

**CENTRAL STATISTICAL OFFICE**

# **Economic Trends**

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# Introduction

*Economic Trends* brings together all the main economic indicators. It contains three regular sections of tables and charts illustrating trends in the UK economy.

'Latest developments' presents the most up-to-date statistical information available during the month. It is important to note that data included in this section may not be wholly consistent with other sections which have gone to press earlier. All data in this section are seasonally adjusted unless otherwise stated. In most cases estimates are provisional and subject to revision.

The main section is based on information available to the CSO on the date printed at the foot of this page and shows the movements of the key economic indicators. The indicators appear in tabular form on left hand pages with corresponding charts on facing right hand pages. Colour has been used to aid interpretation in some of the charts, for example by creating a background grid on those charts drawn to a logarithmic scale. Index numbers in some tables and charts are given on a common base year for convenience of comparison.

The section on cyclical indicators shows the movements of four composite indices over 20 years against a reference chronology of business cycles. The indices group together indicators which lead, coincide with and lag behind the business cycle, and a short note describes their most recent movements. The February, May, August and November issues carry further graphs showing separately the movements in all of the 27 indicators which make up the composite indices.

In addition, quarterly articles on the national accounts appear in the January, April, July and October issues, and on the balance of payments in the March, June, September and December issues. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

*Economic Trends* is prepared monthly by the Central Statistical Office in collaboration with the statistics divisions of Government Departments and the Bank of England.

## Notes on the tables

1. Some data, particularly for the latest time period, are provisional and may be subject to revisions in later issues.
2. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.
3. Almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by NSA.
4. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.

5. A line drawn across a column between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. In each case a footnote explains the difference.

6. 'Billion' denotes one thousand million.

7. There may sometimes be an inconsistency between a table and the corresponding chart, because the data may be received too late to update the chart. In such cases it should be assumed that the table is correct.

8. There is no single correct definition of *money* and there are many liquid assets which are not included in any of the UK monetary aggregates but which nevertheless need to be taken into account on occasions when interpreting monetary conditions. Consequently, many definitions of money stock are widely used:

**M0** the narrowest measure consists of notes and coin in circulation outside the Bank of England and bankers' operational deposits at the Bank.

**M2** comprises notes and coin in circulation with the public *plus* sterling retail deposits held by the UK private sector with UK banks, with building societies and in the National Savings Bank ordinary account.

**M4** comprises notes and coin in circulation with the public, together with all sterling deposits (including *certificates of deposit*) held with UK banks and building societies by the rest of the private sector.

9. Symbols used:

- .. not available
- nil or less than half the final digit shown
- + alongside a heading indicates a series for which measures of variability are given in the table on page 84
- † indicates that the data has been revised since the last edition; the period marked is the earliest in the table to have been revised
- \* average (or total) of five weeks.

The Editor would welcome readers' suggestions for improvements to *Economic Trends*.

*Central Statistical Office, 6 March 1992*

## CSO Databank

Virtually all the series in *Economic Trends* and the Quarterly Articles may be obtained as part of the CSO Databank Service on tape or disk. The appropriate four digit identifier is included at the top of the column or start of a row of figures. This enables users to obtain (in computer-readable form) a much more comprehensive and up-to-date set of long run macro-economic time series data than can be included in this publication. The tape format, unlabelled EBCDIC, is the same for all datasets. The disks, either 3½" or 5¼" are written in ASCII text which can be loaded as spreadsheets and viewed using standard spreadsheet packages, such as LOTUS or SMART.

Details of the service offered and the schedule of charges may be obtained from the Databank Manager, CSO Branch 16, Room 52/4, Government Offices, Great George Street, London, SW1P 3AQ (telephone 071-270 6386). CSO does not offer direct on-line access for these data but a list of host bureaux offering such a facility is available on request from CSO.

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# Latest developments in the economy

*Data available at 12 March 1992*

## DATA PUBLISHED BY CSO

### Output

In the three months to December, the output of the production industries is provisionally estimated to have fallen by 0.1 per cent compared with the previous quarter, and by 0.6 per cent compared with the same period a year earlier. The provisional index of production figure for December is 105.8 (1985=100). The index covers the manufacturing and energy industries, and all figures are seasonally adjusted.

Manufacturing output in the three months to December was 1.2 per cent lower than in the previous three months, and 3.5 per cent down on the same period a year earlier. Within manufacturing, between the latest three month periods, the output of the metals industry fell by 0.4 per cent, chemicals rose by 0.4 per cent, engineering and allied industries fell by 1.9 per cent, "other manufacturing" fell by 0.8 per cent, "other minerals" fell by 1.5 per cent, textiles and clothing fell by 1.1 per cent, and food, drink and tobacco fell by 1.0 per cent.

The output of the energy sector was 2.8 per cent higher than in the preceding three months, and 7.6 per cent up on the same period a year earlier.

By market sector, between the latest three month periods, the output of the investment goods industries fell by 1.8 per cent, the output of the consumer goods industries fell by 0.7 per cent, and the output of the intermediate goods industries rose by 0.8 per cent.

### Producer prices

The input price index for materials and fuel purchased by manufacturing industry rose by 0.5 per cent in the twelve months to February, following a fall of 1.1 per cent in the twelve months to January. Between January and February, the unadjusted index fell by 0.4 per cent, whereas the seasonally adjusted index rose by 1.6 per cent.

The increase over twelve months in the output price index for home sales of manufactured products was 4.4 per cent in February, unchanged from the increase in January. The index rose by 0.4 per cent between January and February.

### Retail prices

The general index of retail prices for 14 January was 135.6 (January 1987=100), a decrease of 0.1 per cent on December and an increase of 4.1 per cent since January 1991.

There were exceptionally sharp price reductions in the January sales for clothing, footwear and household goods. Petrol prices also fell between December and January, but within motoring costs there were off-setting price increases for motor insurance and maintenance. There were also increases for house contents insurance, health insurance, rail fares, food and drink.

The tax and price index for January was 128.1 (January 1987=100), representing an increase of 3.6 per cent over the previous twelve months.

### Retail sales

The provisional, seasonally adjusted estimate of retail sales volume in January was 119.8 (1985=100). In the three months to January sales were 0.4 per cent up on the previous quarter, and 0.7 per cent higher than the same period a year earlier. Sales by food retailers rose by 0.2 per cent compared with the previous three months, and those of specialist non-food retailers rose by 1.0 per cent, whereas those of mixed retail businesses fell by 0.6 per cent.

Based on non-seasonally adjusted data, retail sales value in current prices in January was 6 per cent higher than in January 1991.

### Balance of payments

Information on visible trade in January and recent trends in invisibles imply a current account deficit of £0.8 billion, £0.4 billion more than that for December. In the latest three months the implied deficit was £1.9 billion, compared with £1.6 billion in the previous quarter.

The visible deficit in January was £1.1 billion, compared to £0.7 billion in December. In the three months to January the visible deficit was £2.8 billion, compared with £2.6 billion in the previous quarter.

In January the value of exports was £8.3 billion, 7.5 per cent lower than in December. In the three months to January, the value of exports was 1 per cent lower than in the previous three months, but 2.5 per cent higher than a year earlier. On a volume basis, excluding oil and the erratic items, exports in the three months to January were 1 per cent higher than in the previous three months, and 3.5 per cent higher than a year earlier.

Imports in January were valued at £9.4 billion, 3 per cent lower than in December. In the three months to January, the value of imports was 0.5 per cent lower than in the previous quarter, but 0.5 per cent higher than a year earlier. Excluding oil and erratics, import volume in the three months to January was 2 per cent up on the previous three months and 2.5 higher than the corresponding period year earlier.

Estimates of invisibles are not available monthly. Based on recent trends and limited information on EC transfers, invisibles in January are projected to be in surplus by £0.3 billion. Revisions to these projections can be substantial.

### Public sector borrowing requirement

Provisional estimates put the public sector borrowing requirement in January at minus £3.6 billion (ie a net repayment). Privatisation proceeds in January amounted to £0.1 billion. The PSBR for the first ten months of 1991-92 was £6.6 billion compared with minus £3.0 billion in the same period last year. The PSBR excluding privatisation proceeds was £13.7 billion in the first ten months of 1991-92 compared with £0.6 billion in the same period last year.

## DATA PUBLISHED BY OTHER DEPARTMENTS

### Official reserves

The overall level of the UK's official reserves rose by \$169 million in February, bringing the end of February reserves to \$44,755 million (£25,458 million), compared with \$44,586 million (£24,874 million) at the end of January.

The underlying change in the reserves during February was a rise of \$181 million.

The underlying change excludes a number of factors which are included in the total change. Proceeds from the month's tender of UK ECU Treasury Bills amounted to \$1,166 million and maturing UK ECU Treasury Bills of \$1,167 million. The underlying change also excludes repayments of borrowing under the exchange cover scheme of \$11 million. There was no new borrowing under the exchange cover scheme.

### Exchange rate

The sterling exchange rate index (1985=100) was 90.9 in February, compared with 90.8 in January.

### Unemployment and vacancies

In January, the seasonally adjusted level of unemployment in the UK increased by 53,000 to 2.604 million, 9.2 per cent of the workforce. Over the past six months, unemployment has risen by 39,200 per month on average.

The stock of unfilled vacancies at jobcentres decreased by 1,900 to a seasonally adjusted 122,000 in the month to January. Over the three months to January, vacancies have increased on average by 6,200 a month.

### Employment

The number of employees in employment in manufacturing industries in Great Britain stood at 4,635,000 in December, a fall of 18,000 since November. Employment has fallen by 334,000 in the year to December, compared with a fall of 129,000 in the previous year.

The UK workforce in employment (employees in employment, the self-employed, HM Forces and participants in work related government training programmes) stood at 25,938,000 in September, representing a fall of 234,000 in the quarter. Employment over the year to September 1991 fell by 875,000.

### Earnings

The underlying increase in average weekly earnings in the year to November was about 7.5 per cent, the same as the increase in the year to October. The actual increase in the year to November, at 7.7 per cent, was above the underlying increase because of negative timing adjustments for bonuses.

In the production industries, the underlying increase in average weekly earnings in the year to December was about 8 per cent, a fall of 0.25 per cent on the increase in the year to November. Within this sector, the underlying increase in manufacturing industries in the year to December was about 7.75 per cent, 0.25 per cent below the increase in the year to November. The actual increases for production and manufacturing in the year to December were 7.8 per cent and 7.4 per cent respectively.

In the service industries, the underlying increase in average weekly earnings in the year to December was about 7.0 per cent, 0.25 per cent lower than the increase in the year to November. The actual increase in the service industries was 5.8 per cent.

### Productivity

Manufacturing output per head in the three months to November was about 0.2 per cent higher than in the three months ending August, and 2.7 per cent higher than in the same period a year earlier. Output per head in the whole economy in the third quarter of 1991 was about 0.9 per cent higher than in the previous quarter, and about 0.6 per cent higher than in the corresponding quarter a year earlier.

### Unit wage and salary costs

In the three months to November, wages and salaries per unit of output in manufacturing were 5.0 per cent above the corresponding period a year earlier. This increase was less than the rise in average earnings in manufacturing because of the increase in productivity of 2.7 per cent over this period. In the third quarter of 1991, wages and salaries per unit of output in the whole economy were 7.0 per cent above the corresponding period a year earlier. This increase was below the rise in average earnings because of the rise of about 0.6 per cent in productivity over this period.

### Monetary aggregates

Provisional information suggests that in the 12 months to January, and before seasonal adjustment, M0 increased by 0.8 per cent, and M4 by 6.2 per cent. In January, again before seasonal adjustment, M0 decreased by 7.3 per cent, and M4 decreased by 0.1 per cent. After seasonal adjustment, M0 fell by 0.2 per cent, and M4 rose by 0.4 per cent.

# FAX AND FIGURES: FAST ACCESS TO CSO'S MACRO-ECONOMIC DATA

by Ian Scott  
Chief Press Officer  
Central Statistical Office

CSO Statfax, a new service from the Central Statistical Office, gives anyone with a fax machine instant access to the latest macro-economic data.

The premium-rate service covers nine of the most important macro-economic series, including the retail prices index (RPI), the monthly trade figures and the index of production. Each statistical series has an individual phone number, and virtually any fax machine can be used to retrieve complete press notices from a central computer.

Headline figures are available within a couple of minutes of the official release time of 11.30 am, and within a short time the entire press notice is on the system - complete with tables and charts. After that the material is always available, at any time of the day or night.

## Forthcoming release dates

A tenth number gives access to CSO's monthly economic release dates press notice, which lists the publication dates of all the government's macro-economic statistics - not just those published by the CSO.

CSO runs Statfax in partnership with a private-sector concern, DIS Information Services of Corsley Heath, Wiltshire. DIS uses the Vodastream Fax facilities on the Vodafone network, supplied by Vodata Ltd of Newbury, Berkshire.

When the CSO was expanded in 1989, it assumed responsibility for the Department of Trade and Industry's macro-economic statistics and took over the RPI from the Department of Employment. The new CSO, recognising the City's requirement for the fastest-possible access to these market-moving figures, conferred with the major international news agencies about the best way to meet this need.

As a result, the CSO provides facilities that make it possible for the news agencies to file live to their subscribers at precisely 11.30 am. The headline figures appear on City screens - and indeed on trading-room screens worldwide - within seconds of release from the CSO's Great George Street offices.

The CSO, of course, favours no particular news outlet. Its aim, quite simply, is to provide a level playing field for those whose business it is to disseminate and comment upon the United Kingdom's official statistics.

Given their ability to file live to subscribers at the instant of release, there is less scope than there used to be for the news agencies to compete on speed of delivery. More and more, they are competing in terms of the volume of data they can transmit at 11.30.

## Unmet demand

Despite these developments, there remains an unmet demand, especially in the City, for fast access to detailed data. This is

evident in the number of organisations that send representatives to collect press notices from CSO's front door on the morning of release. Indeed, when the monthly trade figures are published, the demand is such that a special door has to be opened; in a scene often shown on national television, employees of City firms rush in to collect press notices, and then rush out into the street to use their cellphones.

About 18 months ago, the CSO responded to this demand by introducing CSO Statcall, a premium-rate service that gives the public telephone access to the latest high-profile press notices. Like Statfax, CSO runs Statcall in partnership with a private-sector company, Telephone Information Services Ltd of London.

Statcall provides - and will continue to provide - an extremely useful means of accessing not only headline figures but a considerable volume of detail. However, "talking press notices" necessarily are restricted to text. How much better if callers could be given access to complete press notices, including runs of figures and graphics.

CSO Statfax brings together state-of-the-art fax and computer technology to do just that. Anyone with a fax machine can use the service. There is no need to register or subscribe.

## Central computer

The service is based on Vodata's central computer. At 11.30 am, the CSO uses a fax machine to send the first page of the press notice to the computer, and once that is done the page is available to anyone using the service. The remainder of the press notice follows, in one or two sections, and becomes available just as quickly as it can be faxed into the system.

Precise instructions for using the service depend upon the type of fax machine used:

### FAX MACHINE WITH HANDSET:

Pick up the handset and dial one of the Statfax numbers. When you hear "Please press start on your fax machine", press the START or SEND/RECEIVE button on your fax. Put down the handset, and after a few seconds the CSO press notice will begin to appear.

### FAX MACHINE WITH "POLL RECEIVE" MODE:

Check the manual to find out how to select "poll receive" mode - sometimes described simply as "poll" or "poll RX". Simply follow the instructions on how to poll a document from another fax machine. If you can't get hold of the manual, you will find that "poll receive" is often the first option on any available menu of options, and may be accessed by pressing the FUNCTION button.

### FAX MACHINE WITH MANUAL/ON HOOK BUTTON:

Press this button, key in the number, and press START when you hear the welcome message through the speaker in your fax.

DIS has set up a telephone help desk to provide advice for anyone who encounters difficulty in accessing Statfax. The number to dial is 0373 832656, between the hours of 9.00 am and 5.00 pm. Callers should have to hand the make and model of their fax machine.

With effect from this edition of Economic Trends, CSO Statfax numbers are listed alongside certain tabular material, so that

readers may obtain the very latest figures. Obviously, this applies only to statistics that form part of the Statfax service.

While Statfax and Statcall will make life easier for those who need fast access to the most up-to-date data, CSO's public inquiry

service will continue to deal with less routine queries. The address to write to is CSO Public Inquiries, Room 65C/3, Government Offices, Great George Street, London SW1P 3AQ (Tel: 071-270 6363/6364), or CSO Library, Central Statistical Office, Cardiff Road, Newport, Gwent NP9 1XG (Tel: 0633 812973).

## CSO STATFAX

Virtually any fax machine can be used to poll the following numbers:

<b>Retail prices index</b>	<b>0336 416037</b>
<b>Monthly trade figures</b>	<b>0336 416038</b>
<b>Balance of payments</b>	<b>0336 416039</b>
<b>Public sector borrowing requirement</b>	<b>0336 416040</b>
<b>Index of production</b>	<b>0336 416041</b>
<b>Producer prices</b>	<b>0336 416042</b>
<b>Retail sales index</b>	<b>0336 416043</b>
<b>Credit business</b>	<b>0336 416044</b>
<b>Gross domestic product</b>	<b>0336 416045</b>

and for forthcoming release dates of all major economic statistics:

<b>Economic release dates</b>	<b>0336 416046</b>
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*Calls are charged at 36p per minute cheap rate and at 48p per minute at all other times*

# IMPROVING ECONOMIC STATISTICS

David Caplan and David Daniel  
Central Statistical Office

## Introduction

In November 1991 Mr Norman Lamont, the Chancellor of the Exchequer, announced a series of measures to improve the reliability of economic statistics. This followed an earlier set of measures which had been announced by the previous Chancellor in May 1990. The two packages have become known as Phase One and Phase Two. This article gives a brief account of the background and some of the achievements of Phase One and details the projects in Phase Two.

## Phase One

Phase One was described in an article in the February 1991 issue of *Economic Trends*. A report on progress was published in the summer 1991 issue of the *Treasury Bulletin*. Methodological bulletins on a number of the projects have been published. Further bulletins will be published in the coming months.

The initiative had three key objectives.

- (1) To reduce revisions to early estimates of gross domestic product and the overseas current account.
- (2) To improve the coherence and accuracy of gross domestic product estimates.
- (3) To reduce the size of the sectoral balancing items in the national accounts.

The primary means of achieving these objectives was increased use of quarterly inquiries, strengthening and making statutory existing voluntary inquiries and launching new inquiries. The CSO consulted with firms and trade associations and other representative bodies on the design and implementation of the new and extended inquiries. This keeps down the form filling burden to the essential minimum and focuses questions in an appropriate way. Other projects included investigating known problems in the national accounts and proposing methodological or organisational improvements.

All the new or enhanced inquiries in Phase One have now been launched. The latest is that of the Employment Department's quarterly Labour Force Survey. The expansion of the Labour Force Survey was announced by the Secretary of State for Employment in March 1990.

Results from the great majority of inquiries are already feeding into published economic statistics. It is too early to make a full evaluation but there is already evidence of a significant impact on quality.

For example, the annual share register surveys have produced substantial reductions in the balancing items of the overseas sector and personal sector accounts in the last five years. Sectoral balancing items in 1989 and 1990 have also been substantially reduced by the results of the annual financial assets and liabilities survey.

The coherence of the national accounts has been improved by the introduction of data from the new quarterly overseas trade in services inquiry. This helped remove the need for a statistical adjustment to overseas trade in goods and services in the June 1991 balance of payments press notice. The results of the new statutory quarterly profits inquiry are being used in estimates of GDP. Early estimates of overseas direct investment are now based on a sample some four times larger than previously, resulting in a corresponding improvement in quality.

## Phase Two

The Phase Two projects were designed to carry forward the work of Phase One. The objective remains to improve the reliability of early estimates and to reduce both discrepancies between the different methods of measuring gross domestic product and the balancing items in the sector accounts. Again the CSO consulted widely to ensure that the form filling burden was kept to a minimum and questions were appropriately focused.

As with Phase One, much of the emphasis is on enlarging short period inquiries, which contribute to early estimates, and making them statutory. In addition, new surveys are being established where quarterly information either does not exist or is of poor quality. Making surveys statutory increases response rates which, in turn, improves the quality of estimates.

One of the measures in Phase One was a review of balance of payments statistics. The review was carried out by Richard Eason, a chief statistician from the Inland Revenue. His report included a number of recommendations that have been taken forward as part of Phase Two in the areas of balance of payments, financial institutions and sector financial accounts. (Copies of the Eason report are available from the CSO.)

## Retail sales and consumers' expenditure

The monthly retail sales inquiry was made statutory from January 1992 and has been expanded from 3,500 to 5,000 contributors. This change was needed as the previous voluntary inquiry had some weaknesses. It will enable the inquiry to obtain data from the few larger firms who did not respond to the voluntary inquiry and to approach a more representative sample of smaller firms. In addition, in June 1992, a new quarterly inquiry will be launched to collect sales by commodity from large firms. The existing annual retail inquiry will collect full product detail on an annual basis rather than biennially as at present. These projects should improve early estimates of consumers' expenditure.

Estimates of a number of other categories of consumers' expenditure are known to be unsatisfactory. Work will be carried out to improve the data sources for these estimates. In particular, there will be an investigation into ways of improving the quality and coverage of responses by households to questions in the Family Expenditure Survey relating to contractors' charges, motor repairs and domestic services. Work will also be undertaken to adjust survey results for non-response and under-recording. New benchmarks are being sought for estimates of final expenditure by charities and people living in communal establishments. Improvements to the estimates of expenditure on financial services are also envisaged.

## Output of goods and services

Monthly sales inquiries were extended in January 1992 to cover a number of manufacturing industries where the current sources of data need to be strengthened. This will improve the reliability of the monthly index of production (IOP), and therefore early estimates of GDP, by giving more control of data quality and timeliness.

From January 1992, monthly data are being collected on the level of production stocks for the aerospace, computer and shipbuilding industries. For these industries, the changes in the level of work in progress and producers' stocks can be large and variable and were not measured by existing surveys. This voluntary inquiry will improve the IOP and early GDP estimates by increasing accuracy and reducing the need for revisions.



Quarterly turnover inquiries (QTIs) were introduced as part of Phase One to improve estimates of output for selected service trades. From the first quarter of 1992, the QTIs, which are statutory surveys, are being extended to cover more industries where the existing indicators of output are unsatisfactory. This measure, which will include wholesaling, catering and the motor trades, should lead to improvements in early estimates of GDP.

Recent work carried out by the CSO has compared the measures of price changes in overseas trade and domestic output. This has revealed inconsistencies between them. A review will be carried out to recommend ways of reducing these inconsistencies so that discrepancies between the different methods of measuring GDP are reduced.

### **Stockbuilding**

Quarterly stock changes are a very volatile but important component of GDP. Improvements to estimates of stockbuilding are needed where current approaches are producing estimates of insufficient quality.

The existing voluntary, quarterly retail stocks inquiry will be replaced with an enhanced statutory survey covering around 1,300 retail firms. The new sample will be more representative of the sector and lead to more precise estimates of stockbuilding.

For motor trades and construction industries only limited annual data are currently available. New quarterly statutory inquiries into stockbuilding in these industries are being launched.

These new inquiries, which will generally collect data from the first quarter of 1992, should improve early estimates of GDP and reduce imbalances in the quarterly national accounts.

### **Producer prices**

The monthly producer prices indices are an important measure of price changes and are used in calculating the volume of output. The previous voluntary survey was known to have inadequate coverage of certain industries such as aerospace, shipbuilding and defence equipment.

In January 1992, the inquiry was made statutory and it will be expanded by 500 contributors, giving 10,000 further price quotations per year. The new survey should lead to improvements in the quality of the IOP and output components of GDP.

### **Balance of payments**

Estimates in some parts of the balance of payments accounts are known to be of poor quality. This leads to a large overseas sector balancing item which, in turn, has implications for other sectors. They have also contributed to imbalances in the national accounts as, for example, trade in services is a component of GDP. A number of measures to improve the estimates are under way.

Some existing estimates of overseas service earnings, based on a variety of sources, are known to be of low quality. The coverage of the survey of royalties and other services is being improved and quarterly reporting has been introduced. Consultants and advertising agencies are being covered systematically for the first time in 1992 with the intention of introducing quarterly reporting.

Private transfers by households have not been directly measured since exchange control ceased in 1979. Existing estimates are based on partial data from other countries, passenger survey data and, in part, projections. Ways of improving these estimates, including the possibility of measuring transfers through a household survey, will be investigated.

Currently, no single register gives adequate coverage of those enterprises which are engaged in trade in services. A new register is being established specifically to cover such enterprises. This will then be used in the construction of inquiries. In time, this register will be incorporated into the inter-departmental business register which is being set up by the CSO.

As a result of all these measures, estimates of invisibles in the balance of payments, particularly the early estimates, will be more securely based. This should lead to further reductions in balancing items and reduce revisions to data.

### **Financial institutions and sector financial accounts**

Following a recommendation in the Eason Report, CSO is taking over responsibility for some statistical inquiries to non-bank financial institutions carried out by the Bank of England, mainly for national accounts purposes. It is also taking over, from the Association of British Insurers (ABI), the collection of data from insurance companies. The transfer of inquiries will take place gradually through 1992.

The coverage of some surveys of financial institutions will be extended to provide more accurate quarterly data. For example, the quarterly and annual insurance and pension fund inquiries will be enlarged and become statutory from the first quarter of 1992. These measures should reduce sectoral balancing items not only in the financial sector, but in other sectors, such as the overseas sectors, where the counterparts lie. They will also help to reduce the size of revisions to early estimates of GDP.

Subject to further consultation, the CSO will extend and improve the inquiries into industrial and commercial companies' financial positions. It is expected that the quarterly survey will then be made statutory. Firmer quarterly estimates will reduce revisions in the financial accounts.

### **Other measures**

In addition to those measures announced by the Chancellor, the CSO is continuing to look at ways of improving the quality of economic statistics. An article in the December edition of *Economic Trends* described the use of input-output tables in systematically examining discrepancies between output and expenditure components in GDP estimates. Work on input-output tables, for 1989 and then subsequent years, will help in exploring discrepancies between income estimates and output and expenditure estimates.

The CSO is taking the lead in establishing an inter-departmental business register (IDBR) which will be used in a wide range of inquiries by government departments. The CSO is also committed to producing balanced national accounts from which all inconsistencies have been removed. Both balanced accounts and the IDBR will be the subjects of articles in future editions of *Economic Trends*.

### **Summary**

The full impact of the Chancellor's initiatives on economic statistics will take some time to feed through. However all the proposed new or enhanced enquiries in phase one are now in place and beginning to have positive results. The measures in Phase Two are in the process of being introduced. The results from these initiatives will contribute substantially to the improvement in economic statistics in future years.

There has inevitably been some increase in the reporting burden. However every effort has been made to keep this increase to the minimum necessary. This has been achieved by the use of optimum sample designs and by careful consultation. The improvements to the quality of statistics are widely recognised as being vital for decision making by both Government and business.