

# Economic Review, December 2014

Author Name(s): **Andy Banks, Ian Derrick, Matt Luff, Yanitsa Petkova & Ciaren Taylor, Office of the Chief Economic Adviser**

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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 Gross Domestic Product (GDP) confirmed that the UK economy grew by 0.7% in Q3 2014, and by 3.0% compared with Q3 2013. This is the seventh successive quarter of positive economic growth, the longest sustained run since the onset of the economic downturn in 2008.
- Latest estimates offer evidence that growth in total net capital stock per hour remains subdued compared with pre-downturn rates of growth. This is broadly based across industries.
- ASHE data shows that since 2008 real earnings have fallen faster for those in low- and medium-skilled occupations than in higher-skilled occupations. However, the composition of the workforce has shifted towards higher-skilled occupations, partially offsetting some of the falls in real earnings. This 'composition effect' reversed in 2014, pulling down real earnings growth.
- Households have adjusted their spending patterns in recent years from those pre-downturn, with lower income deciles experiencing the greatest change.
- While there has been a broad increase in the share of expenditure devoted to essentials, the rise is more pronounced in London than in other regions and countries of the UK.

## Introduction

The second estimate of Gross Domestic Product (GDP) indicated that the pace of quarterly economic growth eased slightly from 0.9% in Q2 to 0.7% in Q3, the seventh successive quarter of positive growth in the UK. Growth of 3.0% in the year to Q3 2014 is on a par with trend growth rates prior to the 2008-09 downturn. As a result, the UK economy is now estimated to be 3.4% larger than its pre-downturn level in Q1 2008. This edition of the Economic Review briefly analyses performance across different UK industries, and how this compares with that pre-downturn.

Despite this improved economic performance, productivity as measured by output per hour worked in the UK has continued to disappoint. This Review updates previous analysis to consider the impact of recent changes in the capital stock on output per hour growth in the UK. In the most recent data, growth in the capital stock is shown to have been partially offset by depreciation and growth in hours

worked, leading to a continued fall in the quantity of net capital utilised per unit of labour. This is shown to be broad-based across a range of industries.

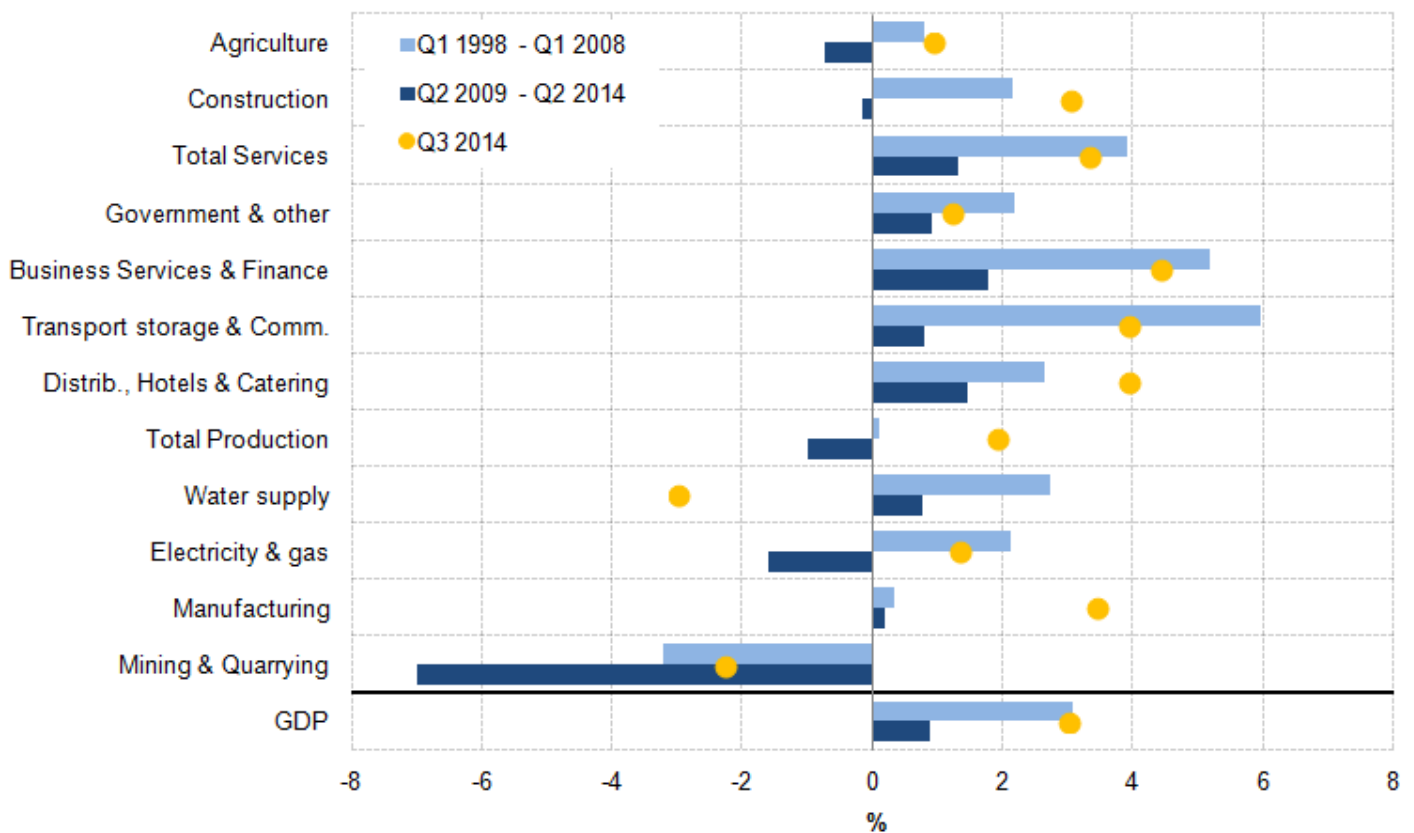
While employment has responded strongly to the recovery in UK economic growth, real earnings growth has remained weak. This Review considers whether changes in the composition of the workforce between low-, medium- and high-skilled occupations have played a part in this development, and how the experience of different demographic groups has varied.

Finally, as Christmas approaches, business media attention tends to turn towards the prospects for consumer spending over the festive season. This Review examines changing trends in household spending over the last decade.

## **Second estimate of GDP**

The second estimate of GDP confirmed that the UK economy grew by 0.7% in the third quarter of 2014, unrevised from the preliminary estimate. GDP growth from the same quarter in the previous year was 3.0%, primarily driven by the services industries which accounted for 2.6 percentage points of annual GDP growth (growing by 0.8% on the quarter). Output in the production industries rose by 0.2% on the quarter, supported by manufacturing output growth of 0.4%, while output in the construction industry rose by 0.8%.

Figure 1 compares the annual growth rate of output across different industries pre- and post-downturn. It suggests that growth in all industrial groups since 2009 has been slower than in 1998-2008 but has continued to become more balanced over the last year, with all but two industries achieving positive growth (water supply and mining & quarrying). In six of the industries shown, growth in the year to Q3 2014 is above the pre-downturn average in the latest quarter; however the annual growth rate of whole economy GDP in Q3 2014 remains slightly below the pre-downturn average. This is because the services industries (that account for 78% of GDP) have not yet reached this milestone. In contrast, manufacturing, which comprises just over 10% whole economy GDP, has been expanding at a far quicker rate (3.4%) than its pre-downturn average (0.3%).

**Figure 1: Average annual output growth, by industry, %**

Source: Office for National Statistics

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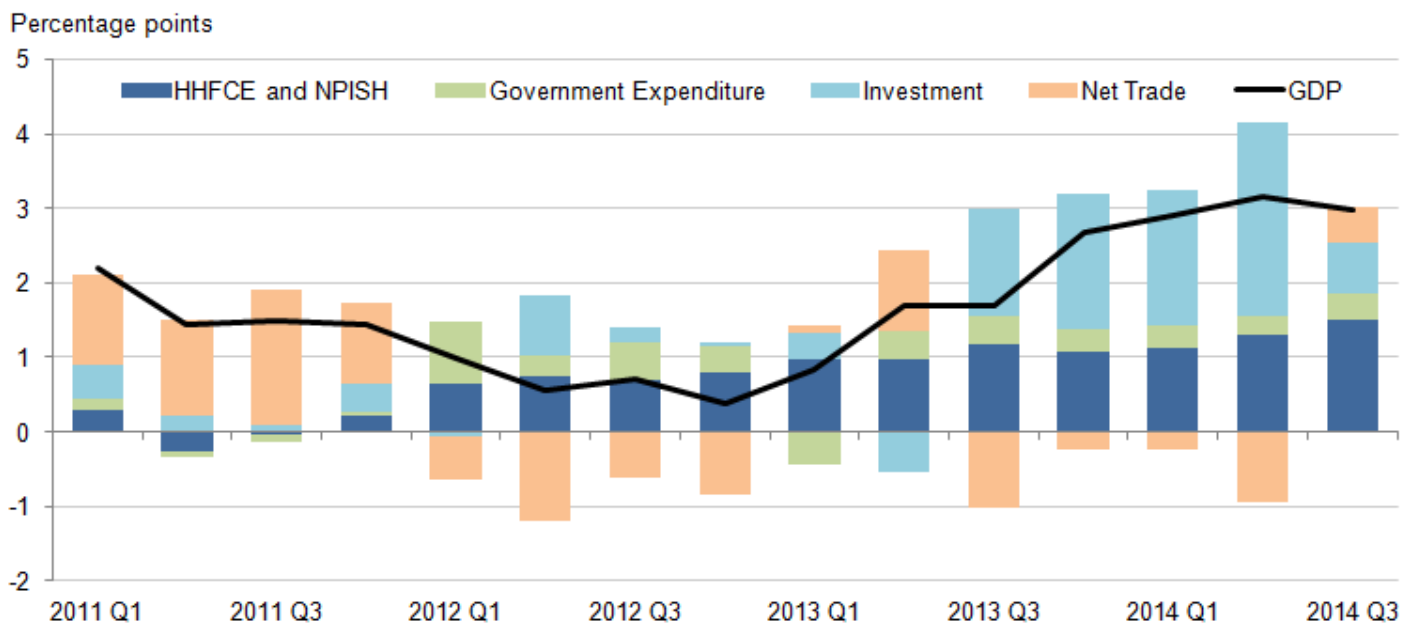
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The second estimate also provided the first information on the expenditure components of GDP in Q3 2014. Figure 2 shows that, on this measure, annual expenditure growth was driven by household consumption, which grew by 2.5% and accounted for 1.5 percentage points of GDP growth. Fixed investment grew by 3.7% from the same quarter in the previous year, adding 0.7 percentage points to GDP growth. In contrast to previous quarters, net trade also made a positive contribution, albeit as a result of imports falling more than exports relative to Q3 2013.

Looking over the past three years, household consumption has consistently provided a positive contribution to growth. The contribution from investment has become stronger since mid-2013, easing somewhat in the latest period due to a decline in business investment on the quarter.

**Figure 2: Contributions to GDP growth, expenditure measure, quarter on same quarter a year ago, by selected components, chain volume measure, seasonally adjusted**



Source: Office for National Statistics

**Notes:**

- Contributions may not sum to total due to the statistical discrepancy. HHFCE is household final consumption expenditure. NPISH is non-profit institutions serving households, for example charities.

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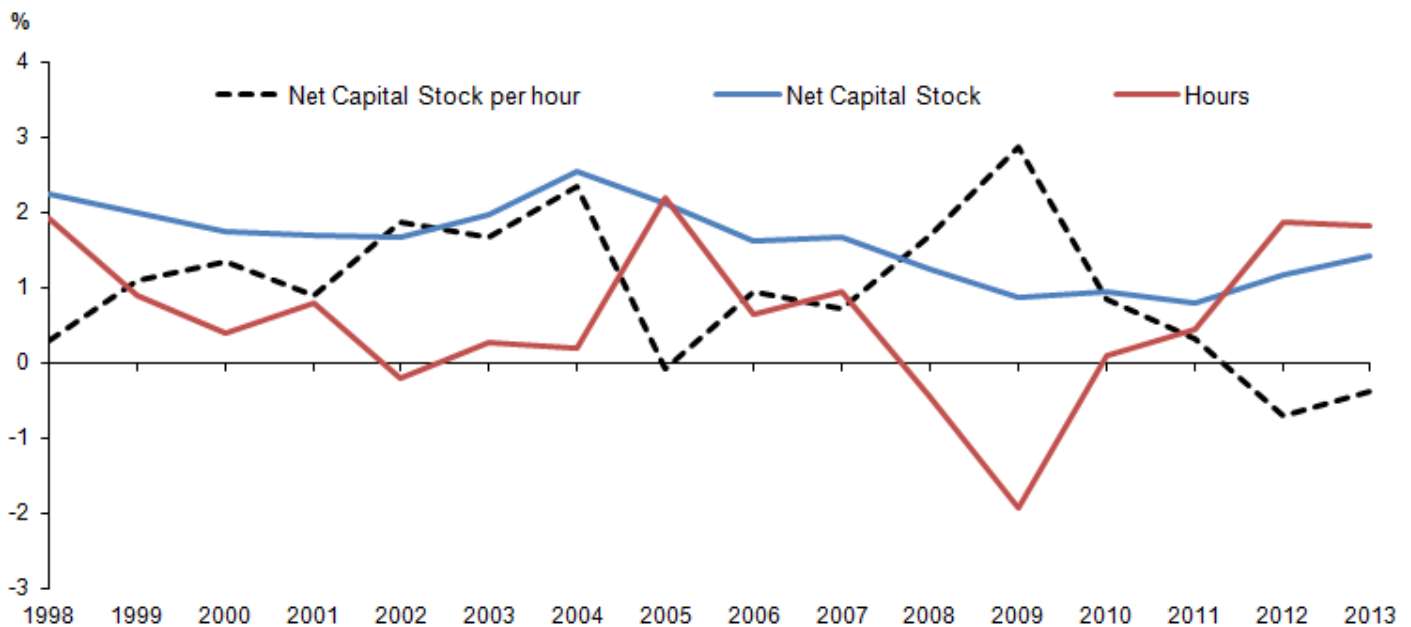
**Capital stocks and productivity**

While economic growth has become more broad-based since 2013, labour productivity has failed to share in this improved performance. Output per hour worked remains around 2.2% below the pre-downturn level. This reflects strong growth in hours worked, putting downward pressure on output per unit of labour input. Some of this weakness can be accounted for by a few specific industries, such as mining & quarrying and financial services ([Economic Review - October 2014](#)). Previous ONS analysis has also shown that industries with a larger stock of net capital per hour have tended to experience higher levels of productivity; and also suggested a positive relationship between the growth of the net capital stock per hour and productivity growth ([Economic Review - July 2014](#)).

Figures 3, 4 and 5 make use of the latest estimates of the capital stock up to 2013 ([Capital stocks and consumption of fixed capital, 2014](#)) to highlight recent trends and the implications for productivity growth. These new capital stock estimates have been compiled under the European System of Accounts (ESA2010) for the first time, and include the capitalisation of research and development (R&D) among other changes<sup>1</sup>.

Figure 3 plots growth in the level of net capital stock per hour worked, and its constituent parts. This shows that while the flow of investment (Gross Fixed Capital Formation) rose by 3.2% in 2013, subtracting the value of assets which have reached the end of their useful life (or that have been scrapped as a result of insolvency and/or bankruptcy), as well as depreciation from the existing stock of assets, results in net capital stock growth of just 1.4%. With total hours worked rising by a stronger 1.8%, this implies that the amount of capital available for each unit of labour to utilise continued to decline in 2013, albeit at a slightly slower pace.

**Figure 3: Net capital stock per hour worked, chain volume measure, annual growth, %**



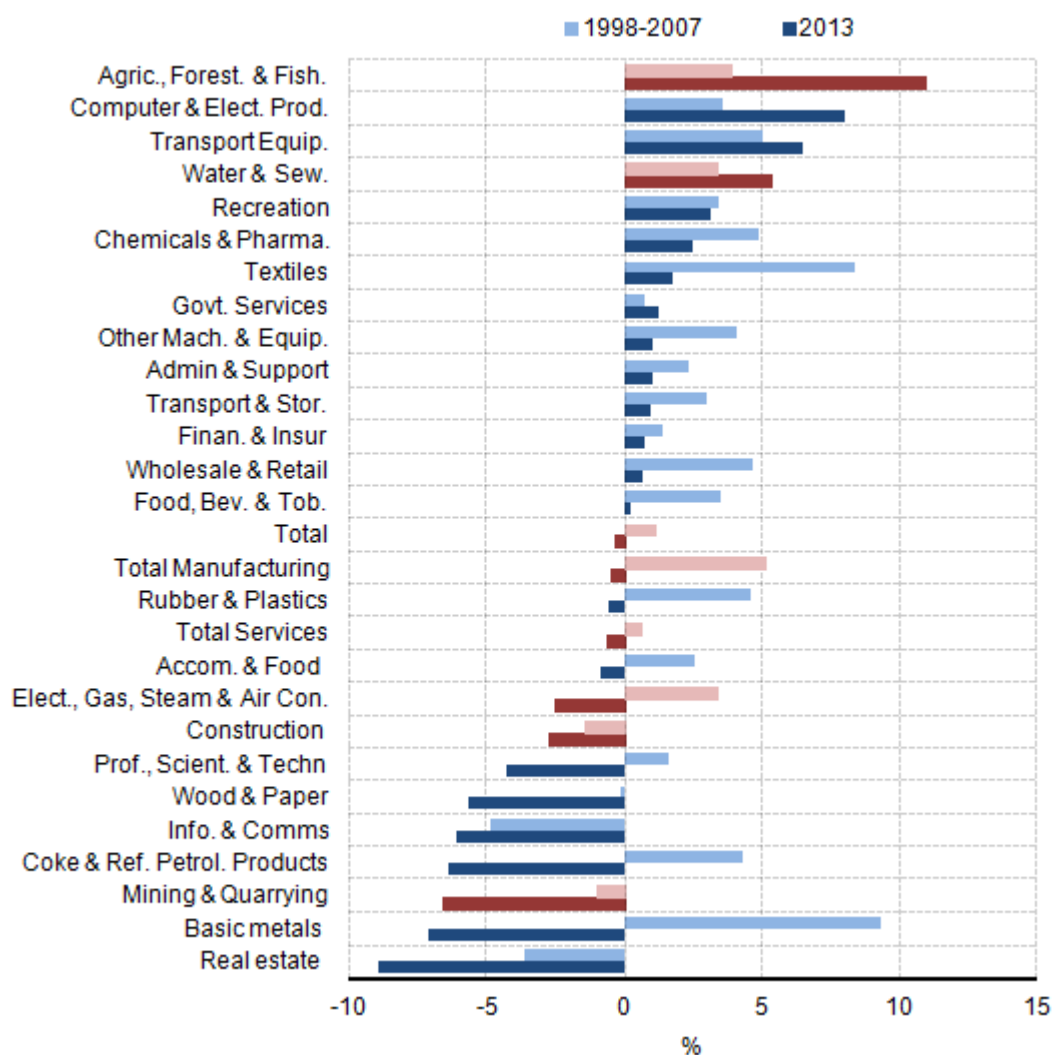
Source: Office for National Statistics

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Figure 4 examines how the average annual growth rate of the net capital stock per hour worked varied by industry over two periods; the decade prior to the downturn and the latest year for which data are available (2013). It suggests that in just under half of all industries the level of net capital stock per hour fell in 2013. Within services, this was notably apparent in real estate, professional, and information & communications services. In production, the fall was most marked in basic metals, coke, and wood & paper within manufacturing, and in mining & quarrying. But there was some encouragement within transport equipment, computer equipment, water & sewerage and agriculture, all of which experienced above trend increases in net capital stock per hour worked.

**Figure 4: Growth of the net capital stock per hour worked by industry**

Source: Office for National Statistics

#### Notes:

1. Red denotes a higher level industry grouping. The darker shade represents 2013 growth. The lighter shade represents average annual growth in the decade prior to the downturn.

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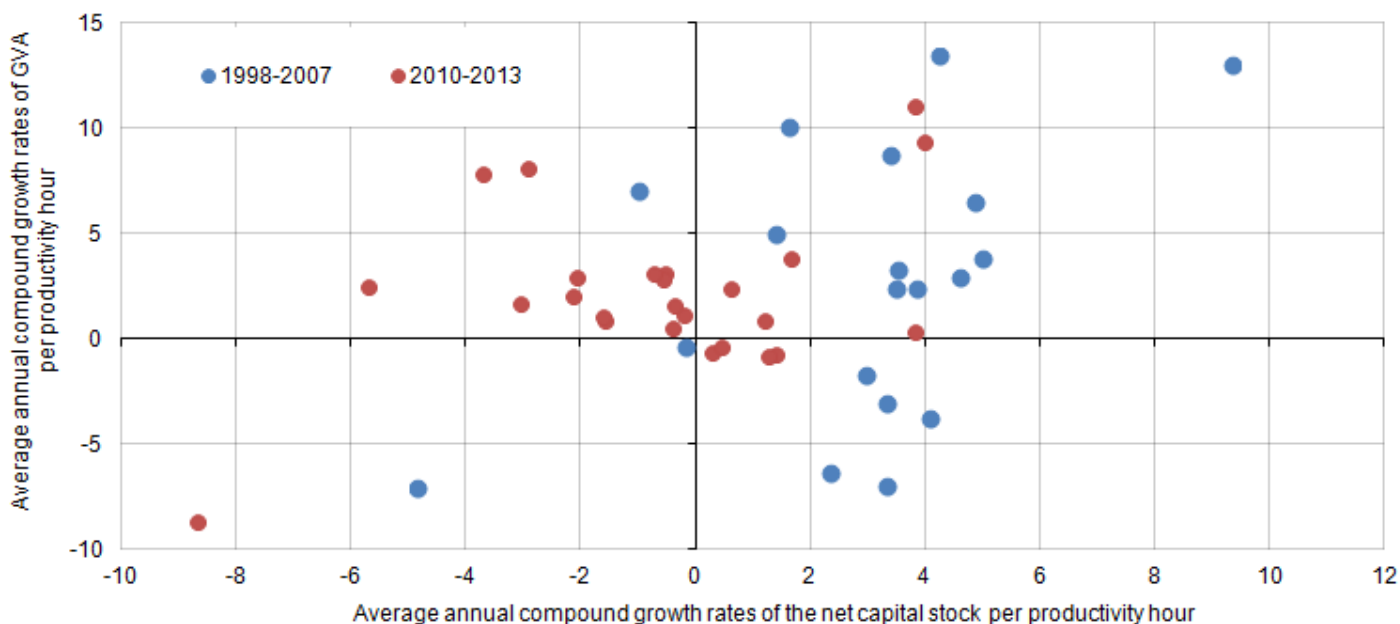
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To what extent can differences in the net capital stock per hour worked explain differences in productivity performance? Figure 5 plots estimates of growth in the net capital stock per hour against productivity growth for 25 headline industries, updated for 2013. This continues to suggest that industries experiencing a weaker recovery in net capital stock per hour have also experienced slower productivity growth through the recovery.

However, to establish this descriptive association more rigorously, estimates of multi-factor productivity are required – which provide estimates of the contributions of labour, capital services

and total factor productivity within a single framework. Current estimates of multi-factor productivity are available here ([Multi-factor Productivity \(experimental\) - Indicative estimates to 2012](#)): these will be updated on 23 January 2015, along with more detailed data on capital services.

**Figure 5: Average annual growth of net capital stock per hour worked and output per hour, by industry, chain volume measure, seasonally adjusted**



Source: Office for National Statistics

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### Notes

1. A full explanation of these changes, including assessments of impact are available in the articles: [Capital Stock, Capital Consumption - Methodological changes to the estimation of capital stocks and consumption of fixed capital](#) and [Capital Stock, Capital Consumption - Impact of the methodological changes to the estimation of capital stocks and consumption of fixed capital](#).

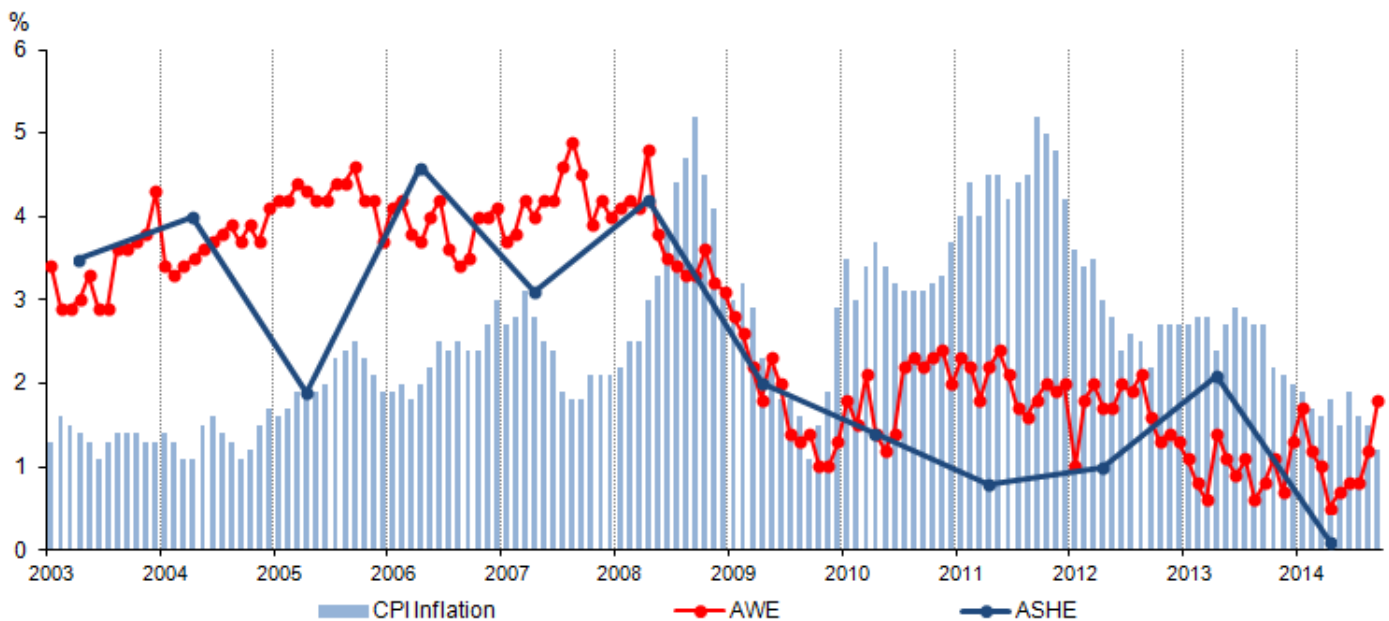
## Earnings growth and the composition of the workforce

Although the recovery continues to show momentum, and labour market developments such as the continued fall in the unemployment rate have been at the forefront of this, earnings growth remains weak, continuing a trend of below-inflation growth that began in 2010.

Figure 6 compares mean earnings growth<sup>1</sup> from two ONS headline sources – Average Weekly Earnings (AWE) and the Annual Survey of Hours and Earnings (ASHE)<sup>2</sup> – with CPI inflation. This

shows that earnings growth was stronger than inflation in the years prior to the downturn, but earnings growth has been slower than inflation since. The factors behind this downward step-change in 'real earnings' growth – which takes account of consumer price changes – have become a focus of policy-makers' attention, as well as that of the public. This Review will explore how the changing structure of the workforce has affected real earnings growth, and how this has fed through to variations in real earnings growth for different demographic groups.

**Figure 6: Earnings growth from AWE and ASHE, compared with CPI inflation, January 2003 to September 2014.**



Source: Office for National Statistics

#### Notes:

1. 'Earnings growth' refers to mean earnings growth excluding bonuses for full- and part-time employees in Great Britain.

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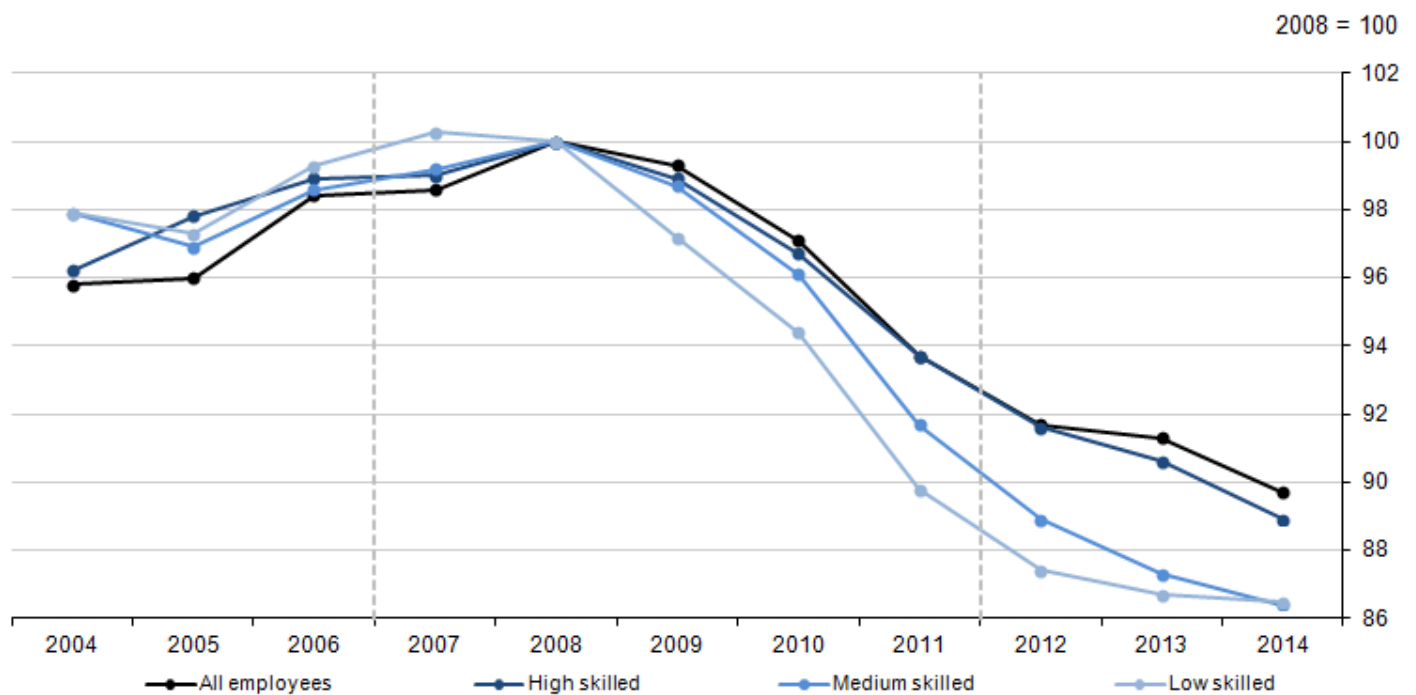
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As noted in [Economic Review - October 2014](#), the experiences of different occupation groups have varied since the start of the economic downturn. Figure 7 shows that, between 2008 and 2014, real<sup>3</sup> weekly earnings for the average employee fell by 10.3%. This fall was larger for low-skilled occupations<sup>4</sup> (down 13.5% over the same period) than for high-skilled occupations (11.1%). The trend towards part-time jobs making up a larger portion of total jobs has been more prevalent in low- and medium-skilled jobs than high-skilled, which may be one factor behind the relatively greater fall in real wages for the low- and medium-skilled.



**Figure 7: Real earnings for high-, medium-, and low-skilled occupations, 2008=100, 2004 to 2014.**



Source: Office for National Statistics

**Notes:**

1. 'Real earnings' refers to mean gross earnings growth for full- and part-time employees in the UK, deflated by CPI.
2. Dashed lines indicate discontinuities in the ASHE series in 2006 and 2011.

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Although real earnings fell more sharply among the low- and medium-skilled, these groups generally made up a decreasing share of employees between 2008 and 2013 (Table 1). Between 2008 and 2011, for example, the share of jobs which were low- or medium-skilled fell from 55.9% to 54.8%. These trends may partly reflect employees becoming self-employed, in which case they are no longer covered in ONS earnings measures. However, they may also reflect moves of workers into and between occupations. As the low- and medium-skilled earn, on average, less than the high-skilled, growth in the share of the workforce classed as high-skilled had an upward effect on earnings growth until 2013, as employees moved towards the higher paying, high-skilled occupations.

**Table 1: Share of employee jobs (from ASHE) which are low-, medium-, and high-skilled, 2008 to 2014**

	Low <sup>1</sup>	Medium	High	%
2008	26.8	29.1	44.0	
2009	25.9	29.3	44.8	
2010	26.0	29.0	45.1	
2011 (2)	25.9	28.9	45.2	
2011 (2)	26.5	30.0	43.5	
2012	26.4	29.5	44.0	
2013	25.5	29.5	45.1	
2014	25.9	29.5	44.7	

**Table source:** Office for National Statistics

**Table notes:**

1. Low-skilled occupations comprise elementary occupations, sales & customer services operators and process, plant & machine operatives. Medium-skilled occupations include caring, leisure & other service occupations, skilled trades and administrative and secretarial occupations. High-skilled occupations comprise managers, directors & senior officials, professional occupations and associate professional & technical occupations. Throughout this Review, prior to 2011 these categories are derived from Standard Occupational Classification (SOC) 2000, and following 2011 they are derived from SOC 2010.
2. Two values are given in 2011 as the methodology changed. In 2011, the Standard Occupational Classification (SOC) changed from SOC 2000 to SOC 2010.
3. Figures may not sum due to rounding.

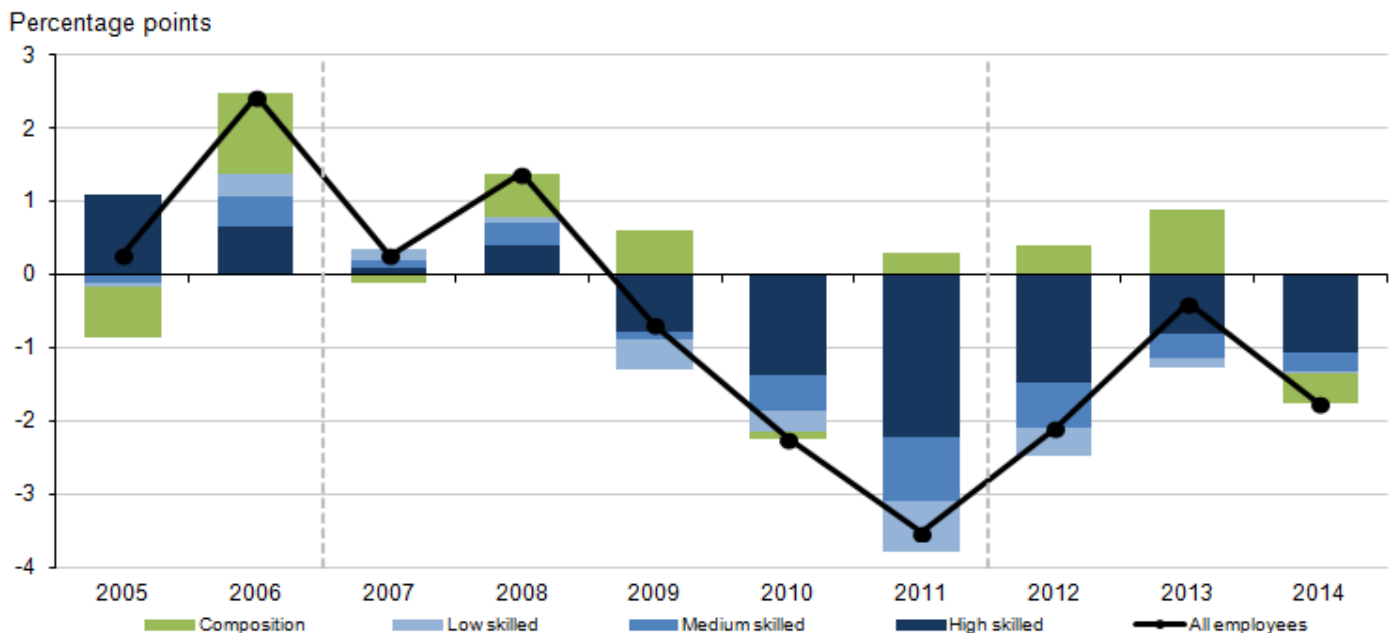
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Figure 8 captures the effect of the changing composition of employees (the green bars) on earnings growth (the black line) between 25 different occupations (grouped into low-, medium-, and high-skilled) and finds a positive 'composition effect' to earnings growth in four out of six years since 2009. This positive composition effect is the reason why, in Figure 7, real earnings have fallen more since 2008 for each particular occupation grouping than for the workforce as a whole. However, in 2014 the occupational composition of the workforce had the largest downward impact on real earnings growth since 2005. This change in the composition effect, from a positive contribution of 0.9 percentage points in 2013 to a negative contribution of 0.4 percentage points in 2014, is a key factor behind the ASHE data showing real earnings falling at a faster rate in 2014 compared with 2013.

**Figure 8: Contributions to real earnings growth from within occupations, and from changes in the composition of the workforce, percentage points, 2005 to 2014**



Source: Office for National Statistics

**Notes:**

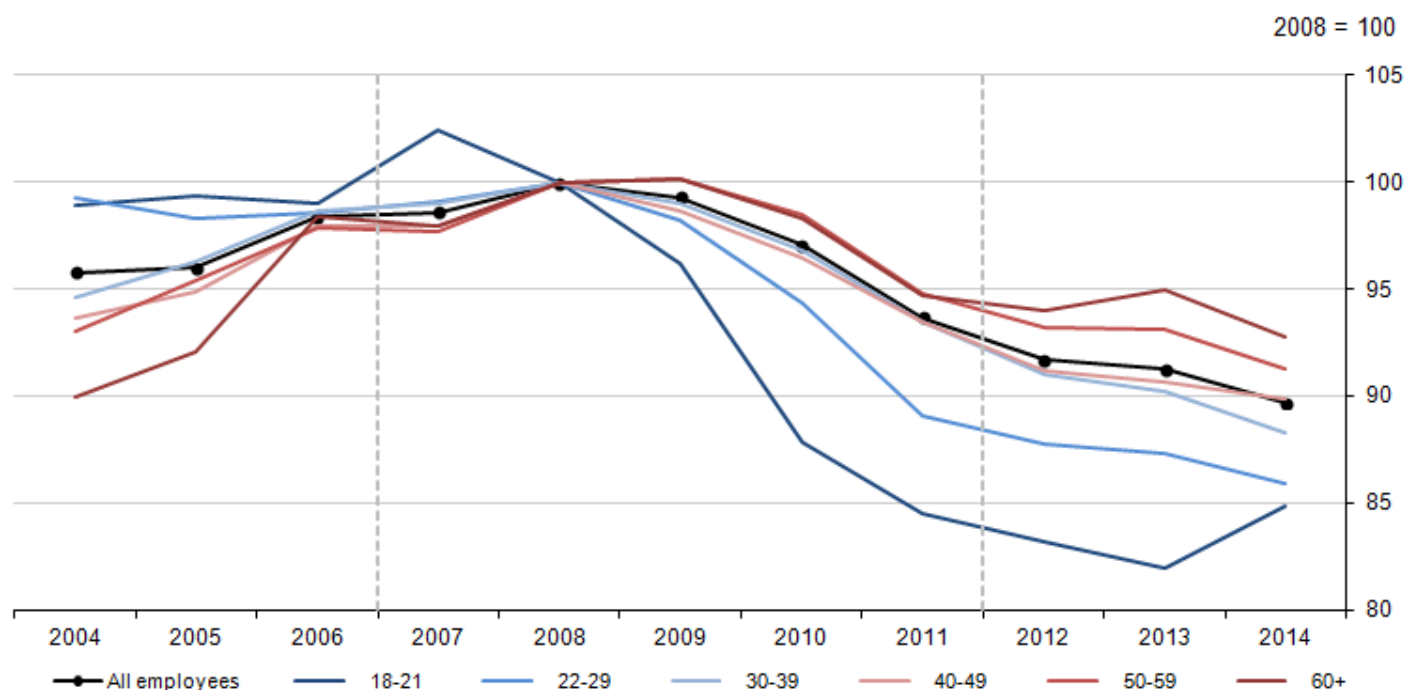
1. 'Real earnings growth' refers to mean gross weekly earnings growth for full- and part-time employees in the UK, deflated by UK CPI.
2. Dashed lines indicate discontinuities in the ASHE series in 2006 and 2011.

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As different occupations in the economy have seen real earnings fall to varying degrees, and as the structure of the workforce has shifted, this has led to particular demographic groups seeing their real earnings fall by more than others. In particular, the young have seen their real earnings fall the most.

Between 2008 and 2014, real earnings fell most (by around 15%) for younger age groups, aged 29 or below (Figure 9). In contrast, real earnings for those aged over 60 fell by 7.2%. The general trend appears to be that, while all age groups experienced falls in their real earnings, younger age groups experienced bigger falls. One factor which will have partly driven this trend is a fall in the number of hours worked by those aged 18 to 21 – as Figure 9 looks at weekly earnings, a fall in hours worked would push down this measure of earnings. Another factor will be that those occupations where real earnings have fallen most – the low- and medium-skilled occupations – are more commonly filled by younger age groups. For the youngest age group in Figure 9 – those aged 18 to 21 – real earnings rose in 2014 for the first time since 2007. However, it is not yet clear whether this constitutes a trend or is driven by volatility among this (relatively small) group.

**Figure 9: Real earnings for different age groups, 2008=100, 2004 to 2014**

Source: Office for National Statistics

#### Notes:

1. 'Real earnings' refers to mean gross weekly earnings for full- and part-time employees in the UK, deflated by UK CPI.
2. Dashed lines indicate discontinuities in the ASHE series in 2006 and 2011.

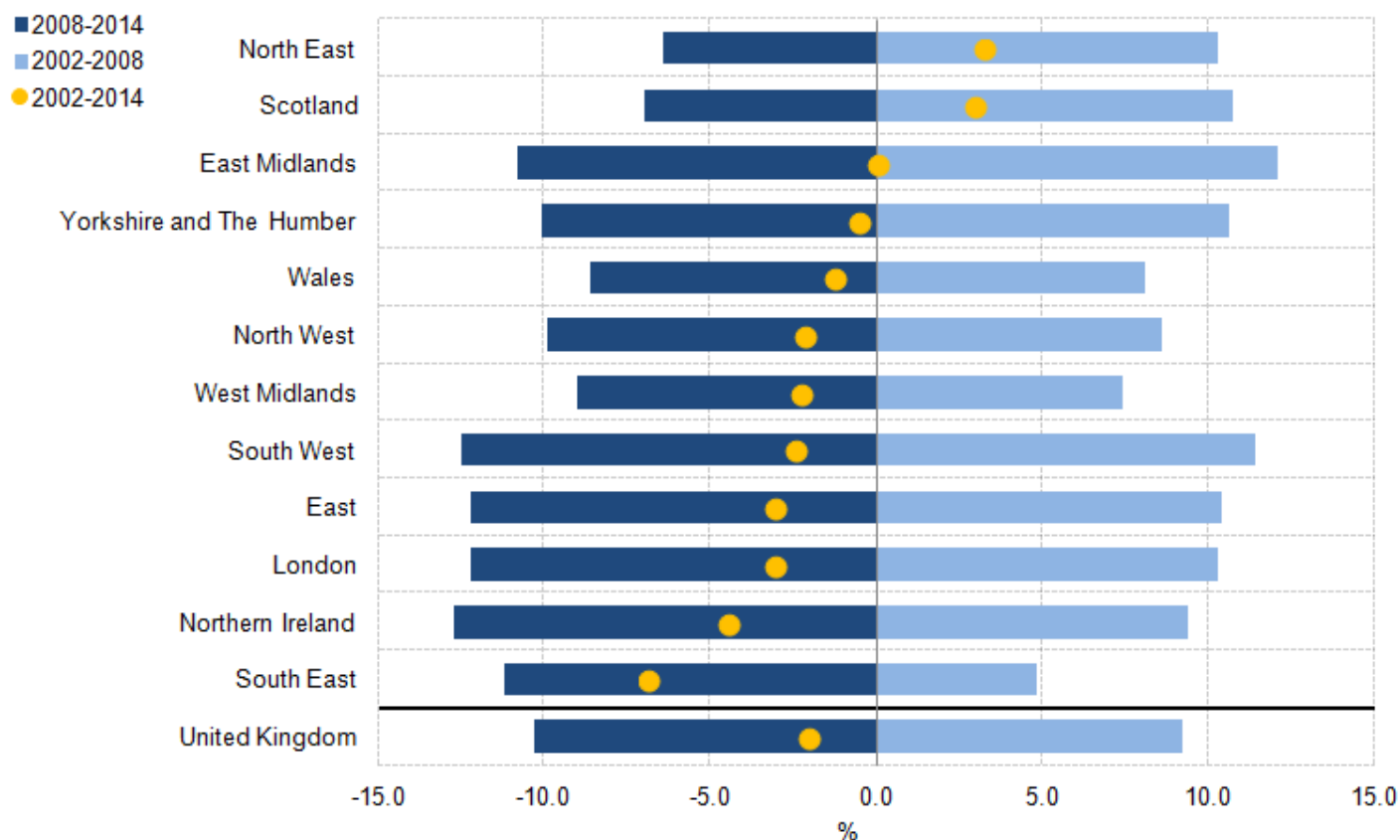
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On a regional basis, real earnings fell most between 2008 and 2014 in Northern Ireland (by 12.7%, as shown in Figure 10). However, this fall was very similar to that experienced by the South West (12.5%), the East of England (12.2%), and London (12.2%). In contrast, real earnings fell by around half this amount in the North East (6.4%) and Scotland (7.0%). Compositional changes may be important in explaining some of these movements. Comparing real earnings growth in the six years prior to 2008 with the following six years, there appears to be little relation between real earnings growth prior to the downturn and afterwards.

**Figure 10: Growth in real earnings between 2002 and 2008, and between 2008 and 2014, across UK regions and nations, %.**



Source: Office for National Statistics

**Notes:**

1. 'Real earnings growth' refers to mean gross weekly earnings growth for full- and part-time employees in the UK, deflated by UK CPI.
2. Please note that this chart/table was updated at 15:15 on 16-01-2015 to correct a minor labelling error. The data are unaffected, but references to 2004 have been corrected to 2002.

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We have highlighted the extent to which aggregate earnings growth figures can be influenced by the changing nature of the workforce, and varying experiences of different demographics. However, one factor which has not been taken into account in this analysis is variation in the rates of inflation experienced by different types of households. All real earnings figures in this review assume that prices faced by different occupations, regions, and age groups are the same. However, as different types of household consume different goods, this assumption (although a useful starting point) will not fully reflect the unique experiences of different households. ONS will shortly be publishing a report presenting analysis of this effect<sup>5</sup>.

## Notes

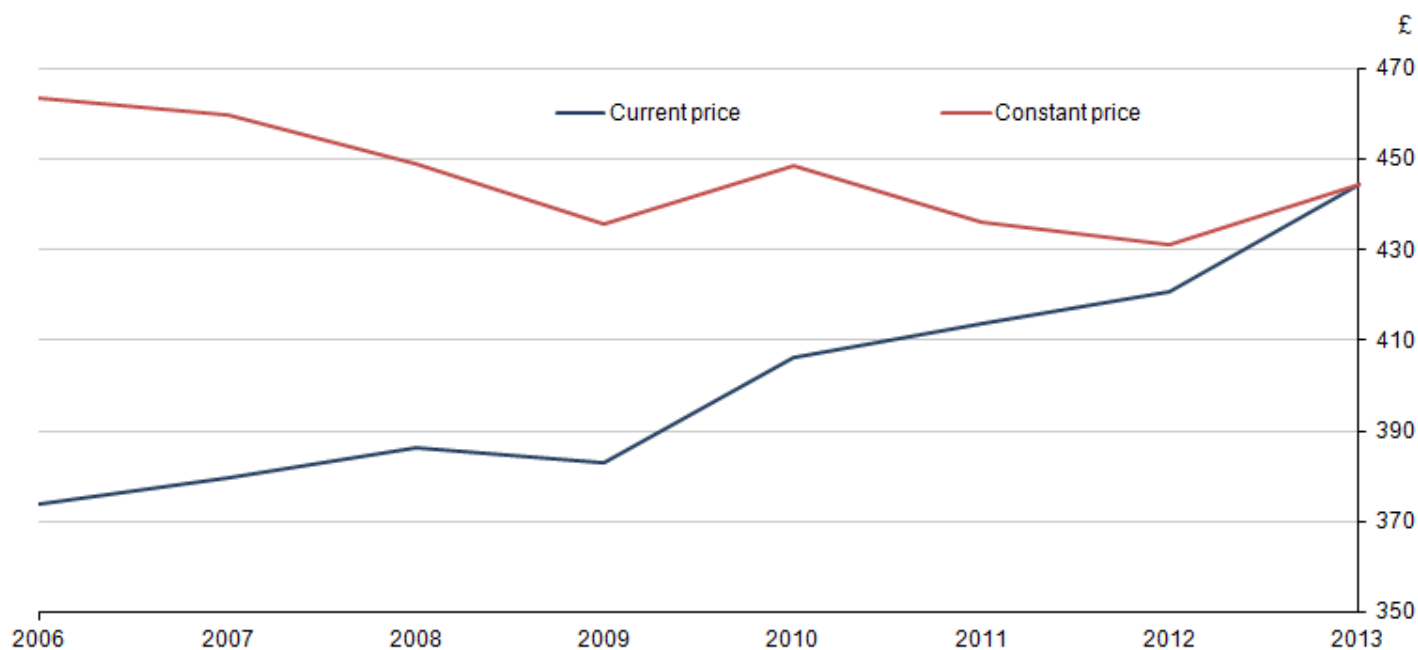
1. Mean earnings growth excluding bonuses for full- and part-time employees in Great Britain.
2. This Review uses mean earnings for full- and part-time workers from ASHE, as this is the most comparable measure to that used in AWE. In this way, the analysis should also give indications about the trends behind the AWE series in recent periods. However, due to methodological differences between the two measures, they may still show different trends ([An Examination of Falling Real Wages - 2010 to 2013](#)).
3. 'Earnings' here refers to gross weekly earnings for full- and part-time workers in the UK. All measures of real earnings deflate nominal earnings by the UK Consumer Price Index.
4. Low-skilled occupations comprise elementary occupations, sales & customer services operators and process, plant & machine operatives. Medium-skilled occupations include caring, leisure & other service occupations, skilled trades and administrative and secretarial occupations. High-skilled occupations comprise managers, directors & senior officials, professional occupations and associate professional & technical occupations. Throughout this Review, prior to 2011 these categories are derived from Standard Occupational Classification (SOC) 2000, and following 2011 they are derived from SOC 2010.
5. The upcoming ONS article will look at the different inflation rates experienced by households across the different income and expenditure distributions, households with and without children, and retired and non-retired households.

## Household Spending

Despite downward pressure on real wages, household spending has been a strong driver of GDP growth on the expenditure measure in recent years. This section of the Economic Review considers trends in average weekly household expenditure from 2006 to 2013 as measured by the latest annual ONS Living Cost and Food Survey (LCF) ([Family Spending - 2014 Edition](#))<sup>1</sup>.

Figure 11 shows that average weekly household expenditure in current prices increased by 19% cumulatively from 2006 to 2013, rising from £373.80 to £444.30. Spending on this basis rose in every year apart from 2009, when it fell slightly as households cut back in response to the economic downturn. However, stripping out the impact of inflation reveals a very different story. In volume terms, average weekly household expenditure has fallen by 4% between 2006 and 2013. This brings out more clearly the impact on households of the economic downturn in 2008 and 2009 and the subsequent recovery.

**Figure 11: Average weekly household expenditure on all expenditure groups, £ per week, 2006 to 2013**



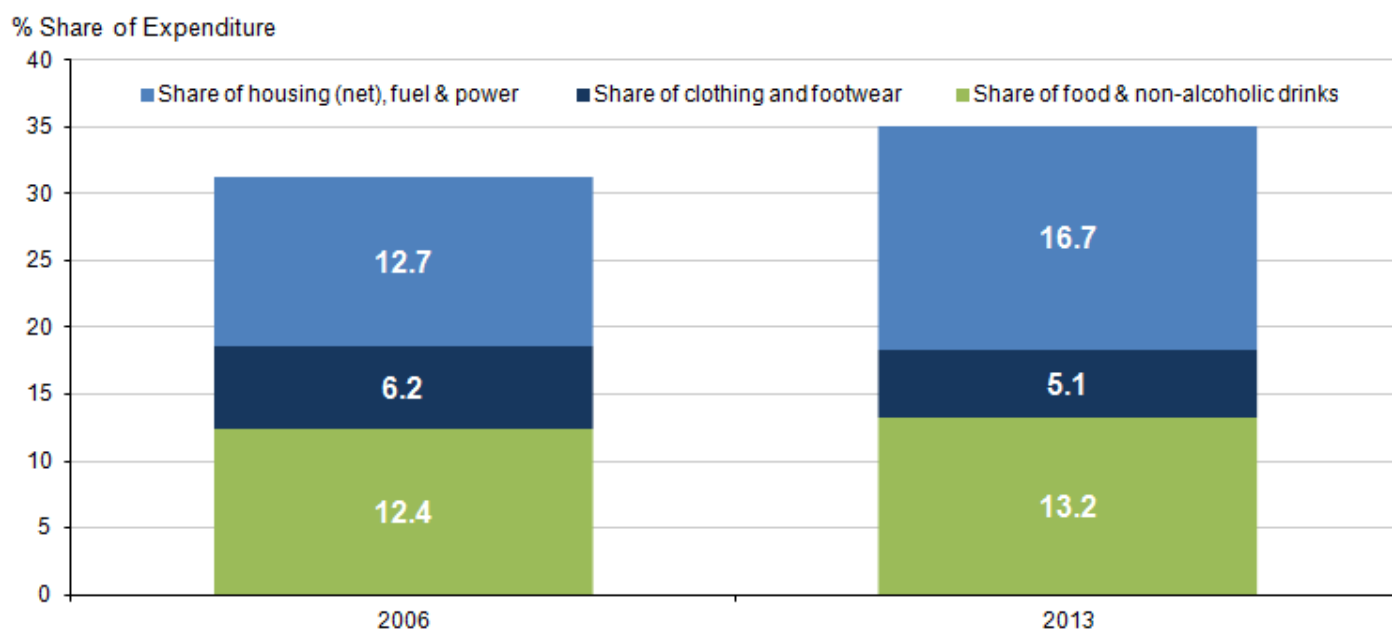
Source: Office for National Statistics

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Figure 12 shows how spending on essential items – here defined to include the three COICOP categories housing (net), fuel & power, food & non-alcoholic drinks, and clothing & footwear – has risen as a share of average weekly expenditure on the COICOP categories since 2006. These essential categories of spending accounted for just over 31% of average weekly household expenditure in 2006, around £117 per week. In 2013, this had risen to 35% of the total, or just over £155 per week. The increase was mainly on housing costs, driven by an increase in the share of actual rentals for housing which increased by 3 percentage points between 2006 and 2013. The second component driving this increase was spending on electricity, gas and other fuels, which saw its share increase by 2 percentage points between 2006 and 2013.

**Figure 12: Share of average weekly household expenditure on essential items, current prices**

Source: Office for National Statistics

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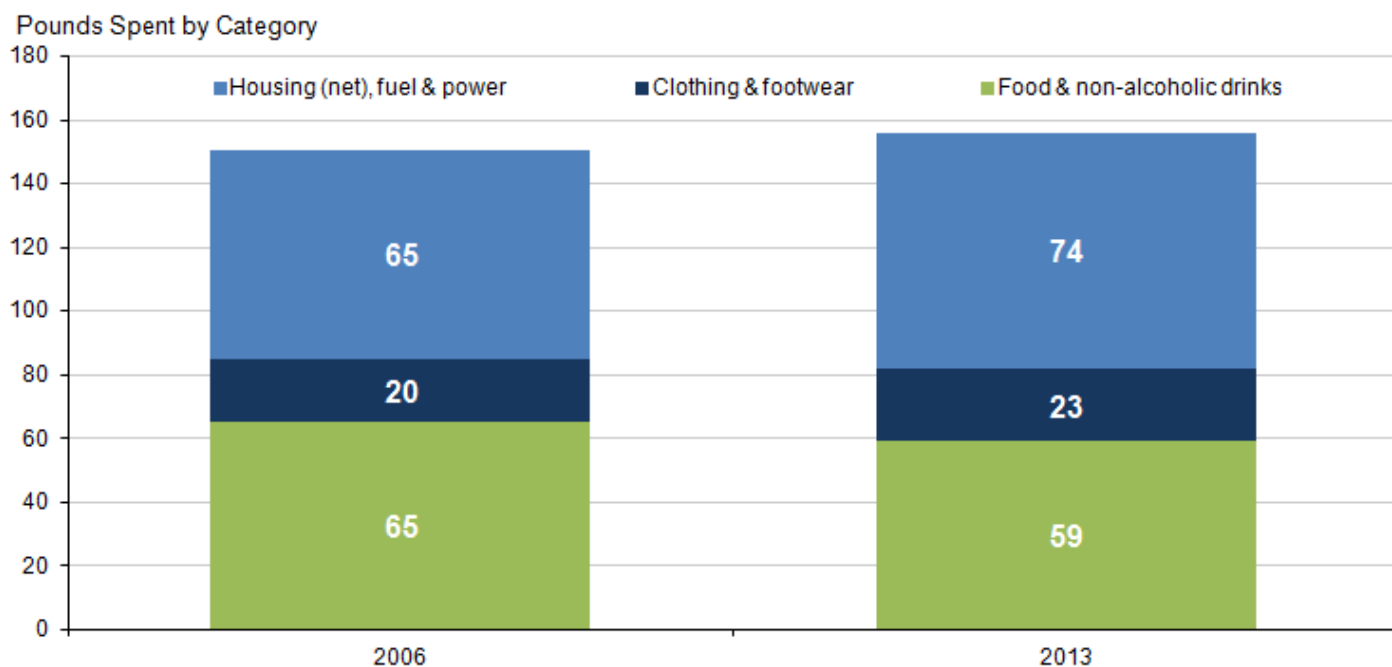
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In Figure 13, the same comparison is made in real terms, (i.e. after adjusting for the impact of consumer price inflation). Average household spending on the three essential categories rose slightly between 2006 and 2013, up from £150 to £156 a week. As a share of average weekly expenditure, this represents a rise from 32% to 35%.

Housing expenditure again accounted for the largest part of this increase, up from £65 to £74 a week when expressed in 2013 prices. The share of expenditure on clothing and footwear in 2013 prices increased from 4% to 5% over the same period. However, its share of expenditure in current prices reduced, suggesting falling prices in clothing allowed an increase in spending in real terms.



**Figure 13: Average weekly household expenditure on essential items, constant prices**

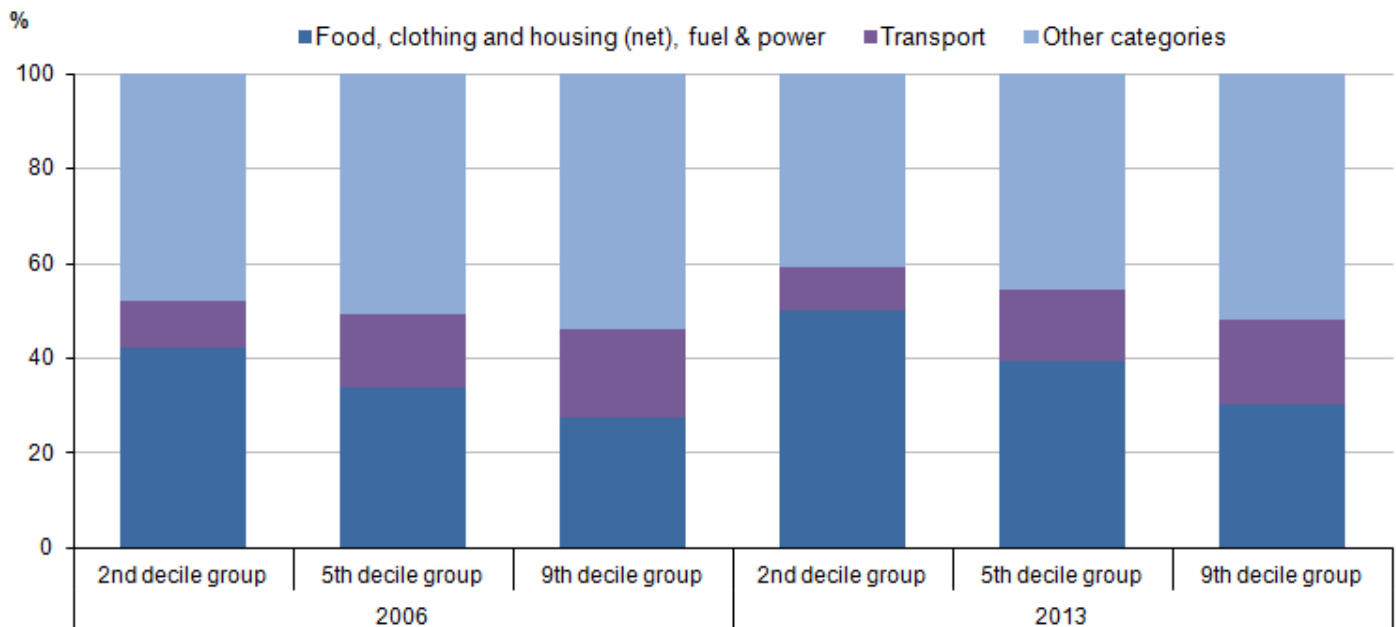
Source: Office for National Statistics

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In contrast to spending on essential items, spending on non-essential goods has fallen as a share of the average weekly expenditure on the COICOP categories. For instance spending on restaurants and hotels fell from 10.1% of average weekly expenditure in 2006 to 9.1% in 2013.

**Figure 14: Share of average weekly household expenditure on essential items by selected disposable income decile**



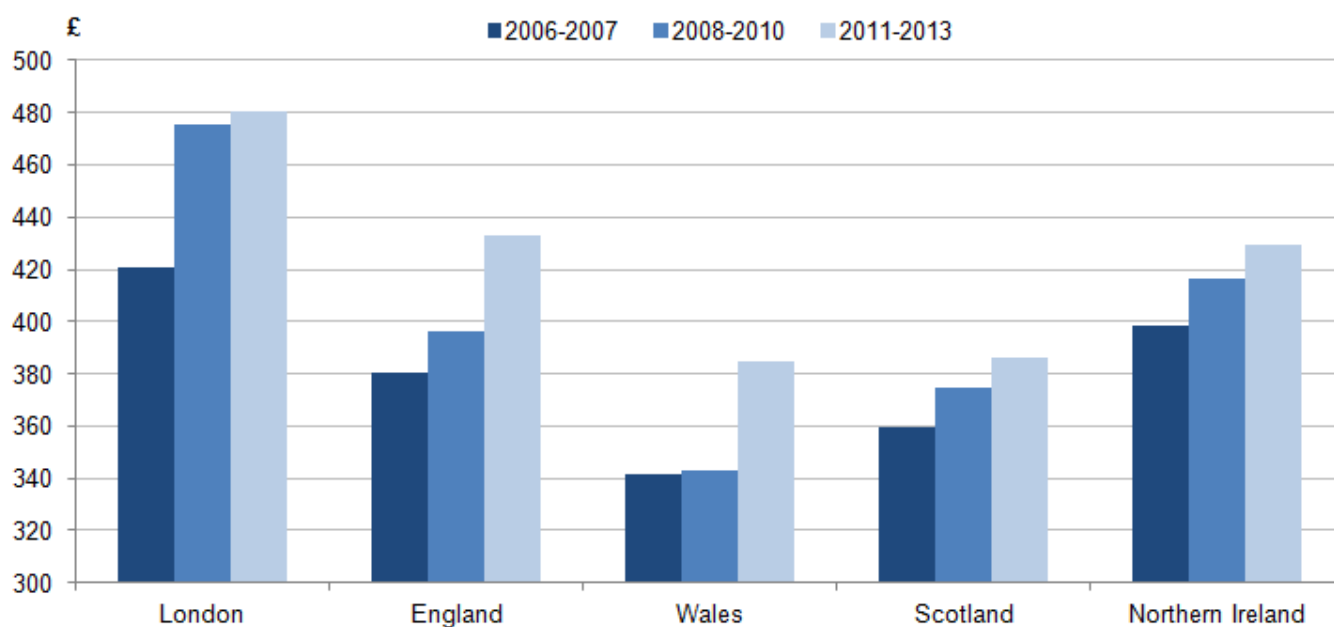
Source: Office for National Statistics

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Figure 14 shows that households in the second lowest income decile have a higher share of spending on food, clothing and housing costs than the higher deciles, while the ninth decile (the second highest) has a bigger share of spending on other categories. The share of spending on food, clothing and housing has increased since 2006 for all three deciles shown in Figure 14, with the largest uplift of 8 percentage points seen for the second decile, suggesting that poorer households are having to devote even more of their spending to essential items in 2013 than they did in 2006.

Figure 15 shows that weekly household expenditure has grown across all regions when comparing average spending in the two years prior to the downturn (2006-2007) with the latest three years for which data is available (2011-2013). The rise in spending is more pronounced in Wales and England than in Scotland, such that spending in Wales has moved from around £340 (or £20 per week lower than Scotland) pre-downturn to around £380 per week post-downturn, similar to Scotland. Such levels of spending remain £40 below those seen in England (around £420 per week), and £100 below the highest spending region on this measure, London, where households spend around £480 per week, although spending here has only risen modestly on average since 2008-2010.

**Figure 15: Average weekly household expenditure on all expenditure groups, by region; £**

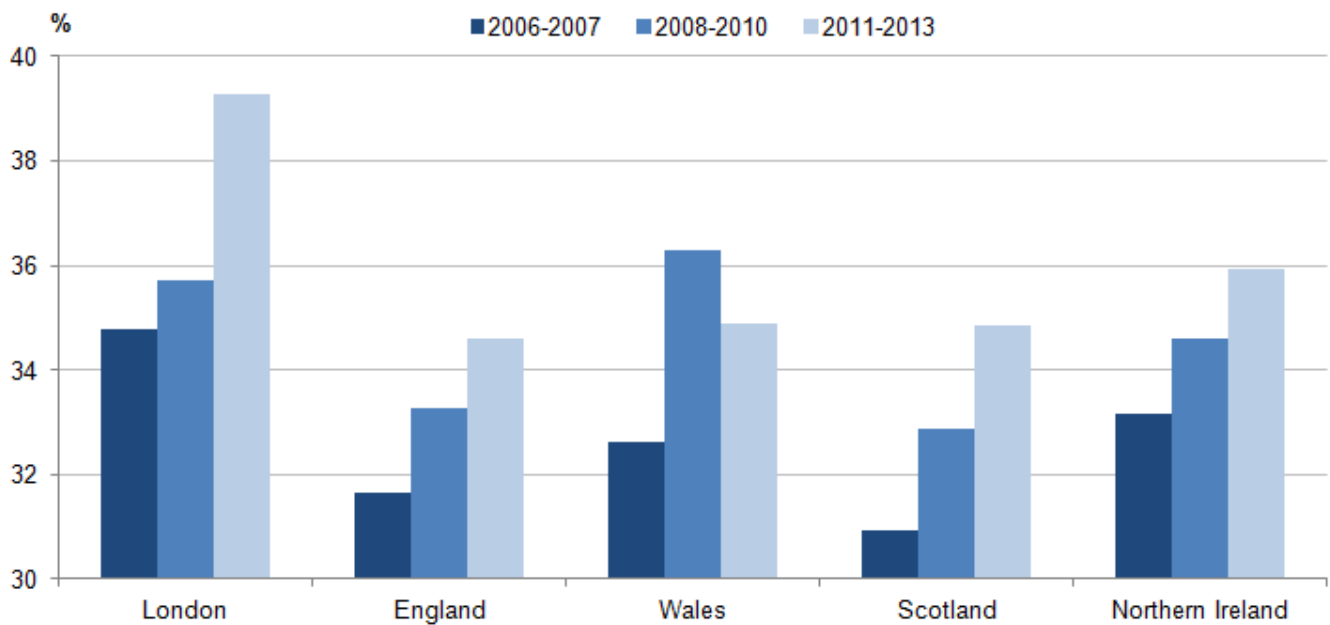
Source: Living Costs and Food Survey - Office for National Statistics

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While there has been a broad increase in the share of expenditure devoted to essentials, Figure 16 demonstrates that the rise is more pronounced in London at around 4 percentage points, opening up a wider gap with other regions and countries than in 2006-2007. The share of spending on essentials remains higher in London on average than in other parts of the UK. In contrast, the share of spend on essentials in Wales has reduced somewhat between 2008-2010 and 2011-2013.

**Figure 16: Share of average weekly household expenditure on essential items; %**

Source: Living Costs and Food Survey - Office for National Statistics

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#### Notes

- Household expenditure estimates derived here from the LCF include spending on twelve COICOP (Classification of Individual Consumption by Purpose) component categories. These estimates differ from those used in the UK National Accounts, which are based on a range of administrative and survey sources, of which the LCF is just one. There are also conceptual differences in some definitions. For example, housing expenditure in the LCF only includes rental costs in the housing, fuel and power category. In contrast, National Accounts housing data in the housing, fuel and power category imputes a value for rentals paid by owner occupiers. Throughout this analysis, average weekly expenditure refers to that on the 12 COICOP categories, and therefore excludes other expenditure items such as mortgage interest payments, council tax, holiday spending, cash gifts and charitable donations.

## Reference Tables

### UK demand side indicators

	2012	2013	2014	2014	2014	2014	2014	2014	2014
			Q1	Q2	Q3	Jul	Aug	Sep	Oct
<b>GDP<sup>1</sup></b>	0.7	1.7	0.7	0.9	0.7	:	:	:	:
<b>Index of Services</b>									
<i>All Services<sup>1</sup></i>	2.0	1.8	0.8	1.1	0.8	0.3	0.0	0.5	:
<i>Business Services &amp; Finance<sup>1</sup></i>	3.0	2.3	0.9	1.5	1.1	0.4	-0.3	1.0	:
<i>Government &amp; Other<sup>1</sup></i>	1.4	0.4	0.3	0.3	0.2	0.0	0.0	0.0	:
<i>Distribution, Hotels &amp; Rest.<sup>1</sup></i>	1.5	3.6	1.6	1.0	0.7	0.2	0.5	0.5	:
<i>Transport, Stor. &amp; Comms.<sup>1</sup></i>	1.4	1.4	0.6	1.5	1.3	0.5	0.1	0.4	:
<b>Index of Production</b>									
<i>All Production<sup>1</sup></i>	-2.7	-0.1	0.9	0.2	0.2	0.3	-0.1	0.6	:
<i>Manufacturing<sup>1-1.3</sup></i>		-0.1	1.5	0.5	0.4	0.3	0.2	0.4	:
<i>Mining &amp; Quarrying<sup>1</sup></i>	-10.8	-2.5	1.1	-0.3	-1.7	0.1	-1.8	3.8	:
<b>Construction<sup>1-7.5</sup></b>		1.5	1.8	0.7	0.8	2.0	-3.0	1.8	:

**Retail  
Sales  
Index**

<i>All Retailing</i> <sup>1</sup>	0.8	1.4	0.6	1.6	0.2	0.1	0.2	-0.4	0.8
<i>All Retailing, excl. Fuel</i> <sup>1</sup>	1.2	2.0	0.5	1.8	0.4	0.4	0.2	-0.3	0.8
<i>Predom. Food Stores</i> <sup>1</sup>	-0.1	-0.2	-1.4	1.5	-0.5	0.1	-0.7	0.4	0.3
<i>Predom. Non- Food Stores</i> <sup>1</sup>	1.4	1.8	2.1	1.1	1.5	1.0	1.4	-1.6	1.5
<i>Non- Store Retailing</i> <sup>1</sup>	9.4	18.0	1.3	7.7	-1.5	-1.1	-2.0	4.2	-0.6

**Trade**

<i>Balance</i> <sup>2,3</sup>	-34.5	-32.1	-7.4	-6.5	-7.5	-2.9	-1.8	-2.8	:
<i>Exports</i> <sup>4</sup>	0.3	2.1	-2.1	-0.8	-0.3	1.0	-2.0	2.4	:
<i>Imports</i> <sup>4</sup>	2.3	1.5	-3.1	-1.5	0.6	2.5	-4.6	4.8	:

**Public  
Sector  
Finances**

<i>PSNB- ex</i> <sup>3,5</sup>	12.2	-23.8	-3.6	2.0	1.9	0.2	0.7	1.0	-0.2
<i>PSND- ex as a % GDP</i>	76.7	79.1	79.0	79.9	79.9	79.3	79.3	79.9	79.5

**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 public sector banks. Level change on previous period a year ago, not seasonally adjusted

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## UK supply side indicators

	2012	2013	2014	2014	2014	2014	2014	2014	2014
			Q1	Q2	Q3	Jul	Aug	Sep	Oct
<b>Labour Market</b>									
<i>Employment Rate<sup>1, 2</sup></i>	71.0	71.5	72.5	72.8	73.0	73.0	73.0	:	:
<i>Unemployment Rate<sup>1, 3</sup></i>	8.0	7.6	6.8	6.3	6.0	6.0	6.0	:	:
<i>Inactivity Rate<sup>1, 4</sup></i>	22.8	22.4	22.1	22.1	22.2	22.2	22.2	:	:
<i>Claimant Count Rate<sup>7</sup></i>	4.7	4.2	3.5	3.2	2.9	3.0	2.9	2.8	2.8
<i>Total Weekly Earnings<sup>6</sup></i>	£469	£475	£477	£479	£479	£478	£479	£481	:
<b>CPI</b>									
<i>All-item CPI<sup>5</sup></i>	2.8	2.6	1.7	1.7	1.5	1.6	1.5	1.2	1.3
<i>Transport<sup>5</sup></i>	2.3	1.0	-0.3	1.0	0.8	1.3	1.2	0.1	0.5
<i>Recreation &amp; Culture<sup>5</sup></i>	0.2	1.1	0.6	1.0	1.2	1.5	1.4	0.7	1.0
<i>Utilities<sup>5</sup></i>	5.0	4.1	3.3	3.2	3.1	3.2	3.2	3.1	3.2


<i>Food &amp; Non-alcoh. Bev.</i> <sup>5</sup>	3.2	3.8	1.8	0.0	-0.9	-0.4	-1.1	-1.4	-1.4
<b>PPI</b>									
<i>Input</i> <sup>8</sup>	1.3	1.2	-5.0	-4.6	-7.5	-7.5	-7.7	-7.4	-8.4
<i>Output</i> <sup>8</sup>	2.1	1.3	0.6	0.5	-0.3	-0.1	-0.3	-0.5	-0.5
<b>HPI</b> <sup>8</sup>	1.7	3.5	7.9	10.2	:	11.5	11.7	12.1	:

**Table source:** Office for National Statistics

**Table notes:**

1. Monthly data shows a three month rolling average (e.g. The figure for June is for the three months May - July)
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](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

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