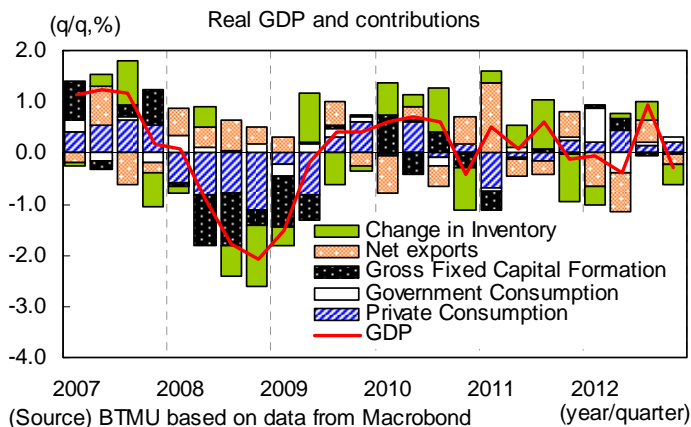


Main Economic & Financial Indicators (UK)

Economic Research Office
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Overview

The UK economy remains weak as external demand, from Europe in particular, is still sluggish. Although the depreciation of pound sterling in the first quarter of 2013 is expected to give a boost to exports, there is no sign of recovery yet. Domestic demand has been under pressure as companies remained reluctant to invest given the economic uncertainty as well as the government's continuous austerity measures. Household budget has also been squeezed by the rising inflation while the earning growth remains very weak and the recent strength in the labour market is fraying. In light of these circumstances, the UK's economic growth is likely to remain weak for a while.



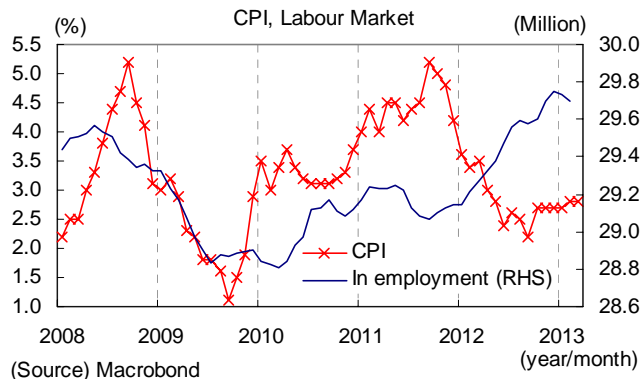
Consumption

Retail sales in March returned to a negative growth of 0.7% m/m. Consumer confidence in March stood at -18.1, down from -16.8 in February, reflecting worsening overall economic prospects and higher expectations for inflation among consumers.

Labour Market, Prices

Labour markets: The unemployment rate in March was unchanged at 4.6%. The number of people in employment decreased by 2,000 in the December-February period compared to the September-November period. This was the second consecutive period of decline in employment, thus raising a concern that the recent resilience in the labour market is waning. The average earning growth was just 0.8% y/y in February, slowing down for four months in a row.

Prices: March's CPI rose by 2.8% y/y, unchanged from a month earlier. Inflation is expected to rise above 3.0% y/y in the coming months reflecting increases in utility bills (in addition to increases in gas and electricity prices at the beginning of the year, an increase in water bills was enforced in April) as well as higher import prices on the back of the recent depreciation of sterling.



Output

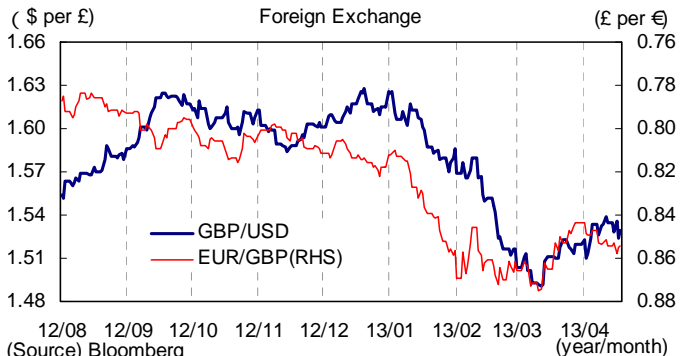
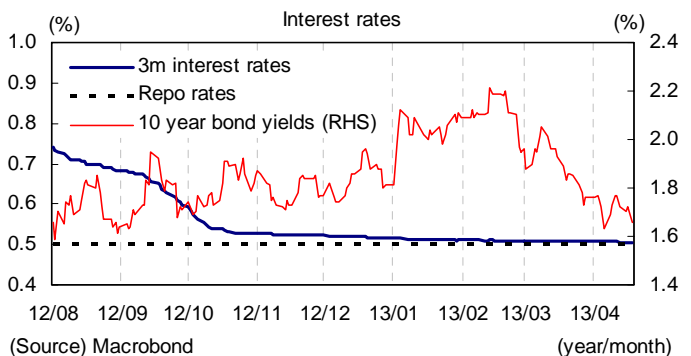
Industrial production in February returned to positive growth of 1.0% m/m, a rebound from negative growth of 1.3% m/m in January which was adversely affected by a heavy snowfall. Output in the manufacturing sector grew by 0.8% m/m while the utility sector also rose by 1.3% m/m thanks to exceptionally cold weather conditions. The PMI for the manufacturing sector edged up in February from 47.9 to 48.3, remaining below the 50 mark which indicates contraction in the sector. According to this survey, new orders, export orders in particular, contracted as well as employment in the sector.

Interest Rates, Foreign Exchange Markets

Policy Rate: On April 4th, 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. The minutes of this meeting revealed that, as with the previous two MPC meetings, three members including the Governor Mervyn King voted for an expansion of the QE programme by £25bn to £400bn. The other six members who voted against the expansion warned that medium term inflation expectations had drifted upwards in recent months, and a further easing might exacerbate this movement and prompt renewed weakness in sterling, with implications for wages and prices.

Market rate (March-): Long-term government bond yields started at 1.88%. Yields were up following Mario Draghi, the ECB president, comments that the eurozone economy will see gradual recovery in 2013. However, yields then lowered to a seven months low at 1.63% on April 5th reflecting concerns over the Cyprus debt crisis as well as the fact that Draghi hinted at the possibility of a further easing. Later, yields went up again reflecting the fact that the demand for the 10-year UK gilt auction on April 9th was lower-than-expected, finishing at around 1.68%.

Foreign Exchange Market (March-): Sterling's value against the US dollar started at US\$1.504 in March. It initially depreciated further amid fears over the UK economy falling into a triple dip recession. However, sterling strengthened after Sir Mervyn King, the BOE governor, indicated that the pound is properly valued and the BOE is not seeking for it to fall further. More recently, sterling depreciated reflecting the recent rise in the UK unemployment and disappointing industrial output figures, finishing at around US\$1.53. Elsewhere, sterling's value against the euro started at £0.866 in March. The euro depreciated on concerns over the Cyprus bailout, but edged up recently, finishing at around £0.85.



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	-
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	-
	Manufacturing	3.8	2.2	-1.5	0.0 -1.1	-1.0 -2.1	0.6 -1.2	-1.4 -1.8	-
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	1,537.4
(% 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	1.5	0.8	1.8	1.9	1.3	-
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	-
	(YoY, %)	16.5	12.6	0.5	3.9	-0.5	2.2	-3.6	-
	Outside the EU (GBP mln)	140,978	157,778	149,889	38,587	36,631	37,292	37,379	-
	(YoY, %)	13.7	11.9	-5.0	0.1	-8.8	-5.4	-5.7	-
Visible imports									
	Whole World (GBP mln)	364,217	399,303	406,799	102,358	101,410	101,619	101,412	-
	(YoY, %)	17.1	9.6	1.9	5.7	2.7	-0.2	-0.5	-
	Outside the EU(GBP mln)	364,217	399,303	406,799	51,522	50,440	51,027	51,268	-
	(YoY, %)	17.1	9.6	1.9	4.4	2.4	-0.4	0.7	-
Visible balance									
	Whole World (GBP mln)	-98,509	-100,230	-106,343	-25,667	-27,538	-26,008	-27,130	-
	Outside the EU (GBP mln)	-223,239	-241,525	-256,910	-12,935	-13,809	-13,735	-13,889	-
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	-3.7	-1.0	-
Public sector net cash requirement (GBP mln)		2,263	-21,359	-25,889	-33,436	-33,382	13,607	27,322	-
Foreign reserves ** (US\$ bln)		68.34	79.27	88.60	82.43	84.37	87.90	88.60	-
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		1.5459	1.6043	1.5853	1.5718	1.5829	1.5807	1.6058	1.5517
GBP/Euro exchange rate		0.8584	0.8679	0.8113	0.8344	0.8110	0.7919	0.8080	0.8511
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

		2012/08	9	10	11	12	2013/01	2	3
Real GDP Growth *		No figures for a monthly basis							
Industrial Production		-0.5	-2.3	-0.8	0.1	1.1	-1.3	1.0	-
* Manufacturing		-1.0	-3.2	-3.1	-2.8	-2.1	-3.1	-2.2	-
Confidence (% , balance)		-1.2	0.1	-1.2	-0.4	1.5	-1.9	0.8	-
* Manufacturing		-1.5	-1.5	-1.7	-2.1	-1.6	-3.3	-1.4	-
Consumer		-13.0	-8.3	-2.7	-9.5	-4.2	-9.9	-9.1	-8.0
Retail Sales Volume		-18.7	-19.3	-21.6	-14.1	-17.0	-16.2	-16.8	-18.1
* (000s)		0.0	0.4	-0.8	0.0	-0.2	-0.7	2.1	-0.7
(MoM, %)		2.4	2.3	0.6	0.7	0.3	-0.6	2.5	-0.5
Claimant Count *		1,570	1,566	1,573	1,568	1,554	1,543	1,538	1,531
(YoY, %)		-0.4	-1.7	-1.1	-1.6	-2.7	-3.9	-4.5	-4.8
Unemployment rate *		4.7	4.7	4.7	4.7	4.6	4.6	4.6	4.6
(YoY, %)		2.3	1.8	1.3	1.4	1.3	1.1	0.0	-
Average Earnings *		Headline rate	1.7	1.8	1.8	1.5	1.3	1.2	0.8
(3 month average)		0.5	0.5	0.2	-0.3	-0.1	0.2	0.8	0.3
Producer Prices		2.3	2.5	2.6	2.1	2.2	2.1	2.3	2.0
Output Prices		2.0	0.1	0.2	0.1	0.1	1.3	2.8	-0.1
Input Prices		1.2	-0.8	0.2	-0.1	0.6	1.8	2.1	0.4
Consumer Price Index		0.5	0.4	0.5	0.2	0.5	-0.5	0.7	0.3
CPI		2.5	2.2	2.7	2.7	2.7	2.7	2.8	2.8
RPI		0.4	0.5	0.6	0.0	0.5	-0.4	0.7	0.4
RPIX (excluding mortgage interest payments)		2.9	2.6	3.2	3.0	3.1	3.3	3.2	3.3
House Price (HBOS Index)		0.4	0.5	0.5	0.1	0.4	-0.4	0.7	0.4
(MoM, %)		2.9	2.6	3.1	2.9	3.0	3.3	3.2	3.2
(3M average YoY, %)		-0.5	-0.4	-0.1	1.6	1.0	-0.3	0.5	0.2
Visible exports		-0.9	-1.2	-1.7	-1.3	-0.3	1.3	1.9	1.1
Whole World (GBP mln)		24,664	25,019	24,380	24,578	25,324	24,644	24,131	-
(YoY, %)		0.9	2.1	-7.0	-3.2	-0.6	-4.2	-2.4	-
Outside the EU (GBP mln)		12,324	12,314	12,232	12,871	12,276	12,135	12,200	-
(YoY, %)		-5.0	-5.9	-9.2	-1.7	-6.2	-4.7	-4.7	-
Visible imports		35,071	33,465	33,685	33,665	34,062	32,812	33,547	-
Whole World (GBP mln)		6.0	-3.3	-1.6	-2.6	2.8	-3.0	0.1	-
(YoY, %)		17,472	16,751	17,061	17,380	16,827	16,879	17,295	-
Outside the EU (GBP mln)		5.2	-4.1	1.2	0.8	0.0	-1.1	2.2	-
(YoY, %)		-10,407	-8,446	-9,305	-9,087	-8,738	-8,168	-9,416	-
Visible balance		-5,148	-4,437	-4,829	-4,509	-4,551	-4,744	-5,095	-
Outside the EU (GBP mln)		No figures for a monthly basis							
Current Account* (GBP mln)		No figures for a monthly basis							
Money Supply		-4.2	-3.7	-3.2	-2.9	-1.0	-0.8	0.5	-
M4 : (YoY, %)		6,665	15,519	1,202	9,162	16,958	-20,703	-1,542	-
Public sector net cash requirement		87	88	90	89	89	90	88	-
Foreign reserves **		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Repo rate		0.70	0.65	0.54	0.52	0.52	0.51	0.51	0.51
3M interest rates		1.72	1.77	1.80	1.79	1.84	2.04	2.11	1.89
10-Y UK government bond yields		1.5716	1.6109	1.6074	1.5962	1.6134	1.5973	1.5488	1.5089
USD/GBP exchange rate		0.7889	0.7992	0.8072	0.8039	0.8130	0.8328	0.8622	0.8593
GBP/Euro exchange rate		123.68	125.93	126.99	129.32	135.29	142.49	144.24	143.07
Yen/GBP exchange rate		84.06	84.27	83.68	83.73	83.62	82.30	79.78	79.24
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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