



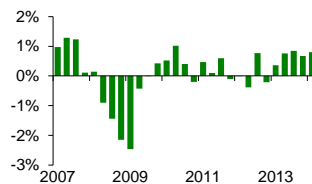
Economic Indicators, May 2014

RESEARCH PAPER 14/26 06 May 2014

This paper features analysis of the latest UK and international economic indicators.

Preliminary estimates suggest the economy grew by 0.8% in Q1 2014. April also saw the announcement that inflation was below the Bank of England's target for the third successive month. The most recent data show employment continuing to grow and unemployment falling.

GDP growth (% change quarter-on-quarter)



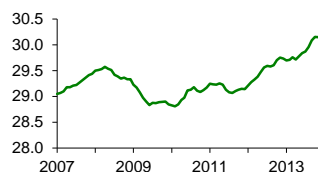
GDP grew by 0.8% in Q1 2014, following growth of 0.7% in Q4 2013.

Inflation (CPI) (% change on year ago)



The CPI annual inflation rate was 1.6% in March 2014, below the Bank of England's target of 2.0%.

Employment (total, millions)



There were 30.4 million people aged 16 and over in employment in the quarter to February 2014, up 239,000 on the quarter. The employment rate was 72.6%.

This month's articles:

- **The regional economic picture**
- **The changing face of self-employment**

Chris Rhodes (editor)

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Research Paper 14/26

Contributing Authors: Chris Rhodes (editor),
Economic Policy and Statistics section

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

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1 Introduction to *Economic Indicators*

Economic Indicators Research Papers are usually published on the first Tuesday of the month. Individual indicator pages are updated more frequently and are made available through the Library's intranet both under the relevant subject page headings, and collectively on the *Economic Indicators* subject page.¹

Feedback

If you have any comments or suggestions about *Economic Indicators* please contact the editor, Chris Rhodes, on x2454.

Weekly email alert

A weekly email alert with updated indicators is available to Members and their staff on request. To subscribe, please visit <http://intranet.parliament.uk/research-online/statistics/economic-indicators/>

Sources and glossary

A guide to sources is provided in section 5. Economic terms, symbols and abbreviations used in the publication are described in the glossary in section 6.

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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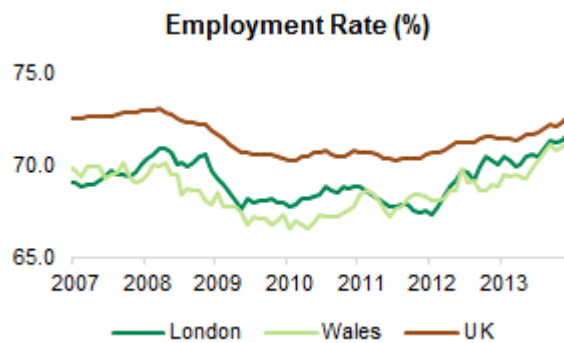
2 The regional economic picture

At a national level across the United Kingdom, data released over the last few months has indicated rising employment, falling unemployment and increased business activity. Average house prices are also higher now, in nominal terms at least, than they were before prices fell in 2009. However these recent trends are not uniformly reflected across the country, with a different economic picture in each nation and region.³

2.1 What's happening in the labour market?

Although the employment rate has increased over the last year across the United Kingdom, only in Wales and London is the employment rate above the pre-recession peak. However, employment rates in Wales and London both remain below the national average.

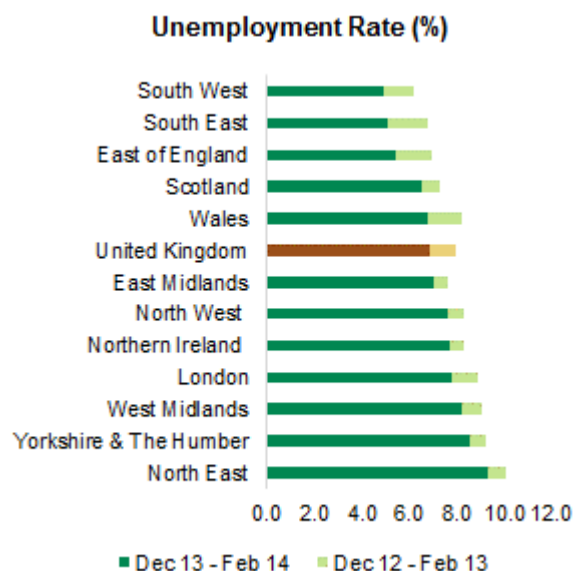
The West Midlands was the only region to see a fall in the employment rate over the year, falling by 0.7% points in the year to December 2013 to February 2014. The largest annual increases in the employment rate were in Wales (up 2.2% points), the North East (up 2.0% points) and Scotland (up 1.7% points). However, it should be noted that regional labour market estimates are more volatile than those at a national level.



The unemployment rate fell in all regions over the year to December 2013-February 2014, but still remains above pre-recession levels in all regions. The largest annual falls in the unemployment rate occurred in the South East (down 1.7% points), the East of England (down 1.4% points) and Wales (down 1.4% points).

The number of people claiming Jobseekers' Allowance (JSA) also fell in all regions between March 2013 and March 2014. The South East experienced the highest proportional fall in JSA claimants, down 30% over the year. Most other regions experienced a decline of over 20% in the number of people claiming JSA, except Wales (down 19.2%) and Northern Ireland down (11.6%).

It should be noted that changes to JSA entitlement rules impact on the number of claimants.



³ Data in this article are from ONS Labour Market Statistics, ONS Regional Labour Market Statistics, Lloyds Bank regional purchasing managers' index and ONS House Price Index (DCLG Table A2).

2.2 Where is business activity increasing?

All regions in the United Kingdom experienced growth in business activity, in March 2014, according to the Lloyds Bank regional purchasing managers' index. The index, measuring overall business activity, was down from 58.2 in February to 57.6 in March across the UK, where 50.0 indicates no change. The East of England, Wales, the East Midlands and Scotland were the only regions experiencing growth in business activity higher than the previous month.

Wales experienced the highest increase in business activity in March at 60.5, a record high. After Wales, London and the South West experienced the highest growth in business activity at 59.5 and 58.8 respectively. Yorkshire & the Humber (55.8), the North West (56.1) and Scotland (56.4) experienced the lowest growth in business activity. In the North West the index reached a ten month low, and nine month lows were reached in the South East and the South West.

2.3 Are house prices increasing?

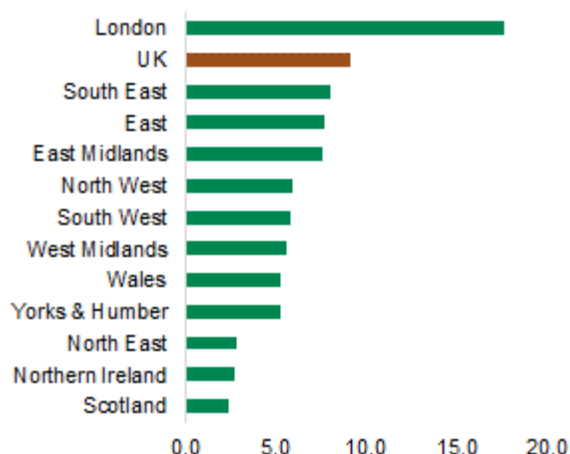
In London house prices increased more than twice as fast as any other region over the year to February. London house prices increased by 17.7% between February 2013 and February 2014, compared to 8.0% in the South East, the next highest region.

Between January 2014 and February 2014 average house prices increased in London, Wales, the North West, Yorkshire & the Humber and the East Midlands but fell in Scotland Northern Ireland, the west Midlands and the South East.

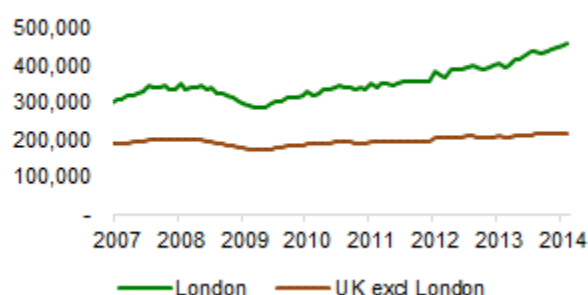
London house prices recovered much faster than those of other regions. House prices are 30.9% higher in London in nominal terms than their peak in 2008. In the rest of the UK house prices are 7.8% higher in nominal terms than their peak in 2008.

Average house prices in Wales and the North East are still below their 2009 peak and in Northern Ireland the average house price in February 2014 was 47.9% lower than their peak in August 2007.

Change in mix-adjusted average house prices by region (%) Feb 13 - Feb 14



Mix-adjusted average house prices (£)



James Mirza-Davies, Economic Policy and Statistic Section

3 The changing face of self-employment

The number of people working as employees plunged by more than 800,000 following the economic downturn in 2008, but there was only a very small dip in self-employment.

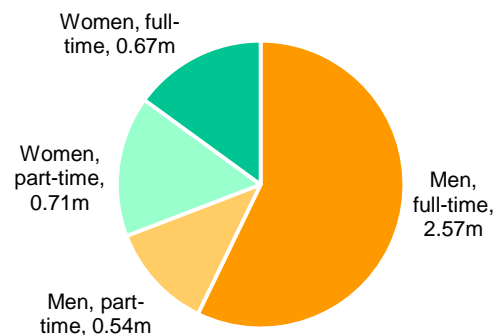
Now self-employment stands at two thirds of a million above its level in March-May 2008, while the number of employees is only 133,000 higher than before the recession. In the past year alone (to December 2013-February 2014), the number of self-employed workers rose by 313,000 to reach 4.50 million.



3.1 Who are the self-employed?

Self-employment is a more common option for men than for women, and self-employed men are more likely to work full-time than their female counterparts. Around 83% of self-employed men were working full-time at December 2013-February 2014, compared to just under half of self-employed women.

The majority of self-employed people are men working full-time
Dec 2013-Feb 2014



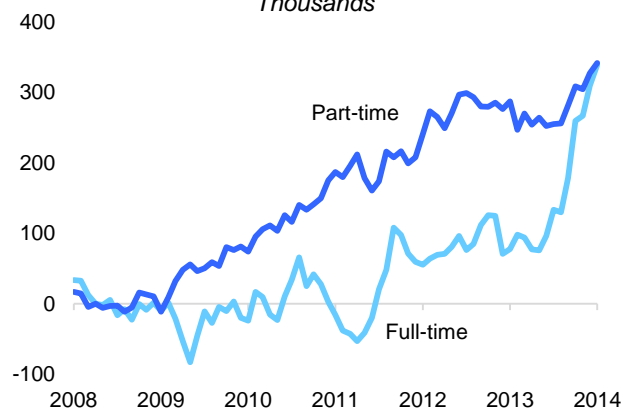
The number of women who are self-employed has, however, increased by a third from its pre-recession level (from 1.04 million in March-May 2008 to 1.39 million in December 2013-February 2014). Consequently women now comprise 31% of all self-employed people compared to 27% just before the recession.

Part-time and full-time work

A higher share of self-employment is part-time compared to before the recession: 28% of all self-employed people were working part-time in the three months to February 2014 compared with 24% in March-May 2008.

However, this growth largely occurred between 2009 and 2012; the jump in self-employment in the second half of 2013 is in mostly down to a rise in full-time self-employment. Compared to the same period the year before, 261,000 more self-employed people were working full-time in December 2013-February 2014.

Growth in full-time and part-time self-employment since March-May 2008
Thousands

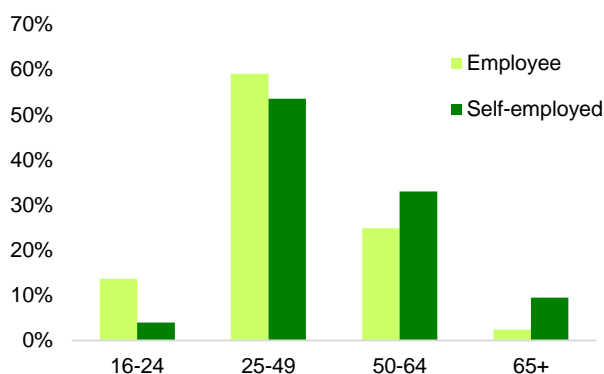


Age and self-employment

Older workers are more likely to be self-employed than younger workers. People aged 50 and over made up 42% of all self-employed people at Q4 2013, but comprised only 30% of the working population. 16-24 year olds accounted for only 4% of self-employed people but 12% of the total workforce.⁴

Between Q4 2007 and Q4 2013, the number of people in work aged 65 and over increased by around 50%, to over 1 million. Self-employment among this age group increased even faster. Almost twice as many people aged 65 and over were self-employed in Q4 2013 than in Q4 2007 (an increase of 200,000).

% of employees and self-employed workers in each age group, Q4 2013



Self-employed people with employees

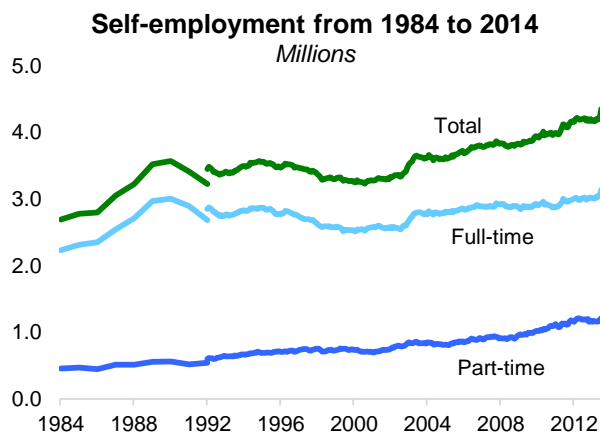
Around 770,000 self-employed people had employees working for them at Q4 2013. The proportion of self-employed workers with employees has declined compared to pre-recession levels, from 22% in Q4 2007 to 18% in Q4 2013. Of those who do have employees, the very large majority – just under 80% – employ ten people or fewer (a similar proportion to just before the recession).

Self-employment as a second job

The analysis above concerns workers who are self-employed in their main job, but self-employment has also become a more popular option for a second job. In Q4 2007, 350,000 people were self-employed in their second job, out of a total of 1.13 million people with second jobs. In Q4 2013, 460,000 people were self-employed in their second job, out of a total of 1.18 million.

3.2 Longer term trends

There was a large expansion in self-employment in the second half of the 1980s (coinciding with steep falls in unemployment). Various reasons for this growth are identified in a [2003 article from ONS](#), and include government incentives and the rise in long-term unemployment. A much smaller rise in self-employment followed the recession of the early 1990s.



Note break in series in 1992

In the late 1980s, most of the increase in self-employment was among people working full-time. Between 2008 and 2012, part-time self-employment grew rapidly. But in recent quarters growth appears to have shifted back to full-time self-employment.

Feargal McGuinness, Economic Policy & Statistics

⁴ ONS Quarterly Labour Force Survey microdata (non-seasonally adjusted)

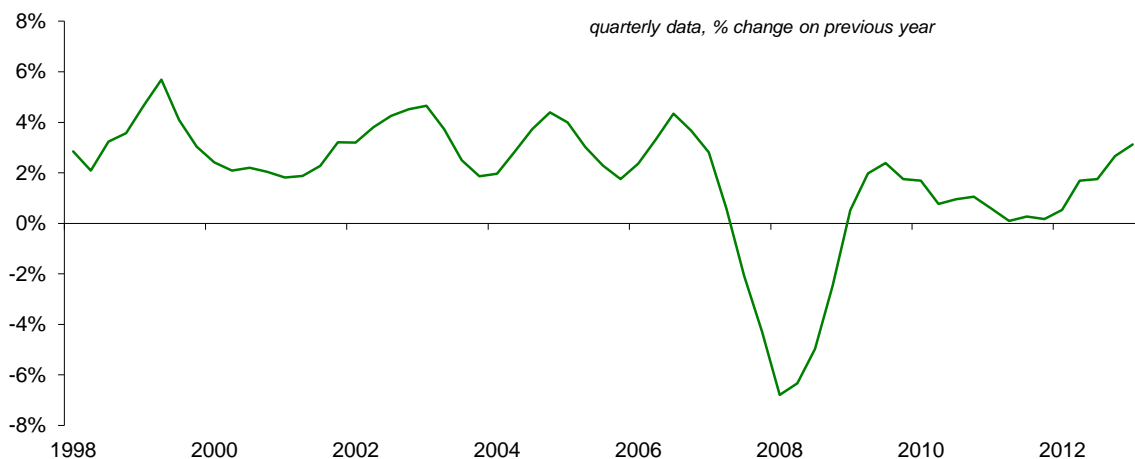
A1: Gross Domestic Product

Preliminary estimates show the economy grew by 0.8% in Q1 2014, following growth of 0.7% in Q4 2013. In April, HM Treasury's average of independent economic forecasts of GDP growth was 2.8% for 2014. The Office for Budget Responsibility's (OBR) central forecasts from April 2014 are for growth of 2.7% in 2014.

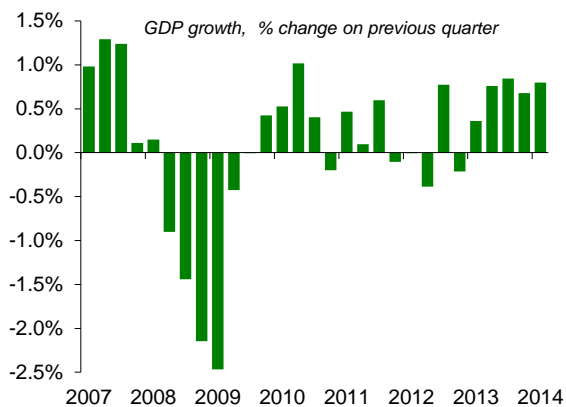
In a major revision to its GDP figures [published on 27 June](#), the ONS estimated that the 2008-09 recession was deeper than previously thought. Though the ONS revised away the technical 'double-dip' recession between Q4 2011 and Q2 2012, other downward revisions to quarterly figures left the growth picture over the previous two years broadly unchanged.

In Q4 2013, output of the production industries increased by an estimated 0.7% compared to the previous quarter (based on chained volume measures). Construction sector output fell by 0.3%, while output of the services industry increased by 0.8%.

Real GDP Growth since 1998



Real GDP Growth since 2007



Gross Domestic Product

seasonally adjusted

	Current prices		Real GDP (inflation-adjusted)	
	£ billion	% change on year	% change on quarter	% change on year
2010	1,486	4.8	...	1.7
2011	1,537	3.5	...	1.1
2012	1,567	2.0	...	0.3
2013	1,621	0.0	...	1.7
2012 Q2	390.0	2.6	-0.4	0.1
Q3	387.8	1.7	0.8	0.3
Q4	392.0	1.0	-0.2	0.2
2013 Q1	397.3	2.6	0.4	0.5
Q2	398.6	2.2	0.8	1.7
Q3	400.3	3.2	0.8	1.8
Q4	407.0	3.8	0.7	2.7
2014 Q1	...	...	0.8	3.1

Source: ONS, series: YBHA, ABMI

Contact: James Mirza-Davies, x6962 **Updates:** HMT, [Forecasts for the UK economy](#), 21 May 2014
ONS, [Second estimate of GDP](#), 22 May 2014

A2: GDP: International Comparisons

In Q1 2014, GDP in the UK grew by 0.8% compared with the previous quarter. This compares with no growth in the US. Q1 2014 data for G7 economies is not yet available. In Q4 2013, the eurozone grew by 0.3%, with Germany's economy expanding by 0.4%, while in France there was growth of 0.3%.

Real GDP (% changes)

	change on prev. year				change on prev. quarter			
	13Q2	13Q3	13Q4	14Q1	13Q2	13Q3	13Q4	14Q1
UK	1.7	1.8	2.7	3.1	0.8	0.8	0.7	0.8
Eurozone	-0.6	-0.3	0.5	..	0.3	0.1	0.3	..
US	1.6	2.0	2.6	2.3	0.6	1.0	0.7	0.0
Japan	1.3	2.4	2.5	..	1.0	0.2	0.2	..
Germany	0.5	0.6	1.4	..	0.7	0.3	0.4	..
France	0.5	0.3	0.8	..	0.6	-0.1	0.3	..

Source: OECDstat

In [April 2014](#), the IMF raised their 2014 and 2015 growth forecasts for the UK, last made in January 2014, from 2.4% to 2.9% in 2014 and from 2.2% to 2.5% in 2015. This puts forecast GDP growth for the UK in 2014 ahead of that for the other G7 countries, although 2015 growth for the UK is still forecast to be lower than that in the United States.

In [November 2013](#), the OECD revised up sharply their growth forecasts for the UK to 1.4% in 2013, from their previous May forecast of 0.8%, and 2.4% in 2014, from 1.5%. 2013 forecasts for France were also revised up, from -0.3% to +0.2%, while the 2013 growth estimate for Germany was raised from 0.4% to 0.5%. The 2013 forecast for world growth was revised lower from 3.1% to 2.7%.

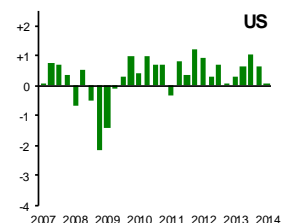
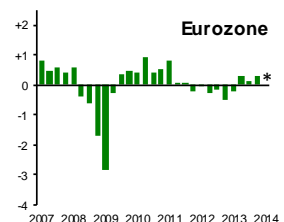
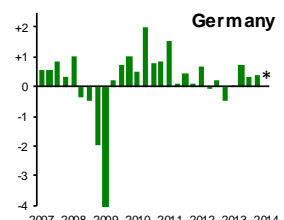
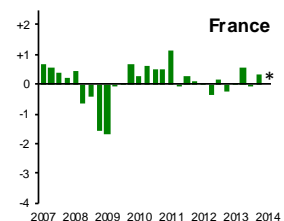
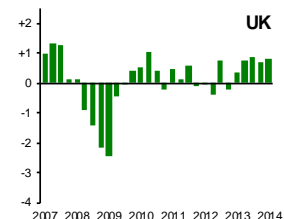
In [February 2014](#), the European Commission raised their GDP growth forecasts for the UK, last made in November 2013, from 1.3% to 1.9% for 2013 and from 2.2% to 2.5% for 2014. Their growth forecast for the eurozone was left unchanged at -0.4% for 2013 and raised slightly from 1.1% to 1.2% for 2014.

Real growth forecasts (% change)

	IMF (Apr 14)		EC (Feb 14)		OECD (Nov 13)	
	2014	2015	2014	2015	2014	2015
UK	2.9	2.5	2.5	2.4	2.4	2.5
France	1.0	1.5	1.0	1.7	1.0	1.6
Germany	1.7	1.6	1.8	2.0	1.7	2.0
Eurozone	1.2	1.5	1.2	1.8	1.0	1.6
US	2.8	3.0	2.9	3.2	2.9	3.4
Japan	1.4	1.0	1.6	1.3	1.5	1.0
OECD	..	..	..	..	2.3	2.7
China	7.5	7.3	7.4	7.4	8.2	7.5
India	5.4	6.4	..	..	4.7	5.7
Brazil	1.8	2.7	..	..	2.2	2.5
World	3.6	3.9	3.6	3.9	3.6	3.9

Sources: IMF Apr 2014 WEO; EC Winter 2014 forecast; OECD Econ Outlook Nov 13

Quarter-on-quarter growth rates



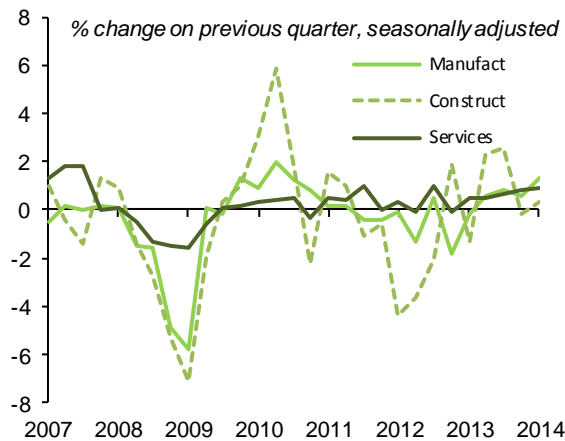
Update: OECD, [OECD.Stat](#) database
 OECD, [Economic Outlook](#), May/June 2014
 IMF, [World Economic Outlook update](#), Jul 2014
 EC, [Spring Economic Forecast](#), May 2014

Contact: Lorna Booth, x2883

A3: Components of GDP

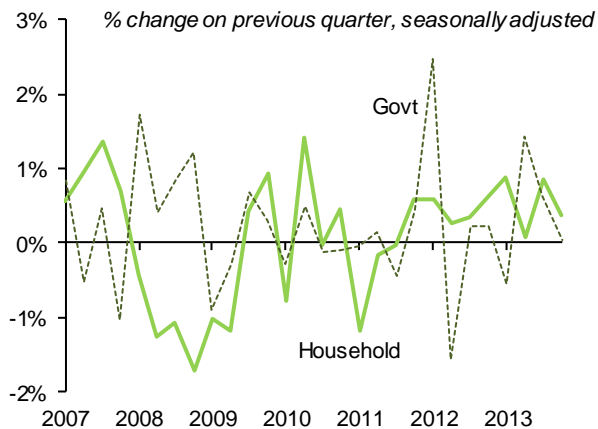
GDP can be analysed by output and expenditure. In 2012, the service sector accounted for 79% of economic output, the production sector for 15% and the construction sector for 6%. Household consumption is the largest element of expenditure, accounting for 62% of the total in 2013. Government consumption accounted for 22% and investment for 14%.

Output by industry – gross value added



- Overall, GDP increased by 0.8% in real terms in Q1 2014 compared with Q4 2013, up from 0.7% in the previous quarter.
- Service sector output increased by 0.9%, up slightly from 0.8% in the previous quarter.
- Manufacturing output increased by 1.3%, up from 0.6% in the previous quarter.
- Construction sector output increased by 0.3%, following a fall of 0.2% in Q4 2013.

Expenditure - household and government consumption



- In Q4 2013, household consumption grew by 0.4% in real terms compared with Q3 2013.
- Government consumption was unchanged in Q4 2013 compared with the previous quarter.
- Gross fixed capital formation increased by 1.9% in Q4 2013. Exports increased by 2.8% while imports fell by 0.4%.

Components of GDP

% change on previous quarter (real terms)

	Household consumption	Government consumption	GFCF (a)	Exports	Imports	GDP
2012 (annual % change)	1.5%	1.6%	0.8%	1.7%	3.4%	0.3%
2013 (annual % change)	2.2%	0.7%	-0.6%	1.0%	0.5%	1.7%
2012 Q4	0.6%	0.2%	-5.1%	-1.1%	0.0%	-0.2%
2013 Q1	0.9%	-0.5%	0.9%	-1.0%	-2.4%	0.4%
2013 Q2	0.1%	1.4%	4.0%	2.5%	2.3%	0.8%
2013 Q3	0.9%	0.6%	1.9%	-1.9%	1.5%	0.8%
2013 Q4	0.4%	0.0%	1.9%	2.8%	-0.4%	0.7%

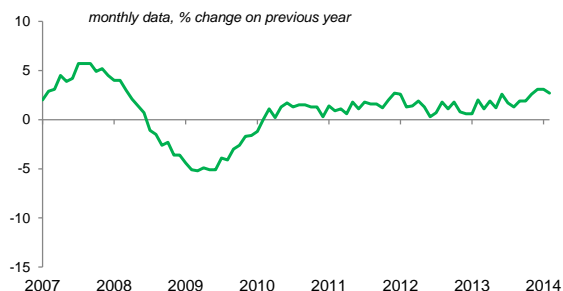
Source: ONS series ABJR, NMRY, NPQT, IKBK, IKBL and ABMI

Note: (a) gross fixed capital formation

A4: Services

The service industries incorporate the retail sector, the financial sector, the public sector, business administration and cultural activities. In 2012, the service sector accounted for 79% of total UK economic output (Gross Value Added) and for 83% of jobs.

Services output

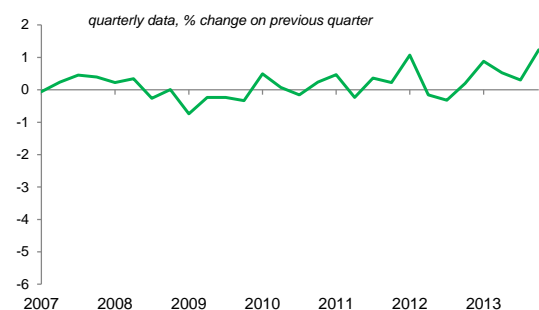


	Index Value (2009=100)	% change on month	% change on year
2012	102.8	...	1.3
2013	104.7	...	1.8
2013 Nov	105.9	0.4	2.6
Dec	106.2	0.3	3.1
Jan	106.5	0.3	3.1
Feb	106.7	0.2	2.7

Source: ONS, series S2KU, S222, S26Q

- Output in the service sector increased by 0.2% in February 2014 compared to January. Compared with a year before, services output increased by 2.7%.
- The biggest contributor to growth in the service sector over the year to February 2014 was the business services and finance sector.

Jobs in the service industries

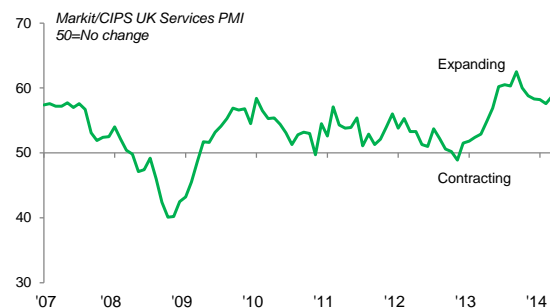


	Thousands	% change on quarter	% change on year
2011 Q4	26,206	...	0.8
2012 Q4	26,413	...	0.8
Q1	26,645	0.9	0.6
2013 Q2	26,786	0.5	1.3
Q3	26,868	0.3	1.9
Q4	27,199	1.2	3.0

Source: ONS, Workforce Jobs

- In Q4 2013 there were 27.2 million jobs in the service sector, 83% of all jobs in the UK.
- The number of jobs in the service industries increased by 331,000 over the quarter and by 786,000 over the year. This is the biggest annual increase in the number of service sector jobs since Q1 1989.

Services Purchasing Managers' Index (PMI)



	Index	Monthly change
2011 Apr	53.3	...
2012 Apr	52.9	...
2013 Jan	58.3	-0.5
Feb	58.2	-0.1
Mar	57.6	-0.6
Apr	58.7	1.1

Source: Markit/CIPS UK Services PMI

- The Markit/CIPS UK Services PMI (an important indicator of confidence in the sector) expanded in March, at 58.7 (where a score above 50 indicates confidence is expanding).
- Markit stated that the Index has now expanded for 16 straight months.

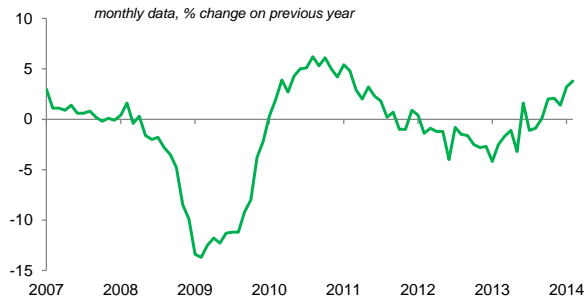
Contact: David Hough, x6933

Update: ONS, [Index of Services](#), 22 May 2014
 ONS, [Workforce Jobs](#), 11 Jun 2014
 Markit/CIPS [UK Services PMI](#), 4 Jun 2014

A5: Manufacturing

The manufacturing sector accounted for 10% of UK economic output in 2012. Manufacturing is one of the production industries, which also include mining; electricity; water and waste management; and oil and gas extraction. The production industries in total accounted for 15% of UK output in 2012.

Manufacturing Output

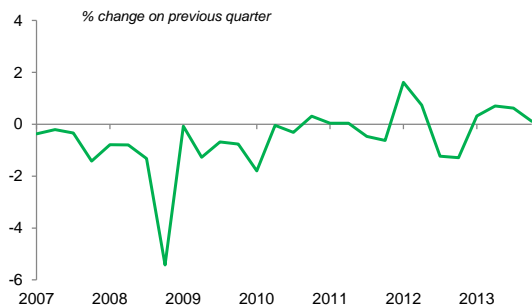


	Index Value (2010=100)	% change on month	% change on year
2012	100.1	...	-1.7
2013	99.4	...	-0.7
2013 Nov	100.3	-0.2	2.1
Dec	100.6	0.4	1.4
2014 Jan	100.9	0.3	3.2
Feb	101.9	1.0	3.8

Source: ONS, series K22A, K27Y, K2DO

- Manufacturing output grew by 1.0% February 2014 compared with January 2014, and was 3.8% higher than in February 2013, the biggest annual increase since the year to February 2011.
- Output in 11 of the 13 manufacturing subsectors recorded year-on-year growth. The rubber and plastics industry saw the fastest growth, with output 10.4% higher than a year ago.

Jobs in manufacturing

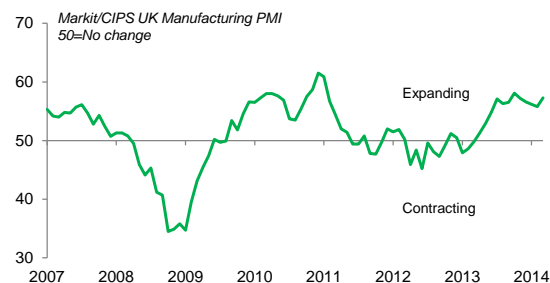


	Thousands	% change on quarter	% change on year
2011 Q4	2,536	...	-1.0
2012 Q4	2,531	...	-0.2
Q1	2,539	0.3	-1.5
2013 Q2	2,557	0.7	-1.5
Q3	2,573	0.6	0.4
Q4	2,576	0.1	1.8

Source: ONS, Workforce Jobs

- In Q4 2013 there were 2.6 million jobs in the manufacturing sector, 8% of all jobs in the UK.
- The number of jobs in the manufacturing industry increased by 3,000 or 0.1% over the quarter. From the same quarter in 2012, the number of manufacturing jobs increased by 45,000 or 1.8%.

Manufacturing Purchasing Managers Index



	Index	Monthly change
2011 Apr	50.2	...
2012 Apr	49.8	...
2013 Jan	56.6	-0.6
Feb	56.2	-0.4
Mar	55.8	-0.4
Apr	57.3	1.5

Source: Markit/CIPS UK Manufacturing PMI

- The Markit/CIPS Manufacturing PMI, an important measure of manufacturing activity, was 57.3 in April, up from 55.8 in March (50.0 is unchanged). Markit said growth in new orders accelerated due to improved demand from both domestic and export markets.

Contact: Chris Rhodes, x2454

Update: ONS, [Index of Production](#), 9 May
ONS, [Workforce Jobs](#), 11 Jun
Markit/CIPS [UK Manufacturing PMI](#), 2 Jun

A6: Productivity

Productivity is a measure of the efficiency of production in an economy. It is usually expressed as a ratio of units of output to units of input.

In measuring labour productivity, three measures are commonly used: output (or GDP) per worker, output per job and output per hour worked. The latter is the purest measure of productivity, as it adjusts for changes in working hours such as more part-time working.

UK data are published every three months, with international comparisons updated biannually.

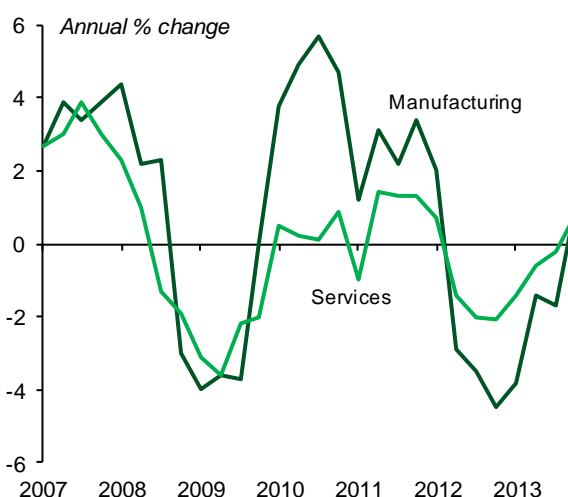
UK productivity by sector

- Productivity across the whole UK economy, measured by output per hour, is estimated to have grown by 0.7% over the last year. Manufacturing productivity grew by 0.8% and services productivity grew by 0.7%.
- Compared with the previous quarter, productivity across the whole economy increased by 0.3%.

Output per hour, seasonally adjusted

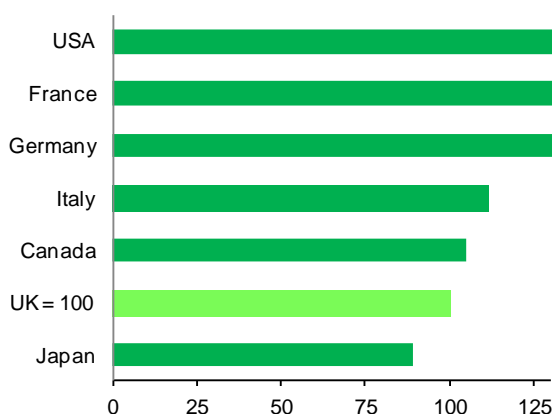
	Manufact.	Services	Whole economy
<i>Annual % change</i>			
2010	4.8	0.4	1.5
2011	2.5	0.8	0.8
2012	-2.2	-1.2	-1.6
2013	-1.5	-0.4	-0.3
2013 Q1	-3.8	-1.4	-1.6
Q2	-1.4	-0.6	-0.2
Q3	-1.7	-0.2	-0.1
Q4	0.8	0.7	0.7
<i>Latest q-on-q % change</i>	1.4	0.3	0.3

Source: ONS series LZVD, DJK8, DJQ3



International comparisons

GDP per hour, 2012, index where UK=100



- International comparisons of productivity are presented as an index where the UK=100.
- In 2012, based on GDP per hour, the UK came sixth of the G7 countries, with the USA top and Japan bottom. UK productivity was 20 percentage points lower than the G7 average, the widest productivity gap since 1992.
- UK productivity declined relative to all the other G7 nations in 2012.

Contact: Dominic Webb, x2042

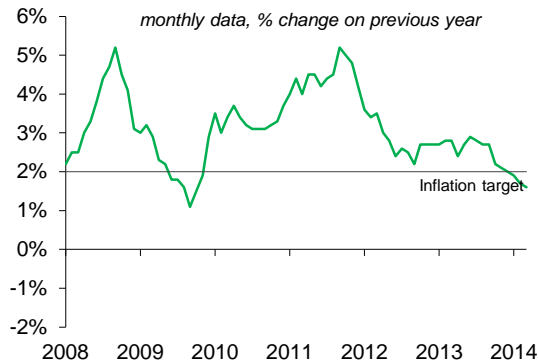
Update: ONS, [Labour Productivity](#), 27 Jun 14
 ONS, [International Comparisons](#), 1 Sep 14

B1: Inflation

Compared with a year ago, the Consumer Prices Index (CPI) showed inflation at 1.6% in March, down from 1.7% in February, falling below the Bank of England's 2.0% target for the third time since November 2009.

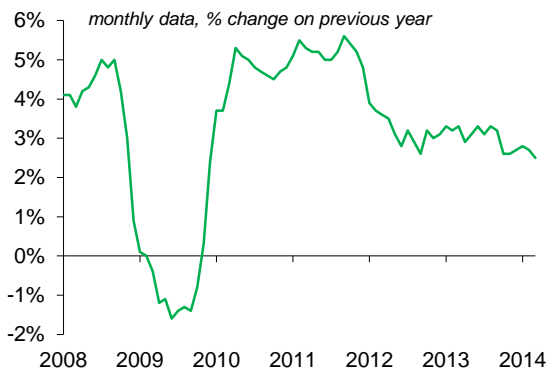
On 10 December 2003 the (then) Chancellor wrote to the Bank of England setting a new UK inflation target of 2.0%, as measured by the annual change in the CPI.

Consumer Prices Index (CPI)



- The CPI annual inflation rate was 1.6% in March, down from 1.7% in February.
- The largest contribution to the fall in the rate came from transport, particularly motor fuels, with other smaller downward effects from the clothing and furniture & household goods sectors. These were partially offset by upward contributions from restaurants & hotels and alcohol & tobacco.
- The RPI (all items) measure of annual inflation was 2.5% in March, down from 2.7% in February. (The RPI is no longer classified as a National Statistic because the way it is calculated does not meet the required standard.)

Retail Prices Index (RPI)

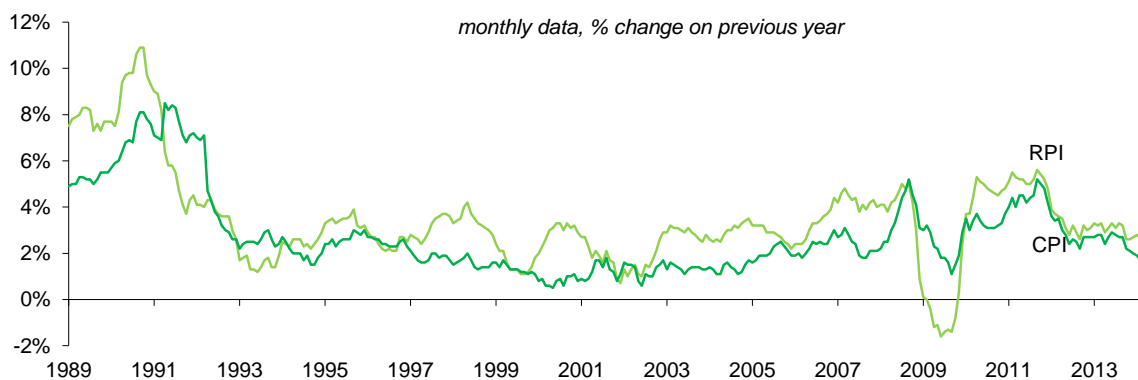


Price Indices

% change on a year ago		
	CPI	RPI
2010	3.3	4.6
2011	4.5	5.2
2012	2.8	3.2
2013 Oct	2.2	2.6
Nov	2.1	2.6
Dec	2.0	2.7
2014 Jan	1.9	2.8
Feb	1.7	2.7
Mar	1.6	2.5

Source: ONS database, series: D7G7, CZBH

CPI and RPI since 1989

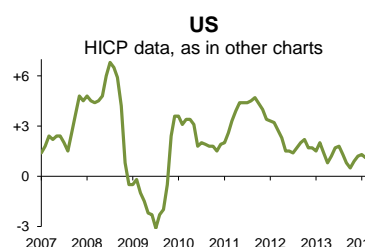
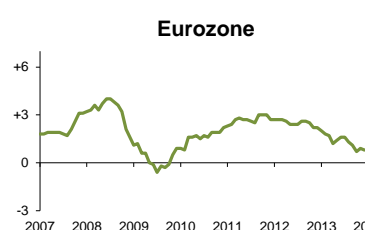
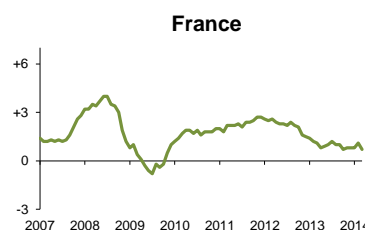


B2: Inflation: International

UK inflation, measured by the Consumer Prices Index (CPI), remained positive throughout the recession. Other major economies, including the US, France and Germany, saw deflation (negative inflation, or falling prices).

Inflation in the EU, some other European countries, and the US can be compared using the standard Harmonised Index of Consumer Prices (HICP), or the CPI as it is known in the UK. National inflation calculation methods differ from this standard to varying degrees. For example, the US' national measure is based on prices in urban areas only and unlike the HICP includes costs of owner-occupied housing. Care should therefore be taken when making comparisons between national and harmonised measures.

- UK inflation was 1.6% in the year to March, down from 1.7% in February. The Bank of England's UK inflation target is 2%.
- Eurozone inflation for the year to March 2014 was 0.5%, down from 0.7% in February. The European Central Bank (ECB) aims to keep inflation "below, but close to, 2% over the medium term."
- The UK had the highest annual inflation rate in the EU in March 2014 at 1.6%. The lowest annual inflation rate in the EU was -2.0% in Bulgaria, followed by -1.5% in Greece.
- HICP annual inflation in the US in the year to March was 1.5%, up from 1.1% in February. US inflation in the year to March 2014 was 1.6% using its own national definition, up from 1.1% in February.



Inflation rates: selected countries

Annual % change in consumer prices

	2011	2012	2013	Dec-13	Jan-14	Feb-14	Mar-14
HICP (OECD/Eurostat)							
UK	4.5	2.8	2.6	2.0	1.9	1.7	1.6
Eurozone	2.7	2.5	1.3	0.8	0.8	0.7	0.5
EU	3.1	2.6	1.5	1.0	0.9	0.8	0.0
France	2.3	2.2	1.0	0.8	0.8	1.1	0.7
Germany	2.5	2.1	1.6	1.2	1.2	1.0	0.9
Greece	3.1	1.0	-0.9	-1.8	-1.4	-0.9	-1.5
Italy	2.9	3.3	1.3	0.7	0.6	0.4	0.3
Spain	3.1	2.4	1.5	0.3	0.3	0.1	-0.2
US	3.8	2.1	1.3	1.2	1.3	1.1	1.5
National definitions (OECD)							
Canada	2.9	1.5	0.9	0.9	1.2	1.5	1.1
Japan	-0.3	0.0	0.4	1.5	1.6	1.4	1.5
US	3.2	2.1	1.5	1.2	1.5	1.6	1.1
G7	2.6	1.9	1.3	1.3	1.4	1.4	1.2
OECD	2.9	2.3	1.6	1.5	1.6	1.7	1.4
Brazil	6.6	5.4	6.2	5.8	5.9	5.6	5.7
China	5.4	2.6	2.6	3.0	2.5	2.5	2.0
India	8.9	9.3	10.9	11.5	9.1	7.2	6.7
Russia	8.4	5.1	6.8	6.5	6.5	6.1	6.2

Source: Eurostat & stat.OECD database, ONS

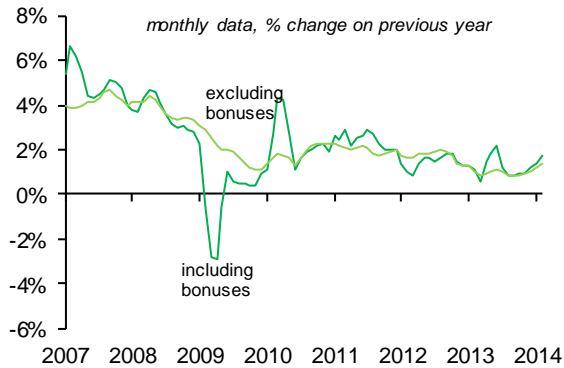
Contact: Matthew Ward, x5919

Updates: ONS, [Consumer Prices bulletin](#) (UK), 20 May 2014
Eurostat, [Flash estimate](#) (Eurozone), 20 May 2014
Eurostat, [HICP full release](#), 20 May 2014

B3: Average Earnings

Average weekly earnings (three-month average including bonuses) for the whole economy rose by 1.7% in the three months to February 2014, compared with a year ago. Inflation as measured by the CPI was 1.7% in February – the 1st month for almost 4 years in which nominal wage growth has matched inflation.

Average Earnings, Whole Economy



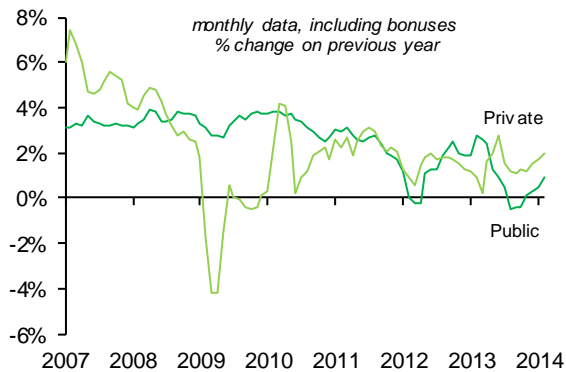
Average Earnings, Including Bonuses

% change on year; seasonally adjusted; Great Britain

	Private	Public	Manuf.	Serv.	Total
2011 Feb	2.2	2.9	1.9	2.7	2.4
2012 Feb	0.9	0.0	1.5	1.0	1.0
2013 Feb	0.9	2.8	1.7	1.2	1.1
2013 Sep	1.1	-0.4	1.8	0.6	0.8
Oct	1.3	-0.4	1.8	0.7	0.9
Nov	1.2	0.1	2.2	0.8	0.9
Dec	1.5	0.3	2.6	1.0	1.2
2014 Jan	1.7	0.5	3.2	1.1	1.4
Feb	2.0	0.9	3.2	1.6	1.7

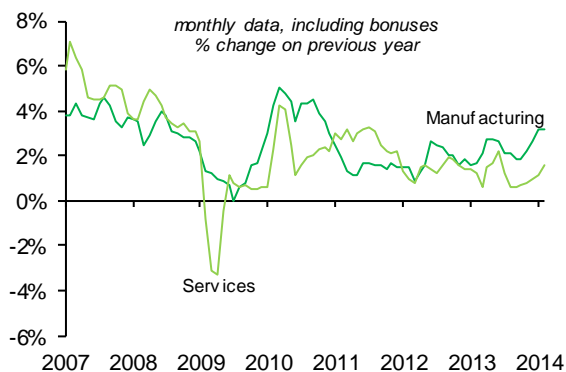
Source: ONS, data shows latest 3-month period

Average Earnings in the Public and Private Sectors



- Average weekly earnings (including bonuses) in February were £479 for the whole economy.
- Average weekly earnings (including bonuses) in the public sector were £494 in February, compared with £474 in the private sector.
- Average total weekly pay in the private sector was up 2.0% year-on-year in the three months to February, and up 0.9% in the public sector.

Average Earnings in Services and Manufacturing

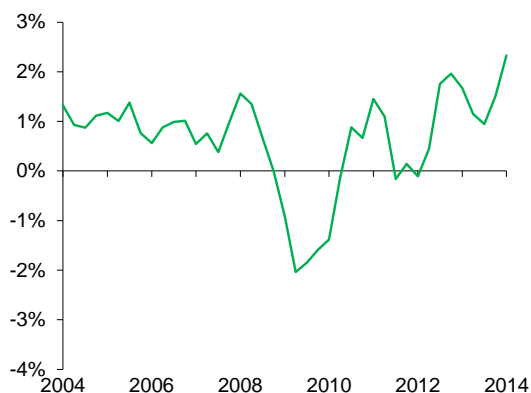


- Average weekly earnings (including bonuses) in the manufacturing sector were 3.2% higher in the three months to February than in the same period last year. In the services sector total pay grew by 1.6%.
- Average total weekly pay in the manufacturing sector was £564 in February, compared with £464 in the services sector.
- In the finance and business services sector, average weekly earnings (including bonuses) were £599 in February.

C1: Employment

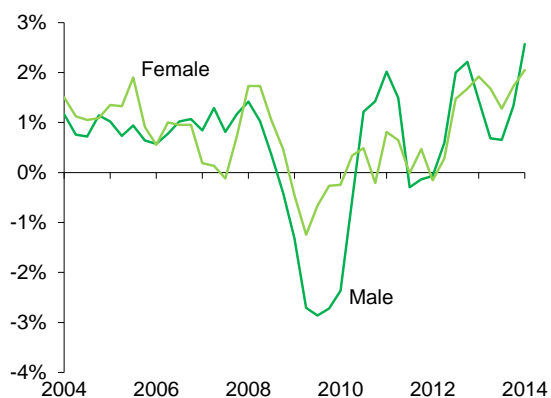
There were 30.39 million people aged 16 and over in employment in the UK in December-February 2014. The number of people in employment increased by 239,000 compared to the previous quarter and by 691,000 compared to the same period last year. The employment rate for people aged 16-64 was 72.6%. This compares to a pre-recession rate of 73.0% in March-May 2008.

Total employment (% change on previous year)



- 16.29 million men were in employment in December-February 2014, up 140,000 on the previous quarter. Female employment increased by 100,000 over the past quarter to 14.09 million.
- The number of 16-24 year olds in employment increased by 49,000 over the quarter. There were 22,000 more people in employment aged 65 and over.
- 99,000 more people were working as employees in December-February 2014 than in the previous quarter. 146,000 more people were self-employed than in the previous quarter.

Employment by gender (% change on previous year)



- Full-time employment was up 165,000 over the past quarter to 22.21 million. 8.18 million people were working part-time, 74,000 more than in the previous quarter. This included 1.42 million people working part-time because they could not find a full-time job.
- 1.62 million people were employed on a temporary basis in December-February 2014, 24,000 more than in the previous quarter.
- The number of people working in the private sector increased by 264,000 over the quarter to November-January 2014, to 24.68 million, boosted significantly by the privatisation of Royal Mail.

Employment by age group

3-month period: '000s & % changes; seasonally adjusted

	Total	16-24	25-49	50-64	65+
Dec-Feb 2012	29,210	3,644	17,267	7,423	875
Dec-Feb 2013	29,698	3,663	17,424	7,643	967
Mar-May 2013	29,714	3,632	17,447	7,643	992
Jun-Aug 2013	29,869	3,599	17,518	7,737	1,016
Sep-Nov 2013	30,150	3,675	17,570	7,839	1,066
Dec-Feb 2014	30,389	3,724	17,671	7,905	1,089
% change on previous 3 months	+0.8	+1.3	+0.6	+0.9	+2.1
% change on previous year	+2.3	+1.7	+1.4	+3.4	+12.6

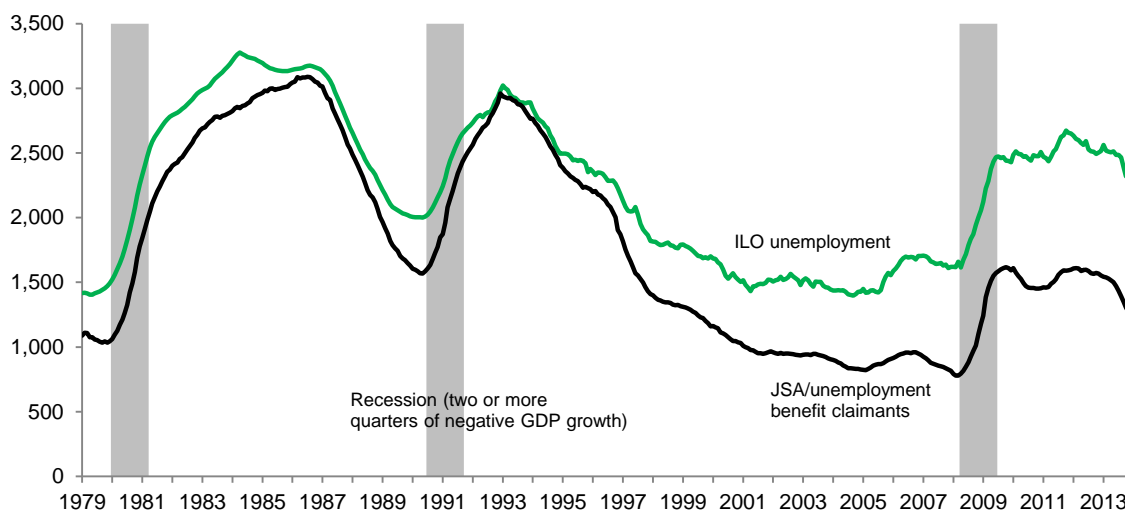
Source: ONS, Labour Market Statistics reference table A05

C2: Unemployment: National

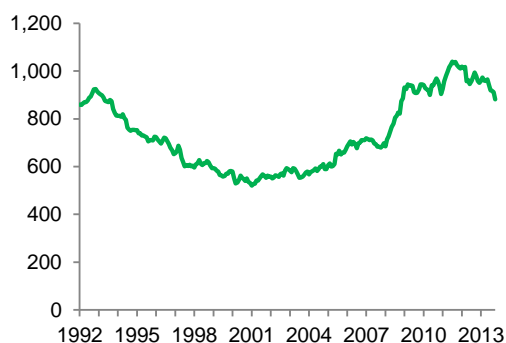
The International Labour Organisation (ILO) definition of unemployment is the headline measure of unemployment in the UK. The number of people claiming Jobseeker's Allowance (JSA) and predecessor unemployment benefits is also used.

- ILO unemployment was 2.24 million people in the UK in December-February 2014, down 77,000 from the previous quarter and down 320,000 from the previous year. The unemployment rate (the proportion of economically active people unemployed) was 6.9%.
- The number of people claiming JSA decreased by 30,400 between February and March to 1.14 million people aged 18 or over, the lowest level since November 2008.

Unemployment, 1979 to current (seasonally adjusted levels, thousands)



Youth unemployment: 16-24 year olds (thousands)



- 881,000 young people aged 16-24 were unemployed in December 2013–February 2014, down 38,000 from the previous quarter. The unemployment rate is 19.1%.
- There were 1.26 million men unemployed, down 53,000 on the quarter. 980,000 women were unemployed, down 24,000 on the quarter.
- The number of people who have been unemployed for longer than twelve months was 807,000 in December 2013–February 2014, a fall of 32,000 from the previous quarter and 93,000 lower than the previous year.

ILO unemployment in the UK (seasonally adjusted)

	Total		16-24		Total male		Total female	
	000s	%	000s	%	000s	%	000s	%
2011 Dec-Feb	2,634	8.3	1,025	21.9	1,506	8.8	1,128	7.7
2012 Dec-Feb	2,563	7.9	979	21.1	1,445	8.3	1,118	7.5
2013 Sep-Nov	2,320	7.1	920	20.0	1,314	7.5	1,006	6.7
2013 Dec-Feb	2,243	6.9	881	19.1	1,261	7.2	982	6.5
<i>Change on quarter</i>	-77		-39		-53		-24	
<i>Change on year</i>	-320		-98		-184		-136	
<i>% change on quarter</i>	-3.3%		-4.2%		-4.0%		-2.4%	
<i>% change on year</i>	-12.5%		-10.0%		-12.7%		-12.2%	

Source:ONS series, MGSC, MGSX, MGVF, MGWY, MGSD, MGSY, MGSE, MGSX

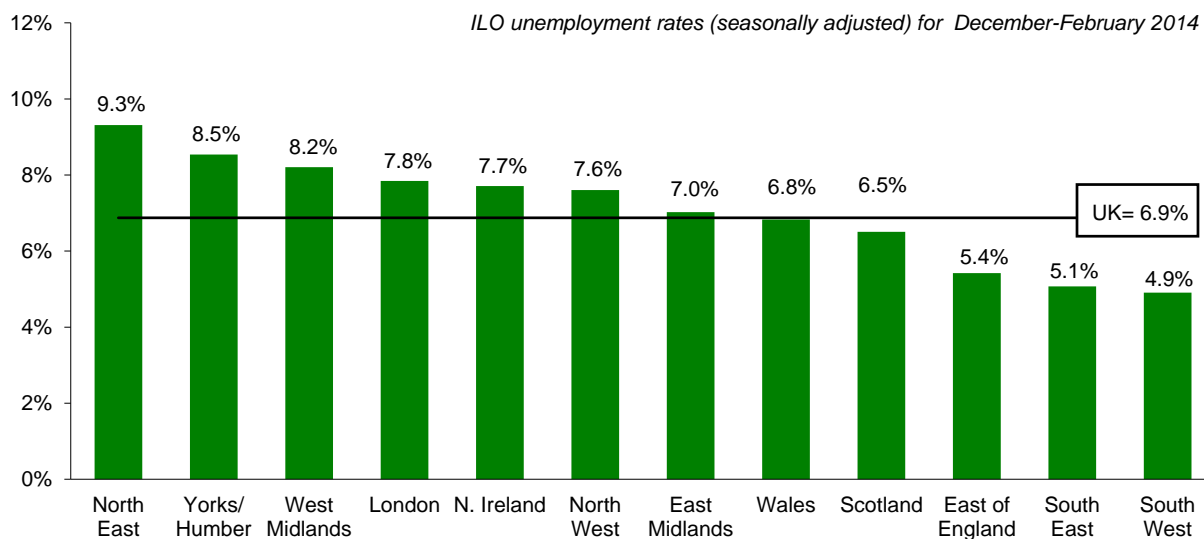
Contact: Matthew Ward, x5919

Update: ONS, [Labour Market Statistics](#), 14 May 2014

C3: Unemployment: Regional

The Office for National Statistics uses the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. The *unemployment rate* is the proportion of the economically active population who are unemployed.

- Over the period December-February 2014, the North East had the highest unemployment rate, at 9.3% of the economically active population. The lowest rate over the same period was 4.9% in the South West.



- The largest increase in the level of unemployment over the last quarter was in the East Midlands (up 14,000). The largest decrease was in the South West (down 51,000).
- The (seasonally adjusted) Jobseeker's Allowance (JSA) claimant count decreased across all regions and countries between February and March 2014.

Unemployment statistics for countries and regions, seasonally adjusted

	ILO unemployment				JSA claimant count	
	December-February 2014		Change in level		March 2014	
	Level (000s)	Rate (%) ^(a)	qtr-on-qtr (000s)	year-on-year (000s)	Level (000s)	change since prev. month (000s)
North East	124	9.3	-10	-7	68.4	-1.6
North West	264	7.6	-6	-24	140.9	-4.5
Yorkshire & Humber	238	8.5	+3	-15	123.2	-2.9
East Midlands	163	7.0	+14	-12	75.3	-2.5
West Midlands	224	8.2	+2	-28	121.8	-3.2
East of England	171	5.4	-7	-46	78.1	-2.3
London	343	7.8	-12	-42	161.3	-4.0
South East	233	5.1	-11	-73	90.6	-3.1
South West	135	4.9	-51	-32	59.0	-2.1
Wales	102	6.8	-6	-19	61.8	-1.1
Scotland	179	6.5	+3	-18	104.6	-2.4
Northern Ireland	68	7.7	+4	-4	57.0	-0.7

Source: ONS, *Labour Market Statistics*

Note: (a) Rates are percentages of economically active population in the region.

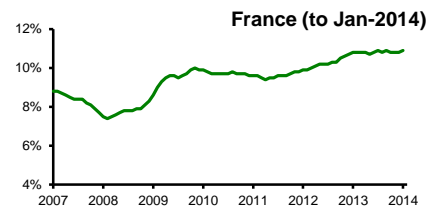
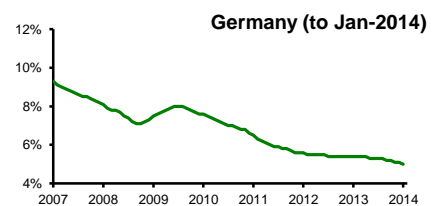
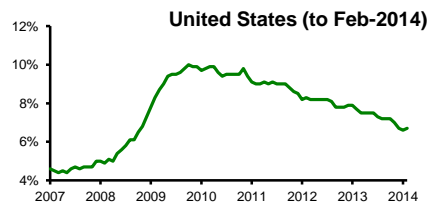
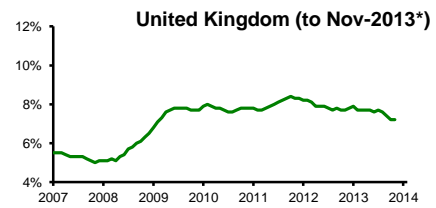
Contact: Daniel Harari x2464

Update: ONS, *Labour Market Statistics*, 14 May 2014

C4: Unemployment: International Comparisons

The OECD produces harmonised unemployment rates for OECD members based on the ILO definition of unemployment.

- The UK harmonised unemployment rate for Q4 2013 was 7.1%. This was below the rate of France and Italy (10.8% and 12.7% respectively) but above that of Germany (5.1%).
- In the US, unemployment fell from 7.0% to 6.7% between Q4 2013 and Q1 2014. Compared with a year ago unemployment is 1.0 percentage points lower.
- In the euro zone, unemployment fell by 0.1 percentage point to 12.0% from Q3 2013 to Q4 2013.
- Spain and Greece have the highest harmonised unemployment rate among the 33 OECD member states (26.1% in Q4 2013 and 27.3% in Q3 2013 respectively). South Korea had the lowest unemployment rate in the OECD in Q4 2013, at 3.0%.
- Youth (15-24) unemployment is a major issue in many developed economies at present. In Q3 2013 youth unemployment was 56.5% in Spain and 58.0% in Greece. In the same period UK youth unemployment stood at 20.8%.



* latest figure refers to quarterly survey conducted over Oct-Dec 2013

Unemployment

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

	2011			2012				2013				
	2011	2012	2013	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Canada	7.5	7.2	7.1	7.4	7.4	7.3	7.3	7.2	7.1	7.1	7.1	7.0
France	9.6	10.2	10.8	9.8	9.9	10.2	10.3	10.6	10.8	10.8	10.9	10.8
Germany	6.0	5.5	5.3	5.6	5.5	5.5	5.4	5.4	5.4	5.3	5.3	5.1
Italy	8.4	10.7	12.2	9.2	9.9	10.6	10.8	11.4	11.9	12.1	12.3	12.7
Japan	4.6	4.4	4.0	4.5	4.5	4.4	4.3	4.2	4.2	4.0	4.0	3.9
UK	8.0	7.9	..	8.3	8.2	7.9	7.8	7.7	7.8	7.7	7.6	7.1
US	9.0	8.1	7.4	8.6	8.2	8.2	8.0	7.8	7.7	7.5	7.2	7.0
Eurozone	10.1	11.4	..	10.6	10.9	11.3	11.5	11.8	12.0	12.1	12.1	12.0
G7	7.7	7.4	7.1	7.6	7.5	7.5	7.4	7.3	7.3	7.2	7.1	6.9
OECD	8.0	8.0	7.9	7.9	7.9	7.9	7.9	8.0	8.1	8.0	7.9	7.7

Source: OECD, Harmonised Unemployment Rates

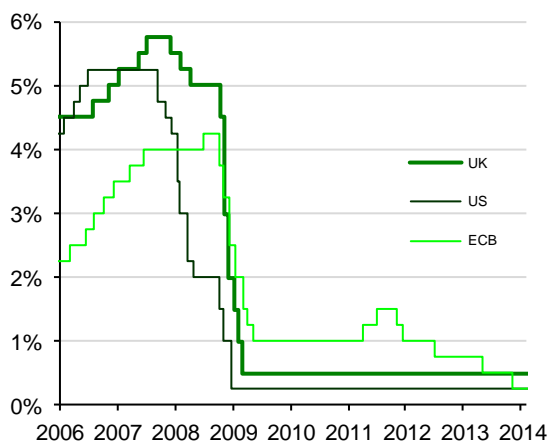
Contact: Chris Rhodes, x2454

Updates: OECD, [Harmonised Unemployment Rates](#), 16 May

D1: Interest Rates and the Money Supply

Latest official interest rates from the UK, eurozone and the US are shown on this page. A summary of the Bank of England's quantitative easing policy and latest money supply data in the UK are also provided.

Official interest rates

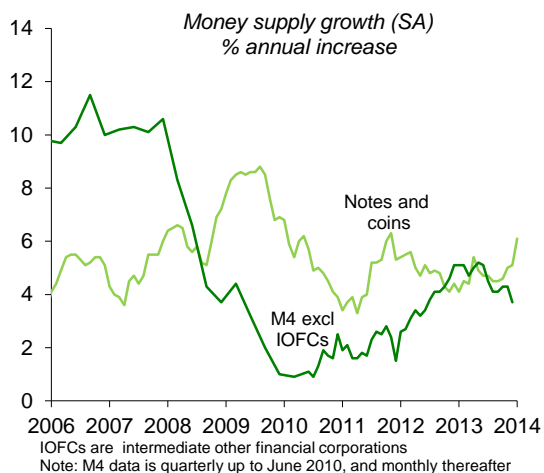


- In consecutive monthly meetings from October 2008 to March 2009, the Bank of England cut the official Base Rate from 4.5% to 0.5%, the lowest since the Bank was founded in 1694. The rate has remained at 0.5% since March 2009.
- On 6 August 2013, the Governor of the Bank of England issued 'forward guidance' on the future path of interest rates, stating that the Bank "intends not to raise the Bank Rate from its current level of 0.5% at least until the [ILO] unemployment rate has fallen to a threshold of 7%." With unemployment falling more quickly than expected towards the threshold, on 12 February 2014 a second 'phase' of forward guidance was announced. It was indicated that the MPC would delay raising interest rates until it believed spare capacity in the economy had been reduced, and then only do so at a gradual rate
- On 7 November 2013, the Governing Council of the European Central Bank agreed to lower the main interest rate for the eurozone from 0.5% to 0.25%, where it has remained since.
- The US Federal Reserve's target range for the federal funds rate has been 0-0.25% since 16 December 2008. Between September 2012, and December 2013, it purchased assets (quantitative easing) at a rate of around \$85bn per month. On 18 December 2013, the Federal Open Market Committee decided to slow this rate of asset purchases by \$10bn at each of its meetings. Thus at its January meeting, the Fed reduced its rate of asset purchases from \$75bn to \$65bn per month.

Quantitative easing in the UK (asset purchase programme)

- With little room for further cuts in interest rates, the Bank of England initiated an asset purchase or 'quantitative easing' (QE) programme in March 2009.
- From an initial £75bn in March 2009, QE was increased by £125bn (to a total of £200bn) by November 2009. It was further increased as follows: up by £75bn (to £275bn) in October 2011; £50bn (to £325bn) in February 2012 and £50bn in July 2012 to a total of £375bn.
- The majority (over 99%) of assets purchased by the Bank of England through QE have been gilts (UK Government securities).

Money supply



- In its February 2014 *Inflation Report*, the Bank of England noted that money supply growth remained 'robust' throughout, even though no quantitative easing had been undertaken over this period. The growth was driven predominantly by household deposits, particularly 'sight' (i.e. instant access) deposits. However, business deposits increasingly contributed to money supply growth during the second half of 2013.
- Annual growth in M4 excluding intermediate other financial corporations (a measure monitored by the Bank of England Monetary Policy Committee) was 3.7% in December 2013, down from 4.3% in November.
- The value of notes and coins in circulation outside the Bank of England rose by 6.1% in January 2014 compared with a year ago, up from 5.1% in December 2013.

Contact: Jack Evans x6920

Updates: Monetary policy meetings: 10 Apr (ECB, UK); 30 Apr (US)
Bank of England, [Notes and coin balances](#), 2 Apr

D2: Public Finances

Public sector net borrowing totalled £107.7 billion in 2013/14, £7.5 billion lower than in 2012/13. Public sector net debt (the stock of Government borrowing) at the end of March 2014 stood at £1.27 trillion, equivalent to 75.8% of GDP, higher than the 74.5% forecast by the Office for Budget Responsibility (OBR) at Budget 2014.

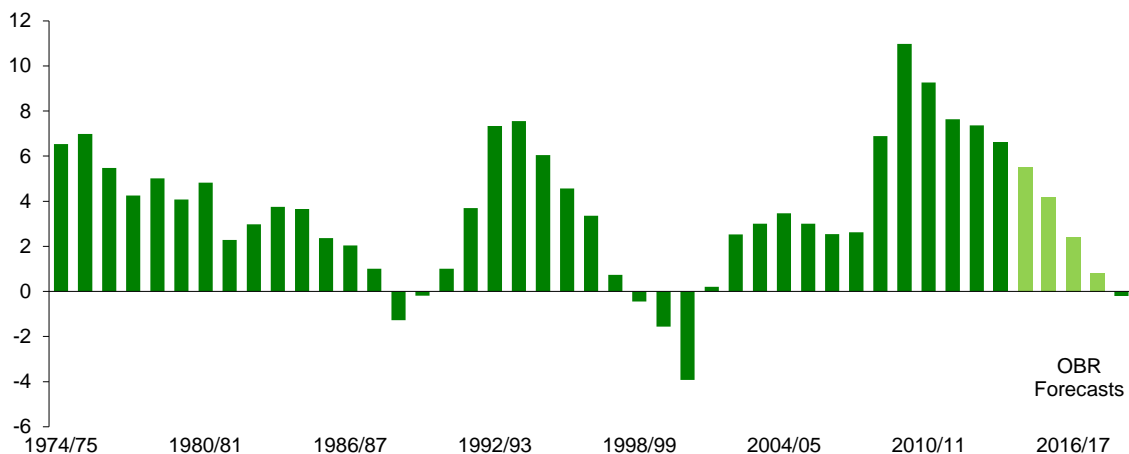
- Public sector net borrowing continues to decrease from its recent peak of 2009/10. In 2013/14 net borrowing was equivalent to 6.6% of GDP.
- Net borrowing is forecast to fall from £108 billion in 2013/14 to £17 billion in 2017/18, before a budget surplus is recorded in 2018/19, of £5 billion.
- Public sector net debt (the stock of Government borrowing) in 2013/14 was 75.8%. OBR forecast that public sector net debt will rise to 78.7% in 2015/16, before falling back to 74.2% in 2018/19.

	Net borrowing		Net debt	
	£ billion	% GDP	£ billion	% GDP
2009/10	157	11.0	829	56.4
2010/11	139	9.3	1,005	65.9
2011/12	118	7.6	1,106	71.2
2012/13	115	7.4	1,185	74.2
2013/14	108	6.6	1,269	75.8
2014/15	96	5.5	1,355	77.3
2015/16	75	4.2	1,439	78.7
2016/17	45	2.4	1,497	78.3
2017/18	17	0.8	1,530	76.5
2018/19	-5	-0.2	1,548	74.2

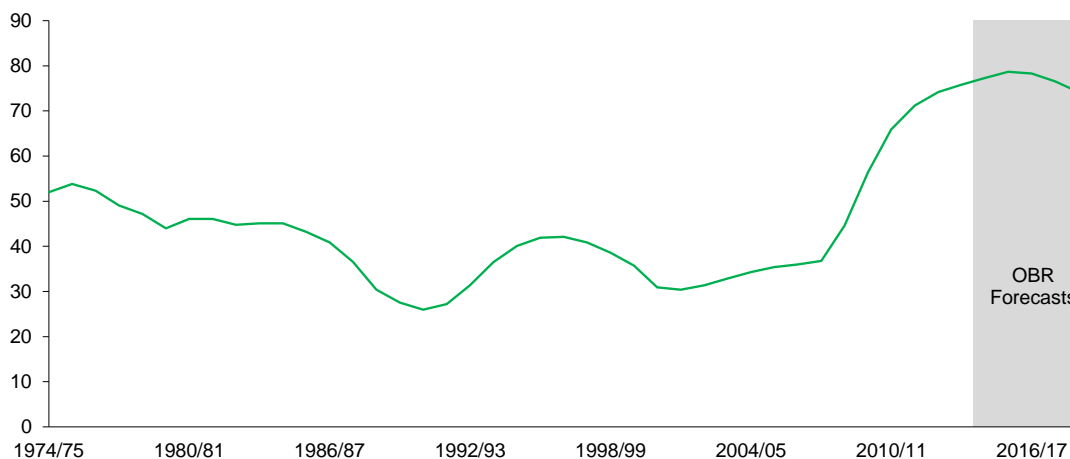
Source: ONS, OBR. Excludes financial sector interventions

Note: borrowing figures exclude Royal Mail transfer and QE

Public sector net borrowing (% of GDP)



Public sector net debt (% of GDP)



Contact: Matthew Keep, x4324

Updates: ONS, [Public Sector Finances](#), 22 May 2014

D3: Financial Indicators

The FTSE-100 tracks share-price movements in the 100 largest companies by market capitalisation listed on the London Stock Exchange. It hit an all-time high of 6,930 in December 1999. It approached those highs again in 2007, before falling sharply in 2008. In May 2013 it reached its highest point since September 2000.

The price of Brent crude oil reached an all time high above \$145/barrel in July 2008. The price fell below \$100/barrel in June 2012 for the first time since February 2011, but has remained above \$100 since July 2012.

The nominal price of gold exceeded \$1,800/ounce for the first time in August 2011, but the metal's price has since moderated considerably.

Data from 1 May 2014

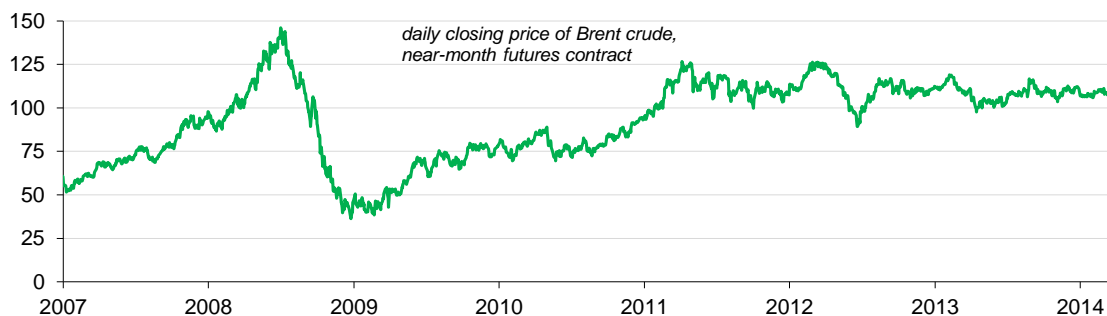
	FTSE-100	Oil (\$/bbl)	Gold (\$/oz)
01 May 2014	6,780.0	107.8	1,291.9
%change over:			
1-month	+1.9%	+2%	+1%
12-months	+5%	+8%	-13%
%change from:			
cyclical peak	-1%	-26%	-32%
date	15 Jun '07	03 Jul '08	23 Aug '11
cyclical trough	+93%	+196%	+82%
date	03 Mar '09	24 Dec '08	24 Oct '08

Note: Oil is Brent near-month futures price
Source: *Financial Times*

FTSE-100 Index



Brent Crude Oil price (\$ per barrel)



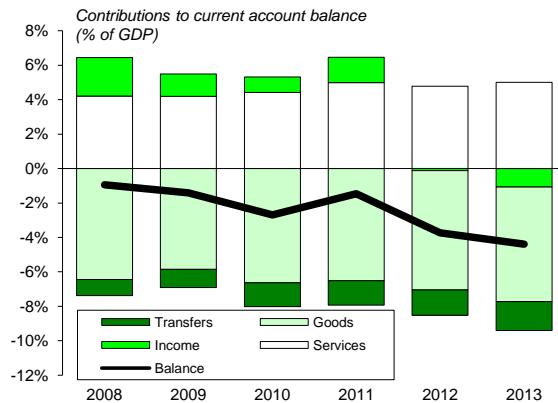
Gold price (\$ per ounce)



E1: Trade

The current account deficit in 2013 was £71.1 billion, equivalent to -4.4% of GDP. That compares with a deficit of £59.7 billion in 2012 or -3.8% of GDP.

Current Account



- On a **quarterly** basis, the current account deficit was £22.4 billion in Q4 2013 (equivalent to 5.4% of GDP), down from £22.8 billion in Q3 2013 (5.6% of GDP). The surplus on services was up slightly at £21.1 billion while the deficit on goods fell to £26.7 billion.
- The **annual** current account deficit with EU28 countries was £80.7 billion in 2013 compared with a surplus with non-EU countries of £9.6 billion. On a **quarterly** basis, the deficit with EU28 countries was £23.8 billion in Q4 2013 compared to a £1.5 billion surplus with non-EU countries.

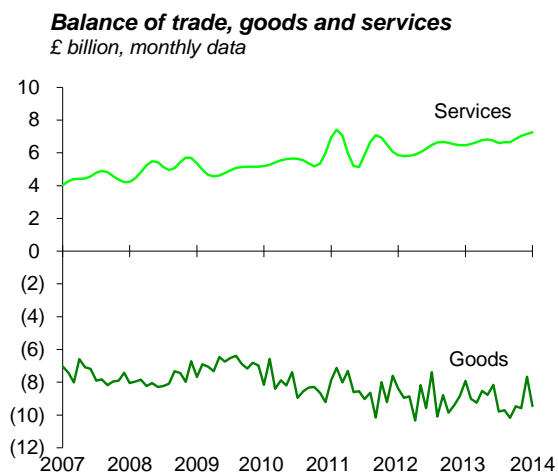
Current Account Balances

£ millions; seasonally adjusted

	Goods	Services	Goods and Services			Income	Transfers	Current Account Balance
	Balance	Balance	Exports	Imports	Balance			
2012	-108,700	75,060	494,298	527,938	-33,640	-1,845	-22,981	-58,466
2013	-107,797	81,201	506,470	533,066	-26,596	-17,368	-27,144	-71,078
2012 Q4	-28,016	20,433	125,082	132,665	-7,583	-193	-6,360	-14,136
2013 Q1	-25,955	20,421	126,513	132,047	-5,534	-4,564	-6,372	-16,470
Q2	-25,445	20,019	128,381	133,807	-5,426	3,316	-7,308	-9,418
Q3	-29,676	19,699	125,514	135,491	-9,977	-5,850	-7,003	-22,830
Q4	-26,721	21,062	126,062	131,721	-5,659	-10,270	-6,431	-22,360

Source: ONS database, series: BOKI, IKBD, IKBH, IKBI, IKBJ, IKBP, HBOJ, HBOP

Trade in Goods and Services



- The estimated monthly deficit on goods trade in February was £9.1bn, down from £9.5bn in January.
- The monthly trade surplus on services was an estimated £7.0bn in February, down from £7.3bn in January.
- The overall monthly deficit on goods and services combined in February was £2.1bn, up from £2.2bn in January.
- The monthly goods deficit with the EU28 was £6.2bn in February, compared with £5.6bn in January, while the deficit with non-EU countries was £2.9bn in January, compared with £3.9bn in January.

Contact: Dominic Webb, x2042

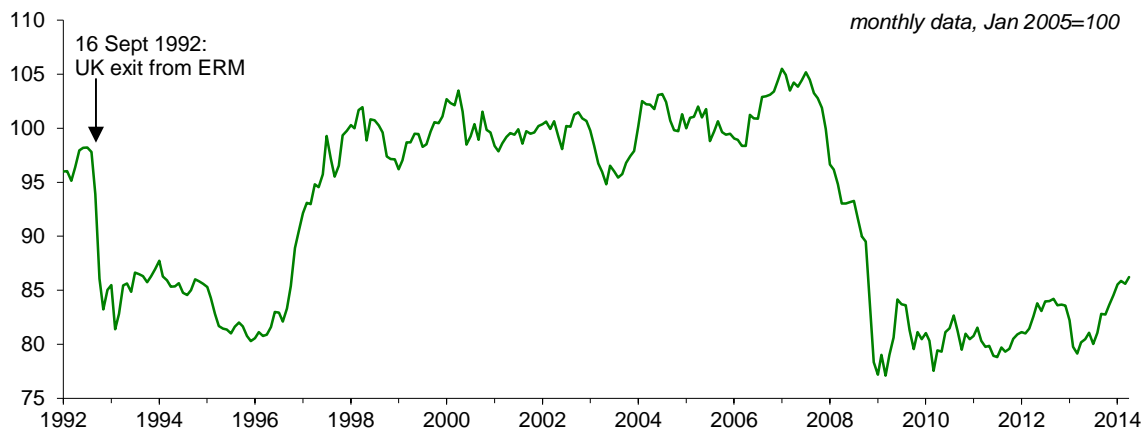
Updates: ONS, [UK Trade](#), 9 May 2014
ONS, [UK Balance of Payments](#), 27 Jun 2014

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).

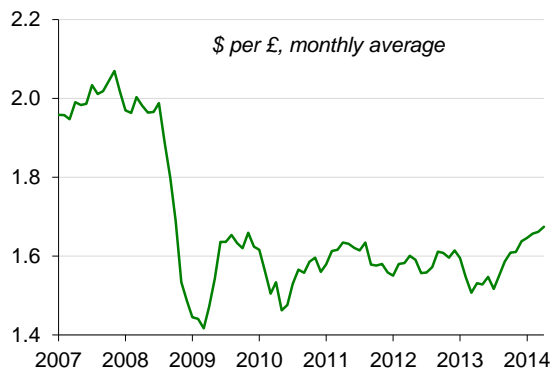
The SERI fell by 0.7% in April 2014, following a fall of 0.3% in March. Compared with the same period a year ago, it is 7.5% higher. It is currently 11.8% above its March 2009 level, when it was at its lowest point since the series began in 1980. It is 18.0% below its pre-recession peak in July 2007.

Sterling Exchange Rate Index (SERI)



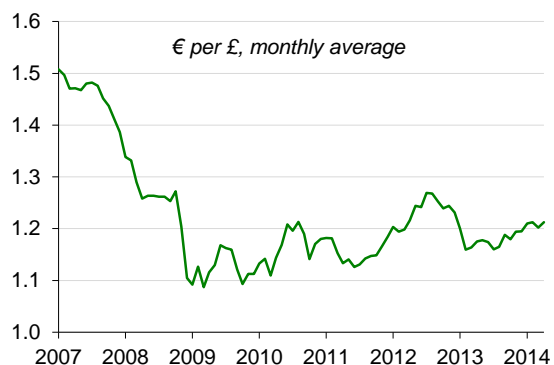
[Source: Bank of England, Bankstats database, XUMABK67]

US\$/£ Exchange Rate



- On average in April, the pound was up 0.7% against the dollar compared to in March. At the 2 May market close the pound stood at \$1.68, 1% up on the April average.
- Sterling was up 0.9% against the Euro in April compared to March.
- At the 2 May market close the pound stood at €1.21, which was the April average. This compares with an all-time low of €1.02 (on 30 December 2008), and a launch rate of €1.48 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
2011	1.60	3.7%	1.15	-1.2%
2012	1.59	-1.1%	1.23	7.0%
2013	1.56	-1.3%	1.18	-4.5%
2014				
Feb	1.66	7.0%	1.21	4.6%
Mar	1.66	10.3%	1.20	3.3%
Apr	1.67	9.3%	1.21	3.2%

Source: Bank of England, Bankstats database

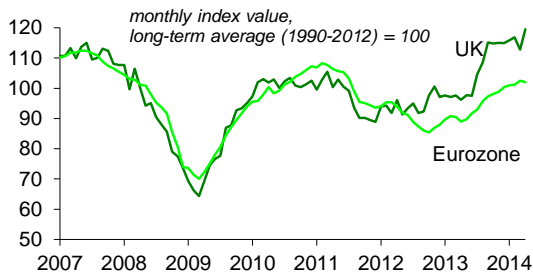
Contact: Daniel Harari, ext. 2464

Updates: Financial Times, [sterling exchange rates](#) (daily)
Bank of England, [SERI & monthly rates](#), early June

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

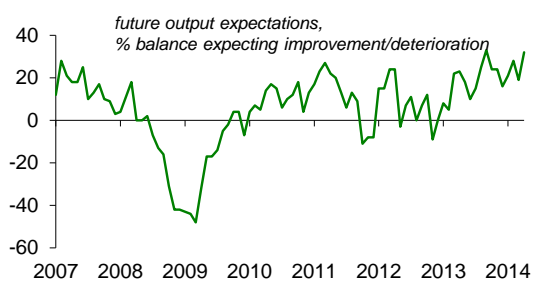


		UK Index	monthly change	change on year ago
2012	Apr	96.1	...	...
2013	Apr	96.2	...	...
2014	Feb	116.9	+1.0	+19.8
	Mar	112.8	-4.1	+15.2
	Apr	119.5	+6.7	+23.3

Source: European Commission

- The European Commission conducts regular harmonised surveys for different sectors (manufacturing, services, retail, construction and consumers) of EU member states' economies.
- Between March and April 2014 the overall UK sentiment index increased from 112.8 to 119.5 – 15.2 points higher than the previous year. The Eurozone index fell by 0.5 points to 102.0.

CBI Industrial Trends Survey



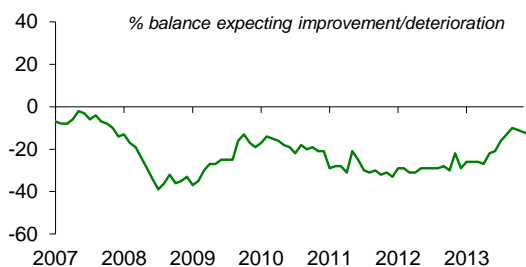
Balance (as a %) of those expecting an improvement
minus those expecting a deterioration

		Future output expectations	monthly change	change on year ago
2012	Apr	+24	...	...
2013	Apr	+23	...	...
2014	Feb	+28	+7	+23
	Mar	+19	-9	-3
	Apr	+32	+13	+9

Source: CBI, *Industrial Trends Survey*

- The CBI carries out monthly and quarterly *Industrial Trends* surveys.
- In April 2014, more manufacturers thought that output would rise over the next three months than thought it would fall – the difference was +32% of firms. This is the 13 points higher than the balance in March 2014 and 9 points higher than April 2013.

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
2012	Apr	-31	...	...
2013	Apr	-27	...	...
2014	Feb	-7	0	+19
	Mar	-5	+2	+21
	Apr	-3	+2	+24

Source: GfK NOP for EC, *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.
- Overall consumer confidence was -3 in April, up 2 points on the previous month and 24 points higher than a year ago. This is the highest level since June 2007.

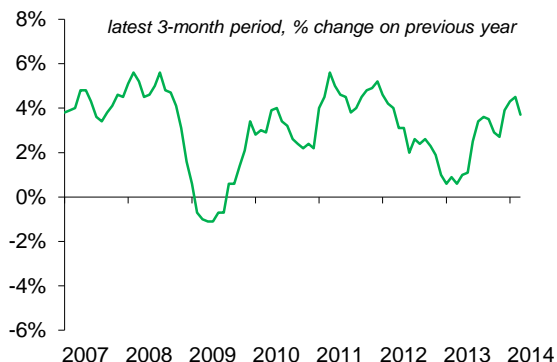
Contact: James Mirza-Davies, x6962

Update: CBI, [Industrial Trends](#), 23 May 2014
EC, [Economic Sentiment Indicator](#), 21 May 2014
GfK NOP, [Consumer Confidence](#), 28 May 2014

F2: Retail Sales

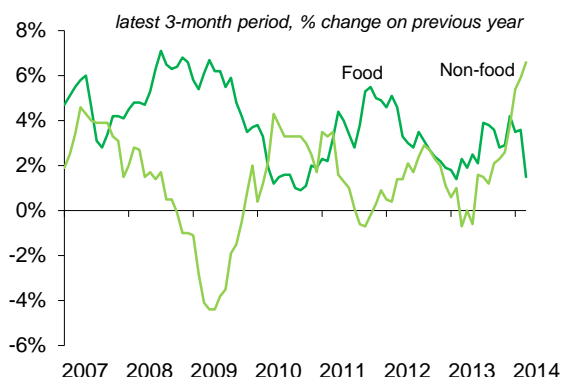
Retail sales are an indicator of household consumption. A number of retail sales surveys are conducted, for instance by the CBI. This page uses official data from the Office for National Statistics.

Value of retail sales



- The value of retail sales in the three months to March 2014 was 3.7% higher than the same three months in the previous year.
- The value of retail sales in March 2014 alone was 3.9% higher than in March 2013.
- Internet sales were estimated to account for 10.7% of the value of all retail sales (excluding vehicle fuels) in March 2014. The value of internet sales was 7.1% higher than in March 2013.

Value of food & non-food store sales



- The value of sales in food stores in the three months to March 2014 rose by 1.5% on the same period last year, and the value of sales in non-food stores increased by 6.6%.
- The value of sales in household goods stores increased by 5.7% in the three months to March compared with the previous year. Department stores saw growth of 7.6%.

Value of retail sales

annual data and 3-month periods ending in recent months, % change on previous year; seasonally adjusted

	Food Stores	Non-Food Stores					All retailing total (inc vehicle fuel)
		Clothing & Footwear	Household goods	Dept stores	Other	Total	
2012	3.0	1.5	-0.4	6.4	0.6	1.7	2.4
2013	3.0	2.7	-3.5	4.0	2.7	1.7	2.6
2013 NOV	2.9	3.6	-2.7	3.3	4.7	2.6	2.7
DEC	4.2	4.9	-1.8	6.1	4.9	3.8	3.9
2014 JAN	3.5	5.3	0.7	6.5	8.0	5.4	4.3
FEB	3.6	3.1	2.8	7.9	9.4	5.9	4.5
MAR	1.5	3.2	5.7	7.6	10.1	6.6	3.7

Source: ONS, series: IEAU, IEBJ, IEBM, IEBA, IEAX, J5BY - all retail total includes non-store and vehicle fuel retail

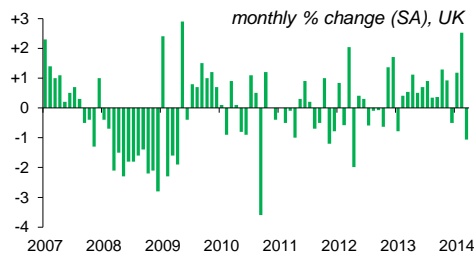
F3: Housing Market

House prices on the Nationwide index rose by 1.2% in April after a 0.5% rise in March. Prices were 10.9% higher compared with a year ago on this measure. House prices on the Halifax index fell by 1.1% in March following a 2.5% increase in February. Prices were 8.5% higher than a year ago on this measure.

Mortgage approvals fell for the second consecutive month in March, but remain higher than those observed in 2009 to 2012. Approvals still remain well down on pre-recession levels. Housing starts have increased since the recession but still remain well below pre-recession levels.

House price indices

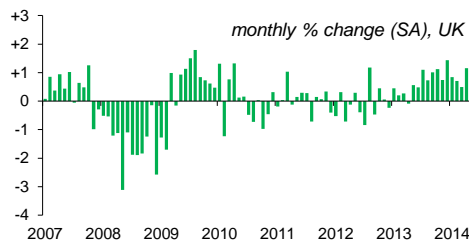
Halifax house price index



- House prices have grown significantly over the last year. In April 2014, the average house price on the Nationwide measure was approaching £184,000.
- There is considerable regional variation. In Q1 2014 house prices in London are 18% higher than during the same quarter in 2013. In Wales and Northern Ireland prices have increased by 5%. (Nationwide data).

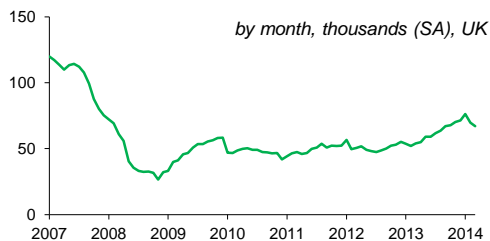
Latest monthly data
UK, seasonally adjusted

Nationwide house price index



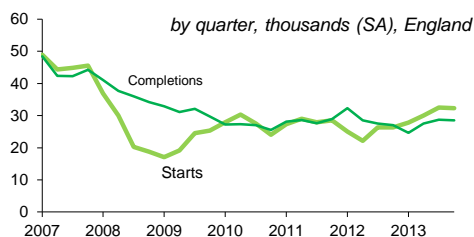
	Halifax	Nationwide
Latest data	Mar-14	Apr-14
Change in month	-1.1%	+1.2%
Change in year	+8.5%	+10.9%
Peak date	Aug-07	Oct-07
Change since peak	-10.7%	-1.7%
Trough date	Apr-09	Feb-09
Change since trough	+15.2%	+22.0%

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 67,135 mortgage approvals in March 2014. Approvals have decreased in the past two months following what was a six year high in January 2014.

House-building



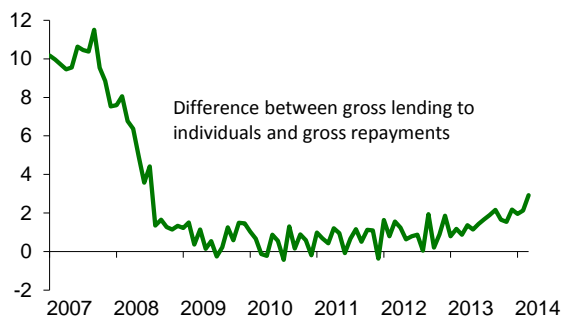
- There were 32,320 house building starts in England in Q4 2013, 1% fewer than in Q3 2013 and 23% more than in Q4 2012. This is above the recent low of 17,090 in Q1 2009, but still well below the 48,990 starts in Q1 2007.
- There were 28,510 dwelling completions in Q4 2013, down 1% from Q3 2013, and 6% lower than in Q4 2012. Completions remain below the peak of 48,440 completions in Q1 2007.

Contact: Matthew Keep x4324

Updates: Halifax [House Price Index](#), early May 2014;
Nationwide [House Price Index](#), early June 2014;
Bank of England, [Money and credit](#), early June 2014
DCLG, [House-building](#), 16 May 2014;

F4: Household debt

Monthly net lending, £bn

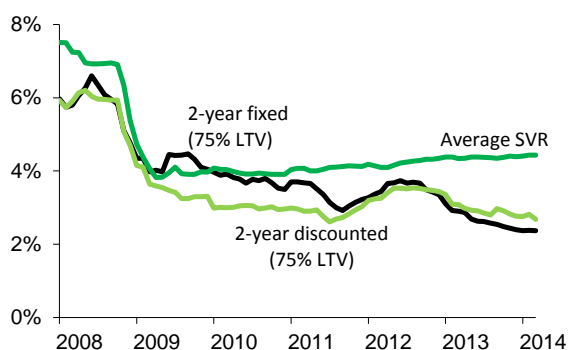


Source: Bank of England

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

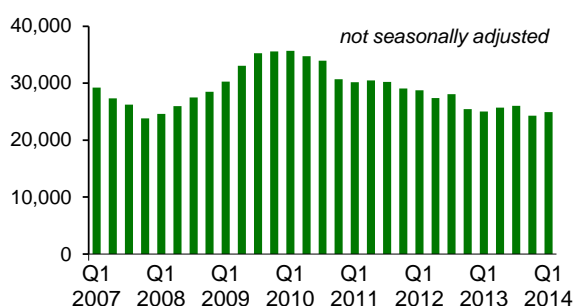
- Total net lending to individuals (excluding student loans) was £2.9 billion in March 2014. Net lending has been relatively low since mid-2008, but grew through most of 2013.
- Monthly net unsecured lending (consumer credit) grew by £1.1 billion in March. Monthly net secured lending (mortgages) grew by £1.8 billion.

Current average mortgage interest rates



- The average Standard Variable Rate (SVR) has changed little over the past year – in March 2014 it was 4.43%, compared with 4.34% a year before.
- In contrast fixed-term mortgage rates have generally been falling since mid 2012 – the average 2-year fixed mortgage rate was 2.37% in March, compared to 2.90% a year before.
- The average 2-year discounted rate was 2.68% in March compared with 3.08% a year before.

Individual insolvencies, England and Wales



Source: Insolvency Service

- There were 24,931 individual insolvencies in England and Wales in Q1 2014, a 0.3% decrease on a year earlier. These figures are not seasonally adjusted and are a provisional estimate.
- In Scotland in Q1 2014 there were 2,998 individual insolvencies, a decrease of 14.0% on Q1 2013.
- In Northern Ireland in Q1 2014 there were 840 individual insolvencies, an increase of 0.5% on Q1 2013.

Contact: Dominic Webb, x2042

Update: Bank of England, [Bankstats](#) (Money and Lending) and [Statistical Database](#), 2 June 2014
Insolvency Service, [Insolvency Statistics](#), 1 Aug 2014

5 Indicator sources

The table gives details of sources used in this paper. Office for National Statistics (ONS) releases are available from <http://www.ons.gov.uk/ons/release-calendar/index.html>.

Indicator		Source details
A1	Gross Domestic Product	ONS releases: GDP Preliminary Estimate ; Second Estimate of GDP ; Quarterly national accounts HM Treasury, Forecasts for the UK Economy
A2	GDP: International Comparisons	Gross Domestic Product: Organisation for Economic Co-operation and Development (OECD), Main Economic Indicators , via Stat.OECD database (link to user defined table) Growth Forecasts: OECD, Economic Outlook (full document via www.sourceoecd.org); IMF World Economic Outlook database and updates European Commission's growth forecasts
A3	Components of GDP	ONS releases: Second Estimate of GDP ; Quarterly national accounts
A4	Services	ONS, Index of Services ONS, Workforce Jobs Markit/CIPS UK Services Purchasing Managers Index
A5	Manufacturing	ONS, Index of Production ONS, Workforce Jobs Markit/CIPS UK Manufacturing Purchasing Managers Index
A6	Productivity	ONS, Labour Productivity
B1	Inflation	ONS, Consumer Price Indices
B2	Inflation: International	CPI: OECD, Main Economic Indicators (link to user defined table); EU data: Eurostat news release and database
B3	Average Earnings Index	ONS, Labour Market Statistics
C1	Employment	ONS, Labour Market Statistics
C2	Unemployment: National	ONS, Labour Market Statistics
C3	Unemployment: Regional	ONS, Labour Market Statistics and Regional Labour Market Statistics
C4	Unemployment: International Comparisons	Data: OECD, Main Economic Indicators Commentary: OECD, Economic Outlook (full document via www.sourceoecd.org)

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 Bank of England: Bankstats , tables A 1.1 and A 2.2.1; and ONS Database.
D2	Public Finances	Data: ONS, Public sector finances ; Forecasts of budget balance: Office for Budget Responsibility .
D3	Financial Indicators	<i>Financial Times</i> , Markets Data
E1	UK Balance of Trade	ONS, UK 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 Index
F2	Retail Sales	ONS, Retail Sales
F3	Housing Market	Bank of England: Lending to Individuals ; Department for Communities and Local Government (DCLG) UK Housing Starts: table 201 ; Halifax house price data: housing research page ; Nationwide house price data: data page
F4	Household Debt	Bank of England: Lending to Individuals ; The Insolvency Service: Insolvency Statistics

6 Glossary

Symbols and abbreviations

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

Definitions¹

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 (JSA) 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: 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.

Current/constant prices: 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.

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.

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 do not want a job, those who want a job but have not been seeking work in the last four weeks and those who want a job and are seeking work but not available to start work.

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 – Real GDP: Also known as constant price or chained volume measure, this is a measure used to indicate change in the actual quantity of goods and services produced, by adjusting for inflation.

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.

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

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, which enable comparisons to be made across countries. The UK's CPI measure uses HICP methodology.

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

Money supply: The total amount of money in an economy at a given time.

The Public Sector Net Borrowing (PSNB): 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 PSNB. 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 methodology and coverage. For example, the RPI includes housing costs such as mortgage interest payments while the CPI doesn't.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences, which may distort the data, has been removed.

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 goods and services.

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 [cont]

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 total 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.