

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.

'Economic Update' is a feature giving an overview of the latest economic statistics. The content and presentation will vary from month to month depending on topicality and coverage of the published statistics. The accompanying table on main economic indicators is wider in coverage than the table on selected monthly indicators appearing in previous editions of *Economic trends*. Data included in this section may not be wholly consistent with other sections which will have gone to press earlier.

Articles on international economic indicators and the final expenditure prices index appear monthly and an article on regional economic indicators appears every February, May, August and November. Occasional articles comment on and analyse economic statistics and introduce new series, new analyses and new methodology.

Quarterly information on the national accounts and the balance of payments appears in *UK Economic Accounts* which is published every January, April, July and October by The Stationery Office.

The main section is based on information available to the ONS on the date printed in note 1 below 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.

Economic trends is prepared monthly by the Office for National Statistics in collaboration with the statistics divisions of Government Departments and the Bank of England.

Notes on the tables

1. All data in the tables and accompanying charts is current, as far as possible, to 28 April 1999.
2. The four letter identification code at the top of each column of data (eg, DJDD) is ONS's own reference to this series of data on our database. Please quote the relevant code if you contact us requiring any further information about the data.

3. Some data, particularly for the latest time period, is provisional and may be subject to revisions in later issues.

4. The statistics relate mainly to the United Kingdom; where figures are for Great Britain only, this is shown on the table.

5. Almost all quarterly data are seasonally adjusted; those not seasonally adjusted are indicated by NSA.

6. Rounding may lead to inconsistencies between the sum of constituent parts and the total in some tables.

7. 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.

8. 'Billion' denotes one thousand million.

9. There is no single correct definition of *money*. The most widely used aggregates are:

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

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.

The Bank of England also publish data for liquid assets outside M4.

10. 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 T79
 - † 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.

If you have any comments or suggestions about *Economic trends*, please write to Adele Barklem, ONS, Zone D4/16, 1 Drummond Gate, London, SW1V 2QQ or e-mail adele.barklem@ons.gov.uk

Office for National Statistics
May 1999

Articles published in *Economic trends*

Regular articles

International economic indicators. Commentary, figures and charts are published monthly.

Final expenditure prices index. Commentary and figures are published monthly.

Regional economic indicators. Commentary, figures and charts are published every January, April, July and October.

United Kingdom national accounts and balance of payments quarterly figures are published in *UK Economic Accounts* every January, April, July and October.

Other Articles

1998

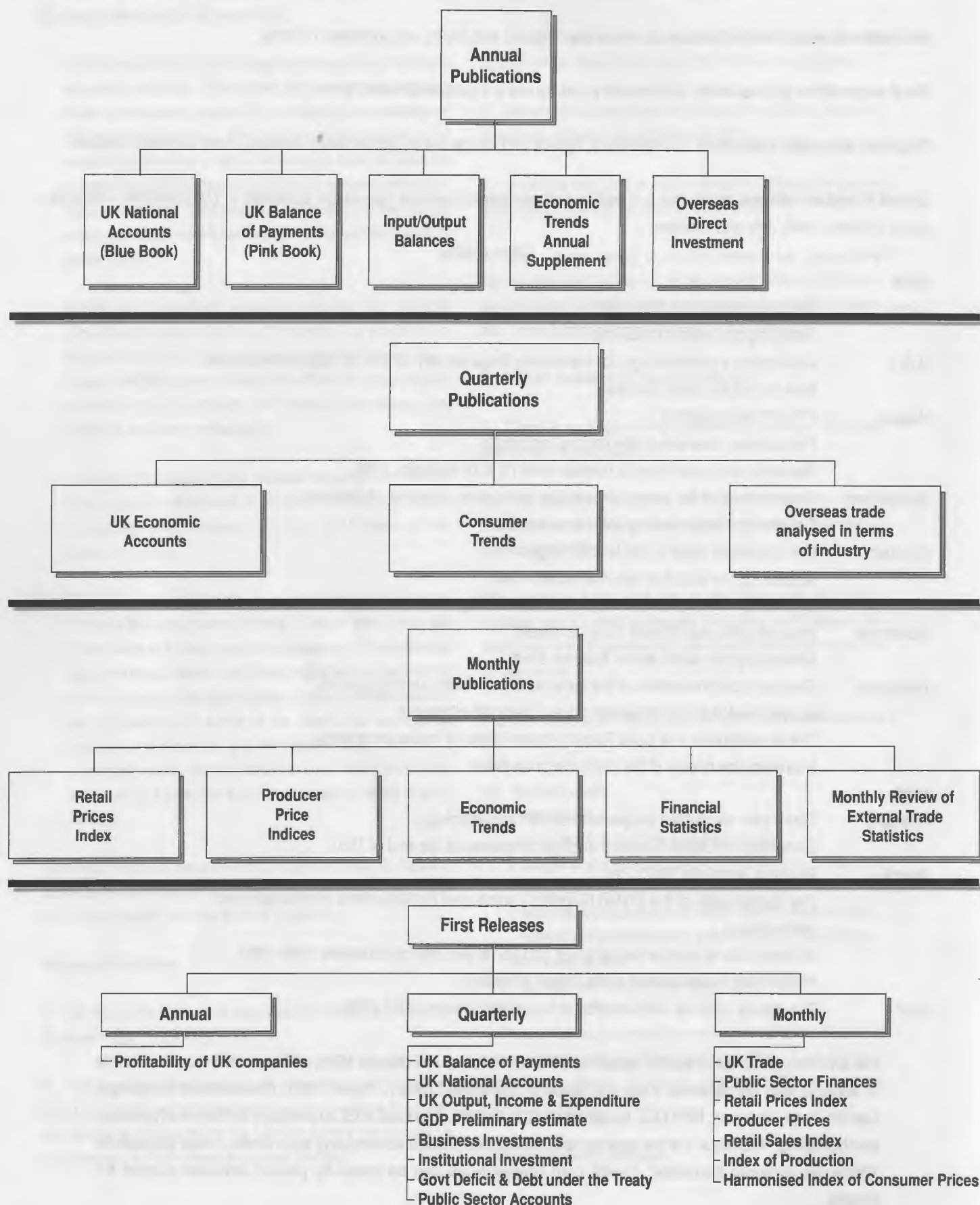
<i>June</i>	Regional accounts 1996: part 2.
	Rebasing the national accounts.
<i>July</i>	Developing a methodology for measuring illegal activity for the UK National Accounts.
	New format for public finances.
<i>August</i>	PPI/RPI comparisons.
	Forthcoming changes to the national accounts.
	Research and experimental development (R & D) statistics 1996.
<i>September</i>	Development of the corporate services price index: a review of progress.
	Estimating and presenting short-term trends.
<i>October</i>	Environmental taxes in the United Kingdom.
	Measuring the output of non-market services.
	UK results from the Community Innovation Survey.
<i>November</i>	Improving the non-finance balance sheets.
	Developing the public sector balance sheet.
<i>December</i>	Geographical breakdown of the balance of payments current account.
	Harmonised index of consumer prices: historical estimates.
	The development of a Land Registry-based national house price index.
	Improving the quality of the producer price index.

1999

<i>February</i>	Three year ownership programme on RPI methodology.
	Ownership of United Kingdom quoted companies at the end of 1997.
<i>March</i>	Regional Accounts 1997: Part 1.
	The capital stock of the United Kingdom - some new developments in coverage and methodology.
	An international comparison of taxes and social security contributions 1986-1996.
	Productivity measurement in the United Kingdom.
<i>April</i>	The effects of taxes and benefits on household income 1997-1998.

For articles published in earlier issues see the list in issue 509 (March 1996) of *Economic trends*. Copies of articles may be obtained from the National Statistics Library, Room 1.001, Government Buildings, Cardiff Road, Newport, NP9 1XG, telephone 01633 812973. The cost is £5.00 per copy inclusive of postage and handling. A cheque for the appropriate remittance should accompany each order, made payable to 'Office for National Statistics'. Credit card transactions can be made by phone; invoices cannot be issued.

United Kingdom Macro-Economic Statistics Publications



Other publications: - Retail Prices 1914-1990 - Input/Output Tables - Labour Market Statistics - Family Spending - Sector Classification Guide - Share Ownership - Financial Statistics Explanatory Handbook

In brief

Articles

This month we feature one article. Michael Baxter of ONS discusses the issues involved in the seasonal adjustment of RPIY. Most monthly and quarterly economic series produced by ONS are published as seasonally adjusted series, but consumer price index series have up to now been an exception. There are good reasons why RPI should not be seasonally adjusted, but they are not thought to apply to RPIY and it will be published in future.

Changes to Tables

Table 6.8 (New)

For the first time we include new table 6.8 "Analysis of bank lending to UK residents", which provides levels data from 1997q3 onwards based on the Standard Industrial Classification 1992. Table 6.7 contains data on a Standard Industrial Classification 1980 basis up to 1997q1; no data were collected for 1997q2 as banks prepared for the implementation of the Banking Statistics Review in September 1997.

Table 6.9 was previously **Table 6.8**

Table 6.10 was previously **Table 6.9**

Recent economic publications

Quarterly

Consumer Trends: 1998 quarter 4. The Stationery Office, ISBN 0 11 621073 7, price £45.

UK Economic Accounts: 1998 quarter 4. The Stationery Office, ISBN 0 11 621137 7, price £26.

Monthly

Consumer Price Indices (MM23), February 1999. The Stationery Office, ISBN 0 11 537951 7, price £180 p.a. (formerly *Retail Prices Index*).

Financial Statistics, April 1999. The Stationery Office, ISBN 0 11 621143 1, price £23.50.

Monthly Review of External Trade Statistics (MM24), January 1999. The Stationery Office, ISBN 0 11 537950 9, price £180 p.a.

All of these publications are available from The Stationery Office Publications Centre, telephone 0171 873 9090 (orders), 0171 873 8499 (subscriptions) or fax 0171 873 8200.

ECONOMIC UPDATE – MAY 1999

By Geoff Tily, Macro-Economic Analysis - Office for National Statistics

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Overview

Official figures are now painting a mixed picture of activity in the economy, with slight evidence of a recovery in some areas. The preliminary estimate of GDP growth into the first quarter, at 0.1 per cent, was the same as in the fourth quarter. Underlying this, services growth was seen to slow further, but the rate of decline of manufacturing output has been reduced. Retail sales data for March show evidence of a pick up in consumer demand, echoing the increases in confidence shown by external surveys. Trade data show a modest recovery of exports to non-EU countries in the latest month but this was largely offset by the continued slowdown in exports to EU countries. Flat unemployment data could be consistent with a slowdown in the labour market although employment, as measured by the Labour Force Survey, continues to grow into 1999. Both consumer and producer prices remain subdued.

Indicators included	
GDP preliminary estimate – Q1	Money supply – March
Index of production – February	Consumer credit – February
CBI Quarterly Industrial Trends – April	Public sector net borrowing – March
Retail sales – March	Labour market statistics – December – February
EC/GfK index of consumer confidence – April	Consumer prices – March
MORI consumer confidence – March	Producer prices – March
UK external trade – February/March	

GDP Activity

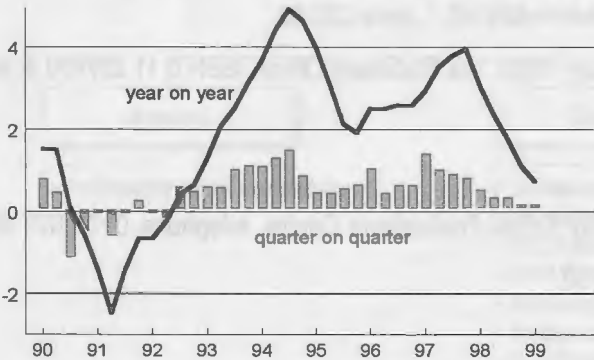
The preliminary estimate of GDP growth at constant market prices in the first quarter of 1999 showed a rise of 0.1 per cent, the same as the rise into the fourth quarter. Annual growth fell to 0.7 per cent in quarter one compared to 1.1 per cent in quarter four (chart 1).

Chart 1

GDP

seasonally adjusted

percentage change

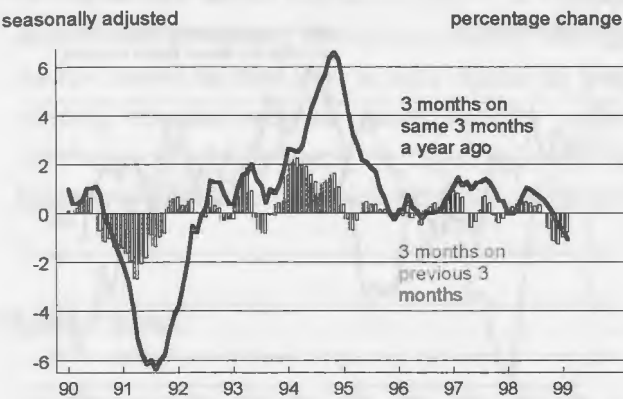


Output breakdown

Underlying the first quarter figure was a further decline in the rate of growth of service industries, which were estimated to have grown by 0.4 per cent compared with 0.5 per cent into quarter four. The corresponding annual rate fell to 2.3 per cent from 2.7 per cent. Within the service sector, however, distribution, hotels and catering was estimated to have grown by 0.6 per cent on the quarter, largely reflecting an improvement in retailing.

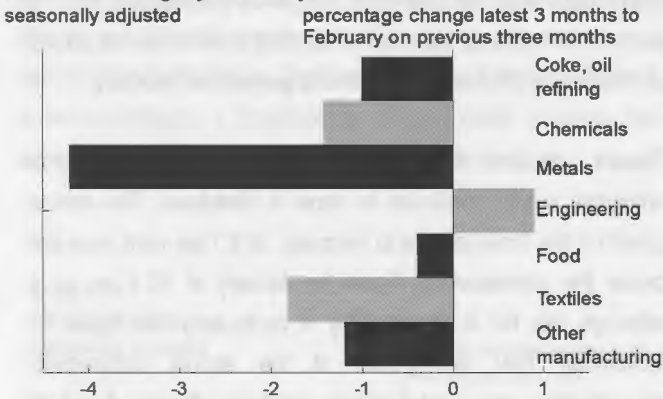
The ONS does not publish an estimate of first quarter manufacturing output underlying the provisional GDP estimate. The most recent data is, therefore, the February index of manufacturing output, which showed a fall of 0.8 per cent into the three months to February compared with the previous three months. This reflects a slowdown in the rate of decline, with the same figures for January and December showing falls of 1.0 and 1.3 per cent respectively (chart 2).

Chart 2
Manufacturing output
seasonally adjusted



An industrial breakdown of the three monthly movement to February (chart 3) shows most industries in decline, with only engineering and allied industries continuing to show growth (0.9 per cent).

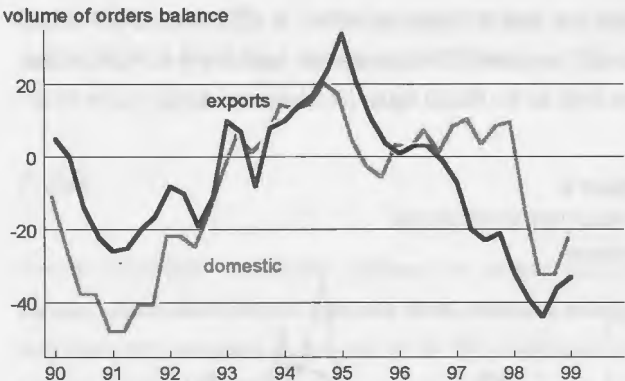
Chart 3
Manufacturing by industry
seasonally adjusted



The figure for engineering and allied industries reflects a recent recovery (the same data in the three months to November showed a fall of 0.2 per cent) and this, alongside a sharp recovery in the rate of decline of textile industries, largely explains the slowdown in the rate of decline for overall manufacturing output.

External surveys of business confidence and output are showing improvements in confidence for both services and manufacturing industries on both the domestic and export markets. Chart 4 shows data from the April CBI Quarterly Industrial Trends Survey, giving the volume of domestic orders and export orders over the past four months.

Chart 4
CBI quarterly industrial trends survey

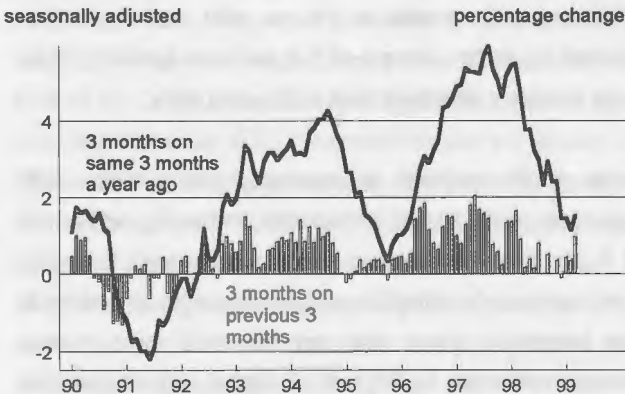


Recoveries are seen in both series, although the movement in the latest survey is more marked for domestic orders. The outlook over the next four months is seen as improving much further - to a balance of +1 for domestic orders and -7 for export orders.

Domestic demand

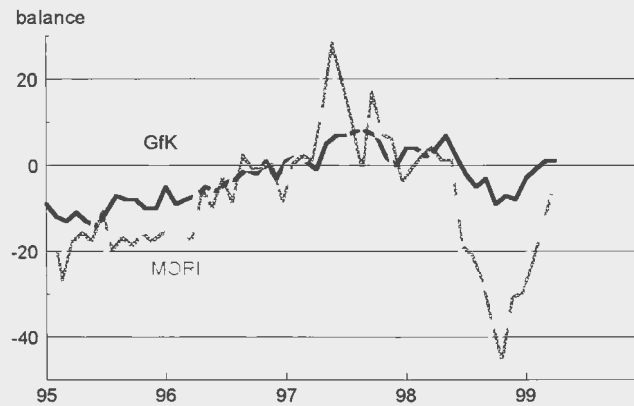
The latest retail sales data show evidence of a pick up in demand. Growth of 1.0 per cent in the three months to March was substantially up on growth in the three months to February of 0.4 per cent, although the improvement is exaggerated by a particularly low figure for December. The corresponding annual rate in the three months to March rose to 1.6 per cent, from 1.1 per cent in the three months to February (chart 5).

Chart 5
Retail sales



ONS data now echoes external data which are continuing to show a revival in consumer confidence and demand. Chart 6 shows the recent increases seen in GfK and MORI data; although the latest GfK data shows confidence in April at the same level as the March figure (at a balance of +1).

Chart 6
Consumer confidence



External demand and supply

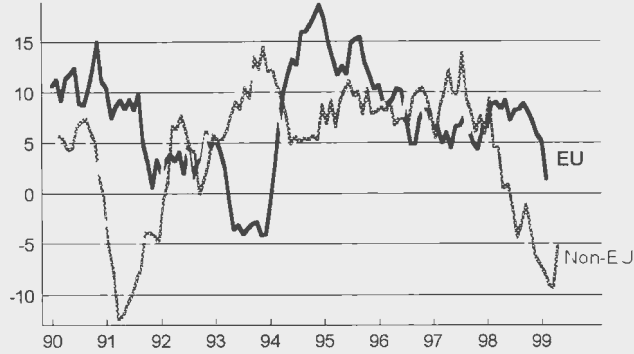
The February 1999 trade data show the UK's deficit with the rest of the world narrowing slightly to £1.8 billion compared with the revised deficit of £2.0 billion in January. This improvement was due to an improved deficit with non-EU countries, although this was partially offset by a worsening of the position with EU countries.

Data on export volumes, excluding erratics, to non-EU countries show a strong recovery into the latest month following increased exports to North America. The latest data show the annual rate in the three months to March falling at -5.1 per cent, sharply above the equivalent February fall of 9.3 per cent (chart 7).

On the other hand, annual rates of export volumes to EU countries continue to slow and did so sharply in the three months to February, with growth at 1.4 per cent well below the equivalent figure for January of 5.2 per cent (chart 7). This reflects the recent slowdown seen in EU economies.

Imports growth continues at reasonably strong levels, with annual rates, excluding oil and erratics, remaining between 5 and 7 per cent. The ongoing strength of demand from this source may partially reflect the continued strength of sterling. A goods breakdown shows that over the latest three months increases were seen for imports of capital and intermediate goods but falls for imports of consumer goods (except for cars, which showed a strong rise).

Chart 7
Exports
seasonally adjusted
year on year percentage change 3 months on same three months

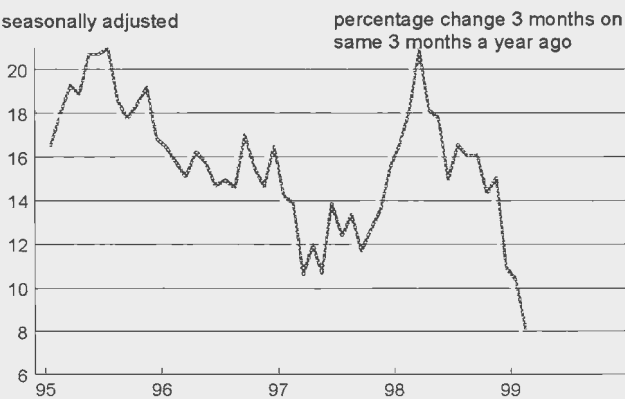


Monetary indicators and government finances

Annual rates of broad money growth (M4) continue to slow from peak rates of nearly 12 per cent seen at the end of 1997. The March data show M4 growth of 7.0 per cent compared with 7.3 per cent in February. Narrow money (M0) showed annual growth of 5.6 per cent in March, up from 5.2 per cent in February.

Recent consumer borrowing data, as measured by gross consumer credit, continues to show a slowdown. The annual growth in the three months to February, at 8.1 per cent, was well below the corresponding figure for January of 10.4 per cent; although this fall is distorted by a particularly low figure for November 1997 falling out of the annual comparison. Nevertheless, annual rates remain well below figures of over 18 per cent seen at the start of 1998 (chart 8).

Chart 8
Gross consumer credit
seasonally adjusted
percentage change 3 months on same 3 months a year ago



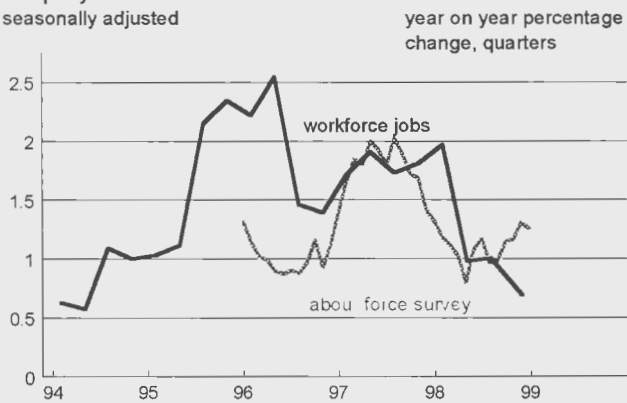
Data for March 1999 show that public sector net borrowing for the financial year 1998-99 recorded a repayment of £5.2 billion, compared with borrowing of £6.6 billion in 1997-98. The biggest change between the latest years is higher income tax receipts reflecting increased economic activity and the continued effectiveness of self-assessment. The Chancellor's March 1999 Budget forecast was for a repayment of £2.8 billion in 1998-99.

Labour Market

The Labour Force Survey (LFS) data continues to show employment rising; with the employment rate in the three months to February at 74.0 per cent, up from a rate of 73.8 per cent in the three months to November. The actual rise in employment of 80,000 over the quarter came from decreases to inactivity and about half of the jobs created were part time. Over the year, LFS employment increased by 336,000; two thirds of these were female posts.

Data from the latest employer surveys show a more modest increase in workforce jobs; with increases of 48,000 over the quarter and 189,000 over the year. Chart 9 shows annual rates derived from both series. The workforce jobs (employer based) series is showing a slowdown in annual rates, whereas the Labour Force Survey series has shown a recent pick up.

Chart 9
Employment
seasonally adjusted



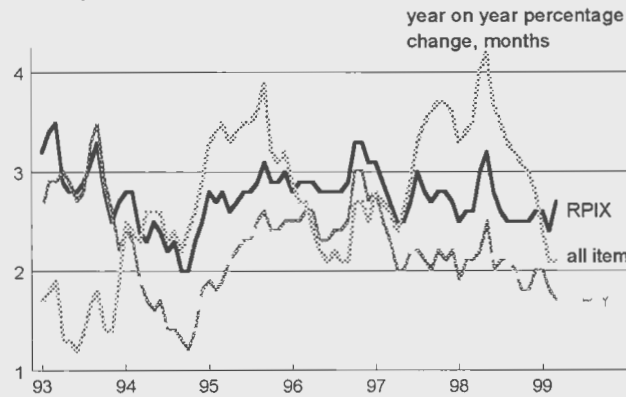
Underlying the workforce jobs aggregate there are major sectoral differences, in particular, jobs in the manufacturing industry fell by 99,000 over the year, whereas jobs in the service sector grew by 352,000.

Unemployment data remain largely flat, with the ILO rate of 6.3 per cent in the three months to February, up slightly from 6.2 per cent in the three months to November, and the March claimant count rate of 4.6 per cent the same as it has been in every month since August.

Prices

Overall inflationary pressures continue to remain subdued, although in the latest month there are some increases reflecting duty rises and increases in the cost of oil. The consumer price inflation data for March show a mixed picture because of the rise in fuel excise duty, with RPIX rising to 2.7 per cent, from 2.4 per cent in February to reflect this. The "all item" RPI data remained at 2.1 per cent as the duty increase was offset by the reduction in the cost of mortgages following February's base rate cut. RPIY, which excludes both mortgage interest payments and indirect taxes, showed a fall to 1.7 per cent in March from 1.8 per cent in February. Chart 10 shows how RPIY has been on a broadly steady decline since the start of 1997 and is now at the lowest annual rate since 1994.

Chart 10
Retail price index



Headline producer price series have showed increases in annual rates in the latest two months, largely following increases in the price of oil. Output prices rose by 0.5 per cent in year to March compared with a rise of 0.2 per cent in the year to February, and the annual rate of input prices was -3.6 per cent, sharply up from -6.5 per cent in February. Excluding food beverages, tobacco and petroleum output prices continued to fall over the year at a rate of 0.6 per cent, down slightly from a fall of 0.5 per cent in February. The same figures for input prices show a fall of 4.4 per cent compared with a fall of 5.4 per cent in February.

Forecasts for the UK Economy

A comparison of independent forecasts, April 1999

The tables below are extracted from HM Treasury's "FORECASTS FOR THE UK ECONOMY" and summarise the average and range of independent forecasts for 1999 and 2000, updated monthly.

	Independent Forecasts for 1999		
	Average	Lowest	Highest
GDP growth (per cent)	0.7	-0.5	1.9
Inflation rate (Q4: per cent)			
- RPI	1.2	0.6	2.6
- RPI excl MIPs	2.2	1.6	3.0
Unemployment (Q4, mn)	1.52	1.20	1.70
Current Account (£ bn)	-6.0	-13.0	2.0
PSNB *(1999-00, £ bn)	3.8	-3.4	9.0

	Independent Forecasts for 2000		
	Average	Lowest	Highest
GDP growth (per cent)	1.9	0.6	3.0
Inflation rate (Q4: per cent)			
- RPI	2.2	-0.1	3.8
- RPI excl MIPs	2.2	0.4	3.1
Unemployment (Q4, mn)	1.62	1.00	1.90
Current Account (£ bn)	-8.1	-17.0	11.4
PSNB* (2000-01, £ bn)	8.2	2.0	17.0

NOTE: "FORECASTS FOR THE UK ECONOMY" gives more detailed forecasts, covering 23 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Miss C T Coast-Smith, Public Enquiry Unit, HM Treasury, Room 110/2, Parliament Street, London SW1P 3AG (Tel: 0171-270 4558). It is also available at the Treasury's internet site: <http://www.hm-treasury.gov.uk>.

* PSNB: Public Sector Net Borrowing.

International Economic Indicators – May 1999

by Dermot Rhatigan, Macro-Economic Assessment - Office for National Statistics

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Overview

Germany, Europe's largest economy, suffered a set back in the final quarter of 1998 as GDP fell. This was in contrast to the situation in the French economy, which produced strong growth. In the rest of the world, the divergence between the economies of Japan and the USA remained: Japan fell deeper into recession, as GDP fell for the fifth consecutive quarter while in the US economic growth accelerated sharply.

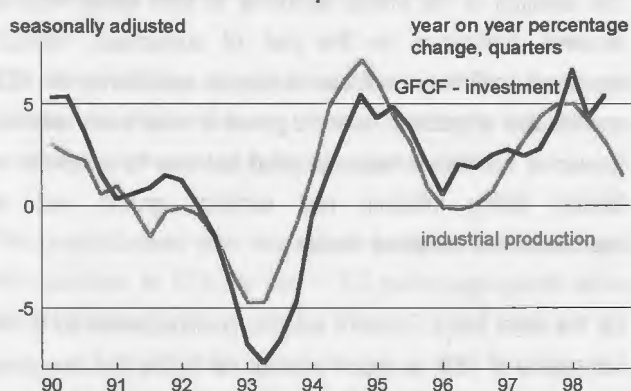
EU15

The pattern of steady economic expansion in the EU15, set in the preceding four quarters, continued into the third quarter of 1998. The GDP picture was enhanced by higher capital investment, offsetting lower stockbuilding, and the coincidence of stronger consumer demand and slower imports growth. Year on year GDP growth fell slightly in quarter three, to 2.7 per cent.

In contrast to the fall in quarter two, increased capital formation helped to bolster domestic demand in quarter three. However, this growth may not continue as quarter four figures for industrial production point to a sharp decline (chart 1). Movement in these series tends to be fairly well correlated, although divergence may be explained by higher imports of capital goods.

Chart 1

Investment and industrial production



The latest fall in industrial production reduced year on year production growth by from 3.1 per cent, to 1.5 per cent, between quarters three and four. The slowdown may to some extent reflect attempts by Europe's producers to realign inventories to more appropriate levels after large additions in 1997 and into 1998, particularly in Germany and Italy.

Driven by the acceleration in retail sales volumes, consumer demand made the greatest contribution to GDP growth in quarter three. The consumption data were boosted, in particular, by the sharp rebound in consumer activity in Germany, following tax changes in the first half of the year that depressed sales in quarter two.

Robust growth in the main elements of domestic demand in 1998 replaced the stimulus delivered by external demand between 1994 and 1997. Annual export growth peaked in the third quarter of 1997 and slowed thereafter. This trend was further offset in quarter four by an even greater slowdown in import volumes, allowing the EU15 to enlarge its trade surplus.

Annual consumer price inflation fell by 0.1 percentage point to 1.1 per cent in February 1999, continuing the downward trend in European inflation that has characterised the 1990's. Producer prices fell by 1.8 per cent in the year to January, continuing the increasing rate of decline seen since mid 1998.

The EU15 unemployment rate fell to 9.6 per cent in January 1999 after falling below 10.0 per cent in the second half of 1998, for the first time since 1992.

Germany

The German economy suffered a reversal of fortune in the final quarter of 1998 as strong growth in quarter three gave way to falling economic activity. Softer domestic demand and a substantial fall in exports reduced GDP by 0.4 per cent in the latest quarter and cut year on year growth rate by 0.9 percentage points, to 1.8 per cent.

The marked turnaround in Germany's economic performance between the third and fourth quarters was largely driven by a

sharp deterioration in her trading position. Export demand, having been the principal driver of GDP growth since 1994, fell by 2.2 per cent in the quarter. Imports fell slightly during the quarter, but this was insufficient to prevent the trade surplus from narrowing to its lowest level for almost two years.

Germany's worsening trade position was echoed in industrial production, changes in stocks and gloomier business sentiment. In quarter four, industrial production recorded its largest fall since the first quarter 1993, down 2.4 per cent, while stock levels moved in the opposite direction. The fall in industrial production was in line with a perceived deterioration in the business climate, as revealed by the IFO survey of business attitudes.

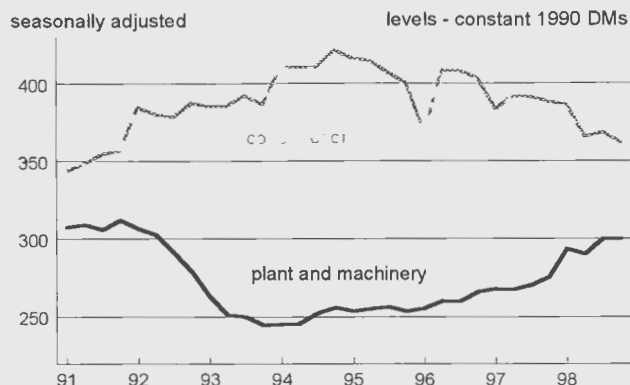
Erratic movements in the quarterly path of private consumption, largely caused by fiscal changes in the first and second quarters of 1998 have obscured the strength of the German economy. The most important of these, the early announcement of April's VAT increase, boosted retail sales in quarter one at the expense of those in quarter two.

Lower expenditure on capital formation reduced GDP in quarter four. Despite growth in the third quarter, investment expenditure remains below the levels recorded as far back as the final quarter of 1991. The fact that capital formation has been so weak at a time when financing costs have fallen so sharply, may indicate that uncertainty and the perception of risk have increased. The aggregate investment figures also mask the dynamic between its two component parts: construction, and plant and machinery. While investment in plant and machinery steadied in the latest quarter, construction investment fell. Although this could be partially explained by weather conditions in the latest quarter the divergence over recent years is likely to reflect other factors. The relative buoyancy of investment in construction projects in the first half of the decade may be connected with rebuilding work in the wake of German reunification in 1991 (chart 2), while other investment seems to correspond more closely to Germany's economic cycle.

Firmer signs of improvement in the labour market emerged in quarter four as both employment and unemployment moved in the desired direction. Although the unemployment rate peaked around the end of 1997, and began to fall thereafter, the trend in employment did not turn until the third quarter of 1998. Output gains in recent years (GDP has risen in all but one quarter since Q1 1996) have been delivered from productivity gains rather than increased employment - unit wage costs have fallen.

Chart 2

Germany - components of investment



The existence of slack in the labour market and the emergence of year on year producer price falls, since August 1998, have helped to dampen inflationary pressure. Annual inflation steadied at 0.2 per cent between January and February - its lowest level this decade, and less than half that in the EU15.

France

The French economy expanded strongly in 1998, with all components of domestic demand adding to GDP growth. In the final quarter of the year, domestic demand was buttressed by a rebound in stockbuilding and higher investment expenditure. However, external demand, which had supported GDP for most 1998, weakened as export volumes fell.

The strength of the French economy in 1998 owes much to renewed confidence on the part of consumers. INSEE's consumer confidence indicator improved consistently in 1998 and this was reflected in the rapid growth in retail sales volumes. Consumer confidence was supported last year by a number of factors: falling inflation, real earnings growth and an improvement in the labour market.

On the other hand, France's external position worsened in the last quarter of 1998 as export volumes fell for the first time since quarter two 1996. The effect on the trade balance, however, was small as imports also fell. This weakness in external demand is echoed in the slowdown in industrial production. Following growth of 0.3 per cent in quarter three, industrial production was almost flat in quarter four and the annual rate fell by 0.8 percentage points, to 2.5 per cent, between the latest quarters.

As in the rest of Europe, consumer price inflation in France remained firmly on a downward trend in 1998, and fell further in February 1999, to 0.2 per cent. Falling commodity prices and modest earnings growth played their part in moderating business costs, thus dampening price pressure.

The unemployment rate in France, at 11.6 per cent in January, was 2.0 percentage points above the EU15 average rate in January.

Italy

Italy's economy expanded fairly robustly between the second and third quarters of 1998, although annual growth remained sluggish, at 1.2 per cent. Higher consumption and investment spending coupled with a further improvement in the trade position was sufficient to counteract weakness from the supply side.

Industrial production fell for the third successive in quarter four. The downturn reflects weakness in final demand and attempts by producers to cut their investment in inventories. Stocks levels have risen rapidly since the first quarter of 1997 and falling output may represent adjustment to more appropriate levels.

The improvement in Italy's external trade position during the third quarter was driven by a modest expansion in export demand and a sharp fall of 2.1 per cent fall in imports. Weaker import demand comes despite stronger consumption expenditure in the latest quarter. Italy has run a positive trade balance since the first quarter of 1993.

The annual inflation rate fell from 1.8 per cent to 1.5 per cent between the third and fourth quarters - settling 0.1 percentage points above the average in the European Union.

The unemployment rate was steady between the second and third quarters, at 12.3 per cent - 2.3 percentage points above the EU15 average.

USA

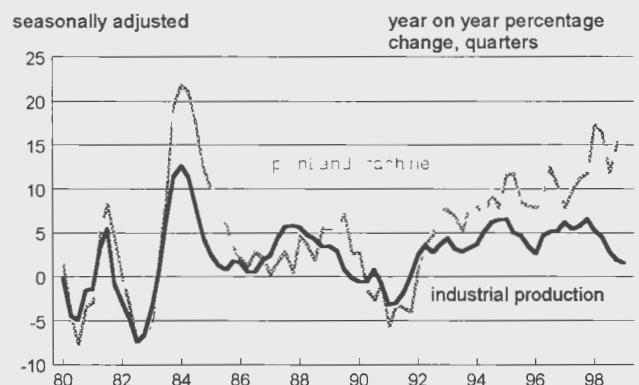
After showing signs of easing in the second and third quarters, the US economy accelerated sharply in the final quarter of 1998. Annual GDP growth topped 4 per cent in quarter four as domestic demand surged and the drag from net trade lessened. Private consumption remained the principal driver of economic activity and investment spending also expanded rapidly.

Consumer activity has been extremely buoyant in 1998; annual growth of private consumption was close to 5 per cent for most of the year. Consumption growth has been underpinned by a number of factors: firstly, real incomes were boosted from the turn of the year as general inflation fell faster than nominal wage inflation; secondly, the stock market has delivered capital gains for many consumers; and thirdly, increased activity in the housing market has provided further support. Confidence among consumers, as measured by the University of Michigan, dipped slightly towards the end of the year but has stayed at levels consistent with rapid growth in consumers' expenditure.

The strength of domestic demand in the fourth quarter also owes a great deal to the contribution of capital formation. In the year to quarter four, investment expenditure increased by 10.8 per cent - the fastest annual rate this decade. This is partly explained by rapid growth in the construction industry, particularly residential construction, which adds to investment spending and supports consumption via purchases associated with moving home. However, most of the growth in new investment was in plant and machinery which, in turn, fed through to the trade data as domestic production failed to keep pace (chart 3).

Chart 3

USA - investment in plant and industrial production



Production growth slowed in 1998, but the sequence of positive quarter on quarter growth, stretching back to the second quarter of 1991, was unbroken. Although movements in the latest quarters were exaggerated as a result of industrial action at General Motors, the figures suggest that the high value of the dollar and the crisis in Asia have contributed to higher imports and reduced industrial demand.

Perhaps the most surprising feature of the fourth quarter's results stems from the trade data. Following falls in the first three quarters of 1998, export volumes rebounded sharply the final quarter of the year. The increase, however, was insufficient to stifle further expansion of the US's widening trade deficit, as

imports of both consumer and producer goods continued to respond to the strength of the domestic economy.

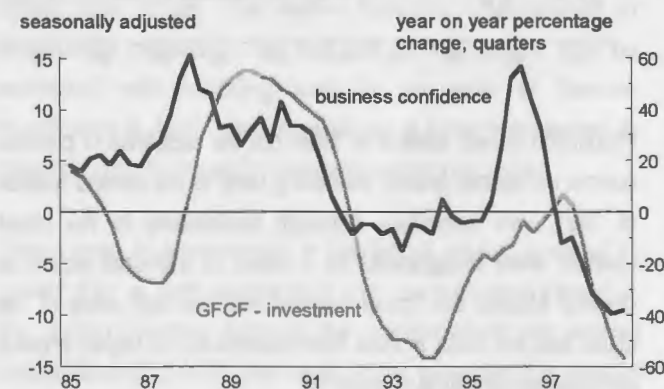
US inflation fell by point one percentage point to 1.5 per cent between the third and final quarters of 1998, before edging up slightly at the start of 1999 to 1.6 per cent. A combination of producer price deflation and modest earnings growth seem to have tempered upward price pressure created by strong growth in demand and tightness in the labour market. However, the rebound in producer price inflation in 1999, for the first time since May 1997, may herald an upturn in inflationary pressure.

Japan

Japan's economy took a further step backwards in the last quarter of 1998 as GDP shrank for the fifth consecutive quarter – GDP fell by 0.8 per cent compared with the previous quarter and by 3.0 per cent on the year before. Domestic activity continued to weaken, albeit at a slower rate, and net trade added to the gloom.

Capital formation retained its position as the largest domestic drag on economic growth in quarter four, ending the fourth quarter 14.0 per cent below the level recorded in the second quarter of 1996. Capital spending, which fell for the eighth consecutive quarter, was hit by the ongoing sharp downturn in business confidence and this has outweighed the benefit of extremely low financing costs as interest rates have tumbled. Three-month interest rates have been below 1.0 per cent since the third quarter of 1995.

Chart 4
Japan - investment and business confidence



Net trade hindered growth in quarter four as exports fell more steeply than imports. The fact that exports weakened so sharply

in 1998, down by 6.3 per cent in the year to quarter four,

highlights Japan's exposure to those countries worst hit by the financial turmoil that recently engulfed the region. Despite this, Japan's external trade remains in surplus and this was little changed in quarter four.

Total consumer spending stabilised in quarter four despite a further fall in retail sales volumes. Attempts made by Japan's monetary and fiscal authorities to arrest the decline - interest rate cuts, public works and announcements of tax rebates - appear to have had little effect. The second round of income tax cuts that came through in August (as announced in the April stimulus package) has made no discernible impact. It appears that Japanese consumers are using the tax cuts to supplement precautionary savings rather than to boost spending.

Evidence of higher government expenditure on increased public works, as announced out in April's stimulus package, has yet to show through. Large percentage increases in government spending may be required to kick-start economic growth; as government spending forms a relatively small part of Japan's GDP, and a greater propensity to save (as a result of increased uncertainty) will reduce the multiplier effects of public spending.

The trend in industrial production continues to signal falls in the latest data, although the rate of fall is less steep than in the latter half of 1998. In the year to February 1999, industrial production fell by 4.7 per cent. The impact on company profits and wages is illustrated by the record-breaking fall in manufacturing earnings in December - the month in which winter bonuses are paid.

Notes

The series presented here are taken from the OECD's Main Economic Indicators and are shown for each of the G7 (except the UK) economies and for the European Union (EU15) countries in aggregate. The definitions and methodologies used conform to SNA 68.

Comparisons of indicators over the same period should be treated with caution, as the length and timing of the economic cycles varies across countries.

1 European Union 15

Contribution to change in GDP														
	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier														
	ILGB	HUDS	HUDT	HUDU	HUDV	HUDW	HUDX	ILGV	ILHP	HYAB	ILAI	ILAR	ILIJ	GADR
1990	3.1	1.7	0.4	0.9	-0.1	1.7	1.6	2.0	1.2	5.7	2.5	6.6	1.6	8.1
1991	1.2	1.4	0.4	0.2	-0.2	0.4	0.9	-0.2	1.8	5.2	2.2	6.8	0.3	8.4
1992	1.0	0.9	0.4	-0.2	-0.1	0.9	0.9	-1.4	0.2	4.4	1.3	5.8	-1.7	9.1
1993	-0.5	-	0.1	-1.4	-0.5	0.4	-0.8	-3.3	-1.2	3.6	1.4	4.2	-2.0	10.7
1994	3.0	1.1	0.2	0.5	0.9	2.5	2.1	5.0	-0.5	3.0	2.2	3.8	-0.2	11.1
1995	2.4	1.1	0.2	0.7	-	2.4	2.1	3.5	-0.2	3.2	4.5	4.1	0.7	10.7
1996	1.8	1.2	0.3	0.3	-0.4	1.7	1.3	0.2	0.8	2.5	0.7	4.1	0.6	10.8
1997	2.7	1.3	-	0.6	0.5	3.2	2.8	3.7	3.0	2.0	0.9	3.0	0.7	10.6
1998	..	..	..	..	..	..	..	3.4	3.3	1.7	-0.3	..	1.4	9.9
1997 Q1	1.8	0.9	0.1	0.5	-0.2	2.1	1.6	2.1	2.3	2.1	0.3	3.8	0.4	10.8
Q2	2.8	1.4	-	0.5	0.5	3.3	2.9	3.3	2.7	1.7	0.7	2.3	0.7	10.7
Q3	3.0	1.2	-	0.6	0.7	3.8	3.2	4.3	3.0	2.0	1.4	3.0	0.8	10.6
Q4	3.3	1.6	-0.1	0.9	0.8	3.4	3.3	5.0	4.0	2.1	1.3	3.0	0.9	10.4
1998 Q1	3.5	1.8	0.2	1.3	0.7	3.0	3.6	4.9	3.2	1.8	0.8	2.2	1.4	10.2
Q2	2.8	1.6	0.2	0.9	0.8	2.3	3.0	4.1	2.6	2.1	0.3	3.7	1.2	10.0
Q3	2.7	1.8	0.3	1.1	0.4	1.5	2.5	3.1	2.9	1.7	-0.6	2.9	1.4	9.9
Q4	..	..	..	..	..	..	..	1.5	4.5	1.4	-1.5	..	1.4	9.7
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1998 Mar	..	..	..	..	..	..	..	4.6	2.9	1.9	0.8	..	..	10.1
Apr	..	..	..	..	..	..	..	3.8	1.9	2.1	0.5	..	..	10.1
May	..	..	..	..	..	..	..	5.0	2.9	2.1	0.2	..	..	10.0
Jun	..	..	..	..	..	..	..	3.6	2.9	2.0	-	..	..	9.9
Jul	..	..	..	..	..	..	..	3.1	2.9	1.9	-0.2	..	..	9.9
Aug	..	..	..	..	..	..	..	3.3	2.9	1.7	-0.7	..	..	9.9
Sep	..	..	..	..	..	..	..	2.9	2.9	1.6	-0.9	..	..	9.8
Oct	..	..	..	..	..	..	..	2.7	1.9	1.6	-1.3	..	..	9.8
Nov	..	..	..	..	..	..	..	2.2	4.8	1.3	-1.5	..	..	9.7
Dec	..	..	..	..	..	..	..	-0.5	6.7	1.3	-1.7	..	..	9.7
1999 Jan	..	..	..	..	..	..	..	..	..	1.2	-1.8	..	..	9.6
Feb	..	..	..	..	..	..	..	..	..	1.1	..	..	..	..
Mar	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGL	HUDY	HUDZ	HUEA	HUEB	HUEC	HUED	ILHF	ILHZ				ILIT	
1997 Q1	0.5	0.3	-	-0.1	0.2	0.4	0.4	0.9	2.0				-1.0	
Q2	1.3	0.6	-	0.4	0.2	1.3	1.3	1.5	1.0				1.1	
Q3	0.7	0.2	-	0.2	-	1.3	0.8	1.6	0.3				0.7	
Q4	0.7	0.5	-0.1	0.4	0.3	0.4	0.8	0.9	0.7				0.1	
1998 Q1	0.7	0.4	0.2	0.4	0.2	-	0.6	0.8	1.2				-0.5	
Q2	0.6	0.4	-	-0.1	0.2	0.6	0.7	0.7	0.4				0.9	
Q3	0.7	0.5	0.1	0.4	-0.4	0.4	0.3	0.6	0.6				0.9	
Q4	..	..	..	..	..	..	..	-0.7	2.2				0.1	
1999 Q1	..	..	..	..	..	..	..	..	..				..
Percentage change on previous month														
								ILKF	ILKP					
1998 Mar								0.4	-					
Apr								0.1	-					
May								0.5	-					
Jun								-0.3	1.9					
Jul								1.2	-					
Aug								-0.4	-0.9					
Sep								-0.7	-					
Oct								1.0	0.9					
Nov								-0.7	0.9					
Dec								-1.8	2.8					
1999 Jan								..	..			
Feb								..	..			
Mar								..	..			

GDP = Gross Domestic Product at constant market prices
PFC = Private Final Consumption at constant market prices
GFC = Government Final Consumption at constant market prices
GFCF = Gross Fixed Capital Formation at constant market prices
ChgStk = Change in Stocks at constant market prices
Exports = Exports of goods and services
Imports = Imports of goods and services
IoP = Industrial Production

Sales = Retail Sales volume
CPI = Consumer Prices, measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Wage Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total labour force
Source: OECD - SNA68

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	Imports	less	IoP	Sales	CPI	PPI	Earnings	Empl ¹	Unempl
Percentage change on a year earlier															
	ILFY	HUBW	HUBX	HUBY	HUBZ	HUCA	HUCB	ILGS	ILHM	HVLL	ILAF	ILAO	ILIG	GABD	
1990	..	..	..	..	..	..	..	5.2	8.2	2.7	1.5	5.0	2.8	..	
1991	..	..	..	..	..	..	..	3.2	5.7	4.1	2.1	6.0	1.9	..	
1992	1.8	1.4	0.8	0.6	-0.4	-0.4	0.3	-2.5	-2.3	5.0	1.6	5.3	-1.3	..	
1993	-1.2	0.2	-0.1	-1.3	-0.2	-1.2	-1.5	-7.6	-4.1	4.5	0.1	5.3	-1.1	7.9	
1994	2.8	0.7	0.4	0.8	0.8	1.9	1.9	3.6	-0.7	2.7	0.7	3.5	-0.4	8.4	
1995	1.3	1.1	0.4	..	-0.1	1.7	1.9	1.0	1.2	1.7	2.2	4.0	-0.1	8.2	
1996	1.3	0.8	0.5	-0.2	-0.4	1.4	0.8	0.4	-0.1	1.4	0.1	3.4	-0.4	8.9	
1997	2.3	0.3	-0.1	..	1.3	3.1	2.3	3.6	-0.7	1.9	0.8	1.1	-0.4	9.9	
1998	2.5	1.1	0.1	0.2	1.4	1.4	1.8	4.5	1.1	1.0	-0.2	1.5	0.5	9.4	
1997 Q1	2.5	0.1	0.2	0.9	1.0	2.2	2.0	2.7	-1.0	1.8	0.3	1.6	-0.6	9.7	
Q2	2.2	0.8	0.1	-0.3	0.6	3.1	2.1	3.3	..	1.5	0.7	0.4	-0.5	9.9	
Q3	2.4	-0.2	-0.3	-0.2	1.9	3.9	2.7	3.9	-2.0	2.3	1.1	1.4	-0.4	10.1	
Q4	2.3	0.5	-0.6	-0.2	1.7	3.2	2.3	4.6	..	2.1	1.0	1.0	-0.1	10.1	
1998 Q1	3.4	1.1	0.1	0.9	0.6	2.6	2.0	6.3	2.3	1.2	0.6	0.4	0.2	9.8	
Q2	2.3	0.3	-0.1	-0.1	2.5	2.2	2.4	5.0	-2.3	1.4	0.2	2.1	0.4	9.5	
Q3	2.7	1.4	0.1	0.2	1.6	1.0	1.6	5.1	1.9	0.7	-0.4	1.2	0.7	9.3	
Q4	1.8	1.4	0.3	-0.1	1.1	..	1.0	1.8	2.4	0.4	-1.0	2.2	0.7	9.1	
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1998 Mar	..	..	..	..	..	..	..	6.2	8.3	1.2	0.6	..	..	9.8	
Apr	..	..	..	..	..	..	..	4.8	-4.8	1.5	0.4	..	..	9.6	
May	..	..	..	..	..	..	..	6.9	1.0	1.4	0.3	..	..	9.5	
Jun	..	..	..	..	..	..	..	3.2	-2.9	1.4	..	..	..	9.4	
Jul	..	..	..	..	..	..	..	4.2	2.0	0.9	..	..	..	9.3	
Aug	..	..	..	..	..	..	..	7.1	2.1	0.6	-0.5	..	..	9.3	
Sep	..	..	..	..	..	..	..	4.2	1.0	0.6	-0.6	..	..	9.2	
Oct	..	..	..	..	..	..	..	3.6	-2.0	0.5	-0.8	..	..	9.1	
Nov	..	..	..	..	..	..	..	1.2	5.5	0.5	-1.0	..	..	9.1	
Dec	..	..	..	..	..	..	..	0.4	4.3	0.4	-1.2	..	..	9.2	
1999 Jan	..	..	..	..	..	..	..	..	-1.4	0.2	..	..	..	9.1	
Feb	..	..	..	..	..	..	..	..	..	0.2	..	..	..	..
Mar	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter															
	ILGI	HUCC	HUCD	HUCE	HUCF	HUCG	HUCH	ILHC	ILHW					ILIQ	
1997 Q1	0.3	-0.1	0.1	-0.6	1.2	0.5	0.8	0.6	0.7					-1.9	
Q2	1.0	0.7	0.1	0.2	-0.8	0.9	0.2	1.4	2.6					0.9	
Q3	0.5	-0.5	-0.2	0.1	0.6	1.4	0.9	1.6	-3.0					0.6	
Q4	0.5	0.4	-0.5	0.1	0.7	0.3	0.5	0.9	-0.3					0.3	
1998 Q1	1.3	0.5	0.8	0.5	0.1	-0.1	0.5	2.2	3.1					-1.6	
Q2	..	-0.2	-0.1	-0.8	1.0	0.6	0.6	0.2	-2.0					1.1	
Q3	0.9	0.7	..	0.4	-0.3	0.2	0.1	1.7	1.2					0.9	
Q4	-0.4	0.5	-0.3	-0.2	0.2	-0.7	-0.1	-2.3	0.2					0.3	
1999 Q1	..	..	..	..	..	..	..	..	..					..
Percentage change on previous month															
								ILKC	ILKM						
1998 Mar								1.4	4.0						
Apr								-1.1	-3.8						
May								1.1	-2.0						
Jun								-1.0	1.0						
Jul								3.4	3.0						
Aug								-0.6	-2.9						
Sep								-2.8	..						
Oct								1.1	..						
Nov								-2.3	4.4						
Dec								0.2	-4.2						
1999 Jan								..	-1.5						
Feb								..	..				
Mar								..	..				

GDP = Gross Domestic Product at constant market prices
PFC = Private Final Consumption at constant market prices
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CPI = Consumer Prices measurement not uniform among countries
PPI = Producer Prices (manufacturing)
Earnings = Average Earnings (manufacturing), definitions of coverage and treatment vary among countries
Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment rates: percentage of total workforce

Source: OECD - SNA68

1 Excludes members of armed forces

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI ¹	Earnings	Empl ²	Unempl
Percentage change on a year earlier														
	ILFZ	HUBK	HUBL	HUBM	HUBN	HUBO	HUBP	ILGT	ILHN	HXAA	ILAG	ILAP	ILIH	GABC
1990	2.5	1.6	0.4	0.6	0.2	1.3	1.6	1.5	1.9	3.5	-0.9	4.9	0.8	8.9
1991	0.8	0.8	0.5	-	-0.7	1.0	0.8	-1.2	-0.2	3.2	-1.2	4.7	0.1	9.5
1992	1.2	0.8	0.6	-0.6	-0.6	1.3	0.3	-1.2	0.3	2.4	-1.1	4.0	-0.7	10.4
1993	-1.3	0.1	0.6	-1.5	-1.5	-0.1	-1.0	-3.8	0.2	2.1	-2.1	2.5	-1.2	11.7
1994	2.8	0.8	0.2	0.3	1.7	1.6	1.8	3.9	-0.1	1.7	1.2	1.9	0.1	12.3
1995	2.1	1.0	-	0.5	0.3	1.8	1.4	2.0	-	1.7	5.2	2.4	0.9	11.7
1996	1.5	1.2	0.5	-0.1	-0.7	1.5	0.9	0.2	-0.3	2.1	-2.7	2.4	0.2	12.4
1997	2.3	0.5	0.2	0.1	0.1	3.8	2.4	3.9	1.0	1.1	-0.5	2.8	0.5	12.4
1998	3.2	2.2	0.2	0.8	0.3	2.1	2.5	4.5	2.6	0.8	-0.9	2.3	1.5	11.9
1997 Q1	1.1	-0.3	0.3	-0.1	0.1	2.0	0.9	0.5	-1.3	1.5	-2.3	3.0	0.1	12.4
Q2	2.5	0.4	0.3	-	-0.1	4.5	2.6	3.6	0.7	0.9	-0.9	2.7	0.3	12.4
Q3	2.6	0.5	0.2	0.2	0.3	4.6	3.2	5.1	1.8	1.3	0.3	2.8	0.7	12.4
Q4	3.0	1.5	0.2	0.2	-0.1	4.1	2.8	6.2	2.8	1.1	0.7	2.8	1.0	12.3
1998 Q1	3.8	2.0	0.2	0.8	0.7	3.8	3.6	7.2	2.2	0.8	0.6	2.6	1.3	12.1
Q2	3.4	2.6	0.2	0.7	0.6	1.9	2.6	5.3	3.1	1.1	-0.3	2.4	1.5	11.9
Q3	2.9	2.3	0.2	0.8	-	1.8	2.2	3.3	2.3	0.7	-1.3	2.0	1.7	11.9
Q4	2.8	2.1	0.2	1.0	0.2	0.9	1.5	2.5	2.8	0.4	-2.3	2.0	1.5	11.8
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1998 Mar	..	..	..	..	..	..	..	8.5	-0.5	1.0	0.6	..	..	12.0
Apr	..	..	..	..	..	..	..	4.2	3.7	1.1	-	..	..	11.9
May	..	..	..	..	..	..	..	5.9	1.0	1.0	-0.3	..	..	11.9
Jun	..	..	..	..	..	..	..	6.0	4.9	1.1	-0.7	..	..	11.8
Jul	..	..	..	..	..	..	..	3.3	2.9	1.0	-1.0	..	..	11.9
Aug	..	..	..	..	..	..	..	3.3	2.1	0.7	-1.3	..	..	11.9
Sep	..	..	..	..	..	..	..	3.4	1.9	0.5	-1.6	..	..	11.9
Oct	..	..	..	..	..	..	..	2.0	2.4	0.5	-2.1	..	..	11.8
Nov	..	..	..	..	..	..	..	4.4	4.5	0.3	-2.3	..	..	11.8
Dec	..	..	..	..	..	..	..	1.3	1.6	0.3	-2.5	..	..	11.7
1999 Jan	..	..	..	..	..	..	..	2.3	0.3	0.3	-2.7	..	..	11.6
Feb	..	..	..	..	..	..	..	..	..	0.2	-3.0	..	..	..
Mar	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGJ	HUBQ	HUBR	HUBS	HUBT	HUBU	HUBV	ILHD	ILHX				ILIR	
1997 Q1	0.1	0.1	-	-0.3	-0.4	0.6	-0.1	-0.1	0.4				0.1	
Q2	1.2	0.1	-	0.3	0.2	2.0	1.4	3.1	0.1				0.2	
Q3	0.9	0.7	-	0.1	0.1	1.1	1.2	2.2	1.3				0.3	
Q4	0.8	0.6	0.1	0.1	-	0.3	0.3	0.9	1.0				0.4	
1998 Q1	0.8	0.5	0.1	0.3	0.4	0.3	0.8	0.8	-0.2				0.4	
Q2	0.9	0.7	0.1	0.3	0.1	0.2	0.4	1.3	1.0				0.4	
Q3	0.4	0.4	0.1	0.2	-0.5	1.0	0.7	0.3	0.5				0.5	
Q4	0.7	0.4	-	0.3	0.2	-0.6	-0.3	0.1	1.5				0.2	
1999 Q1	..	..	..	..	..	..	..	..	..				..
Percentage change on previous month														
								ILKD	ILKN					
1998 Mar								1.8	-1.7					
Apr								-0.4	3.7					
May								0.6	-1.2					
Jun								0.4	1.3					
Jul								-0.1	0.9					
Aug								-	-1.0					
Sep								-0.2	-0.6					
Oct								0.6	2.7					
Nov								0.1	-0.6					
Dec								-1.2	-0.3					
1999 Jan								0.6	0.6					
Feb												
Mar												

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IoP = Index of Production

1 Producer prices in intermediate goods
2 Excludes members of armed forces

Source: OECD - SNA68

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	Imports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl	Unempl
Percentage change on a year earlier															
	ILGA	HUCI	HUCJ	HUCK	HUCL	HUCM	HUCN	ILGU	ILHO	HYAA	ILAH	ILAQ	ILII	GABE	
1990	2.2	1.5	0.2	0.7	0.1	1.2	1.6	-0.5	-2.2	6.0	4.2	7.3	1.4	9.1	
1991	1.1	1.7	0.3	0.2	-0.3	-0.1	0.5	-0.9	3.2	6.5	3.3	9.7	1.3	8.8	
1992	0.6	0.7	0.2	-0.4	0.1	1.1	1.1	-1.3	1.8	5.3	1.9	5.4	-1.1	9.0	
1993	-1.2	-1.5	0.1	-2.5	-0.6	1.7	-1.7	-2.1	-2.9	4.2	3.7	3.7	-4.1	10.3	
1994	2.2	0.9	-0.1	0.1	0.6	2.3	1.6	6.3	-6.0	3.9	3.8	3.3	-1.8	11.4	
1995	2.9	1.2	-0.2	1.2	-	2.7	1.9	6.1	-4.9	5.4	7.9	3.1	-0.5	11.9	
1996	0.7	0.5	-	0.1	-0.3	-0.1	-0.4	-2.9	-2.4	3.8	1.8	3.1	0.4	12.0	
1997	1.5	1.4	-0.1	0.1	1.0	1.6	2.5	2.8	7.0	1.8	1.3	3.6	-	12.1	
1998	..	..	..	..	..	..	..	0.8	..	1.7	0.1	..	0.5	..	
1997 Q1	-0.9	1.2	-0.2	-0.3	-1.5	-0.8	-0.6	0.1	4.1	2.4	0.9	3.9	-0.1	12.2	
Q2	2.0	1.6	-0.2	-0.1	2.2	1.8	3.3	2.4	7.2	1.7	1.1	3.8	0.1	12.1	
Q3	2.2	1.7	-0.1	0.2	1.4	3.0	4.0	3.2	8.7	1.6	1.7	3.4	-	12.1	
Q4	2.8	1.3	-	0.5	1.8	2.3	3.1	5.3	8.0	1.6	1.5	3.3	-	12.1	
1998 Q1	2.5	0.8	0.1	0.7	2.4	3.0	4.5	3.3	2.4	1.7	1.1	2.1	0.6	12.1	
Q2	1.2	0.7	0.2	0.4	0.8	1.4	2.3	1.3	4.2	1.7	0.6	3.1	0.1	12.3	
Q3	1.2	1.0	0.2	0.4	0.3	-	0.8	0.5	..	1.8	-0.2	..	0.6	12.3	
Q4	..	..	..	..	..	..	..	-1.6	..	1.5	-1.1	..	0.8	..	
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	..	1.0	..	
1998 Mar	..	..	..	..	..	..	..	1.3	2.1	1.7	0.9	2.8	..	12.1	
Apr	..	..	..	..	..	..	..	0.7	3.2	1.8	0.9	3.0	..	12.2	
May	..	..	..	..	..	..	..	2.9	4.3	1.7	0.6	3.2	..	12.3	
Jun	..	..	..	..	..	..	..	0.3	5.1	1.8	0.4	3.0	..	12.3	
Jul	..	..	..	..	..	..	..	1.5	3.2	1.8	0.2	2.5	..	12.3	
Aug	..	..	..	..	..	..	..	-1.6	3.1	1.9	-0.2	3.0	..	12.3	
Sep	..	..	..	..	..	..	..	1.5	..	1.8	-0.6	..	..	12.3	
Oct	..	..	..	..	..	..	..	1.6	..	1.7	-0.9	..	..	12.3	
Nov	..	..	..	..	..	..	..	-0.3	..	1.5	-1.2	..	..	..
Dec	..	..	..	..	..	..	..	-6.3	..	1.5	-1.3	..	..	..
1999 Jan	..	..	..	..	..	..	..	..	..	1.3	-1.6	..	..	..
Feb	..	..	..	..	..	..	..	..	..	1.2	-1.8	..	..	..
Mar	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter															
	ILGK	HUCO	HUCP	HUCQ	HUCR	HUCS	HUCT	ILHE	ILHY					ILIS	
1997 Q1	0.1	0.7	-0.1	-	-	-1.3	-0.8	1.9	7.2					-1.6	
Q2	1.9	0.4	-	0.2	1.7	2.2	2.6	1.8	0.7					1.4	
Q3	0.5	0.2	-	0.2	-0.5	1.5	0.9	0.6	1.1					1.1	
Q4	0.3	-	-	0.2	0.6	-0.2	0.3	0.9	-1.0					-0.8	
1998 Q1	-0.1	0.1	0.1	0.1	0.6	-0.5	0.5	-	1.7					-1.0	
Q2	0.6	0.4	0.1	-0.1	-	0.6	0.4	-0.2	2.5					0.9	
Q3	0.5	0.6	0.1	0.2	-0.9	0.1	-0.5	-0.3	..					1.6	
Q4	..	..	..	..	..	..	..	-1.2	..					-0.6	
1999 Q1	..	..	..	..	..	..	..	..	..					-0.8	
Percentage change on previous month															
								ILKE	ILKO						
1998 Mar								-0.9	-1.0						
Apr								-0.2	-						
May								2.5	1.0						
Jun								-2.2	6.2						
Jul								0.8	-4.9						
Aug								-1.6	1.0						
Sep								1.7	..						
Oct								1.3	..						
Nov								-1.4	..						
Dec								-6.1	..						
1999 Jan													
Feb													
Mar													

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Source: OECD - SNA68

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP	Sales	CPI	PPI	Earnings	Empl ¹	Unempl
Percentage change on a year earlier														
	ILGC	HUDG	HUDH	HUDI	HUDJ	HUDK	HUDL	ILGW	ILHQ	ILAA	ILAJ	ILAS	ILIK	GADO
1990	1.2	1.1	0.4	-0.2	-0.4	0.7	0.4	-0.2	0.6	5.4	4.9	3.2	1.2	5.6
1991	-0.9	-0.4	0.2	-1.1	-0.2	0.6	-0.1	-2.0	-2.5	4.2	2.1	3.3	-0.9	6.8
1992	2.7	1.9	—	0.8	0.2	0.6	0.8	3.2	3.2	3.1	1.3	2.4	0.7	7.5
1993	2.3	2.0	—	0.8	0.2	0.3	1.0	3.5	4.5	3.0	1.3	2.4	1.4	6.9
1994	3.5	2.2	0.1	1.1	0.6	0.8	1.4	5.4	5.7	2.6	0.6	2.8	2.4	6.1
1995	2.3	1.8	-0.1	0.8	-0.5	1.2	1.1	5.0	3.1	2.7	2.0	2.7	1.4	5.6
1996	3.4	2.2	0.1	1.4	—	1.0	1.2	4.4	4.6	3.0	2.6	3.1	1.5	5.4
1997	3.9	2.3	0.2	1.3	0.5	1.6	1.9	6.0	4.2	2.3	0.4	3.1	2.2	4.9
1998	3.9	3.3	0.2	1.8	-0.1	0.2	1.6	3.7	6.5	1.5	-0.9	2.5	1.5	4.5
1997 Q1	4.1	2.3	0.3	1.3	0.6	1.4	1.8	6.3	4.8	2.9	2.0	3.4	2.5	5.2
Q2	3.6	1.8	0.2	1.2	0.7	1.7	2.0	5.4	3.1	2.3	0.4	2.8	2.4	5.0
Q3	4.1	2.5	0.2	1.4	—	2.0	2.0	5.8	4.8	2.2	-0.1	2.5	2.1	4.9
Q4	3.8	2.5	0.2	1.3	0.5	1.2	2.0	6.6	4.0	1.9	-0.8	3.4	2.0	4.7
1998 Q1	4.2	2.8	0.1	1.8	0.5	0.9	1.9	5.4	5.1	1.4	-1.5	3.1	1.9	4.6
Q2	3.6	3.6	0.2	1.9	-0.5	0.1	1.7	4.6	7.6	1.6	-0.7	2.5	1.5	4.4
Q3	3.5	3.2	0.1	1.5	0.1	-0.3	1.3	2.9	5.6	1.6	-0.6	2.5	1.2	4.5
Q4	4.3	3.6	0.3	1.9	-0.3	0.1	1.5	1.9	7.8	1.5	-0.5	1.9	1.4	4.4
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	1.9	1.7	4.3
1998 Mar	..	..	..	..	..	..	..	5.1	5.4	1.3	-1.5	2.5	1.6	4.7
Apr	..	..	..	..	..	..	..	4.9	7.0	1.5	-0.9	2.5	1.7	4.3
May	..	..	..	..	..	..	..	5.1	8.2	1.7	-0.7	2.5	1.5	4.4
Jun	..	..	..	..	..	..	..	3.5	7.5	1.7	-0.6	2.5	1.4	4.5
Jul	..	..	..	..	..	..	..	2.7	5.5	1.7	-0.3	1.7	1.1	4.5
Aug	..	..	..	..	..	..	..	3.6	5.1	1.6	-0.7	2.5	1.0	4.5
Sep	..	..	..	..	..	..	..	2.6	6.1	1.5	-0.9	3.3	1.5	4.5
Oct	..	..	..	..	..	..	..	2.4	7.5	1.5	-0.6	1.6	1.4	4.5
Nov	..	..	..	..	..	..	..	1.8	7.8	1.5	-0.6	2.4	1.2	4.4
Dec	..	..	..	..	..	..	..	1.6	8.1	1.5	-0.1	1.6	1.5	4.3
1999 Jan	..	..	..	..	..	..	..	1.6	..	1.6	0.9	1.6	1.9	4.3
Feb	..	..	..	..	..	..	..	1.8	..	1.6	0.5	1.6	1.7	4.4
Mar	..	..	..	..	..	..	..	..	..	..	..	2.4	1.6	4.2
Percentage change on previous quarter														
	ILGM	HUDM	HUDN	HUDO	HUDP	HUDQ	HUDR	ILHG	ILIA				ILIU	
1997 Q1	1.0	0.7	—	0.3	0.3	0.3	0.6	1.6	1.8				-0.8	
Q2	1.0	0.3	0.1	0.4	0.3	0.5	0.6	1.4	-0.2				2.0	
Q3	1.0	1.0	—	0.5	-0.4	0.3	0.5	1.8	2.1				0.9	
Q4	0.7	0.5	—	0.1	0.2	0.1	0.2	1.5	0.4				—	
1998 Q1	1.4	1.0	-0.1	0.8	0.3	-0.1	0.6	0.5	2.8				-1.0	
Q2	0.5	1.0	0.2	0.5	-0.7	-0.3	0.4	0.7	2.2				1.6	
Q3	0.9	0.7	—	0.2	0.2	-0.1	0.1	0.2	0.1				0.6	
Q4	1.5	0.8	0.2	0.5	-0.2	0.6	0.5	0.5	2.5				0.2	
1999 Q1	..	..	..	..	..	..	..	..	..				-0.6	
Percentage change on previous month														
								ILKG	ILKQ				ILLA	
1998 Mar								0.4	0.5				0.6	
Apr								0.5	0.6				0.5	
May								0.5	1.2				0.5	
Jun								-1.0	0.3				0.5	
Jul								-0.1	-0.7				0.4	
Aug								1.4	0.1				-0.4	
Sep								-0.4	0.6				-0.3	
Oct								0.4	1.2				0.5	
Nov								-0.1	0.8				0.1	
Dec								0.1	0.8				0.1	
1999 Jan								—	..				-1.0	
Feb								0.1	..				0.2	
Mar											0.5	

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Source: OECD - SNA68

1 Excludes members of armed forces

Contribution to change in GDP

	GDP	PFC	GFC	GFCF	ChgStk	Exports	less Imports	IoP ¹	Sales	CPI	PPI	Earnings ²	Empl	Unempl
Percentage change on a year earlier														
	ILGD	HUCU	HUCV	HUCW	HUCX	HUCY	HUCZ	ILGX	ILHR	ILAB	ILAK	ILAT	ILIL	GADP
1990	5.2	2.6	0.1	2.6	-0.2	0.7	0.8	4.7	5.2	3.1	1.6	5.1	1.9	2.1
1991	3.8	1.5	0.2	1.1	0.3	0.6	-0.3	2.3	2.5	3.3	1.1	3.5	1.9	2.1
1992	1.0	1.2	0.2	-0.5	-0.4	0.5	-	-5.5	-0.2	1.6	-0.9	1.3	1.1	2.1
1993	0.3	0.7	0.2	-0.6	-0.2	0.2	-	-4.7	-2.9	1.2	-1.7	0.4	0.2	2.5
1994	0.7	1.1	0.2	-0.2	-0.2	0.5	0.8	1.3	0.3	0.8	-1.7	2.2	-	2.9
1995	1.4	1.2	0.3	0.4	0.2	0.7	1.4	3.2	0.1	-0.1	-0.7	3.0	0.1	3.1
1996	5.2	1.7	0.2	3.4	0.4	0.8	1.3	2.4	0.7	0.1	-1.8	2.6	0.5	3.4
1997	1.4	0.6	0.1	-0.7	-0.1	1.4	0.1	3.6	-2.0	1.8	0.7	3.0	1.1	3.4
1998	-2.9	-0.7	0.1	-2.7	-0.1	-0.3	-0.9	-6.5	-5.2	0.6	-1.4	-0.8	-0.7	4.1
1997 Q1	3.8	2.7	-	0.6	-0.4	1.5	0.6	5.2	5.4	0.6	-0.9	5.1	1.6	3.3
Q2	0.9	-0.2	0.2	-1.0	-	2.0	0.1	5.8	-4.8	2.1	1.3	2.6	1.4	3.4
Q3	1.7	0.6	0.4	-0.8	0.1	1.4	-	4.0	-3.7	2.1	1.3	2.4	0.7	3.4
Q4	-0.8	-0.6	-0.1	-1.5	-	1.0	-0.4	-0.6	-5.0	2.1	1.1	2.0	0.7	3.5
1998 Q1	-3.6	-2.4	0.2	-2.4	0.2	0.3	-0.6	-3.6	-9.9	2.0	0.4	-0.3	-	3.7
Q2	-1.8	0.5	-	-2.7	-0.1	-0.5	-1.0	-7.9	-2.1	0.4	-1.9	-0.5	-0.8	4.1
Q3	-3.1	-0.5	-	-3.0	-0.3	-0.2	-1.0	-7.9	-3.2	-0.2	-1.9	-1.7	-0.9	4.2
Q4	-3.0	-	0.1	-2.9	-0.3	-0.9	-1.0	-6.3	-4.9	0.5	-2.0	-0.6	-1.0	4.4
1999 Q1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1998 Mar	..	..	..	..	..	..	..	-4.8	-15.5	2.2	0.1	0.1	-0.3	3.8
Apr	..	..	..	..	..	..	..	-6.1	-1.1	0.5	-2.0	-0.3	-0.7	4.1
May	..	..	..	..	..	..	..	-10.5	-2.1	0.5	-1.9	-0.3	-0.5	4.1
Jun	..	..	..	..	..	..	..	-7.2	-3.2	0.1	-1.9	-1.1	-1.1	4.2
Jul	..	..	..	..	..	..	..	-8.5	-3.2	-0.1	-1.9	-2.3	-1.1	4.1
Aug	..	..	..	..	..	..	..	-8.3	-3.2	-0.3	-1.9	-2.8	-0.7	4.3
Sep	..	..	..	..	..	..	..	-7.1	-3.2	-0.2	-2.0	-	-1.0	4.3
Oct	..	..	..	..	..	..	..	-7.4	-6.3	0.2	-2.0	0.4	-1.1	4.3
Nov	..	..	..	..	..	..	..	-5.2	-3.2	0.7	-2.1	1.8	-0.8	4.5
Dec	..	..	..	..	..	..	..	-6.1	-5.3	0.6	-2.0	-4.1	-1.0	4.4
1999 Jan	..	..	..	..	..	..	..	-7.5	-5.3	0.3	-2.2	-2.3	-1.2	4.5
Feb	..	..	..	..	..	..	..	-4.7	-3.2	-0.1	-2.1	0.3	-1.2	4.6
Mar	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDC	HUDD	HUDE	HUDF	ILHH	ILIB				ILIV	
1997 Q1	1.6	2.1	-0.2	-0.2	-0.2	0.3	0.1	1.9	5.0				-0.9	
Q2	-2.5	-3.0	0.2	-0.7	0.3	0.5	-0.2	-0.2	-9.9				2.9	
Q3	1.0	0.9	0.1	-0.1	0.1	-	-0.1	-	0.7				-0.3	
Q4	-0.9	-0.5	-0.2	-0.5	-0.1	0.2	-0.2	-2.2	-0.4				-1.0	
1998 Q1	-1.2	0.2	0.1	-1.1	-0.1	-0.4	-0.1	-1.2	-0.3				-1.5	
Q2	-0.7	-0.1	-	-1.0	-0.1	-0.3	-0.7	-4.7	-2.1				2.1	
Q3	-0.3	-0.1	0.1	-0.4	-0.1	0.3	-	-	-0.3				-0.5	
Q4	-0.8	-	-0.1	-0.4	-	-0.5	-0.2	-0.5	-2.2				-1.0	
1999 Q1	..	..	..	..	..	..	..	..	..				..
Percentage change on previous month														
								ILKH	ILKR				ILLB	
1998 Mar								-2.2	-1.1				0.9	
Apr								-1.4	-1.1				1.0	
May								-1.8	-				1.1	
Jun								1.7	-				0.1	
Jul								-0.8	-				-0.5	
Aug								-1.2	-				-0.5	
Sep								3.2	-1.1				-0.3	
Oct								-1.1	-1.1				-	
Nov								-2.1	-				-0.7	
Dec								1.1	-1.1				-0.6	
1999 Jan								0.6	1.1				-1.0	
Feb								-0.6	1.1				-0.7	
Mar								

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1 Not adjusted for unequal number of working days in a month
2 Figures monthly and seasonally adjusted

Source: OECD - SNA68

7 World trade in goods¹

	Export of manufactures			Import of manufactures			Export of goods			Import of goods			Total trade	
	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	Total	OECD	Other	manufactures	goods
Percentage change on a year earlier														
	ILIZ	ILJA	ILJB	ILJC	ILJD	ILJE	ILJF	ILJG	ILJH	ILJI	ILJJ	ILJK	ILJL	ILJM
1990	5.9	5.9	5.5	5.5	5.5	5.4	4.5	5.6	1.6	4.5	5.2	2.8	5.7	4.5
1991	3.8	2.5	9.6	5.2	3.5	10.0	4.0	3.5	5.2	4.5	3.2	8.1	4.5	4.2
1992	4.5	3.7	7.7	5.1	4.5	6.7	4.5	3.8	6.1	5.0	4.3	6.7	4.8	4.7
1993	4.2	1.9	13.1	3.3	1.1	9.3	4.2	2.5	8.5	3.7	1.4	9.6	3.8	3.9
1994	11.2	10.2	14.7	12.3	12.8	11.1	10.1	9.2	12.2	10.6	10.7	10.3	11.7	10.3
1995	9.9	9.8	10.2	9.8	9.3	11.2	8.7	8.7	8.8	8.3	7.3	10.7	9.9	8.5
1996	5.6	6.4	3.0	5.6	7.0	2.2	5.0	6.0	2.7	5.1	6.1	2.6	5.6	5.0
1997	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1995 Q1	13.5	13.5	13.6	13.8	14.0	13.1	11.5	12.1	10.1	11.8	11.4	12.9	13.6	11.7
Q2	10.7	10.9	9.9	12.3	11.6	14.0	9.2	9.6	7.9	10.8	9.7	13.9	11.5	10.0
Q3	9.3	9.8	7.5	10.5	9.5	13.1	8.1	8.5	6.8	9.2	7.8	12.9	9.9	8.6
Q4	7.4	7.7	6.4	7.7	6.7	10.4	6.6	6.6	6.7	6.3	5.0	9.9	7.6	6.4
1996 Q1	6.3	6.7	5.1	7.9	7.8	8.2	6.1	6.0	6.4	7.0	6.8	7.4	7.1	6.5
Q2	5.9	6.4	4.2	6.2	6.3	6.0	6.1	6.0	6.3	5.6	5.9	5.0	6.1	5.9
Q3	7.2	7.8	4.6	8.0	8.8	5.6	7.2	7.5	6.5	6.8	7.7	4.5	7.6	7.0
Q4	8.7	9.3	6.2	8.4	8.9	7.0	8.4	8.9	7.0	7.7	8.4	6.0	8.5	8.0
1997 Q1	8.6	8.7	8.1	7.9	7.9	7.9	7.9	8.0	7.8	7.1	7.1	7.1	8.2	7.5
Q2	12.6	13.4	9.5	11.7	12.7	9.2	11.2	12.3	8.3	9.8	10.3	8.6	12.1	10.5
Q3	13.6	14.7	9.6	11.2	11.8	9.6	11.5	12.7	8.0	9.8	10.0	9.2	12.4	10.6
Q4	11.3	12.0	8.9	10.8	11.3	9.4	9.7	10.5	7.6	9.5	9.7	8.9	11.1	9.6
1998 Q1	9.1	10.0	5.3	..	11.7	..	..	9.2	..	..	10.3	..	..	..
Q2	4.9	4.9	4.8	..	8.5	..	..	4.7	..	..	7.4	..	..	..
Q3	..	2.6	..	..	7.3	..	..	2.6	..	..	6.1	..	..	..
Percentage change on previous quarter														
	ILJN	ILJO	ILJP	ILJQ	ILJR	ILJS	ILJT	ILJU	ILJV	ILJW	ILJX	ILJY	ILJZ	ILKA
1995 Q1	3.1	3.5	1.9	2.0	1.5	3.4	2.5	2.8	1.7	1.4	0.7	3.4	2.6	2.0
Q2	1.4	1.3	1.9	2.4	2.1	3.3	1.1	0.9	1.6	2.4	2.1	3.3	1.9	1.8
Q3	1.1	1.0	1.4	1.2	0.9	2.2	1.3	1.1	1.6	1.2	0.9	2.1	1.2	1.2
Q4	1.6	1.8	1.0	1.8	2.1	1.1	1.6	1.6	1.6	1.1	1.2	0.9	1.7	1.3
1996 Q1	2.1	2.5	0.6	2.2	2.5	1.3	2.0	2.2	1.3	2.1	2.5	1.0	2.2	2.0
Q2	1.0	1.0	1.1	0.8	0.6	1.2	1.1	0.9	1.6	1.1	1.2	0.9	0.9	1.1
Q3	2.2	2.3	1.8	2.9	3.3	1.8	2.4	2.5	1.9	2.3	2.6	1.6	2.6	2.3
Q4	3.0	3.2	2.5	2.2	2.1	2.4	2.7	2.9	2.1	2.0	1.9	2.3	2.6	2.3
1997 Q1	2.0	1.9	2.5	1.8	1.7	2.2	1.6	1.4	2.0	1.5	1.3	2.1	1.9	1.5
Q2	4.7	5.3	2.4	4.3	5.1	2.4	4.1	4.9	2.0	3.7	4.3	2.3	4.5	3.9
Q3	3.2	3.5	1.9	2.4	2.5	2.3	2.6	3.0	1.7	2.3	2.3	2.2	2.8	2.4
Q4	1.0	0.8	1.8	1.8	1.7	2.2	1.1	0.9	1.7	1.7	1.5	2.1	1.4	1.4
1998 Q1	-0.1	0.1	-0.9	..	2.1	..	..	0.2	..	..	1.8	..	..	..
Q2	0.7	0.4	1.9	..	2.1	..	..	0.6	..	..	1.6	..	..	..
Q3	..	1.2	..	..	1.3	..	..	0.9	..	..	1.0	..	..	..

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

Source: OECD - SNA68

Regional Economic Indicators - May 1999

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Overview

The South East and South West continued to account for an increasing share of UK GDP in 1997 with London's share continuing to decline. However, London was the richest region in terms of GDP per head in 1997.

In the UK, industrial production fell and construction remained flat over the third and fourth quarters of 1998. In the third quarter, Scottish industrial production fell and in Northern Ireland, industrial production rose while construction fell in the third quarter.

CBI/BSL manufacturing survey responses for January suggest an improvement from the October survey but balances are still low. The most marked improvements are in the South East and the South West. On the other hand, the North West may have declined further. Employees in employment rose in the second, third and fourth quarters of 1998. The claimant count, which is seasonally adjusted, has remained flat since August 1997.

House prices declined by 0.4 per cent in the fourth quarter of 1998, following 9.9 per cent growth from quarter one to quarter three.

GDP at Factor Cost

Regional data for GDP at factor cost in 1997 has recently become available and is presented in Tables 1 and 2.

In Table 1, the most notable changes in the percentage shares of UK GDP figures occur in the southern rim of the UK in London, the South East and the South West over the past six years. The South West and South East continue to increase their shares in 1997 as London's share falls. The South East replaced London in making the most significant contribution to GDP in 1996.

Table 2 shows that London remains the richest region on the basis of GDP per head, though it grew at the lowest rate of only 3.7 per cent in 1997, compared to 5.4 per cent nationally, 5.8 per cent in the South East and the highest rate of 7.4 per cent in the South West.

Table 1 also shows Scotland's share of UK GDP continuing to fall with a corresponding rise in England's share. Looking at GDP per head we see growth of 3.9 per cent in Scotland in 1997 compared with rises of 5.5 per cent in England, 5.1 per cent in Wales and 5.6 per cent in Northern Ireland. However, Scottish GDP grew at a faster rate than the UK for six years up to 1995.

Industrial Production and Construction

UK industrial **production** output fell by 0.9 per cent between the third and fourth quarters, reflecting manufacturing output which fell by 1.3 per cent. Over the year to quarter three, UK production output rose by 0.5 per cent.

UK **construction** output has remained flat over the third and fourth quarters, having fallen by 3.2 per cent in quarter two from a peak in quarter one. Over the year to quarter four, it fell by 0.8 per cent though it remains at a higher level than at any quarter between the last quarter of 1990 and the last quarter of 1997.

Scotland's industrial production fell by 1.0 per cent into the third quarter, with year on year growth falling by 1.1 per cent. However, its growth from 1995 remains considerably higher than that of the UK as a whole.

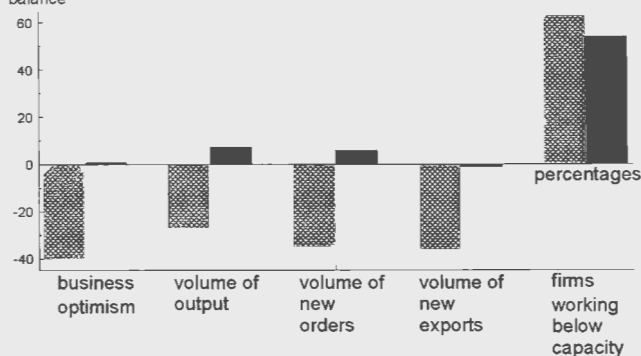
Northern Ireland's industrial production grew by 0.5 per cent into the third quarter, and by 3.4 per cent compared with the same quarter of 1997. Construction output fell back by 2.2 per cent in quarter three to the same level as in quarter one, though year-on-year growth was strong at 10.2 per cent. Northern Ireland's figures are likely to be influenced by the development of the peace process there, particularly in that construction indicates the initiation of new economic activity.

Manufacturing

Tables 16 to 20 show that CBI/BSL balances improved in January, having fallen sharply in recent surveys. However, they remain at low levels. Chart 1 shows that the balances for the January 1999 survey are considerably lower than average balances since the January 1993 survey. The extent of the recovery varies between the regions, though the South East and the South West have improved most obviously. Balances suggest that the North West may have worsened in the four months to January. Overall expectations are of a more marked improvement over the next four months, and these expectations of improvements are particularly strong in the North West.

Chart 1
CBI business surveys

blue bars = balances for January 1999; black bars = average from surveys from January 1993



UK manufacturing output, as measured by CBI/BSL balances for **volume of output**, recovered slightly in the four months to January. However, this was driven by the South West, Northern Ireland and, in particular, the South East. The majority of regions actually saw their balances decline. Declines were most marked in the North West, the North and the West Midlands. Balances in York and the Humber, the South West and the West Midlands remain the most strongly negative. No regions have recorded a positive balance for the last three surveys apart from Northern Ireland in the July survey.

The overall CBI/BSL balance for **volume of new orders** has improved. However, this was from an October balance that was the lowest since the October survey of 1991. A majority of the statistical regions improved significantly, in particular East Anglia and Northern Ireland, corresponding to their relative business optimism in Table 16. The biggest decline was in Scotland,

though it had improved the most in the October survey. The North declined further though, again from a sharp decline in October.

Volume of new export orders show similar movements to the volume of new orders balances. The main exception is the North where the balance for external demand has improved strongly although demand declined further. The North West saw a much sharper decline in its external demand balance than in total demand and vice-versa for East Anglia. In contrast, external demand balances improved faster than the large improvements in total demand balances in Wales, the South East and the South West, though the latter was recovering from its lowest balance since these surveys began in 1988.

The improvement in the UK balance for **firms working below capacity** is very slight with many regional balances remaining relatively flat. Wales and East Anglia improved by the most and, along with Scotland, are the only statistical regions below the UK balance. Significant declines in capacity utilisation occurred in the North, East Midlands, North West and, surprisingly, Northern Ireland. 89 per cent of firms in the North and 82 per cent in Northern Ireland reported themselves as working below capacity in January. However, these are only the extreme cases of indications of considerable excess capacity in the manufacturing sector.

The Labour Market

Tables 6 to 13 concern the labour market. None of these tables are seasonally adjusted apart from Table 10 which gives claimant count rates as a percentage of total workforce.

In Table 13, **employees in employment** (from Employer Surveys and the Labour Force Survey) increased in the whole of 1998 by 1.4 per cent. Growth declined in quarter one but was quite strong in the second half of the year with quarterly growth of 0.7 per cent in quarter three and 0.8 per cent in quarter four. Employment in all regions grew over the third and fourth quarters with particularly strong growth in Wales, London and the North West. Yorkshire and the Humber and the South East grew relatively weakly over the last two quarters of 1998.

The **total in employment** (from the Labour Force Survey) rose slightly from Summer to Autumn 1998, by 0.2 per cent.

Employment in most regions remained roughly flat between Summer and Autumn. London had the strongest growth in employment, with a rate of 1.2 per cent, followed by Yorkshire and the Humber at 1.1 per cent. On the other hand, employment in the East Midlands fell by 1.0 per cent and the South West by 0.9 per cent. Year-on year growth ranged between 3.1 per cent growth in London to a 3.3 per cent decline in Merseyside.

The provisional UK **claimant count** rate for February 1999 of 4.6 per cent is the seventh month in a row at this rate. The rates in most regions have also been stable over the same period. However, the rates in the North East and the West Midlands have been creeping up since August 1998. Merseyside has the highest rate but this has fallen by 0.3 percentage points since August 1998.

In Table 7, **ILO unemployment**, not seasonally adjusted, fell by 0.4 percentage points in Autumn 1998, although a significant fall is in line with the seasonal pattern for Autumn. However, the Autumn 1998 rate is 0.4 percentage points below the Autumn 1997 rate, and 1.8 percentage points below the rate for Autumn 1996. Both the North East and West Midlands recorded rises from Summer to Autumn 1998. Falls of 1.3 and 1.0 percentage points were recorded in Yorkshire and the Humber, and Merseyside respectively.

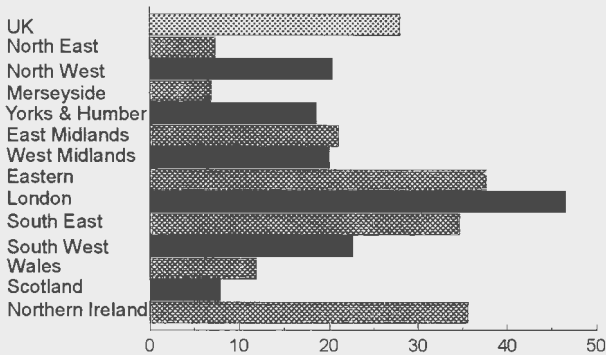
The **long-term claimant count as a percentage of the unemployed** is included for the first time. These percentages declined across all statistical regions between October 1998 and January 1999. However, there are marked differences in the total percentages with rates high in Merseyside, London and, in particular, Northern Ireland.

The Housing Market

In Table 22, UK **house prices** declined into the fourth quarter of 1998 by 0.4 per cent, having risen by 9.9 per cent from quarter one to quarter three. The annual rate of growth to quarter four of 1998 was 12.2 per cent. House prices in London and the South

East grew the fastest over the year to quarter four, at rates of 21.4 per cent and 18.2 per cent respectively. UK house prices have now grown at an annual rate of above 7 per cent since the fourth quarter of 1996, having been much more subdued previously. However, growth since 1996 has been unevenly distributed across the regions, as Chart 2 shows.

Chart 2
House price percentage increase from 1996 Q1 to 1998 Q4



Although there was considerable regional variation in house prices in the fourth quarter, the sharpest declines did not occur in areas that had been growing most strongly since 1996. The main contributors to the quarterly decline were the North East with a fall of 7.1 per cent and Scotland with a fall of 3.9 per cent. Merseyside continued to recover from a sharp decline in quarter one, rising by 2.8 per cent in quarter four. The highest quarterly growth in house prices occurred in Northern Ireland, at 3.5 per cent.

In Table 21, the number of **permanent dwellings started** fluctuates quite widely from quarter to quarter with a significant seasonal factor involved. The year to quarter three saw a fall of 3.6 per cent for the UK. The statistical regions varied between a rise of 14.4 per cent in the East Midlands to a fall of 20.4 per cent in the North East. Quarterly growth in Scotland has been particularly erratic since the first quarter of 1997. Year on year growth to quarter three declined by 11.9 per cent. The provisional data for quarter four indicate considerable declines in most regions but rises in Merseyside and London.

1 Gross domestic product at factor cost: current prices

Government Office Regions

£ million and percentages

Percentage of the UK ¹														
	United Kingdom ¹ (£m)	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DCIX	LRBU	LRBV	DCJD	DCJC	DCJB	LRBW	LRAD	LRBX	DCJA	LRES	DCJG	DCJH	DCJI
1989	439 644	3.8	11.0	7.8	6.7	8.4	9.3	15.7	15.2	7.6	85.4	4.2	8.2	2.1
1993	547 524	3.8	10.8	7.6	6.7	8.4	9.1	15.6	15.3	7.7	85.1	4.1	8.6	2.3
1994	578 647	3.7	10.8	7.6	6.6	8.4	9.1	15.6	15.5	7.7	85.0	4.1	8.6	2.3
1995	606 878	3.7	10.6	7.6	6.6	8.4	9.1	15.5	15.5	7.8	84.9	4.1	8.7	2.3
1996	641 105	3.6	10.5	7.7	6.8	8.4	9.2	15.3	15.8	7.9	85.2	4.1	8.4	2.3
1997	677 914	3.6	10.6	7.6	6.7	8.4	9.2	15.1	15.9	8.1	85.3	4.1	8.3	2.3

1 UK less Extra-Region and statistical discrepancy.

Source: Office for National Statistics

2 Gross domestic product at factor cost: £ per head

Government Office Regions

£

	United Kingdom ¹	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DCJJ	LRBY	LRBZ	DCJP	DCJO	DCJN	LRCA	LRAF	LRCB	DCJM	LRET	DCJS	DCJT	DCJU
1989	7 665	6 406	7 049	6 889	7 395	7 013	8 041	10 171	8 761	7 182	7 857	6 508	7 072	5 858
1993	9 409	7 967	8 534	8 347	8 942	8 693	9 574	12 351	10 862	8 880	9 597	7 712	9 156	7 622
1994	9 909	8 248	9 018	8 706	9 373	9 173	10 130	12 967	11 526	9 277	10 102	8 137	9 701	7 993
1995	10 355	8 536	9 351	9 215	9 783	9 611	10 558	13 393	11 959	9 866	10 537	8 598	10 243	8 434
1996	10 903	8 907	9 809	9 797	10 499	10 093	11 140	13 894	12 811	10 439	11 126	8 988	10 558	8 745
1997	11 488	9 473	10 481	10 244	11 002	10 669	11 739	14 411	13 549	11 213	11 740	9 442	10 975	9 235

1 UK less Extra-Region and statistical discrepancy.

Source: Office for National Statistics

3 Total personal disposable income: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DCSD	LRCC	LRCD	DCSK	DCSJ	DCSI	LRCE	DCSF	LRCF	DCSH	LREU	DCSN	DCSO	DCSP
1986	4 648	4 160	4 350	4 439	4 490	4 276	4 911	5 681	4 848	4 733	4 719	4 044	4 520	4 028
1992	7 509	6 773	7 007	7 012	7 008	7 161	8 000	8 947	7 762	7 410	7 555	6 690	7 747	6 839
1993	7 892	7 038	7 312	7 334	7 417	7 427	8 301	9 699	8 283	7 687	7 959	6 858	8 056	7 208
1994	8 173	7 149	7 532	7 581	7 682	7 701	8 722	10 020	8 714	7 857	8 252	7 168	8 193	7 537
1995	8 624	7 489	7 869	7 991	8 075	8 118	9 202	10 566	9 143	8 470	8 699	7 599	8 701	7 960
1996	9 144	7 887	8 327	8 358	8 370	8 592	9 866	11 466	9 929	8 741	9 256	7 881	9 102	8 181

Source: Office for National Statistics

4 Household disposable income: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DEPZ	LRCG	LRCH	DEQB	DEQC	DEQH	LRCI	DEQE	LRCJ	DEQG	LREV	DEQJ	DEQK	DEQL
1986	4 432	4 000	4 133	4 222	4 272	3 994	4 606	5 264	4 738	4 686	4 493	3 923	4 336	3 840
1992	7 523	6 863	7 084	7 085	7 153	7 069	7 968	8 487	7 996	7 676	7 575	6 890	7 672	6 632
1993	7 828	7 101	7 304	7 334	7 468	7 305	8 207	9 053	8 438	7 912	7 897	7 019	7 933	6 881
1994	8 057	7 178	7 477	7 553	7 713	7 570	8 505	9 308	8 805	8 085	8 143	7 266	7 980	7 160
1995	8 471	7 492	7 818	7 913	8 040	7 989	8 987	9 709	9 211	8 636	8 548	7 718	8 458	7 557
1996	8 900	7 861	8 216	8 248	8 319	8 399	9 524	10 358	9 845	8 828	9 001	7 998	8 804	7 793

Source: Office for National Statistics

5 Consumers' expenditure: £ per head

Government Office Regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DCVD	LRFC	LRFD	DCVK	DCVJ	DCVI	LRFE	DCVE	LRFF	DCVH	LREW	DCVN	DCVO	DCVP
1986	4 249	..	..	3 757	3 819	3 811	..	5 251	..	4 293	4 333	3 811	3 934	3 536
1992	6 611	..	..	6 124	6 239	5 995	..	7 940	..	6 572	6 718	6 082	6 170	5 748
1993	6 987	..	..	6 623	6 616	6 310	..	8 400	..	6 793	7 098	6 258	6 669	5 957
1994	7 319	6 782	6 940	6 935	7 020	6 875	6 977	8 658	8 501	7 020	7 438	6 377	7 037	6 357
1995	7 613	7 037	7 201	7 162	7 400	7 278	7 390	8 724	8 798	7 334	7 721	6 794	7 272	6 916
1996	8 053	7 512	7 604	7 623	7 844	7 609	7 879	8 960	9 384	7 802	8 153	7 370	7 692	7 409

Source: Office for National Statistics

6 Total average gross weekly pay¹ Government Office Regions

£

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	DEOG	LRCO	LRCP	LREX	DCQI	DCQH	DCQG	LRCQ	DCPI	LRCR	DCQF	DCQL	DCQM	DCQN
1993 Apr	316.0	286.2	299.5	297.7	287.6	285.5	292.7	312.2	408.8	328.9	298.8	281.5	297.6	282.4
1994 Apr	324.7	294.6	308.7	303.2	297.0	292.6	300.1	322.9	420.6	339.4	306.9	290.5	301.9	286.5
1995 Apr	335.3	299.2	317.4	319.0	306.0	306.4	311.3	331.5	441.5	348.1	313.9	302.0	313.5	300.2
1996 Apr	350.2	314.1	330.5	325.4	316.4	317.9	324.3	345.7	454.3	367.4	326.5	313.1	324.9	306.2
1997 Apr	366.3	327.6	346.6	342.4	330.5	332.9	337.8	362.4	480.1	382.5	342.7	330.1	336.8	319.7
1998 Apr	383.1	339.2	362.0	360.0	344.9	350.4	358.8	378.6	500.9	405.5	354.0	343.9	350.3	332.6

¹ Average gross weekly earnings of full-time employees on adult rates whose pay for the survey pay-period was not affected by absence.

Sources: New Earnings Survey, Office for National Statistics; Department of Economic Development, Northern Ireland

7 ILO unemployed as a percentage of the economically active, not seasonally adjusted Government Office Regions

Percentages

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	LRAH	LRCZ	LRDA	LREQ	LRAJ	LRAK	LRAP	LRB	LRAM	LRDC	LRAO	LRAR	LRAS	LRAT
Spring 1996	8.2	10.8	7.3	13.3	8.1	7.4	9.2	6.2	11.3	6.0	6.3	8.3	8.7	9.7
Summer 1996	8.3	10.7	7.5	12.4	8.5	7.1	9.0	7.2	11.5	6.1	6.4	8.5	8.6	10.3
Autumn 1996	8.0	9.6	6.9	10.7	8.7	6.8	7.8	6.6	11.4	5.8	6.6	8.2	8.8	9.9
Winter 1996	7.4	9.8	6.7	10.0	8.2	6.1	7.1	6.3	10.1	5.1	6.0	8.5	8.7	9.3
Spring 1997	7.1	9.8	6.3	9.6	8.1	6.3	6.8	5.9	9.1	5.2	5.2	8.4	8.5	7.5
Summer 1997	7.3	9.5	7.4	10.4	7.5	5.7	7.5	6.4	9.6	5.1	5.8	7.6	8.7	8.4
Autumn 1997	6.6	8.5	6.5	10.0	7.1	5.2	6.5	5.2	9.5	4.6	5.0	7.2	7.4	8.8
Winter 1997	6.3	8.7	5.6	10.1	7.0	5.0	6.2	5.3	8.3	4.3	5.0	7.3	7.4	8.3
Spring 1998	6.1	8.2	5.6	10.9	7.0	4.9	6.3	5.0	8.1	4.3	4.5	6.7	7.4	7.3
Summer 1998	6.6	8.7	6.4	11.9	8.0	5.5	6.4	4.6	8.1	4.6	4.9	7.6	7.7	8.3
Autumn 1998	6.2	8.8	6.0	10.9	6.7	5.0	6.5	4.5	7.6	4.3	4.7	7.1	7.6	7.6

Source: Labour Force Survey, Office for National Statistics

8 Long-term claimant count as a percentage of total workforce (those out of work for 12 months or more) Government Office Regions

Percentages

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	DCKS	LRCW	LRCX	LREL	DCKY	DCKX	DCKW	LREF	DCRB	LRCY	DCKV	DCLB	DCLC	DCLD
1998 Apr	1.3	2.3	0.9	3.2	1.5	0.9	1.4	0.9	1.8	0.7	0.8	1.4	1.3	3.4
Jul	1.3	2.2	0.9	3.2	1.5	0.9	1.4	0.8	1.8	0.6	0.8	1.4	1.3	3.3
Oct	1.2	2.1	0.9	3.0	1.4	0.9	1.3	0.8	1.7	0.6	0.8	1.3	1.3	3.2
1999 Jan	1.2	2.0	0.8	2.8	1.4	0.9	1.3	0.8	1.6	0.6	0.7	1.3	1.3	3.2

Source: Office for National Statistics

9 Long-term claimant count as a percentage of the unemployed (those out of work for 12 months or more) Government Office Regions

Percentages

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	LRFN	LRFO	LRFP	LRFQ	LRFR	LRFS	LRFT	LRFU	LRFV	LRFW	LRFX	LRFY	LRFZ	LRGA
1998 Apr	26.7	29.0	20.7	33.7	25.4	21.6	28.4	24.6	31.7	23.3	22.8	24.6	22.0	45.2
Jul	27.0	30.2	21.0	33.8	26.1	21.7	28.9	25.2	32.2	24.0	23.4	24.9	21.6	42.2
Oct	27.4	29.5	21.5	34.0	26.2	22.2	28.9	25.4	32.2	24.1	23.1	24.8	23.4	44.7
1999 Jan	24.8	25.5	18.7	30.7	23.0	20.7	26.4	22.4	31.5	21.6	20.3	22.0	21.2	43.5

Source: Office for National Statistics

10 Claimant count rates as a percentage of total workforce

Government Office Regions

Seasonally adjusted

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	DPDN	DPDO	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
1995	8.0	11.3	7.4	13.5	8.6	7.4	8.1	6.6	9.4	5.9	6.8	8.5	7.9	11.2
1996	7.3	10.4	6.7	13.0	7.9	6.7	7.2	5.9	8.6	5.0	6.1	8.0	7.7	10.9
1997	5.5	8.3	5.0	10.7	6.4	5.0	5.4	4.2	6.5	3.4	4.3	6.4	6.4	8.3
1998	4.7	3.5	4.7	9.2	5.7	4.1	4.7	3.4	5.4	2.7	3.5	5.5	5.6	7.5
1998 Mar	4.8	7.7	4.3	9.4	5.8	4.2	4.8	3.5	5.6	2.8	3.5	5.7	5.7	7.8
Apr	4.8	7.6	4.3	9.4	5.8	4.1	4.7	3.4	5.5	2.7	3.5	5.6	5.7	7.7
May	4.8	7.5	4.3	9.4	5.8	4.1	4.8	3.4	5.5	2.8	3.6	5.6	5.7	7.7
Jun	4.8	7.4	4.3	9.2	5.8	4.2	4.7	3.4	5.5	2.7	3.6	5.6	5.7	7.6
Jul	4.7	7.3	4.2	9.2	5.7	4.1	4.6	3.3	5.4	2.6	3.5	5.5	5.6	7.4
Aug	4.6	7.2	4.2	9.1	5.6	4.1	4.6	3.3	5.3	2.6	3.4	5.4	5.5	7.2
Sep	4.6	7.2	4.2	9.0	5.6	4.1	4.6	3.3	5.3	2.6	3.4	5.4	5.5	7.1
Oct	4.6	7.3	4.2	8.9	5.6	4.1	4.7	3.3	5.3	2.6	3.4	5.5	5.6	7.3
Nov	4.6	7.3	4.2	8.9	5.6	4.1	4.7	3.3	5.3	2.6	3.4	5.5	5.5	7.3
Dec	4.6	7.3	4.2	8.8	5.6	4.1	4.7	3.3	5.2	2.6	3.3	5.4	5.5	7.3
1999 Jan	4.6	7.4	4.2	8.8	5.6	4.0	4.7	3.2	5.2	2.5	3.3	5.4	5.5	7.3
Feb ¹	4.6	7.5	4.2	8.8	5.6	4.1	4.8	3.2	5.2	2.6	3.3	5.5	5.5	7.3

1 Provisional.

Source: Office for National Statistics

11 Total in employment¹, not seasonally adjusted

Government Office Regions

Thousands

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	LRAU	LRDD	LRDE	LRER	LRAW	LRAX	LRBC	LRDF	LRAZ	LRDG	LRBB	LRBE	LRBF	LRBG
Spring 1995	25 973	1 032	2 377	527	2 224	1 896	2 347	2 503	3 076	3 707	2 188	1 189	2 285	623
Summer 1995	26 272	1 052	2 402	532	2 240	1 930	2 373	2 511	3 100	3 765	2 229	1 203	2 307	628
Autumn 1995	26 265	1 058	2 386	523	2 247	1 935	2 385	2 510	3 112	3 772	2 222	1 192	2 282	641
Winter 1995	26 179	1 057	2 383	546	2 239	1 926	2 383	2 485	3 111	3 760	2 209	1 179	2 252	649
Spring 1996	26 219	1 058	2 420	532	2 223	1 926	2 348	2 527	3 110	3 772	2 216	1 195	2 252	641
Summer 1996	26 507	1 080	2 417	546	2 230	1 961	2 388	2 544	3 122	3 799	2 252	1 225	2 289	654
Autumn 1996	26 568	1 083	2 456	551	2 224	1 967	2 398	2 543	3 133	3 825	2 253	1 216	2 262	656
Winter 1996	26 556	1 074	2 442	549	2 210	1 961	2 403	2 524	3 157	3 808	2 281	1 216	2 266	665
Spring 1997	26 682	1 070	2 443	546	2 211	1 966	2 410	2 536	3 217	3 816	2 300	1 216	2 278	673
Summer 1997	26 980	1 081	2 440	556	2 269	1 981	2 434	2 589	3 219	3 851	2 326	1 241	2 304	688
Autumn 1997	27 024	1 079	2 473	550	2 264	1 987	2 459	2 619	3 197	3 873	2 319	1 211	2 305	688
Winter 1997	26 912	1 071	2 462	542	2 243	1 986	2 439	2 593	3 202	3 854	2 326	1 204	2 311	681
Spring 1998	26 947	1 063	2 438	524	2 257	1 998	2 449	2 611	3 207	3 889	2 331	1 204	2 301	675
Summer 1998	27 291	1 064	2 507	533	2 268	2 026	2 474	2 624	3 257	3 956	2 362	1 227	2 317	675
Autumn 1998	27 333	1 067	2 520	532	2 294	2 005	2 476	2 626	3 296	3 950	2 340	1 223	2 324	680

1 Includes employees, the self-employed, participants on Government-supported employment and training schemes and unpaid family-workers.

Source: Labour Force Survey, Office for National Statistics

12 Redundancies

Government Office Regions

Rates¹

	Great Britain	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland
	DCXD	LRDH	LRDI	DCXF	DCXG	DCXL	LRDJ	DCXI	LRDK	DCXK	DCXN	DCXO
Spring 1996	9	— ²	11	8	8	11	11	8	8	10	11	11
Summer 1996	9	12	10	10	10	9	10	6	8	9	13	11
Autumn 1996	8	— ²	8	11	9	7	6	8	9	8	— ²	11
Winter 1996	8	— ²	10	7	10	9	10	6	8	6	— ²	11
Spring 1997	9	13	11	11	10	9	8	8	9	7	11	9
Summer 1997	8	— ²	9	8	9	10	9	7	7	7	— ²	9
Autumn 1997	7	— ²	9	8	7	7	7	7	6	7	— ²	9
Winter 1997	8	12	9	6	10	8	7	8	7	9	— ²	11
Spring 1998	9	— ²	7	9	12	9	8	8	9	8	— ²	13
Summer 1998	8	— ²	9	11	10	10	7	6	7	6	— ²	10
Autumn 1998	9	13	8	9	9	10	10	7	10	9	— ²	7

1 Redundancies per 1,000 employees.

2 Sample size too small to provide a reliable estimate.

Source: Labour Force Survey, Office for National Statistics

13 Employees in employment (all industries)

Government Office Regions

June 1996 = 100

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	YEKA	YEKB	YEKJ	YEKC	YEKD	YEKI	YEKE	YEKF	YEGG	YEKH	YEKK	YEKL	YEKM
1998	104.7	106.9	101.1	105.9	106.8	102.9	106.7	103.4	105.8	105.1	101.8	101.3	104.3
1997 Dec	104.3	100.7	102.6	103.7	105.6	102.9	106.9	106.1	106.4	105.9	101.4	100.5	104.7
1998 Mar	103.8	100.5	101.7	104.3	105.1	102.7	105.6	105.9	105.3	105.3	100.6	100.6	103.9
Jun	104.3	101.0	102.3	105.1	105.3	103.0	106.5	106.0	105.6	106.8	100.6	100.9	103.9
Sep	105.0	100.9	103.1	105.6	106.2	103.2	107.0	107.2	106.2	107.1	102.4	101.8	103.9
Dec	105.8	102.2	104.6	105.5	106.5	104.7	108.1	108.4	106.3	107.8	103.6	102.2	105.5

Source: Office for National Statistics

14 Index of industrial production¹

Seasonally adjusted 1995 = 100

	United Kingdom	Scotland	Northern Ireland
Index of industrial production	CKYW	LRFK	LRFL
1996	101.1	103.2	102.3
1997	101.9	108.3	107.6
1998	102.5	..	..
1996 Q1	101.0	101.7	101.8
Q2	100.8	102.6	101.0
Q3	101.2	103.2	102.6
Q4	101.5	105.1	103.7
1997 Q1	101.8	104.8	105.5
Q2	101.8	108.1	107.0
Q3	102.3	109.2	108.1
Q4	101.7	110.9	109.6
1998 Q1	101.7	110.3	108.8
Q2	103.1	109.1	111.2
Q3	103.1	108.0	111.8
Q4	102.2	..	..

1 The index of industrial production has been rebased from 1990=100 to 1995=100. Figures for Wales are not yet available. Figures on the 1990=100 base are not being continued.

Sources: Office for National Statistics; The Scottish Office; Department of Economic Development, Northern Ireland

15 Index of construction¹

Seasonally adjusted

	1995 = 100		1990 = 100	
	United Kingdom	Northern Ireland ²	United Kingdom	Scotland
	GDQB	LRFM	DVJO	LRFH
1996	101.5	105.0	91.2	109.2
1997	104.7	109.7	93.3	111.0
1998	106.4	..	..	..
1996 Q1	100.5	99.1	90.3	112.0
Q2	100.6	98.1	90.4	113.0
Q3	101.6	111.0	91.3	112.3
Q4	103.2	111.6	92.7	112.0
1997 Q1	103.4	108.1	92.4	113.1
Q2	104.6	109.4	93.3	112.5 ³
Q3	104.5	106.4	93.1	109.1 ³
Q4	106.3	114.9	94.4	109.3 ³
1998 Q1	109.0	117.3	96.3	105.4 ³
Q2	105.5	119.9	93.8	105.6
Q3	105.4	117.3	..	..
Q4	105.5	..	..	..

1 The index of construction for the UK and Northern Ireland has been rebased from 1990=100 to 1995=100. For Wales and Scotland the indices are in the process of being rebased but are not yet available. Figures on the 1990=100 base are not being continued.

2 Provisional.

3 Revised.

Sources: Office for National Statistics; The Scottish Office; Department of the Environment, Northern Ireland

16 Manufacturing industry: optimism about business situation

Standard Statistical Regions

Balance¹

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCMO	DCMW	DCMU	DCMT	DCMQ	DCMP	DCMR	DCMS	DCMV	DCMX	DCMY	DCMZ
1998 Apr	-22	-45	-19	-11	-2	-18	-12	-32	-35	-35	-32	5
Jul	-44	-15	-46	-53	-57	-43	-57	-53	-60	-32	-47	29
Oct	-58	-54	-61	-57	-40	-67	-63	-76	-45	-63	-46	-35
1999 Jan	-40	-37	-44	-43	-6	-32	-43	-50	-44	-61	-25	3

¹ Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

17 Manufacturing industry: volume of output

Standard Statistical Regions

Balance¹

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months	DCLQ	DCLY	DCLW	DCLV	DCLS	DCLR	DCLT	DCLU	DCLX	DCLZ	DCMA	DCMB
1998 Apr	7	-31	-6	34	-14	-5	32	1	-16	-3	22	-19
Jul	-4	-11	-28	-25	-22	-19	-4	-10	-29	-9	-14	7
Oct	-30	-29	-42	-24	-25	-31	-48	-39	-22	-31	-28	-42
1999 Jan	-27	-37	-46	-29	-24	-13	-40	-48	-34	-35	-31	-13
Next 4 months	DCMC	DCMK	DCMI	DCMH	DCME	DCMD	DCMF	DCMG	DCMJ	DCML	DCMM	DCMN
1999 Jan	-13	-9	-9	-31	12	-10	-13	-15	-17	-14	-11	1

¹ Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

18 Manufacturing industry: volume of new orders

Standard Statistical Regions

Balance¹

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months	DCNA	DCNI	DCNG	DCNF	DCNC	DCNB	DCND	DCNE	DCNH	DCNJ	DCNK	DCNL
1998 Apr	2	-38	-17	1	-38	2	33	-2	-28	-32	17	-49
Jul	-17	-12	-34	-28	-31	-16	-47	-26	-42	-34	-33	-5
Oct	-42	-46	-53	-44	-47	-35	-49	-53	-47	-47	-18	-61
1999 Jan	-35	-56	-39	-38	-15	-19	-26	-52	-49	-34	-44	-14
Next 4 months	DCNM	DCNU	DCNS	DCNR	DCNO	DCNN	DCNP	DCNQ	DCNT	DCNV	DCNW	DCNX
1999 Jan	-17	-33	-18	-26	11	-15	-20	-28	-19	-33	-7	24

¹ Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

19 Manufacturing industry: volume of new export orders

Standard Statistical Regions

Balance¹

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months	DCNY	DCOG	DCOE	DCOD	DCOA	DCNZ	DCOB	DCOC	DCOF	DCOH	DCOI	DCOJ
1998 Apr	-32	-50	-54	-26	-54	-27	28	-40	-44	-45	-14	-41
Jul	-39	-18	-47	-43	-37	-36	-41	-29	-54	-31	-20	-12
Oct	-44	-61	-64	-33	-37	-50	-80	-57	-25	-51	-28	-26
1999 Jan	-36	-28	-40	-30	-34	-16	-36	-50	-59	-20	-37	-17
Next 4 months	DCOK	DCOS	DCOQ	DCOP	DCOM	DCOL	DCON	DCOO	DCOR	DCOT	DCOU	DCOV
1999 Jan	-16	13	-19	-26	-12	-8	-15	-21	-7	-26	-7	22

¹ Balance in percentage of firms reporting rises *less* those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

20 Manufacturing industry: firms working below capacity

Standard Statistical Regions

Percentages

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCOW	DCPE	DCPC	DCPB	DCOY	DCOX	DCOZ	DCPA	DCPD	DCPF	DCPG	DCPH
1998 Apr	54	66	47	45	58	61	40	64	64	59	43	40
Jul	57	59	65	64	66	60	65	61	69	61	55	62
Oct	65	70	79	52	65	73	69	70	67	63	56	49
1999 Jan	63	89	75	67	55	67	71	72	77	49	53	82

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

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Permanent dwellings started
Government Office Regions

Numbers

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland ¹	Northern Ireland
	DEOI	LRDP	LRDQ	LREO	DCRX	DCRW	DCRV	LRDR	DCRR	LRDS	DCRU	BLIA	BLFA	BLGA
1996	184 156	6 600	14 308	3 955	14 494	15 252	14 118	20 731	12 109	25 469	16 867	8 846	21 309	10 098
1997	198 361	8 066	15 994	4 399	16 602	15 245	14 346	21 532	14 285	26 390	19 485	9 076	21 915	11 026
1997 Q3	49 870	2 318	4 025	1 026	3 964	3 771	3 553	5 078	3 294	6 970	4 784	2 227	6 289	2 571
Q4	43 409	1 519	3 281	881	3 689	3 283	2 868	4 656	4 199	5 875	4 678	1 838	4 113	2 529
1998 Q1	52 056	2 175	4 109	1 011	4 335	4 130	3 690	5 612	3 293	5 900	5 703	2 329	6 766	3 003
Q2	49 789	1 974	4 403	971	3 621	4 088	4 172	5 428	3 466	6 977	4 973	2 241	4 444	3 031
Q3 ²	48 061	1 846	3 451	924	3 892	4 313	3 867	5 103	3 084	6 665	4 573	2 220	5 541	2 582
Q4 ²	..	1 418	3 204	1 161	3 068	3 444	2 840	3 868	3 483	4 939	3 338	..	..	..

1 Includes estimates for outstanding returns for private sector.
2 Quarter 3 1998 and quarter 4 1998 for the English regions are provisional.

Sources: Department of the Environment, Transport and the Regions; Welsh Office; The Scottish Office Development Department; Department of the Environment, Northern Ireland

22

House prices¹
Government Office Regions

1993 = 100

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	LRBH	LRDX	LRDY	LREN	LRBJ	LRBK	LRBP	LRDZ	LRBM	LREA	LRBO	LRBR	LRBS	LRBT
1997	116.9	109.0	109.4	111.1	107.0	112.7	112.5	119.4	125.5	121.8	117.3	109.8	111.4	140.0
1998	129.7	112.9	116.0	110.2	110.6	122.9	121.1	135.6	144.0	141.1	130.3	115.0	117.7	154.9
1997 Q4	119.1	112.2	112.8	115.0	107.3	118.3	115.1	121.7	125.9	123.4	120.5	111.6	113.8	141.9
1998 Q1	122.1	113.1	110.5	116.2	109.0	120.1	117.4	125.6	130.0	130.6	123.9	113.0	111.6	144.1
Q2	128.6	116.0	113.3	104.7	108.1	122.5	121.0	135.9	143.4	141.2	127.5	114.5	115.7	153.0
Q3	134.2	116.3	120.9	108.6	110.9	123.8	121.9	141.0	153.0	146.5	134.1	114.9	121.4	155.6
Q4	133.6	108.0	117.7	111.7	113.1	124.3	123.5	139.7	152.9	145.9	134.2	117.6	116.7	161.1

1 These indices adjust for the mix of dwellings (by size and type, whether new or second-hand) and exclude those bought at non-market prices and are based on a sample of mortgage completions by all lenders.

Source: Department of the Environment, Transport and the Regions

23

VAT registrations and deregistrations¹: net change²
Government Office Regions

Thousands

	United Kingdom	North East	North West	Mersey-side	Yorkshire and the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
	DCYQ	LREB	LREC	LREM	DCYT	DCYU	DCYY	LRED	DEON	LREE	DCYX	DCZA	DCZB	DCZC
1994	-19.9	-0.7	-2.7	-0.3	-1.9	-1.0	-1.6	-2.0	-0.7	-2.3	-2.8	-2.3	-1.2	-0.3
1995	-9.3	-1.0	-2.1	-0.5	-2.1	-0.8	-1.4	-0.5	3.6	-0.6	-2.5	-1.1	-0.8	0.5
1996	3.1	-0.4	-0.7	..	-0.7	-0.5	-0.4	0.5	4.7	1.4	-0.5	-0.6	-0.3	0.6
1997	18.1	-0.2	0.4	0.6	-0.4	0.5	-0.3	2.5	8.9	4.3	0.9	-0.1	0.7	0.2

1 Registrations and deregistrations of VAT-based enterprises. Not wholly comparable with figures for earlier years which counted VAT reporting units.
2 Registrations less deregistrations.

Source: Department of Trade and Industry

Final Expenditure Prices Index (Experimental) - March 1999

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Note that further development work, including the adjustment of the Index of Government Prices for productivity change, is ongoing and the FEPI will be available only as an experimental index until this work has been completed.

Summary

The Final Expenditure Price Index (FEPI) for March 1999 shows an annual rate of 2.1 per cent, up from 2.0 per cent in February. This increase is due to an increase in the annual rate of the Index of Consumer Prices (ICP), from 1.8 per cent to 2.0 per cent. The Index of Investment Prices (IIP) was unchanged, while the Index of Government Prices (IIP) fell from 2.8 per cent to 2.5 per cent.

The FEPI annual percentage change

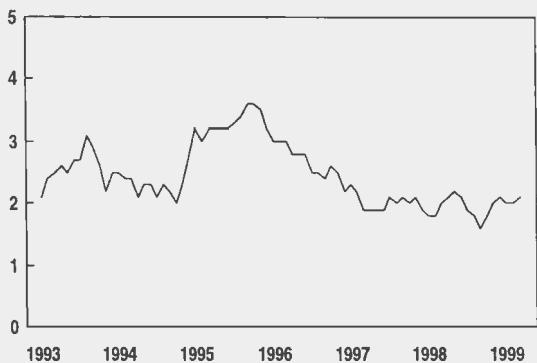


Table A

Final Expenditure Prices Index and components (January 1992=100 and annual percentage change)

		Index of Consumer Prices (ICP)		Index of Investment Prices (IIP)		Index of Government Prices (IGP)		Final Expenditure Prices Index (FEPI)	
		Index	Annual percentage change	Index	Annual percentage change	Index	Annual percentage change	Index	Annual percentage change
1998	Oct	120.1	1.8	112.6	1.3	117.5	2.1	118.0	1.8
	Nov	120.3	2.0	112.8r	1.5r	118.0	2.1	118.3r	2.0r
	Dec	120.6	2.1	112.7r	1.4	118.3	2.3	118.5r	2.1r
1999	Jan	120.0	2.0	112.9r	1.4r	119.0	2.4	118.3	2.0
	Feb	120.4	1.8	113.1r	1.6r	119.1	2.8	118.6	2.0
	Mar	121.1	2.0	113.5	1.6	119.2	2.5	119.1	2.1

The Index of Consumer Prices (ICP)

Consumer price inflation, as measured by the ICP, rose from 1.8 per cent in February to 2.0 per cent in March.

per cent to 2.7 per cent, where there were more special offers this year compared to price increases last year.

Upward pressure came from:

- Tobacco, whose 12-month rate rose from 7.9 per cent to 11.7 per cent, as the new excise duty announced in the budget took immediate effect.
- Transport and communication, whose 12-month rate rose from 0.3 per cent to 1.5 per cent, as vehicle excise duty also increased in March as a result of the budget increase.

Downward pressure came from:

- Food, whose 12-month rate fell from 3.3 per cent to 2.9 per cent, as prices for vegetables showed great falls, especially tomatoes, lettuces and cucumber.
- Alcoholic drink, whose 12-month rate fell from 3.0

The ICP annual percentage change



The Index of Investment Prices (IIP)

Investment price inflation, as measured by the IIP, was 1.6 per cent over the 12 months to March, the same as in February.

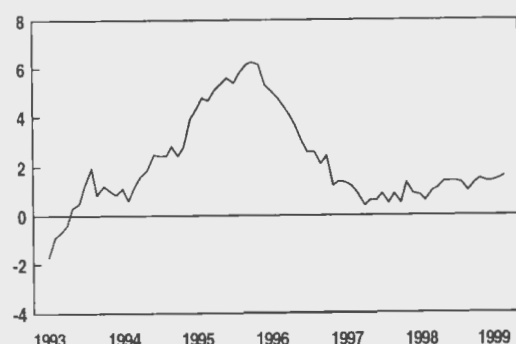
Downward pressure on the 12-month rate came mainly from:

- New dwellings, whose 12-month rate fell from a revised 6.5 per cent in February to 6.2 per cent in March.
- New buildings and works, where the 12-month rate fell from 4.4 per cent in February to 4.2 per cent in March.

Upward pressure came from:

- Transfer costs of land and buildings, where the 12-month rate rose from 9.4 per cent in February to 10.1 per cent in March.

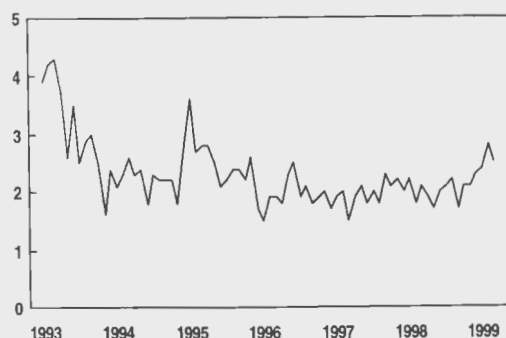
The IIP annual percentage change



The Index of Government Prices (IGP)

The IGP inflation rate fell from 2.8 per cent in February to 2.5 per cent in March. The most significant contribution to this was a fall from 3.2 per cent to 2.9 per cent in the component index covering Central Government expenditure.

The IGP annual percentage change



Comparison between the FEPI and other inflation measures

Table B

Measures of Inflation (annual percentage changes)

		FEPI	RPIX	HICP	PPI
1998	Oct	1.8	2.5	1.3	0.1
	Nov	2.0	2.5	1.4	0.1
	Dec	2.1	2.6	1.5	-0.1
1999	Jan	2.0	2.6	1.6	-0.1
	Feb	2.0	2.4	1.5	0.2
	Mar	2.1	2.7	1.7	0.5

NOTES

1. The headline measure of inflation is the Retail Prices Index (RPI). The RPI should be used as the main indicator of inflation affecting average households.

2. The Final Expenditure Prices Index (FEPI) is a measure of the change in the prices paid by UK consumers, business and Government for final purchases of goods and services. Intermediate purchases by business are excluded. The FEPI is made up of three components:

- The Index of Consumer Prices (ICP)
- The Index of Investment Prices (IIP)
- The Index of Government Prices (IGP).

3. The ICP measures inflation affecting all consumers in the UK. The price indicators used in the ICP are taken mainly from the Retail Prices Index (RPI).

4. The IIP is a measure of the change in the prices paid for capital goods by business and by Government. It also covers new construction projects and dwellings built for consumers, business and government. The price indicators used are mainly Producer Price Indices (PPIs), Construction Output Price Indices and an average house price indicator.

5. The IGP measures inflation affecting Government. It covers expenditure by Central and Local Government on pay and on procurement. The price indicators used are mainly Average Earnings Indices (to reflect labour costs), PPIs and RPIs (to reflect the cost of goods consumed by Government).

6. Care should be taken when interpreting monthly movements in the IGP. This index is particularly volatile on a month-to-month basis, so a fall one month is often offset by a rise the next and vice-versa. The data are of greatest value if trends rather than individual monthly movements are observed.

7. An article describing the development and composition of the FEPI is included in *Economic Trends*, No 526, September 1997. Longer runs of the FEPI back to February 1992, are available in computer readable form from the ONS Sales Office (telephone 0171 533 5670) or on paper from David Wall.

1 Final Expenditure Prices Index (Experimental)

	Index of Consumer Prices ICP	Index of Investment Prices IIP	Index of Government Prices IGP	Final Expenditure Prices Index FEPI	Annual percentage changes			
					ICP	IIP	IGP	FEPI
January 1992=100								
Weights								
1997	605	165	230	1000				
1998	605	169	226	1000				
1999	609	182	209	1000				
	CUSE	CUSK	CUSO	CUSP	CGAZ	CGBF	CGBJ	CGBK
1997 Mar	116.0	110.6	113.9	114.4	2.3	0.9	1.5	1.9
Apr	116.6	110.7	114.1	114.8	2.2	0.4	1.9	1.9
May	117.0	110.8	114.7	115.2	2.3	0.6	2.1	1.9
Jun	117.2	110.8	114.8	115.3	2.3	0.6	1.8	1.9
Jul	116.7	111.1	114.6	115.1	2.5	0.9	2.0	2.1
Aug	117.5	111.2	114.6	115.5	2.6	0.5	1.8	2.0
Sep	117.9	111.4	114.9	115.9	2.3	0.9	2.3	2.1
Oct	118.0	111.2	115.1	115.9	2.4	0.5	2.1	2.0
Nov	117.9	111.1	115.6	116.0	2.3	1.3	2.2	2.1
Dec	118.1	111.1	115.6	116.1	2.2	0.9	2.0	1.9
1998 Jan	117.6	111.3	116.2	116.0	2.0	0.8	2.2	1.8
Feb	118.3	111.3	115.9	116.3	2.2	0.6	1.8	1.8
Mar	118.7	111.7	116.3	116.7	2.3	1.0	2.1	2.0
Apr	119.3	111.9	116.3	117.2	2.3	1.1	1.9	2.1
May	120.0	112.4	116.7	117.7	2.6	1.4	1.7	2.2
Jun	119.8	112.4	117.1	117.7	2.2	1.4	2.0	2.1
Jul	119.2	112.7	117.0	117.3	2.1	1.4	2.1	1.9
Aug	119.6	112.7	117.1	117.6	1.8	1.3	2.2	1.8
Sep	120.1	112.5	116.9	117.8	1.9	1.0	1.7	1.6
Oct	120.1	112.6	117.5	118.0	1.8	1.3	2.1	1.8
Nov	120.3	112.8r	118.0	118.3r	2.0	1.5r	2.1	2.0r
Dec	120.6	112.7r	118.3	118.5r	2.1	1.4	2.3	2.1r
1999 Jan	120.0	112.9r	119.0	118.3	2.0	1.4r	2.4	2.0
Feb	120.4	113.1r	119.1	118.6	1.8	1.6r	2.8	2.0
Mar	121.1	113.5	119.2	119.1	2.0	1.6	2.5	2.1

The symbol r denotes revisions to previous months' data

2 FEPI - Index of Consumer Prices (Experimental)

	Food	Alcoholic Drink	Tobacco	Clothing and Footwear	Housing	Fuel and Power	Household Goods and Services	Transport and Communication	Recreation, Entertainment and Education	Other Goods and Services	Index of Consumer Prices ICP
January 1992=100											
Weights											
1997	126	68	30	67	90	39	71	189	119	201	1000
1998	127	68	29	67	87	39	71	188	118	205	1000
1999	119	66	27	70	85	34	75	192	114	218	1000
	CURU	CURV	CURW	CURX	CURY	CURZ	CUSA	CUSB	CUSC	CUSD	CUSE
1997 Mar	109.8	119.2	146.6	104.0	123.9	104.4	111.7	118.0	109.9	121.6	116.0
Apr	110.2	119.7	148.3	105.5	125.8	104.2	111.1	118.0	110.3	122.4	116.6
May	110.9	120.4	148.9	106.0	126.0	103.7	111.6	118.1	110.5	123.0	117.0
Jun	111.8	120.6	149.2	105.4	126.2	103.3	111.4	118.5	110.5	123.3	117.2
Jul	111.3	121.1	149.3	100.3	126.2	102.8	109.6	119.4	110.3	123.4	116.7
Aug	112.6	121.3	151.2	102.3	126.4	102.8	110.8	120.0	110.2	124.0	117.5
Sep	112.2	121.4	151.5	106.3	126.6	100.0	111.6	120.4	110.7	124.4	117.9
Oct	112.2	121.7	151.7	106.0	126.8	100.0	111.4	120.3	110.8	124.8	118.0
Nov	111.6	121.1	151.8	107.2	126.9	99.6	112.3	120.0	110.7	124.8	117.9
Dec	111.7	120.6	155.1	106.7	127.0	99.1	113.2	120.0	110.7	125.2	118.1
1998 Jan	111.7	122.1	159.3	99.7	127.3	98.4	109.8	120.6	110.3	125.4	117.6
Feb	111.7	123.1	159.5	102.0	127.4	98.7	111.5	120.8	110.5	126.4	118.3
Mar	111.5	123.5	159.5	104.1	127.6	98.9	113.1	120.8	110.4	126.9	118.7
Apr	111.8	123.6	162.1	105.0	129.9	98.9	112.1	122.1	110.8	127.6	119.3
May	113.5	124.5	162.6	106.0	130.1	98.3	113.3	122.3	111.1	128.1	120.0
Jun	113.1	124.4	162.8	105.7	130.2	97.6	112.7	122.2	110.7	128.4	119.8
Jul	112.8	124.9	163.0	99.3	130.4	97.3	111.4	122.0	110.4	128.6	119.2
Aug	114.1	125.2	163.1	101.2	130.6	97.2	112.2	121.9	110.4	128.8	119.6
Sep	113.7	125.3	163.2	105.8	130.8	97.3	112.9	121.9	111.0	128.7	120.1
Oct	113.9	125.6	163.4	104.7	131.1	97.5	112.4	121.5	111.2	129.5	120.1
Nov	113.8	125.2	163.4	105.3	131.3	97.4	113.6	121.1	111.2	130.2	120.3
Dec	114.7	125.1	168.2	104.7	131.4	97.2	115.7	120.5	111.0	130.6	120.6
1999 Jan	115.1	126.5	172.0	97.6	131.5	97.3	111.3	121.2	110.7	130.6	120.0
Feb	115.4	126.8	172.1	100.0	131.5	97.2	112.8	121.2	110.6	131.0	120.4
Mar	114.7	126.8	178.2	101.6	131.4	97.5	114.5	122.6	110.7	131.1	121.1
Annual Percentage Changes											
	Food	Alcoholic Drink	Tobacco	Clothing and Footwear	Housing	Fuel and Power	Household Goods and Services	Transport and Communication	Recreation, Entertainment and Education	Other Goods and Services	Index of Consumer Prices ICP
	CGAP	CGAQ	CGAR	CGAS	CGAT	CGAU	CGAV	CGAW	CGAX	CGAY	CGAZ
1997 Mar	-1.2	2.5	6.6	1.3	4.4	-1.2	1.3	4.2	1.0	3.3	2.3
Apr	-0.9	2.5	6.9	1.2	4.1	-1.4	1.3	3.6	0.9	3.4	2.2
May	-1.1	2.7	6.7	1.5	4.1	-1.8	1.0	3.3	1.1	3.6	2.3
Jun	-0.3	2.4	6.7	1.1	4.0	-2.4	0.7	3.6	1.1	3.7	2.3
Jul	0.5	2.3	6.9	1.1	3.5	-2.9	0.7	4.5	1.3	3.8	2.5
Aug	0.7	2.5	8.2	1.8	3.6	-2.7	0.6	4.3	0.9	3.9	2.6
Sep	1.3	2.4	8.1	0.9	3.7	-5.5	0.7	3.5	1.0	3.8	2.3
Oct	1.9	2.4	8.2	0.5	3.8	-5.3	0.9	3.4	0.9	3.7	2.4
Nov	1.7	2.1	8.4	0.6	3.7	-5.1	0.8	3.4	0.5	3.7	2.3
Dec	1.8	2.2	8.6	0.1	3.7	-5.4	0.8	2.8	0.5	3.7	2.2
1998 Jan	1.0	3.0	9.4	-0.8	3.2	-5.6	0.9	2.6	0.4	3.9	2.0
Feb	1.3	3.2	9.1	-	3.1	-5.4	1.6	2.3	0.4	4.3	2.2
Mar	1.5	3.6	8.8	0.1	3.0	-5.3	1.3	2.4	0.5	4.4	2.3
Apr	1.5	3.3	9.3	-0.5	3.3	-5.1	0.9	3.5	0.5	4.2	2.3
May	2.3	3.4	9.2	-	3.3	-5.2	1.5	3.6	0.5	4.1	2.6
Jun	1.2	3.2	9.1	0.3	3.2	-5.5	1.2	3.1	0.2	4.1	2.2
Jul	1.3	3.1	9.2	-1.0	3.3	-5.4	1.6	2.2	0.1	4.2	2.1
Aug	1.3	3.2	7.9	-1.1	3.3	-5.4	1.3	1.6	0.2	3.9	1.8
Sep	1.3	3.2	7.7	-0.5	3.3	-2.7	1.2	1.2	0.3	3.5	1.9
Oct	1.5	3.2	7.7	-1.2	3.4	-2.5	0.9	1.0	0.4	3.8	1.8
Nov	2.0	3.4	7.6	-1.8	3.5	-2.2	1.2	0.9	0.5	4.3	2.0
Dec	2.7	3.7	8.4	-1.9	3.5	-1.9	2.2	0.4	0.3	4.3	2.1
1999 Jan	3.0	3.6	8.0	-2.1	3.3	-1.1	1.4	0.5	0.4	4.1	2.0
Feb	3.3	3.0	7.9	-2.0	3.2	-1.5	1.2	0.3	0.1	3.6	1.8
Mar	2.9	2.7	11.7	-2.4	3.0	-1.4	1.2	1.5	0.3	3.3	2.0

The symbol r denotes revisions to previous months' data

3 FEPI - Index of Investment Prices (Experimental)

	Plant and Machinery	Vehicles, etc	New Buildings and Works	Transfer Costs of Land and Buildings	New Dwellings	Index of Investment Prices IIP
January 1992=100						
Weights						
1997	390	103	267	33	207	1000
1998	387	103	277	37	196	1000
1999	413	106	256	40	185	1000
	CUSG	CUSH	CUSF	CUSI	CUSJ	CUSK
1997 Mar	110.1	118.9	109.4	142.2	105.6	110.6
Apr	109.8	118.5	109.5	142.8	106.9	110.7
May	109.4	118.5	109.4	144.8	107.6	110.8
Jun	108.8	118.3	109.4	144.9	108.6	110.8
Jul	108.0	118.1	110.2	150.8	109.8	111.1
Aug	107.2	118.4	111.1	151.9	110.5	111.2
Sep	107.1	118.6	111.5	153.4	110.6	111.4
Oct	106.6	118.4	112.0	152.2	110.4	111.2
Nov	105.9	118.1	112.4	153.1	110.5	111.1
Dec	105.8	118.5	112.8	152.2	110.5	111.1
1998 Jan	105.6	119.1	113.3	151.7	110.6	111.3
Feb	105.0	118.8	113.8	153.6	111.2	111.3
Mar	104.5	119.5	114.3	154.9	113.1	111.7
Apr	103.7	119.3	114.6	159.6	115.0	111.9
May	103.8	120.4	115.0	160.3	115.9	112.4
Jun	102.9	120.1	115.3	161.0	117.7	112.4
Jul	102.2	120.4	115.8	165.4	118.9	112.7
Aug	101.5	121.2	116.1	165.1	119.5	112.7
Sep	100.5	120.9	116.5	165.9	120.0	112.5
Oct	100.3r	121.3	117.1	166.1	120.2	112.6
Nov	100.3r	122.4	117.7r	165.6	119.7	112.8r
Dec	99.9r	123.0	118.2	164.8	119.1	112.7r
1999 Jan	100.2	122.9r	118.5r	167.0r	118.8r	112.9r
Feb	100.4r	124.0r	118.8	168.0r	118.4r	113.1r
Mar	100.2	124.3	119.1	170.6	120.1	113.5
Annual Percentage Changes						
	Plant and Machinery	Vehicles, etc	New Buildings and Works	Transfer Costs of Land and Buildings	New Dwellings	Index of Investment Prices IIP
	CGBB	CGBC	CGBA	CGBD	CGBE	CGBF
1997 Mar	-5.1	0.1	4.4	9.0	6.3	0.9
Apr	-5.9	-0.6	4.1	5.2	6.8	0.4
May	-5.2	-0.5	3.5	6.6	7.1	0.6
Jun	-5.1	-0.5	3.1	6.9	7.4	0.6
Jul	-4.8	-0.8	3.5	9.2	7.6	0.9
Aug	-6.0	-1.0	3.9	9.1	7.6	0.5
Sep	-5.3	-0.9	3.9	10.1	7.7	0.9
Oct	-5.7	-0.7	4.0	8.0	7.4	0.5
Nov	-4.2	0.4	4.0	8.7	7.3	1.3
Dec	-4.7	0.9	4.0	7.9	6.5	0.9
1998 Jan	-5.0	0.8	4.1	8.9	6.0	0.8
Feb	-5.6	0.1	4.3	8.3	6.5	0.6
Mar	-5.1	0.5	4.5	8.9	7.1	1.0
Apr	-5.6	0.7	4.7	11.8	7.6	1.1
May	-5.1	1.6	5.1	10.7	7.7	1.4
Jun	-5.4	1.5	5.4	11.1	8.4	1.4
Jul	-5.4	1.9	5.1	9.7	8.3	1.4
Aug	-5.3	2.4	4.5	8.7	8.1	1.3
Sep	-6.2	1.9	4.5	8.1	8.5	1.0
Oct	-5.9r	2.4	4.6	9.1	8.9	1.3
Nov	-5.3r	3.6	4.7r	8.2	8.3	1.5r
Dec	-5.6r	3.8	4.8	8.3	7.8	1.4
1999 Jan	-5.1	3.2r	4.6r	10.1r	7.4r	1.4r
Feb	-4.4r	4.4r	4.4	9.4r	6.5r	1.6r
Mar	-4.1	4.0	4.2	10.1	6.2	1.6

The symbol r denotes revisions to previous months' data

4 FEPI - Index of Government Prices (Experimental)

	Annual percentage changes							
	Local Government Total	Central Government Total	Education Grants	Index of Government Prices IGP	Local Government Total	Central Government Total	Education Grants	Index of Government Prices IGP
January 1992=100								
Weights								
1997	347	589	64	1000				
1998	342	591	67	1000				
1999	350	567	83	1000				
	CUSL	CUSM	CUSN	CUSO	CGBG	CGBH	CGBI	CGBJ
1997 Mar	116.0	112.6	115.5	113.9	2.7	0.9	1.9	1.5
Apr	115.7	112.9	115.5	114.1	2.6	1.3	1.9	1.9
May	117.0	113.2	116.5	114.7	2.4	2.0	1.9	2.1
Jun	117.6	112.9	116.5	114.8	2.4	1.3	1.9	1.8
Jul	117.0	112.7	118.5	114.6	2.4	1.6	3.5	2.0
Aug	117.2	112.7	118.5	114.6	2.7	1.1	3.4	1.8
Sep	117.2	113.2	118.6	114.9	2.7	2.1	3.5	2.3
Oct	117.5	113.4	118.6	115.1	2.6	1.7	3.5	2.1
Nov	118.4	113.6	118.6	115.6	2.8	1.8	3.3	2.2
Dec	117.8	113.9	118.7	115.6	2.5	1.4	3.3	2.0
1998 Jan	118.3	114.6	119.8	116.2	2.5	1.8	3.7	2.2
Feb	118.2	114.1	119.8	115.9	2.3	1.2	3.7	1.8
Mar	118.9	114.4	119.7	116.3	2.5	1.6	3.6	2.1
Apr	118.6	114.7	119.8	116.3	2.5	1.6	3.7	1.9
May	120.1	114.3	120.7	116.7	2.6	1.0	3.6	1.7
Jun	120.7	114.7	120.6	117.1	2.6	1.6	3.5	2.0
Jul	120.4	114.6	121.1	117.0	2.9	1.7	2.2	2.1
Aug	119.6	115.3	121.1	117.1	2.0	2.3	2.2	2.2
Sep	119.6	114.9	121.1	116.9	2.0	1.5	2.1	1.7
Oct	120.2	115.5	121.1	117.5	2.3	1.9	2.1	2.1
Nov	121.1	115.9	121.2	118.0	2.3	2.0	2.2	2.1
Dec	120.5	116.7	121.2	118.3	2.3	2.5	2.1	2.3
1999 Jan	121.0	117.5	122.0	119.0	2.3	2.5	1.8	2.4
Feb	120.9	117.8r	122.0	119.1	2.3	3.2	1.8	2.8
Mar	121.1	117.7	122.0	119.2	1.9	2.9	1.9	2.5

The symbol r denotes revisions to previous months' data

The Seasonal Adjustment of RPIY



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Summary

Most monthly and quarterly economic series produced by ONS are published as seasonally adjusted series. Consumer price index series have up to now been an exception. There are good reasons, discussed below, why RPI should not be seasonally adjusted, at least not officially by ONS. However, these reasons are not thought to apply to RPIY. Seasonally adjusted RPIY (SARY) will in future be published each month. This article discusses the issues involved.

What are the advantages of seasonally adjusted series?

For any monthly series, the change in value between any two months is due to three factors: the long term trend in the series (which is often the quantity of interest), seasonal variations and irregular factors. If comparison is made between months that are a year apart, the seasonality cancels out (provided that the seasonal pattern is not changing), although the irregularity does not. However, to monitor short term movements it is useful to compare months less than a year apart, and seasonal variations and irregular factors may swamp trend movements. It is thus useful to remove seasonality, and if possible irregularity, by seasonal adjustment techniques.

Why are price indices seasonal?

RPI and series derived from it such as RPIY have slight seasonal variations. There are several reasons for this. The main ones are:

- a. The prices of many goods, particularly clothing and consumer durables, fall in January and July due to sales then rise in the following months.
- b. Some foods, such as fresh fruit and vegetables, tend to be more expensive in winter than summer.
- c. Excise duties on tobacco, alcohol and petrol tend to increase at roughly the same date each year. These

duties are removed from prices used in RPIY. However, it is assumed in the RPIY calculation that the increases take full effect at once. In practice, retailers may be able to sell old stock at pre-increase prices, or may choose to absorb the effect for a short time. Thus the price of these goods as used in RPIY tends to fall briefly after each excise increase.

- d. Council tax, local authority rents and vehicle excise duty tend to increase only once a year, although only the second of these is in RPIY.
- e. Some other prices increase only once a year or at fixed intervals. Examples are London Transport train and bus fares and mail order catalogue goods.

RPIY is on average 0.7 per cent below trend in January and 0.4 per cent above trend in May. Some components are more seasonal; for example, women's outerwear is on average 4.1 per cent below trend in July and 3.0 per cent above trend in November.

Comparisons are also distorted by short-term irregular movements. One way to remove the effects of these is to seasonally adjust the series and compare the average of the three latest months with the average of the three preceding months. However, this is not very satisfactory; a better method is to use seasonal adjustment techniques to obtain a smooth trend.

The effect of seasonal adjustment on annual change

As noted above, seasonally adjusted series have roughly the same annual change as the unadjusted ones. However, there are usually some small differences due to changes in the seasonal pattern. The annual changes were calculated from figures rounded to one decimal place, then rounding the changes to one decimal place (in accordance with CPGI policy). For the 133 months from January 1988 to January 1999, the 12 month change of SARY (based on the January 1999 run) equalled the 12 month change of unadjusted RPIY for 61 months, after rounding. For three months, the SARY change was 0.2 percentage points less than that of the unadjusted series; for 17 months it was 0.1 less; for 41 months it was 0.1 more; for 11 months it was 0.2 more.

Publication strategy

SARY will not be in the First Release but will be supplied to customers, on request, on publication day. It will also be available from that day on the ONS Central Shared Database. It will be in the monthly ONS publication *MM23: Consumer Price Indices*. (This is the same publication rule as for the Tax and Price Index.) The seasonally adjusted levels and one month changes, from 1987, will be given in tables in the same way as is done for RPI and other series. The components of SARY will not be released, as ONS does not release components of unadjusted RPIY.

Even if the unadjusted data are not revised, some values in the seasonally adjusted series will change each month. The policy on publishing revisions is discussed below.

Revisions policy

In accordance with ONS policy, seasonal adjustment is done by current adjustment. This means that a fresh set of adjustment runs is done each month rather than relying on forecasts of the seasonal factors, so each month there may be small revisions to the historic series. However, normally the seasonal adjustment options (such as the seasonal moving average filters and the outliers and level shifts temporarily removed) are not altered each month. These adjustment options are only reviewed once a year, after the January figures are published (which is when other annual review work is done). This revision of options tends to cause larger revisions to the historic series than the usual changes each month, which are just due to having an extra data point.

After each annual review of options, the published values will be revised as far back as there are significant changes. This is unlikely

to be for more than the most recent 12 months. In other months, when the seasonal adjustment program is run without changing the options, the only published values to be revised will be the previous month's and twelve months ago, as these are the values likely to change the most. Thus when the September 1999 value is published, the August 1999 and September 1998 values will be revised. (This refers to levels; there may be a consequential revision to the monthly change for October 1998.) Obviously, published levels, annual changes and monthly changes must all be revised in step to keep them consistent.

To avoid delay, the initially published January figures for each year will still use the old options. Revisions due to changing the options will not be published until the release of the February figure to avoid too many revisions.

The data will, like all CPGI series, be published rounded to 0.1 index points, and changes will be computed from the rounded published levels. This means that small revisions in the unrounded data can lead to relatively large changes in the published data. In the example below, revisions of 0.004 in the index level in two consecutive months will change the published percentage change by 0.1:

Unrounded series	Published series	Published percentage change
144.248	144.2	0.8
145.352	145.4	
144.252	144.3	0.7
145.348	145.3	

Magnitude of the revisions

The monthly revisions are quite small. For some months, especially 12 months before the current one, they may be up to 0.02 percentage points up or down, but for most months they are much less than this. As the published figures are rounded to 0.1, in most months there should be no change in any published figure.

The annual reviews of options may cause larger changes. Following the 1999 review, of the 145 monthly SARY figures since January 1987, there was one revision of +0.10 per cent (for May 1987). All other revisions were well within 0.1 up or down, the second largest being +0.08 per cent (for May 1988). Using rounded data, there were 24 revisions of -0.1 per cent and 28 of +0.1 per cent. Of the

133 annual changes, using unrounded data, the greatest revision was 0.02 percentage points (for July 1995). Most were much smaller; the absolute average revision was 0.004 percentage points. There is no tendency for more recent revisions to be larger. With rounded data, there were 8 revisions of -0.1 and 10 of +0.1.

Trends

As noted above, trends are the best way to present a series so that underlying movements can be seen free of the distortion of short-term irregular effects. It is ONS policy to publish trends of seasonally adjusted series where we think they are appropriate and helpful to users. The trends will only be published as graphs, but the numerical data will be available on request.

Why RPIY and not RPI?

There are four reasons for not seasonally adjusting RPI:

- a. For some components of RPI and RPIX (notably the four alcohol series, tobacco and petrol), much of the seasonality is due to annual changes in indirect taxes, which are caused by Government action rather than climatic or socio-economic factors. Some users will not want this component of the seasonality removed. To do the adjustment in the usual way would remove this component, hence be unacceptable to some users. Such users might argue that at least part of it is not a genuinely seasonal effect at all, but represents the interaction of seasonality and other factors. Another way to do the adjustment would be to calculate
- b. RPI is strongly affected by mortgage interest payments, which are erratic and non-seasonal. Thus the seasonal pattern of RPI is less well defined than that of RPIX or RPIY.
- c. Seasonally adjusted series alter retrospectively each month, even if the unadjusted series do not alter. Thus seasonally adjusting RPI might be seen to be at odds

$$\text{Seasonally adjusted RPIX} = \text{SARY} \times \frac{\text{RPIX}}{\text{RPIY}}$$

This would retain the effects of annual changes in indirect taxes in the series. However, the resultant series would still show significant seasonality so might be regarded by some other users as not adequately seasonally adjusted.

with the policy that RPI and its components are never revised.

- d. The twelve month change of a seasonally adjusted series may differ from that for the unadjusted series. This could cause confusion with regard to the statutory and contractual uses of RPI and the use of RPIX as the inflation target.

Most (but not all) of the effect of annual tax changes is removed from RPIY. Further, there are no statutory uses of RPIY and it is not considered that minor revisions to SARY would cause a problem.

Annex: Some Detailed Considerations

What is adjusted?

As discussed above, only RPIY is seasonally adjusted. It is possible to adjust levels or monthly or annual changes. For consistency, only one of these should be adjusted and the other adjusted series derived from the results. The ONS standard is to adjust levels. This has the advantages that a levels series is less noisy, hence easier to adjust, and that any outliers or level shifts only affect the series once. Also, if twelve month changes are adjusted, it is impossible to produce a unique series of adjusted levels.

The adjustment process

The program used for seasonal adjustment is X-12. For each series, an ARIMA model was fitted. This is used to extrapolate the series for 12 months to improve estimation at the end of the series. These extra monthly values will not be released. They are not forecasts of the series, just an arithmetical device to improve estimates for the last few months. They are still only linear combinations of the available values of the series being adjusted, so the procedure should be viewed only as a way to derive better end weights for a particular series. This procedure also improves stability on update: it usually reduces the changes to the seasonally adjusted series and trend which occur when data for later months become available.

Also, for most series the X-12 ARIMA modelling was used to remove the effects of large outliers and level shifts before adjustment. (This is an option unavailable in X-11.) This produces a better behaved series so that it is easier to produce a good adjustment. These outliers and level shifts are re-introduced into the seasonally adjusted series to avoid distorting history. The ARIMA models and the outliers and levels shifts to be removed must be re-assessed at each annual update.

Disaggregation

The adjustment is improved if each component of RPIY that may have its own seasonal pattern is adjusted separately. Examples are the four alcoholic drink sections, each of which is affected differently by changes in excise duty, and seasonal food. Because the series are all annually chain linked and their weights vary each year, the following technique is used to aggregate them to give an overall adjusted series.

- Seasonally adjust each series (chained to Jan 1987 = 100) and output the seasonal factors.
- Take the unchained series for each year (based on Jan = 100 in each year); divide it by the seasonal factors for each year to get a "seasonally adjusted but unchained" series.

- Aggregate the series within each year using the correct weights for that year.
- Chain the resultant collection of aggregate series; when chaining, remember that the January value is not necessarily 100 after adjustment.

Production of a trend

The trend is obtained by starting with SARY levels. The actual data from the latest seasonal adjustment run is used, not the published figures with revisions suppressed. ARIMA modelling and seasonal adjustment techniques are used to extrapolate it and remove outliers and level shifts. The resultant series is smoothed with a 13 term Henderson trend with two levels of outlier detection and ARIMA modelling. Trend changes are obtained by differencing the trend, rather than trending the monthly changes.

RPIY				Rounded SARPIY		
		Percentage change over 12 months		Percentage change over 12 months		1 month
1997	Jan	150.6	2.8	150.7	2.7	0.3
	Feb	150.8	2.5	150.8	2.5	0.1
	Mar	151.0	2.3	150.8	2.2	0.0
	Apr	151.3	2.0	151.0	2.1	0.1
	May	151.5	2.0	151.2	2.1	0.1
	Jun	151.8	2.2	151.8	2.3	0.4
	Jul	152.1	2.2	152.1	2.3	0.2
	Aug	152.4	2.1	152.3	2.1	0.1
	Sep	152.7	2.0	152.7	2.1	0.3
	Oct	153.0	2.2	153.2	2.2	0.3
	Nov	153.2	2.1	153.5	2.2	0.2
	Dec	153.5	2.2	153.6	2.2	0.1
1998	Jan	153.7	1.9	153.5	1.9	-0.1
	Feb	153.9	2.1	153.9	2.1	0.3
	Mar	154.2	2.1	154.0	2.1	0.1
	Apr	154.4	2.2	154.3	2.2	0.2
	May	154.7	2.5	154.8	2.4	0.3
	Jun	154.9	2.0	154.9	2.0	0.1
	Jul	155.2	2.1	155.3	2.1	0.3
	Aug	155.5	2.1	155.5	2.1	0.1
	Sep	155.8	2.0	155.8	2.0	0.2
	Oct	156.0	1.8	156.1	1.9	0.2
	Nov	156.2	1.8	156.1	1.7	0.0
	Dec	156.5	2.0	156.5	1.9	0.3
1999	Jan	156.6	2.0	156.6	1.9	0.0
	Feb	156.8	1.8	156.8	1.9	0.1