

 **GIMA Pulse**

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

Date of Report: 05/12/2018

Summary

Growth in the UK's key services sector has hit its lowest level since July 2016, prompting fears of stagnation. The previous low came in the immediate aftermath of the UK's referendum vote to leave the European Union. Experts attribute this to the ongoing uncertainty over the exit deal in March and expect the sector, as well as the British economy as a whole, to bounce back.

Airbus UK says that the withdrawal deal negotiated by the prime minister could unlock investment in the UK. The European aircraft firm, which makes its wings in the UK, put investment on hold because of Brexit uncertainty. With large firms such as Airbus making statements like this, it will not be long before others embrace the transitional period, which will only increase further after an exit deal is made.

What's happened since last month?

Index			Period
GDP	UP	0.3%	Q1-Q2
£ to Euro	DOWN	1.4%	Nov-Dec
£ to \$	DOWN	1.8%	Nov-Dec
£ to Yen	DOWN	1.1%	Nov-Dec
FTSE 100	DOWN	0.7%	Nov-Dec
FTSE 250	DOWN	3.2%	Nov-Dec
CPI	NONE	0.0%	Sep-Oct
RPI	NONE	0.0%	Sep-Oct
Retail Sales	DOWN	1.0%	Aug-Oct
Mortgage Approvals	UP	2.3%	Sep-Oct
Unemployment	UP	0.1%	Aug-Sep
Energy Prices	UP	0.2%	Sep-Oct
Crude Oil Prices	UP	6.1%	Sep-Oct
Petrol Prices	DOWN	4.5%	Oct-Nov
Diesel Prices	DOWN	1.9%	Oct-Nov
Base Rate: 0.75%	NONE	0.00%	Nov-Dec

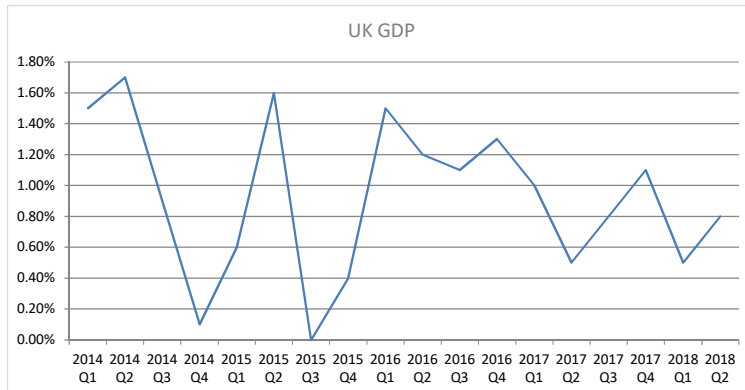
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	UP	0.3%	Q2-Q2
£ to Euro	DOWN	1.3%	Dec-Dec
£ to \$	DOWN	5.6%	Dec-Dec
£ to Yen	DOWN	4.9%	Dec-Dec
FTSE 100	DOWN	3.3%	Dec-Dec
FTSE 250	DOWN	6.5%	Dec-Dec
CPI	DOWN	0.6%	Oct-Oct
RPI	DOWN	0.7%	Oct-Oct
Retail Sales	UP	4.1%	Oct-Oct
Mortgage Approvals	UP	3.1%	Oct-Oct
Unemployment	DOWN	0.2%	Sep-Sep
Energy Prices	UP	2.4%	Oct-Oct
Crude Oil Prices	UP	44.3%	Oct-Oct
Petrol Prices	UP	3.8%	Nov-Nov
Diesel Prices	UP	9.1%	Nov-Nov
Base Rate	UP	0.50%	Nov-Nov

Figures based on most recent month/period available

GDP

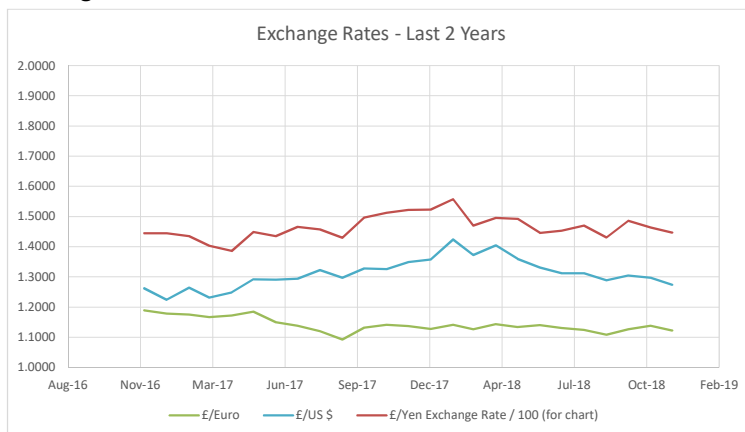


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adjusted

Source: Office of National Statistics

Quarter	UK GDP
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	0.50%
2017 Q3	0.80%
2017 Q4	1.10%
2018 Q1	0.50%
2018 Q2	0.80%

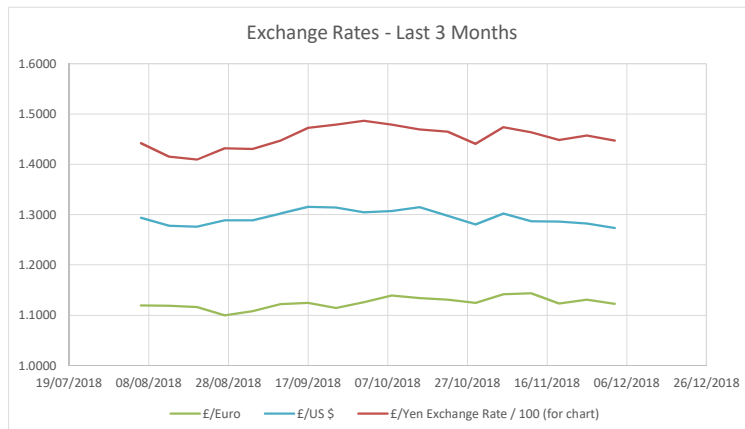
Exchange Rates



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

Source: Bank Of England

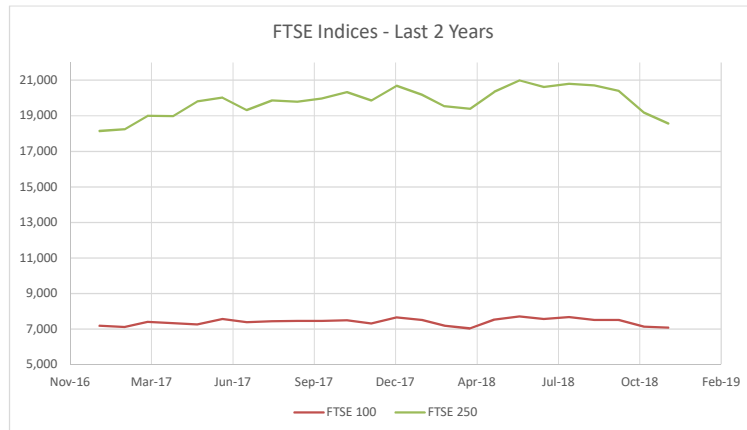
Month	£/Euro	£/US \$	£/Yen
Dec-16	1.1893	1.2622	144.4083
Jan-17	1.1786	1.2240	144.4565
Feb-17	1.1756	1.2647	143.5308
Mar-17	1.1669	1.2317	140.2906
Apr-17	1.1718	1.2483	138.5613
May-17	1.1848	1.2920	144.8849
Jun-17	1.1494	1.2903	143.5330
Jul-17	1.1380	1.2937	146.5762
Aug-17	1.1202	1.3229	145.7174
Sep-17	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
Oct-18	1.1260	1.3043	148.6250
Nov-18	1.1384	1.2974	146.3208
Dec-18	1.1224	1.2737	144.6923
Last Month %	-1.4%	-1.8%	-1.1%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
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
10/09/2018	1.1219	1.3019	144.6671
17/09/2018	1.1249	1.3151	147.2254
24/09/2018	1.1145	1.3139	147.8663
01/10/2018	1.1260	1.3043	148.6250
08/10/2018	1.1392	1.3071	147.8461
15/10/2018	1.1344	1.3144	146.9105
22/10/2018	1.1311	1.2974	146.4505
29/10/2018	1.1243	1.2806	144.0547
05/11/2018	1.1419	1.3018	147.3768
12/11/2018	1.1435	1.2866	146.3765
19/11/2018	1.1234	1.2864	144.8229
26/11/2018	1.1310	1.2826	145.7034
03/12/2018	1.1224	1.2737	144.6923

FTSE 100 & FTSE 250

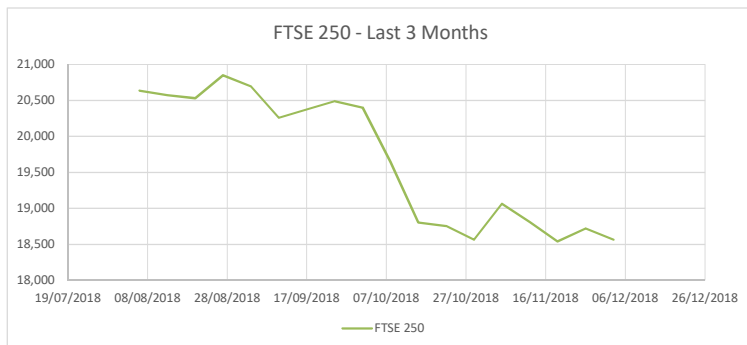
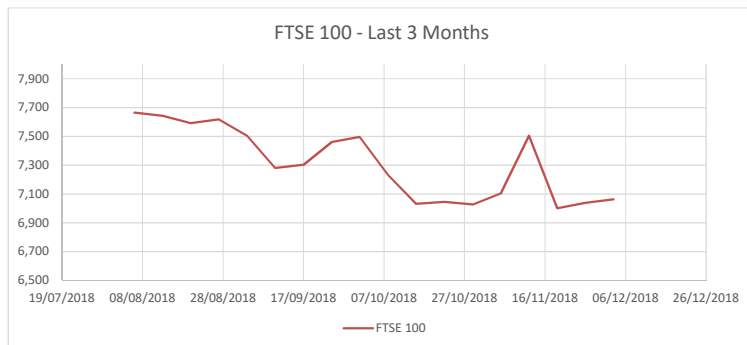


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
Jan-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
Oct-18	7,496	20,401
Nov-18	7,115	19,172
Dec-18	7,062	18,564
Last Month %	-0.7%	-3.2%



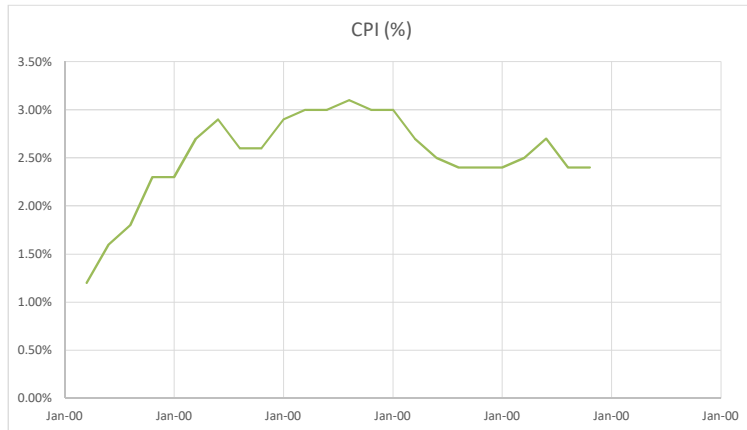
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
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
10/09/2018	7,279	20,260
17/09/2018	7,302	20,374
24/09/2018	7,458	20,488
01/10/2018	7,496	20,401
08/10/2018	7,233	19,646
15/10/2018	7,030	18,803
22/10/2018	7,043	18,758
29/10/2018	7,026	18,567
05/11/2018	7,104	19,064
12/11/2018	7,503	18,812
19/11/2018	7,001	18,540
26/11/2018	7,036	18,719
03/12/2018	7,062	18,564

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-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%
Aug-18	2.70%
Sep-18	2.40%
Oct-18	2.40%

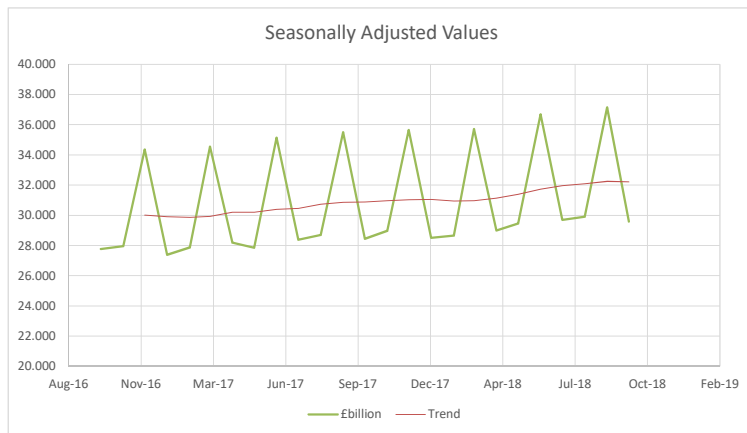
RPI - Retail Price Index



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-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%
Aug-18	3.50%
Sep-18	3.30%
Oct-18	3.30%

Retail Sales

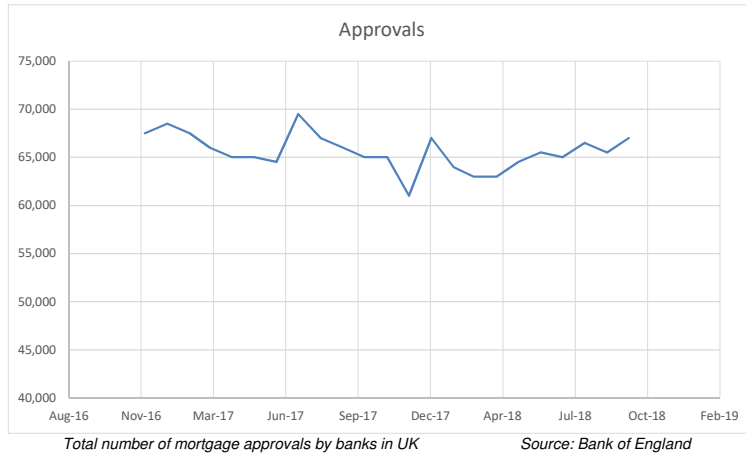


Total Retail Sales Excluding Automotive Fuel
Figures based on weeks; every 3rd month is a 5-week month
Source: Office of National Statistics

Month	£billion
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
Aug-18	29.897
Sep-18	37.147
Oct-18	29.596

Year-On-Year Change 1.152 billion
4.05%

Mortgage Approvals



Month	Approvals
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
Aug-18	66,500
Sep-18	65,500
Oct-18	67,000
Last Month %	2.3%

Unemployment



Month	Unemployment
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%
Jul-18	4.00%
Aug-18	4.00%
Sep-18	4.10%

Energy Prices

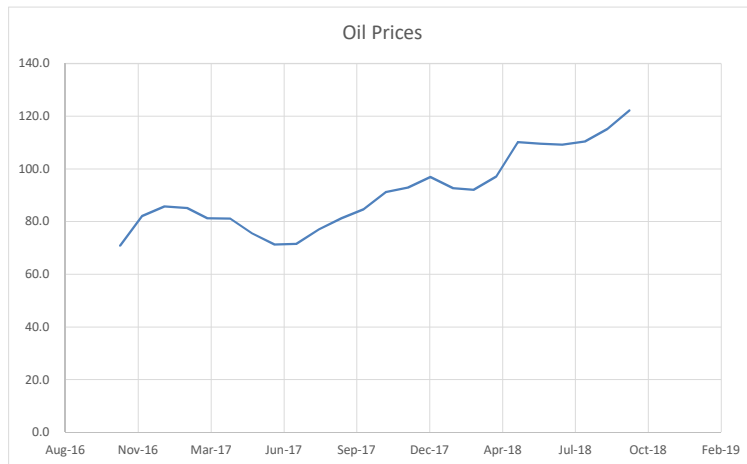


Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
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
Aug-18	119.1
Sep-18	119.2
Oct-18	119.4
Last Month %	0.2%

Crude Oil Prices

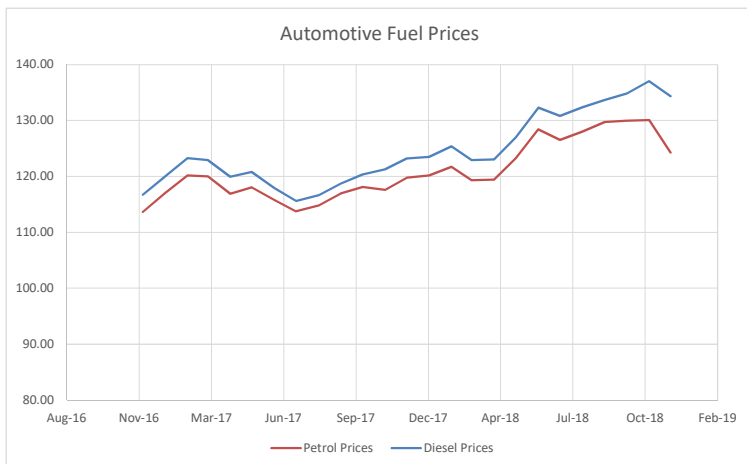


Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
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	109.2
Aug-18	110.4
Sep-18	115.2
Oct-18	122.2
Last Month %	6.1%

Automotive Fuel Prices



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

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
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
Sep-18	129.76	133.67
Oct-18	129.98	134.86
Nov-18	130.11	137.03
Dec-18	124.30	134.38
Last Month %	-4.5%	-1.9%

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, August 2018

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

Forecast Interest Rates

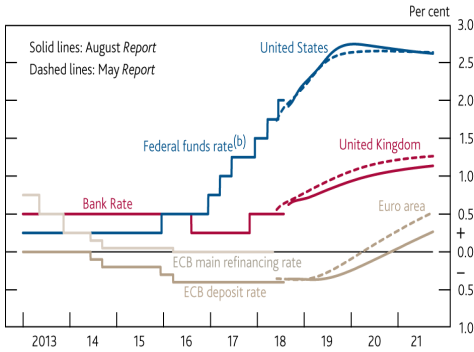
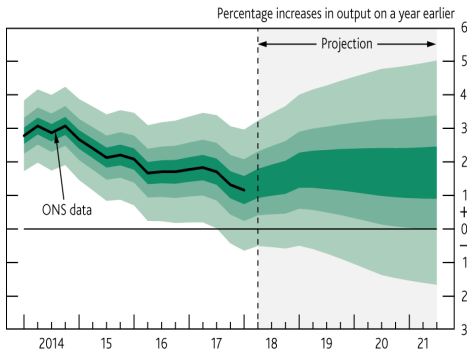


Chart shows latest forecast using solid line.

UK interest rates are expected to rise more steadily than previously thought in May to 1.125% by 2021 which is just shy of the previous forecast (dashed line) with the Bank of England raising rates slowly with the next hike expected in Summer 2019.

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

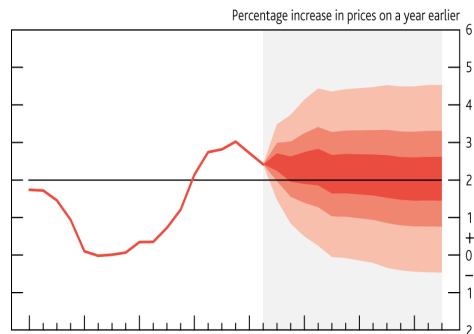
Forecast GDP



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

Despite an volatile yet rapid growth projection for 2018, GDP is expected to stabilise to 1 - 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 fall towards the national target of inflation in the 1st quarter of 2018, inflation is expected to prove volatile and possibly rise for next 12 months. Gradually easing to 2% midway through 2019, which is the target to provide the greatest stability for an