

## Introduction

Volume 240 brings together all the main economic indicators which show the latest position of totals and change from year to year.

Statistical information, however, does not always tell the whole story. It is important to note that data excluded from the account may be equally important in assessing total economic activity which has gone on since earlier. All data in this section are potentially useful, and often should be used, in their own particular way, to reinforce or qualify the published figures.

The value added is the only fundamental measure in the CBO in the form quoted at the top of this page and shows the contribution of the key economic sectors to the economy. In theory, figures for gross domestic product are being right, but they could be interpreted in different ways. They are also open to a variety of interpretations, such as giving no account of the balance of payments.

Other statistical indicators show the economic situation at any one time. A year against a reference period of previous years. The index of price inflation is a lead indicator and has helped the government to set a target rate of inflation and to limit the influence of Government by making it relatively difficult to increase prices further. The following table gives some recent data on the cost of living.

**No 440  
June 1990**

Issued at £10.00 each. £5.00 postage and packing per issue. Postage and packing is free for institutions.

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# **United Kingdom Balance of Payments: preliminary figures for first quarter 1990**

## **Current account**

In the first quarter the deficit (seasonally adjusted) was £4.7 billion (£4.2 billion in the fourth quarter).

## **Capital account and balancing item**

Figures of transactions in external assets and liabilities - which should (with sign reversed) equal the current balance before seasonal adjustment - are not yet complete. The available data show a net identified inflow of £10.3 billion in the first quarter. This implies errors and omissions of net outflows over the current and capital accounts as a whole of £5.2 billion - the balancing item (Table A2).

There have been substantial positive balancing items in the accounts for the past four years. This persistence inevitably throws doubt on the quality of the figures in the accounts in these years and must be borne in mind when interpreting them, despite the existence of a negative balancing item in the first quarter.

Substantial revisions have been made to the figures in recent periods.

## **Visible trade (Table A2)**

The deficit of £5.5 billion in the first quarter comprised a surplus of £0.4 billion on trade in oil and a deficit of £5.9 billion on non-oil trade (£5.0 billion in the fourth quarter).

## **Invisibles (Table A4)**

Invisibles showed a surplus in the first quarter of £0.7 billion, compared with a revised estimate of a surplus of £0.2 billion in the fourth quarter.

## **Services (Table A5)**

The surplus on services in the first quarter (£1.0 billion) was nearly £0.2 billion higher than in the previous quarter. This reflects a recovery in the surplus on financial services, notably insurance.

## **Interest, profits and dividends (Table A6)**

The surplus fell in the first quarter to £0.6 billion from £1.0 billion in the fourth quarter.

## **Transfers (Table A7)**

The deficit in the first quarter (£0.9 billion) was much lower than in the fourth quarter (£1.6 billion). This is mainly due to greater receipts from, and lower payments to, the European Community, although there were also smaller payments of bilateral aid and other transfers.

## **Transactions in assets and liabilities (Table A8)**

Direct investment overseas rose in the first quarter (£4.9 billion compared with £3.6 billion in the fourth quarter). Overseas direct investment in the UK also remained high at £6.8 billion (£6.9 billion in the fourth quarter), and included the purchase of Morgan Grenfell and Yorkshire Banks by Deutsche Bank and National Australia Bank respectively.

Portfolio investment overseas showed marginal disinvestment (£0.5 billion) for the first time since 1987. Significant disinvestment by financial institutions other than banks was not quite balanced by investment by other groups. Portfolio investment in the UK (£0.9 billion) was less than half the fourth quarter's level, with marked disinvestment in government securities.

UK banks' transactions (other than direct and portfolio investment) showed a net inflow of £2.5 billion in the first quarter (a sterling inflow of £3.9 billion only partly offset by a foreign currency outflow of £1.4 billion) compared with a net outflow of £0.6 billion in the fourth quarter.

There was also significant net borrowing other than by banks and general government, mainly associated with the activities of securities dealers.

Net drawings on the official reserves were £0.1 billion, compared with £2.4 billion in the fourth quarter (Table A13).

## **Revisions**

The estimates now incorporate the results of the 1989 direct investment inquiry to UK banks. These increased net invisibles credits in 1989 by £0.7 billion from earlier estimates, in large part reflecting substantial provisions against profits in respect of loans to Third World borrowers by both UK affiliates of overseas banks and overseas affiliates of UK banks. Revisions were substantially higher on the debit side than on the credit side of the account. The estimates also incorporate new annual data on Lloyd's portfolio investment income.

## **Note**

Net transactions in assets and liabilities should, with reversal of sign, equal the (unadjusted) 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 since 1984 and probably reflects, in large part, the major changes which have taken place in financial markets over the last four 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 widespread use. In these circumstances,

it is possible that the estimates of UK net credits from providing and receiving financial services may have failed to capture fully these activities. Estimates of interest, profits and dividend (IPD) credits and debits may also be incomplete. There is, moreover, considerable scope for deficiencies in measuring capital flows associated with developments in financial activity. This is particularly so in 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. Here the channel of ownership is much harder to track.

Although a programme of work is underway to improve the estimates of capital flows, especially in respect of new international bond issues and of transactions in UK company ordinary shares (the latter through a share register survey now in progress), considerable work remains to be done to improve the estimates. Through the initiative announced by the Chancellor recently it is planned to extend the coverage and quarterly reporting on direct investment and to examine further the sectoral allocation, both overseas and domestically, of financial flows, especially in banking. In addition a wide-ranging review of sources of balance of payment statistics, drawing on the experience of other countries and developments in financial markets, is being undertaken over the coming year.

*Central Statistical Office*

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# A1 Balance of payments summary

£ million

Seasonally adjusted											Not seasonally adjusted		
Visible trade (balance)	Invisibles (balance)					UK external assets and liabilities					Allocation of SDRs and gold subscription to IMF		
	Services	I.P.D.	Transfers	Total	Current balance	Current balance	Capital transfers	Trans- actions in assets <sup>1</sup>	Trans- actions in lia- bilities <sup>1</sup>	Net trans- actions	Balancing item		
1980 AIMA	AIMC	AIMD	AIME	AIMB	AIMF	AIMG	AAAZ	HEPZ	HEQW	HEQU	AIMI	AASA	
1 357	3 653	-228	-1 984	1 441	2 797	2 797	-	-43 439	39 509	-3 930	180	953	
1981 3 252	3 715	1 222	-1 547	3 390	6 641	6 641	-	-50 769	43 334	-7 436	158	637	
1982 1 910	2 971	1 468	-1 741	2 698	4 608	4 608	-	-31 407	28 820	-2 589	-	-2 019	
1983 -1 507	3 995	2 893	-1 585	5 303	3 796	3 796	-	-30 172	25 622	-4 551	-	755	
1984 -5 167	4 339	4 518	-1 734	7 123	1 956	1 956	-	-32 041	24 142	-7 900	-	5 944	
1985 -3 128	6 606	2 721	-3 034	6 293	3 165	3 165	-	-52 918	45 498	-7 419	-	4 254	
1986 -9 363	6 247	5 228	-2 157	9 318	-45	-45	-	-92 890	82 784	-10 105	-	10 150	
1987 -10 904	5 653	4 301	-3 402	6 552	-4 352	-4 352	-	-83 436	79 527	-3 908	-	8 260	
1988 -20 815	3 978	5 423	-3 546	5 855	-14 960	-14 960	-	-56 258	61 722	5 465	-	9 495	
1989 -23 112	3 960	4 643	-4 558	4 045	-19 067	-19 067	-	-84 419	88 462	4 043	-	15 024	
1981 Q1 1 685	1 009	246	-52	1 203	2 889	2 601	-	-15 112	10 800	-4 313	158	1 554	
Q2 1 281	864	375	-588	651	1 932	1 625	-	-8 535	6 032	-2 503	-	878	
Q3 -150	1 039	290	-671	658	508	641	-	-13 849	13 132	-717	-	76	
Q4 436	803	311	-236	878	1 312	1 774	-	-13 273	13 370	97	-	-1 871	
1982 Q1 262	927	93	125	1 145	1 407	1 130	-	-11 602	11 324	-278	-	-852	
Q2 138	766	432	-743	455	593	150	-	-37	1 216	1 178	-	-1 328	
Q3 549	579	403	-647	335	883	933	-	-18 416	16 418	-1 999	-	1 066	
Q4 961	699	540	-476	763	1 725	2 395	-	-1 352	-138	-1 490	-	-905	
1983 Q1 -218	1 071	813	56	1 940	1 723	1 451	-	-10 722	8 454	-2 269	-	818	
Q2 -568	972	388	-672	688	121	-376	-	-193	376	183	-	193	
Q3 -131	910	1 019	-416	1 513	1 383	1 393	-	-11 468	11 864	396	-	-1 789	
Q4 -590	1 042	673	-553	1 162	569	1 328	-	-7 789	4 928	-2 861	-	1 533	
1984 Q1 -429	1 134	905	-309	1 730	1 300	850	-	-14 082	12 895	-1 187	-	337	
Q2 -1 341	968	914	-649	1 233	-108	-665	-	-8 914	6 855	-2 060	-	2 725	
Q3 -1 476	1 095	997	-638	1 454	-22	180	-	-597	-562	-1 159	-	979	
Q4 -1 921	1 142	1 702	-138	2 706	786	1 591	-	-8 448	4 954	-3 494	-	1 903	
1985 Q1 -1 900	1 405	946	-812	1 539	-361	-711	-	-17 219	13 252	-3 967	-	4 678	
Q2 -162	1 732	682	-650	1 764	1 602	966	-	-6 778	6 045	-733	-	-233	
Q3 -488	1 801	769	-874	1 696	1 208	1 371	-	-16 020	10 134	-5 886	-	4 515	
Q4 -578	1 668	324	-698	1 294	716	1 539	-	-12 901	16 067	3 167	-	-4 706	
1986 Q1 -1 523	1 673	1 066	67	2 806	1 283	647	-	-15 797	13 210	-2 586	-	1 939	
Q2 -2 080	1 449	1 233	-544	2 138	59	-180	-	-15 339	11 889	-3 450	-	3 630	
Q3 -2 895	1 520	1 461	-803	2 178	-717	-829	-	-43 570	42 653	-917	-	1 746	
Q4 -2 865	1 605	1 468	-877	2 196	-670	317	-	-18 184	15 032	-3 152	-	2 835	
1987 Q1 -1 680	1 520	1 214	-766	1 968	288	74	-	-17 549	16 538	-1 011	-	937	
Q2 -2 622	1 474	1 062	-759	1 777	-845	-1 136	-	-26 270	25 963	-306	-	1 442	
Q3 -2 999	1 540	1 067	-982	1 625	-1 374	-1 605	-	-26 246	21 976	-4 270	-	5 875	
Q4 -3 603	1 119	958	-895	1 182	-2 421	-1 685	-	-13 371	15 050	1 679	-	6	
1988 Q1 -4 289	1 022	1 021	-1 052	991	-3 298	-3 439	-	-5 007	8 771	3 764	-	-325	
Q2 -4 596	1 116	1 508	-894	1 730	-2 866	-3 254	-	-20 619	20 546	-73	-	3 327	
Q3 -5 593	1 001	1 399	-209	2 191	-3 402	-3 598	-	-23 327	24 687	1 361	-	2 237	
Q4 -6 337	839	1 495	-1 391	943	-5 394	-4 669	-	-7 305	7 718	413	-	4 256	
1989 Q1 -6 037	912	1 593	-708	1 797	-4 241	-4 063	-	-29 363	30 968	1 605	-	2 458	
Q2 -6 335	1 309	1 218	-835	1 692	-4 643	-5 025	-	-15 435	11 210	-4 225	-	9 250	
Q3 -6 359	967	799	-1 393	373	-5 986	-6 492	-	-19 853	29 086	9 233	-	-2 741	
Q4 -4 381	772	1 033	-1 622	183	-4 197	-3 487	-	-19 768	17 198	-2 570	-	6 057	
1990 Q1 -5 471	1 019	573	-864	728	-4 743	-5 106	-	-15 348	25 637	10 289	-	-5 183	

<sup>1</sup> 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	
1980	47 149	45 792	1 357	6 118	5 810	308	41 031	39 982	1 049	47 149	45 792	1 357
1981	50 668	47 416	3 252	9 092	5 986	3 106	41 576	41 430	146	50 668	47 416	3 252
1982	55 331	53 421	1 910	10 671	6 033	4 638	44 660	47 388	-2 728	55 331	53 421	1 910
1983	60 700	62 207	-1 507	12 486	5 514	6 972	48 214	56 693	-8 479	60 700	62 207	-1 507
1984	70 265	75 432	-5 167	14 834	7 901	6 933	55 431	67 531	-12 100	70 265	75 432	-5 167
1985	77 991	81 119	-3 128	16 115	8 014	8 101	61 876	73 105	-11 229	77 991	81 119	-3 128
1986	72 656	82 019	-9 363	8 189	4 119	4 070	64 467	77 900	-13 433	72 656	82 019	-9 363
1987	79 446	90 350	-10 904	8 445	4 262	4 183	71 001	86 088	-15 087	79 446	90 350	-10 904
1988	80 772	101 587	-20 815	6 018	3 221	2 797	74 754	98 366	-23 612	80 772	101 587	-20 815
1989	92 526	115 638	-23 112	5 907	4 426	1 481	86 619	111 212	-24 593	92 526	115 638	-23 112
1981 Q1	11 699	10 239	1 460	2 068	1 325	743	9 715	8 773	942	11 783	10 098	1 685
Q2	12 264	11 171	1 093	2 208	1 314	894	10 006	9 619	387	12 214	10 933	1 281
Q3	12 678	12 833	-155	2 429	1 652	777	10 739	11 666	-927	13 168	13 318	-150
Q4	14 027	13 173	854	2 387	1 695	692	11 116	11 372	-256	13 503	13 067	436
1982 Q1	13 211	13 244	-33	2 362	1 690	672	10 972	11 382	-410	13 334	13 072	262
Q2	13 752	13 849	-97	2 419	1 492	927	11 350	12 139	-789	13 769	13 631	138
Q3	13 449	12 910	539	2 849	1 504	1 345	11 008	11 804	-796	13 857	13 308	549
Q4	14 919	13 418	1 501	3 041	1 347	1 694	11 330	12 063	-733	14 371	13 410	961
1983 Q1	14 652	15 071	-419	2 921	1 353	1 568	11 655	13 441	-1 786	14 576	14 794	-218
Q2	14 750	15 673	-923	3 022	1 389	1 633	11 771	13 972	-2 201	14 793	15 361	-568
Q3	14 768	15 075	-307	3 099	1 418	1 681	12 351	14 163	-1 812	15 450	15 581	-131
Q4	16 530	16 388	142	3 444	1 354	2 090	12 437	15 117	-2 680	15 881	16 471	-590
1984 Q1	16 835	17 546	-711	3 418	1 394	2 024	13 162	15 615	-2 453	16 580	17 009	-429
Q2	16 816	18 590	-1 774	3 596	1 927	1 669	13 414	16 424	-3 010	17 010	18 351	-1 341
Q3	16 683	18 342	-1 659	3 923	2 055	1 868	13 942	17 286	-3 344	17 865	19 341	-1 476
Q4	19 931	20 954	-1 023	3 897	2 525	1 372	14 913	18 206	-3 293	18 810	20 731	-1 921
1985 Q1	19 956	21 965	-2 009	4 370	2 959	1 411	15 500	18 811	-3 311	19 870	21 770	-1 900
Q2	20 192	20 875	-683	4 589	1 896	2 693	15 899	18 754	-2 855	20 488	20 650	-162
Q3	17 897	18 635	-738	3 631	1 580	2 051	15 266	17 805	-2 539	18 897	19 385	-488
Q4	19 946	19 644	302	3 525	1 579	1 946	15 211	17 735	-2 524	18 736	19 314	-578
1986 Q1	17 532	19 498	-1 966	2 850	1 198	1 652	15 341	18 516	-3 175	18 191	19 714	-1 523
Q2	18 305	20 574	-2 269	1 853	1 029	824	16 097	19 001	-2 904	17 950	20 030	-2 080
Q3	16 663	19 843	-3 180	1 646	871	775	15 974	19 644	-3 670	17 620	20 515	-2 895
Q4	20 156	22 104	-1 948	1 840	1 021	819	17 055	20 739	-3 684	18 895	21 760	-2 865
1987 Q1	19 439	21 316	-1 877	2 065	1 095	970	17 621	20 271	-2 650	19 686	21 366	-1 680
Q2	19 342	22 291	-2 949	2 120	1 023	1 097	17 350	21 069	-3 719	19 470	22 092	-2 622
Q3	19 295	22 687	-3 392	2 210	1 089	1 121	18 135	22 255	-4 120	20 345	23 344	-2 999
Q4	21 370	24 056	-2 686	2 050	1 055	995	17 895	22 493	-4 598	19 945	23 548	-3 603
1988 Q1	19 245	23 674	-4 429	1 632	815	817	17 539	22 645	-5 106	19 171	23 460	-4 289
Q2	20 191	25 120	-4 929	1 686	783	903	18 644	24 143	-5 499	20 330	24 926	-4 596
Q3	19 837	25 745	-5 908	1 497	842	655	19 367	25 615	-6 248	20 864	26 457	-5 593
Q4	21 499	27 048	-5 549	1 203	781	422	19 204	25 963	-6 759	20 407	26 744	-6 337
1989 Q1	21 364	27 362	-5 998	1 200	971	229	20 533	26 799	-6 266	21 733	27 770	-6 037
Q2	22 807	29 550	-6 743	1 406	1 178	228	21 100	27 663	-6 563	22 506	28 841	-6 335
Q3	21 976	28 904	-6 928	1 515	1 118	397	21 799	28 555	-6 756	23 314	29 673	-6 359
Q4	26 379	29 822	-3 443	1 786	1 159	627	23 187	28 195	-5 008	24 973	29 354	-4 381
1990 Q1	24 984	30 753	-5 769	1 918	1 488	430	23 417	29 318	-5 901	25 335	30 806	-5 471

# A3 Volume, implied price and unit value indices

1985 = 100

	Seasonally adjusted				Not seasonally adjusted						
	Volume indices			Goods and services	Implied price indices <sup>1</sup>		Goods and services	Unit value indices <sup>2</sup>		Terms of trade <sup>3</sup>	
	All goods	Non-oil goods	Services		Goods	Services		All goods	Non-oil goods	All goods	Non-oil goods
<b>Exports</b>											
1980	CGTR	CGSV	CGSI	HHCX	HHCZ	CGTA	HDUV	CGTO	CGSX	CGTQ	CGSZ
1980	84.1	90.3	95.3	86.7	71.9	66.7	70.6	69.9	70.7	103.1	101.8
1981	83.3	86.7	95.2	86.0	78.0	72.5	76.6	76.2	75.3	103.4	102.7
1982	85.6	87.8	90.3	86.8	82.8	79.1	81.9	81.4	80.6	101.9	101.8
1983	87.6	88.2	91.8	88.6	88.8	86.9	88.3	88.0	87.4	100.5	99.9
1984	94.7	94.8	93.3	94.4	95.1	95.3	95.1	95.0	94.0	99.6	98.8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.0	104.0	104.8	104.2	89.6	99.9	92.1	90.4	101.4	94.5	100.6
1987	109.2	111.2	110.5	109.5	93.3	101.5	95.3	94.2	105.3	95.7	101.5
1988	110.9	115.1	108.1	110.2	93.4	104.4	96.0	94.5	108.9	96.8	104.6
1989	117.0	127.8	108.0	114.8	101.4	114.5	104.4	101.2	114.8	97.5	104.6
1986 Q1	100.9	100.4	105.0	101.9	92.5	98.9	94.0	93.3	99.7	97.1	100.8
Q2	104.1	104.4	103.9	104.0	88.7	98.2	90.9	88.9	100.8	94.5	101.8
Q3	104.0	103.0	105.0	104.3	86.2	100.3	90.1	88.2	101.5	93.7	100.9
Q4	106.8	108.0	105.2	106.4	90.9	102.0	93.4	91.3	103.4	92.8	99.0
1987 Q1	109.2	111.5	107.3	108.8	92.0	100.3	93.8	93.5	104.5	93.4	99.1
Q2	107.3	109.0	111.3	108.3	93.3	100.5	95.1	93.9	104.9	96.1	101.9
Q3	110.2	112.9	115.1	111.4	94.4	103.3	96.9	95.1	105.7	96.8	102.4
Q4	109.9	111.4	108.3	109.5	93.6	101.3	95.3	94.4	106.1	96.5	102.7
1988 Q1	107.4	109.5	110.3	108.1	90.8	100.5	93.0	93.3	106.8	96.2	103.5
Q2	113.6	116.2	110.6	112.9	92.0	102.3	94.3	93.9	107.9	97.1	104.7
Q3	112.8	118.1	106.1	111.2	94.7	107.4	98.0	95.6	110.1	97.3	105.2
Q4	109.7	116.6	105.4	108.6	96.1	106.9	98.5	95.4	110.9	96.7	104.8
1989 Q1	112.8	124.2	111.2	112.4	98.0	108.1	100.3	97.8	112.0	98.4	105.8
Q2	113.5	124.9	109.9	112.6	101.9	113.1	104.4	100.8	113.8	98.1	105.1
Q3	117.2	127.4	107.4	114.8	102.0	117.2	106.0	102.2	116.2	97.0	104.3
Q4	124.4	134.7	103.4	119.3	103.5	119.1	106.5	103.9	117.2	96.6	103.3
1990 Q1 Imports	124.8	134.3	110.6	121.4	103.7	118.0	106.6	105.5	118.8	97.1	103.7
1980	CGTS	CGSW	CGSP	HHCY	HHDA	CGTB	HDWN	CGTP	CGSY		
1980	79.0	74.9	94.6	81.8	71.5	70.4	71.3	67.8	69.4		
1981	75.8	73.7	96.3	79.5	77.0	76.5	77.0	73.7	73.3		
1982	80.1	79.2	98.4	83.4	82.2	82.5	82.3	79.9	79.2		
1983	87.0	87.7	97.1	88.9	88.1	89.4	88.4	87.6	87.5		
1984	96.9	96.5	100.3	97.5	95.9	97.1	96.2	95.3	95.2		
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
1986	107.1	106.7	105.3	106.8	94.4	102.9	95.9	95.7	100.8		
1987	114.5	115.5	116.6	114.9	97.2	104.5	98.6	98.5	103.7		
1988	129.8	132.2	127.5	129.4	96.5	103.6	97.8	97.6	104.2		
1989	139.9	142.7	132.0	138.5	101.9	111.3	103.5	103.8	109.7		
1986 Q1	101.7	103.4	105.8	102.4	96.2	100.9	97.0	96.1	98.9		
Q2	106.0	105.8	105.9	106.0	93.5	100.0	94.7	94.1	99.1		
Q3	109.5	107.6	104.1	108.6	91.8	105.7	94.7	94.1	100.6		
Q4	111.2	110.0	105.5	110.1	96.1	104.1	97.4	98.4	104.5		
1987 Q1	108.0	108.0	108.9	108.2	98.1	104.3	99.1	100.1	105.4		
Q2	112.4	113.6	114.2	112.7	97.1	104.0	98.4	97.8	102.9		
Q3	117.9	119.3	119.5	118.2	97.2	107.0	99.3	98.2	103.2		
Q4	119.9	121.0	124.0	120.6	96.6	101.8	97.5	97.8	103.3		
1988 Q1	121.3	123.1	125.6	122.0	95.9	102.2	97.0	96.9	103.2		
Q2	128.1	130.9	125.7	127.7	96.2	103.2	97.4	96.7	103.0		
Q3	134.2	137.3	124.7	132.5	96.8	107.0	98.8	98.2	104.7		
Q4	135.5	137.7	134.0	135.2	97.1	101.3	97.8	98.7	105.7		
1989 Q1	140.5	142.6	137.9	140.0	97.9	104.4	98.9	99.4	105.8		
Q2	140.2	143.2	128.1	138.0	101.6	109.8	103.0	102.7	108.3		
Q3	141.0	144.1	130.9	139.2	103.3	114.9	105.7	105.4	111.4		
Q4	138.0	141.0	131.1	136.7	104.6	114.9	106.3	107.5	113.5		
1990 Q1	146.5	147.2	134.2	144.2	103.9	115.9	105.7	108.7	114.6		

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.

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

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

# 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. transac- tions and private transfers	Total	Credits	Debits	Balance	
1980	CGKS	CGKL	CGKT	CGKR	CGHU	CGHJ	CGHV	CGHT	CGIV	CGIS	AIMB	CGJY	CGGY	CGIK	
1980	15 675	23 681	1 893	41 249	12 022	23 910	3 877	39 809	4 224	-2 783	1 441	41 249	39 809	1 441	
1981	17 001	37 529	2 792	57 322	13 286	36 308	4 339	53 933	5 768	-2 378	3 390	57 322	53 933	3 390	
1982	17 613	44 397	3 402	65 412	14 642	42 929	5 143	62 714	5 902	-3 204	2 698	65 412	62 714	2 698	
1983	19 659	42 481	3 747	65 887	15 664	39 588	5 332	60 584	8 365	-3 062	5 303	65 887	60 584	5 303	
1984	21 927	51 715	4 023	77 665	17 588	47 197	5 757	70 542	10 550	-3 427	7 123	77 665	70 542	7 123	
1985	24 651	52 313	3 619	80 583	18 045	49 592	6 653	74 290	11 368	-5 075	6 293	80 583	74 290	6 293	
1986	25 794	47 799	3 870	77 463	19 547	42 571	6 027	68 145	13 779	-4 461	9 318	77 463	68 145	9 318	
1987	27 639	48 209	3 952	79 800	21 986	43 908	7 354	73 248	12 651	-6 099	6 552	79 800	73 248	6 552	
1988	27 818	56 851	3 822	88 491	23 840	51 428	7 368	82 636	12 086	-6 231	5 855	88 491	82 636	5 855	
1989	30 473	74 034	3 892	108 399	26 513	69 391	8 450	104 354	11 274	-7 229	4 045	108 399	104 354	4 045	
1981 Q1	4 009	7 199	1 033	12 241	3 000	6 952	1 085	11 037	1 387	-184	1 203	11 868	10 727	1 142	
Q2	4 142	8 415	433	12 990	3 278	8 040	1 021	12 339	1 434	-783	651	12 934	12 402	532	
Q3	4 399	10 254	533	15 186	3 360	9 964	1 204	14 528	1 543	-885	658	15 753	14 957	796	
Q4	4 451	11 661	793	16 905	3 648	11 352	1 029	16 029	1 404	-526	878	16 767	15 847	920	
1982 Q1	4 352	10 394	1 380	16 126	3 425	10 301	1 255	14 981	1 317	-172	1 145	15 744	14 581	1 163	
Q2	4 443	11 241	526	16 210	3 677	10 809	1 269	15 755	1 562	-1 107	455	16 137	15 890	247	
Q3	4 339	11 240	672	16 251	3 760	10 838	1 319	15 917	1 400	-1 065	335	16 829	16 435	394	
Q4	4 479	11 522	824	16 825	3 780	10 981	1 300	16 061	1 623	-860	763	16 702	15 808	894	
1983 Q1	4 843	11 480	1 277	17 600	3 772	10 666	1 221	15 659	2 232	-292	1 940	17 156	15 286	1 870	
Q2	4 819	9 961	717	15 497	3 847	9 572	1 389	14 808	1 703	-1 015	688	15 431	14 884	547	
Q3	4 985	10 358	839	16 182	4 075	9 338	1 255	14 668	2 301	-788	1 513	16 853	15 153	1 700	
Q4	5 012	10 682	914	16 608	3 970	10 012	1 467	15 449	2 129	-967	1 162	16 447	15 261	1 186	
1984 Q1	5 283	11 362	1 058	17 703	4 149	10 458	1 367	15 974	2 440	-710	1 730	17 455	15 894	1 561	
Q2	5 310	11 982	752	18 044	4 342	11 068	1 401	16 811	2 323	-1 090	1 233	17 854	16 745	1 109	
Q3	5 539	13 635	766	19 940	4 444	12 638	1 404	18 486	2 524	-1 070	1 454	20 651	18 812	1 839	
Q4	5 795	14 736	1 447	21 978	4 653	13 033	1 585	19 271	3 263	-557	2 706	21 705	19 091	2 614	
1985 Q1	6 099	14 502	992	21 593	4 694	13 556	1 804	20 054	2 854	-1 315	1 539	21 320	20 022	1 298	
Q2	6 167	13 513	776	20 456	4 435	12 831	1 426	18 692	2 884	-1 120	1 764	20 217	18 568	1 650	
Q3	6 148	12 463	984	19 595	4 347	11 694	1 858	17 899	3 126	-1 430	1 896	20 457	18 348	2 109	
Q4	6 237	11 835	867	18 939	4 569	11 511	1 565	17 645	2 504	-1 210	1 294	18 589	17 352	1 236	
1986 Q1	6 432	11 780	1 059	19 271	4 759	10 714	992	16 465	3 342	-536	2 806	18 814	16 201	2 613	
Q2	6 303	11 533	1 041	18 877	4 854	10 299	1 585	16 738	3 204	-1 066	2 138	18 708	16 819	2 089	
Q3	6 430	12 038	949	19 417	4 910	10 577	1 752	17 239	3 530	-1 352	2 178	20 333	17 982	2 351	
Q4	6 629	12 448	821	19 898	5 024	10 981	1 698	17 703	3 703	-1 507	2 196	19 608	17 343	2 265	
1987 Q1	6 684	11 854	1 270	19 808	5 164	10 640	2 036	17 840	3 338	-1 370	1 968	19 418	17 467	1 951	
Q2	6 918	12 021	1 087	20 026	5 444	10 959	1 846	18 249	3 142	-1 365	1 777	19 874	18 061	1 813	
Q3	7 224	12 136	890	20 250	5 684	11 069	1 872	18 625	3 334	-1 709	1 625	21 339	19 552	1 787	
Q4	6 813	12 198	705	19 716	5 694	11 240	1 600	18 534	2 837	-1 655	1 182	19 169	18 168	1 001	
1988 Q1	6 896	12 965	904	20 765	5 874	11 944	1 956	19 774	2 661	-1 670	991	20 277	19 287	990	
Q2	6 996	13 629	1 047	21 672	5 880	12 121	1 941	19 942	3 297	-1 567	1 730	21 562	19 887	1 675	
Q3	6 914	14 890	1 028	22 832	5 913	13 491	1 237	20 641	3 049	-858	2 191	23 960	21 650	2 310	
Q4	7 012	15 367	843	23 222	6 173	13 872	2 234	22 279	3 079	-2 136	943	22 692	21 812	880	
1989 Q1	7 485	17 182	1 228	25 895	6 573	15 590	1 936	24 099	3 195	-1 398	1 797	25 282	23 347	1 935	
Q2	7 693	18 227	1 104	27 024	6 384	17 009	1 939	25 332	3 140	-1 448	1 692	26 942	25 224	1 717	
Q3	7 653	18 246	709	26 608	6 686	17 447	2 102	26 235	2 458	-2 085	373	27 934	27 498	436	
Q4	7 642	20 379	851	28 872	6 870	19 345	2 473	28 688	2 481	-2 298	183	28 241	28 285	-43	
1990 Q1	8 114	19 618	1 151	28 883	7 095	19 045	2 015	28 155	2 203	-1 475	728	28 006	27 343	662	

# A5 Services

£ million

	General government			Sea transport			Civil aviation		
	Credits	Debits	Balance	Credits	Debits	Balance	Credits	Debits	Balance
	CGJR	CGGI	CGIG	CGJW	CGGW	HBTO	CGJO	CGGG	HDJA
1980	315	1 165	-850	3 816	3 802	14	2 210	1 827	383
1981	401	1 264	-863	3 784	3 974	-190	2 359	1 979	380
1982	404	1 754	-1 350	3 267	3 704	-437	2 471	2 172	299
1983	470	1 522	-1 052	3 054	3 832	-778	2 665	2 345	320
1984	474	1 655	-1 181	3 253	3 847	-594	2 931	2 694	237
1985	481	1 780	-1 299	3 271	3 727	-456	3 078	2 925	153
1986	507	1 909	-1 402	3 230	3 701	-471	2 786	3 200	-414
1987	516	2 121	-1 605	3 302	3 896	-594	3 159	3 778	-619
1988	519	2 356	-1 837	3 539	4 126	-587	3 192	4 054	-862
1989	414	2 623	-2 209	3 995	4 478	-483	3 758	4 194	-436
<b>Not seasonally adjusted</b>									
1985 Q1	155	456	-301	772	1 031	-259	618	617	1
Q2	92	414	-322	849	956	-107	784	734	50
Q3	110	466	-356	844	879	-35	941	859	82
Q4	124	444	-320	806	861	-55	735	715	20
1986 Q1	180	515	-335	768	878	-110	618	718	-100
Q2	86	431	-345	873	979	-106	648	789	-141
Q3	98	439	-341	804	899	-95	820	960	-140
Q4	143	524	-381	785	945	-160	700	733	-33
1987 Q1	238	504	-266	709	877	-168	580	782	-202
Q2	101	488	-387	819	947	-128	796	915	-119
Q3	102	545	-443	906	1 020	-114	1 043	1 182	-139
Q4	75	584	-509	868	1 052	-184	740	899	-159
1988 Q1	206	550	-344	795	988	-193	617	909	-292
Q2	88	607	-519	897	1 017	-120	790	930	-140
Q3	106	557	-451	937	1 061	-124	1 021	1 187	-166
Q4	119	642	-523	910	1 060	-150	764	1 028	-264
1989 Q1	143	648	-505	946	1 109	-163	696	921	-225
Q2	74	624	-550	1 054	1 132	-78	944	978	-34
Q3	104	669	-565	1 033	1 150	-117	1 198	1 262	-64
Q4	93	682	-589	962	1 087	-125	920	1 033	-113
1990 Q1	143	636	-493	945	1 140	-195	813	1 019	-206
<b>Seasonally adjusted</b>									
	CGKK	CGHH	CGIP	CGKP	CGHR	HHCS	CGKE	CGHF	HHCT
1985 Q1	118	456	-340	813	1 035	-222	771	694	77
Q2	113	414	-301	821	945	-124	795	737	58
Q3	119	466	-347	817	872	-55	761	729	32
Q4	133	444	-311	820	875	-55	751	765	-14
1986 Q1	130	515	-385	846	917	-71	769	808	-39
Q2	113	431	-318	857	979	-122	656	794	-138
Q3	110	439	-329	762	895	-133	663	798	-135
Q4	154	524	-370	765	910	-145	698	800	-102
1987 Q1	180	504	-324	766	912	-146	716	879	-163
Q2	140	488	-348	794	957	-163	804	927	-123
Q3	115	545	-430	855	1 011	-156	830	981	-151
Q4	81	584	-503	887	1 016	-129	809	991	-182
1988 Q1	156	550	-394	862	1 021	-159	766	1 017	-251
Q2	133	607	-474	861	1 021	-160	798	953	-155
Q3	111	557	-446	888	1 055	-167	811	983	-172
Q4	119	642	-523	928	1 029	-101	817	1 101	-284
1989 Q1	94	648	-554	1 026	1 156	-130	880	1 019	-139
Q2	114	624	-510	1 012	1 128	-116	948	1 013	-65
Q3	109	669	-560	976	1 131	-155	942	1 056	-114
Q4	97	682	-585	981	1 063	-82	988	1 106	-118
1990 Q1	98	636	-538	1 034	1 181	-147	1 031	1 118	-87

# A5 Services

continued

£ million

	Travel			Financial and other services			Total services			of which, balance for private sector and public corporations		
	Credits	Debits	Balance	Credits	Debits	Balance	National accounts statistical adjustment	Credits	Debits	Balance		
	CGKA	CGHA	HBYE	HHDE	HBVH	HHCW	HCGM	CGJZ	CGGZ	CGIN	CGIL	
1980	2 961	2 738	223	6 373	2 490	3 883	-	15 675	12 022	3 653	4 503	
1981	2 970	3 272	-302	7 487	2 797	4 690	-	17 001	13 286	3 715	4 578	
1982	3 188	3 640	-452	8 283	3 372	4 911	-	17 613	14 642	2 971	4 321	
1983	4 003	4 090	-87	9 467	3 875	5 592	-	19 659	15 664	3 995	5 047	
1984	4 614	4 663	-49	10 655	4 729	5 926	-	21 927	17 588	4 339	5 520	
1985	5 442	4 871	571	12 379	4 742	7 637	-	24 651	18 045	6 606	7 905	
1986	5 553	6 083	-530	13 718	4 654	9 064	-	25 794	19 547	6 247	7 649	
1987	6 260	7 280	-1 020	14 402	4 911	9 491	-	27 639	21 986	5 653	7 258	
1988	6 193	8 228	-2 035	13 875	5 076	8 799	500	27 818	23 840	3 978	5 815	
1989	6 871	9 310	-2 439	14 835	5 908	8 927	600	30 473	26 513	3 960	6 169	
<b>Not seasonally adjusted</b>												
1985 Q1	900	845	55	3 135	1 198	1 937	-	5 580	4 147	1 433	1 734	
Q2	1 330	1 152	178	2 998	1 196	1 802	-	6 053	4 452	1 601	1 923	
Q3	2 064	1 876	188	3 139	1 155	1 984	-	7 098	5 235	1 863	2 219	
Q4	1 148	998	150	3 107	1 193	1 914	-	5 920	4 211	1 709	2 029	
1986 Q1	937	897	40	3 375	1 126	2 249	-	5 878	4 134	1 744	2 079	
Q2	1 278	1 458	-180	3 298	1 150	2 148	-	6 183	4 807	1 376	1 721	
Q3	2 095	2 543	-448	3 566	1 160	2 406	-	7 383	6 001	1 382	1 723	
Q4	1 243	1 185	58	3 479	1 218	2 261	-	6 350	4 605	1 745	2 126	
1987 Q1	1 015	1 086	-71	3 569	1 181	2 388	-	6 111	4 430	1 681	1 947	
Q2	1 497	1 797	-300	3 544	1 206	2 338	-	6 757	5 353	1 404	1 791	
Q3	2 371	2 991	-620	3 939	1 240	2 699	-	8 361	6 978	1 383	1 826	
Q4	1 377	1 406	-29	3 350	1 284	2 066	-	6 410	5 225	1 185	1 694	
1988 Q1	1 048	1 350	-302	3 480	1 273	2 207	120	6 266	5 070	1 196	1 540	
Q2	1 465	1 973	-508	3 406	1 296	2 110	120	6 766	5 823	943	1 462	
Q3	2 233	3 216	-983	3 655	1 240	2 415	130	8 082	7 261	821	1 272	
Q4	1 447	1 689	-242	3 334	1 267	2 067	130	6 704	5 686	1 018	1 541	
1989 Q1	1 190	1 591	-401	3 629	1 382	2 247	140	6 744	5 651	1 093	1 598	
Q2	1 499	2 124	-625	3 721	1 468	2 253	150	7 442	6 326	1 116	1 666	
Q3	2 517	3 717	-1 200	3 986	1 518	2 468	150	8 988	8 316	672	1 237	
Q4	1 665	1 878	-213	3 499	1 540	1 959	160	7 299	6 220	1 079	1 668	
1990 Q1	1 305	1 725	-420	3 833	1 564	2 269	160	7 199	6 084	1 115	1 608	
<b>Seasonally adjusted</b>												
	CGKU	CGHW	HHCU	HHDD	CGHN	HHCV		CGKS	CGHU	AIMC	CGIT	
1985 Q1	1 329	1 287	42	3 070	1 222	1 848	-	6 099	4 694	1 405	1 745	
Q2	1 404	1 142	262	3 034	1 197	1 837	-	6 167	4 435	1 732	2 033	
Q3	1 382	1 134	248	3 069	1 146	1 923	-	6 148	4 347	1 801	2 148	
Q4	1 327	1 308	19	3 206	1 177	2 029	-	6 237	4 569	1 668	1 979	
1986 Q1	1 365	1 381	-16	3 322	1 138	2 184	-	6 432	4 759	1 673	2 058	
Q2	1 342	1 504	-162	3 335	1 146	2 189	-	6 303	4 854	1 449	1 767	
Q3	1 414	1 614	-200	3 481	1 164	2 317	-	6 430	4 910	1 520	1 849	
Q4	1 432	1 584	-152	3 580	1 206	2 374	-	6 629	5 024	1 605	1 975	
1987 Q1	1 497	1 680	-183	3 525	1 189	2 336	-	6 684	5 164	1 520	1 844	
Q2	1 578	1 867	-289	3 602	1 205	2 397	-	6 918	5 444	1 474	1 822	
Q3	1 596	1 906	-310	3 828	1 241	2 587	-	7 224	5 684	1 540	1 970	
Q4	1 589	1 827	-238	3 447	1 276	2 171	-	6 813	5 694	1 119	1 622	
1988 Q1	1 524	2 023	-499	3 468	1 263	2 205	120	6 896	5 874	1 022	1 416	
Q2	1 547	2 009	-462	3 537	1 290	2 247	120	6 996	5 880	1 116	1 590	
Q3	1 501	2 033	-532	3 473	1 285	2 188	130	6 914	5 913	1 001	1 447	
Q4	1 621	2 163	-542	3 397	1 238	2 159	130	7 012	6 173	839	1 362	
1989 Q1	1 723	2 382	-659	3 622	1 368	2 254	140	7 485	6 573	912	1 466	
Q2	1 610	2 167	-557	3 859	1 452	2 407	150	7 693	6 384	1 309	1 819	
Q3	1 682	2 270	-588	3 794	1 560	2 234	150	7 653	6 686	967	1 527	
Q4	1 856	2 491	-635	3 560	1 528	2 032	160	7 642	6 870	772	1 357	
1990 Q1	1 967	2 584	-617	3 824	1 576	2 248	160	8 114	7 095	1 019	1 557	

# A6 Interest, profits and dividends

£ million

## Credits - earnings on:

										Deposits and lending overseas by UK residents other than banks and general government		Other external assets of central government		Of which:			
Portfolio investment					Lending etc to overseas residents by UK banks	Of which: identified foreign currency lending	Transactions with banks abroad		Other assets	Official reserves	Total credits	Private sector and public corporations	General government				
Direct investment	UK banks	Other UK residents	Total														
HHBY	HESH	HHHR	CGNV	HERG	HHIJ	HERH	HERJ	HHCB	HERI	CGJS	CGNT	CGNR					
1980	5 049	80	670	750	16 045	15 284	678	213	798	147	23 681	22 735	946				
1981	5 417	200	790	990	28 740	27 587	1 158	253	858	114	37 529	36 559	971				
1982	4 805	350	1 300	1 651	34 504	33 161	1 595	865	761	217	44 397	43 419	979				
1983	6 198	840	1 833	2 673	30 710	29 098	1 388	748	589	175	42 481	41 716	765				
1984	7 824	1 423	2 278	3 701	36 665	34 660	1 707	1 001	586	230	51 715	50 897	818				
1985	7 747	2 301	2 701	5 002	35 823	32 787	1 975	1 030	538	197	52 313	51 578	735				
1986	7 807	2 621	3 203	5 824	30 907	28 107	1 673	823	607	157	47 799	47 035	764				
1987	10 969	2 476	2 914	5 390	28 535	25 390	1 739	646	854	78	48 209	47 277	931				
1988	14 074	2 485	3 319	5 804	32 966	29 194	1 893	658	1 351	105	56 851	55 396	1 456				
1989	16 348	2 871	4 343	7 214	44 660	39 275	3 035	827	1 913	35	74 034	72 085	1 948				
<b>Not seasonally adjusted</b>																	
1985 Q1	2 323	651	685	1 336	10 067	9 326	555	285	144	32	14 743	14 567	176				
Q2	2 098	582	686	1 268	9 118	8 390	518	257	131	61	13 451	13 259	192				
Q3	1 918	548	668	1 216	8 365	7 551	467	248	123	43	12 379	12 213	166				
Q4	1 408	520	662	1 182	8 273	7 520	435	240	140	61	11 740	11 539	201				
1986 Q1	1 624	615	717	1 332	8 072	7 366	437	226	150	33	11 874	11 692	183				
Q2	1 895	618	770	1 388	7 441	6 727	438	203	152	33	11 549	11 365	185				
Q3	2 134	675	837	1 512	7 577	6 907	392	201	151	41	12 009	11 816	192				
Q4	2 154	713	879	1 592	7 817	7 107	406	193	154	50	12 367	12 162	204				
1987 Q1	2 644	662	785	1 447	7 147	6 386	420	173	159	25	12 015	11 830	184				
Q2	2 805	621	756	1 377	7 081	6 310	428	163	217	12	12 083	11 854	229				
Q3	2 817	595	711	1 306	7 137	6 347	443	159	208	19	12 087	11 861	226				
Q4	2 703	598	662	1 260	7 170	6 347	448	151	270	22	12 024	11 732	292				
1988 Q1	3 067	607	765	1 372	7 710	6 884	477	154	295	32	13 107	12 781	327				
Q2	3 581	593	802	1 395	7 826	6 985	417	154	350	26	13 749	13 373	376				
Q3	3 680	626	856	1 482	8 674	7 653	456	181	353	24	14 850	14 473	377				
Q4	3 746	659	896	1 555	8 756	7 672	543	169	353	23	15 145	14 769	376				
1989 Q1	4 204	721	956	1 677	10 196	8 896	617	176	422	18	17 310	16 870	440				
Q2	4 426	685	1 019	1 704	10 839	9 610	724	202	498	2	18 396	17 896	500				
Q3	3 579	776	1 201	1 977	11 189	9 896	806	220	460	5	18 237	17 771	465				
Q4	4 139	689	1 167	1 856	12 436	10 873	888	229	533	10	20 091	19 548	543				
1990 Q1	3 838	761	1 310	2 071	12 093	10 571	944	217	468	25	19 656	19 162	493				
<b>Seasonally adjusted</b>																	
HHBZ	HHAS	HHHS	CGGS	HHHQ	HHJK					HHCC	HHHW	CGKL	CGMI	CGMG			
1985 Q1	2 095	651	685	1 336	10 050	9 326	555	285	144	37	14 502	14 321	181				
Q2	2 157	582	686	1 268	9 112	8 390	518	257	131	69	13 513	13 313	200				
Q3	1 997	548	668	1 216	8 369	7 551	467	248	123	44	12 463	12 296	167				
Q4	1 498	520	662	1 182	8 292	7 520	435	240	140	47	11 835	11 648	187				
1986 Q1	1 536	615	717	1 332	8 058	7 366	437	226	150	40	11 780	11 590	190				
Q2	1 874	618	770	1 388	7 437	6 727	438	203	152	41	11 533	11 340	193				
Q3	2 162	675	837	1 512	7 578	6 907	392	201	151	41	12 038	11 845	192				
Q4	2 235	713	879	1 592	7 834	7 107	406	193	154	35	12 448	12 260	189				
1987 Q1	2 498	662	785	1 447	7 131	6 386	420	173	159	27	11 854	11 668	186				
Q2	2 746	621	756	1 377	7 075	6 310	428	163	217	15	12 021	11 789	232				
Q3	2 863	595	711	1 306	7 139	6 347	443	159	208	19	12 136	11 909	227				
Q4	2 862	598	662	1 260	7 190	6 347	448	151	270	17	12 198	11 911	286				
1988 Q1	2 926	607	765	1 372	7 710	6 884	477	154	295	31	12 965	12 640	326				
Q2	3 460	593	802	1 395	7 826	6 985	417	154	350	27	13 629	13 252	377				
Q3	3 720	626	856	1 482	8 674	7 653	456	181	353	24	14 890	14 513	377				
Q4	3 968	659	896	1 555	8 756	7 672	543	169	353	23	15 367	14 991	376				
1989 Q1	4 077	721	956	1 677	10 196	8 896	617	176	422	17	17 182	16 743	439				
Q2	4 256	685	1 019	1 704	10 839	9 610	724	202	498	3	18 227	17 726	501				
Q3	3 588	776	1 201	1 977	11 189	9 896	806	220	460	6	18 246	17 780	466				
Q4	4 427	689	1 167	1 856	12 436	10 873	888	229	533	9	20 379	19 836	542				
1990 Q1	3 802	761	1 310	2 071	12 093	10 571	944	217	468	24	19 618	19 126	492				

# 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:			
	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
1980	CGNX	HHCF	HHCH	HERN	HHID	HHIE	HERO	HERQ	HERR	CGGK	HHII	HERS	CGQD	HERV	CGOA
1980	1 873	2 900	4 773	1 108	15 323	1 204	1 179	51	273	23 910	23 015	895	-279	52	-228
1981	1 961	2 741	4 702	1 202	27 157	1 527	1 437	53	230	36 308	35 369	940	1 190	31	1 222
1982	2 081	2 586	4 667	1 283	32 932	1 879	1 751	124	294	42 929	41 839	1 091	1 581	-113	1 468
1983	2 308	2 958	5 266	1 327	28 893	2 032	1 631	137	304	39 588	38 399	1 188	3 318	-425	2 893
1984	2 965	3 314	6 279	1 478	34 731	2 286	1 890	200	333	47 197	45 868	1 328	5 030	-511	4 518
1985	3 502	4 005	7 507	1 864	34 282	3 560	1 807	267	304	49 592	48 114	1 478	3 463	-743	2 721
1986	2 982	2 211	5 193	2 537	29 038	3 551	1 664	294	295	42 571	40 904	1 668	6 130	-903	5 228
1987	4 168	2 679	6 847	3 432	27 183	4 007	1 766	368	308	43 908	41 885	2 024	5 393	-1 092	4 301
1988	6 480	1 983	8 463	4 394	30 754	4 927	1 973	543	374	51 428	49 123	2 305	6 271	-849	5 423
1989	6 029	3 045	9 074	5 658	41 899	8 184	2 992	981	604	69 391	66 981	2 410	5 105	-462	4 643
<b>Not seasonally adjusted</b>															
1985 Q1	898	1 459	2 357	436	9 740	717	485	62	65	13 862	13 482	380	1 085	-204	881
Q2	1 026	870	1 896	420	8 912	683	471	69	73	12 724	12 405	319	854	-127	728
Q3	647	669	1 316	535	7 985	1 000	405	67	56	11 364	10 959	405	1 254	-239	1 015
Q4	931	1 007	1 938	473	7 645	960	446	69	110	11 642	11 268	374	270	-173	97
1986 Q1	573	732	1 305	638	7 471	890	407	69	62	10 842	10 379	464	1 313	-281	1 032
Q2	804	461	1 265	571	6 958	900	427	65	64	10 249	9 915	334	1 449	-149	1 300
Q3	726	310	1 036	703	7 224	883	380	71	53	10 350	9 890	460	1 926	-267	1 659
Q4	879	708	1 587	625	7 385	878	450	89	116	11 130	10 720	410	1 442	-206	1 237
1987 Q1	984	890	1 874	845	6 526	956	424	84	61	10 769	10 203	566	1 628	-382	1 246
Q2	1 067	508	1 575	796	6 910	1 031	439	88	67	10 906	10 530	376	1 324	-147	1 177
Q3	1 030	464	1 494	955	6 813	939	438	90	66	10 794	10 195	600	1 666	-373	1 293
Q4	1 087	817	1 904	836	6 934	1 081	465	106	114	11 439	10 957	482	775	-190	585
1988 Q1	1 458	562	2 020	1 018	7 376	972	455	106	74	12 020	11 355	665	1 425	-338	1 087
Q2	1 593	446	2 039	1 039	7 381	1 066	440	119	78	12 163	11 724	439	1 648	-63	1 586
Q3	1 654	427	2 081	1 194	7 964	1 279	498	147	83	13 246	12 559	687	1 914	-310	1 604
Q4	1 775	548	2 323	1 143	8 033	1 610	580	171	139	13 999	13 485	514	1 284	-138	1 146
1989 Q1	1 458	645	2 103	1 339	9 448	1 699	640	193	112	15 534	14 859	675	2 012	-235	1 776
Q2	1 566	762	2 328	1 291	10 323	1 966	722	234	134	16 997	16 519	478	1 376	22	1 398
Q3	1 360	543	1 903	1 529	10 542	2 004	792	260	146	17 176	16 479	697	1 292	-232	1 061
Q4	1 645	1 095	2 740	1 499	11 586	2 515	838	294	212	19 684	19 124	560	425	-17	408
1990 Q1	1 508	659	2 167	1 759	11 193	2 569	856	304	167	19 015	18 375	640	787	-147	640
<b>Seasonally adjusted</b>															
1985 Q1	CGEU	HHCG	HHCI	HHIA	HHIV	HHIH	HHHX	HHHZ	HHHY	CGHJ	HHHK	HHHL	CGMW	HHHM	AIMD
Q2	897	1 112	2 009	393	9 740	763	509	62	82	13 556	13 212	344	1 109	-163	946
Q3	950	1 044	1 994	448	8 912	876	453	69	78	12 831	12 462	369	851	-169	682
Q4	704	988	1 692	492	7 985	961	426	67	72	11 694	11 318	376	978	-209	769
1986 Q1	571	578	1 149	589	7 471	931	425	69	79	10 714	10 306	408	1 284	-218	1 066
Q2	740	568	1 308	598	6 958	887	415	65	69	10 299	9 903	397	1 437	-204	1 233
Q3	779	461	1 240	638	7 224	936	395	72	72	10 577	10 165	412	1 681	-220	1 461
Q4	892	604	1 496	712	7 385	797	429	88	75	10 981	10 530	451	1 728	-261	1 468
1987 Q1	984	767	1 751	774	6 526	992	438	85	74	10 640	10 175	466	1 494	-280	1 214
Q2	990	595	1 585	849	6 910	1 028	430	89	68	10 959	10 469	490	1 320	-258	1 062
Q3	1 096	677	1 773	876	6 813	984	450	93	80	11 069	10 546	523	1 364	-296	1 067
Q4	1 098	640	1 738	933	6 934	1 003	448	101	86	11 240	10 695	545	1 215	-258	958
1988 Q1	1 438	473	1 911	987	7 376	1 013	464	107	86	11 944	11 395	550	1 245	-224	1 021
Q2	1 487	491	1 978	1 057	7 381	1 069	434	120	81	12 121	11 545	576	1 707	-199	1 508
Q3	1 712	619	2 331	1 108	7 964	1 345	494	150	99	13 491	12 911	580	1 602	-203	1 399
Q4	1 843	400	2 243	1 242	8 033	1 500	581	166	108	13 872	13 272	599	1 717	-223	1 495
1989 Q1	1 443	587	2 030	1 376	9 448	1 764	655	194	123	15 590	15 015	575	1 729	-136	1 593
Q2	1 465	886	2 351	1 282	10 323	1 970	711	236	136	17 009	16 405	604	1 321	-103	1 218
Q3	1 438	734	2 172	1 405	10 542	2 103	803	263	160	17 447	16 849	599	931	-133	799
Q4	1 683	838	2 521	1 595	11 586	2 347	823	288	185	19 345	18 712	632	1 124	-90	1 033
1990 Q1	1 466	584	2 050	1 797	11 193	2 654	866	306	179	19 045	18 480	565	646	-73	573

# A7 Transfers

£ million

	Credits												Debits				Balance	
	General government												General government					
	European Community Institutions												EC institutions					
	Private	Agricultural Fund	Social Fund	Regional Development Fund	Negotiated refunds	Other	Total	Private	Bilateral aid	Before VAT abatement	VAT abatement	Other	Total	Total	Total	Of which: with EC institutions <sup>1</sup>		
CGJV	HCOL	HDIZ	HBZA	CGPI	HHAA	HDKD	CGGV	CGEG	HHHO	HHIP	HHAB	CGGJ	CGIO	CGII				
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	1 512	1 082	128	139	807	79	2 235	1 167	534	2 994	-	637	4 165	-1 585	-759			
1984	1 631	1 353	283	184	528	44	2 392	1 266	560	3 213	-	718	4 491	-1 734	-821			
1985	1 749	1 203	256	274	61	76	1 870	1 451	614	3 970	-166	784	5 202	-3 034	-1 934			
1986	1 732	1 385	335	298	-	120	2 138	1 656	656	4 513	-1 701	903	4 371	-2 157	-674			
1987	1 870	1 345	428	404	-	105	2 282	1 795	570	5 219	-1 153	923	5 559	-3 402	-1 784			
1988	1 707	1 379	277	370	-	89	2 115	2 005	756	5 150	-1 595	1 052	5 363	-3 546	-1 440			
1989	1 750	1 315	406	347	-	74	2 142	2 050	837	5 599	-1 156	1 120	6 400	-4 558	-2 301			
<b>Not seasonally adjusted</b>																		
1985 Q1	434	277	101	85	61	39	563	345	290	1 137	-	241	1 668	-1 016	-574			
Q2	436	231	4	39	-	3	277	357	73	721	-	241	1 035	-679	-444			
Q3	438	306	147	78	-	11	542	369	124	1 091	-	165	1 380	-769	-549			
Q4	441	389	4	72	-	23	488	380	127	1 021	-166	137	1 119	-570	-367			
1986 Q1	438	488	8	94	-	34	624	398	292	936	-657	256	827	-163	345			
Q2	435	326	184	2	-	29	541	409	57	1 069	-225	253	1 154	-587	-303			
Q3	431	339	13	140	-	18	510	419	113	1 347	-478	230	1 212	-690	-359			
Q4	428	232	130	62	-	39	463	430	194	1 161	-341	164	1 178	-717	-357			
1987 Q1	419	626	86	125	-	36	873	433	299	1 565	-299	270	1 835	-976	-393			
Q2	418	332	226	56	-	2	616	443	66	1 312	-287	268	1 359	-768	-409			
Q3	417	294	24	119	-	37	474	454	104	1 307	-284	199	1 326	-889	-549			
Q4	416	93	92	104	-	30	319	465	101	1 035	-283	186	1 039	-769	-433			
1988 Q1	423	336	51	87	-	7	481	489	387	1 265	-283	339	1 708	-1 293	-501			
Q2	426	445	121	51	-	4	621	497	76	1 285	-270	313	1 404	-854	-394			
Q3	428	402	65	73	-	60	600	505	141	954	-648	191	638	-115	294			
Q4	430	196	40	159	-	18	413	514	152	1 646	-394	209	1 613	-1 284	-839			
1989 Q1	433	555	83	138	-	19	795	508	353	1 294	-289	296	1 654	-934	-210			
Q2	436	336	215	98	-	19	668	511	80	1 295	-289	304	1 390	-797	-338			
Q3	439	222	8	26	-	14	270	514	189	1 317	-289	275	1 492	-1 297	-758			
Q4	442	202	100	85	-	22	409	517	215	1 693	-289	245	1 864	-1 530	-995			
1990 Q1	443	470	19	198	-	21	708	518	391	1 511	-451	275	1 726	-1 093	-352			
<b>Seasonally adjusted</b>																		
	HHAC	HHAD			HHAE	HHAH		CGEM	HHHT			HHAG	CGHI	AIME	CGIR			
1985 Q1	434	272	101	85	61	39	558	345	149	1 137	-	173	1 459	-812	-579			
Q2	436	294	4	39	-	3	340	357	155	721	-	193	1 069	-650	-381			
Q3	438	310	147	78	-	11	546	369	168	1 091	-	230	1 489	-874	-545			
Q4	441	327	4	72	-	23	426	380	142	1 021	-166	188	1 185	-698	-429			
1986 Q1	438	485	8	94	-	34	621	398	139	936	-657	176	594	67	342			
Q2	435	391	184	2	-	29	606	409	127	1 069	-225	205	1 176	-544	-238			
Q3	431	347	13	140	-	18	518	419	153	1 347	-478	311	1 333	-803	-351			
Q4	428	162	130	62	-	39	393	430	237	1 161	-341	211	1 268	-877	-427			
1987 Q1	419	604	86	125	-	36	851	433	140	1 565	-299	197	1 603	-766	-415			
Q2	418	385	226	56	-	2	669	443	157	1 312	-287	221	1 403	-759	-356			
Q3	417	293	24	119	-	37	473	454	144	1 307	-284	251	1 418	-982	-550			
Q4	416	63	92	104	-	30	289	465	129	1 035	-283	254	1 135	-895	-463			
1988 Q1	423	336	51	87	-	7	481	489	199	1 265	-283	286	1 467	-1 052	-501			
Q2	426	445	121	51	-	4	621	497	189	1 285	-270	240	1 444	-894	-394			
Q3	428	402	65	73	-	60	600	505	192	954	-648	234	732	-209	294			
Q4	430	196	40	159	-	18	413	514	176	1 646	-394	292	1 720	-1 391	-839			
1989 Q1	433	555	83	138	-	19	795	508	172	1 294	-289	251	1 428	-708	-210			
Q2	436	336	215	98	-	19	668	511	189	1 295	-289	233	1 428	-835	-338			
Q3	439	222	8	26	-	14	270	514	243	1 317	-289	317	1 588	-1 393	-758			
Q4	442	202	100	85	-	22	409	517	233	1 693	-289	319	1 956	-1 622	-995			
1990 Q1	443	470	19	198	-	21	708	518	199	1 511	-451	238	1 497	-864	-352			

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 liabilities<sup>1</sup>

£ million, not seasonally adjusted

Transactions in external assets												Transactions in external liabilities					
UK investment overseas				Deposits and lending overseas by UK residents				Overseas investment in the United Kingdom				Borrowing from overseas by UK residents				Other external liabilities of general government	
Lending etc to overseas residents by UK banks <sup>2</sup>		other than banks and general government <sup>3</sup>		Official reserves		Other external assets of central government		Total		Direct		Portfolio		Borrowing etc from overseas residents by UK banks <sup>2</sup>		banks and general government	
Direct	Portfolio	Direct	Portfolio	Official	Reserves	Total	Direct	Portfolio	Direct	Portfolio	Official	Reserves	Total	Direct	Portfolio	Total	Net transactions
HHBV	CGOS	HEYN	HETJ	AIPA	HEUJ	HEPZ	HHBU	HEYR	HEYS	HTEV	HEUR	HEQW	HEQU				
-4 867	-3 310	-32 614	-2 711	-291	351	-43 439	4 355	1 441	33 549	758	-594	39 509	-3 930				
-6 005	-4 467	-39 919	-2 890	2 419	93	-50 769	2 932	257	39 260	1 089	-206	43 334	-7 436				
-4 091	-7 565	-20 540	-472	1 421	-161	-31 407	3 027	-	24 325	1 070	409	28 820	-2 589				
-5 417	-7 193	-18 394	702	607	-478	-30 172	3 386	1 701	21 137	-18	-584	25 622	-4 551				
-6 033	-9 869	-14 372	-1 932	908	-743	-32 041	-	1 310	24 797	-1 745	-40	24 142	-7 900				
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 Q1	1990 Q2	1990 Q3	1990 Q4	1991 Q1	1991 Q2	1991 Q3	1991 Q4
-8 456	-19 426	-21 835	-711	-1 758	-730	-52 918	3 865	8 733	29 461	3 414	24	45 498	-7 419				
-11 780	-23 072	-53 840	-797	-2 891	-509	-92 890	4 945	9 365	63 966	4 331	178	82 784	-10 105				
-18 992	3 323	-50 322	-4 636	-12 012	-796	-83 436	8 508	13 294	52 814	3 337	1 572	79 527	-3 908				
-20 758	-9 848	-19 268	-2 732	-2 761	-891	-56 258	9 228	11 712	33 845	6 032	904	61 722	5 465				
19 290	-36 966	-27 265	-5 397	5 439	-942	-84 419	19 642	9 362	43 121	14 915	1 422	88 462	4 043				
1981 Q1	-1 535	-1 447	-11 199	-697	-319	85	-15 112	377	-6	9 905	484	39	10 800	-4 313			
Q2	-1 328	-1 080	-6 737	-808	1 448	-30	-8 535	1 181	-160	5 444	-523	90	6 032	-2 503			
Q3	-1 345	-810	-12 182	-709	1 167	30	-13 849	662	51	11 932	476	10	13 132	-717			
Q4	-1 797	-1 130	-9 801	-676	123	8	-13 273	712	372	11 979	652	-345	13 370	97			
1982 Q1	-1 161	-1 962	-9 827	1 379	11	-42	-11 602	1 355	-235	11 306	-958	-144	11 324	-278			
Q2	-840	-1 631	1 700	49	699	-15	-37	875	-138	-27	406	100	1 216	1 178			
Q3	-1 031	-1 771	-14 920	-358	-288	-48	-18 416	529	-389	15 666	223	389	16 418	-1 999			
Q4	-1 059	-2 201	2 507	-1 542	999	-56	-1 352	268	751	-2 620	1 399	64	-138	-1 490			
1983 Q1	-1 958	-2 051	-7 279	117	652	-203	-10 722	636	297	7 830	86	-395	8 454	-2 269			
Q2	-462	-2 011	2 085	410	-142	-74	-193	1 352	994	-1 393	-609	32	376	183			
Q3	-1 568	-1 330	-8 315	-132	-33	-89	-11 468	1 191	346	10 137	81	109	11 864	396			
Q4	-1 429	-1 801	-4 885	307	130	-112	-7 789	207	64	4 563	424	-330	4 928	-2 861			
1984 Q1	-1 673	-3 799	-9 136	710	77	-262	-14 082	1 292	285	11 521	-348	145	12 895	-1 187			
Q2	-636	-152	-7 499	-1 333	857	-151	-8 914	-2 940	-522	11 032	-866	150	6 855	-2 060			
Q3	-1 854	-2 780	5 013	-1 119	279	-135	-597	1 497	354	-2 568	-80	235	-562	-1 159			
Q4	-1 870	-3 138	-2 750	-190	-305	-195	-8 448	-	1 193	4 812	-451	-570	4 954	-3 494			
1985 Q1	-3 353	-6 501	-6 236	-1 005	90	-214	-17 219	2 212	1 350	9 420	126	143	13 252	-3 987			
Q2	-1 666	-4 880	658	-96	-607	-186	-6 778	382	3 068	390	2 194	11	6 045	-733			
Q3	-1 982	-3 705	-10 763	555	-49	-76	-16 020	613	1 169	8 744	-411	19	10 134	-5 886			
Q4	-1 455	-4 340	-5 494	-165	-1 192	-254	-12 901	658	3 146	10 907	1 505	-149	16 067	3 167			
1986 Q1	-828	-6 542	-8 857	947	-580	63	-15 797	1 294	1 240	11 607	-1 065	134	13 210	-2 586			
Q2	-1 741	-6 434	-6 060	-655	-296	-153	-15 339	967	1 988	7 597	1 208	130	11 889	-3 450			
Q3	-3 766	-7 271	-28 758	-1 293	-2 321	-160	-43 570	1 495	3 224	33 762	4 062	111	42 653	-917			
Q4	-5 445	-2 825	-10 165	204	306	-259	-18 184	1 189	2 913	11 000	126	-197	15 032	-3 152			
1987 Q1	-2 607	-4 266	-7 332	-1 609	-1 523	-213	-17 549	1 728	2 874	10 906	1 035	-5	16 538	-1 011			
Q2	-5 785	-208	-15 113	-536	-4 469	-159	-26 270	474	3 406	20 632	687	764	25 963	-306			
Q3	-7 557	502	-16 976	-1 778	-269	-167	-26 246	2 546	4 875	13 333	1 195	26	21 976	-4 270			
Q4	-3 043	7 295	-10 901	-713	-1 423	-257	-13 371	3 760	2 139	7 943	420	787	15 050	1 679			
1988 Q1	-4 811	-1 539	1 278	926	-653	-208	-5 007	4 150	2 412	1 443	1 192	-427	8 771	3 764			
Q2	-5 570	-3 699	-8 782	-1 737	-631	-200	-20 619	994	2 890	14 099	2 387	176	20 546	-73			
Q3	-4 010	-895	-16 714	-498	-995	-215	-23 327	1 280	4 847	17 089	1 587	-116	24 687	1 361			
Q4	-6 367	-3 715	4 950	-1 423	-482	-268	-7 305	2 804	1 563	1 214	866	1 271	7 718	413			
1989 Q1	-7 026	-6 883	-15 148	-615	502	-193	-29 363	4 924	-56	23 099	3 111	-110	30 968	1 605			
Q2	-4 823	-8 935	1 098	-4 620	2 134	-290	-15 435	5 544	1 707	-1 952	5 747	164	11 210	-4 225			
Q3	-3 808	-8 652	-7 969	424	357	-206	-19 853	2 236	5 448	17 282	3 256	864	29 086	9 233			
Q4	-3 633	-12 496	-5 246	-586	2 446	-253	-19 768	6 938	2 263	4 692	2 801	504	17 198	-2 570			
1990 Q1	-4 878	485	-9 515	-1 430	129	-139	-15 348	6 751	915	12 041	6 182	-252	25 637	10 289			

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			
	Unremitted profits	Other		Unremitted profits	Other	Unremitted profits	Other	Miscell- aneous	Total direct investment
1984	HHDR	HHDS	HHBV	CGLU	CGLM	HERX	HEYZ	CGLO	HHBU
	-4 885	-1 148	-6 033	1 409	612	936	-3 203	65	-181
1985	-4 848	-3 608	-8 456	1 661	-92	2 079	127	90	3 865
1986	-4 552	-7 228	-11 780	732	2 133	501	1 429	150	4 945
1987	-7 331	-11 661	-18 992	2 107	4 492	1 171	448	290	8 508
1988	-8 746	-12 012	-20 758	1 455	4 857	829	1 631	456	9 228
1989	-9 170	-10 120	-19 290	2 691	14 605	1 331	64	951	19 642
1987 Q1	-2 001	-606	-2 607	507	336	814	-99	170	1 728
Q2	-1 805	-3 980	-5 785	763	361	55	-755	50	474
Q3	-1 856	-5 701	-7 557	746	1 483	95	192	30	2 546
Q4	-1 669	-1 374	-3 043	91	2 312	207	1 110	40	3 760
1988 Q1	-1 962	-2 849	-4 811	543	346	313	2 873	75	4 150
Q2	-1 710	-3 860	-5 570	263	1 103	51	-459	36	994
Q3	-2 518	-1 492	-4 010	1 081	346	298	-527	82	1 280
Q4	-2 556	-3 811	-6 367	-432	3 062	167	-256	263	2 804
1989 Q1	-2 360	-4 666	-7 026	1 161	2 643	495	506	119	4 924
Q2	-2 116	-2 707	-4 823	1 239	3 369	496	158	282	5 544
Q3	-2 351	-1 457	-3 808	971	1 706	360	-951	150	2 236
Q4	-2 343	-1 290	-3 633	-680	6 887	-20	351	400	6 938
1990 Q1	-2 671	-2 207	-4 878	1 102	4 154	505	890	100	6 751

## 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)							
UK banks	Other financial institutions <sup>1</sup>	Other	Total portfolio investment	British government stocks		British government foreign currency notes and bonds	Local author- ties' securities	Public corpor- ations' securities	UK companies' securities		
				Overseas monetary author- ties	Other overseas residents				Bonds etc	Ordinary shares	
1984	HHAL	HHAM	HHAN	CGOS	AING	CGLV	HEZP	HHIG	HEZX	HGDY	HGDZ
	-7 980	-2 072	183	-9 869	188	781	-342	-4	-229	-158	1 074
1985	-10 120	-7 224	-2 082	-19 426	1 482	1 438	294	-3	-10	4 134	1 398
1986	-7 563	-14 370	-1 139	-23 072	278	1 904	1 153	-1	-4	3 517	2 518
1987	294	7 549	-4 521	3 323	1 322	3 027	-556	-1	-113	3 779	5 836
1988	-1 157	-5 663	-3 028	-9 848	494	375	569	-	-56	7 680	2 650
1989	-6 453	-21 713	-8 800	-36 966	-841	-1 029	512	-	-411	9 271	1 860
1987 Q1	116	-2 103	-2 279	-4 266	30	624	-170	-1	-76	424	2 043
Q2	73	644	-925	-208	583	542	-25	-	4	1 348	954
Q3	-112	1 910	-1 296	502	1 302	1 063	-208	-	-40	729	2 029
Q4	217	7 098	-21	7 295	-593	798	-153	-	-1	1 278	810
1988 Q1	-209	-271	-1 059	-1 539	516	92	-25	-	4	1 432	393
Q2	-1 106	-2 325	-268	-3 699	69	458	175	-	-9	2 200	-3
Q3	554	-555	-894	-895	-197	70	285	-	-8	2 867	1 830
Q4	-396	-2 512	-807	-3 715	106	-245	134	-	-43	1 181	430
1989 Q1	-1 213	-3 949	-1 721	-6 883	-562	281	88	-	-245	1 584	-1 202
Q2	-1 152	-5 875	-1 908	-8 935	-280	-1 005	-70	-	-26	817	2 271
Q3	-1 058	-6 425	-1 169	-8 652	62	486	123	-	23	4 756	-2
Q4	-3 030	-5 464	-4 002	-12 496	-61	-791	371	-	-163	2 114	793
1990 Q1	-893	2 501	-1 123	485	294	-1 592	175	-	11	1 937	90
											915

<sup>1</sup> Includes securities 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			Sterling					
	Identified long-term export credit	Other	Total	Identified export credit	Other	Total	Total	Foreign currency	exchange reserves	Other	Total	Total	Foreign currency	Sterling	Total
1984	HEZY	HGCD	HEZZ	HHIL	HCAE	HCAD	HEYN	HCAF	HCHE	CGDI	HEPD	HEYS	HCAG	HCAH	HCAI
	-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	-48 584	-47 885	-116	-5 839	-5 955	-53 840	58 361	-283	5 888	5 605	63 966	10 476	-350	10 126
1987	637	-46 321	-45 684	518	-5 156	-4 638	-50 322	44 277	1 681	6 856	8 537	52 814	-1 407	3 899	2 492
1988	271	-14 969	-14 698	247	-4 817	-4 570	-19 268	20 301	2 132	11 412	13 544	33 845	5 603	8 974	14 577
1989	270	-24 648	-24 378	217	-3 104	-2 887	-27 265	32 841	274	10 006	10 280	43 121	8 463	7 393	15 856
1987 Q1	264	-6 334	-6 070	97	-1 359	-1 262	-7 332	8 458	434	2 014	2 448	10 906	2 388	1 186	3 574
Q2	98	-15 235	-15 137	118	-94	24	-15 113	19 292	-417	1 757	1 340	20 632	4 155	1 364	5 519
Q3	191	-14 539	-14 348	158	-2 786	-2 628	-16 976	10 484	343	2 506	2 849	13 333	-3 864	221	-3 643
Q4	84	-10 213	-10 129	145	-917	-772	-10 901	6 043	1 321	579	1 900	7 943	-4 086	1 128	-2 958
1988 Q1	125	3 481	3 606	75	-2 403	-2 328	1 278	-1 879	545	2 777	3 322	1 443	1 727	994	2 721
Q2	52	-4 330	-4 278	45	-4 549	-4 504	-8 782	5 301	831	7 967	8 798	14 099	1 023	4 294	5 317
Q3	65	-15 611	-15 546	72	-1 240	-1 168	-16 714	14 652	-27	2 464	2 437	17 089	-894	1 269	375
Q4	29	1 491	1 520	55	3 375	3 430	4 950	2 227	783	-1 796	-1 013	1 214	3 747	2 417	6 164
1989 Q1	3	-16 364	-16 361	-155	1 368	1 213	-15 148	19 617	1 359	2 123	3 482	23 099	3 256	4 695	7 951
Q2	63	4 183	4 246	127	-3 275	-3 148	1 098	-5 120	-824	3 992	3 168	-1 952	-874	20	-854
Q3	102	-8 352	-8 250	105	176	281	-7 969	13 161	452	3 669	4 121	17 282	4 911	4 402	9 313
Q4	102	-4 115	-4 013	140	-1 373	-1 233	-5 246	5 183	-713	222	-491	4 692	1 170	-1 724	-554
1990 Q1	87	-8 489	-8 402	182	-1 295	-1 113	-9 515	7 033	32	4 976	5 008	12 041	-1 369	3 895	2 526

# 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 <sup>1</sup>	Other	Total	With banks abroad <sup>1</sup>	Other	Total	Public corporations	UK non-bank private sector	Total
1984	HESZ	HETE	HETJ	HETN	HETQ	HTEV	HETW	HETY	HETZ
	-3 213	1 281	-1 932	-2 263	517	-1 745	-236	-3 441	-3 677
1985	-1 240	529	-711	2 682	731	3 414	295	2 407	2 701
1986	-2 724	1 927	-797	3 787	544	4 331	-121	3 656	3 536
1987	-5 177	541	-4 636	1 944	1 395	3 337	-138	-1 160	-1 298
1988	-3 644	912	-2 732	3 884	2 150	6 032	-272	3 572	3 300
1989	-7 604	2 207	-5 397	5 216	9 698	14 915	-1 134	10 653	9 518
1987 Q1	-2 226	617	-1 609	288	748	1 035	92	-665	-573
Q2	-831	295	-536	907	-220	687	-105	256	151
Q3	-1 697	-81	-1 778	472	723	1 195	-20	-563	-583
Q4	-423	-290	-713	277	144	420	-105	-188	-293
1988 Q1	1 261	-335	926	663	530	1 192	-17	2 135	2 118
Q2	-2 034	297	-1 737	1 645	742	2 387	-137	787	650
Q3	-1 220	722	-498	965	623	1 587	-55	1 144	1 089
Q4	-1 651	228	-1 423	611	255	866	-63	-494	-557
1989 Q1	-969	354	-615	879	2 231	3 111	-179	2 675	2 496
Q2	-3 777	-843	-4 620	1 827	3 920	5 747	-406	1 533	1 127
Q3	-836	1 260	424	1 083	2 173	3 256	-316	3 997	3 680
Q4	-2 022	1 436	-586	1 427	1 374	2 801	-233	2 448	2 215
1990 Q1	606	-2 036	-1 430	-465	6 647	6 182	-21	4 772	4 752

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

<sup>2</sup> Includes securities dealers' transactions with non-banks abroad from the second quarter of 1989.

# 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	Borrowing from banks etc overseas by			Treasury bills			Non-interest bearing notes	Other	Total		
							Inter-government loans to UK	HM Government	Local authorities <sup>1</sup>	Sterling	ECUs						
1984	AIPA	HEUC	HEPF	HHIC	HEUI	AION	HEUL	HCJN	HEUQ	AARB	HHNW	HCHO	HHIB	HEUR	HCCG		
	908	66	-603	-205	165	-	-103	-	49	145	-	-21	-110	-40	124		
1985	-1 758	52	-573	-209	-2 488	-	-86	-	85	-13	-	28	11	24	-2 464		
1986	-2 891	69	-352	-227	-3 401	-	-86	-	98	207	-	-248	207	178	-3 223		
1987	-12 012	84	-671	-210	-12 808	-	-69	-	102	1 104	-	273	162	1 572	-11 236		
1988	-2 761	66	-702	-255	-3 652	-	-73	-	-10	25	739	-70	293	904	-2 747		
1989	5 439	47	-604	-384	4 497	-	-83	-	-65	888	403	205	74	1 422	5 920		
1987 Q1	-1 523	21	-149	-85	-1 736	-	-	-	7	-11	-	131	-132	-5	-1 741		
Q2	-4 469	22	-164	-17	-4 628	-	-1	-	96	375	-	179	115	764	-3 864		
Q3	-269	24	-144	-47	-436	-	-	-	-6	40	-	-39	31	26	-410		
Q4	-5 751	17	-214	-61	-6 008	-	-68	-	5	700	-	2	148	787	-5 221		
1988 Q1	-653	23	-148	-83	-861	-	-	-	22	-335	-	-29	-85	-427	-1 288		
Q2	-631	16	-156	-60	-831	-	-	-	-12	179	-	53	-44	176	-655		
Q3	-995	15	-169	-61	-1 210	-	-	-	-6	-119	-	-10	19	-116	-1 325		
Q4	-482	12	-229	-51	-750	-	-73	-	-14	300	739	-84	403	1 271	521		
1989 Q1	502	17	-98	-113	309	-	-	-	-6	-161	236	130	-309	-110	199		
Q2	2 134	6	-227	-68	1 844	-	-	-	-15	231	-2	-46	-4	164	2 008		
Q3	357	11	-105	-112	151	-	-	-	-12	451	40	-43	428	864	1 016		
Q4	2 446	13	-174	-91	2 193	-	-83	-	-32	367	129	164	-41	504	2 697		
1990 Q1	129	12	-94	-56	-10	-	-	-129	-21	-185	86	-54	51	-252	-262		

<sup>1</sup> Including Northern Ireland central government.

# THE WELSH INDEX OF PRODUCTION AND CONSTRUCTION

## INTRODUCTION

The Welsh index of production and construction provides a measure of movements in Welsh industrial output and is an important guide to the Principality's economy.

This article begins with a brief history of the index and an outline of the concepts involved and proceeds to describe the methods employed in compiling the Welsh index. There then follows a report on the most important recent developments introduced to counter a number of problems which arise in constructing a regional index. The article closes with an account of recent movements in Welsh output and compares these with those of the United Kingdom as a whole.

## HISTORY AND CONCEPTS

An index of production for Wales was first published in the 1969 edition of the Digest of Welsh Statistics. This was something of a late arrival as other countries, both home and abroad had been producing similar series for some time. The United States had an index based on 1923 and Canada one based on 1926. Today the use of such indices is a common feature of all advanced economies. Not so common, however, are indicators covering industrial production at a regional level. Within the United Kingdom the first such index was that for Scotland, appearing in 1953 and based on the same year as that adopted nationally, 1948. This was soon followed by a similar index for Northern Ireland, and finally that of Wales.

The final objective in producing an index is to obtain a general measure of changes in industrial output, however the progress of particular industries is also of considerable public interest as well as being of great use in explaining any overall trends. The Welsh index is currently published as 16 main groups of industries which are themselves aggregated together to produce another 8 more general series. The indices for the other constituent countries of the United Kingdom are published in similar detail so a comparison of industries is possible.

As well as these aggregates each country produces a market sector analysis which give an indication of the output of the three main

types of product: goods purchased by the private consumer, those purchased by industry for further processing; or investment goods for use in the productive process. In the Welsh case each individual industry is classified to one of the three categories according to its general description. This of course can only be regarded as a summary measure as an industry may encompass the production of more than one category of product. However it is true that the majority of products within a particular industry often belong to one particular category and so the comparison is worthwhile. The construction industry is not included in this analysis.

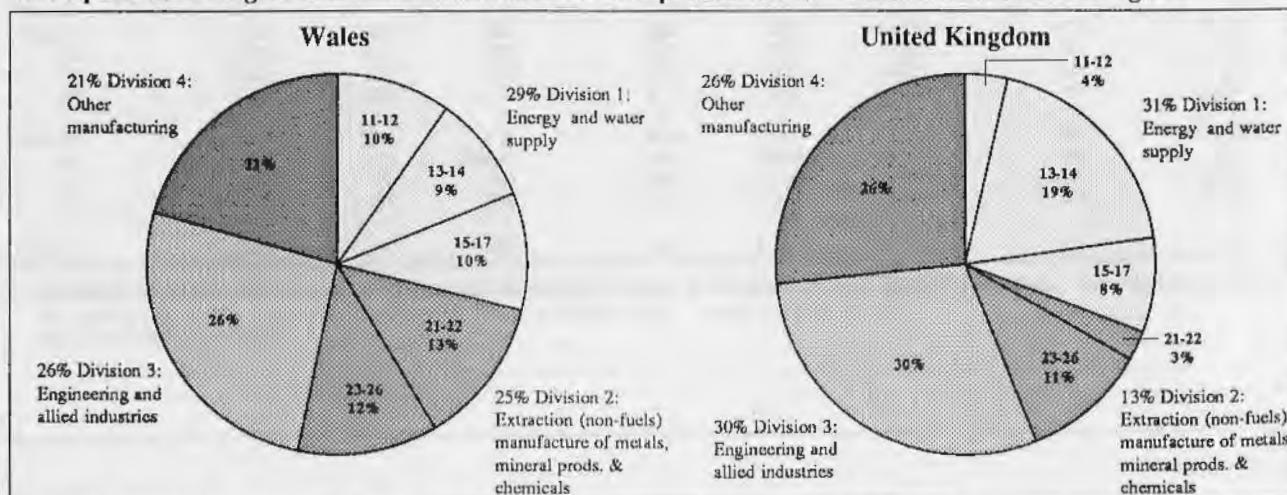
An index of industrial production aims to show in one series movements in the volume of activity in the industrial sector. In concept the index measures changes in the aggregate net output, at constant prices, of the industries. Net output or value added represents the contribution which, in each industry, capital and labour make to the economy as a whole, and is equal to gross or total output, less those inputs of materials and services provided by other industries. There is, however, a problem in using value added figures as they are not available until some two to three years after the year to which they refer. Therefore, in order to produce a quarterly index, gross output or sales figures are used as a proxy as these are available within three months of the quarter currently being published. In using gross output as an alternative to net output it is necessary to assume that the inputs and outputs of each industry are in constant proportions over time. Value added figures are only used in the construction of the base year weights.

The index number formulation currently adopted by most countries, including Wales and the United Kingdom, is the 'base weighted' form proposed by Laspeyres in 1863. In this formula the weights of the various industries, representing their importance, relate to a particular past period, or base year. These are then fixed for the calculation of each successive index.

This formula is not without its problems particularly during periods of rapid structural change when the base year weights can soon become outdated. To overcome these structural changes the index is rebased fairly frequently. Recently this has been every five years, the current base year being 1985.

Fig 1

A comparison of weights used in the 1985 based index of production for Wales and the United Kingdom



## METHOD OF COMPILATION

### The calculation of base year weights.

The industries covered by the index are so grouped as to conform to the 1980 Standard Industrial Classification and relative weights were calculated for each industry at the activity heading (AH) level. The weights were first calculated for the energy and water supply industries, (division 1), the manufacturing industries (divisions 2-4), and the construction industry (division 5) by their contribution to that part of Welsh gross domestic product covered by the industrial sector. Weights of individual industries within these sectors were then calculated according to their share of the total gross value added for that particular sector, taken from the 1985 Annual Census of Production.

### Differences between the structure of Welsh industry and that of the United Kingdom in 1985.

Table 1:  
A comparison of weights used in the 1985 based index of production for Wales and the United Kingdom

DIV CLASS		Weights per '000 in 1985	
		Wales	UK
1-5	PRODUCTION AND CONSTRUCTION	-	-
1-4	PRODUCTION INDUSTRIES	1,000*	1,000*
2-4	MANUFACTURING	711	691
1	ENERGY AND WATER SUPPLY	289	309
11-12	Coal and Coke	97	35
13-14	Ext'n of Min. Oil & Nat. Gas; Min. Oil Processing	92	192
15-17	Gas, Electricity, Other Energy and Water Supply	100	81
2	MANUFACTURE OF METALS, MINERAL PRODUCTS AND CHEMICALS.	245	133
21-22	Metal Manufacture	126	26
23-24	Other Minerals and Products	42	35
25-26	Chemicals and Man-Made Fibres	77	72
3	ENGINEERING AND ALLIED INDUSTRIES	259	296
31	Metal Goods not elsewhere specified	40	37
32	Mechanical Engineering	47	86
33-34,37	Electrical and Instrument Engineering	101	98
35-36	Transport (including Motor Vehicles)	72	75
4	OTHER MANUFACTURING INDUSTRIES	206	264
41-42	Food, Drink and Tobacco	72	91
43-45	Textiles, Leather Footwear & Clothing	31	47
47	Paper, Printing and Publishing	43	71
46,48-49	All Other Manufacturing	60**	55**
5	CONSTRUCTION	-	-

\* Construction is excluded from the analysis as the UK do not publish a weight for division 5

\*\* The weight of class 46 is not available separately for the United Kingdom

Figures may not add up to totals due to rounding.

The first important fact to note is that in 1985, for the first time the manufacturing industries in Wales accounted for more of the total weight for the production industries than they did in the United Kingdom. This demonstrates the continuing shift in importance in the Welsh economy from the Coal and Coke industry to manufacturing.

Table 1 and figure 1 show, however, that despite its decline the coal and coke industry remained at a far higher proportion of the total value added than it did nationally. The Welsh economy was also far more dependent upon the metal manufacturing industry (particularly the production of iron and steel) which contributed almost 13% of the net value added compared with only 3% in the

United Kingdom. The reverse is true of the Extraction of Mineral Oil and Gas industry, where a Welsh weight of 9% can be compared with a figure of 19% for the United Kingdom. Paper, Printing and Publishing and Mechanical Engineering are also considerably under-represented in Wales.

### The change in weights from 1980 to 1985

The weights of the various class groupings in 1980 and 1985 are shown in table 2 below.

The two most prominent changes which have occurred in the weights of Welsh industries have been in particularly important sectors. Metal Manufacture has increased its contribution to the total weight from 5.6 to 10.7 per cent primarily due to the fact that the base was abnormally low in 1980 as a result of the steel industry strike, although output in this industry has been growing steadily since 1982. The opposite is true for the construction industry which became a less prominent sector within the Welsh total as its weight dropped from 18% to less than 15% between the two base years. Other noteworthy reductions were experienced by Mechanical Engineering and the Extraction of Mineral Oil and Natural Gas whereas Gas, Electricity, Other Energy and Water Supply, Chemicals and Man-Made Fibres and Electrical and Instrument Engineering all increased their contribution to the total weight.

Table 2:  
Weights used in the 1980 and 1985 based index of production and construction for Wales

DIV CLASS		Weights per '000	
		1980	1985
1-5	PRODUCTION AND CONSTRUCTION	1,000	1,000
1-4	PRODUCTION INDUSTRIES	820	852
2-4	MANUFACTURING	581	606
1	ENERGY AND WATER SUPPLY	240	246
11-12	Coal and Coke	79	83
13-14	Ext'n of Min. Oil & Nat. Gas; Min. Oil Processing	110	78
15-17	Gas, Electricity, Other Energy and Water Supply	51	85
2	MANUFACTURE OF METALS, MINERAL PRODUCTS AND CHEMICALS.	149	209
21-22	Metal Manufacture	56	107
23-24	Other Minerals and Products	42	36
25-26	Chemicals and Man-Made Fibres	51	66
3	ENGINEERING AND ALLIED INDUSTRIES	240	221
31	Metal Goods not elsewhere specified	38	34
32	Mechanical Engineering	67	40
33-34,37	Electrical and Instrument Engineering	72	86
35-36	Transport (including Motor Vehicles)	64	61
4	OTHER MANUFACTURING INDUSTRIES	192	175
41-42	Food, Drink and Tobacco	61	61
43-45	Textiles, Leather Footwear & Clothing	32	26
46	Timber and Wooden Furniture	22	18
47	Paper, Printing and Publishing	36	37
48-49	All Other Manufacturing	41	33
5	CONSTRUCTION	180	148

Figures may not add up to totals due to rounding

The weight of the coal and coke industry remained at around the same level. This was mainly due to a decline in the weights of other industries as output in this sector actually decreased between the two years.

## Sources of output data and coverage

### Data supplied by the Business Statistics Office<sup>1</sup>

The Welsh Index is compiled from 212 individually weighted series. Of these, 157, each representing a single industry, are constructed using value figures provided by the Business Statistics Office from their quarterly or monthly inquiries. These value figures represent sales and work done, which includes amounts charged for work done on materials supplied by customers, and services rendered to other organisations, such as the hiring out of plant and machinery. They also include sales of merchantable goods, that is, goods sold without having been subjected to any manufacturing process, though the amounts involved here are small.

The determining factor as to whether an establishment is included in the Business Statistics Office's inquiries is the size of its employment, or its parent's employment if that is the reporting unit. For each activity heading there is an employment threshold, normally referred to as the "cut-off", below which an establishment is not included in the inquiry sample. These thresholds are mostly either 25 or 50 employees but can be as large as 300 for some industries.

### 'Outside Contributors'

Twenty industries are not adequately covered by the Business Statistics Office's inquiries. Production figures for these industries, accounting for the remaining 55 series, have to be obtained directly from the organisations themselves or through another Government department such as the Department of Energy.

Table 3:  
Industries for which Business Statistics Office Inquiry data is not used.

AH	Industry	Weight per 1,000
1113	Coal	60.031
1114	Open cast coal	11.694
1115	Coke ovens - briquettes	*
1200	Coke ovens - coke	*
1401	Refinery products	*
1610	Electricity	42.590
1620	Gas	22.368
1700	Water	19.957
2210	Steel	82.562
2220	Steel Tubes	933
2410	Clay products	1.653
2420	Cement	4.484
2600	Man-made fibres	*
3111	Iron castings	2.445
3290	Ordnance, small arms, ammunition etc.	*
+ 2565		*
4121	Slaughterhouses	3.223
4160	Grain milling	*
4270	Brewing and malting	9.182
4910	Coins, medals etc	*
5000	Construction.	148.000
Total		506.631

\* Weight cannot be shown owing to confidentiality rules.

Though there are only 20 of these 'outside contributors', they are, on the whole heavily weighted industries and altogether account for just over half the total weight. This high proportion plays an important part in producing an accurate Welsh index as all of the above industries are completely represented and for this reason the output figures are supplied in a consistent form.

The production data for these industries differ from those obtained from the Business Statistics Office's inquiries in two ways. Firstly, with the exception of construction and some of the water supply industry the data are volume rather than sales figures. This adds to the accuracy as the additional stage of deflation is unnecessary. Secondly a number of the industries are divided into several individually-weighted sub-series which for the most part are the various products of the industry. In the case of construction the sub-series are the values of work carried out divided into the two main categories of local authorities and private contractors. These two categories are split into public and private sector work and type of construction (such as repairs, new housing, etc.).

### Rewards to data.

In the case of a firm not responding for a particular quarter the Business Statistics Office will provide an estimate derived from previous quarters' data along with the movements in the other establishments of the industry. Usually this figure is revised, as the firm eventually provides a return, or the imputation is improved in the light of more recent information. These revisions will normally only occur in the four most recent quarters and so the latest five quarters of the index should be treated as provisional. A few revisions may also occur in the data supplied by outside contributors, though in the majority of cases this would only be for the previous quarter. An exception to this is the construction industry, where there are normally revisions to the last two or three quarters' figures, which, although comparatively small, may have a significant effect on the whole index as this industry bears a heavy weight.

### Commodity breakdown.

Although the output data provided by the Business Statistics Office and used in compiling the index represent a number of commodities within each particular industry, the total sales figures are not broken down into the various commodities produced. Ideally a separate series would be produced for the output of each commodity, as they may differ greatly in their value, and these would be weighted together to produce an index for the whole series. The main difficulty in producing such a weighted index would be the deflation of each series of sales, as the Business Statistics Office do not produce separate deflators corresponding to each commodity. To use the deflators available for similar commodities or for a small group of commodities may not therefore provide a just reward, in terms of greater accuracy, for the impracticalities involved.

### Coverage

The sample used to compile the Welsh index of production and construction currently covers over 70% of employment in Welsh Industry. The coverage, of course, will vary from industry to industry with a number being entirely represented and a few perhaps only half represented.

1. Note that as from 31 July 1989 the Business Statistics Office, located at Newport Gwent, lost its separate title and became a new division within the Central Statistical Office. However, in the interests of continuity and clarity this division is still referred to as the Business Statistics Office for the purposes of this article.

Research is currently under way to highlight any industries insufficiently covered and to recruit new responders to rectify the situation. Ideally, of course, the output of all production units in Wales would be included in the compilation of the index. However in practice this would not be possible given the number of firms involved.

In 1988 there were over 5,700 manufacturing units in Wales, varying in size from one and two-man concerns to giant complexes employing over 4,000 people. Almost 3,700 of these units employ less than 10 people. The collection of output data from all these units every quarter would be an enormous task. The number of non-responding units would also grow and as a result the index would become increasingly based on estimates. In practice the Business Statistics Office only collects sales data from larger firms, as mentioned earlier. Therefore, in compiling the index, it is necessary to make the not unreasonable assumption that the production of the non-observed firms follows a similar pattern to that of the observed.

#### *Businesses whose headquarters are outside Wales.*

In 1989 the Business Statistics Office provided the Welsh Office with sales figures for over 700 firms. It is often the case with multi-establishment businesses that a main reporting unit or parent will provide the Business Statistics Office with a total sales figure for the whole of the company from which the sales of the Welsh sector have to be approximated. This is achieved by taking a proportion of the total sales of the company according to the Welsh share of the employment.

This method is, of course, far from ideal, however, for the purposes of approximation it is reasonable to assume that the various establishments within a company are equally productive and, as such, their employment provides a fair indicator of their contribution to the total sales of the company.

Table 4:  
Location of reporting unit and numbers of wholly and partly Welsh for Q1 1989

Location	Number
Wales	527
(of which:)	
Wholly Welsh	484
Partly Welsh	43
Elsewhere in the U.K.	177
(all partly Welsh)	
Total	704

Altogether in the first quarter of 1989 there were 177 such cases accounting for just over a quarter of the units supplied by the Business Statistics Office. The remaining 527 units' sales data were obtained from Welsh units although 43 of these also contained data from units in other parts of the UK whose approximate sales had to be subtracted from the total.

#### Producing the final series.

##### *Deflating sales figures.*

All value figures are deflated to allow for the effects of inflation and the change in quality of certain products, by means of producer price indices calculated by the Business Statistics Office. As these are not available at a regional level United Kingdom indices have to be used. The deflators for the construction and water series are prepared by the Department of Environment; there being a separate set of indices for each sub-series.

##### *Seasonal adjustment and aggregation*

Difficulties arise in the measurement of output over time since data for the four quarters of the year are not necessarily comparable. The lengths of months vary and a difference of a day in a quarter can affect output by one per cent or more. There are also seasonal variations in the incidence of holidays and in the most drastic cases this could mean the total close down of a firm for two weeks during the summer or at Christmas time. To produce a meaningful comparison from quarter to quarter the output data for each industry has to be adjusted to take account of these seasonal variations. The adjustments are made on the basis of relative performance between the same quarters in the past. This process, however is not without its shortcomings as a damaging strike may effect the underlying trends of output to such an extent that correction factors become difficult to assess.

It would be possible to perform seasonal adjustment on each individual series and then weight these together to obtain the published aggregates. Alternatively, as is the case in the Welsh index, the indices are aggregated together first at the published class grouping level. Subsequently, these are seasonally adjusted before themselves being aggregated to obtain division level indices and finally the total index. This method should give a more reliable result as seasonal patterns may not be evident for each individual industry.

The seasonal adjustment program is run each time the latest quarterly member of the series becomes available, so that seasonal factors and trends are continually up-dated. This procedure results in frequent small revisions to the previously published series. These revisions are generally small and do not overly affect trends. The method currently used to seasonally adjust the Welsh data is the U.S. Bureau of the Census' version of Shiskin's X-11.

#### RECENT DEVELOPMENTS ON THE INDEX

##### *The introduction of base adjustments*

As mentioned earlier, the determining factor as to whether an establishment is included in the Business Statistics Office's inquiries is the size of its employment, there being a separate threshold for each industry. Establishments are normally only excluded from the sample after going below the threshold for several successive quarters so as to avoid any unnecessary entries and exits. The same is not true of establishments coming above the cut-off which are included straight away as the inclusion of establishments only after several quarters of having the requisite employment would not give as complete a picture as possible for that particular industry.

This method of sampling will thus produce sudden appearances and disappearances of establishments, which will misleadingly inflate or deflate the index of a particular industry if ignored. It is

therefore necessary to make an adjustment to the figure for output in the base year for the affected industry at the quarter in which an establishment enters or exits in this fashion. No base adjustment is necessary for any establishments which join or leave the sample as they begin or cease trading as this would be incorrect as such an occurrence should be reflected as an increase or decrease in the index of the industry.

In the case of an establishment going below the cut-off the adjustment is relatively straight-forward. The output figure for the base year of the relevant establishment is subtracted from that of the total sample in that particular industry as the establishment disappears. This in effect removes the unit from the sample.

Adjusting the base output figure for an establishment rising above the cut-off is somewhat more difficult. The problem is easily surmounted when the responder enters the sample before or during the base year. In this case a similar method to that described above for units going below the threshold is applied. The establishment will have a base output figure and this is added to that of the total sample as it enters. However if the responder first enters the sample after the base year the adjustment to the total base is not so easy as there is no readily available base output figure for the unit since it was not responding in the base year (1985).

In the past these occurrences were ignored due to the fact that they were relatively few and for the most part their effect on the index of the particular industry was minimal. However in recent quarters this has proved no longer true. Manufacturing industry in Wales has been more buoyant resulting in several growing companies entering the sample for the first time. A particularly prominent example of this is in the wooden furniture industry (AH 4671), where there have been nine new units coming above the threshold since the base year. It was therefore necessary to estimate the base output figure for each of these establishments which is then incorporated in the total base output figure as it enters the sample.

The method adopted is to compare the employment of any establishment, in the quarter it enters the sample, with its employment in 1985. A rough estimate for the base output figure can then be obtained by taking a proportion of that quarter's sales according to the two employments.

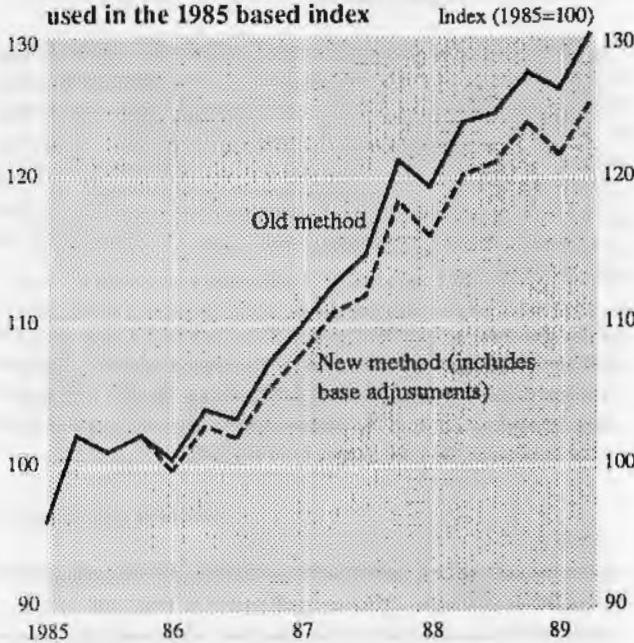
The two main deficiencies in this initial estimate will be firstly that the effects of inflation or the change in quality of the products have been ignored and also that it is assumed that output per head has remained constant between 1985 and the quarter of entry. As mentioned earlier, deflation of the sales figures is achieved by use of the Business Statistics Office's producer price indices. The base figures are deflated according to the ratio of the price indices at the quarter of entry and in 1985. To allow for seasonality to some extent, the price taken for 1985 is the corresponding quarter to that used in the calculation of the base.

Finally, the base calculated for each of the units has to be adjusted to allow any changes which may have occurred in the output per head of the industry involved between 1985 and the quarter used in the calculation of the base. In most cases this would be an increase as more extensive automation would probably have taken place and production techniques improved. After testing a number of methods on establishments which actually had a base figure it was decided to use United Kingdom output per head figures for this final adjustment. The methods which involved using the total sales and employments of the units in the Welsh sample for a particular industry proved to be unreliable because it was often the case that there were only a small number of units and any large unit which experienced a particularly prominent rise in

productivity would overestimate that for the whole industry. The base figure already obtained is thus adjusted by the proportion of the output per head figures in 1985 and the quarter of entry for that particular industry.

Introducing these base adjustments decreases the index of that particular industry and, of course, the whole index. These base adjustments were first introduced for the second quarter of 1989 after a number of trial runs. The effect on the whole index for that quarter was to reduce it from 129.7 to 124.0. The rate of growth between quarters was also reduced but not to the same extent, as the indices of all quarters since 1985 were adjusted downwards. This can be seen from figure 2. The plot of the index which incorporates the base adjustments and that of the method originally used only gradually diverge; the patterns and rates of change from quarter to quarter are mostly preserved. The percentage change since the first quarter of 1989 was reduced from 2.9 to 2.7 and that of the change over the same quarter in the previous year from 4.8 to 4.1.

Fig 2  
Comparison of old and new methods  
used in the 1985 based index



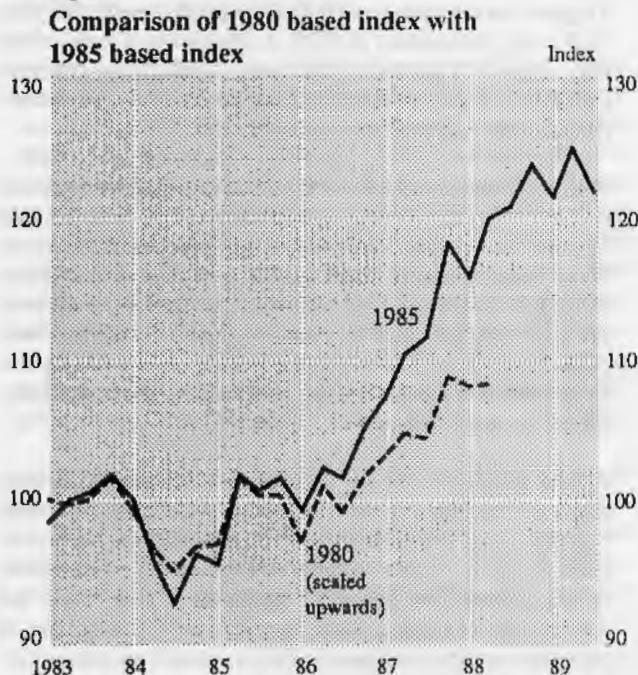
We can see that the general effect on the total index is a reduction which becomes more marked as more quarters pass. This effect is due to more and more establishments entering the sample over time and increasing the number of base adjustments. This is only necessarily true in a buoyant climate. Should output begin to fall, a number of the recently entered establishments may fall below the requisite employment level and be dropped from the index along with their base adjustments. The indices produced by the two methods would then resemble each other more closely.

#### The rebasing of the index from 1980 to 1985 and the introduction of units whose company's headquarters are outside Wales.

The 1980 based series ran from the first quarter of 1978 to the second quarter of 1988 and was thenceforth replaced by a series based on 1985 which runs from the first quarter of 1983 to the present quarter. It is anticipated that the index will be rebased on 1990 in 1993.

As explained earlier indices of output are rebased fairly frequently in order to take account of changes in the industrial structure of the country so that the emphasis on the various industries can be adjusted accordingly.

Fig 3



The process of rebasing also provides an opportunity to examine the methodology currently used in a fresh light. On introducing the present series, the opportunity was taken to expand the sample to include units of firms whose headquarters were outside Wales. This resulted in quite a large increase in the number of units being included and should lead to a more stable and reliable index.

Figure 3 compares the two series over the quarters common to both. As output was greater in 1980 than in 1985, an index based on the former date does not rise to the same extent as one based on the latter. For the sake of a more direct comparison the 1980 series has been effectively scaled to a 1985 base by increasing the indices throughout by the proportion of the 1985 average index compared to 100.

From 1983 to 1985 the two series follow each other fairly closely but from the first quarter of 1986 on they diverge as output continues to grow. The main reason for this is that on rebasing the improving industries were assigned new, heavier weights to reflect their growing importance whereas those industries in decline were given less weight as their contribution to total output decreased. One could therefore say that the 1980 based series was underestimating the growth as the weights had become increasingly outdated due to the sudden expansion in several industries. This clearly demonstrates the importance of rebasing an index of output on a regular basis.

It may also be true that the 1980 series was underestimating the growth in another way. As mentioned above, the earlier index did not contain information on units having their firm's headquarters outside Wales and also operated on more of a 'panel' basis i.e. the inclusion and exclusion of establishments was less frequent. During the recent upturn a number of firms opened branches in Wales. A number of these new units, and others which were expanding may not have been previously included, thus underestimating the growth in the output of Welsh industry. This would go some way to explaining why the two series diverge; as time proceeds a growing number of companies would be omitted and as a consequence the understatement would increase.

'The splicing of the 1980 and 1985 series to obtain series from 1978 to the present quarter.'

A recent enhancement to the Welsh Index has been the extension of the time period covered by the present index by splicing the old 1980 based series onto the front of the current series, based on 1985. The 1980 series running from the first quarter of 1978 was terminated in the second quarter of 1988 and all the values were 'frozen'. The new series based on 1985 runs from the first quarter of 1983. To obtain a series running from 1978 through to the present quarter the indices for the old series from the first quarter of 1978 to the last quarter of 1982 were multiplied by the factor:

1983 average index on 1985 base.

1983 average index on 1980 base.

It would be possible to perpetuate this process with other previous bases to obtain an even longer run. However the additional problem of revisions to industrial classifications arises when considering series prior to that based on 1980. This is not an insurmountable problem but would involve more complicated calculations.

## THE RECENT PERFORMANCE OF THE INDEX

A comparison of recent movements in Welsh output with that of the United Kingdom as a whole.

Fig 4.

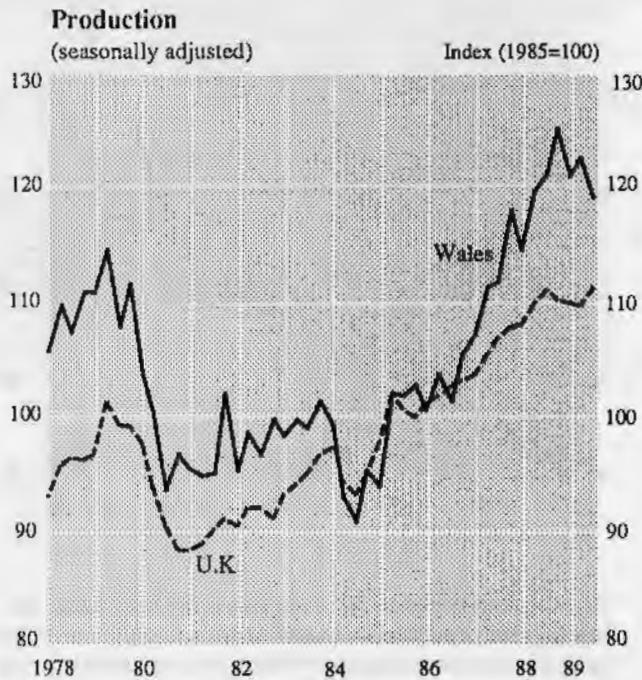
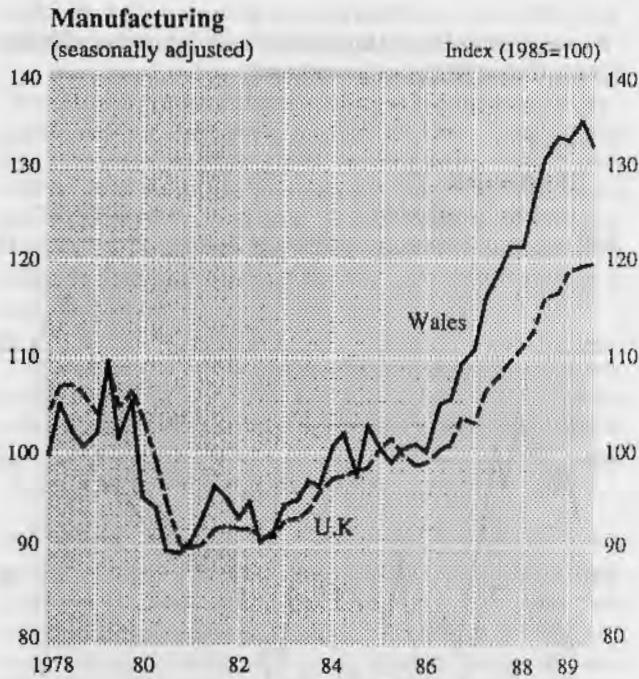


Figure 4 shows the quarterly movements of the production index for Wales compared with that for the United Kingdom. Movements in the Welsh index are generally more pronounced than in the United Kingdom. This is because the Welsh industrial sector is much smaller and so any significant changes in output of any of the larger companies are likely to have a greater effect on the whole index. This becomes more true as one looks at smaller groupings of industries.

Output in the production industries in Wales rose from the first quarter of 1978 to a peak in the second quarter of 1979 of almost 15 per cent higher than the 1985 average output. This was followed by a sharp fall up until the third quarter of 1980 when output began to increase steadily through to the end of 1986, with the exception of a temporary decline in 1984 and 1985 as a result of the coal strike. The Welsh growth rate then increased substantially up until the final quarter of 1988.

The pattern was similar for the United Kingdom as a whole, although the level of the index was lower as the particularly low output in Wales in 1985 resulted in the subsequent years' expansion being more markedly reflected in the Welsh index. The rate of growth, however, was more consistent in the United Kingdom as output grew from the beginning of 1981 up until the third quarter of 1988, again with the exception of the effect of the coal strike in 1984 and 1985. In the fourth quarter of 1988, Welsh output was almost 25% higher than the 1985 average level compared with a figure of 10% for the United Kingdom as a whole. Output has been in decline both regionally and nationally in recent quarters and this appears initially to have been more appreciable in Wales.

Fig 5.



The main contribution to the recent growth has been the particularly impressive performance of the manufacturing sector. From figure 5 we can see that output for these industries started growing from the end of 1982 onwards. The manufacturing index of Wales was very similar to that of the UK from 1978 through to the beginning of 1986 but has since outstripped its counterpart primarily as a result of increased investment in the Principality, particularly by foreign-owned companies. However the recent tail-off in manufacturing seems to have been felt slightly more in Wales.

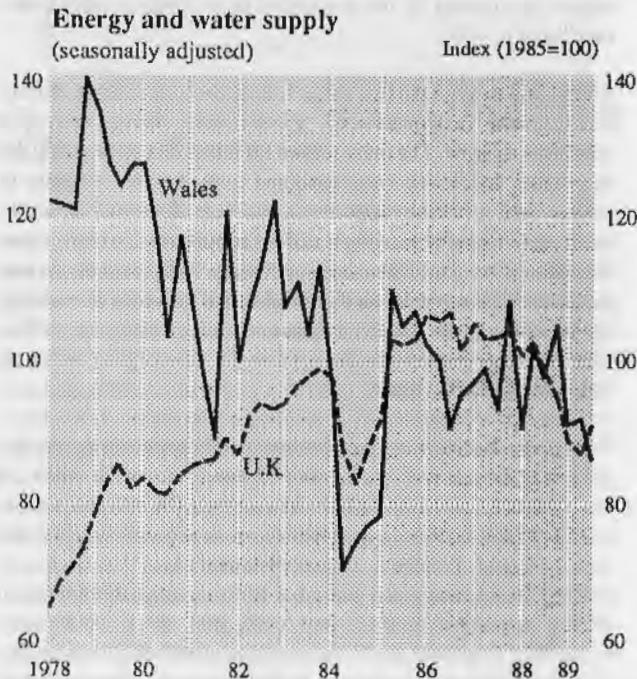
Figures 8 to 26 contain further comparisons with the United Kingdom for the various published groupings of industries from 1978 to the third quarter of 1989. A description of how indices prior to the first quarter of 1983 were obtained was described earlier in this article. A number of the series for the United Kingdom are only available from 1983 on.

Within manufacturing the increase in output in the manufacture of metals, helped considerably by a recovery in the steel industry, has been particularly strong and is an important factor in the Welsh index being so much higher than that of the United Kingdom. Even though the increase in the two since the steel strike of 1980 has been very similar, the effect on the Welsh production index will be considerably more marked as the industry is almost five times as weighty in Wales than it is in the United Kingdom, as we saw earlier.

All the published industry groupings in manufacturing have shown an improvement since 1985 both in Wales and at the United Kingdom level. Wales has done as well and usually better in all of those groups for which the United Kingdom has a comparable series. Electrical and Instrument Engineering, Food Drink and Tobacco and Textiles, Leather, Footwear and Clothing have all expanded steadily since the early 1980's and all three indices have overtaken those for the United Kingdom in recent quarters. A dramatic turn around in the output of the All Other Manufacturing and the Mechanical Engineering industries in 1984 has also been observed. The most impressive expansion in recent years in Wales has been in the Timber and Wooden Furniture industries where the index rose from around 95 in the middle of 1985 to around 170 in the second quarter of 1989, though there has been evidence of a significant fall back over the last few quarters.

Output in the construction industry has also shown a recent improvement though this occurred rather later in Wales than it did generally. In Wales the construction index fell from a high of

Fig 6.



almost 150 in the second quarter of 1979 to just over 90 at the start of 1986, when it began to improve.

The continuing fall in output in the Energy and Water Supply industries has been the most significant downward trend in recent years in Wales. From figure 6 it can be seen that, apart from the effect of the coal strike in 1984 and 1985, the energy sector has been in steady, if somewhat erratic, decline since 1978 whereas the pattern in the United Kingdom is markedly different; a general rise to the middle of 1986 followed by a steeper fall up to the latest quarter. This difference in pattern can be explained by the greater weight of the Coal and Coke industry in Wales which, as we can see in Figure 8, has been in similar decline in both countries. Output in Gas, Electricity, Other Energy and Water Supply in Wales, although improving slightly, has not shown the same rise as that of the United Kingdom.

The market sector analysis shows that growth in the output of consumer goods has been especially noteworthy. Since 1982 the growth of this sector in Wales has considerably overshadowed that for the United Kingdom as a whole; the index increasing from around 85 to over 140 compared with a rise from 92 to just over

110 for the United Kingdom. On the other hand investment goods have not performed as well in Wales as nationally where the increase in output since 1981 has been greater. The movements in intermediate goods have been similar for both countries. In both cases output of intermediate goods increased from 1981 to the middle of 1988 and has since fallen back.

#### A comparison of the Welsh index with that of the other constituent countries of the United Kingdom.

Figure 7 shows a comparison of the four all industry indices for Wales, Scotland, Northern Ireland and the United Kingdom. Output in all four countries grew slightly from 1983 through to 1986 but has increased markedly from around the beginning of 1987; that of Wales being particularly strong. Although output in Northern Ireland began to increase noticeably some time later than in Wales, from the second quarter of 1987 to the fourth quarter of 1988 it had almost the same growth rate. Indeed it has continued to grow steadily through 1989 without experiencing the levelling off of the other countries and now stands at a higher level, relative to its base year, than that of the United Kingdom.

Fig 7.

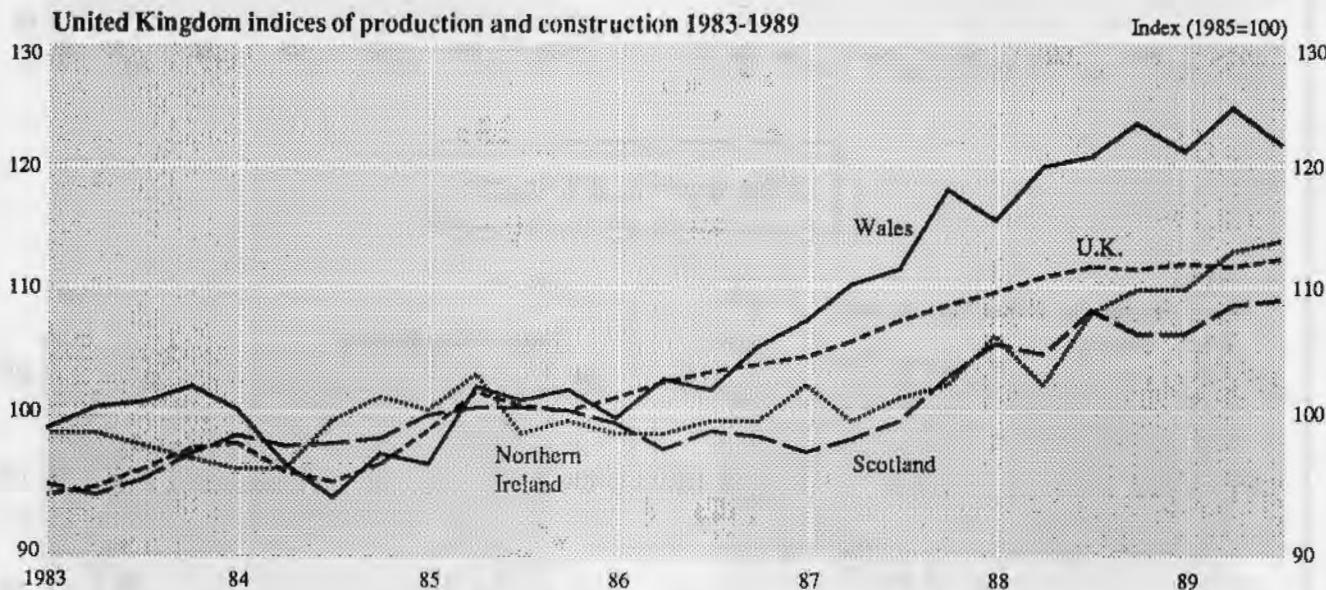


Fig. 8

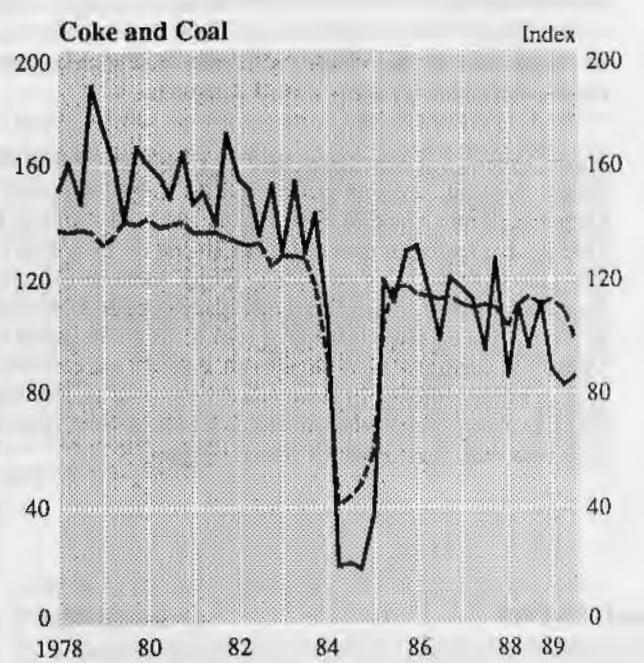


Fig. 9  
Extraction of Minerals, Oil and Natural Gas;  
Mineral Oil Processing

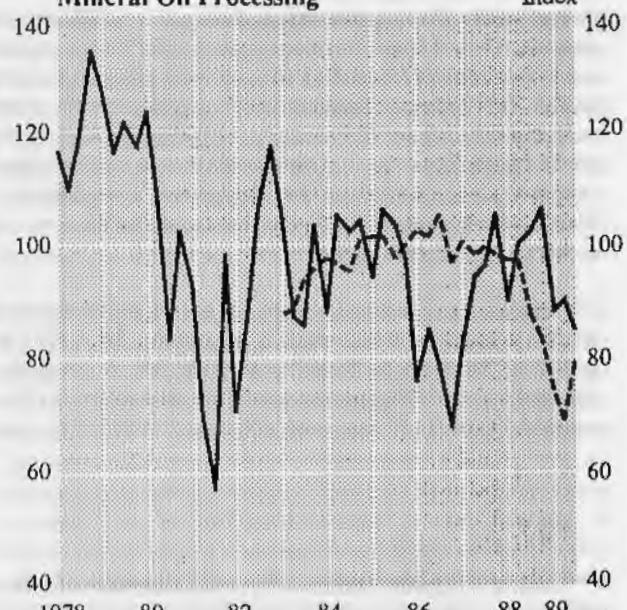


Fig. 10  
Gas, Electricity, Other Energy and  
Water Supply

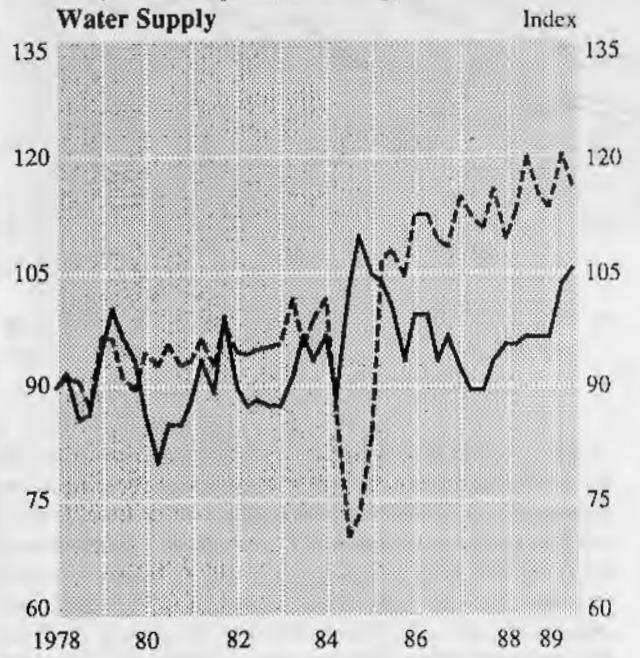


Fig. 11  
Metal Manufacture

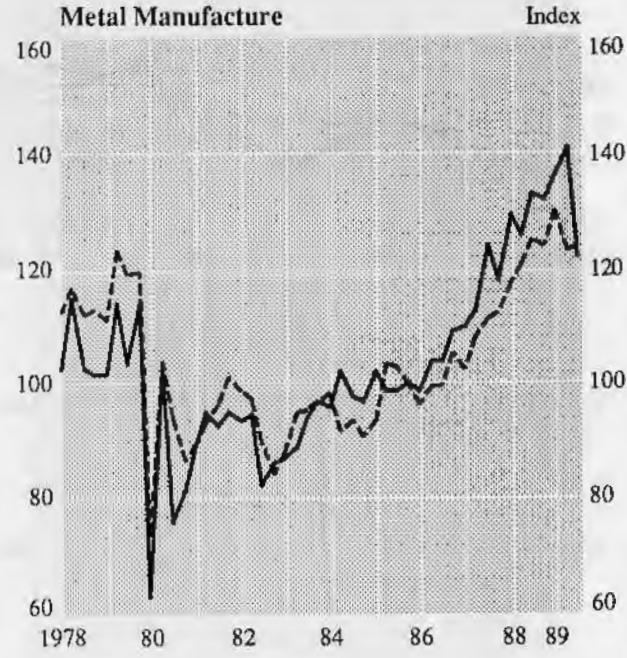


Fig. 12

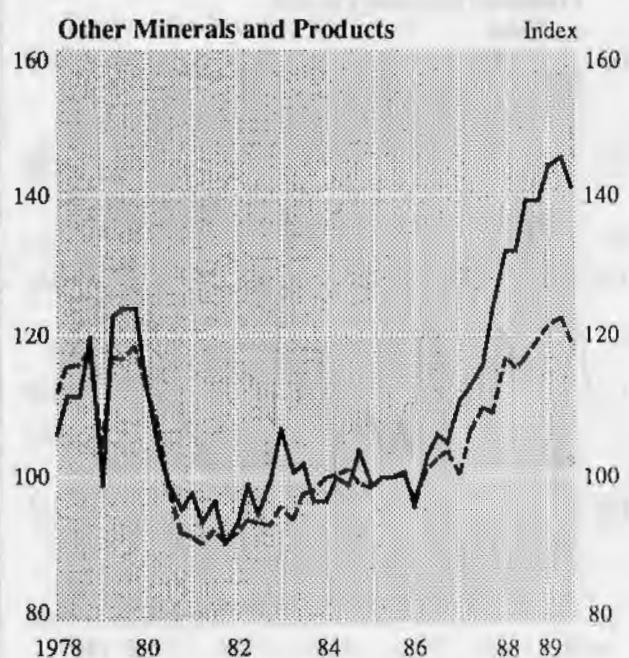
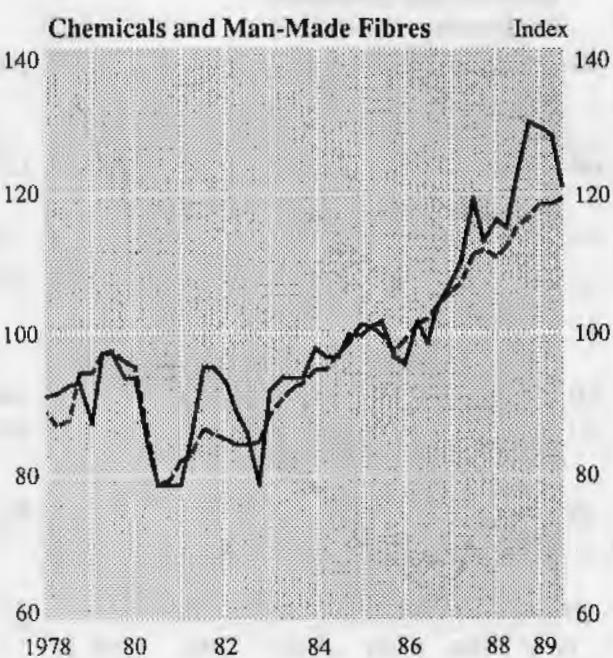


Fig. 13



Wales ——— U.K. -----

Fig. 14

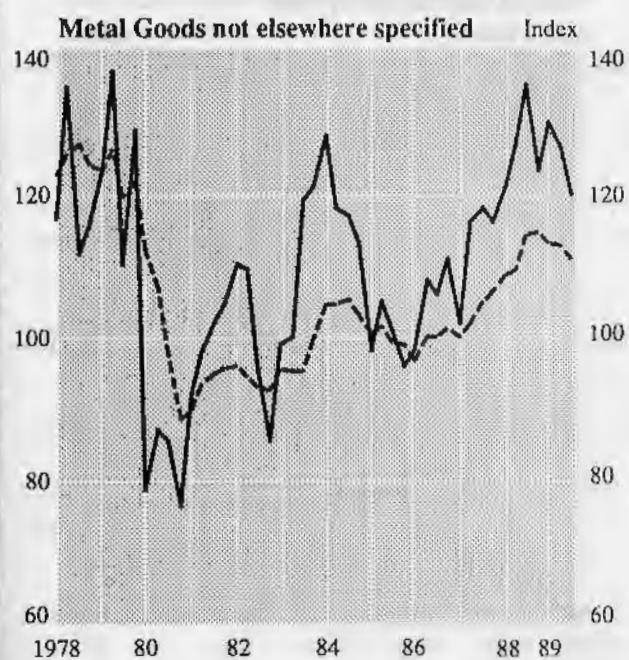
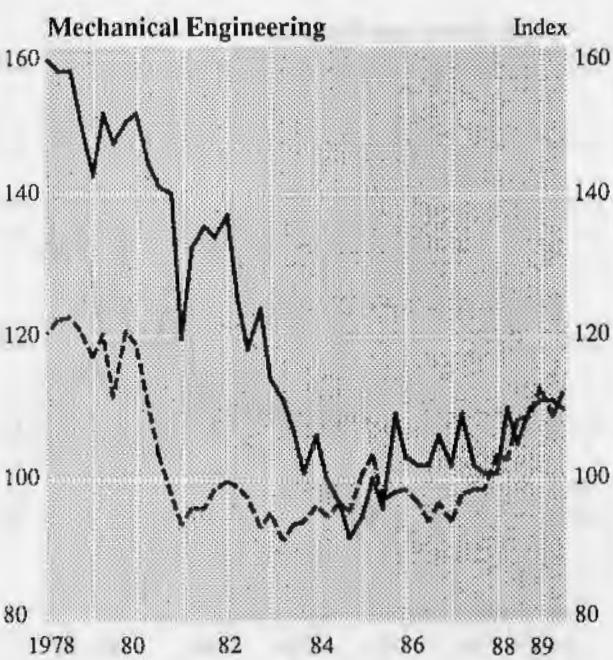
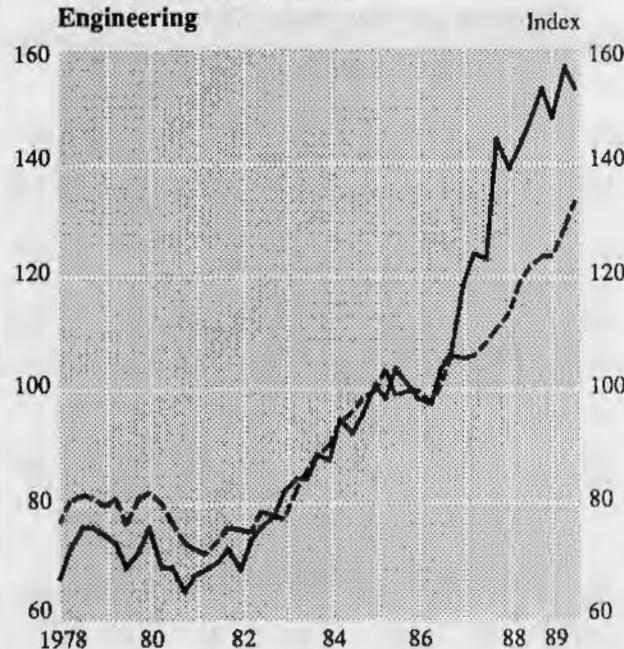


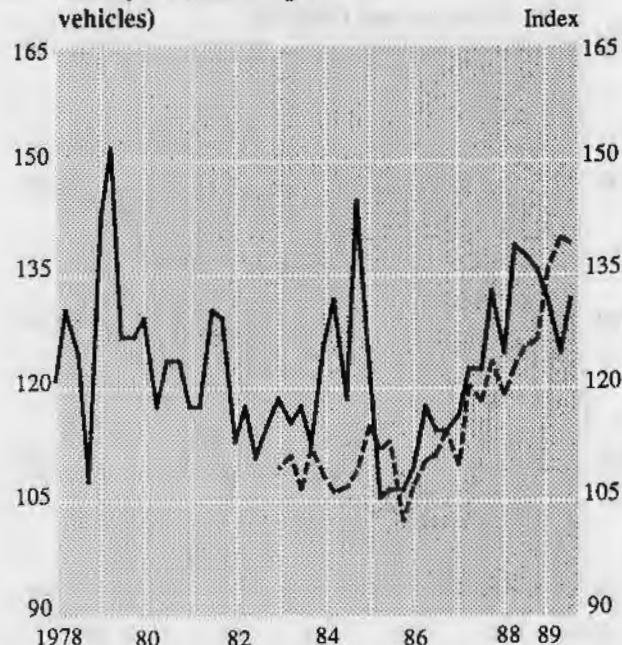
Fig. 15



**Fig. 16**  
**Electrical and Instrument  
Engineering**

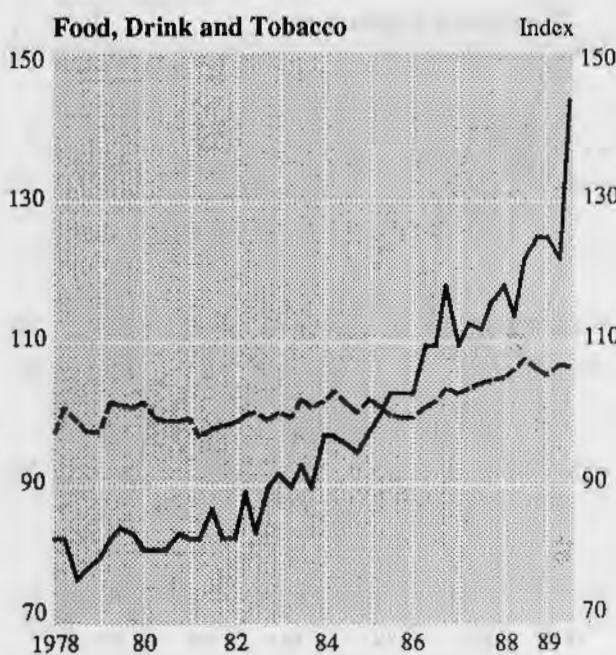


**Fig. 17**  
**Transport (including motor  
vehicles)**



Wales ——— U.K. -----

**Fig. 18**



**Fig. 19**  
**Textiles, Leather, Footwear  
and Clothing**

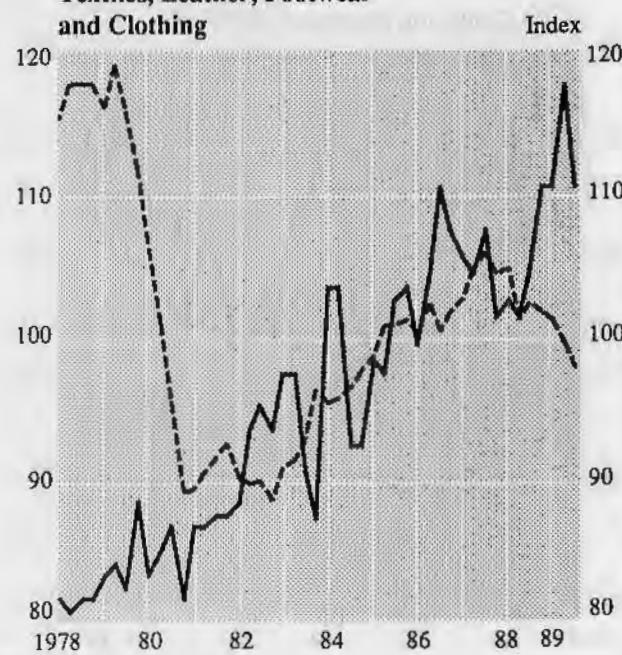
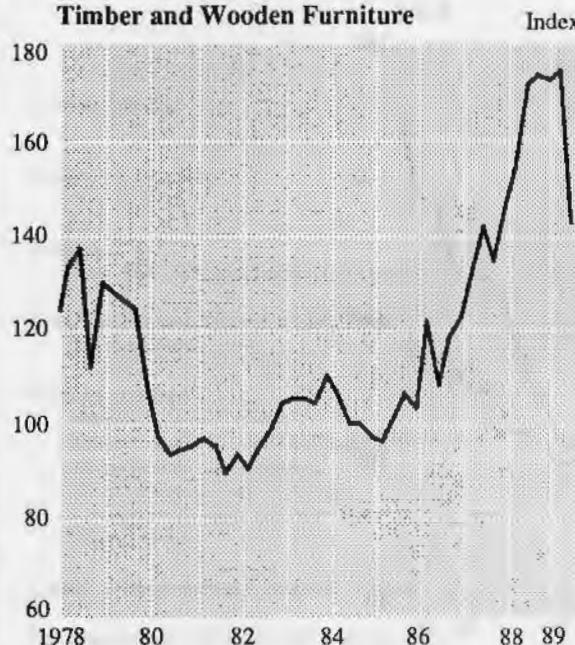


Fig. 20

**Timber and Wooden Furniture**



U.K. not published separately

Fig. 21

**Paper, Printing and publishing**

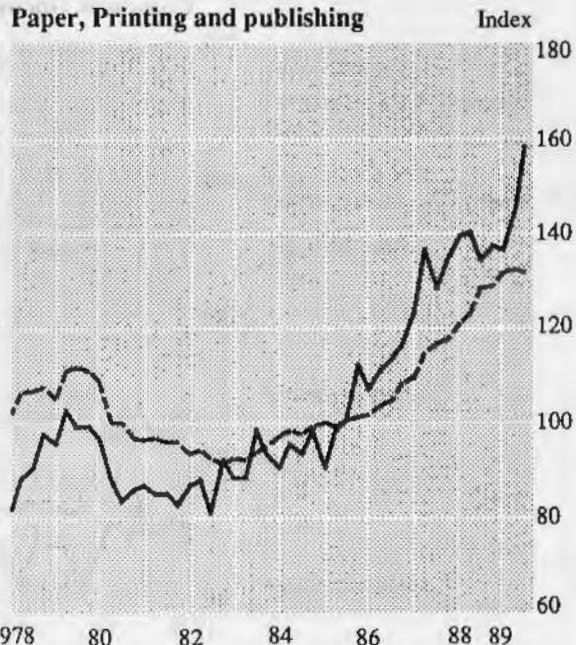
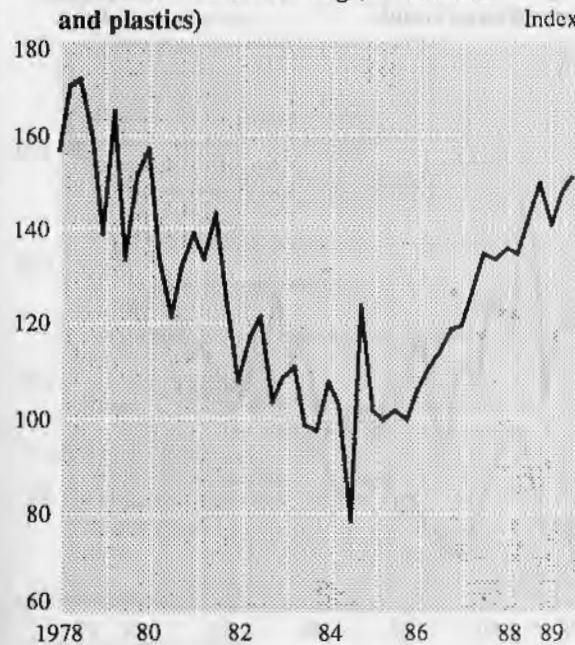


Fig. 22

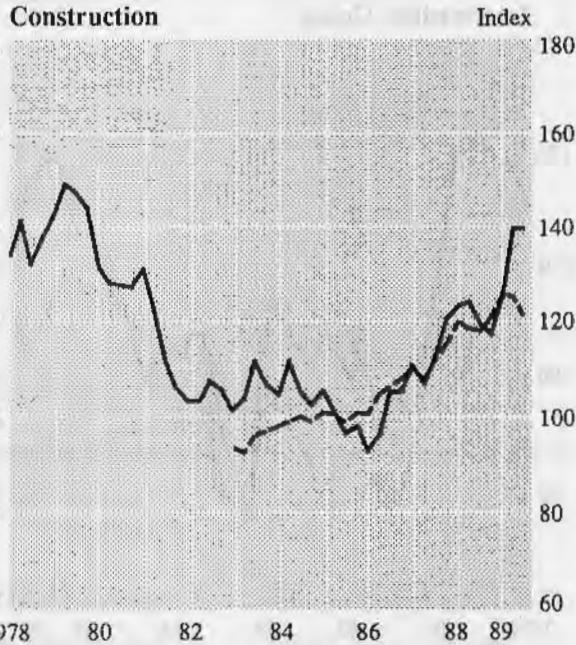
**All Other Manufacturing (incl. rubber and plastics)**



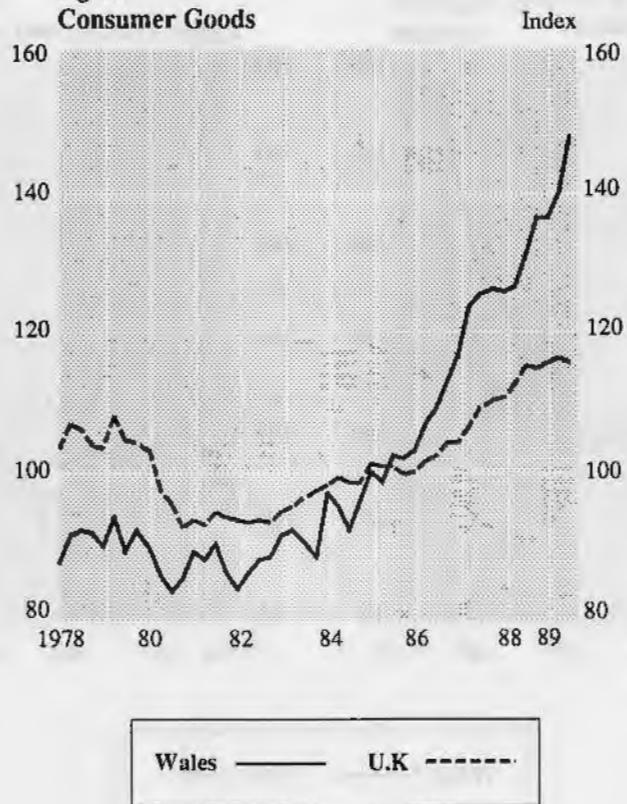
U.K. differs as it includes class 46

Fig. 23

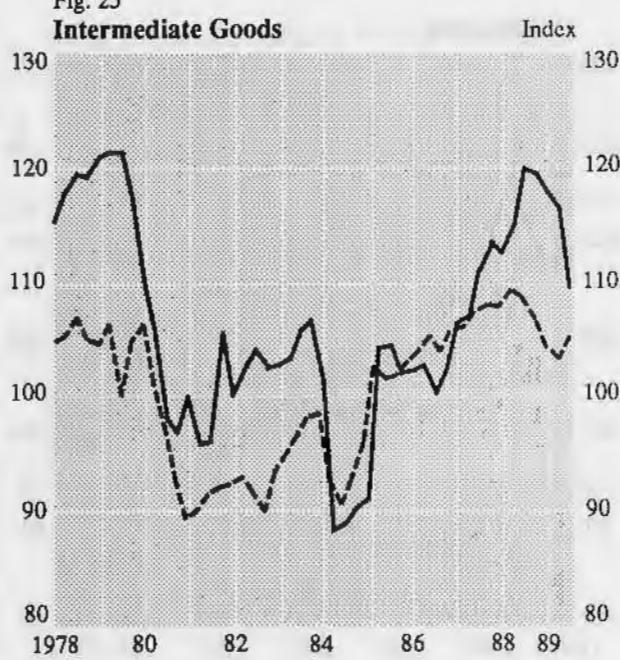
**Construction**



**Fig. 24**  
**Consumer Goods**



**Fig. 25**  
**Intermediate Goods**



**Fig. 26**  
**Investment Goods**

