

GIMA Pulse

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

Date of Report: 04/09/2018

Summary

The £ is steady following a poor start to the month that saw it underperform major rivals on a tide of negative Brexit headlines and a below-expectation manufacturing data release. The construction sector slipped back into a slower growth phase in August, with this summer's catchup effect starting to unwind after projects were delayed by adverse weather at the start of 2018.

Foreign demand decreased for the first time since April 2016, despite the continued relative weakness of the sterling exchange rate.

Oil prices continue to edge upwards, with crude being 50% more expensive than this time last year.

What's happened since last month?

Index			Period
GDP	DOWN	0.1%	Q4-Q1
£ to Euro	DOWN	1.4%	Aug-Sep
£ to \$	DOWN	1.8%	Aug-Sep
£ to Yen	DOWN	2.7%	Aug-Sep
FTSE 100	DOWN	1.9%	Aug-Sep
FTSE 250	DOWN	0.5%	Aug-Sep
CPI	UP	0.1%	Jun-Jul
RPI	DOWN	0.2%	Jun-Jul
Retail Sales	UP	0.8%	May-Jul
Mortgage Approvals	DOWN	0.8%	Jun-Jul
Unemployment	DOWN	0.2%	May-Jun
Energy Prices	NONE	0.0%	Jun-Jul
Crude Oil Prices	UP	1.2%	Jun-Jul
Petrol Prices	UP	1.2%	Jul-Aug
Diesel Prices	UP	1.2%	Jul-Aug
Base Rate: 0.75%	NONE	0.00%	Aug-Sep

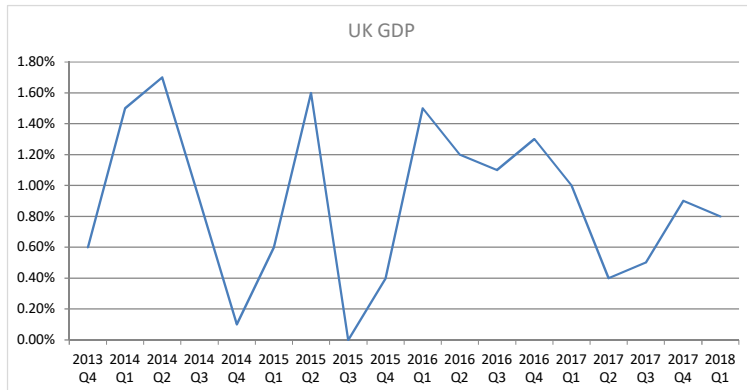
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	DOWN	0.1%	Q1-Q1
£ to Euro	UP	1.4%	Sep-Sep
£ to \$	DOWN	0.7%	Sep-Sep
£ to Yen	UP	0.1%	Sep-Sep
FTSE 100	UP	0.9%	Sep-Sep
FTSE 250	UP	4.6%	Sep-Sep
CPI	DOWN	0.1%	Jul-Jul
RPI	DOWN	0.4%	Jul-Jul
Retail Sales	UP	4.7%	Jul-Jul
Mortgage Approvals	DOWN	6.5%	Jul-Jul
Unemployment	DOWN	0.4%	Jun-Jun
Energy Prices	UP	2.5%	Jul-Jul
Crude Oil Prices	UP	55.1%	Jul-Jul
Petrol Prices	UP	11.5%	Jul-Jul
Diesel Prices	UP	13.5%	Jul-Jul
Base Rate	UP	0.50%	Sep-Sep

Figures based on most recent month/period available

GDP

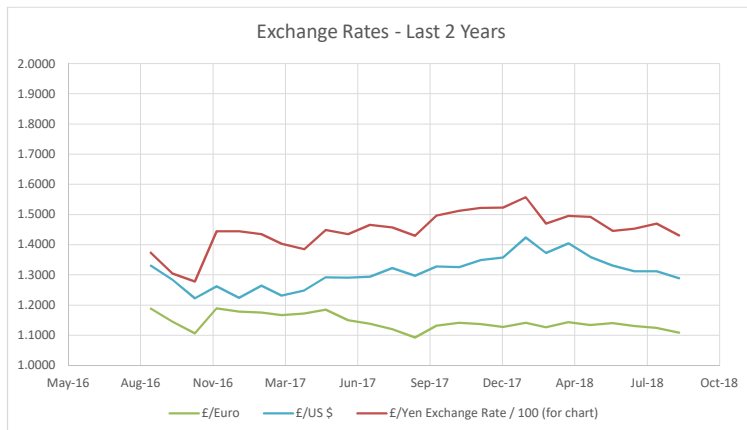


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adusted

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	1.00%
2017 Q2	0.40%
2017 Q3	0.50%
2017 Q4	0.90%
2018 Q1	0.80%

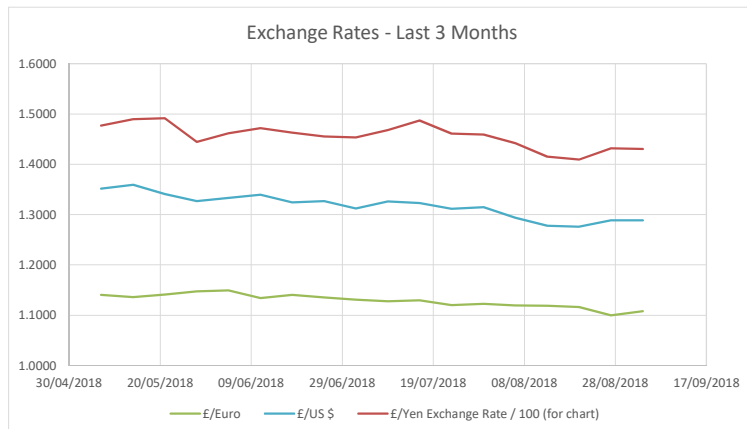
Exchange Rates



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

Source: Bank Of England

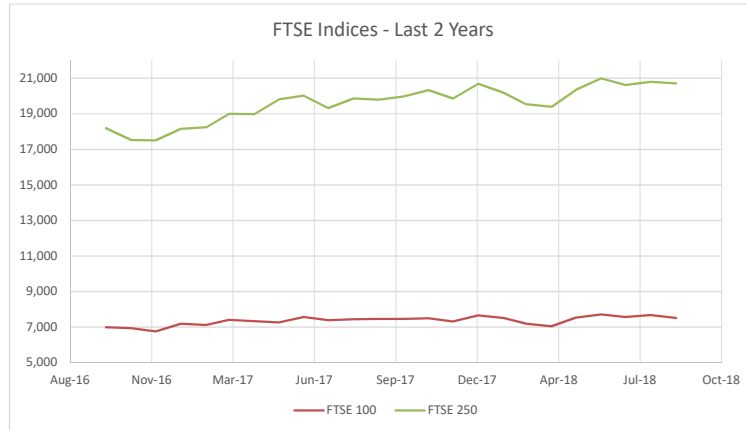
Month	£/Euro	£/US \$	£/Yen
Sep-16	1.1883	1.3299	137.3122
Oct-16	1.1442	1.2834	130.4191
Nov-16	1.1066	1.2220	127.7968
Dec-16	1.1893	1.2622	144.4083
Jan-17	1.1786	1.2240	144.4565
Feb-17	1.1756	1.2647	143.5308
Mar-17	1.1669	1.2317	140.2906
Apr-17	1.1718	1.2483	138.5613
May-17	1.1848	1.2920	144.8849
Jun-17	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
Jun-18	1.1400	1.3308	144.5914
Jul-18	1.1308	1.3124	145.3483
Aug-18	1.1241	1.3122	146.9533
Sep-18	1.1081	1.2885	143.0493
Last Month %	-1.4%	-1.8%	-2.7%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
07/05/2018	1.1404	1.3518	147.6571
14/05/2018	1.1359	1.3593	148.9385
21/05/2018	1.1413	1.3410	149.1527
28/05/2018	1.1476	1.3269	144.4331
04/06/2018	1.1497	1.3332	146.1854
11/06/2018	1.1344	1.3394	147.2001
18/06/2018	1.1403	1.3241	146.2601
25/06/2018	1.1353	1.3269	145.5477
02/07/2018	1.1308	1.3124	145.3483
09/07/2018	1.1276	1.3260	146.8147
16/07/2018	1.1300	1.3231	148.7032
23/07/2018	1.1203	1.3113	146.0788
30/07/2018	1.1224	1.3145	145.8832
06/08/2018	1.1194	1.2940	144.2163
13/08/2018	1.1189	1.2777	141.5308
20/08/2018	1.1161	1.2759	140.9232
27/08/2018	1.1000	1.2884	143.1928
03/09/2018	1.1081	1.2885	143.0493

FTSE 100 & FTSE 250

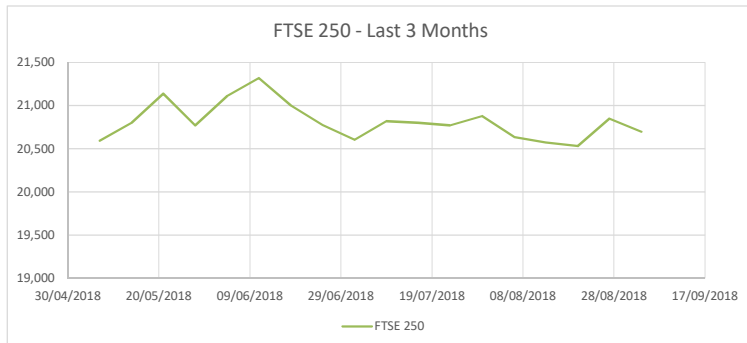
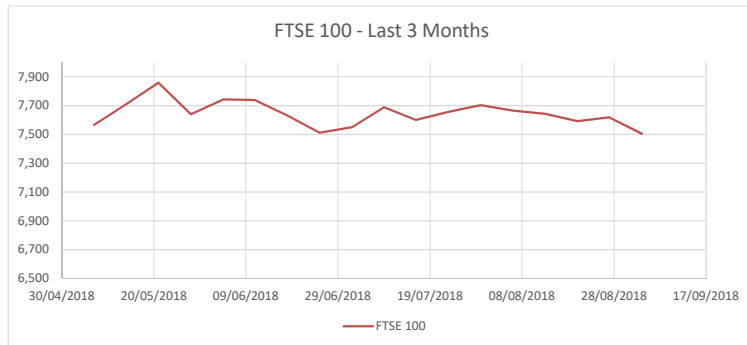


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
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
Jun-18	7,702	20,985
Jul-18	7,548	20,606
Aug-18	7,653	20,801
Sep-18	7,505	20,696
Last Month %	-1.9%	-0.5%



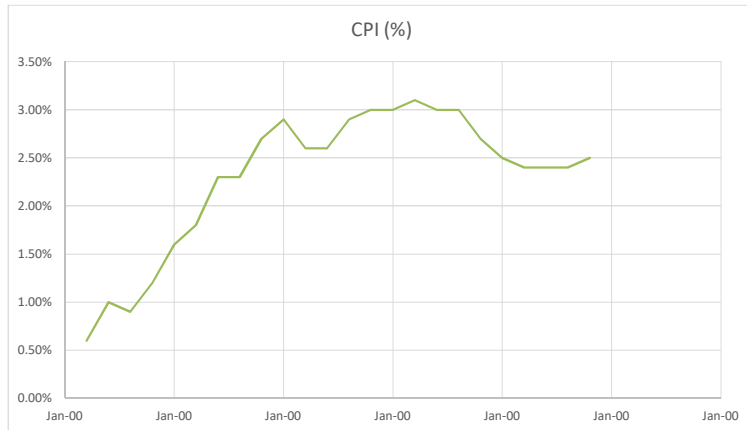
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
07/05/2018	7,566	20,595
14/05/2018	7,711	20,800
21/05/2018	7,859	21,138
28/05/2018	7,639	20,770
04/06/2018	7,741	21,111
11/06/2018	7,737	21,319
18/06/2018	7,631	21,000
25/06/2018	7,510	20,775
02/07/2018	7,548	20,606
09/07/2018	7,688	20,821
16/07/2018	7,600	20,801
23/07/2018	7,656	20,770
30/07/2018	7,701	20,878
06/08/2018	7,664	20,639
13/08/2018	7,643	20,575
20/08/2018	7,591	20,531
27/08/2018	7,617	20,849
03/09/2018	7,505	20,696

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 (%)
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%
Apr-18	2.40%
May-18	2.40%
Jun-18	2.40%
Jul-18	2.50%

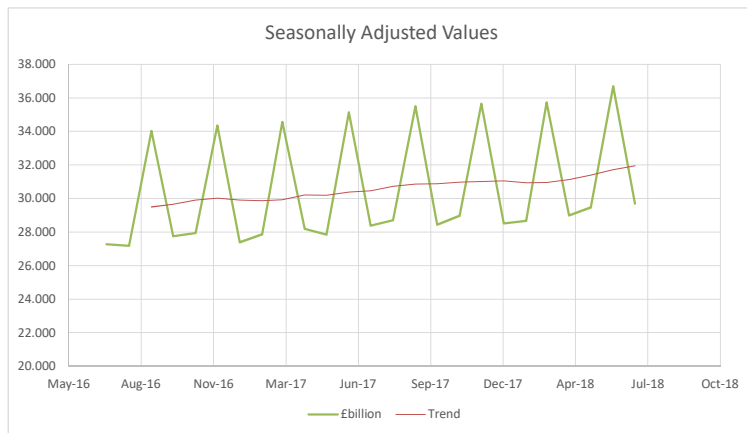
RPI - Retail Price Index



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
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%
Apr-18	3.40%
May-18	3.30%
Jun-18	3.40%
Jul-18	3.20%

Retail Sales

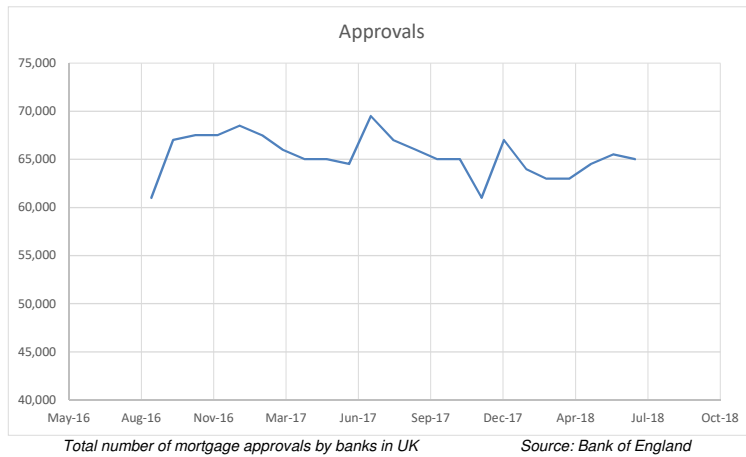


Total Retail Sales Excluding Automotive Fuel
Figures based on weeks; every 3rd month is a 5-week month
Source: Office of National Statistics

Month	£billion
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
Apr-18	28.998
May-18	29.466
Jun-18	36.689
Jul-18	29.697

Year-On-Year Change 1.323 billion
4.66%

Mortgage Approvals



Month	Approvals
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
Apr-18	63,000
May-18	64,500
Jun-18	65,500
Jul-18	65,000
Last Month %	-0.8%

Unemployment



Month	Unemployment
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%
Mar-18	4.20%
Apr-18	4.20%
May-18	4.20%
Jun-18	4.00%

Energy Prices



Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
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
Apr-18	117.9
May-18	118.3
Jun-18	118.3
Jul-18	118.3

Last Month % 0.0%

Crude Oil Prices



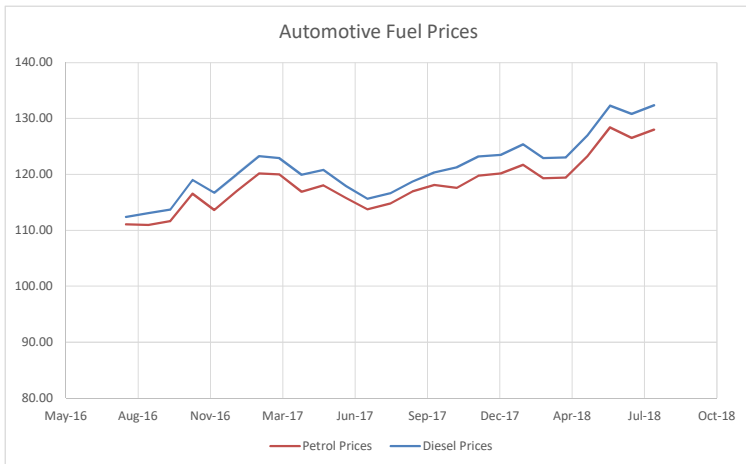
Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
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	92.1
Apr-18	97.0
May-18	110.2
Jun-18	109.6
Jul-18	110.9

Last Month % 1.2%

Automotive Fuel Prices



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

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
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
May-18	123.27	126.99
Jun-18	128.43	132.34
Jul-18	126.54	130.83
Aug-18	128.02	132.39

Last Month % 1.2% 1.2%

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, May 2018

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

Forecast Interest Rates

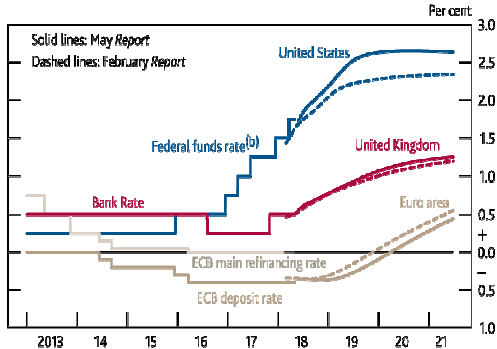
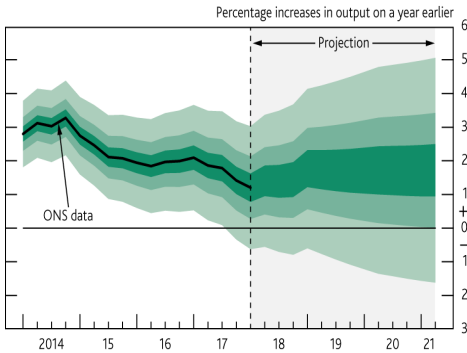


Chart shows latest forecast using solid line. UK interest rates are expected to rise more rapidly than previously thought at the beginning to 1.25% by 2021 which is slightly higher than the previous forecast (dashed line) with England expected to continue raising rates to combat high inflation.

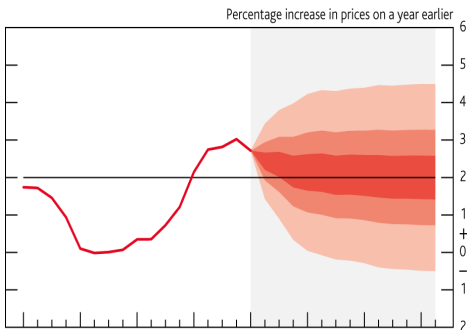
Sources: Bank of England, Bloomberg, European Central Bank (ECB) and Federal Reserve (ref 1.3p7)

Forecast GDP



The fan chart shows highest probability in the central, darkest band. Despite an unstable yet rising projection for 2018, GDP is expected 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. The Government's 2% target is shown as horizontal line. Despite a large spike in the final quarter of 2017, inflation is expected to then slow towards the end of the 2018, easing off to 2% by the end of 2020, which is the target to provide the greatest stability for an economy.