

Economic Indicators

Research Paper 97/84

1 July 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.

This edition includes a note looking at the background to this month's budget.

Nicola Chedgey (Editor)
Economic Policy & Statistics Section

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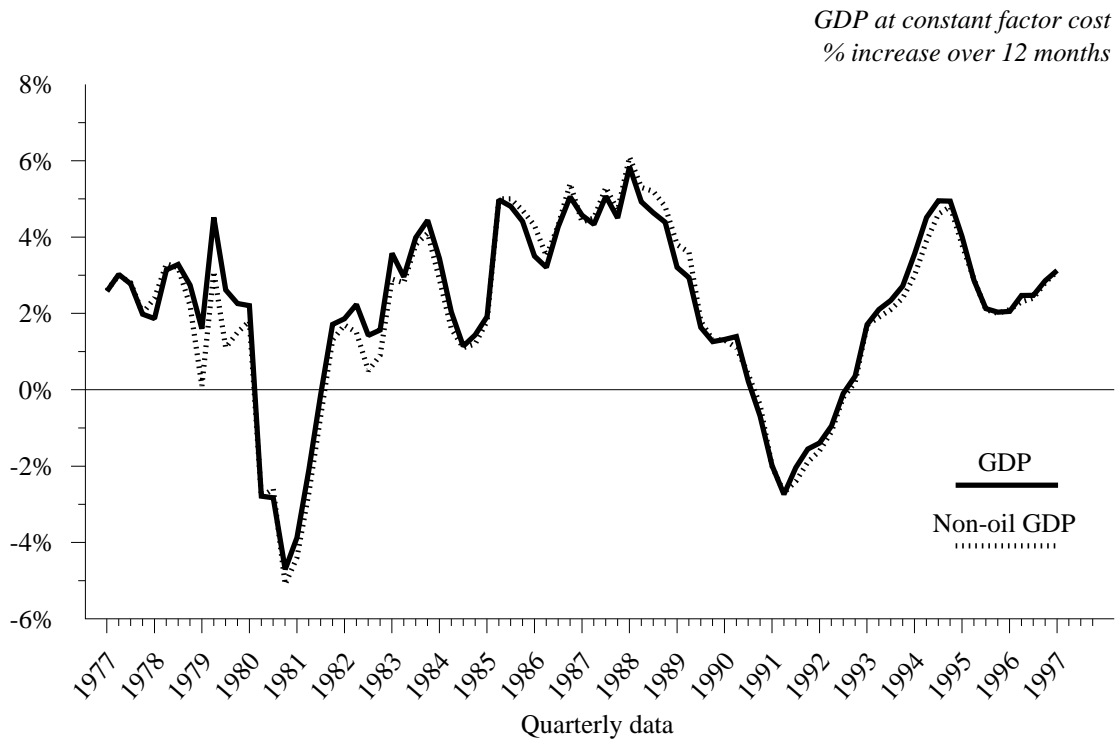
I Contacts for further information

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



Gross Domestic Product (GDP)

	GDP <i>at constant factor cost 12 month change</i>	Non-Oil GDP <i>at constant factor cost 12 month change</i>	GDP <i>£ billion at current market prices</i>	GDP <i>£ billion at current factor cost</i>
1994	4.5%	4.1%	669.1	580.1
1995	2.8%	2.7%	704.2	608.1
1996	2.5%	2.4%	742.3	642.9
1996 Q1	2.1%	2.1%	182.3	157.7
1996 Q2	2.5%	2.3%	183.7	159.2
1996 Q3	2.5%	2.4%	186.2	161.3
1996 Q4	2.9%	2.8%	190.1	164.7
1997 Q1	3.1%	3.1%	192.3	166.3

Sources: ONS Database; ONS first release (97) 168 dated 27.6.97

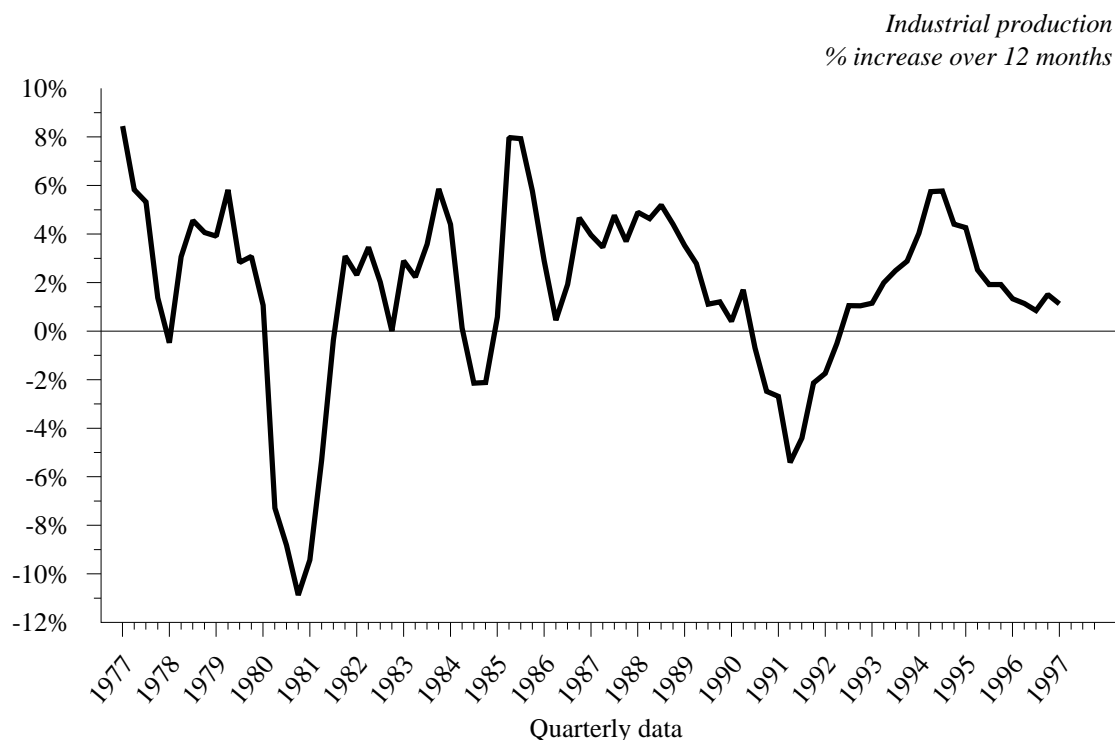
* Estimates of GDP in 1994, 1995 and 1996 have been revised to incorporate new and improved data. GDP at constant factor cost is now estimated to have grown by 4.5% in 1994 (rather than 4.0%), 2.8% in 1995 (rather than 2.5%) and 2.5% in 1996 (rather than 2.4%).

* GDP is estimated to have risen by 0.9% between the fourth quarter of 1996 and the first quarter of 1997 to a level 3.1% higher than in the first quarter of 1996. In the same period, GDP excluding oil and gas extraction is estimated to have risen by 1.0% to a level 3.1% higher than in the first quarter of 1996.

* The latest Treasury summary of independent economic forecasts suggests that UK GDP at constant factor cost will grow by 3.3% 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.

Next update: 27 July

A 2. Industrial Production



Industrial Production - Index of Output: seasonally adjusted

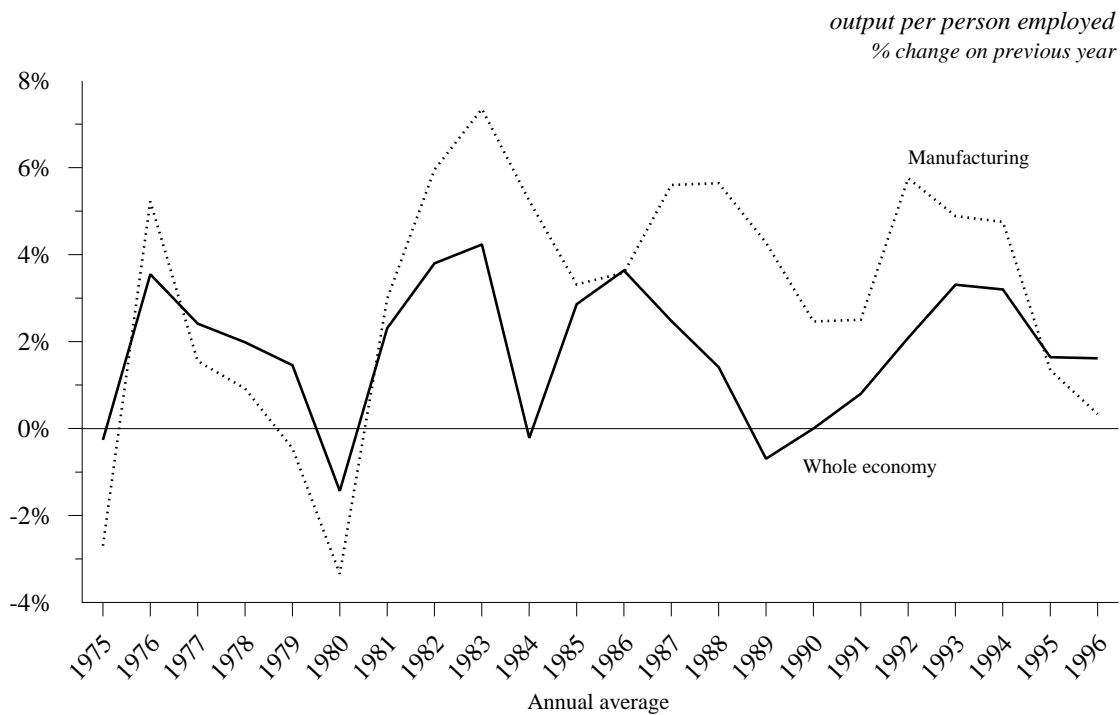
	Total <i>12 month change</i>	Mining & quarrying incl oil & gas <i>12 month change</i>	Manufacturing <i>12 month change</i>	Gas, electricity & water supply <i>12 month change</i>
1994	5.0%	14.9%	4.2%	1.2%
1995	2.6%	5.2%	2.2%	3.2%
1996	1.2%	3.1%	0.5%	5.7%
1996 Q1	1.3%	0.1%	1.0%	6.5%
1996 Q2	1.1%	6.1%	-0.2%	6.6%
1996 Q3	0.8%	2.4%	0.2%	4.4%
1996 Q4	1.5%	4.1%	0.7%	5.4%
1997 Q1	1.1%	1.1%	1.4%	-1.4%
1997 Feb-Apr	1.2%	0.5%	1.7%	-2.4%

Source: ONS database; ONS first release (97)140 dated 9.6.97

- * In the period February to April 1997, industrial production was 0.3% lower than in the previous quarter but 1.2% higher than in the same period a year earlier. Data for the month of April suggest that overall industrial production was 1.2% higher than in March.
- * Manufacturing output in the three months to April was 0.7% higher than in the previous quarter and 1.7% higher than in the same period a year earlier. Within manufacturing, performance was mixed. Compared to the previous three months, there were significant increases in output in sectors such as coke, oil refining & nuclear fuels (+4.4%); engineering & allied industries (+1.3%); and basic metals & metal products (+1.2%) but falls in sectors such as chemicals & man-made fibres (-0.2%); and textiles, leather & clothing (-0.2%)
- * In the three months to April output in the electricity, gas & water supply sector was 4.9% lower than in the previous quarter as the unseasonable mild weather reduced demand for gas and electricity.

Next update: 7 July

A 3. Productivity



**Manufacturing Productivity Index
12 month percentage change**

Annual average	Output per head
1992	5.8%
1993	4.9%
1994	4.7%
1995	1.3%
1996	0.3%
Monthly data	
Apr 1996	-0.2%
May 1996	-0.2%
Jun 1996	-0.2%
Jul 1996	0.3%
Aug 1996	-0.6%
Sep 1996	0.1%
Oct 1996	0.5%
Nov 1996	0.7%
Dec 1996	2.2%
Jan 1997	1.6%
Feb 1997	1.7%
Mar 1997	1.7%
Apr 1997	2.2%

* Economy-wide productivity growth remained stable at 1.6% in 1996. This was the result of stable output growth (up 2.4% in 1996) accompanied by a very modest increase in employment (up 0.6%).

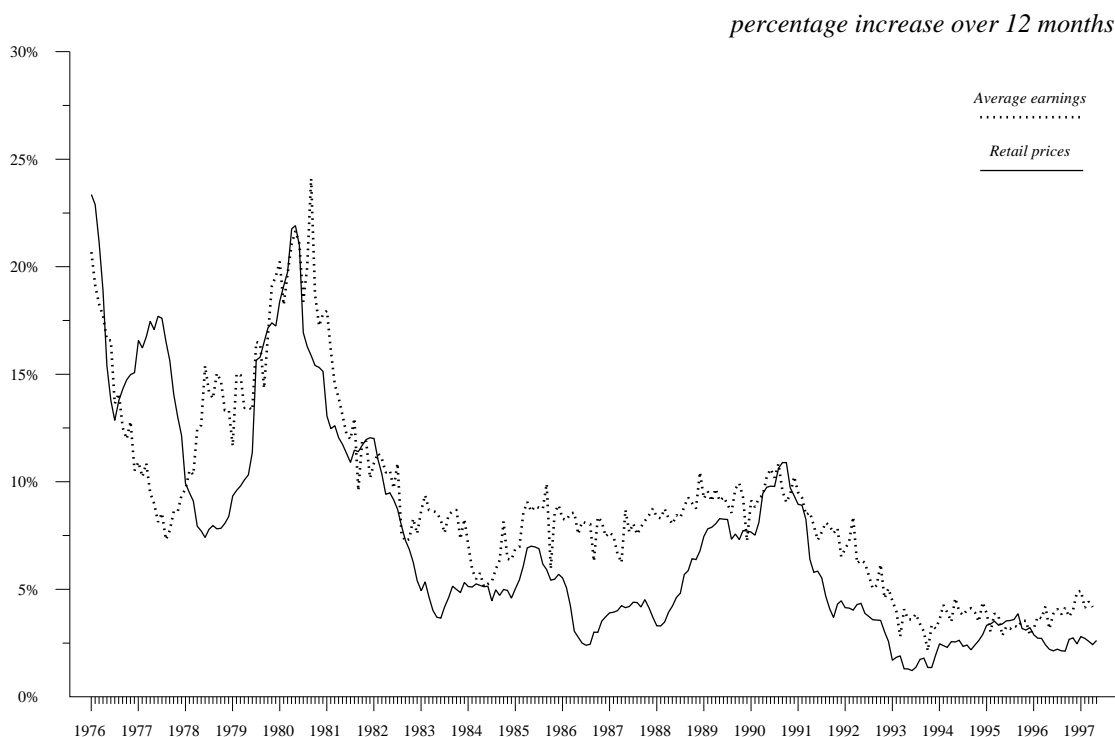
* Manufacturing productivity growth was lower than overall productivity growth, at only 0.3% in 1996. This represents a reversal of the experience of the 1980s and early 1990s, when manufacturing productivity growth exceeded economy-wide productivity growth.

* Monthly manufacturing productivity data for 1997 show a marked improvement on 1996. Following very low or negative growth throughout most of 1996, growth of around 2% is now being recorded, as output continues to grow, while employment remains stable.

Source: ONS Database (series DMOB)

Next update: 16 July

B 1. Retail Prices and Average Earnings



% increase on previous year		
Annual averages	Prices	Earnings
1992	3.7	6.1
1993	1.6	3.4
1994	2.4	4.0
1995	3.5	3.4
1996	2.5	3.9
Monthly data		
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	4.9
Jan 1997	2.8	4.9
Feb 1997	2.7	4.1
Mar 1997	2.6	4.4
Apr 1997	2.4	4.2
May 1997	2.6	..

Inflation - consumer prices as measured by the all items RPI rose by 2.6% in the year to May 1997, up from 2.4% 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 May 1997 was unchanged at 2.5% from the previous month. Excluding the effects of MIPs and indirect taxes (RPI(Y)), prices rose by 2.0%.

Earnings - average gross earnings of employees in Great Britain rose by 4.2% in the year to April 1997. 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 £367.00 per week or £19,084 per year.

Forecasts - the Treasury's forecast at the time of the November 1996 budget suggested that RPI(X) will increase by 2.5% in the year to the fourth quarter of 1997.

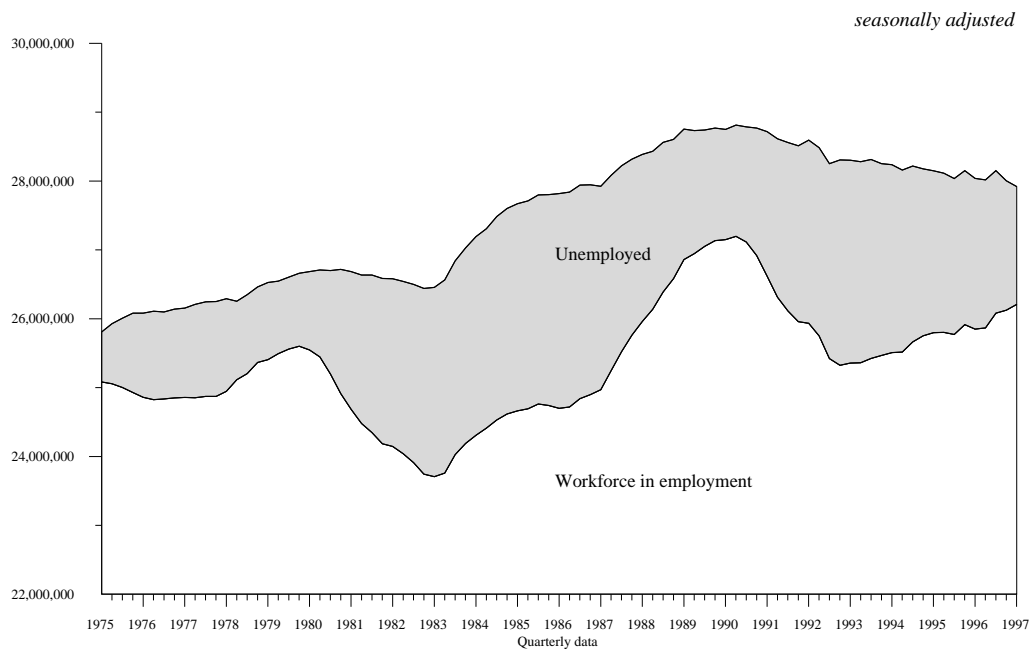
The latest summary of independent forecasts suggests that RPI(X) will rise by 2.5% in the year to the fourth quarter of 1997 and by 3.1% in the year to the fourth quarter of 1998.

Independent forecasts predict average earnings to rise by 4.7% in 1997 and 5.1% in 1998.

Sources: ONS Database series CHAW & DNAB

Next update: Prices 8 July
Earnings 16 July

C 1. Employment



United Kingdom; seasonally adjusted; thousands

March	Employees in employment	Self employed	HM Forces	Work related govt-supported training	Workforce in employment
1993	21,013	3,084	275	336	24,707
1994	21,656	3,274	254	323	25,508
1995	21,923	3,371	233	270	25,797
1996	22,111	3,302	222	214	25,849
1997	22,459	3,355	214	180	26,209
Changes 1996 to 1997					
000s	348	53	-8	-34	359
%	1.6%	1.6%	-3.8%	-15.8%	1.4%

Source: ONS First Release: Labour Market Statistics (ONS (97) 143)

* The total number in employment continued to grow in the first quarter of 1997. In March 1997, the workforce in employment was 359,000 higher than in March 1996, despite falls in the number on work-related government training schemes and in HM Forces. Year-on-year employment growth has now been positive since September 1993.

* In March 1997, 46% of the workforce in employment were female.

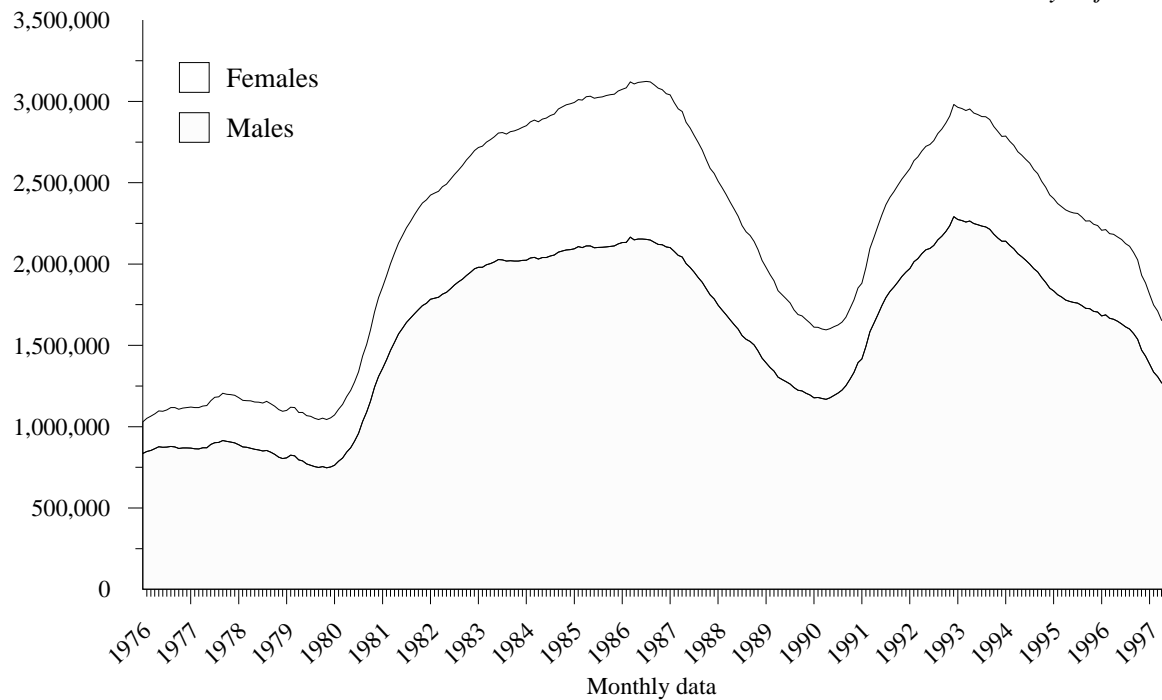
* The self-employed in March 1997 represented 13% of workforce in employment compared with 8% in March 1979.

* In March 1997 11% of male and 45% of female employees were part-time, totalling 6.3 million employees.

Next update: 16 July

C 2. Unemployment: National

*Unemployed claimants: UK
seasonally adjusted*



Seasonally adjusted

Unemployed Claimants UK

Annual averages	Number	% of workforce
1992	2,765,000	9.7
1993	2,900,600	10.3
1994	2,619,300	9.3
1995	2,308,200	8.3
1996	2,104,600	7.5

Unemployment - fell by 24.5% in the year to May 1997. The May 1997 total is
 39% lower than April 1992
 42% lower than in June 1987
 42% lower than in June 1983
 51% higher than in May 1979

(all figures adjusted for seasonality and discontinuities)

Monthly data

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	1,814,500	6.5
Feb 1997	1,748,100	6.2
Mar 1997	1,710,800	6.1
Apr 1997	1,654,400	5.9
May 1997	1,636,000	5.8

% Rates - as a proportion of the workforce the April totals give unemployment rates of:

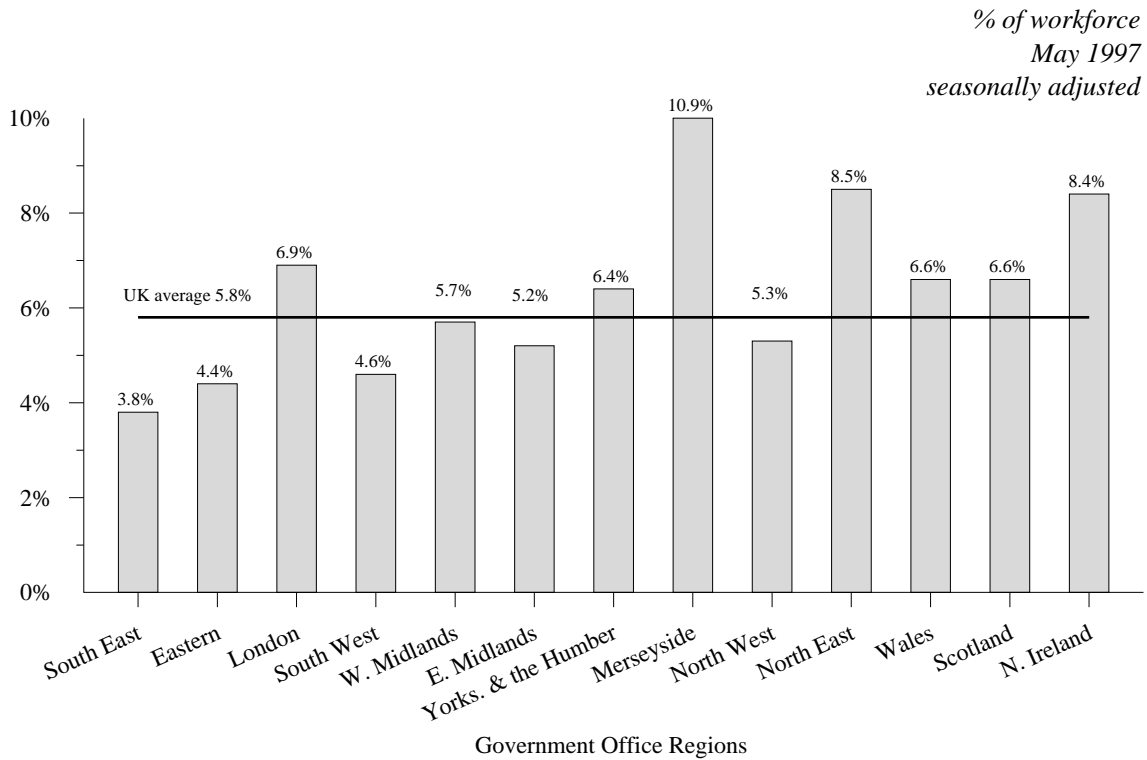
8.0% for males
 3.1% for females
 5.8% overall

Forecasts - an average of independent forecasters predicts that unemployment will fall to 1.54 million by the fourth quarter of 1997 and 1.42 million by the fourth quarter of 1998.

Source: ONS - NOMIS Database

Next update: 16 July

C 3. Unemployment: Regional



In common with other Government statistics, unemployment figures are now presented for Government Office Regions (GORs) in England.

% change May 1996 to 1997

South East	-32.9%
Eastern	-30.0%
London	-23.2%
South West	-28.6%
West Midlands	-25.0%
East Midlands	-27.0%
Yorkshire & the Humber	-21.2%
Merseyside	-18.0%
North West	-25.3%
North East	-22.8%
Wales	-21.5%
Scotland	-17.9%
Northern Ireland	-25.1%
United Kingdom	-24.5%

% Rates - as a proportion of the workforce, May unemployment rates are now below 10% in all regions except Merseyside. Unemployment rates are higher than the national average of 5.8% in seven regions:

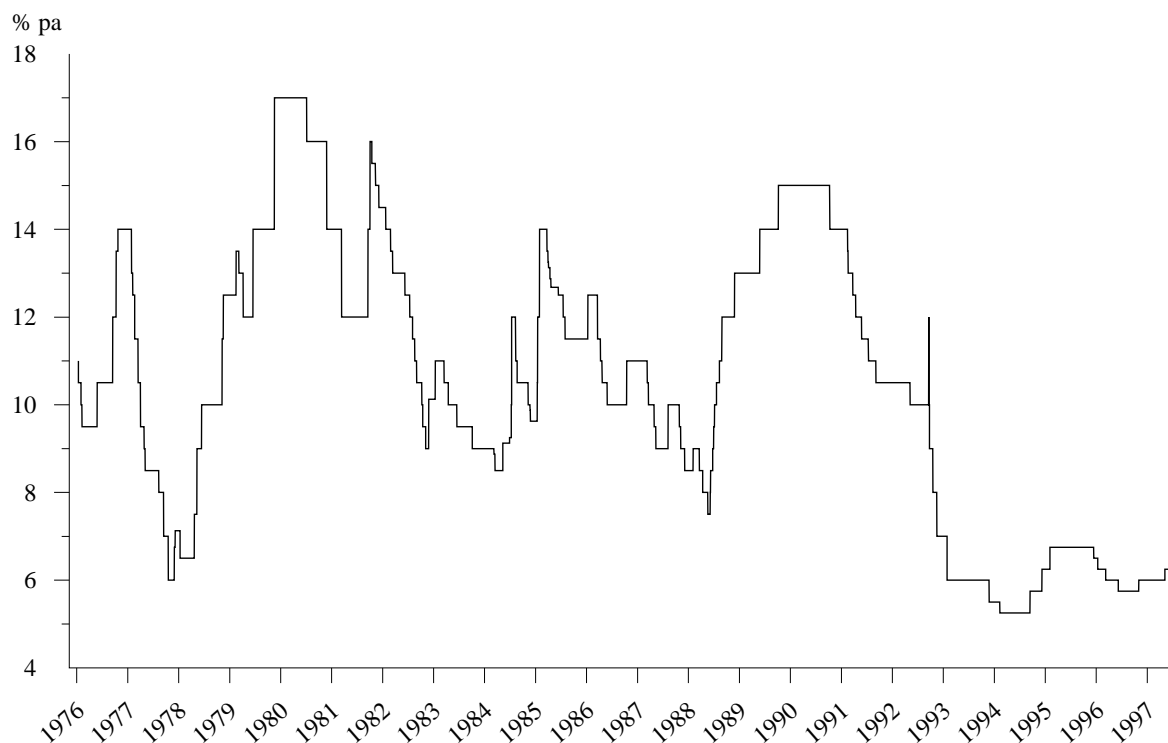
Merseyside	10.9
North East	8.5
Northern Ireland	8.4
London	6.9
Scotland	6.6
Wales	6.6
Yorkshire & the Humber	6.4

Rates of change - In May the number of unemployed claimants in the UK fell by 18,400 - a somewhat smaller fall than has occurred for many months.

Next update: 16 July

D 1. Interest Rates

Base Rates



per cent per annum

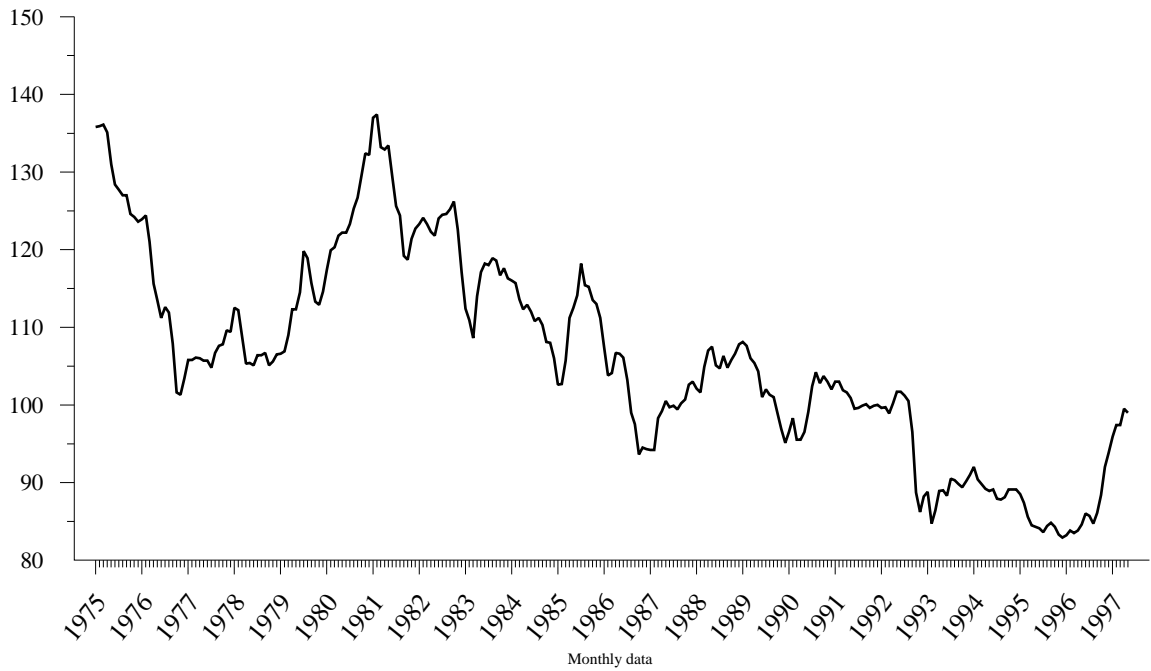
Date of Change		New Rate	Date of Change		New Rate
1990	Oct 8	14.00	1993	Nov 23	5.50
1991	Feb 13	13.50	1994	Feb 8	5.25
	Feb 27	13.00		Sep 12	5.75
	Mar 22	12.50		Dec 7	6.25
	Apr 12	12.00	1995	Feb 2	6.75
	May 24	11.50		Dec 13	6.50
	Jul 12	11.00	1996	Jan 11	6.25
	Sep 4	10.50		Mar 8	6.00
1992	May 5	10.00		June 6	5.75
	Sep 16	12.00		Oct 30	6.00
	Sep 17	10.00		1997	May 6
	Sep 22	9.00	June 6		6.50
	Oct 16	8.00			
Nov 13	7.00				
1993	Jan 26	6.00			

* Interest rates were increased by a quarter of a point on 6 June. This was the first occasion when interest rates were changed by the new Monetary Committee of the Bank of England established by the Chancellor.

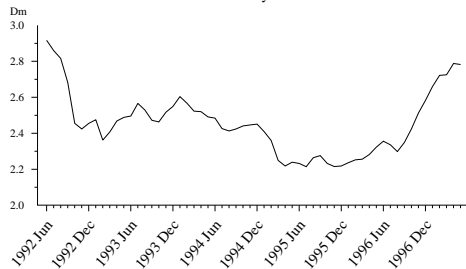
* A rate of 15.0% p.a. was announced on 16th September 1992 but was cancelled before becoming effective.

D 2. Exchange Rates

Sterling Exchange Rate Index
1990=100



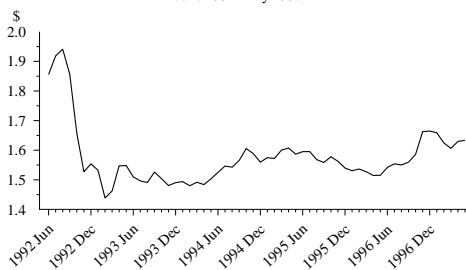
Sterling-Deutschemark Exchange Rate
June 1992-May 1997



* 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 26th June 1997 were as follows: DM 2.8802; US\$ 1.6655; Yen 189.439.

Sterling-US Dollar Exchange Rate
June 1992-May 1997

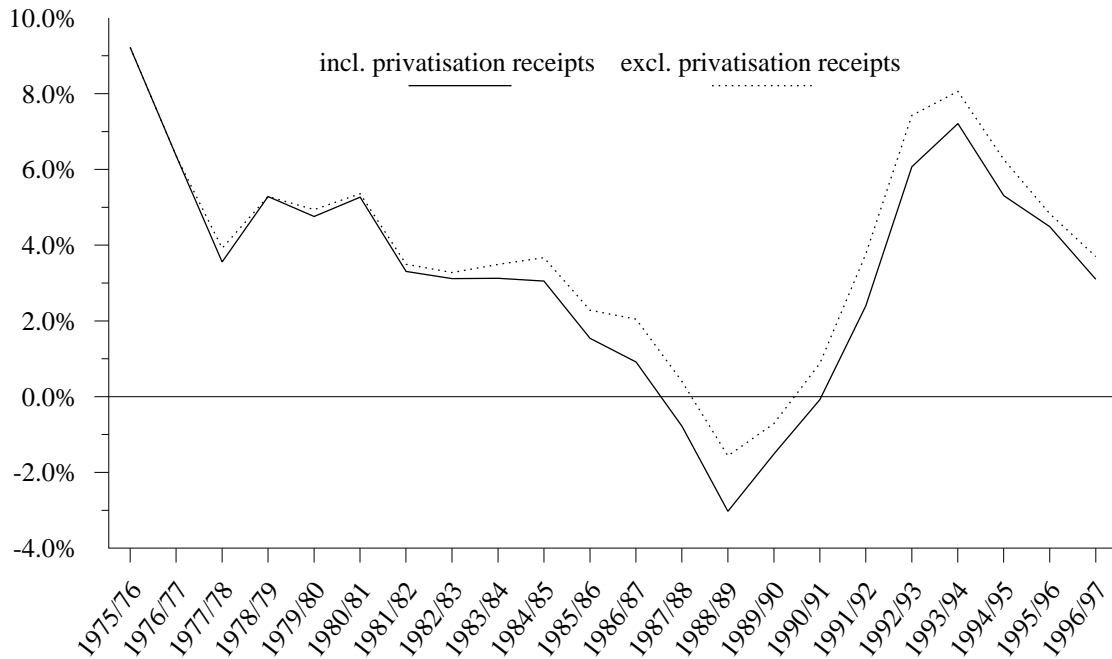


* Sterling continues in its role as one of the strongest currencies in Europe. The current market expectation of further interest rate rises post-budget has increased its strength.

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

D 3. PSBR

*PSBR as % of GDP
not seasonally adjusted*



Public Sector Borrowing Requirement

	PSBR		PSBR excl privatisation receipts	
	Total £ billion	As a % of GDP	Total £ billion	As a % of GDP
1991/92	13.8	2.4%	21.7	3.8%
1992/93	36.3	6.1%	44.5	7.4%
1993/94	45.4	7.2%	50.8	8.1%
1994/95	35.9	5.3%	42.3	6.3%
1995/96	31.7	4.5%	34.2	4.8%
1996/97	23.1	3.1%	27.5	3.7%

Source: ONS Database Series ABEN, ABII, CAOB

* The PSBR (including privatisation receipts) for the first two months of 1997/98 was £4 billion, compared to £6.2 billion in the same period of 1996/97. Excluding privatisation receipts, the PSBR was £4.4 billion in the first two months, compared to £7.4 billion last year.

* In the 1996 Budget, the Treasury forecast a PSBR of £19 billion in 1997/98. The average of independent forecasts suggested a higher figure of £21.5 billion for 1997/98.

Next update: 16 July

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
1996 July	6.8%	5.6%	8.4%	9.1%
1996 August	9.5%	5.8%	9.2%	9.5%
1996 September	5.7%	5.3%	10.5%	10.0%
1996 October	7.0%	5.0%	12.9%	10.6%
1996 November	6.2%	5.5%	13.3%	10.8%
1996 December	6.0%	5.6%	8.0%	9.5%
1997 January	5.0%	5.6%	10.5%	9.9%
1997 February	5.0%	6.4%	11.8%	11.2%
1997 March	4.5%	6.4%	17.9%	11.2%
1997 April	3.8%	5.9%	9.9%	10.2%
1997 May	5.0%	6.1%	11.0%	11.1%
1997 June	7.1%	6.3%	na	na

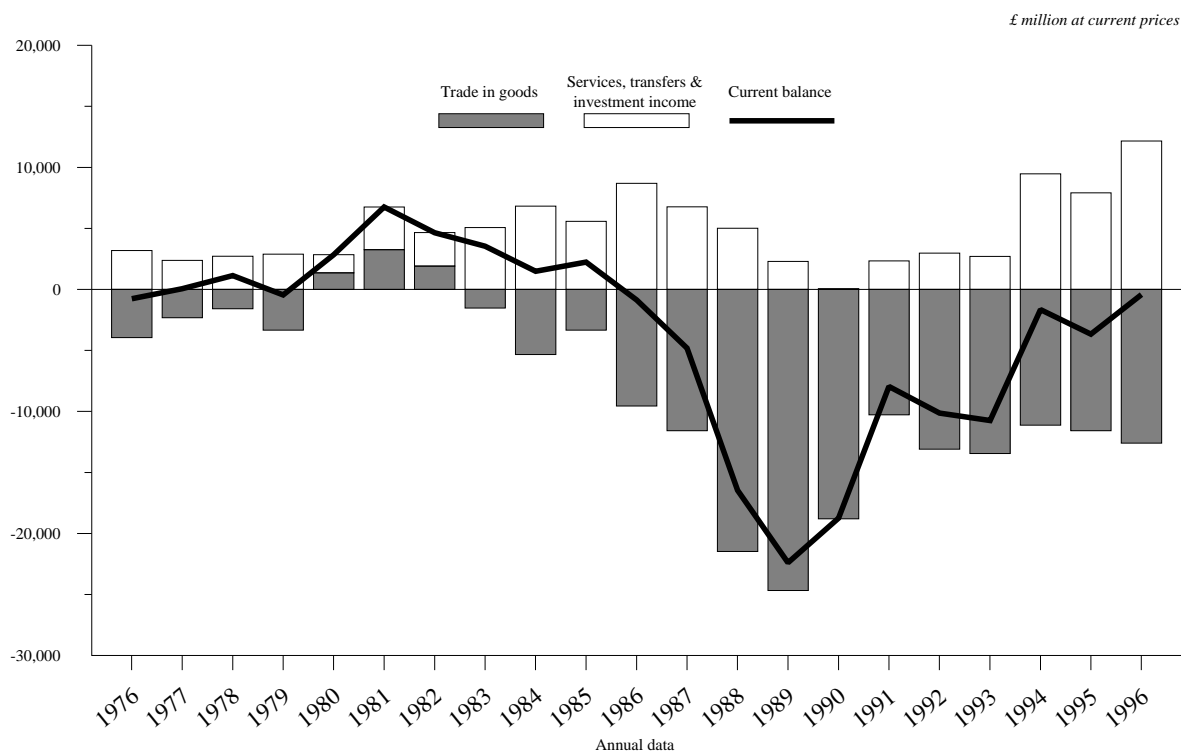
Source: Bank of England: Monetary & Financial statistics, July 1997

* 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: 4 August

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		
1994	134,664	145,793	-11,129	9,474	-1,655
1995	153,077	164,659	-11,582	7,910	-3,672
1996	166,340	178,938	-12,598	12,163	-435
1996 Q1	40,900	44,627	-3,727	2,521	-1,206
1996 Q2	41,640	44,731	-3,091	3,780	689
1996 Q3	41,666	44,830	-3,164	2,738	-426
1996 Q4	42,134	44,750	-2,616	3,124	508
1997 Q1	41,938	43,991	-2,053	3,512	1,459

Source: ONS database; ONS News Release (97)169, dated 27 June 97

Trade in Goods balance - showed a deficit of £2bn for the first quarter of 1997, lower than the deficit for the fourth quarter 1996 and the first quarter of 1996. The deficit for the whole of 1996 has been revised upwards to £12.6bn and is lower than the deficit of £11.6bn for 1995.

Trade in Services - showed a surplus of £2bn in the first quarter of 1997, slightly lower than the record surplus of £2.1bn in the fourth quarter of 1996. The surplus on trade in services was £7.1bn in 1996, compared with a surplus of £6.9bn in 1995.

Investment Income - showed a surplus of £2.6bn in the first quarter of 1997 compared with a revised surplus of £2.1bn in the fourth quarter of 1996. The surplus on investment income in 1996 has been revised downwards from £10.3bn to £9.7bn. This revised figure still compares favourably with the surplus of £7.9bn in 1995. This improvement was largely due to higher surpluses on direct and portfolio investment income.

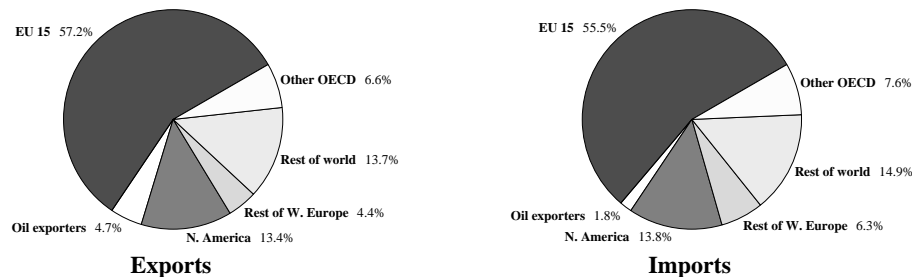
Transfers - were in deficit in the first quarter of 1997 by £1.2bn, slightly higher than the deficit of £1.1bn in the fourth quarter of 1996. The deficit in 1996 was £4.6bn, down from £6.9bn in 1995.

Current balance - was in surplus by £1.5bn in the first quarter of 1997 compared with a revised surplus of £0.5bn in the fourth quarter of 1996. The deficit in 1996 was £0.4bn.

Next update: 23 September

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)
1994	118.5	109.4	-11,129	-15,032	-15,638
1995	127.1	114.3	-11,582	-15,911	-16,933
1996	136.6	124.1	-12,598	-17,477	-19,062
1996 Q1	133.3	122.4	-3,727	-4,909	-5,285
1996 Q2	136.0	123.1	-3,091	-4,137	-4,170
1996 Q3	136.9	124.7	-3,164	-4,322	-4,717
1996 Q4	139.1	126.1	-2,616	-4,109	-4,890
1997 Q1	142.0	126.5	-2,053	-3,575	-3,873

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

Source: ONS database, ONS First Release (97)165 dated 25 June 97

* **Trade in Goods by Area**

EU: In the first quarter of 1997, the deficit with EU countries narrowed to £0.6bn. In value terms, a rise in exports to Germany and Netherlands was offset by a fall in exports to France. The largest rise in imports (in value terms) came from France, contrasting with a fall in imports from Germany and Sweden. The deficit on trade in goods with EU members for 1996 was £4bn, marginally lower than the figure in 1995. In 1996 the other members of the enlarged European Union (EU 15) received 57.2% of UK exports and supplied 55.5% of all UK imports.

Non EU: In the first quarter of 1997, the deficit with the non-EU countries narrowed slightly to £1.5bn. Growth in exports to Rest of World, North America and Other Western Europe was offset by the drop in exports to Oil Exporting Countries. Imports fell from almost all areas with the exception of North America.

* **Volume of Trade (excluding oil and erratics)**

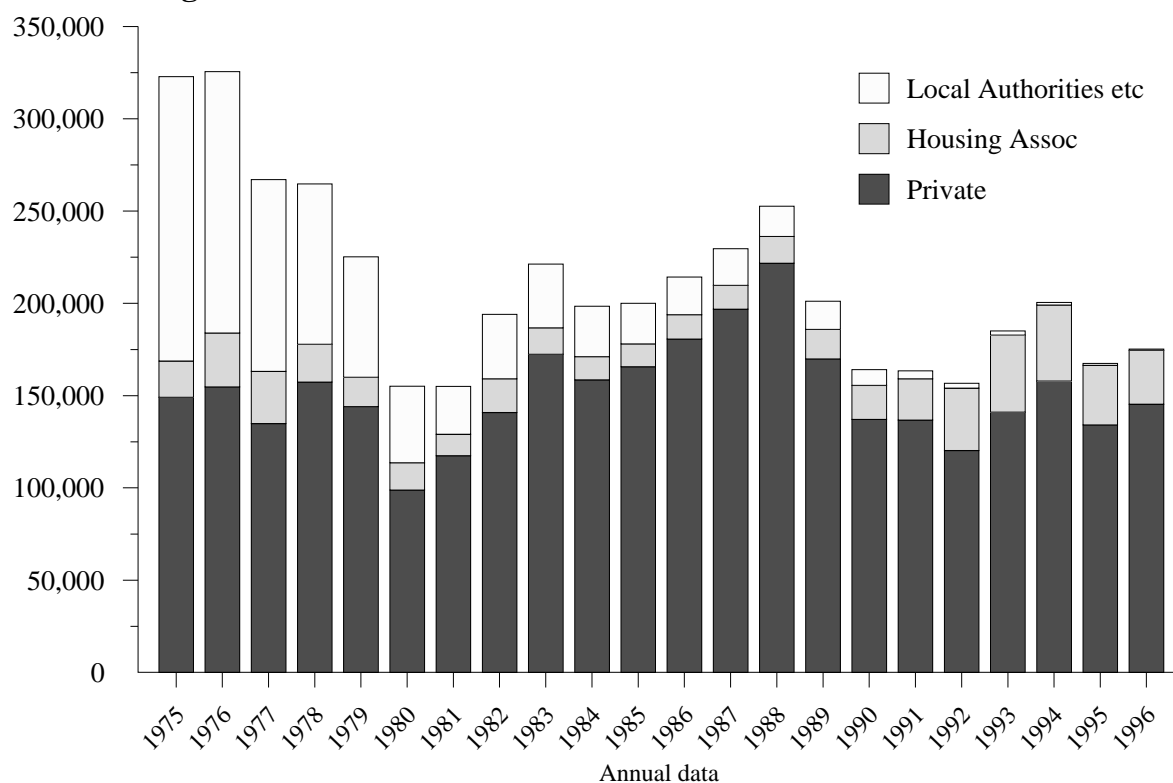
In the first quarter of 1997, the volume of exports rose two and a half per cent while imports rose one per cent compared with the previous quarter. In 1996 as a whole, the volume of exports rose by 7½ per cent and imports rose by 8½ per cent compared with 1995. Latest estimates of trends show export and import volumes both rising.

* **Trade in Oil**

In the first quarter of 1997 the surplus on trade in oil was £1.4bn, compared with a £1.6bn surplus in the previous quarter.

Next update: 24 July

F 1. Housing Starts



New Dwellings Started - Great Britain (thousands)

	Private	Housing Assocs	Local Auth's etc	Total
1992	120.2	33.8	2.7	156.7
1993	141.0	41.8	2.2	185.0
1994	157.9	41.2	1.4	200.5
1995	134.1	32.3	1.0	167.3
1996	145.3	29.2	0.7	175.3
<i>seasonally adjusted</i>				
1996 Q4	41.2	7.2	0.1	48.5
1997 Q1	42.7	7.6	0.1	50.4
Feb 97	14.3	2.2	0.0	16.5
Mar 97	13.4	2.7	0.0	16.1
Apr 97	12.7	2.5	0.0	15.2

Source: DoE Information Bulletin 9 June 1997

* Seasonally adjusted total starts in February-April 1997 were 4% lower than in the previous three months but 17% higher than in February-April 1996.

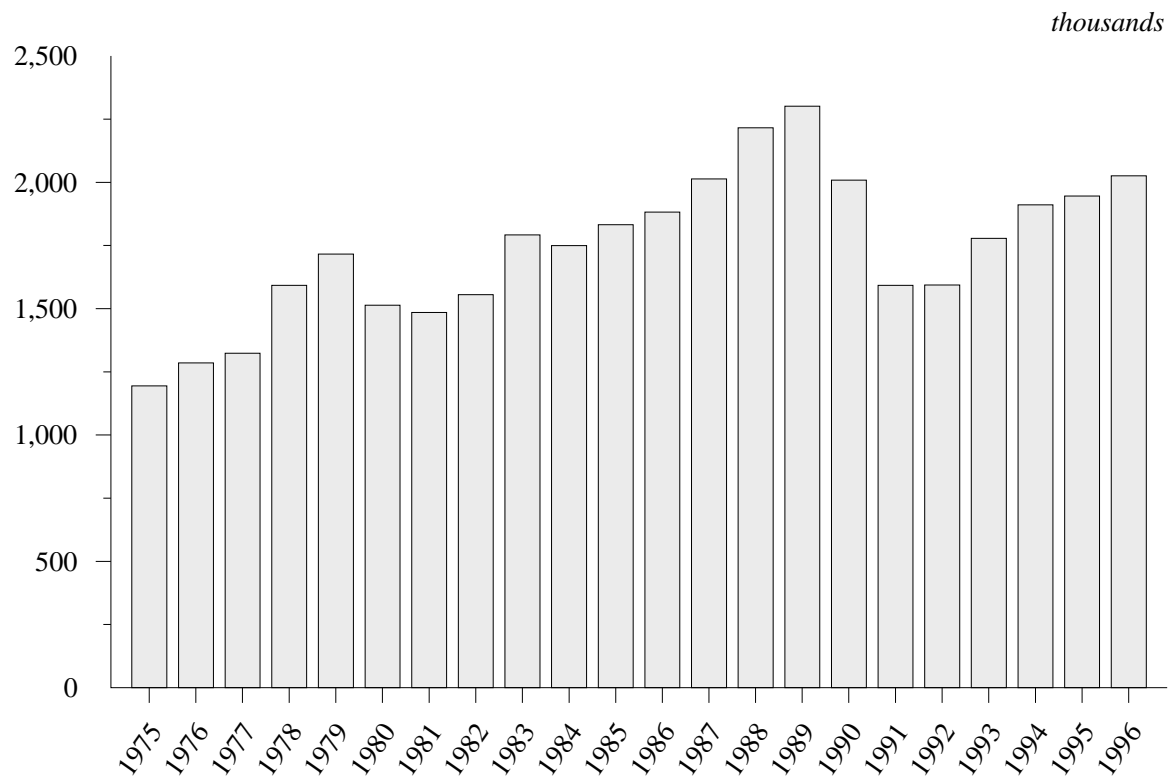
* Private sector starts in 1996 were up 8% on the previous year, and starts in the first quarter of 1997 were at their highest level since 1989.

* Public sector starts remain at a very low level. Housing association starts were 10% lower in 1996 than in 1995 and local authorities started only 700 dwellings in 1996 - 0.4% of the total.

* House prices continue to show rapid growth. According to the Halifax Building Society, house prices rose 7.2% in the year to the first quarter of 1997. Fastest growth was recorded in Greater London, where prices rose 17.4%. In the North and in Scotland, prices rose by less than 2%.

Next update: 4 July

F 2. New Registrations of Cars



New Registrations of Cars
not seasonally adjusted

	Number thousands	Change over 12 months
1991	1,592	-20.7%
1992	1,594	0.1%
1993	1,778	11.6%
1994	1,911	7.5%
1995	1,945	1.8%
1996	2,025	4.1%
1997 (forecast)	2,080	2.7%
May 1997	170	2.5%

* Latest annual figures from the SMMT show just over 2 million new registrations of cars in 1996 - 4.1% higher than in 1995 and the highest level since 1989.

* The SMMT is forecasting a further increase of 2.7% in 1997. If realised, this would make 1997 the 6th successive annual increase in new registrations.

* 169,886 cars were registered in May 1997, an increase of 2.5% on May 1996.

* The increase in May 1997 was the result of higher private registrations (up 5.4% on May 1996) and higher business registrations (up 5.3%). These increases were sufficient to offset the 0.3% decline in large fleet registrations.

* 64% of cars registered in May 1997 were imported; 17% were diesel and 55% were fleet or business registrations.

Source: SMMT "Monthly Statistical Review" May 1997

Next update: mid July

F 3. Retail Sales

*Retail Sales (Volume) Index (1990=100)
% increase on previous year*



Retail Sales Volume Index: All Retailers

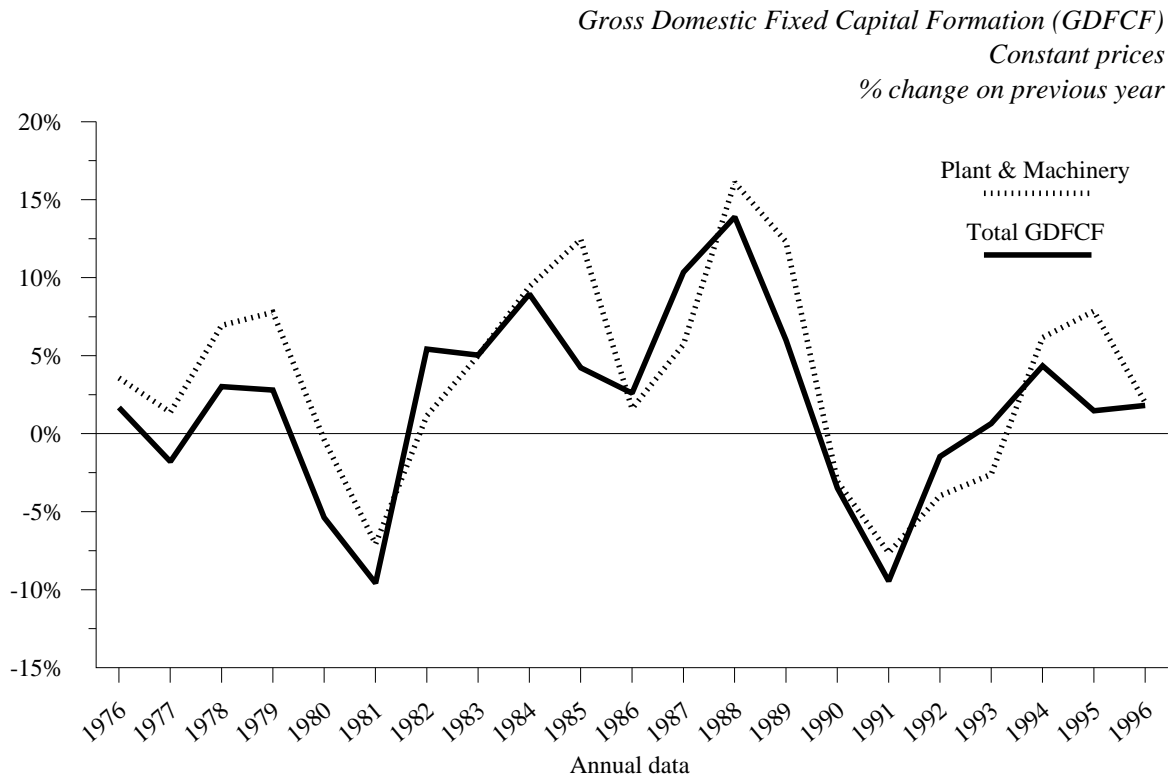
	Index Number 1990=100	12 Month Change		
1992	99.4	0.7%	*	Retail sales volume index increased by 2.9% in 1996 over 1995.
1993	102.4	3.0%		
1994	106.2	3.7%		
1995	107.5	1.2%	*	Sales in the most recent 3-month period were 4.9% up on the same period last year and 1.8% up on the previous 3 months.
1996	110.6	2.9%		
1996 Nov	113.1	4.3%		
Dec	112.1	3.0%	*	Based on non-seasonally adjusted data, the average weekly value of retail sales in May was £3,240 million, 6.3% higher than in May 1996.
1997 Jan	113.0	4.9%		
Feb	113.6	4.5%		
Mar	114.5	4.7%		
Apr	114.5	4.9%		
May	115.7	5.3%		

Note: weekly average, seasonally adjusted

Source: ONS database series EAPS

Next update: 23 July

F 4. Investment



GDFCF (£ million) at 1990 prices, seasonally adjusted

	Vehicles, Ships & Aircraft	Plant & Machinery	Other New (i) Building & Works	Dwellings	Total
1993	8,727	31,749	36,449	19,661	96,586
1994	9,874	33,705	36,828	20,371	100,778
1995	9,450	36,352	36,125	20,322	102,249
1996	9,728	37,074	37,379	19,909	104,090
1996 Q1	2,138	9,648	9,169	4,693	25,648
1996 Q2	2,847	9,055	9,409	5,045	26,356
1996 Q3	2,349	9,121	9,363	4,886	25,719
1996 Q4	2,394	9,250	9,438	5,285	26,367
1997 Q1	2,988	9,006	9,623	4,987	26,604

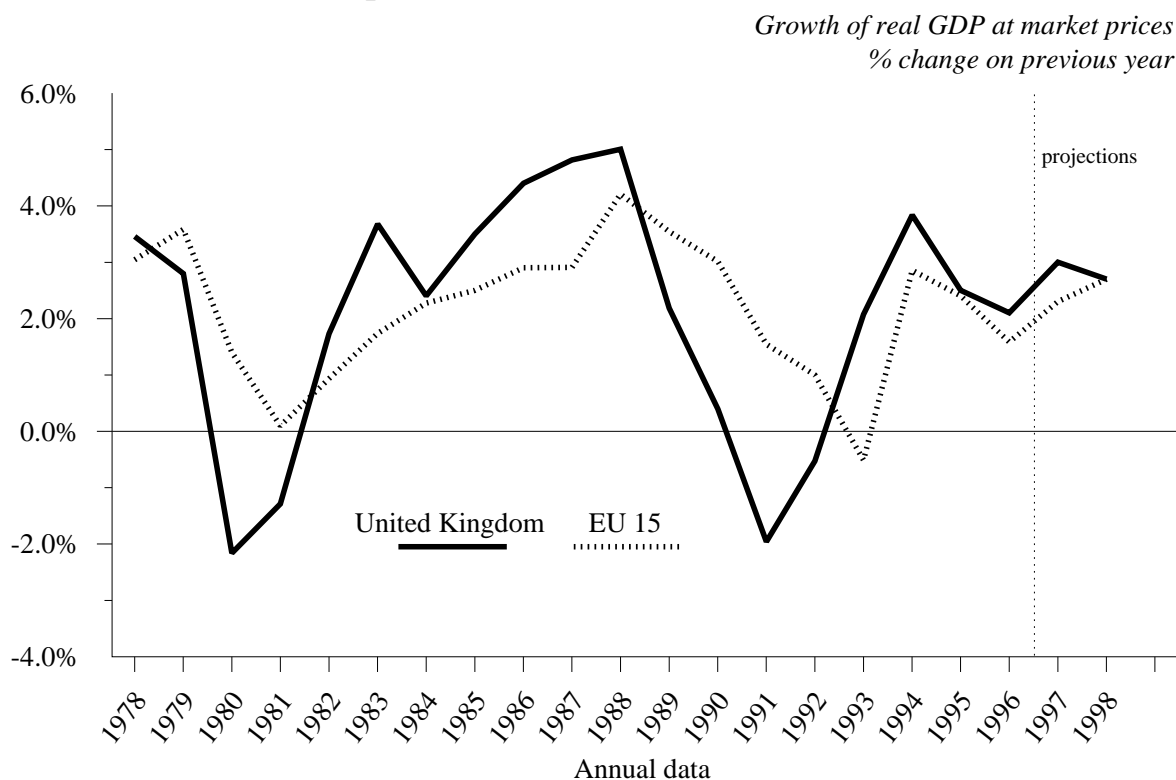
Notes (i) including transfer of costs of land and buildings

Source: ONS Database Series DEBP, DEBO, DFCV, DFEA, DFEC, DECU and First Release ONS(97)168, 27 June 1997

- * GDFCF is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets.
- * New data and re-assessment of previous data have resulted in large upward revisions in GDFCF. In 1996 total GDFCF (at 1990 prices) is estimated to have risen by 1.8% compared with 1995, which in turn was 1.5% higher than the level in 1994. However, GDFCF in 1996 was still 6.6% below the peak (£111.5 billion) in 1989.
- * In the first quarter of 1997, total GDFCF rose by 0.9% compared with the last quarter of 1996 and 3.7% compared with the first quarter of 1996.
- * A more detailed breakdown for the first quarter of 1997 shows that, compared with the same quarter of 1996, the main factor behind the increase in investment was a rise in expenditure on vehicles, ships & aircraft, other new buildings & works and dwellings. Investment in plant and machinery fell compared with the same quarter in 1996.

Next update: 25 July

G 1. International Comparisons: Growth



* The table and graph above reflect projections in the June 1997 edition of the OECD's

Annual Growth of GDP at Constant Market Prices

	1993	1994	1995	1996	1997	1998
United States	2.3%	3.5%	2.0%	2.4%	<i>projection</i> 3.6%	<i>projection</i> 2.0%
Japan	0.3%	0.6%	1.4%	3.6%	2.3%	2.9%
Germany	-1.1%	2.9%	1.9%	1.4%	2.2%	2.8%
France	-1.3%	2.8%	2.1%	1.5%	2.5%	2.8%
Italy	-1.2%	2.2%	2.9%	0.7%	1.0%	1.8%
United Kingdom	2.1%	3.8%	2.5%	2.1%	3.0%	2.7%
Canada	2.2%	4.1%	2.3%	1.5%	3.5%	3.3%
OECD	1.2%	2.9%	2.2%	2.6%	3.0%	2.7%
EU 15	-0.5%	2.9%	2.4%	1.6%	2.3%	2.7%

Source OECD Economic Outlook June 1997 table A1

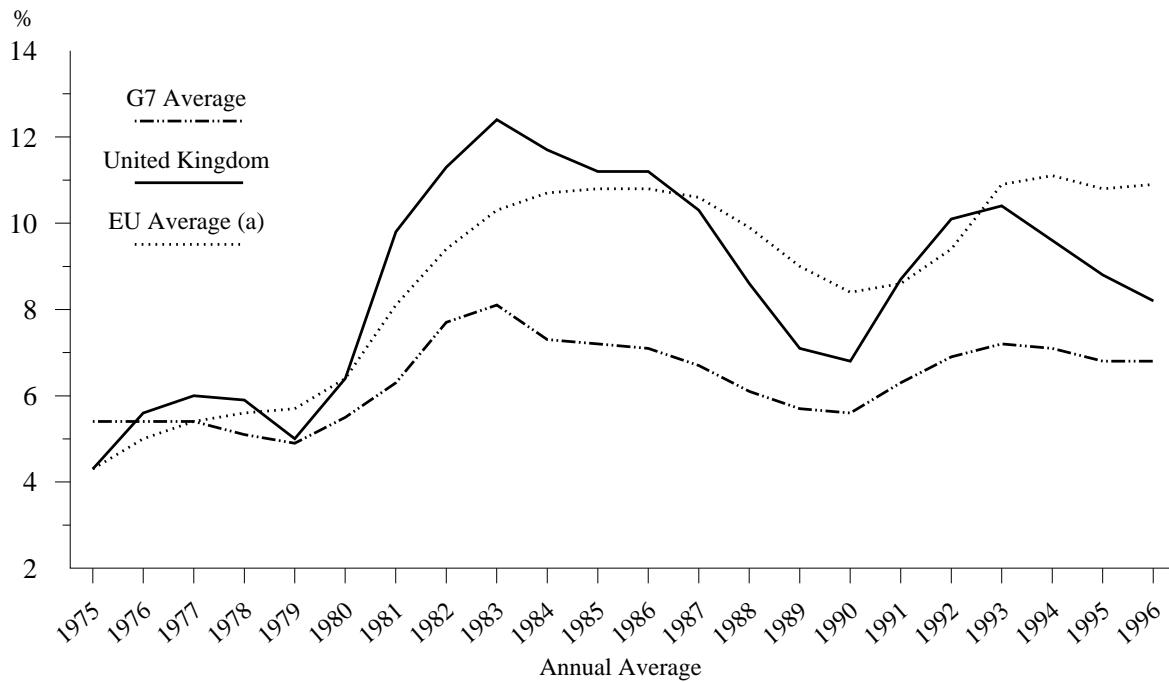
Economic Outlook.

* UK growth in 1997 is projected to be 3.0% compared to an EU average of 2.3%. The UK is projected to have the fastest growth rate of the European members of the G7 in 1997.

Next update: mid-December

G 2. International Comparisons - Unemployment

% of labour force
standardised



(a) EU 15 from 1992 onwards

Unemployed as % of labour force
Standardised and seasonally adjusted

	1995	1996	1996 Q3	1996 Q4	1997 Q1
Canada	9.5	9.7	9.8	9.9	9.6
USA	5.6	5.4	5.3	5.3	5.3
Japan	3.1	3.4	3.3	3.3	3.3
France	11.7	12.4	12.5	12.6	12.5
Germany	8.2	9.0	9.0	9.3	9.6
Italy	11.9	12.0	12.0	12.0	..
UK	8.8	8.2	8.2	7.8	7.4
EU 15	10.8	10.9	10.9	10.8	10.8
G7	6.8	6.8	6.8	6.8	6.8
OECD	7.5	7.6	7.5	7.5	7.5

* UK unemployment is lower than the EU and OECD averages, but higher than the G7 average.

* In 1996 Q4 eight EU countries (out of the fourteen for which figures are available - none for Greece) had higher unemployment rates than the UK - Belgium (9.5%), Finland (15.1%), France (12.6%), Germany (9.3%), Ireland (11.3%), Italy (12.0%), Spain (21.6%) and Sweden (10.2%).

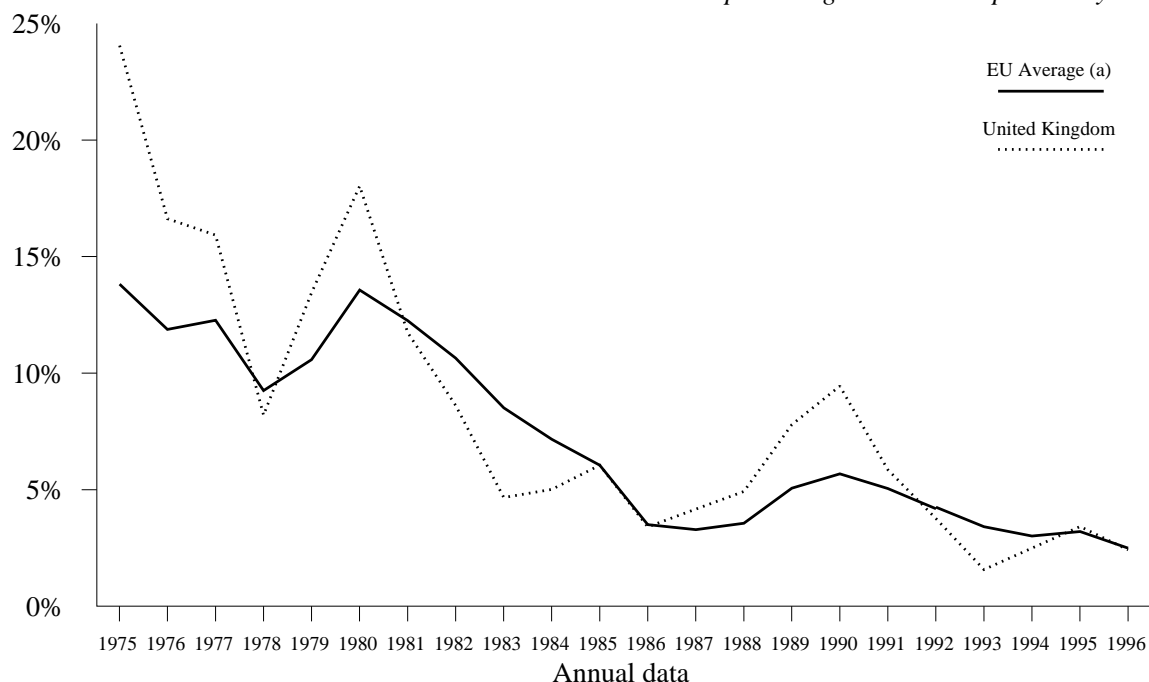
* Unemployment rates in other OECD countries for 1996 Q4 include: Australia (8.6%) and New Zealand (5.9%).

Sources: OECD Main Economic Indicators, May 1997
OECD Hot File, June 20th 1997

Next update: mid July

G 3. International Comparisons - Prices

Consumer Price Index
percentage increase on previous year



(a) EU 15 from 1992 onwards

Harmonised Index of Consumer Prices - percentage change over 12 months

	1996	Nov 96	Dec 96	Feb 97	Mar 97	Apr 97
United States (a)	2.9	3.2	3.3	3.0	2.8	2.5
Japan (a)	0.1	0.5	0.6	0.6	0.5	1.9
France	1.8	1.6	1.7	1.7	1.1	1.0
Germany	1.7	1.3	1.2	1.6	1.3	1.2
United Kingdom	2.1	2.0	1.8	1.6
Italy	2.6	2.9	2.9	2.3	2.2	1.9
EU 15	2.2	2.1	2.1	2.0	1.7	1.5

Notes: (a) National CPI data

Sources: OECD Hot File, 20th June 1997; Eurostat

* Eurostat now publishes Harmonised Indices of Consumer Prices (HICP) to facilitate comparison of Member States' progress towards economic convergence on price inflation. Figures for national consumer price indices continue to be shown for the USA and Japan; these are not strictly comparable with figures for EU countries.

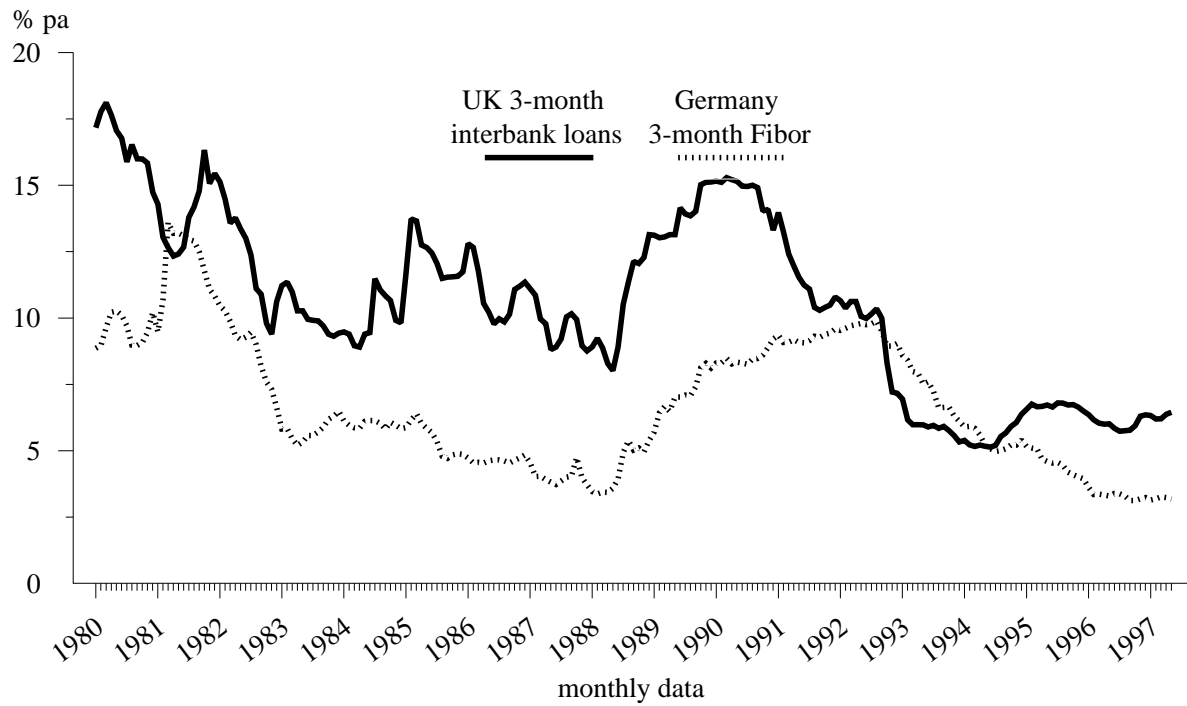
* In April, two EU countries (Spain and Portugal) had inflation rates equal to that of the UK (1.6% pa). Two EU countries had inflation rates higher than the UK: Italy (1.9% pa) and Greece (5.7% pa). No figures are available for Ireland for April 1997.

* Belgium and Finland had the lowest rate of inflation of any EU country (both 0.9% pa).

Next update: mid June

G 4. International Comparisons - Interest Rates

Short-term Interest Rates
per cent per annum



Short-Term Interest Rates as at 27 June 1997

	3-month rate (% pa)
London	6 ¹³ / ₁₆
New York	5 ³ / ₄
Frankfurt	3 ³ / ₃₂
Tokyo	¹⁹ / ₃₂
Paris	3 ¹ / ₄
Milan	6 ¹ / ₄
Brussels	3 ⁵ / ₁₆

Source: Financial Times 27 June 1997

* Short-term interest rates in London are now more than 3 percentage points higher than those in Frankfurt. The gap has widened steadily, following a period between October 1992 and May 1994 when UK rates were below those in Germany.

* The latest three-month interest rates as at 27 June are shown in the table opposite.

Recent Library Research Papers have been:

97/74	The Local Government Finance (Supplementary Credit Approvals) Bill [Bill 2 of 1997/98]	03.06.97
97/75	The IGC - The Draft Amsterdam Treaty	04.06.97
97/76	Inflation: the Value of the Pound 1750-1996	06.06.97
97/77	Prohibiting Handguns: the Firearms (Amendment) Bill [Bill 3 of 1997-98]	09.06.97
97/78	Public Expenditure in Scotland & Wales	09.06.97
97/79	Unemployment by Constituency - May 1997	11.06.97
97/80	The PFI and the Local Government (Contracts) Bill, 1997-98 Bill 5	20.06.97
97/81	The USA Food & Drug Administration	24.06.97
97/82	The local elections of 1 May 1997	27.06.97
97/83	The Amsterdam Treaty	25.06.97