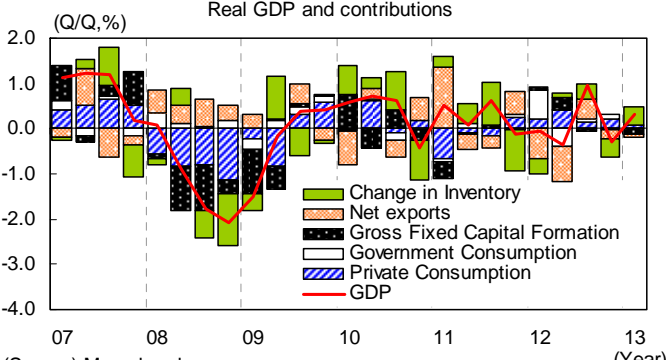
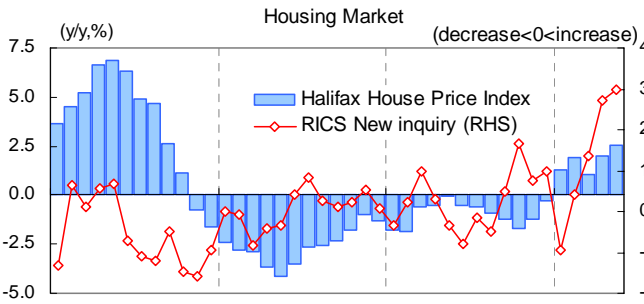
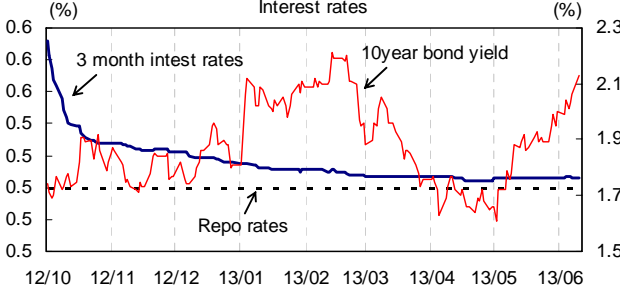
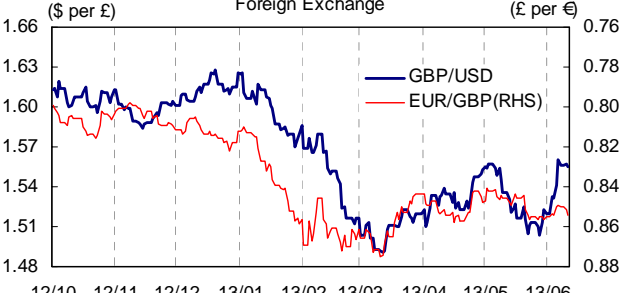


Main Economic & Financial Indicators (UK)

Economic Research Office
(Akiko Darvell, akiko.darvell@uk.mufg.jp)

Overview	Output
<p>The UK economy has been showing some signs of recovery. That said, there remain some downside risks to the outlook.</p> <p>In Q1, The economy grew by 0.3% q/q after falling by 0.3% q/q in the previous quarter, avoiding a much feared triple-dip recession. Looking at the components of GDP by expenditure, GDP growth was mainly driven by an increase in inventories which was a major drag on growth in the previous quarter. Modest increase in private consumption also made a positive contribution but to a lesser extent. Meanwhile, leading indicators have been encouraging. The PMI readings for the service, manufacturing and construction sectors have been improving since April, and in May, all stood at above the 50 mark which indicates an expansion in those sectors. The housing market is also showing signs of recovery boosted by the Bank of England's Funding for Lending Scheme (FLS) amongst other factors. However, the downside risks to the economic growth posed by the external environment remain, given that the Eurozone economy remains in recession. Businesses remain reluctant to invest while the negative effects from the government's spending cuts continue to be felt. Private consumption is unlikely to lead the recovery either, as consumer sentiment has been struggling to improve given the sluggish earning growth and the softening labour market.</p>  <p>(Source) Macrobond</p>	<p>Industrial production in April rose by 0.1% m/m, growing for three months in a row. In May, the PMI for the manufacturing sector was at 51.3, remaining above the 50 mark which indicates expansion in the sector for two months in a row. According to this survey, output and new orders grew at a faster pace. New order growth was driven by domestic demand while export orders also rose modestly with orders from North America, Eastern Asia, Russia, France and Germany. As manufacturers stocks appear to be decreasing with increased demand, output is likely to continue to grow modestly.</p> <p>Housing Markets</p> <p>The number of mortgages approved in April was up by 4.8% y/y, growing for three months in a row while readings for the major house price indices also grew in the recent months. Meanwhile, according to the May survey by RICS (the Royal Institution of Chartered Surveyors), new buyer enquiries rose to the highest level since 2009. The recent boost in the housing market is largely explained by the Bank of England's FLS as well as the government's Help to Buy scheme which was announced in the 2013 budget. The Help to Buy scheme will not come into full effect until 2014. However, it seems that expectations for a rise in house prices encouraged new buyers. That said, given that household budgets are still under pressure with weak earning growth, sustainable growth in the housing market is more likely to start from 2014.</p>  <p>(Source) Macrobond</p>
Consumer Confidence	Prices
<p>Consumer confidence in May stood at -17.5, down 0.5 point from April. According to this survey, assessment of general economic outlook improved for two months in a row. However, unemployment expectation rose given the recent softening of the labour market. The savings ratio and households expectations of their financial situation also fell given the weak earnings growth.</p>	<p>Prices</p> <p>The consumer price index rose by 2.4% y/y in April, down from 2.8% y/y in March. The main downward contribution came from transport costs, notably motor fuel and airfares reflecting a fall in oil prices. Airfares were also affected by the timing of Easter holidays which fell in March this year instead of April last year.</p>
Interest Rates, Foreign Exchange Markets	
<p>Policy Rate: On June 6th, 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. It now seems more unlikely that the BoE to take further stimulus action for the moment as its economic outlook was upgraded recently. That said, it may take some action in the near future as the new governor, Mark Carney, arrives in July, and the government expects the BoE under Carney to take a more aggressive stance to help the economy.</p>	
<p>Market rate (May-): Long-term government bond yields started at 1.66% in May. Yields rose almost throughout May and early June with the BoE upgrading its economic outlook and as expectations rose that the FRB will seek to reduce its quantitative easing programme, finishing at around 2.1%.</p>	
<p>Foreign Exchange Market (May-): Sterling's value against the US dollar started at US\$1.556 in May. US dollar then strengthened as expectations rose that the FRB will reduce its quantitative easing programme with better economic outlook, reaching at US\$1.50 on May 28. Subsequently, however, the pound bounced back following favourable data relating to the UK housing market and the manufacturing PMI as well as the BoE keeping its stimulus measures unchanged, finishing at around US\$1.55.</p>	
<p>Interest rates</p>  <p>(Source) Macrobond</p>	<p>Foreign Exchange</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	-0.4 0.7
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	-0.2 0.9	0.8 2.2	-0.7 0.4	0.4 0.3
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	3.5 1.7
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	-0.5	0.3 -0.6	-0.3 -0.5	-0.6 -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	74,721
	(YoY, %)	16.5	12.6	0.5	-0.5	-3.7	2.4	-1.8	0.6
	Outside the EU (GBP mln)	140,978	157,778	149,889	38,587	36,631	37,292	37,379	36,921
	(YoY, %)	13.7	11.9	-5.0	-2.7	-5.1	-1.8	0.2	-1.2
Visible imports	Whole World (GBP mln)	364,217	399,303	406,799	102,358	101,410	101,619	101,412	101,250
	(YoY, %)	17.1	9.6	1.9	0.5	-0.9	0.2	-0.2	-0.2
	Outside the EU (GBP mln)	364,217	399,303	406,799	51,522	50,440	51,027	51,268	52,186
	(YoY, %)	17.1	9.6	1.9	1.2	-2.1	1.2	0.5	1.8
Visible balance	Whole World (GBP mln)	-98,509	-100,230	-106,343	-25,667	-27,538	-26,008	-27,130	-26,529
	Outside the EU (GBP mln)	-223,239	-241,525	-256,910	-12,935	-13,809	-13,735	-13,889	-15,265
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)	7,080	-21,359	-25,861	-33,436	-33,380	13,619	27,336	8,968
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

		2012/10	11	12	2013/01	2	3	4	5	
Real GDP Growth *		No figures for a monthly basis								
		-0.8	0.1	1.1	-1.4	0.9	0.7	0.1	-	
Industrial Production		-3.1	-2.8	-2.1	-3.1	-2.5	-1.4	-0.6	-	
* Manufacturing		-1.2	-0.4	1.5	-1.9	0.7	1.1	-0.2	-	
		-1.7	-2.1	-1.6	-3.4	-1.6	-1.4	-0.5	-	
Confidence		-2.7	-9.5	-4.2	-9.9	-9.1	-8.0	-8.0	-7.7	
(% , balance)		-21.6	-14.1	-17.0	-16.2	-16.8	-18.1	-17.0	-17.5	
Retail Sales Volume		-0.9	0.1	-0.2	-0.7	2.1	-0.6	-1.3	-	
*		0.5	0.7	0.2	-0.6	2.4	-0.5	0.5	-	
Claimant Count *		(000s)	1,572.9	1,567.9	1,554.0	1,543.3	1,538.0	1,528.1	1,520.8	
		(MoM, %)	-1.1	-1.6	-2.7	-3.9	-4.5	-5.0	-4.3	
Unemployment rate *			4.7	4.7	4.6	4.6	4.6	4.6	4.5	
Average Earnings *		(YoY, %)	1.3	1.4	1.3	1.0	0.8	-0.7	-	
		Headline rate								
		(3 month average)	1.8	1.5	1.3	1.2	1.0	0.4	-	
Producer Prices		Output Prices	0.2	-0.2	0.4	0.7	0.2	-0.1	0.0	
			2.6	2.1	2.1	2.3	1.9	1.1	0.0	
		Input Prices	0.2	0.1	1.4	2.9	0.1	-2.3	0.0	
			0.2	0.6	1.9	2.3	0.8	-0.1	0.0	
Consumer Price Index		CPI	0.5	0.2	0.5	-0.5	0.7	0.3	0.2	
			2.7	2.7	2.7	2.7	2.8	2.8	2.4	
		RPI	0.6	0.0	0.5	-0.4	0.7	0.4	0.3	
			3.2	3.0	3.1	3.3	3.2	3.3	2.9	
		RPIX (excluding mortgage interest payments)	0.5	0.1	0.4	-0.4	0.7	0.4	0.3	
			3.1	2.9	3.0	3.3	3.2	3.2	2.9	
House Price (HBOS Index)		(MoM, %)	-0.1	1.6	1.0	-0.3	0.5	0.4	1.1	
		(3M average YoY, %)	-1.7	-1.3	-0.3	1.3	1.9	1.1	2.0	
Visible exports		Whole World (GBP mln)	24,380	24,578	25,324	24,706	24,453	25,562	25,208	
		(YoY, %)	-2.6	0.8	3.0	-2.4	-1.0	4.5	-1.4	
		Outside the EU (GBP mln)	12,232	12,871	12,276	12,180	12,434	12,307	11,933	
		(YoY, %)	-0.7	5.2	-4.6	-0.8	2.1	-1.0	-3.0	
Visible imports		Whole World (GBP mln)	33,685	33,665	34,062	32,913	33,600	34,737	33,432	
		(YoY, %)	0.7	-0.1	1.2	-3.4	2.1	3.4	-3.8	
		Outside the EU(GBP mln)	17,061	17,380	16,827	16,931	17,272	17,983	16,698	
		(YoY, %)	1.9	1.9	-3.2	0.6	2.0	4.1	-7.1	
Visible balance		Whole World (GBP mln)	-9,305	-9,087	-8,738	-8,207	-9,147	-9,175	-8,224	
		Outside the EU (GBP mln)	-4,829	-4,509	-4,551	-4,751	-4,838	-5,676	-4,765	
Current Account*		(GBP mln)	No figures for a monthly basis							
Money Supply		M4 : (YoY, %)	-3.2	-2.9	-1.0	-0.8	0.6	0.3	-0.1	
Public sector net cash requirement			1,208	9,167	16,961	-20,875	-1,664	31,507	-10,759	
Foreign reserves **			89.74	89.35	88.60	90.14	88.23	88.37	89.54	
Repo rate			0.50	0.50	0.50	0.50	0.50	0.50	0.50	
3M interest rates			0.54	0.52	0.52	0.51	0.51	0.51	0.51	
10-Y UK government bond yields			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	
GBP/Euro exchange rate			0.799	0.807	0.804	0.813	0.833	0.862	0.859	
Yen/GBP exchange rate			125.93	126.99	129.32	135.29	142.49	144.24	143.07	
Effective exchange rate ****			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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