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About the Office for National Statistics
The Office for National Statistics (ONS) is the government agency responsible for compiling, analysing and disseminating many of the United Kingdom's economic, social and demographic statistics, including the retail prices index, trade figures and labour market data, as well as the periodic census of the population and health statistics. It is also the agency that administers the statutory registration of births, marriages and deaths in England and Wales. The Director of ONS is also the National Statistician and the Registrar General for England and Wales.

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national STATISTICS

Economic Trends

No. 613, December 2004

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in brief

At a glance – economic summaries recently released on the National Statistics website.

GDP growth

GDP is estimated to have grown by 0.4 per cent in 2004 Q3 compared to 0.9 per cent in the previous quarter.

This deceleration reflects a decline of 1.4 per cent in the production sector following an increase of 1.2 per cent in 2004 Q2.

The production sector decrease follows a fall in oil and gas extraction in the North Sea of 5.0 per cent, and a fall of 1.0 per cent in the manufacturing sector. Within manufacturing, the reductions were most pronounced in the paper, printing and publishing, food, drink and tobacco and chemical and man-made fibres industries.

The service sector rose by 0.8 per cent in the latest quarter.

The distribution, hotels and catering sector rose by 0.8 per cent, with strength in wholesale and retail trade. The transport and communications sector also rose by 0.8 per cent due to increased output of telecommunications.

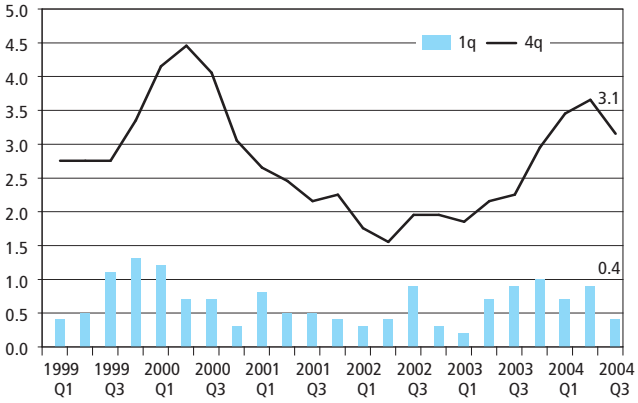
Business services and finance rose by 0.9 per cent, driven by real estate and business activities, which includes architectural and engineering, recruitment and legal related services. Similarly, the government and other services sector rose by 0.8 per cent with growth in health and social work.

Construction output rose by 0.8 per cent in the latest quarter.

Household expenditure rose by 0.5 per cent with increased spending on durable goods, which includes audio-visual equipment and furniture.

GDP quarterly growth CVM

Per cent



Government expenditure rose by 1.4 per cent over the quarter and is now 4.7 per cent above the level seen in 2003 Q3. Investment fell by 0.1 per cent over the quarter as investment in transport equipment and other machinery and equipment declined.

The trade deficit remained unchanged at £12.8bn as exports of goods rose by 2.8 per cent and imports of goods rose by 1.6 per cent.

On the income side, compensation of employees, in nominal terms, rose by 0.8 per cent and corporate incomes rose by 0.4 per cent in 2004 Q3.

Released: **26 November 2004**

Index of Production

Manufacturing output decreased by 1.0 per cent in the third quarter of 2004 compared with the second quarter, with eleven out of the thirteen subsectors showing decreases in output, and two showing increases.

The most significant decrease was in the paper, printing and publishing industries, where output decreased by 2.0 per cent. Other significant decreases occurred in the food, drink and tobacco industries, where output decreased by 1.6 per cent and the chemicals and man-made fibres industries, where output decreased by 1.4 per cent. There were no significant increases in output in the quarter.

Overall production decreased by 1.4 per cent on a quarterly basis. This combines the 1.0 per cent decrease in manufacturing output with energy supply, which decreased

Index of Manufacturing

2001=100

by 0.1 per cent; and mining and quarrying output, which decreased by 5.0 per cent. This is as a result of reduced output in the oil and gas industries while maintenance, which had been delayed from the summer, was carried out. The maintenance needed to be completed before the risk of disruption through bad weather became too great, and this resulted in lower than normal extraction output in late August and throughout September.

Between August and September, manufacturing output increased by 0.1 per cent, with output rising in six of the thirteen subsectors. The only significant increase occurred in the electrical and optical equipment subsector (1.5 per cent), with a range of industries contributing to the increase. There were no significant decreases in output between August and September, but seven of the thirteen subsectors did show falls in this period.

The overall Index of Production decreased by 0.4 per cent between August and September. Mining and quarrying output decreased by 3.8 per cent, owing to decreases in both oil and gas extraction output. Energy supply output decreased by 0.7 per cent in September with a large fall in gas supply. During September the price of gas rose significantly and this meant that coal was used rather than gas for some electricity generation.

Released: **5 November 2004**

Inflation rises

Rising energy costs led to an increase in Consumer Price Index (CPI) inflation – the Government's target measure – to 1.2 per cent in October, up from 1.1 per cent in the previous month.

The largest upward impact on the CPI inflation rate came from petrol. Rising crude oil prices contributed to an increase in average unleaded and diesel prices this October of around 2 pence per litre. By contrast fuel costs fell back last year, despite an increase in duties on 1 October 2003. At the same time, significant increases in electricity and gas tariffs announced by a number of major suppliers led to a rise in average household heating bills this October, and the cost of domestic heating oil also rose by more than last year.

Further upward effects came from package holidays and food. Holiday prices rose this October on a range of destinations compared with the less typical price reductions recorded throughout 2003. Similarly, fresh vegetable prices rose this year but fell a year ago. These upward effects were partly offset by price reductions this October for car purchase, various travel fares, and TV and video rentals.

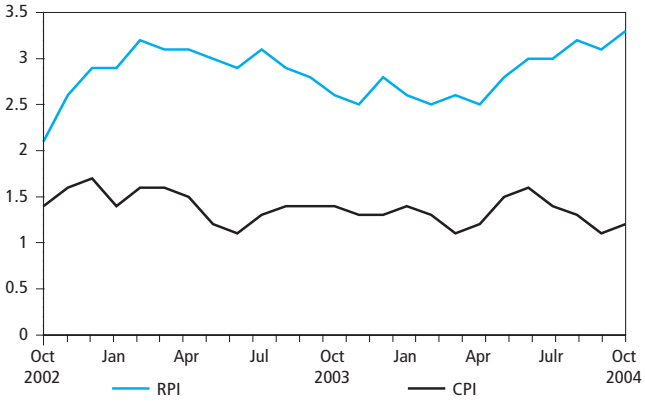
Similar factors led to an increase in the Retail Prices Index (RPI) inflation rate, to 3.3 per cent in October, up from 3.1 per cent in September. RPI inflation was further boosted by some housing costs that are excluded from the CPI. In particular, depreciation – the amount home owners need to spend to maintain their property – rose by more than a year earlier, reflecting stronger growth so far this year in house prices.
The annual rate for the all-items RPI excluding mortgage interest payments (RPIX) was 2.1 per cent in October, up from 1.9 per cent in the previous month.

As an internationally comparable measure of inflation, the CPI shows that the UK inflation rate has been among the lowest in the EU since the start of 2000. The provisional average inflation rate for the enlarged EU 25 in September, the latest available, was 2.0 per cent, compared with 1.1 per cent in the UK.

Released: **16 November 2004**

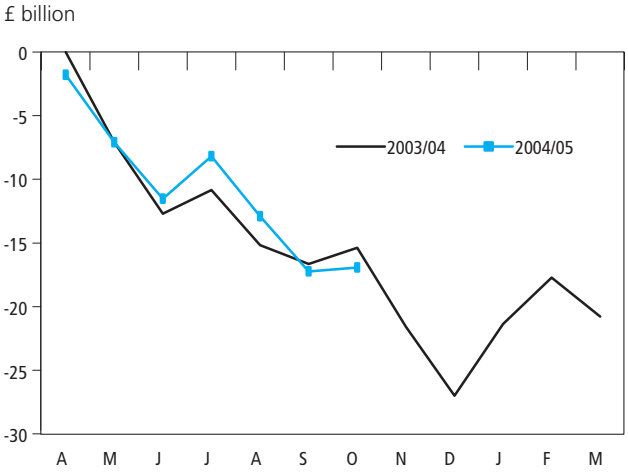
Annual inflation rates

12 month percentage change



Public sector

Cumulative public sector surplus on current budget



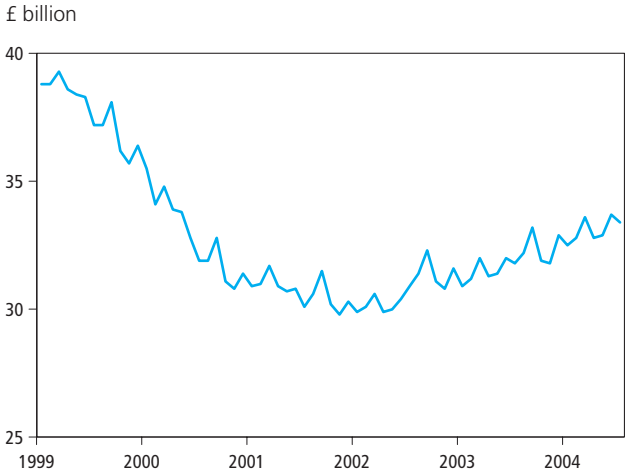
In October 2004 the public sector showed a surplus on current budget of £0.4 billion, compared with a surplus of £1.3 billion in October 2003.

Concentrating on one month in isolation can give a distorted picture as movements can be erratic. Focusing on the financial year to date generally provides a better overview. Between April and October of the financial year 2004/05, the public sector recorded a deficit of £17.2 billion. At the same stage of the 2003/04 financial year a deficit of £15.6 billion had been recorded.

More generally the public sector recorded deficits between 1991/92 and 1997/98 before moving into surplus in 1998/99. The deficit for 2002/03 was the first deficit recorded since 1997/98.

An alternative measure of the public sector fiscal position is public sector net borrowing. This additionally takes account of capital investment. In October 2004 there was net borrowing of £0.8 billion, which compares with a minus £0.4 billion in October 2003. In financial year 2003/04 there was net borrowing of £34.8 billion. The Budget forecast for 2004/05 is net borrowing of £32.9 billion.

Net debt (as a percentage of GDP)



Public sector net debt, expressed as a percentage of gross domestic product (GDP), was 33.3 per cent at the end of October, compared with 31.7 per cent at end of October 2003. Debt peaked at 44.0 per cent of GDP in 1997, its highest since the mid 1980s. The debt ratio then fell steadily as public sector finances improved, reaching a low of 29.7 per cent in February 2002. Since then it has risen. The Budget forecast for the end of March 2005 is 34.4 per cent.

Net debt was £393.0 billion at the end of October, compared with £355.2 billion a year earlier. The Budget 2004 forecast for net debt at the end of March 2005 is £416 billion.

Released: 18 November 2004

Summaries on other economic topics as well as social subjects can be found at www.statistics.gov.uk/glance

New ONS publisher to develop product range

The Office for National Statistics (ONS) has appointed a new official publisher. From January 2005, Palgrave Macmillan will publish and distribute all of ONS's print products. This partnership will bring a wealth of expertise to the strategic development of the ONS portfolio.

After putting the contract out to competitive tender, ONS decided that Palgrave Macmillan best suited its business requirements as a future publishing partner. Palgrave Macmillan – Publisher of the Year in 2003 – is a global academic publisher serving learning and scholarship in higher education and the professional world. The term of the contract is five years initially.

ONS felt that this partnership was the right one to make the most of its evolving print portfolio and changing customer needs.

Arrangements are in hand to ensure that services are transferred smoothly and with minimal disruption to subscribers. The subscription price for this journal will remain unchanged during 2005.

For all subscription enquiries please contact Jacqui Powell on **01256 302915**. For any other enquiries please contact Charley Holyhead on **01256 357893**.

Website: **www.palgrave.com/ons**

E-mail: **ons@palgrave.com**

Economic update
December 2004

Anis Chowdhury
Office for National Statistics

Overview

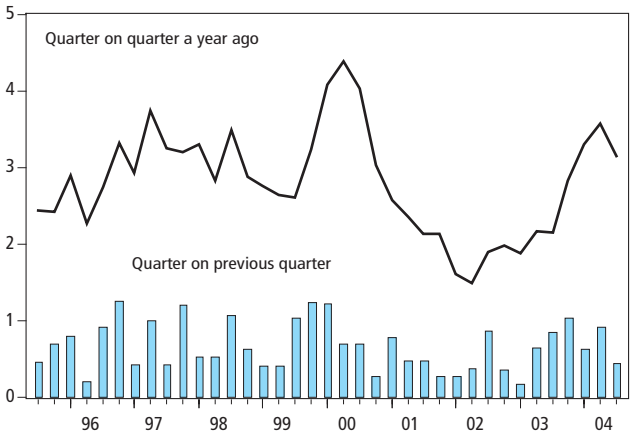
- GDP growth in the third quarter was 0.4 per cent, down from 0.9 per cent in the previous quarter.
- Despite a marginal slowdown, the service sector continued to lead economic growth, industrial production contracted significantly and the construction sector expanded at a slightly higher rate than in the previous quarter.
- Consumer spending rose by 0.5 per cent in the third quarter, slowing slightly from the second quarter. Retail sales have been rising faster than consumption but showed some signs of a slowdown in quarter three.
- Fixed investment fell by 0.1 per cent in the third quarter, having grown by 2.4 per cent in quarter two.
- Government spending is currently adding to economic growth although public sector finances are falling further into deficit.
- Export activity increased in quarter three following growth in quarter two. Imports also rose in quarter three.
- Labour market aggregates remain largely stable, with unemployment falling slightly and the inactivity rate edging up. Average earnings inflation excluding bonuses; also fell slightly in the latest quarter.
- Producer output price inflation has been rising sharply in recent months, largely because of oil prices. Producer input prices have been rising even more rapidly.
- Consumer prices have picked up in October having fallen in previous months.

GDP activity – overview

The GDP growth for the third quarter of 2004 was left unchanged from the initial estimate at 0.4 per cent after the release of the UK output, income and expenditure figures for that quarter. This represents a deceleration over the previous quarter when growth was 0.9 per cent. The third quarter annual growth rate is estimated at 3.1 per cent, also representing a decrease on the second quarter annual growth rate of 3.6 per cent. (Figure 1). This latest release contains more information than that contained in the preliminary GDP one. It gives first estimates for the main expenditure categories and more complete information on the output side. It is still, however, based on as yet incomplete information.

Third quarter GDP data are available for the major OECD economies and these show a mixed picture of the world economy with growth generally weaker than in the second quarter. Third quarter GDP growth in the US was 0.9 per cent, up from 0.8 per cent in quarter two. The acceleration in

Figure 1
GDP
Growth



the third quarter came primarily from increase in personal consumption expenditure. The improvement in the net trade position as well as increases in investment also contributed to growth. Japan's output grew by 0.1 per cent in the third quarter, down from 0.3 per cent in quarter two. This follows 1.5 per cent growth in quarter one. The main causes for the latest sluggish growth were due to falls in corporate investment and lower export growth with slowing of China's imports hitting Japan harder than expected. However, consumer spending continued to show growth.

Growth in the three biggest mainland EU economies – France, Germany and Italy – shows a mixed picture with Italy growing at a faster rate in quarter three in contrast to France and Germany who report a slower rate of growth compared to quarter two. The Italian economy expanded at the fastest pace, by 0.4 per cent, unchanged from revised quarter two growth of 0.4 per cent. Growth came from increased services output and agriculture with industrial production remaining flat. German GDP, on the other hand, slowed sharply to 0.1 per cent compared to GDP growth of 0.4 per cent in quarter two, with weak export growth being the major reason for the slowdown. The German economy has been almost entirely reliant on export growth to boost its growth. The slowdown in global recovery evident since the summer and the recent appreciation of the euro appear to have had a negative impact. Finally, French GDP grew at 0.1 per cent in quarter three, the slowest pace in more than a year, having grown at 0.6 per cent in quarter two. Weaker consumer spending growth, which had boosted the first half expansion, together with weak export growth were the primary factors leading to the third quarter slowdown.

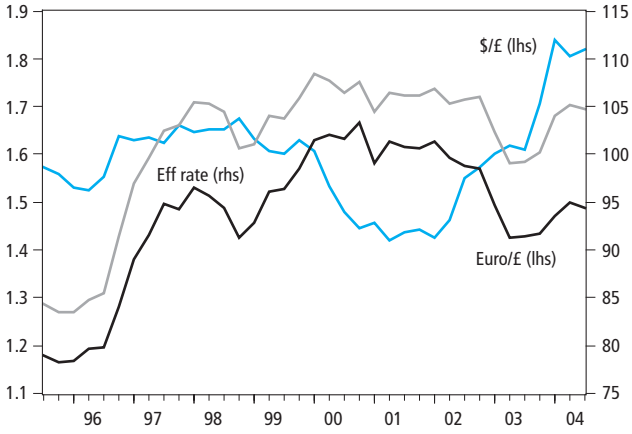
Financial Market activity

The stock market was up almost three per cent in the third quarter of 2004, having risen by about one per cent in the second quarter. Overall, in the first three quarters of 2004 the FTSE All-share index gained almost six per cent. Equity performance has been positive this year on the whole, although stock prices have been volatile. By the time this article was written the FTSE All-share index was at 2297.66, having increased by another three per cent since the end of quarter three.

As for currency markets, 2004 quarter three saw the sterling depreciating against the euro and against the dollar, with an overall decrease in the effective exchange rate of about 1.7 per cent (Figure 2). The sterling continued to depreciate through November largely because of a further fall against the euro, which offset some appreciation against the dollar. At the time this article was written, the euro/sterling and dollar/sterling exchange rates were 1.43 and 1.80 respectively. These movements were preceded by a period in which the sterling had been rising consistently in effective terms. From 2003 quarter four to 2004 quarter two the effective rate rose considerably thanks to a continued appreciation against the euro but also to sharp rises against the dollar up to February of this year. The recent weakness of the exchange rate might be linked to the fact that markets view UK interest rates as having peaked in the short term.

Figure 2
Exchange rates

£ equals



The third quarter of 2004 also saw a further base rate rise (on 5 August, of 0.25 per cent) which brought interest rates to 4.75 per cent. This followed on from two rates rises of the same magnitude in the previous quarter. UK rates are now well above rates in the eurozone and in the US and are arguably at or close to a 'neutral' level. However, they are still at a relatively low level compared to historical values.

Output

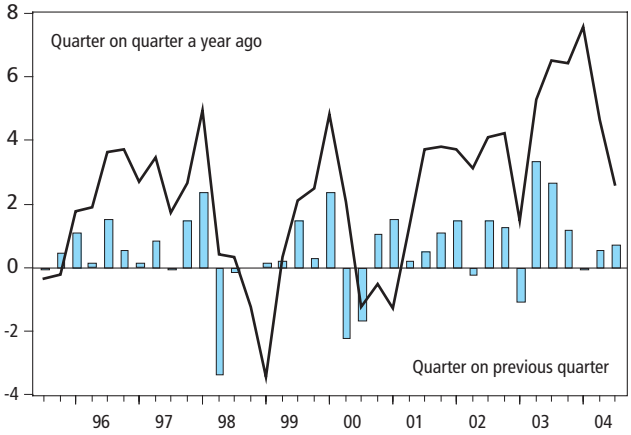
Gross domestic product (GDP) is still estimated to be growing by 0.4 per cent after the release of the output, income and expenditure release for the third quarter. This is published a few weeks after the preliminary GDP figures and gives initial estimates for the main expenditure and income categories of GDP along with more detailed figures on the output side. It is at this stage that a fuller picture of economic growth in the quarter starts to emerge, although at least some of the numbers are still as yet based on incomplete information and so are liable to revision. The initial estimate of GDP growth in the third quarter of 2004 was 0.4 per cent, a deceleration over the previous quarter when growth was 0.9 per cent. The third quarter annual growth rate estimated at 3.1 per cent is also weaker than the first quarter annual growth rate of 3.6 per cent.

According to third quarter figures, the remarkable deceleration in economic growth was due mainly to a sharp fall in industrial production and a marginal slowdown in the service sector. Industrial production is estimated to have fallen by 1.4 per cent over the quarter after growing by 1.2 per cent in the previous quarter. Energy was one driver of the fall in production, largely because of oil and gas falls connected with maintenance shutdowns. Manufacturing production also decreased substantially More generally, the slowdown in production might be connected to recent economic events such as the increase in oil price, the interest rate rises and somewhat weaker global demand. The service sector, by far the largest part of the UK economy, continued to grow rapidly – by 0.8 per cent – though at a slightly slower pace than in the previous quarter when it was up 0.9 per cent. Finally, construction activity, which represents around 5.7 per cent of the economy, is estimated to have increased by 0.8 per

cent up from 0.6 per cent in the previous quarter. (Figure 3). The CIPS survey signal strong growth in activity in the third quarter though at a more moderate rate than in the previous few quarters. This survey points to expansions in both housing and commercial activity although growth slowed in both categories.

Figure 3
Construction output

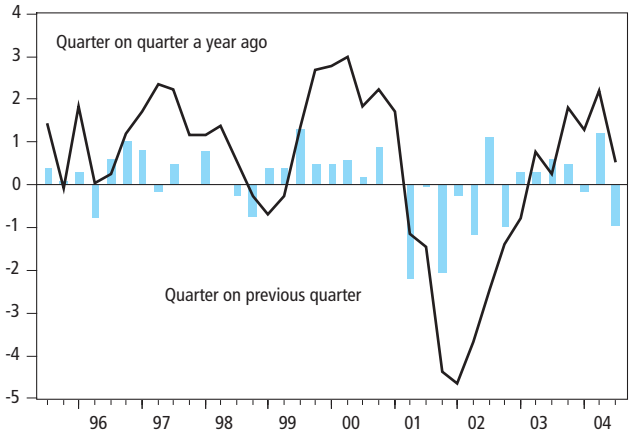
Growth



Manufacturing output is estimated to have fallen in the third quarter, by 1.0 per cent. This is a notable turn around considering that output had increased by 1.2 per cent in quarter two. Growth was negative in most sectors with the exception of engineering and allied industries. The most significant fall was in Textiles, leather & clothing. By industrial grouping output in the consumer durables and capital goods industries show increases in the three months to September whereas consumer non-durables and intermediate consumption and energy show falls. (Figure 4).

Figure 4
Manufacturing output

Growth



External surveys of manufacturing for the third quarter provide mixed evidence on the level of confidence and activity in the sector (Figure 5). The surveys paint a weaker picture for growth in quarter three than in quarter two, but on the whole do not seem to indicate that activity fell as in the same way as official figures suggest. It is worth noting briefly here, however, that it is not unusual for the path of business indicators and official data to diverge over the short-term. These differences happen partly because the series are not measuring exactly the same thing. External surveys measure the direction rather than the magnitude of a change in output and often enquire into expectations rather than actual activity.

Figure 5
External manufacturing

Balances

The CIPS headline index signalled an expansion in activity in quarter three, though not one as rapid as in the previous quarter. The index was very strong in July when it posted 56.0 per cent but fell back in August and September when it posted 52.9 and 52.3 per cent respectively. In October however, there was a pick up to 53.0. The orders index indicator followed the same pattern as the headline figure, however there was a slight decrease in the output index. The quarterly BCC survey provided mixed signals although it could be described as satisfactory on the whole. According to this survey home sales fell marginally over the quarter but remained at a high level, while home orders rose considerably. Confidence balances, on the other hand, fell markedly over the quarter. Monthly CBI figures for orders and output expectations also provide a somewhat mixed picture for the third quarter. On average over the quarter total orders seem to have increased slightly while output expectations fell back a bit. On the positive side, both indices remain above their long-term average. Monthly figures from the October CBI Industrial Trends survey suggest that orders fell on the month whereas output expectations improved.

Overall service sector output is estimated to have grown by 0.8 per cent in quarter three, slowing marginally from quarter two. The slowdown was partly down to the betting industry (possibly because of the high income generated in the previous quarter with the European football championship) and to decreases in hotel revenues, possibly because of bad weather in the third quarter causing holiday makers to either holiday abroad or stay at home. Looking at a longer-term picture, growth in the service sector has been very rapid since the second half of 2003 (Figure 6).

The published monthly figures are the Index of Distribution and the experimental Index of Services. In the three months to September, the Index of Distribution rose by 1.0 per, up

Figure 6
Services output

Growth

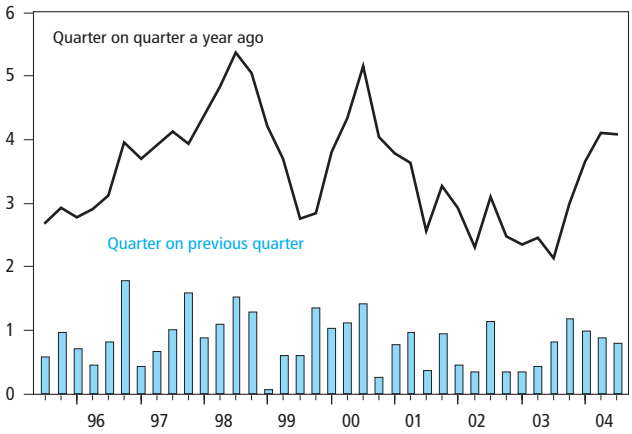
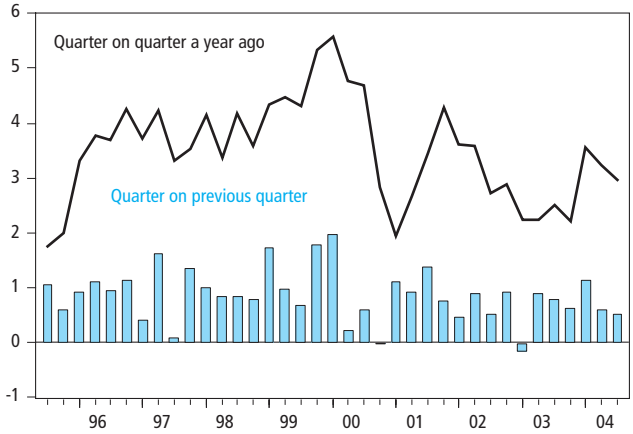


Figure 7
Household demand

Growth



from 0.4 per cent in August. Wholesaling closely followed by retail were the most significant contributors to the increase. Motor Trades also had a small increase in output. The 1.0 per cent increase is the strongest three-month-on-three-month growth since May 2004, when growth increased by 2.0 per cent; this acceleration was the result of stronger growth in motor trades and wholesale. The experimental Index of Services grew by 0.8 per cent in the three months to September. All components increased in growth for the fourth consecutive month with 'Business services & finance' being the most significant contributor to the increase.

The external evidence on services overall signalled that the sector's growth weakened in quarter three. The CIPS index of services dropped in the third quarter despite continuing to signal growth in both activity and orders. Business expectations in the sector remain high although these also dipped a bit over the quarter. The CBI survey of services fell quite markedly in quarter three, with the deterioration taking place in both the level of business in value and volume terms. The CBI optimism indicator also dropped over the quarter. Finally, the BCC survey also worsened considerably in quarter three. While remaining positive, the balances for home sales, home orders and business confidence all fell quite sharply over the quarter.

Household demand

In the third quarter of 2004 household final consumption rose by 0.5 per cent, only slightly down from 0.6 per cent in quarter two but considerably slower than the first quarter when growth was 1.2 per cent. Growth compared with the same quarter a year ago was 3.0 per cent, compared to 3.2 per cent in quarter two (Figure 7). More detailed numbers for consumer spending are not yet available but slower growth in consumption of services when compared with quarter two may account for some of the slowdown.

Most of the fundamentals for consumer spending are still supportive. Real disposable income growth remains consistent with a moderate growth in spending. The labour market is tight which may be having a small upward effect on wages and is generally ensuring that consumers remain relatively unconcerned about their job prospects. Meanwhile consumer confidence remains reasonably high. The impact of the housing market on consumer sentiment, on the other hand, is less clear. While house prices remain at high levels compared to recent years, there seem to be tentative signs that house price growth slowed or in some areas fell in recent months. Increased uncertainty in the stock market could act as a deterrent for consumption, although it would be premature to judge the impact of the recent volatility. Finally, the five base rate hikes since November last year may have some effects on consumption, although there seems to be little hard evidence that they have so far.

Growth for consumption as a whole in quarter three was significantly weaker than that of retail sales, which rose by 1.1 per cent on the quarter and were up 6.6 per cent when compared with the same quarter a year ago. It should though be noted that household consumption accounts for a much wider range of spending than retail sales and that retail sales is still not calculated using chain linking the method now used to produce the GDP numbers.

Retail sales volume fell in October by 0.4 per cent following robust growth in both August and September. In the three months to October (considered a better guide to the trend) growth was 1.2 per cent higher than the previous three

Figure 8
Retail sales

Growth

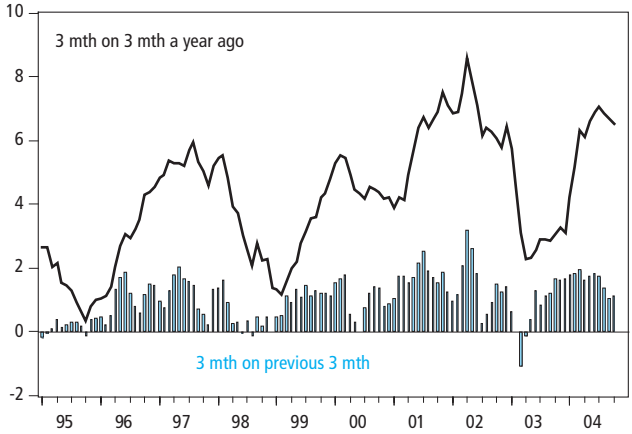
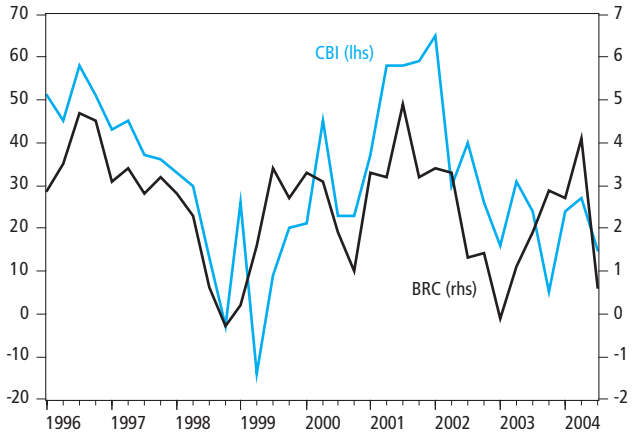


Figure 9
External retailing

Balances, 3 month moving average



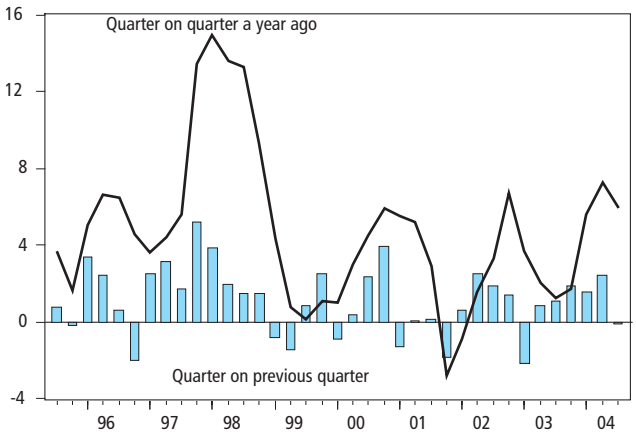
months (Figure 8). This was due to increases in both the food and non-food sector of 0.9 and 1.6 per cent respectively. Underlying retail sales however was lower than the first half of the year where sales growth averaged 1.8 per cent. External figures for retail sales seem to support this picture, as both the CBI retailing and the BRC like-for-like sale surveys worsened on average in quarter three. The fall was particularly marked in the CBI survey as its quarterly average reached the lowest level since 2003 quarter one (Figure 9).

Business demand

Fixed investment for the economy as a whole declined by 0.1 per cent in quarter three. This is in sharp contrast to robust growth of 2.4 per cent in quarter two and 1.6 per cent in quarter one (Figure 10). A decrease in transport equipment investment was a major actor in the fall followed by other machinery and equipment. This reversed strong growth for both sectors in the previous quarter. Falls in private sector dwellings and general government also to a lesser extent contributed to the fall.

Figure 10
Fixed Investment

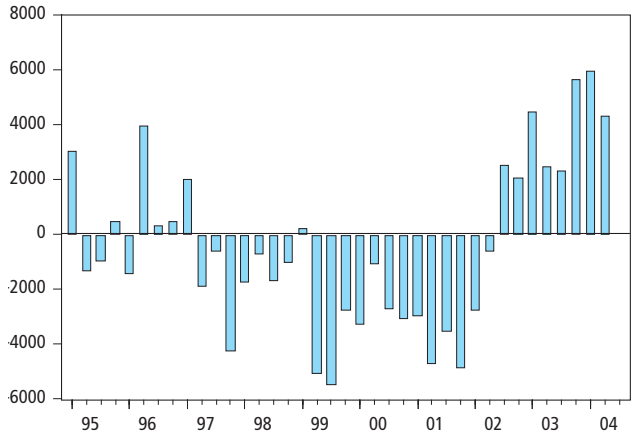
Growth



Despite the rise in spending over the last twelve months, the environment still remains a mixed one for investment. An increase in investment depends upon firms finding it both affordable and profitable to invest. The last few quarters have seen an improvement in this to some degree. Preliminary data provides an incomplete picture for the third quarter but there are some tentative signs that profits may not have grown as quickly as in the previous quarter. The second quarter saw the non-financial corporate sector record another big quarterly net lending position of £4.3 billion, due to another rise in the gross operating surplus and a high return on investments (Figure 11). However, because of the high level of borrowing in the late 1990s the corporate sector does still have very high levels of net liabilities. The financial balance sheet shows the sector had net liabilities of £1,371 billion in the second quarter of 2004, another rise when compared with the previous quarter.

Figure 11
Net lending by the Non-financial corporate sector

£ million



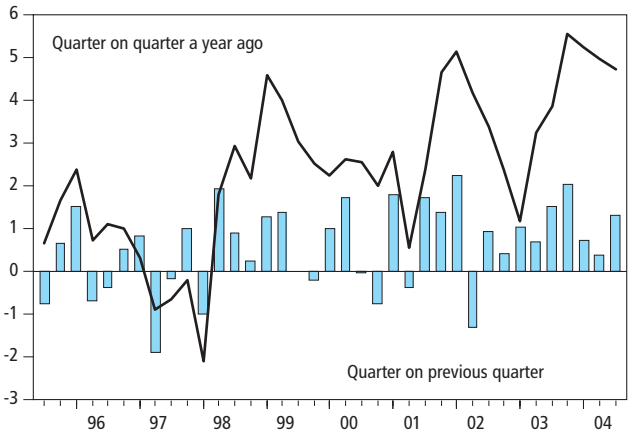
It is also unclear whether firms perceive this as a favourable environment in which to boost investment. Evidence on investment intentions from the latest BCC survey, seems to be mixed with manufacturing sector figures strengthening and service sector figures weakening. The CBI survey on the other hand reports lower capacity utilisation in manufacturing and negative balance for capital expenditure on plant and machinery.

Government demand

Government final consumption expenditure in real terms grew by 1.4 per cent in the third quarter of 2004, a higher pace of growth than in the second quarter when activity rose by 0.4 per cent (Figure 12). Some of this strength may reflect higher defence spending. Growth compared with the same quarter a year ago was 4.7 per cent while for 2003 as a whole it was 3.5 per cent, down from 3.8 per cent in the previous year. It is worth recording that government output figures were recently revised in conjunction with the annual publication of the *Blue Book*, published on 23 July. In all periods since 2001, growth in government consumption has been revised up thanks partly to improved estimates of health output but also to other factors such as revised data on departmental spending and a review of the allocation of spending to functional categories.

Figure 12
Government spending

Growth



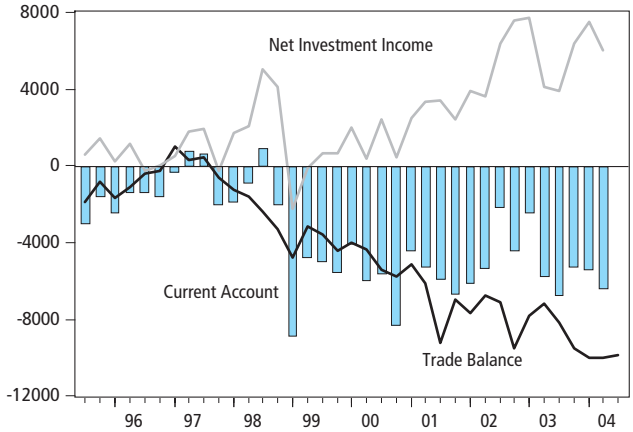
The combination of faster government expenditure growth alongside weaker revenues reflecting the more subdued economic activity has led to deterioration in the public sector's finances. The public sector, a substantial net lender in the years 1998 to 2001 became a net borrower again in 2002. The net borrowing figure for 2002 was £18.3 billion, which compares with a net lending figure of £7.6 billion in the previous year. This deterioration has continued into 2003 and 2004. Net borrowing in calendar year 2003 was £36.4 billion. This was followed by lending of less than £1 billion in 2004 quarter one and net borrowing of £14.1 billion and £8.6 billion in quarter two and three respectively. The latest budget estimates for the end of October, show the public sector net borrowing was £0.8 billion; this is £1.2 billion higher than in October 2003, when net borrowing was -£0.4 billion (that is, a repayment).

Trade and the Balance of Payments

The UK trade balance seems to have improved in the third quarter of 2004. The deficit on trade in goods and services was £9.8 billion, an improvement from the £10.0 billion deficit in the second quarter. The third quarter figure comprised record deficit on trade in goods of £14.7 billion, partially offset by a rising surplus on trade in services of £4.9 billion, with exports of financial and insurance services remaining strong (Figure 13).

Figure 13
Balance of payments

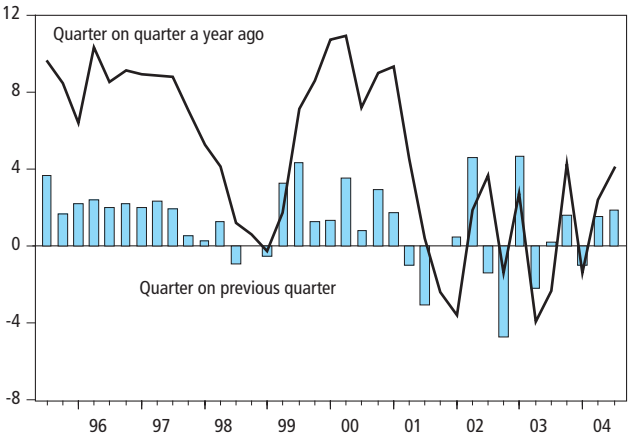
£ million



In volume terms both imports and exports rose in quarter three. Exports of goods and services rose by 1.9 per cent over the quarter, compared to a fall of 1.5 per cent in the previous quarter (Figure 14). This rise was accounted for by a 2.8 per cent rise in the export of goods, and a slight increase in service exports of 0.1 per cent. A breakdown of the exports of goods numbers by area shows that the third quarter rise was widespread. Exports of goods to the EU, excluding oil and erratics rose by 1.4 per cent over the quarter, while exports on the same basis to the rest of the world went up by 2.3 per cent over the quarter. Imports of goods and services rose by 1.6 per cent In quarter three after growing by 1.1 per cent in the previous quarter. Imports of goods in volume terms rose by 1.6 per cent, while imports of services also rose but by 1.4 per cent, having declined by 2.1 per cent in quarter two.

Figure 14
Export of goods and services

Growth



External surveys on exports generally point to a weakening in exports in the third quarter. According to the BCC survey, the manufacturing sector's export balances fell in terms of both sales and orders. In the service sector, on the other hand, evidence was a bit more mixed with sales rising and orders falling. According to this survey the environment for service sector exports improved by more than that for manufacturing exports, reversing the position highlighted by the survey in the previous three quarters. The CBI monthly figures also indicated that exports weakened in the third quarter, although the index remains at a very high level historically. The latest CBI export figure for October is in line with the index average in quarter three.

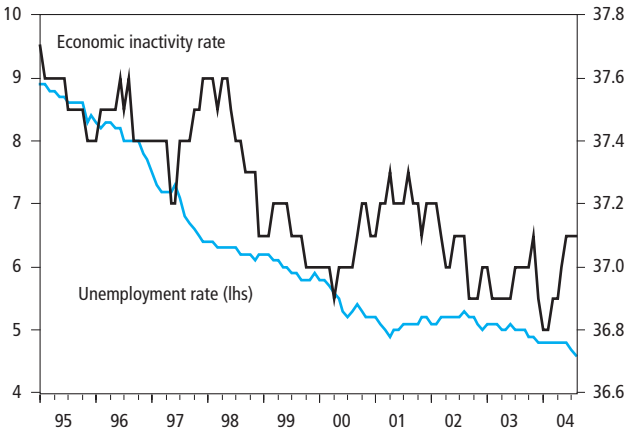
Labour Market

The labour market picture remains remarkably stable and robust. The latest figures from the Labour Force Survey (LFS) for the period July to September indicate that the employment rate was 74.7 per cent, up 0.1 percentage point from the previous quarter, while the unemployment rate was 4.6 per cent, down 0.2 percentage points from the previous quarter. The claimant count unemployment rate on the other hand was 2.7 per cent in October, flat on the previous month but down 0.3 percentage points from a year earlier. These figures point to a fairly tight labour market although, when

taking into account those people who are officially designated as economically inactive, that is, neither employed nor unemployed but actively seeking work, the position does not look quite so tight (Figure 15).

Figure 15
Unemployment & Economically Inactive

Per cent



According to the LFS, in the period July to September 55,000 new jobs were created. The vast majority of job creation was for employees, which were up by 148,000 while the number of self-employed actually fell, by 85,000. Also, those working full-time increased by 44,000 over the period and those working part-time by 11,000. The latest figures seem to suggest that the UK labour market is still reasonably strong and that job creation is primarily coming from growth in the number of full time employees. This is in contrast to previous quarters where most of the job growth was generated by self-employed and part time workers.

The industry disaggregation from 'workforce jobs' is only available for the three months up until June. After contributing substantially to the overall job loss in the three months to March, the 'finance and business services' industry turned around sharply and created 23,000 jobs in the three months to June. The 'education, health and public administration' industry also created many jobs (30,000), continuing the trend followed in recent years. The major job loss came from 'distribution, hotels and restaurants' where 33,000 jobs were lost, while construction created 8,000 jobs. Manufacturing seems to keep on shedding jobs (7,000) although by less than in previous quarters.

Headline average earnings excluding bonuses have been rising steadily since the beginning of the year and by September AEI inflation was 4.3 per cent, unchanged from August. Earnings growth including bonuses is more volatile and has been falling in recent periods after rising in quarter one. By September AEI inflation including bonuses fell to 3.7 per cent having grown by 3.8 per cent in the year to August. The gap between public and private sector earnings growth seems to have been closed recently and by September private sector wages were growing more quickly than public sector wages when bonuses are excluded. Never the less, this softening of wage growth suggests that inflationary pressures were failing to build despite a tight labour market.

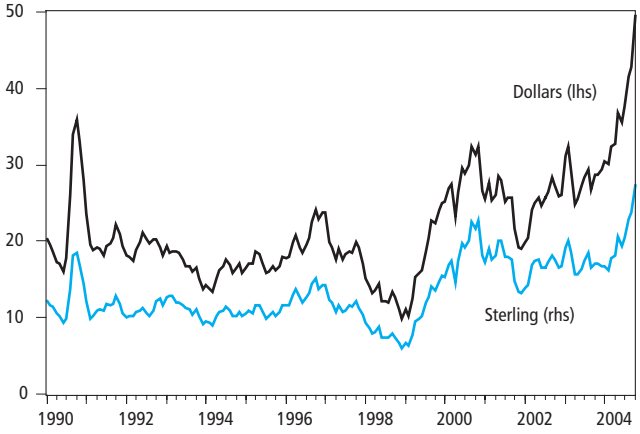
Prices

The producer price index has been edging up throughout 2004 largely because of the recent increases in oil prices. Producer output prices rose by 3.5 per cent annually in October, up from 3.1 per cent in September, registering the highest annual increase since April 1996. When looking at the PPI excluding food, beverages, tobacco and petroleum products the index seems to have been much more stable despite edging up throughout the third quarter of the year. The effect of oil price rises has been particularly notable in the input PPI which in the year to October rose by 8.4 per cent.

The rise in oil prices this year has been striking. The increase seems to have been driven by increased global demand and reinforced by various disruptions in oil supply in different parts of the world. Oil prices in dollar terms have been creeping up since the back end of last year and have been growing particularly strongly since the beginning of 2004. While the price in dollar terms has been growing rapidly since 2004 quarter one, the price in sterling terms started growing appreciably only in 2004 quarter two, as it was held back by the appreciation of the pound early on in the year. Since then oil prices in both currencies have kept on growing rapidly and at the time this article was written the oil price in dollar terms was $44.89 and in sterling terms £24.17 (Figure 16).

Figure 16
Oil prices

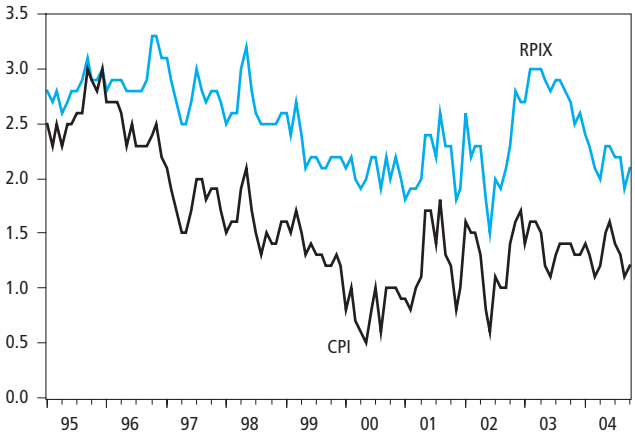
Brent crude per barrel



Consumer price inflation as measured by the CPI has been eased considerably in the last quarter, distancing itself from the Bank's target inflation rate of 2.0 per cent. It picked up in October to 1.2 per cent from 1.1 per cent in September but is still below the target. The rise was due to increases in household energy costs and petrol prices. The RPIX has also been edging down in the last quarter and reached 1.9 per cent in September. However, in October it increased to 2.1 per cent (Figure 17). Finally, the RPI measure of inflation was 3.3 per cent in October, up from 3.1 per cent in September. Apart from the slight drop in September, the headline RPI has tended to edge upward this year due to the Increases in mortgage interest payments. The rise in producer prices does not seem to have fed into consumer prices as yet, although it is not unusual to have a lag between changes in PPI growth and CPI growth.

Figure 17
Inflation

Growth, month on month a year ago



Forecasts for the UK economy

A comparison of independent forecasts, November 2004

The tables below are extracted from HM Treasury's Forecasts for the UK Economy and summarise the average and range of independent forecasts for 2004 and 2005, updated monthly.

Independent forecasts for 2004

	Average	Lowest	Highest
GDP growth (per cent)	3.2	2.9	3.6
Inflation rate (Q4 per cent)			
CPI	1.4	1.2	2.0
RPI	3.2	2.8	3.5
Unemployment (Q4, million)	0.84	0.76	1.01
Current account (£ billion)	–26.6	–31.8	–18.0
Public Sector Net Borrowing (2004–05, £ billion)	36.1	32.0	42.0

Independent forecasts for 2005

	Average	Lowest	Highest
GDP growth (per cent)	2.5	0.5	3.5
Inflation rate (Q4 per cent)			
CPI	1.8	1.3	2.8
RPI	2.6	1.8	4.0
Unemployment (Q4, million)	0.85	0.69	1.05
Current account (£ billion)	–28.6	–41.2	–15.0
Public Sector Net Borrowing (2005–06, £ billion)	36.4	30.0	48.0

NOTE ***Forecasts for the UK Economy*** *gives more detailed forecasts, covering 27 variables and is published monthly by HM Treasury, available on annual subscription, price £75. Subscription enquiries should be addressed to Claire Coast-Smith, Public Enquiry Unit 2/S2, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ (Tel 020 7270 4558). It is also available at the Treasury's internet site:* ***http://www.hm-treasury.gov.uk*** *under 'Economic Data and Tools'.*

*PSNB: Public Sector Net Borrowing.

International economic indicators December 2004

Richard Wild
Office for National Statistics

Overview

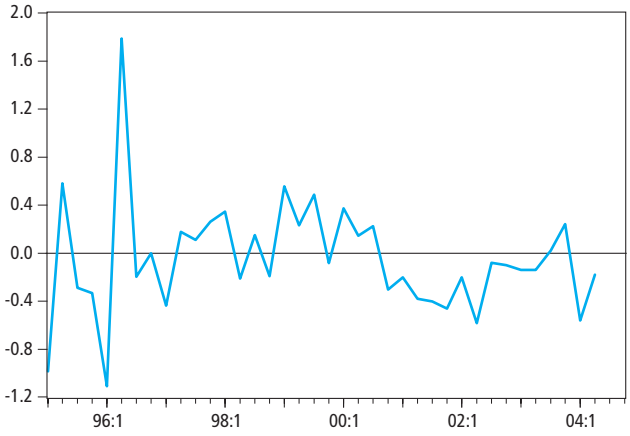
- Preliminary GDP growth estimates for 2004 currently indicate that the US grew at the fastest rate, followed by Italy, Japan, France and Germany.[1,5,8,9,12]
- There is evidence of a lapse in the European recovery, with quarterly GDP growth of a modest 0.1[1,5] per cent in both Germany and France, although Italy grew by a more robust 0.4[8] per cent. The Japanese economy also only managed to add 0.1[12] per cent to GDP in quarter three, but the US eclipsed the other major first world economies with growth of 0.9[9] per cent.
- US growth this year has been led primarily by buoyant private consumption and strong additions from fixed investment. The trade deficit is still very high; however, quarter three saw a relative improvement in the US's net trade position.[9]
- The Japanese slowdown was caused by weak fixed investment growth and a negative net trade position. Government consumption remains weakly positive, although private consumption growth continued to provide a boost to the economy.[12] A recent move by the authorities towards the use of annual chain-linking in the National Accounts seems likely to present a different yet more comparable picture of growth and developments in the future.
- The German reliance on strong exports was again apparent in quarter three, as a poor net trade position resulted in a cut to GDP growth of 0.4 per cent from quarter two.[1] A more detailed breakdown of changes in the various German demand components is not yet available. A lack of domestic expansion saw the French economy slow to a near halt, and the detrimental effect of strong import growth was only counteracted by a significant rise in additional inventories.[5] Expansion in Italy came from gains in agriculture and services, whilst growth in the manufacturing sector was flat.[8]
- European industrial production has made useful advances in Germany and France in 2004 so far, but has been fairly weak in Italy. Production growth has been stronger in the US and Japan. External indicators of business confidence have waned in Germany, in contrast to sustained high confidence levels in the US. Indices in France and Italy fell for manufacturing and were mixed for services, but for both countries the indices still remained high enough to indicate positive growth.
- Unemployment rates in Italy and France seem to have levelled out at 8.5 and 9.6 per cent respectively, while the rate has remained at 9.9 per cent in Germany since July of this year. Unemployment has been falling gradually in the US in 2004, and is now down to 5.4 per cent. The same is broadly true for Japan, with the latest quarter three rate of 4.8 per cent approaching levels last seen in 1999 and 2000.
- Rising oil prices are still boosting inflation levels, more so for producer prices than consumer prices, except in the case of France. Strong PPI inflation is evident in Italy and the US, and growth on this measure has been positive in Japan in each of the last two quarters.

Germany

GDP in the third quarter of 2004 grew by a modest 0.1[1] per cent, a marked slowdown from the 0.4 per cent gain in GDP measured in each of quarters one and two.[1] Similarly weak returns were posted in France and Italy in quarter three,[5,8] suggesting that the European recovery may have faltered. At the time of publication, a detailed breakdown of the contributions of each demand component to overall growth was not available. In past periods growth in Germany has been particularly unbalanced, coming almost solely from a strong net trade position. In quarter two, foreign trade contributed 0.6 per cent to growth thanks to a sharp increase in exports, only partly offset by an increase in imports. In quarter one the trade effect had been even more positive adding 1.2 per cent to growth. However, in quarter three a 1.1[1] per cent decline in exports, coupled to a 4.3[1] per cent rise in imports had a negative effect on economic growth. The imbalance may have shifted, though, as total domestic demand grew by 2.1[1] per cent and added to GDP growth for the first time in general quarters.

Figure 1
Germany: Investment

Contributions of GFCF to quarterly GDP growth



Consumption in Q1 and Q2 had been more sluggish than in the first half of 2003, and was flat in the first half of 2004 on a quarter-to-quarter measure, adding nothing to growth. Investment in Germany fell in almost every quarter since the end of 2000. The negative trend continued through 2004 when investment dropped quite sharply and subtracted 0.6 and 0.2 per cent from growth in 2004 quarters one and two, respectively (see figure 1). Government expenditure contracted by 0.1 per cent in quarter one and rose by roughly the same amount in quarter two, to make a broadly neutral contribution to GDP growth. Finally, inventories pulled growth down by 0.2 per cent in quarter one but had a flat effect in quarter two. In the absence of trade, on a quarter-to-quarter basis, the German economy would have declined by 0.9 and 0.1 per cent, respectively, in the first two quarters of 2004.

A cursory glance at the German retail sales figures gives a clear indication of how little domestic demand there has been in the last year, with negative annual growth being recorded every month since July 2003. Despite this, the rapid growth of export demand has provided more than a prop for industrial production so far. As the latest DESTATIS GDP release for quarter three points out, however, export demand has recently fallen back sharply.

The key external surveys now both indicate an increasingly negative outlook for the economy, after several months of mixed signals and faltering optimism. The ZEW Indicator of Economic Sentiment (expectations)[2] more than halved in point value from October to November and now lies well under the historical average. On top of high oil prices and expectations of a global downturn, respondents were worried over the effect on trade of the euro's recent appreciation and weak domestic demand. However, opinions of Germany's current economic situation in November showed a further marginal improvement.[2] The November IFO Business Climate Survey[3], encompassing manufacturing, construction, retailing, and wholesaling dropped significantly from the October level, having fallen marginally in August and remained roughly flat in September.[3] Again, high oil prices and the strong euro were cited, as well as continuing sluggish domestic demand.[3] In contrast to the ZEW survey, the IFO indicator of Germany's current economic situation worsened for the first month since June.[3]

Despite a fall in June, industrial production in 2004 quarter two grew fairly rapidly overall. The IOP rose 1.6 per cent on the quarter, following a more moderate increase of 0.3 per cent in quarter one and a sharp increase of 2.1 per cent in the last quarter of 2003. On a month-on-month basis, after an early addition to quarter three growth of 1.3 per cent in July, production fell back by 1.2 per cent in August, and the external surveys suggest that future short-term output may continue to be weak.[2, 3] Even so, annual growth in quarter two was 3.9 per cent higher than in the same period last year. Industrial production had been weak since 2001, after making exceptional gains in 2000.

Since 2004 quarter one CPI inflation has been climbing quickly thanks mainly to increases in international energy prices, especially in oil and fuel products, and increases in healthcare prices and taxes on tobacco.[4] The recent rises in healthcare prices are connected to the health service reform underway in Germany. For quarter three of this year, inflation reached 1.8 per cent, up 0.1 per cent on quarter two. The latest inflation estimate for October is 2.0[4] per cent, up 0.2 per cent on the September figure. PPI inflation was very subdued in the first quarter of 2004 – when it averaged 0.2 per cent – but picked up quite sharply to 1.3 per cent in the second quarter of the year. In quarter three, the increase was almost as rapid with the rate reaching 2.2 per cent. As with consumer prices, producer prices were strongly affected by the increase in oil and fuel product prices, although increases in the cost of other important raw materials and inputs also helped push the PPI up. The latest estimate for PPI inflation in October was 3.3[4] per cent, up 1.0 per cent on September and over three per cent higher than its level at the beginning of the year.

Unemployment is still historically high and continues to be a cause for national concern. The rate reached 9.9 per cent in July 2004, the highest figure since records have been kept, and remained there during August and now September. At the start of 2004, the rate was only marginally less at 9.6 per cent, having crept up from 7.8 per cent in 2002. The stagnation of domestic demand may well offer some explanation of the rise. Unsurprisingly, annual employment growth has been weak

over the last few years, and fell in every quarter of 2002 and 2003. Annual employment growth in 2004 quarter one was –0.2 per cent, and marginally worse in quarter two at –0.3 per cent. In quarter-on-quarter terms, employment fell by a seasonally assisted 2.1 per cent in 2004 quarter one, but grew by 0.9 per cent in quarter two.

Average earnings growth has picked up slightly since the back end of 2003 although it remains fairly subdued by historical standards. Wage inflation averaged 2.4 per cent in 2003, helped up by high growth in the first half of the year and controlled by more modest growth in proceeding half. After topping two per cent in quarters one and two of this year, wage growth fell back to 1.6 per cent in quarter three. The underlying cause of this drop off is somewhat obscured, as in the recent past high wage growth has accompanied historically high levels of unemployment, but collective agreements may offer some explanation of the inconsistency.

France

According to the latest figures, GDP growth in 2004 quarter three was weak at 0.1[5] per cent, down 0.5[5] per cent on quarter two. In annual terms, after posting a rise in GDP of 1.7 per cent in quarter one, quarter two saw a gain of 2.8 per cent, and the rise for quarter three equates to 2.0[5] per cent. After enjoying several quarters of hegemony in terms of European GDP growth, France now looks to have suffered a fall in demand of the same magnitude as in Germany.

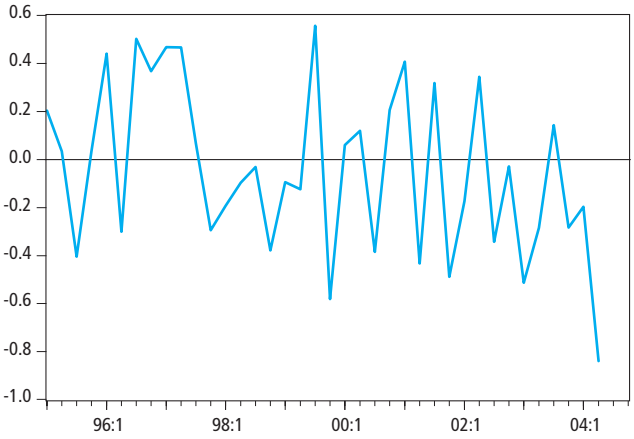
There was notable weakness in the growth of the domestic demand components in quarter three. While investment added a modest 0.1[5] per cent to the expansion both private and government consumption subtracted 0.1[5] per cent each. As in quarter two, net trade continued to be a considerable drag (see figure 2), reducing GDP growth by 0.5[5] per cent – although import demand growth decelerated by some margin from the previous period. A positive overall outcome was only achieved through a sizeable contribution of +0.7[5] per cent from inventories, equal to the addition made in quarter two.[5]

The most recent business indicators nevertheless continue to paint an optimistic picture, although it should be noted that the results were compiled and released some weeks before the latest GDP figures were made public. According to the INSEE monthly business survey[6], the business climate for manufacturing continued to be favourable in October when the composite indicator gained two points on the September level. Activity during the next three months is expected to increase, and overall production prospects have improved further. Following a fairly strong posting in October, the Purchasing Managers' Index (PMI)[7] for manufacturing dipped by 0.5 points in November, but still indicated robust expansion. The PMI service index[7] made a useful gain of nearly two points between October and November and again was consistent with solid growth in that sector. As for the INSEE survey the PMI data were released prior to the latest GDP figures, and as such, future expectations for the French economy could be affected.

After picking up pace from mid-2003, industrial production, at least on a quarterly measure, continues to look fairly strong. The IOP grew by 0.7 per cent in the last two quarters of 2003 and it was up 0.3 and 0.7 per cent respectively in the first two quarters of 2004. The run of four consecutive quarterly expansions is the longest since 1999 quarter two. After growing by 1.1 per cent in 2001, the index fell by 1.4 and 0.4 per cent in 2002 and 2003 respectively. However, perhaps in line with the latest GDP figures, month-on-month production fell by a considerable 1.9 per cent August, after seasonal adjustment (which accounts for the widespread shutdown in this month). Annual growth in August also declined to 0.7 per cent following 2.3 per cent growth in July.

Figure 2
France: Net trade

Contributions of imports and exports to quarterly GDP growth



The recent acceleration of CPI inflation may be easing. CPI inflation went from 1.7 per cent in March to 2.2 per cent in April, to then reach 2.7 per cent in May. Since then it has gradually fallen back to the latest September rate of 2.2 per cent. The pickup in inflationary pressure in recent months coincided with the rise in oil prices although domestic factors may also have contributed to the acceleration. Producer prices, however, continue to grow at an increasing rate. Following a steady acceleration between January and June, from 0.1 to 0.8 per cent, the pickup became more pronounced in the third quarter, with growth reaching 1.9 per cent in September. Precipitous oil prices were once again the main driver, and although the latest figure is by no means high by international standards, it represents the highest rate in France since March 2001

Unemployment in France seems to have stabilised this year at a high rate very close to that of Germany. The latest September data puts the rate at 9.6 per cent, equalling the rate observed in August. Unemployment has been rising since 2001 quarter three, but very little change has been recorded since June of last year. Unsurprisingly, employment growth has been moving in the opposite direction. Annual employment growth has been slowing since 2000 and was mildly negative in 2003. The figures for 2004 have so far been below those recorded in the same period last year, indicating that the picture for employment does not seem to have improved in 2004. Declines of 0.1 per cent were recorded in quarters one and two of 2004; some good growth would be required in the latter half of the year to allow for positive growth in 2004 as a whole, but unless GDP picks up additions to employment may be hampered.

Annual earnings growth has been easing since 2000. After a rise of 3.0 per cent in 2003 quarter three, in 2003 quarter four and 2004 quarter one the rate returned to 2.8 per cent. Earnings growth has fallen considerably since 2000 quarter two, when it peaked at 5.4 per cent.

Italy

The preliminary estimate for quarter three GDP places growth at 0.4[8] per cent, some way ahead of growth in France and Germany. This follows on from growth in 2004 quarter two also of 0.4[8] per cent, and of 0.5 per cent in quarter one. As yet, details of changes in the underlying demand components, and hence their contribution to overall growth, are unavailable for quarter three.

In the second quarter of the year household expenditure subtracted 0.2 per cent from GDP growth after adding a useful 0.7 per cent in quarter one. Government consumption on the other hand added 0.1 per cent to growth, broadly offsetting the negative effect it had in the previous quarter. Investment kept on growing quite rapidly in Q2, and accounted for 0.3 per cent of the overall expansion. Completing the picture for domestic demand, modest stock building resulted in this component deducting 0.2 and 0.5 per cent respectively from growth in quarters one and two. Positive progress was however ensured by net trade, which improved substantially in quarter two with export growth outstripping import growth. Overall net trade contributed 0.6 per cent to the gain in GDP in quarter two, having subtracted 0.4 per cent from growth in quarter one.

The Italian economic recovery, although by no means robust, has certainly been fairly consistent overall over 2003. However, the total figure masks an oscillation between private consumption and net trade as the main drivers of expansion. Fixed investment has been a useful contributor, at least in the first half of the year, but government consumption has not made a sizeable addition to growth in many quarters. With France and Germany close to a standstill, it may be the case that the Italian economy loses some stimuli. Looking at external indicators, there is no clear suggestion of this. The Purchasing Managers' Index (PMI) for manufacturing[7] fell marginally in November but still indicated positive growth, whilst the PMI services index[7] also lost 1.5 points on the October figure; again, though, the index still points to fairly strong sectoral growth.

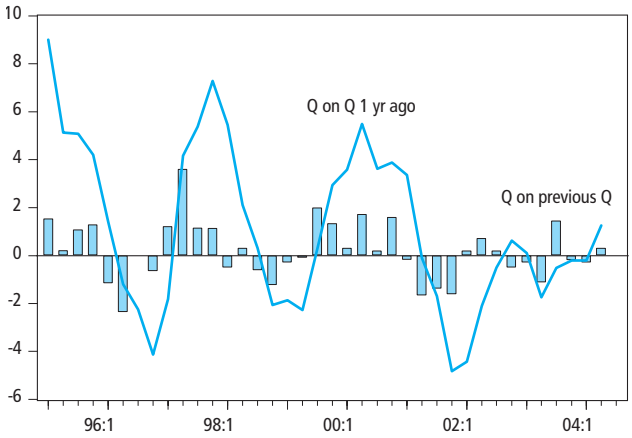
The Index of Production, has been weak since 2001 (see figure 3). Output fell by 0.3 per cent in 2004 quarter one, although this was offset by an equal rise in quarter two. Annually, production was increasingly down on last year, falling by 0.6 per cent in July and 1.5 per cent in August. The month-on-month figures paint a fairly volatile picture of alternating gains and losses, with the latest August figure down 0.8 per cent on July.

Consumer price inflation has been falling gently over the last three months, posting growth of 2.0 per cent in October. In contrast to France and Germany, consumer prices actually declined from a peak reached in 2001, in spite of rising oil and fuel costs in recent history. The quarter three inflation rate fell 0.1 percentage points on quarter two to 2.2 per cent.

In contrast, producer price inflation peaked in 2000 at a substantial 6.0 per cent, dwindling to 0.2 per cent in 2002 and picking up again the following year. In 2004, producer prices began to accelerate quite rapidly in March, and PPI inflation reached a three-year high of 3.9 per cent in September. Whether or not producer margins have been squeezed is not overt, but it is clear that oil prices have managed to affect producer prices without spilling over to consumer prices thus far. However, it is not unusual for a lag between changes in the two to exist.

Figure 3
Italy: Industrial production

Quarterly and annual growth



Unemployment was broadly flat at around nine per cent in 2002, but declined steadily in 2003, falling from 9.0 per cent in January to 8.5 per cent in September. The latest figures indicate that unemployment remained steady at this level up to January 2004. Data for later months were still unavailable in the OECD dataset. Annual employment growth has been declining over the last couple of years but there are now some positive signs. Employment growth was 2.1, 1.4 and 1.1 per cent in 2001, 2002 and 2003 respectively. However, new data for quarter two show annual employment growth of 1.7 per cent, suggesting something of a pickup in the labour market. On a quarter-to-quarter basis, the most recent data for 2004 quarter one show employment falling by 0.5 per cent on quarter one, followed by a more than seasonal gain of 1.8 per cent in quarter two.

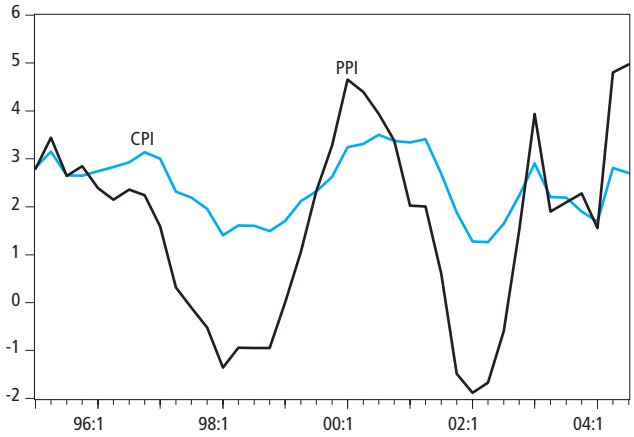
Average earnings growth had picked up steadily through 2004 and reached 3.7 per cent by May. Growth remained at this level in June but then fell quite sharply down to 2.1 per cent in September, roughly equalling the rate of CPI inflation. Up to 2003, falling unemployment and rising earnings growth suggested that some tightening of the labour market had occurred; however, the lack of more timely data prevents any comparison for most of 2004.

USA

The advance estimate of GDP in 2004 quarter three places quarter-on-quarter growth at 0.9[9] per cent, and annual growth at 3.9[9] per cent. These follow on from respective growth rates of 0.8 per cent and 4.8 per cent in the preceding quarter. The US economy had grown by 3.0 per cent in 2003, outperforming all the other economies analysed here, and

the latest data indicate that it is still outperforming the main European economies by some margin.

Figure 4
USA: Prices
Annual CPI and PPI inflation



Growth in quarter three was fuelled by a notably large rise in fixed investment that added 1.6[9] per cent to the expansion; this component had previously made a useful, although smaller, addition to GDP growth in quarter two. Investment growth was buoyant in the software and equipment and non-residential expenditure subsectors[9]. Private consumption again made the second highest contribution to the rise in GDP – of 0.8[9] per cent – with expenditure on durable and non-durable goods rising considerably on the previous period.[9] Government consumption, however, had a deleterious effect on GDP, reducing total demand growth by a significant 1.2[9] per cent. But, on the positive side, the US's trade position has shown some improvement since quarter two, making the smallest negative GDP contribution since 2002 quarter four.

Surveys of business activity in October continue to be favourable. The Institute for Supply Management manufacturing (diffusion) index has fallen gently over the last three months, but it remains very strong at 56.8[10] per cent. This was the seventeenth consecutive month in which the index signalled rises in activity. The corresponding non-manufacturing index resurged once more in October, rising to 59.8[11] per cent, and has indicated growth now for nineteen consecutive months.

After sizeable losses in 2001, followed by a poor performance in 2002 and the first half of 2003, the IOP regained some momentum in 2003 quarter three when the index was up 0.9 per cent on the quarter. Production then gathered further strength, and the index grew by 1.4 per cent in 2003 quarter four. This year the upward trend seems to have continued and the IOP expanded by 1.6, 1.2 and 0.7 per cent, respectively, in quarters one, two and three.

Inflationary pressures appear to have eased a little in the third quarter of 2004 for consumers (see figure 4). CPI inflation climbed abruptly in the second quarter of 2004 reaching 3.3 per cent in June, almost two percentage points higher than in March. However, inflation has edged back since then, falling to 3.0 per cent in July and further to 2.6 per cent in August and now September. However, producer price growth has continued to rise. After climbing nearly four percentage points between March and July, PPI inflation in September settled at 5.1 per cent, following a brief dip in August (see figure 4). High oil consumption per capita and the weakness of the dollar have exacerbated the effects of recent oil price escalations in the US.

The US unemployment rate has been declining gently since mid-2003, when it reached a contemporary peak of 6.0 per cent. Currently, the September rate stands at 5.4 per cent, equal to the August rate and a little below the average for the year to date. Recent falls indicate that output growth has been accompanied by some tightening in the labour market. Employment growth has gathered pace in each quarter of 2004 so far. The quarter three rate of 1.5 per cent is a clear step above the 0.7 and 0.9 per cent growth rates recorded in quarters one and two. On a month-to-month basis, though, employment fell in both August and September by 0.4 per cent. However, the data are not seasonally adjusted, and autumn declines are not uncommon.

Average earnings growth has recently shown signs of picking up a little. Growth fell from 3.6 per cent in 2002 to 3.0 per cent in 2003. By the first quarter of 2004 the rate was 2.8 per cent, and this was followed by a further decline to 2.4 per cent in quarter two. In August and now September, though, earnings grew by 2.7 per cent, having posted moderate gains of 1.8 per cent in both June and July. As such, quarter three growth matched the quarter two figure of 2.4 per cent; falling unemployment and rising employment growth could add additional upward pressure to earnings growth in the near future.

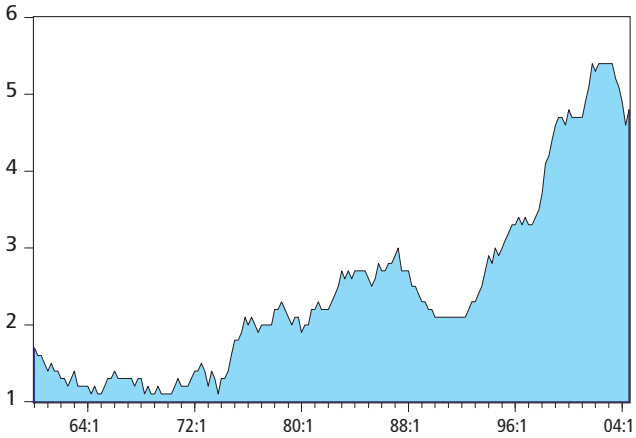
Japan

GDP growth slowed further in quarter three after strong gains were posted in 2003 Q4 and 2004 Q1. GDP expanded by a very modest 0.1[12] per cent in the three months to September, despite another useful addition of 0.5[12] per cent from private consumption. Government consumption growth has been consistently positive but weak for five quarters now, adding 0.1[12] per cent to overall growth in quarter three. Fixed investment slid lower still - after making robust gains in 2003 quarter four - subtracting 0.2[12] per cent from GDP. Inventories also lowered total growth, by a lesser 0.1[12] per cent. Externally, reasonable export growth of 0.4[12] per cent in Q3 was overshadowed by import growth of 2.7[12] per cent, causing net trade to reduce the advance in GDP by 0.2[12] per cent. Even so, in annual terms the Japanese economy still expanded by 3.8[12] per cent on 2003 Q3, with the largest inputs to growth coming from private consumption, net trade and fixed investment. In summary, whilst a current slowdown is apparent, some real gains have been made in the last year. It should be noted that the compilers of the Japanese national accounts data recently adopted a new chain-linking methodology, which is likely to induce a number of data revisions, beginning with the publication of the second estimates of quarter three GDP in December. Reference to these changes will be made in forthcoming publications where necessary.

In spite of economic growth cooling overall, industrial production growth remained very strong up to August, where a rate of 7.8 per cent was posted, equalling the July figure.

Figure 5
Japan: Unemployment

Standardised unemployment rate: percentage of total workforce



The IOP grew by 0.7 per cent in quarter one of this year and accelerated sharply in quarter two when it gained by 2.5 per cent. In annual terms, the index in quarter two rose by a very robust 7.9 per cent, and aside from February and March, annual growth has exceeded 6.0 per cent in every month of this year. On a month-to-month basis, stout gains were made in January and March, and growth between March and May averaged just under one per cent per month. The data for July and August, however, so far indicate flat growth on aggregate.

Consumer prices remained constant in September, as they did in June and February of this year. Prices only fell by 0.2 per cent in 2003, the lowest reduction in several years, and in the year to 2004 quarter one, the fall was yet more modest at 0.1 per cent. Quarter two saw further deflation with prices falling at -0.3 per cent over the quarter. While consumer prices do not seem to have been strongly affected by the recent oil price increase, producer prices have risen sharply of late. PPI inflation became positive in April 2004 for the first time since July 2000. PPI growth was 0.4 per cent in April and edged up through to September when it reached 1.8 per cent. In annual terms, PPI deflation has in general been more severe than CPI deflation, which may offer a partial explanation as to why there has not yet been more of a knock-on effect from recent positive PPI growth. A further corollary aspect is that retail sales have been falling in general since the start of the year. This is slightly puzzling, as private consumption has been growing well, but it should be noted that retail sales only constitute a proportion of private expenditure.

After reaching a historical high at the end of 2002 of 5.5 per cent, the unemployment rate has been falling (see figure 5). The rate fell gradually in 2003 and reached 4.9 per cent by last December. In 2004 the rate fell even further and reached 4.6 per cent in September, following a brief jump to 4.9 and 4.8 per cent in July and August, respectively. Employment growth was negative in each of the last five full years, although 2004 so far looks as if it may provide a positive outcome, with gains of 0.2 per cent in quarters one and two, and of 0.3 per cent in quarter three. On the strength of these two measures, the labour market looks to have tightened somewhat since 2002, albeit relatively little in comparison to historical norms.

The latest average earnings data would seem to support this, although some caution should be exercised when interpreting the labour market figures, as for earnings, the data only cover those employed in the manufacturing sector, while the employment / unemployment data are inclusive of the entire labour force. Annual earnings growth in July and August reached 2.0 and 2.9 per cent; similar growth in September would see the quarterly growth rate approach or perhaps exceed the rates observed in 2003. In 2002 average earnings fell by 1.1 per cent after being flat in 2001. Last year, however, saw a pickup, which is plausibly in line with the fall in the unemployment rate over this period.

Notes

International Economic Indicators uses information from OECD as well as from other organisations. All data is from OECD Main Economic Indicators unless otherwise noted:

1. DESTATIS, http://www.destatis.de/presse/englisch/pm2004/p4960121.htm
2. Zentrum für Europäische Wirtschaftsforschung, http://www.zew.de/en/topthemen/meldung_show.php?LFDNR=389&KATEGORIE=2
3. Institute for Economic Research at the University of Munich, http://www.cesifo.de/home
4. DESTATIS, http://www.destatis.de/indicators/e/pre110je.htm
5. INSEE, http://www.insee.fr/fr/indicateur/indic_conj/donnees/doc_idconj_26.pdf; plus author's calculation based on this data.
6. INSEE, http://www.insee.fr/en/indicateur/indic_conj/indconj_frame.asp?ind_id=11
7. REUTERS, http://www.reuters.com (available on subscription)
8. ISTAT, http://www.istat.it/Comunicati/In-calenda/Allegati/Economia/Stima-prel/comunicato0403fsh.pdf
9. BEA, http://www.bea.gov/bea/newsrelarchive/2004/gdp304a.pdf; plus author's own calculations based on this data.
10. Institute for Supply Management, http://www.ism.ws/ISMReport/ROB092004.cfm
11. Institute for Supply Management, http://www.ism.ws/ISMReport/NMROB092004.cfm
12. ESRI, http://www.esri.cao.go.jp/jp/sna/qe043/gaku-jk0431.csv; plus author's own calculations based on this data.

Please note that, unless otherwise stated, graphs do not include data from the above sources.

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

Data for France, Germany, Italy, the USA and Japan are all available on an SNA93 basis. Cross-country comparisons are now more valid.

1 Germany

	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														
	ILFY	HUBW	HUBX	HUBY	HUBZ	HUCA	HUCB	ILGS	ILHM	HVLL	ILAF	ILAO	ILIG	GABD
1999	1.9	2.0	0.2	0.8	–0.4	1.5	2.3	1.2	0.2	0.5	–1.0	2.6	–0.1	8.4
2000	3.1	1.3	0.2	0.8	–0.2	4.3	3.3	5.5	1.4	1.5	3.1	2.8	0.6	7.8
2001	1.0	1.0	0.2	–0.9	–1.0	2.1	0.4	0.2	1.2	2.0	3.0	1.6	0.3	7.8
2002	0.1	–0.4	0.4	–1.3	–0.4	1.4	–0.5	–1.0	–2.2	1.4	–0.6	1.7	–0.8	8.7
2003	–0.1	–	–	–0.4	0.9	0.6	1.2	0.4	–0.3	1.1	1.7	2.4	–0.8	9.6
2001 Q2	0.8	0.8	0.1	–0.7	–0.5	2.5	1.4	1.2	0.5	2.4	4.6	2.0	0.6	7.7
Q3	0.7	1.2	0.2	–1.3	–1.4	2.0	–	–1.3	1.5	2.2	2.6	1.2	0.1	7.9
Q4	0.5	0.9	0.3	–1.5	–1.3	0.2	–1.9	–4.3	0.4	1.6	0.3	1.0	–0.3	8.1
2002 Q1	–0.3	–0.4	0.2	–1.4	–1.1	0.5	–1.9	–3.7	–3.7	2.0	–0.4	1.1	–0.6	8.3
Q2	–0.1	–0.6	0.4	–1.6	–0.4	1.3	–0.9	–1.7	–2.6	1.3	–1.3	1.1	–0.7	8.5
Q3	0.4	–0.5	0.5	–1.3	–0.2	1.8	–0.1	–0.2	–1.1	1.1	–1.1	2.1	–0.8	8.8
Q4	0.5	–0.1	0.4	–1.0	–0.1	2.2	0.8	1.7	–1.3	1.2	0.3	2.5	–1.0	9.1
2003 Q1	0.1	0.4	–	–0.9	1.4	1.7	2.5	1.4	0.5	1.2	1.7	2.8	–1.2	9.5
Q2	–0.3	0.3	0.1	–0.5	0.5	–	0.8	–0.3	0.7	0.9	1.5	2.8	–1.0	9.7
Q3	–0.3	–0.2	0.1	–0.4	0.2	0.6	0.6	–1.2	–1.8	1.1	1.9	2.1	–0.8	9.7
Q4	–	–0.5	–0.1	–	1.4	0.3	1.0	1.7	–0.5	1.2	1.8	2.0	–0.5	9.6
2004 Q1	0.8	–0.6	0.1	–0.4	0.4	2.1	0.7	1.3	–1.8	1.0	0.2	2.2	–0.2	9.6
Q2	1.5	–0.5	–	–0.5	0.3	4.4	2.3	3.9	–2.8	1.7	1.3	2.4	–0.3	9.8
Q3	..	..	..	..	..	..	..	..	–1.4	1.8	2.2	1.6	..	9.9
2003 Sep	..	..	..	..	..	..	..	–2.2	–2.3	1.1	2.0	..	..	9.7
Oct	..	..	..	..	..	..	..	1.4	–0.3	1.2	1.7	..	..	9.7
Nov	..	..	..	..	..	..	..	0.9	–0.9	1.3	2.0	..	..	9.6
Dec	..	..	..	..	..	..	..	2.6	–0.2	1.1	1.8	..	..	9.6
2004 Jan	..	..	..	..	..	..	..	1.8	–1.5	1.2	0.2	..	..	9.6
Feb	..	..	..	..	..	..	..	1.3	–2.3	0.9	–0.1	..	..	9.6
Mar	..	..	..	..	..	..	..	1.0	–1.4	1.1	0.3	..	..	9.7
Apr	..	..	..	..	..	..	..	3.1	–2.0	1.6	0.9	..	..	9.7
May	..	..	..	..	..	..	..	4.6	–3.4	2.0	1.6	..	..	9.8
Jun	..	..	..	..	..	..	..	4.1	–3.0	1.7	1.5	..	..	9.8
Jul	..	..	..	..	..	..	..	3.3	–1.8	1.8	1.9	..	..	9.9
Aug	..	..	..	..	..	..	..	4.4	–0.7	2.0	2.2	..	..	9.9
Sep	..	..	..	..	..	..	..	..	–1.7	1.8	2.3	..	..	9.9
Percentage change on previous quarter														
	ILGI	HUCC	HUCD	HUCE	HUCF	HUCG	HUCH	ILHC	ILHW				ILIQ	
2001 Q2	–0.1	0.3	–0.1	–0.4	0.2	–0.1	–0.1	–1.4	–0.7				0.9	
Q3	–0.2	0.1	–	–0.4	–0.6	0.3	–0.4	–0.7	–0.1				0.2	
Q4	–0.1	–0.4	0.3	–0.5	–0.1	0.1	–0.4	–2.7	–1.0				0.5	
2002 Q1	–	–0.4	0.1	–0.2	–0.6	0.2	–1.0	1.0	–2.0				–2.2	
Q2	0.2	0.1	0.1	–0.6	0.9	0.7	0.9	0.7	0.5				0.8	
Q3	0.3	0.3	0.1	–0.1	–0.4	0.8	0.4	0.8	1.4				0.1	
Q4	–	–	0.2	–0.1	–	0.5	0.6	–0.8	–1.2				0.3	
2003 Q1	–0.4	0.1	–0.3	–0.1	0.9	–0.3	0.6	0.7	–0.2				–2.4	
Q2	–0.2	–0.1	0.1	–0.1	0.1	–1.0	–0.8	–1.0	0.8				1.0	
Q3	0.3	–0.2	0.1	–	–0.7	1.3	0.2	–0.1	–1.1				0.3	
Q4	0.3	–0.3	–0.1	0.2	1.2	0.2	0.9	2.1	0.1				0.6	
2004 Q1	0.4	–	–0.1	–0.6	–0.2	1.6	0.4	0.3	–1.5				–2.1	
Q2	0.5	–	0.1	–0.2	–	1.3	0.7	1.6	–0.3				0.9	
Q3	..	..	..	..	..	..	..	..	0.3				..	
Percentage change on previous month														
								ILKC	ILKM					
2003 Sep								–0.2	0.8					
Oct								2.7	0.7					
Nov								0.6	–1.7					
Dec								–0.1	0.6					
2004 Jan								0.6	–1.2					
Feb								–0.5	–0.2					
Mar								–0.1	0.1					
Apr								1.6	0.6					
May								1.0	–2.5					
Jun								–1.3	2.2					
Jul								1.3	–0.6					
Aug								–1.2	0.5					
Sep								..	–0.2					

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 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 - SNA93

1 Excludes members of armed forces

2 France

	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
1999	3.2	1.9	0.3	1.6	–0.3	1.1	1.5	2.2	2.4	0.5	–1.6	2.6	2.1	10.5
2000	4.2	1.6	0.7	1.7	0.5	3.6	3.8	4.2	0.5	1.7	2.0	5.2	2.8	9.1
2001	2.1	1.5	0.6	0.4	–0.6	0.5	0.4	1.1	–0.1	1.6	1.2	4.2	1.6	8.4
2002	1.1	1.0	1.1	–0.4	–0.2	0.5	0.9	–1.4	–0.1	2.0	–0.2	3.6	0.7	8.9
2003	0.5	0.9	0.6	–	–0.2	–0.8	0.1	–0.4	..	2.0	0.3	2.8	–0.1	9.4
2001 Q2	2.2	1.5	0.5	0.5	–	0.7	0.9	1.6	–0.3	2.0	1.6	4.2	1.7	8.4
Q3	2.4	1.7	0.8	0.4	–1.0	0.3	–0.2	1.2	–0.6	1.8	0.7	4.2	1.3	8.3
Q4	0.4	1.5	0.7	–0.3	–1.3	–1.5	–1.2	–1.7	–0.7	1.4	–	4.0	1.1	8.4
2002 Q1	0.7	1.0	1.0	–0.4	–0.1	–0.7	0.1	–2.5	–1.6	2.1	–0.7	3.9	0.8	8.6
Q2	1.3	1.1	1.2	–0.3	–0.6	0.8	0.8	–1.0	–0.6	1.7	–0.5	3.9	0.7	8.9
Q3	0.9	0.9	0.9	–0.5	0.2	0.7	1.4	–1.5	1.0	1.8	0.1	3.4	0.7	9.1
Q4	1.4	1.0	1.1	–0.3	–0.1	1.1	1.3	–0.6	1.0	2.3	0.2	3.4	0.5	9.1
2003 Q1	0.8	1.2	0.7	–0.3	–0.3	–0.2	0.3	0.2	–0.8	2.4	0.6	2.8	0.2	9.2
Q2	–0.1	0.8	0.5	–0.1	–0.2	–1.4	–0.3	–1.7	..	1.8	0.6	2.7	–	9.4
Q3	0.4	0.8	0.5	0.1	–0.4	–1.1	–0.4	–0.8	..	1.9	–	3.0	–0.3	9.5
Q4	1.0	0.9	0.5	0.3	0.2	–0.3	0.6	0.9	..	2.1	0.1	2.8	–0.3	9.6
2004 Q1	1.7	1.0	0.6	0.5	0.1	0.4	1.1	0.5	..	1.8	0.2	2.8	–0.2	9.6
Q2	2.8	1.5	0.8	0.7	1.0	1.2	2.4	2.4	..	2.5	0.6	2.8	–0.2	9.5
Q3	..	..	..	..	..	..	..	..	..	2.3	1.7	..	..	9.6
2003 Sep	..	..	..	..	..	..	..	0.1	..	2.0	–	..	..	9.6
Oct	..	..	..	..	..	..	..	1.6	..	2.1	–	..	..	9.6
Nov	..	..	..	..	..	..	..	0.4	..	2.2	0.2	..	..	9.6
Dec	..	..	..	..	..	..	..	0.9	..	2.1	0.1	..	..	9.6
2004 Jan	..	..	..	..	..	..	..	–0.3	..	1.9	0.1	..	..	9.6
Feb	..	..	..	..	..	..	..	0.7	..	1.8	0.2	..	..	9.6
Mar	..	..	..	..	..	..	..	1.2	..	1.7	0.3	..	..	9.5
Apr	..	..	..	..	..	..	..	0.8	..	2.2	0.4	..	..	9.5
May	..	..	..	..	..	..	..	3.5	..	2.7	0.6	..	..	9.5
Jun	..	..	..	..	..	..	..	3.0	..	2.5	0.8	..	..	9.6
Jul	..	..	..	..	..	..	..	2.3	..	2.4	1.4	..	..	9.5
Aug	..	..	..	..	..	..	..	0.7	..	2.5	1.7	..	..	9.6
Sep	..	..	..	..	..	..	..	..	..	2.2	1.9	..	..	9.6

Percentage change on previous quarter

	ILGJ	HUBQ	HUBR	HUBS	HUBT	HUBU	HUBV	ILHD	ILHX				ILIR	
2001 Q1	0.5	0.7	0.1	0.1	–0.8	–0.1	–0.5	0.8	2.3				0.4	
Q2	–0.1	0.2	0.1	–0.1	0.2	–0.8	–0.3	–0.9	–2.2				0.2	
Q3	0.6	0.5	0.4	–	–0.6	0.1	–0.2	0.3	–0.3				0.2	
Q4	–0.6	0.1	0.1	–0.2	–0.1	–0.7	–0.2	–1.9	–0.5				0.3	
2002 Q1	0.8	0.2	0.4	–0.1	0.4	0.7	0.8	–0.1	1.4				0.1	
Q2	0.5	0.3	0.3	–0.1	–0.3	0.8	0.4	0.7	–1.2				0.1	
Q3	0.2	0.3	0.1	–0.1	0.2	–0.1	0.3	–0.2	1.3				0.2	
Q4	–0.1	0.2	0.2	–0.1	–0.4	–0.3	–0.3	–1.0	–0.5				0.1	
2003 Q1	0.2	0.4	0.1	–	0.3	–0.6	–0.1	0.7	–0.4				–0.2	
Q2	–0.4	–0.1	0.1	0.1	–0.2	–0.5	–0.2	–1.2	..				–0.1	
Q3	0.7	0.4	0.2	0.1	–	0.3	0.1	0.7	..				–0.1	
Q4	0.5	0.3	0.2	0.2	0.2	0.5	0.7	0.7	..				0.1	
2004 Q1	0.8	0.5	0.1	0.2	0.2	0.1	0.3	0.3	..				–0.1	
Q2	0.7	0.4	0.2	0.3	0.6	0.3	1.1	0.7	..				–0.1	

Percentage change on previous month

	ILKD	ILKN
2003 Aug	–0.3	..
Sep	0.9	..
Oct	0.7	..
Nov	–0.7	..
Dec	–	..
2004 Jan	–0.3	..
Feb	1.1	..
Mar	0.3	..
Apr	–0.3	..
May	0.4	..
Jun	0.5	..
Jul	–	..
Aug	–1.9	..

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

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 workforce
IoP=Index of Production

1 Producer prices in manufactured goods
2 Excludes members of armed foces

Source: OECD - SNA93

3 Italy

	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														
	ILGA	HUCI	HUCJ	HUCK	HUCL	HUCM	HUCN	ILGU	ILHO	HYAA	ILAH	ILAQ	ILII	GABE
1999	1.7	1.6	0.2	0.9	0.3	–	1.4	–0.2	0.8	1.7	–0.2	2.3	1.2	11.3
2000	3.1	1.7	0.3	1.5	–1.1	2.7	1.9	4.2	–0.7	2.6	6.0	2.0	1.8	10.4
2001	1.7	0.5	0.7	0.4	–0.2	0.5	0.1	–0.9	–0.3	2.8	1.9	1.8	2.1	9.5
2002	0.3	0.3	0.3	0.3	0.5	–1.0	–	–1.6	–0.5	2.4	0.2	2.7	1.4	9.0
2003	0.4	0.8	0.4	–0.5	0.6	–1.1	–0.2	–0.6	–0.7	2.7	1.6	2.8	1.1	8.6
2001 Q2	2.1	0.8	0.7	0.3	–0.5	1.5	0.8	–0.1	–0.7	3.0	3.2	1.2	2.0	9.5
Q3	1.3	0.1	0.7	–0.1	1.0	–0.7	–0.4	–1.7	–1.0	2.8	1.0	2.0	1.9	9.4
Q4	0.8	–0.1	0.7	0.3	–0.2	–0.8	–0.9	–4.8	–0.9	2.4	–1.1	2.0	1.2	9.2
2002 Q1	–0.1	–0.5	0.4	–0.5	1.5	–2.2	–1.3	–4.4	–0.1	2.4	–1.0	2.5	1.7	9.0
Q2	0.2	–	0.3	–0.2	0.8	–1.4	–0.7	–2.1	–1.1	2.3	–0.6	3.3	1.9	9.0
Q3	0.5	0.6	0.3	0.4	–0.5	–0.2	0.2	–0.5	–1.2	2.4	0.6	2.3	1.3	9.0
Q4	0.9	1.0	0.3	1.4	0.1	–0.3	1.6	0.6	0.2	2.8	1.7	2.7	1.0	8.9
2003 Q1	0.7	1.0	0.4	0.2	0.7	–1.8	–0.2	0.1	–0.5	2.7	2.7	2.5	0.9	8.8
Q2	0.2	0.8	0.4	0.1	0.5	–1.7	–0.2	–1.7	0.5	2.7	1.7	1.9	1.3	8.7
Q3	0.4	0.9	0.4	–0.5	0.3	–	0.6	–0.5	–1.1	2.7	1.3	3.4	1.0	8.6
Q4	0.1	0.3	0.5	–1.5	0.9	–1.0	–1.0	–0.2	–1.9	2.5	0.9	3.0	0.9	8.5
2004 Q1	0.8	1.0	0.2	0.2	–0.6	0.5	0.6	–0.2	–2.5	2.3	0.4	3.0	0.9	..
Q2	1.2	0.6	0.2	0.7	–1.0	1.7	1.0	1.2	–2.7	2.3	2.6	3.7	1.7	..
Q3	..	..	..	..	..	..	..	..	..	2.2	3.5	2.2	..	..
2003 Oct	..	..	..	..	..	..	..	–0.2	–2.0	2.6	0.7	3.0	..	8.5
Nov	..	..	..	..	..	..	..	–0.4	–2.2	2.4	1.2	3.0	..	8.5
Dec	..	..	..	..	..	..	..	–	–1.6	2.4	0.8	3.0	..	8.5
2004 Jan	..	..	..	..	..	..	..	–0.5	0.6	2.2	0.4	2.5	..	8.5
Feb	..	..	..	..	..	..	..	0.1	–5.5	2.3	0.1	3.3	..	..
Mar	..	..	..	..	..	..	..	–	–2.5	2.3	0.7	3.5	..	..
Apr	..	..	..	..	..	..	..	0.9	–3.0	2.3	1.7	3.6	..	..
May	..	..	..	..	..	..	..	2.1	–3.7	2.3	2.9	3.7	..	..
Jun	..	..	..	..	..	..	..	0.7	–1.2	2.3	3.2	3.7	..	..
Jul	..	..	..	..	..	..	..	–0.6	–3.7	2.3	3.3	2.2	..	..
Aug	..	..	..	..	..	..	..	–1.5	..	2.3	3.5	2.2	..	..
Sep	..	..	..	..	..	..	..	..	..	2.1	3.9	2.1	..	..
Oct	..	..	..	..	..	..	..	..	..	2.0	..	..	..	..

Percentage change on previous quarter														
	ILGK	HUCO	HUCP	HUCQ	HUCR	HUCS	HUCT	ILHE	ILHY				ILIS	
2001 Q2	–	–0.1	0.2	–0.3	0.8	–0.9	–0.3	–1.7	0.1				0.4	
Q3	–	–0.3	0.1	–0.1	0.3	–1.0	–1.0	–1.4	0.4				1.7	
Q4	–0.1	–0.1	0.1	–0.1	–0.4	–	–0.3	–1.6	–0.8				–	
2002 Q1	–	–0.1	–	–	0.7	–0.3	0.3	0.2	0.2				–0.4	
Q2	0.3	0.4	0.1	–	0.1	–	0.3	0.7	–0.9				0.6	
Q3	0.2	0.3	0.1	0.5	–0.9	0.2	–0.1	0.2	0.3				1.1	
Q4	0.3	0.4	0.1	0.9	0.2	–0.1	1.2	–0.5	0.6				–0.3	
2003 Q1	–0.2	–0.1	0.2	–1.2	1.3	–1.8	–1.5	–0.3	–0.4				–0.5	
Q2	–0.1	0.2	0.1	–0.1	–0.1	0.1	0.3	–1.1	0.1				1.0	
Q3	0.4	0.3	0.1	–0.1	–1.1	1.8	0.7	1.5	–1.3				0.8	
Q4	–	–0.2	0.2	–	0.8	–1.1	–0.5	–0.2	–0.3				–0.4	
2004 Q1	0.5	0.7	–0.1	0.5	–0.2	–0.3	0.1	–0.3	–1.0				–0.5	
Q2	0.3	–0.2	0.1	0.3	–0.5	1.3	0.7	0.3	–0.1				1.8	
Q3	..	..	..	..	..	..	..	..	..				..	

Percentage change on previous month		
	ILKE	ILKO
2003 Aug	0.1	–1.0
Sep	–0.7	0.6
Oct	0.1	–0.4
Nov	0.2	–0.2
Dec	–	0.6
2004 Jan	–0.5	1.6
Feb	0.3	–5.3
Mar	–0.2	2.0
Apr	0.5	1.1
May	–	–1.9
Jun	–0.7	1.6
Jul	0.3	–2.3
Aug	–0.8	..

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Empl = Total Employment not seasonally adjusted
Unempl = Standardised Unemployment not seasonally adjusted

Source: OECD - SNA93

4 USA

	GDP	Contribution to change in 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
1999	4.4	3.4	0.5	1.6	–	0.5	1.5	4.4	8.8	2.1	1.7	3.0	1.6	4.2
2000	3.7	3.2	0.3	1.2	–0.1	0.9	1.8	4.4	6.7	3.4	4.1	3.4	2.6	4.0
2001	0.8	1.7	0.4	–0.4	–0.9	–0.6	–0.4	–3.4	2.8	2.8	0.8	3.0	–	4.8
2002	1.9	2.2	0.6	–0.6	0.4	–0.2	0.5	–0.6	2.3	1.7	–0.7	3.6	–0.3	5.8
2003	3.0	2.3	0.4	0.8	–0.1	0.2	0.7	0.3	5.2	2.2	2.5	3.0	0.9	6.0
2001 Q2	0.6	1.7	0.3	–0.2	–1.0	–0.3	–0.2	–3.3	3.5	3.4	2.0	3.0	0.1	4.4
Q3	0.4	1.3	0.5	–0.6	–0.9	–1.1	–1.1	–4.5	1.3	2.7	0.6	3.0	–	4.8
Q4	0.2	1.9	0.6	–0.9	–1.3	–1.3	–1.2	–5.3	4.4	1.9	–1.5	3.3	–0.8	5.6
2002 Q1	1.2	2.0	0.6	–0.9	–	–1.1	–0.6	–3.2	2.1	1.3	–1.9	3.9	–1.2	5.7
Q2	1.5	2.3	0.6	–0.9	0.1	–0.4	0.3	–0.9	2.0	1.3	–1.7	3.6	–0.5	5.8
Q3	2.5	2.5	0.6	–0.5	0.5	0.2	0.9	0.6	4.1	1.6	–0.6	3.6	0.1	5.7
Q4	2.3	1.8	0.6	–0.2	1.1	0.3	1.4	1.4	1.1	2.2	1.5	3.2	0.3	5.9
2003 Q1	1.9	1.9	0.4	–	0.2	0.2	0.9	1.0	3.9	2.9	3.9	3.2	1.0	5.8
Q2	2.3	2.1	0.6	0.5	–0.3	–0.1	0.6	–1.0	4.3	2.2	1.9	3.1	0.9	6.1
Q3	3.5	2.5	0.4	1.2	–0.3	0.1	0.5	–0.3	6.0	2.2	2.1	3.1	0.5	6.1
Q4	4.4	2.7	0.3	1.7	–0.1	0.6	0.7	1.5	6.5	1.9	2.3	2.5	1.3	5.9
2004 Q1	5.0	3.0	0.4	1.8	0.3	0.8	1.2	2.9	7.9	1.7	1.6	2.8	0.7	5.6
Q2	4.8	2.5	0.1	2.0	0.7	1.1	1.6	5.2	8.2	2.8	4.8	2.4	0.9	5.6
Q3	3.9	2.5	0.3	1.5	0.5	0.9	1.8	5.0	6.9	2.7	5.0	2.4	1.5	5.4
2003 Sep	..	..	..	..	..	..	..	0.2	7.1	2.3	1.6	2.8	0.2	6.1
Oct	..	..	..	..	..	..	..	0.6	6.2	2.0	1.9	1.9	0.8	6.0
Nov	..	..	..	..	..	..	..	1.6	7.1	1.7	2.3	2.8	1.5	5.9
Dec	..	..	..	..	..	..	..	2.3	6.4	1.8	2.7	2.8	1.4	5.7
2004 Jan	..	..	..	..	..	..	..	2.4	6.2	1.9	2.4	2.8	0.7	5.6
Feb	..	..	..	..	..	..	..	2.8	8.6	1.7	1.2	2.8	0.7	5.6
Mar	..	..	..	..	..	..	..	3.4	9.0	1.7	1.2	2.8	0.7	5.7
Apr	..	..	..	..	..	..	..	4.7	7.7	2.3	4.0	2.8	0.7	5.6
May	..	..	..	..	..	..	..	5.7	9.8	3.0	5.5	2.8	0.9	5.6
Jun	..	..	..	..	..	..	..	5.4	7.2	3.3	4.9	1.8	1.0	5.6
Jul	..	..	..	..	..	..	..	5.3	7.1	3.0	5.1	1.8	1.6	5.5
Aug	..	..	..	..	..	..	..	5.1	5.8	2.6	4.9	2.7	1.5	5.4
Sep	..	..	..	..	..	..	..	4.7	7.7	2.6	5.1	2.7	1.4	5.4
Percentage change on previous quarter	ILGM	HUDM	HUDN	HUDO	HUDP	HUDQ	HUDR	ILHG	ILIA				ILIU	
2001 Q2	0.3	0.2	0.1	–0.2	0.1	–0.4	–0.5	–1.3	1.3				0.5	
Q3	–0.4	0.3	0.1	–0.4	–0.3	–0.5	–0.4	–1.3	–1.0				–	
Q4	0.4	1.2	0.2	–0.3	–0.6	–0.3	–0.1	–1.1	3.4				–0.6	
2002 Q1	0.8	0.3	0.1	–0.1	0.8	0.1	0.4	0.5	–1.5				–1.1	
Q2	0.6	0.5	0.2	–0.1	0.2	0.3	0.4	1.0	1.2				1.2	
Q3	0.6	0.5	0.1	–	0.1	0.1	0.2	0.2	1.0				0.6	
Q4	0.2	0.4	0.2	–0.1	–	–0.1	0.3	–0.4	0.5				–0.4	
2003 Q1	0.5	0.5	–	0.1	–0.1	–	–0.1	0.2	1.2				–0.4	
Q2	1.0	0.7	0.3	0.4	–0.3	–	0.1	–1.0	1.5				1.1	
Q3	1.8	0.9	–	0.7	0.1	0.3	0.1	0.9	2.7				0.2	
Q4	1.0	0.6	0.1	0.4	0.1	0.4	0.6	1.4	1.0				0.4	
2004 Q1	1.1	0.7	0.1	0.2	0.3	0.2	0.4	1.6	2.5				–1.0	
Q2	0.8	0.3	–	0.6	0.2	0.2	0.5	1.2	1.8				1.3	
Q3	0.9	0.8	0.1	0.3	–0.1	0.1	0.3	0.7	1.4				0.8	
Percentage change on previous month								ILKG	ILKQ				ILLA	
2003 Sep								0.6	–0.2				–0.3	
Oct								0.2	–0.1				0.7	
Nov								1.0	1.3				–	
Dec								0.2	0.3				–0.1	
2004 Jan								0.6	0.4				–1.2	
Feb								0.8	1.0				0.4	
Mar								–0.1	2.4				0.2	
Apr								0.6	–0.9				0.5	
May								0.8	1.5				0.3	
Jun								–0.3	–0.8				0.8	
Jul								0.7	1.0				0.6	
Aug								–0.2	–0.1				–0.4	
Sep								0.2	1.5				–0.4	

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Empl = Total Employment not seasonally adjusted
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Source: OECD - SNA93

1 Excludes members of armed forces

5 Japan

	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
1999	0.2	0.1	0.7	–0.1	–0.4	0.1	0.3	0.6	–2.7	–0.3	–1.5	–0.7	–0.8	4.7
2000	2.8	0.4	0.8	0.8	0.3	1.3	0.8	4.9	–0.8	–0.7	0.2	1.7	–0.2	4.7
2001	0.4	1.0	0.5	–0.4	–	–0.7	–	–6.1	–1.1	–0.7	–2.3	–	–0.5	5.0
2002	–0.3	0.5	0.4	–1.6	–0.2	0.8	0.2	–1.2	–3.4	–1.0	–2.1	–1.1	–1.3	5.4
2003	2.5	0.5	0.2	0.8	0.4	1.2	0.4	3.1	–1.4	–0.2	–0.8	2.3	–0.2	5.3
2001 Q2	1.1	1.1	0.5	0.2	0.2	–0.6	0.2	–4.2	–0.7	–0.7	–2.1	0.5	–0.5	4.9
Q3	–0.4	1.0	0.4	–0.3	–0.5	–1.0	–0.2	–8.9	–2.0	–0.8	–2.5	–0.3	–0.9	5.1
Q4	–2.2	0.7	0.5	–2.3	–0.5	–1.2	–0.6	–12.1	–2.7	–1.0	–3.0	–0.5	–1.3	5.4
2002 Q1	–3.2	0.1	0.4	–2.4	–1.5	–0.4	–0.5	–8.9	–4.9	–1.4	–2.8	–1.6	–1.4	5.3
Q2	–0.8	0.3	0.4	–1.9	–0.4	0.8	–	–3.4	–2.8	–0.9	–2.2	–0.7	–1.5	5.4
Q3	1.0	1.1	0.5	–1.7	0.5	1.1	0.5	2.7	–3.1	–0.8	–2.1	–2.1	–0.9	5.4
Q4	1.8	0.5	0.3	–0.5	0.5	1.8	0.7	5.7	–2.7	–0.5	–1.2	0.1	–1.1	5.4
2003 Q1	2.4	0.4	0.3	0.1	1.0	1.3	0.7	5.5	–0.6	–0.2	–0.7	1.8	–0.8	5.4
Q2	2.2	0.4	0.1	0.9	0.3	0.8	0.3	2.0	–2.3	–0.3	–1.1	2.5	0.1	5.4
Q3	1.8	–0.1	0.1	0.7	0.2	1.2	0.3	1.0	–2.0	–0.2	–0.6	2.3	–0.1	5.2
Q4	3.5	1.0	0.2	1.5	–0.1	1.4	0.4	4.1	–0.9	–0.3	–0.8	2.3	–0.1	5.1
2004 Q1	5.1	1.6	0.2	1.6	0.5	1.8	0.7	4.5	–0.6	–0.1	–0.4	1.8	0.2	4.9
Q2	4.3	1.9	0.3	0.8	0.1	2.1	1.0	7.9	–1.7	–0.3	0.8	1.4	0.2	4.6
Q3	..	..	..	..	..	..	..	..	–0.3	–0.1	1.5	..	0.3	4.8
2003 Sep	..	..	..	..	..	..	..	2.9	–1.5	–0.2	–0.6	0.9	–0.2	5.1
Oct	..	..	..	..	..	..	..	3.7	0.3	–	–0.9	1.8	–0.3	5.2
Nov	..	..	..	..	..	..	..	4.7	–3.1	–0.5	–0.8	1.1	–0.3	5.2
Dec	..	..	..	..	..	..	..	4.0	0.2	–0.4	–0.7	4.1	0.2	4.9
2004 Jan	..	..	..	..	..	..	..	6.1	1.3	–0.3	–0.6	1.7	0.3	5.0
Feb	..	..	..	..	..	..	..	3.4	–1.8	–	–0.5	2.0	0.2	5.0
Mar	..	..	..	..	..	..	..	4.0	–1.2	–0.1	–0.2	1.7	0.2	4.7
Apr	..	..	..	..	..	..	..	8.1	–0.6	–0.4	0.4	1.1	0.8	4.7
May	..	..	..	..	..	..	..	8.0	–2.1	–0.5	0.8	2.1	0.4	4.6
Jun	..	..	..	..	..	..	..	7.4	–2.4	–	1.3	1.1	–0.6	4.6
Jul	..	..	..	..	..	..	..	7.8	0.9	–0.1	1.4	2.0	–0.1	4.9
Aug	..	..	..	..	..	..	..	7.8	–1.3	–0.2	1.5	2.9	0.5	4.8
Sep	..	..	..	..	..	..	..	..	–0.4	–	1.8	..	0.4	4.6
Percentage change on previous quarter														
	ILGN	HUDA	HUDB	HUDC	HUDD	HUDE	HUDF	ILHH	ILIB				ILIV	
2001 Q2	–1.1	–	0.2	–0.6	–0.4	–0.4	–0.2	–3.1	–2.0				1.4	
Q3	–0.8	–	–	–0.2	–0.6	–0.3	–0.2	–4.2	–0.7				–0.4	
Q4	–0.7	0.1	0.2	–1.1	0.1	–0.2	–0.2	–2.4	–1.0				–0.4	
2002 Q1	–0.6	–	–	–0.4	–0.7	0.5	0.1	0.6	–1.3				–2.0	
Q2	1.3	0.2	0.1	–0.2	0.8	0.7	0.3	2.8	0.1				1.3	
Q3	1.0	0.8	0.1	–	0.3	–	0.2	1.8	–0.9				0.2	
Q4	0.2	–0.4	–	0.2	0.1	0.4	0.1	0.4	–0.6				–0.6	
2003 Q1	–	–0.1	–	0.1	–0.2	0.1	–	0.3	0.8				–1.7	
Q2	1.1	0.1	–	0.7	0.1	0.2	–0.1	–0.6	–1.5				2.3	
Q3	0.6	0.3	0.1	–0.2	0.1	0.4	0.2	0.9	–0.6				–	
Q4	1.8	0.6	0.1	1.0	–0.2	0.6	0.2	3.6	0.5				–0.6	
2004 Q1	1.6	0.6	0.1	0.2	0.4	0.6	0.3	0.7	1.1				–1.4	
Q2	0.3	0.3	0.1	–0.1	–0.2	0.5	0.2	2.5	–2.7				2.3	
Q3	..	..	..	..	..	..	..	..	0.8				0.1	
Percentage change on previous month														
								ILKH	ILKR				ILLB	
2003 Sep								3.7	–0.2				–0.3	
Oct								0.8	1.2				–0.1	
Nov								0.8	–2.5				–0.2	
Dec								–0.7	1.2				–0.3	
2004 Jan								3.4	2.6				–1.3	
Feb								–3.9	–1.9				–0.2	
Mar								0.8	–0.2				1.1	
Apr								3.1	–1.2				1.2	
May								1.0	–1.0				0.5	
Jun								–1.2	–0.3				–0.2	
Jul								0.1	1.1				–	
Aug								–0.1	0.1				0.3	
Sep								..	0.6				–0.4	

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

Sales = Retail Sales volume
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
IoP=Index of Production

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

Source: OECD - SNA93

Corporate services price index (experimental)

Quarter 3 2004

What is the CSPI?

The experimental Corporate Services Price Index (CSPI) measures movements in prices charged for services supplied by businesses to other businesses, local and national government. The data produced are used internally by the Office for National Statistics (ONS) as a deflator for the Index of Services and the quarterly measurement of Gross Domestic Product (GDP). It is also used by the Treasury and Bank of England to help monitor inflation in the economy.

Results for Quarter 3, 2004

Prices of business-to-business services rose by 2.3 per cent in the year to the third quarter 2004. This is based on a comparison of the change in the top-level CSPI on the *net* sector basis.

Figure 1 shows how the percentage change for the top-level CSPI (net sector) compares with the Retail Price Index (RPI) and the Producer Price Index (PPI) for all manufactured goods (net sector).

The top-level results, on both gross and net sector bases, are shown in Table 1. In Q3 2004, the top-level CSPI (net sector) rose by 0.3 per cent compared to the previous quarter.

Figure 2 depicts the CSPI annual growths for both the net and gross sector time series. The net CSPI growth shows a slight decline to 2.3 per cent for Q3 2004 from 2.5 per cent in Q2 2004. The annual growth for the CSPI gross series also shows a slight decline from a value of 2.4 per cent in Q2 2004 to a value of 2.1 per cent in Q3 2004. The difference in annual growth between the gross sector and net sector CSPI is 0.2 per cent this quarter.

Industry-specific Indices

The tables attached at the end of this article contain the data for the thirty-two industries for which indices of corporate services prices are currently available. The weights for each industry index are shown at both gross and net sector levels. Some key points to note are:

- *banking services* fell by 2.8 per cent this quarter, as reported by the Bank of England
- *real estate* rose by 2.2 per cent this quarter, with strong activity in the industrial, office and retail sectors. Prices have increased since the beginning of 2002
- *translation services* fell by 1.7 per cent over the previous quarter, reportedly due to the market conditions within the industry

Figure 1
Experimental top–level CSPI compared with the Retail Price Index (RPI) for services and the Producer Price Index (PPI)

Percentage change on the same quarter a year ago

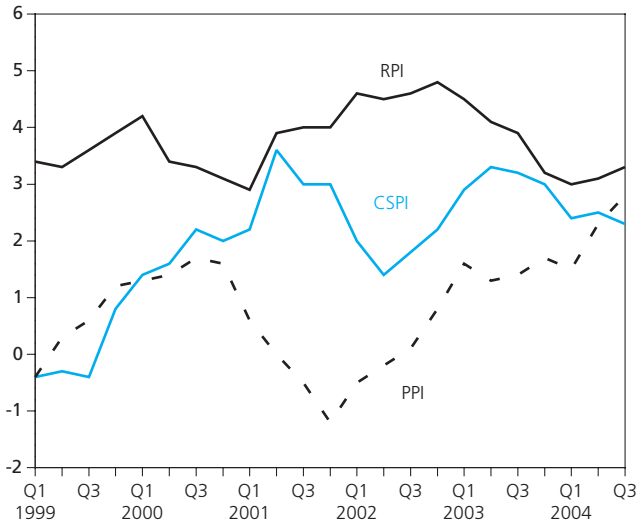


Figure 2
Experimental top–level CSPI (gross and net sector)

Percentage change on the same quarter in previous year

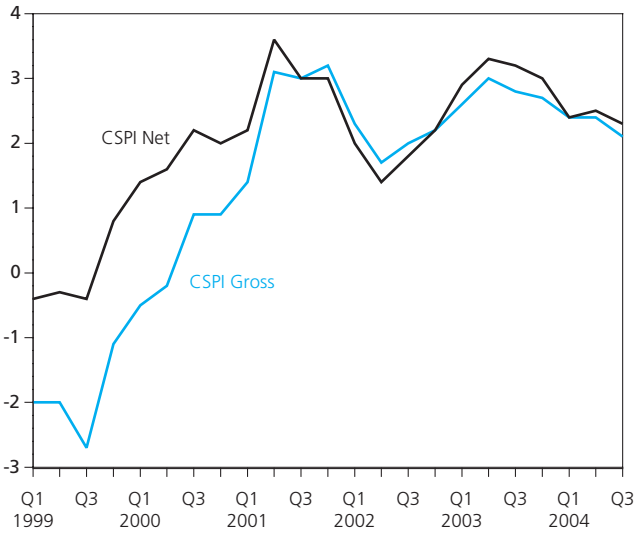


Table 1
CSPI Results

		CSPI Quarterly Index Values 2000=100		Percentage change on same quarter in previous year (per cent)	
		Gross sector	Net sector	Gross sector	Net sector
1999	Q1	100.4	98.1	*–2.0*	*–0.4*
	Q2	99.8	98.0	*–2.0*	*–0.3*
	Q3	99.3	98.1	*–2.7*	*–0.4*
	Q4	99.4	98.7	*–1.1*	*0.8*
2000	Q1	99.8	99.5	*–0.5*	*1.4*
	Q2	99.6	99.5	*–0.2*	*1.6*
	Q3	100.2	100.3	*0.9*	*2.2*
	Q4	100.3	100.7	*0.9*	*2.0*
2001	Q1	101.3	101.6	*1.4*	*2.2*
	Q2	102.7	103.1	*3.1*	*3.6*
	Q3	103.2	103.3	*3.0*	*3.0*
	Q4	103.5	103.7	*3.2*	*3.0*
2002	Q1	103.6	103.7	*2.3*	*2.0*
	Q2	104.5	104.6	*1.7*	*1.4*
	Q3	105.3	105.2	*2.0*	*1.8*
	Q4	105.8	106.0	*2.2*	*2.2*
2003	Q1	106.3	106.8	*2.6*	*2.9*
	Q2	107.6	108.0	*3.0*	*3.3*
	Q3	108.2	108.6	*2.8*	*3.2*
	Q4	108.6	109.2	*2.7*	*3.0*
2004	Q1	108.8	109.4	*2.4*	*2.4*
	Q2	110.2	110.7	*2.4*	*2.5*
	Q3	110.4	111.1	*2.1*	*2.3*

- *freight forwarding* rose by 1.6 per cent this quarter as the result of increases in base ocean rates, shipping line rates and fuel charges. Another contributing factor was the introduction of the Currency Adjustment Factor
- *business telecoms* fell by 1.6 per cent this quarter due to a switch from dial-up internet to broadband and increased usage of mobile phones
- *courier services* rose by 1.5 per cent reportedly due to a annual price review and fuel charges

Background notes

1. The experimental Corporate Services Price Index (CSPI) has been recently rebased to the year 2000 and released on 20 February 2004. Many aspects of the methods and sources used to compile the CSPI have been reviewed and updated in the rebasing. For more information on the methodology and associated impact of the rebasing see http://www.statistics.gov.uk/downloads/ experimental/ CSPI_Rebasing_Methodology_and_Impact.pdf.

2. The February 2004 release of the rebased CSPI also introduced a redeveloped business telecommunications index and new banking (loans and interest bearing deposits) index. The introduction of the new index has increased the number of published, industry-level CSPIs to thirty-two, providing coverage of an estimated 55 per cent of net corporate service activity in the UK. ONS has also expanded substantially the survey of businesses on which the CSPI is based. We now survey 1,500 businesses, seeking price quotes for 5,000 service-products. For further information on the redeveloped business telecommunications CSPI see http://www.statistics.gov.uk/downloads/experimental/Redeveloped_Business_Telecommunications.pdf. For further information on the new banking CSPI see http://www.statistics.gov.uk/downloads/experimental/New_Banking_CSPI.pdf.

3. The CSPI is shown in this release as both net and gross sector time series, aligning with the PPI release format. The net series is scoped to monitor the corporate-service activity provided to other businesses and government organisations, outside the corporate services sector. The gross series is scoped to monitor the provision of corporate services to all businesses and government organisations.

4. Indices relate to average prices for a quarter. The full effect of a price change, occurring partway through any quarter, will only be reflected in the following quarter's index. All index numbers exclude VAT.

5. Some back data for a few industry specific indices have been revised. The figures previously published are now found to have included transcription errors. Many of the revisions are very small, either 0.1 or 0.2 index points, although some are larger. The largest revisions are to the 2003 index number level and growth rate for hotels and technical testing (around one index point). The largest revisions to quarterly growth rates are for bus and coach hire growth in quarter 3 2000 (revision of one index point) and to banking services in quarter 3 2002 (revision of two index points). There were no errors in the top-level CSPI index number levels or growth rates. The index numbers in this publication have now been subject to a further quality assessment and improvements to operational procedures are being put in place as a result.

Note: Measurement of service sector prices is inherently difficult and challenging. When viewing the results, *it should be borne in mind that the indices shown are regarded as experimental.* This is particularly true of those that have been added to the series most recently. Therefore, some of the results will be subject to revision before the completion of the CSPI development project. The top-level index should also be viewed as *experimental.*

Next results

The next set of CSPI results will be issued on 18 February 2005 via the National Statistics website http://www.statistics.gov.uk/cspi.

Further information

- Articles on the methodology and impact of rebasing the CSPI, the re-development of an index for business telecommunications and the introduction of an index for banking services (together with more general information on the CSPI) are available at http://www.statistics.gov.uk/cspi
- Survey Contact:
  Tim Clode
  Office for National Statistics
  Tel: (01633) 813493
  E-mail: cspi@ons.gsi.gov.uk

Note to the main table:

There are external sources for the indices denoted by an asterisk, as follows:

Index	Source
Banking Services	Bank of England
Property rental payments	Investment Property Databank (IPD)
Car contract hire and Maintenance and repair of motor vehicles	Yewtree.com Ltd
Construction plant hire	Construction Plant-hire Association (CPA) up to Quarter 2 of 2002
Business telecommunications	Ofcom (Office of Communications)
Sewerage services	Ofwat (Office of Water Services)
National post parcels	Parcelforce
Business rail fares	Strategic Rail Authority (SRA)

Table 2
Corporate Services Price Indices (Experimental) (2000=100)

	Maintenance and repair of motor vehicles*	Hotels	Canteens and catering	Business rail fares*	Rail Freight	Bus and coach hire	Freight transport by road	
							Total	International component
SIC(2003)	50.2	55.1	55.5	60.10/1	60.10/9	60.23/1	60.24/9	
2000 weights (per cent)								
Gross sector	2.93	3.69	3.03	0.32	0.62	0.12	12.72	
Net sector	2.08	4.08	3.36	0.16	1.03	0.20	21.15	
Annual								
1999	97.8	97.7	99.9	95.7	101.0	93.9	95.6	97.5
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	102.9	104.3	104.2	103.1	100.5	106.8	102.9	100.3
2002	106.1	104.3	105.4	106.1	102.1	114.7	103.9	99.3
2003	110.2	108.6	106.6	109.8	103.5	120.8	106.2	99.3
Percentage change, latest year on previous year								
1999	2.2	–2.2	0.2	4.9	1.4	6.5	1.8	0.9
2000	2.3	2.3	0.1	4.5	–1.0	6.5	4.6	2.6
2001	2.9	4.3	4.2	3.1	0.5	6.8	2.9	0.3
2002	3.1	0.0	1.1	2.9	1.6	7.4	1.0	–1.0
2003	3.9	4.2	1.1	3.5	1.4	5.3	2.2	0.1
Quarterly results (not seasonally adjusted)								
1999 Q1	96.7	100.0	99.9	95.7	100.5	92.3	93.9	97.7
Q2	97.6	96.8	100.4	95.7	101.2	93.1	95.2	97.4
Q3	98.0	96.8	99.8	95.7	101.2	93.8	95.8	97.4
Q4	98.7	97.1	99.4	95.7	101.2	96.5	97.6	97.4
2000 Q1	99.1	98.8	99.1	100.0	101.8	98.1	98.9	99.5
Q2	99.6	100.1	100.1	100.0	99.4	99.9	99.3	99.5
Q3	100.2	100.7	100.1	100.0	99.4	100.6	100.2	100.0
Q4	101.2	100.5	100.7	100.0	99.4	101.4	101.6	101.0
2001 Q1	102.0	102.9	103.2	103.1	100.3	103.4	102.5	100.9
Q2	102.8	104.7	104.4	103.1	101.1	105.1	103.0	100.2
Q3	103.5	104.5	104.5	103.1	100.5	108.1	103.1	99.8
Q4	103.3	104.9	104.6	103.1	100.1	110.8	103.0	100.1
2002 Q1	104.9	103.7	104.7	106.1	101.3	111.7	102.9	99.6
Q2	105.5	103.4	105.3	106.1	102.1	113.3	103.6	99.4
Q3	106.6	104.0	105.7	106.1	102.4	116.4	104.3	99.7
Q4	107.4	106.0	105.7	106.1	102.5	117.4	104.9	98.3
2003 Q1	108.9	107.2	106.1	109.8	102.7	119.2	105.6	99.3
Q2	109.8	107.2	106.4	109.8	103.4	120.8	106.1	99.3
Q3	110.4	109.1	106.7	109.8	103.6	121.6	106.3	99.5
Q4	111.7	110.9	107.0	109.8	104.2	121.7	106.8	99.2
2004 Q1	113.3	110.5	107.2	114.4	103.7	122.4	107.1	99.0
Q2	114.6	112.3	107.4	114.4	104.1	123.4	107.8	99.1
Q3	115.9	112.0	107.6	114.4	104.3	124.6	108.7	100.5

Table 2 – *continued*

	Maintenance and repair of motor vehicles*	Hotels	Canteens and catering	Business rail fares*	Rail Freight	Bus and coach hire	Freight transport by road	
							Total	International component
SIC(2003)	50.2	55.1	55.5	60.10/1	60.10/9	60.23/1	60.24/9	
Percentage change, latest quarter on previous quarter								
1999 Q1	0.9	–0.8	–0.3	4.9	1.1	2.5	–0.1	0.9
Q2	0.9	–3.2	0.5	0.0	0.7	0.9	1.3	–0.3
Q3	0.4	0.0	–0.6	0.0	0.0	0.8	0.6	0.0
Q4	0.7	0.4	–0.3	0.0	0.1	2.9	1.9	0.0
2000 Q1	0.3	1.7	–0.4	4.5	0.5	1.6	1.3	2.2
Q2	0.5	1.3	1.1	0.0	–2.3	1.9	0.5	0.0
Q3	0.6	0.6	0.0	0.0	0.0	0.7	0.9	0.5
Q4	1.0	–0.2	0.5	0.0	0.0	0.8	1.4	0.9
2001 Q1	0.8	2.4	2.5	3.1	0.9	1.9	0.9	–0.1
Q2	0.8	1.8	1.2	0.0	0.8	1.7	0.5	–0.6
Q3	0.6	–0.2	0.1	0.0	–0.6	2.8	0.1	–0.4
Q4	–0.2	0.3	0.1	0.0	–0.4	2.5	0.0	0.3
2002 Q1	1.5	–1.1	0.0	2.9	1.2	0.9	–0.1	–0.5
Q2	0.6	–0.3	0.6	0.0	0.8	1.4	0.7	–0.2
Q3	1.0	0.6	0.4	0.0	0.2	2.8	0.6	0.3
Q4	0.8	1.9	0.0	0.0	0.1	0.9	0.5	–1.4
2003 Q1	1.5	1.2	0.4	3.5	0.2	1.5	0.7	1.0
Q2	0.8	0.0	0.2	0.0	0.7	1.3	0.5	0.0
Q3	0.6	1.8	0.3	0.0	0.2	0.6	0.2	0.1
Q4	1.2	1.6	0.2	0.0	0.5	0.1	0.5	–0.3
2004 Q1	1.4	–0.4	0.2	4.2	–0.5	0.6	0.3	–0.2
Q2	1.1	1.6	0.2	0.0	0.4	0.8	0.6	0.1
Q3	1.2	–0.2	0.2	0.0	0.2	1.0	0.9	1.5
Percentage change, latest quarter on corresponding quarter of previous year								
1999 Q1	1.9	1.0	1.0	4.9	0.7	6.5	–0.3	1.5
Q2	1.9	–2.8	0.7	4.9	1.1	6.0	1.8	0.7
Q3	2.2	–3.2	0.0	4.9	1.8	6.2	2.1	0.6
Q4	3.0	–3.6	–0.7	4.9	1.9	7.2	3.8	0.6
2000 Q1	2.5	–1.3	–0.8	4.5	1.3	6.3	5.2	1.9
Q2	2.0	3.3	–0.2	4.5	–1.7	7.3	4.3	2.2
Q3	2.2	4.0	0.4	4.5	–1.8	7.2	4.6	2.7
Q4	2.5	3.4	1.2	4.5	–1.8	5.1	4.1	3.7
2001 Q1	2.9	4.2	4.2	3.1	–1.4	5.4	3.7	1.4
Q2	3.2	4.7	4.3	3.1	1.6	5.3	3.7	0.7
Q3	3.3	3.8	4.3	3.1	1.1	7.4	2.8	–0.2
Q4	2.1	4.4	4.0	3.1	0.7	9.2	1.4	–0.9
2002 Q1	2.8	0.7	1.4	2.9	1.0	8.1	0.4	–1.2
Q2	2.6	–1.3	0.9	2.9	1.0	7.7	0.6	–0.8
Q3	3.0	–0.5	1.2	2.9	1.9	7.7	1.2	–0.2
Q4	3.9	1.0	1.0	2.9	2.4	6.0	1.8	–1.8
2003 Q1	3.9	3.3	1.4	3.5	1.3	6.7	2.6	–0.3
Q2	4.0	3.7	1.0	3.5	1.3	6.7	2.3	–0.1
Q3	3.6	5.0	1.0	3.5	1.2	4.4	1.9	–0.2
Q4	4.1	4.7	1.2	3.5	1.6	3.6	1.9	0.9
2004 Q1	4.0	3.1	1.0	4.2	0.9	2.7	1.5	–0.4
Q2	4.4	4.8	0.9	4.2	0.7	2.1	1.6	–0.3
Q3	5.0	2.7	0.8	4.2	0.6	2.5	2.3	1.1

Table 2 – *continued*

Corporate Services Price Indices (Experimental) (2000=100)

	Commercial vehicle ferries	Sea and coastal water freight	Business air fares	Freight forwarding	National post parcels*	Courier services	Business telecoms services*	Banking services*
SIC(2003)	61.10/1	61.10/2	62.10/1	63.4	64.11	64.12	64.2	65.12/1
2000 weights (per cent)								
Gross sector	0.29	0.73	3.28	7.48	3.48	2.42	11.84	2.90
Net sector	0.37	0.92	1.59	6.20	1.81	1.26	5.39	3.23
Annual								
1999	98.1	97.3	94.7	99.1	96.0	99.8	119.1	90.8
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	98.7	100.7	115.1	100.4	103.1	102.7	92.6	108.2
2002	100.6	95.0	122.8	99.8	107.1	107.1	90.6	116.5
2003	102.8	96.1	127.1	104.3	113.3	109.2	87.8	125.6
Percentage change, latest year on previous year								
1999	11.3	–1.8	2.4	–7.1	2.9	1.4	–17.7	..
2000	1.9	2.8	5.6	0.9	4.1	0.2	–16.0	10.2
2001	–1.3	0.7	15.1	0.4	3.1	2.7	–7.4	8.2
2002	2.0	–5.7	6.7	–0.6	3.9	4.2	–2.2	7.7
2003	2.1	1.1	3.5	4.4	5.9	2.0	–3.0	7.8
Quarterly results (not seasonally adjusted)								
1999 Q1	100.6	99.9	93.8	101.6	94.6	99.4	129.7	90.1
Q2	98.7	98.6	94.8	99.1	96.5	99.9	121.3	89.0
Q3	97.7	95.9	94.8	97.5	96.5	100.2	115.0	92.0
Q4	95.5	94.8	95.4	98.3	96.5	99.5	110.5	92.0
2000 Q1	100.9	96.8	96.2	98.9	96.5	98.6	107.0	94.9
Q2	99.8	98.8	98.0	99.3	101.2	99.2	99.6	99.3
Q3	100.4	101.7	100.0	100.5	101.2	100.0	99.1	103.8
Q4	98.9	102.7	105.8	101.2	101.2	102.2	94.3	102.0
2001 Q1	101.5	103.9	111.9	102.2	101.2	100.4	93.1	101.4
Q2	99.0	101.6	113.1	100.6	103.7	101.5	92.8	109.0
Q3	97.0	99.9	116.8	99.4	103.7	104.2	93.7	106.7
Q4	97.3	97.5	118.5	99.4	103.7	104.8	90.8	115.7
2002 Q1	101.8	96.4	120.7	98.5	103.7	106.0	88.3	113.6
Q2	100.5	94.1	122.2	99.5	108.2	106.6	89.5	117.8
Q3	100.6	94.1	123.3	100.4	108.2	107.7	93.0	113.4
Q4	99.6	95.4	124.8	100.9	108.2	107.9	91.4	121.3
2003 Q1	102.6	98.8	124.9	102.2	108.2	108.6	88.2	122.5
Q2	102.8	97.0	127.1	104.4	115.0	109.4	87.3	125.8
Q3	102.8	94.5	128.1	105.0	115.0	109.3	88.2	125.7
Q4	102.8	94.0	128.2	105.5	115.0	109.4	87.6	128.4
2004 Q1	102.6	95.4	129.1	104.9	115.0	110.9	86.1	127.3
Q2	102.5	94.1	129.5	107.9	121.0	112.1	86.1	128.3
Q3	102.6	93.9	129.6	109.5	121.0	113.8	84.7	124.7

Table 2 – *continued*

	Commercial vehicle ferries	Sea and coastal water freight	Business air fares	Freight forwarding	National post parcels*	Courier services	Business telecoms services*	Banking services*
SIC(2003)	61.10/1	61.10/2	62.10/1	63.4	64.11	64.12	64.2	65.12/1
Percentage change, latest quarter on previous quarter								
1999 Q1	13.7	0.3	0.4	–2.0	0.0	0.3	–1.6	..
Q2	–2.0	–1.3	1.1	–2.4	2.0	0.5	–6.5	–1.2
Q3	–1.0	–2.8	0.0	–1.6	0.0	0.3	–5.2	3.4
Q4	–2.2	–1.1	0.6	0.7	0.0	–0.6	–3.9	–0.1
2000 Q1	5.6	2.1	0.8	0.7	0.0	–0.9	–3.2	3.2
Q2	–1.0	2.1	2.0	0.4	4.8	0.6	–6.9	4.7
Q3	0.6	2.9	2.0	1.2	0.0	0.8	–0.6	4.5
Q4	–1.4	1.0	5.8	0.7	0.0	2.1	–4.8	–1.7
2001 Q1	2.6	1.2	5.8	1.0	0.0	–1.8	–1.3	–0.5
Q2	–2.5	–2.2	1.1	–1.6	2.5	1.1	–0.3	7.4
Q3	–2.0	–1.7	3.3	–1.2	0.0	2.6	1.0	–2.1
Q4	0.3	–2.4	1.4	–0.1	0.0	0.6	–3.2	8.5
2002 Q1	4.6	–1.1	1.9	–0.9	0.0	1.2	–2.7	–1.8
Q2	–1.3	–2.4	1.2	1.0	4.4	0.6	1.3	3.6
Q3	0.1	0.1	0.9	0.9	0.0	0.9	4.0	–3.7
Q4	–1.0	1.3	1.2	0.5	0.0	0.2	–1.8	6.9
2003 Q1	3.0	3.6	0.1	1.3	0.0	0.6	–3.5	1.0
Q2	0.2	–1.8	1.7	2.2	6.3	0.7	–1.0	2.7
Q3	0.0	–2.6	0.8	0.5	0.0	–0.1	1.0	–0.1
Q4	0.0	–0.5	0.1	0.5	0.0	0.1	–0.6	2.2
2004 Q1	–0.2	1.5	0.7	–0.6	0.0	1.3	–1.7	–0.9
Q2	–0.1	–1.3	0.3	2.9	5.1	1.1	0.0	0.8
Q3	0.0	–0.2	0.1	1.5	0.0	1.5	–1.6	–2.8
Percentage change, latest quarter on corresponding quarter of previous year								
1999 Q1	15.1	1.2	4.0	–6.8	5.6	2.2	–16.7	..
Q2	11.9	2.8	1.9	–8.3	2.0	1.2	–16.8	..
Q3	10.3	–6.0	1.6	–8.2	2.0	1.5	–21.1	..
Q4	8.0	–4.8	2.1	–5.2	2.0	0.5	–16.2	..
2000 Q1	0.2	–3.1	2.5	–2.6	2.0	–0.7	–17.5	5.3
Q2	1.2	0.2	3.4	0.2	4.8	–0.7	–17.8	11.6
Q3	2.8	6.1	5.5	3.0	4.8	–0.2	–13.8	12.7
Q4	3.6	8.3	10.9	3.0	4.8	2.6	–14.7	10.9
2001 Q1	0.6	7.3	16.4	3.4	4.8	1.7	–13.0	6.9
Q2	–0.9	2.8	15.4	1.3	2.5	2.3	–6.9	9.7
Q3	–3.4	–1.8	16.8	–1.1	2.5	4.1	–5.4	2.8
Q4	–1.6	–5.1	12.0	–1.8	2.5	2.6	–3.8	13.5
2002 Q1	0.3	–7.2	7.8	–3.6	2.5	5.7	–5.1	12.0
Q2	1.5	–7.5	8.0	–1.1	4.4	5.1	–3.6	8.1
Q3	3.7	–5.8	5.6	0.9	4.4	3.3	–0.7	6.3
Q4	2.4	–2.1	5.3	1.5	4.4	3.0	0.7	4.8
2003 Q1	0.8	2.5	3.5	3.7	4.4	2.4	–0.1	7.8
Q2	2.3	3.1	4.0	4.9	6.3	2.6	–2.4	6.8
Q3	2.2	0.3	3.9	4.6	6.3	1.5	–5.2	10.8
Q4	3.2	–1.5	2.8	4.6	6.3	1.4	–4.1	5.9
2004 Q1	0.0	–3.4	3.4	2.6	6.3	2.1	–2.4	3.9
Q2	–0.3	–3.0	1.9	3.3	5.1	2.5	–1.4	2.0
Q3	–0.3	–0.6	1.2	4.4	5.1	4.1	–4.0	–0.8

Table 2 – *continued*

Corporate Services Price Indices (Experimental) (2000=100)

	Property rentals*	Real estate agency activities	Car contract hire*	Construction plant hire*	Market research	Technical testing	Employment agencies
SIC(2003)	70.2	70.3	71.1	71.32	74.13	74.30	74.50
2000 weights (per cent)							
Gross sector	7.88	3.71	2.54	2.38	1.15	0.77	14.39
Net sector	12.33	1.56	3.56	5.69	0.98	0.97	6.59
Annual							
1999	94.6	93.9	97.1	95.1	97.7	98.7	97.8
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	106.5	101.9	94.9	104.2	102.6	103.8	107.1
2002	111.0	102.6	94.6	102.0	107.0	107.2	112.0
2003	115.6	105.8	89.8	108.2	109.8	111.0	115.5
Percentage change, latest year on previous year							
1999	5.4	4.9	1.7	4.1	..	0.4	4.0
2000	5.7	6.5	3.0	5.1	2.4	1.3	2.3
2001	6.5	1.9	–5.1	4.2	2.6	3.8	7.1
2002	4.3	0.7	–0.3	–2.1	4.3	3.3	4.6
2003	4.1	3.1	–5.1	6.1	2.6	3.6	3.1
Quarterly results (not seasonally adjusted)							
1999 Q1	92.5	90.9	95.6	96.4	97.2	98.7	96.8
Q2	93.7	93.6	95.9	93.9	97.3	98.6	97.9
Q3	95.4	95.1	97.4	94.3	97.9	98.7	97.9
Q4	96.8	96.0	99.2	96.0	98.3	99.0	98.4
2000 Q1	98.0	98.5	100.1	96.6	99.7	99.3	99.3
Q2	99.3	99.7	100.5	100.8	100.0	99.6	99.9
Q3	100.6	100.6	100.0	101.7	100.5	100.0	100.1
Q4	102.2	101.3	99.4	100.9	99.8	101.1	100.7
2001 Q1	104.1	101.9	97.3	101.8	102.3	101.7	102.7
Q2	105.7	101.9	94.5	108.0	102.6	104.2	106.8
Q3	107.2	101.9	94.1	105.0	102.7	104.3	108.7
Q4	108.8	101.8	93.7	101.9	103.0	104.9	110.0
2002 Q1	109.6	101.5	94.1	100.3	106.4	106.0	111.6
Q2	110.7	102.0	94.3	101.4	106.5	106.3	111.9
Q3	111.3	103.0	94.5	102.9	106.9	107.6	112.4
Q4	112.5	103.8	95.5	103.3	108.3	108.9	112.2
2003 Q1	113.4	103.9	94.4	106.5	109.1	109.9	113.4
Q2	115.5	104.9	87.6	108.4	109.3	110.5	116.0
Q3	116.3	106.7	88.1	108.8	110.3	111.7	116.4
Q4	117.1	107.5	89.0	109.1	110.6	111.9	116.2
2004 Q1	118.3	110.0	90.9	107.0	111.2	112.0	116.1
Q2	119.4	113.4	91.1	107.8	111.6	111.9	117.3
Q3	120.9	116.0	92.2	106.2	111.8	112.3	117.4

Table 2 – *continued*

	Property rentals*	Real estate agency activities	Car contract hire*	Construction plant hire*	Market research	Technical testing	Employment agencies
SIC(2003)	70.2	70.3	71.10	71.32	74.13	74.30	74.50
Percentage change, latest quarter on previous quarter							
1999 Q1	1.5	0.3	0.5	6.3	3.0	0.3	1.4
Q2	1.3	3.0	0.3	-2.6	0.1	-0.1	1.1
Q3	1.8	1.6	1.6	0.5	0.6	0.1	0.1
Q4	1.5	0.9	1.9	1.8	0.4	0.3	0.5
2000 Q1	1.2	2.6	0.9	0.7	1.4	0.4	0.9
Q2	1.3	1.2	0.4	4.3	0.3	0.2	0.6
Q3	1.3	0.9	-0.5	0.8	0.5	0.5	0.2
Q4	1.6	0.7	-0.6	-0.7	-0.7	1.1	0.6
2001 Q1	1.9	0.6	-2.1	0.9	2.5	0.6	2.0
Q2	1.5	0.0	-2.9	6.1	0.3	2.5	4.0
Q3	1.4	0.0	-0.4	-2.7	0.0	0.1	1.8
Q4	1.5	-0.1	-0.5	-3.0	0.4	0.6	1.2
2002 Q1	0.8	-0.3	0.5	-1.5	3.2	1.0	1.4
Q2	1.0	0.5	0.2	1.0	0.1	0.3	0.3
Q3	0.5	0.9	0.2	1.5	0.4	1.2	0.4
Q4	1.1	0.8	1.1	0.4	1.2	1.3	-0.2
2003 Q1	0.8	0.1	-1.1	3.1	0.8	0.9	1.1
Q2	1.8	1.0	-7.3	1.9	0.2	0.6	2.3
Q3	0.7	1.7	0.6	0.3	0.9	1.1	0.3
Q4	0.7	0.8	1.1	0.3	0.2	0.2	-0.1
2004 Q1	1.0	2.3	2.0	-1.9	0.5	0.0	-0.1
Q2	1.0	3.1	0.2	0.8	0.4	-0.1	1.1
Q3	1.3	2.2	1.2	-1.5	0.1	0.4	0.1
Percentage change, latest quarter on corresponding quarter of previous year							
1999 Q1	4.7	3.5	0.2	4.0	..	0.4	5.2
Q2	5.1	4.8	-0.3	2.8	..	0.3	4.6
Q3	5.8	5.2	2.7	4.0	4.4	0.3	3.4
Q4	6.2	5.9	4.2	5.9	4.2	0.6	3.0
2000 Q1	5.9	8.3	4.7	0.3	2.6	0.7	2.5
Q2	5.9	6.5	4.8	7.4	2.8	1.0	2.1
Q3	5.4	5.7	2.6	7.8	2.7	1.3	2.2
Q4	5.5	5.6	0.2	5.1	1.5	2.1	2.4
2001 Q1	6.3	3.5	-2.8	5.4	2.6	2.4	3.5
Q2	6.5	2.3	-6.0	7.1	2.6	4.7	7.0
Q3	6.6	1.4	-5.8	3.3	2.1	4.3	8.6
Q4	6.5	0.5	-5.8	1.0	3.3	3.8	9.3
2002 Q1	5.3	-0.4	-3.2	-1.4	4.0	4.2	8.6
Q2	4.7	0.1	-0.2	-6.1	3.8	2.0	4.8
Q3	3.8	1.0	0.3	-2.0	4.2	3.1	3.4
Q4	3.4	2.0	1.9	1.4	5.1	3.8	1.9
2003 Q1	3.5	2.4	0.3	6.1	2.6	3.7	1.6
Q2	4.3	2.8	-7.2	7.0	2.6	4.0	3.7
Q3	4.6	3.6	-6.8	5.7	3.2	3.8	3.6
Q4	4.1	3.6	-6.7	5.6	2.2	2.8	3.6
2004 Q1	4.3	5.9	-3.8	0.5	1.9	1.9	2.3
Q2	3.4	8.1	4.0	-0.5	2.1	1.2	1.1
Q3	3.9	8.7	4.7	-2.3	1.3	0.6	0.9

Table 2 – *continued*

Corporate Services Price Indices (Experimental) (2000=100)

	Security services	Industrial cleaning	Commercial film processing	Contract packaging hire	Direct marketing & secretarial services	Translation & interpretation services
SIC(2003)	74.60/2	74.7	74.81/9	74.82	74.83(pt)	74.83(pt)
2000 weights (per cent)						
Gross sector	1.97	2.35	0.16	0.59	0.33	0.05
Net sector	2.48	2.36	0.20	1.33	0.34	0.05
Annual						
1999	97.9	99.3	99.8	98.8	98.7	100.2
2000	100.0	100.0	100.0	100.0	100.0	100.0
2001	104.4	101.1	99.9	101.8	101.2	99.6
2002	108.2	104.0	99.9	103.1	99.7	101.5
2003	113.8	106.9	103.4	109.3	100.4	102.6
Percentage change, latest year on previous year						
1999	1.7	1.0	0.2	..	0.3	0.8
2000	2.1	0.7	0.2	1.2	1.3	-0.2
2001	4.4	1.1	-0.1	1.8	1.2	-0.4
2002	3.6	2.9	0.0	1.3	-1.5	1.9
2003	5.2	2.7	3.5	6.0	0.7	1.1
Quarterly results (not seasonally adjusted)						
1999 Q1	97.3	98.8	99.8	98.9	97.8	100.2
Q2	97.7	99.1	99.9	98.8	99.4	100.2
Q3	98.1	99.5	99.9	98.8	98.9	100.2
Q4	98.6	99.7	99.9	98.8	98.8	100.2
2000 Q1	99.0	99.9	99.9	99.6	99.9	100.2
Q2	99.7	100.0	100.0	99.4	99.9	100.2
Q3	100.4	100.0	100.0	100.7	100.3	99.9
Q4	100.9	100.1	100.0	100.3	99.9	99.6
2001 Q1	102.1	99.9	100.0	101.1	100.6	99.7
Q2	103.8	100.6	100.1	101.3	101.5	99.7
Q3	105.4	100.9	99.8	102.3	101.3	99.4
Q4	106.3	103.1	99.8	102.4	101.5	99.5
2002 Q1	107.4	103.5	99.9	102.5	100.9	101.4
Q2	107.7	103.9	99.9	102.4	99.3	101.5
Q3	108.3	104.0	99.9	103.2	99.3	101.4
Q4	109.3	104.8	99.9	104.2	99.3	101.6
2003 Q1	111.8	105.6	100.1	105.0	99.7	102.3
Q2	113.0	105.8	99.5	109.7	99.6	102.7
Q3	114.2	107.8	105.4	110.9	100.9	102.7
Q4	116.2	108.3	108.8	111.6	101.5	102.7
2004 Q1	117.2	108.3	109.3	112.0	101.5	108.0
Q2	117.7	109.4	107.1	110.8	101.4	108.0
Q3	117.7	109.7	107.1	111.2	101.4	106.2

Table 2 – *continued*

	Security services	Industrial cleaning	Commercial film processing	Contract packaging hire	Direct marketing & secretarial services	Translation & interpretation services
SIC(2003)	74.60/2	74.7	74.81/9	74.82	74.83(pt)	74.83(pt)
Percentage change, latest quarter on previous quarter						
1999 Q1	0.1	0.3	0.1	..	0.3	0.5
Q2	0.4	0.3	0.1	-0.1	1.7	0.1
Q3	0.4	0.4	0.0	0.0	-0.5	0.0
Q4	0.5	0.2	0.0	0.0	-0.1	0.0
2000 Q1	0.4	0.2	0.1	0.8	1.1	0.0
Q2	0.7	0.2	0.1	-0.2	0.0	0.0
Q3	0.7	0.0	0.0	1.3	0.5	-0.4
Q4	0.5	0.1	0.0	-0.4	-0.4	-0.2
2001 Q1	1.2	-0.2	0.0	0.8	0.7	0.0
Q2	1.7	0.7	0.0	0.2	0.9	0.0
Q3	1.5	0.3	-0.3	1.0	-0.2	-0.3
Q4	0.9	2.2	0.0	0.1	0.2	0.2
2002 Q1	1.0	0.4	0.2	0.1	-0.6	1.8
Q2	0.3	0.4	0.0	0.0	-1.6	0.1
Q3	0.5	0.1	0.0	0.8	-0.1	0.0
Q4	0.9	0.8	0.0	0.9	0.0	0.2
2003 Q1	2.3	0.8	0.1	0.8	0.4	0.6
Q2	1.0	0.2	-0.6	4.5	-0.1	0.5
Q3	1.1	1.8	6.0	1.0	1.3	0.0
Q4	1.8	0.5	3.2	0.6	0.6	0.0
2004 Q1	0.8	0.0	0.5	0.4	0.0	5.2
Q2	0.4	1.0	-2.0	-1.0	-0.1	0.0
Q3	0.1	0.2	0.0	0.4	-0.1	-1.7
Percentage change, latest quarter on corresponding quarter of previous year						
1999 Q1	2.3	1.1	0.2	..	-0.6	0.9
Q2	2.0	1.0	0.2	..	0.1	0.9
Q3	1.3	1.0	0.1	..	0.3	0.8
Q4	1.4	1.1	0.1	..	1.4	0.6
2000 Q1	1.7	1.0	0.1	0.7	2.2	0.1
Q2	2.1	0.9	0.1	0.6	0.4	0.0
Q3	2.3	0.5	0.2	1.9	1.5	-0.3
Q4	2.3	0.4	0.2	1.5	1.1	-0.6
2001 Q1	3.1	0.0	0.1	1.5	0.7	-0.6
Q2	4.2	0.5	0.1	1.9	1.7	-0.6
Q3	5.0	0.8	-0.3	1.6	1.0	-0.5
Q4	5.3	3.0	-0.3	2.1	1.6	-0.1
2002 Q1	5.2	3.6	-0.1	1.4	0.3	1.7
Q2	3.8	3.3	-0.1	1.1	-2.1	1.8
Q3	2.8	3.1	0.2	0.9	-2.0	2.1
Q4	2.9	1.7	0.2	1.7	-2.2	2.1
2003 Q1	4.1	2.1	0.1	2.5	-1.2	0.9
Q2	4.8	1.9	-0.5	7.1	0.3	1.3
Q3	5.4	3.7	5.4	7.4	1.7	1.3
Q4	6.3	3.3	8.8	7.1	2.3	1.1
2004 Q1	4.8	2.6	9.2	6.6	1.8	5.6
Q2	4.2	3.4	7.7	1.0	1.8	5.2
Q3	3.1	1.8	1.6	0.4	0.4	3.3

Table 2 – *continued*

Corporate Services Price Indices (Experimental) (2000=100)

	Adult education	Sewerage services*	Waste disposal	Commercial washing & dry cleaning	TOP –LEVEL CSPI	
					Gross sector	Net sector
SIC(2003)	80.42	90.00/1	90.00/2	93.01		
2000 weights (per cent)						
Gross sector	1.53	2.27	1.43	0.67	100	
Net sector	1.54	3.99	2.52	0.68		100
Annual						
1999	97.7	109.6	95.3	100.3	98.2	99.7
2000	100.0	100.0	100.0	100.0	100.0	100.0
2001	103.9	98.3	105.3	101.2	102.9	102.7
2002	106.8	99.1	111.3	102.0	104.9	104.8
2003	111.5	102.7	118.6	102.4	108.1	107.7
Percentage change, latest year on previous year						
1999	2.0	3.2	2.6	0.9	-0.1	-2.0
2000	2.3	-8.7	4.9	-0.3	1.8	0.3
2001	3.9	-1.7	5.3	1.2	2.9	2.7
2002	2.7	0.8	5.7	0.9	1.9	2.1
2003	4.5	3.7	6.5	0.3	3.1	2.8
Quarterly results (not seasonally adjusted)						
1999 Q1	97.3	107.1	93.1	100.0	98.1	100.4
Q2	97.6	110.4	95.5	101.0	98.0	99.8
Q3	97.8	110.4	96.3	101.1	98.1	99.3
Q4	98.3	110.4	96.3	99.1	98.7	99.4
2000 Q1	99.5	110.4	99.2	99.7	99.5	99.8
Q2	99.5	96.5	100.4	100.2	99.5	99.6
Q3	100.3	96.5	100.2	100.4	100.3	100.2
Q4	100.8	96.5	100.2	99.8	100.7	100.3
2001 Q1	101.4	96.5	101.8	100.3	101.6	101.3
Q2	104.6	98.9	104.7	101.1	103.1	102.7
Q3	104.6	98.9	106.8	101.2	103.3	103.2
Q4	105.1	98.9	107.9	102.0	103.7	103.5
2002 Q1	106.0	98.9	108.0	102.4	103.7	103.6
Q2	106.3	99.1	110.9	102.1	104.6	104.5
Q3	107.3	99.1	111.3	102.5	105.2	105.3
Q4	107.4	99.1	115.0	101.1	106.0	105.8
2003 Q1	108.1	99.1	115.7	102.4	106.8	106.3
Q2	110.3	104.0	119.8	102.2	108.0	107.6
Q3	112.9	104.0	119.4	102.2	108.6	108.2
Q4	114.8	104.0	119.5	102.7	109.2	108.6
2004 Q1	117.3	104.0	120.0	105.0	109.4	108.8
Q2	117.3	110.4	124.8	104.9	110.7	110.2
Q3	117.5	110.4	125.1	104.3	111.1	110.4

Table 2 – *continued*

	Adult education	Sewerage services*	Waste disposal	Commercial washing & dry cleaning	TOP –LEVEL CSPI	
					Gross sector	Net sector
SIC(2003)	80.42	90.00/1	90.00/2	93.01		
Percentage change, latest quarter on previous quarter						
1999 Q1	1.0	0.0	0.2	0.8	0.2	-0.1
Q2	0.3	3.0	2.6	1.0	-0.1	-0.6
Q3	0.2	0.0	0.8	0.1	0.1	-0.4
Q4	0.5	0.0	0.0	-2.1	0.6	0.1
2000 Q1	1.2	0.0	3.0	0.6	0.8	0.4
Q2	0.1	-12.5	1.2	0.5	0.1	-0.2
Q3	0.8	0.0	-0.2	0.2	0.8	0.6
Q4	0.5	0.0	-0.1	-0.6	0.4	0.1
2001 Q1	0.7	0.0	1.6	0.5	1.0	0.9
Q2	3.1	2.5	2.9	0.8	1.4	1.4
Q3	0.0	0.0	2.0	0.1	0.2	0.5
Q4	0.5	0.0	1.0	0.8	0.4	0.3
2002 Q1	0.8	0.0	0.1	0.4	0.0	0.1
Q2	0.3	0.2	2.7	-0.2	0.8	0.9
Q3	0.9	0.0	0.3	0.4	0.6	0.8
Q4	0.1	0.0	3.3	-1.4	0.8	0.5
2003 Q1	0.6	0.0	0.6	1.3	0.7	0.4
Q2	2.1	4.9	3.6	-0.2	1.2	1.2
Q3	2.4	0.0	-0.3	0.0	0.5	0.6
Q4	1.6	0.0	0.1	0.5	0.5	0.4
2004 Q1	2.2	0.0	0.4	2.2	0.2	0.1
Q2	0.0	6.2	4.0	0.0	1.2	1.2
Q3	0.1	0.0	0.2	-0.6	0.3	0.3
Percentage change, latest quarter on corresponding quarter of previous year						
1999 Q1	2.5	3.5	0.5	1.6	-0.4	-2.0
Q2	2.0	3.0	2.6	1.1	-0.3	-2.0
Q3	1.7	3.0	3.8	0.9	-0.4	-2.7
Q4	2.0	3.0	3.6	-0.1	0.8	-1.1
2000 Q1	2.2	3.0	6.5	-0.3	1.4	-0.5
Q2	2.0	-12.5	5.1	-0.8	1.6	-0.2
Q3	2.5	-12.5	4.1	-0.7	2.2	0.9
Q4	2.5	-12.5	4.0	0.7	2.0	0.9
2001 Q1	2.0	-12.5	2.6	0.6	2.2	1.4
Q2	5.1	2.5	4.3	0.9	3.6	3.1
Q3	4.3	2.5	6.6	0.9	3.0	3.0
Q4	4.3	2.5	7.7	2.2	3.0	3.2
2002 Q1	4.5	2.5	6.1	2.1	2.0	2.3
Q2	1.7	0.2	5.9	1.0	1.4	1.7
Q3	2.6	0.2	4.2	1.3	1.8	2.0
Q4	2.2	0.2	6.6	-0.9	2.2	2.2
2003 Q1	2.0	0.2	7.1	0.0	2.9	2.6
Q2	3.8	4.9	7.9	0.1	3.3	3.0
Q3	5.3	4.9	7.3	-0.3	3.2	2.8
Q4	6.8	4.9	3.9	1.5	3.0	2.7
2004 Q1	8.6	4.9	3.8	2.5	2.4	2.4
Q2	6.3	6.2	4.2	2.7	2.5	2.4
Q3	4.0	6.2	4.7	2.0	2.3	2.1

Public Service Productivity: Health

Phillip Lee
Office for National Statistics

This article presents estimates of the change in productivity of public expenditure on health using National Accounts data from 1995 to 2003, in the context of wider information about health spending, outputs, outcomes and measurement issues; the estimates do not take into account quality change. It is the first in a new series of articles on Public Service Productivity.

1. Executive summary

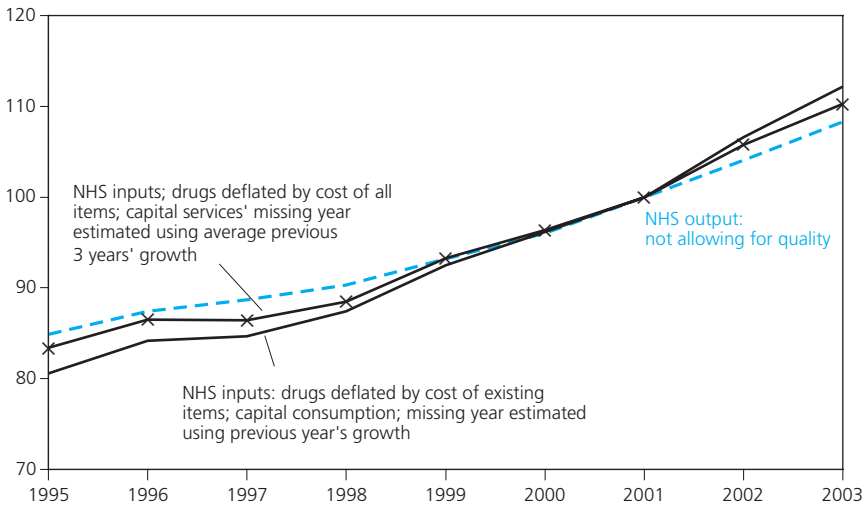
1.1 This article estimates the change in productivity of public expenditure on health using National Accounts data from 1995 to 2003, in the context of wider information about health spending, outputs, outcomes and measurement issues. It is the first in a new series of articles on Public Service Productivity.

1.2 It is important to bear in mind that health outcomes and the overall health of the population are only in part due to the activities performed by the NHS. They are also due to other factors, including sanitation conditions, housing, diet and so on. They are also affected by changing demographics, including effects from an ageing population and population movements.

1.3 NHS productivity is the ratio of NHS outputs to NHS inputs, after separating out the impact of pay and price increases. There is a single central estimate of change in the quantity of NHS output, but this is not the case for NHS inputs. Figure 1 presents NHS output, along with the NHS inputs estimates showing the greatest and least rises. Over the period from 1995 to 2003, NHS output (not allowing for quality change) has grown by 28 per cent and NHS inputs have grown by between 32 and 39 per cent.

Figure 1
NHS output not allowing for quality change and series showing the greatest and least rises in NHS inputs from 1995 to 2003

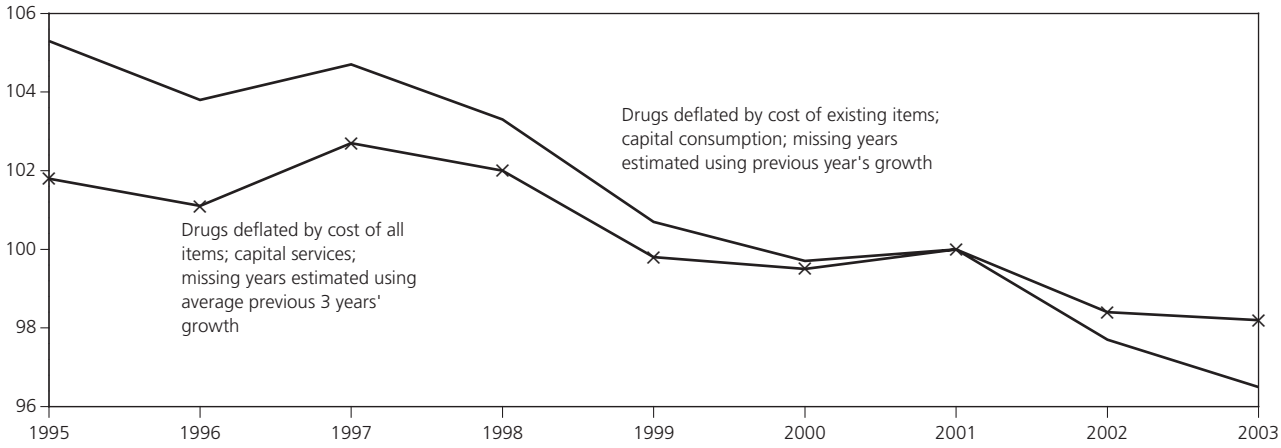
United Kingdom 2001=100



Source: Office for National Statistics

Figure 2
NHS productivity not allowing for quality change: series showing the greatest and least falls in productivity from 1995–2003

United Kingdom, 2001=100



1.4 There is no single central estimate of productivity change, reflecting different ways of estimating the quantity of NHS inputs. A range of estimates is presented, showing the average annual change in NHS productivity to be between –1 and 0 per cent over the period 1995–2003. Figure 2 presents the series with the greatest and least falls. The uncertainty reflects the limitations of measurement.

1.5 There is further uncertainty, which is not captured in the figures. A number of shortcomings associated with the sources and methods used in compiling output figures have been identified as part of the development work to conform with the international guidelines and by the Atkinson Review of Measurement of Government Output and Productivity for the National Accounts. The most important of these are:

(i) the output estimates do not capture quality change;

(ii) data on GP contacts are derived from a household survey which does not provide accurate estimates of growth from one year to the next;

(iii) notwithstanding the wider coverage introduced by the new methodology in June 2004, the output estimates are still based on a subset of activities carried out by the NHS in England, and growth in these may not be representative of all activities;

(iv) the output estimates are calculated using information from the NHS in England as a proxy for the UK;

(v) information systems do not necessarily reflect the most recent changes in the structure of and practice in the NHS. For example, much activity that was once carried out in hospital inpatient settings is now carried out in outpatient settings or in general practice, but information systems do not yet identify the extent of this change.

1.6 The NHS output figures used in the article are based on the National Accounts as published in June 2004, which incorporated an improved measurement method. NHS input figures are taken from NHS and Government accounts. Both of these series incorporate the latest available information and best practice in methodology. There are therefore some differences between the figures in this article and the figures from the National Accounts as published in June 2004. A more complete description of sources and methods is provided in sections 5, 6 and 7.

1.7 The article shows the effect of taking into account information subsequent to the last published National Accounts figures for health spending as well as improvements to the methodology for deflation since earlier publications by the Office for National Statistics (ONS). In both of these cases, it is possible to say with confidence that they produce higher quality productivity estimates.

1.8 But there is still uncertainty about three aspects of the estimates of NHS outputs, namely:

(i) the basis for estimating the latest periods for which information is not yet available;

(ii) the deflator for expenditure on prescription drugs; and

(iii) the use of capital consumption or capital services as the measure of input from capital.

1.9 The article sets out alternatives for each of these aspects of input measurements, and presents a subset of the eight possible combinations. The series with the greatest and least changes in productivity are presented in Figure 2.

1.10 Other variant assumptions explore the impact of treating expenditure on staff training and research as 'quasi capital'. These are not presented in Figure 1 as ONS does not yet consider them to be improvements ready to be incorporated.

1.11 From 1995 to 2003, health output, in the new measure introduced in June 2004, grew by 29 per cent. Using later and better information, the increase in output was around 28 per cent. Health inputs, in the published National Accounts, grew by 86 per cent at current prices. Using later and better information, the increase in inputs at current prices was 80 per cent.

1.12 The cumulative pay and price deflator from 1995 to 2003 would have been 31 per cent on the simpler deflation method used by ONS for figures published in *Economic Trends*. Improved methods give a cumulative pay and price deflator of 28 per cent to 37 per cent, depending on the assumptions used. This leads to estimates of change in the quantity of inputs of 32 to 39 per cent. The estimated cumulative change in productivity over the nine years ranges between –8 and –3 per cent, or on average between –1 and 0 per cent per year.

1.13 The Interim Report of the Atkinson Review of Measurement of Government Output and Productivity for the National Accounts, published in July 2004, advised that independent corroborative evidence should be sought on government productivity, as part of a process of 'triangulation'. The article presents a limited set of such information, providing some context for interpreting the estimates of productivity change.

1.14 The intention is to make further improvements in methods for measuring health outputs, inputs, deflators and productivity and to analyse a wider range of 'triangulation' information about healthcare in future articles.

2 Purpose and structure of this article

2.1 This is the first in a new series of articles that explore public service productivity within the context of National Accounts, painting a more detailed picture of public service output and productivity than the National Accounts themselves. More precisely, the focus is on productivity associated with the money spent by the public sector, including central and local government, in providing services to the public. This means therefore that private purchases from government providers are excluded (for example, figures in this article are net of prescription and dental charges paid by patients), and government purchases from the private sector are included (for example, the NHS contracts with private companies to provide, say, hip replacement and cataract operations). For brevity, this article refers to this as National Health Service (NHS) productivity.

2.2 ONS has drawn this material together from a wide range of sources, complemented by expert advice[1], according to the principles set out in the National Statistics Code of Practice, particularly regarding relevance, fitness for purpose and production with integrity in the interests of all.

2.3 In compiling estimates of NHS productivity, ONS has aimed for conformity with the guidance available from the international community. In particular, the Organisation for Economic Cooperation and Development has published *Measuring Productivity* (OECD, 2001) and Eurostat has published the *Handbook on price and volume measures in national accounts* (Eurostat, 2001). This article notes the degree of conformity with this international guidance.

2.4 Health is the subject of the first in this series, on the grounds that health constitutes the largest single item of public expenditure (social security has a larger share of overall public service expenditure, but the majority of this is payment of benefits rather than government providing goods and services).

2.5 ONS has published aggregate estimates of government inputs in the *UK National Accounts: the Blue Book* (ONS, 2004a) and inputs, outputs and implied productivity in past articles in *Economic Trends* (ONS, 2003a). These estimates form the basis for this article, and are complemented by some other sources of information. As this series is developed, ONS will draw further on information available more generally, including for example material in the various reports published by government and associated institutions such as the Healthcare Commission and OFSTED, and in studies conducted by academic institutions.

2.6 At this early stage of examining NHS productivity, there has been a focus on data that are already available to ONS. In many cases, analysis is limited to England, or to financial years. As the work continues, ONS intends to expand the analysis to include all constituent parts of the UK, as well as to consider

calendar year information, in order for there to be full consistency with the estimates from the National Accounts. The data sources and methods for this article are discussed in more detail in a separate article (ONS 2004b).

2.7 Annual information is presented in this article, as in the articles previously published by ONS in *Economic Trends*. ONS will consider whether to widen the analysis presented in this productivity series to include quarterly information; publication of quarterly figures would depend on fitness for purpose.

2.8 A final introductory word in any article on productivity must stress the inherent difficulties associated with the measurement of productivity, particularly in the public sector: the international community recognises the significant analytical input needed to make progress in this area. This opening article on health, therefore, sets the scene in terms of the availability of statistical information and presents this information in a structured way. Future NHS productivity articles will begin to bring sources together in a way that continually improves understanding of NHS productivity.

2.9 The rest of this article is as follows:

- section 3 sets out the health system context for productivity measurement, touching on related aspects of health system analysis, namely efficiency, equity, economy and effectiveness;
- section 4 briefly considers health outcomes, as these are the measures that in part the health system is targeting;
- sections 5 and 6 discuss the compilation of each of the two components of the productivity calculation in turn, namely output and input;
- section 7 discusses the compilation of productivity;
- section 8 describes the Department of Health's 'experimental' cost efficiency growth measure;
- section 9 briefly describes the measurement of quality in the context of NHS productivity;
- section 10 presents a limited range of information as part of a process of 'triangulation'; and
- section 11 reiterates the next steps to be taken in developing NHS productivity analysis.

3 Background to measuring productivity in health and related issues

3.1 A central stated aim of most health systems is a variant of 'improving and maintaining the health of the population served'. Indeed, the World Health Organisation (WHO, 2000) states that 'Better health is of course the *raison d'être* of a health system.' In pursuing this aim, health systems carry out a very large variety of activities, including prevention, diagnosis, prescribing, complex surgery, ongoing care given to those whose health is maintained or at least whose chronic disease is managed and so on. These activities are delivered in a variety of settings, including general practice and hospitals. Pharmacists provide prescriptions and over the counter medicines. Midwives and other health professionals can provide care in people's own homes. These are just a few examples.

3.2 There is a great deal of important activity that otherwise supports health systems, including policy development, management, standard setting, HR, finance, IT, capital investment, research and development, education and training and so on. These activities do not deliver direct care for patients, but nevertheless are essential for the effective functioning of the health system.

3.3 In order to be described as technically efficient, a health system would either maximise what it produces (including the activities described in the examples above) given the resources it uses (staff, equipment and purchases of goods and services), or minimise the use of those resources given what it produces.

3.4 Productivity is defined as the ratio of outputs over inputs, which are measured as consistently as possible. More precisely, it is the ratio of the quantity of outputs over the quantity of inputs. The measurement unit in the National Accounts, and therefore productivity calculations, is money. It is therefore important to distinguish between price and quantity changes. Productivity measurement is concerned with quantity and not price change.

3.5 The Eurostat Handbook on price and volume measurement acknowledges the practical difficulty in defining a unit of output and distinguishing output from outcome. The Handbook does however illustrate the distinction, stating 'For hospital services, the output is the amount of care received by a patient [and] life expectancy [is a measure of health outcomes.]'

3.6 There are other related topics of interest, some of which are mentioned here in order to help distinguish these from productivity, but which are not the subject of this article. These are allocative efficiency, equity, economy and effectiveness.

- A health system that was *allocatively efficient* would obtain the most welfare from available resources; no different combination of activities (for example more heart surgery and less palliative care) could lead to better health status.
- One widely accepted notion of *equity* is the desire to provide the same access to the activities made available by the health system to all sub-groups of the population.
- A health system is being *economical* if it minimises its current price expenditure whilst maximising the extent to which it improves and maintains the health of the population it serves.
- The extent to which the health of the population is improved and / or maintained by the health system is *effectiveness* and can be measured by the outcomes of the activities provided by the health system in relation to the outputs it delivers.

3.7 Aspects of these aims are not necessarily mutually exclusive. For example, the introduction of some new activity may lead to an improvement in both technical efficiency (and therefore productivity) and effectiveness: laperoscopy (key hole surgery) requires fewer inputs and produces better outcomes than the more traumatic surgery it replaces.

3.8 But in other cases, it may not be possible to achieve all of these aims simultaneously. For example, ensuring ready access to accident and emergency services for people in remote parts of the country for the sake of equity might suggest the setting up of several small facilities spread geographically, but maximising effectiveness, efficiency and economy might suggest a single large facility.

3.9 Efficiency, equity, economy and effectiveness can be analysed at various levels, from an individual hospital, through different trusts and geographic areas, to the whole system. This article is concerned with productivity at the level of the whole NHS although as noted earlier the material assembled in this article is limited in coverage, both geographically and in terms of activities.

4 Health outcomes

4.1 As an important aim of health systems is to improve and maintain the health of the population served, this section sets out some information on health outcomes as it is these that the health system is targeting. Health outcomes are influenced by many factors: increasing life expectancy and the lowering of the mortality rate, for example, are not solely, or even mainly, due to the activities of the National Health Service. Smoking, housing, sanitation conditions, the environment, diet, demographics, socio-economic status, education levels and so on also play their part. Nevertheless, in order to understand more fully the productivity of the NHS, it is useful to consider the outcomes that NHS activities are designed to support. The following is a brief review of certain health outcomes and is not intended to be comprehensive.

4.2 ONS, health administrations and other authorities publish a range of health statistics, which can provide contextual information on health productivity. Life expectancy is a widely used indicator of health status, and changes in life expectancy for each sex over time are shown in Figure 3. Over the period for which figures are presented, there has been an increase in life expectancy at birth for both males and females.

4.3 Figure 4 shows infant mortality up to 2001. Since the second world war, an increasing proportion of newly borns have survived the first year of life. The reduction in infant mortality contributes to longer life expectancy.

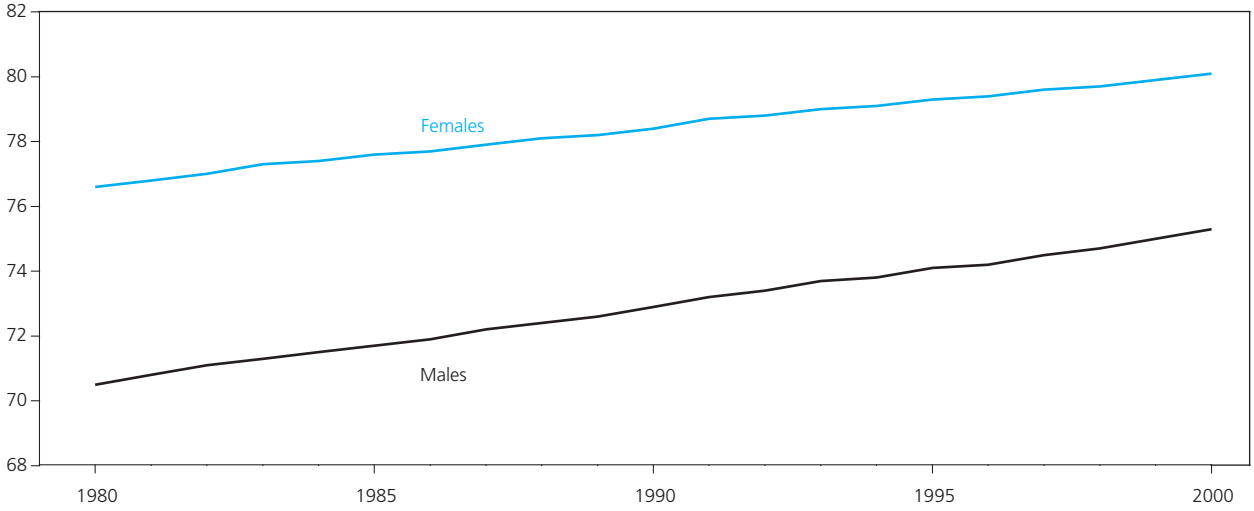
4.4 Figure 5 presents standardised mortality rates for the major causes of death by sex.

4.5 Whilst circulatory diseases (including both heart disease and stroke) have remained the most common cause of death in the UK they have also shown the greatest decline. Cancers are the second most common cause of death, and there have been reductions in mortality from cancer over the last two decades or so.

4.6 It is not clear exactly how far the NHS has contributed to each of these improved outcomes, and how far they are due to higher incomes, better housing and other changes. It is clear, though, that some important outcomes have been improving.

Figure 3
Expectation of life at birth by sex in years

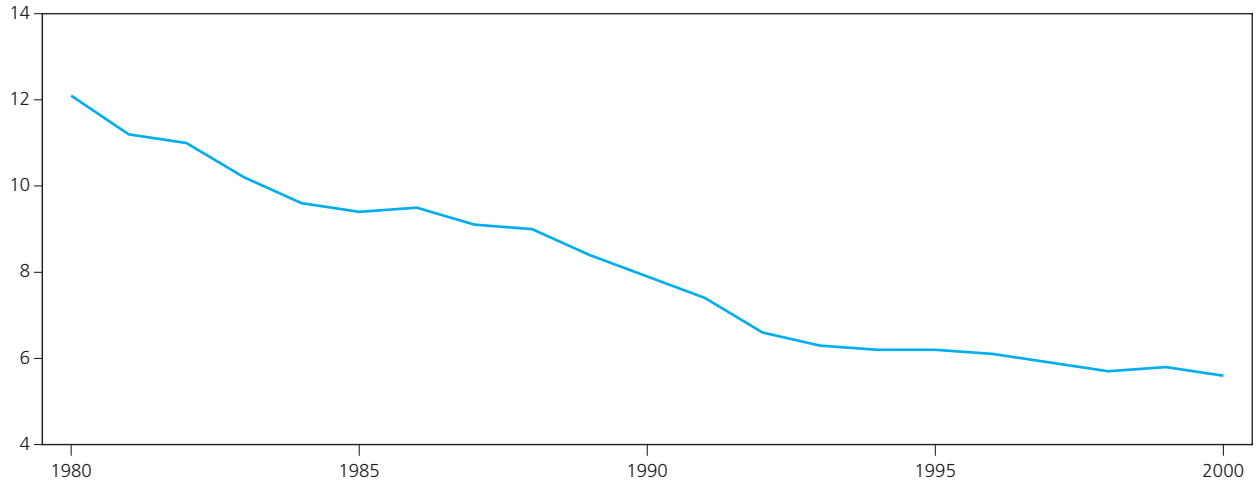
United Kingdom



Source: Government Actuary's Department

Figure 4
Infant mortality (deaths within one year of birth per thousand live births)

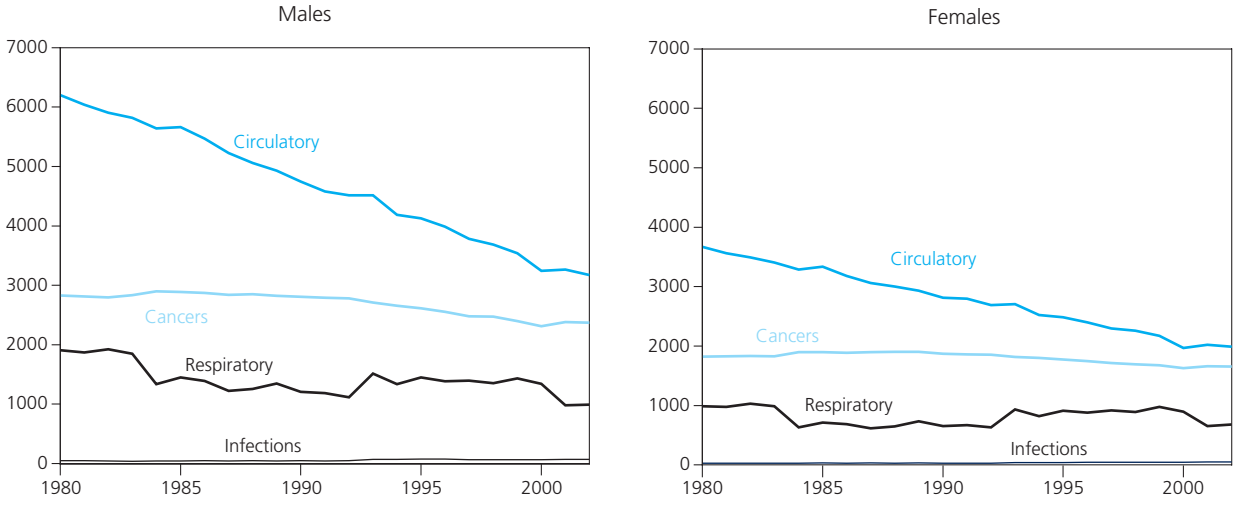
United Kingdom



Source: Office for National Statistics, General Register Office for Scotland, Northern Ireland Statistics and Research Agency

Figure 5
Standardised mortality rates (per million population) by sex and major cause

United Kingdom



Source: Office for National Statistics

4.7 The next sections deal with output, input and productivity in turn, using the term 'NHS' as defined earlier. Whatever the time period chosen for productivity analysis – the National Accounts for example provide information for calendar years and calendar quarters – there is a need to ensure consistency in coverage in both the output and the input measures. The output measure should only include output that is generated in the time period, and similarly the input measures should only include inputs that contribute to output within the period.

5 NHS Output in the National Accounts

5.1 The methodology used in compiling NHS output estimates for the National Accounts since 30 June 2004 distinguishes between different types of detailed activity and it captures the majority of, but not all, NHS activities in England. The method does not include quality change as part of output, although it is clear in principle it should. The method also presumes that output change in Wales, Scotland and Northern Ireland is the same as for England.

5.2 The methodology for measuring change in NHS output is based on a number of different sources: the Department of Health's National Schedule of Reference Costs, the General Household Survey, information from NHS Direct, Walk-In Centres, NHS Direct Online, the Prescription Pricing Authority, General Dental Services, General Ophthalmic Services and on ambulance emergency journeys. Together, these sources provide information on changes for over 1,700 NHS activity types. The Department of Health estimates that around three quarters by value of all NHS activity in England is covered by the aggregate measure.

5.3 Box 1 describes recent improvements to the methodology for NHS output measurement, and a separately published article (ONS, 2004c) provides further detail on sources and methods. Table 1 shows quantity growth in NHS output alongside the share of NHS output in Gross Domestic Product.

5.4 The NHS output estimates used in this article, and presented in Table 1, incorporate further small improvements to sources and methods, reflecting the latest available figures and best practice. Cumulative growth is now considered to be 27.6 per cent compared with 28.6 per cent previously. These will be considered for inclusion in the National Accounts in due course, in accordance with the National Accounts Revisions Policy. These improvements are:

(i) the method for weighting together prescription drugs and dental output with other output is now based solely on public expenditure on these items; previously there were based on total expenditure including patient expenditure on prescription charges and on dental treatment; and

(ii) the method for linking the series produced using the new and previous methodologies (the former provides figures from the second financial quarter in 1995) now incorporates an appropriate treatment for the different seasonal patterns in the two series.

5.5 An ideal measure of NHS output would be one that captured the incremental value added of all NHS activities to patient welfare. Current methods do not fully achieve this aim; in particular, the measures only cover around three quarters of NHS output, relate to England and not to Wales, Scotland and Northern Ireland, and take no account of changes in quality of services.

Table 1
Quantity growth (chained volume measure per cent and as an index 2001=100) in NHS output and share in Gross Domestic Product of NHS output

United Kingdom, per cent

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total growth 1995–2003
Quantity growth in NHS output (per cent)	-	*2.9*	*1.5*	*1.8*	*3.2*	*3.0*	*4.2*	*4.1*	*4.1*	*27.6*
Quantity of NHS output (2001=100)	*84.9*	*87.4*	*88.7*	*90.3*	*93.2*	*96.2*	*100.0*	*104.1*	*108.3*	*27.6*
Share of NHS output in Gross Domestic Product (per cent)	*5.9*	*5.9*	*5.8*	*5.7*	*5.8*	*5.7*	*5.8*	*6.0*	*6.1*	-

Source: ONS

Box 1

Recent improvements in NHS output measurement in the National Accounts

In 1998, the methodology moved away from a standard assumption that outputs can be estimated as the sum of input costs (that is, assuming no productivity change), and ONS began estimating the quantity of NHS outputs directly.

Before the most recent publication of National Accounts estimates on 30 June 2004, NHS output was estimated as the weighted sum of a subset of representative NHS activities. These activities were included in the calculation at a high level of aggregation, using the average costs at this high level of aggregation as weights. This methodology was limited in a number of respects:

- Very limited disaggregation and detail. Only 16 separate categories of NHS activities made up the index, the major ones being hospital inpatients and day cases, ambulance journeys, consultations with and prescribing by family doctors and district nurse visits. The value of the index was taken as the weighted average of these 16 activity indicators. The weighting was determined by the costs to the NHS of each category; an inpatient treatment, for instance, contributed 14 times as much to output as did each outpatient treatment. On the other hand, within each of the 16 categories, all activities carried the same weight. There was no distinction made, for example, between a complex and necessarily resource intensive transplant operation and a routine cataract operation costing only a small fraction of that.
- Some NHS activities were not included at all, for example, NHS Direct and the new Walk-in Centres.
- Only annual estimates were available from this approach, and these were available after a substantial delay. The latest available estimates calculated in this way relate to the financial year 2001/02.
- The data were not audited.

The new methodology used from 30 June 2004 overcomes a number of these limitations. Change in health output is now derived using a much larger number of individual activity series reflecting the availability of increased detail in the unit cost and activity data from the NHS. There are clear advantages in being able to calculate the overall contribution to output from the detailed activities undertaken and their associated costs, rather than doing so from broad averages. The new methodology moved from 16 to over 1,700 different treatment types in measuring output change. These range from a GP prescribed drug valued at less than £10 to a bone marrow transplant costing £99,000. Each activity in this wide range will thus now be weighted by its cost in measuring its contribution to total output, in accordance with the international guidance and more general National Accounts practice.

The main new data source is the NHS Reference Costs used in NHS funding which, unlike the previous sources, are fully reconcilable with accounts audited by the Audit Commission.

A separately published article (ONS, 2004c) provides further details.

5.6 Further work is under way to improve the methodology. The Atkinson Review of Measurement of Government Output and Productivity in the National Accounts, commissioned by the National Statistician, is due to report in January 2005. An Interim Report, setting out the emerging direction for the Review, was published in July 2004. this endorsed the method described above and confirmed the desire for the method to encompass quantity measures related to the whole of the UK and to include data on the change in quality of services. York University and the National Institute of Economic and Social Research (NIESR) are working jointly on a Department of Health commissioned project to improve measurement of NHS productivity, with a report due later in 2005.

5.7 Box 2 lists the minority, about a quarter, of NHS activity in England not yet covered by the output methodology. Information on those activities listed *in italics* is expected to be available for inclusion in data relating to 2003/04 onwards. This will increase coverage to an estimated 80–85 per cent by expenditure of NHS activity. Information on those activities that are shown *in light italics* is expected to be available for inclusion in data relating to 2004/05 onwards. Subject to quality assessment of the new information, these activities will be included in the calculation of future NHS output estimates.

6 NHS Inputs in the National Accounts

6.1 Different types of input contribute in different ways to health care production, and hence this section distinguishes between labour, intermediate consumption and capital. Table 2 presents estimates of these components at current prices. These estimates incorporate the latest available information, and as such differ slightly from those published in the National Accounts (see paragraph 6.3 and 6.32).

Labour

6.2 For the National Accounts, public expenditure on labour at current prices for the health function is available from the detailed accounting data

Box 2

NHS activity in England not covered by current methodology

- Air Ambulance;
- Chemotherapy for Non-Solid State Tumours;
- *Clinical Measurement Tests;*
- Community Cystic Fibrosis;
- *Community Medical Services;*
- *Community Nursing Services;*
- *Community Rehabilitation Teams;*
- Community Residential Homes;
- Complementary Treatments;
- *Cystic Fibrosis;*
- *Day Care Facilities;*
- *Day Case Ward Attenders;*
- Decontamination Units;
- Domicilliary Visits (other than maternity and mental health);
- Emergency Dental Services;
- Extra Corporeal Membrane Oxygenation;
- Fetal Medicine;
- HM Prison Related Health Service;
- Home Equipment Loans;
- Hospice Movement;
- *Hospital At Home / Early Discharge;*
- *Intensive Care Retrieval Units*
- Mental Health Counselling and Therapy (excluding services provided in hospital and day centres);
- National Screening Programmes;
- Needle Exchange Schemes;
- Nursing Homes;
- One Stop Shops / Rapid Diagnostic Packages;
- IVF and Other Fertility Treatments;
- Learning Disability Services;
- *Outpatient Ward Attenders;*
- Parentcraft Classes / Services;
- Personal Dental Services Pilots;
- Plasma Exchange Schemes;
- Psychotherapy;
- *Radiotherapy;*
- *Regular Day Night Admissions;*
- Section 28a Homes;
- Services for the Physically Disabled;
- Specialist Services for the Deaf;
- Spinal Care Packages in the Community;
- *Therapy Services;*
- *Transplants;*
- Welfare Foods;
- Wheel Chair Services.

Source: Department of Health

maintained by HM Treasury and the health administrations. Changes in the quantity of this labour are calculated by deflating the current price expenditure figures using suitable labour cost deflators, although for this article, these deflators only relate to the NHS in England and not to the whole of the UK.

6.3 The National Accounts include an estimate for one component of NHS current price labour costs which is expected to be revised, subject to the National Accounts Revisions Policy. The pension scheme for NHS Trust staff, as well as some others in the NHS, is unfunded. Prior to 2003/04, actual employer contributions to the scheme did not include adjustments for inflation. The National Accounts include an inflation adjustment in order to reflect true labour costs. A review of this adjustment has concluded that the valuation could be improved upon and figures in this article include revised estimates from the new valuation method. From 2003/04, responsibility for actual payment has rested with health administrations, and figures from 2003/04 onwards are already calculated on the basis of the improved valuation method.

6.4 In previous articles, the labour costs of the whole of the NHS in the UK have been deflated using the Department of Health's Pay Costs Index. This index is a weighted average of increases in unit staff costs for each of the staff groups within Hospital and Community Health Services in the NHS in England. These deflated estimates are not currently part of National Accounts.

6.5 ONS has reviewed the availability of more suitable deflators for pay costs in the whole of the NHS in England. The salary component of General Practitioners' remuneration have been deflated according to an index of average notional salary as reported by the Review Body on Doctors' and Dentists' Remuneration. Expenditure on dentists (fees to dentists, which also cover their practice expenses) have been deflated using the Department of Health's index of dental fees. Expenditure on pharmacists have been deflated using the Department of Health's index of pharmaceutical fees. Expenditure on opticians have been deflated using the Department of Health's index of sight test fees. The remainder of labour costs continue to be deflated by the Pay Costs Index.

Table 2
Expenditure on NHS inputs: labour, intermediate consumption and capital consumption, current prices

United Kingdom, £m

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Labour	22,469	23,336	24,333	25,124	27,133	29,180	30,388	31,769	32,463
Intermediate consumption	15,901	17,652	17,687	19,676	22,567	24,082	27,315	31,752	37,101
Capital consumption	1,138	1,294	1,349	1,385	1,455	1,618	1,395	1,568	1,630
Total	39,508	42,282	43,369	46,185	51,155	54,880	59,098	65,089	71,194

Source: Office for National Statistics

6.6 The relative shares in total expenditure for each component as reported by the Department of Health are used to weight the deflators together to produce an aggregate index.

6.7 Table 3 compares the deflators, and presents the shares of labour costs to which each of these deflators relates.

6.8 As the deflators measure price change in the particular groups of labour employed in the NHS, ONS considers the use of these deflators to be an improvement over using only the Hospital and Community Health Services Pay Costs Index.

6.9 The OECD's manual *Measuring Productivity* recommends the number of hours worked, with suitable differentiation by skill, as the preferable measure of the quantity of labour inputs into production. This is preferred to numbers of people employed, as the contribution provided by full time employees differs from that of part time employees according to the number of hours worked. *Measuring Productivity* points out that '...an hour worked by a highly experienced surgeon and an hour worked by a newly hired teenager at a fast food restaurant...' should be differentiated for productivity analysis, but although desirable, this is difficult.

6.10 *Measuring Productivity* goes on to note that the price of labour is compensation per hour. Compensation is defined to cover all the costs of employment, that is wages and salaries plus employers' contributions to social security payments and other such costs. Compensation is also the preferred weight to be used to enable addition of the quantity of labour for each of the different skill groups.

6.11 ONS has been developing improved measures of labour input for its whole economy labour productivity measures. In the new measures, quantity measures of labour inputs are published as number of workers employed, numbers of jobs and hours actually worked (ONS, 2004d). The hours series is based on the total number of actual hours worked as reported in the Labour Force Survey (LFS). This analysis includes a decomposition by industry based on the number of employees according to business surveys and hours worked according to the LFS. ONS

Table 3
Deflators for compiling volume measures of NHS labour inputs, and associated share of current price expenditure by the NHS on labour

Per cent, 2001=100

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Hospital and Community Health Services - pay	73.2	75.8	77.9	81.2	86.4	92.6	100.0	105.8	111.1
- expenditure share (per cent)	*80*	*80*	*80*	*80*	*80*	*81*	*81*	*82*	*83*
General Medical pay	76.2	78.3	81.2	84.3	92.5	96.2	100.0	108	117.6
- expenditure share (per cent)	*10*	*10*	*10*	*10*	*10*	*10*	*10*	*9*	*9*
Dental	80.1	82.8	85.6	89.9	93.3	96.4	100.0	103.7	107.1
- expenditure share (per cent)	*5*	*5*	*5*	*5*	*5*	*4*	*4*	*4*	*4*
Ophthalmic	83.8	85.6	87.9	90.8	93.6	96.4	100.0	104	107.5
- expenditure share (per cent)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Pharmaceutical	83.6	86.1	88.3	90.8	93.7	96.6	100.0	103.6	107.1
- expenditure share (per cent)	*4*	*4*	*4*	*4*	*4*	*3*	*3*	*3*	*3*
Department of Health paybill	73.2	75.8	77.9	81.2	86.4	92.6	100.0	105.8	111.1
- expenditure share (per cent)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*0*	*0*

Source: Office for National Statistics, Department of Health

will be looking into applying a similar methodology for NHS employment, in order to examine NHS productivity. The Department of Health is examining methodologies that would produce quarterly as well as annual estimates of employment.

6.12 Although there is no single source of NHS employment statistics across the UK, further information is available on labour input in the NHS: each constituent part of the UK has devolved responsibility for health, and health administrations collect their own workforce statistics.

6.13 The Department of Health recently published *Staff in the NHS 2003* (DH, 2003), which reported NHS employment in England in 2003 to be 1.3 million people employed full or part time. The Department of Health's means for adjusting for difference in numbers of hours worked is to count the number of 'whole time equivalents', which is based on contracted, rather than actual hours, worked. Hours worked beyond contracted full time (paid or unpaid) are not included in the measure. On such a basis, the Department of Health reports that just over one million whole time equivalents were employed in 2003.

6.14 These figures include all the different types of staff employed in the NHS in England as well as GPs and their practice staff, but not General Dental Service dentists or their staff. The latter is a relatively small group that does not affect the figures in the table. The total can be broken down into three groups with different levels of responsibility for the delivery of health services. Professionally qualified clinical staff, which includes doctors and their practice staff, nurses and allied health professions. Support to clinical staff, including nursing assistants and health care assistants. Infrastructure support, which includes clerical and administrative staff. The residual covers classification unknown, Direct patient Care, Administration & Clerical and 'Other'. Table 4 presents NHS staff numbers over the period 1995 to 2003 in terms of whole time equivalents.

6.15 Total NHS employment in England was 22 per cent higher in 2003 compared with 1995, counted as whole time equivalents. The group with the largest rise was 'support to clinical staff', with a 31 per cent increase. 'Professionally qualified clinical staff' also saw a large increase over the period (23 per cent).

6.16 The *Annual Abstract of Statistics* (ONS, 2004e) pulls together information on NHS employment in England, Wales and Scotland, and publishes this as a workforce summary for Great Britain. The *Annual Abstract* also separately reports information on NHS employment in Northern Ireland, although the breakdown by type of staff differs markedly from that for Great Britain, and hence the separation. The breakdown for Great Britain also differs from that reported by the Department of Health in *Staff in the NHS 2003*. The latest *Annual Abstract*, that for 2004, includes the number of people employed in the NHS up to and including what is labelled 2002: in practice, this typically relates to a single count of staff performed in September of each year.

6.17 The Labour Force Survey is another source of information on employment in the NHS. This is on the whole a household survey, but it also covers nurses living in NHS-provided communal accommodation. It asks about number of hours worked, which may allow for a better understanding of the relationship with numbers of people employed rather than the concept of whole time equivalent. The LFS also collects information on earnings.

6.18 Future health productivity articles will report on related work to reconcile the various sets of figures available on employment by the NHS and discuss their potential use in a direct quantity measure of labour input.

Table 4
NHS staff in England: whole time equivalents
Thousands

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Professionally qualified clinical staff	427	434	437	443	451	461	477	502	525
Support to Clinical Staff	211	215	215	220	227	235	249	263	277
NHS infrastructure support	150	144	142	140	142	144	150	158	168
Other	54	55	53	53	54	53	55	56	57
Total	**842**	**848**	**846**	**855**	**874**	**893**	**931**	**978**	**1,027**

Source: Department of Health

Intermediate consumption

6.19 Intermediate consumption, also termed procurement, involves the purchase of goods and services that are used up in the production process. For example, the NHS buys drugs, pays for electricity and buys services from private sector health companies.

6.20 For the National Accounts, public service expenditure on intermediate consumption at current prices for the health function is available from the detailed accounting data maintained by HM Treasury and the health administrations. Changes in the quantity of intermediate consumption are calculated by deflating the total current price expenditure figures using suitable deflators. For this article, these deflators only relate to the NHS in England and not to the whole of the UK.

6.21 The *UK National Accounts: the Blue Book 2004* includes an estimate for some NHS expenditure in 2003 based on planned figures, which is expected to be revised in December 2004, subject to the National Accounts Revisions Policy. An improved estimate has since become available, which has therefore been used in the productivity calculations.

6.22 In previous articles, expenditure on intermediate consumption by the whole of the NHS in the UK has been deflated using the Department of Health's Hospital and Community Health Services' Health Service Costs Index. This is an average of increases in unit costs for the goods and services bought by Hospital and Community Health Services in the NHS in England, weighted by the costs of the different types of goods and services purchased.

6.23 ONS has been carrying out research into the availability of more suitable deflators for expenditure on intermediate consumption in the whole of the NHS in England. The Health Service Costs Index has been retained as the most appropriate deflator for the purchases of hospital and community health services. The expenses component of General Practitioners' remuneration can be deflated according to an index of average notional expenses as reported by the Review Body on Doctors' and Dentists' Remuneration. As this deflator measures price change in a particular type of intermediate consumption paid for by the NHS, ONS considers the use of this deflator to be an improvement over using only the Hospital and Community Health Services Health Service Costs Index.

6.24 Expenditure on drugs dispensed outside hospitals can be deflated using information from the Department of Health's study of change in the net ingredient cost of prescription drugs. However, it is not clear which component of the change in the overall prescription drugs bill is a suitable deflator for current expenditure. One option would be to take the increase in the average cost per item, which comprises the effects of entries and exits of new and old drugs, changes in the quantity of drug per prescription, changes in the distribution of prescribed drugs and changes in the price of existing items. Another option would be to exclude all but the last of these changes.

6.25 ONS and the Department of Health will be carrying out further work to identify which components of change in the net ingredient cost are price effects and which are quantity or volume effects. For this article, both options are presented as alternative ways of deflating expenditure on prescription drugs.

6.26 Table 5 compares the deflators for intermediate consumption, including the two options for deflating expenditure on prescription drugs, and presents the shares of expenditure on intermediate consumption to which each of these deflators relates.

Capital

6.27 The NHS buys goods and services that can be used repeatedly or continuously over the longer term, such as buildings, machinery, and vehicles. Such goods and services are distinguished from intermediate consumption because they contribute in a different way to the production of NHS output. Whereas intermediate consumption items are used up in producing NHS output in any given year, capital items last over a number of years. Including the entire value of capital investment in the year in which the item was purchased would not reflect the contribution to NHS output over the item's lifetime.

6.28 The National Accounts are primarily concerned with the wealth aspects of capital, that is the capital stock measure, included in the non-financial balance sheets, and the capital consumption measure, which is the difference between net and gross domestic product and which constitutes a measure for accruing the cost of capital items over their lifetime. Estimates of capital consumption for public services also take a role in estimating the value of output for public services at current prices: such output is estimated as the sum of input costs at current prices.

6.29 For the purposes of understanding productivity, *Measuring Productivity* states that the quantity of capital input to production is measured by capital services and the price of those services by the user costs of capital. Capital services can be thought of as the flow of productive services from the capital stock,

Table 5
Deflators for compiling volume measures of NHS intermediate consumption, and associated share of current price expenditure by the NHS

Per cent, 2001=100

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Hospital and Community Health	94.8	96.3	97.2	98.5	100.7	100.4	100.0	100.8	102.6
Services - non pay									
- expenditure share (per cent)	*64*	*62*	*62*	*64*	*67*	*66*	*64*	*65*	*65*
General Medical - non pay	91.4	94.6	96.6	97.5	101.8	102.5	100.0	97.6	95.4
- expenditure share (per cent)	*7*	*7*	*7*	*6*	*6*	*6*	*6*	*5*	*4*
Prescription drugs (cost of existing items)	105.8	106.0	104.1	105.5	104.1	101.0	100.0	99.6	99.1
- expenditure share (per cent)	*25*	*27*	*28*	*27*	*25*	*25*	*27*	*27*	*26*
Prescription drugs (cost of all items)	74.5	78.8	82.9	89.5	92.3	94.7	100.0	104.7	109.1
- expenditure share (per cent)	*25*	*27*	*28*	*27*	*25*	*25*	*27*	*27*	*26*
Welfare foods	92.5	95.5	95.5	96.8	97.1	96.8	100.0	100.7	102
- expenditure share (per cent)	*2*	*2*	*2*	*2*	*1*	*1*	*0*	*0*	*1*
European Economic Area costs	94.8	96.3	97.2	98.5	100.7	100.4	100.0	100.8	102.6
- expenditure share (per cent)	*0*	*0*	*0*	*0*	*0*	*1*	*1*	*1*	*1*
Other central health and miscellaneous	94.8	96.3	97.2	98.5	100.7	100.4	100.0	100.8	102.6
- expenditure share (per cent)	*1*	*1*	*1*	*1*	*1*	*1*	*2*	*1*	*2*
Department of health - non pay	94.8	96.3	97.2	98.5	100.7	100.4	100.0	100.8	102.6
- expenditure share (per cent)	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*

Source: Office for National Statistics, Department of Health

for example the shelter, heating etc provided by an office building. The price of the capital services can be thought of as the rental price: offices in general do have rental prices, but this is not the case for many other types of capital. Where no rental prices exist, such prices need to be estimated.

6.30 ONS published experimental estimates of capital services for the whole economy in November 2003 (ONS, 2003b). These figures did not provide a distinct set of figures for public service health. They did provide information on health and social work at the level of the total economy, therefore including private sector health (for example private hospitals) and private sector social care (for example residential homes for the elderly) as well as public sector hospitals and other facilities. Table 6 presents the annual growth rates in the quantity index of capital services for the years 1991–2002 for total economy health and social care industries. Care should be taken in interpreting these estimates, as the growth in the quantity index of capital services in public service health may differ.

6.31 ONS is examining the feasibility of extending the capital services analysis in order to arrive at figures for public sector health. For now, the capital consumption estimates are used as the measure of capital inputs into NHS production.

6.32 One difficulty with the improved deflation method is that some of the data series needed are only available with lag. For some components of expenditure on NHS inputs for example, no estimate for 2003 is yet available. Where this is the case, the 2003 figure has been estimated by assuming the same growth rate from 2002 as for 2001 to 2002. An alternative method has been tested, namely taking the average growth over the preceding three years. This has only a small effect which is not separately shown in this section, but the impact on productivity change is discussed in the next section.

Table 6
Year-on-year growth in quantity index of capital services for total economy capital services, health and social work

Per cent

Growth in year to	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	8.5	*6.3*	*4.1*	*3.8*	*4.1*	*3.1*	*1.1*	*3.1*	*4.5*	*4.2*	*3.0*	*4.4*

Source: Office for National Statistics

6.33 Table 7 presents a range of estimates of the quantity of NHS inputs, calculated by deflating the current price expenditure on NHS inputs using different sources, methods and assumptions as explained throughout this section.

6.34 The estimates of NHS inputs in rows 1 and 2 are shown for illustration purposes only; they are not considered fit for purpose but are shown to illustrate the impact of using the latest information and and an improved deflation method. All other series use the improved deflation method and the latest available information.

6.35 The NHS input series showing the highest rise is in row 3, and this appears in Figure 1. Expenditure on prescription drugs is deflated using an index of the change in cost of existing items. Where missing, the latest year is estimated using the previous year's growth rate. Capital inputs are estimated using capital consumption estimates. This shows that the quantity of NHS inputs has risen over the period 1995 to 2003 by 39 per cent.

6.36 The NHS input series showing the lowest rise is in row 8, and this appears in Figure 1. Expenditure on prescription drugs is deflated using an index of the change in the average cost of all drugs. Where missing, the latest year is estimated using the average three years' growth rate. Capital inputs are estimated using capital services estimates. This shows that the quantity of NHS inputs has risen over the period 1995 to 2003 by 32 per cent.

Table 7

Quantity of NHS inputs, range of estimates of change based on different combinations of sources, methods and assumptions, 1995–2003

United Kingdom, 2001=100

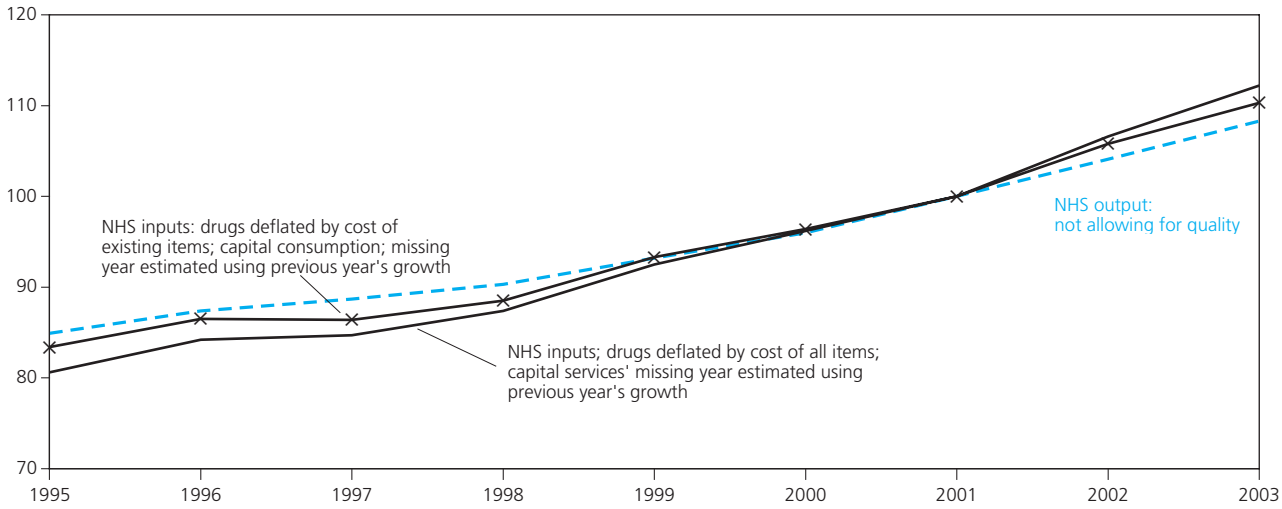
		1995	1996	1997	1998	1999	2000	2001	2002	2003	Percentage change 1995–2003
1	Simple deflation method; BB2004 figures *See paragraph 7.5*	79.2	82.8	83.3	86.2	91.4	95.4	100.0	107.1	115.4	*46*
2	Simple deflation method; revised BB2004 figures *See paragraph 7.6*	79.7	83.3	83.9	86.8	92.1	95.9	100.0	106.9	112.6	*41*
3	Improved deflation method; cost of existing items; revised BB2004 figures (shown in Figure 1) *See paragraphs 6.35 and 7.7*	80.6	84.2	84.7	87.4	92.5	96.2	100.0	106.6	112.2	*39*
4	Improved deflation method; cost of all items; revised BB2004 figures *See paragraphs 7.7 and 7.8*	83.4	86.7	86.7	88.9	93.7	96.9	100.0	106.0	111.0	*33*
5	Improved deflation method; cost of all items; revised BB2004 figures; estimating missing years using average previous 3 years' growth *See paragraph 7.9*	83.4	86.7	86.7	88.9	93.7	96.9	100.0	106.0	110.4	*32*
6	Improved deflation method; cost of existing items; revised BB2004 figures, capital services *See paragraphs 7.11 and 7.12*	80.7	84.0	84.4	87.1	92.2	95.7	100.0	106.4	112.1	*39*
7	Improved deflation method; cost of all items; revised BB2004 figures, capital services *See paragraphs 7.11 to 7.13*	83.4	86.5	86.4	88.5	93.3	96.4	100.0	105.8	110.9	*33*
8	Improved deflation method; cost of all items; revised BB2004 figures, capital services, estimating missing years using average previous 3 years' growth (shown in Figure 1) *See paragraphs 6.36 and 7.14*	83.4	86.5	86.4	88.5	93.3	96.4	100.0	105.8	110.3	*32*
9	Improved deflation method; cost of all items; revised BB2004 figures, excluding R&D and E&T. *See paragraphs 7.15 to 7.19*	-	-	87.0	89.1	93.9	97.1	100.0	105.7	110.7	-
10	Improved deflation method; cost of all items; revised BB2004 figures, capital services, excluding R&D and E&T. *See paragraphs 7.15 to 7.19*	-	-	86.7	88.8	93.6	96.6	100.0	105.6	110.5	-

Source: Office for National Statistics

Figure 1 (*repeated from Executive summary*)

NHS output not allowing for quality change and series showing the greatest and least rises in NHS inputs from 1995 to 2003

United Kingdom, 2001=100



Source: Office for National Statistics

6.37 For details of the series in other rows, see section 7 on NHS productivity: the rows in Table 7 are consistent with those in Table 8 and paragraphs 7.4 to 7.18 provide further explanation of the contents of both tables.

7 Productivity Calculations

7.1 This section presents estimates of productivity based on the information already presented in sections 5 and 6 on NHS outputs and inputs. As has been stated earlier in this article, productivity is defined to be the ratio of quantity of output to quantity of inputs. Whilst there is a single series on NHS outputs that feeds into the numerator of the productivity ratio, there are a number of permutations of NHS inputs which feed into the denominator of the productivity ratio. As this section will demonstrate, estimates of the change over time in NHS productivity are sensitive to the sources and methods used and assumptions made in calculating NHS inputs.

7.2 Figure 1 (repeated from the Executive summary here) presents NHS output (not allowing for quality change), along with the NHS inputs estimates showing the greatest and least rises, as explained in sections 5 and 6. Over the period from 1995 to 2003, NHS outputs (not allowing for quality change) has grown by 28 per cent and NHS inputs have grown by between 32 and 39 per cent.

7.3 These estimates should be interpreted with care. The output figures are based on a subset of activities in the English NHS and do not include changes in the quality of NHS output (see section 5 on NHS output). The inputs figures are also not ideal, as direct quantity measures would be preferred, and the existing method involving measurement of current price expenditure and using indices to deflate to quantity measures for England only needs improvement (see section 6 on NHS inputs).

7.4 Table 8 presents a range of estimates of change in productivity based on a set of different data sources, methods and assumptions. All of these series use the later estimates of NHS output as discussed in paragraph 5.4.

Row 1

7.5 Row 1, entitled 'NHS productivity: simple deflation method; BB2004 figures' presents the change in productivity using figures on current price NHS inputs from the *UK National Accounts: the Blue Book 2004*. It also uses the same methodology for deflating expenditure on NHS inputs as in previous *Economic Trends* articles (that is, a combination of the Department of Health's Pay Costs Index and its Health Service Costs Index). This shows that NHS productivity in 2003 was 12 per cent lower than in 1995, although the fall was broken by a rise in 1997. ONS does not consider this series to be fit for purpose given that it does not use the latest sources and methods, but is presented here to illustrate the impact of improvements.

Row 2

7.6 As stated in paragraphs 6.3 and 6.21, better information on expenditure on NHS inputs has become available since publication of the *UK National Accounts: the Blue Book 2004*. Row 2, entitled 'NHS productivity: simple deflation method; revised

Table 8
NHS productivity, range of estimates of change based on different combinations of sources, methods and assumptions, 1995–2003

United Kingdom, 2001=100

		1995	1996	1997	1998	1999	2000	2001	2002	2003	Percentage change 1995–2003
1	Simple deflation method; BB2004 figures *See paragraph 7.5*	107.2	105.6	106.5	104.8	101.9	100.6	100.0	97.2	93.9	–12
2	Simple deflation method; revised BB2004 figures *See paragraph 7.6*	106.6	104.9	105.8	104.0	101.2	100.1	100.0	97.4	96.2	–10
3	Improved deflation method; cost of existing items; revised BB2004 figures (shown in Figure 2) *See paragraph 7.7*	105.3	103.8	104.7	103.3	100.7	99.7	100.0	97.7	96.5	–8
4	Improved deflation method; cost of all items; revised BB2004 figures *See paragraphs 7.7 and 7.8*	101.8	100.8	102.3	101.6	99.4	99.0	100.0	98.2	97.6	–4
5	Improved deflation method; cost of all items; revised BB2004 figures; estimating missing years using average previous 3 years' growth. *See paragraph 7.9*	101.8	100.8	102.3	101.6	99.4	99.0	100.0	98.2	98.1	–4
6	Improved deflation method; cost of existing items; revised BB2004 figures, capital services *See paragraphs 7.11 and 7.12*	105.2	104.1	105.1	103.7	101.1	100.2	100.0	97.8	96.6	–8
7	Improved deflation method; cost of all items; revised BB2004 figures, capital services *See paragraphs 7.11 to 7.13*	101.8	101.1	102.7	102.0	99.8	95.5	100.0	98.4	97.7	–4
8	Improved deflation method; cost of all items; revised BB2004 figures, capital services; estimating missing years using average previous 3 years' growth (shown in Figure 2) *See paragraph 7.14*	101.8	101.1	102.7	102.0	99.8	95.5	100.0	98.4	98.2	–3
9	Improved deflation method; cost of all items; revised BB2004 figures, excluding R&D and E&T. *See paragraphs 7.15 to 7.19*	-	-	102.0	101.3	99.2	98.9	100.0	98.4	97.9	–
10	Improved deflation method; cost of all items; revised BB2004 figures, capital services, excluding R&D and E&T. *See paragraphs 7.15 to 7.19*	-	-	102.3	101.7	99.5	99.4	100.0	98.6	98.0	–

Source: Office for National Statistics

BB2004 figures', presents the change in productivity using the latest information on expenditure on NHS inputs and the same methodology for deflating NHS inputs as in previous *Economic Trends* articles. This shows that NHS productivity in 2003 was 10 per cent lower than in 1995, although the fall was broken by a rise in 1997. ONS does not consider this series to be fit for purpose given that it does not use the latest deflation methods, but is presented here to illustrate the impact of improvements.

Rows 3 (shown in chart 1) and 4

7.7 Taking on board an improved set of deflators for NHS labour costs as described in paragraphs 6.5–6.8 and for intermediate consumption as described in paragraphs 6.23–6.26 gives two NHS productivity series, due to there being two alternative options for deflating NHS expenditure on prescription drugs. Row 3, entitled 'NHS productivity: improved deflation method; cost of existing items; revised BB2004 figures', presents productivity change using the price deflator for existing items. This shows that NHS productivity in 2003 was eight per cent lower than in 1995, although the fall was broken by rises in 1997 and 2001. This series is shown in Figure 1, as it shows the greatest fall in NHS productivity.

7.8 Row 4, entitled 'NHS productivity: improved deflation method (cost of all items); revised BB2004 figures', presents productivity change using as the deflator for prescription drugs the increase in the average cost per item, which comprises the effects of entries and exits of new and old drugs, changes in the quantity of drug per prescription, changes in the distribution of prescribed drugs and changes

in the price of existing items. This shows that NHS productivity in 2003 was four per cent lower than in 1995, although the fall was broken by rises in 1997 and 2001. Comparing the high and low points in this series, NHS productivity in 2003 was five per cent lower than in 1997.

Row 5

7.9 As mentioned in paragraph 6.32, NHS productivity is sensitive to the way in which data for missing years is estimated. The productivity series discussed in previous paragraphs have been compiled by estimating the missing years using the same growth rate as the previous year. An alternative method has been tested, which uses the average growth over the previous three years. The effect on productivity change from this change can be seen by comparing Row 4 (described in paragraph 7.7) with Row 5 entitled 'NHS productivity: improved deflation method (cost of all items); revised BB2004 figures; estimating missing years using average previous three years' growth'. The latter series is calculated exactly as the series in Row four except for the change in method for estimating data for missing years. Naturally, only the figure for 2003 changes. This shows that NHS productivity in 2003 was four per cent lower than in 1995, although the fall was broken by rises in 1997 and 2001. Comparing the high and low points in this series, NHS productivity in 2003 was also four per cent lower than in 1997.

7.10 ONS has carried out similar tests for other combinations of data sources, methods and assumptions, and the impact on the change in productivity series is similar: using growth over the preceding three years rather than only the last year to estimate missing data for some of the components of expenditure on NHS inputs reduces the fall in productivity by around 0.5 points.

Rows 6 and 7

7.11 To illustrate the possible effect of moving to a volume measure of capital services, Rows 6 and 7 use the measure of capital services presented in paragraphs 6.29 to 6.31 rather than the capital consumption measure that has been used in all the productivity series so far presented in the table. Row 6 is entitled 'NHS productivity: improved deflation method; cost of existing items, revised BB2004 figures, capital services' and Row 7 'NHS productivity: improved deflation method; cost of existing items; revised BB2004 figures, capital services'. Both use revised *Blue Book* 2004 figures and the improved deflation methodology.

7.12 This measure of capital services is not ideal, as it covers both the public and private sectors, and also covers social work as well as health. If it were reasonable to assume that changes in the volume of capital services in this measure were similar to those in a measure that only related to NHS output, these series show fairly flat productivity followed by falling productivity over the period from 1995 to 2003. Row 6 with the 'cost of existing items' option shows that NHS productivity in 2003 was eight per cent lower than in 1995, the high and low points in this series.

7.13 Row 7 with the 'cost of all items' option, shows that NHS productivity in 2003 was four per cent lower than in 1995. Comparing the high and low points in this series, NHS productivity in 2003 was five per cent lower than in 1997.

Row 8 (shown in Figure 1)

7.14 Row 8 is the series that combines the elements that result in the least fall in NHS productivity, and is shown in Figure 1. The series is entitled 'NHS productivity: improved deflation method; cost of all items; revised BB2004 figures, capital services, estimating missing years using average previous three years' growth'. This shows that NHS productivity in 2003 was three per cent lower than in 1995, although the series does rise and fall. Comparing the high and low points in this series, NHS productivity in 2003 was four per cent lower than in 1997.

Rows 9 and 10

7.15 In the NHS inputs section, a distinction was between goods and services that are used up in health care production and those that have a longer duration (capital) was made. Capital spending is based on accounting definitions as currently used in NHS accounts and the National Accounts. For the purposes of understanding productivity, some items of expenditure classified as either labour or intermediate consumption have characteristics in common with those of capital items and could be reclassified.

7.16 For example, expenditure on Research and Development (R&D) does not usually contribute to producing output immediately, but is aimed at increasing future output. From a productivity perspective, it might be useful to subtract the input costs from NHS expenditure. Another example is education and training of staff, which can be seen as an investment in human capital where the contribution to output accrues over the remainder of the NHS career of the trained staff. Estimates of expenditure on R&D and education and training in the NHS are compiled as part of ONS's work to

estimate total UK health expenditure (ONS, 2003c). Note, however, that estimates are only available back to 1997, and not 1995 as for the other series presented in this article.

7.17 Subtracting these costs from NHS expenditure leads to the series presented in Rows 9 and 10 entitled 'NHS productivity: improved deflation method; cost of all items; revised BB2004 figures, excluding R&D and E&T' and 'NHS productivity: improved deflation method; cost of all items; revised BB2004 figures, capital services, excluding R&D and E&T' respectively. Only two series are presented here to illustrate the impact on productivity, both of which use revised *Blue Book* 2004 figures and the improved deflation method. Neither series presents the impact on the 'cost of existing items' option for deflating expenditure on prescription drugs as the impact is similar. The difference between the two series is that row 9 uses the capital consumption measure whereas row 10 uses the capital services measure.

7.18 As shown in Row 9, when the quantity of inputs from capital is measured by capital consumption and the costs of NHS R&D and E&T are excluded, NHS productivity in 2003 was four per cent lower than in 1997, the first and highest point in the series. As shown in Row 10, when the quantity of inputs from capital is measured by capital services and the costs of NHS R&D and E&T are excluded, NHS productivity in 2003 was also four per cent lower than in 1997, again the first and highest point in the series. In both of these series, the fall is not steady, with a rise in 2001.

7.19 R&D and education and training still consume resources, and the volume of these resources should be included in a volume measure of NHS inputs. Further work is needed to develop measures of the volume of NHS inputs relating to R&D and education and training.

7.20 In this article, the intention is not to be definitive about which types of current expenditure might be treated as a long term input into the production of public service health. ONS is continuing to investigate how to treat expenditure on NHS inputs from the perspective of measuring NHS productivity. Other components also being considered include maintenance and refurbishment, software and capitalisation thresholds.

8 The Department of Health's 'experimental' NHS cost efficiency growth measure

8.1 The Department of Health has been investigating the construction of an 'NHS Cost Efficiency Growth Measure', which uses many of the same data sources that have been discussed in this article. Box 3 contains a brief description from the Department of Health on their experimental measure.

9 Quality

9.1 As stated in the health outcomes section, it is clear that some important health outcomes from NHS activity – expectation of life at birth, infant mortality and mortality rates are presented in three charts – have been improving but not all of the outcomes are attributable to the NHS. The interim report from the Atkinson Review of the Measurement of Government Output and Productivity for the National Accounts (Atkinson, 2004) states clearly that measurement of output should include quality change:

- improved health outcomes may be related directly to improved quality of service provided by the NHS, for example, in terms of changes in NHS practice leading to earlier identification of cancer and heart conditions, if this then leads to improved survival and life expectancy. This should be, but is not currently, included as part of NHS output.
- NHS output measures in the National Account also need to take into account any data where the quality of service provided by the NHS has decreased, for example there were rises in outpatient waiting times at the end of the 1990s (DH, 2004b). Changes in average waiting times would also need to be considered alongside to get a rounded picture of quality related to waiting times.

9.2 The Atkinson Interim Report also notes other domains of quality that should be considered, including quicker access to treatment, improved patient experience, and prevention of illness. It may also be appropriate for the measure of NHS output to rise in line with wider economic growth, that is, as the value of an added year's healthy life expectancy increases.

9.3 In principle, the National Accounts do seek to capture quality improvements in output. Health system quality is a complex notion, but there is a growing international understanding of what it means. For example, WHO discusses it under two broad headings in the World Health Report (WHO, 2000): health outcomes and responsiveness (the latter embracing notions of respect for dignity; confidentiality; autonomy; prompt attention; quality of amenities; access to social support; choice).

Box 3

The Department of Health's 'experimental' NHS cost efficiency growth measure: note by the Department of Health

The Department of Health wish to replace their previous measure of cost efficiency growth, the Cost Weighted Efficiency Index. The refined measure of NHS output growth, recently adopted by ONS, is a useful foundation for the improved measurement of cost efficiency growth. However, crucially it does not account for changes in NHS quality.

To assess value for money (VfM) improvements, DH has developed a new 'experimental' NHS cost efficiency growth measure. This 'experimental' measure suggests that in 2002/03 VfM increased by around 0.4 per cent due to cost efficiency improvements. This is calculated as the inverse of NHS unit cost growth after adjustment for:

- Changes in the mix of NHS services provided;
- Input cost inflation;
- Expenditure on improving NHS quality.

For the first time, DH is including the impact of changes in NHS quality in NHS cost efficiency growth measurement. Taking quality into account is complex; there will be scope for further improvements over time. DH have therefore labelled this measure 'experimental' since it represents only a first step in improving VfM measurement.

Adjusting for estimated expenditure on quality improvements rather than adjusting for quality improvements is not ideal as spending on improving quality is not guaranteed to deliver equivalent quality gains. DH is currently developing a sister measure to the cost efficiency growth measure, which will indicate the extent to which quality gains are actually delivered; and in the longer-term a more sophisticated all-round measure is being developed. In the shorter-term, the complexities of accounting for quality change will impinge on the precision of the cost efficiency growth measure. The experimental cost efficiency growth measure, which takes some account of quality changes, is a better estimate of what is happening in the NHS than a measure which takes no account of quality change.

Further developments will allow increasingly precise estimates of NHS productivity and VfM growth. DH will use the 'experimental' cost efficiency growth measure only until it can act on the findings of the productivity measurement research it has commissioned from University of York Centre for Health Economics/National Institute for Economic and Social Research, and on recommendations of the Atkinson Review.

The new measure has been reviewed by several leading academic experts; and when regarded as an *interim* measure it is seen as an improvement over existing measures and reasonable for use in assessing VfM growth in the short term.

For further details of DH's experimental NHS cost efficiency growth measure, see http://www.dh.gov.uk/publications

9.4 Future articles will present further information on aspects of the quality of NHS output in order to explore the impact on NHS productivity. A key consideration of this work will be to consider the extent to which identified quality measures provide a balanced picture of quality change across the entire NHS.

10 Triangulation

10.1 The productivity figures that appear in this article are the best estimates currently available from the National Accounts and other sources as investigated so far by ONS. As explained in this article, the methodology for compiling those estimates has been improving over the last few years, and work is continuing to improve the estimates further.

10.2 Triangulation aims to help users understand the productivity figures in a wider sense using information to paint a picture of productivity in the NHS that has not been used in compiling the NHS productivity figures themselves. This may change in the future, as the methodology is reviewed and improved. Until then, this extra information is presented as context to the NHS productivity figures. Identification of this information for this first article has been limited by time and resource constraints. Over time, and as ONS receives commentary on the content of these articles, other information sources will be identified and investigated.

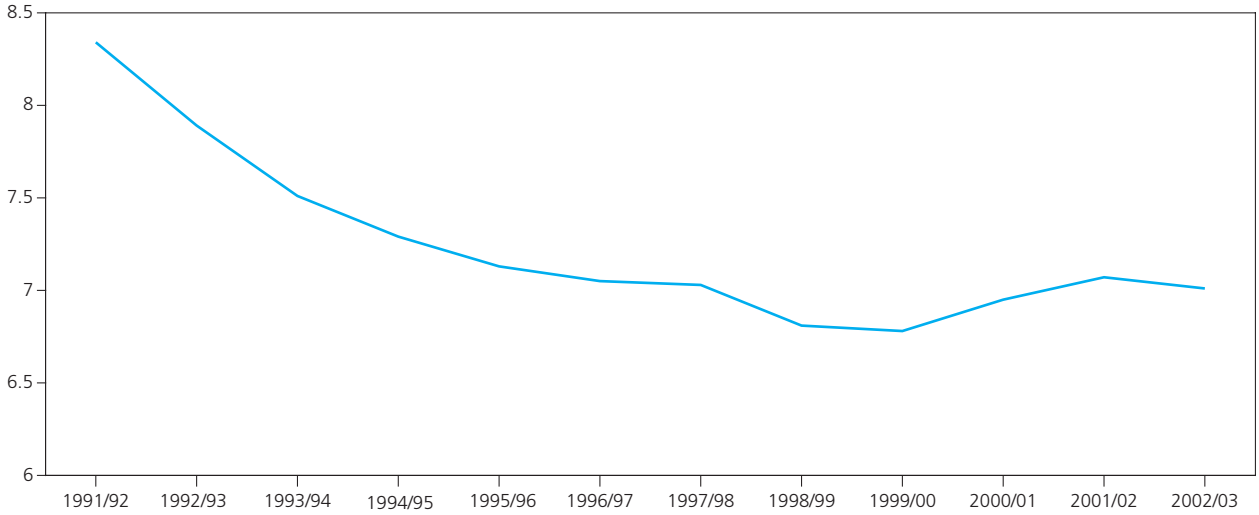
10.3 Figure 6 presents information on the average length of stay for England over the period 1991/92 through 2002/03.

10.4 The chart shows that the average length of stay in England reduced from just over eight days at the beginning of the 1990s to around seven days by the mid 1990s. Since then, the average length of stay has hovered around the seven day mark. If reductions in the use of more expensive inpatient resources were due to improvements in clinical practice (a reduction in the need for people to stay in hospital so long with no negative effect on patient outcomes), then such a trend could be equated with higher productivity.

10.5 The elective day case rate in England, as presented in Figure 7, has risen over a similar time period. As with the average length of stay, the day case rate has been levelling off, albeit slightly later, to around 66 or 67 per cent from the end of the 1990s. This levelling off may be due to some cases being dealt with in outpatient settings or by General Practitioners in Primary Care.

Figure 6
Average length of stay

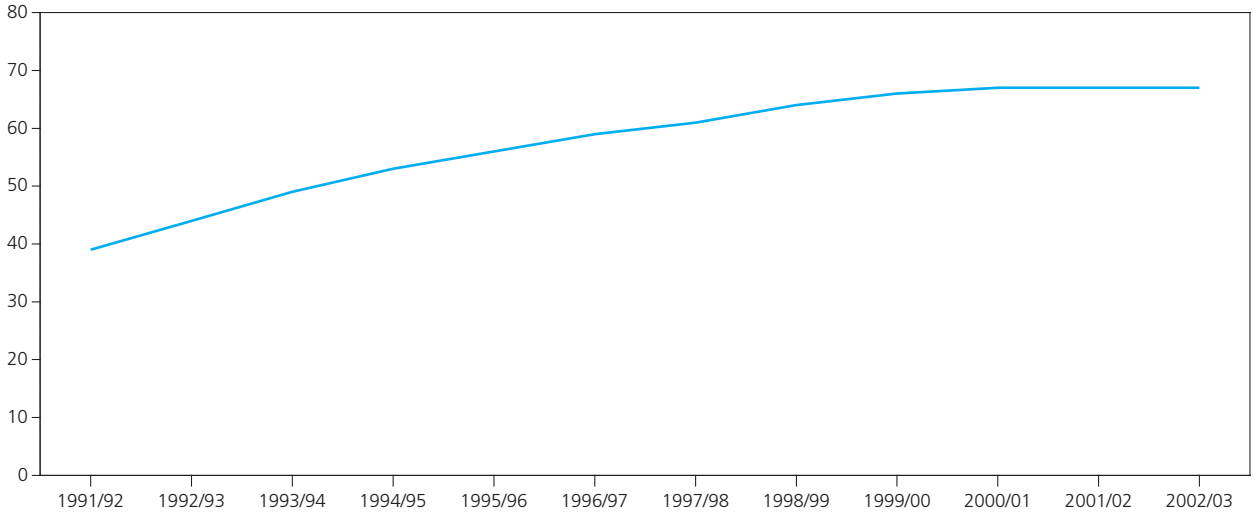
England, days



Source: Department of Health

Figure 7
Elective day case rate

England, per cent



Source: Department of Health

10.6 Changes in the average length of stay should be looked at in conjunction with other indicators, such as readmission rates, to see whether the earlier discharge of patients is adversely affecting their recovery. The latest information available at the England level appears in *NHS Performance Indicators*, (DH, 2002), showing a one per cent increase in emergency re-admissions between 1999 and 2000. However, the same report shows that deaths within 30 days of both elective and non-elective surgery have both fallen (from 593 to 567 per 100,000 elective patients and from 3,093 to 2,938 per 100,000 non-elective patients).

10.7 Table 9 presents waiting times information for English inpatients and outpatients, reproduced from the *Chief Executive's Report to the NHS*. This shows fairly substantial decreases in numbers experiencing long inpatient and outpatient waiting times. Waiting times are an important component of the quality of care and an ideal measure of output would take them into account. However, it might be more appropriate to use mean or median waiting times. Currently, NHS output measures do not incorporate information on such quality change.

10.8 Figure 8 presents information on the quantity of NHS written complaints over the period 1997/98 – 2002/03, although note that there is no information presented for 2001/02 and that the horizontal axis begins at 100,000. Changes in the number of written complaints may be associated with patient satisfaction with the NHS, but may

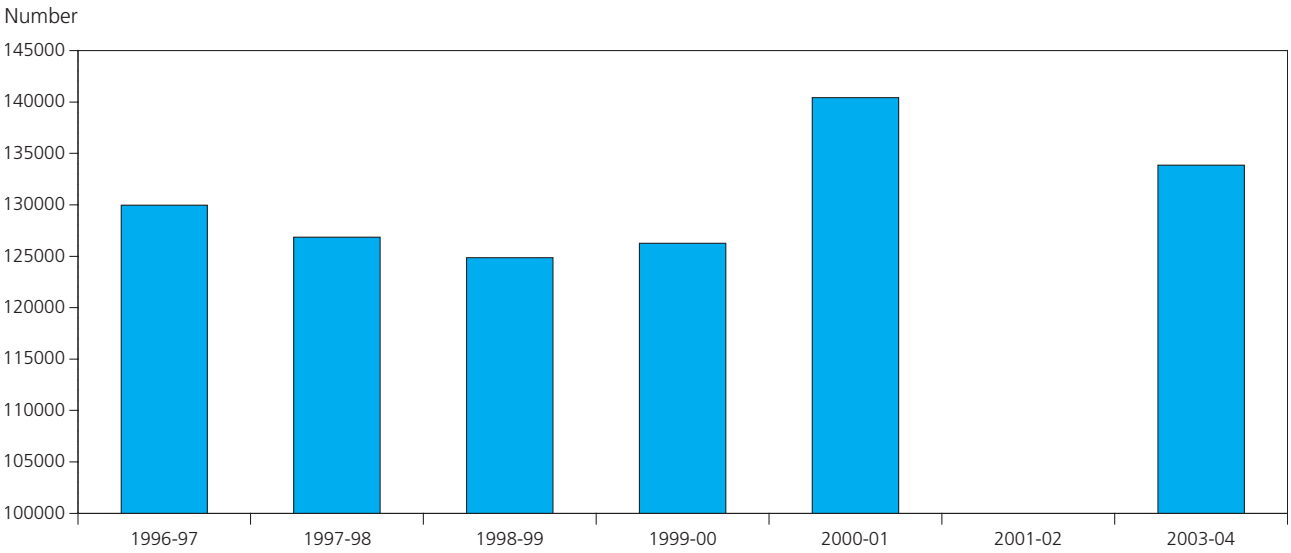
Table 9
English NHS inpatient and outpatient waiting times

Thousands

Number of people waiting:	Mar 1998	Mar 1999	Mar 2000	Mar 2002	Mar 2002	Mar 2003
For inpatient treatment						
6–8 months	192	146	138	130	141	136
9–11 months	118	84	78	72	75	53
12 months plus	67	47	48	41	22	<1
for first outpatient appointment						
13–25 weeks	196	292	263	200	191	n/a
26 weeks plus	101	144	130	80	1	n/a

Source: Department of Health

Figure 8
NHS written complaints, 1996/97–2002/03



Source: Department of Health

also be influenced by awareness of complaints procedures or of the likelihood of the complaint having an impact.

10.9 The chart shows that there were reductions in the number of written complaints over the period 1996/97 through 1998/99. A small upward change in 1999/00 was followed by a large increase the next year of 11 per cent and a decline again in 2002/03.

10.10 This section on triangulation has presented only a limited amount of information as context to the productivity estimates. Future articles will include other information that has been investigated by ONS to paint a wider picture of NHS productivity.

11 Next steps

11.1 This article has presented a first analysis of NHS productivity based on the National Accounts and has explained the limitations of the estimates due to the sources and methods used and assumptions made. In particular:

- NHS output has been calculated using a new improved methodology and better source data;
- NHS inputs have been calculated using the latest information available on current price expenditure;
- the sources and methods for deflating the current price expenditure have been improved;
- the article has presented alternatives for the treatment of some of the components of NHS inputs for example, prescription drugs;
- NHS productivity has been presented as a range of alternatives based on different sources, methods and assumptions.

11.2 Work is continuing to improve measurement of NHS inputs, output and productivity; in particular the recommendations and conclusions from the Atkinson Review of the Measurement

of Government Output and Productivity for the National Accounts are awaited.

11.3 In the immediate future, the next article in this series to focus on health will report on:

- development of the deflators used with the current price NHS input expenditure figures and the offsets to NHS inputs;
- further research into corroborating information to improve the triangulation section (proposals from readers are welcome); and
- a report on developments following the publication of final report of the Atkinson Review.

Notes

1 Writing this article has benefited from the advice of a Quality Assurance Board, chaired by John Pullinger, Executive Director of Economic and Social Reporting at ONS. Members of the Board were John Fox, Director of Statistics at the Department of Health, Peter Goldblatt, Director of Health & Care Division at ONS, Joe Grice, Executive Director of the Atkinson Review Team, Graham Jenkinson, Director of National Income and Expenditure Division at ONS, Peter Smith, University of York and Prabhat Vaze, Chief Economist at ONS. ONS gratefully acknowledges this help and assistance, and takes final responsibility for the contents of the article.

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Health expenditure by charities

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The charitable sector in the UK is large with over 180,000 registered charities in 2002 and charitable expenditure in 2001/2002 of £20.4 billion. UK charities are active in a wide range of charitable causes, including education, arts, social welfare, international aid and health.

This article describes the functional and provider breakdown of charitable expenditure on health in the UK for the calendar year 2002. The estimates have been produced as part of the UK Health Accounts project described in previous *Economic Trends* articles.

The results show that expenditure on health by charities is concentrated on long-term care and prevention and public health services.

Introduction

The Office for National Statistics (ONS) is developing Health Accounts for the UK on an experimental basis according to an internationally agreed framework of concepts, definitions, classifications and accounting rules, drawn up by the Organisation for Economic Co-operation and Development (OECD). This framework is set out in *A System of Health Accounts*, published by the OECD in 2000.

UK Health Accounts present a functional, provider and source of finance breakdown of total UK health expenditure. ONS published experimental UK Health Accounts for the financial year 1999/2000 on 27 February 2003. Estimates of total UK health expenditure include, among other things, expenditure on health by charities and religious organisations, expenditure on health in prisons, and expenditure on health by the armed forces. The February 2003 release of UK Health Accounts did not however include a detailed functional and provider breakdown for these components due to a lack of detailed sources and appropriate methodology.

This article will first describe the sources and methods employed in estimating the functional and provider breakdown of expenditure on health by charities and religious organisations in the UK and will then present estimates for the calendar year 2002. For simplicity the rest of this article will refer to charities rather than charities and religious organisations.

The estimates presented here are published on an experimental basis, as the sources and methods are new and relatively untested. ONS advises users to be cautious in drawing conclusions and to examine carefully the methods and sources used in compilation. ONS is very keen to receive comments from users as well as suggestions for improving the methods and sources in the next stage of development.

The charitable sector

The charitable sector in the UK is large with over 180,000 registered charities in 2002, total income in 2001/2002 of £20.8 billion and charitable expenditure of £20.4 billion.[1] UK charities are active in a large range of sectors, including education, arts, social welfare, international aid and health. Mintel (2003) report that, by type of charitable cause, medicine and health makes up the largest broad category, with 212 of the UK's top 500 charities in 2000.

The two largest sources of income for the charitable sector are the public sector, mainly in the form of government grants and contracts, and the general public, in the form of donations and purchases of goods and services. The National Council for Voluntary Organisations (NCVO) estimates that 37 per cent of charities' annual income comes from the public sector whilst around 37 per cent comes from the general public. The remainder of charities' income comes from private sector donations, internally generated funds and other voluntary sector organisations.

Expenditure on health by charities and religious organisations

ONS does not separately publish estimates of expenditure on health by charities but the estimate of total UK health expenditure published by ONS includes an estimate of expenditure on health by charities as one of its components. The charitable expenditure component used to estimate total UK health expenditure excludes expenditure by charities on nursing homes as this expenditure is already recorded in a separate component, non-NHS nursing care.

For the analysis presented here we are interested in the entire charitable sector and so will base our figures on charitable expenditure on health without excluding the expenditure on nursing homes. The methodology used in the 16 December 2003 release allows us to identify both charitable expenditure including and excluding expenditure on nursing homes. Table 1 below presents figures for expenditure on health by charities and religious organisations including the nursing care component.

The expenditure estimates below do not include capital expenditure, which is recorded as a separate component of total UK health expenditure, and so expenditure here is current expenditure on health rather than total expenditure on health.

Table 1
Expenditure on health by charities and religious organisations, 1997–2002

United Kingdom, £m

	Health expenditure by charities and religious organisations (£m)
1997	1,189
1998	1,244
1999	1,319
2000	1,388
2001	1,487
2002	1,515

Source: ONS, 16 December 2003 release.

The methods for compiling estimates of health expenditure by charities and religious organisations are described in detail in the methods paper accompanying the total UK Health expenditure release. This can be found at the following link:

http://www.statistics.gov.uk/healthaccounts/downloads/HealthexpendituremethodsDec2003.pdf

Sample selection

Ideally, for estimating the functional and provider breakdown of health expenditure by charities a conventional style sample should be taken, such as a random or stratified sample, from the population of all charities that finance health care. This would give a sample of charities that is representative of all charities that finance health care. However, limited information is available on this population of charities and so other methods of sampling must be used.

In order to increase the amount of information available about the population of charities a snowball sample was taken. The technique of snowball sampling is described in Box 1.

Box 1

Snowball sampling

Snowball sampling is a technique for enlarging an initial small sample of individuals in a hidden population by their reported contacts or relationships with others. As such snowball sampling is an effective way to build up a list of charities that are active in the health sector. By asking those charities already identified as financing health care to identify other charities they know about that provide similar services more information on the population can be obtained. These newly identified charities can then be asked the same question, and so on.

Although this technique is an effective way to build up a list of charities that finance health care, the problem that remains is that estimates based on snowball samples have to be treated with care as it remains unclear exactly how they relate to the total population. Snowball sampling contradicts many of the assumptions underpinning conventional methods of sampling and so the usual statistical inferences cannot be made.

The estimates of expenditure on health by charities in Table 1 above are based on three samples of the charitable sector. Two of these were from the Caritas publication of the top 3,000 charities in the UK, the third, most recently, was from a database of charity accounts compiled by the NCVO. These samples were specifically designed to estimate the proportion of expenditure by the charitable sector on health goods and services. Although the samples are no use, and indeed would not be representative, for estimating the functional and provider breakdown of expenditure they did identify around 80 charities that finance health care. Around 10 of these, due to their size, appeared in all three samples.

The number of charities identified as financing health care was increased by employing a snowball sampling technique, increasing the number of identified charities to over 100.[2] These 100 charities formed the basis of the population to be sampled for estimating the functional and provider breakdown of expenditure.

The NCVO database contains all charities with expenditure over £1 million and identifies 75 charities with expenditure over £20 million. Previous work estimating total expenditure on health by charities highlighted 16 of these 75 charities as financing health care. These 16 largest health charities formed the basis of the sample to ensure a good level of market coverage. The sample was then increased by including other charities, from the 100 identified, based on diminishing levels of expenditure, with the aim of increasing the sample to around 20–25 charities. Although this process provides a systematic approach to inclusion in the sample, with the aim

of reducing any potential bias and ensuring as high market coverage as possible, many charities presented problems in terms of data availability and so had to be excluded from the sample. The final sample consisted of 22 charities, including nine of the 16 health charities with expenditure over £20 million.

Data sources

For the 22 charities in the sample the information needed for the functional and provider breakdown of health expenditure was obtained from a combination of the following five sources:

1. copies of charity annual accounts and annual reviews
2. expenditure information provided by charities
3. information held on the NCVO database
4. information obtained from previous samples of charitable sector
5. Charity Commission website.

The main sources were the annual accounts, which provide aggregate expenditure details, and the more detailed expenditure information obtained through direct contact with charities.

Classification of health expenditure

The functional and provider breakdown of health expenditure by charities has been compiled according to the OECD's *A System of Health Accounts. A System of Health Accounts* is made up of the following three classifications of health expenditure:

1. source of finance
2. function of health care
3. providers of health care.

More information on these three classifications can be found at the following link:

http://www.statistics.gov.uk/healthaccounts/system.asp

Charities represent a unique source of finance and only the functional and provider breakdown of expenditure needs to be considered.

Most charities' annual accounts provide very detailed information on their expenditure although not enough to provide a complete functional and provider breakdown. The expenditure information in the accounts was therefore supplemented with the other sources above and in most cases by direct contact with the charities. All of the charities contacted were able to provide detailed expenditure information and where this was not possible were able to provide estimated splits over functions and providers. For example, some charities' annual accounts combine expenditure on out-patient and home care. Some charities were able to provide exact figures of the split here whilst others, due to the limitations of their reporting systems or work practises, were only able to provide an estimate of the split. In these instances the estimate of the split was used as the basis for the breakdown.

The functional and provider breakdown of expenditure for each charity was documented and discussed both internally and with external experts. International experts on Health Accounts were also consulted for some charities to get agreement on the final decision. In many cases charities also showed interest in the final breakdown of their expenditure and were asked if the breakdown was what they would have expected.

Assumptions and testing

This section describes some of the assumptions that were made in order to produce the functional and provider breakdowns of charitable expenditure on health and also outlines how these assumptions were tested for their validity.

Administration costs

Health expenditure includes the administration costs of charities and so needs to be included in the functional and provider breakdown of charitable expenditure. The way that administration expenditure is recorded by charities means that most were unable to directly link administration costs to the relevant areas of their expenditure with administration costs making up a single entry in their annual accounts. To allocate administration costs it was assumed that the distribution of these is proportional to the distribution of charitable expenditure, including any expenditure that does not form part of total health expenditure, such as international expenditure or any non-health expenditure. For example, if expenditure was split into 50 per cent curative care and 50 per cent international expenditure, admin costs were split on a 50/50 basis and then added to these two totals to get the functional and provider breakdown of expenditure. In this case the administration costs associated with the international expenditure would not form part of the final breakdown, whilst the administration costs associated with the curative care would be included, as part of expenditure on curative care.

This assumption was tested by looking more closely at the magnitude of administration costs associated with charities that finance single activities, a limited range of activities or similar activities. This process allows any patterns in the magnitude of administration costs associated with certain activities to be identified.

There was no discernible pattern in the administration costs associated with specific activities; charities that provide very similar services have very different magnitudes of administration costs relative to their total charitable expenditure and there is no consistent difference between the administration costs of charities that finance different activities. This will partly be the result of the different practises for reporting administration costs adopted by charities. In the absence of additional information the assumption above was maintained.

Adjusting for calendar year

The charities that appear in the sample have different reporting practises, with some producing annual accounts that cover a financial year and others producing annual accounts that cover a calendar year.

For those charities that publish annual accounts on a financial year basis their expenditure was adjusted to calendar year by a method of apportionment. The 2002 levels of expenditure were estimated as one quarter of those for 2001/2002 and three quarters of those for 2002/2003. The charities that we contacted were asked about this approach and all agreed that it would provide accurate results. As will be seen later, expenditure in the charitable sector is concentrated in areas such as long-term care and prevention and public health, which are less likely to be seasonal in nature than curative care.

Grossing to total UK health expenditure figures

The estimates for the functional and provider breakdown from the sample of 22 charities are grossed up to total charitable expenditure figures from the 16 December release, shown in Table 1, to get figures for total charitable expenditure. The inclusion of the largest charities in the sample reduces the size of the grossing factor by covering a higher proportion of total expenditure.

Exclusion of charities from sample

Some charities provide services that are unique and so not provided by any other charities in the UK. Where it was possible to identify such charities in the sample these charities were excluded from the functional and provider breakdown and their expenditure was subtracted from total charitable expenditure on health before grossing up. The expenditure of these charities was then added back in under the appropriate function and provider categories. This method ensures that their contribution to the functional and provider breakdown is not exaggerated, as the grossing factor is not applied to their expenditure.

Quality assurance

The estimates of the functional and provider breakdown of expenditure have been quality assured to ensure their consistency with *A System of Health Accounts* and also to ensure that the methodology being used is appropriate. Experts within ONS have been consulted and some of this work has included international consultation with recognised Health Accounts experts who are involved in implementing *A System of Health Accounts* in their respective countries.

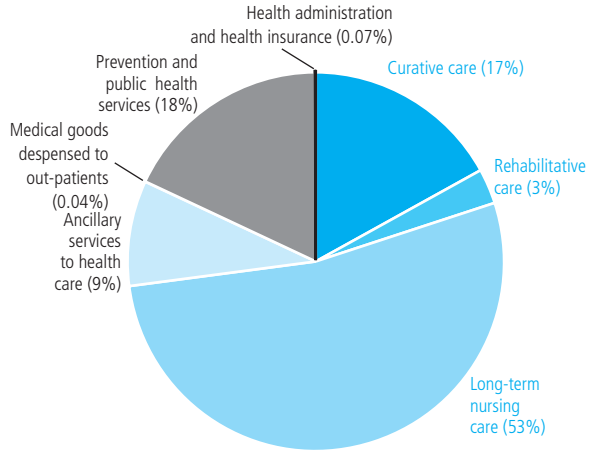
Many of the charities in the sample showed interest in the final breakdown of their expenditure and so have been consulted on the final figures used for the functional and provider breakdown. This process highlighted any possible errors or misunderstanding of the information they provided.

Results

Figures 1 and 2 show the functional and provider breakdowns of charitable expenditure on health respectively. The functional and provider classification in *A System of Health Accounts* has three levels of disaggregation but only the first levels of disaggregation are presented here as these are the most interesting and are also more reliable, requiring less detailed expenditure data. For a full split of expenditure to the third level of disaggregation see Tables A1 and A2 in the appendix.

Figure 1
Charitable expenditure on health by function, 2002

United Kingdom



Source: Office for National Statistics

Figure 1 shows that health expenditure by charities is concentrated in areas of long-term nursing care, prevention and public health services, curative care and ancillary services to health care. The levels of expenditure on medical goods to out-patients, rehabilitative care and health administration is small in comparison to the other functions. The largest amount of expenditure is on the function long-term nursing care, accounting for just over half of all charitable expenditure on health. This expenditure covers various types of long-term nursing care including in-patient stays in nursing homes, long-term care provided by hospices and long-term care provided in patients' homes. Table A1 in the appendix shows the breakdown of long-term nursing care by mode of production, that is, the breakdown over in-patient, day cases and home care. Over half of charitable expenditure on long-term care is in-patient long-term care. In-patient care is generally more expensive than day case or home care and so this may not translate into a similar picture for patient numbers.

Curative care, accounting for around a sixth of expenditure, is predominantly associated with GP and specialist consultations, for example diagnosis of cancer, epilepsy or mental illness, and with procedures relating to sexual health such as sterilisation or abortion. It also includes activities such as paramedical mental and substance abuse therapy, speech therapy, training for the blind and diagnostics physical therapy.

Prevention and public health covers services that are designed to enhance the health status of the population rather than repair health dysfunction. Such services must be provided under a clearly distinguished programme, such as an anti-smoking campaign or a health education campaign. Just under one-fifth of expenditure falls under this function, covering expenditure on vaccination programmes, the provision of advice to patients and other campaigns to promote healthy living. Many charities provide such services via the publication of leaflets offering medical advice, through advice distributed via the internet and through direct contact with medical experts.

Ancillary services to health care covers expenditure on clinical laboratory procedures, such as physical and chemical tests, diagnostics imaging and patient transport. This function covers around a tenth of total charitable expenditure on health and from Table A1 in the appendix it can be seem that nearly all of this expenditure is on patient transport.

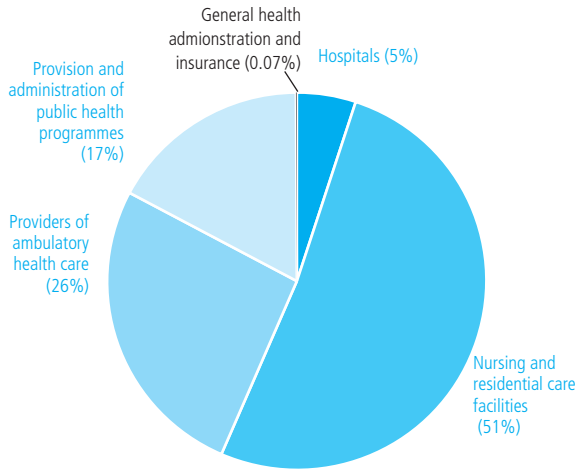
The small amount of expenditure on the health administration and insurance function is the administration costs of charities that provide grants to other charities and organisations that then purchase health goods and services.

Charitable expenditure by provider for 2002 is shown in Figure 2. The breakdown of charitable expenditure by providers is done on a majority principle. Some providers offer a wide variety of health care goods and services and where this is the case the major activity is the one that determines the provider for the breakdown of charitable expenditure. For example, a hospital may contain an out-patient unit but if this is not identified as a separate provider any expenditure associated with it will be included in the expenditure of the hospital.

Figure 2 shows that around half of expenditure goes to providers of nursing and residential care facilities. This is not surprising with a high level of expenditure on long-term care, which is usually provided by nursing and residential care facilities, whether it is on an in-patient, day case or home care basis. Only when a separate unit that provides home care can be identified will the provider be classified as a provider of ambulatory health care.

Figure 2
Charitable expenditure on health by provider, 2002

United Kingdon



Source: Office for National Statistcs

Hospitals are the provider for around five per cent of total expenditure by charities on health. As will be seen from Table 2 below, hospitals provide some of the curative care that was identified in the functional breakdown specifically providing activities such as GP and specialist consultations.

The providers of ambulatory care, accounting for about a quarter of expenditure, include providers such as patient transport, out-patient care centres and also providers of home health care services. Table A2 in the annex shows that these three types of provider account for most of the expenditure with out-patient care centres accounting for the majority. These out-patient care centres provide both curative and long-term care.

Table 2
Charitable expenditure on health by function and provider, percentage of total, 2002

United Kingdom, per cent

	Curative care	Rehabilitative care	Long-term nursing care	Ancillary services to health care	Medical goods dispensed to out-patients	Prevention and public Health services	Health administration and health insurance	**Total**
Hospitals	*5*	*0*	*0*	*0*	*0*	*0*	*0*	*5*
Nursing and residential care facilities	*1*	*3*	*46*	*1*	*0*	*0*	*0*	*51*
Providers of ambulatory health care	*11*	*0*	*7*	*8*	*0*	*1*	*0*	*26*
Retail sale and other providers of medical goods	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Provision and administration of public health programmes	*0*	*0*	*0*	*0*	*0*	*17*	*0*	*17*
General health administration and insurance	*0*	*0*	*0*	*0*	*0*	*0*	-	-
Other industries (rest of the economy)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total	*17*	*3*	*54*	*9*	*0*	*18*	-	*100*

Source: Office for National Statistics

For the charitable sector the provision and administration of public health programmes is those providers whose main activities are covered by the function of prevention and public health services as described above. The functional and provider breakdowns are not equal here as some providers have expenditure on the function of prevention and public health services but their provider classification is different.

The providers of general health administration and insurance refers to charities that are mainly providers of grants to other charities and organisations.

The provider classification also includes other industries (rest of the economy), Retail sale and other providers of medical goods, but expenditure going to these types of providers has not been identified and so the categories are excluded from Figure 2.

Table 2 shows the breakdown of health expenditure by charities into both function and provider.

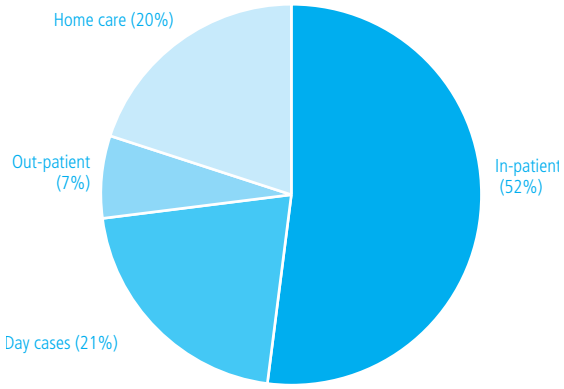
The majority of expenditure, about 46 per cent, is on long-term care provided by nursing and residential care facilities with the second largest amount of expenditure, around 17 per cent, on prevention and public health services provided by providers and administrators of public health programmes. There are a large number of zero entries in Table 2 showing that the different health functions tend to be associated with certain providers.

Figure 3 shows the mode of production breakdown of total expenditure on health by charities, that is, the split over in-patient, day case, out-patient and home care.

In *A System of Health Accounts* the mode of production is contained within the functional classification. Table A1 in the annex provides details of the mode of production classification based on *A System of Health Accounts*. This mode of production classification is not exhaustive and so for UK purposes we produce a separate mode of production classification. Figure 3 present the results of this separate classification.

Figure 3
Charitable expenditure on health by mode of production, 2002

United Kingdom



Source: Office for National Statistics

It should also be noted that the mode of production classification does not correspond to total UK health expenditure by charities as some of the expenditure is on activities for which no mode of production can be allocated. The expenditure that is excluded is expenditure on ancillary services such as patient transport and diagnostic imaging and prevention and public health services for which there is no appropriate mode of production.

In-patient is the main mode of production, this is due to the large amount of long-term care that is provided on an in-patient basis and the high cost of this relative to out-patient long-term care. Home care is large in the charitable sector accounting for around one-fifth of expenditure.

Experimental UK Health Accounts

The functional and provider breakdown of expenditure on health by charities is very different from the functional and provider breakdown of total UK health expenditure presented in the 27 February 2003 release of UK Health Accounts for the financial year 1999/2000. In this release it was estimated that only one per cent of expenditure was on ancillary services, six per cent on long-term nursing care, and two per cent on prevention and public health. The provider classification was also very different from that for the charitable sector presented here with around 58 per cent hospitals and only about three per cent residential and nursing care facilities.

The figures for charitable expenditure show that health expenditure by the charitable sector has a very different functional and provider breakdown to total health expenditure. The functional and provider breakdown for total UK health expenditure is strongly driven by public sector expenditure where curative care provided in hospitals is the dominant activity. The results here suggest that this is not the case for the charitable sector.

Acknowledgements

The author would like to thank all those charities that participated in the sample and kindly provided copies of their annual accounts, detailed expenditure data and further information on their activities.

Notes

1. As estimated by the National Council for Voluntary Organisations (NCVO) in their 2004 *Voluntary Sector Almanac.*
2. The number of identified charities only went up by just over 20 because many of the charities identified by the snowball sample had already been identified from previous samples.

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Appendix

The three levels of dissagregation are presented as 1, 2 and 3-digit functions consistent with *A System of Health Accounts*. To save space only those functions and providers where expenditure has been identified are included. For a full list of possible functions and providers see *A System of Health Accounts*.

Table A1

Charitable expenditure on health by function, £m and percentage of total, 2002

United Kingdom

1-digit function	2-digit function	3-digit function	Expenditure (£m)	Percentage of total
HC.1 Services of curative care	HC.1.1 In-patient curative care	No 3rd digit	76	*5*
	HC.1.2 Day cases of curative care	No 3rd digit	141	*9*
	HC.1.3 Out-patient curative care	HC.1.3.1 Basic medical and diagnostic services	18	*1*
		HC.1.3.9 All other out-patient curative care	19	*1*
HC.2 Services of rehabilitative care	HC.2.1 In-patient rehabilitative care	No 3rd digit	27	*2*
	HC.2.2 Day cases of rehabilitative care	No 3rd digit	13	*1*
HC.3 Services of long-term nursing care	HC.3.1 In-patient long-term nursing care	No 3rd digit	477	*32*
	HC.3.2 Day cases of long-term nursing care	No 3rd digit	107	*7*
	HC.3.3 Long-term nursing care: home care	No 3rd digit	226	*15*
HC.4 Ancillary services to health care	HC.4.2 Diagnostic imaging	No 3rd digit	1	-
	HC.4.3 Patient transport and emergency rescue	No 3rd digit	116	*8*
	HC.4.9 All other miscellaneous ancillary services	No 3rd digit	14	*1*
HC.5 Medical goods dispensed to out-patients	HC.5.1 Pharmaceuticals and other medical non-durables	HC.5.1.1 Prescribed medicines	0	*0*
		HC.5.1.3 Other medical non-durables	1	-
HC.6 Prevention and public health services	HC.6.1 Maternal and child health	No 3rd digit	12	*1*
	HC.6.4 Prevention on non-communicable disease	No 3rd digit	265	*18*
HC.7 Health administration and health insurance	HC.7.2 Health administration and health insurance	HC.7.2.3 Health administration of charities	1	-
Total			**1,515**	***100***

The classification HC.7.2.3 is an additional national classification and is not part of the classification system in A System of Health Accounts.

Source: Office for National Statistics

Table A2

Charitable expenditure on health by provider, £m and percentage of total, 2002

United Kingdom

1-digit provider	2-digit provider	3-digit provider	Expenditure (£m)	Percentage of total
HP.1 Hospitals	HP.1.1 General Hospitals	No 3rd digit	74	*5*
HP.2 Nursing and residential care facilities	HP.2.1 Nursing care facilities	No 3rd digit	716	*47*
	HP.2.2 Residential mental retardation, mental health and substance abuse facilities	No 3rd digit	63	*4*
HP.3 Providers of ambulatory care	HP.3.1 Offices of physicians	No 3rd digit	11	*1*
	HP.3.4 Out-patient care centres	HP.3.4.1 Family planning centres	156	*10*
		HP.3.4.5 All other out-patients multi-speciality and co-operative service centres	29	*2*
	HP.3.6 Providers of home care services	No 3rd digit	89	*6*
	HP.3.9 Providers of all other ambulatory health care services	HP.3.9.1 Ambulance services	115	*8*
HP.5 Provision and administration of public health programmes	No 3rd digit	No 3rd digit	261	*17*
HP.6 General health administration and insurance	HP.6.9 All other providers of health administration	No 3rd digit	1	-
Total			**1,515**	***100***

Source: Office for National Statistics

Measuring government health services output in the UK national accounts: the new methodology and further analysis

Alwyn Pritchard
Office for National Statistics

The UK National Accounts estimates released on 30 June were compiled using more comprehensive information and much greater transactional detail than had been available before on the volume and cost of government health services. This change brought about a substantial improvement in the quality of the government healthcare output estimates contained in the National Accounts. This article gives information on the new data sources and the computation methods used. It also explains in detail what caused these new estimates to differ from the figures published previously.

1. Background and introduction

1.1 The UK National Accounts estimates released on 30 June 2004[1] were compiled using more comprehensive information and much greater transactional detail than had been available before on the volume and cost of government health services. This change brought about a substantial improvement in the quality of the government healthcare output estimates contained in the National Accounts. These estimates were produced as a collaborative project between the Department of Health, the Atkinson Review team[2] and Office for National Statistics (ONS) staff and have been subjected to ONS's quality assurance procedures.

1.2 From the new information available, it was possible to compute both annual and quarterly estimates from 1995 onwards. The new estimates therefore affected the growth rate of GDP from 1996. The first line of Table 1 below shows the growth rate of government healthcare annual output derived from the last dataset based on the old method, which was published in May 2004. The second line shows the estimates on the new method which were published in June 2004. The third line of Table 1 shows estimates based on the new method but with some refinements; these are explained in detail in paragraph 1.5 and affect only the earlier years. These refined estimates form the basis of the analysis in this article.

1.3 Table 2 shows the quarterly growth rates on the new basis for the past two years: these are not affected by the changes explained in paragraph 1.5.

Table 1
General government final consumption on health care, chained volume measure: annual growth

Per cent

Dataset:	1996	1997	1998	1999	2000	2001	2002	2003
May 2004	*2.6*	*2.3*	*2.6*	*2.1*	*0.9*	*1.9*	*2.6*	*2.6*
June 2004	*3.9*	*1.3*	*1.8*	*3.1*	*3.0*	*4.2*	*4.1*	*4.1*
October 2004	*2.9*	*1.5*	*1.8*	*3.2*	*3.0*	*4.2*	*4.1*	*4.1*

Table 2
General government final consumption on health care, chained volume measure: growth on same quarter in previous year

Per cent

Dataset:	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2
October 2004	*4.8*	*3.4*	*4.7*	*3.1*	*4.3*	*5.8*	*5.8*	*5.4*

1.4 A note published on 30 June[3] explained that incorporating the revised health output estimates into the National Accounts led to revisions to the growth rate of the General Government final consumption expenditure chained volume measure: for 2003, it contributed 0.5 of the 1.6 per cent revision and, for 2002, 0.5 of the 1.3 per cent revision. It also contributed 0.1 of the 0.2 per cent revision to GDP in 2002; in 2003, it contributed the same amount despite GDP growth not being revised in that year that is, there were offsetting downward revisions elsewhere in the accounts. These figures are unchanged by the latest refinements to the output estimates.

1.5 ONS is constantly working to maintain and improve the reliability of the National Accounts and, to this end, uses better data sources when their suitability for this purpose is proven. Revisions which affect several years are usually brought into the accounts when the June dataset is published. In this case, the revisions resulted from the availability of more comprehensive information than was available when the original healthcare output measure was introduced into the National Accounts in 1998. Since the compilation of the June dataset, the Atkinson Review team and ONS have continued work on estimating health services output. The output estimates used in this article incorporate improvements to sources and methods, reflecting the latest available figures and best practice. These will be considered for inclusion in the National Accounts in due course, in accordance with the National Accounts Revisions Policy. These improvements are:

(i) the method for weighting together prescription drugs and dental output with other output is now based solely on public expenditure on these items; previously it was based on total expenditure including patient expenditure on prescription charges and on dental treatment; and

(ii) the method for linking the series produced using the new and previous methodologies – the former provides figures from the second quarter of 1995 – now incorporates an appropriate treatment for the different seasonal patterns in the two series.

1.6 Sections 3, 4 and 5 below examine the differences between the original and the new approaches and explain in detail what caused the revisions to the results. The Appendix describes the data sources used and illustrates how both sets of calculations were carried out.

Government health services output and GDP

1.7 Two areas of the National Accounts are affected by the changes: the table numbers below refer back to the 30 June Quarterly National Accounts First Release.[1]

- Gross Value Added chained volume measures at basic prices (Tables B1 and B2). The affected series in Table B1 is *Government and Other Services* and in the more detailed Table B2, *Health and Social Work*.
- Gross Domestic Product by category of expenditure: chained volume measures (Table C2). The affected component is final consumption expenditure of general government. Also affected are the healthcare components of these series which are published in *United Kingdom National Accounts: the Blue Book*, Table 6.5, Individual consumption expenditure by households, NPISH and general government, chained volume measures: line 14.1 Health.

1.8 The following components of the National Accounts are affected by the revisions:

- In Table B1, the affected component represents the gross value added of government healthcare measured in volume terms. The Gross Value added measure of GDP sums the value each producing unit adds to its purchases: in money terms, this is approximately equal to the value of the wages, salaries and benefits of staff. Therefore, a hospital nurse's work is part of its value added; a bought-in pharmaceutical product is not.
- In Table C2, the affected component represents government final consumption expenditure on healthcare measured in volume terms. GDP (Expenditure) is the sum of all final expenditures in the economy: that of households, government and capital expenditure. In the case of healthcare, it measures the goods and services provided by government for the account of the household sector, whether they are produced by government or bought in. This series is sometimes referred to as government healthcare gross output.

2. Measuring the volume of government output

2.1 In the UK, government provides a comprehensive health care service funded from general taxation. The services provided are free of charge at the point of delivery except where patients are liable to pay for prescriptions or for dental treatment. Looking at this in a national accounting framework,

we observe inputs of goods, services and labour paid for by government being brought together to create outputs. The value added by the labour to these goods and services becomes a component of the Gross Value Added measure of GDP. The expenditure on all the inputs together is a component of the Expenditure measure, GDP(E). These expenditures are shown in the national accounts as being consumed by government – but for the benefit of individuals: they are labelled 'Final Individual Consumption of General Government' in *Blue Book* Table 6.4[4] where the health component is separately identified. The remainder of the article will focus on the construction of volume measures which result from government expenditure on healthcare.

2.2 There are international guidelines on how to measure the volume of output and the growth in output: these apply to both the value added and the expenditure measures of GDP. Measuring volume growth in identical items is simple: growth reflects the extra number of items produced. Measuring output growth in a service industry with many diverse outputs is more complex and requires the items produced to be grouped into different categories, each of which is as homogeneous as possible. Growth in overall output volume is to be measured as the average of the growth in the quantities produced in each category. In arriving at this average, the growth for each item 'must be weighted by their economic importance as measured by their values …'.[5] The advantage of such a weighting is that the relative prices of different items reflect both their relative costs of production and their relative utilities to purchasers. Under this system, growth in overall output may be expected to track growth in overall utility. These general principles for measuring the volume of output apply not only to market output – where value can be measured using prices paid: they also apply to non-market output in which case the guidelines allow value to be represented by the costs of production.[6]

2.3 In the case of healthcare, the set of homogeneous items can include such outputs as carrying out a specified operation, providing nursing care to a particular standard, diagnosing an illness, and supplying a specified medicine to cure or alleviate a condition. Activities of this type are relatively easy to observe, to count and to cost. But a volume output measure should ideally reflect observed variations in the quality or effectiveness of the output – over time and between locations. Taking the weighted average of the growth in the quantities produced is, at the moment, the only practical method of measuring government healthcare output. The methods used to obtain the results quoted in this article do not reflect quality change. To that extent, the methods and results described in this article are incomplete and possibly biased. Efforts to overcome this are continuing and the Atkinson Review has been asked to address this issue.[2]

2.4 To illustrate the construction of an output volume measure, a simple example, using realistic data, is presented in Table 3. On average, a knee replacement costs nearly £5,000 and a varicose vein procedure less than £1,000. As each of these outputs is currently assumed to contribute to utility in proportion to its cost of production, we calculate output by giving each knee replacement a weight of five times each varicose vein procedure. The calculation of overall output and output growth in Table 3 therefore reflects both the numbers of items produced and their unit costs. The data show that numbers of the expensive knee replacement treatments have increased by 15.1 per cent while the volume of the

Table 3
Approaches to measuring output

Illustration of detailed calculation (method used from June 2004):

Categories of treatments and activities	Year 1 Unit cost £	Year 1 expenditure £ million	Year 1 expenditure shares	Year 1 activities	Year 2 activities	Index 1999/2000	Index 2000/01	Percentage growth 2000/01
Knee replacement	4,785	165.9	0.833	34,662	39,902	100	115.1	*15.1*
Varicose vein procedures	835	33.3	0.167	39,923	42,150	100	105.6	*5.6*
Total		**199.2**	**1.000**	**74,585**	**82,052**	**100**	**113.5**	***13.5***

Illustration of unweighted calculation (method used before June 2004):

Total				**74,585**	**82,052**	**100**	**110**	***10.0***

The data sources used are described in the Appendix.

cheaper activity has gone up by 5.6 per cent. Taking account of both the incidence and the cost of each of these, overall output increased by 13.5 per cent. That is the basis used in this article to add together healthcare activities: it accords with the international guidelines. This approach replaces a cruder method used before June 2004 in which the numbers produced of inpatient and day case treatments – clearly a heterogeneous group of items – were added together, with each one having an equal weight: that approach shows a lower increase (10 per cent) in the table below because it takes no account of the fact that the more expensive treatment was the one growing faster.

3. Summary comparison of the original and revised government health output series

3.1 Table 1 above shows that the revised (October 2004) series grew faster over the period than the original (May 2004) series. The latter slowed almost to a standstill in 2000; thereafter, the growth shown is mainly based on extrapolation as data were not available for 2002 and 2003 when the May 2004 series was computed. The revised series grows more slowly at the outset but with consistent and generally accelerating growth thereafter; annual growth has been above four per cent since 2001.

Influences on the original series

3.2 Movements in the original series are driven mainly by the inpatient and day cases series because this has a weight of 65 per cent in the calculation (see Appendix Table 1). It is the slowdown in the growth of inpatients treated which led to the growth in the overall series slowing down markedly in 2000 and 2001.

Figure 1
Government healthcare output: original and revised

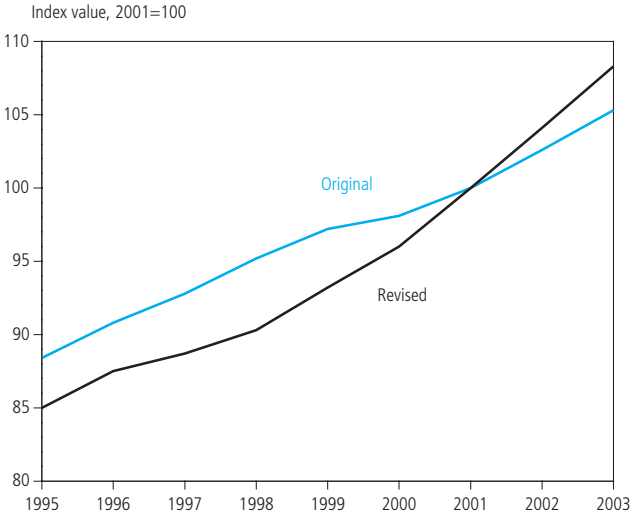

Table 4
Government healthcare output: volume growth in selected categories and total

Per cent
(Revised methodology used from June 2004)

	1998/99	1999/00	2000/01	2001/02	2002/03	2001/02 weights
Inpatients	4.3	3.9	3.6	2.8	3.0	*0.32*
Outpatients	1.4	2.3	1.4	2.3	4.6	*0.11*
NHS Direct†	..	1526.0	113.0	61.1	13.4	*0.0023*
Contacts with GPs	–7.9	0.7	–1.1	1.1	10.3	*0.12*
GP prescribing	5.0	5.0	6.3	7.5	8.0	*0.17*
All categories	1.9	3.4	3.0	4.4	4.2	*1.00*

† including NHS Online and Walk-in centres.

Influences on the revised series

3.3 The revised output series is derived from over 1,300 component data series. But these can be aggregated into much the same categories as in the original series, for example, inpatients, GP consultations. This gives results which differ from the original series for several reasons. Table 4 shows the growth rate of the main categories, as computed by this method, and the total. They are quoted in financial years (ending in March) as the basic source data is in that format.

3.4 From this table, it is clear that Inpatients, with over 30 per cent of the overall weight, has a large influence on the overall volume growth. NHS Direct – a service introduced in stages from March 1998 – has experienced faster growth than any other category. But as it has a very small weight (reflecting its low overall costs), its contribution to overall volume growth is very small in comparison. These factors show up in Table 5 which reveals the contributions these different components make to the overall output growth rate.

Table 5
Government healthcare output: total volume growth and the main contributors to it

(Revised methodology used from June 2004)

	1998/99	1999/00	2000/01	2001/02	2002/03
Main contributors:	**Contributions:**				
Inpatients	*1.8*	*1.5*	*1.4*	*1.0*	*0.9*
Outpatients	*0.2*	*0.3*	*0.2*	*0.3*	*0.4*
Mental health	*	*	*	*0.8*	*0.3*
Critical care	*	*	*0.2*	*0.6*	*0.0*
NHS Direct†	*	*0.1*	*0.1*	*0.2*	*0.1*
Contacts with GPs	*–1.2*	*0.1*	*–0.2*	*0.2*	*1.1*
GP prescribing	*0.8*	*0.9*	*1.1*	*1.3*	*1.2*
Other categories	*0.3*	*0.4*	*0.1*	*0.2*	*0.2*
Total growth (per cent)	***1.9***	***3.4***	***3.0***	***4.4***	***4.2***

** In part, included with other categories and, in part, not measured.*
† including NHS Online and Walk-in centres.

4. Why the original and revised series differ

4.1 The overall growth rate of any category reflects the growth in its component parts. But how we measure those components can affect the result. The original (May 2004) method counted treatments performed in each of 16 categories to produce annual activity totals. Within any category – inpatients, for example – different types of treatments were added up irrespective of the fact that some types cost much more than others. The changes in overall output growth was calculated as the weighted average of growth in the components. This is illustrated in Appendix Table 1.

4.2 An alternative approach – argued in paragraph 2.4 above to be more realistic – is to make each category more homogeneous by having a greater number of them. As already shown in paragraph 2.4, this approach may give a different result depending on the circumstances. In the sample calculation which examined the knee replacement and varicose vein procedures, growth calculated at the detailed level was higher than growth in the count of treatments; this was because the more expensive treatment was growing faster. If the cheaper treatment had grown faster, the raw count of treatments would be an overestimate. In conclusion, a more meaningful result is obtained by performing the calculation using the largest possible number of separate categories and where each category is as homogeneous as possible.

4.3 There are other reasons why the original and the revised series diverge. They do not cover exactly the same activities. The revised series contains a wider range of activities and that tends to lower the weights of those activities which were in the coverage of the original series. Comparing the two series for 2000/01, the latest year for which actual data were available, shows that inpatients had a weight of 43 per cent in the original but 38 per cent in the revised series.

5. Attributing the revisions

5.1 A higher weight for GP prescribing (a high growth area) and the lower weight of inpatients (a lower growth activity) – are by themselves sufficient to generate some of the higher growth in the revised series. Carrying out the output growth calculation in a more detailed way – as explained in paragraph 4.2 – has also played a part. These issues are examined in more detail below followed by an assessment of the contribution of each factor to the revision in the growth rate.

5.2 The component series can be examined to gain a better understanding of how much difference the more detailed weighting makes. The next few tables show the impact of this change. The first line in each table shows the growth rate of the count of activities, for example, number of prescriptions: this is the basis of the original measure as published in the May 2004 dataset. The second line – output volume – reflects growth in prescribing but in a way that gives more weight to more expensive items and vice versa. This is a more sophisticated measure which reflects the idea that an expensive product represents more output than an inexpensive one. It is the basis used in the October 2004 dataset. Growth in the average unit costs at constant prices is computed by taking the average unit cost of each item and revaluing these to the price level of the base year. It is a measure of cost but with the effect of price change taken out.

General practitioner prescribing

Figure 2
Volume of General Practitioner prescribing

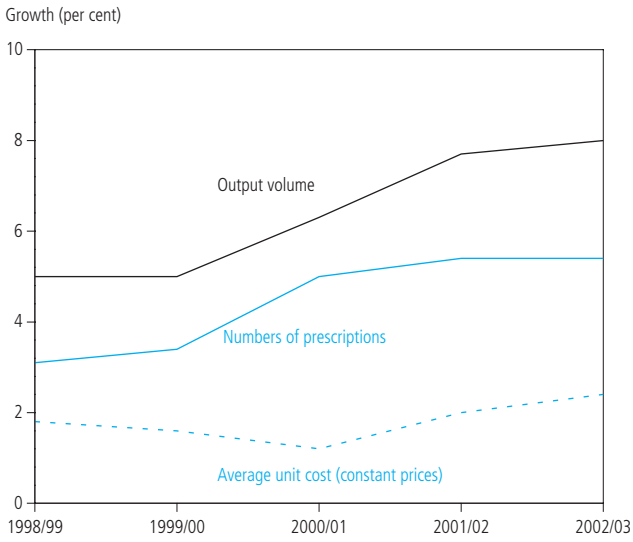

Table 6
General Practitioner prescribing

Percentage

Percentage growth in:	1998/99	1999/00	2000/01	2001/02	2002/03
Numbers of prescriptions	*3.1*	*3.4*	*5.0*	*5.4*	*5.4*
Output volume	*5.0*	*5.0*	*6.3*	*7.7*	*8.0*
Average unit cost (constant prices)	*1.8*	*1.6*	*1.2*	*2.0*	*2.4*

5.3 For GP prescribing, growth in output volume has been consistently higher than growth in the simple count of prescriptions: this is because, over time, the mix of products has moved towards the more expensive types, generally newer drugs which are considered more clinically effective. Corroboration of this trend can be seen in the third line in the table. This shows growth in average unit cost expressed at constant prices, that is, a unit cost which reflects only the change in the composition of the basket and which has been adjusted to exclude price changes in the individual items.

Inpatients

5.4 The trend over the period shows a fall in the year on year growth in the number of inpatient episodes accompanied by a much less marked decline in output volume growth. The divergence in these trends reflects a gently increasing average unit cost (measured at constant prices). Against this background, the increase in inpatient treatments in 2000/01 was exceptional: this was driven by more elective treatments at the lower end of the cost scale.

Table 7
Hospital inpatients and day cases

Percentage growth in:	1998/99	1999/00	2000/01	2001/02	2002/03
Numbers of episodes	*4.7*	*3.9*	*5.0*	*2.0*	*2.5*
Output volume	*4.3*	*3.9*	*3.6*	*2.8*	*3.0*
Average unit cost (constant prices)	*–0.4*	*0.0*	*–1.4*	*0.8*	*0.5*

Figure 3
Hospital inpatients and day cases

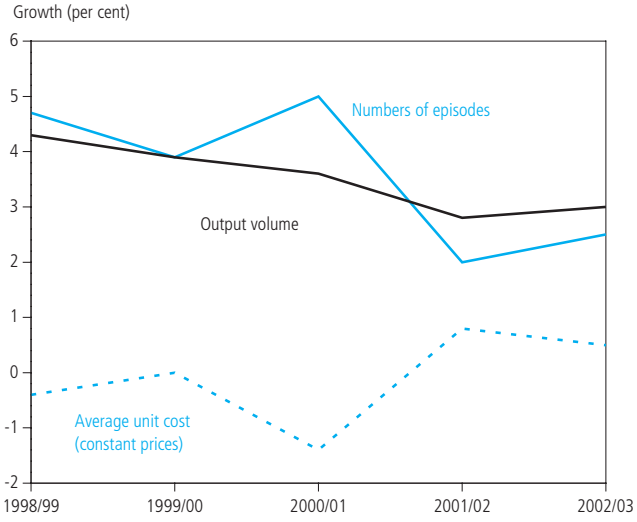

Figure 4
Hospital inpatients and day cases – elective

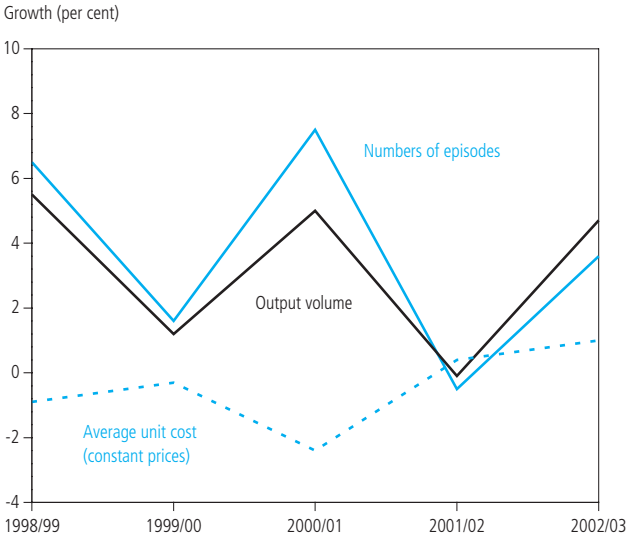

Table 8
Hospital inpatients and day cases - elective

Percentage growth in:	1998/99	1999/00	2000/01	2001/02	2002/03
Numbers of episodes	*6.5*	*1.6*	*7.5*	*–0.5*	*3.6*
Output volume	*5.5*	*1.2*	*5.0*	*–0.1*	*4.7*
Average unit cost (constant prices)	*–0.9*	*–0.3*	*–2.4*	*0.4*	*1.0*

General Practitioner contacts

5.5 As explained in the discussion of data sources in the Appendix, the information source for contacts with general practitioner services is not ideal as an accurate picture of year to year changes. The figures used in the output measure show a recovery from the declining or very low growth in activity and output measured before 2001/02. However, it is only in 2002/03 that volume growth is higher than the count of activities carried out. The mix of work covered comprises home visits, telephone consultations, surgery consultations, consultation in a clinic and consultation with a practice nurse. Some of these – a home visit for example – are more expensive than others, hence the difference between activity growth and volume growth. The sharp fall in output in 2000/01 reflects a sharp drop in home visits.

Figure 5
General Practitioner services

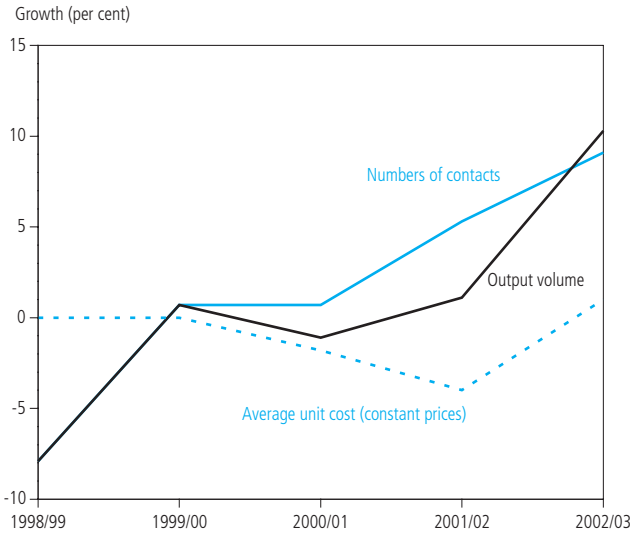

Table 9
General practitioner services

Percentage growth in:	1998/99	1999/00	2000/01	2001/02	2002/03
Numbers of contacts	*–7.9*	*0.7*	*0.7*	*5.3*	*9.1*
Output volume	*–7.9*	*0.7*	*–1.1*	*1.1*	*10.3*
Average unit cost (constant prices)	*0.0*	*0.0*	*–1.8*	*–4.0*	*1.0*

Hospital outpatients

5.6 Output volume growth has been slightly higher than the simple count of activities in most years as the table below shows. This is reflected in the moderate growth in average unit costs expressed at constant prices, indicating a shift to more expensive treatments, probably including treatments which, in earlier years, had been performed in the inpatient setting.

Figure 6
Hospital outpatients

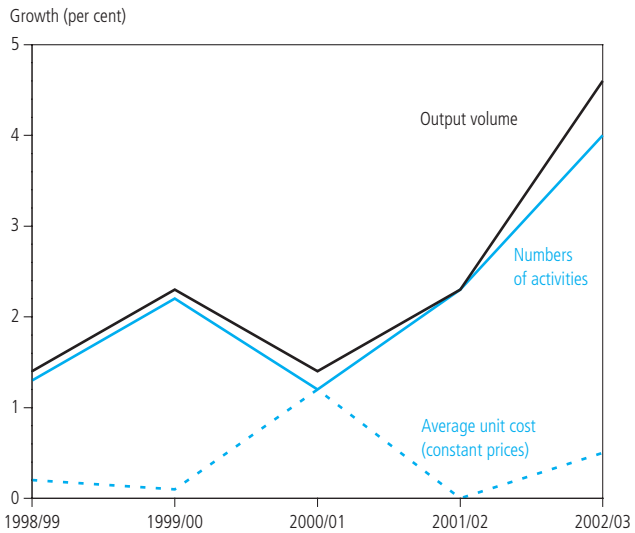

Table 10
Hospital outpatients

Percentage growth in:	1998/99	1999/00	2000/01	2001/02	2002/03
Numbers of activities	*1.3*	*2.2*	*1.2*	*2.3*	*4.0*
Output volume	*1.4*	*2.3*	*1.4*	*2.3*	*4.6*
Average unit cost (constant prices)	*0.2*	*0.1*	*1.2*	*0*	*0.5*

6. More detailed analysis

6.1 Inpatients is the category with the highest weight. It is possible to show the growth coming from its constituent parts which are based largely on the diagnosis codes associated with the International Classification of Diseases. The table below shows these sub-categories. In the year 2002/03, the highest growth was in Musculoskeletal System treatments (such as knee and hip replacements) and Endocrine and Metabolic treatments (such as diabetes and thyroid treatments).

Table 11
Government healthcare output: volume growth in Inpatients: by sub-categories

Percentage	2002/03
Chapter A : Nervous System	*2.9*
Chapter B : Eyes & Periorbita	*4.6*
Chapter C : Mouth, Head, Neck & Ears	*0.3*
Chapter D : Respiratory System	*3.8*
Chapter E : Cardiac Surgery & Primary Cardiac Conditions	*4.8*
Chapter F : Digestive System	*2.9*
Chapter G : Hepato-biliary & Pancreatic System	*5.6*
Chapter H : Musculoskeletal System	*7.1*
Chapter J : Skin, Breast & Burns	*2.0*
Chapter K : Endocrine & Metabolic System	*7.1*
Chapter L : Urinary Tract & Male Reproductive System	*2.5*
Chapter M : Female Reproductive System	*–1.8*
Chapter N : Obstetrics & Neonatal care	*0.7*
Chapter P : Diseases of Childhood	*–1.4*
Chapter Q : Vascular System	*–0.3*
Chapter R : Spinal Surgery & Primary Spinal Conditions	*6.4*
Chapter S : Haematology, Infectious Diseases, Poisoning & Non-Specific Groupings	*–0.7*

7. Taking stock: the new and old approaches compared

7.1 The original measure was deemed to be suitable for purpose when it was set up in the late 1980's. It was used to brief Parliamentary Select Committees for many years.[7] However, the increased spotlight on health care output, particularly following sharp increases in spending, required a method and data sources which were more responsive in tracking the fast changing output profile of the NHS. It was also apparent that the original measure would fail to qualify as a permitted approach for compiling National Accounts under new EU rules which come into force

in 2006.[8] Among the deficiencies of the original measure were the following:

- It was dominated by one category of output: inpatients and day cases. This accounted for about 65 per cent of all the spending covered by the index. Within each category, an activity has the same weight: in the inpatients category, a complex and necessarily resource intensive transplant operation and a routine cataract operation each add the same amount to output. It follows that, if the mix of treatments changed, there was a serious risk that the resource intensity of the new mix would not be reflected in output as measured by this simple approach.
- It did not adequately cover the UK, which is the scope of the national accounts. The index related mainly to England which accounts for about 82 per cent of UK government health spending.
- The original measure was available only for financial years (ending in March). As quarterly estimates were needed to produce the national accounts, these had to be estimated using statistical techniques. (It has since been recognised that the health output series is highly seasonal, something that had not featured in the national accounts when only annual data were available.)
- The delay in obtaining the values of the original measure was roughly two years. This meant that, with reference to the table in the opening paragraph, the last two annual observations from the May 2004 dataset (covering 2002 and 2003) were statistical extrapolations informed by a small amount of contextual information.
- The availability of Reference Costs data has highlighted the likelihood that expenditure weights in the original series were incorrect on account of the difficulties of attributing costs to activities.
- Data on GP contacts were derived from a household survey which could not provide accurate estimates of growth from one year to the next.

The Atkinson Review was set up to advance methodologies in this and other areas of government output.[2]

7.2 The June and October 2004 method has corrected some of the deficiencies of the earlier approach:

- Coverage is now about 75 per cent of activity in England (but there is still no coverage for other parts of the UK).
- No single component of output now predominates, hence the index reflects changes which would not have been picked up by the original index (such as changes in the mix within a category).
- Quarterly estimates are available, based on records of patient treatments.
- The quarterly results are available within three months and final annual results about five months after the end of the period.

8. Conclusion

8.1 The revised series has improved the measurement of government healthcare output by taking more account of changes in the mix of activities and treatments which has occurred over time. In the revised series, Inpatients and GP prescribing[9] are the two categories which have contributed most to output growth over the period examined. The contribution of the former decreased over time while that of the latter increased; but taken together, they accounted for half of the overall growth in every year (as Table 4 shows). The increase in the General Practitioner and practice nurse consultations – though not measured in an ideal way – has also contributed to output growth over the whole period. More work needs to be done in particular to complete the coverage of all government healthcare activity, to reflect quality change and to improve measurement of GP services. These issues are currently being addressed – by the Atkinson Review, through academic research projects and through more extensive data collection. Progress will be reported in future publications.

Appendix

This Appendix contains descriptions of:

- the data sources for both the original and revised series; and
- the calculations carried out to derive the weights and the original and revised output index.

Data for the original series

The data required to measure government healthcare output are the numbers produced of each individual type of output and the total cost of each of those outputs. To incorporate health output into GDP, we also need to know the total amount spent on healthcare: that is used as a weight to combine healthcare with other functions.

The original index used by ONS was first produced in 1998 and reflected movements in the output of 16 different categories of treatments. The activities covered are listed in the box below.

Original output measure: activities covered

Inpatients and day cases
Outpatients, Accident & Emergency
Regular day patients
Chiropody
Family Planning
Screening
Health visiting
District nursing
Community psychiatric nursing
Community learning disability nursing
Ambulances
General practitioner services
General practitioner prescribing
Dental services
Ophthalmic services

Information on treatments and activities was derived from statistics collected by the Health Departments. The weights used in the computation were the amounts of expenditure identified as being directed to each of these categories (and subject to the difficulties faced in matching these categories with the Health Departments' programme budgets). For the most part, the data covered England only; but as the national accounts cover the UK as a whole, there was an implicit assumption that the other parts of the UK created the same volume growth as England for each £1 spent. Only annual data were available for this measure and there was a delay of about two years before all the required information was available to construct the index. As with all indices, this one had its deficiencies and these are discussed below. Information on the use of General Practitioner services was based on data obtained from the General Household Survey.[10] However, this source does not provide precise enough estimates of year on year growth, which is needed to produce an acceptable estimate for the national accounts. The variability shown in the growth of GP activity could well be due to sampling error. An alternative source is being sought which is capable of providing more precise estimates of year on year growth.

Data for the revised series

When the health output measure was restructured in 2004, newly available data sources were used. Since 1999/2000, providers of NHS services have been obliged to produce unit costs and output counts for a large number of treatments and activities carried out. The main source is the National Schedule of Reference Costs (NSRC).[11] These figures are intended eventually to be part of the mechanism by which providers invoice the Department of Health for services provided. This source begins in 1999/2000: the 1998/99 figures are taken from Department of Health's Health Episode Statistics. Other data sources were used where activities were not covered by the Reference Costs. For example, GP services continue to be covered from the General Household Survey and GP Prescribing data is taken from long-standing analyses published by the Department of Health.[12]

The information available under the Reference Costs collection system is at a much more detailed level of activity than the 15 categories used in the original ONS health output measure. Data for 1999/2000 covers over 1,000 different inpatient treatments. By 2002/03, just over 1,500 different treatments were in coverage. The development of the coverage is summarised in Table 2 of the Appendix.

The calculations

The original measure was first included in the national accounts in 1998. This followed the introduction of new National Accounts guidelines. These guidelines stipulated that non-market output should be measured by reference to the

actual quantities of outputs produced (and not by the proxy measure of input volume which earlier guidelines had recommended). The UK methodology for measuring the output of government healthcare introduced at that time consisted of two data components:

- the incidence of activity for each of the 16 categories on a financial year basis; and
- corresponding weights which reflected the amount of money spent on each category.

Table 1 in the Appendix illustrates the computation process. The growth of the health output index between one year and the next is measured as the weighted sum of the growth rates of the individual activity series. The weight for each type of output is its relative share of the total spending on producing the outputs in the first year; these spending figures were obtained from the accounts of the relevant Government departments.

For 2001/02, the computation showed that the overall output growth rate was 0.3 per cent. Clearly, this was heavily influenced by growth rate of the inpatients category as that accounted for 65 per cent of the total weight. It is no coincidence, therefore, that the overall growth rate of 1.0 per cent was nearer to the inpatient growth rate of 0.8 per cent than it was to the growth rates of most of the other categories.

In the absence of a quarterly series for the original measure, the needs of the national accounts were met by using a smoothing technique to make quarterly estimates.

The method used to produce the revised output series is the same: what has changed is the number of categories of output used in the calculation. The full calculation cannot be shown in this article as it comprises up to 1,700 different categories of treatment or activity. An illustrative calculation, based on 12 different categories and using financial year data appears in Appendix Table 4. As before, the growth of the health output index between one year and the next is measured as the weighted sum of the growth rates of the individual activity series. The weights again represent Government spending on producing the outputs of each category; in this case, the amount of spending on each category is estimated by multiplying the incidence by the estimated unit cost. Based on activities included in the example shown, the growth rate is 5.3 per cent. The chain-linked approach – estimating growth between one year and the next – makes it easier to incorporate new data sources when they become available.

The Department of Health has constructed a quarterly version of this index using the data obtained from detailed quarterly reporting by hospital trusts and other service providers. This is now used in estimating the quarterly national accounts. The data sources available quarterly are listed in Appendix Table 3.

Weights

As the Reference Costs data collection developed, users were concerned about the variability which appears in the unit cost figures. The concern arose from the extent of the inter-hospital variations in the unit costs of performing different treatments. In the absence of convincing explanations, these variations could reflect different approaches to estimation and hence generate misleading totals and averages. There is a general view among experts that 2002/03 unit costs – because they formed the basis for policy decisions – are more accurate than those in previous years. Given this concern, a detailed examination of the cost data was carried out.

In preparing this article, the time series of the unit costs for over one thousand inpatient treatments was examined in detail. The correlation between the set of unit costs for 2002/03 and those for all earlier years was measured. Given the wide range of treatments covered – from a pharmaceutical product costing perhaps £10 to a resource intensive operation costing from £30,000 upwards – a close correlation might be expected *a priori:* an activity which was expensive a few years before is likely to be still expensive in relation to the other activities being measured, and vice versa. The correlation coefficient between the first year – 1998/99 – and 2002/03 was just below 0.9. When the unit costs were weighted by the frequency of each treatment (that is, $P_1 \times Q_1$, $P_2 \times Q_1$), the correlation coefficient was 0.995. This evidence suggests that there would have been no major risk of error using the unit costs time series for all years in the output calculations. But after further consideration, it was decided to use the 2002/03 unit costs for all previous years to avoid the possibility that some spurious variations between one year and the next might generate unwarranted year to year variations in output. Current year weights will be used for 2003/04 and each future year.

The weights used to measure the output of GP services are estimated unit costs for different types of patient consultation with a GP (for example, at the practice, on the phone, etc) and with a practice nurse. The source and continuing validity of the unit cost estimates is under review.

Appendix Table 1
Measuring government healthcare output: computation of original measure

Illustration of computation for 2000/01:

Categories of treatments and activities	2000/01 expenditure £ million	2000/01 expenditure weights	1999/00 activities	2000/01 activities	Index 1999/00	Index 2000/01	Percentage growth 2000/01
Inpatient and Day case episodes	15,455.1	0.432	11,776	11,872	99.2	100	*0.8*
Outpatients, A&E & WA*	4,710.0	0.132	58,743	58,940	99.7	100	*0.3*
Regular day patients	454.0	0.013	6,253	5,631	111.0	100	*–11.0*
Chiropody	106.4	0.003	2,321	2,248	103.3	100	*–3.3*
Family Planning	70.5	0.002	1,262	1,273	99.1	100	*0.9*
Screening	64.4	0.002	4,259	4,089	104.2	100	*–4.2*
Health Visiting	324.9	0.009	3,432	3,298	104.1	100	*–4.1*
District Nursing	1,001.3	0.028	2,604	2,505	103.9	100	*–3.9*
Community psychiatric nursing	644.5	0.018	586	564	104.0	100	*–4.0*
Community learning disability nursing	473.9	0.013	57	56	102.1	100	*–2.1*
Dental (part)	83.5	0.002	869	747	116.3	100	*–16.3*
Ambulances	711.4	0.020	18,640	18,790	99.2	100	*0.8*
GP consultations	3,152.0	0.088	349.1	358	97.4	100	*2.6*
GP prescribing	6,733.0	0.188	103.2	108	95.6	100	*4.4*
Dental (part)	1,445.0	0.040	31.0	31	99.9	100	*0.1*
Ophthalmic services	357.0	0.001	10.9	11	98.1	100	*1.9*
Total	**35,787**	**1.000**	**111,296**	**110,522**	**99.0**	**100.00**	***1.0***

Coverage: England
Activities are generally measured in terms of episodes and expressed variously (units, 1,000s etc).

** A&E: Accident & Emergency, WA = Ward Attenders.*

Appendix Table 2
Activities covered by the financial year NHS outputs series

	Financial Year NHS Output Growth Measure							
Activity category	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Elective Inpatients including Day Cases	/	/	/	R	R	R	R	R
Non Elective Inpatients	/	/	/	R	R	R	R	R
Outpatient First Attendances	/	/	/	/	/	R	R	R
Outpatient Follow Ups	/	/	/	/	/	R	R	R
A&E	/	/	/	/	/	R	R	R
GP Consultations	/	/	/	/	/	/	/	/
General Dental Services	/	/	/	/	/	/	/	/
General Ophthalmic Services	/	/	/	/	/	/	/	/
Family Health Services Prescribing	/	/	/	/	/	/	/	/
Radiology		/	/	/	/	R	R	R
Ambulances			/	/	/	/	/	R
NHS Direct				/	/	/	/	/
Critical Care					/	R	R	R
Outpatient HRGs						R	R	x
Outpatient Maternity						R	R	R
Mental Health						R	R	R
Audiological Services						R	R	R
Pathology						R	R	R
Renal Dialysis						R	R	R
Bone Marrow Transplants						R	R	R
Outpatient Community Services						R	R	R
Walk-In Centres						/	/	/
Practice Nurse Consultation						/	/	/
Chemotherapy							R	R
Spinal Injuries							R	R
Community Midwifery Services							R	R
Rehabilitation							R	R
NHS Direct Online							/	/
Community Nursing Services								R
Clinical Measurement Tests								R
Community Medical Services								R
Cystic Fibrosis								R
Day Care Facilities								R
Day Case Ward Attenders								R
Hospital at Home / Early Discharge								R
Outpatient Ward Attenders								R
Radiotherapy								R
Regular Day Night Admissions								R
Therapy Services								R
Transplants								R
Community Rehabilitation Teams								
Intensive Care Retrieval Units								
Chemotherapy for Non-Solid State Tumours								
Learning Disability Services								
National Screening Programmes								

Key:
/ = covered by output growth measure (using non reference costs data source).
R = covered by output growth measure (using reference costs).

Appendix Table 3
Activities covered by the quarterly NHS outputs series

	Quarterly NHS Output Growth Measure							
Activity category	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Elective Inpatients including Day Cases	/	/	/	/	/	/	/	/
Non Elective Inpatients	/	/	/	/	/	/	/	/
Family Health Services Prescribing	/	/	/	/	/	/	/	/
General Dental Services	/	/	/	/	/	/	/	/
General Ophthalmic Services	/	/	/	/	/	/	/	/
NHS Direct				/	/	/	/	/
Critical Care					/	/	/	/
Walk-In Centres						/	/	/
Outpatient First Attendances							/	/
Outpatient Follow Ups							/	/
A&E							/	/
NHS Direct Online							/	/

Key:
/ = covered by output growth measure (using non reference costs data source).

Appendix Table 4
Revised series: illustration of computation of output growth between 2000/01 and 2001/02

Illustration of revised measure using selected data categories

Elective inpatients: Selected categories: Musculoskeletal System	Unit cost £	2000/01 Expenditure £million	2000/01 expenditure weights	2000/01 activities	2001/02 activities	Index 2000/01	Index 2001/02
Bilateral Px Hip Replacement	5,796	1.9	0.004	334	334	100.0	100.0
Primary Hip Replacement	4,658	162.3	0.320	34,856	36,181	100.0	103.8
Bilateral Primary Knee Replacement	6,360	5.5	0.011	861	882	100.0	102.4
Primary Knee Replacement	5,194	163.1	0.321	31,407	34,662	100.0	110.4
Complex Hip or Knee Revisions	7,036	7.0	0.014	991	1,288	100.0	130.0
Revisional Procedures to Hips or Knees	5,849	44.4	0.087	7,593	8,025	100.0	105.7
Primary/Revisional Shoulder/ Elbow/Ankle Replacement	3,737	7.9	0.015	2,104	2,082	100.0	99.0
Joint Replacements or Revisions, Site Unspecified	3,132	5.5	0.011	1,759	2,096	100.0	119.2
Anterior Cruciate Ligament Reconstruct	1,698	1.9	0.004	1,144	1,132	100.0	99.0
Arthroscopies	882	80.2	0.158	91,022	90,286	100.0	99.2
Foot Procedures – Category 1	871	7.6	0.015	8,690	7,935	100.0	91.3
Foot Procedures – Category 2	1,220	20.7	0.041	16,970	16,660	100.0	98.2
Total		**508.1**	**1.000**			**100.0**	**105.3**

Activities are measured in terms of units of work carried out.

Notes

1 http://www.statistics.gov.uk/pdfdir/gdp0604.pdf

2 The Atkinson Review terms of reference are at: http://www.statistics.gov.uk/pdfdir/nsr1203.pdf

3 http://www.statistics.gov.uk/CCI/article.asp?ID=911

4 http://www.statistics.gov.uk/STATBASE/Product.asp?vink=1143

5 System of National Accounts, paras 16.11, 16.14

6 System of National Accounts, para 16.134

7 http://www.parliament.the-stationery-office.co.uk/pa/cm199899/cmselect/cmhealth/629/62909.htm

8 Handbook of Price and Volume Measures in National Accounts, 2001, Eurostat

9 GP prescribing represents the volume of products dispensed, weighted by their unit costs

10 see http://www.statistics.gov.uk/cci/nugget.asp?id=827 for further details

11 http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSReferenceCosts/fs/en

12 http://www.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsStatistics/PublicationsStatisticsArticle/fs/en?CONTENTS ID=4081720&chk=kVOup3

Sources and methods for Public Service Productivity: Health

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This note sets out the sources and methods used in compiling information for the ONS article entitled Public Service Productivity: Health. It explains the improvements made to current price NHS expenditure and the volume of NHS output since publication of United Kingdom *National Accounts: The Blue Book* in June 2004, as well as the deflation techniques used in calculating the volume of NHS inputs for use in the productivity calculations.

1. Background and introduction

1.1 This article sets out the sources and methods used in compiling information for the Office for National Statistics (ONS) article entitled 'Public Service Productivity: Health' (ONS, 2004a).

1.2 These estimates are based on the following productivity equation (in index form):

$$\text{NHS productivity} = \frac{\text{volume of NHS output}}{\text{volume of NHS inputs}}$$

1.3 In summary, the volume of government output and current price expenditure on National Health Service (NHS) inputs are taken from the National Accounts and adjusted to take into account the availability of more recent information or better methodology. The volume of NHS inputs from labour and intermediate consumption is calculated by deflating current price expenditure on these inputs using alternative assumptions. Two measures of the volume of NHS inputs from capital are presented in 'Public Service Productivity: Health', and both the capital consumption and capital services alternatives are explained here. Once individual volume measures for each of the individual components of NHS inputs has been calculated they are then aggregated using suitable expenditure weights.

1.4 The article is concerned with productivity associated with public expenditure. Individuals' contributions, such as prescription charges or dental charges paid by patients, are excluded, whilst public expenditure on procuring health services from private providers are included (for example, the NHS contracts with private companies to provide, say, hip replacement and cataract operations).

1.5 A separate article (ONS, 2004b) explains the sources and methods used in the calculation of the volume of government output as published in *UK National Accounts: the ONS Blue Book*. This article explains the sources and methods for the improvements made in the output and input figures since publication of the *Blue Book* in June 2004 (ONS, 2004c) and the deflation of current price expenditure on NHS inputs. It uses the latest available data including some data not yet in the National Accounts.

1.6 The structure of this article reflects the compilation process, having the following sections:

- Section 2 explains the improvements made to the National Accounts estimates of the volume of NHS output.

- Section 3 explains the improvements made to the National Accounts estimates of current price expenditure on NHS inputs.
- Section 4 explains the methods for deflating current price estimates of expenditure on NHS inputs from labour and intermediate consumption.
- Section 5 explains the volume measures of NHS inputs from capital.
- Section 6 explains the experimental adjustments made for Research and Development and education and training.

2. Improvements to measurement of NHS output

2.1 The sources and methods for calculating the volume of government output have been improved since publication of the National Accounts in June 2004, and the resulting figures (see Table 1) have been included in the calculations in 'Public Service Productivity: Health'. These will be considered for inclusion in the National Accounts in due course, in accordance with the National Accounts Revisions Policy. Two components have been improved:

- the removal of payment of NHS patient charges from the cost-weights for Prescribed Drugs and Dentistry
- taking different seasonal patterns into account when linking the new and old series in 1995/96.

2.2 In principle, the volume measure of NHS output should be measured consistently with NHS inputs. However, in the calculations of NHS output for *Blue Book* 2004, the weights used to add the volume indices of prescribed drugs and dental services were gross expenditure on these components, including income from patient charges. In order to be consistent with the NHS inputs measure, the weight should only include government expenditure and exclude patient payments on prescription and dental charges. ONS has now made use of additional information from the Department of Health to net off charge income. The weights used to add the volume indices of prescribed drugs and dental services in 'Public Service Productivity: Health' are net public expenditure on these components. This adjustment had a small downward effect on total output growth, accounting for 0.1 of the 1.0 percentage point reduction between 1995 and 2003.

2.3 As explained in the article ONS, 2004b, the new health output series is based on changes in the volume of 1,700 activities, whereas the old series is based on changes in the volume of only 16 activities. The new output series begins in the second quarter of 1995. It is therefore necessary to link the new series to the old. A standard technique was used in compiling a single series for *Blue Book* 2004, which involved applying the quarter-on-quarter growth rates from the old series to the new series from the first quarter of 1996 and backwards. This did not take account of the seasonality in the quarterly series. An improved method has been designed. This applies the seasonal pattern, identified using X-12, from the new series to the old in order to remove any seasonal effect from biasing the linkage. The method then applies the same standard linkage technique at the first quarter of the new series, that is, the second quarter of 1996. This adjustment only impacted on years 1995 and 1996, accounting for approximately 0.9 of the 1.0 percentage points reduction in output growth between 1995 and 2003.

3. Improvements to measurement of NHS inputs

3.1 Since the publication of the National Accounts in June 2004, later information has become available and a new method for compiling one of the components has been designed Table 2 compares the old and new methods (changes are in italics). These will be considered for inclusion in the National Accounts in due course, in accordance with the National Accounts Revisions Policy. The later information is:

- value of pension contributions for some NHS staff
- latest estimate of overall public expenditure on health in 2003.

3.2 The pension scheme for NHS staff is unfunded. Prior to 2003/04, actual employer contributions to the scheme did not include adjustments for inflation. The National Accounts include an inflation adjustment in order to reflect true labour costs. A review of this adjustment has concluded that the valuation could be improved upon, and figures in the article include revised estimates from the new valuation method. From 2003/04, responsibility for actual payment has rested with health administrations, and figures from 2003/04 onwards are already calculated on the basis of the improved valuation method.

Table 1
UK general government health final consumption expenditure at constant prices (volume of output)

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Blue Book 2004	48,767	50,686	51,352	52,297	53,936	55,576	57,896	60,258	62,719
Article	49,154	50,616	51,364	52,265	53,935	55,564	57,896	60,269	62,715

Table 2
UK general government health expenditure at current prices

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Blue Book 2004 – Labour	21,430	22,206	23,161	23,872	25,739	27,771	29,186	30,589	32,413
Article – Labour	*22,469*	*23,336*	*24,333*	*25,124*	*27,133*	*29,180*	*30,388*	*31,769*	*32,463*
Blue Book 2004 – Intermediate Consumption	15,901	17,652	17,687	19,676	22,567	24,082	27,315	31,752	37,421
Article – Intermediate Consumption	15,901	17,652	17,687	19,676	22,567	24,082	27,315	31,752	*37,101*
Blue Book 2004 – Capital Consumption (unchanged)	1,138	1,294	1,349	1,385	1,455	1,618	1,395	1,568	1,630
Blue Book 2004 – Final Consumption	38,469	41,152	42,197	44,933	49,761	53,471	57,896	63,909	71,464
Article – Final Consumption	*39,508*	*42,282*	*43,369*	*46,185*	*51,155*	*54,880*	*59,098*	*65,089*	*71,194*

3.3 In the Public Expenditure Outturn White Paper published in summer 2004, the Department of Health has reported lower expenditure for the full 2003/04 financial year than it did in the quarterly in-year figures reported as part of the Government Expenditure Monitoring System and used in the National Accounts in June 2004. The later, lower figures have been used in 'Public Service Productivity: Health'.

4. Deflation of current price expenditure on NHS labour and intermediate consumption

4.1 In compiling estimates for previous articles on public service productivity, the deflation methodology for labour and intermediate consumption was fairly simplistic. It presumed that price change relating to part of the NHS in England was a reasonable proxy for price change relating to total public expenditure on health in the UK.

4.2 Whilst the Department of Health calculate a single price change estimate for the Hospitals and Community Health Services (HCHS) programme in England, they do not calculate similar price change estimates for the other programmes of health expenditure, which are:

- family health services (FHS): GP and dental practices, opticians, pharmacists and prescribed drugs
- central health and miscellaneous services (CHMS): welfare foods, medical expenses of UK residents abroad, public health campaigns, and costs of certain statutory bodies
- Department of Health administration, the costs of which are considered to be health expenditure.

4.3 For previous articles, all public expenditure on health was deflated using the price change estimates for the hospitals and community health services programme.

Table 3
Deflators and expenditure weights

Expenditure	Deflator	Source
Hospital and Community Health Services		
Pay	Pay Cost Index (PCI)	Dept of Health
Non-pay	Health Service Cost Index (HSCI)	Dept of Health
Family Health Services		
General Medical Services and Personal Medical Services	Pay: Net Remuneration Index	Review Body on Doctors' and Dentists' Remuneration / Dept of Health
	Other: Indirect Expenses Index	
General Dental Services (net of receipts from patient charges)	Dental Fee Increase Index	Dept of Health
General Ophthalmic Services	Sight Test Fee Increase Index	Dept of Health
General Pharmaceutical Services	Pharmacists' Global Sum Increase Index	Dept of Health
Family Health Services Drugs (net of receipts from prescription charges)	Average Cost of All Items *or* Paasche Price Index	Dept of Health
Central Health and Miscellaneous Services		
Welfare Foods	Retail Price Index: Food	ONS
European Economic Area Costs	HSCI	Dept of Health
Other	HSCI	Dept of Health
Department of Health Administration		
Pay	PCI	Dept of Health
Other	HSCI	Dept of Health

This is a source of potential bias, as the movement in the prices paid by hospitals are not necessarily the same as movements in the rest of the NHS.

4.4 For 'Public Service Productivity: Health', therefore, a range of new, more appropriate and detailed deflators were identified and used. This is still not ideal, as all of the deflators relate to England and not to the UK, and further work remains to be done to incorporate the correct price movements throughout the UK into the calculation.

4.5 Table 3 sets out each of the deflators used in compiling the volume estimates of NHS inputs from labour and intermediate consumption for 'Public Service Productivity: Health'. In all cases, the weight used to allow each of the volume measures to be added together is the Department of Health's reported expenditure (DH, 2004) on each component. These weights are based on expenditure as reported in Table 12 from the Department of Health, rather than on the breakdown of expenditure into labour and intermediate consumption from the National Accounts in Table 2. This is because the National Accounts treats some expenditure on Family Health Services as intermediate consumption, whereas the article reclassifies some of this expenditure as labour. For example, the National Accounts treats expenditure on general practice as procurement, or intermediate consumption, as GPs and their practice staff are self employed. ONS analyses of public sector employment do not include GPs and their practice staff on the grounds that GPs are self-employed and hence part of the private sector.

4.6 The article separates between notional salary costs and other practice costs (see paragraph 4.9) in order to apply the most appropriate deflators.

4.7 Expenditure on labour by HCHS is deflated by the Pay Cost Index (PCI) (see Table 4). The PCI is a weighted average of increases in unit staff costs for each of the staff groups within the HCHS sector. The index is calculated by the Department of Health for financial years. Data are not yet available for the latest year, 2003/04, so this is estimated (see paragraph 4.23).

4.8 Expenditure on intermediate consumption by HCHS is deflated by the Health Service Cost Index (HSCI) (see Table 5), a weighted basket of approximately 40 categories of goods purchased by the HCHS. The index is calculated by the Department of Health on a monthly basis, and is available up to financial year 2003/04.

4.9 Expenditure on General Medical Services and Personal Medical Services covers the costs of GPs and their practices. Information on changes in notional salary and notional expenses on a financial year basis is available from the report (DDRB, 2001) of the Review Body on Doctors and Dentists' Remuneration (DDRB). The DDRB is responsible for advising government on changes in remuneration for most GPs. Changes in notional salary, or 'Adjusted Intended Average Net Remuneration (Adj. IANR)', have been used as an index for deflating total labour costs. An estimate for 2003/04 was provided by the Department of Health. Changes in notional expenses, or 'Intended Indirect Expenses', are used as an index for deflating expenditure on intermediate consumption.

Table 4
Pay Cost Index, England

Percentage year-on-year growth

1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
3.4	*4.4*	*3.3*	*2.5*	*4.9*	*6.9*	*7.2*	*8.3*	*5.0*

Table 5
Health Service Cost Index, England

March 1993=100

	1995	1996	1997	1998	1999	2000	2001	2002	2003
January	102.7	105.3	107.7	106.7	111.0	111.1	110.7	109.9	112.5
February	102.7	105.3	107.1	106.6	110.8	111.0	110.7	109.9	112.7
March	103.2	105.4	107.3	106.9	110.9	111.0	110.5	110.0	112.8
April	104.2	105.7	107.3	107.2	110.6	110.0	109.5	110.2	112.7
May	104.3	105.6	106.9	107.4	110.7	109.9	110.1	110.7	112.2
June	104.7	105.3	106.8	107.9	110.6	110.0	109.6	110.7	112.3
July	104.5	105.5	106.6	108.9	110.6	110.1	109.7	110.9	112.6
August	104.6	106.0	106.5	109.4	110.5	110.0	109.5	111.0	112.6
September	104.8	106.1	106.4	109.7	110.4	110.2	109.6	111.1	112.7
October	104.9	106.5	106.8	110.1	110.7	110.9	110.1	112.1	113.5
November	104.9	106.8	107.2	110.0	110.9	110.9	110.0	112.0	113.8
December	105.2	107.3	106.8	109.8	110.9	110.8	110.0	112.1	113.8

Table 6
GP payments, England

£ per General Medical Practitioner

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
Adjusted Intended Average Net Remuneration	41,537	42,948	43,998	45,835	47,510	53,038	53,958	56,510	61,618	67,040
Intended Indirect Expenses	22,500	21,700	23,000	23,200	23,423	24,713	24,504	23,790	23,256	
Intended Average Gross Remuneration	64,037	64,648	66,998	69,035	70,933	77,751	78,462	80,300	84,874	

Data are not available for 2003/04 so were estimated (see paragraph 4.23). The two indices are weighted together according to their shares in 'Intended Average Gross Remuneration' (See Table 6).

4.10 Expenditure on Dental Services (excluding patient payments towards dental charges) is deflated using the annual increases in fees paid to dentists by the NHS (see Table 7). Information on these increases is provided by the Department of Health.

4.11 Expenditure on Ophthalmic Services is deflated by the annual increases in sight test fees paid by the NHS (see Table 8). This information is provided by the Department of Health. This is not ideal as the same deflator is used for expenditure on vouchers for spectacles, in the absence of better information. However, given the relatively low level of expenditure, the potential for bias from using this will be low.

4.12 Expenditure on Pharmaceutical Services is deflated by the annual increases in fees paid to pharmacists for their services in dispensing prescriptions (see Table 9). This information is provided by the Department of Health.

4.13 FHS Drugs are those prescribed by GPs and other qualified professionals outside hospitals. Expenditure on FHS Drugs excludes patients' payments of prescription charges.

4.14 Expenditure on prescription drugs changes according to a number of different factors, including population changes, prescriptions per head, quantity of drug per prescription, prescribing practice and guidelines, innovation, old drugs disappearing, changes in drug formulation, changes in price of existing drugs. It is not clear how to separate the price and volume effects conceptually as well as in practice.

4.15 Figure 1 presents an analysis by the Prescription Statistics Unit in the Department of Health on the components of the change in expenditure in prescription drugs. The source data is the Prescription Cost Analysis provided by the Prescription Pricing Authority.

4.16 The 'Paasche Price Index', as an index showing the price change in identical drugs, is part of the price effect. Part of the entry and exit effect may also be price change.

Table 7
Dental fee increase, England

1995/96=100

1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
97.1	100	103.6	107.0	112.9	116.6	120.5	125.2	129.7	133.9

Table 8
Sight test fees increase, England

1995/96=100

1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
98.1	100	102.2	105.1	108.7	111.9	115.3	119.9	124.7	128.7

Table 9
Pharmacists' global sum increase, England

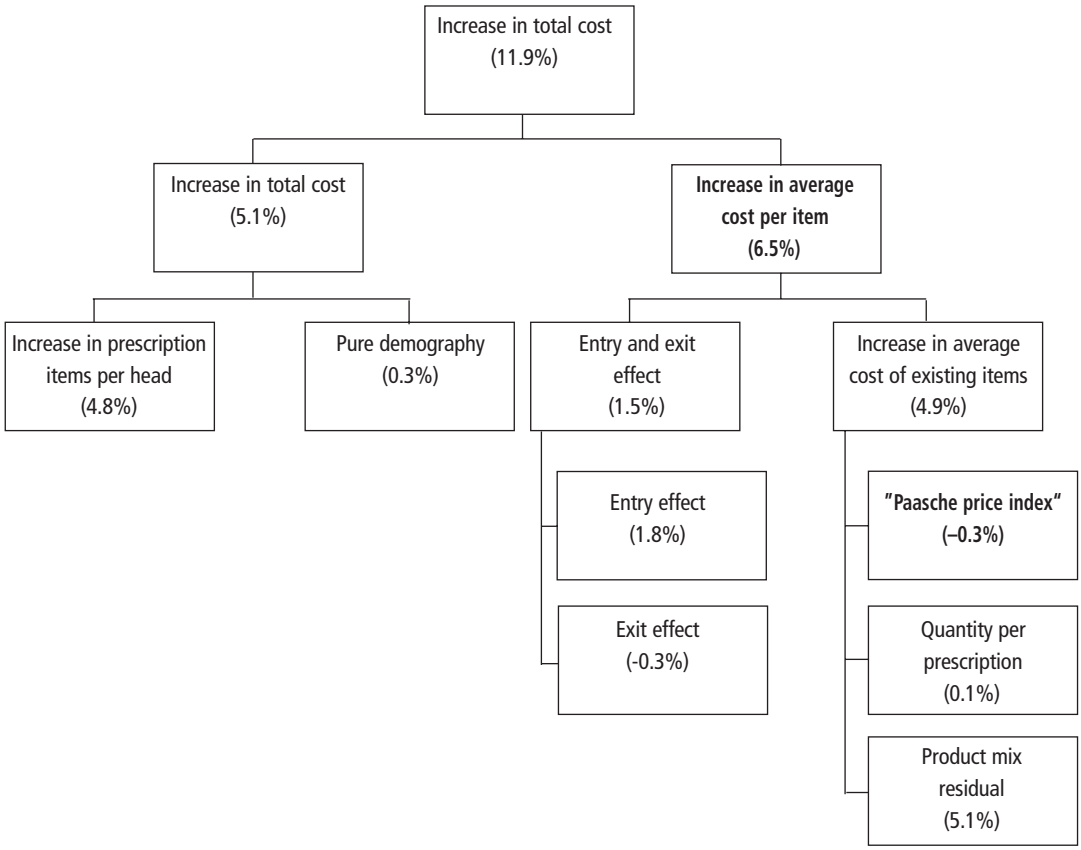
1994/95=100

1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04
100	102.5	105.7	108.2	111.5	115.1	118.6	123.0	127.4	131.5

For example, some new drugs are so similar in nature to existing drugs that they ought not to be treated as completely new. Part of the product mix residual reflects quality change, but there may also be price change in this component, too. For example, if a relatively new and expensive drug increases its market share because it constitutes a clinical breakthrough then this would be quality change. If it is a drug that is therapeutically similar to existing drugs and which has been successfully marketed at a higher price, then some of the change in cost is price change.

4.17 To simplify the many options, two alternatives are presented in the article. One is the 'Paasche Price Index', the other is the average cost of all items. Neither is ideal, with the 'Paasche Price Index' probably picking up too little of the price change, and the average cost of all items picking up more than price change. Further work is programmed to refine the analysis. Data for both these deflators are not available for 2003/04, so they are estimated (see paragraph 4.23) (see Table 10).

Figure 1
Analysis of expenditure on prescription drugs, 2001–2002, England



Source: Prescription Statistics, Department of Health using Prescription Cost Analysis from Prescription Pricing Authority

Table 10
FHS drugs, England

Percentage year-on-year growth

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
Average cost of all items	*4.1*	*6.3*	*5.7*	*4.9*	*9.0*	*1.3*	*3.0*	*6.5*	*4.2*
Paasche Price Index	*–1.2*	*0.1*	*0.3*	*–2.6*	*2.7*	*–2.6*	*–3.1*	*–0.3*	*–0.5*

Table 11
RPI food, United Kingdom

January 1997=100

1995	1996	1997	1998	1999	2000	2001	2002	2003
137.0	141.4	141.5	143.4	143.8	143.4	148.1	149.2	151.1

4.18 For the purposes of 'Public Service Productivity: Health', Central Health and Miscellaneous Services (CHMS) is split into three categories: Welfare foods, European Economic Area (EEA), and other.

4.19 Welfare foods include payments associated with, for example, milk and vitamins for pregnant women, milk for young children and infant formula for babies. Expenditure on welfare foods is deflated by ONS's retail price index for food items (ONS, 2004d) (see Table 11).

4.20 The European Economic Area category includes non-NHS medical treatment provided to NHS patients when they are travelling abroad. No price index is available for this particular category, but in its absence it is assumed that prices move in line with the HSCI. As such, this is the deflator used for expenditure on EEA. ONS is planning further work to improve the method for deflating EEA expenditure.

4.21 The other category includes campaigns to increase the quality of service and outcomes for cancer, mental health and children, statutory bodies such as National Institute for Clinical Excellence and the Health Protection Agency and health awareness campaigns. ONS has not yet identified deflators that might be more appropriate than the HSCI, but given the relatively low level of expenditure, the potential for bias from using the HSCI will be low.

4.22 ONS has not yet identified more suitable deflators for administrative expenditure on the Department of Health, and is using the PCI to deflate expenditure on pay, and the HSCI to deflate the remainder.

Table 12
Department of Health, England health expenditure weights

£ million

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03
HCHS – Pay	14,303	14,961	15,580	16,099	17,081	18,708	20,532	23,212	25,912
HCHS – Non-pay	8,269	8,929	8,549	9,230	10,666	13,497	13,477	12,895	15,822
General Medical Services	2,625	2,719	2,873	3,003	3,121	3,336	3,450	3,230	2,932
Personal Medical Services	0	0	0	0	37	84	174	689	1,152
General Dental Services (net of receipts from patient charges)	896	908	940	959	1,018	1,046	1,102	1,159	1,195
General Ophthalmic Services	213	223	237	241	240	281	292	302	304
Pharmaceutical Services	679	706	746	768	781	808	856	879	918
Family Health Services Drugs	3,252	3,506	3,808	4,107	4,356	4,852	5,168	5,714	6,373
Receipts from Prescription Charges	358	299	296	321	341	367	387	411	423
CHMS – Welfare foods	295	295	295	295	295	101	102	101	102
CHMS – EEA costs	–62	–62	–62	–62	–62	141	187	206	246
CHMS – Other	166	166	166	166	166	260	232	342	302
DH Admin – Pay	159	148	138	136	127	131	141	151	142
DH Admin – Other	147	147	147	134	136	142	122	135	162

Table 13
England health expenditure deflated weights (using 'Paasche Price Index' drugs deflator)

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Alt 2003
HCHS & FHS	38,280	38,499	39,435	41,037	44,206	46,093	47,322	51,222	54,119	53,837
CHMS	429	417	416	410	479	518	617	645	908	908
DH Admin	361	338	316	297	290	276	280	290	287	285
Total	**39,070**	**39,254**	**40,168**	**41,744**	**44,974**	**46,887**	**48,220**	**52,157**	**55,314**	**55,031**

2003 HCHS & FHS based on provisional and unpublished data.

Table 14
England health expenditure deflated weights (using 'average cost of all items' drugs deflator)

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Alt 2003
HCHS & FHS	39,646	39,713	40,427	41,764	44,786	46,431	47,322	50,915	53,489	53,185
CHMS	429	417	416	410	479	518	617	645	908	908
DH Admin	361	338	316	297	290	276	280	290	287	285
Total	**40,436**	**40,468**	**41,159**	**42,471**	**45,554**	**47,225**	**48,220**	**51,850**	**54,685**	**54,378**

2003 HCHS & FHS based on provisional and unpublished data.

This is not ideal, but given the relatively low level of expenditure, the potential for bias from using these will be low.

4.23 As explained throughout this section, information relating to the latest year is not yet available. Two methods for estimating the missing figures are presented in 'Public Service Productivity: Health'. One is applying the growth rate from over the previous year. The second is to apply the geometric mean of the growth rates over the previous three years.

4.24 Much of the data provided for the weights in 2003/04 were provisional, and thus cannot be published. Table 12 therefore shows this to 2002/03, while Tables 13 and 14 show aggregated figures of the deflated weights through to calendar year 2003.

5. NHS inputs from capital

5.1 'Public Service Productivity: Health' presents two alternatives for the volume of NHS inputs from capital. The first deflates current price capital consumption (see Table 2) (the cost of capital over the lifetime of the capital) by a deflator for NHS Capital Consumption derived from data supplied by ONS (see Table 15). ONS use producer price indices (PPIs) to reflate constant price capital consumption to current prices as part of the Perpetual Inventory Method. However, this reflation occurs at a relatively low level within this system, while the index in Table 15 is an implied deflator derived from the total NHS Capital Consumption chained volume measure and the equivalent current price series. NHS Capital Consumption is not separately published by ONS, but feeds into higher level published aggregates.

5.2 The alternative is a direct measure of the volume of inputs from capital, termed capital services. As explained in 'Public Service Productivity: Health', ONS published experimental estimates of capital services for the whole economy in November 2003 (ONS, 2003). These figures did not provide a distinct set of figures for public service health. They did provide information on health and social work at the level of the total economy, therefore including private sector health (for example private hospitals) and private sector social care (for example residential homes for the elderly) as well as public sector hospitals and other facilities (see Table 16).

6. Adjusting inputs for research and development / education and training

6.1 'Public Service Productivity: Health' also presents two experimental alternatives for the volume of NHS inputs, after adjusting for expenditure on Research and Development (R&D) and education and training (E&T) (see Table 17). A distinction can be made between goods and services that are used up in health care production and those that have a longer duration (capital). Capital spending is based on accounting definitions as currently used in NHS accounts and the National Accounts. For the purposes of understanding productivity,

Table 15
Capital consumption index, United Kingdom

2001=100

1995	1996	1997	1998	1999	2000	2001	2002	2003
102.1	96.8	96.4	96.5	97.4	98.1	100.0	100.7	102.3

Table 16
Capital services, United Kingdom

Percentage year-on-year growth

1995	1996	1997	1998	1999	2000	2001	2002	2003
4.1	*3.1*	*1.1*	*3.1*	*4.5*	*4.2*	*3.0*	*4.4*	*4.4*

Table 17
R&D/E&T-Adjusted UK general government health expenditure at current prices

£ million

	1997	1998	1999	2000	2001	2002	2003
R&D/E&T-adjusted Intermediate Consumption	16,417	18,343	21,126	22,545	25,630	29,816	34,994
Article – Labour	24,333	25,124	27,133	29,180	30,388	31,769	32,463
Capital Consumption	1,349	1,385	1,455	1,618	1,395	1,568	1,630
R&D/E&T-adjusted Final Consumption	42,099	44,852	49,714	53,343	57,413	63,153	69,087

some items of expenditure classified as either labour or intermediate consumption have characteristics in common with those of capital items and could be reclassified.

6.2 For example, expenditure on R&D does not usually contribute to producing output immediately, but may increase future output. From a productivity perspective, it might be useful to subtract the input costs from NHS expenditure. Another example is education and training of staff, which can be seen as an investment in human capital where the contribution to output accrues over the remainder of the NHS career of the trained staff.

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Tables

1. Summary

2. UK Economic Accounts

3. Prices

4. Labour market

5. Selected output and demand indicators

6. Selected financial statistics

Notes to tables

Identification codes

The four-letter identification code at the top of each data column is the ONS reference for this series of data on our database. Please quote the relevant code if you contact us requiring any further information about the data.

Currency of data

All data in the tables and accompanying charts are current, as far as possible, to 1 December 2004.

Some data, particularly for the latest time period, are provisional and may be subject to revision in later editions.

Geographic coverage

Statistics relate mainly to the United Kingdom. Where figures are for Great Britain only, this is shown on the table.

Seasonal adjustments

Almost all quarterly data are seaonally adjusted; those not seasonally adjusted are indicated by the abbreviation NSA.

Money

There is no single correct definition of money. The most widely used measures are:

M0
This is the narrowest measure and consists of notes and coins in circulation outside the Bank of England and bankers' operational deposits at the Bank.

M4
This 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.

Conventions
Rounding may lead to inconsistencies between the constituent parts and the total in some tables.

A horizontal line between two consecutive figures indicates that the figures above and below the line have been compiled on different bases and are not strictly comparable. Footnotes explain the differences.

Billion denotes one thousand million.

Symbols used

.. not available

- nil or less than half the final digit shown

+ a series for which measures of variability are given on page 171

† data have 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

National Statistics Online

www.statistics.gov.uk

Users can download time series, cross-sectional data and metadata from across the Government Statistical Service (GSS), using the site search and index functions from the homepage. Many datasets can be downloaded, in whole or in part, and directory information for all GSS statistical resources can be consulted, including censuses, surveys, journals and enquiry services. Information is posted as PDF electronic documents, or in XLS and CSV formats, compatible with most spreadsheet packages.

Time Series Data

The time series data facility on the website provide access to around 40,000 time series, of primarily macro-economic data, drawn from the main tables in our major economic and labour market publications. Users can download complete releases or view and download customised selections of individual time series.

Complete copies of *Economic Trends* can be downloaded from the following webpage:

http://www.statistics.gov.uk/statbase/product.asp?vlnk=308

1.1 Selected monthly indicators

seasonally adjusted unless otherwise stated

		2002	2003	2004 Q1	2004 Q2	2004 Q3	2004 Aug	2004 Sep	2004 Oct	%Change Latest 3 months avg over previous 3 months
Output -chained volume measures (CVM) (2001 = 100 unless otherwise stated)										
Gross value added at basic prices	CGCE	101.5	103.4	105.5	106.5	106.9	..	..	..	*0.4*
Industrial production	CKYW	97.5	97.4	97.2	98.4	97.0	96.8	96.4	..	*-1.4*
Oil and gas extraction	CKZO	98.8	93.2	88.3	90.3	85.3	84.9	81.5	..	*-5.5*
Manufacturing	CKYY	96.9	97.3	97.9	99.1	98.1	97.8	97.9	..	*-1.0*
Construction	GDQB	103.8	108.9	112.3	113.0	113.9	..	..	..	*0.8*
Car production (thousands)	FFAO	135.8	138.1	135.4	137.6	136.8	132.0	136.2	133.4	*-4.2*
Domestic demand										
Retail sales volume (2000 = 100)	EAPS	112.7	116.4	121.5	123.8	125.1	124.9	126.2	125.7	*1.2*
GB new registrations of cars ('000s)[1]	BCGT	2 682.0	2 646.2	762.2	629.8	709.9	87.3	434.4	..	*12.7*
Manufacturing:change in inventories (£m,CVM, reference year 2001)	DHBM	–924	–440	363	–273	–24	..	..	..	
Prices (12 monthly % change) and earnings (3 month average)										
Consumer prices index[1]	CJYR	1.3	1.4	1.3	1.4	1.2	1.3	1.1	1.2	
Retail prices index[1]	CZBH	1.7	2.9	2.6	2.8	3.1	3.2	3.1	3.3	
Retail prices index[1] (less MIPS)[2]	CDKQ	2.2	2.8	2.3	2.2	2.1	2.2	1.9	2.1	
Producer output prices (less FBTP)[3]	EUAA	–0.1	1.3	1.4	1.4	2.0	2.2	2.2	3.0	
Producer input prices[4]	EUAB	–4.6	1.4	–0.3	3.9	5.3	4.7	7.6	8.1	
GB average earnings -whole economy[5]	LNNC	..	..	5.3	4.2	3.7	3.8	3.7	..	
Foreign trade[6] (2001 = 100 volumes unless otherwise stated)										
UK balance on trade in goods (£ million)	BOKI	–46 675	–47 290	–14 303	–14 544	–14 729	–5 163	–4 546	..	
Non EU balance on trade in goods (£ million)	LGDT	–25 010	–21 735	–7 046	–7 159	–8 046	–2 943	–2 377	..	
Non EU exports of goods (excl oil & erratics)	SHDJ	94.0	102.5	98.4	103.7	106.0	100.9	113.1	..	*2.3*
Non EU imports of goods (excl oil & erratics)	SHED	97.6	102.7	109.0	112.0	115.8	117.2	114.2	..	*3.4*
Non EU import & price index (excl oil)[7]	LKWQ	94.3	91.1	87.7	89.4	90.0	90.0	90.8	..	
Non EU export & price index (excl oil)[7]	LKVX	99.8	96.8	94.7	96.4	95.9	95.9	96.6	..	
Labour market and productivity (2001 = 100 unless otherwise stated)										
UK claimant unemployment (thousands)	BCJD	946.7	933.2	886.8	861.1	835.4	834.2	835.8	836.7	*-1.5*
UK employees in manufacturing (thousands)	YEJA	3 602	3 458	3 382	3 362	3 346	3 354	3 346	..	*-0.4*
Whole economy productivity[8]	LNNN	100.7	101.9	103.2	104.4	..	..	..	..	*1.2*
Manufacturing productivity[8]	LNNX	101.5	106.6	109.7	111.5	111.0	110.7	111.0	..	*-0.5*
Unit wage costs - whole economy	LNNK	102.4	104.8	106.6	106.7	..	..	..	..	*0.1*
Unit wage costs - manufacturing	LNNQ	102.0	100.6	100.9	99.3	100.1	100.3	100.3	..	*0.9*
Financial markets[1]										
Sterling ERI (1990=100)	AGBG	106.0	100.2	104.1	105.2	104.8	105.2	103.3	102.2	*-1.8*
Average exchange rate /US $	AUSS	1.50	1.63	1.84	1.81	1.82	1.82	1.79	1.81	*0.7*
Average exchange rate /Euro[9]	THAP	1.59	1.45	1.47	1.50	1.49	1.49	1.47	1.44	*-2.2*
3 month inter-bank rate[10]	HSAJ	3.94	3.95	4.30	4.77	4.82	4.88	4.82	4.81	
3 month interest on US Treasury bills[11]	LUST	1.20	0.93	0.93	1.31	1.68	1.57	1.68	1.87	
Monetary conditions/government finances										
M0 (year on year percentage growth)	VQMX	7.9	7.3	7.2	5.8	5.5	5.1	5.8	5.8	
M4 (year on year percentage growth)	VQJW	6.3	7.2	7.9	8.1	9.4	10.1	9.2	9.8	
Public sector net borrowing (£ million)[1,12]	ANNX	–25 190	–34 840	918	–13 933	–9 417	–6 159	–5 506	–751	
Net lending to consumers (£ million)(broader)	RLMH	21 088	18 700	5 381	5 088	5 141	1 875	1 624	1 549	*-8.3*

		2003 Oct	2003 Nov	2003 Dec	2004 Jan	2004 Feb	2004 Mar	2004 Apr	2004 May	2004 Jun	2004 Jul	2004 Aug	2004 Sep	2004 Oct	2004 Nov
Activity and expectations															
CBI output expectations balance[1]	ETCU	–4	–2	5	21	14	15	12	22	15	6	19	12	14	5
CBI optimism balance[1]	ETBV	–7	..	..	17	..	..	12	..	..	7	..	..	–10	..
CBI price expectations balance	ETDQ	–9	–10	–4	–1	–2	–3	–	1	5	6	10	9	–1	13
New engineering orders (2000 = 100)	JIQH	84.1	88.8	73.9	85.7	69.5	81.6	73.4	83.5	80.9	83.3	73.9	76.8	..	..

1 Not seasonally adjusted
2 MIPS: mortgage interest payments
3 FBTP : food, beverages, tobacco and petroleum
4 See footnote 2 on Table 3.1.
5 See footnote 2 on Table 4.6
6 All Non EU figures exclude Austria, Finland & Sweden
7 12 monthly percentage change
8 Output per filled job.
9 Prior to January 1999, a synthetic Euro has been calculated by geometrically averaging the bilateral exchange rate of the 11 Euro-area countries using "internal weights" based on each country's share of the extra Euro-area trade
10 Last Friday of the period
11 Last working day
12 Annual figures are for the financial years 2002/03 and 2003/04.

2.1 National accounts aggregates

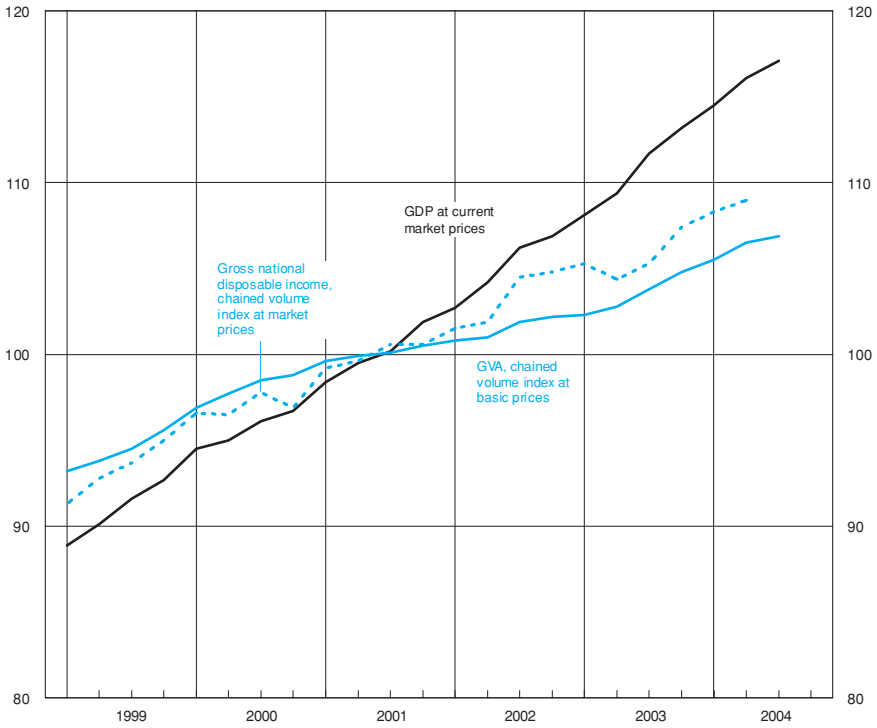
	£ million		Indices (2001 = 100)						
	At current prices		Value indices at current prices		Chained volume indices			Implied deflators[2]	
	Gross domestic product at market prices	Gross value added (GVA)at basic prices	Gross domestic product at market prices[1]	Gross Value added (GVA) at basic prices	Gross national disposable income at market prices	Gross domestic product at market prices	Gross value added (GVA) at basic prices+	GDP at market prices	GVA at basic prices
Annual	YBHA	ABML	YBEU	YBEX	YBFP	YBEZ	CGCE	YBGB	CGBV
1999	903 167	797 116	90.8	90.5	93.2	94.1	94.3	96.5	96.0
2000	950 561	838 490	95.6	95.2	96.9	97.8	98.0	97.8	97.1
2001	994 309	881 163	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	1 044 145	926 275	105.0	105.1	103.2	101.8	101.5	103.2	103.6
2003	1 099 896	976 148	110.6	110.8	105.6	104.1	103.4	106.3	107.1
Quarterly									
1999 Q1	220 923	195 097	88.9	88.6	91.3	93.0	93.2	95.6	95.0
Q2	224 058	198 308	90.1	90.0	92.8	93.4	93.8	96.5	96.0
Q3	227 712	200 887	91.6	91.2	93.7	94.4	94.5	97.0	96.5
Q4	230 474	202 824	92.7	92.1	95.0	95.6	95.6	96.9	96.4
2000 Q1	235 014	207 303	94.5	94.1	96.6	96.8	96.9	97.7	97.1
Q2	236 157	207 965	95.0	94.4	96.5	97.5	97.7	97.4	96.7
Q3	238 933	210 886	96.1	95.7	97.8	98.2	98.5	97.9	97.2
Q4	240 457	212 336	96.7	96.4	96.9	98.5	98.8	98.2	97.6
2001 Q1	244 608	216 540	98.4	98.3	99.2	99.3	99.6	99.1	98.7
Q2	247 391	219 070	99.5	99.4	99.6	99.8	99.9	99.7	99.6
Q3	249 071	220 704	100.2	100.2	100.6	100.3	100.1	99.9	100.1
Q4	253 239	224 849	101.9	102.1	100.6	100.6	100.5	101.2	101.6
2002 Q1	255 307	226 473	102.7	102.8	101.5	100.9	100.8	101.7	102.0
Q2	258 981	229 701	104.2	104.3	101.9	101.3	101.0	102.8	103.2
Q3	264 015	234 331	106.2	106.4	104.5	102.2	101.9	103.9	104.4
Q4	265 842	235 770	106.9	107.0	104.8	102.6	102.2	104.3	104.8
2003 Q1	268 739	238 633	108.1	108.3	105.3	102.8	102.3	105.2	105.8
Q2	272 003	241 386	109.4	109.6	104.4	103.5	102.8	105.8	106.6
Q3	277 662	246 366	111.7	111.8	105.3	104.4	103.8	107.0	107.8
Q4	281 492	249 763	113.2	113.4	107.4	105.5	104.8	107.3	108.2
2004 Q1	284 537	252 393	114.5	114.6	108.3	106.2	105.5	107.7	108.6
Q2	288 658	256 141	116.1	116.3	109.0	107.2	106.5	108.3	109.2
Q3	290 988	258 257	117.1	117.2	..	107.7†	106.9	108.7	109.7
Percentage change, quarter on corresponding quarter of previous year[3]									
Quarterly									
1999 Q1	*5.4*	*4.8*	*5.4*	*4.8*	*1.6*	*2.8*	*2.7*	*2.6*	*2.0*
Q2	*5.4*	*5.0*	*5.4*	*5.0*	*1.6*	*2.6*	*2.6*	*2.7*	*2.3*
Q3	*4.9*	*4.3*	*4.9*	*4.3*	*0.4*	*2.6*	*2.4*	*2.1*	*1.9*
Q4	*5.2*	*4.5*	*5.2*	*4.5*	*2.3*	*3.2*	*2.7*	*1.8*	*1.8*
2000 Q1	*6.4*	*6.3*	*6.4*	*6.3*	*5.8*	*4.1*	*3.9*	*2.2*	*2.2*
Q2	*5.4*	*4.9*	*5.4*	*4.9*	*4.0*	*4.4*	*4.2*	*0.9*	*0.7*
Q3	*4.9*	*5.0*	*4.9*	*5.0*	*4.4*	*4.0*	*4.2*	*0.9*	*0.7*
Q4	*4.3*	*4.7*	*4.3*	*4.7*	*2.0*	*3.0*	*3.4*	*1.3*	*1.2*
2001 Q1	*4.1*	*4.5*	*4.1*	*4.5*	*2.7*	*2.6*	*2.8*	*1.4*	*1.6*
Q2	*4.8*	*5.3*	*4.8*	*5.3*	*3.2*	*2.4*	*2.2*	*2.4*	*3.0*
Q3	*4.2*	*4.7*	*4.2*	*4.7*	*2.9*	*2.1*	*1.6*	*2.0*	*3.0*
Q4	*5.3*	*5.9*	*5.3*	*5.9*	*3.8*	*2.1*	*1.7*	*3.1*	*4.1*
2002 Q1	*4.4*	*4.6*	*4.4*	*4.6*	*2.3*	*1.6*	*1.2*	*2.6*	*3.3*
Q2	*4.7*	*4.9*	*4.7*	*4.9*	*2.3*	*1.5*	*1.2*	*3.1*	*3.6*
Q3	*6.0*	*6.2*	*6.0*	*6.2*	*3.9*	*1.9*	*1.8*	*4.0*	*4.3*
Q4	*5.0*	*4.9*	*5.0*	*4.9*	*4.2*	*2.0*	*1.7*	*3.1*	*3.1*
2003 Q1	*5.3*	*5.4*	*5.3*	*5.4*	*3.7*	*1.9*	*1.5*	*3.4*	*3.7*
Q2	*5.0*	*5.1*	*5.0*	*5.1*	*2.5*	*2.2*	*1.8*	*2.9*	*3.3*
Q3	*5.2*	*5.1*	*5.2*	*5.1*	*0.8*	*2.2*	*1.8*	*3.0*	*3.3*
Q4	*5.9*	*5.9*	*5.9*	*5.9*	*2.5*	*2.8*	*2.5*	*2.9*	*3.2*
2004 Q1	*5.9*	*5.8*	*5.9*	*5.8*	*2.8*	*3.3*	*3.1*	*2.4*	*2.6*
Q2	*6.1*	*6.1*	*6.1*	*6.1*	*4.4*	*3.6*	*3.5*	*2.4*	*2.4*
Q3	*4.8*	*4.8*	*4.8*	*4.8*	..	*3.2*†	*3.0*	*1.6*	*1.8*

1 "Money GDP."
2 Based on chained volume measures and current price estimates of expenditure components of GDP.
3 These estimates of change are based in some cases on less rounded figures than in the table.

Source: Office for National Statistics; Enquiries 020 7533 6031

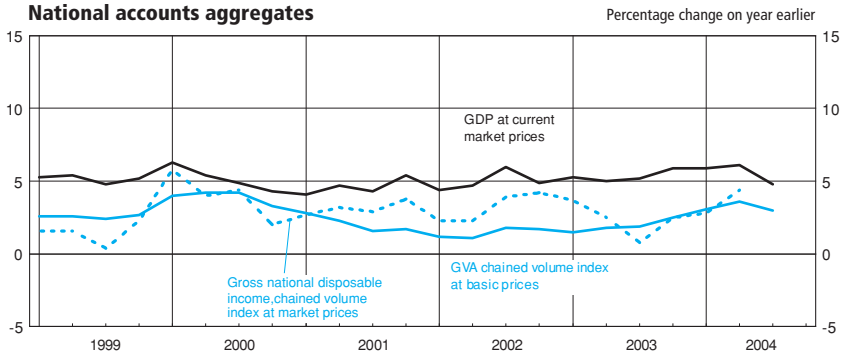
National accounts aggregates

Indices, 2001=100 seasonally adjusted



National accounts aggregates

Percentage change on year earlier



2.2 Gross domestic product : by category of expenditure
Chained volume measures

Reference year 2001, £ million

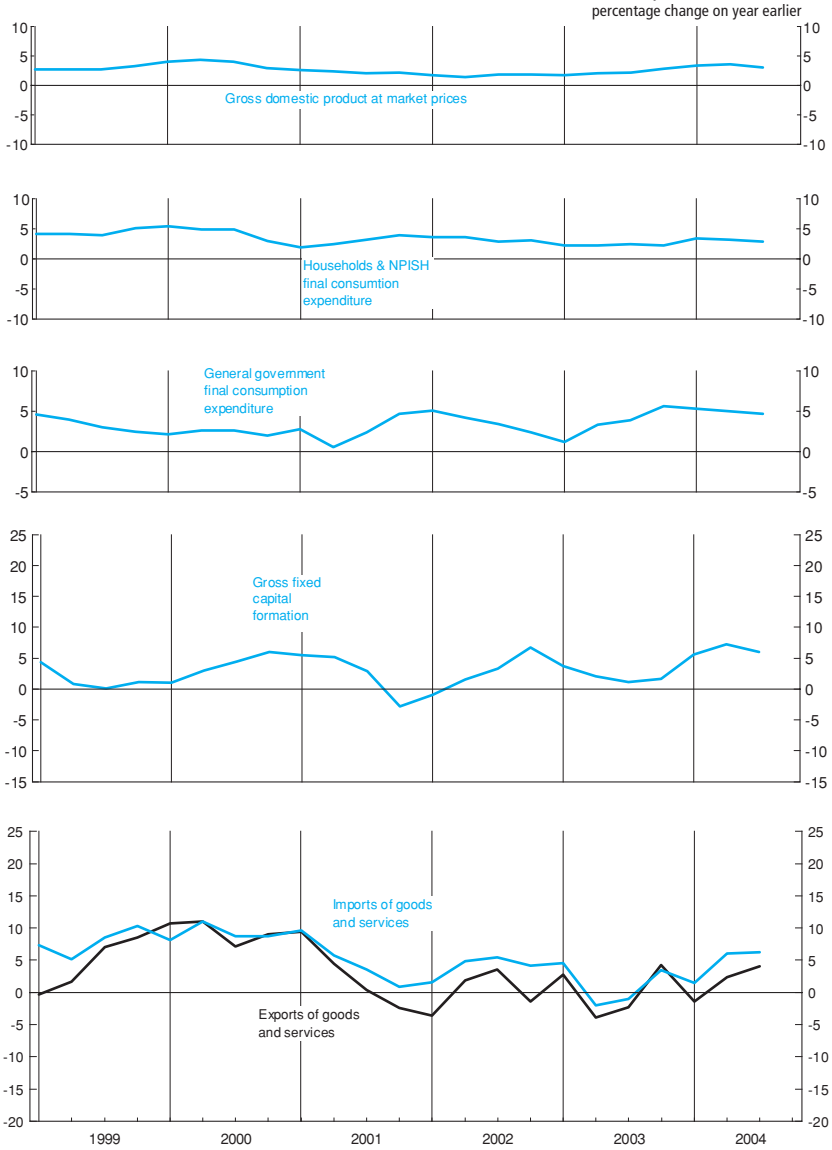
	Domestic expenditure on goods and services at market prices											
	Final consumption expenditure			Gross capital formation								
	Households	Non-profit institutions [2]	General government	Gross fixed capital formation+	Changes in inventories[3]	Acquisitions less disposals of valuables	Total	Exports of goods and services+	Gross final expenditure	*less* Imports of goods and services+	Statistical discrepancy (expenditure)	Gross domestic product at market prices
Annual												
	ABJR	HAYO	NMRY	NPQT	CAFU	NPJR	YBIM	IKBK	ABMG	IKBL	GIXS	ABMI
1999	590 275	23 095	180 683	155 631	6 416	28	955 837	241 978	1 197 551	261 942	–	935 818
2000	616 515	24 875	184 929	161 267	5 262	3	992 822	264 810	1 257 636	285 837	–	971 937
2001	635 583	24 345	189 724	165 504	6 189	396	1 021 741	272 369	1 294 110	299 801	–	994 309
2002	655 865	25 818	196 862	169 928	2 513	226	1 051 212	272 635	1 323 847	311 955	–	1 011 892
2003	671 013	26 593	203 674	173 623	2 467	9	1 077 379	272 949	1 350 328	315 911	201	1 034 618
Quarterly												
1999 Q1	145 317	5 816	44 724	38 921	2 570	5	237 008	57 566	294 410	63 356	–	231 135
Q2	146 761	5 717	45 357	38 345	555	24	236 623	59 480	296 012	63 864	–	232 242
Q3	147 771	5 741	45 353	38 688	1 706	–15	239 115	62 065	301 186	66 511	–	234 698
Q4	150 426	5 821	45 249	39 677	1 585	14	243 091	62 867	305 943	68 211	–	237 743
2000 Q1	153 400	6 074	45 726	39 312	753	1	245 348	63 738	309 063	68 489	–	240 609
Q2	153 749	6 186	46 540	39 485	1 329	–	247 229	65 997	313 231	70 889	–	242 381
Q3	154 701	6 286	46 513	40 431	1 906	–3	249 778	66 551	316 321	72 284	–	244 077
Q4	154 665	6 329	46 150	42 039	1 274	5	250 467	68 524	319 021	74 175	–	244 870
2001 Q1	156 398	6 172	46 996	41 493	1 080	–19	252 091	69 713	321 845	75 041	–	246 817
Q2	157 861	6 066	46 800	41 535	1 579	230	254 109	68 978	323 110	75 031	–	248 080
Q3	160 046	6 037	47 621	41 617	1 989	41	257 365	66 823	324 152	74 879	–	249 268
Q4	161 278	6 070	48 307	40 859	1 541	144	258 176	66 855	325 003	74 850	–	250 144
2002 Q1	162 043	6 366	49 414	41 138	994	66	260 021	67 177	327 198	76 265	–	250 933
Q2	163 505	6 399	48 756	42 179	–624	58	260 273	70 272	330 545	78 700	–	251 846
Q3	164 392	6 485	49 236	42 991	696	85	263 885	69 257	333 142	79 019	–	254 123
Q4	165 925	6 568	49 456	43 620	1 447	17	267 033	65 929	332 962	77 971	–	254 990
2003 Q1	165 680	6 656	49 986	42 675	1 212	6	266 215	69 030	335 244	79 801	39	255 482
Q2	167 189	6 629	50 345	43 054	–514	104	266 807	67 503	334 310	77 154	48	257 204
Q3	168 531	6 647	51 137	43 528	371	–54	270 159	67 658	337 817	78 258	55	259 615
Q4	169 613	6 661	52 206	44 366	1 398	–47	274 198	68 758	342 957	80 698	59	262 317
2004 Q1	171 570	6 709	52 612	45 074	848	116	276 929	68 059	344 989	80 966	51	264 073
Q2	172 605	6 737	52 841	46 177	903	–79	279 184	69 107	348 290	81 892	52	266 450
Q3	173 541	6 803	53 560	46 129	370	–77	280 326	70 421	350 747	83 188	51	267 609†
Percentage change, latest quarter on corresponding quarter of previous year												
1999 Q1	*4.3*	*0.9*	*4.6*	*4.4*			*4.9*	*–0.3*	*3.8*	*7.4*		*2.7*
Q2	*4.5*	*–1.9*	*4.0*	*0.8*			*3.7*	*1.7*	*3.2*	*5.2*		*2.7*
Q3	*4.3*	*–2.3*	*3.0*	*0.1*			*3.1*	*7.1*	*4.0*	*8.6*		*2.7*
Q4	*5.3*	*–0.2*	*2.5*	*1.1*			*3.8*	*8.6*	*4.8*	*10.3*		*3.3*
2000 Q1	*5.6*	*4.4*	*2.2*	*1.0*			*3.5*	*10.7*	*5.0*	*8.1*		*4.1*
Q2	*4.8*	*8.2*	*2.6*	*3.0*			*4.5*	*11.0*	*5.8*	*11.0*		*4.4*
Q3	*4.7*	*9.5*	*2.6*	*4.5*			*4.5*	*7.2*	*5.0*	*8.7*		*4.0*
Q4	*2.8*	*8.7*	*2.0*	*6.0*			*3.0*	*9.0*	*4.3*	*8.7*		*3.0*
2001 Q1	*2.0*	*1.6*	*2.8*	*5.5*			*2.7*	*9.4*	*4.1*	*9.6*		*2.6*
Q2	*2.7*	*–1.9*	*0.6*	*5.2*			*2.8*	*4.5*	*3.2*	*5.8*		*2.4*
Q3	*3.5*	*–4.0*	*2.4*	*2.9*			*3.0*	*0.4*	*2.5*	*3.6*		*2.1*
Q4	*4.3*	*–4.1*	*4.7*	*–2.8*			*3.1*	*–2.4*	*1.9*	*0.9*		*2.2*
2002 Q1	*3.6*	*3.1*	*5.1*	*–0.9*			*3.1*	*–3.6*	*1.7*	*1.6*		*1.7*
Q2	*3.6*	*5.5*	*4.2*	*1.6*			*2.4*	*1.9*	*2.3*	*4.9*		*1.5*
Q3	*2.7*	*7.4*	*3.4*	*3.3*			*2.5*	*3.6*	*2.8*	*5.5*		*1.9*
Q4	*2.9*	*8.2*	*2.4*	*6.8*			*3.4*	*–1.4*	*2.4*	*4.2*		*1.9*
2003 Q1	*2.2*	*4.6*	*1.2*	*3.7*			*2.4*	*2.8*	*2.5*	*4.6*		*1.8*
Q2	*2.3*	*3.6*	*3.3*	*2.1*			*2.5*	*–3.9*	*1.1*	*–2.0*		*2.1*
Q3	*2.5*	*2.5*	*3.9*	*1.2*			*2.4*	*–2.3*	*1.4*	*–1.0*		*2.2*
Q4	*2.2*	*1.4*	*5.6*	*1.7*			*2.7*	*4.3*	*3.0*	*3.5*		*2.9*
2004 Q1	*3.6*	*0.8*	*5.3*	*5.6*			*4.0*	*–1.4*	*2.9*	*1.5*		*3.4*
Q2	*3.2*	*1.6*	*5.0*	*7.3*			*4.6*	*2.4*	*4.2*	*6.1*		*3.6*
Q3	*3.0*	*2.3*	*4.7*	*6.0*			*3.8*	*4.1*	*3.8*	*6.3*		*3.1*

1 Estimates given to nearest million but cannot be regarded as accurate to the degree.
2 Non-profit making institutions serving households(NPISH).
3 Quarterly alignment adjustment included in this series.

Source: Office for National Statistics; Enquiries 020 7533 6031

Gross Domestic Product : by category of expenditure

chained volume measures
reference year 2001
percentage change on year earlier



2.3 Gross domestic product and shares of income and expenditure

	Gross domestic product at market prices	Gross final expenditure	Percentage share of gross final expenditure: Final consumption expenditure: Household and NPISH	Final consumption expenditure: General government	Gross capital formation	Exports of goods and services	Percentage share of GDP by category of income: Gross operating surplus: Corporations[1]	Gross operating surplus: Other[2]	Compensation of employees	Mixed income	Taxes on production and imports
Annual											
	YBHA	ABMF	IHXI	IHXJ	IHXK	IHXL	IHXM	IHXO	IHXP	IHXQ	IHXR
2001	994 309	1 294 110	51.0	14.6	13.3	21.1	20.4	3.6	56.8	6.1	13.1
2002	1 044 145	1 348 963	51.3	15.5	12.9	20.3	21.2	3.2	56.5	6.2	12.9
2003	1 099 896	1 409 894	51.2	16.3	12.9	19.7	22.1	3.0	55.9	6.2	12.7
Quarterly											
2001 Q1	244 608	320 862	50.2	14.3	13.3	22.2	20.0	3.6	57.2	6.1	13.1
Q2	247 391	323 583	50.6	14.4	13.4	21.7	19.7	4.3	56.8	6.1	13.1
Q3	249 071	323 475	51.5	14.7	13.6	20.1	20.6	3.3	56.8	6.2	13.1
Q4	253 239	326 190	51.6	15.2	13.0	20.2	21.1	3.3	56.6	6.2	12.9
2002 Q1	255 307	330 346	51.5	15.4	12.7	20.4	20.9	3.0	56.9	6.3	13.0
Q2	258 981	336 321	51.2	15.3	12.5	21.0	20.5	3.7	56.7	6.2	12.9
Q3	264 015	340 800	50.9	15.5	13.1	20.4	21.6	3.1	56.3	6.2	12.8
Q4	265 842	341 496	51.6	15.7	13.4	19.4	21.8	2.9	56.2	6.2	12.9
2003 Q1	268 739	346 642	51.0	16.0	12.7	20.2	22.1	2.7	56.2	6.2	12.8
Q2	272 003	347 750	51.5	16.3	12.5	19.7	21.8	3.0	56.2	6.3	12.7
Q3	277 662	354 920	51.2	16.3	13.0	19.5	22.4	2.9	55.7	6.2	12.7
Q4	281 492	360 582	50.9	16.6	13.2	19.3	22.0	3.4	55.6	6.2	12.7
2004 Q1	284 537	362 344	51.2	16.6	13.4	18.7	21.5	3.2	56.3	6.3	12.7
Q2	288 658	368 225	51.0	16.6	13.5	18.9	22.2	2.8	55.9	6.3	12.7
Q3	290 988	372 717	..	..	..	..	..	..	..	..	..

1 Non-financial and financial corporations.
2 Gross operating surplus of General government, and Households and NPISH plus the adjustment for financial services.

Source: Office for National Statistics; Enquiries 020 7533 6031

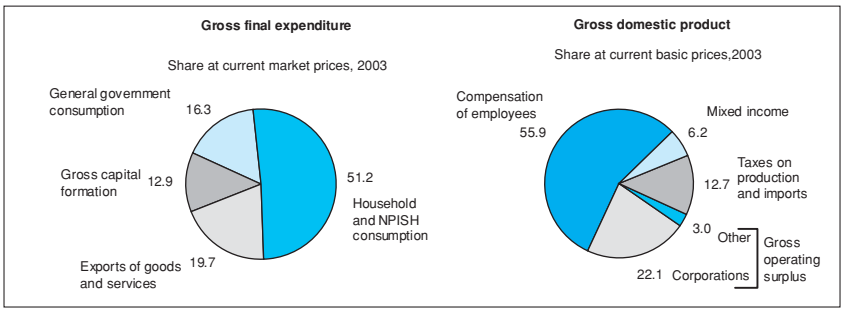
2.4 Income, product and spending per head

£

	At current prices: Gross national income at market prices	Gross domestic product at market prices	Household and NPISH final consumption expenditure	Households' gross disposable income	Chained volume measures (reference year 2001): Gross domestic product at market prices	Household and NPISH final consumption expenditure	Real households' disposable income
Annual							
	IHXS	IHXT	IHXU	IHXV	IHXW	IHXX	IHXZ
2001	16 981	16 837	11 175	11 901	16 839	11 176	11 900
2002	17 960	17 628	11 687	12 228	17 084	11 509	12 042
2003	18 868	18 524	12 146	12 676	17 426	11 750	12 262
Quarterly							
2001 Q1	4 181	4 153	2 735	2 929	4 191	2 760	2 955
Q2	4 232	4 192	2 775	2 941	4 204	2 778	2 944
Q3	4 262	4 213	2 820	2 988	4 217	2 810	2 976
Q4	4 306	4 279	2 845	3 043	4 227	2 828	3 025
2002 Q1	4 361	4 311	2 875	2 999	4 237	2 844	2 967
Q2	4 420	4 372	2 908	3 078	4 252	2 868	3 036
Q3	4 571	4 457	2 931	3 070	4 290	2 885	3 022
Q4	4 608	4 488	2 973	3 081	4 305	2 912	3 017
2003 Q1	4 648	4 526	2 978	3 103	4 303	2 903	3 024
Q2	4 642	4 581	3 018	3 162	4 332	2 928	3 067
Q3	4 733	4 676	3 059	3 184	4 373	2 950	3 071
Q4	4 845	4 741	3 091	3 227	4 418	2 969	3 100
2004 Q1	4 912	4 792	3 127	3 260	4 448	3 003	3 130
Q2	4 959	4 862	3 160	3 320	4 488	3 021	3 174

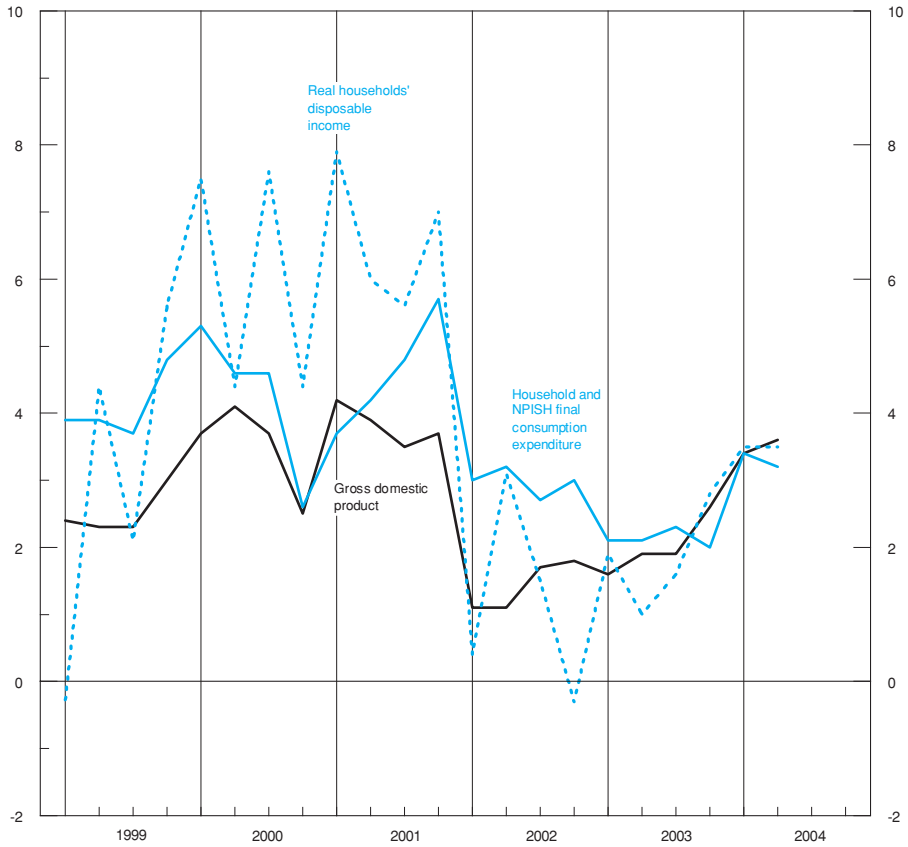
Source: Office for National Statistics; Enquiries 020 7533 6031

Shares of income and expenditure



Income, product and spending per capita

chained volume measures, reference year 2001 percentage change on year earlier



2.5 Households[1] disposable income and consumption

	£ million, current prices							£ million, chained volume measures, reference year 2001		
	Households' income before tax		Gross households' disposable income[2]	Adjustment for the change in net equity of households in pension funds	Households' Total resources	Households' final consumption expenditure	Households' saving ratio[3] (percentage)+	Real households' disposable income+[4]	Household final consumption expenditure+	Real households' disposable income (index 2001=100)
	Total	of which: Wages and salaries								
Annual										
	RPHP	ROYJ	RPHQ	RPQJ	RPQK	RPQM	NRJS	NRJR	NPSP	OSXS
2001	1 012 269	486 302	701 585	4 002	705 587	659 928	6.5	701 585	659 928	100.0
2002	1 047 040	505 659	722 464	8 361	730 825	692 255	5.3	711 431	681 683	101.4
2003	1 093 256	523 192	751 901	11 333	763 234	721 083	5.5	727 421	697 606	103.7
Quarterly										
2001 Q1	251 178	119 880	172 262	1 970	174 232	161 094	7.5	173 830	162 563	99.1
Q2	251 365	121 030	173 633	1 159	174 792	163 740	6.3	173 828	163 926	99.1
Q3	252 710	122 127	176 752	481	177 233	166 724	5.9	176 074	166 087	100.4
Q4	257 016	123 265	178 938	392	179 330	168 370	6.1	177 853	167 352	101.4
2002 Q1	257 544	124 658	176 952	2 542	179 494	170 240	5.2	175 046	168 409	99.8
Q2	262 043	126 270	182 050	1 022	183 072	172 263	5.9	179 554	169 904	102.4
Q3	263 753	126 629	181 503	2 494	183 997	173 634	5.6	178 619	170 877	101.8
Q4	263 700	128 102	181 959	2 303	184 262	176 118	4.4	178 212	172 493	101.6
2003 Q1	267 840	128 951	183 539	3 536	187 075	176 789	5.5	178 917	172 336	102.0
Q2	271 772	129 852	188 016	1 453	189 469	179 187	5.4	182 383	173 818	104.0
Q3	275 557	131 476	188 826	3 066	191 892	181 611	5.4	182 138	175 178	103.8
Q4	278 087	132 913	191 520	3 278	194 798	183 496	5.8	183 983	176 274	104.9
2004 Q1	282 560	135 446	193 531	4 225	197 756	185 681	6.1	185 816	178 279	105.9
Q2	286 177	136 560	197 127	2 791	199 918	187 618	6.2	188 432	179 342	107.4
Q3	..	..	..	..	..	189 235	..	..	180 344	..

1 All households series include also Non-Profit Institutions Serving Households (NPISH).
2 Total household income *less* payments of income tax and other taxes, social contributions and other current transfers.
3 Households saving as a percentage of Total resources; this is the sum of Gross household disposable income and the Adjustment for the change in net equity of households in pension funds (D.8).
4 Gross household disposable income revalued by the implied Household and NPISH final consumption expenditure deflator (2000 = 100).

Sources: Office for National Statistics; Enquiries Column 1 020 7533 6005; Columns 2-5,7,8,10 020 7533 6027; Columns 6,9 020 7533 5999

2.6 Household final consumption expenditure[1,2]
Chained volume measures

Reference year 2001, £ million

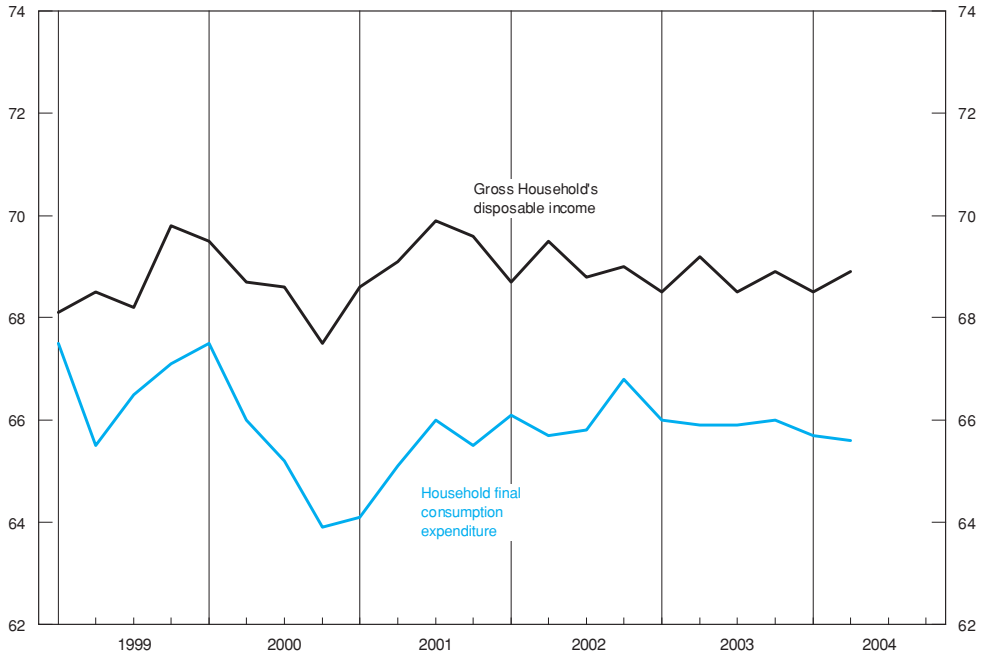
	UK National[4]														
			UK Domestic[5]												
	Total	Net tourism	Total	Food & drink	Alcohol & tobacco	Clothing & footwear	Housing	Household goods & services	Health	Transport	Communication	Recreation & culture	Education	Restaurants & hotels	Miscellaneous
COICOP[3]	-	-	0	01	02	03	04	05	06	07	08	09	10	11	12
Annual															
	ABJR	ABTH	ZAKW	ZWUN	ZAKY	ZALA	ZAVO	ZAVW	ZAWC	ZAWM	ZAWW	ZAXA	ZWUT	ZAXS	ZAYG
2001	635 583	9 524	626 059	59 974	25 158	37 042	113 467	37 974	9 786	92 560	14 157	76 005	9 239	71 493	79 204
2002	655 865	10 764	645 101	60 724	25 517	41 316	114 710	39 768	10 232	94 145	14 501	81 183	8 167	73 656	81 182
2003	671 013	10 993	660 020	61 777	25 978	43 979	116 657	38 812	11 135	95 934	15 168	84 466	8 482	76 116	81 516
Quarters															
2001 Q1	156 398	1 828	154 567	15 140	6 239	8 822	28 187	9 365	2 465	22 902	3 483	18 274	2 391	17 982	19 374
Q2	157 861	2 431	155 430	14 661	6 329	9 128	28 356	9 441	2 411	22 957	3 517	18 842	2 345	17 805	19 644
Q3	160 046	2 686	157 361	14 856	6 325	9 444	28 517	9 600	2 427	23 337	3 556	19 238	2 287	17 906	19 846
Q4	161 278	2 579	158 701	15 317	6 265	9 648	28 407	9 568	2 483	23 364	3 601	19 651	2 216	17 800	20 340
2002 Q1	162 043	2 763	159 280	14 908	6 322	10 051	28 523	9 790	2 491	23 368	3 582	20 066	2 116	18 167	19 896
Q2	163 505	2 629	160 876	14 899	6 380	10 241	28 652	10 028	2 538	23 690	3 631	20 177	2 049	18 331	20 260
Q3	164 392	2 679	161 713	15 202	6 385	10 430	28 744	10 022	2 572	23 545	3 645	20 257	2 027	18 563	20 321
Q4	165 925	2 693	163 232	15 715	6 430	10 594	28 791	9 928	2 631	23 542	3 643	20 683	1 975	18 595	20 705
2003 Q1	165 680	3 156	162 524	15 224	6 443	10 639	29 031	9 421	2 682	23 937	3 692	20 480	2 014	18 617	20 344
Q2	167 189	2 716	164 473	15 686	6 463	10 967	28 984	9 992	2 756	23 895	3 760	20 912	2 078	18 758	20 222
Q3	168 531	2 607	165 924	15 396	6 518	11 061	29 159	9 730	2 822	23 971	3 841	21 455	2 160	19 282	20 529
Q4	169 613	2 514	167 099	15 471	6 554	11 312	29 483	9 669	2 875	24 131	3 875	21 619	2 230	19 459	20 421
2004 Q1	171 570	2 838	168 732	15 849	6 545	11 720	29 527	9 746	2 840	24 244	3 936	22 217	2 293	19 043	20 772
Q2	172 605	2 590	170 015	15 551	6 549	11 984	29 571	9 961	2 868	24 294	3 962	23 017	2 338	19 183	20 737
Q3	173 541	..	..	..	..	..	..	..	..	..	..	..	..	..	..

1 Estimates are given to the nearest £million but cannot be regarded as accurate to this degree.
2 More detailed estimates of Household Final Consumption Expenditure, expressed in both current prices and chained volume measures and both unadjusted and seasonally adjusted appear in the ONS publication *Consumer Trends*.
3 ESA 95 Classification of Individual Consumption by Purpose
4 Final consumption expenditure by UK households in the UK & abroad
5 Final consumption expenditure in the UK by UK & foreign households

Source: Office for National Statistics; Enquiries 020 7533 5999

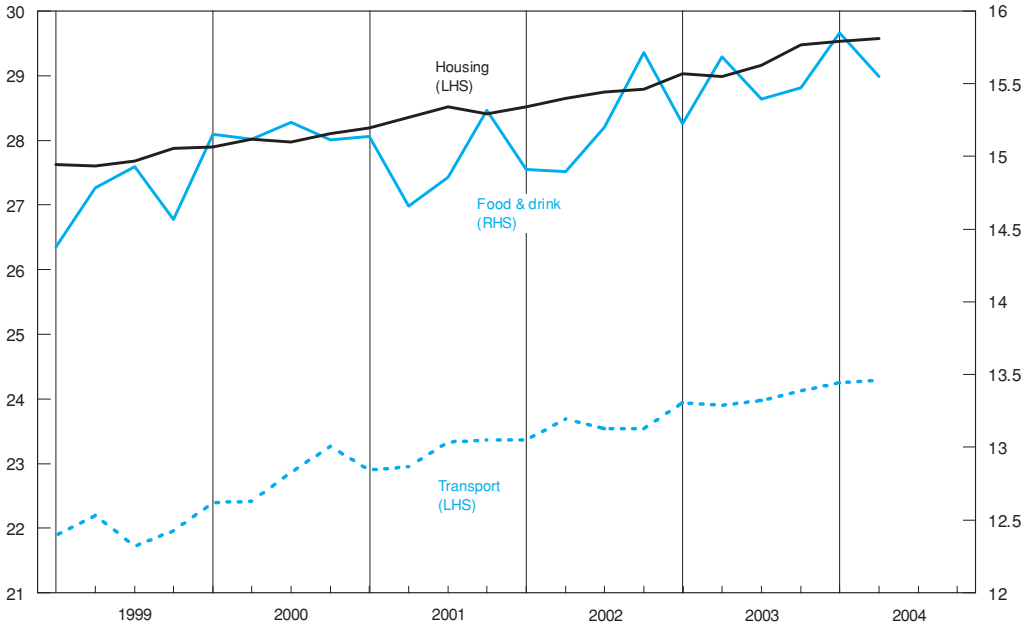
Household's Disposable Income and Consumption

Proportion of **Households' Income before tax** (Current Prices), per cent



Household final consumption expenditure – component categories

chained volume measures reference year 2001, £ thousand million



2.7 Gross fixed capital formation
Chained volume measures

Reference year 2001, £ million

	Analysis by sector						Analysis by asset				
			Public corporations[2]	Private sector							
	Business investment[1]	General government	Transfer costs of non-produced assets	Dwellings	Transfer costs of non-produced assets	Total+	Transport equipment	Other machinery and equipment	Dwellings	Other building and structures[3]	Intangible fixed assets
Annual											
	NPEL	DLWF	DLWH	DFEA	DLWI	NPQT	DLWL	DLWO	DFEG	DLWT	EQDO
1999	104 865	11 332	4	26 729	13 133	155 631	15 020	53 617	28 649	54 062	4 846
2000	109 693	12 051	6	26 830	12 814	161 267	13 348	59 133	28 672	55 052	5 058
2001	111 739	13 925	59	27 085	12 696	165 504	15 194	59 975	29 806	55 513	5 016
2002	112 435	14 711	–37	29 176	13 643	169 928	16 487	58 623	32 139	57 176	5 503
2003	111 376	18 297	–186	31 477	12 659	173 623	15 552	57 067	35 324	59 912	5 768
Quarterly											
1999 Q1	26 515	2 864	–10	6 649	2 837	38 921	3 958	13 118	7 049	13 747	1 173
Q2	25 724	2 826	2	6 849	3 044	38 345	3 566	13 195	7 516	13 032	1 205
Q3	26 163	2 835	5	6 343	3 452	38 688	3 736	13 730	6 723	13 331	1 218
Q4	26 463	2 807	7	6 888	3 800	39 677	3 760	13 574	7 361	13 952	1 250
2000 Q1	26 305	2 694	6	6 956	3 575	39 312	3 340	13 683	7 343	13 893	1 225
Q2	26 665	2 961	2	6 823	3 069	39 485	3 253	14 301	7 295	13 396	1 276
Q3	27 659	2 954	–1	6 695	3 113	40 431	3 267	15 126	7 137	13 562	1 269
Q4	29 064	3 442	–1	6 356	3 057	42 039	3 488	16 023	6 897	14 201	1 288
2001 Q1	28 407	2 988	–6	6 787	3 262	41 493	3 354	15 347	7 365	14 143	1 253
Q2	28 109	3 640	30	6 597	3 150	41 535	4 035	14 785	7 305	14 182	1 244
Q3	27 946	3 666	30	6 968	3 030	41 617	3 971	15 053	7 680	13 662	1 257
Q4	27 277	3 631	5	6 733	3 254	40 859	3 834	14 790	7 456	13 526	1 262
2002 Q1	27 574	3 810	11	6 759	2 984	41 138	4 054	14 334	7 435	14 030	1 285
Q2	27 974	3 541	13	7 153	3 498	42 179	4 105	14 808	7 781	14 104	1 381
Q3	27 983	3 843	–30	7 506	3 689	42 991	4 201	14 826	8 222	14 353	1 389
Q4	28 904	3 517	–31	7 758	3 472	43 620	4 127	14 655	8 701	14 689	1 448
2003 Q1	27 082	4 470	–13	7 666	3 470	42 675	4 034	14 291	8 588	14 351	1 411
Q2	27 869	4 353	–32	7 721	3 143	43 054	3 751	14 035	8 615	15 228	1 425
Q3	27 936	4 744	–81	7 942	2 987	43 528	3 924	14 143	8 983	15 028	1 450
Q4	28 489	4 730	–60	8 148	3 059	44 366	3 843	14 598	9 138	15 305	1 482
2004 Q1	28 755	4 620	–43	8 740	3 002	45 074	3 599	14 889	9 622	15 453	1 511
Q2	29 506	4 993	–68	8 506	3 240	46 177	3 780	15 333	9 514	16 007	1 543
Q3	29 533	..	..	..	..	46 129	..	..	..	..	..
Percentage change, latest quarter on corresponding quarter of previous year											
1999 Q1	*7.9*	*–1.4*		*–3.5*	*1.4*	*4.4*	*–1.2*	*8.6*	*–4.9*	*5.1*	*4.5*
Q2	*2.6*	*6.0*		*–4.2*	*–9.9*	*0.8*	*–10.6*	*7.7*	*–2.6*	*–2.4*	*0.4*
Q3	*1.6*	*–2.8*		*–7.3*	*8.9*	*0.1*	*–9.0*	*9.0*	*–9.8*	*–1.0*	*–5.4*
Q4	*–0.4*	*–8.7*		*2.0*	*42.3*	*1.1*	*–11.2*	*0.3*	*1.8*	*6.9*	*–0.9*
2000 Q1	*–0.8*	*–5.9*		*4.6*	*26.0*	*1.0*	*–15.6*	*4.3*	*4.2*	*1.1*	*4.4*
Q2	*3.7*	*4.8*		*–0.4*	*0.8*	*3.0*	*–8.8*	*8.4*	*–2.9*	*2.8*	*5.9*
Q3	*5.7*	*4.2*		*5.5*	*–9.8*	*4.5*	*–12.6*	*10.2*	*6.2*	*1.7*	*4.2*
Q4	*9.8*	*22.6*		*–7.7*	*–19.6*	*6.0*	*–7.2*	*18.0*	*–6.3*	*1.8*	*3.0*
2001 Q1	*8.0*	*10.9*		*–2.4*	*–8.8*	*5.5*	*0.4*	*12.2*	*0.3*	*1.8*	*2.3*
Q2	*5.4*	*22.9*		*–3.3*	*2.6*	*5.2*	*24.0*	*3.4*	*0.1*	*5.9*	*–2.5*
Q3	*1.0*	*24.1*		*4.1*	*–2.7*	*2.9*	*21.5*	*–0.5*	*7.6*	*0.7*	*–0.9*
Q4	*–6.1*	*5.5*		*5.9*	*6.4*	*–2.8*	*9.9*	*–7.7*	*8.1*	*–4.8*	*–2.0*
2002 Q1	*–2.9*	*27.5*		*–0.4*	*–8.5*	*–0.9*	*20.9*	*–6.6*	*1.0*	*–0.8*	*2.6*
Q2	*–0.5*	*–2.7*		*8.4*	*11.0*	*1.6*	*1.7*	*0.2*	*6.5*	*–0.5*	*11.0*
Q3	*0.1*	*4.8*		*7.7*	*21.7*	*3.3*	*5.8*	*–1.5*	*7.1*	*5.1*	*10.5*
Q4	*6.0*	*–3.1*		*15.2*	*6.7*	*6.8*	*7.6*	*–0.9*	*16.7*	*8.6*	*14.7*
2003 Q1	*–1.8*	*17.3*		*13.4*	*16.3*	*3.7*	*–0.5*	*–0.3*	*15.5*	*2.3*	*9.8*
Q2	*–0.4*	*22.9*		*7.9*	*–10.1*	*2.1*	*–8.6*	*–5.2*	*10.7*	*8.0*	*3.2*
Q3	*–0.2*	*23.4*		*5.8*	*–19.0*	*1.2*	*–6.6*	*–4.6*	*9.3*	*4.7*	*4.4*
Q4	*–1.4*	*34.5*		*5.0*	*–11.9*	*1.7*	*–6.9*	*–0.4*	*5.0*	*4.2*	*2.3*
2004 Q1	*6.2*	*3.4*		*14.0*	*–13.5*	*5.6*	*–10.8*	*4.2*	*12.0*	*7.7*	*7.1*
Q2	*5.9*	*14.7*		*10.2*	*3.1*	*7.3*	*0.8*	*9.2*	*10.4*	*5.1*	*8.3*
Q3	*5.7*	..		..	..	*6.0*	..	..	..	..	..

1 Not including dwellings and costs associated with the transfer of ownership of non-produced assets.

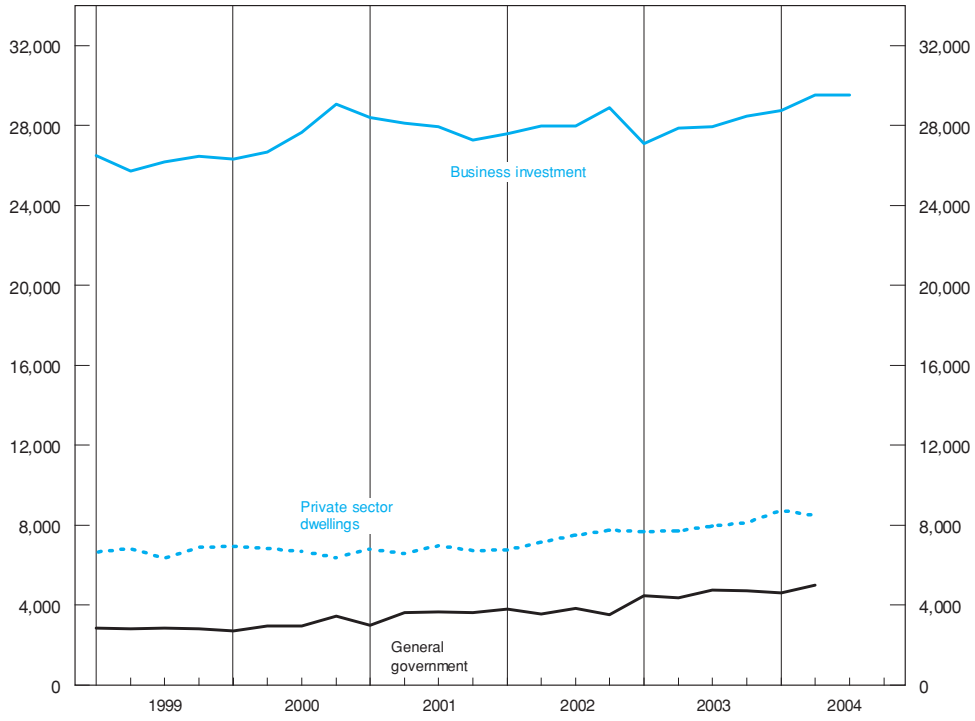
2 Remaining investment by public non-financial corporations is included within business investment.

3 Including costs associated with transfer of ownership of non-produced assets.

Source: Office for National Statistics; Enquiries 020 7533 6010

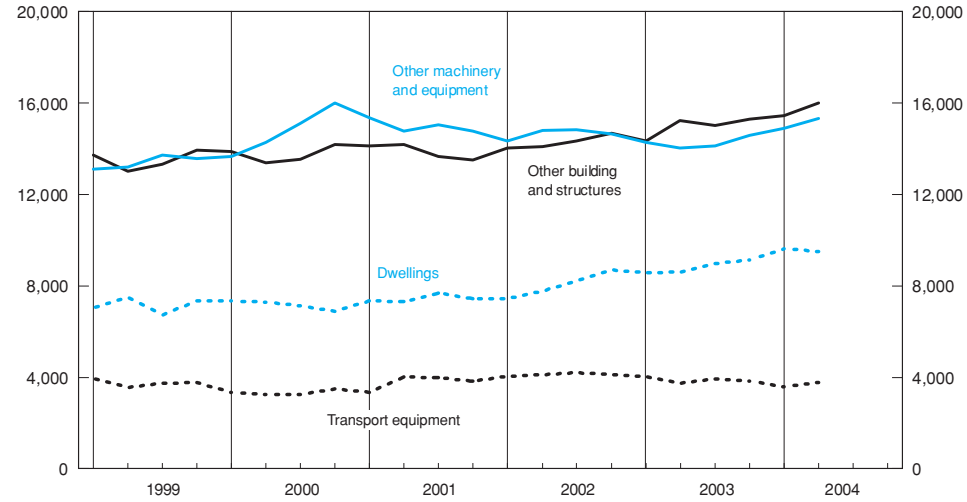
Gross fixed capital formation-by sector

Chained volume measures, reference year 2001, £ million



Gross fixed capital formation – by asset

Chained volume measures, reference year 2001, £ million



2.8 Gross value added, chained volume indices at basic prices, by category of output[1,3]

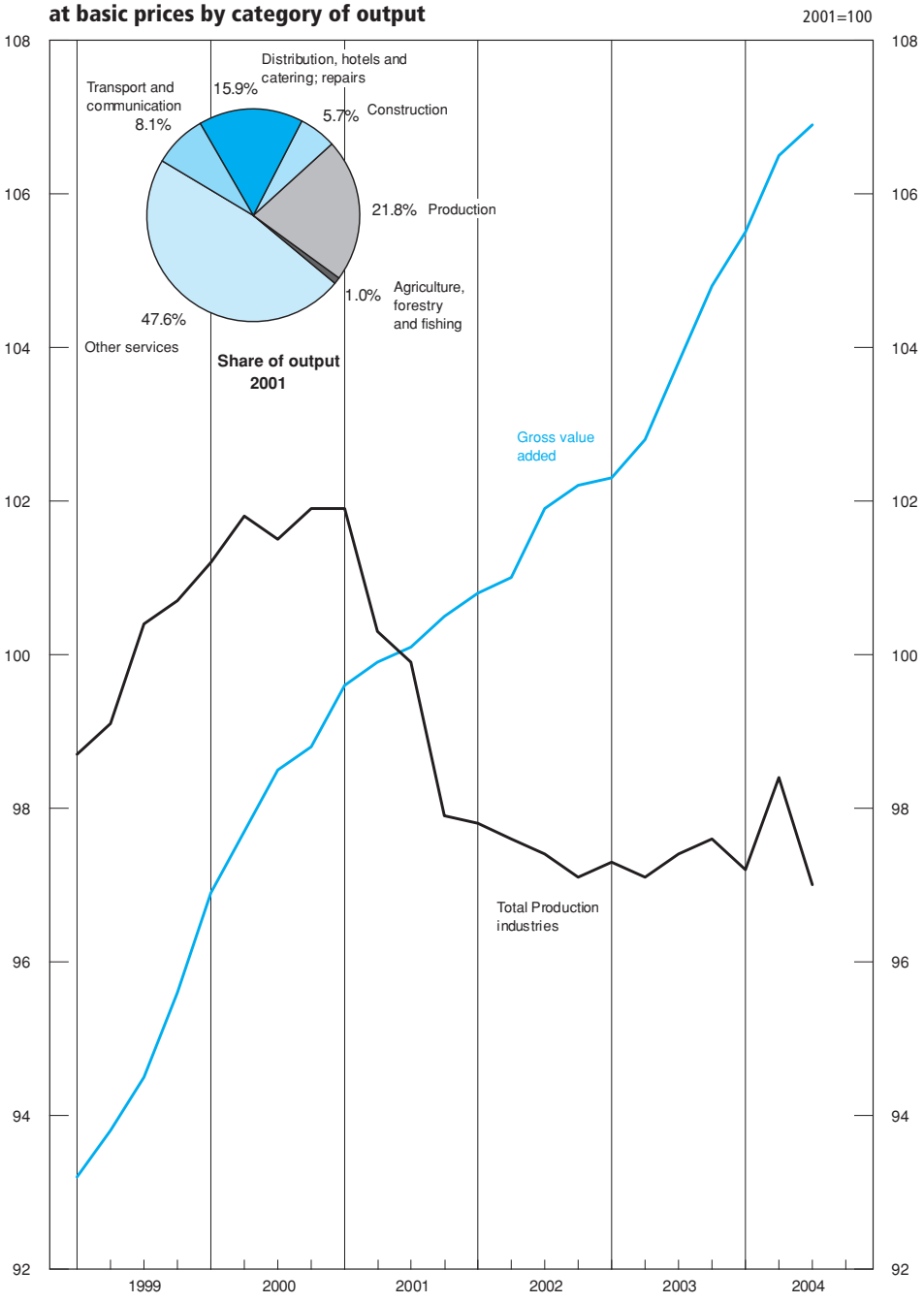
2001 = 100

	Production						Service industries						
	Agriculture, forestry, and fishing	Mining and quarrying including oil and gas extraction	Manufacturing	Electricity gas and water supply	Total	Construction	Distribution hotels and catering; repairs	Transport storage and communication	Business services and finance	Government and other services	Total	Gross value added at basic prices	Gross value added excluding oil
2001 Weights[1]	*10*	*28*	*172*	*18*	*218*	*57*	*159*	*81*	*249*	*227*	*716*	*1000*	*975*
	GDQA	CKYX	CKYY	CKYZ	CKYW	GDQB	GDQE	GDQH	GDQN	GDQU	GDQS	CGCE	JUNT
1999	110.7	109.3	98.9	95.6	99.7	97.0	95.1	87.8	91.4	94.7	92.8	94.3	93.9
2000	110.0	105.8	101.4	97.7	101.6	98.2	97.7	96.2	95.6	97.7	96.8	98.0	97.8
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	111.9	99.7	96.9	99.5	97.5	103.8	104.7	101.3	102.0	102.6	102.7	101.5	101.5
2003	109.0	94.3	97.3	101.7	97.4	108.9	107.7	102.8	105.6	104.1	105.3	103.4	103.7
Quarterly													
1999 Q1	111.4	108.2	97.9	94.7	98.7	95.9	94.1	85.7	90.7	93.5	91.7	93.2	92.9
Q2	110.2	109.3	98.3	94.8	99.1	96.2	94.6	87.1	90.8	94.5	92.3	93.8	93.4
Q3	110.0	110.6	99.6	96.1	100.4	97.7	95.4	87.9	91.0	95.2	92.9	94.5	94.2
Q4	111.2	109.0	100.1	96.9	100.7	98.1	96.1	90.4	93.0	95.6	94.2	95.6	95.2
2000 Q1	110.8	109.9	100.6	96.4	101.2	100.5	96.8	93.3	93.7	96.6	95.2	96.9	96.6
Q2	110.1	108.3	101.2	98.7	101.8	98.2	97.4	95.4	94.8	97.6	96.3	97.7	97.4
Q3	111.5	104.6	101.4	97.6	101.5	96.5	98.6	97.6	96.5	98.4	97.7	98.5	98.3
Q4	107.6	100.4	102.3	98.0	101.9	97.6	98.3	98.5	97.4	98.2	98.0	98.8	98.7
2001 Q1	100.8	99.0	102.3	101.7	101.9	99.2	99.1	99.9	98.3	98.9	98.8	99.6	99.5
Q2	99.1	101.6	100.0	100.6	100.3	99.5	99.4	100.2	100.0	99.6	99.8	99.9	99.8
Q3	98.8	100.5	99.9	99.4	99.9	100.1	100.1	99.6	100.3	100.3	100.2	100.1	100.1
Q4	101.3	98.8	97.8	98.3	97.9	101.3	101.4	100.2	101.5	101.2	101.2	100.5	100.6
2002 Q1	110.4	99.5	97.5	98.0	97.8	102.9	103.1	100.8	101.0	102.0	101.7	100.8	100.9
Q2	112.9	104.7	96.3	98.9	97.6	102.6	104.1	100.2	101.4	102.3	102.1	101.0	100.9
Q3	112.8	95.2	97.4	100.8	97.4	104.2	105.3	101.5	102.8	103.0	103.3	101.9	102.1
Q4	111.4	99.3	96.4	100.4	97.1	105.6	106.4	102.5	102.9	103.2	103.7	102.2	102.3
2003 Q1	108.5	98.9	96.7	100.2	97.3	104.4	105.7	102.3	104.3	103.4	104.1	102.3	102.5
Q2	108.6	95.5	97.0	100.4	97.1	108.0	107.1	102.6	104.2	103.9	104.6	102.8	103.0
Q3	109.3	93.0	97.6	102.5	97.4	111.0	108.3	102.7	105.8	104.4	105.5	103.8	104.1
Q4	109.6	90.0	98.1	103.8	97.6	112.4	109.5	103.4	107.9	104.9	106.8	104.8	105.2
2004 Q1	108.7	89.2	97.9	102.5	97.2	112.3	111.4	104.3	109.5	105.1	107.9	105.5	105.9
Q2	108.6	91.4	99.1	101.8	98.4	113.0	112.8	104.8	110.4	106.1	108.9	106.5	106.9
Q3	108.6	86.8	98.1	101.8	97.0†	113.9	113.7†	105.6	111.4	106.9	109.8†	106.9	107.4
Percentage change, latest quarter on corresponding quarter of last year													
1999 Q1	*4.8*	*4.4*	*–0.7*	*3.5*	*0.2*	*–3.4*	*3.2*	*7.9*	*5.7*	*2.1*	*4.2*	*2.6*	*2.7*
Q2	*1.5*	*4.4*	*–0.3*	*1.9*	*0.3*	*0.3*	*3.4*	*7.1*	*4.5*	*2.2*	*3.7*	*2.6*	*2.5*
Q3	*2.9*	*5.3*	*1.3*	*2.7*	*1.8*	*2.1*	*3.0*	*5.4*	*2.4*	*2.1*	*2.8*	*2.4*	*2.4*
Q4	*4.4*	*2.5*	*2.7*	*2.6*	*2.5*	*2.5*	*2.3*	*6.0*	*2.3*	*2.4*	*2.8*	*2.7*	*2.6*
2000 Q1	*–0.5*	*1.6*	*2.8*	*1.8*	*2.5*	*4.8*	*2.9*	*8.9*	*3.3*	*3.3*	*3.8*	*4.0*	*4.0*
Q2	*–0.1*	*–0.9*	*3.0*	*4.1*	*2.7*	*2.1*	*3.0*	*9.5*	*4.4*	*3.3*	*4.3*	*4.2*	*4.3*
Q3	*1.4*	*–5.4*	*1.8*	*1.6*	*1.1*	*–1.2*	*3.4*	*11.0*	*6.0*	*3.4*	*5.2*	*4.2*	*4.4*
Q4	*–3.2*	*–7.9*	*2.2*	*1.1*	*1.2*	*–0.5*	*2.3*	*9.0*	*4.7*	*2.7*	*4.0*	*3.3*	*3.7*
2001 Q1	*–9.0*	*–9.9*	*1.7*	*5.5*	*0.7*	*–1.3*	*2.4*	*7.1*	*4.9*	*2.4*	*3.8*	*2.8*	*3.0*
Q2	*–10.0*	*–6.2*	*–1.2*	*1.9*	*–1.5*	*1.3*	*2.1*	*5.0*	*5.5*	*2.0*	*3.6*	*2.3*	*2.5*
Q3	*–11.4*	*–3.9*	*–1.5*	*1.8*	*–1.6*	*3.7*	*1.5*	*2.0*	*3.9*	*1.9*	*2.6*	*1.6*	*1.8*
Q4	*–5.9*	*–1.6*	*–4.4*	*0.3*	*–3.9*	*3.8*	*3.2*	*1.7*	*4.2*	*3.1*	*3.3*	*1.7*	*1.9*
2002 Q1	*9.5*	*0.5*	*–4.7*	*–3.6*	*–4.0*	*3.7*	*4.0*	*0.9*	*2.7*	*3.1*	*2.9*	*1.2*	*1.4*
Q2	*13.9*	*3.1*	*–3.7*	*–1.7*	*–2.7*	*3.1*	*4.7*	*0.0*	*1.4*	*2.7*	*2.3*	*1.1*	*1.1*
Q3	*14.2*	*–5.3*	*–2.5*	*1.4*	*–2.5*	*4.1*	*5.2*	*1.9*	*2.5*	*2.7*	*3.1*	*1.8*	*2.0*
Q4	*10.0*	*0.5*	*–1.4*	*2.1*	*–0.8*	*4.2*	*4.9*	*2.3*	*1.4*	*2.0*	*2.5*	*1.7*	*1.7*
2003 Q1	*–1.7*	*–0.6*	*–0.8*	*2.2*	*–0.5*	*1.5*	*2.5*	*1.5*	*3.3*	*1.4*	*2.4*	*1.5*	*1.6*
Q2	*–3.8*	*–8.8*	*0.7*	*1.5*	*–0.5*	*5.3*	*2.9*	*2.4*	*2.8*	*1.6*	*2.4*	*1.8*	*2.1*
Q3	*–3.1*	*–2.3*	*0.2*	*1.7*	*0.0*	*6.5*	*2.8*	*1.2*	*2.9*	*1.4*	*2.1*	*1.9*	*2.0*
Q4	*–1.6*	*–9.4*	*1.8*	*3.4*	*0.5*	*6.4*	*2.9*	*0.9*	*4.9*	*1.6*	*3.0*	*2.5*	*2.8*
2004 Q1	*0.2*	*–9.8*	*1.2*	*2.3*	*–0.1*	*7.6*	*5.4*	*2.0*	*5.0*	*1.6*	*3.7*	*3.1*	*3.3*
Q2	*0.0*	*–4.3*	*2.2*	*1.4*	*1.3*	*4.6*	*5.3*	*2.1*	*6.0*	*2.1*	*4.1*	*3.6*	*3.8*
Q3	*–0.6*	*–6.7*	*0.5*	*–0.7*	*–0.4*	*2.6*	*5.0*	*2.8*	*5.3*	*2.4*	*4.1*	*3.0*	*3.2*

1 Estimates cannot be regarded as accurate to the last digit shown.
2 Weights may not sum to the totals due to rounding. The weights shown are in proportion to total gross value added (GVA) in 2001, and are used to combine the industry output indices to calculate the totals for 2002 and 2003. For 2001 and earlier, totals are calculated using the equivalent weights for the previous year (e.g. totals for 2001 use 2000 weights).
3 Components of output are valued at basic prices, which excludes taxes and subsidies on production

Sources: Office for National Statistics; Enquiries Columns 1-11 020 7533 5969; Column 12 020 7533 6031

Gross value added chained volume measures at basic prices by category of output



2.9 Gross value added chained volume indices at basic prices, by category of output: Service industries

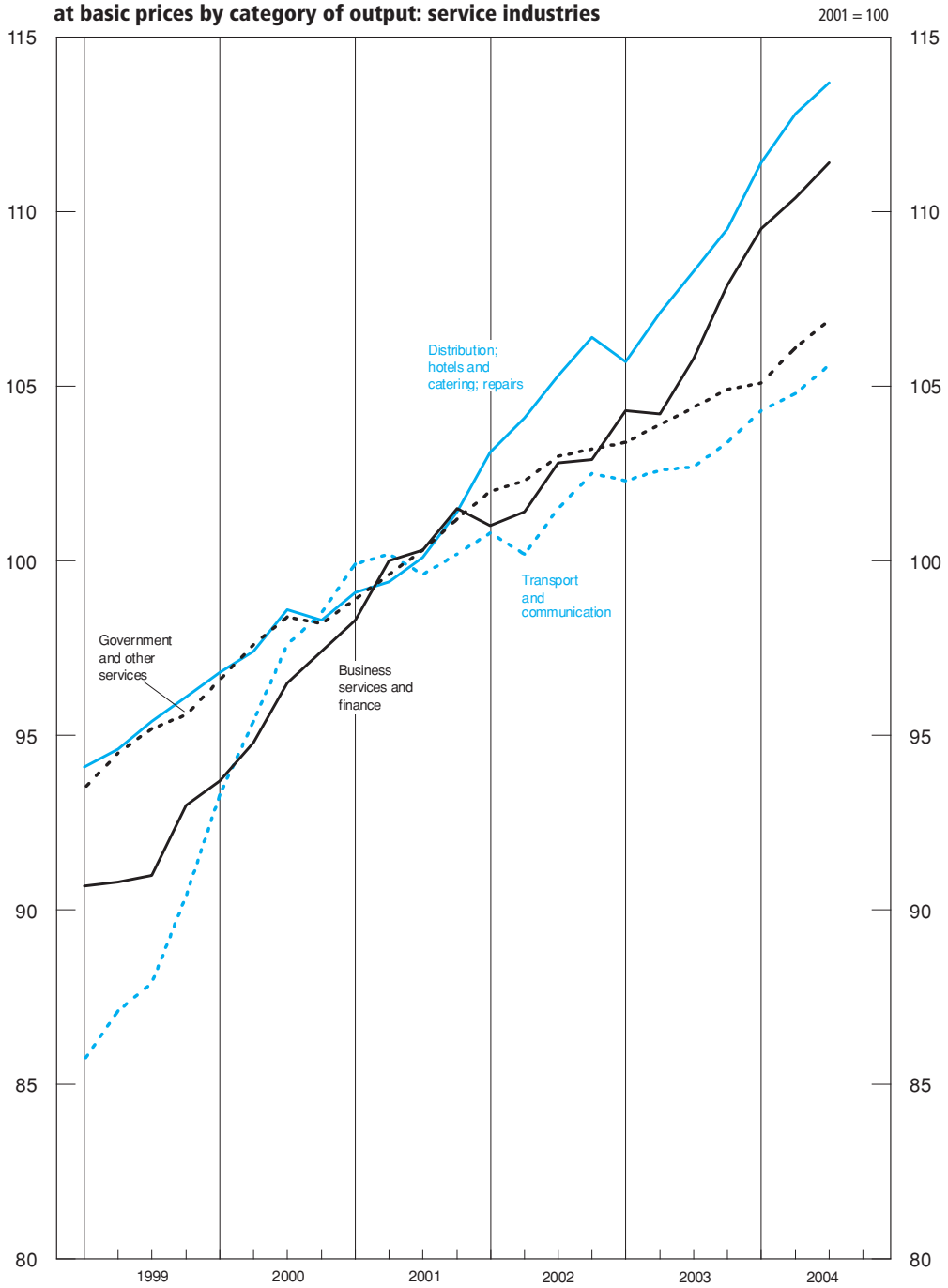
2001 = 100

	Distribution hotels and catering; repairs		Transport, storage and communication		Business services and finance			Government and other services					
	Motor trades; wholesale and retail trade; repairs	Hotels and restaurants	Transport and storage	Post and telecommunication	Financial intermediation[3]	Real estate, renting and business activities	Lettings of dwellings	PAD[1]	Education	Health and social work	Other services[2]	Adjustment for financial services[4]	Total services
2001 weights	*125*	*33*	*50*	*31*	*48*	*160*	*78*	*56*	*59*	*62*	*51*	*-38*	*716*
Annual													
	GDQC	GDQD	GDQF	GDQG	GDQI	GDQK	GDQL	GDQO	GDQP	GDQQ	GDQR	GDQJ	GDQS
1999	94.0	99.2	92.3	81.0	90.2	88.0	98.3	96.1	97.9	92.0	93.2	88.6	92.8
2000	97.0	100.5	98.3	93.1	94.9	94.8	97.7	98.3	99.5	96.4	96.7	95.4	96.8
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	105.0	103.7	101.3	101.2	98.8	103.3	101.7	102.7	101.2	103.8	102.8	102.9	102.7
2003	107.3	109.2	100.8	105.9	100.6	110.2	103.3	104.8	101.6	107.7	101.9	114.1	105.3
Quarterly													
2000 Q1	95.4	102.1	96.5	88.5	93.7	91.7	96.9	97.6	98.7	94.4	95.9	91.8	95.2
Q2	96.6	100.2	98.6	90.8	94.7	94.1	96.6	98.2	99.7	96.4	96.2	95.5	96.3
Q3	98.0	100.9	99.9	94.2	95.3	96.1	97.9	98.8	100.1	97.3	97.4	95.9	97.7
Q4	98.0	99.0	98.4	98.8	96.1	97.1	99.5	98.7	99.5	97.6	97.2	98.2	98.0
2001 Q1	98.9	99.5	99.5	100.6	98.3	98.2	99.5	99.2	99.5	98.4	98.6	100.6	98.8
Q2	99.3	99.6	100.3	100.2	100.3	99.8	99.8	99.7	99.7	99.9	98.9	99.3	99.8
Q3	100.0	100.5	100.1	98.9	99.8	100.4	100.2	100.2	100.2	100.3	100.7	99.9	100.2
Q4	101.7	100.4	100.2	100.3	101.5	101.5	100.6	100.9	100.7	101.3	101.8	100.3	101.2
2002 Q1	103.7	101.1	100.8	100.8	98.4	101.4	101.3	101.5	101.1	102.0	103.6	100.0	101.7
Q2	104.6	102.2	100.8	99.2	97.1	102.8	101.3	102.4	101.2	103.3	102.2	101.8	102.1
Q3	105.6	104.3	101.7	101.3	99.7	104.3	102.0	103.0	101.2	104.7	103.0	103.4	103.3
Q4	106.2	107.1	102.0	103.4	100.2	104.8	102.2	103.9	101.4	105.0	102.5	106.4	103.7
2003 Q1	105.1	107.8	100.6	105.1	99.2	107.6	102.8	104.3	101.4	106.4	101.1	108.4	104.1
Q2	106.5	109.4	100.1	106.5	99.7	108.3	103.0	104.7	101.7	106.9	101.7	113.4	104.6
Q3	108.0	109.4	100.9	105.6	100.8	110.7	103.4	104.9	101.8	108.1	102.3	115.3	105.5
Q4	109.4	110.1	101.6	106.4	102.8	114.1	104.1	105.2	101.7	109.5	102.7	119.2	106.8
2004 Q1	111.2	112.4	103.5	105.4	106.7	115.9	104.4	105.7	101.6	110.9	101.5	122.5	107.9
Q2	112.2	114.8	103.9	106.1	106.1	117.6	104.7	106.3	101.3	111.4	105.0	124.1	108.9
Q3	..	..	..	..	..	..	..	..	..	..	..	..	109.8†
Percentage change, quarter on corresponding quarter of previous year													
Quarterly													
2000 Q1	*2.3*	*4.8*	*5.0*	*15.4*	*6.0*	*5.2*	*–1.8*	*2.2*	*2.0*	*4.3*	*4.8*	*4.8*	*3.8*
Q2	*3.2*	*1.4*	*7.8*	*12.9*	*4.6*	*8.7*	*–2.6*	*2.4*	*1.9*	*4.8*	*4.0*	*7.3*	*4.3*
Q3	*3.9*	*1.1*	*8.9*	*14.9*	*6.4*	*9.5*	*–0.4*	*2.5*	*1.2*	*5.6*	*3.9*	*7.4*	*5.2*
Q4	*3.3*	*–1.8*	*4.8*	*16.2*	*4.3*	*7.4*	*2.7*	*2.4*	*1.4*	*4.5*	*2.3*	*10.6*	*4.0*
2001 Q1	*3.7*	*–2.5*	*3.1*	*13.7*	*4.9*	*7.1*	*2.7*	*1.6*	*0.8*	*4.2*	*2.8*	*9.6*	*3.8*
Q2	*2.8*	*–0.6*	*1.7*	*10.4*	*5.9*	*6.1*	*3.3*	*1.5*	*0.0*	*3.6*	*2.8*	*4.0*	*3.6*
Q3	*2.0*	*–0.4*	*0.2*	*5.0*	*4.7*	*4.5*	*2.3*	*1.4*	*0.1*	*3.1*	*3.4*	*4.2*	*2.6*
Q4	*3.8*	*1.4*	*1.8*	*1.5*	*5.6*	*4.5*	*1.1*	*2.2*	*1.2*	*3.8*	*4.7*	*2.1*	*3.3*
2002 Q1	*4.9*	*1.6*	*1.3*	*0.2*	*0.1*	*3.3*	*1.8*	*2.3*	*1.6*	*3.7*	*5.1*	*–0.6*	*2.9*
Q2	*5.3*	*2.6*	*0.5*	*–1.0*	*–3.2*	*3.0*	*1.5*	*2.7*	*1.5*	*3.4*	*3.3*	*2.5*	*2.3*
Q3	*5.6*	*3.8*	*1.6*	*2.4*	*–0.1*	*3.9*	*1.8*	*2.8*	*1.0*	*4.4*	*2.3*	*3.5*	*3.1*
Q4	*4.4*	*6.7*	*1.8*	*3.1*	*–1.3*	*3.3*	*1.6*	*3.0*	*0.7*	*3.7*	*0.7*	*6.1*	*2.5*
2003 Q1	*1.4*	*6.6*	*–0.2*	*4.3*	*0.8*	*6.1*	*1.5*	*2.8*	*0.3*	*4.3*	*–2.4*	*8.4*	*2.4*
Q2	*1.8*	*7.0*	*–0.7*	*7.4*	*2.7*	*5.4*	*1.7*	*2.2*	*0.5*	*3.5*	*–0.5*	*11.4*	*2.4*
Q3	*2.3*	*4.9*	*–0.8*	*4.2*	*1.1*	*6.1*	*1.4*	*1.8*	*0.6*	*3.2*	*–0.7*	*11.5*	*2.1*
Q4	*3.0*	*2.8*	*–0.4*	*2.9*	*2.6*	*8.9*	*1.9*	*1.3*	*0.3*	*4.3*	*0.2*	*12.0*	*3.0*
2004 Q1	*5.8*	*4.3*	*2.9*	*0.3*	*7.6*	*7.7*	*1.6*	*1.3*	*0.2*	*4.2*	*0.4*	*13.0*	*3.7*
Q2	*5.4*	*4.9*	*3.8*	*–0.4*	*6.4*	*8.6*	*1.7*	*1.5*	*–0.4*	*4.2*	*3.2*	*9.4*	*4.1*
Q3	..	..	..	..	..	..	..	..	..	..	..	..	*4.1*†

1 Public administration and national defence; compulsory social security.
2 Comprising sections O, and P of the SIC(92).
3 Comprises section J of the SIC(92). This covers activities of institutions such as banks, building societies, securities dealers, insurance companies and pension funds. It also covers institutions whose activities are closely related to financial intermediation : for example fund managers and insurance brokers.
4 The weight and proxy series for financial intermediation are calculated before the deduction of interest receipts and payments to provide a better indication of the underlying activity for this section (see note 3). However, this overstates the contribution to GDP because interest flows should be treated as transfer payments rather than final consumption. The financial services adjustment, which has a negative weight, corrects for this.
5 See footnote 2 on Table 2.8

Source: Office for National Statistics; Enquiries 020 7533 5969

Gross value added chained volume indices at basic prices by category of output: service industries



Source : see data on Table 2.8

2.10 Summary capital accounts and net lending/net borrowing

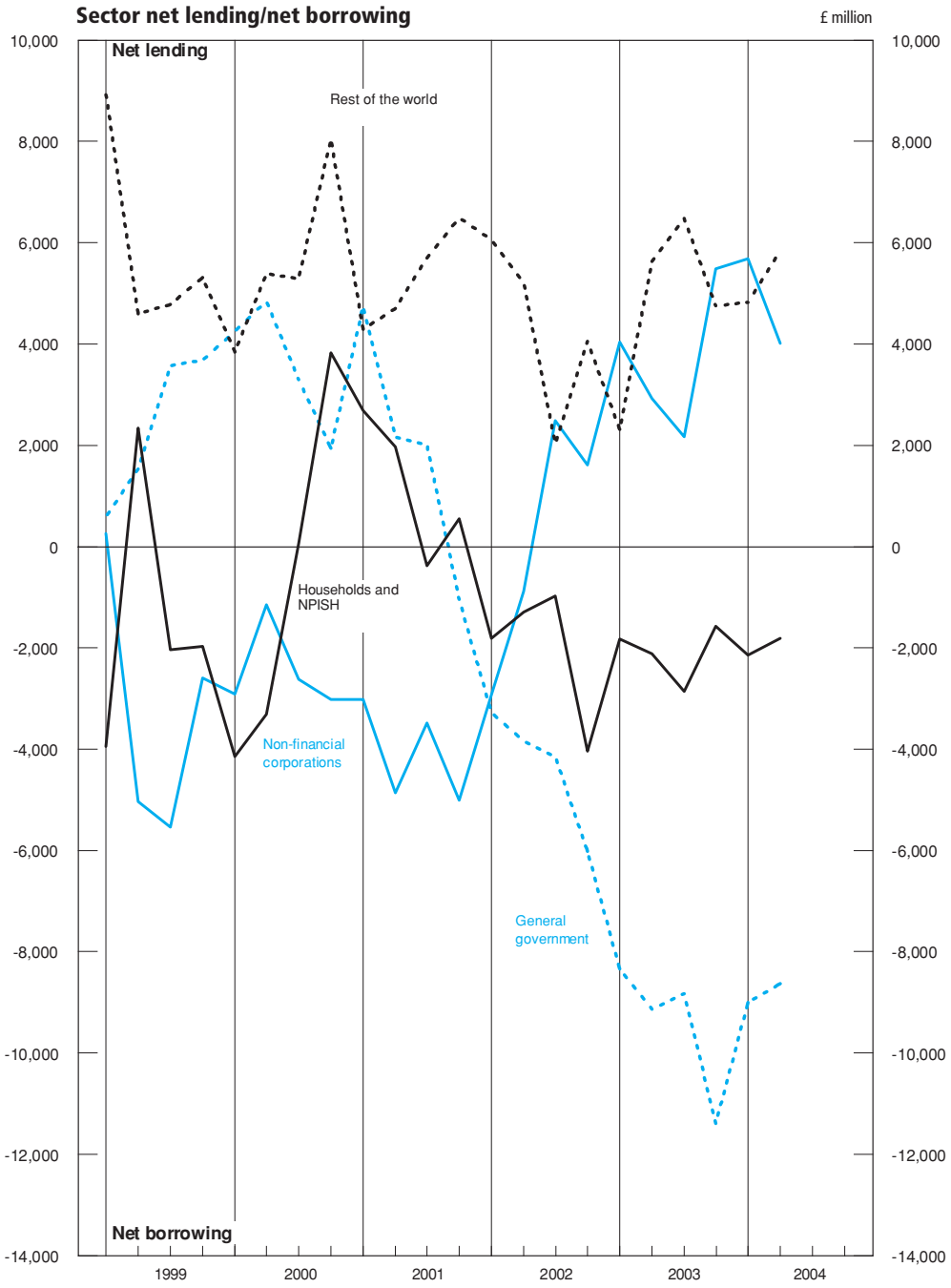
£ million

	Non-financial corporations				Financial corporations				General Government			
	Gross saving[1]	Capital transfers (net receipts)	Gross capital formation[2]	Net acquisition of non-financial assets	Gross saving[1]	Capital transfers (net receipts)	Gross capital formation[2]	Net acquisition of non-financial assets	Gross saving[1]	Capital transfers (net receipts)	Gross capital formation[2]	Net acquisition of non-financial assets
Annual												
	RPJV	GZQW	RQBZ	RQAX	RPPS	GZQE	RPYP	RPYO	RPQC	GZQU	RPZF	RPZE
2000	94 282	1 638	101 766	856	–12 926	–	10 739	–37	27 728	–2 204	11 964	–776
2001	89 361	2 661	103 892	1 139	–10 279	–	7 232	25	24 957	–4 081	13 929	–915
2002	101 297	3 277	99 072	1 431	14 531	–	6 837	–36	1 502	–5 076	14 781	–1 087
2003	113 668	4 608	98 950	1 300	18 009	–	6 022	–9	–13 157	–7 052	18 448	–957
Quarterly												
2000 Q1	22 589	588	25 277	208	1 109	–	2 151	–16	7 599	–922	2 610	–185
Q2	24 275	324	24 744	185	–3 371	–	2 416	–13	7 717	–139	2 917	–189
Q3	23 606	359	25 612	185	–2 864	–	3 170	–7	6 647	–575	2 974	–196
Q4	23 812	367	26 133	278	–7 800	–	3 002	–1	5 765	–568	3 463	–206
2001 Q1	23 181	599	25 610	255	–6 341	–	2 363	5	8 217	–768	2 923	–220
Q2	21 798	627	26 143	285	–1 754	–	2 203	8	6 834	–1 204	3 700	–220
Q3	23 440	719	26 573	314	–2 548	–	1 306	8	6 594	–1 140	3 682	–236
Q4	20 942	716	25 566	285	364	–	1 360	4	3 312	–969	3 624	–239
2002 Q1	22 211	747	24 751	368	2 870	–	914	–3	1 491	–1 241	3 807	–281
Q2	23 155	631	23 601	329	1 929	–	1 136	–9	624	–1 010	3 689	–233
Q3	27 580	814	24 879	363	3 667	–	3 090	–12	790	–1 336	3 832	–240
Q4	28 351	1 085	25 841	371	6 065	–	1 697	–12	–1 403	–1 489	3 453	–333
2003 Q1	27 815	1 133	23 344	285	5 880	–	2 132	–8	–2 387	–1 926	4 222	–197
Q2	25 482	2 374	23 808	343	3 525	–	884	–3	–1 841	–3 008	4 548	–259
Q3	28 003	631	25 403	362	4 138	–	1 178	1	–3 101	–1 167	4 819	–255
Q4	32 368	470	26 395	310	4 466	–	1 828	1	–5 828	–951	4 859	–246
2004 Q1	32 926	705	26 874	345	1 633	–	1 066	3	–3 625	–1 072	4 539	–240
Q2	31 607	589	27 061	413	1 816	–	1 313	1	–2 510	–1 390	4 998	–276

	Households & NPISH				Net lending(+)/net borrowing(-)[3]					
	Gross saving[1]	Capital transfers (net receipts)	Gross capital formation[2]	Net acquisition of non-financial assets	Non-financial corporations	Financial corporations	General government	Households & NPISH	Rest of the world[4]	Statistical Discrepancy
Annual										
	RPQL	GZQI	RPZV	RPZU	RQAW	RPYN	RPZD	RPZT	RQCH	RVFE
2000	33 306	2 300	39 249	–67	–9 698	–23 628	14 336	–3 576	22 567	–
2001	45 659	3 023	43 985	–152	–16 360	–17 536	7 862	4 849	21 185	–
2002	38 570	3 099	49 958	–176	297	7 730	–17 268	–8 113	17 354	–
2003	42 151	4 111	54 838	–210	14 604	11 996	–37 700	–8 366	19 187	279
Quarterly										
2000 Q1	5 684	553	10 410	–24	–2 913	–1 026	4 252	–4 149	3 837	–1 988
Q2	6 038	473	9 842	–16	–1 152	–5 774	4 850	–3 315	5 391	–2 588
Q3	9 016	616	9 585	–12	–2 619	–6 027	3 294	59	5 293	1 811
Q4	12 568	658	9 412	–15	–3 014	–10 801	1 940	3 829	8 046	2 765
2001 Q1	13 138	418	10 891	–25	–3 021	–8 709	4 746	2 690	4 294	–5 248
Q2	11 052	1 266	10 380	–36	–4 859	–3 965	2 150	1 974	4 700	–3 324
Q3	10 509	747	11 672	–44	–3 476	–3 862	2 008	–372	5 702	1 888
Q4	10 960	592	11 042	–47	–5 004	–1 000	–1 042	557	6 489	6 684
2002 Q1	9 254	720	11 832	–47	–2 924	1 959	–3 276	–1 811	6 052	–6 300
Q2	10 809	664	12 809	–45	–876	802	–3 842	–1 291	5 207	–3 098
Q3	10 363	823	12 204	–43	2 486	589	–4 138	–975	2 038	6 212
Q4	8 144	892	13 113	–41	1 611	4 380	–6 012	–4 036	4 057	3 186
2003 Q1	10 286	1 085	13 239	–46	4 034	3 756	–8 338	–1 822	2 317	–3 527
Q2	10 282	921	13 373	–49	2 920	2 644	–9 138	–2 121	5 629	–3 483
Q3	10 281	964	14 160	–55	2 169	2 959	–8 832	–2 860	6 487	3 868
Q4	11 302	1 141	14 066	–60	5 481	2 637	–11 392	–1 563	4 754	3 421
2004 Q1	12 075	1 138	15 424	–65	5 682	564	–8 996	–2 146	4 824	–6 592
Q2	12 300	1 534	15 717	–68	4 017	502	–8 622	–1 815	5 844	–4 290

1 Before providing for depreciation, inventory holding gains.
2 Comprises gross fixed capital formation and changes in inventories and acquisitions less disposals of valuables.
3 This balance is equal to gross saving *plus* capital transfers *less* gross fixed capital formation, *less* Net acquisition of non-financial assets, *less* changes in inventories.
4 Equals, the current balance of payments accounts, *plus* capital transfers.

Sources: Office for National Statistics;
Enquiries Part 1 (Upper) Columns 1,3-5,7-9,11,12 020 7533 6031;
Columns 2,6,10 020 7533 5985;
Part2 (Lower) Columns 1, 3-10 020 7533 6031; Column 2 020 7533 5985


Sector net lending/net borrowing
£ million
Net lending
Rest of the world
Households and NPISH
Non-financial corporations
General government
Net borrowing
10,000
8,000
6,000
4,000
2,000
0
-2,000
-4,000
-6,000
-8,000
-10,000
-12,000
-14,000
1999
2000
2001
2002
2003
2004

2.11 Private Non-Financial Corporations : Allocation of Primary Income Account

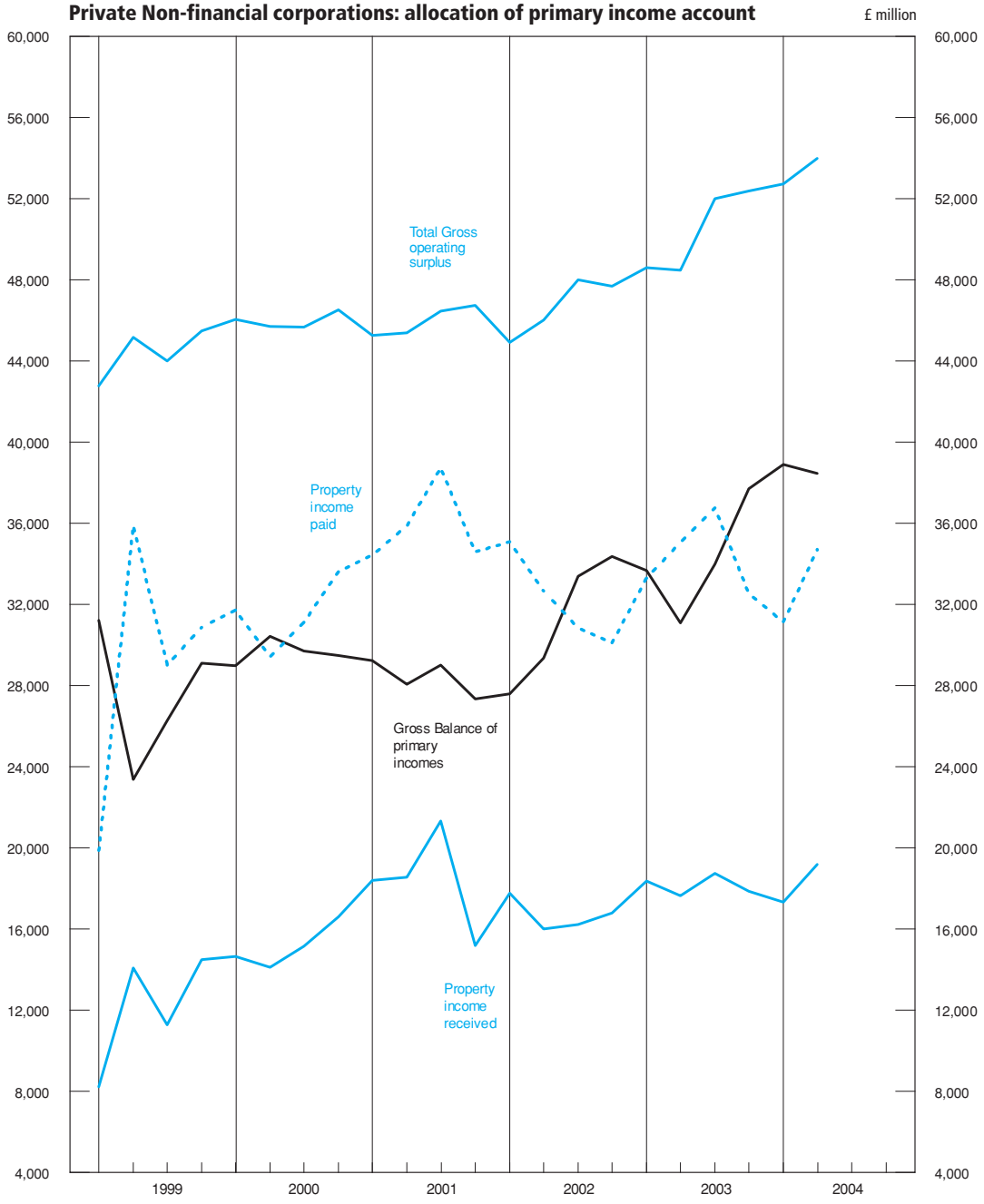
£ million

	Resources							Uses				
	Gross operating surplus							Property income payments				
	Gross trading profits			*less*								
	Continental shelf companies	Others[1]	Rental of buildings	Inventory holding gains	Gross operating surplus+[1]	Property income receipts	Total resources[1,2]	Total payments	*of which* Dividends	*of which* Interest	Gross balance of primary incomes[1]	Share of gross national income[1] (%)
Annual												
	CAGD	CAED	FCBW	-DLRA	CAER	RPBM	RPBN	RPBP	RVFT	ROCG	RPBO	NRJL
1994	10 776	117 450	8 641	–3 830	133 037	36 090	169 127	80 872	36 365	21 057	88 255	12.9
1995	12 124	125 151	9 379	–4 489	142 165	42 948	185 113	95 631	46 218	24 098	89 482	12.5
1996	15 702	133 508	9 493	–958	157 745	45 708	203 453	101 133	51 595	23 512	102 320	13.4
1997	13 978	145 693	9 561	–361	168 871	47 988	216 859	107 605	56 274	25 783	109 254	13.5
1998	11 696	150 975	10 837	753	174 261	49 714	223 975	107 276	51 588	30 659	116 699	13.4
1999	13 864	153 954	11 435	–1 801	177 452	48 100	225 552	115 547	61 104	30 673	110 005	12.3
2000	21 333	153 342	12 271	–2 941	184 005	60 555	244 560	125 894	55 846	37 355	118 666	12.5
2001	20 287	149 885	13 263	434	183 869	73 508	257 377	143 696	77 516	39 724	113 681	11.3
2002	19 260	156 800	13 904	–3 295	186 669	66 820	253 489	128 730	62 591	36 253	124 759	11.7
2003	18 956	169 657	14 539	–1 630	201 522	72 611	274 133	137 679	70 564	37 404	136 454	12.2
Quarterly												
1994 Q1	2 292	28 014	2 201	–443	32 064	9 242	41 306	19 077	8 562	5 275	22 229	13.3
Q2	3 050	29 521	2 148	–919	33 800	8 769	42 569	19 994	8 202	5 301	22 575	13.4
Q3	2 701	29 218	2 132	–1 109	32 942	8 426	41 368	20 986	9 433	5 162	20 382	11.9
Q4	2 733	30 697	2 160	–1 359	34 231	9 653	43 884	20 815	10 168	5 319	23 069	13.2
1995 Q1	2 966	31 353	2 264	–1 738	34 845	9 360	44 205	22 432	9 993	5 663	21 773	12.4
Q2	3 113	30 798	2 336	–1 588	34 659	9 952	44 611	22 152	9 218	6 054	22 459	12.7
Q3	2 934	31 504	2 379	–1 181	35 636	11 012	46 648	25 003	12 614	6 062	21 645	12.0
Q4	3 111	31 496	2 400	18	37 025	12 624	49 649	26 044	14 393	6 319	23 605	12.9
1996 Q1	3 523	32 928	2 386	–800	38 037	11 194	49 231	25 831	13 265	5 962	23 400	12.5
Q2	3 929	32 984	2 366	–102	39 177	12 410	51 587	23 965	12 121	5 760	27 622	14.5
Q3	4 081	33 737	2 362	–208	39 972	10 611	50 583	25 148	12 567	5 885	25 435	13.3
Q4	4 169	33 859	2 379	152	40 559	11 493	52 052	26 189	13 642	5 905	25 863	13.4
1997 Q1	3 885	37 026	2 337	–23	43 225	11 014	54 239	24 923	12 502	5 962	29 316	14.8
Q2	3 288	36 781	2 381	239	42 689	11 908	54 597	27 586	15 390	6 380	27 011	13.3
Q3	3 448	36 040	2 414	–506	41 396	14 048	55 444	27 613	15 470	6 487	27 831	13.6
Q4	3 357	35 846	2 429	–71	41 561	11 018	52 579	27 483	12 912	6 954	25 096	12.2
1998 Q1	3 160	36 848	2 629	107	42 744	13 996	56 740	29 484	15 369	7 405	27 256	13.0
Q2	3 103	36 707	2 670	53	42 533	11 758	54 291	25 862	11 859	7 509	28 429	13.3
Q3	2 779	39 052	2 727	315	44 873	11 677	56 550	25 945	11 550	7 919	30 605	13.8
Q4	2 654	38 368	2 811	278	44 111	12 283	56 394	25 985	12 810	7 826	30 409	13.7
1999 Q1	2 519	37 733	2 819	–302	42 769	8 229	50 998	19 787	8 977	7 484	31 211	14.4
Q2	3 293	39 498	2 832	–440	45 183	14 083	59 266	35 876	23 055	7 288	23 390	10.5
Q3	4 056	37 724	2 865	–645	44 000	11 296	55 296	29 007	14 340	7 718	26 289	11.6
Q4	3 996	38 999	2 919	–414	45 500	14 492	59 992	30 877	14 732	8 183	29 115	12.6
2000 Q1	4 695	39 150	2 914	–702	46 057	14 660	60 717	31 720	15 242	8 703	28 997	12.3
Q2	5 252	38 289	3 015	–830	45 726	14 136	59 862	29 424	12 044	9 242	30 438	12.9
Q3	5 580	37 775	3 135	–799	45 691	15 154	60 845	31 120	12 757	9 502	29 725	12.4
Q4	5 806	38 128	3 207	–610	46 531	16 605	63 136	33 630	15 803	9 908	29 506	12.3
2001 Q1	5 531	36 259	3 154	329	45 273	18 417	63 690	34 447	16 090	10 239	29 243	11.9
Q2	5 548	36 566	3 270	5	45 389	18 565	63 954	35 895	19 285	10 047	28 059	11.2
Q3	4 927	38 200	3 379	–52	46 454	21 332	67 786	38 760	22 112	10 138	29 026	11.5
Q4	4 281	38 860	3 460	152	46 753	15 194	61 947	34 594	20 029	9 300	27 353	10.7
2002 Q1	4 387	37 777	3 499	–735	44 928	17 773	62 701	35 104	18 644	8 962	27 597	10.7
Q2	4 786	38 487	3 506	–763	46 016	16 020	62 036	32 669	16 052	9 105	29 367	11.2
Q3	4 793	40 568	3 480	–822	48 019	16 228	64 247	30 838	14 965	9 005	33 409	12.3
Q4	5 294	39 968	3 419	–975	47 706	16 799	64 505	30 119	12 930	9 181	34 386	12.6
2003 Q1	5 299	40 503	3 567	–750	48 619	18 361	66 980	33 318	16 598	9 485	33 662	12.2
Q2	4 013	41 220	3 614	–350	48 497	17 645	66 142	35 049	17 968	9 295	31 093	11.3
Q3	5 049	43 646	3 659	–350	52 004	18 746	70 750	36 768	19 972	9 307	33 982	12.1
Q4	4 595	44 288	3 699	–180	52 402	17 859	70 261	32 544	16 026	9 317	37 717	13.1
2004 Q1	4 526	44 650	3 715	–165	52 726	17 322	70 048	31 139	14 695	9 406	38 909	13.3
Q2	5 171	45 246	3 748	–165	54 000	19 199	73 199	34 729	16 712	10 025	38 470	13.1

1 Quarterly alignment adjustment included in this series.
2 Total resources equals total uses.

Source: Office for National Statistics; Enquiries 020 7533 6014

Private Non-financial corporations: allocation of primary income account



2.12 Private Non-financial Corporations : Secondary Distribution of Income Account and Capital Account

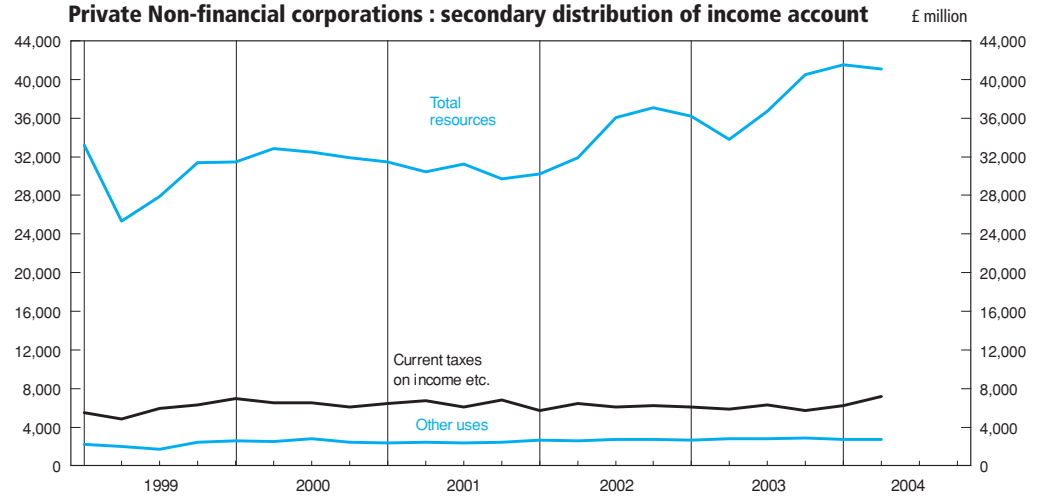
£ million

	Secondary Distribution of Income Account						Capital Account					
	Resources			Uses			Changes in liabilities & net worth		Changes in assets			
	Gross balance of primary incomes [1]	Other resources [2]	Total [1,3]	Taxes on income	Other uses [4]	Gross disposable income [1,5]	Net capital transfer receipts	Total [1]	Gross fixed capital formation	Changes in inventories [1]	Other changes in assets [6]	Net lending (+) or borrowing (-) [1,7]
Annual												
	RPBO	NROQ	RPKY	RPLA	NROO	RPKZ	NROP	RPXH	ROAW	DLQY	NRON	RQBV
1994	88 255	6 553	94 808	15 085	6 917	72 806	409	73 215	55 867	3 904	530	12 914
1995	89 482	7 704	97 186	18 953	8 104	70 129	433	70 562	64 444	4 542	388	1 188
1996	102 320	8 420	110 740	23 080	9 938	77 722	428	78 150	72 854	1 672	263	3 361
1997	109 254	7 097	116 351	28 558	7 576	80 217	671	80 888	81 317	3 949	401	–4 779
1998	116 699	8 390	125 089	26 877	8 834	89 378	1 081	90 459	89 848	4 533	1 287	–5 209
1999	110 005	7 875	117 880	22 608	8 444	86 828	958	87 786	93 756	6 174	1 036	–13 180
2000	118 666	9 990	128 656	26 188	10 403	92 065	405	92 470	96 329	5 512	768	–10 139
2001	113 681	9 229	122 910	26 061	9 640	87 209	1 621	88 830	97 951	5 941	1 069	–16 131
2002	124 759	10 428	135 187	24 487	10 850	99 850	1 718	101 568	97 108	2 007	1 212	1 241
2003	136 454	10 764	147 218	24 089	11 194	111 935	3 009	114 944	96 659	2 388	921	14 976
Quarterly												
1994 Q1	22 229	1 673	23 902	3 206	1 759	18 937	82	19 019	13 699	157	136	5 027
Q2	22 575	1 686	24 261	3 887	1 778	18 596	96	18 692	13 120	2 009	119	3 444
Q3	20 382	1 498	21 880	4 076	1 591	16 213	120	16 333	14 130	191	124	1 888
Q4	23 069	1 696	24 765	3 916	1 789	19 060	111	19 171	14 918	1 547	151	2 555
1995 Q1	21 773	1 825	23 598	4 252	1 922	17 424	127	17 551	14 794	–428	121	3 064
Q2	22 459	1 936	24 395	5 420	2 032	16 943	98	17 041	16 117	2 164	125	–1 365
Q3	21 645	1 953	23 598	4 368	2 049	17 181	102	17 283	16 460	1 713	87	–977
Q4	23 605	1 990	25 595	4 913	2 101	18 581	106	18 687	17 073	1 093	55	466
1996 Q1	23 400	2 238	25 638	5 419	3 336	16 883	125	17 008	17 261	1 115	63	–1 431
Q2	27 622	2 219	29 841	5 148	2 369	22 324	102	22 426	17 599	794	71	3 962
Q3	25 435	1 994	27 429	6 334	2 124	18 971	96	19 067	18 566	82	57	362
Q4	25 863	1 969	27 832	6 179	2 109	19 544	105	19 649	19 428	–319	72	468
1997 Q1	29 316	1 771	31 087	6 642	1 888	22 557	233	22 790	19 359	1 330	64	2 037
Q2	27 011	1 757	28 768	7 363	1 901	19 504	164	19 668	20 439	1 045	94	–1 910
Q3	27 831	1 739	29 570	7 240	1 848	20 482	131	20 613	20 133	1 005	103	–628
Q4	25 096	1 830	26 926	7 313	1 939	17 674	143	17 817	21 386	569	140	–4 278
1998 Q1	27 256	2 225	29 481	6 607	2 336	20 538	343	20 881	22 016	377	256	–1 768
Q2	28 429	2 166	30 595	6 715	2 277	21 603	220	21 823	22 319	–158	380	–718
Q3	30 605	1 959	32 564	6 847	2 070	23 647	248	23 895	23 218	1 985	379	–1 687
Q4	30 409	2 040	32 449	6 708	2 151	23 590	270	23 860	22 295	2 329	272	–1 036
1999 Q1	31 211	2 037	33 248	5 484	2 264	25 500	344	25 844	23 139	2 181	301	223
Q2	23 390	1 925	25 315	4 846	2 038	18 431	199	18 630	22 928	505	314	–5 117
Q3	26 289	1 608	27 897	5 938	1 722	20 237	216	20 453	23 882	1 867	191	–5 487
Q4	29 115	2 305	31 420	6 340	2 420	22 660	199	22 859	23 807	1 621	230	–2 799
2000 Q1	28 997	2 474	31 471	6 998	2 591	21 882	315	22 197	23 685	1 597	193	–3 278
Q2	30 438	2 426	32 864	6 508	2 523	23 833	20	23 853	23 494	1 273	158	–1 072
Q3	29 725	2 733	32 458	6 572	2 832	23 054	34	23 088	24 044	1 597	156	–2 709
Q4	29 506	2 357	31 863	6 110	2 457	23 296	36	23 332	25 106	1 045	261	–3 080
2001 Q1	29 243	2 255	31 498	6 449	2 356	22 693	200	22 893	24 876	762	222	–2 967
Q2	28 059	2 378	30 437	6 713	2 481	21 243	439	21 682	24 481	1 628	306	–4 733
Q3	29 026	2 262	31 288	6 077	2 365	22 846	485	23 331	24 647	1 938	280	–3 534
Q4	27 353	2 334	29 687	6 822	2 438	20 427	497	20 924	23 947	1 613	261	–4 897
2002 Q1	27 597	2 601	30 198	5 741	2 705	21 752	577	22 329	24 073	686	325	–2 755
Q2	29 367	2 520	31 887	6 446	2 625	22 816	441	23 257	24 192	–584	281	–632
Q3	33 409	2 658	36 067	6 085	2 764	27 218	504	27 722	24 230	654	311	2 527
Q4	34 386	2 649	37 035	6 215	2 756	28 064	196	28 260	24 613	1 251	295	2 101
2003 Q1	33 662	2 564	36 226	6 134	2 671	27 421	619	28 040	22 595	772	201	4 472
Q2	31 093	2 682	33 775	5 916	2 789	25 070	1 509	26 579	24 683	–875	275	2 496
Q3	33 982	2 730	36 712	6 338	2 838	27 536	474	28 010	24 496	944	251	2 319
Q4	37 717	2 788	40 505	5 701	2 896	31 908	407	32 315	24 885	1 547	194	5 689
2004 Q1	38 909	2 603	41 512	6 230	2 711	32 571	530	33 101	25 635	1 240	262	5 964
Q2	38 470	2 620	41 090	7 204	2 728	31 158	545	31 703	25 910	1 189	290	4 314

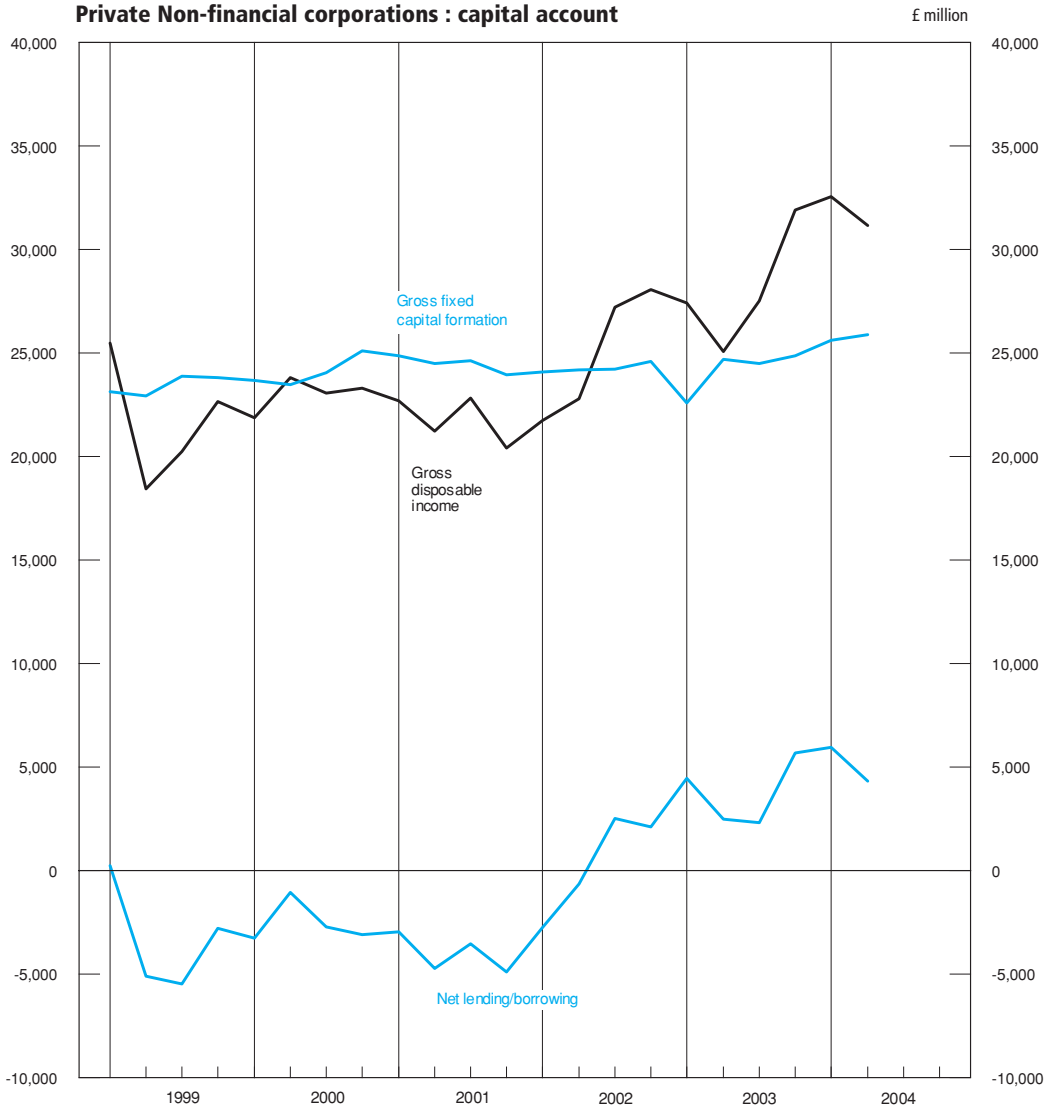
1 Quarterly alignment adjustment included in this series.
2 Social contributions and other current transfers.
3 Total resources equals total uses.
4 Social benefits and other current transfers.
5 Also known as gross saving.
6 Acquisitions less disposals of valuables and non-produced non-financial assets.
7 Gross of fixed capital consumption.

Source: Office for National Statistics; Enquiries 020 7533 6014

Private Non-financial corporations : secondary distribution of income account



Private Non-financial corporations : capital account



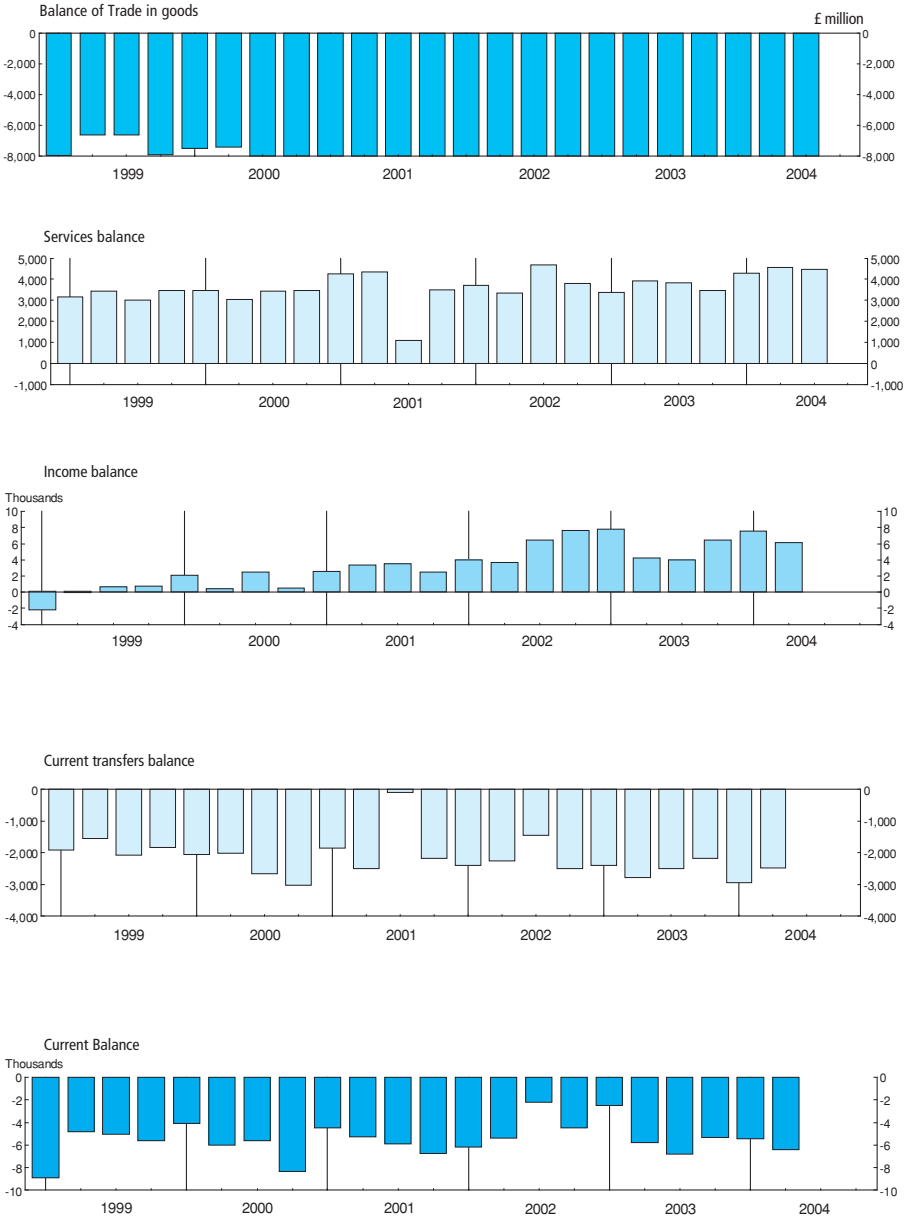
2.13 Balance of payments: current account

£ million

	Trade in goods and services								
	Exports of goods+	Imports of goods+	Balance of trade in goods	Exports of services	Imports of services	Services balance	Income balance	Current transfers balance	Current balance
Annual	BOKG	BOKH	BOKI	IKBB	IKBC	IKBD	HBOJ	IKBP	HBOP
1999	166 166	195 217	–29 051	72 628	59 494	13 134	–1 116	–7 383	–24 416
2000	187 936	220 912	–32 976	79 071	65 645	13 426	5 208	–9 752	–24 094
2001	190 055	230 703	–40 648	82 314	69 098	13 216	11 652	–6 611	–22 391
2002	186 517	233 192	–46 675	87 203	71 626	15 577	21 475	–8 599	–18 222
2003	187 846	235 136	–47 290	89 693	75 076	14 617	22 097	–9 854	–20 430
Quarterly									
1999 Q1	38 959	46 893	–7 934	17 769	14 590	3 179	–2 256	–1 916	–8 927
Q2	40 378	46 976	–6 598	18 229	14 770	3 459	–155	–1 538	–4 832
Q3	43 582	50 180	–6 598	17 586	14 572	3 014	626	–2 087	–5 045
Q4	43 247	51 168	–7 921	19 044	15 562	3 482	669	–1 842	–5 612
2000 Q1	44 374	51 854	–7 480	18 914	15 453	3 461	1 983	–2 049	–4 085
Q2	46 851	54 256	–7 405	19 257	16 209	3 048	370	–2 020	–6 007
Q3	47 445	56 289	–8 844	20 166	16 716	3 450	2 410	–2 662	–5 646
Q4	49 266	58 513	–9 247	20 734	17 267	3 467	445	–3 021	–8 356
2001 Q1	49 523	58 884	–9 361	21 623	17 370	4 253	2 504	–1 847	–4 451
Q2	48 329	58 774	–10 445	21 765	17 418	4 347	3 313	–2 496	–5 281
Q3	46 561	56 911	–10 350	18 597	17 493	1 104	3 431	–95	–5 910
Q4	45 642	56 134	–10 492	20 329	16 817	3 512	2 404	–2 173	–6 749
2002 Q1	45 873	57 274	–11 401	21 476	17 765	3 711	3 920	–2 395	–6 165
Q2	49 416	59 495	–10 079	21 189	17 845	3 344	3 614	–2 255	–5 376
Q3	46 862	58 706	–11 844	22 784	18 079	4 705	6 396	–1 452	–2 195
Q4	44 366	57 717	–13 351	21 754	17 937	3 817	7 545	–2 497	–4 486
2003 Q1	48 084	59 285	–11 201	22 033	18 659	3 374	7 728	–2 403	–2 502
Q2	46 406	57 493	–11 087	22 235	18 305	3 930	4 131	–2 782	–5 808
Q3	46 377	58 401	–12 024	22 750	18 916	3 834	3 894	–2 490	–6 786
Q4	46 979	59 957	–12 978	22 675	19 196	3 479	6 344	–2 179	–5 334
2004 Q1	44 702	59 005	–14 303	23 159	18 857	4 302	7 463	–2 939	–5 477
Q2	46 409	60 953	–14 544	23 228	18 670	4 558	6 028	–2 474	–6 432
Q3	48 054	62 783	–14 729	23 486	19 002	4 484	..	..	..
Monthly									
2002 Jan	15 393	19 138	–3 745	7 354	5 809	1 545	..	..	..
Feb	15 268	19 018	–3 750	7 184	5 975	1 209	..	..	..
Mar	15 212	19 118	–3 906	6 938	5 981	957	..	..	..
Apr	16 341	19 964	–3 623	6 946	6 047	899	..	..	..
May	17 423	20 279	–2 856	7 000	5 827	1 173	..	..	..
Jun	15 652	19 252	–3 600	7 243	5 971	1 272	..	..	..
Jul	16 302	20 314	–4 012	7 507	5 971	1 536	..	..	..
Aug	14 880	19 076	–4 196	7 638	6 067	1 571	..	..	..
Sep	15 680	19 316	–3 636	7 639	6 041	1 598	..	..	..
Oct	15 121	19 516	–4 395	7 359	6 067	1 292	..	..	..
Nov	14 402	19 484	–5 082	7 167	5 802	1 365	..	..	..
Dec	14 843	18 717	–3 874	7 228	6 068	1 160	..	..	..
2003 Jan	16 137	19 836	–3 699	7 235	6 223	1 012	..	..	..
Feb	16 243	19 571	–3 328	7 365	6 239	1 126	..	..	..
Mar	15 704	19 878	–4 174	7 433	6 197	1 236	..	..	..
Apr	16 388	18 995	–2 607	7 339	6 045	1 294	..	..	..
May	15 435	19 300	–3 865	7 441	6 134	1 307	..	..	..
Jun	14 583	19 198	–4 615	7 455	6 126	1 329	..	..	..
Jul	15 781	19 319	–3 538	7 533	6 292	1 241	..	..	..
Aug	15 411	19 099	–3 688	7 655	6 324	1 331	..	..	..
Sep	15 185	19 983	–4 798	7 562	6 300	1 262	..	..	..
Oct	15 750	20 093	–4 343	7 456	6 326	1 130	..	..	..
Nov	15 251	19 805	–4 554	7 501	6 288	1 213	..	..	..
Dec	15 978	20 059	–4 081	7 718	6 582	1 136	..	..	..
2004 Jan	14 512	20 228	–5 716	7 674	6 396	1 278	..	..	..
Feb	14 902	19 150	–4 248	7 759	6 323	1 436	..	..	..
Mar	15 288	19 627	–4 339	7 726	6 138	1 588	..	..	..
Apr	15 612	20 298	–4 686	7 786	6 218	1 568	..	..	..
May	15 340	20 142	–4 802	7 758	6 186	1 572	..	..	..
Jun	15 457	20 513	–5 056	7 684	6 266	1 418	..	..	..
Jul	15 790†	20 810†	–5 020†	7 787†	6 168	1 619†	..	..	..
Aug	15 751	20 914	–5 163	7 784	6 203	1 581	..	..	..
Sep	16 513	21 059	–4 546	7 881	6 190	1 691	..	..	..

Sources: Office for National Statistics;
Enquiries Columns 1-3 020 7533 6064; Columns 4-6 & 8 020 7533 6090;
Columns 7 & 9 020 7533 6078.

Balance of Payments : Current account



2.14 Trade in goods (on a balance of payments basis)

2001 = 100

	Volume indices (SA)		Price indices (NSA)		
	Exports	Imports	Exports	Imports	Terms of trade[1]
Annual					
	BQKU	BQKV	BQKR	BQKS	BQKT
1999	86.8	86.7	100.5	97.7	102.9
2000	97.4	94.8	101.7	100.9	100.8
2001	100.0	100.0	100.0	100.0	100.0
2002	98.3	104.1	100.0	97.5	102.6
2003	97.8	105.6	101.6	96.8	105.0
Quarterly					
1999 Q1	81.3	83.7	100.5	96.7	103.9
Q2	84.4	84.1	100.5	96.9	103.7
Q3	91.2	89.0	100.7	98.5	102.2
Q4	90.5	90.1	100.4	98.7	101.7
2000 Q1	93.0	90.8	100.4	98.7	101.7
Q2	97.7	93.9	101.0	100.1	100.9
Q3	97.7	96.1	102.7	102.2	100.5
Q4	101.2	98.7	102.7	102.4	100.3
2001 Q1	102.5	100.0	101.6	102.0	99.6
Q2	100.1	100.0	101.8	101.9	99.9
Q3	99.2	99.5	99.3	99.1	100.2
Q4	98.3	100.5	97.4	96.9	100.5
2002 Q1	96.8	100.9	100.1	98.3	101.8
Q2	103.6	105.5	101.1	98.2	103.0
Q3	99.1	105.6	99.9	96.9	103.1
Q4	93.7	104.4	98.8	96.4	102.5
2003 Q1	99.8	106.6	101.7	97.2	104.6
Q2	96.7	103.2	101.9	96.6	105.5
Q3	96.5	104.6	101.9	97.1	104.9
Q4	98.3	108.1	100.9	96.4	104.7
2004 Q1	95.2	108.5	100.0	94.4	105.9
Q2	97.9	110.8	101.3	95.9	105.6
Q3	100.6	112.6	102.1	97.4	104.8
Monthly					
2002 Jan	97.5	101.0	98.9	98.0	100.9
Feb	97.0	100.7	99.9	98.0	101.9
Mar	95.8	101.1	101.5	98.8	102.7
Apr	102.3	106.1	101.8	98.5	103.4
May	109.8	107.9	100.8	98.1	102.8
Jun	98.8	102.5	100.6	98.1	102.5
Jul	103.4	109.7	100.1	96.8	103.4
Aug	93.9	103.0	100.4	97.0	103.5
Sep	100.0	104.2	99.2	97.0	102.3
Oct	95.7	105.5	98.9	96.8	102.2
Nov	91.6	106.2	98.3	96.1	102.3
Dec	93.7	101.4	99.3	96.4	103.0
2003 Jan	101.8	107.2	100.5	96.4	104.3
Feb	100.7	106.1	101.6	96.9	104.9
Mar	96.9	106.5	103.0	98.2	104.9
Apr	102.4	101.6	101.7	97.2	104.6
May	96.2	104.1	102.6	96.7	106.1
Jun	91.6	103.9	101.5	96.0	105.7
Jul	98.8	103.8	101.6	96.6	105.2
Aug	95.9	102.6	102.5	97.4	105.2
Sep	94.9	107.4	101.7	97.2	104.6
Oct	98.8	108.0	101.4	96.8	104.8
Nov	95.6	107.3	100.7	96.5	104.4
Dec	100.5	109.1	100.6	95.8	105.0
2004 Jan	92.2	111.5	100.1	94.6	105.8
Feb	95.6	106.1	99.0	93.5	105.9
Mar	97.7	108.0	100.8	95.2	105.9
Apr	98.7	111.5	101.1	95.4	106.0
May	96.5	108.9	102.1	96.6	105.7
Jun	98.4	112.0	100.7	95.7	105.2
Jul	100.1†	112.9†	100.5	96.1†	104.6†
Aug	98.9	113.0	102.2†	97.5	104.8
Sep	102.8	111.9	103.6	98.5	105.2

1 Price index for exports expressed as a percentage of price index for imports.

Source: Office for National Statistics; Enquiries 020 7533 6064


Trade in goods
£ million
At current prices
Imports (f.o.b.)
Exports (f.o.b.)
65,000
60,000
55,000
50,000
45,000
40,000
35,000
1999
2000
2001
2002
2003
2004
2001=100
Volume index
Imports
Exports
115
110
105
100
95
90
85
80
75
Price index
Exports
Imports
105
100
95
90
85
80

2.15 Measures of UK competitiveness in trade in manufactures

1995=100

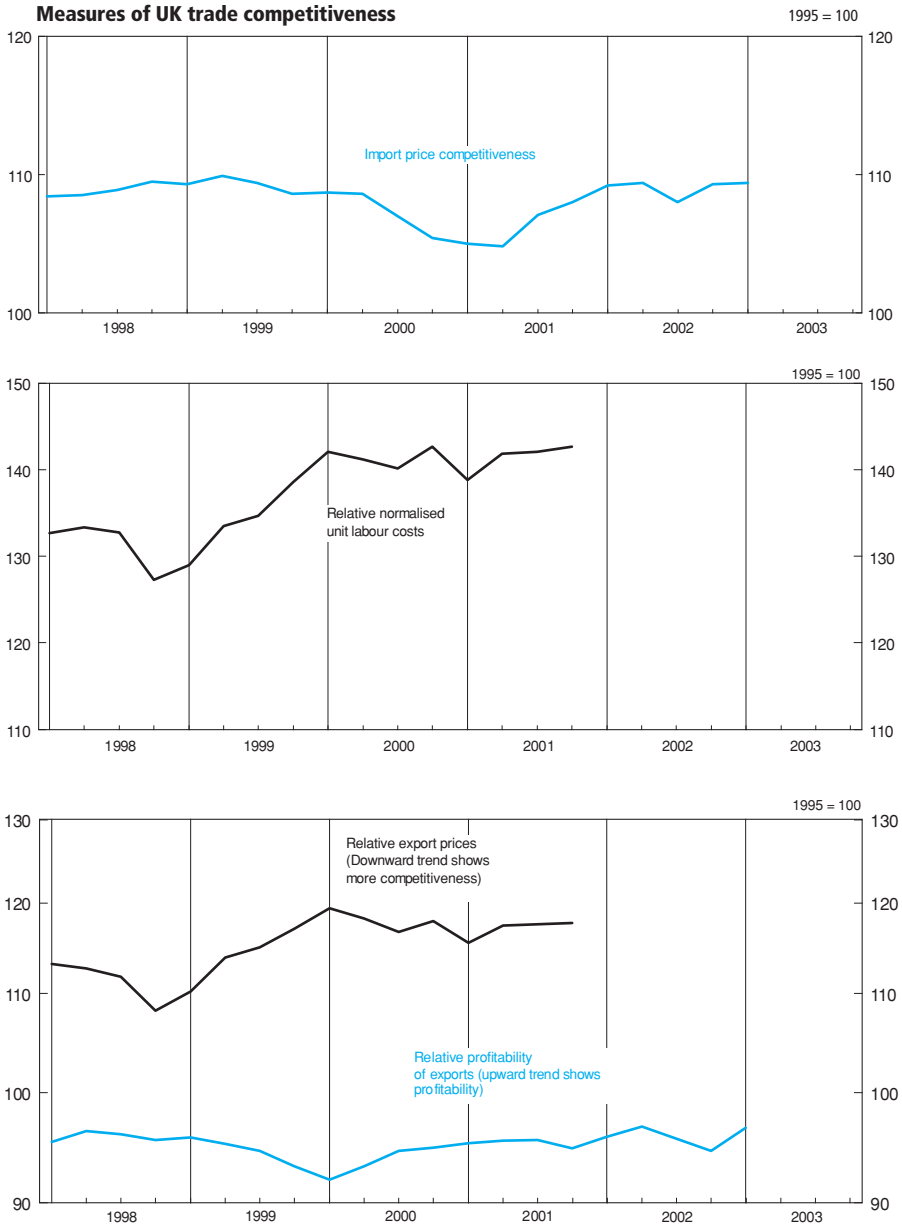
	Summary measures						Export unit value index[1,6]				
	Relative export prices[6]	Relative wholesale prices[5] (1990=100)	IMF index of relative unit labour costs[6] Actual	IMF index of relative unit labour costs[6] Normalised	Import price competitiveness[2,4]	Relative profitability of exports[2,4]	United Kingdom	United States	Japan	France	Germany[3]
	CTPC	CTPD	CTPE	CTPF	BBKM	BBKN	CTPI	CTPJ	CTPK	CTPL	CTPM
1997	111.4	114.7	130.4	123.6	105.9	97.4	98.7	101.2	83.8	86.0	80.3
1998	111.4	..	141.2	131.5	109.2	95.8	97.7	101.2	78.1	86.0	80.5
1999	114.2	..	141.7	133.9	109.7	94.4	97.4	101.1	82.7	81.4	76.7
2000	118.2	..	147.8	141.6	106.9	93.7	94.9	102.3	86.5	71.3	66.7
2001	117.0	..	143.9	141.4	105.6	95.8	90.7	102.3	78.3	69.5	64.7
2002	..	..	..	..	109.0	96.0	..	..	..	..	..
2000 Q1	119.4	..	149.4	142.1	108.7	92.0	99.3	102.1	86.2	76.0	71.5
Q2	118.2	..	148.9	141.2	108.6	93.2	95.8	102.5	86.2	72.1	67.5
Q3	116.7	..	146.2	140.2	107.0	94.6	93.0	102.6	87.2	70.1	65.4
Q4	117.9	..	146.8	142.7	105.4	94.9	91.4	102.3	86.5	67.6	62.8
2001 Q1	115.5	..	142.2	138.8	105.0	95.3	92.6	102.0	84.4	72.2	66.7
Q2	117.4	..	144.3	141.9	104.8	95.5	90.7	101.9	82.4	68.5	63.0
Q3	117.6	..	144.2	142.1	107.1	95.6	92.3	101.8	84.2	70.1	64.2
Q4	117.7	..	144.8	142.7	108.0	94.8	92.9	101.7	84.2	70.8	64.7
2002 Q1	..	..	..	..	109.2	95.9	..	..	..	..	..
Q2	..	..	..	..	109.4	96.8	..	..	..	..	..
Q3	..	..	..	..	108.0	95.7	..	..	..	..	..
Q4	..	..	..	..	109.3	94.6	..	..	..	..	..
2003 Q1	..	..	..	..	109.4	96.7	..	..	..	..	..
Percentage change, quarter on corresponding quarter of previous year											
2001 Q2	*–0.7*	..	*–3.1*	*0.5*	*–3.5*	*2.5*	*–5.3*	*–0.6*	*–4.4*	*–5.0*	*–6.7*
Q3	*0.8*	..	*–1.4*	*1.4*	*0.1*	*1.1*	*–0.8*	*–0.8*	*–3.4*	*0.0*	*–1.8*
Q4	*–0.2*	..	*–1.4*	*0.0*	*2.5*	*–0.1*	*1.6*	*–0.6*	*–2.7*	*4.7*	*3.0*
2002 Q1	..	..	..	..	*4.0*	*0.6*	..	..	..	..	..
Q2	..	..	..	..	*4.4*	*1.4*	..	..	..	..	..
Q3	..	..	..	..	*0.8*	*0.1*	..	..	..	..	..
Q4	..	..	..	..	*1.2*	*–0.2*	..	..	..	..	..
2003 Q1	..	..	..	..	*0.2*	*0.8*	..	..	..	..	..

	Wholesale price index[1] (1990=100)					Unit labour costs index[1,6]				
	United Kingdom	United States	Japan	France	Germany[3]	United Kingdom	United States	Japan	France	Germany[3]
	CTPN	CTPO	CTPP	CTPQ	CTPR	CTPS	CTPT	CTPU	CTPV	CTPW
1998	116.5	106.8	102.7	..	..	118.6	95.6	70.5	82.8	77.1
1999	115.1	108.4	114.1	..	..	116.2	95.1	77.9	79.3	73.7
2000	..	..	..	..	..	108.0	94.9	77.5	68.2	61.6
2001	..	..	..	..	..	103.3	100.8	71.1	66.4	59.5
1999 Q4	116.8	109.7	123.4	..	..	116.8	94.6	82.2	77.1	70.5
2000 Q1	..	..	..	..	..	115.6	94.0	81.3	73.1	67.2
Q2	..	..	..	..	..	109.8	94.1	78.8	69.0	62.9
Q3	..	..	..	..	..	104.6	94.9	76.1	66.8	59.5
Q4	..	..	..	..	..	102.2	96.5	74.0	64.3	57.5
2001 Q1	..	..	..	..	..	104.3	99.2	72.5	68.5	61.5
Q2	..	..	..	..	..	101.6	100.8	70.7	64.8	58.0
Q3	..	..	..	..	..	103.2	101.4	71.3	66.1	59.1
Q4	..	..	..	..	..	104.2	101.7	70.1	66.4	59.5
Percentage change, quarter on corresponding quarter of previous year										
1999 Q4	*–0.6*	*2.7*	*12.2*	..	..	*–3.6*	*–1.0*	*5.8*	*–12.0*	*–15.3*
2000 Q1	..	..	..	..	..	*–2.3*	*–1.1*	*3.4*	*–12.6*	*–14.8*
Q2	..	..	..	..	..	*–5.3*	*–1.3*	*5.8*	*–12.3*	*–17.2*
Q3	..	..	..	..	..	*–8.3*	*–0.7*	*–0.8*	*–14.4*	*–16.8*
Q4	..	..	..	..	..	*–12.5*	*2.0*	*–10.0*	*–16.6*	*–18.4*
2001 Q1	..	..	..	..	..	*–9.8*	*5.5*	*–10.8*	*–6.3*	*–8.5*
Q2	..	..	..	..	..	*–7.5*	*7.1*	*–10.3*	*–6.1*	*–7.8*
Q3	..	..	..	..	..	*–1.3*	*6.8*	*–6.3*	*–1.0*	*–0.7*
Q4	..	..	..	..	..	*2.0*	*5.4*	*–5.3*	*3.3*	*3.5*

1 All the indices are based on data expressed in US dollars.
2 Excludes erratics (ships, North sea installations, aircraft, precious stones and silver bullion).
3 Includes the former German Democratic Republic as from 1991 Q1.
4 These series are on a SIC 92 basis.
5 This series is calculated using UK producer prices. All other country indices are wholesale price indices.
6 Quarterly data have been obtained by interpolating the annuals.

Sources: International Monetary Fund; Office for National Statistics; Enquiries 020 7533 5914

Measures of UK trade competitiveness



3.1 Prices

Not seasonally adjusted except series RNPE

	Producer price index (2000=100)		Consumer prices index[3,4] (1996=100)		Retail prices index (January 13, 1987=100)						Pensioner price index[6] (January 13, 1987=100)		
	Materials and fuel purchased by manufacturing industry (SA)[1,2]	Output: all manufactured products: home sales	All items		All items (RPI)		All items excluding mortgage interest payments (RPIX)		All items excluding mortgage interest payments & indirect taxes (RPIY)[5]		1-person household	2-person household	Purchasing power of the pound[7] (NSA) (1985=100)
			Index	Percentage change on a year earlier	Index	Percentage change on a year earlier	Index	Percentage change on a year earlier	Index	Percentage change on a year earlier			
Annual	RNPE	PLLU	CHVJ	CJYR	CHAW	CZBH	CHMK	CDKQ	CBZW	CBZX	CZIF	CZIU	FJAK
2000	100.0	100.0	105.6	0.8	170.3	*3.0*	167.7	*2.1*	159.9	*1.8*	150.8	156.1	56
2001	98.8	99.7	106.9	1.2	173.3	*1.8*	171.3	*2.1*	163.7	*2.4*	152.7	158.5	55
2002	94.3†	99.8	108.3	1.3	176.2	*1.7*	175.1	*2.2*	167.5	*2.3*	155.3	160.9	54
2003	95.6	101.3	109.8	1.4	181.3	*2.9*	180.0	*2.8*	172.0	*2.7*	158.1	163.8	52
Quarterly													
2000 Q1	97.1	99.2	104.8	0.8	167.5	*2.3*	165.8	*2.1*	158.6	*1.9*	150.0	154.9	57
Q2	98.1†	100.1	105.7	0.6	170.6	*3.1*	168.0	*2.1*	159.9	*1.7*	151.0	156.2	55
Q3	101.9	100.3	105.7	0.8	170.9	*3.2*	168.1	*2.1*	160.1	*1.8*	151.1	156.5	56
Q4	103.0	100.4	106.3	0.9	172.0	*3.1*	169.1	*2.1*	161.1	*1.8*	151.2	156.9	55
2001 Q1	100.8	99.7	105.7	0.9	171.8	*2.6*	168.9	*1.9*	161.1	*1.6*	150.6	156.5	55
Q2	101.9	100.1	107.3	1.5	173.9	*1.9*	171.8	*2.3*	164.1	*2.6*	153.3	159.3	54
Q3	98.3	99.8	107.3	1.5	174.0	*1.8*	172.1	*2.4*	164.6	*2.8*	153.0	158.9	54
Q4	94.1	99.3	107.4	1.0	173.8	*1.0*	172.4	*2.0*	165.0	*2.4*	153.9	159.3	55
2002 Q1	94.1r	99.2	107.4	1.5	173.9	*1.2*	172.9	*2.4*	165.5	*2.7*	154.7	160.1	54
Q2	95.1r	99.8	108.3	0.9	176.0	*1.2*	175.0	*1.9*	167.1	*1.8*	155.3	161.0	54
Q3	94.4r	99.9	108.4	1.1	176.6	*1.5*	175.5	*2.0*	167.8	*1.9*	155.0	160.7	54
Q4	93.8r	100.1	109.0	1.6	178.2	*2.5*	176.9	*2.6*	169.5	*2.7*	156.1	161.7	53
2003 Q1	95.7r	100.9	109.0	1.5	179.2	*3.0*	177.9	*2.9*	170.6	*3.1*	156.7	162.6	53
Q2	94.6r	101.1	109.7	1.3	181.3	*3.0*	180.1	*2.9*	171.8	*2.8*	157.9	163.7	52
Q3	95.7r	101.3	109.9	1.4	181.8	*2.9*	180.5	*2.8*	172.3	*2.7*	158.3	164.0	52
Q4	96.4r	101.7	110.5	1.3	182.9	*2.6*	181.5	*2.6*	173.2	*2.2*	159.4	165.0	52
2004 Q1	95.4r	102.4	110.4	1.3	183.8	*2.6*	182.0	*2.3*	173.8	*1.9*	159.7	165.4	51
Q2	98.3r	103.4	111.2	1.4	186.3	*2.8*	184.0	*2.2*	175.4	*2.1*	160.9	166.6	51
Q3	100.8#	104.2p	111.2	1.2	187.4	*3.1*	184.3	*2.1*	175.6	*1.9*	160.5	166.1	50
Monthly													
2003 Jan	95.6r†	100.5	108.6	1.4	178.4	*2.9*	177.1	*2.7*	169.8	*2.9*	..	..	53
Feb	96.0	100.7	109.0	1.6	179.3	*3.2*	177.9	*3.0*	170.6	*3.1*	..	..	53
Mar	95.6	101.4	109.4	1.6	179.9	*3.1*	178.7	*3.0*	171.4	*3.2*	..	..	53
Apr	94.6r	101.3	109.7	1.5	181.2	*3.1*	180.0	*3.0*	171.8	*2.9*	..	..	52
May	94.5r	101.0	109.7	1.2	181.5	*3.0*	180.2	*2.9*	171.9	*2.7*	..	..	52
Jun	94.8r	101.0	109.6	1.1	181.3	*2.9*	180.0	*2.8*	171.7	*2.7*	..	..	52
Jul	95.6r	101.2	109.5	1.3	181.3	*3.1*	179.9	*2.9*	171.6	*2.8*	..	..	52
Aug	96.2r	101.4	109.9	1.4	181.6	*2.9*	180.4	*2.9*	172.2	*2.7*	..	..	52
Sep	95.2r	101.4	110.2	1.4	182.5	*2.8*	181.3	*2.8*	173.2	*2.7*	..	..	52
Oct	96.4r	101.6	110.4	1.4	182.6	*2.6*	181.3	*2.7*	173.1	*2.4*	..	..	52
Nov	96.5r	101.7	110.3	1.3	182.7	*2.5*	181.4	*2.5*	173.1	*2.1*	..	..	52
Dec	96.4r	101.9	110.7	1.3	183.5	*2.8*	181.8	*2.6*	173.5	*2.2*	..	..	52
2004 Jan	95.3r	102.1	110.1	1.4	183.1	*2.6*	181.4	*2.4*	173.2	*2.0*	..	..	52
Feb	94.5r	102.3	110.4	1.3	183.8	*2.5*	182.0	*2.3*	173.9	*1.9*	..	..	51
Mar	96.4	102.8	110.6	1.1	184.6	*2.6*	182.5	*2.1*	174.3	*1.7*	..	..	51
Apr	97.2r	103.1	111.0	1.2	185.7	*2.5*	183.6	*2.0*	174.9	*1.8*	..	..	51
May	99.5r	103.5	111.4	1.5	186.5	*2.8*	184.3	*2.3*	175.6	*2.2*	..	..	51
Jun	98.2r	103.6	111.3	1.6	186.8	*3.0*	184.2	*2.3*	175.6	*2.3*	..	..	51
Jul	99.3r	103.8	111.0	1.4	186.8	*3.0*	183.8	*2.2*	175.1	*2.0*	..	..	51
Aug	100.7	104.2	111.3	1.3	187.4	*3.2*	184.3	*2.2*	175.7	*2.0*	..	..	50
Sep	102.4p	104.5p	111.4	1.1	188.1	*3.1*	184.7	*1.9*	176.1	*1.7*	..	..	50
Oct	104.2p	105.2p	111.7	1.2	188.6	*3.3*	185.1	*2.1*	176.6	*2.0*	..	..	50

Note: Figures marked with a 'p' are provisional.

1 Minor revisions have been made to seasonally adjusted figures previously published. These reflect the routine updating of the seasonal adjustment factor.

2 Data now include the Climate Change Levy introduced in April 2001 and the Aggregates Levy introduced in April 2002.

3 Inflation rates prior to 1997 and index levels prior to 1996 are estimated. Further details are given in *Economic Trends* No.541 December 1998.

4 Prior to 10 December 2003, the consumer prices index (CPI) was published in the UK as the harmonised index of consumer prices (HICP).

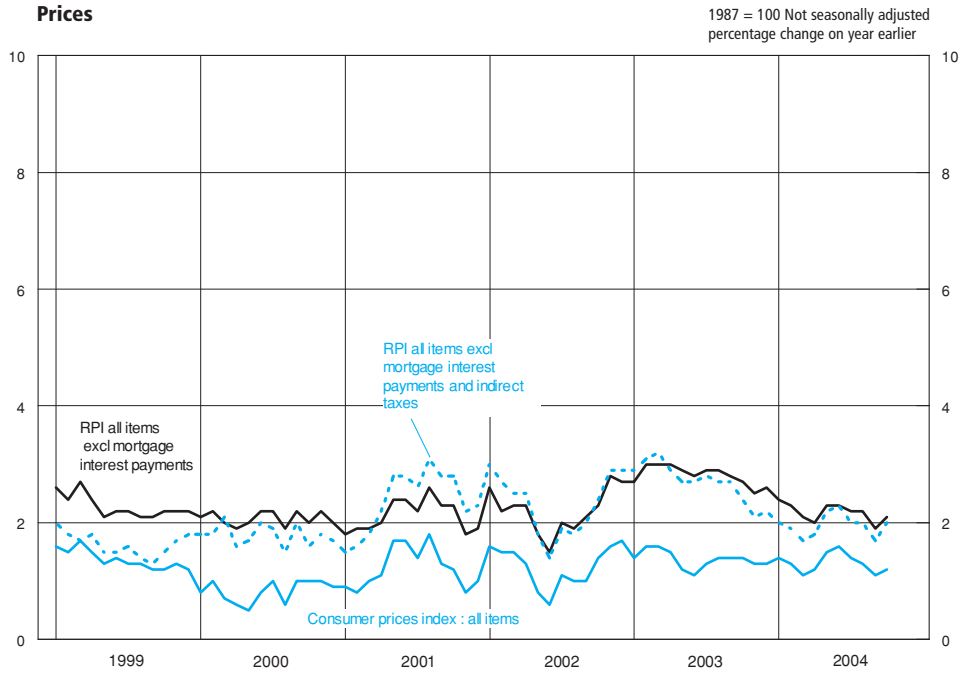
5 The taxes excluded are council tax, VAT, duties, car purchase tax and vehicle excise duty, insurance tax and airport tax.

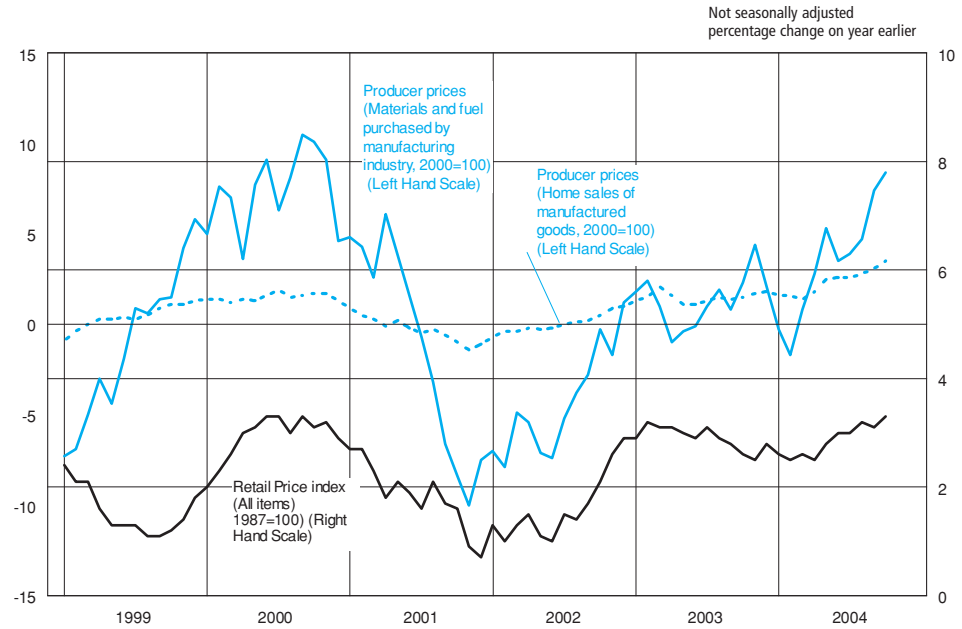
6 Pensioner price indices exclude housing costs, as these are often atypical for a pensioner household, based on RPI.

7 Movements in the purchasing power of the pound are based on movements in the retail prices index.

Sources: Office for National Statistics;
Enquiries Columns 1-2 01633 812106; Columns 3-13 020 7533 5853.

Prices


1987 = 100 Not seasonally adjusted
percentage change on year earlier
10
8
6
4
2
0
RPI all items excl mortgage interest payments and indirect taxes
RPI all items excl mortgage interest payments
Consumer prices index : all items
1999
2000
2001
2002
2003
2004


Not seasonally adjusted
percentage change on year earlier
15
10
5
0
-5
-10
-15
10
8
6
4
2
0
Producer prices (Materials and fuel purchased by manufacturing industry, 2000=100) (Left Hand Scale)
Producer prices (Home sales of manufactured goods, 2000=100) (Left Hand Scale)
Retail Price index (All items) 1987=100) (Right Hand Scale)
1999
2000
2001
2002
2003
2004

4.1 Labour Market Activity[1,2]

United Kingdom

Thousands, seasonally adjusted[3]

	Employment categories					Unemployment	Total economically active	Economically inactive	Total aged 16 and over	Employment rate: age 16-59/64[4]
	Employees	Self - employed	Unpaid family workers	Government training and employment programmes	Total employment					
TOTAL										
	MGRN	MGRQ	MGRT	MGRW	MGRZ	MGSC	MGSF	MGSI	MGSL	MGSU
2002 Q1	24 275	3 322	99	112	27 808	1 500	29 308	17 349	46 657	74.4
Q2	24 359	3 334	98	105	27 897	1 526	29 422	17 304	46 727	74.5
Q3	24 357	3 349	91	98	27 896	1 554	29 450	17 348	46 798	74.4
Q4	24 496	3 373	92	95	28 056	1 521	29 577	17 295	46 872	74.7
2003 Q1	24 492	3 436	87	94	28 110	1 509	29 619	17 328	46 946	74.7
Q2	24 443	3 553	90	91	28 177	1 478	29 655	17 365	47 020	74.7
Q3	24 349	3 639	104	108	28 200	1 489	29 688	17 406	47 094	74.6
Q4	24 353	3 670	96	106	28 225	1 467	29 692	17 477	47 169	74.5
2004 Q1	24 574	3 631	107	114	28 425	1 419	29 844	17 400	47 244	74.9
Q2	24 488	3 664	101	122	28 376	1 446	29 822	17 496	47 318	74.6
Q3	24 637	3 579	88	127	28 431	1 380	29 811	17 581	47 392	74.7
Percentage change on quarter										
2004q2 to 2004q3	*0.6*	*-2.3*	*-13.6*	*4.4*	*0.2*	*-4.6*	*0.0*	*0.5*	*0.2*	
Percentage change on year										
2003q3 to 2004q3	*1.2*	*-1.6*	*-15.6*	*18.0*	*0.8*	*-7.3*	*0.4*	*1.0*	*0.6*	
MALE										
	MGRO	MGRR	MGRU	MGRX	MGSA	MGSD	MGSG	MGSJ	MGSM	MGSV
2002 Q1	12 480	2 448	32	70	15 030	912	15 942	6 580	22 522	79.0
Q2	12 527	2 441	32	61	15 061	914	15 976	6 588	22 564	79.0
Q3	12 512	2 454	35	61	15 062	943	16 004	6 602	22 606	78.8
Q4	12 657	2 468	32	61	15 218	897	16 115	6 535	22 650	79.5
2003 Q1	12 616	2 503	28	56	15 203	916	16 120	6 574	22 694	79.2
Q2	12 591	2 604	33	54	15 281	893	16 174	6 563	22 738	79.4
Q3	12 506	2 667	39	62	15 273	891	16 164	6 617	22 781	79.3
Q4	12 464	2 689	36	60	15 249	887	16 136	6 689	22 825	79.0
2004 Q1	12 600	2 656	44	66	15 366	833	16 199	6 670	22 869	79.5
Q2	12 526	2 691	42	72	15 332	848	16 180	6 733	22 913	79.1
Q3	12 614	2 649	35	75	15 372	809	16 181	6 774	22 956	79.2
Percentage change on quarter										
2004q2 to 2004q3	*0.7*	*-1.6*	*-17.7*	*3.1*	*0.3*	*-4.6*	*0.0*	*0.6*	*0.2*	
Percentage change on year										
2003q3 to 2004q3	*0.9*	*-0.7*	*-11.4*	*21.1*	*0.6*	*-9.2*	*0.1*	*2.4*	*0.8*	
FEMALE										
	MGRP	MGRS	MGRV	MGRY	MGSB	MGSE	MGSH	MGSK	MGSN	MGSW
2002 Q1	11 794	874	67	42	12 778	588	13 366	10 769	24 135	69.5
Q2	11 832	893	66	44	12 835	611	13 447	10 716	24 163	69.7
Q3	11 845	896	56	37	12 835	611	13 446	10 746	24 192	69.6
Q4	11 838	905	60	34	12 837	625	13 462	10 760	24 222	69.6
2003 Q1	11 876	933	59	38	12 906	592	13 499	10 754	24 252	69.9
Q2	11 852	949	57	38	12 896	585	13 481	10 802	24 283	69.7
Q3	11 843	972	65	46	12 926	598	13 524	10 789	24 313	69.6
Q4	11 889	981	60	46	12 977	580	13 556	10 787	24 344	69.8
2004 Q1	11 973	975	63	48	13 059	585	13 645	10 730	24 375	70.1
Q2	11 962	973	59	50	13 044	598	13 643	10 763	24 405	69.8
Q3	12 023	931	53	53	13 059	570	13 630	10 807	24 437	69.9
Percentage change on quarter										
2004q2 to 2004q3	*0.5*	*-4.3*	*-10.7*	*6.3*	*0.1*	*-4.7*	*-0.1*	*0.4*	*0.1*	
Percentage change on year										
2003q3 to 2004q3	*1.5*	*-4.3*	*-18.1*	*13.9*	*1.0*	*-4.5*	*0.8*	*0.2*	*0.5*	

1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.

2 Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases.*

3 Seasonally adjusted estimates are revised in April each year.

4 The employment rate equals those in employment aged 16-64 (male) and 16-59 (female), as a percentage of all in these age groups. The underlying data are available on request.

Source: Office for National Statistics; Enquiries 020 7533 6094

4.2 Labour Market Activity[1,2]
United Kingdom

Thousands, not seasonally adjusted

	Employment categories					Unemployment	Total economically active	Economically inactive	Total aged 16 and over	Employment rate: age 16-59/64[3]
	Employees	Self - employed	Unpaid family workers	Government training and employment programmes	Total employment					
TOTAL										
	MGTA	MGTD	MGTG	MGTJ	MGTM	MGTP	MGTS	MGTV	MGSL	MGUH
2002 Q1	24 146	3 315	95	117	27 672	1 517	29 189	17 468	46 657	74.0
Q2	24 321	3 326	95	105	27 847	1 468	29 315	17 411	46 727	74.4
Q3	24 458	3 377	97	90	28 022	1 633	29 656	17 142	46 798	74.7
Q4	24 576	3 363	95	99	28 133	1 476	29 609	17 263	46 872	74.9
2003 Q1	24 363	3 426	83	99	27 971	1 525	29 497	17 450	46 946	74.3
Q2	24 412	3 545	86	91	28 134	1 416	29 550	17 470	47 020	74.6
Q3	24 441	3 670	110	101	28 321	1 572	29 892	17 202	47 094	74.9
Q4	24 433	3 660	100	110	28 303	1 422	29 724	17 445	47 169	74.7
2004 Q1	24 463	3 615	104	121	28 302	1 429	29 731	17 513	47 244	74.6
Q2	24 454	3 659	96	121	28 330	1 387	29 717	17 601	47 318	74.5
Q3	24 713	3 603	91	123	28 530	1 463	29 993	17 468	47 392	75.0
Percentage change on year										
2003q3 to 2004q3	*1.1*	*-1.8*	*11.6*	*21.8*	*0.7*	*-6.9*	*0.3*	*1.5*	*0.6*	
MALE										
	MGTB	MGTE	MGTH	MGTK	MGTN	MGTQ	MGTT	MGTW	MGSM	MGUI
2002 Q1	12 388	2 446	31	73	14 938	932	15 870	6 652	22 522	78.5
Q2	12 508	2 431	30	60	15 030	888	15 918	6 646	22 564	78.8
Q3	12 598	2 470	36	57	15 161	971	16 132	6 475	22 606	79.4
Q4	12 696	2 467	34	63	15 260	867	16 127	6 523	22 650	79.7
2003 Q1	12 521	2 499	27	59	15 107	938	16 045	6 649	22 694	78.7
Q2	12 576	2 594	31	52	15 253	864	16 116	6 621	22 738	79.3
Q3	12 587	2 685	41	58	15 371	921	16 292	6 489	22 781	79.8
Q4	12 502	2 689	38	62	15 291	855	16 146	6 679	22 825	79.2
2004 Q1	12 511	2 647	44	70	15 273	851	16 124	6 745	22 869	79.0
Q2	12 510	2 684	40	71	15 305	819	16 124	6 789	22 913	79.0
Q3	12 691	2 664	35	73	15 462	840	16 302	6 652	22 956	79.7
Percentage change on year										
2003q3 to 2004q3	*0.8*	*-0.8*	*-14.6*	*25.9*	*0.6*	*-8.8*	*0.1*	*2.5*	*0.8*	
FEMALE										
	MGTC	MGTF	MGTI	MGTL	MGTO	MGTR	MGTU	MGTX	MGSN	MGUJ
2002 Q1	11 758	869	64	44	12 735	585	13 319	10 816	24 135	69.2
Q2	11 813	895	65	45	12 818	579	13 397	10 766	24 163	69.6
Q3	11 860	907	60	33	12 862	662	13 524	10 668	24 192	69.8
Q4	11 880	896	61	36	12 873	609	13 482	10 740	24 222	69.8
2003 Q1	11 843	927	55	40	12 865	587	13 452	10 801	24 252	69.6
Q2	11 836	952	55	39	12 881	552	13 434	10 849	24 283	69.6
Q3	11 854	984	69	43	12 950	650	13 600	10 713	24 313	69.7
Q4	11 930	971	62	48	13 011	567	13 578	10 766	24 344	70.0
2004 Q1	11 952	967	60	51	13 029	578	13 608	10 767	24 375	69.9
Q2	11 945	975	56	50	13 025	568	13 593	10 812	24 405	69.7
Q3	12 022	940	56	50	13 068	623	13 691	10 816	24 437	70.0
Percentage change on year										
2003q3 to 2004q3	*1.4*	*-4.5*	*-18.8*	*16.3*	*0.9*	*-4.2*	*0.7*	*0.3*	*0.5*	

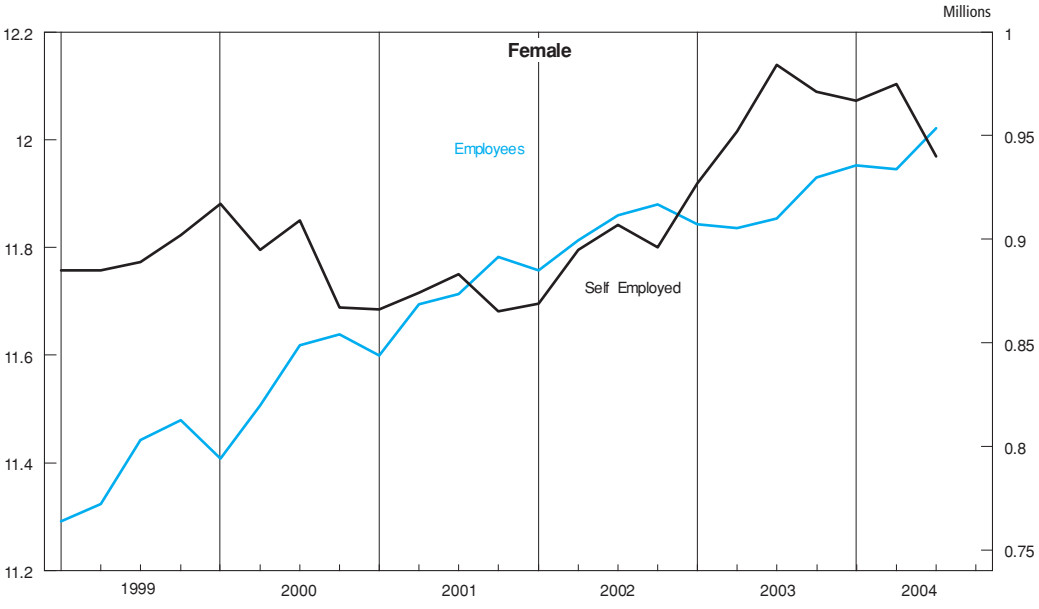
1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.

2 Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour market Statistics Releases.*

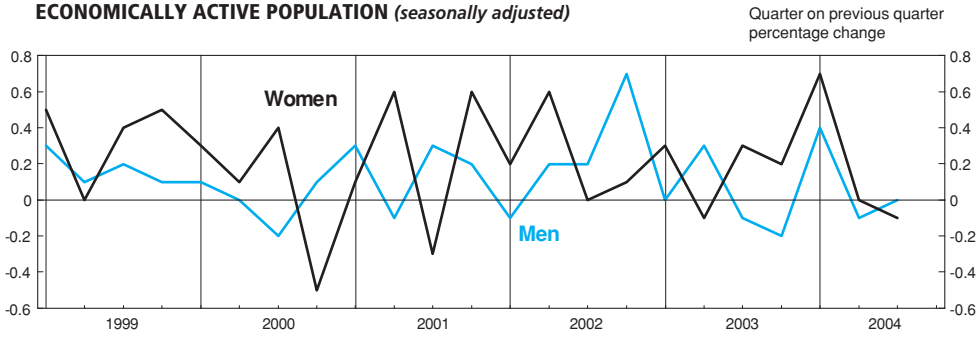
3 The employment rate equals those in employment aged 16-64 (male) and 16-59 (female), as a percentage of all in these age groups. The underlying data are available on request.

Source: Office for National Statistics; Enquiries 020 7533 6094

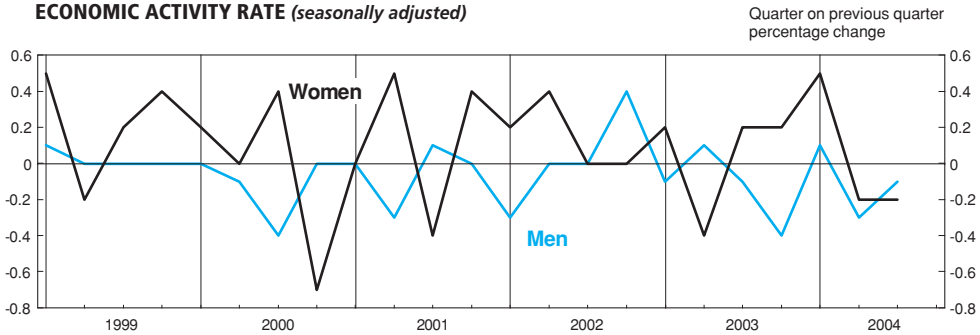
EMPLOYMENT Not seasonally adjusted-
United Kingdom, population aged 16 and over



ECONOMICALLY ACTIVE POPULATION *(seasonally adjusted)*

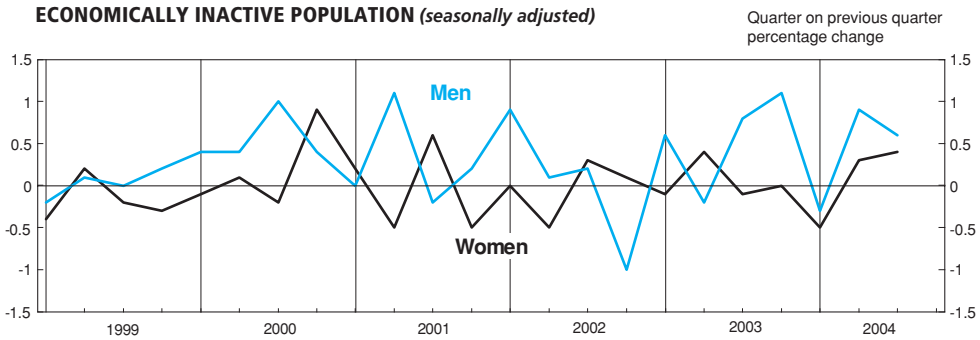


ECONOMIC ACTIVITY RATE *(seasonally adjusted)*

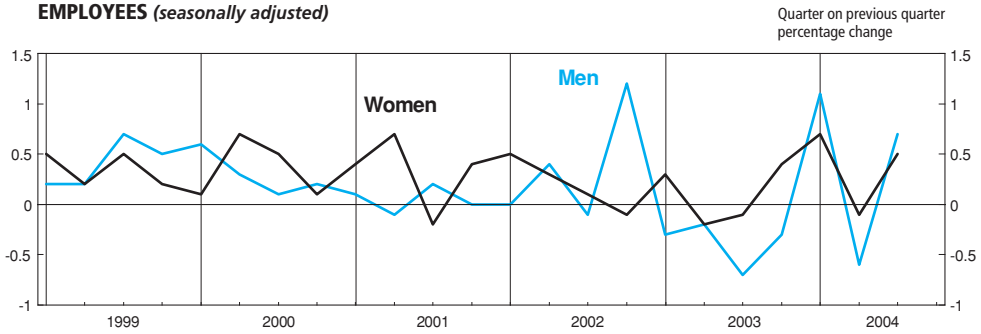


UNEMPLOYMENT *(seasonally adjusted)*

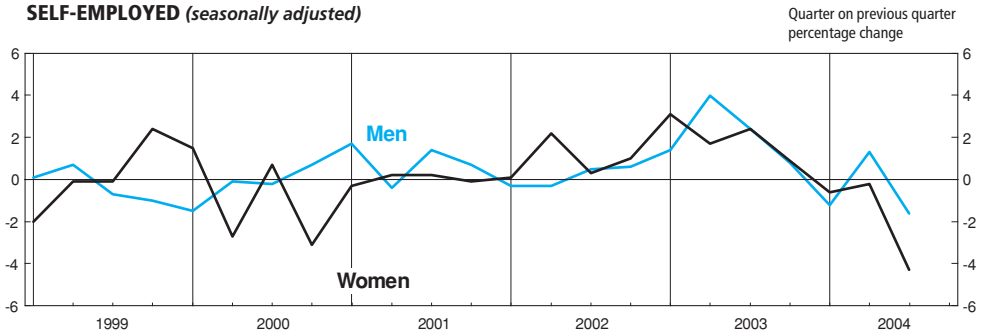
ECONOMICALLY INACTIVE POPULATION *(seasonally adjusted)*



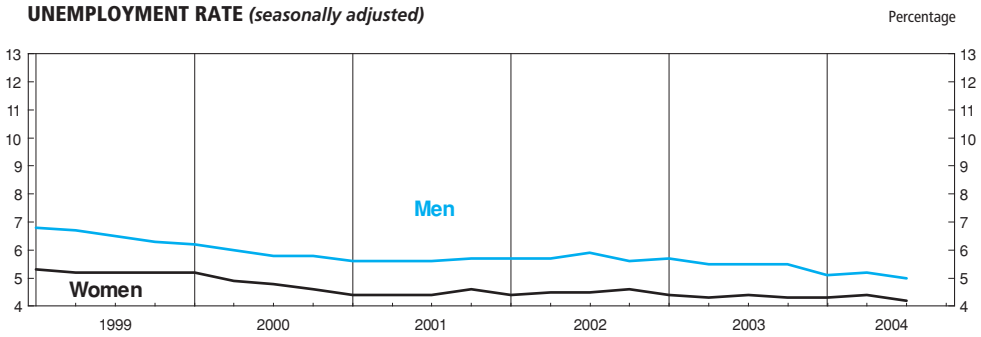
EMPLOYEES *(seasonally adjusted)*



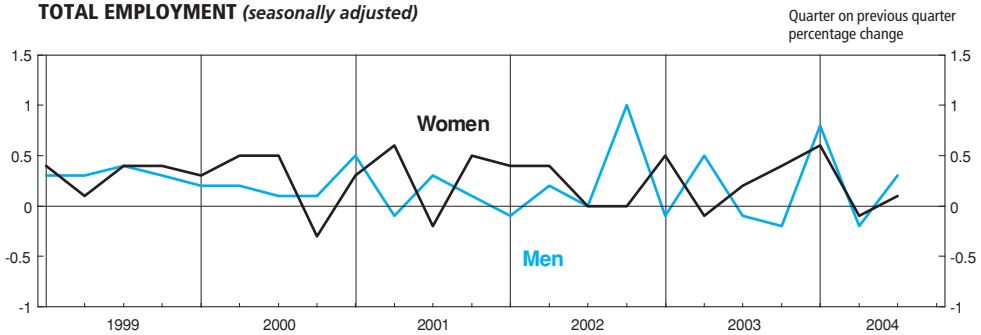
SELF-EMPLOYED *(seasonally adjusted)*



UNEMPLOYMENT RATE *(seasonally adjusted)*



TOTAL EMPLOYMENT *(seasonally adjusted)*



4.3 Labour Market Activity by age[1,2]

United Kingdom

Thousands, seasonally adjusted[3]

	Total aged 16 and over			Age groups[4]							
				16 - 24		25 - 49		50 - 59/64		60/65 and over	
	Total	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
In employment											
	MGRZ	MGSA	MGSB	MGUR	MGUS	MGUU	MGUV	MGUX	MGUY	MGVA	MGVB
2002 Q3	27 896	15 062	12 835	2 065	1 956	9 112	7 807	3 584	2 485	300	587
Q4	28 056	15 218	12 837	2 116	1 949	9 152	7 808	3 638	2 500	313	581
2003 Q1	28 110	15 203	12 906	2 101	1 951	9 120	7 839	3 653	2 524	329	592
Q2	28 177	15 281	12 896	2 107	1 929	9 142	7 821	3 701	2 545	331	601
Q3	28 200	15 273	12 926	2 116	1 939	9 144	7 801	3 680	2 559	334	628
Q4	28 225	15 249	12 977	2 118	1 980	9 111	7 825	3 688	2 537	331	635
2004 Q1	28 425	15 366	13 059	2 148	2 013	9 160	7 831	3 721	2 562	337	654
Q2	28 376	15 332	13 044	2 157	1 981	9 121	7 843	3 714	2 549	340	672
Q3	28 431	15 372	13 059	2 150	1 983	9 152	7 870	3 733	2 555	337	651
Unemployed											
	MGSC	MGSD	MGSE	MGVG	MGVH	MGVJ	MGVK	MGVM	MGVN	MGVP	MGVQ
2002 Q3	1 554	943	611	340	222	428	308	165	68	10	12
Q4	1 521	897	625	343	228	396	311	151	72	..	14
2003 Q1	1 509	916	592	349	232	402	286	158	66	..	..
Q2	1 478	893	585	342	237	395	273	147	67	..	..
Q3	1 489	891	598	341	239	399	282	142	70	..	..
Q4	1 467	887	580	334	221	404	282	140	66	11	10
2004 Q1	1 419	833	585	325	231	366	282	132	64	10	..
Q2	1 446	848	598	329	247	374	285	137	58	..	..
Q3	1 380	809	570	338	246	331	258	132	57	..	..
Economically inactive											
	MGSI	MGSJ	MGSK	MGVV	MGVW	MGVY	MGVZ	MGWB	MGWC	MGWE	MGWF
2002 Q3	17 348	6 602	10 746	878	1 062	803	2 450	1 353	1 228	3 569	6 006
Q4	17 295	6 535	10 760	845	1 080	794	2 445	1 323	1 215	3 573	6 020
2003 Q1	17 328	6 574	10 754	875	1 091	819	2 436	1 312	1 203	3 569	6 024
Q2	17 365	6 563	10 802	895	1 124	804	2 465	1 285	1 187	3 579	6 025
Q3	17 406	6 617	10 789	907	1 128	798	2 476	1 322	1 174	3 590	6 011
Q4	17 477	6 689	10 787	931	1 120	828	2 452	1 327	1 203	3 603	6 012
2004 Q1	17 400	6 670	10 730	927	1 093	819	2 448	1 312	1 183	3 611	6 006
Q2	17 496	6 733	10 763	932	1 122	854	2 434	1 325	1 205	3 622	6 002
Q3	17 581	6 774	10 807	945	1 133	868	2 437	1 322	1 202	3 639	6 035
Economic activity rate (per cent) [5]											
	MGWG	MGWH	MGWI	MGWK	MGWL	MGWN	MGWO	MGWQ	MGWR	MGWT	MGWU
2002 Q3	62.9	70.8	55.6	73.3	67.2	92.2	76.8	73.5	67.5	8.0	9.1
Q4	63.1	71.1	55.6	74.4	66.8	92.3	76.9	74.1	67.9	8.2	9.0
2003 Q1	63.1	71.0	55.7	73.7	66.7	92.1	76.9	74.4	68.3	8.6	9.1
Q2	63.1	71.1	55.5	73.2	65.8	92.2	76.7	75.0	68.8	8.7	9.2
Q3	63.0	71.0	55.6	73.0	65.9	92.3	76.6	74.3	69.1	8.7	9.5
Q4	62.9	70.7	55.7	72.5	66.3	92.0	76.8	74.3	68.4	8.7	9.7
2004 Q1	63.2	70.8	56.0	72.7	67.2	92.1	76.8	74.6	68.9	8.8	9.9
Q2	63.0	70.6	55.9	72.7	66.5	91.8	77.0	74.4	68.4	8.8	10.2
Q3	62.9	70.5	55.8	72.5	66.3	91.6	76.9	74.5	68.5	8.7	9.9
Unemployment rate (per cent) [6]											
	MGSX	MGSY	MGSZ	MGWZ	MGXA	MGXC	MGXD	MGXF	MGXG	MGXI	MGXJ
2002 Q3	5.3	5.9	4.5	14.1	10.2	4.5	3.8	4.4	2.7	3.2	2.1
Q4	5.1	5.6	4.6	14.0	10.5	4.1	3.8	4.0	2.8	..	2.3
2003 Q1	5.1	5.7	4.4	14.2	10.6	4.2	3.5	4.2	2.5	..	..
Q2	5.0	5.5	4.3	14.0	11.0	4.1	3.4	3.8	2.6	..	..
Q3	5.0	5.5	4.4	13.9	11.0	4.2	3.5	3.7	2.7	..	..
Q4	4.9	5.5	4.3	13.6	10.1	4.2	3.5	3.6	2.5	3.2	1.6
2004 Q1	4.8	5.1	4.3	13.2	10.3	3.8	3.5	3.4	2.4	2.8	..
Q2	4.8	5.2	4.4	13.2	11.1	3.9	3.5	3.5	2.2	..	..
Q3	4.6	5.0	4.2	13.6	11.0	3.5	3.2	3.4	2.2	..	..

1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.
2 Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases*.
3 Seasonally adjusted estimates are revised in April each year.
4 Data for more detailed age groups are published in *Labour Market Trends*.
5 The activity rate is the percentage of people in each age group who are economically active.
6 Unemployment rate is the percentage of economically active people who are unemployed on the ILO measure.

Source: Office for National Statistics; Enquiries 020 7533 6094

4.4 Jobs and claimant count
United Kingdom

Thousands

	Jobs[1]					Claimant count[5,6,9]			
		Employee jobs[3,4]							
	Workforce jobs[2,3,4]	All industries	Manufacturing industry	Production industry	Service industries	Total	Percentage of workforce jobs and claimant count[7]	Total Not seasonally adjusted	Job Centre vacancies+[8,10]
Annual									
	DYDC	BCAJ	YEJA	YEJF	YEID	BCJD	BCJE	BCJA	DPCB
2002	29 847	25 975	3 602	3 806	20 756	946.7	*3*	958.8	..
2003	30 125	26 033	3 458	3 655	20 957	933.2	*3*	945.9	..
2004	30 324	26 163	3 362	3 554	21 134	..	..	..	..
Quarterly									
2001 Q1	29 640	25 817	3 858	4 065	20 322	999.7	*3.3*	1 064.1	394.1
Q2	29 728	25 905	3 803	4 012	20 441	970.7	*3.2*	978.4	..
Q3	29 717	25 914	3 753	3 960	20 502	949.7	*3.1*	958.5	..
Q4	29 829	25 999	3 700	3 906	20 643	959.7	*3.1*	931.0	..
2002 Q1	29 831	26 018	3 649	3 856	20 714	952.9	*3.1*	1 014.6	..
Q2	29 847	25 975	3 602	3 806	20 756	950.9	*3.1*	958.1	..
Q3	29 850	25 942	3 555	3 754	20 794	945.0	*3.1*	951.8	..
Q4	29 939	26 003	3 514	3 709	20 893	937.8	*3.0*	910.6	..
2003 Q1	30 006	25 984	3 489	3 684	20 891	939.7	*3.0*	1 001.1	..
Q2	30 125	26 033	3 458	3 655	20 957	945.6	*3.0*	954.3	..
Q3	30 192	26 008	3 431	3 625	20 931	932.3	*3.0*	939.0	..
Q4	30 310	26 115	3 413	3 605	21 040	915.2	*2.9*	889.2	..
2004 Q1	30 315	26 136	3 382	3 575	21 080	886.8	*2.9*	947.2	..
Q2	30 324	26 163	3 362	3 554	21 134	861.1	*2.7*	871.8	..
Q3	..	..	3 346	3 536	..	835.4†	*2.7*	839.0	..
Monthly									
2003 Jan	..	..	3 506	3 702	..	935.9	*3.0*	998.0	..
Feb	..	..	3 498	3 693	..	940.9	*3.0*	1 012.8	..
Mar	..	25 984	3 489	3 684	20 891	942.3	*3.0*	992.3	..
Apr	..	..	3 477	3 671	..	939.9	*3.0*	966.1	..
May	..	..	3 468	3 663	..	948.5	*3.1*	957.8	..
Jun	..	26 033	3 458	3 655	20 957	948.4	*3.1*	939.2	..
Jul	..	..	3 442	3 637	..	937.6	*3.0*	946.3	..
Aug	..	..	3 435	3 630	..	930.2	*3.0*	948.6	..
Sep	..	26 008	3 431	3 625	20 931	929.1	*3.0*	922.1	..
Oct	..	..	3 427	3 620	..	924.6	*3.0*	893.2	..
Nov	..	..	3 418	3 611	..	915.5	*2.9*	884.6	..
Dec	..	26 115	3 413	3 605	21 040	905.5	*2.9*	889.7	..
2004 Jan	..	..	3 396	3 589	..	891.7	*2.9*	952.4	..
Feb	..	..	3 388	3 581	..	886.4	*2.9*	957.0	..
Mar	..	26 136	3 382	3 575	21 080	882.3	*2.8*	932.0	..
Apr	..	..	3 373	3 566	..	874.0	*2.8*	905.2	..
May	..	..	3 366	3 559	..	860.5	*2.8*	869.7	..
Jun	..	26 163	3 362	3 554	21 134	848.9	*2.7*	840.5	..
Jul	..	..	3 360	3 551	..	836.3	*2.7*	841.5	..
Aug	..	..	3 354	3 545	..	834.2	*2.7*	847.6	..
Sep	..	..	3 346	3 536	..	835.8†	*2.7*	827.8	..
Oct	..	..	..	..	..	836.7	*2.7*	806.8	..

1 Estimates of employee jobs and workforce jobs for Great Britain now use the Annual Business Inquiry as a benchmark on which quarterly movements are based. For further information see Labour Market Statistics First Release, April 2001 which is held on the National Statistics website **www.statistics.gov.uk** The Northern Ireland component of workforce jobs and employee jobs has not changed.

2 Workforce jobs comprise employee jobs, self-employed jobs, HM Forces and participants in work-related government supported training, which includes the Project Work Plan.

3 For all dates, individuals with two jobs as employees of different employers are counted twice.

4 Annual estimates relate to mid-year. Figures for the four quarters relate to March, June, September and December. For claimant count, unlike employment and workforce figures, the annual figure is an annual average.

5 Unadjusted claimant count figures have been affected by changes in the coverage. The seasonally adjusted figures however, as given in this table are estimated on the current basis, allowing for the discontinuities, except for the effect of the Jobseeker's Allowance introduced in October 1996 (see also below).

The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 (1974 for the regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See pages 398-400 of November 1995 *Labour Market Trends*.)

6 Claimant count figures do not include students claiming benefit during a vacation who intend to return to full-time education.

7 The denominator used to calculate claimant count unemployment rates is comprised of the workforce jobs plus the claimant count.

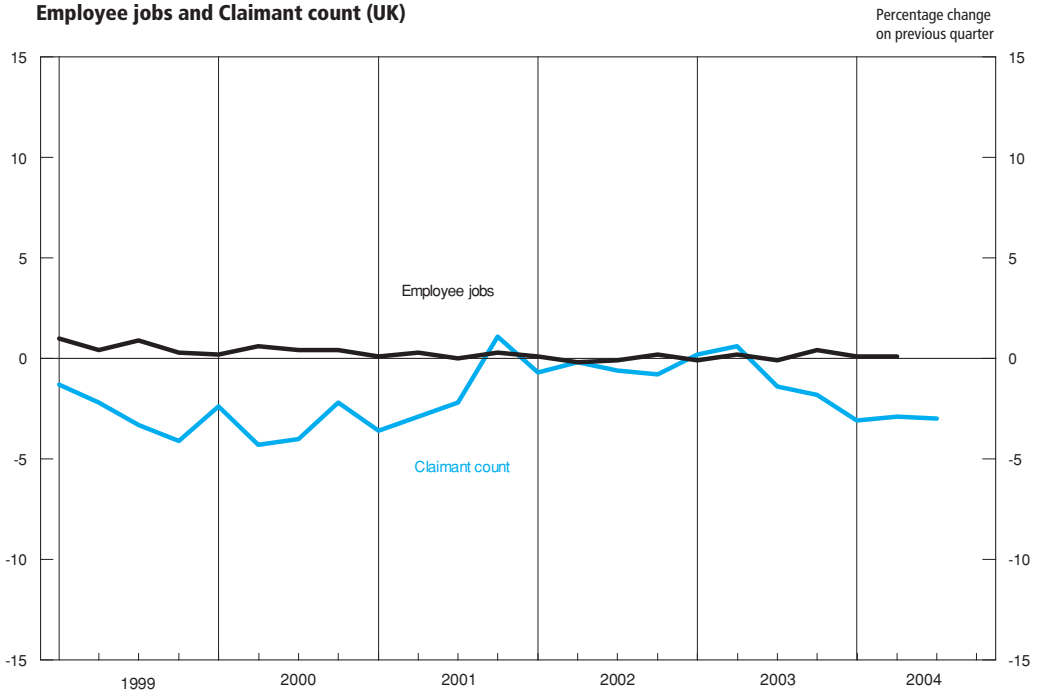
8 Vacancies notified to Jobcentres and remaining unfilled. Jobcentre vacancies only account for *approximately* one third of all vacancies in the economy. *Note:* Quarter figures relate to the average for the three months in the quarter.

9 Quarterly and annual values are now the mean of the monthly and quarterly data respectively.

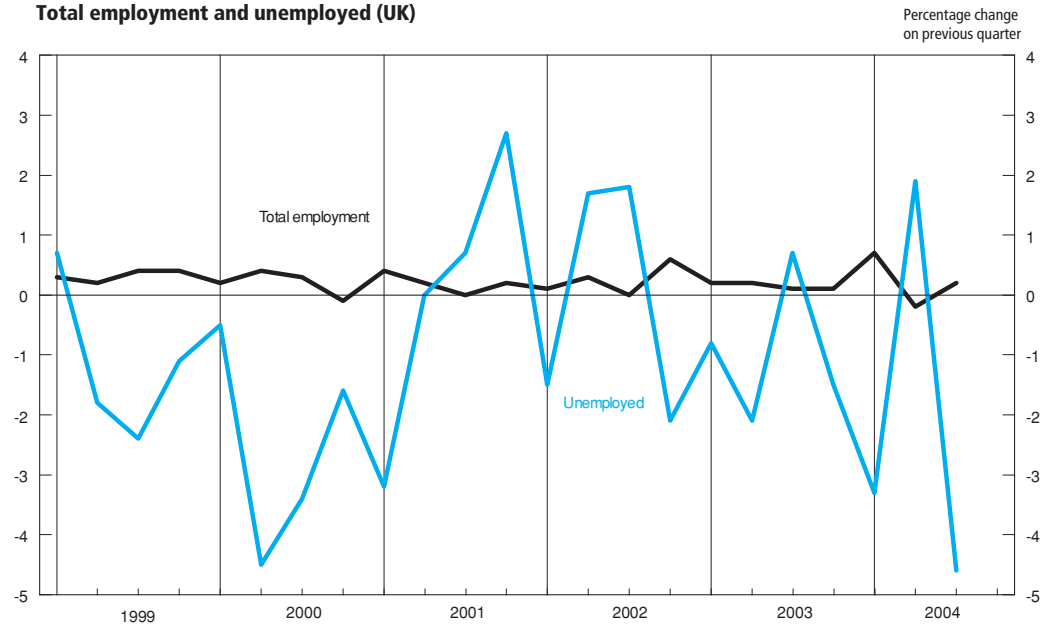
10 Publication of the job centre vacancy statistics has been deferred. Figures from May 2001 are affected by the introduction of Employer Direct. This major change involves transferring the vacancy taking process from job centres to regional Customer Service Centres, as part of Modernising the Employment Service. ONS and the Employment Service will continue to monitor and review the data with the aim of publishing the series fairly soon, as it is possible to produce a consistent measure.

Sources: Office for National Statistics;
Enquiries Columns 1-5 01633 812079; Columns 6,9 020 7533 6094;
also 24 hour recorded headline service on 020 7533 6176

Employee jobs and Claimant count (UK)



Total employment and unemployed (UK)



4.5 Regional claimant count rates[1,2] by Government Office Region

Percentages

	North East	North West[3]	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East
Quarterly								
	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR
1999 Q1	7.3	4.7	5.3	3.8	4.6	3.0	4.7	2.4
Q2	7.2	4.7	5.1	3.7	4.5	3.0	4.6	2.3
Q3	7.0	4.6	5.0	3.6	4.4	2.9	4.4	2.2
Q4	6.7	4.4	4.8	3.5	4.2	2.7	4.3	2.1
2000 Q1	6.6	4.4	4.6	3.5	4.1	2.6	4.0	2.0
Q2	6.4	4.2	4.4	3.4	4.0	2.4	3.8	1.9
Q3	6.2	4.0	4.2	3.3	4.0	2.3	3.6	1.8
Q4	6.0	3.9	4.1	3.3	3.9	2.2	3.5	1.7
2001 Q1	5.9	3.8	4.1	3.2	3.9	2.1	3.3	1.6
Q2	5.6	3.7	4.0	3.1	3.8	2.0	3.2	1.5
Q3	5.5	3.6	3.9	3.0	3.6	2.0	3.2	1.5
Q4	5.5	3.6	3.8	3.0	3.6	2.0	3.4	1.6
2002 Q1	5.3	3.5	3.7	2.9	3.5	2.0	3.5	1.6
Q2	5.2	3.5	3.6	2.8	3.5	2.1	3.6	1.6
Q3	5.1	3.5	3.6	2.8	3.5	2.1	3.6	1.6
Q4	4.9	3.4	3.6	2.8	3.5	2.1	3.6	1.7
2003 Q1	4.7	3.3	3.5	2.8	3.5	2.1	3.6	1.7
Q2	4.6	3.3	3.4	2.9	3.5	2.2	3.7	1.7
Q3	4.5	3.2	3.3	2.9	3.5	2.1	3.6	1.7
Q4	4.4	3.1	3.2	2.8	3.5	2.1	3.6	1.7
2004 Q1	4.2	3.0	3.1	2.6	3.4	2.1	3.5	1.7
Q2	3.9	2.9	2.9	2.5	3.3	2.0	3.5	1.6
Q3	3.9	2.8	2.9	2.4	3.2	2.0	3.4	1.6

	South West	England	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
Quarterly							
	DPBM	VASQ	DPBP	DPBQ	DPAJ	DPBR	BCJE
1999 Q1	3.2	4.1	*5.3*	*5.2*	*4.2*	*7.0*	*4.3*
Q2	3.1	4.0	*5.1*	*5.2*	*4.1*	*6.7*	*4.2*
Q3	2.9	3.9	*4.9*	*5.0*	*4.0*	*6.2*	*4.1*
Q4	2.8	3.7	*4.7*	*4.8*	*3.9*	*5.8*	*3.9*
2000 Q1	2.7	3.6	*4.5*	*4.8*	*3.7*	*5.5*	*3.8*
Q2	2.5	3.4	*4.4*	*4.6*	*3.6*	*5.3*	*3.6*
Q3	2.4	3.3	*4.3*	*4.4*	*3.4*	*5.2*	*3.5*
Q4	2.3	3.2	*4.3*	*4.3*	*3.4*	*5.3*	*3.4*
2001 Q1	2.1	3.1	*4.2*	*4.1*	*3.2*	*5.1*	*3.3*
Q2	2.1	3.0	*4.0*	*4.0*	*3.1*	*5.0*	*3.2*
Q3	2.0	2.9	*3.8*	*3.9*	*3.1*	*4.9*	*3.1*
Q4	2.0	3.0	*3.8*	*4.0*	*3.1*	*4.8*	*3.1*
2002 Q1	2.0	2.9	*3.7*	*3.9*	*3.1*	*4.7*	*3.1*
Q2	2.0	2.9	*3.6*	*3.9*	*3.0*	*4.6*	*3.1*
Q3	1.9	2.9	*3.6*	*3.9*	*3.0*	*4.4*	*3.1*
Q4	1.9	2.9	*3.6*	*3.8*	*3.0*	*4.3*	*3.0*
2003 Q1	1.9	2.9	*3.5*	*3.8*	*3.0*	*4.3*	*3.0*
Q2	1.9	2.9	*3.4*	*3.8*	*3.0*	*4.3*	*3.0*
Q3	1.9	2.9	*3.4*	*3.8*	*3.0*	*4.2*	*3.0*
Q4	1.8	2.8	*3.2*	*3.8*	*2.9*	*4.2*	*2.9*
2004 Q1	1.7	2.7	*3.1*	*3.7*	*2.8*	*4.0*	*2.9*
Q2	1.6	2.6	*3.0*	*3.5*	*2.7*	*3.7*	*2.7*
Q3	1.6	2.6	*3.0*	*3.4*	*2.7*	*3.6*	*2.7*

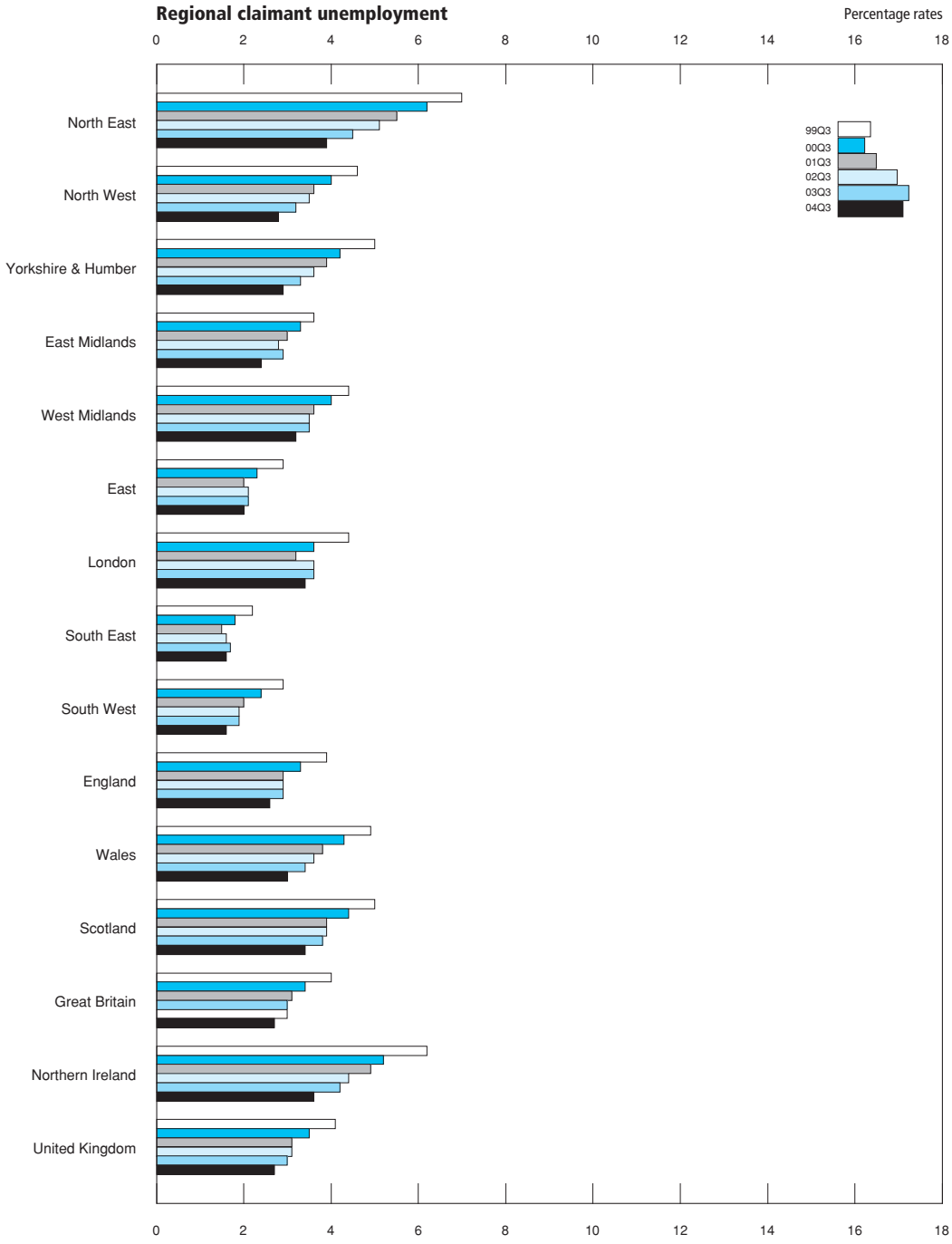
Note: Quarterly claimant count figures relate to the average of the three months in each quarter.

1 Government Office Regions came into effect in April 1994. It was decided that from May 1997 sub-national data should be published for these areas rather than standard statistical regions (SSRs). Data by standard statistical regions are available on request.

2 The seasonally adjusted figures now relate only to claimants aged 18 or over in order to maintain the consistent series, available back to 1971 for Great Britain, Northern Ireland and the United Kingdom (1974 for Wales and Scotland; 1986 for the Government Office Regions), allowing for the effect of the change in benefit regulations for under 18 year olds from September 1988. (See pages 398-400 of the November 1995 *Labour Market Trends*.) The denominators used to calculate claimant count rates are the sum of the appropriate mid-year estimates of employee jobs, the self-employed, Government-supported trainees, HM Forces and claimants of unemployment-related benefits. The 2002 and 2003 rates are based on mid-2002 estimates and earlier years are based on the corresponding mid-year estimates.

3 Includes Merseyside.

Source: Office for National Statistics; Enquiries 020 7533 6094


Regional claimant unemployment
Percentage rates
0
2
4
6
8
10
12
14
16
18
North East
North West
Yorkshire & Humber
East Midlands
West Midlands
East
London
South East
South West
England
Wales
Scotland
Great Britain
Northern Ireland
United Kingdom
99Q3
00Q3
01Q3
02Q3
03Q3
04Q3

4.5A Unemployment rates[1,2] by Government Office Region

Percentages, seasonally adjusted [4]

	North East	North West[3]	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East
Quarterly								
	YCNC	YCND	YCNE	YCNF	YCNG	YCNH	YCNI	YCNJ
1999 Q1	9.5	6.6	6.8	5.1	7.1	4.2	7.7	3.9
Q2	9.6	6.3	6.3	5.4	6.9	4.3	7.5	4.0
Q3	9.7	6.3	6.0	5.6	6.4	3.9	7.4	3.9
Q4	8.4	6.0	6.1	5.4	6.7	4.2	7.1	4.0
2000 Q1	8.8	6.0	6.4	5.1	6.1	3.9	7.6	3.5
Q2	8.9	5.3	6.1	4.8	6.1	3.7	7.4	3.3
Q3	8.9	5.4	5.9	4.8	5.7	3.7	6.9	3.1
Q4	7.7	5.3	6.1	4.7	6.0	3.6	6.8	3.4
2001 Q1	7.6	5.2	5.4	4.7	5.6	3.5	6.5	3.4
Q2	7.4	5.3	5.5	5.0	5.5	3.6	6.2	3.2
Q3	7.1	5.1	5.3	4.6	5.4	4.0	6.6	3.4
Q4	7.2	5.4	5.1	4.5	5.5	3.9	7.4	3.4
2002 Q1	7.2	5.4	5.0	4.8	5.6	3.6	6.9	3.6
Q2	6.5	5.5	5.3	4.6	5.7	3.7	6.8	3.9
Q3	6.3	5.5	5.6	4.6	5.9	3.8	7.1	4.0
Q4	7.5	5.0	5.1	4.7	5.7	4.1	6.7	4.0
2003 Q1	6.4	5.0	5.2	4.1	6.0	4.6	7.0	3.9
Q2	6.1	4.9	5.1	4.4	5.6	4.0	7.2	4.0
Q3	6.7	4.8	4.9	4.5	5.9	3.9	7.2	3.9
Q4	6.5	4.8	5.1	4.4	5.8	3.5	7.1	3.8
2004 Q1	5.4	4.6	4.7	4.7	5.5	3.4	6.9	3.9
Q2	5.5	4.4	4.6	4.4	5.5	3.8	7.0	3.7
Q3	5.9	4.3	4.5	4.0	5.0	3.5	7.1	3.7

	South West	England	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom
Quarterly							
	YCNK	YCNL	YCNM	YCNN	YCNO	ZSFB	MGSX
1999 Q1	4.9	6.0	7.2	7.4	6.1	7.2	6.2
Q2	4.5	5.8	7.5	7.1	6.0	7.6	6.0
Q3	4.4	5.7	7.2	6.9	5.9	7.1	5.9
Q4	4.1	5.6	7.2	7.1	5.8	6.7	5.8
2000 Q1	4.3	5.5	6.7	7.5	5.8	6.5	5.8
Q2	4.3	5.3	6.1	7.1	5.5	6.7	5.5
Q3	4.0	5.1	6.7	6.6	5.3	5.6	5.3
Q4	3.9	5.1	5.8	6.2	5.2	6.1	5.2
2001 Q1	3.9	4.9	6.0	5.9	5.0	6.2	5.1
Q2	3.6	4.8	6.1	6.3	5.0	6.1	5.0
Q3	3.6	4.9	5.5	6.6	5.1	6.0	5.1
Q4	3.6	5.0	5.8	6.7	5.2	5.9	5.2
2002 Q1	3.4	4.9	5.7	6.5	5.1	6.1	5.1
Q2	3.7	5.0	5.7	6.5	5.2	5.6	5.2
Q3	4.0	5.2	5.2	6.3	5.3	6.2	5.3
Q4	4.1	5.0	5.1	6.1	5.1	5.5	5.1
2003 Q1	3.8	5.0	4.8	5.8	5.1	5.2	5.1
Q2	3.5	5.0	4.6	5.6	5.0	5.2	5.0
Q3	3.2	4.9	4.7	5.8	5.0	5.7	5.0
Q4	3.1	4.8	4.8	5.8	4.9	6.3	4.9
2004 Q1	2.9	4.7	4.5	5.7	4.7	5.2	4.8
Q2	3.7	4.7	4.4	6.2	4.8	5.3	4.8
Q3	3.2	4.6	4.9	5.2	4.6	5.1	4.6

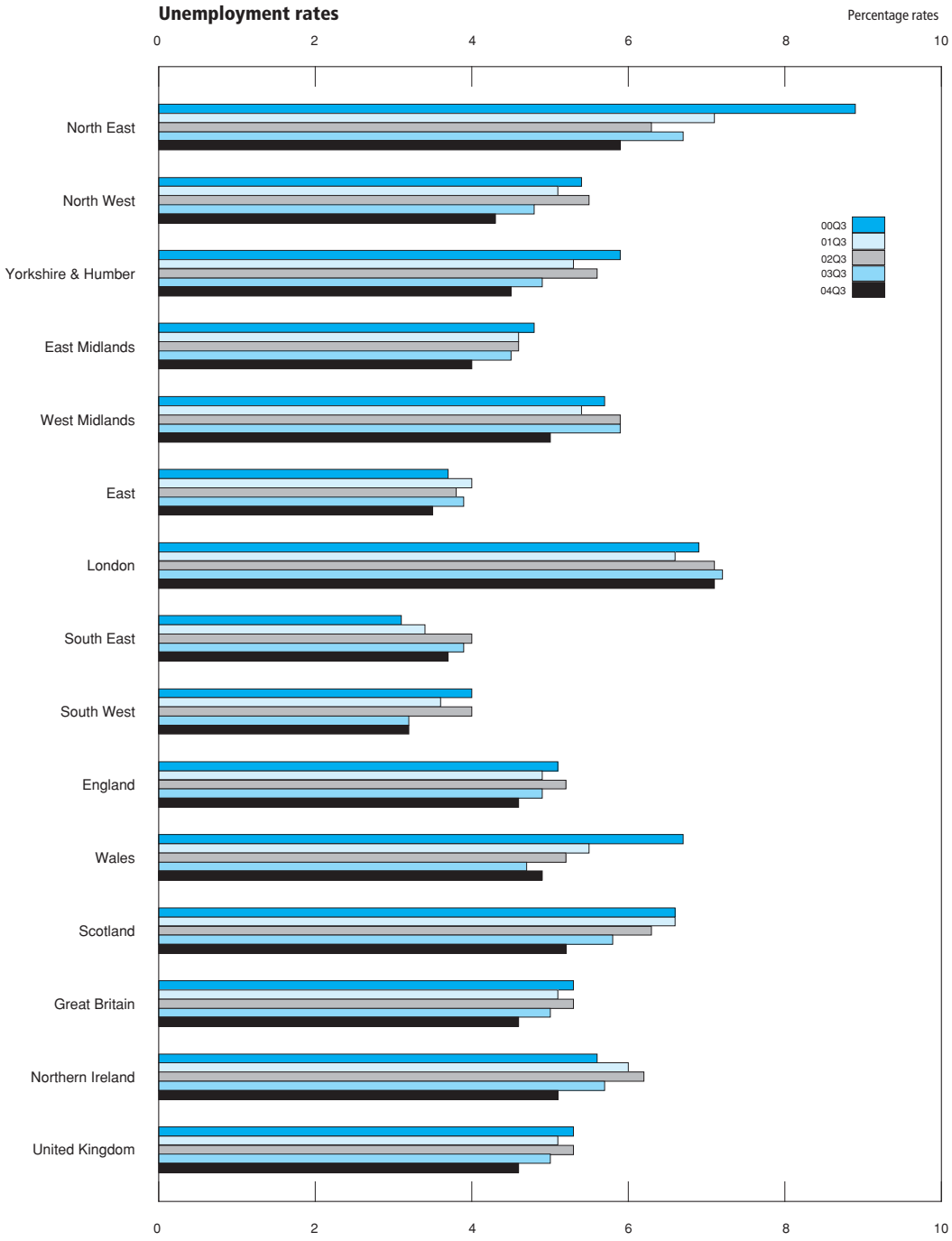
1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.

2 Data are from the Labour Force Survey. Unemployment rate is the percentage of economically active people who are unemployed on the ILO measure.

3 Includes Merseyside.

4 Seasonally adjusted estimates are revised in April each year.

Source: Office for National Statistics; Enquiries 020 7533 6094


Unemployment rates
Percentage rates
0
2
4
6
8
10
North East
North West
Yorkshire & Humber
East Midlands
West Midlands
East
London
South East
South West
England
Wales
Scotland
Great Britain
Northern Ireland
United Kingdom
00Q3
01Q3
02Q3
03Q3
04Q3

4.6 Average earnings (including bonuses)
Great Britain

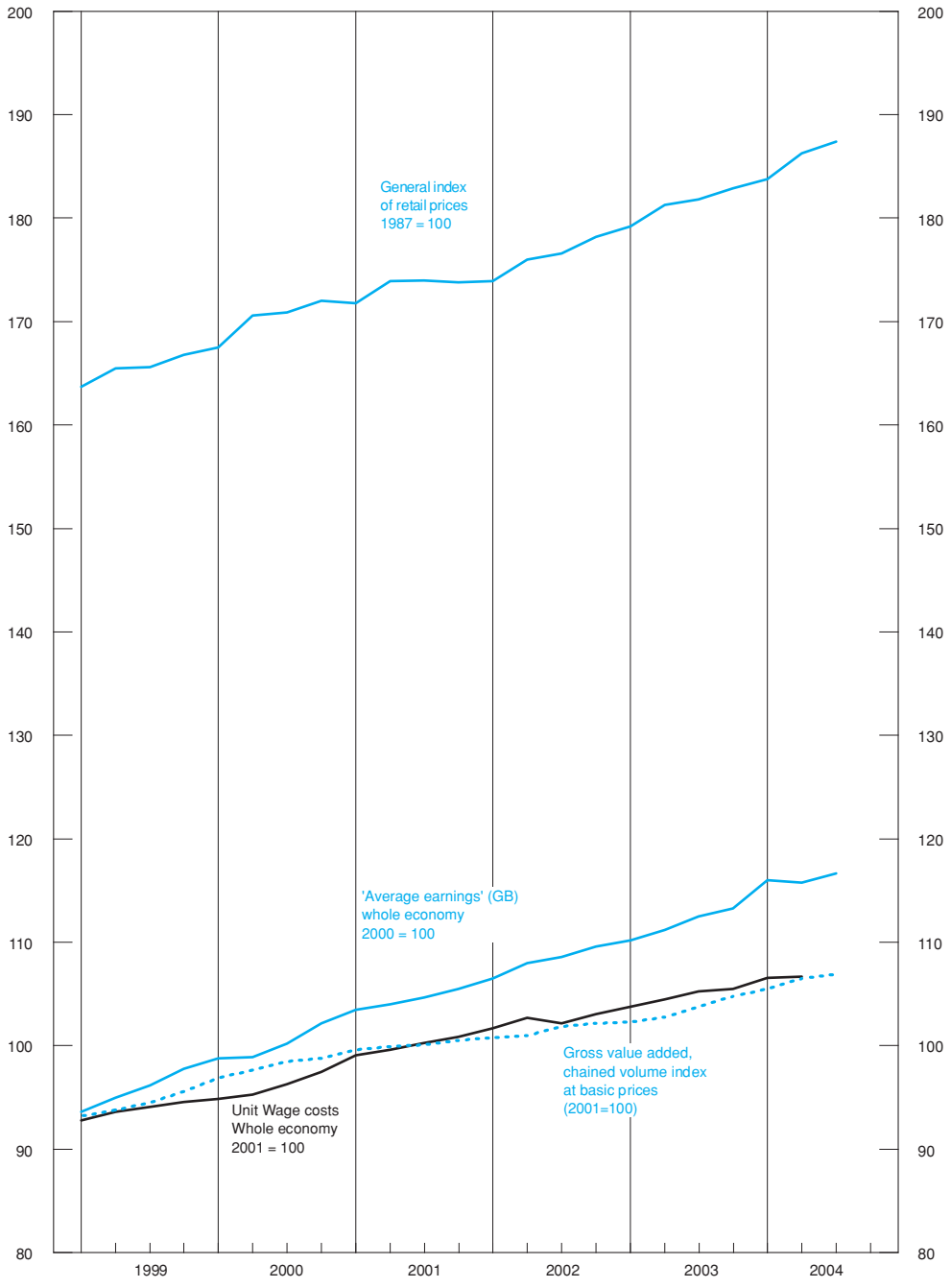
2000 = 100

	Whole economy+	3 month average[2]	Private sector	3 month average[2]	Public sector	3 month average[2]	Manufacturing industries[3]	3 month average[2,3]	Production industries	3 month average[2]	Service industries	3 month average[2]	Private sector services	3 month average[2]
Annual														
	LNMQ		LNKY		LNNJ		LNMR		LNMS		LNMT		JJGH	
2000	100.0		100.0		100.0		100.0		100.0		100.0		100.0	
2001	104.4		104.3		105.0		104.3		104.2		104.4		104.2	
2002	108.2		107.9		109.3		108.0		107.9		108.1†		107.7†	
2003	111.8		111.1		114.8		111.9†		111.7		111.8		110.7	
Monthly														
		LNNC		LNND		LNNE		LNNG		LNNF		LNNH		JJGJ
2000 Jan	98.8	5.8	98.8	6.3	98.9	4.0	98.9	5.4	99.2	5.1	98.9	6.1	99.0	6.7
Feb	98.7	5.9	98.7	6.3	99.5	4.3	98.2	5.3	98.5	5.1	98.9	6.1	98.9	6.8
Mar	98.9	5.5	98.9	5.9	98.9	4.2	98.4	4.9	98.4	4.7	98.9	5.7	99.0	6.3
Apr	98.7	5.0	98.5	5.2	99.2	4.1	98.7	4.5	98.6	4.1	98.6	5.1	98.4	5.4
May	98.8	4.5	98.6	4.7	99.2	3.7	99.5	4.6	99.5	4.2	98.6	4.4	98.4	4.7
Jun	99.2	4.1	99.0	4.2	100.0	3.6	99.3	4.6	99.3	4.2	99.0	3.9	98.8	4.0
Jul	99.5	3.9	99.4	4.0	99.8	3.4	99.9	4.6	99.8	4.3	99.4	3.5	99.2	3.6
Aug	100.3	4.0	100.3	4.1	100.1	3.4	100.1	4.3	100.1	4.0	100.4	3.8	100.4	3.9
Sep	100.7	4.1	100.8	4.3	100.4	3.4	100.9	4.3	100.8	4.0	100.7	4.0	100.7	4.3
Oct	101.3	4.2	101.4	4.4	100.8	3.4	101.3	4.3	101.2	4.0	101.4	4.2	101.4	4.5
Nov	101.9	4.3	101.9	4.4	101.4	3.6	102.2	4.6	102.1	4.3	101.9	4.2	101.9	4.4
Dec	103.3	4.5	103.7	4.6	101.7	3.9	102.7	4.7	102.6	4.4	103.4	4.5	103.9	4.7
2001 Jan	103.3†	4.6	103.4	4.7	102.2	3.8	102.8†	4.5	102.7	4.3†	103.3	4.6	103.5†	4.7
Feb	103.7	4.8	103.8†	4.9	102.6	3.6	103.2	4.6†	103.4†	4.4	103.7†	4.8	103.9	4.9†
Mar	103.5	4.7†	103.4	4.7†	103.3	3.7†	103.6	4.8	103.5	4.6	103.6	4.7†	103.6	4.7
Apr	103.8	5.0	103.7	5.0	104.6	4.4	103.8	5.2	103.7	5.1	103.7	4.9	103.5	4.9
May	103.9	5.0	103.7	5.0	105.0	5.2	104.1	5.1	104.0	5.0	103.8	5.0	103.4	5.0
Jun	104.2	5.2	104.0	5.2	105.2†	5.5	104.3	4.9	104.1	4.8	104.1	5.1	103.8	5.1
Jul	104.4	5.1	104.2	5.0	105.6	5.6	104.4	4.7	104.3	4.6	104.2	5.1	103.9	5.0
Aug	104.8	4.9	104.6	4.7	105.9	5.6	104.8	4.7	104.6	4.6	104.7	4.8	104.3	4.6
Sep	105.0	4.6	104.8	4.4	105.9	5.7	105.2	4.5	105.0	4.4	104.9	4.5	104.5	4.1
Oct	105.2	4.2	105.0	3.9	106.5	5.7	105.2	4.3	105.1	4.2	105.1	4.1	104.8	3.7
Nov	105.4	3.9	105.2	3.6	106.5	5.4	105.1	3.7	105.0	3.6	105.6	3.9	105.3	3.4
Dec	106.0	3.3	105.8	2.9	106.8	5.2	105.4	3.1	105.2	3.1	106.0	3.3	105.7	2.8
2002 Jan	106.3	3.0	106.1	2.6	107.1	4.9	106.0	2.9	105.9	2.8	106.3	3.0	106.0	2.5
Feb	107.0	2.9	106.9	2.6	107.2	4.7	105.8	2.7	105.6	2.6	107.1	2.9	106.9	2.4
Mar	106.2	3.0	105.8	2.7	107.9	4.5	106.8	2.9	106.9	2.8	106.2	2.9	105.6	2.4
Apr	107.9	3.3	107.9	3.1	108.3	4.1	107.3	3.0	107.1	2.9	107.8	3.2	107.7	3.0
May	107.9	3.5	107.7	3.4	108.7	3.8	107.6	3.3	107.5	3.3	107.9	3.5	107.6	3.4
Jun	108.1	3.8	108.0	3.9	108.8	3.5	108.1	3.5	107.9	3.4	108.1	3.9	107.9	4.0
Jul	108.5	3.8	108.3	3.8	109.8	3.6	108.3	3.6	108.2	3.6	108.5	3.9	108.1	4.0
Aug	108.5	3.7	108.4	3.8	109.0	3.4	108.8	3.7	108.7	3.8	108.3	3.8	108.0	3.8
Sep	108.8	3.7	108.5	3.7	110.0	3.6	108.8	3.6	108.7	3.7	108.7	3.7	108.2	3.7
Oct	109.2	3.6	108.8	3.6	110.9	3.7	109.3	3.7	109.2	3.8	109.0	3.6	108.4	3.5
Nov	109.8	3.8	109.3	3.7	111.7	4.3	109.4	3.8	109.3	3.9	110.0	3.8	109.4	3.6
Dec	109.7	3.8	109.2	3.6	112.1	4.7	109.9	4.1	109.8	4.1	109.5	3.7	108.6	3.4
2003 Jan	109.9	3.7	109.3	3.4	112.5	5.0	110.0	4.0	109.9	4.1	109.7	3.5	108.7	3.0
Feb	110.2	3.3	109.5	2.9	112.8	5.1	110.4	4.1	110.1	4.1	109.9	3.0	108.8	2.3
Mar	110.6	3.5	109.9	3.1	113.3	5.1	113.9	5.0	113.8	4.8	110.3	3.2	109.2	2.5
Apr	110.7	3.2	109.9	2.7	113.9	5.1	110.1	4.5	110.1	4.5	110.6	3.0	109.5	2.3
May	111.3	3.3	110.7	2.8	113.7	4.9	110.9	4.1	110.8	4.1	111.4	3.3	110.6	2.6
Jun	111.5	3.0	110.8	2.4	114.7	5.1	111.2	2.8	111.2	2.9	111.6	3.1	110.6	2.3
Jul	112.6	3.4	111.9	2.9	115.6	5.1	111.7	3.0	111.6	3.1	112.9	3.5	111.9	3.0
Aug	112.2	3.4	111.4	2.9	115.5	5.5	112.1	3.0	111.9	3.0	112.3	3.7	111.2	3.0
Sep	112.8	3.6	112.0	3.1	116.0	5.6	112.6	3.2	112.4	3.1	112.8	3.9	111.6	3.2
Oct	113.1	3.6	112.5	3.1	116.1	5.4	112.8	3.2	112.6	3.1	113.1	3.7	112.0	3.2
Nov	113.3	3.5	112.6	3.2	116.4	4.8	113.3	3.4	113.1	3.3	113.3	3.5	112.2	3.0
Dec	113.5	3.4	112.7	3.2	116.9	4.4	113.5	3.4	113.3	3.3	113.2	3.4	111.9	3.0
2004 Jan	118.3	4.8	118.6	4.9	117.1	4.2	113.9	3.5	113.7	3.4	119.4	5.1	120.2	5.4
Feb	114.5	5.0	113.7	5.2	117.8	4.3	114.3	3.5	114.4	3.5	113.9	5.3	112.6	5.7
Mar	115.3	5.3	114.7	5.6	118.3	4.3	118.1	3.6	117.7	3.6	115.4	5.7	114.4	6.3
Apr	115.6	4.2	115.0	4.3	118.5	4.3	115.2	3.9	115.2	4.0	115.4	4.2	114.3	4.2
May	115.8	4.3	115.1	4.3	119.0	4.3	115.6	4.2	115.4	4.1	115.6	4.2	114.4	4.2
Jun	116.1	4.2	115.3	4.2	119.8	4.4	115.7	4.3	115.5	4.3	116.0	4.0	114.7	3.9
Jul	116.3	3.8	115.5	3.7	119.9	4.2	115.9	4.0	115.6	3.9	116.2	3.5	114.9	3.3
Aug	116.8	3.8	115.9	3.7	120.7	4.2	115.8	3.7	115.6	3.6	116.8	3.6	115.4	3.4
Sep[1]	117.1	3.7	116.2	3.6	121.1	4.2	116.2	3.4	116.0	3.4	117.1	3.6	115.7	3.4

1 Provisional.
2 The 3 month average is the change in the average seasonally adjusted index values for the last 3 months compared with the same period a year ago.
3 ONS regrets that the series have been withdrawn for the period 1963-1982, owing to an irregularity.

Source: Office for National Statistics; Enquiries 01633 816024

Earnings, wages, retail prices and output



4.7 Productivity and Unit Wage costs[1]

United Kingdom

2001 = 100

	Productivity jobs			Output per worker[2]	Output per filled job[3]			Output per hour worked[4]			Unit wage costs[5]	
	Whole economy	Total production industries	Manufacturing industries	Whole economy	Whole economy	Total production industries	Manufacturing industries	Whole economy	Total production industries	Manufacturing industries	Whole economy	Manufacturing industries
Annual	LNNM	LNOJ	LNOK	A4YM	LNNN	LNNW	LNNX	LZVB	LZVK	LZVF	LNNK	LNNQ
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	100.7	95.6	95.6	100.7	100.7	102.0	101.5	101.8	102.6	102.2	102.4	102.0
2003	101.5	91.5	91.3	101.8	101.9	106.4	106.6	103.5	107.7	107.9	104.8	100.6†
Quarterly												
2001 Q1	99.7	101.8	101.7	99.8	99.8	100.1	100.6	99.7	100.8	101.0	99.1	98.3
Q2	100.1	100.8	100.8	99.9	99.7	99.5	99.2	99.5	99.2	99.0	99.6	100.5
Q3	99.9	99.2	99.4	100.1	100.1	100.7	100.5	100.0	100.2	100.2	100.3	99.9
Q4	100.2	98.2	98.1	100.3	100.3	99.7	99.7	100.7	99.8	99.8	100.9	101.2
2002 Q1	100.4	97.1	97.1	100.4	100.4	100.7	100.4	100.9	100.5	100.4	101.7	101.3
Q2	100.6	96.5	96.3	100.3	100.4	101.2	100.0	101.8	102.7	101.5	102.7	103.3
Q3	100.7	94.7	94.9	101.2	101.2	102.9	102.7	102.1	103.6	103.7	102.2	101.4
Q4	101.2	94.1	93.9	101.0	100.9	103.2	102.7	102.4	103.7	103.2	103.1	102.2
2003 Q1	101.3	93.0	92.9	100.9	101.0	104.6	104.1	102.3	105.3	104.9	103.8	102.6†
Q2	101.4	91.9	91.7	101.2	101.4	105.7	105.8	102.7	107.2	107.3	104.5	100.3
Q3	101.5	91.0	90.7	102.0	102.2	107.0	107.5	103.6	107.6	108.1	105.3	99.9
Q4	101.6	90.0	89.8	103.0	103.2	108.4	109.2	105.2	110.6	111.4	105.5	99.4
2004 Q1	102.2	89.6	89.3	103.0	103.2	108.5	109.7	104.9	109.4	110.3	106.6	100.9
Q2	102.0	89.1	88.8	104.1	104.4	110.3	111.5	106.3	111.0	111.9	106.7	99.3
Q3	..	..	88.4	..	..	..	111.0	..	..	..	..	100.1
Monthly												
2003 Jan	..	..	93.4	..	..	..	103.2	..	..	..	..	102.2†
Feb	..	..	92.9	..	..	..	104.3	..	..	..	..	101.4
Mar	..	..	92.5	..	..	..	104.8	..	..	..	..	104.2
Apr	..	..	92.1	..	..	..	105.3	..	..	..	..	100.2
May	..	..	91.7	..	..	..	105.7	..	..	..	..	100.5
Jun	..	..	91.3	..	..	..	106.3	..	..	..	..	100.2
Jul	..	..	91.1	..	..	..	107.4	..	..	..	..	99.7
Aug	..	..	90.7	..	..	..	107.2	..	..	..	..	100.2
Sep	..	..	90.4†	..	..	..	108.0†	..	..	..	..	99.9
Oct	..	..	90.2	..	..	..	109.0	..	..	..	..	99.1
Nov	..	..	89.8	..	..	..	109.0	..	..	..	..	99.6
Dec	..	..	89.5	..	..	..	109.6	..	..	..	..	99.3
2004 Jan	..	..	89.4	..	..	..	109.8	..	..	..	..	99.4
Feb	..	..	89.3	..	..	..	109.4	..	..	..	..	100.1
Mar	..	..	89.2	..	..	..	109.8	..	..	..	..	103.1
Apr	..	..	89.0	..	..	..	111.2	..	..	..	..	99.3
May	..	..	88.8	..	..	..	112.0	..	..	..	..	98.9
Jun	..	..	88.8	..	..	..	111.4	..	..	..	..	99.5
Jul	..	..	88.6	..	..	..	111.2	..	..	..	..	99.9
Aug	..	..	88.4	..	..	..	110.7	..	..	..	..	100.3
Sep	..	..	88.2	..	..	..	111.0	..	..	..	..	100.3

Percentage change, quarter on corresponding quarter of previous year

Quarterly	LNNO	LNNR	LNNS	A4YN	LNNP	LNNT	LNNU	LZVD	LZVM	LZVH	LOJE	LOJF
2002 Q1	0.6	–4.6	–4.5	0.6	0.6	0.6	–0.2	1.2	–0.3	–0.7	2.6	3.1†
Q2	0.5	–4.3	–4.4	0.5	0.7	1.7	0.8	2.3	3.5	2.6	3.2	2.7
Q3	0.7	–4.6	–4.5	1.1	1.0	2.2	2.2	2.1	3.4	3.5	1.8	1.5
Q4	1.0	–4.2	–4.3	0.7	0.6	3.5	3.1	1.6	3.9	3.4	2.1	1.0
2003 Q1	0.9	–4.2	–4.3	0.5	0.6	3.8	3.7	1.4	4.8	4.6	2.1	1.2
Q2	0.8	–4.7	–4.8	0.8	1.0	4.5	5.8	0.8	4.3	5.6	1.7	–2.8
Q3	0.8	–3.9	–4.4	0.8	1.0	4.0	4.7	1.5	3.8	4.2	3.1	–1.5
Q4	0.3	–4.4	–4.3	2.0	2.2	5.1	6.3	2.8	6.7	7.9	2.4	–2.8
2004 Q1	0.9	–3.7	–3.9	2.0	2.1	3.8	5.4	2.5	3.9	5.1	2.7	–1.7
Q2	0.5	–3.0	–3.2	2.9	3.0	4.4	5.4	3.5	3.6	4.3	2.1	–1.1
Q3	..	..	–2.6	..	..	..	3.2	..	..	..	..	0.2

1 The full productivity and unit wage costs data sets with associated articles can be found on the National Statistics web site at **www.statistics.gov.uk/productivity** Contact the Labour Market Statistics helpline (020 7533 6094) for further information.

2 Output per worker is the ratio of Gross value Added (GVA) at basic prices to LFS Total Employment. On 29 July, ONS published details on the National Statistics website of a change in productivity methodolgy. Output per worker is the new headline measure.

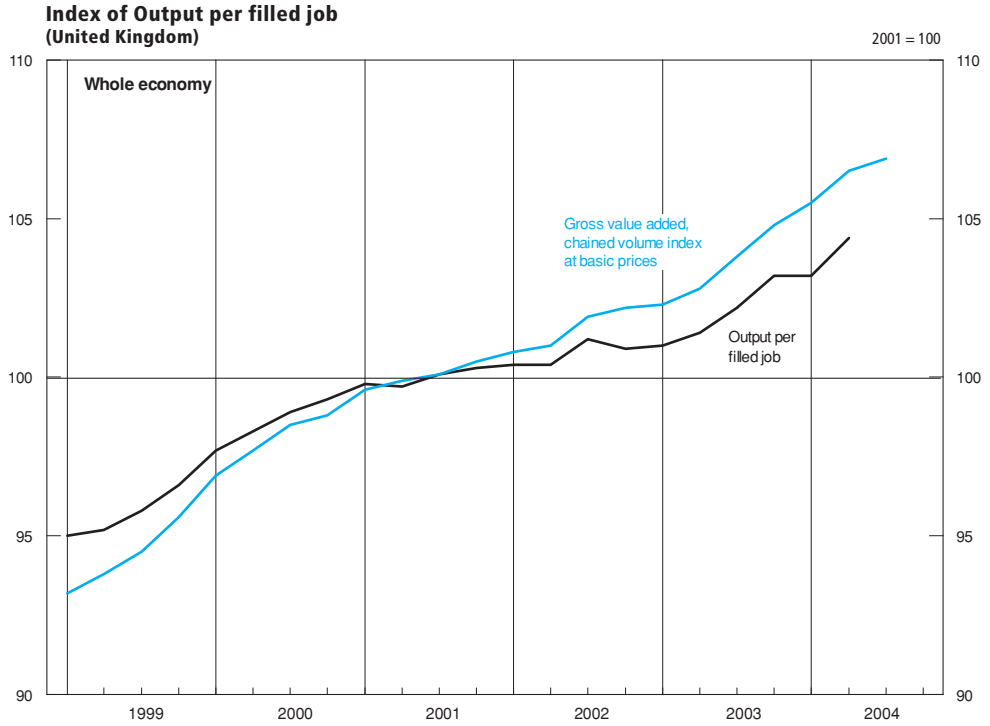
3 Output per filled job is the ratio of Gross value added at basic prices to productivity jobs.

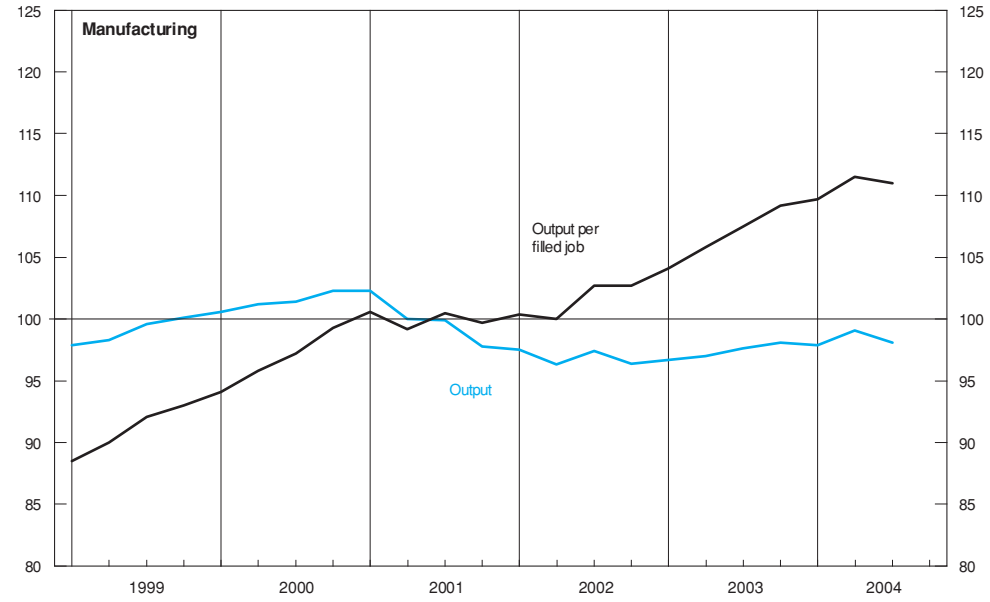
4 Output per hour worked is the ratio of Gross value added at basic prices to productivity hours.

5 Unit wage costs are calculated as total wages and salaries per job divided by output per job.

Source: Office for National Statistics; Enquiries 01633 812766

Index of Output per filled job
(United Kingdom)





5.1 Output of production industries[1]

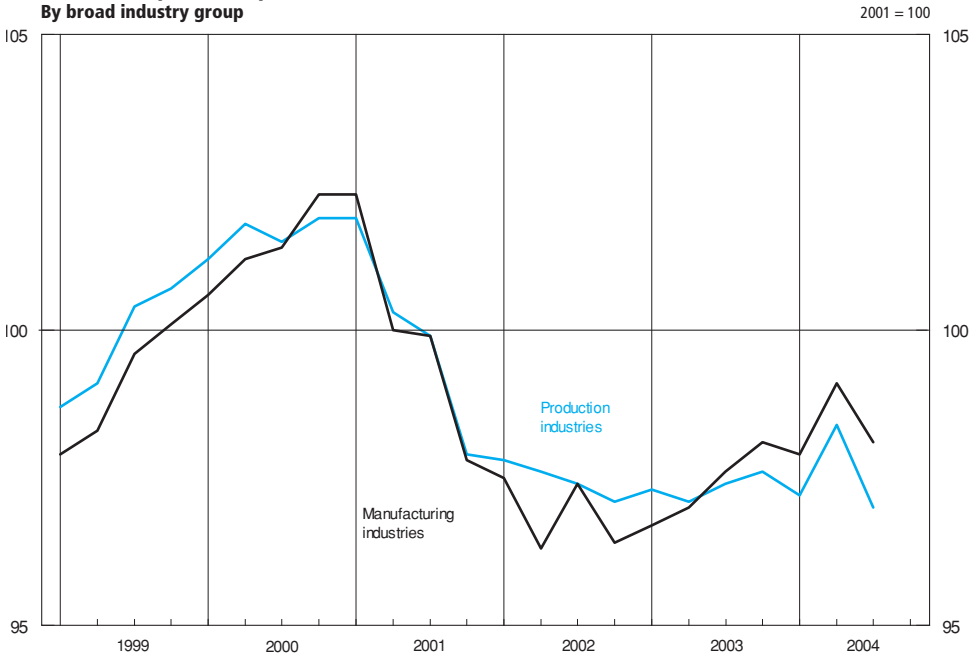
2001 = 100

	Broad industry groups				By main industrial groupings			
	Total production industries+	Mining and quarrying	Electricity, gas and water supply	Total manufacturing industries+	Consumer durables	Consumer non-durables	Capital goods	Intermediate goods and energy
2001 weights	*1 000*	*122*	*87*	*791*	*37*	*274*	*211*	*478*
Annual								
	CKYW	CKYX	CKYZ	CKYY	UFIU	UFJS	UFIL	JMOH
1999	99.7	109.3	95.6	98.9	96.0	98.4	98.1	101.6
2000	101.6	105.8	97.7	101.4	97.5	98.8	101.6	103.5
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2002	97.5	99.7	99.5	96.9	101.3	100.0	92.2	98.1
2003	97.4	94.3	101.7	97.3	99.6	100.0	95.0	96.7
Quarterly								
1999 Q1	98.7	108.2	94.7	97.9	93.9	97.3	96.2	101.1
Q2	99.1	109.3	94.8	98.3	94.9	98.2	96.9	101.0
Q3	100.4	110.6	96.1	99.6	97.1	99.0	99.2	102.0
Q4	100.7	109.0	96.9	100.1	98.0	99.1	99.9	102.2
2000 Q1	101.2	109.9	96.4	100.6	97.9	99.1	99.8	103.3
Q2	101.8	108.3	98.7	101.2	97.5	99.2	101.1	103.9
Q3	101.5	104.6	97.6	101.4	97.3	98.6	101.7	103.5
Q4	101.9	100.4	98.0	102.3	97.5	98.3	103.9	103.3
2001 Q1	101.9	99.0	101.7	102.3	100.9	100.0	105.0	101.6
Q2	100.3	101.6	100.6	100.0	99.5	99.6	100.0	100.8
Q3	99.9	100.5	99.4	99.9	99.3	100.3	99.6	99.8
Q4	97.9	98.8	98.3	97.8	100.2	100.1	95.4	97.8
2002 Q1	97.8	99.5	98.0	97.5	102.5	100.6	92.8	98.1
Q2	97.6	104.7	98.9	96.3	100.8	100.0	91.5	98.7
Q3	97.4	95.2	100.8	97.4	100.5	100.7	92.7	97.4
Q4	97.1	99.3	100.4	96.4	101.4	98.8	92.0	98.1
2003 Q1	97.3	98.9	100.2	96.7	98.5	99.4	93.3	97.7
Q2	97.1	95.5	100.4	97.0	99.2	99.6	94.7	96.6
Q3	97.4	93.0	102.5	97.6	100.2	100.5	95.5	96.3
Q4	97.6	90.0	103.8	98.1	100.3	100.5	96.4	96.3
2004 Q1	97.2	89.2	102.5	97.9	101.1	100.0	94.8	96.4
Q2	98.4	91.4	101.8	99.1	103.8	99.5	98.2	97.4
Q3	97.0†	86.8	101.8	98.1	104.6	97.3	98.8	95.5
Monthly								
2002 Jul	97.1	93.1	103.0	97.0	99.1	100.7	91.5	97.3
Aug	97.6	92.6	101.4	98.0	101.4	100.9	94.4	96.9
Sep	97.7	100.0	98.1	97.2	101.0	100.6	92.1	98.1
Oct	96.7	99.9	99.3	95.9	100.4	98.7	90.9	97.9
Nov	97.1	98.6	98.6	96.7	102.1	99.1	91.9	97.8
Dec	97.6	99.4	103.1	96.7	101.8	98.6	93.2	98.7
2003 Jan	96.9	98.2	100.0	96.3	100.0	98.7	92.7	97.4
Feb	97.7	99.9	102.1	96.9	98.0	99.6	93.6	98.4
Mar	97.2	98.5	98.4	96.9	97.4	100.0	93.5	97.3
Apr	96.9	95.0	99.2	97.0	98.9	98.9	95.7	96.2
May	97.1	95.4	100.2	97.0	98.4	100.2	93.9	96.6
Jun	97.4	96.1	101.9	97.1	100.2	99.5	94.6	97.2
Jul	97.9	96.4	101.2	97.8	101.4	100.5	95.8	97.1
Aug	97.1	92.0	102.6	97.3	99.4	100.5	94.4	96.2
Sep	97.3	90.5	103.6	97.6	99.9	100.4	96.2	95.7
Oct	98.1	91.3	105.3	98.3	100.1	101.3	96.5	96.8
Nov	97.3	89.9	102.6	97.9	101.4	99.8	96.6	95.9
Dec	97.4	89.0	103.5	98.1	99.5	100.3	96.2	96.2
2004 Jan	97.3	89.3	101.6	98.1	100.5	100.2	94.9	96.5
Feb	97.0	88.1	103.1	97.7	101.5	99.7	94.4	96.2
Mar	97.4	90.2	102.9	97.9	101.3	100.1	95.1	96.5
Apr	98.2	90.8	102.9	98.9	103.9	100.3	96.7	97.3
May	98.6	90.7	101.7	99.5	104.2	99.0	99.2	97.6
Jun	98.3	92.6	100.9	98.9	103.5	99.1	98.7	97.3
Jul	97.8	91.0†	100.9†	98.5	106.7	96.5†	100.0†	96.9
Aug	96.8†	86.3	102.6	97.8†	103.6†	98.0	97.7	95.3†
Sep	96.4	83.0	101.8	97.9	103.6	97.4	98.8	94.3

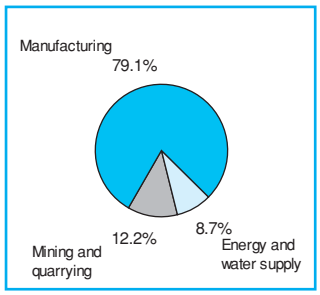
1 The figures contain, where appropriate, an adjustment for stock changes.

Source: Office for National Statistics; Enquiries 01633 812059

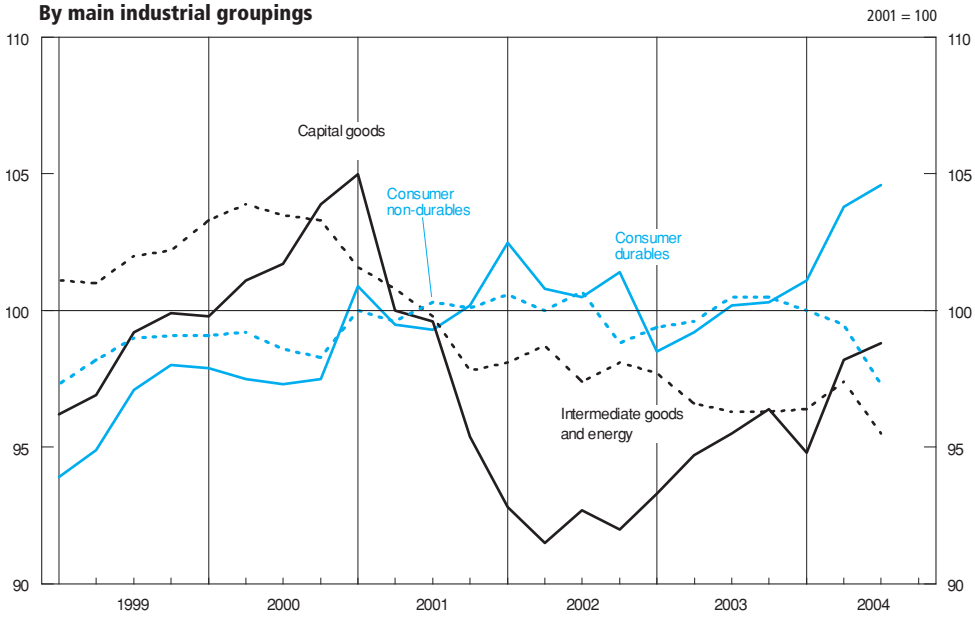
Index of output of the production industries
By broad industry group



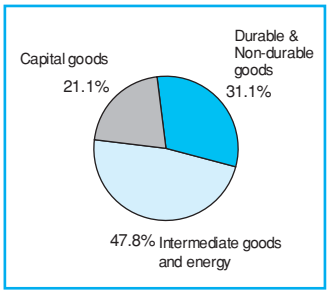
Share of output in 2001



By main industrial groupings



Share of output in 2001



5.2 Engineering and construction : output and orders

Seasonally adjusted Index numbers at constant prices[1]

	Engineering (2000 =100)									Construction(GB)[5] (2000=100)	
	Total			Home			Export				
	Orders[2] on Hand	New[3] Orders	Turnover	Orders[2] on Hand	New[3] Orders	Turnover	Orders[2] on Hand	New[3] Orders	Turnover	Gross output+[4]	Orders received
Annual											
	JIQI	JIQH	JIQJ	JIQC	JIQB	JIQD	JIQF	JIQE	JIQG	SFZX	SGAA
1999	92.0	91.8	91.9	92.8	94.2	93.5	90.8	88.6	89.9	99.5	98.4
2000	103.4	100.0	100.0	104.9	100.0	100.0	100.8	100.0	100.0	100.0	100.0
2001	94.4	89.5	95.3	104.6	94.5	98.4	77.2	82.9	91.2	102.0	99.5
2002	91.7	80.4	84.1	104.2	87.3	91.1	70.5	71.2	74.8	106.3	102.5
2003	92.4	80.8	83.5	109.2	91.2	93.7	63.9	66.7	70.1	111.0	97.8
Quarterly											
1999 Q1	83.1	88.6	90.2	79.9	88.5	91.1	88.5	88.6	89.0	99.5	100.8
Q2	82.4	86.8	90.6	80.6	88.7	91.3	85.3	84.2	89.8	97.9	100.4
Q3	86.8	95.0	93.0	85.3	98.1	95.9	89.3	90.8	89.0	100.3	95.9
Q4	92.0	96.9	93.9	92.8	101.5	95.6	90.8	90.8	91.7	100.1	96.5
2000 Q1	96.2	95.9	94.1	96.6	96.2	95.1	95.7	95.5	92.8	102.4	97.5
Q2	100.6	101.6	99.9	100.2	101.0	100.3	101.3	102.4	99.3	99.4	106.9
Q3	102.7	100.7	101.5	101.8	99.2	101.0	104.4	102.8	102.2	98.3	102.1
Q4	103.4	101.8	104.5	104.9	103.6	103.6	100.8	99.4	105.7	99.9	93.5
2001 Q1	104.4	102.1	104.4	106.2	102.2	104.7	101.3	102.0	104.2	101.2	108.4
Q2	102.0	91.0	97.1	108.2	97.8	99.0	91.3	81.9	94.5	101.3	95.6
Q3	99.9	86.6	92.0	107.6	91.5	96.0	86.9	79.9	86.6	102.1	103.6
Q4	94.4	78.5	87.8	104.6	86.4	93.9	77.2	67.8	79.6	103.5	90.5
2002 Q1	95.1	82.1	84.4	105.5	87.9	90.8	77.4	74.2	76.0	105.3	107.6
Q2	93.9	80.2	84.4	105.8	88.1	91.3	73.8	69.6	75.1	104.7	90.7
Q3	93.7	81.5	84.6	106.2	88.5	91.7	72.6	72.2	75.2	106.8	109.2
Q4	91.7	77.9	83.0	104.2	84.5	90.7	70.5	69.0	72.9	108.5	102.5
2003 Q1	90.4	77.9	82.9	102.8	87.3	94.1	69.4	65.4	68.1	105.6	104.7
Q2	91.7	82.2	83.5	104.8	92.4	93.5	69.5	68.5	70.2	110.4	95.8
Q3	91.6	80.6	83.5	105.9	90.9	93.3	67.4	66.6	70.5	113.3	98.0
Q4	92.4	82.3	84.2	109.2	94.1	93.7	63.9	66.3	71.7	114.4	92.7
2004 Q1	92.5	78.9	81.3	107.9	83.9	88.8	66.4	72.3	71.5	114.0	109.7
Q2	91.7	79.3	82.9	105.6	83.3	89.8	68.2	73.8	73.8	114.8	106.6†
Q3	89.3	78.0	83.5	103.5	84.8	91.4	65.3	68.8	73.2	..	98.5
Monthly											
2002 Jul	94.4	83.8	84.8	106.0	88.3	91.0	74.8	77.8	76.6	..	113.1
Aug	94.8	81.9	83.6	107.9	95.2	91.6	72.5	64.1	73.0	..	100.2
Sep	93.7	78.8	85.4	106.2	82.0	92.4	72.6	74.6	76.1	..	114.4
Oct	93.9	80.5	82.5	105.5	83.5	89.8	74.4	76.5	72.9	..	93.2
Nov	91.3	71.1	83.0	102.7	76.1	90.2	71.9	64.4	73.6	..	92.5
Dec	91.7	82.0	83.4	104.2	94.0	92.0	70.5	66.0	72.1	..	121.9
2003 Jan	91.6	78.8	84.0	102.5	81.9	95.9	73.1	74.5	68.3	..	110.6
Feb	91.2	79.1	83.3	103.1	93.9	95.2	70.9	59.3	67.5	..	112.9
Mar	90.4	75.9	81.5	102.8	86.1	91.2	69.4	62.4	68.6	..	90.5
Apr	93.9	93.4	83.9	108.0	110.5	94.2	70.0	70.4	70.4	..	111.7
May	92.6	76.5	83.9	106.0	83.4	95.0	69.9	67.3	69.3	..	89.5
Jun	91.7	76.8	82.6	104.8	83.4	91.4	69.5	67.8	70.9	..	86.2
Jul	92.3	83.9	84.8	104.8	90.9	95.1	71.1	74.4	71.3	..	111.1
Aug	92.2	79.5	82.3	106.4	94.2	91.8	68.3	59.7	69.8	..	80.7
Sep	91.6	78.3	83.3	105.9	87.5	93.0	67.4	65.8	70.4	..	102.3
Oct	92.2	84.1	85.1	106.9	95.7	95.6	67.1	68.5	71.1	..	87.3
Nov	94.5	88.8	83.5	111.0	105.4	93.5	66.4	66.4	70.2	..	102.7
Dec	92.4	73.9	84.1	109.2	81.2	91.9	63.9	64.1	73.8	..	88.2
2004 Jan	94.1	85.7	81.8	109.4	88.2	90.0	68.2	82.3	71.0	..	91.2
Feb	91.6	69.5	80.8	106.8	73.8	87.3	66.0	63.7	72.2	..	127.5
Mar	92.5	81.6	81.4	107.9	89.7	89.0	66.4	70.9	71.3	..	110.4
Apr	90.9	73.4	81.7	104.7	72.3	88.0	67.5	74.8	73.4	..	104.7
May	91.7	83.5	83.3	105.4	89.4	90.3	68.6	75.6	74.1	..	112.8
Jun	91.7	80.9	83.7	105.6	88.3	91.1	68.2	70.9	74.0	..	102.4
Jul	92.2†	83.3†	84.2†	106.1†	89.9	92.1†	68.7†	74.5†	73.8†	..	107.3†
Aug	90.4	73.9	83.0	104.0	78.9†	90.5	67.3	67.3	73.2	..	99.8
Sep	89.3	76.8	83.4	103.5	85.7	91.6	65.3	64.7	72.6	..	88.6

1 The figures shown represent the output of United Kingdom based manufacturers classified to Subsections DK and DL of the Standard Industrial Classification (2003).

2 For Orders on Hand, the annual and quarterly index values represent the value at the end of the period in question, rather than the average value for that period, so the annual value shown for 2000 may not equal 100.

3 Net of cancellations.

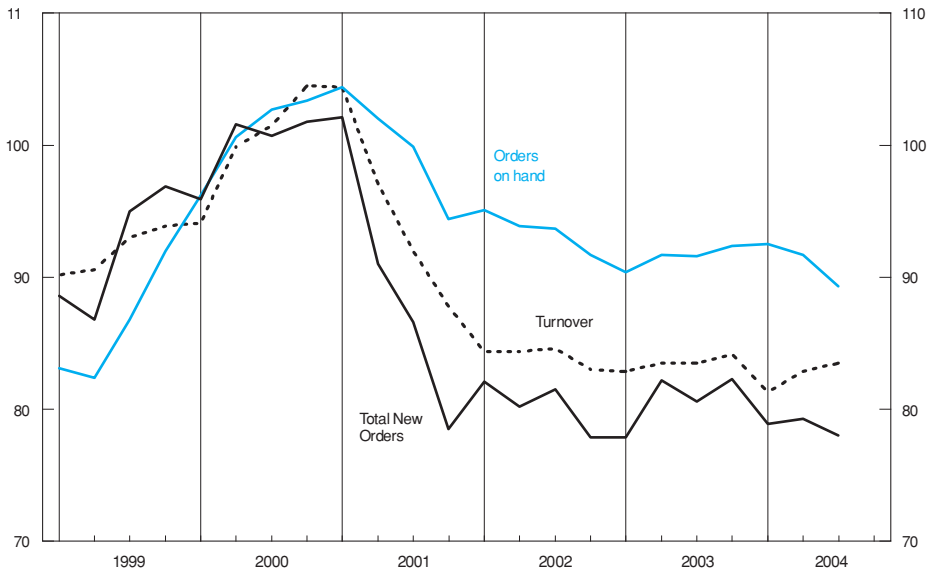
4 This index is based upon a gross output series which includes repair and maintenance estimates, unrecorded output by self-employed workers and small firms and output by the direct labour departments of the public sector.

5 Data are subject to revisions following changes to the deflation methodology.

Sources: Office for National Statistics; Enquiries Columns 1-9 01633 812540; Department of Trade and Industry; Enquiries Columns 10-11 020 7944 5583

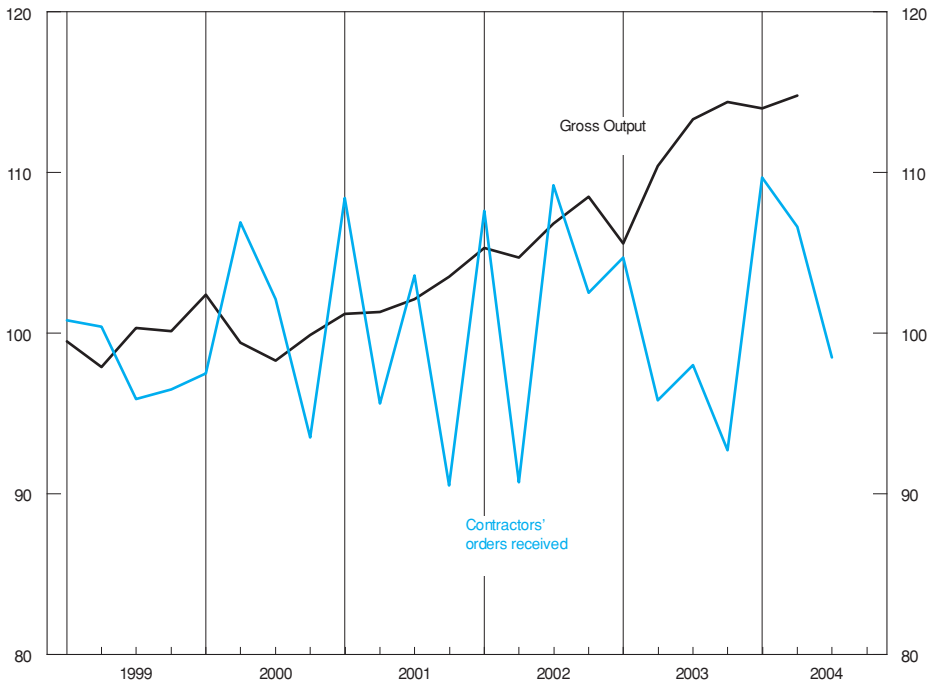
Engineering industries: turnover and orders

Volume indices 2000 = 100



Construction industries (GB) : output and orders

Volume indices 2000 = 100



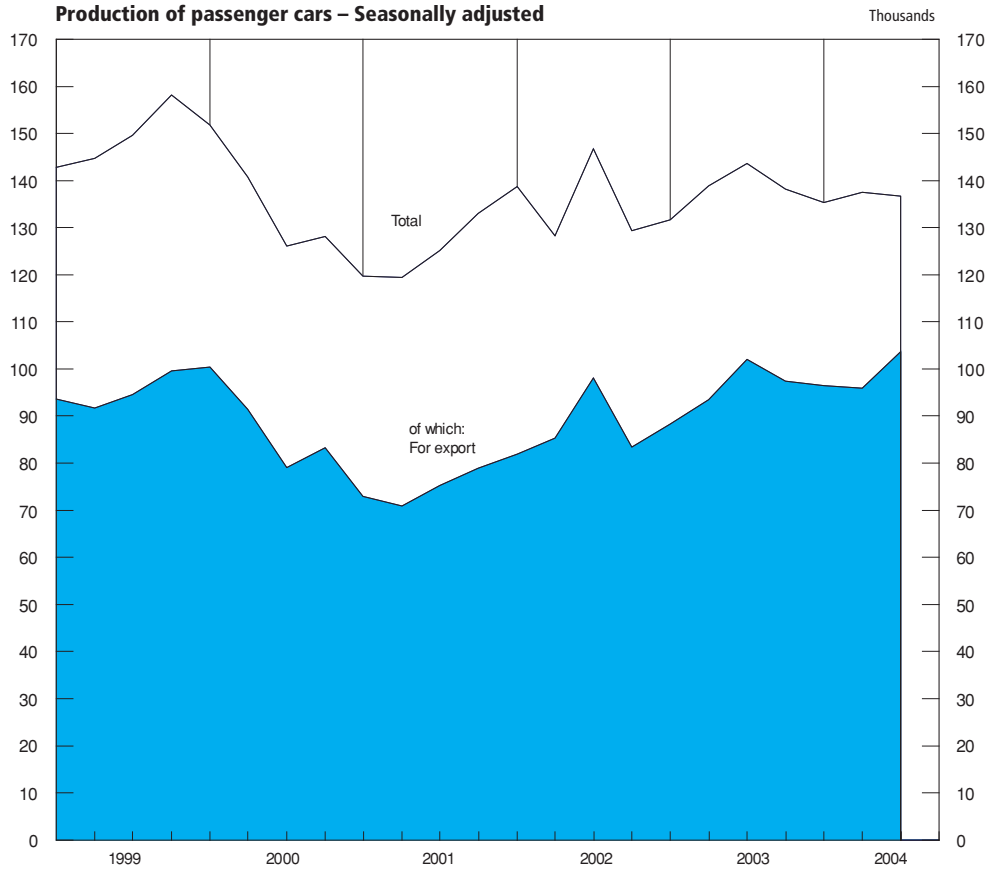
5.3 Motor vehicle and steel production

	Passenger cars[1]				Commercial vehicles[1]				
	Not seasonally adjusted		Seasonally adjusted[4]		Not seasonally adjusted		Seasonally adjusted[4]		Crude steel production (NSA)[2]
	Total production (thousands)	*of which* for export (thousands)	Total production (thousands)	*of which* for export (thousands)	Total production (thousands)	*of which* for export (thousands)	Total production (thousands)	*of which* for export (thousands)	(thousand tonnes)
Annual									
	FFAA	FFAB	FFAO	FFAP	FFAC	FFAD	FFAQ	FFAR	BCBS
1999	148.9	94.9	148.9	94.9	15.5	6.2	15.5	6.2	16 283.8
2000	136.8	88.6	136.8	88.6	14.3	6.3	14.4	6.3	15 154.6
2001	124.4	74.5	124.4	74.5	16.1	8.0	16.1	8.0	13 542.7
2002	135.7	87.3	135.8	87.3	15.9	9.5	15.9	9.5	11 667.1
2003	138.1	95.3	138.1	95.3	15.7	8.6	15.7	8.6	13 128.4
Quarterly									
1999 Q1	153.5	97.6	142.8	93.6	17.8	7.5	16.7	6.9	4 126.5
Q2	149.6	97.7	144.8	91.7	16.8	6.6	16.0	6.3	4 376.9
Q3	135.9	76.7	149.7	94.6	12.1	4.4	14.3	5.5	4 054.9
Q4	156.5	107.5	158.3	99.6	15.3	6.4	15.0	6.2	3 725.5
2000 Q1	164.8	105.0	151.8	100.4	16.7	8.4	15.3	7.8	4 442.5
Q2	144.4	97.6	140.9	91.5	17.3	8.2	16.7	7.9	4 019.8
Q3	111.7	63.2	126.2	79.1	9.5	3.5	11.9	4.6	3 288.7
Q4	126.3	88.6	128.2	83.3	13.7	5.2	13.6	5.0	3 403.6
2001 Q1	129.0	75.5	119.8	73.0	17.2	6.6	15.6	6.0	3 651.7
Q2	124.1	76.5	119.5	70.9	16.6	7.7	15.4	7.2	3 729.6
Q3	111.9	61.0	125.2	75.3	14.5	7.4	17.9	9.3	3 205.5
Q4	132.4	85.1	133.0	78.9	16.1	10.3	15.4	9.5	2 955.9
2002 Q1	149.9	85.0	138.8	82.0	16.7	8.4	15.2	7.9	3 046.3
Q2	133.5	94.0	128.3	85.4	14.8	9.4	14.2	9.0	3 060.0
Q3	130.6	80.7	146.8	98.2	14.9	9.3	17.6	11.1	2 801.9
Q4	128.7	89.3	129.4	83.5	17.3	10.9	16.8	10.1	2 758.9
2003 Q1	141.4	91.5	131.7	88.3	16.5	9.3	15.1	8.9	3 081.0
Q2	144.4	101.3	138.9	93.5	15.5	8.3	14.8	8.0	3 258.7
Q3	130.4	85.8	143.6	102.0	13.4	6.9	15.6	8.1	3 264.3
Q4	136.2	102.7	138.2	97.4	17.6	9.7	17.4	9.2	3 524.4
2004 Q1	148.5	101.2	135.4	96.5	19.3	10.4	17.8	9.9	3 380.7
Q2	142.7	102.3	137.6	95.9	16.9	11.2	16.6	10.9	3 681.4
Q3	126.3	88.3	136.8†	103.7†	15.6	9.7	18.0	11.5†	3 405.2†
Monthly									
2002 Jul	134.5	84.9	134.9	89.9	15.2	9.9	16.2	10.7	1 082.0*
Aug	112.8	67.0	170.4	118.5	9.8	6.1	17.8	11.1	805.4
Sep	144.5	90.3	135.1	86.3	19.8	11.9	18.7	11.5	914.5
Oct	149.7	98.0	133.8	84.4	19.8	12.5	17.9	11.2	1 116.5*
Nov	138.8	98.7	129.3	84.0	18.8	11.2	17.0	9.7	846.0
Dec	97.5	71.2	125.2	82.2	13.4	9.0	15.6	9.4	796.4
2003 Jan	136.1	85.8	127.4	82.2	15.8	8.3	14.8	8.7	1 095.5*
Feb	136.3	86.2	130.6	89.4	16.3	8.9	15.0	8.8	983.0
Mar	151.9	102.4	137.1	93.2	17.3	10.7	15.5	9.2	1 002.5
Apr	144.8	100.8	148.9	96.3	14.6	8.0	14.7	8.1	1 218.8*
May	133.1	97.6	127.8	86.8	14.0	7.5	14.4	7.6	1 023.3
Jun	155.4	105.6	140.1	97.3	18.0	9.5	15.4	8.4	1 016.6
Jul	146.3	93.1	144.5	100.7	15.2	7.6	16.1	8.6	1 245.8*
Aug	91.4	57.5	143.9	103.6	7.8	3.8	15.2	7.3	977.8
Sep	153.5	106.8	142.4	101.8	17.1	9.2	15.6	8.5	1 040.7
Oct	153.4	113.8	137.0	96.6	16.8	9.5	15.6	8.6	1 198.0*
Nov	142.9	110.5	137.9	100.7	19.0	9.8	17.6	9.0	1 117.8*
Dec	112.4	83.8	139.7	94.8	17.0	9.9	18.9	10.1	1 208.6*
2004 Jan	141.3	96.4	134.6	97.2	20.5	9.6	19.7	9.8	1 009.3
Feb	141.1	93.0	132.3	94.8	17.3	10.0	16.2	9.7	1 024.9*
Mar	163.1	114.3	139.3	97.4	20.2	11.7	17.5	10.1	1 346.5*
Apr	129.6	95.7	136.0	93.1	15.7	10.1	16.2	10.5	1 155.5
May	143.1	102.3	141.1	96.2	16.9	11.9	17.7	11.8	1 160.7*
Jun	155.5	108.9	135.6	98.3	18.2	11.6	16.0	10.5	1 365.2*
Jul	140.5	100.5	142.3	110.0	14.9	10.1	16.7	11.4	1 042.6
Aug	83.2	56.7	132.0†	100.4†	10.2	5.7	18.4	10.6†	1 015.8
Sep	155.3	107.6	136.2	100.6	21.7	13.3	18.8†	12.4	1 346.8*†
Oct	135.1	107.4	133.4	100.1	18.6	12.2	18.3	11.2	1 084.5[3]

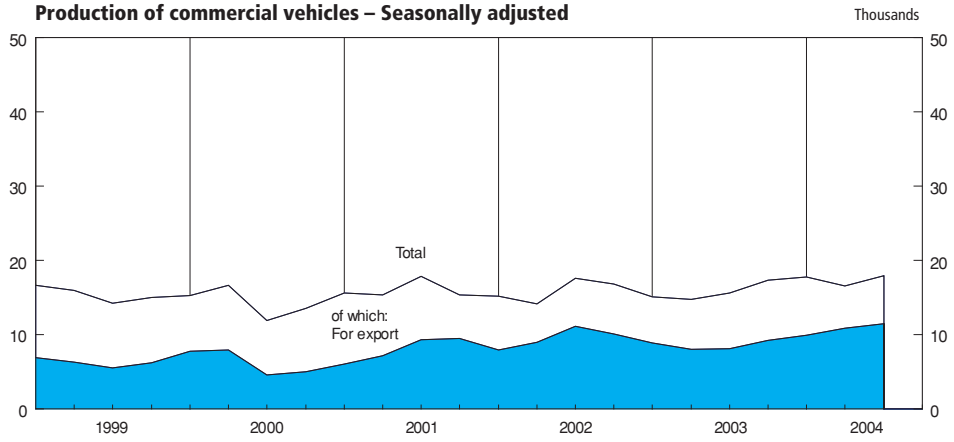
1 Annual and quarterly figures are monthly averages.
2 The totals are for 'usable steel' in accordance with the system used by the EC and the IISI, **but** in a change from previous publications, figures are actual production totals based on a four or five week period (not seasonally adjusted).
3 Provisional.
4 A seasonally adjusted series, based on the seasonal patterns of production from January 1999, has now been re-introduced. This affects the series from January 1999 only. Earlier data is based on previous production patterns.

Sources: Office for National Statistics; Enquiries Columns 1-8 01633 812810; ISSB Ltd; Enquiries Column 9 020 7343 3900

Production of passenger cars – Seasonally adjusted



Production of commercial vehicles – Seasonally adjusted



5.4 Indicators of fixed investment in dwellings

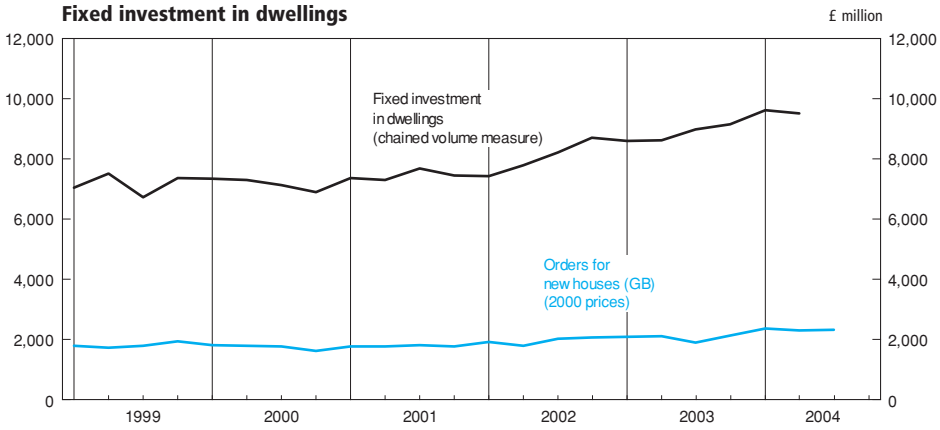
	Fixed investment in dwellings (£ million, chained volume measures, reference year 2001)	Orders received by contractors for new houses (GB) (£ million, 2000 prices)	Housing starts (NSA)[1] (GB)			Housing completions (NSA)[1] (GB)			Mix-adjusted price of new dwellings at mortgage completion stage (NSA)[3] (£)
			Private enterprise (thousands)	Registered Social Landlords[2] (thousands)	Local Authorities (thousands)	Private enterprise (thousands)	Registered Social Landlords[2] (thousands)	Local Authorities (thousands)	
Annual									
	DFEG	SGAB	FCAB	CTOR	CTOV	FCAD	CTOT	CTOX	WMPS
1999	28 649	7 247	156.8	21.5	0.4	149.1	23.3	0.2	114 279
2000	28 672	6 995	158.2	19.0	0.2	143.8	22.6	0.2	127 728
2001	29 806	7 122	162.6	16.8	0.3	140.1	20.9	0.3	134 234
2002	32 139	7 805	164.7	16.2	0.2	149.3	19.3	0.2	161 533
2003	35 324	8 219	177.3	16.2	0.3	155.0	17.2	0.2	186 485
Quarterly									
1999 Q1	7 049	1 787	40.4	5.7	0.1	32.7	5.8	–	107 241
Q2	7 516	1 734	41.2	5.8	0.1	36.6	5.9	0.1	112 711
Q3	6 723	1 792	39.7	5.4	0.1	38.9	5.5	–	115 789
Q4	7 361	1 933	35.4	4.7	0.1	41.0	6.1	0.1	118 699
2000 Q1	7 343	1 822	43.0	5.2	–	34.6	5.5	–	118 944
Q2	7 295	1 787	43.0	4.9	–	37.0	5.8	0.1	125 917
Q3	7 137	1 773	41.1	4.4	0.1	35.0	4.7	0.1	130 215
Q4	6 897	1 614	31.0	4.5	0.1	37.3	6.6	–	135 936
2001 Q1	7 365	1 767	39.1	5.7	0.2	32.5	5.7	0.1	130 771
Q2	7 305	1 772	43.7	4.2	–	34.5	4.7	0.1	130 774
Q3	7 680	1 822	43.4	3.2	–	35.8	4.6	0.1	135 507
Q4	7 456	1 761	36.3	3.7	0.1	37.4	5.9	0.1	137 368
2002 Q1	7 435	1 916	41.7	5.4	0.1	33.6	5.1	–	143 996
Q2	7 781	1 782	42.6	3.8	0.1	36.8	4.6	0.2	157 646
Q3	8 222	2 031	44.0	3.4	–	36.6	4.7	–	164 293
Q4	8 701	2 075	36.4	3.6	–	42.3	4.9	–	173 254
2003 Q1	8 588	2 095	44.2	5.0	0.1	31.6	4.5	0.1	175 947
Q2	8 615	2 108	46.8	4.4	0.2	39.3	4.1	0.1	187 676
Q3	8 983	1 894	45.8	3.8	–	37.7	4.5	–	193 373
Q4	9 138	2 123	40.5	3.0	0.1	46.4	4.1	0.1	194 276
2004 Q1	9 622	2 356	46.8	6.5	0.1	33.9	5.1	0.1	194 276
Q2	9 514	2 301	..	..	..	..	..	..	204 679
Q3	..	2 316	..	..	..	..	..	..	212 687
Monthly									
2002 Jul	..	684	..	..	..	..	..	..	156 787
Aug	..	725	..	..	..	..	..	..	165 201
Sep	..	623	..	..	..	..	..	..	170 891
Oct	..	669	..	..	..	..	..	..	168 194
Nov	..	671	..	..	..	..	..	..	171 984
Dec	..	735	..	..	..	..	..	..	179 585
2003 Jan	..	789	..	..	..	..	..	..	175 758
Feb	..	650	..	..	..	..	..	..	174 039
Mar	..	655	..	..	..	..	..	..	178 045
Apr	..	757	..	..	..	..	..	..	188 126
May	..	698	..	..	..	..	..	..	187 498
Jun	..	653	..	..	..	..	..	..	187 403
Jul	..	692	..	..	..	..	..	..	186 807
Aug	..	597	..	..	..	..	..	..	191 100
Sep	..	605	..	..	..	..	..	..	188 227
Oct	..	724	..	..	..	..	..	..	195 551
Nov	..	743	..	..	..	..	..	..	189 913
Dec	..	656	..	..	..	..	..	..	194 655
2004 Jan	..	800	..	..	..	..	..	..	195 238
Feb	..	757	..	..	..	..	..	..	192 165
Mar	..	800	..	..	..	..	..	..	195 426
Apr	..	885	..	..	..	..	..	..	201 796
May	..	700	..	..	..	..	..	..	203 015
Jun	..	716	..	..	..	..	..	..	209 225
Jul	..	761†	..	..	..	..	..	..	211 663
Aug	..	840	..	..	..	..	..	..	211 314
Sep	..	859	..	..	..	..	..	..	215 083

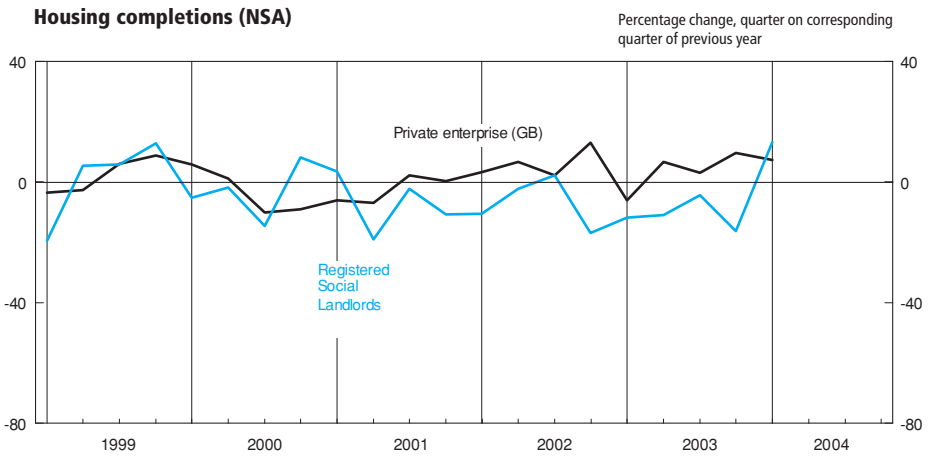
1 Monthly data collection ceased after March 2003. Great Britain seasonally adjusted data are no longer updated. Seasonally adjusted data for England are available from the website of the Office of the Deputy Prime Minister: **www.odpm.gov.uk**

2 Includes registered and non-registered social landlords.

3 Series based on mortgage lending by all financial institutions rather than building societies only, as previously published. This change has been made necessary because of the mergers. takeovers and conversions to plc status affecting the building society sector. The series is based on the Office of the Deputy Prime Ministers' 5% Survey of Mortgage Lenders (at completion stage) up to 2003q2. From 2003q3, quarterly data are based on monthly data from the significantly enlarged Survey of Mortgage Lenders.

Sources: Office for National Statistics;
Enquiries Column 1 01633 812537;
Department of Trade and Industry ; Column 2 020 7944 5583;
Office of the Deputy Prime Minister;


Fixed investment in dwellings
£ million
12,000
10,000
8,000
6,000
4,000
2,000
0
Fixed investment in dwellings (chained volume measure)
Orders for new houses (GB) (2000 prices)
1999
2000
2001
2002
2003
2004


Housing completions (NSA)
Percentage change, quarter on corresponding quarter of previous year
40
0
-40
-80
Private enterprise (GB)
Registered Social Landlords
1999
2000
2001
2002
2003
2004

5.5 Number of property transactions[1]

Thousands

	Number of property transactions				Number of property transactions		
	Not seasonally adjusted England & Wales	Seasonally adjusted England & Wales[4,5]	Not seasonally adjusted England, Wales & N. Ireland		Not seasonally adjusted England & Wales	Seasonally adjusted England & Wales[4,5]	Not seasonally adjusted England, Wales & N. Ireland
	FTAP		FTAR	May	121	122	126
1999	1 469		1 511	Jun	125	125	128
2000	1 433		1 471				
2001	1 458		1 497	Jul	132	120	135
2002	1 586		1 627	Aug	140	125	143
2003	1 345		1 397	Sep	124	124	127
				Oct	140	125	143
		FTAQ		Nov	137	131	141
2000 Q1	367	392	379	Dec	110	123	112
Q2	348	356	356				
Q3	379	346	388	2002 Jan	131	120	134
Q4	339	338	349	Feb	108	127	110
				Mar	104	127	106
2001 Q1	327	346	337	Apr	129	135	132
Q2	347	363	360	May	137	140	140
Q3	396	369	405	Jun	129	135	132
Q4	387	379	396				
				Jul	152	134	154
2002 Q1	342	374	351	Aug	166	149	171
Q2	395	410	404	Sep	139	134	144
Q3	457	417	468	Oct	147	131	151
Q4	392	385	404	Nov	127	124	131
				Dec	118	131	122
2003 Q1	340	361	359				
Q2	306	323	320	2003 Jan	131	121	137
Q3	358	327	369	Feb	103	120	109
Q4	340	333	349	Mar	106	119	113
				Apr	101	113	108
2004 Q1	447	448	457	May	101	106	105
Q2	452	462	463	Jun	103	105	107
Q3	491	451	504				
				Jul	132	115	135
2000 Jan	137	136	140	Aug	112	106	116
Feb	112	128	116	Sep	114	106	118
Mar	118	128	122	Oct	120	108	124
Apr	97	114	100	Nov	110	109	113
May	122	120	126	Dec	111	116	113
Jun	129	122	130				
				2004 Jan	157	142	160
Jul	127	117	130	Feb	148	164	152
Aug	134	117	137	Mar	142	142	145
Sep	117	112	121	Apr	140	150	143
Oct	123	112	127	May	145	152	148
Nov	117	111	121	Jun	167	161	172
Dec	98	114	101				
				Jul	175	154	179
2001 Jan	123	113	127	Aug	159	147	163
Feb	99	117	102	Sep	158	150	162
Mar	105	116	108	Oct	138	142	142
Apr	101	115	105				

1 The figures are based on counts of the relevant administrative forms successfully processed each month. For completions up to and including November 2003 the relevant form was the Particulars Delivered form. Since December 2003 the relevant form is the Land Transaction Return associated with the introduction of Stamp Duty Land Tax (although in December 2003 most forms processed were still Particulars Delivered forms). The count of Land Transaction Return forms is based on the month when the Stamp Duty Land Tax certificate is issued. The figures for the the latest two months include estimates for returns where a certificate has been issued but the form was not captured on the database at the time the count was taken. The figures are therefore subject to revision next month.

2 Because of the change in administrative arrangements associated with the introduction of Stamp Duty Land Tax, the figures from December 2003 onwards may not be comparable with the earlier series. In particular Land Transaction Returns in respect of transactions subject to Stamp Duty Land Tax are being submitted more promptly by conveyancers than Particulars Delivered forms in respect of transactions subject to stamp duty. The overhang of particulars delivered forms into the first quarter of 2004 has boosted the total property transactions processed figures in that quarter. Other reasons for higher figures since the introduction of Stamp Duty Land Tax include (1) there are some types of transaction which require a Land Transaction Return which did not require a Particulars Delivered form and (2) there are higher numbers of registering commercial transactions.

3 Because of the time lags involved, the series above should be lagged by one month to give a broad representation of transactions completed in the month. However this relationship was weaker in the second quarter of 2002, because of the operational pressures in the network of Stamp Offices which delayed the processing of a proportion of property transactions.

4 The Jubilee celebrations meant that the late May bank holiday was taken in June 2002. Seasonal features in the data arising from the May Bank holiday will therefore not automatically be removed by the process of seasonal adjustment. Caution should therefore be taken when interpreting monthly movements involving May or June 2002 data.

5 The sum of seasonally adjusted components does not exactly match the unadjusted (definitive) annual total.

6 On 19 July the Inland Revenue ended the arrangement under which a Stamp Duty Land Tax certificate could be issued even though some of the required information had not been provided (the 'light touch' process). This is likely to have reduced the transaction count for July and August by a few thousand.

Source: Board of Inland Revenue; Enquiries 020 7438 6314

5.6 Change in inventories
Chained volume measures[1]

Reference year 2001, £ million

		Manufacturing industries				Elect-ricity, gas and water supply	Distributive trades			
	Mining and quarrying	Materials and fuel	Work in progress	Finished goods	Total		Wholesale[2]	Retail[2]	Other industries[3]	Change in inventories
Level of inventories at end-December 2003	1115	18 779	16 768	18 827	54 374	754	26 989	25 075	43 256	151 563
Quarterly	FAEA	FBNF	FBNG	FBNH	DHBM	FAEB	FAJX	FBYN	DLWX	CAFU
2000 Q1	–52	123	387	92	586	58	573	651	–549	753
Q2	2	332	–88	103	365	31	407	395	–106	1 329
Q3	–49	259	–77	61	258	64	694	348	364	1 906
Q4	–155	–66	281	169	367	82	86	–14	601	1 274
2001 Q1	63	–651	325	–133	–459	–214	565	–130	1 255	1 080
Q2	–45	–200	330	224	354	190	–76	–160	1 316	1 579
Q3	93	352	271	32	655	88	519	229	405	1 989
Q4	–15	93	–413	45	–275	–15	–299	1 075	1 070	1 541
2002 Q1	19	84	–92	17	9	–65	–119	316	834	994
Q2	–50	2	–323	–41	–362	111	625	414	–1 362	–624
Q3	14	22	274	–75	221	–77	290	471	–223	696
Q4	–13	–203	–181	–408	–792	–192	–133	393	2 184	1 447
2003 Q1	–41	–68	–78	44	–102	2	98	224	1 031	1 212
Q2	42	–74	–62	178	42	–42	–28	630	–1 158	–514
Q3	–95	44	12	503	559	–51	139	499	–680	371
Q4	–19	–209	–415	–315	–939	–2	260	238	1 860	1 398
2004 Q1	36	30	517	–184	363	162	254	459	–426	848
Q2	–39	6	–411	132	–273	–143	869	–152	641	903
Q3	–28	–90	–263	329	–24	–106	–162	–164	854	370

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.
2 Wholesaling and retailing estimates exclude the motor trades.
3 Quarterly alignment adjustment included in this series. For description see notes to the *Economic Trends Annual Supplement*. For details of adjustments, see notes section in the Sector and Financial Accounts article in *UK Economic Accounts*.

Sources: Office for National Statistics; Enquiries Columns 1-8 01633 812351; Columns 9-10 020 7533 5949

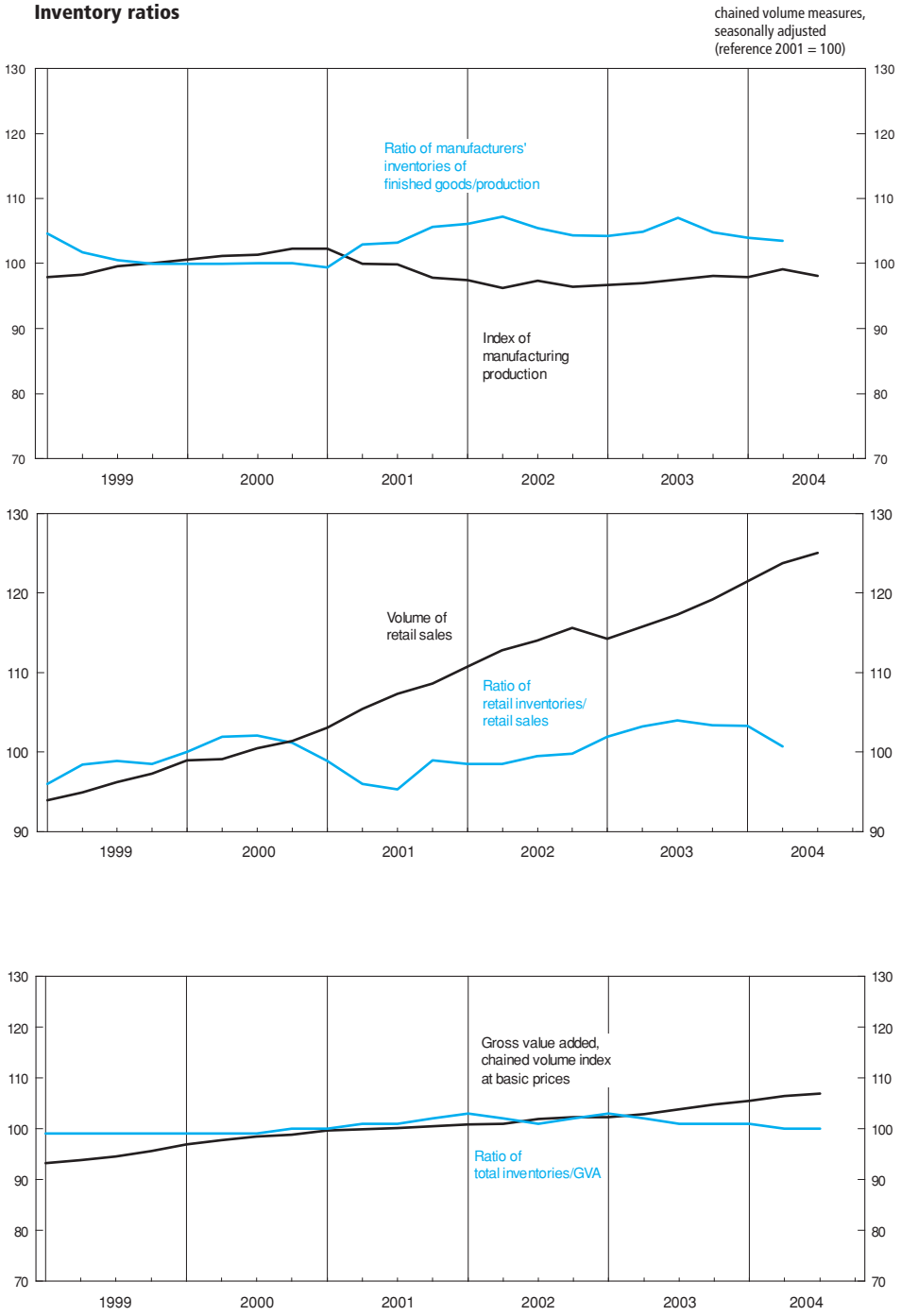
5.7 Inventory ratios

	Manufacturersí inventories[1] to manufacturing production				Retail inventories[1] to retail sales[2]	Total inventories[1,3] to gross value added
	Materials and fuel	Work in progress	Finished goods	Total inventories		
Quarterly	FAPG	FAPH	FAPI	FAPF	FAPC	FDCA
2000 Q1	100.0	100.0	100.0	100.0	100.0	99
Q2	101.1	98.9	100.0	100.0	101.9	99
Q3	102.3	98.2	100.1	100.3	102.1	99
Q4	101.0	99.0	100.1	100.1	101.2	100
2001 Q1	97.7	100.9	99.4	99.3	98.9	100
Q2	98.9	105.2	102.9	102.2	96.0	101
Q3	100.8	106.9	103.2	103.5	95.3	101
Q4	103.5	106.7	105.7	105.2	99.0	102
2002 Q1	104.3	106.4	106.1	105.6	98.5	103
Q2	105.6	105.8	107.2	106.2	98.5	102
Q3	104.5	106.2	105.5	105.4	99.5	101
Q4	104.5	106.2	104.3	105.0	99.8	102
2003 Q1	103.8	105.4	104.2	104.5	101.9	103
Q2	103.1	104.7	104.9	104.2	103.2	102
Q3	102.7	104.2	107.1	104.6	104.0	101
Q4	101.0	101.1	104.8	102.3	103.4	101
2004 Q1	101.4	104.5	104.0	103.2	103.3	101
Q2	100.2	100.7	103.5	101.5	100.7	100
Q3	..	..	..	..	..	100

1 Chained volume measure: reference year 2001.
2 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.
3 Including quarterly alignment adjustment. For details of adjustments see notes section in the Sector and Financial Accounts article in *UK Economic Accounts*.

Source: Office for National Statistics; Enquiries Columns 1-6 01633 812351

Inventory ratios



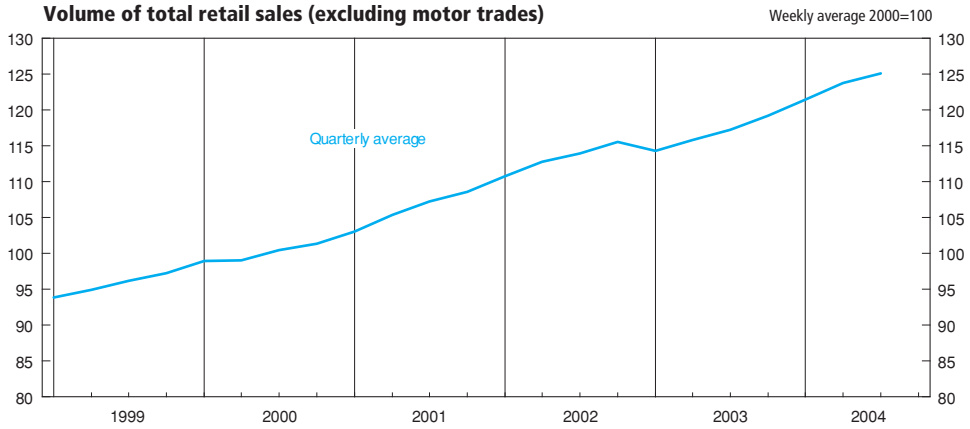
5.8 Retail sales, new registrations of cars and credit business (Great Britain)

	Value of retail sales per week: total (average 2000=100)[1,2]	Volume of retail sales per week+(average 2000=100)[1,2]								New registrations of cars (NSA, thousands)[5]	Total consumer credit: Net lending (£ million)[3,4]	of which	
				Predominantly non-food stores								Credit cards[6]	Other[6]
		All retailers	Predominantly food stores	Total	Non-specialist stores	Textile, clothing and footwear	Household goods stores	Other stores	Non-store and repair				
Sales in 2000 £ million	*207 149*	*207 149*	*89 041*	*106 359*	*18 781*	*27 880*	*27 699*	*31 999*	*11 749*				
Annual													
	EAQV	EAPS	EAPT	EAPV	EAPU	EAPX	EAPY	EAPW	EAPZ	BCGT	RLMH	VZQX	VZQY
2001	105.9	106.1	104.1	107.7	105.9	109.4	110.9	104.6	106.1	2 577.5	17 641	6 258†	11 477†
2002	111.1	112.7	108.1	116.5	110.8	120.9	120.8	112.1	113.4	2 682.0	21 088†	7 584	13 570
2003	113.8	116.4	111.9	121.2	113.6	129.1	126.2	114.3	107.5	2 646.2	18 700	8 192	10 532
Quarterly													
2001 Q1	102.9	103.1	102.9	103.8	105.2	104.4	107.4	99.2	99.0	704.2	3 295	1 352	2 125
Q2	105.6	105.4	104.0	106.7	107.2	106.7	110.9	102.8	104.7	617.7	4 578†	1 751†	2 779†
Q3	107.2	107.3	104.8	109.3	108.1	110.6	111.7	106.7	108.3	725.6	4 195	1 199	2 986
Q4	108.1	108.6	105.7	111.2	107.9	113.6	114.2	108.4	106.9	530.0	5 573	1 956	3 587
2002 Q1	110.1	110.8	106.9	114.7	110.2	117.5	118.0	112.2	104.1	758.7	5 063	1 981	3 147
Q2	111.3	112.8	108.3	116.8	110.8	120.3	120.0	114.6	110.7	650.0	4 753	1 759	2 978
Q3	112.1	114.0	109.3	117.6	113.5	122.1	121.9	112.4	116.4	744.6	6 036	1 968	3 991
Q4	113.5	115.6	110.9	119.2	114.6	123.2	124.6	113.9	118.6	528.7	5 236	1 876	3 454
2003 Q1	112.3	114.3	110.0	118.8	112.8	125.8	121.9	113.5	106.5	737.6	4 867	2 192	2 678
Q2	113.2	115.8	111.9	120.2	113.3	127.5	125.9	112.9	105.3	642.7	5 144	2 393	2 725
Q3	114.7	117.3	112.9	122.3	115.5	130.6	127.6	114.6	104.8	742.8	4 744	1 946	2 681
Q4	116.1	119.2	113.8	125.0	117.5	131.6	130.6	118.9	107.9	523.1	3 945	1 661	2 448
2004 Q1	118.0	121.5	115.0	127.9	117.7	136.7	132.0	122.8	113.1	762.2	5 381	2 191	3 167
Q2	119.8	123.8	116.4	130.6	119.8	139.8	134.4	125.7	118.1	629.8	5 088	2 075	2 997
Q3	120.6	125.1	117.3†	132.6†	120.5†	141.1†	138.4†	127.4†	116.9	709.9	5 141	2 361	2 596
Monthly													
2002 Jul	112.0	113.6	109.3	117.4	114.4	121.7	121.1	112.2	112.6	204.7	1 877†	642†	1 236†
Aug	112.3	114.3	109.2	118.0	112.5	125.7	120.8	112.0	120.3	93.0	1 997	732	1 265
Sep	112.0	113.9	109.3	117.5	113.6	119.4	123.4	112.9	116.2	446.9	1 932	716	1 215
Oct	113.1	115.0	110.2	118.8	114.2	122.8	124.1	113.5	117.3	193.0	2 126	481	1 645
Nov	113.2	115.4	110.7	119.3	115.1	119.9	127.2	114.6	114.7	182.9	1 289	623	666
Dec	114.1	116.3	111.6	119.5	114.6	126.1	123.0	113.7	122.7	152.8	1 696	609	1 087
2003 Jan	111.5	113.8	108.6	118.8	113.1	125.0	121.8	113.9	108.0	193.4	1 526	818	708
Feb	112.4	114.3	110.2	118.7	112.0	125.7	122.3	113.4	105.3	92.2	1 743	818	924
Mar	112.8	114.7	110.9	118.9	113.0	126.5	121.7	113.1	106.2	452.0	1 696	667	1 029
Apr	113.6	115.9	112.5	119.6	112.3	126.9	125.2	112.9	107.9	196.3	1 500	696	804
May	112.6	115.2	111.4	119.7	112.7	124.5	127.5	112.7	104.2	202.6	2 038	869	1 168
Jun	113.3	116.2	111.9	121.0	114.5	130.4	125.3	113.1	104.1	243.8	1 590	729	862
Jul	114.0	116.5	112.4	121.3	115.4	130.1	126.1	112.8	105.3	201.1	1 660	638	1 021
Aug	114.7	117.1	113.2	121.8	115.0	128.6	127.7	114.7	104.2	94.2	1 457	654	804
Sep	115.2	118.0	113.1	123.6	116.0	132.5	128.6	115.9	104.9	447.5	1 619	828	791
Oct	115.8	118.6	113.4	124.3	118.2	132.1	129.0	117.0	106.5	186.6	1 659	671	988
Nov	115.8	119.0	113.4	124.8	116.6	131.2	130.3	119.2	108.8	175.7	1 446	527	919
Dec	116.6	119.9	114.3	125.8	117.6	131.4	132.2	120.3	108.3	160.8	820	216	604
2004 Jan	117.9	121.2	114.6	127.7	117.0	135.8	132.5	122.6	112.2	199.6	2 015	778	1 238
Feb	117.7	121.1	115.0	127.2	117.7	135.8	131.4	121.6	112.1	92.3	1 682	564	1 118
Mar	118.2	122.2	115.3	128.8	118.1	138.2	132.2	123.9	114.6	470.3	1 766	1 023	743
Apr	118.9	122.7	115.6	129.5	118.9	139.4	132.6	124.4	115.6	191.1	1 308	445	863
May	119.6	123.7	116.3	130.3	120.2	140.2	133.7	124.8	118.6	197.6	1 555	750	804
Jun	120.6	124.8	117.1	131.8	120.3	139.9	136.4	127.4	119.7	241.1	2 178	750	1 427
Jul	119.8	124.0†	116.4†	131.2†	117.9†	137.5†	138.0†	127.5†	116.9†	188.2	1 769	859	910
Aug	120.4	124.9	117.3	132.4	122.7	142.3	137.4	125.2	114.9	87.3	1 875	942	932
Sep	121.4†	126.2	118.0	134.0	120.9	143.1	139.5	129.0	118.6	434.4	1 624	783	841
Oct	121.1	125.7	117.8	133.3	120.1	143.7	138.5	127.3	116.9	..	1 549	796	753

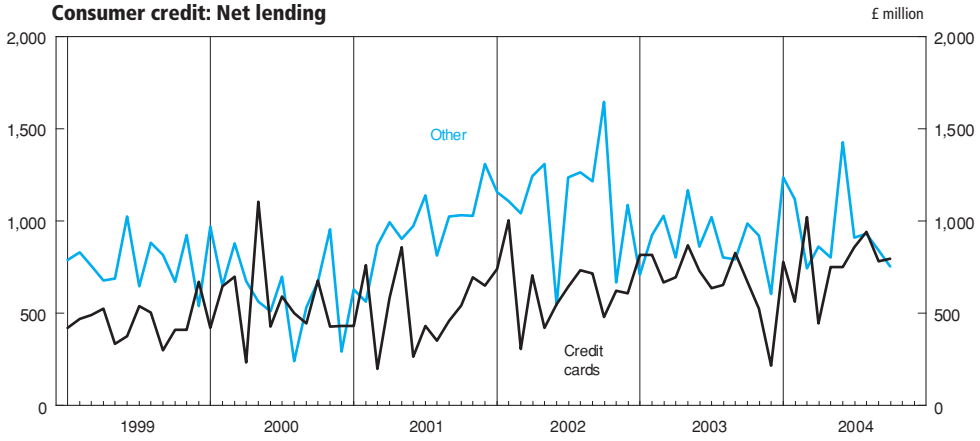
1 Great Britain only. The motor trades are excluded. Information for periods earlier than those shown is available from ONS Newport (tel 01633 812509).
2 The retail sales index has been rebased using detailed information from the 2000 Annual Business inquiry. Further information is available via the National Statistics website: **www.statistics.gov.uk**
3 Net lending equals changes in amounts outstanding adjusted to remove distortions arising from revaluations of debt such as write-offs.
4 Covers all institutions providing finance for consumers; including loans by banks on personal accounts and on bank credit cards and charge cards, by insurance companies, retailers and other specialist lenders, but excluding loans for house purchase.
5 Seasonally adjusted data are not published in *Economic Trends*. Data up to 1998 are published in the *Economic Trends Annual Supplement*.
6 See Table 6.6, note 2.

Sources: Office for National Statistics; Enquiries Columns 1-9 01633 812713; Columns 12-14 01633 812782.; Department for Transport; Enquiries Column 10,11 020 7944 3077.

Volume of total retail sales (excluding motor trades)



Consumer credit: Net lending



5.9 Inland energy consumption: primary fuel input basis

Million tonnes of oil equivalent

	Seasonally adjusted and temperature corrected[7] (annualised rates)						
				Primary electricity[5]			
	Coal[1]	Petroleum[2]	Natural gas[3]	Nuclear	Natural flow Hydro[4]	Net imports[6]	Total
Annual							
	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAH
1998	43.6	76.8	90.4	23.4	0.5	1.1	235.8
1999	38.2	77.8	95.8	22.3	0.5	1.2	235.7
2000	40.0	77.8	98.7	19.7	0.5	1.2	237.9
2001	43.1	76.6	96.8	20.8	0.4	0.9	238.7
2002	40.0	75.4	99.3	20.0	0.5	0.7	236.0
2003	43.2	74.9	97.7	20.0	0.4	0.2	236.3
Quarterly							
1999 Q1	37.4	81.5	105.1	23.3	0.5	1.2	249.1
Q2	37.7	78.3	90.4	23.2	0.6	1.3	231.5
Q3	38.3	75.2	84.3	21.5	0.5	1.1	220.9
Q4	39.2	76.1	103.3	21.0	0.5	1.2	241.4
2000 Q1	38.9	81.3	110.8	20.1	0.6	1.1	252.9
Q2	40.6	74.4	95.3	19.8	0.4	1.3	231.9
Q3	40.2	77.8	85.4	19.4	0.5	1.3	224.5
Q4	40.5	77.6	103.1	19.4	0.5	1.2	242.3
2001 Q1	45.6	75.8	108.7	19.9	0.3	1.1	251.5
Q2	44.6	73.3	93.1	19.0	0.4	0.9	231.3
Q3	42.5	79.4	84.7	21.8	0.5	0.9	229.8
Q4	39.8	77.8	100.5	22.6	0.5	0.7	242.0
2002 Q1	42.1	78.0	108.6	21.2	0.6	0.6	251.2
Q2	35.8	76.4	96.5	20.0	0.7	1.0	230.4
Q3	38.4	76.3	89.0	19.9	0.5	0.2	224.3
Q4	43.6	71.0	103.1	18.9	0.4	1.1	238.1
2003 Q1	43.1	72.6	108.1	21.0	0.3	0.3	245.4
Q2	45.1	78.5	92.6	20.6	0.5	0.1	237.4
Q3	42.0	73.7	85.6	19.7	0.5	–0.1	221.5
Q4	42.5	74.6	104.4	18.6	0.4	0.4	240.9
2004 Q1	43.3	70.2†	111.0	20.1	0.5	0.6	245.6†
Q2	40.9	79.4	96.8†	17.1†	0.5	0.7†	235.4

Percentage change, quarter on corresponding quarter of previous year

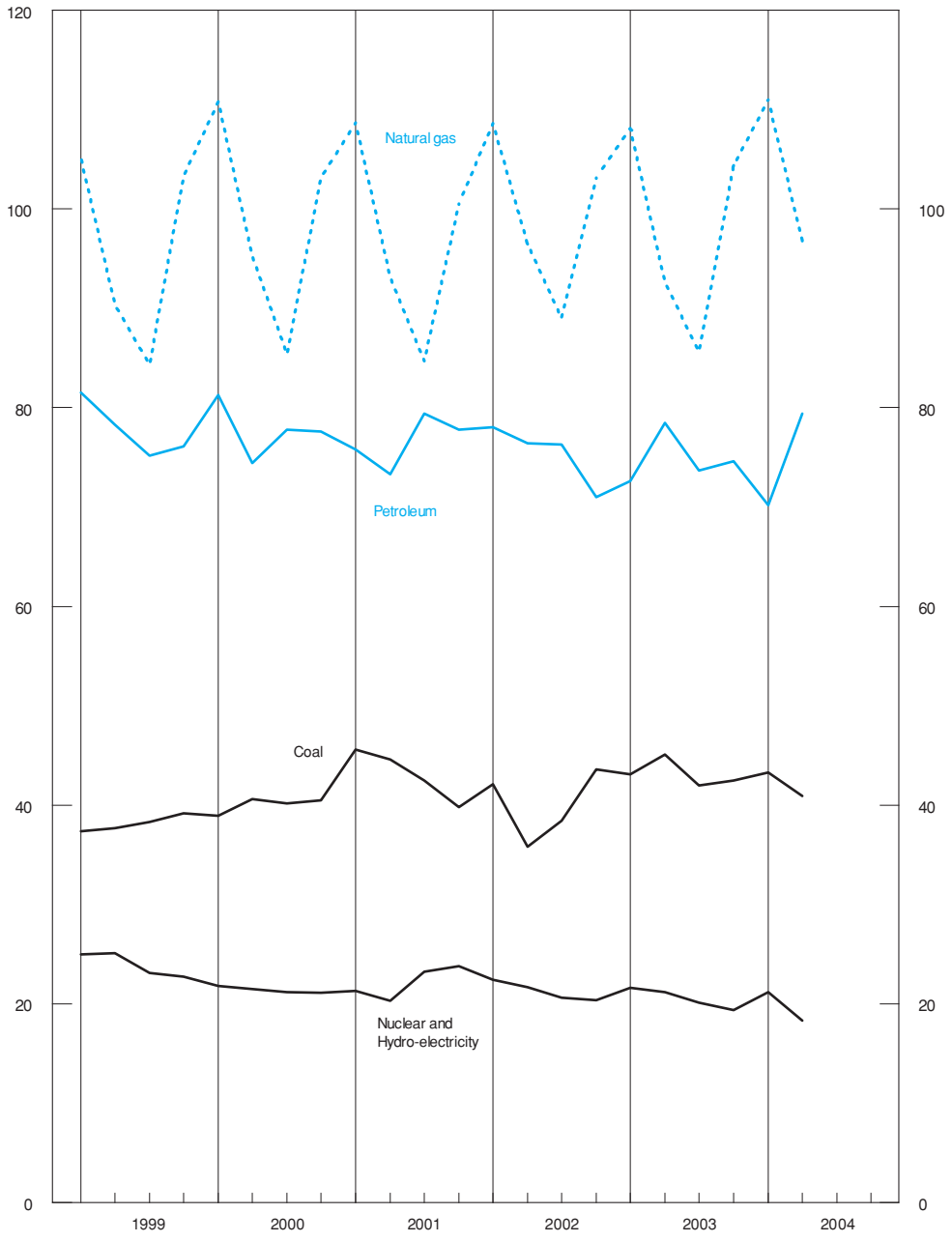
Quarterly							
	FDAP	FDAQ	FDAR	FDAS	FDAT	FDAX	FDAO
1999 Q1	*–14.3*	*8.6*	*7.6*	*–0.3*	*0.5*	*–14.1*	*3.0*
Q2	*–18.2*	*–1.3*	*2.7*	*3.7*	*21.5*	*–6.8*	*–2.6*
Q3	*–14.4*	*–0.7*	*6.0*	*–6.6*	*–10.6*	*–*	*–1.3*
Q4	*1.1*	*0.3*	*7.1*	*–15.3*	*4.6*	*5.6*	*1.6*
2000 Q1	*3.9*	*–0.2*	*5.5*	*–13.8*	*12.1*	*–10.6*	*1.5*
Q2	*7.7*	*–5.0*	*5.5*	*–14.6*	*–25.9*	*1.9*	*0.2*
Q3	*5.1*	*3.5*	*1.4*	*–9.9*	*–12.3*	*12.9*	*1.6*
Q4	*3.1*	*2.0*	*–0.2*	*–7.7*	*6.2*	*–5.1*	*0.4*
2001 Q1	*17.2*	*–6.7*	*–1.9*	*–1.0*	*–43.8*	*–*	*–0.5*
Q2	*9.9*	*–1.5*	*–2.3*	*–4.2*	*–9.6*	*–30.3*	*–0.2*
Q3	*5.7*	*2.1*	*–0.9*	*12.8*	*4.7*	*–29.0*	*2.4*
Q4	*–1.6*	*0.3*	*–2.5*	*16.6*	*6.1*	*–45.0*	*–0.1*
2002 Q1	*–7.7*	*2.9*	*–0.1*	*6.8*	*73.8*	*–43.7*	*–0.1*
Q2	*–19.8*	*4.3*	*3.6*	*5.6*	*73.5*	*5.5*	*–0.4*
Q3	*–9.6*	*–4.0*	*5.1*	*–8.8*	*11.4*	*–75.5*	*–2.4*
Q4	*9.4*	*–8.8*	*2.6*	*–16.3*	*–32.7*	*67.6*	*–1.6*
2003 Q1	*2.4*	*–6.9*	*–0.5*	*–1.3*	*–42.4*	*–56.2*	*–2.3*
Q2	*26.0*	*2.7*	*–4.0*	*2.9*	*–29.6*	*–89.0*	*3.1*
Q3	*9.5*	*–3.3*	*–3.8*	*–0.9*	*–13.6*	*–*	*–1.3*
Q4	*–2.6*	*5.1*	*1.3*	*–1.6*	*–2.7*	*–59.6*	*1.2*
2004 Q1	*0.4*	*–3.4†*	*2.7*	*–4.3*	*42.8*	*–*	*0.1†*
Q2	*–9.4*	*1.1*	*4.5†*	*–16.9†*	*–2.8†*	*–*	*–0.9*

1 Includes solid renewable sources (wood, straw, waste), and net foreign trade and stock changes in other solid fuels.
2 Excludes non-energy use.
3 Includes gas used during production, colliery methane, landfill gas and sewage gas. Excludes gas flared or re-injected and non energy-use of gas.
4 Includes generations at wind stations. Excludes generation from pumped storage stations.
5 Not temperature corrected.
6 Not seasonally adjusted.
7 For details of temperature correction see DTI energy statistics website at **www.dti.gov.uk/energy/inform/dukes/dukes2002/01longterm.pdf**

Source: Department of Trade and Industry; Enquiries 020 7215 2698

Inland energy consumption

Million tonnes of oil equivalent, seasonally adjusted



6.1 Sterling exchange rates and UK reserves[4]

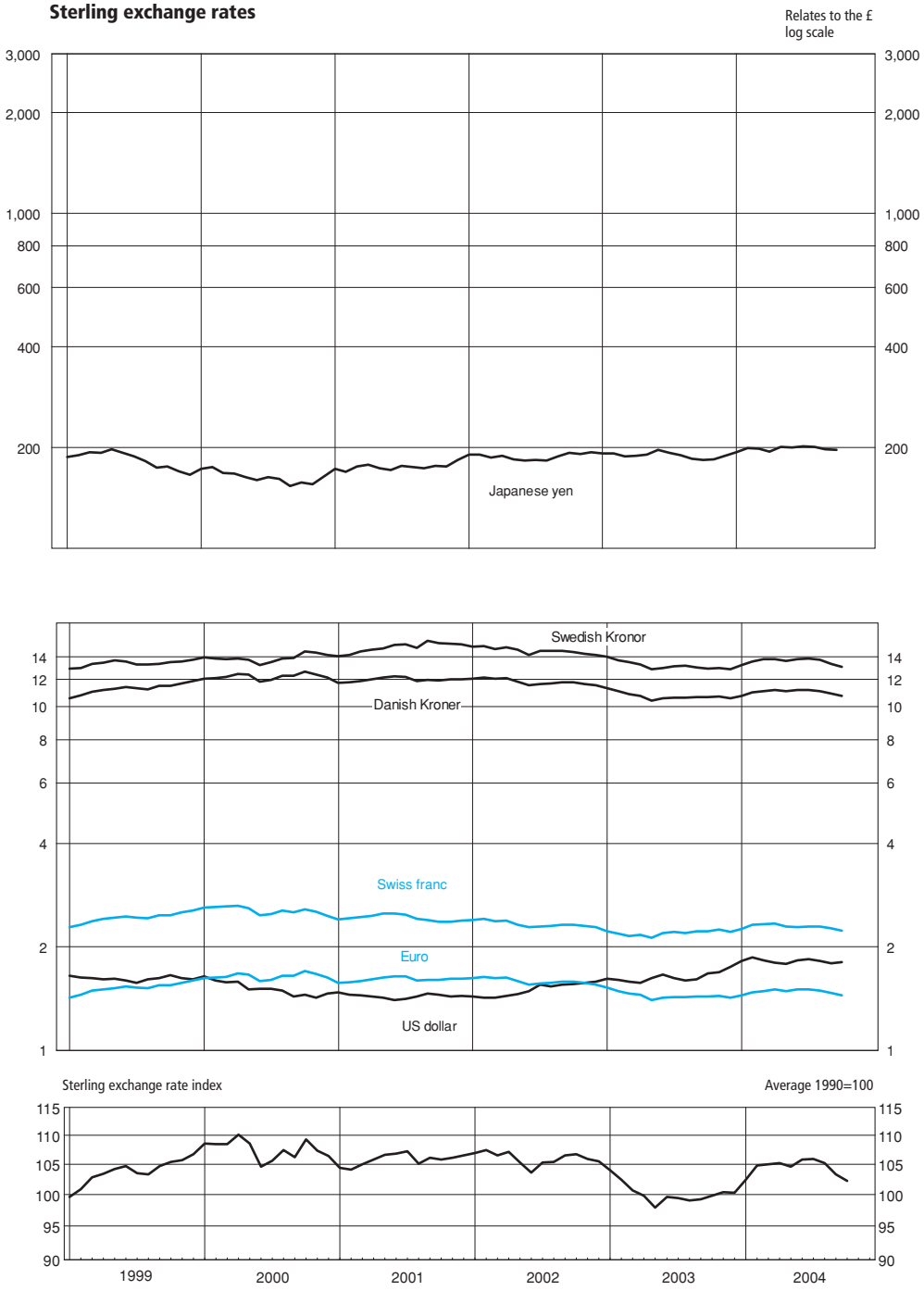
Not seasonally adjusted

	Sterling exchange rate against major currencies[1]								UK international reserves[3] at end of period (£ million)	Sterling exchange rate index 1990 = 100
	Japanese yen	US dollar	Swiss franc	Euro[2]	Danish kroner	Norwegian kroner	Swedish kronor	Hong Kong dollar		
Annual										
	AJFO	AUSS	AJFD	THAP	AJFK	AJFJ	AJFI	AJFU	THFE	AGBG
1999	184.01	1.6183	2.430	1.5192	11.296	12.619	13.373	12.5541	25 938	103.8
2000	163.40	1.5162	2.558	1.6422	12.240	13.324	13.870	11.8057	32 227	107.5
2001	174.90	1.4400	2.430	1.6087	11.987	12.944	14.886	11.2312	27 773	105.8
2002	187.84	1.5026	2.334	1.5909	11.821	11.953	14.570	11.7265	26 566	106.0
2003	189.34	1.6346†	2.197	1.4456	10.742	11.562	13.189	12.7337	25 677	100.2
Quarterly										
2000 Q1	171.99	1.6067	2.617	1.6286	12.1257	13.206	13.835	12.4926	22 090	108.4
Q2	163.52	1.5334	2.568	1.6398	12.2271	13.466	13.584	11.9236	26 898	107.7
Q3	159.19	1.4784	2.522	1.6336	12.1862	13.232	13.726	11.5304	28 818	106.4
Q4	158.89	1.4464	2.523	1.6670	12.4250	13.394	14.333	11.2735	32 227	107.6
2001 Q1	172.26	1.4584	2.424	1.5814	11.7988	12.965	14.230	11.3765	30 457	104.5
Q2	174.19	1.4208	2.487	1.6280	12.1436	13.039	14.847	11.0866	30 632	106.4
Q3	174.67	1.4380	2.432	1.6152	12.0231	12.928	15.203	11.2092	29 662	106.1
Q4	178.45	1.4428	2.375	1.6111	11.9887	12.845	15.264	11.2548	27 773	106.1
2002 Q1	188.79	1.4260	2.396	1.6263	12.0863	12.700	14.895	11.1230	28 053	106.9
Q2	185.29	1.4630	2.329	1.5923	11.8379	11.956	14.564	11.4015	28 623	105.3
Q3	184.85	1.5495	2.305	1.5747	11.6973	11.662	14.538	12.0871	27 950	105.7
Q4	192.42	1.5720	2.304	1.5716	11.6733	11.494	14.285	12.2547	26 566	106.0
2003 Q1	190.67	1.6017	2.189	1.4937	11.0987	11.313	13.709	12.5030	26 349	102.3
Q2	191.90	1.6194	2.163	1.4256	10.5851	11.344	13.032	12.6352	25 147	99.1
Q3	189.14	1.6108	2.209	1.4300	10.6264	11.794	13.103	12.5605	26 909	99.2
Q4	185.64	1.7065†	2.228	1.4334	10.6591	11.796	12.913	13.2305	25 677	100.2
2004 Q1	197.07	1.8391	2.306	1.4708	10.9571	12.703	13.507	14.2983	25 231	104.1
Q2	198.21	1.8052	2.305	1.4992	11.1529	12.387	13.712	14.0831	25 142	105.2
Q3	199.95	1.8189	2.285	1.4877	11.0633	12.478	13.627	14.1861	25 382	104.8
Monthly										
2002 Jan	190.01	1.4323	2.392	1.6222	12.057	12.844	14.972	11.1705	27 089	106.9
Feb	190.11	1.4231	2.415	1.6348	12.146	12.731	15.013	11.0993	27 940	107.4
Mar	186.26	1.4225	2.381	1.6224	12.059	12.525	14.700	11.0946	28 053	106.5
Apr	188.50	1.4434	2.386	1.6282	12.104	12.415	14.878	11.2581	28 191	107.1
May	184.26	1.4593	2.318	1.5914	11.833	11.963	14.676	11.3814	28 055	105.3
Jun	183.10	1.4863	2.284	1.5515	11.532	11.491	14.137	11.5934	28 623	103.6
Jul	183.50	1.5546	2.290	1.5665	11.640	11.615	14.528	12.1261	27 649	105.3
Aug	182.97	1.5377	2.302	1.5723	11.677	11.698	14.550	11.9944	28 208	105.4
Sep	188.07	1.5561	2.323	1.5861	11.780	11.672	14.537	12.1370	27 950	106.5
Oct	192.90	1.5574	2.325	1.5868	11.790	11.645	14.450	12.1464	28 322	106.7
Nov	190.99	1.5723	2.303	1.5694	11.654	11.484	14.237	12.2624	28 972	105.9
Dec	193.36	1.5863	2.284	1.5566	11.560	11.354	14.167	12.3711	26 566	105.5
2003 Jan	192.07	1.6169	2.226	1.5222	11.314	11.172	13.964	12.6105	24 708	104.0
Feb	192.12	1.6046	2.189	1.4893	11.091	11.262	13.652	12.5450	26 140	102.4
Mar	187.82	1.5836	2.152	1.4649	10.880	11.506	13.511	12.3503	26 349	100.6
Apr	188.79	1.5747	2.170	1.4505	10.771	11.347	13.279	12.2817	25 232	99.8
May	190.42	1.6230	2.125	1.4030	10.417	11.047	12.840	12.6579	25 371	97.9
Jun	196.49	1.6606	2.193	1.4234	10.569	11.638	12.978	12.9502	25 147	99.6
Jul	192.72	1.6242	2.209	1.4277	10.613	11.828	13.130	12.6671	25 736	99.4
Aug	189.42	1.5950	2.200	1.4286	10.617	11.800	13.186	12.4395	26 511	99.0
Sep	185.29	1.6131	2.219	1.4338	10.649	11.755	12.994	12.5590	26 909	99.2
Oct	183.76	1.6787	2.220	1.4334	10.651	11.807	12.917	12.9962	26 092	99.8
Nov	184.47	1.6901	2.250	1.4426	10.729	11.832	12.973	13.1201	26 572	100.4
Dec	188.70	1.7507	2.214	1.4246	10.602	11.749	12.850	13.5923	25 677	100.3
2004 Jan	193.82	1.8234	2.262	1.4447	10.760	12.425	13.203	14.1598	25 288	102.4
Feb	199.16	1.8673	2.324	1.4774	11.008	12.983	13.566	14.5165	24 645	104.8
Mar	198.22	1.8267	2.332	1.4890	11.092	12.701	13.752	14.2349	25 231	105.0
Apr	194.04	1.8005	2.337	1.5022	11.182	12.458	13.775	14.0381	25 339	105.2
May	200.69	1.7876	2.293	1.4894	11.082	12.222	13.594	13.9374	24 779	104.6
Jun	199.91	1.8275	2.285	1.5050	11.189	12.482	13.767	14.2499	25 142	105.8
Jul	201.66	1.8429	2.294	1.5023	11.170	12.730	13.818	14.3740	24 543	105.9
Aug	200.87	1.8216	2.297	1.4933	11.105	12.437	13.725	14.2077	25 189	105.2
Sep	197.32	1.7922	2.265	1.4676	10.916	12.268	13.337	13.9777	25 382	103.3
Oct	196.54	1.8065	2.229	1.4455	10.751	11.895	13.093	14.0707	..	102.2

1 Average of daily Telegraphic Transfer rates in London.
2 Prior to January 1999, a synthetic Euro has been calculated by geometrically averaging the bilateral exchange rates of the 11 Euro-area countries using "internal weights" based on each country's share of the extra Euro-area trade.
3 International reserves data are all valued at end-period market prices and exchange rates. They additionally include other reserve assets such as repos (sale and purchase agreements) and derivatives. Full details are shown in Table 1.2l of *Financial Statistics*.
4 These figures fall outside the scope of National Statistics.

Source: Bank of England: Enquiries 020 7601 4342

Sterling exchange rates



6.2 Monetary aggregates[1,3]

	M0				M4			
	Amount outstanding[2] (NSA)				Amount outstanding (NSA)			
	£ million	Annual percentage change	Amount outstanding (£ million) +	Velocity of circulation: ratio	£ million	Annual percentage change	Amount outstanding (£ million) +	Velocity of circulation: ratio
Annual								
	AVAD	VQNB	AVAE	AVAM	AUYM	VQLC	AUYN	AUYU
2000	34 566	5.5	32 490	30.34	884 839	8.2	885 794†	1.12
2001	37 319	8.0	35 095†	29.67	942 433	6.7	943 236	1.09
2002	39 540	6.0	37 220	28.86	1 008 684†	7.3	1 009 257	1.08
2003	42 317	7.0	39 908	28.34	1 081 304	7.3†	1 081 619	1.06
Quarterly								
						VQRY		
2000 Q1	29 968	7.7	30 559†	30.46	836 240	5.4	835 083†	1.15
Q2	30 896	7.0	31 218	30.59	856 220	6.9	853 801	1.12
Q3	31 821	8.0	31 878	30.39	866 379	9.0	868 740	1.11
Q4	34 566	5.5	32 490	29.93†	884 839	8.2	885 794	1.10
2001 Q1	32 489	8.4	33 113	29.79	905 800	8.3	905 356	1.10
Q2	32 896	6.5	33 271	29.92	921 571	7.6	918 664	1.09
Q3	33 797	6.2	33 945	29.65	937 071	8.4	939 323	1.08
Q4	37 319	8.0	35 095	29.34	942 433	6.7	943 236	1.08
2002 Q1	35 157	8.2	35 548	28.86	955 196	5.7	955 529	1.08
Q2	36 225	10.1	36 610	28.90	975 699†	6.1	972 297	1.08
Q3	36 511	8.0	36 676	28.93	989 475	5.9	991 645	1.08
Q4	39 540	6.0	37 220	28.74	1 008 684	7.3	1 009 257	1.07
2003 Q1	37 184	5.8	37 897	28.63	1 020 566	7.1	1 021 741	1.06
Q2	38 403	6.0	38 854	28.16	1 048 079	7.9	1 044 023	1.06
Q3	39 348	7.8	39 515	28.27	1 051 306	6.6	1 053 561	1.07
Q4	42 317	7.0	39 908	28.29	1 081 304	7.3†	1 081 619	1.06
2004 Q1	39 812	7.1	40 590	28.28	1 102 147	7.9	1 104 102	1.04
Q2	41 109	7.0	41 343	28.22	1 134 755	8.2	1 129 886	1.04
Q3	41 749	6.1	41 804	..	1 150 590	9.4	1 153 266	..
Monthly								
						VQLC		
2002 Jul	36 052	8.4	36 299†	..	970 928†	5.9	974 424†	..
Aug	36 690	8.3	36 557	..	982 367	6.0	980 793	..
Sep	36 511	8.0	36 676	..	989 475	5.9	988 713	..
Oct	36 751	8.2	37 053	..	994 698	5.8	994 362	..
Nov	37 167	6.6	37 011	..	1 002 662	6.3	999 418	..
Dec	39 540	6.0	37 220	..	1 008 684	7.3	1 005 689	..
2003 Jan	37 230	4.0	37 363	..	994 385	6.7	1 004 483	..
Feb	36 946	6.3	37 716	..	1 004 797	6.8	1 011 899	..
Mar	37 184	5.8	37 897	..	1 020 566	7.1	1 018 626	..
Apr	38 590	9.1	38 584	..	1 029 295	8.1	1 029 561	..
May	38 827	8.9	38 937	..	1 033 296	8.2	1 031 670	..
Jun	38 403	6.0	38 854	..	1 048 079	7.9	1 040 232	..
Jul	38 938	8.0	39 213	..	1 036 761	7.3	1 039 301	..
Aug	39 579	7.9	39 460	..	1 040 391	6.2	1 038 968	..
Sep	39 348	7.8	39 515	..	1 051 306	6.6	1 049 670	..
Oct	39 416	7.3	39 713	..	1 054 939	6.4	1 053 395	..
Nov	40 149	8.0	39 968	..	1 070 671	7.1	1 067 112	..
Dec	42 317	7.0	39 908	..	1 081 304	7.3	1 078 391	..
2004 Jan	40 222	8.0	40 213	..	1 080 674	8.8†	1 091 765	..
Feb	39 448	6.8	40 290	..	1 088 209	8.4	1 096 912	..
Mar	39 812	7.1	40 590	..	1 102 147	7.9	1 101 321	..
Apr	40 799	5.7	40 775	..	1 109 598	7.7	1 107 718	..
May	40 668	4.7	40 996	..	1 122 179	8.3	1 121 030	..
Jun	41 109	7.0	41 343	..	1 134 755	8.2	1 126 322	..
Jul	41 115	5.6	41 402	..	1 135 419	9.4	1 136 965	..
Aug	41 489	4.8	41 485	..	1 145 667	10.0	1 145 286	..
Sep	41 749	6.1	41 804	..	1 150 590	9.4	1 147 777	..

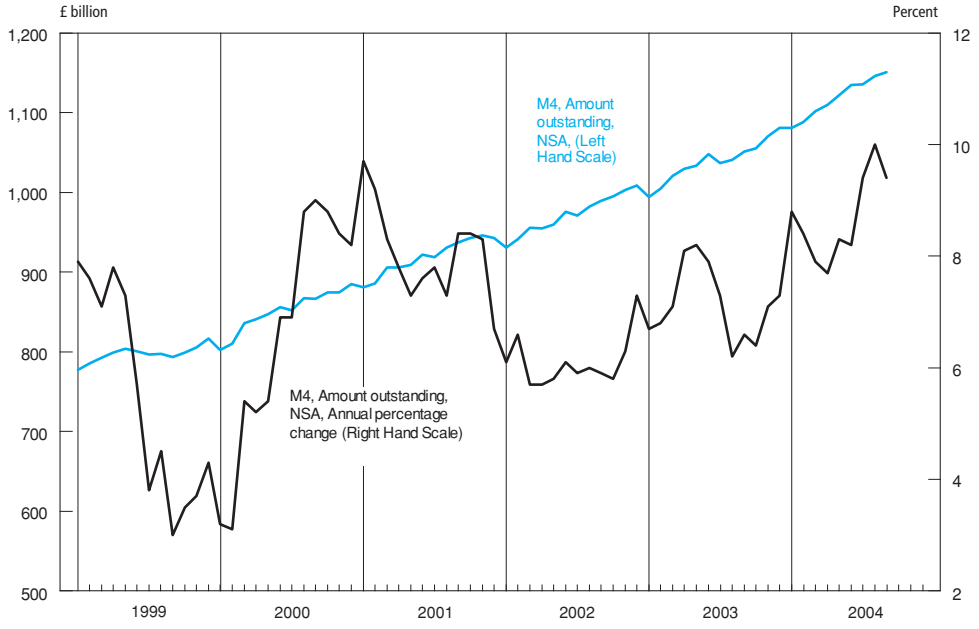
1 A fuller range of monetary aggregates is published monthly in the ONS publication *Financial Statistics*.

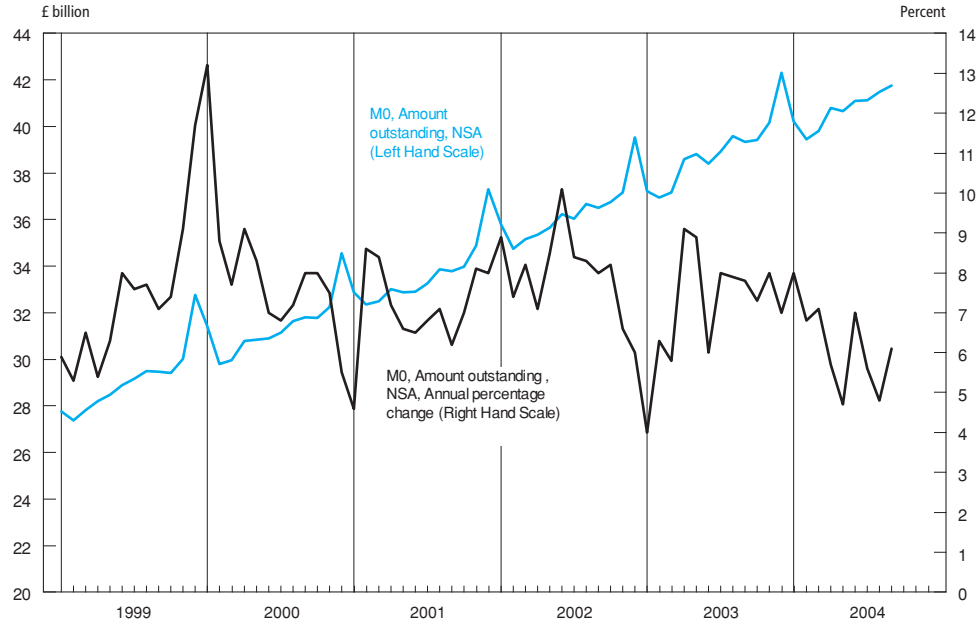
2 The monthly figures for M0 give the average of the amounts outstanding each Wednesday during the calendar month.

3 These figures fall outside the scope of National Statistics .

Source: Bank of England; Enquiries 020 7601 5467

Monetary aggregates





6.3 Counterparts to changes in money stock M4[1,4]

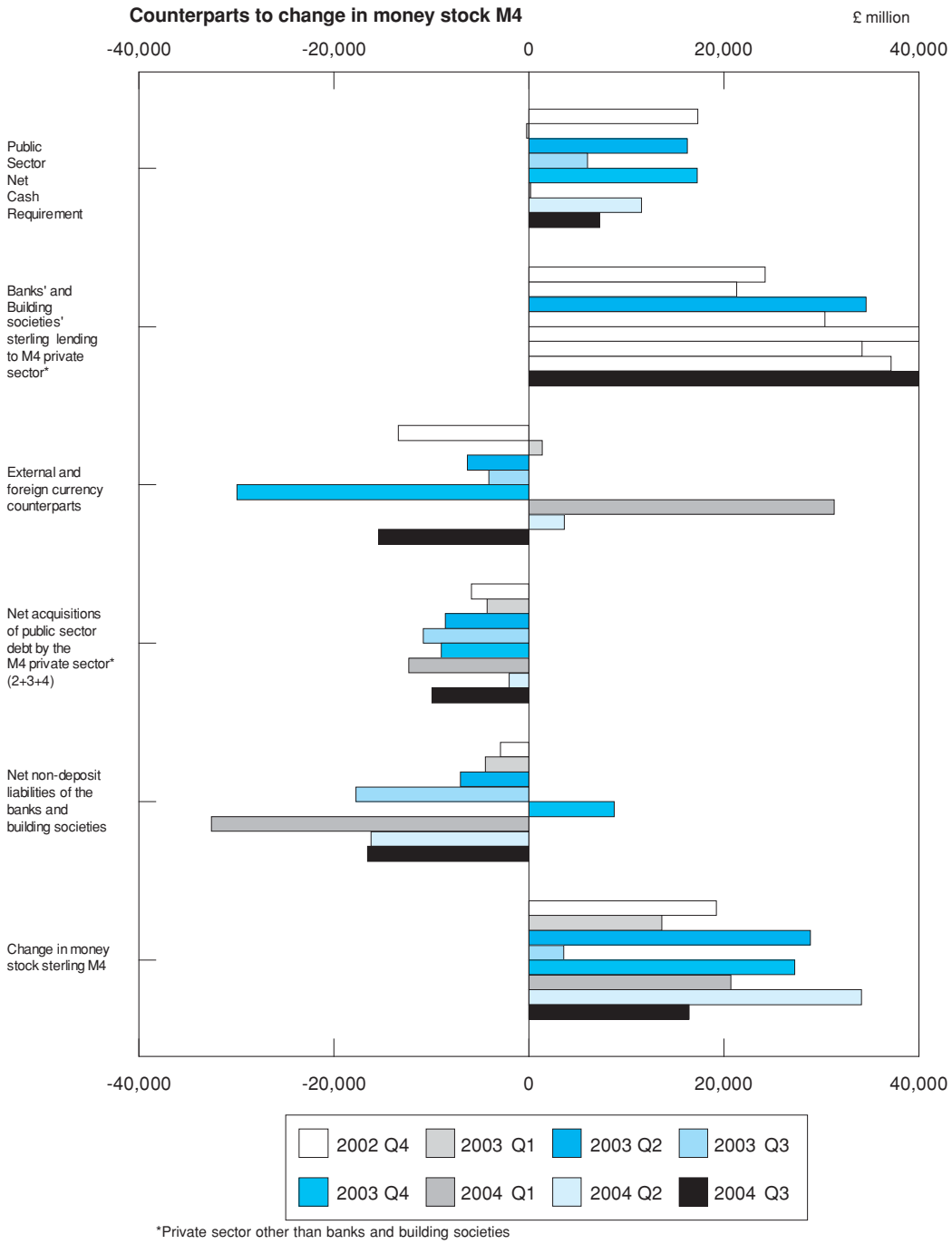
£ million, not seasonally adjusted

	Public Sector Net Cash Requirement+[3]	Purchases by the M4[2] private sector of: Central government debt: British government stocks	Purchases by the M4[2] private sector of: Central government debt: Other	Purchases by the M4[2] private sector of: Other public sector debt	External and foreign currency financing of public sector: Purchase of British government stocks by overseas sector	External and foreign currency financing of public sector: Other	Banks' and Building Societies' sterling lending to the M4 private sector	External and foreign currency transactions of UK banks and building societies	Net non-deposit sterling liabilities of UK banks and building societies	Domestic counterparts	External and foreign currency counterparts	M4
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
Annual												
	RURQ	AVBY	AVBU	AVBV	AVBZ	AQGA	AVBS	AVBW	AVBX	AVBN	VQLP	AUZI
2000	–37 525	11 388	1 773	375	4 040	7 657	111 230	7 073	–30 950	87 480	10 689	67 220
2001	–2 891	10 009	–2 453	191	318	4 195	82 446	–21 637	–10 786	87 414	–17 761	58 868
2002	18 734	–8 383	–637	–581	–897	1 588	107 655†	–24 960†	–25 295	116 710†	–22 474†	68 942†
2003	39 251†	–22 408†	–9 682†	–704	10 378†	–3 063	126 462	–25 604	–20 471†	132 852	–39 043	73 340
Quarterly												
2000 Q1	–12 877	5 013	–1 279	–336	2 141	2 577	36 677	–2 568	–5 927	27 432	–2 133	19 372
Q2	–11 822	–4 104	6 720	147	–1 017	3 301	25 254	278	–1 472	16 198	4 596	19 323
Q3	–16 489	5 653	–190	269	540	1 281	27 255	5 374	–13 189	16 491	6 115	9 417
Q4	3 663	4 826	–3 478	295	2 376	498	22 044	3 989	–10 362	27 359	2 111	19 108
2001 Q1	–12 566	4 488	–1 100	–268	–2 356	3 734	31 075	–7 737	1 271	21 643	–1 647	21 267
Q2	6 325	3 472	–483	233	4 549	1 000	21 194	–7 294	–4 293	30 821	–10 843	15 685
Q3	–6 128	1 046	3 398	95	–2 931	1 288	15 710	7 254	–8 869	14 140	11 472	16 744
Q4	9 478	1 003	–4 268	131	1 056	–1 827	14 467	–13 860	1 105	20 810	–16 743	5 172
2002 Q1	–6 323	–679	3 699	–260	–1 045	2 398	24 732	–7 112	–3 149	21 165	–3 669	14 347
Q2	7 069	–1 330	–2 963	101	–266	–1 001	24 507	1 725†	–8 180	27 428†	991†	20 239†
Q3	678	–2 432	342	–175	–1 960	208	34 214	–8 566	–11 055	32 586	–6 398	15 133
Q4	17 310	–3 942	–1 715	–247	2 374	–17	24 202†	–11 007	–2 911	35 531	–13 398	19 223
2003 Q1	–268	–3 092	–1 088	–110	1 934	430	21 283	2 869	–4 478	16 748	1 366	13 636
Q2	16 246†	–4 087	–4 379	–152	2 855	–2 089	34 559	–1 364	–7 011	42 179	–6 307	28 861
Q3	6 030	–11 652†	1 078	–280	980†	–1 206	30 341	–1 960	–17 745†	25 471	–4 146	3 581
Q4	17 243	–3 577	–5 293†	–162	4 609	–198	40 279	–25 149	8 763	48 454	–29 956	27 262
2004 Q1	177	–10 790	–980	–581	978	1 673	34 150	30 625	–32 576	21 937	31 319	20 679
Q2	11 551	–1 879	157	–304†	2 204	–137	37 152	5 955	–16 205	46 716	3 614	34 125
Q3	7 265	–8 475	–1 495	–10	1 056	–1 446	51 400	–12 938	–16 575	48 437	–15 439	16 422
Monthly												
2002 Jul	–6 804	–3 287	2 772	–63	–460	–267	–1 554	13 249†	–9 461	–8 964	13 442†	–4 982
Aug	2 136	3 647	–845	58	902	548	14 719	–11 247	5 200	19 699	–11 602	13 297†
Sep	5 346	–2 793	–1 585	–170	–2 402	–73	21 049	–10 568	–6 794	21 851	–8 239	6 818
Oct	–1 820	–1 713	1 875	–178	339	–154	14 738	–8 666	1 515	12 873	–9 160	5 228
Nov	7 063	–2 217	–1 010	24	570	731	10 941	–1 257	–5 692	14 757	–1 096	7 969
Dec	12 067	–12	–2 580	–94	1 465	–594	–1 477	–1 083	1 267	7 901	–3 142	6 026
2003 Jan	–11 607	–4 053	1 610	–199	1 138	761	4 743	10 446	–15 024	–9 529	10 070	–14 483
Feb	76	–870	271	189	–1 402	–245	11 024	–12 275	10 831	10 674	–11 118	10 388
Mar	11 263	1 831	–2 969	–99	2 198	–86	5 515	4 697	–285	15 603	2 414	17 731
Apr	263	–5 478	1 603	–217	–1 322	–935	10 969	1 577	–23	7 148	1 964	9 088
May	5 825	4 670	–4 978	122	4 784	–236	10 537	5 167	–10 802	16 158	147	5 503
Jun	10 158†	–3 279	–1 004	–57	–607	–918	13 052†	–8 107	3 814	18 873	–8 418	14 269
Jul	–6 151	–5 674	3 259	–232	–1 339	909	7 476	–606	–11 340	–1 327†	1 642	–11 025
Aug	3 638	–4 139†	–1 653	22	228†	–771	5 309	–9 957	11 451†	3 141	–10 956	3 636
Sep	8 543	–1 839	–528	–71	2 091	–1 344	17 557	8 604	–17 856	23 657	5 168	10 969
Oct	–1 640	–7 308	2 089†	–89	–1 161	2 996	23 106	–21 888	5 455	16 183	–17 732	3 907
Nov	5 811	6 269	–5 387	–61	7 050	–49	9 428	9 366	–3 004	16 009	2 267	15 273
Dec	13 072	–2 537	–1 995	–11	–1 280	–3 144	7 744	–12 627	6 312	16 262	–14 491	8 083
2004 Jan	–14 449	–3 206	3 794	–308	–786	3 019	20 947	7 360	–18 898	6 774	11 165	–960
Feb	–136	–4 064	–535	221	1 267	223	4 702	12 019	–3 567	211	10 974	7 618
Mar	14 762	–3 521	–4 239	–494	497	–1 569	8 501	11 245	–10 110	14 952	9 180	14 022
Apr	–2 283	–5 080	2 978	–142†	–1 908	79	10 353	6 848	–7 165	5 831	8 834	7 500
May	3 195	–2 483	917	–24	1 168	–68	8 513	3 777	345	10 083	2 541	12 970
Jun	10 639	5 683	–3 738	–138	2 944	–148	18 286	–4 670	–9 385	30 802	–7 762	13 655
Jul	–6 888	–4 927	514	244	–924	–117†	14 236	1 856	–5 173	3 178	2 663	669
Aug	3 225	762	1 565	–132	3 240	414	14 844	–4 982	–1 894	20 275	–7 809	10 573
Sep	10 928	–4 310	–3 574	–121	–1 260	–1 743	22 320	–9 811	–9 509	24 984	–10 294	5 180
Oct	–1 351	..	..	..	..	..	..	..	..	..	..	..

For most periods the relationships between the columns are as follows: 11 = 5 + 6 + 8; 12 = 9 + 10 + 11. Due to the inclusion of Public Sector Net Cash Requirement (PSNCR) information on a ESA95 basis, 10 = 1 + 2 + 3 + 4 + 7 from 1994/95 only. Because the latest available PSNCR information is included figures for more recent periods may not add exactly.

1 A wider range of figures is published monthly in *Financial Statistics.*
2 The M4 private sector comprises all UK residents other than the public sector, banks and building societies.
3 Formerly called the Public Sector Borrowing Requirement.
4 Columns 2 -12 do not contain National Statistics data.

Sources: Office for National Statistics; Enquiries Column 1 020 7533 5984; Bank of England; Columns 2-12 020 7601 5467



*Private sector other than banks and building societies

6.4 Public sector receipts and expenditure

£ million, not seasonally adjusted

	Public sector current expenditure							Public sector current receipts								
	Current expenditure on goods and services	Subsidies	Net Social Benefits	Net current grants abroad	Other current grants	Interest paid to private sector and RoW	Total current expenditure	Operating surplus	Taxes on production	Taxes on income and wealth	Taxes on capital	Other Current taxes	Compulsory social contributions	Interest/dividend from private/RoW	Rent and other current transfers	Total current receipts
Annual																
	GZSN	NMRL	ANLY	GZSI	NNAI	ANLO	ANLT	ANBP	NMYE	ANSO	NMGI	NVCM	ANBO	ANBQ	ANBS	ANBT
2001	189 191	5 787	123 865	–2 134	18 749	23 599	359 057	17 135	132 195	147 575	2 396	19 626	62 887	5 390	2 260	388 562
2002	208 582	5 760	127 395	–539	22 793	21 417	385 408	16 857	138 513	142 402	2 381	21 236	63 520	4 409	2 199	390 641
2003	228 993†	7 377	133 469†	–855	26 519†	22 604	418 107†	17 550	145 880†	144 781†	2 419†	23 428	71 198†	4 352	1 798	410 564†
Quarterly																
2001 Q1	45 649	1 305	29 293	–261	4 785	6 313	87 084	4 088	31 498	47 192	569	4 504	17 957	1 700	753	108 046
Q2	46 761	1 511	30 011	–259	4 761	5 991	88 776	4 201	32 820	29 131	612	5 099	14 518	1 283	406	87 841
Q3	47 615	1 543	31 164	–1 294	4 314	5 328	88 670	4 222	33 815	35 513	617	5 068	15 064	1 275	698	96 043
Q4	49 166	1 428	33 397	–320	4 889	5 967	94 527	4 624	34 062	35 739	598	4 955	15 348	1 132	403	96 632
2002 Q1	50 534	1 177	30 325	12	5 520	5 214	92 782	4 279	32 710	44 764	556	5 043	18 231	1 027	654	107 033
Q2	52 154	1 468	31 292	–126	5 622	5 423	95 833	4 130	33 954	28 730	607	5 387	14 624	1 085	442	88 744
Q3	52 672	1 476	31 939	–375	6 253	4 617	96 582	4 231	35 840	35 760	619	5 436	14 972	1 126	672	98 441
Q4	53 222	1 639	33 839	–50	5 398	6 163	100 211	4 217	36 009	33 148	599	5 370	15 693	1 171	431	96 423
2003 Q1	55 550	1 734	31 892	–75	6 021	5 284	100 406	4 260	34 082	45 523	545	5 416	18 239	1 127	598	109 578
Q2	57 659†	1 902	32 490†	–185	7 115†	5 808	104 789†	4 254	36 474†	29 847†	607	5 901	17 111†	1 045	397	95 426†
Q3	56 945	1 928	33 390	–295	6 359	5 343	103 670	4 360	36 531	36 725	632†	6 046	17 666	1 054	403	103 207
Q4	58 839	1 813	35 697	–300	7 024	6 169	109 242	4 676	38 793	32 686	635	6 065	18 182	1 126	400	102 353
2004 Q1	59 404	1 767†	33 575	–137	7 767	5 426†	107 802	4 354†	36 928	46 269	649	6 075	22 120	1 148†	399†	117 732
Q2	60 267	2 172	35 071	–198	6 651	5 663	109 626	4 300	38 499	32 818	726	6 239	17 415	1 202	400	101 390

Sources: Office for National Statistics;
Enquiries 020 7533 5987

6.5 Public sector key fiscal indicators[1]

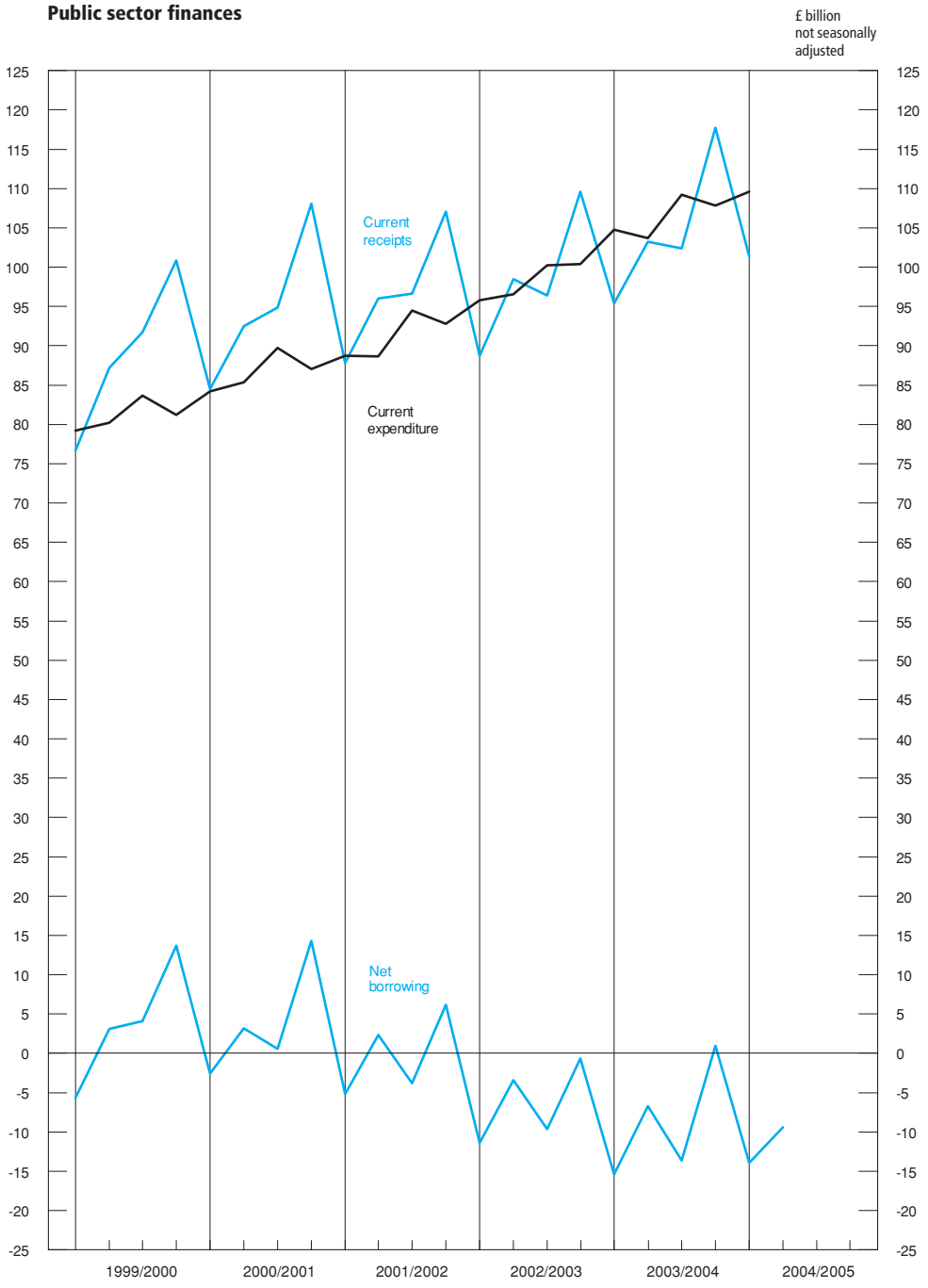
£ million[5], not seasonally adjusted

	Surplus on current budget[2]		Net investment[3]		Net borrowing[4]		Net cash requirement		Public sector net debt	
	General Government	Public Sector	General Government	Public Sector	General Government	Public Sector	General Government	Public Sector	£ billion[6]	% of GDP[7]
Annual										
	ANLW	ANMU	-ANNV	-ANNW	NNBK	ANNX	RUUS	RURQ	RUTN	RUTO
2001	17 699	16 267	9 837	8 634	7 862	7 633	–3 768	–2 891	319.1	31.4
2002	–6 190	–8 640	11 078	9 669	–17 268	–18 309	16 821	18 734	344.6	32.2
2003	–19 580†	–21 852	16 394†	14 591	–35 974	–36 443	37 794	39 251†	375.3	33.1
Quarterly										
2001 Q1	18 287	17 693	3 747	3 403	14 540	14 290	–13 094	–12 566	307.2	31.3
Q2	–3 848	–4 227	1 195	952	–5 043	–5 179	6 246	6 325	314.7	31.6
Q3	4 385	4 052	2 100	1 731	2 285	2 321	–6 322	–6 128	308.5	30.7
Q4	–1 125	–1 251	2 795	2 548	–3 920	–3 799	9 402	9 478	319.1	31.4
2002 Q1	11 449	10 856	4 861	4 660	6 588	6 196	–6 383	–6 323	311.7	30.2
Q2	–9 938	–10 523	1 279	885	–11 217	–11 408	7 126	7 069	318.7	30.5
Q3	–1 164	–1 611	2 430	1 846	–3 594	–3 457	82	678	320.9	30.3
Q4	–6 537	–7 362	2 508	2 278	–9 045	–9 640	15 996	17 310	344.6	32.2
2003 Q1	6 517	5 570	6 193	6 255	324	–685	–1 705	–268	341.9	31.5
Q2	–12 315†	–12 913	3 561†	2 485	–15 876	–15 398	16 402	16 246†	350.4	31.9
Q3	–3 578	–4 032	3 171	2 711	–6 749	–6 743	6 121	6 030	355.7	31.9
Q4	–10 204	–10 477	3 469	3 140	–13 673	–13 617	16 976	17 243	375.3	33.1
2004 Q1	7 055	6 297	5 651	5 379	1 404	918	499†	177	375.7	32.8
Q2	–11 281	–11 688†	2 604	2 245†	–13 711†	–13 933†	11 549	11 551	388.6	33.5
Q3	..	–5 857	..	3 560	–8 797	–9 417	..	7 265	394.8†	33.6

1 National accounts entities as defined under the European System of Accounts 1995 (ESA95).
2 Net saving, plus capital taxes.
3 Gross capital formation, plus payments less receipts, of investment grants less depreciation.
4 Net borrowing = surplus on current budget minus net investment.
5 Unless otherwise stated
6 Net amount outstanding at end of period.
7 Net debt at end of the month, Gross domestic product at market prices for 12 months centred on the end of the month.

Sources: Office for National Statistics;
Enquiries 020 7533 5984

Public sector finances



6.6 Consumer credit and other household sector borrowing

£ million

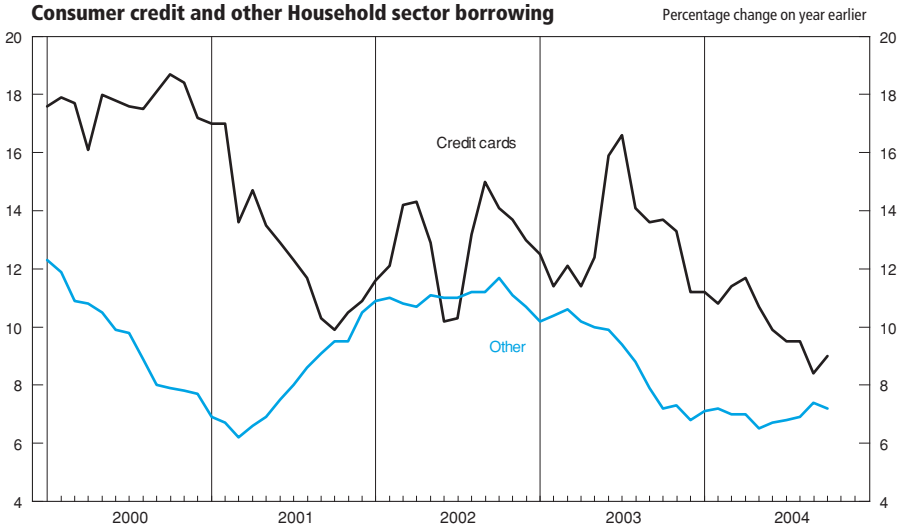
	Consumer credit								
	Total consumer credit[1]	of which: credit cards[1,2]	of which: other[1,2]	Banks[1]	Building Societies Class 3 Loans[1]	Other specialist lenders	Retailers	Insurance companies	Loans secured on dwellings (NSA†)
Amounts outstanding: quarterly									
	VZRI	VZRJ	VZRK	VRVV	VZRG	VZRH	RLBO	VZQZ	AMWT
1999 Q1	105 891	28 432†	77 507	75 725	298	25 846	2 698	1 319	463 305
Q2	109 035	29 674	79 390	77 795	312	26 773	2 692	1 383	472 731
Q3	112 319	30 756	81 602	80 469	329	27 496	2 656	1 400	484 271
Q4	115 478	32 085	83 284	82 695†	297	28 304	2 776	1 462	494 201
2000 Q1	119 262	33 443	85 864	86 055	315	28 832	2 663	1 415	503 561
Q2	122 016†	34 945	87 096†	88 721	315	28 943	2 612	1 310	514 841
Q3	124 344	36 296	88 076	91 035	349	29 145	2 554	1 273	525 844
Q4	127 296	37 604	89 579	94 266	392	29 014	2 504	1 197	535 753
2001 Q1	129 059	37 992	91 125	95 874	412	29 080	2 523	1 229	546 467
Q2	132 965	39 453	93 522	100 291	424	28 351	2 506	1 221	561 434
Q3	136 069	40 009	96 060	103 432	447	28 496	2 522†	1 206	577 456
Q4	140 890	41 717	99 142	107 753	436	29 112	2 482	1 178	591 573
2002 Q1	144 288	43 385	100 940	111 114	463	29 104	2 504	1 183	606 729
Q2	147 256	43 497	103 773	113 157	460	29 690	2 569	1 193	626 121
Q3	153 019	45 945	107 011	118 326	523	30 455	2 563	1 196	653 083
Q4	156 946	47 167	109 816	120 851	610	31 826	2 537	1 182	675 769
2003 Q1	160 463	48 625	111 871	116 930	625	39 316	2 519	1 120	696 146
Q2	164 665	50 402	114 269	119 710	672	40 770	2 215	1 107	718 817
Q3	167 797	52 178	115 508	121 846	736	42 012	2 170	1 085	746 874
Q4	169 614	52 456	117 228	122 686	766	43 054	2 149	1 053	775 155
2004 Q1	173 714	54 154	119 606	127 348	751	42 537	2 072	1 043	799 402
Q2	177 286	55 404	121 909	130 449	777	42 842	2 041	1 024	826 699
Q3	180 588	56 532	123 902	133 605	836	43 165	1 999	1 002	..
Amounts outstanding: monthly									
2002 Jan	142 142†	42 167†	99 975†	108 988†	428	29 232	2 483	1 174	..
Feb	143 570	43 095	100 475	110 153	438	29 198	2 482	1 177	..
Mar	144 258	43 281	100 977	111 241	469	29 037	2 493	1 183	..
Apr	145 758	43 879	101 879	112 547	472†	29 213	2 491	1 188	..
May	147 230	44 190	103 040	113 451	471	29 217	2 546	1 191	..
Jun	147 251	43 318	103 933	113 473	470	29 672	2 562†	1 193	..
Jul	148 683	43 731	104 952	114 620	482	29 732	2 546	1 194	..
Aug	151 162	45 161	106 000	117 053	496	29 701	2 535	1 195	..
Sep	152 781	45 886	106 895	118 080	516	30 408	2 550	1 196	..
Oct	154 440	46 106	108 334	118 607	532	31 684	2 538	1 196	..
Nov	155 391	46 600	108 791	119 430	540	31 795	2 545	1 192	..
Dec	156 583	46 937	109 646	120 803	587	31 938	2 536	1 182	..
2003 Jan	157 627	47 457	110 170	121 080	601	32 033	2 545	1 163	..
Feb	158 909	48 010	110 899	119 626	617	34 501	2 541	1 140	..
Mar	160 200	48 517	111 683	116 650	634	39 261	2 509	1 120	..
Apr	161 174	48 864	112 310	116 917	656	40 034	2 480	1 109	..
May	162 953	49 652	113 302	118 513	659	40 039	2 468	1 106	..
Jun	164 384	50 195	114 188	119 595	688	40 748	2 210	1 107	..
Jul	165 779	51 001	114 778	120 895	700	41 016	2 195	1 104	..
Aug	166 862	51 507	115 355	121 785	715	40 972	2 201	1 096	..
Sep	167 510	52 147	115 363	121 715	723	41 979	2 161	1 085	..
Oct	168 578	52 417	116 161	121 725	729	42 720	2 157	1 072	..
Nov	169 513	52 789	116 724	122 489	731	43 344	2 155	1 061	..
Dec	169 319	52 171	117 148	122 576	736	43 139	2 146	1 053	..
2004 Jan	170 750	52 775	117 975	125 211	748	41 500	2 093	1 048	..
Feb	172 092	53 182	118 910	126 542	754	41 419	2 042	1 045	..
Mar	173 504	54 048	119 455	127 175	760	42 516	2 063	1 043	..
Apr	174 712	54 596	120 116	128 558	767	42 222	2 058	1 039	..
May	175 661	54 943	120 718	129 064	785	42 549	2 040	1 032	..
Jun	177 027	55 171	121 856	130 405	793	42 811	2 037	1 024	..
Jul	178 418	55 837	122 581	131 855	805	42 661	2 024	1 016	..
Aug	179 717	56 393	123 324	132 478	811	43 266	1 996	1 009	..
Sep	180 457	56 521	123 936	133 754	820	43 151	1 991	1 002	..
Oct	181 632	57 126	124 506	134 831	828	43 058	1 986	995	..

1 These figures fall outside the scope of National Statistics.
2 From January 1999 onwards, a more accurate breakdown between credit card and 'other lending' is available.

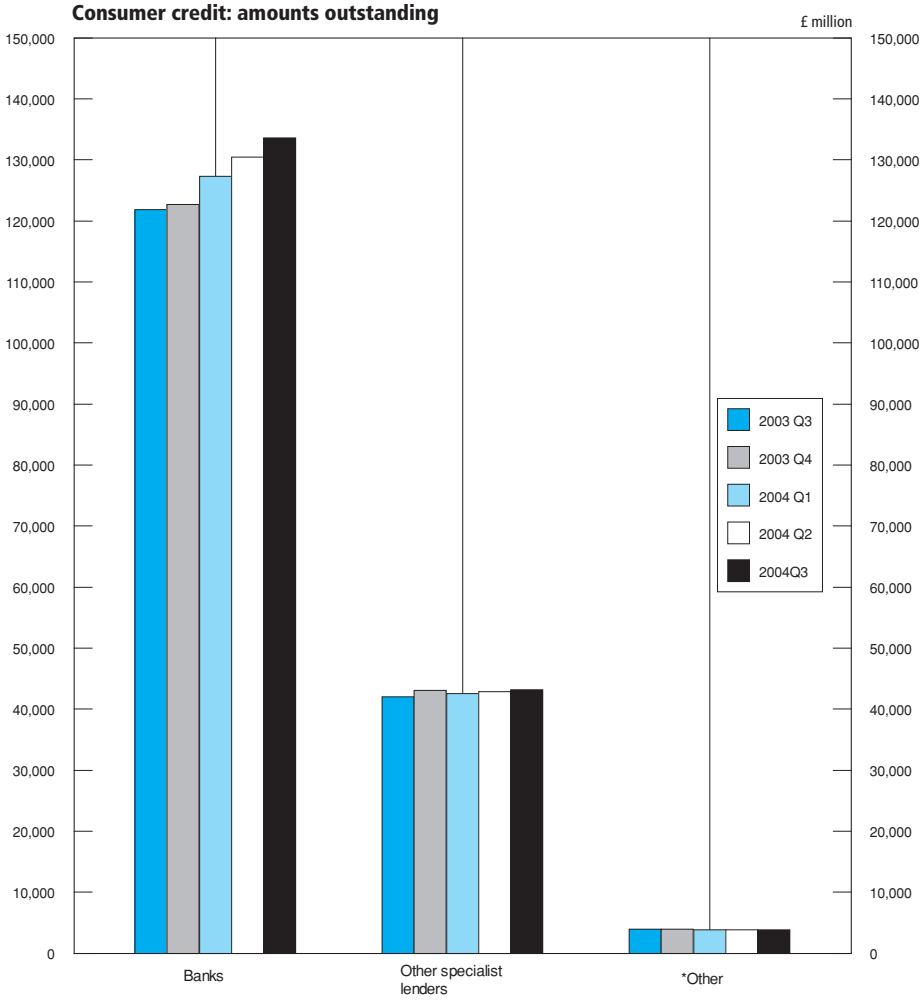
Credit card lending by other specialist lenders can now be separately identified and is included for the first time within the credit card component. Hence, data from January 1999 onwards are not directly comparable with earlier periods.

Sources: Bank of England; Enquiries Columns 1-5, 9 020 7601 5468; Office for National Statistics; Enquiries Columns 6-8 020 7 533 6046

Consumer credit and other Household sector borrowing



Consumer credit: amounts outstanding



*Other is the sum of Retailers, Insurance companies and Building society class 3 loans

6.7 Analysis of bank lending to UK residents[1,3]

Amounts outstanding

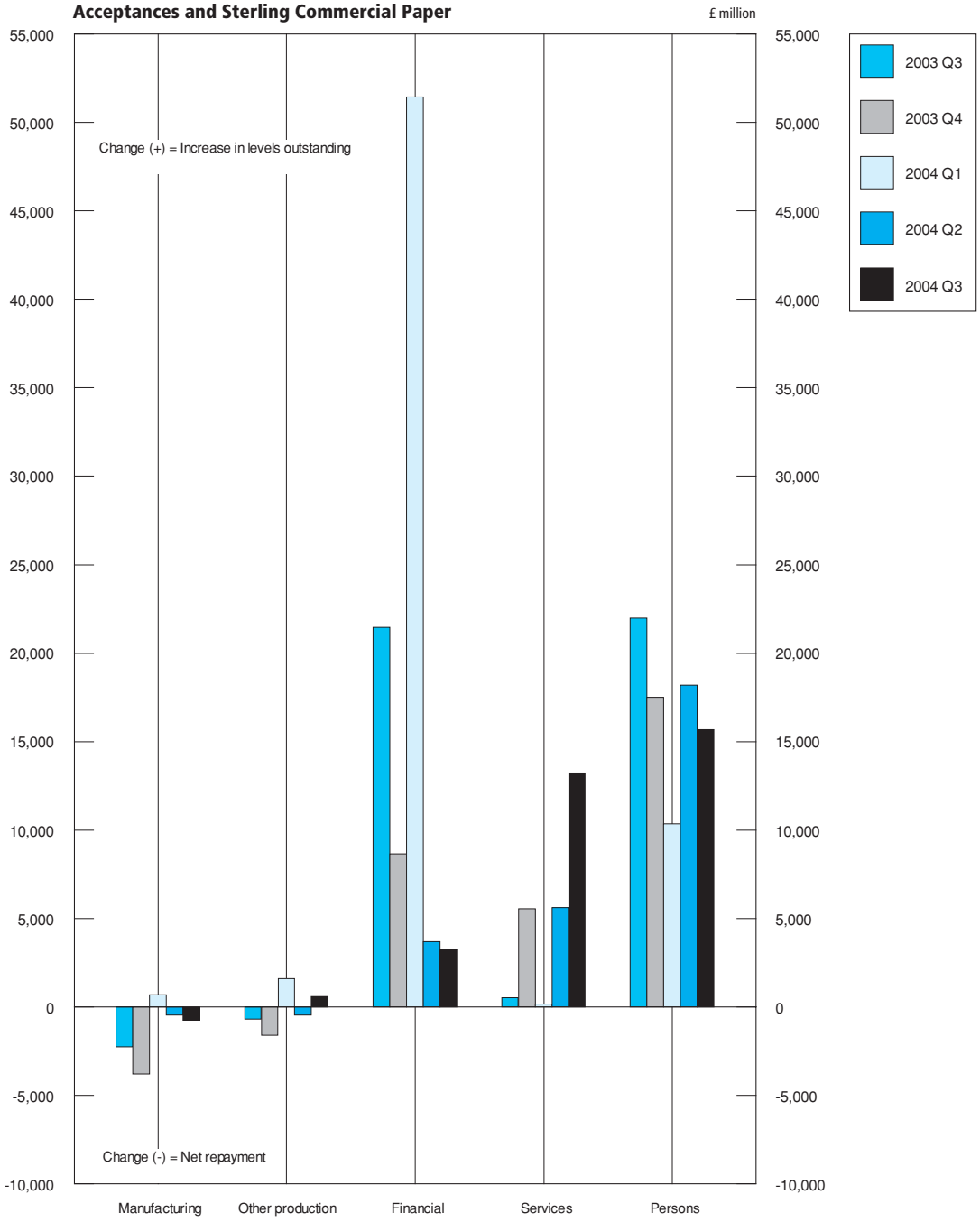
£ million, not seasonally adjusted

	Manufacturing[2]	Other production	Financial	Services	Persons	Total loans, advances and acceptances
Total Loans, Advances, Acceptances and Sterling Commercial paper						
	TBSF	BCEX	BCFH	BCFR	TBTW	TBSA
2003 Q3	47 320	34 662	382 383	247 501	606 819	1 318 686
Q4	43 054	32 944	400 174	251 746	620 815	1 348 734
2004 Q1	43 260†	34 468†	442 522†	251 272†	631 534	1 403 058
Q2	42 835†	33 910†	447 111†	256 538†	647 662	1 428 055
Q3	41 755	34 099	455 886	268 730	661 832	1 462 302
Of which in sterling						
	TBUF	BCEY	BCFI	BCFS	TBVW	TBUA
2003 Q3	30 839	31 411	192 626	226 445	606 197	1 087 518
Q4	29 850	30 196	197 253	233 122	620 255	1 110 676
2004 Q1	30 457	32 206†	205 289	234 922†	630 968	1 133 842
Q2	30 689†	31 127†	212 583	240 303†	647 017	1 161 719
Q3	29 493	31 347	228 534	250 671	661 085	1 201 130
Changes in total lending (sterling)						
	TBWF	BCEZ	BCFJ	BCFT	TBXW	TBWA
2003 Q3	–1 589	–444	10 762	330	21 899	30 958
Q4	–989	–1 215	3 991	7 316	17 532	26 635
2004 Q1	607	2 009†	8 956†	1 831†	10 337†	23 741†
Q2	260	–964†	7 718†	5 838†	18 119†	30 972†
Q3	–705	646	13 785	11 578	15 581	40 886
Changes in total lending (foreign currencies)						
	TBYF	BCFA	BCFK	BCFU	TBZW	TBYA
2003 Q3	–649	–253	10 714	193	86	10 091
Q4	–2 808	–381	4 685	–1 763	–36	–304
2004 Q1	98	–391	42 495	–1 669	31	40 565
Q2	–713	508	–4 029	–216	75	–4 375
Q3	–44	–61	–10 553	1 661	96	–8 900
Facilities granted						
	TCAF	BCFB	BCFL	BCFV	TCBW	TCAA
2003 Q3	91 556	65 423	430 560	345 907	681 360	1 614 805
Q4	84 989	63 718	448 861	350 411	700 354	1 648 333
2004 Q1	86 630	65 661†	495 903	356 273†	715 332	1 719 799
Q2	81 885†	63 314†	503 339	359 100†	736 146	1 743 784
Q3	80 667	65 681	516 341	374 727	749 648	1 787 064
Of which in sterling						
	TCCF	BCFC	BCFM	BCFW	TCDW	TCCA
2003 Q3	54 779	50 738	225 865	303 029	680 456	1 314 867
Q4	52 608	50 156	232 427	311 497	699 570	1 346 258
2004 Q1	54 509	52 601†	241 841	318 441†	714 560	1 381 952
Q2	53 082†	49 936†	250 042	321 015†	735 297	1 409 373†
Q3	51 189	52 029	268 459	334 814	748 740	1 455 232
Changes in sterling (facilities granted)						
	TCEF	BCFD	BCFN	BCFX	TCFW	TCEA
2003 Q3	75	59	11 785	2 161	23 545	37 625
Q4	–2 170	–581	5 926	9 107	22 588	34 869
2004 Q1	1 910	2 442	10 363†	6 971†	14 614†	36 300†
Q2	–1 398	–2 592†	8 625†	3 072†	22 808†	30 515†
Q3	–1 403	2 520	16 252	15 008	14 955	47 334
Changes in foreign currencies (facilities granted)						
	TCGF	BCFE	BCFO	BCFY	TCHW	TCGA
2003 Q3	–1 891	–636	10 639	1 820	128	10 061
Q4	–2 837	–341	4 003	–2 090	–85	–1 350
2004 Q1	868	–158	47 412	105	22	48 250
Q2	–3 525	230	–2 210	–9	70	–5 443
Q3	402	183	–8 938	1 518	51	–6 786

1 Comprises loans advances (including under reverse repos), finance leasing, acceptances, facilities and holdings of sterling commercial paper issued by UK residents, provided by reporting banks to their UK resident non-bank and non-building society customers. This analysis is based on Standard Industrial Classification of 1992 and excludes lending to residents in the Channel Islands and the Isle of Man which are classified as non-residents for statistical purposes from end-September 1997. Holdings of investments and bills and adjustments for transit items are no longer included. For a more detailed breakdown of these data, see *Financial Statistics* Table 4.5B.
2 Includes lending under DTI special scheme for domestic shipbuilding.
3 These figures fall outside the scope of National Statistics.

Source: Bank of England; Enquiries 020 7601 5360

Analysis of bank lending to UK residents: Total Loans, Advances, Acceptances and Sterling Commercial Paper



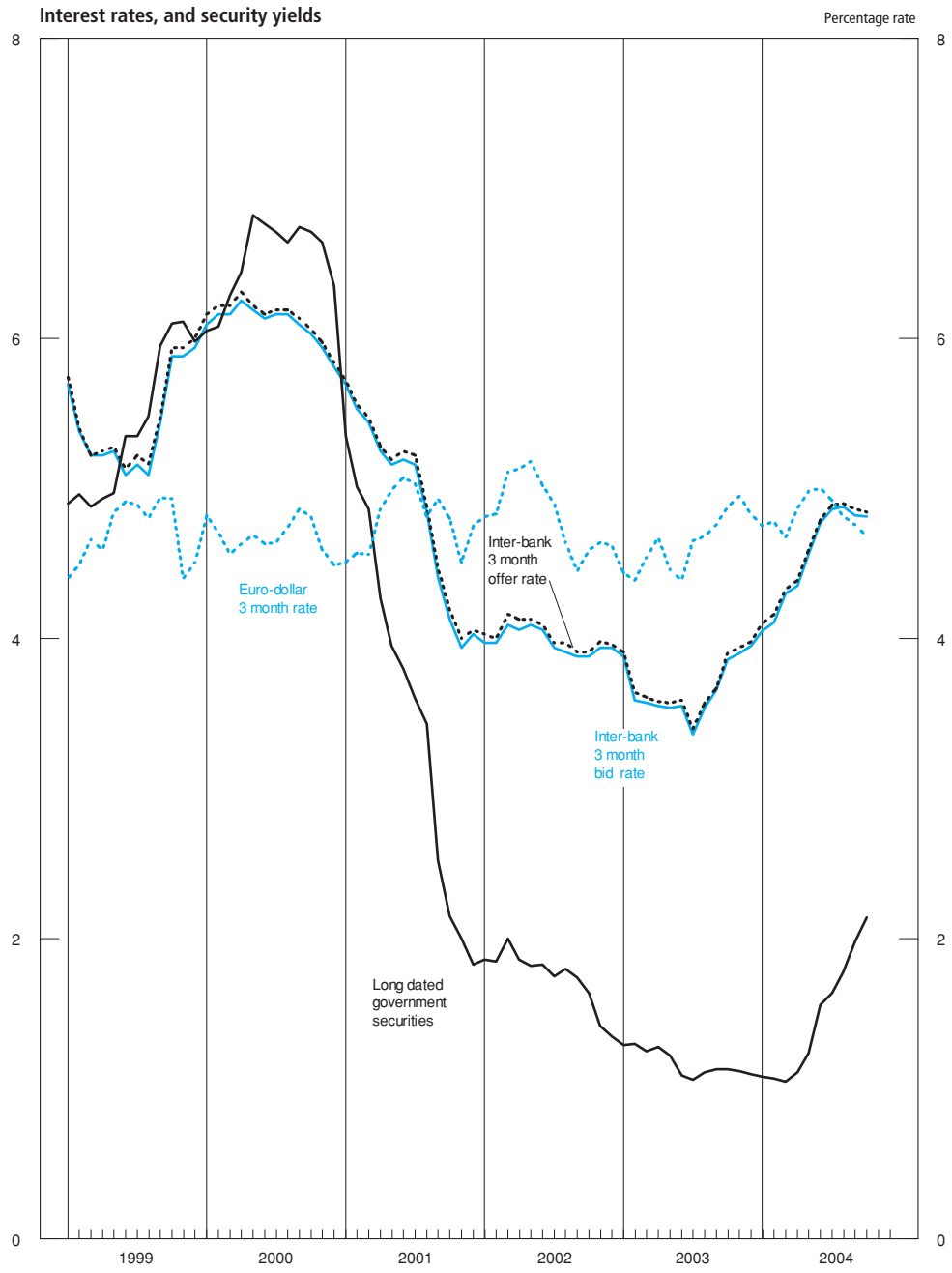
6.8 Interest rates, security prices and yields[5]

Percentage rate

	Last Friday							Last working day	Average of working days
	Treasury bill yield[1]	Deposits with local authorities - 3 months[2]	Inter-bank 3 months bid rate[3]	Inter-bank 3 months offer rate[3]	Sterling certificates of deposit 3 months bid rate	Sterling certificates of deposit 3 months offer rate	Selected retail banks: base rate	Euro-dollar 3 month rate	British government securities: long dated[4] - 20 years
Annual									
	AJRP	AJOI	HSAJ	HSAK	HSAL	HSAM	ZCMG	AJIB	AJLX
2001	3.87	4.00	4.03	4.06	3.98	4.02	..	1.83	4.78
2002	3.92	..	3.94	3.96	3.90	3.94	..	1.35	4.83
2003	3.90	..	3.95	3.98	3.95	3.98	..	1.10	4.64
Monthly									
2001 Jan	5.57	5.63	5.69	5.72	5.66	5.72	6.00	5.35	4.51
Feb	5.46	5.53	5.53	5.56	5.50	5.53	5.75	5.01	4.57
Mar	5.29	5.38	5.44	5.47	5.40	5.43	5.75	4.86	4.56
Apr	5.11	5.13	5.25	5.28	5.23	5.25	5.50	4.27	4.86
May	5.02	5.13	5.16	5.19	5.16	5.17	5.25	3.95	4.99
Jun	5.10	5.06	5.19	5.25	5.18	5.18	5.25	3.80	5.07
Jul	5.04	5.13	5.16	5.22	5.16	5.17	5.25	3.60	5.03
Aug	4.71	4.75	4.84	4.88	4.83	4.84	5.00	3.43	4.81
Sep	4.33	4.38	4.41	4.47	4.41	4.51	4.75	2.52	4.93
Oct	4.16	4.06	4.13	4.19	4.10	4.13	4.50	2.15	4.80
Nov	3.81	3.94	3.94	4.00	3.92	3.96	4.00	2.00	4.51
Dec	3.87	4.00	4.03	4.06	3.98	4.02	4.00	1.83	4.75
2002 Jan	3.90	3.94	3.97	4.03	3.97	3.99	4.00	1.86	4.81
Feb	3.91	3.88	3.97	4.00	3.91	3.95	4.00	1.85	4.83
Mar	4.04	4.09	4.09	4.16	4.09	4.11	4.00	2.00	5.11
Apr	3.98	4.00	4.06	4.13	4.05	4.06	4.00	1.86	5.13
May	4.04	4.03	4.09	4.13	4.09	4.11	4.00	1.82	5.18
Jun	3.97	4.03	4.06	4.09	4.05	4.07	4.00	1.83	5.02
Jul	3.75	..	3.94	3.97	3.92	3.94	4.00	1.75	4.90
Aug	3.86	..	3.91	3.97	3.91	3.93	4.00	1.80	4.64
Sep	3.81	..	3.88	3.91	3.85	3.86	4.00	1.74	4.45
Oct	3.73	..	3.88	3.91	3.85	3.87	4.00	1.64	4.59
Nov	3.86	..	3.94	3.98	3.94	3.95	4.00	1.42	4.64
Dec	3.92	..	3.94	3.96	3.90	3.94	4.00	1.35	4.62
2003 Jan	3.79	..	3.88	3.91	3.88	3.89	4.00	1.29	4.44
Feb	3.49	..	3.59	3.64	3.60	3.62	3.75	1.30	4.39
Mar	3.51	..	3.57	3.61	3.57	3.59	3.75	1.25	4.54
Apr	3.47	..	3.55	3.58	3.54	3.56	3.75	1.28	4.67
May	3.44	..	3.54	3.57	3.55	3.55	3.75	1.22	4.46
Jun	3.50	..	3.55	3.59	3.55	3.56	3.75	1.09	4.39
Jul	3.32	..	3.36	3.40	3.36	3.38	3.50	1.06	4.65
Aug	3.53	..	3.54	3.57	3.54	3.56	3.50	1.11	4.68
Sep	3.59	..	3.66	3.67	3.63	3.65	3.50	1.13	4.76
Oct	3.81	..	3.86	3.90	3.85	3.87	3.50	1.13	4.88
Nov	3.86	..	3.90	3.94	3.90	3.92	3.75	1.12	4.95
Dec	3.90	..	3.95	3.98	3.95	3.98	3.75	1.10	4.83
2004 Jan	4.00	..	4.05	4.10	4.06	4.08	3.75	1.08	4.75
Feb	4.11	..	4.11	4.16	4.12	4.14	4.00	1.07	4.78
Mar	4.24	..	4.30	4.33	4.30	4.32	4.00	1.05	4.67
Apr	4.31	..	4.35	4.39	4.35	4.37	4.00	1.11	4.87
May	4.54	..	4.56	4.59	4.55	4.59	4.25	1.24	4.98
Jun	4.65	..	4.77	4.79	4.74	4.78	4.50	1.56	5.00
Jul	4.80	..	4.86	4.89	4.87	4.88	4.50	1.64	4.92
Aug	4.77	..	4.88	4.90	4.88	4.90	4.75	1.78	4.81
Sep	4.73†	..	4.82	4.86	4.83	4.85	4.75	1.98	4.76
Oct	4.73	..	4.81	4.84	4.82	4.84	4.75	2.14	4.68

1 Average discount rate expressed as the rate at which interest is earned during the life of the bills.
2 For a minimum term of 3 months and thereafter at 7 days' notice.
3 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.
4 Averages of Wednesdays until February 1980; from March 1980 figures are the average of all observations (3 a week); from January 1982 average of working days. Calculated gross redemption yields - see *Financial Statistics Explanatory Handbook*.
5 These figures fall outside the scope of National Statistics.

Sources: Bank of England; Enquiries 020 7601 4342.


Interest rates, and security yields
Percentage rate
8
6
4
2
0
1999
2000
2001
2002
2003
2004
Euro-dollar
3 month rate
Inter-bank
3 month
offer rate
Inter-bank
3 month
bid rate
Long dated
government
securities

6.9 A selection of asset prices

Not seasonally adjusted

	Producer price indices (2000 = 100)		Housing:ODPM all lenders mix adjusted house price index (2002 = 100)			
	Plant and machinery bought as fixed assets by Motor vehicle industry	Manufactured output Motor vehicle industry	New dwellings[1]	Secondhand dwellings[1]	All dwellings[1]	Average price of agricultural land in England (1995 = 100)[2]
Annual						
	PVJL	PQIR	WMPN	WMPP	WMPQ	BAJI
2000	100.0	100.0	84.6	88.0	87.7	..
2001	102.0	95.4	90.3	95.7	95.1	..
2002	100.2	95.2	108.7	111.6	111.2	..
2003	99.5	94.6	126.4	129.0	128.7	..
Quarterly						
2000 Q1	99.0	102.0	81.3	83.9	83.6	142
Q2	99.4	101.8	86.0	88.5	88.2	143
Q3	100.1	99.9	89.0	89.9	89.9	159
Q4	101.4	96.3	92.9	92.3	92.5	146
2001 Q1	102.9	95.4	90.8	92.1	92.1	155[3]
Q2	103.1	95.5	90.8	96.0	95.4	148[3]
Q3	101.2	95.4	94.1	99.4	98.8	161[3]
Q4	101.1	95.4	95.4	96.9	96.8	154[3]
2002 Q1	101.0	95.6	100.0	100.0	100.0	129[3]
Q2	100.5	95.5	106.5	108.4	108.2	139[3]
Q3	100.0	94.9	111.0	116.1	115.5	152[3]
Q4	99.2	94.9	117.1	121.8	121.3	150[3]
2003 Q1	99.1	94.6	119.3	124.0	123.4	131[3]
Q2	99.7	94.1	127.2	127.3	127.2	148[3]
Q3	99.9	94.5	127.9	131.1	130.7	170[3]
Q4	99.5	95.1	131.8	133.7	133.4	127[3]
2004 Q1	99.2	95.5	130.8	135.2	134.6	..
Q2	99.7	96.2	137.8	143.1	142.5	..
Q3	99.3p†	96.3p	143.2	149.6	148.9	..
Monthly						
2003 Feb	99.0	94.6	118.0	122.7	122.1	..
Mar	99.7	94.6	120.7	125.2	124.7	..
Apr	99.9	94.2	127.5	127.8	127.7	..
May	99.9	93.9	127.1	126.8	126.8	..
Jun	99.4	94.2	127.1	127.2	127.1	..
Jul	99.7	94.2	126.6	129.7	129.3	..
Aug	100.0	94.5	129.6	131.9	131.6	..
Sep	100.0	94.7	127.6	131.7	131.2	..
Oct	99.6	95.1	132.6	133.7	133.5	..
Nov	99.6	95.1	128.8	132.4	132.0	..
Dec	99.3	95.1	132.0	135.0	134.6	..
2004 Jan	99.2	95.0	131.5	136.0	135.4	..
Feb	98.6	95.4	129.4	134.7	134.1	..
Mar	99.7	96.2	131.6	134.8	134.4	..
Apr	99.6	96.3	135.9	141.1	140.5	..
May	99.9	96.3	136.7	142.9	142.2	..
Jun	99.7	95.9	140.9	145.3	144.7	..
Jul	99.2p†	96.2	142.5	148.5	147.8	..
Aug	99.3p	96.3	142.3	150.4	149.5	..
Sep	99.3p	96.3p	144.8	149.9	149.3	..
Oct	99.4p	96.5p	..	..	..	..

1 Series based on mortgage lending by all financial institutions rather than building societies only, as previously published. This change has been made necessary because of the mergers, takeovers and conversions to plc status affecting the building society sector. The series is based on the Office of the Deputy Prime Ministers' 5% survey of mortgage lenders (at completion stage), but now includes all mortgage lenders rather than building societies only. From February 2002, monthly data has been obtained from the enlarged survey and quarterly data from 2002q2 are based on monthly indices.

2 Please note that because of some changes in coverage, the revised series from Q1 1993 is not directly comparable with the old series. From Q1 1993 prices of all sales of of agricultural land exclude some transfers in order to come closer to estimates of market determined prices. However the new series does not represent exactly competitive open market values. Sales are now analysed and recorded on the basis of when the transactions actually took place. Further information is available on the DEFRA Website (www.statistics.defra.gov.uk/esg/default.htm) accessible through the Internet. Data prior to 1993 remains on the previous basis.

3 Provisional estimates.

Sources: Office for National Statistics, Enquiries Columns 1-2 01633 812106; Office of the Deputy Prime Minister, Enquiries Columns 3-5 020 7944 3325; Department of Environment, Food and Rural Affairs; Enquiries Column 6 01904 455326

Measures of variability of selected economic series[1]

	Table	Period covered	Average percentage changes $\overline{CI}$	$\overline{I}$	$\overline{C}$	$\overline{I}/\overline{C}$	MCD or QCD	$\overline{I}/\overline{C}$ for MCD (or QCD) span
Quarterly series								
National income and components: chained volume measures, reference year 2001								
Gross Value Added (GVA) at Basic Prices	2.1	Q1 1985 to Q2 2004	*0.7*	*0.2*	*0.7*	0.3	1	0.3
Households' Final Consumption Expenditure	2.5	Q1 1985 to Q2 2004	*0.9*	*0.3*	*0.9*	0.3	1	0.3
Gross fixed capital formation	2.2, 2.7	Q1 1985 to Q2 2004	*2.1*	*1.2*	*1.5*	0.8	1	0.8
Exports: goods and services	2.2	Q1 1985 to Q2 2004	*2.0*	*1.2*	*1.4*	0.8	1	0.8
Imports: goods and services	2.2	Q1 1985 to Q2 2004	*2.1*	*1.0*	*1.7*	0.6	1	0.6
Real Households' disposable income	2.5	Q1 1985 to Q2 2004	*1.2*	*0.9*	*0.9*	1.1	2	0.2
current prices								
Gross operating surplus of private non-financial corporations	2.11	Q1 1985 to Q2 2004	*3.2*	*2.2*	*2.1*	1.1	2	0.4
Other quarterly series								
Households' saving ratio[3]	2.5	Q1 1985 to Q2 2004	*0.9*	*0.8*	*0.4*	1.9	2	0.7
Monthly series								
Retail sales (volume per week)								
Predominantly food stores	5.8	Jan 1986 to Jun 2004	*0.6*	*0.6*	*0.2*	2.3	3	0.8
Predominantly non-food stores	5.8	Jan 1986 to Jun 2004	*1.1*	*1.0*	*0.4*	2.4	3	0.7
Non-store and repair	5.8	Jan 1986 to Jun 2004	*1.8*	*1.7*	*0.5*	3.3	4	0.8
Index of industrial production								
Production industries	5.1	Jan 1985 to Jun 2004	*0.7*	*0.7*	*0.2*	3.1	4	0.9
Manufacturing industries	5.1	Jan 1985 to Jun 2004	*0.7*	*0.6*	*0.3*	2.4	3	0.8
Average earnings: whole economy	4.6	Jan 1990 to Jun 2004	*0.5*	*0.3*	*0.4*	0.8	1	0.8
Exports: value, f.o.b.[4]	2.13	Jan 1985 to Jun 2004	*2.9*	*2.7*	*0.8*	3.5	4	0.9
Imports: value, f.o.b.[4]	2.13	Jan 1985 to Jun 2004	*2.3*	*2.1*	*0.8*	2.8	3	0.8
Money stock - M0[5]	6.2	Jan 1985 to Jun 2004	*0.6*	*0.3*	*0.5*	0.6	1	0.6
Money stock - M4[5]	6.2	Jan 1985 to Jun 2004	*0.8*	*0.3*	*0.8*	0.4	1	0.4

1 For a fuller description of these measures see article 'Measuring variability in economic time series' in *Economic Trends*, No 226, August 1972.
The following are brief definitions of the measures.
CI is the average month to month (quarter to quarter for quarterly series) percentage change without regard to sign in the seasonally adjusted series.
$\overline{C}$ is the same for the trend component.
$\overline{I}$ is the same for the irregular component, obtained by dividing the trend component into the seasonally adjusted series, except for those series which are seasonally adjusted using an additive model, see footnotes 3 and 5.
$\overline{I}/\overline{C}$ is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.
The average changes $\overline{I}$ and $\overline{C}$ can also be computed successively over spans of increasing numbers of months (quarters). MCD (QCD), months (quarters) for cyclical dominance, is the shortest span of months (quarters) for which $\overline{I}/\overline{C}$ is less than 1 and therefore represents the minimum period over which changes in the trend, on average, exceed the irregular movement.
MCD cannot exceed 6 even if $\overline{I}/\overline{C}$ exceeds 1 for 6-month periods.

2 Series relate to Great Britain.
3 The figures in the tables were obtained from an additive analysis of the households' saving ratio so $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are differences in percentage points.
4 The figures have been updated as described in an article in *Economic Trends*, No 320, June 1980.
5 As the irregular component for M0 and M4 is obtained by subtraction of the trend rather than by division, the figures for $\overline{CI}$, $\overline{I}$ and $\overline{C}$ are expressed as percentages of the trend level in the preceding month.

Source: Office for National Statistics: Enquiries 020 7533 6243

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Abbreviations

DEFRA – Department for Environment, Food and Rural Affairs.

ODPM – Office of the Deputy Prime Minister.

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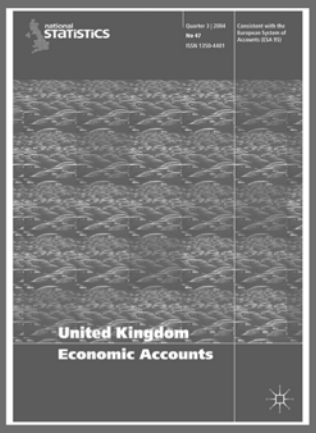

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