



Economic indicators, December 2009

RESEARCH PAPER 09/85 1 December 2009

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

- Revised national accounts data show GDP contracted by 0.3% during Q3 (compared with an initial estimate of -0.4%).
- Consumer spending was unchanged in Q3, the first time it has not fallen since Q1 2008, while growth in government consumption remained positive, as it has throughout the recession.
- Government borrowing over the first seven months of 2009/10 was £87 billion, more than the £85 billion borrowed over the whole of 2008/09.

This month's article: **Making sense of monthly public sector borrowing statistics**

Daniel Harari (editor)

Recent Research Papers

09/74	Economic indicators, October 2009	07.10.09
09/75	The Treaty of Lisbon after the Second Irish Referendum	08.10.09
09/76	Social Indicators	15.10.09
09/77	Unemployment by Constituency, September 2009	14.10.09
09/78	Perpetuities and Accumulations Bill [HL] [Bill 145 of 2008-09]	15.10.09
09/79	Marine and Coastal Access Bill [HL]: Committee Stage Report	19.10.09
09/80	Perpetuities and Accumulations Bill [HL]: Committee Stage Report	28.10.09
09/81	Economic indicators, November 2009	03.11.09
09/82	Unemployment by Constituency, October 2009	11.11.09
09/83	Equality Bill: Committee Stage Report	12.11.09
09/84	Financial Services Bill [Bill 6 of 2009-10]	27.11.09
09/86	The future for green taxes	01.12.09

Research Paper 09/85

Contributing Authors: Daniel Harari (editor),
Economic Policy and Statistics section

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

We welcome comments on our papers; these should be e-mailed to papers@parliament.uk.

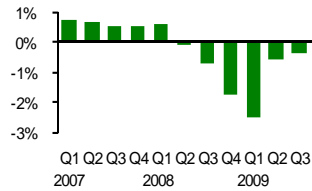
Summary

Revised national accounts data show GDP contracted by 0.3% during Q3 (compared with an initial estimate of -0.4%). Consumer spending was unchanged in Q3, the first time it has not fallen since Q1 2008, while growth in government consumption remained positive, as it has throughout the recession (see [pages 1 and 3](#)). However, government borrowing over the first seven months of 2009/10 was £87 billion, more than the £85 billion borrowed over the whole of 2008/09 (see [article](#) and [page 15](#)).

GDP Growth

[page 1](#)

(% change quarter-on-quarter)

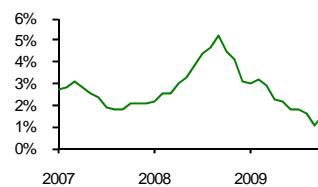


GDP contracted by 0.3% in Q3 2009 compared with Q2 2009. This was the sixth consecutive quarter of negative growth. Growth in the year to Q3 2009 was -5.1%, compared with -5.5% in the year to Q2 2009.

Inflation (CPI)

[page 7](#)

(% change on year ago)

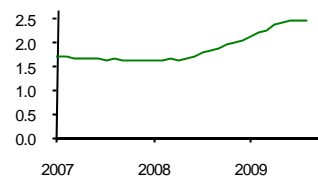


In the year to October, CPI inflation rose to 1.5%, from 1.1% in September, the first increase in CPI inflation since February.

Unemployment

[page 11](#)

(total, millions, ILO definition)

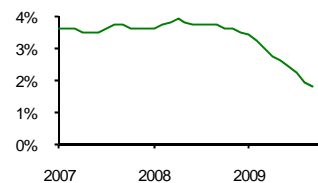


ILO unemployment rose to 2.46 million in the period July-September 2009, a rise of 0.63 million compared to the same period a year ago. However, the rate of increase has slowed in recent months.

Average Earnings

[page 9](#)

(Ave. Earn. Index, excluding bonuses, % change on year ago)

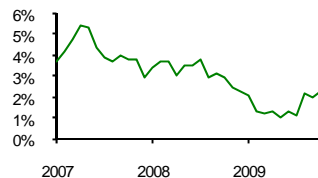


Average earnings excluding bonuses recorded its tenth successive month of slowing growth in September and the slowest rate of increase (1.8%) since the series began in 2001.

Retail Sales

[page 20](#)

(% change on year ago)



Retail sales growth has accelerated in recent months, to 2.3% in October, the highest since December 2008.

Next issue: 5 January

Editor: Daniel Harari

To receive *Economic Indicators* by e-mail and/or hard copy on a regular basis, please contact Rod McInnes (ext 3793). *Economic Indicators*, with updated data, can also be found on the parliamentary intranet: <http://hcl1.hclibrary.parliament.uk/wdw/subject/ei.asp>.

Contents

1	Introduction to <i>Economic Indicators</i>	i
2	Article: Making sense of monthly public sector borrowing statistics	ii
3	Indicator pages:	
A.	Growth and Output	1
	1. Gross Domestic Product	1
	2. GDP: International Comparisons	2
	3. Components of GDP	3
	4. Output and Employment by Industry	4
	5. Manufacturing (Including Automotives)	5
	6. Productivity	6
B.	Prices and Wages	7
	1. Inflation	7
	2. Inflation: International	8
	3. Average Earnings	9
C.	Labour Market	10
	1. Employment	10
	2. Unemployment: National	11
	3. Unemployment: Regional	12
	4. Unemployment: International Comparisons	13
D.	Finance and Government Borrowing	14
	1. Interest Rates and the Money Supply	14
	2. Public Finances	15
	3. Financial Indicators	16
E.	Trade and Exchange Rates	17
	1. UK Balance of Trade	17
	2. Exchange Rates	18

- F. Other Indicators** **19**
- 1. Business and Consumer Confidence** **19**
 - 2. Retail Sales** **20**
 - 3. Housing Market** **21**
 - 4. Household Debt** **22**
- 4 Indicator sources** **23**
- 5 Glossary** **25**

1 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

Changes to *Economic Indicators*

Last month *Economic Indicators* underwent a redesign with some new pages added and the layout of some existing pages changed. We hope you find the new-look publication an improvement. If you have any feedback on the changes please call the editor, Daniel Harari, on x2464.

Weekly email alert

A weekly email alert with updated indicators is available on request. Please call Rod McInnes on x3793.

Sources and glossary

A guide to sources is provided in section 4. Economic terms, symbols and abbreviations used in the publication are described in the glossary in section 5.

Contacts

Members and their staff are encouraged to talk to Library subject specialists. A comprehensive guide 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 specialists:

Subject	Statistician	tel. extn.
Balance of payments	Grahame Allen	3977
EC finance	Ed Potton	2883
GDP	Grahame Allen	3977
Employment	Ed Potton/Daniel Harari	2883/2464
Financial services	Adam Mellows-Facer	4904
Housing	Rachael Harker	5061
Incomes	Ed Potton	2883
Industries	Adam Mellows-Facer	4904
National accounts	Grahame Allen	3977
International development	Ian Townsend	2042
International economies	Ian Townsend	2042
Prices and interest rates	Grahame Allen	3977
Public expenditure	Dominic Webb	4324
Taxation	Dominic Webb	4324
Trade	Grahame Allen	3977
Transport	Paul Bolton	4313
Unemployment	Roderick McInnes	3793
Wages and earnings	Ed Potton/Roderick McInnes	2883/3793

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

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

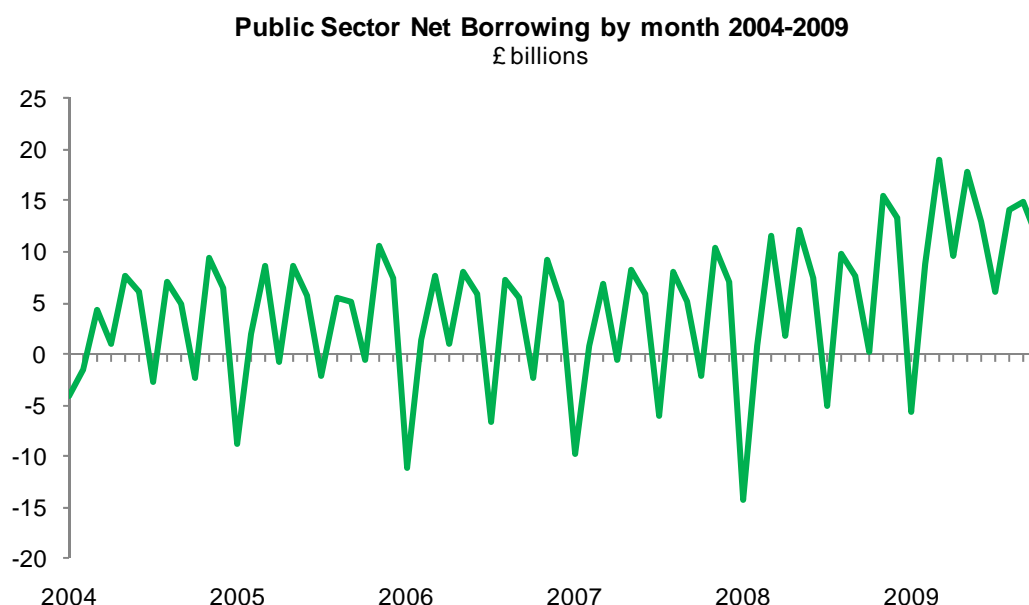
2 Article: Making sense of monthly public sector borrowing statistics

The Office for National Statistics (ONS) and HM Treasury jointly publish a *Public Sector Finances* Statistical Bulletin each month containing statistics on Government receipts, expenditure, borrowing and debt. These bulletins have become increasingly prominent in recent months as Government borrowing has increased and the data are regularly covered in the press.³

The [latest bulletin](#)⁴ will be the last before the Chancellor delivers his Pre-Budget Report on 9 December. This article looks at recent trends in monthly series, concentrating on areas where the statistics can be misinterpreted. Indicator D2 of this publication (page 15) contains more general trends in public sector borrowing and debt.

2.1 Public sector borrowing

The chart below shows monthly public sector net borrowing in each month since 2004:



While it is clear from the chart that the general trend in public sector borrowing has been upwards in 2008 and 2009, what is most apparent is the volatility of the series. This is owing to the large seasonal variation in tax receipts and expenditure.

This seasonality means that making comparisons from one month to the next, or drawing conclusions on the basis on one month's data can be very misleading. For example, while net borrowing was almost £3 billion per week in October 2009, it had been £4 billion per week in September 2009 and in January 2009, owing to seasonal tax receipt factors, there was a surplus equivalent to £1.3 billion per week.

³ See, for example:

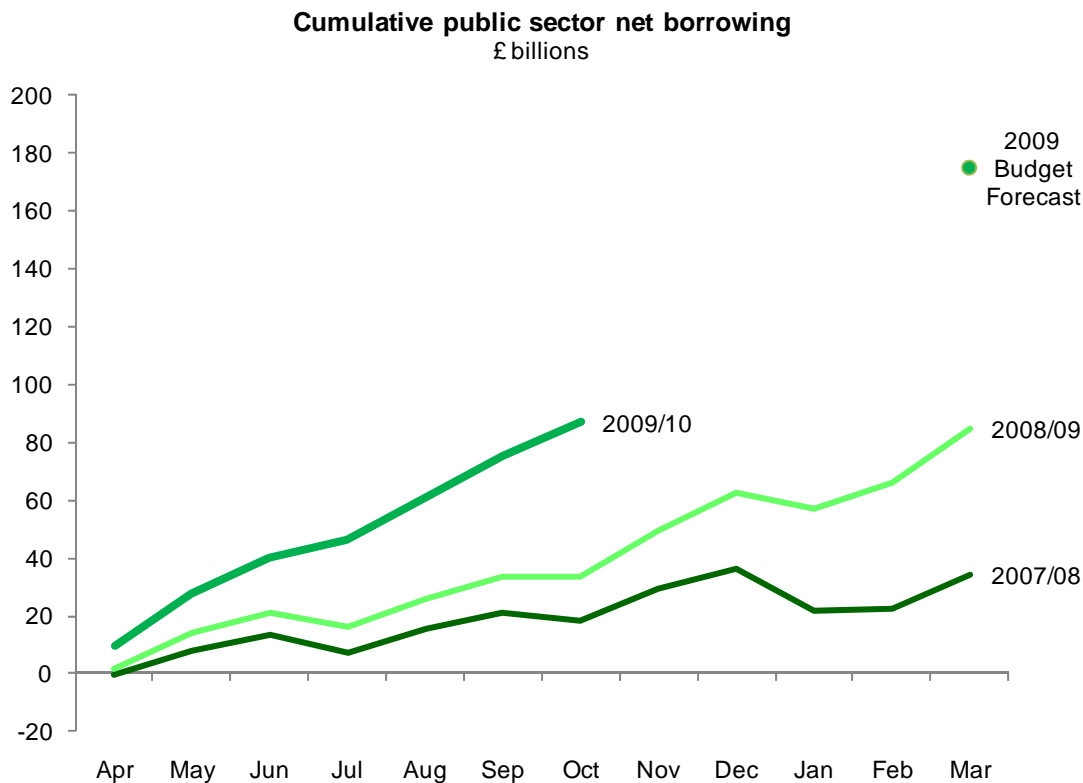
The Guardian, 19 Nov 2009, [UK budget deficit much worse than expected](#), Ashley Seager

Times Online, 19 Nov 2009, [Britain's borrowing hits record £11.4 billion](#), Patrick Hosking and Grainne Gilmore

The Daily Telegraph, 20 Nov 2009, [Government deficit now increasing at £3bn a week](#), Edmund Conway

⁴ ONS and HM Treasury, [Public Sector Finances: October 2009](#), 19 November 2009. All data used in this article are from ONS series.

A fairer comparison is with cumulative receipts over the year to date. The chart below shows cumulative public sector net borrowing by month in the last three financial years:



Cumulative public sector borrowing in the current financial year has risen at a much faster rate this year than it did in 2008/09, which in turn saw higher borrowing than 2007/08.

So far this financial year, the public sector has borrowed £86.9 billion, more than in the whole of 2008/09 and two-and-a-half times borrowing in the whole of 2007/08.

The 2009 Budget forecast that total public sector net borrowing in 2009/10 would be £175 billion. From the data currently available, it is not clear whether this forecast will be met. Commenting on the latest *Public Sector Finances*, the Institute for Fiscal Studies (IFS) noted that, while the current rate of borrowing suggests the forecast will be exceeded, particularly unusual current circumstances mean that net borrowing may show a different seasonal pattern than seen in recent years and the forecast may still be met:⁵

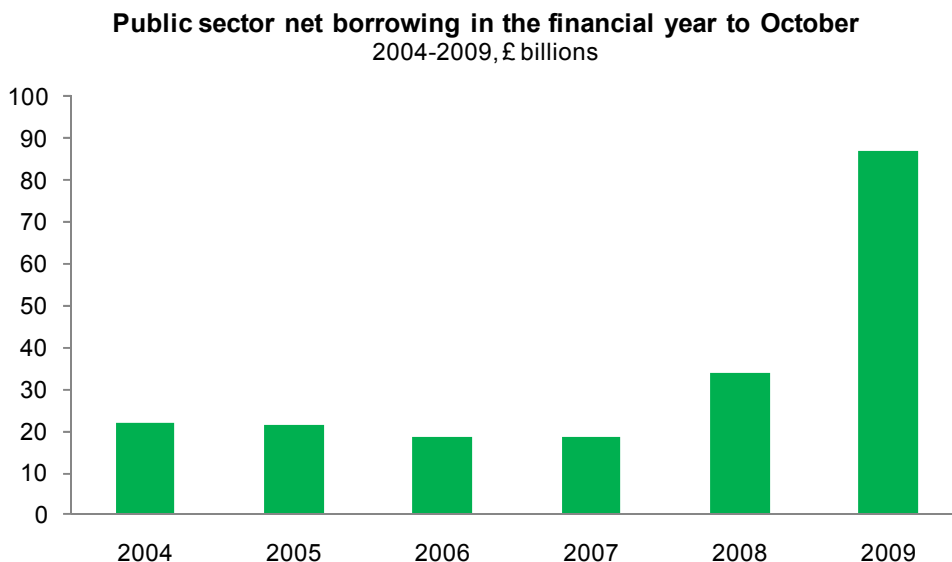
Public sector net borrowing during the first seven months on 2009–10 was £86.9bn, which is 2.6 times the level borrowed during the same period last year. If this level of growth in borrowing were to continue for the remaining five months of this financial year, borrowing for the whole of financial year 2009–10 would be about £217bn (or £42bn higher than was forecast in April's Budget).

However, various factors, including the fiscal stimulus measures announced in the Pre-Budget Report 2008 and Budget 2009, mean the timing of receipts and spending (and hence borrowing) in 2009–10 will be slightly different from that seen in 2008–09. Taking these other factors into account suggests that borrowing is currently broadly on

⁵ IFS Press Release, *IFS analysis of today's public finance figures*, 19 November 2009

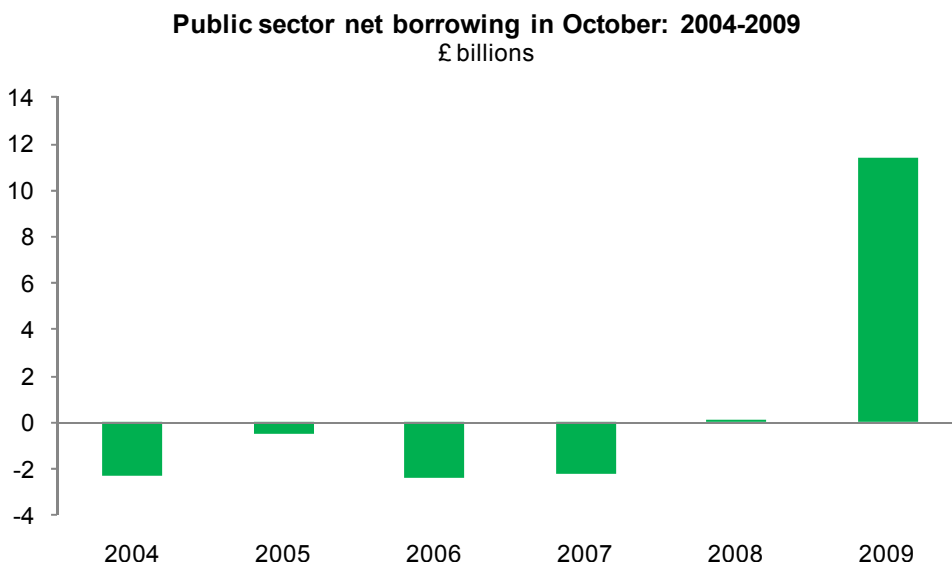
course to meet the Treasury’s Budget 2009 forecast for borrowing for the year as a whole of £175bn.

The chart below compares cumulative public sector net borrowing in the current financial year so far with that at the same point in the past five financial years:



A cumulative £86.9 billion has been borrowed in the financial year to date (April-October 2009). That is 2.6 times the rate of borrowing over the same period in the 2008/09 financial year and more than four times the rate in the three previous financial years.

An alternative comparison can be made with the same month in recent years. The chart below compares net borrowing in the last six Octobers:



October has generally been a surplus month in recent years: surpluses of around £2 billion were recorded for the month in 2004, 2006 and 2007, with a smaller surplus of £500 million in 2005. In 2009, the public sector borrowed £11.4 billion, following very small net borrowing

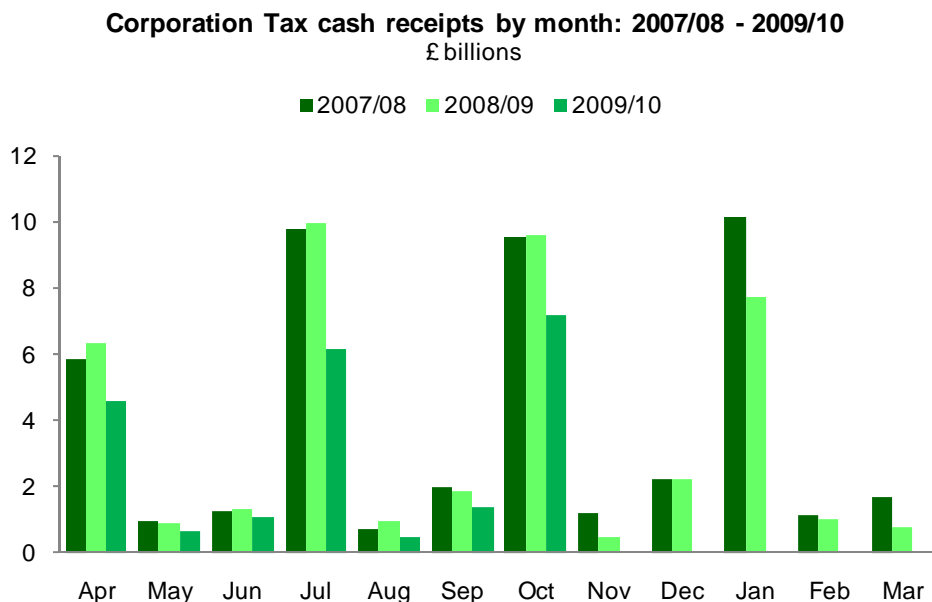
in October 2008. The IFS partly attributed the large net borrowing in 2009 to low Corporation Tax revenues:⁶

In most years the government is a net lender, rather than a borrower, in October. This is because October is one of the four months when a significant proportion of Corporation Tax revenues are received. But in October 2009 cash receipts of Corporation Tax were 25% lower than a year earlier, contributing to the government's need to borrow £11 billion last month.

This point highlights the importance of understanding the component parts of net borrowing when analysing monthly public finance figures.

2.2 Tax revenues

The chart below compares Corporation Tax revenues by month in each of the past three financial years:



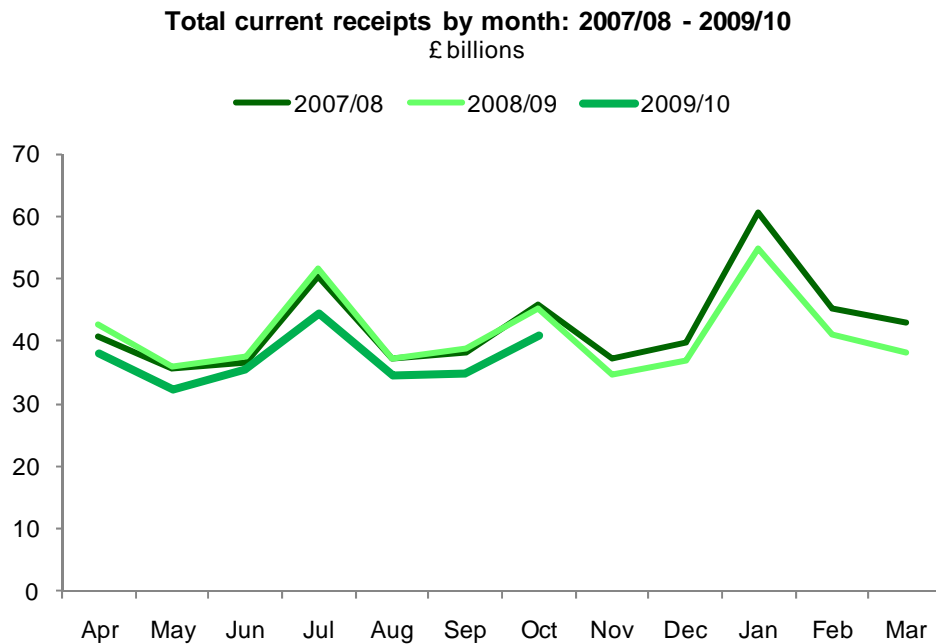
Quarterly peaks in Corporation Tax receipts are clear in each of the three financial years: in April, July, October and January. Together, they accounted for 78% of receipts in 2008/09. Comparing these peak months with the intervening months would be an unfair assessment of the state of the public finances.

Corporation Tax receipts in July 2009 were particularly low: 38% lower than in July 2008 and 37% lower than July 2007. Though Corporation Tax receipts in the next 'peak' month, October 2009, were 25% down on typical recent years, there was a narrowing of the gap.

These seasonal effects have clear implications for the interpretation of monthly public sector finance data. As demonstrated by the chart below, October is generally a strong month for tax receipts, whereas revenues are usually much lower in November. As public sector spending fluctuates less, November has tended to be a borrowing month in recent years: the public sector borrowed a net £9.2 billion in November 2006, £10.5 billion in November 2007 and £15.4 billion in November 2008. Similar, the public sector tends to borrow in net terms in December. Even if the broad outlook for the public finances improves, the rate of borrowing

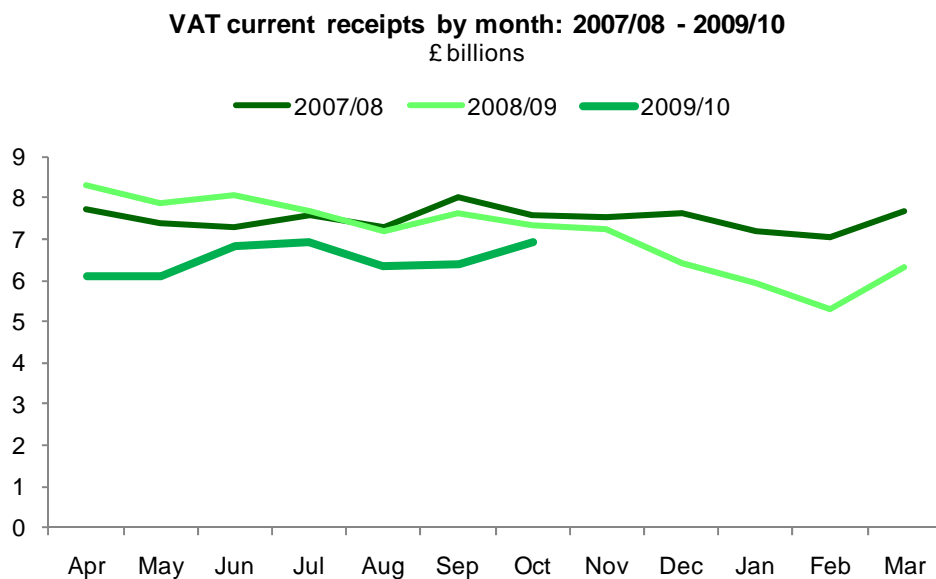
⁶ Ibid, comment by Gemma Tetlow, Senior Research Economist at the IFS

on a simple per week or per day comparison is likely to be higher in the next two months than in October.



However, as noted earlier, there are unusual circumstances this financial year that make comparisons with a 'typical' year problematic. An obvious example is the cut in the standard rate of VAT from 17.5% to 15% from 1 December 2008 to 31 December 2009. The chart below shows VAT receipts by month in the past three financial years:

As demonstrated by the chart below, VAT receipts in 2008/09 followed a similar pattern to those in 2007/08 until December. Revenues in December 2008 were, however, 16% lower than in the same month in 2007, partly reflecting the reduced rate.⁷



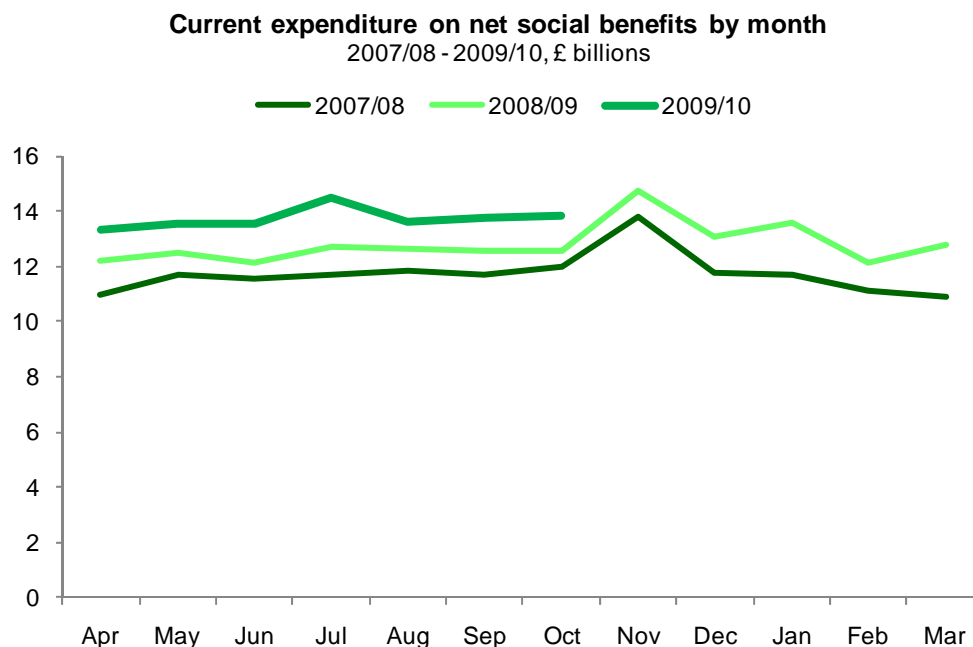
⁷ The 2.5 percentage point reduction from 17.5% to 15% is a 14.3 percent reduction in the tax rate

VAT revenues in subsequent months remained low: VAT receipts were 26% lower in January 2009 than in January 2008. However, in October 2009, they were just 5% below those in October 2008, before the VAT cut. VAT revenue therefore may recover to above 2008/09 levels in January, February and March, once the 17.5% standard rate is restored.⁸

2.3 Expenditure

Analysing monthly public sector finance statistics in full requires an understanding of the other side of the borrowing equation: public sector expenditure.⁹

There is a clear link between, say, VAT revenue and difficult economic circumstances. If consumers spend less money, all other things being equal, VAT revenues will be lower. Analysis of public spending tends to focus on high-profile discretionary expenditure, such as the car scrappage scheme. However, there is also automatic adjustment in spending. This is most obviously seen in out-of-work benefit expenditure, which will tend to increase as unemployment increases. The chart below shows net current expenditure on social benefits by month in the past three financial years:¹⁰



Expenditure on social benefits in 2009/10 has been consistently higher month-by-month than in 2008/09, which in turn was consistently higher than in 2007/08. Net expenditure on social benefits in October 2009 was 10% higher than in October 2008 and 16%, almost £2 billion, higher than in October 2007.¹¹

Adam Mellows-Facer, x4904

⁸ It is possible that consumers may bring forward spending that otherwise would have taken place in the new year to take advantage of the lower rate. All other things being equal, this would result in higher than otherwise expected VAT revenue in December and lower than otherwise expected revenue in early 2010.

⁹ Depreciation and investment also contribute to net borrowing

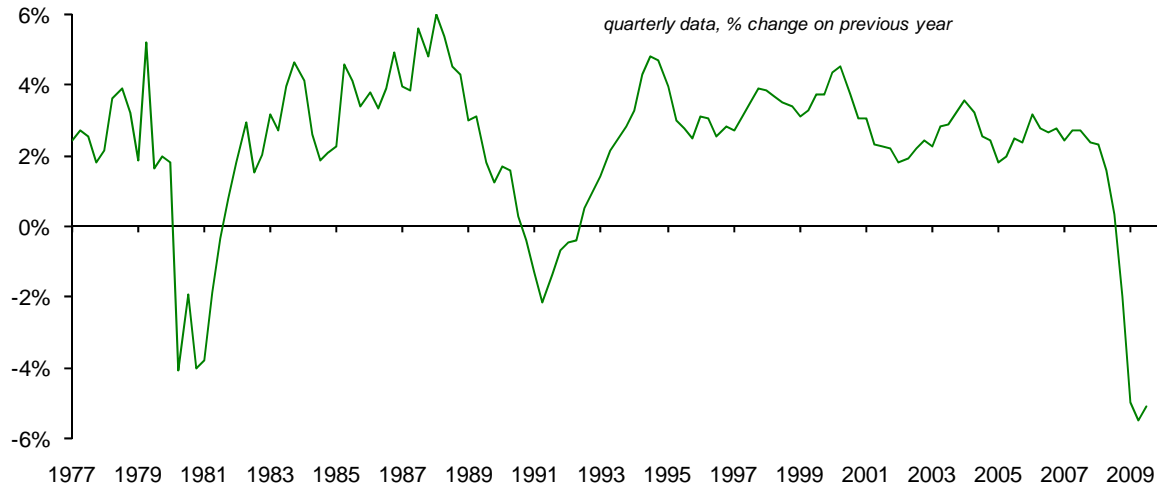
¹⁰ The annual peak in November partly reflects Winter Fuel Payments

¹¹ These increases are above those that would be expected from small cost of living adjustments to benefit rates

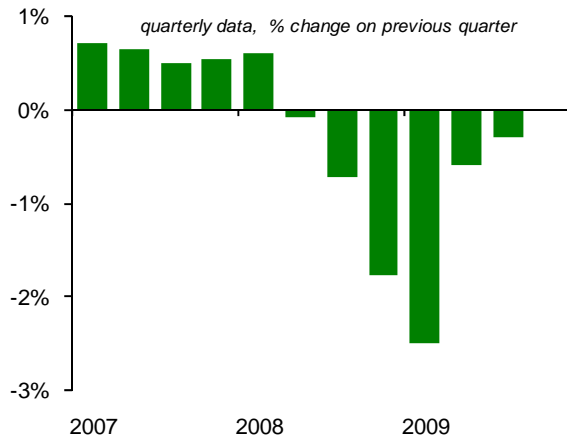
A1: Gross Domestic Product

The economy contracted by 0.3% in Q3 2009. This was the sixth successive quarter of negative growth for the UK economy which entered into recession in Q2 2008. In November 2009, HM Treasury's average of independent economic forecasts of GDP growth for 2009 was -4.5%, and for 2010 was 1.2%.

Real GDP Growth since 1977



Real GDP Growth since 2007



Gross Domestic Product

£ billion & %; seasonally adjusted

	Current prices £ billion	% change on year	Real GDP (inflation-adjusted)	
			% change on quarter	% change on year
2007	1,399	5.5	...	2.6
2008	1,448	3.5	...	0.6
2008 Q3	362.1	3.0	-0.7	0.3
Q4	359.7	1.3	-1.8	-2.0
2009 Q1	349.0	-3.9	-2.5	-5.0
Q2	347.0	-4.5	-0.6	-5.5
Q3	350.5	-3.2	-0.3	-5.1

Source: ONS, series: YBHA, ABMI

- The economy contracted by 0.3% in Q3 of 2009, compared to Q2 of 2009. This compares with a decline of 0.6% in Q2 2009, compared with Q1 2009.
- The contraction in the economy of -2.5% between Q4 2008 and Q1 of 2009 was the largest percentage fall in quarterly GDP since Q2 of 1958 (-2.6%).
- In Q3 2009, GDP fell by 5.1% compared with the same period a year ago, slightly higher than the 5.5% decline recorded in Q2.
- Total output of the economy has now fallen by 5.8% from its pre-recession level of Q1 2008.

Contact: Grahame Allen, x3977

Updates: HM Treasury, [Forecasts for the UK Economy](#), 16 Dec
ONS, [Quarterly National Accounts](#), 22 Dec

A2: GDP: International Comparisons

France, Germany, Italy and Japan emerged from recession in Q2 2009, experiencing quarter on quarter growth. The US and Canada emerged from recession in Q3, with growth of 0.9% and 0.1% respectively, as did the eurozone, with 0.4% growth.

The UK is the only G7 country remaining in recession, with a 0.3% contraction in Q3 (six successive quarters of contraction since Q2 2008). However, the rate of contraction slowed in both Q2 and Q3 2009.

Compared with the same quarter in the previous year, the US economy contracted by 2.5% in Q3, compared with 5.1% for the UK and 4.8% in Germany, with a 3.4% contraction across the G7 as a whole. OECD-wide data are not yet available.

Real GDP, % changes

	2008	change on prev. year			change on previous quarter				
		Q1 09	Q2 09	Q3 09	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
US	0.4	-3.3	-3.8	-2.5	-0.7	-1.4	-1.6	-0.2	0.7
Japan	-0.7	-8.4	-7.1	-4.4	-1.7	-3.0	-3.2	0.7	1.2
UK	0.6	-5.0	-5.5	-5.1	-0.7	-1.8	-2.5	-0.6	-0.3
Germany	1.3	-6.7	-5.8	-4.8	-0.3	-2.4	-3.5	0.4	0.7
France	0.4	-3.5	-2.9	-2.4	-0.2	-1.5	-1.4	0.3	0.3
Eurozone	0.6	-4.9	-4.8	-4.1	-0.4	-1.8	-2.5	-0.2	0.4
G7	0.3	-4.7	-4.7	-3.4	-0.7	-1.8	-2.2	0.0	0.6
OECD	0.6	-4.8	-4.6	..	-0.6	-1.9	-2.2	0.0	..

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

November 2009's [OECD Economic Outlook](#) (see below) suggests a 3.5% contraction in developed economies this year, and 1.9% growth in 2010. This revises up its [June forecasts](#) for 4.1% contraction in 2009 and 0.7% growth in 2010.

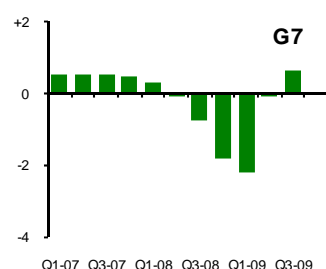
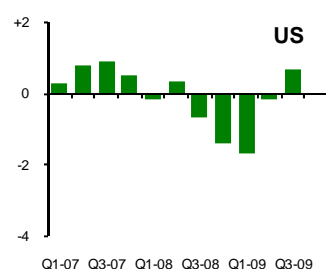
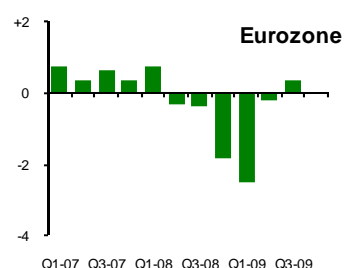
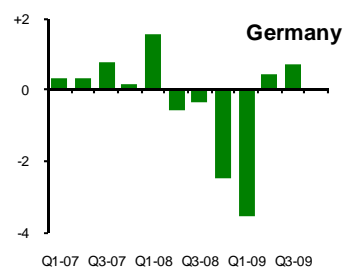
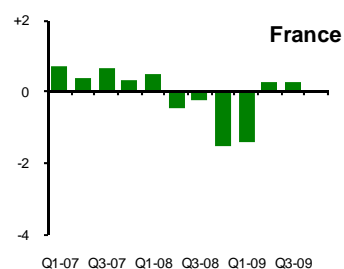
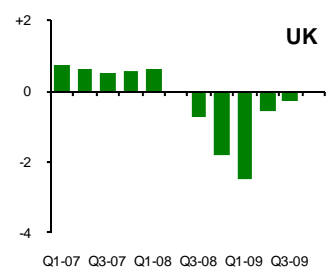
The European Commission's [November 2009 growth forecasts](#) suggest that the UK will contract 4.6% in 2009, compared with contractions of 2.2% in France and 5.0% in Germany (the fastest contraction in the eurozone is expected in Ireland, 7.5% in 2009).

The [IMF's most recent \(October 2009\) forecast](#) was for the world economy to contract 1.1% in 2009. Growth of 3.1% is now expected in 2010. The IMF expected the UK to contract 4.4% in 2009 (and then expand 0.7% in 2010). Japan is expected to contract by more (5.4%) this year, but then grow faster in 2010 (1.7%). France's economy is expected to contract 2.4% and Germany's by 5.3% in 2009.

Real Growth Forecasts (% change)

	OECD (Nov 09)		EC (Nov 09)		IMF (Oct 09)	
	2009	2010	2009	2010	2009	2010
UK	-4.7	1.2	-4.6	0.9	-4.4	0.7
France	-2.3	1.4	-2.2	1.2	-2.4	0.9
Germany	-4.9	1.4	-5.0	1.2	-5.3	0.3
Eurozone	-4.0	0.9	-4.0	0.7	-4.2	0.3
US	-2.5	2.5	-2.5	2.2	-2.7	1.5
Japan	-5.3	1.8	-5.9	1.1	-5.4	1.7
OECD	-3.5	1.9	..	..	..	..
China	8.3	10.2	8.7	9.6	8.5	9.0
India	6.1	7.3	..	..	5.4	6.4
World	-1.7	3.4	-1.2	3.1	-1.1	3.1

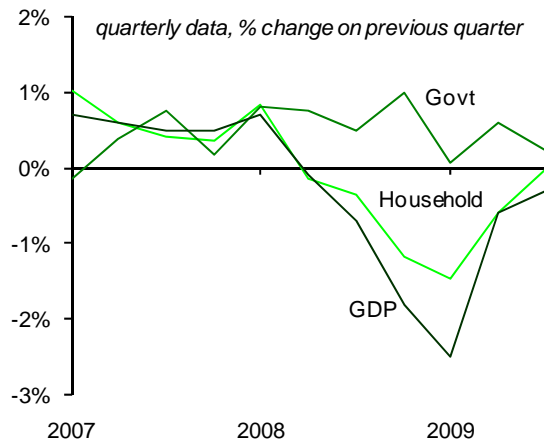
Sources: OECD, *Ec Outlook*, Nov 09 flashfile; IMF, *WEO*, Oct 09; EC, Nov 09



A3: Components of GDP

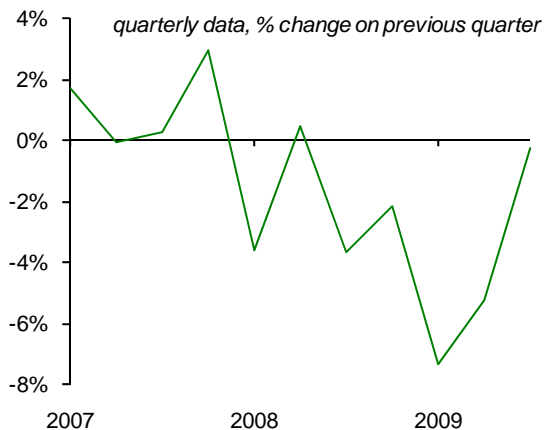
Total GDP is made up of a number of elements, including household consumption, government spending, investment and net trade (exports less imports). Household consumption is the largest element accounting for 62% of the total. Government consumption accounts for 21% of GDP and gross fixed capital formation for 17%.

Household consumption, government consumption and GDP



- Government consumption has been the main element of demand supporting the economy recently. It is 1.9% higher than a year ago, while household consumption is 3.2% lower.
- Household consumption was unchanged in 2009, Q3, following five successive quarters of decline.
- Inventories (stocks held by companies to meet future demand) play an important role in the economic cycle. There was little change in 2009, Q3 in the rate at which inventories are being run down.

Gross fixed capital formation



- Gross fixed capital formation (GFCF) measures investment in buildings and machinery.
- GFCF has fallen for the last five quarters. In 2009, Q3 it was 14.3% below its level a year earlier.
- Business investment fell by 3.0% in Q3, 2009 and is 21.7% below its level of a year ago.

Components of GDP

% change on previous quarter (real terms)

	Household consumption	Government consumption	GFCF (a)	Exports	Imports	GDP
2007 (annual % change)	2.5%	1.2%	7.8%	-2.8%	-0.7%	2.6%
2008 (annual % change)	0.9%	2.5%	-3.3%	1.0%	-0.8%	0.6%
2008 Q4	-1.2%	1.0%	-2.2%	-4.0%	-5.5%	-1.8%
2009 Q1	-1.5%	0.1%	-7.3%	-7.1%	-7.0%	-2.5%
2009 Q2	-0.6%	0.6%	-5.2%	-1.4%	-2.2%	-0.6%
2009 Q3	0.0%	0.2%	-0.3%	0.5%	1.3%	-0.3%

Source: ONS series ABJR, NMR Y, NPQT, IKBK, IKBL and ABM I

Note: (a) gross fixed capital formation

Contact: Dominic Webb, x4324

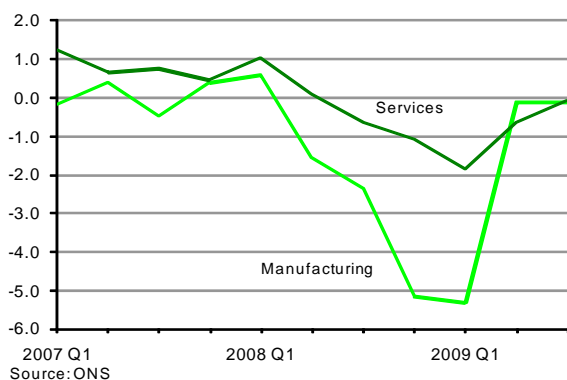
Update: ONS, [Quarterly national accounts](#), 22 Dec

A4: Output and Employment by Industry

In Q3 2009 output in the manufacturing industry fell by 0.1% compared to the previous quarter and by 10.4% compared to the same quarter a year ago. Output in the services sector fell by 0.1% compared to the last quarter and by 3.7% compared to the same quarter a year ago.

In the quarter to June 2009, the number of jobs in the manufacturing sector fell by 1.6% compared to the previous quarter and by 8.1% compared to the same quarter a year ago. The number of jobs in the service sector fell by 0.2% over the last quarter and by 1.2% compared to the same quarter a year ago.

Manufacturing and Services, quarterly growth



GVA growth by industry, % changes

seasonally adjusted, chained volume measures at basic prices

	Manu- facturing	Constru- ction	Services		
			Total	Retail and hotels	Busin- ess
2006	1.6	1.1	3.6	3.4	6.0
2007	0.6	2.7	3.5	3.1	5.5
2008	-2.9	-0.4	1.4	-1.1	2.5
Quar Change	-0.1	-1.1	-0.1	0.3	-0.3
Ann Change	-10.4	-13.0	-3.7	-4.0	-4.6

Notes: Changes: Ann compares to Q3 08, Quar to Q2 09
Retail: Wholesale and retail, repairs, hotels, restaurants
Business: Business services and finance

Source: ONS, series CKYY, GDQB, GDQS, GDQE, GDQN

- The output levels of UK industry are measured here by gross value added (GVA).
- Over the last year the manufacturing sector has seen greater falls in growth than the services sector.
- Although on an annual basis the service sector has declined by 3.7% to Q3 2009, the retail, repairs and hotels and restaurants sector as well as the business services and finance sector have fallen by more (4.0% and 4.6% respectively).
- In 2007, services accounted for 76% of gross value added, manufacturing for 12%, other production industries (mining & quarrying, and electricity, gas & water supply) for 4%, construction for 6% and agriculture, hunting and fishing for 1%.
- The table and chart below show workforce jobs by industry in the UK. Workforce jobs are a measure of jobs not employment and as such people who hold two jobs or more will be counted twice or more.
- On an annual basis, the highest percentage fall in jobs has been in the manufacturing sector (-8.1%).
- Over the last four quarters the number of jobs has fallen in both the manufacturing and services sectors.

Workforce jobs by industry, 2006-2009

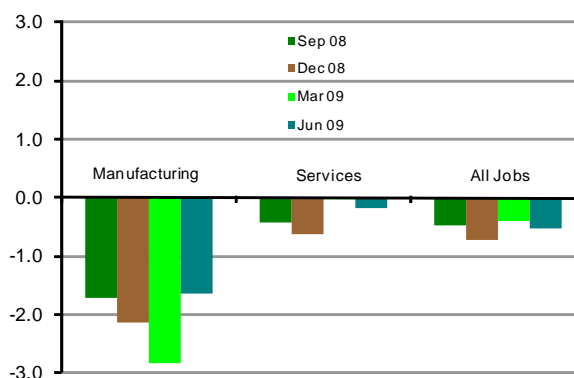
seasonally adjusted, SIC 2003

	Manu- facturing	Constru- ction	Retail and hotels	Busin- ess	Public admin	All Jobs
June 2007	3,187	2,245	7,009	6,608	7,954	31,471
June 2008	3,138	2,252	7,037	6,668	8,009	31,661
Sept 2008	3,084	2,281	6,973	6,583	8,049	31,510
Dec 2008	3,018	2,278	6,888	6,481	8,066	31,286
Mar 2009	2,933	2,231	6,849	6,476	8,153	31,160
June 2009	2,885	2,170	6,816	6,409	8,193	30,997
Quar Change	-1.6	-2.7	-0.5	-1.0	0.5	-0.5
Ann change	-8.1	-3.6	-3.1	-3.9	2.3	-2.1

Notes: Changes: Ann compares to June 08, Quar to March 09
Retail and 'business' as in table above
Public admin: Education, health and public admin

Source: ONS, series LOLO, LOLR, LOLU, LOMA, LOMD, LOMJ, DYDC

Quarterly percentage change in jobs by industry, SA



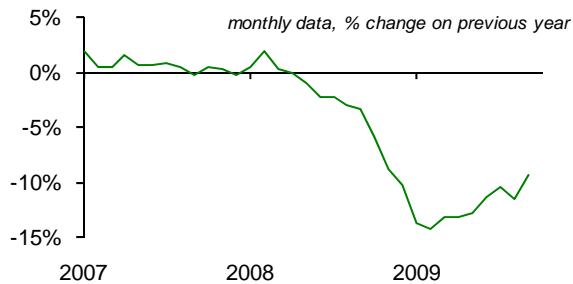
Contact: Ed Potton, x2883

Update: ONS, [Quarterly National Accounts - Q3, 22 Dec](#)

A5: Manufacturing (Including Automotives)

Monthly manufacturing output data from the ONS, as well monthly vehicle production and new car registration data from the Society of Motor Manufacturers and Traders (SMMT), are covered below.

Manufacturing Output

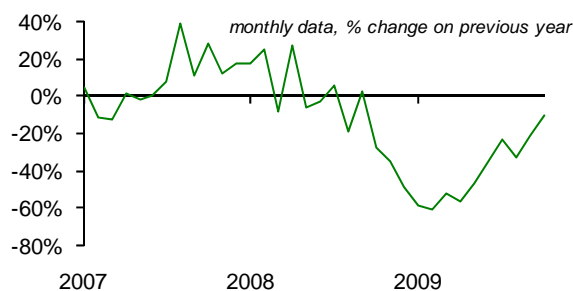


	Index Value (2005=100)	% change over month	% change over 12 months
2007	102.2	...	+0.6
2008	99.2	...	-2.9
2009 Jun	88.9	+0.6	-11.3
Jul	89.3	+0.4	-10.4
Aug	87.5	-2.0	-11.6
Sep	89.0	+1.7	-9.4

Source: ONS, series CKYY

- Manufacturing output increased by 1.7% during September, after falling by 2.0% in September. Output was down by 9.4% compared with a year ago.
- Industrial production, which in addition to manufacturing includes mining and quarrying, and electricity, gas and water supply, rose by 1.6% during September but was 10.3% lower than a year ago.

Vehicle Production

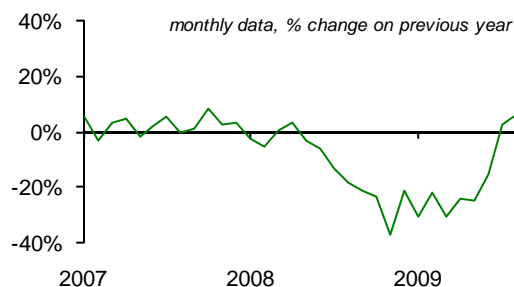


	Number '000s	% change over 12 months
2007	1,750	+6.1
2008	1,650	-5.8
2008 Oct	127	-27.1
2009 Aug	62	-33.2
Sep	129	-20.8
Oct	114	-10.1

Source: SMMT, not seasonally adjusted

- Supported by the scrappage scheme, vehicle (car plus commercial vehicle) production has recovered since early 2009, although it was still down 10.1% in October compared with a year ago.
- In 2008, 1.65 million vehicles were produced in the UK: 400,000 or 24% were for the UK market; 1.25 million or 76% were for export.

New Car Registrations



	Number '000s	% change over 12 months
2007	2,404	+2.5
2008	2,132	-11.3
2008 Oct	128	-23.1
2009 Aug	67	+6.0
Sep	368	+11.4
Oct	169	+31.6

Source: SMMT, not seasonally adjusted

- New registrations of cars rose by 31.6% in the year to October. According to the SMMT, the scrappage scheme has stimulated growth in demand. Up to 25 October 268,641 orders have been placed under the scheme, with funding available for up to 400,000 by the end of February 2010.
- Latest forecasts from the SMMT project new car registrations to fall by 9.6% in 2009 and by 7.8% in 2010.

Contact: Daniel Harari, x2464

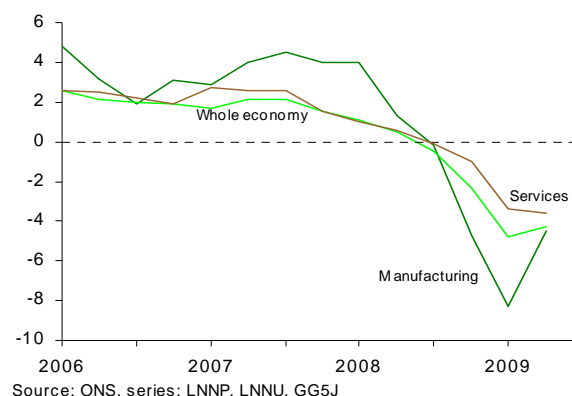
Update: ONS, [Index of Production](#), 8 Dec
SMMT, [Vehicle Production](#), late Dec
SMMT, [New Car Registrations](#), 4 Dec

A6: Productivity

Productivity is a measure of the level of output in an economy and the inputs required to produce it. Three measures are commonly used: output (or GDP) per worker, output per job and output per hour (worked). Data covering the UK economy is published every three months, with international comparisons updated biannually.

- Productivity across the whole economy, measured by output per worker, is estimated to have fallen by 0.3% in 2008 compared with growth of 1.8% in 2007.
- Output per worker fell by 3.9% in Q2 2009 compared to the same quarter a year ago. Output and employment levels have been falling in the economy in the last year.
- Manufacturing output per job fell by 4.5% in Q2 2009 compared to the same quarter a year ago; output per job in the service sector fell by 3.6% over the same period.
- Comparing Q2 2009 with Q1 2009, manufacturing output per job increased by 2.9%, services output per job fell by 0.2% while output per job for the whole economy grew by 0.2%.

Output per job, quarterly data, annual percentage change seasonally adjusted



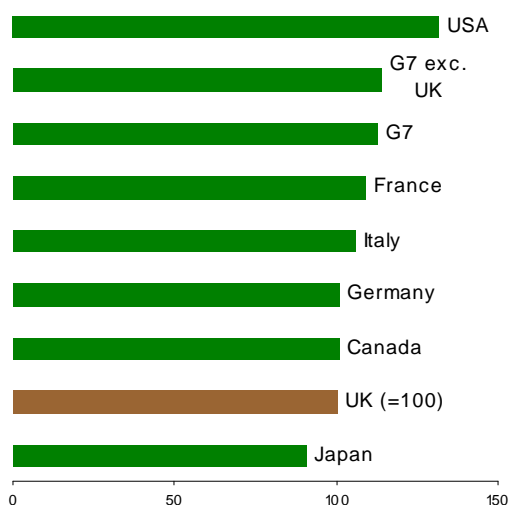
Productivity growth, seasonally adjusted

	Manufacturing		Services		Whole Economy		
	Output per job	Output per hour	Output per job	Output per hour	Output per worker	Output per job	Output per hour
<i>Annual % change</i>							
2007	3.9	3.4	..	..	1.9	1.8	1.8
2008	0.1	0.1	..	..	-0.1	-0.3	0.1
2008 Q2	1.3	0.4	0.6	2.0	0.6	0.5	1.6
Q3	-0.2	0.3	-0.1	0.4	-0.2	-0.5	0.0
Q4	-4.7	-4.2	-1.0	-0.8	-2.0	-2.3	-1.9
2009 Q1	-8.3	-5.5	-3.4	-1.2	-4.4	-4.8	-2.5
Q2	-4.5	-2.7	-3.6	-3.3	-3.9	-4.3	-3.4
<i>Latest quarterly % change</i>	2.9	1.8	-0.2	-0.8	0.3	0.2	-0.2

Source: ONS

- International comparisons of productivity are presented as an index where the UK=100 for each year.
- In 2008, based on GDP per worker, the UK had higher levels of productivity than Japan, around the same levels as Germany and Canada, and lower levels than Italy, France, the US and the G7 average.
- Based on GDP per hour, in 2008 the UK had higher levels of productivity than Japan, Italy and Canada, and lower levels than Germany, France, the US and the G7 average.
- Since 1997 UK productivity has improved compared to all but one G7 country. UK GDP per worker has increased by around 20% between 1997 and 2008, compared to 21% for the US, 16% for the G7 average, 14% for Japan, 11% for Canada and France, 10% for Germany and no change for Italy.

GDP per worker, 2008, index where UK=100



Contact: Ed Pottton, x2883

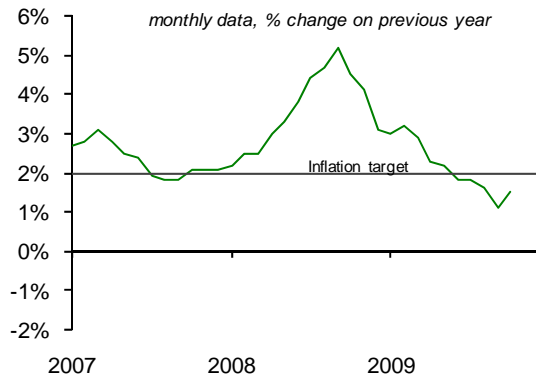
Update: ONS, [Productivity](#), 23 Dec

B1: Inflation

In the year to October, the consumer prices index (CPI) showed inflation at 1.5%, up from 1.1% in September, but below the Bank of England's 2% target.

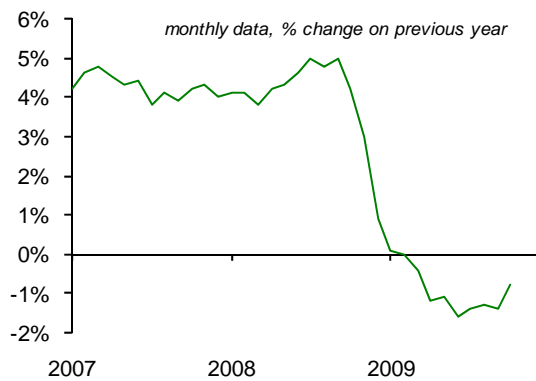
On 10 December 2003 the (then) Chancellor wrote to the Bank of England setting a new UK inflation target of 2.0%, measured by the consumer prices index (CPI). Inflation must remain within 1 percentage point either side.

Consumer Prices Index (CPI)



- The CPI annual inflation rate rose for the first time since February, to 1.5% in October.
- The primary source of upward pressure on the CPI came from the transport sector, in particular from fuel prices falling by less than they did a year ago. Increasing second-hand car prices (up 13% on a year ago) and rising air transport fares also contributed to higher inflation.
- The change in the RPI (all items) in the year to October was -0.8%, up from -1.4% in September.

Retail Prices Index (RPI)



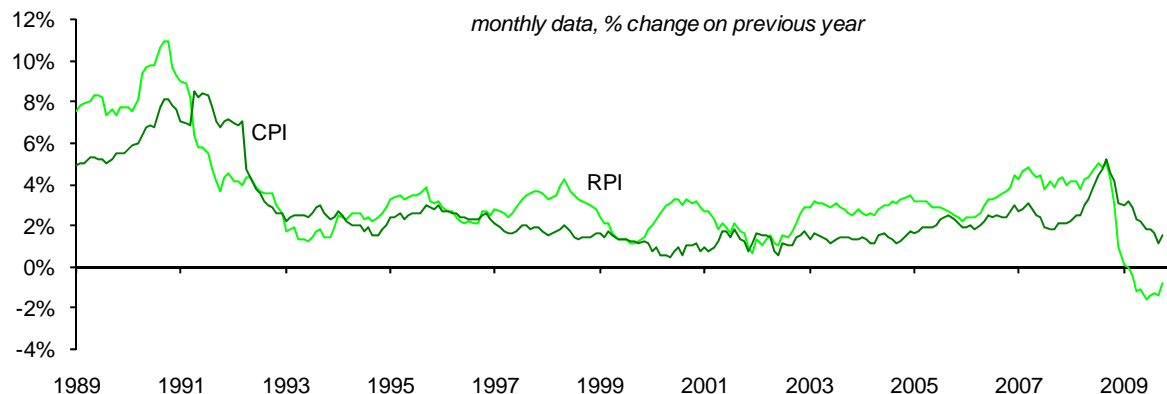
Price Indices

% change on a year ago

		CPI	RPI
2006		2.3	3.2
2007		2.3	4.3
2008		3.6	4.0
2009	May	2.2	-1.1
	Jun	1.8	-1.6
	Jul	1.8	-1.4
	Aug	1.6	-1.3
	Sep	1.1	-1.4
	Oct	1.5	-0.8

Source: ONS database, series: D7G7, CDKQ

CPI and RPI since 1989



Contact: Daniel Harari, x2464

Update: ONS, [Consumer Price Indices](#), 15 Dec

B2: Inflation: International

UK inflation, measured by the Consumer Prices Index (CPI), has remained positive throughout the downturn so far. That is in contrast with many other major economies, including the US, France and Germany, which have seen deflation (negative inflation).

Inflation in the EU (and in some other European countries) is measured by the standard Harmonised Index of Consumer Prices (HICP). Methodologies used for calculating inflation in other countries differ from this standard to a varying degree. For example, the US CPI is based on prices in urban areas only and, unlike the HICP, includes the costs of owner-occupied housing. Care should therefore be taken in making direct comparisons.

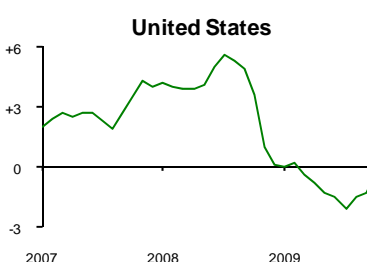
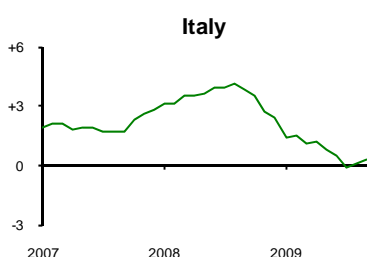
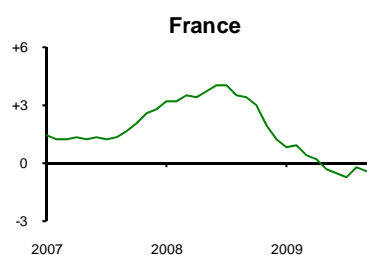
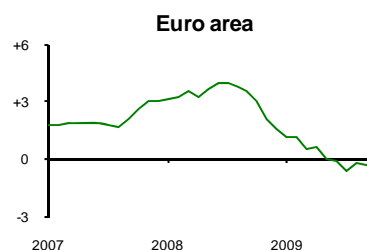
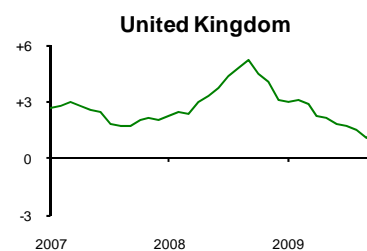
- In the year to October 2009, UK inflation (CPI) was 1.5%, the highest in the G7 but below the Bank of England's 2% target. Italy (0.3%, HICP) and Canada (0.1%, national definition) were the other G7 countries to report price rises.
- Euro-area inflation was -0.1% (HICP) in the year to October 2009. The European Central Bank (ECB) aims to keep inflation "below, but close to, 2% over the medium term".
- The rate of deflation slowed in the US for the third consecutive month.
- Iceland (13.8%) and Ireland (-2.8%, both HICP) continue to be inflation rate outliers.

Inflation rates: selected countries

Annual % change in consumer prices

	2007	2008	Aug 09	Sep 09	Oct 09
HICP					
UK	2.3	3.6	1.5	1.1	1.5
Euro area	2.1	3.3	-0.2	-0.3	-0.1
EU	2.4	3.7	0.6	0.3	0.5
France	1.6	3.2	-0.2	-0.4	-0.2
Germany	2.3	2.8	-0.1	-0.5	-0.1
Iceland	3.6	12.8	16.0	15.3	13.8
Ireland	2.9	3.1	-2.4	-3.0	-2.8
Italy	2.0	3.5	0.1	0.4	0.3
Spain	2.8	4.1	-0.8	-1.0	-0.6
National defs					
Canada	2.1	2.4	-0.8	-0.9	0.1
Japan	0.1	1.4	-2.2	-2.2	-2.5
United States	2.9	3.8	-1.5	-1.3	-0.2
G7	2.2	3.2	-1.0	-1.0	..
OECD	2.5	3.7	-0.3	-0.3	0.2
Brazil	3.6	5.7	4.4	4.3	..
China	4.8	5.9	-1.2	..	..
India	6.4	8.3	11.7	11.6	..
Russia	9.0	14.1	11.6	10.7	..

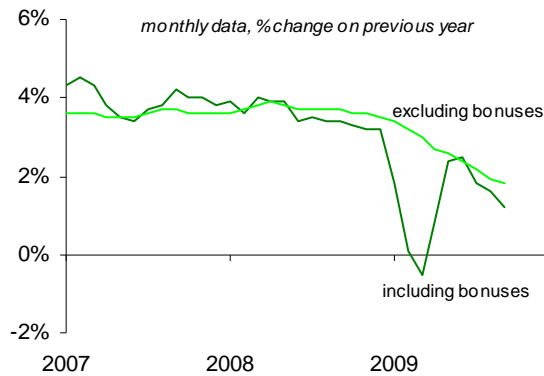
Source: OECD Consumer Prices Release



B3: Average Earnings

The headline rate of average earnings (three-month average including bonuses) for the whole economy rose by 1.2% in the year to September, down from 1.6% in August. The less volatile series of average earnings excluding bonuses recorded its tenth successive month of slowing growth. It rose by 1.8% in September, down from 1.9% in August, the slowest rate of increase since the series began in 2001.

Average Earnings, Whole Economy



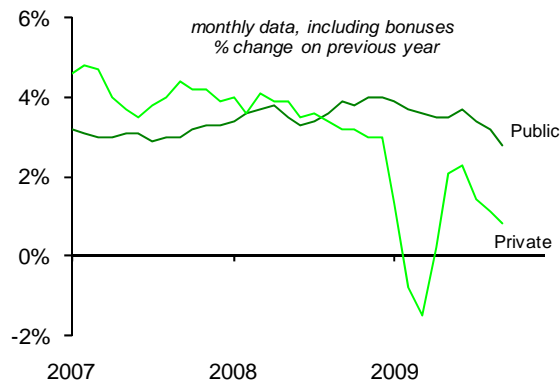
Average Earnings, Including Bonuses

% change on year; seas. adj.; Great Britain

	Private	Public	Manuf.	Serv.	Total
2006 Sep	4.0	3.6	5.2	3.9	3.9
2007 Sep	4.4	3.0	3.1	4.4	4.2
2008 Sep	3.2	3.9	2.9	3.6	3.4
2009 Apr	0.2	3.5	1.2	0.6	0.8
May	2.1	3.5	1.0	2.6	2.4
Jun	2.3	3.7	1.3	2.8	2.5
2009 Jul	1.4	3.4	0.7	2.1	1.8
Aug	1.1	3.2	1.3	1.7	1.6
Sep	0.8	2.8	1.5	1.2	1.2

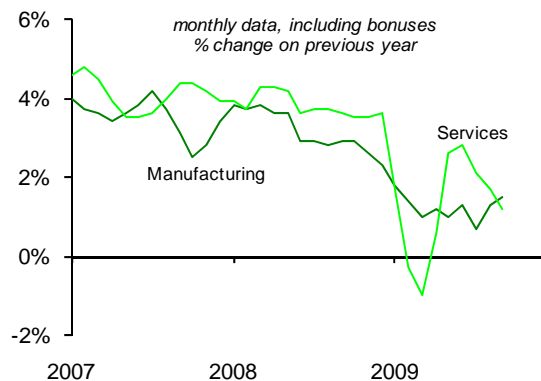
Source: ONS, data shows latest 3-month period

Average Earnings in the Public and Private Sectors



- Headline earnings growth in the public sector rose by 2.8% in September, compared with a 0.8% increase in the private sector.
- In 2008, headline (including bonuses) earnings growth in the public sector averaged an increase of 3.7% compared with a 3.4% rise in the private sector.
- From 1997 to 2008 the private sector has averaged an annual increase in earnings (including bonuses) of 4.2% compared with an average rise of 3.9% in the public sector.

Average Earnings in Services and Manufacturing

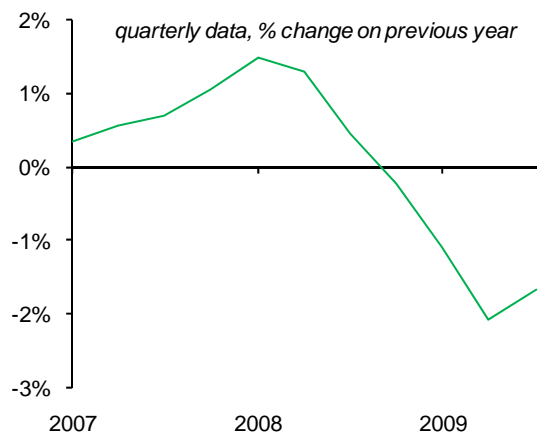


- Headline average earnings growth in manufacturing was 1.5% in September, compared with 1.2% in the services sector.
- In 2008, headline (including bonuses) earnings growth in the services sector averaged an increase of 3.8% compared with a 3.0% rise in the manufacturing sector.
- From 1997 to 2008 the services sector has averaged an annual increase in earnings (including bonuses) of 4.3% compared with an average rise of 4.0% in the manufacturing sector.

C1: Employment

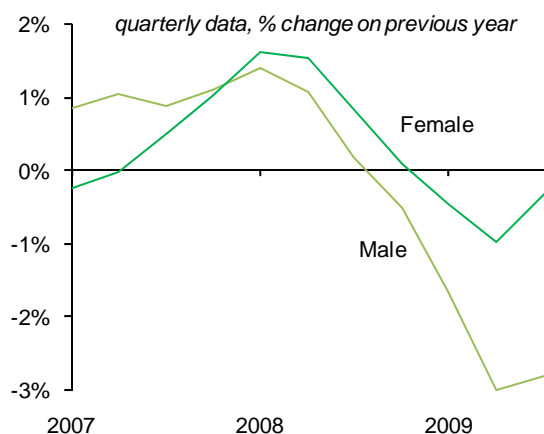
Total employment in the three months to September 2009 was 490,000 (1.7%) lower than a year earlier and 6,000 higher than the previous quarter.

Total employment



- Employment is 2.2% lower than its peak of 29.6 million in April 2008.
- Over the past year, employment among 16-24 year olds has fallen by 8.8%. This is more than any other age group (see table below).
- Employment of women aged 60 and over has increased by 7.3% over the last year.

Male and female employment



- Male employment was 15.4 million in the three months to September 2009, compared with female employment of 13.5 million.
- Over the past year, male employment has fallen by 2.8% while female employment has fallen by 0.3%.
- Full-time employment has fallen by 3.0% over the past year while part-time employment has increased by 2.2%.

Employment by age

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

	Total	16-24	25-49	50-59(f)/ 64(m)	60+(f)/ 65+(m)
Aug-07	29,281	4,193	17,324	6,521	1,243
Aug-08	29,417	4,175	17,326	6,589	1,327
Nov-08	29,323	4,087	17,301	6,590	1,343
Feb-09	29,168	3,970	17,248	6,599	1,351
May-09	28,921	3,899	17,070	6,578	1,374
Aug-09	28,927	3,808	17,108	6,607	1,403
% change on previous 3 months	+0.0	-2.3	+0.2	+0.4	+2.1
% change on previous year	-1.7	-8.8	-1.3	+0.3	+5.7

Source: ONS

Note: 60+(f)/65+(m) refers to the state retirement age for females and males, respectively

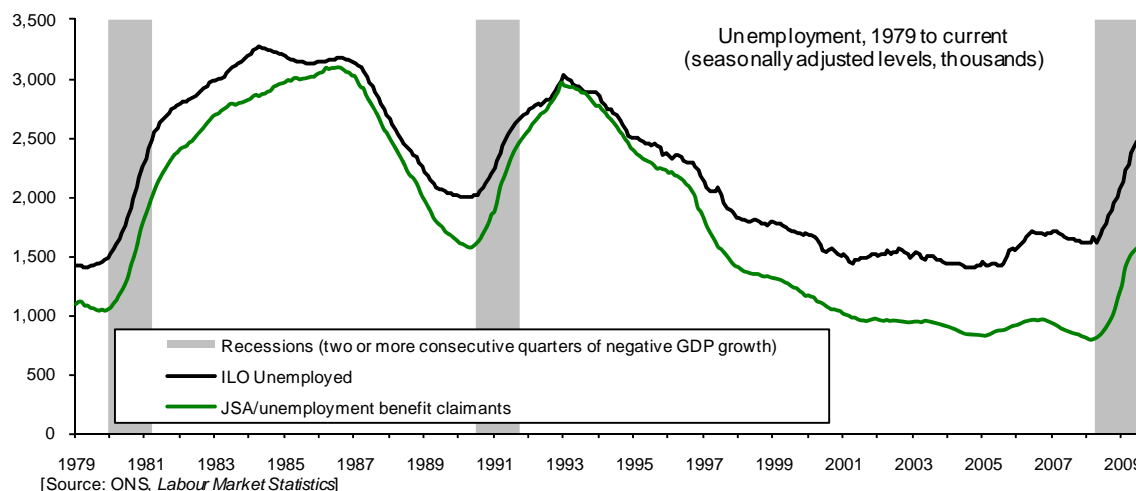
Contact: Dominic Webb, x4324

Update: ONS, [Labour Market Statistics](#), 16 Dec

C2: Unemployment: National

The Office for National Statistics uses 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).

- **ILO unemployment in July to September 2009 was 2,461,000 (7.8% of all economically active) – up by 629,000 from the same period a year earlier (UK, seasonally adjusted).**



ILO unemployment (survey period Jul-Sep 2009):

- The number of people unemployed for more than 12 months stood at 618,000, a year-on-year increase of 186,000;
- The unemployment level among 16- to 24-year-olds was 943,000, 19.8% of the economically active population in the age group (see table below).

Jobseekers' Allowance (JSA) claimant count

- The seasonally adjusted monthly JSA claimant count increased by 12,900 between September and October 2009 to 1,639,500.

New Deal schemes

New Deal for Young People started in January 1998.

- By Aug 2009, there had been 2,112,400 starts under the scheme. By May 2009, 1,944,760 spells had resulted in 877,280 sustained jobs (45%) i.e. where the individual had not returned to JSA within three months of starting employment.

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

- By Aug 2009, there had been 1,238,910 starts under the scheme. By May 2009, 810,570 spells had resulted in 321,810 sustained jobs (40%).

ILO Unemployment in the UK

seasonally adjusted

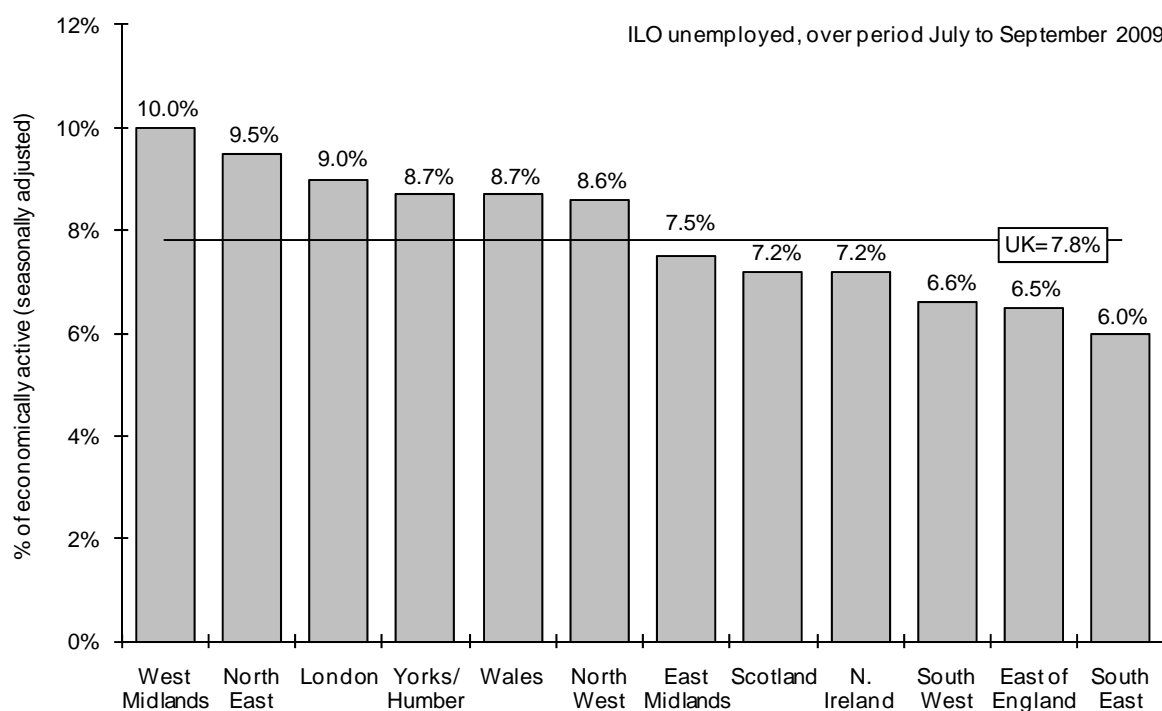
		Total		16 to 24		25 to 49		50 to 59/64		60+/65+	
		'000s	rate (%)	'000s	rate (%)	'000s	rate (%)	'000s	rate (%)	'000s	rate (%)
Jul-Sep	2004	1,404	4.7	591	12.4	610	3.5	187	2.9	16	1.6
Jul-Sep	2005	1,442	4.8	609	12.8	617	3.5	194	2.9	23	2.1
Jul-Sep	2006	1,690	5.5	699	14.3	746	4.1	217	3.3	28	2.3
Jul-Sep	2007	1,647	5.3	708	14.4	699	3.9	218	3.2	23	1.8
Jul-Sep	2008	1,832	5.9	763	15.5	802	4.4	238	3.5	28	2.1
Oct-Dec	2008	2,003	6.4	816	16.6	877	4.8	279	4.1	32	2.3
Jan-Mar	2009	2,227	7.1	876	18.1	1,006	5.5	311	4.5	33	2.4
Apr-Jun	2009	2,432	7.8	928	19.2	1,136	6.2	334	4.8	35	2.5
Jul-Sep	2009	2,461	7.8	943	19.8	1,152	6.3	330	4.8	36	2.5
Change on year											
	<i>Level</i>	+629		+180		+350		+92		+8	
	<i>Percentage</i>	+34.3		+23.6		+43.6		+38.7		+28.6	

Source: ONS, Labour Market Statistics.

Note: Rates are percentages of economically active in the relevant age group. Levels might not sum due to rounding.

Contact: Roderick McInnes, x3793 **Updates:** ONS, [Labour Market Statistics](#), 16 Dec 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 July to September 2009 the West Midlands had the highest unemployment rate, 10.0% of the economically active population. The lowest rate over the same period was 6.0%, in the South East.
- A comparison of July to September 2009 with the same period a year earlier shows that the largest percentage rise in regional unemployment level occurred in Northern Ireland (+71%). The North East showed the smallest percentage increase (+18%) over the period.

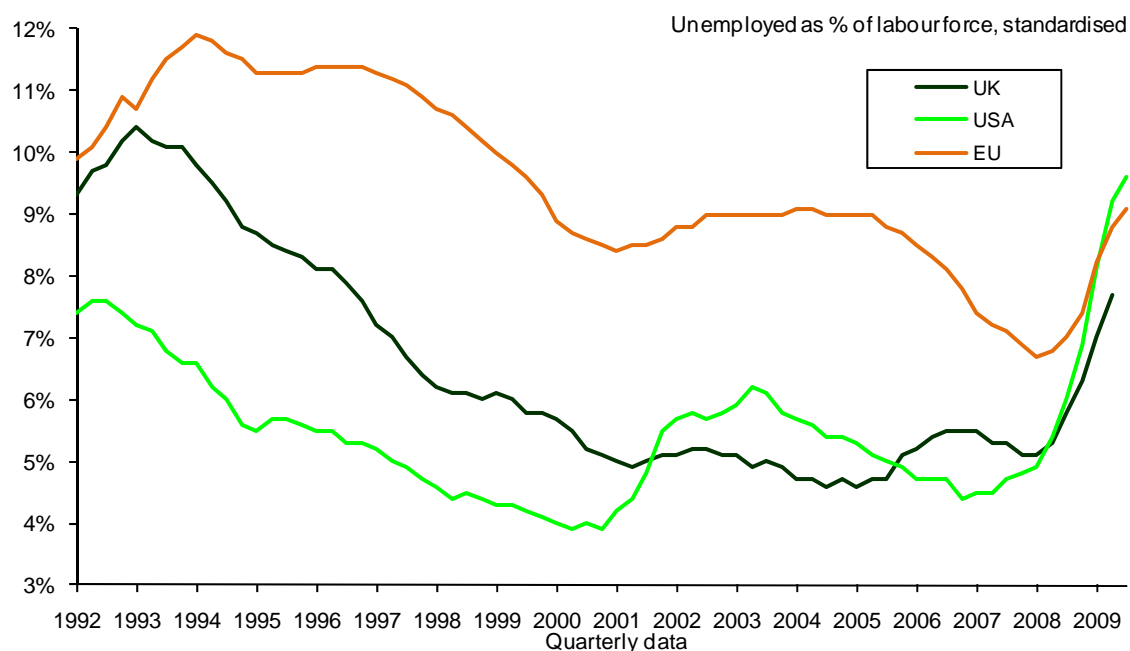
ILO Unemployment, July to September 2009

change on same period in previous year;
seasonally adjusted

	Number (rounded)	%
North East	+18,000	+18
North West	+64,000	+28
Yorkshire & the Humber	+47,000	+26
East Midlands	+38,000	+28
West Midlands	+95,000	+54
East of England	+50,000	+35
London	+70,000	+24
South East	+64,000	+32
South West	+62,000	+54
Wales	+31,000	+33
Scotland	+67,000	+53
Northern Ireland	+24,000	+71

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

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

	2007		2007				2008				2009		
	2007	2008	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Canada	6.0	6.1	6.2	6.1	6.0	5.9	5.9	6.1	6.1	6.4	7.6	8.4	8.6
France	8.3	7.9	8.8	8.5	8.2	7.9	7.6	7.6	7.9	8.3	8.9	9.4	9.8
Germany	8.4	7.3	8.8	8.5	8.3	8.0	7.6	7.4	7.1	7.1	7.3	7.6	7.6
Italy	6.1	6.8	6.0	5.9	6.2	6.4	6.6	6.8	6.8	6.9	7.4	7.4	..
Japan	3.9	4.0	4.0	3.8	3.8	3.8	3.9	4.0	4.0	4.0	4.5	5.2	5.5
UK	5.3	5.6	5.5	5.3	5.3	5.1	5.1	5.3	5.8	6.3	7.0	7.7	..
USA	4.6	5.8	4.5	4.5	4.7	4.8	4.9	5.4	6.0	6.9	8.1	9.2	9.6
Eurozone	7.5	7.6	7.7	7.5	7.5	7.3	7.2	7.4	7.6	8.0	8.8	9.3	9.6
G7	5.4	5.9	5.5	5.2	5.4	5.4	5.4	5.7	6.0	6.4	7.2	8.0	8.3
OECD	5.7	6.1	5.8	5.7	5.7	5.7	5.7	5.9	6.2	6.7	7.6	8.3	8.5

Source: OECD, Harmonised Unemployment Rates, November 2009

- Using standardised definitions, the UK unemployment rate in Q2 2009 (the latest quarter for which all data are available) was 7.7%, below the eurozone rate (9.3%) and below the G7 and OECD rates (8.0% and 8.3% respectively).
- Between Q2 2008 and Q2 2009 Germany had the smallest rise in unemployment among G7 countries: 0.2 percentage points. The UK and US unemployment rates rose by 2.4 percentage points and 3.8 percentage points respectively over the same period.
- The most recent forecasts published by the OECD (*Economic Outlook no. 86 preliminary version, November 2009*) suggest the UK unemployment rate will be 8.0% in 2009, 9.3% in 2010 and 9.5% in 2011. The respective forecasts for the eurozone are 9.4%, 10.6% and 10.8%, and for the OECD as a whole 8.2%, 9.0% and 8.8%.

Contact: Roderick McInnes, x3793

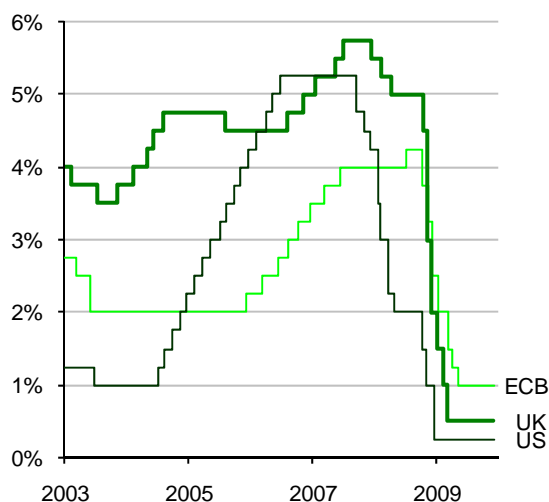
Updates: OECD, *Harmonised Unemployment Rates*, 11 Dec
OECD, *Economic Outlook*, Dec

D1: Interest Rates and the Money Supply

In consecutive monthly meetings from October 2008 to March 2009, the Bank of England cut the official Base Rate from 4.50% to 0.50%, the lowest in the Bank's 315-year history.

In March 2009, with little room for further cuts in interest rates, the Bank initiated an asset purchase or 'quantitative easing' (QE) programme. The Bank has created money which it has used to purchase assets in an effort to stimulate demand and meet its 2% inflation target. Money supply growth has, however, remained weak.

Official interest rates



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

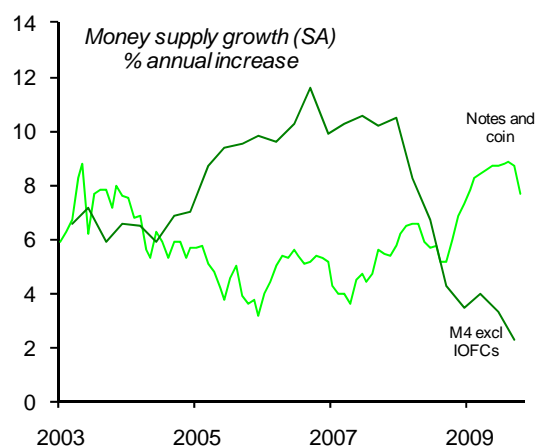
Source: Bank of England

- The European Central Bank's official interest rate has been 1% since 7 May 2009.
- The US Federal Reserve's target range for the federal funds rate has been 0-0.25% since 16 December 2008.

Asset purchase programme (quantitative easing)

- On 5 March 2009, the Bank of England announced that it would undertake a policy of "quantitative easing". The Bank said that it would purchase £75 billion of assets using money which it would create. This total was increased to £125 billion in May 2009, £175 billion in August 2009 and £200 billion in November 2009.
- As of 26 November 2009, the Bank had purchased £183.4 billion worth of assets using created reserves. 99% of the purchases by value have been gilts (UK Government securities).

Money supply



- In its November 2009 *Inflation Report*, the Bank of England noted "broad money growth [has] weakened, although it was stronger than it would have been in the absence of the Bank's asset purchases."
- Annual growth in M4 excluding intermediate other financial corporations (a measure monitored by the Bank of England Monetary Policy Committee) was 2.3% in Q3 2009. That is the lowest recorded for this measure (series runs from Q4 1998) and compares with 11.6% in Q3 2006.
- The value of notes and coins in circulation outside the Bank of England rose by 7.7% in the year to October 2009.

Contact: Adam Mellows-Facer, x4904 **Updates:** Monetary policy: 10 Dec (UK) 3 Dec (ECB), 15 Dec (US); Bank of England [Monetary & Financial Stats](#), 4 Jan

D2: Public Finances

The Treasury forecasts that public borrowing will be £175 billion in 2009/10, equivalent to 12.4% of GDP. The Treasury will update its public finances forecasts in the Pre-Budget Report on 9 December.

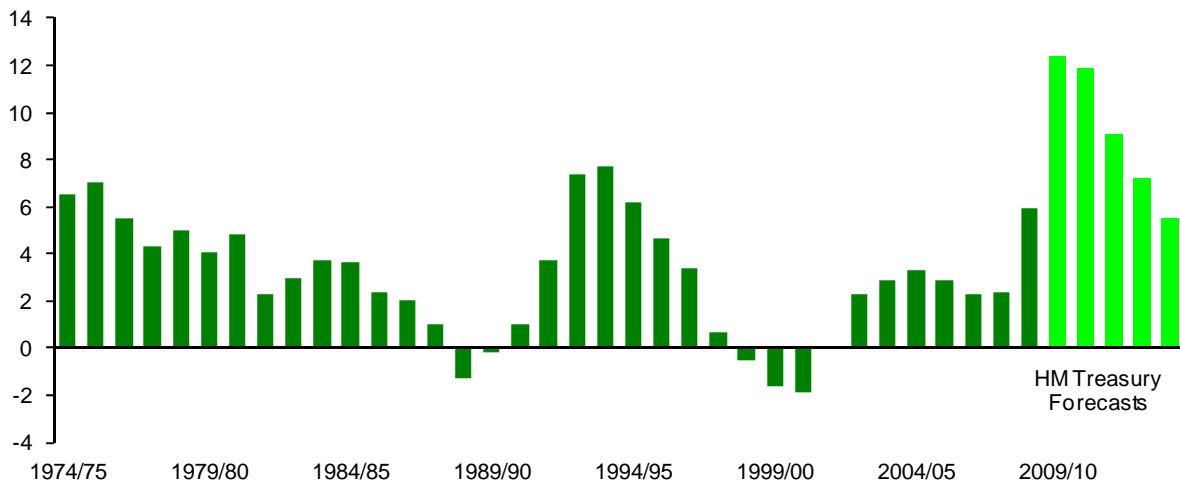
- Over the first seven months of 2009/10, government borrowing was £86.9 billion. This is more than twice the level (£33.9 billion) in the same period of 2008/09.
- The Treasury forecasts that government borrowing will fall to 11.9% of GDP in 2010/11 and to 5.5% of GDP by 2013/14.
- The Government has announced a Fiscal Responsibility Bill which will require the Chancellor to halve the deficit within four years.

	Net borrowing		Net debt	
	£ billion	% GDP	£ billion	% GDP
2007/08	34	2.4	527	36.5
2008/09	85	5.9	608	43.1
2009/10	175	12.4	792	55.4
2010/11	173	11.9	977	65.0
2011/12	140	9.1	1,130	70.9
2012/13	118	7.2	1,262	74.5
2013/14	97	5.5	1,370	76.2

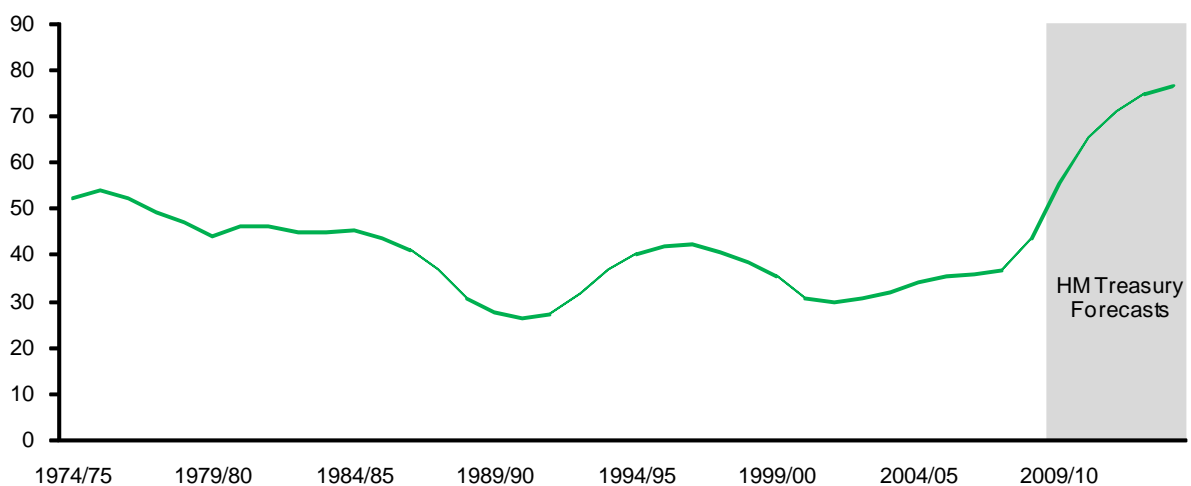
Source: ONS, HM Treasury forecasts

Note: debt figures exclude financial sector interventions

Public sector net borrowing (% of GDP)



Public sector net debt (% of GDP)



D3: Financial Indicators

The leading share index in the UK, the FTSE 100, tracks share-price movements in the country's 100 largest companies (by market capitalisation). It began in 1984 and hit an all-time high of 6930 in December 1999. It approached those highs again in 2007, before falling sharply in 2008 and early 2009.

The price of oil nearly tripled in the 18 months to July 2008, reaching an all time high above \$145/barrel. A steep decline then followed to below \$40 by the end of 2008, before recovering in 2009.

The price of Gold recently hit an all-time high above \$1100/ounce in November 2009.

Data from Friday 27 November 2009

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
27 Nov 2009	5,245.7	77.2	1,177.5
%change over:			
1-month	+0.9%	-0.9%	+14%
12-months	+24%	+45%	+45%
%change from:			
cyclical peak	-22%	-47%	-1%
date	15 Jun '07	03 Jul '08	26 Nov '09
cyclical trough	+49%	+112%	+66%
date	03 Mar '09	24 Dec '08	24 Oct '08

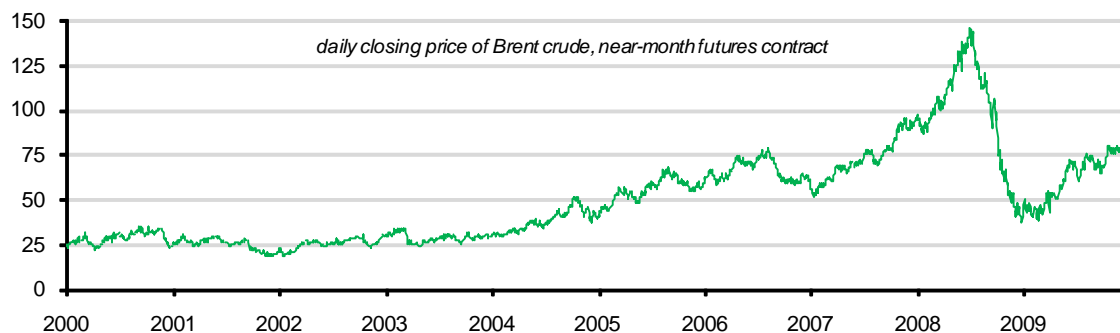
Note: Oil is Brent near-month futures price

Source: *Financial Times*

FTSE-100 Index



Oil price (\$ per barrel)



Gold price (\$ per ounce)



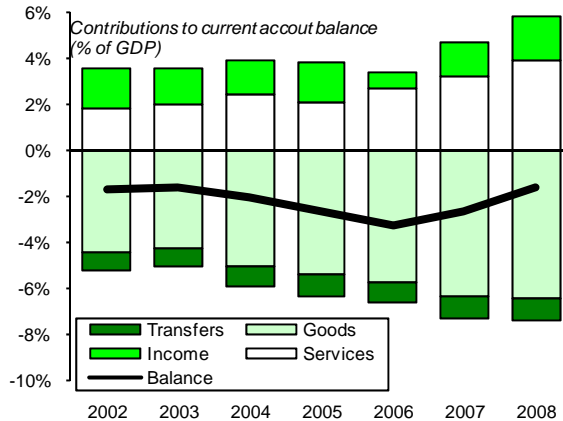
Contact: Daniel Harari, x2464

Update: Page updated on a weekly basis

E1: UK Balance of Trade

Annually, the current account deficit in 2008 was £23.6 billion, equivalent to -1.6% 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.

Current Account



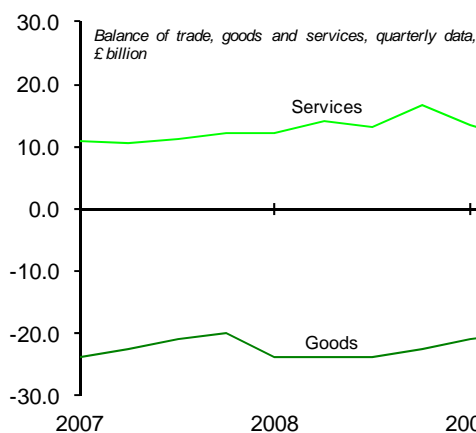
- On a **quarterly** basis, the current account deficit was estimated at £11.4 billion in Q2 2009, widening from a Q1 2009 deficit of £4.1 billion. Between Q2 2009 and Q3 2009 the surplus on services widened while the on goods narrowed.
- The **annual** current account deficit with EU27 countries in 2008 was £5.7 billion, compared with a deficit with non-EU countries of £18 billion. On a **quarterly** basis, the deficit with EU27 countries was £5.2 billion in Q2 2009 (£2.8 billion deficit in Q1 2009). With non-EU countries, the current account was in deficit by £6.2 billion in Q2 2009 (£1.3 billion deficit in Q1 2009).

£ millions; seasonally adjusted

	Goods		Balance	Services Balance	Goods and Services			Current Account Balance
	Exports	Imports			Services	Income	Transfers	
2006	-68,789	24,611	-76,312	34,782	-41,530	9,573	-11,885	-43,842
2007	-77,399	31,005	-89,754	44,807	-44,947	20,775	-13,538	-37,710
2008	-87,425	36,464	-93,446	56,210	-37,236	27,340	-13,728	-23,624
2008 Q3	-20,143	8,559	-23,819	13,026	-10,793	6,671	-3,400	-7,522
Q4	-20,845	8,956	-22,372	16,844	-5,528	365	-2,901	-8,064
2009 Q1	-20,094	9,112	-20,796	13,447	-7,349	6,970	-3,766	-4,145
Q2	-23,187	9,345	-19,886	11,306	-8,580	1,405	-4,249	-11,424
Q3	-23,299	9,051	-19,782	11,410	-8,372	..	..	..

Source: ONS database, series: BQKU, BQKV, BOKG, BOKH, BOKI, FNSV, FNTC, HBOJ, HBOP, IKBD, IKBJ, IKBP

Trade in Goods and Services



- The estimated deficit on goods trade in September was £7.2 billion, wider than the August deficit of £6.1 billion.
- The UK's monthly trade surplus on services was £3.7 billion in September, down from the August surplus of £3.9 billion.
- The UK's overall monthly deficit on goods and services combined in September was £3.5 billion, up from £2.2 billion in August.
- The goods deficit with the EU27 was £3.4 billion in September (compared with £3.0 billion in August), while the deficit with non-EU countries was £3.8 billion (compared with £3.1 billion in August).

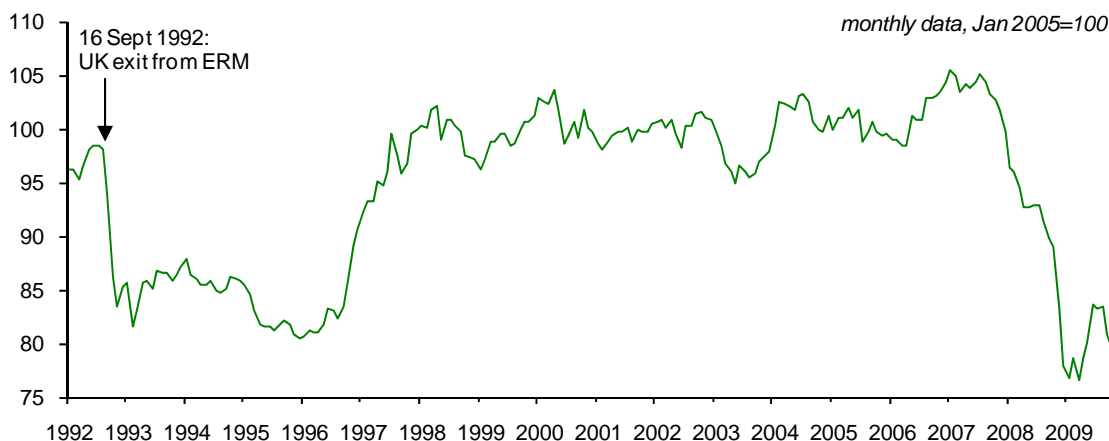
Contact: Grahame Allen, x3977

Updates: ONS, [UK Balance of Payments](#), 22 Dec; ONS, [UK Trade](#), 9 Dec

E2: Exchange rates

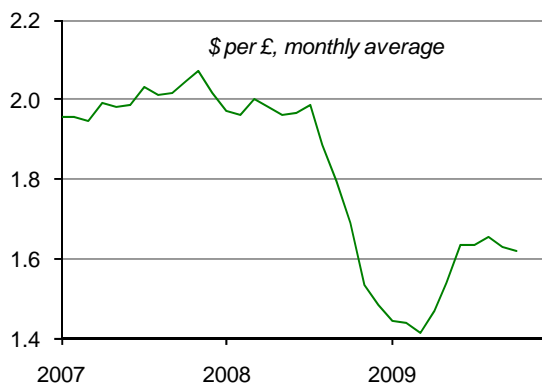
The *Sterling Exchange Rate Index* (SERI) measures sterling's value against a 'basket' of currencies, 'trade-weighted' (based on currencies' relative importance in UK trade). The SERI fell 2.2% over October 2009, after a 3% fall over September. It is now 3.2% above its lowest point since 1980, when the series began in March 1980, and down almost a fifth from its July 2007 peak. Compared with the previous year, the Index was down by 11.2% in October, after being almost 10% down in September.

Sterling Exchange Rate Index (SERI)



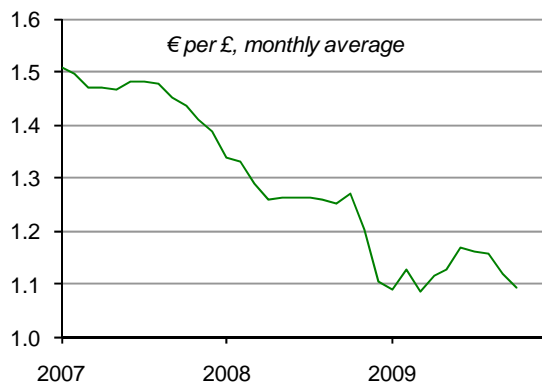
[Source: Bank of England, Bankstats database, XUMABK67]

US\$/£ Exchange Rate



- The pound fell against both the dollar and the euro in October (see table below)
- At the 2 November 2009 London market close, the pound sterling was worth \$1.638. The pound was worth €1.105, which compares with the all time low of €1.020 (30 December 2008), and the launch rate of €1.476 on 31 December 1998.

€/£ Exchange Rate



Sterling Exchange Rates

average rates in period and % changes

	US Dollar (\$)		Euro (€)	
	Rate	% change on year	Rate	% change on year
2007	2.00	8.6%	1.46	-0.3%
2008	1.85	-7.5%	1.26	-13.9%
2008 Oct	1.69	-17.3%	1.27	-11.5%
2009 Jul	1.64	-17.7%	1.16	-7.9%
Aug	1.65	-12.4%	1.16	-8.1%
Sep	1.63	-9.2%	1.12	-10.5%
Oct	1.62	-4.1%	1.09	-14.1%

Source: Bank of England, *Bankstats* database

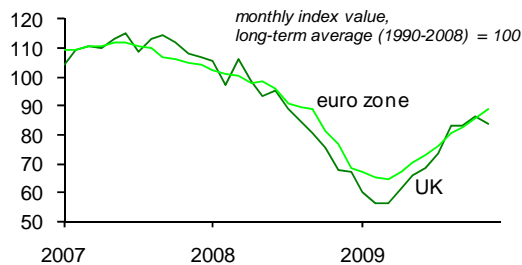
Contact: Ian Townsend, x2042

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

F1: Business and Consumer Confidence

Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.

European Commission Economic Sentiment Indicator

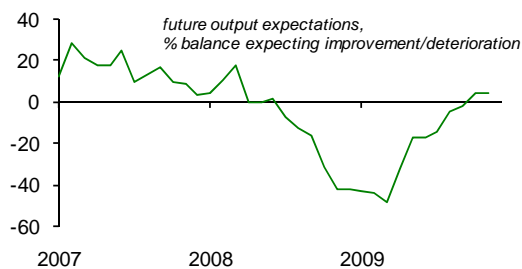


		UK Index	monthly change	change on year ago
2007	Nov	107.9	...	...
2008	Nov	67.8	...	...
2009	Aug	83.5	+9.7	-0.8
	Sep	83.5	+0.0	+3.1
	Oct	86.7	+3.2	+11.3
	Nov	83.8	-2.9	+16.0

Source: European Commission

- The European Commission conducts regular harmonised surveys for different sectors (manufacturing, services, retail, construction and consumers) of all EU member states' economies.
- The overall UK index had been rising since April and stood at 86.7 in October, but fell back to 83.8 in November (2.9 points lower than in October 2009, but 16 points higher than in November 2008).

CBI Industrial Trends Survey



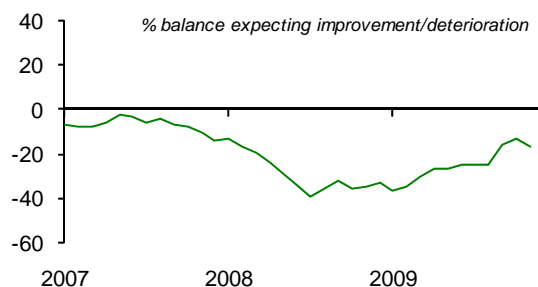
balance (as a %) of those expecting an improvement minus those expecting a deterioration

		Future output expectations	monthly change	change on year ago
2007	Nov	+9	...	...
2008	Nov	-42	...	...
2009	Sep	-2	+3	+14
	Oct	+4	+6	+35
	Nov	+4	+0	+46

Source: CBI, *Industrial Trends Survey*

- The CBI carries out monthly and quarterly *Industrial Trends* surveys.
- Manufacturers' output expectations for the next three months were unchanged in November at +4% of firms expecting output to rise rather than fall over the next three months. This is a marked improvement on a year ago when the balance was -42.

GfK NOP Consumer Confidence Survey



balance (as a %) of those expecting an improvement minus those expecting a deterioration

		Consumer Conf. Index	monthly change	change on year ago
2007	Nov	-10	...	...
2008	Nov	-35	...	...
2009	Sep	-16	+9	+16
	Oct	-13	+3	+23
	Nov	-17	-4	+18

Source: GfK NOP, *Consumer Confidence*

- 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 stood at -17 in November, down 4 points on October, but up 18 on a year ago.

Contact: Ian Townsend, x2042

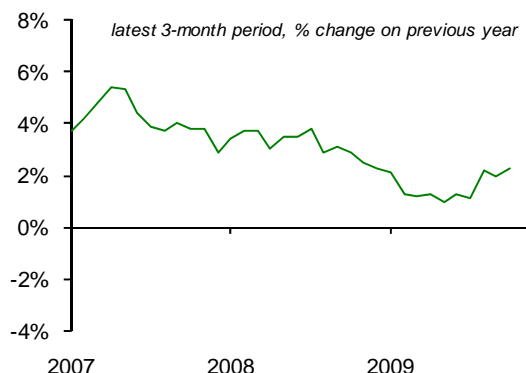
Update: GfK NOP, *Consumer Confidence*, 30 Nov
CBI, *Industrial Trends*, mid Dec
EC, *Economic Sentiment Indicator*, 7 Jan

F2: Retail Sales

Retail sales are an indicator of household consumption. Both the value and volume of retail sales increased in October 2009 compared with the previous year and the previous month.

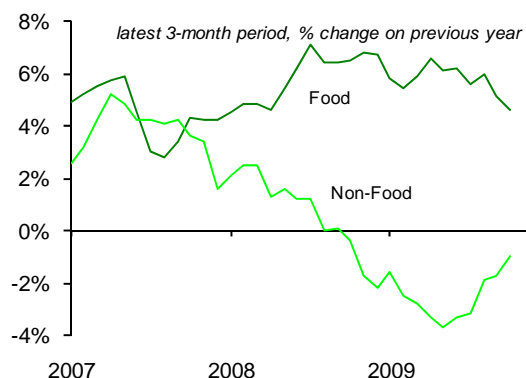
- The total **value** of retail sales in October 2009 was 3.0% up on the same month in the previous year, and up 0.4% on the previous month.
- The **average weekly value** of retail sales in October 2009 was £5.6 billion (up from £5.3 billion in the previous month) (non-seasonally adjusted).
- For food stores the value of sales was up 3.9%, compared with a rise of 0.9% in non-food stores (with non-specialised stores seeing a 5.9% increase).

Value of Retail Sales



- Weekly **internet sales** (an experimental ONS series) were valued at £220.6 million in October 2009 which was 3.9% of total retail sales. This is up from £188.5 million in September 2009 (3.6% of total sales).
- The total **volume** (which strips out the effects of price changes) of sales in October 2009 was 3.4% up on the same month in the previous year. Sales volumes were up 0.4% on the previous month.
- In the three months August-October 2009, volumes were up 1.1% higher on the three months before that.

Value of Food & non-Food Store Sales



Value of Retail Sales

annual data and latest 3-month period, % change on previous year; seasonally adjusted

		Non-food Stores				Total	All retailing total
		Food Stores	Clothing & Footwear	Household goods	Other		
2007		4.4	3.1	3.4	3.6	3.5	4.0
2008		6.0	-0.1	-2.6	5.0	0.4	3.1
2009	Jun	6.2	0.4	-9.5	-4.3	-3.3	1.3
	Jul	5.6	-0.3	-8.0	-4.8	-3.2	1.1
	Aug	6.0	1.4	-6.0	-3.9	-1.9	2.2
	Sep	5.1	-0.3	-3.1	-4.5	-1.7	2.0
	Oct	4.6	0.4	-1.2	-4.7	-1.0	2.3

Source: ONS, series: IEAU, IEBJ, IEBM, IEBA, IEAX, IEBG

Contact: Ian Townsend, x2042

Update: ONS, [Retail Sales Index](#), 17 Dec

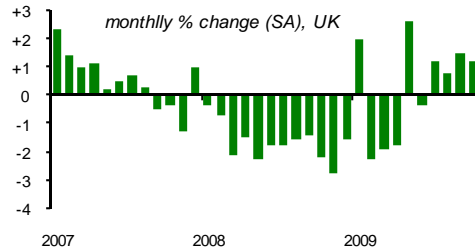
F3: Housing Market

The housing market has shown signs of recovery in recent months. On the Nationwide index, prices in November 2009 were 0.5% higher than October 2009 (the seventh monthly rise in a row) and 2.7% higher than in November 2008. However, prices remain well below the peaks seen in mid-2007.

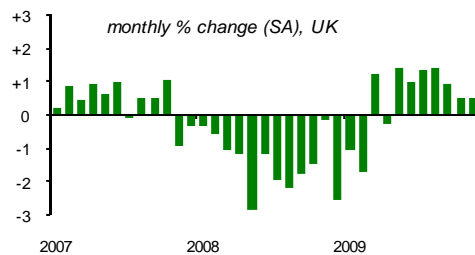
Concern has been expressed that recent increases in prices reflect supply constraints rather than healthy wider conditions. Numbers of mortgage approvals and housing starts remain well below pre-recession levels.

House price indices

Halifax house price index



Nationwide house price index

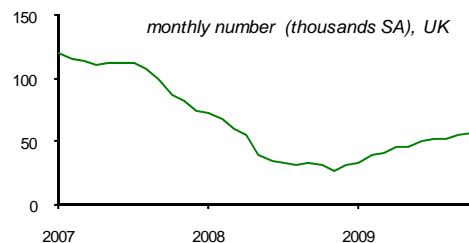


Latest monthly data
UK, seasonally adjusted

	Halifax	Nationwide
Latest data	Oct-09	Nov-09
Change in month	+1.2%	+0.5%
Change in year	-1.5%	+2.7%
Peak date	Aug-07	Jul-07
Change since peak	-17.1%	-10.9%
Trough date	Apr-09	Feb-09
Change since trough	+7.1%	+10.2%

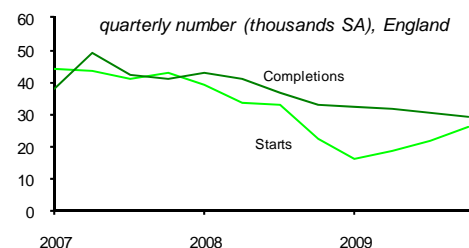
- On the Halifax index, prices are now at a similar level to those in November 2008. According to Nationwide they have recovered to September 2008 levels.
- There is considerable regional variation. Over the year to Q3 2009, prices fell by 8% in Northern Ireland but by 1% in Scotland (Nationwide data). Prices fell by less in the south of England than the north over the year.

Mortgage approvals



- Bank of England data on the number of mortgages approved to finance house purchases are a leading indicator of house sales.
- There were over 57,000 mortgage approvals in October 2009, 79% higher than in October 2008 and more than double the November 2008 low but well below the peak of 130,000 in November 2006.

House-building



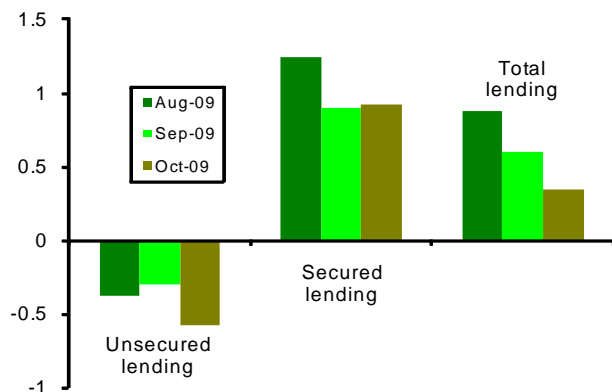
- There were nearly 26,000 dwelling starts in England in Q3 2009. This was the third consecutive quarterly increase. However, the total remains well below the typical levels of 40,000 per quarter seen before 2008.
- The number of dwelling completions has fallen in each of the last seven quarters for which data are available.

Contact: Adam Mellows-Facer, x4904

Updates: Halifax [House Price Index](#), early Dec;
Nationwide [House Price Index](#), early Jan;
Bank of England, [Lending to Individuals](#), 4 Jan;
DCLG, [House-building](#), 18 Feb

F4: Household debt

Monthly Net Lending, last three months, £ bn



Data on lending to individuals is published on a monthly basis and is seasonally adjusted.

- Total net lending to individuals grew by £343 million in October 2009. Monthly net lending peaked in October 2003 at £12.0 billion.
- Monthly net unsecured lending fell by £579 million, and has fallen for the last four months.
- Monthly net secured lending (mortgages) rose by £922 million in October 2009.
- The annualised three-month growth rate for net lending was 0.5% in October 2009, a rise from 0.2% in September 2009.
- The annualised three-month growth rate for credit card lending was 2.9% in October 2009; the growth rate for other consumer credit was -3.7%.

Net outstanding lending to individuals

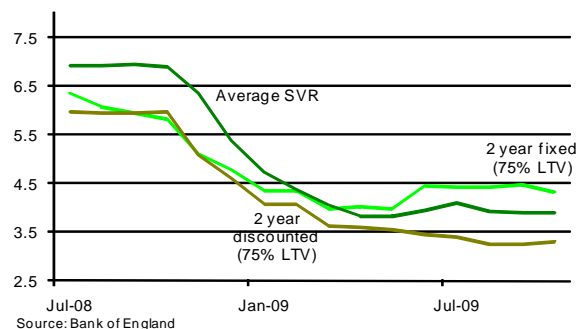
£ billions; seasonally adjusted

	Secured	Unsecured	Total
2005 Oct	948	210	1,158
2006 Oct	1,057	212	1,270
2007 Oct	1,171	220	1,391
2008 Oct	1,222	234	1,456
2009 Jan	1,225	233	1,458
Apr	1,227	232	1,459
Jul	1,227	230	1,458
Oct	1,230	228	1,458

- Total net outstanding lending to individuals was £1,458 billion at the end of October 2009.
- Secured lending (mortgages) is the largest form of lending at £1,230 billion, 84% of total lending outstanding.
- Unsecured lending outstanding (including credit cards) was £228 billion.
- Secured lending outstanding is 30% higher in September 2009 compared to the same month in 2005. Unsecured lending has risen by 9% in the same period.

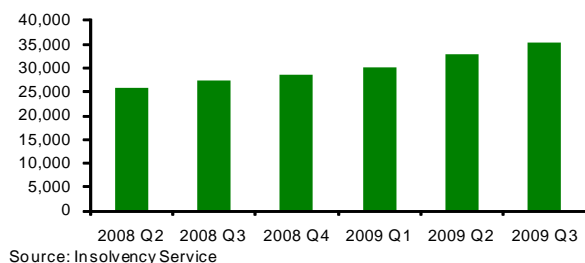
Source: Bank of England, series: VTXK, VZRI, VTXC

Current average mortgage interest rates



- Average interest rates offered by banks and building societies have fallen sharply since late 2008 (all Bank of England data).
- The average Standard Variable Rate (SVR) in October 2009 was 3.91%, 3.00 percentage points lower than in October 2008.
- The average fixed and discounted rates offered (75% LTV) in October 2009 were 4.32% and 3.30% respectively (1.50 and 2.68 percentage points lower than in October 2008)

Individual Insolvencies, England and Wales (nsa)



- Q3 2009 provisional data indicates there were 35,242 individual insolvencies (bankruptcy orders, IVAs or debt relief orders) in England and Wales (not seasonally adjusted), a 28.2% increase on Q3 2008. This was made up of 18,347 bankruptcies, 12,390 IVAs and 4,505 Debt Relief Orders.
- In Scotland in Q3 2009 there were 5,767 individual insolvencies, a fall of 4.2% on Q3 2008.
- In Northern Ireland in Q3 2009 there were 381 individual insolvencies, a fall of 1.3% on Q3 2008.

Contact: Ed Potton, x2883

Update: Bank of England, [Lending to Individuals](#), 4 Jan
Insolvency Service, [Q4 Insolvency Statistics](#), 5 Feb

4 Indicator sources

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

Indicator		Source details
A1	Gross Domestic Product	ONS releases: <i>Preliminary GDP Estimates</i> ; <i>Quarterly National Accounts</i> ; <i>UK output, income & expenditure</i> ; HM Treasury, <i>Forecasts for the UK Economy</i>
A2	GDP: International Comparisons	Gross Domestic Product: Organisation for Economic Co-operation and Development (OECD), <i>Main Economic Indicators</i> , via Stat.OECD database (link to user defined table) Growth Forecasts: OECD, <i>Economic Outlook</i> (via www.sourceoecd.org), IMF <i>World Economic Outlook database and updates</i> European Commission's growth forecasts
A3	Components of GDP	ONS releases: <i>Preliminary GDP Estimates</i> ; <i>Quarterly National Accounts</i> ;
A4	Output and Employment by Industry	ONS releases: <i>Preliminary GDP Estimates</i> ; <i>Quarterly National Accounts</i> ; <i>UK output, income & expenditure</i>
A5	Manufacturing (Including Automotives)	ONS, <i>Index of Production</i> SMMT, <i>Vehicle Production</i> SMMT, <i>New Car Registrations</i>
A6	Productivity	ONS, <i>Productivity</i>
B1	Prices	ONS, <i>Consumer Price Indices</i>
B2	Prices: International Comparisons	CPI: OECD, <i>Main Economic Indicators</i> ; EU data: Eurostat news release and database
B3	Average Earnings Index	ONS, <i>Labour Market Statistics</i>
C1	Employment	ONS, <i>Labour Market Statistics</i>
C2	Unemployment: National	ONS, <i>Labour Market Statistics</i> release and <i>Labour Market Statistics First Release Historical Supplement</i> (via Virtual Bookshelf); Commentary: Department for Work and Pensions (DWP) <i>Quarterly Working Age Statistics for New Deal for Young People & Long-term Unemployed</i> (table 6);
C3	Unemployment: Regional	ONS, <i>Labour Market Statistics</i>
C4	Unemployment: International Comparisons	Data: OECD, <i>Main Economic Indicators</i> Commentary: OECD, <i>Main Economic Indicators & Economic Outlook</i>

Indicator		Source details
D1	Interest Rates and the Money Supply	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; <i>Main Economic Indicators</i> ; Bank of England: Bankstats , tables A 1.1 and A 2.2.1; and ONS Database.
D2	Public Finances	Data: ONS, Public Sector Accounts or Public Sector Finances ; ONS database Forecasts of budget balance: HM Treasury, <i>Pre-Budget Report</i> , table B2 or <i>Budget Red Book</i> , table C2.
D3	Financial Indicators	<i>Financial Times</i>
E1	UK Balance of Trade	ONS, Balance of Payments ONS, UK Trade
E2	Exchange Rates	Sterling effective exchange rates and sterling-dollar/euro rates: Bank of England, <i>Bankstats</i> database (annual and monthly)
F1	Business and Consumer Confidence	European Commission: Economic Sentiment Indicator Future Output Expectations/Quarterly Business Confidence: Confederation of Business Industry (CBI), Economic and Business Outlook and Quarterly Industrial Trends Survey press releases ; Consumer Confidence: GfK NOP Consumer Confidence Barometer
F2	Retail Sales	ONS, Retail Sales
F3	Housing Market	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
F4	Household Debt	Bank of England Lending to Individuals ; Insolvency Service, Q3 Insolvency Statistics

5 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

Definitions¹²

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

¹² Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

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. $\text{GDP at market prices} = \text{GDP at basic prices} + \text{transport prices paid separately} + \text{non deductible taxes on expenditure} - \text{subsidies received}$.

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