



RESEARCH PAPER 99/96  
1 DECEMBER 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 article: The Aggregate Tax Burden**

Jane Hough (Editor)

ECONOMIC POLICY & STATISTICS SECTION

HOUSE OF COMMONS LIBRARY

**Recent Library Research Papers include:**

<b>99/81</b>	Asbestos	05.10.99
<b>99/82</b>	By-elections since the 1997 general election	24.09.99
<b>99/83</b>	Unemployment by Constituency – September 1999	13.10.99
<b>99/84</b>	Devolution and Concordats	19.10.99
<b>99/85</b>	The Procedural Consequences of Devolution	20.10.99
<b>99/86</b>	Economic Indicators	01.11.99
<b>99/87</b>	The prospects for Russia	08.11.99
<b>99/88</b>	The <i>House of Lords Bill</i> – Lords Amendments [Bill 156 of 1998-99]	09.11.99
<b>99/89</b>	Family Leave	11.11.99
<b>99/90</b>	Unemployment by Constituency – October 1999	17.11.99
<b>99/91</b>	Millennium Trade Talks – Food and Agriculture Issues	19.11.99
<b>99/92</b>	The <i>Electronic Communications Bill</i> [Bill 4 of 1999-2000]	24.11.99
<b>99/93</b>	The Climate Change Levy	24.11.99
<b>99/94</b>	The <i>Representation of the People Bill</i> [Bill 2 of 1999-2000]	25.11.99
<b>99/95</b>	By-elections since the 1997 general election	29.11.99

*Research Papers are available as PDF files:*

- *to members of the general public on the Parliamentary web site,  
URL: <http://www.parliament.uk>*
- *within Parliament to users of the Parliamentary Intranet,  
URL: <http://hcl1.hclibrary.parliament.uk>*

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public.

Users of the printed version of these papers will find a pre-addressed response form at the end of the text.

## CONTENTS

<b>I</b>	<b>Contacts for further information</b>	<b>5</b>
<b>II</b>	<b>The Aggregate Tax Burden</b>	<b>6</b>
<b>III</b>	<b>Subject pages</b>	<b>10</b>
	<b>A. Growth &amp; Output</b>	<b>10</b>
	1. GDP	10
	2. GDP by Industry	11
	3. Investment	12
	4. Productivity	13
	<b>B. Prices &amp; Wages</b>	<b>14</b>
	1. Retail Prices	14
	2. Average Earnings	15
	<b>C. Labour Market</b>	<b>16</b>
	1. Employment	16
	2. Unemployment: National	17
	3. Unemployment: Regional	18
	<b>D. Finances &amp; Government Borrowing</b>	<b>19</b>
	1. Interest Rates	19
	2. Exchange Rates	20
	3. Public Sector Net Cash Requirement	21
	4. Money Supply	22
	<b>E. International Trade</b>	<b>23</b>
	1. International Trade	23
	2. Trade in Goods	24

<b>F.</b>	<b>Other Indicators</b>	<b>25</b>
1.	Survey Indicators	25
2.	Retail Sales	26
3.	New Registration of Cars	27
4.	Housing	28
<b>G.</b>	<b>International Comparisons</b>	<b>29</b>
1.	Growth	29
2.	Unemployment	30
3.	Prices	31
4.	Interest Rates	32

## 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 Oriol Room of the Main Library - extn 3666)

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

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

## II The Aggregate Tax Burden

The recent publication of the *Pre-Budget Report* and OECD's *Revenue Statistics 1965-1998* has prompted discussion in both the House and the press about trends in the aggregate burden of tax in the United Kingdom. This article attempts to describe the differences between three measures of the tax burden and to summarise the latest statistics. A more detailed analysis was contained in Library Research Paper 99/67 *The Burden of Taxation*.

The relevant data from the OECD's *Revenue Statistics* are summarised in the following table:<sup>1</sup>

**Total tax revenue as percentage of GDP at market prices<sup>1</sup>**

	1980	1985	1990	1992	1994	1995	1996	1997	1998 (prov)
Sweden	48.8	50.0	55.6	51.0	49.0	47.9	50.0	51.9	53.0
Denmark	45.4	48.9	47.1	47.3	49.9	49.4	49.7	49.5	49.3
Finland	36.9	40.8	44.9	45.9	46.7	45.2	47.1	46.5	46.9
Luxembourg	43.0	47.7	43.9	42.7	44.7	44.4	46.6	46.5	45.1
Belgium	43.7	46.9	43.9	44.0	45.9	45.4	45.8	46.0	46.3
France	41.7	44.5	43.0	43.1	43.7	44.0	45.0	45.1	45.2
Italy	30.4	34.5	38.9	41.7	41.4	41.2	42.9	44.4	43.5
Austria	40.3	42.4	41.0	43.0	43.3	42.4	44.1	44.3	44.3
Norway	42.7	43.3	41.8	41.0	41.3	41.5	41.5	42.6	43.6
Netherlands	45.2	44.1	44.6	46.8	44.7	42.0	41.5	41.9	41.0
Poland <sup>2</sup>	..	..	..	38.2	43.2	42.3	42.1	41.2	40.0
Hungary <sup>2</sup>	..	..	..	46.0	44.9	42.7	40.9	39.4	39.0
Czech Republic <sup>2</sup>	..	..	..	..	41.3	40.1	39.1	38.6	38.3
Germany <sup>3</sup>	38.2	38.1	36.7	38.0	38.4	38.5	37.6	37.2	37.1
Canada	32.0	33.1	36.2	36.0	35.1	35.4	35.7	36.8	..
New Zealand	33.0	32.1	38.1	36.5	36.7	37.7	35.8	36.4	34.7
<b>United Kingdom</b>	<b>35.1</b>	<b>37.5</b>	<b>36.3</b>	<b>35.3</b>	<b>34.5</b>	<b>35.2</b>	<b>35.1</b>	<b>35.4</b>	<b>37.6</b>
Portugal	24.7	27.2	30.2	33.6	32.6	33.3	33.2	34.2	34.9
Switzerland	28.9	30.6	30.9	31.2	33.0	33.5	34.2	33.8	34.8
Greece	24.3	29.0	29.7	30.8	31.7	32.1	32.0	33.7	..
Spain	23.9	28.8	34.4	35.9	35.0	32.8	32.7	33.7	34.2
Ireland	32.6	36.4	33.6	34.5	35.7	33.1	33.2	32.8	32.3
Iceland	29.2	28.4	31.4	32.2	30.9	31.2	32.3	32.2	32.6
Australia	27.4	29.2	29.4	27.1	28.7	29.3	30.2	29.8	29.6
United States	27.6	26.9	27.6	27.6	28.4	28.8	29.2	29.7	..
Japan	25.4	27.6	30.9	28.8	27.8	28.4	28.2	28.8	28.8
Turkey	17.9	15.4	20.0	22.4	22.2	22.6	25.4	27.9	29.8
Korea	17.5	16.8	19.1	19.4	20.4	20.5	21.4	21.4	21.1
Mexico	16.2	17.0	17.3	17.6	17.2	16.6	16.8	16.9	15.5
Unweighted averages:									
OECD total	32.8	34.5	35.6	36.3	36.8	36.5	36.9	37.2	36.6
EU 15	36.9	39.8	40.3	40.9	41.1	40.5	41.1	41.5	41.0

Notes: 1. Ranked by the 1997 figures.

2. The Czech Republic, Hungary and Poland joined the OECD in 1995/1996. Data for earlier years are not available.

3. Unified Germany beginning in 1991.

Some of the features that have been noted are:<sup>2</sup>

<sup>1</sup> A six page summary of the report is available from the OECD's website [[http://www.oecd.org/news\\_and\\_events/publish/pb99-25a.htm](http://www.oecd.org/news_and_events/publish/pb99-25a.htm)] and a full copy is available for consultation in the Library (contact ext. 5504).

- The OECD provisionally estimates that the ratio of tax revenues to GDP in the UK in 1998 was 37.6% compared to 35.4% in 1997.
- The provisional 1998 ratio for Germany (37.1%) is below that for the United Kingdom.
- The increase in the UK tax burden between 1997 and 1998 of 2.2 percentage points was the largest for any of the countries for which data are available.

There has been some criticism that the OECD data are out-of-date.<sup>3</sup> In order to provide a perspective on the OECD's data, the following analysis compares the data with figures on two other bases:

1. The Treasury's preferred measure of *net taxes and social security contributions as a proportion of GDP*. Although this is generally published on a financial year basis, the Office for National Statistics (ONS) compiles data on a quarterly basis.
2. The measure published by the ONS on internationally recognised national accounting definitions – *total taxes and social contributions paid to general government and the EU as a proportion of GDP*.<sup>4</sup>

The three series for the calendar years 1990 to 1998 are summarised in the following table. The three measures indicate very similar levels for the tax burden for 1998 and all three suggest an increase in the tax burden between 1997 and 1998.

### Aggregate Tax Burden

Calendar year	Treasury/ ONS	ONS	OECD
1990	36.2%	36.7%	36.3%
1991	35.5%	36.4%	35.9%
1992	34.9%	35.2%	35.3%
1993	33.5%	34.2%	33.8%
1994	34.1%	34.6%	34.5%
1995	35.3%	35.7%	35.2%
1996	35.2%	35.5%	35.1%
1997	35.4%	35.9%	35.4%
1998	37.5%	37.4%	37.6%

Sources: ONS - CSDB database series GCSU, LIVW & YBHA  
OECD, *Revenue Statistics 1965/1998*, tables 3 & 39

The definitional differences between the three measures are fairly technical. Some of the more important are:

<sup>2</sup> See, for example, "Britain's tax now fastest rising in Europe", *The Times*, 4 November 1999 p1

<sup>3</sup> See for example, "OECD report 'outdated'", *Financial Times*, 5 November 1999 p4

<sup>4</sup> See, for example, *UK National Accounts*, 1999 table 10.1

- The ONS measure is partly on an accruals basis (ie revenues are recorded against the period in which the liability arose not when payment was made) whereas the Treasury and OECD data are on a strict cash receipts basis.
- The Treasury measure scores oil royalties as taxation whereas the ONS and OECD measures treat them as rent.
- The Treasury measure is net of certain tax credits (eg mortgage tax relief and, in the future, the working families tax credit) that currently score as public expenditure on the ONS measure. The OECD treats these as negative taxation except where payment is made in excess of an individual's tax liability.

As with most economic statistics, these data – and particularly those for the most recent years – are liable to revision. Indeed, the OECD data for 1998 are explicitly stated to be provisional.

The *Pre-Budget Report* contains forecasts and projections for the Treasury's preferred measure of the tax burden for financial years to 2004/05. These data suggest falls in the tax burden in 1999/00 and 2000/01 after increases in 1994/95, 1995/96, 1997/98 and 1998/99. For future years the projected revenues reflect discretionary tax changes already announced and statutory indexation. The figures are summarised in the following table together with the equivalent figures for the ONS measure where available.

### **Aggregate Tax Burden**

Financial year	Treasury/ ONS	ONS
1991/92	35.4%	36.5%
1992/93	34.1%	34.7%
1993/94	33.4%	34.0%
1994/95	34.4%	34.9%
1995/96	35.3%	35.8%
1996/97	35.3%	35.7%
1997/98	36.5%	36.7%
1998/99	37.4%	37.6%
1999/00	37.0%	37.7%
2000/01	36.8%	n.a.
2001/02	37.2%	n.a.
2002/03	37.2%	n.a.
2003/04	37.0%	n.a.
2004/05	36.8%	n.a.

Sources: ONS - CSDB database series GCSU, LIVW & YBHA  
HM Treasury, *PBR Nov. '99*, Cm 4479 tables B4, B7, B9 & B16

What factors underlie recent changes in the tax burden? The tax burden partly reflects macro-economic conditions (for example, above trend growth tends to result in a rise in the



ratio of tax revenues to GDP<sup>5</sup>), partly micro-economic changes (for example, changes in consumption patterns) and partly discretionary tax changes. Each budget contains a significant number of discretionary tax changes. Details of these and the revenue implications are provided in the 'Red Book' published on budget-day.<sup>6</sup> Some of the discretionary tax changes with most substantial revenue effects in the period 1997/98 to 1999/00 have been:

- Changes in excise duties on road fuel and tobacco including the impact of the duty escalators originally announced in 1993.
- The abolition of payable tax credits on dividends.
- The windfall tax.
- Reductions in rates of corporation tax.
- Introduction of the 10p starting rate of income tax.

On the Treasury's measure the tax burden falls in 1999/00 and 2000/01. Among other factors this reflects the absence of windfall tax payments (which added to the tax burden in 1997/98 and 1998/99), expenditure on the working families tax credit and, in 2000/01, lower receipts from corporation tax. On the other hand, the ONS measure shows a slight increase between 1998/99 and 1999/00. (Forecasts for years beyond 1999/00 are not published.) This different trend reflects two principal factors: the working families tax credit does not count as negative taxation on the ONS measure and there is a large increase in the accruals adjustment (ie tax liabilities arising in 1999/00 that will be result in payments in subsequent years).

*For further information contact Robert Twigger on ext. 4904*

---

<sup>5</sup> See, for example, HM Treasury, *Fiscal Policy: Public Finances and the Cycle*, March 1999

<sup>6</sup> See, for example, HM Treasury, *Budget '99*, HC 298 1998-99 table 1.11

## A 1. Gross Domestic Product



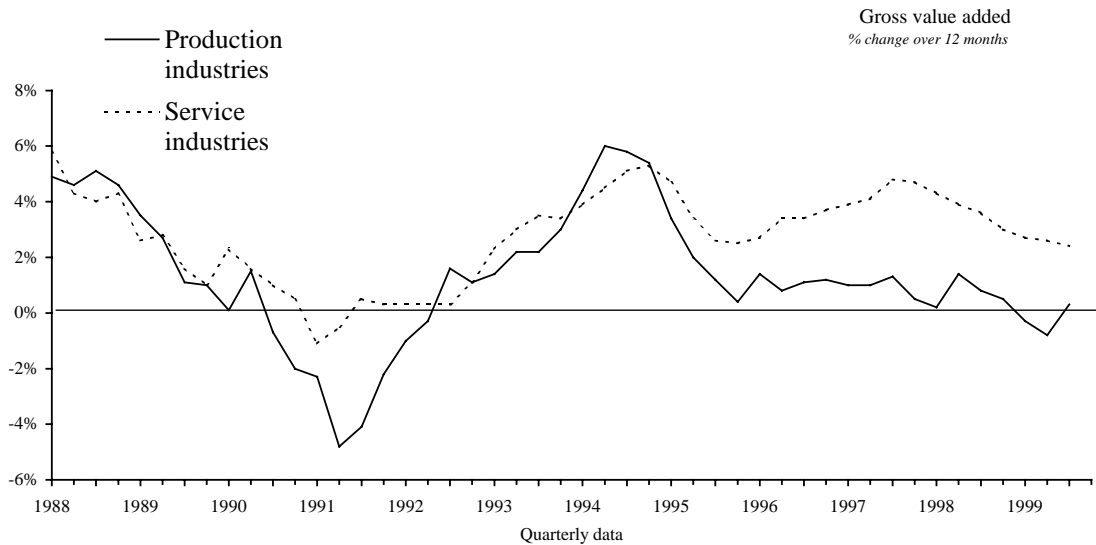
	Gross Domestic Product <i>seasonally adjusted</i>			
	GDP at current market prices <i>£ billion</i>	GDP at constant market prices <i>12 month change</i>	HH consumption at constant market prices <i>12 month change</i>	Non-Oil GVA at constant basic prices <i>12 month change</i>
1996	754.6	2.6%	3.7%	2.5%
1997	803.9	3.5%	4.0%	3.5%
1998	843.7	2.2%	3.3%	2.7%
1998 Q3	212.6	2.0%	2.8%	2.6%
Q4	213.4	1.6%	2.8%	2.0%
1999 Q1	214.5	1.3%	3.6%	1.5%
Q2	217.0	1.4%	4.0%	1.5%
Q3	220.3	1.8%	4.3%	1.8%

Source: ONS Database series YBFA, AMBI, ABIR & GDPU

- Gross domestic product (GDP) at 1995 market prices is estimated to have risen by 0.9% in the third quarter of 1999 to a level 1.8% above the same quarter in 1998. This is the fastest quarter-on-quarter growth rate since the third quarter of 1997. The quarterly rate of GDP growth has increased sharply since the fourth quarter of 1998 when the economy was close to stagnation.
- In the year to the third quarter of 1999 net trade continued to exert a significant negative impact on GDP growth despite a sharp increase in export volumes in the third quarter. The year-on-year growth rate of 1.8% represented a positive contribution of 3.0 percentage points from the growth of domestic expenditure offset by a negative contribution of 1.1 percentage points from the net trade effect. The balance (-0.1 percentage points) represented a decrease in the statistical discrepancy.
- The latest Treasury average of independent economic forecasts suggests that GDP growth will be 1.6% in 1999 and 2.8% in 2000.

*Next update: 22 December*

## A 2. Gross Value Added by Industry



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

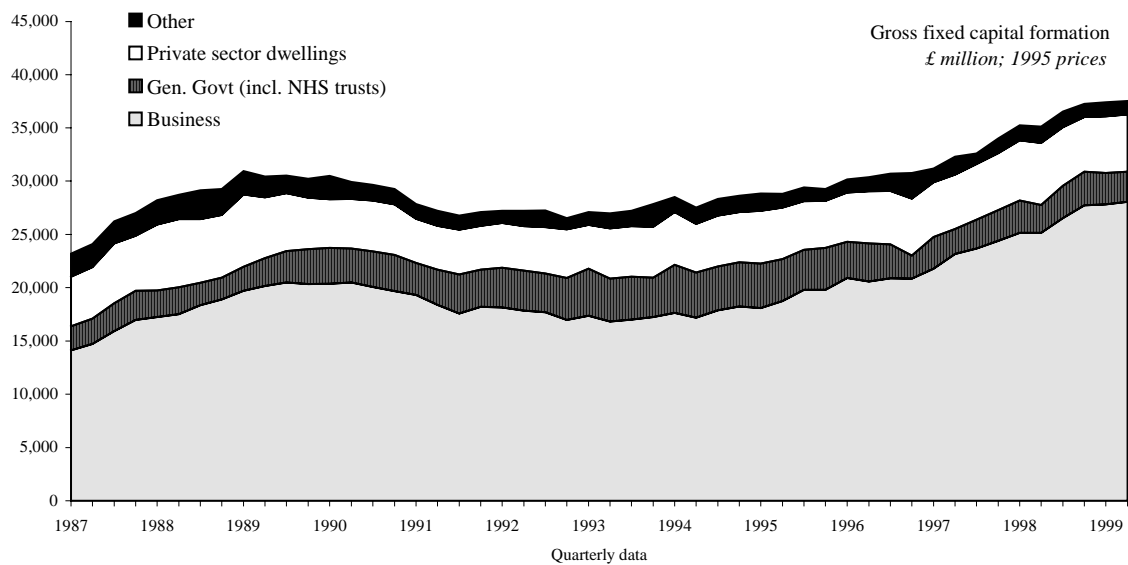
	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufac- turing			
1996	1.1%	0.4%	3.3%	2.0%	1.5%
1997	1.0%	1.3%	4.4%	1.5%	3.2%
1998	0.7%	0.4%	3.7%	-0.9%	1.3%
1998 Q2	1.4%	1.2%	3.9%	-1.3%	0.6%
Q3	0.8%	0.6%	3.6%	-1.0%	0.6%
Q4	0.5%	-0.5%	3.0%	-1.2%	-1.3%
1999 Q1	-0.3%	-1.3%	2.7%	0.5%	-3.3%
Q2	-0.8%	-1.3%	2.6%	-0.4%	0.7%
Q3	0.3%	-0.2%	2.4%	-0.2%	1.5%

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 2½%. Between the second and third quarters of 1999 output in the service sector rose by 0.9%.
- Manufacturing output fell in the third and fourth quarters of 1998 and the first quarter of 1999. Despite rises of 0.3% and 1.0% in the second and third quarters of 1999, output remains below its level in the third quarter of 1998. In the third quarter of 1999 output fell in the agriculture sector but rose in the energy extraction, energy supply and construction sectors.
- In 1998 manufacturing accounted for 20% of GVA, other production industries (mining & quarrying and electricity gas & water supply) for 4%, agriculture, etc. for 1%, construction for 5% and services for 70%.

Next updates: 6 & 22 December

### A 3. Investment



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

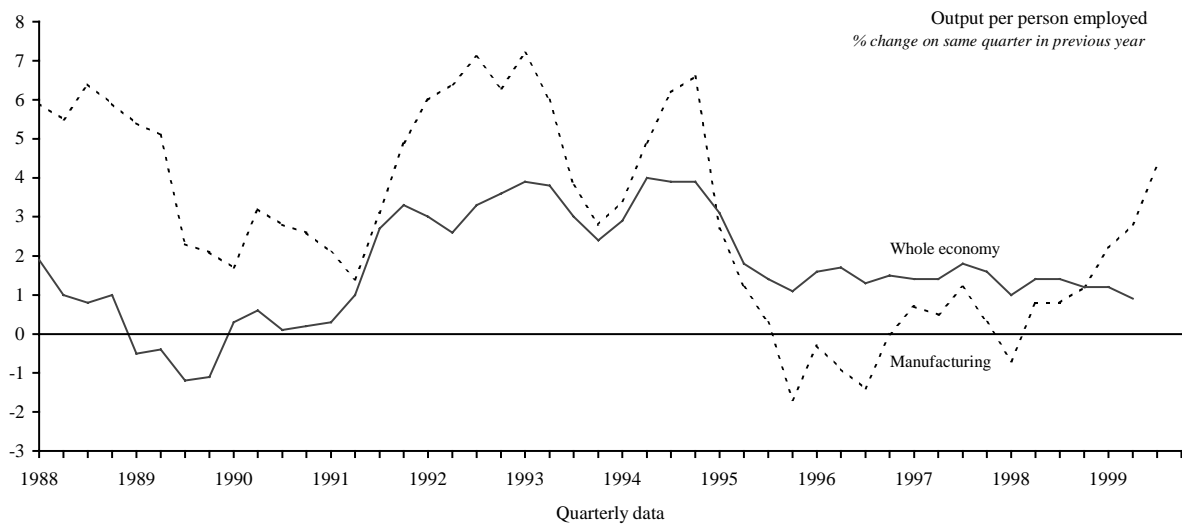
	Transport Equipment	Other Machinery & Equipment	Dwellings	Other Buildings & Structures	Intangible Fixed Assets	Total
1996	11,777	49,124	22,154	34,825	4,162	122,042
1997	12,982	54,241	22,669	37,251	4,103	131,246
1998	14,266	61,616	23,798	39,929	4,575	144,184
1998 Q3	3,531	15,496	5,933	10,373	1,212	36,545
Q4	3,649	16,274	5,533	10,628	1,171	37,255
1999 Q1	3,812	16,228	5,695	10,531	1,153	37,419
Q2	3,816	16,332	5,804	10,662	917	37,531
Q3 (prov)	n.a.	n.a.	n.a.	n.a.	n.a.	37,605

Source: ONS database (series DLWL, DLWO, DLWT, DFEG, EQDO, NPQT)

- Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets.
- Provisional estimates show that total investment rose by 0.2% in real terms in the third quarter of 1999 to a level 2.9% above the same period in 1998.
- Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings. Provisional estimates show that business investment fell by 1.3% in real terms in the third quarter of 1999 to a level 4.3% above the same period in 1998.

Next update: 21 & 22 December

## A 4. Productivity



% change on year  
*seasonally adjusted*

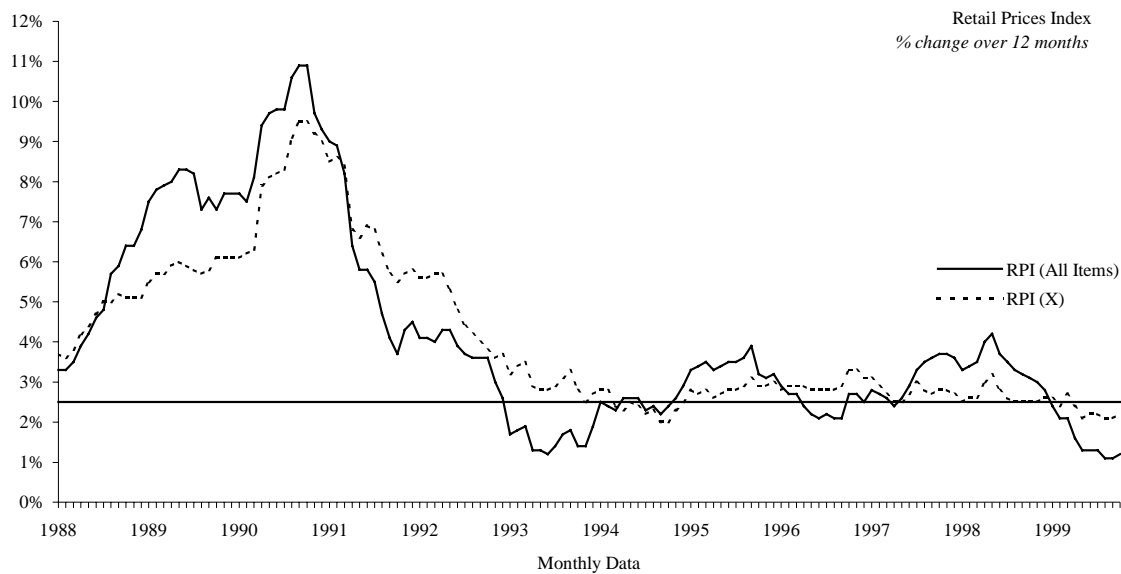
		Manufacturing			Whole Economy		
		Output	Wforce in employment	Output per head	Output	Wforce in employment	Output per head
1996		0.4	1.0	1.5	2.6	-0.7	1.1
1997		1.3	1.8	1.6	3.4	0.7	0.6
1998		0.4	1.3	1.3	2.7	0.5	-0.1
1998	Q3	0.6	-0.2	0.8	2.6	1.0	1.4
	Q4	-0.5	-1.7	1.2	2.1	0.7	1.2
1999	Q1	-1.3	-3.4	2.2	1.6	0.3	1.2
	Q2	-1.3	-4.0	2.8	1.6	0.6	0.9
	Q3	-0.2	-4.3	4.3	1.8	..	..

Source: ONS Database

- Output per head in 1998 as a whole was marginally lower than in 1997.
- In the manufacturing sector, the annual rate of output growth has now been negative for the last four quarters. However, this is more than offset by the accelerating rate of decline in manufacturing employment. The result is that productivity growth in manufacturing is gathering pace, and stands at an annual rate of over 4 per cent.
- The rise in the rate of employment growth in 1999 Q2 for the economy as a whole means that the annual rate of productivity growth has slipped below 1%.

Next update: 15 December

## B 1. Retail Prices



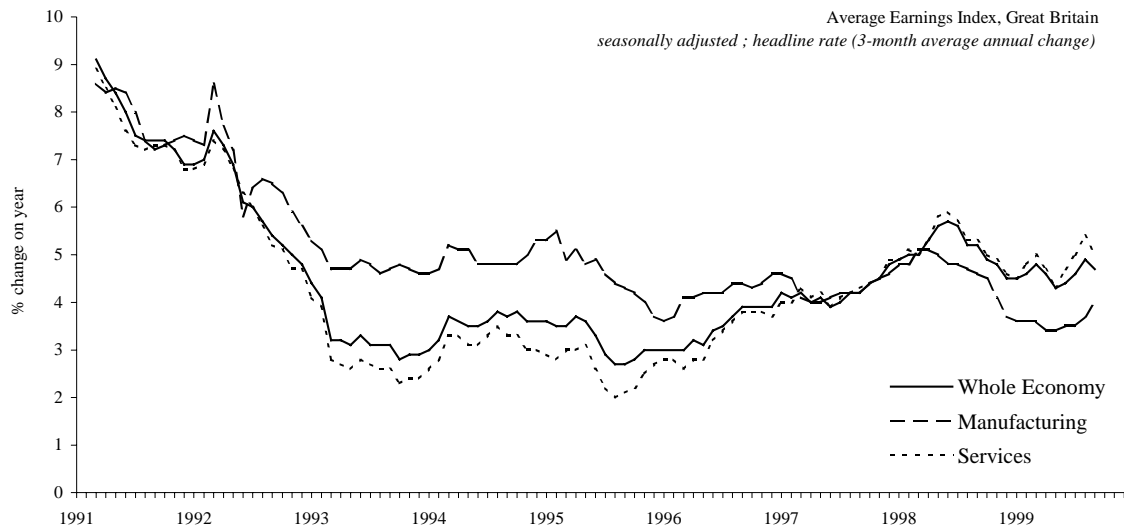
<i>%change on previous year</i>		
Retail Prices Index		
	All-items	excl. mortgage interest (RPI(X))
1996	2.4	3.0
1997	3.1	2.8
1998	3.4	2.6
1998 Oct	3.1	2.5
Nov	3.0	2.5
Dec	2.8	2.6
1999 Jan	2.4	2.6
Feb	2.1	2.4
Mar	2.1	2.7
Apr	1.6	2.4
May	1.3	2.1
Jun	1.3	2.2
Jul	1.3	2.2
Aug	1.1	2.1
Sep	1.1	2.1
Oct	1.2	2.2

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.
- In the year to October 1999 the headline rate of inflation rose by 1.2 per cent, up from 1.1 per cent in September 1999.
- The main upward effect on the all items RPI came from motoring costs. Vehicle insurance costs rose significantly, as did petrol prices following increases in crude oil prices.
- Housing costs, particularly mortgage interest rates, also contributed to upward pressure on inflation as the rise in the base rate in September was partially passed on to borrowers.
- The largest downward pressure came from falls in the price of food. Strong competition in the retail sector resulted in special offers across a wide range of non-seasonal food products. However there remained an upward pressure on inflation from seasonal food, particularly fresh fruit.

Next update: 14 December

## B 2. Average Earnings



Average Earnings, Great Britain  
seasonally adjusted

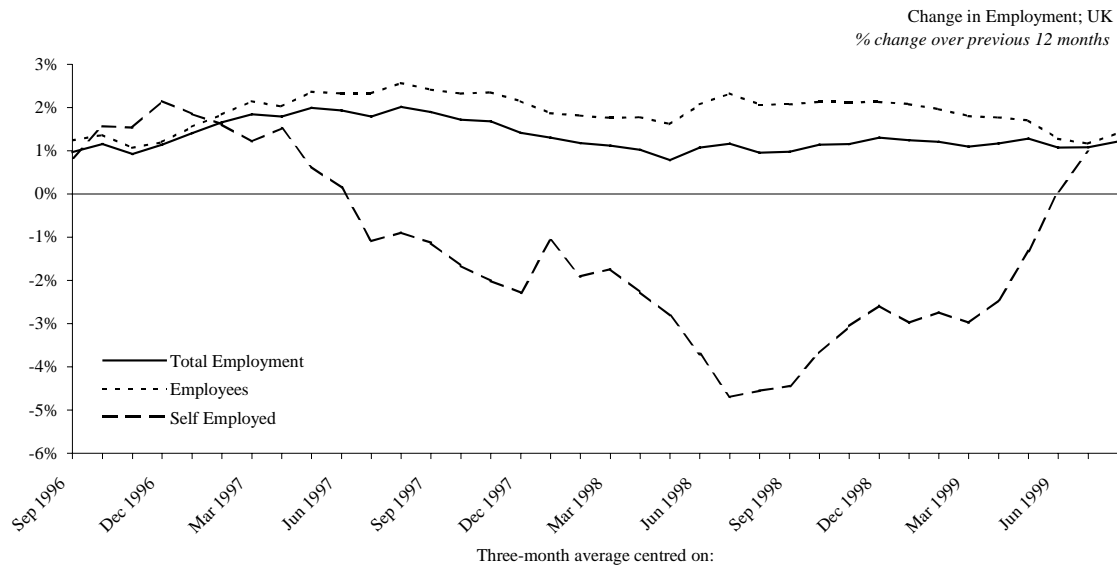
	headline rate (% change on year)		
	Whole Economy	Private Sector	Public Sector
1998 Sep	5.2	5.5	3.8
Oct	4.9	5.2	3.8
Nov	4.8	5.1	3.7
Dec	4.5	4.7	3.6
1999 Jan	4.5	4.6	3.6
Feb	4.6	4.8	3.8
Mar	4.8	5.0	4.1
Apr	4.6	4.7	4.3
May	4.3	4.2	4.5
Jun	4.4	4.3	4.8
Jul	4.6	4.6	4.6
Aug	4.9	5.0	4.3
Sep	4.7	4.8	3.9

Source: ONS database (Series LNNC, LND, LNE)

- 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. Work to improve the quality of the data is continuing.
- The headline rate of growth in average earnings for September dropped back by 0.2 percentage points from the level reached in August. Separate figures for the private and public sectors, and for service industries, also showed a fall. Manufacturing industry showed a continued rise in the rate of earnings growth.
- Commenting on the latest earnings data the Employment Minister, Tessa Jowell, said "we have always stressed the importance of wage responsibility across the public and private sectors as part of our broader economic approach".
- The headline rate of earnings growth is currently above 4½%, the level which many economists regard as the maximum consistent with meeting the inflation target of 2½%. This could provide pressure for the Bank of England to increase interest rates in forthcoming months.

Next update: 15 December

## C 1. Employment



Employment Structure in the UK  
*thousands; seasonally adjusted*

		Total in Employment	Employees	Self Employed	Unpaid Family Workers	Govt Training
1995	Jul-Sep	26,158	22,423	3,340	129	266
1996	Jul-Sep	26,385	22,655	3,366	118	247
1997	Jul-Sep	26,918	23,236	3,336	125	222
1998	Jul-Sep	27,175	23,716	3,184	109	166
	Oct-Dec	27,289	23,840	3,204	97	148
	Jan-Mar	27,351	23,901	3,198	101	152
	Apr-Jun	27,394	23,931	3,203	97	162
1999	Jul-Sep	27,504	24,051	3,195	100	159
Changes:						
1998 Jul-Sep to		329	335	11	-9	-7
1999 Jul-Sep		1.2%	1.4%	0.3%	-8.3%	-4.2%

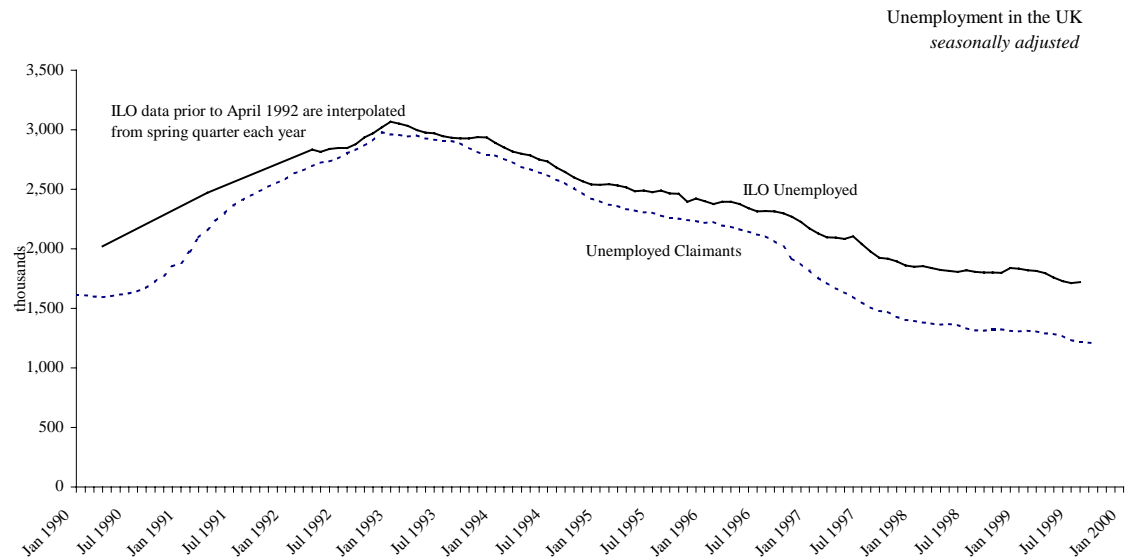
Source: Labour Force Survey (ONS)

- Employment has once again increased over the latest rolling three-month period, setting a new record of just over 27.5 million.
- Compared to a year previously, employment was 329,000 (1.2%) higher in the July-September 1999 period. The pace at which employment is increasing has remained constant over the last year, at around 1% per annum.
- The picture for self-employment remains mixed. It is now 11,000 (0.3%) higher than a year previously, but is 7,000 lower than in the previous three-month period.

*Next update: 15 December*



## C 2. Unemployment: National



ILO Unemployment in the UK  
*seasonally adjusted*

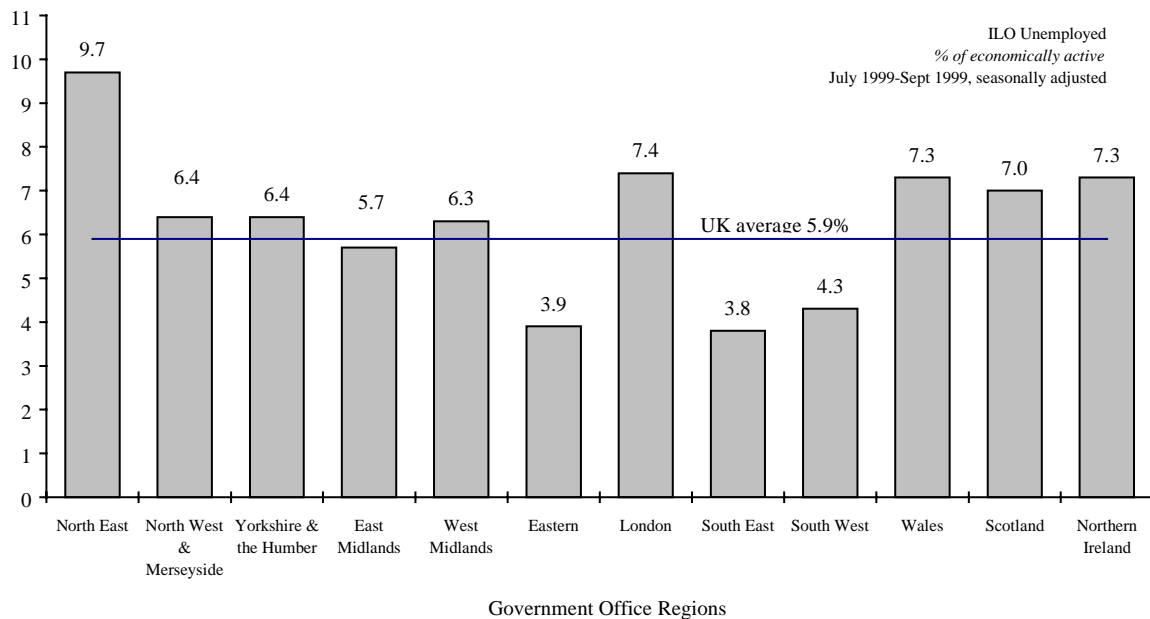
	thousands	rate (%)
1996 Jul-Sep	2,318	8.1
Oct-Dec	2,268	7.9
1997 Jan-Mar	2,129	7.4
Apr-Jun	2,084	7.2
Jul-Sep	1,976	6.8
Oct-Dec	1,895	6.6
1998 Jan-Mar	1,854	6.4
Apr-Jun	1,814	6.3
Jul-Sep	1,807	6.2
Oct-Dec	1,799	6.2
1999 Jan-Mar	1,822	6.2
Apr-Jun	1,760	6.0
Jul-Sep	1,721	5.9

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 July to September 1999, the level of ILO unemployment in the UK was 1,721,000. This was a decrease of 39,000 from the April-to-June period. As measured by the monthly claimant count, unemployment fell in October 1999 by 8,400 to stand at 1,204,000.
- Since the New Deal for the Young Unemployed started in January 1998, 363,100 people have joined the scheme. Of those leaving the scheme, 114,930 had moved into 'sustained jobs' up to the end of September, ie excluding those who had returned to claim Jobseekers' Allowance (JSA) within three months of starting employment. 84% of these jobs were unsubsidised. Since the New Deal for the Long-Term Unemployed started in July 1998, 180,700 people have joined the scheme. Up to the end of September, 22,590 people leaving the scheme had entered 'sustained jobs', 17,580 of which were unsubsidised and 5,000 of which were subsidised jobs.

Next update: 15 December

### C 3. Unemployment: Regional



ILO Unemployment, Jul-Sept 1999  
change on same period in previous year  
seasonally adjusted

	thousands	%
North East	17	17%
North West & Merseyside	-10	-5%
Yorkshire & the Humber	-25	-14%
East Midlands	4	3%
West Midlands	8	5%
East	-14	-12%
London	-8	-3%
South East	-27	-15%
South West	-14	-12%
Wales	0	0%
Scotland	-13	-7%
Northern Ireland	-6	-10%
<b>UK</b>	<b>-86</b>	<b>-5%</b>

Source: ONS, First Release (99) 348

- 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).
- At present the trend in unemployment is varying considerably between regions. Comparing the period July to September 1999 with the same period a year earlier, unemployment fell in eight regions, increased in three and remained the same in one.
- The most rapid fall in unemployment occurred in South East, where it was 15% lower in July to Sept 1999 than in the same period a year earlier. The most rapid increase in unemployment occurred in the North East, where it was up 17% on the previous year. The North East also has the highest unemployment rate, at 9.7% of the economically active population. The lowest unemployment rate was 3.9% in the East of England.

Next update: 15 December

## D 1. Interest Rates



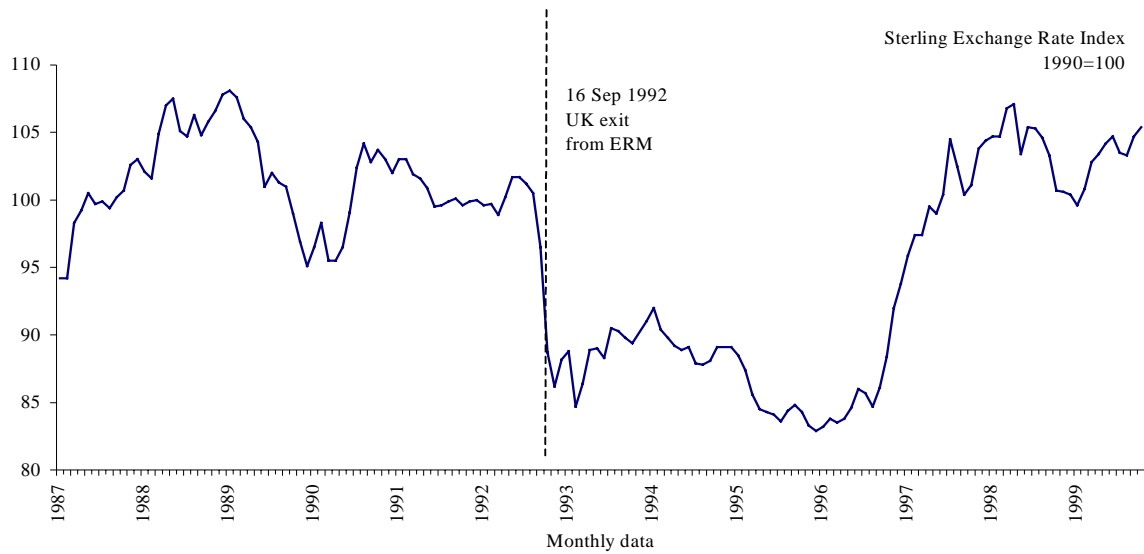
### UK Base/Repo Rates *per cent per annum*

Date of change	New rate
1993 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
Apr 8	5.25
June 10	5.00
Sep 8	5.25

*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 8-9 of December.
- The ½ percentage point cuts in the repo rate in November and December were the largest change in rates yet made by the MPC.
- Some commentators expected a further rise in interest rates in November. Continuing evidence of economic recovery is maintaining expectations of further increases in forthcoming months.

## D 2. Exchange Rates



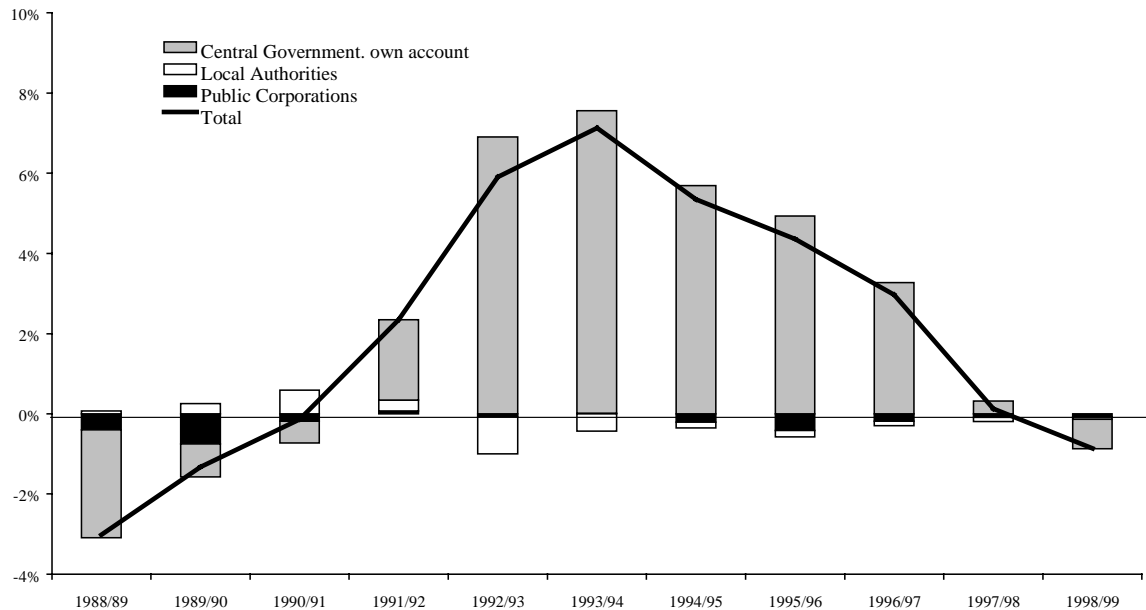
	Sterling Exchange Rates							
	DM		US\$		Yen		ECU/Euro	
	Rate	% change on year	Rate	% change on year	Rate	% change on year	Rate	% change on year
1993	2.48	-9.7%	1.50	-15.0%	166.73	-25.5%	1.28	-5.7%
1994	2.48	-0.1%	1.53	2.1%	156.40	-6.2%	1.29	0.6%
1995	2.26	-8.9%	1.58	3.0%	148.37	-5.1%	1.22	-5.5%
1996	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	2.91	2.6%	1.66	1.2%	216.75	9.4%	1.48	1.9%
1999 Aug	..	..	1.61	-1.4%	182.19	-22.9%	1.51	..
1999 Sep	..	..	1.62	-3.3%	173.74	-23.2%	1.55	..
1999 Oct	..	..	1.66	-2.2%	175.66	-14.3%	1.55	..

Source: ONS database (series AJFH, AJFA, AJFO, AJHW, THAP)

- The US dollar has gained strength from both the ¼ per cent rise in the Federal Funds Reserve Rate and by continuing evidence of strong growth combined with low inflation. The dollar's strength has contributed to the renewed decline in the world-wide value of the euro. Despite a ½ per cent rise in interest rates announced by the ECB in November, the currency is now trading at its lowest levels ever. Since January it has fallen by 10% against sterling and by over 13% against the US dollar. The Japanese Yen continues its appreciation despite the Bank of Japan's intervention in the foreign exchange markets.
- The pound was worth €1.5908 at the London market close on November 30 1999, compared to a launch rate of €1.4169 on 31 December 1998.
- Series for the ECU and the participating currencies in EMU are no longer officially published.

## D 3. Public Sector Net Cash Requirement

PSNCR as % of GDP



### Public Sector Net Cash Requirement

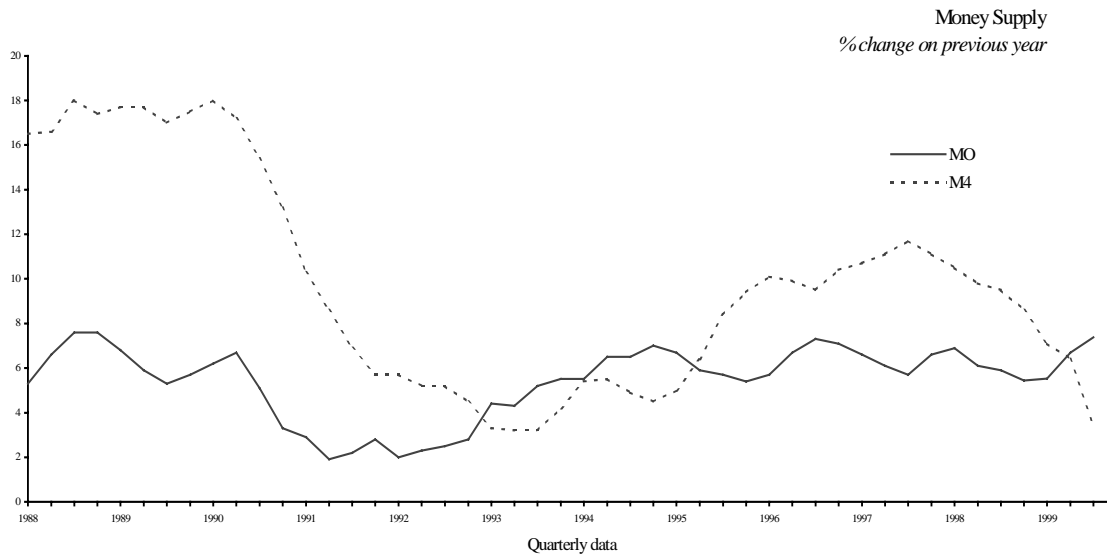
	PSNCR		PSNCR excl privatisation receipts	
	£ billion	As a % of GDP	£ billion	As a % of GDP
1996/97	22.7	3.0%	27.2	3.6%
1997/98	1.1	0.1%	2.9	0.4%
1998/99	-7.0	-0.8%	-7.0	-0.8%
1998 Q3	-2.8	-1.3%	-2.8	-1.3%
1998 Q4	-3.8	-1.8%	-3.8	-1.8%
1999 Q1	-5.9	-2.7%	-5.9	-2.7%
1999 Q2	5.4	2.5%	5.8	2.7%
1999 Q3	-3.2	-1.5%	-3.2	-1.5%

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 1998/99 financial year was a negative (i.e. a repayment) £7.0 billion compared with +£1.1 billion in 1997/98. Excluding privatisation receipts, the PSNCR for 1998/99 was -£7.0 billion compared with +£2.9 billion in 1997/98.
- The PSNCR for the first seven months of the 1999/00 financial year was £6.9 billion, £1.6 billion less than over the same period of 1998/99.

Next update: 20 December

## D 4. Money Supply



Money stock  
*seasonally adjusted*

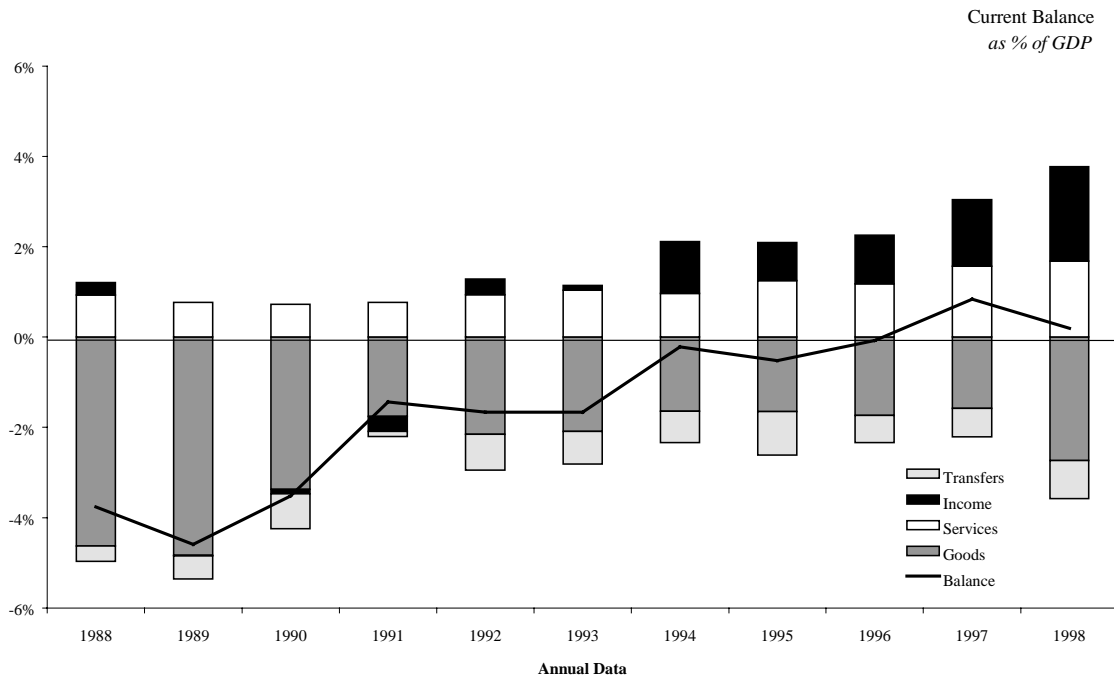
	MO		M4	
	3 month change annualised (%)	12 month change (%)	3 month change annualised (%)	12 month change (%)
1998 Nov	4.7	4.5	6.3	8.3
Dec	7.5	6.0	4.8	8.0
1999 Jan	7.4	5.6	4.1	7.5
Feb	8.4	5.3	5.0	7.1
Mar	4.9	5.7	3.5	6.7
Apr	6.0	6.0	7.5	7.2
May	8.8	6.8	6.8	6.8
Jun	9.0	7.3	3.1	5.3
Jul	9.9	7.5	-2.7	3.4
Aug	8.7	7.6	-1.5	4.1
Sep	6.9	7.1	-0.3	2.8
Oct	6.0	7.3	3.2	3.0
Nov (prov)	9.0	8.7	n.a.	n.a.

Source: Bank of England press notices dated 29 November 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 around 3% compared to rates in excess of 11% in 1997.
- There are now no formal targets for money supply growth.

Next updates: 20 December & 5 January

## E 1. International Trade



Current Account Balances  
seasonally adjusted; £ million

		Trade in goods and services			Income (total)	Transfers			Current Balance
		goods	services	total		Cent. Govt	other	total	
1996		-13,086	8,897	-4,189	8,111	1,698	-6,220	-4,522	-600
1997		-11,910	12,414	504	11,170	892	-5,943	-5,051	6,623
1998		-20,765	12,253	-8,512	15,174	-118	-6,408	-6,526	136
1998	Q3	-5,292	3,197	-2,095	4,590	-13	-1,199	-1,212	1,283
	Q4	-6,134	2,611	-3,523	4,829	-513	-2,032	-2,545	-1,239
1999	Q1	-7,403	2,404	-4,999	2,747	698	-2,008	-1,310	-3,562
	Q2	-6,763	3,045	-3,718	1,123	359	-1,501	-1,142	-3,737
	Q3	-6,178	2,918	-3,260	n.a.	n.a.	n.a.	n.a.	n.a.

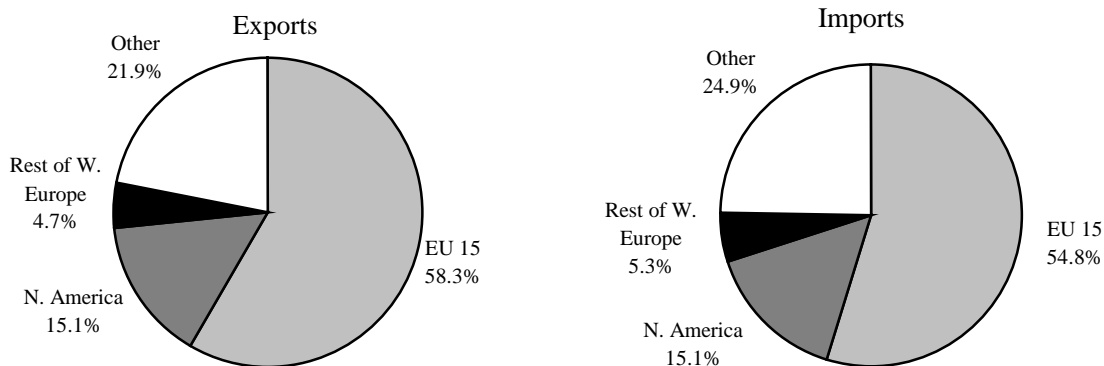
Source: ONS database (Series BOKI, IKBJ, IKBD, HBOJ, FNSV, FNTC, HBOP)

- **Trade:** Successive quarterly figures continue to show large deficits in the goods trade and which are not offset by the surpluses in the trade of services. This indicates a very weak UK trading position, with 1999 Q1 being the worst on record.
- **Income:** This includes income from overseas investment and wages, etc earned by people working abroad. In 1998 the surplus in income - £15.2 billion - more than offset the trade deficit -£8.5 billion.
- **Transfers:** These are composed of Central Government transfers (mostly to the EU budget) and other transfers (e.g. gilts in cash or kind received by private individuals from abroad)
- **Current Account Balance:** The current account showed a small overall surplus of £140 million in 1998, compared with a surplus of £6,600 million in 1997. The forecast in the Pre-Budget Report suggests that the current account will be in deficit by £12¼ billion in 1999 and £10¼ billion in 2000.

Next update: 22 December

## E 2. Trade in Goods

### Shares of trade in goods by area: 1998 Balance of Payments Basis



*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	119.0	171,783	183,693	-11,910
1998	118.0	129.1	164,132	184,897	-20,765
1998 Q3	119.2	131.1	41,257	46,549	-5,292
Q4	116.7	131.3	39,845	45,979	-6,134
1999 Q1	114.1	132.5	38,631	46,034	-7,403
Q2	116.1	133.3	39,529	46,292	-6,763
Q3	126.2	141.7	43,005	49,183	-6,178

Source: ONS database (Series BOKU, BOKV, BOKG, BOKH, BOKI)

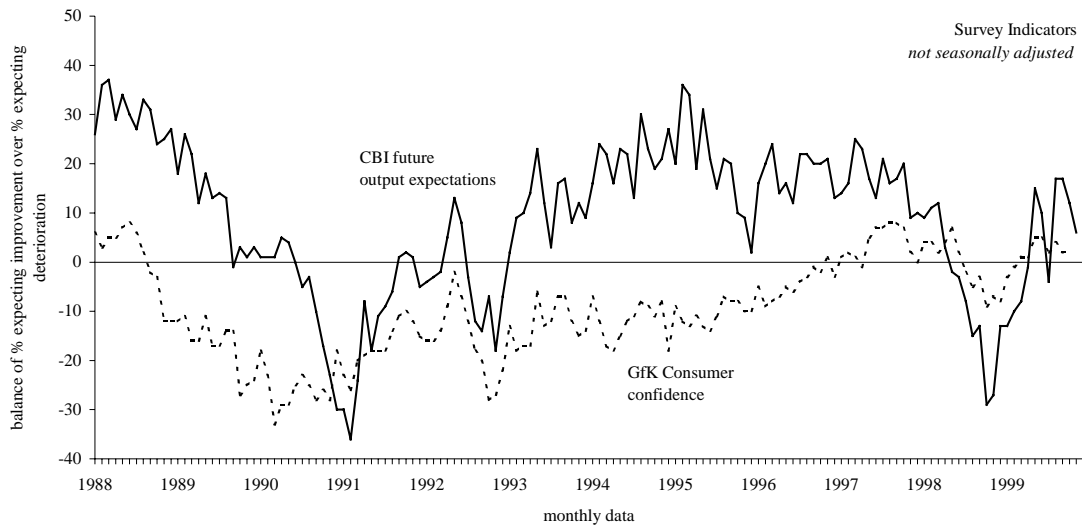
First Release: UK Trade (ONS(99)-406)

- The three largest deficits in trade in goods were recorded in the three most recent quarters, producing a cumulative deficit for the three-quarters of £20,300 million. The deficit for 1998 as a whole is estimated at £20,800 million, the largest annual deficit since 1989.
- In the third quarter of 1999, the deficit was £6,200 million. During this quarter period exports rose by 4.2% in value terms and imports by 5.7% compared with the same quarter in 1998. In volume terms, exports rose 5.9% and imports by 8.1% in 1999 Q3 compared with the same quarter in 1998.
- Recent monthly data: The UK's deficit on trade in goods in September is provisionally estimated at £1,730 million, compared with £2,180 million in August and £2,270 million in July.
- EU and Non-EU trade: The deficit in trade in goods with non-EU countries for 1998 is provisionally estimated at a record £15,200 million, reflecting in part the slowdown in Asian markets. In volume terms, exports to non-EU countries during the 3 months to October rose 10.8% compared with the same three months in 1998 whereas imports rose 13.3% over the same period. In the three months to September, exports to the EU rose 4.2% compared with the same period a year previously and imports by 3.9%.
- Trends: The latest estimate of volume trends shows the UK trade deficit is narrowing.

*Next update: 23 December*



## F 1. Survey Indicators



### Output Expectations and Consumer Confidence

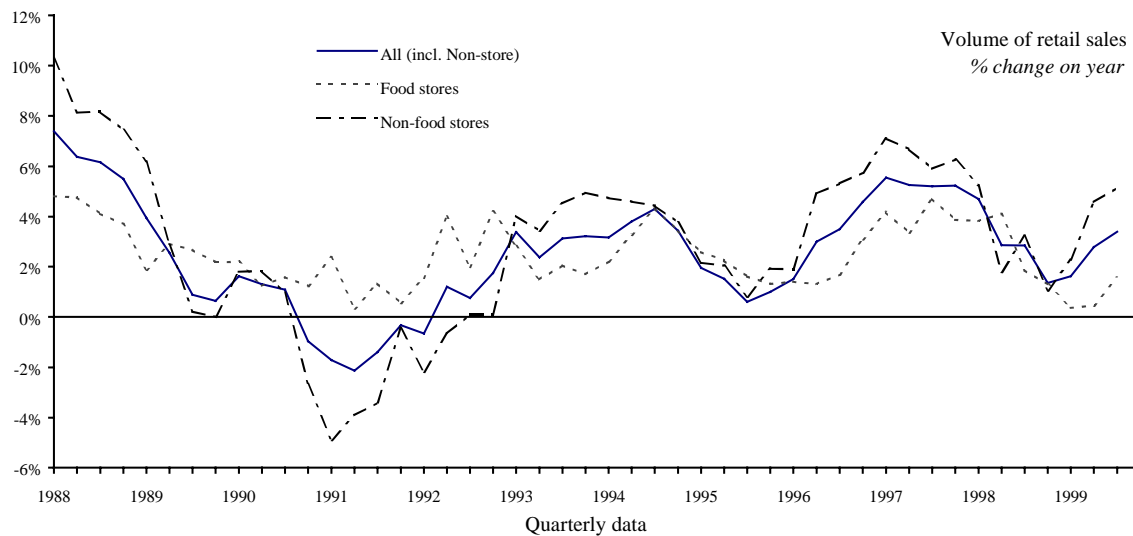
	Balance of % expecting improvement over % expecting deterioration	
	CBI Industrial Trends Survey: future output expectations	Consumer confidence GfK
1998 Nov	-27	-7
Dec	-13	-8
1999 Jan	-13	-3
Feb	-10	-1
Mar	-8	1
Apr	-1	1
May	15	5
Jun	10	5
Jul	-4	2
Aug	17	4
Sep	17	2
Oct	12	2
Nov	6	..

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 monthly Industrial Trends Survey for future output levels in manufacturing remains positive. Low levels of excess stock means that any increase in demand will be reflected in higher output.
- 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.
- Consumer confidence also shows a positive balance, though the low numbers would indicate that this is still relatively fragile.
- In the case of manufacturers, the downward effect of the strong pound on exports is being offset by favourable economic situation in Euroland.

Next update: late December

## F 2. Retail Sales



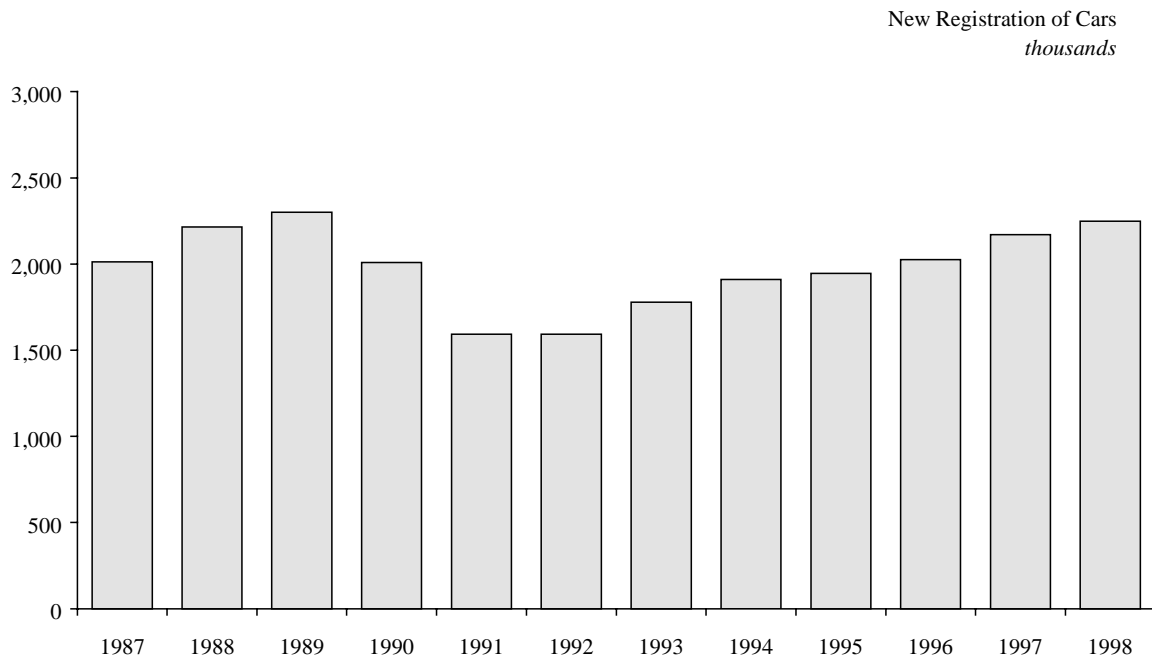
	Value of Sales <i>not seasonally adjusted: % change on year</i>			
	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food
1996	4%	5%	9%	5%
1997	4%	8%	10%	7%
1998	4%	3%	6%	4%
1998 Q3	2%	4%	7%	5%
Q4	4%	-1%	2%	2%
1999 Q1	5%	3%	5%	3%
Q2	1%	3%	3%	4%
Q3	2%	4%	6%	3%

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

- In the three months August to October 1999, the volume of retail sales grew by 1.2% over the previous three-month period, reaching a level 4.0% higher than a year previously. Sales in the single month of October were 3.5% higher than a year ago.
- Growth in retail sales volumes were much stronger in predominantly non-food stores (1.5% over August to October compared to the previous three months) than in non-food stores (2.2%). Sales volumes are growing particularly strongly in household goods stores (11% over the year to September 1999).
- In October 1999, the non-seasonally adjusted value of retail sales was 3.5% higher than a year earlier. The average weekly value of retail sales in October was £3,850 million. For the third quarter of 1999 the growth in the value of retail sales was strongest in the household goods sector (6% higher than 1998 Q3). In both the food, drink & tobacco sector and the clothing & footwear sector, growth in the value of retail sales was 2% growth over the same period.

Next update: 16 December

### F 3. New Registrations of Cars



New Registrations of Cars  
*not seasonally adjusted*

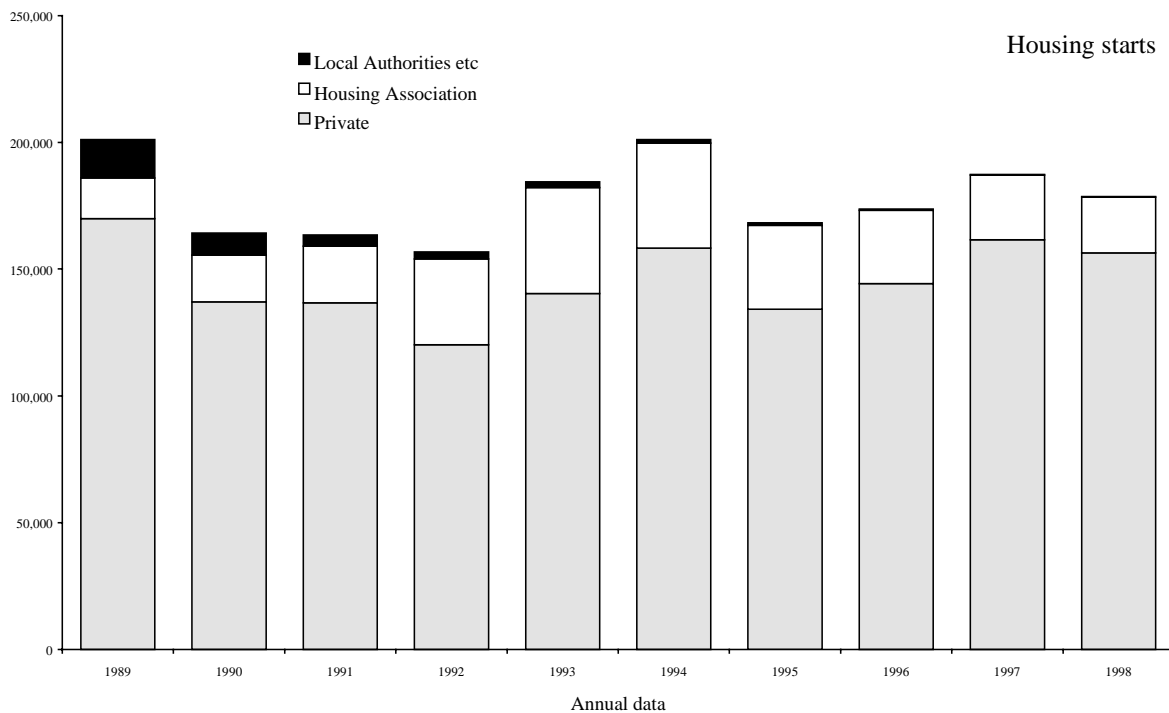
	Numbers thousands	Change over 12 months
1995	1,945	1.8%
1996	2,026	4.1%
1997	2,171	7.2%
1998	2,247	3.5%
1999 (forecast)	2,200	-2.1%
2000 (forecast)	2,200	0.0%
2001 (forecast)	2,250	2.3%
1999 June	196	15.7%
July	167	341.5%
August	74	-85.3%
September	387	136.9%
October	150	-3.6%

Source: SMMT "Monthly Statistical Review", Oct 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 2.1% in 1999 followed by no significant change in 2000 and an increase of 2.3% in 2001.
- In October 1999 new registrations of cars fell by 3.6% compared with the same month last year to 149,614 units. Registrations over the first ten months of the year fell 1.5% to 1.97 million units compared to the same period in 1998.
- The market share of British-built cars fell from 32.2% to 28.6% over the year following a 12.5% fall in registrations.

*Next update: late December*

## F 4. Housing



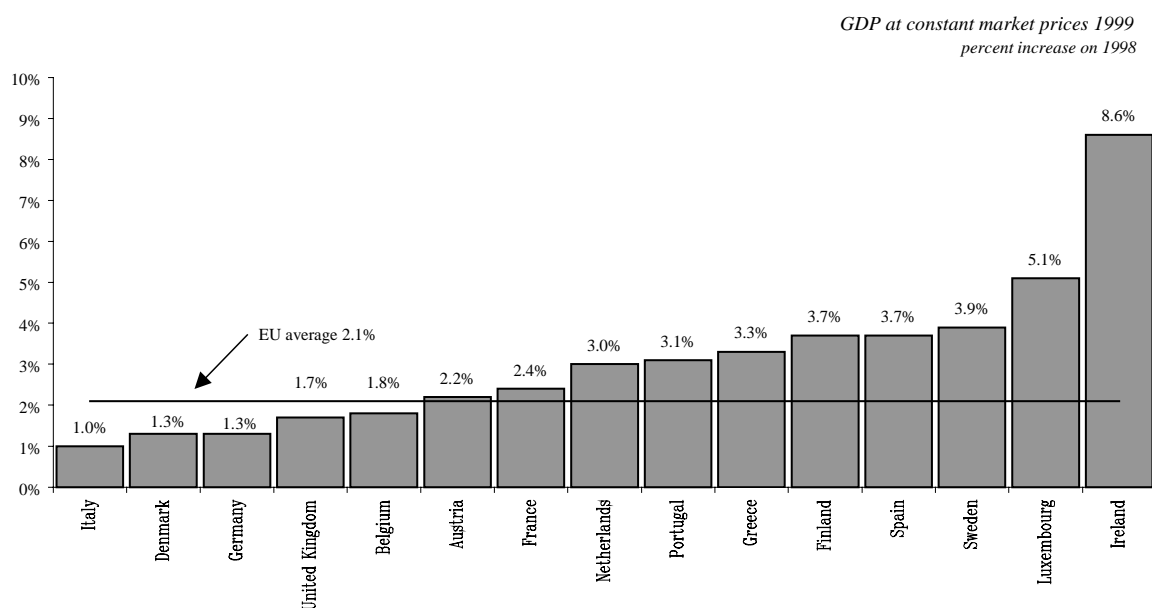
<u>House prices</u>				
	All Houses	New Houses	Existing Houses	First time buyers
<b>Standardised average price (£)</b>				
1998 Q3	72,900	75,900	72,800	52,800
1998 Q4	72,900	75,900	72,800	52,800
1999 Q1	72,900	76,200	72,500	53,300
1999 Q2	76,500	77,500	76,600	54,900
1999 Q3	79,300	81,600	79,400	57,400
<b>% change over same period last year</b>				
1998 Q3	5.5%	6.5%	5.7%	5.4%
1998 Q4	5.3%	4.0%	5.5%	5.6%
1999 Q1	4.4%	1.3%	3.9%	6.2%
1999 Q2	5.4%	0.8%	5.7%	4.8%
1999 Q3	8.8%	7.5%	9.1%	8.7%

Source: *Halifax House Price Index: Third Quarter 1999*

- According to the latest DETR press release, in the three months July to September total housing starts rose by 3% and total completions rose by 6% compared with the previous three months. Private enterprise starts rose by 4% while completions rose by 7%.
- The Halifax Monthly Index shows that house prices in the United Kingdom rose by 2.8% in October (seasonally adjusted). On an annual basis, house price inflation rose to 10.8% from 8.8% in September.
- The Halifax Quarterly Index gives information about regional variations in house price inflation. In the third quarter of 1999, the largest annual increase occurred in Greater London (20.6%) followed by the South East (13.3%). Scotland was the only region with a recorded fall.

*Next update: 2 December &  
14 January*

## G 1. International Comparisons - Growth



*GDP at constant market prices  
% change on year*

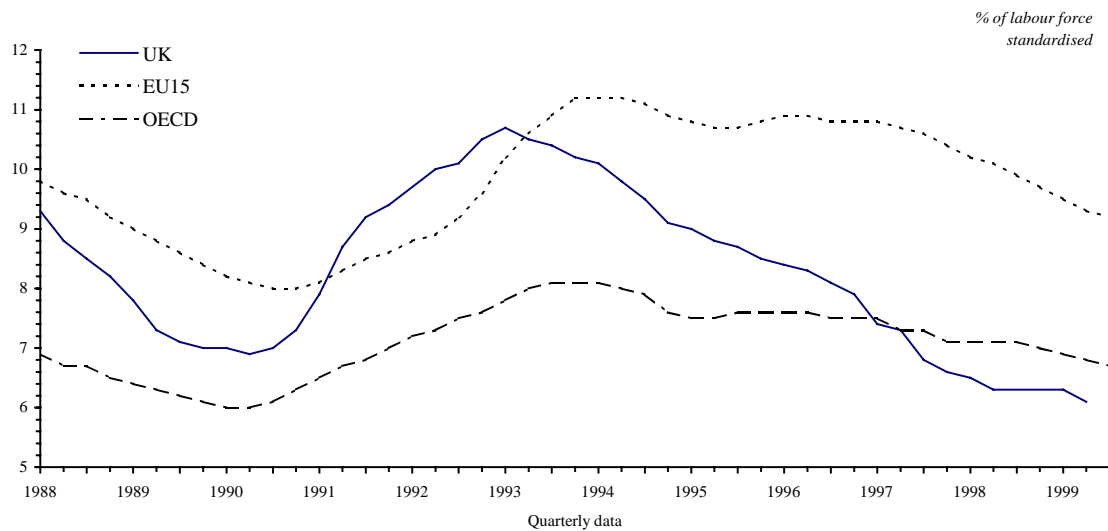
	1997	1998	1999 <i>estimate</i>	2000 <i>forecast</i>	2001 <i>forecast</i>
USA	4.5%	4.3%	3.8%	3.1%	2.3%
Japan	1.4%	-2.8%	1.4%	1.4%	1.2%
Canada	4.0%	3.1%	3.7%	3.0%	2.7%
United Kingdom	3.5%	2.2%	1.7%	2.7%	2.3%
Germany	1.5%	2.2%	1.3%	2.3%	2.5%
France	2.0%	3.4%	2.4%	3.0%	2.9%
Italy	1.5%	1.3%	1.0%	2.4%	2.7%
EU11	2.2%	2.8%	2.1%	2.8%	2.8%
G7	3.1%	2.3%	2.7%	2.6%	2.2%
OECD	3.5%	2.4%	2.8%	2.9%	2.6%

Source: OECD, *Economic Outlook*, December 1999 (preliminary)

- The table and chart above reflect estimates and forecasts published in the preliminary version of the December 1999 edition of OECD's *Economic Outlook*.
- Since the June 1999 edition forecasts for growth in 1999 and 2000 have been revised up for a number of major economies including Canada, the USA, the UK and Japan. Growth in Germany and Italy is now expected to be less strong in 1999 than previously forecast.
- The USA is experiencing a prolonged period of strong growth. In the eight years 1992 to 1999 growth will have averaged around 3½% per annum.
- Within the EU forecast growth rates for 1999 vary from 1.0% in Italy to 8.6% in Ireland.

*Next update: mid-June 2000*

## G 2. International Comparisons – Unemployment



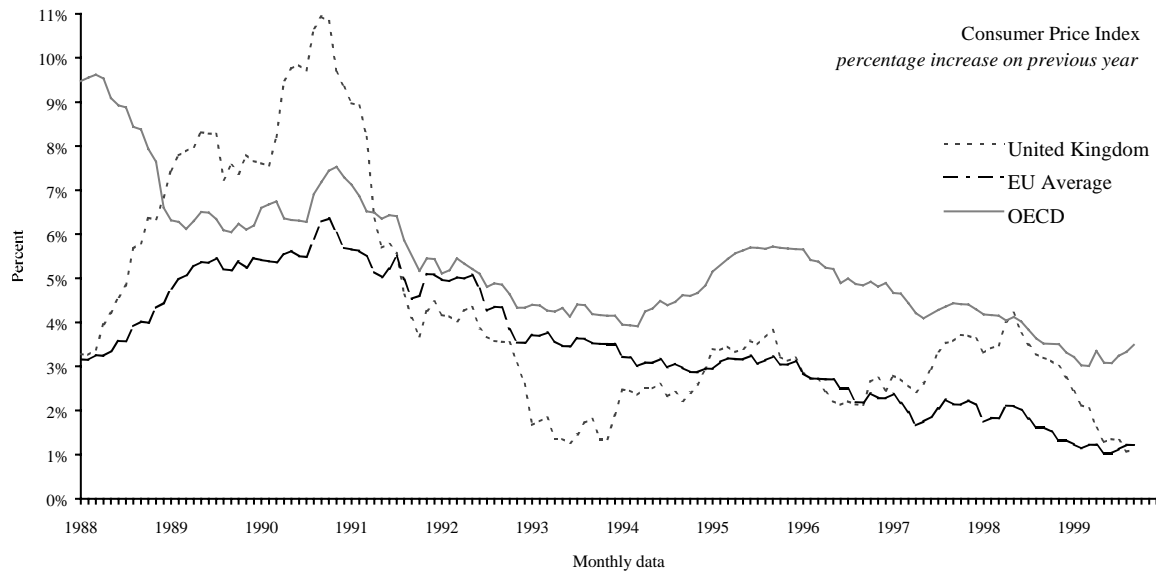
	Unemployed as % of labour force standardised; seasonally adjusted						
	1996	1997	1998	1998 Q4	1999 Q1	1999 Q2	1999 Q3
USA	5.4	4.9	4.5	4.4	4.3	4.3	4.2
Japan	3.4	3.4	4.1	4.4	4.6	4.8	4.7
Canada	9.7	9.2	8.4	8.0	7.8	8.0	7.6
United Kingdom	8.2	7.0	6.3	6.3	6.3	6.1	..
Germany	8.9	9.9	9.4	9.2	9.0	9.1	9.2
France	12.4	12.3	11.7	11.6	11.4	11.2	10.9
Italy	11.7	11.8	11.9	11.8	11.6	11.4	..
EU 15	10.8	10.7	10.0	9.7	9.5	9.3	9.2
G7	6.8	6.6	6.4	6.3	6.3	6.3	6.2
OECD	7.7	7.4	7.1	7.0	6.9	6.8	6.7

Source: OECD Main Economic Indicators / Hotfile

- Using standardised definitions, the UK unemployment rate was significantly below the EU average in 1999 Q2 and marginally below both the OECD and G7 average.
- The unemployment rate in the euro-zone (the eleven Member States participating in the single currency) stood at 10.0% in September 1999 – nearly a percentage point higher than the rate of 9.1% for the EU15 as a whole.
- The latest forecasts published by the OECD suggest that unemployment rates for both the G7 and the UK will remain broadly flat in 2000 and 2001. The unemployment rate for the EU as a whole is expected to fall to 8.8% in 2000 and 8.4% in 2001.

Next update: mid December

### G 3. International Comparisons – Prices



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

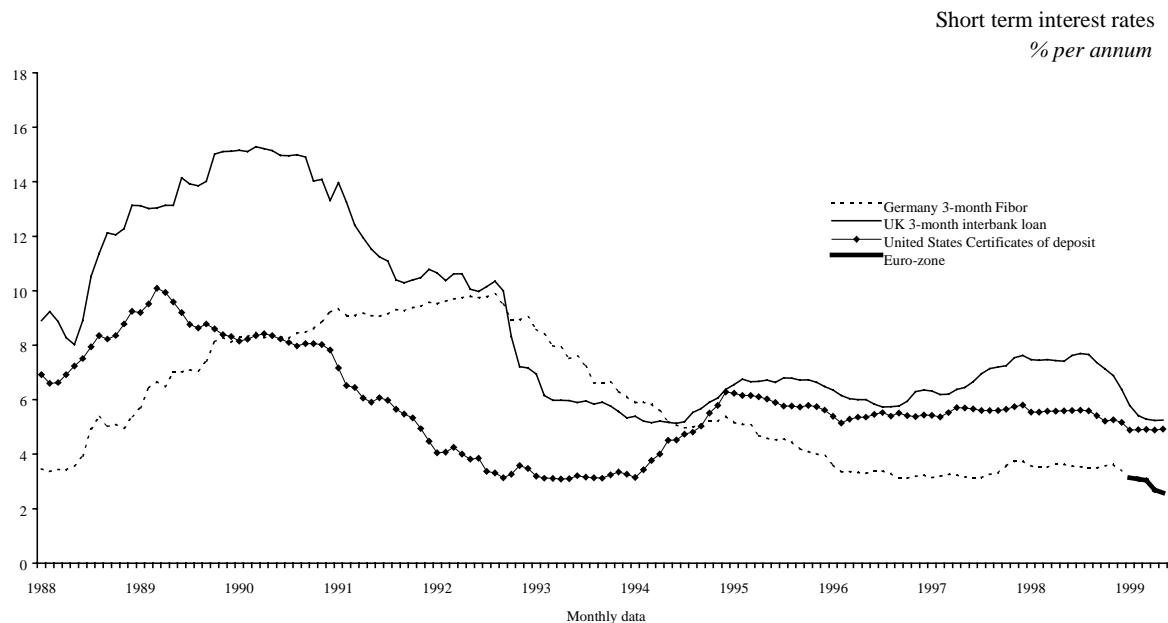
	USA	Japan	Canada	UK	Germany	France	Italy	OECD	EU15
1996	2.9	0.1	1.6	2.5	1.5	2.1	3.8	5.1	2.5
1997	2.4	1.8	1.6	3.1	1.7	1.1	1.8	4.2	2.0
1998	1.5	0.6	1.0	3.4	1.0	0.7	1.7	3.7	1.7
1999 Apr	2.3	-0.1	1.7	1.6	0.7	0.4	1.5	3.4	1.2
May	2.2	-0.4	1.5	1.3	0.4	0.4	1.5	3.1	1.0
Jun	2.0	-0.3	1.5	1.4	0.4	0.3	1.4	3.1	1.0
Jul	2.1	-0.1	1.8	1.3	0.6	0.4	1.7	3.2	1.1
Aug	2.3	0.3	2.1	1.1	0.7	0.5	1.7	3.3	1.2
Sep	2.6	-0.2	2.6	1.1	0.7	0.7	1.8	3.5	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 1.4% in October 1999. The UK's inflation rate on this basis was 1.2%.
- The inflation rates for the other three Member States not participating in the Single Currency for September 1999 were (on a harmonised basis) Greece: 1.9%, Denmark: 2.6% and Sweden: 1.0%.
- Harmonised inflation rates in the EU in October ranged from 2.8% in Ireland to just 0.8% in France and in Austria.

Next update: late December

## G 4. International Comparisons - Interest Rates



### International Interest Rates as at 29 November 1999

	Yield on 10 yr Government bonds (% pa)	3-month rate (% pa)
United Kingdom	5.27	$5 \frac{10}{32}$
United States	6.20	$6 \frac{3}{32}$
Switzerland	3.51	$1 \frac{25}{32}$
Japan	1.78	$\frac{5}{32}$
Euro-zone	..	$3 \frac{13}{32}$

Source: *Financial Times*, 30 November 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.
- With the exception of Japan, international interest rates have generally risen as the relevant monetary authorities respond to renewed growth and economic activity in their domestic economies. In November, the Federal Reserve raised rates by  $\frac{1}{4}$  percentage point and the ECB raised rates by  $\frac{1}{2}$  a percentage point. UK rates were raised in September.