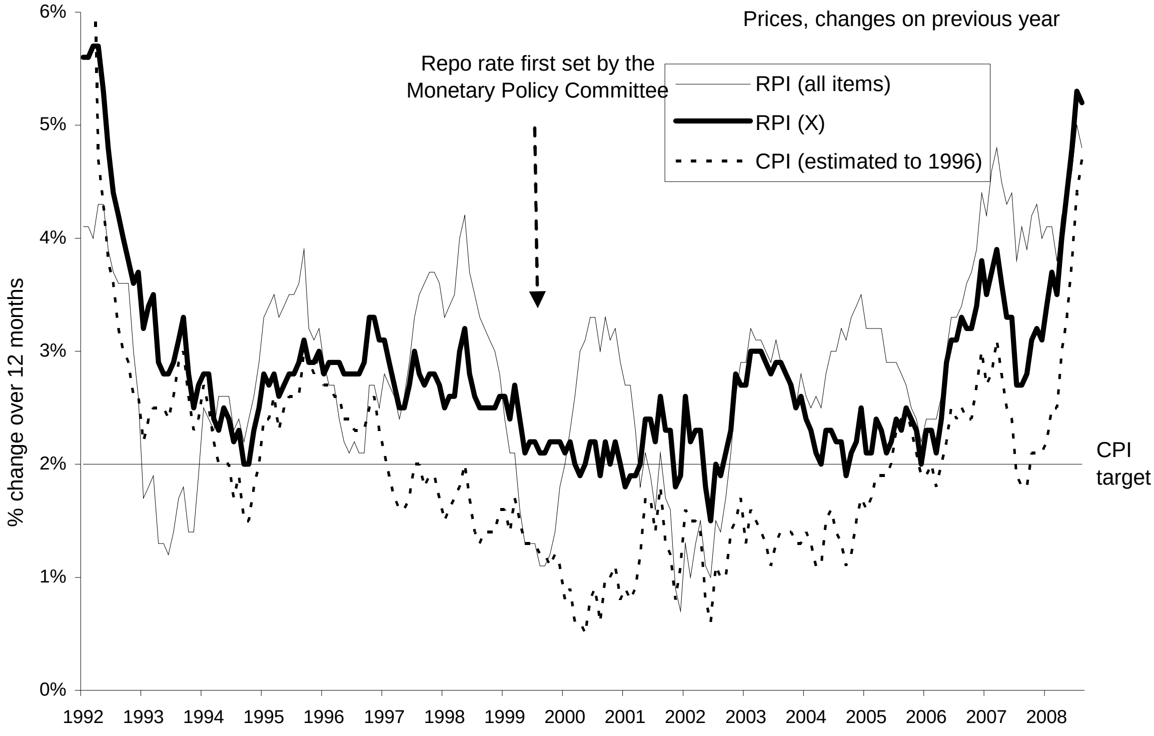
	Manufacturing			Whole Economy		
	Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
2005	-0.2	-4.5	4.6	2.1	1.0	1.1
2006	1.8	-2.7	4.7	2.9	0.8	2.1
2007	0.6	-2.2	2.9	3.0	0.8	2.2
2007 Q2	1.0	-2.4	3.4	3.0	0.7	2.2
Q3	0.3	-2.4	2.7	3.4	0.8	2.5
Q4	0.3	-1.9	2.3	3.0	1.1	1.8
2008 Q1	1.1	-1.7	2.9	2.3	1.5	0.7
Q2	-0.9	-1.7	0.8	1.6	1.4	0.1

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 2.2% in 2007 compared with 2.1% in 2006 and 1.1% 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 2.9%.
- Productivity growth in manufacturing was 0.8% per annum in Q2 2008 compared to 2.9% per annum in the previous quarter, while whole economy productivity growth decreased from 0.7% per annum in Q1 2008 to 0.1% per annum in Q2 2008.
- For the economy as a whole, productivity growth has averaged 1.7% per annum over the last eight quarters. Figures on this page are based on output per job.

Contact: Ed Potton, x2883 **Update:** ONS, *Productivity*, 23 Dec

B1: Prices



[Source: see table]

On 10 December 2003 the (then) 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 August, the consumer prices index (CPI) showed inflation at 4.7%, up from 4.4% in July. This is the fourth month in a row in which the CPI has been more than 1 percentage point greater than the inflation target.
- The largest upward effect on the CPI came from housing and household services due to a rise in average gas and electricity bills this year, compared with a fall last year. There were further large upward contributions from food and non-alcoholic beverages, and miscellaneous goods and services.
- The largest downward contribution to the CPI annual rate came from transport costs due to a fall in the price of fuels and lubricants.
- The former headline (all items RPI) rate of inflation was 4.8% in August, down from 5.0% in July. The underlying RPI(X) also fell to 5.2% in August from 5.3% in July.
- The largest upward effect on the RPI came from fuel and light. The largest downward effect came from motoring expenditure.

Price Indices

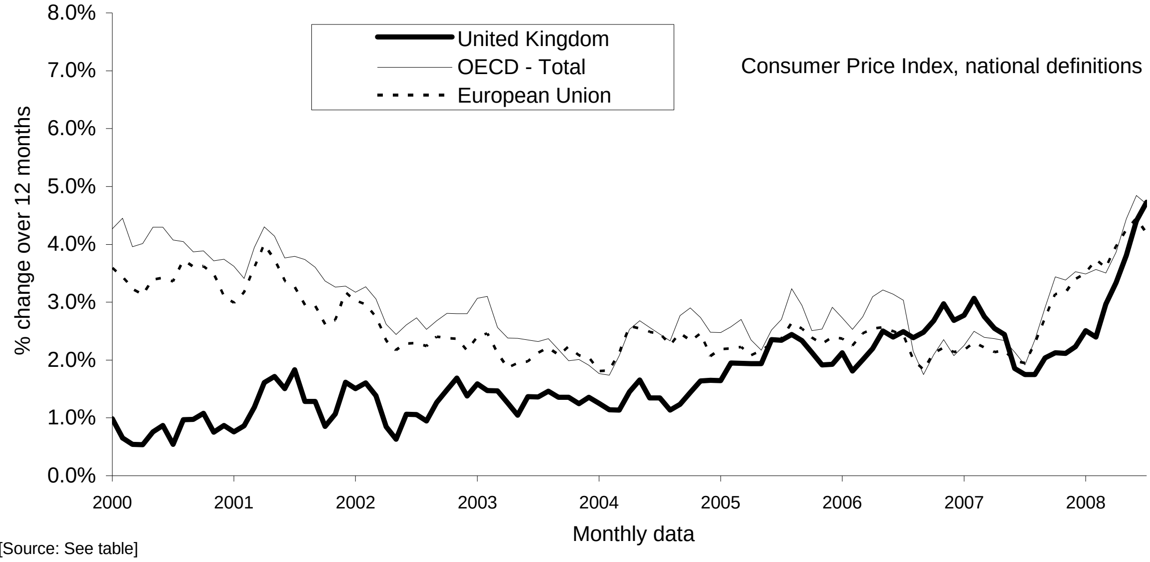
% change over 12 months

		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	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
	Mar	2.5	3.8	3.5
	Apr	3.0	4.2	4.0
	May	3.3	4.3	4.4
	Jun	3.8	4.6	4.8
	Jul	4.4	5.0	5.3
	Aug	4.7	4.8	5.2

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

Contact: Edward Beale, x2464 **Update:** ONS, *Consumer Price Indices: First release*, 14 Oct

B2: Prices: International Comparisons



[Source: See table]

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 5.4% in August, an decrease of 0.2 percentage points from July;
- The average annual inflation rate for all OECD countries in August was 4.7%, down from 4.8% in July which was the highest rate of inflation rate seen in the OECD since November 1997;
- The EU's average inflation rate, based on harmonised indices of consumer prices (not in the table, but shown in the chart above), was 4.2% in August.

Consumer Price Indices

national definitions; % change over 12 months

		USA	Japan	Canada	UK	OECD
2004		2.7	-0.0	1.9	1.3	2.4
2005		3.4	-0.3	2.2	2.0	2.4
2006		3.2	0.2	2.0	2.3	2.6
2007		2.9	0.1	2.1	2.3	2.7
2008	Mar	4.0	1.4	1.2	2.4	3.6
	Apr	3.9	1.7	0.8	3.0	3.5
	May	4.2	2.2	1.3	3.3	3.9
	Jun	5.0	3.1	2.0	3.8	4.4
	Jul	5.6	3.4	2.3	4.4	4.8
	Aug	5.4	3.5	2.1	4.7	4.7

Source: OECD, Consumer Prices Release

EU/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
2008	Mar	3.5	3.3	3.6	2.5	3.6
	Apr	3.4	2.6	3.6	3.0	3.3
	May	3.7	3.1	3.7	3.3	3.7
	Jun	4.0	3.4	4.0	3.8	4.0
	Jul	4.0	3.5	4.0	4.4	4.0
	Aug	3.5	3.3	4.2	:	3.8

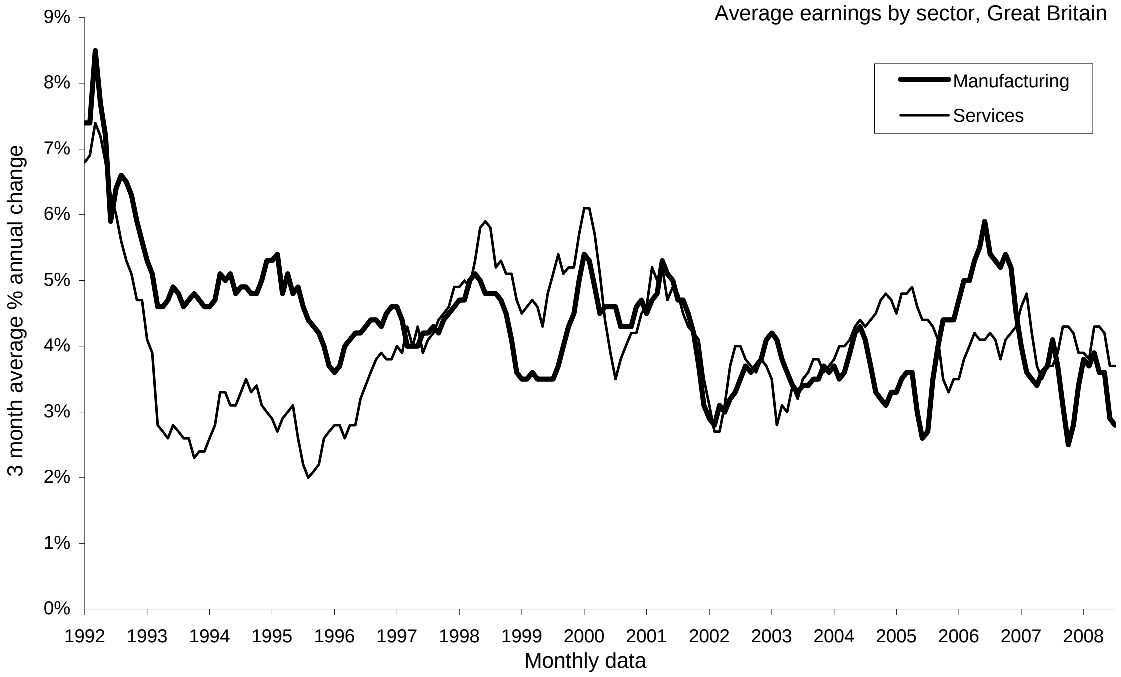
Source: Eurostat, Euro-Indicators news release, Sep 2008

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

- Eurozone annual inflation was 3.8% in August. The flash estimate for September is 3.6%;
- The monthly HICP inflation rates in August for the EU15 Member States not in the eurozone were 4.8% in Denmark and 4.1% in Sweden (no figure available for UK);
- The eurozone countries with the highest monthly HICP annual inflation rates in August were Slovenia (6.0%), Malta and Belgium (5.4%). The lowest rates were in the Netherlands (3.0%), Portugal (3.1%), and Ireland (3.2%)

Contact: Ian Townsend, x2042 **Updates:** OECD, *Consumer prices release*, 4 Nov
Eurostat, *Euro-indicators news release*, 15 Oct

B3: Average Earnings Index



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

- The headline rate of growth in average earnings for the whole economy in July was 3.5%, up from 3.4% in June.

- Headline average earnings growth in manufacturing was 2.8% in July, down from 2.9% in June. Earnings growth in the service sector was 3.7% in July, unchanged from the previous month.

- Headline earnings growth in the private sector was 3.5% in July, compared with 3.3% in the public sector. Earnings growth in the private sector was down from 3.6% in June, while earnings growth in the public sector was up from 3.2% in June.

- Earnings are currently growing at a slower rate than they were a year ago (the headline rate in July 2007 was 3.7%).

- In the year to July, the consumer price index showed inflation above the rate of earnings growth at 4.4%.

Average Earnings, Great Britain

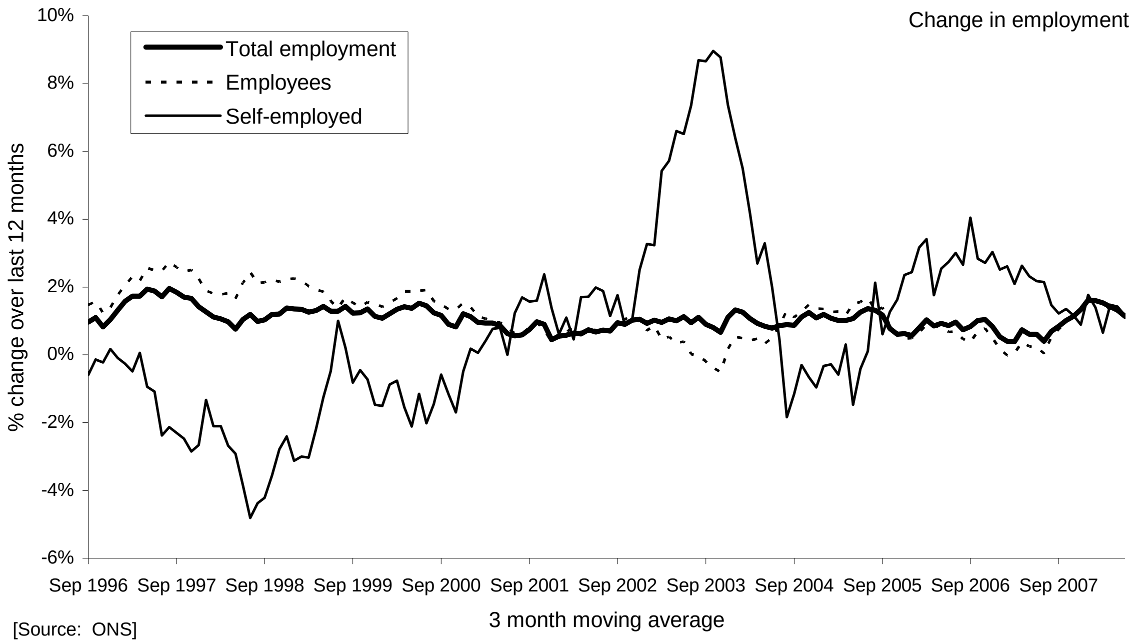
% change on year; seasonally adjusted

		Headline rate		
		Whole Economy	Private Sector	Public Sector
2004	Jul	4.4	4.4	4.3
2005	Jul	4.1	3.8	4.7
2006	Jul	4.4	4.6	3.8
2007	Jul	3.7	3.8	2.8
	Aug	3.8	4.0	2.8
	Sep	4.1	4.3	2.8
	Oct	4.0	4.2	3.2
	Nov	4.0	4.2	3.3
	Dec	3.8	4.0	3.3
2008	Jan	3.9	4.0	3.5
	Feb	3.7	3.7	3.7
	Mar	4.0	4.0	3.8
	Apr	3.9	3.9	3.9
	May	3.8	3.9	3.5
	Jun	3.4	3.6	3.2
	Jul	3.5	3.5	3.3

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

Contact: Edward Beale, x2464 **Update:** ONS, *Labour Market Statistics*, 15 Oct

C1: Employment



[Source: ONS]

Employment structure in the UK

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

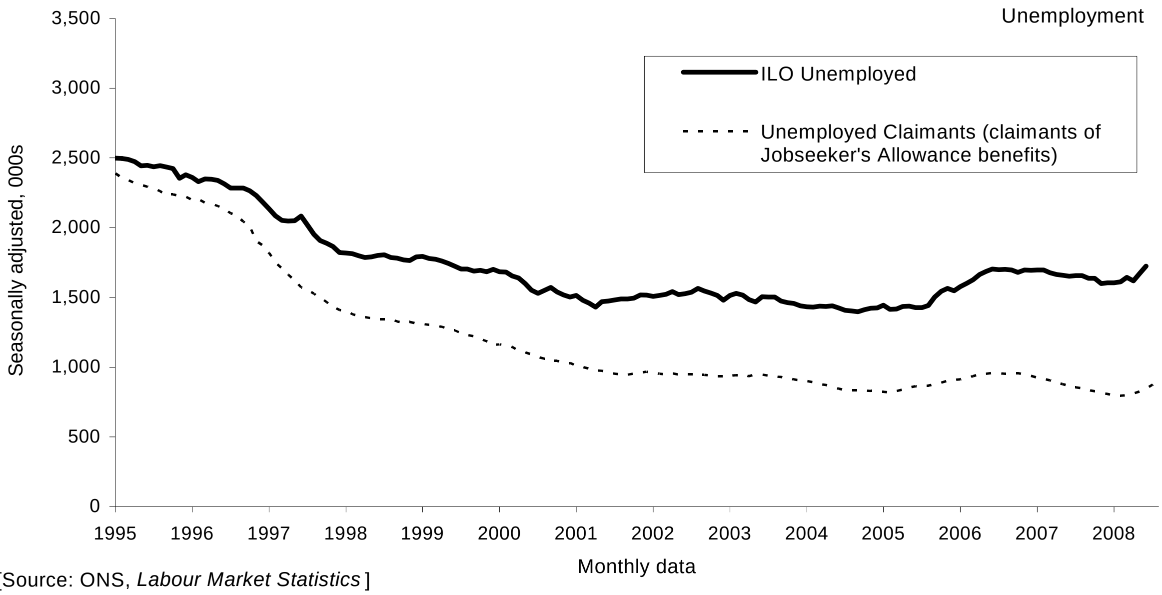
	Total in employment	Employees	Self-employed	Unpaid Family Workers	Government Training
2004 Jun	28,424	24,572	3,633	89	131
2005 Jun	28,781	24,956	3,618	95	113
2006 Jun	29,029	25,123	3,717	99	91
2007 Jun	29,205	25,181	3,798	107	120
2007 Sep	29,317	25,286	3,825	97	110
2007 Dec	29,478	25,424	3,838	107	110
2008 Mar	29,554	25,489	3,831	114	120
2008 Jun	29,538	25,481	3,842	102	113
Changes (%):					
on last 3 months	-0.1	0.0	0.3	-11.0	-5.5
on last year	1.1	1.2	1.2	-4.9	-5.3

Source: ONS

- Total employment in the period May to July 2008 was 333,000 higher than a year earlier but 16,000 lower than the previous quarter. The working age employment rate of 74.7% was 0.2 percentage points lower than the previous quarter and 0.2 percentage points higher than a year earlier.
- Over the year to June, the number of manufacturing industry workforce jobs fell by 47,000. The number of service sector jobs rose by 160,000 over the year.
- 7.5 million people were in part-time employment in the period May to July 2008, of whom 5.7 million were women. 3.8 million people were self-employed.

Dominic Webb, x4324 **Update:** ONS, *Labour Market Statistics*, 15 Oct

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 May to July 2008, the level of ILO unemployment in the UK was 1,724,000 (seasonally adjusted). This was an increase of 72,000 from the same period a year earlier.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, increased by 33,000 between July and August 2008 to 905,000.

The New Deal for Young People started in January 1998.

- By May 2008, there had been 1,844,000 starts under the scheme. By February 2008, 1,727,000 spells had resulted in 805,000 sustained jobs (47%) 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 May 2008, there had been 1,123,000 starts under the scheme. By February 2008, 672,000 spells had resulted in 289,000 sustained jobs (43%).

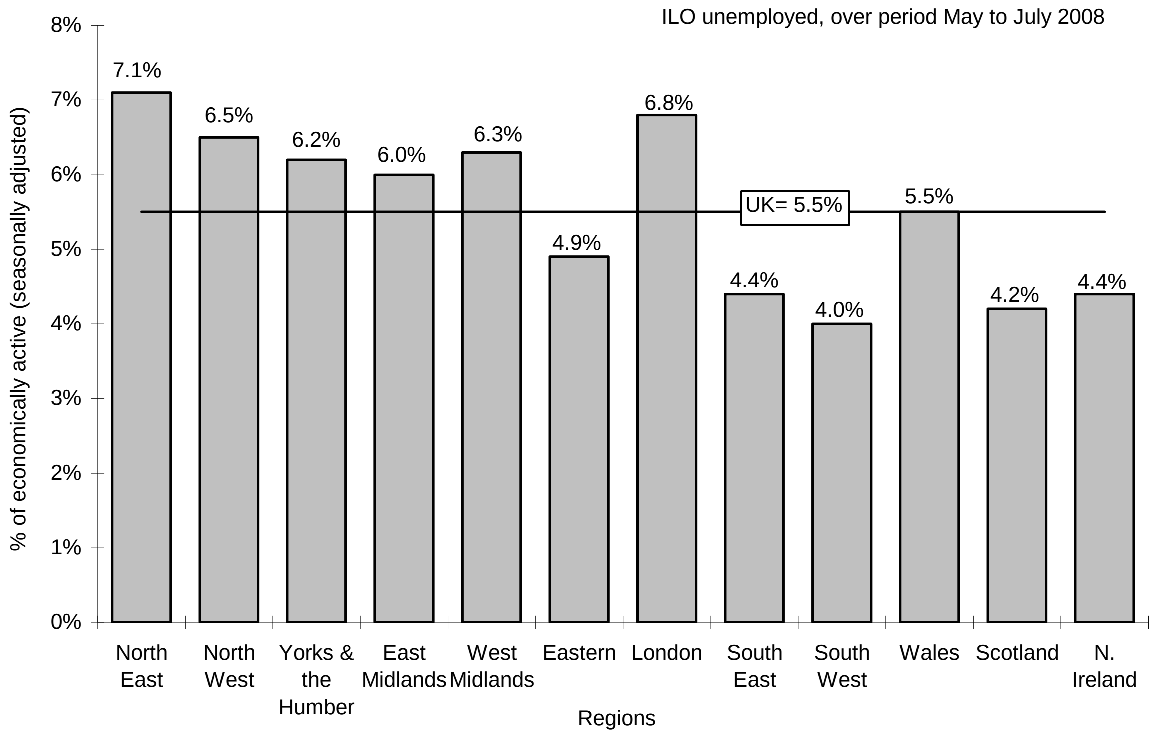
ILO Unemployment in the UK
seasonally adjusted

		'000s	rate (%)
May - Jul	2002	1,527	5.2
Aug - Oct		1,545	5.2
Nov - Jan	2003	1,479	5.0
Feb - Apr		1,517	5.1
May - Jul		1,506	5.1
Aug - Oct		1,474	5.0
Nov - Jan	2004	1,440	4.8
Feb - Apr		1,437	4.8
May - Jul		1,425	4.8
Aug - Oct		1,398	4.7
Nov - Jan	2005	1,425	4.7
Feb - Apr		1,417	4.7
May - Jul		1,426	4.7
Aug - Oct		1,503	5.0
Nov - Jan	2006	1,549	5.1
Feb - Apr		1,627	5.3
May - Jul		1,704	5.5
Aug - Oct		1,697	5.5
Nov - Jan	2007	1,695	5.5
Feb - Apr		1,677	5.4
May - July		1,652	5.4
Aug - Oct		1,637	5.3
Nov - Jan	2008	1,605	5.2
Feb - Apr		1,643	5.3
May - Jul		1,724	5.5

Source: ONS, *Labour Market Statistics*

Contact: Alex Adcock, x3793 **Updates:** ONS, *Labour Market Statistics*, 15 Oct
DWP, *New Deal*, Nov

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 May to July 2008 the North East had the highest unemployment rate, 7.1% of the economically active population. The lowest rate over the same period was 4.0%, in the South West.

- A comparison of May to July 2008 with the same period a year earlier shows that the largest fall (14%) in unemployment occurred in Scotland. Northern Ireland showed the largest increase (29%) over the period.

ILO Unemployment, May to July 2008

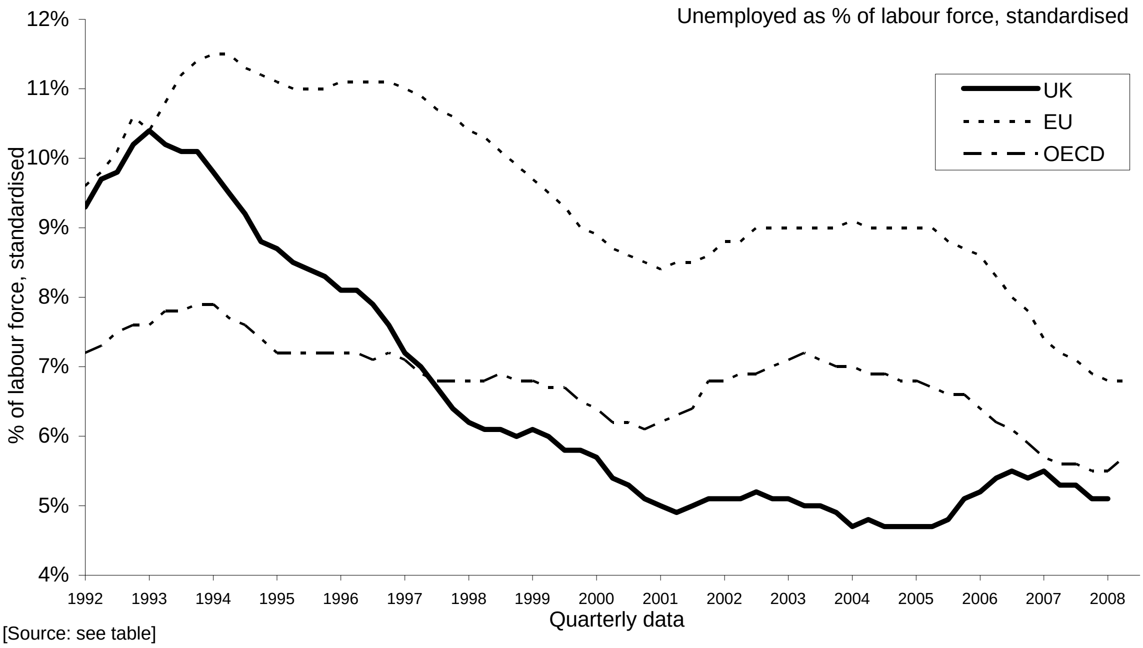
change on same period in previous year; seasonally adjusted

	Number (rounded)	*%*
North East	8,000	*10*
North West & Merseyside	21,000	*11*
Yorkshire & the Humber	18,000	*12*
East Midlands	22,000	*19*
West Midlands	-15,000	*-8*
Eastern	5,000	*4*
London	9,000	*3*
South East	5,000	*3*
South West	7,000	*7*
Wales	1,000	*1*
Scotland	-18,000	*-14*
Northern Ireland	8,000	*29*

Source: ONS, *Labour Market Statistics*

Contact: Alex Adcock, x3793 **Update:** ONS, *Labour Market Statistics*, 15 Oct

C4: Unemployment: International Comparisons



[Source: see table]

Unemployment

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

			2006				2007				2008	
	2006	2007	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Canada	6.3	6.0	6.4	6.2	6.4	6.2	6.1	6.1	6.0	5.9	5.9	6.1
France	9.2	8.3	9.5	9.3	9.2	8.8	8.8	8.5	8.1	7.9	7.6	7.5
Germany	9.8	8.4	10.5	10.0	9.6	9.2	8.7	8.5	8.3	8.0	7.6	7.5
Italy	6.8	6.2	7.3	6.8	6.6	6.5	6.0	6.1	6.2	6.3	6.5	..
Japan	4.1	3.9	4.2	4.1	4.1	4.1	4.0	3.8	3.8	3.8	3.9	4.0
UK	5.4	5.3	5.2	5.4	5.5	5.4	5.5	5.3	5.3	5.1	5.1	..
USA	4.6	4.6	4.7	4.7	4.7	4.4	4.5	4.5	4.7	4.8	4.9	5.3
Eurozone	8.3	7.4	8.6	8.4	8.1	7.9	7.6	7.5	7.4	7.3	7.2	7.3
G7	5.8	5.4	6.0	5.8	5.8	5.6	5.5	5.2	5.4	5.4	5.4	5.6
OECD	6.1	5.6	6.4	6.2	6.1	5.9	5.7	5.6	5.6	5.5	5.5	5.7

Source: OECD, Standardised Unemployment Rate, September 2008

- Using standardised definitions, the UK unemployment rate for 2007 was 5.3%, significantly below the eurozone average (7.4%) and below the G7 and OECD rates (5.4% and 5.6% respectively).

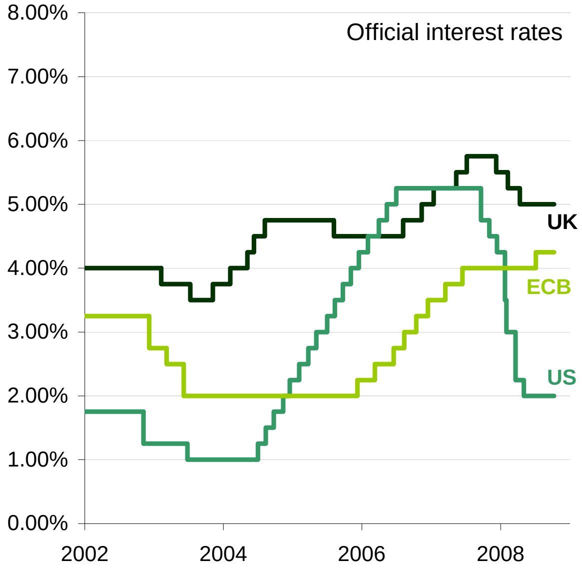
- Between Q1 2007 and Q1 2008 (the latest quarter for which all data are available) France had the largest fall in unemployment among G7 countries: 1.2 percentage points.

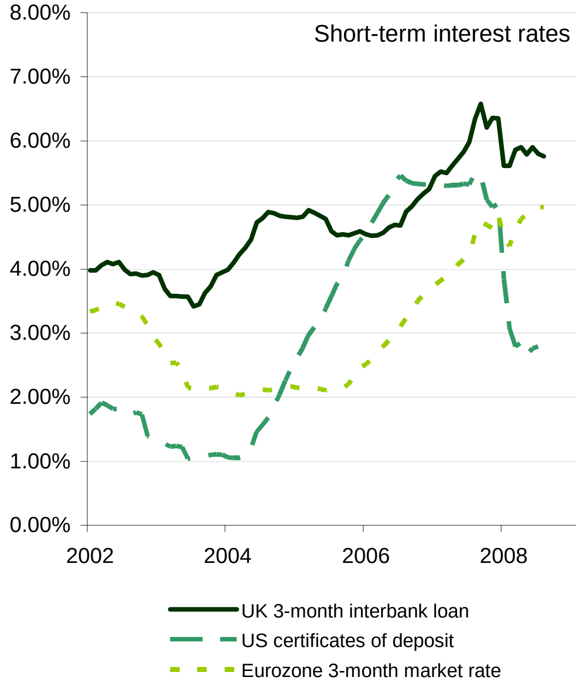
- The most recent forecasts published by the OECD (*Economic Outlook*, June 2008) suggest the UK unemployment rate will be 5.5% in 2008 and 5.8% in 2009. The respective forecasts for the eurozone are 7.2% and 7.4% and for the OECD as a whole 5.7% and 6.0%.

Contact: Alex Adcock, x3973 **Updates:** OECD, *Standardised Unemployment Rates*, 10 Oct
OECD, *Economic Outlook*, Dec

D1: Interest Rates

- At its latest meeting on 4 September, the Bank of England's Monetary Policy Committee (MPC) voted by eight to one to maintain the official Bank Rate paid on commercial bank reserves at 5.00%.
- The US Federal Reserve kept the funds rate at 2.00% at its September meeting. Previously it had cut the rate by 25 basis points on 30 April, by 75 points on 18 March, by 50 points on 30 January. There was an unscheduled cut of 75 basis points on 22 January as well as 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 4.25% at its October meeting. The last change was an increase of 25 basis points on 3 July.





UK Base/Repo rate changes

% per annum

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

Source: Bank of England

International interest rates

% per annum, at 2 October 2008

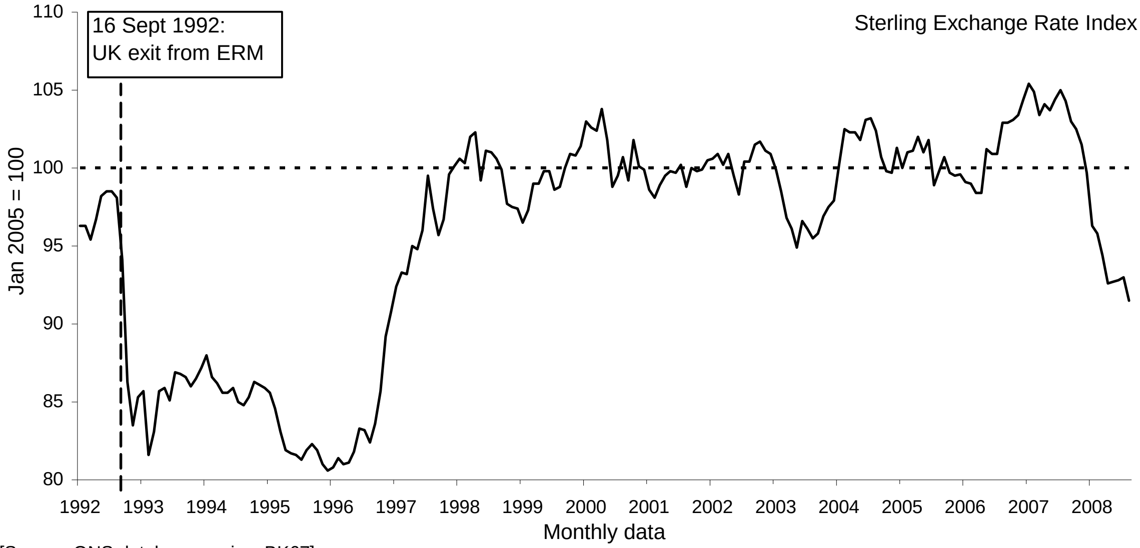
	Official rate	*Since*	Yield 10yr Govt bonds	3-month market rate
United Kingdom	5.00	*10/4/08*	4.38	6.88 - 6.38
Eurozone	4.25	*3/7/08*	n/a	5.35 - 5.23
United States	2.00	*30/4/08*	3.64	5.67 - 5.31
Japan	0.50	*21/2/07*	1.52	1.09 - 1.03
Switzerland	2.25-3.25	*13/9/07*	2.74	2.98 - 2.88

Source: *Financial Times, 3 October 2008*
(Companies & Markets, p.39)

Contact: Bryn Morgan, x4904 **Updates:** Short-term interest rates: OECD, MEI, mid-Oct;
Base rates: 9 Oct (UK MPC), 6 Nov (ECB), 29 Oct (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 8.2 points in August 2008, suggesting that the UK was relatively more competitive at the end of August 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 €1.286 at the London market close on 3 October 2008, compared with a launch rate of €1.476 on 31 December 1998. The pound was worth $1.773 at the market close on 3 October 2008.

Sterling Exchange Rates

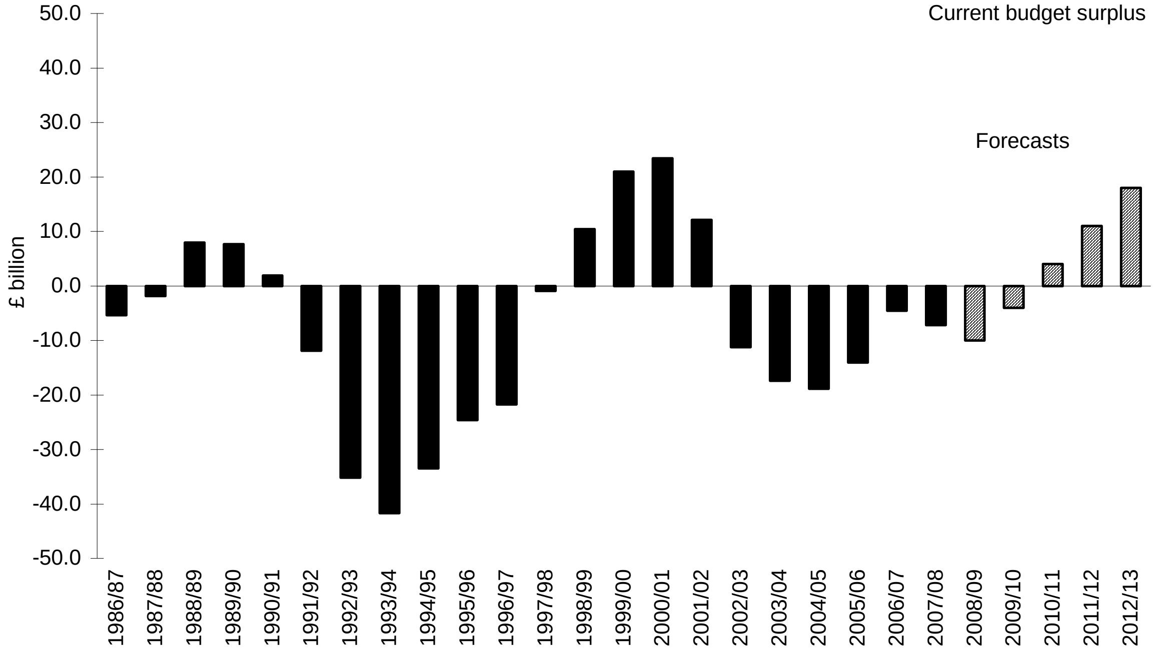
rates and % changes

		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	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
	Mar	2.003	2.9	202.0	-11.6	1.290	-12.3
	Apr	1.982	-0.5	203.4	-14.1	1.258	-14.5
	May	1.964	-1.0	205.0	-14.5	1.263	-13.9
	Jun	1.966	-1.0	210.2	-13.7	1.264	-14.7
	Jul	1.988	-2.3	212.4	-14.0	1.262	-14.9
	Aug	1.889	-6.1	206.5	-12.0	1.261	-14.6

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

Contact: Edward Beale, x2464 **Updates:** ONS, *SERI*, mid-Oct; *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 have yet to reach a final view about the end point of the cycle. The chart shows outturns for the current budget balance and Treasury forecasts from the 2008 Budget. Net borrowing in total was £35.8bn in 2007/08 and is forecast by the Treasury to reach £43bn in 2008/09, although this will be revised in the Pre-Budget Report in the autumn.

The Government's other fiscal rule requires it to keep public sector net debt below 40% of GDP in each and every year of the current economic cycle. The table shows net debt including Northern Rock. The Government have said that the rule will be assessed looking at debt excluding Northern Rock. On this basis, debt was 38.3% of GDP in Q2, 2008.

Public Sector Net Debt and Borrowing

£ billion & %

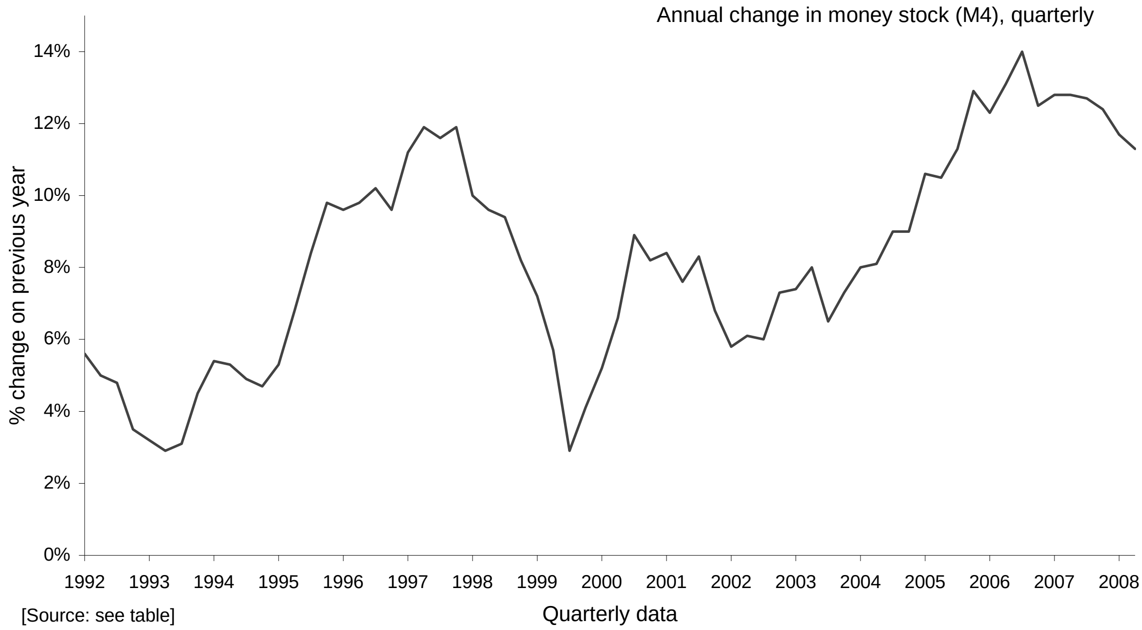
	Net Debt		Net borrowing
	£ billion	% GDP	£ billion
2004/05	422.1	34.6	39.6
2005/06	460.9	35.9	37.8
2006/07	497.9	36.5	30.4
2007/08	621.3	43.4	35.8
2007 Q2	512.9	37.1	15.0
Q3	514.5	36.8	6.4
Q4	634.0	44.8	16.7
2008 Q1	621.3	43.4	-2.3
Q2	641.7	44.3	22.6

Source: ONS database, series: RUTN, RUTO, -ANNX

Note: debt figures include Northern Rock from October 2007

Contact: Dominic Webb, x4324 **Update:** ONS, *Public sector finances,* 20 Oct

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	Aug	5.4	4.6	11.8	13.6
	Sep	6.3	5.5	13.9	12.7
	Oct	7.8	5.4	10.1	11.9
	Nov	6.4	5.4	7.4	11.8
	Dec	4.3	5.8	9.1	12.4
2008	Jan	5.8	6.3	14.9	13.1
	Feb	7.5	6.6	13.7	12.2
	Mar	8.8	6.7	10.5	11.7
	Apr	6.2	6.6	6.3	10.9
	May	4.4	5.9	7.2	10.0
	Jun	3.4	5.7	12.0	11.3
	Jul	3.2	5.8	13.3	11.1
	Aug	1.9	5.0	17.8	11.5

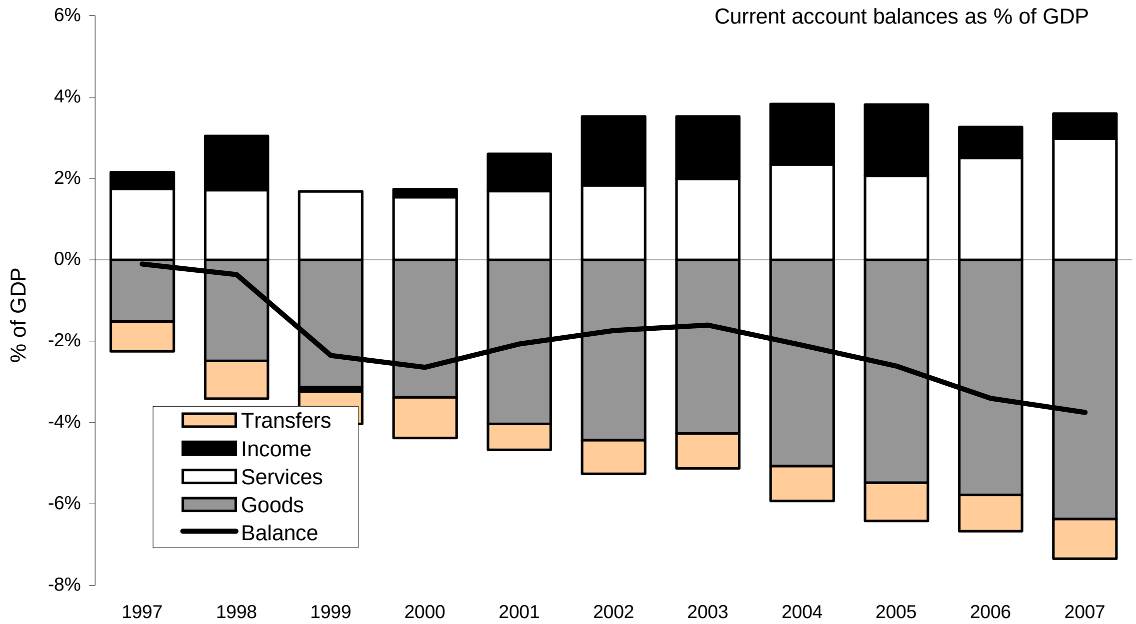
Source: Bank of England, *Monetary and Financial Statistics* September 2008, Tables A1.1.1 and A2.1.1

The table above shows sterling notes and coin in circulation outside the Bank of England. The table also shows 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.

- Seasonally adjusted M4 grew by 11.5% in the 12 months to August 2008. The 12-month seasonally adjusted growth rate of notes and coins was 5.0% in August 2008.
- There are now no formal targets for money supply growth.

Contact: Dominic Webb, x4324 **Update:** Bank of England, *Monetary & Financial Stats*, 29 Oct

E1: UK Overseas Trade



[Source: see table]

Current Account Balances

£ millions; seasonally adjusted

	Trade in goods/services				Transfers			Current
	Goods	Services	Total	Income (total)	Central Gov.	Other	Total	Account Balance
2004	-60,900	28,146	-32,754	17,830	-8,048	-2,228	-10,276	-25,200
2005	-68,589	25,875	-42,714	21,872	-9,343	-2,506	-11,849	-32,691
2006	-76,312	33,108	-43,204	10,097	-9,502	-2,422	-11,924	-45,031
2007	-89,252	41,772	-47,480	8,606	-9,817	-3,877	-13,694	-52,568
2007 Q2	-20,286	9,899	-10,387	1,056	-2,064	-1,017	-3,081	-12,412
Q3	-23,448	10,482	-12,966	58	-2,032	-937	-2,969	-15,877
Q4	-24,050	11,473	-12,577	8,168	-3,510	-1,028	-4,538	-8,947
2008 Q1	-23,197	11,094	-12,103	10,486	-2,465	-1,410	-3,875	-5,492
Q2	-23,140	11,113	-12,027	4,516	-2,119	-1,357	-3,476	-10,987

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

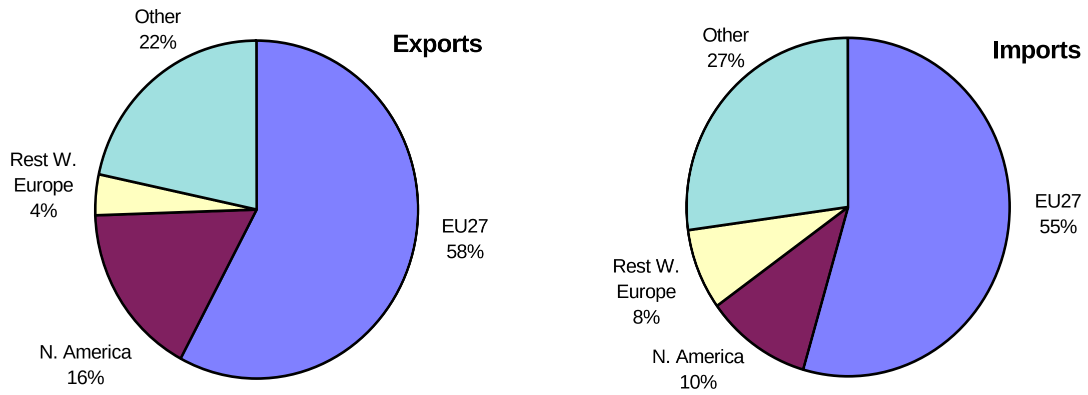
- **Annually**, the current account deficit in 2007 was £52.6 billion, equivalent to -3.8% of GDP. The surplus on income narrowed between 2006 and 2007 and the services surplus widened, while the deficits on goods trade and transfers widened.
- On a **quarterly** basis, the current account deficit was estimated at £11.0 billion in Q2 2008, widening from the Q1 2008 deficit of £5.5 billion. Between Q1 2008 and Q2 2008 the surplus on services widened while the deficit on goods narrowed slightly.
- In 2007 the **annual** current account deficit with EU27 countries was £39.5 billion, compared with a deficit with non-EU countries of £13.0 billion. On a **quarterly** basis, the deficit with EU countries was £6.7 billion in Q2 2008 (compared with £7.85 billion in Q1 2008). With non-EU countries, the current account was in deficit by £4.3 million in Q2 2008 (compared with a surplus of £2.4 billion in Q1 2008).

Contact: Grahame Allen, x3977 **Updates:** ONS, *UK Balance of Payments*, 23 Dec; *UK Trade*, 9 Oct

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	190,874	251,774	-60,900
2005	111.0	114.6	211,608	280,197	-68,589
2006	125.2	127.5	243,635	319,947	-76,312
2007	110.2	122.1	220,703	309,955	-89,252
2007 Q2	110.1	118.9	54,653	74,939	-20,286
Q3	111.9	125.3	55,883	79,331	-23,448
Q4	110.1	124.2	56,873	80,923	-24,050
2008 Q1	111.5	122.2	60,042	83,239	-23,197
Q2	112.6	121.7	64,035	87,175	-23,140

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

- In July, the provisionally estimated total value of UK goods exports was £22.5 billion and the total value of UK goods imports was £30.2 billion. As a result, the estimated deficit on goods trade was £7.7 billion, lower than the June level of £8.0 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 £3.0 billion in July (compared with £3.2 billion in June), while the deficit with non-EU countries was £4.7 billion (compared with £4.8 billion in June).

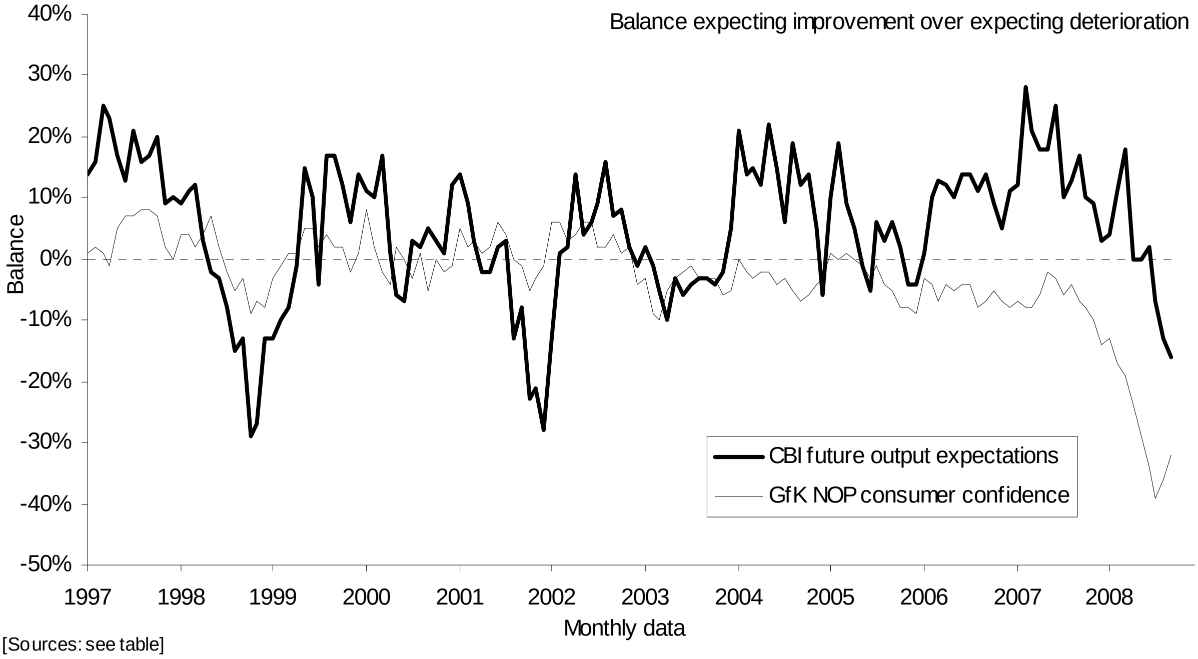
- The UK's monthly surplus on trade in **services** was £3.1 billion in July, slightly higher than the June total of £3.0 billion.

- The UK's overall monthly deficit on **goods and services combined** in July was £4.6 billion, down from £5.0 billion in June.

Contact: Grahame Allen, x3977 **Update:** ONS, *UK Trade*, 9 Oct

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:

- Manufacturers' expectations of output over the next three months were pessimistic in September. A balance of 16% of firms thought output would decrease over the next three months - the weakest balance since December 2001.
- A balance of 23% of survey respondents said they expect an increase in prices in the next three months, eight points down on August.
- A balance of 26% of firms rated their total order book as below normal (25% for export orders, a fall from 9% in August).

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 showed a small improvement in September, but was still 25 points below the figure in September 2007.
- This month, GfK NOP carried out an additional wave of surveys over the weekend 19-21 September to assess how financial market upheaval had affected the index. This wave showed that confidence had fallen back to August levels.
- All measures in the index improved on the main September survey, apart from personal finances over the last 12 months.

Output Expectations & Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

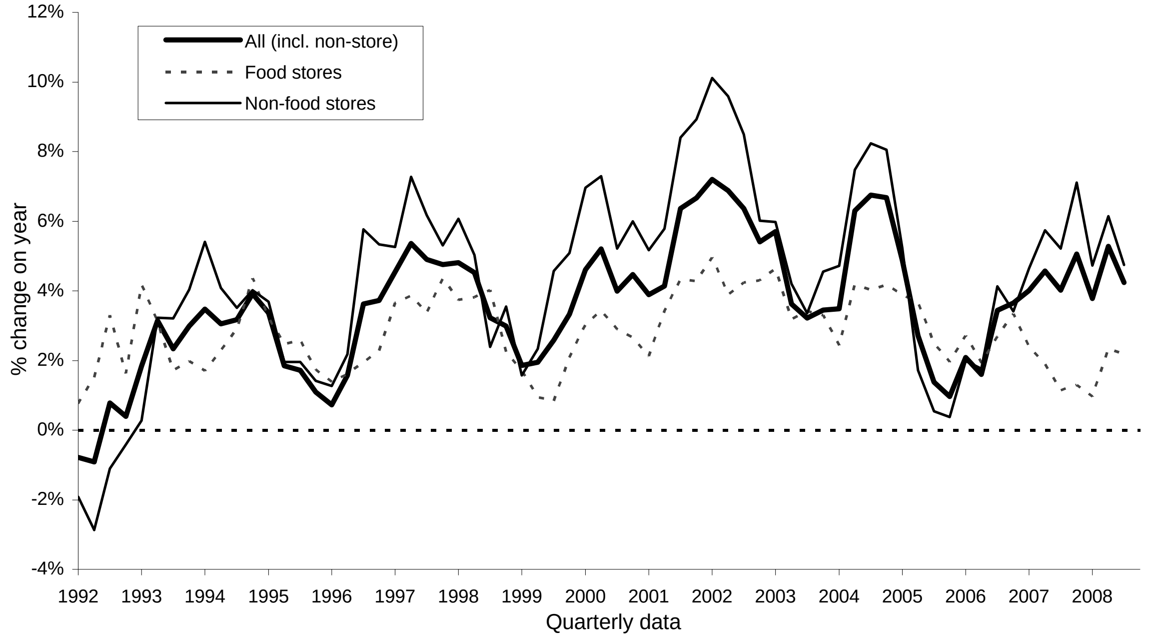
		Future output expectations (CBI)	Consumer confidence (GfK)
2007	Sep	+17	-7
	Oct	+10	-8
	Nov	+9	-10
	Dec	+3	-14
2008	Jan	+4	-13
	Feb	+11	-17
	Mar	+18	-19
	Apr	0	-24
	May	0	-29
	Jun	+2	-34
	Jul	-7	-39
	Aug	-13	-36
	Sep	-16	-32

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*, 31 Oct; CBI, *Industrial Trends* (Monthly), mid Oct

F2: Retail Sales

Volume of retail sales, quarterly (seasonally adjusted)



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

- The total *volume* of retail sales in the three month period June-August 2008 was 0.8% lower compared with the previous three months (although the ONS has advised caution in interpreting this given the record rise in retail sales recorded in May 2008), and was 2.5% higher than in the same three-month period in the previous year (seasonally adjusted).
- Total weekly retail sales volumes in August 2008 were 3.4% higher than in August 2007. The volume of retail sales increased by 1.2% between July and August 2008 (all seasonally adjusted).
- Retail sales volumes in stores selling primarily food increased by 0.6% in June-August 2008 compared with the same three months a year earlier. For predominantly non-food retailing stores the increase was 2.9 % over the same period (all seasonally adjusted).

Value of Retail Sales

% change on year; non-seasonally adjusted

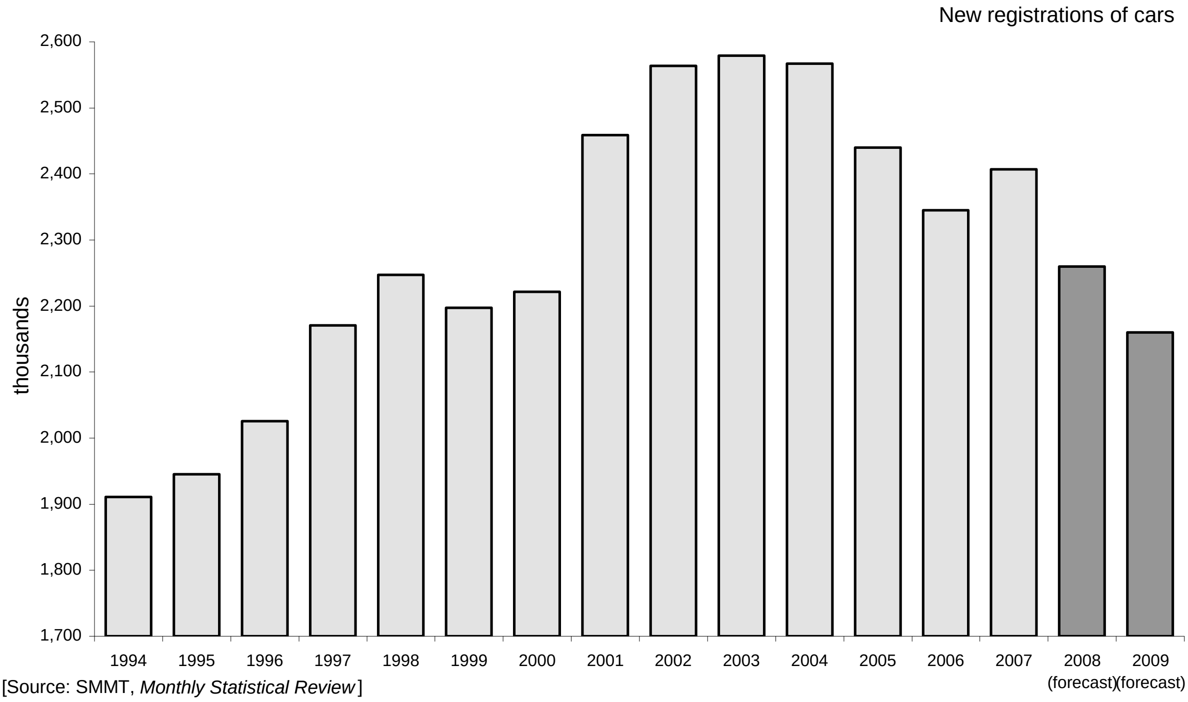
	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
2005	3.1	2.2	-1.5	-1.5	0.9
2006	3.5	3.5	2.5	1.3	2.8
2007	2.2	3.9	5.6	4.3	3.6
2007 Q2	2.7	4.6	6.5	5.3	4.3
Q3	1.2	5.2	6.4	4.6	3.6
Q4	0.9	1.0	3.2	5.1	2.3
2008 Q1	2.7	3.1	1.5	15.6	5.1
Q2	3.1	0.6	-2.2	13.5	3.8

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

- On a monthly basis, the average weekly *value* of retail sales in August 2008 was £5.1 billion, a 3.9% increase from August 2007 (non-seasonally adjusted).
- The quarterly growth figures for the value of 'other non-food' in the table above is partly affected by changes in the categorisation of some products by reporting retailers.

Contact: Ian Townsend, x2042 **Update:** ONS, *Retail Sales: First Release*, 23 Oct

F3: New Car Registrations



[Source: SMMT, *Monthly Statistical Review*]

Figures from the Society of Motor Manufacturers & Traders (SMMT) show that new car registrations decreased by 21.2% in September 2008, compared with the previous September, to 330,295 units (excluding taxi registrations).

- The number of new registrations of cars was just over 2.4 million units in 2007.
- New registrations of cars are forecast to fall by 6.1% in 2008 and then fall by a further 4.4% 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

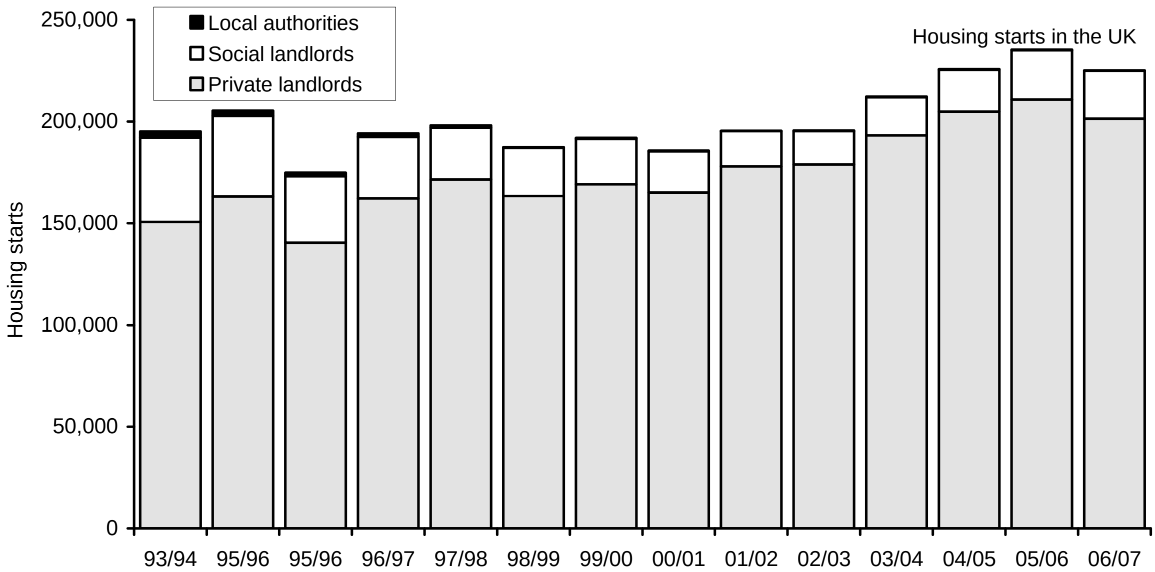
			Number ('000s)	Change over 12 months
2007			2,407	2.5
2008	(forecast)		2,260	-6.1
2009	(forecast)		2,160	-4.4
2007	Aug		78	-0.3
	Sep		420	1.4
	Oct		167	8.6
	Nov		159	2.3
	Dec		138	3.2
2008	Jan		166	0.0
	Feb		70	-5.4
	Mar		452	0.5
	Apr		176	3.2
	May		179	-3.6
	Jun		209	-6.2
	Jul		154	-13.0
	Aug	(a)	63	-18.6

Source: SMMT, *Monthly Statistical Review and website*

Note: (a) data includes registrations of taxis, except for latest month. Latest % change relates to cars only.

Contact: Ed Potton, x2883 **Update:** SMMT, *New Car Registrations*, 6 Oct

F4: Housebuilding and prices



[Source: DCLG, Live table 208]

Data on housing starts from the Department for Communities and Local Government show that there were 67,150 dwellings started in England in the first half of 2008, compared with 86,030 in the first half of 2007. (Figures are not seasonally adjusted).

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

- **Monthly** UK house prices fell by 1.8% in August compared with 1.7% in July and 1.9% in June.
- **Annual** house prices in August were 10.9% lower on an annual basis.
- **Quarterly** house prices were 6.1% lower in quarter 2 of 2008 compared with the same quarter of 2007.
- Regionally, the Halifax data show that in Q2 2008 house prices fell in all regions compared with Q2 2007. The largest fall was in Northern Ireland, where prices fell 21.1% and the North with a fall of 11.1%. The best performing regions were Scotland and Wales with falls of 2.1% and 2.9% respectively. (data 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
average house prices, £					
2007	Q2	199,000	190,100	200,200	151,900
	Q3	200,600	187,800	201,900	151,000
	Q4	196,000	198,900	195,500	148,000
2008	Q1	191,900	196,000	191,600	147,800
	Q2	187,000	198,000	185,500	144,300
% change over same period in previous year					
2007	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
2008	Q1	1.1	3.9	0.4	4.1
	Q2	-6.1	4.2	-7.4	-5.0

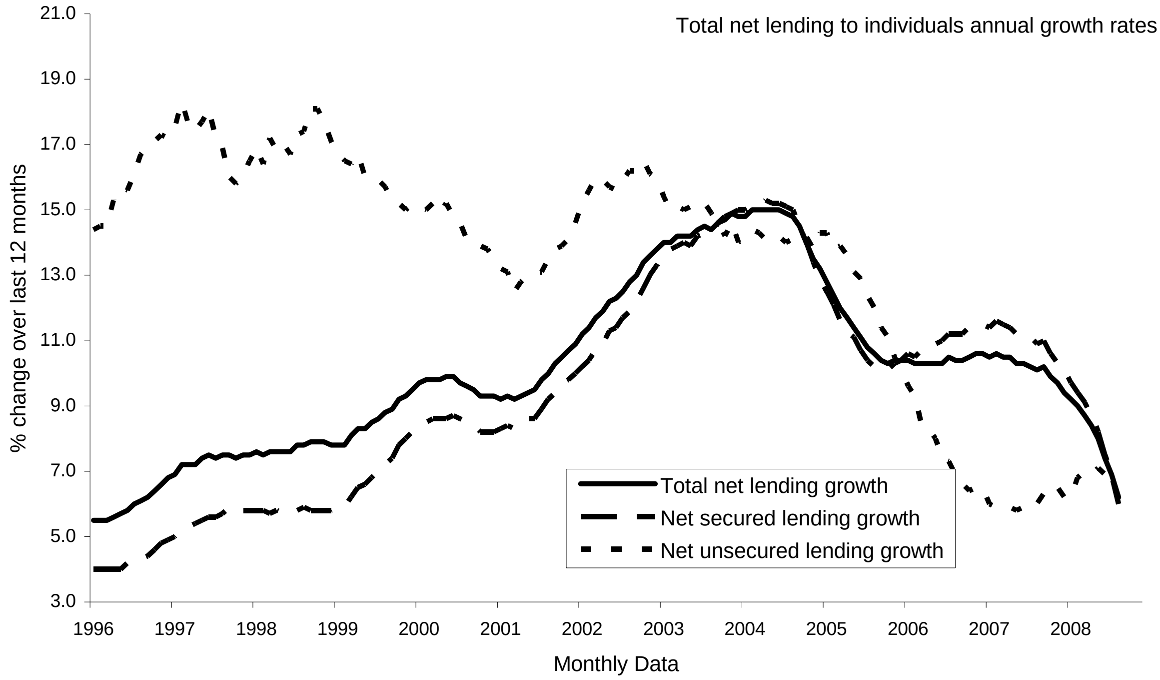
Source: HBOS*, Halifax House Price Index*

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 stood at £217,171 in July 2008, up from £215,029 in June. **Annual** house price inflation in July was -0.3%, down from +0.6% in June 2008.
- Regionally, **annual** house price inflation in July was highest in Scotland (3.6%) and lowest in Northern Ireland (-10.3%).

Contact: Bryn Morgan, x4904 **Updates:** Halifax *House Prices*, early Oct; DCLG, *House Prices*, 14 Oct; *House-building*, Oct

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	Aug	844,980	192,651	1,037,631	15.0	14.1	14.8
2005	Aug	932,544	208,789	1,141,333	10.2	12.0	10.6
2006	Aug	1,036,151	212,245	1,248,396	11.2	6.9	10.4
2007	Aug	1,148,735	216,171	1,364,907	10.9	6.0	10.1
	Nov	1,179,035	220,502	1,399,537	10.3	6.5	9.7
2008	Feb	1,193,931	229,849	1,423,780	9.4	6.8	9.0
	May	1,208,816	232,119	1,440,934	8.2	7.1	8.0
	Aug	1,216,330	231,794	1,448,124	6.0	6.8	6.2

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

- Total net outstanding lending to individuals was £1,448 billion at the end of August 2008 (seasonally adjusted).
- Total net lending to individuals grew by 0.1% in August 2008 compared with the previous month, and grew by 6.2% on an annual basis (all seasonally adjusted); the annual growth rate is 0.7 percentage points lower than in July 2008.
- Of the £1.4 billion increase in net lending in August 2008, £0.1 billion was mortgage borrowing and £1.2 billion was consumer credit (seasonally adjusted).

Contact:	Ed Potton, x2883	**Update:**	Bank of England, *Lending to Individuals*, 29 Oct
Contact:	Edward Beale, x2464	**Updates:**	ONS, *SERI*, mid-Oct; *Sterling Exchange Rates*, daily

IV 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 (coloured text is a hyperlink to the source)
A1	**Gross Domestic Product**	Office for National Statistics (ONS), releases: *Preliminary GDP Estimates*; *Quarterly National Accounts*; *UK output, income & expenditure*; HM Treasury, *Forecasts for the UK Economy*
A2	**GDP: ICs**	**Gross Domestic Product:** Organisation for Economic Co-operation and Development (OECD), *Main Economic Indicators*; **Growth Forecasts:** OECD, *Economic Outlook*
A3	**GDP by Industry**	ONS, *UK Output, income and expenditure*, *Quarterly National Accounts*/*GDP preliminary estimate* releases HM Treasury, *Forecasts for the UK economy*
A4	**Investment**	ONS Database & ONS, *Business Investment* release
A5	**Productivity**	ONS, *Productivity* release
B1	**Prices**	ONS, *Consumer Price Indices* release
B2	**Prices: International Comparisons**	**CPI:** OECD, *Main Economic Indicators;* **EU data:** Eurostat news release and database
B3	**Average Earnings Index**	ONS Database & ONS, *Labour Market Statistics* release
C1	**Employment**	ONS Database & ONS, *Labour Market Statistics* release
C2	**Unemployment: National**	ONS, *Labour Market Statistics* release and *Labour Market Statistics First Release Historical Supplement* (via Virtual Bookshelf); **Commentary:** Department for Work and Pensions (DWP) *Quarterly Working Age Statistics for New Deal for Young People & Long-term Unemployed* (table 6);
C3	**Unemployment: Regional**	ONS, *Labour Market Statistics* release
C4	**Unemployment: International Comparisons**	**Data:** OECD, *Main Economic Indicators* **Commentary:** OECD, *Main Economic Indicators* & *Economic Outlook*
D1	**Interest Rates**	**UK:** Bank of England, Monetary Policy Committee decisions & minutes.
		US: Federal Reserve, Federal Open Market Committee decisions **ECB:** European Central Bank news releases **Short term interest rates (graph):** OECD; *Main Economic Indicators*; **International interest rates:** *Financial Times*, Companies & Analysis section, “Currencies, Bonds & Interest Rates” page
D3	**Exchange Rates**	**Effective and sterling exchange rates:** ONS Database; **Euro spot rate:** *Financial Times*

Indicator		Source details (coloured text is a hyperlink to the source)
D4	**Public Finances**	**Data:** ONS, *Public Sector Accounts* or *Public Sector Finances*; ONS database **Forecasts of budget surplus:** HM Treasury, *Pre-Budget Report*, table B2 or *Budget Red Book*, table C2.
D5	**Money Supply**	**Bank of England:** Bankstats, tables A 1.1 and A 2.2.1; and ONS Database.
E1	**International Trade**	**Data:** ONS Database; **Commentary:** ONS, *Balance of Payments*
E2	**Trade in Goods**	**Data:** ONS Database; **Commentary:** ONS, *UK Trade*;
F1	**Survey Indicators**	**Future Output Expectations/Quarterly Business Confidence:** Confederation of Business Industry (CBI), *Economic and Business Outlook* and *Quarterly Industrial Trends Survey* press releases; **Consumer Confidence:** GfK NOP *Consumer Confidence Barometer*;
F2	**Retail Sales**	ONS, *Retail Sales* release
F3	**New Car Registrations**	Society of Motor Manufacturers and Traders, *Monthly Statistical Review* (in Library holdings)
F4	**Housing**	**Department for Communities and Local Government (DCLG, formerly Office of the Deputy Prime Minister) UK Housing Starts:** table 201; **DCLG House building statistics**: statistical release; **Halifax House Price data:** housing research page; **DCLG Experimental House Prices:** statistical release
F5	**Consumer Debt**	**Bank of England** *Lending to Individuals and* database:

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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

Definitions[55]

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

55 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.