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Economic Indicators, November 2004

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This month's article:

The EU/US Airbus/Boeing WTO dispute

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¹ After 6pm there is a statistician on duty until the rise of the House who can be contacted via the Oriol Room of the Main Library (extn. 3666).

II The EU/US Airbus/Boeing WTO dispute

A. Background

1. Transatlantic trade disputes

The current dispute over aid to large aircraft manufacturers is the latest in a series of recent transatlantic trade disputes that have included bananas and steel, with ongoing trade disputes over genetically modified foods, beef hormones and US anti-dumping rules, or the ‘Byrd Amendment’. Since the World Trade Organisation (WTO) was formed in 1995 the US and EU have brought 27 disputes against each other.²

However, as the Financial Times recently noted, over the past few years “EU-US trade has grown steadily, punctuated by disputes that sometimes have an air of déjà vu.”³

2. The new Airbus/Boeing dispute

A bilateral agreement between the EU and the US on the financing of large civilian aircraft had been in existence since 1992. This agreement established a number of mutual commitments to monitor the agreement and institutional arrangements for future dialogue between the parties. The agreement outlines two forms of support, ‘direct’ such as launch investment favoured in the EU, and ‘indirect’ such as research and development support in the US, and the DTI has outlined its main provisions:⁴

- Direct support limited to 33% of total development cost of a project;
- Direct support to be repaid within 17 years at a rate of return at least marginally above the cost of Government borrowing;
- Indirect support limited to 3% of the annual commercial turnover of the civil aircraft industry in the party concerned;
- Transparency on both direct and indirect supports.

This issue last emerged back in 1999, when Airbus’s new A380 was emerging as a potential competitor for the Boeing 747. In negotiations on a renewed deal, the US and Boeing were looking to ban all new state aid, but these discussions broke down in September 2004. This prompted the US to invoke WTO dispute settlement proceedings on 6 October 2004, ‘requesting consultations’ with the European Communities and the governments of the UK, France, Germany and Spain alleging that \$15bn in ‘illegal aid’ had been paid to Airbus.⁵

² All dispute documents listed chronologically on WTO website at: http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm

³ “Mixed signals from Kerry on trade with EU”, *Financial Times*, 28 October 2004, p7

⁴ DTI, “Launch Investment” page; <http://www.dti.gov.uk/aerospace/launch-investment.htm>

⁵ WTO, “DS316: European Communities and Certain Member States - Measures Affecting Trade in Large Civil Aircraft - Request for Consultations by the United States”, 12 October 2004; <http://docsonline.wto.org/DDFDocuments/t/G/SCM/D62-1.doc>

On the same day, the EU retaliated by launching counter-proceedings alleging that Boeing had illegally been given \$23bn by the US government.⁶ The US Trade Representative, Robert Zoellick, also announced that the US would terminate the 1992 agreement, exercising a right provided in the agreement itself,⁷ a move that was rejected by the EU.⁸

The US dispute settlement communication highlights, among a number of other issues,⁹ the “non-commercial terms” of financing, at either zero or below market interest rates, and the conditionality of launch aid, which does not have to be repaid if a new model is not successful. The EU communication highlights state, local subsidies, NASA and Department of Defense Research & Development Subsidies, and a range of other subsidies and tax credits.

Both Boeing and Airbus, owned 20% by BAE Systems and 80% by the European Aeronautic Defence and Space (EADS) Company, are working on new, rival models.

The Airbus A350 is a new, longer range version of the A330-200 model with an increased range (up 1,000 nautical miles to 7,500-7,600 miles). Airbus has announced that it intends to apply for repayable launch aid, i.e. loans with conditional repayment, for the A350 from the governments of the UK, France, Germany and Spain to the value of between €700m-€1bn of an overall development cost of €2-3bn. Despite this application, the Airbus Chief Executive was quoted as saying, “The A350 is easily financeable by Airbus without launch aid because it is a derivative of an existing aircraft, but as long as there is refundable launch aid available we will apply for it.”¹⁰

Although the official decision to build go into production of the A350 has not yet been taken, Airbus believes that it could enter service a year ahead of Boeing’s new 7E7 ‘Dreamliner’ model, in 2009. The A350, as a potential “direct rival” to Boeing’s new model

[...] appears to have stalled orders for the 7E7. Mr Stonecipher’s [Boeing Chief Executive] aim of 200 firm orders for the 7E7 by the end of the year looks unattainable.”¹¹

⁶ WTO, “DS317: United States - Measures Affecting Trade in Large Civil Aircraft - Request for Consultations by the European Communities”, 12 October 2004; <http://docsonline.wto.org/DDFDocuments/t/G/SCM/D63-1.doc>

⁷ “U.S. Files WTO Case Against EU Over Unfair Airbus Subsidies”, *US Trade Representative Press Release*, 6 October 2004

⁸ “US-Boeing: EU rejects US unilateral abrogation of the 92 aircraft agreement”, *European Commission Press Release*, 8 October 2004; http://europa.eu.int/comm/trade/issues/respectrules/dispute/pr081004_en.htm; ‘Facts & figures’ on the 1992 agreement are at http://europa.eu.int/comm/trade/issues/respectrules/dispute/ff061004_en.htm.

⁹ The communication also claims that a loan to EADS from the European Investment Bank for the A380 may be export subsidies in breach of Articles 3.1(a) and 3.2 of the Agreement on Subsidies and Countervailing Measures (or the ‘SCM Agreement’).

¹⁰ “Unrepentant Airbus seeks further launch aid”, *The Independent*, 15 October 2004, p44

¹¹ “The Lex Column: Boeing”, *Financial Times*, 2/3 October 2004, p16

As *The Economist* noted,¹²

Boeing has been smarting ever since Airbus snatched the lead in the civil jet market last year by delivering more aircraft for the first time. Airbus is still in front this year, with 224 deliveries to the end of September, compared with Boeing's 218.

In further contrast, Airbus have said that deliveries this year could reach 320, close to peak 2001 levels, and are expected to rise to 350 in 2005 and possibly even 400 in 2006 (Boeing forecasts 285 deliveries in 2004, and 300 in 2005).¹³

Boeing believes that Airbus no longer needs support, as its Chief Executive told *The Guardian*, "Enough is enough. Airbus is healthy, strong, good and financially viable, so it should knock it off."¹⁴ Or, in the words of Robert Zoellick:¹⁵

Since its creation 35 years ago, some Europeans have justified subsidies to Airbus as necessary support for an 'infant' industry. If that rationalisation were ever valid, its time has long passed. Airbus now sells more large civil aircraft than Boeing.

Airbus have charged that the timing of the US move to take EU subsidies to the WTO is politically motivated, giving an expected boost to President Bush's re-election campaign in a number of states where manufacturing is a key sector and Boeing is a major employer.¹⁶ As *The Economist* put it,

[...] the Bush administration is being attacked for the loss of manufacturing jobs, and Boeing's home base for its civil jets is around Seattle in Washington state, a key battleground in [November's] presidential election.¹⁷

And similarly, the *Financial Times*:

The Bush administration's need to be seen standing up to perfidious Europeans during a tight presidential election race inevitably presents itself to the cynical observer as another motive, no matter what protestations are made to the contrary.¹⁸

The new dispute comes at a sensitive time given that both the incumbent figureheads of US and EU trade policy are due to leave office in November. The outgoing European Commissioner for Trade, Pascal Lamy, is expected to be replaced by Peter Mandelson, subject to European Parliament approval of the new Commission. The incumbent US Trade

¹² "Airbus and Boeing: America flies to war", *The Economist*, 9 October 2004, pp75-6

¹³ "Airbus order book sees return to form", *Financial Times*, 15 October 2004, p28

¹⁴ "Boeing chief goes to war against Airbus", *The Guardian*, 2 September 2004, p21

¹⁵ "U.S. Files WTO Case Against EU Over Unfair Airbus Subsidies", *US Trade Representative Press Release*, 6 October 2004

¹⁶ "EU warns Congress over trade sanctions", *Financial Times* (US Edition), 1 October 2004, p1

¹⁷ "Airbus and Boeing: America flies to war", *The Economist*, 9 October 2004, pp75-6

¹⁸ "Airing differences: The Airbus-Boeing dispute should be kept out of the WTO", *Financial Times*, 7 October 2004, p20

Representative is also widely anticipated to leave office regardless of the result of the upcoming presidential election.

The two are widely credited for restarting the stalled Doha round of WTO trade talks earlier this year, when an interim accord was reached in Geneva in July.

3. The Foreign Sales Corporation (FSC) dispute

There had been concerns that the Airbus/Boeing dispute would be inflamed if the EU chose to make a link between it and a previous, separate WTO ruling against subsidies for US corporations through the Foreign Sales Corporation (FSC) scheme.¹⁹ These fears have since receded, but the issue could re-emerge in the future.

Earlier this month, President Bush signed a bill replacing FSC with a compatible set of corporate tax incentives worth around \$140bn. The EU has welcomed this, and although it has some concerns about the two-year transition period it has highlighted a so-called ‘grandfathering clause’: provisions that retain tax subsidies for future deliveries of certain goods for contracts that were signed before 17 September 2003. As Mr Lamy has said, “We can accept a transition period [...] but not a super-transition that could benefit some companies beyond 2006”.²⁰

The Commission has indicated that it will challenge the new scheme at the WTO, but in the meantime will seek approval for suspending the FSC-related sanctions from January 2005. The Trade Commission quipped that, “We have been trying to put FSC to bed for a long time. It is now in bed, but we need to just check before the lights go out.”²¹

B. Who, if anyone, will win?

Dispute settlement at the WTO is a complex process, and the outcome is difficult to predict.

The dispute process allows for a 60-day period for consultations between the parties, and there have been some signs that officials on both sides prefer a negotiated outcome. *The Guardian* speculated that,

¹⁹ The Extra Territorial Income (ETI) Act replaced FSC in November 2000, but was successfully challenged by the EU, and the WTO subsequently authorised countermeasures proportionate to the annual \$4 billion value of the subsidy. Targeted at products in a number of sectors (not civil aircraft), these measures began in March 2004 at 5%, rising monthly by 1% increments to a 17% maximum in March 2005, to stand at 12% in October (see European Commission, *Foreign Sales Corporation (FSC): Questions and Answers*, 27 February 2004; http://europa.eu.int/comm/trade/issues/respectrules/dispute/pr270204_en.htm).

²⁰ “EU to lift sanctions on US but warns on Boeing”, *Financial Times*, 26 October 2004, p12

²¹ “EU welcomes US repeal of illegal export subsidies - EU to lift sanctions and ask for check on WTO compatibility”, *European Commission Press Release*, 25 October 2004; http://europa.eu.int/comm/trade/issues/respectrules/dispute/pr251004_en.htm. The EC claims that Boeing is one of, if not the largest, beneficiary of FSC (a total of \$1.6bn, 1992-2003), and of the grandfathering clause, citing two large deals for 400 aircraft (1996, 2000), which may not be delivered until 2008 or beyond.

If this is just pre-election grandstanding by the Republicans, as many Europeans suspect, then a deal may well be reached in November. Otherwise it could drag on for several fruitless years.²²

However, Mr Stonecipher, Boeing's Chief Executive, has been quoted as saying:²³

We've got bipartisan support from Congress and both candidates for president. This one is not going to go away after the election - and nobody is trying to start a trade war here.

Both Pascal Lamy and his successor-designate Peter Mandelson, while hoping for a negotiated outcome, have expressed confidence in the EU's case; Mr Lamy commented that comparisons of US and EU subsidies were like comparing "a ton of apples with a kilo of pears".²⁴

Should consultations fail, the US can request a WTO dispute settlement panel be established, which can take up to 45 days, which will be followed by a lengthy process of oral and written submissions that may take over a year and will likely be followed by an appeal. The WTO website has further details.²⁵

It is possible that such a panel could rule that both Airbus and Boeing receive illegal subsidies.²⁶ A European Commission memo noted that such a decision could cause 'mutually assured embarrassment' for both parties if neither wants to come into compliance.²⁷ As a *Financial Times* leader stated,

[...]Boeing, itself the recipient of implicit subsidies, is not a wholly innocent party [...] The WTO panel could well rule that both the US and EU are in violation of its rules, leaving Brussels and Washington in the unhappy and mutually destructive position of levying truly gigantic trade penalties against each other, perhaps totalling tens of billions of dollars or euros.²⁸

The *Chicago Tribune* said in an editorial that "neither company's hands are clean" and that "they may both lose, since the WTO is traditionally hostile to government giveaways involving prominent exporters." It continued,²⁹

²² [Leader] "Boeing-Airbus: Trading blows", *The Guardian*, 9 October 2004, p27

²³ "Trade war: Boeing calls for end of launch aid", *The Guardian*, 12 October 2004, p20

²⁴ "Tax move fails to soften EU view on tariffs", *Financial Times*, 14 October 2004, p11

²⁵ http://www.wto.org/english/thewto_e/whatis_e/tif_e/displ_e.htm

²⁶ The *Financial Times* cited an unnamed official as stating that "It is very clear that should we both go to the WTO, the WTO could find against both of us." ("Mandelson warns on aircraft subsidies own goal", *Financial Times*, 5 October 2004, p1)

²⁷ Bloomberg News quoting a European Commission memo (cited in "Boeing battle is Mandelson's first test", *The Guardian*, 7 October 2004, p19).

²⁸ [Leader] "Airing differences: The Airbus-Boeing dispute should be kept out of the WTO", *Financial Times*, 7 October 2004, p20

²⁹ "The new air war", *Chicago Tribune*, 8 October 2004, Editorial: Zone C, p30

[...] the U.S. is taking a big risk. Among other goodies, the 7E7 will be getting \$1.6 billion in production subsidies from Japan, where the wing and fuselage are to be made. It has up to \$3 billion in tax breaks on tap from the state of Washington, where the 7E7 will be assembled. If the WTO decides those subsidies are illegal and permits countervailing measures, the price of the new aircraft could become uncompetitive.³⁰

The *Financial Times* noted a possible precedent:

The history of similar disputes is not encouraging. In 1996, Canada and Brazil each filed WTO cases to block government subsidies to Embraer and Bombardier, their regional aircraft makers. Each won, and each threatened to launch more than \$3bn in trade retaliation, more than enough to cut off all Canada-Brazil trade. Neither side pulled the trigger and the subsidies largely remain in place.³¹

A Canadian Trade official commented that, “You had these two bulls in a deadlock, looking each other in the eye to see who would move first [...] In the end we both said it was nuts.”³² Canada and Brazil are due to hold further talks on restraining subsidies which have so far been unsuccessful.

Though the WTO’s role is to judge the legality of the subsidies, the economics of the case are also important. As a comment piece in the *Financial Times* noted:³³

The real question is not whether subsidies are legal, semi-legal, or illegal, but whether to subsidise or favour at all. As economists have long demonstrated, company connections to governments eventually hurt everyone involved. These days, however, governments’ links to aerospace companies yield a second kind of damage: damage in international relations.

Accepting the distinction in government support for Airbus and Boeing, and between tax breaks and state ownership, subsidies or subsidised loans, the article continued:

What is harder to defend is the abiding relationship between the Pentagon and Boeing. The multi-decade affiliation between the company and Washington has slowed down Boeing’s domestic rivals, real and potential. It has thereby slowed innovation. And it has yielded inefficiencies that spill over into the airline sector - itself bailed out or favoured from time to time.

In a letter in response, Claude Barfield of the American Enterprise Institute noted that the landscape of the aircraft industry had changed markedly since 1992 and the original bilateral agreement, and argued that all forms of subsidy should be reconsidered:³⁴

³⁰ *ibid.*

³¹ “Airbus and Boeing: America flies to war”, *The Economist*, 9 October 2004, pp75-6

³² “Dogfight at the WTO”, *Financial Times*, 8 October 2004, p17

³³ Amity Shlaes, “A needless transatlantic dogfight”, *Financial Times*, 11 October 2004, p17

³⁴ Claude Barfield, “Aim for Airbus and Boeing should be to operate without subsidies”, *Financial Times* (US Edition), 13 October 2004, Letters, p14 vis a vis (“Airing differences”, October 7)

At the time Airbus had about 30 per cent of the world market and Boeing and McDonnell-Douglas 70 per cent. Today Airbus has more than 50 per cent of worldwide sales and 60 per cent of future orders. There are no ‘infant’ industries involved here.

Second, the most direct and egregious government intervention is the direct launch aid granted by the EU for new aircraft. Whether Boeing is correct in the exact amount (alleged Dollars 15bn) remains to be determined; but the total is substantial and has direct bearing on price competitiveness. But if this is the case it is also true that all potential forms of subsidy should be placed on the table. [...]

[...] The aim should be to end subsidies from whatever source. It is true, however, that from an economic welfare perspective the clearest case is against the direct launch subsidies and other targeted subsidies from provincial, state or local government (including those of sub-contractors from other countries). The case for spillover from R&D grants or even from defence contracts is much less clear-cut - and officials who wrote the 1992 agreement readily admit that the limitations here had little economic foundation but were merely political compromises. Today most technological advances flow from commercial research to the military and not the reverse as was the case some decades ago.³⁵

Nonetheless, as an industry of political and strategic importance, subsidies in some form are probably inevitable.

C. Who else could lose?

There are third parties that may suffer spill-over effects from the dispute, including related industries within the US and EU, and it is possible that the WTO itself could be damaged.

1. ‘Collateral victims’

As in other industries, civilian aircraft production has become increasingly ‘global’, with many different countries contributing to different aspects of the manufacturing process.

An Airbus statement put purchases of goods and services from hundreds of suppliers in over 40 US states at over \$5bn a year, and notes that Boeing “sources more than 50% of the 7E7 programme outside the United States.”³⁶ The A350 uses the same engines as the 7E7, which were developed by UK’s Rolls-Royce and General Electric of the US. Manfred Bischoff, chairman of EADS, noted that:

³⁵ This latter point was challenged in subsequent correspondence from Matt Andersson, Chief Executive of Aviation Development Holdings, who argues that the “assertion that US research and development spillage between the military and civil sectors has reversed is simply erroneous.” (“Existence of aircraft makers is the issue”, *Financial Times*, 18 October 2004, p12)

³⁶ “Statement by Airbus on the US Government request for formal consultations at the WTO”, *Airbus Press Release*, 7 October 2004

If you have an A-380 with a GE engine against a 777 with a Rolls Royce engine, I bet you have more US content in ours.³⁷

Noel Forgeard, Airbus President and Chief Executive, has said that US companies could become inadvertent ‘collateral victims’, as the case “might not be very friendly to the US firms” that supply it. He also speculated that the dispute may have been a factor in the decision of Japan’s All Nippon Airways to buy Rolls-Royce engines rather than General Electric’s for its 7E7s, as an ‘all-US’ aircraft would have increased the airline’s risk from the dispute. He said “GE has been a victim of the backfire from the WTO attack.”³⁸

The Italian Government is also thought to be giving a \$590m subsidy to a company partly owned by Alenia, which is working on rear fuselages for Boeing’s 7E7.³⁹ Another recent article stated that Australian company Hawker de Havilland is “doing concept work on the new aircraft’s trailing edge wing surfaces”.⁴⁰

2. Japan & other countries

Globalised production of Boeing and Airbus aircraft is not limited to the US and EU. The Japanese Government previously supported, through the Development Bank of Japan and research programmes, the development of Boeing’s 767 and 777, and it could become embroiled in this dispute:

[...] the granddaddy (sic) of aid going to Boeing comes from Japan. This emerged last November when Airbus persuaded the EU to investigate a \$1.5 billion subsidy that the Japanese government is, in effect, putting into the 7E7. A consortium of three companies, the heavy industry parts of Fuji, Kawasaki and Mitsubishi, will make the wings and fuselage wing box for the 7E7. This is the heart of any plane, and the fact that Boeing has decided to outsource it to the Japanese is highly significant.

Boeing has always resisted Japanese requests to get their hands on important aircraft-making technology in return for Japan’s airlines buying from Boeing. But to win a big launch order for the 7E7 and get financial help, it has had to let the Japanese become key suppliers. All this makes for a tangled web of claim and counter-claim for the WTO to get to grips with, even before it affects other trade issues.⁴¹

Japan was not a party to the 1992 bilateral agreement, and Etienne Reuter of the European Commission’s delegation in Tokyo was quoted as saying: “The important subsidies that Japan has pledged to this project had indeed been perceived in the market as a circumvention of the EU-US agreement in 1992.”⁴²

³⁷ “EADS chief dismayed by battle over subsidies”, *Financial Times*, 8 October 2004, p6

³⁸ “Airbus says American firms could be victims of WTO battle”, *The Guardian*, 15 October 2004, p23

³⁹ “Airbus and Boeing: America flies to war”, *The Economist*, 9 October 2004, pp75-6

⁴⁰ “Aussies win role in designing 7E7”, *The Australian*, 29 October 2004, p26

⁴¹ “Airbus and Boeing: America flies to war”, *The Economist*, 9 October 2004, pp75-6

⁴² cited in “Japan embroiled in EU-US trade row”, *Financial Times*, 8 October 2004, p6

An official was quoted as saying that the Japanese Government were “carefully monitoring the progress of the WTO negotiations”, and that this was an issue that “could open a Pandora’s box with regard to the 7E7.”⁴³

The Being Chief Executive has said that that the EU would need to file against Japanese subsidies if it has concerns over Japan’s involvement in financing the 7E7.⁴⁴ Commentators have noted that it might be difficult for the European Commission to pursue Japan without bringing the issue of Italy’s 7E7 subsidies into question.

3. The WTO

The WTO website states that:

Dispute settlement is the central pillar of the multilateral trading system, and the WTO’s unique contribution to the stability of the global economy [...] WTO members have agreed that if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally. That means abiding by the agreed procedures, and respecting judgements.⁴⁵

A number of commentators have said that the WTO is not the proper forum for this dispute. For example, the *Financial Times* said “tit-for-tat litigation” at the WTO was “not the best way to solve the Airbus-Boeing spat.”⁴⁶

Opinion is divided as to whether the WTO dispute settlement mechanism will be able to cope. Certain it has been called on to judge issues involving major companies and very large sums before, but in this case the sums and the companies are particularly large:

Trade experts say the WTO is utterly unsuited to deal with a dispute on this scale, both because of the complexity of some of the issues and the huge commercial stakes on either side.⁴⁷

The Guardian said, “More worryingly, the dispute could eventually harm the WTO itself”, and that the organisation’s energies could be more profitably expended elsewhere.⁴⁸

This is not what the WTO needs. The organisation has better things to do than spend its energy settling a spat between two spoon-fed champions from the world’s wealthiest trading blocs. That is time and effort that would be better spent mediating

⁴³ *ibid.*

⁴⁴ “Boeing says EU concerns on Japan aid would require second WTO complaint”, *Financial Times*, 12 October 2004, p12

⁴⁵ WTO, “Settling disputes”; http://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm

⁴⁶ [Leader] “Airing differences: The Airbus-Boeing dispute should be kept out of the WTO”, *Financial Times*, 7 October 2004, p20

⁴⁷ “Airbus and Boeing test EU-US relations: It is far from clear who will blink first in an escalating transatlantic trade dispute”, *Financial Times*, 7 October 2004, p13

⁴⁸ [Leader] “Leading article: Boeing-Airbus: Trading blows”, *The Guardian*, 9 October 2004, p27

on issues that matter, such as the developed world's egregious agricultural subsidies. The worst that could happen is that the US becomes dissatisfied with the WTO and disengages - as it has with a number of other multilateral organisations in recent years. That would be a real tragedy. Far better if the two sides cut their legal bluster, kept the issue away from the WTO and agreed to reduce the subsidies that both companies receive.⁴⁹

As one commentator put it

It should be settled by diplomacy [...] I think this is the classic case where the elephants fight and the mouse gets crushed.⁵⁰

Or it could be the case that a finding against both the US and the EU could help resolve the issue: the *Financial Times* quoted WTO lawyer, Brendan McGivern, as saying: “WTO obligations could focus the bilateral negotiations in a way that may not be possible at the moment.”⁵¹

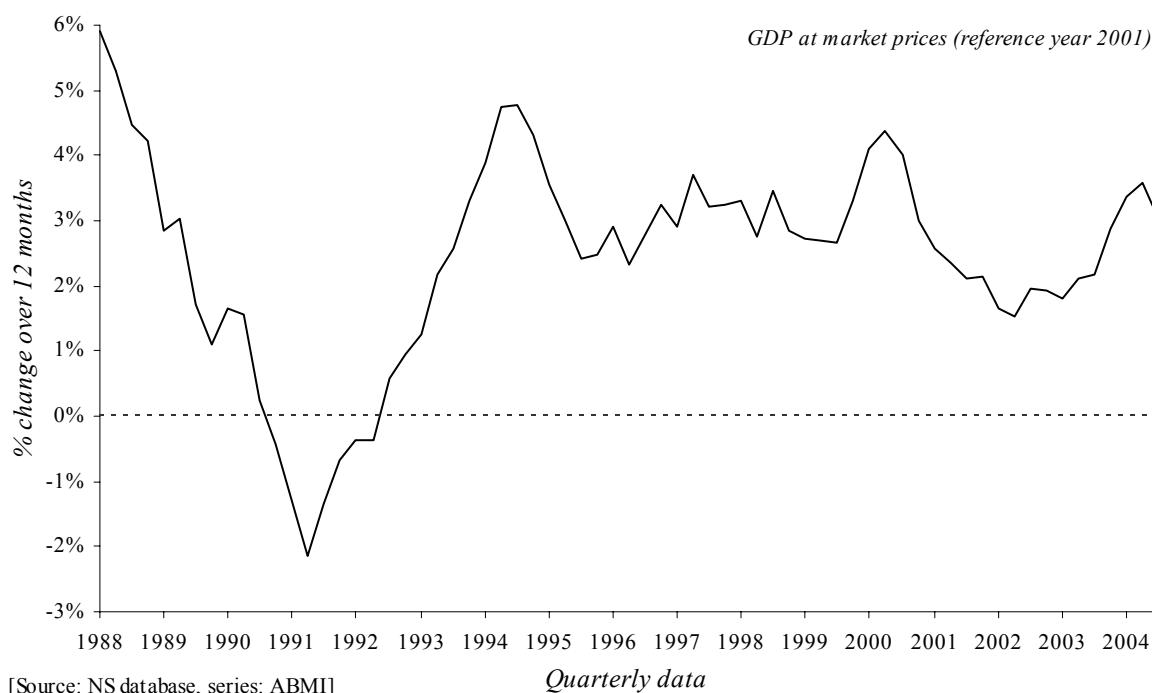
Ian Townsend
Economic Policy and Statistics Section

⁴⁹ *ibid.*

⁵⁰ Claude Barfield, American Enterprise Institute, cited in “Dogfight at the WTO”, *Financial Times*, 8 October 2004, p17

⁵¹ *ibid.*

A1: Gross Domestic Product



Gross Domestic Product at market prices

£ billion & %; seasonally adjusted

	Current		Reference year 2001
	<i>£ billion</i>	<i>annual % change</i>	<i>annual % change</i>
2000	950.6	5.2	3.9
2001	994.3	4.6	2.3
2002	1,044.1	5.0	1.8
2003	1,099.9	5.3	2.2
2003 Q2	272.0	5.0	2.1
Q3	277.7	5.2	2.2
Q4	281.5	5.9	2.9
2004 Q1	284.5	5.9	3.4
Q2	288.7	6.1	3.6
Q3	..	..	3.0

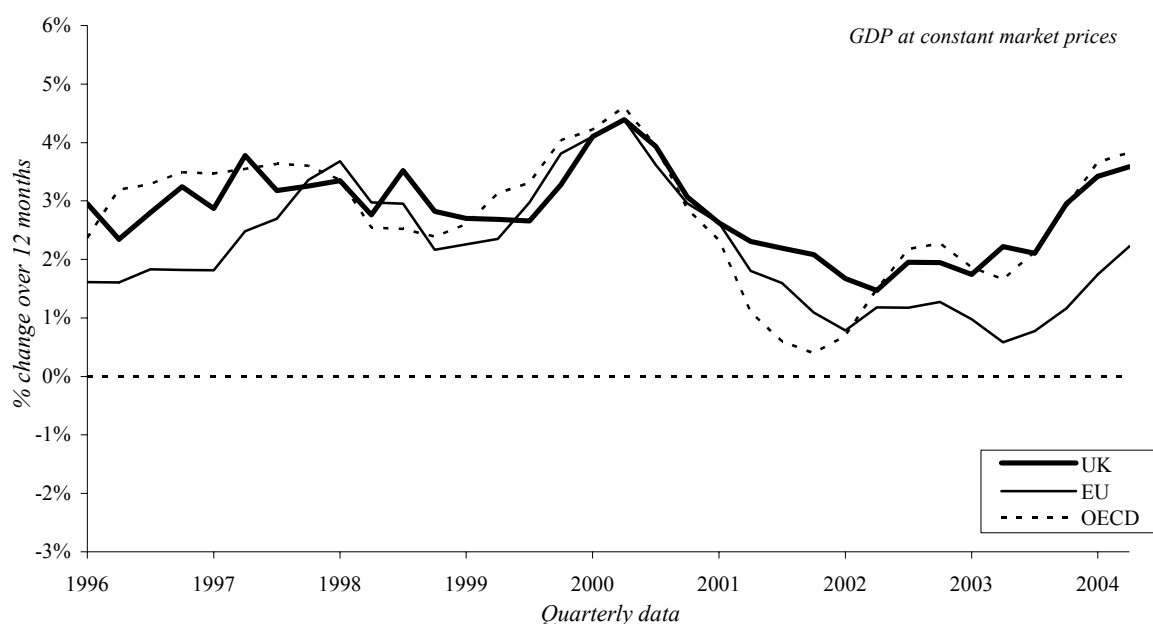
Source: NS database, series: YBHA, ABMI

- The UK economy is estimated to have grown by 2.2% in 2003, compared with 1.8% in 2002.
- In Q2 2004 the chained volume measure of gross domestic product (GDP) at market prices rose by 0.9% on the previous quarter. Compared with Q2 2003, the change in GDP on this measure was 3.6%.
- Preliminary estimates for Q3 2004 for growth on the chained measure are 0.4% compared with Q2 2004, and 3.0% compared Q3 2003.
- The Treasury's average of independent economic forecasts in October for GDP growth is of 3.3% in 2004, unchanged from the previous month. The forecast for 2005 is 2.5%, down slightly from September's estimate (2.6%).

Contact: Ian Townsend, x3977

Updates: HM Treasury, *Forecasts for UK Economy*, 17 Nov ONS, *Quarterly National Accounts*, 26 Jan 2005

A2: GDP: International Comparisons



[Source: OECD, *Main Economic Indicators*, Oct 2004]

GDP at constant market prices

% changes

	% change on year				% change quarter on quarter				
					2003			2004	
	2000	2001	2002	2003	Q2	Q3	Q4	Q1	Q2
USA	3.6	0.5	2.2	3.1	1.1	1.8	1.0	1.1	0.6
Japan	2.9	0.4	-0.3	2.5	1.1	0.6	1.9	1.5	0.4
Canada	5.3	1.8	3.4	2.0	-0.2	0.3	0.8	0.7	1.1
United Kingdom	3.8	2.3	1.8	2.2	0.8	0.8	1.1	0.6	0.9
Germany	2.9	0.8	0.2	-0.1	-0.2	0.2	0.3	0.5	0.4
France	4.1	2.2	1.0	0.6	-0.5	0.8	0.5	0.9	0.7
Italy	3.0	1.8	0.3	0.3	-0.2	0.5	0.0	0.5	0.3
Eurozone	3.6	1.7	1.0	0.5	-0.2	0.5	0.4	0.7	0.5
G7	3.5	0.9	1.4	2.2	0.6	1.2	1.0	0.9	0.7
OECD	3.8	1.0	1.8	2.1	0.6	1.1	1.0	0.9	0.7

Source: OECD, *Main Economic Indicators*, Oct 2004

- The latest data show that the largest economies recorded positive growth into the second quarter of 2004.

- Recent growth in the eurozone has been weaker than growth in OECD countries and the G7. Eurozone growth in the second quarter of 2004 fell to 0.5%. Growth in the G7 slowed further to 0.7% in the second quarter of 2004. OECD growth also fell to 0.7% in the second quarter of 2004.

OECD growth forecasts

% change on year

	2004	2005
USA	4.7	3.7
Japan	3.0	2.8
United Kingdom	3.1	2.7
Eurozone	1.6	2.4
OECD	3.4	3.3

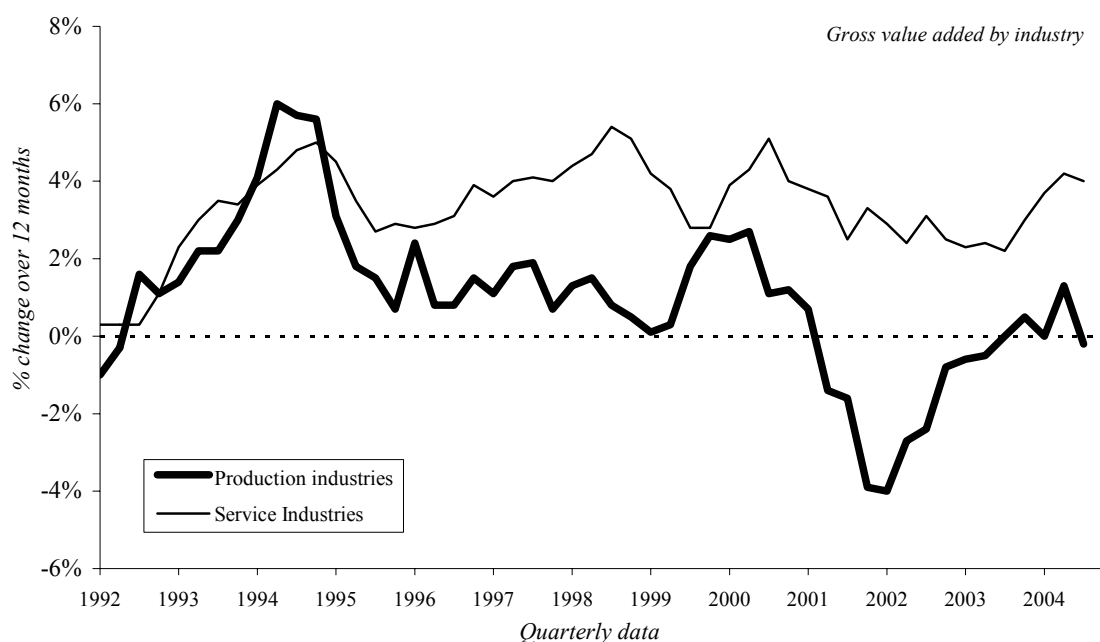
Source: OECD, *Economic Outlook*, Jun 2004

Contact: Edward Beale, x2464

Update: OECD, *Main Economic Indicators*, mid-Nov

A3: Gross Domestic Product by Industry

GDP by industry is measured by gross value added (GVA). GVA measures the value of output of an industry less the value of intermediate inputs used by that industry.



[Source: ONS database, series: ERIE, GDSI]

- Since 1999, output has grown faster in the service sector than in production industries, and is currently growing at an annual rate of 4.0%. Between the second quarter of 2004 and the third quarter of 2004 annual output growth in the service sector increased by 0.2%.

Gross value added at 2001 basic prices

% changes on year; seasonally adjusted

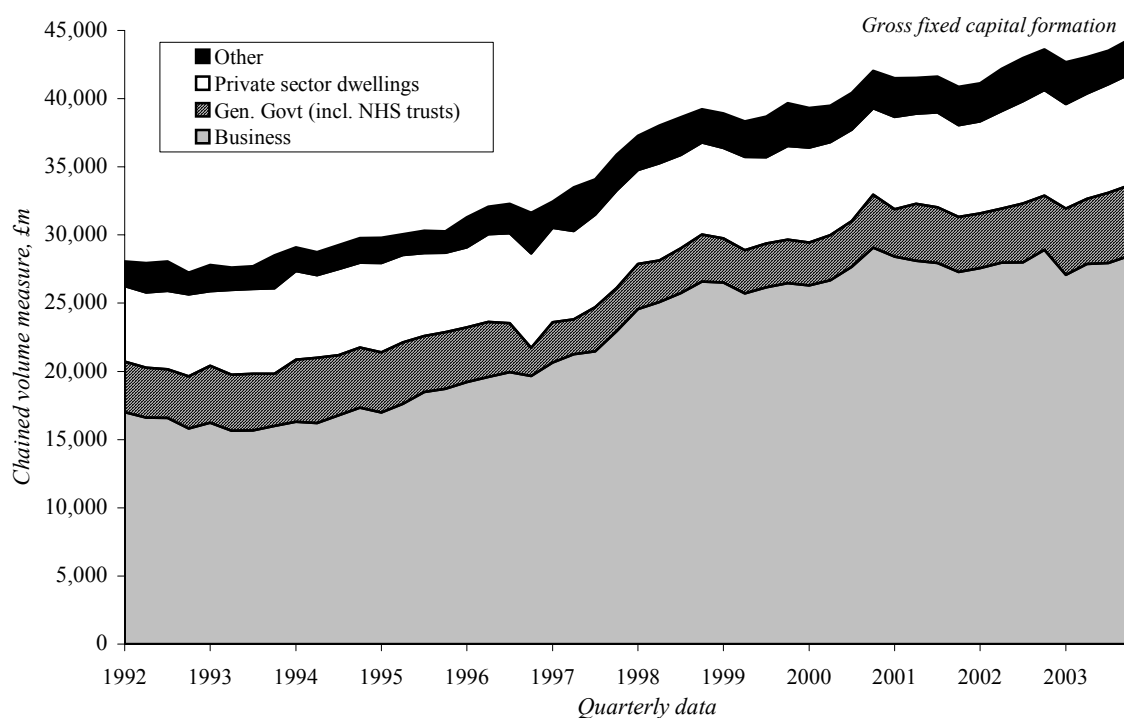
	Production industries		Services	Agriculture, hunting & fishing	Construction
	Total	Manufacturing			
2000	1.9	2.4	4.3	-0.6	1.3
2001	-1.6	-1.3	3.3	-9.1	1.8
2002	-2.5	-3.1	2.7	11.9	3.8
2003	-0.1	0.4	2.5	-2.6	4.9
2003 Q2	-0.5	0.7	2.4	-3.8	5.3
Q3	0.0	0.2	2.2	-3.1	6.5
Q4	0.5	1.7	3.0	-1.6	6.4
2004 Q1	0.0	1.2	3.7	0.2	7.5
Q2	1.3	2.1	4.2	0.0	4.6
Q3	-0.2	..	4.0	..	..

Source: ONS database, series: ERID, ERIE, ERIT, ERIU, GDQV, GDQW, GDRN, GDRQ, GDRR, GDSI

- Manufacturing output growth (annual) was 2.1% in the second quarter of 2004, and manufacturing output increased by 0.4% overall in 2003.
- In 2003, services accounted for 73% of gross value added, manufacturing for 16%, other production industries (mining & quarrying, and electricity, gas & water supply) for 4%, construction for 6% and agriculture, hunting and fishing for 1%.

A4: Investment

Gross Fixed Capital Formation (GFCF) is expenditure on fixed assets (buildings, vehicles etc.) either for replacing or adding to the stock of existing assets. Business investment is GFCF by the private sector and public corporations (other than NHS trusts) on transport equipment, other machinery and equipment and new dwellings and structures other than dwellings.



[Source: NS database: series DFEA, DFTI, DLWH, DLWI, NPEL]

Gross fixed capital formation

£ million; Chained volume measures, reference year 2001; seasonally adjusted

	Transport Equipment	Other Machinery & Equipment	Other Buildings & Structures	Dwellings	Intangible Fixed Assets	Total
2000	13,348	59,133	55,052	28,672	5,058	161,267
2001	15,194	59,975	55,513	29,806	5,016	165,504
2002	16,487	58,623	57,176	32,139	5,503	169,928
2003	15,552	57,067	59,912	35,324	5,768	173,623
2003 Q2	3,751	14,035	15,228	8,615	1,425	43,054
Q3	3,924	14,143	15,028	8,983	1,450	43,528
Q4	3,843	14,598	15,305	9,138	1,482	44,366
2004 Q1	3,599	14,889	15,453	9,622	1,511	45,074
Q2	3,780	15,333	16,007	9,514	1,543	46,177

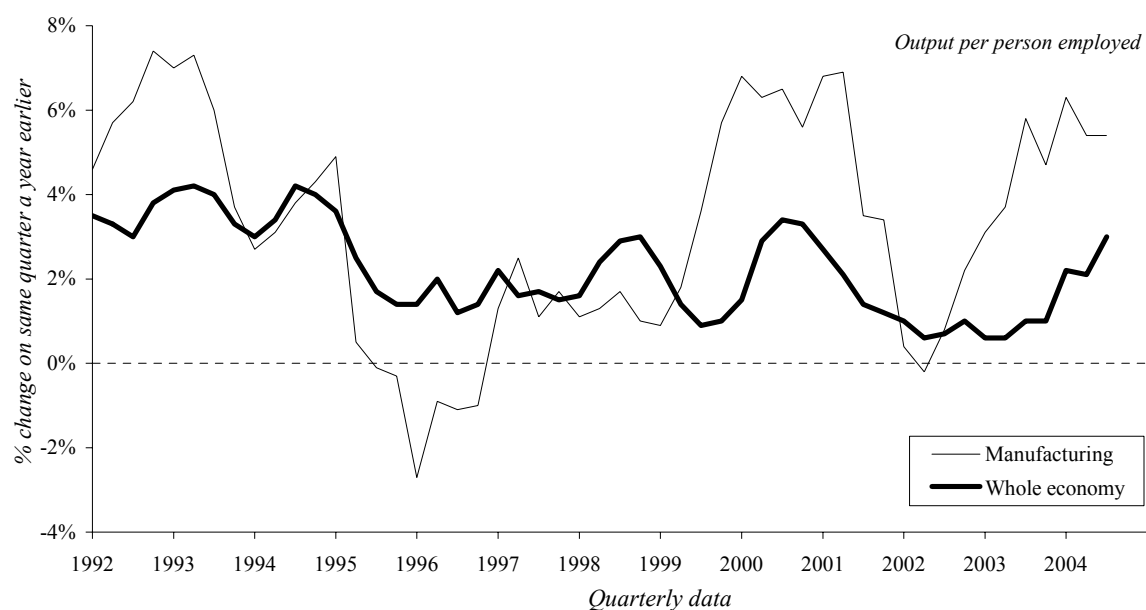
Source: ONS database, series: DLWL, DLWO, DLWT, DFEG, EQDO, NPQT

- Total business investment increased by 2.6% in Q2 2004 compared with the previous quarter and by 5.9% compared with Q2 2003 on a seasonally adjusted basis.
- Total manufacturing investment increased by 3.8% in Q2 2004 compared with the previous quarter, while investment in private sector services increased by 1.5% on a seasonally adjusted basis.

Contact: Dominic Webb, x4324

Updates: ONS, *Business Investment*, 25 Nov

A5: Productivity



[Source: ONS database, series: LNNN, LNNP, LNNU, LNNX]

Productivity

% changes on year; seasonally adjusted

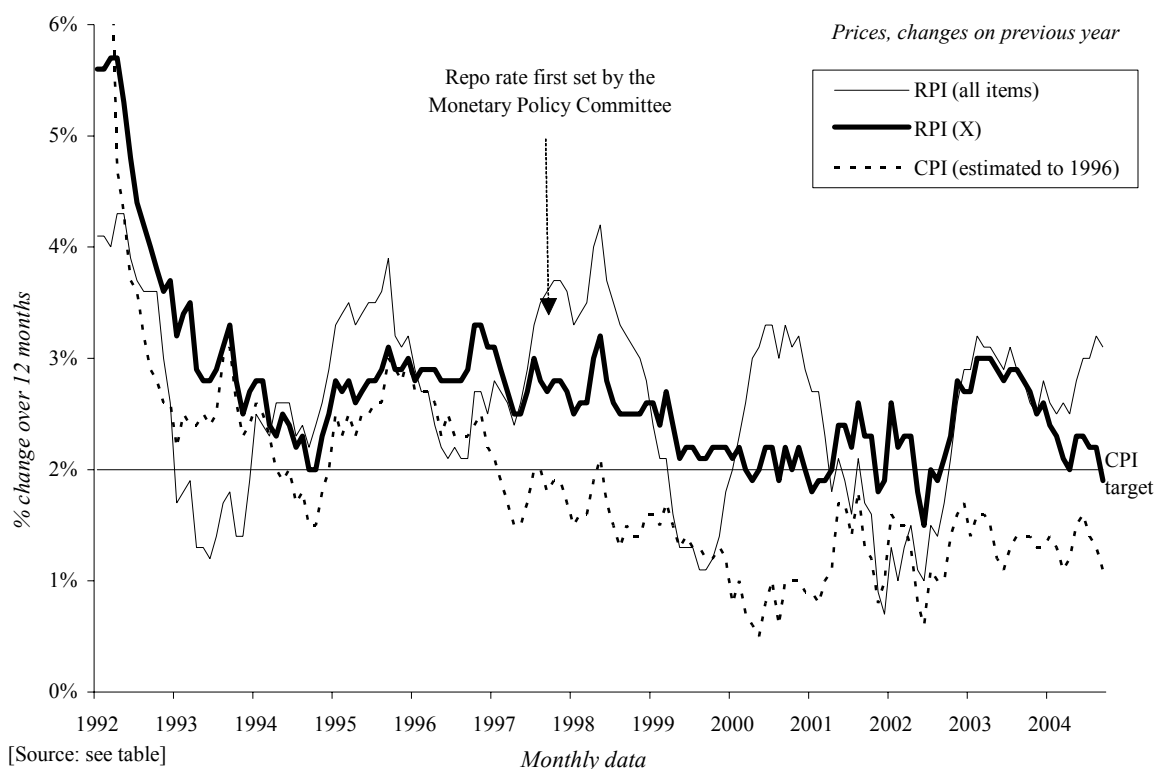
	Manufacturing			Whole Economy		
	Output	Workforce in employment	Output per head	Output	Workforce in employment	Output per head
2000	2.4	-3.7	6.3	3.9	0.8	3.1
2001	-1.3	-4.7	3.5	2.1	0.6	1.4
2002	-3.1	-4.4	1.5	1.5	0.7	0.7
2003	0.4	-4.5	5.0	1.9	0.8	1.2
2003 Q2	0.7	-4.8	5.8	1.9	0.8	1.0
Q3	0.2	-4.4	4.7	1.9	0.8	1.0
Q4	1.7	-4.3	6.3	2.6	0.3	2.2
2004 Q1	1.2	-3.9	5.4	3.1	0.9	2.1
Q2	2.1	-3.2	5.4	3.5	0.5	3.0
Q3	..	..	..	3.0	..	..

Source: ONS database, series: ABMM, ERIT, ERIU, GDPR, LNNM, LNNN, LNNO, LNNP, LNNS, LNNU, LNNX, LNOK

- Productivity across the whole economy, measured by output per head, is estimated to have grown by 1.2% in 2003 compared with 0.7% in 2002 and 1.4% in 2001.
- In 2003, manufacturing output increased by 0.4% and employment in manufacturing fell by 4.5%, while manufacturing output per head rose by 5.1%.
- Productivity growth in manufacturing remained at 5.4% per annum between Q1 2004 and Q2 2004, while whole economy productivity growth increased from 2.1% per annum in Q1 2004 to 3.0% per annum in Q2 2004.
- For the economy as a whole, productivity growth has averaged 1.4% per annum over the last eight quarters.
- Improvements in the methodology applied to productivity statistics were implemented by the Office for National Statistics in late July.

Contact: Ed Potton, x2883

Update: ONS, *Productivity*, 23 Dec

B1: Prices

On 10 December 2003 the Chancellor wrote to the Bank of England setting a new UK inflation target of 2.0%, measured by the consumer prices index (CPI). Inflation must remain within 1 percentage point either side. The previous target was 2.5% measured by RPI(X).

- In the year to September 2004 the consumer prices index (CPI) showed inflation at 1.1%, down from 1.3% in August.
- The largest downward effects on the CPI came from transport. This was mainly due to transport services where there was a significant downward contribution from air fares. Other large downward contributions came from communication, due to telephone charges, and food and non-alcoholic beverages.
- The former headline (all items RPI) rate of inflation fell to 3.1% in September from 3.2% in August. The underlying RPI(X) rate fell from 2.2% in August to 1.9% in September.
- The largest downward effect on the RPI came from fares and other travel, reflecting the sharper seasonal reduction in air fares this September. Other downward contributions came from motoring expenditure and food. A large upward effect came from housing.

Price Indices

% change over 12 months

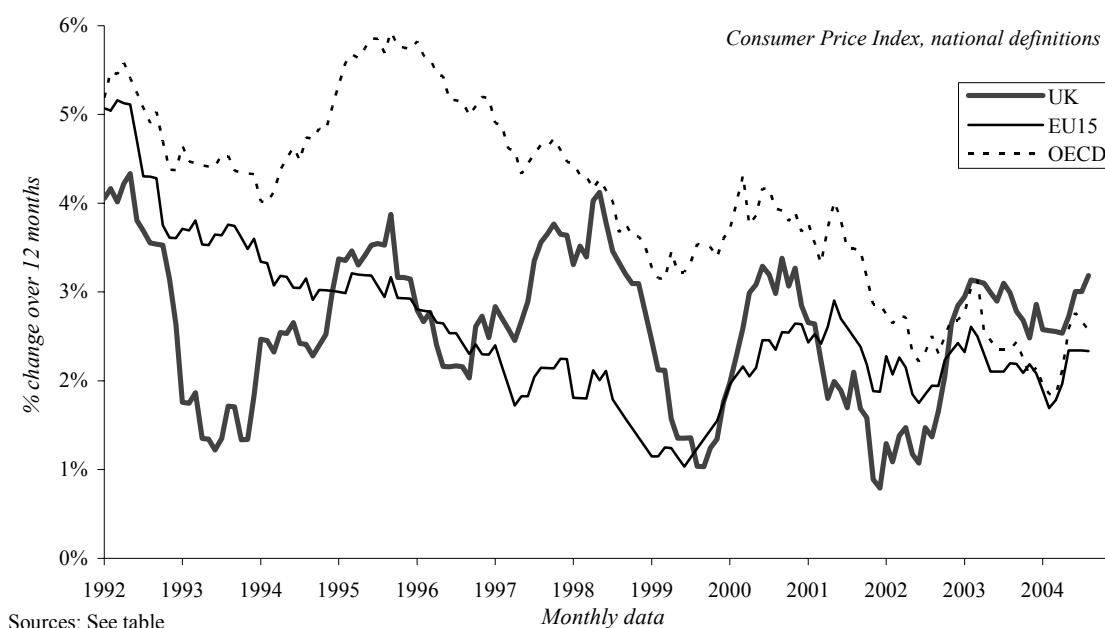
	CPI (was HICP)	RPI (all items)	RPI (X)
2000	0.8	3.0	2.1
2001	1.2	1.8	2.1
2002	1.3	1.7	2.2
2003	1.4	2.9	2.8
2003 Sep	1.4	2.8	2.8
Oct	1.4	2.6	2.7
Nov	1.3	2.5	2.5
Dec	1.3	2.8	2.6
2004 Jan	1.4	2.6	2.4
Feb	1.3	2.5	2.3
Mar	1.1	2.6	2.1
Apr	1.2	2.5	2.0
May	1.5	2.8	2.3
Jun	1.6	3.0	2.3
Jul	1.4	3.0	2.2
Aug	1.3	3.2	2.2
Sep	1.1	3.1	1.9

Source: ONS database, series: CZBH, CDKQ, CJYR

Contact: Edward Beale, x2464

Update: ONS, *Consumer Price Indices: First release*, 16 Nov

B2: Prices: International Comparisons



The OECD compiles inflation rates based on national consumer price measures. While these are not strictly comparable they indicate that:

- Inflation in the United States fell from 3.0% in July 2004 to 2.6% in August.
- For all OECD countries the average inflation rate fell to 2.6% in August 2004, from 2.7% in the previous month.
- By this measure, the EU15 average inflation rate (not shown in the table, but in the chart above) remained at 2.3% for the fourth month.

Consumer Price Indices

national definitions; % change over 12 months

	USA	Japan	Canada	UK	OECD
2000	3.4	-0.7	2.8	2.9	4.0
2001	2.8	-0.7	2.5	1.8	3.5
2002	1.7	-0.9	2.2	1.7	2.5
2003	2.2	-0.3	2.8	2.9	2.5
2004 Mar	1.7	-0.1	0.6	2.6	1.8
Apr	2.3	-0.4	1.6	2.5	2.1
May	3.0	-0.5	2.4	2.7	2.6
Jun	3.3	0.0	2.5	3.0	2.8
Jul	3.0	-0.1	2.3	3.0	2.7
Aug	2.6	-0.2	1.9	3.2	2.6

Source: OECD, Main Economic Indicators, October 2004

Eurozone inflation

harmonised indices (HICPs); % change over 12 months

	France	Germany	Italy	UK	Eurozone
2000	1.8	1.4	2.6	0.8	2.1
2001	1.8	1.9	2.3	1.2	2.3
2002	1.9	1.3	2.6	1.3	2.3
2003	2.2	1.0	2.8	1.4	2.1
2004 Apr	2.4	1.7	2.3	1.2	2.0
May	2.8	2.1	2.3	1.5	2.5
Jun	2.7	1.9	2.4	1.6	2.4
Jul	2.6	2.0	2.2	1.4	2.3
Aug	2.5	2.1	2.4	1.3	2.3
Sep	2.2	1.9	2.1	1.1	2.1

Source: Eurostat, Euro-Indicators news release, 18 October 2004

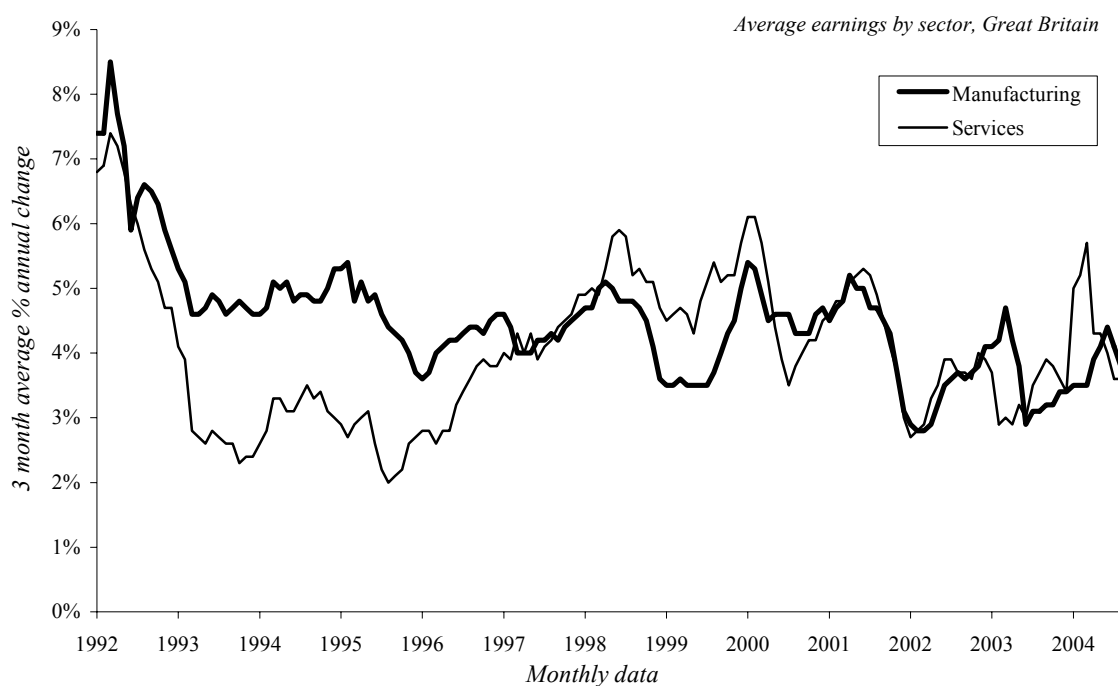
The EU has developed harmonised indices of consumer prices (HICPs), designed for international comparison, to monitor prices within the eurozone:

- Eurozone annual inflation fell to 2.1% in September 2004 although the “flash” estimate for October is 2.5%
- The HICP inflation rates for the EU15 Member States not in the eurozone were Denmark (0.9%), Sweden (1.2%) and the UK (1.1%).
- In September the eurozone countries with the highest HICP annual inflation rates were Spain (3.2%), Luxembourg (3.1%) and Greece (2.9%). The lowest rate was in Finland (0.2%).

Contact: Bryn Morgan, x4904

Updates: OECD, *Main Economic Indicators*, mid-Nov
Eurostat, *Euro-indicators news release*, 18 Nov

B3: Average Earnings Index



[Source: NS database, series: LNNG, LNNH]

- The headline rate of growth in average earnings for the whole economy in August was 4.0%, up from 3.9% in July.
- Headline average earnings growth in manufacturing was 3.8% in August (down from 4.1% in July). Earnings growth in the service sector was 3.6% in August. This was unchanged from the previous month.
- Headline earnings growth in the private sector was 3.8% in August, compared to 4.2% in the public sector. Earnings growth in both the public and private sector remained unchanged from the previous month.
- Earnings are currently growing faster than they were a year ago (the headline rate in August 2003 was 3.5%).

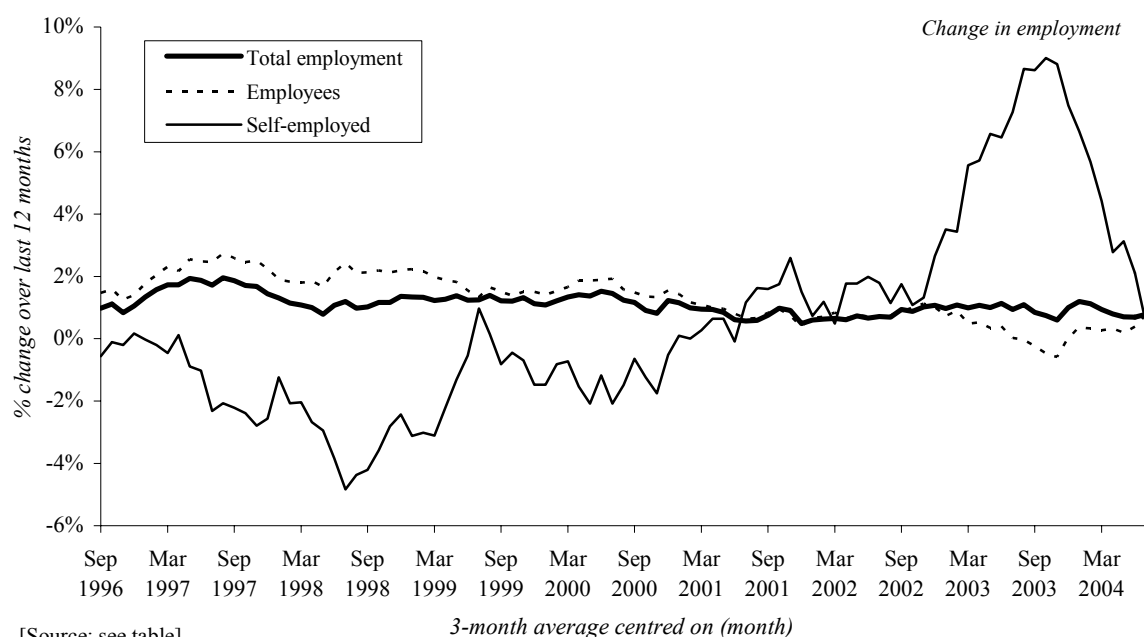
Average Earnings, Great Britain

% change on year, seasonally adjusted

	Headline rate		
	Whole Economy	Private Sector	Public Sector
2000 Aug	4.0	4.1	3.4
2001 Aug	4.9	4.8	5.6
2002 Aug	3.7	3.8	3.4
2003 Aug	3.5	3.0	5.5
Sep	3.7	3.2	5.6
Oct	3.6	3.2	5.4
Nov	3.6	3.2	4.8
Dec	3.4	3.2	4.4
2004 Jan	4.7	4.8	4.2
Feb	4.9	5.0	4.3
Mar	5.2	5.5	4.3
Apr	4.3	4.3	4.3
May	4.3	4.4	4.3
Jun	4.3	4.3	4.4
Jul	3.9	3.8	4.2
Aug	4.0	3.8	4.2

Source: ONS database, series: LNNC, LNND, LNNE

C1: Employment



[Source: see table]

Employment structure in the UK

3-month average centred on month; '000s & % changes; seasonally adjusted

	Total in employment	Employees	Self-employed	Unpaid Family Workers	Government Training
2000 Jul	27,557	24,034	3,257	115	150
2001 Jul	27,714	24,191	3,295	95	133
2002 Jul	27,910	24,365	3,354	92	99
2003 Jul	28,171	24,371	3,598	100	103
2003 Oct	28,220	24,358	3,654	98	109
2004 Jan	28,407	24,544	3,653	108	103
2004 Apr	28,382	24,526	3,628	104	124
2004 Jul	28,392	24,559	3,615	88	130
<i>Changes (%):</i>					
on last 3 months	0.0	0.1	-0.4	-15.3	4.7
on last year	0.8	0.8	0.5	-11.4	26.3

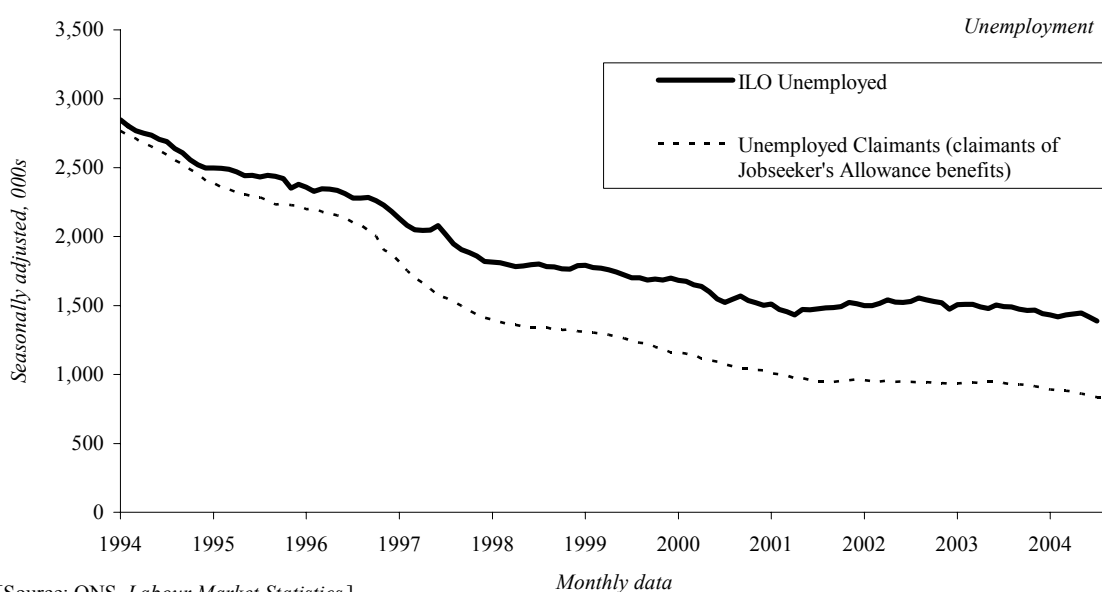
Source: ONS, *Labour Market Statistics*, 13 October 2004

- Total employment was 28.4 million in the period June to August 2004, 0.8% higher than a year previously. The working age employment rate of 74.7% was 0.1% lower than the previous quarter and 0.1% higher than a year ago.
- The number of workforce jobs increased by 10,000 between March and June 2004 and was 199,000 higher than a year previously. Over the year to June, the number of production industry workforce jobs fell by 90,000. Service sector jobs rose by 193,000.
- 7.4 million people were in part-time employment in the period June to August 2004, of whom 5.7 million were women. 3.6 million people were self-employed.

Contact: Dominic Webb, x4324

Updates: ONS, *Labour Market Statistics*, 17 Nov

C2: Unemployment: National



Since April 1998, the Office of National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS). This data has been revised to take account of the 2001 Census results.

- The latest LFS estimates show that over the period June to August 2004, the level of ILO unemployment in the UK was 1,387,000 (seasonally adjusted). This was a decrease of 105,000 from the period June to August 2003.
- Seasonally adjusted unemployment, as measured by the monthly claimant count, fell by some 200 between August and September 2004 to 834,000.

The New Deal for the Young Unemployed started in January 1998.

- 1,160,000 people had joined the scheme by the end of June 2004. Of those leaving the scheme 518,000 had moved into jobs up to the end of June, of which 401,000 (77%) were 'sustained', i.e. those who had not returned to claim Jobseekers' Allowance (JSA) within three months of starting employment.

The New Deal for the Long-Term Unemployed started in June 1998 and an enhanced scheme was introduced in April 2001.

- Overall 722,000 people had joined the scheme by the end of June 2004. Of these, 195,000 had entered jobs of which 152,000 (78%) were sustained.

ILO Unemployment in the UK *seasonally adjusted*

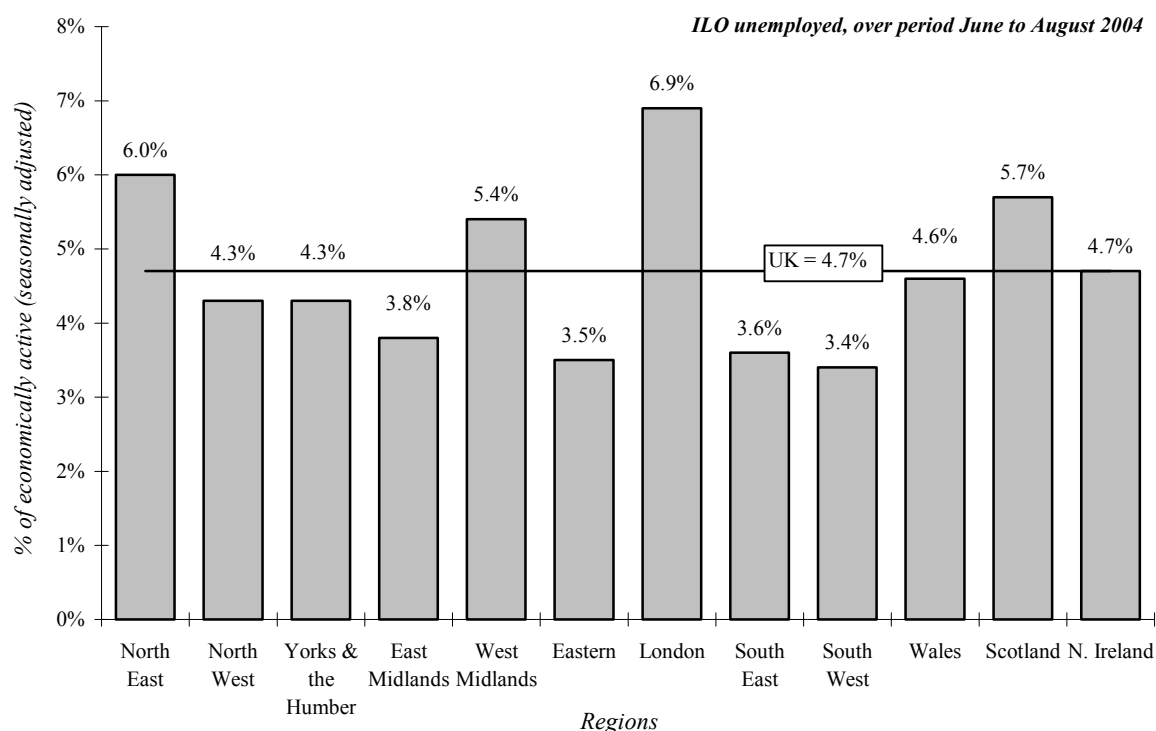
		'000s	rate (%)
1998	Mar - May	1,783	6.3
	Jun - Aug	1,800	6.3
	Sep - Nov	1,767	6.2
1999	Dec - Feb	1,792	6.2
	Mar - May	1,759	6.1
	Jun - Aug	1,701	5.9
2000	Sep - Nov	1,692	5.8
	Dec - Feb	1,682	5.8
	Mar - May	1,638	5.6
2001	Jun - Aug	1,523	5.2
	Sep - Nov	1,537	5.3
	Dec - Feb	1,511	5.2
2002	Mar - May	1,431	4.9
	Jun - Aug	1,477	5.1
	Sep - Nov	1,493	5.1
2003	Dec - Feb	1,500	5.1
	Mar - May	1,542	5.2
	Jun - Aug	1,529	5.2
2004	Sep - Nov	1,529	5.2
	Dec - Feb	1,506	5.1
	Mar - May	1,489	5.0
2004	Jun - Aug	1,492	5.0
	Sep - Nov	1,464	4.9
	Dec - Feb	1,432	4.8
2004	Mar - May	1,438	4.8
	Jun - Aug	1,387	4.7

Source: ONS, *Labour Market Statistics*

Contact: Alex Adcock, x3793

Update: ONS, *Labour Market Statistics*, 17 Nov;
New Deal, 15 Dec

C3: Unemployment: Regional



[Source: ONS, *Labour Market Statistics*]

Since April 1998, National Statistics has used the International Labour Organisation (ILO) definition of unemployment as the headline measure of unemployment. In the UK this is obtained from the Labour Force Survey (LFS).

- Over the period June to August 2004 London had the highest unemployment rate, 6.9% of the economically active population. The lowest rate over the same period was 3.4% in the South West.
- A comparison of June to August 2004 with the same period a year earlier shows that the largest fall (19%) in unemployment occurred in Northern Ireland. The South West showed the only increase (2%) over the period.

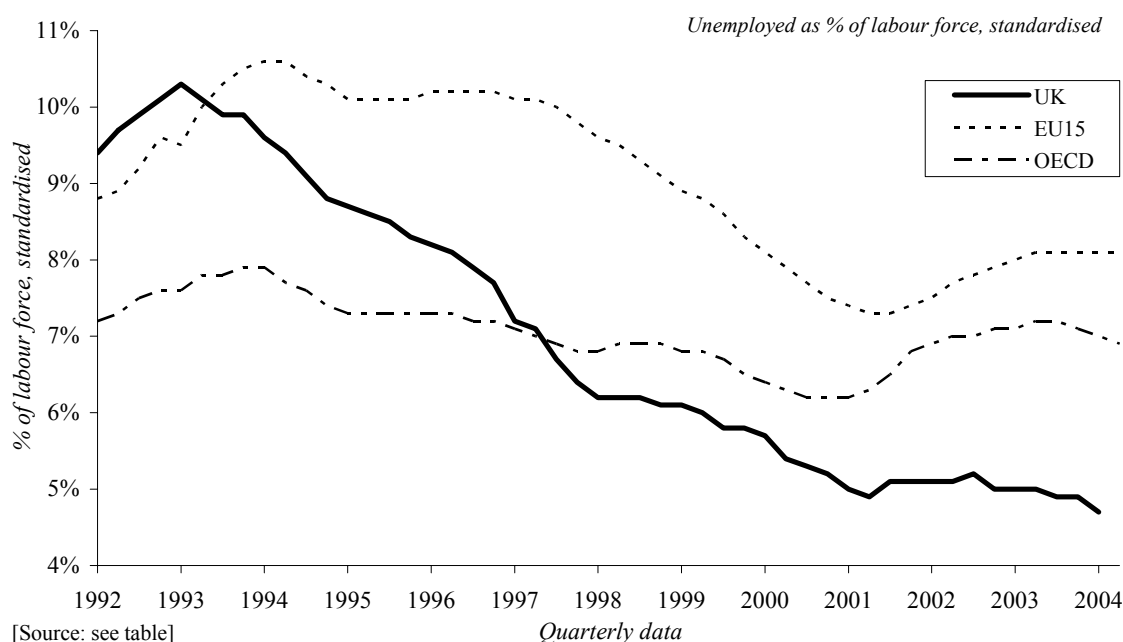
ILO Unemployment, June to August 2004

*change on same period in previous year,
seasonally adjusted*

	Number (rounded)	%
North East	-2,000	-3
North West & Merseyside	-16,000	-10
Yorkshire & the Humber	-17,000	-14
East Midlands	-16,000	-16
West Midlands	-8,000	-5
Eastern	-7,000	-6
London	-19,000	-7
South East	-14,000	-8
South West	2,000	2
Wales	-1,000	-2
Scotland	0	0
Northern Ireland	-8,000	-19

Source: ONS, *Labour Market Statistics*

C4: Unemployment: International Comparisons



Unemployment

Unemployed as % of labour force (standardised); seasonally adjusted

	2001	2002	2003	2003				2004	
				Q1	Q2	Q3	Q4	Q1	Q2
USA	4.7	5.8	6.0	5.8	6.1	6.1	5.9	5.6	5.6
Japan	5.0	5.4	5.3	5.4	5.4	5.2	5.1	4.9	4.6
Canada	7.2	7.7	7.6	7.5	7.7	7.9	7.5	7.4	7.2
UK	5.0	5.1	5.0	5.0	5.0	4.9	4.9	4.7	..
Germany	7.8	8.7	9.6	9.5	9.7	9.7	9.6	9.7	9.8
France	8.4	8.9	9.4	9.2	9.4	9.5	9.6	9.5	9.5
Italy	9.4	9.0	8.6	8.8	8.7	8.6	8.5	..	..
Eurozone	8.0	8.4	8.9	8.8	8.9	8.9	8.9	8.9	9.0
G7	5.9	6.5	6.7	6.6	6.8	6.8	6.6	6.5	6.4
OECD	6.5	7.0	7.1	7.1	7.2	7.2	7.1	7.0	6.9

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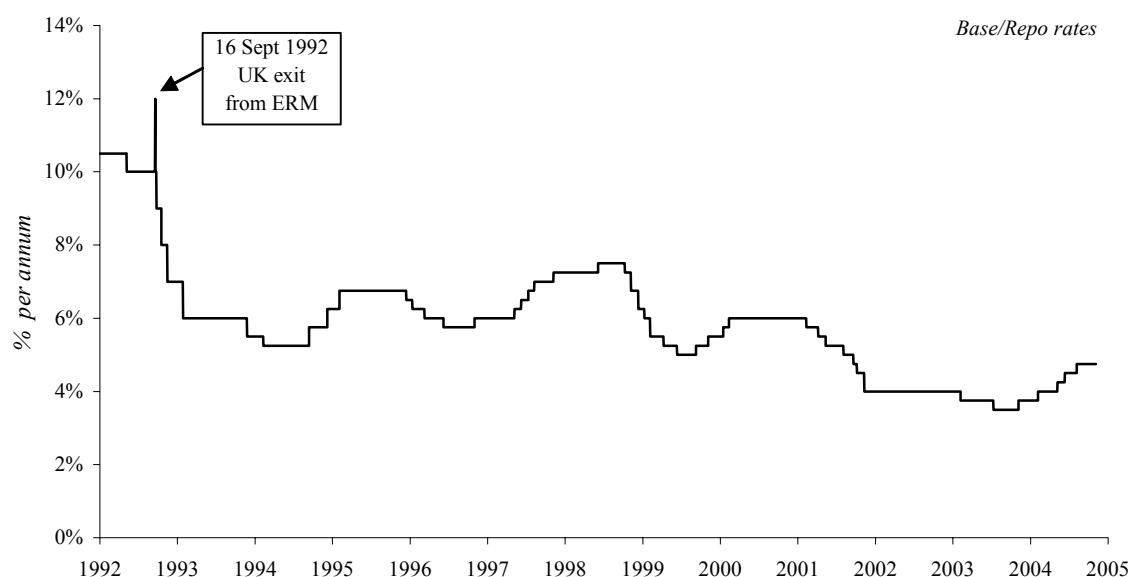
Source: OECD, *Main Economic Indicators*, October 2004

- Using standardised definitions, the UK unemployment rate for 2003 was 5.0%, significantly below the eurozone average (8.9%) and below the G7 and OECD rates (6.7% and 7.1% respectively).
- Between Q3 and Q4 2003 the largest fall in unemployment among G7 countries was in Canada, where it fell by 0.4 of a percentage point. The only rise in unemployment (0.1 of a percentage point) was in France. The unemployment rate in all the G7 nations taken together fell by 0.2 of a percentage point.
- The most recent forecasts published by the OECD (*Economic Outlook*, June 2004) suggest the UK unemployment rate will be 4.8% in 2004 and 2005. The respective forecasts for the eurozone are 8.8% and 8.5%. For the OECD as a whole the respective forecasts are 6.9% and 6.7%.

Contact: Alex Adcock, x3973

Updates: OECD, *Main Economic Indicators*, 5 Nov
OECD, *Economic Outlook*, Dec

D1: Interest Rates



[Source: Bank of England]

In June 1997 interest rates were set by the independent Monetary Policy Committee (MPC) of the Bank of England rather than by the Chancellor for the first time.

The Chancellor confirmed on 10 December 2003 the new inflation target of 2% measured by the annual increase in the Consumer Price Index (CPI, formerly known as HICP). If inflation deviates by more than 1% an explanatory open letter will be sent to the Chancellor.

- On 5 August 2004, MPC voted to increase the base rate by 0.25%. The Bank has since left the rate unchanged. This last rise followed 0.25% rises on 10 June, 6 May, 5 February and 6 November 2003 (which was the first interest rate rise since February 2000).

The minutes of October's MPC meeting noted:

- Likely rapid global growth in 2004, with 'robust' prospects for 2005, but with risks for the global economy of the US current account deficit (5½% of GDP, Q2 2004), and potentially from high oil prices
- On the domestic front, signs of easing consumer spending in Q3 2004, a tight labour market, and low CPI inflation.
- The committee unanimously voted to keep interest rates unchanged at 4.75%.

The latest Bank *Quarterly Inflation Report* (August 2004) noted the picking up of UK output growth in Q2 2004 and tentative signs of a cooling housing market and 'robust GDP growth in the near term'.

It also highlighted the high spot price of oil, and indications from futures that these are likely to persist. Sharp inflationary rises were expected to fall back.

UK Base/Repo rate changes

% per annum

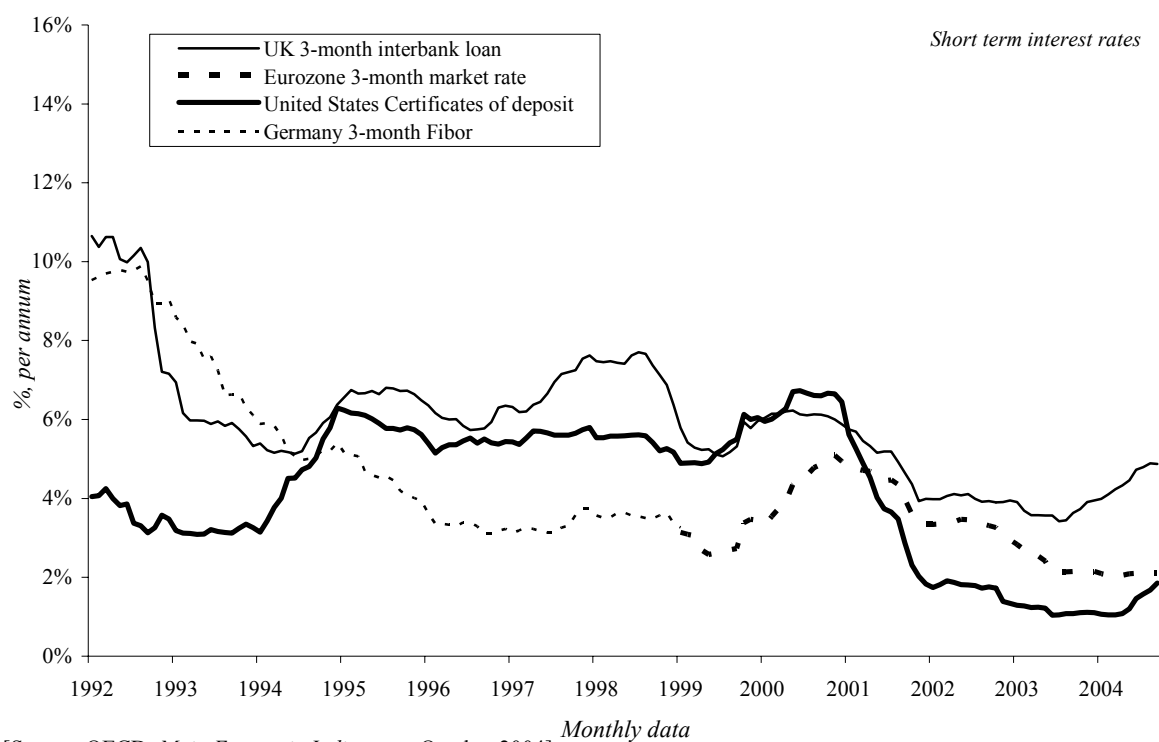
Date	New rate	Date	New rate
1997 May 6	6.25	2001 Feb 8	5.75
Jun 6	6.50	Apr 5	5.50
Jul 10	6.75	May 10	5.25
Aug 7	7.00	Aug 2	5.00
Nov 6	7.25	Sep 18	4.75
1998 Jun 4	7.50	Oct 4	4.50
Oct 8	7.25	Nov 8	4.00
Nov 5	6.75	2003 Feb 7	3.75
Dec 10	6.25	Jul 10	3.50
1999 Jan 7	6.00	Nov 6	3.75
Feb 4	5.50	2004 Feb 5	4.00
Apr 8	5.25	May 6	4.25
Jun 10	5.00	Jun 10	4.50
Sep 8	5.25	Aug 5	4.75
Nov 4	5.50		
2000 Jan 13	5.75		
Feb 10	6.00		

Source: Bank of England

Contact: Ian Townsend, x3977

Update: *Next Decision*, 4 Nov; *Minutes*, 17 Nov
Quarterly Inflation Report, 10 Nov

D2: Interest Rates: International Comparisons



[Source: OECD, *Main Economic Indicators*, October 2004]

There is a broad consensus that there is a global upward trend away from cheap borrowing. Recent months have seen the UK increase base rates, with the US Federal Reserve following suit. The ECB is yet to increase their rates.

- The Bank of England's Monetary Policy Committee has increased the UK Repo rate four times in 2004, by 0.25% on 5 February 2004, 6 May 2004, 10 June 2004 and 5 August 2004, with the current rate being 4.75% (see Indicator **D1**).
- The European Central Bank (ECB) reduced the minimum lending rate four times during 2001, by 0.25% in May and August and twice by 0.5% (in September and November). A 0.5% cut on 6 March 2003 was followed by another 0.5% point cut on 5 June 2003. The rate has remained at 2% since then.
- Having stood at 1.5% since 30 June 2004, the US Federal Reserve increased the Federal Funds Rate by 0.25% on 21 September 2004. Prior to this, the rate had stood at 1% since 25 June 2003, followed by 0.25% increases on 10 August 2004 and 30 June 2004.

International interest rates

% per annum, as at end October 2004

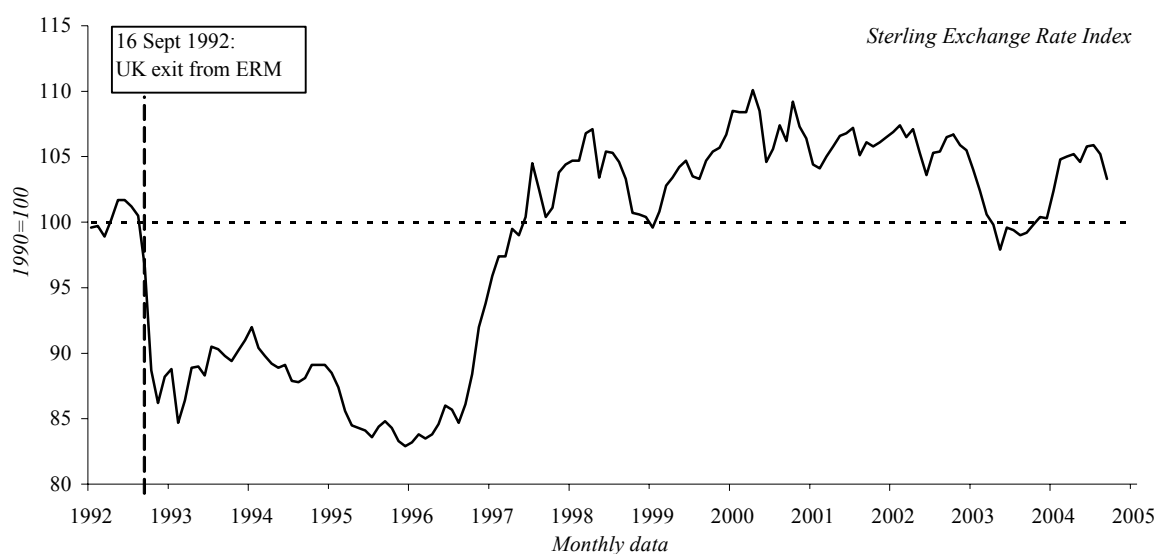
	Official rate	Yield on 10 yr Government bonds	3-month rate market rate
United Kingdom	4.75	4.74	$4\frac{7}{8} - 4\frac{13}{16}$
Eurozone	2.00	n/a	$2\frac{3}{16} - 2\frac{3}{32}$
United States	1.75	4.04	$2\frac{3}{16} - 2\frac{3}{32}$
Japan	0.00	1.49	$\frac{1}{32} - \frac{1}{16}$
Switzerland	0.00-0.75	2.47	$\frac{3}{4} - \frac{11}{16}$

Source: *Financial Times*, 1 November 2004 (Companies & Markets, p33)

Contact: Ian Townsend, x3977 **Updates:** *Base rates:* 4 Nov (UK MPC/ECB), 10 Nov (US)
Short-term interest rates: OECD, MEI, mid-Nov

D3: Exchange rates

The *Sterling Exchange Rate Index* (SERI) measures the value of sterling against a trade-weighted 'basket' of other currencies. The weights used in this index measure currencies' relative importance to UK trade in manufacturing:



[Source: NS database, series: AGBG]

- The large fall in the SERI following the UK exit from the ERM indicated a relative improvement in the competitiveness of the UK. Compared with December 2003, the SERI increased by 3.0 points in September 2004, suggesting that the UK was relatively less competitive at the end of August 2004 than at the end of last year.

The table shows sterling exchange rates for three major currencies: the US dollar, Japanese yen and the euro. The pound was worth €1.440 at the London market close on 29 October 2004, compared with a launch rate of €1.4168 on 31 December 1998.

Sterling Exchange Rates

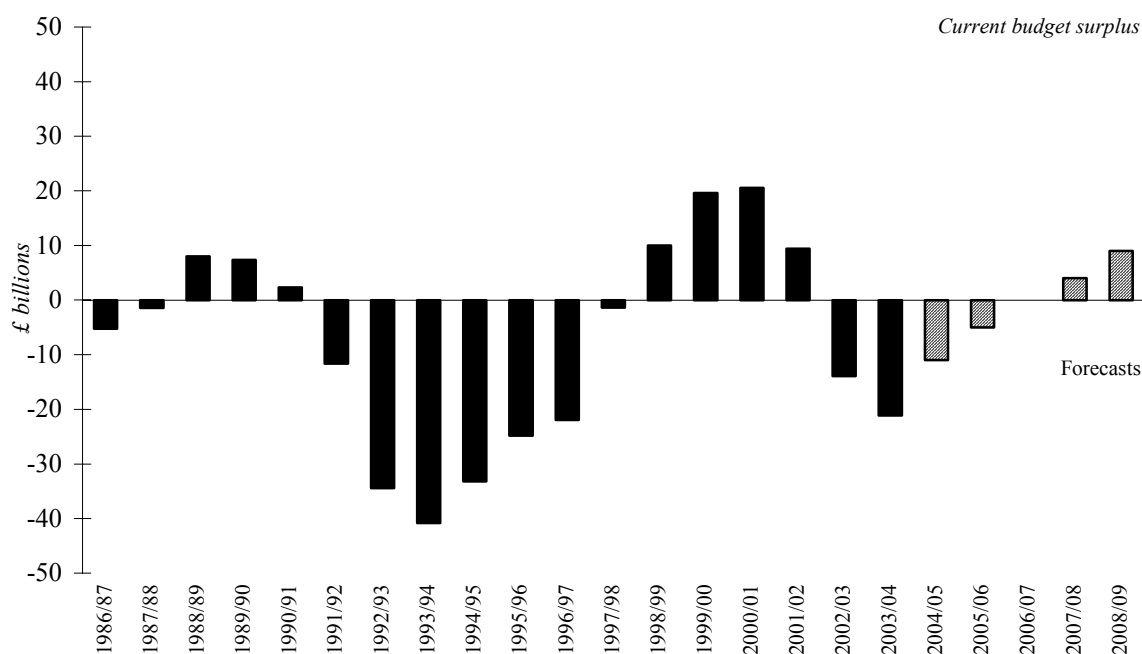
rates and % changes

	US Dollar (\$)		Yen (¥)		Euro (€)	
	Rate	change on yr (%)	Rate	change on yr (%)	Rate	change on yr (%)
2000	1.516	-6.3	163.4	-11.2	1.642	8.1
2001	1.440	-5.0	174.9	7.0	1.609	-2.0
2002	1.503	4.3	187.8	7.4	1.591	-1.1
2003	1.635	8.8	189.3	0.8	1.446	-9.1
2003 Sep	1.613	3.7	185.3	-1.5	1.434	-9.6
Oct	1.679	7.8	183.8	-4.7	1.433	-9.7
Nov	1.690	7.5	184.5	-3.4	1.443	-8.1
Dec	1.751	10.4	188.7	-2.4	1.425	-8.5
2004 Jan	1.823	12.8	193.8	0.9	1.445	-5.1
Feb	1.867	16.4	199.2	3.7	1.477	-0.8
Mar	1.827	15.4	198.2	5.5	1.489	1.6
Apr	1.801	14.3	194.0	2.8	1.502	3.6
May	1.788	10.1	200.7	5.4	1.489	6.2
Jun	1.828	10.1	199.9	1.7	1.505	5.7
Jul	1.843	13.5	201.7	4.6	1.502	5.2
Aug	1.822	14.2	200.9	6.0	1.493	4.5
Sep	1.792	11.1	197.3	6.5	1.468	2.4

Source: ONS database, series: AUSS, AJFO, THAP

Contact: Edward Beale, x2464

Updates: ONS, SERI, mid-Nov; Sterling Exchange Rates, daily

D4: Public Finances

[Source: ONS database, series: ANMU]

The Government's policy is to balance the current budget over the span of the economic cycle, i.e. surpluses to match deficits (the golden rule). The graph shows the last two completed cycles, Q2 1986 to mid 1997, and mid 1997 to mid 1999. Figures from 2004/05 onwards are taken from the 2004 Budget.

- There was a £5.5 billion deficit on the current budget in Q3 2004 compared to a £4.0 billion deficit in the same quarter of 2003.

The Government's policy is to keep public sector net debt below 40% of GDP. Net debt is expressed as a percentage of GDP for the current period and for the preceding four quarters.

- The public sector net cash requirement (PSNCR - the new aggregate replacing the PSBR) was £7.1 billion in Q3 2004 compared with £6.0 billion in the same quarter of 2003. In 2003/04, the PSNCR was £39.7 billion compared with £24.8 billion in 2002/03.

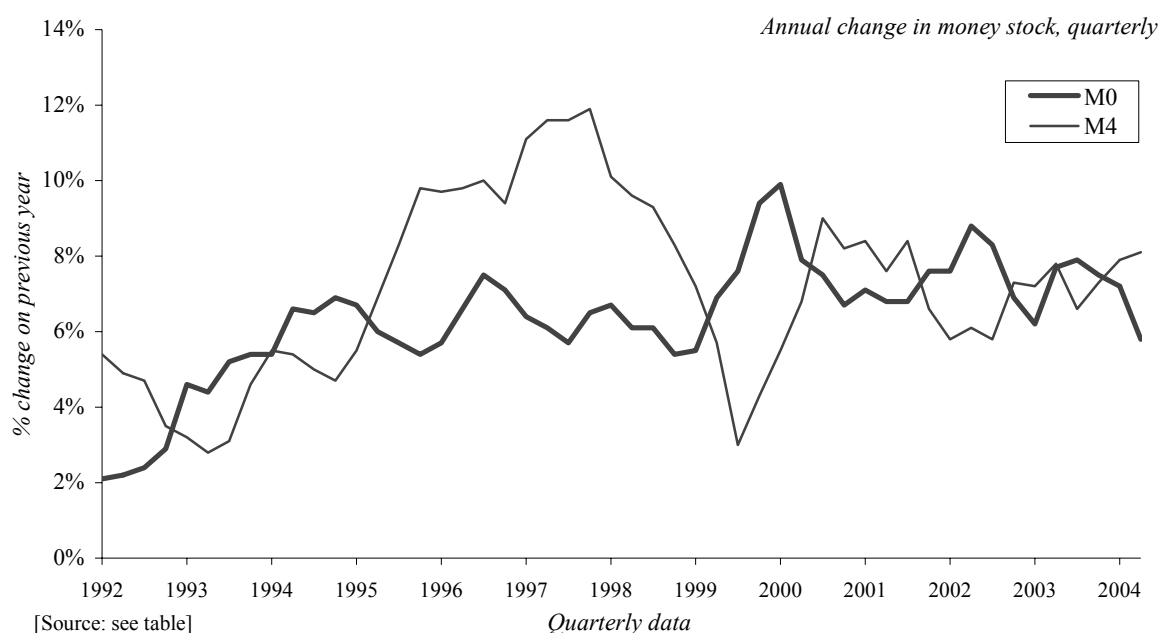
Public Sector Net Debt

£ billion & %

	Public Sector Net Debt	
	£ billion	as a % of GDP
2000/01	307.2	31.3
2001/02	311.7	30.2
2002/03	341.9	31.5
2003/04	375.7	32.8
2003 Q3	355.7	31.9
Q4	375.3	33.1
2004 Q1	375.7	32.8
Q2	388.6	33.5
Q3	394.7	33.6

Source: ONS database, series: RUTN, RUTO

D5: Money Supply



Money stock

% change, seasonally adjusted

	M0		M4	
	3 month change (annualised)	12 month change	3 month change (annualised)	12 month change
2003 Oct	5.0	7.2	5.7	6.3
Nov	5.4	8.0	11.2	7.1
Dec	4.1	7.2	10.3	7.3
2004 Jan	5.4	7.6	14.0	8.8
Feb	3.2	6.8	10.5	8.5
Mar	7.0	7.1	8.7	8.0
Apr	5.7	5.7	6.1	7.4
May	7.2	5.3	9.3	8.4
Jun	7.6	6.4	10.0	8.2
Jul	6.2	5.6	11.6	9.3
Aug	4.8	5.1	9.5	10.1
Sep	4.5	5.8	8.1	9.3
Oct	6.1	5.9	..	..

.. - not available

Sources: Bank of England, *Bankstats* and *Provisional estimates of narrow money October 2004*

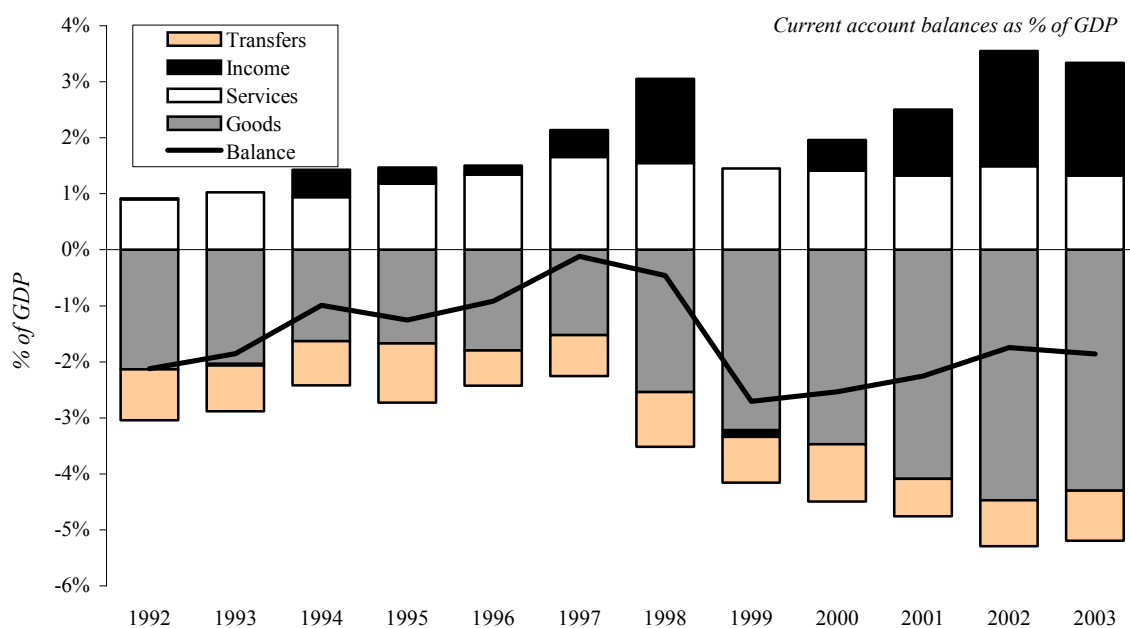
M0 comprises notes and coins in circulation outside the Bank of England plus bankers' operational deposits with the Bank and is the UK's main narrow monetary aggregate. M4 is a broad measure of money consisting of the private sector's holdings of cash and sterling deposits at banks and building societies.

- Seasonally adjusted M4 rose by 9.3% in the 12 months to September 2004. The 12-month seasonally adjusted M0 growth rate was 5.9% in October 2004, compared to 7.2% in October 2003.
- There are now no formal targets for money supply growth.

Contact: Dominic Webb, x4324

Update: Bank of England, *Bankstats*, 29 Nov

E1: International Trade



[Source: see table]

Current Account Balances

£ millions; seasonally adjusted

	Trade in goods & services			Income (total)	Transfers			Current Balance
	Goods	Services	Total		Central Gov.	Other	Total	
2000	-32,976	13,426	-19,550	5,208	-5,550	-4,202	-9,752	-24,094
2001	-40,648	13,216	-27,432	11,652	-2,593	-4,018	-6,611	-22,391
2002	-46,675	15,577	-31,098	21,475	-5,641	-2,958	-8,599	-18,222
2003	-47,290	14,617	-32,673	22,097	-6,740	-3,114	-9,854	-20,430
2003 Q2	-11,087	3,930	-7,157	4,131	-1,839	-943	-2,782	-5,808
Q3	-12,024	3,834	-8,190	3,894	-1,700	-790	-2,490	-6,786
Q4	-12,978	3,479	-9,499	6,344	-1,614	-565	-2,179	-5,334
2004 Q1	-14,303	4,302	-10,001	7,463	-2,035	-904	-2,939	-5,477
Q2	-14,544	4,558	-9,986	6,028	-1,791	-683	-2,474	-6,432

Source: ONS database, series: BOKI, FNSV, FNTC, HBOJ, HBOP, IKBD, IKBJ, IKBP

- The current account deficit in 2003 was £20.4 billion, compared with a revised deficit for 2002 of £18.2 billion. Although income increased, the deficit on goods and services widened by £0.6 billion between 2002 and 2003.
- The current account was in deficit by £6.4 billion in Q2 2004, an increase of £1.0 billion over the first quarter. The surplus on investment income fell by £1.4 billion and the deficit in trade on goods and services was stable.
- The current account deficit with EU25 countries narrowed to £6.1 billion in the second quarter compared with £6.4 billion in the first quarter. The current account with non-EU countries showed a deficit of £0.4 billion in the second quarter, compared with a surplus of £0.9 billion in the first quarter.

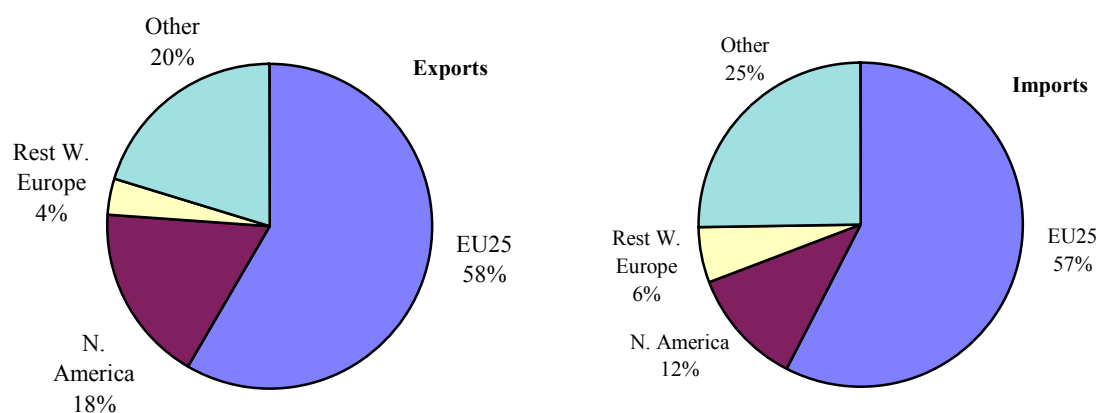
Contact: Bryn Morgan, x4904

Updates: ONS, *UK Balance of Payments: First Release*, 23 Dec

E2: Trade in Goods

Shares of UK trade in goods by area, 2003

(Balance of Payments basis)



[Source: NS database, series: LGCK, HBZQ, HCJD, HCII, HDII, HCHW, LGDC, HCRB, HBTS, HDJQ, HCPC, HCIF]

Export & import volume indices & trade in goods balances

Index & £ millions; Balance of Payments basis; seasonally adjusted

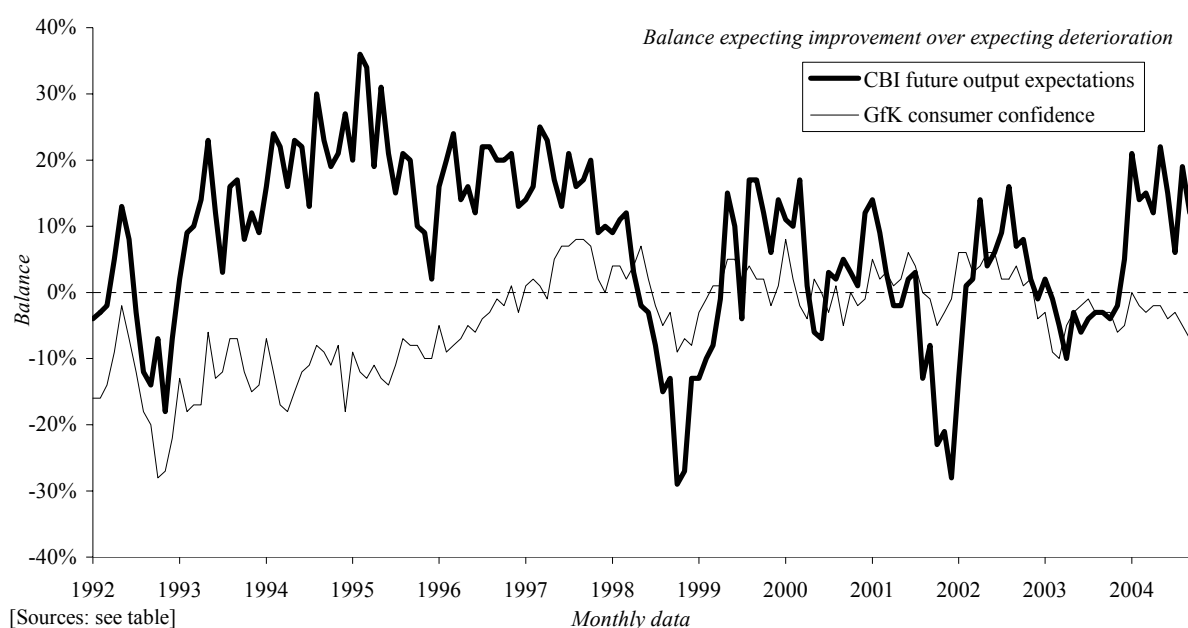
	Volume index (2001=100)		Trade in goods (£m)		
	Exports	Imports	Exports	Imports	Balance
2000	97.4	94.8	187,936	220,912	-32,976
2001	100.0	100.0	190,055	230,703	-40,648
2002	98.3	104.1	186,517	233,192	-46,675
2003	97.8	105.6	187,846	235,136	-47,290
2003 Q2	96.7	103.2	46,406	57,493	-11,087
Q3	96.5	104.6	46,377	58,401	-12,024
Q4	98.3	108.1	46,979	59,957	-12,978
2004 Q1	95.2	108.5	44,702	59,005	-14,303
Q2	97.9	110.8	46,409	60,953	-14,544

Source: ONS database, series: BQKU, BQKV, BOKG, BOKH, BOKI

- In August 2004 the balance on trade in goods is provisionally estimated at a deficit of £5.2 billion, compared with a revised £5.0 billion for July. In August, total exports fell by ½% and imports of goods increased by 1% on the previous month to reach £15.7 billion and a record £20.9 billion respectively.
- The deficit on trade in goods with EU25 countries for August was £2.2 billion, little-changed from the previous month. The deficit with non-EU countries was £3.0 billion in August, compared with £2.8 billion in July.
- The latest estimate of the trend suggests that the whole world goods deficit is widening. The trends in value of trade show both exports and imports rising in recent months.

F1: Survey indicators

The survey indicators shown here are expressed in terms of a balance of 'the percentage of respondents expecting the situation to improve' over 'the percentage expecting things to worsen':



The CBI carries out monthly and quarterly *Industrial Trends* Surveys:

- The balance of expectations for future output from the CBI's monthly survey was 14 in October 2004. This indicator has been positive since December 2003.
- The CBI's quarterly indicator of overall business confidence in manufacturing, looking at current optimism compared with three months previously, fell to -10 in October 2004 from +5 in July.

Martin Hamblin GfK's *Consumer Confidence Barometer* is a composite measure of a range of consumer attitudes, including: forward expectations of the general economic situation and households' financial positions, perceptions of how these have changed over the last 12 months, and views on making major household purchases.

- October's results show that the overall index rose slightly to -6 from -7 in September.
- The climate for making major purchases improved, the measure rising by one point in October. Expectations of future personal finances fell. The perception of whether now is a good time to save is, at +23, the highest since January 2001.

Output Expectations/Consumer Confidence

Balance of % expecting improvement over % expecting deterioration

	Future output expectations (CBI)	Consumer confidence (GfK)
2003 Oct	-4	-3
Nov	-2	-6
Dec	+5	-5
2004 Jan	+21	0
Feb	+14	-2
Mar	+15	-3
Apr	+12	-2
May	+22	-2
Jun	+15	-4
Jul	+6	-3
Aug	+19	-5
Sep	+12	-7
Oct	+14	-6

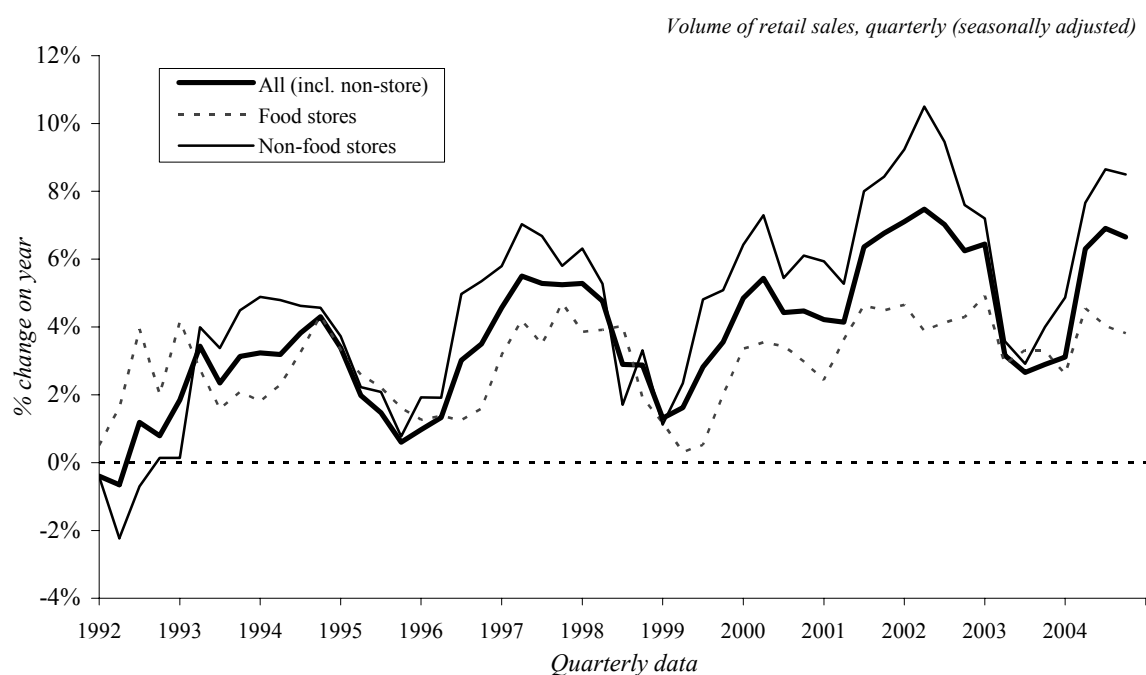
Sources: CBI, *Industrial Trends Survey* (monthly), from ONS database, series: ETCU; Martin Hamblin GfK, *Consumer Confidence Survey* on behalf of the European Commission

Contact: Bryn Morgan, x4904

Updates:

CBI, *Industrial Trends* (Monthly), late Nov;
Martin Hamblin GfK, *Consumer Confidence*, 29 Nov

F2: Retail Sales



[Source: ONS database, series: EAPS, EAPT, EAPV]

- The *volume* of retail sales grew by 1.1% in the three months from July to September compared with the previous three month period, and was 6.7% higher than a year previously (seasonally adjusted).
- Retail sales volumes in September 2004 were 6.9% higher than in September 2003 (seasonally adjusted).
- Retail sales volumes in predominantly non-food stores increased by 8.5% in July to September compared to the same quarter a year earlier. In predominantly food stores, sales volumes grew by 3.8% over the same period (seasonally adjusted).

Value of Retail Sales

% change on year, non-seasonally adjusted

	Food, drink & tobacco	Clothing & footwear	Household goods	Other non-food	Total
2000	4.2	4.2	6.4	3.1	3.1
2001	5.0	6.0	6.0	6.0	6.0
2002	3.8	2.8	8.5	6.6	4.7
2003	3.7	2.8	4.3	-1.8	2.7
2003 Q3	4.7	2.8	3.7	-3.7	2.8
Q4	3.4	0.7	6.7	-0.7	2.3
2004 Q1	3.8	3.2	7.2	6.0	4.8
Q2	3.6	5.6	4.5	10.6	6.4
Q3	2.7	3.6	7.1	9.5	4.5

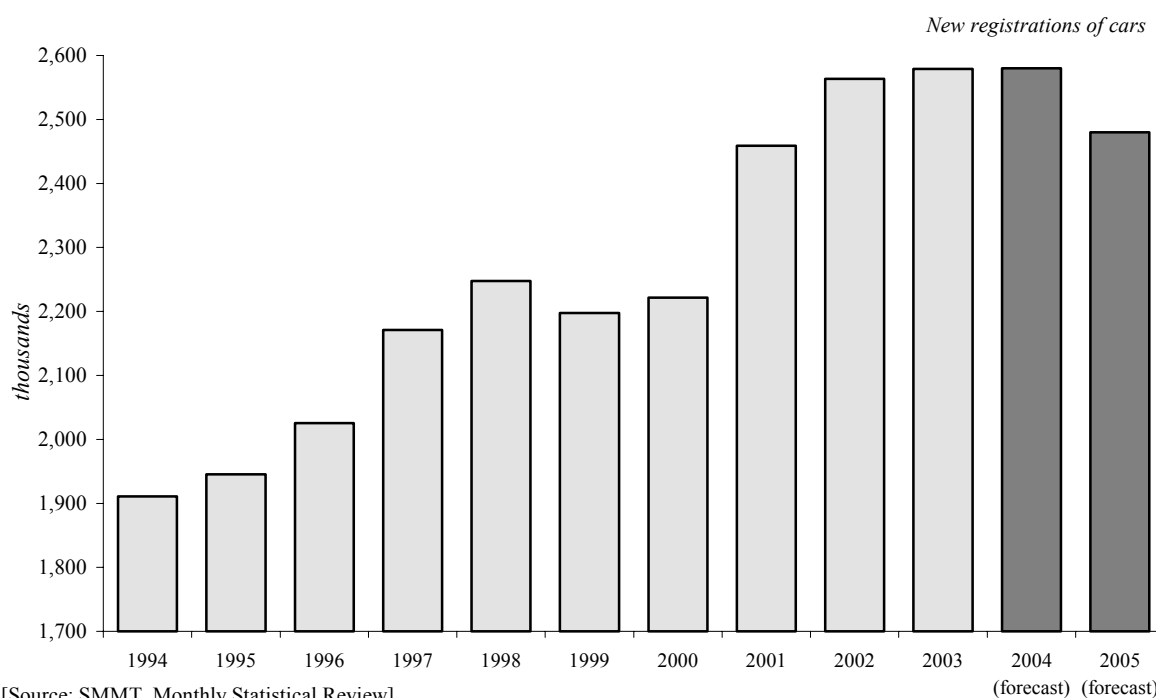
Source: ONS database, series: EAWN, EAWO, EAWP, EAWQ, EAWM

- The average weekly *value* of retail sales in September 2004 was £4,570 million, 5.0% higher than in September 2003 (non-seasonally adjusted).

Contact: Ed Potton, x2883

Update: ONS, *Retail Sales: First Release*, 18 Nov

F3: New Car Registrations



Figures from the Society of Motor Manufacturers & Traders (SMMT) show that new car registrations decreased by 4.9% in August 2004, compared with the previous August's figure, to 84,996 units.

- The number of new registrations of cars was around 2.6 million units in 2003, a rise of 0.6% on the previous year and the highest annual total ever.
- New registrations of cars are forecast to stay broadly the same in 2004 and fall by 3.9% in 2005.
- There were 14,068 registrations of British-built cars in August, equivalent to 16.6% of the market. The number of British built registrations decreased 7.8% on the previous August's figure. In 2003 as a whole, there were 521,000 registrations of British-built cars, a decrease of 10.6% from the previous year's figure and equivalent to 20.2% of the market.

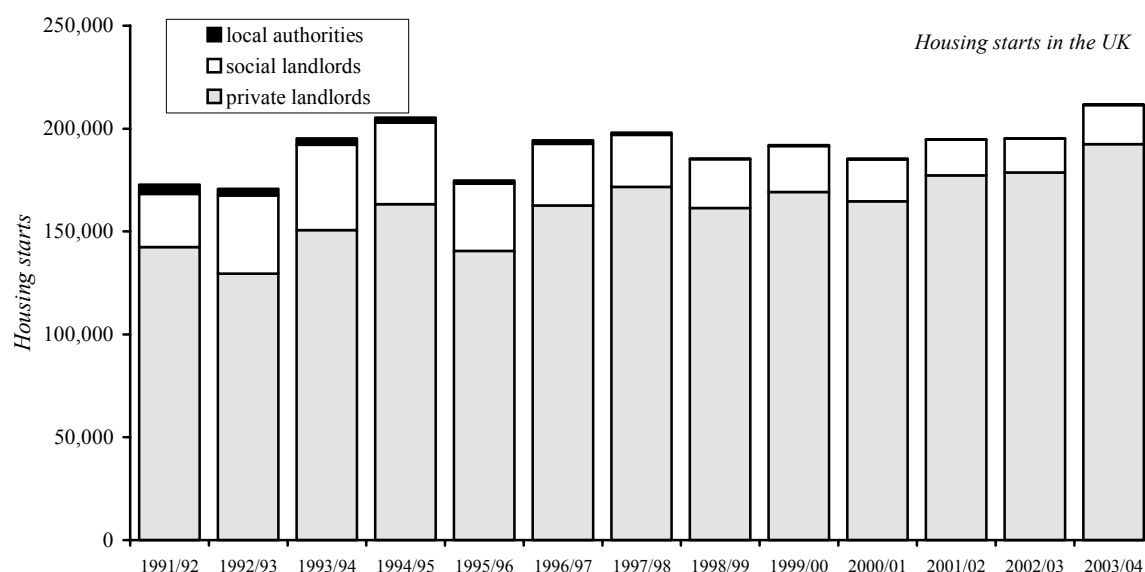
New Registrations of Cars

000s & % change, not seasonally adjusted

	Number ('000s)	Change over 12 months
2002	2,564	4.3
2003	2,579	0.6
2004 (forecast)	2,580	0.0
2005 (forecast)	2,480	-3.9
2003 Aug	89	2.4
Sep	439	1.5
Oct	182	-1.4
Nov	169	-1.5
Dec	155	7.5
2004 Jan	198	5.8
Feb	91	3.8
Mar	467	6.6
Apr	187	-3.8
May	194	-2.8
Jun	239	-0.5
Jul	188	-4.6
Aug	85	-4.9

Source: SMMT, *Monthly Statistical Review*

F4: House-building & Prices



[Source: ODPM, *Housebuilding*, table 201, Aug 2004]

The Office of the Deputy Prime Minister (ODPM) now publishes quarterly housing starts and completions data. This is because of the volatility of monthly data published previously.

- The latest available UK-wide data for housing starts are provisional for Q3 2003, with 52,236 dwellings started in the UK in that quarter compared with 50,505 in Q3 2002. The latest completions data is also for Q3 2003, which saw 45,114 completions compared with 44,756 in Q3 2002 (non-seasonally adjusted).

The latest Halifax *House Price Index* data show that:

- UK house prices rose by 1.4% in September 2004 compared with the previous month after a fall of 0.6% in August 2004; annual house price inflation was 20.5%.
- On a quarterly basis, UK house prices rose by 2.7% in Q3 2004 compared with the previous quarter, following an increase of 5.9% in Q2 2004 on Q1 2004 (all seasonally adjusted)

Halifax data gives a regional breakdown (these regions are not aligned with Government Office Regions used by the ODPM below):

- This puts annual house price inflation in Q2 2004 at its highest in Wales (37.5%) and lowest in Greater London (8.1%), compared with 20.5% for the UK as a whole (all seasonally adjusted).

The ODPM publishes its own house price index based on completions (cf. Halifax index, which is based on mortgage approvals), currently in **experimental form only** (all figures are not seasonally adjusted):

- The average UK house price in August 2004 was £179,486, up from £177,474 in July 2004. Annual house price inflation in August 2004 was 13.6%, down from 14.3% in July 2004.
- Regionally, annual house price inflation in August was highest in Wales (27.6%) and lowest in the London (6.5%).

Standardised average house prices

£s & %, non-seasonally adjusted

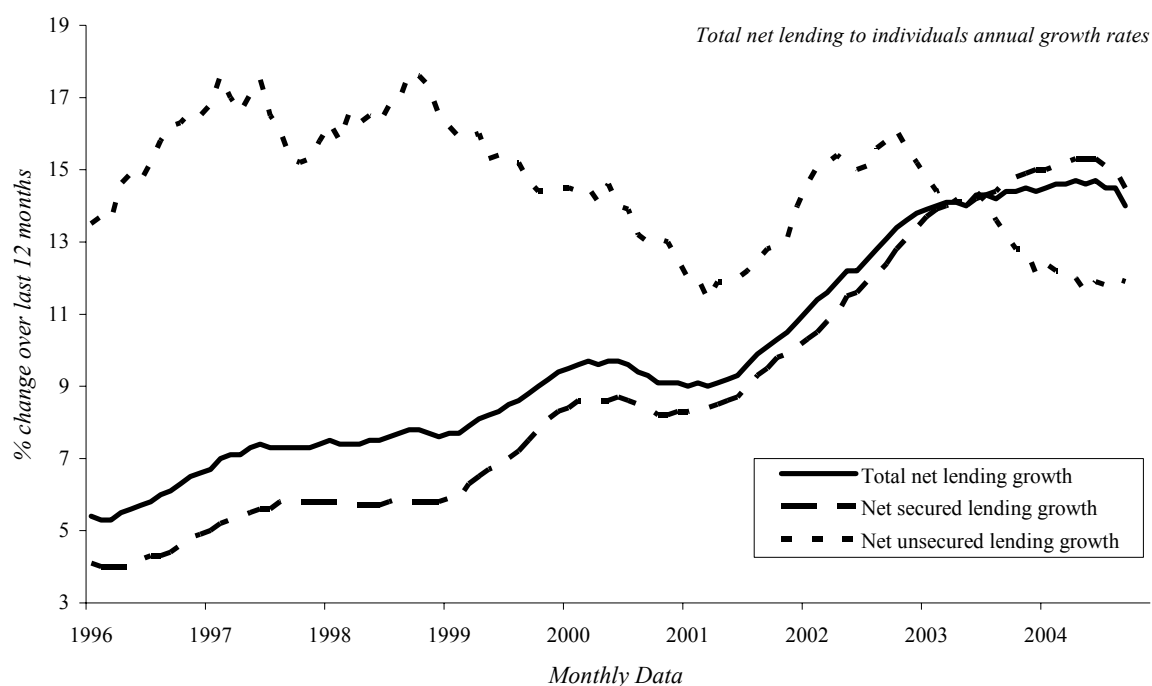
	All houses	New houses	Existing houses	First time buyers
2003 Q3	135,204	134,419	136,602	95,964
Q4	140,130	141,715	141,390	99,019
2004 Q1	146,465	143,613	147,881	104,354
Q2	158,580	155,841	159,784	112,588
Q3	162,903	162,335	164,044	116,983
<i>% change over same period in previous year</i>				
2003 Q3	18.6	16.7	18.4	19.5
Q4	15.4	15.2	15.1	17.0
2004 Q1	18.5	13.2	18.9	20.4
Q2	21.5	20.5	21.4	21.7
Q3	20.5	20.8	20.1	21.9

Source: HBOS, *Halifax House Price Index* (historical data)

Contact: Ian Townsend, x3977

Updates: Halifax, *House Prices*, early Nov; ODPM, *House Prices*, 8 Nov; *Housebuilding*, 19 Nov

F5: Consumer borrowing



[Source: Bank of England]

Net lending to individuals

£ millions and % changes on year; seasonally adjusted

	Net Lending Outstanding			Net Lending Growth Rates		
	Secured	Unsecured	Total	Secured	Unsecured	Total
2000 Sep	524,312	124,287	648,598	8.4	13.0	9.3
2001 Sep	575,894	136,062	711,955	9.5	12.8	10.1
2002 Sep	651,533	152,808	804,340	12.4	15.8	13.1
2003 Sep	745,170	167,550	912,720	14.7	13.2	14.4
Dec	773,057	169,305	942,362	15.0	12.1	14.4
Mar	800,421	173,481	973,902	15.2	12.2	14.6
2004 Jun	827,260	177,032	1,004,293	15.3	11.9	14.7
Sep	851,907	180,516	1,032,423	14.5	11.9	14.0

Source: Bank of England, series: VTYI, VTYO, VTYC, VTXK, VZRI, VZXC

- Total net outstanding lending to individuals was £1,032 billion at the end of September 2004 (seasonally adjusted).
- Total net lending to individuals grew by 0.9% in September 2004 compared to the previous month, and grew by 14.0% on an annual basis (all seasonally adjusted). This represents a reduction of 0.5% compared to the annualised rates for August 2004.
- Of the £9.4 billion increase in net lending in September 2004, £7.7 billion was mortgage borrowing and £1.6 billion was consumer credit (seasonally adjusted).

Contact: Ed Potton, x2883

Update: Bank of England, *Lending to Individuals*, 29 Nov

IV Indicator sources

Details of sources used in this paper are given in the table. Office for National Statistics (ONS) releases can be accessed from the ONS website: http://www.statistics.gov.uk/press_release/CurrentReleases.asp.

Indicator		Source details
A1	Gross Domestic Product	Office for National Statistics (ONS), <i>UK output, income & expenditure or Quarterly National Accounts</i> releases
A2	GDP: ICs	Gross Domestic Product: Organisation for Economic Co-operation and Development (OECD), <i>Main Economic Indicators</i> ; Growth Forecasts: OECD, <i>Economic Outlook</i>
A3	GDP by Industry	ONS, <i>UK Output, income and expenditure, Quarterly National Accounts/GDP preliminary estimate</i> releases HM Treasury, <i>Forecasts for the UK economy</i> ; http://www.hm-treasury.gov.uk/economic_data_and_tools/forecast_for_the_uk_economy/data_forecasts_index.cfm
A4	Investment	ONS Database & ONS, <i>Business Investment</i> release
A5	Productivity	ONS, <i>Productivity</i> release
B1	Prices	ONS, <i>Consumer Price Indices</i> release
B2	Prices: International Comparisons	CPI: OECD, <i>Main Economic Indicators</i> ; HICP: National Statistics Database; Eurozone data: Eurostat; http://europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=Eurostat
B3	Average Earnings Index	ONS, <i>Labour Market Statistics</i> release; http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 , or ONS Database
C1	Employment	ONS Database & ONS, <i>Labour Market Statistics</i> release; http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 Commentary: ONS, <i>Labour Market Statistics</i> release
C2	Unemployment: National	ONS, <i>Labour Market Statistics</i> release; http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1944 , and <i>Labour Market Statistics First Release Historical Supplement</i> (via Virtual Bookshelf); http://www.statistics.gov.uk/OnlineProducts/LMS_FR_HS.asp Commentary: Department for Work and Pensions (DWP) Quarterly Working Age Statistics for New Deal for Young People & Long-term Unemployed (table 6); http://www.dwp.gov.uk/asd/ndyp.asp
C3	Unemployment: Regional	Data: ONS, <i>Labour Market Statistics</i> release; http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1944
C4	Unemployment: International Comparisons	Data: OECD, <i>Main Economic Indicators</i> Commentary: OECD, <i>Main Economic Indicators & Economic Outlook</i>
D1	Interest Rates	Base rate: Bank of England, http://www.bankofengland.co.uk/Links/setframe.html ; Monetary Policy Committee minutes: http://www.bankofengland.co.uk/mpc/minutes.htm ; Quarterly Inflation Report: http://www.bankofengland.co.uk/inflationreport/index.htm

Indicator		Source details
D2	Interest Rates: International Comparisons	Short term interest rates (graph): OECD; <i>Main Economic Indicators</i> ; International interest rates: <i>Financial Times</i> , Companies & Analysis section, “Currencies, Bonds & Interest Rates” page; Rates: Bank of England, http://www.bankofengland.co.uk/Links/setframe.html ; European Central Bank, http://www.ecb.int/mopo/html/index.en.html ; US Federal Reserve, http://www.federalreserve.gov/fomc
D3	Exchange Rates	Effective and sterling exchange rates: ONS Database; Euro spot rate: <i>Financial Times</i>
D4	Public Finances	Data: ONS, <i>Public Sector Accounts</i> , http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=3764 or <i>Public Sector Finances</i> , http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=805 , National Statistics Database; Forecasts of budget surplus: HM Treasury, <i>Pre-Budget Report</i> , table B2 or <i>Budget Red Book</i> , table C2.
D5	Money Supply	Bank of England: Bankstats, tables A 1.1 and A 2.2.1; http://www.bankofengland.co.uk/mfsd/current/ms/index.htm , and ONS Database.
E1	International Trade	Data: ONS Database Commentary: ONS, <i>Balance of Payments</i> release
E2	Trade in Goods	Data: ONS Database Commentary: ONS, <i>UK Trade</i> release
F1	Survey Indicators	Future Output Expectations/Quarterly Business Confidence: Confederation of Business Industry (CBI), <i>Economic and Business Outlook</i> and <i>Quarterly Industrial Trends Survey</i> press releases; http://www.cbi.org.uk/ndbs/press.nsf/awprdate?OpenView&Start=1&ExpandView , or ONS Database Consumer Confidence: Martin Hamblin GfK; http://www.martinhamblin-gfk.com/library/news_events.asp
F2	Retail Sales	ONS, <i>Retail Sales</i> release
F3	New Car Registrations	Society of Motor Manufacturers and Traders, <i>Monthly Statistical Review</i> (in Library holdings)
F4	Housing	Housing Starts in UK: from Office of the Deputy Prime Minister (ODPM) housing homepage; http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/sectionhomepag_e/odpm_housing_page.hcsp ; House building: ODPM, <i>House Building statistical release</i> http://www.odpm.gov.uk/stellent/groups/odpm_housing/documents/page/odpm_hou se_023765.hcsp Experimental House Prices: ODPM, news releases; http://www.odpm.gov.uk/pns/newslist.cgi Halifax House Price data: HBOS website, Housing research homepage http://www.hbosplc.com/economy/HousingResearch.asp
F5	Consumer Debt	Bank of England Release <i>Lending to Individuals</i> http://www.bankofengland.co.uk ; Bank of England Database: http://www.bankofengland.co.uk/mfsd/index.htm