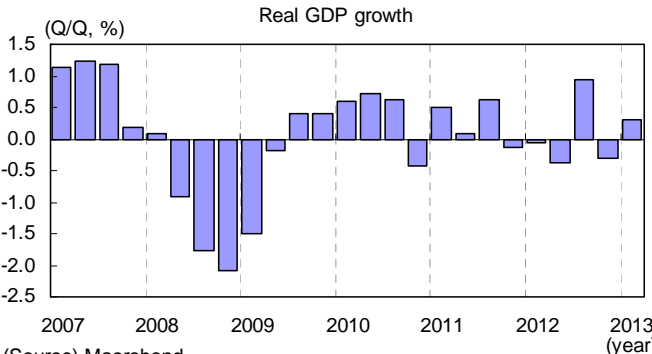

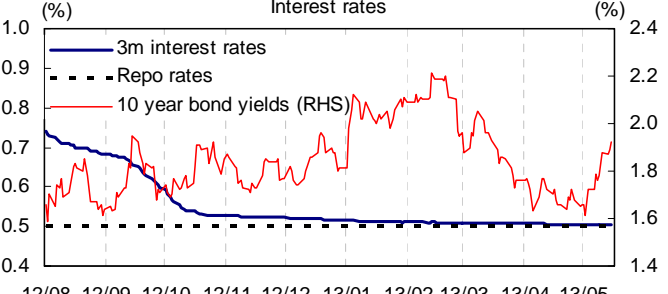
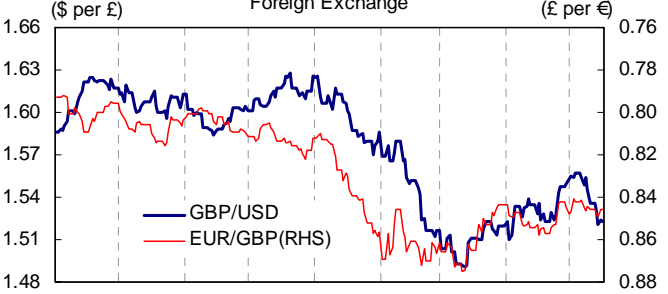


**Main Economic & Financial Indicators (UK)**

Economic Research Office  
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Overview	Consumer Confidence
<p>The UK economy avoided a triple-dip recession, growing by 0.3% q/q in Q1. The largest contribution to GDP growth came from services; distribution, hotels &amp; restaurants in particular. The service sector is expected to continue its robust growth as the PMI readings for the sector has been above the 50 mark which indicates expansion in the sector for the last four months. Meanwhile, the PMI readings for the manufacturing and construction sectors have remained below the 50 mark. Risks to the economic recovery from abroad remain as the Eurozone economy continues to be depressed. Domestic demand recovery is also likely to face difficulties as businesses remain reluctant to invest and not to mention the negative effects from the government's spending cuts. Household will continue to feel the pinch from rising inflation while earning growth remains weak and there has been a softening of the labour market recently.</p>  <p>(Source) Macrobond</p>	<p>Consumer confidence in April edged up from -18.1 in March to -17.0. According to this survey, consumer's assessment of general economic outlook remained almost flat while their assessment of their current financial situation worsened reflecting the recent high inflation and weak earnings growth, indicating that household budgets remain under pressure.</p>
<p><b>Output</b></p> <p>Industrial production in March rose by 0.7% m/m. The manufacturing sector grew by 1.1% m/m. The utility sector rose by 2.4% m/m due to exceptionally cold weather conditions. In April, the PMI for the manufacturing sector was up from 48.6 to 49.8. According to this survey, output and new orders grew modestly. Export orders increased for the first time in over a year as orders from North America, Middle-East and South America increased. However, demand from the euro area remained lacklustre.</p>	<p><b>Labour Market, Prices</b></p> <p><b>Labour markets:</b> After a strong recovery in 2012, the labour market is showing signs of softening. Increase in the number of people in employment seems to have peaked since the beginning of 2013. Average earning growth decreased 0.7% y/y, the first negative reading since 2009.</p> <p><b>Prices:</b> The Bank of England (BoE) released its inflation report on May 15. In it, the BoE said that inflation is expected to rise in the coming months reflecting the pound's depreciation earlier this year and increases in gas and water bills. It also expects that the inflation is likely to stay above the BoE's inflation target of 2.0% until mid-2015.</p>  <p>(Source) Macrobond</p>
<p><b>Interest Rates, Foreign Exchange Markets</b></p> <p><b>Policy Rate:</b> On May 9th, The Bank of England's Monetary Policy Committee decided to keep its policy rate unchanged at 0.50% and the size of its QE programme at £375bn. In its latest inflation report, the bank raised its economic outlook modestly indicating that a weak but sustained recovery is in sight. In light of the recent improvement in the UK's economic indicators and the upgrade to the BoE's economic forecasts, it now seems more unlikely that the BoE to take further stimulus action in the near term.</p> <p><b>Market rate (April-):</b> Long-term government bond yields started at 1.76%. Yields remained at a low level reflecting disappointing data relating to US retail sales in March and China's GDP as well as rising expectation for a rate cut by the European Central Bank (ECB). They reached a nine months low of 1.61% following Mario Draghi, the ECB president's comments about the possibility of negative deposit rate after announcing a 0.25% cut in its benchmark rate. Later, yields went up reflecting the BoE's economic forecast upgrades, finishing at around 1.92%.</p> <p><b>Foreign Exchange Market (April-):</b> Sterling's value against the US dollar started at US\$1.523 in April. Following better-than-expected Q1 GDP data for the UK, it reached a three-month high of US\$1.56 on May 3. Subsequently, however, US dollar bounced back following a favourable data relating to US retail sales in April, finishing at around US\$1.52.</p>	<p><b>Foreign Trade</b></p> <p>The trade deficit (seasonally adjusted) edged down in March to £9.06bn. Exports grew by 4.9% m/m. Although demand from the euro area decreased 1.2% m/m, demand from outside of the EU, North America in particular, grew on the back of pound's depreciation earlier this year. Meanwhile, imports grew by 3.2% m/m.</p>
 <p>(Source) Macrobond</p>	 <p>(Source) Bloomberg</p>

## 1. Annual and quarterly data

		10	11	12	2012/Q1	Q2	Q3	Q4	2013/Q1
Real GDP Growth *		1.8	1.0	0.3	-0.1 0.5	-0.4 0.0	0.9 0.4	-0.3 0.2	0.3 0.6
Real business investment		-0.4	3.1	4.9	-0.2 9.2	1.6 6.0	0.2 4.0	-0.8 0.8	- -
Industrial Production *		2.1	-0.6	-2.4	-0.2 -2.7	-0.9 -2.4	0.5 -1.7	-2.1 -2.6	0.2 -2.3
	Manufacturing	3.8	2.2	-1.5	0.0 -1.1	-1.0 -2.1	0.6 -1.2	-1.4 -1.8	-0.3 -2.1
Confidence (% , balance)	Manufacturing	-4.5	-1.8	-6.7	-4.5	-8.6	-8.1	-5.5	-9.0
	Consumer	-11.6	-21.4	-20.1	-21.7	-22.5	-18.8	-17.6	-17.0
Retail Sales Volume *		-0.4	0.5	1.2	0.5 1.4	-0.3 0.8	0.9 2.2	-0.6 0.5	0.4 0.4
Claimant Count *	(000s)	1,496.4	1,534.2	1,585.2	1,608.3	1,593.5	1,574.1	1,564.9	1,536.5
	(% change on previous term)	-2.1	2.5	3.3	0.9	-0.9	-1.2	-0.6	-1.8
Unemployment rate *	(%)	4.6	4.7	4.7	5.0	4.7	4.7	4.6	4.7
Average Earnings *	(YoY, %)	2.4	2.4	1.4	0.7	1.8	1.9	1.3	0.4
Producer Prices	Output Prices	4.2	5.6	2.8	0.9 3.9	0.9 2.7	0.1 2.2	0.4 2.3	0.7 2.1
	Input Prices	9.9	15.4	1.4	2.0 6.5	-2.0 -0.3	-0.8 -0.8	1.0 0.2	3.3 1.4
Consumer Price Index	CPI	3.3	4.5	2.8	0.3 3.5	0.8 2.8	0.3 2.4	1.2 2.7	0.4 2.8
	RPI	4.6	5.2	3.2	0.4 3.8	1.1 3.1	0.4 2.9	1.2 3.1	0.6 3.3
	RPIX (excluding mortgage interest payments)	4.8	5.3	3.2	0.4 3.8	1.1 3.1	0.3 2.9	1.2 3.0	0.6 3.2
House Price (HBOS Index)		3.0	-2.6	-0.6	0.3 -0.6	-0.4 -0.5	-0.5 -1.2	0.8 -0.3	1.3 1.1
Visible exports	Whole World (GBP mln)	265,708	299,073	300,456	76,691	73,872	75,611	74,282	75,011
	(YoY, %)	16.5	12.6	0.5	-0.5	-3.7	2.4	-1.8	1.0
	Outside the EU ( GBP mln )	140,978	157,778	149,889	38,587	36,631	37,292	37,379	37,188
	(YoY, %)	13.7	11.9	-5.0	-2.7	-5.1	-1.8	0.2	-0.5
Visible imports	Whole World (GBP mln)	364,217	399,303	406,799	102,358	101,410	101,619	101,412	101,452
	(YoY, %)	17.1	9.6	1.9	0.5	-0.9	0.2	-0.2	0.0
	Outside the EU(GBP mln)	364,217	399,303	406,799	51,522	50,440	51,027	51,268	52,418
	(YoY, %)	17.1	9.6	1.9	1.2	-2.1	1.2	0.5	2.2
Visible balance	Whole World (GBP mln)	-98,509	-100,230	-106,343	-25,667	-27,538	-26,008	-27,130	-26,441
	Outside the EU (GBP mln)	-223,239	-241,525	-256,910	-12,935	-13,809	-13,735	-13,889	-15,230
Current Account*	(GBP mln)	-37,284	-20,234	-57,679	-11,875	-16,693	-15,074	-14,037	-
Money Supply	M4 : (YoY, %)	-1.5	-2.4	-1.0	-4.7	-5.5	-3.8	-1.0	0.3
Public sector net cash requirement	(GBP mln)	2,263	-21,359	-25,860	-33,436	-33,380	13,619	27,337	8,773
Foreign reserves **	(US\$ bln)	68.34	79.27	88.60	82.43	84.37	87.90	88.60	88.37
Repo rate	(%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3M interest rates	(%)	0.70	0.88	0.83	1.07	0.99	0.73	0.53	0.51
10-Y UK government bond yields		3.59	3.03	1.88	2.16	1.89	1.68	1.81	2.01
USD/GBP exchange rate		1.546	1.604	1.585	1.572	1.583	1.581	1.606	1.552
GBP/Euro exchange rate		0.858	0.868	0.811	0.834	0.811	0.792	0.808	0.851
JPY/GBP exchange rates		135.58	127.88	126.61	124.81	126.77	124.28	130.55	143.23
Effective exchange rate ****		80.38	79.93	83.06	81.23	83.21	84.12	83.68	80.51

Note : The upper line is the quarterly percentage change, the lower line is the annual percentage change unless otherwise indicated

Unemployment rate =unemployed total / total labour force

Money supply, foreign reserves : End-period figures

Repo rates are end-period figures, other interest rates and exchange rates are period averages.

\* seasonally adjusted, \*\* excluding Gold, \*\*\*\* 1990 = 100

Sources : Office for National Statistics etc

## 2. Monthly data

		2012/09	10	11	12	2013/01	2	3	4
Real GDP Growth *		No figures for a monthly basis							
		-2.3	-0.8	0.1	1.1	-1.4	0.9	0.7	-
Industrial Production		-3.2	-3.1	-2.8	-2.1	-3.1	-2.5	-1.4	-
*	Manufacturing	0.1	-1.2	-0.4	1.5	-1.9	0.7	1.1	-
		-1.5	-1.7	-2.1	-1.6	-3.4	-1.6	-1.4	-
Confidence (%, balance)	Manufacturing	-8.3	-2.7	-9.5	-4.2	-9.9	-9.1	-8.0	-8.0
	Consumer	-19.3	-21.6	-14.1	-17.0	-16.2	-16.8	-18.1	-17.0
Retail Sales Volume		0.4	-0.8	0.0	-0.2	-0.7	2.1	-0.7	-
*		2.3	0.6	0.7	0.3	-0.6	2.5	-0.5	-
Claimant Count *		(000s) 1,565.6	1,572.9	1,567.9	1,554.0	1,543.3	1,538.0	1,528.1	-
		(MoM, %) -1.7	-1.1	-1.6	-2.7	-3.9	-4.5	-5.0	-
Unemployment rate *		4.7	4.7	4.7	4.6	4.6	4.6	4.6	-
		(YoY, %) 1.8	1.3	1.4	1.3	1.0	0.8	-0.7	-
Average Earnings *		Headline rate 1.8	1.8	1.5	1.3	1.2	1.0	0.4	-
		(3 month average)							
Producer Prices	Output Prices	0.5	0.2	-0.3	-0.1	0.2	0.8	0.3	-
		2.5	2.6	2.1	2.2	2.1	2.3	2.0	-
	Input Prices	0.1	0.2	0.1	0.1	1.3	2.8	-0.1	-
		-0.8	0.2	-0.1	0.6	1.8	2.1	0.4	-
Consumer Price Index	CPI	0.4	0.5	0.2	0.5	-0.5	0.7	0.3	-
		2.2	2.7	2.7	2.7	2.7	2.8	2.8	-
	RPI	0.5	0.6	0.0	0.5	-0.4	0.7	0.4	-
		2.6	3.2	3.0	3.1	3.3	3.2	3.3	-
	RPIX (excluding mortgage interest payments)	0.5	0.5	0.1	0.4	-0.4	0.7	0.4	-
		2.6	3.1	2.9	3.0	3.3	3.2	3.2	-
House Price (HBOS Index)	(MoM, %)	-0.4	-0.1	1.6	1.0	-0.3	0.5	0.4	1.1
	(3M average YoY, %)	-1.2	-1.7	-1.3	-0.3	1.3	1.9	1.1	2.0
Visible exports	Whole World (GBP mln)	25,019	24,380	24,578	25,324	24,754	24,528	25,729	-
	(YoY, %)	1.4	-2.6	0.8	3.0	-2.3	-0.9	4.9	-
	Outside the EU ( GBP mln )	12,314	12,232	12,871	12,276	12,217	12,483	12,488	-
	(YoY, %)	-0.1	-0.7	5.2	-4.6	-0.5	2.2	0.0	-
Visible imports	Whole World (GBP mln)	33,465	33,685	33,665	34,062	32,974	33,693	34,785	-
	(YoY, %)	-4.6	0.7	-0.1	1.2	-3.2	2.2	3.2	-
	Outside the EU (GBP mln)	16,751	17,061	17,380	16,827	16,984	17,389	18,045	-
	(YoY, %)	-4.1	1.9	1.9	-3.2	0.9	2.4	3.8	-
Visible balance	Whole World (GBP mln)	-8,446	-9,305	-9,087	-8,738	-8,220	-9,165	-9,056	-
	Outside the EU (GBP mln)	-4,437	-4,829	-4,509	-4,551	-4,767	-4,906	-5,557	-
Current Account* (GBP mln)		No figures for a monthly basis							
Money Supply	M4 : (YoY, %)	-3.8	-3.2	-2.9	-1.0	-0.8	0.6	0.3	-
Public sector net cash requirement		15,524	1,208	9,167	16,962	-20,852	-1,645	31,270	-
Foreign reserves **		87.90	89.74	89.35	88.60	90.14	88.23	88.37	-
Repo rate		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3M interest rates		0.65	0.54	0.52	0.52	0.51	0.51	0.51	0.51
10-Y UK government bond yields		1.77	1.80	1.79	1.84	2.04	2.11	1.89	1.70
USD/GBP exchange rate		1.611	1.607	1.596	1.613	1.597	1.549	1.509	1.532
GBP/Euro exchange rate		0.799	0.807	0.804	0.813	0.833	0.862	0.859	0.851
Yen/GBP exchange rate		125.93	126.99	129.32	135.29	142.49	144.24	143.07	150.01
Effective exchange rate ****		84.27	83.68	83.73	83.62	82.30	79.78	79.24	80.23

Note : The upper line is the monthly percentage change, the lower line is the annual percentage change unless otherwise indicated

Unemployment rate =unemployed total / total labour force

Money supply, foreign reserves : End-period figures

Repo rates are end-period figures, other interest rates and exchange rates are period averages.

\* seasonally adjusted, \*\* excluding Gold, \*\*\* 1990=100

Sources : Office for National Statistics etc

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