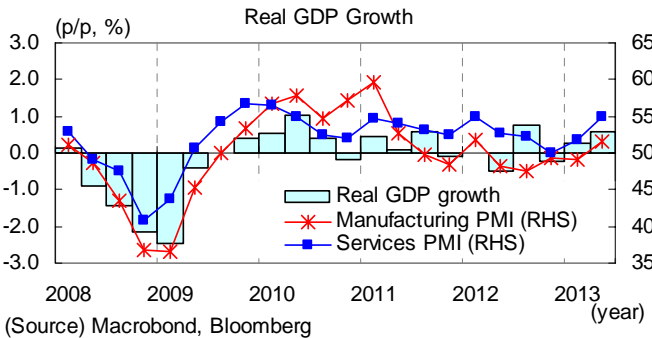
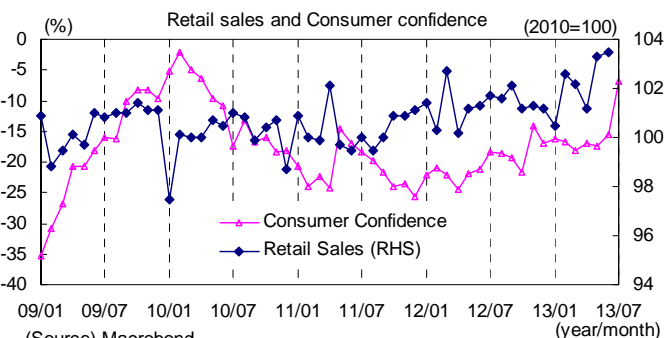
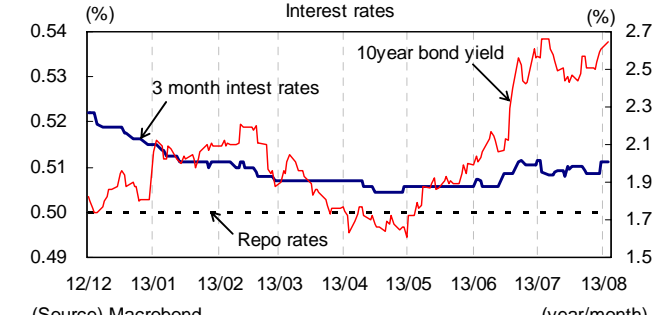
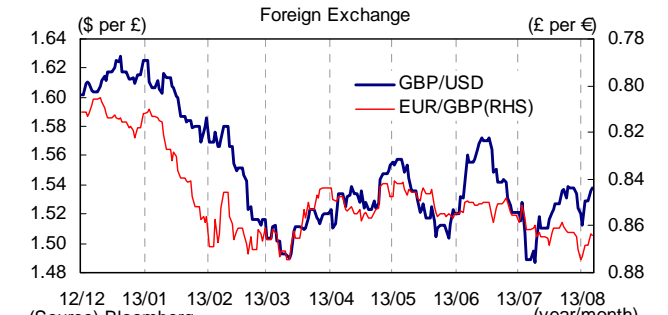


Main Economic & Financial Indicators (UK)

Economic Research Office
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Overview	Consumption
<p>The UK economic recovery is gaining momentum. Real GDP growth in Q2 accelerated to 0.6% q/q, up from the growth of 0.3% q/q in Q1. All the four main sectors of the economy: agriculture, manufacturing, construction and services, pushed up the GDP growth. Within these, the growth in the services sector, which occupies approximately 80% of the UK economy, contributed 0.48% points to the 0.6% growth. Looking ahead, there are positive signs such as improvement in both business and consumer confidence. On the other hand, there are ongoing vulnerabilities including low earning growth in comparison with the inflation rate.</p>  <p>(Source) Macrobond, Bloomberg</p>	<p>Retails sales in June increased by 0.2% compared to a month earlier, which means positive growth for the second consecutive month. A breakdown of this figure reveals that there was an increase of 3.0% in sales at the department stores which had a successful summer sales period. This increase pushed up overall retail sales and was supported by an improvement in consumer confidence. The confidence index in July stood at -6.9, up by 8.6 points from the previous month. According to this survey, prospects for the overall economy and households in particular have improved. However, the average earnings growth has been muted. Thus, household budgets still remain squeezed.</p>  <p>(Source) Macrobond</p>
Output	Labour Markets, Prices
<p>Industrial production in June stood at 1.1% m/m, which is the highest growth rate since last July. A significant increase in car production (5.3% m/m) contributed 0.5% points to this 1.1% growth. The PMI for the manufacturing sector in July stood at 54.6, remaining above the 50 mark which indicates expansion in the sector for 4 months in a row. According to the survey, output and new orders grew at the fastest pace since February 2011. In the construction sector, the housing market has been revived, thanks to the Bank of England's Funding for Lending Scheme (FLS) and the announcement of the government's Help to Buy scheme. The number of mortgage approval shows an upward tendency, while the number of new enquiries about potential home purchases also increased for the sixth consecutive month. Meanwhile, the output index for the services sector in May increased by 0.2% m/m. The main contribution came from the distribution, hotel and restaurant sector which saw growth of 1.2% m/m. Looking ahead, the PMI for the service sector in July increased to 60.2.</p>	<p>Labour markets: The number of employees in May (three-month backward moving average) decreased by 42,000 month-on-month (versus an increase of 48,000 m/m in April). However, there were signs of improvement. The unemployment rate (claimant count) in June stood at 4.4%, which was the lowest level since 2010. On the other hand, the average earning growth rose by 1.5% y/y, which is still at a low level in comparison with the inflation rate of 2.7%.</p> <p>Prices: Consumer Price Index in June rose by 2.9% compared to a year earlier. In addition to an increase in petrol prices, prices of clothing and footwear were elevated with low base effect from a year earlier. This resulted in boosting the year-on-year inflation rate. In fact, June's CPI was the highest in the last 12 months, and remained far beyond the Bank of England's inflation target, 2%.</p>
Interest Rates, Foreign Exchange Markets	
<p>Policy Rate: On August 1st, the Bank of England (BoE)'s Monetary Policy Committee (MPC) decided to keep its policy rate unchanged at 0.50% and the size of its QE programme at £375bn. No special statement related to 'forward guidance' was given.</p> <p>Market rate (July-): Long-term government bond yields started at 2.61% in July. Yields then fell to 2.43% on the 18th, reflecting increased expectation that both the UK and the US central banks would keep their accommodative monetary policy. They later went up to 2.57% on the 24th, following the recent improvements in the UK's key economic indicators. However, they fell back to 2.51% on the 29th after data was released pointing to the decline in the number of mortgage approvals in June. Since August 1st, they have been hovering at around 2.6%, reflecting better-than-expected UK and US manufacturing indexes.</p> <p>Foreign Exchange Market (July-): Sterling's value against the US dollar started at US\$1.52 in July. It then fell to US\$1.48 on the 9th after BoE announced its intention to discuss 'forward guidance'. Then, the dollar started being sold with reduced expectation that the US Fed would soon start reducing the size of its QE programme after the FOMC statement in July showed its cautious stance about the US economy. Subsequently, sterling's value started appreciating and rose to around US\$1.52, following the disclosure of no new information about 'forward guidance' after the MPC's meeting on August 1st. This information is now expected to be given in its inflation report on August 7th.</p>	
 <p>(Source) Macrobond</p>	 <p>(Source) Bloomberg</p>

1. Annual and quarterly data

		10	11	12	2012/Q2	Q3	Q4	2013/Q1	Q2
Real GDP Growth *		1.7	1.1	0.2	-0.5 0.0	0.7 0.1	-0.2 0.0	0.3 0.3	0.6 1.4
Real business investment		-0.7	-1.3	1.8	-4.8 -0.7	-0.4 0.1	-10.3 -8.8	-1.9 -16.5	-
Industrial Production *		2.8	-1.2	-2.4	-1.1 -2.4	0.4 -1.7	-2.2 -3.3	0.3 -2.6	0.6 -0.8
	Manufacturing	4.2	1.8	-1.7	-1.3 -2.2	0.6 -1.3	-1.7 -2.5	-0.2 -2.6	0.7 -0.6
Confidence (% balance)	Manufacturing	-4.5	-1.8	-6.7	-8.6	-8.1	-5.5	-9.0	-9.3
	Consumer	-11.6	-21.4	-20.1	-22.5	-18.8	-17.6	-17.0	-16.7
Retail Sales Volume *		-0.5	0.4	1.0	-0.7 0.5	0.9 2.0	-0.5 0.3	0.5 0.2	0.9 1.8
Claimant Count * (000s)		1,496.4	1,534.2	1,585.2	1,593.5	1,574.1	1,564.9	1,536.5	1,498.4
(% change on previous term)		-2.1	2.5	3.3	-0.9	-1.2	-0.6	-1.8	-2.5
Unemployment rate * (%)		4.6	4.7	4.7	4.7	4.7	4.6	4.7	4.5
Average Earnings * (YoY, %)		2.4	2.4	1.4	1.5	1.9	1.3	0.6	-
Producer Prices									
	Output Prices	4.2	5.6	2.8	0.9 2.7	0.1 2.2	0.4 2.3	0.7 2.1	0.2 1.4
	Input Prices	9.9	15.4	1.4	-2.0 -0.3	-0.8 -0.8	1.0 0.2	3.5 1.6	-1.7 1.9
Consumer Price Index									
	CPI	3.3	4.5	2.8	0.8 2.8	0.3 2.4	1.2 2.7	0.4 2.8	0.7 2.7
	RPI	4.6	5.2	3.2	1.1 3.1	0.4 2.9	1.2 3.1	0.6 3.3	1.0 3.1
	RPIX (excluding mortgage interest payments)	4.8	5.3	3.2	1.1 3.1	0.3 2.9	1.2 3.0	0.6 3.2	0.9 3.1
House Price (HBOS Index)		3.0	-2.6	-0.6	-0.5 0.0	-0.5 -1.2	0.9 -0.3	1.3 1.1	2.1 3.7
Visible exports									
	Whole World (GBP mln)	265,243	298,421	299,457	73,707	75,421	73,797	74,729	-
	(YoY, %)	16.5	12.5	0.3	-3.7	2.3	-2.2	1.3	-
	Outside the EU (GBP mln)	140,814	157,486	148,878	36,455	37,070	36,866	36,918	-
	(YoY, %)	13.8	11.8	-5.5	-5.3	1.7	--0.6	0.1	-
Visible imports									
	Whole World (GBP mln)	363,828	398,513	407,350	101,643	101,690	101,766	101,249	-
	(YoY, %)	17.1	9.5	2.2	-0.6	0.0	0.1	-0.5	-
	Outside the EU(GBP mln)	363,828	398,513	407,350	50,717	51,171	51,598	52,188	-
	(YoY, %)	17.1	9.5	2.2	-1.2	0.9	0.8	1.1	-
Visible balance									
	Whole World (GBP mln)	-98,585	-100,092	-107,893	-27,936	-26,269	-27,969	-26,520	-
	Outside the EU (GBP mln)	-223,014	-241,027	-258,472	-14,262	-14,101	-14,732	-15,270	-
Current Account* (GBP mln)		-40,012	-22,475	-59,210	-17,819	-15,252	-13,617	-14,512	-
Money Supply M4 : (YoY, %)		-1.5	-2.4	-1.0	-5.5	-3.8	-1.0	0.2	1.5
Public sector net cash requirement (GBP mln)		7,080	-21,375	-26,305	-33,392	13,414	27,115	8,567	-5,134
Foreign reserves ** (US\$ bln)		68.34	79.27	88.60	84.37	87.90	88.60	88.37	90.16
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	0.99	0.73	0.53	0.51	0.51
10-Y UK government bond yields		3.59	3.03	1.88	1.89	1.68	1.81	2.01	1.91
USD/GBP exchange rate		1.546	1.604	1.585	1.583	1.581	1.606	1.552	1.533
GBP/Euro exchange rate		0.858	0.868	0.811	0.811	0.792	0.808	0.851	0.850
JPY/GBP exchange rates		135.58	127.88	126.61	126.77	124.28	130.55	143.23	152.29
Effective exchange rate ****		80.38	79.93	83.06	83.21	84.12	83.68	80.51	80.61

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

		2012/12	2013/01	2	3	4	5	6	7
Real GDP Growth *		No figures for a monthly basis							
		0.7	-1.0	0.9	0.0	0.0	0.0	1.1	-
Industrial Production		-3.0	-3.3	-2.4	-2.0	-1.4	-2.3	1.2	-
* Manufacturing		1.0	-1.4	0.4	0.9	-0.2	-0.7	1.9	-
		-2.5	-3.9	-2.1	-1.7	-0.9	-2.9	2.0	-
Confidence		-4.2	-9.9	-9.1	-8.0	-8.0	-7.7	-12.3	-5.0
(% , balance)		-17.0	-16.2	-16.8	-18.1	-17.0	-17.5	-15.5	-6.9
Retail Sales Volume		-0.1	-0.7	2.1	-0.4	-1.0	2.1	0.2	-
* (000s)		0.1	-0.8	2.3	-0.5	1.0	2.1	2.2	-
Claimant Count *		1,554.0	1,543.3	1,538.0	1,528.1	1,516.3	1,500.1	1,478.9	-
(MoM, %)		-2.7	-3.9	-4.5	-5.0	-4.6	-6.0	-7.4	-
Unemployment rate *		4.6	4.6	4.6	4.6	4.5	4.5	4.4	-
(YoY, %)		1.3	1.0	0.9	-0.2	3.8	1.5	-	-
Average Earnings *		1.3	1.2	1.1	0.6	1.5	1.7	-	-
Headline rate									
(3 month average)									
Producer Prices		-0.2	0.4	0.7	0.2	-0.2	0.0	0.1	-
Output Prices		2.1	2.1	2.3	1.9	0.9	1.2	2.0	-
Input Prices		0.1	1.4	2.8	0.1	-2.3	-0.6	0.2	-
		0.6	1.9	2.2	0.7	-0.2	1.8	4.2	-
Consumer Price Index		0.5	-0.5	0.7	0.3	0.2	0.2	-0.2	-
CPI		2.7	2.7	2.8	2.8	2.4	2.7	2.9	-
RPI		0.5	-0.4	0.7	0.4	0.3	0.2	-0.1	-
		3.1	3.3	3.2	3.3	2.9	3.1	3.3	-
RPIX (excluding mortgage interest payments)		0.4	-0.4	0.7	0.4	0.3	0.2	-0.1	-
		3.0	3.3	3.2	3.2	2.9	3.1	3.3	-
House Price (HBOS Index)		1.0	-0.3	0.5	0.4	1.1	0.5	0.7	0.9
(MoM, %)		-0.3	1.3	1.9	1.1	2.0	2.6	3.7	4.6
(3M average YoY, %)									
Visible exports		25,283	24,710	24,453	25,566	25,259	25,633	-	-
Whole World (GBP mln)		4.1	-2.3	-1.0	4.6	-1.2	1.5	-	-
(YoY, %)		12,217	12,178	12,428	12,312	11,976	12,818	-	-
Outside the EU (GBP mln)		-3.0	-0.3	2.1	-0.9	-2.7	7.0	-	-
(YoY, %)		34,222	32,918	33,590	34,741	33,689	34,124	-	-
Visible imports		1.3	-3.8	2.0	3.4	-3.0	1.3	-	-
(YoY, %)		16,984	16,925	17,274	17,989	16,930	17,196	-	-
Outside the EU(GBP mln)		-2.9	-0.3	2.1	4.1	-5.9	1.6	-	-
(YoY, %)		-8,939	-8,208	-9,137	-9,175	-8,430	-8,491	-	-
Visible balance		-4,767	-4,747	-4,846	-5,677	-4,954	-4,378	-	-
Outside the EU (GBP mln)									
Current Account* (GBP mln)		No figures for a monthly basis							
Money Supply		-1.0	-0.8	0.6	0.2	-0.1	-0.1	1.5	-
M4 : (YoY, %)		9,098	16,879	-20,970	-1,754	31,291	-11,217	2,986	3,097
Public sector net cash requirement		88.60	90.14	88.23	88.37	89.54	89.01	90.16	-
Foreign reserves **		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Repo rate		0.52	0.51	0.51	0.51	0.51	0.51	0.51	0.51
3M interest rates		1.84	2.04	2.11	1.89	1.70	1.85	2.21	2.53
10-Y UK government bond yields		1.613	1.597	1.549	1.509	1.532	1.529	1.547	1.518
USD/GBP exchange rate		0.813	0.833	0.862	0.859	0.851	0.849	0.852	0.862
GBP/Euro exchange rate		135.29	142.49	144.24	143.07	150.01	154.52	150.76	151.32
Yen/GBP exchange rate		83.62	82.30	79.78	79.24	80.23	80.56	81.09	80.07
Effective exchange rate ****									

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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