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Contents

| | Page |
|---------------------------------------------------------------------------------------------------------|---------------------------|
| Introduction | 3 |
| Latest developments in the economy | 5 |
| Table and charts | |
| Selected monthly indicators | 7 |
| National accounts aggregates | 8 |
| Gross domestic product: by category of expenditure | 10 |
| Personal disposable income and consumption | 12 |
| Real consumers' expenditure - component categories | 12 |
| Retail sales, new registrations of cars and credit business | 14 |
| Gross domestic product and shares of income and expenditure | 16 |
| Income, product and spending <i>per capita</i> | 16 |
| Gross domestic fixed capital formation | 18 |
| Indicators of fixed investment by manufacturing industry | 20 |
| DTI inquiry into investment intentions: manufacturing industry | 20 |
| Indicators of fixed investment in dwellings | 22 |
| Stock changes | 24 |
| Stock ratios | 24 |
| Inland energy consumption | 26 |
| Index of output of the production industries | 28 |
| Index numbers of output at constant factor cost | 30 |
| Engineering and construction: output and orders | 32 |
| Motor vehicle production and steel production and consumption | 34 |
| Output per person employed | 36 |
| National employment and unemployment | 38 |
| Regional unemployment rates | 40 |
| Average earnings | 42 |
| Prices | 44 |
| Visible trade | 46 |
| Measures of UK competitiveness in trade in manufactures | 48 |
| Balance of payments: current account | 50 |
| Sterling exchange rates and UK official reserves | 52 |
| Monetary aggregates | 54 |
| Counterparts to changes in M3 | 56 |
| General government receipts and expenditure | 58 |
| Financial transactions of the public sector | 58 |
| Summary capital accounts and financial surplus or deficit | 60 |
| Appropriation account of industrial and commercial companies | 62 |
| Capital account and financial surplus/deficit of industrial and commercial companies | 64 |
| Financial transactions including net borrowing requirement of industrial and commercial companies | 64 |
| UK banks' lending to UK residents | 66 |
| UK banks' loans, advances and acceptances to UK residents | 66 |
| Interest rates, security prices and yields | 68 |
| Cyclical indicators for the UK economy | 70 |
| Measures of variability of selected economic series | 83 |
| Articles | |
| UK balance of payments: preliminary figures for the fourth quarter and year 1988 | 84 |
| The Budget: 14 March 1989 | 99 |
| The Economy: recent developments and prospects to mid-1990 | 107 |
| Index of sources | 113 |
| Other | |
| Release dates of economic statistics to be published next month | <i>inside front cover</i> |
| Articles published in recent <i>Economic Trends</i> | <i>inside back cover</i> |

United Kingdom Balance of Payments: preliminary figures for the fourth quarter and year 1988

Preliminary figures for the United Kingdom balance of payments account in 1988 are now available, together with revised figures for earlier years. The current account is estimated to have been in deficit by £14.7 billion. So far, estimates of net transactions in assets and liabilities, which should (with the sign reversed) equal the current balance, imply a net capital outflow of £0.6 billion. There are therefore errors and omissions of net inflows over the current and capital accounts as a whole of £15.2 billion — the balancing item. This follows revised balancing items of £12.4 billion and £13.7 billion in 1987 and 1986 (Table A1).

This persistence of large positive balancing items inevitably throws doubt on the quality of the figures in the accounts over the last few years. This must be borne in mind when interpreting the figures. Although there are grounds (see note) for believing that the balancing item largely reflects errors and omissions in the measurement of transactions in assets and liabilities, there remains the possibility that net current account inflows are being underestimated.

The preliminary figures indicate that the UK current account was in deficit by £5.5 billion (seasonally adjusted) in the fourth quarter of 1988, following a deficit of £3.4 billion in the third quarter. For 1988 as a whole the deficit of £14.7 billion compares with revised estimates showing a deficit of £2.9 billion in 1987 and a surplus of £0.2 billion in 1986 (Table A1).

Visible trade was in deficit in the fourth quarter by £6.3 billion, £0.6 billion more than in the preceding quarter. For 1988 as a whole there was a deficit of £20.6 billion compared with deficits of £10.2 billion in 1987 and £8.7 billion in 1986 (Tables A1 and A2).

The preliminary figures for invisible transactions in the fourth quarter show a surplus of £0.8 billion, sharply down on the surplus of £2.3 billion in the third. The main factor contributing to the fall was a temporary shift in the timing of transactions with the European Community (see below). The estimated invisible surplus for the whole of 1988 is £5.9 billion, compared with revised surpluses of £7.3 billion and £8.9 billion in 1987 and 1986 respectively. It must be stressed that figures for invisible transactions, particularly for the most recent quarters, are liable to substantial revisions as later information becomes available (Table A1).

Between the third and fourth quarters there was a decrease of £0.1 billion in the surplus on visible trade in oil. For 1988 overall the surplus on oil was £2.3 billion, well below the surpluses of £4.2 billion and £4.1 billion recorded in 1987 and 1986 respectively (Table A2).

The preliminary estimates for the fourth quarter put the net credit on services at £0.7 billion, down from £1.0 billion in the preceding quarter (Table A5). Net investment earnings (ie of interest, profits and dividends) estimated at £1.6 billion, are similar to the third quarter estimate (Table A6). Net transfer payments overseas are put at £1.4 billion, compared with only £0.2 billion in the third quarter (Table A7).

The estimated surplus on trade in services in 1988, £3.5 billion, compares with £5.3 billion in 1987 and £5.6 billion in 1986. The deficit on the travel account was £2.0 billion in 1988 compared with £1.0 billion in 1987 and £0.5 billion in 1986. Net earnings on financial and other services were £9.1 billion, lower than in 1987 (£9.7 billion) and similar to 1986. The decline between 1987

and 1988 mainly reflected a substantial fall in insurance underwriting earnings (measured by overseas premiums less claims and expenses). Lower insurance earnings were also a significant factor behind the fall in earnings from services in the fourth quarter, although the government and civil aviation accounts also recorded significant adverse movements (Table A5).

The preliminary estimate of the balance on interest, profits and dividends in 1988 is £6.0 billion compared with £5.4 billion in both 1987 and 1986. Earnings on UK direct investment overseas rose by £1.3 billion between 1987 and 1988. There was an increase of £0.2 billion in earnings due on total overseas investment in the UK but the earnings of overseas oil companies in the UK fell by £1.0 billion. Payments on overseas portfolio investment in the UK rose by £0.7 billion between 1987 and 1988, following an increase of £0.8 billion between 1986 and 1987. Overseas earnings on the currency reserves rose from £0.8 billion in 1987 to £1.3 billion in 1988 (Table A6).

The deficit on transfers in 1988 was £3.6 billion. This compares with £3.5 billion in 1987 and £2.1 billion in 1986. There was a deficit on UK government transfers with European Community institutions in the fourth quarter of 1988 of £0.8 billion compared with a surplus of £0.3 billion in the third quarter. These figures reflect the timing of transactions following the implementation of the 1988 community budget in July and payments under an inter-governmental agreement in the fourth quarter (Table A7).

Although figures for transactions in external assets and liabilities are not yet complete for the fourth quarter (most of the transactions between the UK non-bank private sector and banks overseas are not yet known) a net outflow is identified so far for 1988 as a whole (£0.6 billion). Although less than the outflow in 1987 (£9.5 billion), the much larger current account deficit in 1988 means that the balancing item remains at a high level (Table A1 and note).

UK direct investment overseas in 1988, at £14.9 billion was lower than in 1987 (£18.8 billion) and compares with £11.3 billion in 1986. Overseas direct investment in the UK at £7.1 billion in 1988 was down from £8.1 billion in 1987 and compares with £4.8 billion in 1986. Both UK direct investment overseas and overseas investment in the UK in 1987 have been revised upwards in the light of the comprehensive annual inquiry into direct investment. Details of cross-border acquisitions and mergers in the fourth quarter were published in *British Business* on 17 March (Table A9).

Portfolio investment overseas by UK residents in 1988 amounted to £10.9 billion, following net disinvestment of £1.5 billion in 1987 (the latter having been revised downwards substantially in the light of later information from securities dealers). The level of investment in 1988 was, however, well below the figure of £25.6 billion in 1986. The turn-round between 1987 and 1988 mainly reflected the transactions reported by UK non-bank financial institutions, including securities dealers (Table A10).

Portfolio investment in the UK by overseas residents is estimated at £4.1 billion in 1988 compared with £9.7 billion and £8.1 billion in 1987 and 1986 respectively. Between 1987 and 1988 investment in British government stocks fell from £3.9 billion to £0.8 billion and investment in UK companies securities from £6.5 billion to £3.3 billion. Disinvestment in other government securities in the

fourth quarter of 1988 included the redemption of holdings by overseas residents of the US \$2.5 billion floating rate notes (Table A10).

Lending and borrowing overseas by UK banks in 1988 produced a net inflow of £14.4 billion compared to net inflows of £2.5 billion in 1987 and £9.9 billion in 1986. In 1988 net foreign currency transactions resulted in an inflow of £5.5 billion (compared with an outflow of £1.4 billion in 1987) and net sterling transactions showed an inflow of £9.0 billion (compared with an inflow of £3.9 billion in 1987) (Table A11).

Additions to the official reserves which amounted to £2.9 billion in 1986 and £12.0 billion in 1987, totalled a further £2.8 billion in 1988. The increase in other external liabilities of general government in the fourth quarter of 1988 include purchases by overseas residents (£0.7 billion) of Treasury Bills denominated in ECU's, which were introduced in the quarter (Table A13).

Revisions

The estimates now incorporate the results of the 1987 annual inquiry into direct investment and associated earnings (summary details of which were published in *British Business* on 10 March) and the 1987 inquiry into the overseas earnings (including underwriting) of insurance companies.

Note

Net transactions in assets and liabilities should, with reversal of sign, equal the (not seasonally adjusted) balance on the current account. In practice, because the information comes from different

sources, there is a discrepancy — the balancing item. This mismatch between identified current transactions and their (capital account) financing reflects errors and omissions which are likely, to varying degrees, to affect most entries in the accounts. It has become particularly large in the years since 1984, and probably reflects, in large part, the major changes which have taken place in financial markets over the last 4 years, notably, deregulation. There has been an accompanying upsurge in competition and innovation, a move towards greater use of securities markets for channelling finance, and hedging techniques have come into more widespread use. In these circumstances it is possible that estimates of UK net credits from providing and receiving financial services may have failed to capture fully these activities. Estimates of interest, profits and dividends (IPD) credits and debits may also be incomplete. There is, moreover, considerable scope for deficiencies in recording the capital flows associated with the developments in financial activity, and particularly the shift from intermediation by financial institutions (which in principle can be asked to report statistics with a reasonable degree of confidence) towards financing flows through markets where the ownership of securities is much harder to track. Work is in hand to improve estimates of portfolio investment flows and is showing preliminary signs tending to confirm the belief that this item is particularly weak. To the extent that capital inflows are being understated, it is likely that IPD debits will be understated to some degree. Other gaps in the coverage of the capital account, some of a longstanding nature, include trade credit flows and comprehensive information on the transactions of securities dealers.

Central Statistical Office

LIST OF TABLES

| | Annual figures from | Quarterly figures from | Table |
|----------------------------------------------------------------------------|---------------------------|------------------------------|-------|
| GENERAL BALANCE OF PAYMENTS | | | |
| Summary | 1978 | 1980 | A1 |
| VISIBLE TRADE | | | |
| Visible trade in the balance of payments | 1978 | 1980 | A2 |
| VOLUME, IMPLIED PRICE AND UNIT VALUE INDICES | | | |
| Volume, implied price and unit value indices | 1978 | 1985 | A3 |
| INVISIBLES | | | |
| Summary | 1978 | 1980 | A4 |
| Services | 1978 | 1984 | A5 |
| Interest, profits and dividends | 1978 | 1984 | A6 |
| Transfers | 1978 | 1984 | A7 |
| TRANSACTIONS IN UK EXTERNAL ASSETS AND LIABILITIES | | | |
| Summary | 1978 | 1980 | A8 |
| Direct investment | 1983 | 1986 | A9 |
| Portfolio investment | 1983 | 1986 | A10 |
| Transactions of UK banks | 1983 | 1986 | A11 |
| Transactions of UK residents other than banks and general government | 1983 | 1986 | A12 |
| Transactions of general government | 1983 | 1986 | A13 |

A1 Balance of payments summary

£ million

| | Seasonally adjusted | | | | | Not seasonally adjusted | | | | | | | |
|---------|-------------------------|--------------------|--------------------|---------------------|--------------------|------------------------------------|--------------------|-------------------|---------------------------------------|----------------------------------------------|-------------------------------------------------|----------------|--------------------|
| | Invisibles (balance) | | | | | UK external assets and liabilities | | | | | Allocation of SDRs and gold subscription to IMF | Balancing item | |
| | Visible trade (balance) | Services | I.P.D. | Transfers | Total | Current balance | Current balance | Capital transfers | Trans- actions in assets ¹ | Trans- actions in lia- bilities ¹ | | | Net trans- actions |
| | AIMA | AIMC | AIMD | AIME | AIMB | AIMF | AIMG | AAAZ | HEPZ | HEQW | HEQU | AIMI | AASA |
| 1978 | -1 593 | 3 542 | 806 | -1 791 | 2 557 | 964 | 964 | - | -4 377 | 1 506 | -2 871 | - | 1 907 |
| 1979 | -3 398 | 3 907 | 1 205 | -2 210 | 2 902 | -496 | -496 | - | -40 189 | 39 446 | -743 | 195 | 1 044 |
| 1980 | 1 353 | 3 949 | -196 | -1 984 | 1 769 | 3 122 | 3 122 | - | -43 439 | 39 567 | -3 872 | 180 | 570 |
| 1981 | 3 350 | 3 923 | 1 210 | -1 547 | 3 586 | 6 936 | 6 936 | - | -50 769 | 43 398 | -7 371 | 158 | 277 |
| 1982 | 2 218 | 2 762 | 1 446 | -1 741 | 2 467 | 4 685 | 4 685 | - | -31 405 | 29 053 | -2 352 | - | -2 333 |
| 1983 | -1 075 | 3 721 | 2 847 | -1 600 [†] | 4 968 [†] | 3 893 [†] | 3 893 [†] | - | -30 171 | 25 810 | -4 361 | - | 468 [†] |
| 1984 | -4 580 | 3 942 [†] | 4 432 [†] | -1 717 | 6 657 | 2 077 | 2 077 | - | -32 038 | 24 289 | -7 749 | - | 5 672 |
| 1985 | -2 346 | 5 962 | 2 747 | -3 008 | 5 701 | 3 355 | 3 355 | - | -53 284 [†] | 43 779 [†] | -9 505 [†] | - | 6 150 |
| 1986 | -8 700 [†] | 5 631 | 5 356 | -2 136 | 8 851 | 151 | 151 | - | -94 976 | 81 125 | -13 851 | - | 13 700 |
| 1987 | -10 173 | 5 333 | 5 387 | -3 452 | 7 268 | -2 905 | -2 905 | - | -85 152 | 75 701 | -9 451 | - | 12 356 |
| 1988 | -20 557 | 3 473 | 6 001 | -3 582 | 5 892 | -14 665 | -14 665 | † | -51 094 | 50 532 | -562 | † | 15 227 |
| 1980 Q1 | -440 | 953 | -62 | -483 | 408 | -32 | -351 | - | -14 398 | 13 026 | -1 372 | 180 | 1 543 |
| Q2 | -183 | 924 | -186 | -597 | 141 | -42 | -303 | - | -8 159 | 7 941 | -218 | - | 521 |
| Q3 | 865 | 1 002 | -45 | -572 | 385 | 1 250 | 1 422 | - | -4 698 | 4 350 | -348 | - | -1 074 |
| Q4 | 1 111 | 1 070 | 97 | -332 | 835 | 1 946 | 2 354 | - | -16 184 | 14 250 | -1 934 | - | -420 |
| 1981 Q1 | 1 703 | 1 044 | 251 | -52 | 1 243 | 2 946 | 2 679 | - | -15 114 | 10 815 | -4 299 | 158 | 1 462 |
| Q2 | 1 302 | 971 | 373 | -588 | 756 | 2 058 | 1 724 | - | -8 534 | 6 055 | -2 479 | - | 755 |
| Q3 | 33 | 948 | 281 | -671 | 558 | 591 | 681 | - | -13 849 | 13 141 | -708 | - | 27 |
| Q4 | 312 | 960 | 305 | -236 | 1 029 | 1 341 | 1 852 | - | -13 272 | 13 387 | 115 | - | -1 967 |
| 1982 Q1 | 336 | 881 | 88 | 125 | 1 094 | 1 430 | 1 152 | - | -11 599 | 11 375 | -224 | - | -928 |
| Q2 | 221 | 694 | 423 | -743 | 374 | 595 | 135 | - | -38 | 1 247 | 1 209 | - | -1 344 |
| Q3 | 626 | 530 | 402 | -647 | 285 | 911 | 963 | - | -18 416 | 16 483 | -1 933 | - | 970 |
| Q4 | 1 035 | 657 | 533 | -476 | 714 | 1 749 | 2 435 | - | -1 352 | -52 | -1 404 | - | -1 031 |
| 1983 Q1 | -116 [†] | 1 004 [†] | 815 | 51 [†] | 1 870 [†] | 1 754 [†] | 1 493 [†] | - | -10 721 | 8 468 | -2 253 | - | 760 [†] |
| Q2 | -459 | 928 | 361 | -676 | 613 | 154 | -366 | - | -193 | 508 | 315 | - | 51 |
| Q3 | -21 | 838 | 1 003 | -419 | 1 422 | 1 401 | 1 414 | - | -11 469 | 11 885 | 416 | - | -1 830 |
| Q4 | -479 | 951 | 668 | -556 | 1 063 | 584 | 1 352 | - | -7 788 | 4 949 | -2 839 | - | 1 487 |
| 1984 Q1 | -287 | 1 036 | 895 [†] | -306 | 1 625 | 1 338 | 878 | - | -14 097 | 13 048 | -1 049 | - | 171 |
| Q2 | -1 195 | 869 | 871 | -645 | 1 095 | -100 | -665 | - | -8 905 | 6 949 | -1 956 | - | 2 621 |
| Q3 | -1 336 | 1 005 | 965 | -633 | 1 337 | 1 | 201 | - | -599 | -563 | -1 162 | - | 961 |
| Q4 | -1 762 | 1 032 | 1 701 | -133 | 2 600 | 838 | 1 663 | - | -8 437 | 4 855 | -3 582 | - | 1 919 |
| 1985 Q1 | -1 747 | 1 305 | 907 | -807 | 1 405 | -342 | -660 | - | -17 270 [†] | 13 162 [†] | -4 108 [†] | - | 4 768 |
| Q2 | 48 | 1 568 | 665 | -643 | 1 590 | 1 638 | 984 | - | -6 863 | 5 456 | -1 407 | - | 423 |
| Q3 | -287 | 1 643 | 800 | -866 | 1 577 | 1 290 | 1 428 | - | -16 075 | 9 859 | -6 216 | - | 4 788 |
| Q4 | -360 | 1 446 | 375 | -692 | 1 129 | 769 | 1 603 | - | -13 076 | 15 302 | 2 226 | - | -3 829 |
| 1986 Q1 | -1 658 | 1 513 | 1 053 | 64 | 2 630 | 972 | 687 | - | -15 539 | 12 912 | -2 627 | - | 1 940 |
| Q2 | -1 664 | 1 311 | 1 281 | -531 | 2 061 | 397 | -137 | - | -15 977 | 11 533 | -4 444 | - | 4 581 |
| Q3 | -2 780 | 1 336 | 1 505 | -808 | 2 033 | -747 | -800 | - | -43 227 | 42 138 | -1 089 | - | 1 889 |
| Q4 | -2 598 | 1 471 | 1 517 | -861 | 2 127 | -471 | 401 | - | -20 233 | 14 542 | -5 691 | - | 5 290 |
| 1987 Q1 | -1 467 | 1 445 | 1 512 | -785 | 2 172 | 705 | 400 | - | -17 792 | 16 683 | -1 109 | - | 709 |
| Q2 | -2 402 | 1 385 | 1 326 | -754 | 1 957 | -445 | -814 | - | -26 249 | 24 353 | -1 896 | - | 2 710 |
| Q3 | -2 981 | 1 473 | 1 401 | -1 000 | 1 874 | -1 107 | -1 261 | - | -27 309 | 21 348 | -5 961 | - | 7 222 |
| Q4 | -3 323 | 1 030 | 1 148 | -913 | 1 265 | -2 058 | -1 230 | - | -13 802 | 13 317 | -485 | - | 1 715 |
| 1988 Q1 | -4 021 | 839 | 1 183 | -1 003 | 1 019 | -3 002 | -3 288 | - | -2 605 | 3 709 | 1 104 | - | 2 184 |
| Q2 | -4 538 | 972 | 1 729 | -907 | 1 794 | -2 744 | -3 217 | - | -19 636 | 18 238 | -1 398 | - | 4 615 |
| Q3 | -5 696 | 973 | 1 518 | -233 | 2 258 | -3 438 | -3 580 | - | -21 936 | 21 598 | -338 | - | 3 918 |
| Q4 | -6 302 | 689 | 1 571 | -1 439 | 821 | -5 481 | -4 580 | † | -6 917 | 6 987 | 70 | † | 4 510 |

1 Prior to 1979 foreign currency lending and borrowing abroad by UK banks (other than certain export credit extended) is recorded on a net basis under liabilities.

A2 Visible trade in the balance of payments

£ million

| | Not seasonally adjusted | | | | | | Seasonally adjusted | | | | | |
|---------|-------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | Total goods | | | Oil | | | Non-oil | | | Total goods | | |
| | Exports (f.o.b.) | Imports (f.o.b.) | Visible balance | Exports (f.o.b.) | Imports (f.o.b.) | Visible balance | Exports (f.o.b.) | Imports (f.o.b.) | Visible balance | Exports (f.o.b.) | Imports (f.o.b.) | Visible balance |
| | CGJP | CGGL | HCHL | CGQE | CGQG | CGQI | CGQF | CGQH | CGQJ | CGKG | CGHK | AIMA |
| 1978 | 34 981 | 36 574 | -1 593 | 2 224 | 4 211 | -1 987 | 32 757 | 32 363 | 394 | 34 981 | 36 574 | -1 593 |
| 1979 | 40 470 | 43 868 | -3 398 | 4 144 | 4 881 | -737 | 36 326 | 38 987 | -2 661 | 40 470 | 43 868 | -3 398 |
| 1980 | 47 147 | 45 794 | 1 353 | 6 118 | 5 810 | 308 | 41 029 | 39 984 | 1 045 | 47 147 | 45 794 | 1 353 |
| 1981 | 50 668 | 47 318 | 3 350 | 9 092 | 5 986 | 3 106 | 41 576 | 41 332 | 244 | 50 668 | 47 318 | 3 350 |
| 1982 | 55 330 | 53 112 | 2 218 | 10 671 | 6 032 | 4 639 | 44 659 | 47 080 | -2 421 | 55 330 | 53 112 | 2 218 |
| 1983 | 60 698 | 61 773 | -1 075 | 12 486 | 5 514 | 6 972 | 48 212 | 56 259 | -8 047 | 60 698 | 61 773 | -1 075 |
| 1984 | 70 263 | 74 843 | -4 580 | 14 833 | 7 901 | 6 932 | 55 430 | 66 942 | -11 512 | 70 263 | 74 843 | -4 580 |
| 1985 | 77 988 | 80 334 | -2 346 | 16 114 | 8 013 | 8 101 | 61 874 | 72 321 | -10 447 | 77 988 | 80 334 | -2 346 |
| 1986 | 72 656 [†] | 81 356 [†] | -8 700 [†] | 8 189 [†] | 4 120 [†] | 4 069 [†] | 64 467 [†] | 77 236 [†] | -12 769 [†] | 72 656 [†] | 81 356 [†] | -8 700 [†] |
| 1987 | 79 421 | 89 594 | -10 173 | 8 444 | 4 261 | 4 183 | 70 977 | 85 333 | -14 356 | 79 421 | 89 594 | -10 173 |
| 1988 | 80 157 | 100 714 | -20 557 | 5 576 | 3 231 | 2 345 | 74 581 | 97 483 | -22 902 | 80 157 | 100 714 | -20 557 |
| 1980 Q1 | 11 919 | 12 584 | -665 | 1 433 | 1 560 | -127 | 10 462 | 10 775 | -313 | 11 895 | 12 335 | -440 |
| Q2 | 11 859 | 12 174 | -315 | 1 543 | 1 543 | - | 10 325 | 10 508 | -183 | 11 868 | 12 051 | -183 |
| Q3 | 11 366 | 10 503 | 863 | 1 538 | 1 336 | 202 | 10 152 | 9 489 | 663 | 11 690 | 10 825 | 865 |
| Q4 | 12 003 | 10 533 | 1 470 | 1 604 | 1 371 | 233 | 10 090 | 9 212 | 878 | 11 694 | 10 583 | 1 111 |
| 1981 Q1 | 11 699 | 10 217 | 1 482 | 2 068 | 1 325 | 743 | 9 715 | 8 755 | 960 | 11 783 | 10 080 | 1 703 |
| Q2 | 12 263 | 11 148 | 1 115 | 2 208 | 1 314 | 894 | 10 006 | 9 598 | 408 | 12 214 | 10 912 | 1 302 |
| Q3 | 12 678 | 12 660 | 18 | 2 429 | 1 652 | 777 | 10 740 | 11 484 | -744 | 13 169 | 13 136 | 33 |
| Q4 | 14 028 | 13 293 | 735 | 2 387 | 1 695 | 692 | 11 115 | 11 495 | -380 | 13 502 | 13 190 | 312 |
| 1982 Q1 | 13 211 | 13 172 | 39 | 2 362 | 1 690 | 672 | 10 972 | 11 308 | -336 | 13 334 | 12 998 | 336 |
| Q2 | 13 752 | 13 764 | -12 | 2 420 | 1 492 | 928 | 11 350 | 12 057 | -707 | 13 770 | 13 549 | 221 |
| Q3 | 13 448 | 12 836 | 612 | 2 849 | 1 504 | 1 345 | 11 007 | 11 726 | -719 | 13 856 | 13 230 | 626 |
| Q4 | 14 919 | 13 340 | 1 579 | 3 040 | 1 346 | 1 694 | 11 330 | 11 989 | -659 | 14 370 | 13 335 | 1 035 |
| 1983 Q1 | 14 651 | 14 964 [†] | -313 [†] | 2 921 [†] | 1 353 [†] | 1 568 [†] | 11 653 [†] | 13 337 [†] | -1 684 [†] | 14 574 [†] | 14 690 [†] | -116 [†] |
| Q2 | 14 749 | 15 557 | -808 | 3 022 | 1 390 | 1 632 | 11 769 | 13 860 | -2 091 | 14 791 | 15 250 | -459 |
| Q3 | 14 769 | 14 967 | -198 | 3 099 | 1 419 | 1 680 | 12 350 | 14 051 | -1 701 | 15 449 | 15 470 | -21 |
| Q4 | 16 529 | 16 285 | 244 | 3 444 | 1 352 | 2 092 | 12 440 | 15 011 | -2 571 | 15 884 | 16 363 | -479 |
| 1984 Q1 | 16 833 | 17 400 | -567 | 3 417 | 1 394 | 2 023 | 13 163 | 15 473 | -2 310 | 16 580 | 16 867 | -287 |
| Q2 | 16 816 | 18 443 | -1 627 | 3 596 | 1 928 | 1 668 | 13 414 | 16 277 | -2 863 | 17 010 | 18 205 | -1 195 |
| Q3 | 16 682 | 18 206 | -1 524 | 3 922 | 2 054 | 1 868 | 13 941 | 17 145 | -3 204 | 17 863 | 19 199 | -1 336 |
| Q4 | 19 932 | 20 794 | -862 | 3 898 | 2 525 | 1 373 | 14 912 | 18 047 | -3 135 | 18 810 | 20 572 | -1 762 |
| 1985 Q1 | 19 955 | 21 811 | -1 856 | 4 370 | 2 959 | 1 411 | 15 501 | 18 659 | -3 158 | 19 871 | 21 618 | -1 747 |
| Q2 | 20 192 | 20 661 | -469 | 4 589 | 1 896 | 2 693 | 15 897 | 18 542 | -2 645 | 20 486 | 20 438 | 48 |
| Q3 | 17 897 | 18 441 | -544 | 3 632 | 1 580 | 2 052 | 15 265 | 17 604 | -2 339 | 18 897 | 19 184 | -287 |
| Q4 | 19 944 | 19 421 | 523 | 3 523 | 1 578 | 1 945 | 15 211 | 17 516 | -2 305 | 18 734 | 19 094 | -360 |
| 1986 Q1 | 17 532 [†] | 19 348 | -1 816 | 2 784 | 1 208 | 1 576 | 15 345 | 18 579 | -3 234 | 18 129 | 19 787 | -1 658 |
| Q2 | 18 305 | 20 430 | -2 125 | 1 944 | 1 043 | 901 | 16 062 | 18 627 | -2 565 | 18 006 | 19 670 | -1 664 |
| Q3 | 16 662 | 19 657 | -2 995 | 1 658 | 880 | 778 | 15 979 | 19 537 | -3 558 | 17 637 | 20 417 | -2 780 |
| Q4 | 20 157 | 21 921 | -1 764 | 1 803 | 989 | 814 | 17 081 | 20 493 | -3 412 | 18 884 | 21 482 | -2 598 |
| 1987 Q1 | 19 432 | 21 151 | -1 719 | 2 039 | 1 096 | 943 | 17 569 | 19 979 | -2 410 | 19 608 | 21 075 | -1 467 |
| Q2 | 19 330 | 22 084 | -2 754 | 2 215 | 1 055 | 1 160 | 17 350 | 20 912 | -3 562 | 19 565 | 21 967 | -2 402 |
| Q3 | 19 290 | 22 478 | -3 188 | 2 196 | 1 106 | 1 090 | 18 143 | 22 214 | -4 071 | 20 339 | 23 320 | -2 981 |
| Q4 | 21 369 | 23 881 | -2 512 | 1 994 | 1 004 | 990 | 17 915 | 22 228 | -4 313 | 19 909 | 23 232 | -3 323 |
| 1988 Q1 | 19 127 | 23 484 | -4 357 | 1 548 | 818 | 730 | 17 494 | 22 245 | -4 751 | 19 042 | 23 063 | -4 021 |
| Q2 | 20 024 | 24 941 | -4 917 | 1 632 | 817 | 815 | 18 592 | 23 945 | -5 353 | 20 224 | 24 762 | -4 538 |
| Q3 | 19 638 | 25 519 | -5 881 | 1 316 | 856 | 460 | 19 402 | 25 558 | -6 156 | 20 718 | 26 414 | -5 696 |
| Q4 | 21 368 | 26 770 | -5 402 | 1 080 | 740 | 340 | 19 093 | 25 735 | -6 642 | 20 173 | 26 475 | -6 302 |

A3 Volume, Implied price and unit value indices

1985 = 100

| | Seasonally adjusted | | | | Not seasonally adjusted | | | | | | |
|----------------|---------------------|--------------------|-------------------|--------------------|------------------------------------|--------------------|--------------------|---------------------------------|--------------------|-----------------------------|--------------------|
| | Volume indices | | | | Implied price indices ¹ | | | Unit value indices ² | | Terms of trade ³ | |
| | All goods | Non-oil goods | Services | Goods and services | Goods | Services | Goods and services | All goods | Non-oil goods | All goods | Non-oil goods |
| Exports | | | | | | | | | | | |
| | CGTR | CGSV | CGSI | HHCX | HHCZ | CGTA | HDOV | CGTO | CGSX | CGTQ | CGSZ |
| 1978 | 79.6 | 88.8 | 95.4 | 83.2 | 56.4 | 52.9 | 55.5 | 55.5 | 58.9 | 94.7 | 93.3 |
| 1979 | 83.1 | 88.8 | 97.2 | 86.4 | 62.4 | 59.9 | 61.8 | 61.4 | 64.2 | 98.4 | 96.8 |
| 1980 | 84.1 | 90.3 | 94.7 | 86.6 | 71.9 | 67.2 | 70.7 | 70.0 | 70.7 | 102.2 | 100.7 |
| 1981 | 83.3 | 86.7 | 94.1 | 85.8 | 78.0 | 73.0 | 76.7 | 76.2 | 75.3 | 102.7 | 101.8 |
| 1982 | 85.6 | 87.8 | 89.6 | 86.6 | 82.8 | 79.6 | 82.0 | 81.4 | 80.6 | 101.5 | 101.4 |
| 1983 | 87.6 | 88.2 | 91.8 | 88.6 | 88.8 | 87.2 | 88.4 | 88.0 | 87.4 | 100.2 | 99.5 |
| 1984 | 94.7 | 94.9 | 93.3 [†] | 94.4 | 95.1 | 95.4 [†] | 95.2 [†] | 95.0 | 94.0 | 99.5 [†] | 98.5 |
| 1985 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1986 | 103.6 | 104.1 | 104.2 | 103.7 | 89.9 | 100.0 | 92.4 | 91.8 | 102.9 | 95.6 | 102.0 |
| 1987 | 109.0 | 111.0 | 110.3 | 109.3 [†] | 93.4 | 101.7 | 95.4 | 95.5 | 106.8 | 97.0 | 103.0 |
| 1988 | 108.4 [†] | 114.0 [†] | 107.5 | 108.2 | 94.8 [†] | 103.4 | 96.9 | 97.1 [†] | 112.2 [†] | 98.3 | 106.9 [†] |
| 1985 Q1 | 99.9 [†] | 99.9 [†] | 97.2 [†] | 99.3 [†] | 102.8 | 102.1 [†] | 102.6 [†] | 102.5 | 99.8 | 98.7 [†] | 96.9 |
| Q2 | 102.4 | 101.8 | 100.0 | 101.9 | 102.1 | 100.6 | 101.7 | 101.6 | 100.6 | 99.4 | 98.8 |
| Q3 | 98.3 | 99.2 | 101.3 | 99.0 | 98.0 | 98.9 | 98.3 | 98.3 | 100.1 | 100.4 | 101.7 |
| Q4 | 99.3 | 99.2 | 101.5 | 99.8 | 97.1 | 98.8 | 97.5 | 97.6 | 99.6 | 101.7 | 102.9 |
| 1986 Q1 | 99.0 | 99.7 | 103.9 | 100.2 | 93.8 [†] | 99.2 | 95.1 | 95.3 | 101.6 | 98.0 | 101.7 |
| Q2 | 104.5 | 104.8 | 102.7 | 104.1 | 88.9 | 98.5 | 91.1 | 90.2 | 102.2 | 95.4 | 102.8 |
| Q3 | 103.8 | 103.5 | 104.2 | 103.9 | 86.3 | 100.2 | 90.2 | 89.4 | 102.9 | 95.1 | 102.7 |
| Q4 | 106.9 | 108.3 | 106.0 | 106.7 | 90.9 | 101.8 | 93.3 | 92.3 | 104.7 | 94.1 | 100.6 |
| 1987 Q1 | 108.8 | 110.8 | 106.8 | 108.3 | 92.1 | 100.2 | 93.9 | 94.7 | 105.9 | 94.7 | 100.4 |
| Q2 | 107.4 | 108.7 | 111.0 | 108.3 | 93.7 | 100.9 | 95.5 | 95.2 | 106.6 | 97.6 | 103.9 |
| Q3 | 109.8 | 112.9 | 115.1 | 111.1 | 94.4 | 103.5 | 97.0 | 96.2 | 107.1 | 98.0 | 103.8 |
| Q4 | 110.0 | 111.4 | 108.3 | 109.6 | 93.5 | 101.8 | 95.3 | 95.8 | 107.7 | 97.6 | 104.2 |
| 1988 Q1 | 106.2 | 108.9 | 108.0 | 106.6 | 91.7 | 100.2 | 93.7 | 95.4 | 109.4 | 97.2 | 105.1 [†] |
| Q2 | 111.4 | 115.4 | 108.5 | 110.7 | 93.6 | 101.4 | 95.4 | 96.5 | 111.1 | 98.8 | 106.9 |
| Q3 | 109.3 | 117.2 | 107.9 | 108.9 | 96.6 | 105.7 | 99.1 | 98.6 | 113.8 | 99.4 | 108.0 |
| Q4 | 106.6 | 114.6 | 105.8 | 106.4 | 97.3 | 105.8 | 99.2 | 98.0 [†] | 114.3 [†] | 98.0 | 107.1 |
| Imports | | | | | | | | | | | |
| | CGTS | CGSW | CGSP | HHCY | HHDA | CGTB | HDOV | CGTP | CGSY | | |
| 1978 | 76.1 | 68.5 | 81.6 [†] | 77.2 | 59.8 | 58.3 | 59.5 | 58.6 | 63.1 | | |
| 1979 | 83.5 | 77.2 | 89.8 | 84.7 | 65.4 | 62.3 | 64.7 | 62.4 | 66.3 | | |
| 1980 | 79.0 | 74.9 | 94.6 | 81.9 | 72.2 | 66.4 | 71.0 | 68.5 | 70.1 | | |
| 1981 | 75.9 | 73.7 | 96.3 | 79.6 | 77.7 | 72.3 | 76.6 | 74.2 | 74.0 | | |
| 1982 | 80.1 | 79.1 | 98.8 | 83.5 | 82.5 | 80.2 | 82.1 | 80.2 | 79.5 | | |
| 1983 | 87.0 | 87.7 | 96.7 | 88.9 | 88.4 | 88.5 | 88.4 | 87.8 | 87.8 [†] | | |
| 1984 | 96.9 | 96.5 | 99.9 | 97.5 | 96.1 | 96.4 [†] | 96.2 | 95.5 | 95.4 | | |
| 1985 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | | |
| 1986 | 106.9 [†] | 105.9 [†] | 104.5 | 106.4 [†] | 94.8 [†] | 102.6 | 96.2 | 96.0 | 100.9 | | |
| 1987 | 114.4 | 114.6 | 114.1 | 114.3 | 97.5 | 104.7 | 98.9 | 98.5 | 103.7 | | |
| 1988 | 129.0 | 131.3 | 123.4 | 128.0 | 97.2 | 103.7 | 98.3 [†] | 98.8 [†] | 105.0 | | |
| 1985 Q1 | 103.6 [†] | 100.3 [†] | 97.8 [†] | 102.5 [†] | 104.8 | 106.5 [†] | 105.0 [†] | 103.9 | 103.0 | | |
| Q2 | 99.6 | 100.8 | 98.1 | 99.3 | 102.2 | 100.5 | 101.9 | 102.2 | 101.8 | | |
| Q3 | 97.2 | 98.7 | 99.4 | 97.6 | 97.5 | 96.9 | 97.4 | 97.9 | 98.4 | | |
| Q4 | 99.6 | 100.2 | 104.7 | 100.6 | 95.2 | 97.6 | 95.7 | 96.0 | 96.8 | | |
| 1986 Q1 | 102.7 | 103.8 | 104.4 | 103.0 | 97.1 | 100.4 | 97.7 | 97.2 | 99.9 | | |
| Q2 | 104.7 | 103.7 | 104.8 | 104.7 | 94.1 | 99.3 | 95.0 | 94.5 | 99.4 | | |
| Q3 | 109.3 | 107.2 | 103.2 | 108.1 | 92.0 | 105.7 | 94.9 | 94.0 | 100.2 | | |
| Q4 | 110.8 | 109.1 | 105.5 | 109.8 | 96.0 [†] | 104.3 | 97.4 | 98.1 | 104.1 | | |
| 1987 Q1 | 108.4 | 106.8 | 106.3 | 108.0 | 97.9 | 104.0 | 99.0 | 100.0 | 105.5 | | |
| Q2 | 111.9 | 112.4 | 112.2 | 111.9 | 98.1 | 104.3 | 99.3 | 97.5 | 102.6 | | |
| Q3 | 117.7 | 118.8 | 116.0 | 117.4 | 97.6 | 107.7 | 99.9 | 98.2 | 103.2 | | |
| Q4 | 119.5 | 120.5 | 121.8 | 119.9 | 96.5 | 101.8 | 97.4 | 98.2 | 103.4 | | |
| 1988 Q1 | 119.8 | 121.0 | 122.1 | 120.3 | 97.1 | 102.6 | 98.0 | 98.1 [†] | 104.1 [†] | | |
| Q2 | 127.7 | 129.9 | 120.8 | 126.4 | 97.0 | 102.4 | 98.0 | 97.7 | 103.9 | | |
| Q3 | 133.7 | 136.6 | 121.8 | 131.4 | 97.4 | 105.8 | 99.1 | 99.2 | 105.4 | | |
| Q4 | 134.9 | 137.8 | 128.7 | 133.8 | 97.1 | 103.2 | 98.2 | 100.0 | 106.7 | | |

1 Current price value as a percentage of value at 1985 prices. Shows the price difference compared with 1985 for the current pattern of trade.

2 Shows the price difference compared with 1985 for the 1985 pattern of trade (the 1980 pattern up to 1982). Not available for services.

3 Export unit value indices as a percentage of import unit value indices. These values are shown against 'exports' for convenience.

A4 Invisibles: summary

£ million

| Seasonally adjusted | | | | | | | | | | | | Not seasonally adjusted | | |
|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|--------------------|-----------------------------------------|-----------------------------------------------|---------------------|--------------------|-------------------------|---------------------|--------------------|
| Invisibles credits | | | | Invisibles debits | | | | Invisibles balance | | | | Total invisibles | | |
| Services | IPD | Transfers | Total | Services | IPD | Transfers | Total | Private sector and PC: services and IPD | Gen. govt. transactions and private transfers | Total | | Credits | Debits | Balance |
| CGKS | CGKL | CGKT | CGKR | CGHU | CGHJ | CGHV | CGHT | CGIV | CGIS | AIMB | | CGJY | CGGY | CGIK |
| 1978 | 12 501 | 11 181 | 1 213 | 24 895 | 8 959 | 10 375 | 3 004 | 22 338 | 5 038 | -2 481 | 2 557 | 24 895 | 22 338 | 2 557 |
| 1979 | 14 434 | 17 505 | 1 400 | 33 339 | 10 527 | 16 300 | 3 610 | 30 437 | 5 785 | -2 883 | 2 902 | 33 339 | 30 437 | 2 902 |
| 1980 | 15 779 | 23 690 | 1 893 | 41 362 | 11 830 | 23 886 | 3 877 | 39 593 | 4 552 | -2 783 | 1 769 | 41 362 | 39 593 | 1 769 |
| 1981 | 17 026 | 37 529 | 2 792 | 57 347 | 13 103 | 36 319 | 4 339 | 53 761 | 5 965 | -2 379 | 3 586 | 57 347 | 53 761 | 3 586 |
| 1982 | 17 685 | 44 396 | 3 402 | 65 483 | 14 923 | 42 950 | 5 143 | 63 016 | 5 671 | -3 204 | 2 467 | 65 483 | 63 016 | 2 467 |
| 1983 | 19 843 | 42 471 | 3 744 [†] | 66 058 [†] | 16 122 | 39 624 | 5 344 | 61 090 | 8 045 | -3 077 [†] | 4 968 [†] | 66 058 [†] | 61 090 | 4 968 [†] |
| 1984 | 22 086 | 51 698 [†] | 4 034 | 77 818 | 18 144 [†] | 47 266 | 5 751 [†] | 71 161 [†] | 10 065 | -3 408 | 6 657 | 77 818 | 71 161 [†] | 6 657 |
| 1985 | 24 794 | 52 299 | 3 629 | 80 722 | 18 832 | 49 552 [†] | 6 637 | 75 021 | 10 751 [†] | -5 050 | 5 701 | 80 722 | 75 021 | 5 701 |
| 1986 | 25 819 | 47 795 | 3 843 | 77 457 | 20 188 | 42 439 | 5 979 | 68 606 | 13 289 | -4 438 | 8 851 | 77 457 | 68 606 | 8 851 |
| 1987 | 27 819 [†] | 48 804 | 3 840 | 80 463 | 22 486 | 43 417 | 7 292 | 73 195 | 13 374 | -6 106 | 7 268 | 80 463 | 73 195 | 7 268 |
| 1988 | 27 558 | 55 308 | 3 655 | 86 521 | 24 085 | 49 307 | 7 237 | 80 629 | 12 139 | -6 247 | 5 892 | 86 521 | 80 629 | 5 892 |
| 1980 Q1 | 3 931 | 5 683 | 445 | 10 059 | 2 978 | 5 745 | 928 | 9 651 | 1 026 | -618 | 408 | 9 655 | 9 341 | 314 |
| Q2 | 3 901 | 6 252 | 414 | 10 567 | 2 977 | 6 438 | 1 011 | 10 426 | 969 | -828 | 141 | 10 515 | 10 503 | 12 |
| Q3 | 3 940 | 5 719 | 443 | 10 102 | 2 938 | 5 764 | 1 015 | 9 717 | 1 161 | -776 | 385 | 10 690 | 10 131 | 559 |
| Q4 | 4 007 | 6 036 | 591 | 10 634 | 2 937 | 5 939 | 923 | 9 799 | 1 396 | -561 | 835 | 10 502 | 9 618 | 884 |
| 1981 Q1 | 4 028 | 7 199 | 1 033 | 12 260 | 2 984 | 6 948 | 1 085 | 11 017 | 1 426 | -183 | 1 243 | 11 888 | 10 691 | 1 197 |
| Q2 | 4 138 | 8 414 | 433 | 12 985 | 3 167 | 8 041 | 1 021 | 12 229 | 1 539 | -783 | 756 | 12 930 | 12 321 | 609 |
| Q3 | 4 399 | 10 255 | 533 | 15 187 | 3 451 | 9 974 | 1 204 | 14 629 | 1 443 | -885 | 558 | 15 753 | 15 090 | 663 |
| Q4 | 4 461 | 11 661 | 793 | 16 915 | 3 501 | 11 356 | 1 029 | 15 886 | 1 557 | -528 | 1 029 | 16 776 | 15 659 | 1 117 |
| 1982 Q1 | 4 363 | 10 393 | 1 380 | 16 136 | 3 482 | 10 305 | 1 255 | 15 042 | 1 265 | -171 | 1 094 | 15 754 | 14 641 | 1 113 |
| Q2 | 4 455 | 11 241 | 526 | 16 222 | 3 761 | 10 818 | 1 269 | 15 848 | 1 482 | -1 108 | 374 | 16 150 | 16 003 | 147 |
| Q3 | 4 362 | 11 241 | 672 | 16 275 | 3 832 | 10 839 | 1 319 | 15 990 | 1 350 | -1 065 | 285 | 16 853 | 16 502 | 351 |
| Q4 | 4 505 | 11 521 | 824 | 16 850 | 3 848 | 10 988 | 1 300 | 16 136 | 1 574 | -860 | 714 | 16 726 | 15 870 | 856 |
| 1983 Q1 | 4 889 [†] | 11 480 | 1 275 [†] | 17 644 [†] | 3 885 [†] | 10 665 | 1 224 [†] | 15 774 [†] | 2 167 [†] | -297 [†] | 1 870 [†] | 17 206 [†] | 15 400 | 1 806 [†] |
| Q2 | 4 891 | 9 960 | 716 | 15 567 | 3 963 | 9 539 | 1 392 | 14 954 | 1 631 | -1 018 | 613 | 15 479 | 15 037 | 442 |
| Q3 | 5 019 | 10 353 | 839 | 16 211 | 4 181 | 9 350 | 1 258 | 14 789 | 2 213 | -791 | 1 422 | 16 894 | 15 282 [†] | 1 612 |
| Q4 | 5 044 | 10 678 | 914 | 16 636 | 4 093 | 10 010 | 1 470 | 15 573 | 2 034 | -971 | 1 063 | 16 479 | 15 371 | 1 108 |
| 1984 Q1 | 5 322 | 11 357 [†] | 1 060 | 17 739 | 4 286 | 10 462 | 1 366 | 16 114 | 2 332 | -707 | 1 625 | 17 482 | 16 037 | 1 445 |
| Q2 | 5 375 | 11 977 | 755 | 18 107 | 4 506 | 11 106 | 1 400 | 17 012 | 2 182 | -1 087 | 1 095 | 17 891 | 16 929 | 962 |
| Q3 | 5 565 | 13 630 | 769 | 19 964 | 4 560 | 12 665 | 1 402 | 18 627 | 2 402 | -1 065 | 1 337 | 20 687 | 18 962 | 1 725 |
| Q4 | 5 824 | 14 734 | 1 450 | 22 008 | 4 792 | 13 033 | 1 583 | 19 408 | 3 149 | -549 | 2 600 | 21 758 | 19 233 | 2 525 |
| 1985 Q1 | 6 159 | 14 494 | 995 | 21 648 | 4 854 | 13 587 [†] | 1 802 | 20 243 | 2 715 | -1 310 | 1 405 | 21 375 | 20 179 | 1 196 |
| Q2 | 6 229 | 13 508 | 779 | 20 516 | 4 661 | 12 843 | 1 422 | 18 926 | 2 705 | -1 115 | 1 590 | 20 256 | 18 803 | 1 453 |
| Q3 | 6 170 | 12 473 | 987 | 19 630 | 4 527 | 11 673 | 1 853 | 18 053 | 2 999 | -1 422 | 1 577 | 20 491 | 18 519 | 1 972 |
| Q4 | 6 236 | 11 824 | 868 | 18 928 | 4 790 | 11 449 | 1 560 | 17 799 | 2 332 | -1 203 | 1 129 | 18 600 | 17 520 | 1 080 |
| 1986 Q1 | 6 422 | 11 758 | 1 056 | 19 236 | 4 909 | 10 705 | 992 | 16 606 | 3 165 | -535 | 2 630 | 18 806 | 16 303 | 2 503 |
| Q2 | 6 281 | 11 548 | 1 035 | 18 864 | 4 970 | 10 267 | 1 566 | 16 803 | 3 127 | -1 066 | 2 061 | 18 709 | 16 721 | 1 988 |
| Q3 | 6 419 | 12 055 | 941 | 19 415 | 5 083 | 10 550 | 1 749 | 17 382 | 3 390 | -1 357 | 2 033 | 20 323 | 18 128 | 2 195 |
| Q4 | 6 697 | 12 434 | 811 | 19 942 | 5 226 | 10 917 | 1 672 | 17 815 | 3 607 | -1 480 | 2 127 | 19 619 | 17 454 | 2 165 |
| 1987 Q1 | 6 712 | 11 981 | 1 250 | 19 943 | 5 267 | 10 469 | 2 035 | 17 771 | 3 559 | -1 387 | 2 172 | 19 582 | 17 463 | 2 119 |
| Q2 | 6 973 | 12 206 | 1 064 | 20 243 | 5 588 | 10 880 | 1 818 | 18 286 | 3 296 | -1 339 | 1 957 | 20 043 | 18 103 | 1 940 |
| Q3 | 7 287 | 12 343 | 863 | 20 493 | 5 814 | 10 942 | 1 863 | 18 619 | 3 587 | -1 713 | 1 874 | 21 508 | 19 581 | 1 927 |
| Q4 | 6 847 | 12 274 | 663 | 19 784 | 5 817 | 11 126 | 1 576 | 18 519 | 2 932 | -1 667 | 1 265 | 19 330 | 18 048 | 1 282 |
| 1988 Q1 | 6 805 | 12 653 | 869 | 20 327 | 5 966 | 11 470 | 1 872 | 19 308 | 2 608 | -1 589 | 1 019 | 19 876 | 18 807 | 1 069 |
| Q2 | 6 867 | 13 371 | 1 008 | 21 246 | 5 895 | 11 642 | 1 915 | 19 452 | 3 366 | -1 572 | 1 794 | 21 096 | 19 396 | 1 700 |
| Q3 | 6 966 | 14 473 | 984 | 22 423 | 5 993 | 12 955 | 1 217 | 20 165 | 3 139 | -881 | 2 258 | 23 538 | 21 237 | 2 301 |
| Q4 | 6 920 | 14 811 | 794 | 22 525 | 6 231 | 13 240 | 2 233 | 21 704 | 3 026 | -2 205 | 821 | 22 011 | 21 189 | 822 |

Private sector and public corporations

| | Sea transport | | | Civil aviation | | | Travel | | | Financial and other services | | |
|-------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|-------------------|--------------------|--------------------|---------------------|------------------------------|--------------------|--------------------|
| | Credits | Debits | Balance | Credits | Debits | Balance | Credits | Debits | Balance | Credits | Debits | Balance |
| | CGJW | CGGW | HBTO | CGJO | CGGG | HDJA | CGKA | CGHA | HBYE | HHDE | HBVH | HHCW |
| 1978 | 3 149 | 3 162 | -13 | 1 455 | 1 173 | 282 | 2 507 | 1 549 | 958 | 5 136 | 2 089 | 3 047 |
| 1979 | 3 804 | 3 677 | 127 | 1 755 | 1 462 | 293 | 2 797 | 2 109 | 688 | 5 813 | 2 206 | 3 607 |
| 1980 | 3 816 | 3 675 | 141 | 2 210 | 1 839 | 371 | 2 961 | 2 738 | 223 | 6 477 | 2 413 | 4 064 |
| 1981 | 3 784 | 3 944 | -160 | 2 359 | 1 966 | 393 | 2 970 | 3 272 | -302 | 7 512 | 2 657 | 4 855 |
| 1982 | 3 267 | 3 891 | -624 | 2 471 | 2 172 | 299 | 3 188 | 3 640 | -452 | 8 355 | 3 466 | 4 889 |
| 1983 | 3 054 | 4 205 | -1 151 | 2 665 | 2 345 | 320 | 4 003 | 4 090 | -87 | 9 651 | 3 960 | 5 691 |
| 1984 | 3 253 | 4 355 [†] | -1 102 [†] | 2 931 | 2 694 | 237 | 4 614 | 4 663 | -49 | 10 814 | 4 777 [†] | 6 037 [†] |
| 1985 | 3 271 | 4 434 | -1 163 | 3 078 | 2 925 | 153 | 5 442 | 4 871 | 571 | 12 522 | 4 822 | 7 700 |
| 1986 | 3 230 | 4 295 | -1 065 | 2 786 | 3 200 | -414 | 5 553 | 6 083 | -530 | 13 743 | 4 703 | 9 040 |
| 1987 | 3 341 | 4 464 | -1 123 | 3 159 | 3 778 | -619 | 6 260 [†] | 7 280 [†] | -1 020 [†] | 14 542 [†] | 4 847 | 9 695 |
| 1988 | 3 540 [†] | 4 501 | -961 | 3 215 [†] | 4 025 [†] | -810 [†] | 6 216 | 8 190 | -1 974 | 14 153 | 5 020 | 9 133 |
| Not seasonally adjusted | | | | | | | | | | | | |
| 1984 Q1 | 739 | 1 050 | -311 | 561 | 532 | 29 | 727 | 715 | 12 | 2 713 | 1 115 | 1 598 |
| Q2 | 807 | 1 070 [†] | -263 [†] | 693 | 646 | 47 | 1 075 | 1 182 | -107 | 2 605 | 1 183 [†] | 1 422 [†] |
| Q3 | 885 | 1 073 | -188 | 901 | 855 | 46 | 1 751 | 1 835 | -84 | 2 723 | 1 220 | 1 503 |
| Q4 | 822 | 1 162 | -340 | 776 | 661 | 115 | 1 061 | 931 | 130 | 2 773 | 1 259 | 1 514 |
| 1985 Q1 | 786 | 1 170 | -384 | 618 | 617 | 1 | 900 | 845 | 55 | 3 178 [†] | 1 215 | 1 963 |
| Q2 | 860 | 1 163 | -303 | 784 | 734 | 50 | 1 330 | 1 152 | 178 | 3 026 | 1 214 | 1 812 |
| Q3 | 840 | 1 048 | -208 | 941 | 859 | 82 | 2 064 | 1 876 | 188 | 3 177 | 1 179 | 1 998 |
| Q4 | 785 | 1 053 | -268 | 735 | 715 | 20 | 1 148 | 998 | 150 | 3 141 | 1 214 | 1 927 |
| 1986 Q1 | 772 | 1 012 | -240 | 618 | 718 | -100 | 937 | 897 | 40 | 3 383 | 1 147 | 2 236 |
| Q2 | 867 | 1 112 | -245 | 648 | 789 | -141 | 1 278 | 1 458 | -180 | 3 302 | 1 159 | 2 143 |
| Q3 | 802 | 1 069 | -267 | 820 | 960 | -140 | 2 095 | 2 543 | -448 | 3 569 | 1 174 | 2 395 |
| Q4 | 789 | 1 102 | -313 | 700 | 733 | -33 | 1 243 | 1 185 | 58 | 3 489 | 1 223 | 2 266 |
| 1987 Q1 | 713 | 1 004 | -291 | 580 | 782 | -202 | 1 015 [†] | 1 086 [†] | -71 [†] | 3 593 | 1 177 | 2 416 |
| Q2 | 831 | 1 115 | -284 | 796 | 915 | -119 | 1 497 | 1 797 | -300 | 3 576 | 1 197 | 2 379 |
| Q3 | 919 | 1 171 | -252 | 1 043 | 1 182 | -139 | 2 371 | 2 991 | -620 | 3 977 | 1 229 | 2 748 |
| Q4 | 878 | 1 174 | -296 | 740 | 899 | -159 | 1 377 | 1 406 | -29 | 3 396 | 1 244 | 2 152 |
| 1988 Q1 | 804 | 1 082 | -278 | 617 [†] | 926 | -309 [†] | 1 061 | 1 342 | -281 | 3 533 | 1 253 | 2 280 |
| Q2 | 890 [†] | 1 088 | -198 | 806 | 947 | -141 | 1 488 | 1 966 | -478 | 3 463 | 1 251 | 2 212 |
| Q3 | 954 | 1 166 | -212 | 1 040 | 1 202 [†] | -162 | 2 257 | 3 207 | -950 | 3 750 | 1 274 | 2 476 |
| Q4 | 892 | 1 165 | -273 | 752 | 950 | -198 | 1 410 | 1 675 | -265 | 3 407 | 1 242 | 2 165 |
| Seasonally adjusted | | | | | | | | | | | | |
| | CGKP | CGHR | HHCS | CGKE | CGHF | HHCT | CGKU | CGHW | HHCU | HHDD | CGHN | HHCV |
| 1984 Q1 | 785 [†] | 1 043 [†] | -258 [†] | 696 [†] | 614 [†] | 82 [†] | 1 066 | 1 096 | -30 | 2 666 [†] | 1 136 | 1 530 [†] |
| Q2 | 803 | 1 065 | -262 | 711 | 646 | 65 | 1 134 | 1 190 | -56 | 2 637 | 1 191 [†] | 1 446 |
| Q3 | 847 | 1 082 | -235 | 735 | 709 | 26 | 1 194 | 1 134 | 60 | 2 661 | 1 216 | 1 445 |
| Q4 | 818 | 1 165 | -347 | 789 | 725 | 64 | 1 220 | 1 243 | -23 | 2 850 | 1 234 | 1 616 |
| 1985 Q1 | 834 | 1 171 | -337 | 767 | 701 | 66 | 1 329 | 1 287 | 42 | 3 113 | 1 239 | 1 874 |
| Q2 | 852 | 1 159 | -307 | 796 | 731 | 65 | 1 404 | 1 142 | 262 | 3 064 | 1 215 | 1 849 |
| Q3 | 800 | 1 048 | -248 | 763 | 709 | 54 | 1 382 | 1 134 | 248 | 3 106 | 1 170 | 1 936 |
| Q4 | 785 | 1 056 | -271 | 752 | 784 | -32 | 1 327 | 1 308 | 19 | 3 239 | 1 198 | 2 041 |
| 1986 Q1 | 818 | 1 038 | -220 | 772 | 815 | -43 | 1 365 | 1 381 | -16 | 3 333 | 1 160 | 2 173 |
| Q2 | 855 | 1 092 | -237 | 642 | 789 | -147 | 1 342 | 1 504 | -162 | 3 340 | 1 155 | 2 185 |
| Q3 | 762 | 1 067 | -305 | 649 | 784 | -135 | 1 414 | 1 614 | -200 | 3 484 | 1 179 | 2 305 |
| Q4 | 795 | 1 098 | -303 | 723 | 812 | -89 | 1 432 | 1 584 | -152 | 3 586 | 1 209 | 2 377 |
| 1987 Q1 | 759 | 1 010 | -251 | 732 | 889 | -157 | 1 497 [†] | 1 680 [†] | -183 [†] | 3 550 | 1 185 | 2 365 |
| Q2 | 816 | 1 116 | -300 | 804 | 921 | -117 | 1 578 | 1 867 | -289 | 3 633 | 1 197 | 2 436 |
| Q3 | 874 | 1 165 | -291 | 831 | 969 | -138 | 1 596 | 1 906 | -310 | 3 868 | 1 230 | 2 638 |
| Q4 | 892 | 1 173 | -281 | 792 | 999 | -207 | 1 589 | 1 827 | -238 | 3 491 | 1 235 | 2 256 |
| 1988 Q1 | 853 | 1 082 | -229 | 778 | 1 043 | -265 | 1 541 | 2 034 | -493 | 3 480 | 1 257 | 2 223 |
| Q2 | 866 | 1 088 | -222 | 809 | 948 | -139 | 1 563 | 2 005 | -442 | 3 529 | 1 248 | 2 281 |
| Q3 | 909 | 1 159 | -250 | 822 | 980 | -158 | 1 509 | 2 025 | -516 | 3 634 | 1 275 | 2 359 |
| Q4 | 912 | 1 172 | -260 | 806 | 1 054 | -248 | 1 603 | 2 126 | -523 | 3 510 | 1 240 | 2 270 |

| Private sector and public corporations | | | | General government | | | | Total services | | | |
|----------------------------------------|---------------------|---------------------|--------------------|----------------------|------------------|------------------|--------------------|---------------------|---------------------|---------------------|--------------------|
| All services | | | Credits | | | | | | | | |
| | Credits | Debits | Balance | From EC institutions | Other | Total | Debits | Balance | Credits | Debits | Balance |
| | CGJU | CGGU | CGIL | CGPJ | CGPK | CGJR | CGGI | CGIG | CGJZ | CGGZ | CGIN |
| 1978 | 12 247 | 7 973 | 4 274 | 94 | 160 | 254 | 986 | -732 | 12 501 | 8 959 | 3 542 |
| 1979 | 14 169 | 9 454 | 4 715 | 115 | 150 | 265 | 1 073 | -808 | 14 434 | 10 527 | 3 907 |
| 1980 | 15 464 | 10 665 | 4 799 | 112 | 203 | 315 | 1 165 | -850 | 15 779 | 11 830 | 3 949 |
| 1981 | 16 625 | 11 839 | 4 786 | 122 | 279 | 401 | 1 264 | -863 | 17 026 | 13 103 | 3 923 |
| 1982 | 17 281 | 13 169 | 4 112 | 150 | 254 | 404 | 1 754 | -1 350 | 17 685 | 14 923 | 2 762 |
| 1983 | 19 373 | 14 600 | 4 773 | 148 | 322 | 470 | 1 522 | -1 052 | 19 843 | 16 122 | 3 721 |
| 1984 | 21 612 | 16 489 [†] | 5 123 [†] | 186 | 288 | 474 | 1 655 | -1 181 | 22 086 | 18 144 [†] | 3 942 [†] |
| 1985 | 24 313 | 17 052 | 7 261 | 157 | 324 | 481 | 1 780 | -1 299 | 24 794 | 18 832 | 5 962 |
| 1986 | 25 312 | 18 281 | 7 031 | 157 | 350 | 507 | 1 907 | -1 400 | 25 819 | 20 188 | 5 631 |
| 1987 | 27 302 [†] | 20 369 | 6 933 | 127 | 390 [†] | 517 [†] | 2 117 | -1 600 [†] | 27 819 [†] | 22 486 | 5 333 |
| 1988 | 27 124 | 21 736 | 5 388 | 85 [†] | 349 | 434 | 2 349 [†] | -1 915 | 27 558 | 24 085 | 3 473 |
| Not seasonally adjusted | | | | | | | | | | | |
| 1984 Q1 | 4 740 | 3 412 | 1 328 | 41 | 103 | 144 | 397 | -253 | 4 884 | 3 809 | 1 075 |
| Q2 | 5 180 | 4 081 | 1 099 | 38 | 37 | 75 | 414 | -339 | 5 255 | 4 495 | 760 |
| Q3 | 6 260 | 4 983 | 1 277 | 46 | 73 | 119 | 419 | -300 | 6 379 | 5 402 | 977 |
| Q4 | 5 432 | 4 013 [†] | 1 419 [†] | 61 | 75 | 136 | 425 | -289 | 5 568 | 4 438 [†] | 1 130 [†] |
| 1985 Q1 | 5 482 [†] | 3 847 | 1 635 | 38 | 117 | 155 | 456 | -301 | 5 637 [†] | 4 303 | 1 334 |
| Q2 | 6 000 | 4 263 | 1 737 | 39 | 53 | 92 | 414 | -322 | 6 092 | 4 677 | 1 415 |
| Q3 | 7 022 | 4 962 | 2 060 | 40 | 70 | 110 | 466 | -356 | 7 132 | 5 428 | 1 704 |
| Q4 | 5 809 | 3 980 | 1 829 | 40 | 84 | 124 | 444 | -320 | 5 933 | 4 424 | 1 509 |
| 1986 Q1 | 5 710 | 3 774 | 1 936 | 31 | 149 | 180 | 515 | -335 | 5 890 | 4 289 | 1 601 |
| Q2 | 6 095 | 4 518 | 1 577 | 50 | 36 | 86 | 430 | -344 | 6 181 | 4 948 | 1 233 |
| Q3 | 7 286 | 5 746 | 1 540 | 29 | 69 | 98 | 439 | -341 | 7 384 | 6 185 | 1 199 |
| Q4 | 6 221 | 4 243 | 1 978 | 47 | 96 | 143 | 523 | -380 | 6 364 | 4 766 | 1 598 |
| 1987 Q1 | 5 901 | 4 049 | 1 852 | 64 | 175 | 239 | 503 | -264 | 6 140 | 4 552 | 1 588 |
| Q2 | 6 700 | 5 024 | 1 676 | 46 | 55 | 101 | 487 | -386 | 6 801 | 5 511 | 1 290 |
| Q3 | 8 310 | 6 573 | 1 737 | 16 | 86 [†] | 102 [†] | 544 | -442 [†] | 8 412 | 7 117 | 1 295 |
| Q4 | 6 391 | 4 723 | 1 668 | 1 | 74 | 75 | 583 | -508 | 6 466 | 5 306 | 1 160 |
| 1988 Q1 | 6 015 | 4 603 | 1 412 | 80 | 126 | 206 | 550 | -344 | 6 221 | 5 153 | 1 068 |
| Q2 | 6 647 | 5 252 | 1 395 | 1 | 60 | 61 | 606 [†] | -545 | 6 708 | 5 858 | 850 |
| Q3 | 8 001 | 6 849 | 1 152 | 3 | 80 | 83 | 554 | -471 | 8 084 | 7 403 | 681 |
| Q4 | 6 461 | 5 032 | 1 429 | 1 [†] | 83 | 84 | 639 | -555 | 6 545 | 5 671 | 874 |
| Seasonally adjusted | | | | | | | | | | | |
| | CGKN | CGHP | CGIT | | CGPO | CGKK | CGHH | CGIP | CGKS | CGHU | AIMC |
| 1984 Q1 | 5 213 [†] | 3 889 [†] | 1 324 [†] | 41 | 68 | 109 | 397 | -288 | 5 322 [†] | 4 286 [†] | 1 036 [†] |
| Q2 | 5 285 | 4 092 | 1 193 | 38 | 52 | 90 | 414 | -324 | 5 375 | 4 506 | 869 |
| Q3 | 5 437 | 4 141 | 1 296 | 46 | 82 | 128 | 419 | -291 | 5 565 | 4 560 | 1 005 |
| Q4 | 5 677 | 4 367 | 1 310 | 61 | 86 | 147 | 425 | -278 | 5 824 | 4 792 | 1 032 |
| 1985 Q1 | 6 043 | 4 398 | 1 645 | 38 | 78 | 116 | 456 | -340 | 6 159 | 4 854 | 1 305 |
| Q2 | 6 116 | 4 247 | 1 869 | 39 | 74 | 113 | 414 | -301 | 6 229 | 4 661 | 1 568 |
| Q3 | 6 051 | 4 061 | 1 990 | 40 | 79 | 119 | 466 | -347 | 6 170 | 4 527 | 1 643 |
| Q4 | 6 103 | 4 346 | 1 757 | 40 | 93 | 133 | 444 | -311 | 6 236 | 4 790 | 1 446 |
| 1986 Q1 | 6 288 | 4 394 | 1 894 | 31 | 103 | 134 | 515 | -381 | 6 422 | 4 909 | 1 513 |
| Q2 | 6 179 | 4 540 | 1 639 | 50 | 52 | 102 | 430 | -328 | 6 281 | 4 970 | 1 311 |
| Q3 | 6 309 | 4 644 | 1 665 | 29 | 81 | 110 | 439 | -329 | 6 419 | 5 083 | 1 336 |
| Q4 | 6 536 | 4 703 | 1 833 | 47 | 114 | 161 | 523 | -362 | 6 697 | 5 226 | 1 471 |
| 1987 Q1 | 6 538 | 4 764 | 1 774 | 64 | 110 [†] | 174 [†] | 503 | -329 [†] | 6 712 | 5 267 | 1 445 |
| Q2 | 6 831 | 5 101 | 1 730 | 46 | 96 | 142 | 487 | -345 | 6 973 | 5 588 | 1 385 |
| Q3 | 7 169 | 5 270 | 1 899 | 16 | 102 | 118 | 544 | -426 | 7 287 | 5 814 | 1 473 |
| Q4 | 6 764 | 5 234 | 1 530 | 1 | 82 | 83 | 583 | -500 | 6 847 | 5 817 | 1 030 |
| 1988 Q1 | 6 652 | 5 416 | 1 236 | 80 | 73 | 153 | 550 | -397 | 6 805 | 5 966 | 839 |
| Q2 | 6 767 | 5 289 | 1 478 | 1 | 99 | 100 | 606 [†] | -506 | 6 867 | 5 895 | 972 |
| Q3 | 6 874 | 5 439 | 1 435 | 3 | 89 | 92 | 554 | -462 | 6 966 | 5 993 | 973 |
| Q4 | 6 831 | 5 592 | 1 239 | 1 [†] | 88 | 89 | 639 | -550 | 6 920 | 6 231 | 689 |

Credits - earnings on:

| | Portfolio investment | | | | Lending etc to overseas residents by UK banks | | Of which: identified foreign currency lending | | Deposits and lending overseas by UK residents other than banks and general government | | Other external assets of central government | | Of which: | | |
|-------------------------|----------------------|--------------------|--------------------|--------------------|-----------------------------------------------|---------------------|-----------------------------------------------|------------------|---------------------------------------------------------------------------------------|------------------|---------------------------------------------|---------------------|--------------------|----------------------------------------|--------------------|
| | Direct investment | UK banks | Other UK residents | Total | | | | | Transactions with banks abroad | Other assets | Official reserves | | Total credits | Private sector and public corporations | General government |
| 1978 | HHBY | HESH | HHHR | CGNV | HERG | HHIJ | HERH | HERJ | HHCB | HERI | CGJS | CGNT | CGNR | | |
| 1978 | 3 216 | 40 | 360 | 400 | 6 559 | 6 180 | 216 | 97 | 536 | 157 | 11 181 | 10 489 | 692 | | |
| 1979 | 5 819 | 50 | 490 | 540 | 9 812 | 9 296 | 355 | 163 | 653 | 163 | 17 505 | 16 689 | 816 | | |
| 1980 | 5 049 | 80 | 670 | 750 | 16 045 | 15 285 | 684 | 215 | 799 | 148 | 23 690 | 22 744 | 946 | | |
| 1981 | 5 418 | 200 | 790 | 990 | 28 740 | 27 586 | 1 158 | 253 | 857 | 113 | 37 529 | 36 558 | 971 | | |
| 1982 | 4 804 | 350 | 1 300 | 1 650 | 34 502 | 33 161 | 1 596 | 865 | 761 | 218 | 44 396 | 43 417 | 979 | | |
| 1983 | 6 198 | 840 | 1 823 | 2 663 | 30 709 | 29 099 | 1 388 | 748 | 589 | 176 | 42 471 | 41 707 | 764 | | |
| 1984 | 7 824 | 1 423 | 2 260 [†] | 3 683 [†] | 36 664 | 34 659 | 1 708 | 1 002 | 587 | 230 | 51 698 [†] | 50 881 [†] | 817 | | |
| 1985 | 7 749 [†] | 2 301 | 2 685 | 4 986 | 35 823 | 32 787 | 1 975 | 1 031 | 538 | 197 | 52 299 | 51 564 | 735 | | |
| 1986 | 7 791 | 2 621 | 3 211 | 5 832 | 30 910 | 28 108 | 1 673 | 824 | 608 | 157 | 47 795 | 47 031 | 764 | | |
| 1987 | 11 052 | 2 476 [†] | 3 448 | 5 924 | 28 535 [†] | 25 390 [†] | 1 716 [†] | 645 [†] | 854 | 78 | 48 804 | 47 872 | 932 | | |
| 1988 | 12 380 | 2 483 | 3 549 | 6 032 | 32 962 | 29 177 | 1 821 | 649 | 1 351 [†] | 113 [†] | 55 308 | 53 844 | 1 464 [†] | | |
| Not seasonally adjusted | | | | | | | | | | | | | | | |
| 1984 Q1 | 1 918 | 241 | 521 [†] | 762 [†] | 8 093 | 7 639 | 353 | 216 | 138 | 52 | 11 532 [†] | 11 341 [†] | 191 | | |
| Q2 | 1 714 | 288 | 540 | 828 | 8 576 | 8 078 | 369 | 235 | 172 | 51 | 11 945 | 11 722 | 223 | | |
| Q3 | 2 198 | 397 | 575 | 972 | 9 482 | 8 962 | 435 | 263 | 130 | 63 | 13 543 | 13 350 | 193 | | |
| Q4 | 1 994 | 497 | 624 | 1 121 | 10 513 | 9 980 | 551 | 288 | 147 | 64 | 14 678 | 14 468 | 210 | | |
| 1985 Q1 | 2 323 [†] | 651 | 681 | 1 332 | 10 067 | 9 326 | 555 | 285 | 144 | 32 | 14 738 | 14 562 | 176 | | |
| Q2 | 2 098 | 582 | 682 | 1 264 | 9 118 | 8 390 | 518 | 258 | 131 | 61 | 13 448 | 13 256 | 192 | | |
| Q3 | 1 917 | 548 | 665 | 1 213 | 8 365 | 7 551 | 467 | 248 | 123 | 43 | 12 376 | 12 210 | 166 | | |
| Q4 | 1 411 | 520 | 657 | 1 177 | 8 273 | 7 520 | 435 | 240 | 140 | 61 | 11 737 | 11 536 | 201 | | |
| 1986 Q1 | 1 621 | 615 | 709 | 1 324 | 8 068 | 7 366 | 436 | 225 | 150 | 33 | 11 857 | 11 675 | 182 | | |
| Q2 | 1 891 | 618 | 766 | 1 384 | 7 456 | 6 727 | 439 | 203 | 152 | 33 | 11 558 | 11 373 | 185 | | |
| Q3 | 2 130 | 675 | 837 | 1 512 | 7 578 | 6 907 | 392 | 202 | 151 | 41 | 12 006 | 11 814 | 192 | | |
| Q4 | 2 149 | 713 | 899 | 1 612 | 7 808 | 7 108 | 406 | 194 | 155 | 50 | 12 374 | 12 169 | 205 | | |
| 1987 Q1 | 2 665 | 662 [†] | 920 | 1 582 | 7 147 [†] | 6 386 | 420 | 173 [†] | 159 | 25 | 12 170 | 11 986 | 184 | | |
| Q2 | 2 826 | 621 | 885 | 1 506 | 7 081 | 6 311 [†] | 426 | 162 | 217 | 12 | 12 231 | 12 002 | 229 | | |
| Q3 | 2 836 | 595 | 844 | 1 439 | 7 137 | 6 347 | 435 | 158 | 208 | 19 | 12 232 | 12 005 | 227 | | |
| Q4 | 2 725 | 598 | 799 | 1 397 | 7 170 | 6 346 | 435 [†] | 152 | 270 | 22 | 12 171 | 11 879 | 292 | | |
| 1988 Q1 | 2 692 | 607 | 837 | 1 444 | 7 710 | 6 884 | 458 | 154 | 295 | 33 | 12 786 | 12 459 | 327 | | |
| Q2 | 3 195 | 593 | 840 | 1 433 | 7 826 | 6 984 | 396 | 152 | 350 | 28 | 13 380 | 13 002 | 378 | | |
| Q3 | 3 269 | 625 | 918 | 1 543 | 8 664 | 7 645 | 438 | 177 | 353 | 26 | 14 470 | 14 090 | 380 | | |
| Q4 | 3 224 | 658 | 954 | 1 612 | 8 762 | 7 664 | 529 | 166 | 353 [†] | 26 [†] | 14 672 | 14 293 | 379 [†] | | |
| Seasonally adjusted | | | | | | | | | | | | | | | |
| 1984 Q1 | HHBZ | HHAS | HHHS | CGGS | HHHQ | HHJK | | | HHCC | HHHW | CGKL | CGMI | CGMG | | |
| 1984 Q1 | 1 743 | 241 | 521 [†] | 762 [†] | 8 087 | 7 639 | 353 | 216 | 138 | 58 | 11 357 [†] | 11 161 [†] | 196 | | |
| Q2 | 1 744 | 288 | 540 | 828 | 8 569 | 8 078 | 369 | 235 | 172 | 60 | 11 977 | 11 745 | 232 | | |
| Q3 | 2 287 | 397 | 575 | 972 | 9 480 | 8 962 | 435 | 263 | 130 | 63 | 13 630 | 13 437 | 193 | | |
| Q4 | 2 050 | 497 | 624 | 1 121 | 10 528 | 9 980 | 551 | 288 | 147 | 49 | 14 734 | 14 538 | 196 | | |
| 1985 Q1 | 2 091 [†] | 651 | 681 | 1 332 | 10 050 | 9 326 | 555 | 285 | 144 | 37 | 14 494 | 14 313 | 181 | | |
| Q2 | 2 156 | 582 | 682 | 1 264 | 9 112 | 8 390 | 518 | 258 | 131 | 69 | 13 508 | 13 308 | 200 | | |
| Q3 | 2 009 | 548 | 665 | 1 213 | 8 369 | 7 551 | 467 | 248 | 123 | 44 | 12 473 | 12 306 | 167 | | |
| Q4 | 1 493 | 520 | 657 | 1 177 | 8 292 | 7 520 | 435 | 240 | 140 | 47 | 11 824 | 11 637 | 187 | | |
| 1986 Q1 | 1 528 | 615 | 709 | 1 324 | 8 056 | 7 366 | 436 | 225 | 150 | 39 [†] | 11 758 | 11 569 | 189 | | |
| Q2 | 1 877 | 618 | 766 | 1 384 | 7 452 | 6 727 | 439 | 203 | 152 | 41 | 11 548 | 11 355 | 193 [†] | | |
| Q3 | 2 177 | 675 | 837 | 1 512 | 7 580 | 6 907 | 392 | 202 | 151 | 41 | 12 055 | 11 863 | 192 | | |
| Q4 | 2 209 | 713 | 899 | 1 612 | 7 822 | 7 108 | 406 | 194 | 155 | 36 | 12 434 | 12 244 | 190 | | |
| 1987 Q1 | 2 490 | 662 [†] | 920 | 1 582 | 7 131 [†] | 6 386 | 420 | 173 [†] | 159 | 27 | 11 981 | 11 795 | 186 | | |
| Q2 | 2 803 | 621 | 885 | 1 506 | 7 075 | 6 311 [†] | 426 | 162 | 217 | 16 | 12 206 | 11 973 | 233 | | |
| Q3 | 2 945 | 595 | 844 | 1 439 | 7 139 | 6 347 | 435 | 158 | 208 | 19 | 12 343 | 12 116 | 227 | | |
| Q4 | 2 814 | 598 | 799 | 1 397 | 7 190 | 6 346 | 435 [†] | 152 | 270 | 16 | 12 274 | 11 988 | 286 | | |
| 1988 Q1 | 2 560 | 607 | 837 | 1 444 | 7 710 | 6 884 | 458 | 154 | 295 | 32 | 12 653 | 12 327 | 326 | | |
| Q2 | 3 184 | 593 | 840 | 1 433 | 7 826 | 6 984 | 396 | 152 | 350 | 30 | 13 371 | 12 991 | 380 | | |
| Q3 | 3 272 | 625 | 918 | 1 543 | 8 664 | 7 645 | 438 | 177 | 353 | 26 | 14 473 | 14 094 | 379 | | |
| Q4 | 3 364 | 658 | 954 | 1 612 | 8 762 | 7 664 | 529 | 166 | 353 [†] | 25 | 14 811 | 14 432 | 379 | | |

A6 Interest, profits and dividends

continued

£ million

| Debits - earnings on: | | | | | | | | | | | | | | | Balance of IPD | |
|-------------------------|-------------------------|--------------------|----------------------|--------------------------------|---------------------|--------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------|------------------|----------------------------------------|---------------------|----------------------------------------|--------------------|---------------------|--------------------|-------|
| Direct investment | | | | Overseas borrowing by UK banks | | | Borrowing from overseas by UK residents other than banks and general government | | | Of which: | | | | | | Total |
| Non-oil companies | Oil companies and misc. | Total | Portfolio investment | Foreign currency | Sterling | Transactions with banks abroad | Other liabilities | Other external liabilities of general government | Total debits | Private sector and public corporations | General government | Private sector and public corporations | General government | Total | | |
| CGNX | HHCF | HHCH | HERN | HHID | HHIE | HERO | HERQ | HERR | CGGK | HHII | HERS | CGQD | HERV | CGOA | | |
| 1978 | 1 526 | 707 | 2 233 | 782 | 6 183 | 343 | 513 | 71 | 250 | 10 375 | 9 725 | 650 | 764 | 42 | 806 | |
| 1979 | 2 077 | 1 919 | 3 996 | 844 | 9 717 | 720 | 683 | 90 | 250 | 16 300 | 15 619 | 681 | 1 070 | 135 | 1 205 | |
| 1980 | 1 873 | 2 900 | 4 773 | 1 084 | 15 324 | 1 203 | 1 179 | 51 | 272 | 23 886 | 22 991 | 895 | -247 | 51 | -196 | |
| 1981 | 1 961 | 2 741 | 4 702 | 1 212 | 27 156 | 1 528 | 1 437 | 53 | 231 | 36 319 | 35 379 | 940 | 1 179 | 31 | 1 210 | |
| 1982 | 2 081 | 2 586 | 4 667 | 1 303 | 32 933 | 1 878 | 1 752 | 124 | 293 | 42 950 | 41 858 | 1 092 | 1 559 | -113 | 1 446 | |
| 1983 | 2 308 | 2 958 | 5 266 | 1 362 | 28 893 | 2 032 | 1 631 | 136 | 304 | 39 624 | 38 435 | 1 189 | 3 272 | -425 | 2 847 | |
| 1984 | 2 965 | 3 314 | 6 279 | 1 549 | 34 731 | 2 286 | 1 888 | 200 | 333 | 47 266 | 45 939 | 1 327 | 4 942 [†] | -510 | 4 432 [†] | |
| 1985 | 3 502 [†] | 4 005 | 7 507 [†] | 1 825 | 34 281 | 3 560 | 1 808 | 267 | 304 | 49 552 [†] | 48 074 [†] | 1 478 | 3 490 | -743 | 2 747 | |
| 1986 | 2 997 | 2 215 | 5 212 | 2 380 | 29 038 | 3 553 | 1 665 | 297 | 294 | 42 439 | 40 773 | 1 666 | 6 258 | -902 | 5 356 | |
| 1987 | 3 887 | 2 691 [†] | 6 578 | 3 215 [†] | 27 183 [†] | 4 007 [†] | 1 758 | 368 | 308 | 43 417 | 41 431 | 1 986 [†] | 6 441 | -1 054 [†] | 5 387 | |
| 1988 | 5 094 | 1 677 | 6 771 | 3 917 | 30 739 | 4 997 | 1 965 [†] | 542 [†] | 376 [†] | 49 307 | 47 093 | 2 214 | 6 751 | -750 | 6 001 | |
| Not seasonally adjusted | | | | | | | | | | | | | | | | |
| 1984 Q1 | 709 | 1 110 | 1 819 | 387 | 7 502 | 480 | 396 | 45 | 50 | 10 679 | 10 347 | 332 | 994 [†] | -141 | 853 [†] | |
| Q2 | 772 | 816 | 1 588 | 401 | 7 930 | 519 | 470 | 45 | 94 | 11 047 | 10 728 | 319 | 994 | -96 | 898 | |
| Q3 | 658 | 694 | 1 352 | 432 | 9 335 | 545 | 467 | 55 | 60 | 12 246 | 11 892 | 354 | 1 458 | -161 | 1 297 | |
| Q4 | 826 | 694 | 1 520 | 329 | 9 964 | 742 | 555 | 55 | 129 | 13 294 | 12 972 | 322 | 1 496 | -112 | 1 384 | |
| 1985 Q1 | 898 [†] | 1 459 | 2 357 [†] | 439 | 9 739 | 717 | 486 | 62 | 65 | 13 865 [†] | 13 485 [†] | 380 | 1 077 | -204 | 873 | |
| Q2 | 1 026 | 870 | 1 896 | 434 | 8 912 | 883 | 471 | 69 | 73 | 12 738 | 12 418 | 320 | 838 | -128 | 710 | |
| Q3 | 647 | 669 | 1 316 | 518 | 7 985 | 1 000 | 405 | 67 | 56 | 11 347 | 10 943 | 404 | 1 267 | -238 | 1 029 | |
| Q4 | 931 | 1 007 | 1 938 | 434 | 7 645 | 960 | 446 | 69 | 110 | 11 602 | 11 228 | 374 | 308 | -173 | 135 | |
| 1986 Q1 | 576 | 733 | 1 309 | 592 | 7 471 | 890 | 408 | 69 | 60 | 10 799 | 10 336 | 463 | 1 339 | -281 | 1 058 | |
| Q2 | 808 | 462 | 1 270 | 536 | 6 958 | 899 | 427 | 65 | 67 | 10 222 | 9 884 | 338 | 1 489 | -153 | 1 336 | |
| Q3 | 730 | 311 | 1 041 | 671 | 7 224 | 882 | 381 | 72 | 53 | 10 324 | 9 864 | 460 | 1 950 | -268 | 1 682 | |
| Q4 | 883 | 709 | 1 592 | 581 | 7 385 | 882 | 449 | 91 | 114 | 11 094 | 10 689 | 405 | 1 480 | -200 | 1 280 | |
| 1987 Q1 | 913 | 897 [†] | 1 810 | 796 | 6 525 | 956 | 423 | 83 | 61 | 10 654 | 10 094 | 560 | 1 892 | -376 | 1 516 | |
| Q2 | 998 | 507 | 1 505 | 767 | 6 911 | 1 031 | 438 | 85 | 67 | 10 804 | 10 436 | 368 | 1 566 | -139 | 1 427 | |
| Q3 | 959 | 464 | 1 423 | 931 [†] | 6 813 | 939 | 436 | 93 | 66 | 10 701 | 10 114 | 587 [†] | 1 891 | -360 [†] | 1 531 | |
| Q4 | 1 017 | 823 | 1 840 | 721 | 6 934 [†] | 1 081 [†] | 461 | 107 | 114 | 11 258 | 10 787 | 471 | 1 092 | -179 | 913 | |
| 1988 Q1 | 1 101 | 496 | 1 597 | 923 | 7 376 | 972 | 450 [†] | 106 | 73 | 11 497 | 10 858 | 639 | 1 601 | -312 | 1 289 | |
| Q2 | 1 270 | 365 | 1 635 | 951 | 7 381 | 1 066 | 430 | 119 | 78 | 11 660 | 11 244 | 416 | 1 758 | -38 | 1 720 | |
| Q3 | 1 334 | 359 | 1 693 | 1 063 | 7 963 | 1 280 | 486 | 152 [†] | 84 | 12 721 | 12 063 | 658 | 2 027 | -278 | 1 749 | |
| Q4 | 1 389 | 457 | 1 846 | 980 | 8 019 | 1 679 | 599 | 165 | 141 [†] | 13 429 | 12 928 | 501 | 1 365 | -122 | 1 243 | |
| Seasonally adjusted | | | | | | | | | | | | | | | | |
| CGEU | HHCG | HHCI | HHIA | HHIV | HHIH | HHHX | HHHZ | HHHY | CGHJ | HHHK | HHHL | CGMW | HHHM | AIMD | | |
| 1984 Q1 | 721 | 832 | 1 553 | 359 | 7 502 | 514 | 420 | 45 | 69 | 10 462 | 10 153 | 309 | 1 008 [†] | -113 | 895 [†] | |
| Q2 | 717 | 939 | 1 656 | 405 | 7 930 | 519 | 448 | 45 | 103 | 11 106 | 10 756 | 350 | 989 | -118 | 871 | |
| Q3 | 715 | 987 | 1 702 | 403 | 9 335 | 595 | 495 | 56 | 79 | 12 665 | 12 331 | 334 | 1 106 | -141 | 965 | |
| Q4 | 812 | 556 | 1 368 | 382 | 9 964 | 658 | 525 | 54 | 82 | 13 033 | 12 699 | 334 | 1 839 | -138 | 1 701 | |
| 1985 Q1 | 926 [†] | 1 112 | 2 038 [†] | 394 | 9 739 | 763 | 509 | 62 | 82 | 13 587 [†] | 13 243 [†] | 344 | 1 070 | -163 | 907 | |
| Q2 | 946 | 1 044 | 1 990 | 464 | 8 912 | 876 | 454 | 69 | 78 | 12 843 | 12 472 | 371 | 836 | -171 | 665 | |
| Q3 | 699 | 988 | 1 687 | 475 | 7 985 | 961 | 426 | 67 | 72 | 11 673 | 11 297 | 376 | 1 009 | -209 | 800 | |
| Q4 | 931 | 861 | 1 792 | 492 | 7 645 | 960 | 419 | 69 | 72 | 11 449 | 11 062 | 387 | 575 | -200 | 375 | |
| 1986 Q1 | 607 | 579 | 1 186 | 544 | 7 471 | 931 | 426 [†] | 70 | 77 | 10 705 | 10 298 | 407 | 1 271 | -218 | 1 053 | |
| Q2 | 740 | 569 | 1 309 | 562 | 6 958 | 887 | 414 | 65 | 72 | 10 267 | 9 867 | 400 | 1 488 | -207 [†] | 1 281 | |
| Q3 | 783 | 462 | 1 245 | 606 | 7 224 | 934 | 397 | 72 | 72 | 10 550 | 10 138 | 412 | 1 725 | -220 | 1 505 | |
| Q4 | 867 | 605 | 1 472 | 668 | 7 385 | 801 | 428 | 90 | 73 | 10 917 | 10 470 | 447 | 1 774 | -257 | 1 517 | |
| 1987 Q1 | 969 | 666 [†] | 1 635 | 716 [†] | 6 525 | 995 [†] | 438 | 86 | 74 | 10 469 | 10 010 | 459 [†] | 1 785 | -273 | 1 512 | |
| Q2 | 924 | 633 | 1 557 | 804 | 6 911 | 1 021 | 428 | 89 | 69 | 10 880 | 10 407 | 473 | 1 566 | -240 | 1 326 | |
| Q3 | 1 007 | 675 | 1 682 | 827 | 6 813 | 1 000 | 446 | 94 | 80 | 10 942 | 10 428 | 514 | 1 688 | -287 | 1 401 | |
| Q4 | 987 | 717 | 1 704 | 868 | 6 934 [†] | 990 | 446 | 99 | 85 | 11 126 | 10 586 | 540 | 1 402 | -254 | 1 148 | |
| 1988 Q1 | 1 185 | 369 | 1 554 | 877 | 7 376 | 1 016 | 460 | 101 | 86 | 11 470 | 10 955 | 515 | 1 372 | -189 | 1 183 | |
| Q2 | 1 154 | 428 | 1 582 | 974 | 7 381 | 1 079 | 424 | 121 [†] | 81 [†] | 11 642 | 11 103 | 539 | 1 888 | -159 | 1 729 | |
| Q3 | 1 409 | 512 | 1 921 | 971 | 7 963 | 1 366 | 482 | 154 | 98 | 12 955 | 12 390 | 565 | 1 704 | -186 | 1 518 | |
| Q4 | 1 346 | 368 | 1 714 | 1 095 | 8 019 | 1 536 | 599 | 166 | 111 | 13 240 | 12 645 | 595 | 1 787 | -216 | 1 571 | |

| | Credits | | | | | | | Debits | | | | | | | Balance | | Of which: with EC institutions ¹ |
|-------------------------|---------------------------------|---------------------------|------------------|-----------------------------------|----------------------------|-----------------|--------------------|--------------------|------------------|----------------------------|---------------------|------------------|--------------------|---------------------|---------------------|--|---------------------------------------------------|
| | General government | | | | | | | General government | | | | | | | Total | | |
| | European Community institutions | | | | | | | EC institutions | | | | | | | | | |
| | Private | Agri- cultural Fund | Social Fund | Regional Develop- ment Fund | Negotia- ted refunds | Other | Total | Private | Bilateral aid | Before VAT abatement | VAT abatement | Other | Total | | | | |
| 1978 | CGJV | HCOW | HDIZ | HBZA | CGPI | HHA | HDKD | CGGV | CGEG | HHHO | HHHP | HHAB | CGGJ | CGIO | CGII | | |
| 1978 | 774 | 329 | 63 | 35 | - | 12 | 439 | 901 | 387 | 1 364 | - | 352 | 2 103 | -1 791 | -925 | | |
| 1979 | 850 | 371 | 87 | 71 | - | 21 | 550 | 1 044 | 498 | 1 626 | - | 442 | 2 566 | -2 210 | -1 076 | | |
| 1980 | 935 | 550 | 95 | 173 | 98 | 42 | 958 | 1 139 | 528 | 1 783 | - | 427 | 2 738 | -1 984 | -825 | | |
| 1981 | 1 117 | 683 | 107 | 145 | 693 | 47 | 1 675 | 1 057 | 584 | 2 188 | - | 510 | 3 282 | -1 547 | -513 | | |
| 1982 | 1 248 | 791 | 152 | 111 | 1 019 | 81 | 2 154 | 1 200 | 496 | 2 878 | - | 569 | 3 943 | -1 741 | -724 | | |
| 1983 | 1 509 [†] | 1 082 | 128 | 139 | 807 | 79 | 2 235 | 1 179 | 534 | 2 994 | - | 637 | 4 165 | -1 600 [†] | -759 | | |
| 1984 | 1 642 | 1 353 | 283 | 184 | 528 | 44 | 2 392 | 1 260 [†] | 560 | 3 213 | - | 718 | 4 491 | -1 717 | -821 | | |
| 1985 | 1 759 | 1 203 | 256 | 274 | 61 | 76 | 1 870 | 1 435 | 614 | 3 970 | -166 | 784 | 5 202 | -3 008 | -1 934 | | |
| 1986 | 1 705 | 1 385 | 335 | 298 | - | 120 | 2 138 | 1 608 | 656 | 4 513 | -1 701 | 903 | 4 371 | -2 136 | -674 | | |
| 1987 | 1 569 | 1 344 | 428 | 404 | - | 95 | 2 271 | 1 733 | 570 | 5 219 | -1 153 | 923 [†] | 5 559 [†] | -3 452 | -1 795 | | |
| 1988 | 1 542 | 1 379 [†] | 277 [†] | 370 [†] | - [†] | 87 [†] | 2 113 [†] | 1 855 | 753 [†] | 5 150 [†] | -1 595 [†] | 1 074 | 5 382 | -3 582 | -1 442 [†] | | |
| Not seasonally adjusted | | | | | | | | | | | | | | | | | |
| 1984 Q1 | 399 [†] | 407 | 180 | 67 | - | 13 | 667 | 303 [†] | 248 | 783 | - | 215 | 1 246 | -483 [†] | -116 | | |
| Q2 | 407 | 244 | 10 | 17 | - | 13 | 284 | 311 | 68 | 787 | - | 221 | 1 076 | -696 | -503 | | |
| Q3 | 414 | 306 | 5 | 31 | - | 9 | 351 | 319 | 102 | 748 | - | 145 | 995 | -549 | -397 | | |
| Q4 | 422 | 396 | 88 | 69 | 528 | 9 | 1 090 | 327 | 142 | 895 | - | 137 | 1 174 | 11 | 195 | | |
| 1985 Q1 | 437 | 277 | 101 | 85 | 61 | 39 | 563 | 343 | 290 | 1 137 | - | 241 | 1 668 | -1 011 | -574 | | |
| Q2 | 439 | 231 | 4 | 39 | - | 3 | 277 | 353 | 73 | 721 | - | 241 | 1 035 | -672 | -444 | | |
| Q3 | 441 | 306 | 147 | 78 | - | 11 | 542 | 364 | 124 | 1 091 | - | 165 | 1 380 | -761 | -549 | | |
| Q4 | 442 | 389 | 4 | 72 | - | 23 | 488 | 375 | 127 | 1 021 | -166 | 137 | 1 119 | -564 | -367 | | |
| 1986 Q1 | 435 | 488 | 8 | 94 | - | 34 | 624 | 388 | 292 | 936 | -657 | 256 | 827 | -156 | 345 | | |
| Q2 | 429 | 326 | 184 | 2 | - | 29 | 541 | 397 | 57 | 1 069 | -225 | 253 | 1 154 | -581 | -303 | | |
| Q3 | 423 | 339 | 13 | 140 | - | 18 | 510 | 407 | 113 | 1 347 | -478 | 230 | 1 212 | -686 | -359 | | |
| Q4 | 418 | 232 | 130 | 62 | - | 39 | 463 | 416 | 194 | 1 161 | -341 | 164 | 1 178 | -713 | -357 | | |
| 1987 Q1 | 400 | 626 | 86 | 125 | - | 35 | 872 | 422 | 299 | 1 565 | -299 | 270 | 1 835 | -985 | -394 | | |
| Q2 | 395 | 332 | 226 | 56 | - | 2 | 616 | 429 | 66 | 1 312 | -287 | 268 | 1 359 | -777 | -409 | | |
| Q3 | 390 | 294 | 24 | 119 | - | 37 | 474 | 437 | 104 | 1 307 | -284 | 199 [†] | 1 326 [†] | -899 | -549 | | |
| Q4 | 384 | 92 | 92 | 104 | - | 21 | 309 | 445 | 101 | 1 035 | -283 | 186 | 1 039 | -791 | -443 | | |
| 1988 Q1 | 389 | 336 | 51 | 87 | - | 6 [†] | 480 [†] | 451 | 387 | 1 265 | -283 | 337 | 1 706 | -1 288 | -502 [†] | | |
| Q2 | 387 | 445 | 121 | 51 | - | 4 | 621 | 460 | 76 [†] | 1 285 | -270 | 327 | 1 418 | -870 | -394 | | |
| Q3 | 384 | 402 | 65 | 73 | - | 60 | 600 | 468 | 140 | 954 | -648 | 199 | 645 | -129 | 294 | | |
| Q4 | 382 | 196 [†] | 40 [†] | 159 [†] | - [†] | 17 | 412 | 476 | 150 | 1 646 [†] | -394 [†] | 211 | 1 613 | -1 295 | -840 | | |
| Seasonally adjusted | | | | | | | | | | | | | | | | | |
| 1984 Q1 | 399 [†] | HHAC | HHAD | | | HHAE | HHAH | | CGEM | HHHT | | HHAG | CGHI | AIME | CGIR | | |
| Q2 | 407 | 401 | 180 | 67 | - | 13 | 661 | 303 [†] | 128 | 783 | - | 152 [†] | 1 063 [†] | -306 [†] | -122 | | |
| Q3 | 414 | 308 | 10 | 17 | - | 13 | 348 | 311 | 138 | 787 | - | 164 | 1 089 | -645 | -439 | | |
| Q4 | 422 | 310 | 5 | 31 | - | 9 | 355 | 319 | 137 | 748 | - | 198 | 1 083 | -633 | -393 | | |
| Q4 | 422 | 334 | 88 | 69 | 528 | 9 | 1 028 | 327 | 157 | 895 | - | 204 | 1 256 | -133 | 133 | | |
| 1985 Q1 | 437 | 272 | 101 | 85 | 61 | 39 | 558 | 343 | 149 | 1 137 | - | 173 | 1 459 | -807 | -579 | | |
| Q2 | 439 | 294 | 4 | 39 | - | 3 | 340 | 353 | 155 | 721 | - | 193 | 1 069 | -643 | -381 | | |
| Q3 | 441 | 310 | 147 | 78 | - | 11 | 546 | 364 | 168 | 1 091 | - | 230 | 1 489 | -866 | -545 | | |
| Q4 | 442 | 327 | 4 | 72 | - | 23 | 426 | 375 | 142 | 1 021 | -166 | 188 | 1 185 | -692 | -429 | | |
| 1986 Q1 | 435 | 485 | 8 | 94 | - | 34 | 621 | 388 | 151 | 936 | -657 | 174 | 604 | 64 | 342 | | |
| Q2 | 429 | 391 | 184 | 2 | - | 29 | 606 | 397 | 127 | 1 069 | -225 | 198 | 1 169 | -531 | -238 | | |
| Q3 | 423 | 347 | 13 | 140 | - | 18 | 518 | 407 | 155 | 1 347 | -478 | 318 | 1 342 | -808 | -351 | | |
| Q4 | 418 | 162 | 130 | 62 | - | 39 | 393 | 416 | 223 | 1 161 | -341 | 213 | 1 256 | -861 | -427 | | |
| 1987 Q1 | 400 | 604 | 86 | 125 | - | 35 | 850 | 422 | 152 [†] | 1 565 | -299 | 195 | 1 613 | -785 | -416 | | |
| Q2 | 395 | 385 | 226 | 56 | - | 2 | 669 | 429 | 157 | 1 312 | -287 | 207 | 1 389 | -754 | -356 | | |
| Q3 | 390 | 293 | 24 | 119 | - | 37 | 473 | 437 | 143 | 1 307 | -284 | 260 | 1 426 | -1 000 | -550 | | |
| Q4 | 384 | 62 | 92 | 104 | - | 21 | 279 | 445 | 118 | 1 035 | -283 | 261 | 1 131 | -913 | -473 | | |
| 1988 Q1 | 389 | 336 | 51 | 87 | - | 6 [†] | 480 [†] | 451 | 196 | 1 265 | -283 | 243 | 1 421 | -1 003 | -502 [†] | | |
| Q2 | 387 | 445 | 121 | 51 | - | 4 | 621 | 460 | 184 | 1 285 | -270 | 256 | 1 455 | -907 | -394 | | |
| Q3 | 384 | 402 | 65 | 73 | - | 60 | 600 | 468 | 194 | 954 | -648 | 249 | 749 | -233 | 294 | | |
| Q4 | 382 | 196 [†] | 40 [†] | 159 [†] | - [†] | 17 | 412 | 476 | 179 | 1 646 [†] | -394 [†] | 326 | 1 757 | -1 439 | -840 | | |

1 This series does not have the same coverage as that shown in Table 3.3 of *The Government Expenditure Plans 1988-1989 to 1990-1991 (Cm 288-II)*. The main differences are that the latter excludes the United Kingdom's contribution to the Community Budget expenditure on overseas aid (which is attributed to the aid programme) and includes the services credits shown in Table A5.

A8 Summary of transactions in UK external assets and liabilities¹

£ million, not seasonally adjusted

| | Transactions in external assets | | | | | | | Transactions in external liabilities | | | | | | |
|---------|---------------------------------|----------------------|------------------------------------------------------------|------------------------------------------------------|---------------------|---------------------------------------------|----------------------|-------------------------------------------|--------------------|----------------------------------------------------------------|-----------------------------------------|--------------------|--------------------------------------------------|---------------------|
| | UK investment overseas | | Deposits and lending overseas by UK residents | | | Other external assets of central government | | Overseas investment in the United Kingdom | | Borrowing from overseas by UK residents | | | Other external liabilities of general government | |
| | Direct | Portfolio | Lending etc to overseas residents by UK banks ² | other than banks and general government ³ | Official reserves | HEUJ | HEPZ | Direct | Portfolio | Borrowing etc from overseas residents by UK banks ² | other than banks and general government | Total | Total | Net transactions |
| | | | | | | | | | | | | | | |
| | HHBV | CGOS | HEYN | HETJ | AIPA | HEUJ | HEPZ | HHBU | HEYR | HEYS | HTEV | HEUR | HEQW | HEQU |
| 1978 | -3 520 | -1 073 | -1 193 | -739 | 2 329 | -181 | -4 377 | 1 962 | -139 | -793 | 1 181 | -705 | 1 506 | -2 871 |
| 1979 | -5 889 | -887 | -29 894 | -2 323 | -1 059 | -137 | -40 189 | 3 030 | 1 549 | 33 540 | 1 544 | -217 | 39 446 | -743 |
| 1980 | -4 866 | -3 310 | -32 613 | -2 710 | -291 | 351 | -43 439 | 4 355 | 1 499 | 33 549 | 758 | -594 | 39 567 | -3 872 |
| 1981 | -6 005 | -4 468 | -39 919 | -2 889 | 2 419 | 93 | -50 769 | 2 932 | 323 | 39 260 | 1 089 | -206 | 43 398 | -7 371 |
| 1982 | -4 091 | -7 563 | -20 540 | -471 | 1 421 | -161 | -31 405 | 3 027 | 225 | 24 325 | 1 069 | 407 | 29 053 | -2 352 |
| 1983 | -5 417 | -7 193 | -18 394 | 704 | 607 | -478 | -30 171 | 3 386 | 1 888 | 21 137 | -17 | -584 | 25 810 | -4 361 |
| 1984 | -6 003 | -9 866 | -14 372 | -1 962 | 908 | -743 | -32 038 | -181 | 1 419 | 24 797 | -1 706 | -40 | 24 289 | -7 749 |
| 1985 | -8 800 [†] | -19 440 | -21 835 | -721 | -1 758 | -730 | -53 284 [†] | 3 784 [†] | 7 121 | 29 461 | 3 390 | 23 | 43 779 [†] | -9 505 [†] |
| 1986 | -11 290 | -25 644 [†] | -53 809 | -832 [†] | -2 891 | -510 | -94 976 | 4 846 | 8 066 [†] | 63 721 | 4 314 | 178 | 81 125 | -13 851 |
| 1987 | -18 775 | 1 526 | -50 381 [†] | -4 713 | -12 012 | -797 | -85 152 | 8 108 | 9 665 | 52 906 [†] | 3 447 [†] | 1 575 [†] | 75 701 | -9 451 |
| 1988 | -14 937 | -10 872 | -19 266 | -2 372 | -2 761 [†] | -886 [†] | -51 094 | 7 114 | 4 134 | 33 712 | 5 089 | 483 | 50 532 | -562 |
| 1980 Q1 | -1 581 | -527 | -10 815 | -1 106 | -457 | 88 | -14 398 | 1 303 | 33 | 11 258 | 344 | 88 | 13 026 | -1 372 |
| Q2 | -1 642 | -323 | -5 511 | -554 | -140 | 11 | -8 159 | 861 | 968 | 6 190 | 180 | -258 | 7 941 | -218 |
| Q3 | -626 | -1 140 | -3 347 | 154 | 223 | 38 | -4 698 | 941 | 533 | 3 379 | -382 | -121 | 4 350 | -348 |
| Q4 | -1 017 | -1 320 | -12 940 | -1 204 | 83 | 214 | -16 184 | 1 250 | -35 | 12 722 | 616 | -303 | 14 250 | -1 934 |
| 1981 Q1 | -1 535 | -1 450 | -11 199 | -696 | -319 | 85 | -15 114 | 377 | 8 | 9 905 | 485 | 40 | 10 815 | -4 299 |
| Q2 | -1 328 | -1 079 | -6 737 | -808 | 1 448 | -30 | -8 534 | 1 181 | -138 | 5 444 | -523 | 91 | 6 055 | -2 479 |
| Q3 | -1 345 | -809 | -12 182 | -710 | 1 167 | 30 | -13 849 | 662 | 62 | 11 932 | 476 | 9 | 13 141 | -708 |
| Q4 | -1 797 | -1 130 | -9 801 | -675 | 123 | 8 | -13 272 | 712 | 391 | 11 979 | 651 | -346 | 13 387 | 115 |
| 1982 Q1 | -1 161 | -1 961 | -9 827 | 1 381 | 11 | -42 | -11 599 | 1 355 | -185 | 11 306 | -958 | -143 | 11 375 | -224 |
| Q2 | -840 | -1 631 | 1 700 | 49 | 699 | -15 | -38 | 875 | -107 | -27 | 406 | 100 | 1 247 | 1 209 |
| Q3 | -1 031 | -1 770 | -14 920 | -359 | -288 | -48 | -18 416 | 529 | -322 | 15 666 | 223 | 387 | 16 483 | -1 933 |
| Q4 | -1 059 | -2 201 | 2 507 | -1 542 | 999 | -56 | -1 352 | 268 | 839 | -2 620 | 1 398 | 63 | -52 | -1 404 |
| 1983 Q1 | -1 958 | -2 051 | -7 279 | 118 | 652 | -203 | -10 721 | 636 | 310 | 7 830 | 87 | -395 | 8 468 | -2 253 |
| Q2 | -462 | -2 011 | 2 085 | 411 | -142 | -74 | -193 | 1 352 | 1 124 | -1 393 | -608 | 33 | 508 | 315 |
| Q3 | -1 568 | -1 331 | -8 315 | -133 | -33 | -89 | -11 469 | 1 191 | 367 | 10 137 | 81 | 109 | 11 885 | 416 |
| Q4 | -1 429 | -1 800 | -4 885 | 308 | 130 | -112 | -7 788 | 207 | 87 | 4 563 | 423 | -331 | 4 949 | -2 839 |
| 1984 Q1 | -1 673 | -3 800 | -9 136 | 697 | 77 | -262 | -14 097 | 1 292 | 421 | 11 521 | -330 | 144 | 13 048 | -1 049 |
| Q2 | -636 | -146 | -7 499 | -1 330 | 857 | -151 | -8 905 | -2 940 | -437 | 11 032 | -857 | 151 | 6 949 | -1 956 |
| Q3 | -1 854 | -2 780 | 5 013 | -1 122 | 279 | -135 | -599 | 1 497 | 347 | -2 568 | -75 | 236 | -563 | -1 162 |
| Q4 | -1 840 | -3 140 | -2 750 | -207 | -305 | -195 | -8 437 | -30 | 1 088 | 4 812 | -444 | -571 | 4 855 | -3 582 |
| 1985 Q1 | -3 415 [†] | -6 503 | -6 236 | -992 | 90 | -214 | -17 270 [†] | 2 179 [†] | 1 292 | 9 420 | 129 | 142 | 13 162 [†] | -4 108 [†] |
| Q2 | -1 761 | -4 878 | 658 | -89 | -607 | -186 | -6 863 | 380 | 2 509 | 390 | 2 167 | 10 | 5 456 | -1 407 |
| Q3 | -2 019 | -3 706 | -10 763 | 538 | -49 | -76 | -16 075 | 592 | 897 | 8 744 | -393 | 19 | 9 859 | -6 216 |
| Q4 | -1 605 | -4 353 | -5 494 | -178 | -1 192 | -254 | -13 076 | 633 | 2 423 | 10 907 | 1 487 | -148 | 15 302 | 2 226 |
| 1986 Q1 | -800 | -6 303 | -8 857 | 939 [†] | -580 | 62 | -15 539 | 1 301 | 914 | 11 607 | -1 045 | 135 | 12 912 | -2 627 |
| Q2 | -1 677 | -7 130 | -6 060 | -661 | -296 | -153 | -15 977 | 927 | 1 658 | 7 597 | 1 223 | 128 | 11 533 | -4 444 |
| Q3 | -3 553 | -7 106 [†] | -28 758 | -1 329 | -2 321 | -160 | -43 227 | 1 455 | 2 755 | 33 762 | 4 054 | 112 | 42 138 | -1 089 |
| Q4 | -5 260 | -5 105 | -10 134 | 219 | 306 | -259 | -20 233 | 1 163 | 2 739 [†] | 10 755 | 82 | -197 | 14 542 | -5 691 |
| 1987 Q1 | -2 613 | -4 106 | -7 387 | -1 950 | -1 523 | -213 | -17 792 | 1 695 | 2 946 | 10 957 | 1 091 | -6 [†] | 16 683 | -1 109 |
| Q2 | -5 599 | -462 | -15 111 [†] | -449 | -4 469 | -159 | -26 249 | 621 | 1 684 | 20 636 [†] | 648 | 764 | 24 353 | -1 896 |
| Q3 | -7 330 | -858 | -16 976 | -1 708 | -269 | -168 | -27 309 | 2 399 | 4 267 | 13 332 | 1 322 | 28 | 21 348 | -5 961 |
| Q4 | -3 233 | 6 952 | -10 907 | -606 | -5 751 | -257 | -13 802 | 3 393 | 768 | 7 981 | 386 [†] | 789 | 13 317 | -485 |
| 1988 Q1 | -1 845 | -2 604 | 1 549 | 1 156 | -653 | -208 [†] | -2 605 | 1 720 | 62 | 1 407 | 947 | -427 | 3 709 | 1 104 |
| Q2 | -4 372 | -4 336 | -8 732 | -1 367 | -631 | -198 | -19 636 | 1 069 | 786 | 14 098 | 2 111 | 174 | 18 238 | -1 398 |
| Q3 | -3 314 | -235 | -16 681 | -498 | -995 | -213 | -21 936 | 956 | 2 394 | 16 900 | 1 471 | -123 | 21 598 | -338 |
| Q4 | -5 406 | -3 697 | 4 598 | -1 663 | -482 [†] | -267 | -6 917 | 3 369 | 892 | 1 307 | 560 | 859 | 6 987 | 70 |

1 UK assets: increase/-decrease+. UK liabilities: increase+/-decrease-.

2 Prior to 1979 foreign currency lending abroad (other than certain export credit extended) is recorded on a net basis under liabilities. Prior to 1982 includes transactions by 'other financial institutions', which are subsequently included in transactions by UK residents other than banks and general government.

3 Only partial coverage for the most recent quarter - see Table A12.

A9 Direct investment

£ million, not seasonally adjusted

| | Investment overseas by UK residents (Transactions in assets) | | | Investment in UK by overseas residents (Transactions in liabilities) | | | | | |
|---------|-----------------------------------------------------------------|---------------------|----------------------------|-------------------------------------------------------------------------|-------------------|-----------------------|--------------------|--------------------|----------------------------|
| | All companies and miscellaneous | | Total direct investment | In non-oil companies | | In oil companies | | Miscell- aneous | Total direct investment |
| | Unremitted profits | Other | | Unremitted profits | Other | Unremitted profits | Other | | |
| | HHDR | HHDS | HHBV | CGLU | CGLM | HERX | HEYZ | CGLO | HHBU |
| 1983 | .. | .. | -5 417 | 1 047 | 1 016 | 167 | 1 071 | 85 | 3 386 |
| 1984 | -4 885 | -1 118 | -6 003 | 1 409 | 612 | 936 | -3 203 | 65 | -181 |
| 1985 | -4 849 [†] | -3 951 [†] | -8 800 [†] | 1 661 [†] | -146 [†] | 2 079 | 100 | 90 | 3 784 [†] |
| 1986 | -4 545 | -6 745 | -11 290 | 747 | 1 976 | 513 | 1 460 [†] | 150 | 4 846 |
| 1987 | -7 376 | -11 399 | -18 775 | 1 928 | 4 281 | 1 220 [†] | 389 | 290 | 8 108 |
| 1988 | -6 850 | -8 087 | -14 937 | 2 026 | 4 644 | 1 014 | -750 | 180 [†] | 7 114 |
| 1986 Q1 | -879 [†] | 79 [†] | -800 [†] | 209 [†] | 403 [†] | 508 | 151 [†] | 30 | 1 301 [†] |
| Q2 | -1 029 | -648 | -1 677 | 305 | 382 | 374 | -184 | 50 | 927 |
| Q3 | -1 246 | -2 307 | -3 553 | 362 | 329 | 257 | 487 | 20 | 1 455 |
| Q4 | -1 391 | -3 869 | -5 260 | -129 | 862 | -626 | 1 006 | 50 | 1 163 |
| 1987 Q1 | -2 012 | -601 | -2 613 | 460 | 302 | 848 [†] | -85 | 170 | 1 695 |
| Q2 | -1 816 | -3 783 | -5 599 | 714 | 397 | 57 | -597 | 50 | 621 |
| Q3 | -1 867 | -5 463 | -7 330 | 696 | 1 424 | 99 | 150 | 30 | 2 399 |
| Q4 | -1 681 | -1 552 | -3 233 | 58 | 2 158 | 216 | 921 | 40 | 3 393 |
| 1988 Q1 | -1 565 | -280 | -1 845 | 548 | 213 | 356 | 543 | 60 | 1 720 |
| Q2 | -1 266 | -3 106 | -4 372 | 342 | 1 175 | 116 | -604 | 40 | 1 069 |
| Q3 | -2 063 | -1 251 | -3 314 | 1 009 | 85 | 316 | -494 | 40 | 956 |
| Q4 | -1 956 | -3 450 | -5 406 | 127 | 3 171 | 226 | -195 | 40 [†] | 3 369 |

A10 Portfolio investment

£ million, not seasonally adjusted

| | Investment overseas by UK residents (Transactions in assets) | | | | Investment in UK securities by overseas residents (Transactions in liabilities) | | | | | | | |
|---------|-----------------------------------------------------------------|------------------------------------------------------|---------------------|----------------------------------|------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------|----------------------------------|
| | | | | Total portfolio investment | British government stocks | | British government foreign currency notes and bonds | Local author- ities' securities | | Public corpor- ations' securities | | Total portfolio investment |
| | UK banks | Other financial institu- tions ¹ | Other | | Overseas monetary author- ities | Other overseas residents | | Local author- ities' securities | Public corpor- ations' securities | Bonds etc | Ordinary shares | |
| | HHAL | HHAM | HHAN | CGOS | AING | CGLV | HEZP | HHIG | HEZX | HGDY | HGDZ | HEYR |
| 1983 | -2 751 | -3 974 | -468 | -7 193 | 227 | 714 | - | -10 | 12 | -6 | 951 | 1 888 |
| 1984 | -7 980 | -2 069 | 183 | -9 866 | 188 | 781 | -342 | -4 | -229 | -49 | 1 074 | 1 419 |
| 1985 | -10 120 | -7 238 | -2 082 | -19 440 | 1 482 | 1 438 | 294 | -3 | -10 | 2 545 | 1 375 | 7 121 |
| 1986 | -7 515 | -16 979 [†] | -1 150 [†] | -25 644 [†] | 278 | 1 837 | 1 150 | -1 | -4 | 2 291 [†] | 2 515 | 8 066 [†] |
| 1987 | 295 [†] | 5 710 | -4 479 | 1 526 | 1 322 | 2 540 | -568 [†] | -1 | -113 | 910 | 5 575 [†] | 9 665 |
| 1988 | -1 784 | -6 298 | -2 790 | -10 872 | 551 [†] | 236 [†] | 87 | - [†] | -56 [†] | 831 | 2 485 | 4 134 |
| 1986 Q1 | -1 128 | -5 013 | -162 | -6 303 | -152 | 224 | -52 | -1 | 138 | -48 | 805 | 914 |
| Q2 | -2 250 | -4 587 | -293 | -7 130 | 344 | 424 | 12 | - | -126 | 244 | 760 | 1 658 |
| Q3 | -2 728 | -3 973 [†] | -405 [†] | -7 106 [†] | 45 | 507 | 836 | - | -7 | 1 086 | 288 | 2 755 |
| Q4 | -1 409 | -3 406 | -290 | -5 105 | 41 | 682 | 354 | - | -9 | 1 009 [†] | 662 | 2 739 [†] |
| 1987 Q1 | 116 | -1 943 | -2 279 | -4 106 | 30 | 503 | -170 [†] | -1 | -76 | 654 | 2 006 | 2 946 |
| Q2 | 73 | 448 | -983 | -462 | 583 | 420 | -37 | - | 4 | -51 | 765 [†] | 1 684 |
| Q3 | -111 [†] | 528 | -1 275 | -858 | 1 302 | 941 | -208 | - | -40 | 254 | 2 018 | 4 267 |
| Q4 | 217 | 6 677 | 58 | 6 952 | -593 | 676 | -153 | - | -1 | 53 | 786 | 768 |
| 1988 Q1 | -209 | -1 277 | -1 118 | -2 604 | 511 [†] | -328 [†] | -26 | - | 4 | -369 | 270 | 62 |
| Q2 | -1 180 | -3 132 | -24 | -4 336 | 100 | 388 | 175 | - | -9 | 143 | -11 | 786 |
| Q3 | 259 | 506 | -1 000 | -235 | -186 | -67 | 285 | - | -8 | 427 | 1 943 | 2 394 |
| Q4 | -654 | -2 395 | -648 | -3 697 | 126 | 243 | -347 | - [†] | -43 [†] | 630 | 283 | 892 |

¹ Includes security dealers from 1984.

A11 Transactions of UK banks (excluding direct and portfolio investment)

£ million, not seasonally adjusted

| Transactions in external assets | | | | | | | | Transactions in external liabilities | | | | | Net transactions | | |
|------------------------------------|------------------|----------------------|--------------------------|-------------------------|---------------------|---------------------|----------------------|------------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| Foreign currency lending abroad | | | | Sterling lending abroad | | | | Borrowing and deposit liabilities abroad | | | | | | | |
| Identified long-term export credit | Other | Total | Identified export credit | Other | Total | Total | Foreign currency | Overseas authorities' exchange reserves | Sterling | | Total | Foreign currency | Sterling | Total | |
| | | | | | | | | | Other | Total | | | | | |
| 1983 | HEZY | HEPG | HEZZ | HHIL | HCAE | HCAD | HEYN | HCAF | HCHE | CGDI | HEPD | HEYS | HCAG | HCAH | HCAI |
| | -506 | -15 656 | -16 162 | -893 | -1 339 | -2 232 | -18 394 | 17 192 | 815 | 3 130 | 3 945 | 21 137 | 1 030 | 1 713 | 2 743 |
| 1984 | -161 | -9 278 | -9 439 | -215 | -4 718 | -4 933 | -14 372 | 18 648 | 1 022 | 5 127 | 6 149 | 24 797 | 9 209 | 1 216 | 10 425 |
| 1985 | 505 | -20 705 | -20 200 | 90 | -1 725 | -1 635 | -21 835 | 25 306 | 150 | 4 005 | 4 155 | 29 461 | 5 106 | 2 520 | 7 626 |
| 1986 | 699 | -48 553 | -47 854 | -116 | -5 839 | -5 955 | -53 809 | 58 116 | -283 | 5 888 | 5 605 | 63 721 | 10 262 | -350 | 9 912 |
| 1987 | 633 | -46 376 [†] | -45 743 [†] | 518 | -5 156 | -4 638 | -50 381 [†] | 44 369 [†] | 1 681 | 6 856 | 8 537 | 52 906 [†] | -1 374 [†] | 3 899 | 2 525 [†] |
| 1988 | 278 [†] | -14 944 | -14 666 | 247 [†] | -4 847 [†] | -4 600 [†] | -19 266 | 20 120 | 2 072 [†] | 11 520 [†] | 13 592 [†] | 33 712 | 5 454 | 8 992 [†] | 14 446 |
| 1986 Q1 | 265 | -7 063 | -6 798 | -226 | -1 833 | -2 059 | -8 857 | 7 722 | 484 | 3 401 | 3 885 | 11 607 | 924 | 1 826 | 2 750 |
| Q2 | 219 | -5 748 | -5 529 | 53 | -584 | -531 | -6 060 | 8 458 | -811 | -50 | -861 | 7 597 | 2 929 | -1 392 | 1 537 |
| Q3 | 282 | -27 549 | -27 267 | 19 | -1 510 | -1 491 | -28 758 | 33 066 | -8 | 704 | 696 | 33 762 | 5 799 | -795 | 5 004 |
| Q4 | -67 | -8 193 | -8 260 | 38 | -1 912 | -1 874 | -10 134 | 8 870 | 52 | 1 833 | 1 885 | 10 755 | 610 | 11 | 621 |
| 1987 Q1 | 263 | -6 388 | -6 125 | 97 | -1 359 | -1 262 | -7 387 | 8 509 | 434 | 2 014 | 2 448 | 10 957 | 2 384 | 1 186 | 3 570 |
| Q2 | 98 | -15 233 [†] | -15 135 [†] | 118 | -94 | 24 | -15 111 [†] | 19 296 [†] | -417 | 1 757 | 1 340 | 20 636 [†] | 4 161 [†] | 1 364 | 5 525 [†] |
| Q3 | 191 | -14 539 | -14 348 | 158 | -2 786 | -2 628 | -16 976 | 10 483 | 343 | 2 506 | 2 849 | 13 332 | -3 865 | 221 | -3 644 |
| Q4 | 81 | -10 216 | -10 135 | 145 | -917 | -772 | -10 907 | 6 081 | 1 321 | 579 | 1 900 | 7 981 | -4 054 | 1 128 | -2 926 |
| 1988 Q1 | 125 | 3 742 | 3 867 | 75 | -2 393 | -2 318 | 1 549 | -1 915 | 545 [†] | 2 777 | 3 322 [†] | 1 407 | 1 952 | 1 004 [†] | 2 956 |
| Q2 | 54 | -4 285 | -4 231 | 45 | -4 546 [†] | -4 501 [†] | -8 732 | 5 300 | 831 | 7 967 [†] | 8 798 | 14 098 | 1 069 | 4 297 | 5 366 |
| Q3 | 64 | -15 576 | -15 512 | 72 | -1 241 | -1 169 | -16 681 | 14 464 | -27 | 2 463 | 2 436 | 16 900 | -1 048 | 1 267 | 219 |
| Q4 | 35 [†] | 1 175 | 1 210 | 55 [†] | 3 333 | 3 388 | 4 598 | 2 271 | 723 | -1 687 | -964 | 1 307 | 3 481 | 2 424 | 5 905 |

A12 Transactions of UK residents other than banks and general government (excluding direct and portfolio investment)

£ million, not seasonally adjusted

| Transactions in external assets | | | | | | Transactions in external liabilities | | | | Net transactions | | |
|---------------------------------|---------------------|--------------------|-------------------|--------------------|--------------------|--------------------------------------|-------------------|--------------------|---------------------|----------------------------|-------|-------|
| With banks abroad ¹ | | | Other | | | With banks abroad ¹ | | | Other | | | Total |
| HESZ | HETE | HETJ | HETN | HETQ | HTEV | HETW | HETY | HETZ | Public corporations | UK non-bank private sector | Total | |
| 1983 | 863 | -159 | 704 | 38 | -55 | -17 | -67 | 754 | 687 | | | |
| 1984 | -3 243 | 1 282 | -1 962 | -2 224 | 518 | -1 706 | -236 | -3 432 | -3 668 | | | |
| 1985 | -1 251 | 530 | -721 | 2 662 | 728 | 3 390 | 295 | 2 374 | 2 669 | | | |
| 1986 | -2 787 | 1 954 [†] | -832 [†] | 3 712 | 602 | 4 314 | -120 | 3 602 [†] | 3 482 [†] | | | |
| 1987 | -5 358 [†] | 645 | -4 713 | 1 943 [†] | 1 504 | 3 447 [†] | -138 | -1 128 | -1 266 | | | |
| 1988 | -2 831 | 459 | -2 372 | 2 891 | 2 198 [†] | 5 089 | -318 [†] | 3 035 | 2 717 | | | |
| 1986 Q1 | 520 | 419 [†] | 939 [†] | -1 149 | 104 | -1 045 | -138 | 32 [†] | -106 [†] | | | |
| Q2 | -1 217 | 555 | -661 | 1 004 | 219 | 1 223 | -16 | 578 | 562 | | | |
| Q3 | -1 823 | 494 | -1 329 | 3 639 | 415 | 4 054 | 24 | 2 701 | 2 725 | | | |
| Q4 | -267 | 486 | 219 | 218 | -136 | 82 | 10 | 291 | 301 | | | |
| 1987 Q1 | -2 447 | 497 | -1 950 | 311 | 780 | 1 091 | 91 | -951 | -859 | | | |
| Q2 | -811 | 362 | -449 | 848 | -200 | 648 | -106 | 306 | 199 | | | |
| Q3 | -1 691 [†] | -17 | -1 708 | 474 | 848 | 1 322 | -20 | -366 | -386 | | | |
| Q4 | -409 | -197 | -606 | 310 [†] | 76 | 386 [†] | -103 | -117 | -220 | | | |
| 1988 Q1 | 1 547 | -391 | 1 156 | 441 | 506 | 947 | -15 [†] | 2 118 | 2 103 | | | |
| Q2 | -1 674 | 307 | -1 367 | 1 393 | 718 [†] | 2 111 | -147 | 891 | 744 | | | |
| Q3 | -1 144 | 646 | -498 | 879 | 592 | 1 471 | -67 | 1 040 | 973 | | | |
| Q4 | -1 560 | -103 | -1 663 | 178 | 382 | 560 | -89 | -1 014 | -1 103 | | | |

¹ The figure for the most recent quarter is based on less information than earlier quarters, for which in particular 'cross border' data of overseas banks are also available via the IMF.

A13 Transactions of general government (excluding portfolio liabilities)

£ million, not seasonally adjusted

| | Transactions in external assets | | | | | Transactions in external liabilities | | | | | | | | |
|---------|---------------------------------|------------------------------|-------------------|-------------------|---------------------|--------------------------------------|------------------------------|--------------------------------------|--------------------------------|----------------|----------------------------|-------------------|--------------------|----------------------|
| | Official reserves | Inter-government loans by UK | Export credit | Other | Total | IMF | Inter-government loans to UK | Borrowing from banks etc overseas by | | Treasury bills | Non-interest bearing notes | Other | Total | Net transactions |
| | | | | | | | | HM Government | Local authorities ¹ | | | | | |
| | AIPA | HEUC | HEPF | HHIC | HEUI | AION | HEUL | HCJN | HEUQ | HHOA | HCHO | HHIB | HEUR | HCCG |
| 1983 | 607 | 12 | -235 | -255 | 129 | -36 | -97 | - | 57 | 30 | -12 | -527 | -584 | -455 |
| 1984 | 908 | 65 | -603 | -205 | 165 | - | -103 | - | 48 | 145 | -21 | -110 [†] | -40 | 125 |
| 1985 | -1 758 | 52 | -573 | -209 | -2 488 | - | -87 | - | 85 | -13 | 28 | 9 | 23 | -2 465 |
| 1986 | -2 891 | 69 | -352 | -227 | -3 401 | - | -87 | - | 99 | 207 | -248 | 207 | 178 | -3 223 |
| 1987 | -12 012 | 84 | -671 | -209 | -12 809 | - | -69 | - | 102 [†] | 1 104 | 273 | 165 | 1 575 [†] | -11 234 [†] |
| 1988 | -2 761 [†] | 72 [†] | -702 [†] | -256 [†] | -3 647 [†] | - [†] | -73 [†] | - [†] | -10 | 764 | -480 [†] | 282 | 483 | -3 164 |
| 1986 Q1 | -580 | - | 106 | -44 | -518 | - | - | - | 47 | -49 | 93 | 44 | 135 | -383 |
| Q2 | -296 | 14 | -130 | -37 | -449 | - | -1 | - | 43 | -11 | -52 | 150 | 128 | -321 |
| Q3 | -2 321 | 17 | -141 | -36 | -2 481 | - | - | - | 18 | 93 | -13 | 14 | 112 | -2 369 |
| Q4 | 306 | 38 | -187 | -110 | 47 | - | -86 | - | -9 | 174 | -276 | -1 | -197 | -150 |
| 1987 Q1 | -1 523 | 21 | -149 | -85 | -1 736 | - | - | - | 7 | -11 | 131 | -133 [†] | -6 [†] | -1 742 [†] |
| Q2 | -4 469 | 22 | -164 | -17 | -4 628 | - | -1 | - | 96 | 375 | 179 | 115 | 764 | -3 864 |
| Q3 | -269 | 23 | -144 | -47 | -437 | - | - | - | -6 | 40 | -39 | 33 | 28 | -409 |
| Q4 | -5 751 | 18 | -214 | -60 | -6 008 | - | -68 | - | 5 [†] | 700 | 2 | 150 | 789 | -5 219 |
| 1988 Q1 | -653 | 23 | -148 | -84 [†] | -861 [†] | - | - | - | 22 | -335 | -29 | -85 | -427 | -1 288 |
| Q2 | -631 | 19 | -156 | -60 | -829 | - | - | - | -12 | 179 | 53 | -46 | 174 | -655 |
| Q3 | -995 | 17 | -169 | -61 | -1 208 | - | - | - | -6 | -119 | -10 [†] | 12 | -123 | -1 331 |
| Q4 | -482 [†] | 13 [†] | -229 [†] | -51 | -749 | - [†] | -73 [†] | - [†] | -14 | 1 039 | -494 | 401 | 859 | 110 |

¹ Including Northern Ireland central government.

The Budget: 14 March 1989

The following are the proposed changes in taxation and national insurance as set out in the *Financial Statement and Budget Report 1989-90* (HMSO March 1989) (Price £7.80)

Income tax

The main income tax thresholds will be increased in line with the statutory indexation provisions (based on the increase of 6.8 per cent in the RPI in the year to December 1988); the higher level of age allowance currently given to those aged 80 and over will be extended to those aged 75 and over. This will mean that:

- the single person's and wife's earned income allowances will rise from £2,605 to £2,785;
- the married allowance will rise from £4,095 to £4,375;
- the additional personal allowance and widow's bereavement allowance will rise from £1,490 to £1,590;
- the age allowance for those aged 65 to 74 will rise from £3,180 to £3,400 (single) and from £5,035 to £5,385 (married);
- the age allowance for those aged 75 and over will rise from £3,180 (for single people aged under 80) and from £3,310 (for single people aged 80 and over) to £3,540; and from £5,035 (for married couples aged under 80) and from £5,205 (for married couples aged 80 and over) to £5,565;
- the income limit for the age allowances will rise from £10,600 to £11,400;
- the basic rate limit will rise from £19,300 to £20,700 of taxable income.

The age allowance withdrawal rate will be reduced from £2 of allowances for each £3 of income to £1 of allowances for each £2 of income above the income limit of £11,400. This means that the marginal tax rate for someone with income in the withdrawal band will fall from nearly 42 per cent to 37½ per cent.

Benefits in kind

Car benefit scale charges will be increased by one third from 6 April 1989.

Private medical insurance

Income tax relief will be given from 6 April 1990 on private medical insurance premiums for those aged 60 and over.

Charitable giving

The limit on charitable donations qualifying for tax relief under the payroll giving scheme will be doubled from £240 to £480 a year from 6 April 1989.

Schedule E assessment

The basis of assessment for Schedule E (remuneration of employees and directors) will be changed from accruals to receipts. Bringing the systems of assessment and collection (PAYE) into line will simplify the taxation of the half million directors and employees not already in practice taxed on the receipts basis.

Employee share ownership plans (ESOPs)

Tax relief will be given for payments by companies to qualifying ESOP trusts.

Approved employee share schemes

The annual limit for individual participation in the 1978 all-employee share scheme will be increased to £2,000 or — if greater — 10 per cent of pay up to a maximum of £6,000. The 1980 SAYE share option scheme limit will be increased from £100 to £150 per month. The maximum discount from the share price at which options may be granted under these schemes will be doubled to 20 per cent.

Profit-related pay

The cash ceiling on the amount of profit-related pay attracting tax relief will be increased to £4,000. A number of other changes will simplify and improve the PRP rules.

Personal Equity Plans

The annual limit on investment in Personal Equity Plans will be increased from £3,000 to £4,800. The annual limit on investment in unit and investment trusts will be increased to £2,400, irrespective of other holdings. Investment in unit and investment trusts will be restricted to trusts which invest mainly in UK equities. The PEP rules will be greatly simplified.

Pensions

A number of changes will be made to the taxation of pensions. In the case of occupational pensions:

employers will be able to set up 'top-up' schemes for their employees, with no limits on benefits, but without special tax reliefs;

a limit will be placed on pensions paid from tax-approved schemes, based on earnings of £60,000 a year. This is consistent with a tax-privileged pension of up to £40,000 a year or maximum tax-free lump sum of up to £90,000. The limit will be indexed to prices;

the rules for tax-approved pensions, particularly affecting those who take early retirement, will be simplified and improved.

These changes will apply to schemes set up on or after Budget day and to new members joining existing schemes on or after 1 June 1989.

New simplified rules will be introduced for monitoring additional voluntary contributions. Any surplus contributions made will be returned to employees, subject to a special tax charge.

Annual contribution limits for personal pension schemes will be increased as a percentage of earnings, subject to an overall cash limit based on the £60,000 earnings limit for occupational schemes.

Life assurance

The tax regime for life assurance companies will be reformed. The main changes, to be introduced from 1 January 1990, are:

pension and general annuity business expenses will be deductible only from pension or general annuity business profits;

relief for expenses of acquiring new life assurance business (other than pension or general annuity business) will be spread over seven years: this change will be phased in gradually over four years.

the rate of tax charged on income and capital gains attributable to policy holders will be reduced to a rate equal to the basic rate of income tax (25 per cent);

life assurance policy duty will be abolished.

Unit trusts

A new tax regime will be introduced from 1 January 1990 for unit trusts investing in transferable securities which are freely marketable throughout the European Community under the UCITS directive. The rate of corporation tax charged on their income will be reduced to a rate equal to the basic rate of income tax (25 per cent).

Control of Borrowing Order (COBO) and deep discounted bonds

The new issues queue will be abolished by a general consent under the Control of Borrowing Order and the regime for deep discounted bonds, including certain index-linked bonds, will be amended with effect from Budget day.

Business taxation

The profits limit for the small companies' corporation tax rate of 25 per cent for financial year 1989 will be raised from £100,000 to £150,000 and the limit for marginal relief will be raised from £500,000 to £750,000.

The main rate of corporation tax for the financial year 1989 will be 35 per cent.

The apportionment rules for close companies will be abolished. Special provisions including a corporation tax rate equal to the higher rate of income tax (40 per cent) will be introduced for close investment companies which distribute less than a specified percentage of their profits.

Capital gains tax

The capital gains tax annual exempt amount will remain at £5,000 in the case of individuals and £2,500 in the case of most trusts.

The disposal value limit below which chattels are exempt from charges on capital gains will be doubled from £3,000 to £6,000.

Capital gains tax deferral on lifetime gifts will be restricted to certain types of gift — in particular, gifts of business, farm and heritage assets, gifts on which there is an immediate charge to inheritance tax, and gifts to charity.

Inheritance tax

From 6 April 1989 the threshold for inheritance tax will be increased in line with the statutory indexation provisions from £110,000 to £118,000.

VAT and car tax

From 15 March 1989 the VAT registration limits will be raised to £23,600 a year and £8,000 a quarter.

To comply with the European Court judgment of 21 June 1988 certain previously zero rated goods and services will be subject to VAT at the standard rate. As announced on 6 February, the regime will aim to minimise the tax and compliance burden.

Non-residential construction and property development will be liable to VAT from 1 April 1989 with transitional relief for prior contractual commitments. Landlords will be given the option to tax rents of non-residential buildings from 1 August 1989. VAT will also be applied from 1 April 1989 to news services, and to

protective boots and helmets supplied to employers; and from 1 July 1990 it will be applied to fuel and power supplied to businesses, and to water and sewerage services supplied to industry.

VAT relief for charities will be extended to charity fund-raising events, certain types of advertising and medical sterilising equipment. Cars purchased for leasing to the disabled will be relieved of car tax.

Excise duty

The duty on unleaded petrol will be reduced by the equivalent of just under 1p a litre (nearly 4p a gallon) including VAT. A higher rate of duty will be introduced on 2 and 3 star leaded petrol. This will add nearly 1p a litre (4p a gallon) including VAT to the tax charged on these grades.

ITV levy

From 1 January 1990, the additional payments made by ITV programme contractors will be assessed on a mixture of net advertising revenue and profits.

Tax administration

In the light of recommendations by the Keith Committee, measures are proposed to:

- simplify and update the system of interest and monetary penalties for tax offences;

- revise the Inland Revenue's powers to obtain information about a taxpayer under enquiry, to allow questions to be put to the taxpayer and to provide the taxpayer with greater safeguards;

- amend the Inland Revenue's search powers to provide greater protection for the taxpayer;

- improve compliance by employers in filing end of year returns of PAYE and NIC deductions.

Tax confidentiality

Criminal sanctions will be provided against unlawful disclosure of information relating to a taxpayer by employees or former employees of the Inland Revenue and Customs and Excise.

National insurance

From 5 October, the structure of employees' national insurance contributions will be reformed. Employees will pay Class 1 contributions equal to 2 per cent of earnings up to the lower earnings limit (£43 a week in 1989–90) and 9 per cent of earnings above the lower earnings limit, up to the upper earnings limit (£325 a week in 1989–90). Those earnings below the lower earnings limit will continue to pay no Class 1 contributions.

From 1 October the rule whereby state retirement pensioners earning more than £75 a week have their pensions reduced, and those earning over £120 a week have their pension abated entirely, will be abolished. The public expenditure cost of abolition will be about £190 million in 1989–90 and £375 million in 1990–91. This cost will be met from the Reserve, and is therefore not included in the Table. (Nor does the Table include the increased tax revenue that will flow from the changes, £20 million in 1989–90 and £110 million in 1990–91.)

These changes to national insurance contributions and the pensioners' earnings rule will be included in the Social Security Bill now before Parliament.

Direct effects of changes in taxation and national insurance

| | £ million | | |
|------------------------------------------------------------------------------------------|----------------------------------|------------------------------|------------------------------|
| | Estimated effect on receipts in: | | 1990-91 |
| | 1989-90 | | |
| | Changes from a non-indexed base | Changes from an indexed base | Changes from an indexed base |
| INLAND REVENUE | | | |
| Income tax | | | |
| 1 Increase of £180 in single allowance and of £280 in married allowance | - 1130 | — | — |
| 2 Increase of £100 in additional personal allowance and widow's bereavement allowance | - 10 | — | — |
| 3 Increase in age allowance in line with statutory indexation | - 100 | — | — |
| 4 Extension of higher age allowance for those aged 80 and over to those aged 75 and over | - 10 | - 10 | - 15 |
| 5 Increase of £800 in income limit for age allowance | - 15 | — | — |
| 6 Reduction in age allowance withdrawal rate | - 5 | - 5 | - 5 |
| 7 Increase of £1,400 in basic rate limit to £20,700 | - 210 | — | — |
| 8 Fringe benefits—one third increase in car benefit scales | + 160 | + 160 | + 200 |
| 9 Tax relief for private medical insurance for those aged 60 or over | — | — | - 40 |
| 10 Pension schemes—amendments to tax rules | * | * | * |
| 11 Payroll giving to charities—increase in donation limit to £480 a year | * | * | * |
| 12 Membership covenants to heritage charities | - 5 | - 5 | - 10 |
| 13 Liberalisation of profit-related pay legislation | - 10 | - 10 | - 15 |
| 14 Increase in approved employee share limits | * | * | * |
| 15 Employee priority in public offer of shares | * | * | * |
| 16 Changes in material interest tests | * | * | - 5 |
| 17 Abolition of tax relief on new loans to buy Business Expansion Scheme shares | * | * | + 5 |
| 18 Schedule E—change to receipts basis of assessment | - 80 | - 80 | - 60 |
| 19 Changes in settlements provisions where settlor or spouse can benefit | * | * | * |
| 20 Tax deductible from tax credit payments to US companies | — | — | — |
| Income tax and corporation tax | | | |
| 21 Life assurance companies—pensions measures | — | — | + 155 |
| 22 Life assurance companies—acquisition costs and rate reduction | — | — | - 30 |
| 23 Abolition of close company apportionment | * | * | * |
| 24 Capital allowances—safety at sports grounds and miscellaneous amendments | * | * | * |
| 25 Extension of relief for pre-trading expenditure | * | * | * |
| 26 Subcontractor tax scheme—reduction in paperwork requirements | — | — | — |
| Income tax and capital gains tax | | | |
| 27 Personal Equity Plans—increase in limits etc. | - 5 | - 5 | - 10 |
| Income tax, corporation tax and capital gains tax | | | |
| 28 Keith committee—administrative changes | * | * | * |
| 29 Deep discounted bonds—taxation of uplift as income | — | — | + 15 |
| 30 Tax charge on switching investments in offshore funds | * | * | * |
| Corporation tax | | | |
| 31 Increase in profits limits for small companies rate and marginal relief | * | * | - 35 |
| 32 Reduction in tax rate for certain unit trusts | — | — | * |
| 33 Relief for payments to ESOP trusts | * | * | * |
| 34 Advance corporation tax amendments | * | * | * |
| 35 Sale of subsidiaries | * | * | * |
| Capital gains tax | | | |
| 36 No change in annual exempt amount | — | * | + 10 |
| 37 Restriction of gifts relief | * | * | + 25 |
| 38 Change in the rules for Lloyd's underwriters—stock lending | — | — | * |
| Capital gains tax and corporation tax | | | |
| 39 UK branches of foreign businesses—changes affecting capital gains | * | * | * |
| 40 Technical changes associated with rebasing of capital gains | * | * | * |
| 41 Increase in capital gains chattels exemption to £6,000 | * | * | * |
| 42 Exemption of certain bonds from charges on capital gains | * | * | * |
| Capital gains tax and inheritance tax | | | |
| 43 Gifts to housing associations | * | * | * |
| Inheritance tax | | | |
| 44 Increase of £8,000 in threshold | - 35 | — | — |
| 45 Changes in rules for varying dispositions on death | + 5 | + 5 | + 15 |
| Stamp duties | | | |
| 46 Abolition of life assurance policy duty | - 20 | - 20 | - 80 |
| TOTAL INLAND REVENUE | - 1470 | + 30 | + 120 |
| CUSTOMS AND EXCISE | | | |
| Value added tax | | | |
| 47 Increase in registration limit | * | * | * |
| 48 Revised tax regime for construction, buildings and land | + 310 | + 310 | + 440 |
| 49 Change in liability of news services | + 5 | + 5 | + 5 |
| 50 Change in liability of certain protective boots and helmets | * | * | * |

* = Negligible

— = Nil

Direct effects of changes in taxation and national insurance—(continued)

| | £ million | | |
|-----------------------------------------------------------------|----------------------------------|------------------------------|------------------------------|
| | Estimated effect on receipts in: | | |
| | 1989-90 | 1990-91 | 1990-91 |
| | Changes from a non-indexed base | Changes from an indexed base | Changes from an indexed base |
| 51 Change in liability of certain supplies of fuel and power | — | — | + 90 |
| 52 Change in liability of certain water and sewerage services | — | — | * |
| 53 Reliefs for charities | — 5 | — 5 | — 5 |
| 54 Relief for research and development cars | * | * | — 5 |
| 55 Self-supplies—input tax | * | * | * |
| Car tax | | | |
| 56 Relief for vehicles leased to disabled | — 10 | — 10 | — 10 |
| Excise duties | | | |
| 57 Reduction in duty on unleaded petrol | — 35 | — 65 | — 135 |
| 58 Increase in duty on 2 star and 3 star petrol | — 5 | — 30 | — 35 |
| 59 No change in rate of duty on 4 star petrol etc. | — | — 385 | — 395 |
| 60 No change in rate of duty on derv | — | — 95 | — 105 |
| 61 No change in rate of duty on minor oils | — | — 10 | — 10 |
| 62 No change in rates of tobacco products duties | — | — 235 | — 250 |
| 63 No change in rate of spirits duty | — | — 65 | — 70 |
| 64 No change in rate of beer duty | — | — 140 | — 155 |
| 65 No change in rate of duty on cider and perry | — | — 5 | — 5 |
| 66 No change in rate of duty on wine and made-wine | — | — 45 | — 50 |
| 67 Restriction on blending of duty-paid made-wine | * | * | * |
| 68 Determination of original gravity of beer | * | * | * |
| 69 Relief from duty and tax for diplomats etc. | — | — | — |
| TOTAL CUSTOMS AND EXCISE | + 260 | — 775 | — 695 |
| Vehicle excise duty | | | |
| 70 Increase in VED rates for taxis, buses and coaches | + 20 | + 20 | + 20 |
| 71 Increase in VED rates for certain lorries and other vehicles | + 20 | — 15 | — 20 |
| 72 No change in VED on cars, light vans and main lorry rates | — | — 155 | — 170 |
| TOTAL VED | + 40 | — 150 | — 170 |
| Other | | | |
| 73 ITV levy re-basing | — | — | + 45 |
| 74 Sale of vehicle registration marks | * | * | + 10 |
| 75 Unauthorised disclosure of confidential information | — | — | — |
| TOTAL OTHER | * | * | + 55 |
| TOTAL CHANGES IN TAXATION | — 1170 | — 895 | — 690 |
| National insurance contributions | | | |
| 76 Employee contributions reformed and reduced | — 980 | — 980 | — 2 800 |
| TOTAL CHANGES TO NATIONAL INSURANCE CONTRIBUTIONS | — 980 | — 980 | — 2 800 |
| TOTAL BUDGET CHANGES | — 2 150 | — 1 875 | — 3 490 |

* = Negligible

— = Nil

ANNEX

How the figures have been calculated

The table gives the direct effects of changes in taxation. Estimates are rounded to the nearest £5 million. 'Negligible' means less than £3 million.

The direct effect of a tax change is the difference between the yield of the tax which would arise on the basis of the rates of tax, allowances, etc prevailing before the Budget (the pre-Budget regime) and the yield after the changes proposed in the Budget (the post-Budget regime). The difference in yield is generally calculated by applying the pre- and post-Budget regimes to the same tax base. This base is the post-Budget base—that is, the levels of income, consumption, profits, etc forecast for future years on the assumption that all the measures proposed in the Budget take effect.

Tax changes may cause changes in taxpayers' behaviour, which in turn can alter the tax base and hence revenue. The direct effects are estimated subject to the constraint that, in general, total incomes and total expenditure are fixed at their post-Budget levels. Thus the estimates in the table do not include income effects—that is, effects arising solely from the impact of changes in taxes on disposable incomes. Nor do they include the effects of changes in the tax base arising from changes in pre-tax incomes, the general level of prices or other macro-economic variables which may result from the proposed tax change. But other behavioural effects are taken into account where it is thought that they will have a significant effect on the yield.

For Customs and Excise taxes and duties, all the estimates of yield incorporate the effects of the tax changes on relative prices and associated changes in the pattern of consumers' expenditure. Aggregate income and consumers' expenditure at factor cost are assumed not to change. This is a slight modification of previous practice in which nominal consumers' expenditure at market prices, rather than at factor cost, was held constant. Examples where behavioural effects are taken into account for Inland Revenue taxes include changes involving the take-up of a new or modified relief.

The figures in the first column of the table show the direct effect of the Budget proposals on receipts in 1989–90. Budget proposals are compared with a non-indexed base—that is, with the pre-Budget regime of allowances, thresholds and rates of duty at 1988–89 levels.

The figures in the second column show the direct effect of the Budget proposals on receipts in 1989–90, measured against an indexed base. The indexed base for 1989–90 is obtained by increasing 1988–90 allowances, thresholds and rates of duty by 6.8 per cent, the increase in the RPI over the year to December 1988.

The figures in the third column show the direct effect on receipts in 1990–91, also measured against an indexed base. For this comparison, both the Budget proposals and the indexed base for 1989–90 have been further indexed by the forecast movement in the RPI between the fourth quarters of 1988 and 1989.

The remainder of this annex provides a commentary on the Budget proposals in the Table; the paragraph numbers refer to the lines in this table. Additional information is provided for those proposals where the effect on tax liabilities in the first complete year to which the change applies (full year effect) is substantially different from the effect on receipts in either 1989–90 or 1990–91; or where the impact of the proposals is expected to build up over a period of years.

Income tax

1 to 5 The increases in the main income tax allowances are in line with the statutory indexation provisions (based on the increase of 6.8 per cent in the RPI in the year to December 1988). The higher level of age allowance currently given to those aged 80 and over will be extended to those aged 75 and over.

6 The age allowance withdrawal rate will be reduced from £2 of allowances for each £3 of income to £1 of allowances for each £2 of income above the income limit of £11,400.

7 The increase in the basic rate limit is in line with the statutory indexation provisions.

8 For 1989–90 the scales for taxing car benefits will be increased by one third from their 1988–89 levels. The estimated yield takes account of behavioural effects.

9 Tax relief will be available (with basic rate relief given at source) for eligible premiums paid in 1990–91 and subsequent years for private medical insurance for those aged 60 and over. The cost for 1990–91 assumes an increase in take-up in the region of 10 per cent as a result of the new relief. Eventual costs will depend, among other things, on the extent to which medical insurance for the over-60s is promoted and taken up.

10 The amendments to the tax rules for pension schemes will mean that:

for tax-approved schemes, earnings over £60,000 a year will be ignored for the purpose of calculating benefits (consistent with a maximum pension of £40,000, or tax-free lump sum of £90,000). Other amendments will be made to the tax rules to improve early retirement benefits, to allow a two-thirds final salary pension on retirement after 20 years' service between ages 50 and 70 and to simplify calculation of tax-free lump sums. These changes apply to new schemes set up on or after 14 March 1989 and to new members joining existing schemes on or after 1 June 1989;

employers will be able to set up top-up schemes with no limits on benefits, but without tax privileges such as tax-free investment build-up;

new rules will allow surplus voluntary contributions to be returned to the member instead of reducing benefits from the employer's scheme. The voluntary scheme will deduct a 35 per cent charge from the refund to recoup the tax advantages enjoyed on contributions and build-up. There will be a further liability on higher rate taxpayers;

changes will be made to the personal pensions tax rules to increase from 6 April 1989 the age-related contribution limits. The increased limit will be subject to the £60,000 earnings cap. And the rules for calculating tax-free lump sums will be simplified.

These measures are expected to have a broadly neutral revenue effect in the early years.

11 The limit on charitable donations qualifying for relief under payroll deduction schemes will be increased from £240 to £480 a year from April 1989. The cost will depend on take-up.

12 The conditions for relief for charitable covenants will be relaxed so that where a member of a heritage charity is given free or cheap entry to view the charity's property, that benefit will not disqualify the covenant payments from relief. The cost will depend on take-up.

13 The main amendments to the profit-related pay (PRP) legislation will:

- abolish the '5 per cent test' on a PRP scheme's eligibility for registration;

- increase to £4,000 the cash limit on the amount of PRP attracting tax relief;

- allow scheme employers to alter, subject to conditions, the rules of PRP schemes already registered; and

- enable PRP schemes to be registered for certain employment units using the profits of the whole business rather than of the employment unit itself.

The cost will depend on take-up.

14 The annual limit on the value of shares which may be given to an employee under an approved all-employee profit-sharing share scheme will be increased, with effect from 6 April 1989, from £1,250 (or 10 per cent of pay up to a maximum of £5,000) to £2,000 (or 10 per cent of pay up to £6,000). The limit on monthly savings made by an employee under an approved savings-related share option scheme will be increased, from a day to be appointed, from £100 to £150. The maximum discount on the share price at which options may be granted under these schemes will be increased from 10 per cent to 20 per cent. The use of consortium shares in an approved employee share scheme will be extended to include the shares of any member of a consortium owing 5 per cent or more of the company's ordinary share capital in place of the previous 15 per cent limit.

15 There will be relaxations in the conditions under which income tax relief is given to employees who benefit by virtue of their employment from priority in applying for a public offer of shares.

16 Changes will be made in the material interest tests relating to an employee's eligibility to participate in an approved employee share scheme or a registered profit-related pay scheme, and an individual's entitlement to close company interest relief. Subject

to certain conditions, shares held by a trust of which the employee is a beneficiary will be disregarded when reckoning whether he has material interest.

17 Relief for interest on loans to acquire Business Expansion Scheme shares on or after 14 March 1989 will be abolished.

18 From 6 April 1989 Schedule E emoluments will be assessed for the year in which they are received instead of the year for which they are earned. There will be a transitional cost, but from 1992-93 when the transition is complete, there will be an annual yield of about £50 million.

19 A change will be made to the provisions which treat certain settlement income as the settlor's for higher rate tax purposes to ensure that income from outright gifts between husband and wife will be treated under Independent Taxation as the income of the recipient of the gift. For certain other settlements the present provisions will be extended to the basic rate, producing a small revenue yield.

20 Legislation will be introduced to make clear the amount of UK tax that is deductible from UK tax credits to which non-residents may be entitled under a double taxation convention. This measure will prevent a potential Exchequer loss of about £15 million a year.

Income tax and corporation tax

21 From 1 January 1990, life assurance companies will be allowed to set relief for the expenses of pension, general annuity and other life assurance business only against their respective profits. There will be other measures to align the tax treatment of pension profits more closely with industry accounting practice. The yield in 1990-91 and the immediately following years is reduced by the carry-forward of unrelieved expenses from past years. The long term yield is expected to be around £¼ billion a year.

22 Other changes will be made from 1 January 1990 to the rules for taxing life assurance companies: in particular, to spread over seven years the relief for the costs of acquiring new business (other than pension and general annuity business), subject to transitional arrangements in the first four years; and to reduce the corporation tax rate on income and capital gains attributable to policy holders to 25 per cent. The impact of these measures in 1990-91 and subsequent years is affected by the proposed transitional arrangements. The long-run effect is expected to be broadly revenue-neutral.

23 The apportionment rules for close companies will be abolished. A higher rate of corporation tax equal to the higher rate of income tax of 40 per cent will be introduced for close investment companies which distribute less than a specified percentage of their profits. A close investment company will no longer get tax relief for interest payments, annual payments or management expenses unless these would have been deductible if paid by a individual.

24 The legislation relating to capital allowances for safety expenditure at sports grounds will be amended from 1 January 1989 to take account of the extension of safety certificate requirements to regulated stands at undesignated sports grounds. Minor amendments will be made to the capital allowances legislation to correct defects and anomalies in advance of the consolidation of that legislation.

25 The period for which relief may be available for business expenditure incurred before a trade begins will be increased from three to five years. The cost of this proposal will take some years to build up and could amount to tens of millions of pounds.

26 Subject to consultation, the paperwork requirements of the scheme for subcontractors in the construction industry will be reduced.

Income tax and capital gains tax

27 The main changes are:

- an increase in the overall annual limit on investment in a Personal Equity Plan to £4,800;

- within that an increase in the limit for investment in authorised unit trusts and investment trusts to £2,400, coupled with a new requirement that the trust must invest mostly in UK equities;

- significant simplifications for plan managers; and

- the facility for new share issues to be brought within plans.

The costs assume take-up in the region of 400,000 in the first full year. The cost is likely to reach £30 million after five years.

Income tax, corporation tax and capital gains tax

28 In the light of recommendations of the Keith Committee, administrative changes will be made:

- to update the system of monetary penalties for tax offences in line with inflation and remove obsolete penalties;

- to introduce a uniform time limit of 20 years for recovery of tax lost through default;

- to allow taxpayers further time to claim reliefs where an Inspector discovers that further tax is due;

- to revise the Inland Revenue's powers to obtain information about a taxpayer under enquiry, to allow questions to be put to the taxpayer, provide greater safeguards for the taxpayer and protect audit papers and tax advice from disclosure by his accountant;

- to amend the Inland Revenue's search powers to provide greater safeguards for the taxpayer;

- to create a new criminal offence for the deliberate destruction of documents called for under the Inland Revenue's information powers;

- to change the filing date for returns of PAYE and NIC deductions by employers from 19 April to 19 May, tighten up the penalties for late filing gradually over a period of years, leading to the introduction of automatic penalties for all late filing (but not before 1995).

The effect on revenue in subsequent years is expected to be small.

29 From Budget day the existing corporate deep discount legislation in Schedule 4 ICTA 1988 will be widened to include non-variable

deep discounted securities issued by non-corporate borrowers. On a sale or redemption the accrued discount will be taxed as income. Any excess or shortfall will be taxed as a capital gain or loss unless the security is exempt from capital gains tax as a qualifying corporate bond. Where deep discounted securities have variable features so that the precise accrued discount at any particular time cannot be determined in advance (including certain index-linked bonds), the whole of the uplift between cost price and sale or redemption price will be taxed as income. The eventual yield is uncertain but is estimated at around £50 million.

30 A tax charge will be imposed on UK investors on gains when they switch holdings within an offshore fund.

Corporation tax

31 The profits limit for the small companies' corporation tax rate of 25 per cent for financial year 1989 will be raised from £100,000 to £150,000 and the limit for marginal relief will be raised from £500,000 to £750,000.

32 From 1 January 1990 all unit trusts that are UCITS (Undertakings for Collective Investment in Transferable Securities) under the relevant European Communities legislation will be subject to corporation tax on their income at a rate of 25 per cent. The cost will rise to about £20 million from 1991-92 onwards.

33 Payments made by a company to an ESOP trust will be deductible in calculating its corporation tax liability where the trust meets conditions aimed at ensuring the distribution of shares in the company to all of its employees, on similar terms, within a reasonable time.

34 Various minor changes will be made to the advance corporation tax (ACT) rules concerning a company which is part of a group or consortium.

35 Measures will be introduced to counter avoidance of tax on disposals of subsidiaries in ways which could cause a substantial loss of tax.

Capital gains tax

36 The capital gains tax annual exempt amount will remain at £5,000 in the case of individuals and £2,500 in the case of most trusts.

37 Capital gains tax gifts relief (which allows deferral on gifts) will be restricted to certain types of gift, the main categories being gifts of business, farm and heritage assets and gifts on which there is an immediate charge to inheritance tax. The revenue yield in 1991-92 is estimated at £40 million. The change will not affect gifts to charities or between spouses.

38 The capital gains tax rules and rules about the transfer of securities applying to assets held by Lloyd's underwriters in their premiums trust funds will be amended to facilitate stock lending to market makers.

Capital gains tax and corporation tax

39 Changes will be made to the rules for the taxation of capital gains of foreign businesses with UK branches or agencies or with operations on the UK continental shelf. The main effect will be to counter possible developments which could lead to a significant loss of tax.

40 Technical changes will be made in relation to the application of the provisions in the Finance Act 1988 for rebasing the taxation of capital gains to 1982 in certain special situations.

41 Chattels with a disposal value of less than £3,000 are exempt from charges on capital gains. The limit will be doubled to £6,000.

42 Certain sterling bonds will be exempted from capital gains tax and corporation tax on gains. The main effect will be to counter use of the indexation allowance in ways which could cause a significant loss of tax.

Capital gains tax and inheritance tax

43 Gifts of land to registered housing associations will qualify for capital gains tax deferral and inheritance tax exemption.

Inheritance tax

44 The estimated full year cost of indexation attributable to taxable estates in 1989-90 is £80 million.

45 The facility for varying the disposition of a deceased person's assets with effect for inheritance tax will be limited to those variations making adequate provision for his or her dependants.

Stamp duties

46 Life assurance policy duty will be abolished from 1 January 1990. The cost in 1990-91 takes account of the consequential change in corporation tax liability.

Value Added Tax

47 From 15 March 1989, the registration limits will become £23,600 a year and £8,000 a quarter.

48 From 1 April 1989, VAT will be applied at the standard rate to the construction and sale of new non-residential buildings. Transitional relief will allow zero rating to continue for certain developments where legal commitments had been entered into before 21 June 1988. From 1 August 1989, landlords will be able to opt to charge tax on their non-residential rents and sales of used buildings and VAT at the standard rate will be applied in limited circumstances to building land where this is necessary to ensure fair competition. Tenants whose landlords opt to tax existing leases will pay tax on only half of the rent in the first year. The phasing in period will be five years where the tenant is a charity.

49 From 1 April 1989, VAT will be applied at the standard rate to news services (but not newspapers).

50 From 1 April 1989, VAT will be applied at the standard rate to protective boots and helmets supplied to employers.

51 From 1 July 1990, VAT will be applied at the standard rate to fuel and power supplied to businesses.

52 From 1 July 1990, VAT will be applied at the standard rate to water and sewerage services supplied to industry.

53 From 1 April 1989, VAT relief for charities will be extended to charity and certain other fund-raising events, medical sterilising equipment and classified and certain other types of advertising.

54 From 1 August 1989, all cars used by manufacturers for research and development purposes will be relieved of VAT.

55 From Royal Assent, Customs and Excise will be given the power to determine, by regulation, the correct attribution of input tax

in respect of self-supplies of goods and services.

Car tax

56 From 1 April 1989, vehicles purchased for leasing to the disabled will be relieved of car tax.

Excise duties

57 The duty on unleaded petrol will be reduced by the equivalent of 0.8p a litre (3.6p a gallon) including VAT.

58 A higher rate of duty will be introduced on two and three star leaded petrol. This will add 0.9p a litre (4.1p a gallon) including VAT to the tax charged on these grades. Despite the increase in duty, the revenue effect of this change is negative as a result of expected switching from two and three star to unleaded petrol.

59-66 There will be no change in the rates of duty on other hydrocarbon oils, alcoholic drinks and tobacco products.

67 The duty arrangements for made-wine will be brought into line with those applicable to wine of fresh grapes by prohibiting duty-paid blending.

68 The rules for determining the original gravity of beer for duty purposes will be clarified.

69 Statutory provision will be made for a number of duty and tax reliefs currently granted to diplomats, members of international organisations and visiting forces by means of extra-statutory class concessions. A power to impose sanctions for breaching the conditions of the reliefs will be introduced.

Vehicle excise duties

70 From 15 March 1989, the number of duty rates for coaches and buses will be reduced from over sixty to five and rates will be increased; duty rates will also be increased for taxis.

71 From 15 March 1989, the rates of duty on certain rigid lorries will be increased to bring them more into line with rates for articulated vehicles of similar gross weight. The rate of duty for special types capable of carrying very long, wide or heavy loads will be increased to £3,100.

72 There will be no change in the duties on cars, light vans, motor cycles and most lorries.

Other

73 From 1 January 1990, the additional payments made by ITV programme contractors will be assessed on a mixture of net advertising revenue and profits.

74 A pilot scheme making certain vehicle registration marks available for sale to the public will begin in December 1989.

75 Criminal sanctions will be provided against unlawful disclosure of information relating to a taxpayer by employees or former employees of the Inland Revenue and Customs and Excise.

National insurance contributions

76 From 5 October 1989, employees will pay Class 1 contributions equal to 2 per cent of earnings up to the lower earnings limit (£43 a week in 1989-90) and 9 per cent of earnings above the lower earnings limit, up to the upper earnings limit (£325 a week in 1989-90). Those earning below the lower earnings limit will continue to pay no Class 1 contributions.

The Economy: recent developments and prospects to mid-1990

The following notes and tables are taken from the *Financial Statement and Budget Report 1989-90* (HMSO, March 1989) (Price £7.80):

Summary

GDP is forecast to grow by 2½ per cent in 1989; this is below the average of recent years and comes after two years of above average growth. RPI inflation should fall to 5½ per cent by the end of the year.

GDP is estimated to have risen by 4½ per cent in 1988. Domestic demand rose by 6½ per cent, with investment rising by 12 per cent and consumption by 6½ per cent. Business investment is forecast to continue to grow strongly this year, and consumer spending to slow sharply. For 1989 as a whole total domestic demand is forecast to rise by 2½ per cent. GDP growth in 1989 is forecast at 2½ per cent (3 per cent for non-oil GDP), with growth through the year at 2 per cent.

Retail prices rose by 6½ per cent in the year to the fourth quarter of 1988. RPI inflation is forecast to fall to 5½ per cent by the fourth quarter of this year and to 4½ per cent by the middle of 1990.

Employment has risen sharply over the past year to an all time high. Unemployment fell by 530,000 in the year to January, but is most unlikely to continue falling at the same rapid rate in 1989.

GNP growth in the main industrial economies was about 4 per cent last year; it is forecast to ease to 3 per cent in 1989. World trade in manufactures rose by 10 per cent in 1988, and is forecast to rise a further 8 per cent this year.

After a sluggish start in early 1988 export volumes of manufactures picked up quickly; in the second half of 1988 they were 5 per cent higher than a year earlier. Import volumes rose even more rapidly, boosted by strong domestic demand, especially business investment. The current account moved into large deficit in 1988; it is forecast to show a deficit in 1989 similar to that in 1988, and to fall thereafter.

The forecast assumes that fiscal and monetary policy are operated within the framework of the Medium Term Financial Strategy. It assumes that North Sea oil prices and the exchange rate remain close to recent levels.

There have been major inconsistencies in the recorded national and sectoral accounts. For its assessment of recent developments the Treasury has used the latest CSO data, which incorporate some substantial revisions to previous published estimates. The annex to this chapter assesses the latest data. The CSO will publish a full set of national accounts on March 17,¹ which will include some description of these revisions.

World economy

Real GNP in the major seven economies is estimated to have grown by 4 per cent in 1988, compared with 3½ per cent in the previous year and an average growth of 3½ per cent a year from 1982 to 1987. Domestic demand grew at about the same rate as GNP in 1988. Growth was particularly strong in Japan and the US in the first half of the year.

Business investment grew rapidly in all the major seven countries in 1988 (averaging almost 12 per cent); and export growth was also strong (over 9 per cent). Investment was boosted by rising profitability, increased capacity utilisation and high levels of business confidence. Growth in private consumption was about 3½ per cent, little changed on 1987.

World trade in manufactures was boosted in 1988 by high investment, and probably grew by around 10 per cent, the fastest annual growth rate since 1984.

Capacity utilisation in manufacturing rose strongly in 1988, to levels at or above the previous peaks reached in 1979 and 1980. Unemployment fell significantly in North America and the UK.

Non-oil commodity prices, particularly of industrial materials and metals, rose sharply in the first half of 1988. After significant falls from the mid-year peak they have risen again in recent months. Oil prices drifted downward for much of 1988, but have firmed since November.

¹ This article is a verbatim copy of chapter three of the *Financial Statement and Budget Report* produced by HM Treasury on March 14. The CSO estimates which are described as 'due to be published on March 17' have now been produced and are included in the tables in the main body of this edition of *Economic Trends*.

In the fourth quarter of 1988 consumer price inflation averaged 3½ per cent in the major industrial countries, slightly higher than a year earlier. But there have been some recent indications of increased inflationary pressures. Interest rates have risen since the spring of last year in all major seven economies except Japan. For major countries as a whole the average increase was about 2 percentage points.

Continued progress in reducing current account imbalances was made in early 1988, with significant reductions in both the US deficit and Japanese surplus. But little or no further progress was made in the second half of the year.

Table 1 shows the forecast for activity and inflation in the major seven countries, and for world trade.

Table 1 World economy

| | Percentage changes on previous year | | | |
|------------------------------------------|-------------------------------------|------|-----------|---------|
| | Estimate | | Forecasts | |
| | 1987 | 1988 | 1989 | 1990 H1 |
| <i>Major seven countries¹</i> | | | | |
| Real GNP | 3½ | 4 | 3 | 2½ |
| Real domestic demand | 4 | 4½ | 3 | 2½ |
| Industrial production | 3½ | 6 | 4½ | 2½ |
| Consumer prices | 3 | 3¼ | 4¼ | 3¼ |
| <i>World trade, at constant prices</i> | | | | |
| Total imports | 5½ | 8½ | 6 | 5 |
| Trade in manufactures | 7½ | 10 | 8 | 5½ |

¹ US, Japan, Germany, France, UK, Italy and Canada.

GNP growth is expected to slow through 1989 as the investment cycle passes its peak and as the effects of tighter monetary policy work through. The forecast growth of 3 per cent is close to estimates of productive potential. The slowdown is expected to be more marked in North America than in Continental Europe.

Growth of world trade in manufactures is expected to slow to about 5½ per cent by mid-1990, still above the trend rate for the period 1973 to 1987.

The forecast slowdown in world economic growth suggests that recent commodity price inflation should abate; commodity prices are forecast to remain constant in real terms. With world demand slowing, consumer price inflation in the major seven economies is forecast to fall back from 4¼ per cent in 1989 to about 3¾ per cent by mid-1990.

Little further progress is expected in reducing the current account imbalances in nominal terms in 1989.

UK trade and the balance of payments

UK manufacturing unit labour costs rose by 2½ per cent in 1988, a little more than in 1987; productivity growth did not fully offset a continuing high level of pay increases. Unit labour costs in the other major countries fell slightly on average. This, together with sterling's appreciation, resulted in a rise in the UK's relative unit labour costs. But cost competitiveness still remains more favourable than in 1985, before the fall in world oil prices. The maintenance of competitiveness in the year ahead will depend on success in restraining unit cost increases.

Table 2 The exchange rate and cost competitiveness

| | Sterling index (1985 = 100) | Relative unit labour costs (1985 = 100) |
|---------|--------------------------------|--------------------------------------------|
| 1985 Q4 | 101.4 | 104.0 |
| 1986 Q4 | 85.1 | 83.2 |
| 1987 Q4 | 92.7 | 93.6 |
| 1988 Q4 | 96.7 | 98.3 |

After erratically low figures in the first quarter of 1988, the volume of UK manufactured exports has since risen strongly as world trade has continued to expand. In the second half of 1988 the volume of exports of manufactures was 5 per cent higher than a year earlier. Manufactured export volumes are forecast to rise by 7½ per cent in 1989, close to the projected growth of world trade. A slightly faster rate of growth is forecast for non-manufactured exports.

Table 3 Visible trade

| | Percentage changes on previous year | | | | | |
|---------------|-------------------------------------|---------------|-----------------------------|----------------|---------------|-----------------------------|
| | All goods | | | Goods less oil | | |
| | Export volume | Import volume | Terms of trade ¹ | Export volume | Import volume | Terms of trade ¹ |
| 1987 | 5 | 7 | 1 | 6½ | 8 | 1 |
| 1988 | -½ | 13 | 2 | 3 | 14½ | 2½ |
| 1989 Forecast | 5½ | 5½ | 1½ | 7½ | 4½ | -½ |

¹ Ratio of export average values to import average values.

The rise in non-oil imports, by 14½ per cent in 1988, was much faster than that of exports, reflecting the strength of domestic demand and capacity shortages in some industries. Imports of capital and intermediate goods rose fastest; the increase in the growth of imports of consumer goods in 1988 was entirely attributable to passenger cars. Further high investment is likely to sustain continued high levels of capital goods imports in 1989. Nonetheless the slowdown in overall domestic demand and the extra capacity available from the current investment boom means that import growth is forecast to slow significantly in 1989, to around 5 per cent.

Table 4 Growth of import volumes by category of manufactured goods

| | Percentage changes on previous year | | |
|-------------------------|-------------------------------------|------|------|
| | 1986 | 1987 | 1988 |
| Consumer goods | 9 | 7 | 17 |
| Capital goods | -1 | 10½ | 22 |
| Intermediate goods | 9 | 13 | 23 |
| Semi-manufactured goods | 6 | 10 | 12 |

The oil trade surplus fell by just under £2 billion in 1988, to £2½ billion. This was a result of lower oil prices, a decline in production (mainly due to the Piper Alpha disaster), and increased domestic demand for oil. The temporary shutdowns in the Brent and Fulmar fields are expected to contribute to a further fall in production in 1989. Production is forecast to rise a little from mid-1989 as output recovers from the effects of the accidents. The oil trade surplus is forecast to fall again in 1989 to £2 billion, mainly as a result of the fall in production in the first half of the year.

The terms of trade have improved somewhat over the past year, with the higher exchange rate more than offsetting the effects of falling oil prices. No significant change is forecast in the non-oil terms of trade this year, although the oil terms of trade may improve

considerably, since the temporary shortage of North Sea quality crude, following the various accidents, is likely to raise its premium over other crudes.

The surplus on invisibles is provisionally estimated to have fallen by £1½ billion to £6 billion in 1988. This was mainly due to a decline in the surplus on services, offset to some extent by higher net receipts of interest, profits and dividends (IPD). The invisibles surplus is forecast to be £7 billion in 1989 as projected improvements in the services and IPD balances are partly offset by increased net transfers overseas, largely the result of higher net contributions to the European Community budget.

The current account is estimated to have been in deficit by £14½ billion in 1988. However, the deficit may be overstated to some extent given the magnitude of the balancing item. (The balancing item is the difference between the balances on the current and capital accounts.) The deterioration relative to the forecast in last year's FSBR was mainly due to the unexpected strength of domestic demand, particularly investment, combined with very high levels of capacity utilisation in some industries.

Table 5 Current account

| £ billion | | | | | | |
|---------------|-------------------|-------|-----|------------|--------------------|-------------------|
| | Manu- factures | Other | Oil | Invisibles | Current balance | Balancing item |
| 1987 | -7½ | -7 | 4 | 7½ | -3 | 12½ |
| 1988 | -14½ | -8½ | 2½ | 6 | -14½ | 15 |
| 1989 Forecast | -15½ | -8 | 2 | 7 | -14½ | |

Though the current account deficit is expected to fall from recent levels with the slowdown in growth of domestic demand, the recorded deficit for 1989 as a whole is forecast to be unchanged.

Demand and Activity

The economy probably grew by 4½ per cent in 1988. Growth was strong throughout the non-oil economy; manufacturing output rose by 7 per cent, construction output by 7 per cent and output of the service industries by 5 per cent. Problems with recent estimates of the expenditure measure of GDP mean that recorded growth in domestic demand in 1988, at 6½ per cent, may be an underestimate.

Consumer spending is estimated to have risen by 6½ per cent in 1988, a little faster than in 1987, and the personal sector saving ratio once again fell. The fall in the personal sector saving ratio in recent years is probably due to a number of factors. First, there has undoubtedly been greater consumer confidence as a result of sustained growth, falling unemployment and rising wealth. Second, greater wealth itself (especially housing wealth) has led to a perceived need for lower savings relative to income. Finally, financial deregulation and innovation has led to greater competition in credit markets, enabling people to borrow more relative to income.

Consumer spending is forecast to rise much more slowly this year than last, growing by 2 per cent between the second half of 1988 and the second half of 1989. The slowdown in retail spending growth in recent months indicates that personal spending is already moderating. The household sector is now a substantial net payer of interest. Higher interest rates are likely to reduce new borrowing and increase saving. The personal sector saving ratio is forecast to recover slowly.

The housing market was particularly buoyant in the first half of 1988. But there are now clear signs that it is easing. Building society mortgage lending commitments have fallen markedly from the high levels of last summer, and there is increasing evidence that house prices in the South East have stopped rising. House price inflation is likely to be very low through 1989, and total private housing investment is expected to decline.

Business investment rose sharply in 1988, by 14½ per cent. A strong surge in investment is consistent with expectations outlined in CBI Surveys and DTI Investment Intentions Surveys. The same surveys point to further strong growth in 1989. Over the past 7 years total investment has grown over twice as fast as total consumption.

Table 6 Gross fixed domestic capital formation

| | Weights in 1987 | Percentage changes on previous year | |
|------------------------------------|-----------------------|----------------------------------------|------------------|
| | | 1988 | Forecast 1989 |
| Business ^{1,3} | 66 | 14½ | 8 |
| Private dwellings etc ² | 21 | 11 | -5½ |
| General government ³ | 13 | 1 | 3 |
| Total fixed investment | 100 | 12 | 4½ |

1 Includes investment by public corporations.

2 Includes purchases less sales of land and existing buildings for the whole economy.

3 Excludes purchases less sales of land and existing buildings.

Stockbuilding is estimated to have been greater in the second half of 1988 than in the first half. But it is likely to be lower in 1989, with some destocking in the second half, as the growth of domestic demand slows down. The long run downward trend in the total stock-GDP ratio is expected to continue.

Non-North Sea industrial and commercial company sector profits (net of stock appreciation) are estimated to have risen by about 20 per cent in 1988; since 1984 profits have risen on average by 22 per cent a year. In 1988, the rate of return of non-North Sea industrial and commercial companies rose for the seventh successive year. Manufacturing profit margins rose strongly.

Table 7 shows that, as a share of GDP, total saving has remained unchanged since 1986, with rising company and public sector saving offsetting falling personal sector saving.

Table 7 Saving¹

| | Per cent of GDP at factor cost | | | | |
|------|--------------------------------|-------------------|------------------|------------------|-------------------|
| | Personal sector | Company sector | Total private | Public sector | Total national |
| 1985 | 7.5 | 12.9 | 20.4 | 1.0 | 21.4 |
| 1986 | 5.6 | 13.6 | 19.2 | 1.3 | 20.6 |
| 1987 | 3.6 | 15.2 | 18.8 | 1.6 | 20.4 |
| 1988 | 1.6 | 15.3 | 16.9 | 3.7 | 20.6 |

1 Published CSO data to 1988Q3.

The fall in private sector saving since 1985 has come at the same time as a steep rise in private sector investment. The result has been an increased call on overseas savings and hence a current account deficit.

Growth of domestic demand is forecast to fall sharply from a recorded 6½ per cent in 1988 to 2½ per cent in 1989, because

of the slowdown in consumption and investment growth and some destocking. Domestic demand is forecast to rise by only 1½ per cent between the second halves of 1988 and 1989. GDP is forecast to rise by 2½ per cent in 1989, and 2 per cent between the second half of 1988 and the second half of 1989. Declining North Sea production and the temporary effects of recent accidents may reduce GDP growth by ½ per cent in 1989, but the recovery from these accidents is forecast to produce higher growth of total GDP than of non-oil GDP in the year to the first half of 1990. Manufacturing output is forecast to grow slightly less than non-oil GDP through 1989, following two years of very rapid growth in 1987 and 1988.

Table 8 Domestic demand and GDP

| | Percentage changes on a year earlier | | |
|--------------------------------------------|--------------------------------------|--------|---------|
| | Forecast | | |
| | 1988 | 1989 | 1990 H1 |
| Domestic demand | 6½ | 2½ | 1½ |
| Exports of goods and services ¹ | -1 (1½) | 4½ (6) | 7 (6) |
| Imports of goods and services ¹ | 12 (13½) | 4½ (4) | 3 (3) |
| GDP ^{1,2} | 4½ (5) | 2½ (3) | 2½ (2) |
| Manufacturing production | 7 | 3½ | 1½ |

¹ Non-oil shown in brackets.

² Compromise measure.

Inflation

The annual rate of retail price inflation was 6½ per cent in the fourth quarter of 1988, a little higher than forecast in the Autumn Statement. Excluding mortgage interest payments, RPI inflation was 5 per cent.

According to CBI data, pay settlements in manufacturing are estimated to have risen to just under 7 per cent in the fourth quarter of 1988, about 1 per cent higher than a year earlier, with service sector settlements slightly higher. Average earnings rose by 8¾ per cent in the year to December, with earnings in manufacturing boosted by continued high overtime. Unit labour costs in manufacturing are estimated to have risen by 2½ per cent in 1988. UK manufacturing industry's profit margins increased significantly again in 1988, for the sixth year running. Margins are unlikely to continue to grow during 1989, given the forecast deceleration in domestic demand and activity.

Table 9 Costs in manufacturing

| | Percentage changes on previous year | | | Output prices ¹ |
|----------------------|-------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------|
| | Unit labour costs | Cost of materials and fuel ¹ | Estimated total unit costs ² | |
| 1987 | ¾ | 5 | 1¾ | 4¼ |
| 1988 Partly forecast | 2½ | 4¾ | 2¼ | 4¾ |
| 1989 Forecast | 4 | 5¼ | 4¼ | 5½ |

¹ Producer prices excluding food, drink and tobacco industries.

² Including costs of bought-in goods services.

Retail price inflation is likely to moderate to 5½ per cent by the final quarter of 1989 as the effects of past increases in mortgage interest rates start to drop out and as retailers' profit margins are squeezed following the deceleration in consumer demand.

Table 10 Retail prices index

| | Percentage changes on previous year | | | |
|-------------------------|-------------------------------------|-----------|-----------|-----------|
| | Weight in 1988 | Forecasts | | |
| | | 1988 Q4 | 1989 Q4 | 1990 Q2 |
| Food | 16¼ | 4 | 4¼ | 4 |
| Nationalised industries | 5½ | 7½ | 7 | 6 |
| Housing | 15¼ | 16½ | 10½ | 3¾ |
| Other | 63 | 4¾ | 4½ | 4½ |
| Total | 100 | 6½ | 5½ | 4½ |

The GDP deflator, which measures the price of domestic value added (principally unit labour costs and profits per unit of output), is forecast to have risen by 7¼ per cent in 1988-89 and to rise by 5½ per cent in 1989-90. The rise in the GDP deflator in 1988-89 has been boosted by changes in the composition of GDP.

Productivity and the labour market

Latest estimates show that the workforce in employment including those on training programmes rose by 1.5 million in the two years to September 1988 and 2.8 million since March 1983. Excluding those on training programmes, the increase was 1.4 million in the two years to September 1988 and 2.4 million since March 1983.

Table 11 Changes in employment

| | Thousands, seasonally adjusted, GB | | | | | |
|----------------------------------|------------------------------------|--------|--------------------|-----------|---------------------------------------------|--------------------------|
| | Employees in employment | | Self-employed | HM forces | Work-related government training programmes | Work-force in employment |
| | Male | Female | | | | |
| September 1985 to September 1986 | - 82 | + 148 | + 71 | - 3 | + 55 | + 188 |
| September 1986 to September 1987 | + 145 | + 307 | + 207 | - 4 | + 98 | + 754 |
| September 1987 to September 1988 | + 245 | + 362 | + 125 ¹ | - 4 | + 3 | + 731 |

¹ Figures for self-employment after June 1988 are projections based on self-employment growth since 1981.

Productivity continued to rise strongly in 1988. Manufacturing productivity has risen on average by 5¼ per cent a year since 1980, higher even than in the 1960s. Output per head in manufacturing industry has risen faster in the 1980s than in any other major industrialised economy and whole economy productivity growth has been second only to Japan's.

Table 12 Output per head of the employed labour force

| | Annual average percentage changes | | |
|-----------------|-----------------------------------|---------|---------|
| | 1960-70 | 1970-80 | 1980-88 |
| Manufacturing | 3 | 1½ | 5¼ |
| Non-oil economy | 2½ | 1 | 2¼ * |
| Whole economy | 2½ | 1¼ | 2½ * |

*Partly forecast.

By January 1988, seasonally adjusted unemployment in the UK had fallen for 30 successive months, by over a million in total. This is the longest and largest sustained fall in unemployment since the war. The fall in unemployment over the past year is mainly attributable to the strong growth of output and employment.

Forecast and Outturn

Table 13 compares the main elements of the forecast published in the 1988 FSBR with the outturn or latest estimate.

Table 13 Forecast and outturn

| | 1988 FSBR forecast | Outturn or latest estimate | Average errors from past forecasts |
|----------------------------------------------------------------------|--------------------------|----------------------------------|------------------------------------------|
| GDP (percentage change between 1987 and 1988) | 3 | 4½ * | 1 |
| RPI (percentage change between the fourth quarters of 1987 and 1988) | 4 | 6½ | 1 |
| Money GDP (percentage change between 1987-88 and 1988-89) | 7½ | 11 | 1½ |
| Current account of the balance of payments (1988, £ billion) | -4 | -14½ | 3 |
| PSDR (1988-89, £ billion) | 3 | 14 | 4 |

*Compromise measure of GDP.

Recorded RPI inflation in the fourth quarter of 1988 was higher than forecast a year ago mainly because of increases in interest rates in the second half of the year. The latest national accounts show that real and money GDP growth were both stronger than forecast: the extent of the forecast error could alter with revisions to data. The current account deficit was also larger than forecast, mainly because of the continued buoyancy of domestic demand, especially business investment, and associated capacity constraints in some sectors. The PSDR is likely to turn out substantially higher than forecast a year ago, reflecting lower government expenditure than projected and greater buoyancy of tax revenues arising from faster than expected growth.

Table 14 summarises this year's forecast, and shows average errors from past forecasts. The inconsistencies in the recorded data for 1988 mean that there is probably a wider error margin than usual around the forecasts.

Table 14 Economic prospects: summary

| | Percentage changes on previous year unless otherwise stated | | | |
|----------------------------------------------------------------|----------------------------------------------------------------|----------|-------------------|-------------------------------------|
| | | Forecast | | Average errors |
| | 1988 | 1989 | 1990 H1 | from past forecasts ¹ |
| GDP and domestic demand at constant prices | | | | |
| Domestic demand | 6½ | 2½ | 1½ | 1 |
| <i>of which:</i> | | | | |
| Consumers' expenditure | 6½ | 3½ | 2 | 1 |
| General government consumption | ½ | ½ | 1 | 1 |
| Fixed investment | 12 | 4½ | 3 | 3 |
| Change in stockbuilding (as per cent of GDP) | ½ | - ½ | - ½ | ½ |
| Exports of goods and services | - 1 | 4½ | 7 | 2 |
| Imports of goods and services | 12 | 4½ | 3 | 2½ |
| Gross domestic product (compromise measure) | 4½ | 2½ | 2½ | 1 |
| Manufacturing output | 7 | 3½ | 1½ | 1½ |
| Balance of payments current account (£ billion) | | | | |
| | - 14½ | - 14½ | - 12 ² | 3¼ |
| Inflation | | | | |
| Retail price index (Q4 on Q4) | 6½ | 5½ | 4½ ³ | 1 |
| GDP deflator at market prices (financial year) ⁴ | 7¼ | 5½ | | 1 |
| Money GDP at market prices (financial year)⁴ | | | | |
| £ billion | 11 | 7¼ | | 1½ |
| | 472 | 509 | | |
| PSDR (financial year) | | | | |
| £ billion | 14 | 14 | | 4¼ |
| per cent of GDP | 3 | 2¼ | | ¾ |

1 The errors relate to the average differences (on either side of the central figure) between FSBR forecasts and outturn over the last ten years, and apply to the forecasts for 1989.

2 At an annual rate.

3 Q2 on Q2.

4 Partly forecast.

Table 15 Gross domestic product and its components¹

| £ billion at 1985 prices, seasonally adjusted | | | | | | | | | | | |
|-------------------------------------------------|------------------------|--------------------------------|------------------------|-------------------------------|------------------|-------------------------|------------------------------------|--------------------------------|----------------------------|-----------------------------------------|--------------------|
| | Consumers' expenditure | General government consumption | Total fixed investment | Exports of goods and services | Change in stocks | Total final expenditure | Less imports of goods and services | Less adjustment to factor cost | Plus compromise adjustment | GDP at factor cost (compromise measure) | GDP index 1985=100 |
| 1984 | 207.9 | 73.9 | 58.1 | 97.0 | 1.1 | 438.0 | 96.7 | 48.5 | 1.2 | 294.0 | 96.4 |
| 1985 | 215.5 | 74.0 | 60.3 | 102.8 | 0.6 | 453.1 | 99.2 | 49.5 | 0.5 | 304.9 | 100.0 |
| 1986 | 227.8 | 75.4 | 61.3 | 106.6 | 0.7 | 471.7 | 105.5 | 51.9 | - 0.4 | 314.0 | 103.0 |
| 1987 | 240.1 | 76.2 | 66.4 | 112.4 | 0.9 | 495.9 | 113.4 | 54.8 | 0.2 | 328.0 | 107.6 |
| 1988 | 255.6 | 76.6 | 74.2 | 111.2 | 1.9 | 519.6 | 126.9 | 56.4 | 5.8 | 342.1 | 112.2 |
| 1989 | 264.1 | 77.1 | 77.6 | 116.3 | - 0.2 | 534.9 | 132.7 | 58.1 | 5.8 | 349.9 | 114.7 |
| 1987 H1 | 117.6 | 37.7 | 32.1 | 55.7 | 0.0 | 243.2 | 54.5 | 26.8 | 0.0 | 161.8 | 106.1 |
| H2 | 122.5 | 38.5 | 34.2 | 56.7 | 0.9 | 252.8 | 58.8 | 28.0 | 0.2 | 166.2 | 109.0 |
| 1988 H1 | 125.9 | 38.2 | 36.6 | 55.9 | 0.6 | 257.3 | 61.2 | 27.9 | 1.4 | 169.7 | 111.3 |
| H2 | 129.7 | 38.4 | 37.6 | 55.3 | 1.3 | 262.3 | 65.7 | 28.5 | 4.4 | 172.5 | 113.1 |
| 1989 H1 | 131.6 | 38.5 | 38.3 | 57.1 | 0.2 | 265.7 | 65.8 | 28.9 | 2.9 | 173.9 | 114.1 |
| H2 | 132.5 | 38.6 | 39.2 | 59.2 | - 0.4 | 269.1 | 66.9 | 29.2 | 2.9 | 175.9 | 115.4 |
| 1990 H1 | 133.9 | 38.8 | 39.4 | 61.0 | - 0.6 | 272.5 | 67.6 | 29.5 | 2.9 | 178.2 | 116.9 |
| Percentage change on previous year ² | | | | | | | | | | | |
| 1987 | 5½ | 1 | 8½ | 5½ | 0 | 5 | 7½ | 5½ | 0 | 4½ | 4½ |
| 1988 | 6½ | ½ | 12 | - 1 | ½ | 5 | 12 | 3 | 1½ | 4½ | 4½ |
| 1989 | 3½ | ½ | 4½ | 4½ | - ½ | 3 | 4½ | 3 | 0 | 2½ | 2½ |
| 1990 H1 | 2 | 1 | 3 | 7 | - ½ | 2½ | 3 | 2 | 0 | 2½ | 2½ |

1 The compromise GDP figures to 1987 are unweighted averages of constant price expenditure, output and income estimates of GDP. Growth in 1988 is based on the output measure. Percentage changes are calculated from unrounded levels and then rounded to the nearest half per cent. The annex to this article assesses the recorded data.

2 For stockbuilding and the compromise adjustment, changes are as a percentage of GDP.

Annex

National and sectoral accounts

The Autumn Statement explained that, because of problems with the statistics, it has become increasingly difficult to assess the development of the economy in the recent past. The alternative measures of GDP have shown different growth rates between years and different paths within years. There have been very large balancing items in the sectoral accounts, and the data are subject to large revisions.

The figures for the past in this chapter are the CSO's latest estimates; there may be further small changes before the full set of national accounts is published on 17th March¹. Revisions to the figures for 1986, 1987 and 1988 have reduced the difference between the various measures of GDP.

Table 1 Gross domestic product: 1985 prices, seasonally adjusted

| | | 1985 = 100 | | | |
|---------------------|----|-------------------------------------|--------|--------|--------------|
| | | Expenditure | Output | Income | Compromise * |
| 1987 | | 107.7 | 107.8 | 107.2 | 107.6 |
| 1988 | | 110.5 | 112.4 | 112.0 | 112.2 |
| 1987 | H1 | 106.3 | 106.1 | 105.9 | 106.1 |
| | H2 | 109.0 | 109.4 | 108.6 | 109.0 |
| 1988 | H1 | 110.5 | 111.5 | 111.8 | 111.3 |
| | H2 | 110.4 | 113.3 | 112.2 | 113.1 |
| Growth rates | | | | | |
| | | percentage change on a year earlier | | | |
| 1987 | | 4.3 | 4.7 | 4.4 | 4.5 |
| 1988 | | 2.6 | 4.3 | 4.5 | 4.3 |
| 1988 | H1 | 4.0 | 5.0 | 5.6 | 4.9 |
| | H2 | 1.2 | 3.6 | 3.4 | 3.8 |

*Compromise GDP is the unweighted average of the three measures to the end of 1987, and uses the growth of the output measure of GDP for 1988.

There have been unusually large upward revisions to the expenditure measure of GDP and some of its components since the last set of national accounts was published in December. For the first three quarters of 1988 the expenditure measure of GDP has been revised up by £3 billion, over 1 per cent. This is more than accounted for by fixed investment which has been revised up by £3½ billion (6½ per cent). Fixed investment is now estimated to have grown by 8½ per cent in 1987 and 12 per cent

in 1988. Following these revisions the path of investment is more consistent with the high level of imports of capital and intermediate goods.

Despite the revisions, there are still problems with the statistics in 1988. The expenditure measure of GDP is estimated to have grown significantly less rapidly than the output or income measures — especially in the second half of the year. In this forecast a compromise measure of GDP is used, and is estimated to have grown by 4½ per cent in 1988, in line with the output measure. This judgement is based on the widely accepted view that the output measure of GDP is the most reliable measure of recent activity, and is consistent with the other indicators of activity including CBI surveys.

The income measure of GDP grew by a similar amount in 1988, although its path through the year was more erratic. In contrast, the expenditure measure of GDP is estimated to have grown by only 2½ per cent.

The difference between the estimated growth of the compromise measure of GDP and the expenditure measure is shown as the compromise adjustment in Table 15.

A full set of sectoral accounts that are consistent with the revised national accounts will be published in April. Until then it will not be possible to assess whether there has been any reduction in the very large balancing items for recent years in certain sectoral accounts, notably those for the personal sector and for industrial and commercial companies. (The balancing item for any sector is the difference between the sector's financial surplus/deficit as measured by the national accounts and as measured by the financial accounts.) Large inconsistencies remain in the accounts for the overseas sector. In the last three years there have been substantial, positive balancing items, rising to over £15 billion in 1988 on the latest data (Table 5). These represent an unknown combination of unrecorded net exports and unidentified capital inflows. To the extent that the balancing items consist of unrecorded net exports, the published figures overstate the actual current account deficits.

¹ See footnote on page 107.