



Economic Indicators, January 2010

RESEARCH PAPER 10/01 06 January 2010

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 0.2% during Q3 (compared with the previous estimate of a 0.3% contraction).
- Economists expect Q4 GDP data (released 26 January) to show growth for the first time since Q1 2008, as other indicators such as business surveys, retail sales and house prices have become more positive in recent months.
- However, prospects for 2010 remain uncertain, with unemployment forecast to increase, inflation predicted to rise and an expected large deficit in the public finances.

This month's article: **Wealth in Great Britain: Wealth and Assets Survey**

Daniel Harari (editor)

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Research Paper 10/01

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

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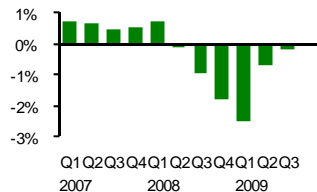
Summary

Revised national accounts data show GDP contracted by 0.2% during Q3 (compared with the previous estimate of a 0.3% contraction). Economists expect Q4 GDP data (released 26 January) to show growth for the first time since Q1 2008, as other indicators such as business surveys (page 19), retail sales (page 20) and house prices (page 21) have become more positive in recent months. However, prospects for 2010 remain uncertain, with unemployment forecast to increase, inflation predicted to rise and an expected large deficit in the public finances.

GDP Growth

page 1

(% change quarter-on-quarter)

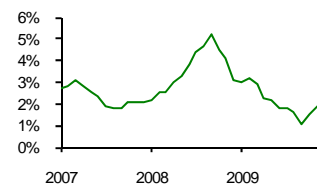


GDP contracted by 0.2% in Q3 2009 compared with Q2 2009. This was the sixth consecutive quarter of negative growth. Growth in the year to Q3 2009 was -5.1%, compared with -5.8% in the year to Q2 2009.

Inflation (CPI)

page 7

(% change on year ago)

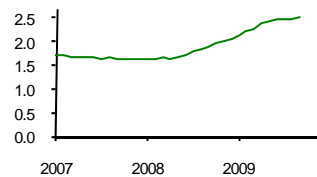


In the year to November, CPI inflation rose for the second month in succession to 1.9%, from 1.5% in October.

Unemployment

page 11

(total, millions, ILO definition)

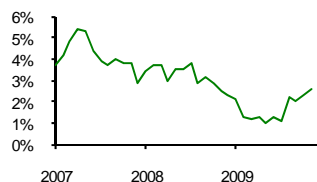


ILO unemployment rose to 2.49 million in the period August-October 2009, an increase of 0.6 million compared with the same period a year ago. However, the rate of increase has slowed in recent months.

Retail Sales

page 20

(% change on year ago)

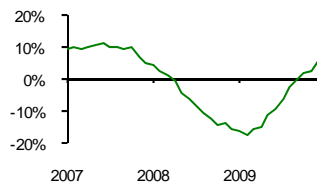


Retail sales growth has accelerated in recent months, to 2.6% in the three months to November compared with a year ago, the highest since October 2008.

House prices

page 21

(Nationwide, % change on year ago)



The Nationwide survey showed house prices rising by 5.9% in December compared with a year ago. This was highest rate of increase since November 2007.

Next issue: 2 February

Editor: Daniel Harari

To receive *Economic Indicators* by e-mail and/or hard copy on a regular basis, please contact Rod McInnes (x3793). *Economic Indicators*, with updated data, can also be found on the parliamentary intranet: <http://hcl1.hclibrary.parliament.uk/wdw/subject/ei.asp>.

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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*

Economic Indicators has recently undergone a redesign with some new pages added and the layout of some existing pages changed. We hope you will 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:

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

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

2 Wealth in Great Britain: Wealth and Assets Survey

The Office for National Statistics (ONS) recently published the *Wealth and Assets Survey*, which gathered information on wealth in Great Britain by surveying over 30,000 households between July 2006 and June 2008.³ Total wealth was calculated by adding together four main components: property (value of homes), financial (savings and debt), physical (e.g. cars, home contents) and private pension wealth.

Some of the headline findings of the survey are listed below:

- Total wealth in Great Britain in 2006/08 was estimated at £9,000 billion (or £9 trillion).
- 39% of total wealth, or £3,500 billion, was accounted for by property wealth, with a further 39% accounted for by private pension wealth.
- The least wealthy half of households owned a total of 9% of total wealth. The wealthiest 10% of households owned 44% of total wealth.
- Median⁴ household wealth was £204,500 - that is half of households had wealth below this figure. Excluding private pensions the median was £145,400.
- The wealthiest region was the South East of England with a median household wealth of £287,900; the least wealthy was Scotland with a median of £150,600.

Note that all data from this survey were collected from respondents' estimations and valuations of their own wealth and assets. Collection of financial data via surveys is difficult and can lead to incorrect valuations. Interviewees may be reluctant to provide sensitive financial information and accurate valuations of assets may in any case be difficult to provide.⁵ In addition, as with any survey, even one this large, the data may be subject to sampling error.

This article concentrates solely on the ONS *Wealth and Assets Survey* and its results. Other estimates of household wealth are available. For example, the national accounts carry a measure of the total net worth and net financial position of the household sector.⁶ The Joseph Rowntree foundation published a report in July 2007 titled *Poverty and Wealth across Britain 1968-2005*.⁷ An estimate of household wealth was also calculated for the BBC by the Halifax Bank in September 2009.⁸ In addition, IMF research on wealth in the UK and other countries was published in June 2009.⁹

³ ONS, *Wealth in Great Britain, Main Results from the Wealth and Assets Survey 2006/08*, December 2009

⁴ If all values were arranged in order, this would be the middle value, i.e. half of figures fall below the median. The median is the preferred measure of average in this survey, as the distribution of wealth is skewed by relatively few large values.

⁵ *The Measurement of Household Wealth using Survey Data: An Overview of the Survey of Consumer Finances*, paper by Federal Reserve Board of Governors, March 1998

⁶ ONS, *Blue Book 2009*, page 229, table 6.1.9

⁷ <http://www.jrf.org.uk/publications/poverty-and-wealth-across-britain-1968-2005>

⁸ <http://news.bbc.co.uk/1/hi/business/8241480.stm> and <http://news.bbc.co.uk/1/hi/8248645.stm>

⁹ IMF, *World Economic Outlook*, June 2009, chapter 2

2.1 Background to survey

Until this survey there have been limited official statistics on wealth, as opposed to earnings and income where detailed data are available (see box, for definitions).¹⁰ By only using household income to measure the well-being of households, other factors such as home ownership, financial investments and, more generally, the accumulation of wealth over a lifetime are ignored. This survey provides an insight into these other factors that influence living standards.

The lack of data on household or individual wealth has long been noted, for instance the Royal Commission on the Distribution of Income and Wealth came to this conclusion in a 1975 report.¹¹

The *Wealth and Assets Survey* itself was conceived in 2000, with development on the survey beginning in 2004 and the first surveys of households starting in July 2006. In addition to the ONS, it is funded by a consortium of Government departments.¹²

Earnings – The amount an individual or household receives, usually in the form of wages and salaries, in return for working.

Income – Amount individual or household receives from all sources over a certain period, such as a year. This includes earnings and also any state benefits, tax credits, pensions, and investment income.

Wealth – Sum of the value of all assets owned by individual or household at a point in time – this includes property, home contents, as well as all financial wealth such as savings, investments and pensions – minus liabilities such as mortgages and loans.

2.2 How survey was conducted

30,595 households containing 53,299 individuals (aged 16 and over) in Great Britain were surveyed between July 2006 and June 2008. As only private households were surveyed those living in retirement or nursing homes, prisons, barracks or university halls of residence, as well as homeless people, are not included in the results.

Business assets were not included in the calculation of total wealth, so the value of any businesses including equipment, land, financial assets etc. owned by household members are not included in this survey.¹³ Assets held in trusts were also excluded from the survey. As these are mostly held by the wealthiest households, total wealth at the top end of the distribution scale may be underestimated. Rights to state pensions were also not included.

The results shown in the report, and therefore this article, represent the findings of the “first wave” of household surveys conducted between July 2006 and June 2008. The *Wealth and Assets Survey* is intended to be an ongoing measure of wealth over time in Great Britain and the “second wave” of surveys has already begun (from July 2008 to June 2010), with the same households being surveyed again.

2.3 Total wealth

Total net wealth was calculated by summing four categories of wealth: property, financial, physical and private pension wealth. It is important to note that the survey was conducted between July 2006 and June 2008, before the full impact of the recession occurred.

¹⁰ For average earnings see for example ONS's [Annual Survey of Hours and Earnings](#); for incomes see for example the [Family Resources Survey](#).

¹¹ For more information on historical background to wealth surveys see [section 1.2 \(page 2\) of the full report](#).

¹² Including the Department for Work and Pensions, HM Revenue and Customs, Department for Business Innovation and Skills, Communities and Local Government and the Scottish Government.

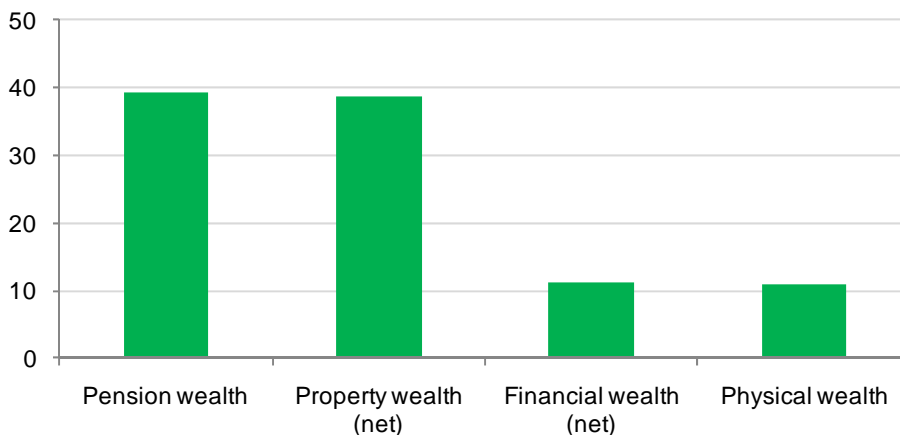
¹³ [Appendix A of the full report](#) does contain some limited information on business assets.

Total wealth in Great Britain in 2006/08 was estimated at £9,000 billion. As the chart below shows, 39% of total wealth, or £3,500 billion, was accounted for by private pension wealth, with a further 39% accounted for by property wealth. 11%, or £1,000 billion, was from financial wealth and a further 11% by physical wealth.

By comparison, the total output of the UK economy in 2008 was £1,448 billion,¹⁴ while the total stock of public sector net debt (excluding financial sector interventions) is forecast by HM Treasury to be £799 billion in 2009/10.¹⁵

Components of total wealth in Great Britain, 2006/08

% of total



Distribution of total wealth

The least wealthy half of households owned a total of 9% of total wealth in Great Britain, with the wealthiest 10% of households owning 44%. By comparison, the least wealthy 10% of households had a negative total net wealth of £500 million, meaning their liabilities outweighed their assets. This is made up of negative net financial wealth (loans, overdrafts, credit cards etc) and negative net property wealth (negative equity).

The chart below shows the total wealth of households by each decile.¹⁶

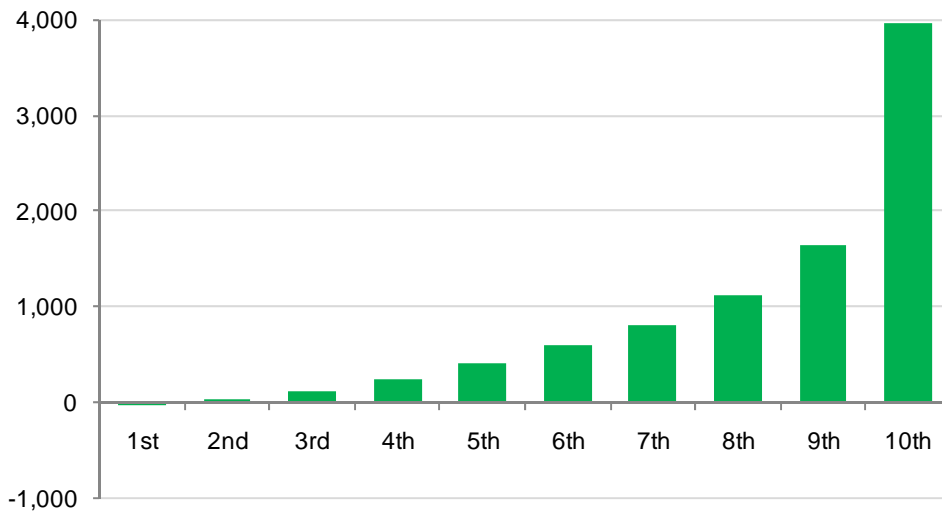
¹⁴ UK nominal GDP in 2008, [source: ONS](#), series YBHA; see indicator [A1: Gross Domestic Product](#) on page 1

¹⁵ See indicator [D2: Public Finances](#) on page 15

¹⁶ Deciles are 10 equally-sized groups containing 10% of all households in the survey ranked from least wealthy to most wealthy. For example, the 10th decile is the group containing the wealthiest 10% of all households.

Total wealth by decile in Great Britain, 2006/08

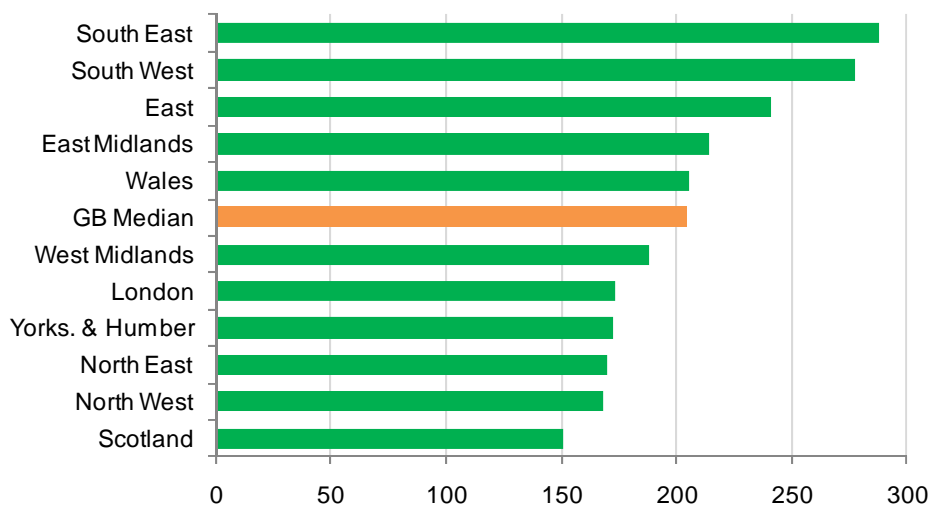
£ billion

**Total wealth by region**

Median¹⁷ household wealth in Great Britain was £204,500.¹⁸ Household wealth varied by region as the chart below illustrates.

Median household wealth by region, 2006/08

£000s



The wealthiest region was the South East of England with a median household wealth of £287,900, then the South West at £277,700. The least wealthy was Scotland with a median household wealth of £150,600, followed by the North West of England at £168,200.

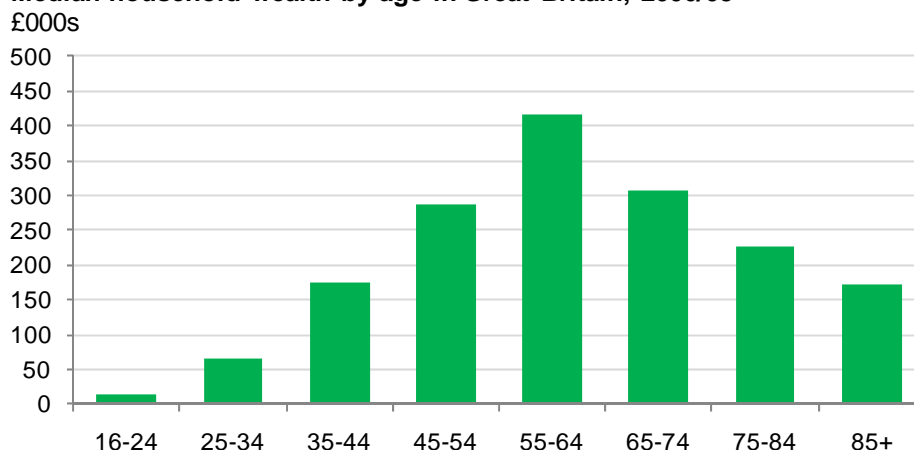
¹⁷ If all values were arranged in order, this would be the middle value, i.e. half of figures fall below the median. The median is the preferred measure of average in this survey, as the distribution of wealth is skewed by relatively few large values.

¹⁸ Excluding private pensions the median was £145,400.

Total wealth by age group

The breakdown of wealth by age group shows that 55-64 year olds were the wealthiest, with 16-24 year olds the least wealthy.¹⁹ This result is unsurprising, as we would intuitively expect people to accumulate wealth during their lives and then to draw on this during retirement. The chart below shows total wealth by age group. It is important to note that these data show total household wealth categorised by age of the “head of the household” and do not take into account the ages of other people living in the household nor the number of other people living there, if any.

Median household wealth by age in Great Britain, 2006/08



Total wealth by qualification

Looking at education qualifications, those households headed by someone with a degree or above had the highest total wealth, with a median of £400,200. Households headed by someone with no qualifications had the lowest total wealth, with a median of £105,100.

2.4 Property wealth

The survey found that 68% of all households in Great Britain owned their main residence, with 30% owning their homes outright and 38% owning them with a mortgage. The remaining 32% rent their home (or live rent free).

Of those owning property, the median net property wealth (which takes into account mortgage liabilities and equity release) was £150,000.

By region, London had the highest net property wealth with a median of £220,000. However, London also had the lowest rate of home ownership in the country at 57%. The region with the lowest net property wealth was Scotland with a median of £100,000. The above figures only include property owners.

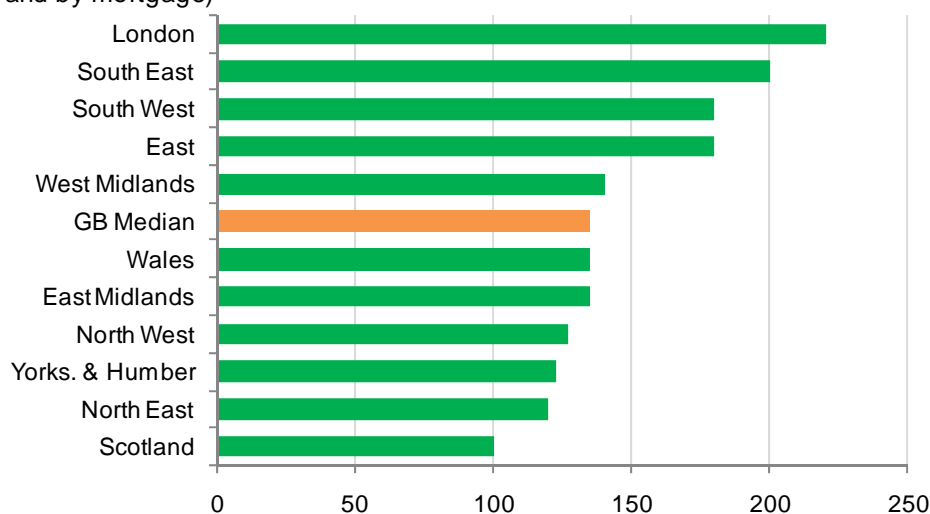
It should be noted that valuation of property in this survey was made by the respondents and therefore should be treated with caution as people may overvalue the true value of their property. The survey was conducted over a two year period (between July 2006 and June 2008) and house prices changed significantly in many areas during this time. Surveys of households were distributed evenly across the two-year survey period to ensure that regional differences were not unduly affected by when survey respondents were interviewed.

The chart below shows net property wealth by region. These data are only for households who own the property they live in.

¹⁹ The survey was limited to those over 16.

Median property wealth by region, Great Britain 2006/08

£000s, only includes those who owned their homes (outright and by mortgage)

**2.5 Financial wealth**

Net financial wealth – which includes current accounts, savings and investments minus liabilities such as credit cards, household bills and overdrafts (but excluding formal pensions) – was very unequally distributed among households. Half of households owned only 1% of total net financial wealth in Great Britain. Median net financial wealth (including liabilities) of the whole population was £5,200.²⁰

96% of households surveyed had a bank account or some form of financial investment, with 92% of households saying that they had a current account, 62% said they had a savings account, 42% said they had an Individual Savings Account (either cash ISAs and/or stocks and shares ISAs) and 24% said they had National Savings certificates or bonds (including premium bonds).

2.6 Private pension wealth

The survey only looked at private pensions and therefore state pensions are not included in the results. Private pension wealth was very unequally distributed, with half of households owning only 2% of total pension wealth and the wealthiest 20% owning 79%.

40% of men (with a median private pension wealth of £39,300) and 32% of women (with a median wealth of £29,000) were contributing to some type of private pension. The median value of private pension wealth of all individuals (including those with no private pension) was £4,900.

2.7 Physical wealth

Physical wealth of households is largely made up of the contents of the property, but also includes collectables, vehicles and other valuables. Care should be taken when looking at these data as all values were estimated by survey respondents and as the report points out “people find it hard to estimate the precise value of contents.”

Physical wealth was the most evenly distributed of the four main components of total wealth. The median physical wealth of all households was estimated at £29,900, mainly made up of household goods in their main residence, which had a median value of £25,000.

²⁰ This article focuses on net wealth rather than the distribution of financial assets and liabilities separately.

2.8 Saving and borrowing

The survey also asked interviewees about levels of borrowing, saving and general attitudes toward various aspects of household finances.²¹ It found that 10% of all households were in arrears on at least one commitment (which ranged from mortgages to non-mortgage borrowing such as credit card payments).

35% of people said that they had never saved any of their income, with a further 13% saying they had not saved from income in the past 12 months. It is worth emphasising that this survey was conducted prior to the full impact of the recession being felt.

2.9 Press coverage of survey

The release of the *Wealth and Assets Survey* attracted some interest from the press. A selection of articles is listed below:

[“Poorest homes own 9% of nation's wealth”](#), *Financial Times*, 11 December 2009

[“Household wealth survey reveals great divide”](#), *Guardian*, 10 December 2009

[“Live now, pay later: families say there's no point saving”](#), *Times*, 11 December 2009

[“Britons may be £1.45trn in debt but they are worth £9trn, says ONS study”](#), *Independent*, 11 December 2009

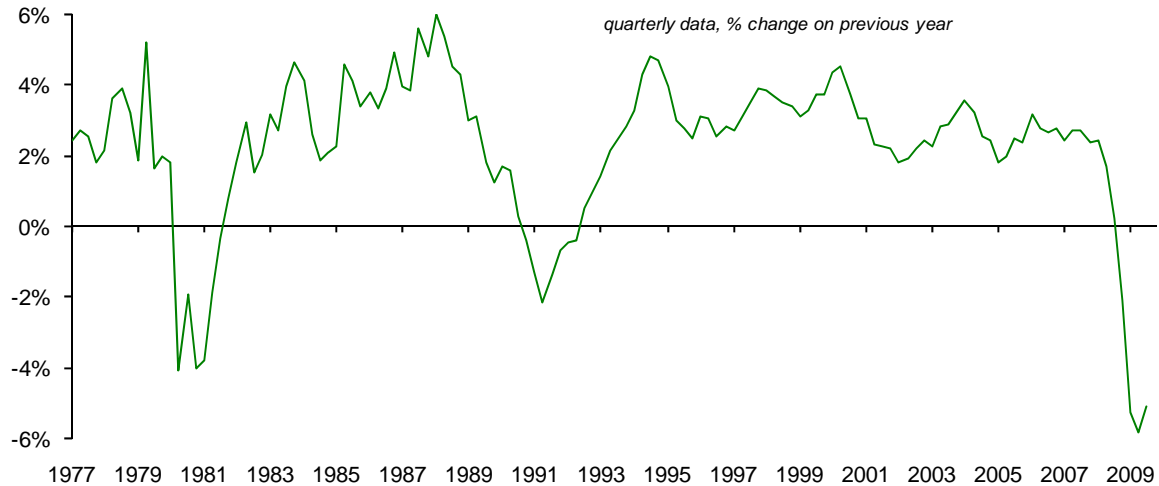
Daniel Harari, x2464

²¹ Other sources of data for debt and borrowing are available. See [indicator F4 Household Debt](#) on page 22 for more information.

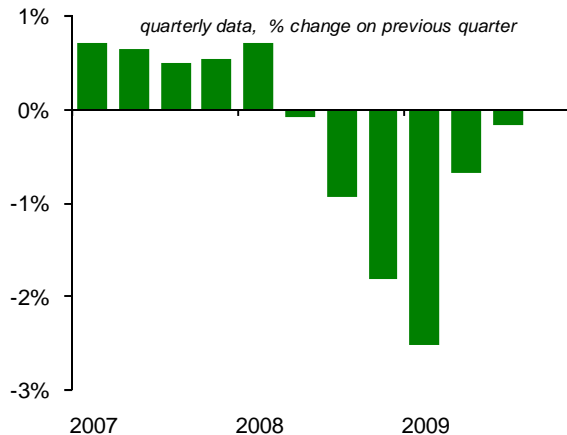
A1: Gross Domestic Product

The economy contracted by 0.2% in Q3 2009. This was the sixth successive quarter of negative growth for the UK economy which entered into recession in Q2 2008. In December 2009, HM Treasury's average of independent economic forecasts of GDP growth for 2009 was -4.5%, and for 2010 was 1.3%.

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	...	0.5
2008 Q3	361.7	2.9	-0.9	0.2
Q4	359.3	1.2	-1.8	-2.1
2009 Q1	349.0	-4.0	-2.5	-5.2
Q2	346.8	-4.7	-0.7	-5.8
Q3	350.6	-3.1	-0.2	-5.1

Source: ONS, series: YBHA, ABMI

- The economy contracted by 0.2% in Q3 of 2009, compared to Q2 of 2009. This compares with a decline of 0.7% 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, higher than the 5.8% decline recorded in Q2.
- Total output of the economy has now fallen by 6.0% from its pre-recession level of Q1 2008.

Contact: Grahame Allen, x3977

Updates: HM Treasury, [Forecasts for the UK Economy](#), 20 Jan
ONS, [Quarterly National Accounts](#), 26 Jan

A2: GDP: International Comparisons

Among G7 countries France, Germany and Japan emerged from recession with quarter on quarter growth in Q2 2009. The US, Canada and Italy (and the eurozone as a whole) emerged from recession in Q3 2009. The UK is the only G7 country still technically in recession, with a 0.2% contraction in Q3 making six successive quarters of contraction since Q2 2008.

Both Japan and the US revised their Q3 growth down from initial estimates (from 1.2% to 0.3% in Japan), while the UK has revised upwards from the 0.4% contraction initially estimated.

Compared with Q3 2008, the US economy contracted by 2.6%, compared with 5.1% for the UK, 4.8% for Germany, and a 3.5% contraction across the G7 as a whole (OECD-wide data for Q3 2009 is not yet available).

Real GDP, % changes

	change on prev. year				change on previous quarter				
	2008	Q1 09	Q2 09	Q3 09	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09
US	0.4	-3.3	-3.8	-2.6	-0.7	-1.4	-1.6	-0.2	0.6
Japan	-1.2	-8.6	-6.0	-4.7	-1.0	-2.7	-3.1	0.7	0.3
UK	0.5	-5.2	-5.8	-5.1	-0.9	-1.8	-2.5	-0.7	-0.2
Germany	1.3	-6.7	-5.8	-4.8	-0.3	-2.4	-3.5	0.4	0.7
France	0.4	-3.5	-2.8	-2.3	-0.2	-1.5	-1.4	0.3	0.3
Eurozone	0.5	-5.0	-4.8	-4.1	-0.4	-1.9	-2.4	-0.2	0.4
G7	0.2	-4.7	-4.5	-3.5	-0.7	-1.7	-2.2	0.0	0.4
OECD	0.6	-4.8	-4.5	..	-0.6	-1.9	-2.2	0.0	..

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

November 2009's [OECD Economic Outlook](#) (see data below) forecast a 3.5% contraction for developed economies this year, then 1.9% growth in 2010. This revised up the OECD's [June forecast](#) for a 4.1% contraction in 2009 and for 0.7% growth in 2010.

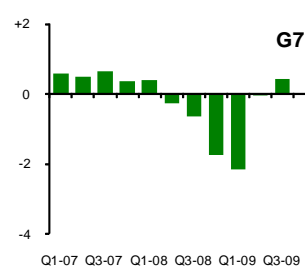
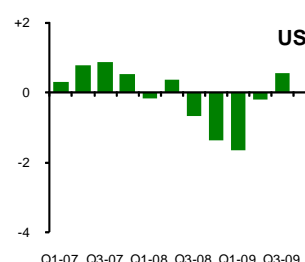
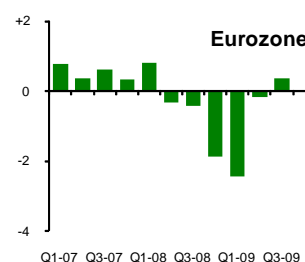
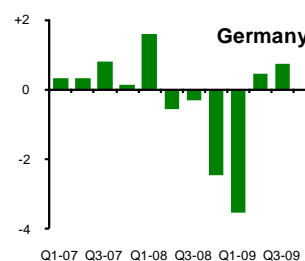
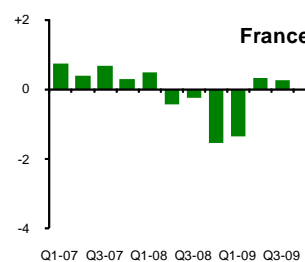
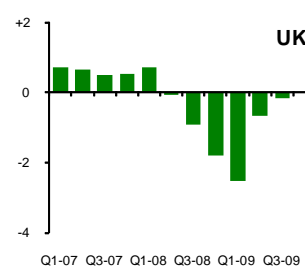
The European Commission's [November 2009 growth forecasts](#) forecast a 4.6% contraction in the UK in 2009, compared with contractions of 2.2% in France and 5.0% in Germany.

An update is expected by the end of January, but the [IMF's most recent \(October 2009\) forecast](#) was for contraction of the world economy by 1.1% in 2009, then growth of 3.1% in 2010. The IMF had forecast: a UK contraction of 4.4% in 2009, then 0.7% growth in 2010; Japan to contract 5.4% this year, then grow 1.7% in 2010; France to contract 2.4% then grow 0.9%, and Germany to contract 5.3% then grow 0.3% in 2010.

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

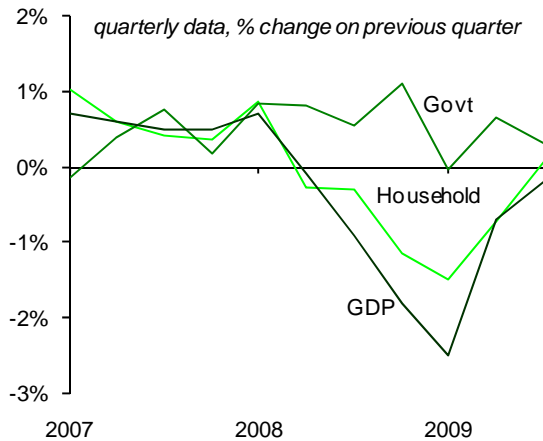
Sources: OECD, *Ec Outlook*, Nov 09 flashfile; IMF, *WEO*, Oct 09; EC, Nov 09



A3: Components of GDP

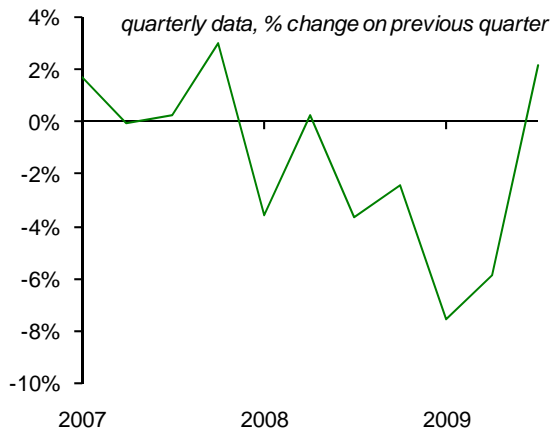
Total GDP is made up of a number of elements, including household consumption, government spending, investment and net trade (exports less imports). Household consumption is the largest element accounting for 62% of the total. Government consumption accounts for 21% of GDP and gross fixed capital formation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

Household consumption, government consumption and GDP



- Government consumption has been the main element of demand supporting the economy recently. It is 2.1% higher than a year ago, while household consumption is 3.3% lower.
- Household consumption was increased by 0.1% 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. The rate at which companies are running down their holdings of inventories increased in 2009 Q3.

Gross fixed capital formation



- Gross fixed capital formation (GFCF) measures investment in buildings and machinery.
- GFCF increased by 2.2% in 2009 Q3 but is 13.3% below its level a year earlier.
- Business investment fell by 0.6% in Q3 2009 and is 19.9% 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%	2.6%	-3.5%	1.1%	-0.5%	0.5%
2008 Q4	-1.2%	1.1%	-2.4%	-4.5%	-6.1%	-1.8%
2009 Q1	-1.5%	0.0%	-7.5%	-7.0%	-6.7%	-2.5%
2009 Q2	-0.7%	0.7%	-5.9%	-2.2%	-3.2%	-0.7%
2009 Q3	0.1%	0.3%	2.2%	0.8%	1.5%	-0.2%

Source: ONS series ABJR, NMRY, NPQT, IKBK, IKBL and ABMI

Note: (a) gross fixed capital formation

Contact: Dominic Webb, x4324

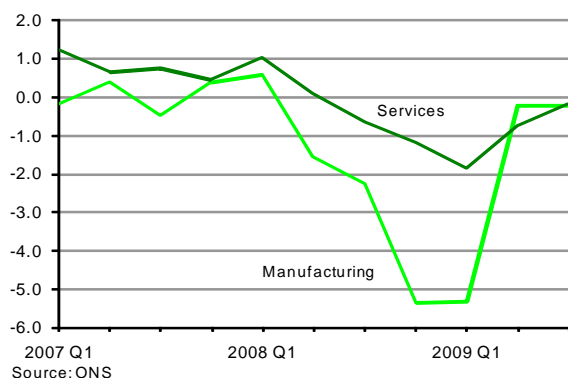
Update: ONS, [UK output, income and expenditure](#), 26 Feb

A4: Output and Employment by Industry

In Q3 2009 output in the manufacturing industry fell by 0.2% compared to the previous quarter and by 10.8% compared to the same quarter a year ago. Output in the services sector fell by 0.2% compared to the last quarter and by 4.0% compared to the same quarter a year ago.

In the quarter to September 2009, the number of jobs in the manufacturing sector fell by 1.5% compared to the previous quarter and by 7.9% compared to the same quarter a year ago. The number of jobs in the service sector fell by 0.1% over the last quarter and by 0.9% 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	-0.8	1.4	-1.1	2.4
Quar Change	-0.2	1.9	-0.2	0.7	-0.8
Ann Change	-10.8	-9.6	-4.0	-3.7	-5.6

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 4.0% to Q3 2009, the business services and finance sector have fallen by more (5.6%).
- 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 construction sector (-8.2%).
- Over the last four quarters the number of jobs has fallen in both the manufacturing and services sectors.

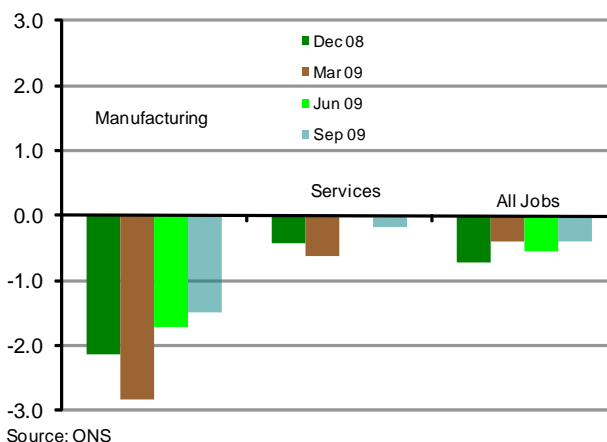
Workforce jobs by industry, 2006-2009

seasonally adjusted, SIC 2003

	Manufa- cturing	Constru- ction	Retail and hotels	Busin- ess	Public admin	All Jobs
Sept 2007	3,195	2,246	7,015	6,708	7,958	31,598
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	2,883	2,162	6,817	6,404	8,201	30,987
Oct 2009	2,840	2,095	6,830	6,375	8,237	30,861
Quar Change	-1.5	-3.1	0.2	-0.5	0.4	-0.4
Ann change	-7.9	-8.2	-2.1	-3.2	2.3	-2.1

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

Quarterly percentage change in jobs by industry, SA



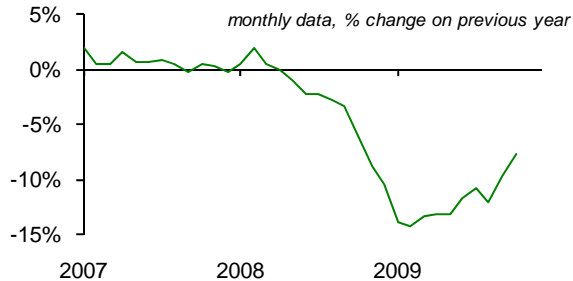
Contact: Ed Potton, x2883

Update: ONS, *Preliminary GDP estimates - Q3*, 26 Jan

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

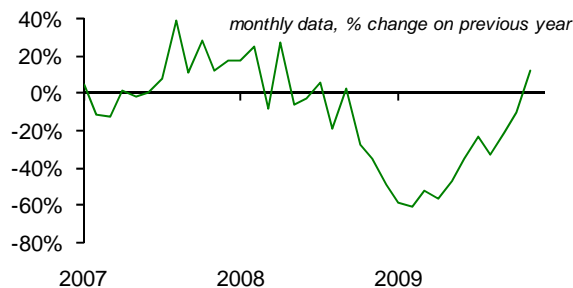


	Index Value (2005=100)	% change over month	% change over 12 months
2007	102.2	...	+0.6
2008	99.2	...	-2.9
2009 Jul	89.0	+0.6	-10.7
Aug	87.2	-2.0	-12.1
Sep	88.6	+1.6	-9.8
Oct	88.6	0.0	-7.8

Source: ONS, series CKYY

- Manufacturing output was unchanged in October, after rising by 1.6% in September. Output was down by 7.8% compared with a year ago, although the rate of decrease has been slowing.
- Industrial production, which in addition to manufacturing includes mining and quarrying, and electricity, gas and water supply, was also unchanged during October but was 8.4% lower than a year ago.

Vehicle Production

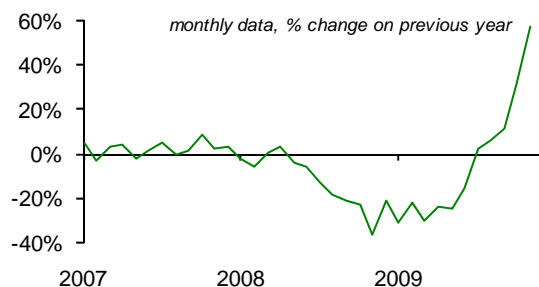


	Number '000s	% change over 12 months
2007	1,750	+6.1
2008	1,650	-5.8
2008 Nov	109	-35.5
2009 Sep	129	-20.8
Oct	114	-10.1
Nov	122	+12.5

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 Nov	100	-36.8
2009 Sep	368	+11.4
Oct	169	+31.6
Nov	158	+57.6

Source: SMMT, not seasonally adjusted

- New registrations of cars rose by 57.6% in the year to November. According to the SMMT, the scrappage scheme has stimulated growth in demand. Up to 22 November 274,455 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

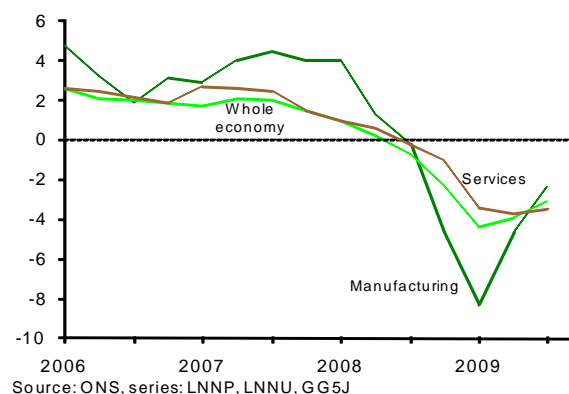
Update: ONS, [Index of Production](#), 13 Jan
SMMT, [Vehicle Production](#), late Dec
SMMT, [New Car Registrations](#), 7 Jan

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 1.9% in 2007.
- Output per worker fell by 3.1% in Q3 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 2.4% in Q3 2009 compared to the same quarter a year ago; output per job in the service sector fell by 3.5% over the same period.
- Comparing Q3 2009 with Q2 2009, manufacturing output per job increased by 1.2%, services output per job fell by 0.3% while output per job for the whole economy grew by 0.2%.

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



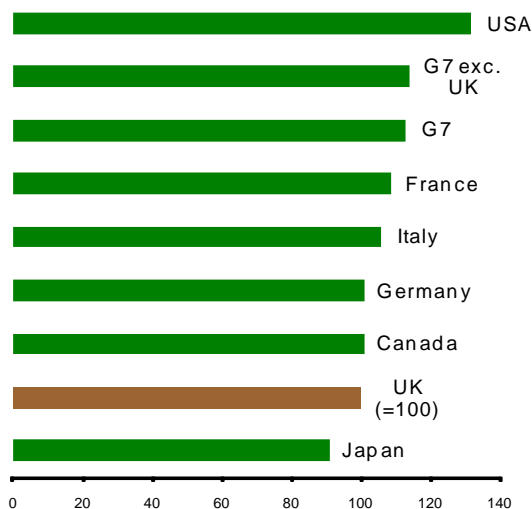
Productivity growth, seasonally adjusted

	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	3.5	..	..	1.9	1.8	1.8
2008	0.1	0.2	..	..	-0.3	-0.5	0.0
2008 Q3	-0.2	0.4	-0.2	0.5	-0.4	-0.7	-0.1
Q4	-4.7	-4.2	-1.0	-0.6	-2.0	-2.3	-1.7
2009 Q1	-8.3	-5.5	-3.4	-0.9	-4.0	-4.4	-1.9
Q2	-4.7	-3.0	-3.7	-3.5	-3.5	-3.9	-3.2
Q3	-2.4	-1.3	-3.5	-2.4	-3.1	-3.1	-1.6
<i>Latest quarterly % change</i>	1.2	1.3	-0.3	0.3	-0.1	0.2	0.7

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 Potton, x2883

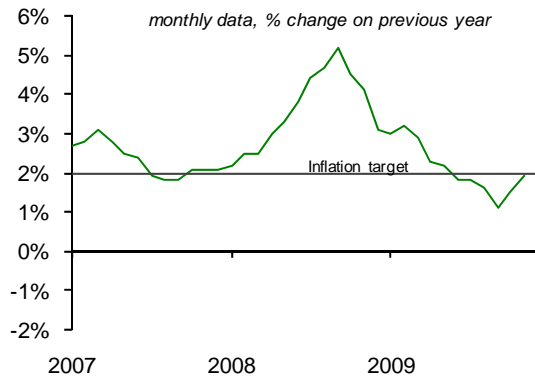
Update: ONS, [Productivity](#), 31 Mar

B1: Inflation

In the year to November, the consumer prices index (CPI) showed inflation at 1.9%, up from 1.5% in October, but below the Bank of England's 2% target.

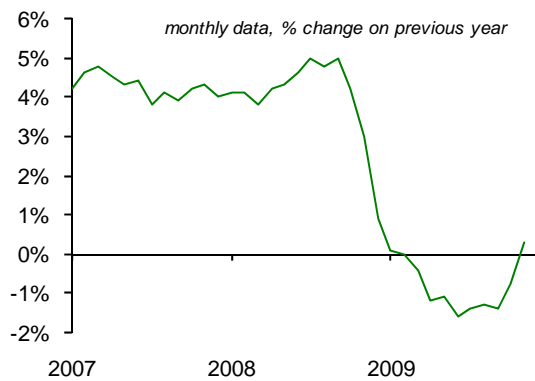
On 10 December 2003 the (then) Chancellor wrote to the Bank of England setting a new UK inflation target of 2.0%, measured by the consumer prices index (CPI). Inflation must remain within 1 percentage point either side.

Consumer Prices Index (CPI)



- The CPI annual inflation rate rose for the second month in succession, to 1.9% in November.
- The primary source of upward pressure on the CPI came from the transport sector, in particular from fuel prices, which rose between October and November this year but fell sharply last year when oil prices declined.
- The change in the RPI (all items) in the year to November was 0.3%, up from -0.8% in October and the first annual increase since January.

Retail Prices Index (RPI)

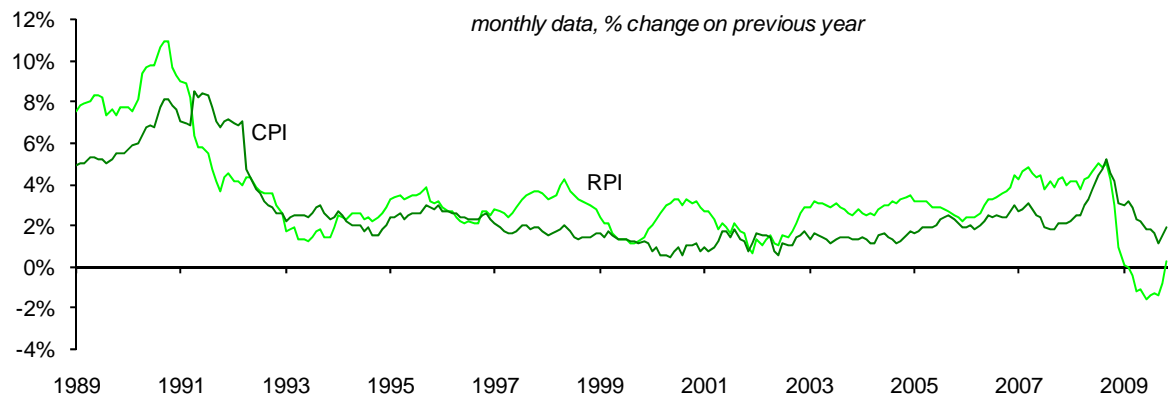


Price Indices

		% change on a year ago	
		CPI	RPI
2006		2.3	3.2
2007		2.3	4.3
2008		3.6	4.0
2009	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
	Nov	1.9	0.3

Source: ONS database, series: D7G7, CDKQ

CPI and RPI since 1989



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.

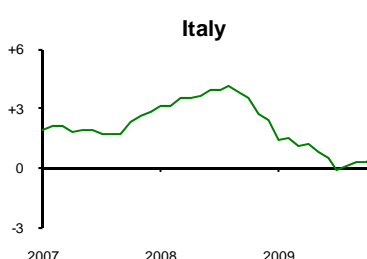
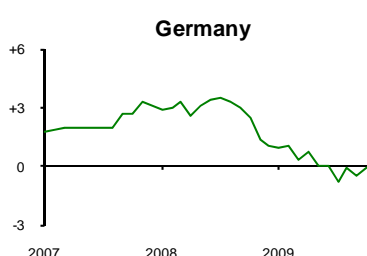
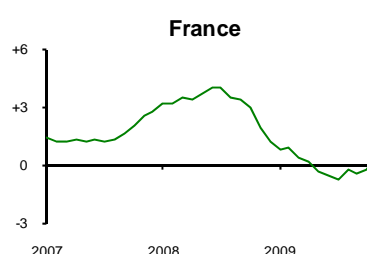
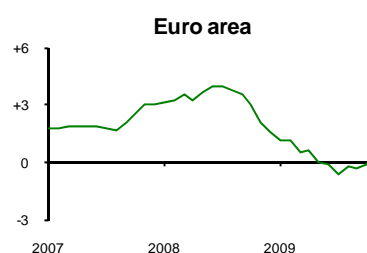
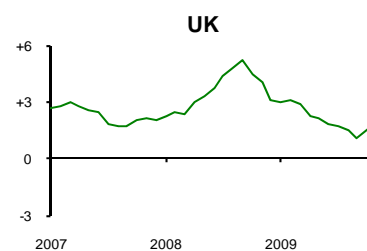
- In the year to November 2009, UK inflation (CPI) was 1.9%, the highest in the G7 but below the Bank of England's 2% target. Japan was the only G7 country to report price falls in the year to November 2009.
- Euro-area inflation was 0.5% (HICP) in the year to November 2009. The European Central Bank (ECB) aims to keep inflation "below, but close to, 2% over the medium term".
- In November, the United States showed positive annual inflation for the first month since February 2009.
- Iceland (12.4%) and Ireland (-2.8%, both HICP) continue to be inflation rate outliers.

Inflation rates: selected countries

Annual % change in consumer prices

	2007	2008	Sep 09	Oct 09	Nov 09
HICP					
UK	2.3	3.6	1.1	1.5	1.9
Euro area	2.1	3.3	-0.3	-0.1	0.5
EU	2.4	3.7	0.3	0.5	1.0
France	1.6	3.2	-0.4	-0.2	0.5
Germany	2.3	2.8	-0.5	-0.1	0.3
Iceland	3.6	12.8	15.3	13.8	12.4
Ireland	2.9	3.1	-3.0	-2.8	-2.8
Italy	2.0	3.5	0.4	0.3	0.8
Spain	2.8	4.1	-1.0	-0.6	0.4
National defs					
Canada	2.1	2.4	-0.9	0.1	1.0
Japan	0.1	1.4	-2.2	-2.5	-1.9
United States	2.9	3.8	-1.3	-0.2	1.8
G7	2.2	3.2	-1.0	-0.3	1.0
OECD	2.5	3.7	-0.3	0.2	1.3
Brazil	3.6	5.7	4.3	4.2	..
China	4.8	5.9	..	..	..
India	6.4	8.3	11.6	11.5	..
Russia	9.0	14.1	10.7	9.7	..

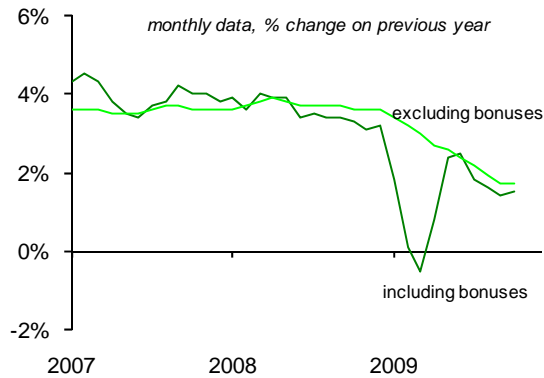
Source: OECD Consumer Prices Release



B3: Average Earnings

The headline rate of average earnings (three-month average including bonuses) for the whole economy rose by 1.5% in the year to October, up from 1.4% in September. The less volatile series of average earnings excluding bonuses rose by 1.7% in October, the same as in September, the slowest rate of increase since the series began in 2001.

Average Earnings, Whole Economy



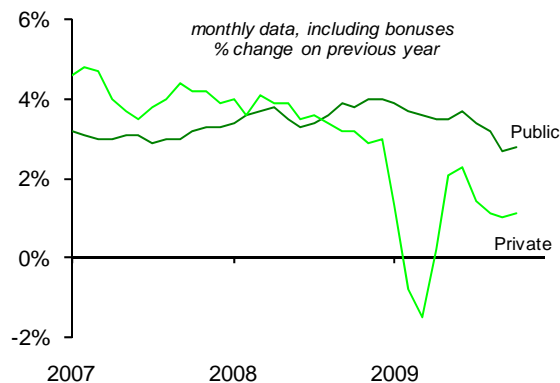
Average Earnings, Including Bonuses

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

	Private	Public	Manuf.	Serv.	Total
2006 Oct	4.2	3.3	5.3	4.1	4.1
2007 Oct	4.2	3.2	2.5	4.4	4.0
2008 Oct	3.2	3.8	2.8	3.5	3.3
2009 May	2.1	3.5	1.0	2.6	2.4
Jun	2.3	3.7	1.3	2.8	2.5
Jul	1.4	3.4	0.7	2.1	1.8
2009 Aug	1.1	3.2	1.3	1.7	1.6
Sep	1.0	2.7	1.5	1.4	1.4
Oct	1.1	2.8	2.1	1.5	1.5

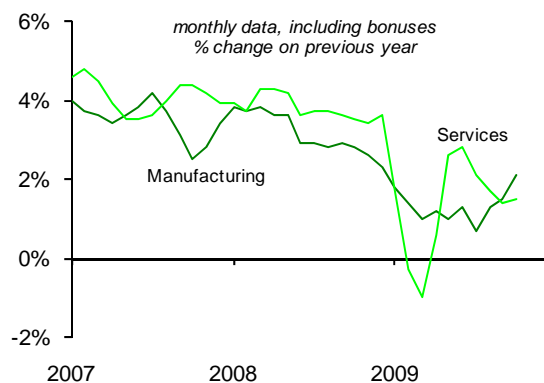
Source: ONS, data shows latest 3-month period

Average Earnings in the Public and Private Sectors



- Headline earnings growth in the public sector rose by 2.8% in October, compared with a 1.1% 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

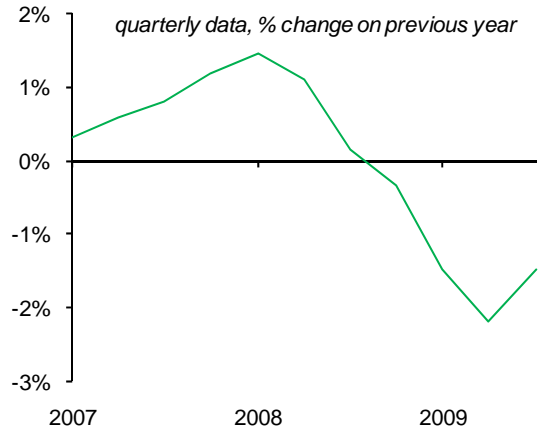


- Headline average earnings growth in manufacturing was 2.1% in October, compared with 1.5% in the services sector.
- In 2008, headline (including bonuses) earnings growth in the services sector averaged an increase of 3.8% compared with a 3.0% rise in the manufacturing sector.
- From 1997 to 2008 the 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

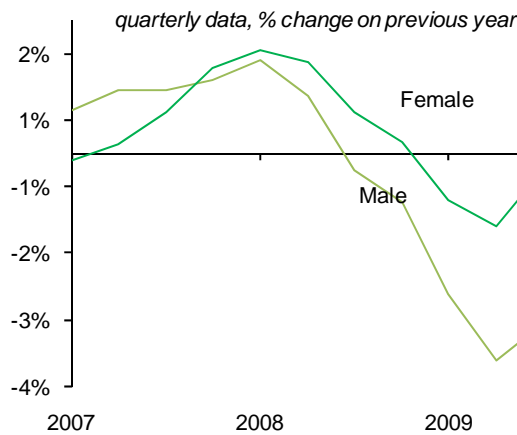
Total employment in the three months to October 2009 was 432,000 (1.5%) lower than a year earlier but 53,000 higher than the previous quarter.

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 6.6% over the last year.

Male and female employment



- Male employment was 15.4 million in the three months to October 2009, compared with female employment of 13.5 million.
- Over the past year, male employment has fallen by 2.5% while female employment has fallen by 0.2%.
- Full-time employment has fallen by 2.9% over the past year while part-time employment has increased by 2.8%.

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)
Sep-07	29,315	4,213	17,317	6,534	1,251
Sep-08	29,359	4,132	17,303	6,590	1,333
Dec-08	29,335	4,077	17,312	6,603	1,343
Mar-09	29,073	3,938	17,191	6,597	1,348
Jun-09	28,874	3,855	17,057	6,577	1,385
Sep-09	28,926	3,769	17,165	6,585	1,408
% change on previous 3 months	+0.2	-2.2	+0.6	+0.1	+1.7
% change on previous year	-1.5	-8.8	-0.8	-0.1	+5.6

Source: ONS

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

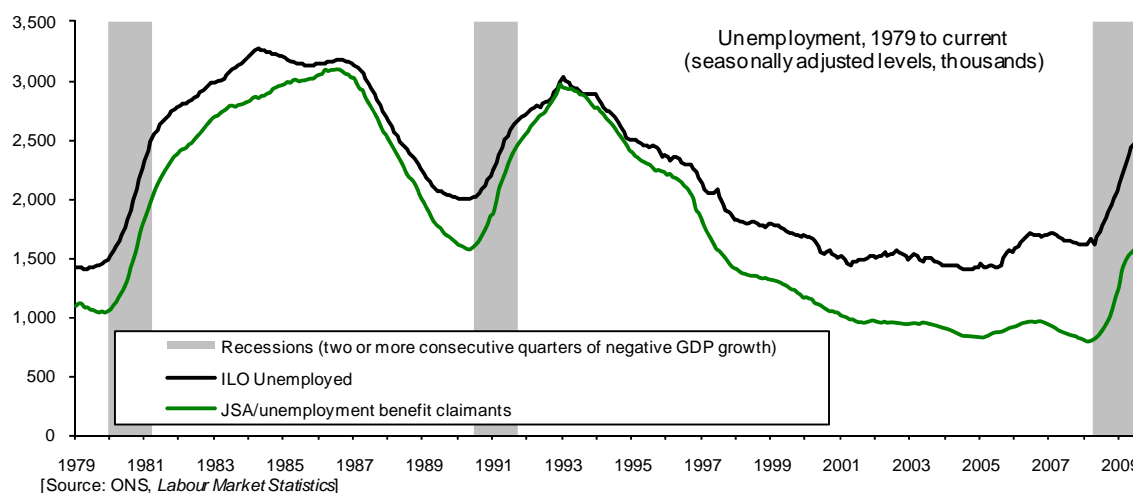
Contact: Dominic Webb, x4324

Update: ONS, [Labour Market Statistics](#), 20 Jan

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 August to October 2009 was 2,491,000 (7.9% of all economically active) – up by 608,000 from the same period a year earlier (UK, seasonally adjusted).**



ILO unemployment (survey period Aug-Oct 2009):

- The number of people unemployed for more than 12 months stood at 620,000, a year-on-year increase of 182,000;
- The unemployment level among 16- to 24-year-olds was 952,000, 20.2% of the economically active population in the age group (see table below).

Jobseekers' Allowance (JSA) claimant count

- The seasonally adjusted monthly JSA claimant count decreased by 6,300 between October and November 2009 to 1,626,200.

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

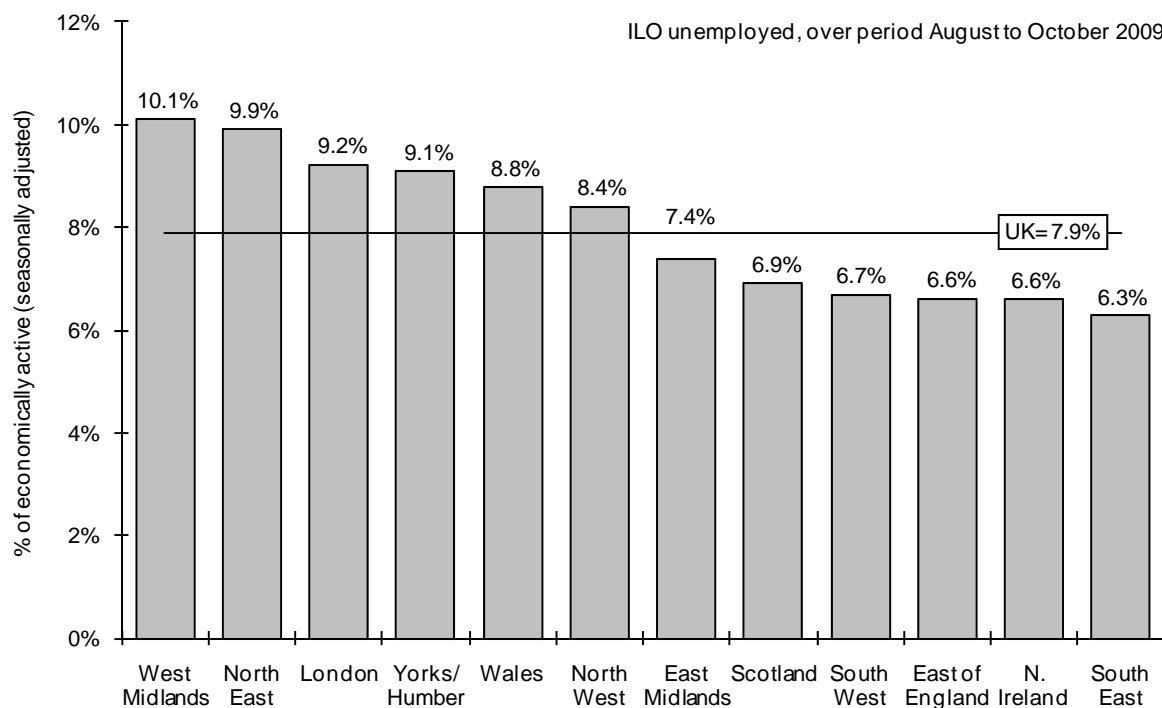
	Total		16 to 24		25 to 49		50 to 59/64		60+/65+	
	'000s	rate (%)	'000s	rate (%)	'000s	rate (%)	'000s	rate (%)	'000s	rate (%)
Aug-Oct 2004	1,398	4.7	583	12.3	615	3.5	185	2.9	15	1.5
Aug-Oct 2005	1,503	5.0	655	13.7	628	3.5	199	3.0	22	2.0
Aug-Oct 2006	1,689	5.5	694	14.2	754	4.2	215	3.2	26	2.1
Aug-Oct 2007	1,635	5.3	697	14.2	699	3.9	215	3.2	24	1.9
Aug-Oct 2008	1,883	6.0	784	15.9	818	4.5	253	3.7	28	2.1
Nov-Jan 2009	2,060	6.6	825	16.8	919	5.0	285	4.1	32	2.3
Feb-Apr 2009	2,277	7.3	891	18.5	1,029	5.6	324	4.7	32	2.4
May-Jul 2009	2,470	7.9	946	19.7	1,155	6.3	336	4.9	33	2.4
Aug-Oct 2009	2,491	7.9	952	20.2	1,158	6.3	343	4.9	38	2.6
Change on year										
Level	+608		+168		+340		+90		+10	
Percentage	+32.3		+21.4		+41.6		+35.6		+35.7	

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](#), 20 Jan DWP, *New Deal*, Feb

C3: Unemployment: Regional



[Source: ONS, *Labour Market Statistics*]

Since April 1998, the Office for National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- Over the period August to October 2009 the West Midlands had the highest unemployment rate, 10.1% of the economically active population. The lowest rate over the same period was 6.3%, in the South East.
- A comparison of August to October 2009 with the same period a year earlier shows that the largest percentage rise in the regional unemployment level occurred in Northern Ireland and the South West (+50%). The North West showed the smallest percentage increase (+18%) over the period.

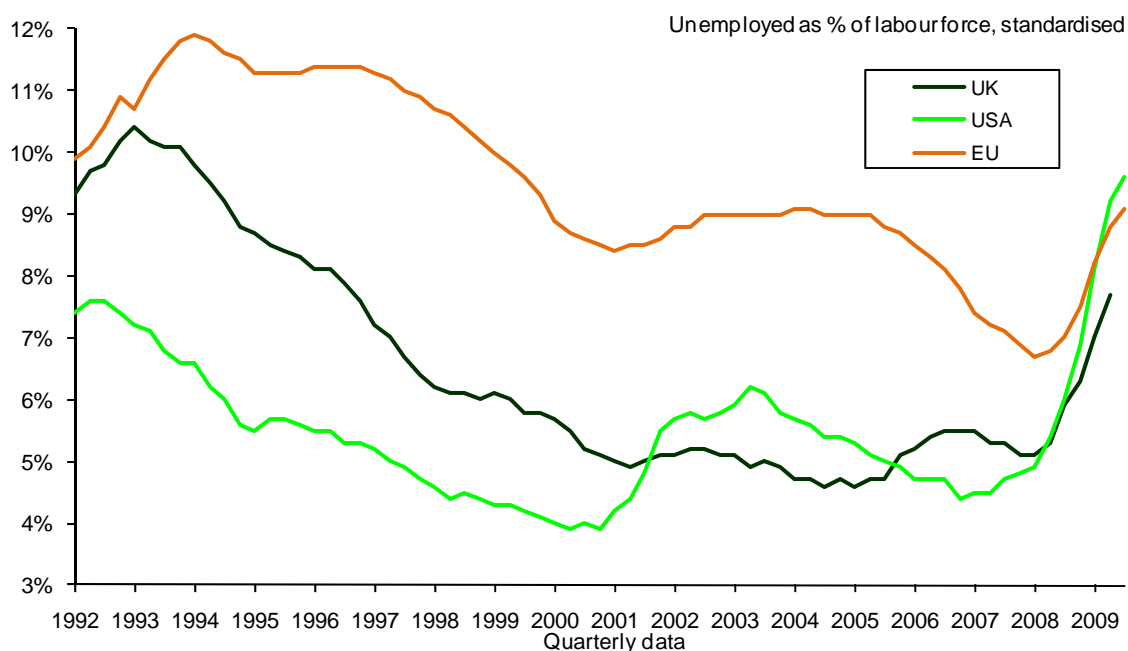
ILO Unemployment, August to October 2009

change on same period in previous year;
seasonally adjusted

	Number (rounded)	%
North East	+20,000	+19
North West	+44,000	+18
Yorkshire & the Humber	+52,000	+28
East Midlands	+45,000	+35
West Midlands	+87,000	+47
East of England	+57,000	+41
London	+69,000	+22
South East	+76,000	+37
South West	+59,000	+50
Wales	+30,000	+32
Scotland	+52,000	+39
Northern Ireland	+18,000	+50

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

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

	2007	2008	2007				2008				2009		
			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	8.1	7.6	7.4	7.1	7.1	7.3	7.6	7.6
Italy	6.2	6.8	6.1	6.1	6.2	6.3	6.5	6.7	6.8	7.0	7.3	7.3	7.7
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	5.7	5.5	5.3	5.3	5.1	5.1	5.3	5.9	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	7.4	7.3	7.2	7.4	7.6	8.0	8.8	9.3	9.6
G7	5.4	5.9	5.5	5.4	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	8.6

Source: OECD, Harmonised Unemployment Rates, December 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

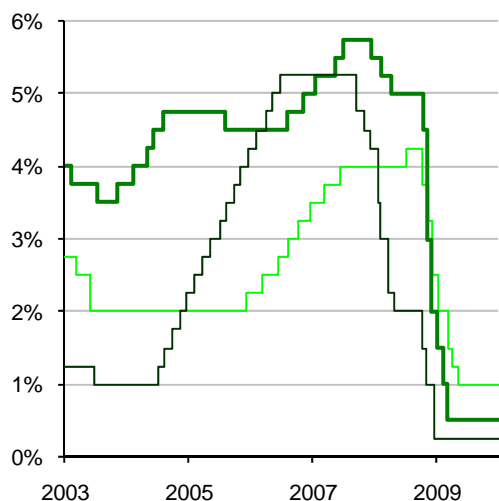
Updates: OECD, *Harmonised Unemployment Rates*, Jan
OECD, *Economic Outlook*, Dec

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

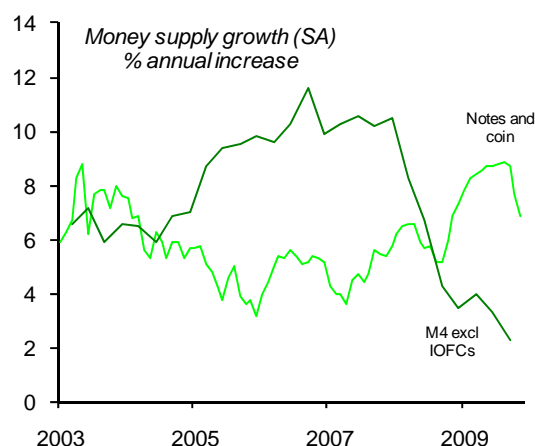
Source: Bank of England

- 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 31 December 2009, the Bank had purchased £190 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 6.9% in the year to November 2009.

Contact: Adam Mellows-Facer, x4904 **Updates:** Monetary policy: 7 Jan (UK) 14 Jan (ECB) 27 Jan (US)
Bank of England [Monetary & Financial Stats](#), 1 Feb

D2: Public Finances

The Treasury forecasts that public borrowing will be £178 billion in 2009/10, equivalent to 12.6% of GDP.

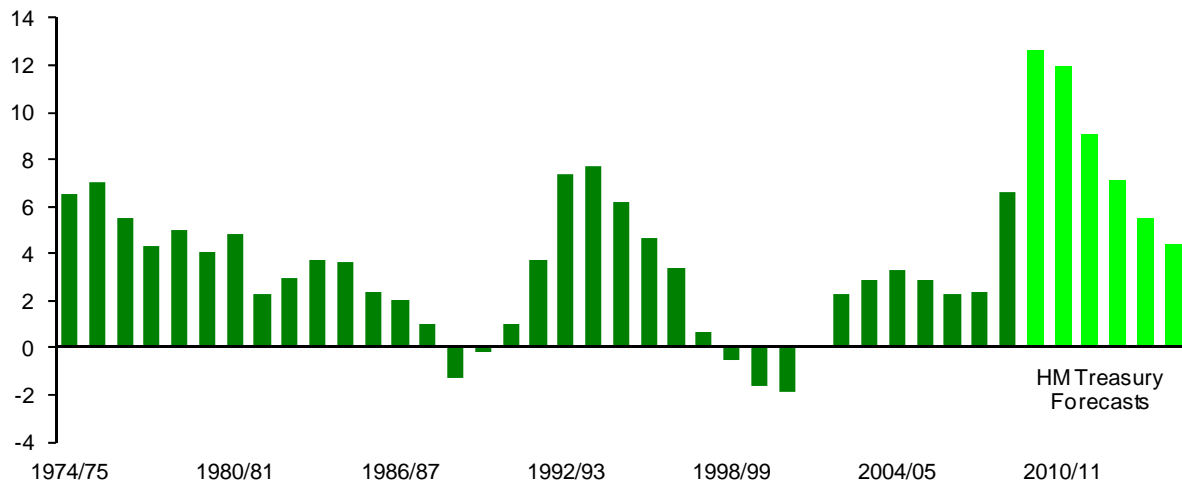
- Over the first eight months of 2009/10, government borrowing was £106.4 billion. This is more than twice the level (£49.3 billion) in the same period of 2008/09.
- The Treasury forecasts that government borrowing will fall to 12.0% of GDP in 2010/11 and to 4.4% of GDP by 2014/15.
- The Government has published a Fiscal Responsibility Bill which will require the Chancellor to halve the deficit within four years.

	Net borrowing		Net debt	
	£ billion	% GDP	£ billion	% GDP
2008/09	95	6.6	617	43.9
2009/10	178	12.6	799	55.6
2010/11	176	12.0	986	65.4
2011/12	140	9.1	1,139	71.7
2012/13	117	7.1	1,270	75.4
2013/14	96	5.5	1,379	77.1
2014/15	82	4.4	1,473	77.7

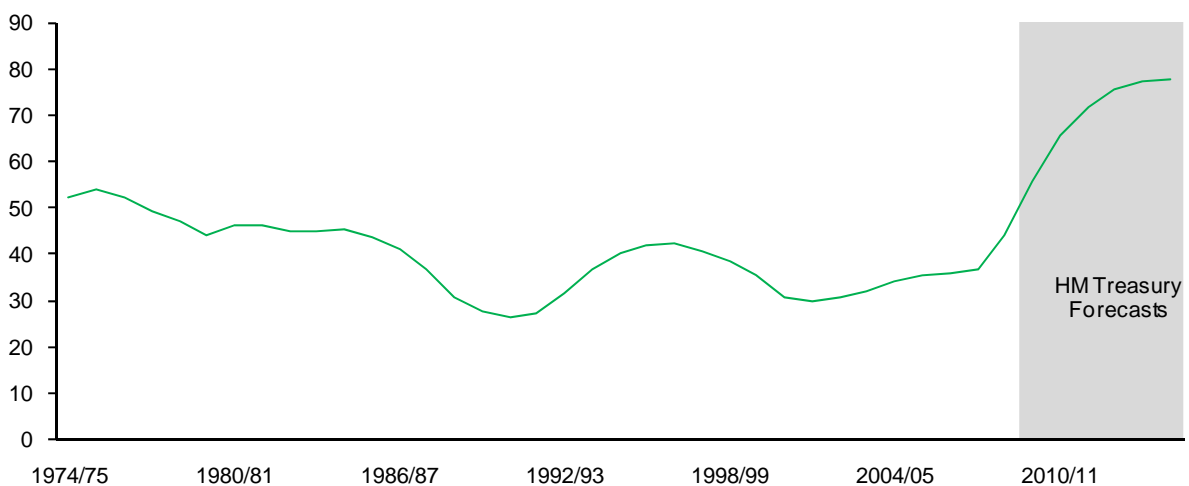
Source: ONS, HM Treasury forecasts

Note: figures exclude financial sector interventions

Public sector net borrowing (% of GDP)



Public sector net debt (% of GDP)



Contact: Dominic Webb, x4324

Update: ONS, [Public sector finances](#), 21 Jan

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 hit an all-time high above \$1200/ounce in early December 2009.

Data from Thursday 31 December 2009

	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
31 Dec 2009	5,412.9	77.9	1,096.0
%change over:			
1-month	+4%	-1%	-7%
12-months	+22%	+71%	+27%
%change from:			
cyclical peak	-20%	-47%	-10%
date	15 Jun '07	03 Jul '08	03 Dec '09
cyclical trough	+54%	+114%	+54%
date	03 Mar '09	24 Dec '08	24 Oct '08

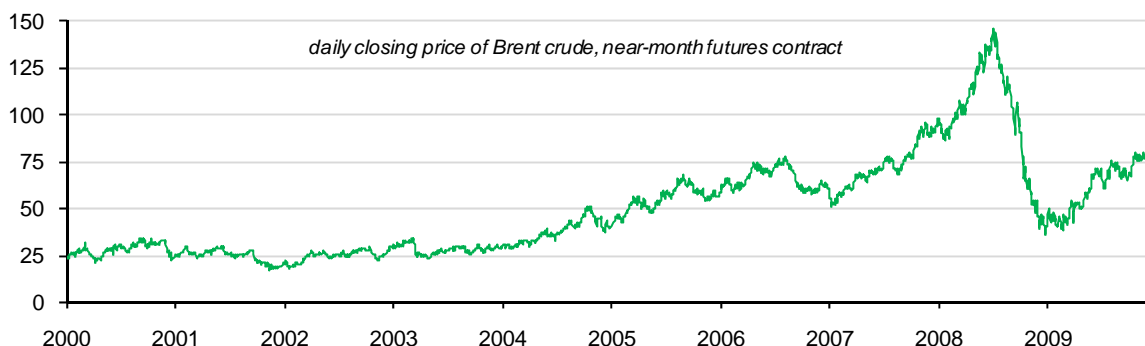
Note: Oil is Brent near-month futures price

Source: *Financial Times*

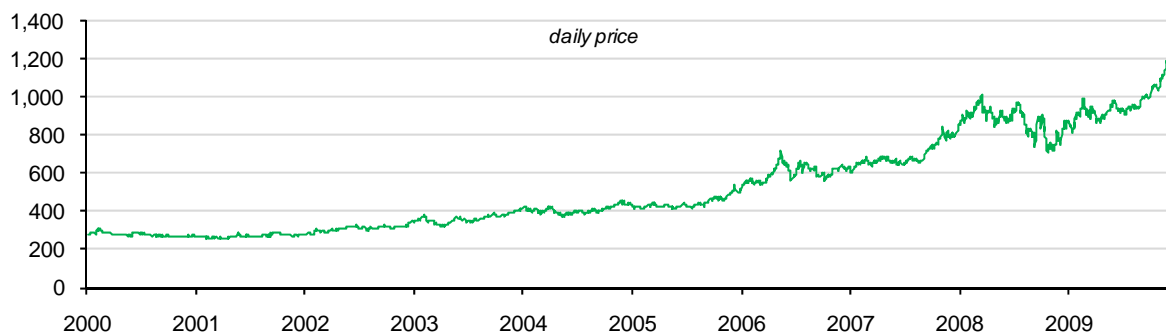
FTSE-100 Index



Oil price (\$ per barrel)



Gold price (\$ per ounce)



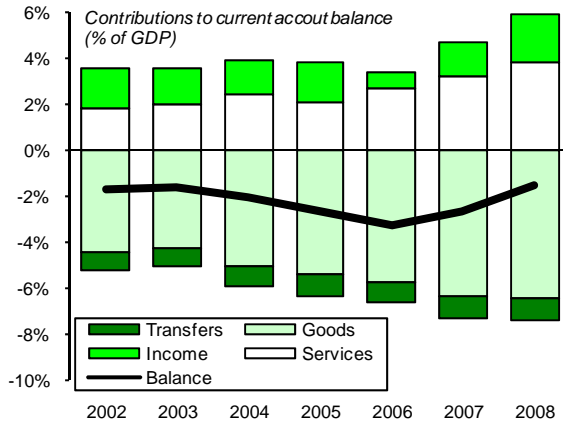
Contact: Daniel Harari, x2464

Update: Page updated on a weekly basis

E1: UK Balance of Trade

Annually, the current account deficit in 2008 was £22.0 billion, equivalent to -1.5% 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 £4.7 billion in Q3 2009, widening from a Q2 2009 deficit of £4.4 billion. Between Q2 2009 and Q3 2009 the surplus on services widened while the deficit on goods narrowed.
- The **annual** current account deficit with EU27 countries in 2008 was £5.6 billion, compared with a deficit with non-EU countries of £16.4 billion. On a **quarterly** basis, the deficit with EU27 countries was £1.6 billion in Q3 2009 (£2.0 billion deficit in Q2 2009). With non-EU countries, the current account was in deficit by £3.1 billion in Q3 2009 (£2.4 billion deficit in Q2 2009).

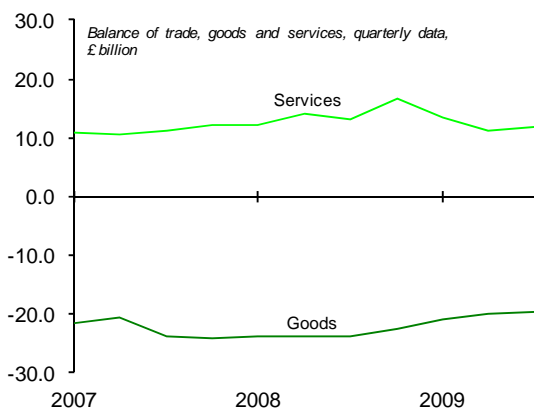
Current Account Balances

£ millions; seasonally adjusted

	Goods		Balance	Services Balance	Goods and Services Balance	Income	Transfers	Current Account Balance
	Exports	Imports						
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	-93,381	55,142	-38,239	30,293	-14,029	-21,975
2008 Q3	-20,143	8,559	-23,859	12,925	-10,934	6,537	-3,458	-7,855
Q4	-20,845	8,956	-22,310	16,444	-5,866	1,940	-2,973	-6,899
2009 Q1	-20,094	9,112	-20,855	13,142	-7,713	9,640	-3,942	-2,015
Q2	-23,187	9,345	-19,742	11,388	-8,354	8,181	-4,202	-4,375
Q3	-23,299	9,051	-19,679	11,812	-7,867	6,721	-3,557	-4,703

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 October was £7.1 billion, wider than the September deficit of £6.9 billion.
- The UK's monthly trade surplus on services was £3.89 billion in October, up from the September surplus of £3.87 billion.
- The UK's overall monthly deficit on goods and services combined in October was £3.2 billion, up from £3.1 billion in September.
- The goods deficit with the EU27 was £3.6 billion in October (compared with £3.2 billion in September), while the deficit with non-EU countries was £3.5 billion (compared with £3.8 billion in September).

Contact: Grahame Allen, x3977

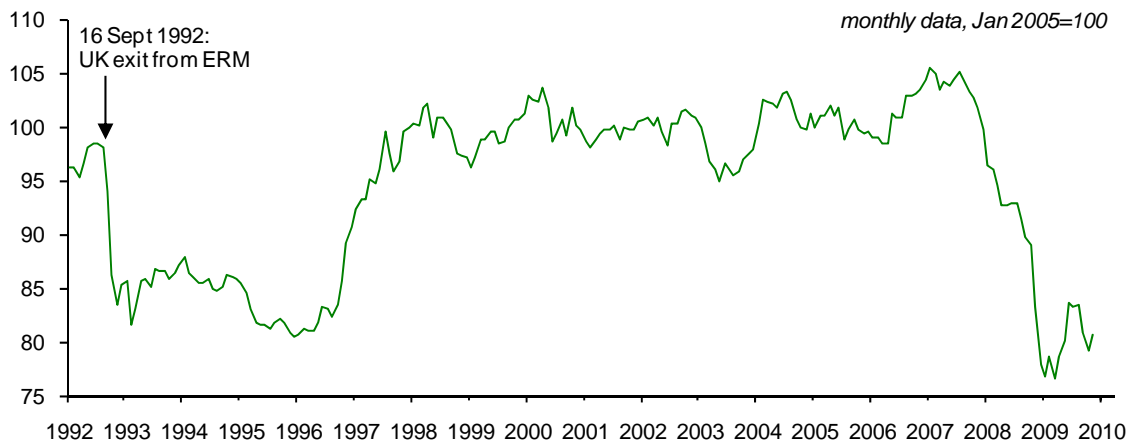
Updates: ONS, [UK Balance of Payments](#), 30 Mar; ONS, [UK Trade](#), 12 Jan

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).

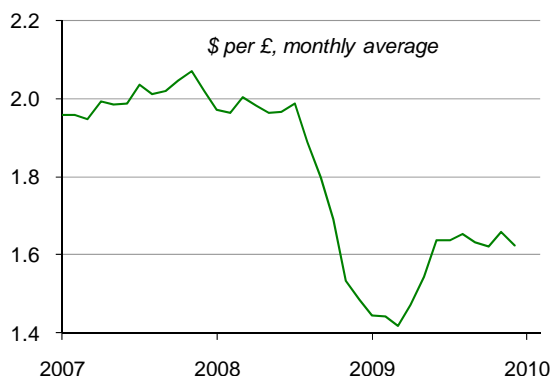
The SERI fell 0.7% over December 2009, after a 2.0% rise in November 2009. It is now 4.5% above its lowest point in March 2009 (since 1980, when the series began), and down 23.8% from its July 2007 peak. Compared with the previous year, the Index was up 2.8% in December, after being over 3% down in November.

Sterling Exchange Rate Index (SERI)



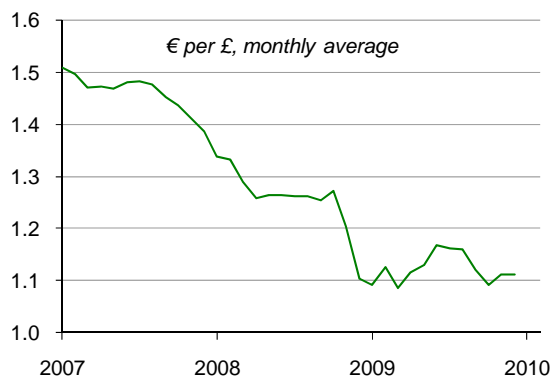
[Source: Bank of England, Bankstats database, XUMABK67]

US\$/£ Exchange Rate



- The pound rose against both the dollar and the euro in December (see charts and table below)
- At the 4 January 2009 London market close, the pound sterling was worth \$1.612.
- The pound was worth €1.116 at the 4 January close, compared with the all time low of €1.020 (on 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 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%
Nov	1.66	8.2%	1.11	-7.6%

Source: Bank of England, *Bankstats* database

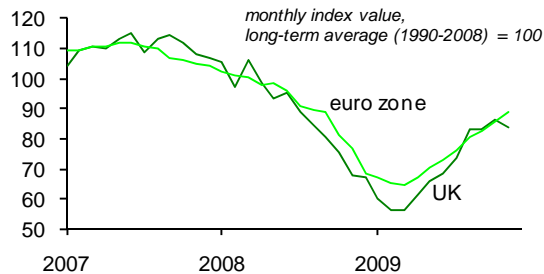
Contact: Ian Townsend, x2042

Updates: Bank of England, [SERI & monthly rates](#), 2 Feb; 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

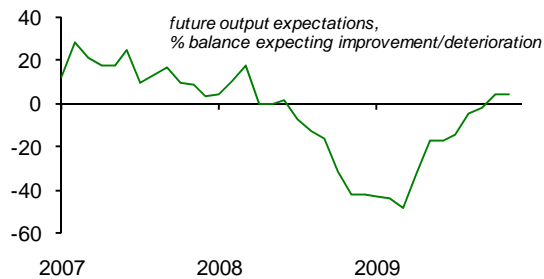


		UK Index	monthly change	change on year ago
2007	Nov	107.9	...	...
2008	Nov	67.8	...	...
2009	Aug	83.5	+9.7	-0.8
	Sep	83.5	+0.0	+3.1
	Oct	86.7	+3.2	+11.3
	Nov	83.8	-2.9	+16.0

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



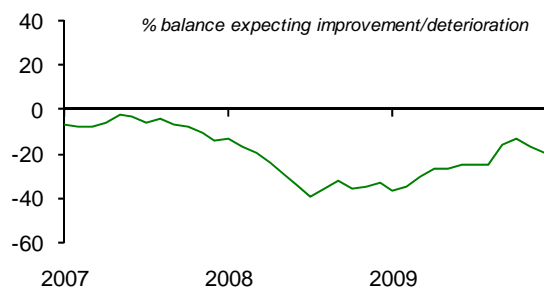
balance (as a %) of those expecting an improvement minus those expecting a deterioration

		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	Dec	-14	...	...
2008	Dec	-33	...	...
2009	Oct	-13	+3	+23
	Nov	-17	-4	+18
	Dec	-19	-2	+14

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 -19 in December, down 2 points on November, but up 14 on a year ago.

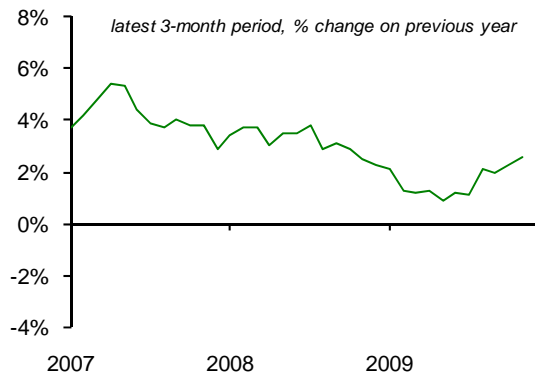
Contact: Ian Townsend, x2042

Update: CBI, *Industrial Trends*, mid Dec
EC, *Economic Sentiment Indicator*, 7 Jan
GfK NOP, *Consumer Confidence*, 29 Jan

F2: Retail Sales

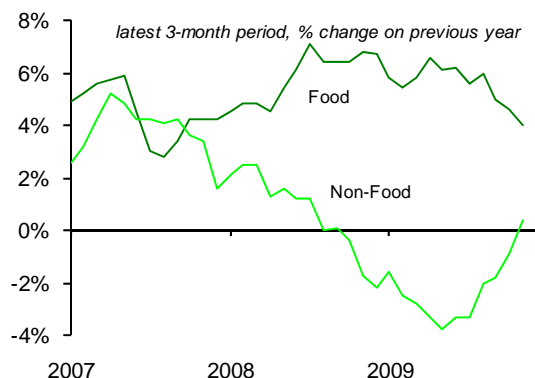
Retail sales are an indicator of household consumption. A number of retail sales surveys are conducted, for instance by the CBI; however, this page only uses data and information from the ONS.

Value of Retail Sales



- The seasonally-adjusted value of retail sales in the three months to November was 2.6% higher than a year ago, up from a 2.3% rise in the three months to October.
- This was the fastest rate of growth since October 2008.
- The value of retail sales in November alone was down 0.2% compared with October.
- The estimated total value of sales in November was £24.5 billion (non-seasonally-adjusted).

Value of Food & non-Food Store Sales



- The value of sales in food stores in the three months to November was 4.0% higher than a year ago, the lowest rate of increase since September 2007.
- The value of sales in non-food stores in the three months to November was 0.4% higher than a year ago, the first increase since September 2008.
- Sales in household goods stores rose by 1.4% in the three months to November, the highest rate of growth for two years, and up significantly from the 10% declines recorded in the first half of 2009.

Value of Retail Sales

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

	Food Stores	Non-food Stores				All retailing total
		Clothing & Footwear	Household goods	Other	Total	
2007	4.4	3.1	3.4	3.6	3.5	4.0
2008	5.9	-0.1	-2.6	5.0	0.4	3.1
2009						
Jul	5.6	-0.4	-8.0	-4.9	-3.3	1.1
Aug	6.0	1.4	-6.0	-4.1	-2.0	2.1
Sep	5.0	-0.2	-3.0	-4.6	-1.8	2.0
Oct	4.6	0.3	-0.9	-4.7	-0.9	2.3
Nov	4.0	1.6	1.4	-3.6	0.4	2.6

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

Contact: Daniel Harari, x2464

Update: ONS, [Retail Sales](#), 22 Jan

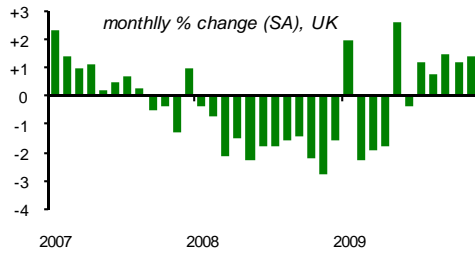
F3: Housing Market

The housing market has shown signs of recovery in recent months. On the Nationwide index, prices in December 2009 were 0.4% higher than October 2009 (the eighth monthly rise in a row) and 5.9% higher than in December 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

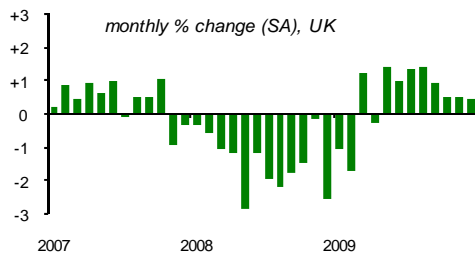
Halifax house price index



Latest monthly data
UK, seasonally adjusted

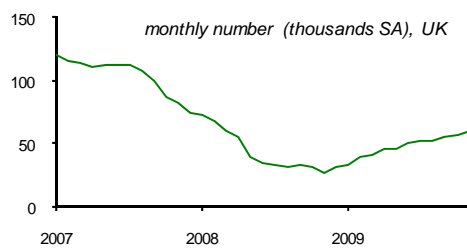
	Halifax	Nationwide
Latest data	Nov-09	Dec-09
Change in month	+1.3%	+0.5%
Change in year	+2.6%	+5.9%
Peak date	Aug-07	Jul-07
Change since peak	-16.0%	-10.5%
Trough date	Apr-09	Feb-09
Change since trough	+8.5%	+8.9%

Nationwide house price index



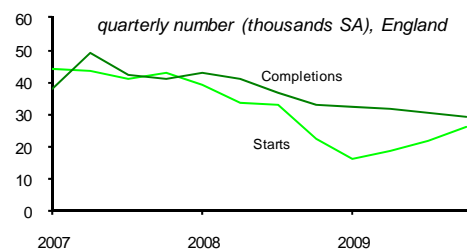
- On the Halifax index, prices are now at a similar level to those in October 2008. According to Nationwide they have recovered to August 2008 levels.
- There is considerable regional variation. Over 2009, prices fell by 7% in Northern Ireland but rose by 7% in London (Nationwide data). Prices rose by more 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 almost 61,000 mortgage approvals in November 2009, more than double the November 2008 low but well below the peak of 130,000 in November 2006.

House-building



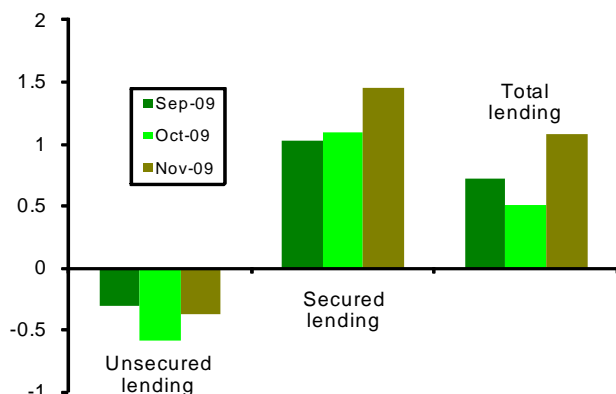
- There were nearly 26,000 dwelling starts in England in Q3 2009. This was the third consecutive quarterly increase. However, the total remains well below the typical levels of 40,000 per quarter seen before 2008.
- The number of dwelling completions has fallen in each of the last seven quarters for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

Contact: Adam Mellows-Facer, x4904

Updates: Halifax [House Price Index](#), early Jan;
Nationwide [House Price Index](#), early Feb;
Bank of England, [Lending to Individuals](#), 1 Feb;
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 £1.1 billion in November 2009. Monthly net lending peaked in October 2003 at £12.0 billion.
- Monthly net unsecured lending fell by £376 million, and has fallen for the last five months.
- Monthly net secured lending (mortgages) rose by £1.46 billion in November 2009.
- The annualised three-month growth rate for net lending was 0.6% in November 2009, no change from October 2009.

Net outstanding lending to individuals

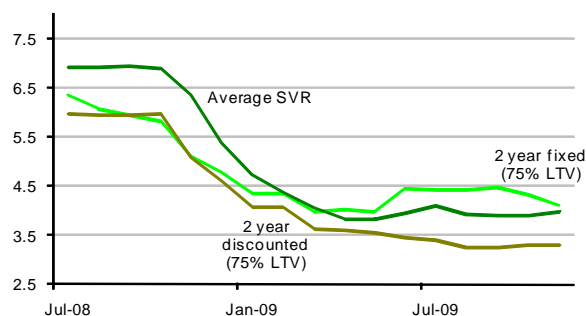
£ billions; seasonally adjusted

	Secured	Unsecured	Total
2005 Nov	957	211	1,167
2006 Nov	1,067	212	1,280
2007 Nov	1,180	221	1,400
2008 Nov	1,224	234	1,458
2009 Feb	1,226	233	1,459
May	1,227	232	1,460
Aug	1,229	229	1,458
Nov	1,232	227	1,459

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

- Total net outstanding lending to individuals was £1,459 billion at the end of November 2009.
- Secured lending (mortgages) is the largest form of lending at £1,232 billion, 84% of total lending outstanding.
- Unsecured lending outstanding (including credit cards) was £227 billion.
- Secured lending outstanding is 29% higher in November 2009 compared to the same month in 2005. Unsecured lending has risen by 8% in the same period.

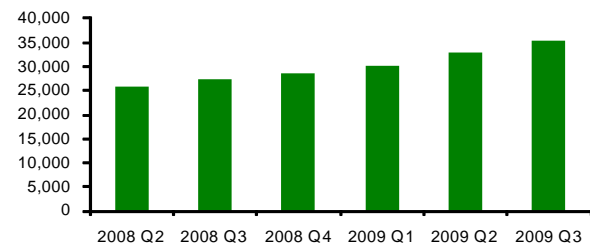
Current average mortgage interest rates



Source: Bank of England

- 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 November 2009 was 3.98%, 2.36 percentage points lower than in November 2008.
- The average fixed and discounted rates offered (75% LTV) in November 2009 were 4.10% and 3.30% respectively (1.00 and 1.78 percentage points lower than in November 2008)

Individual Insolvencies, England and Wales (nsa)



Source: Insolvency Service

- 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](#), 1 Feb
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 release</i> 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

Definitions²²

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

²² 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. 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