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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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No. 621, August 2005

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# in brief

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

## GDP growth

GDP rose by 0.4 per cent in the second quarter of 2005.

Total output from the production industries fell by 0.4 per cent. Manufacturing fell by 0.7 per cent; this was partly offset by a rise of 1.4 per cent in mining and quarrying (including oil and gas extraction) and a rise of 1.1 per cent in electricity, gas and water supply.

Services rose by 0.6 per cent, compared with 0.7 per cent in the first quarter of 2005.

Distribution, hotels and restaurants rose by 0.5 per cent, with increases in retail, hotels and restaurants and wholesale.

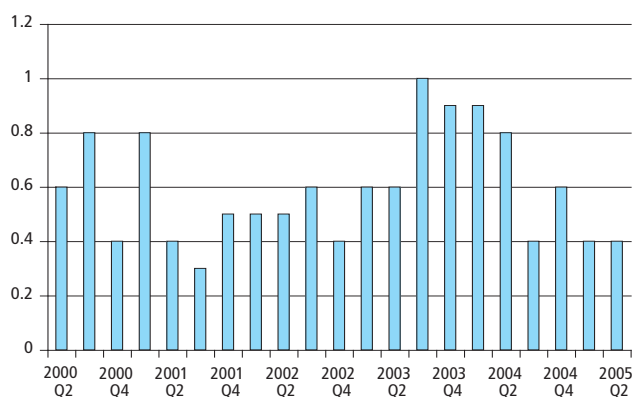
Transport and communication was flat in the second quarter of 2005. Increased output from water and air transport were offset by a fall in land transport.

Business services and finance rose by 0.8 per cent reflecting increased output from business services.

Government and other services rose by 0.7 per cent in the second quarter of 2005. There were contributions to growth

### GDP

One quarter and four quarter growth



from the predominantly government categories (public administration, education and health) and the personal services categories (which include recreation).

Construction rose by 0.4 per cent in the second quarter.

Released: 22 July 2005

## Retail Sales

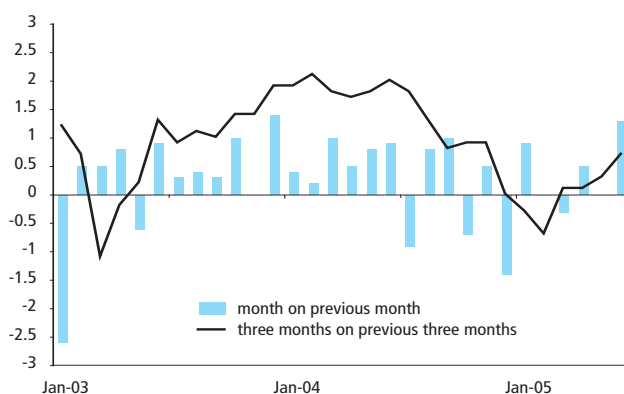
In June the underlying rate of growth in retail sales volumes was the highest so far this year. However, annual growth remained the lowest for more than six years.

The volume of retail sales in the three months April to June 2005 was 0.7 per cent higher than in the previous three months, the highest such growth since November 2004. This follows growth of 0.3 per cent in the three months to May and compares with growth of 2.0 per cent at the same time in 2004.

Three-monthly growth in sales volume for food stores was 0.2 per cent compared with 0.8 per cent for non-food stores. The non-store sector showed the highest three-monthly growth at 4.5 per cent, its highest since July 2004. Growth for clothing stores was 2.4 per cent, the same as it was in May. Sales by household goods stores were flat over the period and sales by non-specialised stores showed a decrease of 2.3 per cent, the largest fall since January 1991.

Compared with the same period a year ago, sales in the three months to June 2005 were up 1.6 per cent, the lowest annual growth since February 1999. At sector level the strongest three-monthly annual growth rates were for food stores at 2.5 per cent, clothing stores at 3.5 per cent and non-store retailing at 8.2 per cent. Annual growth for household goods stores

### Growth (per cent)



was the lowest since January 1993, with a decrease of 0.1 per cent.

Analysis of monthly figures shows that the total sales volume grew by 1.3 per cent between May and June, the highest single month growth since December 2003. This follows zero growth last month and 0.5 per cent in April. According to retailers the growth in June was driven by some department stores moving summer sales from July to June, a pick-up in sales of summer fashions and strong sales of sportswear. The total volume of sales in June was 1.6 per cent higher than in June 2004.

For the three months to June the unadjusted value of retail sales was 0.4 per cent higher than in the same period a year earlier, the lowest growth since comparable records began. Average weekly sales in June were £4.7 billion, 1.4 per cent higher than

a year ago. The largest falls in sales values over the year were for household goods stores and department stores, with decreases of 4.0 per cent and 1.7 per cent respectively. Sales values for food stores increased by 3.8 per cent over the year.

Released: 21 July 2005

## Index of Production

### Index of manufacturing

2002=100



Manufacturing output decreased by 1.9 per cent in the three months to May compared with the three months to February. All thirteen subsectors within manufacturing showed decreases in output.

Within the widespread decreases, the most significant falls were in the paper, printing and publishing subsector where output decreased by 3.6 per cent; the transport equipment subsector where output decreased by 3.5 per cent; and the chemicals and man-made fibres subsector where output decreased by 2.1 per cent. There were no increases in output in the latest three-month period.

Overall production decreased by 1.3 per cent on a three-monthly basis. This combines the 1.9 per cent decrease in manufacturing output with energy supply, which increased by 1.2 per cent, and mining and quarrying output, which increased by 0.9 per cent with increases in both oil and gas extraction output.

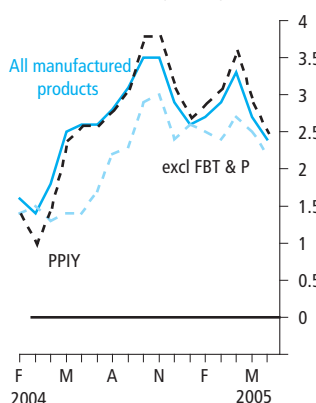
Between April and May, manufacturing output remained broadly unchanged. Of the thirteen subsectors seven showed decreases in output, five showed increases and one was unchanged this month. The only significant increase occurred in the food, drink and tobacco subsector (1.6 per cent). There were no significant decreases in output between April and May.

The overall Index of Production increased by 0.1 per cent between April and May. Mining and quarrying output increased by 1.4 per cent, while energy supply output decreased by 1.1 per cent between April and May. The outputs of the electricity supply, gas supply and water supply industries all decreased between April and May.

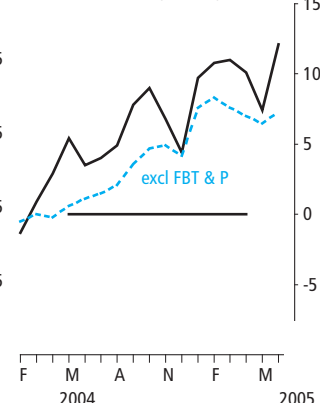
Released: 6 July 2005

## Producer Prices

**Output prices**  
(what manufacturers sell)  
12 months percentage change



**Input prices**  
(materials & fuel manufacturers buy)  
12 months percentage change



In June, output price annual inflation for all manufactured products fell to 2.4 per cent from 2.7 per cent in May. Input price annual inflation rose from 7.4 per cent in May to 12.1 per cent in June.

Month on month, the output prices measure for all manufactured products fell 0.2 per cent on May. This mainly reflected price falls in other manufactured and alcohol products which were partially offset by a rise in petroleum product prices.

The "narrow" output prices measure, which leaves out volatile sectors, showed an annual increase of 2.2 per cent, compared with a rise of 2.5 per cent in the year to May. The seasonally adjusted prices measure remained unchanged between May and June, the best way of assessing month on month change.

Month on month, the input prices measure of UK manufacturers' materials and fuels rose 2.3 per cent. This mainly reflected price rises in crude oil and home produced food being slightly offset by a fall in imported chemicals and imported parts and equipment. In seasonally adjusted terms the index rose 2.1 per cent between May and June.

The "narrow" input prices measure rose 7.3 per cent in the year to June. In seasonally adjusted terms the index rose 0.6 per cent between May and June.

Released: 11 July 2005

# Economic update

## August 2005

Anis Chowdhury

Office for National Statistics

### Overview

- The preliminary estimate for GDP growth in the second quarter of 2005 was 0.4 per cent, unchanged from the previous quarter.
- Industrial production fell at a lower rate than in 2005 quarter one. Construction output also saw a lower rate of growth. The service sector continued to lead economic growth but grew more slowly than in quarter one.
- Consumer spending rose by 0.1 per cent in the first quarter, slowing considerably from the previous quarter and from earlier in 2004. Retail sales had previously been rising faster than consumption but showed some signs of a slowdown in late 2004 and early 2005.
- Total fixed investment rose by 0.3 per cent in the first quarter, reversing the 0.2 per cent fall in the previous quarter.
- Government spending is currently adding to economic growth but public sector finances show a widening deficit.
- Buoyant labour market conditions are showing signs of softening. Employment and unemployment levels fell in the three months to May whilst the claimant count increased for the fifth month running. Average earnings growth, including and excluding bonuses fell.
- Producer output price inflation fell in June but producer input prices continued to rise sharply.
- Consumer price inflation increased in June and hit the Government's two per cent target.

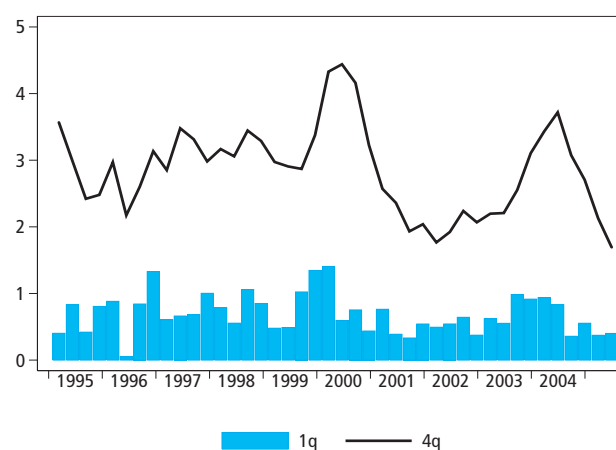
### GDP activity – overview

Preliminary figures for the second quarter of 2005 are now available in the UK and show activity unchanged over this period. The initial estimate of GDP growth in 2005 quarter two was 0.4 per cent, the same as in 2005 quarter one. The initial estimate for the annual rate of growth fell to 1.6 per cent from 1.9 per cent in the previous quarter. It should be remembered that this preliminary GDP release does contain a large element of estimation for certain sectors of the economy. The number will be firmed up later as more data becomes available (Figure 1).

At the time of writing this article, 2005 quarter two figures were not available for the major OECD countries. US GDP growth for the first quarter of 2005, recorded an expansion of 0.9 per cent, unchanged from the previous quarter. Strong growth in private investment continues to fuel growth as well as personal consumption. There was a narrowing in the trade deficit due to lower import growth. Manufacturing output continues to remain flat. Japan's output grew by 1.2 per cent in 2005 quarter one rebounding from the sluggish growth in the previous quarter. Healthy domestic demand was the main reason for the

Figure 1  
GDP

Growth



resurgence in the growth rate. Growth also came from higher capital expenditure. However, there was a slight contraction in net exports, which is usually a driver of the economy.

Growth in the three biggest mainland EU economies – France, Germany and Italy – shows a mixed picture. The German economy expanded at the quickest pace, by 1.0 per cent having contracted by 0.1 per cent in the previous quarter. This was the fastest growth for four years. The growth was mainly driven by net exports followed by a rebound in business investment. However, consumer spending continues to remain weak. Industrial production rebounded in April after a fall in March. France GDP growth was 0.2 per cent, a weaker rate of growth compared to the 0.7 per cent rate in 2004 quarter four. A slowdown in consumer spending was the main factor for the decrease. This partly reflected a fall in exports and a rise in unemployment. Manufacturing output also showed contraction on the quarter. Italy GDP contracted by 0.5 per cent in 2005 quarter one, following contraction of 0.4 per cent in the previous quarter. Weaker industrial and agricultural output are the main reasons for the fall in Italian output.

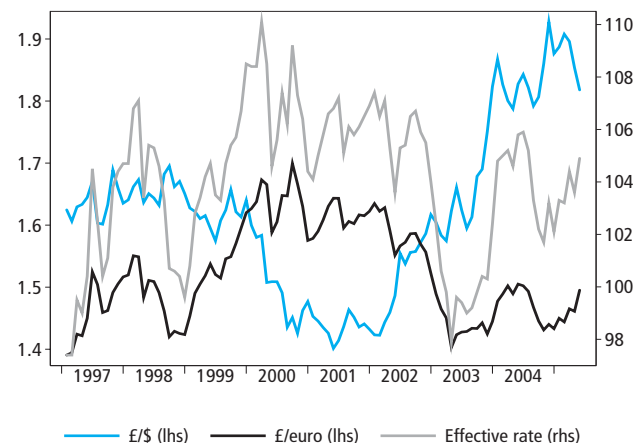
### Financial Market activity

The stock market was up 1.1 per cent in 2005 quarter two having risen by 4 per cent in the previous quarter. In the year to 2005 quarter two, the FTSE All-Share index gained around 12 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 2600.39 having increased by around seven per cent since the beginning of 2005 quarter one.

As for currency markets, 2005 quarter two saw sterling's average value depreciate by 1.7 per cent against the dollar while against the euro, sterling's value appreciated by almost 2.5 per cent. This has continued the trend from the previous quarter. Overall, the quarterly effective exchange rate rose by 0.9 per cent after being unchanged in the previous quarter. (Figure 2). At the time of writing this article the dollar/pound rate was 1.74 while the Euro rate was 1.44.

Figure 2  
Exchange rates

£ equals



The recent movements in the exchange rate might be linked to a number of factors. The appreciation against the Euro in the latest quarter continues to reflect weak demand in the Euro zone. The depreciation of sterling against the dollar partly reflects concerns about falling interest rates in the UK and partly due to the weakening UK economy. The recent hikes in interest rates in the US may have contributed to the rebound in the dollar, particularly as rates have been stable elsewhere. In the UK, interest rates were last raised in August 2004 by 0.25 per cent to stand at 4.75 per cent and have remained at that level since, but are still 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

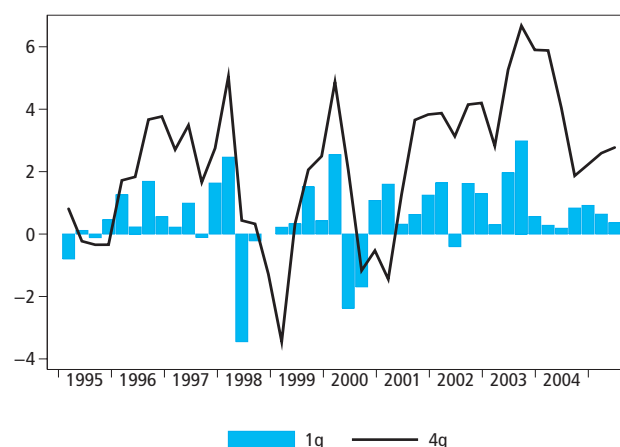
GDP growth in 2005 quarter two is estimated to be 0.4 per cent, unchanged from the previous quarter. On an annual basis, it was 1.6 per cent, a slight deceleration from 1.9 per cent in 2005 quarter one. It is worth noting here that these preliminary estimates are based on partial information, which has to be augmented with a considerable amount of estimation to produce these initial numbers.

According to the preliminary figures the growth rate of 0.4 per cent in the UK economy was due to a combination of factors. Industrial production fell, but at a lower rate compared to 2005 quarter one. Agriculture, forestry and fishing increased sharply in 2005 quarter one following a marked fall in the previous quarter. This was offset by a lower rate of growth in construction and services. Service sector output however remains robust and continues to lead economic growth.

No actual late numbers are yet available at this stage for construction. Figures for construction output are derived from a quarterly survey, the results of which are still unavailable at the time of the initial GDP estimate for the quarter. This initial figure is a forecast calculated by the DTI using a variety of techniques. Using this methodology, construction is estimated to have grown by 0.4 per cent following 0.6 per cent growth in the previous quarter. (Figure 3). As for external surveys of construction, the CIPS survey signalled a marginal decline in

Figure 3  
Construction output

Growth

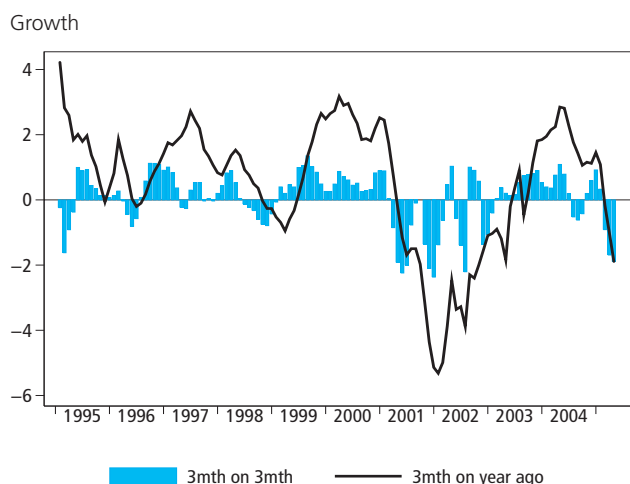




the rate of growth of the construction sector in the second quarter. This was due to decline in housing activity. This was offset by an increase in commercial activity. Business optimism also increased over the quarter. On a monthly basis, the headline index was 55.8 in June, up from 55.1 in the previous month. This was driven by the growth in new orders. The RICS construction survey shows a similar pattern to the CIPS survey. The RICS survey reports that construction workloads slowed for the second successive quarter in 2005 quarter two. However, there was a rebound in private housing activity. Infrastructure workloads showed the strongest growth with commercial work recording moderate growth. Surveyors were less optimistic in the outlook for activity and profits in the short-term.

Total output from the production industries fell by 0.4 per cent in 2005 quarter two, compared with a fall of 0.9 per cent in 2005 quarter one. Manufacturing fell by 0.7 per cent, compared to a 0.9 per cent decrease in 2005 quarter one (Figure 4) but this was offset by increases in mining & quarrying (including oil & gas extraction) which rose 0.9 per cent in the second quarter of 2005 following a 0.4 per cent decrease in the previous quarter and electricity, gas and water supply which increased by 1.0 per cent in contrast to a fall of 1.4 per cent in 2005 quarter one. It is worth noting that production growth in the mining and quarrying industries and electricity, gas and water supply industries has been volatile in recent quarters.

Figure 4  
Manufacturing output

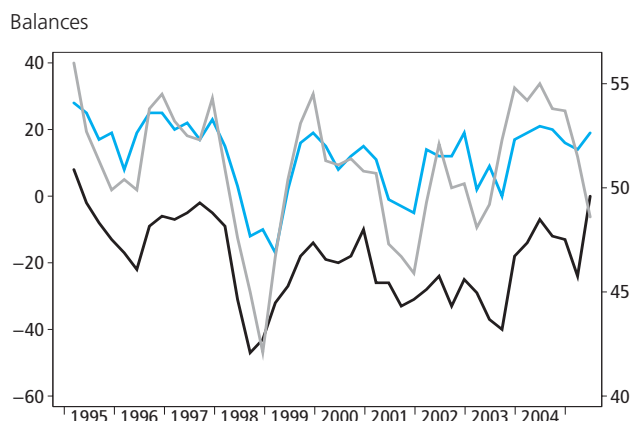


Industrial production contracted for the second successive quarter albeit by less than in quarter one. The slowdown in production might be explained by recent economic events as the increase in the oil price, and last year's interest rate rises, leading to a consumer slowdown and somewhat weaker global demand.

External surveys of manufacturing for 2005 quarter two (Figure 5) paint a weaker picture for growth than in the previous quarter. The gap between external surveys and official data has narrowed recently as the external surveys have become more pessimistic. It is worth noting 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



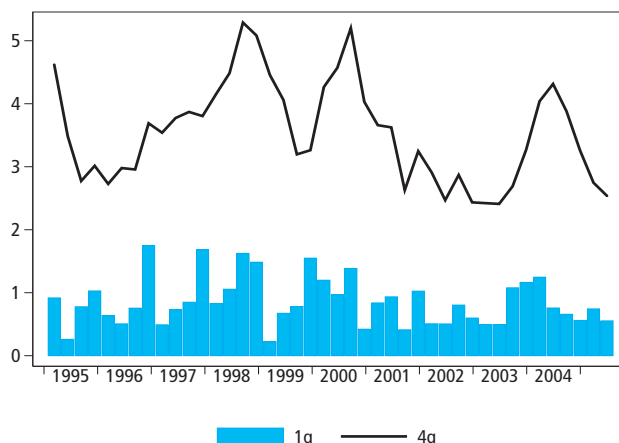
The CIPS headline index for manufacturing signalled a decrease in activity in 2005 quarter two. The headline index was 48.6 in 2005 quarter two compared to 51.5 in quarter one. Both the orders and the output indicators followed the same trend as the headline figure. The 2005 quarterly two BCC survey reports a mixed performance in the manufacturing sector. The survey reports that balances improved for home sales, but fell for home orders. Export sales balances fell, but export orders rose. However, confidence balances fell reflecting concerns about high interest rates. The latest CBI Industrial Trends Survey for 2005 quarter two report that manufacturers reported a fall in new orders for the third successive quarter, but the decline was more modest than in the previous quarter. The balance was minus seven compared to minus 18 in 2005 quarter one. Domestic demand weakened further but this was partly offset by an unexpected pick-up in export orders. Business optimism continued to fall, for the fourth consecutive quarterly survey.

Overall, the service sector, by far the largest part of the UK economy and the main driver of UK growth recently, continues to grow but at a more subdued rate – 0.6 per cent, compared with 0.7 per cent in the previous quarter. The main contribution to the growth rate came from distribution, hotels and catering which grew by 0.5 per cent in 2005 quarter two following a contraction of 0.1 per cent in the previous quarter. This was partially offset by a lower rate of growth in transport storage and communication of 0.8 per cent compared to 1.0 per cent in the previous quarter and government and other services which grew by 0.7 per cent compared to 0.8 per cent in 2005 quarter one. Growth in transport, storage and communication was flat, having recorded growth of 1.0 per cent in 2005 quarter one (Figure 6).

The Index of Distribution is a monthly series reporting the output of the distribution industries – which constitute approximately one-fifth of the total Index of Services. According to the latest release, the distribution of output in the three months to May decreased by 0.1 per cent compared

Figure 6  
Services output

Growth

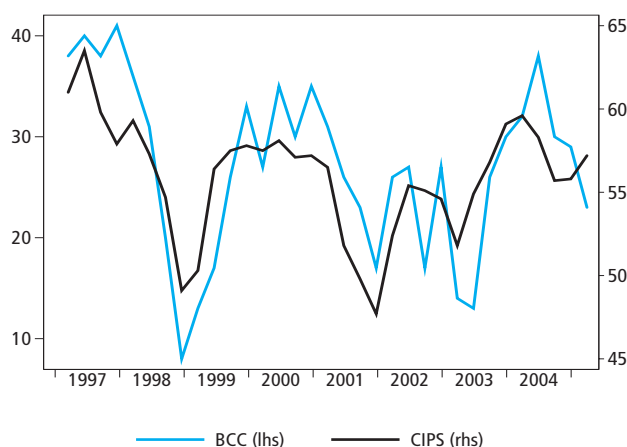


with a 0.3 per cent decrease in the three months to April. Motor trades decreased by 0.6 per cent due to a fall in the sale of motor vehicles. Wholesaling output also decreased, by 0.4 per cent. The most significant decreases were in clothing and footwear, wood and construction materials. This was offset by an increase in retail output of 0.3 per cent. The most significant rise was in non-food stores. However, there was a decrease in output from food stores.

The external surveys on services show a somewhat weaker picture of the service sector compared to 2005 quarter one. The CIPS Report on Services indicate a marginal weakening in the headline index in 2005 quarter two, mirroring the trend in official figures, but is still consistent with solid service sector growth. New orders growth was slightly below the quarter one average. However, business confidence remains robust. The CBI Survey of Services report that business volume growth slowed in 2005 quarter two. The slowdown was most pronounced for consumer services firms, although professional services also noted tougher conditions. The BCC report weaker but positive balances in its 2005 quarter two report. Balances declined for home orders and sales. Export orders and sales also declined. Confidence also fell (Figure 7).

Figure 7  
External services

Balances

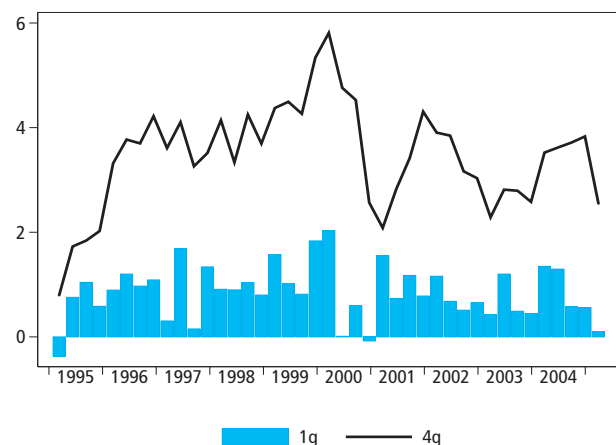


## Household demand

In 2005 quarter one the growth rate decelerated significantly to 0.1 per cent from 0.6 per cent in 2004 quarter four (Figure 8).

Figure 8  
Household demand

Growth



This slowdown can largely be attributed to lower spending on certain semi-durable goods which includes clothing and footwear. The weakness might be connected to the lagged effect of the three interest rises in the summer of 2004. Indeed reports indicate that saving has increased recently with inflow of funds into savings accounts being at their highest for a number of years. The savings ratio was 4.8 per cent in 2005 quarter one, up from 3.9 per cent in 2004 quarter four. In addition there is little evidence of a sustained recovery in the housing market during the first two quarters of 2005.

As household consumption has risen faster than disposable income in recent years the household sector has become a considerable net borrower. It is likely, that due to relatively high debt levels, consumer expenditure growth will be more tied to the growth of personal disposable income in the near future. Also, consumer fears about the possibility of higher taxes in order to plug the supposed hole in the public finances may also have been another factor behind the slowdown.

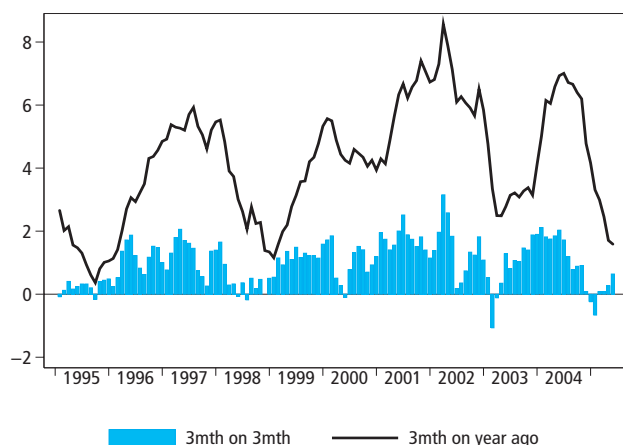
However, there are some factors that are supportive. The labour market is tight, although there are signs of softening according to the latest figures, which might generate moderate growth in wages and thus personal disposable income increases. Low unemployment ensures that consumers are not overly concerned about their long-term job prospects, and are therefore less cautious about purchases of big-ticket items. Also, the recovery in equity prices from the beginning of 2005 might be expected to have a positive effect. Finally, five members of the monetary policy committee (MPC) in voting to keep interest rates on hold in July noted that consumers no longer expected rates to rise should help to support consumer spending.

The GfK index recorded a fall in consumer confidence for the third month running in June. It fell by minus three from minus one in May. The latest Mori index also reports a decrease in confidence. Both indexes, however, remain higher than a year ago.

Retail sales figures are published on a monthly basis and the latest available figures are for June 2005. It should be noted that household consumption accounts for a much broader range of spending than just retail sales. For instance, household purchases of services, motor vehicles, and housing (imputed rents) are not included in retail sales. Since the beginning of 2003, retail sales have grown faster than household consumption as a whole, but this recent trend now appears to have reversed (Figure 9). During the final quarter of 2004 the evidence suggests that the growth in retail sales weakened and this seems to have continued in the first quarter of 2005. In 2005 quarter two there are some signs of a slight pick up. According to the latest figures, the volume of retail sales in the three months to June was 0.7 per cent, a rate higher than in the three months to May, when growth was 0.3 per cent. This was the highest such growth since November 2004. However, compared with the same period a year ago, sales in the three months to June was 1.6 per cent, the lowest annual growth since February 1999.

Figure 9  
Retail sales

Growth



At a dis-aggregated level, the sales volume for food stores was 0.2 per cent compared with 0.8 per cent for non-food stores. The non-store sector showed the highest three-monthly growth at 4.5 per cent, its highest since July 2004. Growth for clothing stores was 2.4 per cent, the same as in May. Sales by household goods stores were flat over the period and sales by non-specialised stores showed a decrease of 2.3 per cent, the largest fall since January 1991.

External surveys show signs of growth slowing in recent months.

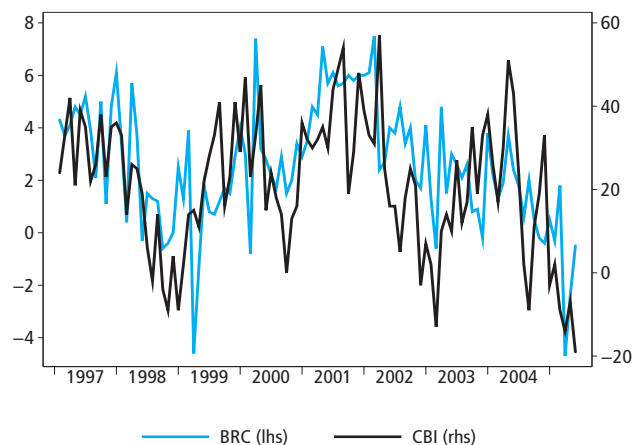
The CBI *Distributive Trades Survey* showed retail sales recording their biggest year-on-year fall in 22 years in June. The balance was minus 19 compared with minus 7 in May and minus 14 in April. The CBI attributes the slowdown to the effect of higher interest rates, the slowdown in the housing market and rising energy bills. Firms selling furniture and carpets, hardware and DIY products were all hard hit as a result of the sluggish housing market. Footwear and leather sales also fell sharply, and clothing sales remained weak. However, grocery sales volumes continued to increase strongly. It is worth noting that the CBI surveys 125 retailers accounting for about half the jobs on the high street whereas the ONS surveys

10,000 retailers, including on-line and mail order businesses.

The British Retail Consortium (BRC) report that like-for-like retail sales fell by 0.5 per cent in June compared with June 2004. This follows a decrease of 2.4 per cent in May 2005 when compared with May 2004. The BRC report that the slower rate of decline was due to June's fine weather which helped sales of summer lines, and numerous discounts. However, the underlying trend deteriorated further with sales down 2.4 per cent in the three months to June from a 1.5 per cent fall in May (Figure 10).

Figure 10  
External retailing

Balances, 3 month moving average

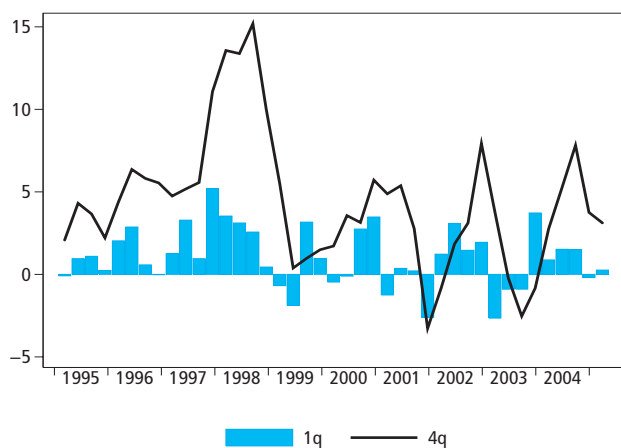


## Business demand

The revised estimate of business investment for the first quarter of 2005 was 0.1 per cent higher than the previous quarter and 2.5 per cent higher than the first quarter of 2004. This represents an upward movement from the numbers reported previously (Figure 11).

Figure 11  
Total fixed business investment

Growth



Looking at business investment on a more dis-aggregated level shows investment falling across most sectors on the quarter except services.



Investment in private sector services is the most important component representing around three quarters of total business investment. This increased by 1.9 per cent in the latest quarter, and is 3.8 per cent higher than in 2004 quarter one.

Manufacturing investment according to the revised figures shows a further deterioration. The contraction follows a promising upturn in 2004 quarter four. But this upturn seems to have been a short and shallow. The manufacturing sector accounts for a little over one tenth of total business investment. This has tended to be fairly volatile, but since 1999 manufacturing investment has undergone a persistent contraction. During 2004, however, manufacturing investment appeared to recover. In 2004 quarter four, investment in the sector grew by 6.1 per cent and by 2.5 per cent in 2004. However, according to the latest figures for 2005 quarter one, fixed investment by private and public sector manufacturing fell by 3.9 per cent compared with the previous quarter and was up 4.4 per cent since the first quarter of 2004. This could be indicative of the continued uncertainty faced by business in making investment decisions, given relatively weaker global demand, particularly in the euro-area and the recent weakness in consumer demand in the UK.

Construction and other production fell by 3.6 per cent on the quarter and by 3.3 per cent compared with the first quarter of 2004.

Despite the rise in spending over the last twelve months, the environment still remains a mixed one for investment. Low interest rates by historical standards might be one possible explanation accounting for the recent growth, meaning that the cost of capital is relatively cheap. Profitability though is likely to be an important factor determining investment.

High profitability is an indicator of high returns from investing in the capital stock and is likely to buoy business confidence. In addition, retained profits are a cheap source of investment funds, which will lower the cost of capital expenditures. Profitability can be defined as the net rate of return on capital employed. This is essentially the value of profits (allowing for depreciation) divided by the value of fixed assets (again allowing for depreciation) and inventories. The overall profitability of UK private non-financial corporations in the first quarter of 2005 was 13.3 per cent, the same as the average net rate of return for 2004. Manufacturing companies' net rate of return was estimated at 6.0 per cent in the first quarter. This is lower than the average of 6.9 per cent for 2004. The lower rate of return may be partly a reflection of weaker global demand, particularly from the eurozone for British manufactured goods and partly a result of the high cost pressures in terms of higher oil prices faced by manufacturers, and the willingness by them to absorb those costs. The profitability of service companies was 17.5 per cent, higher than the average for 2004 of 16.5 per cent. Generally, service sector profitability is higher than that of the manufacturing sector, reflecting the more capital-intensive nature of the manufacturing sector.

Evidence on investment intentions from the latest BCC and CBI surveys shows a not inconsistent picture. According to the quarterly BCC survey, the balance of manufacturing firms

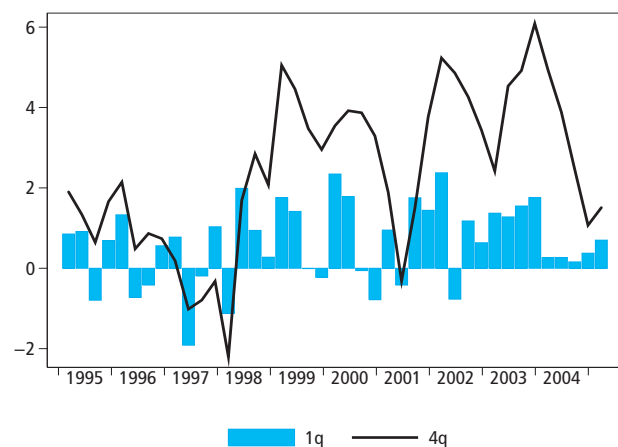
planning to increase investment in plant and machinery fell from plus 10 in 2005 quarter one to plus 9 in 2005 quarter two. Similarly, the CBI reports in its 2005 quarter two Industrial Survey that manufacturing investment remains relatively weak with businesses planning to cut investment in both plant and machinery, reflecting deteriorating confidence and uncertainty about future demand.

## Government demand

Government final consumption expenditure rose by 0.7 per cent in the first quarter of 2005. This represents a higher pace of growth than in the fourth quarter of 2004 when output grew by 0.4 per cent (Figure 12). Growth compared with the same quarter ago was 1.5 per cent. The government continues to be an important source of aggregate demand in the economy.

Figure 12  
Government spending

Growth



The latest figures on the public sector finances report up to June and show a deterioration from a year ago. The current budget was in deficit by £4.7 billion, this compares with a £3.5 billion deficit in June 2004. Public sector net borrowing was £5.9 billion compared with net borrowing of £4.4 billion in June 2004 – the highest total since 1993. These figures reflect lower tax revenues and higher general government spending. However, it is worth noting that monthly data can be volatile. The financial year to date may provide a better picture. In the financial year (April 2004 to June 2005) net borrowing presently stands at £17.0 billion compared to £13.3 billion to the same period in 2004/05. The current budget deficit stands at £13.1 billion compared to the £11.0 billion deficit in the same period of 2004/05. Since net borrowing became positive in 2002, following the current budget moving from surplus into deficit, net debt as a proportion of annual GDP has risen steadily.

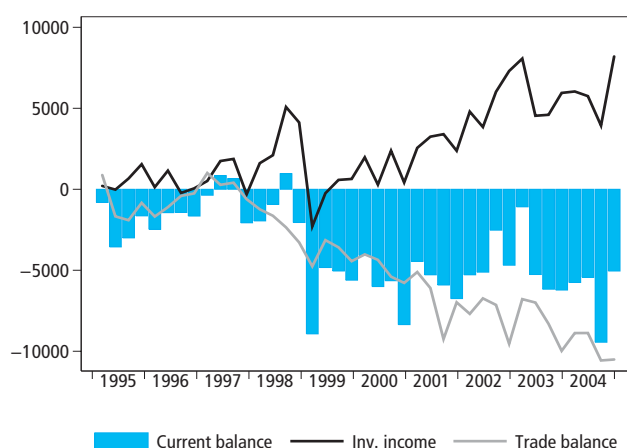
At the end of 2001 public sector net debt was 30.2 per cent of GDP; by the end of June 2005, this had risen to 35.3 per cent of GDP.

## Trade and the Balance of Payments

The publication of the quarterly Balance of Payments shows that the current account deficit widened in 2005 quarter one to £5.8 billion from a revised deficit of £4.1 billion in 2004 quarter four (Figure 13). As a proportion of GDP the deficit increased from 1.4 per cent to 2.0 per cent. The widening deficit is mainly accounted for by a lower surplus on investment income which rose by £8.0 billion in 2005 quarter one compared to £9.2 billion in the previous quarter and a higher deficit on current transfers which was £3.4 billion in 2005 quarter one compared to £2.9 billion in 2004 quarter four. The lower surplus in investment income is due to a strong rise in foreign earnings on holdings of UK equity and debt securities offsetting a growth in UK earnings from investments abroad. The deficit in current transfers is mainly due to higher net contributions to EU institutions, but also partly to aid transfers associated with the Asian Tsunami.

Figure 13  
Balance of Payments

£ million



The run of current account deficits since 1998 reflects the sustained deterioration in the trade balance. The UK has traditionally run a surplus on the trade in services, but this has been overwhelmed by the growing deficit in trade in goods. The long run deterioration in the UK's trade deficit is possibly due to exports growing more slowly than world trade due to the high value of sterling and weak demand from Continental Europe, whilst imports have grown strongly due to high domestic spending.

According to the latest monthly trade figures, the UK's deficit on trade on goods and services is estimated to have improved to £3.5 billion in May from a revised deficit of £3.7 billion in April. In the three months ended May, the deficit on trade in goods and services improved to £10.4 billion, from a £10.6 billion deficit in the previous three months.

The improvement in the trade figures is partly due to a lower deficit in the trade in goods with non-EU countries. In the period March to May, exports in volume terms (excluding oil & erratics) to EU countries was virtually flat but to non-EU countries was up 8.5 per cent compared to the period December to February. Imports from the EU was up 2 per cent and from the non-EU was up 3.5 per cent. Overall,

exports of goods were up 3.5 per cent and imports were up by 2.5 per cent.

In terms of commodity breakdown, for exports, among the main commodity groups, only fuels, food, beverages and tobacco and semi-manufactures showed a fall in volume, in the three months ended May 2005. For imports, only food, beverages and tobacco and finished manufactures showed a rise in volume.

External surveys on exports show weaker conditions for the second quarter of 2005. The quarter two BCC survey reports that the manufacturing sector's export performance worsened markedly, and service exports declined. According to the latest quarterly CBI *Industrial Trends Survey* export orders rose for the first time in 15 months in the 2005 quarter two survey.

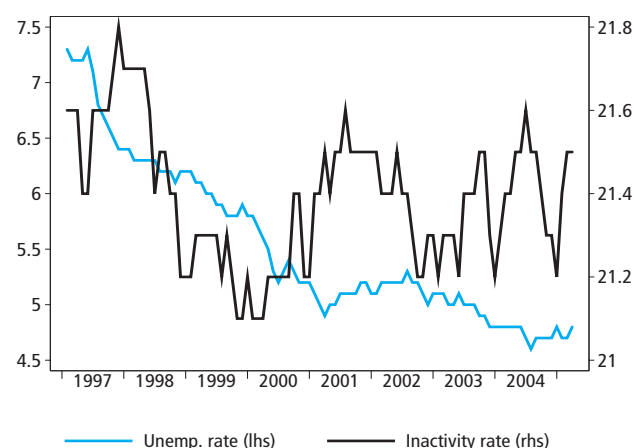
## Labour Market

In recent years the strength of the UK economy has been clearly reflected in the labour market statistics. The latest figures from the Labour Force Survey (LFS) pertain to the three-month period up to May 2005 and show a mixed picture. Overall however, there appears to be signs of a softening in activity, with the growth rate for average wages, both excluding and including falling.

The current employment rate stands at 74.7 per cent, down 0.3 per cent from the previous three-month period. The number of people in employment fell by 72,000 over the quarter. The unemployment rate was unchanged on the previous quarter at 4.8 per cent. (Figure 14). The number of unemployed fell by 4,000 over the quarter. The working age inactivity rate rose by 0.3 per cent to stand at 21.5 per cent. The claimant count measures the number of people receiving the job-seekers allowance. The latest figures for June show that this measure increased by 8,800, the fifth monthly consecutive rise and the worst such run since December 1992. Claimant count unemployment has now risen by 13,400 this year to reach 864,900 thousand. It has shown an average monthly increase of 6,700 over the last six months. The claimant count rate was 2.8 per cent in June, virtually unchanged from the previous month and from a year earlier.

Figure 14  
Unemployment and economically inactive

Per cent



As job vacancies are often filled from the pool of inactive workers rather than the unemployed, the labour market might not be as tight as the current low unemployment rate implies. The economically inactive are those that are of working age but are either not looking for work or are not available for work. The main groups classed as economically inactive are those looking after the family or home, the long term sick, students and the retired.

Overall, inactivity increased in the three months to May 2005, continuing the trend from the three months to April but reversing the story earlier in the year where there was decreases in inactivity amongst most categories. The number of economically inactive people of working age was up 125,000 over the quarter to 7.91 million. Over the year the number increased by 64,000. Students registered the largest increase of 63,000 followed by those looking after the family/home on 49,000. Those on long-term sickness rose by 18,000. Inactivity amongst the retired increase by 2,000. This contrasts with a fall of 8,000 in the previous quarter.

According to the LFS, in the period March to May 2005, 72,000 jobs were lost. The majority of the job losses was in employee jobs, which were down by 55,000 followed by government supported training & employment programmes, which fell by 12,000. Self-employed jobs actually fell, by 5,000, continuing the trend of the previous quarter. Also, full-time jobs decreased by 96,000 over the period while part-time jobs increased by 41,000. These latest figures reverses a picture of steady growth in employee jobs since the beginning of 2004, whether this is a temporary blip remains to be seen. The numbers for the self-employed have been more volatile but previous quarter numbers suggest a downward trend.

The industry dis-aggregation from the survey of employers, 'workforce jobs' is available for the three months up to March 2005. Workforce jobs increased by 78,000 on the quarter and by 213,000 on the year. Figures show that finance & business services posted the biggest increase on the quarter of 44,000 followed by construction at 23,000. Education, health and public administration registered an increase of 18,000 reversing a decrease of 4,000, in the previous quarter. Manufacturing jobs continues to lose numbers, declining by 23,000 on the quarter and 86,000 on the year.

After steadily rising throughout most of 2004, headline average earnings growth stabilised at the beginning of 2005. However, the latest figures show a deceleration. Figures based on the average over a three- month period show that in the year to May 2005, average earnings excluding bonuses rose by 4.0 per cent, down from 4.1 per cent in the previous month. Average earnings, including bonuses was 4.1 per cent, down from 4.6 per cent in the previous month.

Wage growth in the public sector, excluding bonuses continues to outstrip that in the private sector. In May 2005, this widened further. Annual wage growth in May was 3.8 per cent in the private sector and 4.8 per cent in the public sector. When it comes to including bonuses, the latest figure shows the public sector out-stripping the private sector for the first time in three months. This is a similar situation to much of 2004 where the public sector was out-stripping the private sector. The three

month average wage growth in May for the public sector was 5.6 per cent compared to 3.8 per cent in the private sector.

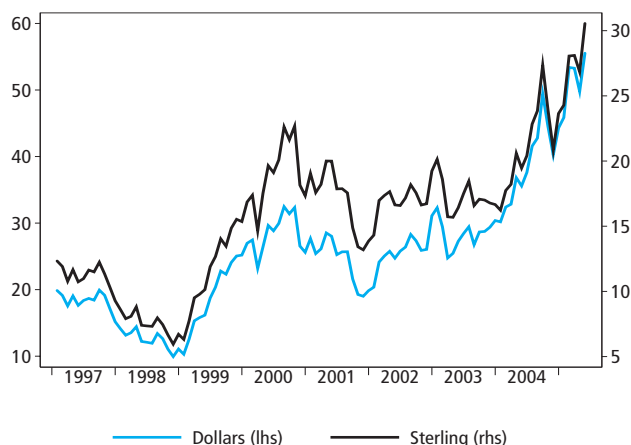
The evidence continues to imply that the tight labour market is failing to stoke inflation pressures in a major way. One possible explanation for this lies in the relatively strong productivity growth in the economy since the final quarter of 2003, although this weakened slightly in 2005 quarter one. Consequently, the growth in unit wage costs, which are based on the ratio of wages to productivity growth have been flat for the past year, despite the steady rise in average earnings. Another possible explanation could be due to the fact that the labour market is indeed softening and this is leading to lower wage growth.

## Prices

The past year has seen rises in producer prices and the oil price. Throughout most of 2004 producer price inflation had been creeping upwards – due in large part to the rise in oil prices. (Figure 15).

Figure 15  
Oil prices

Brent crude per barrel

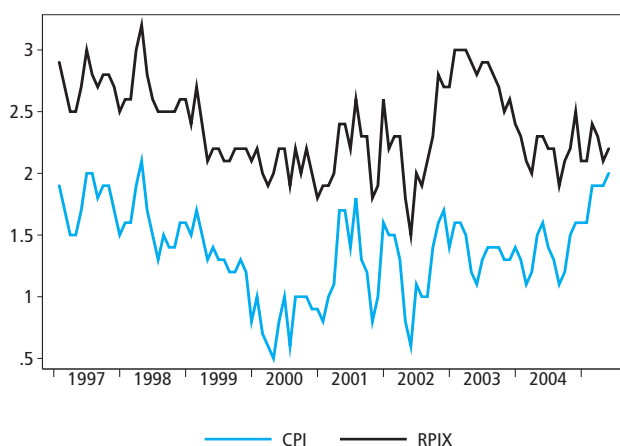


However, in the final three months of the year output price inflation began to fall and this continued into the early part of 2005, although it still remained at levels substantially above those at the beginning of 2004. The latest figures for June show producer output price inflation falling further. The producer price output index (PPI) increased by 2.4 per cent in the year to June, compared with a 2.7 per cent rise in the year to May, mainly reflecting falls in other manufactured and alcohol product prices, partially offset by a rise in petroleum product prices. The overall input index rose by 12.1 per cent in the year to June, compared with a rise of 7.4 per cent in the year to May. This is the largest rise since March 1985. The rise mainly reflected price rises in crude oil and home produced food being slightly offset by a fall in imported chemicals and imported parts and equipment. Crude oil prices rose 13.1 between May and June and rose 51.3 per cent in the year to June. This was the largest increase since October 2004. The lower producer prices may be an indication that producers are more willing to absorb the price increases rather than pass them on to customers given relatively weak consumer demand.

Growth in the consumer price index (CPI) – the governments target measure of inflation – rose to 2.0 per cent in June, from 1.9 per cent in May, hitting the Chancellor's 2.0 per cent target (Figure 16). A large upward effect came from food, continuing a trend seen for most of 2005, with prices rising this year, but falling a year ago. The main contributions came from fruit and meat. A further large upward effect came from clothing and footwear, with prices falling by less than last year when special offers were more widespread. The largest downward effect came from recreation and culture, particularly from audio visual goods as prices for a range of products fell this year but rose a year ago. Cheaper package holidays also contributed to the downward effect. The RPI inflation rate was 2.9 per cent in June, unchanged from May. The RPIX inflation rose to 2.2 per cent in June from 2.1 per cent in May.

Figure 16  
**Inflation**

Growth, month on month a year ago



# Forecasts for the UK economy

A comparison of independent forecasts, July 2005

The tables below are extracted from HM Treasury's Forecasts for the UK Economy and summarise the average and range of independent forecasts for 2005 and 2006, updated monthly.

## Independent forecasts for 2005

	Average	Lowest	Highest
GDP growth (per cent)	2.2	1.3	2.9
Inflation rate (Q4 per cent)			
CPI	2.0	1.4	3.1
RPI	2.5	1.8	3.6
Unemployment (Q4, million)	0.87	0.81	1.01
Current account (£ billion)	-25.9	-37.1	-19.5
Public Sector Net Borrowing (2004-05, £ billion)	37.6	33.0	43.6

## Independent forecasts for 2006

	Average	Lowest	Highest
GDP growth (per cent)	2.3	-0.1	3.1
Inflation rate (Q4 per cent)			
CPI	1.9	1.5	3.3
RPI	2.5	1.0	3.9
Unemployment (Q4, million)	0.91	0.78	1.25
Current account (£ billion)	-27.0	-38.0	-15.0
Public Sector Net Borrowing (2005-06, £ billion)	37.2	26.0	48.6

*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.



# Regional economic indicators

## August 2005

Anis Chowdhury/Daniela New  
Office for National Statistics

### Overview

- London and the South East are the most productive regions, in terms of GVA per hours worked, and the only regions above the UK average in terms of productivity.
- London is the region with the highest GDHI per head, followed by the South East and the East of England. The regions with the lowest GDHI per head are Northern Ireland and the North East.
- The South East has the highest total expenditure in R&D followed by the East of England.
- The South East and the North West were the regions with the biggest net increase in the numbers of registered businesses in 2003.
- Yorkshire and the Humber had the largest increase in exports to both the EU and non EU in 2005 quarter one.
- Employment increased in most regions in 2005 quarter one. The claimant count shows an increase in most regions in 2005 quarter two.
- Manufacturing optimism falls for the third successive quarter according to the CBI regional survey.

This article brings together information for the 12 regions and countries of the United Kingdom, also known as NUTS level 1 regions under the European Nomenclature of Units for Territorial Statistics. For the rest of this article, the term “region” is used for convenience.

### Headline Indicators

This section presents a selection of regional economic indicators that provide an overview of the economic situation of UK regions. Some productivity indicators which represent the economic activity of the regions are presented (**Workplace Based Nominal Gross Value Added (GVA)**, **GVA per head** and **GVA per hour worked**), and other indicators representing some of the drivers of productivity are introduced for the first time. In particular, we introduce **Business Survival Rate** as an indicator of enterprise and the **UK Regional trade in goods** as an indicator of competition, as defined by HMT and DTI. In addition, we introduce **R&D** statistics as indicator of innovation in the regions. The **Gross Disposable Household Income** is presented as an indicator of the welfare of people living in the region.

### Productivity

Table 1 and Table 2 show **workplace based nominal gross value added (GVA)** and **GVA per head** respectively for the UK regions. The GVA estimates presented here are on a workplace basis. Regional GVA can be calculated both on a residence and a workplace basis: residence-based GVA allocates the income of commuters to where they live, whereas GVA on a workplace basis allocates their income to the regions where they work.<sup>1</sup> Conceptually, the workplace based figures provide the preferred measure of the regional economic activity.

Nominal workplace-based GVA for the UK regions is reported in Table 1. Most regions experienced growth between 2002 and 2003 of between 5 and 6 per cent in current price terms (which does not take account of inflation or regional differences in prices). However, London had the lowest rate of nominal GVA growth, at 2.4 per cent. The East Midlands had the highest growth in total GVA (6.3 per cent) between 2002 and 2003, followed by Wales and Northern Ireland (6 per cent). London and the South East remain the regions with the largest share of UK GVA (18.3 per cent and

14.9 per cent respectively) while Northern Ireland (2.3 per cent) and the North East (3.4 per cent) have the smallest.

Among UK regions there is a wide variation in size, which makes it difficult to compare the regions' economic performance using cash totals: comparisons are therefore usually expressed in terms of GVA per head of population (Table 2). UK average GVA per head in 2003 was £15,980. London was the region with the highest GVA per head in 2003 at £23,579, well above the UK average. However, the GVA per head for London includes the activity of commuters as well as people living in the London region but these commuters are not included in the denominator, since this is residence-based. GVA per head for the South East was also above the UK average, at £17,565 per head. On the other hand, Wales, the North East and Northern Ireland had the lowest GVA per head, of £12,629, £12,736 and £12,971 respectively.

Table 3 shows the **GVA per hour worked** indices by region. Regional output per hour worked is the ratio of workplace based Gross Value Added estimates and Total Workforce Hours Worked. This index is considered to be a more appropriate indicator of regional productivity, since the numerator and denominator are both on a workplace basis, and it takes into account the proportion of full time and part time workers in each region, which can vary by region. According to Table 3 the most productive regions in terms of GVA per hour worked in 2003 were London and the South East and they are also the only regions with productivity above the UK average. All other regions are below the UK average, with Northern Ireland and Wales having the lowest values, of 84.3 and 91.9 per cent of the UK level respectively.

## Welfare

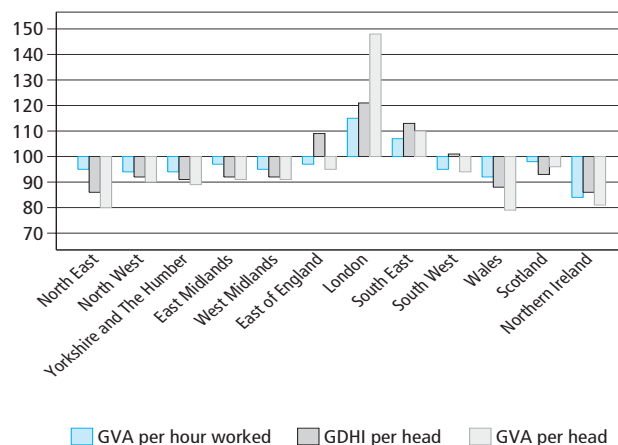
Table 4 contains the recently published data for **Gross Disposable Household Income (GDHI) per head**. GDHI per head is a residence based measure that can be used as an indicator of the welfare of people living in a region. From the figures shown in Table 4 London is the region with the highest GDHI per head (£15,235), followed by the South East (£14,265) and the East of England (£13,685). The South West, at £12,704, is also above the UK average of £12,610. The regions with the lowest GDHI per head are Northern Ireland and the North East.

It is worthwhile noting that there are some differences in the ranking of regions depending on whether the ranking is based on Productivity or Gross Disposable Household Income (see Figure 1). London and the South East are the highest ranking regions on both measures. In contrast, the North East has the lowest average income level of any UK region in 2003, at 15 per cent below the UK average, whereas the region's GVA per hour worked is just 5 per cent below the UK average, putting it in the middle of the overall regional ranking. The difference between the two indicators may be due to the relatively lower average earnings in the North East. Table 5 shows that the North East has the lowest median gross weekly pay in the country, which could have an upward effect on productivity and a downward effect on incomes. This is also consistent with the North East having the highest rate of unemployment claimant count as a percentage of the total workforce (Table 12). It is also noteworthy that the East of England and the

South West, which are above the UK average for GDHI per head in 2003, are below the UK average in terms of GVA per hour worked (97.1 and 95.4 respectively).

Figure 1  
Indicators comparisons, 2003

UK / less extra-region = 100



## Innovation

The R&D statistics published here are consistent with OECD's Frascati Manual which defines Research and Experimental Development (R&D). R&D is defined as "creative work undertaken systematically to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this knowledge to devise new applications".

R&D activity has been recognised, as part of the innovation process, as one of the drivers of productivity. In generating new technological inventions, innovation is a necessary, though not a sufficient condition for economic success. In addition, the presence of R&D activity can be a stimulant to the competitiveness of firms within a region.

Table 6 presents the estimated expenditure in R&D for the regions, in the years from 1999 to 2003, and broken down by the sector making the expenditure, namely Business sector (BERD), Government (GovERD) and Higher Education Institutions (HERD). The Higher Education Institutions (HEI) regional R&D estimates are obtained by allocating total R&D performed by HEIs to individual HEIs in proportion to their income from research grants and contracts. These estimates are less reliable and should be treated with caution<sup>2</sup>.

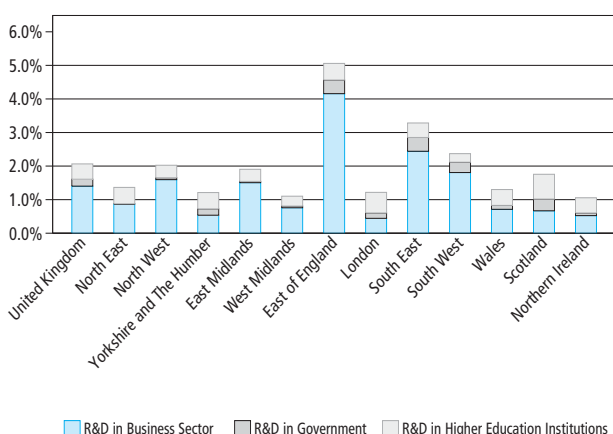
From the data shown in Table 6 we can see that the region with the highest total expenditure in Business and Government R&D in 2003 is the South East, followed by the East of England. In terms of total expenditure in R&D, the South East is still the region with the highest share of UK in 2003 (23 per cent), followed by the East of England (21 per cent). London is third with 11 per cent of the total expenditure in R&D. The regions with the smallest percentage of UK R&D in 2003 are Northern Ireland, Wales and the North East.

The picture changes slightly if the expenditure in R&D is analysed as a percentage of GVA, a measure which is

commonly used in international comparisons and that can be used also for inter-regional comparisons. Figure 2 below shows the data for regional R&D as percentage of GVA for 2003. From the chart, we can see the region with the highest share of R&D expenditure in terms of GVA is the East of England, followed by the South East and the South West. These regions are the only regions with an R&D expenditure share of GVA above the UK average of 2 per cent of GVA. All the other regions are below the UK average.

Figure 2  
Research and development

Percentage of GVA (2003)



## Enterprise

Table 7 shows the **net changes in VAT<sup>3</sup> registered businesses** for UK GOR regions in the years 1999 to 2003. The data for 2004 are expected to be available in Autumn 2005. This series is computed by SBS (Small Business Service, DTI), and it has recently been reviewed, in order to produce the best estimate of the final volume of registrations and de-registrations, according to the data available from the Inter departmental Business Register (IDBR) every year. For further information about the methodology involved in the computation of the series, see article on the SBS website<sup>4</sup>.

VAT registrations and de-registrations are the best official guide to the pattern of business start-ups and closures. They are an indicator of the level of entrepreneurship and of the health of the business population. Many factors influence the pattern of business start-ups. Among these, the most important is economic growth, which encourages new ventures and create demand for business.

The data show that all regions apart from Northern Ireland had a positive net change in 2003. The South East and the North West are the regions with the biggest net increase in numbers of registered businesses in 2003, followed by London and Yorkshire and the Humber.

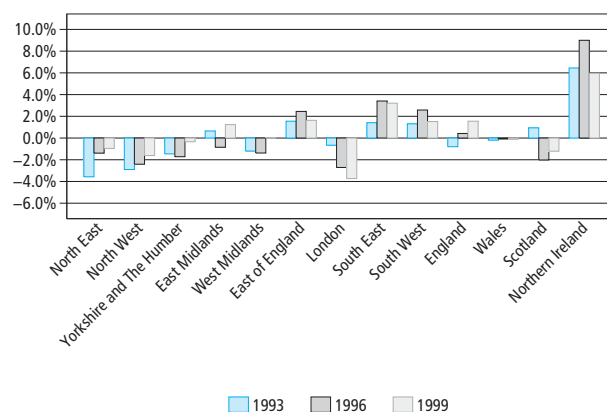
If the net change in percentage terms is considered, however, the region with the largest net increase is London (15.9 per cent), which reversed a negative trend from previous years, while the South East shows a downward trend since 1999 that continued in 2003. The regions with positive growth in the net change of VAT registrations in 2003 are Yorkshire and the

Humber, the North West, the North East and Scotland. The figures for East Midlands hardly changed from the previous year figures while the rest of the regions had de-registrations outnumbering the registrations.

It is interesting to note how different the picture is if the **business survival rates** is taken into consideration. These rates show the proportion of businesses that remain registered for VAT three years after their initial registration (which is the year shown in Table 8 and Figure 3)<sup>5</sup>. Although there has been a general increase in business survival rates since 1993, these rates vary greatly between regions. Northern Ireland, which appears as the only region with a negative net change in VAT registrations, shows the highest survival rate (72.4 per cent) in 2002 while London has the lowest survival rate (62.8 per cent). The negative net change of VAT registration in Northern Ireland is explained by a low start up rate, which may suggest the existence of a risk-averse culture (see article "Business Survival Rates", Small Business Service). This may justify why, when few people are taking risks, there is a self selection of the businesses with highest possibility of surviving. This is consistent with the figures shown in Table 8.

Figure 3  
Three year business survival rates

Percentage point differences from respective UK proportions



## Competition

Table 9 shows quarterly data for **UK Regional trade in goods by statistical value** per region. Data are taken primarily from Customs systems used to process the UK's Overseas Trade in Goods Statistics. HM Revenue and Customs do not receive information in respect of goods that move wholly within the UK, nor in intangibles and services such as banking or tourism.

Trade is allocated to a region by the postcode associated with a company's VAT registration. Some adjustments have been necessary for exports, to ensure that manufacturing that takes place at branch premises is properly allocated to the region where the branch is situated. However, these figures should be interpreted carefully for various reasons. In particular, it is worth noting that the production of some goods may involve different stages and these stages may take place across different regions.

Comparing the first quarters of 2004 and 2005 (these data are provisional), Yorkshire and the Humber appears to be the region with the highest increase in exports, both to EU15 countries (14 per cent) and to non EU15 (21 per cent). Scotland had the largest decrease of exports to EU15 (–14 per cent) but it has increased exports towards non EU 15 of almost 10 per cent, increasing the overall value of exports. A final note: London's exports to EU15 decreased by over one per cent with respect to the first quarter of 2004 whilst its exports towards non EU15 increased by 11 per cent.

Table 10 shows the **value<sup>6</sup> of exports as a percentage of headline regional GVA**. The North East and the East Midlands have the biggest share of GVA in exports in 2003 (25 per cent and 23 per cent respectively) and, together with the East of England, the South East and Wales, they are above UK average share. South West and the Yorkshire and the Humber have the smallest percentage of their GVA in exports.

## The Labour Market

Tables 11 to 14 concern the labour market. Tables 11, 12 and 13 are seasonally adjusted; while table 14 is unadjusted.

Table 11 shows the **rate of unemployment** (according to the internationally consistent ILO definition). The UK rate in 2005 quarter one was 4.7 per cent, unchanged from the previous quarter. Unemployment tends to vary significantly across the country. The rate in quarter one was highest in London, at 6.7 per cent, followed by the North East at 5.5 per cent. The rate decreased in both these regions in 2005 quarter one from 2004 quarter four, by 0.6 percentage points and 0.8 percentage points respectively. The unemployment rate also decreased in Yorkshire and the Humber to 4.2 per cent, from 4.7 per cent in quarter four. Decreases were also recorded in the West Midlands, and Scotland but at a lower rate. The unemployment rate increased in some regions with the highest growth rate being in Wales where the rate was 4.5 per cent, up 0.3 percentage points from the previous quarter. This was followed by the North West, East Midlands, the South East and South West and Northern Ireland, each recording a rise of 0.2 percentage points. Overall, the unemployment rate has fallen or at worst been stable in most regions since the beginning of 2003. However, there was a pick up in the rate across most regions in 2004 quarter four, which then stabilised in 2005 quarter one.

The UK **claimant count rate** (referring to people claiming Jobseeker's Allowance benefits), table 12, was 2.8 per cent of the workforce in the UK in June 2005, up from 2.7 per cent in the previous month. This national rate masks large variations between regions and component countries of the UK. The North East continues to have the highest claimant count in the UK and as of June 2005 stood at 4.0 per cent. This region has had the highest count in every year since 1999. The North East is followed closely by the West Midlands and London, both at 3.5 per cent. The South East and the South West had the lowest claimant counts, of 1.7 and 1.6 per cent respectively. The general picture has been one of stability throughout 2004 and this has continued in the first two quarters of 2005.

**Quarterly employment growth** (from the Labour Force Survey), Table 13, in the UK was 0.3 per cent overall, in

2005 quarter one, unchanged from the previous quarter. Employment rose across most English regions as well as in Scotland but fell in Wales and Northern Ireland. The English regions where growth was most rapid were the North East and London, where employment in quarter one expanded by 1.4 per cent for both. Employment also rose in the East Midlands, the East and the South West, each recording a growth rate of 0.4 per cent. The only English region to record a fall in employment was the North West where employment fell by 0.5 per cent following growth of 0.9 per cent in 2004 quarter four. As for the other UK countries, employment grew by 0.2 per cent in Scotland, unchanged from the previous quarter. Wales employment decreased by 0.7 per cent, reversing growth of 1.7 per cent in the previous quarter. Northern Ireland employment fell by 0.1 per cent following growth of 3.3 per cent in 2004 quarter four.

The **number of employee jobs** (from the Employers Surveys), Table 14, decreased in virtually every region with the exception of the North East. In the English regions, the largest decrease was in the West Midlands at 1.4 per cent followed by the East at 1.2 per cent and the South East at 0.8 per cent. Amongst the devolved administrations Wales showed a decrease of 1.0 per cent, followed by Scotland at 0.5 per cent and Northern Ireland at 0.2 per cent. This follows increases for all devolved regions in the previous quarter. Overall, employee jobs decreased by 0.6 per cent in the UK following growth of 1.0 in 2004 quarter four. It should be noted that this survey does not take into account the self employed.

## CBI Manufacturing Survey

Almost all CBI data is presented on the basis of government office regions, although London and the South East are combined. Business conditions as measured by the April survey general business optimism at the national level showed a negative balance for the third successive quarter, although there was a slight improvement in this balance from minus 22 in January to minus 15 in April. The continued weakness in business confidence is attributed partly to weak global demand, particularly from the eurozone and partly to slowing consumer demand in the UK.

Table 15 shows that businesses in most regions were substantially **less optimistic about the business situation** in the April 2005 survey than in the January and October 2004 surveys. Northern Ireland, the East Midlands and the North West reported the most significant deterioration in confidence. The East, Wales and Scotland are the only regions to show positive balances.

UK manufacturing output, as measured by CBI/BSL balances for **volume of output** in Table 16 show a decline in the April survey following positive balances for the previous three surveys. Northern Ireland and the West Midlands show the sharpest falls in output followed by the North West. The North East, the South West, Wales and Scotland are the only regions to report positive balances. For the next three months, most regions report a more positive outlook.

**New orders** in the manufacturing sector in the UK as a whole in the three months to April according to the CBI/BSL survey in Table 17 show a marked fall. The regions experiencing



the largest negative balances in new orders were as in the previous survey, Northern Ireland, London and the South East, the North West and the North East, the South West and the West Midlands. Wales, the East and the East Midlands show negative balances following positive ones in the previous quarter. Scotland order levels remained virtually unchanged. The only regions to show positive balances were Yorkshire and the Humber and Scotland. Expectations for orders over the next three months show a slight improvement at the national level. Scotland, Yorkshire and the Humber, Wales and the South West are the only regions to show positive expectations.

The balance for UK **export orders** in the January CBI/BSL survey in Table 18 shows a further sharp fall from the January survey. Export orders in the three months to April show negative balances in most regions except the North East, Yorkshire and the Humber and the East Midlands. Northern Ireland and the West Midlands show the largest negative balances. The outlook for export orders over the next three months is still negative at the national level but within the UK there are variations with Scotland, Wales, the East Midlands, Yorkshire and the Humber and the North East expecting orders to grow. Northern Ireland has the largest negative balance followed by the West Midlands.

The indicator for **firms working below capacity** in Table 19 shows a slight rise for the UK as a whole in the April survey to 60 from 59 in January. The largest increase was in Northern Ireland which together with the North East show the highest proportion of firms working below capacity. This is followed by the South East and London and East of England. In Scotland and Wales, the proportion of firms operating below capacity is well below the UK average.

## NOTES

As a result of introducing new tables, comments and data on previous tables on redundancies, index of production and construction, house dwelling starts and house prices will no longer be provided. However data can be found on the following websites:

Redundancies - [http://nswebcopy/downloads/theme\\_labour/LFS\\_Redundancy\\_Tables.xls](http://nswebcopy/downloads/theme_labour/LFS_Redundancy_Tables.xls)

UK production and construction - in the GDP release; <http://nswebcopy/pdfdir/oie0505.pdf>

Wales production and construction - [http://www.statswales.wales.gov.uk/intro\\_eng/index.htm](http://www.statswales.wales.gov.uk/intro_eng/index.htm)

Scotland production and construction - <http://www.scotland.gov.uk/Topics/Statistics/15572/8894>

NI production and construction - <http://www.detini.gov.uk/cgi-bin/gethome>

UK house prices - [http://odpm.gov.uk/stellent/groups/odpm\\_housing \(table 591\)](http://odpm.gov.uk/stellent/groups/odpm_housing/table_591)

Scotland dwelling starts - <http://www.scotland.gov.uk>

Wales housing starts - <http://www.wales.gov.uk>

NI housing starts - <http://www.dsdni.gov.uk>

England house dwelling starts - [http://odpm.gov.uk/stellent/groups/odpm\\_housing \(table 217\)](http://odpm.gov.uk/stellent/groups/odpm_housing/table_217)

1. For further discussion of the workplace and residence measures of GVA, see *Economic Trends* article "Regional Gross Value Added" published 16 March 2005.
2. See article "Research and experimental development (R&D) statistics 2002" in *Economic Trends*, September 2004.
3. Value Added Tax
4. <http://www.sbs.gov.uk/content/analytical/statistics/vatmethodology03.pdf>
5. Business have a higher chance of de-registering during the first three years than at any other time. This is why the three years survival rate is a good indication of firms' ability to survive in business.
6. The statistical value of trade in goods is computed on the same common basis as the other EU member countries. This basis is the value of the goods plus the cost of movement to the border of the country that publishes the statistics i.e. the cost, insurance and freight (CIF) delivery terms value for Arrivals (imports); the Free on Board (FOB) delivery terms value for Dispatches (exports). The value of the trade under this common basis is called the 'statistical value'.



# 1

## Headline workplace based Gross value added<sup>1,2</sup> at basic prices NUTS 1 regions

£ million

	United Kingdom <sup>3</sup>	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	IGAE	IFZR	IFZS	IFZT	IFZU	IFZV	IGLF	IGLG	IGLH	IFZZ	IGAA	IGAB	IGAC	IGAD
1990	491 410	18 631	53 637	38 262	32 766	41 546	42 120	87 685	65 588	37 219	417 455	20 698	42 986	10 272
1997	704 744	25 253	73 555	53 783	46 833	59 245	61 254	125 215	99 698	54 394	599 231	28 395	60 898	16 220
1998	748 872	26 219	77 291	56 438	48 950	62 361	65 177	136 600	108 036	57 730	638 802	29 475	63 344	17 251
1999	782 682	26 959	80 317	58 256	50 712	64 558	68 114	144 642	114 750	60 547	668 857	30 418	65 340	18 067
2000	816 549	27 910	83 270	60 457	52 638	67 009	71 261	151 519	120 866	63 439	698 369	31 595	67 670	18 915
2001	859 795	29 287	87 720	63 804	55 414	70 153	75 032	159 576	127 971	67 276	736 233	33 294	70 440	19 828
2002	906 000	30 655	92 251	67 447	58 048	73 215	78 692	170 036	134 800	70 964	776 107	34 997	74 058	20 838
2003 <sup>4</sup>	951 692	32 340	97 618	71 245	61 681	77 343	83 043	174 201	141 928	75 177	814 575	37 103	77 929	22 085

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

2 Data are consistent with the headline series published on 22 December 2004.

3 UK less Extra-Region and statistical discrepancy.

4 Provisional

# 2

## Headline workplace based Gross value added<sup>1,2</sup> at basic prices: £ per head NUTS 1 regions

£

	United Kingdom <sup>3</sup>	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	IGAV	IGAI	IGAJ	IGAK	IGAL	IGAM	IGLI	IGLJ	IGLK	IGAQ	IGAR	IGAS	IGAT	IGAU
1990	8 585	7 209	7 854	7 775	8 206	7 962	8 278	12 897	8 632	7 973	8 752	7 233	8 460	6 438
1997	12 085	9 834	10 826	10 849	11 366	11 258	11 630	17 850	12 695	11 268	12 313	9 809	11 980	9 705
1998	12 807	10 238	11 379	11 384	11 845	11 830	12 293	19 333	13 695	11 904	13 085	10 166	12 476	10 282
1999	13 337	10 571	11 858	11 754	12 213	12 246	12 759	20 219	14 425	12 405	13 641	10 487	12 883	10 761
2000	13 867	10 974	12 292	12 192	12 629	12 716	13 258	20 937	15 126	12 902	14 185	10 869	13 366	11 239
2001	14 545	11 530	12 952	12 821	13 226	13 285	13 894	21 793	15 950	13 609	14 889	11 440	13 909	11 737
2002	15 273	12 078	13 599	13 508	13 746	13 803	14 512	23 068	16 758	14 286	15 633	11 971	14 651	12 282
2003 <sup>4</sup>	15 980	12 736	14 346	14 222	14 505	14 538	15 201	23 579	17 565	15 038	16 339	12 629	15 409	12 971

1 Based on the European System of Accounts 1995 (ESA95).

Source: National Statistics

2 Data are consistent with the headline series published on 22 December 2004.

3 UK less Extra-Region and statistical discrepancy.

4 Provisional

# 3

## Gross value added (GVA) per hour worked indices<sup>1</sup> by region NUTS 1 regions

	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DMOB	DMOH	DMOK	DMOL	DMON	DMOO	DMOR	DMOS	DMOT	DMOV	DMOW	DMOY	DMWA
1996	100.9	96.9	94.4	99.4	92.0	98.7	120.3	99.9	90.2	100.6	94.1	101.7	86.6
1997	97.7	97.8	94.6	97.1	92.3	98.6	121.5	99.1	90.0	100.6	94.7	101.7	85.0
1998	96.3	96.8	93.5	96.0	91.4	100.6	120.2	102.3	90.8	100.8	93.3	99.9	86.0
1999	97.7	95.5	94.5	94.8	93.8	98.6	117.8	104.1	93.2	100.9	93.6	99.4	85.0
2000	96.4	95.4	94.6	95.4	93.6	98.5	118.5	104.7	95.2	101.0	93.8	98.6	84.2
2001	99.3	95.5	96.4	96.6	94.6	97.5	116.5	104.7	93.5	101.1	92.8	96.8	86.2
2002	95.8	94.3	94.6	96.0	93.4	98.1	118.7	103.7	93.4	101.1	92.6	97.2	85.5
2003	95.1	94.4	93.7	96.9	94.6	97.1	115.4	106.5	95.4	101.1	91.9	98.1	84.3

1 UK=100

Source: National Statistics

# 4

## Gross disposable household income (GDHI)<sup>1</sup>:£ per head NUTS 1 regions

£

	United Kingdom <sup>2</sup>	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	DEPZ	LRCG	LRCH	DEQB	DEQC	DEQH	LRCI	DEQE	LRCJ	DEQG	LREV	DEQJ	DEQK	DEQL
1997	9 643	8 419	8 910	8 901	8 928	8 839	10 267	11 658	10 893	9 716	9 881	8 490	9 059	8 277
1998	9 902	8 580	9 136	9 151	9 147	9 058	10 531	12 058	11 225	9 973	10 160	8 661	9 228	8 450
1999	10 366	8 918	9 555	9 519	9 522	9 484	11 048	12 725	11 752	10 443	10 649	9 056	9 592	8 805
2000	11 097	9 504	10 207	10 163	10 195	10 169	11 876	13 601	12 564	11 159	11 404	9 737	10 268	9 424
2001	11 865	10 112	10 879	10 791	10 919	10 862	12 813	14 484	13 460	11 947	12 198	10 435	10 970	10 062
2002	12 184	10 414	11 171	11 068	11 213	11 149	13 225	14 750	13 803	12 276	12 517	10 759	11 328	10 401
2003 <sup>3</sup>	12 610	10 787	11 559	11 462	11 612	11 552	13 685	15 235	14 265	12 704	12 952	11 137	11 753	10 809

1 Based on the European System of Accounts 1995 (ESA95)

Source: National Statistics

2 UK less Extra Region

3 Provisional

## 5 Median gross weekly pay<sup>1</sup>

NUTS 1 regions

£

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	C5GR	C5GS	C5GT	C5GU	C5GV	C5GW	C5GX	C5GY	C5GZ	C5H2	C5H3	C5H4	C5H5
1998	334.9	302.4	317.9	313.7	312.0	320.4	337.0	419.0	350.3	314.8	308.9	313.8	298.1
1999	345.5	314.0	327.9	320.8	323.8	329.9	348.3	433.0	360.8	323.9	316.8	329.0	310.5
2000	359.0	329.3	340.9	335.0	330.8	340.9	358.1	460.0	377.3	336.0	327.5	338.4	320.2
2001	375.9	333.7	354.2	345.5	346.6	357.9	379.1	479.9	398.3	352.3	341.3	355.1	330.5
2002	390.9	344.8	368.5	360.0	362.3	366.6	392.6	501.1	419.9	364.9	349.4	371.7	342.0
2003	404.0	348.4	379.7	375.6	379.6	378.0	407.6	521.4	434.8	382.0	363.6	381.3	352.0
2004 <sup>2</sup>	423.0 422.1	373.2 372.6	398.7 397.1	393.5 392.9	390.0 385.5	397.3 393.6	424.1 422.3	545.2 540.8	451.2 449.1	394.8 393.0	386.0 383.2	394.5 392.7	375.1 372.3

1 Median gross weekly earnings of full-time employees.

Source: Annual Survey of Hours and Earnings, National Statistics

2 The bottom figure includes supplementary information to improve inquiry coverage and the quality of the estimates. The top figure excludes this information and so is continuous with previous years figures.

## 6 Estimated expenditure on R&D

£ million

### Estimated GOR breakdown of expenditure on Intramural R&D in the Business sector, 1999-2003

	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
	D4DF	D4DG	D4DH	D4DI	D4DJ	D4DK	D4DL	D4DM	D4DN	D4DO	D4DP	D4DQ	D4DR	D4DS
1999	11 302	164	1 476	309	838	724	2 559	735	2 916	887	10 607	203	393	99
2000	11 510	164	1 451	304	933	576	2 758	810	2 964	867	10 827	144	400	139
2001	12 336	119	1 512	298	951	662	2 916	738	3 317	1 025	11 538	136	512	150
2002	13 110	128	1 661	357	1 063	695	2 741	950	3 268	1 274	12 138	182	640	149
2003	13 687	281	1 559	382	929	587	3 453	771	3 464	1 359	12 786	264	521	116

### Estimated GOR breakdown of expenditure on Intramural R&D in the Government sector, 1999-2003

	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
	D4DT	D4DU	D4DV	D4DW	D4DX	D4DY	D4DZ	D4E2	D4E3	D4E4	D4E5	D4E6	D4E7	D4E8
1999	2 086	2	56	46	56	191	248	231	648	301	1 779	60	233	14
2000	2 238	2	59	50	58	205	271	271	665	322	1 905	68	250	16
2001	1 829	4	66	50	68	65	277	238	515	254	1 537	49	226	16
2002	1 752	6	67	62	65	50	285	238	459	228	1 460	41	237	15
2003	2 010	2	54	134	22	38	336	279	583	231	1 679	43	271	17

Source: ONS

### Estimated GOR breakdown of expenditure on Intramural R&D in the Higher Education sector, 1999-2003

	United Kingdom	North East	North West	Yorkshire & the Humber	East Midlands	West Midlands	East of England	London	South East	South West	England	Wales	Scotland	Northern Ireland
	D4E9	D4EA	D4EB	D4EC	D4ED	D4EE	D4EF	D4EG	D4EH	D4EI	D4EJ	D4EK	D4EL	D4EM
1999	3 324	112	259	269	181	179	253	833	491	147	2 723	129	408	64
2000	3 648	123	289	285	205	193	325	899	518	160	2 996	139	442	70
2001	4 034	142	322	317	224	207	366	979	562	178	3 296	155	510	73
2002	4 413	159	354	340	234	221	402	1 059	608	191	3 568	180	581	84
2003	4 457	158	363	347	223	228	412	1 069	614	192	3 606	175	575	100

## 7 VAT registrations and deregistrations<sup>1</sup>: net change<sup>2</sup>

NUTS 1 regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	DCYQ	LREB	LRZS	DCYT	DCYU	DCYY	LRED	DEON	LREE	DCYX	DCZA	DCZB	DCZC
1999	25.1	0.4	1.4	0.9	1.4	1.8	2.6	7.9	5.8	1.9	-0.1	0.6	0.4
2000	23.2	0.5	1.3	1.0	1.6	2.2	2.7	6.2	4.8	1.5	0.5	0.7	0.2
2001	15.6	0.1	1.1	0.6	1.4	1.6	1.5	2.6	3.7	1.5	0.6	0.4	0.5
2002	11.8	0.3	0.9	0.5	1.6	1.2	2.1	0.1	2.9	1.4	-0.1	0.4	0.6
2003	15.5	0.6	2.3	2.0	1.6	1.1	1.6	2.0	2.6	1.3	-	0.5	-0.2

1 This series replaces the previously published dataset, actual figures not rounded.

Source: Small Business Services, DT

2 Net gain or loss in the stock of registered enterprises each year - equal to registrations &lt; de-registrations

## 8 Three year survival rates of VAT registered businesses, by region

### Percent still trading

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
Year of registration	D4BQ	D4BR	D4BS	D4BT	D4BU	D4BV	D4BW	D4BX	D4BY	D4BZ	D4C2	D4C3	D4C4	D4C5
1993	62.1	58.5	59.2	60.6	62.7	60.9	63.6	61.4	63.5	63.4	61.9	61.3	63.0	68.5
1994	62.5	58.6	59.8	61.3	61.9	61.9	64.2	60.8	64.3	64.6	62.2	63.6	62.2	73.7
1995	65.3	62.4	62.7	64.3	65.0	63.1	67.1	62.6	68.3	68.1	65.0	65.5	64.9	76.1
1996	66.0	64.7	63.6	64.3	65.2	64.7	68.5	63.3	69.5	68.6	66.0	66.5	64.0	75.0
1997	67.4	66.4	64.2	66.7	67.1	65.9	69.8	64.2	70.7	70.2	67.3	67.7	66.5	75.0
1998	66.3	66.2	65.1	65.1	66.6	66.4	68.8	62.5	69.6	68.7	66.3	66.5	64.5	72.4
1999	66.5	65.5	64.9	66.1	67.7	66.5	68.1	62.8	69.7	68.0	66.4	68.0	65.3	72.4
change 1993-99	4.4	7.0	5.7	5.5	5.0	5.6	4.5	1.4	6.2	4.6	4.5	6.7	2.3	3.9

Source: Small Business Service Jan 2004

## 9 UK Regional trade in goods by statistical value per region

### Value of Exports by Region

£ million

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland	Unknown
<b>EU 15 Exports</b>	D4C6	D4C7	D4C8	D4C9	D4CA	D4CB	D4CC	D4CD	D4CE	D4CF	D4CG	D4CH	D4CI	D4CJ	D4CK
2004 Q1	26 086	1 278	2 271	1 444	1 953	1 841	2 490	2 334	3 708	1 434	18 753	1 275	1 496	632	3 930
Q2	25 848	1 235	2 249	1 402	1 785	1 914	2 580	2 227	3 785	1 477	18 654	1 276	1 471	664	3 783
Q3	25 689	1 231	2 219	1 411	1 856	1 718	2 427	2 242	3 943	1 446	18 492	1 252	1 407	626	3 912
Q4	27 814	1 304	2 353	1 531	1 988	1 971	2 739	2 190	4 203	1 475	19 753	1 422	1 595	689	4 355
<b>Total 2004**</b>	105 437	5 048	9 092	5 788	7 582	7 444	10 236	8 993	15 639	5 832	75 652	5 225	5 969	2 611	15 980
<b>Yr to date 2005*</b>	26 149	1 280	2 260	1 640	2 031	1 825	2 532	2 303	3 703	1 523	19 097	1 293	1 288	618	3 853
	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland	Unknown
<b>Non-EU 15 Exports</b>	D4CL	D4CM	D4CN	D4CO	D4CP	D4CQ	D4CR	D4CS	D4CT	D4CU	D4CV	D4CW	D4CX	D4CY	D4CZ
2004 Q1	19 065	661	2 029	957	1 389	1 461	1 681	3 329	2 968	876	15 351	668	1 224	397	1 425
Q2	20 874	801	2 154	1 039	1 490	1 649	1 948	3 373	3 260	915	16 630	736	1 510	438	1 559
Q3	21 649	808	2 242	1 110	1 637	1 516	1 974	3 434	3 484	1 042	17 245	795	1 585	434	1 590
Q4	23 328	802	2 314	1 247	1 824	1 647	2 202	3 288	3 983	1 064	18 371	883	1 644	495	1 936
<b>Total 2004**</b>	84 916	3 072	8 739	4 353	6 340	6 273	7 805	13 424	13 695	3 897	67 597	3 082	5 963	1 764	6 510
<b>Yr to date 2005*</b>	19 819	602	1 913	1 157	1 441	1 446	1 687	3 701	3 011	831	15 790	750	1 345	404	1 532

\* Provisional data - subject to revision

\*\*Components might not add up due to rounding.

Source: Statistics and Analysis of Trade Unit (SATU)

## 10 Value of export goods as a percentage of headline regional GVA

percentage

	United Kingdom**	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	D4D2	D4D3	D4D4	D4D5	D4D6	D4D7	D4D8	D4D9	D4DA	D4DB	D4DC	D4DD	D4DE
2001	21.5	24.3	18.5	14.0	24.5	19.1	21.5	14.7	20.5	12.1	21.3	23.7	19.2
2002	20.2	22.6	18.3	13.5	22.2	18.8	20.6	15.3	19.1	10.6	18.9	21.1	16.0
2003	19.2	24.8	17.4	13.1	23.0	17.3	21.3	13.4	20.3	12.1	19.3	16.9	18.3
2004*	19.4	25.0	18.2	14.2	14.2	17.6	21.6	12.8	20.5	12.9	22.1	15.2	19.7

\* uses regional GVA estimates

\*\* UK figures include trade and GVA that cannot be allocated to regions

Sources: DTI analysis of information provided by the Statistics and Analysis; of Trade Unit &amp; HM Revenue and Customs

# 11 Unemployed as a percentage of the economically active population<sup>1,2</sup> seasonally adjusted

NUTS 1 regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
	MGSX	YCNC	YCND	YCNE	YCNF	YCNG	YCNH	YCNI	YCNJ	YCNK	YCNL	YCNM	YCNN	ZSFB
2002 Q1	5.1	7.2	5.4	5.0	4.8	5.6	3.6	6.9	3.6	3.4	4.9	5.7	6.5	6.1
Q2	5.2	6.5	5.5	5.3	4.6	5.7	3.7	6.8	3.9	3.7	5.0	5.7	6.5	5.6
Q3	5.3	6.3	5.5	5.6	4.6	5.9	3.8	7.1	4.0	4.0	5.2	5.2	6.3	6.2
Q4	5.1	7.5	5.0	5.1	4.7	5.7	4.1	6.7	4.0	4.1	5.0	5.1	6.1	5.5
2003 Q1	5.1	6.4	5.0	5.2	4.1	6.0	4.6	7.0	3.9	3.8	5.0	4.8	5.8	5.2
Q2	5.0	6.1	4.9	5.1	4.4	5.6	4.0	7.2	4.0	3.5	5.0	4.6	5.6	5.2
Q3	5.0	6.7	4.8	4.9	4.5	5.9	3.9	7.2	3.9	3.2	4.9	4.7	5.8	5.7
Q4	4.9	6.5	4.8	5.1	4.4	5.8	3.5	7.1	3.8	3.1	4.8	4.8	5.8	6.3
2004 Q1	4.8	5.4	4.6	4.7	4.7	5.5	3.4	6.9	3.9	2.9	4.7	4.5	5.7	5.2
Q2	4.8	5.5	4.4	4.6	4.4	5.5	3.8	7.0	3.7	3.7	4.7	4.4	6.2	5.3
Q3	4.6	5.9	4.3	4.5	4.0	5.0	3.5	7.1	3.7	3.2	4.6	4.9	5.2	5.1
Q4	4.7	6.3	4.6	4.7	4.1	4.8	3.8	7.3	3.5	3.3	4.7	4.2	5.6	4.5
2005 Q1	4.7	5.5	4.8	4.2	4.3	4.6	3.9	6.7	3.7	3.5	4.6	4.5	5.5	4.7

1 Periods are calendar quarters.

Source: Labour Force Survey, National Statistics

2 Data has been adjusted to reflect the 2001 Census Population data. For further details, please see the National Statistics website: [www.statistics.gov.uk/cci/nugget.asp?id=207](http://www.statistics.gov.uk/cci/nugget.asp?id=207)

# 12 Claimant count rates as a percentage of total workforce

NUTS 1 regions

Seasonally adjusted

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
	BCJE	DPDM	IBWC	DPBI	DPBJ	DPBN	DPDP	DPDQ	DPDR	DPBM	DPBP	DPBQ	DPBR
2001	3.2	5.6	3.7	3.9	3.1	3.7	2.0	3.3	1.6	2.1	4.0	4.0	4.9
2002	3.1	5.1	3.5	3.6	2.8	3.5	2.1	3.6	1.6	1.9	3.6	3.9	4.4
2003	3.0	4.5	3.2	3.4	2.8	3.5	2.1	3.7	1.7	1.9	3.3	3.8	4.2
2004	2.7	4.0	2.9	2.9	2.5	3.3	2.0	3.5	1.6	1.6	3.0	3.5	3.6
2004 Jun	2.7	4.0	2.8	2.9	2.5	3.3	1.9	3.5	1.6	1.6	3.0	3.5	3.6
Jul	2.7	4.0	2.8	2.8	2.5	3.2	1.9	3.5	1.6	1.5	3.0	3.4	3.5
Aug	2.7	3.9	2.8	2.8	2.5	3.2	1.9	3.4	1.6	1.5	3.0	3.4	3.5
Sep	2.7	3.9	2.8	2.8	2.5	3.2	1.9	3.4	1.6	1.5	3.0	3.4	3.5
Oct	2.7	4.0	2.8	2.8	2.5	3.2	2.0	3.4	1.6	1.5	3.0	3.4	3.5
Nov	2.7	3.9	2.8	2.8	2.5	3.2	1.9	3.4	1.6	1.5	3.0	3.4	3.5
Dec	2.6	3.9	2.8	2.7	2.5	3.2	2.0	3.4	1.6	1.5	3.0	3.3	3.5
2005 Jan	2.6	3.7	2.7	2.7	2.4	3.1	1.9	3.4	1.5	1.5	2.9	3.3	3.4
Feb	2.6	3.8	2.7	2.8	2.4	3.1	1.9	3.4	1.5	1.5	2.9	3.3	3.4
Mar	2.7	3.9	2.8	2.8	2.5	3.2	2.0	3.4	1.6	1.5	3.0	3.3	3.4
Apr	2.7	3.9	2.8	2.9	2.5	3.3	2.0	3.5	1.6	1.6	3.0	3.3	3.4
May	2.7	4.0	2.9	2.9	2.6	3.5	2.0	3.5	1.6	1.6	3.1	3.3	3.4
Jun	2.8	4.0	2.9	3.0	2.6	3.5	2.1	3.5	1.7	1.6	3.1	3.3	3.4

Source: National Statistics

# 13

## Total in employment<sup>1,2,3</sup>, seasonally adjusted

### NUTS 1 regions

Thousands

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Wales	Scotland	Northern Ireland
2002 Q1	MGRZ 27 808	YCJP 1 082	YCJQ 3 043	YCJKR 2 280	YCJS 2 007	YCJT 2 453	YCJU 2 689	YCVJ 3 512	YCVJW 4 067	YCVJX 2 393	YCVJY 23 526	YCVJZ 1 227	YCKA 2 341	ZSFG 706
Q2	27 897	1 079	3 046	2 280	2 027	2 463	2 681	3 537	4 058	2 409	23 580	1 244	2 351	718
Q3	27 896	1 079	3 046	2 284	2 042	2 458	2 681	3 510	4 037	2 411	23 548	1 261	2 361	719
Q4	28 056	1 063	3 106	2 292	2 037	2 469	2 670	3 533	4 056	2 413	23 640	1 291	2 384	734
2003 Q1	28 110	1 074	3 114	2 314	2 047	2 461	2 660	3 507	4 054	2 421	23 651	1 301	2 397	752
Q2	28 177	1 081	3 132	2 319	2 046	2 450	2 693	3 513	4 041	2 423	23 697	1 322	2 408	738
Q3	28 200	1 084	3 139	2 330	2 036	2 436	2 697	3 539	4 044	2 428	23 733	1 326	2 402	728
Q4	28 225	1 101	3 138	2 335	2 052	2 436	2 738	3 500	4 051	2 440	23 787	1 320	2 393	717
2004 Q1	28 425	1 120	3 168	2 347	2 068	2 458	2 750	3 541	4 034	2 461	23 946	1 334	2 416	720
Q2	28 376	1 115	3 167	2 344	2 052	2 466	2 737	3 539	4 055	2 427	23 903	1 329	2 423	714
Q3	28 431	1 113	3 171	2 350	2 049	2 496	2 739	3 514	4 067	2 448	23 947	1 313	2 442	720
Q4	28 521	1 107	3 198	2 362	2 068	2 501	2 725	3 500	4 073	2 451	23 985	1 335	2 447	744
2005 Q1	28 608	1 122	3 182	2 366	2 077	2 508	2 735	3 550	4 075	2 462	24 077	1 325	2 453	743

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

2 Periods are calendar quarters.

3 Data have been adjusted to reflect the 2001 Census population data. For further details please see the National Statistics website: [www.statistics.gov.uk/cci/nugget.asp?id=207](http://www.statistics.gov.uk/cci/nugget.asp?id=207)

Source: Labour Force Survey, National Statistics

# 14

## Employee jobs (all industries)

### NUTS 1 regions

2000 = 100

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	Wales	Scotland	Northern Ireland
2001	YEKA 101.4	YKKB 100.3	YEKJ 102.0	YEKC 100.1	YEKD 99.9	YEKI 99.8	YEKE 101.9	YEKF 101.9	YEKG 101.7	YEKH 102.0	YEKK 100.3	YEKL 102.9	YEKM 102.0
2002	101.8	103.0	103.7	101.0	100.4	100.9	101.4	99.3	102.9	103.7	100.9	102.7	104.0
2003	102.2	104.1	104.9	103.1	100.1	100.9	103.3	98.3	102.0	104.5	102.1	102.8	105.0
2004	102.8	104.0	105.7	104.6	99.4	101.3	104.7	99.1	101.7	106.3	102.9	103.8	106.7
2003 Sep	102.2	104.1	105.1	103.5	100.4	100.8	103.6	97.9	101.7	105.0	102.8	102.8	104.7
Dec	103.0	104.5	105.7	104.8	100.7	101.4	104.6	99.2	101.8	105.9	103.4	103.9	106.5
2004 Mar	102.2	103.5	105.0	103.9	99.1	100.6	103.7	98.7	101.1	105.3	102.1	103.0	106.1
Jun	102.6	103.3	105.3	104.3	99.6	100.7	104.5	99.0	101.5	106.1	103.1	103.6	105.9
Sep	102.8	104.5	105.7	104.6	99.2	100.8	105.0	98.8	101.5	106.6	103.0	103.7	106.6
Dec	103.8	104.7	106.9	105.4	99.8	102.8	105.9	99.8	102.7	107.3	103.3	104.7	108.1
2005 Mar	103.2	104.7	106.6	105.1	99.3	101.4	104.7	99.5	101.9	106.8	102.3	104.2	107.9

Source: National Statistics



# 15 Manufacturing industry: optimism about business situation

NUTS 1 regions

Balance<sup>1</sup>

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
2004 Jul	DCMO	LRYS	LRYT	DCMU	DCMT	DCMS	LRYS	DCMP	DCMR	DCMX	DCMY	DCMZ
Oct	7	-19	13	22	28	-21	-2	-1	9	29	23	-
	-10	16	-9	11	1	-16	-29	-19	5	-6	-10	-39
2005 Jan	-22	8	-22	-26	-22	-43	-26	-35	-38	2	14	-27
Apr	-15	-11	-28	-17	-32	-34	4	-2	-18	1	5	-36

<sup>1</sup> Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, May 2005

# 16 Manufacturing industry: volume of output

NUTS 1 regions

Balance<sup>1</sup>

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
<b>Past 3 months</b>	DCLQ	LRVY	LRVW	DCLW	DCLV	DCLU	LRVX	DCLR	DCLT	DCLZ	DCMA	DCMB
2004 Jul	7	-22	5	27	-7	-16	10	16	1	39	9	-24
Oct	6	-6	6	17	14	-15	11	13	3	1	14	-20
2005 Jan	2	-9	-25	16	-8	-26	14	1	-19	24	35	-21
Apr	-10	2	-27	-5	-3	-33	-3	-11	3	3	15	-37
<b>Next 3 months</b>	DCMC	LRYY	LRYZ	DCMI	DCMH	DCME	LRZA	DCMD	DCMF	DCML	DCMM	DCMN
2005 Apr	5	1	1	9	-2	-7	-2	4	5	14	41	-6

<sup>1</sup> Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, May 2005

# 17 Manufacturing industry: volume of new orders

NUTS 1 regions

Balance<sup>1</sup>

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
<b>Past 3 months</b>	DCNA	LRZB	LRZC	DCNG	DCNF	DCNE	LRZD	DCNB	DCND	DCNJ	DCNK	DCNL
2004 Jul	2	-19	13	33	21	-16	-	-	-7	15	20	-21
Oct	4	-8	-10	11	15	-14	-3	6	-4	3	15	-15
2005 Jan	-4	-16	-16	14	10	-20	1	-7	-14	4	43	-32
Apr	-18	-11	-24	9	-14	-23	-10	-17	-19	-14	1	-49
<b>Next 3 months</b>	DCNM	LRZE	LRZF	DCNS	DCNR	DCNQ	LRZG	DCNN	DCNP	DCNV	DCNW	DCNX
2005 Apr	3	-1	-3	15	-9	-25	-	-	5	14	35	-23

<sup>1</sup> Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, May 2005

# 18 Manufacturing industry: volume of new export orders

NUTS 1 regions

Balance<sup>1</sup>

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
<b>Past 3 months</b>	DCNY	LRZH	LRZI	DCOE	DCOD	DCOC	LRZJ	DCNZ	DCOB	DCOH	DCOI	DCOJ
2004 Jul	-3	-35	17	14	-3	-14	-10	-6	9	1	32	-13
Oct	-	12	-16	-5	-8	-30	-4	7	-9	-4	31	-34
2005 Jan	-8	-12	-30	6	-3	-32	3	-12	-27	-19	14	-29
Apr	-15	8	-18	2	2	-27	-6	-17	-19	-19	-19	-59
<b>Next 3 months</b>	DCOK	LRZK	LRZL	DCOQ	DCOP	DCOO	LRZM	DCOL	DCON	DCOT	DCOU	DCOV
2005 Apr	-	11	-12	16	18	-16	-1	-9	-2	8	19	-39

<sup>1</sup> Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/Experian Regional Trends Survey, May 2005

# 19 Manufacturing industry: firms working below capacity

NUTS 1 regions

Percentages

	United Kingdom	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London and the South East	South West	Wales	Scotland	Northern Ireland
2004 Jul	DCOW	LRZN	LRZO	DCPC	DCPB	DCPA	LRZP	DCOX	DCOZ	DCPF	DCPG	DCPH
Oct	54	79	53	52	65	44	38	38	55	47	51	52
	54	77	66	37	61	54	49	59	60	58	41	77
2005 Jan	59	77	72	50	57	62	59	65	62	38	23	31
Apr	60	85	65	53	62	56	66	67	60	33	37	85

Source: CBI/Experian Regional Trends Survey, May 2005

# Methodology Notes: Seasonal adjustment

**Mark Brereton**

Office for National Statistics

This is the latest article in a new series called 'Methodology Notes'. This series aims to explain statistical issues relevant to our data in a simple, non-technical way. As well as defining the topic areas, the notes explain when, why and how these methodologies are used within ONS. Where possible, we also point the reader to further sources of information.

## What is seasonal adjustment and why do we use it?

Seasonal adjustment is the process of removing variations associated with the time of the year, or the arrangement of the calendar, from a time series. There are a variety of permanent effects associated with the time of the year, for example:

- higher retail sales around Christmas
- more tourists visit the UK during the summertime.

There are also less obvious timing issues that tend to vary year on year; these are called 'calendar effects'. For example, November one year might contain five weekends, whilst the following year it has only four. Another year, the month of April might contain Easter, whilst the following it does not. This is likely to have the following impact on the data:

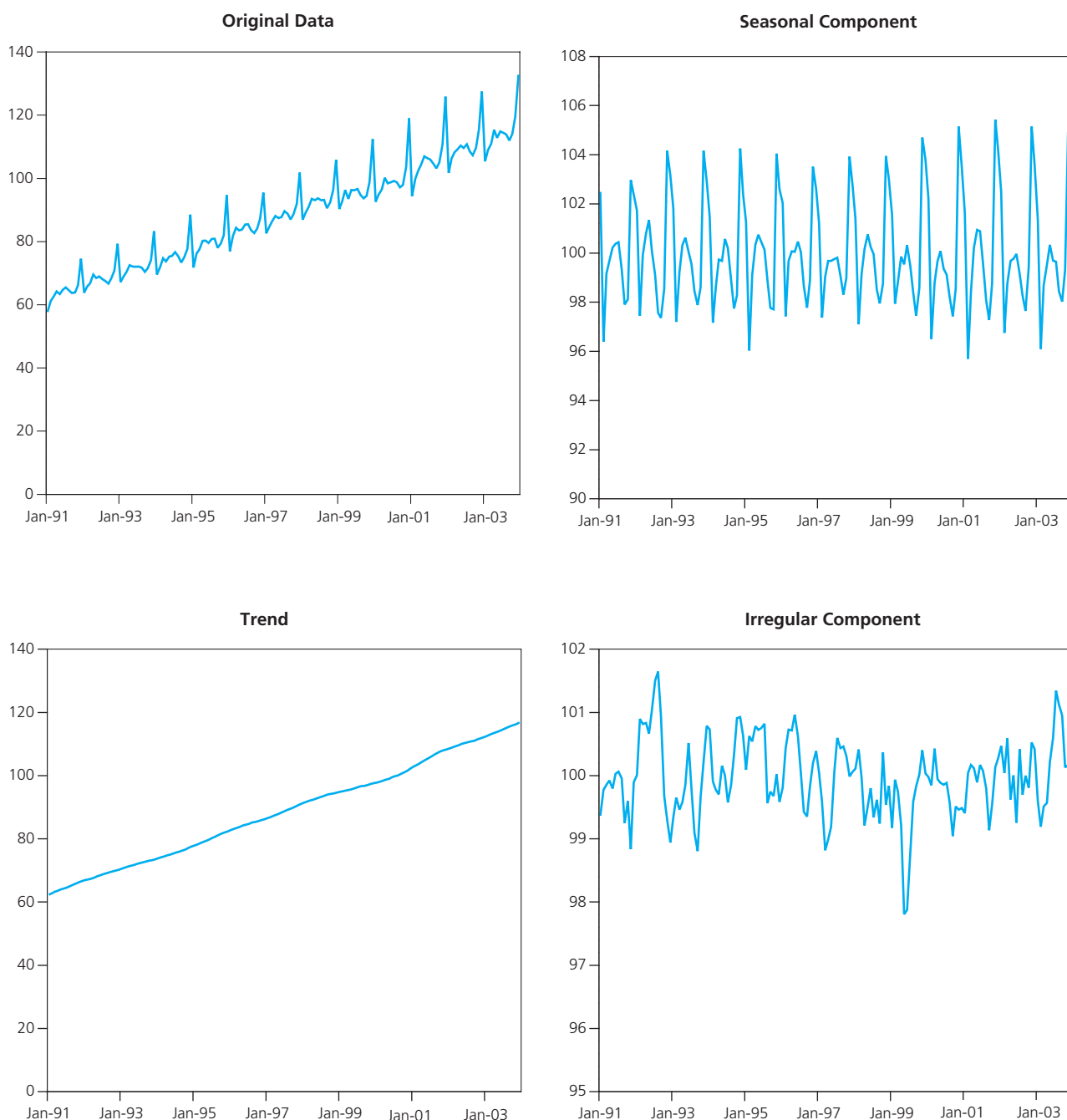
- higher retail sales in the November that contains the five weekends
- lower industrial production in the April that contains Easter, as it has fewer days that people are at work.

These differences in the data are down to seasonal effects, and not due to any underlying economic change. Consequently, the data are adjusted so these seasonal effects do not mislead the user and to give a clearer picture of what is going on over time.

## How is seasonal adjustment undertaken in ONS?

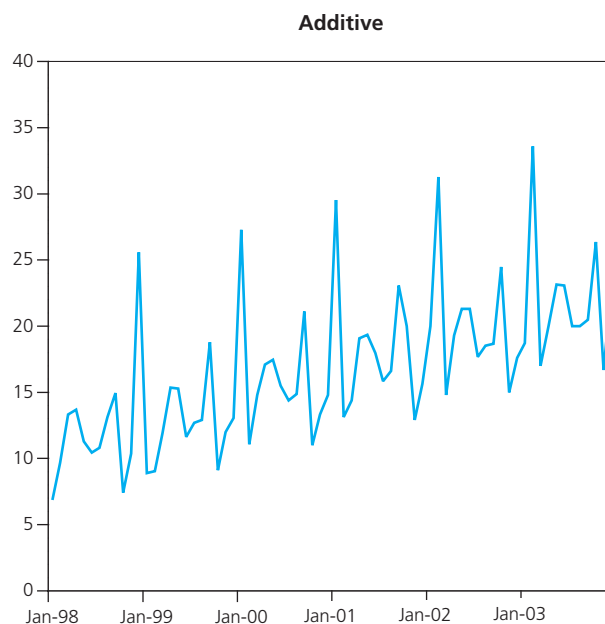
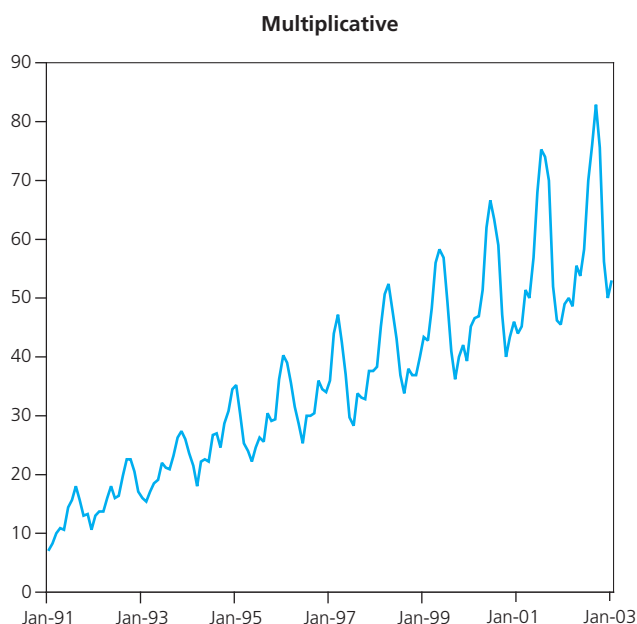
A time-series (Y) is made up of three components; Trend Cycle, Seasonal and Irregular.

The process used by ONS attempts to estimate each of the three components through a modelling process. Once these have been isolated, the original data are adjusted so the seasonal component is removed leaving the trend and irregular component. This means the original series is now 'seasonally adjusted'.



### Multiplicative and additive charts

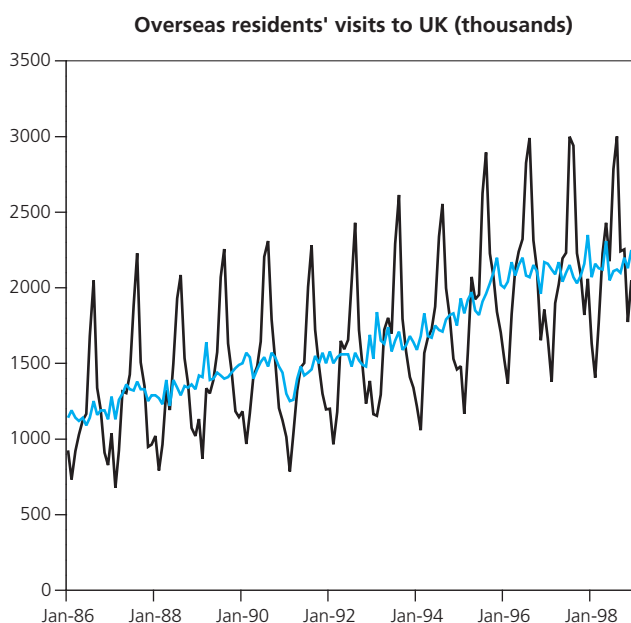
There are two basic ways of modelling seasonal adjustment in time-series data. A multiplicative model is used when the amplitude of the series increases as the level rises. An additive model is used when the amplitude stays constant as the series increases. The seasonal components under these two models are then estimated and removed. This method differs slightly depending on the model used.



### An example of seasonal adjustment

Below is a graph of original data (black) and the seasonally adjusted series (blue) for the number of overseas residents' visits to the UK. There are two points to note regarding the original data. Firstly, the series peaks in the summer when most tourists visit the country and dips during the winter. Secondly, the underlying trend is difficult to see in the original data. The trend is much more obvious once the data has been seasonally adjusted; the number of overseas visitors is slowly increasing over time.

Most yearly indices, such as the Retail Sales Index (RSI) and Index of Production (IOP), annually review their seasonal adjustments to take into account newly available data. Any changes to the seasonal adjustments causes backward revisions to existing data.



### Notes

For further explanation on how the different models work, see *Seasonal Adjustment with the X-11 method* by Dominique Ladiray and Benoit Quenneville.

### Further reading

Treasure H (2005) Seasonal adjustment of the vacancy survey. *Labour Market Trends*, vol 112, no. 12, pp 505–508.

Available at: <http://www.statistics.gov.uk/cci/article.asp?ID=1024>

Tripodis Y (2005) Methodological improvement to the seasonal adjustment of the Motor Vehicles Production Index. *Economic Trends*, No. 619, pp 48–53.

Available at: <http://www.statistics.gov.uk/cci/article.asp?ID=1175>

Vijayakumar, N (2005) Seasonal adjustment review of the claimant count series. *Labour Market Trends*, vol 113, no. 5, pp 209–211.

Available at: <http://www.statistics.gov.uk/cci/article.asp?ID=1115>

# Research and experimental development (R&D) statistics, 2003

**Julie Owens**

Office for National Statistics

In 2003 Gross Domestic Expenditure on R&D was 1.86 per cent of GDP, very similar to 2002. In terms of European comparisons in 2003 the UK was just below the EU average of 1.93 per cent.

Expenditure in real terms performed by the business sector has increased by 1.5 per cent on the 2002 total.

The manufacturing sector accounts for 77 per cent of the total R&D expenditure. Within that figure, the chemicals broad group has the largest share of R&D expenditure at 36 per cent. The service sector accounts for 21 per cent of total R&D expenditure

Within the UK, net expenditure in real terms performed by government peaked in 1980/81. Since then there was a gradual downward trend until 1998/1999 (with a noteworthy exception in 1986/87 of £8.5 billion, higher than in 1980/81 of £8.4 billion), after which point the expenditure for subsequent years has slightly increased. The overall level of net government expenditure on defence R&D has fallen from 37 per cent in 1995 to 32 per cent in 2003.

Within regions, spending is highest in the South East for both the business and government sectors.

## Summary of trends

- Measuring expenditure and employment of R&D is difficult because of the subjective judgements that have to be made about the dividing line between R&D and other activities. There are discontinuities in the series arising from the interpretation of definitions, and changes in the actual or perceived status of organisations (Chapter 1 of *Science, Engineering and Technology Statistics 2005*<sup>2</sup>, details this). Some general conclusions can be drawn, but significance should not be given to small percentage changes between years.
- In 2003 Gross Domestic Expenditure on R&D (GERD) was 1.86 per cent of GDP, very similar to 2002 (see Table 2). In terms of European comparisons, in 2003 the UK was just below the EU average of 1.93 per cent.<sup>5</sup> GERD is seen as an important indicator of productivity and competitiveness, both within the UK and internationally.
- Expenditure in real terms performed by the business sector has increased by 1.5 per cent on the 2002 total (see Table 4).
- The manufacturing sector accounts for 77 per cent of total R&D expenditure. Within that figure, the chemicals broad product group has the largest share of R&D expenditure at 36 per cent. The services sector accounts for 21 per cent of total R&D expenditure (see Table 5).
- Within the UK, net expenditure in real terms on R&D by government peaked in 1980/81. Since then there was a gradual downward trend until 1998/99 (with a noteworthy exception in 1986/87 of £8.5 billion, higher than in 1980/81 of £8.4 billion), after which point the expenditure for subsequent years has slightly increased (Table 10). The overall level of net government expenditure on defence R&D has fallen from 37 per cent in 1995 to 32 per cent in 2003 (see Table 12).
- Within the regions, spending is highest in the South East for both the business and government sectors (Table 14).

## Background

This article is the latest in an annual series, the previous article was published in the September 2004 edition of *Economic Trends*. Most of the figures have already been published by the Office for National Statistics (ONS), the Department of Trade and Industry (Office of Science and Technology) or the Organisation for Economic Co-operation and Development (OECD).<sup>1,2,4,5</sup> The purpose of this report is to bring together a range of data produced and published by ONS in a single annual article and our aim is to continue to inform and stimulate debate within the R&D community.

The R&D statistics published here are consistent with OECD's *Frascati Manual*<sup>3</sup> which defines Research and Experimental Development (R&D) and gives guidelines



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- Table 19. International comparisons of Government funding of R&D in 2003 by Socio-economic objective (percentage distribution)

on how to measure expenditure and employment on R&D. The manual is applied throughout the OECD so it is possible to make comparisons between countries.<sup>5,6</sup>

R&D is defined as creative work undertaken systematically to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this knowledge to devise new applications.

Care should be exercised when using R&D statistics for economic analysis. R&D can lead to the technological inventions that are necessary for a successful, innovative economy. But such inventions are not a sufficient condition for success – many other economic and social factors are important. Undue weight should not be given to the economic significance of R&D's role as a generator of inventions. On the other hand, the economic benefit of R&D is not limited to that role: R&D develops skills and techniques that are important for any economy.

## Sources of information

Performers and funders of R&D are divided into four economic sectors: business, Government, higher education institutions (HEIs), and the Private Non-Profit (PNP) sector. Definitions are provided at the end of this article.

ONS conducts an annual survey of R&D in businesses. As in previous years the 2003 survey used a sample survey to minimise burdens on contributors. The register of R&D performers is continually updated; results and detailed methodology notes can be found in the publication *Research and Development in UK Business 2003* (series MA14).<sup>1</sup>

ONS also conducts an annual survey of Central Government R&D, which is addressed to all government departments. The survey collects data on expenditure and employment for outturn and planning years. The latest detailed results will be published in OST's *Science, Engineering and Technology*

*Statistics 2005 (SET 2005).*<sup>2</sup> This document will be available on OST's website at <http://www.dti.gov.uk/ost/>.

Statistics on expenditure on and employment in R&D by Higher Education Institutions (HEIs) are based on information collected by Higher Education Funding Councils and HESA (Higher Education Statistics Agency). In 1994 a new methodology was introduced to estimate expenditure on R&D by HEIs. This was based on the allocation of various Funding Council Grants. Full details of the new methodology will be contained in *SET 2005*.<sup>2</sup>

## The tables

### Gross Domestic Expenditure on R&D (GERD) (Tables 1–3)

These tables show the performers and funders of R&D in the UK. Measuring expenditure on R&D performed within each sector avoids problems of omission and double counting that can arise when measuring funds provided for R&D. GERD is the sum of R&D performed in the four sectors.

Tables 1 and 2 show that UK GERD in 2003 was £20.8 billion in cash terms. GERD is often quoted as a percentage of GDP when making international comparisons. In 2003 UK GERD was 1.86 per cent of GDP, similar to the previous year's figure, but below the provisional OECD estimate for the EU average of 1.93 per cent.

Table 1 shows the interaction between R&D funders and performers. For example £13.7 billion was spent on R&D in the business sector. Of this, £1.5 billion was provided by the government, £3.6 billion came from abroad and £8.6 billion was funded by businesses from their own sources. Funds from abroad include those from overseas parent companies, contracts for R&D projects, support for R&D provided through European Union schemes and international collaborative projects typically for aerospace or defence projects.

Figure 1 shows that the business sector of the economy is the most important in terms of providing funds for and carrying out R&D.

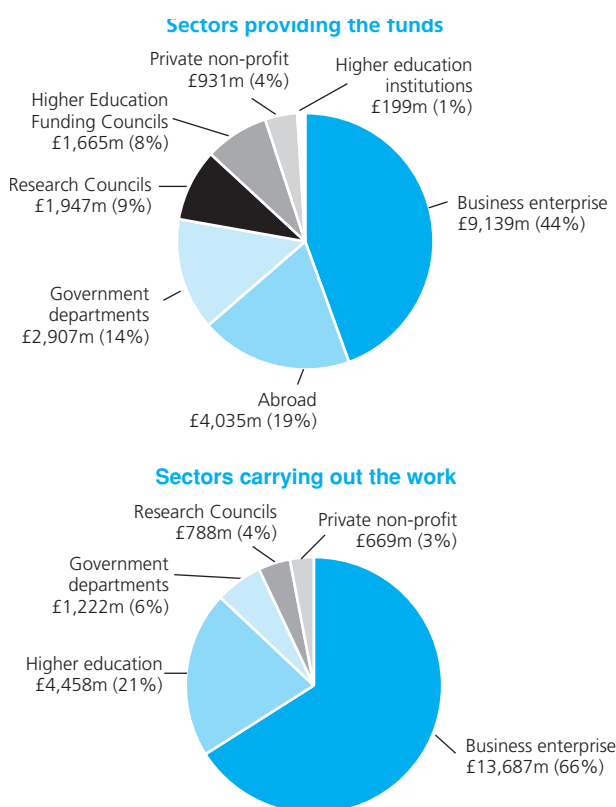
### R&D performed by the Business Sector (Tables 4–9)

Table 4 and Figure 2 show a time series dating back to 1966 for expenditure performed by the business sector. They show that in 2003 R&D expenditure was £13.7 billion. Expenditure in real terms in the business sector has increased by 94 per cent on 1966 figures.

Table 5 shows that within the business sector, the services broad product group accounted for 21 per cent of the total expenditure in 2003, a rise of one per cent on 2002. In the manufacturing sector, the pharmaceuticals and chemicals broad product group had the largest share of R&D expenditure at 28 per cent.

Statistics for civil and defence R&D have been collected separately since 1989. Defence includes all R&D programmes undertaken primarily for defence reasons, regardless of their content or whether they have secondary civil applications.

Figure 1  
Gross expenditure on R&D in the UK, by sectors, 2003



In 2003, civil R&D represented 86 per cent of all R&D expenditure performed by business (see Table 6). Table 7 and Figure 3 show that, in 2003, 71 per cent of civil R&D performed by businesses was funded by businesses themselves. Government funded four per cent of civil R&D, whereas it funded 53 per cent of defence R&D.

A breakdown into detailed product groups is shown in Tables 8 and 9. The product group with the largest expenditure is pharmaceuticals, medical chemicals and botanical products, which accounted for £3.2 billion in 2003, followed by aerospace at £1.7 billion.

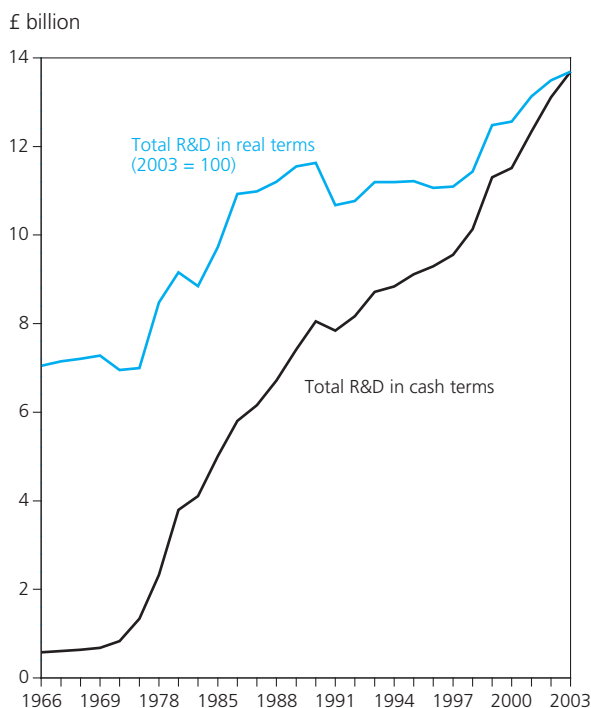
Table 9 shows the split of current and capital expenditure on R&D performed by UK businesses. Current expenditure is the sum of salaries and wages, basic and applied research and experimental development. Capital is the expenditure on land, buildings, plant and machinery.

### Government R&D expenditure (Tables 10 – 12, 17 and 19)

A department's net expenditure on R&D is its expenditure on R&D performed within the department (intramural), *plus* its expenditure on R&D outside the department (extramural), *minus* receipts for R&D.

The sum of a department's net expenditure is the R&D element of the government's budget expenditure. This is used for international comparisons of government appropriations for R&D (for example, Table 17).

**Figure 2**  
**Net business enterprise expenditure on R&D, in cash and real terms, 1966–2003**



The UK has a high proportion of central government expenditure devoted to R&D for defence purposes (see Table 19).

Figures in Tables 10 and 12 for Government's net expenditure on R&D differ from Government funding figures in Tables 1 and 3. This is because Tables 1 to 3 are based on information supplied by R&D (*performers*) whilst Tables 10 to 12 contain expenditure figures reported by Government departments (*funders*). The gap is mainly accounted for by differences in the reporting of Government contracts with businesses for certain types of defence R&D and R&D performed abroad but funded by the UK Government.

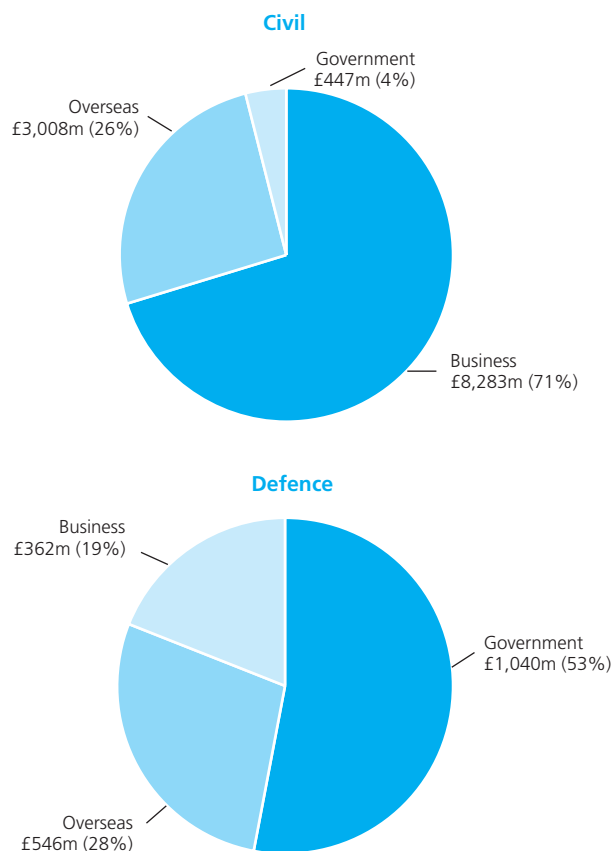
The difference is also attributed to factors such as:

- time lag problems due to differences in accounting periods and not all monies given being used in that financial period
- treatment of VAT
- sub-contracting of R&D work.

R&D costs in NHS hospitals previously included in Table 11 on the basis of the Culyer report,<sup>7</sup> are now reported as extramural expenditure. The figures for central government intramural R&D in Table 11 are lower than those performed by the government sector in Tables 1 and 2. This is because the latter includes estimates for a small amount of R&D not collected by the Government survey and R&D performed by local authorities.

Table 10 and Figure 4 show a time series dating back to 1966/67. They show that in 2003/04 the net Government expenditure on R&D (by civil and defence departments) was £7.9 billion, a 3.6 per cent increase in cash terms on 2002/03.

**Figure 3**  
**Source of funds for Business Enterprise R&D, 2003**



In real terms, spending on R&D was flat in the late sixties but rose in the seventies to a peak in 1980/81. Since then it has declined until 1998/99 (with a noteworthy exception in 1986/87 of £8.5 billion, higher than in 1980/81 of £8.4 billion), since when the trend has been upward, although spending in 2003/04 was still greater than in 1966/67.

Table 11 shows the breakdown of departmental intramural expenditure (see Figure 5): the current (which is also shown by Frascati type of research) and capital expenditure. Figure 5 shows that 92 per cent (£1.4 billion) of intramural expenditure is current expenditure. Applied research accounts for 47 per cent of the total intramural expenditure. Total intramural expenditure is further broken down in Table 11 into Social Science & Humanities (SSH) and Natural Science & Engineering (NSE) research.

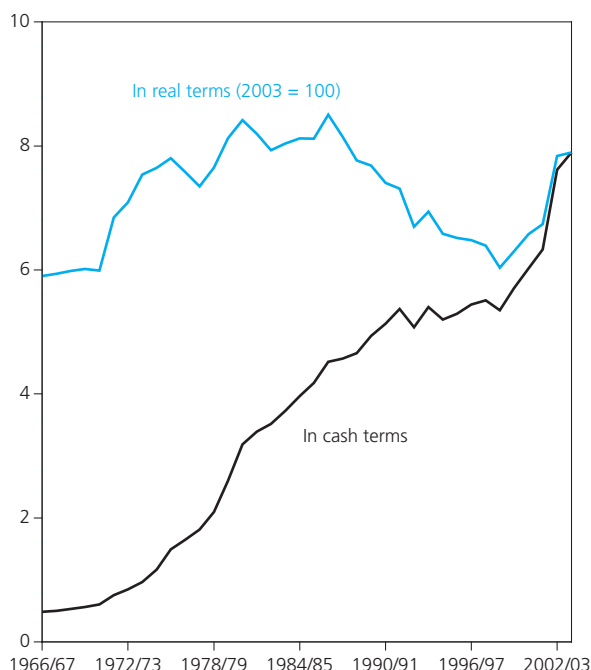
Table 12 provides an analysis of net government R&D expenditure by Frascati type of research activity for the period 1995/96 to 2003/04. There has been an 11 per cent increase in basic research and a four per cent increase in applied research between 2002/03 and 2003/04. In 2003/04 defence expenditure accounted for 32 per cent of total expenditure.

#### R&D employment – Government and Business Enterprise (Table 13)

Between 2002 and 2003, employment rates have remained at similar levels.

**Figure 4**  
**Total Net Government expenditure on R&D in cash terms and real terms, 1966/67 to 2003/04**

£ billion



### Regional R&D statistics (Tables 14–15)

Regional estimates for the Government and Business sectors are derived from the ONS surveys of Government and Business Enterprises.

The Higher Education Institutions' (HEI) regional R&D estimates are less reliable and should be treated with special caution. The expenditure estimates are obtained by allocating total R&D performed by HEIs (HERD) to individual HEIs in proportion to their income from research grants and contracts. An estimate of the labour force in Full Time Equivalents (FTE) is not available.

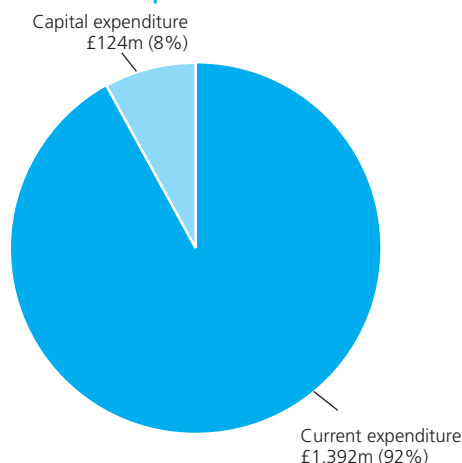
Estimates are given for UK Government Office Regions (GOR). Of the twelve GOR regions the South East of England has the highest number of R&D personnel and the largest expenditure on R&D. To adjust for this the R&D personnel estimates are shown as a percentage of the labour force (see Figure 7). Tables 14 and 15 show that, within the UK, the Eastern and South East have the highest concentration of R&D expenditure performed by business. For the government sector the highest regions are the South East and the East of England region, whilst for the Higher Education Sector, London, the South East and Scotland are prominent (see Figure 6). In terms of personnel estimates as a percentage of the labour force (see Figure 7), the Eastern and South East regions are prominent in both the Business sector and Government sector.

### International comparisons of R&D (Tables 16–19)

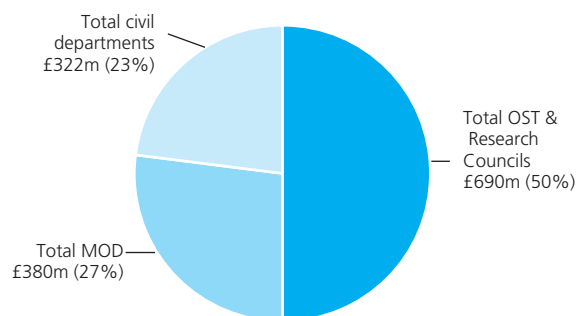
Although the guidelines in the Frascati Manual are generally followed, methods of collecting R&D data do vary from country to country (*Main Science and Technological Indicators 2003/4*<sup>5</sup> discusses national variations). Small differences

**Figure 5**  
**Analysis of Central Government intramural expenditure 2003–04**

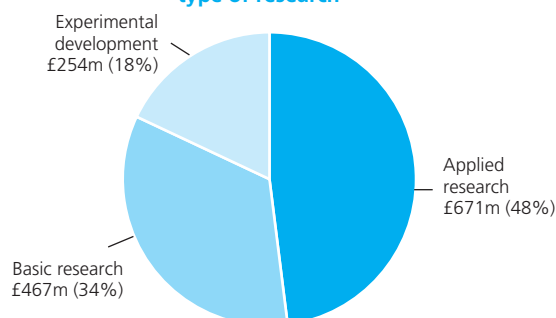
#### Breakdown of intramural current and capital expenditure



#### Departmental breakdown of current intramural R&D



#### Breakdown of current expenditure by Frascati type of research

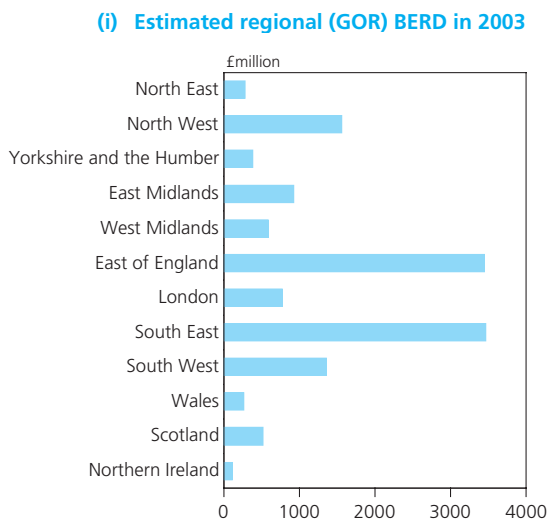


should not therefore be treated as significant when making international comparisons.

The figures shown for Japan in the tables are estimated by OECD.

Table 16 shows gross expenditure on R&D as a percentage of GDP for the G7 countries over the time period 1995 to 2003. The ratio for GERD has been fairly constant over this time for most of the countries. Figure 8 shows the position in 2003. The UK was ranked 6th. Table 16 also shows BERD and GOVERD as a percentage of GDP.

Figure 6



(ii) Estimated regional (GOR) GOVERD in 2003



(iii) Estimated regional (GOR) HERD in 2003

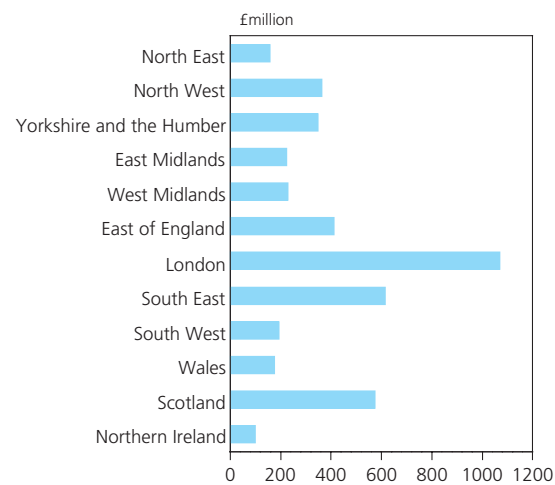
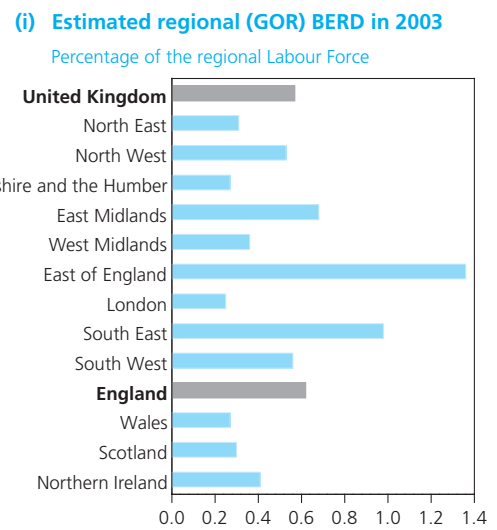


Figure 7



(ii) Estimated regional (GOR) Government R&amp;D in 2003

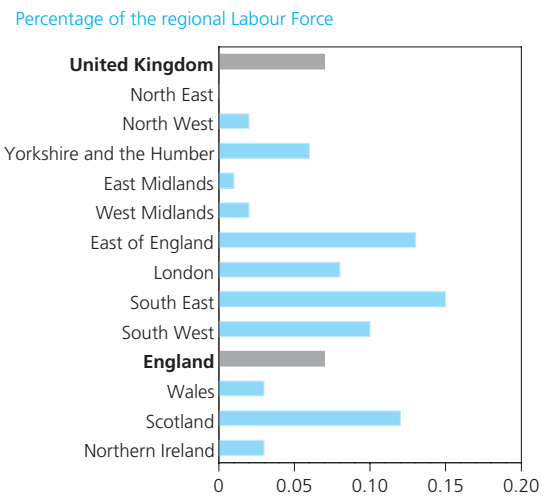
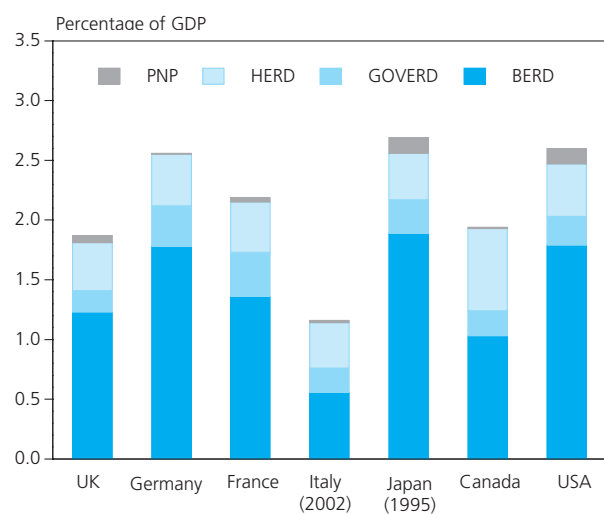


Figure 8

Comparison of BERD, GOVERD, HERD and PNP as a percentage of GDP, 2003



Source OECD



Table 17 shows the international comparisons of GERD by sector of performance and source of funding. Table 18 shows R&D performed in the business sector. Table 16 also shows this as a percentage of GDP; the USA and Germany spend most as a percentage of GDP. International comparison of government funding of R&D in 2003 by socio-economic objective is shown in Table 19. Of the G7 countries, the USA and the UK devoted the highest proportion of their total government R&D funding to defence. For Germany, Italy and Japan about half of their total government funding of R&D was classified as the advancement of knowledge compared to approximately a third for the UK.

## Definitions

### Type of R&D

*Basic or fundamental research* is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in view.

*Applied research* is research undertaken with either a general or a particular application in view.

*Experimental development* is the use of the results of basic and applied research directed to the introduction of new materials, processes, products, devices and systems, or the improvement of existing ones. It should include the prototype or pilot plant stage, design and drawing required during R&D and innovative work done on contracts with outside organisations, government departments, and public bodies. Firms in the aerospace industry are asked to include expenditure on development batches.

### Sectors of the economy

The four sectors of the economy are defined in an ONS publication *Gross Domestic Expenditure on Research and Development 2003*.<sup>4</sup> However, higher education is identified separately as recommended in the Frascati Manual.

*Business Enterprises* include private businesses, public corporations, and research associations serving businesses.

*Central Government* includes the central government departments, research councils, higher education funding councils, NDPBs, and Executive Agencies.

*Higher Education* includes the former polytechnics and central institutions in Scotland as well as the old universities.

*Private Non-Profit* sector makes up the remainder and includes medical research charities.

### Regional data

Data are classified according to the Government Office Regions (GOR).

### Rounding

Throughout the tables components of totals have been rounded independently of the totals. Therefore the rounded totals will not always be equal to the sums of the rounded components. Symbols follow the conventions used elsewhere in *Economic Trends*.

## Revisions and discontinuities

In the Government tables, a new method for estimating Government-funded R&D in HE was introduced in 1994/95. Whilst it has been possible to adjust 1993/94 figures, it has not been possible to revise the data for previous years because of structural changes in the HE sector.

Government figures in some tables (see table footnotes) for 1995/96 onwards, now include NHS Hospital R&D estimates for the first time.

The estimates of the UK's gross domestic expenditure have been revised between 1996 and 2002.

Between 1996 and 2000 the revisions are mainly due to the Ministry of Defence amending their data. The details are outlined in *Defence Statistics Bulletin 6*, which is available at the following web address: [www.dasa.mod.uk/publications/pdfs/bulletin/bulletin6.pdf](http://www.dasa.mod.uk/publications/pdfs/bulletin/bulletin6.pdf)

A PNP survey was conducted for 2003, which revealed that the sector had been under-estimated in previous years. It also showed that the components of the funding needed revising, particularly the Research Councils. Using the results from this survey and supplementary data from the Research Councils it has been possible to revise the series back to the last PNP survey, which was conducted in 1996. The outcomes of these initiatives have resulted in revisions to the PNP data between 1997 and 2002.

Regional data are published using GOR regions and these should not be compared to Nomenclature of Units for Territorial Statistics (NUTS) regional data previously published in this annual article.

## Data analysis service

ONS is now able to offer additional analyses on R&D statistics, for example, sizeband and regional breakdowns. The contact for this service is:

Julie Owens

Tel no: 01633 812789

E-mail: [julie.owens@ons.gsi.gov.uk](mailto:julie.owens@ons.gsi.gov.uk)

For further information on:	ONS Contacts:
Business R&D <sup>1</sup>	Julie Owens Tel. 01633 812789
Information on aggregated R&D data	Julie Owens Tel. 01633 812789
Definitions of R&D <sup>3</sup>	Julie Owens Tel. 01633 812789
GERD <sup>4</sup>	Julie Owens Tel. 01633 812789
General information on Science & Technology <sup>2</sup>	Julie Owens Tel. 01633 812789
International comparisons <sup>5, 6, 8</sup>	Julie Owens Tel. 01633 812789

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9. Office for National Statistics (2004) *Business Enterprise Research and Development 2003* First Release, 26 November 2004. [www.statistics.gov.uk](http://www.statistics.gov.uk)

## Abbreviations

BERD	Business Expenditure on R&D
EU	European Union
EUROSTAT	The Statistical Office of the European Communities
FTE	Full Time Equivalent
G7	Group of Seven countries, comprising: UK, Germany, France, Italy, Japan, Canada, USA
GDP	Gross Domestic Product
GERD	Gross (Domestic) Expenditure on R&D
GOVERD	Government Intramural Expenditure on R&D
GOR	Government Office Regions
HEFC	Higher Education Funding Council
HEIs	Higher Education Institutions
HERD	Higher Education Expenditure on R&D
HESA	Higher Education Statistics Agency
NDPB	Non-Departmental Public Body
NHS	National Health Service
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
ONS	Office for National Statistics
OST	Office of Science and Technology (part of DTI since April 1996)
PPP	Purchasing Power Parities
PNP	Private Non-Profit
R&D	Research and (Experimental) Development

Table 1

Gross expenditure on civil and defence R&D performed in the UK in 2003<sup>1</sup>

£ million

Sectors providing the funds <sup>2,3</sup>	Sectors carrying out the work <sup>2,3</sup>					Totals	Abroad
	Government departments <sup>4</sup>	Research Councils	Higher education	Business enterprise	Private non-profit		
Government departments <sup>4</sup>	1,043	127	230	1,479	29	2,907	371
Research Councils	6	502	1,022	8	408	1,947	204
Higher Education Funding Councils	—	—	1,665	—	—	1,665	
Higher education institutions	1	10	182	—	6	199	
Business enterprise	143	37	247	8,642	70	9,139	1,259
Private non-profit	14	64	747	3	103	931	
Abroad	15	48	365	3,554	53	4,035	
<b>Total</b>	<b>1,222</b>	<b>788</b>	<b>4,458</b>	<b>13,687</b>	<b>669</b>	<b>20,824</b>	<b>n/a</b>
<b>Civil</b>							
Government departments <sup>4</sup>	694	121	219	439	28	1,503	152
Research Councils	6	502	1,022	8	408	1,947	204
Higher Education Funding Councils	—	—	1,665	—	—	1,665	
Higher education institutions	1	10	182	—	6	199	
Business enterprise	123	37	219	8,280	70	8,729	
Private non-profit	14	64	747	3	103	931	
Abroad	10	48	365	3,008	53	3,484	
<b>Total</b>	<b>848</b>	<b>782</b>	<b>4,420</b>	<b>11,739</b>	<b>669</b>	<b>18,457</b>	<b>n/a</b>
<b>Defence</b>							
Government departments <sup>4</sup>	348	6	10	1,040	0	1,404	219
Research Councils	—	—	—	—	—	—	—
Higher Education Funding Councils	—	—	—	—	—	—	
Higher education institutions	0	—	—	—	—	0	
Business enterprise	20	—	28	362	—	410	
Private non-profit	—	—	—	—	—	—	
Abroad	5	—	—	546	—	551	
<b>Total</b>	<b>374</b>	<b>6</b>	<b>38</b>	<b>1,948</b>	<b>0</b>	<b>2,366</b>	<b>n/a</b>

Notes:

General Note:

These estimates are derived from the ONS surveys of government and business enterprise R&D and from information from the HEFC. More details are in the ONS First Release Gross Domestic Expenditure on Research and Development, (GERD), published on 24 March 2005.

Notes:

1 Research in the social sciences and humanities is included.

2 The OECD terminology is used for describing the breakdown of GERD by sector.

3 Some of the numbers have been estimated.

4 The total for R&D performed by government includes estimates for a small amount of R&D not available from the Government Survey; R&D performed by local authorities. Since 1996 UK NHS figures have been obtained from the Department of Health and the Scottish Office on the basis of the Culyer report.

0 represents a value less than 0.5

— represents a nil value

Table 2

Gross expenditure on R&D in the UK by performing sector, 1995 to 2003<sup>1</sup>

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Expenditure in cash terms (£m):</b>									
Performed by:									
Government	1,462	1,553	1,403	1,471	1,464	1,593	1,160	1,053	1,222
Research Councils	581	575	590	591	622	646	670	699	788
Business enterprise	9,116	9,297	9,556	10,133	11,302	11,510	12,336	13,110	13,687
Higher education	2,696	2,792	2,893	3,040	3,324	3,648	4,034	4,416	4,458
Private non-profit	177	177	212	226	257	322	423	539	669
<b>Total</b>	<b>14,034</b>	<b>14,394</b>	<b>14,654</b>	<b>15,460</b>	<b>16,969</b>	<b>17,718</b>	<b>18,623</b>	<b>19,817</b>	<b>20,824</b>
<b>Expenditure in real terms (2003=100)<sup>2</sup> (£m):</b>									
Performed by:									
Government	1,799	1,849	1,628	1,659	1,616	1,738	1,234	1,084	1,222
Research Councils	715	684	685	667	687	705	713	719	788
Business enterprise	11,216	11,067	11,091	11,431	12,478	12,562	13,129	13,490	13,687
Higher education	3,317	3,324	3,358	3,430	3,670	3,981	4,294	4,544	4,458
Private non-profit	218	211	246	255	284	352	450	554	669
<b>Total</b>	<b>17,266</b>	<b>17,135</b>	<b>17,008</b>	<b>17,441</b>	<b>18,735</b>	<b>19,337</b>	<b>19,821</b>	<b>20,391</b>	<b>20,824</b>
<b>Total as percentage of GDP<sup>3</sup></b>	<b>1.93</b>	<b>1.86</b>	<b>1.78</b>	<b>1.78</b>	<b>1.85</b>	<b>1.84</b>	<b>1.85</b>	<b>1.87</b>	<b>1.86</b>

Notes:

1 See notes at Table 1.

2 GDP deflators are:

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	81.3	84.0	86.2	88.6	90.6	91.6	94.0	97.2	100.0

3 Gross domestic product values are:

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	728,658	773,407	822,818	868,443	919,077	961,864	1,004,082	1,058,060	1,116,714

Table 3

Gross expenditure on R&D in the UK by source of funds, 1995 to 2003<sup>1,2</sup>

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Sector providing funds</b>									
<b>Expenditure in cash terms (£m):</b>									
Funded by:									
Government	2,514	2,508	2,369	2,564	2,712	2,763	2,440	2,178	2,907
Research Councils	1,078	1,092	1,156	1,139	1,211	1,317	1,512	1,713	1,947
Higher Education Funding Councils	1,018	1,027	1,033	1,085	1,157	1,276	1,474	1,626	1,665
Higher education	119	121	123	130	143	158	177	196	199
Business enterprise	6,765	6,784	7,275	7,331	8,137	8,559	8,740	9,138	9,139
Private non-profit	511	545	578	621	701	815	888	963	931
Abroad	2,029	2,316	2,119	2,590	2,908	2,830	3,392	4,003	4,035
<b>Total</b>	<b>14,034</b>	<b>14,394</b>	<b>14,654</b>	<b>15,460</b>	<b>16,969</b>	<b>17,718</b>	<b>18,623</b>	<b>19,817</b>	<b>20,824</b>
<b>Expenditure in real terms (2003=100) (£m):</b>									
Funded by:									
Government	3,093	2,986	2,750	2,892	2,994	3,016	2,597	2,241	2,907
Research Councils	1,326	1,300	1,342	1,285	1,337	1,437	1,609	1,762	1,947
Higher Education Funding Councils	1,252	1,223	1,199	1,224	1,277	1,393	1,568	1,674	1,665
Higher education	146	144	143	147	157	172	188	201	199
Business enterprise	8,323	8,076	8,444	8,271	8,984	9,341	9,302	9,403	9,139
Private non-profit	629	649	671	701	774	890	945	991	931
Abroad	2,497	2,757	2,460	2,922	3,211	3,089	3,610	4,119	4,035
<b>Total</b>	<b>17,266</b>	<b>17,135</b>	<b>17,008</b>	<b>17,441</b>	<b>18,735</b>	<b>19,337</b>	<b>19,821</b>	<b>20,391</b>	<b>20,824</b>
<b>Total as percentage of GDP</b>	<b>1.93</b>	<b>1.86</b>	<b>1.78</b>	<b>1.78</b>	<b>1.85</b>	<b>1.84</b>	<b>1.85</b>	<b>1.87</b>	<b>1.86</b>

Notes:

1 See notes at Table 1.

2 See notes at Table 2.



Table 4

**Business Enterprise R&D, in cash terms and real terms, 1966 to 2003**

Year	£ million	
	Total Business Enterprise R&D	
	In cash terms	In real terms (2003=100) <sup>1</sup>
1966	580	7,045
1967	605	7,144
1968	639	7,204
1969	680	7,279
1970	N/S	N/S
1971	N/S	N/S
1972	831	6,953
1973	N/S	N/S
1974	N/S	N/S
1975	1,340	6,994
1976	N/S	N/S
1977	N/S	N/S
1978	2,324	8,481
1979	N/S	N/S
1980	N/S	N/S
1981	3,793	9,155
1982	N/S	N/S
1983	4,104	8,846
1984	N/S	N/S
1985	5,005	9,727
1986	5,804	10,931
1987	6,159	10,985
1988	6,717	11,200
1989	7,416	11,551
1990	8,054	11,627
1991	7,842	10,678
1992	8,166	10,768
1993	8,717	11,196
1994	8,842	11,194
1995	9,116	11,216
1996	9,297	11,067
1997	9,556	11,091
1998	10,133	11,431
1999	11,302	12,478
2000	11,510	12,562
2001	12,336	13,129
2002	13,110	13,490
2003	13,687	13,687

Notes:

<sup>1</sup> See notes at Table 2.

(N/S) = No survey carried out

Table 5

**Expenditure on R&D performed in UK businesses: broad product groups, in cash & real terms, 1995 to 2003**

£ million

In cash terms	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Manufacturing: Total</b>	<b>7,134</b>	<b>7,264</b>	<b>7,608</b>	<b>8,142</b>	<b>8,995</b>	<b>9,231</b>	<b>9,788</b>	<b>10,140</b>	<b>10,535</b>
Chemicals	2,515	2,479	2,831	2,926	3,253	3,528	3,562	3,887	3,793
Mechanical engineering	660	668	709	730	712	776	907	826	1,032
Electrical machinery	1,245	1,313	1,181	1,320	1,335	1,558	1,599	1,565	1,449
Transport equipment	833	977	990	1,020	1,235	1,094	1,189	1,244	1,346
Aerospace	886	812	893	1,039	1,237	1,091	1,260	1,347	1,652
Other manufacturing	994	1,016	1,004	1,108	1,222	1,183	1,271	1,272	1,264
<b>Services</b>	<b>..</b>	<b>1,736</b>	<b>1,652</b>	<b>1,668</b>	<b>1,972</b>	<b>1,905</b>	<b>2,280</b>	<b>2,645</b>	<b>2,876</b>
<b>Other: Total</b>	<b>..</b>	<b>296</b>	<b>295</b>	<b>323</b>	<b>335</b>	<b>374</b>	<b>268</b>	<b>324</b>	<b>276</b>
Agriculture, hunting & forestry; Fishing	..	76	84	102	115	135	96	122	121
Extractive industries	65	64	44	41	42	46	43	52	56
Electricity, gas & water supply	168	148	130	140	137	160	99	116	69
Construction	8	8	38	39	41	34	30	35	30
<b>Total</b>	<b>9,116</b>	<b>9,297</b>	<b>9,556</b>	<b>10,133</b>	<b>11,302</b>	<b>11,510</b>	<b>12,336</b>	<b>13,110</b>	<b>13,687</b>
In real terms (at 2003 prices)	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Manufacturing: Total</b>	<b>8,777</b>	<b>8,647</b>	<b>8,830</b>	<b>9,185</b>	<b>9,931</b>	<b>10,075</b>	<b>10,417</b>	<b>10,434</b>	<b>10,535</b>
Chemicals	3,094	2,951	3,286	3,301	3,591	3,850	3,791	4,000	3,793
Mechanical engineering	812	795	823	824	786	847	965	850	1,032
Electrical machinery	1,532	1,563	1,371	1,489	1,474	1,700	1,702	1,610	1,449
Transport equipment	1,025	1,163	1,149	1,151	1,364	1,194	1,265	1,280	1,346
Aerospace	1,090	967	1,036	1,172	1,366	1,191	1,341	1,386	1,652
Other manufacturing	1,223	1,209	1,165	1,250	1,349	1,291	1,353	1,309	1,264
<b>Services</b>	<b>..</b>	<b>2,067</b>	<b>1,917</b>	<b>1,882</b>	<b>2,177</b>	<b>2,079</b>	<b>2,427</b>	<b>2,722</b>	<b>2,876</b>
<b>Other: Total</b>	<b>..</b>	<b>352</b>	<b>342</b>	<b>364</b>	<b>370</b>	<b>408</b>	<b>285</b>	<b>333</b>	<b>276</b>
Agriculture, hunting & forestry; Fishing	..	90	97	115	127	147	102	126	121
Extractive industries	80	76	51	46	46	50	46	54	56
Electricity, gas & water supply	207	176	151	158	151	175	105	119	69
Construction	10	10	44	44	45	37	32	36	30
<b>Total</b>	<b>11,216</b>	<b>11,067</b>	<b>11,091</b>	<b>11,431</b>	<b>12,478</b>	<b>12,562</b>	<b>13,129</b>	<b>13,490</b>	<b>13,687</b>

Notes:

1 .. denotes disclosive figures.

Table 6

## Expenditure on civil and defence R&amp;D performed by Business Enterprises, 1996 to 2003

## (i) in cash terms (£m)

	Civil								Defence							
	1996	1997	1998	1999	2000	2001	2002	2003	1996	1997	1998	1999	2000	2001	2002	2003
<b>All product groups</b>	<b>7,937</b>	<b>8,112</b>	<b>8,600</b>	<b>9,626</b>	<b>9,838</b>	<b>10,513</b>	<b>11,461</b>	<b>11,739</b>	<b>1,360</b>	<b>1,443</b>	<b>1,533</b>	<b>1,675</b>	<b>1,671</b>	<b>1,824</b>	<b>1,649</b>	<b>1,948</b>
<b>Manufacturing: Total</b>	<b>5,997</b>	<b>6,303</b>	<b>6,725</b>	<b>7,376</b>	<b>7,582</b>	<b>8,089</b>	<b>8,626</b>	<b>8,754</b>	<b>1,268</b>	<b>1,305</b>	<b>1,417</b>	<b>1,619</b>	<b>1,649</b>	<b>1,699</b>	<b>1,514</b>	<b>1,781</b>
Chemicals	2,477	2,829	2,926	3,252	3,527	3,562	3,885	3,793	2	2	–	1	–	–	2	–
Mechanical engineering	395	407	455	434	463	470	524	466	273	302	276	279	314	437	302	566
Electrical machinery	896	803	916	1,013	1,163	1,200	1,204	1,131	417	377	404	322	395	399	361	318
Transport equipment	967	979	983	1,159	1,023	1,106	..	..	10	11	36	77	71	82	..	..
Aerospace	359	412	485	535	457	621	645	859	453	481	554	701	634	639	702	792
Other manufacturing	903	873	960	983	948	1,130	..	..	113	131	147	239	235	141	..	..
<b>Services</b>	<b>1,644</b>	<b>1,513</b>	<b>1,552</b>	<b>1,915</b>	<b>1,883</b>	<b>2,155</b>	<b>2,511</b>	<b>2,709</b>	<b>92</b>	<b>139</b>	<b>116</b>	<b>57</b>	<b>22</b>	<b>125</b>	<b>135</b>	<b>167</b>
<b>Other: Total</b>	<b>296</b>	<b>295</b>	<b>322</b>	<b>335</b>	<b>374</b>	<b>268</b>	<b>324</b>	<b>276</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Agriculture, hunting & forestry; Fishing	76	84	102	115	135	96	122	121	–	–	–	–	–	–	–	–
Extractive industries	64	44	41	42	46	43	52	56	–	–	–	–	–	–	–	–
Electricity, gas & water supply	148	130	140	137	160	99	116	69	–	–	–	–	–	–	–	–
Construction	8	38	39	41	34	30	35	30	–	–	–	–	–	–	–	–

(ii) in real terms (£m 2003 prices)<sup>1</sup>

	Civil								Defence							
	1996	1997	1998	1999	2000	2001	2002	2003	1996	1997	1998	1999	2000	2001	2002	2003
<b>All product groups</b>	<b>9,448</b>	<b>9,415</b>	<b>9,702</b>	<b>10,628</b>	<b>10,737</b>	<b>11,189</b>	<b>11,793</b>	<b>11,739</b>	<b>1,619</b>	<b>1,675</b>	<b>1,729</b>	<b>1,849</b>	<b>1,824</b>	<b>1,941</b>	<b>1,697</b>	<b>1,948</b>
<b>Manufacturing: Total</b>	<b>7,139</b>	<b>7,316</b>	<b>7,587</b>	<b>8,144</b>	<b>8,275</b>	<b>8,609</b>	<b>8,876</b>	<b>8,754</b>	<b>1,509</b>	<b>1,515</b>	<b>1,599</b>	<b>1,787</b>	<b>1,800</b>	<b>1,808</b>	<b>1,558</b>	<b>1,781</b>
Chemicals	2,949	3,283	3,301	3,590	3,849	3,791	3,998	3,793	2	2	–	1	–	–	2	–
Mechanical engineering	470	472	513	479	505	500	539	466	325	351	311	308	343	465	311	566
Electrical machinery	1,067	932	1,033	1,118	1,269	1,277	1,239	1,131	496	438	456	356	431	425	371	318
Transport equipment	1,151	1,136	1,109	1,280	1,116	1,177	..	..	12	13	41	85	77	87	..	..
Aerospace	427	478	547	591	499	661	664	859	539	558	625	774	692	680	722	792
Other manufacturing	1,075	1,013	1,083	1,085	1,035	1,203	..	..	135	152	166	264	256	150	..	..
<b>Services</b>	<b>1,957</b>	<b>1,756</b>	<b>1,751</b>	<b>2,114</b>	<b>2,055</b>	<b>2,294</b>	<b>2,584</b>	<b>2,709</b>	<b>110</b>	<b>161</b>	<b>131</b>	<b>63</b>	<b>24</b>	<b>133</b>	<b>139</b>	<b>167</b>
<b>Other: Total</b>	<b>352</b>	<b>342</b>	<b>363</b>	<b>370</b>	<b>408</b>	<b>285</b>	<b>333</b>	<b>276</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Agriculture, hunting & forestry; Fishing	90	97	115	127	147	102	126	121	–	–	–	–	–	–	–	–
Extractive industries	76	51	46	46	50	46	54	56	–	–	–	–	–	–	–	–
Electricity, gas & water supply	176	151	158	151	175	105	119	69	–	–	–	–	–	–	–	–
Construction	10	44	44	45	37	32	36	30	–	–	–	–	–	–	–	–

Notes:

<sup>1</sup> See table 2 for deflators

Table 7

## Sources of funds for business enterprise R&amp;D in cash terms, 1995 to 2003

£ million, cash terms

		Government £m	Overseas £m	Mainly own resources <sup>1</sup> £m	Total intramural R&D £m
<b>1995</b>		<b>953</b>	<b>1,738</b>	<b>6,426</b>	<b>9,116</b>
of which:	Civil	224	1,409	6,093	7,725
	Defence	729	329	333	1,391
<b>1996</b>		<b>842</b>	<b>2,018</b>	<b>6,438</b>	<b>9,297</b>
of which:	Civil	150	1,715	6,074	7,937
	Defence	693	303	364	1,360
<b>1997</b>		<b>915</b>	<b>1,800</b>	<b>6,841</b>	<b>9,556</b>
of which:	Civil	198	1,475	6,439	8,112
	Defence	717	325	401	1,443
<b>1998</b>		<b>1,094</b>	<b>2,238</b>	<b>6,800</b>	<b>10,133</b>
of which:	Civil	307	1,857	6,435	8,600
	Defence	787	381	365	1,533
<b>1999</b>		<b>1,157</b>	<b>2,570</b>	<b>7,575</b>	<b>11,302</b>
of which:	Civil	316	2,092	7,219	9,626
	Defence	841	478	356	1,675
<b>2000</b>		<b>1,013</b>	<b>2,470</b>	<b>8,026</b>	<b>11,510</b>
of which:	Civil	228	2,003	7,607	9,838
	Defence	785	467	419	1,671
<b>2001</b>		<b>1,101</b>	<b>3,012</b>	<b>8,222</b>	<b>12,336</b>
of which:	Civil	191	2,585	7,737	10,513
	Defence	911	427	486	1,824
<b>2002</b>		<b>884</b>	<b>3,567</b>	<b>8,658</b>	<b>13,110</b>
of which:	Civil	193	3,026	8,242	11,461
	Defence	691	541	417	1,649
<b>2003</b>		<b>1,487</b>	<b>3,554</b>	<b>8,645</b>	<b>13,687</b>
of which:	Civil	447	3,008	8,283	11,739
	Defence	1,040	546	362	1,948
		Per cent	Per cent	Per cent	Per cent
<b>1995</b>		<b>10</b>	<b>19</b>	<b>70</b>	<b>100</b>
of which:	Civil	3	18	79	100
	Defence	52	24	24	100
<b>1996</b>		<b>9</b>	<b>22</b>	<b>69</b>	<b>100</b>
of which:	Civil	2	22	77	100
	Defence	51	22	27	100
<b>1997</b>		<b>10</b>	<b>19</b>	<b>72</b>	<b>100</b>
of which:	Civil	2	18	79	100
	Defence	50	23	28	100
<b>1998</b>		<b>11</b>	<b>22</b>	<b>67</b>	<b>100</b>
of which:	Civil	4	22	75	100
	Defence	51	25	24	100
<b>1999</b>		<b>10</b>	<b>23</b>	<b>67</b>	<b>100</b>
of which:	Civil	3	22	75	100
	Defence	50	29	21	100
<b>2000</b>		<b>9</b>	<b>21</b>	<b>70</b>	<b>100</b>
of which:	Civil	2	20	77	100
	Defence	47	28	25	100
<b>2001</b>		<b>9</b>	<b>24</b>	<b>67</b>	<b>100</b>
of which:	Civil	2	25	74	100
	Defence	50	23	27	100
<b>2002</b>		<b>7</b>	<b>27</b>	<b>66</b>	<b>100</b>
of which:	Civil	2	26	72	100
	Defence	42	33	25	100
<b>2003</b>		<b>11</b>	<b>26</b>	<b>63</b>	<b>100</b>
of which:	Civil	4	26	71	100
	Defence	53	28	19	100

Notes:

1 Mainly own resources includes Other Private sector funds which is shown separately in ONS's First Release for Business Enterprise R&amp;D.

2 See notes about revisions to past data.

Table 8

## Intramural expenditure on R&amp;D performed by UK businesses: detailed product groups, 1995 to 2003

£ million

	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Total</b>	<b>9,116</b>	<b>9,297</b>	<b>9,556</b>	<b>10,133</b>	<b>11,302</b>	<b>11,510</b>	<b>12,336</b>	<b>13,110</b>	<b>13,687</b>
Agriculture, hunting and forestry; Fishing	..	76	84	102	115	135	96	122	121
Extractive Industries	..	64	44	41	42	46	43	52	56
Food products and beverages; Tobacco products	189	198	180	242	237	264	314	299	306
Textiles, clothing and leather products	23	27	33	33	28	29	17	19	20
Pulp, paper and paper products; printing and publishing;									
Wood and straw products	39	57	44	49	45	38	34	44	45
Refined petroleum products and coke oven products;									
Processing of nuclear fuel	239	230	225	234	212	182	250	258	277
Chemicals, man- made fibres	701	627	680	688	718	682	522	583	552
Pharmaceuticals, medical chemicals and botanical products	1,813	1,852	2,151	2,238	2,535	2,846	3,040	3,304	3,241
Rubber and plastic products	60	67	60	66	72	54	45	64	64
Other non-metallic mineral products	54	60	47	56	59	..	41	46	48
Casting of iron and steel	46	39	39	47	41	..	31	32	29
Non-ferrous metals	20	15	15	20	22	21	19	16	6
Fabricated metal products	100	91	88	90	70	73	64	59	60
Machinery and equipment	583	577	622	640	642	703	843	767	973
Office machinery and computers	150	161	102	125	111	113	105	146	58
Electrical machinery and apparatus	494	490	424	423	357	422	451	462	443
Radio, television and communication equipment	602	662	655	772	867	1,024	1,044	957	948
Precision instruments	303	307	336	340	473	480	488	442	400
Motor vehicles and parts	795	926	924	913	1,060	864	898	929	1,173
Other transport equipment	18	30	50	72	99	158	208	..	..
Shipbuilding and repairs	20	20	15	36	76	72	83	..	..
Aerospace	886	812	893	1,039	1,237	1,091	1,260	1,347	1,652
Furniture; Other manufactured goods	21	16	25	20	33	27	31	48	68
Recycling	..	1	-	-	1	1	1	3	2
Electricity, gas and water supply	168	148	130	140	137	160	99	116	69
Construction	8	8	38	39	41	34	30	35	30
Wholesale and retail trade	..	..	..	..	..	..	55	69	..
Transport and storage	..	..	..	..	..	..	12	10	..
Post and telecommunications	414	455	496	449	565	674	733	742	660
Miscellaneous business activities; Technical testing and analysis	..	141	142	157	196	131	242	360	288
Computer and related activities	675	749	680	688	713	611	725	888	1,323
Research and development services	247	369	313	346	448	428	495	558	465
Public administration	14	10	6	8	11	12	18	18	24

Notes:

1 .. denotes disclosive figures.

2 Zero denotes a value less than 0.5

3 See notes about revisions to past data.



Table 9

**Current and capital expenditure, and as a percentage of the total, on R&D performed by UK Businesses: detailed product groups, 2003**

	Total	Capital Total	Current Total	Salaries and wages	Other current	Total	Capital Total	Current Total	Salaries and wages	Other current
	£m	£m	£m	£m	£m	Per cent	Per cent	Per cent	Per cent	Per cent
<b>Total</b>	<b>13,687</b>	<b>1,210</b>	<b>12,476</b>	<b>6,090</b>	<b>6,386</b>	<b>100</b>	<b>9</b>	<b>91</b>	<b>44</b>	<b>47</b>
Agriculture, hunting and forestry; Fishing	121	16	104	58	47	100	14	86	48	39
Extractive Industries	56	2	54	36	17	100	4	96	65	31
Food products and beverages; Tobacco products	306	36	269	158	111	100	12	88	52	36
Textiles, clothing and leather products	20	13	7	4	3	100	65	35	20	14
Pulp, paper and paper products; Printing and publishing; Wood and straw products	45	2	43	15	28	100	4	96	33	63
Refined petroleum products and coke oven products; Processing of nuclear fuel	277	45	232	80	151	100	16	84	29	55
Chemicals, man-made fibres	552	43	509	271	238	100	8	92	49	43
Pharmaceuticals, medical chemicals and botanical products	3,241	490	2,751	1,236	1,515	100	15	85	38	47
Rubber and plastic products	64	6	58	25	33	100	10	90	39	51
Other non-metallic mineral products	48	4	44	24	20	100	8	92	50	42
Casting of iron and steel	29	0	28	15	13	100	2	98	53	45
Non-ferrous metals	6	1	5	3	3	100	11	89	44	45
Fabricated metal products	60	4	56	28	28	100	7	93	46	47
Machinery equipment	973	15	958	393	564	100	2	98	40	58
Office machinery and computers	58	1	57	29	28	100	2	98	50	49
Electrical machinery and apparatus	443	37	405	202	204	100	8	92	46	46
Radio, television and communication equipment	948	43	905	463	442	100	5	95	49	47
Precision instruments	400	47	354	208	146	100	12	88	52	36
Motor vehicles and parts	1,173	40	1,133	595	538	100	3	97	51	46
Other transport equipment	..	..	..	..	..	100	..	..	..	..
Shipbuilding and repairs	..	..	..	..	..	100	..	..	..	..
Aerospace	1,652	233	1,418	557	861	100	14	86	34	52
Furniture; Other manufactured goods	68	0	68	64	4	100	0	100	94	6
Recycling	2	0	2	2	1	100	2	98	73	25
Electricity, gas and water supply	69	6	63	48	14	100	9	91	71	21
Construction	30	1	29	18	11	100	3	97	60	37
Wholesale and retail trades	..	15	..	..	36	100	..	..	..	..
Transport and storage	..	0	..	..	1	100	..	..	..	..
Post and telecommunications	660	8	652	282	370	100	1	99	43	56
Miscellaneous business activities; Technical testing and analysis	288	16	273	166	106	100	5	95	58	37
Computer related activities	1,323	54	1,269	764	505	100	4	96	58	38
Research and development services	465	27	438	224	214	100	6	94	48	46
Public administration	24	4	21	4	17	100	15	85	17	68

Notes:

1 Zero denotes a value less than 0.5

2 .. denotes disclosive figures.

Table 10

**Total Net Government expenditure on R&D in cash terms and real terms, 1966/67 to 2003/04**

£ million

Year	Total Net Government R&D	
	In cash terms excluding NHS figures	In real terms (2003=100) <sup>1</sup>
1966/67	486	5,903
1967/68	503	5,939
1968/69	531	5,986
1969/70	562	6,016
1970/71	606	5,988
1971/72	755	6,845
1972/73	847	7,087
1973/74	964	7,539
1974/75	1,169	7,649
1975/76	1,495	7,803
1976/77	1,647	7,579
1977/78	1,814	7,347
1978/79	2,097	7,652
1979/80	2,601	8,124
1980/81	3,184	8,417
1981/82	3,395	8,194
1982/83	3,519	7,933
1983/84	3,730	8,040
1984/85	3,964	8,120
1985/86	4,175	8,115
1986/87	4,516	8,505
1987/88	4,568	8,148
1988/89	4,656	7,763
1989/90	4,934	7,685
1990/91	5,130	7,406
1991/92	5,371	7,313
1992/93	5,078	6,695
1993/94	5,402	6,939
1994/95	5,200	6,584
1995/96 <sup>2</sup>	5,295	6,515
1996/97 <sup>2</sup>	5,442	6,478
1997/98 <sup>2</sup>	5,507	6,391
1998/99 <sup>2</sup>	5,349	6,034
1999/00 <sup>2</sup>	5,709	6,303
2000/01 <sup>2</sup>	6,027	6,577
2001/02 <sup>2</sup>	6,329	6,736
2002/03 <sup>2</sup>	7,618	7,839
2003/04 <sup>2</sup>	7,893	7,893

Notes:

<sup>1</sup> See note at Table 2.<sup>2</sup> Figures for NHS are available in SET 2004 (ref 1).

Table 11  
**Analysis of Government Intramural expenditure, 2003/04<sup>1,2</sup>**

£ million

	Current expenditure	Breakdown of current Frascati R&D expenditure			Capital expenditure	Total intramural	SSH	NSE
		Basic	Applied	Experimental development				
<b>OST – DTI</b>	–	–	–	–	–	–	–	–
<b>Research Councils</b>								
BBSRC	146.4	53.5	92.9	–	26.4	172.8	–	172.8
ESRC	6.0	6.0	–	–	1.0	6.9	6.9	–
MRC	222.6	143.8	78.8	–	26.5	249.1	–	249.1
NERC	140.3	81.0	46.0	13.3	25.3	165.7	–	165.7
EPSRC	18.6	9.7	8.9	–	0.8	19.4	–	19.4
PPARC	31.5	28.4	3.2	–	5.1	36.6	–	36.6
CCLRC	124.4	30.8	93.5	–	27.5	151.8	–	151.8
<b>Total OST &amp; Research Councils</b>	<b>689.8</b>	<b>353.2</b>	<b>323.3</b>	<b>13.3</b>	<b>112.5</b>	<b>802.3</b>	<b>6.9</b>	<b>795.4</b>
Higher Education Funding Councils	–	–	–	–	–	–	–	–
<b>Total Higher Education Funding Councils–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Civil departments</b>								
DEFRA	97.6	19.6	76.8	1.2	4.0	101.6	0.9	100.7
DFES	6.7	0.0	3.0	3.7	–	6.7	6.7	–
ODPM	4.7	0.1	4.5	0.1	–	4.7	3.3	1.4
DFT	3.4	0.0	3.0	0.3	–	3.4	0.4	2.9
DH (includes NHS)	32.5	–	25.8	6.8	1.9	34.4	0.7	33.7
NHS(3)	–	–	–	–	–	–	–	–
DWP (formerly DSS)	5.9	5.9	–	–	–	5.9	5.9	–
HSC	5.3	–	5.0	0.3	0.3	5.6	0.6	5.0
HO	42.9	31.0	11.9	–	1.0	43.9	32.2	11.6
DCMS (formerly DNH)	15.3	9.9	5.3	–	0.3	15.5	2.7	12.9
DFID (formerly ODA)	1.7	–	1.7	–	–	1.7	1.3	0.4
DTI (ex OST)	–	–	–	–	–	–	–	–
FSA	–	–	–	–	–	–	–	–
NI	6.5	0.3	5.9	0.3	0.5	7.0	0.5	6.6
SE (formerly SO)	60.7	44.5	14.3	1.8	0.5	61.2	2.3	58.9
NAW (formerly WO)	8.5	0.9	6.9	0.6	–	8.5	5.8	2.7
Other departments	30.2	1.2	19.5	9.6	2.9	33.1	11.6	21.6
<b>Total civil departments</b>	<b>321.9</b>	<b>113.7</b>	<b>183.6</b>	<b>24.7</b>	<b>11.3</b>	<b>333.3</b>	<b>74.9</b>	<b>258.4</b>
<b>Total civil R&amp;D</b>	<b>1,011.7</b>	<b>466.9</b>	<b>506.8</b>	<b>38.0</b>	<b>123.8</b>	<b>1,135.5</b>	<b>81.8</b>	<b>1,053.8</b>
MOD	379.9	–	163.9	216.0	–	379.9	–	379.9
<b>Total</b>	<b>1,391.6</b>	<b>466.9</b>	<b>670.7</b>	<b>254.0</b>	<b>123.8</b>	<b>1,515.4</b>	<b>81.8</b>	<b>1,433.6</b>

Notes:

1 Excludes Research Councils' pensions/other costs.

2 Includes intramural R&amp;D funded by other departments.

3 NHS expenditure figures are now reported as extramural.

4 Full departmental titles can be found under "Abbreviations" in the "Definitions" section.

Table 12

Analysis of net Government R&D expenditure by Frascati type of research activity, 1995/96 to 2003/04<sup>1</sup>

£ million

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
<b>Total Government R&amp;D</b>									
Basic - pure	1,273	1,322	1,334	1,369	1,467	1,666	1,964	2,228	2,487
- orientated	504	524	523	535	566	620	683	718	768
Applied - strategic	1,004	N/A	N/A	N/A	N/A	N/A	1,308	1,394	1,446
- specific	1,322	N/A	N/A	N/A	N/A	N/A	1,156	1,351	1,409
Experimental development	1,530	1,693	1,852	1,697	1,862	1,818	1,638	2,362	2,268
<b>Total £m</b>	<b>5,634</b>	<b>5,840</b>	<b>5,894</b>	<b>5,739</b>	<b>6,099</b>	<b>6,425</b>	<b>6,748</b>	<b>8,052</b>	<b>8,379</b>
<b>Civil R&amp;D</b>									
Basic - pure	1,273	1,322	1,334	1,369	1,467	1,666	1,964	2,228	2,487
- orientated	504	524	523	535	566	620	682	718	768
Applied - strategic	839	948	923	875	985	1,097	1,157	1,268	1,316
- specific	813	681	698	704	667	657	750	962	1,014
Experimental development	136	131	102	116	141	145	137	144	116
<b>Total £m</b>	<b>3,565</b>	<b>3,606</b>	<b>3,580</b>	<b>3,599</b>	<b>3,827</b>	<b>4,185</b>	<b>4,691</b>	<b>5,318</b>	<b>5,702</b>
<b>Defence R&amp;D</b>									
Basic - pure	—	—	—	—	—	—	—	—	—
- orientated	—	—	—	—	—	—	—	—	—
Applied - strategic	166	N/A	N/A	N/A	N/A	N/A	151	127	129
- specific	510	N/A	N/A	N/A	N/A	N/A	406	389	395
Experimental development	1,394	1,562	1,750	1,581	1,721	1,673	1,500	2,218	2,153
<b>Total £m</b>	<b>2,070</b>	<b>2,234</b>	<b>2,314</b>	<b>2,140</b>	<b>2,272</b>	<b>2,240</b>	<b>2,057</b>	<b>2,734</b>	<b>2,677</b>

## Notes:

1 For the purpose of this analysis Research Councils expenditure for Pensions/Other costs have been excluded from 1994–95 onwards.

2 Includes NHS estimates for all years (ref 1)

Table 13

## Government and business enterprise personnel engaged on R&amp;D in the UK, 1995 to 2003

Full time equivalents, thousands

	1995	1996	1997	1998	1999	2000	2001	2002	2003	Percentage change in 2003 from 2002
<b>Personnel engaged on R&amp;D</b>										
- Business Enterprise	145	142	137	148	153	145	152	167	163	-2
- Research Councils	12	12	11	11	11	11	12	11	11	1
- Government Departments <sup>1</sup>	17	16	15	18	18	19	12	10	10	-1
<b>Total Civil</b>	<b>143</b>	<b>141</b>	<b>135</b>	<b>145</b>	<b>149</b>	<b>144</b>	<b>147</b>	<b>158</b>	<b>155</b>	<b>-2</b>
<b>Total Defence</b>	<b>31</b>	<b>29</b>	<b>28</b>	<b>32</b>	<b>33</b>	<b>31</b>	<b>29</b>	<b>30</b>	<b>29</b>	<b>-3</b>
<b>Researchers</b>										
- Business Enterprise	82	82	83	91	92	86	93	105	103	-2
- Research Councils	6	5	5	5	5	5	5	5	5	-1
- Government Departments <sup>1</sup>	8	8	7	9	10	10	5	4	4	6
<b>Total Civil</b>	<b>78</b>	<b>78</b>	<b>78</b>	<b>87</b>	<b>87</b>	<b>82</b>	<b>85</b>	<b>94</b>	<b>94</b>	<b>0</b>
<b>Total Defence</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>18</b>	<b>-10</b>
<b>Technicians</b>										
- Business Enterprise	33	33	30	32	33	30	28	30	27	-11
- Research Councils	2	3	3	3	3	3	3	3	3	-13
- Government Departments <sup>1</sup>	4	3	3	4	4	4	3	3	3	-5
<b>Total Civil</b>	<b>33</b>	<b>33</b>	<b>29</b>	<b>32</b>	<b>32</b>	<b>30</b>	<b>28</b>	<b>30</b>	<b>27</b>	<b>-10</b>
<b>Total Defence</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>-14</b>
<b>Admin &amp; Other Staff</b>										
- Business Enterprise	29	27	24	24	28	30	31	32	33	4
- Research Councils	4	4	3	3	3	3	4	3	4	16
- Government Departments <sup>1</sup>	5	5	4	5	5	5	4	3	3	-7
<b>Total Civil</b>	<b>33</b>	<b>29</b>	<b>27</b>	<b>27</b>	<b>30</b>	<b>33</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>-1</b>
<b>Total Defence</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>41</b>

Note:

<sup>1</sup> Excludes NHS employment, as these figures were not available.

Table 14

**Estimated GOR breakdown of expenditure on Intramural R&D in the Business, Government and Higher Education sectors, 2003<sup>1</sup>**

£ million

	R&D performed within business (BERD)	R&D performed within Government Establishments (GOVERD) <sup>2</sup>	R&D performed within Higher Education Institutions (HERD)
<b>United Kingdom</b>	<b>13,687</b>	<b>2,010</b>	<b>4,457</b>
North East	281	2	158
North West	1,559	54	363
Yorkshire and the Humber	382	134	347
East Midlands	929	22	223
West Midlands	587	38	228
East of England	3,453	336	412
London	771	279	1,069
South East	3,464	583	614
South West	1,359	231	192
<b>England</b>	<b>12,786</b>	<b>1,678</b>	<b>3,606</b>
Wales	264	43	175
Scotland	521	271	575
Northern Ireland	116	17	100

Note:

1. Regional GDP figures are not available at time of publication and therefore it is not possible to show R&D expenditure as a percentage of regional GDP.  
 2. Figures include estimates for those areas of Central Government not available from the Government Survey and local authorities.

Table 15

**Estimated regional breakdown of personnel engaged on R&D in the Business and Government sectors, 2003<sup>1</sup>**

	R&D performed within business		R&D performed within Government establishments <sup>2</sup>	
	Full time equivalents 000's	Percentage of the regional Labour Force <sup>3,4</sup>	Full time equivalents 000's	Percentage of the regional Labour Force <sup>3,4</sup>
<b>United Kingdom</b>	<b>162.9</b>	<b>0.57</b>	<b>21.3</b>	<b>0.07</b>
North East	3.5	0.31	0.0	0.00
North West	16.7	0.53	0.6	0.02
Yorkshire and the Humber	6.3	0.27	1.4	0.06
East Midlands	14.2	0.68	0.2	0.01
West Midlands	9.0	0.36	0.4	0.02
East of England	37.1	1.36	3.6	0.13
London	9.0	0.25	3.0	0.08
South East	39.6	0.98	6.2	0.15
South West	13.7	0.56	2.4	0.10
<b>England</b>	<b>148.9</b>	<b>0.62</b>	<b>17.7</b>	<b>0.07</b>
Wales	3.6	0.27	0.5	0.03
Scotland	7.4	0.30	2.9	0.12
Northern Ireland	2.9	0.41	0.2	0.03

Notes:

1. Regional breakdown is based on the GOR (Government Office Region) classification.  
 2. Government sector covers Central Government only. Local Authorities, NHS and those areas of Central Government not available from the Government survey are excluded.  
 3. Labour Force figure used is a head count. An estimate of the Labour Force in full-time equivalents (FTE) is not available. Using the head count figure gives a lower percentage than a FTE would give. Labour Force figures relate to those in employment, rather than all those economically active.  
 4. Labour Force figures are for Spring 2004.



Table 16

**OECD Science and Technology indicators Gross Expenditure on R&D:  
International Comparisons, 1995 to 2003**

	Year	UK	Germany	France	Italy	Japan <sup>1</sup>	Canada	USA <sup>2</sup>
<b>Gross Domestic Product (GDP)<sup>3</sup></b> (£ billion at ppp) <sup>4</sup>	1995	728.7	1,094.5	768.5	742.1	1,757.9	408.4	4,566.1
	1996	773.4	1,140.2	801.1	775.9	1,865.7	425.8	4,861.5
	1997	822.8	1,160.0	837.1	793.0	1,923.3	449.3	5,144.0
	1998	868.4	1,215.6	891.2	847.8	1,954.1	480.5	5,509.1
	1999	919.1	1,269.6	940.5	881.7	2,015.8	523.2	5,934.9
	2000	961.9	1,308.4	981.6	913.3	2,092.5	544.0	6,175.6
	2001	1,004.1	1,325.8	1,022.9	928.3	2,122.5	559.2	6,284.5
	2002	1,058.1	1,341.3	1,034.9	932.3	2,115.3	566.2	6,366.2
	2003	1,116.7	1,386.4	1,061.5	956.9	2,247.2	597.6	6,789.7
<b>Gross Expenditure on R&amp;D (GERD)</b> (£ billion at ppp) <sup>4</sup>	1995	14.0	24.6 (e)	17.8	7.4	47.3	7.0	114.5
	1996	14.4	25.6 (e)	18.4	7.8	-	7.1	123.8
	1997	14.7	26.6	18.6 (a)	8.3 (a)	-	7.6	132.6
	1998	15.5	28.1 (e)	19.3	9.0	-	8.6	143.7 (a)
	1999	17.0	30.9	20.5	9.2	-	9.5	157.1
	2000	17.7	32.6	21.4 (a)	9.8	-	10.5	167.7
	2001	18.6	33.2	22.8	10.3	-	11.6	171.4
	2002	19.8	34.0	23.4	10.8	-	11.1	169.1 (p)
	2003	20.8	35.4 (e)	23.3 (p)	-	-	11.6 (p)	176.4 (p)
<b>GERD as a percentage of GDP</b>	1995	1.93	2.25 (e)	2.31	1.00	2.69	1.72	2.51
	1996	1.86	2.25 (e)	2.30	1.01	..	1.68	2.55
	1997	1.78	2.29	2.22 (a)	1.05 (a)	..	1.68	2.58
	1998	1.78	2.31 (e)	2.17	1.07	..	1.79	2.61 (a)
	1999	1.85	2.44	2.18	1.04	..	1.82	2.65
	2000	1.84	2.49	2.18 (a)	1.07	..	1.93	2.72
	2001	1.85	2.51	2.23	1.11	..	2.08	2.73
	2002	1.87	2.53	2.26	1.16	..	1.96	2.66 (p)
	2003	1.86	2.55 (e)	2.19 (p)	..	..	1.94 (p)	2.60 (p)
<b>BERD as a percentage of GDP</b>	1995	1.25	1.49	1.41	0.53	1.89	1.00	1.80
	1996	1.20	1.48 (e)	1.41	0.54	..	0.97	1.86
	1997	1.16	1.54	1.39 (a)	0.52	..	1.01	1.91
	1998	1.17	1.57 (e)	1.35	0.52	..	1.08	1.95
	1999	1.23	1.70	1.38	0.51	..	1.08	1.98
	2000	1.20	1.75	1.36	0.53	..	1.16	2.04
	2001	1.23	1.75	1.41 (a)	0.55	..	1.27	1.99
	2002	1.24	1.75	1.43	0.56	..	1.09	1.87 (p)
	2003	1.23	1.78 (e)	1.36 (p)	0.55 (p)	..	1.03 (p)	1.79 (p)
<b>GOVERD as a percentage of GDP</b>	1995	0.28	0.35	0.48	0.21	0.28	0.25	0.24
	1996	0.28	0.34	0.47	0.20	..	0.25	0.22
	1997	0.24	0.34	0.41 (a)	0.20	..	0.22	0.21
	1998	0.24	0.34	0.40	0.22	..	0.22	0.20
	1999	0.23	0.34	0.40	0.20	..	0.22	0.20
	2000	0.23	0.34	0.38 (a)	0.20	..	0.22	0.19
	2001	0.18	0.34	0.37	0.20	..	0.22	0.21
	2002	0.17	0.35	0.37	0.20	..	0.22	0.23 (p)
	2003	0.18	0.34 (e)	0.37 (p)	0.21 (p)	..	0.21 (p)	0.24 (p)
<b>HERD as a percentage of GDP</b>	1995	0.37	0.41	0.39	0.25	0.39	0.46	0.38
	1996	0.36	0.42	0.39	0.27	..	0.45	0.37
	1997	0.35	0.41	0.39 (a)	0.32 (a)	..	0.45	0.37
	1998	0.35	0.40	0.38	0.34	..	0.49	0.36 (a)
	1999	0.36	0.40	0.37	0.33	..	0.53	0.37
	2000	0.38	0.40	0.41 (a)	0.33	..	0.55	0.37
	2001	0.40	0.41	0.42	0.36	..	0.59	0.39
	2002	0.42	0.43	0.43	0.38	..	0.65	0.42 (p)
	2003	0.40	0.43 (e)	0.42 (p)	..	..	0.69 (p)	0.44 (p)

Source: OECD databank (June 2005)

## Notes:

<sup>1</sup> Data for Japan are adjusted by OECD.<sup>2</sup> Excludes most or all capital expenditure.<sup>3</sup> The measure of GDP used is at market prices.<sup>4</sup> Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.

(a) = break in series with previous year

(p) = provisional

(e) = estimate

Table 17

### International comparison of gross expenditure on R&D by sector of performance and source of funding, 2003

	Per cent						
	UK	Germany <sup>1</sup>	France (p) <sup>2</sup>	Italy <sup>3</sup>	Japan (e) <sup>4</sup>	Canada (p)	USA (p) <sup>5</sup>
<b>Percentage by sector of performance</b>							
Government	8.8	13.4	17.1	17.6	10.4	11.0	9.1
Business enterprise	66.2	69.8	62.3	48.3	70.3	53.0	68.9
Higher education	22.3	16.8	19.3	32.8	14.5	35.7	16.8
Other	2.7	..	1.4	1.3	4.8	0.3	5.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Percentage by source of funds</b>							
Government	27.8	31.1	38.4	50.8	20.9	34.5	31.2
Business enterprise	46.1	66.1	52.1	43.0	72.3	47.5	63.1
Abroad	20.2	2.3	8.0	6.2	0.1	8.1	..
Other <sup>6</sup>	5.8	0.4	1.6	..	6.7	9.9	5.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: OECD databank (June 2005)

Notes:

1 Data for "other" included elsewhere.

2 Source of funds data for France are for 2002.

3 For Italy, sector of performance data are for 2002 and source of funds data are for 1996.

4 Data for Japan are OECD estimates and are for 1995.

5 Excludes most or all capital expenditure.

6 For UK data, "Other" consists of Higher Education &amp; Private Non-Profit expenditure. For the remaining countries, "Other" represents other national sources.

(p) = provisional

(e) = estimate

Table 18

### R&D performed in the Business Enterprise sector (BERD), 1995 to 2003

	£ billion at ppp <sup>1</sup>						
Year	UK	Germany	France	Italy	Japan <sup>2</sup>	Canada	USA <sup>3</sup>
1995	9.1	16.3	10.8	4.0	33.2	4.1	82.2
1996	9.3	16.9 (e)	11.3	4.2	—	4.1	90.6
1997	9.6	17.9	11.6 (a)	4.2	—	4.5	98.2
1998	10.1	19.1 (e)	12.0	4.4	—	5.2	107.2
1999	11.3	21.6	12.9	4.5	—	5.6	117.7
2000	11.5	22.9	13.4	4.9	—	6.3	126.2
2001	12.3	23.2	14.4 (a)	5.1	—	7.1	125.1
2002	13.1	23.5	14.8	5.2	—	6.1	118.7
2003	13.7	24.7 (e)	14.5 (p)	5.3 (p)	—	6.1 (p)	121.6

Source: OECD databank (June 2005)

Notes:

1 Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.

2 Data for Japan are adjusted by OECD.

3 Excludes most or all capital expenditure.

(a) = break in series with previous year

(p) = provisional

(e) = estimate

Table 19

**International comparison of Government funding of R&D in 2003 by socio-economic objective (percentage distribution)<sup>1</sup>**

	Per cent						
	UK	Germany (p)	France (p)	Italy (p)	Japan <sup>2</sup>	Canada	USA <sup>3</sup>
Agriculture, forestry and fishing	3.3	1.9	2.0	1.9	3.3	7.8	2.1
Industrial development	5.2	12.3	6.4	10.2	7.2	13.0	0.4
Energy	0.3	3.0	4.0	3.6	17.2	4.0	1.1
Infrastructure	1.4	1.8	0.5	0.4	4.1	3.1	1.5
Environmental protection	1.8	3.3	3.0	2.3	0.9	4.5	0.5
Health	13.7	4.2	5.1	7.0	4.0	16.4	22.7
Social development and services	3.2	4.9	0.8	4.4	0.7	3.2	1.2
Earth and atmosphere	2.1	1.7	0.9	1.9	1.7	2.8	0.8
Advancement of knowledge	35.2	54.8	44.7	57.0	49.7	34.9	5.8
Civil space	1.6	5.0	8.2	7.3	6.7	5.5	7.9
Defence	31.9	6.5	22.8	4.0	4.5	3.6	56.1
Not elsewhere classified	0.5	0.6	1.6	—	—	1.2	—
<b>Per cent</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total £ million<sup>4</sup></b>	<b>8,407</b>	<b>11,140</b>	<b>11,410</b>	<b>6,436</b>	<b>16,213</b>	<b>3,893</b>	<b>73,199</b>

Source: OECD databank (June 2005)

## Notes:

<sup>1</sup> Data for Italy are for 2001.<sup>2</sup> Data for Japan are OECD estimates.<sup>3</sup> Excludes most or all capital expenditure.<sup>4</sup> Amounts are converted to £ sterling using the purchasing power parities (ppp) developed by the OECD.

(p) = provisional

# Analysis of revisions to quarterly current account balance of payments data

**Ellie Turner**

Office for National Statistics

An analysis of revisions has been made to Balance of Payments (BoP) quarterly current account data between 1996 Q4 and 2001 Q3. This article looks at the current account, focusing on revisions to current account credits and debits and how these influence revisions to the current account balance. The article also explores the chronological evolution of revisions and revisions to current account components and provides explanation for the more prominent revisions over the period analysed.

## Summary

- Revisions to quarterly current account balance data occurring between first publication and three years after publication, using estimates first published between 1996 Q4 and 2001 Q3, are not shown to be statistically significantly different from zero. The mean overall revision over this period is –£1.2 billion.
- Within current account credits revisions are not significantly different from zero over the same period. Credits are revised up by an average £1.2 billion.
- For debits, revisions are not significant at the testing level used. Debits are revised up by an average £2.4 billion.
- For credits and debits the most sizeable single revision is the first. For credits the average first revision is upward £0.4 billion and for debits the average revision is also upward, £0.5 billion.
- For credits, the components trade in goods and trade in services are significantly different to zero. For trade in goods estimates have been revised up on average £0.3 billion. For services the average revision is £1.9 billion, revisions in all periods are upward.
- For debits significance only exists in the trade in goods component. The average revision is upward £0.9 billion.

## Background

The Office for National Statistics (ONS) now regularly publishes information on revisions in the background notes of First Releases (ONS, 2005). In addition, statistical analyses of past revisions are being conducted. An article looking at revisions to quarterly GDP growth and its production and expenditure components (George, 2005) was published in *Economic Trends* in January 2005 and similar articles for other areas within National Accounts are being published. An analysis of past revisions to UK Trade statistics was published on the National Statistics website in February 2005 (Ruffles, 2005).

## Introduction

A revision is the difference between a first published estimate and subsequent estimates of the same series. Revisions are a measure of the reliability of estimates. Changes may be due to the availability of more reliable data sources, improved methods or some combination of the two.

In addition, the UK implemented new international standards during the period analysed which led to changes in the current account components. These

introductions, particularly BPM5 in September 1998, resulted in large revisions. It is evident, in later analysis, that revisions in the 1996 Q4–1998 Q1 period are largely attributed to the adoption of BPM5. It can be argued that a fairer analysis would be possible if these values were stripped out, starting the data frame in 1998 Q2 for example. This would reduce the number of periods with complete data from 20 quarters to 14. We have retained the earlier periods in this analysis as a wider data frame is considered to be of greater benefit. Twenty quarters is the duration used in similar analyses for other areas of National Accounts.

Balance of Payments estimates are published quarterly. The major revisions observed are those between first published estimates and estimates three years later. Complete data, periods for which three years of revisions exist, is available for 20 quarters, 1996 Q4 to 2001 Q3. Revisions to initial estimates are tested to determine whether they are significantly different from zero, that is, to determine whether the pattern of revisions may have occurred by chance rather than because of systematic over or under estimation of earlier estimates (see methodology section for details of testing methods used). This article focuses initially on revisions to the current account balance then looks at credits and debits for the current account and individual components within.

## Data

Quarterly estimates are used from 1996 Q4. Estimates are available for all periods until 2004 Q3. Data is assumed to be mature after three years. When mature a point in the series is not expected to change due to source data, changes to data after it matures are attributed to methodological improvements. This three year period can be considered by main stages, key events within the period that may affect revisions. These are as follows:

- Time from first publication to the point at which first revisions are made (R1), the next release of quarterly estimates. The initial revision is a key indicator of the quality of estimates, the most important revision.
- The period between the first revision and the first time estimates appear in the Pink Book (PB1). For some quarters these events occur at the same time. By the time of Pink Book publication more comprehensive annual data sets are available.
- The period between the publication of the first Pink Book (PB1) and publication of the second Pink Book (PB2) after initial publication of estimates. Further methodological improvements may be made when subsequent Pink Books are published.
- The stage between publication of the second Pink Book and the three year estimate. Picks up any further changes made before estimates mature.

## Methodology

Revisions to a series are considered to be significant if the mean revision is statistically different from zero. T-tests are used to establish significance. In this analysis mean revisions

(the average size of revisions over the last five years) and mean absolute revisions (giving the average size of revisions over the last five years as an indication of the reliability of the latest figures) are presented, as is the critical t-value used in each test. The significance test relates to the mean revision. The hypothesis tested is that the mean of the revisions is equal to zero. If there is evidence to reject this hypothesis, that is, the t-statistic is greater than the critical value, the mean revision is statistically different from zero. Tests presented in this analysis are conducted at the 5 per cent level. When successive revisions in a series are not independent, a modified t-test is used. A technical description of the modified t-statistic is given in the *Economic Trends* article 'Revisions Information in ONS First Releases' (Jenkinson, 2004). The modified t-test makes use of the term  $\alpha$ , serial correlation. Use of the standard t-test would overstate the significance of results for a series that is not independent.

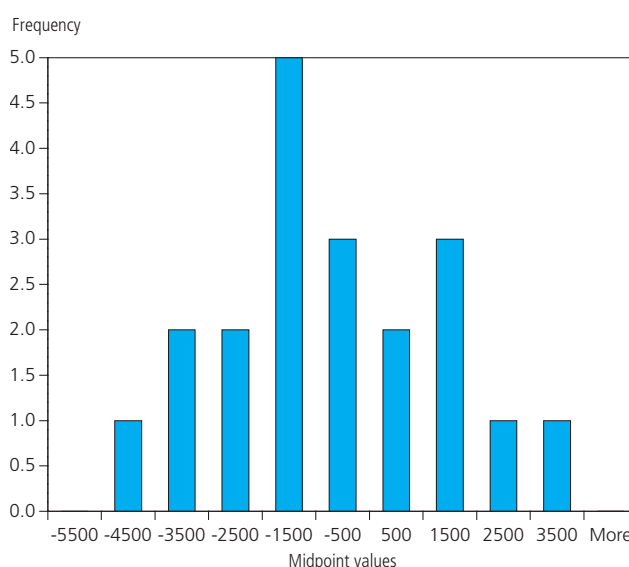
T-tests are based on the assumption that the underlying distribution is Normal. Looking at the distribution of total revisions, up to three years after first publication, to the current account balance it is evident that an approximate bell shaped distribution exists (Figure 1).

A Jarque Bera test is used to check for suitability of fit to Normal. With a null hypothesis that the Normal distribution is a good fit for the data, a p-value of 0.53 provides no basis on which to reject this hypothesis. Thus the use of t-tests is appropriate.

## Reasons for revisions

Revisions are made for a number of reasons. These can influence the magnitude of and number of periods affected by revisions. Details of major revisions are included in First Releases. Large changes occur during the quarters in which Pink Books are published, due to methodological changes and as more accurate results become available for surveys and inquiries. The largest revisions in the period analysed can be attributed to methodological changes.

Figure 1  
Histogram showing distribution of current account balance revisions follow a normal distribution



During the period analysed the following major revisions due to methodological changes were undertaken:

- **September 1998.** Balance of payments data in the UK followed the International Monetary Fund's (IMF) Balance of Payments Manual fifth edition (BPM5) for the first time. This involved restructuring of the current account. There were also changes to the definition of the UK; Channel Islands and the Isle of Man were excluded from UK data.
- **September 2001.** Further methodological changes. Trade in goods data was affected by the inclusion of estimates for smuggled goods and financial services data was presented on a gross basis, rather than a net basis, for the first time. Income figures were revised down as a result of the implementation of new international standards for treatment of interest rate swap settlement receipts and payments and with the incorporation of improved methodology for delivering interest payments and receipts between the UK and the Channel Islands and the Isle of Man. Current transfers were also revised down due to re-estimation of tax paid on Foreign Direct Investment (FDI).
- **June 2002.** Reassessment of data available on insurance premiums, as a result of the events of 11 September 2001, affects current transfer credits and debits and trade in services balance in 2001 Q3.
- **September 2003.** Pink Book 2003 published. Missing Trader Intra-Community fraud (MTIC) affects trade in goods and an expansion of the annual International Trade in Services (ITIS) survey leads to upward revisions for trade in services.

The following is an example of revisions due to availability of later data:

- **December 2003.** Corrected contributor information for 1999–2002 was submitted to the Bank of England. Income changes also reflected the inclusion of annual benchmark data from direct investment and financial inquiries for 2002 only.

## Characteristics of revisions to BoP current account

### Credits and debits

Figures 2 and 3 show revisions over three years to current account credits and debits respectively. It is clear that revisions within the current account do not have a large impact on credits or debits overall. The largest single revision to credits is upward, in the region of £7 billion in 1998 Q1. For the debit account the largest revision in 1997 Q2 is upwards £6.1 billion. This contrasts with account totals of over £80 billion.

Total revisions can be broken down to reveal their evolution over time. This is displayed in terms of contributions at each of the main stages, Figures 4 and 5 expand on the bars in Figures 2 and 3 respectively.

Table 1 shows that revisions to current account credits are not significant overall or at any of the main stages. The largest average revision occurs between R1 and PB1, this is influenced by large upward revisions at this stage between 1996 Q4 and 1998 Q1. A single large first revision in 1998 Q1 keeps the first to R1 average high. A lesser number of upward revisions occur at the PB1 to PB2 stage, leading to a downward average revision.

Average revisions to current account debits are upward at all main stages (Table 2). Largest revisions to debits occur between first publication and PB1 in 65 per cent of periods. Overall revisions are not judged to be significantly different from zero, neither are they at any of the main stages.

Upward revisions in early periods are largely attributable to one stage (Figures 4 and 5), closer inspection of revisions triangles show the revisions up to 1998 Q1 are mainly influenced by changes implemented in September 1998, due to the introduction of BPM5.

Figure 2

### Current account credits revisions, first published estimate to three years later

£ billion

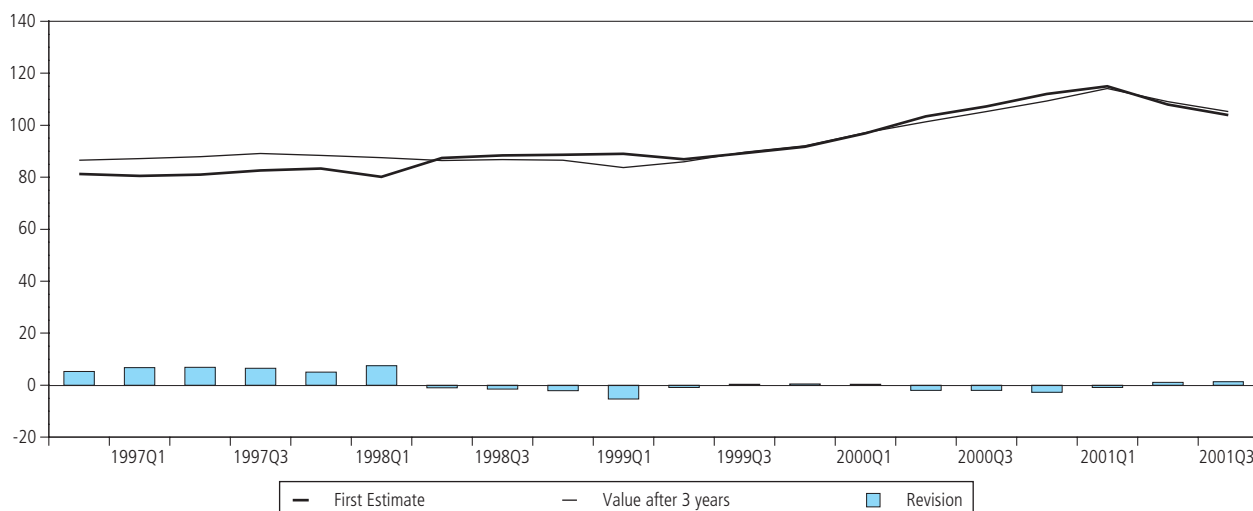




Table 1  
Current account credits testing for significance by stage

£ billion					
Credits	Mean Absolute Revision	Mean Revision	Sig?	t-statistic	Critical t value
First to R1	1.11	0.40	No	0.88	2.09
R1 to PB1	1.86	0.86	No	0.55	2.36
PB1 to PB2	1.04	-0.12	No	-0.29	2.09
PB2 to three year	0.37	0.02	No	0.09	2.14
First to three year	2.98	1.16	No	0.52	2.45

Table 2  
Current account debits testing for significance by stage

£ billion					
Debits	Mean Absolute Revision	Mean Revision	Sig?	t-statistic	Critical t value
First to R1	0.74	0.52	No	1.56	2.10
R1 to PB1	1.76	1.09	No	1.04	2.23
PB1 to PB2	0.73	0.31	No	1.18	2.09
PB2 to three year	0.80	0.47	No	1.84	2.09
First to three year	2.75	2.39	No	1.97	2.31

## Balance

Figure 6 shows the revisions to quarterly BoP current account balance estimates. A maximum positive revision of £2.8 billion occurred in reference period 1998 Q1 and a maximum downward revision of -£4.7 billion in reference period 2000 Q4. Since reference period 1998 Q2 all balance revisions have been downwards, except for a slight positive revision in 2000 Q1.

Small revisions to the balance may conceal large revisions in both credits and debits. Figure 7 shows trends within credits and debits and how these contribute to current account balance revisions.

In 65 per cent of periods credits and debits are revised in the same direction (Figure 7). For initial periods, 1996 Q4 to 1998 Q1, upward revisions to the balance are due to greater upward revisions to credits than to debits. Since 1998 Q2, with the exception of 2000 Q1, all balance revisions have been downward and due to greater upward revisions (or smaller downward revisions) to debits than to credits. It is interesting to note that whilst revisions between 1996 Q4 and 1998 Q1 were uncharacteristically large for both credits and debits, they are similar in size to revisions for all other periods, though in the opposite direction, in the current account balance. This illustrates that while large credit and debit revisions during early periods can be mainly attributed to implementation of BPM5, the changes were across the whole account and led to similar sized revisions for both credits and debits and consequently had less affect on the current account balance.

Figure 3  
Current account debits revisions, first published estimate to three years later

£ billion

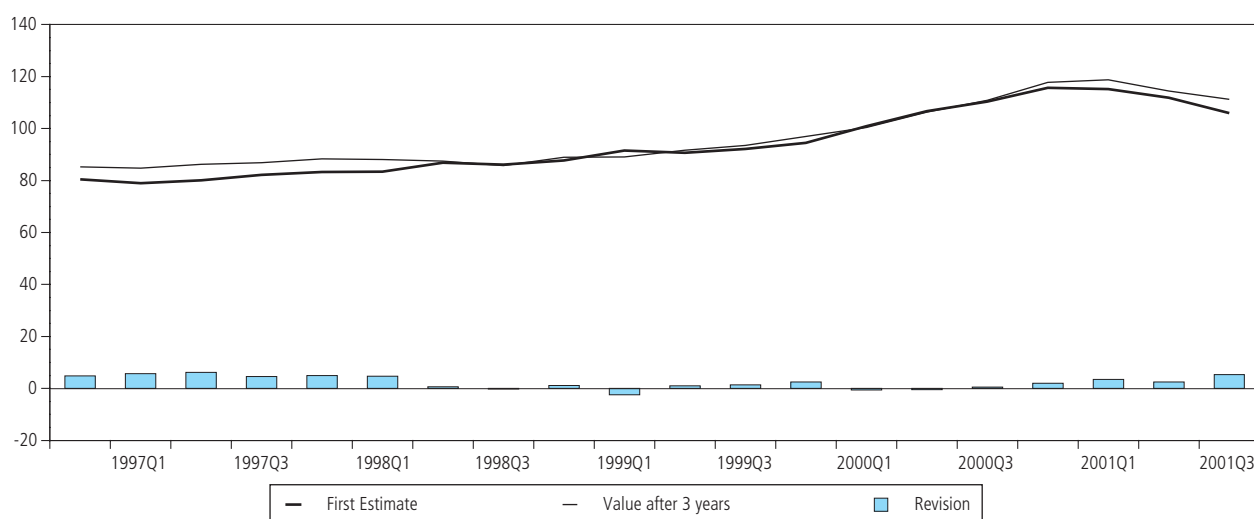


Figure 4  
Contribution to current account credit revisions by stage

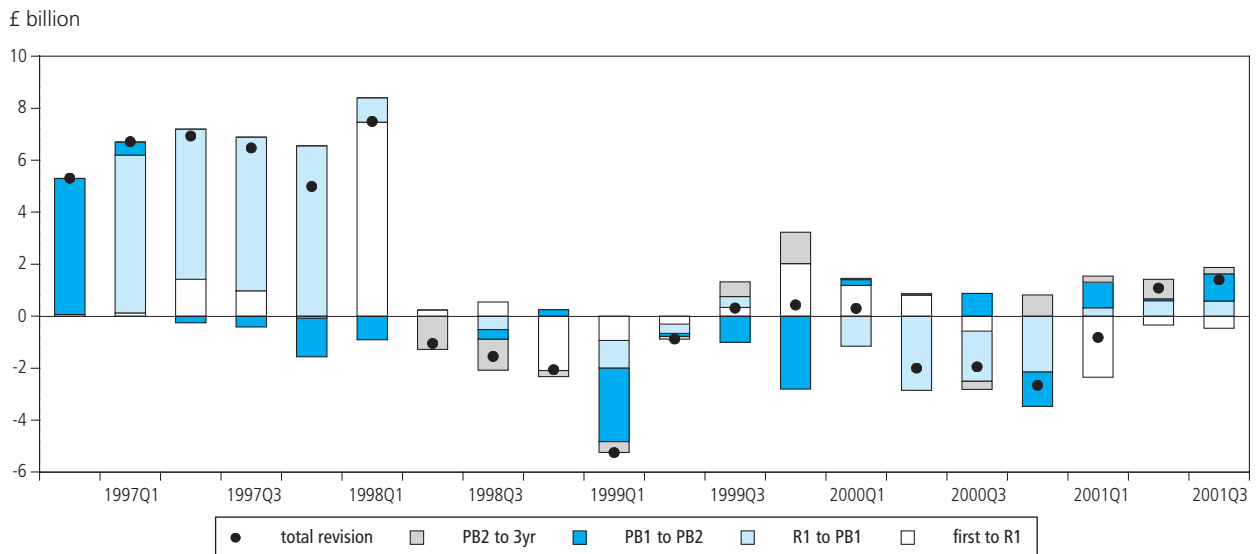


Figure 5  
Contribution to current account debit revisions by stage

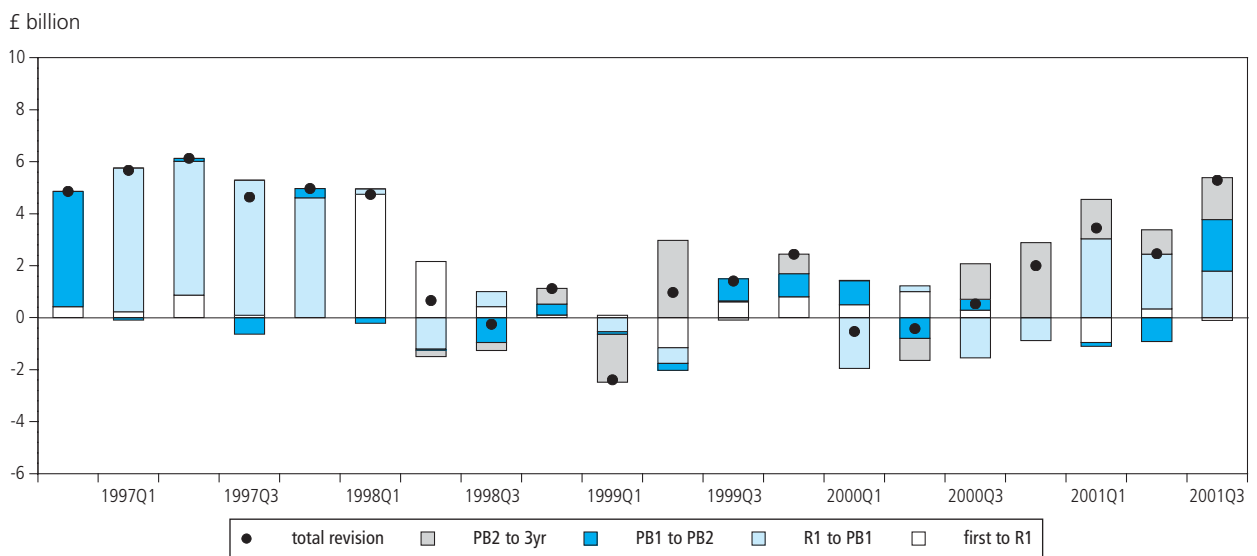


Figure 6  
Current account balance revisions, first published estimate to three years later

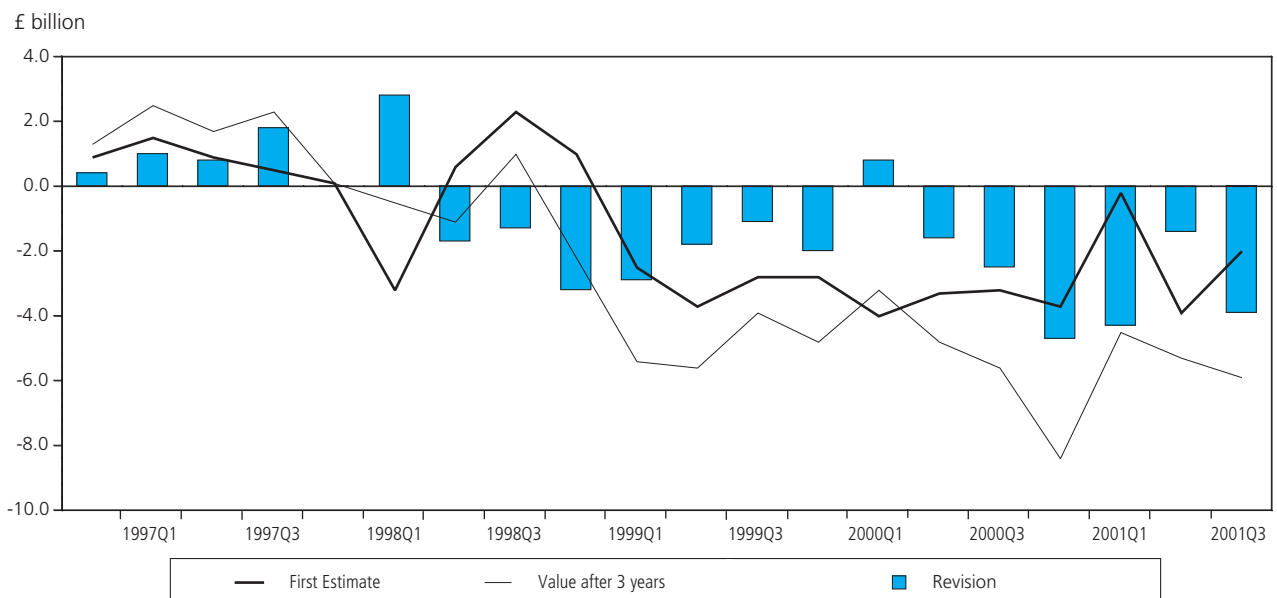


Figure 8 looks at the construction of current account balance revisions over time, expanding the bars from Figure 6. In four of the twenty periods under examination the largest revision occurs between first publication and the first revision; 1997 Q3, 1998 Q1, 1998 Q2 and 1998 Q4. The initial revision makes a substantial contribution in a majority of the other periods. It is also noted that in 75 per cent of periods the overall revision is in the same direction as the first revision. For a further seven reference periods, the largest contribution to the overall revision occurs between R1 and PB1. In five of the periods the largest revisions occur during the PB1–PB2 stage. The largest upward revision, 1998 Q1, was revised upwards by £2.7 billion at the first revision. The largest downward revision, 2000 Q4, was revised downward in each

of three stages; R1–PB1, PB1–PB2 and PB2 – three years after publication. The greatest absolute revision, the sum of revisions at all stages regardless of direction, occurred in 2001 Q1; downward revisions occurred in the periods first – R1, R1–PB1 and PB2 to three years after initial publication, and an upward revision of £1.1 billion during the PB1–PB2 stage.

Table 3 shows that mean revisions at all stages are negative. The revisions in the current account balance are not statistically different from zero overall or at any of the main stages. This is most likely prevented due to upward overall revisions in early periods and upward revisions at one or more of the main stages across most periods.

Figure 7  
Overall revisions to current account; credits, debits and balance

£ billion

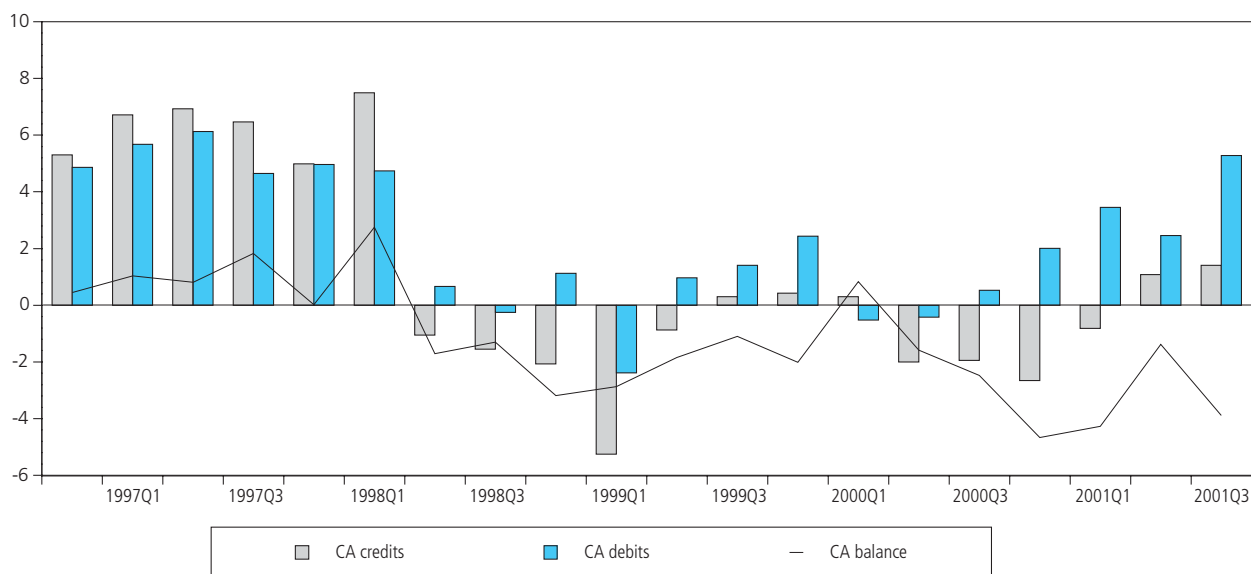


Figure 8  
Contribution to current account balance revisions by stage

£ billion

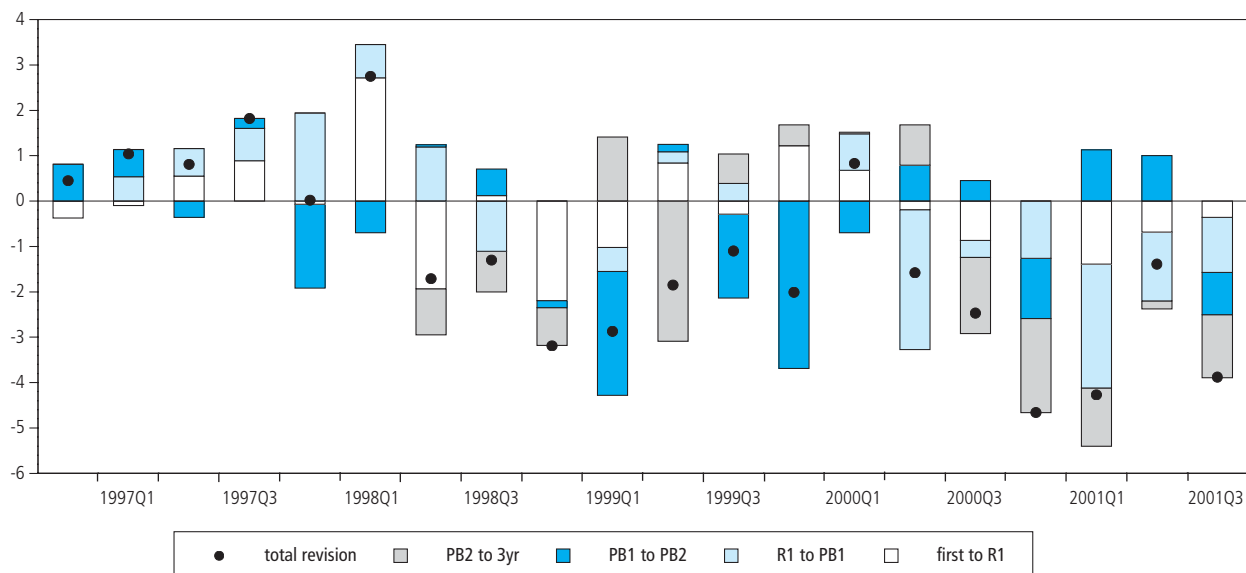


Table 3  
Current account balance testing for significance by stage

Balance	Mean Absolute Revision	Mean Revision	Sig?	t-statistic	Critical t value
First to R1	0.82	-0.12	No	-0.50	2.09
R1 to PB1	0.95	-0.23	No	-0.58	2.12
PB1 to PB2	1.00	-0.42	No	-1.30	2.09
PB2 to three year	0.79	-0.45	No	-1.90	2.09
First to three year	2.00	-1.23	No	-1.52	2.18

## Components of the current account

### Credits and debits

The current account comprises four main components:

- trade in goods
- trade in services
- income
- current transfers.

Revisions are examined in terms of these components. Figures 9 and 10, provide an alternative analysis of the bars from Figures 2 and 3. Revisions at component level are initially examined over the full three-year period.

The largest contribution to average current account credit revisions comes from trade in services, £1.9 billion. The largest negative average revision occurs to income credits, -£0.9 billion. Tests show revisions to be significantly different

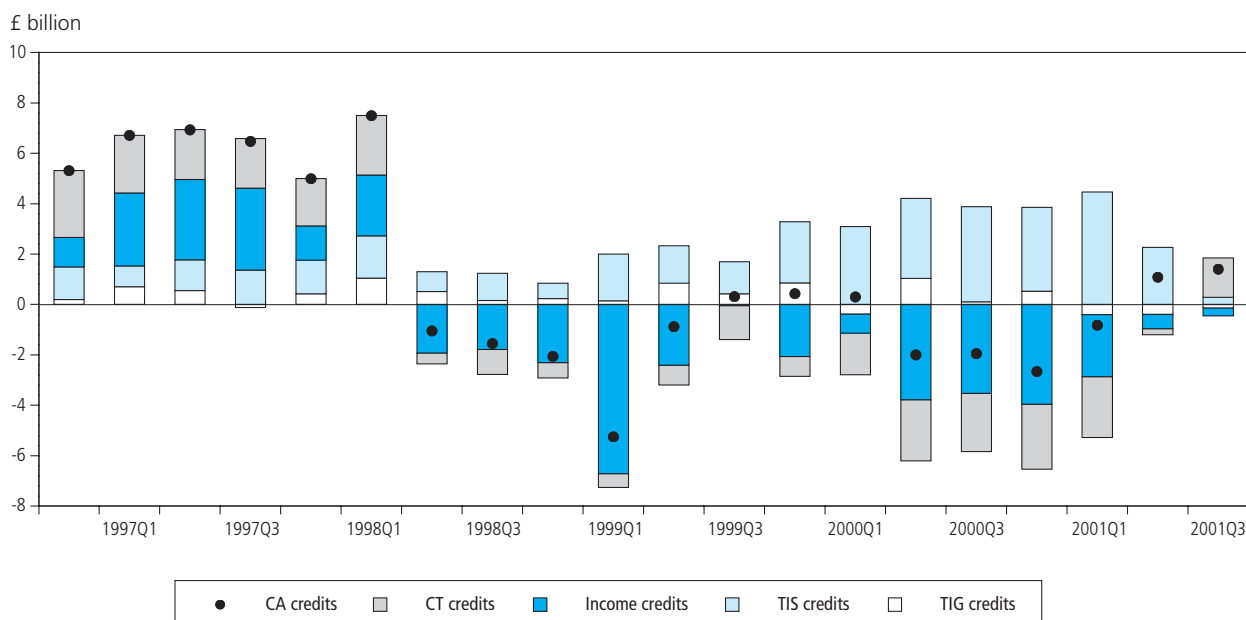
from zero for trade in goods and trade in services. All revisions to trade in services are upward as are a majority of those made to trade in goods credits. Income and current transfers have a number of large negative revisions which lead to results overall not being significant.

For all components of current account credits the largest average contributory stage is that between first publication and publication of PB1, and the greatest revision within this period is that between first publication and R1. The slightest changes are made post PB2.

The following observations are made about current account credit components:

- Revisions for *goods* credits are significantly different from zero overall and specifically between the first publication-PB1 period. The average revision overall is upward £0.3 billion, with upward average revisions of £0.2 billion between first publication and R1 and in the R1-PB1 period. Average revisions during later stages are small but downward, £0.03 billion in the PB1-PB2 period and £0.01 at the post PB2 stage.
- *Service* revisions are also significant over the first publication – three year period, average revision £1.88 billion, with statistical significance shown in the PB1-PB2 and PB 2–3 year periods. Average revisions at all stages are upward. Services data is subject to input-output balancing which often leads to upward revisions to exports and imports at both the PB1-PB2 and PB2–three yr stages. Revisions in the earliest periods, 1996 Q4–1998 Q1, are attributed to the implementation of BPM5. Changes to the reporting of financial services figures, implemented in September 2001, from net to gross affects revisions between 1998 Q2 and 2001 Q1. Revisions between 2000 Q2 and 2001 Q3 are also due to revisions made in September 2003 to account for the expansion of ITIS.
- There is no significance at any stage for *income* credits. Average revisions are downward at all stages, largest

Figure 9  
Current Account credits revisions by component



between first publication and PB1, average –£0.4 billion, and only slightly smaller in the PB1–PB2 period, –£0.4 billion. The upward revisions between 1996 Q4 and 1998 Q1 are largely due to the introduction of BPM5, revisions between 1998 Q2 and 2001 Q1 are affected by the reclassification of interest rate swaps in September 2001.

- Revisions to *current transfers* do not show significance at any of the main stages. The average revision between first and third year for current transfers is small and negative, –£0.1 billion, with larger average revisions at other stages, an upwards average revision between first publication and PB1 of £0.3 billion and a downward revision of –£0.3 billion between PB1 and PB2. Early periods, 1996 Q4 to 1998 Q1, are affected by BPM5 implementation in September 1998. Revisions between 1998 Q2 and 2001 Q1 are influenced by the re-estimation of tax paid on FDI, introduced in September 2001. The single upward revision in 2001 Q3 was made in June 2002 as a reassessment of insurance claims paid out as a consequence of 11 September 2001.

The following observations are made about current account debit components:

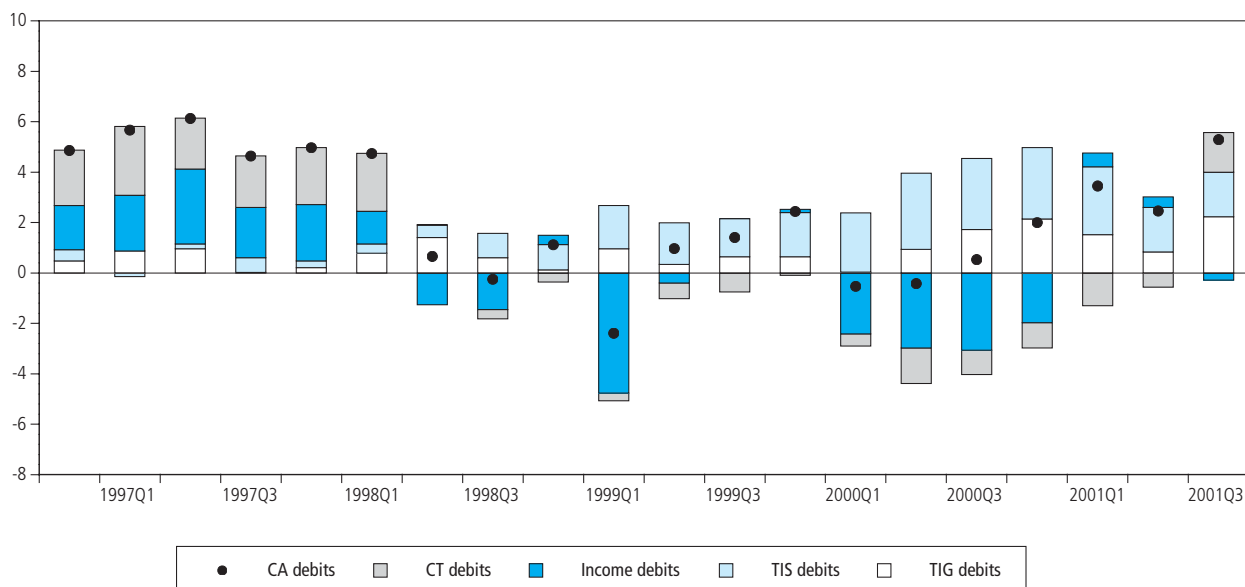
- The only component for which revisions are found to be significantly different from zero is trade in *goods* where three year revisions for all periods are positive, average revision £0.9 billion. There is significant difference at the first publication–R1 stage and R1–PB1 stage. Revisions due to smuggled goods, introduced in September 2001, affect data between 1998 Q2 and 2001 Q1. The greatest influence on trade in goods debit revisions is from adjustments for MTIC made in September 2003. These affect periods 2000 Q2 to 2001 Q3.
- Revisions in most periods for trade in *services* are positive, average revisions at each of the main stages are upward. Tests show statistical significance at the first–R1 stage. The average revision in the first publication–PB1 period

is £0.7 billion and also high in the PB1–PB2 period, £0.6 billion, again probably reflecting the effects of input–output balancing. There appears to be some influence from BPM5 changes made in September 1998 during the periods 1997 Q3 to 1998 Q1. The revisions of September 2001 due to gross reporting of financial services influences periods between 1998 Q2 and 2001 Q1. Revisions made in September 2003 to account for the expansion of ITIS have an affect on revisions between 2000 Q2 and 2001 Q3.

- Although not significant overall there is evidence of significant revisions for *income* debits between PB1 and PB2, this is the main stage with the largest average revision, –£0.4 billion. This is largely due to inclusion of FDI annual benchmark figures. Revisions at earlier stages are considerably smaller, between first publication and the first revision there is a slight upward average revision, £0.02 billion, and a small downward revision, –£0.1 billion, at the R1–PB1 stage. As with income credits, revisions to income debits between 1996 Q4 and 1998 Q1 are largely due to the introduction of BPM5.
- For *current transfers* revisions are upward until 1998 Q1 and then downward for all periods until the most recent, 2001 Q3. The overall average revision is upward, the largest average revisions are upward and occur up to publication of PB1; first publication –R1 average £0.1 billion, R1–PB1 average £0.4 billion. Average revisions in subsequent periods are downward. Patterns within revisions to current transfers debits appear the same as they do for current transfer credits; BPM5 introduction in September 1998 influence revisions between 1996 Q4 and 1998 Q1, the re-estimation of tax paid on FDI in September 2001 affects revisions between 1998 Q2 and 2001 Q1, and the reassessment of insurance premiums in June 2002 result in the upward revision in 2001 Q3.

Figure 10  
Current Account debits revisions by component

£ billion



## Balance

The largest average revision of the components within the current account balance comes from income. The overall average revision is negative but the average revision to trade in services balance is positive. Large downward trade in goods revisions between 2000 Q3 and 2001 Q3 are attributed to MTIC fraud adjustments. Goods and services seem to roughly offset one another. Although revisions to the overall current account balance are not significant, those to the balance components for services and income are.

Each of these components can be assessed by main stage. Figure 12 shows average revisions at each stage for each of the balance components.

The following observations can be made about current account balance components.

- The average revision for *trade in goods* balance is –£0.6 billion. The largest revision occurred in reference period 2001 Q3, –£2 billion. The largest average revisions occurred between publication of PB1 and PB2. Revisions were not significant for any of the main stages.

Table 4

### Testing for significance of current account balance revisions by component

BALANCE	Mean Absolute Revision	Mean Revision	Sig?	t-statistic	Critical t value
Trade in goods	0.69	–0.55	No	–1.79	2.18
Trade in services	0.70	0.48	Yes	2.26	2.11
Income	1.18	–0.68	Yes	–2.13	2.09
Current transfers	0.55	–0.47	No	–2.11	2.20
Total balance	2.00	–1.23	No	–1.52	2.18

- *Trade in services* has significant revisions between first publication of data and three year estimates but not at any of the main stages up to this point. Positive revisions at all stages culminate in significance overall. A majority of the revisions occurred between first publication and PB1, the average overall revision was £0.5 billion with an average of £0.3 billion between first publication and publication of PB1. Annual ITIS survey results replace quarterly estimates at publication of Pink Book 1. A majority of revisions were upwards, for 16 of the 20 periods, with the largest revision between first publication and three years of £1.8 billion in reference period 2001 Q1.

Figure 12

### Average revisions to current account balance components by main stages

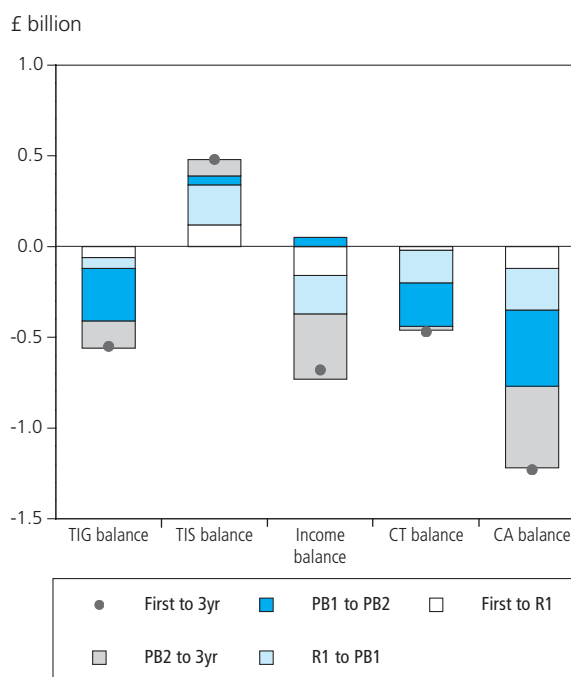
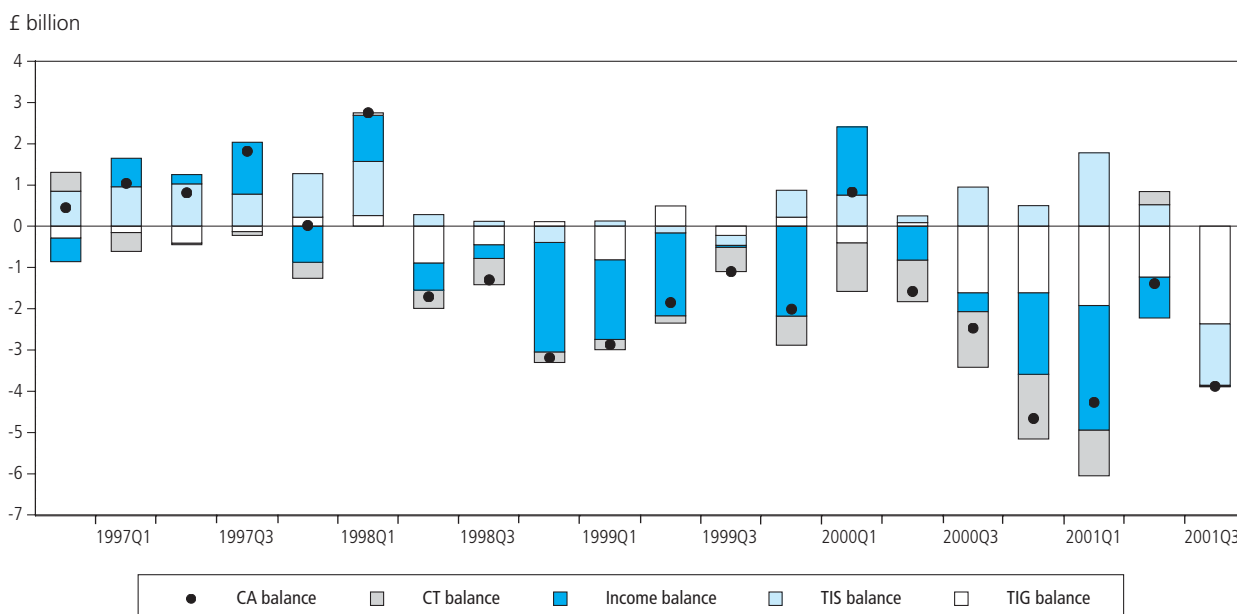


Figure 11

### Current account balance revisions by component





- *Income* has the largest effect overall on CA balance revisions. There is significance overall for the income component. The largest revision, in the reference period 2001 Q1, was a downward revision of over £3 billion. The greatest revisions were made between first publication of the data and the publication of PB1, an average revision of –£0.4 billion. Revisions made between PB2 and the 3 year estimate were of a similar magnitude, –£0.4 and significantly smaller, but positive, £0.05 billion, between publication of PB1 and PB2.
- The smallest revisions overall are made to the *current transfer* balance, an average downward revision of –£0.5 billion. Average revisions are greatest between first publication and PB1, –£0.2 billion, and between PB's 1 and 2, –£0.2 billion. Notably smaller changes occur between PB2 and 3 year estimates, –£0.02 billion.

## Conclusion

Major revisions made over the period analysed are due to methodological improvements and updated international standards rather than to the availability of later source data. We will continue to monitor these revisions going forward.

## Further analyses

Further analyses are presented in the Annexes that are included in the full version of the article on the National Statistics website at <http://www.statistics.gov.uk/cci/article.asp?ID=1125>

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# Using the value of time for quality adjustment – testing the concept for rail fares

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This article has two aims. Firstly, to develop a possible alternative method of quality adjustment to the ones commonly used by statistical offices, for example, hedonic indices. In particular, we aim to develop a method more applicable to a service sector price index, one that takes into account several aspects of service performance. Secondly, we aim to illustrate the proposed concepts with a test of concept index. Rail fares have been chosen for the test of concept as they give us several measurable and objective quality indicators, and the indicators chosen are all ones which can not be adjusted for by using conventional quality adjustment methods, such as hedonic indices or option costing.

## Introduction

This article has two aims:

- to develop a possible alternative method of quality adjustment to the ones commonly used by statistical offices, for example, hedonic indices. In particular, we aim to develop a method more applicable to a service sector price index, one that takes into account several aspects of service performance
- to illustrate the proposed concepts with a test of concept index.

Rail has been chosen for the test of concept as it gives us several measurable and objective quality indicators, such as frequency, delays, expected duration, and so on. We acknowledge that this is far from a complete list of what matters to passengers, but crucially, the indicators chosen are all ones which can not be adjusted for by using conventional quality adjustment methods, such as hedonic indices or option costing.

The purpose of this work is to promote discussion regarding the quality adjustment of services. The Atkinson Report (Atkinson, 2005) highlights the need for quality adjustment in the provision of government services. However, this suggests that the Office for National Statistics (ONS) also needs to consider the need for quality adjustment of private sector services. Quality adjustment of services is a difficult issue. This article aims to show some of the innovative ideas being considered by ONS as part of its ongoing research and development programme.

To be able to test the concept of using the value of time we have had to make several strong assumptions regarding the nature of quality, and it should be stressed that ONS has no plans to introduce this methodology into any of its price indices. This workstream is not being continued, but research into service sector quality issues more generally will continue.

## The conceptual basis of price indices and quality adjustment

### A fixed basket

Central to the notion of a price index is the nature of the basket of goods and/or services priced over the period. Generally, price indices in ONS are known as fixed quantity price indices (or fixed baskets), and use a Laspeyres formula. This means that they measure the change in the price of a basket of fixed composition, quantity and quality. Key to this is the assumption that quality remains unchanged over the period in question. It follows that quality changes that occur in the sample must be separately identified and excluded from the index, to ensure that the movement in the index reflects only the underlying price change.

## Option costing and hedonic quality adjustment of goods

The rapidly changing quality of certain goods (such as PCs and digital cameras) in the Consumer Prices Index (CPI) sample have led to a series of ONS projects to improve the quality adjustment techniques used for these goods. A milestone in this research programme was the introduction of hedonic quality adjustment for PCs in the CPI and Laptop PCs in the Producer Price Index (PPI) in January 2003.

Ball and Allen (2003) describe the problems facing statisticians dealing with changing quality in the goods they are trying to price. Before the introduction of hedonics, price statisticians in the UK generally used a technique known as option costing, where the retail cost associated with a change in specification is obtained from the cost of purchasing the change separately or as an added option. This is then used to adjust the price of the original model to give a price comparison that is independent of any changes in quality.

However, as Ball and Allen (2003) state, the application of option cost involves an element of judgement, for example, determining the appropriate proportion of the option cost that should be taken, and the identification of the relevant subset of options to price from the complete set of options available to producers and consumers. Also, in many instances, the options are not sold separately so an option cost is not available.

Hedonic methods allow us to remove some of the judgmental aspects of option costing and to impute a value to a characteristic even when it is not available as an option. By regressing the prices observed against a dataset of various quality attributes, we can attribute a (shadow) price to the attributes and then use this to predict the value of a given quality change using the regression coefficients. Key to the conceptual basis of the hedonic approach is the assumption that quality is effectively a range of choices which the consumer can make at the time of purchase, for example choosing between 256Mb or 512Mb memory when purchasing a PC.

## Quality adjustment and services

Quality adjustment of services remains an issue that ONS is yet to explore in great detail, possibly because the conceptual issues surrounding it remain largely unresolved. For example, ONS's Corporate Services Price Index (CSPI) concentrates on trying to ensure that the quality of the services chosen is comparable over time. The CSPI quality adjustment guidance is currently the same as for the Producer Price Index, in that specification changes are categorised as one of the following;

- *'W' specification changes* – assumes that the change in price is due entirely to the change in specification, so the price relative is left unchanged at the time of the change in the model.
- *'X' specification changes* – assumes a notional price change is due partly due to a change in specification but is partly a genuine price change. For instance, the washing machine manufacturer may introduce a new model at the time of a general ten per cent price rise in its

products. In such a case an 'X' specification change would say that ten per cent of the notional price rise in Model B compared with Model A was due to a price rise while the remainder was due to the change in specification.

- *'Z' specification change* – applied if the change is purely cosmetic, implying that the whole of the notional price change is passed through as a 'genuine' price increase.

Within the CSPI, effort is primarily being focused on expanding the coverage of the index, however, there are a number of reasons why there has been little work on formal quality adjustments for services in both the CSPI and RPI;

- Firstly, many service products have not experienced sustained quality change in a particular direction such as has been the case in goods such as computers or cars.
- Secondly, while it is certain that the quality of a restaurant meal is changeable, the assumptions behind the matched-pair price index – that you collect the price of the same meal from the same restaurant each month – should, on average, be a good estimate of price change. (Although it should also be noted that this misses substitution between options, and so may miss quality changes),
- Thirdly, where quality differs between similar products, services typically price differently to reflect this. For example, tickets to the theatre differ depending on the view. Thus quality changes should be picked up during basket updates.

Quality changes in a number of services have, however, been sustained, and this is the motivation for this test of concept. In particular, the Atkinson Report (Reference, 2005) highlights the need for quality adjustment in the provision of government services. However, this suggests that ONS also needs to consider the need for quality adjustment of private sector services.

Assuming the quality is changing, initial research suggests that when considering quality adjustment of a service, the first question to be asked should be "is quality an objective or subjective issue?" Even this may not be as black and white as it may seem if we do not narrow the question down to the key elements of quality that matter to the consumer. Consider the purchase of a theatre ticket. Two theatregoers may have completely different views regarding the quality of the production (a subjective measure), but there may be more legroom for seats (a qualitative measure).

Where services can be treated like goods, hedonic methods may still be suitable (for example, for the rental of office machinery in the PPI the price depends largely on the quality of the PC being hired). However, most services are not this simple to deal with. Rail travel for example is not a tangible product; it is a change in the state of the individual (that is, transporting them from A to B). It is also an example of where, unlike PCs, quality is not a measure which the consumer has much choice over at the time of purchase, beyond that of choosing first or standard class tickets. But even first class tickets do not prevent delays. With PCs you pay more, knowing you will receive a higher quality product (more memory, larger hard disc etc), but with rail you pay

the same for a journey, regardless of the eventual quality. This effectively prevents us from using hedonic methods to quality adjust rail fares. (Although research in Japan suggests that the mark-up of first class tickets over standard class ones may be an indication of willingness to pay for a seat. And arguably delays are more bearable if you are sitting down.)

### Developing the cost-of-time approach

In this article we propose a method for dealing with services which involve customers saving or using time. This is based on the cost of time. Valuations of the cost of time are used in transport policy cost-benefit analyses, for example to place a value on a new rail route or road, which can then be compared against the costs of providing the improvements.

The concept of this article is that for a service such as rail journeys, quality factors such as delays, cancellations, changes in frequency and changes in the timetabled duration of a journey can all be expressed in terms of time, which can then be valued and used to quality adjust the fare. Valuing time is discussed in more detail later.

### Planning the data collection

There are tens of thousands of routes available on the UK rail network. In order to carry out the data collection manually for this proof of concept, we have limited our sample to 50 routes. This represents a compromise between establishing the conceptual basis of the index and the practicalities of the data collection. We make no claim that this is an unbiased sample of journeys.

These routes were chosen using Strategic Rail Authority (SRA) data on the revenue per route for 2001, and represent the 50 highest revenue routes on the network. The revenue data for these 50 routes are also used to form the weights for the price index and these 50 routes represent approximately 15 per cent of total revenues in 2001.

For each of the 50 routes, an individual journey was chosen for the sample, for example the 08:29 from Chelmsford to Liverpool Street. We then collect the fare for this journey on a monthly basis, pricing a representative ticket type for that route. We also collect the quality data for these 50 journeys in real-time. While we accept that this is a small sample, it is approaching the limit of a manual data collection system.

The three guiding principles for choosing which quality measures to include were:

- they must be objective and measurable
- the data should be accessible in real-time
- they should matter to rail users.

On this basis, four quality measures were chosen:

- timetabled duration
- actual duration (and hence how early or delayed the service is)
- cancellations
- changes in frequency.

It is important to stress the need for multiple quality measures to account for the trade-offs that exist in the provision of this service. For example, it has been suggested that it is possible to reduce delays by reducing the frequency of service or by increasing the timetabled duration of the journey. If we only measure delays, these changes would show up as quality improvements, but this would not match the experience of rail passengers who have to wait longer for a train or spend longer on it. One key aspect of quality that we would like to include is over-crowding, but we have not been able to incorporate a measure into our current framework as no real time data is available.

It is also important to acknowledge that while it is accepted that sampling on one day a month is representative for prices, it is less than perfect for quality. For goods such as PCs quality is a long run trend towards improvement. For rail travel it seems likely that while there may be a long run trend, there is also likely to be substantial short run volatility, and this will be exaggerated by our assumption that one day per month is representative. However, this is an example of where our aim of testing the concept has been constrained by the practicalities of the manual data collection system.

### Fares data

There are a number of established websites that offer the latest fares, although our choice is slightly restricted as not all offer the travelcard fares required.

For a number of routes, the representative ticket type is a season ticket. Currently we cannot price these direct from the web. Instead we price a standard day return ticket. Arguably this provides the same services as the season ticket for commuters on the day, but is priced on a single journey basis. While it may be argued that a sample of quality taken one day per month is unlikely to be representative of the quality actually experienced by the purchaser of a season ticket, this is the general principle of price collections such as the RPI, which assume one day to be representative of the month. But our treatment of season tickets does allow us to abstract away from the issue that season ticket prices often contain discounts for poor performance in previous periods (although this may have a slight downwards impact on the revenue weights for commuter routes).

Travelcards are almost exclusively a London phenomenon, and they represent a methodological difficulty. They are effectively combined rail and London Transport (LT) tickets. When calculating the revenue shares that we will use as weights in our price index, travel cards have been defined as origin to London terminals, since what we need is the rail part of the journey (and we are not interested in quality adjusting LT). However, no attempt has been made to adjust the revenue for the LT portion of the tickets. The product we are quality adjusting is the rail portion of the journey.

### Timetable data

Data on the timetabled departure and arrival time, and the frequency of journey is taken from the National Rail website, as this should reflect the latest state of play for the network timetables.

Minor changes to timetables (for example, to the expected duration caused by planned engineering works) happen regularly enough to warrant us collecting expected duration and frequency on a monthly basis. However, National Rail timetables also have major changes twice a year (for example, introduction of summer timetables). Train services may be introduced or permanently cancelled, or, more usually, re-timed. In this case, the fixed basket approach requires that we aim to replace the missing service with the one that has the closest arrival time to our original journey (although not necessarily provided by the same operating company).

## Quality data

We collect the actual arrival time and a record of cancellations within our sample from the National Rail live online departure/arrival boards. These boards are provided by Thales Information Systems on behalf of the Association of Train Operating Companies (ATOC). The information on these departure boards is provided by an automated system which has limitations.

Where a train is cancelled we try to re-create the experience of someone on the platform. The arrival time recorded is the arrival time of the next available direct train between the origin and destination. The departure time remains that of the original train, and the extended delay is the key quality measure for cancellations that feeds into the index.

## Valuing the cost of time

### Principles

The principle underlying the majority of the research work on peoples' valuation of time is that time has an opportunity cost, that is, time spent travelling could have been used for other activities such as work or leisure. The question is whether we can measure this opportunity cost in monetary terms.

The Department for Transport (DfT) methodology (DETR, 2001) is based on 1998 prices, and identifies three types of travel time relevant for the current study:

- *working time*: journeys made in the course of work (commuting journeys are excluded)
- *non-working time*: all non-work journey purposes, including travel to and from work
- *waiting time*: time spent waiting to travel.

For working time, which refers to business trips, we use the value that is perceived by the employer, at factor cost (that is, net of indirect taxation). This takes into account gross wages and non-wage labour costs, and is expressed as a mark-up over wages. Using the 1992 Labour Cost Survey and the 1998 National Travel Survey, DfT estimate the mark up to be 24.1 per cent, giving a valuation of working time of £25.17 per hour (1998 prices) for rail users.

For non-working and waiting time we are interested in market prices (rather than factor costs), as this is what consumers pay. DfT use a single value for non-working

time, regardless of mode of transport. The figure is based on the average income of travellers on the journey to work. At market prices the standard appraisal value is £4.52 per hour (1998 prices). In a review of the DfT valuation, Mackie *et al* (2003a, 2003b) comment that the valuation can be split into two categories; commuting and other. The values they suggest are £3.96 and £3.54 respectively.

Both DfT and Mackie *et al* only consider waiting time in the context of non-work travel. DfT suggest that waiting time should be valued at twice the value for non working time, while Mackie *et al* suggest using a ratio of 2.5.

### Uprating

For working time, DfT assume the income elasticity is one, so we can uprate the working time simply by applying the growth in disposable income per head. DfT also believe that non-working time has a unitary elasticity of income, although Mackie *et al* suggest it is closer to 0.8.

For simplicity, we have assumed a unitary elasticity for both. Between 1998 and 2003, household gross disposable income per head grew by 29.7 per cent. This gives us the time valuations in Table 1.

Table 1  
Time valuations

	£	
	1998	2003
Working time	25.17	32.66
Non-working time	4.52	5.87
Waiting time (DfT)	9.04	11.73

### Options

We have two options for implementing the split between working and non-working time. We could use the DfT's calculations which show that on average over the whole week, six per cent of journeys are work related and 94 per cent are not. Or we could use the fact that between 10am and 4pm (which covers the majority of our sample), 11 per cent are work related, and 89 per cent are not. A third option may be to just take the non-working time value. This might be more appropriate if the index were to be used in the RPI, for example.

We have chosen to use the second option, in an attempt to be more representative of the week as a whole. These weights give us a valuation of £7.47 per hour for delays. For changes in frequency, and delays arising from cancellations, we use the waiting time value of £11.73 per hour.

For this piece of research we have kept the value of time fixed at the 2003 value throughout the sample. However, there is a case for allowing it to rise with household incomes as time progresses, so that both ticket fares and the value of time are in current prices.

The valuations presented here, and their application, remain provisional, and we would not argue that they present an objective assessment of the true value.



The key aim is to enable us to provide an illustration of what the quality adjusted index movements look like, but readers should be aware that the resulting index will be sensitive to the value of time used. If this method were to be used operationally, further research would be required to establish a valuation that is conceptually correct for the index it would be used in.

## Results

We have collected fare, timetable and quality data for August 2003 through to January 2005. A summary of key results is presented in Table 2. We then apply the valuations to the data. Changes to timetabled duration, delays and cancellations are relatively simple to value as they are measured in minutes. Changes in timetabled duration are relative to the chosen base month. For changes in frequency we measure the numbers of trains on the route between 7am and 9am. We then assume that trains arrive at regular intervals over the two hours measured, and assume that rail users arrive at random points throughout the two hours. This allows us to calculate an expected waiting time. Changes to this waiting time relative to the base month are valued and added to the index. This methodology rests on a number of assumptions, in particular that rail users arrive at random times and that trains arrive at constant intervals of the period. However, it has the advantage of being easy to implement.

Once we have these valuations we simply add them to the underlying fare for each journey to obtain the quality adjusted fare. The adjusted and unadjusted fares are then weighted together using the revenue weights.

**Table 2**  
**Key quality movements**

(Base month in **bold**)

	Total expected duration (mins)	Cancellations	Total frequency of services	Total delay (mins)	Average delay (mins, weighted)
Aug-03	3,322	2	518	656	12.1
Sep-03	3,320	1	519	321	6.9
Oct-03	3,321	0	517	97	1.6
Nov-03	3,321	0	517	339	7
Dec-03	3,321	0	518	119	2.9
<b>Jan-04</b>	<b>3,314</b>	<b>0</b>	<b>521</b>	<b>159</b>	<b>3</b>
Feb-04	3,314	0	521	97	2
Mar-04	3,314	1	519	128	2.2
Apr-04	3,314	0	518	112	2.1
May-04	3,314	0	518	108	2.2
Jun-04	3,435	0	506	56	1.2
Jul-04	3,336	0	516	48	1.2
Aug-04	3,440	0	508	137	3.3
Sep-04	3,556	1	503	65	1.3
Oct-04	3,253	0	522	185	4
Nov-04	3,245	1	541	183	4.1
Dec-04	3,245	1	541	214	5.4
Jan-05	3,274	0	558	121	2.9

Table 3 presents the quality-adjusted index, taking into account delays, timetable changes, cancellations and changes in frequency. The difference between the two indices reflects a composite measure of changes in the different facets of performance. The results are also illustrated in Figure 1, which highlights some of the events underlying the key movements in the quality-adjusted series.

A key feature of Figure 1 is that there is little evidence of a long run change in quality. In the case of PCs for example, there is a consistent and continuing improvement in quality, and an absence of quality adjustment would imply a bias to the index.

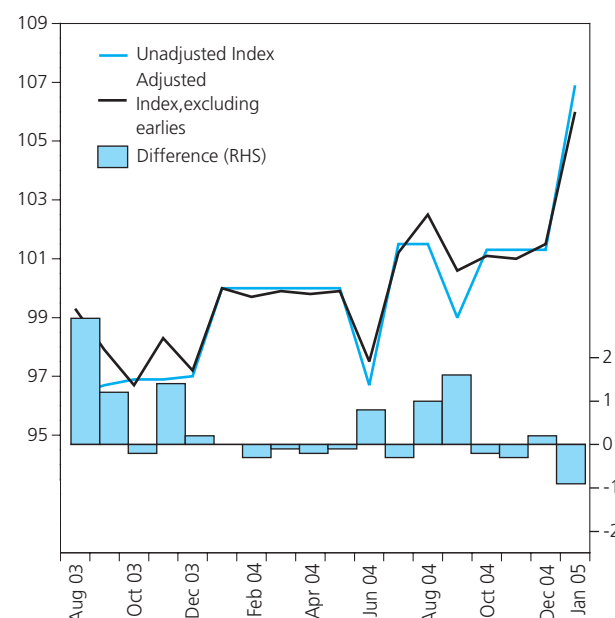
**Table 3**  
**Adjusted and unadjusted price indices**

(Base month in **bold**) Jan 04=100

	Adjusted	Unadjusted
Aug-03	99.3	96.4
Sep-03	97.9	96.7
Oct-03	96.7	96.9
Nov-03	98.3	96.9
Dec-03	97.2	97
<b>Jan-04</b>	<b>100</b>	<b>100</b>
Feb-04	99.7	100
Mar-04	99.9	100
Apr-04	99.8	100
May-04	99.9	100
Jun-04	97.5	96.7
Jul-04	101.2	101.5
Aug-04	102.5	101.5
Sep-04	100.6	99
Oct-04	101.1	101.3
Nov-04	101	101.3
Dec-04	101.5	101.3
Jan-05	106	106.9

**Figure 1**  
**Adjusted and unadjusted indices**

index, Jan 04 = 100





On the basis of Figure 1 there is less evidence of a potential bias in rail fares. However, it should be stressed that this is a short sample; several of the short lived quality decreases shown in Figure 1 in fact reflect engineering works that may be expected to enable a higher quality service in future. Another issue previously described is that it may be impossible to distinguish long run trends from short run volatility due to the constraints of our data collection system; namely the assumption that the performance on one day is representative of the month as a whole.

Given the potential volatility caused by the small sample, we do not propose to explore the movements in great detail. However, there are some movements which raise interesting conceptual issues.

In August 2003 a large proportion of delays were caused by the unusually hot weather, which led Network Rail to introduce speed restrictions, causing substantial delays. If we consider safety to be an aspect of quality then it is unclear whether these delays should be included in the index as deterioration in quality. In practice we are unable to determine which services were delayed by the speed restrictions, and which were caused other factors.

While the unadjusted index remained relatively flat into November 2003, the adjusted index rose sharply, and then fell back in December. Network Rail attributed the additional delays to a combination of poor weather and leaves on the line resulting in poor rail conditions. Given a larger sample, this is the sort of seasonal movement that we would expect to fall out in the annual comparisons.

June 2004 saw substantial engineering work being carried out on a major line. This forced passengers to use alternative routes which, while they took longer, cost less (The RPI itself saw a small downward effect from changes in the cost of passenger transport by railway). The quality adjusted index fell less sharply than the unadjusted index, reflecting the deterioration in quality. The quality change would have been more evident if not for the fact that the month saw very low delays on other routes. Finally, it should also be noted that whilst engineering work causes disruption in the short-term, its longer-term pay-off should be reduced disruption and improved services.

Usually if two train operators provide services on the same route, they charge the same fare. However, there are exceptions to this. A large portion of the fall in the index in September 2004 is due to the representative journey switching from one train operator to another with lower fares as a result of engineering works. This is a clear example of a movement which would not be so dramatic in a much larger sample.

The first six annual growth rates are shown in Table 4. These should remove some of the seasonal effects of the sample. We see that the adjusted index has generally grown slightly slower than the unadjusted index, suggesting that quality has marginally increased.

Table 4

### Annual growth rates of price indices

Per cent

	Adjusted	Unadjusted
Aug-04	3.2	5.2
Sep-04	2.7	2.4
Oct-04	4.5	4.5
Nov-04	2.8	4.5
Dec-04	4.4	4.5
Jan-05	6.0	6.9

## Conclusion

At present ONS is concentrating on expanding the coverage of the CSPI and improving the measurement of the government sector. However, this article represents early stages of a potentially large work programme into the wider quality adjustment of services. We would be extremely interested to hear users' opinions on this work. It is possible to draw some conclusions from this limited initial study:

- Hedonics may be suitable for some services (such as software or equipment hire). However, for those areas where it is not suitable, the valuation of time may be an option to explore.
- It seems likely that data collection for service sector quality will be more time intensive than for goods. We can not simply assume that the quality as measured on one day is representative of the month as a whole.
- However, this could be mitigated if the data could be collected automatically from administrative or regulatory datasets. For example, access to the performance data held by the Office of Rail Regulation would enable a much larger and more representative sample to be monitored, making the quality measure more accurate.
- Using the value of time for quality adjustment is technically possible but further work is required to establish the valuation to be used and the sensitivity of the final results to the valuation.
- It is important to remember that there are often several aspects of quality in services, as in goods. The quality adjustment needs to be able to take into account possible trade-offs between these factors.
- While the value of time is a relatively flexible methodology, there are areas where alternative methodologies need to be considered. For example, one important facet of quality missing from this study is over-crowding. One option may be to study the willingness of rail users to pay for a seat.

## Acknowledgements

The author is grateful to Franco Insalaco for his research into cost-of-time studies, and also to Prabhat Vaze and the ONS economist team for their helpful comments and discussions that have helped guide this work.

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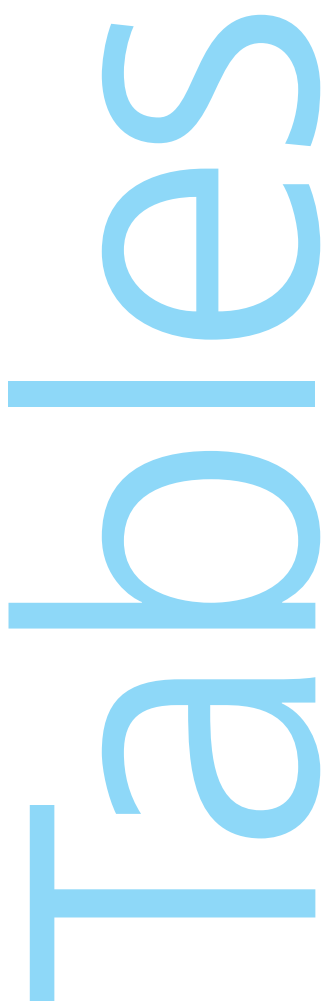
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## Notes to tables

### 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 August 2005.

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 seasonally 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 151
- † 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](http://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

		2003	2004	2004	2005	2005	2005	2005	2005	%Change Latest 3 months avg over previous 3 months
				Q4	Q1	Q2	Apr	May	Jun	
<b>Output -chained volume measures (CVM)</b> (2002 = 100 unless otherwise stated)										
Gross value added at basic prices	CGCE	102.5	105.6	106.4	106.8	..	..	..	..	0.4
Industrial production	CKYW	99.5	100.3	100.0	99.2	98.8	98.8	98.9	..	-1.4
Oil and gas extraction	CKZO	94.4	86.4	81.6	81.5	..	82.5	83.8	..	-0.2
Manufacturing	CKYY	100.1	101.9	102.3	101.3	100.6	100.5	100.6	..	-1.7
Construction	GDQB	105.2	108.9	110.1	110.8	111.2	..	..	..	0.6
Car production (thousands)	FFAO	138.1	137.2	136.7	138.4	131.6	140.1	129.3	125.5	0.0
<b>Domestic demand</b>										
Retail sales volume (2000 = 100)	EAPS	116.6	123.6	124.9	125.0	126.0	125.3	125.3	127.0	..
GB new registrations of cars ('000s) <sup>1</sup>	BCGT	2 646.2	2 598.8	496.9	697.9	..	178.9	189.2	..	0.3
Manufacturing: change in inventories (£m, CVM, reference year 2002)	DHBM	-727	-827	-333	648	..	..	..	..	38.0
<b>Prices (12 monthly % change)</b> <b>and earnings (3 month average)</b>										
Consumer prices index <sup>1</sup>	CJYR	1.4	1.3	1.4	1.7	1.9	1.9	1.9	2.0	..
Retail prices index <sup>1</sup>	CZBH	2.9	3.0	3.4	3.2	3.0	3.2	2.9	2.9	..
Retail prices index <sup>1</sup> (less MIPS) <sup>2</sup>	CDKQ	2.8	2.2	2.3	2.2	2.2	2.3	2.1	2.2	..
Producer output prices (less FBTP) <sup>3</sup>	EUAA	1.3	1.9	2.8	2.4	2.5	2.6	2.5	2.3	..
Producer input prices <sup>4</sup>	EUAB	1.5	4.0	6.8	10.7	10.3	10.5	8.1	12.1	..
GB average earnings - whole economy <sup>5</sup>	LNNC	..	..	4.4	4.5	..	4.6	4.1	..	..
<b>Foreign trade<sup>6</sup></b> (2002 = 100 volumes unless otherwise stated)										
UK balance on trade in goods (£ million)	BOKI	-47 864	-58 614	-15 458	-14 890	..	-5 132	-4 962	..	..
Non EU balance on trade in goods (£ million)	LGDT	-22 036	-29 450	-8 200	-8 045	..	-2 583	-2 438	..	..
Non EU exports of goods (excl oil & erratics)	SHDJ	108.7	113.2	115.7	114.3	..	129.5	122.1	..	3.4
Non EU imports of goods (excl oil & erratics)	SHED	105.1	116.5	120.4	118.2	..	126.8	122.1	..	-0.7
Non EU import & price index (excl oil) <sup>7</sup>	LKWQ	96.8	94.7	95.3	95.9	..	96.2	97.3	..	..
Non EU export & price index (excl oil) <sup>7</sup>	LKVX	97.7	96.3	97.0	97.1	..	97.0	98.0	..	..
<b>Labour market and productivity</b> (2002 = 100 unless otherwise stated)										
UK claimant unemployment (thousands)	BCJD	933.3	853.6	831.1	820.9	854.4	842.1	856.1	864.9	2.9
UK employees in manufacturing (thousands)	YEJA	3 415	3 282	3 241	3 221	..	3 215	3 201	..	-0.6
Whole economy productivity <sup>8</sup>	LNNN	101.6	104.0	104.6	104.7	..	..	..	..	0.1
Manufacturing productivity <sup>8</sup>	LNXX	105.1	111.2	113.0	112.7	..	112.4	112.8	..	-1.0
Unit wage costs - whole economy	LNKK	101.7	103.3	104.6	105.7	..	..	..	..	1.1
Unit wage costs - manufacturing	LNNQ	98.5	96.6	95.8	97.9	..	98.2	96.9	..	3.2
<b>Financial markets<sup>1</sup></b>										
Sterling ERI (1990=100)	AGBG	100.2	104.1	102.4	102.9	104.3	104.4	103.6	104.9	0.8
Average exchange rate /US \$	AUSS	1.63	1.83	1.87	1.89	1.86	1.90	1.85	1.82	-0.7
Average exchange rate /Euro <sup>9</sup>	THAP	1.45	1.47	1.44	1.44	1.47	1.47	1.46	1.50	1.2
3 month inter-bank rate <sup>10</sup>	HSAJ	3.95	4.81	4.81	4.90	4.69	4.86	4.79	4.69	..
3 month interest on US Treasury bills <sup>11</sup>	LUST	0.93	2.18	2.18	2.73	3.08	2.84	2.93	3.08	..
<b>Monetary conditions/government finances</b>										
M0 (year on year percentage growth)	VQMX	7.3	6.0	5.6	5.5	4.3	4.8	4.3	3.7	..
M4 (year on year percentage growth)	VQJW	7.2	8.6	9.2	10.7	11.0	10.8	11.6	11.0	..
Public sector net borrowing (£ million) <sup>1,12</sup>	ANNX	-35 111	-36 864	-13 873	-468	-16 958	-2 302	-8 727	-5 929	..
Net lending to consumers (£ million)(broader)	RLMH	20 226	22 970	5 341	6 054	4 398	1 131	2 017	1 280	-14.8

		2004 Jun	2004 Jul	2004 Aug	2004 Sep	2004 Oct	2004 Nov	2004 Dec	2005 Jan	2005 Feb	2005 Mar	2005 Apr	2005 May	2005 Jun	2005 Jul
<b>Activity and expectations</b>															
CBI output expectations balance <sup>1</sup>	ETCU	15	6	19	12	14	5	-6	10	19	9	5	-1	-5	6
CBI optimism balance <sup>1</sup>	ETBV	..	7	..	..	-10	..	..	-22	..	..	-15	..	..	-16
CBI price expectations balance	ETDQ	5	7	10	9	-1	13	10	15	11	12	3	-4	-6	-10
New engineering orders (2000 = 100)	JIQH	80.5	81.4	72.4	77.3	75.4	79.8	81.8	80.5	78.3	76.2	77.9	78.8	..	..

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 &amp; 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 2003/04 and 2004/05.

## 2.1 National accounts aggregates

	£ million		Indices (2002 = 100)						
	At current prices		Value indices at current prices		Chained volume indices			Implied deflators <sup>2</sup>	
	Gross domestic product at market prices	Gross value added (GVA) at basic prices	Gross domestic product at market prices <sup>1</sup>	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
<b>Annual</b>									
	YBHA	ABML	YBEU	YBEX	YBFP	YBEZ	CGCE	YBGB	CGBV
2000	953 576	841 505	91.0	90.4	93.5	95.9	96.4	94.8	93.8
2001	996 758	883 412	95.1	94.9	96.4	98.0	98.3	97.0	96.5
2002	1 048 456	930 796	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	1 105 919	981 732	105.5	105.5	102.6	102.5	102.5	102.9	102.9
2004	1 164 439	1 033 324	111.1	111.0	105.9	105.8	105.6	104.9	105.1
<b>Quarterly</b>									
2000 Q1	234 970	207 333	89.6	89.1	92.9	95.0	95.4	94.3	93.4
Q2	236 346	208 163	90.2	89.5	93.1	95.6	96.1	94.3	93.1
Q3	239 522	211 428	91.4	90.9	94.4	96.3	96.9	94.9	93.7
Q4	242 738	214 581	92.6	92.2	93.6	96.7	97.3	95.7	94.8
2001 Q1	245 674	217 424	93.7	93.4	95.6	97.5	97.9	96.2	95.4
Q2	248 157	219 709	94.7	94.4	96.0	97.8	98.2	96.8	96.1
Q3	249 239	221 127	95.1	95.0	96.9	98.2	98.4	96.9	96.5
Q4	253 688	225 152	96.8	96.8	97.2	98.7	98.8	98.1	97.9
2002 Q1	257 004	227 916	98.1	97.9	98.7	99.2	99.3	98.9	98.7
Q2	261 090	232 002	99.6	99.7	99.2	99.7	99.7	99.9	100.0
Q3	264 065	234 484	100.7	100.8	101.0	100.4	100.3	100.4	100.4
Q4	266 297	236 394	101.6	101.6	101.1	100.7	100.7	100.9	100.9
2003 Q1	270 583	240 537	103.2	103.4	102.3	101.4	101.4	101.8	102.0
Q2	274 053	243 452	104.6	104.6	101.6	101.9	101.8	102.6	102.7
Q3	278 966	247 512	106.4	106.4	102.8	102.9	102.9	103.4	103.4
Q4	282 317	250 231	107.7	107.5	103.9	103.9	103.9	103.7	103.5
2004 Q1	285 507	252 769	108.9	108.6	104.8	104.8	104.8	103.9	103.7
Q2	289 407	256 804	110.4	110.4	105.9	105.7	105.5	104.4	104.6
Q3	292 512	259 688	111.6	111.6	105.2	106.1	105.9	105.2	105.4
Q4	297 013	264 063	113.3	113.5	107.8	106.7	106.4	106.2	106.6
2005 Q1	298 510	265 230	113.9	114.0	107.3	107.1	106.8	106.4	106.7
Q2	..	..	..	..	..	107.5	..	..	..
Percentage change, quarter on corresponding quarter of previous year <sup>3</sup>									
<b>Quarterly</b>									
2000 Q1	6.1	5.7	6.1	5.7	5.2	4.3	4.2	1.6	1.4
Q2	5.2	4.8	5.2	4.8	4.3	4.5	4.4	0.7	0.4
Q3	5.1	5.2	5.1	5.2	4.8	4.1	4.3	1.0	0.9
Q4	4.9	5.3	4.9	5.3	2.4	3.2	3.4	1.5	1.9
2001 Q1	4.6	4.9	4.6	4.9	2.9	2.6	2.6	2.0	2.1
Q2	5.0	5.5	5.0	5.5	3.1	2.3	2.2	2.7	3.2
Q3	4.1	4.6	4.1	4.6	2.6	2.0	1.5	2.1	3.0
Q4	4.5	4.9	4.5	4.9	3.8	2.1	1.6	2.5	3.3
2002 Q1	4.6	4.8	4.6	4.8	3.2	1.7	1.4	2.8	3.5
Q2	5.2	5.6	5.2	5.6	3.3	1.9	1.5	3.2	4.1
Q3	5.9	6.0	5.9	6.0	4.2	2.2	1.9	3.6	4.0
Q4	5.0	5.0	5.0	5.0	4.0	2.0	1.9	2.9	3.1
2003 Q1	5.3	5.5	5.3	5.5	3.6	2.2	2.1	2.9	3.3
Q2	5.0	4.9	5.0	4.9	2.4	2.2	2.2	2.7	2.7
Q3	5.6	5.6	5.6	5.6	1.8	2.5	2.5	3.0	3.0
Q4	6.0	5.9	6.0	5.9	2.8	3.2	3.1	2.8	2.6
2004 Q1	5.5	5.1	5.5	5.1	2.4	3.4	3.4	2.1	1.7
Q2	5.6	5.5	5.6	5.5	4.2	3.7	3.6	1.8	1.9
Q3	4.9	4.9	4.9	4.9	2.3	3.1	2.9	1.7	1.9
Q4	5.2	5.5	5.2	5.5	3.8	2.7	2.4	2.4	3.0
2005 Q1	4.6	4.9	4.6	4.9	2.4	2.2	1.9	2.4	2.9
Q2	..	..	..	..	..	1.7	..	..	..

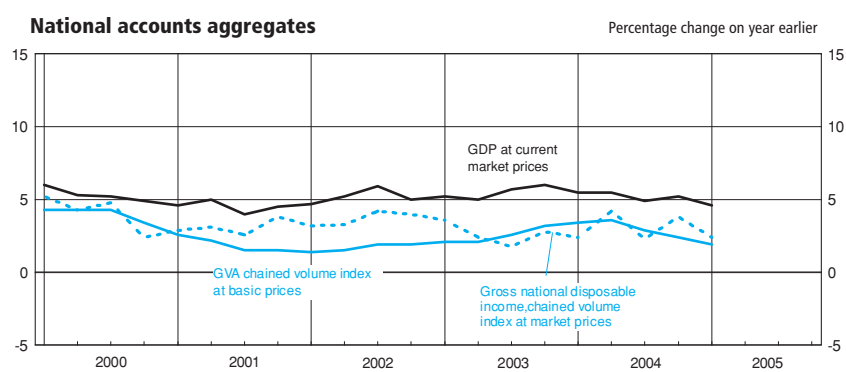
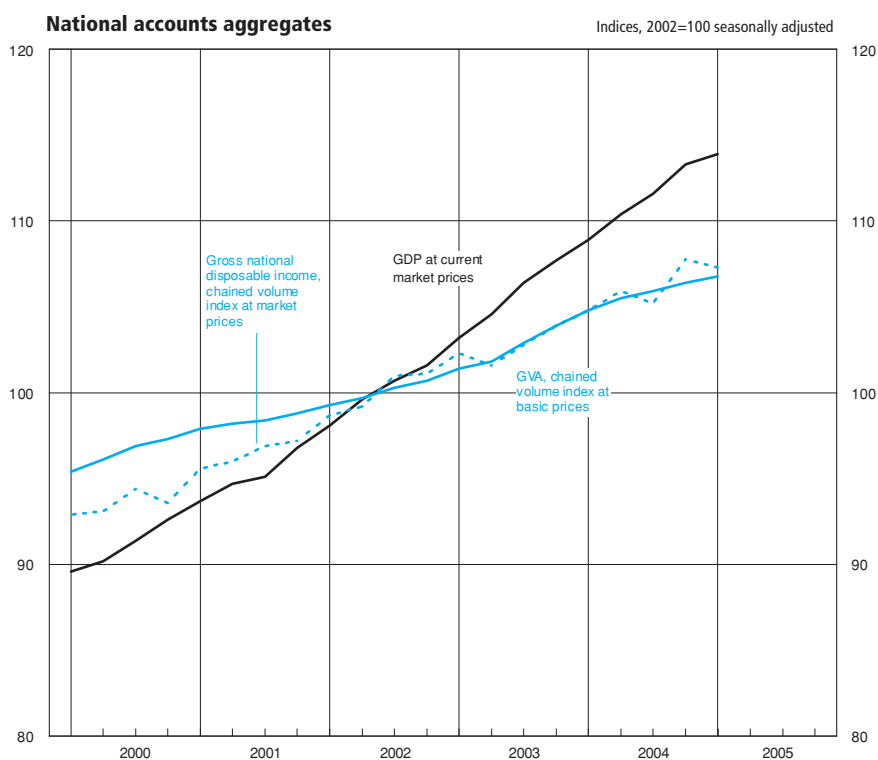
1 "Money GDP."

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





## 2.2 Gross domestic product : by category of expenditure

### Chained volume measures

Reference year 2002, £ million

Domestic expenditure on goods and services at market prices												
Final consumption expenditure				Gross capital formation				Exports of goods and services+	Gross final expenditure	Imports of goods and services+ less	Statistical discrepancy (expenditure)	Gross domestic product at market prices
Households	Non-profit institutions <sup>2</sup>	General government	Gross fixed capital formation+	Changes in inventories <sup>3</sup>	Acquisitions less disposals of valuables	Total						
<b>Annual</b>	ABJR	HAYO	NMRY	NPQT	CAFU	NPJR	YBIM	IKBK	ABMG	IKBL	GIXS	ABMI
2000	625 145	25 270	198 616	163 709	5 267	3	1 017 985	266 536	1 284 619	279 807	–	1 005 542
2001	644 895	25 247	201 996	167 563	6 196	373	1 046 424	274 274	1 320 810	293 213	–	1 027 905
2002	667 361	25 998	210 967	172 558	2 909	214	1 080 007	274 945	1 354 952	306 496	–	1 048 456
2003	684 841	26 229	220 449	172 573	4 602	–6	1 108 689	278 159	1 386 848	311 990	–	1 074 858
2004	709 997	26 735	227 197	180 998	5 148	–11	1 150 064	287 736	1 437 800	328 776	550	1 109 574
<b>Quarterly</b>												
2000 Q1	155 841	6 151	49 110	40 052	481	2	251 678	64 146	315 800	67 027	–	249 056
Q2	155 859	6 272	49 985	40 010	1 171	–1	253 197	66 418	319 644	69 313	–	250 537
Q3	156 783	6 392	49 956	41 109	1 789	–3	256 003	66 960	322 977	70 725	–	252 424
Q4	156 662	6 455	49 565	42 538	1 826	5	257 107	69 012	326 198	72 742	–	253 525
2001 Q1	159 089	6 402	50 036	42 007	1 040	–18	258 590	70 148	328 833	73 449	–	255 459
Q2	160 258	6 323	49 827	42 160	1 375	210	260 275	69 408	329 749	73 368	–	256 450
Q3	162 141	6 280	50 701	42 249	1 662	38	263 114	67 325	330 410	73 187	–	257 301
Q4	163 407	6 242	51 432	41 147	2 119	143	264 445	67 393	331 818	73 209	–	258 695
2002 Q1	165 301	6 321	52 654	41 651	1 177	74	267 140	67 640	334 760	74 838	–	259 971
Q2	166 424	6 425	52 249	42 936	394	56	268 495	70 380	338 897	77 479	–	261 381
Q3	167 273	6 587	52 864	43 562	480	70	270 855	69 894	340 768	77 678	–	263 060
Q4	168 363	6 665	53 200	44 409	858	14	273 517	67 031	340 527	76 501	–	264 044
2003 Q1	169 079	6 558	53 929	43 232	103	–	272 901	71 403	344 304	78 620	–	265 684
Q2	171 108	6 554	54 618	42 843	–387	102	274 837	68 719	343 556	76 406	–	267 150
Q3	171 946	6 564	55 464	42 459	2 339	–60	278 712	68 495	347 207	77 429	–	269 778
Q4	172 708	6 553	56 438	44 039	2 547	–48	282 239	69 542	351 781	79 535	–	272 246
2004 Q1	175 036	6 661	56 587	44 425	1 164	117	283 989	70 868	354 857	80 158	106	274 805
Q2	177 303	6 658	56 739	45 101	1 110	–81	286 830	71 856	358 686	81 736	133	277 083
Q3	178 333	6 689	56 829	45 780	978	–86	288 523	72 121	360 644	82 720	150	278 074
Q4	179 325	6 727	57 042	45 692	1 896	39	290 722	72 891	363 613	84 162	161	279 612
2005 Q1	179 501	6 799	57 441	45 811	1 978	–142	291 389	72 266	363 655	83 141	139	280 653
Q2	..	..	..	..	..	..	..	..	..	..	..	281 776
Percentage change, latest quarter on corresponding quarter of previous year												
2000 Q1	5.8	6.1	3.5	1.7			3.8	10.2	5.1	8.0		4.3
Q2	4.8	8.9	3.9	3.6			4.6	10.7	5.8	10.8		4.4
Q3	4.5	10.1	3.9	3.1			4.6	7.0	5.1	8.6		4.2
Q4	2.6	9.4	3.3	5.7			3.3	8.8	4.5	8.8		3.2
2001 Q1	2.1	4.1	1.9	4.9			2.7	9.4	4.1	9.6		2.6
Q2	2.8	0.8	–0.3	5.4			2.8	4.5	3.2	5.9		2.4
Q3	3.4	–1.8	1.5	2.8			2.8	0.5	2.3	3.5		1.9
Q4	4.3	–3.3	3.8	–3.3			2.9	–2.3	1.7	0.6		2.0
2002 Q1	3.9	–1.3	5.2	–0.8			3.3	–3.6	1.8	1.9		1.8
Q2	3.8	1.6	4.9	1.8			3.2	1.4	2.8	5.6		1.9
Q3	3.2	4.9	4.3	3.1			2.9	3.8	3.1	6.1		2.2
Q4	3.0	6.8	3.4	7.9			3.4	–0.5	2.6	4.5		2.1
2003 Q1	2.3	3.7	2.4	3.8			2.2	5.6	2.9	5.1		2.2
Q2	2.8	2.0	4.5	–0.2			2.4	–2.4	1.4	–1.4		2.2
Q3	2.8	–0.3	4.9	–2.5			2.9	–2.0	1.9	–0.3		2.6
Q4	2.6	–1.7	6.1	–0.8			3.2	3.7	3.3	4.0		3.1
2004 Q1	3.5	1.6	4.9	2.8			4.1	–0.7	3.1	2.0		3.4
Q2	3.6	1.6	3.9	5.3			4.4	4.6	4.4	7.0		3.7
Q3	3.7	1.9	2.5	7.8			3.5	5.3	3.9	6.8		3.1
Q4	3.8	2.7	1.1	3.8			3.0	4.8	3.4	5.8		2.7
2005 Q1	2.6	2.1	1.5	3.1			2.6	2.0	2.5	3.7		2.1
Q2	..	..	..	..			..	..	..	..		1.7

1 Estimates given to nearest million but cannot be regarded as accurate to the degree.

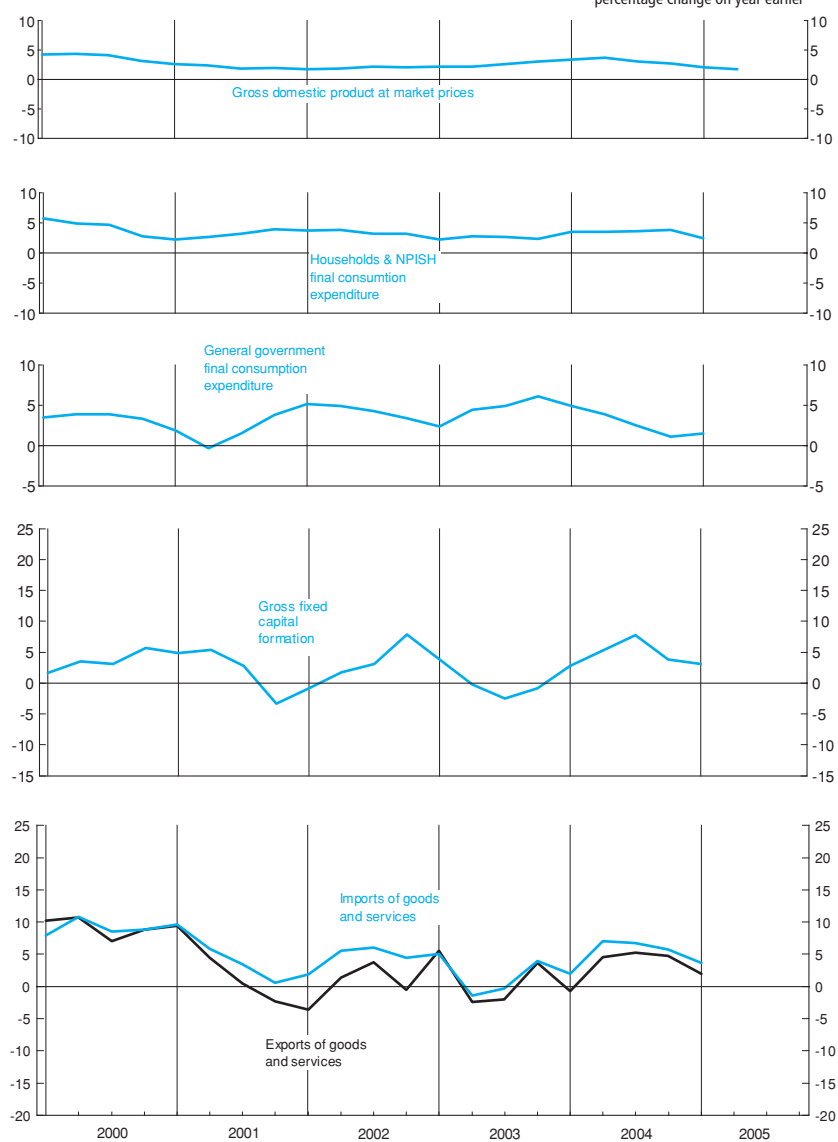
2 Non-profit making institutions serving households (NPISH).

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 2002  
percentage change on year earlier



## 2.3 Gross domestic product and shares of income and expenditure

	Percentage share of gross final expenditure						Percentage share of GDP by category of income				
	Gross domestic product at market prices	Gross final expenditure	Final consumption expenditure		Gross capital formation	Exports of goods and services	Gross operating surplus				Taxes on production and imports
			Household and NPISH	General government			Corporations <sup>1</sup>	Other <sup>2</sup>	Compensation of employees	Mixed income	
Annual	YBHA	ABMF	IHXI	IHXJ	IHXK	IHXL	IHXM	IHXO	IHXP	IHXQ	IHXR
2001	996 758	1 296 819	50.9	14.7	13.3	21.1	20.6	3.6	56.5	6.2	13.1
2002	1 048 456	1 354 952	51.2	15.6	13.0	20.3	21.7	3.0	56.1	6.3	12.9
2003	1 105 919	1 419 132	51.1	16.3	12.7	19.9	22.2	2.9	55.8	6.3	12.8
2004	1 164 439	1 492 245	51.0	16.5	13.1	19.5	22.5	2.8	55.7	6.3	12.8
Quarterly											
2001 Q1	245 674	322 092	50.2	14.4	13.2	22.1	20.5	3.5	56.6	6.2	13.1
Q2	248 157	324 395	50.5	14.4	13.4	21.7	19.7	4.3	56.5	6.3	13.2
Q3	249 239	323 645	51.5	14.8	13.5	20.2	20.8	3.2	56.7	6.3	13.0
Q4	253 688	326 687	51.5	15.2	13.1	20.3	21.6	3.2	56.2	6.1	13.0
2002 Q1	257 004	332 338	51.4	15.4	12.8	20.4	21.8	2.8	56.0	6.3	13.0
Q2	261 090	339 079	50.9	15.4	12.8	20.9	21.2	3.7	56.1	6.3	12.8
Q3	264 065	341 177	51.0	15.6	13.0	20.4	21.9	2.8	56.1	6.3	12.8
Q4	266 297	342 358	51.4	15.8	13.3	19.4	21.8	2.7	56.3	6.3	12.8
2003 Q1	270 583	349 262	51.0	16.0	12.3	20.7	22.6	2.4	56.0	6.3	12.7
Q2	274 053	350 763	51.4	16.3	12.3	19.9	21.9	3.2	55.8	6.3	12.7
Q3	278 966	356 950	51.1	16.4	12.9	19.6	22.3	2.7	55.9	6.3	12.8
Q4	282 317	362 157	50.8	16.6	13.2	19.4	21.9	3.3	55.7	6.3	12.9
2004 Q1	285 507	364 349	51.3	16.6	12.8	19.4	21.9	2.9	56.0	6.3	13.0
Q2	289 407	370 468	51.1	16.4	13.1	19.4	22.5	2.9	55.6	6.3	12.8
Q3	292 512	375 425	50.9	16.6	13.2	19.4	22.5	2.9	55.6	6.3	12.7
Q4	297 013	382 003	50.6	16.6	13.2	19.6	23.0	2.4	55.7	6.2	12.6
2005 Q1	298 510	382 948	50.7	16.8	13.1	19.4	22.5	2.5	56.2	6.3	12.4

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

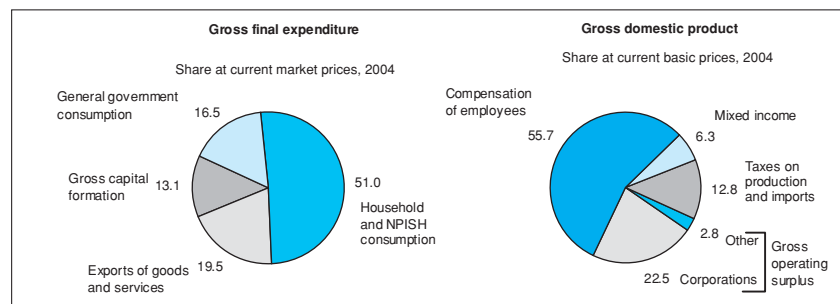
## 2.4 Income, product and spending per head

£

	At current prices				Chained volume measures (reference year 2002)		
	Gross national income at market prices	Gross domestic product at market prices	Household and NPISH final consumption expenditure	Households' gross disposable income	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	16 999	16 862	11 172	11 643	17 388	11 337	11 814
2002	18 041	17 674	11 687	11 971	17 675	11 688	11 971
2003	18 945	18 570	12 174	12 500	18 049	11 940	12 258
2004	19 968	19 547	12 768	12 897	18 624	12 366	12 491
Quarterly							
2001 Q1	4 187	4 162	2 738	2 880	4 328	2 804	2 948
Q2	4 236	4 200	2 775	2 900	4 340	2 819	2 947
Q3	4 260	4 214	2 819	2 929	4 350	2 848	2 958
Q4	4 317	4 286	2 840	2 934	4 370	2 866	2 961
2002 Q1	4 409	4 338	2 886	2 945	4 389	2 897	2 956
Q2	4 468	4 404	2 911	2 994	4 409	2 915	2 999
Q3	4 564	4 450	2 929	3 006	4 433	2 930	3 006
Q4	4 600	4 482	2 961	3 026	4 444	2 946	3 010
2003 Q1	4 680	4 549	2 992	3 061	4 466	2 953	3 021
Q2	4 678	4 603	3 030	3 135	4 487	2 984	3 087
Q3	4 755	4 682	3 064	3 130	4 528	2 996	3 060
Q4	4 832	4 736	3 088	3 174	4 568	3 007	3 090
2004 Q1	4 888	4 790	3 135	3 179	4 610	3 048	3 091
Q2	4 965	4 857	3 178	3 207	4 650	3 087	3 115
Q3	4 977	4 911	3 209	3 252	4 668	3 106	3 148
Q4	5 138	4 989	3 246	3 259	4 696	3 125	3 137
2005 Q1	5 136	5 009	3 261	3 307	4 709	3 126	3 171

Source: Office for National Statistics; Enquiries 020 7533 6031

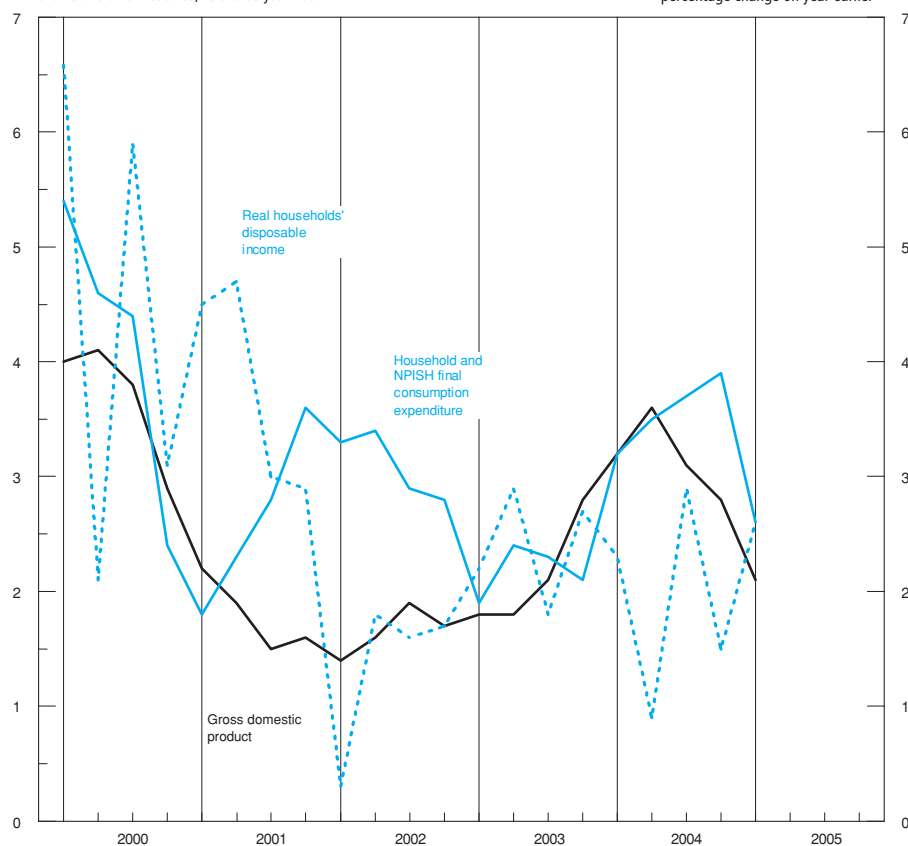
### Shares of income and expenditure



### Income, product and spending per capita

chained volume measures, reference year 2002

percentage change on year earlier



## 2.5 Households' disposable income and consumption

	£ million, current prices						£ million, chained volume measures, reference year 2002			
	Households' income before tax		Adjustment for the change in net equity of households in pension funds		Households' Total resources	Households' final consumption expenditure	Households' saving ratio <sup>3</sup> (percentage)+	Real households' disposable income+ <sup>4</sup>	Household final consumption expenditure+	Real households' disposable income (index 2002=100)
	Total	of which: Wages and salaries	Gross households' disposable income <sup>2</sup>							
<b>Annual</b>	RPHP	ROYJ	RPHQ	RPQJ	RPQK	RPQM	NRJS	NRJR	NPSP	OSXS
2002	1 015 614	509 546	710 144	17 906	728 050	693 359	4.8	710 144	693 359	100.0
2003	1 067 190	526 949	744 395	21 586	765 981	725 012	5.3	730 080	711 070	102.8
2004	1 115 198	550 788	768 304	25 712	794 016	760 678	4.2	744 118	736 732	104.8
<b>Quarterly</b>										
2002 Q1	249 009	125 136	174 431	4 005	178 436	170 968	4.2	175 100	171 624	98.6
Q2	253 005	126 891	177 530	4 289	181 819	172 601	5.1	177 785	172 849	100.1
Q3	255 632	128 052	178 374	4 740	183 114	173 836	5.1	178 397	173 859	100.5
Q4	257 968	129 467	179 809	4 872	184 681	175 954	4.7	178 862	175 027	100.7
2003 Q1	260 307	130 003	182 099	5 196	187 295	177 952	5.0	179 729	175 637	101.2
Q2	266 376	131 002	186 656	4 046	190 702	180 420	5.4	183 802	177 662	103.5
Q3	268 894	132 597	186 481	6 211	192 692	182 562	5.3	182 341	178 510	102.7
Q4	271 613	133 347	189 159	6 133	195 292	184 078	5.7	184 208	179 261	103.8
2004 Q1	273 846	135 417	189 501	6 567	196 068	186 882	4.7	184 241	181 697	103.8
Q2	276 879	136 685	191 098	5 871	196 969	189 399	3.8	185 609	183 961	104.5
Q3	281 418	138 227	193 695	6 153	199 848	191 131	4.4	187 502	185 022	105.6
Q4	283 055	140 459	194 010	7 121	201 131	193 266	3.9	186 766	186 052	105.2
2005 Q1	287 614	142 484	197 079	7 131	204 210	194 315	4.8	188 950	186 300	106.4

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 (2002 = 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<sup>1,2</sup>

Chained volume measures

Reference year 2002, £ million

	UK National <sup>4</sup>														
	UK Domestic <sup>5</sup>														
	Total	Net tourism	Total	Food & drink	Alcohol & tobacco	Clothing & footwear	Housing	Household goods & services	Health	Transport	Communication	Recreation & culture	Education	Restaurants & hotels	Miscellaneous
<b>COICOP<sup>3</sup></b>	-	-	0	01	02	03	04	05	06	07	08	09	10	11	12
<b>Annual</b>	ABJR	ABTH	ZAKW	ZWUN	ZAKY	ZALA	ZAVO	ZAVW	ZAWC	ZAWM	ZAWW	ZAXA	ZWUT	ZAXS	ZAYG
2002	667 361	10 563	656 798	61 493	25 966	39 092	121 238	40 448	10 778	99 797	14 675	81 363	9 381	76 298	76 269
2003	684 841	10 638	674 203	61 883	26 364	41 993	122 325	42 745	11 292	102 055	15 464	87 734	8 870	76 422	77 056
2004	709 997	11 139	698 858	63 195	26 606	45 905	125 070	45 243	11 830	103 907	16 332	95 449	8 831	78 241	78 249
<b>Quarters</b>															
2002 Q1	165 301	2 759	162 544	14 965	6 432	9 705	30 106	10 010	2 637	24 670	3 607	20 274	2 419	18 913	18 791
Q2	166 424	2 544	163 881	15 168	6 494	9 724	30 278	9 994	2 684	24 996	3 668	20 202	2 374	19 109	19 194
Q3	167 273	2 628	164 644	15 480	6 505	9 838	30 335	10 160	2 718	25 176	3 688	20 226	2 349	19 161	19 015
Q4	168 363	2 632	165 729	15 880	6 535	9 825	30 519	10 284	2 739	24 955	3 712	20 661	2 239	19 115	19 269
2003 Q1	169 079	2 821	166 258	15 339	6 538	10 066	30 405	10 514	2 767	25 372	3 746	21 055	2 222	18 881	19 353
Q2	171 108	2 745	168 363	15 881	6 556	10 412	30 476	10 803	2 796	25 633	3 846	21 592	2 211	18 927	19 230
Q3	171 946	2 639	169 307	15 412	6 627	10 741	30 567	10 604	2 834	25 558	3 924	22 323	2 216	19 333	19 168
Q4	172 708	2 433	170 275	15 251	6 643	10 774	30 877	10 824	2 895	25 492	3 948	22 764	2 221	19 281	19 305
2004 Q1	175 036	2 804	172 232	15 896	6 655	11 033	31 088	10 940	2 877	25 597	4 001	23 041	2 220	19 515	19 369
Q2	177 303	2 766	174 537	15 629	6 668	11 415	31 288	11 273	2 954	25 811	3 975	24 055	2 213	19 719	19 537
Q3	178 333	2 923	175 410	15 699	6 615	11 608	31 316	11 607	2 978	26 075	4 145	24 073	2 206	19 500	19 588
Q4	179 325	2 646	176 679	15 971	6 668	11 849	31 378	11 423	3 021	26 424	4 211	24 280	2 192	19 507	19 755
2005 Q1	179 501	2 824	176 677	15 886	6 686	11 844	31 480	11 465	2 986	26 303	4 331	24 676	2 181	19 861	18 978

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

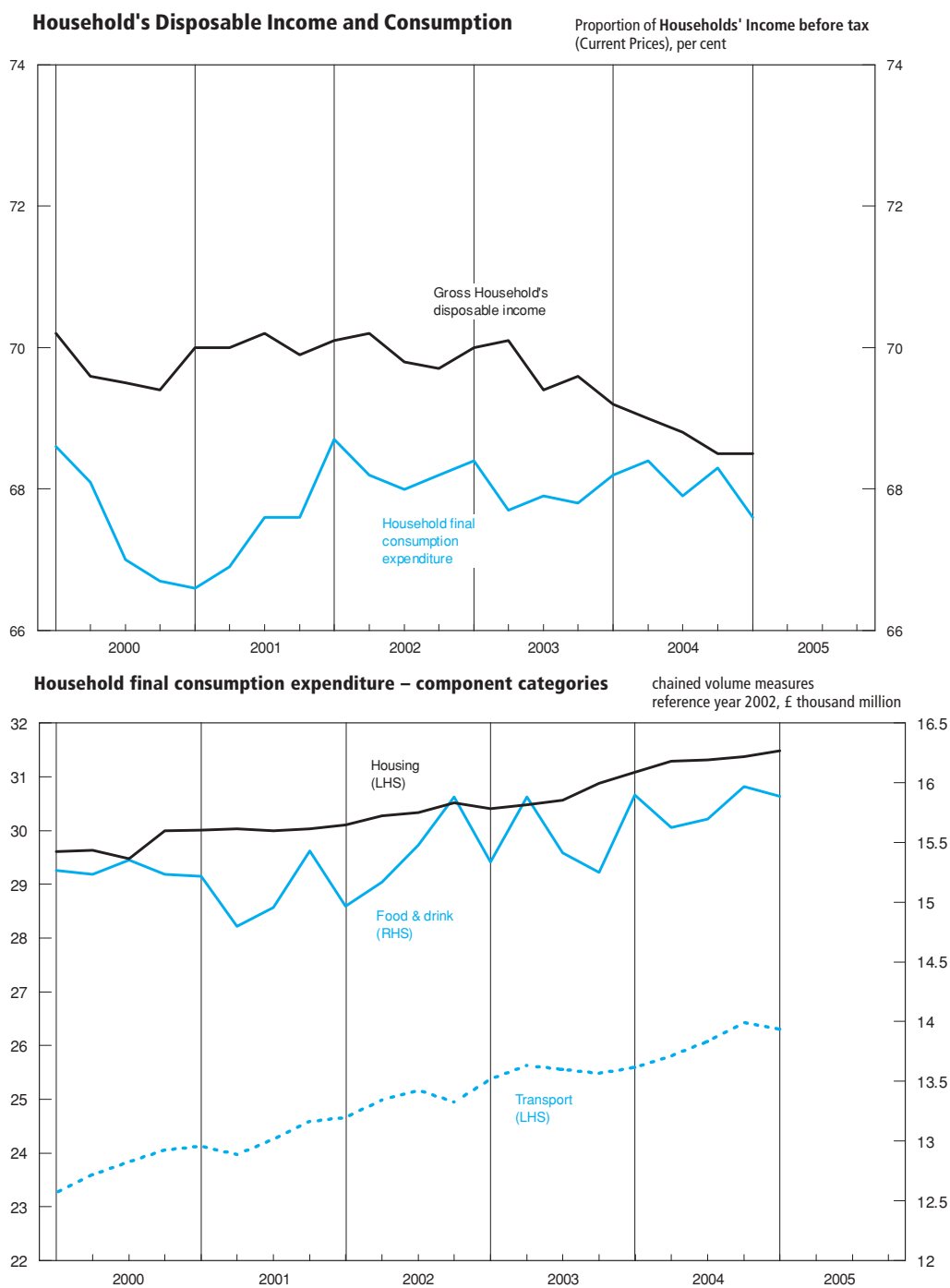
and both unadjusted and seasonally adjusted appear in the ONS publication *Consumer Trends*.

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





## 2.7 Gross fixed capital formation

### Chained volume measures

Reference year 2002, £ million

	Analysis by sector						Analysis by asset				
	Business investment <sup>1</sup>	General government	Public corporations <sup>2</sup>	Private sector		Total+	Transport equipment	Other machinery and equipment	Dwellings	Other building and structures <sup>3</sup>	Intangible fixed assets
			Transfer costs of non-produced assets	Dwellings	Transfer costs of non-produced assets						
Annual	NPEL	DLWF	DLWH	DFEA	DLWI	NPQT	DLWL	DLWO	DFEG	DLWT	EQDO
2000	108 189	12 008	8	28 931	14 468	163 709	13 487	56 825	30 797	57 210	5 091
2001	109 792	13 954	67	29 195	14 343	167 563	14 786	57 545	32 006	57 928	5 047
2002	110 166	15 580	-41	31 455	15 398	172 558	16 214	56 421	34 499	59 836	5 588
2003	107 747	18 244	-234	32 474	14 342	172 573	14 669	54 104	36 056	61 934	5 810
2004	111 368	20 105	-266	35 548	14 243	180 998	14 245	57 090	38 866	64 601	6 196
Quarterly											
2000 Q1	25 974	2 785	-1	7 486	4 091	40 052	3 324	13 307	7 926	14 416	1 234
Q2	26 195	2 950	1	7 415	3 462	40 010	3 297	13 722	7 868	13 827	1 286
Q3	27 345	2 886	-	7 260	3 527	41 109	3 284	14 517	7 715	14 164	1 277
Q4	28 675	3 387	8	6 770	3 388	42 538	3 582	15 279	7 288	14 803	1 294
2001 Q1	27 875	2 985	35	7 312	3 734	42 007	3 303	14 720	7 911	14 686	1 261
Q2	27 726	3 618	28	7 155	3 539	42 160	3 881	14 262	7 891	14 830	1 251
Q3	27 586	3 648	3	7 522	3 427	42 249	3 884	14 460	8 252	14 343	1 265
Q4	26 605	3 703	1	7 206	3 643	41 147	3 718	14 103	7 952	14 069	1 270
2002 Q1	27 145	3 726	4	7 295	3 440	41 651	4 045	13 697	8 006	14 602	1 306
Q2	27 421	3 832	10	7 759	3 924	42 936	4 009	14 394	8 396	14 704	1 404
Q3	27 325	4 029	-25	8 104	4 177	43 562	4 137	14 279	8 829	14 896	1 411
Q4	28 275	3 993	-30	8 297	3 857	44 409	4 023	14 051	9 268	15 634	1 467
2003 Q1	26 670	4 747	-13	7 831	3 997	43 232	3 871	13 766	8 824	15 347	1 424
Q2	27 231	4 079	-49	8 031	3 551	42 843	3 454	13 043	8 835	16 074	1 437
Q3	26 424	4 487	-98	8 237	3 409	42 459	3 633	13 317	9 165	14 885	1 459
Q4	27 422	4 931	-74	8 375	3 385	44 039	3 711	13 978	9 232	15 628	1 490
2004 Q1	27 437	4 764	-59	8 762	3 521	44 425	3 543	14 246	9 512	15 615	1 509
Q2	27 644	5 034	-76	8 874	3 625	45 101	3 696	14 223	9 721	15 924	1 537
Q3	28 194	5 228	-83	8 900	3 541	45 780	3 592	14 203	9 784	16 639	1 562
Q4	28 093	5 079	-48	9 012	3 556	45 692	3 414	14 418	9 849	16 423	1 588
2005 Q1	28 126	5 958	-85	8 914	2 898	45 811	3 422	14 495	9 701	16 596	1 597
Percentage change, latest quarter on corresponding quarter of previous year											
2000 Q1	1.2	-4.6		-0.2	27.6	1.7	-14.9	4.1	-0.2	5.2	4.5
Q2	3.4	6.0		4.2	0.2	3.6	-7.5	8.6	1.3	1.6	6.1
Q3	3.7	2.7		6.1	-10.3	3.1	-12.0	10.0	6.8	-2.4	4.2
Q4	9.5	21.7		-8.1	-20.1	5.7	-5.4	18.0	-7.2	1.1	2.7
2001 Q1	7.3	7.2		-2.3	-8.7	4.9	-0.6	10.6	-0.2	1.9	2.2
Q2	5.8	22.6		-3.5	2.2	5.4	17.7	3.9	0.3	7.3	-2.7
Q3	0.9	26.4		3.6	-2.8	2.8	18.3	-0.4	7.0	1.3	-0.9
Q4	-7.2	9.3		6.4	7.5	-3.3	3.8	-7.7	9.1	-5.0	-1.9
2002 Q1	-2.6	24.8		-0.2	-7.9	-0.8	22.5	-6.9	1.2	-0.6	3.6
Q2	-1.1	5.9		8.4	10.9	1.8	3.3	0.9	6.4	-0.8	12.2
Q3	-0.9	10.4		7.7	21.9	3.1	6.5	-1.3	7.0	3.9	11.5
Q4	6.3	7.8		15.1	5.9	7.9	8.2	-0.4	16.5	11.1	15.5
2003 Q1	-1.7	27.4		7.3	16.2	3.8	-4.3	0.5	10.2	5.1	9.0
Q2	-0.7	6.4		3.5	-9.5	-0.2	-13.8	-9.4	5.2	9.3	2.4
Q3	-3.3	11.4		1.6	-18.4	-2.5	-12.2	-6.7	3.8	-0.1	3.4
Q4	-3.0	23.5		0.9	-12.2	-0.8	-7.8	-0.5	-0.4	0.0	1.6
2004 Q1	2.9	0.4		11.9	-11.9	2.8	-8.5	3.5	7.8	1.7	6.0
Q2	1.5	23.4		10.5	2.1	5.3	7.0	9.0	10.0	-0.9	7.0
Q3	6.7	16.5		8.0	3.9	7.8	-1.1	6.7	6.8	11.8	7.1
Q4	2.4	3.0		7.6	5.1	3.8	-8.0	3.1	6.7	5.1	6.6
2005 Q1	2.5	25.1		1.7	-17.7	3.1	-3.4	1.7	2.0	6.3	5.8

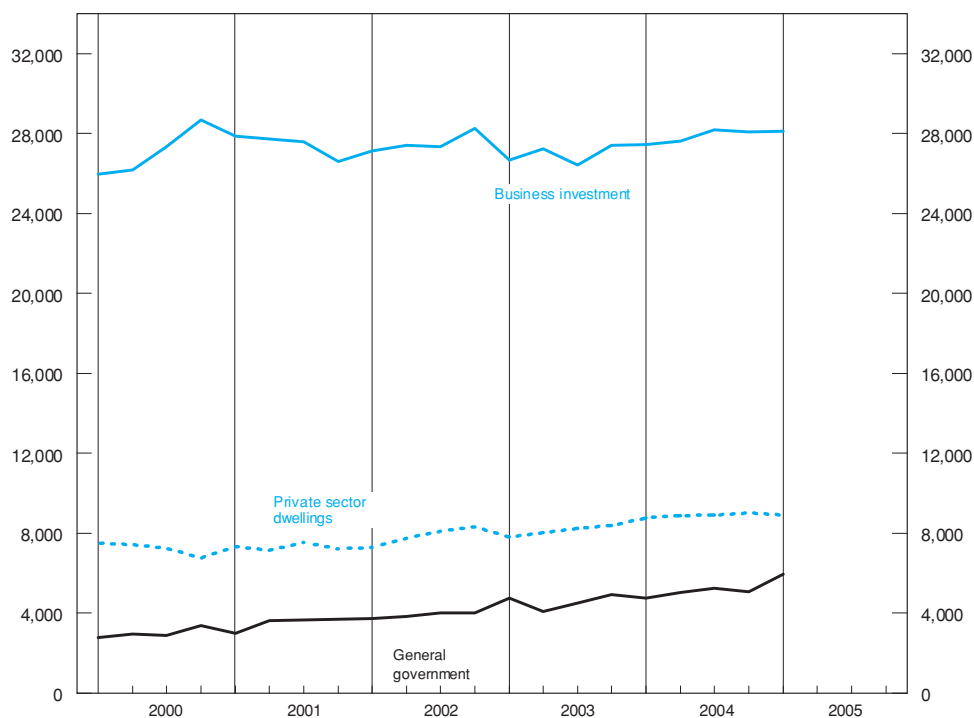
1 Not including dwellings and costs associated with the transfer of ownership of non-produced assets.

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

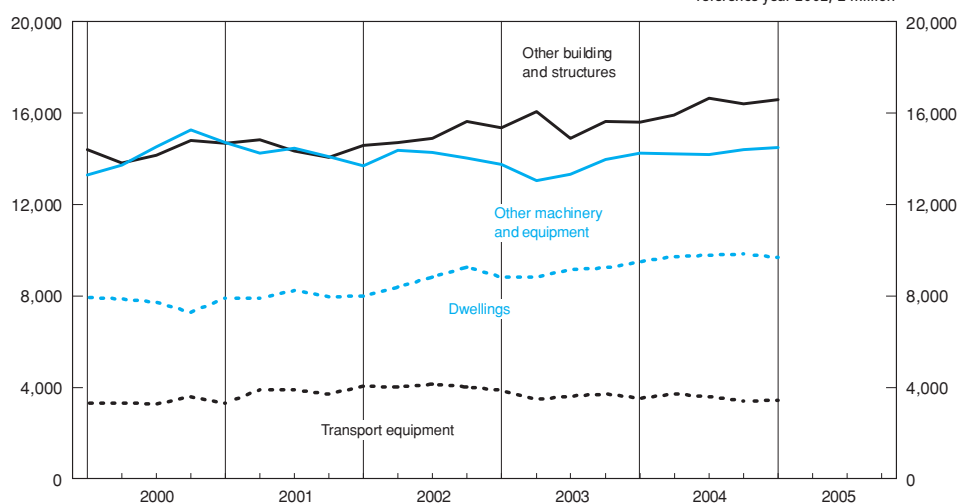
3 Including costs associated with transfer of ownership of non-produced assets.

Source: Office for National Statistics; Enquiries 020 7533 6010

## Gross fixed capital formation-by sector

Chained volume measures,  
reference year 2002, £ million

## Gross fixed capital formation – by asset

Chained volume measures,  
reference year 2002, £ million

## 2.8 Gross value added, chained volume indices at basic prices, by category of output<sup>1,3</sup>

2002 = 100

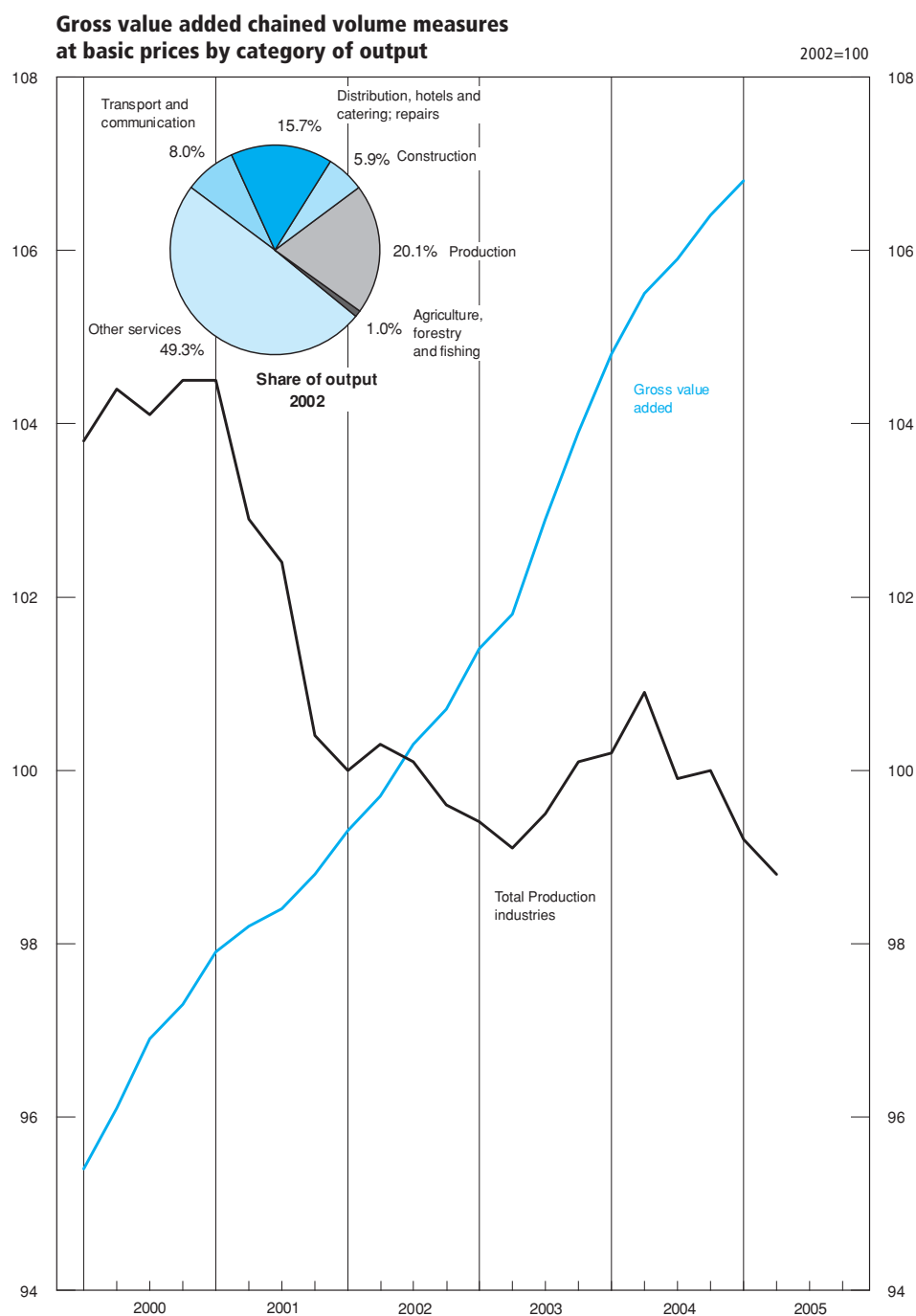
	Production						Service industries						Gross value added at basic prices	Gross value added excluding oil
	Agriculture, forestry, and fishing	Mining and quarrying including oil and gas extraction	Manufacturing	Electricity gas and water supply	Total	Construction	Distribution hotels and catering; repairs	Transport storage and communication	Business services and finance	Government and other services	Total			
<i>2002 Weights<sup>1</sup></i>	<i>10</i>	<i>24</i>	<i>159</i>	<i>18</i>	<i>201</i>	<i>59</i>	<i>157</i>	<i>80</i>	<i>264</i>	<i>229</i>	<i>730</i>	<i>1000</i>	<i>979</i>	
	GDQA	CKYX	CKYY	CKYZ	CKYW	GDQB	GDQE	GDQH	GDQN	GDQU	GDQS	CGCE	JUNT	
2000	98.0	106.1	104.6	98.2	104.2	94.6	93.5	94.1	93.9	95.5	94.3	96.4	96.2	
2001	89.1	100.3	103.2	100.5	102.6	96.3	95.6	97.8	98.4	97.5	97.4	98.3	98.3	
2002	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	
2003	98.3	94.9	100.1	101.2	99.5	105.2	103.5	102.6	102.8	102.1	102.7	102.5	102.7	
2004	99.8	87.3	101.9	103.4	100.3	108.9	108.6	105.4	107.5	105.0	106.7	105.6	106.1	
<b>Quarterly</b>														
2000 Q1	98.6	110.2	103.8	96.9	103.8	96.9	92.5	91.2	92.0	94.6	92.9	95.4	95.1	
Q2	98.0	108.7	104.4	99.2	104.4	94.6	93.1	93.3	93.1	95.3	93.8	96.1	95.9	
Q3	99.3	105.0	104.6	98.1	104.1	93.0	94.3	95.4	94.8	96.0	95.1	96.9	96.7	
Q4	95.9	100.8	105.5	98.5	104.5	94.0	94.0	96.4	95.7	96.0	95.5	97.3	97.2	
2001 Q1	89.8	99.3	105.5	102.1	104.5	95.5	94.7	97.7	96.6	96.5	96.3	97.9	97.9	
Q2	88.2	101.9	103.2	101.1	102.9	95.8	95.1	98.0	98.4	97.1	97.2	98.2	98.1	
Q3	88.0	100.8	103.0	99.9	102.4	96.4	95.7	97.4	98.7	97.7	97.6	98.4	98.4	
Q4	90.2	99.2	100.9	98.8	100.4	97.6	97.0	98.0	99.8	98.6	98.6	98.8	98.8	
2002 Q1	98.4	100.1	100.2	98.2	100.0	99.2	98.6	99.6	99.1	99.2	99.1	99.3	99.3	
Q2	100.6	104.3	99.7	99.4	100.3	98.8	99.3	99.0	99.7	99.8	99.6	99.7	99.6	
Q3	101.0	95.6	100.7	101.2	100.1	100.4	100.4	100.1	100.6	100.2	100.4	100.3	100.4	
Q4	100.1	100.0	99.3	101.3	99.6	101.7	101.7	101.2	100.6	100.7	101.0	100.7	100.7	
2003 Q1	97.9	99.6	99.4	99.3	99.4	102.0	101.7	101.5	101.8	101.0	101.5	101.4	101.4	
Q2	97.8	95.2	99.5	100.2	99.1	104.0	103.0	102.3	101.8	101.6	102.0	101.8	102.0	
Q3	98.7	93.5	100.2	101.6	99.5	107.1	104.1	103.1	102.9	102.5	103.1	102.9	103.1	
Q4	98.8	91.1	101.1	103.5	100.1	107.7	105.3	103.4	104.8	103.4	104.3	103.9	104.2	
2004 Q1	99.9	89.8	101.5	103.7	100.2	108.0	107.4	104.0	106.3	104.0	105.6	104.8	105.1	
Q2	99.6	90.7	102.3	102.8	100.9	108.2	108.6	105.0	106.7	105.0	106.4	105.5	105.9	
Q3	99.8	85.6	101.7	103.7	99.9	109.1	109.2	105.5	108.1	105.1	107.1	105.9	106.3	
Q4	100.1	83.3	102.3	103.3	100.0	110.1	109.2	106.8	108.8	105.7	107.7	106.4	106.9	
2005 Q1	97.7	82.9	101.3	101.9	99.2	110.8	109.1	107.9	109.9	106.6	108.5	106.8	107.4	
Q2	98.9	84.1	100.6	103.0	98.8	111.2	109.6	107.9	110.8	107.3	109.1	..	..	
<i>Percentage change, latest quarter on corresponding quarter of last year</i>														
2000 Q1	-0.6	1.6	2.8	1.9	2.6	4.9	2.8	8.8	3.3	4.5	4.3	4.3	4.3	
Q2	-0.1	-0.9	3.0	4.1	2.8	2.0	2.9	9.6	4.4	4.2	4.6	4.3	4.6	
Q3	1.4	-5.3	1.9	1.6	1.1	-1.2	3.4	11.1	6.0	3.7	5.2	4.3	4.4	
Q4	-3.2	-7.9	2.2	1.2	1.2	-0.5	2.3	9.0	4.8	2.6	4.0	3.4	3.6	
2001 Q1	-8.9	-9.9	1.6	5.4	0.7	-1.4	2.4	7.1	5.0	2.0	3.7	2.6	2.9	
Q2	-10.0	-6.3	-1.1	1.9	-1.4	1.3	2.1	5.0	5.7	1.9	3.6	2.2	2.3	
Q3	-11.4	-4.0	-1.5	1.8	-1.6	3.7	1.5	2.1	4.1	1.8	2.6	1.5	1.8	
Q4	-5.9	-1.6	-4.4	0.3	-3.9	3.8	3.2	1.7	4.3	2.7	3.2	1.5	1.6	
2002 Q1	9.6	0.8	-5.0	-3.8	-4.3	3.9	4.1	1.9	2.6	2.8	2.9	1.4	1.4	
Q2	14.1	2.4	-3.4	-1.7	-2.5	3.1	4.4	1.0	1.3	2.8	2.5	1.5	1.5	
Q3	14.8	-5.2	-2.2	1.3	-2.2	4.1	4.9	2.8	1.9	2.6	2.9	1.9	2.0	
Q4	11.0	0.8	-1.6	2.5	-0.8	4.2	4.8	3.3	0.8	2.1	2.4	1.9	1.9	
2003 Q1	-0.5	-0.5	-0.8	1.1	-0.6	2.8	3.1	1.9	2.7	1.8	2.4	2.1	2.1	
Q2	-2.8	-8.7	-0.2	0.8	-1.2	5.3	3.7	3.3	2.1	1.8	2.4	2.1	2.4	
Q3	-2.3	-2.2	-0.5	0.4	-0.6	6.7	3.7	3.0	2.3	2.3	2.7	2.6	2.7	
Q4	-1.3	-8.9	1.8	2.2	0.5	5.9	3.5	2.2	4.2	2.7	3.3	3.2	3.5	
2004 Q1	2.0	-9.8	2.1	4.4	0.8	5.9	5.6	2.5	4.4	3.0	4.0	3.4	3.6	
Q2	1.8	-4.7	2.8	2.6	1.8	4.0	5.4	2.6	4.8	3.3	4.3	3.6	3.8	
Q3	1.1	-8.4	1.5	2.1	0.4	1.9	4.9	2.3	5.1	2.5	3.9	2.9	3.1	
Q4	1.3	-8.6	1.2	-0.2	-0.1	2.2	3.7	3.3	3.8	2.2	3.3	2.4	2.6	
2005 Q1	-2.2	-7.7	-0.2	-1.7	-1.0	2.6	1.6	3.8	3.4	2.5	2.7	1.9	2.2	
Q2	-0.7	-7.3	-1.7	0.2	-2.1	2.8	0.9	2.8	3.8	2.2	2.5	..	..	

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 2002, and are used to combine the industry output indices to calculate the totals for 2003 and 2004. For 2002 and earlier, totals are calculated using the equivalent weights for the previous year (e.g. totals for 2002 use 2001 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



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

2002 = 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 <sup>3</sup>	Real estate, renting and business activities	Ownership of dwellings	PAD <sup>1</sup>	Education	Health and social work	Other services <sup>2</sup>	Adjustment for financial services <sup>4</sup>	Total services
2002 weights	124	34	48	31	68	162	78	50	60	67	52	-44	730
<b>Annual</b>	GDQC	GDQD	GDQF	GDQG	GDQI	GDQK	GDQL	GDQO	GDQP	GDQQ	GDQR	GDQJ	GDQS
2000	92.3	98.0	95.7	91.7	95.8	92.1	96.1	96.3	97.8	93.9	93.9	92.7	94.3
2001	95.2	97.4	97.3	98.5	100.9	97.2	98.8	97.5	98.6	96.6	97.1	97.2	97.4
2002	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
2003	102.9	105.9	100.8	105.4	101.8	105.7	102.2	103.5	100.5	103.2	101.2	110.8	102.7
2004	107.9	111.0	104.6	106.5	106.1	114.0	104.1	106.7	100.5	107.5	105.0	123.3	106.7
<b>Quarterly</b>													
2000 Q1	90.8	99.5	93.9	87.2	94.6	89.1	95.3	95.2	97.8	92.4	93.2	89.3	92.9
Q2	92.0	97.6	95.9	89.4	95.5	91.5	95.0	96.0	97.9	94.0	93.5	92.8	93.8
Q3	93.3	98.3	97.2	92.8	96.1	93.4	96.3	96.9	97.9	94.5	94.6	93.2	95.1
Q4	93.3	96.5	95.8	97.3	97.0	94.3	97.8	97.2	97.7	94.8	94.4	95.5	95.5
2001 Q1	94.2	97.0	96.8	99.1	99.2	95.5	98.1	97.0	97.8	95.4	95.8	97.7	96.3
Q2	94.5	97.1	97.6	98.7	101.2	97.0	98.7	97.4	98.4	96.4	96.1	96.5	97.2
Q3	95.2	97.9	97.4	97.4	100.7	97.5	99.2	97.3	98.9	96.8	97.8	97.1	97.6
Q4	96.8	97.8	97.5	98.8	102.4	98.7	99.3	98.4	99.3	98.0	98.8	97.4	98.6
2002 Q1	98.7	98.3	99.3	100.1	99.5	98.3	99.4	98.9	99.9	98.2	100.2	97.4	99.1
Q2	99.5	98.5	99.3	98.6	98.9	99.8	99.7	99.8	99.9	100.1	99.5	99.0	99.6
Q3	100.4	100.3	100.5	99.5	100.9	100.8	100.0	100.2	100.0	100.7	99.8	100.4	100.4
Q4	101.4	102.8	100.9	101.8	100.8	101.1	100.8	101.1	100.2	101.0	100.6	103.2	101.0
2003 Q1	101.0	104.2	99.7	104.4	101.2	103.1	101.5	102.2	100.3	101.7	99.6	105.3	101.5
Q2	102.2	106.0	99.5	106.6	101.7	104.1	101.8	103.1	100.5	102.1	100.5	110.1	102.0
Q3	103.6	106.1	101.8	105.0	101.6	106.2	102.3	104.3	100.5	103.5	101.6	111.9	103.1
Q4	104.8	107.2	102.1	105.5	102.6	109.5	103.2	104.5	100.5	105.4	102.9	115.8	104.3
2004 Q1	106.8	109.5	103.3	105.0	105.3	111.8	103.7	105.6	100.4	106.8	103.0	120.1	105.6
Q2	108.0	111.2	104.7	105.6	103.9	113.1	104.0	106.3	100.4	106.9	106.4	121.3	106.4
Q3	108.7	111.2	104.1	107.7	106.9	114.7	104.1	106.9	100.7	107.6	105.2	123.3	107.1
Q4	108.4	112.3	106.4	107.6	108.5	116.3	104.7	107.9	100.7	108.8	105.4	128.4	107.7
2005 Q1	108.2	112.3	108.4	107.0	110.0	117.5	104.9	108.9	101.0	109.4	107.0	128.9	108.5
Q2	..	..	..	..	..	..	..	..	..	..	..	..	109.1
Percentage change, quarter on corresponding quarter of previous year													
<b>Quarterly</b>													
2000 Q1	2.3	4.8	4.9	15.3	6.1	5.2	-1.8	5.5	2.9	4.8	5.0	4.9	4.3
Q2	3.3	1.5	7.6	12.9	4.6	8.8	-2.6	5.0	2.2	5.4	4.1	7.3	4.6
Q3	4.0	1.0	8.8	14.9	6.3	9.5	-0.3	4.5	1.7	4.7	4.0	7.5	5.2
Q4	3.3	-1.7	4.8	16.1	4.3	7.3	2.6	3.3	0.8	3.7	2.3	10.7	4.0
2001 Q1	3.7	-2.5	3.1	13.6	4.9	7.2	2.9	1.9	0.0	3.2	2.8	9.4	3.7
Q2	2.7	-0.5	1.8	10.4	6.0	6.0	3.9	1.5	0.5	2.6	2.8	4.0	3.6
Q3	2.0	-0.4	0.2	5.0	4.8	4.4	3.0	0.4	1.0	2.4	3.4	4.2	2.6
Q4	3.8	1.3	1.8	1.5	5.6	4.7	1.5	1.2	1.6	3.4	4.7	2.0	3.2
2002 Q1	4.8	1.3	2.6	1.0	0.3	2.9	1.3	2.0	2.1	2.9	4.6	-0.3	2.9
Q2	5.3	1.4	1.7	-0.1	-2.3	2.9	1.0	2.5	1.5	3.8	3.5	2.6	2.5
Q3	5.5	2.5	3.2	2.2	0.2	3.4	0.8	3.0	1.1	4.0	2.0	3.4	2.9
Q4	4.8	5.1	3.5	3.0	-1.6	2.4	1.5	2.7	0.9	3.1	1.8	6.0	2.4
2003 Q1	2.3	6.0	0.4	4.3	1.7	4.9	2.1	3.3	0.4	3.6	-0.6	8.1	2.4
Q2	2.7	7.6	0.2	8.1	2.8	4.3	2.1	3.3	0.6	2.0	1.0	11.2	2.4
Q3	3.2	5.8	1.3	5.5	0.7	5.4	2.3	4.1	0.5	2.8	1.8	11.5	2.7
Q4	3.4	4.3	1.2	3.6	1.8	8.3	2.4	3.4	0.3	4.4	2.3	12.2	3.3
2004 Q1	5.7	5.1	3.6	0.6	4.1	8.4	2.2	3.3	0.1	5.0	3.4	14.1	4.0
Q2	5.7	4.9	5.2	-0.9	2.2	8.6	2.2	3.1	-0.1	4.7	5.9	10.2	4.3
Q3	4.9	4.8	2.3	2.6	5.2	8.0	1.8	2.5	0.2	4.0	3.5	10.2	3.9
Q4	3.4	4.8	4.2	2.0	5.8	6.2	1.5	3.3	0.2	3.2	2.4	10.9	3.3
2005 Q1	1.3	2.6	4.9	1.9	4.5	5.1	1.2	3.1	0.6	2.4	3.9	7.3	2.7
Q2	..	..	..	..	..	..	..	..	..	..	..	..	2.5

1 Public administration and national defence; compulsory social security.

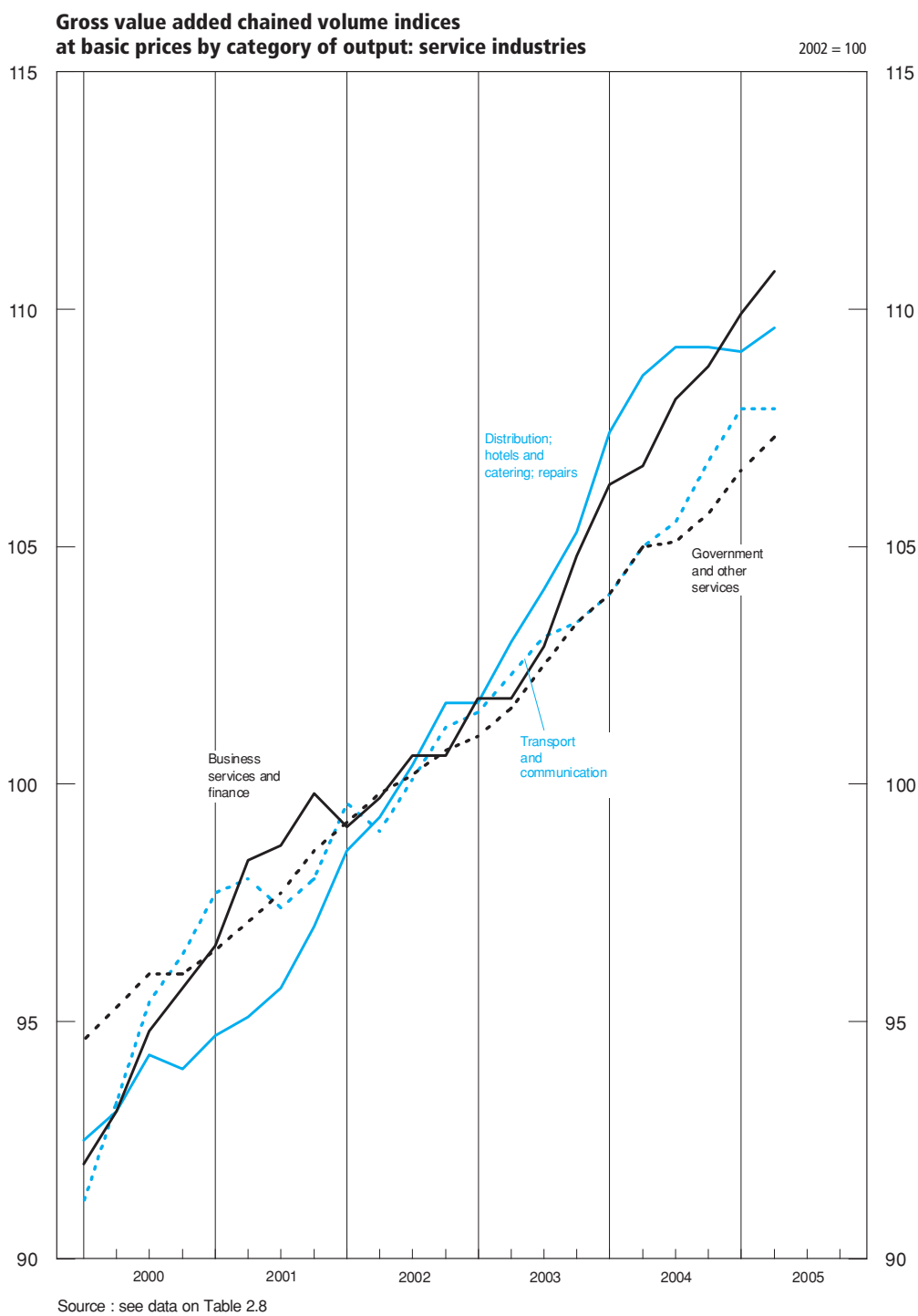
2 Comprising sections O, and P of the SIC(92).

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



# 2.10

## Summary capital accounts and net lending/net borrowing

£ million

	Non-financial corporations				Financial corporations				General Government			
	Gross saving <sup>1</sup>	Capital transfers (net receipts)	Gross capital formation <sup>2</sup>	Net acquisition of non-financial assets	Gross saving <sup>1</sup>	Capital transfers (net receipts)	Gross capital formation <sup>2</sup>	Net acquisition of non-financial assets	Gross saving <sup>1</sup>	Capital transfers (net receipts)	Gross capital formation <sup>2</sup>	Net acquisition of non-financial assets
<b>Annual</b>												
	RPJV	GZQW	RQBZ	RQAX	RPPS	GZQE	RPYP	RPYO	RPQC	GZQU	RPZF	RPZE
2001	89 893	2 661	103 976	1 208	-9 450	-	7 300	-43	25 272	-4 081	13 929	-916
2002	107 576	2 098	99 453	1 431	15 325	-	6 732	-36	1 602	-3 674	15 602	-1 087
2003	116 456	3 316	99 413	1 241	18 972	-	3 452	-3	-13 036	-5 525	18 244	-957
2004	127 173	2 959	104 742	1 564	22 591	-	3 915	-6	-11 404	-4 826	20 695	-1 071
<b>Quarterly</b>												
2001 Q1	22 815	599	25 568	271	-5 721	-	2 368	-9	8 635	-749	2 966	-222
Q2	21 835	627	26 171	305	-1 717	-	2 239	-11	6 420	-1 229	3 621	-221
Q3	23 676	719	26 324	331	-2 789	-	1 342	-11	6 372	-1 152	3 617	-234
Q4	21 567	716	25 913	301	777	-	1 351	-12	3 845	-951	3 725	-239
2002 Q1	25 584	517	25 016	379	2 755	-	843	-11	1 880	-1 054	3 803	-284
Q2	26 944	350	24 705	330	2 068	-	1 196	-10	192	-647	3 900	-233
Q3	27 663	561	24 418	358	4 060	-	3 068	-9	1 026	-971	4 019	-238
Q4	27 385	670	25 314	364	6 442	-	1 625	-6	-1 496	-1 002	3 880	-332
2003 Q1	29 099	729	22 061	282	6 274	-	2 120	-3	-2 249	-1 560	4 546	-205
Q2	27 352	947	24 024	332	3 677	-	876	-	-2 759	-1 468	4 190	-256
Q3	29 280	850	25 990	364	3 902	-	148	1	-2 867	-1 304	4 573	-252
Q4	30 725	790	27 338	263	5 119	-	308	-1	-5 161	-1 193	4 935	-244
2004 Q1	31 276	861	25 713	349	4 339	-	302	-	-3 243	-1 186	4 527	-247
Q2	31 659	840	25 989	398	5 225	-	768	-2	-1 011	-1 273	5 095	-275
Q3	29 253	608	26 238	423	5 755	-	1 320	-2	-3 280	-1 116	5 503	-279
Q4	34 985	650	26 802	394	7 272	-	1 525	-2	-3 870	-1 251	5 570	-270
2005 Q1	30 381	1 692	27 473	383	7 306	-	-545	-1	-3 251	-2 925	6 219	-264
Households & NPISH					Net lending(+)/net borrowing(-) <sup>3</sup>							
	Gross saving <sup>1</sup>	Capital transfers (net receipts)	Gross capital formation <sup>2</sup>	Net acquisition of non-financial assets	Non-financial corporations	Financial corporations	General government	Households & NPISH	Rest of the world <sup>4</sup>	Statistical Discrepancy		
<b>Annual</b>												
	RPQL	GZQI	RPZV	RPZU	RQAW	RPYN	RPZD	RPZT	RQCH	RVFE		
2001	44 352	3 023	43 996	-152	-15 981	-16 707	8 178	3 531	20 979	-		
2002	34 691	2 876	50 268	-176	4 864	8 629	-16 587	-12 525	15 619	-		
2003	40 969	3 876	55 475	-210	15 290	15 523	-35 848	-10 420	15 455	-		
2004	33 338	4 358	62 575	-276	20 655	18 682	-35 854	-24 603	20 995	125		
<b>Quarterly</b>												
2001 Q1	12 161	418	10 881	-25	-3 363	-8 080	5 142	1 723	4 578	-4 953		
Q2	11 344	1 266	10 540	-36	-4 867	-3 945	1 791	2 106	4 915	-3 010		
Q3	10 640	747	11 628	-44	-3 009	-4 120	1 837	-197	5 489	1 299		
Q4	10 207	592	10 947	-47	-4 742	-562	-592	-101	5 997	6 664		
2002 Q1	7 468	787	12 028	-47	-68	1 923	-2 693	-3 726	4 564	-2 881		
Q2	9 218	556	12 968	-45	1 543	882	-4 122	-3 149	4 846	-2 161		
Q3	9 278	697	12 149	-43	2 713	1 001	-3 726	-2 131	2 143	5 233		
Q4	8 727	836	13 123	-41	676	4 823	-6 046	-3 519	4 066	-191		
2003 Q1	9 343	1 156	13 018	-46	6 110	4 157	-8 150	-2 473	355	-3 802		
Q2	10 282	779	13 255	-49	3 047	2 801	-8 161	-2 145	4 457	-1 887		
Q3	10 130	863	14 525	-55	2 938	3 753	-8 492	-3 477	5 278	4 141		
Q4	11 214	1 078	14 677	-60	3 195	4 812	-11 045	-2 325	5 365	1 548		
2004 Q1	9 186	1 132	15 234	-65	5 286	4 037	-8 709	-4 851	4 213	-7 158		
Q2	7 570	1 139	15 892	-68	5 270	4 459	-7 104	-7 115	4 460	-3 072		
Q3	8 717	899	15 656	-71	2 436	4 437	-9 620	-5 969	8 681	5 043		
Q4	7 865	1 188	15 793	-72	7 663	5 749	-10 421	-6 668	3 641	5 312		
2005 Q1	9 895	2 089	16 539	-74	3 642	7 852	-12 131	-4 481	5 087	-8 579		

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.

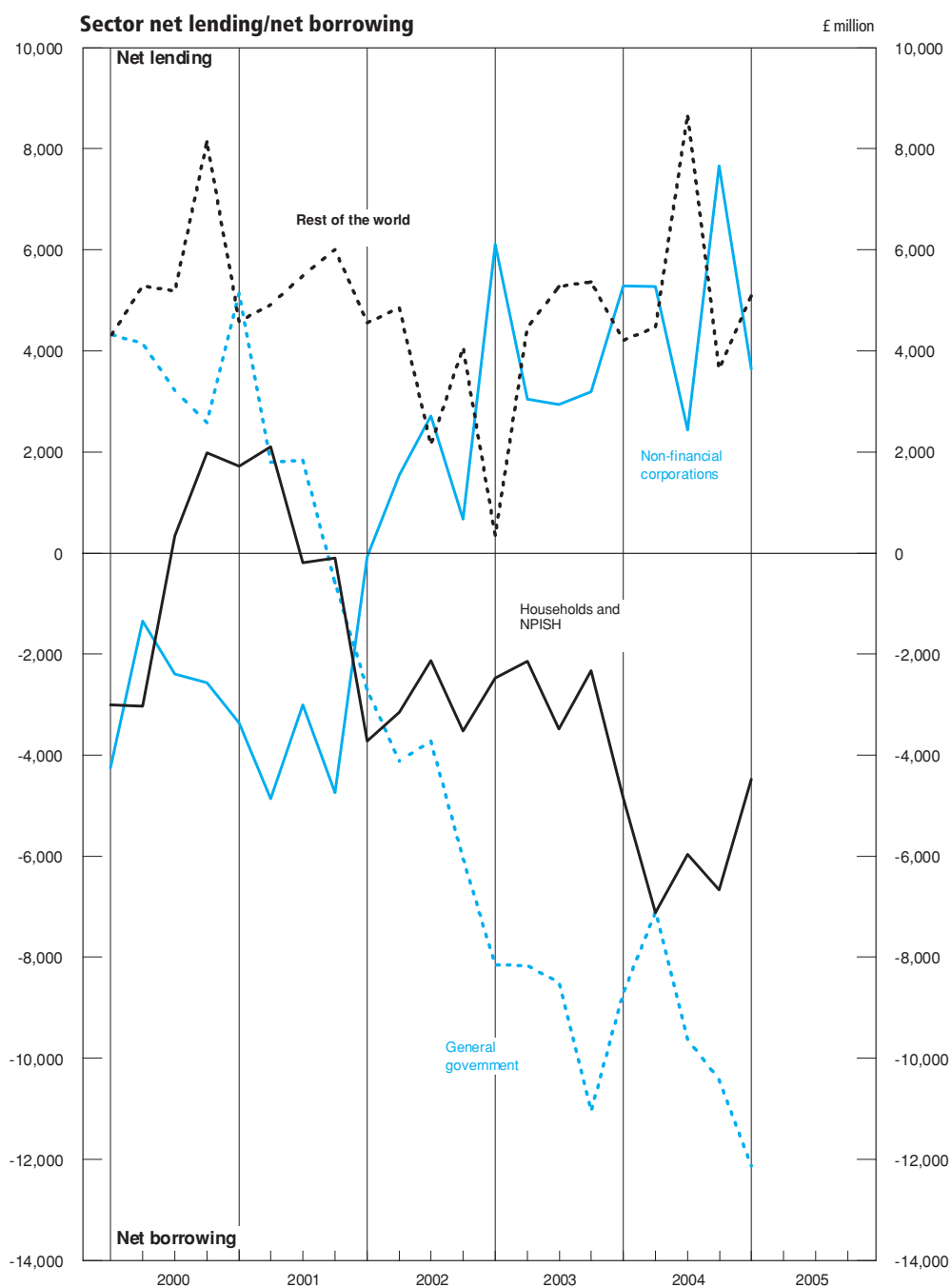
Sources: Office for National Statistics;

Enquiries Part 1 (Upper) Columns 1,3-5,7-9,11,12 020 7533 6031;

Columns 2,6,10 020 7533 5985;

Part 2 (Lower) Columns 1, 3-10 020 7533 6031; Column 2 020 7533 5985





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

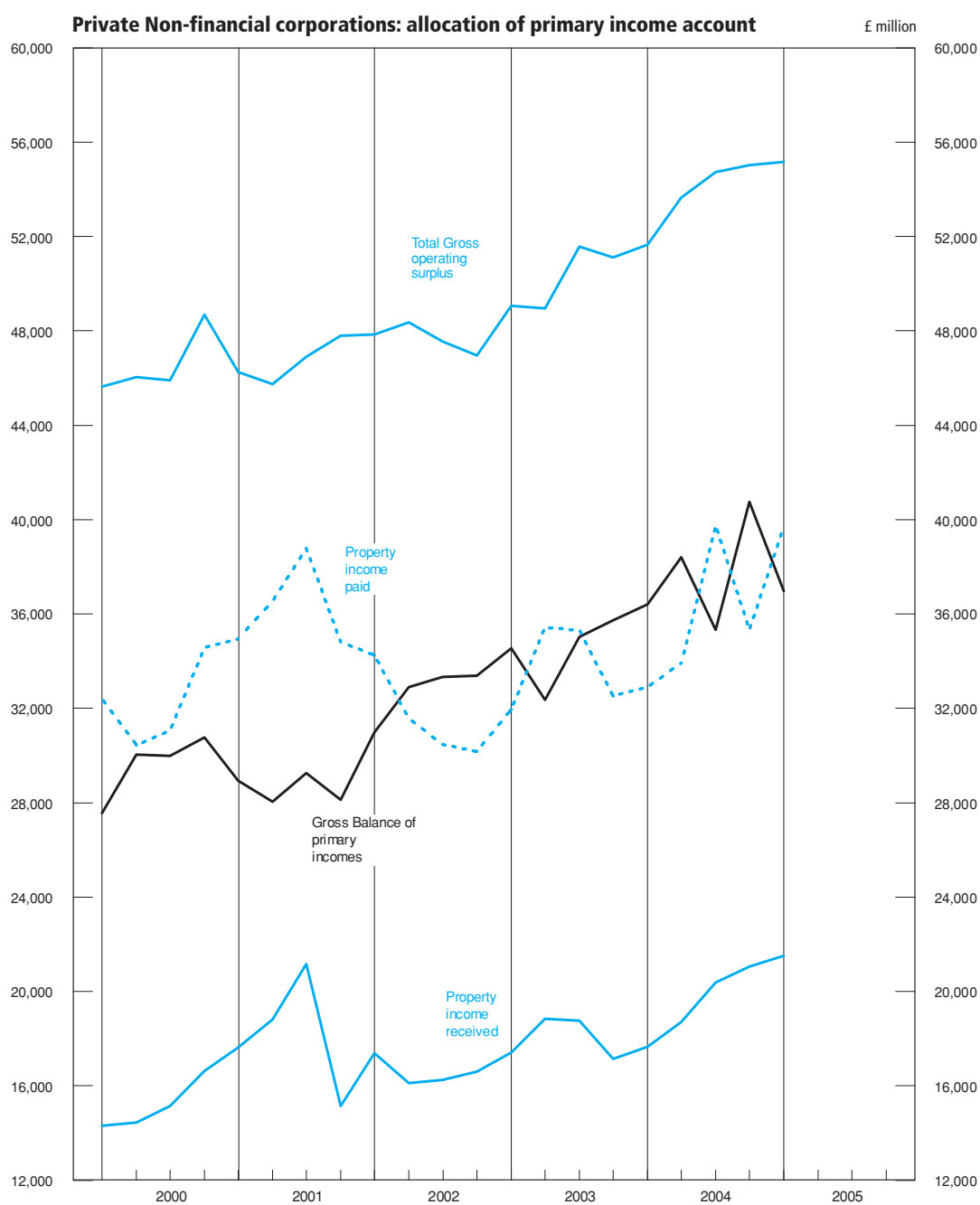
£ million

	Resources							Uses					
	Gross operating surplus							Property income payments					
	Gross trading profits												
	Continental shelf companies	Others <sup>1</sup>	Rental of buildings	Inventory holding gains	less operating surplus <sup>1</sup>	Property income receipts	Total resources <sup>1,2</sup>	Total payments	of which Dividends	of which Interest	Gross balance of primary incomes <sup>1</sup>	Share of gross national income <sup>1</sup> (%)	
<b>Annual</b>													
1995	CAGD	CAED	FCBW	-DLRA	CAER	RPBM	RPBN	RPBP	RVFT	ROCG	RPBO	NRJL	
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	15 726	136 579	8 948	-958	160 295	45 712	206 007	104 695	51 609	23 965	101 312	13.3	
1997	14 002	149 176	9 254	-361	172 071	48 067	220 138	111 546	56 250	26 541	108 592	13.4	
1998	11 701	153 282	9 724	753	175 460	49 543	225 003	110 015	51 578	31 095	114 988	13.2	
1999	13 669	157 101	10 742	-1 801	179 711	48 045	227 756	118 244	61 101	31 016	109 512	12.1	
2000	20 936	156 678	11 657	-2 941	186 330	60 525	246 855	128 508	55 846	37 912	118 347	12.4	
2001	19 696	154 292	12 304	434	186 726	72 749	259 475	145 111	77 516	39 419	114 364	11.4	
2002	19 132	161 586	12 885	-2 856	190 747	66 330	257 077	126 455	61 580	36 459	130 622	12.2	
2003	18 631	172 608	13 652	-4 148	200 743	72 178	272 921	135 219	71 336	36 007	137 702	12.2	
2004	18 897	186 050	14 225	-4 113	215 059	77 798	292 857	141 930	70 353	41 181	150 927	12.7	
<b>Quarterly</b>													
1995 Q1	2 966	31 468	2 264	-1 738	34 960	9 221	44 181	21 980	9 747	5 620	22 201	12.6	
Q2	3 113	30 827	2 336	-1 588	34 688	10 022	44 710	22 293	9 732	5 959	22 417	12.7	
Q3	2 934	31 550	2 379	-1 181	35 682	11 776	47 458	25 500	13 092	6 112	21 958	12.2	
Q4	3 111	31 306	2 400	18	36 835	11 929	48 764	25 858	13 647	6 407	22 906	12.5	
1996 Q1	3 529	32 829	2 331	-800	37 799	10 997	48 796	27 293	12 654	6 119	21 503	11.5	
Q2	3 935	33 170	2 248	-102	39 409	12 005	51 414	24 196	11 156	5 964	27 218	14.4	
Q3	4 087	34 782	2 192	-208	40 849	10 185	51 034	25 512	12 420	5 895	25 522	13.3	
Q4	4 175	35 798	2 177	152	42 238	12 525	54 763	27 694	15 379	5 987	27 069	14.0	
1997 Q1	3 891	36 976	2 247	-23	43 124	10 951	54 075	25 631	12 345	6 125	28 444	14.4	
Q2	3 294	37 239	2 294	239	43 083	11 608	54 691	27 945	14 723	6 623	26 746	13.2	
Q3	3 454	37 747	2 341	-506	43 039	13 883	56 922	28 519	15 210	6 627	28 403	13.8	
Q4	3 363	37 214	2 372	-71	42 825	11 625	54 450	29 451	13 972	7 166	24 999	12.1	
1998 Q1	3 161	36 871	2 414	107	43 101	13 795	56 896	30 385	15 077	7 545	26 511	12.6	
Q2	3 105	37 239	2 424	53	42 788	11 590	54 378	26 444	11 541	7 735	27 934	13.0	
Q3	2 780	39 682	2 435	315	44 757	11 711	56 468	26 385	11 509	7 965	30 083	13.6	
Q4	2 655	39 490	2 451	278	44 814	12 447	57 261	26 801	13 451	7 850	30 460	13.7	
1999 Q1	2 603	38 895	2 592	-302	44 006	7 978	51 984	18 758	7 482	7 464	33 226	15.1	
Q2	3 018	40 192	2 647	-440	45 681	14 108	59 789	36 939	23 479	7 413	22 850	10.2	
Q3	3 955	38 736	2 715	-645	44 398	11 297	55 695	29 934	14 595	7 806	25 761	11.3	
Q4	4 093	39 278	2 788	-414	45 626	14 662	60 288	32 613	15 545	8 333	27 675	12.0	
2000 Q1	4 626	38 558	2 801	-702	45 649	14 310	59 959	32 410	15 181	8 844	27 549	11.7	
Q2	5 134	38 494	2 875	-830	46 057	14 446	60 503	30 455	12 370	9 405	30 048	12.7	
Q3	5 407	38 882	2 953	-799	45 922	15 138	61 060	31 071	12 127	9 615	29 989	12.5	
Q4	5 769	40 744	3 028	-610	48 702	16 631	65 333	34 572	16 168	10 048	30 761	12.7	
2001 Q1	5 450	36 936	3 039	329	46 265	17 627	63 892	34 961	15 759	10 406	28 931	11.7	
Q2	5 348	36 862	3 071	5	45 747	18 820	64 567	36 530	19 491	9 929	28 037	11.2	
Q3	4 697	39 808	3 093	-52	46 904	21 158	68 062	38 796	21 835	10 107	29 266	11.6	
Q4	4 201	40 686	3 101	152	47 810	15 144	62 954	34 824	20 431	8 977	28 130	11.0	
2002 Q1	4 329	41 071	3 181	-733	47 848	17 375	65 223	34 242	18 302	9 077	30 981	11.9	
Q2	4 774	41 177	3 193	-762	48 382	16 111	64 493	31 588	15 336	9 123	32 905	12.4	
Q3	4 771	39 943	3 232	-384	47 562	16 242	63 804	30 462	14 917	9 083	33 342	12.3	
Q4	5 258	39 395	3 279	-977	46 955	16 602	63 557	30 163	13 025	9 176	33 394	12.2	
2003 Q1	5 116	41 381	3 337	-761	49 073	17 415	66 488	31 951	15 883	9 146	34 537	12.4	
Q2	4 047	42 817	3 393	-1 286	48 971	18 853	67 824	35 453	19 072	8 851	32 371	11.6	
Q3	4 951	44 101	3 442	-912	51 582	18 770	70 352	35 302	19 538	8 904	35 050	12.4	
Q4	4 517	44 309	3 480	-1 189	51 117	17 140	68 257	32 513	16 843	9 106	35 744	12.4	
2004 Q1	4 642	44 413	3 507	-908	51 654	17 664	69 318	32 906	16 366	9 543	36 412	12.5	
Q2	4 799	46 112	3 534	-799	53 646	18 705	72 351	33 932	16 442	10 282	38 419	13.0	
Q3	4 889	47 315	3 570	-1 051	54 723	20 376	75 099	39 766	21 263	10 639	35 333	11.9	
Q4	4 567	48 210	3 614	-1 355	55 036	21 053	76 089	35 326	16 282	10 717	40 763	13.3	
2005 Q1	4 798	47 670	3 651	-954	55 165	21 516	76 681	39 697	21 145	11 017	36 984	12.1	

1 Quarterly alignment adjustment included in this series.

2 Total resources equals total uses.

Source: Office for National Statistics; Enquiries 020 7533 6014



# 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 <sup>1</sup>	Other resources <sup>2</sup>	Total <sup>1,3</sup>	Taxes on income	Other uses <sup>4</sup>	Gross disposable income <sup>1,5</sup>	Net capital transfer receipts	Total <sup>1</sup>	Gross fixed capital formation	Changes in inventories <sup>1</sup>	Other changes in assets <sup>6</sup>	Net lending (+) or borrowing (-) <sup>1,7</sup>
<b>Annual</b>												
	RPBO	NROQ	RPKY	RPLA	NROO	RPKZ	NROP	RPXH	ROAW	DLQY	NRON	RQBV
1995	89 482	7 704	97 186	18 953	8 104	70 129	433	70 562	64 444	4 542	388	1 188
1996	101 312	8 420	109 732	23 080	9 938	76 714	428	77 142	72 778	1 672	263	2 429
1997	108 592	7 097	115 689	28 558	7 576	79 555	671	80 226	81 089	3 949	401	-5 213
1998	114 988	8 179	123 167	26 877	8 623	87 667	1 081	88 748	90 180	4 533	1 287	-7 252
1999	109 512	7 875	117 387	22 608	8 444	86 335	958	87 293	94 463	6 174	1 036	-14 380
2000	118 347	9 990	128 337	26 188	10 403	91 746	405	92 151	96 873	5 512	776	-11 010
2001	114 364	9 229	123 593	26 061	9 640	87 892	1 621	89 513	98 035	5 941	1 138	-15 601
2002	130 622	9 889	140 511	24 432	10 311	105 768	1 093	106 861	96 819	2 677	1 212	6 153
2003	137 702	10 199	147 901	23 461	10 633	113 807	2 692	116 499	95 556	3 954	862	16 127
2004	150 927	10 647	161 574	26 104	11 093	124 377	2 425	126 802	100 374	4 467	1 119	20 842
<b>Quarterly</b>												
1995 Q1	22 201	1 825	24 026	4 252	1 922	17 852	127	17 979	14 794	-268	121	3 332
Q2	22 417	1 936	24 353	5 420	2 032	16 901	98	16 999	16 117	2 234	125	-1 477
Q3	21 958	1 953	23 911	4 368	2 049	17 494	102	17 596	16 460	1 695	87	-646
Q4	22 906	1 990	24 896	4 913	2 101	17 882	106	17 988	17 073	881	55	-21
1996 Q1	21 503	2 238	23 741	6 109	3 336	14 296	125	14 421	17 497	1 218	63	-4 357
Q2	27 218	2 219	29 437	5 660	2 369	21 408	102	21 510	17 426	322	71	3 691
Q3	25 522	1 994	27 516	5 944	2 124	19 448	96	19 544	18 437	1	57	1 049
Q4	27 069	1 969	29 038	5 367	2 109	21 562	105	21 667	19 418	131	72	2 046
1997 Q1	28 444	1 771	30 215	7 017	1 888	21 310	233	21 543	19 263	740	64	1 476
Q2	26 746	1 757	28 503	7 763	1 901	18 839	164	19 003	20 458	515	94	-2 064
Q3	28 403	1 739	30 142	6 909	1 848	21 385	131	21 516	20 059	1 714	103	-360
Q4	24 999	1 830	26 829	6 869	1 939	18 021	143	18 164	21 309	980	140	-4 265
1998 Q1	26 511	2 217	28 728	6 768	2 328	19 632	343	19 975	21 896	1 376	256	-3 553
Q2	27 934	2 099	30 033	6 829	2 210	20 994	220	21 214	22 381	30	381	-1 578
Q3	30 083	1 891	31 974	6 712	2 002	23 260	248	23 508	23 326	954	379	-1 151
Q4	30 460	1 972	32 432	6 568	2 083	23 781	270	24 051	22 577	2 173	271	-970
1999 Q1	33 226	2 037	35 263	5 543	2 264	27 456	344	27 800	23 303	2 180	301	2 016
Q2	22 850	1 925	24 775	4 841	2 038	17 896	199	18 095	23 035	861	315	-6 116
Q3	25 761	1 608	27 369	5 868	1 722	19 779	216	19 995	24 096	1 275	191	-5 567
Q4	27 675	2 305	29 980	6 356	2 420	21 204	199	21 403	24 029	1 858	229	-4 713
2000 Q1	27 549	2 475	30 024	7 059	2 592	20 373	315	20 688	23 769	1 358	193	-4 632
Q2	30 048	2 429	32 477	6 410	2 526	23 541	20	23 561	23 549	1 123	157	-1 268
Q3	29 989	2 734	32 723	6 491	2 833	23 399	34	23 433	24 256	1 481	158	-2 462
Q4	30 761	2 352	33 113	6 228	2 452	24 433	36	24 469	25 299	1 550	268	-2 648
2001 Q1	28 931	2 253	31 184	6 489	2 354	22 341	200	22 541	24 862	734	238	-3 293
Q2	28 037	2 377	30 414	6 591	2 480	21 343	439	21 782	24 713	1 424	326	-4 681
Q3	29 266	2 262	31 528	6 011	2 365	23 152	485	23 637	24 730	1 606	297	-2 996
Q4	28 130	2 337	30 467	6 970	2 441	21 056	497	21 553	23 730	2 177	277	-4 631
2002 Q1	30 981	2 392	33 373	5 709	2 496	25 168	333	25 501	24 196	828	336	141
Q2	32 905	2 396	35 301	6 282	2 501	26 518	300	26 818	24 183	529	282	1 824
Q3	33 342	2 501	35 843	6 108	2 607	27 128	392	27 520	24 017	406	306	2 791
Q4	33 394	2 600	35 994	6 333	2 707	26 954	68	27 022	24 423	914	288	1 397
2003 Q1	34 537	2 562	37 099	5 964	2 669	28 466	541	29 007	22 504	-419	197	6 725
Q2	32 371	2 616	34 987	5 479	2 724	26 784	653	27 437	24 478	-454	264	3 149
Q3	35 050	2 602	37 652	6 378	2 711	28 563	786	29 349	23 775	2 251	254	3 069
Q4	35 744	2 419	38 163	5 640	2 529	29 994	712	30 706	24 799	2 576	147	3 184
2004 Q1	36 412	2 592	39 004	5 804	2 702	30 498	798	31 296	25 208	505	267	5 316
Q2	38 419	2 811	41 230	7 238	2 922	31 070	676	31 746	24 866	1 161	275	5 444
Q3	35 333	2 758	38 091	6 608	2 870	28 613	454	29 067	25 286	995	292	2 494
Q4	40 763	2 486	43 249	6 454	2 599	34 196	497	34 693	25 014	1 806	285	7 588
2005 Q1	36 984	2 460	39 444	7 260	2 603	29 581	1 545	31 126	25 440	2 089	233	3 364

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.

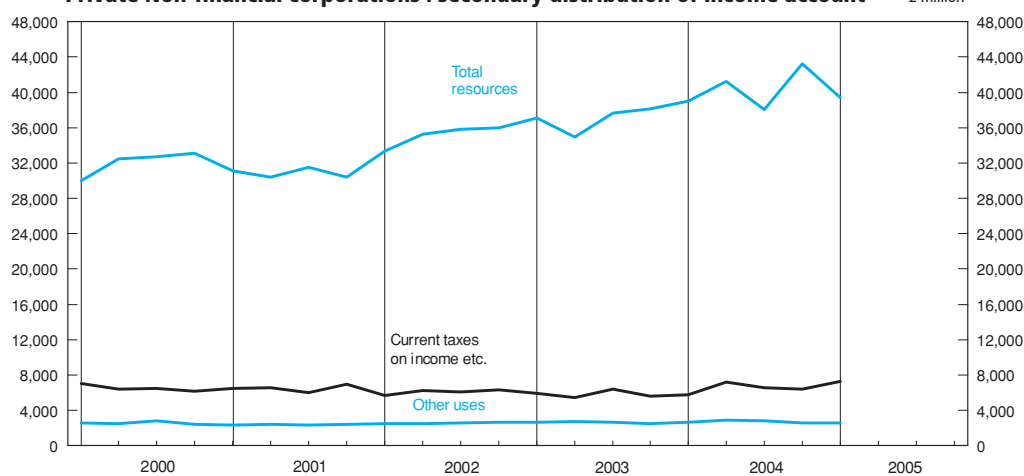
6 Acquisitions less disposals of valuables and non-produced non-financial assets.

7 Gross of fixed capital consumption.

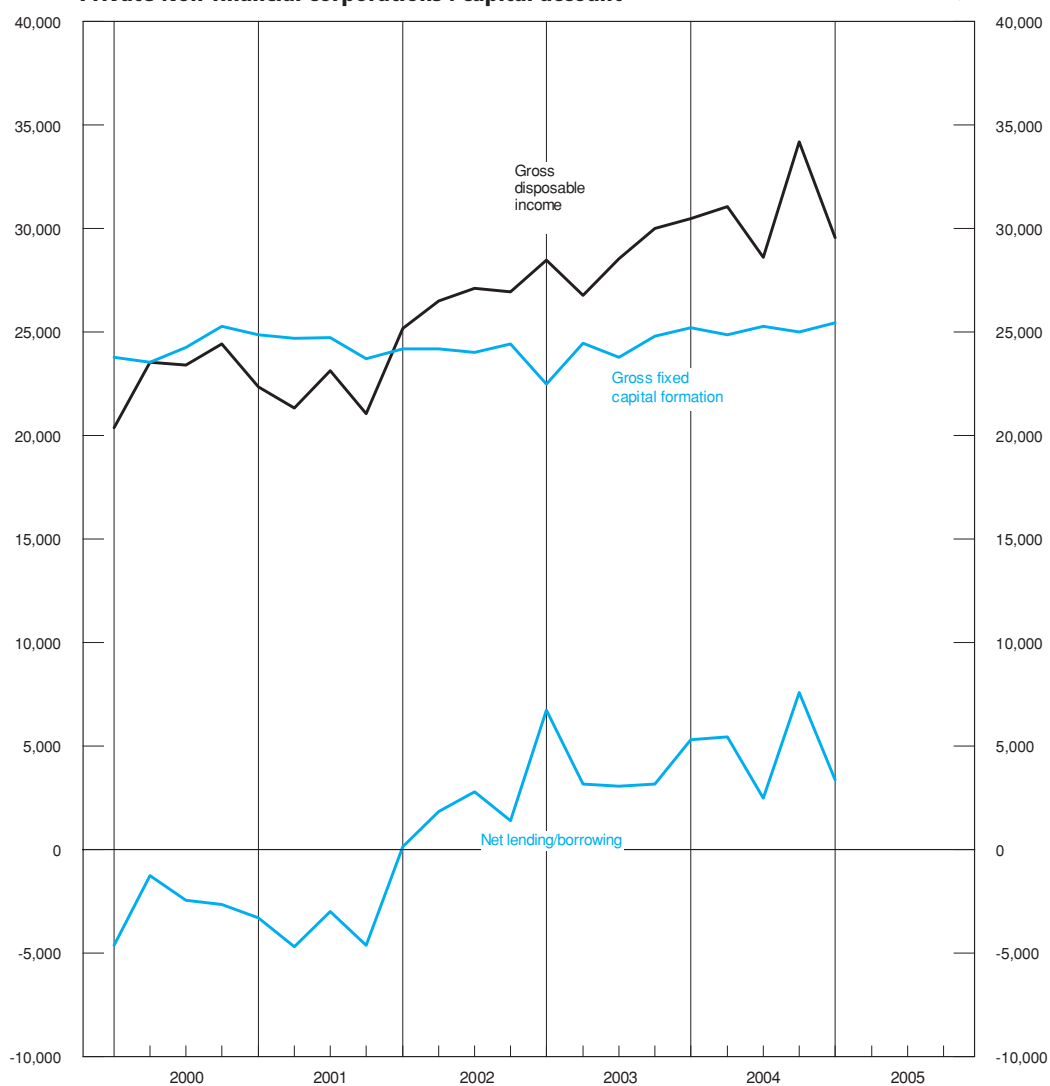
Source: Office for National Statistics; Enquiries 020 7533 6014

**Private Non-financial corporations : secondary distribution of income account**

£ million

**Private Non-financial corporations : capital account**

£ million



# 2.13

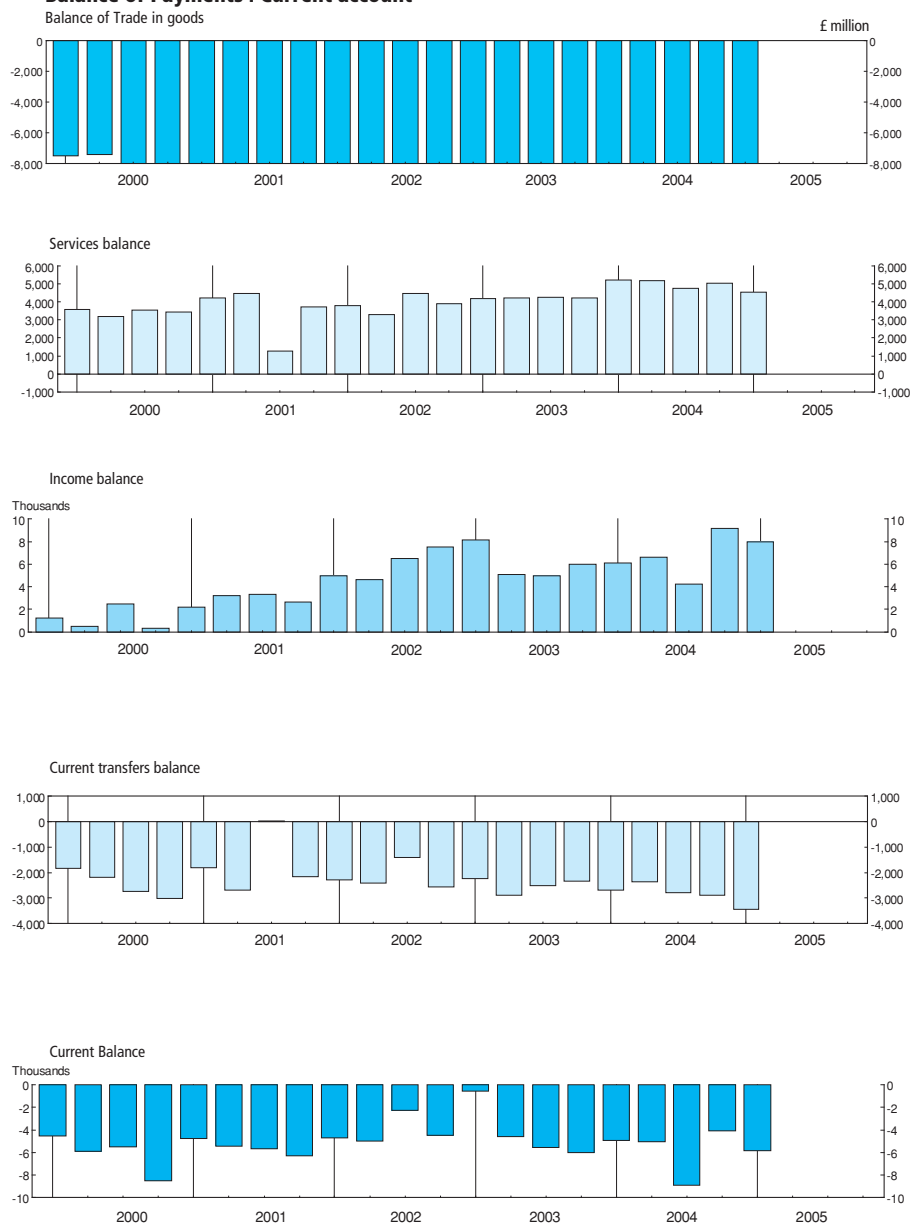
## Balance of payments: current account

£ million

	Trade in goods and services						Income balance	Current transfers balance	Current balance	Current balance as % of GDP <sup>1</sup>
	Exports of goods+	Imports of goods+	Balance of trade in goods	Exports of services	Imports of services	Services balance				
<b>Annual</b>	BOKG	BOKH	BOKI	IKBB	IKBC	IKBD	HBOJ	IKBP	HBOP	AA6H
2000	187 936	220 912	-32 976	79 411	65 685	13 726	4 583	-9 752	-24 419	-2.6
2001	190 055	230 703	-40 648	83 061	69 358	13 703	11 371	-6 611	-22 185	-2.2
2002	186 511	233 598	-47 087	88 434	72 898	15 536	23 679	-8 615	-16 487	-1.6
2003	188 615	236 479	-47 864	93 616	76 734	16 882	24 192	-9 961	-16 751	-1.5
2004	190 859	249 473	-58 614	99 100	78 911	20 189	26 163	-10 713	-22 975	-2.0
<b>Quarterly</b>										
2000 Q1	44 374	51 854	-7 480	18 999	15 435	3 564	1 210	-1 825	-4 531	-1.9
Q2	46 851	54 256	-7 405	19 342	16 157	3 185	510	-2 178	-5 888	-2.5
Q3	47 445	56 289	-8 844	20 227	16 690	3 537	2 508	-2 723	-5 522	-2.3
Q4	49 266	58 513	-9 247	20 843	17 403	3 440	355	-3 026	-8 478	-3.5
2001 Q1	49 523	58 884	-9 361	21 764	17 534	4 230	2 182	-1 807	-4 756	-1.9
Q2	48 329	58 774	-10 445	21 922	17 464	4 458	3 202	-2 682	-5 467	-2.2
Q3	46 561	56 911	-10 350	18 775	17 495	1 280	3 355	29	-5 686	-2.3
Q4	45 642	56 134	-10 492	20 600	16 865	3 735	2 632	-2 151	-6 276	-2.5
2002 Q1	46 192	57 437	-11 245	21 716	17 897	3 819	4 993	-2 269	-4 702	-1.8
Q2	49 273	59 820	-10 547	21 475	18 169	3 306	4 649	-2 396	-4 988	-1.9
Q3	46 772	58 663	-11 891	22 936	18 449	4 487	6 521	-1 404	-2 287	-0.9
Q4	44 274	57 678	-13 404	22 307	18 383	3 924	7 516	-2 546	-4 510	-1.7
2003 Q1	49 034	59 686	-10 652	23 179	18 993	4 186	8 126	-2 237	-577	-0.2
Q2	46 813	57 856	-11 043	23 082	18 854	4 228	5 100	-2 898	-4 613	-1.7
Q3	46 302	58 602	-12 300	23 635	19 382	4 253	4 994	-2 501	-5 554	-2.0
Q4	46 466	60 335	-13 869	23 720	19 505	4 215	5 972	-2 325	-6 007	-2.1
2004 Q1	46 165	59 695	-13 530	24 462	19 257	5 205	6 105	-2 688	-4 908	-1.7
Q2	47 180	61 678	-14 498	24 702	19 522	5 180	6 641	-2 361	-5 038	-1.7
Q3	48 083	63 211	-15 128	24 614	19 860	4 754	4 234	-2 786	-8 926	-3.1
Q4	49 431	64 889	-15 458	25 322	20 272	5 050	9 183	-2 878	-4 103	-1.4
2005 Q1	49 056	63 946	-14 890	25 176 <sup>†</sup>	20 640 <sup>†</sup>	4 536 <sup>†</sup>	7 961	-3 431	-5 824	-2.0
<b>Monthly</b>										
2002 Jul	16 486	20 448	-3 962	7 580 <sup>†</sup>	6 069 <sup>†</sup>	1 511 <sup>†</sup>	..	..	..	..
Aug	14 816	18 990	-4 174	7 677	6 202	1 475	..	..	..	..
Sep	15 470	19 225	-3 755	7 679	6 178	1 501	..	..	..	..
Oct	15 055	19 490	-4 435	7 392	6 209	1 183	..	..	..	..
Nov	14 400	19 415	-5 015	7 372	5 947	1 425	..	..	..	..
Dec	14 819	18 773	-3 954	7 543	6 227	1 316	..	..	..	..
2003 Jan	16 537	20 055	-3 518	7 605	6 299	1 306	..	..	..	..
Feb	16 460	19 594	-3 134	7 762	6 335	1 427	..	..	..	..
Mar	16 037	20 037	-4 000	7 812	6 359	1 453	..	..	..	..
Apr	16 545	19 139	-2 594	7 669	6 193	1 476	..	..	..	..
May	15 293	19 405	-4 112	7 712	6 349	1 363	..	..	..	..
Jun	14 975	19 312	-4 337	7 701	6 312	1 389	..	..	..	..
Jul	15 675	19 479	-3 804	7 792	6 440	1 352	..	..	..	..
Aug	15 441	19 037	-3 596	7 921	6 489	1 432	..	..	..	..
Sep	15 186	20 086	-4 900	7 922	6 453	1 469	..	..	..	..
Oct	15 729	20 174	-4 445	7 852	6 275	1 577	..	..	..	..
Nov	15 110	19 919	-4 809	7 867	6 501	1 366	..	..	..	..
Dec	15 627	20 242	-4 615	8 001	6 729	1 272	..	..	..	..
2004 Jan	15 069	20 292	-5 223	8 156	6 470	1 686	..	..	..	..
Feb	15 234	19 458	-4 224	8 178	6 435	1 743	..	..	..	..
Mar	15 862	19 945	-4 083	8 128	6 352	1 776	..	..	..	..
Apr	15 683	20 611	-4 928	8 408	6 524	1 884	..	..	..	..
May	15 426	20 337	-4 911	8 167	6 458	1 709	..	..	..	..
Jun	16 071	20 730	-4 659	8 127	6 540	1 587	..	..	..	..
Jul	15 774	20 987	-5 213	8 206	6 745	1 461	..	..	..	..
Aug	15 876	21 038	-5 162	8 166	6 548	1 618	..	..	..	..
Sep	16 433	21 186	-4 753	8 242	6 567	1 675	..	..	..	..
Oct	16 195	21 541	-5 346	8 516	6 736	1 780	..	..	..	..
Nov	16 516	21 567	-5 051	8 399	6 708	1 691	..	..	..	..
Dec	16 720	21 781	-5 061	8 407	6 828	1 579	..	..	..	..
2005 Jan	16 267	21 440	-5 173	8 446	6 891	1 555	..	..	..	..
Feb	16 087	21 166	-5 079	8 451	6 893	1 558	..	..	..	..
Mar	16 702	21 340	-4 638	8 279	6 856	1 423	..	..	..	..
Apr	16 944 <sup>†</sup>	22 076 <sup>†</sup>	-5 132 <sup>†</sup>	8 205	6 772	1 433	..	..	..	..
May	16 983	21 945	-4 962	8 217	6 727	1 490	..	..	..	..

1 Using series YBHA: GDP at current market prices

Sources: Office for National Statistics;  
 Enquiries Columns 1-3 020 7533 6064; Columns 4-6 & 8 020 7533 6090;  
 Columns 7, 9 & 10 020 7533 6078.

**Balance of Payments : Current account**



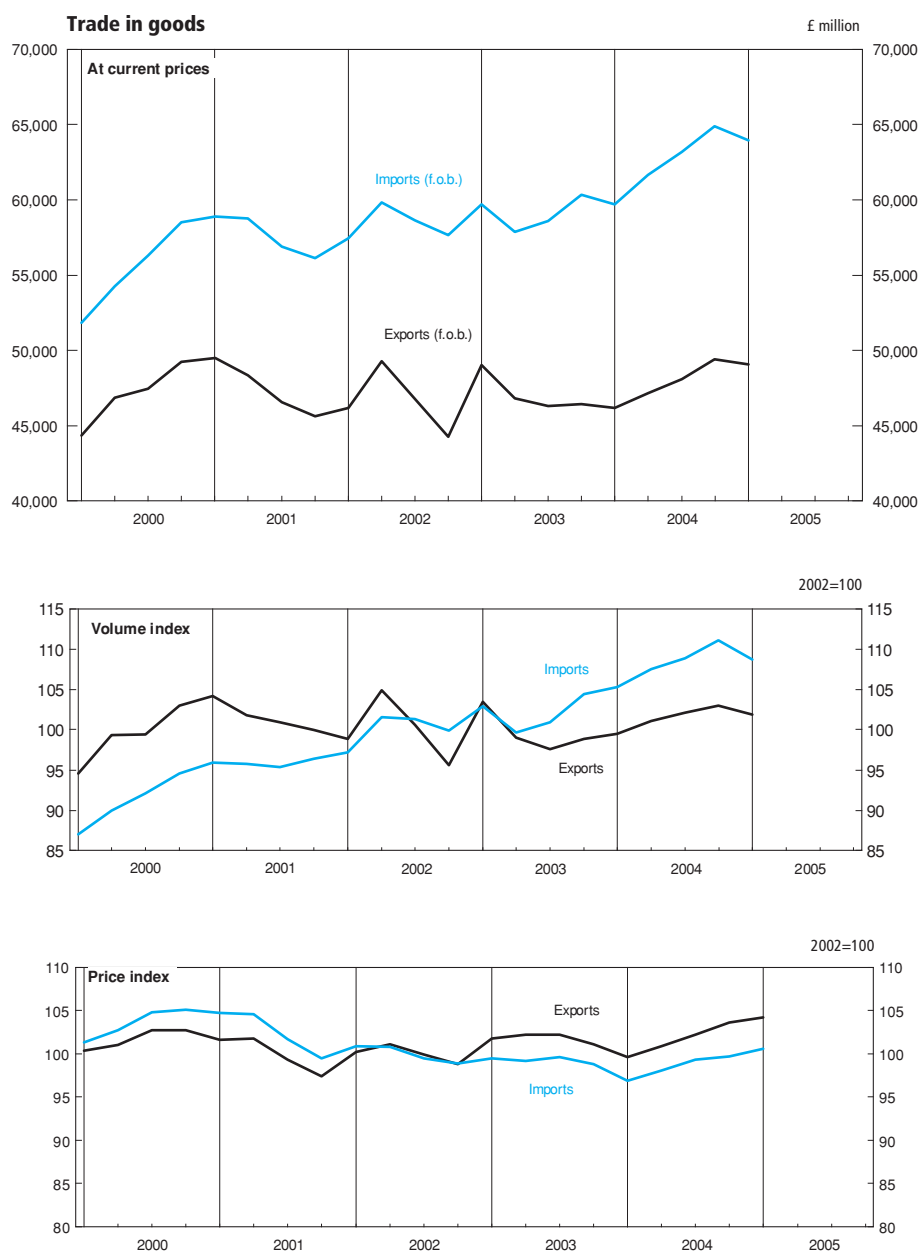
# 2.14 Trade in goods (on a balance of payments basis)

2002 = 100

	Volume indices (SA)		Price indices (NSA)		
	Exports	Imports	Exports	Imports	Terms of trade <sup>1</sup>
<b>Annual</b>					
	BQKU	BQKV	BQKR	BQKS	BQKT
2000	99.1	90.9	101.7	103.5	98.3
2001	101.7	95.9	100.0	102.6	97.5
2002	100.0	100.0	100.0	100.0	100.0
2003	99.7	102.0	101.8	99.3	102.5
2004	101.4	108.2	101.6	98.5	103.1
<b>Quarterly</b>					
2000 Q1	94.6	87.0	100.4	101.3	99.1
Q2	99.3	90.0	101.0	102.7	98.3
Q3	99.4	92.1	102.7	104.8	98.0
Q4	103.0	94.6	102.7	105.1	97.7
2001 Q1	104.2	95.9	101.6	104.7	97.0
Q2	101.8	95.8	101.8	104.6	97.3
Q3	100.9	95.4	99.3	101.7	97.6
Q4	100.0	96.4	97.4	99.5	97.9
2002 Q1	98.9	97.2	100.2	100.9	99.3
Q2	104.9	101.6	101.1	100.8	100.3
Q3	100.6	101.3	99.9	99.5	100.4
Q4	95.6	99.9	98.8	98.9	99.9
2003 Q1	103.5	102.9	101.8	99.5	102.3
Q2	99.0	99.7	102.2	99.2	103.0
Q3	97.6	100.9	102.2	99.6	102.6
Q4	98.9	104.4	101.1	98.8	102.3
2004 Q1	99.5	105.3	99.6	96.9	102.8
Q2	101.1	107.5	100.9	98.1	102.9
Q3	102.1	108.9	102.2	99.3	102.9
Q4	103.0	111.1	103.6	99.7	103.9
2005 Q1	101.9	108.7	104.2	100.6	103.6
<b>Monthly</b>					
2002 Jul	106.2	106.1	100.1	99.3	100.8
Aug	95.0	98.3	100.4	99.6	100.8
Sep	100.6	99.5	99.2	99.5	99.7
Oct	97.4	101.0	98.9	99.2	99.7
Nov	93.8	101.3	98.3	98.6	99.7
Dec	95.6	97.4	99.3	98.9	100.4
2003 Jan	105.9	103.9	100.4	98.7	101.7
Feb	104.1	101.9	101.5	99.2	102.3
Mar	100.4	102.9	103.4	100.5	102.9
Apr	104.8	98.4	102.0	99.8	102.2
May	96.8	100.4	102.9	99.3	103.6
Jun	95.4	100.3	101.8	98.5	103.4
Jul	99.3	100.7	101.9	99.1	102.8
Aug	97.3	98.2	102.8	99.8	103.0
Sep	96.3	103.8	102.0	99.8	102.2
Oct	100.5	104.2	101.6	99.3	102.3
Nov	96.1	103.5	100.9	98.9	102.0
Dec	100.0	105.5	100.7	98.3	102.4
2004 Jan	97.0	107.2	99.7	97.2	102.6
Feb	99.2	103.6	98.7	95.9	102.9
Mar	102.3	105.1	100.4	97.6	102.9
Apr	100.8	108.1	100.7	97.7	103.1
May	98.7	105.8	101.7	98.8	102.9
Jun	103.9	108.6	100.3	97.9	102.5
Jul	101.5	109.4	100.6	98.2	102.4
Aug	101.0	109.0	102.3	99.5	102.8
Sep	103.7	108.3	103.7	100.3	103.4
Oct	100.5	110.0	105.3	101.0	104.3
Nov	102.5	110.2	103.9	99.8	104.1
Dec	106.1	113.1	101.7	98.2	103.6
2005 Jan	101.6	109.8	103.6	100.2	103.4
Feb	100.4	107.0	103.7	100.4	103.3
Mar	103.6	109.3	105.4	101.2	104.2
Apr	106.1 <sup>†</sup>	112.8 <sup>†</sup>	104.5 <sup>†</sup>	100.6	103.9 <sup>†</sup>
May	105.4	112.0	105.0	100.8	104.2

<sup>1</sup> Price index for exports expressed as a percentage of price index for imports.

Source: Office for National Statistics; Enquiries 020 7533 6064



# 2.15 Measures of UK competitiveness in trade in manufactures

1995=100

	Summary measures						Export unit value index <sup>1,6</sup>				
	Relative export prices <sup>6</sup>	Relative wholesale prices <sup>5</sup> (1990=100)	IMF index of relative unit labour costs <sup>6</sup>		Import price competitiveness <sup>2,4</sup>	Relative profitability of exports <sup>2,4</sup>	United Kingdom	United States	Japan	France	Germany <sup>3</sup>
			Actual	Normalised							
	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 <sup>1</sup> (1990=100)											
	United Kingdom	United States	Japan	France	Germany <sup>3</sup>	United Kingdom	United States	Japan	France	Germany <sup>3</sup>	
	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).

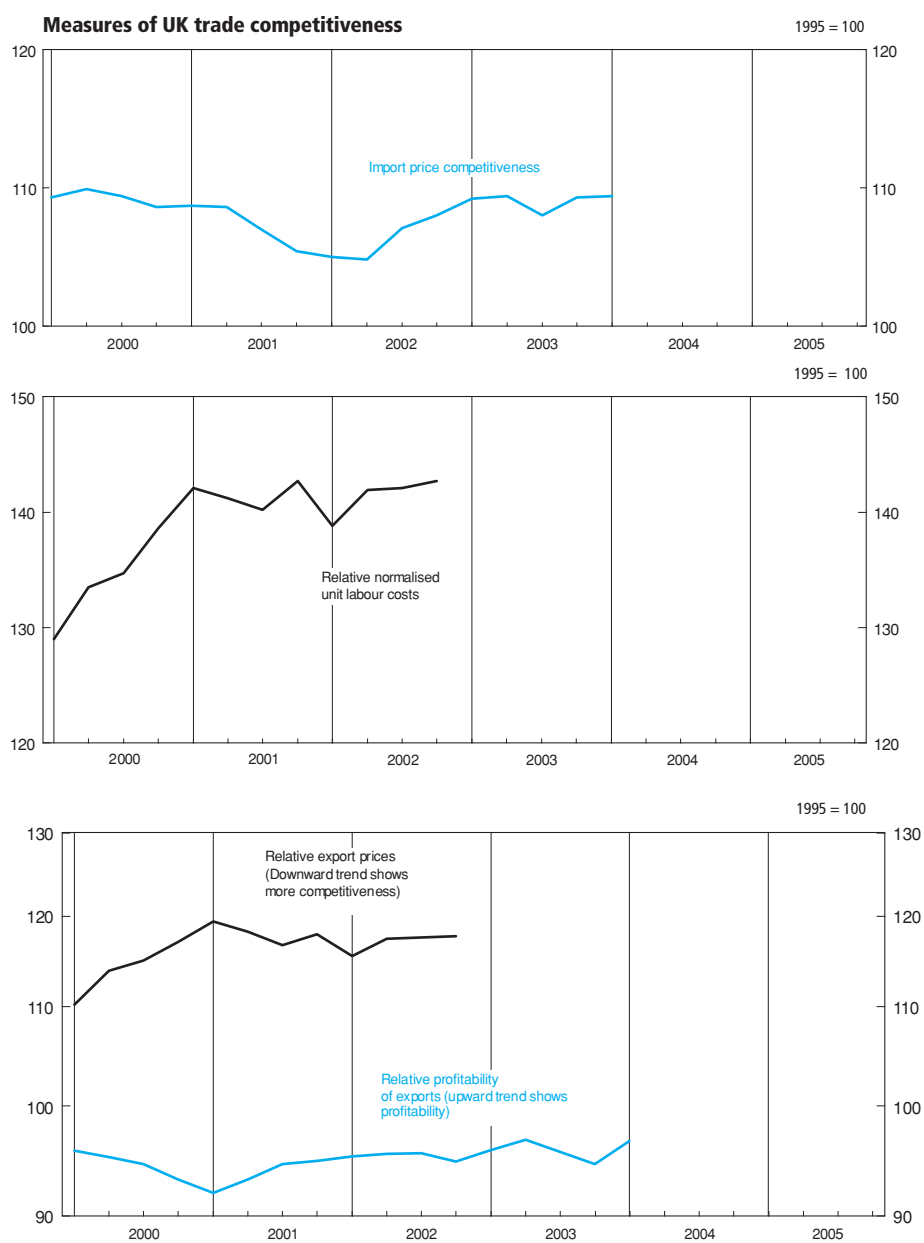
3 Includes the former German Democratic Republic as from 1991 Q1.

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



# 3.1 Prices

Not seasonally adjusted except series RNPE

	Producer price index (2000=100)		Consumer prices index <sup>3,4</sup> (1996=100)		Retail prices index (January 13, 1987=100)						Pensioner price index <sup>6</sup> (January 13, 1987=100)		Purchasing power of the pound <sup>7</sup> (NSA) (1985=100)				
	Materials and fuel purchased by manu- facturing industry (SA) <sup>1,2</sup>	Output: all manufact- ured products: home sales	All items		All items (RPI)		All items excluding mortgage interest payments (RPIX)		All items excluding mortgage interest payments & indirect taxes (RPIY) <sup>5</sup>		1-person household	2-person household					
			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	Index							
														Index	Index	Index	Index
Annual	RNPE	PLLU	CHVJ		CJYR	CHAW		CZBH	CHMK		CDKQ	CBZW	CBZX		CZIF	CZIU	FJAK
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	95.7	101.3	109.8		1.4	181.3		2.9	180.0		2.8	172.0	2.7		158.1	163.8	52
2004	99.5	103.8	111.2		1.3	186.7		3.0	184.0		2.2	175.5	2.0		160.9	166.4	51
Quarterly																	
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	94.1	99.2	107.4		1.5	173.9		1.2	172.9		2.4	165.5	2.7		154.7	160.1	54
Q2	95.1	99.8	108.3		0.9	176.0		1.2	175.0		1.9	167.1	1.8		155.3	161.0	54
Q3	94.3	99.9	108.4		1.1	176.6		1.5	175.5		2.0	167.8	1.9		155.0	160.7	54
Q4	93.9	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	95.9	100.9	109.0		1.5	179.2		3.0	177.9		2.9	170.6	3.1		156.7	162.6	53
Q2	94.7	101.1	109.7		1.3	181.3		3.0	180.1		2.9	171.8	2.8		157.9	163.7	52
Q3	95.6	101.3	109.9		1.4	181.8		2.9	180.5		2.8	172.3	2.7		158.3	164.0	52
Q4	96.7	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	95.5	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	104.2	111.2		1.2	187.4		3.1	184.3		2.1	175.6	1.9		160.5	166.1	50
Q4	103.3	105.1	112.0		1.4	189.2		3.4	185.6		2.3	177.1	2.3		162.3	167.6	50
2005 Q1	105.7r	105.2	112.3		1.7	189.7		3.2	186.0		2.2	177.5	2.1		163.4	168.3	50
Q2	108.4p	106.3p	113.4		1.9	191.9		3.0	188.1		2.2	179.3	2.2		164.8	169.8	49
Monthly																	
2003 Jul	95.6	101.2	109.5		1.3	181.3		3.1	179.9		2.9	171.6	2.8		..	..	52
Aug	96.1	101.4	109.9		1.4	181.6		2.9	180.4		2.9	172.2	2.7		..	..	52
Sep	95.0	101.4	110.2		1.4	182.5		2.8	181.3		2.8	173.2	2.7		..	..	52
Oct	96.5	101.6	110.4		1.4	182.6		2.6	181.3		2.7	173.1	2.4		..	..	52
Nov	96.7	101.7	110.3		1.3	182.7		2.5	181.4		2.5	173.1	2.1		..	..	52
Dec	96.8	101.9	110.7		1.3	183.5		2.8	181.8		2.6	173.5	2.2		..	..	52
2004 Jan	95.5	102.1	110.1		1.4	183.1		2.6	181.4		2.4	173.2	2.0		..	..	52
Feb	94.6	102.3	110.4		1.3	183.8		2.5	182.0		2.3	173.9	1.9		..	..	51
Mar	96.3	102.8	110.6		1.1	184.6		2.6	182.5		2.1	174.3	1.7		..	..	51
Apr	97.2	103.1	111.0		1.2	185.7		2.5	183.6		2.0	174.9	1.8		..	..	51
May	99.6	103.5	111.4		1.5	186.5		2.8	184.3		2.3	175.6	2.2		..	..	51
Jun	98.1r†	103.6	111.3		1.6	186.8		3.0	184.2		2.3	175.6	2.3		..	..	51
Jul	99.4	103.8	111.0		1.4	186.8		3.0	183.8		2.2	175.1	2.0		..	..	51
Aug	100.6	104.2	111.3		1.3	187.4		3.2	184.3		2.2	175.7	2.0		..	..	50
Sep	102.5	104.5	111.4		1.1	188.1		3.1	184.7		1.9	176.1	1.7		..	..	50
Oct	105.3	105.2	111.7		1.2	188.6		3.3	185.1		2.1	176.6	2.0		..	..	50
Nov	103.4	105.3	111.9		1.5	189.0		3.4	185.4		2.2	176.9	2.2		..	..	50
Dec	101.2	104.9	112.5		1.6	189.9		3.5	186.4		2.5	177.9	2.5		..	..	50
2005 Jan	104.9	104.8	111.9		1.6	188.9		3.2	185.2		2.1	176.7	2.0		..	..	50
Feb	105.2	105.1	112.2		1.6	189.6		3.2	185.9		2.1	177.4	2.0		..	..	50
Mar	107.1r	105.8	112.7		1.9	190.5		3.2	186.8		2.4	178.3	2.3		..	..	50
Apr	107.4	106.5	113.1		1.9	191.6		3.2	187.8		2.3	179.0	2.3		..	..	49
May	107.7p	106.3p	113.5		1.9	192.0		2.9	188.2		2.1	179.4	2.2		..	..	49
Jun	110.0p	106.1p	113.5		2.0	192.2		2.9	188.3		2.2	179.5	2.2		..	..	49

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.

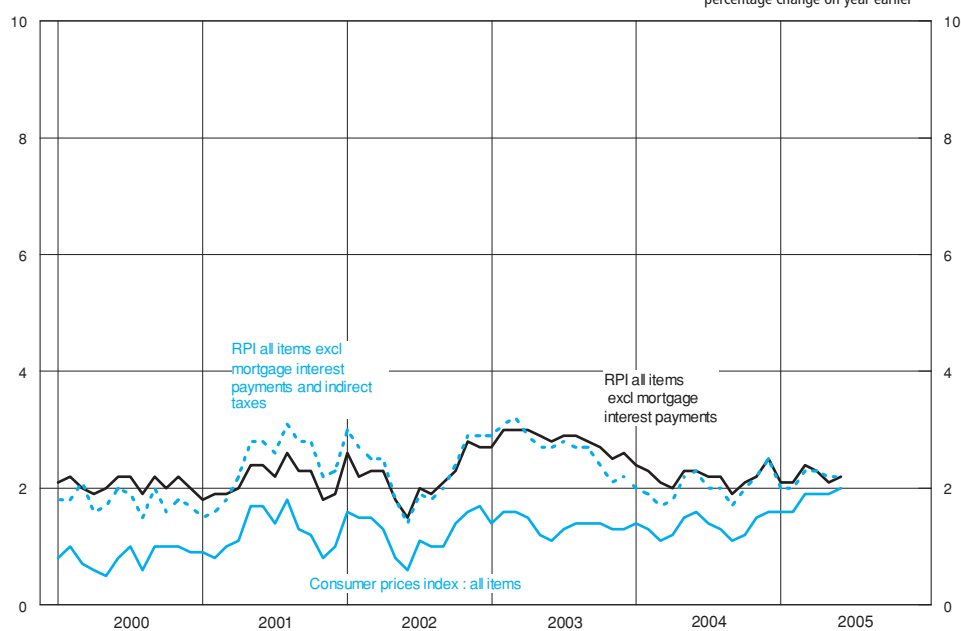
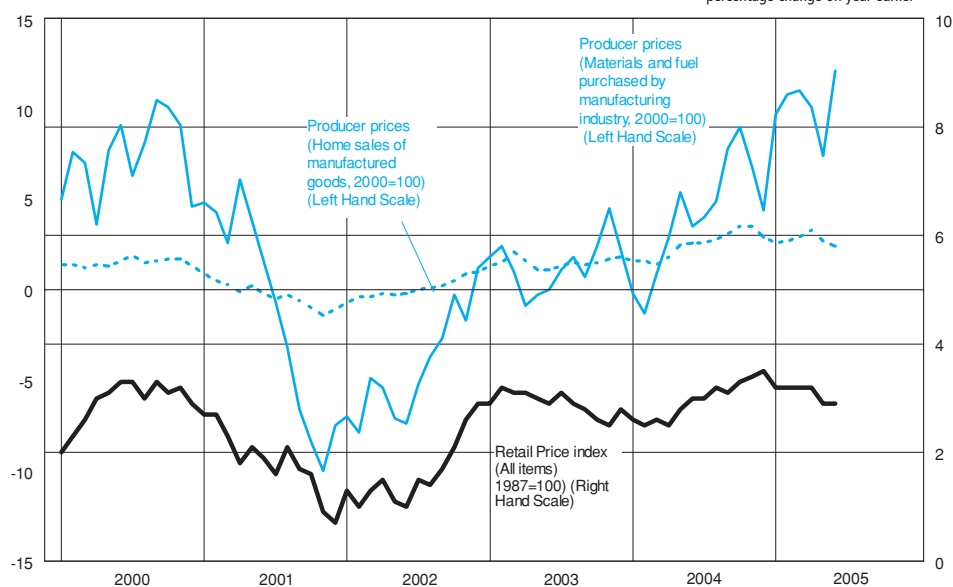
4 Prior to 10 December 2003, the consumer prices index (CPI) was published in the UK as the harmonised index of consumer prices (HICP).

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 earlierNot seasonally adjusted  
percentage change on year earlier

# 4.1 Labour Market Activity<sup>1,2</sup>

## United Kingdom

Thousands, seasonally adjusted<sup>3</sup>

	Employment categories					Unemployment	Total economically active	Economically inactive	Total aged 16 and over	Employment rate: age 16-59/64 <sup>4</sup>
	Employees	Self-employed	Unpaid family workers	Government training and employment programmes	Total employment					
<b>TOTAL</b>										
2002 Q3	MGRN 24 357	MGRQ 3 349	MGRT 91	MGRW 98	MGRZ 27 896	MGSC 1 554	MGSF 29 450	MGSI 17 348	MGSL 46 798	MGSU 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
Q4	24 660	3 641	95	126	28 521	1 411	29 933	17 533	47 465	74.9
2005 Q1	24 750	3 628	104	126	28 608	1 396	30 005	17 534	47 538	74.9
<b>Percentage change on quarter</b>										
2004q4 to 2005q1	0.4	-0.4	10.0	0.1	0.3	-1.1	0.2	0.0	0.2	
<b>Percentage change on year</b>										
2004q1 to 2005q1	0.7	-0.1	-2.5	10.5	0.6	-1.6	0.5	0.8	0.6	
<b>MALE</b>										
2002 Q3	MGRO 12 512	MGRR 2 454	MGRU 35	MGRX 61	MGSA 15 062	MGSD 943	MGSG 16 004	MGSJ 6 602	MGSM 22 606	MGSV 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
Q4	12 620	2 685	37	75	15 417	830	16 246	6 750	22 997	79.3
2005 Q1	12 674	2 668	41	70	15 453	823	16 276	6 762	23 038	79.3
<b>Percentage change on quarter</b>										
2004q4 to 2005q1	0.4	-0.6	12.6	-7.2	0.2	-0.8	0.2	0.2	0.2	
<b>Percentage change on year</b>										
2004q1 to 2005q1	0.6	0.4	-7.1	6.7	0.6	-1.3	0.5	1.4	0.8	
<b>FEMALE</b>										
2002 Q3	MGRP 11 845	MGRS 896	MGRV 56	MGRY 37	MGSB 12 835	MGSE 611	MGSH 13 446	MGSK 10 746	MGSN 24 192	MGSW 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
Q4	12 040	956	58	50	13 105	581	13 686	10 782	24 469	70.1
2005 Q1	12 076	960	63	56	13 155	573	13 729	10 772	24 501	70.1
<b>Percentage change on quarter</b>										
2004q4 to 2005q1	0.3	0.4	8.3	11.0	0.4	-1.4	-0.1	-0.1	0.1	
<b>Percentage change on year</b>										
2004q1 to 2005q1	0.9	-1.5	0.7	15.7	0.7	-2.1	0.4	0.4	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<sup>1,2</sup>

### 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 <sup>3</sup>
	Employees	Self-employed	Unpaid family workers	Government training and employment programmes	Total employment					
<b>TOTAL</b>										
2002 Q3	MGTA	MGTD	MGTG	MGTJ	MGTM	MGTP	MGTS	MGTV	MGSL	MGUH
2002 Q4	24 458	3 377	97	90	28 022	1 633	29 656	17 142	46 798	74.7
2003 Q1	24 576	3 363	95	99	28 133	1 476	29 609	17 263	46 872	74.9
2003 Q2	24 363	3 426	83	99	27 971	1 525	29 497	17 450	46 946	74.3
2003 Q3	24 412	3 545	86	91	28 134	1 416	29 550	17 470	47 020	74.6
2003 Q4	24 441	3 670	110	101	28 321	1 572	29 892	17 202	47 094	74.9
2004 Q1	24 433	3 660	100	110	28 303	1 422	29 724	17 445	47 169	74.7
2004 Q2	24 463	3 615	104	121	28 302	1 429	29 731	17 513	47 244	74.6
2004 Q3	24 454	3 659	96	121	28 330	1 387	29 717	17 601	47 318	74.5
2004 Q4	24 713	3 603	91	123	28 530	1 463	29 993	17 399	47 392	75.0
2005 Q1	24 719	3 642	97	127	28 586	1 378	29 963	17 502	47 465	75.0
<b>Percentage change on year 2004q1 to 2005q1</b>	0.9	-0.2	1.0	7.4	0.8	-2.2	0.6	0.6	0.6	
<b>MALE</b>										
2002 Q3	MGTB	MGTE	MGTH	MGTK	MGTN	MGTO	MGTT	MGTV	MGSM	MGUI
2002 Q4	12 598	2 470	36	57	15 161	971	16 132	6 475	22 606	79.4
2003 Q1	12 696	2 467	34	63	15 260	867	16 127	6 523	22 650	79.7
2003 Q2	12 521	2 499	27	59	15 107	938	16 045	6 649	22 694	78.7
2003 Q3	12 576	2 594	31	52	15 253	864	16 116	6 621	22 738	79.3
2003 Q4	12 587	2 685	41	58	15 371	921	16 292	6 489	22 781	79.8
2004 Q1	12 502	2 689	38	62	15 291	855	16 146	6 679	22 825	79.2
2004 Q2	12 511	2 647	44	70	15 273	851	16 124	6 745	22 869	79.0
2004 Q3	12 510	2 684	40	71	15 305	819	16 124	6 789	22 913	79.0
2004 Q4	12 691	2 664	35	73	15 462	840	16 302	6 653	22 956	79.7
2005 Q1	12 648	2 692	37	77	15 454	808	16 262	6 735	22 997	79.5
<b>Percentage change on year 2004q1 to 2005q1</b>	0.8	0.1	-2.3	2.9	0.7	-1.9	0.6	1.2	0.7	
<b>FEMALE</b>										
2002 Q3	MGTC	MGTF	MGTI	MGTL	MGTO	MGTR	MGTU	MGTX	MGSN	MGUJ
2002 Q4	11 860	907	60	33	12 862	662	13 524	10 668	24 192	69.8
2003 Q1	11 880	896	61	36	12 873	609	13 482	10 740	24 222	69.8
2003 Q2	11 843	927	55	40	12 865	587	13 452	10 801	24 252	69.6
2003 Q3	11 836	952	55	39	12 881	552	13 434	10 849	24 283	69.6
2003 Q4	11 854	984	69	43	12 950	650	13 600	10 713	24 313	69.7
2004 Q1	11 930	971	62	48	13 011	567	13 578	10 766	24 344	70.0
2004 Q2	11 952	967	60	51	13 029	578	13 608	10 767	24 375	69.9
2004 Q3	11 945	975	56	50	13 025	568	13 593	10 812	24 405	69.7
2004 Q4	12 022	940	56	50	13 068	623	13 691	10 746	24 437	70.0
2005 Q1	12 071	950	60	51	13 132	570	13 702	10 767	24 469	70.2
<b>Percentage change on year 2004q1 to 2005q1</b>	1.0	-1.0	3.3	13.7	0.9	-2.6	0.7	0.2	0.5	

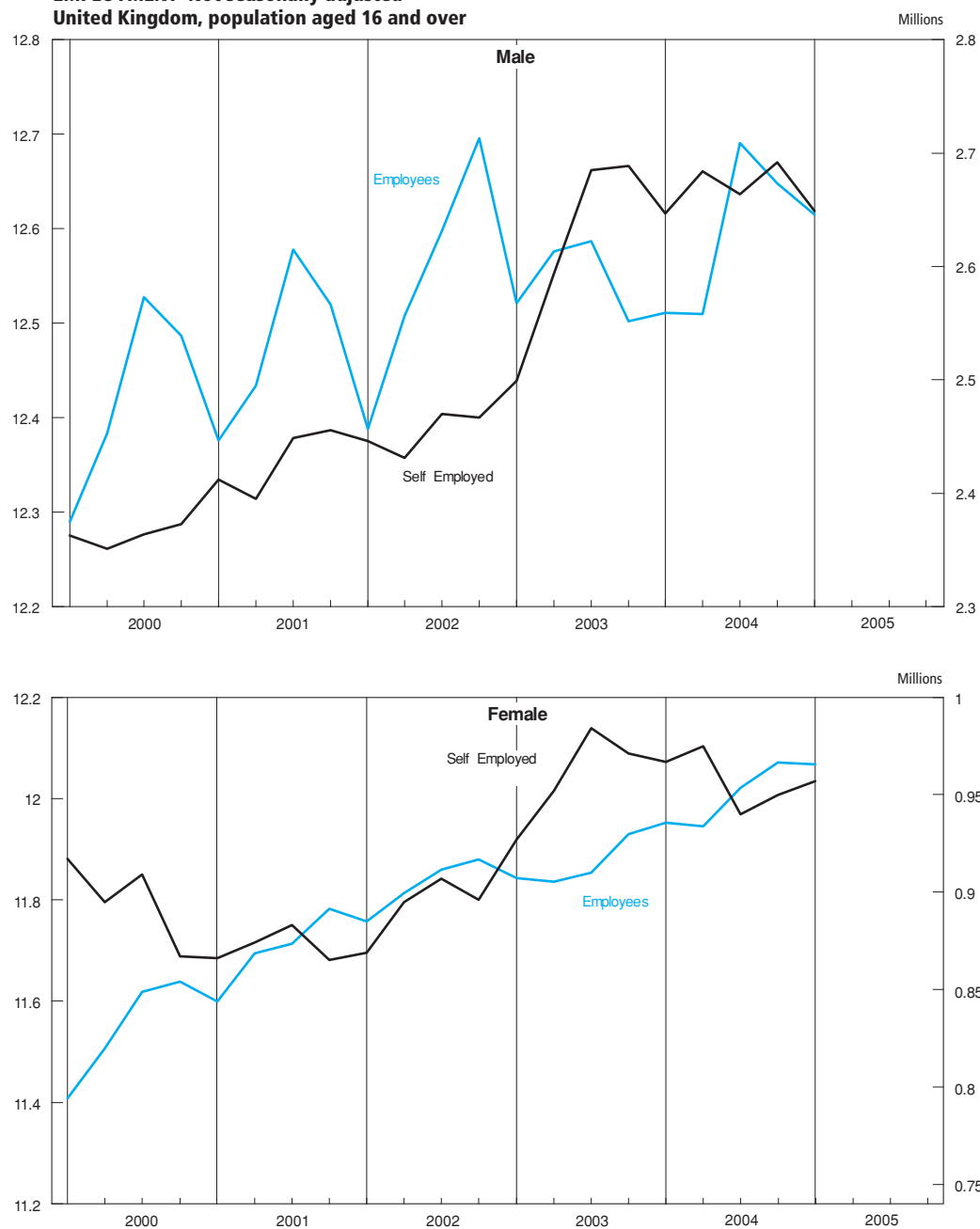
1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.

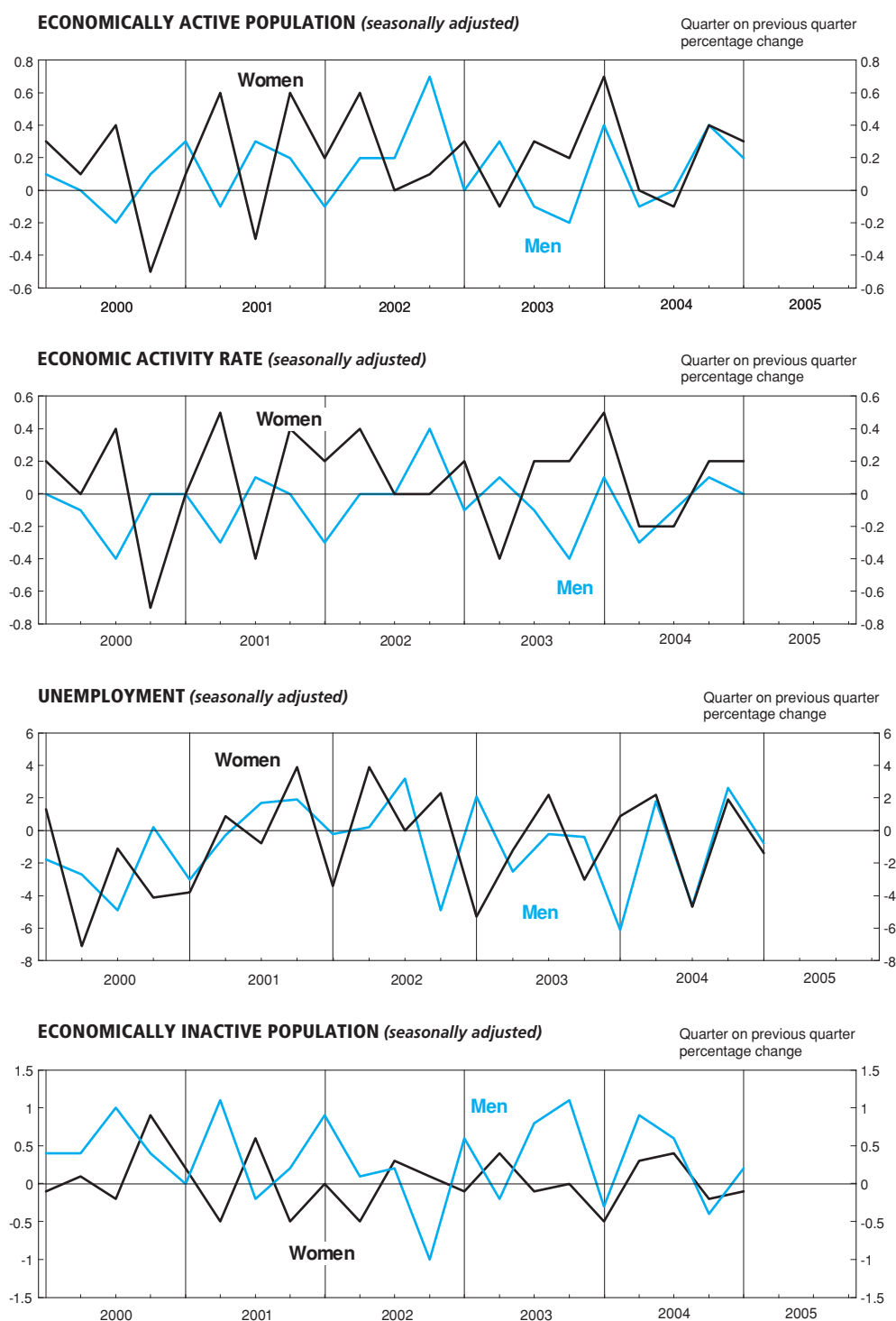
2 Data are from the Labour Force Survey which uses the definitions recommended by the International Labour Organisation (ILO), an agency of the United Nations. For details see the *Guide to Labour Market Statistics Releases*.

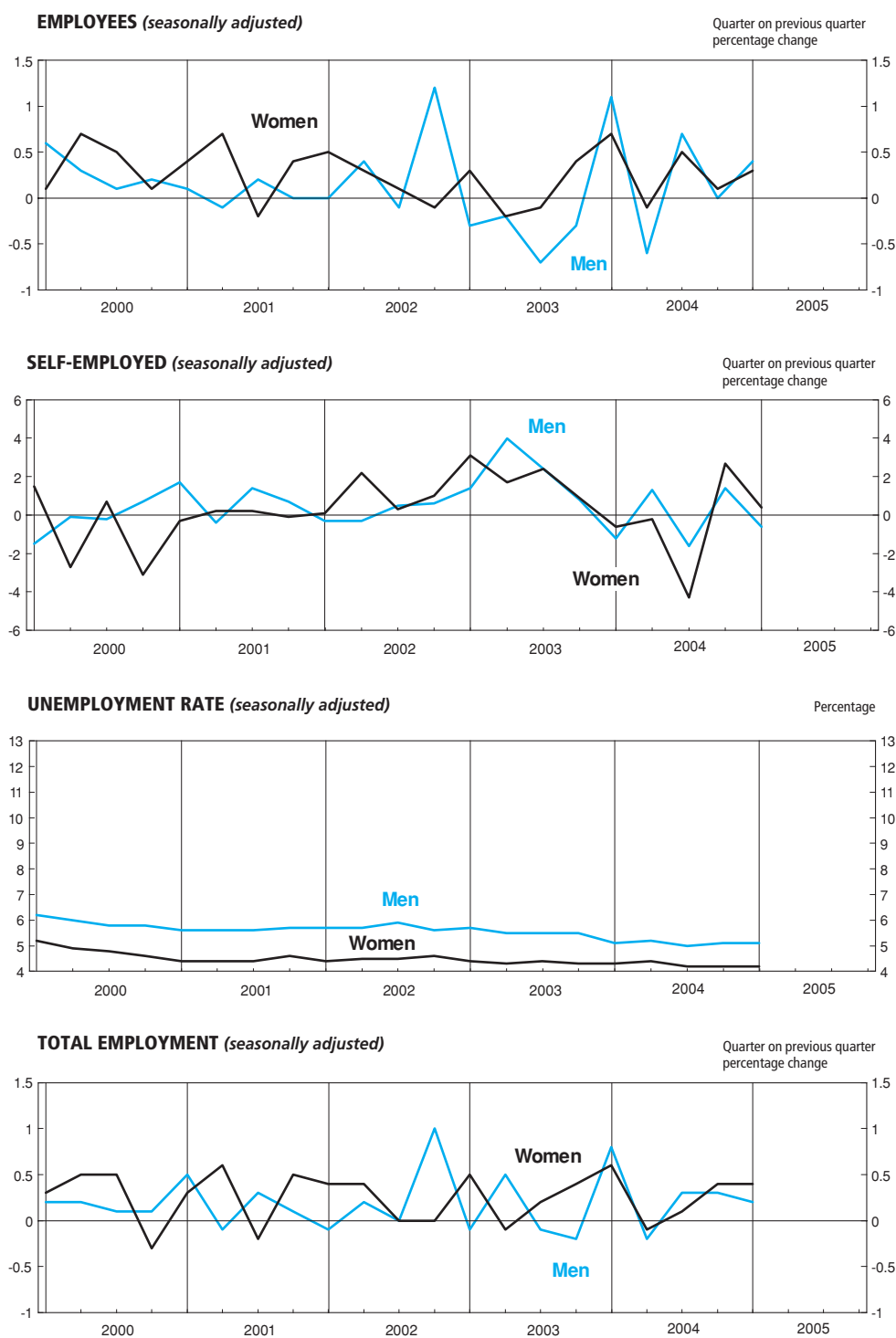
3 The employment rate equals those in employment aged 16-64 (male) and 16-59 (female), as a percentage of all in these age groups. The underlying data are available on request.

Source: Office for National Statistics; Enquiries 020 7533 6094

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







# 4.3 Labour Market Activity by age<sup>1,2</sup>

## United Kingdom

Thousands, seasonally adjusted<sup>3</sup>

	Total aged 16 and over			Age groups <sup>4</sup>							
	Total	Male	Female	16 - 24		25 - 49		50 - 59/64		60/65 and over	
				Male	Female	Male	Female	Male	Female	Male	Female
In employment											
	MGRZ	MGSA	MGSB	MGUR	MGUS	MGUU	MGUV	MGUX	MGUY	MGVA	MGVB
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
Q4	28 521	15 417	13 105	2 139	1 983	9 176	7 871	3 758	2 589	343	661
2005 Q1	28 608	15 453	13 155	2 148	1 966	9 170	7 907	3 778	2 590	357	691
Unemployed											
	MGSC	MGSD	MGSE	MGVG	MGVH	MGVJ	MGVK	MGVM	MGVN	MGVP	MGVQ
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	..	..
Q4	1 411	830	581	347	249	341	265	131	59	11	..
2005 Q1	1 396	823	573	337	232	342	273	134	59	..	..
Economically inactive											
	MGSI	MGSJ	MGSK	MGVV	MGVW	MGVY	MGVZ	MGWB	MGWC	MGWE	MGWF
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
Q4	17 533	6 750	10 782	952	1 132	841	2 435	1 314	1 171	3 643	6 044
2005 Q1	17 534	6 762	10 772	960	1 170	852	2 398	1 305	1 174	3 645	6 030
Economic activity rate (per cent) <sup>5</sup>											
	MGWG	MGWH	MGWI	MGWK	MGWL	MGWN	MGWO	MGWQ	MGWR	MGWT	MGWU
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
Q4	63.1	70.6	55.9	72.3	66.3	91.9	77.0	74.8	69.3	8.9	10.0
2005 Q1	63.1	70.6	56.0	72.1	65.3	91.8	77.3	75.0	69.3	9.1	10.4
Unemployment rate (per cent) <sup>6</sup>											
	MGSX	MGSY	MGSZ	MGWZ	MGXA	MGXC	MGXD	MGXF	MGXG	MGXI	MGXJ
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	..	..
Q4	4.7	5.1	4.2	14.0	11.2	3.6	3.3	3.4	2.2	3.0	..
2005 Q1	4.7	5.1	4.2	13.6	10.5	3.6	3.3	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 <sup>1</sup>					Claimant count <sup>5,6,8</sup>			Vacancies: average for three months ending in month shown <sup>9</sup>
	Workforce jobs <sup>2,3,4</sup>	Employee jobs <sup>3,4</sup>				Total	Percentage of workforce jobs and claimant count <sup>7</sup>	Total Not seasonally adjusted	
		All industries	Manufacturing industry	Production industry	Service industries				
Annual	DYDC	BCAJ	YEJA	YEJF	YEID	BCJD	BCJE	BCJA	AP2Y
2001	29 737	25 905	3 803	4 012	20 441	969.9	3.2	983.0	..
2002	29 875	25 990	3 599	3 801	20 771	946.6	3.1	958.8	..
2003	30 213	26 105	3 415	3 602	21 064	933.3	3.0	945.9	..
2004	30 440	26 264	3 282	3 459	21 309	853.6	2.7	866.1	..
Quarterly									
2001 Q1	29 643	25 817	3 858	4 065	20 322	999.7	3.3	1 064.1	..
Q2	29 737	25 905	3 803	4 012	20 441	970.7	3.2	978.4	..
Q3	29 726	25 914	3 753	3 960	20 502	949.7	3.1	958.5	..
Q4	29 840	25 999	3 700	3 906	20 643	959.7	3.1	931.0	..
2002 Q1	29 845	26 024	3 648	3 854	20 719	952.5	3.1	1 014.6	..
Q2	29 875	25 990	3 599	3 801	20 771	950.6	3.1	958.1	..
Q3	29 911	25 989	3 552	3 747	20 840	946.5	3.1	951.8	..
Q4	29 991	26 046	3 512	3 701	20 934	937.0	3.0	910.6	..
2003 Q1	30 065	26 031	3 469	3 655	20 953	939.0	3.0	1 001.1	..
Q2	30 213	26 105	3 415	3 602	21 064	945.3	3.0	954.3	..
Q3	30 311	26 108	3 367	3 549	21 088	934.6	3.0	939.0	..
Q4	30 396	26 191	3 330	3 508	21 192	914.2	2.9	889.2	..
2004 Q1	30 412	26 219	3 301	3 478	21 239	885.8	2.8	947.2	..
Q2	30 440	26 264	3 282	3 459	21 309	861.3	2.8	871.8	..
Q3	30 405	26 268	3 257	3 434	21 334	836.3	2.7	839.0	..
Q4	30 547	26 384	3 241	3 418	21 411	831.1	2.7	806.7	..
2005 Q1	30 625	26 474	3 221	3 398	21 509	820.9	2.6	879.8	..
Q2	..	..	..	..	..	854.4	2.8	865.9	..
Monthly									
2003 Jul	..	..	3 394	3 578	..	941.1	3.0	946.3	570.0
Aug	..	..	3 378	3 561	..	933.5	3.0	948.6	570.3
Sep	..	26 108	3 367	3 549	21 088	929.3	3.0	922.1	584.2
Oct	..	..	3 357	3 535	..	923.5	3.0	893.2	593.7
Nov	..	..	3 343	3 522	..	914.1	2.9	884.6	599.9
Dec	..	26 191	3 330	3 508	21 192	905.1	2.9	889.7	603.3
2004 Jan	..	..	3 315	3 493	..	893.2	2.9	952.4	608.3
Feb	..	..	3 310	3 487	..	884.2	2.8	957.0	611.2
Mar	..	26 219	3 301	3 478	21 239	879.9	2.8	932.0	616.4
Apr	..	..	3 294	3 471	..	871.5	2.8	905.2	623.3
May	..	..	3 287	3 464	..	860.9	2.8	869.7	628.4
Jun	..	26 264	3 282	3 459	21 309	851.5	2.7	840.5	632.6
Jul	..	..	3 274	3 451	..	838.2	2.7	841.5	646.5
Aug	..	..	3 264	3 442	..	834.8	2.7	847.6	644.7
Sep	..	26 268	3 257	3 434	21 334	836.0	2.7	827.8	641.1
Oct	..	..	3 249	3 425	..	836.4	2.7	806.8	637.1
Nov	..	..	3 241	3 418	..	831.9	2.7	803.0	640.7
Dec	..	26 384	3 241	3 418	21 406	825.0	2.6	810.2	648.0
2005 Jan	..	..	3 238	3 415	..	813.8	2.6	872.1	655.0
Feb	..	..	3 229	3 405	..	817.7	2.6	885.0	647.4
Mar	..	26 474	3 221	3 398	21 509	831.3	2.7	882.3	636.9
Apr	..	..	3 215	3 392	..	842.1	2.7	871.8	633.1
May	..	..	3 201	3 377	..	856.1 <sup>†</sup>	2.7	867.6	638.8
Jun	..	..	..	..	..	864.9	2.8	858.2	639.9

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](http://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*.)

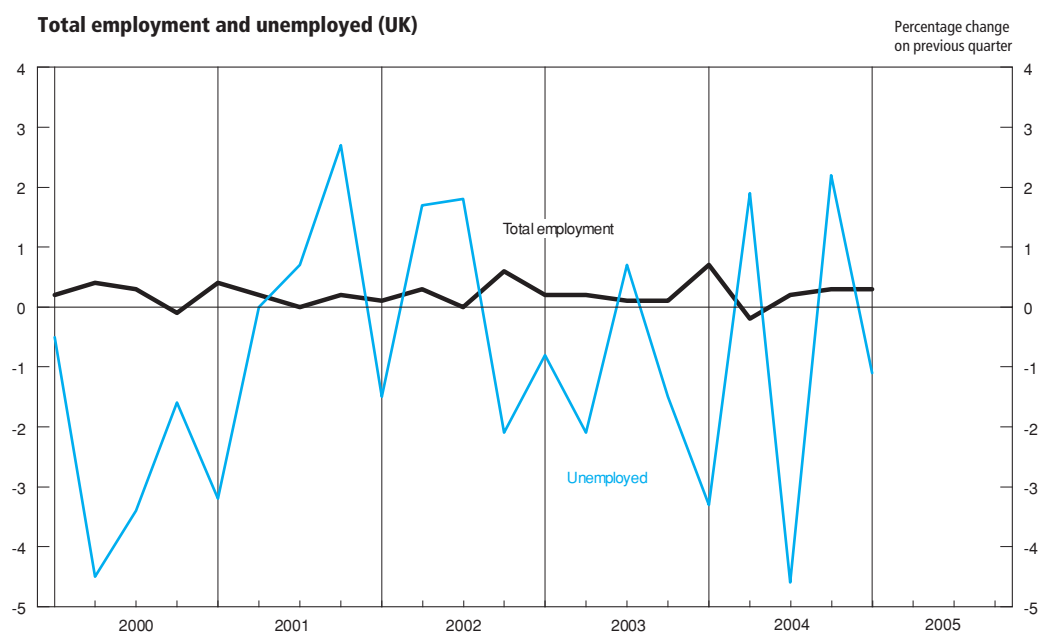
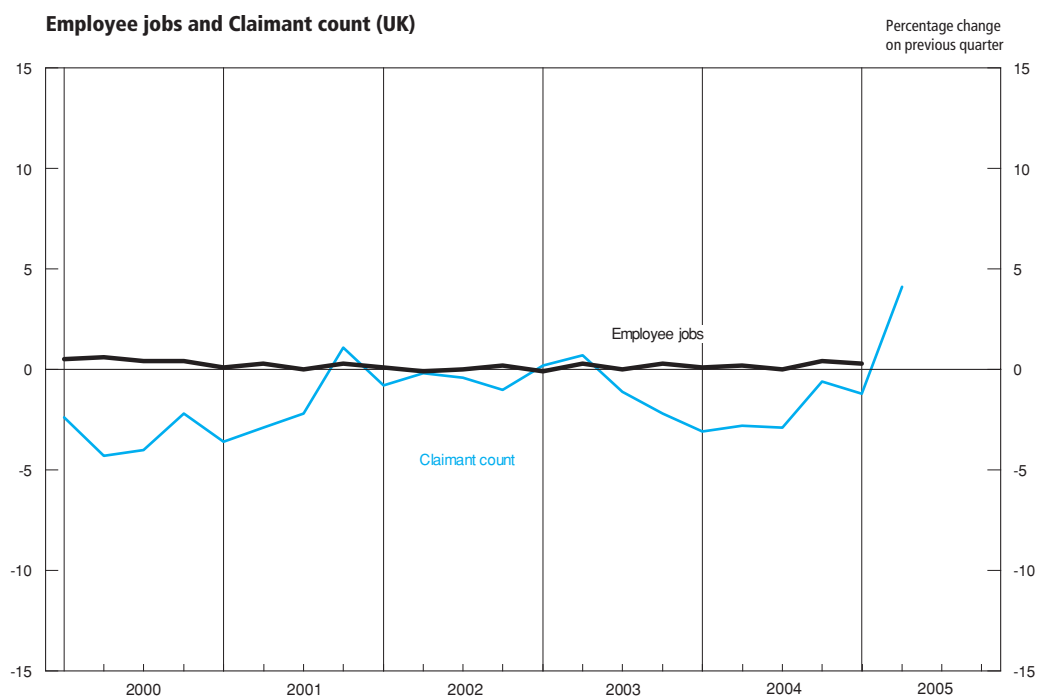
6 Claimant count figures do not include students claiming benefit during a vacation who intend to return to full-time education.

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

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

9 The ONS Vacancy Survey, a monthly business survey of the number of job vacancies held by employers across the UK economy, has been running since April 2001. The results were adopted as National Statistics in June 2003.

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



## 4.5 Regional claimant count rates<sup>1,2</sup> by Government Office Region

Percentages

	North East	North West <sup>3</sup>	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East
<b>Quarterly</b>								
	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	2.9	4.6	2.3
Q3	7.0	4.6	5.0	3.6	4.4	2.8	4.5	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	3.5	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	1.7
Q4	4.8	3.4	3.6	2.8	3.5	2.1	3.6	1.7
2003 Q1	4.7	3.3	3.4	2.8	3.5	2.1	3.6	1.7
Q2	4.6	3.3	3.4	2.9	3.5	2.1	3.7	1.7
Q3	4.5	3.2	3.3	2.9	3.5	2.1	3.7	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	3.0	2.7	3.4	2.0	3.6	1.7
Q2	4.1	2.9	2.9	2.5	3.3	2.0	3.5	1.6
Q3	3.9	2.8	2.8	2.5	3.2	1.9	3.4	1.6
Q4	3.9	2.8	2.8	2.5	3.2	1.9	3.4	1.6
2005 Q1	3.8	2.7	2.8	2.4	3.1	1.9	3.4	1.6
Q2	3.9	2.9	3.0	2.6	3.5	2.1	3.4	1.6
	South West	England	Wales	Scotland	Great Britain	Northern Ireland	United Kingdom	
<b>Quarterly</b>								
	DPBM	VASQ	DPBP	DPBQ	DPAJ	DPBR	BCJE	
1999 Q1	3.2	4.1	5.3	5.2	4.2	6.9	4.3	
Q2	3.1	4.0	5.1	5.2	4.1	6.6	4.2	
Q3	2.9	3.9	4.9	5.0	4.0	6.1	4.1	
Q4	2.8	3.7	4.7	4.8	3.9	5.7	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	5.1	3.5	
Q4	2.3	3.2	4.3	4.3	3.4	5.2	3.4	
2001 Q1	2.1	3.1	4.2	4.1	3.2	5.0	3.3	
Q2	2.1	3.0	4.0	4.0	3.1	4.9	3.2	
Q3	2.0	2.9	3.8	3.9	3.1	4.8	3.1	
Q4	2.0	3.0	3.8	4.0	3.1	4.7	3.1	
2002 Q1	2.0	2.9	3.6	3.9	3.1	4.6	3.1	
Q2	2.0	2.9	3.6	3.9	3.0	4.5	3.1	
Q3	1.9	2.9	3.6	3.9	3.0	4.3	3.1	
Q4	1.9	2.9	3.5	3.8	3.0	4.3	3.0	
2003 Q1	1.9	2.9	3.4	3.8	3.0	4.2	3.0	
Q2	1.9	2.9	3.4	3.8	3.0	4.2	3.0	
Q3	1.9	2.9	3.3	3.8	3.0	4.2	3.0	
Q4	1.8	2.8	3.2	3.7	2.9	4.1	2.9	
2004 Q1	1.7	2.7	3.1	3.6	2.8	3.9	2.8	
Q2	1.6	2.6	3.1	3.5	2.7	3.7	2.8	
Q3	1.5	2.6	3.0	3.4	2.7	3.5	2.7	
Q4	1.5	2.5	3.0	3.4	2.6	3.5	2.7	
2005 Q1	1.5	2.5	2.9	3.3	2.6	3.4	2.6	
Q2	1.6	2.7	3.1	3.3	2.7	3.5	2.8	

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

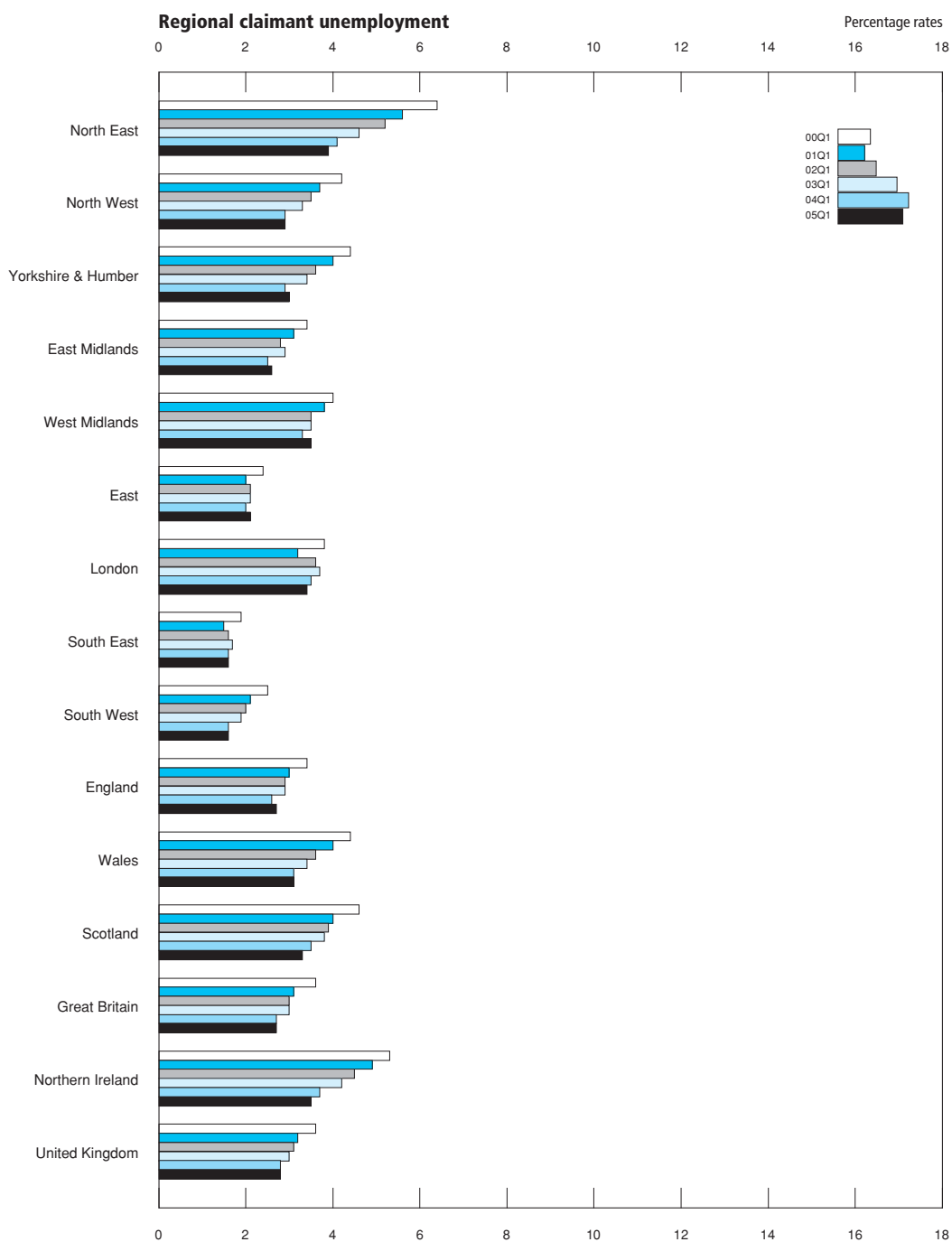
1 Government Office Regions came into effect in April 1994. It was decided that from May 1997 sub-national data should be published for these areas rather than standard statistical regions (SSRs). Data by standard statistical regions are available on request.

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.

3 Includes Merseyside.

Source: Office for National Statistics; Enquiries 020 7533 6094



# 4.5A Unemployment rates<sup>1,2</sup> by Government Office Region

Percentages, seasonally adjusted <sup>4</sup>

	North East	North West <sup>3</sup>	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
Q4	6.3	4.6	4.7	4.1	4.8	3.8	7.3	3.5
2005 Q1	5.5	4.8	4.2	4.3	4.6	3.9	6.7	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
Q4	3.3	4.7	4.2	5.6	4.7		4.5	4.7
2005 Q1	3.5	4.6	4.5	5.5	4.7		4.7	4.7

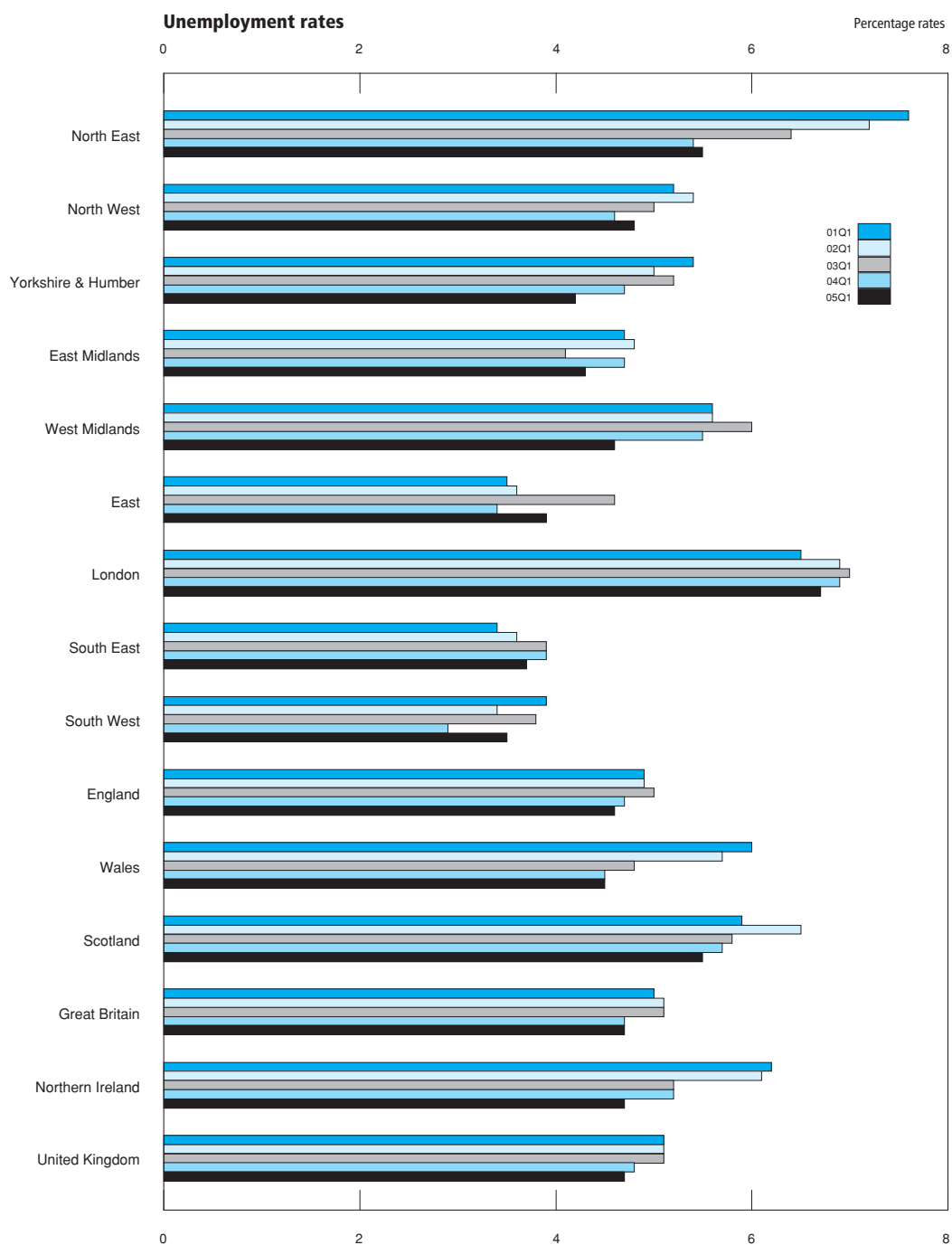
1 The data in this table have been adjusted to reflect the latest revisions to mid-year population data.

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



# 4.6 Average earnings (including bonuses)

## Great Britain

2000 = 100

		Whole economy <sup>1</sup>	3 month average <sup>2</sup>	Private sector	3 month average <sup>2</sup>	Public sector	3 month average <sup>2</sup>	Manufacturing industries <sup>3</sup>	3 month average <sup>2,3</sup>	Production industries	3 month average <sup>2</sup>	Service industries	3 month average <sup>2</sup>	Private sector services	3 month average <sup>2</sup>
Annual		LNMQ		LNKY		LNNJ		LNMR		LNMS		LNMT		JJGH	
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	
2004		116.7		116.0		119.8		115.9		115.7 <sup>†</sup>		116.7		115.6	
Monthly			LNNC		LNND		LNNE		LNNG		LNNF		LNNH		JJGJ
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	112.3	3.5	111.5	2.9	115.5	5.6	112.1	3.0	111.9	3.0	112.4	3.7	111.2	3.0
	Sep	112.9	3.7	112.1	3.2	116.0	5.6	112.6	3.2	112.4	3.2	112.8	3.9	111.7	3.3
	Oct	113.1	3.6	112.4	3.2	116.0	5.4	112.8	3.2	112.7	3.2	113.0	3.7	111.9	3.2
	Nov	113.7	3.6	112.9	3.3	116.4	4.8	113.4	3.4	113.3	3.4	113.8	3.6	112.7	3.2
	Dec	113.5	3.5	112.8	3.3	117.0	4.4	113.5	3.4	113.2	3.3	113.3	3.5	111.9	3.1
2004	Jan	117.2	4.6	117.3	4.6	117.1	4.2	114.1	3.5	113.9	3.4	118.3	4.9	118.7	5.1
	Feb	114.1	4.6	113.3	4.7	117.8	4.3	114.5	3.6	114.4	3.5	113.7	5.0	112.4	5.2
	Mar	116.2 <sup>†</sup>	5.1	115.3 <sup>†</sup>	5.2 <sup>†</sup>	118.5 <sup>†</sup>	4.4 <sup>†</sup>	117.4 <sup>†</sup>	3.5	117.0 <sup>†</sup>	3.5	115.8	5.5	114.8 <sup>†</sup>	5.9
	Apr	115.6	4.4	114.9	4.3	118.7	4.4	115.0	3.8 <sup>†</sup>	115.1	3.8 <sup>†</sup>	115.5	4.3	114.4	4.3 <sup>†</sup>
	May	115.9	4.6	115.3	4.5	118.6	4.4	115.9	4.0	115.5	3.9	115.6	4.4	114.7	4.4
	Jun	116.1	4.2	115.3	4.2	119.8	4.3	115.7	4.4	115.5	4.3	116.0	4.0	114.7	4.0
	Jul	116.3	3.8	115.5	3.8	119.9	4.2	115.9	4.1	115.6	4.0	116.2	3.5	114.9	3.4
	Aug	116.9	3.8	116.0	3.7	120.7	4.2	115.8	3.7	115.6	3.6	116.9	3.6	115.5	3.4
	Sep	117.3	3.8	116.3	3.7	121.2	4.2	116.1	3.4	115.9	3.3	117.3	3.6	116.0	3.4
	Oct	117.8	4.1	117.0	4.0	121.6	4.6	116.6	3.3	116.4	3.2	117.9	4.1	116.6	3.9
	Nov	118.9	4.2	118.1	4.1	121.9	4.7	116.6	3.1	116.6	3.1	119.2	4.3	118.0	4.2
	Dec	118.4	4.4	117.6	4.3	122.2	4.7	117.7	3.3	117.3	3.3	118.3	4.5	116.8	4.4
2005	Jan	121.9	4.3	121.9	4.2	122.6	4.6	117.6	3.2	117.6	3.3	123.0	4.4	123.1	4.3
	Feb	120.6	4.7	120.0	4.7	123.3	4.6	118.8	3.5	118.6	3.5	120.9	4.9	120.1	5.0
	Mar	120.7	4.5	119.8	4.6	123.6	4.6	121.3	3.4	120.7	3.4	120.8 <sup>†</sup>	4.9	119.7	4.9
	Apr	120.5	4.6	119.5	4.6	124.6	4.6	119.2	3.5	119.0	3.4	120.7	5.1	119.3	5.2
	May <sup>1</sup>	120.7	4.1	119.2	3.8	127.7	5.6	118.1	2.9	117.9	2.9	121.0	4.5	119.1	4.2

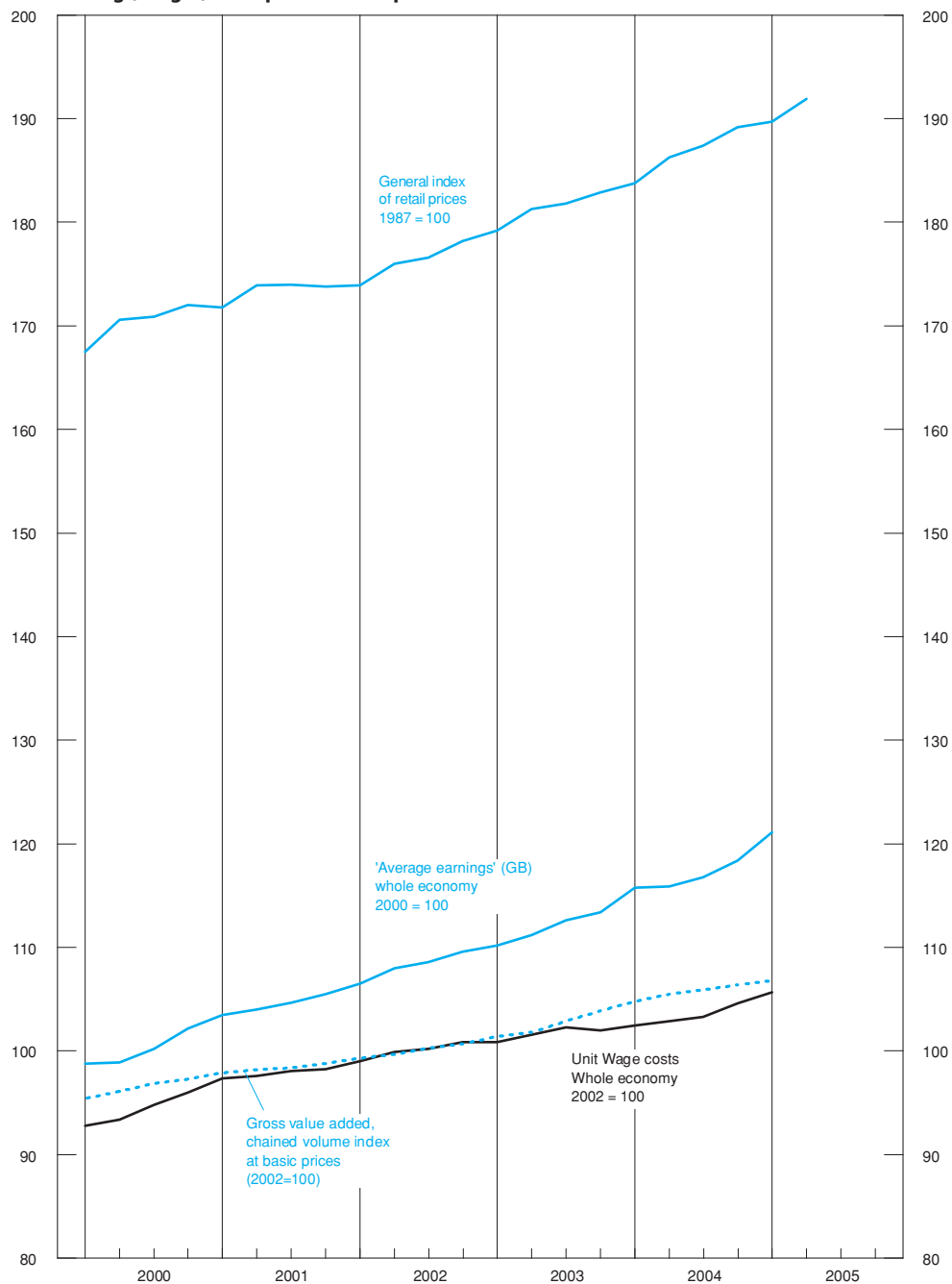
1 Provisional.

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<sup>1</sup>

### United Kingdom

2002 = 100

	Productivity jobs			Output per worker <sup>2</sup>	Output per filled job <sup>3</sup>			Output per hour worked <sup>4</sup>			Unit wage costs <sup>5</sup>	
	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
<b>Annual</b>	LNNM	LNOJ	LNOK	A4YM <sup>†</sup>	LNNN	LNNW	LNNX	LZVB	LZVK	LZVF	LNNK	LNNQ
2002	100.0	100.0	100.0	100.0 <sup>†</sup>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	100.9	95.3	95.2	101.5	101.6	104.4	105.1	102.1	104.2	104.9	101.7	98.5
2004	101.6	91.7	91.7	103.7	104.0	109.3	111.2	104.6	108.4	110.2	103.3	96.6
<b>Quarterly</b>												
2002 Q1	99.6	101.6	101.6	99.6 <sup>†</sup>	99.6	98.4	98.6	99.1	97.5	97.7	99.0	99.7
Q2	99.9	100.8	100.8	99.8	99.8	99.5	98.9	100.2	100.4	99.8	99.9	100.9
Q3	100.0	99.2	99.2	100.4	100.3	100.9	101.5	100.2	101.5	102.1	100.2	99.1
Q4	100.4	98.3	98.3	100.2	100.3	101.3	101.0	100.6	100.6	100.3	100.9	100.3
2003 Q1	100.7	97.4	97.3	100.7	100.7	102.1	102.2	101.0	101.6	101.6	100.9	101.0
Q2	100.8	95.9	95.7	100.9	101.0	103.3	103.9	101.3	103.3	103.9	101.6	98.6
Q3	100.9	94.6	94.5	101.8	101.9	105.2	106.1	102.3	104.6	105.5	102.3	97.8
Q4	101.0	93.4	93.3	102.7	102.8	107.2	108.4	103.8	107.5	108.5	102.0	96.7
2004 Q1	101.5	92.7	92.6	102.9	103.3	108.1	109.5	103.7	107.5	108.8	102.5	97.5
Q2	101.5	92.2	92.2	103.8	103.9	109.5	111.0	104.9	108.8	110.2	102.9	96.4
Q3	101.5	91.4	91.4	103.9	104.3	109.3	111.2	105.2	108.1	110.1	103.3	96.5
Q4	101.7	90.6	90.5	104.1	104.6	110.4	113.0	104.5	109.2	111.8	104.6	95.8
2005 Q1	102.0	90.0	89.9	104.2	104.7	110.2	112.7	104.8	108.3	111.0	105.7	97.9 <sup>†</sup>
<b>Monthly</b>												
2004 Jan	..	..	92.6	..	..	..	109.3	..	..	..	..	96.6
Feb	..	..	92.6	..	..	..	108.9	..	..	..	..	97.4
Mar	..	..	92.7	..	..	..	110.3	..	..	..	..	98.5 <sup>†</sup>
Apr	..	..	92.3	..	..	..	110.8	..	..	..	..	96.1
May	..	..	92.2 <sup>†</sup>	..	..	..	111.0	..	..	..	..	96.6
Jun	..	..	92.1	..	..	..	111.1	..	..	..	..	96.4
Jul	..	..	91.8	..	..	..	110.5	..	..	..	..	97.1
Aug	..	..	91.4	..	..	..	111.1	..	..	..	..	96.5
Sep	..	..	91.0	..	..	..	112.1	..	..	..	..	95.9
Oct	..	..	90.8	..	..	..	111.5	..	..	..	..	96.8
Nov	..	..	90.4	..	..	..	113.4	..	..	..	..	95.1
Dec	..	..	90.3	..	..	..	114.0	..	..	..	..	95.6
2005 Jan	..	..	90.1	..	..	..	113.2	..	..	..	..	96.2
Feb	..	..	89.9	..	..	..	113.3	..	..	..	..	97.0
Mar	..	..	89.6	..	..	..	111.6	..	..	..	..	100.6
Apr	..	..	89.4	..	..	..	112.4 <sup>†</sup>	..	..	..	..	98.2
May	..	..	89.1	..	..	..	112.8	..	..	..	..	96.9

Percentage change, quarter on corresponding quarter of previous year

<b>Quarterly</b>	LNNQ	LNNR	LNNK	A4YN <sup>†</sup>	LNNP	LNNK	LNNU	LZVD	LZVM	LZVH	LOJE	LOJF
2002 Q1	0.7	-4.5	-4.6	0.7 <sup>†</sup>	0.7	0.2	-0.4	1.3	-0.4	-0.8	1.6	3.3
Q2	0.6	-4.5	-4.5	0.8	0.9	2.1	1.2	2.6	4.1	3.3	2.4	2.3
Q3	0.7	-4.6	-4.6	1.2	1.2	2.5	2.5	2.1	4.1	4.3	2.2	1.1
Q4	1.0	-4.3	-4.3	0.9	0.9	3.7	2.9	1.8	3.7	3.0	2.6	1.2
2003 Q1	1.0	-4.2	-4.3	1.0	1.1	3.7	3.6	1.9	4.3	4.0	1.9	1.3
Q2	0.9	-4.9	-5.0	1.1	1.2	3.8	5.1	1.1	2.9	4.0	1.7	-2.3
Q3	0.9	-4.7	-4.8	1.4	1.6	4.3	4.5	2.1	3.0	3.3	2.1	-1.3
Q4	0.6	-5.1	-5.1	2.5	2.6	5.9	7.2	3.3	6.9	8.2	1.1	-3.6
2004 Q1	0.8	-4.8	-4.7	2.2	2.6	5.9	7.2	2.7	5.8	7.1	1.6	-3.4
Q2	0.7	-3.8	-3.7	2.9	2.9	6.0	6.8	3.5	5.4	6.1	1.2	-2.3
Q3	0.6	-3.4	-3.3	2.1	2.3	3.9	4.8	2.8	3.4	4.3	0.9	-1.4
Q4	0.7	-2.9	-3.0	1.4	1.7	3.0	4.3	0.7	1.6	3.0	2.6	-0.9
2005 Q1	0.6	-3.0	-3.0	1.3	1.4	2.0	3.0	1.0	0.8	2.0	3.2	0.4

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](http://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 2004, ONS published details on the National Statistics website of a change in productivity methodology. Output per worker is the new headline measure.

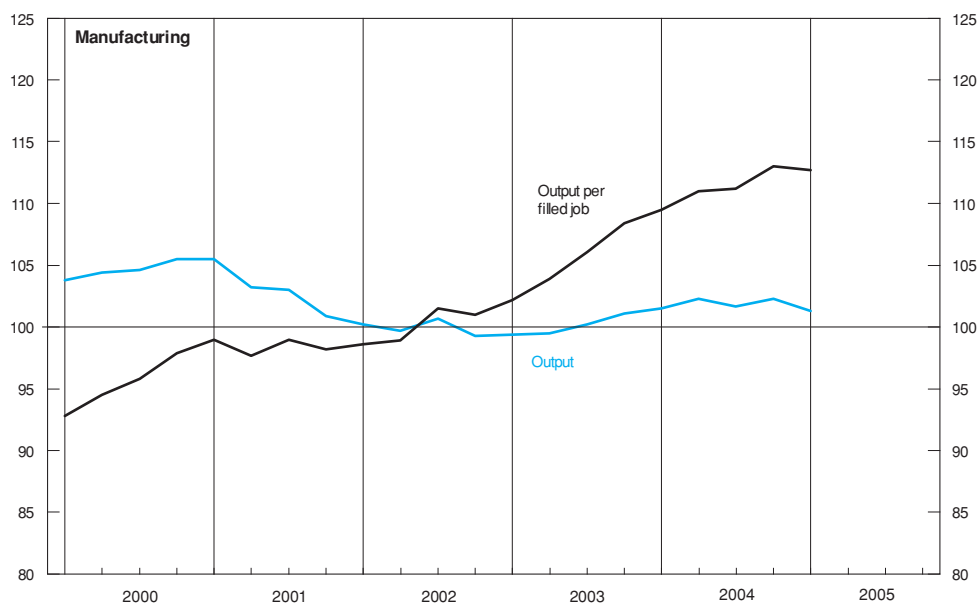
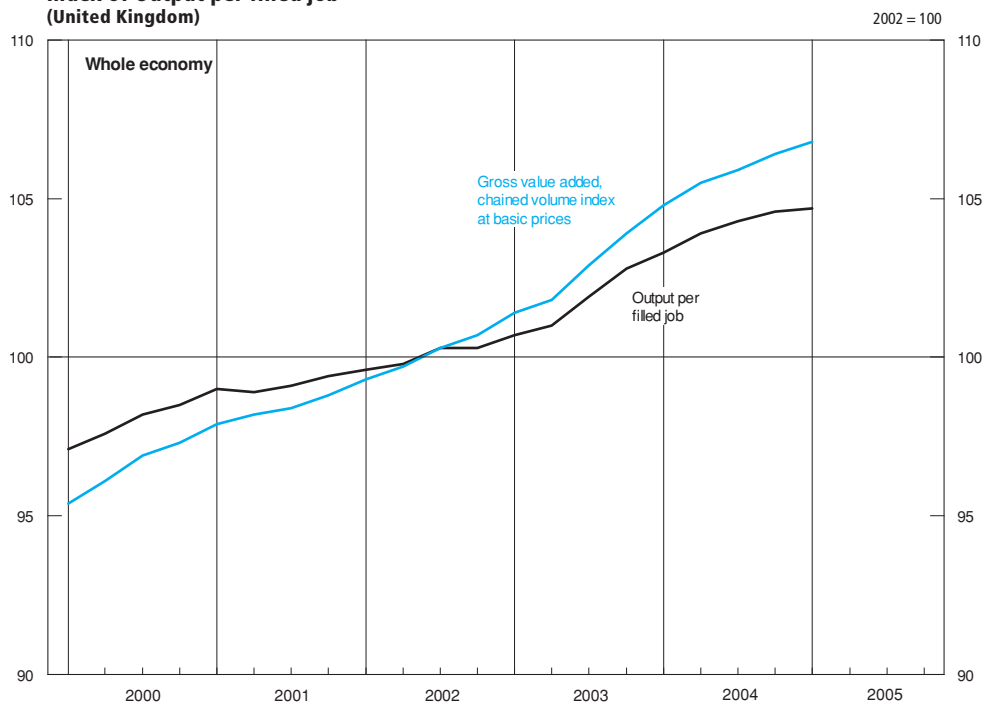
3 Output per filled job is the ratio of Gross value added at basic prices to productivity jobs.

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<sup>1</sup>

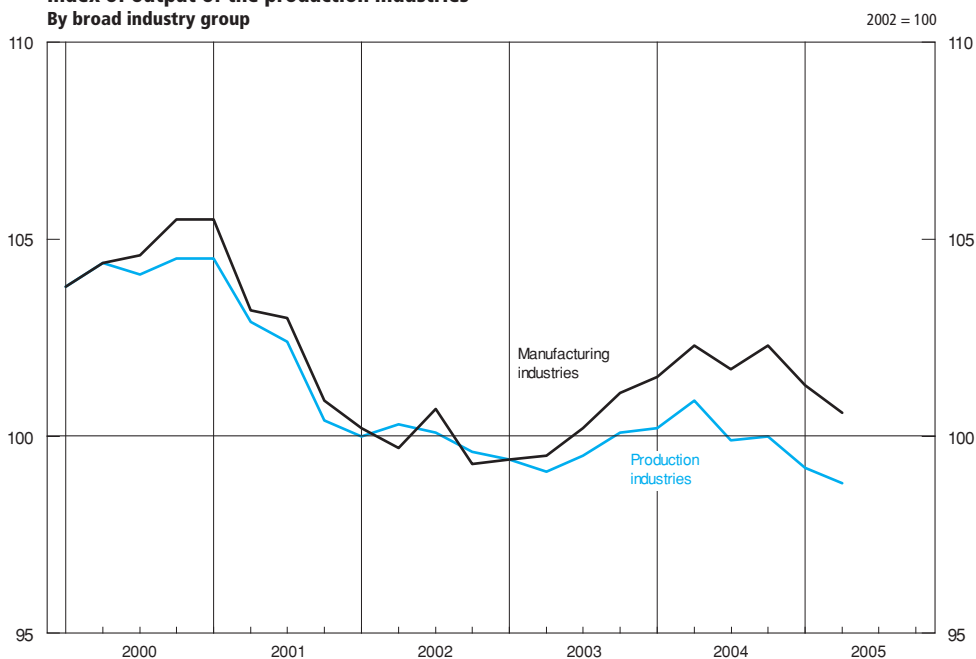
2002 = 100

	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
<i>2002 weights</i>	<i>1 000</i>	<i>121</i>	<i>88</i>	<i>790</i>	<i>37</i>	<i>269</i>	<i>213</i>	<i>481</i>
<b>Annual</b>	CKYW	CKYX	CKYZ	CKYY	UFIU	UFJS	UFIL	JMOH
2000	104.2	106.1	98.2	104.6	96.3	98.8	110.2	105.5
2001	102.6	100.3	100.5	103.2	98.7	100.0	108.4	102.0
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	99.5	94.9	101.2	100.1	99.2	100.0	101.4	98.4
2004	100.3	87.3	103.4	101.9	104.7	99.7	105.1	98.1
<b>Quarterly</b>								
2000 Q1	103.8	110.2	96.9	103.8	96.6	99.0	108.2	105.3
Q2	104.4	108.7	99.2	104.4	96.2	99.2	109.6	105.9
Q3	104.1	105.0	98.1	104.6	96.0	98.5	110.3	105.5
Q4	104.5	100.8	98.5	105.5	96.3	98.3	112.6	105.3
2001 Q1	104.5	99.3	102.1	105.5	99.6	100.0	113.8	103.6
Q2	102.9	101.9	101.1	103.2	98.2	99.6	108.4	102.8
Q3	102.4	100.8	99.9	103.0	98.1	100.3	108.0	101.8
Q4	100.4	99.2	98.8	100.9	98.9	100.1	103.4	99.7
2002 Q1	100.0	100.1	98.2	100.2	102.0	100.4	99.6	99.9
Q2	100.3	104.3	99.4	99.7	99.1	100.1	99.6	100.8
Q3	100.1	95.6	101.2	100.7	98.8	100.6	101.4	99.4
Q4	99.6	100.0	101.3	99.3	100.1	98.9	99.4	100.0
2003 Q1	99.4	99.6	99.3	99.4	98.3	99.1	99.9	99.4
Q2	99.1	95.2	100.2	99.5	99.0	99.5	100.7	98.1
Q3	99.5	93.5	101.6	100.2	99.2	100.6	101.6	98.1
Q4	100.1	91.1	103.5	101.1	100.3	101.0	103.4	98.1
2004 Q1	100.2	89.8	103.7	101.5	102.2	100.1	103.2	98.8
Q2	100.9	90.7	102.8	102.3	105.1	100.3	105.0	99.2
Q3	99.9	85.6	103.7	101.7	106.6	98.7	105.9	97.4
Q4	100.0	83.3	103.3	102.3	104.7	99.6	106.4	97.1
2005 Q1	99.2	82.9	101.9	101.3	104.2	99.0	104.5	96.5
Q2	98.8	84.1	103.0	100.6	..	..	..	..
<b>Monthly</b>								
2003 Jan	99.1	99.1	99.0	99.1	100.7	98.7	99.3	99.2
Feb	99.7	100.6	101.3	99.4	97.8	99.1	100.3	100.0
Mar	99.4	99.2	97.7	99.6	96.3	99.6	100.2	99.1
Apr	99.2	95.4	98.6	99.8	98.9	98.8	102.2	98.1
May	98.6	95.4	99.8	99.0	97.6	100.1	99.0	97.7
Jun	99.3	94.9	102.2	99.7	100.5	99.4	100.9	98.6
Jul	99.9	94.7	100.7	100.6	100.5	101.1	101.9	98.4
Aug	99.0	93.3	101.5	99.7	97.6	100.2	100.5	97.8
Sep	99.6	92.5	102.5	100.4	99.3	100.4	102.4	98.1
Oct	100.8	93.1	105.0	101.5	99.9	101.9	103.2	99.2
Nov	99.4	90.8	102.0	100.5	101.0	100.1	103.1	97.3
Dec	100.1	89.4	103.6	101.4	99.9	100.9	104.0	97.9
2004 Jan	100.1	90.3	103.1	101.3	101.0	100.2	102.9	98.7
Feb	99.7	88.7	104.3	100.9	101.7	99.6	102.6	98.3
Mar	100.9	90.4	103.7	102.3	103.9	100.6	104.2	99.5
Apr	100.9	89.9	103.1	102.3	105.0	101.1	104.4	98.9
May	100.8	89.6	102.9	102.3	104.6	99.6	105.7	99.0
Jun	101.1	92.5	102.6	102.3	105.7	100.1	105.0	99.7
Jul	100.2	90.4	102.6	101.5	107.8	97.7	106.1	98.4
Aug	99.7	84.6	104.5	101.5	106.1	99.2	105.0	97.2
Sep	99.7	81.8	103.9	102.0	106.1	99.2	106.7	96.5
Oct	99.1	81.9	103.1	101.3	105.3	99.0	105.4	95.8
Nov	100.4	83.5	103.9	102.6	103.2	100.0	106.8	97.5
Dec	100.7	84.6	103.0	102.9	105.7	99.8	107.0	98.0
2005 Jan	99.6	82.8	101.2	102.1	103.4	99.8	105.4	96.7
Feb	99.6	82.5	101.7	101.9	105.3	99.6	105.2	96.6
Mar	98.3	83.5	102.8	100.0	103.9	97.6	102.9	96.2
Apr	98.8 <sup>†</sup>	83.7	104.0	100.5	104.8 <sup>†</sup>	97.5 <sup>†</sup>	103.6 <sup>†</sup>	96.9 <sup>†</sup>
May	98.9	84.9	102.9	100.6	102.8	98.5	103.7	96.6

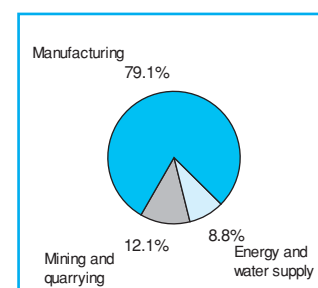
1 The figures contain, where appropriate, an adjustment for stock changes.

Source: Office for National Statistics; Enquiries 01633 812059

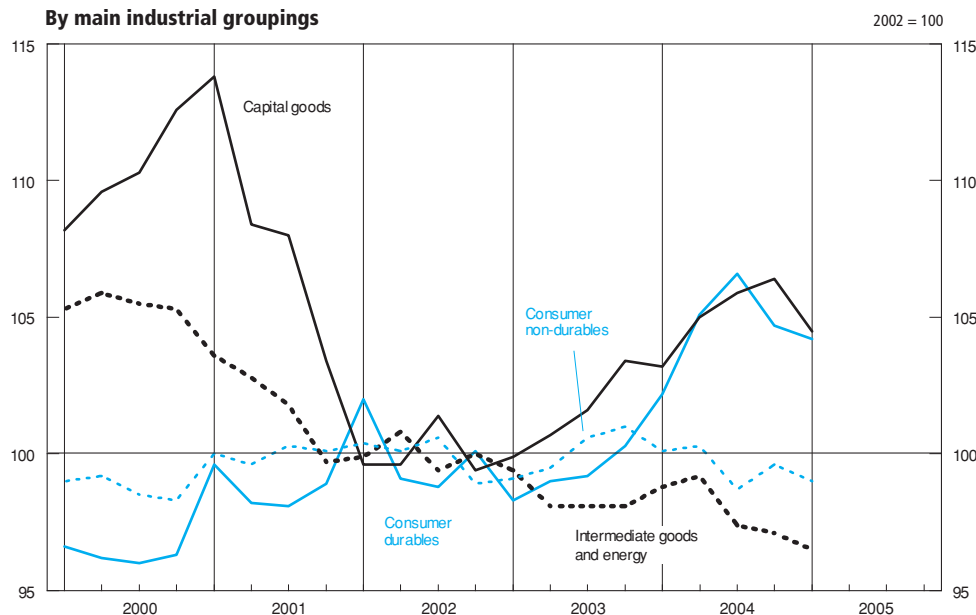
**Index of output of the production industries**  
By broad industry group



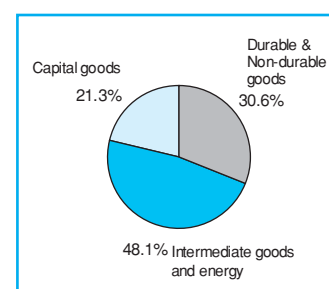
**Share of output in 2002**



**By main industrial groupings**



**Share of output in 2002**



## 5.2 Engineering and construction : output and orders

### Seasonally adjusted Index numbers at constant prices<sup>1</sup>

	Engineering (2000 =100)									Construction(GB) <sup>5</sup> (2000=100)	
	Total			Home			Export			Gross output+ <sup>4</sup>	Orders received
	Orders <sup>2</sup> on Hand	New <sup>3</sup> Orders	Turnover	Orders <sup>2</sup> on Hand	New <sup>3</sup> Orders	Turnover	Orders <sup>2</sup> on Hand	New <sup>3</sup> Orders	Turnover		
<b>Annual</b>	JIQI	JIQH	JIQJ	JIQC	JIQB	JIQD	JIQF	JIQE	JIQG	SFZX	SGAA
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	92.7 <sup>†</sup>	80.8 <sup>†</sup>	84.5 <sup>†</sup>	104.8 <sup>†</sup>	88.0 <sup>†</sup>	91.8 <sup>†</sup>	72.1 <sup>†</sup>	71.2	74.8	106.3	102.5
2003	92.7	78.9	81.6	108.7	87.9	90.2	65.5	66.8	70.3	111.7	97.8
2004	88.2	78.1	82.0	102.7	83.8	89.2	63.8	70.3 <sup>†</sup>	72.6 <sup>†</sup>	115.3	104.8
<b>Quarterly</b>											
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	94.9 <sup>†</sup>	81.5 <sup>†</sup>	85.3 <sup>†</sup>	105.0 <sup>†</sup>	87.8 <sup>†</sup>	92.1 <sup>†</sup>	77.9 <sup>†</sup>	73.2 <sup>†</sup>	76.2 <sup>†</sup>	105.3	107.6
Q2	93.6	80.4	84.7	105.4	89.3	92.5	73.8	68.5	74.5	104.7	90.7
Q3	93.8	81.8	84.4	106.4	89.4	91.7	72.6	71.7	74.8	106.8	109.2
Q4	92.7	79.5	83.6	104.8	85.5	91.1	72.1	71.3	73.6	108.5	102.5
2003 Q1	90.9	76.4	81.1	103.4	85.3	90.7	69.8	64.4	68.5	108.7	104.7
Q2	91.7	79.7	81.5	104.9	88.9	90.4	69.3	67.4	69.7	110.4	95.8
Q3	91.5	78.7	81.6	106.0	88.1	90.2	66.8	66.0	70.2	113.5	98.0
Q4	92.7	80.8	82.2	108.7	89.3	89.3	65.5	69.5	72.6	114.4	92.7
2004 Q1	92.7	77.7	80.3	108.3	82.6	86.6	66.2	70.9	72.1	117.1	108.5
Q2	91.7	78.5	82.4	105.7	82.0	88.9	67.9	73.8	74.0	114.2	106.2
Q3	89.1	77.0	82.7	103.1	83.0	89.8	65.4	69.0	73.3	115.2	99.8
Q4	88.2	79.0	82.8	102.7	87.5	91.6	63.8	67.6	71.1	114.7	104.8
2005 Q1	88.3	78.3	80.9	100.2	82.8	89.5	68.1	72.3	69.7	115.2	106.5 <sup>†</sup>
<b>Monthly</b>											
2003 Jan	91.7 <sup>†</sup>	74.7 <sup>†</sup>	81.0 <sup>†</sup>	102.4 <sup>†</sup>	78.2 <sup>†</sup>	90.9 <sup>†</sup>	73.4 <sup>†</sup>	70.1 <sup>†</sup>	67.9	..	110.6
Feb	92.1	80.4	81.5	104.6	97.1	92.3	70.9	58.1	67.3 <sup>†</sup>	..	112.9
Mar	90.9	74.0	80.9	103.4	80.7	89.0	69.8	65.0	70.2	..	90.5
Apr	93.7	88.5	81.7	107.3	102.6	91.0	70.5	69.7	69.3	..	111.7
May	92.8	75.8	81.4	106.3	83.2	90.8	70.0	65.8	68.9	..	89.5
Jun	91.7	74.9	81.5	104.9	80.9	89.5	69.3	66.8	70.9	..	86.2
Jul	91.7	79.9	82.8	104.7	87.0	91.6	69.6	70.3	71.0	..	111.1
Aug	91.7	77.7	80.3	106.1	90.5	88.5	67.2	60.5	69.4	..	80.7
Sep	91.5	78.4	81.8	106.0	86.7	90.5	66.8	67.3	70.3	..	102.3
Oct	92.3	82.6	82.5	107.3	92.1	90.7	66.8	69.8	71.6	..	87.3
Nov	94.0	84.6	81.3	110.0	95.5	88.8	66.9	70.0	71.4	..	102.7
Dec	92.7	75.3	82.7	108.7	80.2	88.5	65.5	68.7	74.9	..	88.2
2004 Jan	93.9	81.7	80.1	109.0	84.7	87.2	68.3	77.5	70.9	..	90.2
Feb	90.7	66.1	79.8	106.3	71.0	84.5	64.2	59.5	73.7	..	126.1
Mar	92.7	85.2	81.0	108.3	92.2	88.1	66.2	75.8	71.7	..	109.2
Apr	90.9	72.4	81.2	104.6	69.7	87.3	67.7	75.9	73.1	..	103.4
May	91.8	82.7	82.5	105.4	88.4	88.7	68.5	75.1	74.4	..	111.3
Jun	91.7	80.5	83.6	105.7	88.0	90.6	67.9	70.5	74.4	..	103.9
Jul	91.9	81.4	83.2	106.2	88.6	90.2	67.8	71.8	74.0	..	109.5
Aug	90.0	72.4	82.0	103.8	76.0	88.4	66.4	67.6	73.6	..	100.6
Sep	89.1	77.3	82.9	103.1	84.5	90.9	65.4	67.6	72.3	..	89.2
Oct	88.1	75.4	81.8	102.0	82.8	90.7	64.5	65.6	70.1	..	101.3
Nov	87.8	79.8	83.5	101.8	89.0	93.3	64.0	67.4	70.7	..	107.6
Dec	88.2	81.8	83.0	102.7	90.7	90.9	63.8	69.9	72.5	..	105.5
2005 Jan	88.8	80.5	81.4	103.9	92.0	90.7	63.0	65.2	69.2	..	102.8 <sup>†</sup>
Feb	88.6	78.3	81.4	102.9	82.8	90.5	64.5	72.3	69.4	..	98.9
Mar	88.3	76.2	80.0	100.2	73.7	87.3	68.1	79.5	70.5	..	117.7
Apr	87.9	77.9	82.0	101.6	90.8	89.0	64.7	60.6	72.7	..	108.6
May	88.0	78.8	81.2	100.0	79.3	88.9	67.6	78.2	71.0	..	124.8

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

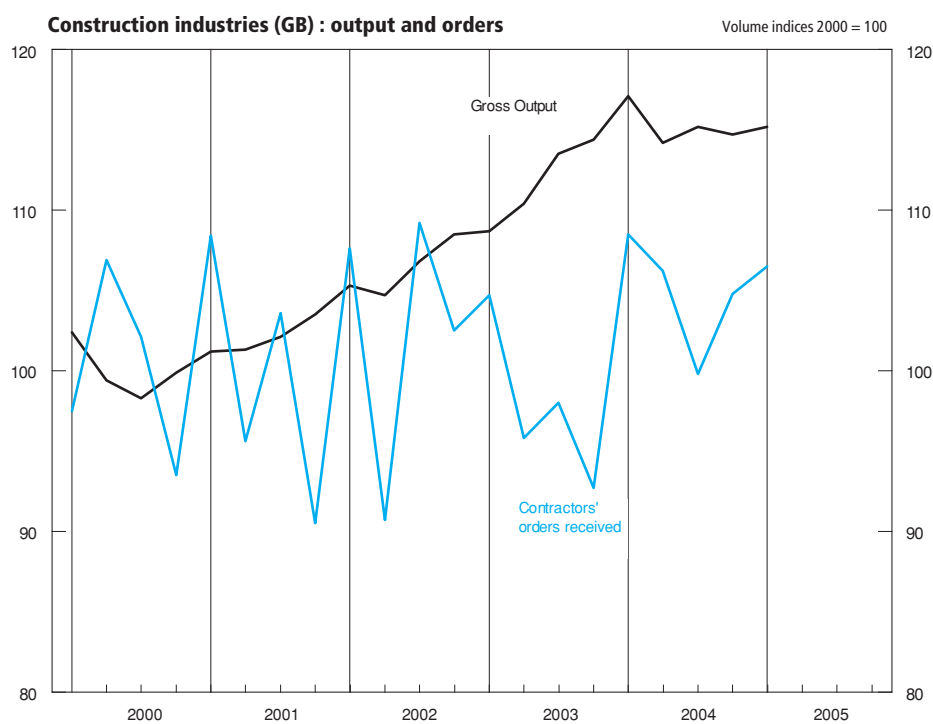
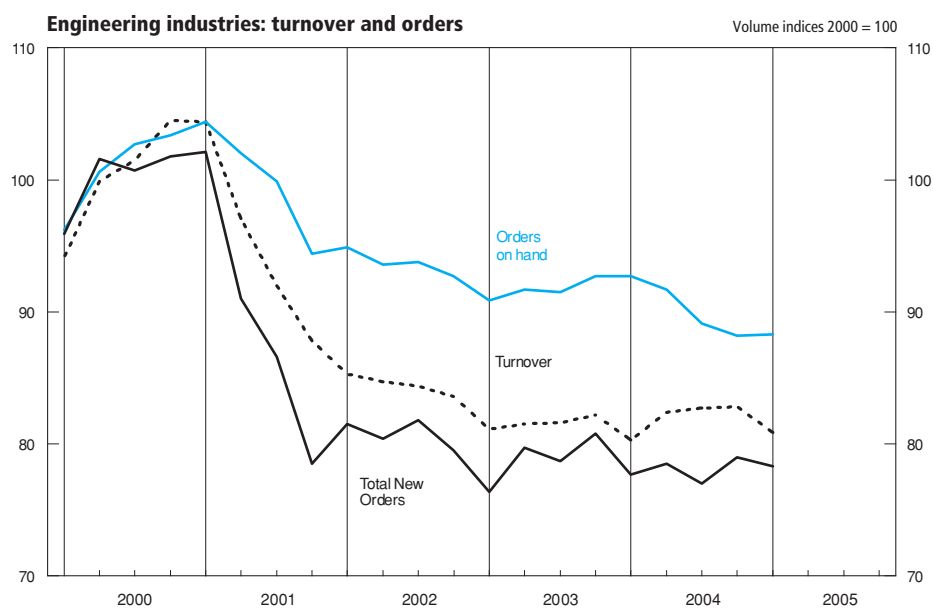
2 For Orders on Hand, the annual and quarterly index values represent the value at the end of the period in question, rather than the average value for that period, so the annual value shown for 2000 may not equal 100.

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





## 5.3 Motor vehicle and steel production

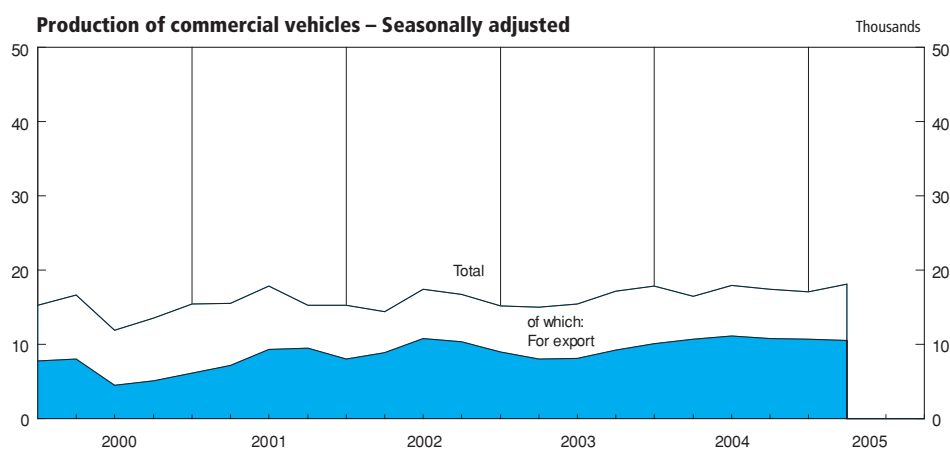
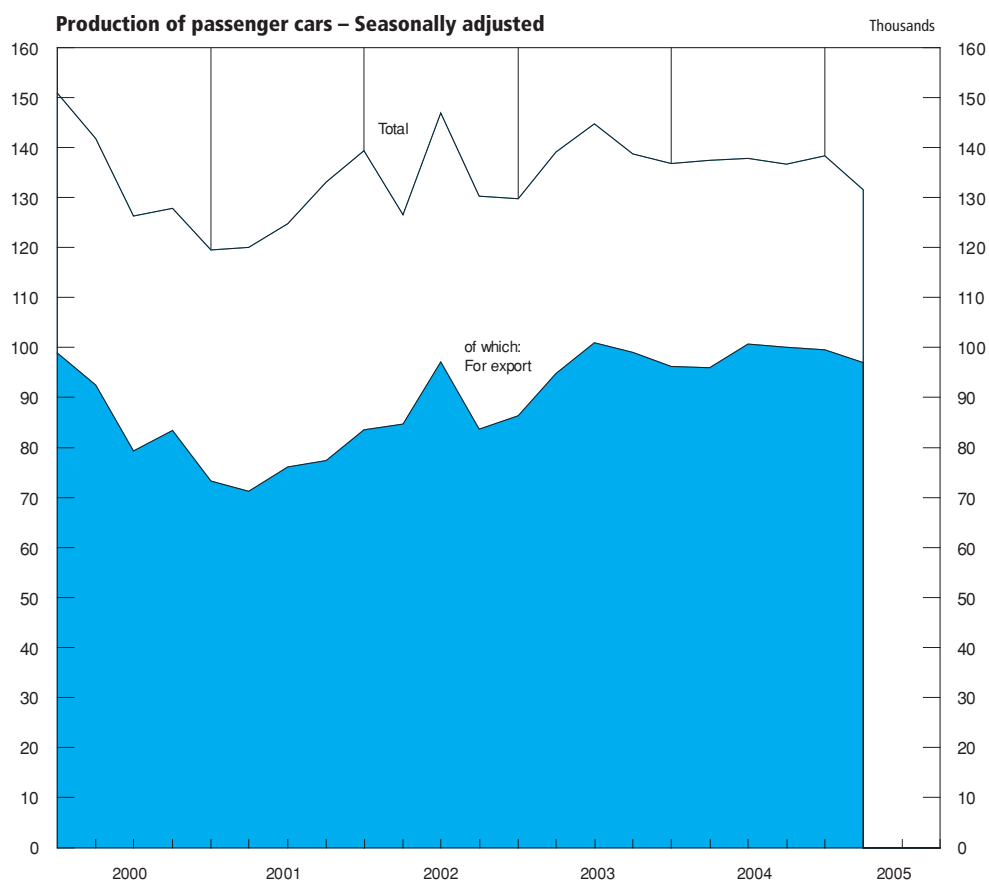
	Passenger cars <sup>1</sup>				Commercial vehicles <sup>1</sup>				Crude steel production (NSA) <sup>2</sup> (thousand tonnes)
	Not seasonally adjusted		Seasonally adjusted		Not seasonally adjusted		Seasonally adjusted		
	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	Total production (thousands)	of which for export (thousands)	
Annual	FFAA	FFAB	FFAO	FFAP	FFAC	FFAD	FFAQ	FFAR	BCBS
2000	136.8	88.6	136.8	88.6	14.3	6.3	14.4	6.4	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
2004	137.2	98.3	137.2	98.3	17.4	10.7	17.4	10.7	13 765.8
Quarterly									
2000 Q1	164.8	105.0	150.9	98.9	16.7	8.4	15.3	7.8	4 442.5
Q2	144.4	97.6	141.9	92.6	17.3	8.2	16.7	8.0	4 019.8
Q3	111.7	63.2	126.4	79.4	9.5	3.5	11.9	4.5	3 288.7
Q4	126.3	88.6	127.9	83.4	13.7	5.2	13.6	5.1	3 403.6
2001 Q1	129.0	75.5	119.5	73.3	17.2	6.6	15.5	6.1	3 651.7
Q2	124.1	76.5	120.1	71.3	16.6	7.7	15.6	7.2	3 729.6
Q3	111.9	61.0	124.8	76.1	14.5	7.4	17.9	9.3	3 205.5
Q4	132.4	85.1	133.1	77.4	16.1	10.3	15.3	9.5	2 955.9
2002 Q1	149.9	85.0	139.4	83.5	16.7	8.4	15.3	8.0	3 046.3
Q2	133.5	94.0	126.6	84.7	14.8	9.4	14.4	8.9	3 060.0
Q3	130.6	80.7	147.0	97.1	14.9	9.3	17.4	10.8	2 801.9
Q4	128.7	89.3	130.3	83.7	17.3	10.9	16.7	10.3	2 758.9
2003 Q1	141.4	91.5	129.8	86.4	16.5	9.3	15.2	9.0	3 081.0
Q2	144.4	101.3	139.1	94.8	15.5	8.3	15.0	8.0	3 258.7
Q3	130.4	85.8	144.8	101.0	13.4	6.9	15.5	8.1	3 264.3
Q4	136.2	102.7	138.8	99.1	17.6	9.7	17.2	9.2	3 524.4
2004 Q1	148.5	101.2	136.8	96.3	19.3	10.4	17.9	10.1	3 380.7
Q2	142.7	102.3	137.5	96.0	16.9	11.2	16.5	10.7	3 681.4
Q3	126.3	88.3	137.9	100.7	15.6	9.7	18.0	11.1	3 405.2
Q4	131.4	101.5	136.7	100.1	17.9	11.4	17.4	10.8	3 298.5
2005 Q1	144.3	99.1	138.4	99.6	18.4	11.3	17.1	10.7	3 305.6
Q2	138.7	105.3	131.6	97.0	18.2	10.7	18.1	10.5	3 545.1
Monthly									
2003 Jan	136.1	85.8	123.7	81.0	15.8	8.3	14.9	9.2	1 095.5*
Feb	136.3	86.2	130.0	87.7	16.3	8.9	15.2	8.6	983.0
Mar	151.9	102.4	135.6	90.5	17.3	10.7	15.4	9.2	1 002.5
Apr	144.8	100.8	151.9	105.6	14.6	8.0	15.0	7.8	1 218.8*
May	133.1	97.6	126.2	85.6	14.0	7.5	14.3	7.4	1 023.3
Jun	155.4	105.6	139.3	93.3	18.0	9.5	15.8	8.7	1 016.6
Jul	146.3	93.1	144.1	98.3	15.2	7.6	16.6	8.4	1 245.8*
Aug	91.4	57.5	145.0	100.4	7.8	3.8	14.9	7.6	977.8
Sep	153.5	106.8	145.3	104.3	17.1	9.2	15.0	8.3	1 040.7
Oct	153.4	113.8	138.6	96.8	16.8	9.5	15.4	8.6	1 198.0*
Nov	142.9	110.5	134.8	99.3	19.0	9.8	17.2	9.5	1 117.8
Dec	112.4	83.8	142.9	101.1	17.0	9.9	19.0	9.6	1 208.6*
2004 Jan	141.3	96.4	138.7	97.9	20.5	9.6	19.6	11.0	1 009.3
Feb	141.1	93.0	131.9	92.2	17.3	10.0	16.4	9.9	1 024.9
Mar	163.1	114.3	139.7	98.8	20.2	11.7	17.7	9.3	1 346.5*
Apr	129.6	95.7	136.6	98.1	15.7	10.1	16.0	10.2	1 155.5
May	143.1	102.3	139.3	92.9	16.9	11.9	17.4	11.5	1 160.7
Jun	155.5	108.9	136.7	97.1	18.2	11.6	16.2	10.5	1 365.2*
Jul	140.5	100.5	145.2	107.4	14.9	10.1	16.7	11.3	1 042.6
Aug	83.2	56.7	132.5	97.2	10.2	5.7	18.1	9.8	1 015.8
Sep	155.3	107.6	136.0	97.6	21.7	13.3	19.1	12.2	1 346.8*
Oct	135.1	107.2	134.1	102.0	18.6	12.2	18.1	11.4	1 091.5
Nov	149.3	114.4	140.4	102.1	20.1	12.3	17.0	10.3	1 001.4
Dec	109.7	82.8	135.7	96.3	14.9	9.7	17.0	10.6	1 205.6*
2005 Jan	136.0	89.2	137.0	95.1	17.7	10.7	17.0	11.0	1 028.2
Feb	143.5	98.3	138.8	100.6	18.0	10.7	17.2	10.5	1 016.8
Mar	153.3	109.9	139.4	103.1	19.6	12.6	17.2	10.5	1 260.6*
Apr	139.8	105.1	140.1 <sup>†</sup>	100.3 <sup>†</sup>	18.9	11.4	20.1 <sup>†</sup>	11.9	1 161.8
May	132.0	99.1	129.3	93.6	17.5	10.7	17.9	10.1 <sup>†</sup>	1 147.5 <sup>†</sup>
Jun	144.3	111.7	125.5	97.2	18.3	10.0	16.4	9.4	1 235.8 <sup>3</sup>

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.

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



## 5.4 Indicators of fixed investment in dwellings

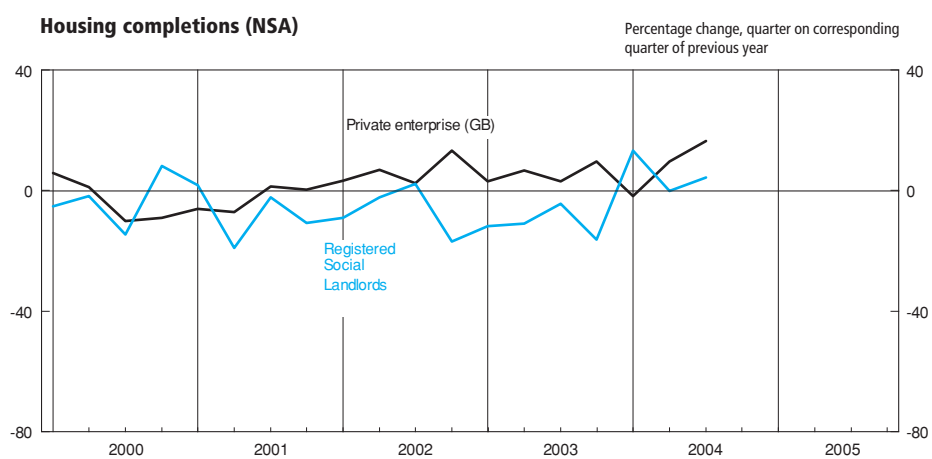
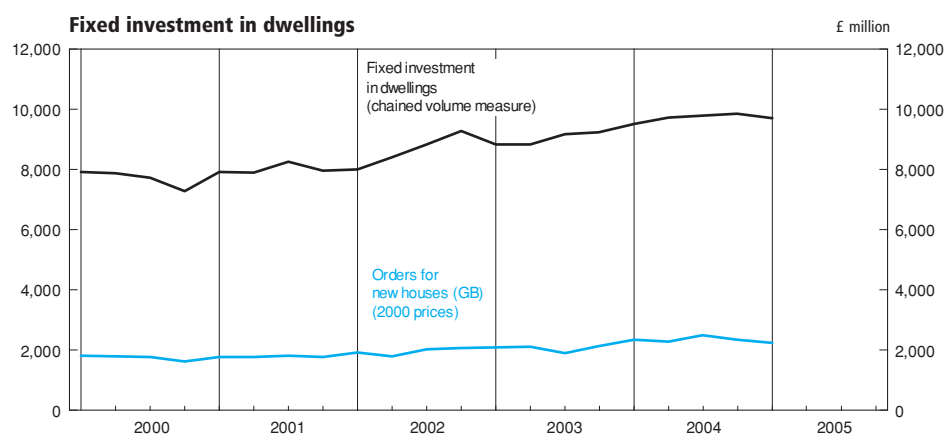
	Fixed investment in dwellings (£ million, chained volume measures, reference year 2002)	Orders received by contractors for new houses (GB) (£ million, 2000 prices)	Housing starts (NSA) <sup>1</sup> (GB)			Housing completions (NSA) <sup>1</sup> (GB)			Mix-adjusted price of new dwellings at mortgage completion stage (NSA) <sup>3</sup> (£)
			Private enterprise (thousands)	Registered Social Landlords <sup>2</sup> (thousands)	Local Authorities (thousands)	Private enterprise (thousands)	Registered Social Landlords <sup>2</sup> (thousands)	Local Authorities (thousands)	
<b>Annual</b>	DFEG	SGAB	FCAB	CTOR	CTOV	FCAD	CTOT	CTOX	WMPS
2001	32 006	7 122	162.7	16.8	0.3	139.8	20.9	0.3	134 234
2002	34 499	7 805	164.6	16.2	0.2	149.1	19.3	0.2	161 533
2003	36 056	8 219	177.1	16.2	0.3	157.9	17.2	0.2	186 427
2004	38 866	9 472	..	..	..	..	..	..	205 818
<b>Quarterly</b>									
2001 Q1	7 911	1 767	39.2	5.7	0.2	32.5	5.6	0.1	130 771
Q2	7 891	1 772	43.7	4.2	—	34.4	4.7	0.1	130 774
Q3	8 252	1 822	43.5	3.2	—	35.5	4.6	0.1	135 507
Q4	7 952	1 761	36.3	3.7	0.1	37.4	5.9	0.1	137 368
2002 Q1	8 006	1 916	41.7	5.4	0.1	33.6	5.1	—	143 996
Q2	8 396	1 782	42.5	3.8	0.1	36.8	4.6	0.2	157 646
Q3	8 829	2 031	44.0	3.4	—	36.4	4.7	—	164 293
Q4	9 268	2 075	36.3	3.6	—	42.4	4.9	—	173 254
2003 Q1	8 824	2 095	44.2	5.0	0.1	34.6	4.5	0.1	175 947
Q2	8 835	2 108	46.8	4.4	0.2	39.3	4.1	0.1	187 676
Q3	9 165	1 894	45.7	3.8	—	37.5	4.5	—	188 711
Q4	9 232	2 123	40.4	3.0	0.1	46.5	4.1	0.1	193 373
2004 Q1	9 512	2 346	46.9	6.5	—	34.0	5.1	—	194 276
Q2	9 721	2 287	51.5	4.2	0.1	43.1	4.1	0.1	204 679
Q3	9 784	2 488	50.7	3.7	—	43.7	4.7	—	212 505
Q4	9 849	2 351	..	..	..	..	..	..	211 812
2005 Q1	9 701	2 239 <sup>†</sup>	..	..	..	..	..	..	214 704
<b>Monthly</b>									
2003 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	..	796	..	..	..	..	..	..	195 238
Feb	..	754	..	..	..	..	..	..	192 165
Mar	..	796	..	..	..	..	..	..	195 426
Apr	..	880	..	..	..	..	..	..	201 796
May	..	697	..	..	..	..	..	..	203 015
Jun	..	710	..	..	..	..	..	..	209 225
Jul	..	758	..	..	..	..	..	..	211 663
Aug	..	889	..	..	..	..	..	..	211 314
Sep	..	841	..	..	..	..	..	..	214 537
Oct	..	742	..	..	..	..	..	..	214 509
Nov	..	805	..	..	..	..	..	..	212 354
Dec	..	803	..	..	..	..	..	..	208 574
2005 Jan	..	650	..	..	..	..	..	..	212 952
Feb	..	778 <sup>†</sup>	..	..	..	..	..	..	213 093
Mar	..	812	..	..	..	..	..	..	218 067
Apr	..	954	..	..	..	..	..	..	213 950
May	..	805	..	..	..	..	..	..	217 361

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](http://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), 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 prices.

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; Columns 3-8 0117 372 8055; Column 9 020 7944 3325



# 5.5 Number of property transactions<sup>1</sup>

Thousands

	Number of property transactions				Number of property transactions		
	Not seasonally adjusted England & Wales	Seasonally adjusted England & Wales <sup>4,5</sup>	Not seasonally adjusted England, Wales & N. Ireland		Not seasonally adjusted England & Wales	Seasonally adjusted England & Wales <sup>4,5</sup>	Not seasonally adjusted England, Wales & N. Ireland
	FTAP		FTAR				
2000	1 433		1 471	Jul	132	120	135
2001	1 458		1 497	Aug	140	125	143
2002	1 586		1 627	Sep	124	124	127
2003	1 345		1 397	Oct	140	125	143
2004	1 786		1 830	Nov	137	131	141
				Dec	110	123	112
		FTAQ					
2000 Q1	367	392	379	2002 Jan	131	120	134
Q2	348	356	356	Feb	108	127	110
Q3	379	346	388	Mar	104	127	106
Q4	339	338	349	Apr	129	135	132
2001 Q1	327	346	337	May	137	140	140
Q2	347	363	360	Jun	129	135	132
Q3	396	369	405	Jul	152	134	154
Q4	387	379	396	Aug	166	149	171
2002 Q1	342	374	351	Sep	139	134	144
Q2	395	410	404	Oct	147	131	151
Q3	457	417	468	Nov	127	124	131
Q4	392	385	404	Dec	118	131	122
2003 Q1	340	361	359	2003 Jan	131	121	137
Q2	306	323	320	Feb	103	120	109
Q3	358	327	369	Mar	106	119	113
Q4	340	333	349	Apr	101	113	108
2004 Q1	447	470	457	May	101	106	105
Q2	452	459	463	Jun	103	105	107
Q3	491	447	504	Jul	132	115	135
Q4	396	411	406	Aug	112	106	116
2005 Q1	322	351	329	Sep	114	106	118
Q2	363	358	376	Oct	120	108	124
2000 Jan	137	136	140	Nov	110	109	113
Feb	112	128	116	Dec	111	116	113
Mar	118	128	122	2004 Jan	157	151	160
Apr	97	114	100	Feb	148	171	152
May	122	120	126	Mar	142	147	145
Jun	129	122	130	Apr	140	151	143
Jul	127	117	130	May	145	152	148
Aug	134	117	137	Jun	167	156	172
Sep	117	112	121	Jul	175	151	179
Oct	123	112	127	Aug	159	148	163
Nov	117	111	121	Sep	158	148	162
Dec	98	114	101	Oct	138	142	142
2001 Jan	123	113	127	Nov	124	132	128
Feb	99	117	102	Dec	134	136	136
Mar	105	116	108	2005 Jan	108	107	109
Apr	101	115	105	Feb	112	126	114
May	121	122	126	Mar	102	119	105
Jun	125	125	128	Apr	112	117	115
				May	113	119	116
				Jun	139	123	144

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 latest month includes 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 figure is 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 7147 2882



## 5.6 Change in inventories

### Chained volume measures<sup>1</sup>

Reference year 2002, £ million

	Mining and quarrying	Manufacturing industries				Electricity, gas and water supply	Distributive trades		Other industries <sup>3</sup>	Change in inventories
		Materials and fuel	Work in progress	Finished goods	Total		Wholesale <sup>2</sup>	Retail <sup>2</sup>		
Level of inventories at end-December 2004	1034	16 155	15 931	19 676	51 762	1726	27 873	26 080	45 284	153 759
<b>Quarterly</b>										
	FAEA	FBNF	FBNG	FBNH	DHBM	FAEB	FAJX	FBYN	DLWX	CAFU
2001 Q1	63	-652	325	-133	-459	-214	566	-130	1 215	1 040
Q2	-45	-200	331	224	354	190	-76	-160	1 112	1 375
Q3	93	352	271	32	656	88	519	229	76	1 662
Q4	-15	93	-413	45	-275	-15	-299	1 076	1 647	2 119
2002 Q1	48	118	36	615	769	-63	13	674	-264	1 177
Q2	-30	-82	-159	-128	-369	140	810	1 112	-1 269	394
Q3	-20	-115	341	-263	-37	-66	431	-74	246	480
Q4	-26	-311	-222	-588	-1 121	-110	-643	-94	2 852	858
2003 Q1	-25	540	137	34	711	67	169	167	-986	103
Q2	53	-385	-130	-215	-730	-5	-583	455	423	-387
Q3	-86	-213	-246	279	-180	-41	275	274	2 097	2 339
Q4	1	-34	-266	-228	-528	-1	369	247	2 459	2 547
2004 Q1	7	-89	60	-613	-642	156	40	1 047	556	1 164
Q2	-4	-96	-356	361	-91	-165	1 441	-617	546	1 110
Q3	-41	100	-80	219	239	5	-398	794	379	978
Q4	-1	-24	-271	-38	-333	-82	181	405	1 726	1 896
2005 Q1	7	371	174	103	648	-116	-65	-123	1 627	1 978

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 6031

## 5.7 Inventory ratios

	Manufacturers' inventories <sup>1</sup> to manufacturing production				Retail inventories <sup>1</sup> to retail sales <sup>2</sup>	Total inventories <sup>1,3</sup> to gross value added
	Materials and fuel	Work in progress	Finished goods	Total inventories		
Quarterly						
	FAPG	FAPH	FAPI	FAPF	FAPC	FDCA
2001 Q1	97.6	101.0	99.3	99.3	98.9	100.0
Q2	98.6	105.3	102.8	102.3	96.3	101.0
Q3	100.9	107.1	103.0	103.6	95.6	102.0
Q4	103.6	106.8	105.5	105.3	99.2	103.0
2002 Q1	104.6	107.4	109.0	107.1	100.5	103.0
Q2	105.4	107.7	109.7	107.7	103.5	103.0
Q3	103.3	108.6	107.1	106.4	102.4	102.0
Q4	102.4	108.3	105.1	105.3	100.1	103.0
2003 Q1	105.6	109.0	105.0	106.4	102.0	102.0
Q2	102.8	107.8	103.6	104.7	102.6	101.0
Q3	100.8	105.5	104.3	103.6	102.7	102.0
Q4	99.8	103.0	102.3	101.7	101.7	103.0
2004 Q1	99.6	103.8	99.5	100.9	104.3	102.0
Q2	97.6	100.1	100.0	99.3	99.7	102.0
Q3	98.9	100.3	101.8	100.4	102.1	103.0
Q4	98.5	98.4	101.3	99.5	103.7	103.0
2005 Q1	101.6	100.3	102.7	101.6	103.2	104.0

1 Chained volume measure: reference year 2002.

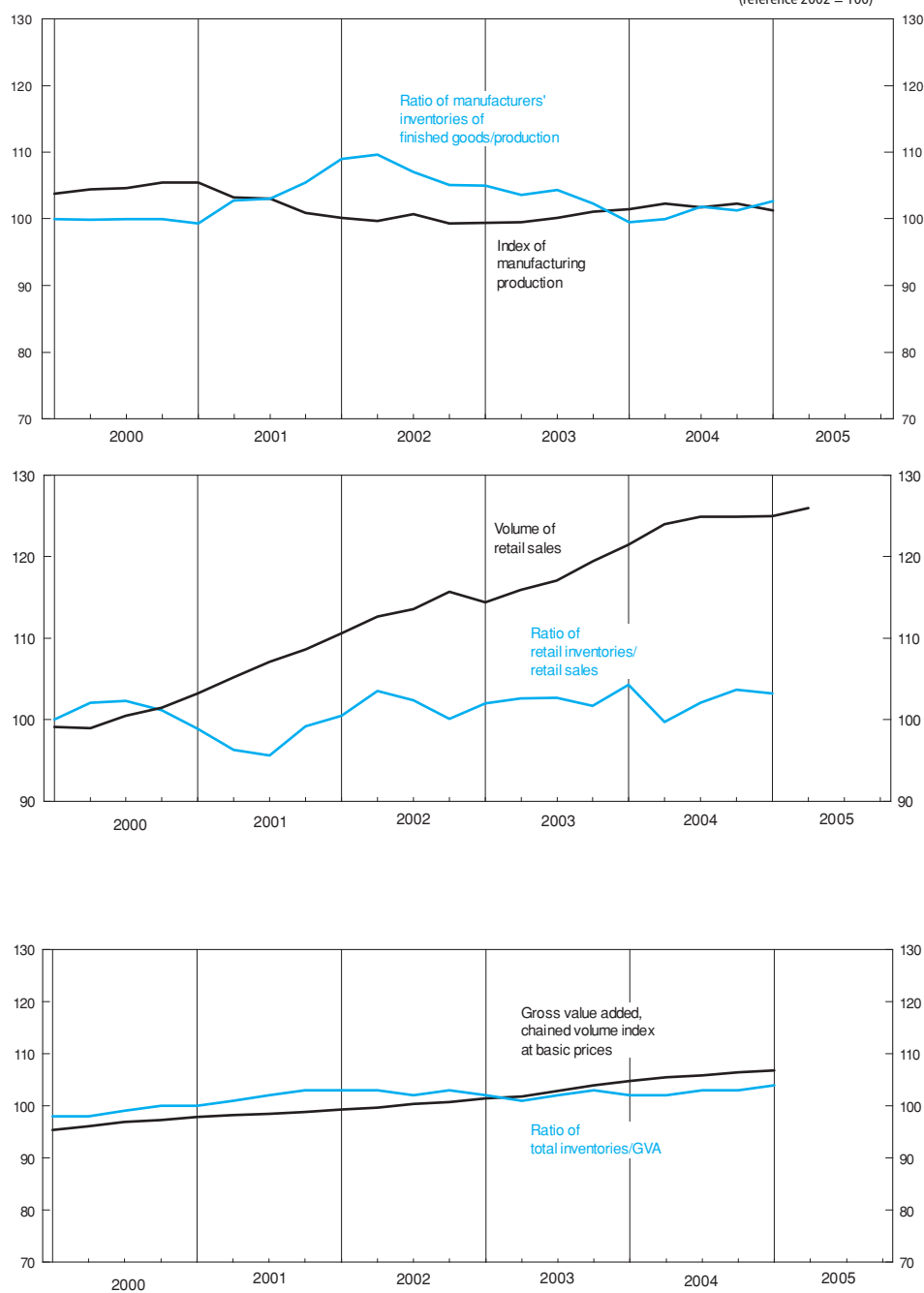
2 Classes 64-65 excluding activity headings 6510 and 6520, retail distribution of motor vehicles and parts, and filling stations.

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

chained volume measures,  
seasonally adjusted  
(reference 2002 = 100)





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

	Value of retail sales per week: total (average 2000=100) <sup>1,2</sup>	Volume of retail sales per week+(average 2000=100) <sup>1,2</sup>								New registrations of cars (NSA, thousands) <sup>5</sup>	Total consumer credit: Net lending (£ million) <sup>3,4</sup>	of which	
		All retailers	Predominantly food stores	Predominantly non-food stores								Credit cards <sup>6</sup>	Other <sup>6</sup>
				Total	Non-specialist stores	Textile, clothing and footwear	Household goods stores	Other stores	Non-store and repair				
<i>Sales in 2000</i>													
<i>£ million</i>	207 149	207 149	89 041	106 359	18 781	27 880	27 699	31 999	11 749				
<b>Annual</b>													
	EAQV	EAPS	EAPT	EAPV	EAPU	EAPX	EAPY	EAPW	EAPZ	BCGT	RLMH	VZQX	VZQY
2001	105.9	106.1	104.1	107.8	106.0	109.4	109.8	105.7	106.0	2 577.5	17 682 <sup>†</sup>	6 280 <sup>†</sup>	11 496 <sup>†</sup>
2002	111.1	112.7	108.2	116.4	110.4	121.0	117.9	114.7	113.2	2 682.0	21 152	7 610	13 597
2003	114.0	116.6	111.8	121.5	113.7	128.9	123.0	118.4	107.5	2 646.2	20 226	8 925	11 493
2004	119.2	123.6	116.4	130.3	117.7	139.0	131.6	129.0	117.8	2 598.8	22 970	9 991	13 003
<b>Quarterly</b>													
2001 Q1	102.9	103.2	102.8	103.8	104.4	105.0	105.9	100.5	100.4	704.2	3 287 <sup>†</sup>	1 355 <sup>†</sup>	2 122 <sup>†</sup>
Q2	105.4	105.2	103.7	106.5	106.0	107.1	109.6	103.6	105.8	617.7	4 546	1 703	2 808
Q3	107.0	107.1	104.6	108.9	106.7	110.7	110.1	107.7	110.1	725.6	4 161	1 218	2 944
Q4	108.1	108.6	105.5	111.1	107.5	113.9	112.9	109.1	108.6	530.0	5 688	2 004	3 622
2002 Q1	109.9	110.6	106.7	114.5	108.8	118.4	115.0	114.2	104.7	758.7	4 992	1 965	3 110
Q2	111.1	112.7	108.0	116.7	109.3	120.6	117.1	117.2	111.5	650.0	4 727	1 676	3 019
Q3	111.7	113.6	109.0	116.9	111.5	122.2	118.1	114.4	118.3	744.6	6 006	2 026	3 949
Q4	113.5	115.7	111.0	119.1	113.1	124.2	120.7	116.6	121.3	528.7	5 427	1 943	3 519
2003 Q1	112.4	114.4	110.0	118.9	110.8	126.2	118.8	117.4	107.6	737.6	4 999	2 255	2 776
Q2	113.3	115.9	111.7	120.4	112.5	127.9	122.6	116.6	106.5	642.7	5 638	2 555	3 090
Q3	114.6	117.1	112.6	122.1	114.0	130.4	123.7	118.2	106.2	742.8	4 955	2 097	2 831
Q4	116.3	119.4	113.5	125.3	117.1	132.2	126.7	122.8	110.1	523.1	4 634	2 018	2 796
2004 Q1	117.9	121.5	114.5	128.2	116.1	137.2	128.9	127.0	113.5	762.2	6 021	2 429	3 393
Q2	119.9	124.0	116.2	131.0	119.3	140.2	131.1	129.9	118.7	629.8	5 924	2 552	3 431
Q3	120.3	124.9	117.3	132.1	119.2	139.8	134.0	131.2	118.5	709.9	5 684	2 432	3 177
Q4	119.9	124.9	117.8	131.4	118.3	140.8	132.9	129.6	120.5	496.9	5 341	2 578	3 002
2005 Q1	119.9	125.0	119.0	130.3	119.7	141.8	131.1	126.0	122.9	697.9	6 054	2 313	3 509
Q2	120.6	126.0	119.2	131.4	116.9	145.2	131.1	128.1	128.4	..	4 398	1 571	2 939
<b>Monthly</b>													
2003 Jul	114.2	116.6	112.2	121.4	113.8	130.0	122.8	117.0	107.2	201.1	1 900 <sup>†</sup>	695 <sup>†</sup>	1 205 <sup>†</sup>
Aug	114.6	117.1	113.0	121.8	113.4	128.5	124.3	118.7	105.8	94.2	1 481	683	798
Sep	114.9	117.5	112.6	122.9	114.5	132.2	124.0	118.8	105.7	447.5	1 729	843	887
Oct	115.8	118.7	113.2	124.4	117.4	132.3	125.4	120.7	108.5	186.6	1 884	813	1 070
Nov	115.7	118.7	113.1	124.3	114.7	131.9	124.8	122.9	111.0	175.7	1 656	488	1 167
Dec	117.1	120.4	114.1	126.8	118.8	132.5	129.2	124.4	110.6	160.8	1 074	490	584
2004 Jan	117.7	120.9	113.9	127.6	115.2	136.7	127.7	126.9	112.4	199.6	1 964	727	1 238
Feb	117.7	121.1	114.4	127.7	116.5	135.9	128.9	126.1	112.0	92.3	2 014	598	1 416
Mar	118.2	122.3	114.9	129.1	116.4	138.6	129.9	127.8	115.7	470.3	1 965	1 236	729
Apr	119.0	122.9	115.4	130.1	118.5	139.7	130.1	128.5	114.7	191.1	1 890	855	1 035
May	119.7	123.9	116.2	130.8	120.0	140.9	130.1	129.0	119.2	197.6	1 816	724	1 093
Jun	120.6	124.9	117.0	132.0	119.2	140.2	132.9	131.7	121.5	241.1	2 287	926	1 361
Jul	119.5	123.8	116.4	130.7	116.5	135.9	133.9	131.7	118.0	188.2	1 793	860	933
Aug	120.2	124.8	117.3	131.9	121.1	141.3	132.9	129.3	116.4	87.3	2 160	925	1 235
Sep	121.0	126.0	118.0	133.3	119.8	141.7	135.1	132.4	120.5	434.4	1 877	805	1 071
Oct	120.4	125.1	117.9	131.9	118.6	141.7	132.6	130.5	119.1	171.8	1 692	796	896
Nov	120.8	125.8	118.3	132.7	120.1	142.1	134.8	129.9	120.3	175.6	1 817	817	1 000
Dec	118.9	124.0	117.2	130.0	116.6	139.1	131.6	128.5	121.8	149.5	1 758	666	1 092
2005 Jan	120.1	125.2	119.6	130.0	119.6	139.3	133.3	125.4	123.4	180.0	2 335	1 079	1 256
Feb	119.9	125.2	118.8	130.4	119.2	143.0	130.6	125.7	126.8	77.5	1 785	746	1 038
Mar	119.9	124.8	118.6	130.6	120.2	142.8	129.8	126.6	119.4	440.4	1 832	698	1 134
Apr	119.9 <sup>†</sup>	125.3 <sup>†</sup>	118.8	130.4 <sup>†</sup>	116.6 <sup>†</sup>	144.4 <sup>†</sup>	129.8 <sup>†</sup>	127.0 <sup>†</sup>	128.9 <sup>†</sup>	178.9	1 131	367	764
May	119.9	125.3	118.8 <sup>†</sup>	130.5	115.7	144.4	130.7	127.1	127.8	189.2	2 017	751	1 266
Jun	121.7	127.0	119.8	132.8	118.1	146.5	132.4	129.8	128.5	..	1 280	335	945

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](http://www.statistics.gov.uk)

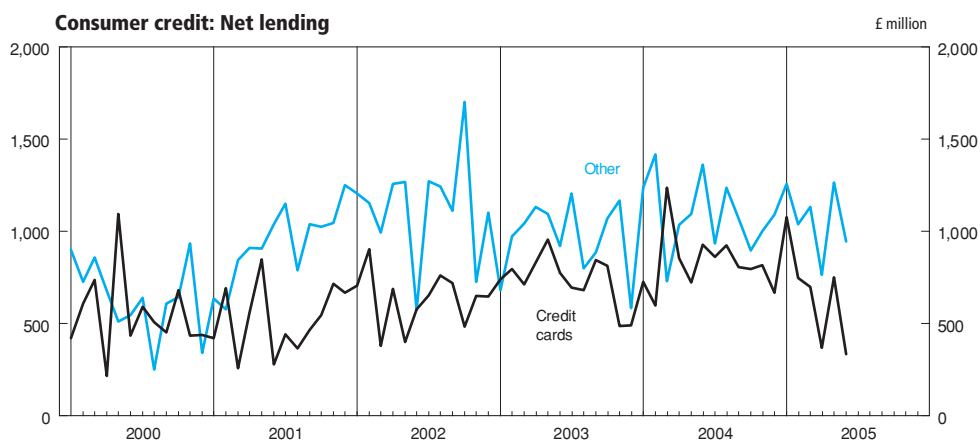
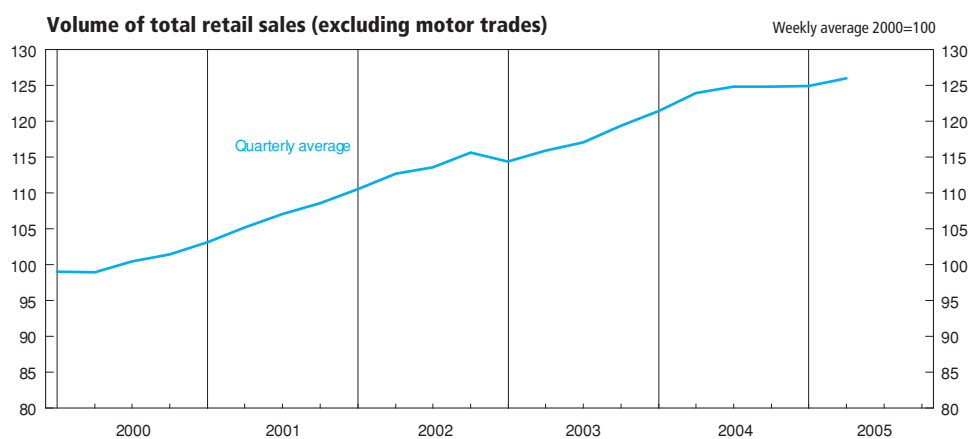
3 Net lending equals changes in amounts outstanding adjusted to remove distortions arising from revaluations of debt such as write-offs.

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.



## 5.9 Inland energy consumption: primary fuel input basis

Million tonnes of oil equivalent

Seasonally adjusted and temperature corrected <sup>7</sup> (annualised rates)							
	Coal <sup>1</sup>	Petroleum <sup>2</sup>	Natural gas <sup>3</sup>	Nuclear	Primary electricity <sup>5</sup>		Total
					Wind and natural flow Hydro <sup>4</sup>	Net imports <sup>6</sup>	
<b>Annual</b>	FDAI	FDAJ	FDAK	FDAL	FDAM	FDAW	FDAH
2000	40.0	77.8	98.6 <sup>†</sup>	19.7	0.5	1.2	237.8 <sup>†</sup>
2001	43.1	76.6	96.7	20.8	0.4	0.9	238.6
2002	40.0	75.4	98.7	20.0	0.5	0.7	235.4
2003	43.1 <sup>†</sup>	74.9	97.7	20.0	0.4	0.2	236.3
2004	42.0	78.0 <sup>†</sup>	100.0	18.3	0.5	0.6	239.5
<b>Quarterly</b>							
2000 Q1	38.9	81.3	110.8	20.1	0.6	1.1	252.8 <sup>†</sup>
Q2	40.6	74.4	95.3	19.8	0.4	1.3	231.8
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	242.2
2001 Q1	45.6	75.8	108.8 <sup>†</sup>	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	84.6	21.8	0.5	0.9	229.7
Q4	39.8	77.8	100.6	22.6	0.5	0.7	242.0
2002 Q1	42.1	78.0	108.2	21.2	0.6	0.6	250.7
Q2	35.8	76.4	95.9	20.0	0.7	1.0	229.8
Q3	38.4	76.3	88.3	19.9	0.5	0.2	223.6
Q4	43.6	71.0	102.6	18.9	0.4	1.1	237.6
2003 Q1	43.1	72.6	108.1	21.0	0.3	0.3	245.5
Q2	45.2 <sup>†</sup>	78.5	92.7	20.6	0.5	0.1	237.6
Q3	42.1	73.7	85.6	19.7	0.5	-0.1	221.6
Q4	42.1	74.6	104.5	18.6	0.4	0.4	240.5
2004 Q1	43.5	71.5 <sup>†</sup>	111.2	20.3	0.5	0.4	247.5
Q2	40.6	80.0	97.2	17.3	0.5	0.6	236.1
Q3	41.0	77.7	86.8	18.1	0.7	0.7	225.0
Q4	42.9	82.7	105.1	17.4	0.5	0.8	249.4
2005 Q1	45.9	81.1	95.5	19.3 <sup>†</sup>	0.5	0.7	243.0
Percentage change, quarter on corresponding quarter of previous year							
<b>Quarterly</b>	FDAP	FDAQ	FDAR	FDAS	FDAT	FDAX	FDAO
2000 Q1	3.9	-0.2	5.4 <sup>†</sup>	-13.8	12.1	-10.6	1.5
Q2	7.7	-5.0	5.4	-14.6	-25.9	1.9	0.2
Q3	5.1	3.5	1.3	-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	-1.8	-1.0	-43.8	-	-0.5
Q2	9.9	-1.5	-2.3	-4.2	-9.6	-30.3	-0.3 <sup>†</sup>
Q3	5.7	2.1	-1.0	12.8	4.7	-29.0	2.3
Q4	-1.6	0.3	-2.4	16.6	6.1	-45.0	-0.1
2002 Q1	-7.7	2.9	-0.5	6.8	73.8	-43.7	-0.3
Q2	-19.8	4.3	3.0	5.6	73.5	5.5	-0.6
Q3	-9.6	-4.0	4.4	-8.8	11.4	-75.5	-2.7
Q4	9.4	-8.8	2.1	-16.3	-32.7	67.6	-1.8
2003 Q1	2.5 <sup>†</sup>	-6.9	-0.5	-1.3	-42.4	-56.2	-2.1
Q2	26.2	2.7	-3.3	2.9	-29.6	-89.0	3.4
Q3	9.7	-3.3	-3.0	-0.9	-13.6	-	-0.9
Q4	-3.5	5.1	1.8	-1.6	-2.7	-59.6	1.3
2004 Q1	0.9	-1.5 <sup>†</sup>	2.8	-3.1	42.8	61.0	0.8
Q2	-10.2	1.9	4.9	-15.9	-2.8	-	-0.6
Q3	-2.6	5.4	1.3	-8.4	42.9	-	1.5
Q4	1.9	11.0	0.6	-6.8 <sup>†</sup>	49.1	92.5	3.7
2005 Q1	5.3	13.4	-14.1	-4.8	3.3	51.6	-1.8

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.

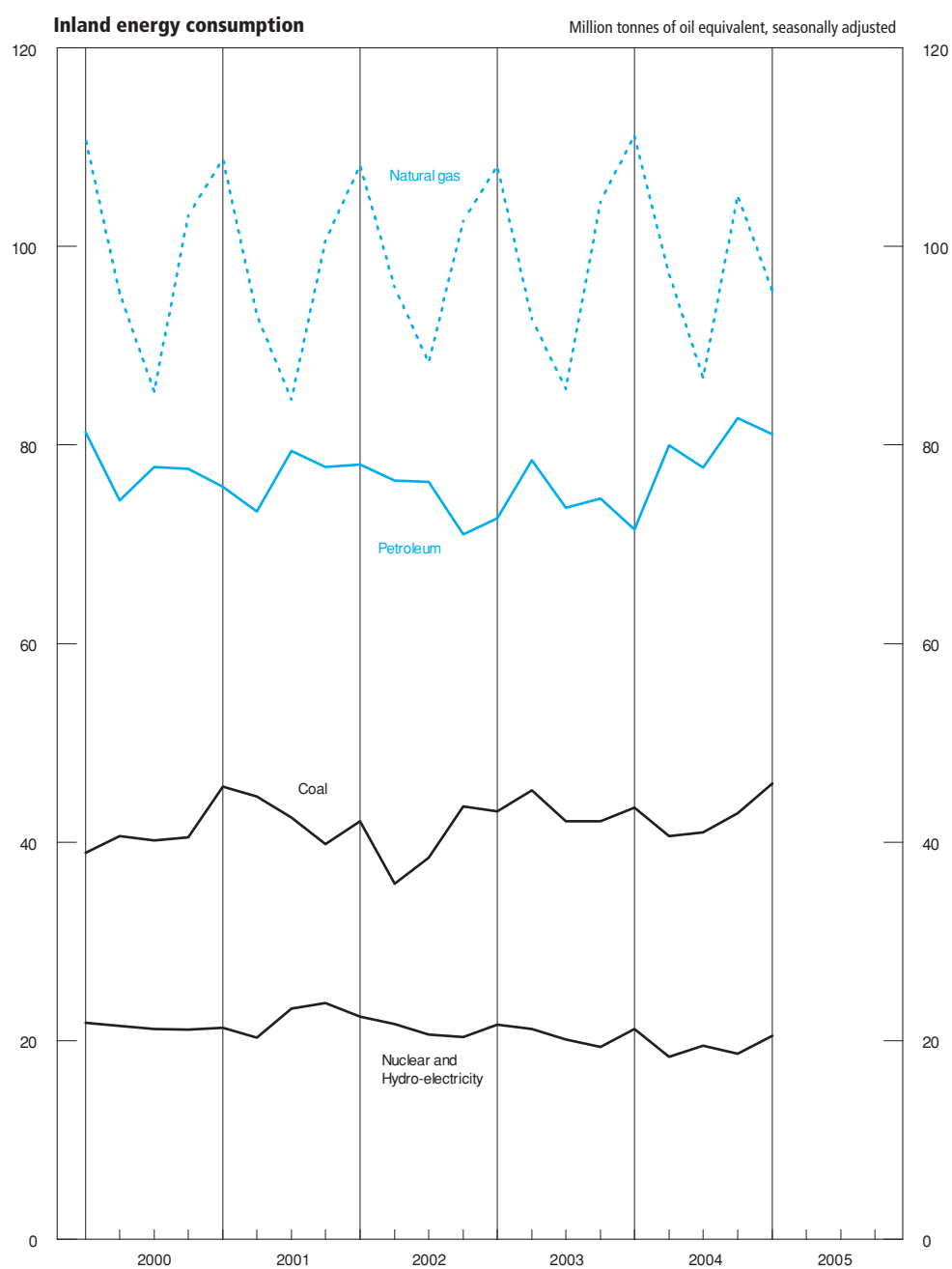
4 Includes generation by solar PV. Excludes generation from pumped storage stations.

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/dukes2003/01longterm.pdf](http://www.dti.gov.uk/energy/inform/dukes/dukes2003/01longterm.pdf)

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



# 6.1 Sterling exchange rates and UK reserves<sup>4</sup>

Not seasonally adjusted

	Sterling exchange rate against major currencies <sup>1</sup>								UK international reserves <sup>3</sup> at end of period (£ million)	Sterling exchange rate index 1990 = 100
	Japanese yen	US dollar	Swiss franc	Euro <sup>2</sup>	Danish kroner	Norwegian kroner	Swedish kronor	Hong Kong dollar		
Annual										
	AJFO	AUSS	AJFD	THAP	AJFK	AJFJ	AJFI	AJFU	THFE	AGBG
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	25 724	100.2
2004	198.10	1.8319 <sup>†</sup>	2.276	1.4739	10.965	12.342	13.453	14.2707	25 908	104.1
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	26 388	102.3
Q2	191.90	1.6194	2.163	1.4256	10.5851	11.344	13.032	12.6352	25 199	99.1
Q3	189.14	1.6108	2.209	1.4300	10.6264	11.794	13.103	12.5605	26 954	99.2
Q4	185.64	1.7065	2.228	1.4334	10.6591	11.796	12.913	13.2305	25 724	100.2
2004 Q1	197.07	1.8391	2.306	1.4708	10.9571	12.703	13.507	14.2983	25 266	104.1
Q2	198.21	1.8052	2.305	1.4992	11.1529	12.387	13.712	14.0831	25 178	105.2
Q3	199.95	1.8188 <sup>†</sup>	2.285	1.4877	11.0633	12.478	13.627	14.1861	25 382	104.8
Q4	197.18	1.8647	2.206	1.4388	10.6958	11.798	12.966	14.5080	25 908	102.4
2005 Q1	197.53	1.8907	2.234	1.4424	10.7362	11.889	13.092	14.7449	25 801	102.9
Q2	199.56	1.8553	2.276	1.4744	10.9788	11.863	13.572	14.4506	..	104.3
Monthly										
2003 Jan	192.07	1.6169	2.226	1.5222	11.314	11.172	13.964	12.6105	24 743	104.0
Feb	192.12	1.6046	2.189	1.4893	11.091	11.262	13.652	12.5450	26 176	102.4
Mar	187.82	1.5836	2.152	1.4649	10.880	11.506	13.511	12.3503	26 388	100.6
Apr	188.79	1.5747	2.170	1.4505	10.771	11.347	13.279	12.2817	25 277	99.8
May	190.42	1.6230	2.125	1.4030	10.417	11.047	12.840	12.6579	25 427	97.9
Jun	196.49	1.6606	2.193	1.4234	10.569	11.638	12.978	12.9502	25 199	99.6
Jul	192.72	1.6242	2.209	1.4277	10.613	11.828	13.130	12.6671	25 785	99.4
Aug	189.42	1.5950	2.200	1.4286	10.617	11.800	13.186	12.4395	26 550	99.0
Sep	185.29	1.6131	2.219	1.4338	10.649	11.755	12.994	12.5590	26 954	99.2
Oct	183.76	1.6787	2.220	1.4334	10.651	11.807	12.917	12.9962	26 131	99.8
Nov	184.47	1.6901	2.250	1.4426	10.729	11.832	12.973	13.1201	26 617	100.4
Dec	188.70	1.7507	2.214	1.4246	10.602	11.749	12.850	13.5923	25 724	100.3
2004 Jan	193.82	1.8234	2.262	1.4447	10.760	12.425	13.203	14.1598	25 329	102.4
Feb	199.16	1.8673	2.324	1.4774	11.008	12.983	13.566	14.5165	24 689	104.8
Mar	198.22	1.8267	2.332	1.4890	11.092	12.701	13.752	14.2349	25 266	105.0
Apr	194.04	1.8005	2.337	1.5022	11.182	12.458	13.775	14.0381	25 377	105.2
May	200.69	1.7876	2.293	1.4894	11.082	12.222	13.594	13.9374	24 819	104.6
Jun	199.91	1.8275	2.285	1.5050	11.189	12.482	13.767	14.2499	25 178	105.8
Jul	201.66	1.8429	2.294	1.5023	11.170	12.730	13.818	14.3740	24 579	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	25 557	102.2
Nov	194.76	1.8603	2.177	1.4311	10.635	11.658	12.877	14.4662	25 757	101.7
Dec	200.23	1.9275	2.212	1.4401	10.705	11.841	12.928	14.9890	25 908	103.2
2005 Jan	193.97	1.8764	2.217	1.4331	10.664	11.783	12.979	14.6292	25 840	102.1
Feb	198.10	1.8871	2.248	1.4499	10.791	12.064	13.172	14.7185	26 080	103.3
Mar	200.51	1.9078	2.237	1.4440	10.753	11.821	13.126	14.8801	25 801	103.2
Apr	203.34	1.8960	2.267	1.4652	10.916	11.980	13.433	14.7865	26 103	104.4
May	197.70	1.8538	2.258	1.4611	10.877	11.805	13.428	14.4439	26 595	103.6
Jun	197.64	1.8179	2.302	1.4952	11.132	11.805	13.854	14.1362	..	104.9

1 Average of daily Telegraphic Transfer rates in London.

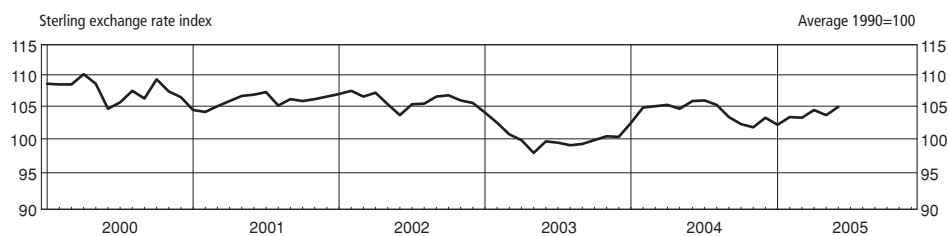
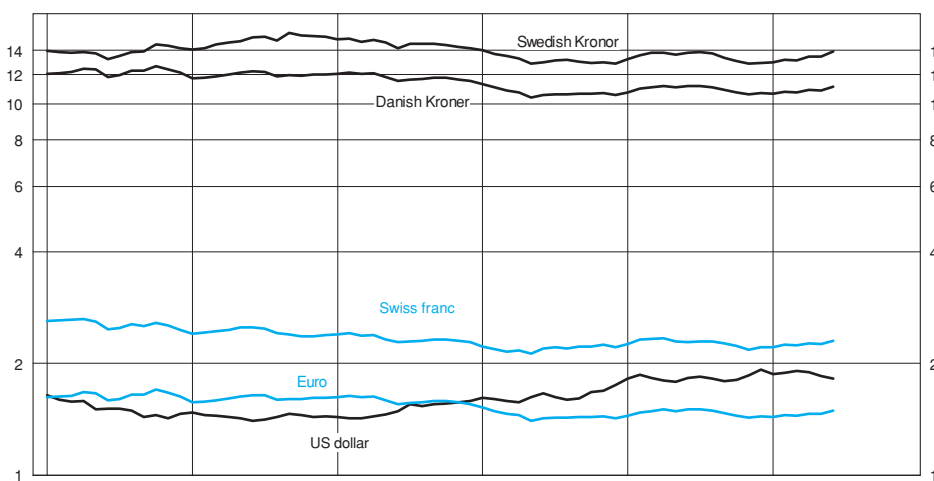
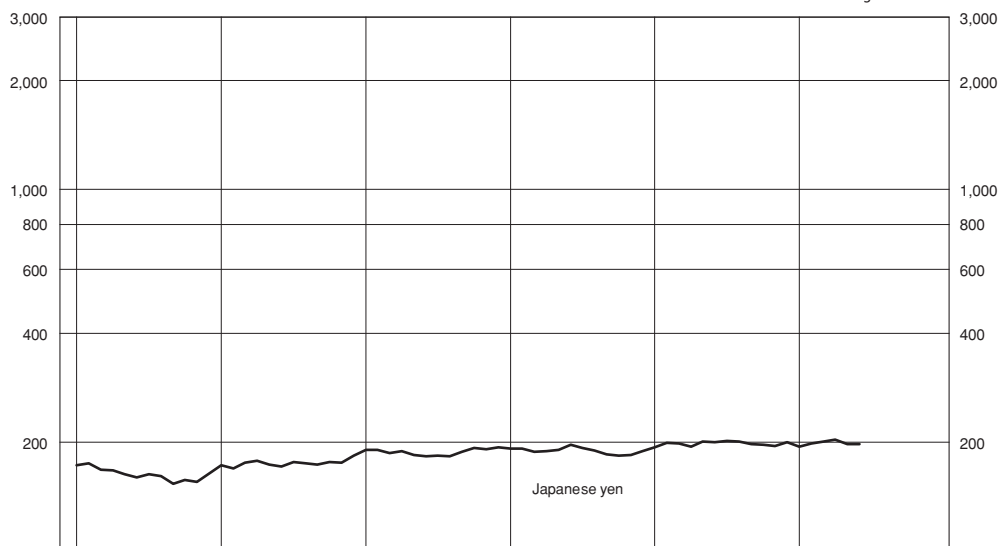
2 Prior to January 1999, a synthetic Euro has been calculated by geometrically averaging the bilateral exchange rates of the 11 Euro-area countries using "internal weights" based on each country's share of the extra Euro-area trade.

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 1.21 of *Financial Statistics*.

4 These figures fall outside the scope of National Statistics.

Source: Bank of England: *Enquiries 020 7601 4342*

## Sterling exchange rates

Relates to the £  
log scale

## 6.2 Monetary aggregates<sup>1,3</sup>

	M0				M4			
	Amount outstanding <sup>2</sup> (NSA)		Amount outstanding (£ million) +	Velocity of circulation: ratio	Amount outstanding (NSA)		Amount outstanding (£ million) +	Velocity of circulation: ratio
	£ million	Annual percentage change			£ million	Annual percentage change		
<b>Annual</b>								
	AVAD	VQNB	AAVE	AVAM	AUYM	VQLC	AUYN	AUYU
2000	34 566	5.5	32 489 <sup>†</sup>	30.43 <sup>†</sup>	884 839	8.2	882 789 <sup>†</sup>	1.12
2001	37 319	8.0	35 097	29.75	942 433	6.7	941 598	1.09
2002	39 540	6.0	37 229	28.98	1 008 678 <sup>†</sup>	7.3	1 007 745	1.08
2003	42 317	7.0	39 931	28.49	1 081 121	7.3	1 080 065	1.07
2004	44 466	5.1	42 248	28.28	1 178 963	9.3 <sup>†</sup>	1 175 187	1.03
<b>Quarterly</b>								
						VQRY		
2000 Q1	29 968	7.7	30 559 <sup>†</sup>	30.46	836 240	5.4	830 123 <sup>†</sup>	1.15
Q2	30 896	7.0	31 219	30.61 <sup>†</sup>	856 220	6.9	849 263	1.12
Q3	31 821	8.0	31 880	30.46	866 379	9.0	865 760	1.11
Q4	34 566	5.5	32 489	30.21	884 839	8.2	882 789	1.11 <sup>†</sup>
2001 Q1	32 489	8.4	33 111	29.92	905 800	8.3	900 552	1.10
Q2	32 896	6.5	33 273	30.01	921 571	7.6	913 936	1.10
Q3	33 797	6.2	33 945	29.67	937 071	8.4	936 036	1.08
Q4	37 319	8.0	35 097	29.40	942 433	6.7	941 598	1.08
2002 Q1	35 157	8.2	35 543	29.06	955 196	5.7	950 777	1.09
Q2	36 225	10.1	36 618	29.12	975 699	6.1	967 000	1.09
Q3	36 511	8.0	36 671	28.94	989 473 <sup>†</sup>	5.9	989 442	1.08
Q4	39 540	6.0	37 229	28.79	1 008 678	7.3	1 007 745	1.07
2003 Q1	37 184	5.8	37 891	28.84	1 020 595	7.1	1 018 313	1.07
Q2	38 403	6.0	38 869	28.36	1 047 982	7.9	1 039 410	1.06
Q3	39 348	7.8	39 505	28.40	1 051 120	6.6	1 050 766	1.07
Q4	42 317	7.0	39 931	28.38	1 081 121	7.3	1 080 065	1.06
2004 Q1	39 812	7.1	40 583	28.38	1 101 904	7.9	1 100 182	1.05
Q2	41 109	7.0	41 366	28.28	1 133 494	8.1	1 123 704	1.04
Q3	41 749	6.1	41 787	28.20	1 148 486	9.0	1 147 617	1.03
Q4	44 466	5.1	42 248	28.28	1 178 963	9.2	1 175 187	1.02
2005 Q1	42 395	6.5	42 665	28.09	1 217 289	10.7 <sup>†</sup>	1 215 161	1.00
<b>Monthly</b>								
						VQLC		
2003 Jan	37 230	4.0	37 348 <sup>†</sup>	..	994 390 <sup>†</sup>	6.7	1 003 357 <sup>†</sup>	..
Feb	36 946	6.3	37 694	..	1 004 814	6.8	1 012 075	..
Mar	37 184	5.8	37 891	..	1 020 595	7.1	1 018 313	..
Apr	38 590	9.1	38 594	..	1 029 193	8.1	1 029 005	..
May	38 827	8.9	38 974	..	1 033 199	8.2	1 030 284	..
Jun	38 403	6.0	38 869	..	1 047 982	7.9	1 039 410	..
Jul	38 938	8.0	39 225	..	1 036 608	7.3	1 038 722	..
Aug	39 579	7.9	39 457	..	1 040 203	6.2	1 038 583	..
Sep	39 348	7.8	39 505	..	1 051 120	6.6	1 050 766	..
Oct	39 416	7.3	39 663	..	1 054 713	6.4	1 053 576	..
Nov	40 149	8.0	39 983	..	1 070 453	7.1	1 067 892	..
Dec	42 317	7.0	39 931	..	1 081 121	7.3	1 080 065	..
2004 Jan	40 222	8.0	40 193	..	1 080 399	8.7	1 090 167	..
Feb	39 448	6.8	40 255	..	1 087 972	8.4	1 096 890	..
Mar	39 812	7.1	40 583	..	1 101 904	7.9	1 100 182	..
Apr	40 799	5.7	40 785	..	1 109 094	7.6	1 107 212	..
May	40 668	4.7	41 040	..	1 121 338	8.3	1 117 791	..
Jun	41 109	7.0	41 366	..	1 133 494	8.1	1 123 704	..
Jul	41 115	5.6	41 418	..	1 133 409	9.2	1 134 173	..
Aug	41 489	4.8	41 481	..	1 143 103	9.8	1 142 890	..
Sep	41 749	6.1	41 787	..	1 148 486	9.0	1 147 617	..
Oct	41 722	5.8	41 960	..	1 158 172	9.6 <sup>†</sup>	1 158 265	..
Nov	42 222	5.2	42 039	..	1 166 446	8.9	1 165 090	..
Dec	44 466	5.1	42 248	..	1 178 963	9.3	1 175 187	..
2005 Jan	42 701	6.2	42 462	..	1 177 447	9.2	1 189 804	..
Feb	41 757	5.9	42 623	..	1 189 176	9.5	1 200 758	..
Mar	42 395	6.5	42 665	..	1 217 289	10.7	1 215 161	..
Apr	42 188	3.4	42 722	..	1 225 239	10.7	1 224 410	..
May	42 426	4.3	42 802	..	1 249 020	11.5	1 246 049	..

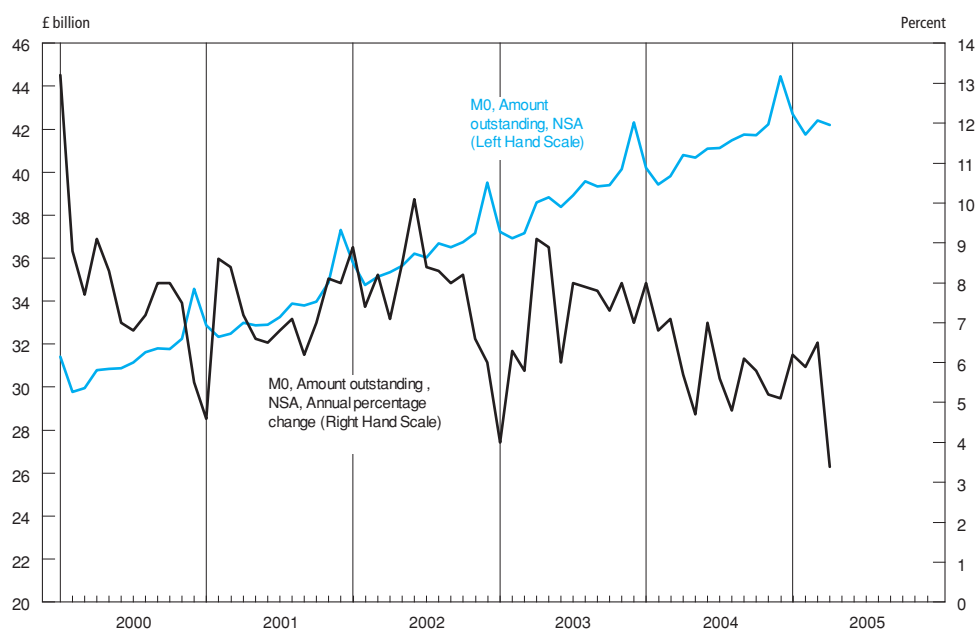
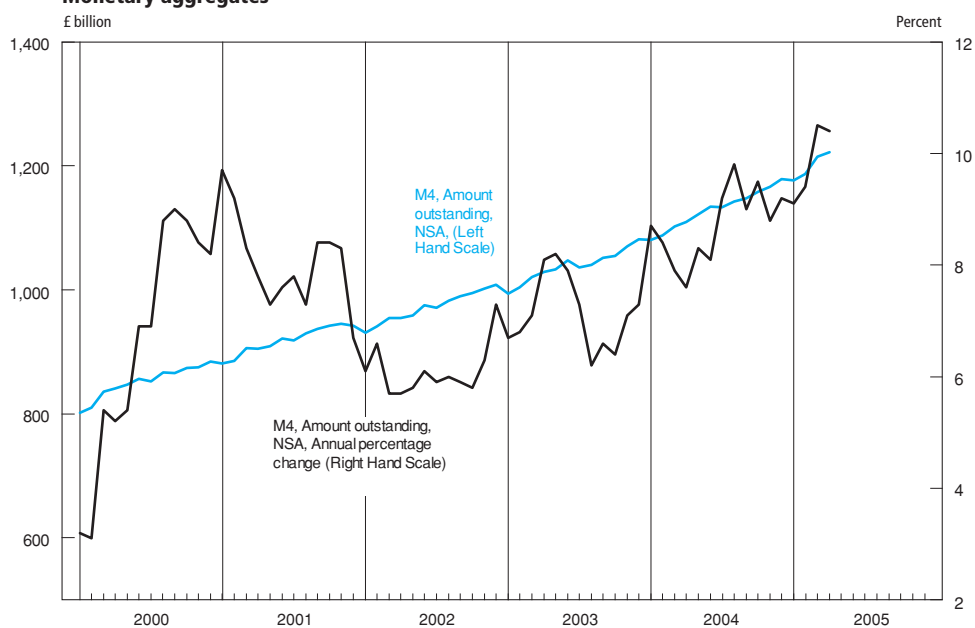
1 A fuller range of monetary aggregates is published monthly in the ONS publication *Financial Statistics*.

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<sup>1,4</sup>

£ million, not seasonally adjusted

	Public Sector Net Cash Requirement+3	Purchases by the M4 <sup>2</sup> private sector of:			External and foreign currency financing of public sector		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		External and foreign currency counterparts	M4
		Central government debt			Purchase of British government stocks by overseas sector					Domestic counterparts		
		British government stocks	Other	Other public sector debt		Other						
	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
2001	-2 891	10 009	-2 453	192†	318	4 194	82 446	-21 639†	-10 784	87 415	-17 763	58 867†
2002	18 227	-8 383	-637	-110	-897	1 588	107 655	-24 965	-25 295	116 710	-22 481†	68 934
2003	38 965	-22 408	-9 680	-472	10 378	-3 067	127 710†	-26 780	-20 721	134 106	-40 223	73 163
2004	41 256	-25 020	-5 485	-1 256	2 235	-157†	156 089	4 247	-67 417	165 525†	1 855	99 963
Quarterly												
2001 Q1	-12 566	4 488	-1 100	-268	-2 356	3 734	31 075	-7 737	1 272	21 643	-1 647	21 266†
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	96†	-2 931	1 287	15 710	7 253	-8 868	14 141	11 470	16 744
Q4	9 478	1 003	-4 268	131	1 056	-1 827	14 467	-13 861†	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	14 346
Q2	7 069	-1 330	-2 963	102	-266	-1 001	24 507	1 725	-8 180	27 428	991	20 238
Q3	402	-2 432	342	93	-1 960	208	34 214	-8 568	-11 055	32 586	-6 401†	15 131
Q4	17 079	-3 942	-1 715	-45	2 374	-17	24 202	-11 010	-2 911	35 531	-13 402	19 219
2003 Q1	-413	-3 092	-1 088	32	1 934	430	21 782†	2 404	-4 478	17 248	901	13 670
Q2	16 286	-4 087	-4 369	-210	2 855	-2 099	34 558	-1 489	-7 011	42 189	-6 443	28 734
Q3	5 923	-11 652	1 093	-185	980	-1 222	30 592	-2 048	-17 995	25 737	-4 250	3 493
Q4	17 169	-3 577	-5 316	-109	4 609	-176	40 778	-25 647	8 763	48 932	-30 431	27 266
2004 Q1	135	-10 790	-977	-534	978	1 670	34 935	30 367	-33 164	22 724	31 059	20 619
Q2	11 638	-1 917	140	-413	2 204	-136	37 476	4 667	-16 198	46 978	2 327	33 108
Q3	7 317	-9 497	-1 505	-78	125	-1 441	51 827	-15 845	-16 341	47 964†	-17 411	14 212
Q4	22 166	-2 816	-3 143	-231	-1 072	-250†	31 851	-14 942	-1 714	47 859	-14 120	32 024
2005 Q1	-2 578	-7 960†	3 199	-388	8 258†	1 411	31 699	18 903	1 877	23 988	12 057	37 921
Q2	16 420	..	..	..	..	..	..	..	..	..	..	..
Monthly												
2003 Jan	-11 655	-4 053	1 610	-152	1 138	761	4 743	10 458†	-15 024	-9 529	10 081†	-14 472†
Feb	-135	-870	271	399	-1 402	-245	11 024	-12 263	10 831	10 674	-11 106	10 399
Mar	11 377	1 831	-2 969	-215	2 198	-86	6 015	4 209	-285	16 103	1 926	17 743
Apr	283	-5 478	1 608	-244	-1 322	-940	10 969	1 446	-23	7 153	1 828	8 957
May	5 833	4 670	-4 981	106	4 784	-233	10 537	5 172	-10 802	16 155	155	5 508
Jun	10 170	-3 279	-996	-72	-607	-926	13 052	-8 107	3 814	18 881	-8 426	14 269
Jul	-6 154	-5 674	3 288	-235	-1 339	880	7 726	-662	-11 590	-1 047	1 556	-11 081
Aug	3 601	-4 139	-1 654	53	228	-771	5 309	-9 991	11 451	3 141	-10 989	3 603
Sep	8 476	-1 839	-541	-3	2 091	-1 331	17 557	8 605	-17 856	23 643	5 183	10 971
Oct	-1 649	-7 308	2 068	-96	-1 161	3 016	23 106	-21 928	5 455	16 163	-17 751	3 867
Nov	5 791	6 269	-5 387	-41	7 050	-49	9 928	8 874	-3 004	16 509	1 775	15 281
Dec	13 027	-2 537	-1 997	28	-1 280	-3 143	7 744	-12 593	6 312	16 260	-14 455	8 118
2004 Jan	-14 447	-3 206	3 794	-292	-786	3 019	20 959	7 268	-18 911	6 786	11 073	-1 053
Feb	-154	-4 064	-538	237	1 267	225	4 713	12 059	-3 579	219	11 017	7 657
Mar	14 736	-3 521	-4 233	-479	497	-1 574	9 263	11 040	-10 673	15 719	8 969	14 015
Apr	-2 243	-5 084	2 975	-170	-1 908	80	10 350	6 581	-7 162	5 832	8 569	7 239
May	3 229	-2 487	904	-61	1 168	-68	8 737	3 221	348	10 300	1 985	12 633
Jun	10 652	5 654	-3 739	-182	2 944	-148	18 389	-5 135	-9 383	30 846	-8 227	13 236
Jul	-6 883	-4 948	519	243	-947	-117	14 260	950	-5 117†	3 188†	1 780	-150
Aug	3 261	784	1 567	-164†	3 248	409	15 348	-6 252	-1 683	20 792	-9 091	10 019
Sep	10 939	-5 332	-3 591	-157	-2 176	-1 733	22 219†	-10 543	-9 541	23 984	-10 100	4 343
Oct	-1 488	-3 043	653	-61	1 345	-56	14 820	-5 644	5 852	10 883	-7 045	9 691
Nov	9 029	2 066	-1 882	-36	-1 944	286	2 130	-1 200	-2 711	11 302	1 030	9 620
Dec	14 625	-1 839	-1 914	-134	-473	-480	14 901	-8 098	-4 855	25 674	-8 105	12 713
2005 Jan	-16 825	-4 139†	-367	6	927†	1 714	16 670	-3 510	6 006	-4 655	-2 723	-1 373
Feb	659	-2 203	4 277	-187	2 650	-406	4 483	14 979	-7 223	7 015	11 924	11 716
Mar	13 588	-1 618	-711	-207	4 681	103	10 546	7 434	3 094	21 628	2 856	27 578
Apr	-1 000†	2 113	-124†	-244	1 972	-37	8 413	3 869	-2 416	8 509	1 860	7 953
May	5 104	-2 935	-1 449	269	-898	-129	15 412	20 093	-13 710	16 409	20 862	23 561
Jun	12 316	..	..	..	..	..	..	..	..	..	..	..

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.

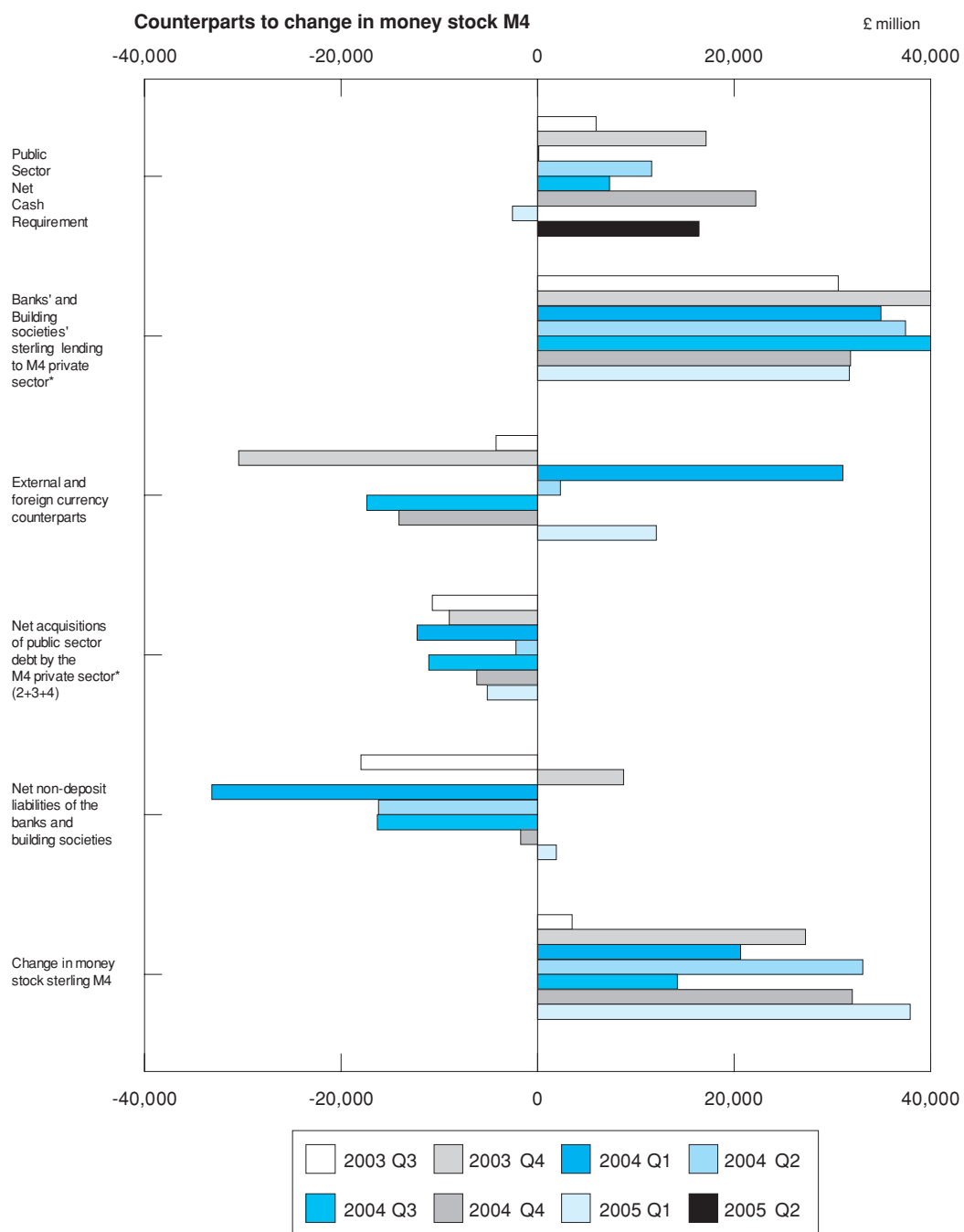
1 A wider range of figures is published monthly in *Financial Statistics*.

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	Net 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/divide from private-/RoW	Rent and other current transfers	Total current receipts
<b>Annual</b>																
2002	GZSN	NMRL	ANLY	GZSI	NNAI	ANLO	ANLT	ANBP	NMYE	ANSO	NMGI	MJBC	ANBO	ANBQ	ANBS	ANBT
2002	210 945	5 273	123 288	-539	24 218	21 534	384 719	16 524	138 334	142 395	2 381	20 360	63 520	4 721	2 275	390 510
2003	231 758	6 232	130 308	-855	28 780	22 721	418 944	17 486	145 735	143 508	2 416	22 555	72 505	4 836	1 932	410 973
2004	246 783	6 732	137 865	-428	30 808	23 659	445 419	17 498	154 145	156 381	2 866	24 310	77 314	5 511	1 652	439 677
<b>Quarterly</b>																
2002 Q1	50 954	1 211	30 075	12	5 409	5 236	92 897	4 132	32 658	44 764	556	4 812	18 231	1 027	654	106 834
Q2	52 785	1 332	29 977	-126	6 067	5 437	95 472	3 987	33 910	28 727	607	5 172	14 624	1 187	467	88 681
Q3	53 334	1 360	30 500	-375	6 845	4 631	96 295	4 152	35 796	35 762	619	5 221	14 972	1 230	698	98 450
Q4	53 872	1 370	32 736	-50	5 897	6 230	100 055	4 253	35 970	33 142	599	5 155	15 693	1 277	456	96 545
2003 Q1	56 352	1 207	30 829	-75	7 227	5 321	100 861	4 287	34 046	45 506	545	5 204	18 239	1 243	624	109 694
Q2	57 968	2 040	31 540	-185	7 388	5 813	104 564	4 154	36 430	29 371	606	5 686	17 697	1 169	433	95 546
Q3	58 327	1 458	32 810	-295	6 709	5 398	104 407	4 321	36 506	36 239	631	5 823	18 199	1 173	439	103 331
Q4	59 111	1 527	35 129	-300	7 456	6 189	109 112	4 724	38 753	32 392	634	5 842	18 370	1 251	436	102 402
2004 Q1	60 543	1 477	32 888	-222	8 197	5 454	108 337	4 436	36 784	47 638	650	5 850	20 799	1 248	437	117 842
Q2	60 908	1 761	33 847	-187	7 219	5 683	109 231	4 123	38 323	32 450	726	6 115	18 284	1 372	416	101 809
Q3	62 046	1 667	34 302	-36	8 241	5 847	112 067	4 191	38 697	39 835	754	6 214	18 836	1 422	399	110 348
Q4	63 286	1 827	36 828	17	7 151	6 675	115 784	4 748	40 341	36 458	736	6 131	19 395	1 469	400	109 678
2005 Q1	64 440	1 981	34 276	-374	9 262	6 327	115 912	4 411	37 294	54 144	706	6 172	21 763	1 455	385	126 330

Sources: Office for National Statistics; Enquiries 020 7533 5987

## 6.5 Public sector key fiscal indicators<sup>1</sup>

£ million<sup>5</sup>, not seasonally adjusted

	Surplus on current budget <sup>2</sup>		Net investment <sup>3</sup>		Net borrowing <sup>4</sup>		Net cash requirement		Public sector net debt	
	General Government	Public Sector	General Government	Public Sector	General Government	Public Sector	General Government	Public Sector	£ billion <sup>6</sup>	% of GDP <sup>7</sup>
<b>Annual</b>										
2002	ANLW	ANMU	-ANNV	-ANNW	NNBK	ANNX	RUUS	RURQ	RUTN	RUTO
2002	-6 073	-7 365 <sup>†</sup>	10 514	9 972 <sup>†</sup>	-15 852 <sup>†</sup>	-17 337 <sup>†</sup>	16 421	18 227	345.2	32.1 <sup>†</sup>
2003	-21 023	-22 422	14 825	14 489	-35 731	-36 911	38 214	38 965	375.6	33.1
2004	-19 326	-20 264	16 528	15 661	-35 268	-35 925	41 337	41 256	417.6 <sup>†</sup>	35.1
<b>Quarterly</b>										
2002 Q1	11 192	10 703 <sup>†</sup>	4 812	4 713 <sup>†</sup>	6 366 <sup>†</sup>	5 990 <sup>†</sup>	-6 383	-6 323	311.7	30.1 <sup>†</sup>
Q2	-9 742	-9 763	1 011	785	-10 268	-10 548	7 126	7 069	318.7	30.4
Q3	-1 004	-1 179	2 563	2 224	-3 382	-3 403	-145	402	321.8	30.3
Q4	-6 519	-7 126	2 128	2 250	-8 568	-9 376	15 823	17 079	345.2	32.1
2003 Q1	5 917	4 956	5 870	6 285	-136	-1 329	-1 305	-413	342.4	31.4
Q2	-12 165	-12 493	1 973	1 613	-14 021	-14 106	16 404	16 286	350.8	31.7
Q3	-4 405	-4 624	3 387	3 200	-7 729	-7 824	6 036	5 923	356.1	31.8
Q4	-10 370	-10 261	3 595	3 391	-13 845	-13 652	17 079	17 169	375.6	33.1
2004 Q1	6 293	5 901	5 515	5 430	898	471	506	135	376.0	32.7
Q2	-10 665	-11 005	2 589	2 273	-13 052	-13 278	11 518	11 638	388.9 <sup>†</sup>	33.4
Q3	-5 057	-5 488	4 091	3 757	-9 122	-9 245	6 966	7 317	395.0	33.6
Q4	-9 897	-9 672	4 333	4 201	-13 992	-13 873	22 347	22 166	417.6	35.1
2005 Q1	7 069	8 286	9 411	8 754	-674	-468	-2 094	-2 578	415.3	34.4
Q2	..	-13 085	..	3 873	-15 976	-16 958	..	16 420	430.8	35.3

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.

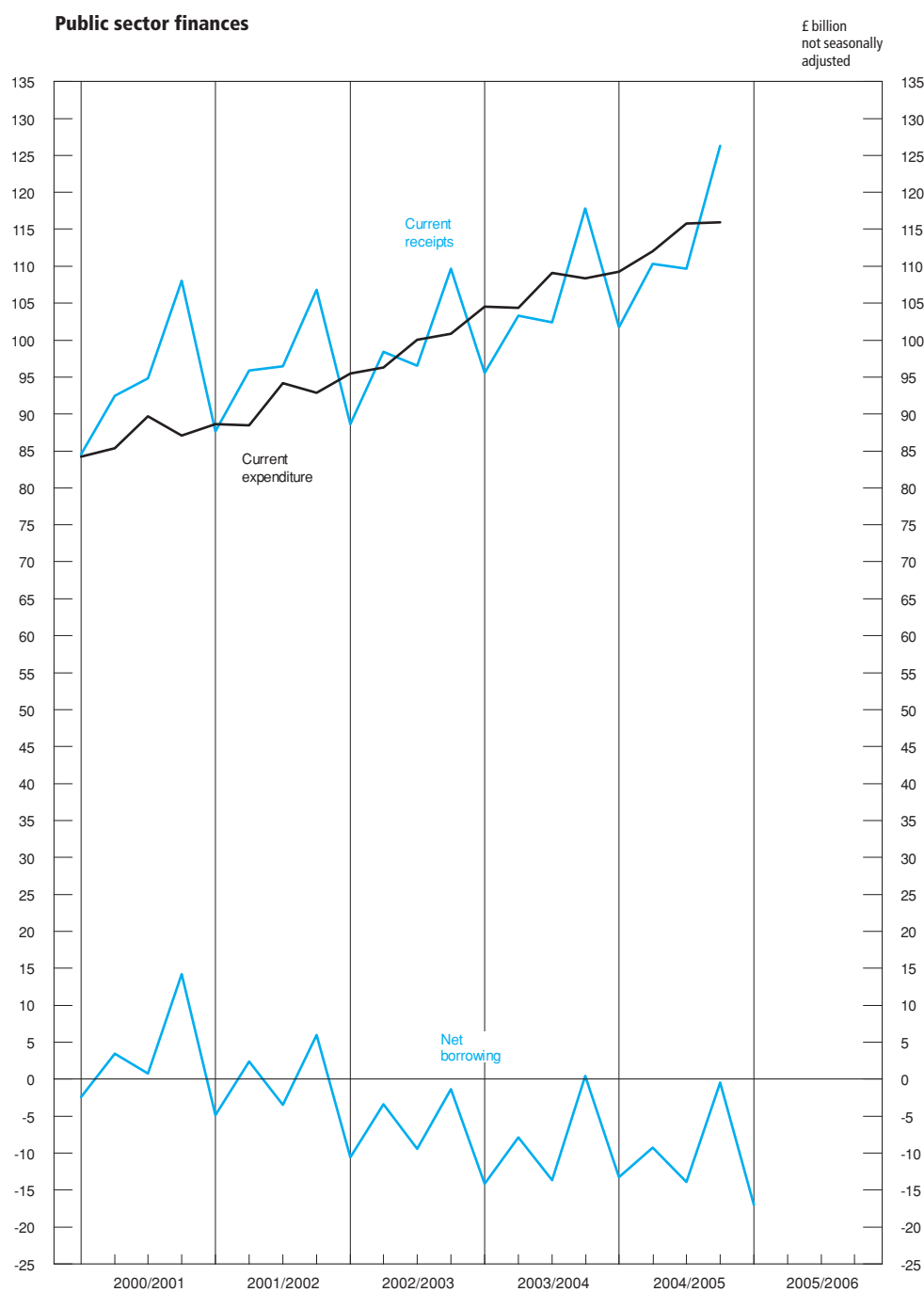
4 Net borrowing = surplus on current budget minus net investment.

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



# 6.6 Consumer credit and other household sector borrowing

£ million

Consumer credit									
	Total consumer credit <sup>1,3</sup>	of which		Banks <sup>1</sup>	Building Societies <sup>1</sup> Class 3 Loans <sup>1</sup>	Other specialist lenders <sup>3</sup>	Retailers	Insurance companies	Loans secured on dwellings (NSA <sup>1</sup> )
		credit cards <sup>1,2,3</sup>	other <sup>1,2,3</sup>						
Amounts outstanding: quarterly									
	VZRI	VZRJ	VZRK	VRVV	VZRG	VZRH	RLBO	VZQZ	AMWT
1999 Q1	105 907 <sup>†</sup>	28 433	77 505 <sup>†</sup>	75 722	298	25 865	2 698	1 319	464 160 <sup>†</sup>
Q2	109 052	29 669 <sup>†</sup>	79 418	77 801 <sup>†</sup>	312	26 767	2 691	1 383	473 585
Q3	112 280	30 752	81 583	80 460	329	27 487	2 656 <sup>†</sup>	1 400	485 128
Q4	115 484	32 092	83 276	82 712	297	28 301	2 775	1 462	494 951
2000 Q1	119 284	33 448	85 863	86 033	315	28 852	2 663	1 415	503 376
Q2	122 023	34 933	87 122	88 728	315	28 937 <sup>†</sup>	2 613	1 310	514 638
Q3	124 300	36 289	88 059	91 036	349	29 129	2 554	1 273	525 523
Q4	127 322	37 619	89 576	94 299	392	29 010	2 502	1 197	535 391
2001 Q1	129 078	38 009	91 119	95 819	412	29 122	2 524	1 229	546 179
Q2	132 951	39 421	93 544	100 304	424	28 329	2 509	1 221	561 121
Q3	136 022	39 997	96 040	103 443	447	28 472	2 522	1 206	576 957
Q4	140 958	41 753	99 158	107 815	436	29 104	2 478	1 178	591 152
2002 Q1	144 284	43 405	100 919	111 003	463	29 192	2 505	1 183	606 222
Q2	147 226	43 437	103 793	113 179	460	29 628	2 574	1 193	625 670
Q3	152 960	45 943	106 988	118 358	523	30 413	2 560	1 196	652 553
Q4	157 077	47 230	109 859	120 946	610	31 837	2 532	1 182	675 180
2003 Q1	156 512	43 819	112 656	116 752	625	35 669	2 523	1 033	695 615
Q2	161 233	45 824	115 378	119 755	672	37 414	2 220	933	718 271
Q3	164 314	47 565	116 692	121 894	736	38 780	2 166	824	746 267
Q4	166 326	47 760	118 708	122 811	766	39 980	2 144	701	774 548
2004 Q1	170 222	48 995	121 161	127 087	751	39 695	2 073	690	798 753
Q2	174 696	50 532	124 154	130 914	777	40 047	2 040	698	826 117
Q3	178 264	51 602	126 580	133 911	836	40 910	1 988	676	853 713
Q4	182 160	53 724	128 593	137 184	904	41 585	1 936	661	876 562
2005 Q1	186 681	55 235	131 366	140 401	949	42 840	1 868	651	892 513
Q2	189 509	55 975	133 563	141 905	980	43 987	1 815	642	..
Amounts outstanding: monthly									
2003 Jan	157 653 <sup>†</sup>	47 470 <sup>†</sup>	110 183 <sup>†</sup>	121 252 <sup>†</sup>	600 <sup>†</sup>	32 033	2 542	1 143	..
Feb	154 689	43 617	111 072	119 855	616	30 348	2 539	1 089	..
Mar	156 090	43 687	112 403	116 259	633	35 462	2 511 <sup>†</sup>	1 033	..
Apr	157 537	44 190	113 347	116 945	659	36 549	2 491	990	..
May	159 339	45 087	114 252	118 312	658	36 706	2 472	959	..
Jun	160 881	45 697	115 183	119 477	686	37 534	2 214	933	..
Jul	162 273	46 330	115 943	120 967	699	37 697	2 197	904	..
Aug	163 388	46 886	116 502	121 828	715	37 677	2 202	868	..
Sep	164 118	47 561	116 556	121 725	725	38 821	2 157	824	..
Oct	165 465	47 991	117 474	121 892	732	39 884	2 152	776	..
Nov	166 063	47 844	118 219	122 551	730	40 128	2 151	732	..
Dec	166 116	47 516	118 600	122 717	737	39 994	2 139	701	..
2004 Jan	167 474	48 089	119 385	125 306	746	38 524	2 089	686	..
Feb	169 125	48 553	120 573	126 766	752	38 831	2 039	684	..
Mar	169 929	48 890	121 039	126 948	758	39 491	2 064	690	..
Apr	171 690	49 866	121 823	128 578	771	39 534	2 064	697	..
May	172 625	49 956	122 669	129 276	787	39 794	2 040	700	..
Jun	174 469	50 380	124 089	131 003	792	40 208	2 035	698	..
Jul	176 161	51 374	124 788	132 339	803	40 353	2 018	692	..
Aug	177 246	51 439	125 807	132 732	811	40 772	1 998	684	..
Sep	178 186	51 610	126 577	134 001	822	40 991	1 980	676	..
Oct	179 434	52 253	127 181	135 159	833	41 000	1 968	669	..
Nov	181 083	52 935	128 147	136 242	848	41 526	1 945	664	..
Dec	182 005	53 427	128 577	137 036	874	41 498	1 931	661	..
2005 Jan	183 911	54 325	129 587	138 323	892	41 763	1 907	658	..
Feb	185 277	54 894	130 383	139 259	912	42 143	1 880	655	..
Mar	186 424	55 155	131 269	140 444	960	42 676	1 858	651	..
Apr	186 836	55 044	131 792	140 740	944	42 627 <sup>†</sup>	1 834	647	..
May	188 423	55 618	132 804	141 689	969	43 188	1 822	643	..
Jun	189 279	55 777	133 502	142 099	1 000	44 167	1 811	642	..

1 These figures fall outside the scope of National Statistics.

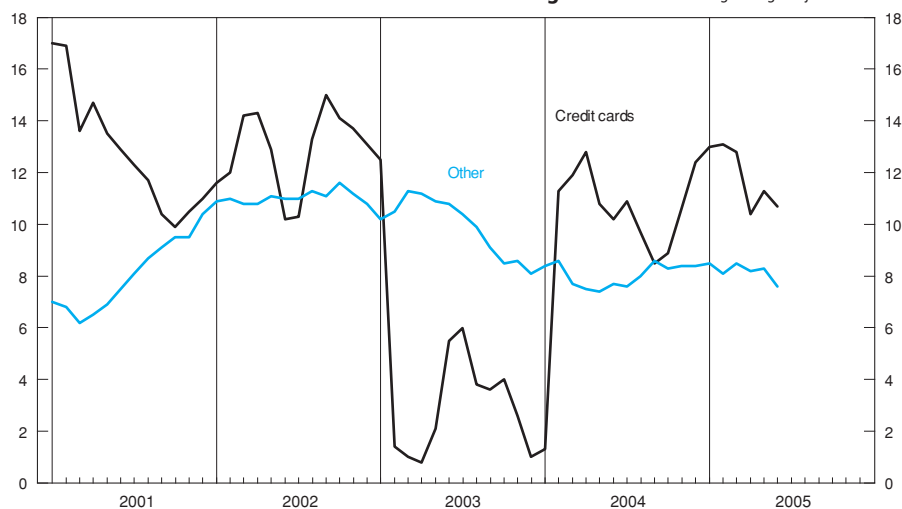
2 From January 1999 onwards, a more accurate breakdown between credit card and 'other lending' is available. Credit card lending by other specialist lenders can now be separately identified and is included for the first time within the credit card component. Hence, data from January 1999 onwards are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

3 Data have been revised back to February 2003 due to the inclusion of some additional other specialist lenders and the removal of some non-resident based securitisation vehicles.

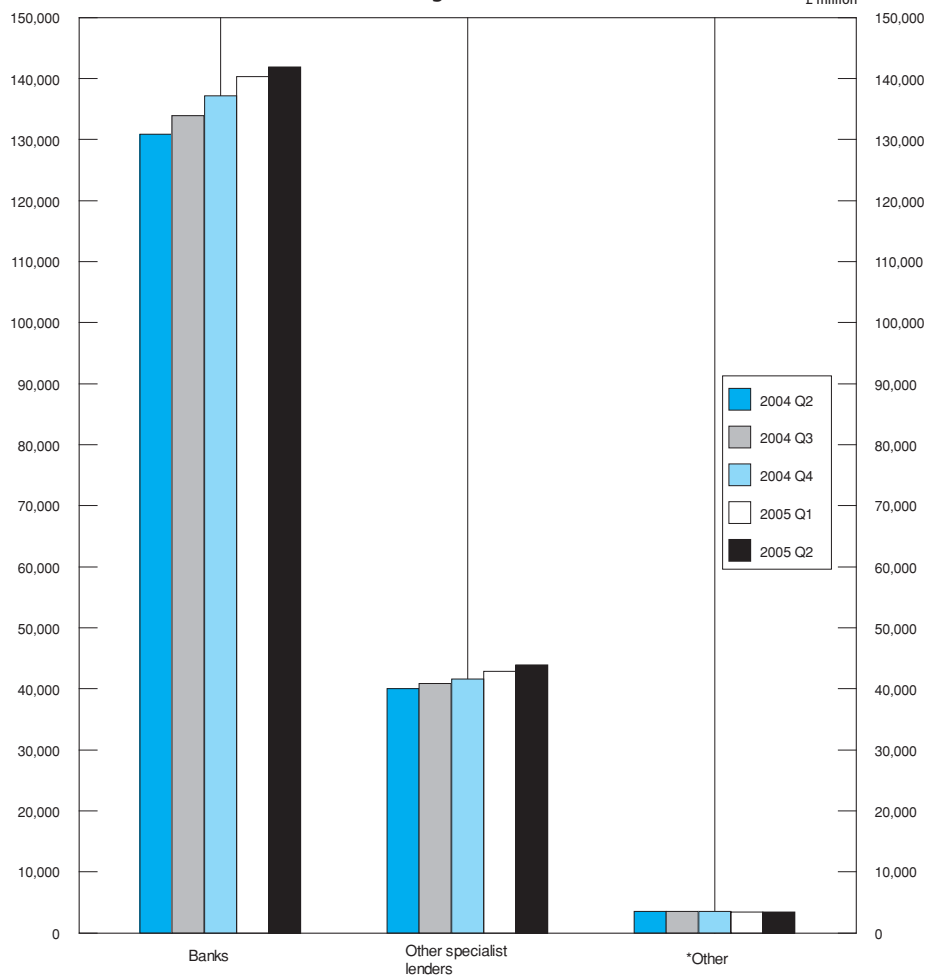
Sources: Bank of England; Enquiries Columns 1-5, 9 020 7601 5468; Office for National Statistics; Enquiries Columns 6-8 020 7 533 6046

**Consumer credit and other Household sector borrowing**

Percentage change on year earlier

**Consumer credit: amounts outstanding**

£ million



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

## 6.7 Analysis of bank lending to UK residents<sup>1,3</sup>

### Amounts outstanding

£ million, not seasonally adjusted

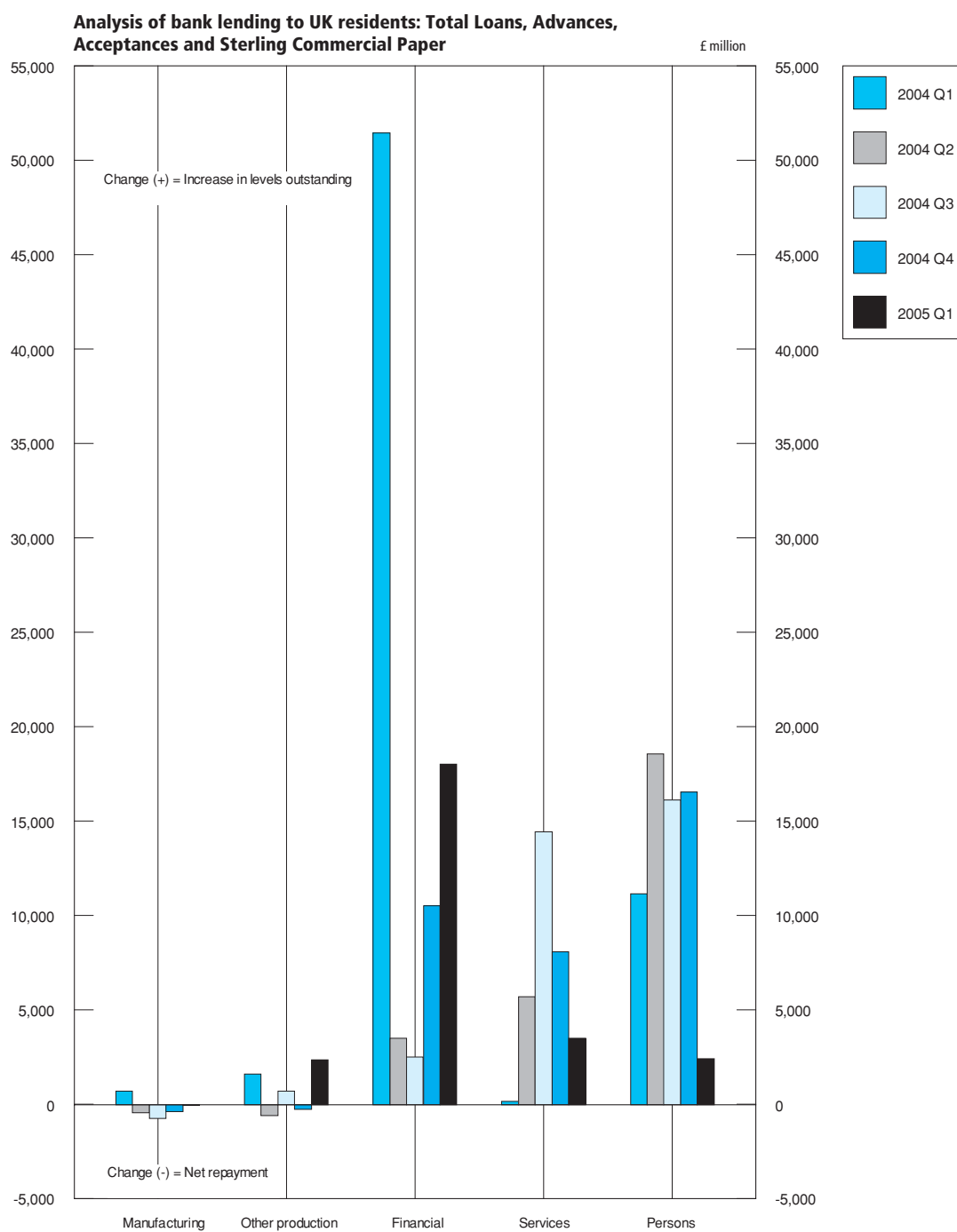
	Manufacturing <sup>2</sup>	Other production	Financial	Services	Individuals	Total loans, advances and acceptances
<b>Total Loans, Advances, Acceptances and Sterling Commercial paper</b>						
	TBSF	BCEX	BCFH	BCFR	TBTW	TBSA
2004 Q1	43 295	34 468	442 482	251 277	631 534	1 403 058
Q2	42 857	33 780	446 852	256 301	648 049	1 427 840
Q3	41 789	34 098	465 256	269 605	651 188	1 461 936
Q4	41 315	33 801	472 690	276 838	667 615 <sup>†</sup>	1 492 258 <sup>†</sup>
2005 Q1	41 160	36 157	490 490	280 212	667 577	1 515 596
<b>Of which in sterling</b>						
	TBUF	BCEY	BCFI	BCFS	TBVW	TBUA
2004 Q1	30 492	32 206	205 249	234 927	630 968	1 133 842
Q2	30 717	31 005	212 517	240 052	647 406	1 161 696
Q3	29 527	31 346	239 330	251 547	650 440	1 202 189
Q4	29 102	30 870	244 248	258 166	666 816 <sup>†</sup>	1 229 202 <sup>†</sup>
2005 Q1	29 449	32 943	243 283	261 800	666 709	1 234 183
<b>Changes in total lending (sterling)</b>						
	TBWF	BCEZ	BCFJ	BCFT	TBXW	TBWA
2004 Q1	607	2 009	8 956	1 831	11 141	24 545
Q2	268	-1 086	7 729	5 913	18 502	31 325
Q3	-700	767	12 657	12 797	16 055	41 576
Q4	-424	-476	5 318	7 083	16 490 <sup>†</sup>	27 991 <sup>†</sup>
2005 Q1	346	2 073	-3 039	3 634	2 367	5 382
<b>Changes in total lending (foreign currencies)</b>						
	TBYF	BCFA	BCFK	BCFU	TBZW	TBYA
2004 Q1	98	-391	42 495	-1 669	31	40 565
Q2	-720	500	-4 220	-201	74	-4 566
Q3	-38	-53	-10 122	1 646	98	-8 469
Q4	50	230	5 208	1 024	64	6 577 <sup>†</sup>
2005 Q1	-383	296	21 082	-109	75 <sup>†</sup>	20 961
<b>Facilities granted</b>						
	TCAF	BCFB	BCFL	BCFV	TCBW	TCAA
2004 Q1	86 665	65 661	495 863	356 278	715 332	1 719 799
Q2	81 948	63 173	503 124	358 914	736 411	1 743 570
Q3	80 535	65 844	525 645	375 653	739 016	1 786 692
Q4	80 540	67 658	532 527	387 539	754 796 <sup>†</sup>	1 823 061 <sup>†</sup>
2005 Q1	81 867	69 892	547 826	392 545	755 415	1 847 545
<b>Of which in sterling</b>						
	TCCF	BCFC	BCFM	BCFW	TCDW	TCCA
2004 Q1	54 544	52 601	241 801	318 446	714 560	1 381 952
Q2	53 145	49 808	250 019	320 813	735 564	1 409 350
Q3	51 222	52 027	279 288	335 638	738 108	1 456 283
Q4	51 962	53 583	284 725	347 690	753 817 <sup>†</sup>	1 491 778 <sup>†</sup>
2005 Q1	53 207	54 301	281 433	351 154	753 604	1 493 699
<b>Changes in sterling (facilities granted)</b>						
	TCEF	BCFD	BCFN	BCFX	TCFW	TCEA
2004 Q1	1 910	2 442	10 363	6 971	15 418	37 104
Q2	-1 370	-2 712	8 642	3 120	23 203	30 883
Q3	-1 433	2 645	15 112	16 275	15 564	48 163
Q4	741	1 556	5 837	12 516	15 823 <sup>†</sup>	36 473 <sup>†</sup>
2005 Q1	1 244	718	-5 366	3 464	2 262	2 322
<b>Changes in foreign currencies (facilities granted)</b>						
	TCGF	BCFE	BCFO	BCFY	TCHW	TCGA
2004 Q1	868	-158	47 412	105	22	48 250
Q2	-3 525	217	-2 401	8	69	-5 633
Q3	237	361	-8 606	1 601	52	-6 355
Q4	-69	704	4 803	983	85	6 506 <sup>†</sup>
2005 Q1	158	1 487	20 870	1 621	846 <sup>†</sup>	24 983

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





# 6.8 Interest rates, security prices and yields<sup>5</sup>

Percentage rate

	Last Friday					Last working day	Average of working days	
	Treasury bill yield <sup>1</sup>	Inter-bank 3 months bid rate <sup>3</sup>	Inter-bank 3 months offer rate <sup>2</sup>	Sterling certificates of deposit 3 months bid rate	Sterling certificates of deposit 3 months offer rate		Euro-dollar 3 month rate	British government securities: long dated <sup>3</sup> - 20 years
<b>Annual</b>								
	AJRP	HSAJ	HSAK	HSAL	HSAM	ZCMG	AJIB	AJLX
2001	3.87	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
2004	4.75	4.81	4.84	4.78	4.82	..	2.56	4.77
<b>Monthly</b>								
2001 Jan	5.57	5.69	5.72	5.66	5.72	6.00	5.35	4.51
Feb	5.46	5.53	5.56	5.50	5.53	5.75	5.01	4.57
Mar	5.29	5.44	5.47	5.40	5.43	5.75	4.86	4.56
Apr	5.11	5.25	5.28	5.23	5.25	5.50	4.27	4.86
May	5.02	5.16	5.19	5.16	5.17	5.25	3.95	4.99
Jun	5.10	5.19	5.25	5.18	5.18	5.25	3.80	5.07
Jul	5.04	5.16	5.22	5.16	5.17	5.25	3.60	5.03
Aug	4.71	4.84	4.88	4.83	4.84	5.00	3.43	4.81
Sep	4.33	4.41	4.47	4.41	4.51	4.75	2.52	4.93
Oct	4.16	4.13	4.19	4.10	4.13	4.50	2.15	4.80
Nov	3.81	3.94	4.00	3.92	3.96	4.00	2.00	4.51
Dec	3.87	4.03	4.06	3.98	4.02	4.00	1.83	4.75
2002 Jan	3.90	3.97	4.03	3.97	3.99	4.00	1.86	4.81
Feb	3.91	3.97	4.00	3.91	3.95	4.00	1.85	4.83
Mar	4.04	4.09	4.16	4.09	4.11	4.00	2.00	5.11
Apr	3.98	4.06	4.13	4.05	4.06	4.00	1.86	5.13
May	4.04	4.09	4.13	4.09	4.11	4.00	1.82	5.18
Jun	3.97	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
Nov	4.69	4.77	4.80	4.76	4.80	4.75	2.38	4.58
Dec	4.75	4.81	4.84	4.78	4.82	4.75	2.56	4.44
2005 Jan	4.71	4.79	4.81	4.77	4.81	4.75	2.75	4.44
Feb	4.79	4.87	4.90	4.86	4.90	4.75	2.90	4.53
Mar	4.82	4.90	4.93	4.88	4.92	4.75	3.04	4.74
Apr	4.75	4.86	4.88	4.85	4.89	4.75	3.18	4.60
May	4.70	4.79	4.81	4.78	4.82	4.75	3.31	4.41
Jun	4.57	4.69	4.73	4.69	4.73	4.75	3.51	4.29

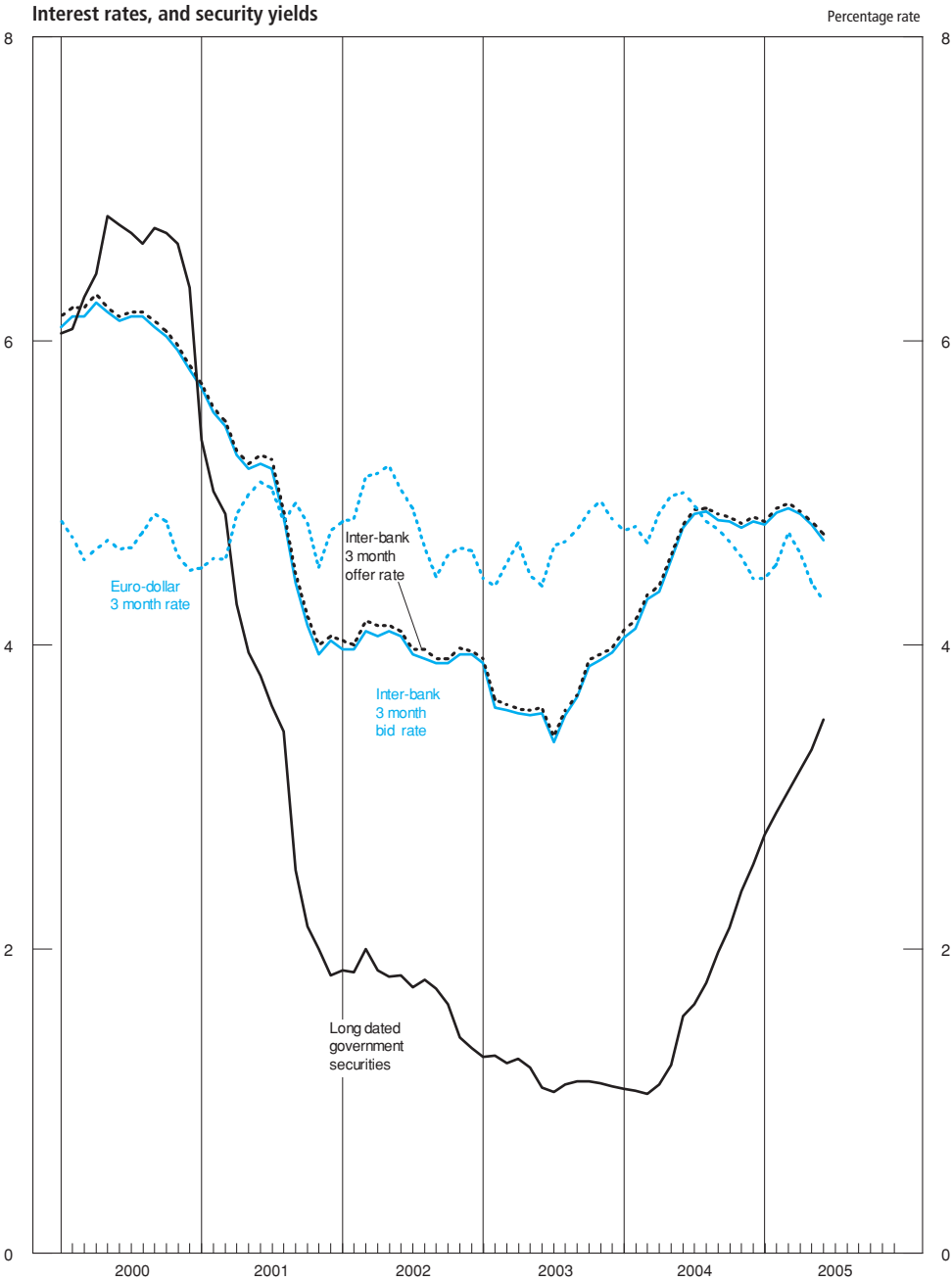
1 Average discount rate expressed as the rate at which interest is earned during the life of the bills.

2 Spread of rates over the day in the inter-bank sterling market; from June 1982 rates are the spread at 10.30 am.

3 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*.

4 These figures fall outside the scope of National Statistics.

Sources: Bank of England;  
Enquiries 020 7601 4342.



## 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	Manufactured output	New dwellings <sup>1</sup>	Secondhand dwellings <sup>1</sup>	All dwellings <sup>1</sup>	Average price of agricultural land in England (1995 = 100) <sup>2</sup>
	Motor vehicle industry	Motor vehicle industry				
<b>Annual</b>	PVJL	PQIR	WMPN	WMPP	WMPQ	BAJI
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	..
2004	98.9	96.1	138.6	144.6	143.9	..
<b>Quarterly</b>						
2001 Q1	102.9	95.4	90.8	92.1	92.1	155 <sup>3</sup>
Q2	103.1	95.5	90.8	96.0	95.4	148 <sup>3</sup>
Q3	101.2	95.4	94.1	99.4	98.8	160 <sup>3</sup>
Q4	101.1	95.4	95.4	96.9	96.8	154 <sup>3</sup>
2002 Q1	101.0	95.6	100.0	100.0	100.0	130 <sup>3</sup>
Q2	100.5	95.5	106.5	108.4	108.2	139 <sup>3</sup>
Q3	100.0	94.9	111.0	116.1	115.5	152 <sup>3</sup>
Q4	99.2	94.9	117.1	121.8	121.3	148 <sup>3</sup>
2003 Q1	99.1	94.6	119.3	124.0	123.4	136 <sup>3</sup>
Q2	99.7	94.1	127.2	127.3	127.2	146 <sup>3</sup>
Q3	99.9	94.5	127.9	131.1	130.7	179 <sup>3</sup>
Q4	99.5	95.1	131.8	133.7	133.4	137 <sup>3</sup>
2004 Q1	98.8	95.5	130.8	135.2	134.6	158 <sup>3</sup>
Q2	99.3	96.2	137.8	143.1	142.5	160 <sup>3</sup>
Q3	98.9	96.3	143.1	149.6	148.9	145 <sup>3</sup>
Q4	98.8	96.5	142.6	150.7	149.8	..
2005 Q1	99.2p	96.9	145.1	150.1	149.5	..
Q2	98.9p	96.9p	..	..	..	..
<b>Monthly</b>						
2003 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	98.8	95.0	131.5	136.0	135.4	..
Feb	98.2	95.4	129.4	134.7	134.1	..
Mar	99.3	96.2	131.6	134.8	134.4	..
Apr	99.1	96.3	135.9	141.1	140.5	..
May	99.5	96.3	136.7	142.9	142.2	..
Jun	99.2	95.9	140.9	145.3	144.7	..
Jul	98.8	96.2	142.5	148.5	147.8	..
Aug	98.9	96.3	142.3	150.4	149.5	..
Sep	99.1	96.3	144.5	149.9	149.2	..
Oct	98.9	96.5	144.4	151.1	150.3	..
Nov	99.1	96.5	143.0	150.9	150.1	..
Dec	98.4	96.5	140.4	150.1	149.0	..
2005 Jan	98.9	96.6	143.9	149.6	148.9	..
Feb	99.4	96.9	144.0	148.7	148.1	..
Mar	99.2p	97.1	147.4	151.9	151.3	..
Apr	98.9p <sup>†</sup>	96.9	144.6	150.8	150.1	..
May	99.0p	96.9p	146.9	151.3	150.8	..
Jun	98.7p	96.9p	..	..	..	..

<sup>1</sup> 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.

<sup>2</sup> 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 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](http://www.statistics.defra.gov.uk/esg/default.htm)) accessible through the internet. Data prior to 1993 remains on the previous basis.

<sup>3</sup> 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<sup>1</sup>

	Table	Period covered	Average percentage changes				MCD or QCD	$\bar{I} / \bar{C}$ for MCD (or QCD) span
			$\bar{C}I$	$\bar{I}$	$\bar{C}$	$\bar{I} / \bar{C}$		
Quarterly series								
National income and components: chained volume measures, reference year 2002								
Gross Value Added (GVA) at Basic Prices	2.1	Q1 1990 to Q1 2005	0.7	0.1	0.6	0.2	1	0.2
Households' Final Consumption Expenditure	2.5	Q1 1990 to Q1 2005	0.8	0.3	0.8	0.4	1	0.4
Gross fixed capital formation	2.2, 2.7	Q1 1990 to Q1 2005	1.6	0.8	1.3	0.6	1	0.6
Exports: goods and services	2.2	Q1 1990 to Q1 2005	1.9	1.0	1.4	0.7	1	0.7
Imports: goods and services	2.2	Q1 1990 to Q1 2005	1.9	0.9	1.6	0.6	1	0.6
Real Households' disposable income	2.5	Q1 1990 to Q1 2005	1.0	0.8	0.7	1.2	2	0.4
current prices								
Gross operating surplus of private non-financial corporations	2.11	Q1 1990 to Q1 2005	2.6	1.8	1.6	1.1	2	0.4
Other quarterly series								
Construction output	5.2	Q1 1990 to Q1 2005	1.2	0.8	0.8	0.9	1	0.9
Households' saving ratio <sup>3</sup>	2.5	Q1 1990 to Q1 2005	0.9	0.7	0.5	1.5	2	0.4
Monthly series								
Retail sales (volume per week)								
Predominantly food stores	5.8	Jan 1990 to Mar 2005	0.6	0.6	0.2	2.4	3	0.8
Predominantly non-food stores	5.8	Jan 1990 to Mar 2005	1.0	1.0	0.4	2.4	3	0.7
Non-store and repair	5.8	Jan 1990 to Mar 2005	2.1	2.0	0.5	3.6	4	0.9
Index of industrial production								
Production industries	5.1	Jan 1990 to Mar 2005	0.6	0.5	0.2	2.8	4	0.8
Manufacturing industries	5.1	Jan 1990 to Mar 2005	0.6	0.5	0.2	2.4	3	0.9
Average earnings: whole economy	4.6	Jan 1990 to Mar 2005	0.5	0.3	0.4	0.8	1	0.8
Exports: value, f.o.b. <sup>4</sup>	2.13	Jan 1990 to Mar 2005	2.8	2.7	0.7	3.7	4	0.9
Imports: value, f.o.b. <sup>4</sup>	2.13	Jan 1990 to Mar 2005	2.2	2.0	0.7	3.0	3	0.9
Money stock - M0 <sup>5</sup>	6.2	Jan 1990 to Mar 2005	0.6	0.3	0.5	0.6	1	0.6
Money stock - M4 <sup>5</sup>	6.2	Jan 1990 to Mar 2005	0.7	0.3	0.6	0.5	1	0.5

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.

$\bar{C}$  is the same for the trend component.

$\bar{I}$  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.

$\bar{I} / \bar{C}$  is therefore a measure of the size of the relative irregularity of the seasonally adjusted series.

The average changes  $\bar{I}$  and  $\bar{C}$  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  $\bar{I} / \bar{C}$  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  $\bar{I} / \bar{C}$  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 CI,  $\bar{I}$  and  $\bar{C}$  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 CI,  $\bar{I}$  and  $\bar{C}$  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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