



RESEARCH PAPER 09/50
3 JUNE 2009

Economic Indicators, June 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: 7 July 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 IV.

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	Ed Potton/Bryn Morgan	2883/4904
Financial services	Ed Potton	2883
Housing	Rachael Harker	5061
Incomes	Ian Townsend	2042
Industries	Daniel Harari	2464
National accounts	Dominic Webb	4324
International development	Ian Townsend	2042
International economies	Ian Townsend	2042
Prices & interest rates	Dominic Webb	4324
Public expenditure	Dominic Webb	4324
Taxation	Bryn Morgan	4904
Trade	Grahame Allen	3977
Transport	Paul Bolton	4313
Unemployment	Rod McInnes	3793
Wages & earnings	Ed Potton/Bryn Morgan	2883/4904

Members and their staff can also contact the named persons on each indicator page for updates during normal hours.³

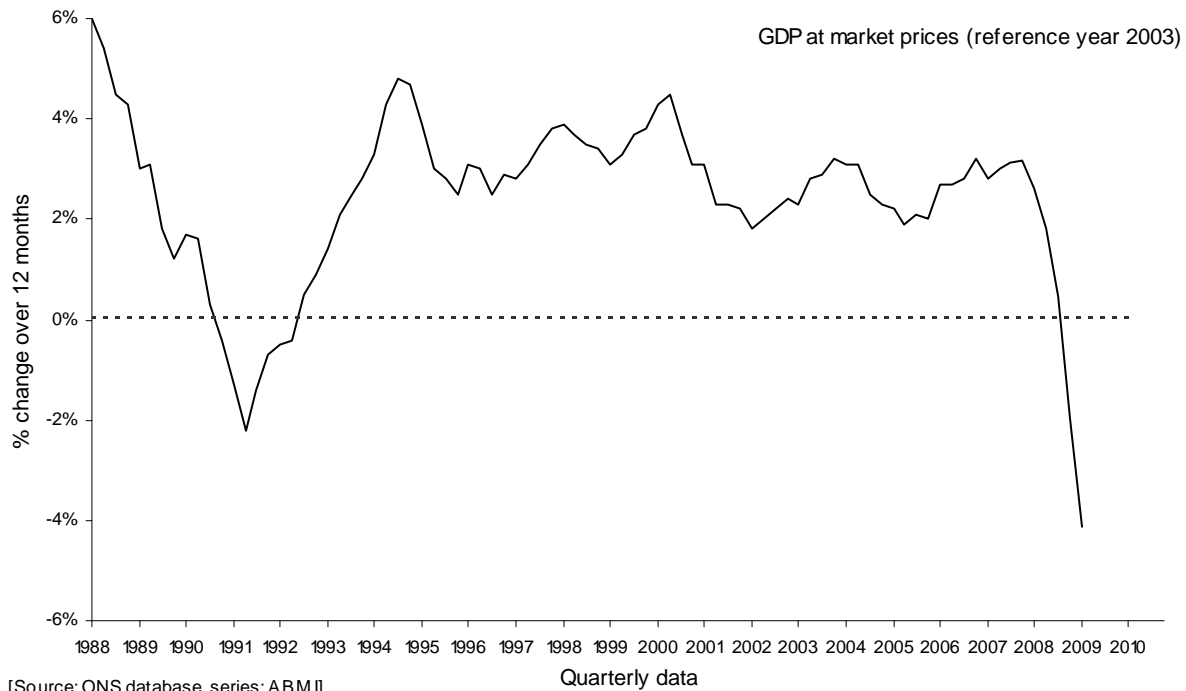
¹ <http://hcl1.hclibrary.parliament.uk/wdw/subject/EI.asp>

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

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

II Indicator pages

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
2005	1,252.5	4.3	2.1	..
2006	1,321.9	5.5	2.8	..
2007	1,400.5	6.0	3.0	..
2008	1,442.9	3.0	0.7	..
2008 Q1	361.0	5.2	2.6	0.3
Q2	363.1	4.4	1.8	0.0
Q3	361.2	2.6	0.4	-0.7
Q4	357.6	0.0	-2.0	-1.6
2009 Q1	352.2	-2.4	-4.1	-1.9

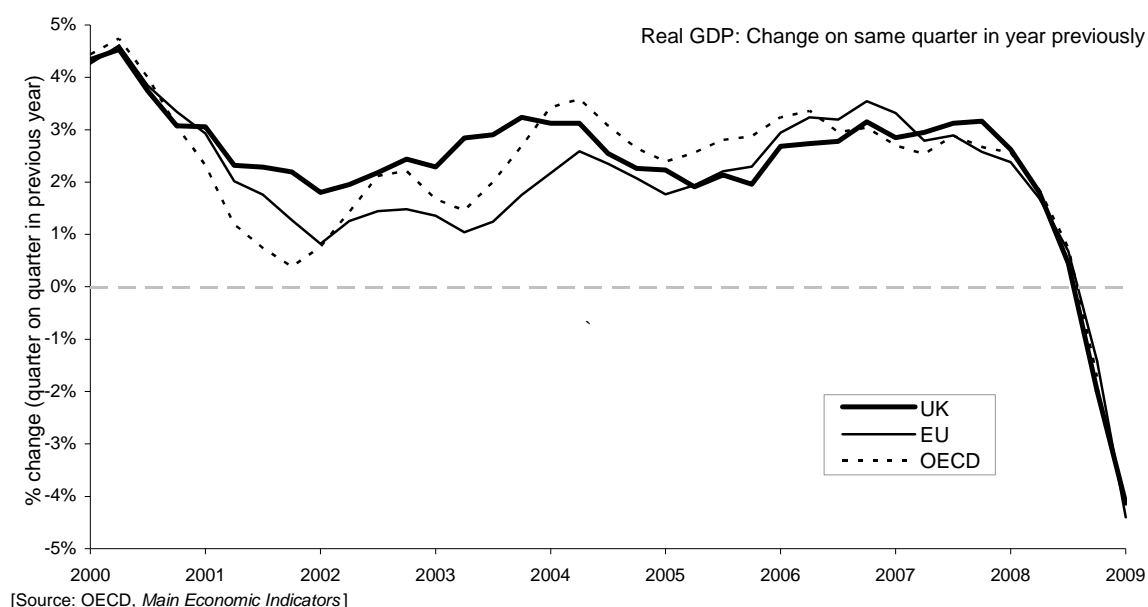
Source: ONS database, series: YBHA, IHYQ, IHYR

- The UK economy has now been in recession since Q4 2008 (the economy was last in recession in 1991).
- The economy has preliminarily been estimated to have contracted by 1.9% in Q1 of 2009, compared with Q4 of 2008. This is the third successive quarter of negative growth and the largest percentage fall in quarterly GDP since Q3 1979 (-2.4%).
- In May 2009, HM Treasury's average of independent economic forecasts of GDP growth for 2009 was -3.8%, down from -3.4% in April.

Contact: Grahame Allen, x3977

Updates: HM Treasury, *Forecasts for the UK Economy*, 17 Jun
ONS, *Quarterly National Accounts*, 24 Jun

A2: GDP: International Comparisons



GDP at constant market prices

% change on previous period

					2007				2008				2009
	2005	2006	2007	2008	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
US	2.9	2.8	2.0	1.1	0.0	1.2	1.2	0.0	0.2	0.7	-0.1	-1.6	-1.5
Japan	1.9	2.0	2.3	-0.7	1.4	-0.2	0.2	0.4	0.8	-0.9	-0.6	-3.8	-4.0
Canada	2.9	3.1	2.7	0.5	1.0	1.0	0.6	0.2	-0.2	0.1	0.2	-0.8	..
UK	2.1	2.8	3.0	0.7	0.8	0.8	0.6	0.9	0.3	0.0	-0.7	-1.6	-1.9
Germany	0.8	3.0	2.5	1.3	0.4	0.4	0.6	0.3	1.5	-0.5	-0.5	-2.2	-3.8
France	1.9	2.2	2.3	0.4	0.7	0.4	0.7	0.3	0.4	-0.4	-0.2	-1.5	-1.2
Italy	0.7	2.0	1.6	-1.0	0.3	0.1	0.2	-0.4	0.5	-0.6	-0.8	-2.1	-2.4
Eurozone	1.8	3.0	2.7	0.7	0.7	0.4	0.6	0.5	0.6	-0.2	-0.2	-1.6	-2.5
G7	2.3	2.6	2.2	0.6	0.4	0.7	0.8	0.2	0.5	0.1	-0.3	-2.0	..
OECD	2.6	3.1	2.7	0.9	0.6	0.8	0.8	0.4	0.5	0.1	-0.3	-2.0	..

Source: OECD, *Main Economic Indicators* (via OECD.Stat website)

- The economies of the OECD, the G7 and the eurozone all contracted in Q4 2008 compared with the previous quarter. In Q1 2009 the contraction has accelerated in Japan, the UK, Germany and Italy, and the eurozone as a whole. The UK saw a 1.9% contraction (compared with a 1.6% contraction in Q4 2008).
- In March 2009, the OECD revised its growth forecasts and is expecting contractions in the US, Japan, the UK, the Eurozone and the OECD as a whole (where a slight contraction is also expected in 2010).
- IMF forecasts ([April 2009](#)) suggest that the world economy will contract by 1.3% in 2009, exceeding its own [previous](#) forecast of a 0.5%-1.0% contraction) before returning to growth of 1.9% in 2010. The UK economy is expected to contract by 4.1% in 2009, the US economy by 2.8%, and Japan's by 6.2%.

Real growth forecasts (% change)

	OECD (Mar 09)		IMF (Apr 09)	
	2009	2010	2009	2010
US	-4.0	0.0	-2.8	0.0
Japan	-6.6	-0.5	-6.2	0.5
UK	-3.7	-0.2	-4.1	-0.4
Eurozone	-4.1	-0.3	-4.2	-0.4
OECD	-4.3	-0.1	n/a	n/a
China	6.3	8.5	6.5	7.5
India	4.3	5.8	4.5	5.6

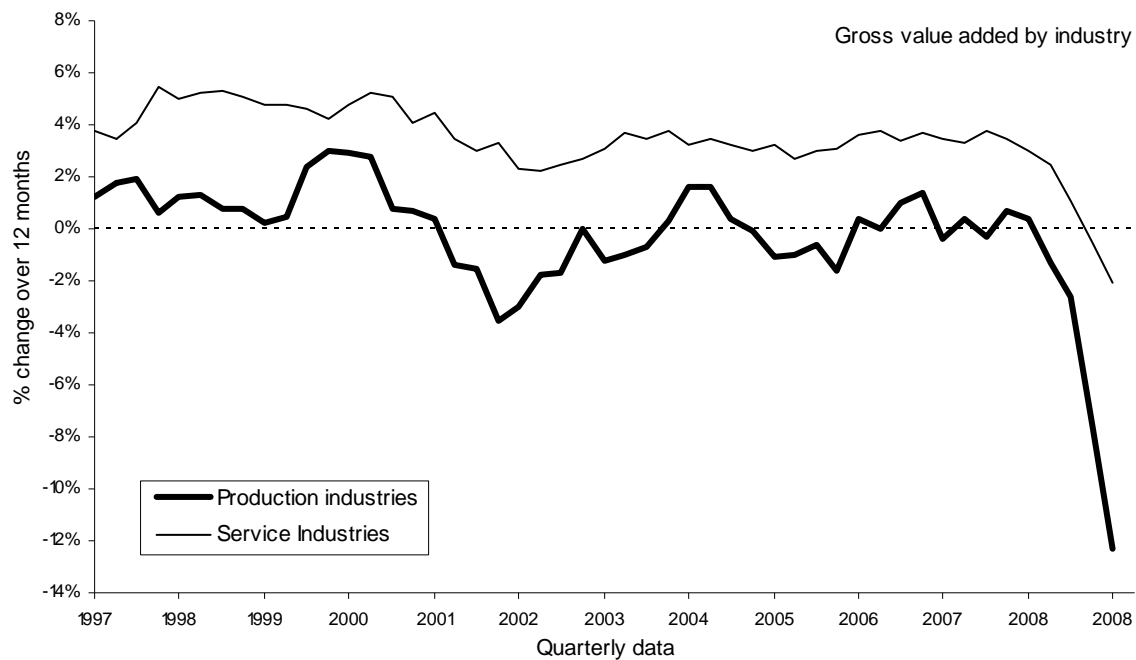
Source: OECD, *Interim Outlook*, Mar 2008; IMF *WEO* Apr 2009

Contact: Ian Townsend, x2042

Updates: OECD, [Main Economic Indicators](#), 8 Jun
OECD, [Economic Outlook](#), 24 Jun

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, but is currently declining at an annual rate of 2.1%. Between the fourth quarter of 2008 and the first quarter of 2009 annual output growth in the service sector decreased by 1.6 percentage points.

Gross value added at current basic prices

% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufacturing			
2006	0.7	1.8	3.6	2.7	1.0
2007	0.1	0.2	3.5	-4.4	2.5
2008	-2.7	-2.6	1.5	0.1	0.3
2008 Q1	0.4	0.8	3.0	-0.9	3.6
Q2	-1.3	-1.1	2.5	0.4	2.5
Q3	-2.6	-2.4	1.1	1.1	0.8
Q4	-7.6	-7.8	-0.5	-0.2	-5.6
2009 Q1	-12.3	-13.7	-2.1	0.7	-8.6

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

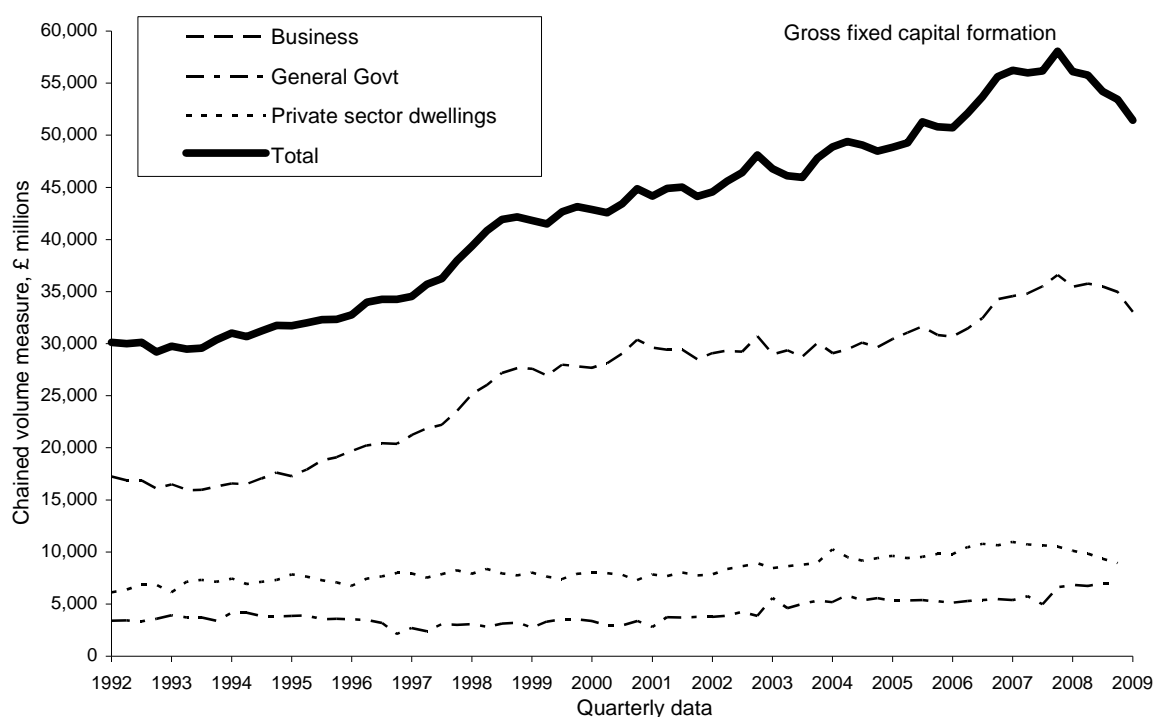
- Manufacturing output decreased by 13.7% in the first quarter of 2009 compared with the same quarter in 2008, and manufacturing output decreased by 2.6% overall in 2008.
- In 2007, services accounted for 76% of gross value added, manufacturing for 13%, other production industries (mining & quarrying, and electricity, gas & water supply) for 4%, construction for 6% and agriculture, hunting and fishing for 1%.

Contact: Ed Potton, x2883

Update: ONS, *Quarterly national accounts*, 30 Jun

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

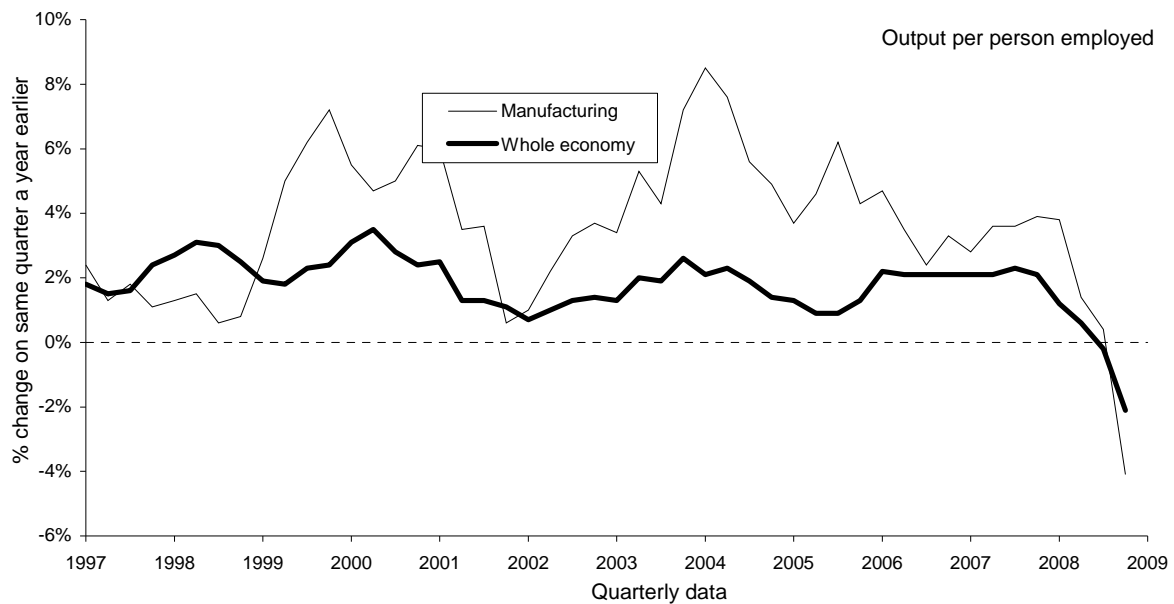
£ million; Chained volume measures, reference year 2003; seasonally adjusted

	Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
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	15,211	72,252	77,578	46,306	15,123	226,469
2008	14,188	70,473	77,573	41,770	15,520	219,524
2007 Q4	3,665	18,791	20,479	11,358	3,787	58,079
2008 Q1	3,669	17,168	20,398	11,017	3,852	56,104
Q2	3,721	17,765	19,689	10,744	3,853	55,772
Q3	3,380	17,973	18,868	10,102	3,877	54,200
Q4	3,418	17,567	18,618	9,907	3,938	53,448

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

- Total business investment decreased by 5.5% in Q1 2009 compared with the previous quarter.

A5: Productivity



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

Productivity

% changes on year; seasonally adjusted

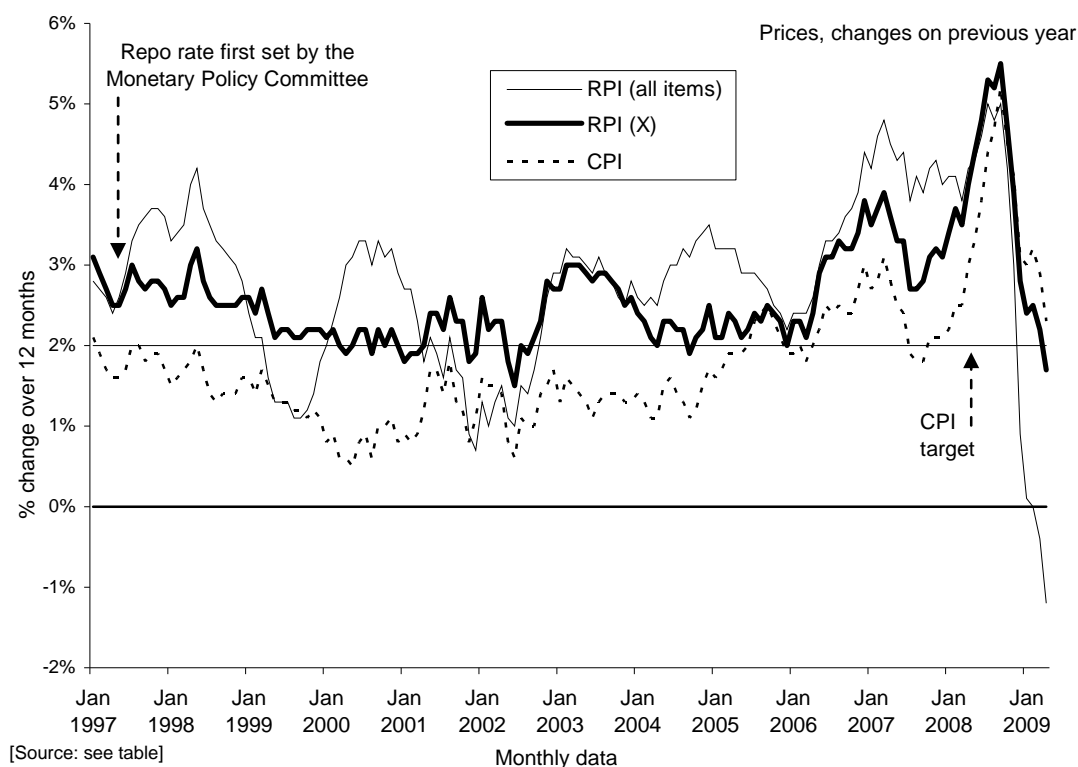
	Manufacturing			Whole Economy		
	Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
2006	1.8	-1.6	3.5	2.9	0.8	2.1
2007	0.2	-3.1	3.5	2.9	0.8	2.2
2008	-2.6	-3.1	0.3	0.7	1.0	-0.2
2007 Q4	0.0	-3.7	3.9	2.9	1.0	2.1
2008 Q1	0.8	-2.9	3.8	2.6	1.4	1.2
Q2	-1.1	-2.5	1.4	1.9	1.3	0.6
Q3	-2.4	-2.8	0.4	0.5	0.8	-0.2
Q4	-7.8	-3.8	-4.1	-2.0	0.1	-2.1
2009 Q1	-13.7	..	..	-4.1	..	..

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

- Productivity across the whole economy, measured by output per head, is estimated to have fallen by 0.2% in 2008 compared with growth of 2.2% in 2007 and 2.1% in 2006.
- In 2008, manufacturing output fell by 2.6% and employment in manufacturing fell by 3.1%, while manufacturing output per head rose by 0.3%.
- Productivity growth in manufacturing was -4.1% per annum in Q4 2008 compared to +0.4% per annum in the previous quarter, while whole economy productivity growth fell from -0.2% per annum in Q3 2008 to -2.1% per annum in Q4 2008.
- For the economy as a whole, productivity growth has averaged 1.0% per annum over the last eight quarters. Figures on this page are based on output per job.

Contact: Ed Potton, x2883

Update: ONS, *Productivity*, 1 Jul

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 April, the consumer prices index (CPI) showed inflation at 2.3%, down from 2.9% in March. CPI inflation has now fallen in six of the past seven months.
- The largest downward pressures on the CPI came from falling household utility bills, particularly electricity. Cheaper food and drink costs, especially for vegetables and meat, also pushed the CPI lower in April.
- Upward pressure on the CPI came largely from transport costs, in particular higher car prices and the cost of petrol rising from March to April (including the increase in fuel excise duty on 1 April).
- The former headline rate – RPI, all items – of inflation was -1.2% in April, down from -0.4% in March. The RPI differs from the CPI in that it includes housing costs, which explains most of the difference between the two series.
- The underlying RPI(X) – RPI excluding mortgage interest payments – inflation rate fell to 1.7% in April from 2.2% in March.

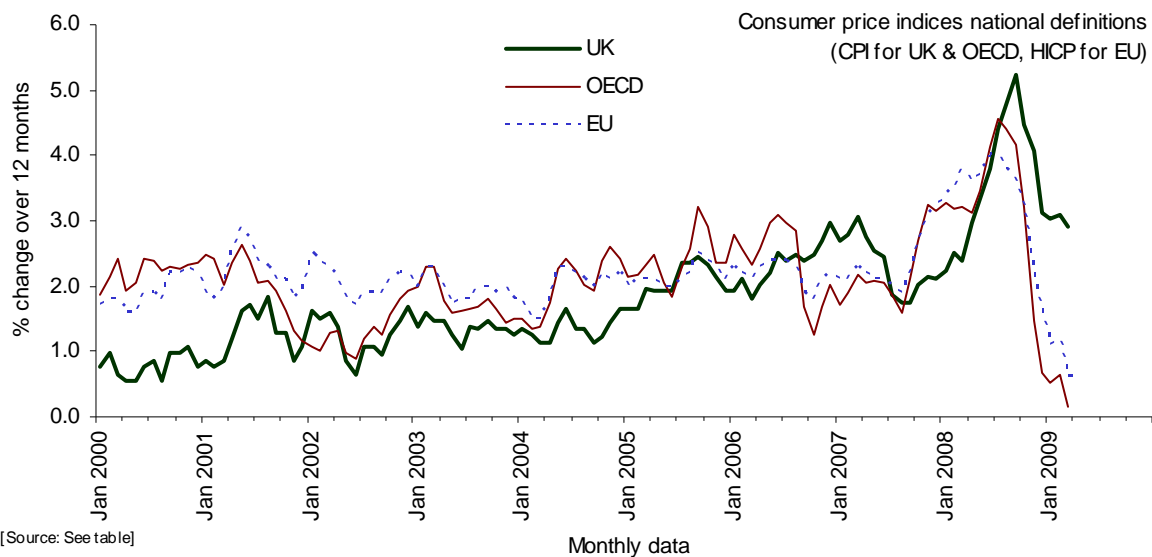
Price Indices

% change over 12 months

		CPI (was HICP)	RPI (all items)	RPI (X)
	2005	2.1	2.8	2.3
	2006	2.3	3.2	2.9
	2007	2.3	4.3	3.2
	2008	3.6	4.0	4.3
	2008 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
	Dec	3.1	0.9	2.8
	2009 Jan	3.0	0.1	2.4
	Feb	3.2	0.0	2.5
	Mar	2.9	-0.4	2.2
	Apr	2.3	-1.2	1.7

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 -0.7% in April 2009, an decrease of 0.3 percentage points from March;
- The average annual inflation rate for all OECD countries in April was 0.6%, 0.3 points lower than in March;
- The EU's average inflation rate, based on harmonised indices of consumer prices (shown in the chart above, but not in the table), was 0.6% in April.

Consumer Price Indices

national definitions; % change over 12 months

	USA	Japan	Canada	UK	OECD
2005	3.4	-0.3	2.2	2.0	2.6
2006	3.2	0.2	2.0	2.3	2.6
2007	2.9	0.1	2.1	2.3	2.5
2008	3.8	1.4	2.4	3.6	3.7
2008 Nov	1.1	1.0	2.0	4.1	2.2
2008 Dec	0.1	0.4	1.2	3.1	1.5
2009 Jan	0.0	0.0	1.1	3.0	1.3
2009 Feb	0.2	-0.1	1.4	3.1	1.3
2009 Mar	-0.4	-0.3	1.2	2.9	0.9
2009 Apr	-0.7	-0.1	0.4	2.3	0.6

Source: OECD, Consumer Prices Release

EU/Eurozone inflation

harmonised indices (HICPs); % change over 12 months

	France	Germany	Italy	UK	Eurozone
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	3.2	2.8	3.5	3.6	3.3
2008 Nov	1.9	1.4	2.7	4.1	2.1
2008 Dec	1.2	1.1	2.4	3.1	1.6
2009 Jan	0.8	0.9	1.4	3.0	1.1
2009 Feb	1.0	1.0	1.5	3.2	1.2
2009 Mar	0.4	0.4	1.1	2.9	0.6
2009 Apr	0.1	0.8	1.2	2.3	0.6

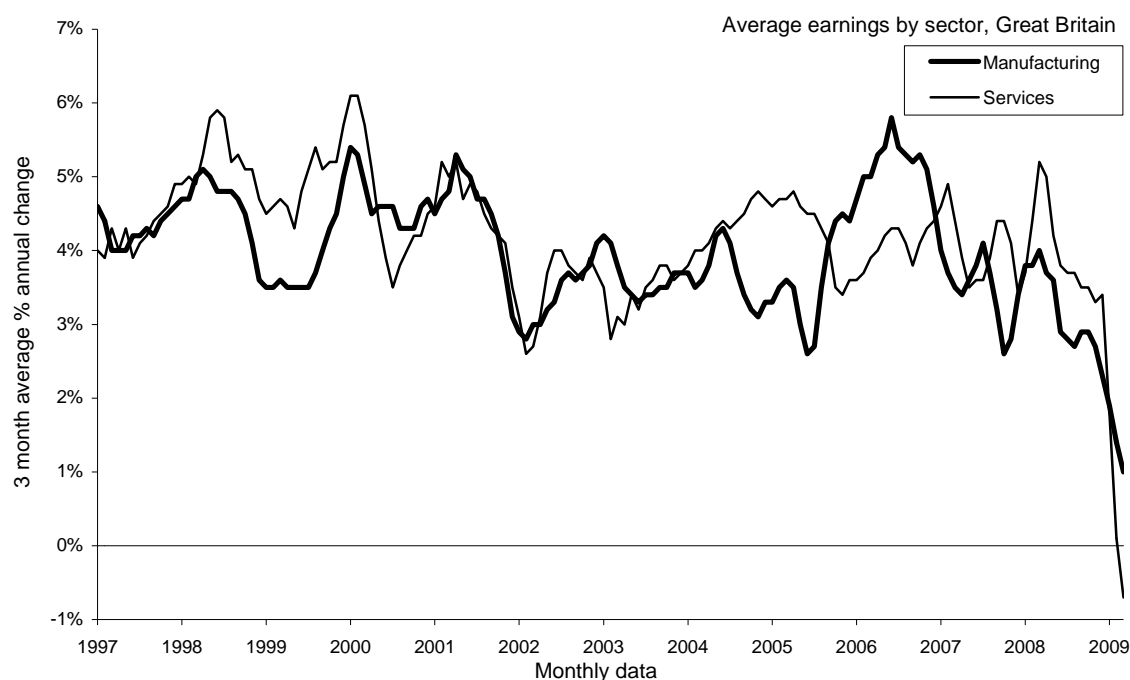
Source: Eurostat database, May 2009

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

- Eurozone annual inflation was 0.6% in April 2009, the same as in March. The 'flash' estimate for May is 0.0%.
- Four eurozone countries had negative annual inflation rates in April: Ireland (-0.7%), Portugal (-0.6%), Luxembourg (-0.3%) and Spain (-0.2%). The highest rate was in Malta (4.0%).
- Among non-eurozone countries Romania (6.5%) had the highest rate and Estonia (0.9%) had the lowest.

Contact: Bryn Morgan, x4904

Updates: OECD, *Consumer prices release*, 3 Jun
Eurostat, *Euro-indicators news release*, 16 Jun

B3: Average Earnings Index

- The headline rate of average earnings for the whole economy declined by 0.4% in March, down from growth of 0.2% in February. This is in part due to a steep fall in private sector bonuses during the first quarter compared with a year ago.
- Headline average earnings growth in manufacturing was 1.0% in March, down from 1.4% in February. Earnings in the service sector fell by 0.7%, down from growth of 0.1% in the previous month.
- Headline earnings growth in the private sector declined by 1.2% in March, compared with growth of 3.6% in the public sector. Earnings growth in the private sector was down from a decrease of 0.4% in February, while earnings growth in the public sector was down from 3.8% in the previous month.
- Earnings growth has been decelerating over the past year (the headline rate in March 2008 was 4.9%).
- In the year to March, the consumer price index showed inflation at 2.9%, above the rate of earnings growth.

Average Earnings, Great Britain

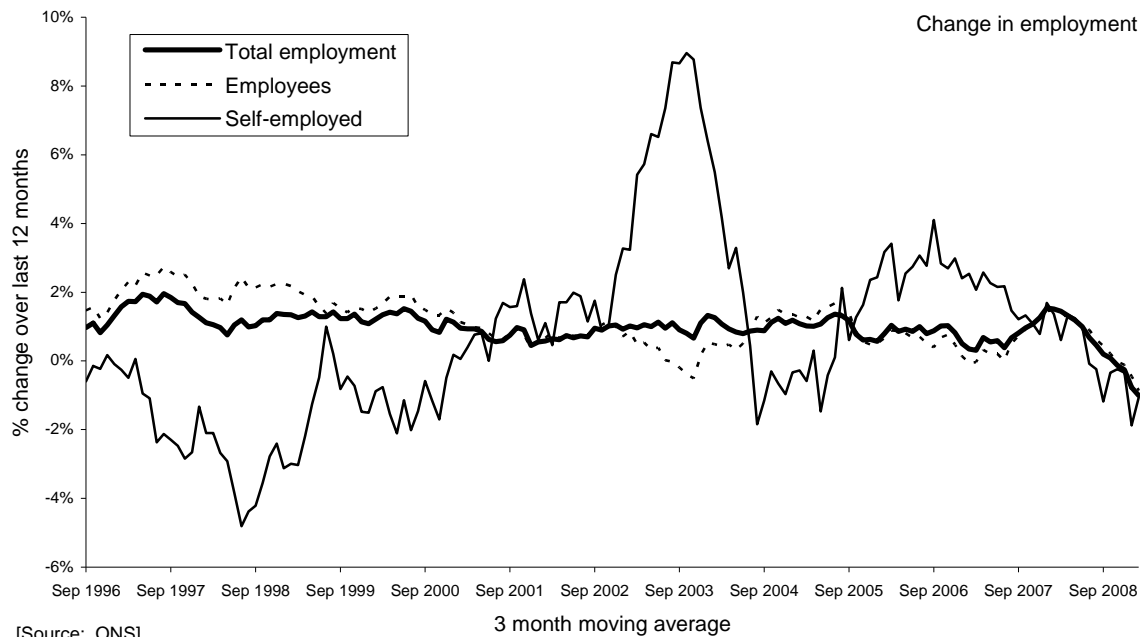
% change on year; seasonally adjusted

	Headline rate		
	Whole Economy	Private Sector	Public Sector
2004 Mar	3.9	3.8	4.3
2005 Mar	4.4	4.5	4.5
2006 Mar	3.9	3.9	4.2
2007 Mar	4.3	4.6	3.1
2008 Mar	4.9	4.9	3.8
Apr	4.7	4.6	3.9
May	3.9	4.0	3.6
Jun	3.5	3.6	3.2
Jul	3.5	3.5	3.3
Aug	3.4	3.4	3.5
Sep	3.3	3.1	3.9
Oct	3.3	3.2	3.8
Nov	3.1	2.9	4.0
Dec	3.0	2.8	4.0
2009 Jan	1.7	1.2	4.0
Feb	0.2	-0.4	3.8
Mar	-0.4	-1.2	3.6

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

Notes: Data includes bonuses and shows latest 3-month period compared with the same period a year ago.

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
2005 Feb	28,729	24,898	3,599	104	128
2006 Feb	28,958	25,062	3,713	88	95
2007 Feb	29,059	25,047	3,807	102	103
2008 Feb	29,499	25,416	3,859	107	119
2008 May	29,505	25,444	3,839	110	112
2008 Aug	29,407	25,411	3,795	92	109
2008 Nov	29,361	25,357	3,812	95	98
2009 Feb	29,204	25,197	3,818	86	103

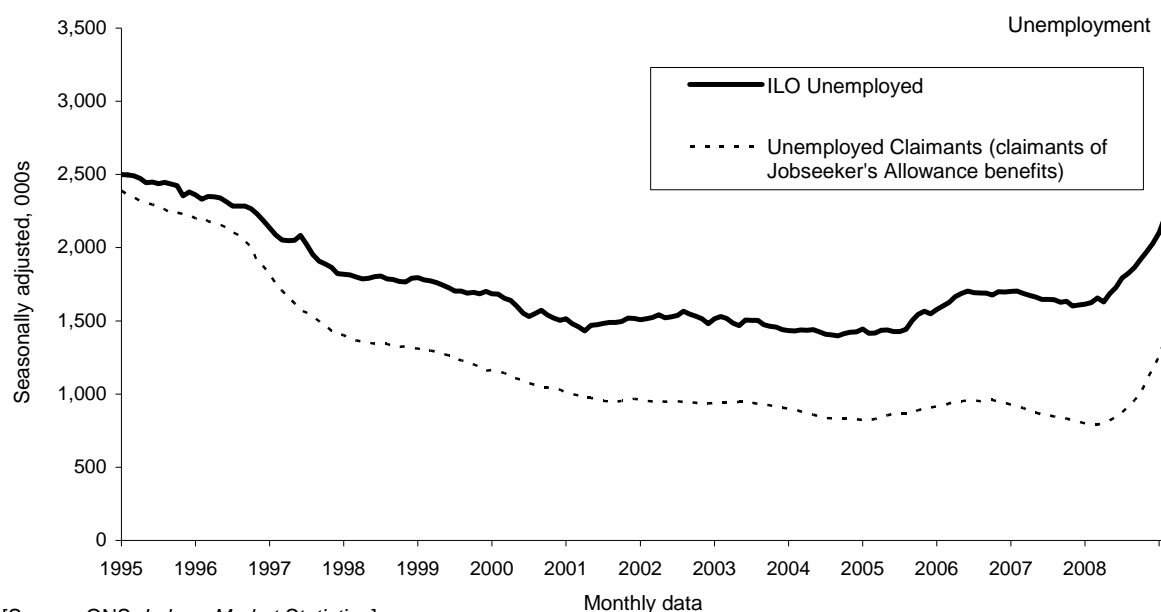
Changes (%):

on last 3 months	-0.5	-0.6	0.1	-9.4	6.0
on last year	-1.0	-0.9	-1.1	-19.5	-12.8

- Total employment in the three months to March 2009 was 295,000 lower than a year earlier and 157,000 lower than the previous quarter.
- Over the year to December 2008, the number of manufacturing industry workforce jobs fell by 128,000. The number of service sector jobs fell by 232,000 over the year.
- 7.5 million people were in part-time employment in the three months to March 2009, of whom 5.7 million were women. 3.8 million people were self-employed.

Contact: Dominic Webb, x4324

Update: ONS, *Labour Market Statistics*, 17 Jun

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 January 2009 to March 2009, the level of ILO unemployment in the UK was 2,215,000 (seasonally adjusted). This was an increase of 591,000 from the same period a year earlier.
- Seasonally adjusted unemployment as measured by the monthly claimant count increased by 57,100 between March and April 2009 to 1,513,000.

The New Deal for Young People started in January 1998.

- By November 2008, there had been 1,927,000 starts under the scheme. By August, 1,809,000 spells had resulted in 835,000 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 November 2008, there had been 1,173,000 starts under the scheme. By August 2008, 732,000 spells had resulted in 305,000 sustained jobs (42%).

ILO Unemployment in the UK

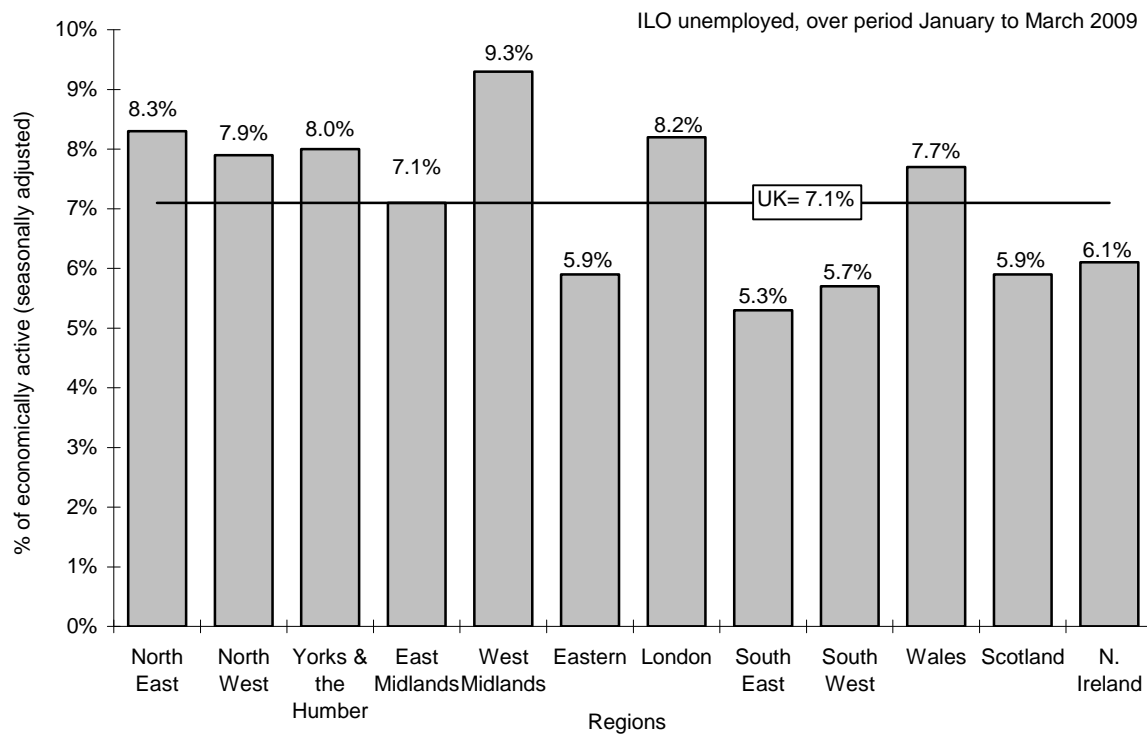
seasonally adjusted

		'000s	rate (%)
Jan-Mar	2003	1,528	5.2
Apr-Jun	2003	1,468	5.0
Jul-Sep	2003	1,504	5.1
Oct-Dec	2003	1,457	4.9
Jan-Mar	2004	1,431	4.8
Apr-Jun	2004	1,439	4.8
Jul-Sep	2004	1,404	4.7
Oct-Dec	2004	1,423	4.7
Jan-Mar	2005	1,413	4.7
Apr-Jun	2005	1,438	4.8
Jul-Sep	2005	1,442	4.8
Oct-Dec	2005	1,566	5.2
Jan-Mar	2006	1,601	5.2
Apr-Jun	2006	1,687	5.5
Jul-Sep	2006	1,690	5.5
Oct-Dec	2006	1,698	5.5
Jan-Mar	2007	1,704	5.5
Apr-Jun	2007	1,662	5.4
Jul-Sep	2007	1,643	5.3
Oct-Dec	2007	1,602	5.2
Jan-Mar	2008	1,624	5.2
Apr-Jun	2008	1,685	5.4
Jul-Sep	2008	1,825	5.8
Oct-Dec	2008	1,971	6.3
Jan-Mar	2009	2,215	7.1

Source: ONS, *Labour Market Statistics*

Contact: Roderick McInnes, x3793 **Updates:** ONS, *Labour Market Statistics*, 19 Jun
DWP, *New Deal*, May

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 January to March 2009 the West Midlands had the highest unemployment rate, 9.3% of the economically active population. The lowest rate over the same period was 5.3%, in the South East.
- A comparison of January to March 2009 with the same period a year earlier shows that the largest percentage rise in regional unemployment level occurred in the South West (+60%). London showed the smallest increase (+21%) over the period.

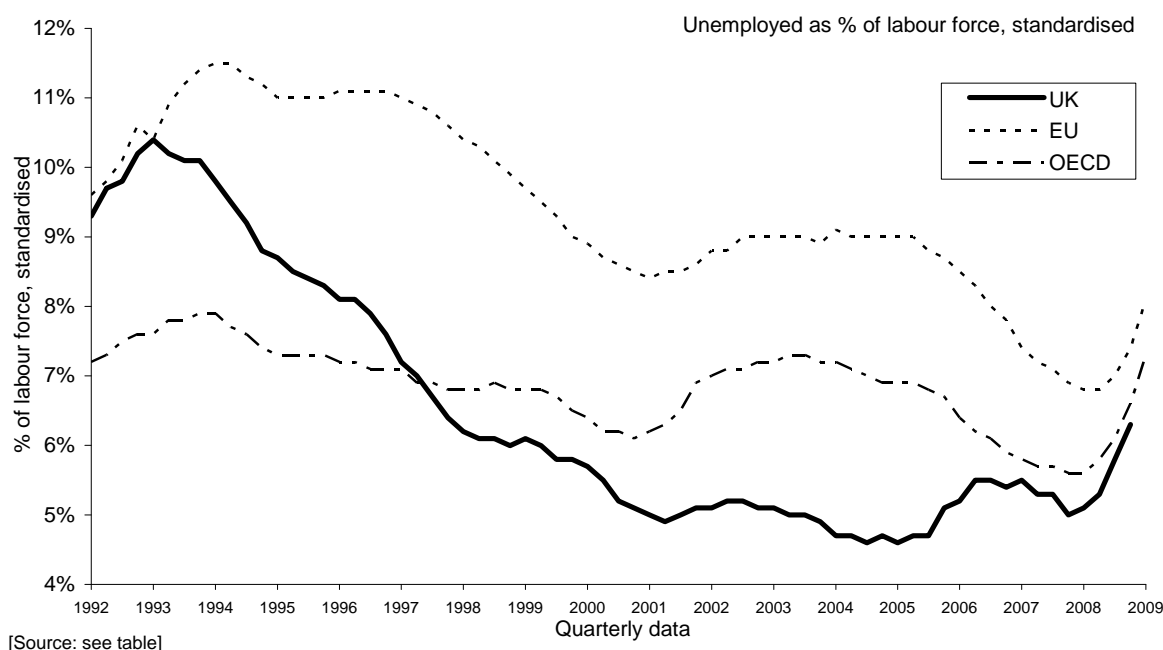
ILO Unemployment, January to March 2009

change on same period in previous year;
seasonally adjusted

	Number (rounded)	%
North East	+24,000	+30
North West	+68,000	+33
Yorkshire & the Humber	+77,000	+58
East Midlands	+39,000	+31
West Midlands	+80,000	+48
Eastern	+44,000	+33
London	+57,000	+21
South East	+63,000	+36
South West	+59,000	+60
Wales	+34,000	+44
Scotland	+34,000	+28
Northern Ireland	+11,000	+29

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

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

	2006	2007	2008	2007				2008				2009
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Canada	6.3	6.0	6.1	6.2	6.1	6.0	5.9	5.9	6.1	6.1	6.4	7.6
France	9.2	8.3	7.8	8.7	8.4	8.2	7.8	7.6	7.6	7.8	8.2	8.6
Germany	9.8	8.4	7.3	8.7	8.5	8.3	8.0	7.6	7.4	7.2	7.1	7.4
Italy	6.8	6.1	6.8	6.0	5.9	6.2	6.4	6.6	6.8	6.7	6.9	..
Japan	4.1	3.9	4.0	4.0	3.8	3.8	3.8	3.9	4.0	4.0	4.0	4.5
UK	5.4	5.3	5.6	5.5	5.3	5.3	5.0	5.1	5.3	5.8	6.3	..
USA	4.6	4.6	5.8	4.5	4.5	4.7	4.8	4.9	5.4	6.0	6.9	8.1
Eurozone	8.3	7.5	7.6	7.7	7.5	7.4	7.3	7.2	7.4	7.6	8.0	8.7
G7	5.8	5.4	5.9	5.5	5.2	5.4	5.4	5.4	5.7	6.0	6.4	7.2
OECD	6.2	5.7	6.0	5.8	5.7	5.7	5.6	5.6	5.8	6.1	6.6	7.3

Source: OECD, Harmonised Unemployment Rates, May 2009

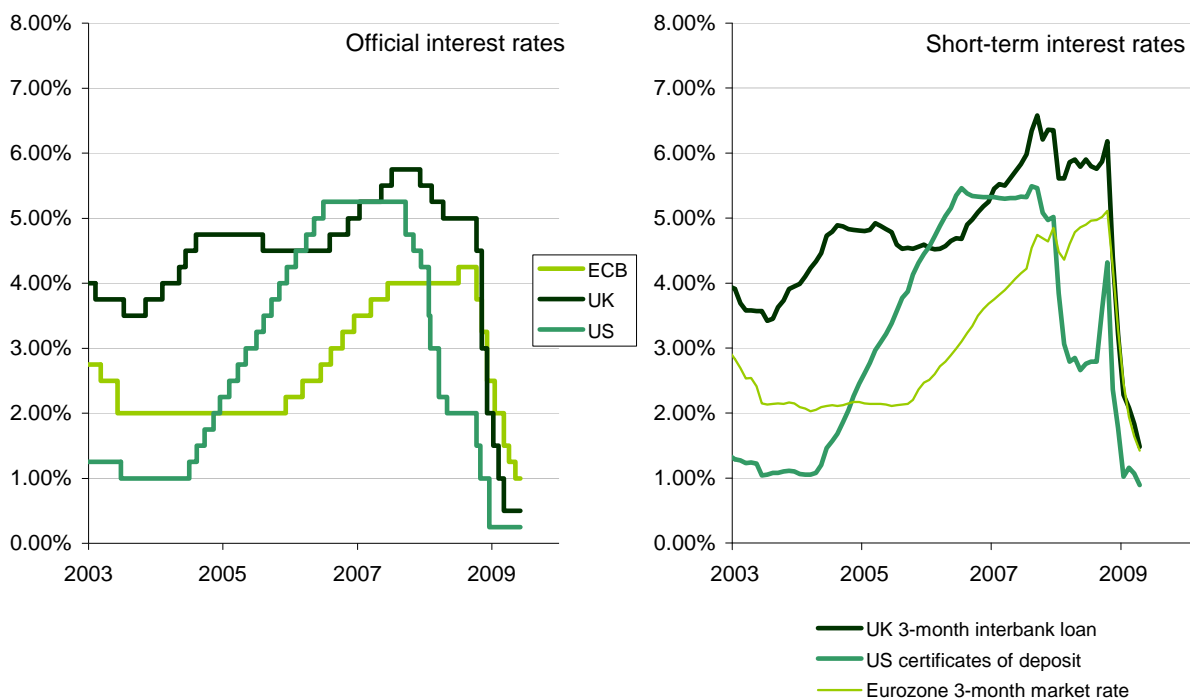
- Using standardised definitions, the UK unemployment rate for 2008 was 5.6%, significantly below the eurozone rate (7.6%) and below the G7 and OECD rates (5.9% and 6.0% respectively).
- Between Q4 2007 and Q4 2008 (the latest quarter for which all data are available) Germany had the only fall in unemployment among G7 countries: 0.9 percentage points.
- The most recent forecasts published by the OECD (*Economic Outlook interim report*, March 2009) suggest the UK unemployment rate will be 7.7% in 2009 and 9.5% in 2010. The respective forecasts for the eurozone are 10.1% and 11.7% and for the OECD as a whole 8.4% and 9.9%.

Contact: Roderick McInnes, x3793

Updates: OECD, *Standardised Unemployment Rates*, 8 Jun
OECD, *Economic Outlook*, Jun

D1: Interest Rates

- On 5 March, the Bank of England's Monetary Policy Committee cut the official bank rate by 50 basis points to 0.50%. This followed cuts of 50 basis points on 8 January and 5 February, 100 basis points in December 2008 and 150 basis points in November 2008. The rate is now the lowest in the Bank of England's 315-year history. The rate of 0.50% was maintained at the April and May meetings.
- The European Central Bank reduced its rate for main refinancing operations by a further 25 basis points to 1%, on 7 May. Previously, it had cut the rate by 25 basis points on 3 April, and 50 basis points on 15 January and 3 April.
- The Federal Reserve decided, on 16 December 2008, to establish a target range for its federal funds rate of between 0% and 0.25%. It retained this target at its latest meeting on 29 April. Previously, the target had been 1.00%.
- The Bank of Japan cut its rate by 20 basis points to 0.10% on 19 December 2008.



UK Base/Repo rate changes

% per annum

Date	New rate	Date	New rate
2001	Oct 4 4.50	2007	Jan 11 5.25
	Nov 8 4.00		May 10 5.50
2003	Feb 6 3.75		Jul 5 5.75
	Jul 10 3.50		Dec 6 5.50
	Nov 6 3.75	2008	Feb 7 5.25
2004	Feb 5 4.00		Apr 10 5.00
	May 6 4.25		Oct 8 4.50
	Jun 10 4.50		Nov 6 3.00
	Aug 5 4.75		Dec 4 2.00
2005	Aug 4 4.50	2009	Jan 8 1.50
2006	Aug 3 4.75		Feb 5 1.00
	Nov 9 5.00		Mar 5 0.50

Source: Bank of England

International interest rates

% per annum, at 1 June 2009

	Official rate	Yield 10yr Govt bonds	3-month market rate
United Kingdom	0.50	5/3/09 3.83	1.14 - 1.10
Eurozone	1.00	7/5/09 n/a	1.36 - 1.06
US	0.00 - 0.25	16/12/08 3.71	0.98 - 0.96
Japan	0.10	19/12/08 1.50	0.55 - 0.49
Switzerland	0.00 - 0.75	12/3/09 2.44	0.57 - 0.51

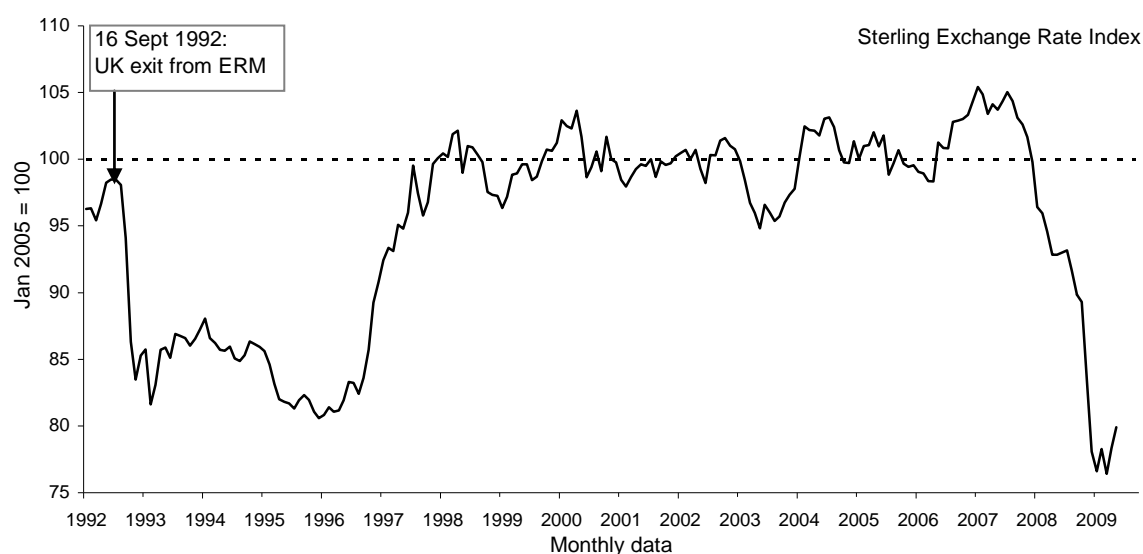
Source: *Financial Times*, 2 June 2009
(*Companies & Markets*, p.23)

Contact: Bryn Morgan, x4904

Updates: Short-term interest rates: OECD, *MEI*, mid-Jun;
Base rates: 4 Jun (UK MPC & ECB), 24 Jun (US)

D3: Exchange rates

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



[Source: Bank of England, Bankstats database, XUMABK67]

- In May 2009 the SERI rose 2.0% on the previous month, having also risen 2.6% in April from its lowest point since the series began (in 1980) in March. Year-on-year, the SERI was down 13.9% in May, and was down 23.9% from its peak in July 2007.

Sterling exchange rates for three major currencies – the US dollar, Japanese yen and the euro – are shown in the table below. At the London market close on 1 June 2009, the pound was worth €1.160, compared with an all-time low of €1.020 on 30 December 2008 (and the 31 December 1998 launch rate of €1.476). The pound was worth \$1.643.

Sterling Exchange Rates

rates at end of period and % changes

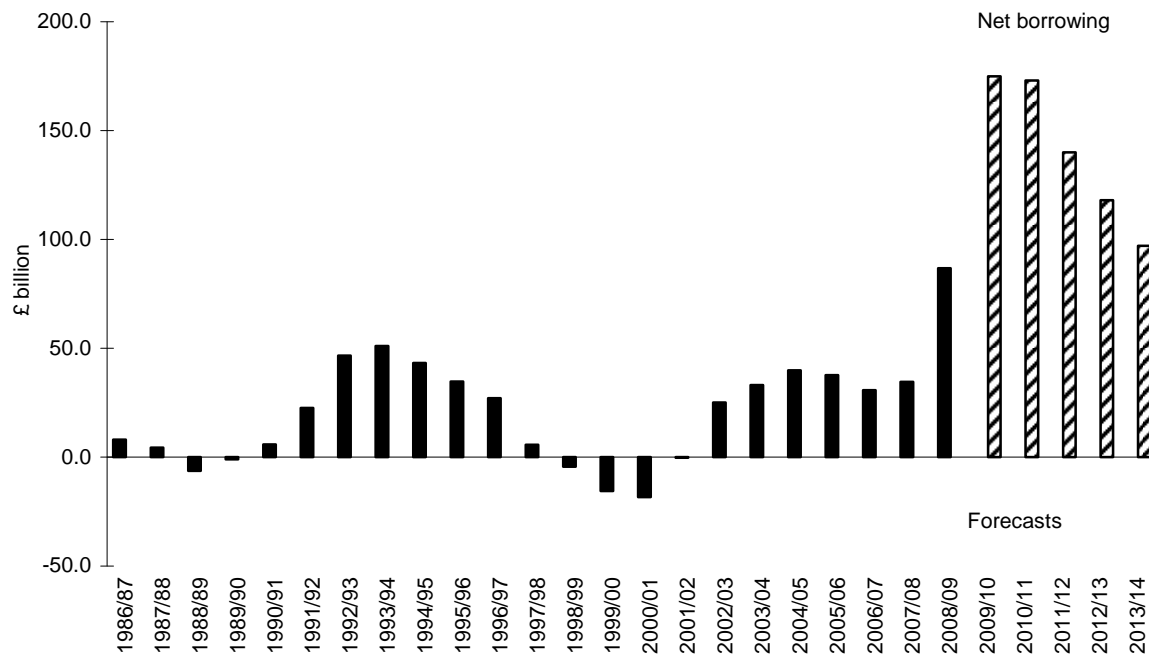
	US Dollar (\$)		Yen (¥)		Euro (€)	
	Rate	change on yr (%)	Rate	change on yr (%)	Rate	change on yr (%)
2005	1.819	-0.7%	200.2	1.0%	1.463	-0.7%
2006	1.843	1.3%	214.3	7.1%	1.467	0.3%
2007	2.002	8.6%	235.7	10.0%	1.462	-0.3%
2008	1.853	-7.5%	192.4	-18.4%	1.259	-13.9%
2008 May	1.964	-1.0%	205.0	-14.5%	1.263	-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%
Dec	1.486	-26.4%	135.6	-40.2%	1.104	-20.3%
2009 Jan	1.445	-26.6%	130.4	-38.5%	1.092	-18.4%
Feb	1.441	-26.6%	133.8	-36.4%	1.126	-15.4%
Mar	1.417	-29.2%	138.7	-31.3%	1.087	-15.7%
Apr	1.472	-25.7%	145.3	-28.6%	1.116	-11.3%
May	1.543	-21.4%	148.9	-27.3%	1.130	-10.6%

Source: Bank of England, Bankstats database, series: XUAAUSS, XUAAJYS, XUAAERS, XUMAUS, XUMAJYS, XUMAERS

Contact: Ian Townsend, x2042

Updates: *Financial Times*, [Sterling Exchange Rates](#), daily
Bank of England, SERI & monthly rates, 2 Jul

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 £86.7 billion in 2008/09.

The Budget forecast net borrowing of £175 billion in 2009/10 (up from a 2008 Pre-Budget Report forecast of £118 billion). This is equivalent to 12.4% of GDP. For 2010/11, the Budget forecast net borrowing of £173 billion (11.9% of GDP).

Public sector net debt was equivalent to 52.4% of GDP in Q1, 2009. Excluding the effects of the government's interventions in the financial sector, net debt was 42.9% (or £609.0 billion).

The Budget forecast that public sector net debt would be £792 billion in 2009/10, 55.4% of GDP. Debt is forecast to rise to £1,370 billion (76.2% of GDP) by 2013/14. These forecasts exclude liabilities and unrealised losses on financial sector interventions.

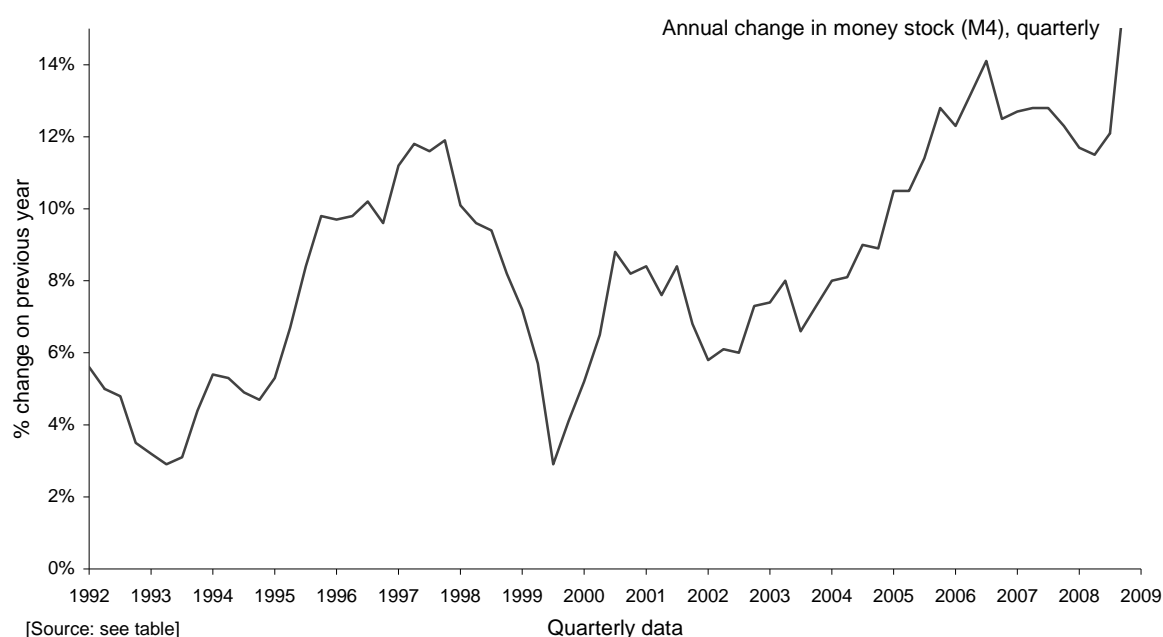
Public Sector Net Debt and Borrowing

£ billion & %

	Net Debt		Net borrowing
	£ billion	% GDP	£ billion
2005/06	461.6	35.4	37.7
2006/07	497.9	36.0	30.8
2007/08	621.2	43.1	34.6
2008/09	743.5	52.4	86.7
2008 Q1	621.2	43.1	-1.1
Q2	641.4	44.4	21.6
Q3	695.9	48.6	13.6
Q4	734.5	51.5	31.0
2009 Q1	743.5	52.4	20.5

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

Note: debt figures include financial sector interventions

D5: Money Supply**Money stock and M4 lending**

annual % change; seasonally adjusted

	Notes and coin	M4 lending to private non-financial corporations
2008 Apr	6.6	14.3
May	5.9	13.1
Jun	5.7	13.5
Jul	5.8	11.0
Aug	5.1	10.1
Sep	5.2	9.1
Oct	6.0	6.8
Nov	6.9	4.8
Dec	7.3	3.7
2009 Jan	7.8	4.6
Feb	8.3	3.5
Mar	8.4	3.1
Apr	8.6	0.8

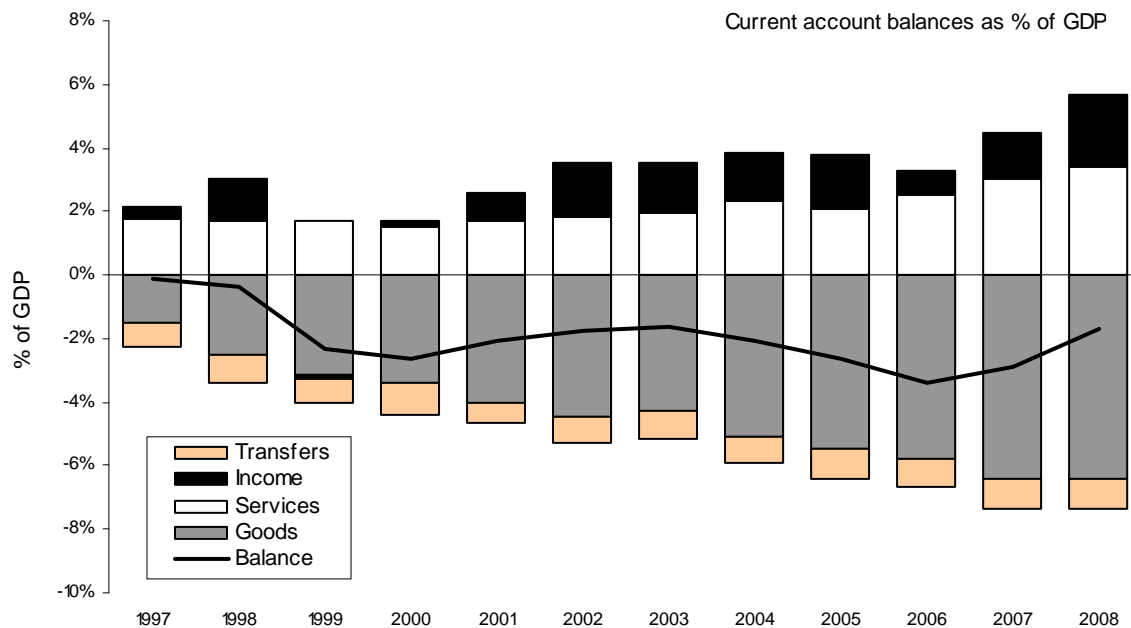
Source: Bank of England, *Monetary and Financial Statistics* May 2009, Tables A1.1.1 and A4.3

The table above shows sterling notes and coin in circulation outside the Bank of England. The table also shows M4 lending which measures lending by the banking sector to private non-financial corporations. The figures exclude the effects of securitisations and loan transfers.

- M4 lending to private non-financial corporations grew by 0.8% in the 12 months to April 2009 compared with 14.3% in April 2008.
- There are now no formal targets for money supply growth.

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

E1: UK Overseas Trade



[Source: see table]

Current Account Balances

£ millions; seasonally adjusted

	Trade in goods/services			Income (total)	Transfers			Current Account Balance
	Goods	Services	Total		Central Gov.	Other	Total	
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	-89,754	42,457	-47,297	20,572	-9,736	-3,866	-13,602	-40,327
2008	-92,876	48,878	-43,998	33,129	-8,993	-4,631	-13,624	-24,493
2008 Q1	-23,243	11,486	-11,757	12,566	-2,712	-1,373	-4,085	-3,276
Q2	-23,303	11,966	-11,337	9,404	-2,244	-1,237	-3,481	-5,414
Q3	-23,619	10,699	-12,920	8,077	-2,115	-1,204	-3,319	-8,162
Q4	-22,711	14,727	-7,984	3,082	-1,922	-817	-2,739	-7,641
2009 Q1	-21,138	12,797	-8,341	..	..	..	..	..

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

- **Annually**, the current account deficit in 2008 was £24.5 billion, equivalent to -1.7% of GDP. The surplus on income and services widened between 2007 and 2008. Data for 2008 shows that the deficit on goods trade widened while the deficit on goods and services trade together narrowed.
- On a **quarterly** basis, the current account deficit was estimated at £7.7 billion in Q4 2008, narrowing from a Q3 2008 deficit of £8.2 billion. Between Q4 2008 and Q1 2009 the surplus on services narrowed as did the deficit on goods.
- In 2008 the **annual** current account deficit with EU27 countries was £3.1 billion, compared with a deficit with non-EU countries of £21.4 billion. On a **quarterly** basis, the surplus with EU countries was £3.2 billion in Q4 2008 (compared with £2.7 billion in Q3 2008). With non-EU countries, the current account was in deficit by £10.9 billion in Q4 2008 (compared with a deficit of £10.8 billion in Q3 2008).

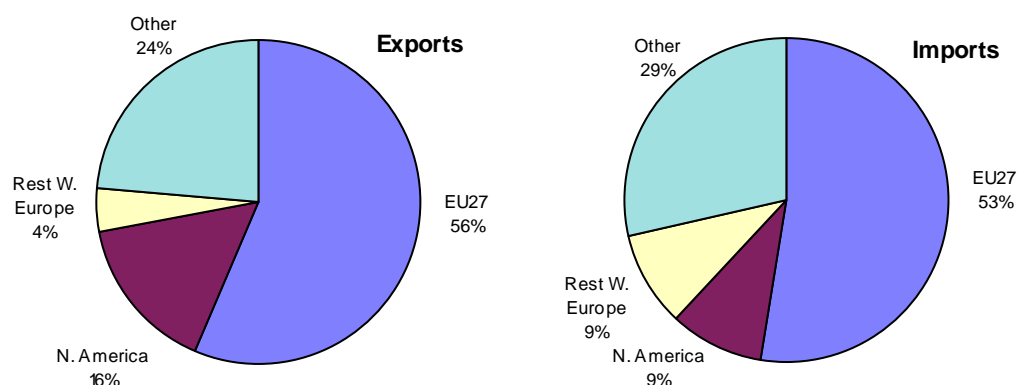
Contact: Grahame Allen, x3977

Updates: NS, *UK Balance of Payments*, 30 Jun; *UK Trade*, 10 Jun

E2: UK Overseas Trade in Goods

Shares of UK trade in goods by area, 2008

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
2005	111.0	114.6	211,608	280,197	-68,589
2006	125.2	127.5	243,635	319,947	-76,312
2007	110.4	122.3	220,858	310,612	-89,754
2008	110.6	119.8	251,088	343,964	-92,876
2008 Q1	112.8	123.4	60,698	83,941	-23,243
Q2	112.3	121.6	64,194	87,497	-23,303
Q3	112.7	121.3	65,618	89,237	-23,619
Q4	104.5	112.9	60,578	83,289	-22,711
2009 Q1	95.9	103.7	55,820	76,958	-21,138

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

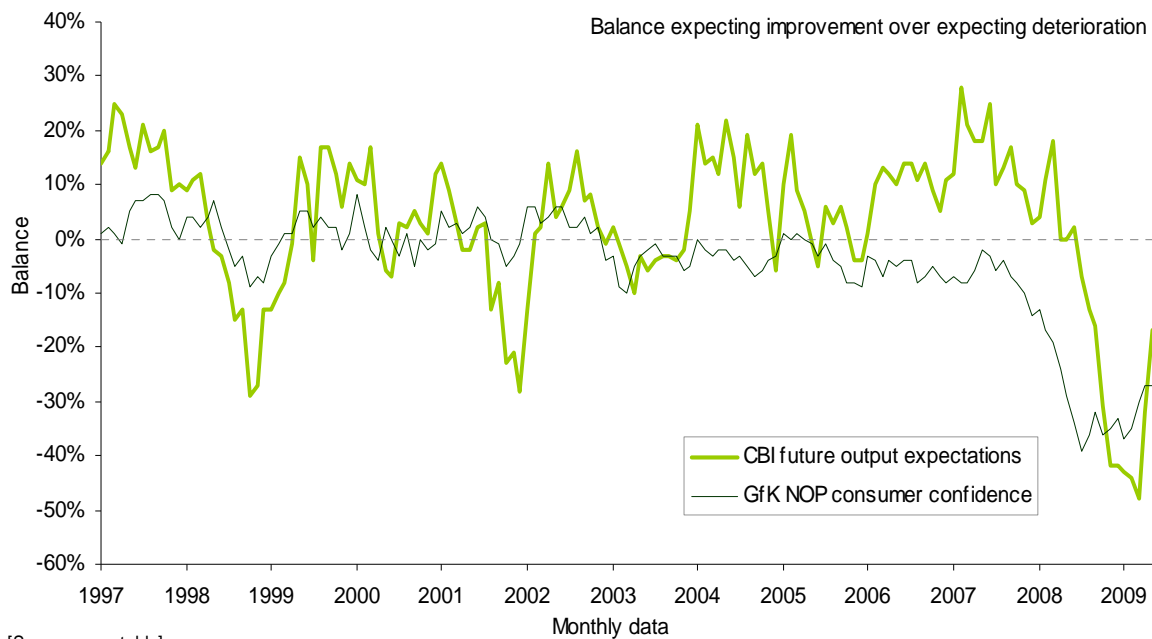
- In March, the provisionally estimated total value of UK goods exports was £18.7 billion and the total value of UK goods imports was £25.3 billion. As a result, the estimated deficit on goods trade was £6.6 billion, lower than the February level of £6.9 billion.
- Geographical breakdowns of UK trade 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 £3.3 billion in March (compared with £3.1 billion in February), while the deficit with non-EU countries was £3.3 billion (compared with £3.8 billion in February).
- The UK’s monthly surplus on trade in **services** was £4.05 billion in March, slightly lower than the February total of £4.07 billion.
- The UK’s overall monthly deficit on **goods and services combined** in March was £2.5 billion, down from £2.8 billion in February.

Contact: Grahame Allen, x3977

Update: ONS, *UK Trade*, 10 Jun

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 May manufacturers’ output expectations for the next three months had risen since April: a balance of 17% of firms thought output would decrease rather than increase over the next three months, compared with 32% in the previous month.
- Although sterling is comparatively weak at present (see [indicator D3](#)), a balance of 46% said export order books were below normal (down from 34% in April).
- In the last quarter (to April 2009) “demand plummeted”: 60% of firms reported a reduction in new order volumes compared with the quarter before, 13% an increase (a balance of -47%, the lowest since October 1980 when it was -61%).

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 was unchanged in May, remaining at -27 as in April, which was the highest level since May 2008;
- Confidence in the economic situation over the year ahead was down a point since April (then its highest since August 2007) to -16;
- Confidence in personal finances over the coming year was up 2 points (to -1);
- The “now is a good time to save” measure was up a point (to -16), 41 points lower than in May 2008.

Output Expectations & Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

		Future output expectations (CBI)	Consumer confidence (GfK)	
2008	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	
	2009	Jan	-43	-37
		Feb	-44	-35
		Mar	-48	-30
Apr		-32	-27	
May		-17	-27	

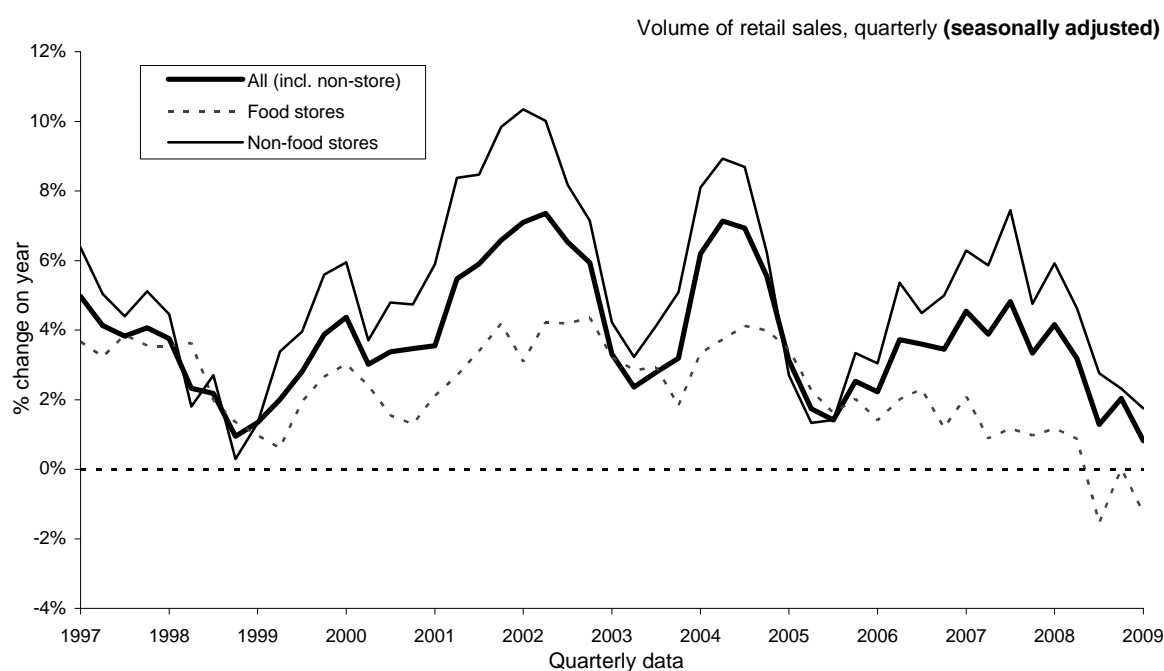
Sources: CBI, *Industrial Trends Survey* (monthly), from ONS database, series: ETCU; GfK NOP, *Consumer Confidence Survey* on behalf of the

Contact: Ian Townsend, x2042

Updates:

CBI, *Industrial Trends* (Monthly), mid Jun; GfK NOP, *Consumer Confidence*, end Jun

F2: Retail Sales



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

From this month, retail sales data are based on a [new methodology](#) (see also [Financial Times article](#))

- The total **volume** of retail sales in April 2009 was 2.6% higher than in the same month in the previous year, and increased by 0.9% compared with the previous month (seasonally adjusted).
- In the three months to April 2009 retail sales volumes were 0.7% higher than in the same three-month period in the previous year. By sector, over the same period sales volumes in primarily food stores were down 0.2%, but up 0.8% in non-food stores (all seasonally adjusted). Compared with the previous three month period, total retail sales volumes were down 0.2%.

Value of Retail Sales

% change on year; non-seasonally adjusted

	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
2006	3.5	3.8	2.1	1.0	2.7
2007	3.3	2.9	5.3	4.1	3.8
2008	3.6	0.7	-3.8	9.9	2.8
2008 Q1	2.8	2.3	0.4	14.9	4.7
Q2	3.2	-0.3	-3.5	13.5	3.4
Q3	4.2	1.7	-5.6	11.6	3.3
Q4	4.6	0.3	-5.8	2.9	1.2
2009 Q1	6.2	1.7	-7.8	0.6	1.3

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

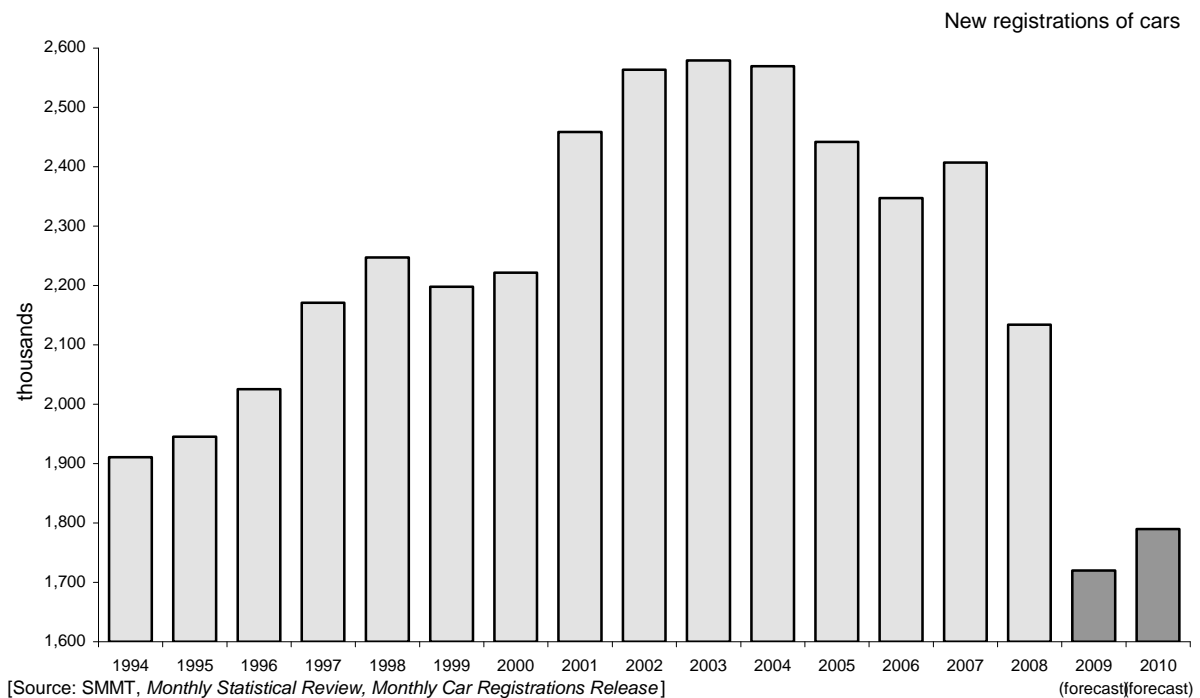
NOTE: 'Other non-food' quarterly growth figures affected by changed categorisation of some products as reported by retailers.

- The total **value** of retail sales in April 2009 was up 3.0% on the same month in the previous year, and up 0.7% compared with the previous month (seasonally adjusted).
- The average weekly value of retail sales in April 2009 was £5.4 billion, 1.6% up on the same month in the previous year (non-seasonally adjusted).
- Weekly **internet sales** (an experimental ONS series) in April 2009 were £179.5 million, 3.3% of total sales.

Contact: Ian Townsend, x2042

Update: ONS, *Retail Sales: First Release*, 18 Jun

F3: New Car Registrations



Figures from the Society of Motor Manufacturers & Traders (SMMT) show that new car registrations decreased by 24.0% in April 2009, compared with the previous April's figure, to 133,475 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. They are forecast to fall by a further 19.4% in 2009, before rising by 4.1% in 2010.
- In 2008 as a whole, 13.6% of new car registrations related to British-built cars.
- In 2008 1,446,619 cars were produced in the UK; 25% or 364,593 of these were for the UK market, while 75% or 1,082,026 were for export.

New Registrations of Cars

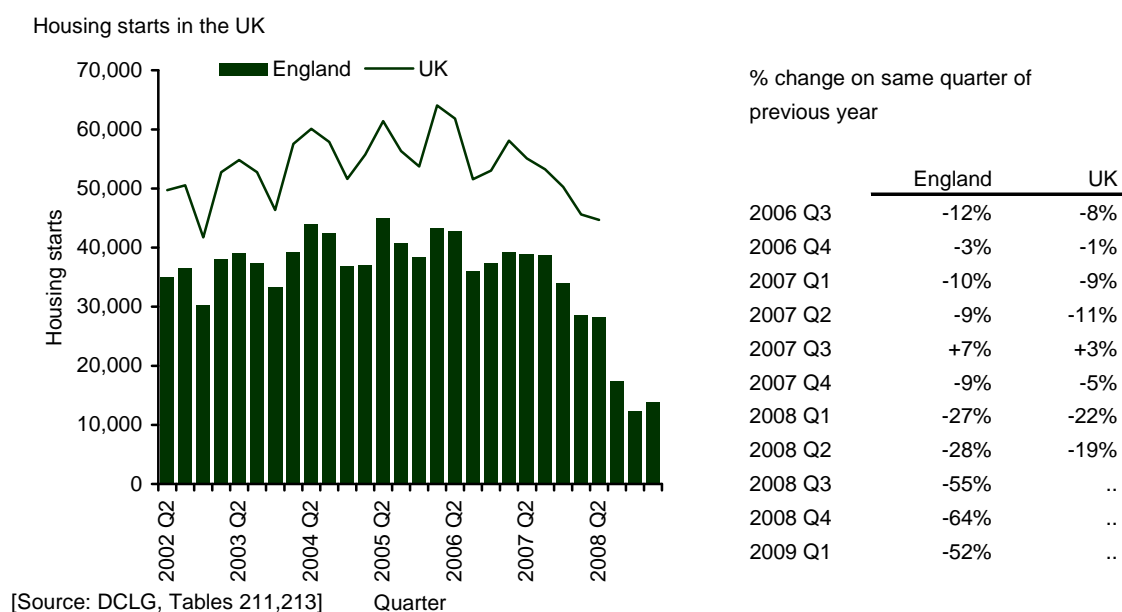
000s & % change; not seasonally adjusted

	Number ('000s)	Change over 12 months
2008	2,134	-11.3
2009 (forecast)	1,720	-19.4
2010 (forecast)	1,790	4.1
2008 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	100	-36.8
Dec	109	-21.1
2009 Jan (a)	112	-30.9
Feb (a)	54	-21.9
Mar (a)	314	-30.5
Apr (a)	133	-24.0

Source: SMMT, *Monthly Statistical Review and website*

Note: (a) data includes registrations of taxis, except for latest four months.

F4: Housebuilding and prices



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

- **Monthly** Seasonally adjusted UK house prices fell by 1.7% in April 2009. This compares with a 1.9% fall in March.
- **Annual** house prices in April were 17.7% lower on an annual basis.
- **Quarterly** house prices were 2.7% lower in quarter 1 of 2009 compared with quarter 4 of 2008.
- Regionally, the Halifax data show that in Q1 2009 house prices fell in all regions compared with Q1 2008. The largest falls were in Northern Ireland, where prices fell 22%, Greater London (-21%) and the South East (-20%). (data not seasonally adjusted; regions are not aligned with regions used by the DCLG).

Standardised average house prices

£s & %; non-seasonally adjusted

	All houses	New houses	Existing houses	First time buyers
average house prices, £				
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
Q4	164,200	171,200	163,100	127,200
2009 Q1	158,400	166,900	157,800	119,100
% change over same period in previous year				
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
Q4	-16.2	-13.9	-16.6	-14.1
2009 Q1	-17.5	-14.9	-17.6	-19.4

Source: HBOS, *Halifax House Price Index*

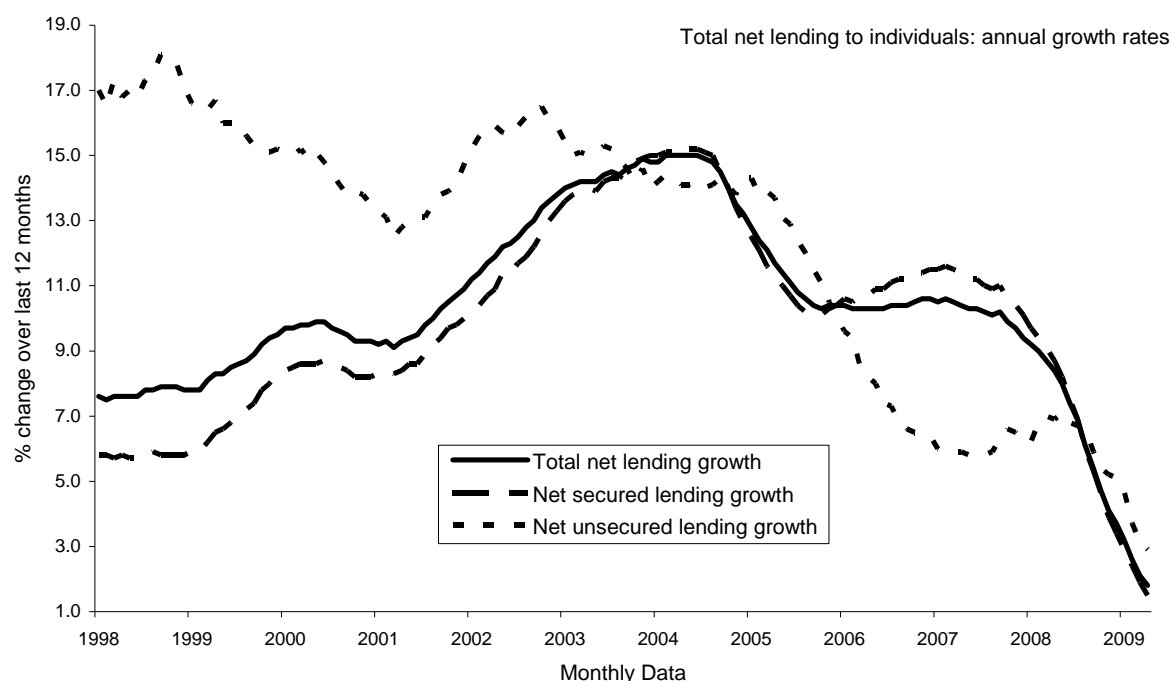
The DCLG's house price index is based on completions (the Halifax index is based on mortgage approvals). All figures are not seasonally adjusted:

- The average house price in the UK stood at £187,193 in March 2009. Prices were 13.6% lower than in March 2008.
- House prices in March 2009 were lower than March 2008 in all regions, with the largest fall of 16.1% in Northern Ireland. In England, the largest fall was in London (15.7%).

Contact: Bryn Morgan, x4904

Updates: *Halifax House Prices*, early Jun; DCLG, *House Prices*, 9 Jun; *House-building*, 20 Aug

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
2005 Apr	902,987	204,166	1,107,153	11.3	13.7	11.7
2006 Apr	999,420	211,685	1,211,105	10.7	8.2	10.3
2007 Apr	1,112,055	214,197	1,326,252	11.4	5.9	10.4
2008 Apr	1,206,127	230,653	1,436,781	8.7	6.9	8.4
Jul	1,217,647	235,894	1,453,541	6.9	6.7	6.9
Oct	1,222,012	233,914	1,455,926	4.6	5.4	4.7
2009 Jan	1,225,145	232,757	1,457,901	2.9	4.7	3.2
Apr	1,227,276	231,905	1,459,181	1.5	2.9	1.8

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

- Total net outstanding lending to individuals was £1,459 billion at the end of April 2009 (seasonally adjusted).
- Total net lending to individuals grew by 0.1% in April 2009 compared with the previous month, and grew by 1.8% on an annual basis (all seasonally adjusted); the annual growth rate is 0.3 percentage points lower this month than in March 2009.
- Of the £1.3 billion increase in net lending in April 2009, £1.0 billion was mortgage borrowing while consumer credit was £0.3 billion (seasonally adjusted).
- In Q1 2009 there were 29,774 individual insolvencies (bankruptcy orders or IVAs) in England and Wales (seasonally adjusted). This was a 1.6% increase on the last quarter and a 19.0% increase on Q1 2008.

Contact: Ed Potton, x2883

Update: Bank of England, *Lending to Individuals*, 29 Jun
Insolvency Service, *Q2 Insolvency Statistics*, 7 Aug

III Indicator sources

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

Indicator		Source details (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 :

IV Glossary

Symbols and abbreviations

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

Definitions⁴

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

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

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

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

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

Basic prices: Prices excluding taxes and subsidies on products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- M0 which comprises notes and coins in circulation outside the Bank of England plus bankers' operational deposits with the Bank and is the UK's main narrow monetary aggregate.
- M4 which is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

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

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

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

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

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

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

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

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

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

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

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

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

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