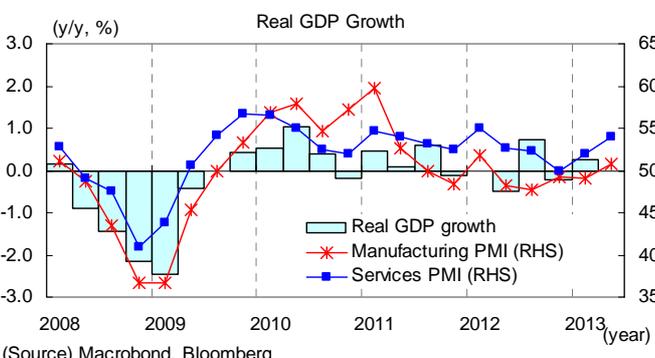
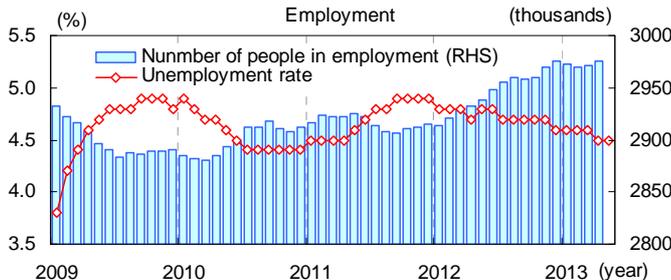
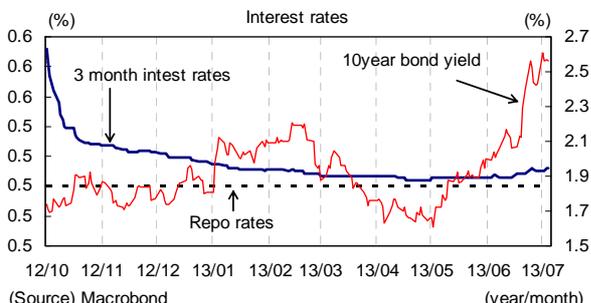
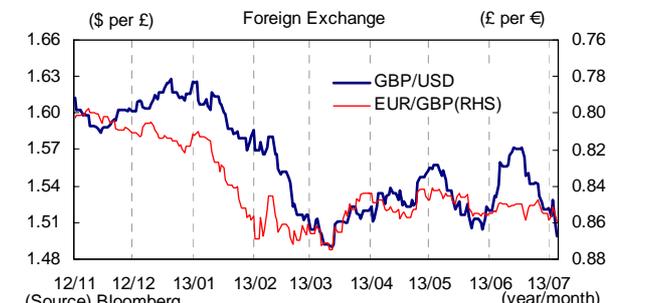


## Main Economic & Financial Indicators (UK)

Economic Research Office  
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Overview	Output
<p>While the UK economy is still sluggish, there are some signs of firmness given that there are some improvements in business sentiment. The Purchasing Managers' Index (PMI) readings for the manufacturing, service and construction sectors have been above the 50 mark since May, indicating an expansion in those sectors. With these improvements in business conditions, it is more likely that real GDP growth in Q2 accelerates from the growth of 0.3% q/q in Q1. Meanwhile, the labour market, which was seemed to have softened earlier in the year, is also picking up a pace. There are also signs of recovery in consumer confidence even though it is still at a low level. However, downside risks to economic growth posed by the external environment remain, given that the Eurozone economy remains in recession. The impact of the government's Funding for Lending Scheme (FLS) on the corporate sector seems to be limited as the decrease in corporate lending has continued. Thus, businesses remain reluctant to invest while the negative effects from the government's spending cuts continue to be felt. Sustained recovery in private consumption is also likely to take some time given that high inflation continues to put pressure on households.</p>	<p>Industrial production is slowly recovering, grew on an m/m basis for three months in a row. The PMI for the manufacturing sector in June came in at 52.5, remaining above the 50 mark for three 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 Europe, China, North America and Middle East. As manufacturers' stocks appear to be decreasing with increased demand, output is likely to continue to grow modestly.</p> <p>The construction sector started to show some positive signs reflecting the recovery in the housing market. The number of mortgages approved increased for three months in a row while house prices and new orders are also increasing with increased demand. The PMI reading for the sector in June stood at 51.0, remaining above the 50 mark for two months in a row.</p> <p>Service sector output in April increased 0.2% m/m, boosted by the transport and communication sector (+1.3% m/m). The PMI reading for the sector in June stood at 56.9, the highest level in two and a half years, indicating that the sector remains resilient.</p>
Labour Markets	Prices
<p>The unemployment rate (claimant count) in June remained flat at 4.5% for two months in a row. The number of people in employment in April (three-month backward moving average) increased by 48,000 from the previous month, which represents an increase for two consecutive months.</p>	<p>The consumer price index rose by 2.7% y/y in May, up from 2.4% y/y in April. The main upward contribution came from a rise in petrol prices as well as a rebound in airfares reflecting the temporary downward pressures on air travel costs in April due to the timing of Easter holidays which fell in March.</p>
<p><b>Consumer Confidence</b></p> <p>Retail sales in May grew by 2.1% m/m, returning to a positive growth after two consecutive months of decline. Growth in new car registration in Q2 accelerated to 13.1% y/y from 8.4% y/y in Q1. Consumer confidence in June stood at -15.5, up 2.0 points from May. According to this survey, assessment of general economic prospects improved in both the current and the outlook. Expectation regarding unemployment decreased as the labour market conditions improved after a softening at the beginning of the year.</p>	<p><b>Interest Rates, Foreign Exchange Markets</b></p> <p><b>Policy Rate:</b> On July 4th, the Bank of England's Monetary Policy Committee (MPC) decided to keep its policy rate unchanged at 0.50% and the size of its QE programme at £375bn. This was the first MPC meeting since Mark Carney was appointed as the new governor of the BoE. The BoE's statement after the MPC indicated its intension to keep the policy rate unchanged for longer time horizon as well as its concerns about the sharp rise in market interest rates. The BoE also said that it will elaborate further on its move towards forward guidance on interest rates in August.</p> <p><b>Market rate (June-):</b> Long-term government bond yields started at 1.99% in June. Yields then rose almost consistently and reached at 2.61% on July 1st, which was the highest level since October 2011, reflecting favourable economic data in the UK as well as indications from the FRB to scale down its monetary easing programme. However, they came down slightly after the BoE suggested the possibility of keeping interest rates unchanged for an extended period, and finished at around 2.6%.</p> <p><b>Foreign Exchange Market (June-):</b> Sterling's value against the US dollar started at US\$1.52 in June. It then rose to US\$1.57 on June 17th, the highest level in five months, reflecting favourable data relating to the UK economy. Subsequently, it fell closing at around US\$1.50, reflecting the US FRB's suggestions that it will start to reduce the scale of its monetary easing programme by the end of the year as well as the BoE's signal that it would keep the policy interest rate unchanged for a long period.</p>
<p style="text-align: center;"><b>Real GDP Growth</b></p>  <p>(Source) Macrobond, Bloomberg</p>	<p style="text-align: center;"><b>Employment</b></p>  <p>(Note) Number of people in employment: backward three months moving average. Unemployment rate: claimant count base (Source) Macrobond</p>
<p style="text-align: center;"><b>Interest rates</b></p>  <p>(Source) Macrobond</p>	<p style="text-align: center;"><b>Foreign Exchange</b></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	-
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 *	2.1	-0.6	-2.4	-0.9 -2.4	0.5 -1.7	-2.1 -2.6	0.2 -2.3	-
Manufacturing	3.8	2.2	-1.5	-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	-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 *	-0.4	0.5	1.2	-0.3 0.8	0.8 2.2	-0.5 0.5	0.4 0.4	-
Claimant Count * (000s)	1,496.4	1,534.2	1,585.2	1,593.5	1,574.1	1,564.9	1,536.5	-
(% change on previous term)	-2.1	2.5	3.3	-0.9	-1.2	-0.6	-1.8	-
Unemployment rate * (%)	4.6	4.7	4.7	4.7	4.7	4.6	4.7	-
Average Earnings * (YoY, %)	2.4	2.4	1.4	1.6	1.9	1.3	0.5	-
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	-
Input Prices	9.9	15.4	1.4	-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	0.8 2.8	0.3 2.4	1.2 2.7	0.4 2.8	-
RPI	4.6	5.2	3.2	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	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	-0.4 -1.2	0.8 -0.3	1.3 1.1	2.1 3.7	-
Visible exports								
Whole World (GBP mln)	265,708	299,073	300,456	73,872	75,611	74,282	74,721	-
(YoY, %)	16.5	12.6	0.5	-3.7	2.4	-1.8	0.6	-
Outside the EU ( GBP mln )	140,978	157,778	149,889	36,631	37,292	37,379	36,921	-
(YoY, %)	13.7	11.9	-5.0	-5.1	1.8	-0.2	-1.2	-
Visible imports								
Whole World (GBP mln)	364,217	399,303	406,799	101,410	101,619	101,412	101,250	-
(YoY, %)	17.1	9.6	1.9	-0.9	0.2	-0.2	-0.2	-
Outside the EU(GBP mln)	364,217	399,303	406,799	50,440	51,027	51,268	52,186	-
(YoY, %)	17.1	9.6	1.9	-2.1	1.2	0.5	1.8	-
Visible balance								
Whole World (GBP mln)	-98,509	-100,230	-106,343	-27,538	-26,008	-27,130	-26,529	-
Outside the EU (GBP mln)	-223,239	-241,525	-256,910	-13,809	-13,735	-13,889	-15,265	-
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	0.3	-
Public sector net cash requirement (GBP mln)	7,080	-21,375	-26,305	-33,392	13,414	27,115	8,567	-
Foreign reserves ** (US\$ bln)	68.34	79.27	88.60	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	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

		2012/11	12	2013/01	2	3	4	5	6
Real GDP Growth *		No figures for a monthly basis							
Industrial Production		0.1	1.1	-1.4	0.9	0.7	0.1	-	-
* Manufacturing		-2.8	-2.1	-3.1	-2.5	-1.4	-0.6	-	-
Confidence (%, balance)	Manufacturing	-0.4	1.5	-1.9	0.7	1.1	-0.2	-	-
	Consumer	-2.1	-1.6	-3.4	-1.6	-1.4	-0.5	-	-
Retail Sales Volume		0.1	-0.2	-0.8	2.2	-0.5	-1.1	2.1	-
* (000s)		0.7	0.3	-0.7	2.4	-0.4	0.8	1.9	-
Claimant Count *		1,567.9	1,554.0	1,543.3	1,538.0	1,528.1	1,516.3	1,507.7	-
(MoM, %)		-1.6	-2.7	-3.9	-4.5	-5.0	-4.6	-5.5	-
Unemployment rate *		4.7	4.6	4.6	4.6	4.6	4.5	4.5	-
Average Earnings *		1.4	1.3	1.0	0.9	-0.3	3.3	-	-
(YoY, %) Headline rate (3 month average)		1.5	1.3	1.2	1.1	0.6	1.3	-	-
Producer Prices	Output Prices	-0.3	-0.2	0.4	0.7	0.2	-0.2	0.0	-
		2.1	2.1	2.1	2.3	1.9	0.9	1.2	-
	Input Prices	0.1	0.1	1.4	2.8	0.2	-2.3	-0.3	-
Consumer Price Index	CPI	0.2	0.5	-0.5	0.7	0.3	0.2	0.2	-
		2.7	2.7	2.7	2.8	2.8	2.4	2.7	-
	RPI	0.0	0.5	-0.4	0.7	0.4	0.3	0.2	-
		3.0	3.1	3.3	3.2	3.3	2.9	3.1	-
RPIX (excluding mortgage interest payments)		0.1	0.4	-0.4	0.7	0.4	0.3	0.2	-
		2.9	3.0	3.3	3.2	3.2	2.9	3.1	-
House Price (HBOS Index)	(MoM, %)	1.6	1.0	-0.3	0.5	0.4	1.1	0.5	0.6
	(3M average YoY, %)	-1.3	-0.3	1.3	1.9	1.1	2.0	2.6	3.7
Visible exports	Whole World (GBP mln)	24,578	25,324	24,706	24,453	25,562	25,208	-	-
	(YoY, %)	0.8	3.0	-2.4	-1.0	4.5	-1.4	-	-
	Outside the EU ( GBP mln )	12,871	12,276	12,180	12,434	12,307	11,933	-	-
(YoY, %)	5.2	-4.6	-0.8	2.1	-1.0	-3.0	-	-	
Visible imports	Whole World (GBP mln)	33,665	34,062	32,913	33,600	34,737	33,432	-	-
	(YoY, %)	-0.1	1.2	-3.4	2.1	3.4	-3.8	-	-
	Outside the EU(GBP mln)	17,380	16,827	16,931	17,272	17,983	16,698	-	-
(YoY, %)	1.9	-3.2	0.6	2.0	4.1	-7.1	-	-	
Visible balance	Whole World (GBP mln)	-9,087	-8,738	-8,207	-9,147	-9,175	-8,224	-	-
	Outside the EU (GBP mln)	-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, %)	-2.9	-1.0	-0.8	0.6	0.3	-0.1	-0.1	-
Public sector net cash requirement		9,098	16,879	-20,970	-1,754	31,291	-10,987	3,074	-
Foreign reserves **		89.35	88.60	90.14	88.23	88.37	89.54	89.01	-
Repo rate		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3M interest rates		0.52	0.52	0.51	0.51	0.51	0.51	0.51	0.51
10-Y UK government bond yields		1.79	1.84	2.04	2.11	1.89	1.70	1.85	2.21
USD/GBP exchange rate		1.596	1.613	1.597	1.549	1.509	1.532	1.529	1.545
GBP/Euro exchange rate		0.804	0.813	0.833	0.862	0.859	0.851	0.849	0.852
Yen/GBP exchange rate		129.32	135.29	142.49	144.24	143.07	150.01	154.52	152.21
Effective exchange rate ****		83.73	83.62	82.30	79.78	79.24	80.23	80.56	81.09

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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