

**Economic Indicators**

**Research Paper 97/30**

**1 March 1997**



This Research Paper summarises some of the main economic indicators currently available for the UK and gives comparisons with other major OECD countries on selected indicators.

**Nicola Chedgy (Editor)**  
**Economic Policy & Statistics Section**

**House of Commons Library**

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**I Contacts for further information**

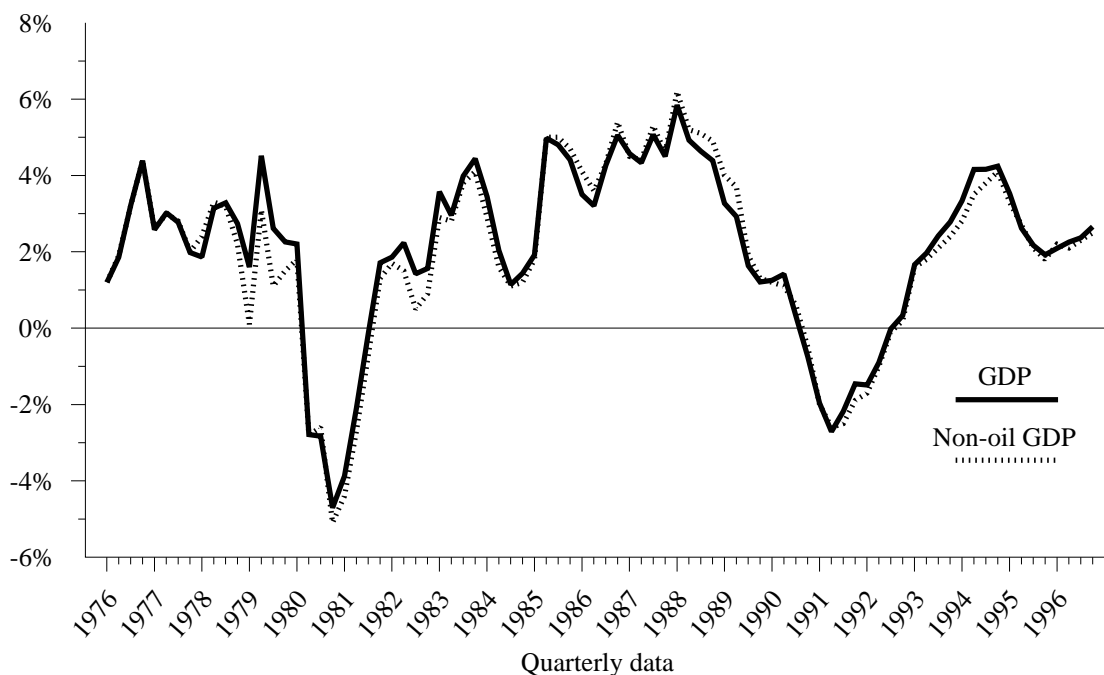
Members and their staff requiring further information are encouraged to talk to the statistician specialising in the relevant area. The statisticians dealing with the subjects covered by this Research Paper are shown below. (After 6pm there is a statistician on duty until the rise of the House who can be contacted via the Oriel Room of the Main Library - extn 3666)

Subject	Statistician	Phone 219-
Balance of payments	Tim Edmonds/Bob Twigger	2883/4904
Construction	Tim Edmonds/Nicola Chedgey	2883/3977
EC finance	Mick Hillyard/Jane Dyson	4324/2464
Employment	Nicola Chedgey/Tim Edmonds	3977/2883
Energy	Graham Vidler	2454
Financial services	Bob Twigger/Tim Edmonds	4904/2883
Housing	Adrian Crompton/Bryn Morgan	6789/3851
Incomes	Bob Twigger/Nicola Chedgey	4904/3977
Industries	Tim Edmonds/Nicola Chedgey	2883/3977
National Accounts- GDP etc	Bob Twigger/Tim Edmonds	4904/2883
Overseas aid	Mick Hillyard/Bob Twigger	4324/4904
Prices	Bob Twigger/Tim Edmonds	4904/2883
Production	Bob Twigger/Tim Edmonds	4904/2883
Public expenditure	Bob Twigger/Tim Edmonds	4904/2883
Taxation	Bob Twigger/Nicola Chedgey	4904/3977
Trade	Mick Hillyard/Bob Twigger	4324/4904
Transport	Adrian Crompton/Graham Vidler	6789/2454
Unemployment	Jane Dyson/Bob Twigger	2464/4904
Wages & earnings	Tim Edmonds/Nicola Chedgey	2883/3977

A comprehensive guide to the subject coverage of specialists in the Research Division is available from the Library - *Who Does What in Research*.

A 1. Gross Domestic Product

*GDP at constant factor cost  
% increase over 12 months*



\* Real GDP at factor cost is estimated to have risen by 0.8% between the third and

**Gross Domestic Product (GDP)**

	<b>GDP</b> <i>at constant factor cost 12 month change</i>	<b>Non-Oil GDP</b> <i>at constant factor cost 12 month change</i>	<b>GDP</b> <i>£ billion at current market prices</i>	<b>GDP</b> <i>£ billion at current factor cost</i>
1994	4.0%	3.5%	667.7	578.6
1995	2.6%	2.5%	700.6	604.0
1996	2.3%	2.3%	736.5	635.3
1995 Q4	1.9%	1.8%	177.9	153.2
1996 Q1	2.1%	2.2%	180.6	155.5
1996 Q2	2.3%	2.1%	182.8	157.4
1996 Q3	2.4%	2.3%	185.2	160.2
1996 Q4	2.7%	2.5%	187.9	162.3

*Sources: ONS Database; ONS first release (97) 41 dated 21.2.97*

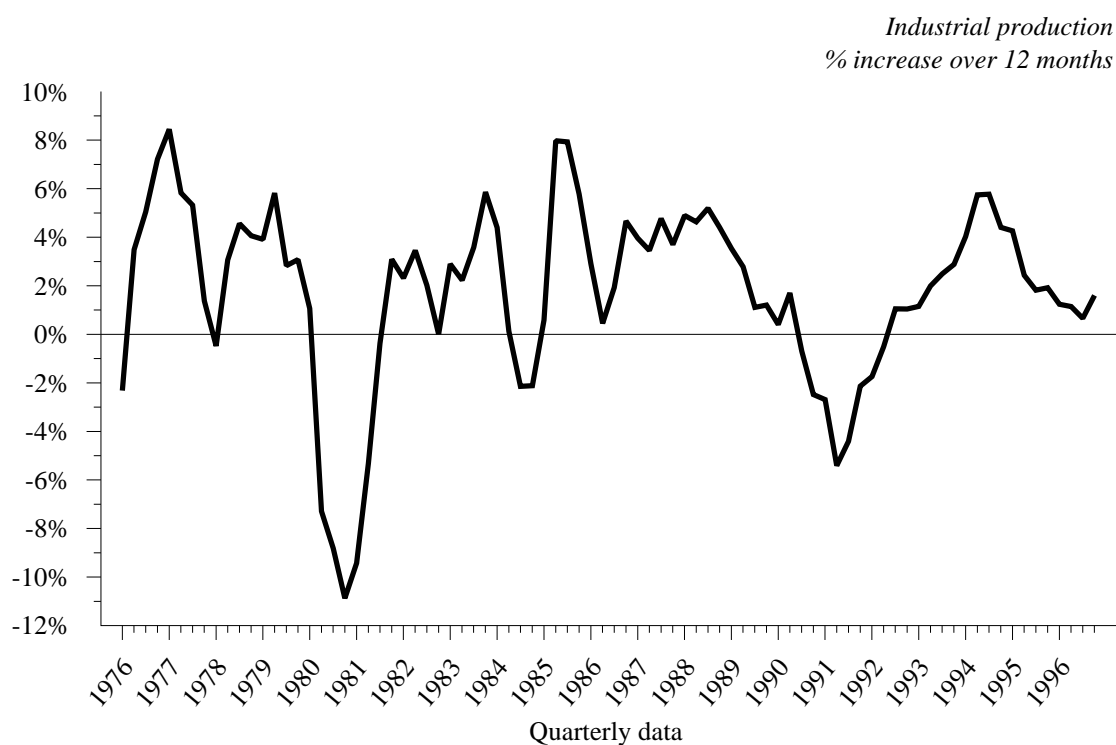
fourth quarters of 1996 to a level 2.7% higher than in the fourth quarter of 1995. This is the highest quarter-on-quarter growth rate since the end of 1994. In 1996 as a whole, GDP was 2.3% higher than in 1995.

\* The latest Treasury summary of independent economic forecasts suggests that UK GDP at constant factor cost will grow by 3.4% in 1997 and 2.7% in 1998. The forecast in November's budget was for growth rates of 3½% in 1997 and 3% in the first half of 1998.

\* GDP excluding oil and gas extraction is estimated to have risen by 0.7% between the third and fourth quarters of 1996 to a level 2.5% higher than in the fourth quarter of 1995. Latest estimates suggest that for 1996 as a whole, non-oil GDP was 2.3% higher than in 1995.

*Next update: 24 March*

## A 2. Industrial Production



## Industrial Production - Index of Output: seasonally adjusted

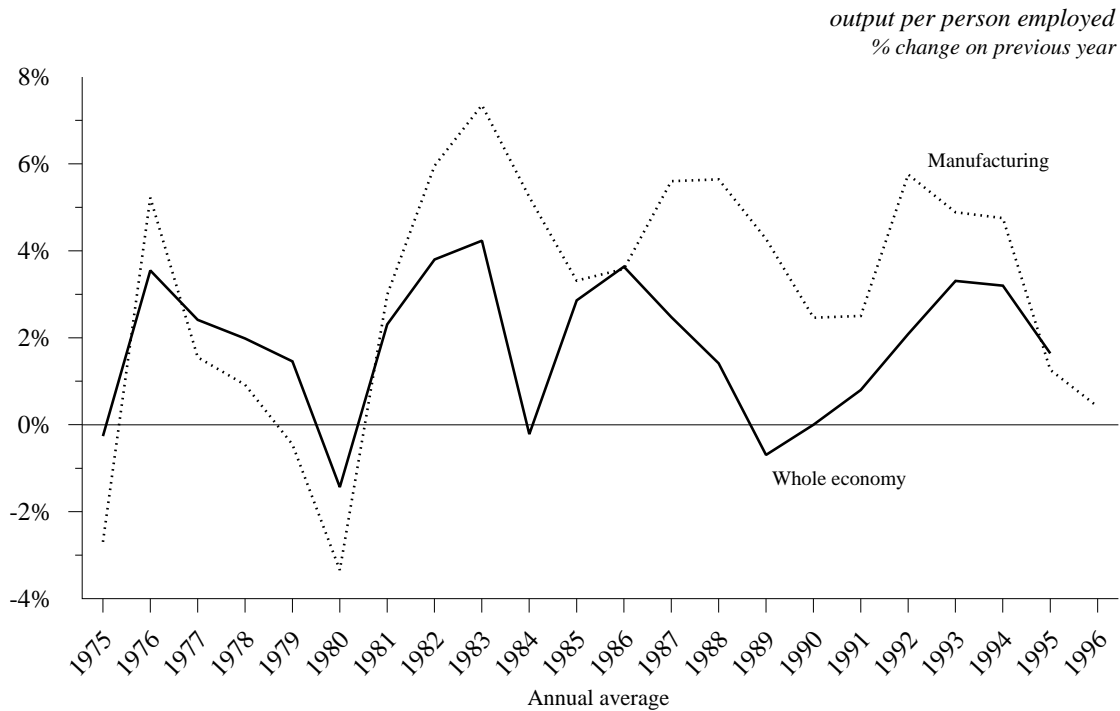
	Total <i>12 month change</i>	Mining & quarrying incl oil & gas <i>12 month change</i>	Manufacturing <i>12 month change</i>	Gas, electricity & water supply <i>12 month change</i>
1994	5.0%	14.9%	4.2%	1.2%
1995	2.6%	5.2%	2.2%	3.2%
1996	1.2%	3.1%	0.5%	5.2%
1995 Q3	1.8%	4.5%	1.8%	-0.8%
1995 Q4	1.9%	5.3%	0.9%	6.7%
1996 Q1	1.2%	0.0%	0.9%	6.2%
1996 Q2	1.1%	6.0%	0.0%	5.6%
1996 Q3	0.7%	2.1%	0.1%	3.4%
1996 Q4	1.7%	4.3%	0.9%	5.5%

Source: ONS database; ONS first release (97)28 dated 6.2.97

- \* In the last three months of 1996, industrial production was 0.9% higher than in the previous quarter and 1.7% higher than in the same period a year earlier. In 1996 as a whole output grew by 1.2% compared to 5.0% in 1994 and 2.6% in 1995. In December, output was 0.6% higher than its November level.
- \* Compared with the three months to September, overall manufacturing production in the period October to December was 0.6% higher. Over this period growth was strongest in the engineering & allied industries sector (+1.4%) and weakest in chemical & man-made fibres and food, drink & tobacco sectors (-0.4%).
- \* Compared with the three months to September, output in the mining and quarrying sector (including extraction of oil and natural gas) in the last three months was 2.0% higher and production in the gas, electricity & water supply industries was 2.7%.

Next update: 12 March

A 3. Productivity



**Manufacturing Productivity Index**  
**12 month percentage change**

<b>Annual average</b>	<b>Output per head</b>
<b>1992</b>	5.8%
<b>1993</b>	4.9%
<b>1994</b>	4.7%
<b>1995</b>	1.3%
<b>1996</b>	0.4%
<b>Monthly data</b>	
<b>Dec 1995</b>	-0.8%
<b>Jan 1996</b>	0.8%
<b>Feb 1996</b>	-0.1%
<b>Mar 1996</b>	0.2%
<b>Apr 1996</b>	-0.2%
<b>May 1996</b>	-0.2%
<b>Jun 1996</b>	0.0%
<b>Jul 1996</b>	0.4%
<b>Aug 1996</b>	-0.9%
<b>Sep 1996</b>	-0.1%
<b>Oct 1996</b>	0.7%
<b>Nov 1996</b>	0.8%
<b>Dec 1996</b>	2.4%

\* Manufacturing productivity growth slowed to 0.4% in 1996. Economy-wide productivity growth has also slowed since the early 1990s, but the decline has been less marked. In 1995, economy-wide productivity growth was higher than manufacturing productivity growth for the first time since 1980.

\* Economy-wide, the fall in productivity growth in 1995 was the result of a slowdown in output growth accompanied by stable employment growth.

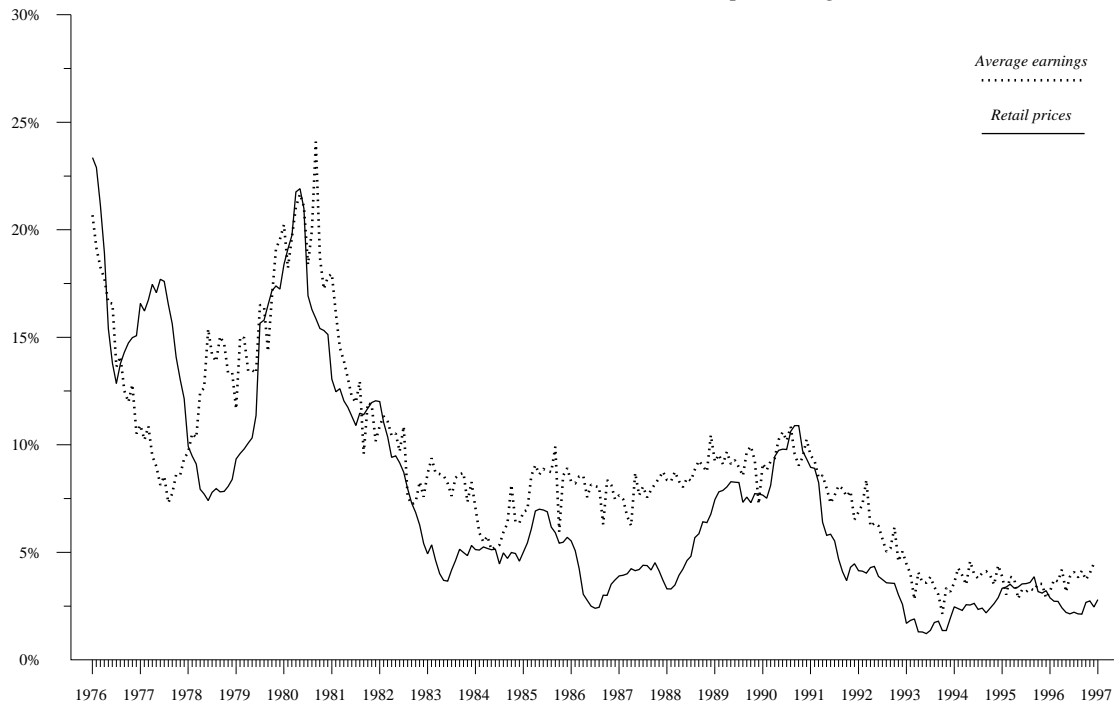
\* Manufacturing productivity growth in December 1996 was 2.4%, the highest monthly rate since early 1995.

Source: ONS Database (series DMOB)

Next update: 19 March

**B 1. Retail Prices and Average Earnings**

*percentage increase over 12 months*



<b>% increase on previous year</b>		
<b>Annual averages</b>	Prices	Earnings
1992	3.7	6.1
1993	1.6	3.4
1994	2.4	4.0
1995	3.5	3.4
1996	2.4	3.9
<b>Monthly data</b>		
Jan 1996	2.9	3.3
Feb 1996	2.7	3.7
Mar 1996	2.7	3.7
Apr 1996	2.4	4.1
May 1996	2.2	3.2
Jun 1996	2.1	3.9
Jul 1996	2.2	4.1
Aug 1996	2.1	3.9
Sep 1996	2.1	4.2
Oct 1996	2.7	3.7
Nov 1996	2.7	4.0
Dec 1996	2.5	4.5
Jan 1997	2.8	..

**Inflation** - consumer prices as measured by the all items RPI rose by 2.8% in the year to January 1997, up from 2.5% in the previous month.

The government's target measure of inflation, RPI(X), excludes the effect of mortgage interest payments (MIPs). RPI(X) in the year to January 1997 remained the same as December 1996's figure of 3.1%. Excluding the effects of MIPs and indirect taxes (RPI(Y)), prices rose by 2.8%.

**Earnings** - average gross earnings of employees in Great Britain rose by 4.5% in the year to December 1996. Similarly, the underlying rate, which takes account of staged agreements and bonuses, is estimated to be 4.5%.

This rise puts the actual level of average earnings of full-time employees at around £366.50 per week or £19,058 per year.

**Forecasts** - the Treasury's forecast at the time of the budget suggested that the RPI (less MIPs) will increase by 2.5% in the year to the fourth quarter of 1997.

The latest summary of independent forecasts suggests that the RPI (less MIPs) will rise by 2.8% in the year to the fourth quarter of 1997 and by 3.3% in the year to the fourth quarter of 1998.

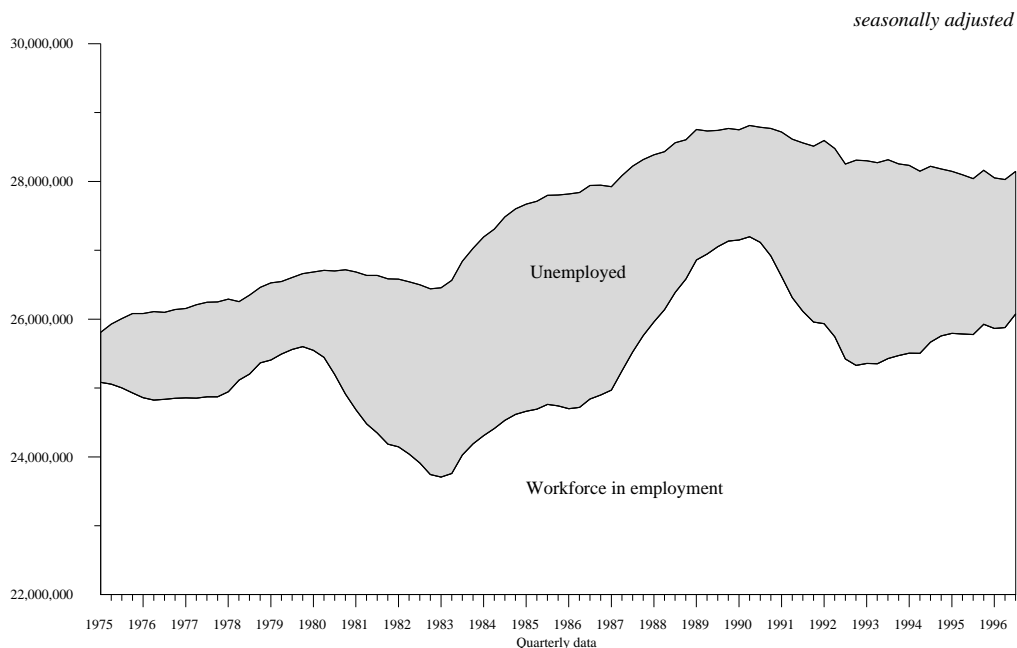
Independent forecasts predict average earnings to rise by 4.5% in 1997 and 5.0% in 1998.

Sources: ONS Database series CHAW & DNAB

Next update: Prices 20 March  
Earnings 19 March



C 1. Employment



United Kingdom; seasonally adjusted; thousands

September	Employees in employment	Self employed	Work related		Workforce in employment
			HM Forces	govt-supported training	
<b>1992</b>	21,590	3,230	284	317	25,421
<b>1993</b>	21,660	3,193	267	306	25,426
<b>1994</b>	21,824	3,307	246	289	25,664
<b>1995</b>	21,996	3,332	228	220	25,776
<b>1996</b>	22,293	3,368	218	197	26,076
<b>Changes 1995 to 1996</b>					
<b>000s</b>	297	36	-10	-23	299
<b>%</b>	1.3%	1.1%	-4.4%	-10.6%	1.2%

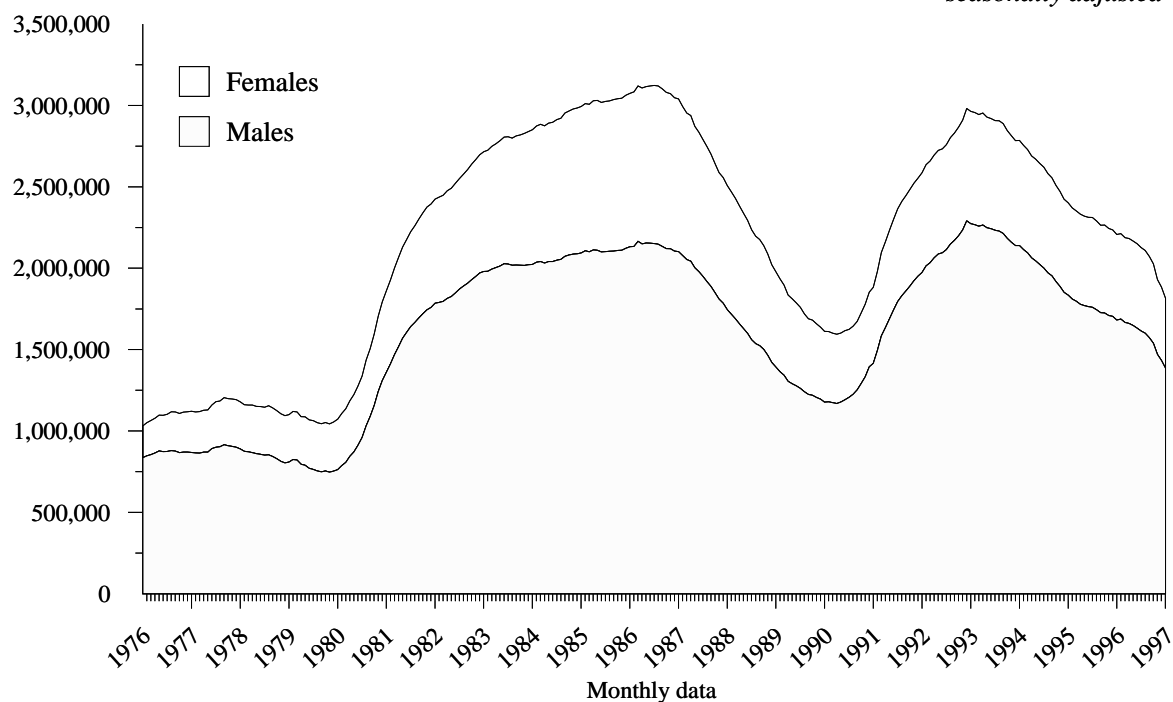
Source: ONS First Release: Labour Market Statistics (ONS(97) 8)

- \* The workforce in employment in September 1996 was 299,000 higher than in September 1995 and 517,000 higher than in September 1979. Both the number of employees and the number self-employed grew by just over 1 per cent in the year to September 1996.
- \* In September 1996, 46% of the workforce in employment were female.
- \* The self-employed in September 1996 represented 13% of workforce in employment compared to 8% in September 1979.
- \* In September 1996 12% of male and 46% of female employees were part-time, totalling 6.4 million employees.

Next update: 19 March

C 2. Unemployment: National

*Unemployed claimants: UK  
seasonally adjusted*



*Seasonally adjusted*

**Unemployed Claimants UK**

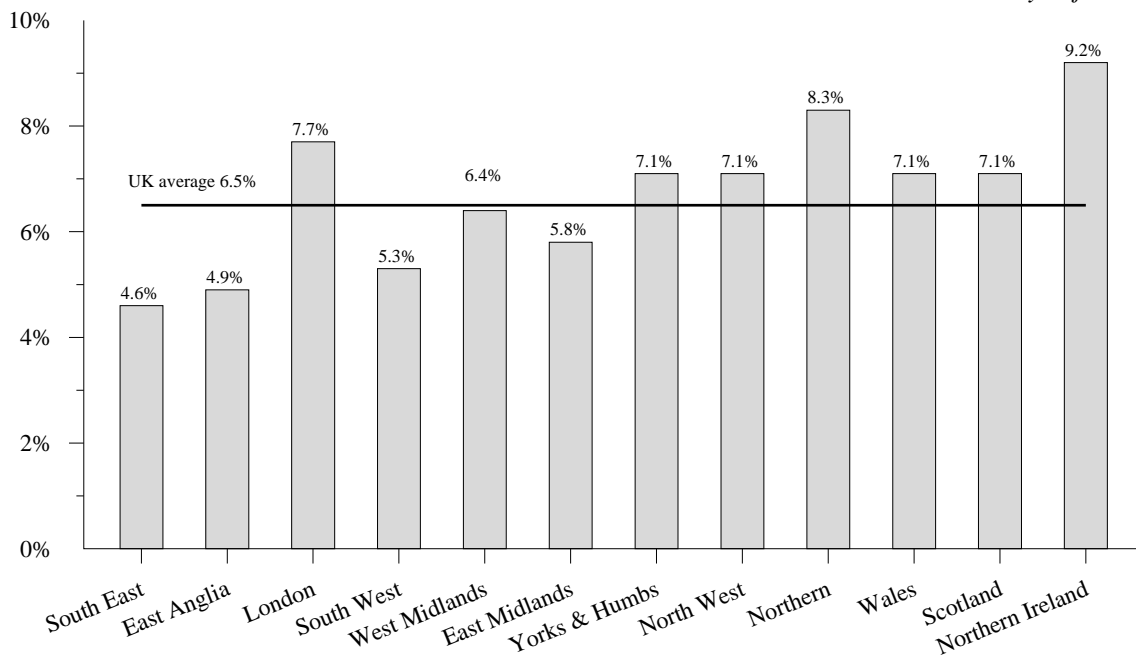
Annual averages	Number	% of workforce	Unemployment - fell by 17.7% in the year to January 1997. The January 1997 total is
1992	2,765,000	9.7	33% lower than April 1992
1993	2,900,600	10.3	36% lower than in June 1987
1994	2,619,300	9.3	35% lower than in June 1983
1995	2,308,200	8.3	67% higher than in May 1979
1996	2,104,600	7.5	(all figures adjusted for seasonality and discontinuities)
<b>Monthly data</b>			<b>% Rates</b> - as a proportion of the workforce the December totals give unemployment rates of:
Jan 1996	2,206,800	7.9	8.8% for males 3.5% for females 6.5% overall
Feb 1996	2,212,300	7.9	
Mar 1996	2,186,700	7.8	
Apr 1996	2,182,400	7.8	<b>Forecasts</b> - an average of independent forecasters predicts that unemployment will fall to 1.69 million by the fourth quarter of 1997 and 1.56 million by the fourth quarter of 1998.
May 1996	2,166,300	7.7	
Jun 1996	2,150,300	7.7	
Jul 1996	2,126,000	7.6	
Aug 1996	2,108,700	7.5	
Sep 1996	2,070,800	7.4	
Oct 1996	2,025,200	7.2	
Nov 1996	1,929,800	6.9	
Dec 1996	1,883,100	6.7	
Jan 1997	1,815,300	6.5	

Source: ONS - NOMIS Database

Next update: 19 March

C 3. Unemployment: Regional

*% of workforce  
January 1997  
seasonally adjusted*



**%change January 1996 to 1997**

Region	%
South East (Excl. London)	-23.8
East Anglia	-17.4
London	-17.5
South West	-19.9
West Midlands	-18.8
East Midlands	-20.7
Yorks & Humbs	-16.1
North West	-15.0
Northern	-18.0
Wales	-13.4
Scotland	-10.5
Northern Ireland	-17.5
<b>United Kingdom</b>	<b>-17.7</b>

**% Rates** - as a proportion of the workforce, January unemployment rates are now below 10% in all regions of the the UK. Unemployment rates are higher than the national average of 6.5% in seven regions:

Region	%
Northern Ireland	9.2
Northern	8.3
London	7.7
Yorkshire and Humberside	7.1
North West	7.1
Scotland	7.1
Wales	7.1

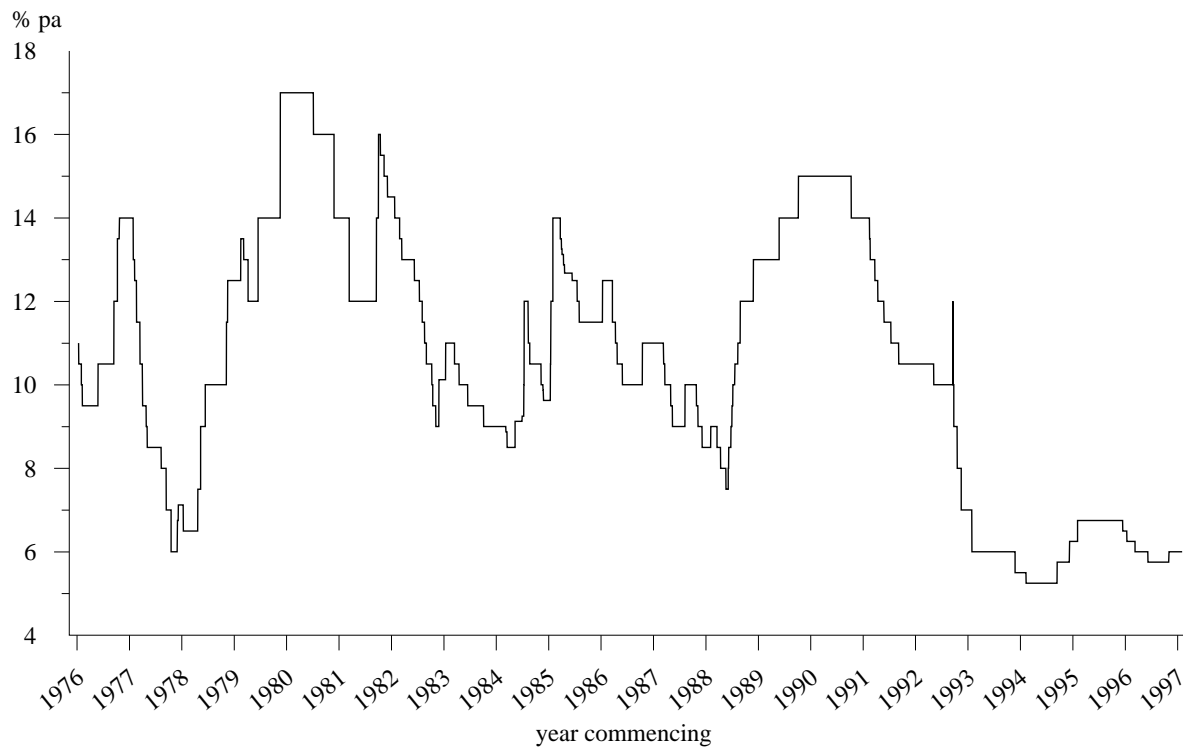
**Rates of change** - In January the number of unemployed claimants in the UK fell by 67,800 - not as large as the record fall of 95,400 which occurred between October and November. Unemployment levels in the UK are now the lowest since December 1990.

Source: ONS - NOMIS Database

Next update: 19 March

D 1. Interest Rates

Base Rates



per cent per annum

Date of Change		New Rate	Date of Change		New Rate	
1989	May 24	14.00	1992	Oct 16	8.00	
	Oct 5	15.00		Nov 13	7.00	
1990	Oct 8	14.00	1993	Jan 26	6.00	
1991	Feb 13	13.50		Nov 23	5.50	
	Feb 27	13.00	1994	Feb 8	5.25	
	Mar 22	12.50		Sep 12	5.75	
	Apr 12	12.00		Dec 7	6.25	
	May 24	11.50		1995	Feb 2	6.75
	Jul 12	11.00			Dec 13	6.50
	Sep 4	10.50	1996	Jan 11	6.25	
1992	May 5	10.00		Mar 8	6.00	
	Sep 16	12.00		June 6	5.75	
	Sep 17	10.00		Oct 30	6.00	
	Sep 22	9.00				

\* Interest rates were increased by a quarter of a point on 30 October. The increase was justified on the grounds of recent increases in the government's target measure of inflation and other signs of buoyant growth. Expectations of interest rate rises are thought to have been a factor behind a rise in the value of sterling.

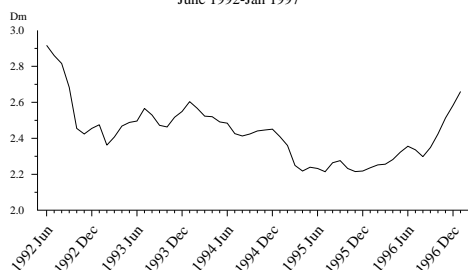
\* A rate of 15.0% p.a. was announced on 16th September 1992 but was cancelled before becoming effective.

D 2. Exchange Rates

*Sterling Exchange Rate Index*  
1990=100



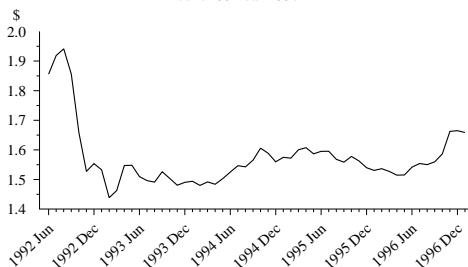
**Sterling-Deutschemark Exchange Rate**  
June 1992-Jan 1997



\* The graphs opposite show the average sterling monthly exchange rates against the Deutschemark and the US dollar since June 1992.

\* The London sterling closing rates at 25th February 1997 were as follows: DM 2.7386; US\$ 1.63; Yen 199.364.

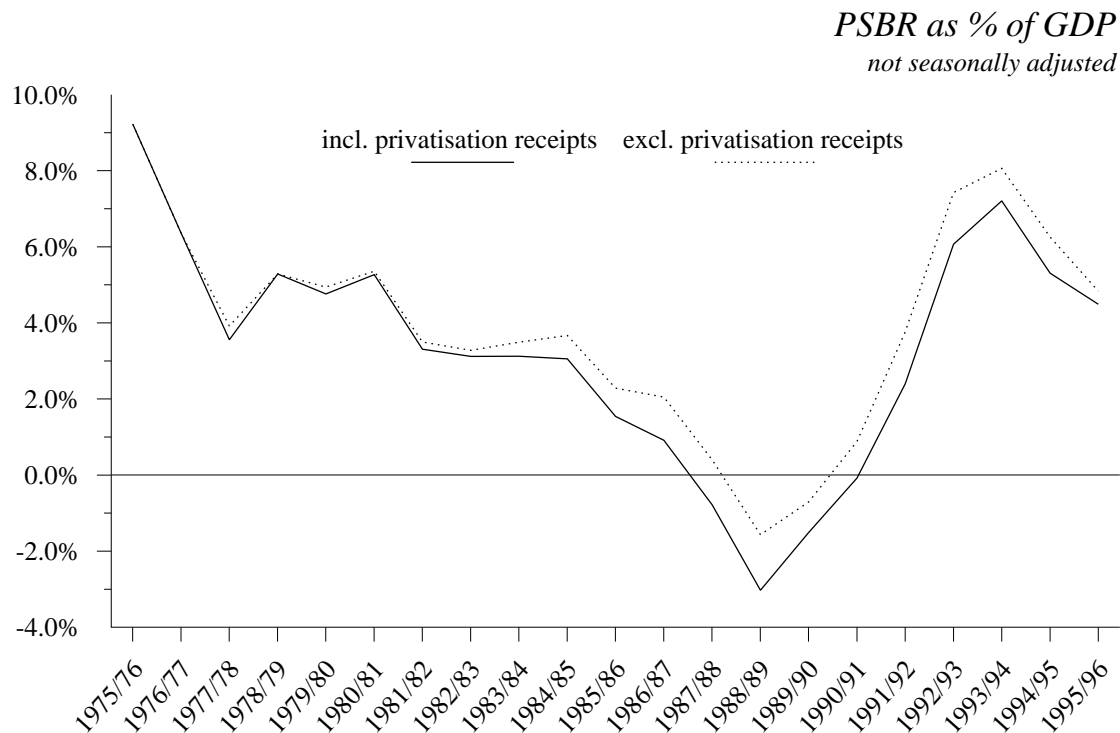
**Sterling-US Dollar Exchange Rate**  
June 1992-Jan 1997



\* The strong performance of sterling in 1996 continued into the New Year. In a complicated balance of expectations, a possible rise in UK interest rates to counter strong growth and expectations of rising inflation has supported sterling's rise. However, that same rise in sterling was also a factor behind the Chancellor's recent decision not to raise interest rates. Following this decision initially some of its recent gains were reversed, however, the upward trend has now reasserted itself.

Source: ONS Database Series AJFH, AJFA, AJHX; Financial Times

D 3. PSBR



**Public Sector Borrowing Requirement**

	PSBR		PSBR excl privatisation receipts	
	Total £ billion	As a % of GDP	Total £ billion	As a % of GDP
<b>1990/91</b>	-0.6	-0.1%	4.7	0.9%
<b>1991/92</b>	13.8	2.4%	21.7	3.8%
<b>1992/93</b>	36.3	6.1%	44.5	7.4%
<b>1993/94</b>	45.4	7.2%	50.8	8.1%
<b>1994/95</b>	35.9	5.3%	42.3	6.3%
<b>1995/96</b>	31.7	4.5%	34.2	4.8%

Source: ONS Database Series ABEN, ABII, CAOB

\* The PSBR for the whole of 1995/96 was £31.7 billion (4.5% of GDP) compared to £35.9 billion (5.3% of GDP) in 1994/95. The PSBR excluding privatisation receipts was £34.2 billion (4.8% of GDP) compared to £42.3 billion (6.3% of GDP) in 1994/95.

\* In the first ten months of 1996/97 the PSBR totalled £10.3 billion, compared with £19.3 billion in the same period of 1995/96.

\* In the 1996 Budget, the Treasury forecast PSBRs of £26.4 billion in 1996/97 and £19 billion in 1997/98. The average of independent forecasts suggests a slightly lower outcome of £26.1 billion in 1996/97, but a higher figure of £21.5 billion in 1997/98.

Next update: 18 March

D 4. Money Supply

*% change on previous year*



**Money Stock -Change on previous 12 months and 3 months annualised (seasonally adjusted)**

	M0		M4	
	3 month annualised % rate of change	annual % change	3 month annualised % rate of change	annual % change
<b>1996 January</b>	5.9%	5.4%	12.6%	10.5%
<b>1996 February</b>	7.2%	6.2%	10.0%	10.0%
<b>1996 March</b>	5.0%	5.6%	11.4%	9.8%
<b>1996 April</b>	8.6%	5.8%	8.6%	10.0%
<b>1996 May</b>	5.5%	6.4%	10.5%	9.9%
<b>1996 June</b>	7.8%	7.4%	8.5%	9.9%
<b>1996 July</b>	7.1%	7.1%	8.1%	9.1%
<b>1996 August</b>	9.4%	7.4%	8.7%	9.5%
<b>1996 September</b>	5.5%	7.0%	9.5%	9.9%
<b>1996 October</b>	7.0%	7.5%	12.1%	9.3%
<b>1996 November</b>	6.8%	7.4%	13.4%	10.8%
<b>1996 December</b>	9.4%	7.0%	7.6%	9.5%

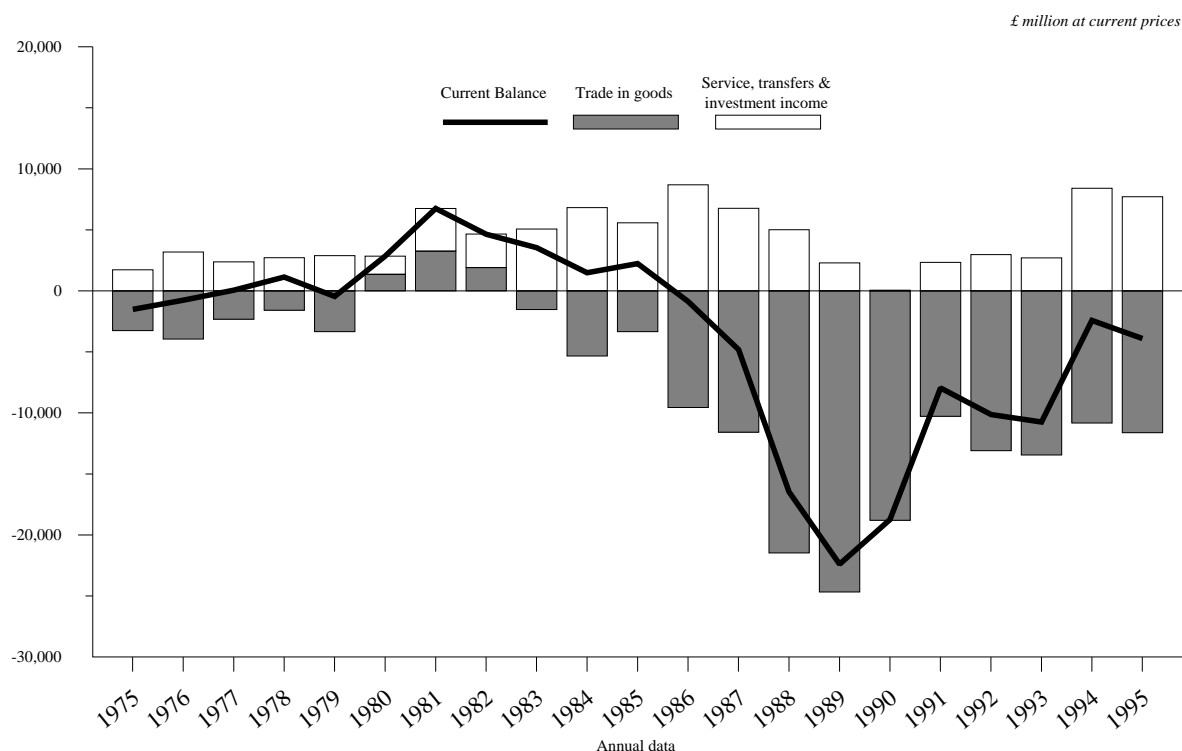
Source: Bank of England: Monetary & Financial statistics, January 1997

\* M0 comprises notes and coins in circulation outside the Bank of England *plus* bankers' operational deposits with the Bank. M4 is a broad measure of money consisting of the private sector's holdings of cash, and sterling deposits held by the private sector at both banks and building societies.

\* The Medium Term Financial Strategy (MTFS) announced in the March 1993 Budget set a monitoring target of 0 to 4 per cent for the growth of M0 and 3 to 9 per cent for the growth of M4. These targets were unchanged in the November 1996 Budget.

Next update: 18 March

## E 1. International Trade



**UK Balance of Payments Current Account**  
*£ million seasonally adjusted BoP basis*

	Trade in goods			Services, transfers & investment income	Current Balance
	Exports	Imports	Balance		
<b>1994</b>	<b>134,666</b>	<b>145,497</b>	<b>-10,831</b>	<b>8,412</b>	<b>-2,419</b>
<b>1995</b>	<b>152,346</b>	<b>163,974</b>	<b>-11,628</b>	<b>7,714</b>	<b>-3,914</b>
<b>1996</b>	<b>166,092</b>	<b>178,560</b>	<b>-12,468</b>	<b>-</b>	<b>-</b>
<b>1995 Q3</b>	<b>38,669</b>	<b>42,188</b>	<b>-3,519</b>	<b>1,768</b>	<b>-1751</b>
<b>1995 Q4</b>	<b>39,222</b>	<b>42,448</b>	<b>-3,226</b>	<b>2,034</b>	<b>-1192</b>
<b>1996 Q1</b>	<b>40,610</b>	<b>44,187</b>	<b>-3,577</b>	<b>2,516</b>	<b>-1270</b>
<b>1996 Q2</b>	<b>41,381</b>	<b>44,641</b>	<b>-3,260</b>	<b>3,515</b>	<b>447</b>
<b>1996 Q3</b>	<b>41,457</b>	<b>44,664</b>	<b>-3,207</b>	<b>2,857</b>	<b>-116</b>
<b>1996 Q4</b>	<b>42,135</b>	<b>44,776</b>	<b>-2,641</b>	<b>-</b>	<b>-</b>

Source: ONS database; ONS News Release (97)49, dated 26 February 97

- \* **Trade in Goods balance** - the deficit for the fourth quarter of 1996 is estimated at £2.6bn, lower than the figure for the previous quarter and for the fourth quarter of 1995. The deficit for the whole of 1996 is estimated at £12.5bn, compared with a deficit of £11.6 bn for 1995. Although the trend is erratic, the latest estimate suggests that the deficit is narrowing.
- \* **Trade in Services** - showed a surplus of £1.8bn in the third quarter of 1996, the same as the revised surplus in the second quarter. The total for the first three quarters of 1996 is £4,869 million.
- \* **Investment Income** - investment income showed a surplus of £1.9bn in the third quarter 1996, considerably lower than in the second quarter (£3.1bn). The surplus for the first three quarters of 1996 is estimated at some £7.5bn.
- \* **Transfers** - the deficit on transfers fell substantially to £0.8bn in the third quarter of 1996, compared to £1.3bn in the second quarter.
- \* **Current balance** - The current account deficit is estimated at some £0.4bn in the third quarter of 1996, compared to a surplus of £0.3bn in the second quarter.

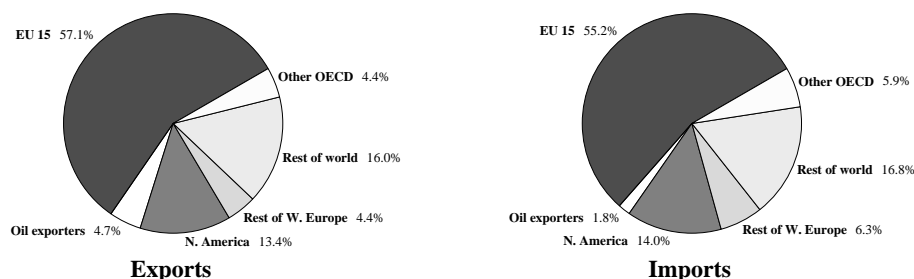
*Next update: 26 March*



## E 2. Trade in Goods

## Shares of visible trade by area:1996

BoP basis



\*

**Export and import volume indices and trade in goods balances  
seasonally adjusted; BoP basis**

	Volume Index 1990=100		Trade balance (£m)		
	Exports	Imports	Total balance	Excluding oil	Excluding oil and erratic items (a)
<b>1994</b>	118.5	109.2	-10,831	-14,734	-15,489
<b>1995</b>	127.1	113.8	-11,628	-15,858	-16,841
<b>1996</b>	136.6	123.9	-12,468	-17,390	-18,982
<b>1995 Q2</b>	124.3	112.8	-3,333	-4,370	-4,380
<b>1995 Q3</b>	128.9	115.9	-3,519	-4,329	-4,282
<b>1995 Q4</b>	128.8	115.8	-3,226	-4,411	-4,720
<b>1996 Q1</b>	133.3	122.4	-3,786	-4,971	-5,308
<b>1996 Q2</b>	136.0	123.0	-3,068	-4,153	-4,209
<b>1996 Q3</b>	137.3	124.5	-2,973	-4,128	-4,532
<b>1996 Q4</b>	139.6	125.9	-2,641	-4,138	-4,933

Note: (a) ships, aircraft, precious stones and silver.

Source: ONS database, ONS First Release (97)49 dated 26 February 97

**Trade by Area**

**EU:** In the last quarter of 1996, the UK had a balance on trade in goods of £955 million, which compares with a deficit of £941 million in the three months ended September 1996. The deficit on trade in goods with EU members for 1996 is estimated at £3.7bn, compared with £4.2bn for 1995. In the fourth quarter of 1996, the main growth in exports (in value terms) has come from exports to France and Benelux countries. In 1996 the enlarged European Union (EU 15) received 57.1% of UK exports and supplied 55.2% of all UK imports.

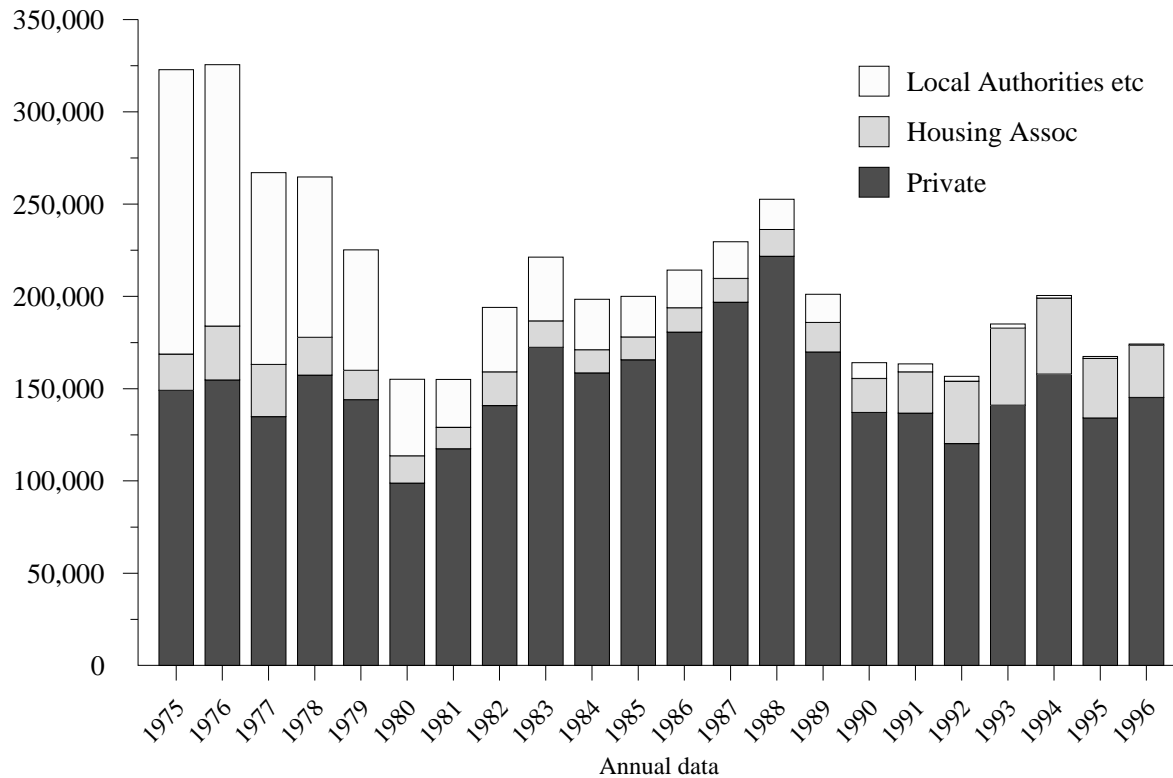
**Non EU:** The deficit on trade in goods with non-EU countries in 1996 is estimated at £8.7bn compared with a deficit of £7.4bn in 1995. The main rise in exports was to Oil Exporting Countries, which rose by a third, principally the result of increased exports to Saudi Arabia. A rise in imports from Other Western Europe was more than offset by a drop in imports from North America.

\* **Volume of Trade (excluding oil and erratics).** In the fourth quarter of 1996, the volume of exports were virtually unchanged while imports rose one per cent compared with the previous quarter. In 1996 as a whole the volume of exports rose by 7<sup>1</sup>/<sub>2</sub> per cent and imports rose by 9<sup>1</sup>/<sub>2</sub> per cent compared with 1995. Latest estimates of trends show export volumes flat and import volumes rising slightly.

\* **Trade in Oil.** The surplus on trade in oil in 1996 was £4.9bn compared with £4.2 billion in 1995.

Next update: 26 March

**F 1. Housing Starts**



**New Dwellings Started - Great Britain  
(thousands)**

	Private	Housing Assocs	Local Auth's etc	Total
<b>1992</b>	120.2	33.8	2.7	<b>156.7</b>
<b>1993</b>	141.0	41.8	2.2	<b>185.0</b>
<b>1994</b>	157.9	41.2	1.4	<b>200.5</b>
<b>1995</b>	134.1	32.3	1.0	<b>167.3</b>
<b>1996</b>	145.2	28.3	0.7	<b>174.2</b>
<i>seasonally adjusted</i>				
<b>1996 Q3</b>	38.4	7.1	0.3	<b>45.8</b>
<b>1996 Q4</b>	41.1	6.6	0.1	<b>47.8</b>
<b>Oct 96</b>	14.1	2.1	0.0	<b>16.2</b>
<b>Nov 96</b>	13.5	2.5	0.1	<b>16.1</b>
<b>Dec 96</b>	13.5	2.0	0.0	<b>15.5</b>

\* Seasonally adjusted total starts in October-December 1996 were 4% higher than in the previous three months and 24% higher than in October-December 1995.

\* Overall starts in 1996 were 4% higher than in 1995, but remain 23% lower than in 1979.

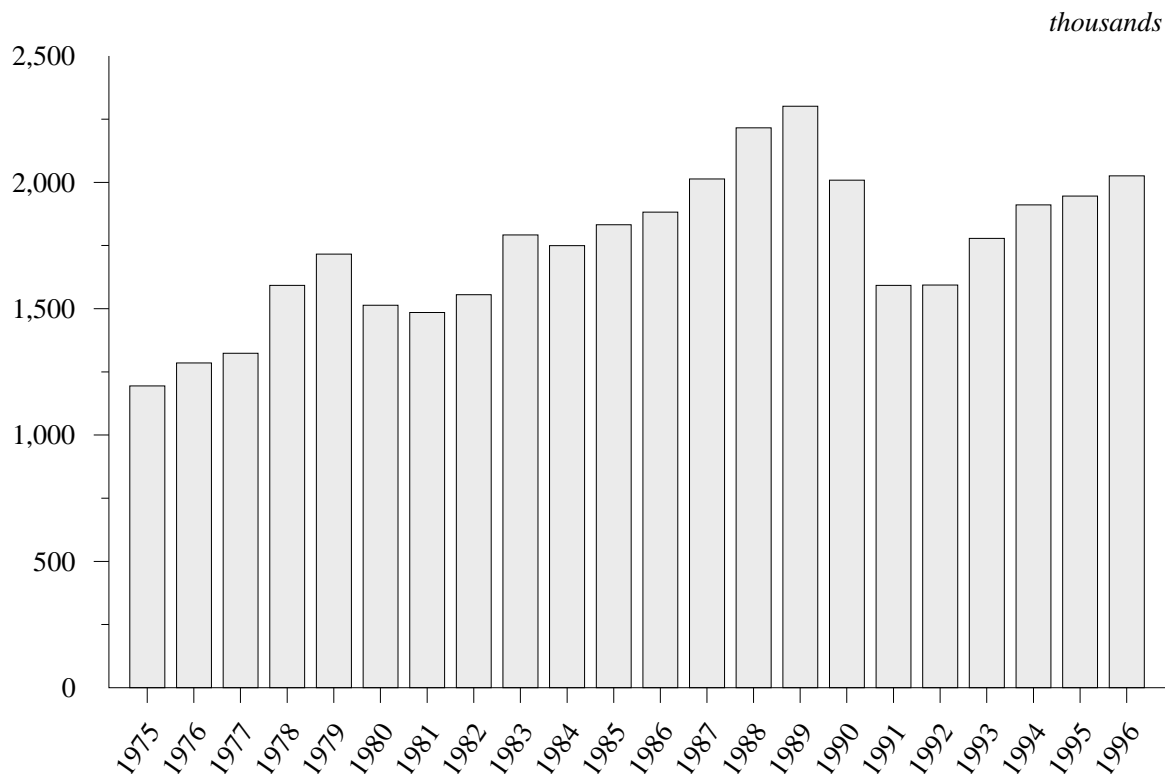
\* Local authorities started only 700 dwellings in 1996 - 0.4% of the total.

\* Private sector starts in 1996 were up 8% on the previous year, but housing association starts were 12% lower than in 1995.

Source: DoE Information Bulletin (049), 4 Feb 1997

Next update: 7 March

F 2. New Registrations of Cars



**New Registrations of Cars**  
*not seasonally adjusted*

	<b>Number thousands</b>	<b>Change over 12 months</b>
<b>1991</b>	1,592	-20.7%
<b>1992</b>	1,594	0.1%
<b>1993</b>	1,778	11.6%
<b>1994</b>	1,911	7.5%
<b>1995</b>	1,945	1.8%
<b>1996</b>	2,025	4.1%
<b>1997 (forecast)</b>	2,050	1.2%
<b>Jan 1997</b>	207	7.8%

\* Latest annual figures from the SMMT show just over 2 million new registrations of cars in 1995 - 4.1% higher than in 1994 and the highest level since 1989.

\* The SMMT is forecasting a further slight increase in 1997. If realised, this would make 1997 the 6<sup>th</sup> successive annual increase in new registrations.

\* 206,784 cars were registered in January 1997, an increase of 7.8% on January 1996.

\* There was strong growth in all three sales groups: private registrations were up 7.6% on January 1996; fleet registrations were up 5.2% and business registrations were up 27.2%.

\* 65% of cars registered in January 1997 were imported; 19% were diesel and 56% were fleet or business registrations.

Source: SMMT "Monthly Statistical Review" Jan 1997

Next update: mid March

F 3. Retail Sales



**Retail Sales Volume Index: All Retailers**

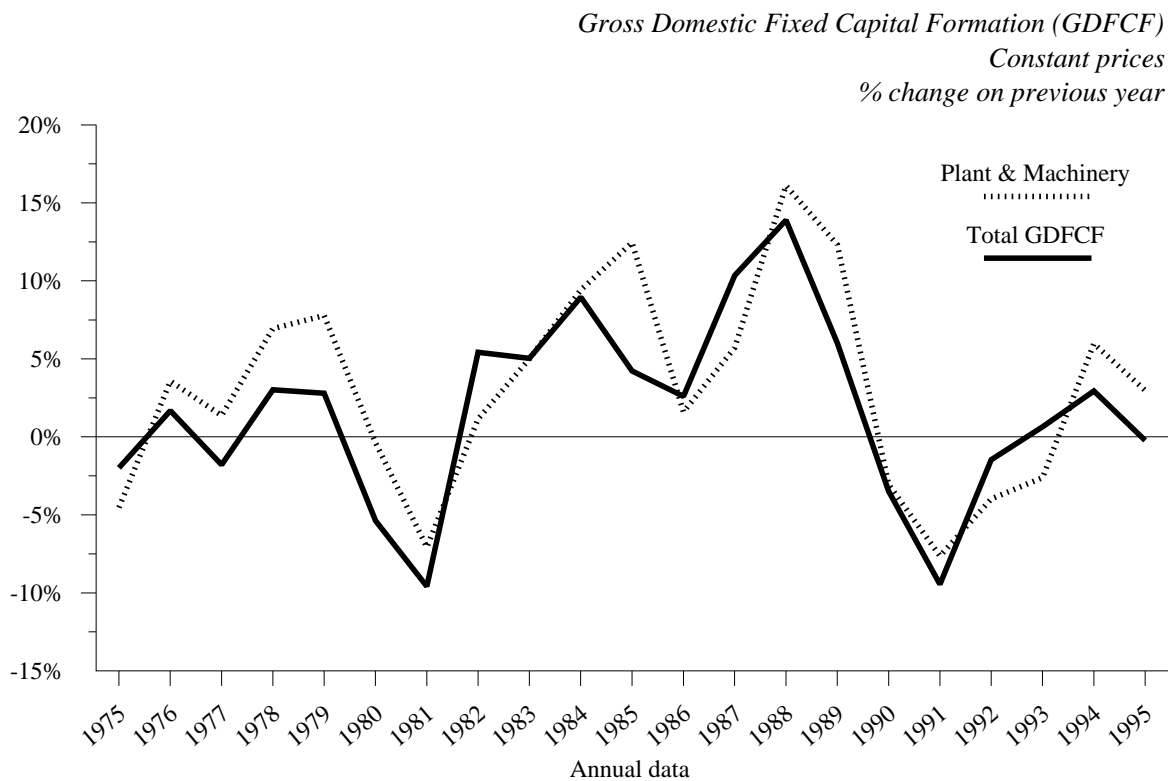
	<b>Index Number 1990=100</b>	<b>12 Month Change</b>		
1992	99.4	0.7%	*	Retail sales volume index increased by 2.9% in 1996 over 1995 (provisional figures).
1993	102.4	3.0%		
1994	106.2	3.7%		
1995	107.5	1.2%	*	Sales in the most recent 3-month period were 3.9% up on the same period last year and 0.9% up on the previous 3 months.
1996	110.6	2.9%		
1996 Jul	110.5	2.3%		* Based on non-seasonally adjusted data, the average weekly value of retail sales in January was £3,040 million, 7.1% higher than in January 1996.
Aug	111.5	4.3%	*	
Sep	111.3	3.6%		
Oct	111.9	4.3%		
Nov	113.0	4.2%		
Dec	112.0	2.9%		
Jan	112.7	4.6%		

Note: weekly average, seasonally adjusted

Source: ONS database series EAPS

Next update: 19 March

F 4. Investment



**GDFCF (£ million) at 1990 prices, seasonally adjusted**

	Vehicles, Ships & Aircraft	Plant & Machinery	Other New (i) Building & Works	Dwellings	Total
<b>1993</b>	8,727	31,749	36,449	19,661	96,586
<b>1994</b>	9,641	33,645	35,867	20,264	99,417
<b>1995</b>	9,004	34,644	35,474	20,065	99,187
<b>1996</b>	-	-	-	-	101,298
<b>1995 Q4</b>	2,230	8,729	8,861	4,952	24,772
<b>1996 Q1</b>	2,198	9,156	8,884	4,945	25,183
<b>1996 Q2</b>	2,983	8,684	8,957	5,067	25,691
<b>1996 Q3</b>	2,242	8,821	9,011	5,111	25,185
<b>1996 Q4</b>	-	-	-	-	25,239

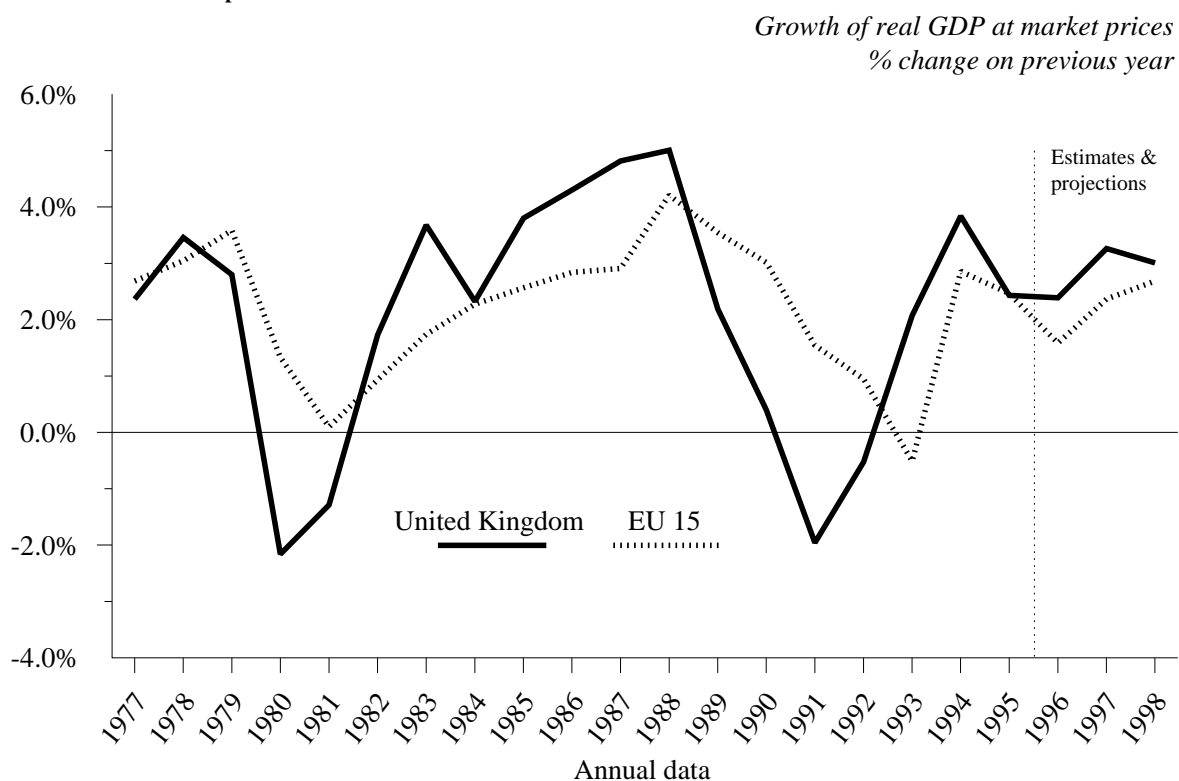
Note (i) including transfer of costs of land and buildings

Source: ONS Database Series DEBP, DEBO, DFCV, DFEA, DFEC, DECU

- \* GDFCF is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets.
- \* In 1996 total GDFCF (at 1990 prices) is estimated to have risen by 2.1% compared with 1995, which in turn was broadly unchanged from the level in 1994. However, GDFCF in 1996 was still 9.1% lower than the peak in 1989.
- \* In the fourth quarter of 1996, total GDFCF rose by 0.2% compared with the third quarter. When compared with the fourth quarter of 1995, total GDFCF was 1.9% higher.
- \* A more detailed breakdown for the third quarter of 1996 shows that fixed investment in all categories was higher than in the same quarter of 1995.

Next update: 24 March

G 1. International Comparisons: Growth



Annual Growth of GDP at Constant Market Prices

	1993	1994	1995	1996	1997	1998
				<i>estimate</i>	<i>projection</i>	<i>projection</i>
United States	2.3%	3.5%	2.0%	2.4%	2.2%	2.0%
Japan	0.1%	0.5%	0.9%	3.6%	1.6%	3.7%
Germany	-1.1%	2.9%	1.9%	1.1%	2.2%	2.6%
France	-1.3%	2.8%	2.2%	1.3%	2.5%	2.6%
Italy	-1.2%	2.1%	3.0%	0.8%	1.2%	2.1%
United Kingdom	2.1%	3.8%	2.4%	2.4%	3.3%	3.0%
Canada	2.2%	4.1%	2.3%	1.5%	3.3%	3.3%
OECD	1.0%	2.7%	2.0%	2.4%	2.4%	2.7%
EU 15	-0.5%	2.9%	2.5%	1.6%	2.4%	2.7%

Source OECD Economic Outlook December 1996 table A1

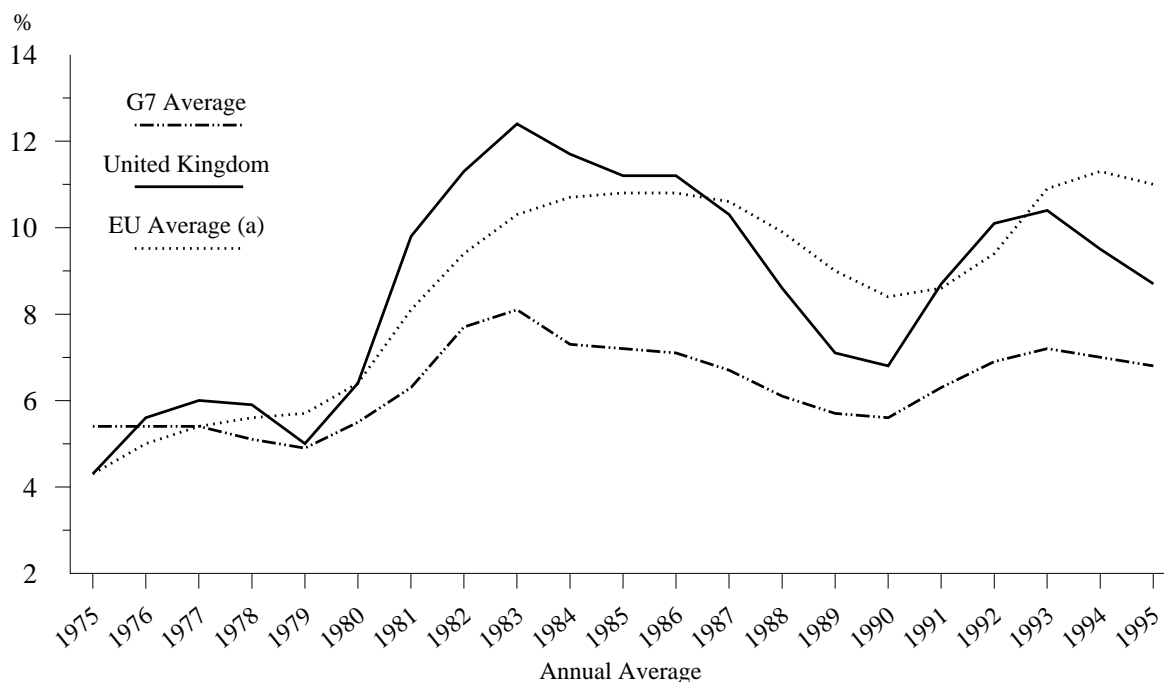
\* The table and graph above reflect projections in the December 1996 edition of the OECD's *Economic Outlook*.

\* UK growth in 1997 is projected to be 3.3% compared to an EU average of 2.4%. Together with Canada, the UK is projected to have the fastest growth rate of the G7 countries.

Next update: mid-June

G 2. International Comparisons - Unemployment

% of labour force  
standardised



(a) EU 15 from 1992 onwards

Unemployed as % of labour force  
Standardised and seasonally adjusted

	1994	1995	1996 Q1	1996 Q2	1996 Q3
Canada	10.4	9.5	9.5	9.6	9.7
USA	6.1	5.6	5.6	5.4	5.3
Japan	2.9	3.1	3.3	3.5	3.3
France	12.3	11.6	12.1	12.2	12.4
Germany	8.4	8.2	8.9	8.9	9.0
Italy	11.4	11.9	12.0	12.0	na
UK	9.6	8.8	8.4	8.3	8.1
EU 15	11.1	10.8	10.9	10.9	10.9
G7	7.1	6.8	6.9	6.9	6.8
OECD	7.9	7.5	7.6	7.6	7.5

\* UK unemployment is lower than the EU average but higher than the G7 & OECD averages.

\* In 1996 Q2 eight EU countries (out of the fourteen for which figures are available - none for Greece) had higher unemployment rates than the UK - Belgium (9.8%), Finland (16.2%), France (12.2%), Germany (8.9%), Ireland (12.5%), Italy (12.0%), Spain (22.3%) and Sweden (22.1%).

\* Unemployment rates in other OECD countries for 1996 Q2 include: Australia (8.5%), New Zealand (6.1%) and Norway (5.0%) and Switzerland (3.7%).

Source: OECD Main Economic Indicators, Feb 1997

Next update: late March

## G 3. International Comparisons - Prices

Consumer Price Index  
percentage increase on previous year

(a) EU 15 from 1992 onwards

## Consumer Price Index - percentage change over 12 months

	1994	1995	1996p	Oct 96	Nov 96	Dec 96
<b>United States</b>	2.6	2.8	2.9	3.0	3.3	3.3
<b>Japan</b>	0.7	-0.2	0.2	0.6	0.1	0.2
<b>Germany</b>	2.6	1.8	1.5	1.5	1.4	1.4
<b>France</b>	1.8	1.6	2.1	1.8	1.6	1.7
<b>Italy</b>	4.0	5.2	3.8	3.1	2.8	2.7
<b>United Kingdom</b>	2.5	3.4	2.4	2.7	2.7	2.5
<b>Canada</b>	0.2	2.1	1.6	1.8	2.0	2.2
<b>EU 15</b>	3.0	3.1	2.5	2.4	2.2	2.2

Source: Eurostat

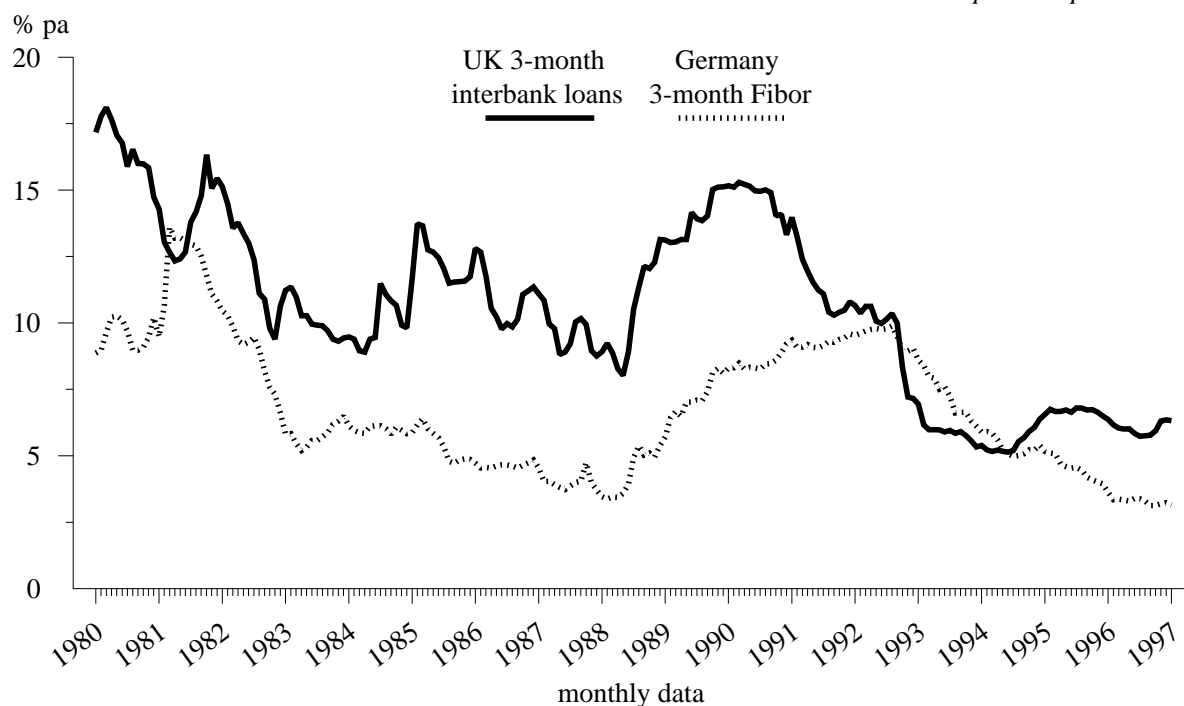
- \* The UK inflation rate in December 1996 (2.5% pa) was the third highest among G7 countries; Italy (2.7% pa) and the USA (3.3% pa) had higher rates of inflation.
- \* Four EU countries had higher annual rates of inflation than the UK: Greece (7.5% pa), Spain (3.2% pa), Portugal (3.3% pa) and Italy (2.7% pa). The Netherlands' annual inflation rate was the same as the UK's.
- \* In December 1996 the EU15 inflation rate (2.2% pa) equalled the record low recorded in November.
- \* Sweden's negative inflation rate in December (-0.2% pa) was the lowest in the EU, followed by Finland (0.8% pa).
- \* Price levels in Japan are almost unchanged on a year ago. The inflation rate (0.2% pa) was the lowest among G7 countries in December 1996.

Next update: mid March



G 4. International Comparisons - Interest Rates

*Short-term Interest Rates  
per cent per annum*



Short-Term Interest Rates as at 28 Feb 1997

	3-month rate (% pa)
London	6 <sup>1</sup> / <sub>4</sub>
New York	5 <sup>7</sup> / <sub>16</sub>
Frankfurt	3 <sup>3</sup> / <sub>16</sub>
Tokyo	13 <sup>1</sup> / <sub>32</sub>
Paris	3 <sup>5</sup> / <sub>16</sub>
Milan	7 <sup>1</sup> / <sub>4</sub>
Brussels	3 <sup>11</sup> / <sub>32</sub>

\* Short-term interest rates in London are currently more than 3% points above those in Frankfurt. This follows a period between October 1992 and May 1994 when UK rates were below those in Germany.

\* The latest three-month interest rates as at 28 February are shown in the table opposite.

Source: Financial Times 28 February 1997

Recent Library Research Papers have been:

<b>97/21</b>	The Police Bill [Bill 88 of 1996/97]: National Policing Structures	11.02.97
<b>97/22</b>	The Police Bill [Bill 88 of 1996-97]: Intrusive Surveillance	11.02.97
<b>97/23</b>	Police Bill [HL] [Bill 88 of 1996/97]: Access to Criminal Records	10.02.97
<b>97/24</b>	Unemployment by Constituency - January 1997	12.02.97
<b>97/25</b>	Late Payment of Commercial Debt	12.02.97
<b>97/26</b>	Voting Systems - The Alternatives	13.02.97
<b>97/27</b>	Update on BSE and CJD	14.02.97
<b>97/28</b>	House of Lords 'Reform': Recent Proposals	17.02.97
<b>97/29</b>	EMU: the convergence criteria	25.02.97
<b>97/31</b>	VAT Harmonisation	27.02.97