Office for National Statistics

Economic Review, June 2014

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Abstract

The key economic stories from National Statistics produced over the latest month, painting a coherent picture of the UK economic performance using recent economic data.

Key Points

- The second estimate of GDP indicated that the UK economy grew by 0.8% in Q1 2014 and by 3.1% over the last year. This release will be followed by a range of articles which highlight some of the far-reaching changes that will be introduced in the Quarterly National Accounts in September.
- The headline employment rate has broadly returned to its long-term average rate, while estimates of the extent of spare capacity in the UK economy continue to point to recent tightening. The ratio of worked hours to a broad measure of desired hours has narrowed slightly since June 2012.
- UK house prices continued to rise in March and have been highlighted by the Bank of England as a potential source of financial instability. In only three regions have house prices returned to their pre-downturn levels. In London, house prices were 24.8% above their pre-downturn peak in March 2014.
- The ratio of the average house price to the average income of mortgage applicants is now above its pre-downturn peak in London, the East, South East and South West. In all other regions it is above its long run average, but at the upper end of the range of observed values between Q1 2002 and Q4 2007.
- The UK current account deficit was at near record highs in Q4 2013, reflecting both a substantial trade deficit and a sharp decline in the value of UK income earned on overseas investments. ONS analysis suggests that this has been led by a fall in the rate of return on UK portfolio investment abroad, relative to that on overseas portfolio investment in the UK.

GDP Estimate

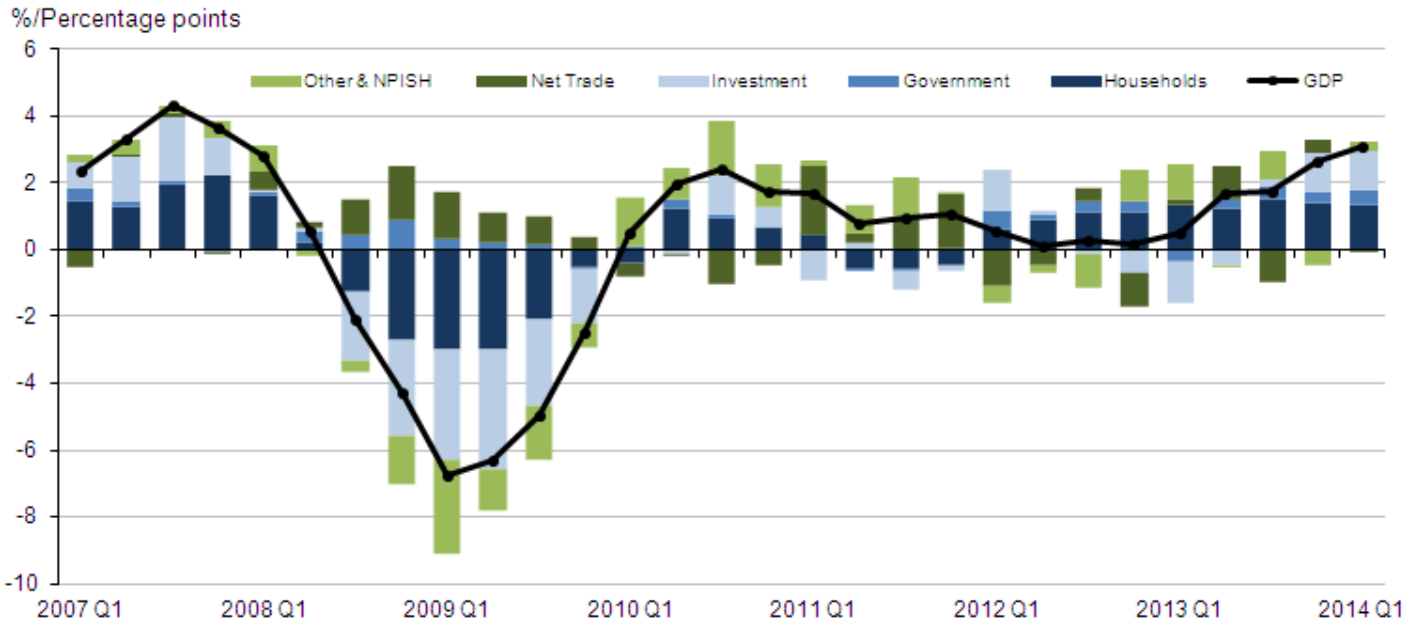
The second estimate of Gross Domestic Product (GDP) indicated that the economy grew by 0.8% in the first quarter of 2014, unrevised from the preliminary estimate. Output growth was driven by the services industry, which grew by 0.9% on the quarter and accounted for 0.7 percentage points of quarterly GDP growth. Output in the production industry rose by 0.7% on the quarter, supported by manufacturing output growth of 1.4%, while output in the construction industry rose by 0.6%.

Compared to the same quarter a year ago, GDP rose by 3.1% in Q1 2014, the fastest rate of annual GDP growth since Q4 2007.

The second estimate of GDP also provided the first information on the expenditure components of GDP in Q1 2014. On this measure, expenditure growth in the quarter was driven by household consumption, which grew by 0.8% and accounted for 0.5 percentage points of GDP growth. Fixed investment grew by 0.6% on the quarter, accounting for an additional 0.1 percentage points of expenditure growth, while net trade made a slight positive contribution, albeit a result of exports falling to a slightly lesser extent than imports.

Figure 1 plots contributions to the annual growth of the expenditure measure of GDP since Q1 2007. It suggests that much of the recovery of GDP growth since 2012 has been based on stronger household consumption. Investment – which fell sharply during the economic downturn in 2008 and 2009 – has made an erratic contribution to output growth over this period. However, in the two most recent quarters, growth in fixed investment has picked up strongly, driven by both business investment and private dwellings investment, which increased on an annual basis by 8.7% and 11.6% respectively in Q1 2014. Government spending has also made a small but consistent positive contribution over recent quarters.

Figure 1: Contributions to GDP growth: Expenditure components: year on year, constant prices, seasonally adjusted



Source: Office for National Statistics

Notes:

1. Totals may not sum due to rounding.
2. Other & NPISH is the combined changes in inventories, the alignment adjustment as well as acquisitions less disposals of valuables and Non-profit institutions serving households (NPISH).

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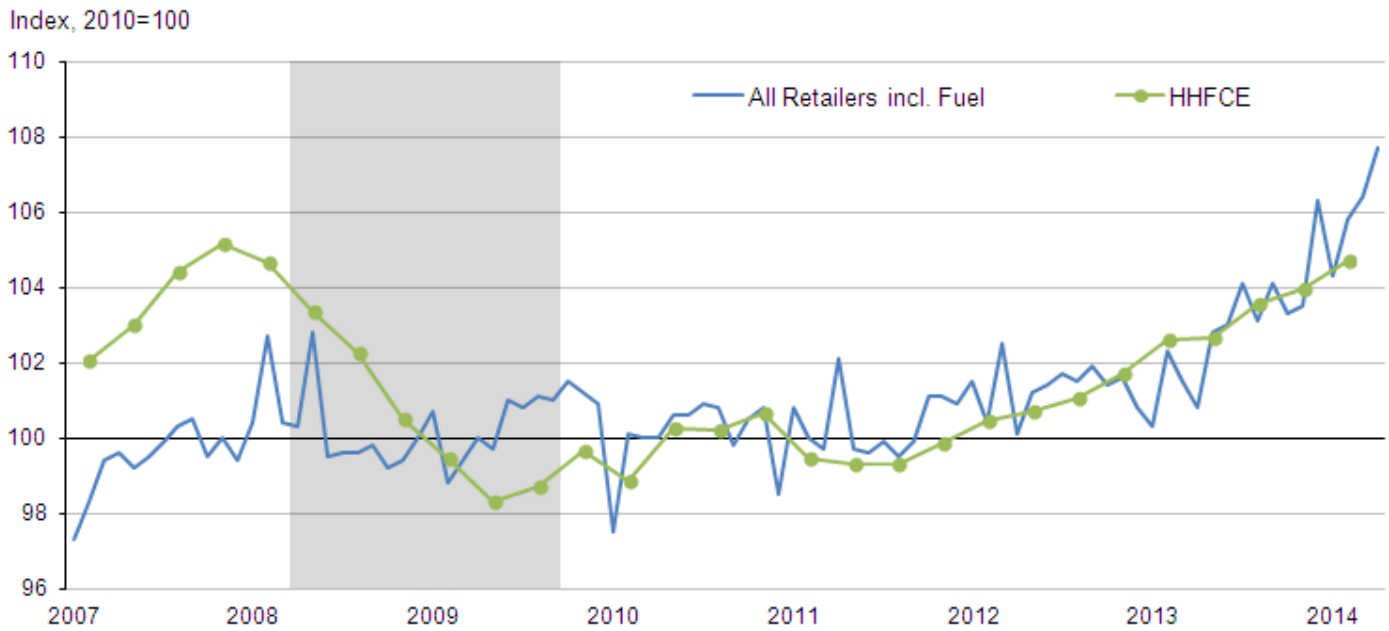
The recent strength of household spending – which returned to its Q1 2008 level in the first three months of 2014 – has also been reflected in the recent growth of retail sales. Figure 2 shows the path of household spending alongside retail sales, indexed to their respective levels in 2010. After a long period of stagnating volumes between 2009 and 2012, both series started to increase relatively strongly. Figure 2 also suggests that consumer spending carried momentum into Q2 2014, as the volume of retail sales increased at its fastest annual rate in April since 2004.

Figure 2: Volume of retail sales and household final consumption expenditure, constant prices, seasonally adjusted



Source: Office for National Statistics

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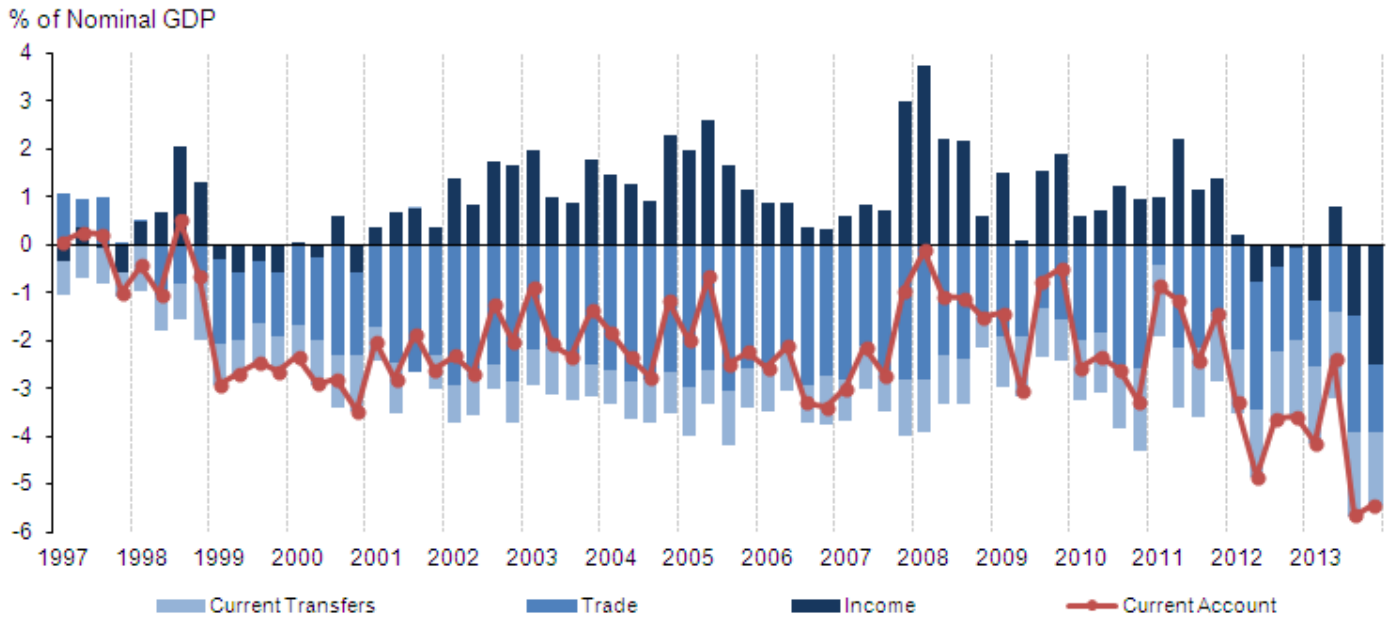
Balance of Payments

In contrast to the relative strength of household spending, trade has made a relatively modest contribution to growth since the onset of the economic downturn – especially given the substantial depreciation of sterling between late 2007 and mid-2009 (Explanations beyond exchange rates - trends in the UK since 2007). In recent quarters, the contribution of net trade to GDP growth has been particularly small and quite erratic, fluctuating between small positive and small negative contributions since early 2012.

The trade balance (the value of UK exports less the value of UK imports) is one component of the UK's current account, which summarises the transactions between the UK and the rest of the world. Large current account surpluses (a persistent feature of economies such as China and Germany) are balanced by a country lending money to the rest of the world, while current account deficits are balanced by countries borrowing from the rest of the world. In the former case, surplus countries tend to accumulate large stocks of overseas investments, while in the latter, deficit countries see large capital inflows and a growing fraction of their assets held by overseas agents. The UK current account – which has been consistently negative since the late 1990s – deteriorated markedly in the second half of 2013, with deficits of 5.6% and 5.4% of nominal GDP in Q3 2013 and Q4 2013 respectively. This deterioration was widely noted (Bank of England May Inflation Report) as it suggests that the UK is becoming increasingly dependent on inflows of foreign capital to fund its current account.

Figure 3 summarises the UK's current account – which comprises of (a) the trade balance, (b) the income balance (income earned by UK residents abroad less income earned by those overseas on their investments in the UK) and (c) net transfers (mainly payments to overseas governments less payments received from overseas governments). Since the late 1990s, the UK has run a persistent deficit on trade – indicating that the value of UK exports was less than the value of UK imports – of around 2% of nominal GDP, while negative net transfer payments accounted for a further 1.0% of GDP on average over the same period. By contrast, the UK's income balance has been positive throughout most of this period – reflecting stronger earnings on UK investments abroad than earnings on overseas investments in the UK. However, in recent quarters this position has reversed with all three elements contributing to amongst the largest current account deficits on record in Q4 2013.

Figure 3: UK current account, balances as a percentage of nominal GDP



Source: Office for National Statistics

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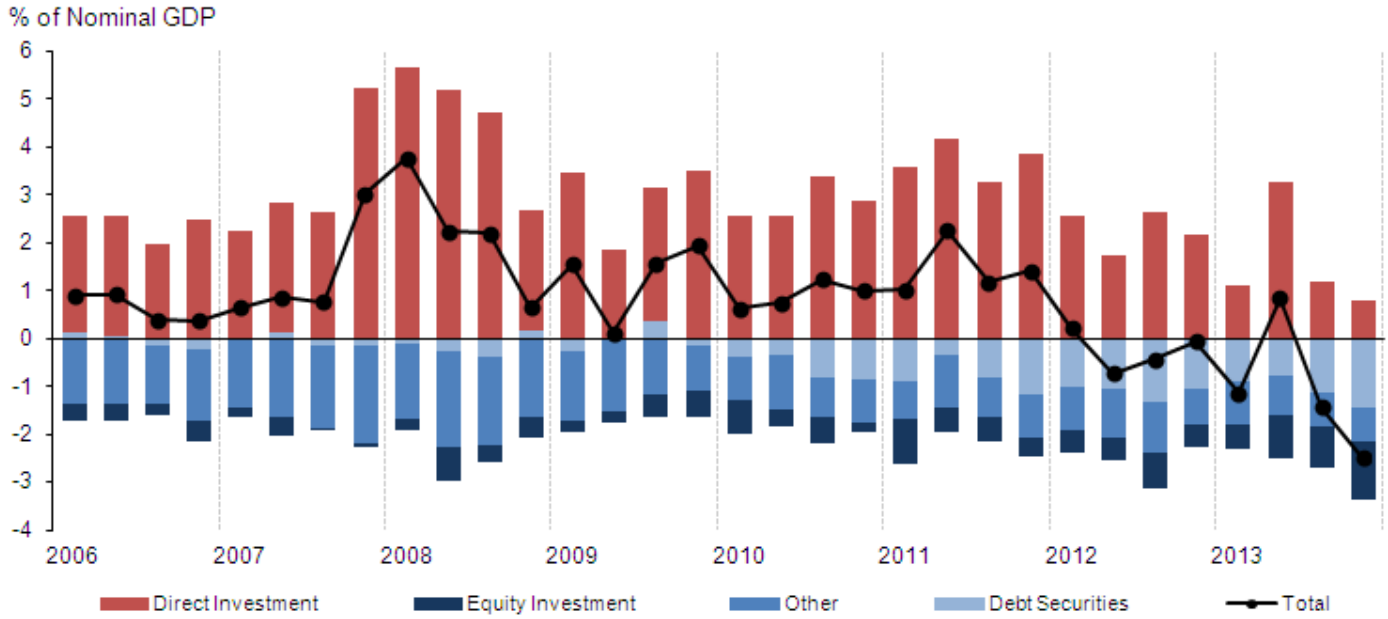
The recent fall in the UK's income balance is explored in more detail in Figure 4. It divides the income balance (UK earnings on overseas assets less overseas earnings on UK assets) into the balances on several types of assets: direct investment, equity, debt securities and other. It suggests that the recent fall in the income balance has arisen as a result of lower balances on direct investment and debt securities. Earnings from direct investment fell from an average surplus of 2.6% of nominal GDP per quarter between 1997 and 2007 to just 0.8% in Q4 2013 – the lowest value since the early 1990s. Net earnings from debt securities have grown increasingly negative in recent quarters – falling from an average surplus of 0.2% of nominal GDP between 1997 and 2007, to a deficit of 0.2% between 2008 and 2011, and to a deficit of 1.4% in Q4 2013. Both balances have contributed to a sharp fall in the UK's income balance.

Figure 4: Contributions to the UK's income balance, current prices, seasonally adjusted



Source: Office for National Statistics

Notes:

1. Other consists of Compensation of Employees, Reserve Earnings and Other Investment

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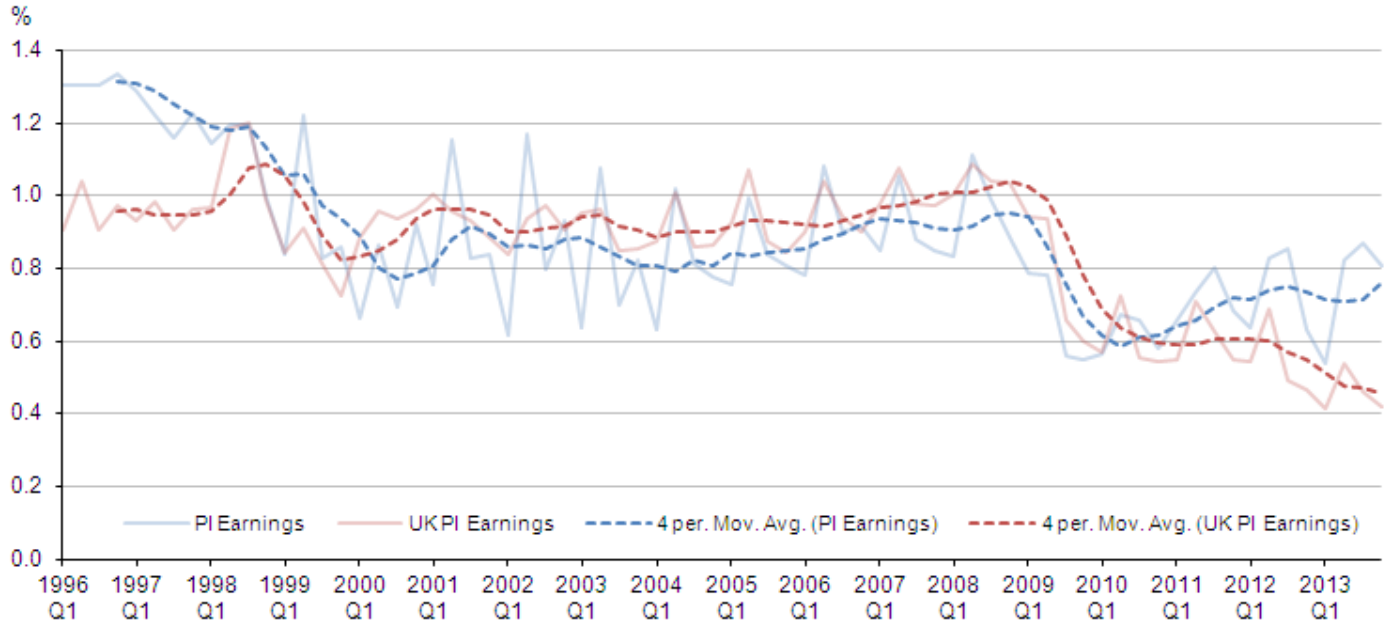
Why have the UK's net earnings on debt securities and direct investment fallen in recent periods? Figure 5 offers a partial explanation, by showing the rate of return received by domestic and overseas agents on their respective overseas and UK portfolio investments (incorporating both equity and debt securities). It suggests that throughout the early 2000s, the UK received a broadly

similar – if not slightly higher – return on its overseas assets compared with UK assets held by overseas agents, shown by the close association between the two curves over this period.

Figure 5: Rate of return on portfolio investment (PI) by and within the UK, non-seasonally adjusted



Source: Office for National Statistics

Notes:

1. These rates of return are calculated by dividing the earnings from assets abroad (or in the UK) (Table G of the ONS Balance of Payments release) by the stock of UK (overseas) assets held overseas (or in the UK) (taken from Table D in the Balance of Payments release).

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However, in recent periods and in particular in Q3 and Q4 2013, these two curves have diverged – suggesting that overseas agents are now earning a higher rate of return than UK holders of overseas assets. This divergence and the relative fall in UK income from direct investments abroad are both likely to reflect a wide range of different effects, including the relative strength of the UK's recovery in comparison with the Euro Area and any structural changes in the efficiency of UK investments overseas.

National Accounts changes in Blue and Pink Books 2014

The second estimate of GDP in Q1 2014 and the above balance of payments data come a few months before the publication of the UK's annual national accounts in September. The Blue Book and Pink Book are annual updates of the figures showing the development of the UK economy and

of the UK's overseas transactions, introducing revisions to the statistical record that reflect both new data and methodological improvements (National Accounts articles).

In September 2014, the scope of these changes is unusually broad. Firstly, the UK is moving to new, internationally agreed standards set out in the European System of Accounts (ESA2010) and Balance of Payments Manual (BPM6). This is part of the regular international process of revising statistical methods and sources in order to keep pace with the changing nature of the economy.

ESA2010 will introduce a number of new concepts, including the treatment of research and development expenditure and spending on weapon systems as investment, thereby adding to GDP. Changes to the way pension entitlements are recorded are expected to raise the household saving rate by between 3 and 6 percentage points per annum between 1997 and 2010. The new BPM6 standard will include new measurement methods for foreign direct investment, gambling, and the processing of intermediate outputs abroad.

Secondly, changes will also arise as a result of improvements in the way Gross National Income (GNI) is measured – one of the key statistics used in the calculation of Member States' contributions to the EU budget. One such change is the inclusion of illegal activities in GNI, which in the case of the UK, means that activities such as drug dealing and prostitution will be included in the national accounts from September .

Finally, revisions arising from these new international standards will be accompanied by improvements to the way inventories and fixed investment are measured. In addition there will be the usual annual updating of the base and reference years, in this case from 2010 to 2011; data for 2012 will go undergo the supply and use balancing process for the first time; and the weights used in calculating producer price indices will see their five-yearly updating to 2010 values.

In the coming weeks, ONS will publish a series of articles setting out the key changes, along with an indication of the impact which they are likely to have on GDP and the National Accounts by sector. On 29 May, the first of a set of articles discussing the non-ESA 2010 changes planned for Blue Book 2014 was published (National Accounts articles - Impact of ESA95 Changes on Current Price GDP Estimates)

Spare Capacity in the Labour Market

The recovery of output growth over the last year has been accompanied by a strengthening of conditions in the labour market. Table 1 summarises recent movements, and suggests that both the headline unemployment and inactivity rates have fallen relatively sharply in recent quarters. The unemployment rate among those aged 16 and above fell from 8.2% in the three months to March 2012, to 7.8% in the three months to March 2013 and has since fallen a further percentage point to 6.8% in the three months to March 2014 (Labour Market Statistics - May 2014). The inactivity rate – which increased by a relatively small amount during the economic downturn – has fallen by a percentage point over the same two year period to near historic lows (Labour Market Statistics - May 2014). Average weekly earnings growth has also picked up in recent quarters – although it remains weak by historical standards.

Table 1: Headline labour market statistics

				%
	Employment Rate All aged 16 to 64	**Unemployment Rate All aged 16 and over**	**Inactivity Rate All aged 16 to 64**	**Average Weekly Earnings % changes year on year (3 month average)**
Jan-Mar 2012	**70.6**	**8.2**	**22.9**	**0.8**
Jan-Mar 2013	**71.4**	**7.8**	**22.4**	**0.7**
Aug-Oct 2013	72.0	7.4	22.1	0.9
Sep-Nov 2013	72.1	7.1	22.2	0.9
Oct-Dec 2013	**72.1**	**7.2**	**22.1**	**1.2**
Nov-Jan 2014	72.3	7.2	22.1	1.4
Dec-Feb 2014	72.6	6.9	21.9	1.7
Jan-Mar 2014	**72.7**	**6.8**	**21.9**	**1.7**

Table source: Office for National Statistics

Table notes:

1. The headline employment rate is the number of people aged 16 to 64 in employment divided by the population aged 16 to 64.
2. The headline unemployment rate is the number of unemployed people (aged 16+) divided by the economically active population (aged 16+). The economically active population is defined as those in employment plus those who are unemployed.
3. The headline inactivity rate is the number of economically inactive people aged 16 to 64 divided by the population aged 16 to 64.
4. The Average Weekly Earnings series used relates to total pay (including regular and bonus pay). The three month average figures are the changes in the average seasonally adjusted values for the three months compared with the same period a year earlier.

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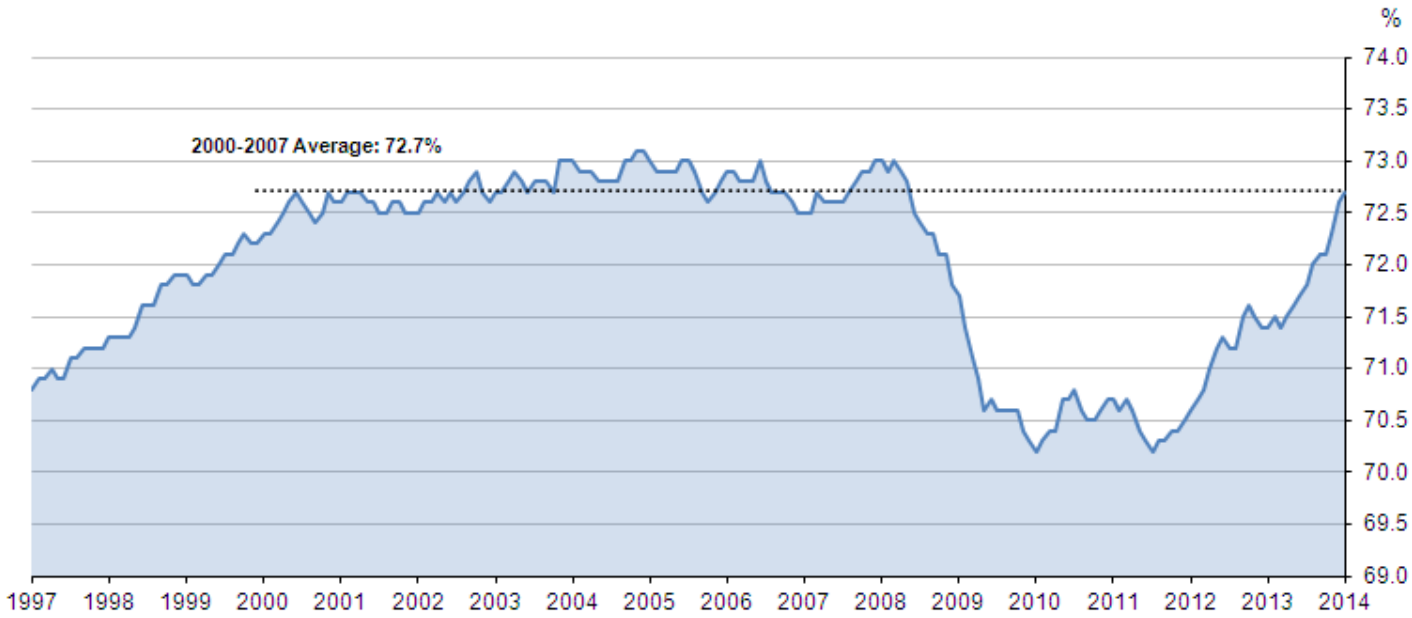
Table 1 also suggests that the employment rate – expressed as a fraction of the population in work – has risen strongly from 70.6% in Q1 2012, to 71.4% in Q1 2013 and to 72.7% in Q1 2014. Figure 6 places this recent increase in some historical context. It suggests that the employment rate fell precipitously following the onset of the economic downturn in 2008, as firms sought to reduce their headcount in the face of falling demand. It stabilised between 70% and 71% between 2009 and early 2012, before starting a more sustained recovery during mid-2012. In Q1 2014, the employment rate returned to broadly the level it sustained throughout the 2000-2007 period.

Figure 6: Employment rate among those aged 16-64, %



Source: Office for National Statistics

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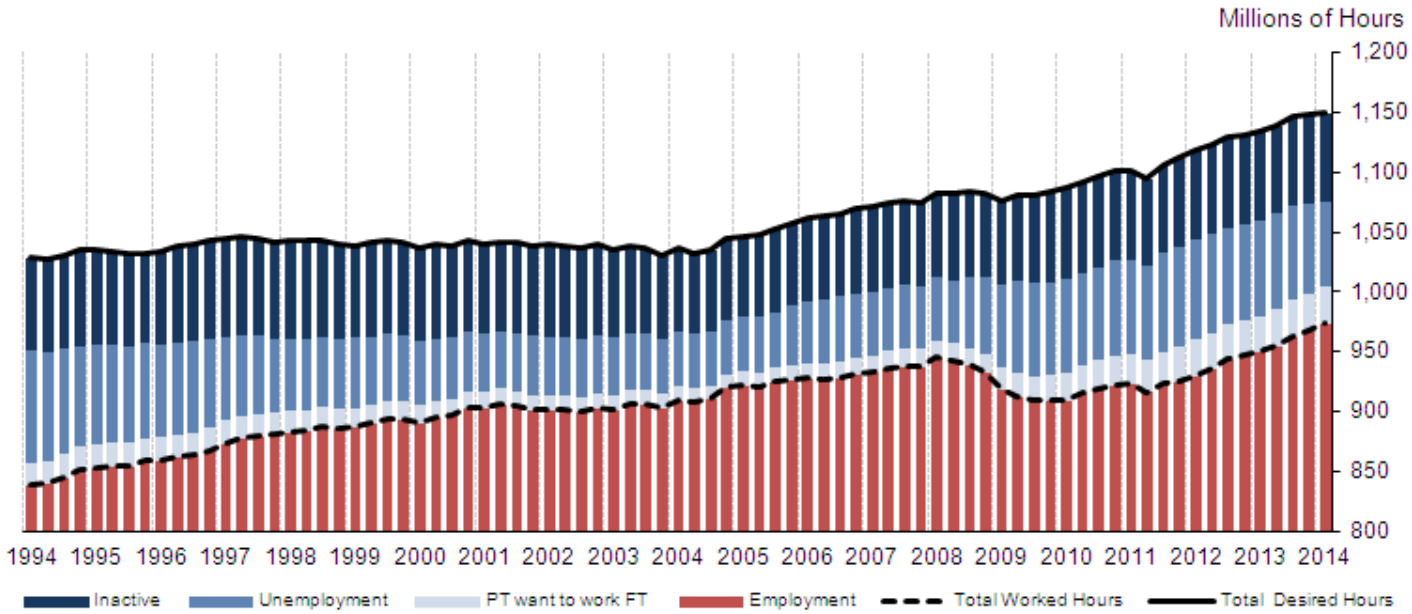
The recovery of the employment rate, the relatively sharp fall in the level of unemployment and the acceleration of output growth have all concentrated policy-maker attention on the extent of spare capacity in the UK economy. As set out in previous editions of the Economic Review (Economic Review - March 2014) and the Bank of England's Inflation Report, the extent of spare capacity has important implications – in particular for monetary policy. If spare capacity is greater, then firms can continue to draw in new inputs to meet growing demand without pushing up the prices of those inputs. By contrast, if there is less spare capacity (or if recent reductions in productivity are not reversed as the economy accelerates), then the potential for drawing in new inputs without stoking price pressure is more limited. More simply, the degree of spare capacity is one factor which determines the potential for non-inflation accelerating economic growth.

The degree of slack in the labour market is one important component of spare capacity. While there is no single, definitive measure of labour market slack, Figure 7 presents one measure which gives an indication of the number of total hours of work that could be supplied in addition to those currently worked. Starting with the number of worked hours, it adds the additional hours that part-time workers who would like to work full-time could supply, as well as the potential hours of the unemployed and those who are inactive but who report that they would like a job. The sum of these quantities reflects the total potential supply of hours, shown in Figure 7.

Figure 7: Estimate of worked and desired hours



Source: Office for National Statistics

Notes:

1. The number of hours worked series is taken from the most recent labour market statistics release.
2. The number of potential extra hours that part time workers could supply by moving to full time jobs is calculated by multiplying the number of people in this position by the difference between average full-time and average part-time hours.
3. The number of potential extra hours that unemployed workers could supply is calculated by multiplying the number of unemployed people by average hours worked.
4. The number of potential extra hours that inactive workers would like to supply is calculated by multiplying the number of inactive workers who report that they would like to have a job by average hours worked. There are a number of limitations to this approach as it is broad in scope and therefore may overestimate/underestimate the number of potential hours available in the economy. For example it includes: 1. People not seeking work, but who say they would like a job and are available 2. People not seeking work, but who say they would like a job but are not available.
5. Note that these estimates are sensitive to the assumptions made in particular about the likely average hours of the unemployed and inactive. If these potential workers would prefer to work fewer hours than the current average, then the degree of labour market slack is over-stated by this measure. If, by contrast, they would prefer to work longer hours than average (for instance, because they are overwhelmingly seeking full-time work), the degree of slack on this measure would be understated. Finally, note that this analysis makes no allowance for an equilibrium rate or frictional level of unemployment.
6. All data used are published in the Labour Market Statistics release: estimates of the potential hours supplied by part-time and unemployed workers are similar to, but differ slightly from, ONS estimates of underemployment and other work in the field.

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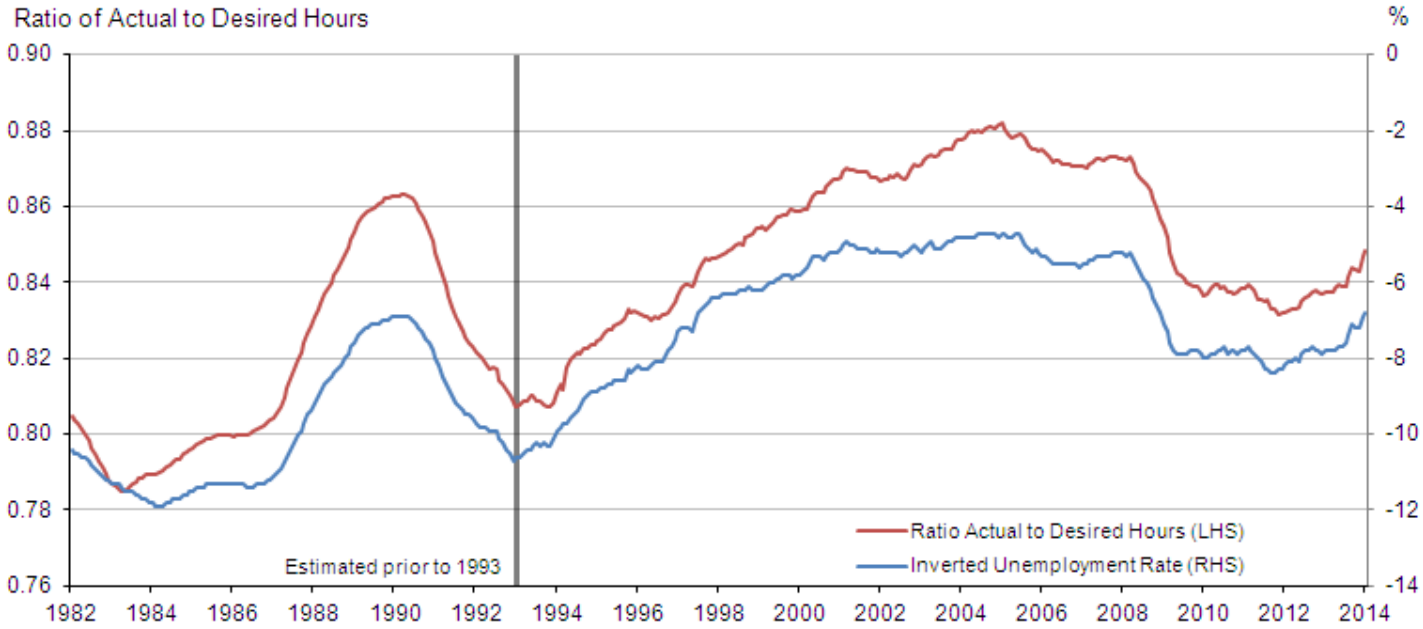
Figure 7 is suggestive for several reasons. Firstly, it summarises several measures identified as key indicators of spare capacity on a common scale and permits a comparison of their relative magnitudes. In particular, it shows that while the fraction of part time workers who would prefer to work full-time is substantially above its long term average, the potential hours they could supply is relatively limited compared with those that could be supplied by the unemployed.

Secondly, estimates of total potential hours in Figure 7 allow us to track the desired labour supply in the UK in a broadly objective manner, which takes account of both changes in the size of respective labour market groups and average hours worked. Figure 7 suggests that while the total potential supply of hours changed relatively little between 1994 and 2004 (reflecting both changes in both average hours and the number of potential workers), the potential supply of hours has grown fairly steadily over the last decade, as growth of the potential supply of workers has outweighed the long term decline in average hours worked.

Figure 7 also provides a method of estimating the extent of spare capacity in the labour market, as measured by the difference between the potential supply of hours and the number of hours actually worked. It suggests that the labour market steadily tightened throughout the 1994-2004 period, as the number of unemployed workers in particular was gradually eroded. Since the economic downturn in 2008, the margin of spare capacity afforded by the higher unemployment rate has expanded again, as has the potential supply of additional hours from part-time workers who would like to work full-time. Note that the effect of this latter quantity has been muted, in part because an erosion of the difference between full-time and part-time average hours.

Figure 8 summarises these movements by showing the ratio of hours worked to desired hours. It suggests that this ratio was relatively stable between 2000 and 2007, varying between 0.86 and 0.88 and reflecting a relatively high degree of capacity utilisation in the labour market. This ratio fell relatively sharply following the onset of the economic downturn, and has only recently started to climb back towards this long term average. Figure 8 also suggests that there is a relatively strong relationship between labour market spare capacity and the unemployment rate. It makes use of this relationship to estimate desired hours following the previous economic downturn, and to project this ratio backwards. This suggests that the degree of labour market tightness throughout the 2000s was broadly at the level attained in the late 1980s.

Figure 8: Ratio of hours worked to desired hours and the inverted unemployment rate



Source: Office for National Statistics

Notes:

1. Desired hours since 1993 are taken from Figure 7. See accompanying notes for the method of calculation
2. Desired hours prior to 1993 are estimated as data on the share of part-time workers who would like to work full-time job and the fraction of inactive workers who would like a job is not available. These quantities are backcast using their relationship to the part-time share of all employment and the unemployment rate, and the unemployment and inactivity rates respectively.

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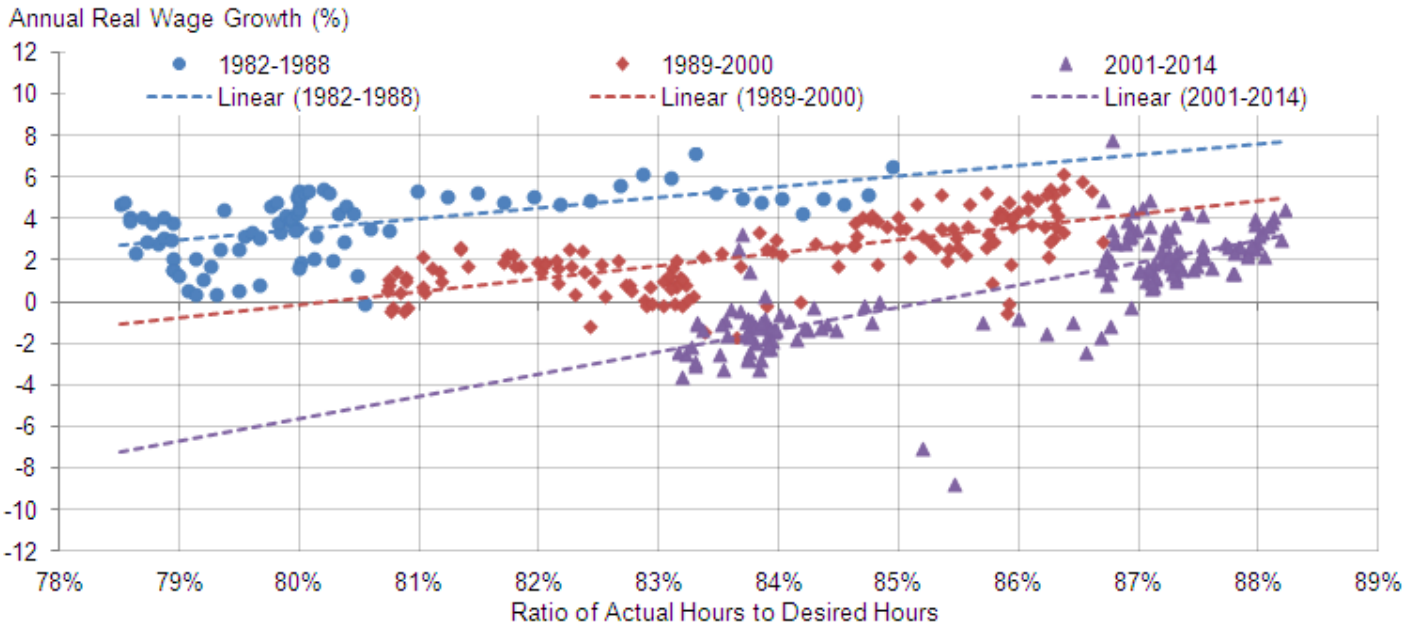
While the extent of spare capacity in the labour market is of considerable interest in its own right, the relationship between labour market slack and wage growth is particularly pertinent to the debate over the potential for non-inflation accelerating output growth. Conceptually, as the degree of tightness in the labour market increases, firms will face growing competition for scarce labour inputs which in turn is likely to raise wage pressures. Conversely, as the ratio of worked hours to desired hours falls, firms should face less competition for labour inputs, which results in lower wage pressure. Figure 9 tests this theory by plotting the ratio of worked to desired hours against the growth of real wages for three recent periods. In each of the periods shown, greater tightness in the labour market is associated with stronger real wage growth, suggesting that labour market tightness may be an important element in wage negotiations.

Figure 9: Ratio of hours worked to desired hours and real wage growth



Source: Office for National Statistics

Notes:

1. Ratio of actual to desired hours is taken from Figure 8: see notes under Figures 7 and 8 for information about how this variable is constructed. Note that the ratio of actual to desired hours is estimated prior to 1993.
2. Annual real wage growth is calculated as the annual growth of average weekly earnings less CPI inflation. A historical CPI series is used for observations prior to 1988.

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While far from scientific, Figure 9 also suggests that this relationship has shifted downwards over the last twenty years. Comparing the most recent period (2001-2014) with both the 1990s and the 1980s, the degree of spare capacity in the labour market consistent with stable wages has gradually shifted downwards through this period: allowing the economy to move closer to the desired hours of work without increasing wage pressure. Several possible mechanisms are consistent with this observation, including a reduction in the equilibrium rate of unemployment, greater labour market flexibility, lower trade union influence and a gradual reduction in productivity[1].

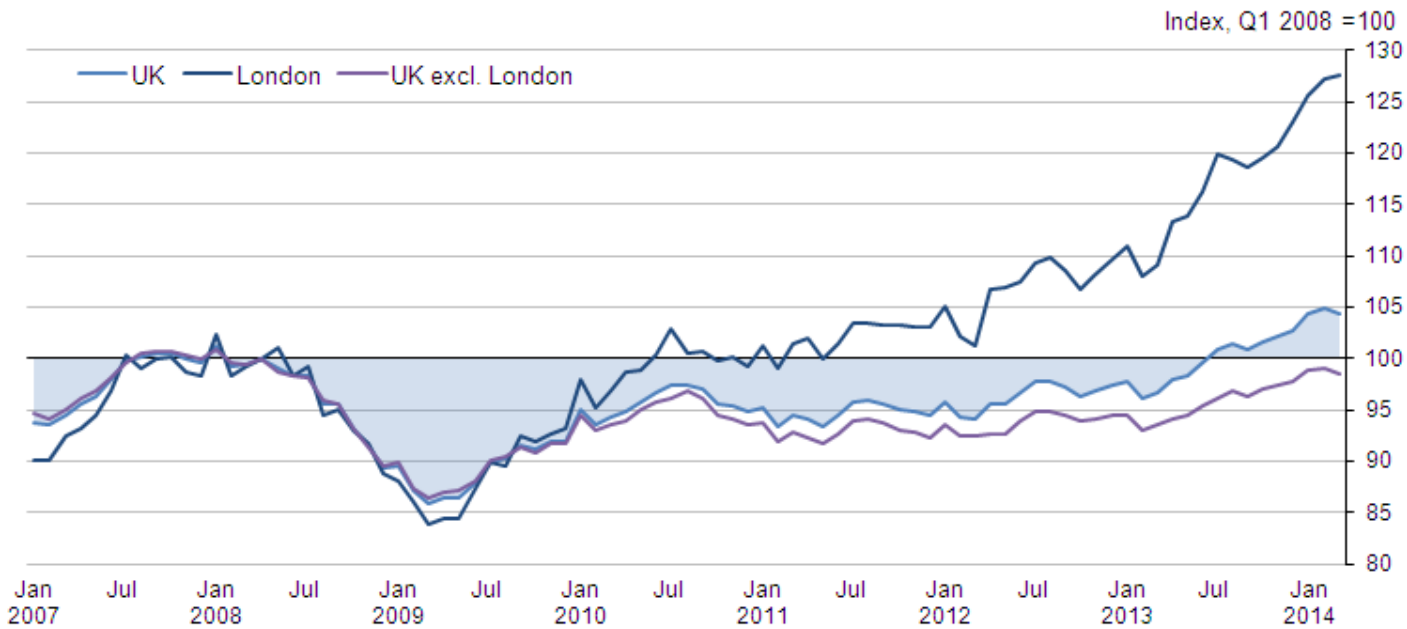
Notes

1. Note that this movement is sustained even after desired hours are adjusted for variation in productivity through time.

House Prices

While wage growth and consumer price inflation have both been relatively restrained in recent periods, the rate of house price inflation has received considerable attention and raised questions about the sustainability of the economic recovery. Indeed, in recent weeks members of the Bank of England's Monetary Policy Committee (MPC) have expressed concerns about risks to financial stability posed by developments in the housing market. Figure 10 shows the path of house prices since the onset of the economic downturn in Q1 2008 as measured by the ONS house price index (House Price Index - March 2014). It suggests that following a relatively sharp fall in 2008 and 2009, UK house prices have recovered to their pre-downturn level in July 2013. Average UK house prices were around 4.4% higher in March 2014 than in Q1 2008. However, as Figure 10 suggests, much of this is due to relatively rapid house price growth in London, prices here were around 27.6% above their Q1 2008 level in March 2014. Excluding London, UK house prices remain slightly below their pre-downturn peak.

Figure 10: House prices for the UK, including and excluding London



Source: Office for National Statistics

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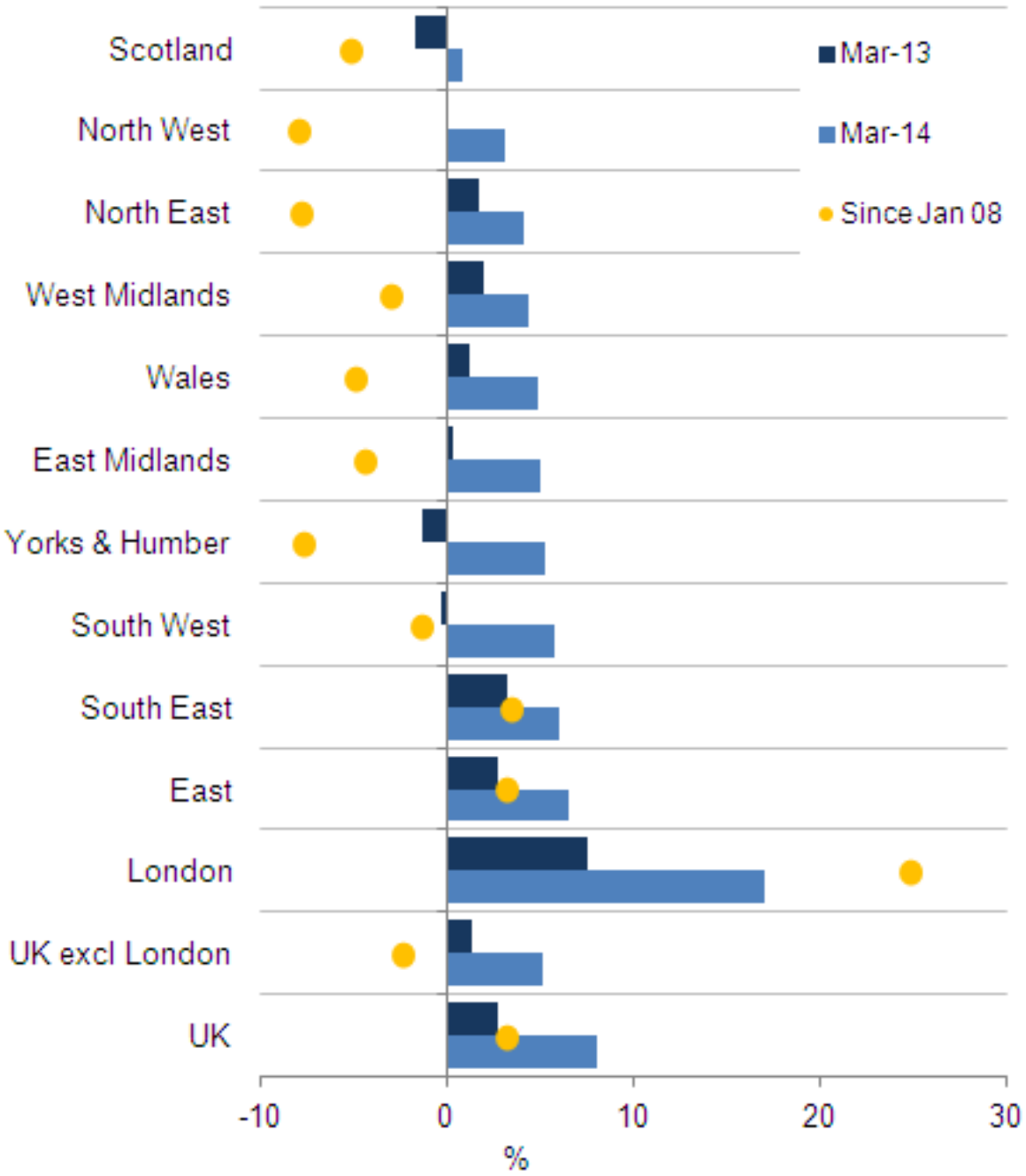
This recent rise likely reflects a wide range of different factors. Rising employment, the increasing availability of mortgage finance and a return of consumers' confidence are all likely to play a part, as is the release of pent up demand. In London, the rise may also be due to an increase in the level of foreign demand. Figure 11 examines this regional picture in more detail. It shows annual growth in house prices by region in the year to March 2013, in the year to March 2014, and the percentage change in house prices since January 2008 – the peak in the monthly house price series. It suggests that house price growth has accelerated across the UK in the last two years. In the year to March

2014, prices increased by around 5% in all but a few regions. Prices in Scotland, Yorkshire & Humber and the South West – which fell in the year to March 2013 – have all subsequently resumed their upwards path.

Figure 11: House price growth in Great Britain by region: Annual % changes to March 2013 and March 2014, and cumulative changes since January 2008



Source: Office for National Statistics

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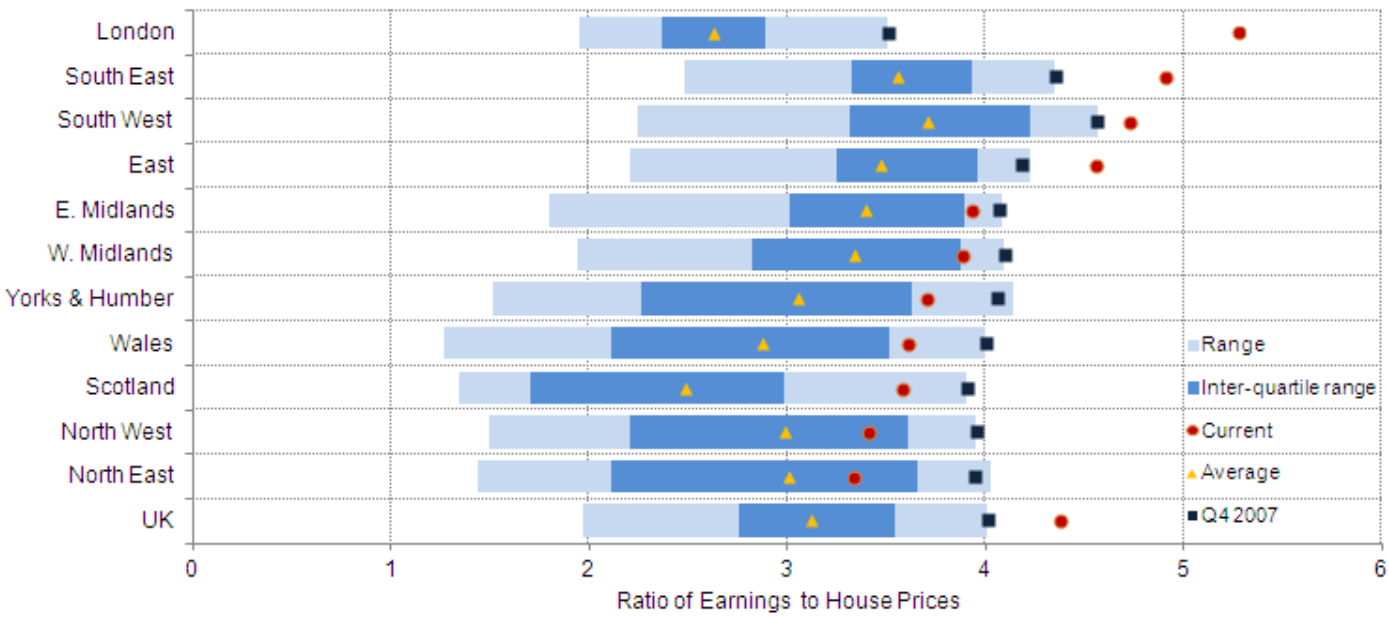
Figure 11 also indicates that while house price inflation has accelerated in all regions over the last two years, only three regions have so far re-attained their pre-downturn peak. Average prices in the South East (3.4% above their January 2008 level), the East (3.1%) and London (24.8%) are all now above their pre-downturn level, while the housing market in the rest of Great Britain remains below this benchmark. Prices in the North East, North West and Yorkshire & the Humber each remain around 8% below their respective pre-downturn peaks.

Much of the recent concern about house prices has focussed on London and the surrounding regions, where house price growth has been particularly strong. Rapid house price growth, if not combined with stronger economic fundamentals including higher employment and incomes, might lead to rising levels of indebtedness and increase the number of households who are vulnerable to subsequent changes in interest rates. This in turn may reduce the ability of the economy to withstand further shocks.

Figure 12 uses data published alongside the ONS house price index to explore some of these trends. It divides the average house price in each region of Great Britain by the average income (individual or joint) of applicants for mortgages secured on properties in that region. As the ONS house price index captures changes in the price of homes purchased using a mortgage, this ratio is a measure of how stretched the finances of recent home-purchasers have become. Figure 12 plots the range and spread of this variable for each region between Q1 2002 and Q4 2007 as well as the pre-downturn peak and current values.

Figure 12: Ratio of average house prices to average income of those taking out mortgages, Q1 2002 - Q4 2007 average, spread and selected periods



Source: Office for National Statistics

Notes:

1. The house price measure used in the numerator in Figure 12 is calculated using the ONS House Price Index (HPI)
2. The income measure used in the denominator in Figure 12 is the average income of mortgage applicants reported in the House Price Index release. The data is based on a sub-sample of Regulated Mortgage Survey data, as

supplied by the Council of Mortgage Lenders. These results will therefore differ from results produced using full sample data. Note that this variable records gross income of the mortgage applicant or applicants and may therefore be affected by shifts between joint and individual applications.

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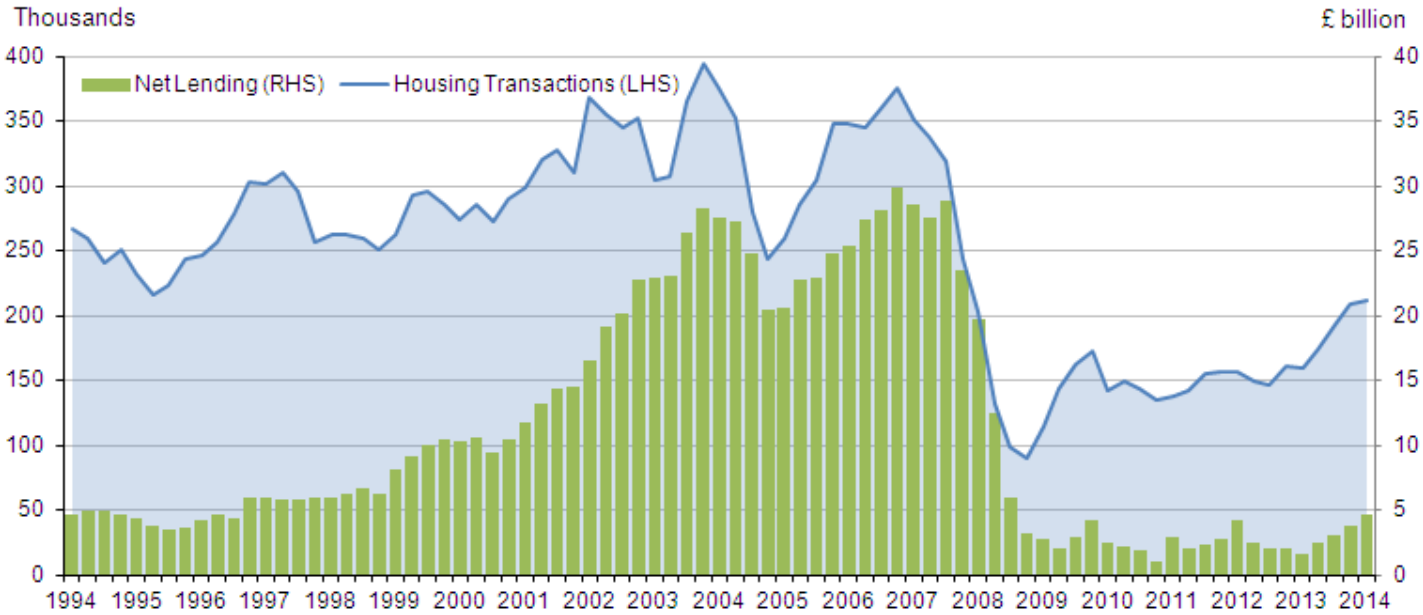
Figure 12 suggests that this measure of the house price to income ratio has varied substantially across the regions of Great Britain. Between Q1 2002 and Q4 2007, the average house price has ranged between three and four times the income of mortgage applicants in a majority of regions. The average ratio was notably lower in both Scotland and London over this period, but in each case the ratio of house prices to incomes ended the period at or around its peak level immediately before the economic downturn began.

Comparing the dark blue squares and the red circles in Figure 12 also allows a comparison of the house price to income ratio immediately before the downturn and the present position. In four regions – London, the South East, South West and East regions – the current ratio is above the pre-downturn level, while in most other regions the current ratio is towards the top of the inter-quartile range observed between Q1 2002 and Q4 2007. In London, the average house price is now more than five times the average income of mortgage applicants – which may reflect both the recent growth of house prices and a possible change in the mix of applicants who are able to secure mortgage finance.

However, while there is clearly some movement in the house price to earnings ratio, the recent increase in house prices is yet to show as higher net lending secured on dwellings. Figure 13 shows that while the number of housing transactions has increased somewhat in recent months, the level of lending secured on dwellings remains relatively low in comparison with the pre-downturn period. This may limit concerns about the housing market, as it suggests that rising gross lending has so far been offset by higher repayments, rather than feeding directly into higher household borrowing.

Figure 13: Quarterly Housing Transactions (thousands, seasonally adjusted) and Net Lending secured on housing (£ billion, seasonally adjusted)



Notes:

1. Source: Bank of England

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Reference Tables

Table 2: UK demand side indicators

	2012	2013	2013	2013	2014	2014	2014	2014	2014
			Q3	Q4	Q1	Jan	Feb	Mar	Apr
GDP[1]	0.3	1.7	0.8	0.7	0.8	:	:	:	:
Index of Services									
All Services[1]	1.3	1.8	0.7	0.8	0.9	0.3	0.2	0.4	:
Business Services & Finance[1]	2.1	2.2	1.1	1.0	0.9	0.1	0.4	0.6	:
Government & Other[1]	1.1	0.6	0.4	0.8	0.3	0.2	0.0	0.0	:
Distribution, Hotels & Rest. [1]	0.9	3.5	1.2	0.5	1.7	0.4	0.8	0.8	:
Transport, Stor. & Comms. [1]	0.0	1.3	-0.1	0.4	0.9	0.5	-0.6	0.3	:
Index of Production									
All Production[1]	-2.4	-0.3	0.6	0.5	0.7	-0.1	0.8	-0.1	:
Manufacturing[1]	-1.7	-0.7	0.8	0.6	1.4	0.3	1.0	0.5	:
Mining & Quarrying[1]	-8.7	-2.1	0.5	-1.8	0.3	-3.5	5.0	-2.8	:
Construction[1]	-8.2	1.1	2.6	-0.2	0.6	2.4	-2.0	-1.0	:

Retail Sales Index									
All Retailing[1]	1.0	1.6	1.5	0.6	0.9	-1.9	1.5	0.5	1.3
All Retailing, excl.Fuel[1]	1.4	2.1	1.7	1.0	0.9	-1.9	1.5	0.1	1.8
Predom. Food Stores[1]	0.0	0.0	1.8	0.2	-1.3	-3.9	2.2	-1.5	3.6
Predom. Non-Food Stores[1]	1.7	1.9	1.0	1.5	2.6	0.4	-0.1	1.8	-0.4
Non-Store Retailing[1]	9.8	18.1	5.2	3.1	2.2	-4.8	7.6	-1.7	5.9
Trade									
Balance[2, 3]	-33.4	-26.6	-10.0	-5.7	-5.2	-2.2	-1.7	-1.3	:
Exports[4]	0.5	2.3	-2.2	0.4	-2.3	-3.4	-1.1	2.8	:
Imports[4]	2.4	0.8	1.3	-2.8	-2.6	0.6	-2.2	1.6	:
Public Sector Finances									
PNSB-ex[5]	-25.2	-1.2	0.3	-2.9	3.2	3.8	2.9	-3.5	1.7
PNSB-ex, ex RM & APF[6,]	2.8	-10.6	0.9	-2.9	-3.3	0.0	0.2	-3.5	1.9
PNSD-ex as a % GDP	74.8	75.8	74.6	75.8	76.0	74.6	74.8	76.0	75.6

Table source: Office for National Statistics

Table notes:

1. Percentage change on previous period, seasonally adjusted, CVM
2. Levels, seasonally adjusted, CP
3. Expressed in £ billion
4. Percentage change on previous period, seasonally adjusted, CP
5. Public Sector net borrowing, excluding the impact of financial interventions. Level change on previous period a year ago, not seasonally adjusted

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Table 3: UK supply side indicators

	2012	2013	2013	2013	2014	2014	2014	2014	2014
			Q3	Q4	Q1	Jan	Feb	Mar	Apr
Labour Market									
Employment Rate[1, 2]	71.1	71.7	71.8	72.1	72.7	72.6	72.7	:	:
Unemployment Rate[1, 3]	7.9	7.6	7.6	7.2	6.8	6.9	6.8	:	:
Inactivity Rate[1, 4]	22.6	22.2	22.2	22.1	21.9	21.9	21.9	:	:
Claimant Count Rate[7]	4.7	4.3	4.2	3.8	3.5	3.6	3.5	3.4	3.3
Total Weekly Earnings[6]	£469	£475	£475	£477	£477	£478	£478	£474	:
CPI									
All-item CPI[5]	2.8	2.6	2.7	2.1	1.7	1.9	1.7	1.6	1.8
Transport[5]	2.3	1.0	1.3	0.1	-0.3	0.5	-0.4	-1.0	1.6
Recreation & Culture[5]	0.2	1.1	0.8	0.9	0.6	0.4	0.7	0.6	0.5
Utilities[5]	5.0	4.1	4.3	3.7	3.3	3.6	3.2	3.1	3.0
Food & Non-alcoh. Bev. [5]	3.2	3.8	4.1	2.8	1.8	2.0	1.8	1.7	0.5
PPI									
Input[8]	1.3	1.2	2.4	-0.6	-5.0	-2.9	-5.8	-6.3	-5.5
Output[8]	2.1	1.3	1.5	0.9	0.6	0.9	0.6	0.5	0.6

HPI[8]	1.7	3.6	3.6	5.5	£8	6.8	9.2	8.0	:

Table source: Office for National Statistics

Table notes:

1. Monthly data shows a three month rolling average (e.g. The figure for March is for the three months ending in March)
2. Headline employment figure is the number of people aged 16-64 in employment divided by the total population 16-64
3. Headline unemployment figure is the number of unemployed people (aged 16+) divided by the economically active population (aged 16+)
4. Headline inactivity figure is the number of economically active people aged 16 to 64 divided by the 16-64 population
5. Percentage change on previous period a year ago, seasonally adjusted
6. Estimates of total pay include bonuses but exclude arrears of pay (£)
7. Calculated by JSA claimants divided by claimant count plus workforce jobs
8. Percentage change on previous period a year ago, non-seasonally adjusted

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Background notes

1. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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