

GIMA Pulse

a monthly snapshot of the UK Economy from www.barometeroftrade.com

Date of Report: 04/12/2017

Summary

Inflation has slowed after reaching a 5-year-high last month, largely due to the weak performance of the £ against key competitors, but also as a result of rising oil, and therefore fuel, prices. However, the Bank of England's Mark Carney recently said he believes that inflation has not yet peaked despite the alteration of national interest rates last month.

Before the EU referendum, the UK was the fastest growing economy of the G7 nations. It has now slipped to the bottom of that table amidst falling domestic **retail sales**, as well as **mortgage approvals**. The lacklustre rates of growth come against the backdrop of several years of persistently weak productivity which is pushing down the supply potential and causing prices to rise.

On the other hand there have been encouraging economic signs, including more support from exports, which have been buoyed by the lower £ and a resurgent global economy.

What's happened since last month?

Index			Period
GDP	DOWN	0.1%	Q1-Q2
£ to Euro	DOWN	0.4%	Nov-Dec
£ to \$	UP	1.8%	Nov-Dec
£ to Yen	UP	0.6%	Nov-Dec
FTSE 100	DOWN	2.5%	Nov-Dec
FTSE 250	DOWN	2.3%	Nov-Dec
CPI	NONE	0.0%	Sep-Oct
RPI	UP	0.1%	Sep-Oct
Retail Sales	DOWN	0.9%	Aug-Oct
Mortgage Approvals	DOWN	2.3%	Sep-Oct
Unemployment	NONE	0.0%	Aug-Sep
Energy Prices	UP	0.2%	Sep-Oct
Crude Oil Prices	UP	3.8%	Sep-Oct
Petrol Prices	DOWN	0.5%	Oct-Nov
Diesel Prices	UP	0.7%	Oct-Nov
Base Rate: 0.5%	NONE	0.0%	Nov-Dec

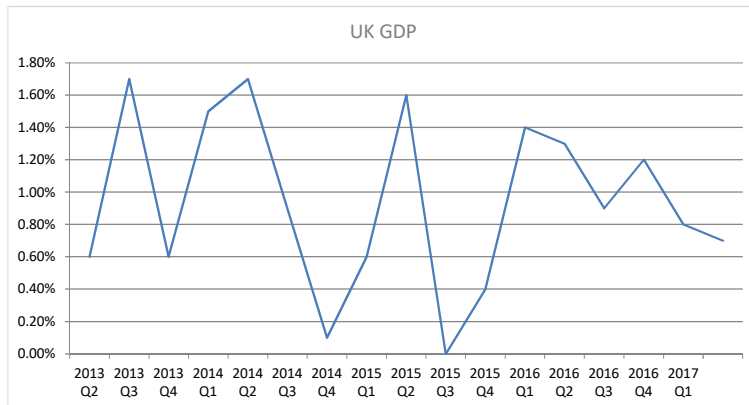
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	DOWN	0.6%	Q2-Q2
£ to Euro	DOWN	4.4%	Dec-Dec
£ to \$	UP	6.9%	Dec-Dec
£ to Yen	UP	5.4%	Dec-Dec
FTSE 100	UP	8.1%	Dec-Dec
FTSE 250	UP	13.5%	Dec-Dec
CPI	UP	2.1%	Oct-Oct
RPI	UP	2.0%	Oct-Oct
Retail Sales	UP	2.5%	Oct-Oct
Mortgage Approvals	DOWN	3.7%	Oct-Oct
Unemployment	DOWN	0.5%	Sep-Sep
Energy Prices	UP	3.0%	Oct-Oct
Crude Oil Prices	UP	9.6%	Oct-Oct
Petrol Prices	UP	0.9%	Nov-Nov
Diesel Prices	UP	1.9%	Nov-Nov
Base Rate	UP	0.25%	Dec-Dec

Figures based on most recent month/period available

GDP

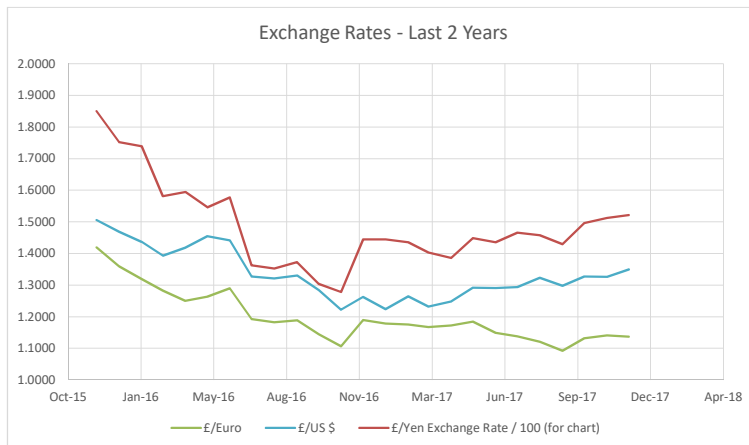


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adjusted

Source: Office of National Statistics

Quarter	UK GDP
2013 Q2	0.60%
2013 Q3	1.70%
2013 Q4	0.60%
2014 Q1	1.50%
2014 Q2	1.70%
2014 Q3	0.90%
2014 Q4	0.10%
2015 Q1	0.60%
2015 Q2	1.60%
2015 Q3	0.00%
2015 Q4	0.40%
2016 Q1	1.40%
2016 Q2	1.30%
2016 Q3	0.90%
2016 Q4	1.20%
2017 Q1	0.80%
2017 Q2	0.70%

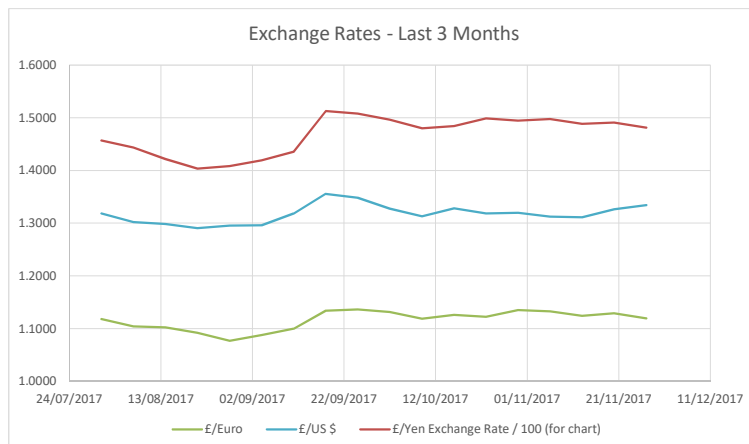
Exchange Rates



What £1 buys in Euros / \$ / Yen
Figures from 1st of each month

Source: Bank Of England

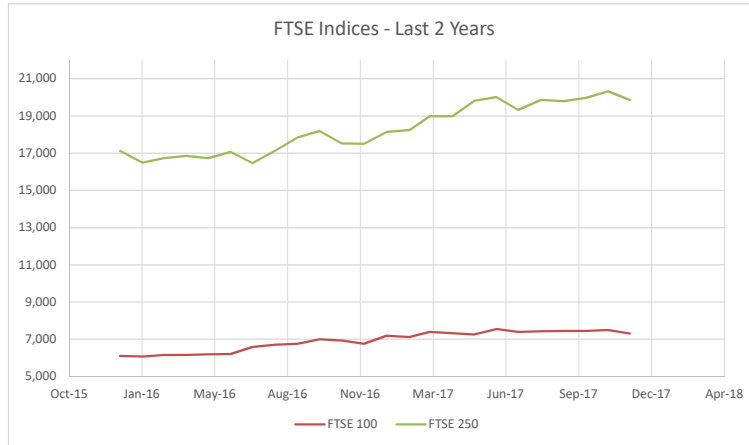
Month	£/Euro	£/US \$	£/Yen
Dec-15	1.4191	1.5054	184.9685
Jan-16	1.3598	1.4689	175.2398
Feb-16	1.3191	1.4366	173.8861
Mar-16	1.2822	1.3925	158.1471
Apr-16	1.2503	1.4185	159.4252
May-16	1.2634	1.4551	154.5316
Jun-16	1.2898	1.4414	157.7324
Jul-16	1.1920	1.3270	136.2431
Aug-16	1.1823	1.3206	135.1898
Sep-16	1.1883	1.3299	137.3122
Oct-16	1.1442	1.2834	130.4191
Nov-16	1.1066	1.2220	127.7968
Dec-16	1.1893	1.2622	144.4083
Jan-17	1.1786	1.2240	144.4565
Feb-17	1.1756	1.2647	143.5308
Mar-17	1.1669	1.2317	140.2906
Apr-17	1.1718	1.2483	138.5613
May-17	1.1848	1.2920	144.8849
Jun-17	1.1494	1.2903	143.5330
Jul-17	1.1380	1.2937	146.5762
Aug-17	1.1202	1.3229	145.7174
Sep-17	1.0923	1.2973	142.9625
Oct-17	1.1313	1.3276	149.6471
Nov-17	1.1412	1.3257	151.1961
Dec-17	1.1370	1.3490	152.1672
Last Month %	-0.4%	1.8%	0.6%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
31/07/2017	1.1182	1.3183	145.6853
07/08/2017	1.1040	1.3023	144.3339
14/08/2017	1.1022	1.2987	142.1687
21/08/2017	1.0922	1.2904	140.3568
28/08/2017	1.0771	1.2952	140.8400
04/09/2017	1.0877	1.2957	141.9180
11/09/2017	1.1001	1.3183	143.5497
18/09/2017	1.1339	1.3557	151.2554
25/09/2017	1.1365	1.3484	150.7916
02/10/2017	1.1313	1.3276	149.6471
09/10/2017	1.1188	1.3132	147.9714
16/10/2017	1.1259	1.3282	148.4131
23/10/2017	1.1226	1.3185	149.9003
30/10/2017	1.1349	1.3195	149.4334
06/11/2017	1.1325	1.3121	149.7500
13/11/2017	1.1240	1.3112	148.8343
20/11/2017	1.1289	1.3262	149.0781
27/11/2017	1.1192	1.3340	148.1274

FTSE 100 & FTSE 250

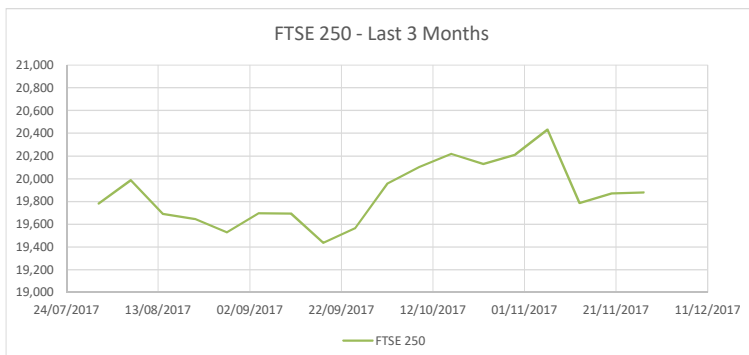
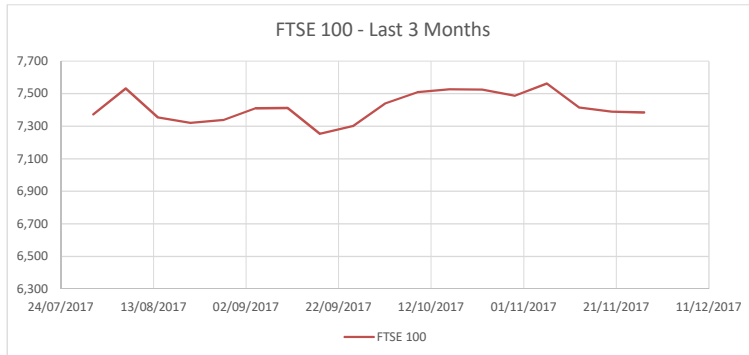


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
Jan-16	6,093	17,122
Feb-16	6,060	16,489
Mar-16	6,147	16,729
Apr-16	6,146	16,844
May-16	6,186	16,730
Jun-16	6,192	17,061
Jul-16	6,578	16,465
Aug-16	6,694	17,139
Sep-16	6,746	17,850
Oct-16	6,984	18,184
Nov-16	6,917	17,523
Dec-16	6,753	17,497
Jan-17	7,178	18,141
Feb-17	7,108	18,240
Mar-17	7,383	18,983
Apr-17	7,323	18,972
May-17	7,250	19,805
Jun-17	7,544	20,011
Jul-17	7,377	19,320
Aug-17	7,424	19,864
Sep-17	7,439	19,786
Oct-17	7,438	19,957
Nov-17	7,488	20,328
Dec-17	7,300	19,854
Last Month %	-2.5%	-2.3%



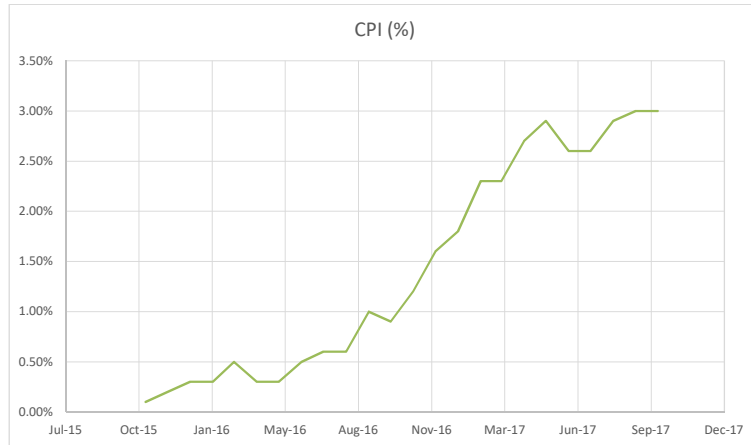
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
31/07/2017	7,372	19,781
07/08/2017	7,532	19,989
14/08/2017	7,354	19,692
21/08/2017	7,319	19,646
28/08/2017	7,337	19,529
04/09/2017	7,411	19,697
11/09/2017	7,413	19,694
18/09/2017	7,253	19,437
25/09/2017	7,301	19,566
02/10/2017	7,439	19,957
09/10/2017	7,508	20,103
16/10/2017	7,527	20,217
23/10/2017	7,524	20,132
30/10/2017	7,488	20,213
06/11/2017	7,562	20,433
13/11/2017	7,415	19,788
20/11/2017	7,389	19,871
27/11/2017	7,384	19,881

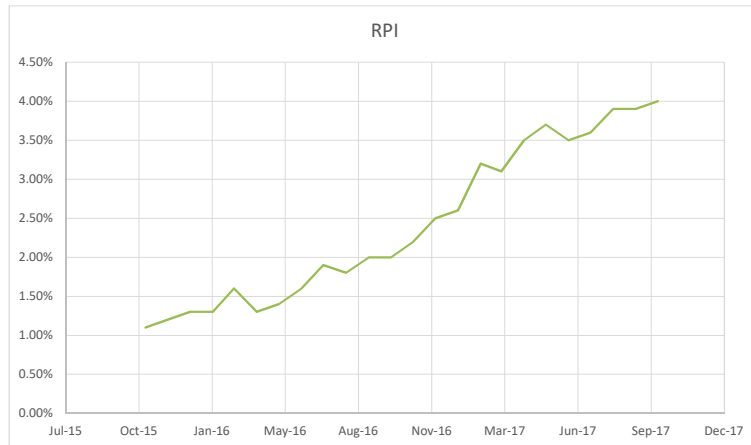
CPI - Consumer Price Index



CPI - inflation measure which examines weighted average of prices of a basket of consumer goods & services, such as transportation, food & medical care
Source: Office of National Statistics

Month	CPI (%)
Nov-15	0.10%
Dec-15	0.20%
Jan-16	0.30%
Feb-16	0.30%
Mar-16	0.50%
Apr-16	0.30%
May-16	0.30%
Jun-16	0.50%
Jul-16	0.60%
Aug-16	0.60%
Sep-16	1.00%
Oct-16	0.90%
Nov-16	1.20%
Dec-16	1.60%
Jan-17	1.80%
Feb-17	2.30%
Mar-17	2.30%
Apr-17	2.70%
May-17	2.90%
Jun-17	2.60%
Jul-17	2.60%
Aug-17	2.90%
Sep-17	3.00%
Oct-17	3.00%

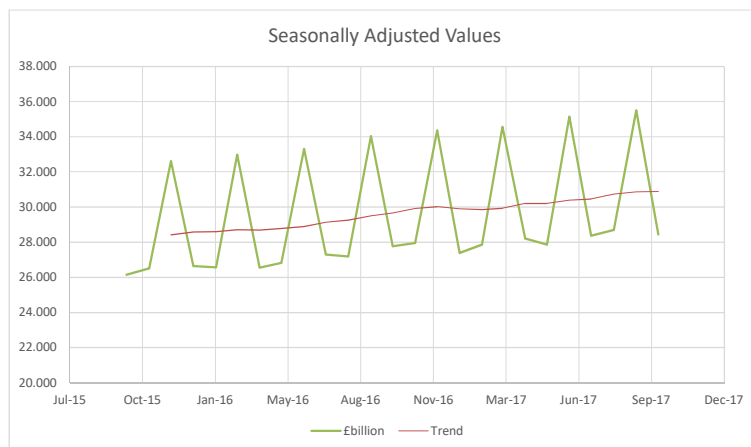
RPI - Retail Price Index



RPI - inflation measure which is broadly the same as CPI but also includes home costs e.g. mortgage repayments/rent/council tax
Source: Office of National Statistics

Month	RPI
Nov-15	1.10%
Dec-15	1.20%
Jan-16	1.30%
Feb-16	1.30%
Mar-16	1.60%
Apr-16	1.30%
May-16	1.40%
Jun-16	1.60%
Jul-16	1.90%
Aug-16	1.80%
Sep-16	2.00%
Oct-16	2.00%
Nov-16	2.20%
Dec-16	2.50%
Jan-17	2.60%
Feb-17	3.20%
Mar-17	3.10%
Apr-17	3.50%
May-17	3.70%
Jun-17	3.50%
Jul-17	3.60%
Aug-17	3.90%
Sep-17	3.90%
Oct-17	4.00%

Retail Sales



Total Retail Sales Excluding Automotive Fuel
Figures based on weeks; every 3rd month is a 5-week month
Source: Office of National Statistics

Month	£billion
Oct-15	26.142
Nov-15	26.499
Dec-15	32.607
Jan-16	26.627
Feb-16	26.558
Mar-16	32.967
Apr-16	26.546
May-16	26.821
Jun-16	33.299
Jul-16	27.282
Aug-16	27.179
Sep-16	34.027
Oct-16	27.757
Nov-16	27.950
Dec-16	34.357
Jan-17	27.385
Feb-17	27.860
Mar-17	34.552
Apr-17	28.195
May-17	27.847
Jun-17	35.135
Jul-17	28.374
Aug-17	28.697
Sep-17	35.502
Oct-17	28.444

Year-On-Year Change 0.687 billion
2.47%

Mortgage Approvals

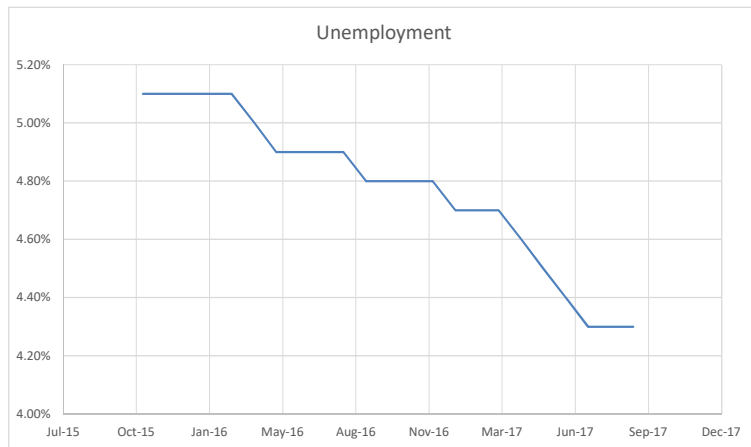


Total number of mortgage approvals by banks in UK

Source: Bank of England

Month	Approvals
Dec-15	71,000
Jan-16	71,000
Feb-16	73,500
Mar-16	73,000
Apr-16	70,000
May-16	66,000
Jun-16	66,000
Jul-16	64,000
Aug-16	61,500
Sep-16	61,000
Oct-16	67,000
Nov-16	67,500
Dec-16	67,500
Jan-17	68,500
Feb-17	67,500
Mar-17	66,000
Apr-17	65,000
May-17	65,000
Jun-17	64,500
Jul-17	69,500
Aug-17	67,000
Sep-17	66,000
Oct-17	64,500
Last Month %	-2.3%

Unemployment



Unemployment as percentage of available workforce; figures relating to quarter ending in month shown

Source: Office of National Statistics

Month	Unemployment
Nov-15	5.10%
Dec-15	5.10%
Jan-16	5.10%
Feb-16	5.10%
Mar-16	5.10%
Apr-16	5.00%
May-16	4.90%
Jun-16	4.90%
Jul-16	4.90%
Aug-16	4.90%
Sep-16	4.80%
Oct-16	4.80%
Nov-16	4.80%
Dec-16	4.80%
Jan-17	4.70%
Feb-17	4.70%
Mar-17	4.70%
Apr-17	4.60%
May-17	4.50%
Jun-17	4.40%
Jul-17	4.30%
Aug-17	4.30%
Sep-17	4.30%

Energy Prices



Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
Nov-15	112.2
Dec-15	112.2
Jan-16	111.3
Feb-16	111.6
Mar-16	112.1
Apr-16	112.1
May-16	112.3
Jun-16	112.5
Jul-16	112.5
Aug-16	112.9
Sep-16	113.1
Oct-16	113.2
Nov-16	113.4
Dec-16	114.0
Jan-17	113.4
Feb-17	114.2
Mar-17	114.7
Apr-17	115.1
May-17	115.5
Jun-17	115.5
Jul-17	115.4
Aug-17	116.1
Sep-17	116.4
Oct-17	116.6
Last Month %	0.2%

Crude Oil Prices

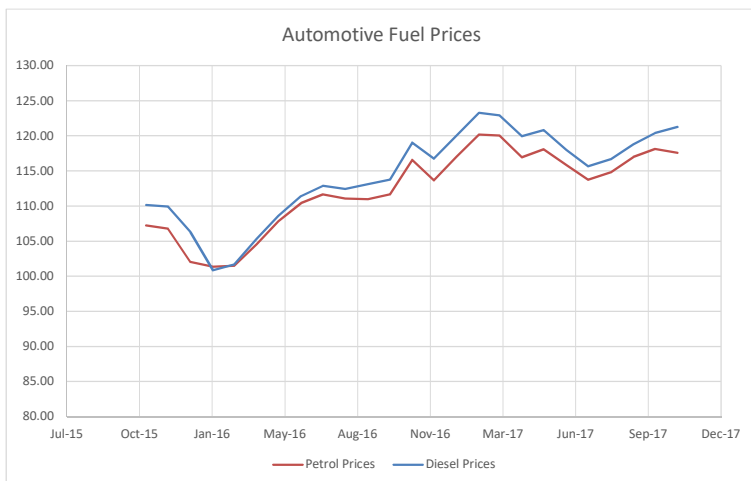


Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
Nov-15	57.1
Dec-15	50.8
Jan-16	44.1
Feb-16	43.0
Mar-16	51.9
Apr-16	55.7
May-16	62.0
Jun-16	66.2
Jul-16	66.8
Aug-16	67.1
Sep-16	69.3
Oct-16	76.9
Nov-16	70.9
Dec-16	82.1
Jan-17	85.8
Feb-17	85.2
Mar-17	81.3
Apr-17	81.1
May-17	75.5
Jun-17	71.3
Jul-17	71.5
Aug-17	77.0
Sep-17	81.3
Oct-17	84.4
Last Month %	3.8%

Automotive Fuel Prices



Road fuel prices; pump price pence/litre
First week of each month

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
Nov-15	107.21	110.14
Dec-15	106.75	109.92
Jan-16	102.00	106.32
Feb-16	101.36	100.84
Mar-16	101.46	101.67
Apr-16	104.51	105.32
May-16	107.82	108.58
Jun-16	110.40	111.43
Jul-16	111.65	112.86
Aug-16	111.05	112.43
Sep-16	110.97	113.10
Oct-16	111.65	113.71
Nov-16	116.56	119.03
Dec-16	113.66	116.75
Jan-17	117.00	120.03
Feb-17	120.18	123.25
Mar-17	120.02	122.90
Apr-17	116.93	119.92
May-17	118.08	120.78
Jun-17	115.82	117.95
Jul-17	113.74	115.63
Aug-17	114.78	116.64
Sep-17	116.95	118.77
Oct-17	118.13	120.37
Nov-17	117.57	121.27
Last Month %	-0.5%	0.7%

Forecasts

Summary

Economic forecasting is notoriously difficult and often depends on the mindset of the forecaster. However we have included some highlights below from the most recent quarterly Bank of England Inflation Report which provides a comprehensive analysis from many sources including their own.

The following charts are re-produced from Bank Of England Inflation Report, Aug 2017

<http://www.bankofengland.co.uk/publications/Pages/inflationreport/2017/aug.aspx>

Forecast Interest Rates

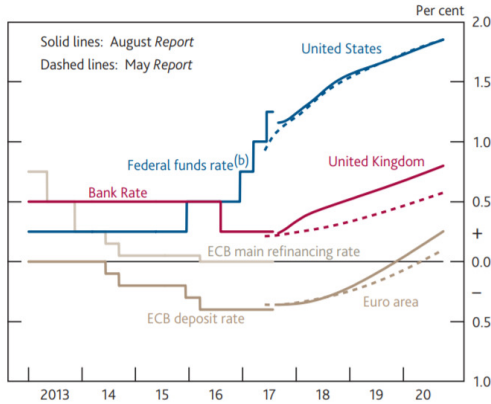
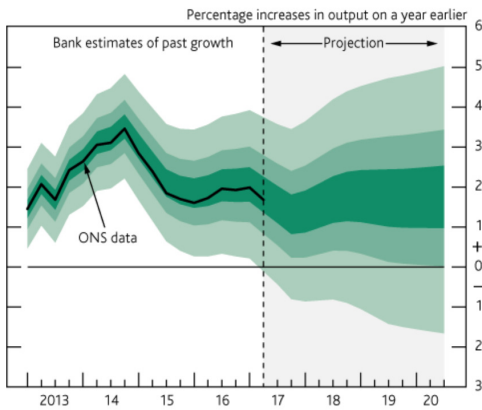


Chart shows latest forecast using solid line.
UK interest rates likely to rise steadily to 0.75% by 2020 which is slightly higher than the previous forecast (dashed line)

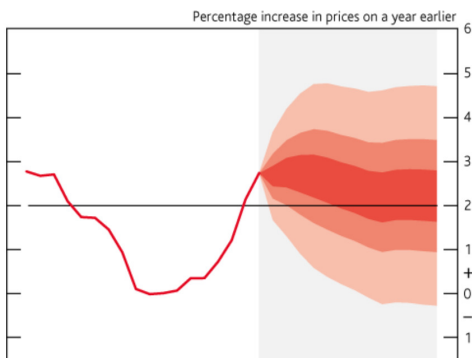
Sources: Bank of England, Bloomberg, European Central Bank (ECB) and Federal Reserve (ref 1.3p7)

Forecast GDP



Fan Chart shows highest probability in central darker band. Despite an initial downward turn, GDP is likely to show 1 to 2.5% growth over next 2-3 years, which is higher than the prediction from last quarter's report.

Forecast Inflation (CPI)



Fan Chart shows highest probability in central darker band. Government's 2% target is shown as horizontal line. Inflation likely to fall slightly during 2018/19 within the band 1.75% to 2.75% - which is slightly down on previous forecasts.