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Economic Trends

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Contents

	Page
Introduction	iv
Symbols and definitions used	iv
Articles	
Economic Update	2
International economic indicators	5
Fully reconciled UK national accounts for 1990-1993	13
Tables and charts	
1. Summary	
1.1 Selected monthly indicators	T1
2. UK Economic Accounts	
2.1 National accounts aggregates	T2
2.2 Gross domestic product: by category of expenditure	T4
2.3 Gross domestic product and shares of income and expenditure	T6
2.4 Income, product and spending per head	T6
2.5 Personal disposable income and consumption	T8
2.6 Real consumers' expenditure - component categories	T8
2.7 Gross domestic fixed capital formation	T10
2.8 Index numbers: gross domestic product: at constant factor cost	T12
2.9 Summary capital accounts and financial surplus or deficit.....	T14
2.10 Appropriation account of industrial and commercial companies	T16
2.11 Capital account and financial surplus/deficit of industrial and commercial companies	T18
2.12 Financial transactions including net borrowing requirement of industrial and commercial companies	T18
2.13 Balance of payments: current account.....	T20
2.14 Visible trade (on a balance of payments basis)	T22
2.15 Measures of UK competitiveness in trade in manufactures	T24
3. Prices	
3.1 Prices	T26
4. Labour market	
4.1 Average earnings	T28
4.2 National employment and unemployment	T30
4.3 Regional unemployment rates	T32
4.4 Labour force survey: economic activity seasonally adjusted	T34
4.5 Labour force survey: economic activity not seasonally adjusted	T36
4.6 Labour force survey: economic activity by age	T40
4.7 Output per person employed	T42
5. Selected output and demand indicators	
5.1 Index of output of production industries	T44
5.2 Engineering and construction: output and orders	T46
5.3 Motor vehicle production and steel production and consumption	T48
5.4 Indicators of fixed investment by manufacturing industry	T50
5.5 Indicators of fixed investment in dwellings	T52
5.6 Number of property transactions in England and Wales	T54
5.7 Stock changes	T56
5.8 Stock ratios	T56
5.9 Retail sales, new registrations of cars and credit business (Great Britain)	T58
5.10 Inland energy consumption	T60
6. Selected financial statistics	
6.1 Sterling exchange rates and UK official reserves	T62
6.2 Monetary aggregates	T64
6.3 Counterparts to changes in M4	T66
6.4 General government receipts and expenditure	T68
6.5 Financial transactions of the public sector	T68
6.6 UK banks' lending to UK residents	T70
6.7 UK banks' loans, advances and acceptances to UK residents	T70
6.8 Interest rates, security prices and yields	T72
6.9 A selection of asset prices	T74
Cyclical indicators for the UK economy	T75
Measures of variability of selected economic series	T79
Index of sources	T80
Release dates of economic statistics as at 30 November 1994.....	T86
Other	
Articles published in recent <i>Economic Trends</i>	inside front cover

ECONOMIC UPDATE - NOVEMBER 1994

(includes data up to 22 November 1994)

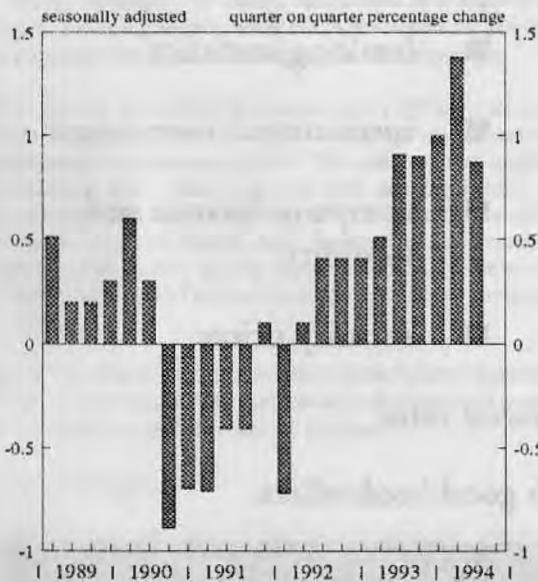
Summary

- GDP at constant factor cost rose by 0.9 per cent between 1994 Q2 and 1994 Q3.
- UK claimant unemployment, seasonally adjusted, fell to 8.9 per cent of the workforce in October.
- the UK visible trade deficit fell from £2.851 billion in the three months to May to £1.966 billion in the three months to August.
- productivity in manufacturing was 6.0 per cent higher in the three months to September compared with the same period a year ago.

Activity

Gross domestic product (GDP), at constant factor cost rose by 0.9 per cent between 1994 Q2 and 1994 Q3. Excluding oil and gas extraction, GDP also rose by 0.9 per cent. Chart 1 shows the continuing growth of GDP.

Chart 1
Gross domestic product
at constant factor cost

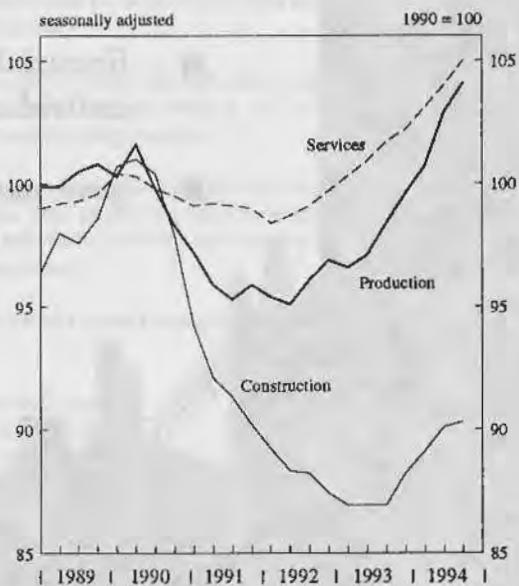


2. The CSO's coincident cyclical indicator continued to rise from its trough in 1992 Q2. Partial information suggest that the shorter leading index fell in October while the longer leading index has fallen since July.

Output and expectations

- 3. There was increased output in all sectors except agriculture between 1994 Q2 and 1994 Q3. Output of the production industries rose by 1.2 per cent, including a rise of 1.2 per cent in manufacturing output over this period. Services output rose by 0.9 per cent, while output of the construction industries rose by 0.2 per cent between 1994 Q2 and 1994 Q3. The latest trends in manufacturing and production output show strong annual growth of 5.5 per cent and 6.0 per cent respectively. Chart 2 shows the latest growth in output constituents of GDP.

Chart 2
Output constituents of GDP
factor cost



- 4. The CBI Monthly Trends Enquiry in manufacturing revealed that the balance expecting to raise output in the next 4 months, seasonally adjusted by the CSO, rose slightly from 23 per cent in September to 24 per cent in October.

Indicators of domestic demand

- 5. Total domestic expenditure rose by 0.4 per cent between 1994 Q2 and 1994 Q3. Within this consumers' expenditure, shown in chart 3, also rose by 0.5 per cent. More timely data showed that in the three months to October, the volume of retail sales, seasonally adjusted, was 0.6 per cent higher than in the previous three months and 3.3 per cent up on a year earlier.

Chart 3
Consumers' expenditure
on goods and services

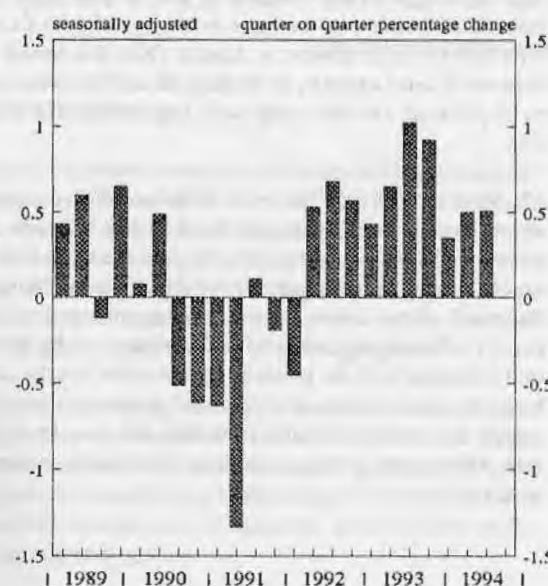
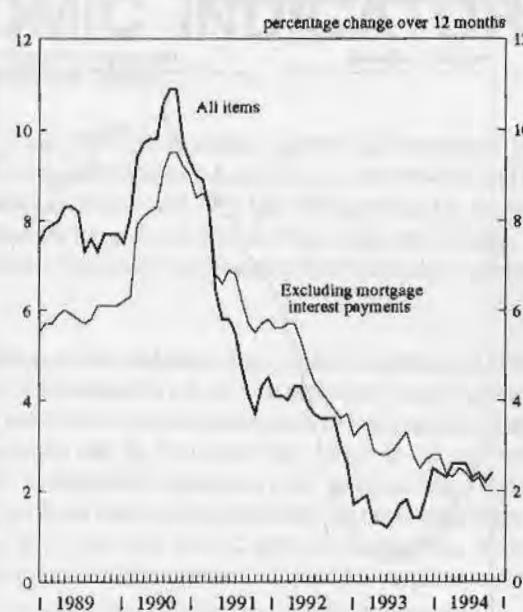


Chart 4
Retail prices index



6. The latest figures on net lending to consumers show an acceleration in borrowing by consumers. On the broader coverage, net lending to consumers, seasonally adjusted, rose from £1.341 billion in 1994 Q2 to £1.528 billion in 1994 Q3.

7. Gross domestic fixed capital formation fell back by 1.0 per cent between 1994 Q2 and 1994 Q3.

Prices and wages

8. The 12-month rate of increase of the retail prices index (RPI), shown in chart 4, rose from 2.2 per cent in September to 2.4 per cent in October. Excluding mortgage interest payments, the 12-month rate remained constant at 2.0 per cent in October. This rate is well within the government's target range of 1-4 per cent.

9. Producer price data continued to reveal mixed signals on inflationary pressure. The three month on three month annualized percentage growth in the output price index for manufactured products (home sales), seasonally adjusted and excluding food, beverages, tobacco and petroleum, rose from 3.0 per cent in September to 3.5 per cent in October. Over the same period the annualized change in input prices (all manufacturing), seasonally adjusted, fell from 11.9 per cent to 9.0 per cent.

10. Expectations of price increases continued to rise in October. The CBI Monthly Trends Enquiry for manufacturing showed a balance of 22 per cent, seasonally adjusted by the CSO, expecting to raise prices in the next four months.

11. The annual rise in underlying whole economy average earnings for Great Britain remained constant at 3½ per cent in September. Underlying earnings growth rose in the production sector from 4¼ per cent in August to 4½ per cent in September.

However, over the same period the underlying rate of increase in earning in the service and manufacturing sectors remained constant at 3½ per cent and 4½ per cent respectively.

Labour market and productivity

12. UK claimant unemployment, seasonally adjusted, fell in October by 45,800 to 2.517 million, or 8.9 per cent of the workforce. In the three months to October the average monthly fall was 37,800 compared with an average fall of 17,100 in the three months to July. Chart 5 shows the continuing fall in the rate of unemployment.

13. In the three months to September, productivity in manufacturing was 6.0 per cent up on the three months to September 1993. Unit wage costs in manufacturing fell by 1.4 per cent over the same period.

Monetary indicators

14. Annual growth in broad and narrow monetary aggregates, shown in chart 6, continued to diverge in October. The annual growth of narrow money (M0), seasonally adjusted, rose from 7.2 per cent in September to 7.3 per cent in October, well outside the Government's monitoring range of 0-4 per cent. However, annual growth of broad money (M4), seasonally adjusted, provisionally fell from 4.8 per cent in September to 3.9 per cent in October, to remain well within the monitoring range of 3-9 per cent.

Government finances

15. In October the public sector borrowing requirement (PSBR) showed a net repayment of £0.6 billion. Borrowing

Balance of payments

Chart 5
UK claimant unemployment

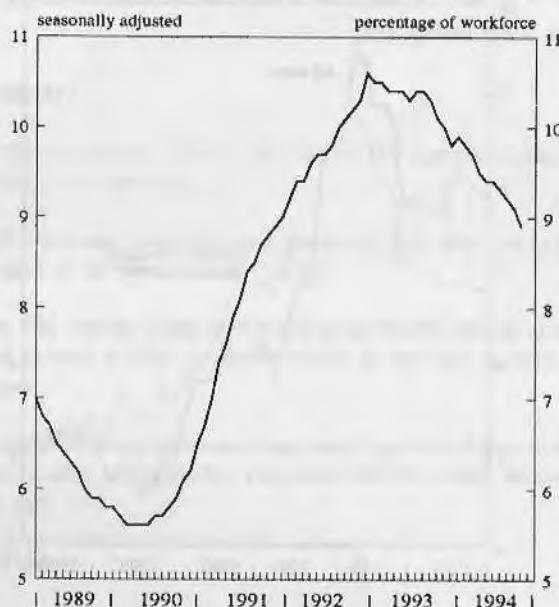
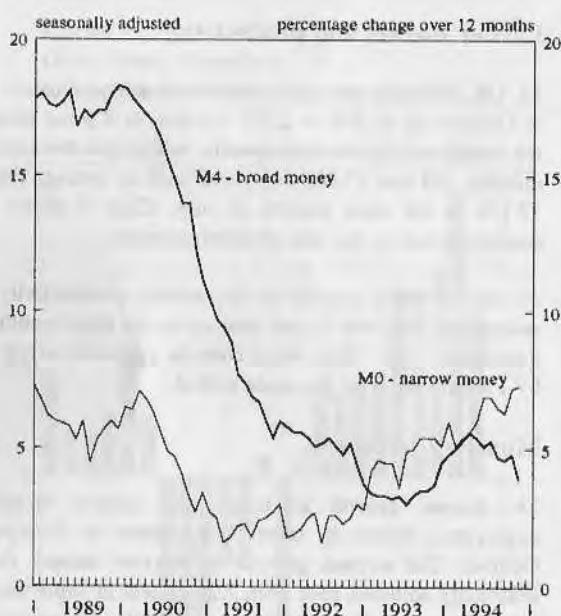


Chart 6
Annual growth of monetary aggregates

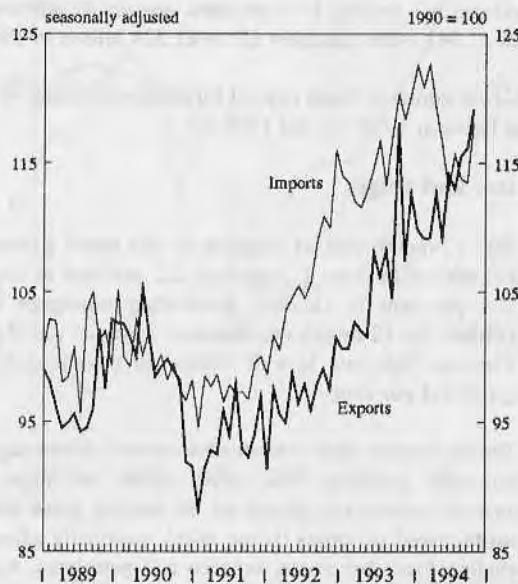


was outweighed by privatisation proceeds, which were £1.5 billion in October, mainly due to receipts from the third call of the third tranche of BT shares. For the first seven months of 1994-95, the PSBR was £19.2 billion compared with £26.4 billion in the same period last year. Excluding privatisation proceeds the figures were £22.9 billion and £29.8 billion respectively.

16. The deficit on the balance of UK visible trade fell from £2.851 billion in the three months to May to £1.966 billion in the three months to August. Over this period the volume of total exports, excluding oil and erratics, rose by 3 per cent. On the same basis imports fell by 1 per cent.

17. More timely data on trade with non-EC countries shows that the deficit narrowed from £1.408 billion in the three months to July to £1.049 billion in the three months to October. The trend of the visible balance shows a flattening of the deficit. In the three months to October, export volumes, excluding oil and erratics rose by 4½ per cent compared with the previous three months. On the same basis the level of imports remained constant. Over this period, the terms of trade, excluding oil, rose by ½ per cent. Movements in export and import volumes are shown in chart 7.

Chart 7
Non-EC export and import volumes
(excluding oil and erratics)



INTERNATIONAL ECONOMIC INDICATORS

(includes data up to 21 November 1994)

INTRODUCTION

The series presented here are taken from the Organisation of Economic Co-operation and Development's (OECD) Main Economic Indicators, except for the United Kingdom where several of the series are those most recently published. The series shown are for each of the G7 economies (United Kingdom, Germany, France, Italy, United States, Japan and Canada) and for the European Communities (EC) and OECD countries in aggregate.

2. The length and periodicity of the series have been chosen to show their movement over a number of years as well as the recent past. There is no attempt here to make cross country comparisons across cycles. Further, because the length and timing of these cycles varies across countries, comparisons of indicators over the same period should be treated with caution.

COMMENTARY

3. Gross domestic product (GDP) at constant market prices grew by 0.8 per cent in the United Kingdom between 1994 Q2 and 1994 Q3 - down from the rapid growth of 1.4 per cent between

1994 Q1 and 1994 Q2. Economic growth also moderated in the United States; GDP rose by 0.8 per cent between 1994 Q1 and 1994 Q2. Between 1994 Q1 and 1994 Q2, GDP grew by 1.5 per cent in Italy. Over the same period GDP fell by 0.4 per cent in Japan. This fall continued the erratic movements of GDP since the beginning of 1993.

3. Consumer price inflation in the United Kingdom rose from 2.2 per cent in September to 2.4 per cent in October reversing fully the decline in the rate in the previous month. In Italy, annual consumer price inflation fell by 0.2 percentage points to 3.7 per cent in October. In September, consumer price inflation edged lower in France to 1.6 per cent and remained stable in the United States and Canada, at 2.9 per cent and 0.2 per cent respectively. In Japan consumer price deflation ended in September as prices remained stable.

4. The standardised unemployment rate (ILO based) fell in the United Kingdom, to 9.4 per cent, the United States, to 5.8 per cent, and Canada, to 10.0 per cent in September. Over the same period, the rate of unemployment in France rose to 12.7 per cent.

1 Gross domestic product at constant market prices: index numbers

1990 = 100

	United Kingdom	Germany ¹	France	Italy	EC	United States	Japan ²	Canada	Major 7	OECD
	FNAO	GABI	GABH	GABJ	GAEK	GAEH	GAEI	GAEG	GAEO	GAEJ
1980	76.8	79.9	79.2	80.3	79.0	77.1	66.4	75.1	75.8	75.8
1985	84.9	84.7	85.4	86.1	85.0	87.4	80.0	86.6	85.4	85.2
1986	88.6	86.7	87.6	88.6	87.5	89.9	82.1	89.5	87.8	87.7
1987	92.8	87.9	89.5	91.4	90.0	92.7	85.7	93.2	90.7	90.6
1988	97.5	91.1	93.6	95.1	93.8	96.4	91.0	97.8	94.7	94.5
1989	99.6	94.4	97.6	97.9	97.1	98.8	95.4	100.2	97.7	97.6
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991	98.0	104.6	100.8	101.2	101.7	99.4	104.3	98.2	100.9	100.9
1992	97.5	105.8	102.0	102.0	102.5	101.7	105.7	98.8	102.5	102.4
1993	99.6	103.8	101.0	101.3	102.2	104.8	105.8	101.0	103.9	103.8
1991 Q3	97.7	104.8	101.1	101.4	101.7	99.6	104.7	98.5	101.1	101.1
Q4	97.9	105.3	101.5	102.0	102.1	99.7	105.4	98.5	101.4	101.4
1992 Q1	97.2	106.4	102.2	102.4	103.0	100.4	106.0	98.6	102.0	102.1
Q2	97.3	106.3	102.0	102.5	102.7	101.0	105.7	98.7	102.2	102.2
Q3	97.7	105.7	102.0	101.6	102.3	101.9	105.6	98.8	102.5	102.5
Q4	97.9	104.9	101.8	101.5	102.1	103.3	105.5	98.9	103.1	102.9
1993 Q1	98.5	103.1	100.7	101.1	101.7	103.6	106.3	99.8	103.2	103.1
Q2	99.1	103.6	100.9	101.4	102.0	104.2	105.6	100.8	103.5	103.5
Q3	99.9	104.5	101.2	100.8	102.4	104.9	105.8	101.2	104.0	104.0
Q4	100.7	104.1	101.2	101.8	102.8	106.5	105.2	102.1	104.8	104.7
1994 Q1	101.6	104.7	101.9	102.2	103.5	107.4	106.1	103.2	105.6	105.5
Q2	103.1	106.7	102.9	103.7	..	108.5	105.7	104.8	106.4	..
Q3	103.9	..	..	..	..	109.4	..	..	..	..
Percentage change, latest quarter on corresponding quarter of previous year										
1994 Q2	4.0	3.0	2.0	2.3	..	4.1	0.1	4.0	2.8	..
Q3	4.0	..	..	..	..	4.3	..	..	..	..
Percentage change, latest quarter on previous quarter										
1994 Q2	1.4	1.9	1.0	1.5	..	1.0	-0.4	1.6	0.8	..
Q3	0.8	..	..	..	..	0.8	..	..	..	..

¹ Western Germany (Federal Republic of Germany before unification)

² GNP

2 Consumer prices¹ Percentage change on year earlier

	United Kingdom	Germany ²	France	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	18.0	5.5	13.4	21.1	13.6	13.7	8.0	10.2	12.9	13.6
1985	6.1	2.2	5.9	8.6	6.2	3.5	2.1	4.0	4.0	4.9
1986	3.4	-0.1	2.7	6.2	3.7	1.9	0.4	4.1	2.0	3.0
1987	4.2	0.2	3.1	4.6	3.3	3.7	-0.2	4.4	2.9	3.6
1988	4.9	1.3	2.8	5.0	3.6	4.0	0.5	4.0	3.4	4.3
1989	7.8	2.8	3.5	6.6	5.3	4.9	2.2	5.1	4.5	5.4
1990	9.5	2.7	3.4	6.0	5.6	5.4	3.1	4.7	5.0	5.8
1991	5.9	3.5	3.2	6.5	5.1	4.2	3.3	5.6	4.3	5.2
1992	3.7	4.0	2.4	5.3	4.2	3.1	1.6	1.5	3.1	4.0
1993	1.6	4.2	2.1	4.2	3.4	3.0	1.1	1.9	2.6	3.6
1993 Q3	1.7	4.2	2.2	4.3	3.5	2.8	1.6	1.8	2.7	3.7
Q4	1.6	3.8	2.1	4.1	3.2	2.8	0.9	1.8	2.5	3.5
1994 Q1	2.4	3.3	1.8	4.2	3.2	2.6	1.0	0.6	2.4	3.5
Q2	2.6	3.1	1.7	4.0	3.2	2.4	0.6	0.0	2.2	4.2
Q3	2.3	..	1.7	3.8	3.1	2.9	-0.2	0.2	2.3	4.3
1993 Oct	1.4	3.9	2.2	4.2	3.3	2.8	1.2	1.9	2.6	3.6
Nov	1.4	3.6	2.2	4.1	3.2	2.7	0.9	1.9	2.4	3.4
Dec	1.9	3.7	2.1	3.9	3.3	2.8	0.9	1.7	2.5	3.6
1994 Jan	2.5	3.5	1.9	4.3	3.4	2.6	1.1	1.3	2.4	3.5
Feb	2.4	3.4	1.8	4.2	3.3	2.6	1.0	0.3	2.3	3.5
Mar	2.3	3.2	1.5	4.2	3.2	2.5	1.1	0.2	2.4	3.6
Apr	2.6	3.1	1.7	4.1	3.2	2.4	0.7	0.3	2.2	4.0
May	2.6	3.0	1.7	4.0	3.2	2.3	0.7	-0.2	2.2	4.2
Jun	2.6	3.0	1.8	3.7	3.2	2.5	0.3	0.0	2.2	4.2
Jul	2.3	2.9	1.7	3.7	3.1	2.8	-0.4	0.2	2.2	4.2
Aug	2.4	3.0	1.7	3.8	3.1	2.9	-0.2	0.2	2.3	4.3
Sep	2.2	..	1.6	3.9	3.1	2.9	0.0	0.2	2.3	4.6
Ocl	2.4	..	..	3.7	..	..	..	..	..	..

1 Components and coverage not uniform across countries

2 Western Germany (Federal Republic of Germany before unification)

3 Standardised unemployment rates: percentage of total labour force¹

	United Kingdom	Germany ²	France	Italy	EC ³	United States	Japan	Canada	Major 7	OECD
	GABF	GABD	GABC	GABE	GADR	GADO	GADP	GADN	GAEQ	GADQ
1980	6.4	2.9	6.2	7.5	6.4	7.0	2.0	7.4	5.5	5.8
1985	11.2	7.1	10.2	9.6	10.8	7.1	2.6	10.4	7.2	7.8
1986	11.2	6.4	10.4	10.5	10.8	6.9	2.8	9.5	7.1	7.7
1987	10.3	6.2	10.5	10.9	10.6	6.1	2.8	8.8	6.7	7.3
1988	8.6	6.2	10.0	11.0	9.9	5.4	2.5	7.7	6.1	6.7
1989	7.2	5.6	9.4	10.9	9.0	5.2	2.3	7.5	5.7	6.2
1990	6.8	4.8	8.9	10.3	8.4	5.4	2.1	8.1	5.6	6.1
1991	8.8	4.2	9.4	9.9	8.7	6.6	2.1	10.2	6.3	6.8
1992	9.9	4.6	10.4	10.5	9.5	7.3	2.2	11.2	6.9	7.5
1993	10.3	5.8	11.7	10.2	10.7	6.7	2.5	11.1	6.9	7.8
1994 Q2	9.6	6.6	12.6	12.5	11.6	6.1	2.8	10.6	6.9	7.9
Q3	9.5	..	12.6	..	..	6.0	..	10.1	..	..
1993 Sep	10.4	6.0	12.1	-	11.0	6.6	2.6	11.1	7.0	7.9
Ocl	10.2	6.2	12.2	10.7	11.1	6.6	2.7	11.1	7.0	8.0
Nov	10.1	6.3	12.4	-	11.2	6.4	2.7	10.9	7.0	7.9
Dec	9.9	6.3	12.4	-	11.3	6.3	2.8	11.1	7.0	8.0
1994 Jan	10.0	6.4	12.5	11.7	11.4	6.6	2.7	11.3	7.1	8.1
Feb	9.9	6.5	12.5	-	11.5	6.4	2.9	11.0	7.1	8.1
Mar	9.8	6.5	12.6	-	11.5	6.5	2.8	10.5	7.1	8.1
Apr	9.6	6.6	12.6	12.5	11.6	6.4	2.8	10.9	7.1	8.0
May	9.6	6.6	12.7	..	11.6	6.0	2.8	10.7	6.9	7.9
Jun	9.6	6.6	12.6	..	11.6	5.9	2.9	10.3	6.9	7.9
Jul	9.6	..	12.6	..	11.6	6.1	3.0	10.1	6.9	7.9
Aug	9.5	..	12.6	..	11.6	6.1	3.0	10.3	6.9	7.9
Sep	9.4	..	12.7	..	..	5.8	..	10.0	..	..

1 Uses an ILO based measure of those without work, currently available for work, actively seeking work or willing to start a job already obtained

2 Western Germany (Federal Republic of Germany before unification)

3 Excludes Denmark, Greece and Luxembourg

4 Balance of payments current account as percentage of GDP

	United Kingdom	Germany ^{1,2}	France	Italy	United States ¹	Japan ¹	Canada
1980	1.2	-1.7	-0.6	-2.3	0.1	-1.0	-0.6
1985	0.6	2.7	-0.1	-0.9	-3.1	3.6	-1.3
1986	-0.2	4.5	0.3	0.4	-3.5	4.3	-2.8
1987	-1.2	4.1	-0.6	-0.2	-3.7	3.6	-2.8
1988	-3.5	4.2	-0.5	-0.7	-2.6	2.7	-3.5
1989	-4.4	4.9	-0.5	-1.2	-2.0	2.0	-4.1
1990	-3.5	3.1	-0.8	-1.3	-1.7	1.2	-3.8
1991	-1.4	-1.2	-0.5	-1.9	-0.1	2.3	-4.1
1992	-1.6	-1.2	0.3	-2.3	-1.1	3.1	-3.8
1993	-1.6	-1.2	0.8	-0.7	-0.2	0.3	-4.4
1993 Q4	-1.3	-0.4	0.3	1.9	-1.9	2.8	-4.1
1994 Q1	-0.8	-1.9	0.2	..	-1.9	3.1	-4.0
Q2	-0.4	..	..	..	-2.2	0.2	-4.1

1 Balance as percentage of GNP

2 Western Germany (Federal Republic of Germany before unification)

5 Total industrial production: index numbers

1990 = 100

	United Kingdom	Germany ¹	France	Italy	EC	United States	Japan ²	Canada ³	Major 7	OECD ⁴
1980	DVZI 81.5	HFGA 83.0	HFFZ 89.1	HFGB 87.9	GACY 84.2	HFGD 79.3	HFGC 87.3	HFFY 81.5	GAES 78.7	GACX 91.3
1985	88.0	85.6	87.5	84.8	86.2	89.0	79.8	94.5	86.3	100.0
1986	90.1	87.3	88.3	87.9	88.2	89.9	79.6	93.8	87.3	101.2
1987	93.7	87.6	90.0	91.3	90.1	94.3	82.4	98.4	90.6	104.9
1988	98.2	90.7	94.3	96.8	94.2	98.5	90.7	103.6	95.6	95.5
1989	100.3	95.1	98.1	99.8	98.1	100.0	96.0	103.4	98.5	98.5
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991	96.1	103.0	99.9	99.1	100.1	98.2	101.9	95.9	99.6	99.5
1992	95.9	101.0	98.8	98.9	98.8	100.5	96.1	96.8	99.0	98.8
1993	97.9	93.6	95.1	96.5	95.5	104.6	92.0	101.5	98.8	98.5
1993 Q3	98.4	93.9	95.5	96.7	96.5	104.8	91.6	101.9	98.9	99.0
Q4	99.6	93.6	94.5	96.1	96.2	106.5	89.8	102.9	99.2	99.2
1994 Q1	100.7	93.4	95.1	96.0	96.8	108.6	91.2	103.6	100.5	100.6
Q2	102.9	96.3	..	100.2	99.6	110.1	91.8	106.7	102.3	102.4
Q3	104.1	..	..	..	..	111.7	..	..	..	..
1993 Sep	98.4	94.4	97.4	94.7	96.3	104.9	91.8	102.7	98.9	99.0
Oct	99.5	93.9	96.8	96.5	96.2	105.5	89.1	102.7	98.7	98.8
Nov	99.9	93.3	97.6	96.6	96.3	106.4	90.4	103.1	99.3	99.4
Dec	99.4	93.8	96.6	95.2	96.2	107.5	89.8	102.9	99.5	99.5
1994 Jan	100.5	92.1	97.8	94.9	95.7	108.1	90.2	103.3	99.8	99.8
Feb	101.1	93.9	97.7	96.8	97.4	108.5	89.8	102.9	100.2	100.5
Mar	100.6	94.4	98.4	96.3	97.4	109.3	93.7	104.4	101.5	101.4
Apr	102.5	96.0	100.3	100.3	99.4	109.4	91.6	105.7	101.9	101.9
May	103.0	95.9	100.9	100.3	99.7	110.0	90.7	106.7	102.0	102.2
Jun	103.1	96.8	100.4	100.1	99.8	110.8	93.1	107.7	103.0	103.1
Jul	103.7	..	102.8	..	..	111.2	92.2	108.3	..	..
Aug	103.8	..	102.8	..	..	112.0	95.7	..	..	..
Sep	104.9	..	..	..	..	112.0	..	..	..	..
Percentage change: average of latest three months on that of corresponding period of previous year										
1994 Aug	5.8	..	4.6	..	..	6.5	2.0	..	..	..
Sep	5.9	..	..	..	..	6.6	..	..	..	..
Percentage change: average of latest three months on previous three months										
1994 Aug	1.5	..	2.1	..	..	1.6	1.8	..	..	..
Sep	1.2	..	..	..	..	1.5	..	..	..	..

1 Western Germany (Federal Republic of Germany before unification)

2 Not adjusted for unequal number of working days in a month

3 GDP in industry at factor cost and 1986 prices

4 Some countries excluded from area total

6 Producer prices (manufacturing) Percentage change on a year earlier

	United Kingdom	Germany ¹	France ²	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	15.9	7.0	9.4	..	11.3	13.4	14.8	13.4	13.2	13.2
1985	6.2	2.1	4.4	7.7	5.0	0.8	-0.8	2.7	2.0	3.0
1986	1.4	-2.3	-2.8	0.1	-0.9	-1.4	-4.7	0.9	-1.5	-1.1
1987	3.4	-0.5	0.7	3.1	1.4	2.1	-2.9	2.7	1.1	1.5
1988	3.7	1.6	5.1	3.5	3.4	2.5	-0.3	4.5	2.4	3.5
1989	4.8	3.4	5.4	5.8	4.9	5.2	2.1	1.8	4.4	5.3
1990	6.2	1.5	-1.2	4.2	2.4	4.9	1.6	0.3	3.3	4.0
1991	5.4	2.1	-1.3	3.3	2.3	2.1	1.1	-1.0	1.9	2.5
1992	3.1	1.7	-1.6	1.9	1.2	1.3	-0.9	0.5	0.8	1.7
1993	3.7	0.0	-2.8	3.7	0.3	1.3	-1.7	3.3	0.4	1.6
1994 Q1	3.1	0.0	-1.5	3.4	1.5	0.3	-2.2	3.4	0.3	2.1
Q2	2.2	0.3	-0.1	3.0	1.6	-0.3	-2.0	5.2	0.2	3.9
Q3	2.0	..	..	..	..	1.3	-1.7	6.5	..	..
1993 Sep	4.0	-0.4	..	4.3	0.3	0.4	-2.0	2.9	-0.2	1.2
Oct	4.0	-0.4	..	4.1	0.5	0.3	-2.1	2.9	-0.1	1.3
Nov	3.6	-0.4	..	3.9	0.4	0.4	-2.1	2.9	-0.1	1.4
Dec	3.9	-0.2	..	3.7	0.5	0.2	-2.2	3.2	-0.2	1.3
1994 Jan	3.5	-0.1	..	3.5	1.5	0.3	-2.1	2.6	0.2	1.8
Feb	3.2	0.1	..	3.6	1.5	0.2	-2.2	3.5	0.3	2.1
Mar	2.9	0.1	..	3.2	1.4	0.2	-2.2	3.9	0.2	2.2
Apr	2.3	0.3	..	3.0	1.5	-0.4	-2.2	4.3	0.0	3.4
May	2.2	0.4	..	3.2	1.7	-0.5	-2.0	5.2	0.1	4.0
Jun	2.1	0.5	..	3.0	1.7	0.0	-1.9	6.2	0.3	4.2
Jul	1.8	..	..	3.2	1.6	0.6	-1.8	6.6	0.6	4.4
Aug	2.0	..	..	..	1.8	1.9	-1.7	6.6	1.4	5.1
Sep	2.2	..	..	..	..	1.3	-1.5	6.2	..	..

1 Western Germany (Federal Republic of Germany before unification).

2 Producer prices in intermediate goods

7 Total employment: index numbers¹

1990 = 100

	United Kingdom	Germany ^{2,3}	France ³	Italy	EC	United States ³	Japan	Canada ³	Major 7	OECD
1980	DMBC 95.0	GAAR 95.3	GAAU 96.6	GAAS 97	GADW 100	GADT 84	GADU 89	GADS 85	GAEU ..	GADV ..
1985	91.9	93.5	95.6	97	93	91	93	89	92	92
1986	92.0	94.4	96.1	98	94	93	94	92	94	93
1987	93.8	95.3	96.5	98	95	95	95	94	95	95
1988	96.9	96.3	97.5	99	97	98	96	97	97	97
1989	99.3	97.2	99.0	99	98	100	98	99	99	99
1990	100.0	100.0	100.0	100	100	100	100	100	100	100
1991	97.3	101.9	100.0	101	100	99	102	98	100	100
1992	94.8	102.8	99.4	101	99	100	103	97	100	100
1993	93.7	100.9	97.9	96	97	101	103	99	100	99
1993 Q1	93.5	100.9	98.1	97	97	99	101	95	99	98
Q2	93.5	100.9	98.3	96	97	101	104	99	100	100
Q3	93.9	100.9	98.1	96	97	102	104	101	101	100
1994 Q1	93.6	99.1	97.3	93	95	102	101	96	100	99
Q2	93.5	..	98.2	93	96	104	105	101	101	101
Q3	..	..	..	94	..	105	104	104	..	..
1994 Jul	..	..	..	94	..	106	104	104	102	101
Aug	..	..	..	..	..	106	104	104	102	101
Sep	..	..	..	..	..	105	104	102	..	..
Percentage change, latest quarter on that of corresponding period of previous year										
1994 Q2	0.0	..	-0.1	-3.1	-1.0	3.0	1.0	2.0	1.0	1.0
Q3	..	..	..	-2.1	..	2.9	0.0	3.0	..	..
Percentage change latest quarter on previous quarter										
1994 Q2	-0.1	..	0.9	0.0	1.1	2.0	4.0	5.2	1.0	2.0
Q3	..	..	..	1.1	..	1.0	-1.0	3.0	..	..

1 Not seasonally adjusted except for the United Kingdom

2 Western Germany (Federal Republic of Germany before unification)

3 Excludes members of armed forces

8 Average wage earnings in manufacturing¹ Percentage change on a year earlier

	United Kingdom ²	Germany ³	France	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	17.6	6.5	15.0	18.7	11.4	8.1	7.4	9.6	8.9	9.3
1985	9.0	4.2	5.7	11.4	7.0	3.5	3.1	3.8	5.1	5.2
1986	7.7	4.0	4.0	4.7	5.3	2.3	1.4	2.4	2.4	3.7
1987	8.1	3.8	3.1	6.6	6.3	2.2	1.7	3.6	3.5	3.6
1988	8.5	4.6	3.0	6.0	4.7	2.2	4.5	4.6	3.4	4.6
1989	8.8	3.5	3.8	6.1	5.6	3.2	5.8	5.5	4.4	4.4
1990	9.3	5.1	4.6	7.2	6.4	3.1	5.3	4.2	5.3	5.3
1991	8.2	5.7	4.3	9.8	7.0	3.0	3.5	5.0	5.0	5.0
1992	6.6	6.2	3.6	5.4	6.5	2.9	1.1	2.9	2.9	3.8
1993	4.5	..	2.6	3.5	4.4	1.9	0.1	2.8	2.8	2.8
1993 Q4	3.9	..	2.2	3.9	5.2	2.8	-0.2	1.8	2.6	2.6
1994 Q1	4.9	..	2.1	4.2	4.3	3.7	2.9	1.8	2.9	3.8
Q2	4.4	..	2.4	4.1	3.4	2.8	5.0	0.9	3.6	3.6
Q3	..	..	2.4	..	..	1.8	..	..	..	..
1993 Oct	3.8	..	2.2	4.0	4.3	2.8	0.6	1.8	2.9	2.9
Nov	4.0	..	..	4.0	5.2	2.8	1.7	1.8	3.8	3.8
Dec	4.0	..	..	3.7	4.3	3.7	-1.1	0.9	1.4	2.2
1994 Jan	4.8	..	2.1	4.0	4.3	2.8	4.5	0.9	3.8	3.8
Feb	4.4	..	..	4.3	4.3	3.7	1.8	1.8	3.9	3.8
Mar	5.3	..	..	4.5	4.3	3.7	2.4	2.7	3.8	2.8
Apr	4.7	..	2.4	4.6	3.4	2.8	1.9	1.8	2.9	2.8
May	4.3	..	..	4.6	3.4	2.8	1.0	1.8	2.9	2.8
Jun	4.3	..	..	3.0	2.5	2.8	9.1	2.7	5.0	4.2
Jul	4.2	..	2.4	3.1	..	2.8	-5.2	1.8	0.8	0.0
Aug	4.5	..	..	..	..	2.8	-1.5	0.0	1.9	..
Sep	..	..	..	..	..	2.8	..	..	..	..

1 Definitions of coverage and treatment vary among countries

2 Figures for Great Britain refer to weekly earnings; others are hourly

3 Western Germany (Federal Republic of Germany before unification)

9 Retail Sales (volume): index numbers

	United Kingdom	Germany ¹	France	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	FAAM 71.5	GADD 83.5	GADC 91.5	GADE 72.6	GADH 80.0	GADA 72.2	GADB 103.2	GACZ 74.8	GAEW 89.9	GADG 90.7
1985	82.8	80.8	90.5	87.4	84.2	85.9	100.0	89.3	100.0	100.0
1986	87.2	83.6	92.6	93.3	87.9	90.7	101.5	93.4	104.5	104.4
1987	91.6	86.9	94.8	97.8	91.6	93.1	107.1	98.6	108.3	108.1
1988	97.3	89.8	98.2	95.7	94.4	96.7	91.6	102.4	95.6	95.4
1989	99.3	92.2	99.4	102.3	97.7	99.3	95.1	102.3	98.4	98.3
1990	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1991	98.9	105.7	100.1	97.3	100.7	97.9	102.1	89.6	99.1	99.3
1992	99.5	103.6	100.3	102.2	101.2	101.1	99.2	90.8	100.5	100.4
1993	103.0	99.3	100.3	99.0	99.4	106.4	94.4	93.5	102.1	101.4
1994 Q2	106.3	..	99.6	..	..	111.7	91.8	101.0	104.0	103.0
Q3	107.1	..	102.1	..	..	..	..	..	..	..
1994 Jan	105.4	98.5	102.2	100.0	100.1	109.3	95.0	96.0	104.1	103.1
Feb	105.0	99.4	100.2	91.6	98.3	111.1	92.7	99.0	103.9	103.0
Mar	105.7	100.9	103.1	98.1	101.3	112.9	93.0	101.5	105.9	105.0
Apr	106.2	92.5	98.4	91.1	96.3	111.6	91.3	99.6	103.4	102.3
May	106.2	98.1	100.1	91.4	98.0	111.4	91.8	101.1	104.1	103.0
Jun	106.4	..	100.2	..	..	112.2	92.2	102.3	104.6	103.6
Jul	107.0	..	99.4	..	..	111.7	95.0	100.4	104.4	103.3
Aug	106.9	..	103.1	..	..	112.5	..	101.2	105.4	..
Sep	107.3	..	103.7	..	..	..	..	..	..	..
Oct	107.4	..	..	..	..	..	..	..	..	..

Percentage change average of latest three months on that of corresponding period of previous year

1994 Sep	3.5	..	1.4	..	..	..	..	..	..	..
Oct	3.1	..	..	..	..	..	..	..	..	..

Percentage change average of latest three months on previous three months

1994 Sep	0.8	..	2.5	..	..	..	..	..	..	..
Oct	0.6	..	..	..	..	..	..	..	..	..

1 Western Germany (Federal Republic of Germany before unification)

10 World trade¹

1985 = 100

	Export of manufactures			Import of manufactures			Export of goods			Import of goods			World trade	
	World	OECD	Other	World	OECD	Other	World	OECD	Other	World	OECD	Other	manufact-	goods
													GAFR	GAFQ
1980	80.3	82.1	71.8	82.6	74.7	99.5	83.6	82.5	88.9	87.4	83.3	97.7	81.4	85.5
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	102.1	101.6	104.6	102.8	108.0	91.6	103.3	101.8	107.7	103.0	106.8	93.3	102.4	103.1
1987	109.0	106.2	122.1	109.3	116.4	94.1	109.0	106.4	117.2	108.7	114.0	95.4	109.1	108.9
1988	120.3	115.9	141.0	120.4	128.0	104.2	118.6	114.8	130.5	118.0	122.7	106.0	120.4	118.3
1989	129.9	125.3	152.1	130.8	139.3	112.5	126.7	122.9	138.1	126.9	131.8	114.9	130.4	126.8
1990	136.7	131.6	161.3	136.5	146.8	115.0	133.0	128.9	145.4	133.6	138.1	122.3	136.6	133.3
1991	141.0	134.6	171.3	142.2	151.6	122.2	137.7	133.1	151.7	138.6	142.4	129.3	141.6	138.2
1992	147.4	140.9	178.7	151.1	161.0	129.9	145.9	139.9	155.3	144.5	150.9	136.1	149.2	145.2
1993	151.9	143.3	193.0	155.4	162.4	140.5	150.1	142.8	164.9	149.1	152.6	146.8	153.7	149.6
1991 Q2	139.9	133.3	171.4	141.0	149.7	122.4	136.5	131.5	151.9	137.6	140.8	129.5	140.5	137.1
Q3	142.4	135.5	175.1	143.9	153.1	124.2	138.9	133.8	154.5	140.2	143.8	131.3	143.1	139.6
Q4	143.8	138.1	171.0	145.7	156.6	122.3	140.7	137.0	150.6	141.2	146.4	129.1	144.8	140.9
1992 Q1	146.8	140.9	175.0	149.1	159.8	126.4	144.1	139.7	153.1	143.8	149.7	132.8	148.0	144.0
Q2	146.1	139.4	178.0	150.1	159.8	129.4	145.2	138.6	155.0	143.5	150.2	135.6	148.1	144.3
Q3	148.2	141.5	180.3	152.6	162.5	131.4	147.4	140.8	156.3	145.4	152.5	137.5	150.4	146.4
Q4	148.6	141.7	181.4	152.5	161.8	132.5	146.8	140.6	156.9	145.4	151.4	138.5	150.5	146.1
1993 Q1	148.8	140.6	187.8	152.1	159.0	137.4	147.0	140.0	161.1	146.0	149.5	143.5	150.5	146.5
Q2	150.0	142.1	187.8	153.0	160.4	137.4	148.0	141.6	161.1	147.2	151.0	143.5	151.5	147.6
Q3	152.8	143.3	198.3	156.8	162.8	143.7	151.5	142.8	168.6	150.0	153.2	150.1	154.8	150.8
Q4	156.0	147.1	198.3	159.8	167.3	143.7	153.8	147.0	168.6	153.2	156.5	150.1	157.9	153.5
1994 Q1	160.6	150.2	210.1	164.8	171.6	150.3	158.3	149.4	177.7	157.3	160.2	156.9	162.7	157.8
Percentage change, latest quarter on corresponding quarter of previous year														
1993 Q4	5.0	3.8	9.3	4.8	3.4	8.5	4.8	4.6	7.5	5.4	3.4	8.4	4.9	5.1
1994 Q1	7.9	6.8	11.9	8.3	7.9	9.4	7.7	6.7	10.3	7.7	7.2	9.3	8.1	7.7
Percentage change, latest quarter on previous quarter														
1993 Q4	2.1	2.7	0.0	1.9	2.8	0.0	1.5	2.9	0.0	2.1	2.2	0.0	2.0	1.8
1994 Q1	2.9	2.1	6.0	3.1	2.6	4.6	2.9	1.6	5.4	2.7	2.4	4.5	3.0	2.8

1 Data used in the World and OECD aggregates refer to Germany after unification.

Chart I: Gross domestic product

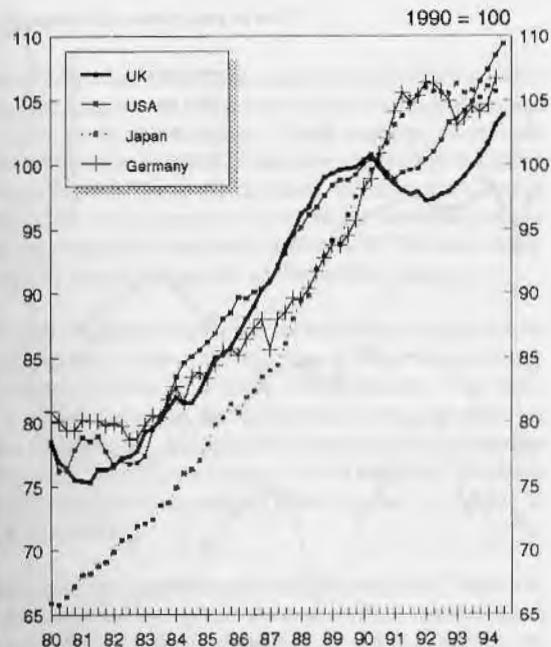


Chart II: Consumer price index

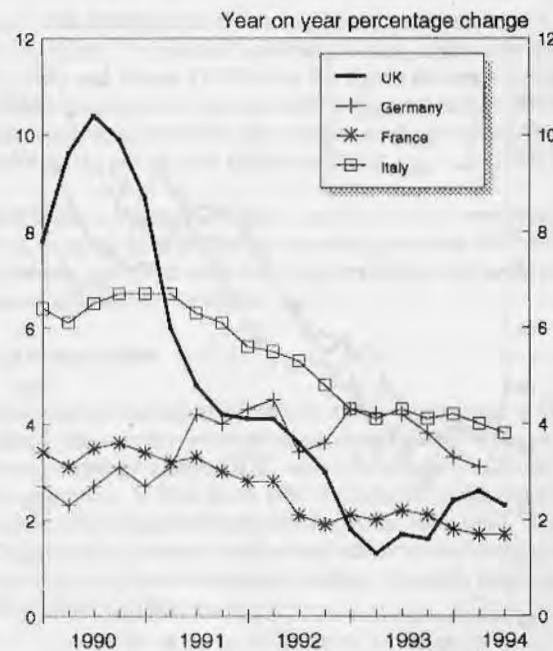
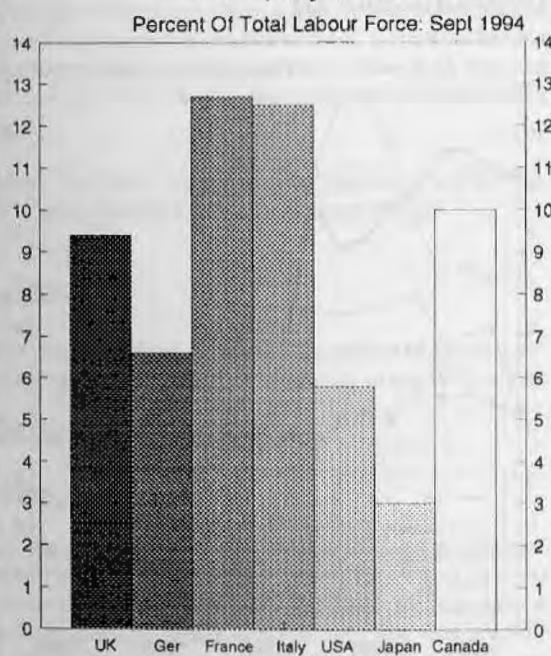


Chart III: Standardised unemployment



Italy refers to April, Germany to June and Japan to August

Chart IV: Current account balance - percentage of GDP at market prices

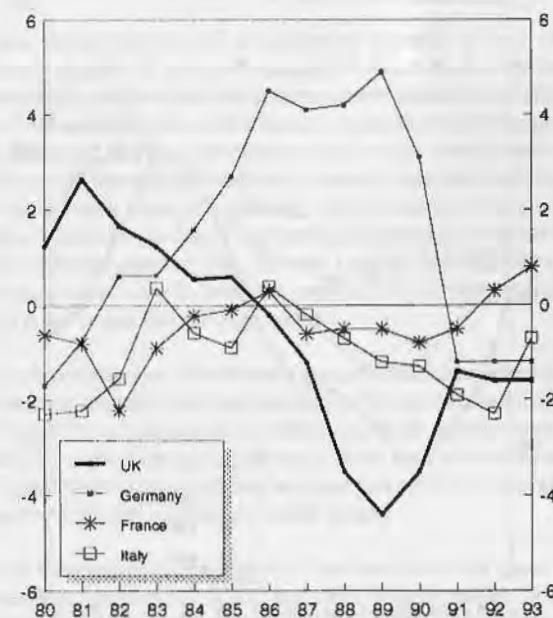


Chart V: Industrial production

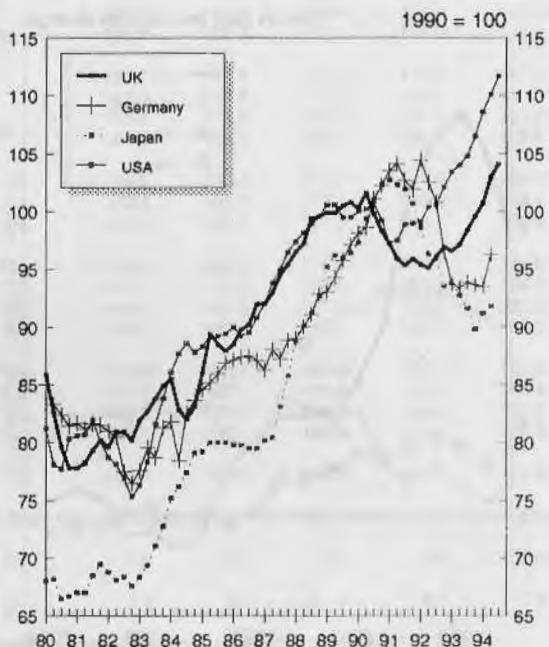


Chart VI: Producer price inflation

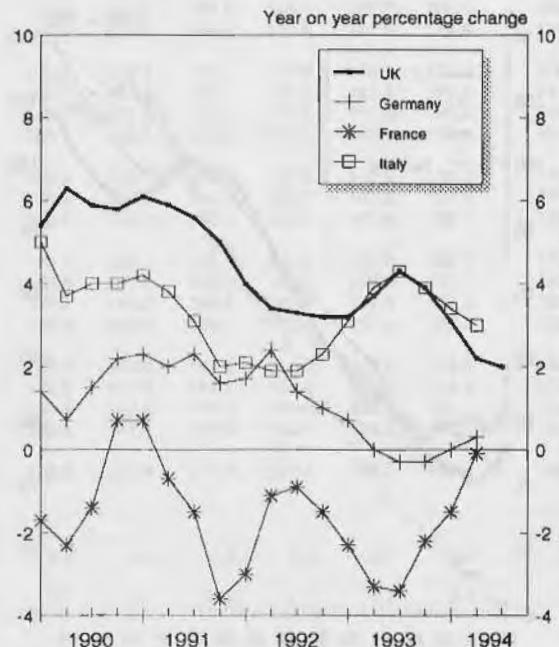


Chart VII: Employment

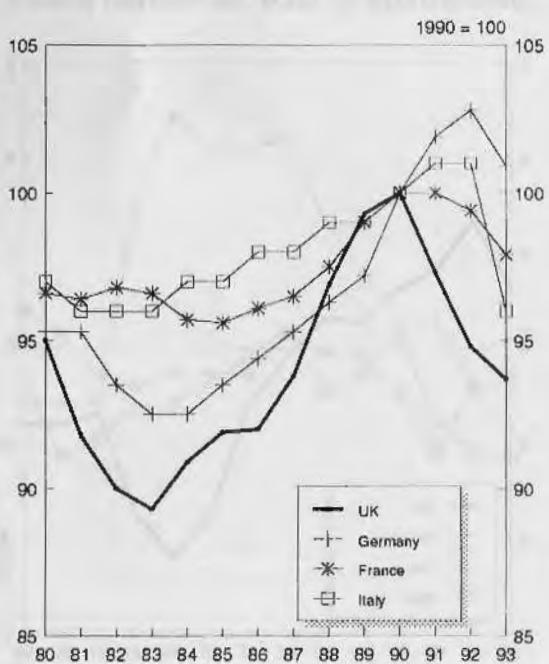
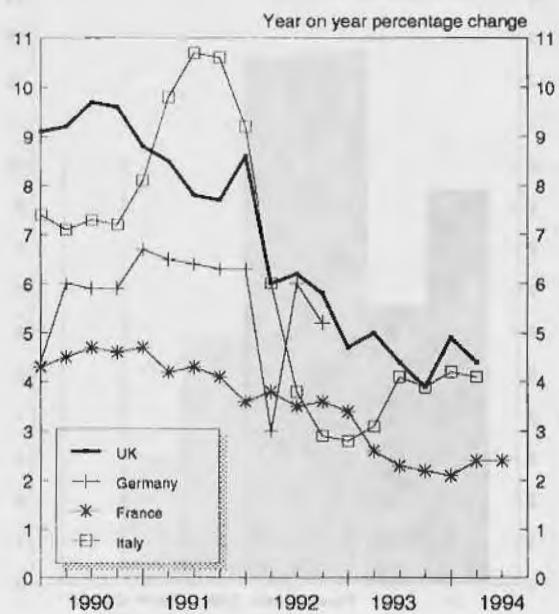


Chart VIII: Wage earnings (manufacturing)



Fully reconciled UK national accounts for 1990-1993

Uzair M Rizki, Central Statistical Office

Introduction

The Agency Framework Document requires the Central Statistical Office to produce, each year, fully reconciled accounts that remove all inconsistencies in the accounts. Such accounts have been produced for 1988-91 and 1989-92. These were published in articles in the November 1992 and 1993 issues of *Economic Trends* respectively. This article updates the work by producing totally reconciled accounts for the four years 1990 to 1993. The article in the November 1992 issue gives details of the methodology.

If all items in the National Accounts were known exactly, the sector balancing items, the items in the last row of Table A (summary analysis by sector) of the *Blue Book*, would be zero. For many purposes, it is useful to adjust the National Accounts to make these items zero while of course keeping the constraints that appropriate rows of this Table should sum to zero. When adjusting, the items altered most should be those deemed most uncertain or subject to deficiencies in coverage.

A large balancing item signifies large missing transactions. Therefore, the larger the sector balancing item the larger will be the alterations to the accounts needed to make them balance. In the recent years, however, the balancing items are smaller than they were a few years ago. The effects of balancing, consequently, are now smaller than in the original study (CSO 1989).

This exercise is still regarded by the CSO as experimental. Its main aims are to find the likely areas of weakness in the National Accounts, to help in interpreting them and to produce the reconciled accounts required by the Framework Document. It is not yet felt that the results of balancing should supersede the *Blue Book* data; the results have therefore been constrained to retain the published value of GDP.

My thanks to Tim Jones for his drafting comments and to Alex Clifton-Fearnside who did some difficult computations.

Balancing Model

The mathematical details of the model, the method of solution and the diagnostic tests are described in the Annex to the 1992 article.

This section outlines the inputs to the model.

Error ranges

To balance the accounts in the way chosen, we need the standard deviations of the errors of all items in Table A for 1990 to 1993. As a proxy for these, confidence intervals were used; the compilers of the series were asked to supply intervals such that they are 90% confident that the "true" values are within these intervals. These are based, inevitably, on compilers' judgments, but they allow for both the sampling error of any surveys used to obtain the figures, and all known sources of non-sampling error. Half the width of a confidence interval is called the error range; if the errors are normally distributed, the range is 1.645 times the standard deviation of the error. It is

assumed that the confidence intervals are symmetric about the published values. For rows not summing to zero, it was assumed in CSO (1989) and Baxter (1992) that the figure for each sector is estimated independently. The row total is thus not an independent estimate conveying any extra information, so it gets an arbitrarily large margin (in practice, £1 million million).

For the present article the ranges used last year were brought forward, so those used for 1989 are now being used for 1990 and so on. This has the effect of narrowing the ranges for each year, compared with the 1993 analysis.

The GDP constraint

To remove all inconsistencies, the sum of the components of GDP (on either the income or expenditure breakdown) must, after balancing, equal published GDP, which is not derived from the balancing process. In Blue Book 1994 the equality of the two sums was achieved by using input-output tables for the years 1990, '91 and '92. The balancing process ensures that both the sum of income and the sum of expenditure components continue to remain equal to the published GDP for these years.

The year 1993 was however different as input-output tables were not available for this year. Therefore, the balancing process for 1993 makes the income and expenditure components of GDP sum to the same total, which is the value of GDP published in the 1994 *Blue Book*. To achieve this, published GDP was added as an extra variable, with an error margin of £0.5 million.

Further constraints

In some cases, the sum of a number of items is known more accurately than any of them individually. This can be allowed for in the model by a similar method to the one above: add an extra variable equal to the required sum, with a suitably small error margin, and an extra constraint that the relevant items sum to the new variable. In the balancing, the sum of the items is forced to remain equal to the new item, which changes relatively little because of its smaller margin. This has been done for personal, Central Government and Local Authority consumption and for Central Government cash receipts. The bank profit constraint used in CSO (1989) and Baxter (1992) is no longer thought appropriate.

Personal consumption: The item with this name has three independent components: imputed rent, imputed charge for capital consumption (ICCC) and "true" consumption. Allowing for the sign convention in Table A, a new item was added equal to the sum of personal rent, ICCC and Personal consumption; imputed rent and ICCC cancel out so the new item has a relatively small margin.

Central Government consumption: The item with this name has independent components: ICCC and "true" consumption. A new item was added equal to the sum of ICCC and consumption; ICCC cancels out.

Local Authority consumption: As for Central Government.

Central Government accruals: The sum of a number of items, less

the accruals adjustment, equals total cash receipts by Central Government; this is known quite accurately.

Correlations

Another way to represent the fact that the sum of two items is known more accurately than either of them individually is to add a negative covariance between them to the covariance matrix described in the Annex to Baxter (1992). For the personal, ICC and PC sectors a covariance representing a correlation of -0.235 is assumed between stock appreciation and value of physical increase in stocks (stock appreciation in other sectors is negligible).

In some cases, the sum of two items is known almost exactly. This occurs if the uncertainty in both of them is mainly due to an item which is added to one and subtracted from the other. In these cases, the two items are given equal error margins and a covariance equivalent to a correlation of -1. The pairs so treated were:

Personal: Other current transfers, receipts and payments
and Overseas: Other current transfers, receipts and payments

Financial flows for the Overseas sector

This constraint relates financial flows and dividend and interest receipts for the overseas sector. As explained in the Annex to Baxter (1992), this constraint involves all four years together.

Results

Published data and balanced accounts for 1990 to 1993 are given in tables 1 to 4 and 5 to 8 respectively. These are in the same format as Table A in the *Blue Book*, except that figures for financial transactions (below the line) for Banks and Building Societies and for other financial institutions (OFIs) are not shown separately. There is no point, for the purposes of this article, in splitting them below the line, since we cannot calculate separate sector balancing items if they are not split above the line. Tables 9 to 12 give the error ranges used for each year and tables 13 and 14 give respectively the main changes due to balancing and a breakdown of diagnostic by sector.

Table 13 shows that accruals adjustments in Public Corporations accounts in 1991 and in Local Authorities accounts in 1990, 91 and 92, along with central government taxes on capital in 1990 are the only items that changed by amounts outside their error ranges. All the other balanced data are within the confidence intervals of the unbalanced data. The items of accruals adjustments do not necessarily have errors greater than the assumed ranges; the magnitude of the adjustments needed to achieve balance are merely symptoms of the incoherence of the overall accounts. Nor does the fact that they are all in the public sectors mean that these are the weak link in the accounts; on the contrary, these sectors usually have the smallest balancing items. It may, however, mean that for these sectors some of the error ranges are too small. As the confidence intervals are 90% ones, not 100% ones, it would be surprising if nothing went outside them; indeed, it might be expected that this would happen more often.

Diagnostic tests

A useful test of the error ranges and the coherence of the accounts is to see if the original sector balancing items are larger than would be expected from the size of the ranges. This can be tested by using the Mahalanobis distance; see Baxter (1992).

Applying this test to the data gives the following diagnostic statistics. As an aid to interpretation, note that with the assumptions given in

Baxter (1992) each diagnostic has a chi square distribution with seven degrees of freedom. Thus the expected value of each diagnostic is 7, and values greater than 18.5 occur by chance with only 1% probability. Thus, values greater than 18.5 imply the error ranges are not consistent with the size of the balancing items. In other words balancing items are greater than the error ranges would suggest.

1990	27.98
1991	20.16
1992	19.34
1993	8.43

On the basis of the above figures 1993 accounts appear to be more coherent than the three previous years. But the error ranges for 1993 are wider than the earlier years. The resultant value of 8.43 for 1993 year is indeed very near to the expected value. The coherence of 1993 accounts is also the reason that changes to the individual items remained within their error ranges in the balancing of this year's accounts. The figures for 1990, 91 and 92 are clearly significant, though these are far lower than the 52.47 found for 1988 in the 1992 article. Last year, both 1991 and 1992 were not significant, but this again because the error ranges were set wider then.

Table 14 gives a rough breakdown of these diagnostic statistics by sector. The sectors for which the sector balancing item differs significantly from zero with even 5% confidence are personal for 1990 (1.71%), public corporations for 1991 (0.53%), financial and local authority for 1992 (2.32% and 4.52% respectively) and central government for 1993 (4.59%). Again, this does not prove that these sectors are the weak link in the accounts, but that for them some of the error ranges are too small.

Conclusions

This paper presents the fully reconciled accounts required by our Framework Document. It also tests whether the incoherence of the published accounts is too great to be explained by the assumed errors. In 1990 1991 and 1992 accounts the balancing items are larger than would be expected from the error ranges. The overall coherence of 1993 accounts on the other hand is consistent with the error ranges adopted for this year.

Further work

The success of the balancing process is crucially dependent on the accuracy of the error ranges. Further work is planned to review these ranges to ensure the best balancing process within the present model. Modelling the correlations within the framework also needs improvement, but at present there are insufficient resources to do this work.

References

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Table 1
1990 data as published

£ million

	Personal sector	ICCs	Financial	Public corps	Central govt	Local auths	Overseas sector	TOTAL
CURRENT TRANSACTIONS								
Factor incomes:								
Income from employment	312,358	-	-	-	-	-	-	312,358
Income from self-employment	61,138	-	-	-	-	-	-	61,138
Gross trading profits, etc	-	79,721	-14,973	3,801	-545	557	-	68,561
Rent	28,456	5,487	447	578	142	3,459	-	38,569
Imputed charge for capital consumption	585	-	-	-	1,623	2,183	-	4,391
less stock appreciation	-695	-5,316	-	-120	-	-	-	-6,131
Inter-sector transfers:								
Earnings on direct investment overseas	72	15,474	37	1	-	-	-15,584	-
Earnings due abroad	-110	-7,703	786	-	-	-	7,027	-
Dividends and interest:								
receipts	72,072	12,702	140,680	587	9,774	1,212	71,017	-
payments	-54,770	-48,423	-116,128	-1,934	-17,877	-5,471	-63,441	-
Taxes on income	-55,648	-18,744	-2,281	-161	76,834	-	-	-
Social security contributions	-34,651	-	-	-	34,651	-	-	-
Social security benefits	48,898	-	-	-	-49,503	-	605	-
Community charge	-8,629	-	-	-	-	8,629	-	-
Other current grants by government:								
receipts	10,041	-	-	-	2,232	38,273	6,223	-
payments	-	-	-	-	-48,603	-5,934	-2,232	-
Other current transfers: receipts	2,087	-	-	-	504	-	2,100	-
payments	-2,569	-257	-65	-	-	-	-1,800	-
Royalties and licence fees etc	-	-654	-	-	654	-	-	-
Factor cost adjustment:								
Taxes on expenditure	-	-	-	-	73,169	5,129	-	78,298
Subsidies	-	-	-	-	-5,401	-665	-	-6,066
Expenditure:								
Consumption	-347,527	-	-	-	-70,108	-42,826	-	-460,461
Exports of goods and services	-	-	-	-	-	-	-133,165	-133,165
Imports of goods and services	-	-	-	-	-	-	148,285	148,285
Balance = Saving	31,108	32,287	8,503	2,752	7,546	4,546	19,035	105,777
CAPITAL TRANSACTIONS								
Gross domestic fixed capital formation	-28,333	-54,837	-6,793	-4,955	-6,415	-6,244	-	-107,577
Value of physical increase in stocks and work in progress	24	1,678	-	254	-156	-	-	1,800
Taxes on capital	-3,207	-964	-40	-	4,211	-	-	-
Other capital transfers:								
receipts	3,379	513	-	6,827	-	2,039	-	12,758
payments	-92	-319	-	-389	-11,094	-864	-	-12,758
Balance = Financial surplus or deficit	2,879	-21,642	1,670	4,489	-5,908	-523	19,035	-
FINANCIAL TRANSACTIONS								
Notes and coin	-132	24	-21	229	-78	-	-22	-
Sterling treasury bills and government securities	-1,038	866	-5,646	-29	5,181	-17	683	-
National savings and tax instruments	814	286	72	-79	-1,094	1	-	-
Issue Department's transactions in commercial bills	-	-312	-199	-	705	-	-194	-
Other government domestic transactions	33	69	1,567	211	-530	-1,350	-	-
Government overseas transactions	-	-	177	-	17	-	-194	-
Local authority debt	-42	116	373	80	741	-1,159	-109	-
Public corporations' debt	-61	-	125	4,417	-4,303	-73	-105	-
Deposits with banks:								
Sterling Sight	8,596	1,426	-12,365	77	377	208	1,681	-
Sterling Time	7,526	461	-17,586	-29	64	-1,500	11,064	-
Foreign Currency	671	3,626	-38,914	31	24	3	34,559	-
Deposits with building societies: Sterling	18,133	2,256	-20,986	-	-	-	597	-
: Foreign currency	7	13	-597	-	-	-	577	-
Bank lending (excluding public sector)	-8,553	-19,444	67,822	-	-	-	-39,825	-
Other lending	-33,967	-3,220	37,697	-315	473	-314	-354	-
Trade and retail credit	-256	206	883	-264	-2	-	-567	-
UK and overseas securities and unit trust units	-10,628	-5,131	22,340	-75	-4,462	81	-2,125	-
Other domestic instruments	26,986	-12,760	-26,844	1	125	-10	12,502	-
Other overseas instruments	32	5,076	-4,314	51	-499	-	-346	-
Accruals adjustments	3,721	-117	-5,195	406	-2,212	3,026	371	-
Total financial transactions	11,842	-26,559	-1,611	4,712	-5,473	-1,104	18,193	-
BALANCING ITEM	-8,963	4,917	3,281	-223	-435	581	842	-

Table 2
1991 data as published

£ million

	Personal sector	ICCs	Financial sector	Public corps	Central govt	Local auths	Overseas sector	TOTAL
CURRENT TRANSACTIONS								
Factor incomes:								
Income from employment	329,609	-	-	-	-	-	-	329,609
Income from self-employment	58,639	-	-	-	-	-	-	58,639
Gross trading profits, etc	-	75,330	-16,511	1,809	-443	407	-	60,592
Rent	33,132	6,237	811	541	178	3,808	-	44,707
Imputed charge for capital consumption	600	-	-	-	1,675	2,088	-	4,363
less stock appreciation	-394	-1,586	-	-30	-	-	-	-2,010
Inter-sector transfers:								
Earnings on direct investment overseas	183	12,330	266	1	-	-	-12,780	-
Earnings due abroad	-127	-5,449	1,085	-	-	-	4,491	-
Dividends and interest:								
receipts	69,944	11,470	133,535	380	9,452	848	72,684	-
payments	-51,048	-47,423	-112,753	-1,266	-16,314	-5,331	-64,178	-
Taxes on income	-57,390	-15,402	-1,778	-451	75,021	-	-	-
Social security contributions	-36,373	-	-	-	36,373	-	-	-
Social security benefits	57,381	-	-	-	-58,093	-	712	-
Community charge	-8,128	-	-	-	-	8,128	-	-
Other current grants by government:								
receipts	11,906	-	-	-	4,899	47,578	5,270	-
payments	-	-	-	-	-56,877	-7,877	-4,899	-
Other current transfers: receipts	2,185	-	-	-	545	-	2,200	-
payments	-2,719	-271	-40	-	-	-	-1,900	-
Royalties and licence fees etc	-	-581	-	-	581	-	-	-
Factor cost adjustment:								
Taxes on expenditure	-	-	-	-	85,295	121	-	85,416
Subsidies	-	-	-	-	-5,410	-585	-	-5,995
Expenditure:								
Consumption	-364,972	-	-	-	-76,985	-47,120	-	-489,077
Exports of goods and services	-	-	-	-	-	-	-134,234	-134,234
Imports of goods and services	-	-	-	-	-	-	140,810	140,810
Balance = Saving	42,428	34,655	4,615	984	-103	2,065	8,176	92,820
CAPITAL TRANSACTIONS								
Gross domestic fixed capital formation	-25,398	-49,863	-6,564	-3,779	-6,876	-5,267	-	-97,747
Value of physical increase in stocks and work in progress	449	4,687	-	-58	-151	-	-	4,927
Taxes on capital	-2,623	-688	-40	-	3,351	-	-	-
Other capital transfers:								
receipts	4,283	495	-	3,715	-	2,640	-	11,133
payments	-16	-219	-	-530	-9,289	-1,079	-	-11,133
Balance = Financial surplus or deficit	19,123	-10,933	-1,989	332	-13,068	-1,541	8,176	-
FINANCIAL TRANSACTIONS								
Notes and coin	395	41	-162	-111	-207	-	44	-
Sterling treasury bills and government securities	1,362	482	1,755	-81	-7,503	-6	3,991	-
National savings and tax instruments	2,159	-75	48	73	-2,205	-	-	-
Issue Department's transactions in commercial bills	-	-950	-601	-	1,780	-	-229	-
Other government domestic transactions	-37	14	-1,120	195	-42	990	-	-
Government overseas transactions	-	-	106	-	1,047	-	-1,153	-
Local authority debt	178	-60	-226	-1	1,069	-863	-97	-
Public corporations' debt	-125	-	207	85	-115	1	-53	-
Deposits with banks:								
Sterling Sight	5,451	776	-5,397	-12	-427	-347	-44	-
Sterling Time	974	3,859	5,051	608	-17	-1,609	-8,866	-
Foreign Currency	-4	-1,220	13,620	-24	62	-33	-12,401	-
Deposits with building societies: Sterling	17,350	1,729	-19,628	-	-	-	549	-
Foreign currency	9	20	-1,288	-	-	-	1,259	-
Bank lending (excluding public sector)	-1,857	1,872	-31,135	-	-	-	31,120	-
Other lending	-25,847	-766	27,077	-3	106	-363	-204	-
Trade and retail credit	-666	-705	1,077	234	-	-	60	-
UK and overseas securities and unit trust units	-4,521	-11,169	43,934	-15	-8,925	-9	-19,295	-
Other domestic instruments	29,363	-9,257	-29,737	9	243	-9	9,388	-
Other overseas instruments	32	605	-5,396	42	631	-	4,086	-
Accruals adjustments	2,795	-819	-3,957	193	1,219	105	464	-
Total financial transactions	27,011	-15,623	-5,772	1,192	-13,284	-2,143	8,619	-
BALANCING ITEM	-7,888	4,690	3,783	-860	216	502	-443	-

Table 3
1992 data as published

£ million

	Personal sector	ICCs	Financial sector	Public corps	Central govt	Local auths	Overseas sector	TOTAL
CURRENT TRANSACTIONS								
Factor incomes:								
Income from employment	342,215	-	-	-	-	-	-	342,215
Income from self-employment	59,482	-	-	-	-	-	-	59,482
Gross trading profits, etc	-	75,620	-15,480	2,415	-186	393	-	62,762
Rent	37,165	6,340	825	543	136	4,184	-	49,193
Imputed charge for capital consumption less stock appreciation	604	-	-	-	1,608	1,995	-	4,207
	-92	-1,700	-	-40	-	-	-	-1,832
Inter-sector transfers:								
Earnings on direct investment overseas	179	12,225	899	1	-	-	-13,304	-
Earnings due abroad	-154	-4,972	67	-	-	-	5,059	-
Dividends and interest: receipts	68,327	9,485	116,554	370	9,074	676	59,815	-
payments	-45,552	-46,825	-93,228	-1,226	-16,595	-5,012	-55,863	-
Taxes on income	-58,269	-13,303	-1,984	-199	73,755	-	-	-
Social security contributions	-37,220	-	-	-	37,220	-	-	-
Social security benefits	65,902	-	-	-	-66,549	-	647	-
Community charge	-7,865	-	-	-	-	7,865	-	-
Other current grants by government: receipts	14,164	-	-	-	2,888	53,091	7,075	-
payments	-	-	-	-	-64,390	-9,940	-2,888	-
Other current transfers: receipts	2,284	-	-	-	535	-	2,250	-
payments	-2,748	-262	-84	-	-	-	-1,975	-
Royalties and licence fees etc	-	-600	-	-	600	-	-	-
	-	-	-	-	-	-	-	-
Factor cost adjustment:								
Taxes on expenditure	-	-	-	-	87,382	124	-	87,506
Subsidies	-	-	-	-	-5,845	-567	-	-6,412
Expenditure:								
Consumption	-382,240	-	-	-	-82,148	-49,738	-	-514,126
Exports of goods and services	-	-	-	-	-	-	-140,477	-140,477
Imports of goods and services	-	-	-	-	-	-	149,492	149,492
Balance = Saving	56,182	36,008	7,569	1,864	-22,515	3,071	9,831	92,010
CAPITAL TRANSACTIONS								
Gross domestic fixed capital formation	-23,902	-47,692	-5,280	-4,628	-6,855	-5,585	-	-93,942
Value of physical increase in stocks and work in progress	36	1,892	-	-13	17	-	-	1,932
Taxes on capital	-2,301	-386	-40	-	2,727	-	-	-
Other capital transfers: receipts	4,304	430	-	3,333	-	8,115	-	16,182
payments	-7	-120	-	-479	-14,362	-1,214	-	-16,182
Balance = Financial surplus or deficit	34,312	-9,868	2,249	77	-40,988	4,387	9,831	-
FINANCIAL TRANSACTIONS								
Notes and coin	1,002	82	405	-148	-1,397	-	56	-
Sterling treasury bills and government securities	-957	-727	16,166	9	-16,950	-3	2,462	-
National savings and tax instruments	5,001	-338	-93	47	-4,517	-	-	-
Issue Department's transactions in commercial bills	-	-2,216	-435	-	4,513	-	-1,862	-
Other government domestic transactions	-152	10	-846	38	203	747	-	-
Government overseas transactions	-	-	4,844	-	-11,106	-	6,262	-
Local authority debt	350	-14	1,008	-22	-5,936	4,606	8	-
Public corporations' debt	14	-	-69	-812	1,302	5	-440	-
Deposits with banks: Sterling sight	3,398	-788	-3,338	-119	166	-35	716	-
Sterling time	2,335	307	-5,428	490	55	217	2,024	-
Foreign currency	236	-1,505	-18,238	20	57	20	19,410	-
Deposits with building societies: Sterling Foreign currency	10,831	739	-11,721	-	-	-	151	-
Bank lending (excluding public sector)	2	3	30	-	-	-	-35	-
Other lending	-105	4,010	21,431	-	-	-	-25,336	-
Trade and retail credit	-17,828	-285	18,344	-9	449	-289	-382	-
UK and overseas securities and unit trust units	31	127	157	-201	-	-	-114	-
Other domestic instruments	3,121	-10,262	25,708	2	-7,580	-5	-10,984	-
Other overseas instruments	29,452	-5,446	-27,258	10	157	-10	3,095	-
Accruals adjustments	32	-1,103	-7,137	77	188	-	7,943	-
Total financial transactions	39,649	-15,260	10,018	-364	-41,026	3,614	3,369	-
ADJUSTING ITEM	-5,337	5,392	-7,769	441	38	773	6,462	-

Table 4
1993 data as published

£ million

	Personal sector	ICCS Financial sector	Public corps	Central govt	Local auths	Overseas sector	TOTAL	
CURRENT TRANSACTIONS								
Factor incomes:								
Income from employment	352,896	-	-	-	-	-	352,896	
Income from self-employment	61,346	-	-	-	-	-	61,346	
Gross trading profits, etc	-	86,509	-13,112	3,415	-140	434	77,106	
Rent	39,924	6,797	884	523	177	4,567	52,872	
Imputed charge for capital consumption	634	-	-	-	1,392	1,916	3,942	
less stock appreciation	14	-2,410	-	37	-	-	-2,359	
Inter-sector transfers:								
Earnings on direct investment overseas	250	14,261	2,208	-	-	-16,719	-	
Earnings due abroad	-178	-6,251	-4,101	-	-	10,530	-	
Dividends and interest:								
receipts	60,495	6,692	105,133	344	8,323	451	60,448	
payments	-36,546	-42,458	-81,392	-1,752	-17,994	-4,423	-57,321	
Taxes on income	-58,023	-12,543	-2,353	-151	73,070	-	-	
Social security contributions	-38,503	-	-	-	38,503	-	-	
Social security benefits	71,910	-	-	-	-72,700	-	790	
Community charge	-8,001	-	-	-	-	8,001	-	
Other current grants by government:								
receipts	16,516	-	-	-	3,325	54,623	7,371	
payments	-	-	-	-	-66,651	-11,859	-3,325	
Other current transfers: receipts	2,386	-	-	-	662	-	2,320	
payments	-2,928	-313	-77	-	-	-	-2,050	
Royalties and licence fees etc	-	-992	-	-	992	-	-	
Factor cost adjustment:								
Taxes on expenditure	-	-	-	-	91,237	124	91,361	
Subsidies	-	-	-	-	-6,842	-616	-7,458	
Expenditure:								
Consumption	-405,639	-	-	-	-88,226	-49,998	-543,863	
Exports of goods and services	-	-	-	-	-	-	-157,999	
Imports of goods and services	-	-	-	-	-	-	166,266	
Balance = Saving	56,553	49,292	7,190	2,416	-34,872	3,220	10,311	94,110
CAPITAL TRANSACTIONS								
Gross domestic fixed capital formation	-25,556	-48,598	-4,414	-5,050	-6,542	-4,555	-	-94,715
Value of physical increase in stocks and work in progress	-364	371	-	166	24	-	-	197
Taxes on capital	-2,057	-277	-52	-	2,386	-	-	-
Other capital transfers:								
receipts	5,440	363	-	3,259	-	3,414	-	12,476
payments	-4	-234	-	-499	-10,521	-1,218	-	-12,476
Balance = Financial surplus or deficit	34,012	917	2,724	292	-49,525	861	10,311	-408
FINANCIAL TRANSACTIONS								
Notes and coin	918	111	159	87	-1,336	-	61	-
Sterling treasury bills and government securities	6,287	340	30,771	155	-50,605	40	13,012	-
National savings and tax instruments	2,981	-17	-19	-138	-2,807	-	-	-
Issue Department's transactions in commercial bills	-	-1,345	-775	-	1,539	-	581	-
Other government domestic transactions	-384	-17	-7,181	1,119	5,655	808	-	-
Government overseas transactions	-	-	288	-	2,210	-	-2,498	-
Local authority debt	-61	-98	1,412	39	-1,637	265	80	-
Public corporations' debt	-51	-	124	-1,103	1,051	3	-24	-
Deposits with banks:								
Sterling Sight	5,052	2,456	-7,945	-22	-127	542	44	-
Sterling Time	-2,974	2,192	-1,543	525	-79	1,211	668	-
Foreign Currency	-556	746	-23,839	-32	-24	-1	23,706	-
Deposits with building societies: Sterling	9,619	744	-11,141	-	-	-	778	-
Foreign currency	-18	-37	1,808	-	-	-	-1,753	-
Bank lending (excluding public sector)	1,603	12,629	-18,079	-	-	-	3,847	-
Other lending	-17,276	-1,336	18,691	-20	224	-318	35	-
Trade and retail credit	-448	-581	1,295	-579	-	-	313	-
UK and overseas securities and unit trust units	475	-18,512	81,890	7	-5,376	-1	-58,483	-
Other domestic instruments	30,041	-6,061	-30,178	5	-139	-5	6,337	-
Other overseas instruments	32	7,760	-29,202	77	-22	-	21,355	-
Accruals adjustments	1,021	-1,499	-1,356	49	2,248	-717	254	-
Total financial transactions	36,261	-2,525	5,180	169	-49,225	1,827	8,313	-
BALANCING ITEM	-2,249	3,442	-2,456	123	-300	-966	1,998	-408

Table 5
Balanced 1990 accounts

£ million

Table 6
Balanced 1991 accounts

£ million

Table 7
Balanced 1992 accounts

£ million

Table 8
Balanced 1993 accounts

£ million

Table 9
Error ranges for 1990

€ million

Table 10
Error ranges for 1991

£ million

Table 11

Error ranges for 1992

f million

£ million

Table 12
Error Ranges for 1992

Table 13
Main changes due to balancing

	Change on balance				Error ranges				Change/error range			
	90	91	92	93	90	91	92	93	90	91	92	93
PERSONAL SECTOR												
Income from employment	2,107	1,988	932	707	3093	3314	3596	4588	0.68	0.60	0.26	0.15
Dividends and interest: receipts	1,219	1,084	-166	-45	2240	2400	2480	2480	0.54	0.45	-0.07	-0.02
Trade and retail credit	-1,025	-708	-979	-395	2016	2160	2480	2728	-0.51	-0.33	-0.39	-0.14
Other domestic transactions	-1,186	-1,078	353	23	2240	2400	2480	2480	-0.53	-0.45	0.14	0.01
Accruals adjustments	-140	40	-269	73	448	480	496	496	-0.31	0.08	-0.54	0.15
INDUSTRIAL AND COMMERCIAL COMPANIES												
Gross trading profits, etc	-1,736	-1,798	-3,049	-1,579	2850	3750	5400	6100	-0.61	-0.48	-0.56	-0.26
FINANCIAL SECTOR												
Gross trading profits, etc	-965	-823	1,826	523	2850	2850	2850	2850	-0.34	-0.29	0.64	0.18
Other overseas transactions	56	190	-1,004	-382	1456	1560	1860	2108	0.04	0.12	-0.54	-0.18
Accruals adjustments	-72	105	-307	65	448	480	496	496	-0.16	0.22	-0.62	0.13
PUBLIC CORPS												
Trade and retail credit	-24	-169	114	8	224	240	248	550	-0.11	-0.71	0.46	0.01
Accruals adjustments	-187	-602	226	92	448	480	496	496	-0.42	-1.25	0.46	0.19
CENTRAL GOVERNMENT												
Taxes on capital	223	-112	-39	101	150	150	200	250	1.49	-0.75	-0.19	0.40
Other capital transfers : payments	135	-60	29	11	150	200	200	235	0.90	-0.30	0.15	0.05
Bank deposits: sterling sight deposits	-25	12	2	-4	50	50	50	50	-0.51	0.24	0.04	-0.08
LOCAL AUTHORITIES												
Community charge	0	0	-106	362	10	10	160	400	-0.04	-0.03	-0.66	0.91
Gross domestic fixed capital formation	0	0	-10	144	10	10	50	250	-0.04	-0.03	-0.20	0.58
Other capital transfers : receipts	-83	8	-55	26	100	150	150	175	-0.83	0.05	-0.37	0.15
Accruals adjustments	415	427	422	-272	336	360	372	372	1.23	1.19	1.13	-0.73
OVERSEAS												
UK and overseas securities and unit trusts	1,080	615	2,583	1,160	3000	3500	4500	5500	0.36	0.18	0.57	0.21
Other domestic transactions	24	-158	1,134	478	1600	1700	2100	2700	0.01	-0.09	0.54	0.18

This table lists every item for which the change on balancing exceeds 0.5 of the error range in at least one of the four years 1990-1993

Table 14
Breakdown of diagnostics by sector

Sector	Balancing item	margin	ratio	SD	chisq	% significance
1990						
Personal	-8,963	6,185	-1.45	3,760	5.68	1.71
ICC	4,917	4,854	1.01	2,951	2.78	9.57
Financial	3,281	4,897	0.67	2,977	1.21	27.04
PC	-223	474	-0.47	288	0.60	43.93
CG	-435	413	-1.05	251	2.99	8.35
LA	581	521	1.11	317	3.36	6.67
Overseas	842	5,899	0.14	3,586	0.06	81.44
				Total:	16.68	
1991						
Personal	-7,888	6,789	-1.16	4,127	3.65	5.60
ICC	4,690	5,646	0.83	3,432	1.87	17.18
Financial	3,783	5,145	0.74	3,127	1.46	22.64
PC	-860	508	-1.69	309	7.77	0.53
CG	216	446	0.48	271	0.63	42.56
LA	502	571	0.88	347	2.09	14.79
Overseas	-443	6,310	-0.07	3,836	0.01	90.81
				Total:	17.49	
1992						
Personal	-5,337	7,963	-0.67	4,841	1.22	27.02
ICC	5,392	7,226	0.75	4,393	1.51	21.96
Financial	-7,769	5,630	-1.38	3,422	5.15	2.32
PC	441	546	0.81	332	1.76	18.42
CG	38	539	0.07	328	0.01	90.77
LA	773	635	1.22	386	4.01	4.52
Overseas	6,462	7,059	0.92	4,291	2.27	13.21
				Total:	15.93	
1993						
Personal	-2,249	9,492	-0.24	5,770	0.15	69.67
ICC	3,442	8,527	0.40	5,184	0.44	50.67
Financial	-2,456	6,405	-0.38	3,894	0.40	52.82
PC	123	823	0.15	500	0.06	80.58
CG	-300	829	-0.36	504	0.35	55.17
LA	-966	796	-1.21	484	3.98	4.59
Overseas	1,998	8,086	0.25	4,915	0.17	68.44
				Total:	5.55	