RESEARCH PAPER 99/22
1 MARCH 1999

Economic Indicators

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 month's edition contains two articles. The first considers the economic background to the March 1999 Budget. The second article looks at the revenue implications of a range of possible changes to both direct and indirect taxes.

A new page is included in this edition for the first time, looking at expectations of future levels of manufacturing output and consumer confidence.

Jane Hough (Editor)

ECONOMIC POLICY & STATISTICS SECTION

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CONTENTS

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	Extn
Balance of payments	Tim Edmonds/Bob Twigger	2883/4904
Construction	Eshan Karunatilleka/Tim Edmonds	3977/2883
EC finance	Mick Hillyard/Jane Hough	4324/2464
Employment	Eshan Karunatilleka/Tim Edmonds	3977/2883
Energy	Patsy Richards	4310
Financial services	Eshan Karunatilleka/Jane Hough	3977/2464
Housing	Bryn Morgan	3851
Incomes	Bob Twigger/Tim Edmonds	4904/2883
Industries	Eshan Karunatilleka /Tim Edmonds	3977/2883
National accounts-GDP etc	Bob Twigger/Tim Edmonds	4904/2883
Overseas aid	Mick Hillyard/Tim Edmonds	4324/2883
Prices	Bob Twigger/Tim Edmonds	4904/2883
Production	Eshan Karunatilleka/Tim Edmonds	3977/2883
Public expenditure	Bob Twigger/Tim Edmonds	4904/2883
Taxation	Bob Twigger/Tim Edmonds	4904/2883
Trade	Mick Hillyard/Tim Edmonds	4324/2883
Transport	Patsy Richards	4310
Unemployment	Jane Hough/Bob Twigger	2464/4904
Wages & earnings	Eshan Karunatilleka /Tim Edmonds	3977/2883

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

II The Economic Background to the March 1999 Budget

For two years between October 1996 and October 1998 the UK's relevant monetary authority (first the government and then latterly the Monetary Policy Committee –MPC) raised interest rates to slow growth in the economy and to reduce inflationary pressures. These rises have been more than reversed by cuts made in the last five months. Long term economic planning or crisis management in the face of recession?

The most pressing question facing economists is not whether the UK economy is slowing, clearly it is, but whether its descent will be smooth and short lived or severe and prolonged. Has the MPC done enough to slow the economy without widespread job losses and lost output? The hard and soft 'landing' debate applies not just to the UK but to the US and the economies in Europe too. Problems in Asia are extensively documented in a recent Library.[1]

As a relatively open economy the UK is fundamentally dependent upon global economic factors. If the UK were to move into recession it would probably do so as part of a global slump. On the other hand if the global economy can survive this will support the UK economy. Hence the first issue to address is the strength of the world economy.

The path of the global economy depends largely on the performance of the United States and Europe, regions that collectively account for about 40% of world GDP. Previous global recession years of 1975, 1982, and 1991 were accompanied by outright contractions in both the US and European economies.

By contrast, the current global weakening has been largely due to problems in developing Asian countries – the 'tigers'- and Japan, the effects of which have been tempered by ongoing resilience in the United Sates and Europe. The main threat then to the global economy is if that resilience fades. The tables opposite show GDP growth in 1997 and forecasts made by a variety of organisations for 1998 and 1999. The general point is that growth has slowed in both regions during 1998 and it is forecast to fall further this year. However, slow growth is not 'no growth' and the general consensus is that both areas will avoid severe contractions of output.

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1 *The Asian Economic Crisis*, Library Research Paper 99/14

United States GDP Growth

12 month % change

	HSBC [1]	Goldman Sachs [2]	Oxford Economic Forecasting [3]	OECD [4]	National Institute [5]
1997 (actual)	3.9	3.9	3.9	3.9	3.9
1998	3.8	3.6	3.7	3.5	3.7
1999	1.9	2.1	2.4	1.5	2.2
2000	2.2	na	1.4	2.2	1.6

Euro-zone GDP Growth

12 month % change

	HSBC [1]	Goldman Sachs [2]	Oxford Economic Forecasting [3]	OECD [4]	National Institute [5]
1997 (actual)	2.6	2.5	2.7	2.7	2.7
1998	2.9	2.9	2.8	2.8	2.9
1999	2.6	2.1	2.0	2.2	2.2
2000	2.8	na	2.5	2.5	2.4

Sources: 1 HSBC Global Economics Q1 1999
2 G'man Sachs, International Economics Analyst Nov/Dec 1998
3 OEF World Economic Prospects, Jan 1999 (EU 15)
4 OECD Economic Outlook, December 1998 (EU 15)
5 National Institute Economic Review 1/99

HSBC in their document identify five potential risks to the recovery of the world economy.

Risk 1: the failure of monetary policy to work.

The current economic forecasts are based upon the presumption that the recent round of interest rate reductions actually has an effect. There have been substantial reductions in the UK (see above), America and, for the Euro zone the European Central Bank (ECB) set a base rate for the area of 3%.[2]

HSBC advanced two possible reasons why the rate cuts may fail to stimulate their respective areas. First, problems in the global financial markets (emerging Asia, Brazil, etc) could lead to a credit ‘crunch’ in which capital for investment and consumption is simply not available. Secondly, although nominal interest rates are low, inflation is even lower (by historical standards) and hence real interest rates are not sufficiently low to act as a spur to economic growth.

2 The practical impact of this level was that interest rates in a number of euro-countries, has fallen. Overall the cuts are equivalent to a ½ of one per cent cut throughout Europe.

Risk 2: A stronger US Economy

If the US economy responds too quickly (rate cuts work too well), they will be reversed. This will put pressure on asset prices (of stocks and currency) in emerging markets and could lead to renewed falls in these markets and a return to the problems that arose in the summer of 1998.

Risk 3: Higher Japanese government borrowing

Most analysts ascribe much of the strength of the US economy in recent years to domestic personal consumption, much of which is thought to be due to a wealth effect caused by the outstanding performance of the stock market.[3] But, the Japanese government is about to provide a major fiscal reflation for its economy. To do this it will need to borrow, and therefore offer attractive interest rates on its bonds. If (the argument goes) the effect of this is to attract funds out of the American market into Japan there is the possibility that the American wealth effect, and its consequences for consumption, will go into reverse.

Risk 4: Policy inertia

Because of the political composition of its decision making body the ECB may not be able to reduce interest rates sufficiently quickly to meet the threat of a slowdown. According to its current composition those countries with the strongest growth rates (Portugal, Spain, Ireland etc) form a significant bloc of about 35% of the votes. These countries may (on grounds of economic self interest) be less inclined to approve any reduction in interest rates that conditions within the euro zone overall might imply.

Risk 5: Y2K

Fear of computer failures associated with the year 2000 may prompt panic buying and overstocking by companies and consumers alike. Supply bottlenecks may lead to temporary price increases and distort economic statistics.

The average of a range of forecasts for the UK economy is shown opposite.

[3] The ‘wealth effect’ is a theory that consumers spend a proportion of their total resources (income plus realisable assets). If stock market prices rise consumers feel wealthier, or feel less inclined to save, and hence spend more.

Forecast for 1999

	Averages		February range	
	February	January	Lowest	Highest
GDP growth (per cent)	0.6	0.6	-0.5	2.1
Inflation-RPI (per cent)	1.3	1.5	0.4	3.1
Claimant unemployment (mn)	1.6	1.6	1.2	1.8
Current account (£bn)	-5.8	-5.5	15.0	0.5
PSNB (1999-00 £bn)	4.7	5.5	-5.0	13.0

Note:* Independent & City averages, based on forecasts made in last three months

Source:HM Treasury, forecasts for the UK Economy, February 1999

But within this consensus opinions differ.

Some forecasts reflect the cautiously optimistic view of the global economy now held by many commentators, but note that certain sectors give cause for concern.

The National Institute begin their analysis with the following comments:

> The easing of monetary and fiscal policy contributes to our view that the economic slowdown in the UK is likely to be mild. The traded sector, especially manufacturing, will suffer from the effects of weak global demand and a still overvalued exchange rate. Household spending, especially on consumer durables is also likely to be restrained by a lack of confidence. Private sector trading conditions, generally, will be much harsher and profits will be lower than for a number of years.[4]

By contrast Oxford Economic Forecasting are gloomier:

> Economic growth in the UK has shuddered to a halt. Provisional estimates suggest that GDP rose only 0.2% in 1998 Q4, its lowest since mid 1992, with manufacturing output falling sharply. Moreover, while business confidence has strengthened since the autumn, it remains at lows seen during the last recession. And the latest purchasing managers' surveys show activity dropping in both manufacturing and services in each of the last three months. [5]

The problems of the manufacturing sector of the economy over the past twelve months are well known. Manufacturing output has declined through 1998 and exports of goods have risen by only 3% in volume terms during the year. By contrast the service sector of the economy has, until recently, performed more strongly.

4 *National Institute Economic Review*, January 1999, p8

5 *OEF Regional Economic Outlook*, February 1999

The latest industrial production figures show a contraction of 0.8% during December (yielding an annual rate of 0.1%), while manufacturing output declined by 0.6% (giving -1.0% decline over the year). Such figures should come as no surprise given the plethora of gloomy business surveys that were published last year. Morgan Stanley's comment on these figures was:

> Despite some recent upward revisions to our quarterly profile, we expect manufacturing to remain in recession throughout most of this year. But as noted previously in these pages, the forward-looking survey data have consistently shown signs of improvement over recent months and suggest a brighter outlook, especially in the run-up to 2000. A similar story can be constructed in the case of producer output prices. Factory gate inflation remains soft at present --non-seasonally adjusted (whole economy) output prices rose by just 0.1% during January (in line with consensus), a trend that seems likely to hold in the immediate future. But CBI survey data on price expectations have improved recently, with the net balance of firms improving to -21% in January from the low of -30% recorded during November. The correlation between the two series (with a lag) is quite close. Nevertheless, the above remarks still suggest that the goods element of the retail prices index will probably continue to hover near series-lows (as it has done for some 4 months now).[6]

With the manufacturing sector of the economy clearly far from recovery, recent trade figures suggesting that Britain is in the 'red' at record levels and the MPC finding sufficient cause for concern in the economic data to reduce interest rates far faster than was generally expected, it is difficult to reconcile views such as the National Institute's mentioned earlier. However, Morgan Stanley, for one, point to personal consumption as the main vehicle for recovery.

> The most visible source of support we see for a revival in growth during H2 and into 2000/01 is the prospective strength of consumer finances. It is generally recognised that the aggregate balance sheet is solid -- net wealth/income ratios are at all-time highs -- and that the saving ratio is at comfortable levels (in marked contrast to the situation in the US). But it is not generally appreciated that many mortgaged consumers, in the cyclical firing line, are set to experience a sharp rise in spending power.
>
> On the assumption that mortgages rates do indeed fall still further by mid-year, our well-travelled fictional borrowers look set to see their real post-tax and post-mortgage spending power rise by 11% on the year, to stand at levels more than half as high again as at the peak of the 1980s boom. A more heavily-geared borrower, with the same income but (say) a £375,000 mortgage, would see a striking 19% surge in their real spending power. Of course, this assumes that they still have jobs; but then the manufacturing-led nature of the downturn, and (to some extent) Mr Brown's welfare initiatives, mean that the likely rise in unemployment ahead should be modest.

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6 Morgan Stanley Global Economic Forum 8 February 1999

Meanwhile, fiscal policy seems set to become markedly more expansionary, not because we expect any net tax cuts in the March 9th budget but simply because the public spending plans outlined last year were upbeat. Add this to some stability in the UK's export market and in its competitive position, and the stage looks set for a potent upswing.

How will the Bank view such a revival in growth? A V-shaped profile is already a feature of their forecasts. But as the upswing looms closer, and if it looks like being accompanied by a little more inflation than the Bank expects, the chances of some rebound in short-term interest rates must be quite high. [7]

For further information on this subject contact Tim Edmonds (ext. 2883)

[7] Morgan Stanley Global Economic Forum 12 February 1999

III Tax Ready Reckoner

For a number of years the Treasury has published a *Tax Ready-Reckoner* prior to the budget that makes it possible to assess the revenue implications of a range of possible changes to both direct and indirect taxes. These include, for example, one penny on the basic rate of income tax or one penny on a litre of petrol. Between 1982 and 1992 the information was included in the *Autumn Statement* document and more recently in a separate booklet. At the time of writing, no such publication is available this year. However, The Inland Revenue and HM Customs and Excise have separately published information relating to the taxes for which they are responsible. For convenience of Members, some of this information is summarised in the following tables.

The first table relates to Inland Revenue taxes. Other options are shown in the original source. The costings take no account of behavioural changes.

Direct effect of illustrative tax changes

	1999/00 full-year (a)	1999/00 receipts (b)	2000/01 receipts (b)
Income tax (c)			
Change lower rate by 1p	1,150	1,000	1,200
Change basic rate by 1p	1,850	1,450	2,050
Change higher rate by 1p	620	360	720
Change all personal allowances by 10% (d)	2,650	2,000	2,850
Increase lower band by 10% (d)	240	190	260
Corporation tax (e)			
Change full rate by 1p	940	1,050	1,050
Change small firms' rate by 1p	110	90	120
Inheritance tax			
Change rate by 1p	55	25	45

Notes: (a) Change in tax liability on income in 1999/00.
(b) Expected in-year receipts assuming changes carries through to later years.
(c) Includes consequential changes to capital gains tax.
(d) Percentage change calculated relative to 1998/99 levels.
(e) Assumes change applies to profits earned after 1 April 1998.

Source: *Inland Revenue Statistics*, 1998 table 1.5

The second table relates to Customs & Excise duties. Changes relate to typical items but the revenue implications include similar changes for products in the same category (eg the revenue effect of a 1p increase in duty on unleaded petrol includes a similar proportional change to duty on leaded petrol). The effect of larger changes will, in broad terms, be the appropriate multiple of the change shown. The costings assume that total household final consumption net of indirect taxes is fixed.

Effect of illustrative tax changes

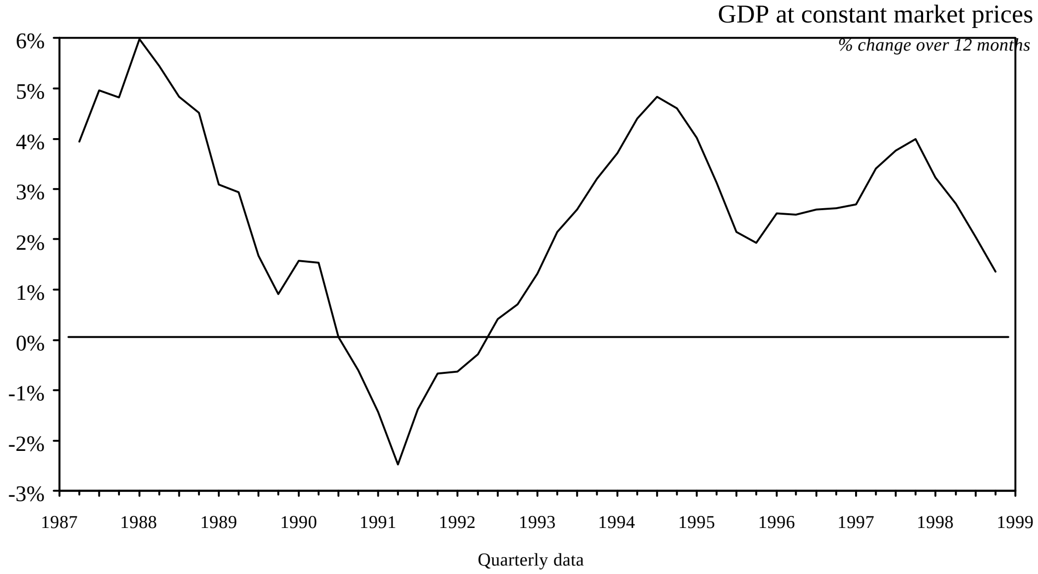
	Tax change on typical item (a)	cost/yield (£ million) (a)(b)		
		1999/00	2000/01	2001/02
Duties (1 percentage point increase)				
Beer & cider (pint of beer)	0.3p	5	30	35
Wine (75cl bottle)	1.3p	-	10	10
Spirits (70cl bottle)	6.4p	-	5	5
Tobacco (20 king-size)	3.0p	5	90	90
Petrol (litre unleaded)	0.5p	120	140	150
DERV (litre)	0.5p	70	80	85
Air passeger duty	10p/20p	-	5	10
Landfill tax (tonne of waste)	2p/10p	5	5	5
VAT				
Change both rates by 1p		2,375	3,150	3,300
Insurance tax				
Change both rates by 1p		230	320	325

Notes: (a) Including VAT.
(b) Assumes implementation in April 1999 except tobacco (end November 1999), alcohol (January 2000) and air passenger duty (November 2000).

Source: HM Customs & Excise, *Annual Report 1997/98*, Cm 4067 table A4

For further information on this subject contact Robert Twigger (ext. 4904)

A 1. Gross Domestic Product



Gross Domestic Product
seasonally adjusted

	GDP at current market prices *£ billion*	GDP at constant market prices *12 month change*	HH consumption at constant market prices *12 month change*	Non-Oil GVA at constant basic prices *12 month change*
1996	754.6	2.6%	3.7%	2.5%
1997	801.3	3.5%	4.0%	3.5%
1998	839.1	2.3%	2.7%	2.8%
1997 Q3	202.8	3.8%	4.1%	3.7%
Q4	204.6	4.0%	4.3%	3.8%
1998 Q1	206.2	3.2%	3.9%	3.4%
Q2	208.7	2.7%	2.9%	3.1%
Q3	211.1	2.0%	2.5%	2.6%
Q4	213.1	1.3%	1.6%	2.0%

Source: ONS Database series YBHA, AMBI, ABJR & GDPS

- Gross domestic product (GDP) at market prices is estimated to have grown by 0.2% in the fourth quarter of 1998 to a level 1.3% higher than in the fourth quarter of 1997. GDP growth has slowed significantly since 1997 when quarter-on-quarter growth rates were around 1.0%.

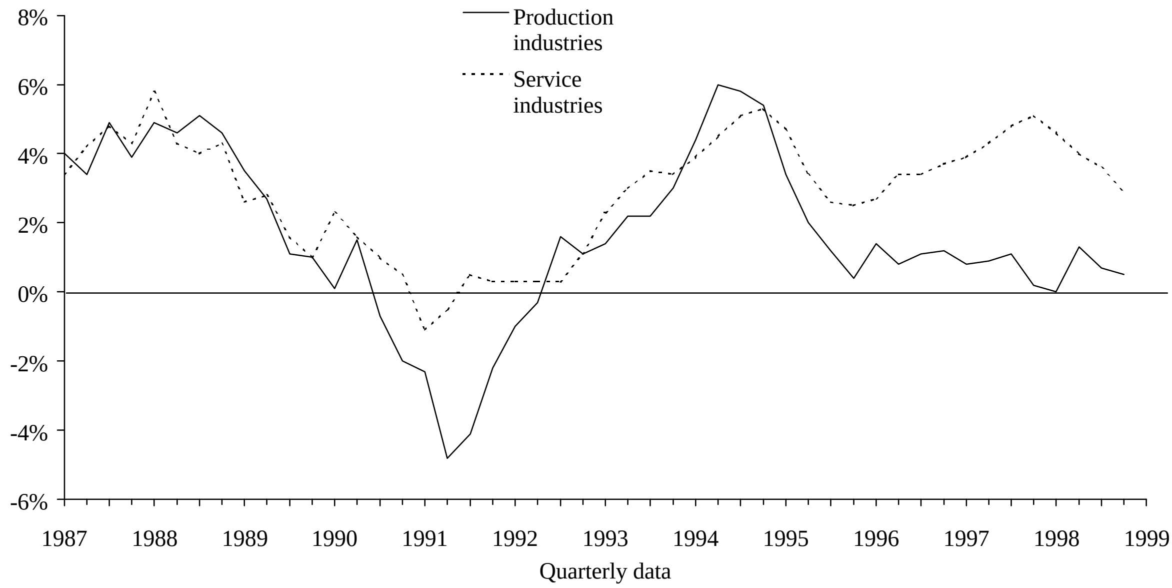
- The output measure of GDP is currently growing more strongly than either the income or expenditure measures. This may indicate that significant revisions will be made to the data when the three measures are eventually reconciled. Gross value added (GVA) at basic prices excluding oil and gas extraction – which reflects the output measure and excludes indirect taxes on products – is estimated to have grown by 0.3% in the fourth quarter of 1998 to a level 2.0% higher than in the fourth quarter of 1997.

- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 0.6% in 1999 and 1.8% in 2000.

Next update: 22 March

A 2. Gross Value Added by Industry

Gross value added
% change over 12 months



Gross value added at 1995 basic prices
% changes on year; seasonally adjusted

	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufac-turing			
1996	1.1%	0.4%	3.3%	2.0%	1.5%
1997	0.8%	1.0%	4.5%	0.5%	3.3%
1998	0.6%	0.3%	3.8%	0.2%	1.7%
1997 Q3	1.1%	1.3%	4.8%	0.5%	3.0%
Q4	0.2%	0.5%	5.1%	1.1%	3.1%
1998 Q1	0.0%	0.2%	4.6%	0.5%	5.5%
Q2	1.3%	1.0%	4.0%	-0.5%	1.0%
Q3	0.7%	0.4%	3.6%	-0.1%	1.0%
Q4	0.5%	-0.6%	2.9%	0.9%	-0.8%

Sources: ONS database (ERID, ERIT, GDRN, GDQV, GDQW, ERIE, ERIU, GDRQ, GDRR & GDSI)

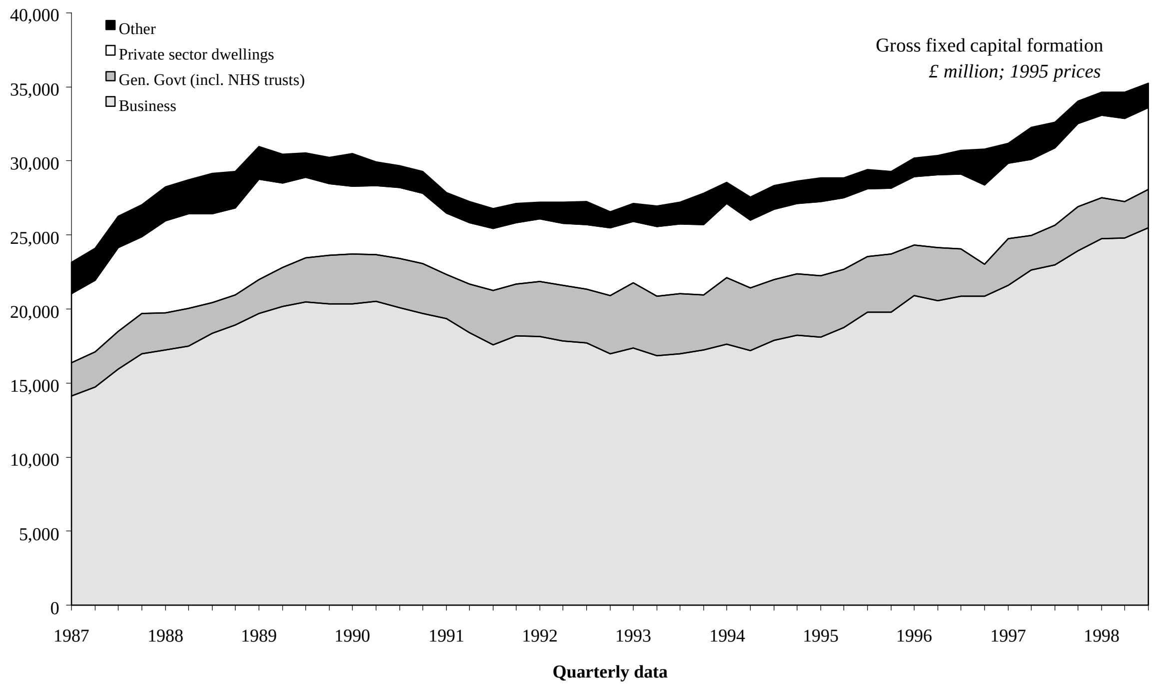
- Since 1995 output has grown faster in the service sector than in other parts of the economy and is currently growing at an annual rate of around 3%. Data for the fourth quarter of 1998 suggest that output was 0.6% higher than in the third quarter.

- Industrial production rose by 0.5% in the year to the fourth quarter of 1998. Rising output in the mining & quarrying and electricity, gas & water supply sectors more than offset a 0.6% decline in manufacturing output. Manufacturing output has now declined for two consecutive quarters and in the fourth quarter of 1998 was only 0.8% above its average 1995 level.

- In 1997 manufacturing accounted for 21% of GVA, other production industries (mining & quarrying and electricity gas & water supply) for 5%, agriculture, etc. for 2%, construction for 5% and services for 68%.

Next updates: 8 & 22 March

A 3. Investment



Gross fixed capital formation
£ million; 1995 prices; seasonally adjusted

		Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
1996		11,777	49,124	34,825	22,154	4,162	122,042
1997		14,271	52,429	36,172	23,024	4,216	130,112
1998		-	-	-	-	-	140,481
1997	Q4	3,637	13,932	9,439	6,071	959	34,038
1998	Q1	3,870	14,045	9,835	6,024	921	34,640
	Q2	3,501	14,682	9,527	6,054	942	34,637
	Q3	3,476	14,744	9,917	5,962	995	35,247
	Q4	-	-	-	-	-	35,957

Note: Compoents may not sum to the total figure owing to different revision dates.
Source: ONS database (series DLWJ, DLWO, DLWT, DFDV, EQDO, NPQT, DLWL)

- Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets.

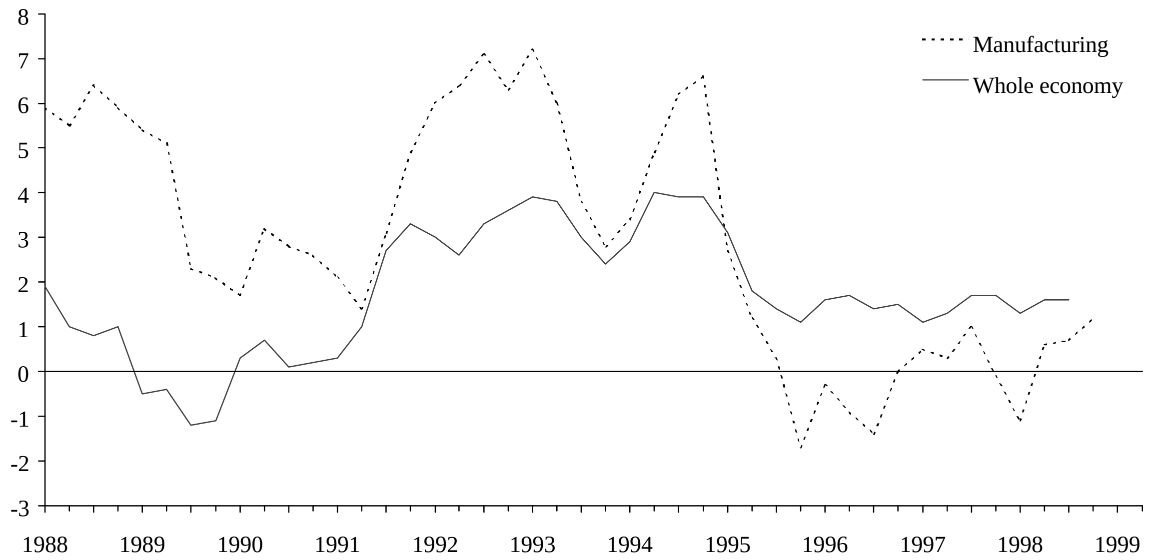
- Total investment rose 2% in real terms in the Q4 of 1998 compared with the previous quarter and 5.6% when compared with the same quarter in the previous year.

- Total GFCF in 1998 (at 1995 prices) is estimated to have risen 8% compared with 1997.

Next update: 24 March

A 4. Productivity

Output per person employed
% change on same quarter in previous year



% change on year
seasonally adjusted

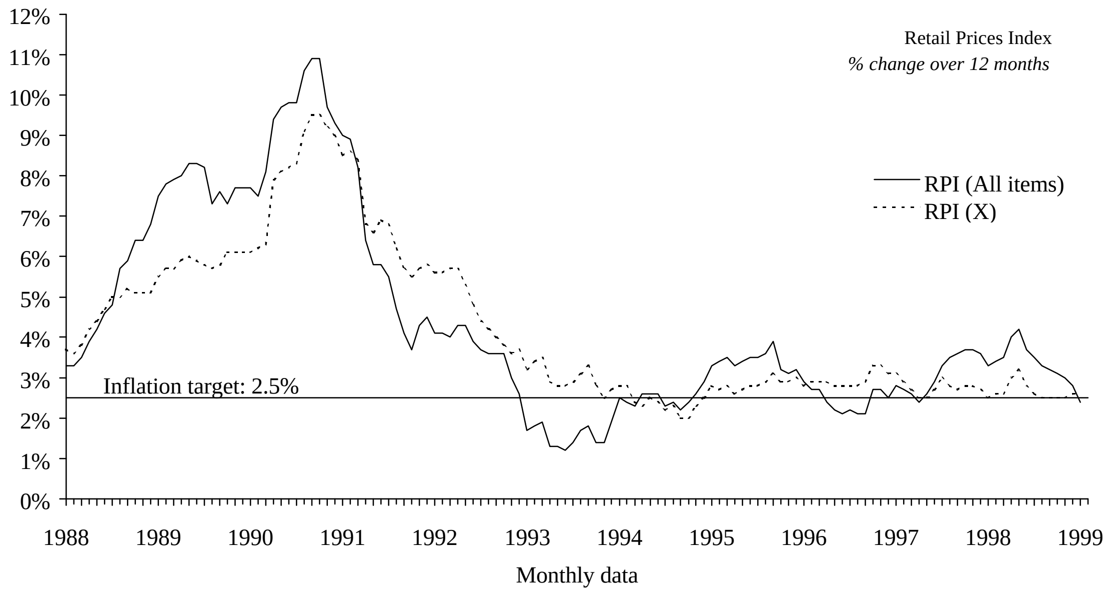
		Manufacturing			Whole Economy		
		Output	W'force in employment	Output per head	Output	W'force in employment	Output per head
1996		0.4	1.0	1.5	2.6	-0.7	1.0
1997		1.0	1.7	1.5	3.4	0.5	0.6
1998		0.3	..	..	2.8	..	..
1997	Q4	0.5	0.6	-0.1	3.6	1.7	1.7
1998	Q1	0.2	1.2	-1.1	3.3	1.8	1.3
	Q2	1.0	0.4	0.6	3.1	1.2	1.6
	Q3	0.4	-0.2	0.7	2.7	0.9	1.6
	Q4	-0.6	-1.8	1.2	2.1	..	..

Source: ONS Database (series ERIT, LNNM, LNNN, GDPQ, LNNX, LNOK, ERIU, LNNS, LNNU, GDPR, LNNO & LNNP)

- In the manufacturing sector, output growth declined in the last quarter of 1998. However, the more than proportionate decline in the manufacturing workforce meant that the rate of productivity growth is continuing to rise.
- For the economy as a whole output growth and employment growth both slowed, causing productivity growth to remain steady at an annualised rate of 1.6% in 1998 Q3.

Next update: 17 March

B 1. Retail Prices



% change on previous year

		Retail Prices Index	
		All-items	excl. mortgage interest (RPI(X))
1996		2.4	3.0
1997		3.1	2.8
1998		3.4	2.6
1998	Jan	3.3	2.5
	Feb	3.4	2.6
	Mar	3.5	2.6
	Apr	4.0	3.0
	May	4.2	3.2
	Jun	3.7	2.8
	Jul	3.5	2.6
	Aug	3.3	2.5
	Sep	3.2	2.5
	Oct	3.1	2.5
	Nov	3.0	2.5
	Dec	2.8	2.6
1999	Jan	2.4	2.6

Source: ONS Database (series CZBH, CDKQ)

- The current inflation target is 2.5%: if RPI(X) diverges from this target by more than 1 percentage point, the Governor of the Bank of England is required to send a letter to the Chancellor explaining the reasons for the divergence.

- RPI(X) has been at or above the target level of 2.5% since the beginning of 1995. After increasing during the first half of 1998, RPI(X) had been on a downward trend since June 1998. However, after four months at 2.5%, it increased by 2.6% in both December 1998 and January 1999.

- The rate of increase of headline inflation fell significantly in January 1999, from 2.8% to 2.4%. Housing costs exerted the main downward influence on the all items RPI, because of lower mortgage interest payments, following recent interest rate cuts. Housing costs were also held down by the discounting of furniture in the January sales. In the twelve months up to January 1999, housing costs increased by 4.2%.

- Prices of fuel and light fell by 1% in January 1999 compared to the same period a year earlier, and prices of clothing and footwear products declined by 1.9% compared to the same period a year earlier.

Next update: 23 March

B 2. Average Earnings

The Office for National Statistics suspended publication of the average earnings index on 2 November 1998 because of problems identified with the reliability of the series.

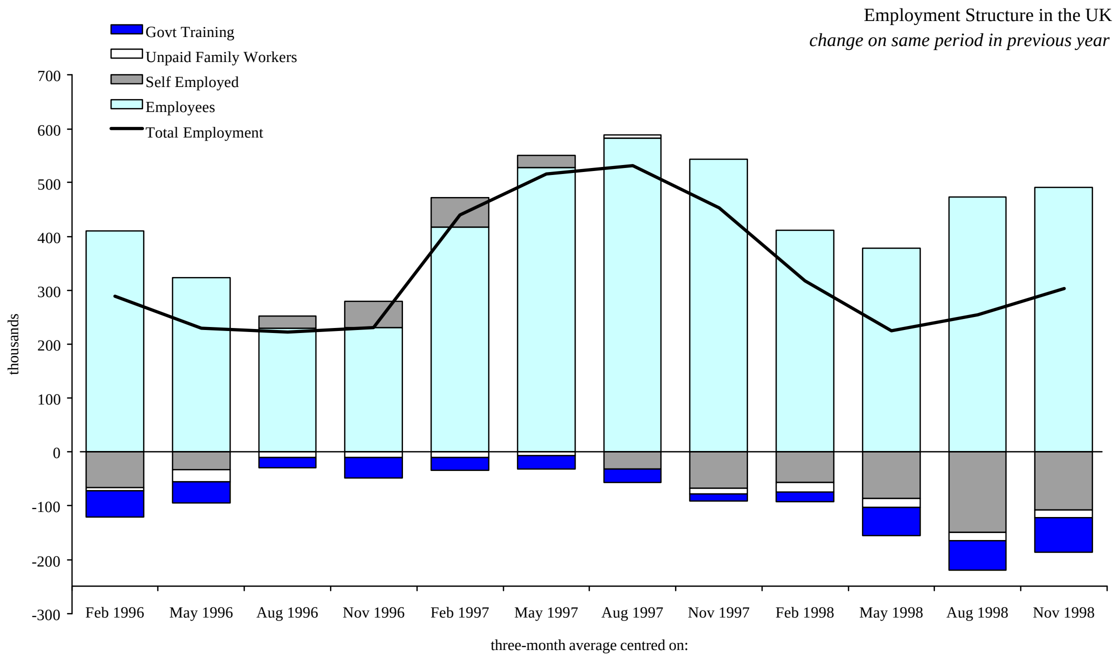
The Director of ONS, Dr Tim Holt, said:

> Public confidence in this particular series has clearly been dented. We have put substantial work in hand which will not be completed in time for the next scheduled release of the series. In the circumstances we judged it in the best interest of our users to halt publication until we can give the re-based series a clean bill of health - with defects corrected if any are found. We have announced this decision now so as to give all our users as much advance warning as possible.
>
> Our primary concern is to restore confidence in the reliability of the average enarnings series. Users need reassurance and we would prefer to publish when we can respond to all the concerns they have expressed. We shall do that as quickly as possible.

The Chancellor of the Excehquer has initiated an independent review of the average earnings index, led by Martin Weale (the director of the National Institute of Economic and Social Research). This was originally expected to take between four and six weeks, but no statement on the outcome of this work has been made so far.

ONS has also commissioned Professor Ray Chambers (from Southampton University) to quality assure the work put into producing the average earnings index. The findings of both the review and work undertaken by Professor Chambers will be made public.

C 1. Employment



Employment Structure in the UK
thousands; seasonally adjusted

		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1995	Oct-Dec	26,298	22,576	3,326	132	264
1996	Oct-Dec	26,529	22,807	3,375	122	225
1997	Oct-Dec	26,982	23,350	3,308	111	212
1998	Jan-Mar	27,020	23,423	3,297	95	205
	Apr-Jun	27,041	23,516	3,255	99	170
	Jul-Sep	27,165	23,715	3,176	109	164
	Oct-Dec	27,286	23,841	3,200	97	148
Changes:						
1997 Oct-Dec to		304	491	-108	-14	-64
1998 Oct-Dec		*1.1%*	*2.1%*	*-3.3%*	*-12.6%*	*-30.2%*

Source: Labour Force Survey (ONS)

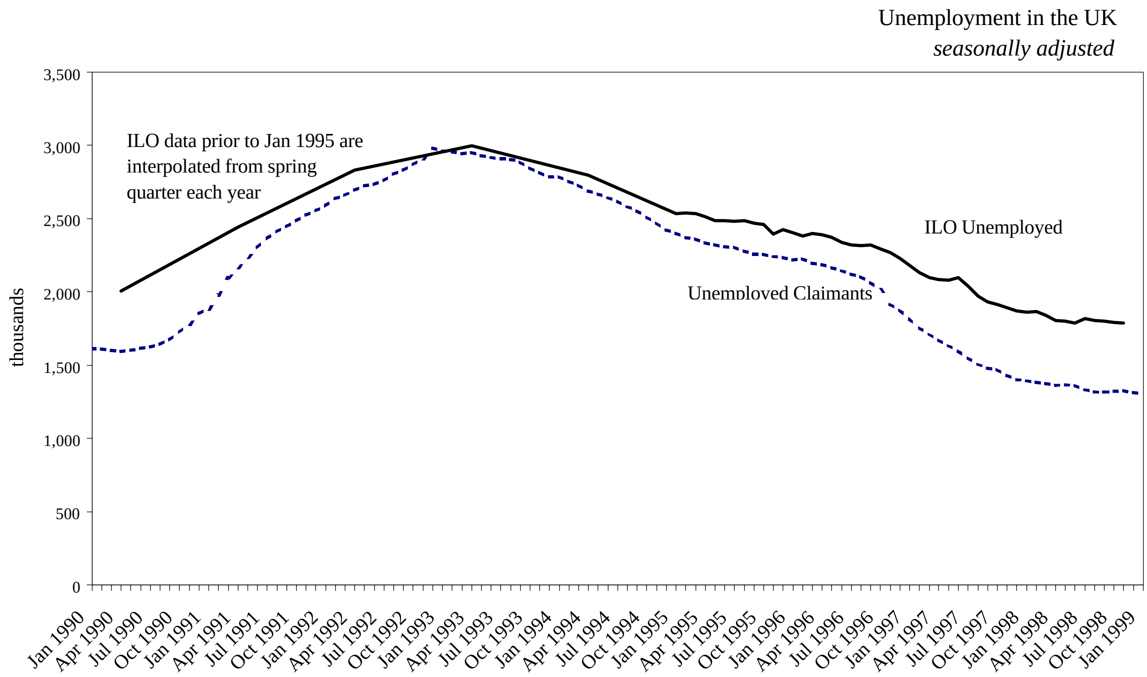
- Total employment has continued to increase in the latest rolling three-month period; compared to a year previously, employment was 304,000 (1.1%) higher in the October-December 1998 period. The pace at which employment is increasing has slowed somewhat compared to a year ago, but has remained at an annual rate of about 1% over the last six to eight months.

- The number of employee jobs in the economy overall increased by 2% in the year to September 1998. There were significant variations between different industries however. There were declines in the number of jobs in agriculture and fishing (by 8½%) and in manufacturing (by just under 1%).

- Other industries experienced strong growth in the year to September 1998: in the construction industry employee jobs increased by almost 10%, and in the transport & communications industry the number of jobs increased by 5%.

Next update: 17 March

C 2. Unemployment: National



ILO Unemployment in the UK
seasonally adjusted

		thousands	rate (%)
1995	Oct-Dec	2,396	8.3
1996	Jan-Mar	2,383	8.3
	Apr-Jun	2,373	8.3
	Jul-Sep	2,315	8.1
	Oct-Dec	2,266	7.9
1997	Jan-Mar	2,134	7.4
	Apr-Jun	2,082	7.2
	Jul-Sep	1,971	6.8
	Oct-Dec	1,893	6.6
1998	Jan-Mar	1,864	6.5
	Apr-Jun	1,802	6.2
	Jul-Sep	1,804	6.2
	Oct-Dec	1,790	6.2

Source: Labour Force Survey(ONS)

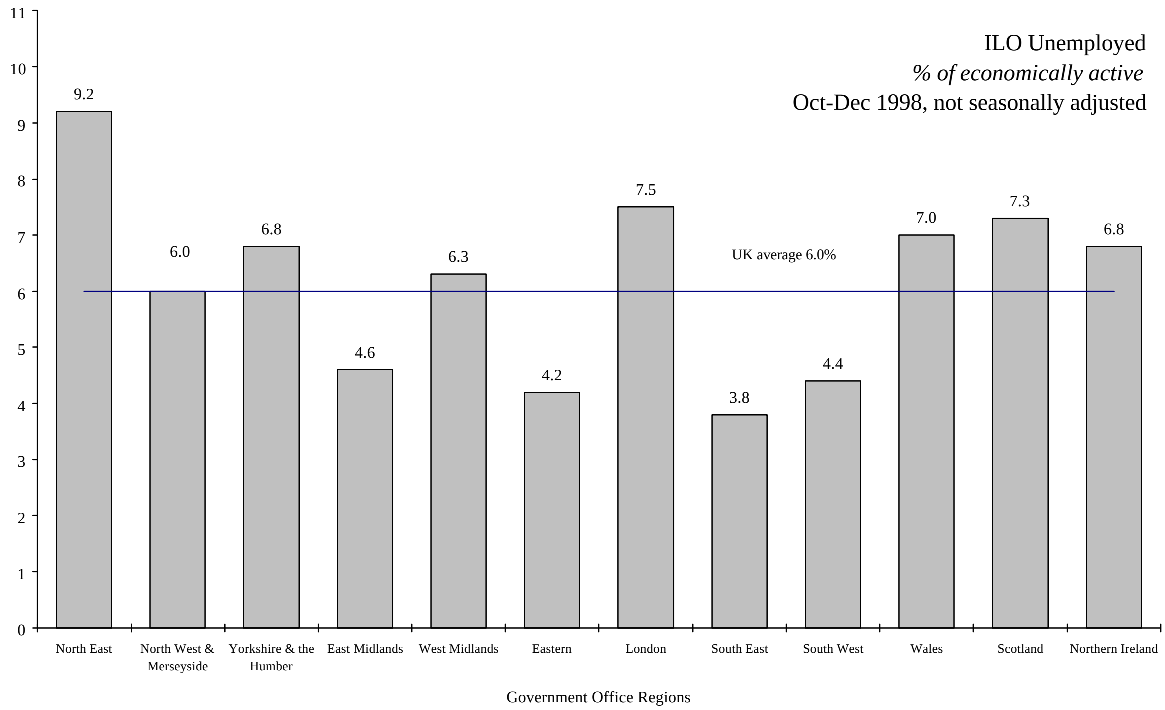
- Since April 1998, the Office for National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- The latest LFS estimates show that over the period October to December 1998, the level of ILO unemployment in the UK was 1,790,000. This was a decrease of 15,000 from the July-to-September period. As measured by the monthly claimant count, unemployment fell in January 1999 by just under 6,000 to stand at 1,305,300.

- Since the New Deal for the Young Unemployed started in January 1998, approximately 203,000 people have joined the scheme. Up to the end of November, nearly 50,000 of those leaving the Gateway had moved into employment, 75% of which were unsubsidised jobs. Since the beginning of the New Deal for the Long-Term Unemployed in July 1998, 70,900 people have joined the scheme. Up to the end of November, 2,760 had entered unsubsidised jobs, and 1,400 had entered subsidised jobs, from the Advisory Interview Process.

Next update: 17 March

C 3. Unemployment: Regional



ILO Unemployment, Oct-Dec 1998
change on same period in previous year

	thousands	%
North East	13	14%
North West & Merseyside	7	5%
Yorkshire & the Humber	0	0%
East Midlands	-8	-8%
West Midlands	5	3%
Eastern	-28	-20%
London	-50	-16%
South East	-19	-11%
South West	-15	-12%
Wales	4	4%
Scotland	9	5%
Northern Ireland	-16	-24%
UK	-98	-5%

Source: ONS, First Release (99) 53

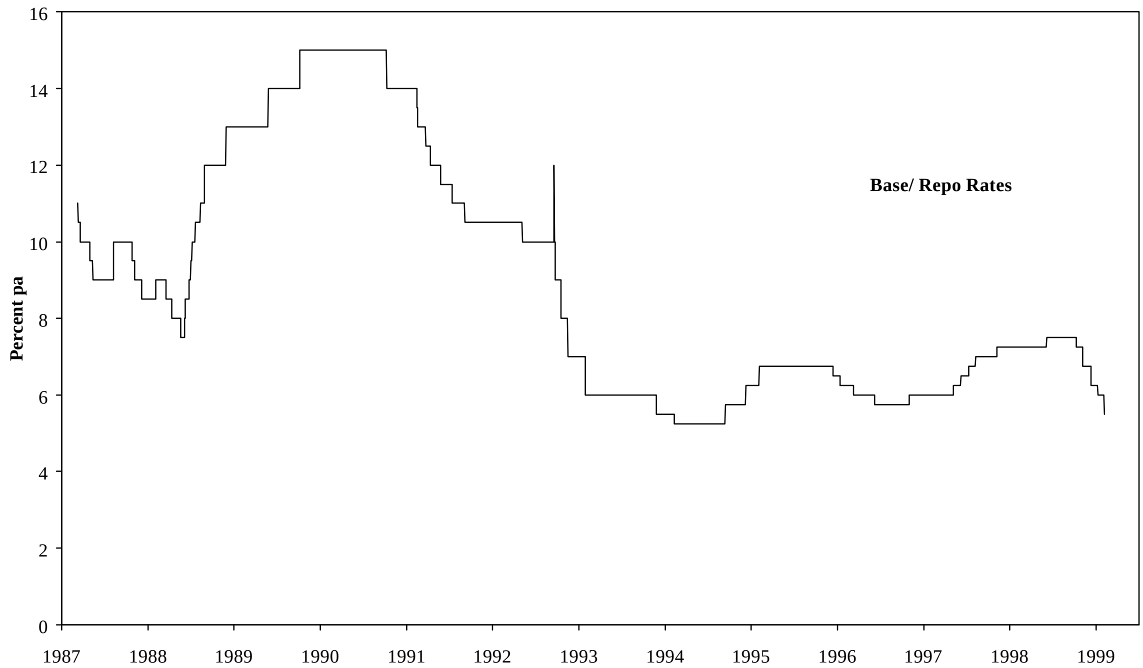
- Since April 1998, the Office for National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- Unemployment is still on a downward trend in several UK regions. In the three-month period of October-to-December 1998, unemployment in the Eastern region fell by 20% from the same three-month period a year earlier, unemployment in London fell by 16% from the same period a year earlier and, most significantly, unemployment fell by 24% in Northern Ireland from the same period a year earlier.

- The largest increase in unemployment in the October-to-December period was in the North East; it was 14% higher than the same period a year earlier. The North East has a significantly higher unemployment rate than any other region. In the October-to-December period, the unemployment rate was 9.2%.

Next update:17 March

D 1. Interest Rates



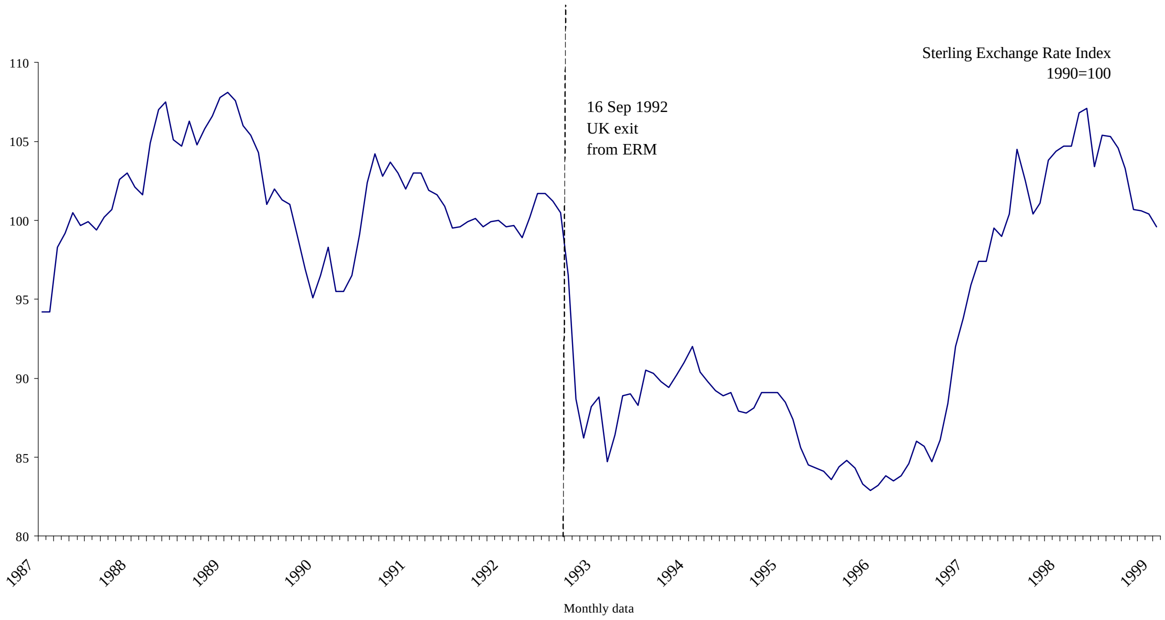
UK Base/Repo Rates *per cent per annum*

Date of change		New rate
1992	Sep 16	12.00
	Sep 17	10.00
	Sep 22	9.00
	Oct 16	8.00
	Nov 13	7.00
1993	Jan 26	6.00
	Nov 23	5.50
1994	Feb 8	5.25
	Sep 12	5.75
	Dec 7	6.25
1995	Feb 2	6.75
	Dec 13	6.50
1996	Jan 11	6.25
	Mar 8	6.00
	Jun 6	5.75
	Oct 30	6.00
1997	May 6	6.25
	Jun 6	6.50
	Jul 10	6.75
	Aug 7	7.00
	Nov 6	7.25
1998	Jun 4	7.50
	Oct 8	7.25
	Nov 5	6.75
	Dec 10	6.25
1999	Jan 7	6.00
	Feb 4	5.50

Source: Bank of England

- The interest rate increase on 6 June 1997 was the first occasion when interest rates were set by the independent Monetary Policy Committee (MPC) of the Bank of England rather than by the Chancellor.
- The MPC next meets on 2-3 of March.
- The ½ percentage point cuts in the repo rate in November and December were the largest change in rates yet made by the MPC.
- According the minutes of the February meeting (following the latest ½% point cut) the Committee was persuaded to cut rates because of the slowdown in the world economy. Seven members voted for a ½% point cut; one voted for an even larger reduction.
- A rate of 15.0% p.a. was announced on 16 September 1992 but was cancelled before becoming effective.

D 2. Exchange Rates



Exchange Rates

	DM		US$		Yen		ECU	
	Rate	% change on year	Rate	% change on year	Rate	% change on year	Rate	% change on year
1992	2.75	-5.9%	1.77	-0.1%	223.72	-5.8%	1.36	-4.6%
1993	2.48	-9.7%	1.50	-15.0%	166.73	-25.5%	1.28	-5.7%
1994	2.48	-0.1%	1.53	2.1%	156.40	-6.2%	1.29	0.6%
1995	2.26	-8.9%	1.58	3.0%	148.37	-5.1%	1.22	-5.5%
1996	2.35	4.0%	1.56	-1.1%	170.00	14.6%	1.25	2.1%
1997	2.84	20.9%	1.64	4.9%	198.12	16.5%	1.45	16.3%
1998 Nov	2.80	-4.5%	1.66	-1.6%	199.98	-5.6%	1.42	-3.9%
1998 Dec	2.79	-5.6%	1.67	0.7%	195.52	-9.1%	1.42	-4.8%
1999 Jan	2.78	-6.3%	1.65	0.9%	187.07	-11.7%	..	..

Sources: ONS database (series AJFH, AJFA, AJFO, AJHW)

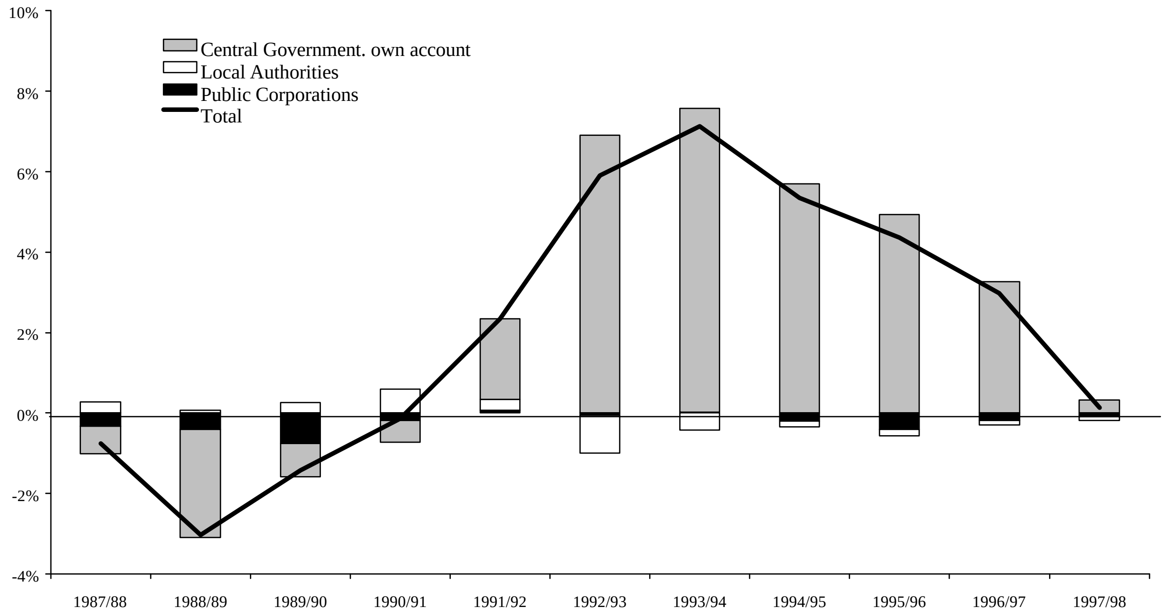
Recent Developments

- The value of the euro has continued to decline against both sterling and the US dollar. It has now devalued by about 3% against sterling and by about 5% against the US dollar. In all other respects the performance of the new currency has been technically and operationally successful.

- The pound was worth 1.451 at the London market close on February 25 1999, compared to a launch rate of 1.4169 on 31 December 1998.

D 3. Public Sector Net Cash Requirement

PSNCR as % of GDP



Public Sector Net Cash Requirement

	PSNCR		PSNCR excl privatisation receipts	
	£ billion	As a % of GDP	£ billion	As a % of GDP
1995/96	31.5	4.4%	33.9	4.7%
1996/97	22.7	3.0%	27.2	3.6%
1997/98	1.1	0.1%	2.9	0.4%
1997 Q4	-2.4	-1.2%	-2.4	-1.2%
1998 Q1	-5.2	-2.5%	-5.2	-2.5%
1998 Q2	5.5	2.6%	5.6	2.7%
1998 Q3	-2.9	-1.4%	-2.9	-1.4%
1998 Q4	-3.9	-1.8%	-3.9	-1.8%

Source: ONS Database Series RURQ, RURS, YBHA

- The public sector net cash requirement was previously known as the public sector borrowing requirement (PSBR).

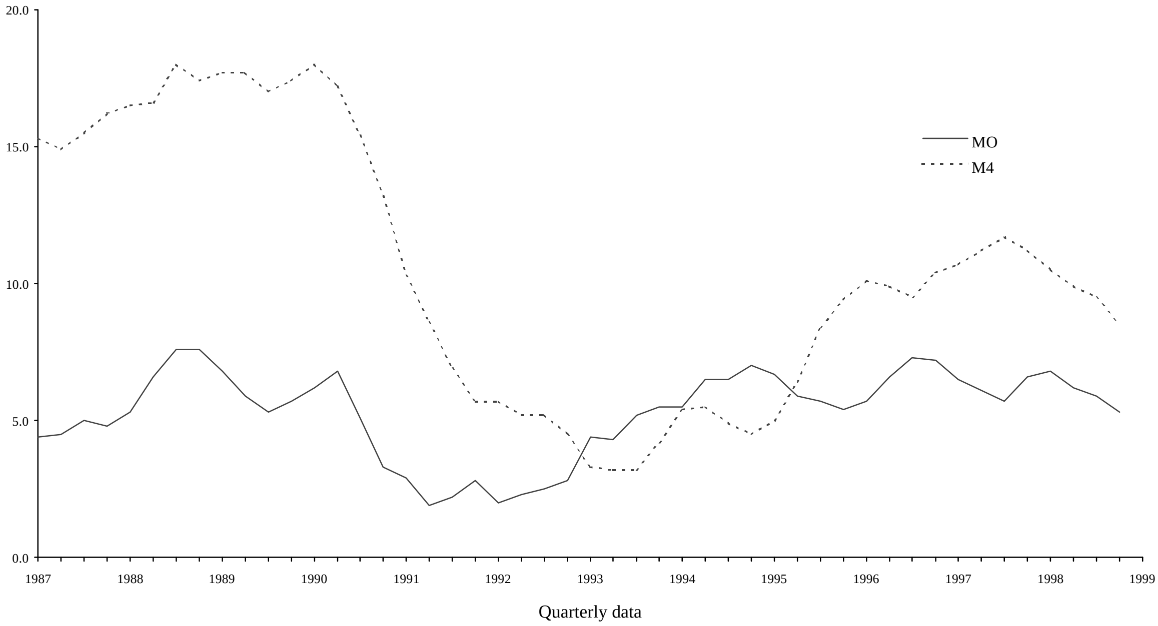
- The PSNCR (including privatisation receipts) for the 1997/98 financial year was £1.1 billion compared with £22.7 billion in 1996/97. Excluding privatisation receipts, the PSNCR for 1997/98 was £2.9 billion compared with £27.2 billion in 1996/97.

- In the first ten months of 1998/99 the PSNCR was a negative £13.7 billion. (ie net debt repayment). Privatisation proceeds during the period were £70 million. This can be compared to a PSNCR of a negative £3.8 billion for the same period in 1997/98.

Next update:16 March

D 4. Money Supply

% change on previous year



Money stock
seasonally adjusted

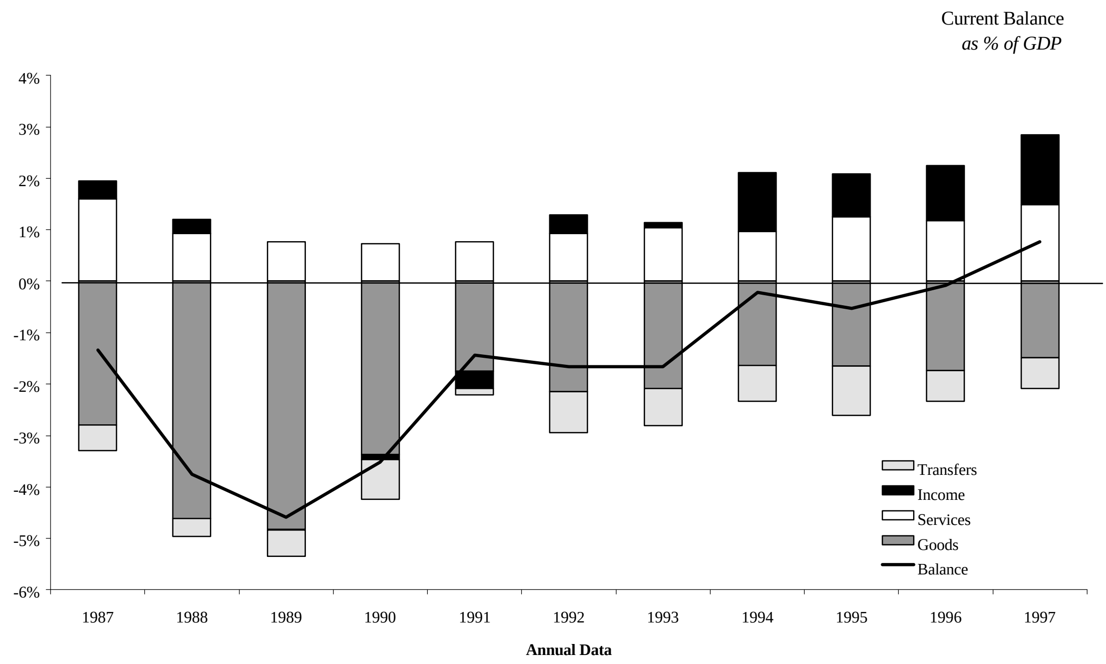
	MO		M4	
	3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
1998 Jan	6.6	6.7	10.5	10.9
Feb	5.3	7.1	10.8	10.6
Mar	6.5	6.7	8.8	10.0
Apr	4.9	6.8	10.1	10.6
May	3.5	6.3	8.2	9.7
Jun	3.1	5.5	9.0	9.5
Jul	3.8	5.8	10.4	10.2
Aug	5.0	6.2	7.9	9.0
Sep	6.5	5.9	8.7	9.2
Oct	6.6	5.5	5.7	9.2
Nov	5.4	4.8	6.7	8.4
Dec	7.0	5.8	5.7	8.0
1999 Jan (prov)	7.2	5.6	3.3	7.3

Source: Bank of England press notice dated 18 February 1999

- 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.
- M4 is currently growing at a year-on-year rate of less than 8% compared to rates in excess of 11% in 1997.
- There are now no formal targets for money supply growth.

Next updates: 1, 18 & 29 March

E 1. International Trade



Current Account Balances
seasonally adjusted; £ million

	Trade in Goods	Trade in services	Total Trade	Total income	Central Gov transfers	Other transfers	Current transfers	Current Balance
1996	-13,086	8,897	-4,189	8,111	1,698	-6,220	-4,522	-600
1997	-11,912	11,881	-31	10,950	908	-5,685	-4,777	6,142
1998	-20,598	13,415	-7,183	..	..	..	..	..
1997 Q2	-3,056	3,107	51	2,632	-33	-887	-920	1,763
Q3	-2,797	3,110	313	3,006	167	-1,550	-1,383	1,936
Q4	-3,947	3,078	-869	2,266	504	-1,341	-837	560
1998 Q1	-4,453	3,027	-1,426	2,007	-152	-1,783	-1,935	-1,354
Q2	-4,771	3,245	-1,526	743	519	-1,139	-620	-1,403
Q3	-5,204	3,408	-1,796	5,160	35	-1,090	-1,055	2,309
Q4	-6,293	3,600	-2,693	..	..	..	..	..

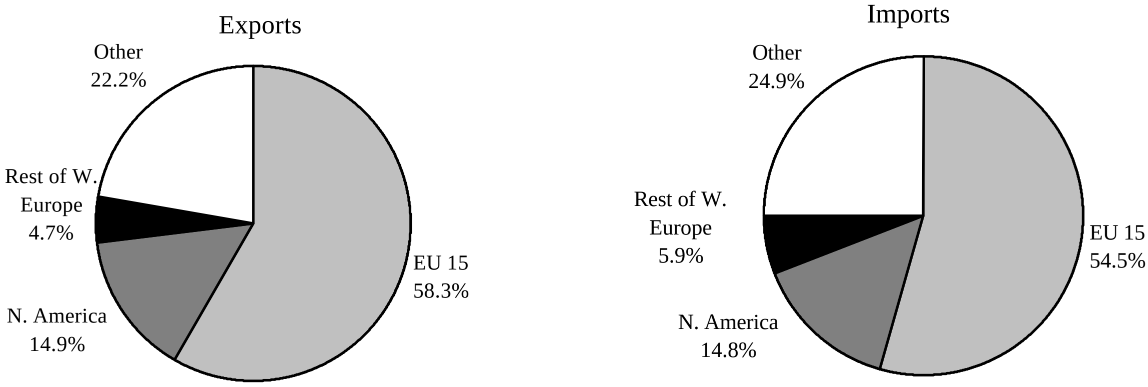
Source: ONS database (Series BOKI, IKBJ, IKBD, HBOJ, FNSV, FNTC, HBOP)

- **Trade in Goods:** Successive quarterly figures show large deficits continuing, indicating a very weak UK trading position, the worst since 1989.
- **Trade in Services:** In the fourth quarter of 1998 the surplus in services was £3,600 million, on a par with the previous quarter. For 1998 as a whole, the surplus in services was £13,400 million, which was £7,200 million short of offsetting the deficit on goods for the year.
- **Central Government Transfers:** These include taxes and social security contributions received by non-resident workers, businesses and transfers with international organisations, including the EU. Between Q1 and Q2 of 1998 the balance switched from a deficit of £150 million to a surplus of £520 million.
- **Current Account:** The current account showed an overall surplus of £2,300 million in the third quarter of 1998, compared with a deficit of £1,400 million in the previous quarter.

E 2. Trade in Goods

Shares of visible trade by area: 1998

Balance of Payment Basis



Export and import volume indices and trade in goods balances

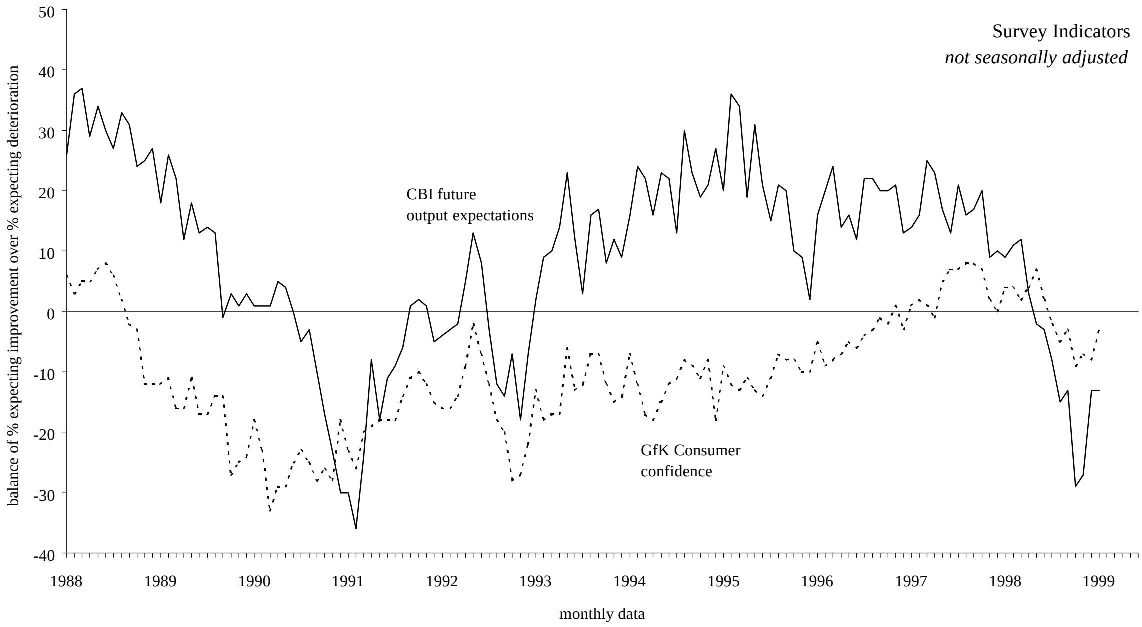
seasonally adjusted; Balance of Payment basis

	Volume Index 1995=100		Trade in Goods (£m)		
	Exports	Imports	Exports	Imports	Balance
1996	107.7	109.1	167,403	180,489	-13,086
1997	116.5	119.0	171,783	183,695	-11,912
1998	117.7	128.5	163,704	184,302	-20,598
1997 Q4	118.6	124.0	43,108	47,055	-3,947
1998 Q1	117.7	124.4	41,414	45,665	-4,251
1998 Q2	118.2	127.3	41,380	46,165	-4,785
1998 Q3	119.0	130.4	41,143	46,410	-5,267
1998 Q4	115.9	132.1	39,769	46,062	-6,293

Source: ONS database (Series: BQKU,BQKV,BOKG,BOKH,BOKI)
First Release: UK Trade (ONS(99) 68)

- ***1998 as a whole:*** The deficit in trade in goods is estimated at £20,600 million, the largest annual deficit since 1989. The deficit with EU countries in 1998 increased to £5,300 million from £4,000 million in 1997 whereas the deficit with non-EU countries rose more sharply to £15,300 million in 1998 from £7,900 million in 1997. The worsening UK trade position is, in part, the result of the Asian financial crisis of 1998.
- ***1998, fourth quarter:*** The deficit in trade in goods in Q4 was £6,300 million; the largest quarterly deficit since 1989 Q3. In value terms, exports were 7.7% lower compared with the same quarter in 1997 whereas imports were 2.1% lower over the same period. Compared with the previous quarter in 1997, export volumes of goods fell 2.3% whereas import volumes rose 6.5%.
- ***Recent monthly data:*** The UK's balance on trade in goods was £2,250 million in December, slightly below November's £2,300 million and September's figures, of £2,600 million, which was the highest recorded monthly deficit
- ***EU and Non-EU trade:*** The deficit in trade in goods with non-EU countries for 1998 is provisionally estimated at a record £15,300 million, reflecting in part the slowdown in Asian markets. Exports to non-EU countries in 1998 fell by 10% compared with 1997. Exports to the EU fell slightly by 0.6% over the same period. Imports from non-EU countries were flat whereas imports from the EU rose slightly by 1%.
- ***Trends:*** The latest estimate of volume trends shows the UK trade balance is widening, with exports flat and imports rising. *Next update: 24 March*

F 1. Survey Indicators



Output Expectations and Consumer Confidence

		Balance of % expecting improvement over % expecting deterioration	
		CBI Industrial Trends Survey: future output expectations	Consumer confidence GfK
1998	Jan	9	4
	Feb	11	4
	Mar	12	2
	Apr	3	4
	May	-2	7
	Jun	-3	2
	Jul	-8	-2
	Aug	-15	-5
	Sep	-13	-3
	Oct	-29	-9
	Nov	-27	-7
	Dec	-13	-8
1999	Jan	-13	-3

Source: ONS Database (series ETCU and ETBA)

- Survey indicators – including those shown here – are often expressed in the form of a balance of the percentage of respondents who expected the situation to improve in the immediate future over the percentage who expected things to worsen.

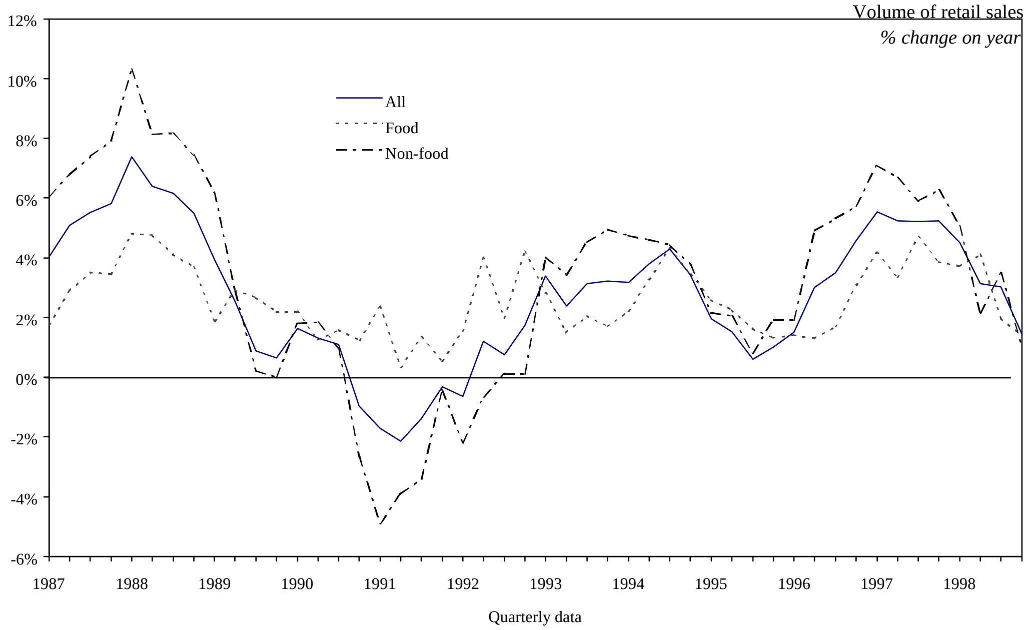
- The balance of expectations from the CBI Industrial Trends Survey for future output levels in manufacturing fell sharply during 1998, from +12 in March 1998 to –29 in October 1998. It has since picked up somewhat, standing at –13 in December 1998 and in January 1999.

- The GfK consumer confidence indicator is a composite measure of forward expectations of the general economic situation and households' financial positions; perceptions of how these have changed over the last 12 months, and also views on major household purchases. Like the CBI indicator, consumer confidence moved from being positive to negative during 1998, and has again improved in recent months. It now stands at –3 in January 1999.

- The upturn in recent months on both these measures will, in part, be a reflection of renewed optimism in the light of recent interest rate cuts.

Next update: late March

F 2. Retail Sales



Value of Sales
not seasonally adjusted; % change on year

	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food
1996	4.0%	5.0%	9.0%	5.0%
1997	3.8%	14.3%	10.1%	6.7%
1998	3.7%	5.8%	5.8%	3.6%
1998 Q1	2.9%	9.0%	9.0%	4.0%
Q2	4.7%	6.4%	6.4%	4.8%
Q3	1.9%	7.1%	7.1%	4.7%
Q4	4.3%	1.4%	1.4%	2.2%

Source: ONS database (series EAWN, EAWO, EAWP, EAWQ)

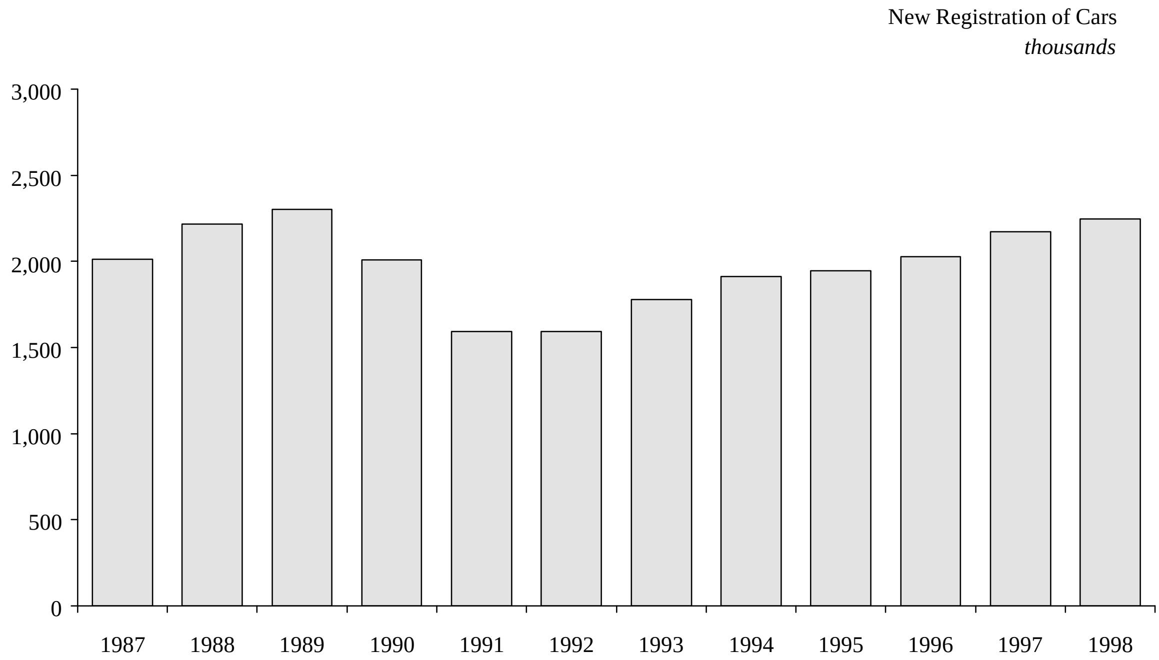
- The pace of growth of retail sales declined significantly in the fourth quarter of 1998. The seasonally adjusted volume of retail sales increased by 1.4% compared to the same period a year earlier; in the third quarter of 1998, retail sales volume had increased by 3% from a year earlier.

- In January 1999, the seasonally adjusted volume of retail sales was 1.2% higher than a year earlier.

- In value terms, the growth rate of food sales was sustained in January 1999; food sales increased by 3.7% compared to the same period a year earlier (not seasonally adjusted), having increased in December 1998 by 4% from the same period a year earlier. Growth in non-food sales is generally weaker than growth in food sales. In January 1999, the value of non-food sales increased by 2.4% from the same period a year earlier; in December 1998, they had declined by 0.1% from a year earlier (not seasonally adjusted).

Next update: 18 March

F 3. New Registrations of Cars



New Registrations of Cars
not seasonally adjusted

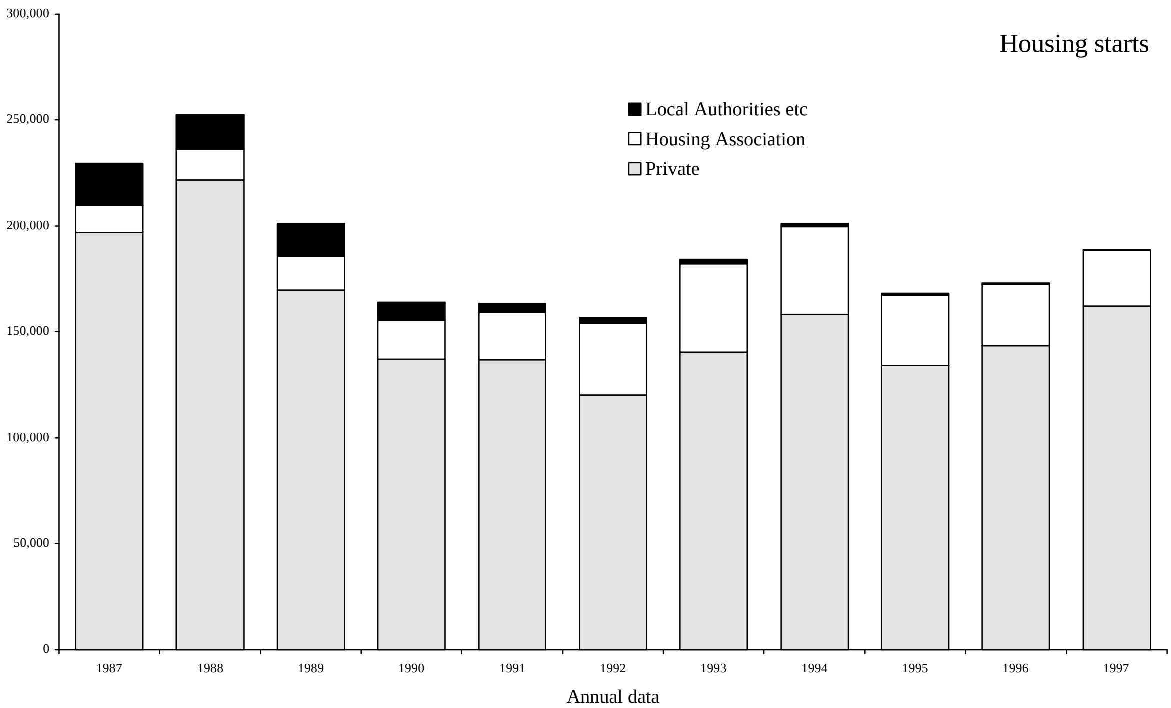
	Numbers thousands	Change over 12 months
1995	1,945	1.8%
1996	2,026	4.1%
1997	2,171	7.2%
1998 (provisional)	2,247	3.5%
1999 (forecast)	2,030	-9.7%
2000 (forecast)	2,000	-1.5%
1998 Oct	155	-1.3%
Nov	152	0.0%
Dec	96	12.9%
1999 Jan	182	-21.6%

Source: SMMT "Monthly Statistical Review", Jan 1999

- Figures from the SMMT show that the number of new registrations of cars exceeded 2 million in 1997 and 1998, representing year on year changes of 7.2% and 3.5% respectively. The figure for 1998 is the second highest annual level since 1989 when new car registrations hit a peak of 2.3 million units.
- The SMMT forecasts a fall in new registrations of 9.7% in 1999 followed by a fall of 1.5% in 2000.
- 181,842 cars were registered in January 1999 which represented a fall of 21.6% over the figure recorded for January 1998.
- The share of the UK market taken by imported vehicles remained constant at 71.2% in January.

Next update: 22 March

F 4. Housing



House prices

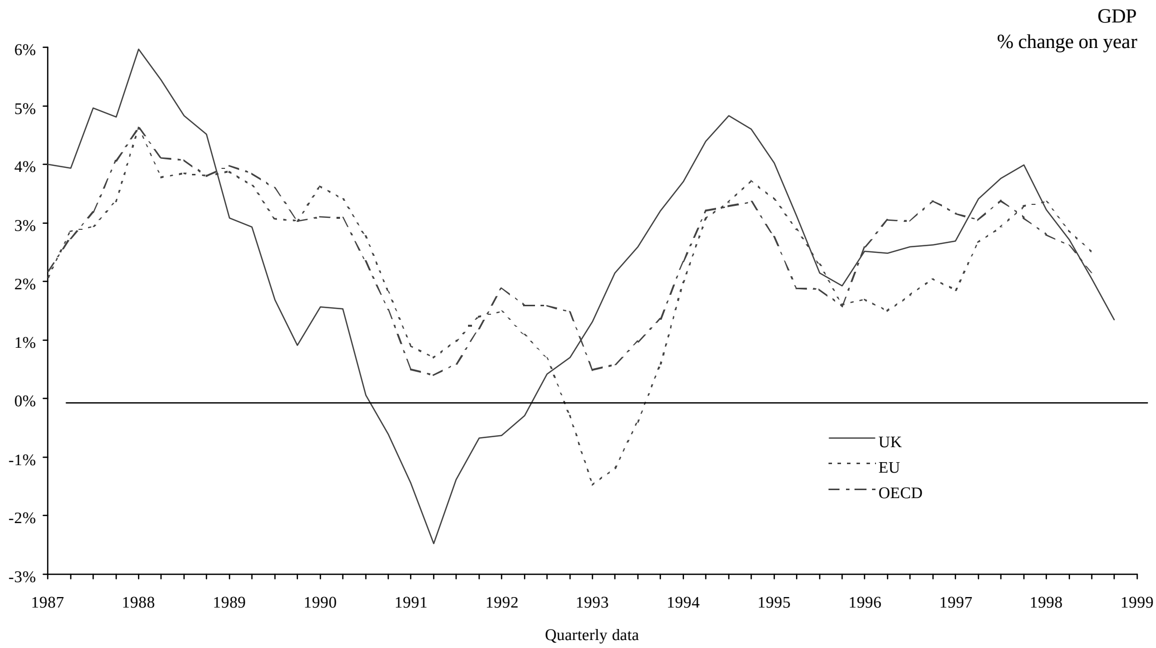
	All Houses	New Houses	Existing Houses	First time buyers
Standardised average price (£)				
1997	68,500	71,300	68,300	49,700
1998	72,300	75,900	71,900	52,200
1998 Q2	72,600	76,900	72,500	52,400
1998 Q3	72,900	75,900	72,800	52,800
1998 Q4	72,900	75,900	72,800	52,800
% change over same period last year				
1997	6.2%	2.6%	6.7%	5.5%
1998	5.5%	6.5%	5.3%	5.0%
1998 Q2	5.5%	9.4%	5.5%	4.8%
1998 Q3	5.5%	6.5%	5.7%	5.4%
1998 Q4	5.3%	4.0%	5.5%	5.6%

Source: Halifax House Price Index: Fourth Quarter 1998

- Provisional estimates for the three months ending in December 1998 show that the seasonally adjusted total starts were 1% higher when compared with the previous three months. Private enterprise starts rose by 2% during the same period.
- The Halifax Quarterly Index shows that house price inflation in the United Kingdom dropped to 4.5% in the year to December 1998 from 4.9% in the year to November 1998. The largest increase of 12.2% occurred in Northern Ireland followed by the South East and East Anglia which recorded respective increases of 9.5% and 9.3%. No regions recorded falls.
- The Halifax Monthly Index also shows that house prices in the UK as a whole **fell** by 0.1% between November and December on a seasonally adjusted basis.

Next update: 5 March

G 1. International Comparisons - Growth



GDP at constant market prices
% change on year

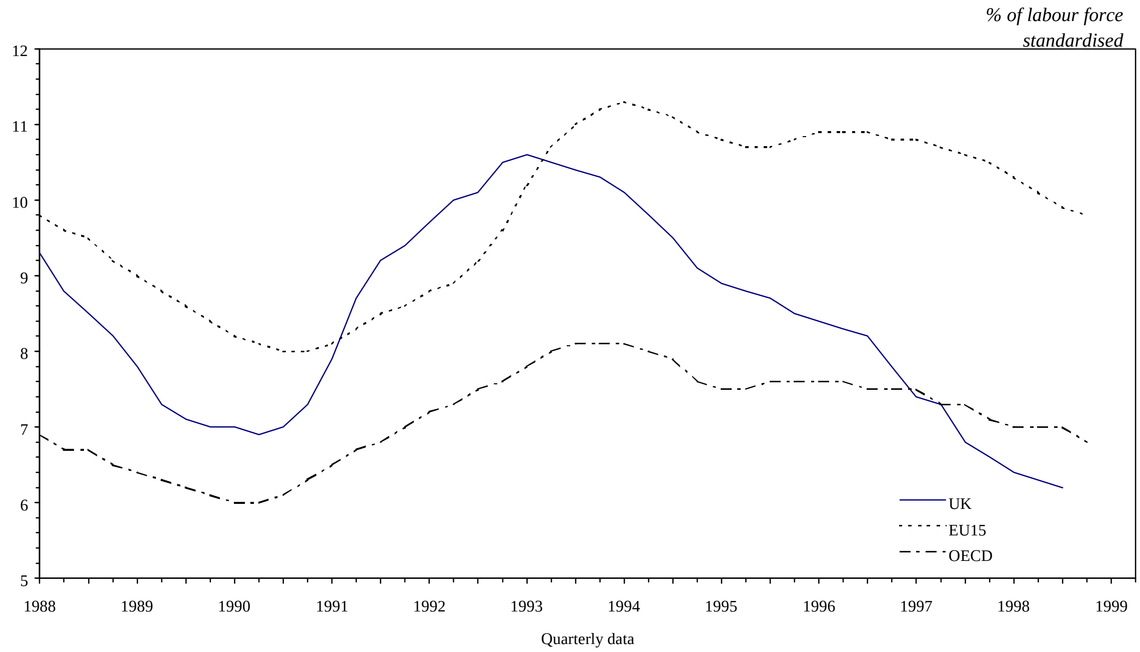
	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4
USA	3.4%	3.9%	3.8%	4.1%	3.6%	3.5%	4.2%
Japan	5.0%	1.5%	..	-3.6%	-1.9%	-3.5%	..
Canada	1.2%	3.8%	..	3.8%	2.9%	2.3%	..
United Kingdom	2.6%	3.5%	2.3%	3.2%	2.7%	2.0%	1.3%
Germany	1.3%	2.3%	..	3.4%	2.3%	2.7%	..
France	1.5%	2.3%	..	3.6%	3.3%	2.9%	..
Italy	0.7%	1.5%	..	2.5%	1.2%	1.2%	..
EU15	1.7%	2.7%	..	3.4%	2.9%	2.5%	..
G7	3.0%	2.9%	..	2.5%	2.3%	1.8%	..
OECD	3.0%	3.1%	..	2.8%	2.6%	2.2%	..

Source: OECD, *Main Economic Indicators*, February 1999; ONS - CSDB database

- The latest statistics suggest that economic growth is slowing in Europe. The US economy is continuing to grow strongly. The Japanese economy is contracting.
- The UK economy grew faster than the EU average in each calendar year 1993 to 1997. However, the reverse is expected to be the case in 1998 and 1999.
- Japan is experiencing a prolonged period of low or negative growth. Real GDP is expected to be lower in 2000 than in 1996.

Next update: late March

G 2. International Comparisons - Unemployment



Unemployed as % of labour force
standardised; seasonally adjusted

	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4
USA	5.4	4.9	4.5	4.6	4.4	4.5	4.4
Japan	3.4	3.4	4.1	3.6	4.2	4.3	4.3
Canada	9.7	9.2	8.4	8.7	8.4	8.3	8.0
United Kingdom	8.2	7.0	..	6.4	6.3	6.2	..
Germany	8.9	10.0	9.7	10.0	9.8	9.5	9.4
France	12.4	12.4	11.9	12.1	11.9	11.9	11.8
Italy	12.0	12.1	..	12.1	12.3	12.3	..
EU 15	10.9	10.7	10.0	10.3	10.1	9.9	9.8
G7	6.8	6.6	6.4	6.5	6.4	6.5	6.4
OECD	7.6	7.3	6.9	7.0	7.0	7.0	6.8

Source: OECD Main Economic Indicators

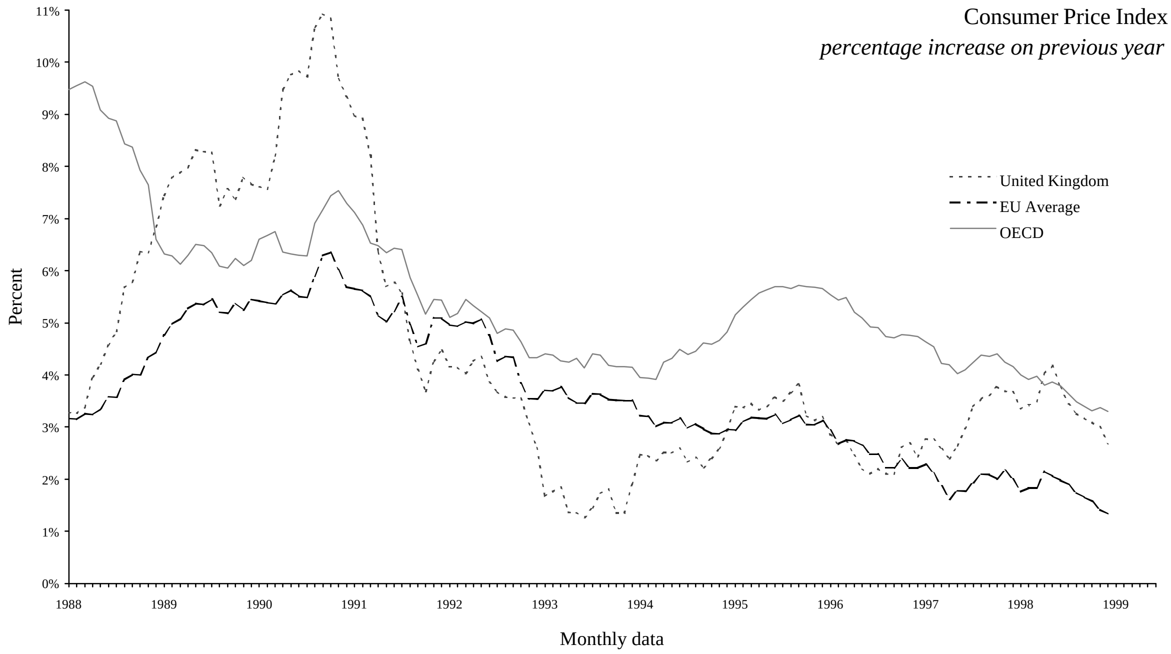
- Using standardised definitions, the UK unemployment rate was significantly below the EU average in 1998 Q3 and was also marginally lower than the G7 average.

- The unemployment rate in the euro-zone (the eleven Member States participating in the single currency) stood at 10.8% in December – slightly higher than the rate of 9.8% for the EU15 as a whole.

- Youth unemployment rates (for those aged under 25) tend to be vary much more widely than the rates for people of all ages. For example, the UK's youth unemployment rate stood at 13.7% in October 1998 on a standardised basis, compared to 6.2% in the Netherlands, 10.1% in Germany, 26.8% in France, 33.3% in Italy and 34.8% in Spain (the highest in the EU).

Next update: mid March

G 3. International Comparisons – Prices



Consumer Price Index (national definitions)
% change over 12 months

		USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1996		2.9	0.1	1.6	2.5	1.5	2.1	3.8	5.1	2.5
1997		2.4	1.8	1.6	3.1	1.7	1.1	1.8	4.2	2.0
1998		1.5	0.6	1.0	3.4	1.0	0.7	1.7	3.7	1.7
1998	Jul	1.7	-0.1	1.0	3.4	0.9	0.8	1.8	3.6	1.9
	Aug	1.6	-0.3	0.9	3.3	0.7	0.7	1.9	3.5	1.7
	Sep	1.5	-0.2	0.7	3.2	0.8	0.5	1.8	3.4	1.7
	Oct	1.5	0.2	1.0	3.1	0.7	0.4	1.7	3.3	1.6
	Nov	1.5	0.7	1.2	3.0	0.7	0.3	1.5	3.4	1.4
	Dec	1.5	0.6	1.0	2.7	0.6	0.3	1.5	3.3	1.3

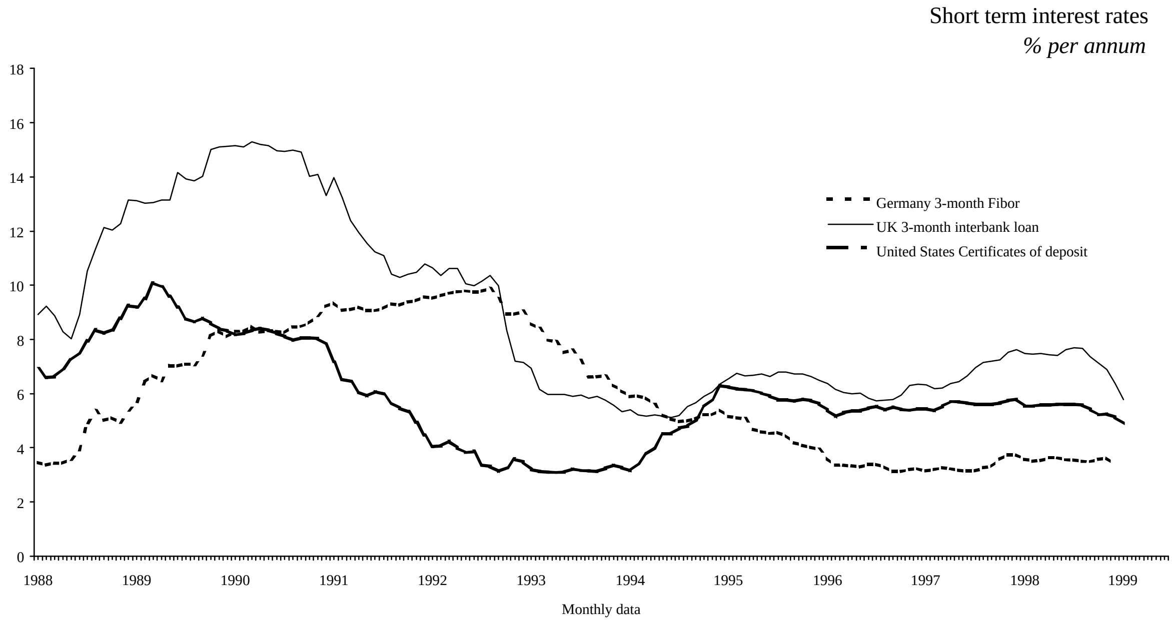
Source: OECD Main Economic Indicators

- Under the terms of the Maastricht Treaty, harmonised indices of consumer prices (and not data compiled on national definitions) are used to assess price stability in each Member State. On a harmonised basis the average inflation rate for the eleven EU countries participating in the single currency was 0.8% in December. The UK's inflation rate on this basis stood at 1.5%.

- The inflation rates for the other three Member States not participating in the Single Currency for December 1998 were (on a harmonised basis) Greece: 3.7%, Denmark: 1.1% and Sweden: 0.1% (November 1998 figure).

Next update: late March

G 4. International Comparisons - Interest Rates



International Interest Rates as at 25 February 1999

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	4.51	5 3/16
United States	5.31	4 15/16
Switzerland	2.22	1 3/16
Japan	1.90	5/16
Euro-zone	..	3 3/32

Source: Financial Times, 26 February 1999

- The European Central Bank set its first repo rate at 3% in January 1999 when Stage III of EMU started. The current level of 3-month rates within EMU is shown as the 'euro-zone' rate in the table.
- There is, as yet, no equivalent euro-zone government bond rate quoted. In future, a suitable comparator may be the rate on bonds issued by institutions like the European Investment Bank. Further details will be published on this page when they become available.
- Japanese interest rates remain very low in an effort to boost the Japanese economy. The Bank of Japan also wants to manage the Yen's appreciation against the US dollar.
- Short-term interest rates in the UK have fallen by two full percentage points since summer 1998, moving closer to European