



RESEARCH PAPER 99/37
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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 article: Internet sources of economic statistics.

Jane Hough (Editor)

ECONOMIC POLICY & STATISTICS SECTION

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CONTENTS

I	Contacts for further information	5
II	Internet sources of economic statistics	6
III	Subject pages	8
	A. Growth & Output	8
	1. GDP	8
	2. GDP by Industry	9
	3. Investment	10
	4. Productivity	11
	B. Prices & Wages	12
	1. Retail Prices	12
	2. Average Earnings	13
	C. Labour Market	14
	1. Employment	14
	2. Unemployment: National	15
	3. Unemployment: Regional	16
	D. Finances & Government Borrowing	17
	1. Interest Rates	17
	2. Exchange Rates	18
	3. Public Sector Net Cash Requirement	19
	4. Money Supply	20
	E. International Trade	21
	1. International Trade	21
	2. Trade in Goods	22

F.	Other Indicators	23
	1. Survey Indicators	23
	2. Retail Sales	24
	3. New Registration of Cars	25
	4. Housing	26
G.	International Comparisons	27
	1. Growth	27
	2. Unemployment	28
	3. Prices	29
	4. Interest Rates	30

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 Karunatileka/Tim Edmonds	3977/2883
EC finance	Mick Hillyard/Jane Hough	4324/2464
Employment	Eshan Karunatileka/Tim Edmonds	3977/2883
Energy	Patsy Richards	4310
Financial services	Eshan Karunatileka/Jane Hough	3977/2464
Housing	Bryn Morgan	3851
Incomes	Bob Twigger/Tim Edmonds	4904/2883
Industries	Eshan Karunatileka /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 Karunatileka/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 Karunatileka /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 Internet Sources of Economic Statistics

A wide range of economic statistics is now available on the Internet. This article looks at some of the UK and international sources that are used by the Library on a regular basis. The list is by no means exhaustive; it is merely intended to provide an introduction to the range of information now available.

In some cases, material is stored in Portable Document (PDF) format, which requires the use of Adobe Acrobat software to download documents. For users of the Parliamentary Data and Video Network (PDVN), this should present no difficulties; however, if any problems are experienced, or for with any queries relating to the use of the Internet, they should contact the PCD Helpdesk.

Office for National Statistics (ONS), UK; website address – <http://www.ons.gov.uk/>

ONS compile and publish social, health, economic, demographic, labour market and business statistics. Much of ONS's material is published in the form of press releases and regular hard copy volumes. These are all available on the ONS website, usually on the day of publication. Statistics covering topics such as inflation, employment, unemployment, GDP, overseas trade, earnings and productivity are all available from ONS press releases.

The website also contains information on the Census of Population and provides useful links to the government statistical services in a wide range of other countries.

StatBase®, UK; website address – <http://www.statistics.gov.uk/>

StatBase® has been set up to provide access to a comprehensive set of key statistics drawn from the whole range of UK official statistics. The range of subjects included is therefore extremely comprehensive, covering subjects as diverse as criminal justice, transport, housing and the environment. The website contains a catalogue of all the data held, together with information on the various sources. At the current time some 225 different datasets are available. Some data can be viewed and downloaded free of charge, but for others an account needs to be opened with ONS.

Bank of England, UK; website address – <http://www.bankofengland.co.uk/>

The Bank of England's website contains a range of monetary and financial statistics for the UK. This includes money supply, interest rates, exchange rates, retail bank lending, UK official reserves and transactions in government debt. The most comprehensive source on the website is the monthly publication *Monetary & Financial Statistics*, which is also published in hard copy. Press releases containing the latest statistics on individual

subjects are available, usually on the day of publication. Readers may also be interested to know that the minutes of the monthly meetings of the Bank of England's Monetary Policy Committee can also be accessed on the website.

HM Treasury, UK; website address – <http://www.hm-treasury.gov.uk/>

The monthly publication *Forecasts for the UK Economy* is available on the Treasury's website. This is a summary of independent economic forecasts compiled by academic, City and other research organisations. The Treasury's own main economic forecasts, together with Budget information, can also be accessed from the website.

*Organisation for Economic Co-operation & Development (OECD);
website address – <http://www.oecd.org/>*

The OECD's website contains a wide range of economic and social statistics for its 29 member countries, and a more limited range of statistics for the newly democratised states of Central and Eastern Europe. It also contains information on overseas aid flows to developing countries from the 21 countries (and international bodies such as the EU) that are members of the OECD's Development Assistance Committee.

Many of the statistical series are contained in tables listed in the section "OECD statistics", which is organised by main subject heading, while others can be found in extracts from publications such as *OECD Economic Outlook*.

Eurostat; website address - <http://europa.eu.int/en/comm/eurostat/serve/home.htm>

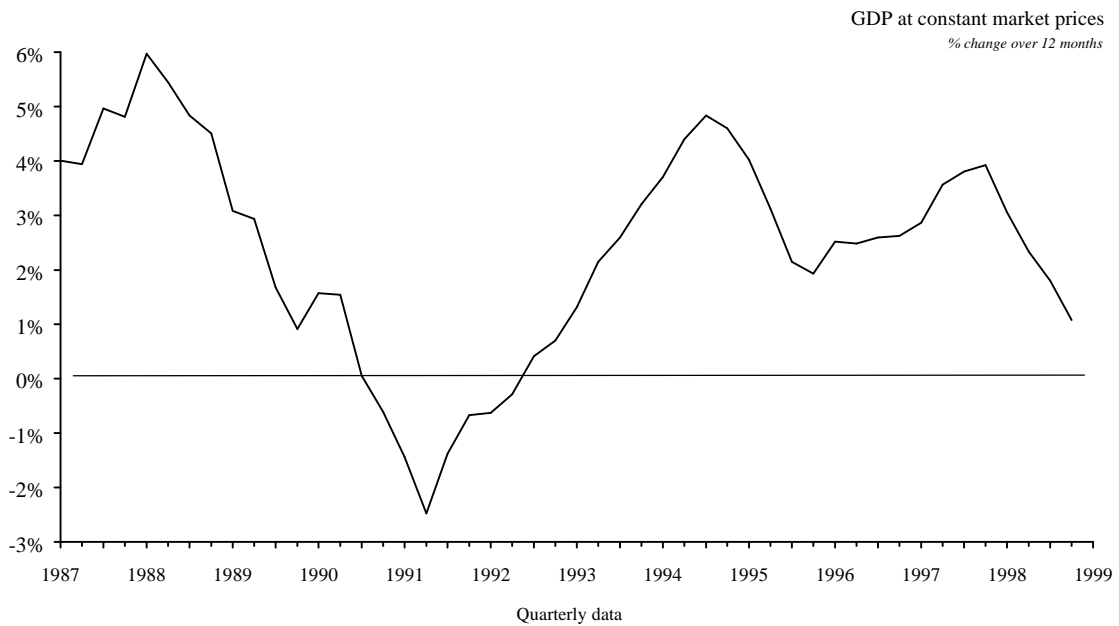
Eurostat is the Statistical Office of the European Union. The website contains a range of on-line economic indicators for the EU as a whole and for the Euro-zone, which are updated on a daily basis. These include statistics relating to inflation, unemployment, GDP and trade. Some on-line indicators are also available for individual countries.

All of Eurostat's press releases can be accessed from the website, usually within a day or two of publication. These include topics such as unemployment, inflation, GDP per capita, overseas trade and foreign direct investment.

The World Bank; website address – <http://www.worldbank.org/>

The World Bank works in over a hundred developing countries, helping to improve economic development and eliminate poverty. The website contains a set of country profiles for the countries it works in. Each profile includes economic and social statistics for the country together with information about the development assistance provided.

A 1. Gross Domestic Product



Gross Domestic Product
seasonally adjusted

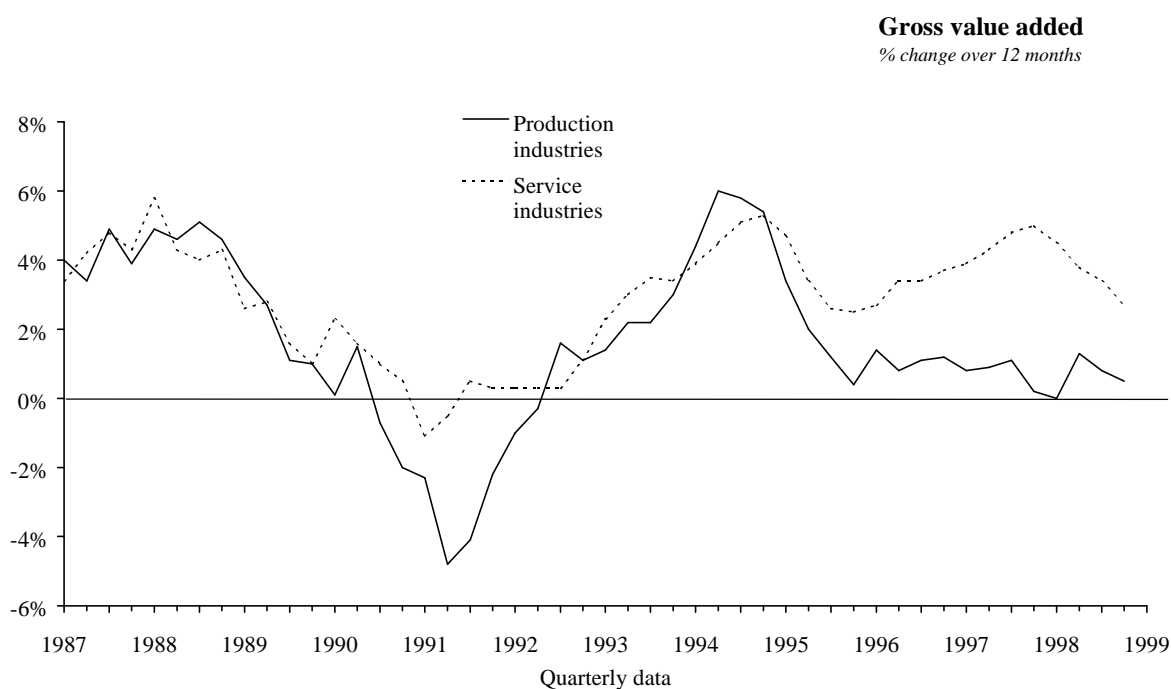
	GDP at current market prices <i>£ billion</i>	GDP at constant market prices <i>12 month change</i>	HH consumption at constant market prices <i>12 month change</i>	Non-Oil GVA at constant basic prices <i>12 month change</i>
1996	754.6	2.6%	3.7%	2.5%
1997	800.9	3.5%	4.1%	3.5%
1998	837.6	2.1%	2.8%	2.7%
1997 Q4	204.1	3.9%	4.4%	3.7%
1998 Q1	206.7	3.1%	4.0%	3.4%
Q2	208.5	2.3%	2.9%	2.9%
Q3	210.7	1.8%	2.5%	2.6%
Q4	211.7	1.1%	1.7%	1.8%

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

- Gross domestic product (GDP) at market prices is estimated to have grown by 0.1% in the fourth quarter of 1998 to a level 1.1% higher than in the fourth quarter of 1997. GDP growth has slowed significantly since the first half of 1997 when quarter-on-quarter growth rates exceeded 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 0.2% in the fourth quarter of 1998 to a level 1.8% 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: 23 April

A 2. Gross Value Added by Industry



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

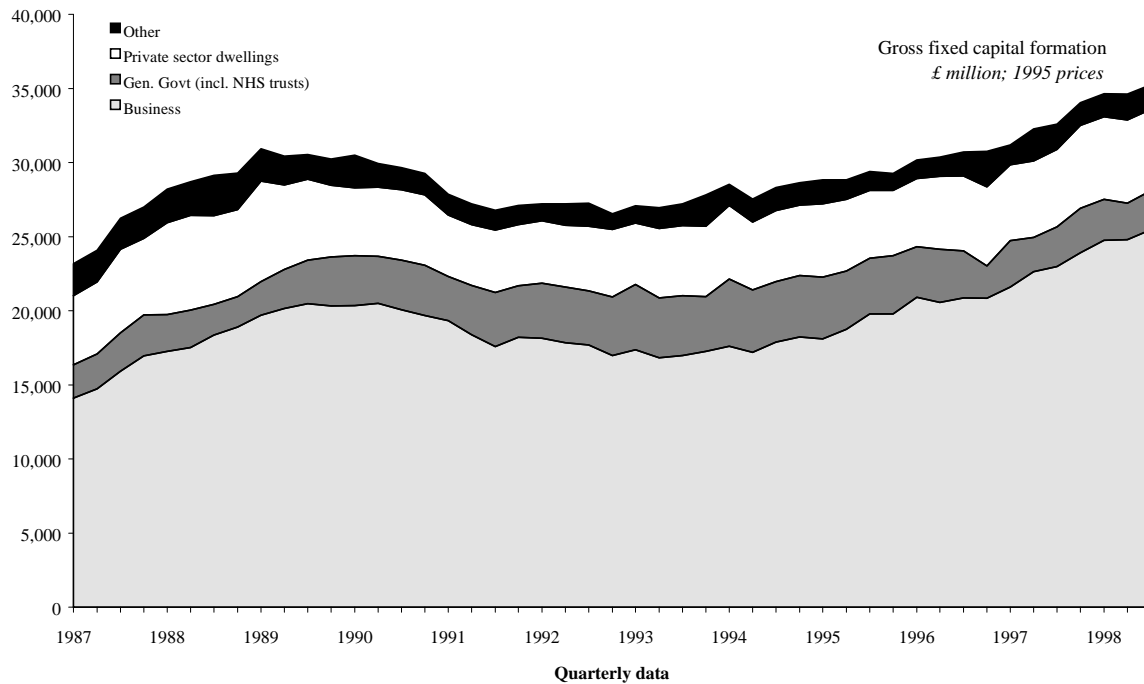
	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufac- turing			
1996	1.1%	0.4%	3.3%	2.0%	1.5%
1997	0.8%	1.0%	4.5%	0.4%	3.2%
1998	0.6%	0.3%	3.6%	-0.4%	1.6%
1997 Q3	1.1%	1.3%	4.8%	0.5%	2.9%
Q4	0.2%	0.5%	5.0%	1.0%	3.0%
1998 Q1	0.0%	0.2%	4.5%	0.1%	5.5%
Q2	1.3%	1.0%	3.8%	-0.9%	0.9%
Q3	0.8%	0.5%	3.4%	-0.3%	0.8%
Q4	0.5%	-0.5%	2.7%	-0.4%	-0.8%

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

- 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 2¾%. Data for the fourth quarter of 1998 suggest that output was 0.5% 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 0.5% 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 & 23 April

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	14,436	52,441	36,390	23,004	4,216	130,487
1998	15,134	59,715	38,983	23,653	3,772	141,257
1997 Q4	3,730	13,876	9,400	6,064	962	34,032
1998 Q1	3,925	14,212	9,705	6,023	916	34,781
Q2	3,610	14,547	9,342	6,107	933	34,539
Q3	3,719	14,993	9,839	5,924	974	35,449
Q4	3,880	15,963	10,097	5,599	949	36,488

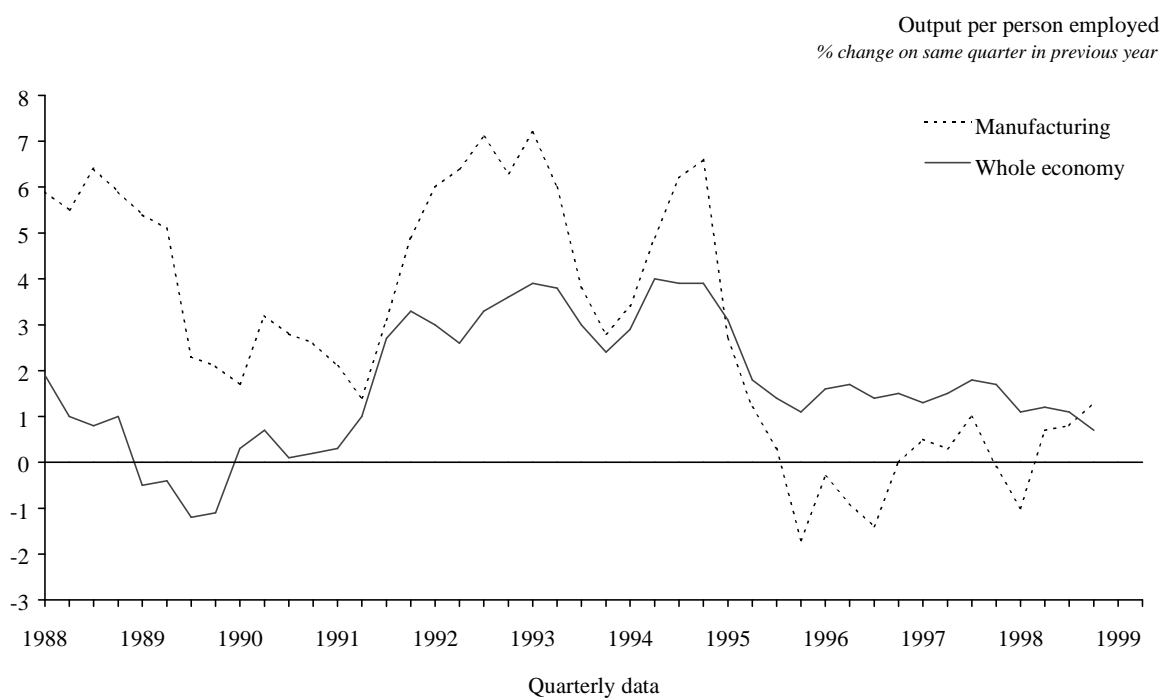
Note: Components may not sum to the total owing to different revision dates.

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 nearly 3.2% in real terms in the Q4 of 1998 compared with the previous quarter and 7.2% when compared with the same quarter in the previous year.
- Total GFCF in 1998 (at 1995 prices) is estimated to have risen 8.3% compared with 1997.

Next update: 21 May

A 4. Productivity



% change on year
seasonally adjusted

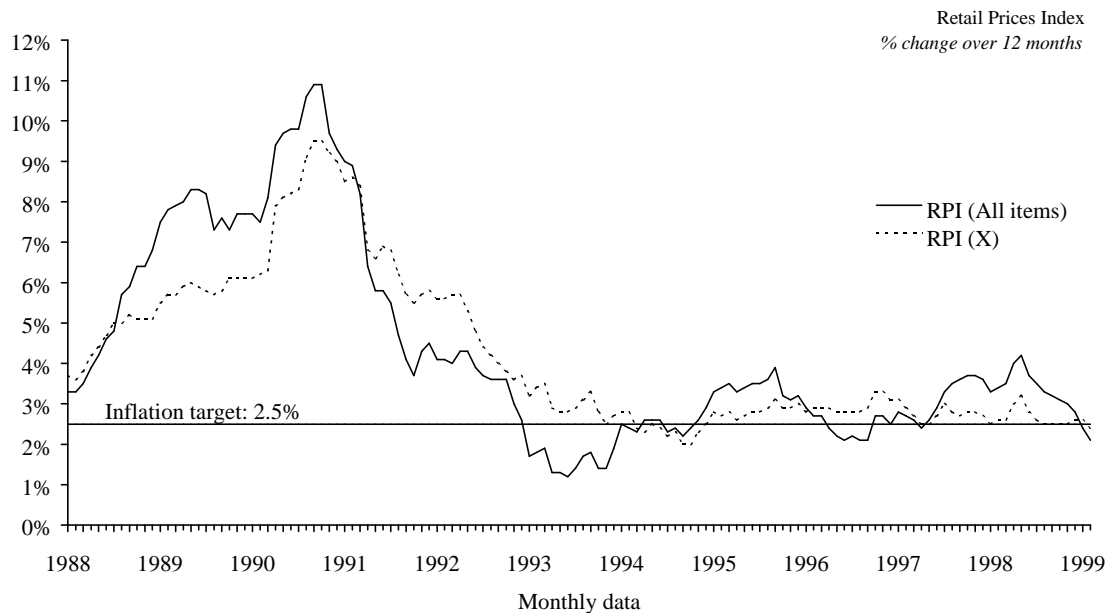
		Manufacturing			Whole Economy		
		Output	W'force in employment	Output per head	Output	W'force in employment	Output per head
1996		0.4	1.0	1.5	2.6	-0.7	1.1
1997		1.0	1.8	1.6	3.4	0.5	0.6
1998		0.3	1.3	1.1	2.7	0.4	-0.2
1997	Q4	0.5	0.6	-0.1	3.6	1.8	1.7
1998	Q1	0.2	1.2	-1.0	3.3	1.9	1.1
	Q2	1.0	0.3	0.7	2.9	1.3	1.2
	Q3	0.5	-0.3	0.8	2.6	1.0	1.1
	Q4	-0.5	-1.8	1.3	1.9	0.8	0.7

Source: ONS Database

- In the manufacturing sector, output growth declined in the last quarter of 1998 compared to 1997 Q4. However, the more than proportionate decline in the manufacturing workforce meant that the rate of productivity growth is rising.
- Modest downward revisions to GDP growth for 1998, coupled with upward revisions in employment growth, mean that for the economy as a whole output per head is currently growing at an annual rate of less than 1%. Output per head in 1998 as a whole was marginally lower than in 1997.

Next update: 21 April

B 1. Retail Prices



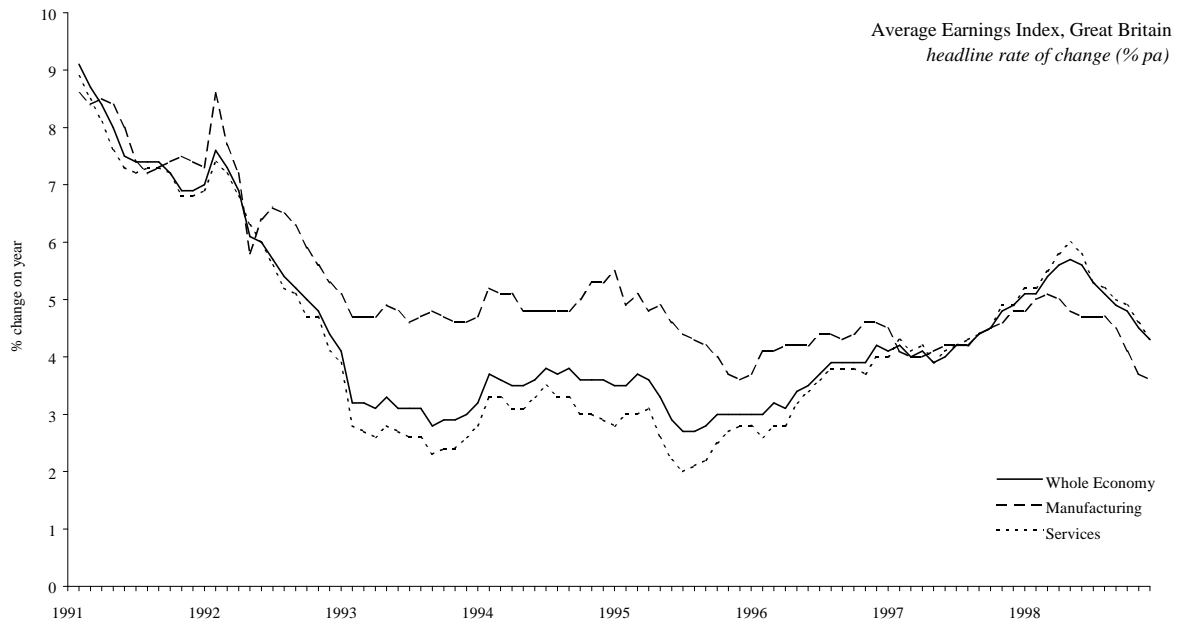
	% change on previous year	
	Retail Prices Index	
	All-items	excl. mortgage interest (RPI(X))
1996	2.4	3.0
1997	3.1	2.8
1998	3.4	2.6
1998 Feb	3.4	2.6
Mar	3.5	2.6
Apr	4.0	3.0
May	4.2	3.2
Jun	3.7	2.8
Jul	3.5	2.6
Aug	3.3	2.5
Sep	3.2	2.5
Oct	3.1	2.5
Nov	3.0	2.5
Dec	2.8	2.6
1999 Jan	2.4	2.6
Feb	2.1	2.4

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) fell to 2.4% in February 1999 from 2.6% in January. This was the first time that it had fallen below the target rate of inflation since the beginning of 1995.
- The rate of increase of headline inflation also fell significantly in February 1999, from 2.4% to 2.1%, the second consecutive sharp fall (following the decline in January from 2.8% to 2.4%).
- Falling headline inflation in recent months has been due to lower housing costs, which, although they are still increasing year-on-year, have been growing less rapidly since the Bank of England began to cut interest rates. Lower interest rates have led to lower mortgage payments. Housing costs increased by 3.4% in February 1999 compared to a year earlier.
- Leisure goods, which include gardening products, exerted downward pressure on the RPI in February, with prices falling by 3.6% compared with a year earlier.

Next update: 20 April

B 2. Average Earnings



Average Earnings, Great Britain
seasonally adjusted

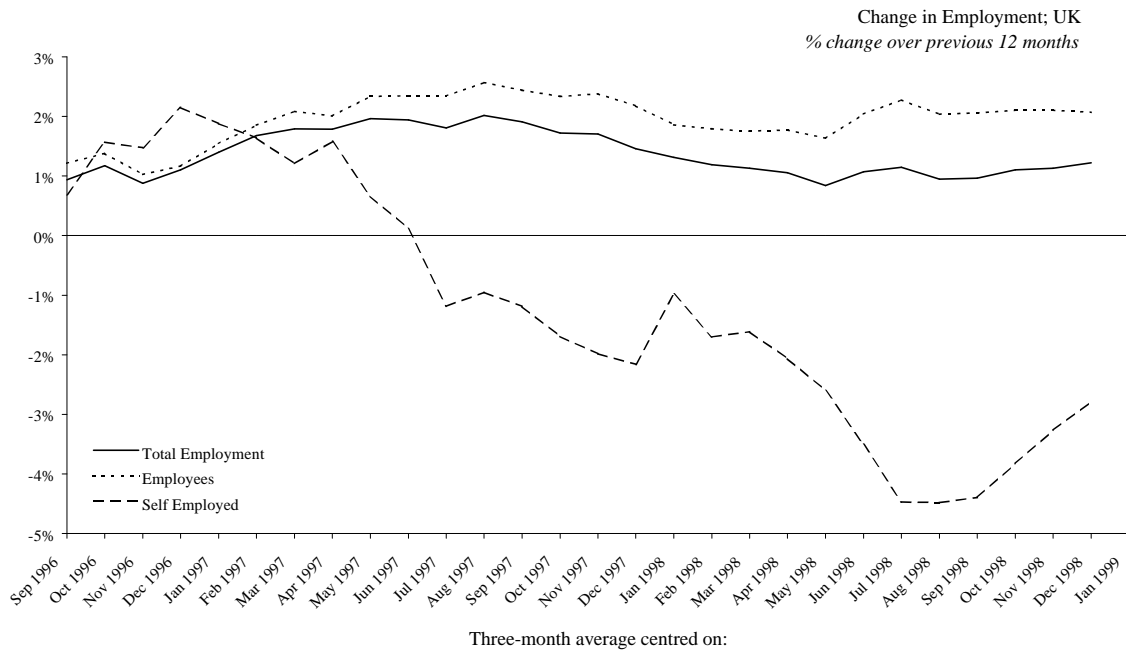
	headline rate (% change on year)		
	Whole Economy	Private Sector	Public Sector
1997 Dec	4.9	5.4	2.7
1998 Jan	5.1	5.6	2.7
Feb	5.1	5.7	2.7
Mar	5.4	6.0	2.6
Apr	5.6	6.3	2.7
May	5.7	6.3	3.1
Jun	5.6	6.1	3.6
Jul	5.3	5.6	3.9
Aug	5.1	5.5	3.8
Sep	4.9	5.2	3.8
Oct	4.8	5.1	3.7
Nov	4.5	4.7	3.6
Dec	4.3	4.5	3.6

Source: ONS database (Series LNNC, LNND, LNNE)

- Publication of the Average Earnings Index was suspended in November 1998 because of problems identified with the reliability of the data; it was re-published in March 1999.
- The pattern of recent earnings growth shown by the index has altered. Before it was suspended, the index showed whole-economy average earnings had been on a downward trend in early 1998 but had sharply accelerated after April. The revised index shows the rate of earnings growth was not so volatile and that average earnings increased more steadily during the first half of 1998.
- Average earnings growth peaked at 5.7% in May 1998 and was in a downtrend in the second half of the year. The slower rate of growth was due to slower private sector earnings growth. In December 1998, private sector earnings increased by 4.5% from a year earlier; in May, they had increased by 6.3% from a year earlier.

Next update: 21 April

C 1. Employment



Employment Structure in the UK
thousands; seasonally adjusted

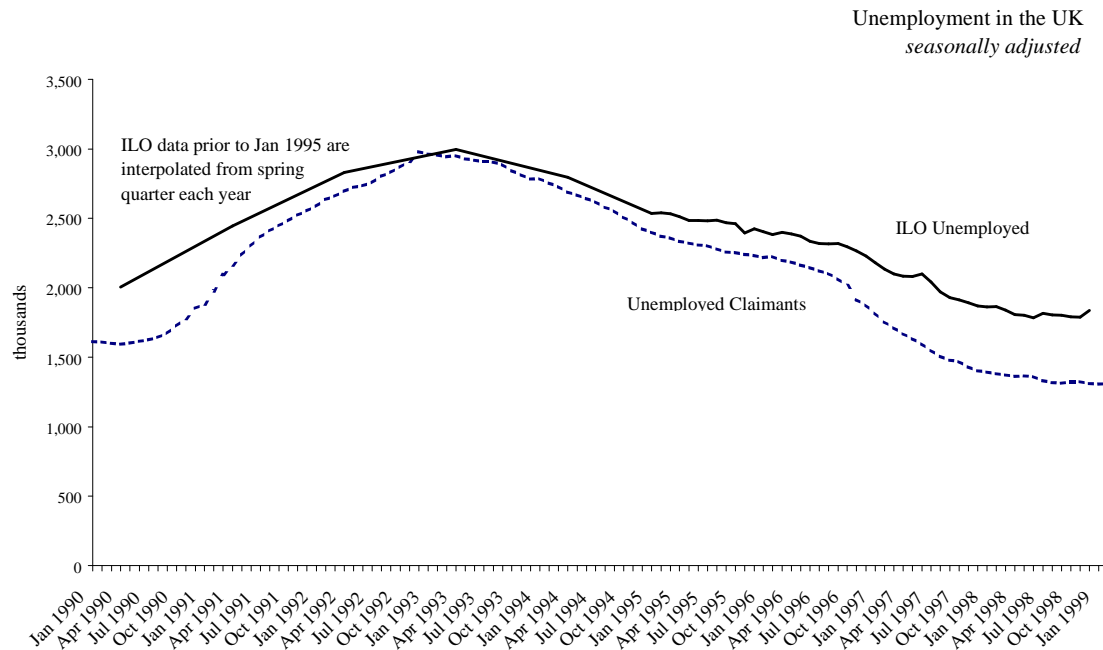
		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1995	Nov-Jan	26,311	22,619	3,306	124	262
1996	Nov-Jan	26,601	22,883	3,377	116	225
1997	Nov-Jan	26,989	23,381	3,304	96	208
1998	Feb-Apr	27,050	23,462	3,295	99	193
	May-Jul	27,120	23,626	3,222	107	165
	Aug-Oct	27,200	23,752	3,178	103	168
	Nov-Jan	27,319	23,865	3,212	101	142
Changes:						
1997 Oct-Dec to		330	484	-92	5	-66
1998 Oct-Dec		1.2%	2.1%	-2.8%	5.2%	-31.7%

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 330,000 (1.2%) higher in the November 1998 to January 1999 period. The pace at which employment is increasing remains at an annual rate of about 1%.
- Self-employment was declining at an annual rate of 4.5% during the summer of 1998, but this rate of decline has abated somewhat to 2.8% in the three-month period November to January 1999.
- In November 1998 to January 1999 there were 1.2 million people who had more than one job – around 5% of all people in employment. This figure has changed little over the past year.

Next update: 21April

C 2. Unemployment: National



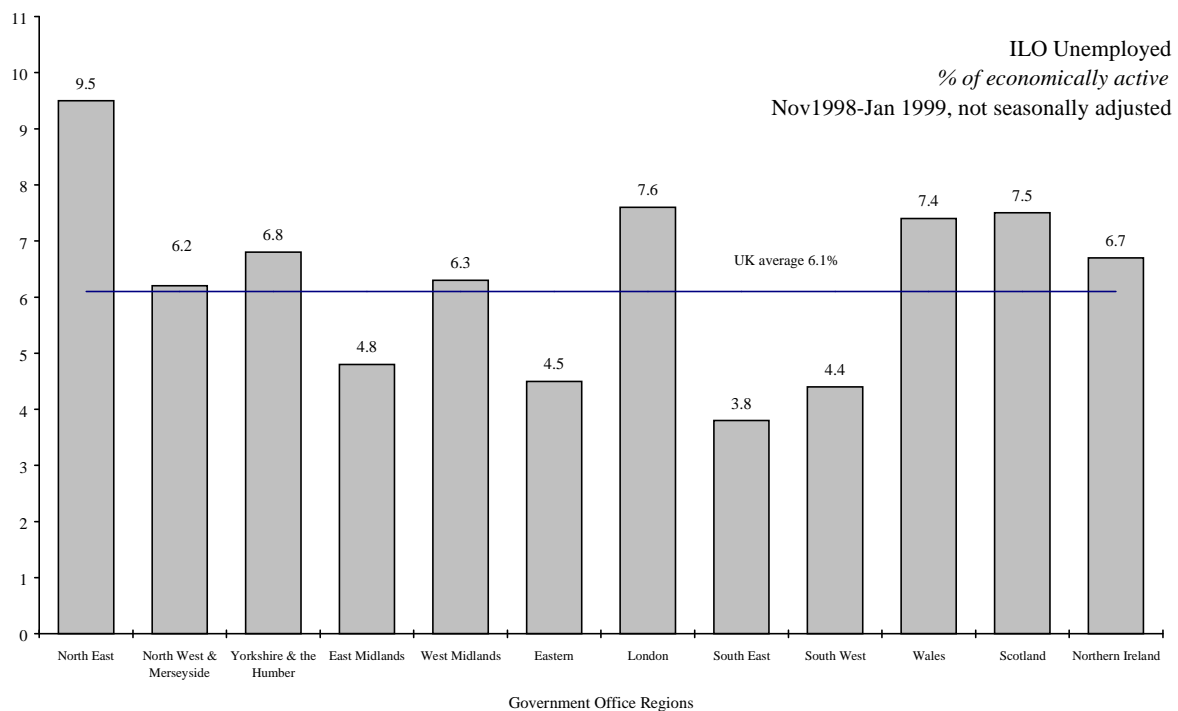
ILO Unemployment in the UK <i>seasonally adjusted</i>			
	thousands	rate (%)	
1995 Nov-Jan	2,424	8.4	
1996 Feb-Apr	2,399	8.4	
May-Jul	2,336	8.2	
Aug-Oct	2,319	8.1	
Nov-Jan	2,229	7.7	
1997 Feb-Apr	2,099	7.3	
May-Jul	2,099	7.3	
Aug-Oct	1,930	6.7	
Nov-Jan	1,870	6.5	
1998 Feb-Apr	1,840	6.4	
May-Jul	1,786	6.2	
Aug-Oct	1,802	6.2	
Nov-Jan	1,839	6.3	

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 November 1998 to January 1999, the level of ILO unemployment in the UK was 1,839,000. This was an increase of 37,000 from the August-to-October period. As measured by the monthly claimant count, unemployment increased in February 1999 by just over 4,000 to stand at 1,311,000.
- Since the New Deal for the Young Unemployed started in January 1998, approximately 233,200 people have joined the scheme. Up to the end of January, 53,700 of those leaving the Gateway had moved into employment, 74% of which were unsubsidised jobs. Since the New Deal for the Long-Term Unemployed started in July 1998, 94,900 people have joined the scheme. Up to the end of January, 4,600 had entered unsubsidised jobs and 2,190 had entered subsidised jobs from the Advisory Interview Process.

Next update: 21 April

C 3. Unemployment: Regional



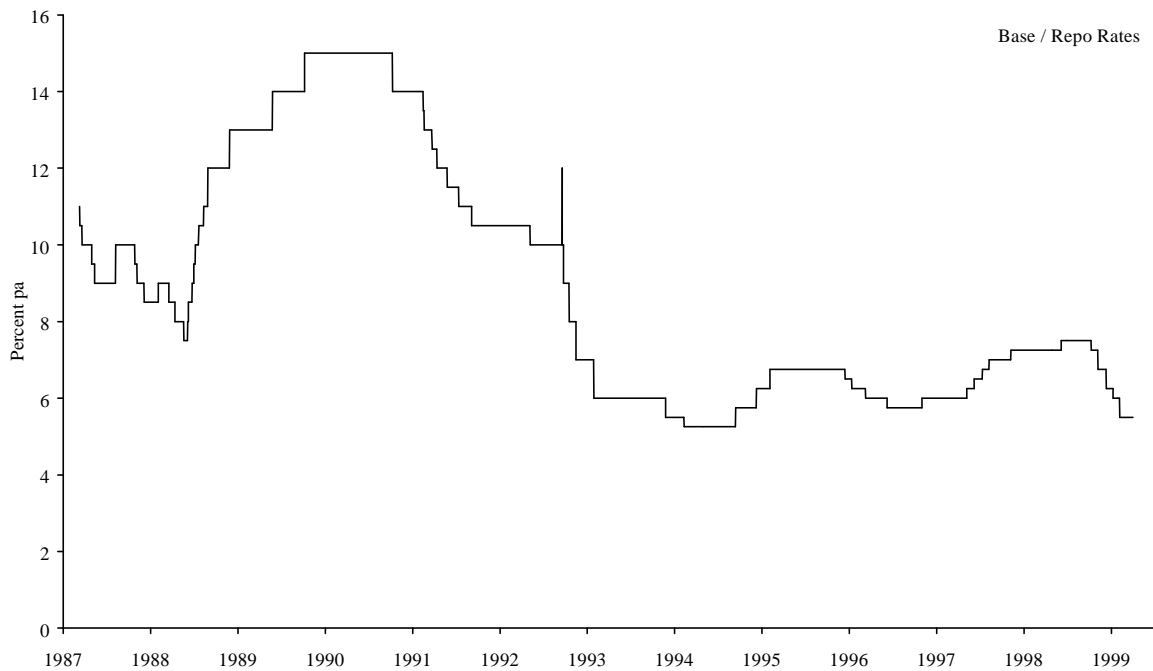
ILO Unemployment, Nov1998 - Jan 1999
*change on same period in previous year
not seasonally adjusted*

	thousands	%
North East	19	21%
North West & Merseyside	24	17%
Yorkshire & the Humber	1	1%
East Midlands	0	0%
West Midlands	-4	-2%
Eastern	-17	-12%
London	-37	-12%
South East	-10	-6%
South West	-13	-11%
Wales	15	18%
Scotland	12	7%
Northern Ireland	-14	-22%
UK	-23	-1%

- 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 trend in unemployment varies between regions. In the November-to-January period, unemployment fell in six regions, was unchanged in one region and increased in five regions compared to the same three-month period a year earlier.
- The most rapid fall in unemployment occurred in Northern Ireland, where it was 22% lower in November-to-January than in the same three-month period a year earlier. The most rapid increase in unemployment occurred in the North East, where it was 21% higher in November-to-January than in the same three-month period a year earlier.

Next update: 21 April

D 1. Interest Rates



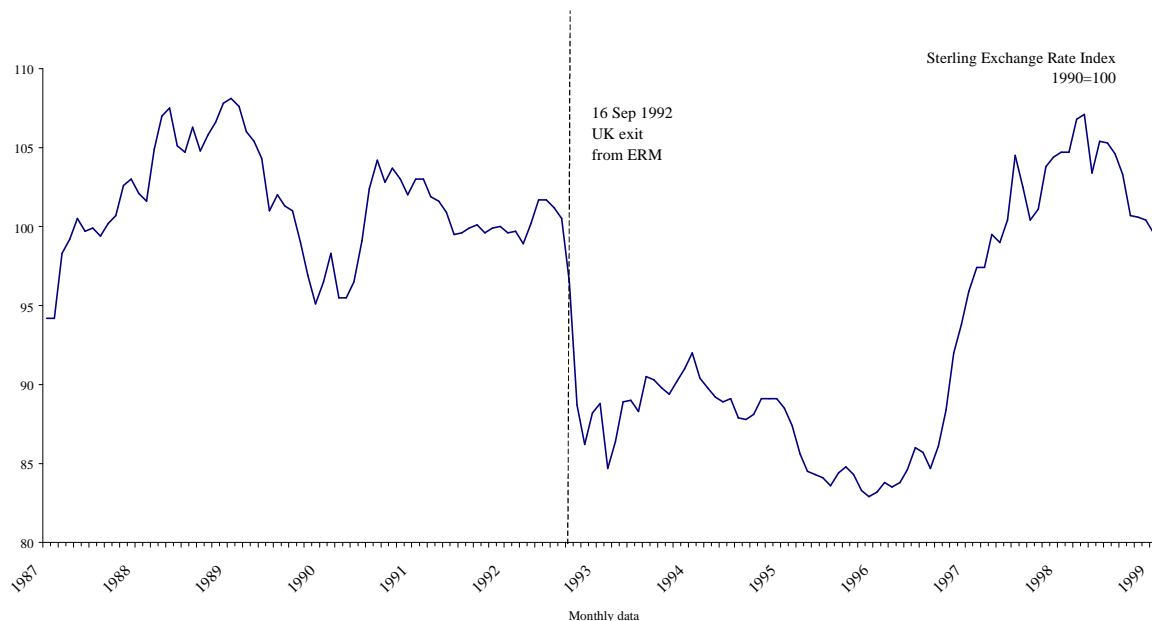
UK Base/Repo Rates *per cent per annum*

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 7-8 of April.
- 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 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%
1999 Feb	2.84	-4.4%	1.63	-0.8%	189.69	-8.1%

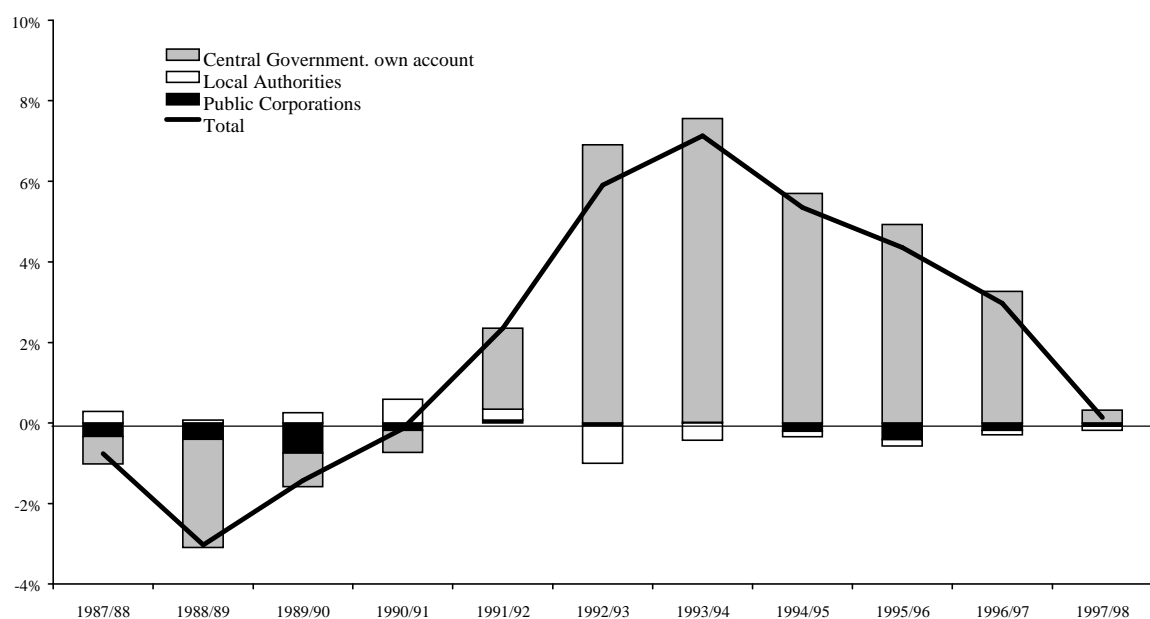
Sources: ONS database (series AJFH, AJFA, AJFO, AJHW)

Recent Developments

- The value of the euro has continued to decline against both sterling and the US dollar. It has now devalued by about 6% against sterling and by about 9% against the US dollar. In all other respects the performance of the new currency has been technically and operationally successful. The latest decline has been attributed to tensions in Europe over recent armed actions.
- The pound was worth €1.5104 at the London market close on March 30 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

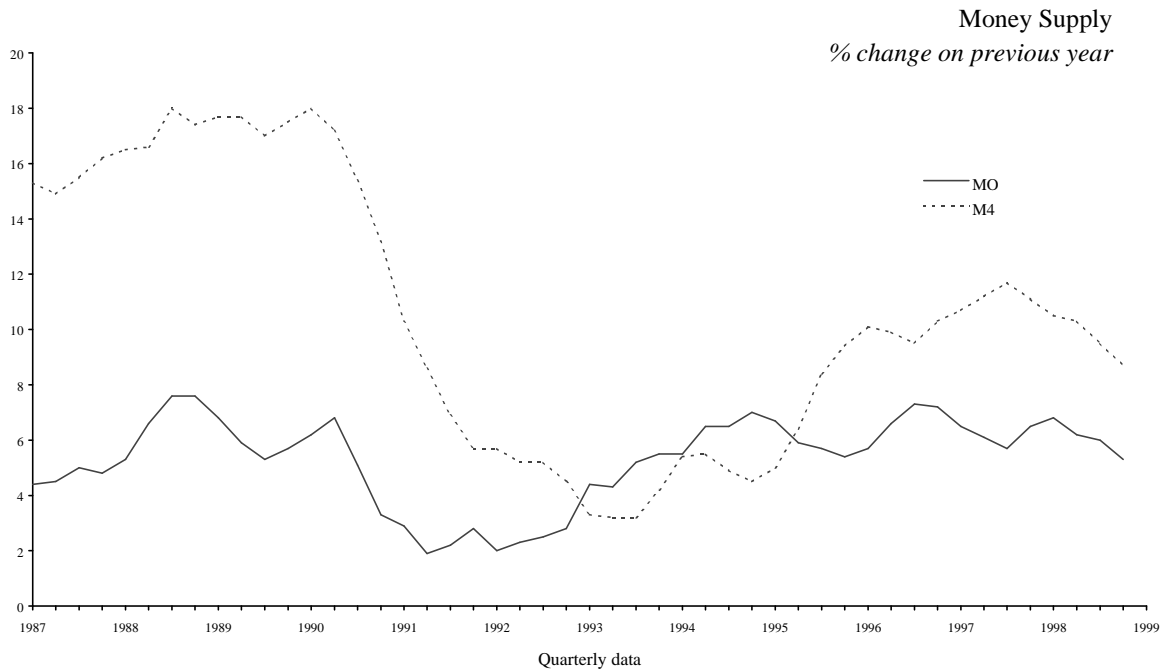
	PSNCR		PSNCR excl privatisation receipts	
	£ billion	As a % of GDP	£ billion	As a % of GDP
1995/96	31.5	4.4%	33.9	4.7%
1996/97	22.7	3.0%	27.2	3.6%
1997/98	1.1	0.1%	2.9	0.4%
1997 Q4	-2.4	-1.2%	-2.4	-1.2%
1998 Q1	-5.2	-2.5%	-5.2	-2.5%
1998 Q2	5.4	2.6%	5.6	2.7%
1998 Q3	-2.9	-1.4%	-2.9	-1.4%
1998 Q4	-3.9	-1.9%	-3.9	-1.9%

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 eleven months of 1998/99 the PSNCR was a negative £15.1 billion. (ie net debt repayment). Privatisation proceeds during the period were £70 million. This can be compared to a PSNCR of a negative £6.2 billion for the same period in 1997/98.

Next update: 20 April

D 4. Money Supply



Money stock
seasonally adjusted

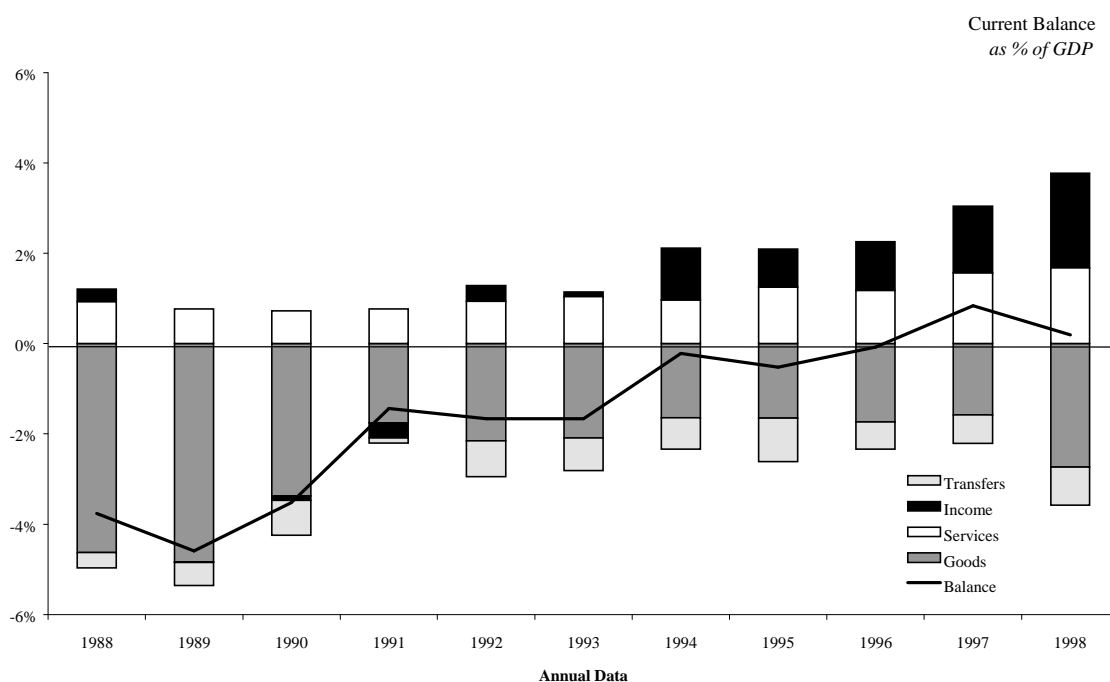
	MO		M4	
	3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
1998 Feb	5.1	7.0	10.3	10.6
Mar	6.7	6.7	8.3	10.0
Apr	5.0	6.7	9.5	10.7
May	3.7	6.3	8.3	9.7
Jun	3.0	5.5	9.1	9.5
Jul	3.9	5.8	10.5	10.2
Aug	5.1	6.2	8.1	9.1
Sep	6.5	5.9	9.0	9.2
Oct	6.5	5.5	6.1	9.2
Nov	5.3	4.8	7.3	8.5
Dec	7.1	5.8	6.8	8.3
1999 Jan	6.9	5.6	4.9	7.7
Feb	6.8	5.2	6.0	7.4

Source: Bank of England press notice dated 29 March 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: 7, 15 & 22 April

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	-11,910	11,842	-68	11,124	925	-5,678	-4,753	6,303
1998	-20,598	12,678	-7,920	15,782	-233	-6,155	-6,388	1,474
1997 Q4	-4,101	3,203	-898	2,292	515	-1,352	-837	557
1998 Q1	-4,253	3,128	-1,125	2,413	-142	-1,821	-1,963	-675
Q2	-4,785	3,161	-1,624	1,169	483	-1,230	-747	-1,202
Q3	-5,267	3,462	-1,805	5,318	-20	-1,096	-1,116	2,397
Q4	-6,293	2,927	-3,366	6,882	-554	-2,008	-2,562	954

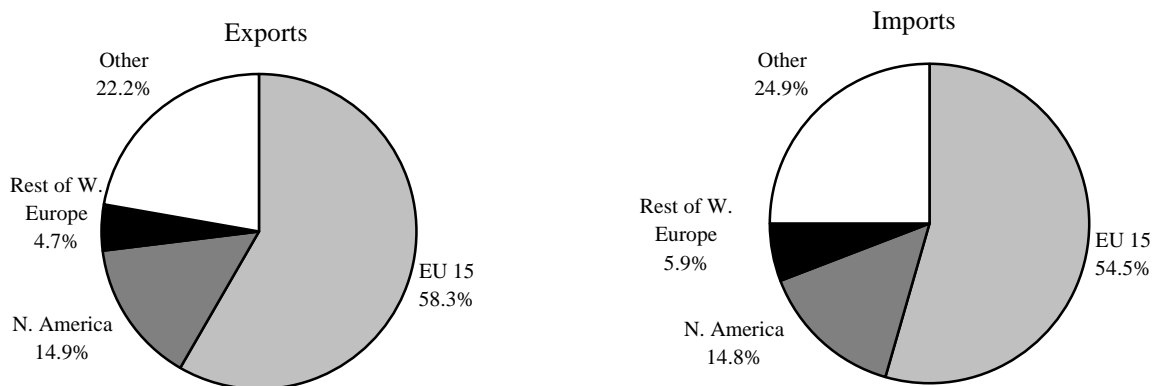
Source: ONS database (Series BOKI, IKBJ, IKBD, HBOJ, FNSV, FNTC, HBOP)

- **Trade in Goods:** Successive quarterly figures show large deficits continuing, indicating a very weak UK trading position, with 1998 Q4 being the worst since 1989 Q3.
- **Trade in Services:** In the fourth quarter of 1998 the surplus in services was £3,000 million, £500 million below the figure in the previous quarter. For 1998 as a whole, the surplus in services was £12,700 million, which was £7,900 million short of offsetting the deficit on goods for the year.
- **Current Transfers:** These are composed of central government transfers (e.g. taxes and payments to and receipts from the EU and other international organisations) and other transfers (e.g. gilts in cash or kind received by private individuals from abroad or receipts from the EU where the government acts as an agent).
- **Current Account:** The current account showed an overall surplus of £1,500 million in 1998, compared with a surplus of £6,300 million in 1997.

Next update: 27 April

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 Payments 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	118.9	171,783	183,693	-11,910
1998	117.7	128.6	163,704	184,302	-20,598
1997 Q4	118.7	124.0	43,085	47,186	-4,101
1998 Q1	117.3	124.6	41,412	45,665	-4,253
1998 Q2	118.2	127.8	41,380	46,165	-4,785
1998 Q3	119.0	130.4	41,143	46,410	-5,267
1998 Q4	116.2	131.4	39,769	46,062	-6,293

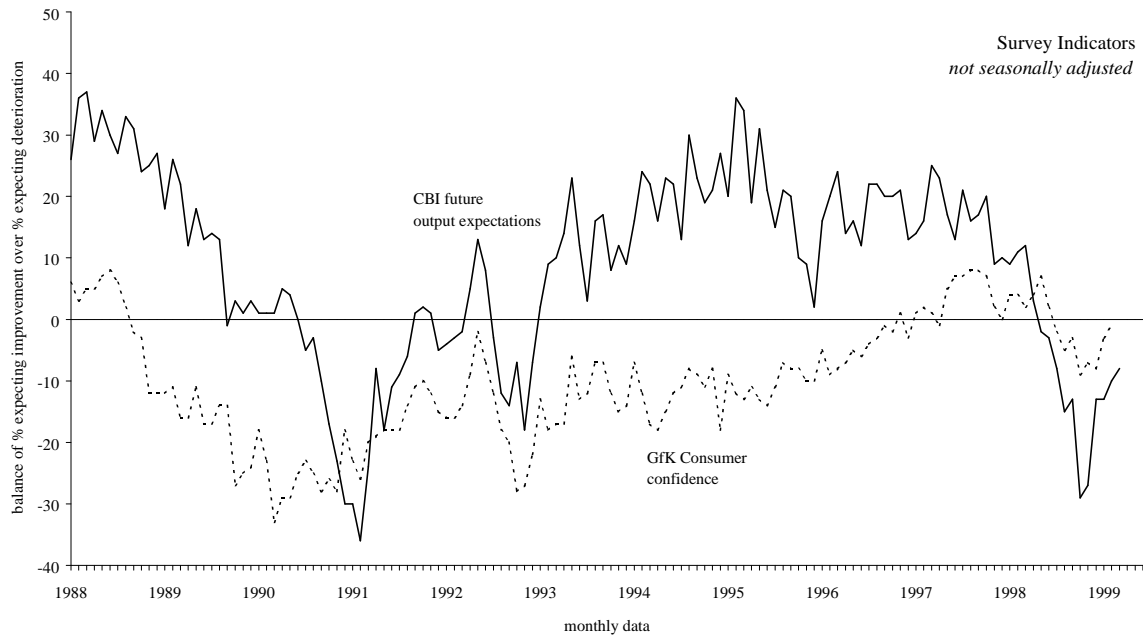
Source: ONS database (Series BQKU, BQKV, BOKG, BOKH, BOKI)

First Release: UK Trade (ONS(99) 117)

- **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 2.4% lower over the same period. Compared with the previous quarter (Q4, 1997), export volumes of goods fell 3.3% whereas import volumes rose 0.8%.
- **Recent monthly data:** The UK's balance on trade in goods in January was £2,800 million, the highest recorded monthly deficit. This deficit was £600 million higher than December's £2,200 million and £200 million higher than September's figures, of £2,600 million, which was then 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 falling and imports rising.

Next update: 27 April

F 1. Survey Indicators



Output Expectations and Consumer Confidence

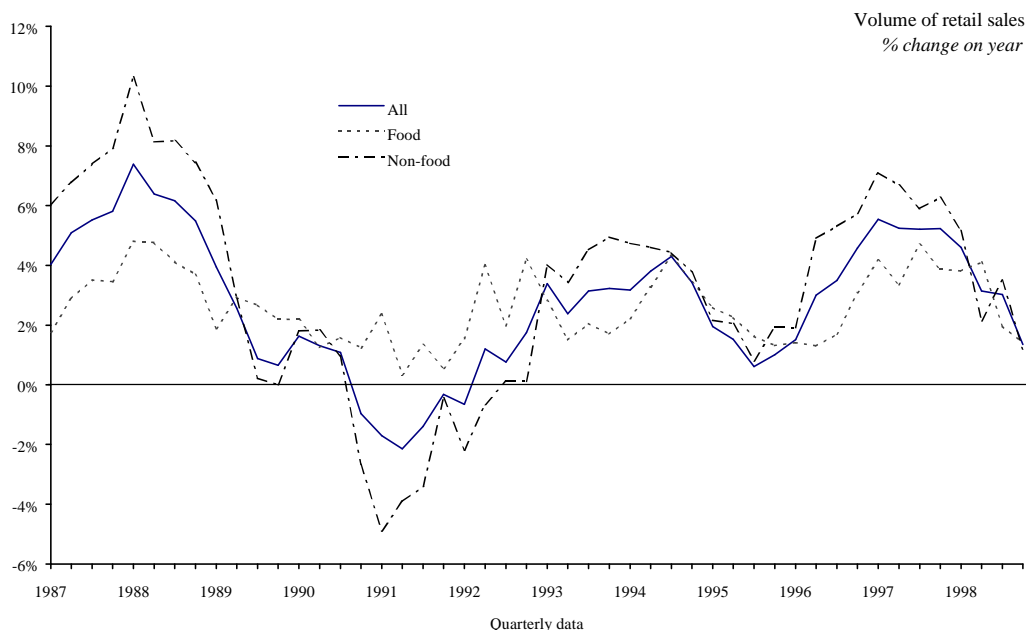
	Balance of % expecting improvement over % expecting deterioration	
	CBI Industrial Trends Survey: future output expectations	Consumer confidence GfK
1998 Mar	12	2
Apr	3	4
May	-2	7
Jun	-3	2
Jul	-8	-2
Aug	-15	-5
Sep	-13	-3
Oct	-29	-9
Nov	-27	-7
Dec	-13	-8
1999 Jan	-13	-3
Feb	-10	-1
Mar	-8	..

Source: ONS Database

- 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 -8 in March 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 -1 in February 1999.
- The recent upturn on both these measures will, in part, be a reflection of renewed optimism in the light of recent interest rate cuts feeding through to lower mortgage rates for individuals and cheaper borrowing for business. Lower interest rates have not, as yet, fed through to lower exchange rates – this would ease the burden on exporters and boost business confidence.

Next update: late April

F 2. Retail Sales



Value of Sales
not seasonally adjusted; % change on year

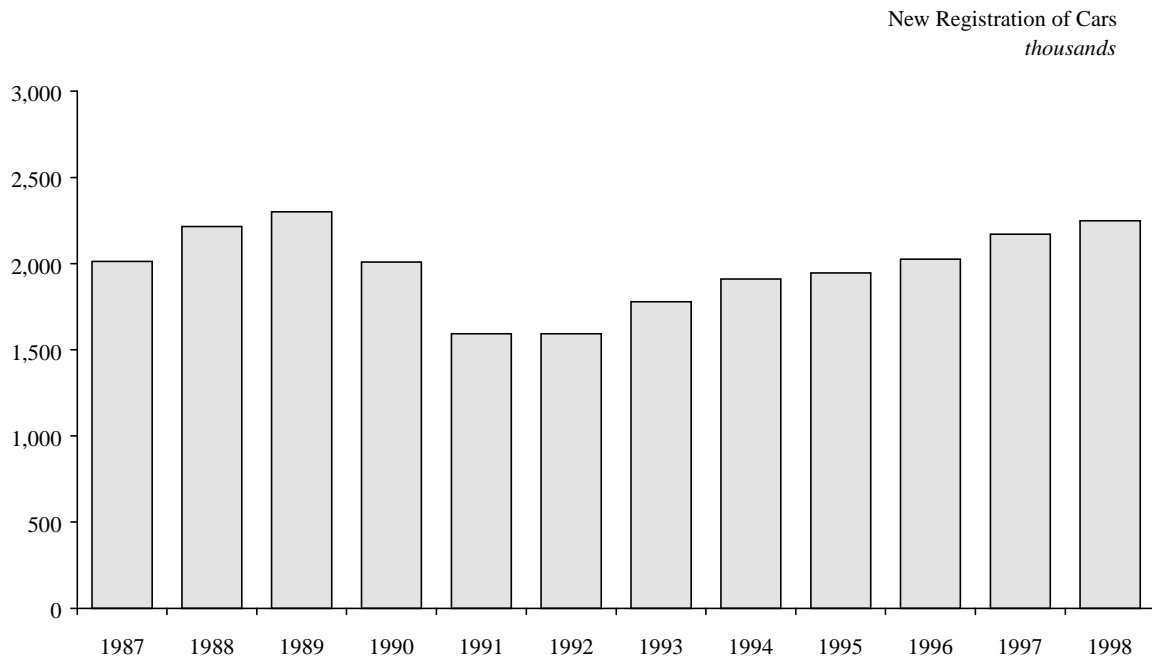
	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food
1996	4.0%	5.0%	9.0%	5.0%
1997	3.8%	7.6%	10.1%	6.7%
1998	3.7%	2.7%	5.8%	3.6%
1998 Q1	2.9%	5.5%	9.0%	4.0%
Q2	4.7%	2.8%	6.4%	4.8%
Q3	1.9%	3.7%	7.1%	4.7%
Q4	4.3%	-1.4%	2.1%	2.2%

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. Sales by food stores and by non-food stores seem to have slowed equally; in the fourth quarter of 1998, the volume of sales by food stores increased by 1.4% from a year earlier and sales by non-food stores increased by 1.1% from a year earlier.
- In February 1999, the seasonally adjusted volume of retail sales increased by 1.2% from a year earlier.
- In value terms, however, non-food sales appear to be weaker than food sales. In February 1999, the non-seasonally adjusted value of food sales increased 3.9% from a year earlier, whereas non-food sales increased by 1.4%. The average weekly value of retail sales in February was £3,490 million.

Next update: 22 April

F 3. New Registrations of Cars



New Registrations of Cars
not seasonally adjusted

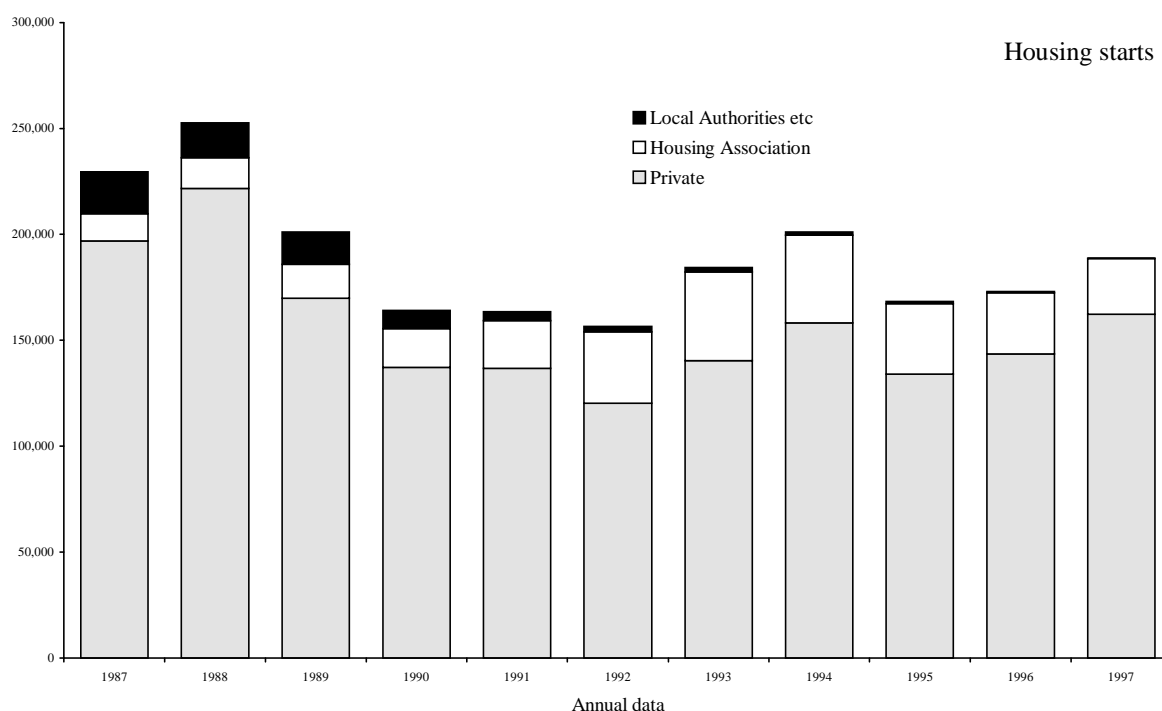
	Numbers thousands	Change over 12 months
1995	1,945	1.8%
1996	2,026	4.1%
1997	2,171	7.2%
1998 (provisional)	2,247	3.5%
1999 (forecast)	2,030	-9.7%
2000 (forecast)	2,000	-1.5%
<hr/>		
1998 Nov	152	0.0%
Dec	96	12.9%
Jan	182	-21.6%
1999 Feb	84	-52.5%

Source: SMMT "Monthly Statistical Review", Feb 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.
- 84,040 cars were registered in February 1999 which represented a fall of 52.5% over the figure recorded for February 1998. The fall was expected given the introduction of the new "T" plate in March.
- Registrations of British built cars in February were 60% below the level recorded last year. Indeed, the share of the UK market taken by imported vehicles rose to 72.7% in February.

Next update: 19 April

F 4. Housing



House prices

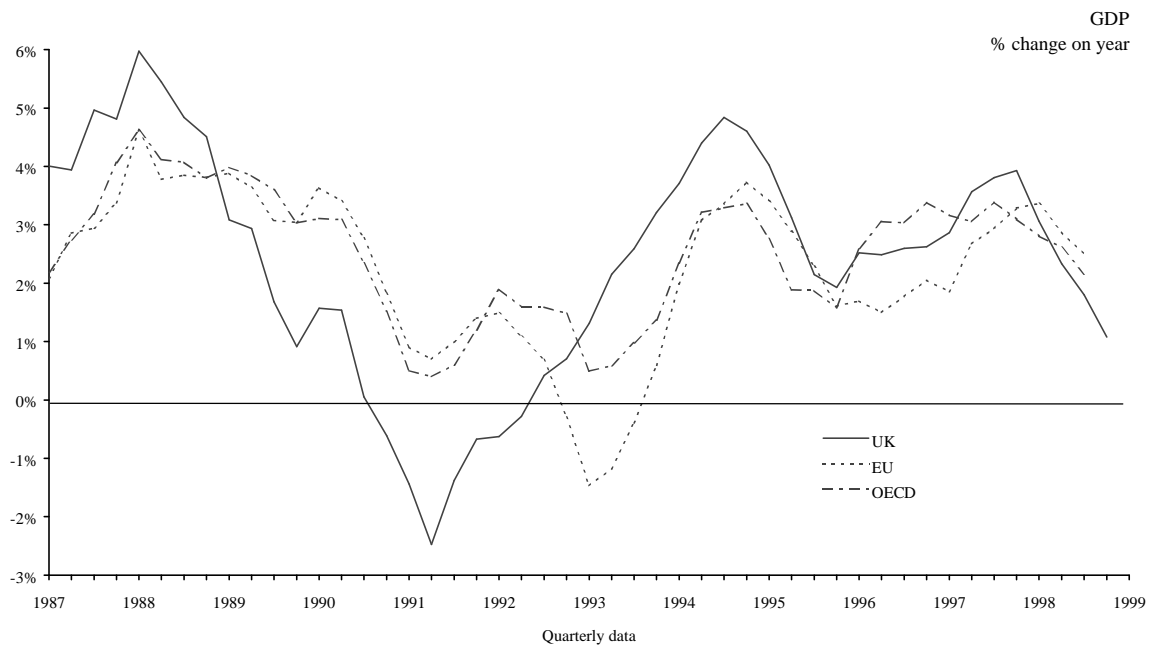
	All Houses	New Houses	Existing Houses	First time buyers
Standardised average price (£)				
1997	68,500	71,300	68,300	49,700
1998	72,300	75,900	71,900	52,200
1998 Q2	72,600	76,900	72,500	52,400
1998 Q3	72,900	75,900	72,800	52,800
1998 Q4	72,900	75,900	72,800	52,800
% change over same period last year				
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 January 1999 show that the seasonally adjusted total starts rose by 5% when compared with the previous three months. Private enterprise starts also rose by 5% during the same period.
- The Halifax Monthly Index shows that house prices in the United Kingdom fell by 0.5% in February (seasonally adjusted). On an annual basis, house price inflation fell to 3.6% from 4.4% in January although it is forecast to be 4% in the Fourth Quarter of 1999.
- The Halifax Quarterly Index gives information about regional variations in house price inflation. In the fourth quarter of 1998, the largest increase occurred in Northern Ireland (12.2%) followed by the South East and East Anglia which recorded respective increases of 9.5% and 9.3%. No regions recorded falls.

Next update: 8 April

G 1. International Comparisons - Growth



GDP at constant market prices
% change on year

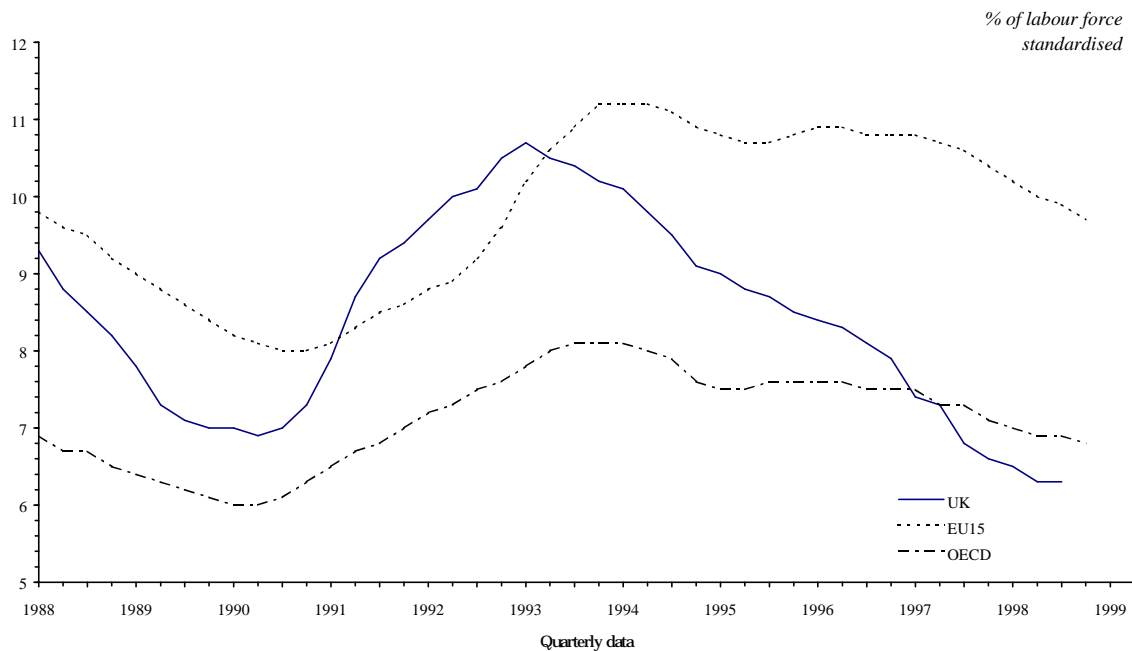
	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4
USA	3.4%	3.9%	3.9%	4.1%	3.6%	3.5%	4.3%
Japan	5.0%	1.5%	..	-3.6%	-1.9%	-3.5%	..
Canada	1.2%	3.8%	3.0%	3.9%	3.0%	2.3%	2.8%
United Kingdom	2.6%	3.5%	2.1%	3.1%	2.3%	1.8%	1.1%
Germany	1.3%	2.3%	..	3.4%	2.3%	2.7%	..
France	1.5%	2.3%	3.2%	3.7%	3.4%	2.9%	2.8%
Italy	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*, March 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 April

G 2. International Comparisons - Unemployment



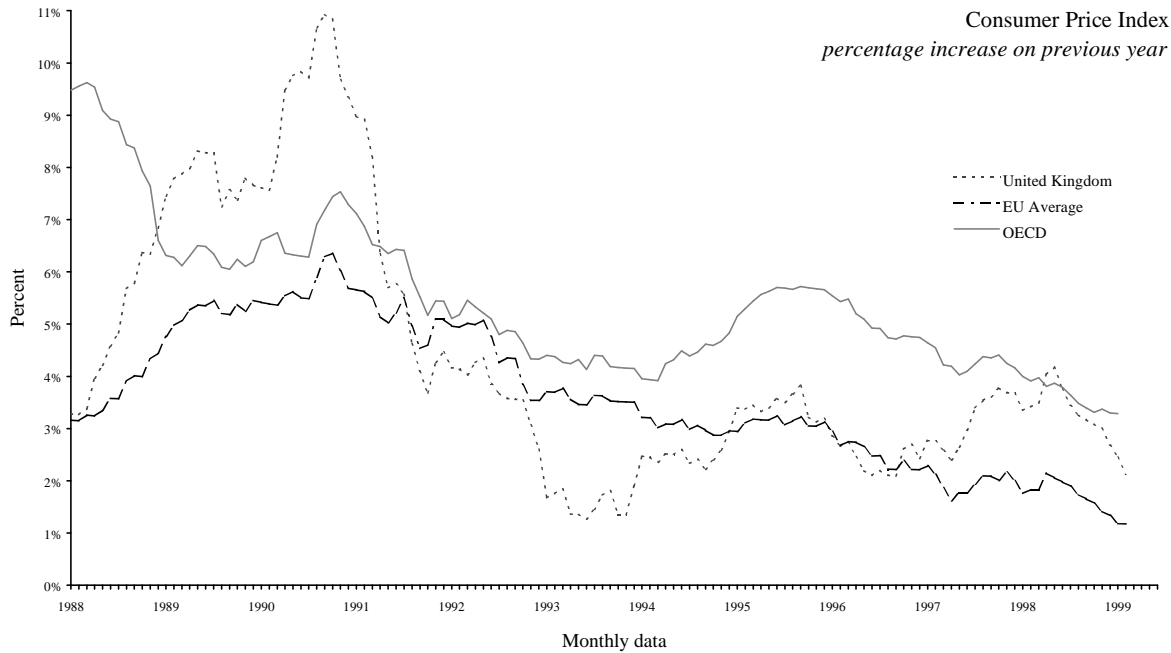
	Unemployed as % of labour force standardised; seasonally adjusted						
	1996	1997	1998	1998 Q1	1998 Q2	1998 Q3	1998 Q4
USA	5.4	4.9	4.5	4.6	4.4	4.5	4.4
Japan	3.4	3.4	4.1	3.6	4.2	4.3	4.3
Canada	9.7	9.2	8.3	8.7	8.4	8.3	8.0
United Kingdom	8.2	7.0	..	6.5	6.3	6.3	..
Germany	8.9	9.9	9.4	9.8	9.5	9.3	9.1
France	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	10.8	10.6	10.0	10.2	10.0	9.9	9.7
G7	6.8	6.6	6.4	6.5	6.4	6.5	6.4
OECD	7.6	7.3	6.9	7.0	6.9	6.9	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 10.6% in January 1999 – a percentage point higher than the rate of 9.6% for the EU15 as a whole.
- Youth unemployment rates (for those aged under 25) tend to vary much more widely than the rates for people of all ages. For example, the UK's youth unemployment rate stood at 13.8% in November 1998 on a standardised basis, compared to 6.2% in the Netherlands, 9.6% in Germany, 26.6% in France, 33.3% in Italy and 34.0% in Spain (the highest in the EU).

Next update: early April

G 3. International Comparisons – Prices



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

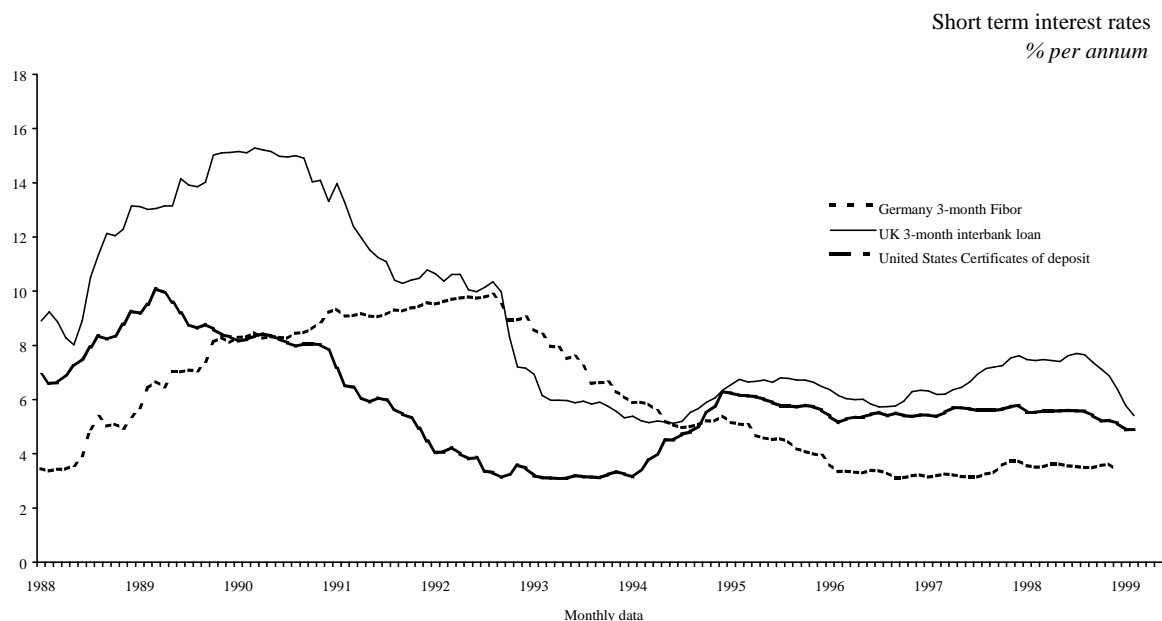
	USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1996	2.9	0.1	1.6	2.5	1.5	2.1	3.8	5.1	2.5
1997	2.4	1.8	1.6	3.1	1.7	1.1	1.8	4.2	2.0
1998	1.5	0.6	1.0	3.4	1.0	0.7	1.7	3.7	1.7
1998 Sep	1.5	-0.2	0.7	3.2	0.8	0.5	1.8	3.4	1.7
Oct	1.5	0.2	1.0	3.1	0.7	0.4	1.7	3.3	1.6
Nov	1.5	0.7	1.2	3.0	0.7	0.3	1.5	3.4	1.4
Dec	1.5	0.6	1.0	2.7	0.6	0.3	1.5	3.3	1.3
1999 Jan	1.6	0.3	0.7	2.5	0.5	0.4	1.3	3.3	1.2
Feb	1.6	..	0.8	2.1	0.2	0.3	1.2	..	1.2

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 February. 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 February 1999 were (on a harmonised basis) Greece: 3.5%, Denmark: 1.3% and Sweden: 0.2%.

Next update: late April

G 4. International Comparisons - Interest Rates



International Interest Rates as at 30 March 1999

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	4.52	5 ³ / ₁₆
United States	5.26	5
Switzerland	2.33	1 ⁹ / ₃₂
Japan	1.59	⁵ / ₃₂
Euro-zone	..	2 ²⁹ / ₃₂

Source: *Financial Times*, 31 March 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 market 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 rates.