

 **GIMA Pulse**

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

Date of Report: 07/05/2018

Summary

Despite a recent upturn in performance, the £ is currently weak against all 3 currencies that we cover in Pulse. This is largely due to the on-going post-Brexit trading relationship talks with the EU. The uncertain future of UK trade has left both investors and consumers wary of the state of the overall economy. However, after a sluggish first quarter of the year for global stock markets, April saw a strong performance for the **FTSE 100**, with Sainsbury's gaining the most, 29%, after a merger announcement with ASDA. Subsequently a combination of a weaker £, rising **oil prices**, which hit a 3-year high of \$74 per barrel mid April and supermarket sector M&A restored investors' faith in equities.

Inflation appears to have turned a corner with both **CPI** and **RPI** falling for the second successive month and it will be interesting to see if the trend continues as forecast by the Bank of England.

What's happened since last month?

Index			Period
GDP	DOWN	0.2%	Q3-Q4
£ to Euro	DOWN	0.9%	Apr-May
£ to \$	DOWN	3.1%	Apr-May
£ to Yen	DOWN	0.2%	Apr-May
FTSE 100	UP	7.0%	Apr-May
FTSE 250	UP	4.9%	Apr-May
CPI	DOWN	0.2%	Feb-Mar
RPI	DOWN	0.3%	Feb-Mar
Retail Sales	UP	0.2%	Dec-Mar
Mortgage Approvals	DOWN	1.6%	Feb-Mar
Unemployment	DOWN	0.1%	Jan-Feb
Energy Prices	UP	0.1%	Feb-Mar
Crude Oil Prices	DOWN	2.5%	Feb-Mar
Petrol Prices	UP	0.1%	Mar-Apr
Diesel Prices	UP	0.1%	Mar-Apr
Base Rate: 0.5%	NONE	0.0%	Apr-May

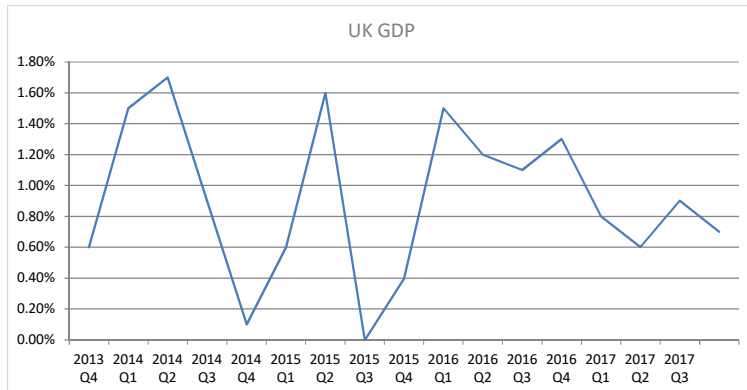
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	DOWN	0.6%	Q4-Q4
£ to Euro	DOWN	4.3%	May-May
£ to \$	UP	5.2%	May-May
£ to Yen	UP	3.0%	May-May
FTSE 100	UP	3.7%	May-May
FTSE 250	UP	2.7%	May-May
CPI	UP	0.2%	Mar-Mar
RPI	UP	0.2%	Mar-Mar
Retail Sales	UP	3.4%	Mar-Mar
Mortgage Approvals	DOWN	4.5%	Mar-Mar
Unemployment	DOWN	0.5%	Feb-Feb
Energy Prices	UP	2.4%	Mar-Mar
Crude Oil Prices	UP	11.2%	Mar-Mar
Petrol Prices	UP	2.1%	Apr-Apr
Diesel Prices	UP	2.6%	Apr-Apr
Base Rate	UP	0.25%	May-May

Figures based on most recent month/period available

GDP

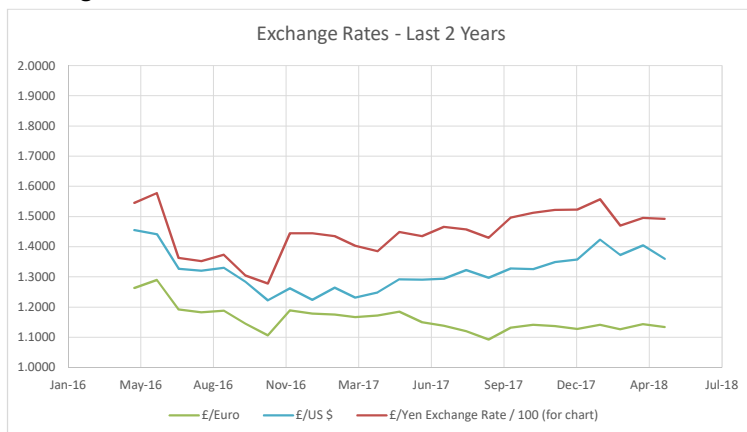


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adusted

Source: Office of National Statistics

Quarter	UK GDP
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	1.50%
2016 Q2	1.20%
2016 Q3	1.10%
2016 Q4	1.30%
2017 Q1	0.80%
2017 Q2	0.60%
2017 Q3	0.90%
2017 Q4	0.70%

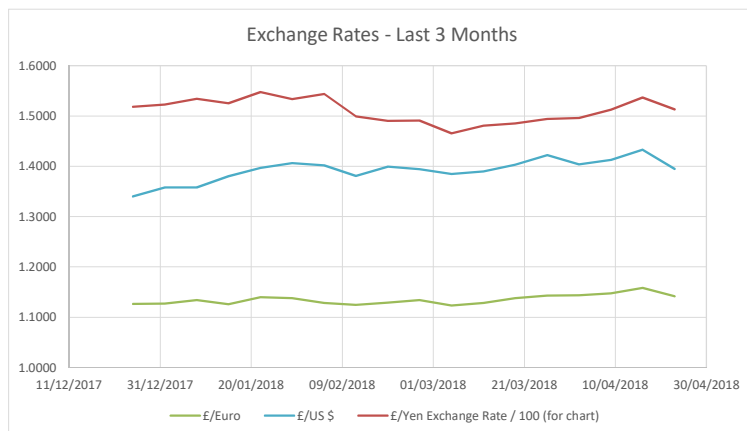
Exchange Rates



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

Source: Bank Of England

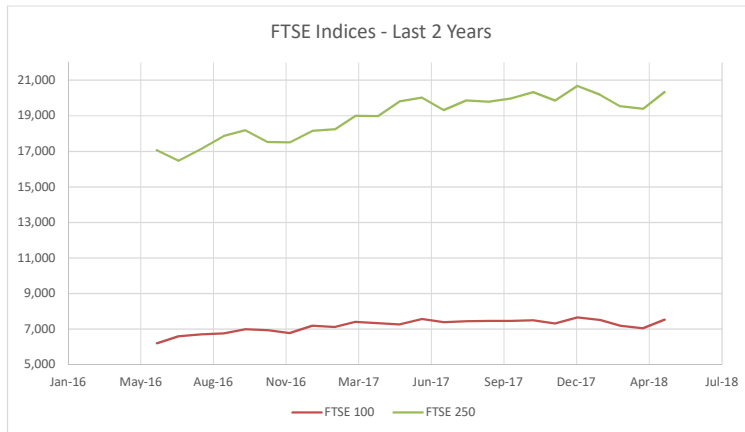
Month	£/Euro	£/US \$	£/Yen
May-16	1.2634	1.4551	154.5316
Jun-16	1.2898	1.4414	157.7324
Jul-16	1.1920	1.3270	136.2431
Aug-16	1.1823	1.3206	135.1898
Sep-16	1.1883	1.3299	137.3122
Oct-16	1.1442	1.2834	130.4191
Nov-16	1.1066	1.2220	127.7968
Dec-16	1.1893	1.2622	144.4083
Jan-17	1.1786	1.2240	144.4565
Feb-17	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
Jan-18	1.1274	1.3579	152.2885
Feb-18	1.1417	1.4237	155.7243
Mar-18	1.1269	1.3725	146.9467
Apr-18	1.1437	1.4038	149.5749
May-18	1.1337	1.3596	149.2161
Last Month %	-0.9%	-3.1%	-0.2%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
25/12/2017	1.1265	1.3399	151.8107
01/01/2018	1.1274	1.3579	152.2885
08/01/2018	1.1339	1.3581	153.4381
15/01/2018	1.1258	1.3802	152.5259
22/01/2018	1.1400	1.3969	154.7625
29/01/2018	1.1381	1.4063	153.3148
05/02/2018	1.1285	1.4016	154.3302
12/02/2018	1.1246	1.3809	149.8967
19/02/2018	1.1288	1.3994	149.0501
26/02/2018	1.1344	1.3941	149.0851
05/03/2018	1.1233	1.3848	146.5534
12/03/2018	1.1283	1.3898	148.0554
19/03/2018	1.1379	1.4029	148.4829
26/03/2018	1.1431	1.4223	149.4126
02/04/2018	1.1437	1.4038	149.5749
09/04/2018	1.1475	1.4129	151.2509
16/04/2018	1.1582	1.4328	153.6750
23/04/2018	1.1415	1.3950	151.2878

FTSE 100 & FTSE 250

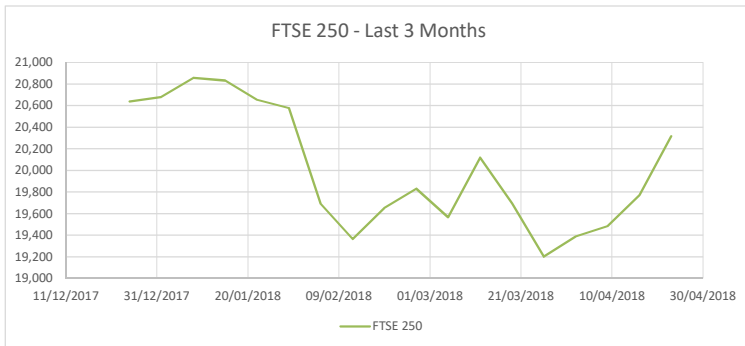
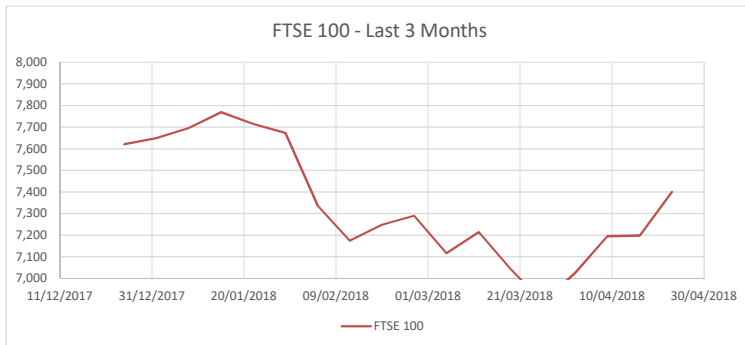


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
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
Jan-18	7,648	20,681
Feb-18	7,490	20,186
Mar-18	7,168	19,539
Apr-18	7,026	19,389
May-18	7,520	20,348
Last Month %	7.0%	4.9%



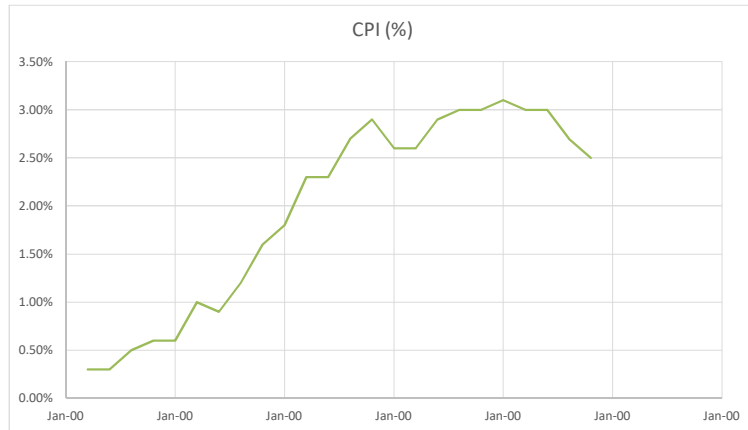
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
25/12/2017	7,621	20,640
01/01/2018	7,648	20,681
08/01/2018	7,697	20,857
15/01/2018	7,769	20,833
22/01/2018	7,715	20,655
29/01/2018	7,672	20,578
05/02/2018	7,335	19,690
12/02/2018	7,174	19,365
19/02/2018	7,248	19,654
26/02/2018	7,290	19,829
05/03/2018	7,116	19,567
12/03/2018	7,215	20,118
19/03/2018	7,043	19,695
26/03/2018	6,889	19,201
02/04/2018	7,026	19,389
09/04/2018	7,195	19,484
16/04/2018	7,198	19,772
23/04/2018	7,399	20,316

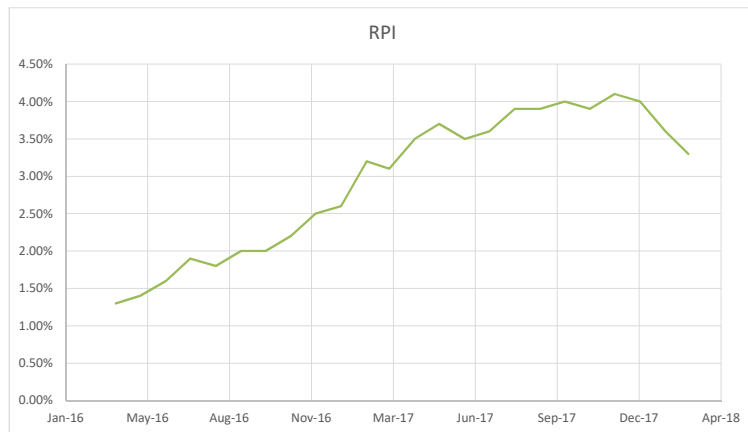
CPI - Consumer Price Index



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 (%)
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%
Nov-17	3.10%
Dec-17	3.00%
Jan-18	3.00%
Feb-18	2.70%
Mar-18	2.50%

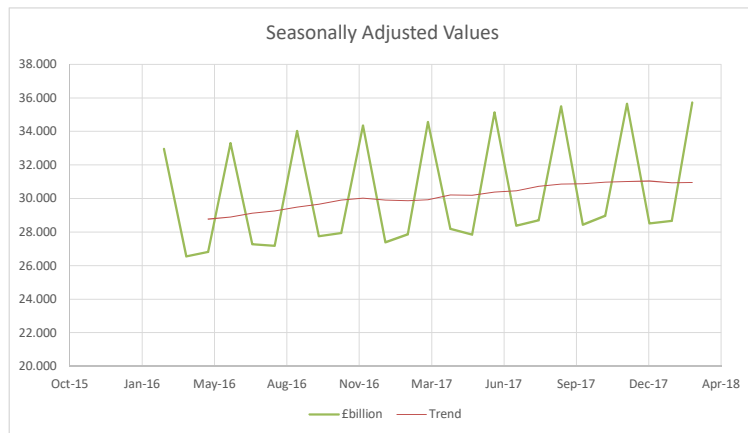
RPI - Retail Price Index



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 (%)
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%
Nov-17	3.90%
Dec-17	4.10%
Jan-18	4.00%
Feb-18	3.60%
Mar-18	3.30%

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
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
Nov-17	28.971
Dec-17	35.649
Jan-18	28.515
Feb-18	28.657
Mar-18	35.719

Year-On-Year Change 1.167 billion
3.38%

Mortgage Approvals



Total number of mortgage approvals by banks in UK

Source: Bank of England

Month	Approvals
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	65,000
Nov-17	65,000
Dec-17	61,000
Jan-18	67,000
Feb-18	64,000
Mar-18	63,000
Last Month %	-1.6%

Unemployment



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

Source: Office of National Statistics

Month	Unemployment
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%
Oct-17	4.30%
Nov-17	4.30%
Dec-17	4.40%
Jan-18	4.30%
Feb-18	4.20%

Energy Prices



Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
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
Nov-17	117.0
Dec-17	117.3
Jan-18	116.8
Feb-18	117.3
Mar-18	117.4

Last Month % 0.1%

Crude Oil Prices



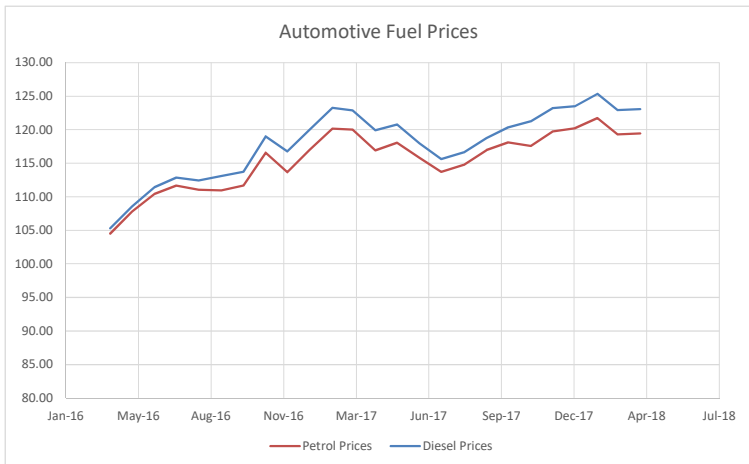
Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
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	84.7
Nov-17	91.2
Dec-17	92.9
Jan-18	96.9
Feb-18	92.7
Mar-18	90.4

Last Month % -2.5%

Automotive Fuel Prices



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

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
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
Dec-17	119.75	123.21
Jan-18	120.19	123.51
Feb-18	121.73	125.36
Mar-18	119.29	122.92
Apr-18	119.43	123.05

Last Month % 0.1% 0.1%

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, Feb 2018

<https://www.bankofengland.co.uk/inflation-report/2018/february-2018>

Forecast Interest Rates

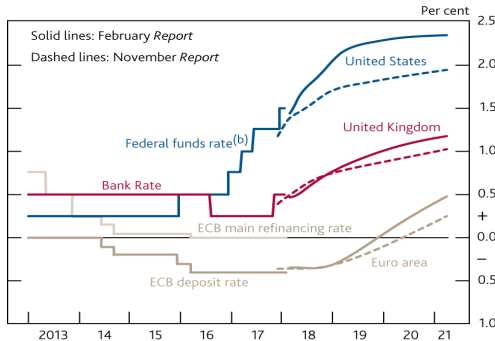
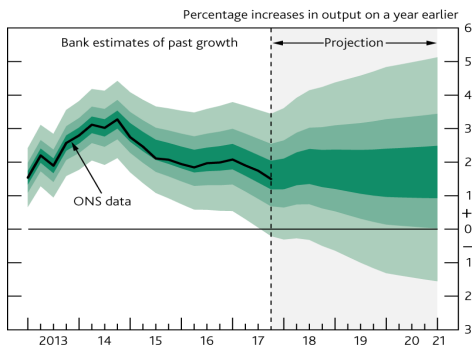


Chart shows latest forecast using solid line.

UK interest rates are likely to rise more rapidly than previously thought to 1.25% by 2020 which is slightly higher than the previous forecast (dashed line) with the Bank of England expected to continue raising rates to combat high inflation.

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

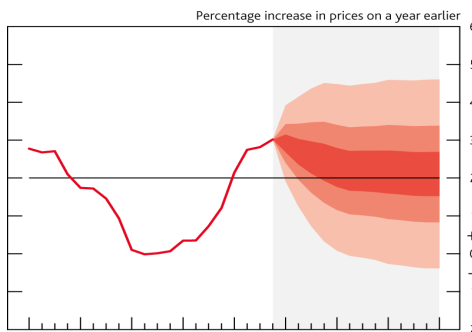
Forecast GDP



The fan chart shows highest probability in the central, darkest band.

Despite an initial downward turn, GDP is likely to show 1 to 2.5% growth over next 2-3 years, which is the same as the prediction from last quarter's report.

Forecast Inflation (CPI)



The fan chart shows highest probability in the central, darkest band.

Government's 2% target is shown as horizontal line. Despite an initial spike at the beginning on 2018, inflation expected to then slow towards the end of the year before easing off to 2% by the end of 2020, which is the target to provide the greatest stability for an economy.