



RESEARCH PAPER 09/01
09 JANUARY 2009

Economic Indicators, January 2009

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 edition is an indicator-only edition.

Next publication date: 3 February 2009

Bryn Morgan (editor)

ECONOMIC POLICY AND STATISTICS SECTION

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I Introduction to *Economic Indicators*

Economic Indicators research papers are published on the **first Tuesday** of the month. Individual indicators are updated and made available through the Library's intranet both under the relevant subject page headings, and collectively on the *Economic Indicators* subject page.¹ A weekly email alert for updated indicators is available on request.

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

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.

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	Bryn Morgan	4904
Incomes	Ian Townsend	2042
Industries	Ed Beale/Ian Townsend	2464/2042
National accounts	Dominic Webb	4324
International development	Edward Beale	2464
International economies	Ian Townsend	2042
Prices & interest rates	Dominic Webb	4324
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Taxation	Bryn Morgan	4904
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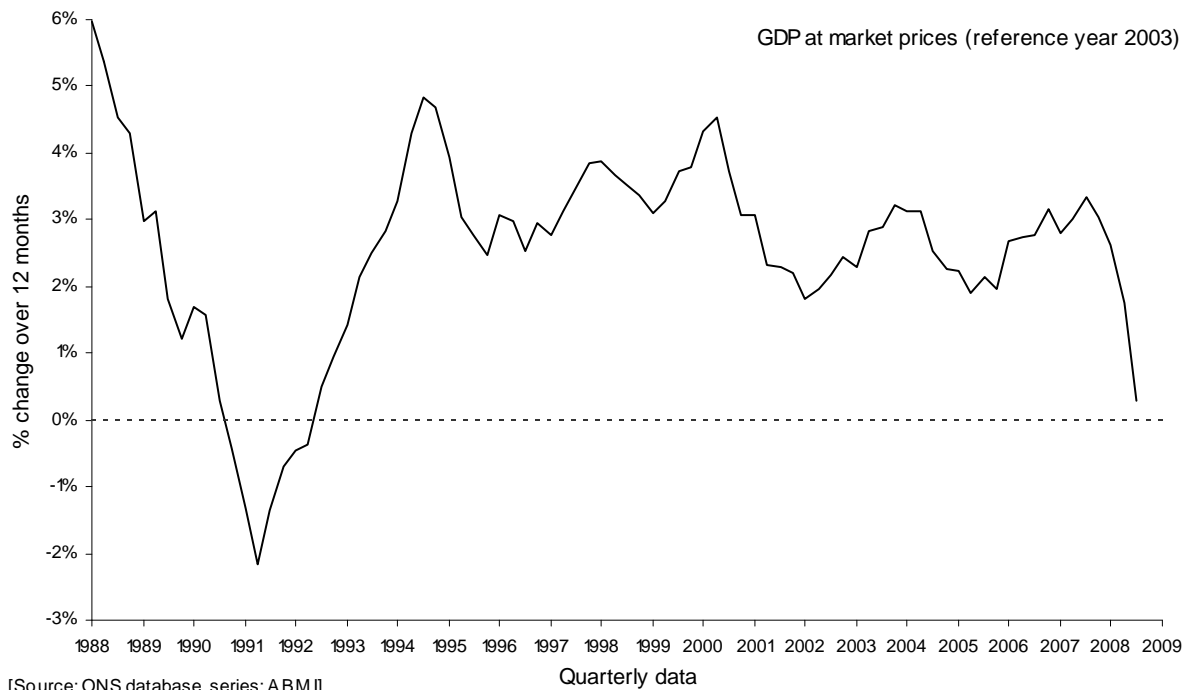
Members and their staff and are also free to contact the named persons on each indicator page for updates during normal hours.³

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 Oriel 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	% change	
	On year		On year	Quarter on quarter
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 Q3	353.6	6.2	3.3	0.8
Q4	357.3	5.8	3.0	0.6
2008 Q1	361.9	5.6	2.6	0.4
Q2	362.9	4.1	1.7	0.0
Q3	361.9	2.3	0.3	-0.6

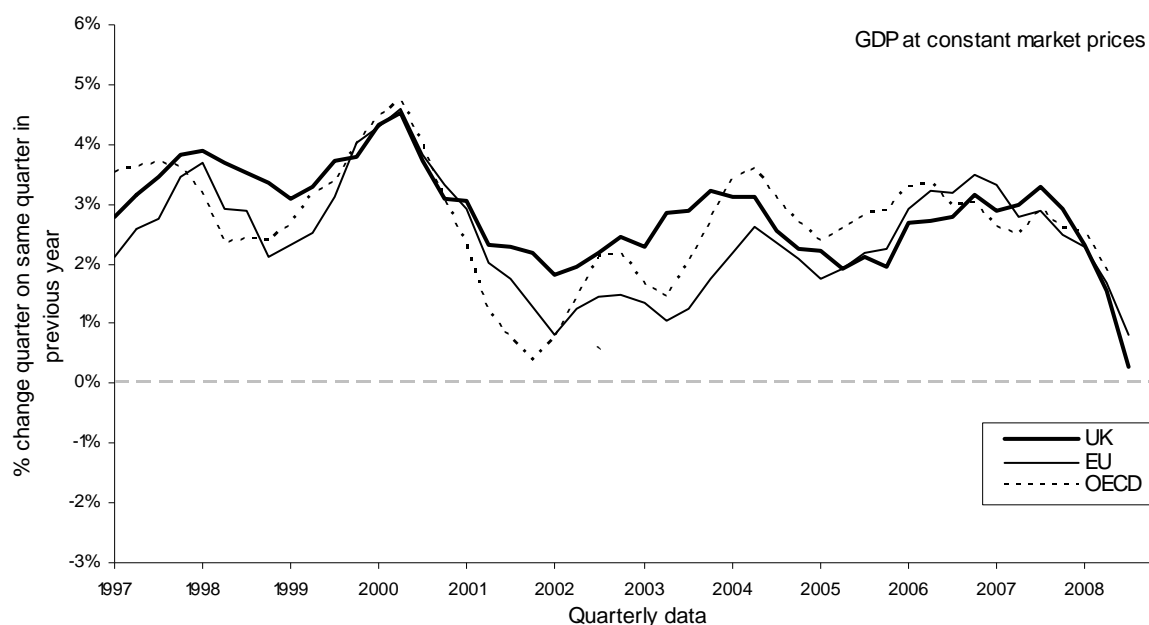
Source: ONS database, series: YBHA, ABMI

- The chained volume measure of gross domestic product (GDP) at market prices was estimated to be 0.6% lower in Q3 2008 compared to Q2 2008. This is the first quarter on quarter period of negative growth since 1992 Q2. This figure has been revised down from a previous estimate of 0.5%.
- Compared with the same quarter in the previous year (Q3 2008 on Q3 2007) the chained volume measure of gross domestic product (GDP) at market prices is estimated to be 0.3% higher.
- In December 2008, HM Treasury's average of independent economic forecasts of GDP growth for 2008 was 0.8%, down from 0.9% in November. The average growth forecast for 2009 was -1.5% in December.

Contact: Grahame Allen, x3977

Updates: HM Treasury, *Forecasts for the UK Economy*, 21 Jan; ONS, *Quarterly National Accounts*, 23 Jan

A2: GDP: International Comparisons



[Source: OECD, *Main Economic Indicators*]

GDP at constant market prices

% changes

	% change on year				% change quarter on previous quarter						
	2004	2005	2006	2007	2007				2008		
					Q1	Q2	Q3	Q4	Q1	Q2	Q3
US	3.6	2.9	2.8	2.0	0.0	1.2	1.2	0.0	0.2	0.7	-0.1
Japan	2.7	1.9	2.4	2.2	0.9	-0.3	0.6	0.4	0.6	-0.9	-0.1
Canada	3.1	2.9	3.1	2.7	1.0	1.0	0.6	0.2	-0.1	0.2	0.3
United Kingdom	2.8	2.1	2.8	3.0	0.9	0.8	0.8	0.5	0.3	0.0	-0.5
Germany	1.2	0.8	3.0	2.5	0.4	0.4	0.6	0.3	1.4	-0.4	-0.5
France	2.5	1.9	2.2	2.2	0.6	0.6	0.7	0.3	0.4	-0.3	0.1
Italy	1.5	0.6	1.8	1.5	0.3	0.1	0.2	-0.4	0.5	-0.4	-0.5
Eurozone	1.9	1.8	3.0	2.6	0.7	0.5	0.6	0.3	0.7	-0.2	-0.2
G7	2.9	2.3	2.7	2.2	0.4	0.7	0.9	0.1	0.4	0.1	-0.2
OECD	3.3	2.7	3.1	2.7	0.6	0.8	0.9	0.4	0.5	0.1	..

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

- In Q3 2008, negative growth was seen in the UK, Germany, Italy (all -0.5%), the US and Japan (both -0.1%) and the G7 and the Eurozone (both -0.2%)
- In November, the IMF revised its October growth forecasts downwards for many countries. It now expects negative annual growth in 2009 in the UK (-1.3%), the US (-0.9%), Germany (-0.8%), Spain (-0.7%), Italy (-0.6%), France (-0.5%), and Japan (-0.2%)
- The OECD has also revised its 2009 growth forecasts downwards. Negative growth is now expected in the UK, the US, Japan, the Eurozone and the OECD as a whole.

OECD growth forecasts (% change on year)

	2008	2009	2010
US	1.4	-0.9	1.6
Japan	0.5	-0.1	0.6
United Kingdom	0.8	-1.1	0.9
Eurozone	1.0	-0.6	1.2
OECD	1.4	-0.4	1.5

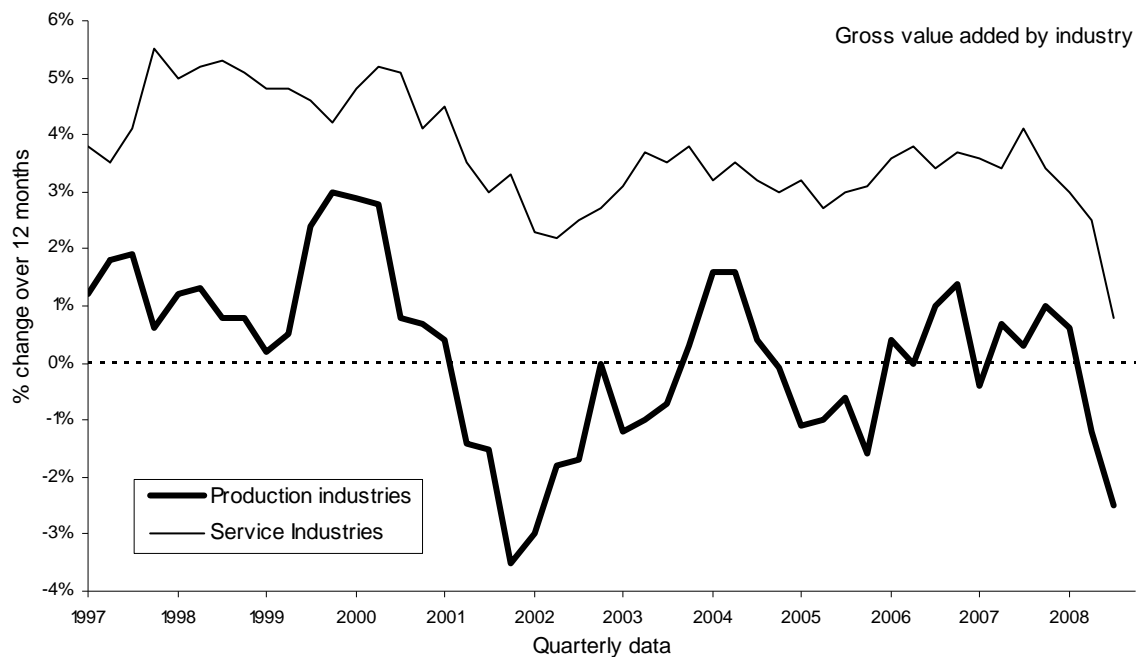
Source: OECD, *Economic Outlook (preliminary)*, Nov 2008, p82

Contact: Ian Townsend, x2042

Update: OECD, *Main Economic Indicators*, 12 Jan

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 0.8%. Between the second and third quarter of 2008 annual output growth in the service sector decreased by 1.7 percentage points.

Gross value added at current basic prices

% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing, Construction	
	Total	Manufacturing			
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 Q3	0.3	0.2	4.1	-6.0	2.9
Q4	1.0	0.4	3.4	-3.8	2.7
2008 Q1	0.6	1.0	3.0	-0.8	3.6
Q2	-1.2	-0.9	2.5	0.4	2.0
Q3	-2.5	-2.3	0.8	1.1	1.3

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

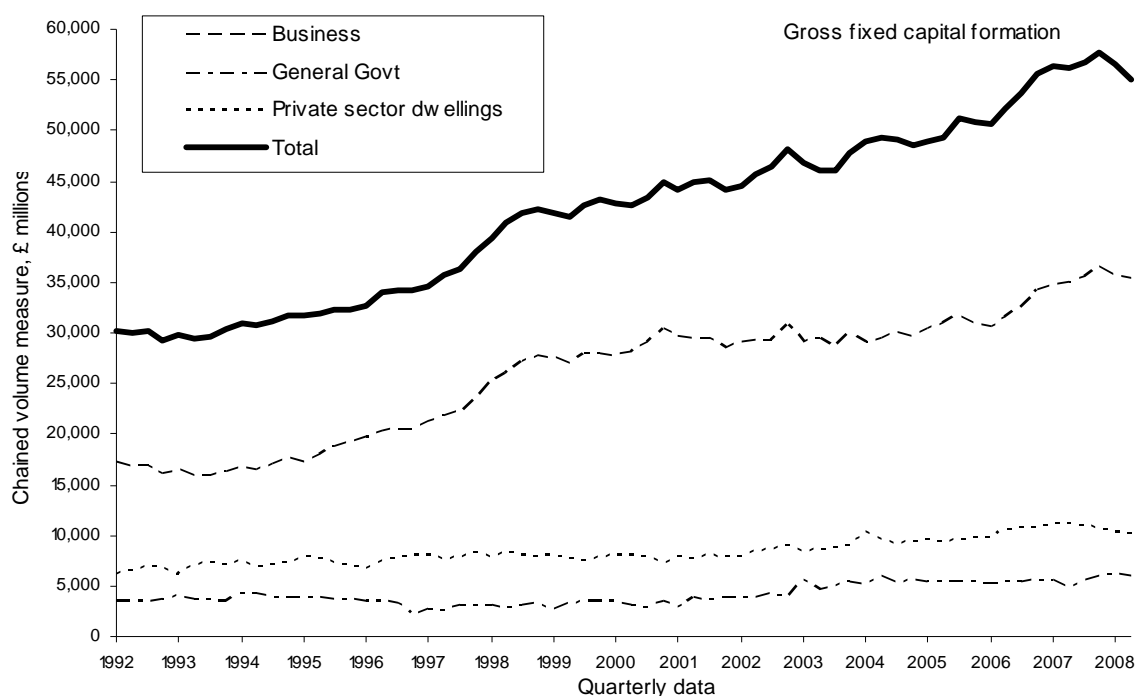
- Manufacturing output decreased by 2.3% in the third quarter of 2008 compared with the same quarter in 2007, and manufacturing output increased by 0.6% overall in 2007.
- In 2006, services accounted for 76% of gross value added, manufacturing for 13%, other production industries (mining & quarrying, and electricity, gas & water supply) for 4%, construction for 6% and agriculture, hunting and fishing for 1%.

Contact: Ed Potton, x2883

Update: ONS, *Preliminary GDP Estimates–Q4*, 23 Jan

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	15,228	71,934	78,178	46,945	15,135	227,421
2007 Q3	3,897	17,758	19,933	11,758	3,772	57,118
Q4	3,627	18,646	20,445	11,389	3,789	57,897
2008 Q1	3,703	17,183	20,365	11,072	3,844	56,167
Q2	3,817	17,959	19,326	10,717	3,855	55,674
Q3	3,475	18,098	18,529	10,107	3,880	54,089

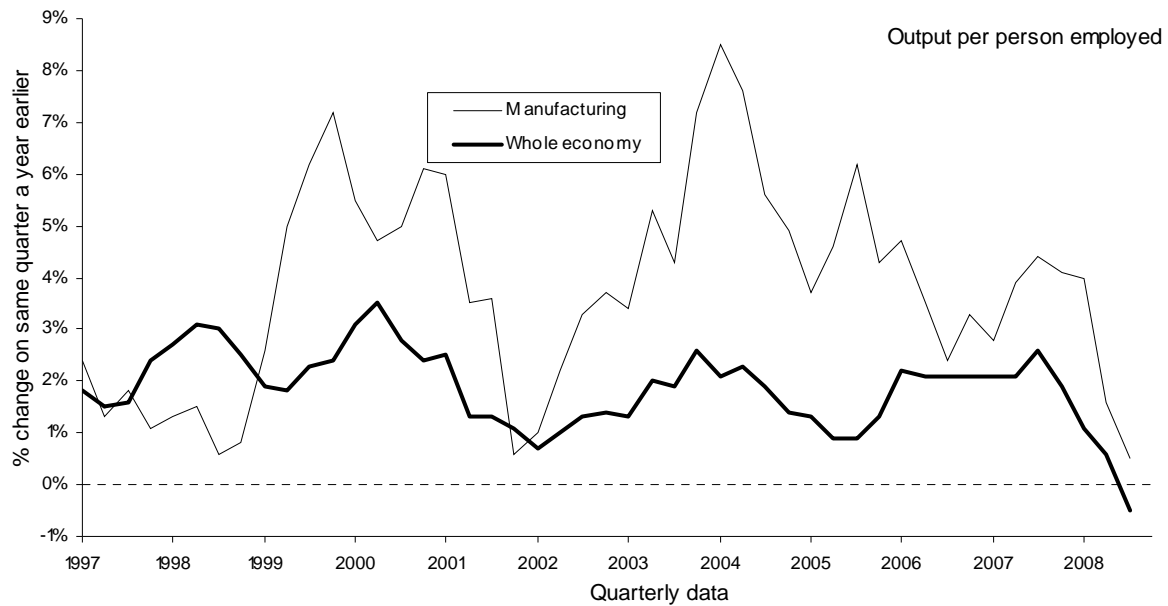
Source: ONS database, series: DLWL, DLWO, DLWT, DFEG, EQDO, NPQT

- Total business investment decreased by 1.3% in Q3 2008 compared with the previous quarter and by 0.1% compared with Q3 2007 on a seasonally adjusted basis.
- Total manufacturing investment increased by 2.3% in Q3 2008 compared with the previous quarter while investment in private sector services decreased by 1.3% on a seasonally adjusted basis.

Contact: Dominic Webb, x4324

Update: ONS, *Business Investment*, 24 Feb

A5: Productivity



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

Productivity

% changes on year; seasonally adjusted

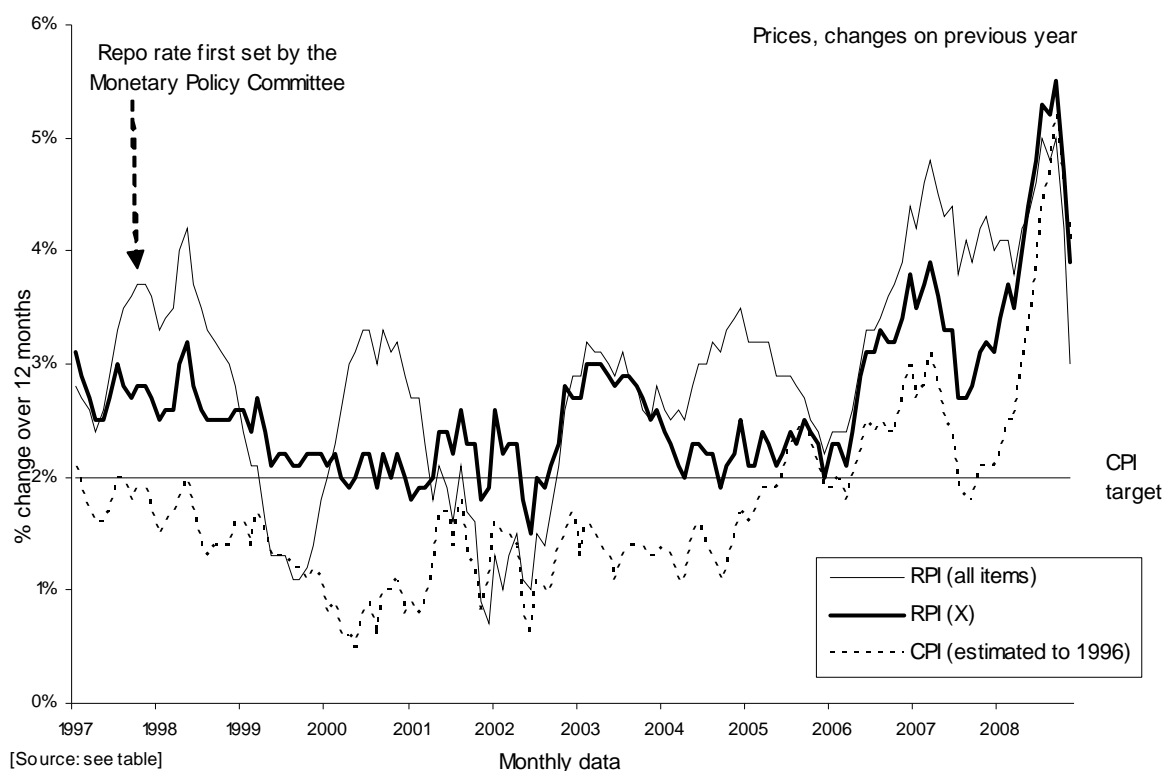
	Manufacturing			Whole Economy		
	Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
2005	-0.2	-4.6	4.7	2.1	1.0	1.1
2006	1.8	-1.6	3.5	2.9	0.8	2.1
2007	0.6	-3.1	3.8	3.0	0.8	2.2
2007 Q2	0.8	-3.0	3.9	2.9	0.6	2.1
Q3	0.2	-4.0	4.4	3.3	0.7	2.6
Q4	0.4	-3.6	4.1	2.9	1.0	1.9
2008 Q1	1.0	-2.9	4.0	2.6	1.4	1.1
Q2	-0.9	-2.5	1.6	1.9	1.3	0.6
Q3	-2.3	-2.8	0.5	0.3	0.8	-0.5

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

- Productivity growth in manufacturing was 0.5% per annum in Q3 2008 compared to 1.6% per annum in the previous quarter, while whole economy productivity growth decreased from 0.6% per annum in Q2 2008 to -0.5% per annum in Q3 2008.
- For the economy as a whole, productivity growth has averaged 1.5% per annum over the last eight quarters. Figures on this page are based on output per job.
- 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 3.1%, while manufacturing output per head rose by 3.8%.

Contact: Ed Potton, x2883

Update: ONS, *Productivity*, 31 Mar

B1: Prices

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 November, the consumer prices index (CPI) showed inflation at 4.1%, down from 4.5% in October. This is the seventh month in a row in which the CPI has been more than 1 percentage point greater than the inflation target, however the rate has fallen for the last two months.
- The largest downward effect on the CPI came from came from transport costs due to a fall in the price of fuels and lubricants. There was another large downward contribution from housing and household services.
- The largest upward contribution to the CPI annual rate came from food and non-alcoholic beverages.
- The former headline (all items RPI) rate of inflation was 3.0% in November, down from 4.2% in October. The underlying RPI(X) also fell to 3.9% in November from 4.7% in October.
- The largest downward effect on the RPI came from motoring expenditure again due to a fall in the cost of petrol and oil.

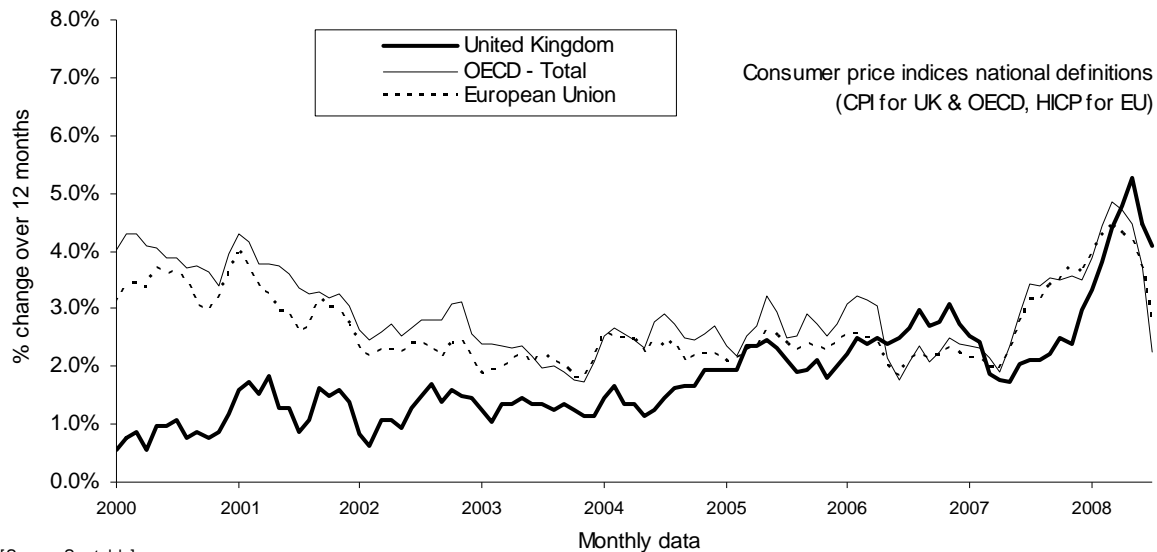
Price Indices

% 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 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
Sep	5.2	5.0	5.5
Oct	4.5	4.2	4.7
Nov	4.1	3.0	3.9

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

B2: Prices: International Comparisons



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 1.1% in November 2008, a decrease of 2.6 percentage points from October and 4.5 percentage points below the July 2008 figure;
- The average annual inflation rate for all OECD countries in November was 2.3%, down from 3.7% in October;
- The EU's average inflation rate, based on harmonised indices of consumer prices (in the chart above, but not in the table), was 2.1% in November.

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 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	4.7	3.8
Sep	3.3	3.0	3.9	5.2	3.6
Oct	3.0	2.5	3.6	4.5	3.2
Nov	1.9	1.4	2.7	4.1	2.1

Source: Eurostat database, Dec 2008

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 Jun	5.0	3.1	2.0	3.8	4.4
Jul	5.6	3.4	2.3	4.4	4.9
Aug	5.4	3.5	2.1	4.8	4.7
Sep	4.9	3.4	2.1	5.2	4.5
Oct	3.7	2.6	1.7	4.5	3.7
Nov	1.1	2.0	1.0	4.1	2.3

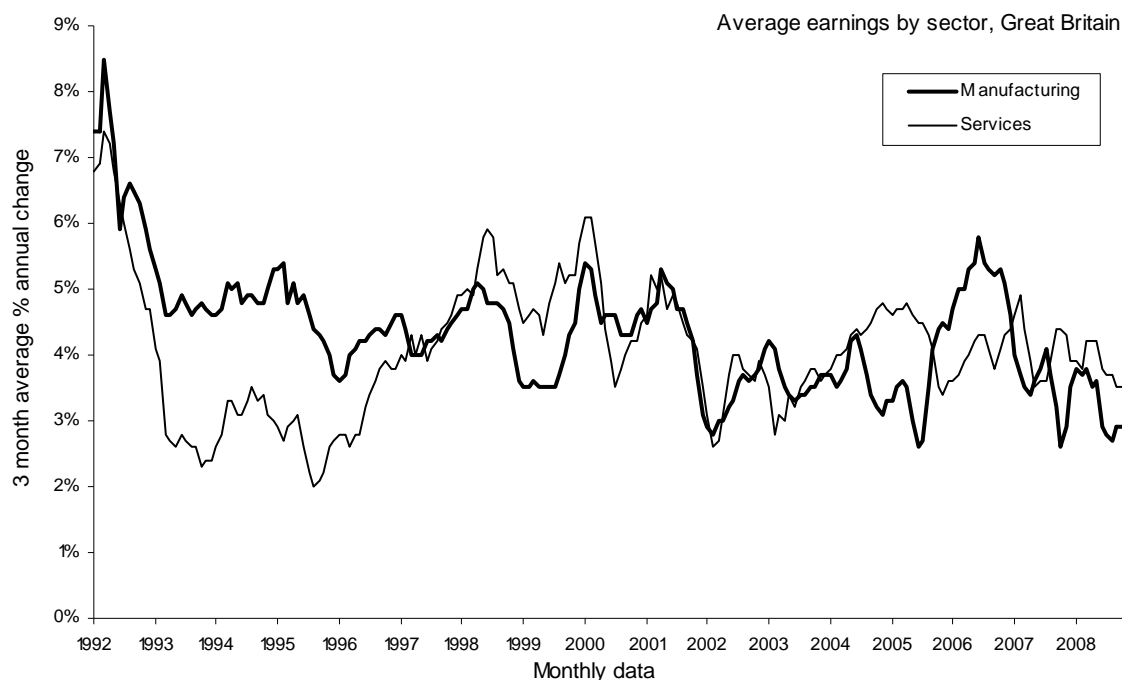
Source: OECD, Consumer Prices Release

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

- Eurozone annual inflation was 2.1% in November 2008. The preliminary estimate for December 2008 indicates that eurozone annual inflation was 1.6%, down 0.5 percentage points on the previous month.
- The monthly HICP inflation rates in November for the EU15 Member States not in the eurozone were 2.4% in Sweden, 2.8% in Denmark and 4.1% in the UK.
- The eurozone countries with the highest monthly HICP annual inflation rates in November were Malta (4.9%) and Finland (3.5%). The lowest rates were in Germany and Portugal (both 1.4%).

Contact: Bryn Morgan, x4904

Updates: OECD, *Consumer prices release*, early Feb
Eurostat, *Euro-indicators news release*, 15 Jan

B3: Average Earnings Index

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

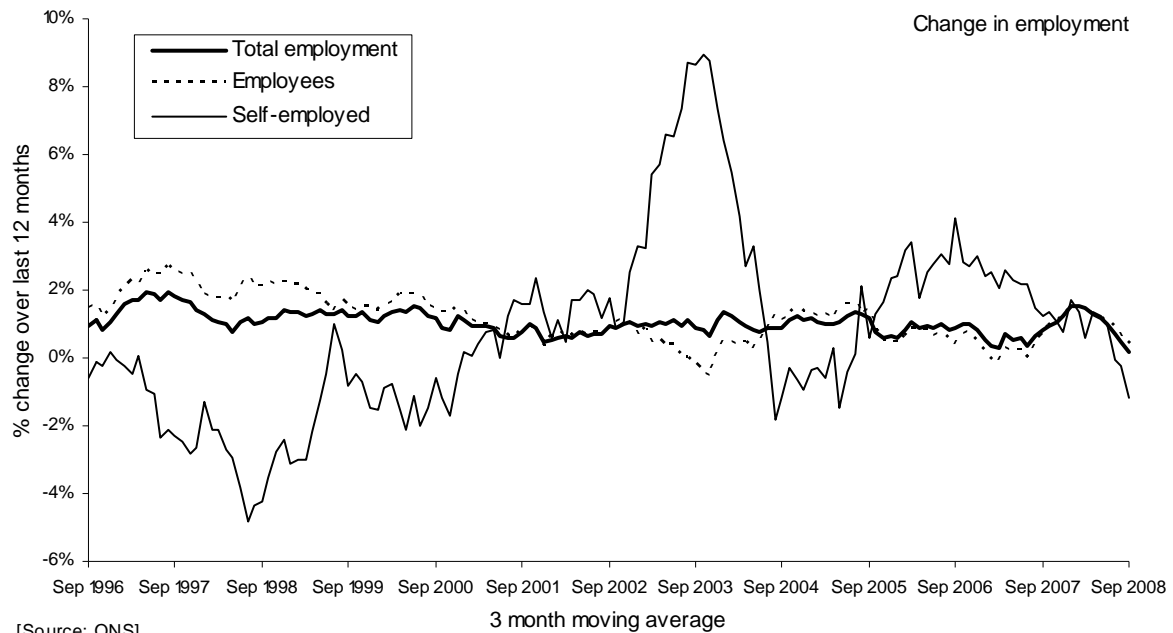
- The headline rate of growth in average earnings for the whole economy in October was 3.3%, unchanged from September.
- Headline average earnings growth in manufacturing was 2.9% in October, compared with 3.5% in the service sector; both were unchanged from the previous month.
- Headline earnings growth in the private sector was 3.2% in October, compared with 3.8% in the public sector. Earnings growth in the private sector was unchanged from September, while earnings growth in the public sector was down from 3.9% in September.
- Earnings are currently growing at a slower rate than they were a year ago (the headline rate in October 2007 was 4.1%).
- In the year to October, the consumer price index showed inflation above the rate of earnings growth at 4.5%.

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

	Headline rate		
	Whole Economy	Private Sector	Public Sector
2004 Oct	4.7	4.7	4.6
2005 Oct	3.7	3.6	4.5
2006 Oct	4.1	4.3	3.3
2007 Oct	4.1	4.3	3.2
Nov	4.0	4.2	3.2
Dec	3.8	3.9	3.3
2008 Jan	3.9	4.0	3.4
Feb	3.7	3.7	3.7
Mar	4.0	3.9	3.8
Apr	4.0	3.9	3.9
May	3.9	3.9	3.5
Jun	3.5	3.6	3.2
Jul	3.5	3.5	3.3
Aug	3.4	3.4	3.5
Sep	3.3	3.2	3.9
Oct	3.3	3.2	3.8

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
2004 Sep	28,496	24,662	3,610	94	129
2005 Sep	28,831	25,004	3,632	93	102
2006 Sep	29,083	25,102	3,781	99	100
2007 Sep	29,319	25,284	3,827	99	110
2007 Dec	29,454	25,403	3,832	108	110
2008 Mar	29,506	25,445	3,828	113	119
2008 Jun	29,491	25,442	3,835	101	113
2008 Sep	29,377	25,395	3,782	96	104

Changes (%):

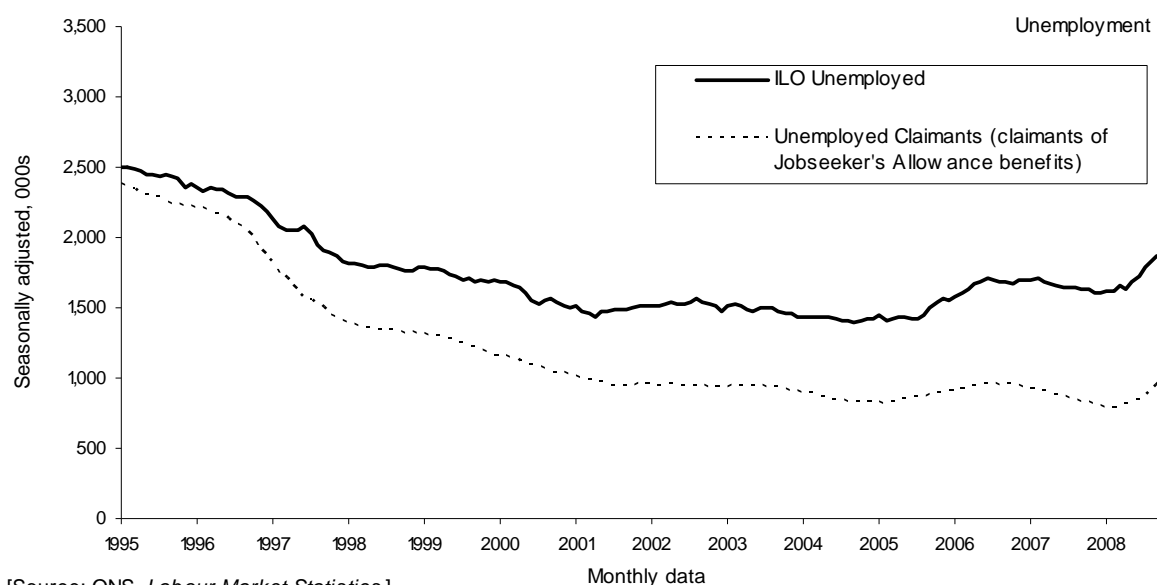
on last 3 months	-0.4	-0.2	-1.4	-5.3	-8.2
on last year	0.2	0.4	-1.2	-3.1	-5.3

Source: ONS

- Total employment in the three months to October 2008 was 57,000 higher than a year earlier but 115,000 lower than the previous quarter.
- Over the year to September, the number of manufacturing industry workforce jobs fell by 100,000. The number of service sector jobs fell by 36,000 over the year.
- 7.5 million people were in part-time employment in the three months to October 2008, of whom 5.7 million were women. 3.8 million people were self-employed.

Contact Dominic Webb, x4324

Update: ONS, *Labour Market Statistics*, 21 Jan

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 August to October 2008, the level of ILO unemployment in the UK was 1,864,000 (seasonally adjusted). This was an increase of 238,000 from the same period a year earlier.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, increased by 75,700 between October and November 2008 to 1,071,900.

The New Deal for Young People started in January 1998.

- By August 2008, there had been 1,887,000 starts under the scheme. By May 2008, 1,769,000 spells had resulted in 821,000 sustained jobs (46%) 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 2008, there had been 1,147,000 starts under the scheme. By May 2008, 702,000 spells had resulted in 298,000 sustained jobs (42%).

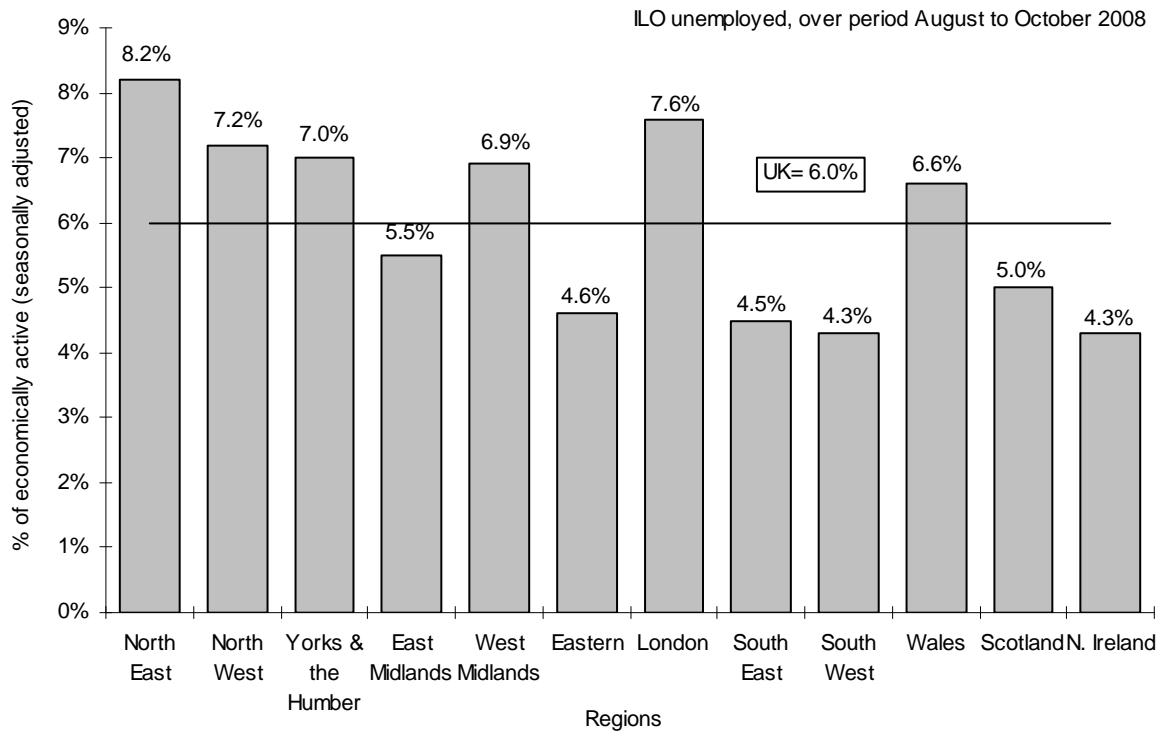
ILO Unemployment in the UK seasonally adjusted

	'000s	rate (%)
Aug-Oct 2002	1,545	5.2
Nov-Jan 2003	1,479	5.0
Feb-Apr 2003	1,517	5.1
May-Jul 2003	1,506	5.1
Aug-Oct 2003	1,474	5.0
Nov-Jan 2004	1,440	4.8
Feb-Apr 2004	1,437	4.8
May-Jul 2004	1,425	4.8
Aug-Oct 2004	1,398	4.7
Nov-Jan 2005	1,425	4.7
Feb-Apr 2005	1,417	4.7
May-Jul 2005	1,426	4.7
Aug-Oct 2005	1,503	5.0
Nov-Jan 2006	1,549	5.1
Feb-Apr 2006	1,627	5.3
May-Jul 2006	1,704	5.5
Aug-Oct 2006	1,689	5.5
Nov-Jan 2007	1,696	5.5
Feb-Apr 2007	1,686	5.5
May-Jul 2007	1,646	5.3
Aug-Oct 2007	1,626	5.3
Nov-Jan 2008	1,608	5.2
Feb-Apr 2008	1,656	5.3
May-Jul 2008	1,727	5.5
Aug-Oct 2008	1,864	6.0

Source: ONS, *Labour Market Statistics*

Contact: Roderick McInnes, x3793 **Updates:** ONS, *Labour Market Statistics*, 21 Jan
DWP, *New Deal*, Feb

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 August to October 2008 the North East had the highest unemployment rate, 8.2% of the economically active population. The lowest rate over the same period was 4.3%, in Northern Ireland and the South West of England.
- A comparison of August to October 2008 with the same period a year earlier shows that the largest fall (5%) in unemployment occurred in the Eastern region. The North East showed the largest increase (46%) over the period.

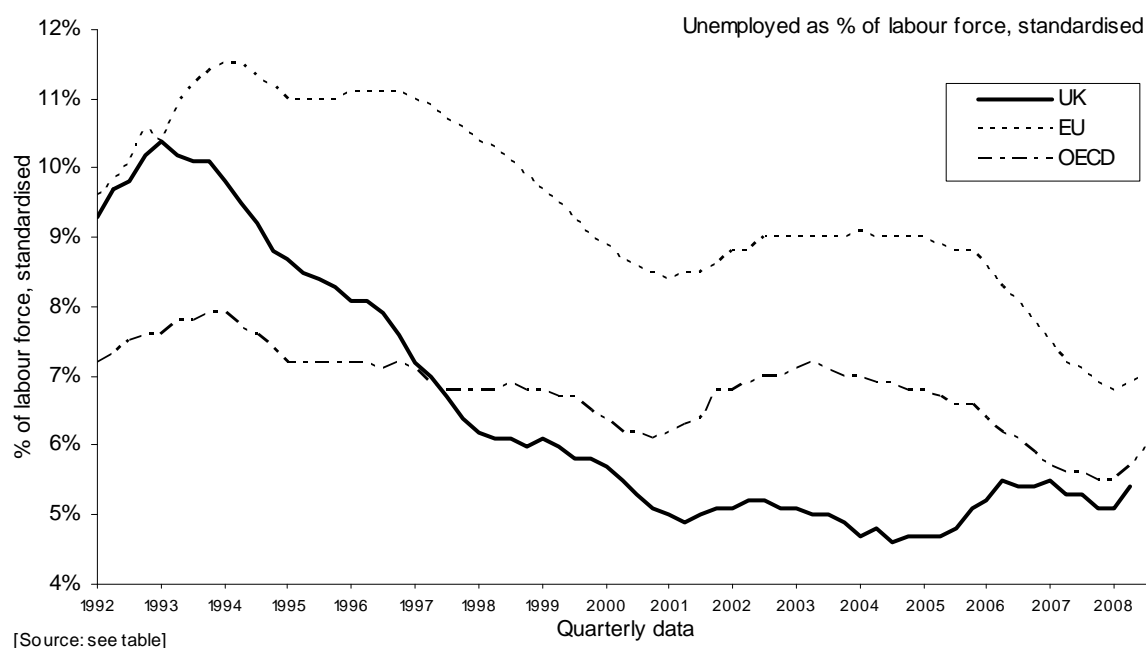
ILO Unemployment, August to October 2008

change on same period in previous year;
seasonally adjusted

	Number (rounded)	%
North East	+33,000	+46
North West & Merseyside	+46,000	+23
Yorkshire & the Humber	+46,000	+33
East Midlands	-1,000	-1
West Midlands	+15,000	+9
Eastern	-7,000	-5
London	+56,000	+22
South East	0	0
South West	+12,000	+12
Wales	+22,000	+31
Scotland	+12,000	+10
Northern Ireland	+2,000	+6

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

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

	2006	2007	2006				2007				2008		
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	6.1
France	9.2	8.3	9.6	9.2	9.1	8.9	8.8	8.4	8.2	7.9	7.7	7.7	8.0
Germany	9.8	8.4	10.5	10.1	9.6	9.2	8.7	8.5	8.3	8.0	7.6	7.4	7.1
Italy	6.8	6.2	7.3	6.8	6.6	6.5	6.1	6.0	6.2	6.3	6.7	6.8	..
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	4.1
UK	5.4	5.3	5.2	5.5	5.4	5.4	5.5	5.3	5.3	5.1	5.1	5.4	..
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	6.0
Eurozone	8.2	7.4	8.7	8.3	8.1	7.9	7.6	7.4	7.4	7.2	7.2	7.4	7.5
G7	5.8	5.4	6.0	5.8	5.8	5.6	5.5	5.2	5.4	5.4	5.5	5.7	6.0
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	6.0

Source: OECD, Standardised Unemployment Rates, December 2008

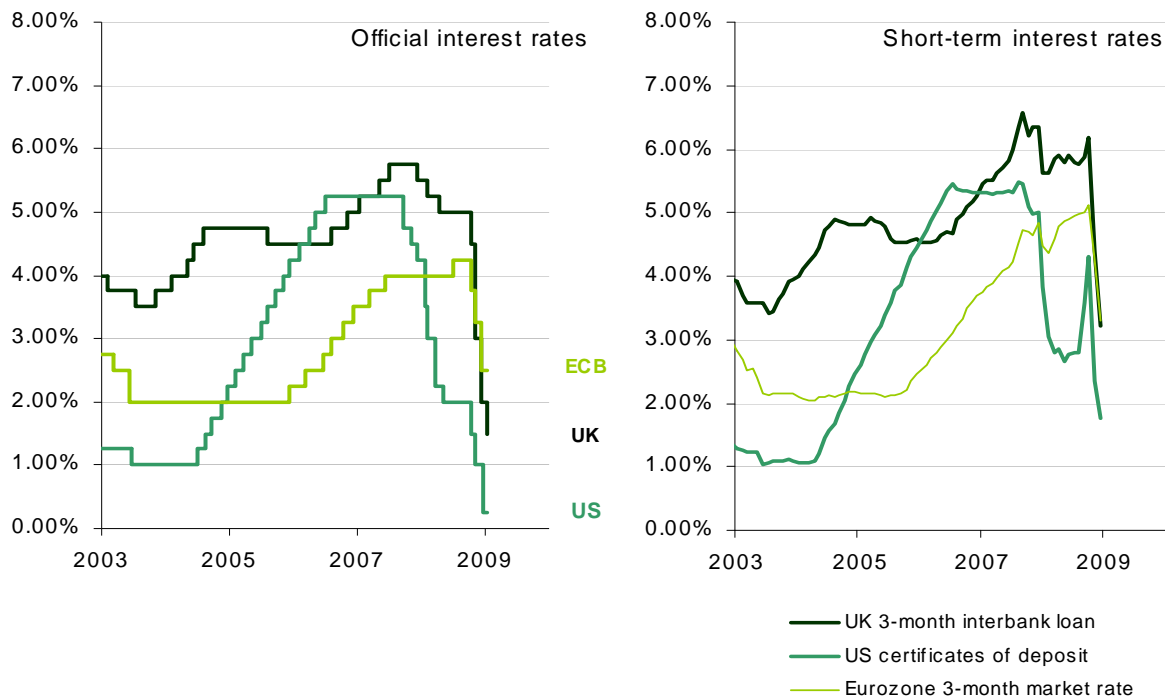
- Using standardised definitions, the UK unemployment rate for 2007 was 5.3%, significantly below the eurozone average (7.4%) and below the G7 and OECD rates (5.4% and 5.6% respectively).
- Between Q2 2007 and Q2 2008 (the latest quarter for which all data are available) Germany had the largest fall in unemployment among G7 countries: 1.1 percentage points.
- The most recent forecasts published by the OECD (*Economic Outlook*, Preliminary Edition December 2008) suggest the UK unemployment rate will be 5.5% in 2008, 6.8% in 2009 and 8.2% in 2010. The respective forecasts for the eurozone are 7.4%, 8.6% and 9.0% and for the OECD as a whole 5.9%, 6.9% and 7.2%.

Contact: Roderick McInnes, x3793

Updates: OECD, *Standardised Unemployment Rates*, 12 Jan
OECD, *Economic Outlook*, Jun

D1: Interest Rates

- On 8 January, the Bank of England's Monetary Policy Committee cut the official bank rate by 50 basis points to 1.50%. This follows a cut of 100 basis points in December and 150 basis points in November and the rate is now the lowest in the Bank of England's 315-year history.
- On the same day, the European Central Bank also cuts its rate for main refinancing operations by 75 basis points to 2.50%; this is the largest cut the ECB has ever made.
- The Federal Reserve decided, on 16 December 2008, to establish a target range for its federal funds rate of between 0% and 0.25. Previously, the target had been 1.00%.
- The Bank of Japan cut its rate by 20 basis points on 19 December.
- Previously, the Bank of England (along with the Federal Reserve, European Central Bank, and others) cut rates in a coordinated move on 8 October. The minutes show that the MPC voted unanimously for the October, November and December cuts.



UK Base/Repo rate changes

% per annum

Date	New rate	Date	New rate
2000 Jan 13	5.00	2006 Aug 3	4.75
Feb 10	4.75	Nov 9	5.00
2001 Feb 8	4.50	2007 Jan 11	5.25
Apr 5	4.00	May 10	5.50
May 10	3.75	Jul 5	5.75
Aug 2	3.50	Dec 6	5.50
Sep 18	3.75	2008 Feb 7	5.25
Oct 4	4.00	Apr 10	5.00
Nov 8	4.25	Oct 8	4.50
2003 Feb 6	4.50	Nov 6	3.00
Jul 10	4.75	Dec 4	2.00
Nov 6	4.50	2009 Jan 8	1.50

Source: Bank of England

International interest rates

% per annum, at 7 January 2009

	Official rate	Yield 10yr Govt bonds	3-month market rate
United Kingdom	1.50	8/1/09	3.30
Eurozone	2.50	4/12/08	n/a
US	0.00 - 0.25	16/12/08	2.49
Japan	0.10	19/12/08	1.26
Switzerland	0.00 - 1.00	11/12/08	2.45

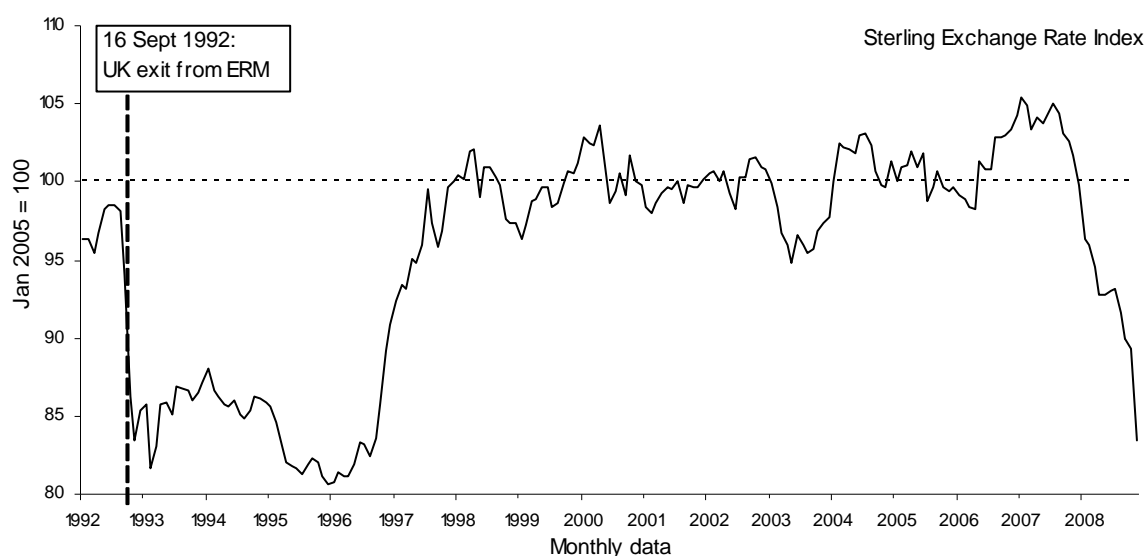
Source: *Financial Times*, 8 January 2009
(*Companies & Markets*, p.33)

Contact: Bryn Morgan, x4904

Updates: Short-term interest rates: OECD, MEI, mid-Feb;
Base rates: 5 Feb (UK MPC), 15 Jan (ECB), 28 Jan (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 16.4 points in November 2008, suggesting that the UK was relatively more competitive at the end of November 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 €1.111 at the London market close on 7 January 2009, compared with an all-time low of €1.020 on 30 December 2008 and a launch rate of €1.476 on 31 December 1998. The pound was worth \$1.519 at the market close on 7 January 2009.

Sterling Exchange Rates

rates and % changes

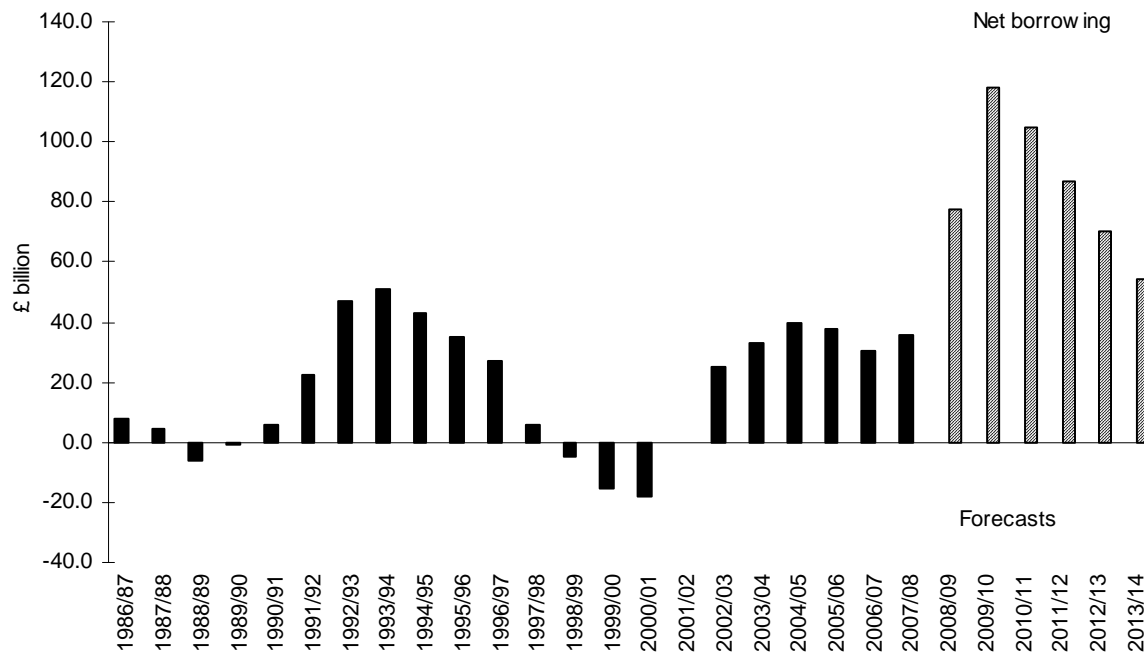
	US Dollar (\$)		Yen (¥)		Euro (€)	
	Rate	change on yr (%)	Rate	change on yr (%)	Rate	change on yr (%)
2004	1.832	12.1	198.1	4.6	1.474	2.0
2005	1.820	-0.7	200.1	1.0	1.463	-0.7
2006	1.843	0.6	214.3	8.2	1.467	-0.5
2007	2.002	10.0	235.6	17.7	1.462	-0.1
2007 Nov	2.070	8.3	229.6	2.4	1.411	-4.9
Dec	2.019	2.8	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
Sep	1.799	-10.9	191.8	-17.4	1.253	-13.7
Oct	1.690	-17.3	169.3	-28.5	1.272	-11.5
Nov	1.534	-25.9	148.6	-35.3	1.204	-14.6

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

Contact: Edward Beale, x2464

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

D4: Public Finances



[Source: ONS database, series: -ANNX; HM Treasury]

The chart shows outturns and Treasury forecasts for public sector net borrowing. Net borrowing was £35.6 billion in 2007/08.

The Pre-Budget Report (PBR) forecast net borrowing of £77.6 billion in 2008/09 (up from a 2008 Budget forecast of £42.5 billion). This is equivalent to 5.3% of GDP. For 2009/10, the PBR forecast net borrowing of £118 billion (8.0% of GDP).

Public sector net debt was equivalent to 43.9% of GDP in Q3, 2008. The Treasury has said that it will measure the public finances excluding Northern Rock. On this basis, public sector net debt was 38.3% of GDP (£562.6 billion)

The PBR forecast public sector net debt of £602 billion in 2008/09 (41.2% of GDP). It is forecast to rise to £729 billion in 2009/10 (48.2% of GDP). These forecasts exclude the effect of the Government's support for the financial sector on debt.

Public Sector Net Debt and Borrowing

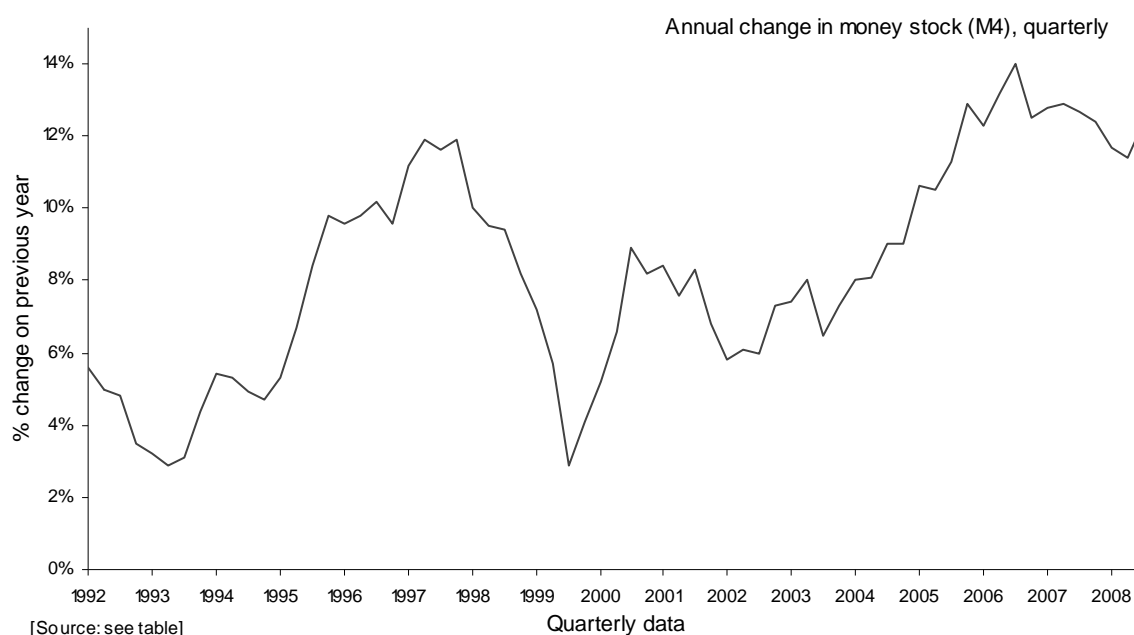
£ billion & %

	Net Debt		Net borrowing
	£ billion	% GDP	£ billion
2004/05	422.1	34.1	39.6
2005/06	461.6	35.4	37.8
2006/07	497.9	36.0	30.6
2007/08	621.2	43.0	35.6
2007 Q3	514.5	36.2	6.2
Q4	634.0	44.2	16.0
2008 Q1	621.2	43.0	-1.0
Q2	641.4	44.0	22.4
Q3	644.5	43.9	14.4

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

Note: debt figures include Northern Rock from October 2007

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 Nov	5.3	5.3	4.8	11.6
Dec	3.4	5.8	7.7	12.3
2008 Jan	5.6	6.3	14.6	13.0
Feb	7.8	6.6	14.1	12.1
Mar	9.0	6.7	10.7	11.7
Apr	6.5	6.7	6.7	10.9
May	4.8	5.9	8.2	10.0
Jun	3.8	5.7	13.3	11.4
Jul	3.9	5.8	13.6	10.9
Aug	2.4	5.1	18.5	11.3
Sep	4.5	5.1	17.2	12.2
Oct	7.8	5.9	27.3	15.3
Nov	12.3	6.8	25.5	16.4

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

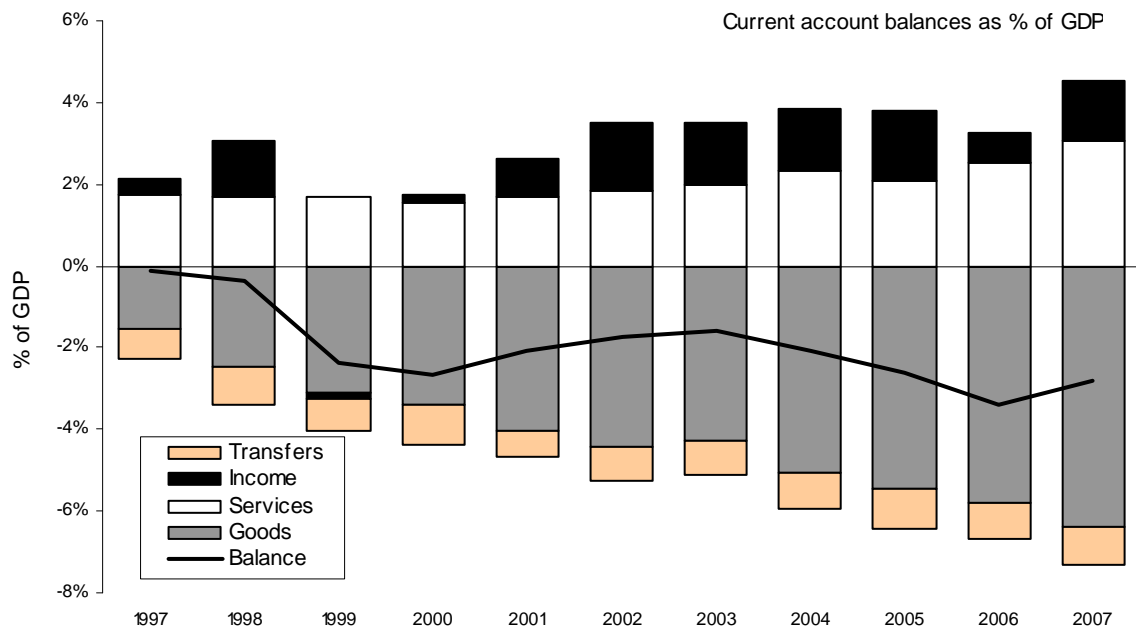
The table above shows sterling notes and coin in circulation outside the Bank of England. The table also shows M4 which is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

- Seasonally adjusted M4 grew by 16.4% in the 12 months to November 2008. The 12-month seasonally adjusted growth rate of notes and coins was 6.8% in November 2008.
- There are now no formal targets for money supply growth.

Contact: Dominic Webb, x4324

Update: Bank of England, *Monetary & Financial Stats*, 30 Jan

E1: UK Overseas Trade



Current Account Balances

£ millions; seasonally adjusted

	Trade in goods/services			Income (total)	Transfers			Current Account Balance
	Goods	Services	Total		Central Gov.	Other	Total	
2004	-60,900	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	-89,253	42,625	-47,481	20,646	-9,709	-3,834	-13,543	-39,525
2007 Q3	-23,577	10,550	-13,095	3,116	-2,012	-944	-2,956	-12,867
Q4	-23,914	11,712	-12,441	11,133	-3,380	-983	-4,363	-5,432
2008 Q1	-23,270	11,382	-12,176	12,145	-2,509	-1,405	-3,914	-3,657
Q2	-23,379	12,061	-12,266	8,300	-2,122	-1,284	-3,406	-6,424
Q3	-23,578	11,489	-12,172	7,499	-1,900	-1,233	-3,133	-7,723

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

- **Annually**, the current account deficit in 2007 was £39.5 billion, equivalent to -2.8% of GDP. The surplus on income and services widened between 2006 and 2007, while the deficits on goods trade and transfers widened.
- On a **quarterly** basis, the current account deficit was estimated at £7.7 billion in Q3 2008, widening from the Q2 2008 deficit of £6.4 billion. Between Q2 2008 and Q3 2008 the surplus on services narrowed while the deficit on goods widened slightly.
- In 2007 the **annual** current account deficit with EU27 countries was £38.6 billion, compared with a deficit with non-EU countries of £0.9 billion. On a **quarterly** basis, the deficit with EU countries was £0.6 billion in Q3 2008 (compared with £4.4 billion in Q2 2008). With non-EU countries, the current account was in deficit by £7.2 million in Q3 2008 (compared with a deficit of £2.0 billion in Q2 2008).

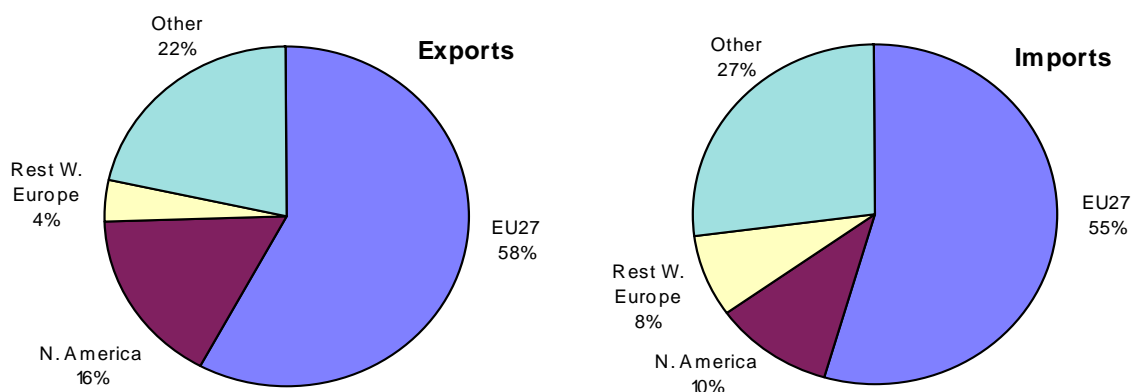
Contact: Grahame Allen, x3977

Updates: NS, *UK Balance of Payments*, 27 Mar; *UK Trade*, 19 Jan

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	309,956	-89,253
2007 Q3	111.7	125.2	55,694	79,271	-23,577
Q4	110.5	124.6	57,103	81,017	-23,914
2008 Q1	111.6	122.5	60,159	83,429	-23,270
Q2	112.0	121.5	63,906	87,285	-23,379
Q3	113.5	122.6	65,838	89,416	-23,578

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

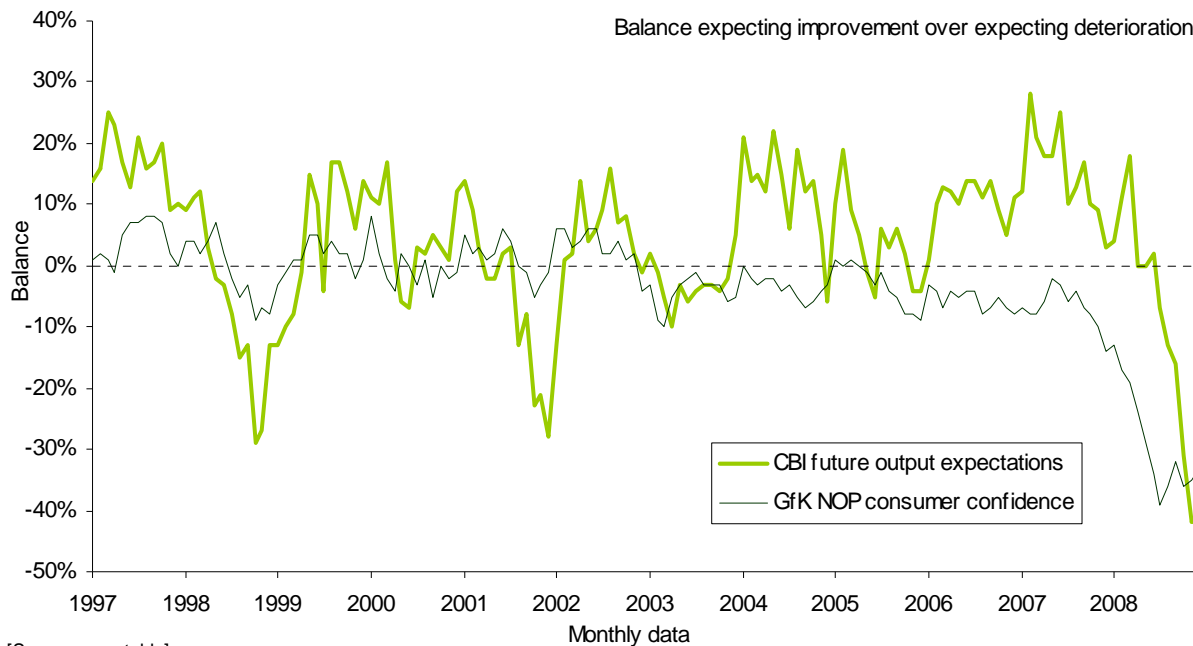
- In October, the provisionally estimated total value of UK goods exports was £21.2 billion and the total value of UK goods imports was £28.9 billion. As a result, the estimated deficit on goods trade was £7.75 billion, higher than the September level of £7.4 billion.
- Geographical breakdowns of UK 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 £3.4 billion in October (compared with £2.8 billion in September), while the deficit with non-EU countries was £4.4 billion (compared with £4.6 billion in September).
- The UK’s monthly surplus on trade in **services** was £3.88 billion in October, slightly higher than the September total of £3.87 billion.
- The UK’s overall monthly deficit on **goods and services combined** in October was £3.9 billion, up from £3.5 billion in September.

Contact: Grahame Allen, x3977

Update: ONS, *UK Trade*, 19 Jan

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:

- In December, manufacturers' expectations of output over the next three months remained the lowest since September 1980. A balance of 42% of firms thought output would decrease over the next three months.
- A balance of 35% of firms reported total order books below normal and 33% reported export books below normal.
- Manufacturers' output prices are no longer expected to rise, with a balance of 18% of large firms expecting to cut prices.

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 improved by two points in December to stand at -33.
- Within this, confidence in the "major purchases" measure improved by ten points on November, but was still 15 points lower than December 2007. Confidence in the general economic situation over the next 12 months fell by five points.

Output Expectations & Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

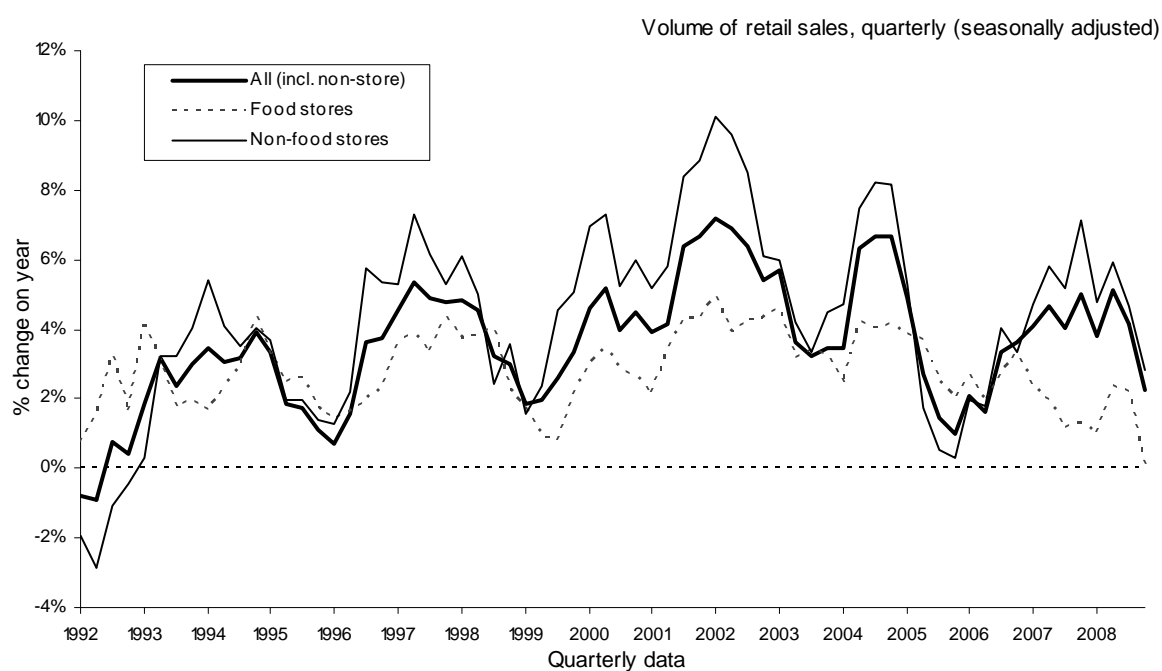
		Future output expectations (CBI)	Consumer confidence (GfK)
2007	Dec	+3	-14
2008	Jan	+4	-13
	Feb	+11	-17
	Mar	+18	-19
	Apr	0	-24
	May	0	-29
	Jun	+2	-34
	Jul	-7	-39
	Aug	-13	-36
	Sep	-16	-32
	Oct	-31	-36
	Nov	-42	-35
	Dec	-42	-33

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 Jan; CBI, *Industrial Trends* (Monthly), mid Jan

F2: Retail Sales



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

- The total *volume* of retail sales in the three month period September-November 2008 was up 0.5% compared with the previous three months, and was 1.7% higher than in the same three-month period in the previous year (seasonally adjusted).
- Total weekly retail sales volumes in November 2008 were 1.5% higher than in the same month a year previously, while the volume of retail sales increased by 0.3% between October and November 2008 (all seasonally adjusted).
- Retail sales volumes in stores selling primarily food increased by 0.9% in the three months September-November 2008 compared with the same three months a year earlier. For predominantly non-food retailing stores sales increased by 0.9% 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 Q3	1.2	5.5	6.4	4.6	3.6
Q4	0.9	1.0	3.1	5.1	2.3
2008 Q1	2.7	2.6	1.4	15.6	5.0
Q2	3.1	0.2	-2.3	13.5	3.8
Q3	3.7	1.9	-4.5	12.0	3.5

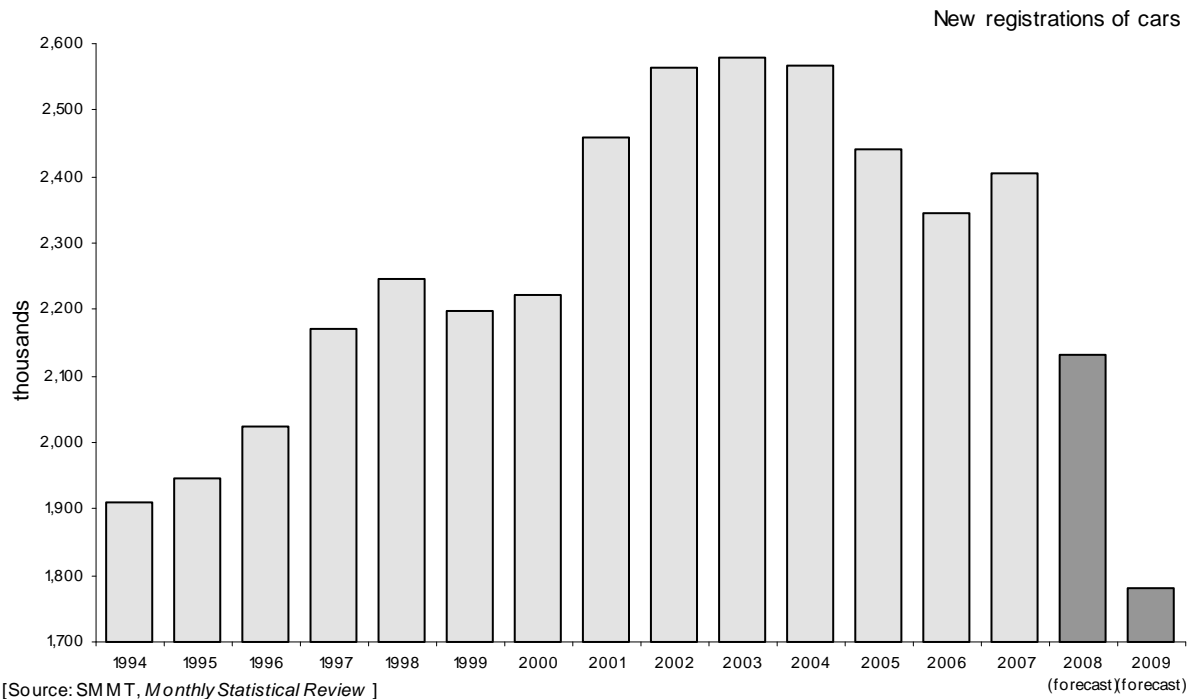
Source: ONS database, series: EAWN, EA WO, EAWP, EAWQ, EAFY

- On a monthly basis, the average weekly *value* of retail sales in November 2008 was £5.8 billion, a 2.9% increase from the same month in the previous year (non-seasonally adjusted).
- NOTE: 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 Jan 2009

F3: New Car Registrations



Figures from the Society of Motor Manufacturers & Traders (SMMT) show that new car registrations decreased by 21.2% in December 2008, compared with the previous December's figure, to 108,691 units (excluding taxi registrations).

- The number of new registrations of cars was just over 2.1 million units in 2008.
- New registrations of cars fell by 11.3% in 2008 and are forecast to fall by a further 16.5% 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

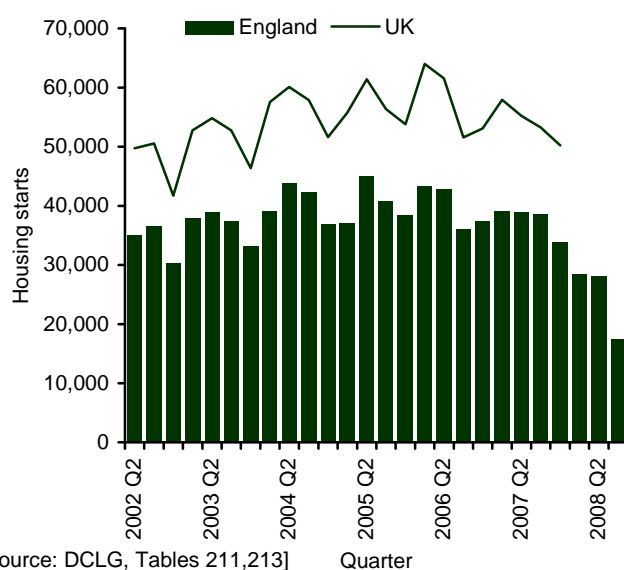
		Number (000s)	Change over 12 months
2008	(a)	2,132	-11.3
2009 (forecast)	(a)	1,780	-16.5
2007 Dec		138	3.2
2008 Jan		166	0.0
Feb		70	-5.4
Mar		452	0.5
Apr		176	3.2
May		179	-3.6
Jun		209	-6.2
Jul		154	-13.0
Aug		63	-18.6
Sep		331	-21.2
Oct		128	-23.1
Nov	(a)	100	-36.8
Dec	(a)	109	-21.2

Source: SMMT, *Monthly Statistical Review and website*

Note: (a) data includes registrations of taxis, except for latest two months and annual figures.

F4: Housebuilding and prices

Housing starts in the UK



% change on same quarter of previous year

	England	UK
2006 Q1	+17%	+15%
2006 Q2	-5%	+0%
2006 Q3	-12%	-9%
2006 Q4	-3%	-1%
2007 Q1	-10%	-9%
2007 Q2	-9%	-10%
2007 Q3	+7%	+3%
2007 Q4	-9%	-5%
2008 Q1	-27%	..
2008 Q2	-28%	..
2008 Q3	-55%	..

[Source: DCLG, Tables 211,213] Quarter

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

- **Monthly** Seasonally adjusted UK house prices fell by 2.2% in December compared with 2.6% in November.
- **Annual** house prices in November were 16.2% lower on an annual basis.
- **Quarterly** house prices were 12.4% lower in quarter 3 of 2008 compared with the same quarter of 2007.
- Regionally, the Halifax data show that in Q3 2008 house prices fell in all regions compared with Q3 2007. The largest falls were in Northern Ireland, where prices fell 23%, and London and Wales where prices fell 17%. (data not seasonally adjusted; regions are not aligned with regions used by the DCLG below – Q4 data not yet available).

Standardised average house prices

£s & %; non-seasonally adjusted

	All houses	New houses	Existing houses	First time buyers
average house prices, £				
2007 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
Q3	175,800	184,900	174,200	136,700
% change over same period in previous year				
2007 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
Q3	-12.4	-1.6	-13.7	-9.5

Source: HBOS, *Halifax House Price Index*

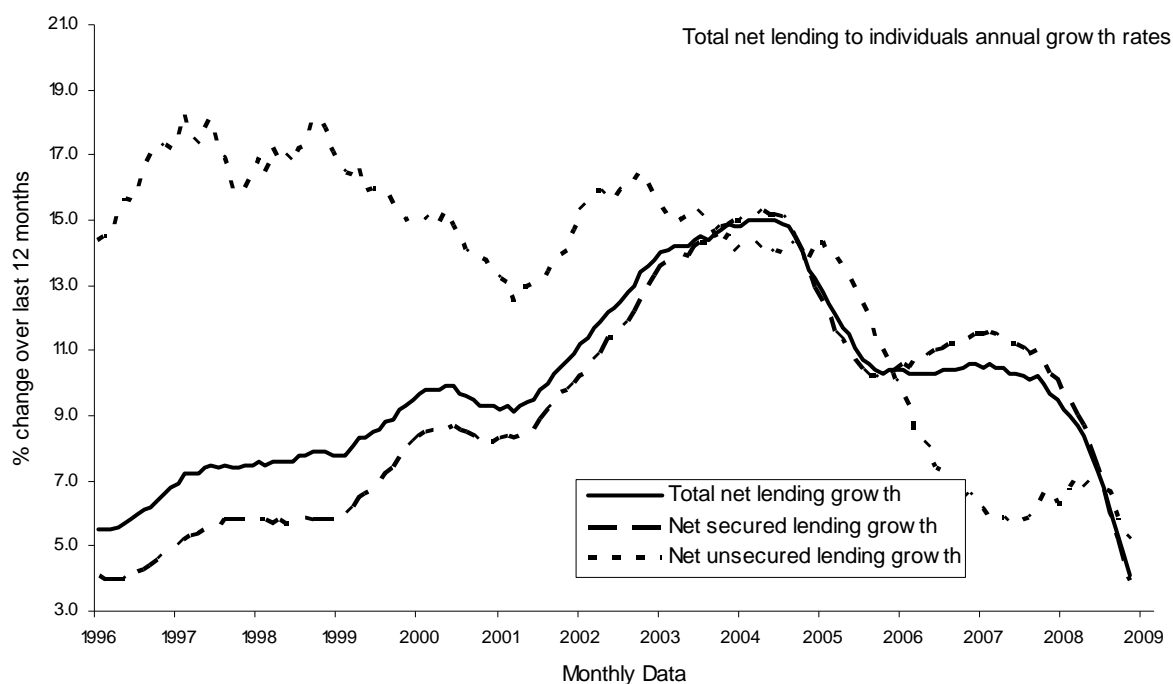
The DCLG's house price index is based on completions (the Halifax index is based on mortgage approvals). All figures are not seasonally adjusted:

- The average house price in the UK in stood at £203,539 in October 2008. Prices were 7.4% lower than in October 2007.
- Regionally, house prices in October 2008 were lower than October 2007 in all regions, with the largest fall of 20.5% in Northern Ireland. In England, the largest falls (9.5%) were in the East Midlands and South West regions.

Contact: Bryn Morgan, x4904

Updates: *Halifax House Prices*, early Feb; DCLG, *House Prices*, 13 Jan 2009; *House-building*, 19 Feb 2009

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 Nov	868,621	197,192	1,065,814	13.4	13.8	13.5
2005 Nov	956,691	210,581	1,167,272	10.3	10.5	10.4
2006 Nov	1,066,930	212,442	1,279,372	11.4	6.6	10.6
2007 Nov	1,179,029	220,661	1,399,690	10.3	6.6	9.7
2008 Feb	1,194,345	229,283	1,423,628	9.4	6.8	9.0
May	1,209,150	231,328	1,440,478	8.1	7.0	7.9
Aug	1,216,915	236,105	1,453,021	6.0	6.7	6.1
Nov	1,221,742	234,217	1,455,959	3.9	5.2	4.1

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

- Total net outstanding lending to individuals was £1,456 billion at the end of November 2008 (seasonally adjusted).
- Total net lending to individuals grew by 0.1% in November 2008 compared with the previous month, and grew by 4.1% on an annual basis (all seasonally adjusted); the annual growth rate is 0.6 percentage points lower than in October 2008.
- Of the £1.5 billion increase in net lending in November 2008, £0.7 billion was mortgage borrowing and £0.8 billion was consumer credit (seasonally adjusted).
- In Q3 2008 there were 27,087 individual insolvencies (bankruptcy orders or IVAs) in England and Wales (seasonally adjusted). This was an 8.8% increase on the last quarter and a 4.6% increase on Q3 2007.

Contact: Ed Potton, x2883

Update: Bank of England, *Lending to Individuals*, 30 Jan
Insolvency Service, *Q4 Insolvency Statistics*, 6 Feb

II 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, <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; 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, <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 ; 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 :

III 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**

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

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 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.

