

Economic Indicators

Economic Policy and
Statistics Section

26 April 2024

Economic Indicators

Economic Summary

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Economic update: Inactivity due to illness reaches record

The number of working-age people who were economically inactive, which means they were out of work not looking for work, reached its highest level since 2012 in December 2023 to February 2024. The number of people who are inactive because of long-term sickness increased to a record high of 7% of the working-age population.

With fewer people in work or looking for work, and relatively high job vacancies, there continue to be supply issues in the labour market, contributing to increased wages and wage growth falling more slowly than expected.

Inflation has also been falling more slowly than expected, and it is uncertain when the Bank of England will begin to cut interest rates.

Economic inactivity continues to rise

In December 2023 to February 2024, economic inactivity, the number of working-age people not in work and not looking for work, [increased to its highest level since 2012](#). In this quarter 20.6 million people aged 16 to 64 were inactive (22.2% of the population), an increase of 275,000 people from the same time last year, and an increase of 850,000 people from before the start of the Covid-19 pandemic.

There was a sharp rise in inactivity following the start of the pandemic in 2020, and although inactivity fell in the second half of 2022 and the start of 2023, it has risen again over the last year.

People might be inactive because they are students, retired, stay-at-home parents or unable to work due to a disability or ill health. However, the current continued rise in inactivity is being driven by an increase in the number of people [who are unable to work due to long-term sickness](#). This [has been rising since the summer of 2019](#) and reached a record high of 2.8 million people in December 2023 to February 2024, as shown in the chart below.

This meant that 7% of working age people were inactive in this quarter because of long-term sickness.

Economic inactivity due to long term sickness

Millions, seasonally adjusted



Note: Dotted lines indicate a break in the series

Source: ONS, [INAC01 SA: Economic inactivity by reason \(seasonally adjusted\)](#), 16 April 2024

Fewer people are in work or looking for work

The impact of the continued high levels of inactivity is that the proportion of people who are either in work or looking for work fell to its lowest level since 2015 in December 2023 to February 2024.

The number of job vacancies also remained relatively high, despite a fall in vacancies since spring 2022, and [unemployment is historically low](#) at 1.4 million people, reducing the number of people who might be able to fill vacancies.

With fewer people active in the labour market it is likely that vacancies will remain high. This would continue to put pressure on employers to retain staff due to concerns over whether they will be able to rehire.

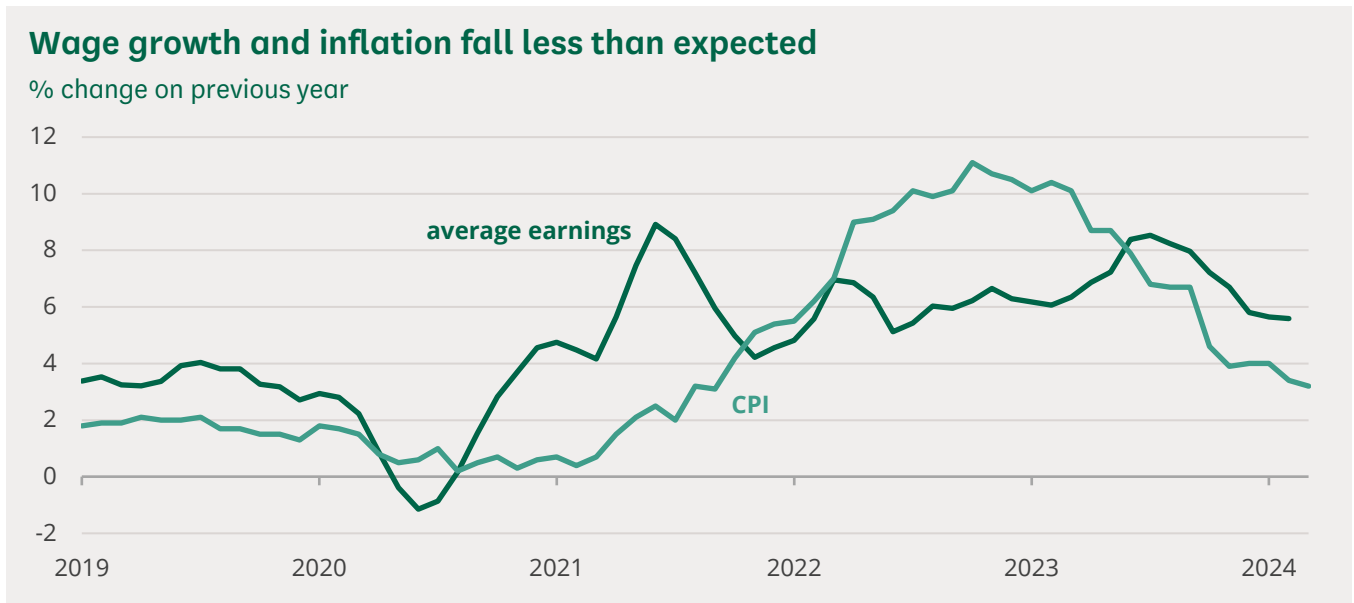
The Office for Budget Responsibility (OBR) said in its March 2024 [Economic and Fiscal Outlook](#) that it expected a moderate rise in unemployment by the end of 2024.

Wage growth and inflation fall less than expected

These labour supply issues have contributed to the growth in earnings as employers increased salaries to retain staff. At the same time, pay rose to reflect the high inflation in 2022 and 2023.

Although the year-on-year growth in earnings has slowed, it remains high. [Average pay excluding bonuses was 6.0% higher](#) in December 2023 to February 2024 than a year before, which was [higher growth than economists had expected](#).

This was also the case for the UK inflation rate (the change in consumer prices over the past 12 months). Although there was a [slight fall in inflation to 3.2%](#) in March 2024, this [fall was less than expected](#).



Source: ONS time series [KAC3](#) and [D7G7](#)

Will interest rates cuts be delayed?

Economists still expect that the Bank of England will cut its main interest rate, [which has been at 5.25% since August 2023](#), by the end of the year.

As mentioned in [last month's economic update](#), the falling inflation early in 2024 led to a [heightened expectation that the first rate cut could happen](#) after the Bank of England's Monetary Policy Committee policy meetings in June or August.

However, the higher-than-expected wage growth and inflation have increased uncertainty about when the first cut will be, and how many cuts there will be this year. [According to Bloomberg](#), a business news publisher, most economists still expect the Bank of England to make its first cut in June, but that financial markets now expect there to be fewer cuts this year.

UK to return to economic growth next month?

There have been two successive monthly increases in GDP in 2024, making it likely that the UK will exit its 'technical recession' this year, although low economic growth remains a concern.

In February 2024 [GDP was 0.1% higher than in January](#), following an increase of 0.3% in January. With [other indicators improving](#) from last year, it is likely that GDP will increase in the first quarter of 2024, and the UK will exit its

technical recession, defined as two consecutive quarters of negative economic growth. The Office for National Statistics [will publish the GDP estimate for this quarter on 10 May 2024.](#)

Despite this, the [extended period of stagnation that the UK economy is experiencing](#) is expected to continue.

1 Headline UK Economic Indicators, April 2024

| | | |
|--|--------------|-----------------------|
| Gross Domestic Product: Q4 2023, Seasonally Adjusted | | |
| Change (real %) | -0.3 (qtr) | -0.2 (yr Q4 22-Q4 23) |
| Industries | | |
| Service output: 3 months to February 2024 | | |
| Change (%) | 0.2 (qtr) | -0.1 (yr) |
| Manufacturing output: 3 months to February 2024 | | |
| Change (%) | 1.2 (qtr) | 2.1 (yr) |
| Productivity: Q4 2023 | | |
| Output per hour | | |
| Change (%) | -1.0 (qtr) | -0.3 (yr) |
| Inflation: March 2024 | | |
| Change on year (%) | 3.2 (CPI) | 4.3 (RPI) |
| Labour Market: Dec 2023 - Feb 2024, Seasonally Adjusted | | |
| Unemployment | | |
| Unemployment Rate (% of economically active) | | 4.2 |
| Change (% points) | 0.3 (qtr) | 0.3 (yr) |
| Employment | | |
| Employment Rate (% aged 16-64 in work) | | 74.5 |
| Change (% points) | -0.5 (qtr) | -0.8 (yr) |
| Interest Rate: as of 26 April 2024 | | |
| Bank of England Base Rate | | 5.25 (%) |
| Public Finances: 2023/24 | | |
| Net borrowing | 121 (£ bn) | 4.4 (% GDP) |
| Net debt | 98.3 (% GDP) | 89.4 (% GDP, ex. BoE) |
| Trade: Q4 2023 | | |
| Current Account | -21.2 (£ bn) | -3.1 (% GDP) |
| Sterling Exchange rate: as of 25 April 2024 | | |
| US Dollar (\$) | 1.25 (rate) | 0.7% (% change on yr) |
| Euro (€) | 1.17 (rate) | 3.1% (% change on yr) |
| ONS Business Insights and Conditions Survey: April 2024 | | |
| % of respondents thought their business's performance would increase over the next 12 months | | 23.7 |
| Retail Sales: March 2024, Seasonally Adjusted, 3 month average | | |
| Quantity of retail sales (volume) | | 0.4 (% change on yr) |
| Housing Market: February 2024, Seasonally Adjusted | | |
| House Price Index (ONS) | | |
| Change (%) | 0.7 (mth) | -0.2 (yr) |

See each indicator page for information on the sources used in this table.

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Headline Indicators summary

GDP is estimated to have grown by 0.2% in December 2023–February 2024 compared to the previous three-month period (September–November 2023). Eurozone GDP fell by 0.1% in October–December 2023 compared to the previous quarter.

Services output was down by 0.1% in the three months to February 2024 compared to the previous year. **Manufacturing output** rose by 2.1%.

CPI inflation was 3.2% in March 2024, down from 3.4% in February. Inflation in the Eurozone was 2.4% in March 2024, down from 2.6% in February.

The Bank of England's Monetary Policy Committee (MPC) **left interest rates unchanged at 5.25%** on 21 March for the fifth meeting in a row. This followed 14 consecutive rate increases.

Average wages excluding bonuses were 6.0% higher in the three months to February 2024 compared with the year before, and 2.1% higher after adjusting for inflation. CPI inflation for this period was 3.8%.

32.98 million people were in **employment** in December 2023–February 2024, down 195,000 from a year before. The **employment rate** was 74.5%, down from 75.2% the previous year.

1.44 million people were **unemployed** in December 2023–February 2024, up 94,000 from the year before. The **unemployment rate** was 4.2%. The UK harmonised unemployment rate for Q4 2023 was 3.8%, above the rate of Germany (3.1%) and the US (3.7%) but below that of France (7.5%).

Productivity across the whole UK economy decreased by 1.0% in Q4 2023 compared with the previous quarter. Compared with the previous year, it was down by 0.3%.

Government borrowing in 2023/24 was estimated at £121 billion, £7.6 billion less than in 2022/23. At the end of March 2024, public sector net debt was equivalent to 98.3% of GDP, compared to 95.7% a year before.

The UK had a **trade deficit** of £5.1 billion in the three months to February 2024, down from £8.3 billion in the three months to November 2023. The **current account deficit** was £21.2 billion in Q4 2023 (3.1% of GDP), up from £18.5 billion in Q3 2023 (2.7% of GDP).

The **value of sterling** rose by 0.5% between February and March 2024, following an increase of 0.2% between January and February. Compared with a year ago, it is 5.8% higher.

The volume of **retail sales** increased by 1.9% in the three months to March 2024 compared with the previous three months, and increased by 0.4% compared with the previous year.

GfK's Consumer Confidence Index, which measures **consumer attitudes**, was at -21 in March 2024, at the same level as in February.

House prices decreased by 0.2% in the year to February 2024.

Household debt stood at 123.7% of disposable income in Q4 2023. This was its lowest level since at least 2007.

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Introduction to Economic Indicators

Economic Indicators is published once per month. Individual indicator pages are updated more frequently as new data becomes available and are published on the Library's webpages.

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If you have any comments or suggestions about Economic Indicators please contact the editor, Philip Brien on x7574.

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Regional Economic Indicators

A separate briefing, Regional and National Economic Indicators, is available containing key economic data on the regions and countries of the UK, compared to the national UK average.

Sources and glossary

Sources are listed on each indicator's page. Economic terms, symbols and abbreviations used in the publication are provided in Section 4.

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A1: Gross Domestic Product

GDP is estimated to have grown by 0.2% in December 2023-February 2024 compared to the previous three-month period (September-November), and to have grown by 0.1% in February 2024 compared to January.

Real Gross Domestic Product seasonally adjusted

| | % change on qtr | % change on yr |
|---------|-----------------|----------------|
| 2021 | ... | 8.7 |
| 2022 | ... | 4.3 |
| 2023 | ... | 0.1 |
| 2022 Q4 | 0.1 | 0.6 |
| 2023 Q1 | 0.2 | 0.3 |
| Q2 | 0.0 | 0.3 |
| Q3 | -0.1 | 0.2 |
| Q4 | -0.3 | -0.2 |

Source: ONS, series: IHYP, IHYQ, IHYR

The services sector grew by 0.1% in February and construction fell by 1.9%, while production grew by 1.1%.

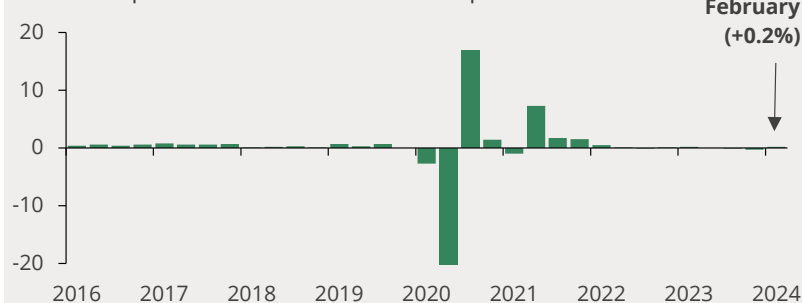
GDP fell by 0.3% in the latest calendar quarter (October-December 2023) compared to the previous three-month period (July-September). This followed a fall of 0.1% in Quarter 3, meaning GDP has

decreased for two consecutive calendar quarters.

In cash terms, GDP was £2,690 billion in 2023.

GDP growth, % change on quarter

calendar quarters and latest three-month period



GDP growth forecasts

In their March 2024 [Economic and fiscal outlook](#), the Office for Budget Responsibility's (OBR) GDP growth forecast was 0.8% in 2024 and 1.9% in 2025.

The Treasury's April 2024 [survey of independent forecasts](#) showed an average forecast of 0.5% for 2024 and 1.3% for 2025.

Annual GDP growth forecasts (%)

| | 2024 | 2025 |
|---|------|------|
| OBR forecast (Mar 23) | 0.8 | 1.9 |
| HM Treasury average of independent forecasts (Apr 24) | 0.5 | 1.3 |

Source:

OBR, [Economic and fiscal outlook](#), November 2023

HMT, [Forecasts for the UK economy: a comparison of independent forecasts](#), April 2024

Subject Specialist

Daniel Harari

Updates

ONS, [GDP monthly estimate](#), 10 May 2024

ONS, [GDP first quarterly estimate](#), 10 May 2024

ONS, [GDP national accounts](#), 28 June 2024

HM Treasury, [Forecasts for the UK economy](#), 15 May 2024

OBR, [Economic and fiscal outlook](#), November 2024

A2: GDP International

In Q4 2023, UK GDP fell by 0.3% compared with the previous quarter (Q3 2023). This followed a 0.1% decline in Q3 2023. Eurozone GDP fell by 0.1% in Q4 2023. US GDP grew by 0.8% in the same quarter. UK GDP in Q4 2023 was 1.0% above its pre-pandemic level of Q4 2019.

Headline GDP growth figures across countries are not 100% comparable during the pandemic. UK growth is relatively lower in 2020 – and higher in 2021 and 2022– due to differences in how output in the education and health sectors was calculated.

GDP growth

% change in real GDP

updated 24 Apr

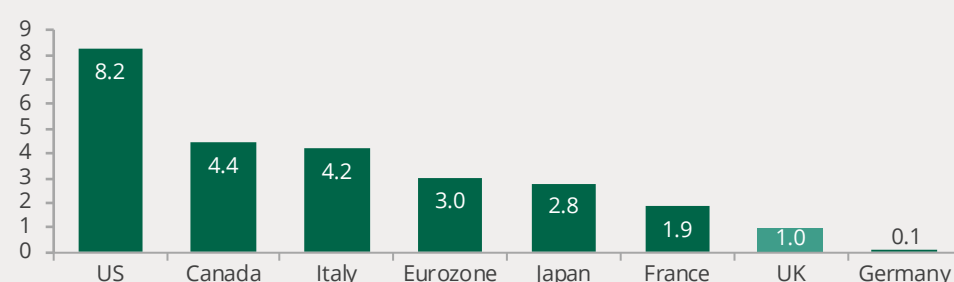
| | % change on previous quarter | | | | % change on a year ago | | | |
|----------|------------------------------|-------|-------|-------|------------------------|-------|-------|-------|
| | Q1 23 | Q2 23 | Q3 23 | Q4 23 | Q1 23 | Q2 23 | Q3 23 | Q4 23 |
| UK | 0.2 | 0.0 | -0.1 | -0.3 | 0.3 | 0.2 | 0.2 | -0.2 |
| Eurozone | 0.0 | 0.1 | -0.1 | -0.1 | 1.3 | 0.6 | 0.1 | 0.1 |
| USA | 0.6 | 0.5 | 1.2 | 0.8 | 1.7 | 2.4 | 2.9 | 3.1 |
| Japan | 1.0 | 1.0 | -0.8 | 0.1 | 2.4 | 2.3 | 1.6 | 1.3 |
| Germany | 0.1 | 0.0 | 0.0 | -0.3 | -0.1 | 0.1 | -0.3 | -0.2 |
| France | 0.0 | 0.6 | 0.0 | 0.1 | 0.9 | 1.2 | 0.6 | 0.7 |
| G7 | 0.5 | 0.4 | 0.5 | 0.4 | 1.5 | 1.7 | 1.8 | 1.9 |
| OECD | 0.4 | 0.5 | 0.4 | 0.3 | 1.7 | 1.7 | 1.6 | 1.7 |

Source: OECD.Stat

G7 real GDP % change compared to pre-pandemic level

Q4 2023 compared with Q4 2019

updated 24 Apr



Source: OECD.Stat

Forecasts

Subject Specialist

Daniel Harari

Next updates

OECD, [OECDstat data on G7 growth rates](#)

IMF, [World Economic Outlook update](#), summer 2024

OECD, [Economic Outlook](#), May/June 2024

Real GDP growth forecasts

% change

| | IMF (Apr 2024) | | | OECD (Feb 2024) | | |
|--------------|----------------|------------|------------|-----------------|------------|------------|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| UK | 0.1 | 0.5 | 1.5 | 0.3 | 0.7 | 1.2 |
| France | 0.9 | 0.7 | 1.4 | 0.9 | 0.6 | 1.2 |
| Germany | -0.3 | 0.2 | 1.3 | -0.1 | 0.3 | 1.1 |
| Eurozone | 0.4 | 0.8 | 1.5 | 0.5 | 0.6 | 1.3 |
| US | 2.5 | 2.7 | 1.9 | 2.5 | 2.1 | 1.7 |
| Japan | 1.9 | 0.9 | 1.0 | 1.9 | 1.0 | 1.0 |
| China | 5.2 | 4.6 | 4.1 | 5.2 | 4.7 | 4.2 |
| India* | 7.8 | 6.8 | 6.5 | 6.7 | 6.2 | 6.5 |
| Brazil | 2.9 | 2.2 | 2.1 | 3.1 | 1.8 | 2.0 |
| World | 3.2 | 3.2 | 3.2 | 3.1 | 2.9 | 3.0 |

Note: *For fiscal years (April-March)

Sources: IMF World Econ Outlook Apr'24; OECD Econ Outlook Feb'24

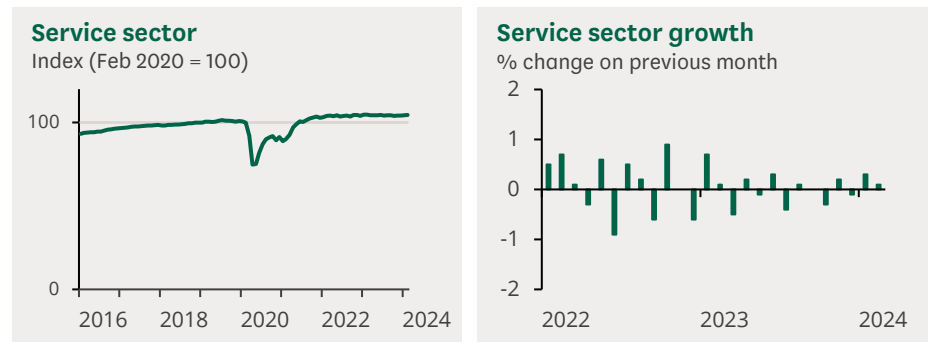
On 16 April, the IMF published new [forecasts for the world economy](#). The IMF said that global growth has been “surprisingly resilient”. However, global GDP growth over the next five years are expected to be low by historical standards. The IMF forecasts UK GDP to grow by 0.5% in 2024 and by 1.5% in 2025 (little changed from its previous forecast).

A3: Components of GDP

GDP can be analysed in terms of the output produced by different industries, or in terms of spending by households, business and government.

GDP grew by 0.1% in February 2024, following growth of 0.3% in January.

GDP by Industry

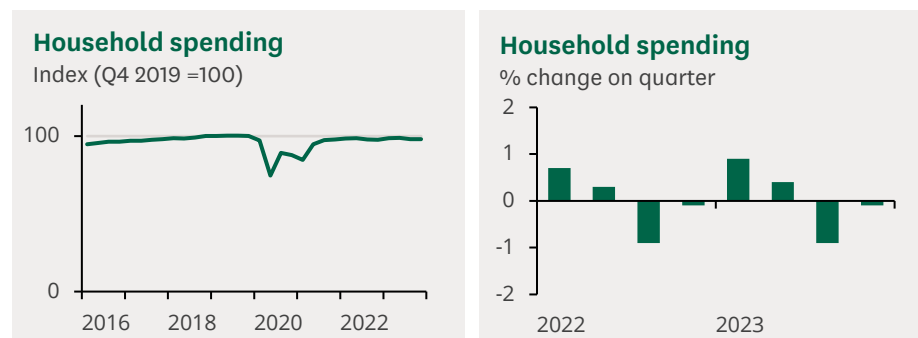


Services are the largest part of the economy – making up four-fifths of output in 2022. Service sector output grew by 0.1% in February 2024.

Manufacturing output grew by 1.2% in February 2024. Manufacturing is part of the wider production sector; production sector output rose by 1.1% in February 2024.

Construction sector output decreased by 1.9% in February 2024.

GDP by Expenditure



Household consumption is the largest element of expenditure across the economy, accounting for 60% of the total in 2023.

In Oct-Dec 2023, household consumption fell by 0.1% compared with the previous quarter.

Government consumption increased by 0.1% on the quarter and investment (GFCF) increased by 0.9%. Exports were down 0.8% and imports decreased by 0.3%.

Subject Specialist
Daniel Harari

Updates

ONS, [GDP monthly estimate](#), 10 May 2024

ONS, [Quarterly national accounts](#), 28 Jun 2024

ONS, [GDP first quarterly estimate, UK](#), 10 May 2024

A4: Productivity

One of the most important factors in determining living standards over the long term is productivity – how much output is produced for a given input (such as an hour of work).

UK labour productivity

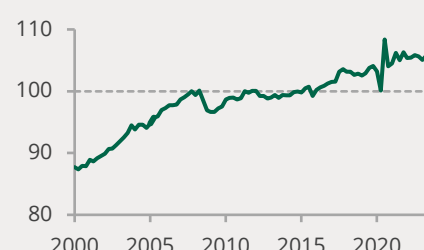
In Q4 2023, productivity was estimated to be 0.3% lower compared with a year ago (Q4 2022), according to the [latest ONS flash estimate](#). Productivity was down by 1.0% compared with the previous quarter and was 1.2% higher compared to before the pandemic in Q4 2019.

| Productivity, GDP per hour | | | |
|----------------------------|-----|-----------------|----------------|
| | | % change on qtr | % change on yr |
| 2022 | | .. | 0.0 |
| 2023 | | .. | 0.0 |
| 2023 | Q1 | -0.5 | -0.3 |
| | Q2 | 0.6 | 0.2 |
| | Q3 | 0.7 | 0.5 |
| | Q4* | -1.0 | -0.3 |
| | | | |

Sources: ONS series TXBB, LZVD; *flash est

Productivity level (GDP per hour)

Index where Q4 2007 level = 100



Historically, UK labour productivity has grown by around 2% per year but since the 2008/2009 recession it has [risen more slowly](#) (see chart above). The [effects of the pandemic](#) presented [significant challenges](#) in the measurement of productivity, but it appears the pre-pandemic trend of sluggish productivity growth has continued.

International comparisons

In 2022, ranked on [GDP per hour worked](#), the UK came fourth highest out of the G7 countries, with the US and Germany highest and Japan lowest. UK productivity was around 16% below the US and Germany.

Subject Specialist

Daniel Harari

Updates

ONS, [UK productivity flash estimates](#)

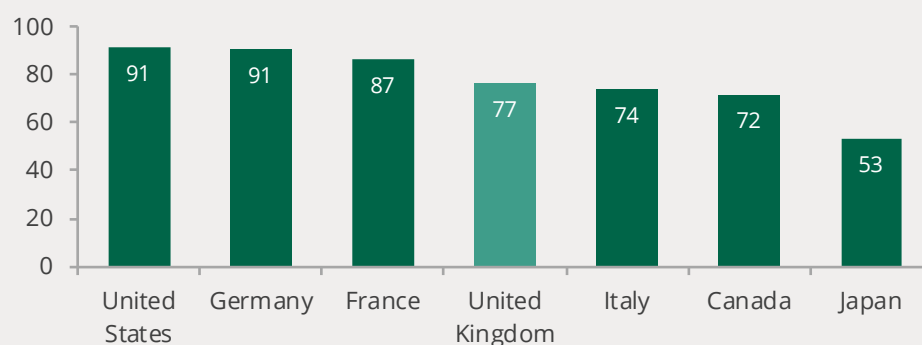
ONS, [UK productivity bulletin](#)

OECDstat, [G7 labour productivity levels](#)

Productivity (GDP per hour), 2022

US\$ (purchasing power parity)

updated 16 Feb 2024



A5: Services

The service industries include the retail sector, the financial sector, the public sector, business administration, leisure and cultural activities.

The service industries accounted for 81% of total UK economic output (Gross Value Added) and 83% of employment in October–December 2023.

Services Output

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.



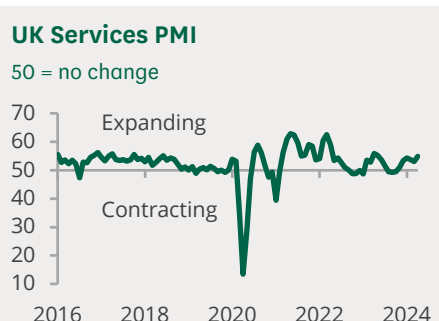
There was an increase of 0.1% in the Index of Services between January and February 2024.

Services output increased by 0.2% in the three months to February 2024 compared with the three months to November 2023.

In the three months to February 2024, compared with the three months to February 2023, services output decreased by 0.1%.

Purchasing Managers' Index (PMI)

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.



In the **S&P Global/CIPS PMI**, a value of **50** means that there is no change in activity compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

The [UK services PMI](#) (PDF) in the flash estimate for April was 54.9, up from 53.1 in March. Business activity was growing

faster than it had for 11 months, with output, new orders and hiring all up. Input price inflation was up, but inflation in prices charged was down.

Subject Specialist
Philip Brien

Update

ONS, [Index of Services](#), 10 May 2024

S&P Global/CIPS, [UK Services PMI](#), 3 May 2024

| Services Output Index | | | |
|-----------------------|-----|-------|----------------|
| | | Index | % change on yr |
| 2022 | Feb | 103.2 | 15.5 |
| 2023 | Feb | 104.0 | 0.7 |
| 2023 | Dec | 103.3 | 0.2 |
| 2024 | Jan | 103.6 | -0.3 |
| | Feb | 103.7 | -0.3 |

Source: ONS, series [S2KU](#), [S222](#), [S26Q](#)

| PMI Index | | | |
|-----------|-----|-------|---------------|
| | | Index | Change on mth |
| 2022 | Apr | 58.9 | |
| 2023 | Apr | 55.9 | |
| 2024 | Feb | 53.8 | -0.5 |
| | Mar | 53.1 | -0.7 |
| | Apr | 54.9 | 1.8 |

Source: [S&P Global/CIPS UK Services PMI](#)

A6: Manufacturing

Manufacturing is one of the production industries, which also include mining, electricity, water & waste management and oil & gas extraction.

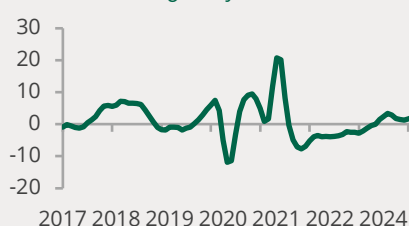
In October–December 2023, the manufacturing sector accounted for 9.3% of total UK economic output (Gross Value Added) and 8.1% of employment.

Manufacturing Output

PMI is based on a monthly survey asking companies about output, new orders, stock levels, employment and prices. PMI compares the current month with the previous one.

Manufacturing output

3 month % change on year before



Manufacturing output rose by 1.2% between January and February following a decrease of 0.2% between December 2023 and January 2024.

Manufacturing output for the three months to February 2024 was 1.2% higher than in the three months to November 2023.

Output in the three months to February 2024 was 2.1% higher than output in the same period the previous year.

Purchasing Managers' Index (PMI)

The PMI is produced faster than comparable official data. It often anticipates the direction of official figures, although the methodology is different.

UK Manufacturing PMI

50 = no change



In the S&P Global/CIPS PMI, a value of 50 means that there is no change compared to the previous month. Values above 50 indicate an expansion, and values below 50 a contraction.

The flash UK [manufacturing PMI](#) (PDF) was 48.7 in April 2024, down from 50.3 in March. Lower output levels were

linked to weak market conditions which saw customers destocking due to reduced demand. Manufacturers reported falling export demand, specifically weak sales to Europe. Input prices continued to rise, due to higher transport and raw material prices. Manufacturers' optimism was the lowest reported this year.

Subject Specialist

Georgina Hutton

Update

ONS, [Index of Production](#), 10 May 2024.

S&P Global/CIPS, [UK Manufacturing PMI](#), 1 May 2024.

Manufacturing output index

| | Index | % change on yr |
|----------|-------|----------------|
| 2021 | 109.8 | 9.7 |
| 2022 | 105.7 | -3.7 |
| 2023 Dec | 102.0 | 1.3 |
| 2023 Jan | 101.8 | 1.7 |
| 2023 Feb | 103.1 | 2.1 |

Source: ONS, series [K22A](#), [K2JE](#).

PMI Index

| | Index | Change on mth |
|----------|-------|---------------|
| 2022 Apr | 55.8 | |
| 2023 Apr | 47.8 | |
| 2024 Feb | 47.5 | 0.5 |
| Mar | 50.3 | 2.8 |
| Apr | 48.7 | -1.6 |

Source: [S&P Global/CIPS UK Manufacturing PMI](#).

B1: Inflation

The Consumer Prices Index (CPI) is the main measure of inflation. It is produced in line with international standards and is the measure used for the Bank of England's 2% inflation target. The Retail Prices Index (RPI) is no longer classified as a National Statistic because the way it is calculated does not meet international standards. It is included here as it is well-known and is the longest running measure of inflation.

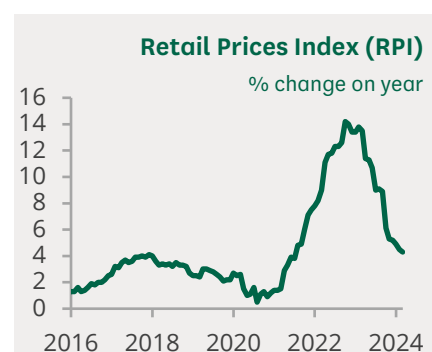
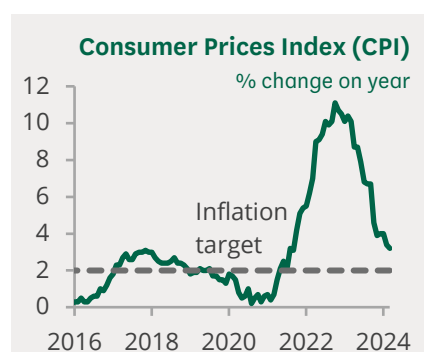
| Price indices | | % change on a year ago | |
|---------------|-----|------------------------|------|
| | | CPI | RPI |
| 2021 | Mar | 0.7 | 1.5 |
| 2022 | Mar | 7.0 | 9.0 |
| 2023 | Mar | 10.1 | 13.5 |
| 2024 | Jan | 4.0 | 4.9 |
| | Feb | 3.4 | 4.5 |
| | Mar | 3.2 | 4.3 |

The CPI inflation rate was 3.2% in March 2024, down from 3.4% in February.

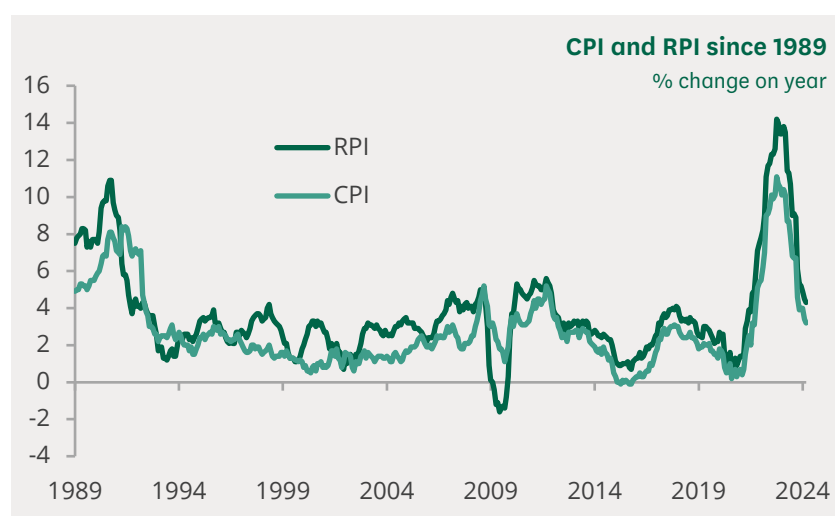
October 2022's figure of 11.1% was the highest rate recorded since the data series began in 1997. The ONS estimated that CPI in that month was higher than at any time since October 1981.

The RPI inflation rate was 4.3% in March 2024, down from 4.5% in February.

October 2022's figure of 14.2% was the RPI's highest level since December 1980.



The largest downward contribution to the CPI rate was from food and non-alcoholic beverages, followed by furniture and household goods, and clothing and footwear. These were partly offset by upward contributions from transport, communications, and housing and household services.



Subject specialist
Daniel Harari

Update
ONS, [Consumer Price Inflation](#),
22 May 2024

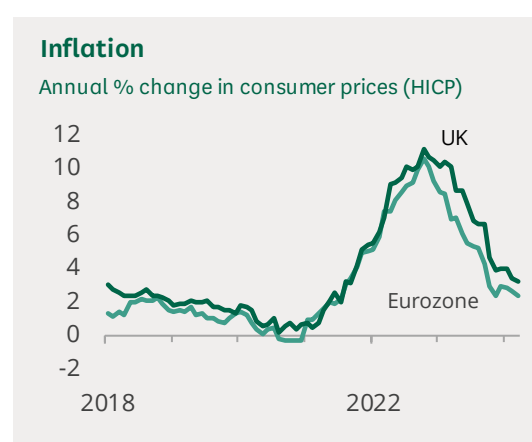
B2: International Inflation

Inflation in the EU can be compared using the standard Harmonised Index of Consumer Prices (HICP) or the CPI as it is known in the UK.

UK inflation, as measured by the CPI, was 3.2% in the year to March, down from 3.4% in February and the lowest since September 2021. In March 2023, UK inflation was 10.1%.

EU inflation was 2.6% in March, down from 2.8% in February. In March 2023, EU inflation was 8.3%.

Inflation in the Eurozone was 2.4% in March, down from 2.6% in February. Eurozone inflation was 6.9% in March 2023.



In Germany, inflation was 2.3% in March, down from 2.7% in February.

In France, inflation was 2.4% in March, down from 3.2% in February.

Romania had the highest inflation rate in the EU in March (6.7%). Lithuania had the lowest inflation rate (0.4%).

Subject specialist

Daniel Harari

Updates

ONS, [Consumer Prices Bulletin](#), 22 May

Eurostat, [Harmonised Index of Consumer Prices \(flash estimate\)](#), 30 Apr

Eurostat, [Harmonised Index of Consumer Prices](#), 17 May

Inflation rates: selected countries

| | Annual % change in consumer prices (HICP) | | | | | |
|----------|---|------|------|--------|--------|--------|
| | 2021 | 2022 | 2023 | Jan 24 | Feb 24 | Mar 24 |
| UK | 2.6 | 9.1 | 7.3 | 4.0 | 3.4 | 3.2 |
| Eurozone | 2.6 | 8.4 | 5.4 | 2.8 | 2.6 | 2.4 |
| EU | 2.9 | 9.2 | 6.4 | 3.1 | 2.8 | 2.6 |
| France | 2.1 | 5.9 | 5.7 | 3.4 | 3.2 | 2.4 |
| Germany | 3.2 | 8.7 | 6.0 | 3.1 | 2.7 | 2.3 |

Source: ONS, Eurostat

B3: Average Earnings

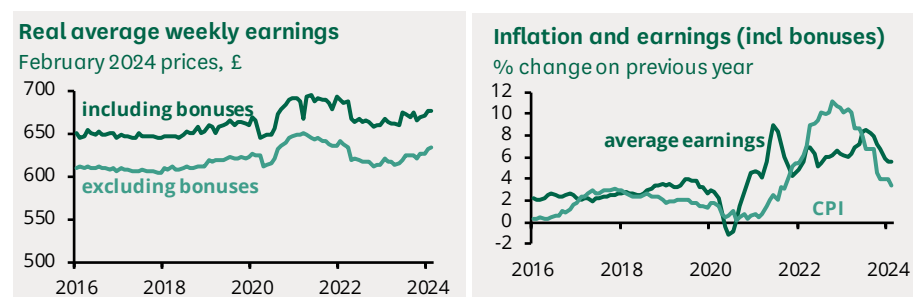
In April 2023 median gross weekly earnings for full-time employees in the UK were £682, up from £642 in April 2022. Adjusted for inflation, median earnings for full-time employees decreased by 2.3%.

Timelier but less detailed data show average weekly earnings for all employees in Great Britain increased by 6.0% excluding bonuses in the three months to February 2024 compared with the previous year. Average weekly pay including bonuses increased by 5.6%.

Inflation as measured by the CPI averaged 3.8% over the same period. After adjusting for inflation, average pay excluding bonuses was 2.1% higher than the previous year and average pay including bonuses was 1.8% higher.

The median is the point where half earn more and half earn less.

Average Earnings



Trends by Sector

| Annual % change in average earnings (incl bonuses) Great Britain, employees only | | | | |
|---|-----|-------|---------|--------|
| | | Total | Private | Public |
| 2022 | Feb | 5.6 | 6.5 | 2.0 |
| 2023 | Feb | 6.1 | 6.1 | 5.2 |
| 2023 | Dec | 5.8 | 5.9 | 6.0 |
| 2024 | Jan | 5.6 | 5.7 | 6.0 |
| 2024 | Feb | 5.6 | 5.6 | 6.0 |

Note: Annual % change in earnings to three month period ending in given month; data are seasonally adjusted

Source: ONS, Average Weekly Earnings series

Average weekly total pay (including bonuses) rose by 5.6% in the private sector and by 6.0% in the public sector in the three months to February 2024 compared with the year before.

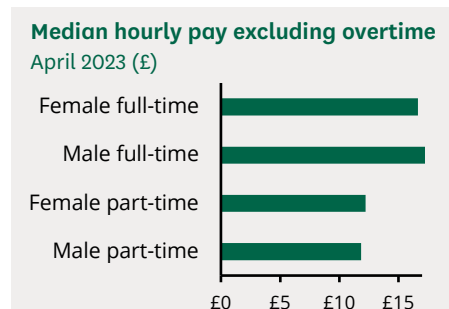
Subject specialist
Brigid Francis-Devine

Updates

ONS, [Labour Market Statistics](#), 14 May 2024

ONS, [Annual Survey of Hours and Earnings](#), October 2024

Hourly pay levels



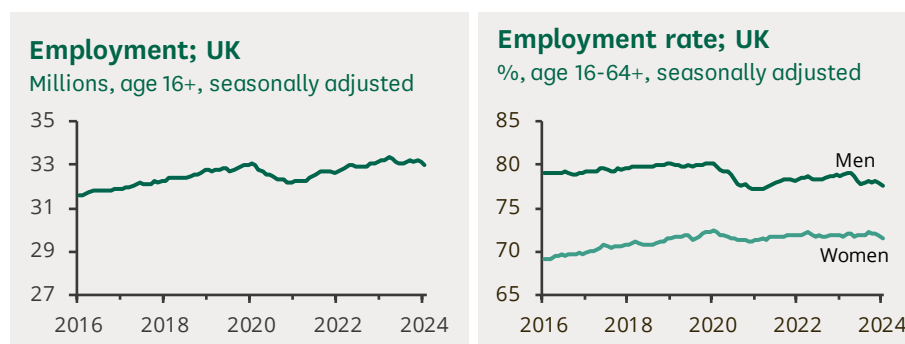
The median is the point at which half earn more and half earn less.

Median hourly earnings (excluding overtime) were £17.40 for full-time employees at April 2023: £18.02 for men working full-time and £16.64 for women. Median hourly earnings (excluding overtime) were £12.07 for part-time employees; £11.83 for men and £12.22 for women. Women are more likely than men to work part-time. The median is the

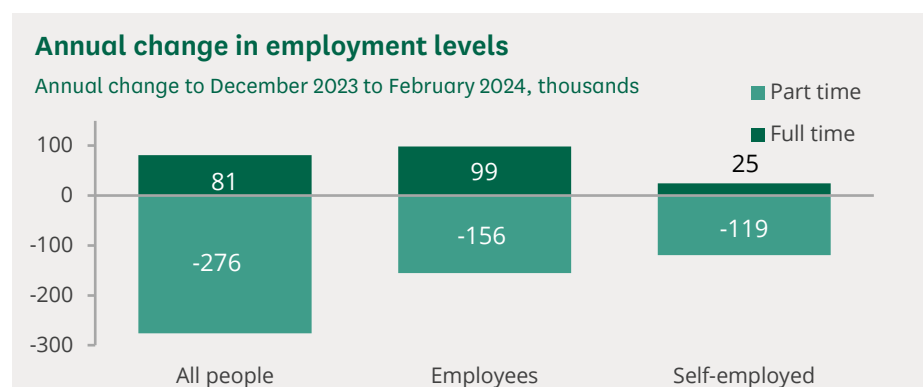
C1: Employment

In February 2024, the Office for National Statistics (ONS) reintroduced [Labour Force Survey \(LFS\) data](#), which also includes a population reweighting. The ONS have said these estimates should be treated with additional caution.

32.98 million people were in employment in December 2023 to February 2024. Employment was down 156,000 from the previous quarter and down 195,000 from the year before.



The employment rate (the proportion of the population aged 16-64 in work) was 74.5%, down from 75.2% a year previously. It was 71.6% for women, down from 71.9%; and for men was 77.5%, down from 78.7%.



In December 2023 to February 2024, 24.76 million people were working full-time while 8.22 million were working part-time. 4.27 million were self-employed and 28.59 million were working as employees.

| | | Total | | Men | | Women | | Youth | |
|---------------|-------|--------|-------|--------|-------|--------|-------|-------|-------|
| | | 000's | % | 000's | % | 000's | % | 000's | % |
| Age: | | 16+ | 16-64 | 16+ | 16-64 | 16+ | 16-64 | 16-24 | 16-24 |
| Dec-Feb | 2023 | 33,176 | 75.2 | 17,168 | 78.7 | 16,008 | 71.9 | 3,823 | 54.2 |
| Dec-Feb | 2024 | 32,980 | 74.5 | 17,010 | 77.5 | 15,970 | 71.6 | 3,558 | 49.9 |
| Change on qtr | Level | -156 | -0.5 | -81 | -0.5 | -75 | -0.5 | -114 | -1.8 |
| Change on yr | Level | -195 | -0.8 | -158 | -1.2 | -38 | -0.3 | -264 | -4.3 |

Notes: The employment rate is a percentage of the population aged 16 to 64

Subject specialist
Brigid Francis-Devine

Updates
ONS, [Labour Market Statistics](#)

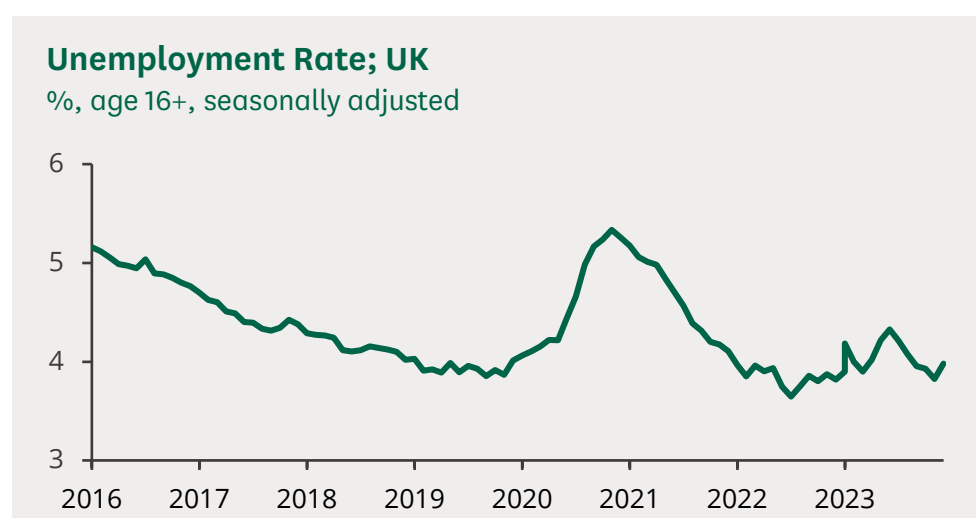
14 May 2024

C2: Unemployment

In February 2024, the Office for National Statistics (ONS) reintroduced [Labour Force Survey \(LFS\) data](#), which also includes a population reweighting. This is after only [some experimental headline data was published between October 2023 and January 2024](#) due to falling response rates. The ONS have said that the reintroduced LFS estimates should be treated with additional caution. The Library briefing [UK Labour market statistics](#) provides more information.

There were 1.44 million unemployed people in the UK in December 2023 to February 2024, an increase of 94,000 from the previous year.

The unemployment rate was 4.2% (the percentage of the economically active population who are unemployed), up from 3.9% from a year before.



522,000 young people aged 16-24 were unemployed in December 2023 to February 2024, 34,000 more than the year before.

The unemployment rate for 16-24 year olds was 12.8%, an increase from 11.3% a year before.

| UK Unemployment | | | | | | | | | |
|---------------------|-------|-------|-----|-------|-----|-------|-----|-------|-------|
| Seasonally adjusted | | | | | | | | | |
| | | Total | | Men | | Women | | Youth | |
| | | 000's | % | 000's | % | 000's | % | 000's | % |
| Age | | 16+ | 16+ | 16+ | 16+ | 16+ | 16+ | 16-24 | 16-24 |
| Dec-Feb | 2021 | 1,759 | 5.2 | 946 | 5.4 | 813 | 4.9 | 604 | 14.9 |
| Dec-Feb | 2022 | 1,351 | 4.0 | 730 | 4.1 | 621 | 3.8 | 497 | 11.7 |
| Dec-Feb | 2023 | 1,346 | 3.9 | 717 | 4.0 | 629 | 3.8 | 488 | 11.3 |
| Dec-Feb | 2024 | 1,440 | 4.2 | 781 | 4.4 | 659 | 4.0 | 522 | 12.8 |
| Change on yr | Level | 94 | 0.3 | 64 | 0.4 | 30 | 0.2 | 34 | 1.5 |
| | % | 7.0% | | 8.9% | | 4.8% | | 7% | |

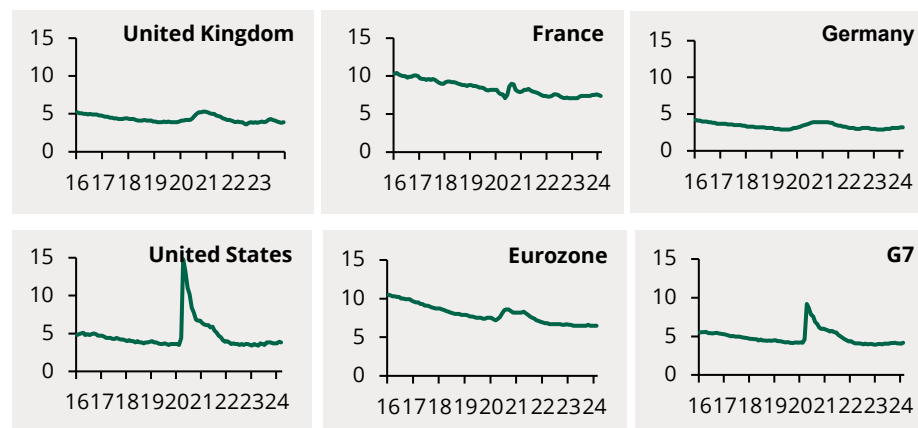
Subject specialist
Brigid Francis-Devine

Updates
ONS, [Labour Market Statistics](#)
14 May 2024

C3: Unemployment International

The OECD produces harmonised unemployment rates for OECD members based on the ILO definition of unemployment.

Harmonised Unemployment Rate (%)



The UK harmonised unemployment rate for **Q4 2023** was 3.8%, down from 4.1% in Q3 2023. This was above Germany (3.1%) and the US (3.7%) but below France (7.5%).

The Eurozone's rate was 6.5% in Q4 2023, while in the G7 it was 4.1%. These were both unchanged from Q3.

Unemployment rates rose in almost all the OECD countries following the coronavirus outbreak, although the size of the increase varied widely.

Spain had the highest unemployment rate out of the OECD member states in Q4 2023 at 11.8%, followed by Greece at 10.6%. Japan had the lowest at 2.5%.

Youth (aged 15-24) unemployment is a major issue in many developed economies at present. In Q4 2023 the youth unemployment rate was 28.8% in Spain and 28.1% in Greece. It was 11.6% in the UK.

Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

| | CAN | FRA | GER | ITA | JPN | UK | USA | Eurozone | G7 | OECD |
|---------------|-----|-----|-----|------|------|------|-----|----------|-----|------|
| 2022 | 5.3 | 7.3 | 3.1 | 8.1 | 2.6 | 3.8 | 3.7 | 6.7 | 4.1 | 5.0 |
| 2023 | 5.4 | 7.3 | 3.0 | 7.7 | 2.6 | 4.0 | 3.6 | 6.5 | 4.1 | 4.8 |
| 2022 Q4 | 5.1 | 7.1 | 3.0 | 7.8 | 2.5 | 3.9 | 3.6 | 6.6 | 4.0 | 4.9 |
| 2023 Q1 | 5.1 | 7.1 | 2.9 | 7.9 | 2.6 | 4.0 | 3.5 | 6.6 | 4.0 | 4.8 |
| Q2 | 5.3 | 7.4 | 3.0 | 7.7 | 2.6 | 4.2 | 3.6 | 6.5 | 4.0 | 4.8 |
| Q3 | 5.5 | 7.4 | 3.0 | 7.6 | 2.6 | 4.1 | 3.7 | 6.5 | 4.1 | 4.8 |
| Q4 | 5.8 | 7.5 | 3.1 | 7.4 | 2.5 | 3.8 | 3.7 | 6.5 | 4.1 | 4.9 |
| Change on qtr | 0.2 | 0.1 | 0.1 | -0.2 | -0.1 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change on yr | 0.7 | 0.4 | 0.1 | -0.4 | 0.0 | -0.1 | 0.2 | -0.1 | 0.1 | -0.1 |

Source: OECD, Harmonised Unemployment Rates

Subject Specialist
Andy Powell

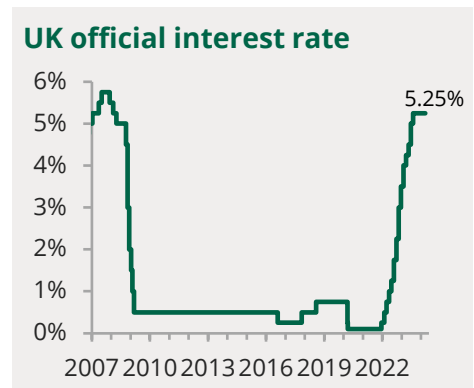
Next Update
OECD, [Harmonised Unemployment Rates](#),
16 May 2024

D1: Interest Rates and Monetary Policy

Major central banks around the world tightened monetary policy in response to [high inflation](#), initially caused by higher goods and energy prices, as well as bottlenecks in global supply chains.

UK (Bank of England)

On 21 March, the Bank of England's Monetary Policy Committee (MPC) announced it had [left interest rates unchanged](#) at 5.25% for the fifth meeting in a row. Rates were increased from 0.1% in December 2021 to 5.25% in August 2023. The MPC vote in March was 8 members in favour of unchanged rates and 1 in favour of cutting rates by 0.25 of a %-point.



The MPC's cycle of rate increases came in response to [high inflation](#), which was 3.4% in January, down from a peak of 11.1% in October 2022. The MPC said it now expects inflation to fall "[slightly below the 2% target](#)" in Q2 2024. It said it would closely monitor indicators of persistent inflationary pressures, such as wage growth and services inflation, and keep under review how long rates should remain at their current levels.

The MPC has started to [reduce the size](#) of its asset purchase – or [quantitative easing](#), QE – programme from its recent peak value of £895bn to £731bn on 13 March 2024. It is doing this by letting some of the government bonds it holds mature and by actively selling some of the bonds it holds to the market.

United States (Federal Reserve)

Interest rates were [left unchanged at a range of 5.25% to 5.50%](#) by the Fed at its policy meeting ending 20 March 2024. The Fed has indicated that rates are likely at their peak and could be cut later in 2024 if [inflation continues to fall](#) towards the Fed's 2% target. The Fed is [reducing the assets](#) it holds in its Quantitative Easing programme [by \\$95bn per month](#).

Eurozone (European Central Bank)

At its 11 April 2024 meeting, the [ECB left its main interest rates unchanged](#), including the deposit rate at 4.00%. The ECB raised rates by 4.5 percentage points from July 2022 to September 2023. With the [annual inflation rate in the Eurozone slowing](#), financial markets expect the ECB to start cutting rates later in 2024, possibly at its next meeting in June. The ECB has started to unwind its quantitative easing programmes from March 2023, by not reinvesting €15bn per month of maturing assets it holds in one of its two main [QE programmes](#).

QE consists of central banks creating new money electronically and then using it to purchase financial assets, mostly government bonds.

Subject Specialist
Daniel Harari

Updates – next scheduled monetary policy meetings
UK ([9 May](#))
US ([1 May](#))
ECB ([6 Jun](#))

D2: Public finances

Government borrowing and debt

| | Net borrowing | | Net debt, % GDP | |
|---------|---------------|-------|-----------------|--------|
| | £ bn | % GDP | Total | Ex BoE |
| 2013/14 | 104 | 5.8% | 79.2% | 77.0% |
| 2014/15 | 99 | 5.3% | 81.6% | 79.2% |
| 2015/16 | 82 | 4.3% | 81.3% | 78.9% |
| 2016/17 | 58 | 2.9% | 83.5% | 77.4% |
| 2017/18 | 61 | 2.9% | 82.3% | 73.7% |
| 2018/19 | 45 | 2.1% | 80.3% | 72.3% |
| 2019/20 | 61 | 2.7% | 85.2% | 77.1% |
| 2020/21 | 315 | 15.1% | 96.5% | 86.5% |
| 2021/22 | 127 | 5.4% | 96.6% | 83.2% |
| 2022/23 | 128 | 5.0% | 95.7% | 84.9% |
| 2023/24 | 121 | 4.4% | 98.3% | 89.4% |
| 2024/25 | 87 | 3.1% | 98.8% | 91.7% |
| 2025/26 | 77 | 2.7% | 96.4% | 92.8% |
| 2026/27 | 69 | 2.3% | 95.5% | 93.2% |
| 2027/28 | 51 | 1.6% | 95.1% | 93.2% |
| 2028/29 | 39 | 1.2% | 94.3% | 92.9% |

Net borrowing – often described as the deficit – is the difference between what the government spends and what it receives in taxes over a period.

Net debt is the total amount that the public sector owes – it is largely the stock of past borrowing.

Government borrowed £121 billion in 2023/24, according to the ONS's first provisional estimate, which is equivalent to 4.4% of GDP. Borrowing is around £7.6 billion lower than in 2022/23, but £6.6 billion higher than the OBR forecast in March 2024.

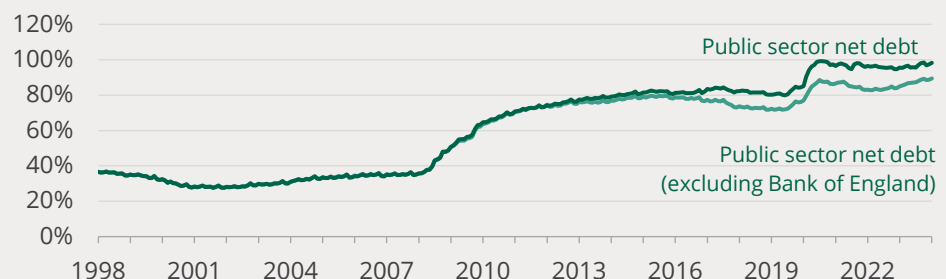
Government debt was equivalent to 98.3% of GDP at the end of March 2024. It was 95.7% of GDP at the end of March 2023.

If we remove the Bank of England's (BoE's) debt, we get an alternative measure of government's underlying debt. Government debt (excluding the BoE) was 89.4% of GDP at the end of March 2024. It was 84.9% of GDP a year before, at the end of March 2023.

Public sector net borrowing: rolling 12-month total, £ billion



Public sector net debt, monthly, % of GDP



Sources: Office for Budget Responsibility (OBR). [Public finances databank](#); Office for National Statistics (ONS). Series, [J51I](#), [J51J](#), [HF6W](#), [HF6X](#), [CPOA](#)

Subject Specialist
Matt Keep

Updates

OBR, [Economic and fiscal outlook](#), autumn 2024

ONS, [Public sector finances](#), 22 May 2024

D3: Financial Indicators

FTSE 100 Index

FTSE-100 Index

Daily closing price



The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. In 2020, the index fell dramatically, as global share prices fell amid fears of the economic impact of the coronavirus pandemic, closing at 4,994 on 23 March 2020, its lowest level since October 2011. In February 2023, the FTSE passed 8,000 for the first time. The FTSE closed at a record high of 8,065 on 25 April 2024.

Brent Crude Oil

Brent Crude Oil (\$/barrel)

Daily closing price of Brent crude, near-month futures contract



The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. The price fell dramatically in 2020, owing to a collapse in demand due to the coronavirus pandemic, falling to \$19.31 in April 2020, its lowest level since 2002. The price reached \$127/barrel in March 2022, its highest since 2008.

Gold price

Gold (\$ per ounce)

Daily price



The nominal price of gold exceeded \$1,800/ounce for the first time in August 2011, but moderated considerably after that, falling to \$1,049 in December 2015. The price rose steadily from mid-2020, closing at a record high of \$2,067 on 7 August 2020. In October 2022, the price fell to \$1,631, its lowest level since April 2020, though returned above \$2,000 in April 2023. The price closed at a record high of \$2,401/ounce on 15 April 2024.

Data from 25 April 2024

| | FTSE-100 | Oil (\$/bbl) | Gold (\$/oz) |
|---------------|----------|--------------|--------------|
| 25 Apr 2024 | 8065.52 | 87.59 | 2320.25 |
| %change over: | | | |
| 1-month | 2% | 1% | 7% |
| 12-months | 2% | 8% | 17% |

Note: Oil is Brent near-month futures price

Source: Financial Times

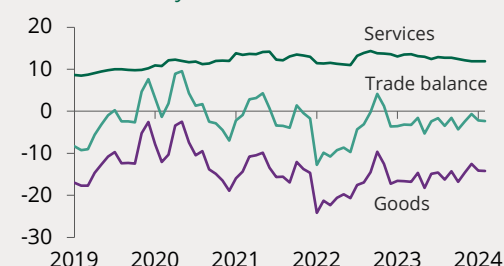
Subject specialist
Daniel Harari

Updates
Financial Times,
Weekly basis

E1: Trade

In 2023, the UK's exports of goods and services totalled £865 billion and imports totalled £898 billion. The EU accounted for 41% of UK exports of goods and services and 52% of imports in 2023.

Balance of trade, goods & services
£ billion, monthly data



The UK generally imports more than it exports meaning that it runs a trade deficit. A deficit of £187 billion on trade in goods was offset by a surplus of £153 billion on trade in services in 2023. The overall trade deficit was £33 billion in 2023.

The UK had a trade deficit with the EU of £109 billion in 2023 and a trade surplus of £75 billion with non-EU countries.

The trade deficit with all countries decreased to £5.1 billion in the three months to February 2024 compared with the previous three months. Exports increased by 0.1% and imports decreased by 1.3% in cash terms over this period.

Trade in Goods and Services and Current Account Balance
Seasonally adjusted

| | | Goods and Services (£bn) | | | Current Account balance | |
|------|----|--------------------------|---------|---------|-------------------------|-------|
| | | Exports | Imports | Balance | £bn | % GDP |
| 2022 | | 837.8 | 904.6 | -66.8 | -77.2 | -3.1% |
| 2023 | | 864.5 | 897.9 | -33.4 | -88.5 | -3.3% |
| 2022 | Q4 | 232.1 | 230.3 | 1.8 | 4.1 | 0.6% |
| 2023 | Q1 | 218.1 | 228.1 | -10.0 | -21.0 | -3.2% |
| | Q2 | 217.1 | 226.4 | -9.3 | -27.9 | -4.1% |
| | Q3 | 213.7 | 220.4 | -6.7 | -18.5 | -2.7% |
| | Q4 | 215.6 | 223.0 | -7.4 | -21.2 | -3.1% |

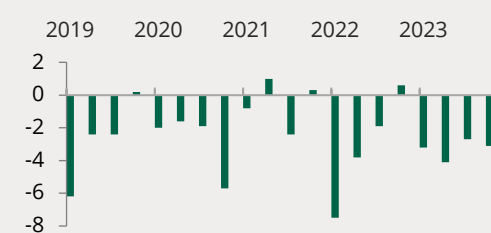
Source: ONS, series: IKBH, IKBI, IKBJ, HBOP, AA6H

Subject specialist
Ilze Jozepa

Updates
ONS, [UK Trade](#),
10 May 2024

ONS, [UK Balance of Payments](#), 28 June 2024

Current Account Balance
% of GDP

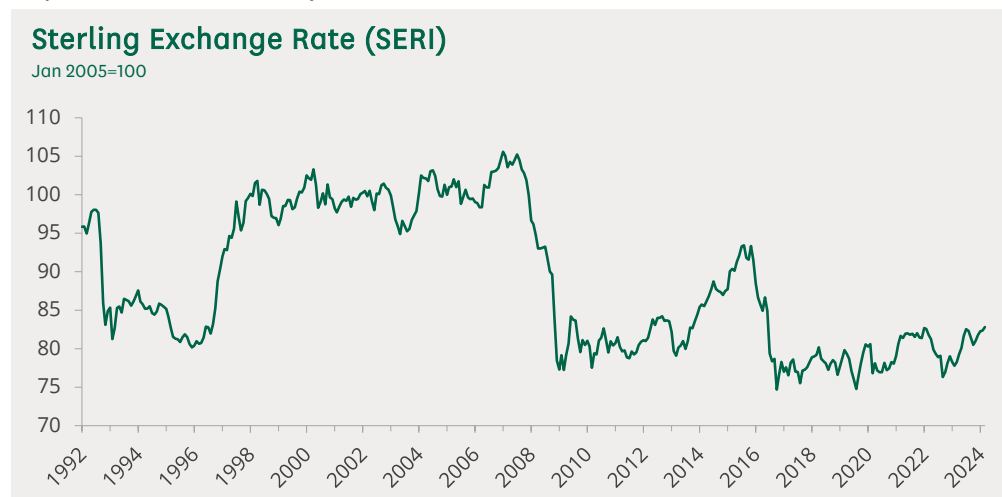


The current account, which includes investment income and transfers as well as trade, saw a deficit of £89 billion in 2023, compared with £77 billion in 2022. The current account deficit was 3.3% of GDP in 2023 compared with 3.1% in 2022.

The current account deficit increased to £21.2 billion in Q4 2023 (3.1% of GDP), compared with a deficit of £18.5 billion (2.7% of GDP) in Q3 2023.

E2: Exchange rates

The Sterling Exchange Rate Index (SERI) measures sterling's value against a 'basket' of currencies, 'trade-weighted' (based on currencies' relative importance in UK trade).



The SERI rose by 0.5% between February and March 2024, following an increase of 0.2% between January and February. Compared with the same period a year ago, it is 5.8% higher. It is 21.6% below its January 2007 peak.

In March compared to February 2024, the pound rose by 0.7% against the dollar, to \$1.27. The value of the pound reached \$1.43 in April 2018, its highest level since the EU referendum. It reached \$1.42 in May 2021, its highest since April 2018. The pound fell to \$1.035, its lowest ever level, in September 2022.

Subject specialist

Daniel Harari

Updates

Bank of England, [SERI & monthly rates](#), 1 May 2023

Latest rates

Financial Times, [sterling exchange rates](#) (daily)

Sterling was down 0.1% against the Euro on average between February and March, following a 0.4% rise between January and February.

| Sterling Exchange Rates | | | | |
|---------------------------------------|----------------|----------------|----------|----------------|
| Average rates in period and % changes | | | | |
| | US Dollar (\$) | | Euro (€) | |
| | Rate | % change on yr | Rate | % change on yr |
| 2023 | 1.24 | 0.6% | 1.15 | -2.0% |
| 2024 Jan | 1.27 | 3.8% | 1.17 | 2.7% |
| Feb | 1.26 | 4.4% | 1.17 | 3.7% |
| Mar | 1.27 | 4.8% | 1.17 | 3.2% |

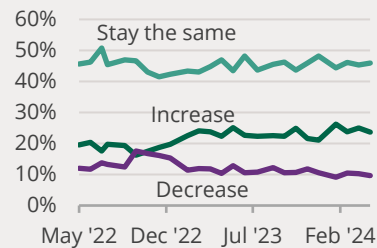
Source: Bank of England, Bankstats database

F1: Business and Consumer Confidence

Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle.

Business performance

% of respondents who expect business performance over next 12 months to:



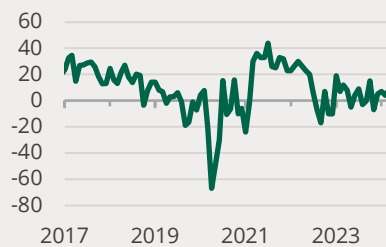
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Future output expectations

% balance expecting improvement/deterioration



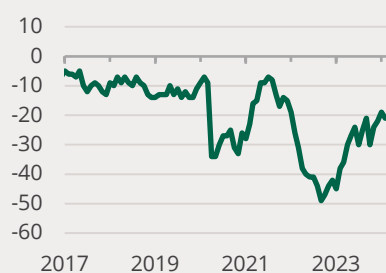
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GfK Overall Index Score



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GfK's Consumer Confidence Index measures a range of consumer attitudes, including forward expectations of the general economic situation and households' financial positions, and views on making major household purchases.

The index rose to -19 in April 2024, up by two points since March.

Subject Specialist

Daniel Harari

Update

ONS, [Business insights and impact on the UK economy](#), May 2024

CBI, [Industrial Trends](#), Mid-May 2024

GfK, [Consumer Confidence](#), 24 May 2024

F2: Retail sales

In March 2024, [retail sales in Great Britain](#) totalled £8.8 billion per week, up from £8.3 billion in February. This figure includes money spent in shops, supermarkets, in petrol stations and online.

Volume of retail sales (incl. vehicle fuel)

3 mth % change on yr, seasonally adjusted



Between February and March, the total quantity of retail sales volumes were estimated to be flat (0.0%), following an increase of 0.1% between January and February.

In the three months to March 2024, the volume of sales increased by 0.4% compared to the same period last year. The volume of sales increased by

1.9% in the three months to March 2024 compared with the previous three months. The volume of sales was 1.3% lower in March 2024 compared to February 2020 and pre-pandemic levels.

Sales in food stores fell by 0.7% in March compared to February, following a record increase between December 2023 and January 2024.

Sales in non-food stores, such as clothing and department stores, rose by 0.5% between February and March, and by 1.6% over the year. This rise was consistent with increased footfall reported

Volume of retail sales

Index 2019=100, seasonally adjusted

| | | Food | Non-food | Total |
|----------------------|-----|-------|----------|-------|
| 2022 | Mar | 100.4 | 102.3 | 101.9 |
| 2023 | Mar | 96.8 | 96.0 | 97.2 |
| 2024 | Jan | 97.2 | 96.3 | 97.8 |
| | Feb | 96.8 | 97.1 | 97.9 |
| | Mar | 96.1 | 97.6 | 98.0 |
| 3m % change on yr | | -0.3 | 2.5 | 0.4 |
| % change on Feb 2020 | | 0.6% | 2.3% | -1.3% |

by retailers. Rises were seen in second-hand goods stores, hardware and furniture stores, and clothing stores.

Value of internet retail sales

2018=100, seasonally adjusted



The average weekly value of **internet sales** was £2.3 billion in March 2024 (excluding fuel). This was 25.9% of all retail sales. Internet sales as a proportion of all retail sales have been rising steadily since 2006, reaching around 19% of all sales in 2019. Internet sales rose sharply in April 2020 with the onset of the pandemic.

All figures are seasonally adjusted.

This means calendar effects (e.g. Easter moving between March and April) and seasonal effects (e.g. increased spending in December for Christmas) are removed.

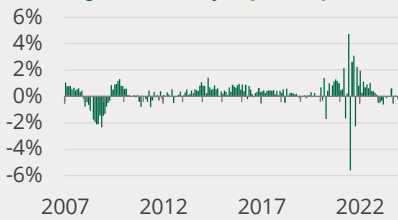
Subject specialist
Matthew Ward

Updates
ONS, [Retail Sales](#),
24 May 2024

F3: Housing Market

UK House Price Index

% change, seasonally adjusted (SA)



House prices, as measured by the UK House Price Index, decreased by 0.2% between February 2023 and February 2024. On a seasonally adjusted basis, average house prices increased by 0.7% between January 2024 and February 2024.

House prices changed at different rates across the UK's countries and regions over the year to February. House prices grew fastest in Scotland, the North East and Northern Ireland. However, Northern Ireland's house prices are measured over a different period (the year to quarter 4 of 2023). House prices fell fastest in London, the West Midlands and the South East.

Mortgage approvals for house purchases; UK, Thousands, SA



Bank of England data on the number of **mortgages approved** to finance house purchases are a leading indicator of house sales.

Mortgage approvals for house purchases reached a lockdown-related record low in May 2020. Approvals then increased significantly towards the end of 2020 but

are now lower. Mortgage approvals for house purchases in February 2024 were up 40% on a year ago and were up 8% on January 2024.

There were 60,383 mortgage approvals in February 2024, compared with 43,207 in February 2023.

House-building; England Thousands, SA



Housing starts and completions fell sharply in Q2 2020 reflecting the coronavirus lockdown. Both are now higher.

There were 19,080 house building starts (seasonally adjusted) in England in Q4 2023, a 10% decrease compared with the previous quarter, and 51% lower than in

Q4 2022. This unusually low amount is likely due to house builders bringing forward the start of projects to avoid the costs of complying with [new building regulatory standards](#), which caused a peak in Q2 2023 of 66,780 starts. The new standards, which relate to energy performance and electric vehicle charging point, were introduced from 15 June 2023.

There were 39,650 house building completions (seasonally adjusted) in England in Q4 2023, largely unchanged from the previous quarter, but a 15% decrease compared with the same quarter of 2022.

Subject Specialist

Matt Keep

Updates

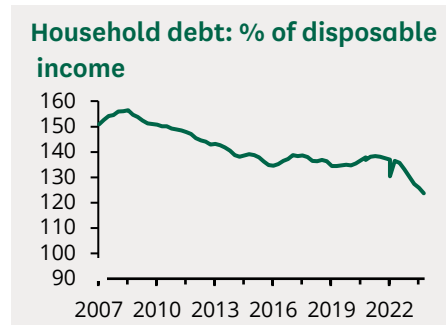
HM Land Registry, [UK house price index](#), 22 May 2024

Bank of England, [Money and credit](#), 30 April 2024

DLUHC, [House-building](#), June 2024

F4: Household debt

Household debt as a % of disposable income



Household debt peaked in Q3 2008 at 156.4% of household disposable income. It then declined to 134.6% by early 2016.

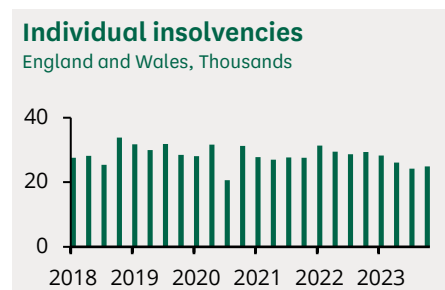
Growth in household debt levels has been slowing since the beginning of 2022. In Q4 2023 the debt-to-income ratio was 123.7%.

Current average mortgage interest rates

The average Standard Variable Rate (SVR) was 7.92% in March 2024, up 0.76 percentage points on a year ago.

The average 2-year fixed mortgage rate was 4.97% in March 2024, up 0.23 percentage points on a year ago.

Individual insolvencies



There were 24,910 individual insolvencies in England and Wales in Q4 2023, 662 more than in the previous quarter. The largest increase since the current series began in 2010 was seen between Q2 2020 and Q3 2020.

The Q4 2023 level is 15.2% lower than the level in Q4 2022.

In Scotland, there were 2,014 individual insolvencies in Q4 2023, up 2% on the year.

In Northern Ireland, there were 312 individual insolvencies in Q4 2023, down 28% on the year.

4

Glossary

Definitions ¹

Balance of payments: A country's financial position, with other countries of the world, comprising two parts:

Current account: the balance of imports and exports of goods and services, income and transfers combined; **Capital account:** the difference between a country's capital invested in other countries, and the capital invested by other countries in it. Technically, the two parts always balance. A balance of payments deficit normally refers to a current account deficit.

Balance of trade: The difference between a country's exports and imports of either goods only or goods and services combined. Trade in financial services account for around a third of UK exports, and thus partially offsets trade in goods deficits.

Basic prices: Prices excluding taxes and subsidies on products.

Claimant count: The number of people aged 18 and over claiming Jobseeker's Allowance (JSA) benefits. This includes out-of-work Universal Credit claimants.

Consumer Prices Index (CPI): This is the headline UK domestic measure of inflation. It measures the average change from month to month in the prices of consumer goods and services purchased in the UK.

Current account balance: The difference between receipts/payments due to transactions in goods, services, income and transfers between the UK and all other countries. A current account deficit means that total payments exceed total receipts; in the reverse case, the current account is in surplus.

Current budget: Measures the balance of public sector current account revenue over public sector current expenditure.

Current/constant prices: Current prices are the actual or estimated recorded monetary value over a defined period for a group of industries or products. They show the value for each item expressed in terms of the prices of that period.

Constant prices refer to volume measures whose values are derived by applying to current quantities, prices for a specific base period. They allow figures to be represented so that the effects of inflation are removed. The values for each time period are expressed in terms of the prices in a particular base period.

¹ Sources: ONS, HM Treasury, HM Revenue and Customs, Finance-Glossary.com.

Economically active: Those aged 16 and over who are either in employment or unemployed.

Economically inactive: Those aged 16 and over who are neither in employment nor unemployed. This includes those who do not want a job, those who want a job but have not been seeking work in the last four weeks and those who want a job and are seeking work but not available to start work.

Employment: The number of people with jobs as estimated by the Labour Force Survey (LFS). This includes all people aged 16 or over who did paid work, those who had a job that they were temporarily away from, those on government supported training and employment programmes, and those doing unpaid family work during the survey period. The employment rate refers to the number of people employed as a percentage of the working age population as measured by the LFS.

Exchange rate: The rate at which one currency is traded against another.

Gross Domestic Product (GDP): The total market value of goods and services produced after deducting the cost of goods and services used up in the process of production (intermediate consumption) but before deducting consumption of fixed capital (depreciation).

Gross Domestic Product – Real GDP: Also known as constant price or chained volume measure, this is a measure used to indicate change in the actual quantity of goods and services produced, by adjusting for inflation.

Gross Fixed Capital Formation (GFCF): Expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.

Gross Value Added (GVA): The difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. GVA is used to measure the productivity of sectors/industries and economies.

Harmonised Indices of Consumer Prices (HICP): Harmonised indices of consumer prices for Member States of the European Union, which enable comparisons to be made across countries. The UK's CPI measure uses HICP methodology.

Market prices: The prices actually paid by the purchaser for goods and services, including transport costs, trade margins and taxes. $\text{GDP at market prices} = \text{GDP at basic prices} + \text{transport prices paid separately} + \text{non-deductible taxes on expenditure} - \text{subsidies received}$.

Money supply: The total amount of money in an economy at a given time.

The Public Sector Net Borrowing (PSNB): This measures the public sector's accumulation of debt net of liquid financial assets. Its approximate stock equivalent is net public sector debt.

Public Sector Net Debt: This is approximately the stock analogue of the PSNB. It measures the public sector's financial liabilities to the private sector and abroad, net of short-term financial assets such as bank deposits and foreign exchange reserves.

Retail Prices Index (RPI): A domestic indicator of inflation. It measures the average change from month to month in the prices of goods and services purchased in the UK. It is similar to the CPI, but differs in terms of methodology and coverage. For example, the RPI includes housing costs such as mortgage interest payments while the CPI doesn't.

Seasonally adjusted: Estimates in which the element of variability due to seasonal influences, which may distort the data, has been removed.

Sterling Exchange Rate Index (SERI): This measures the value of sterling against a trade-weighted 'basket' of other currencies. The weights used in this index measure currencies' relative importance to UK trade in goods and services.

UK Base/Repo rate: The rate at which the Bank of England lends to discount houses by buying their bills. The base rate is usually the minimum rate at which banks are prepared to lend money. The high street bank base rate follows that set by the Bank of England, and it acts as the benchmark for other interest rates, including mortgages and personal loans.

Unemployment: The ILO definition includes all people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or are out of work and have accepted a job that they are waiting to start in the next fortnight.

Unemployment rate: The number of unemployed persons expressed as a percentage of the total economically active population.

Volume/value of retail sales: The volume of retail sales is the total takings adjusted for inflation and the value of retail sales is the total actual takings.

Workforce jobs: The sum of employee jobs, self-employment jobs, those in HM Forces and government-supported trainees.

4.1

Symbols and abbreviations

| | |
|-----|-----------------------------------|
| .. | Figure(s) not yet available |
| CBI | Confederation of British Industry |
| ILO | International Labour Organisation |

IMF International Monetary Fund

OECD Organisation for Economic Co-operation and Development

ONS Office for National Statistics

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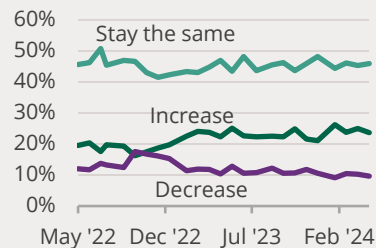
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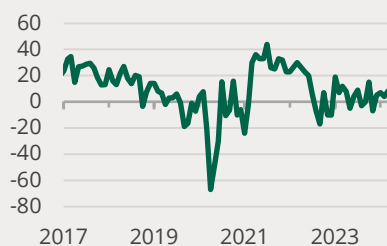
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Subject Specialist
Daniel Harari

Update
ONS, [Business insights and impact on the UK economy](#), May 2024

CBI, [Industrial Trends](#), Mid-May 2024

GfK, [Consumer Confidence](#), 24 May 2024

D3: Financial Indicators

FTSE 100 Index

FTSE-100 Index

Daily closing price



The FTSE-100 tracks the share-prices of the 100 largest companies listed on the London Stock Exchange. In 2020, the index fell dramatically, as global share prices fell amid fears of the economic impact of the coronavirus pandemic, closing at 4,994 on 23 March 2020, its lowest level since October 2011. In

February 2023, the FTSE passed 8,000 for the first time. The FTSE closed at a record high of 8,065 on 25 April 2024.

Brent Crude Oil

Brent Crude Oil (\$/barrel)

Daily closing price of Brent crude, near-month futures contract



The price of Brent crude oil reached an all-time high above \$145/barrel in July 2008. The price fell dramatically in 2020, owing to a collapse in demand due to the coronavirus pandemic, falling to \$19.31 in April 2020, its lowest level since 2002. The price reached \$127/barrel in March 2022, its highest since 2008.

Gold price

Gold (\$ per ounce)

Daily price



The nominal price of gold exceeded \$1,800/ounce for the first time in August 2011, but moderated considerably after that, falling to \$1,049 in December 2015. The price rose steadily from mid-2020, closing at a record high of \$2,067 on 7 August 2020. In October 2022, the price fell to \$1,631, its lowest level since April 2020, though returned above \$2,000 in

April 2023. The price closed at a record high of \$2,401/ounce on 15 April 2024.

Data from 25 April 2024

| | FTSE-100 | Oil (\$/bbl) | Gold (\$/oz) |
|---------------|----------|--------------|--------------|
| 25 Apr 2024 | 8065.52 | 87.59 | 2320.25 |
| %change over: | | | |
| 1-month | 2% | 1% | 7% |
| 12-months | 2% | 8% | 17% |

Note: Oil is Brent near-month futures price

Source: Financial Times

Subject specialist

Daniel Harari

Updates

Financial Times,
Weekly basis