

 **GIMA Pulse**

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

Date of Report: 04/01/2019

Summary

The housing market took a large hit in this month's report due in part to continued rising Brexit fears. However, looking at data over the last 5 years, every year there is a dip in **mortgage approvals** in the run up to Christmas, with the population preferring to spend money on retail. Following a fall in **oil** and **energy prices** at the end of 2018 it seems that in the mid-to-long term this downturn shall continue with most countries now driving towards the EV revolution with the pursuit of renewable energy sources coming to the forefront of many nation's economic and social goals. This month Brexit concerns have once again damaged the value of the £ and the level of foreign and domestic investment for **FTSE 100** and **250** companies. However the latest GDP forecasts look positive over the next 12-18 months (see final page below).

What's happened since last month?

Index			Period
GDP	NONE	0.0%	Q2-Q3
£ to Euro	DOWN	1.1%	Dec-Jan
£ to \$	DOWN	1.0%	Dec-Jan
£ to Yen	DOWN	4.8%	Dec-Jan
FTSE 100	DOWN	4.6%	Dec-Jan
FTSE 250	DOWN	5.3%	Dec-Jan
CPI	DOWN	0.1%	Oct-Nov
RPI	DOWN	0.1%	Oct-Nov
Retail Sales	UP	1.5%	Oct-Nov
Mortgage Approvals	DOWN	4.5%	Oct-Nov
Unemployment	NONE	0.0%	Sep-Oct
Energy Prices	UP	0.3%	Oct-Nov
Crude Oil Prices	DOWN	14.1%	Oct-Nov
Petrol Prices	DOWN	4.5%	Oct-Nov
Diesel Prices	DOWN	1.9%	Oct-Nov
Base Rate: 0.75%	NONE	0.00%	Nov-Dec

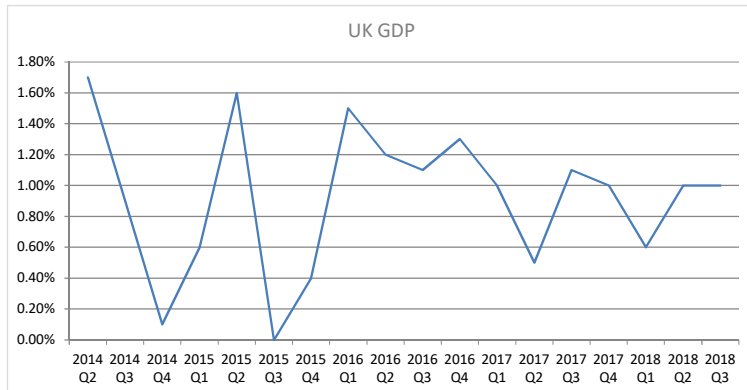
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	DOWN	0.1%	Q3-Q3
£ to Euro	DOWN	1.5%	Jan-Jan
£ to \$	DOWN	7.2%	Jan-Jan
£ to Yen	DOWN	9.5%	Jan-Jan
FTSE 100	DOWN	12.0%	Jan-Jan
FTSE 250	DOWN	15.0%	Jan-Jan
CPI	DOWN	0.8%	Nov-Nov
RPI	DOWN	0.7%	Nov-Nov
Retail Sales	UP	3.7%	Nov-Nov
Mortgage Approvals	DOWN	2.3%	Nov-Nov
Unemployment	DOWN	0.2%	Oct-Oct
Energy Prices	UP	2.3%	Nov-Nov
Crude Oil Prices	UP	13.9%	Nov-Nov
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

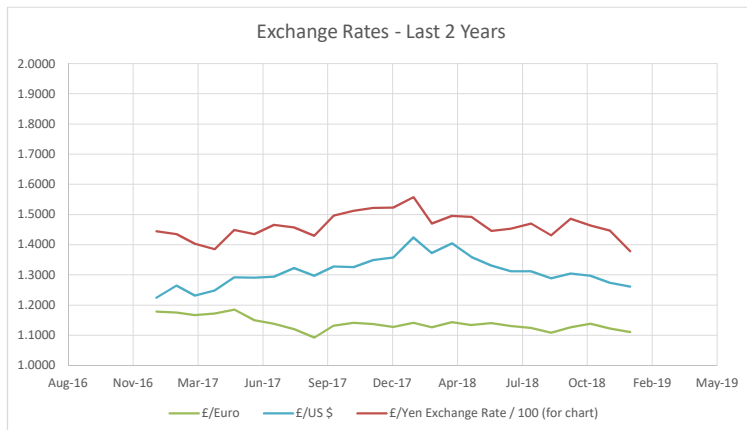


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adusted

Source: Office of National Statistics

Quarter	UK GDP
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	1.10%
2017 Q4	1.00%
2018 Q1	0.60%
2018 Q2	1.00%
2018 Q3	1.00%

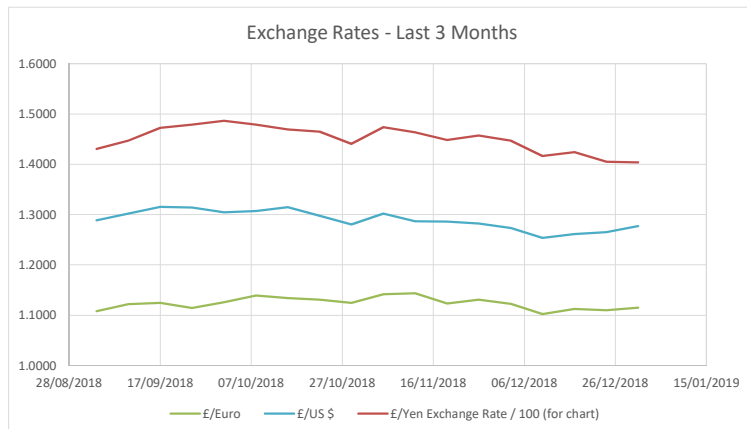
Exchange Rates



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

Source: Bank Of England

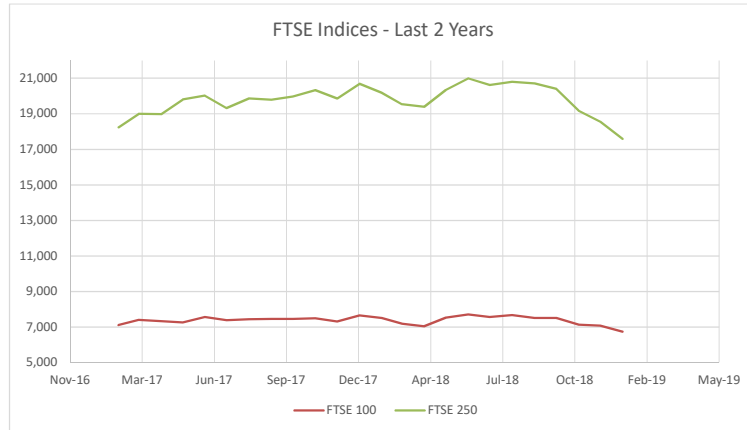
Month	£/Euro	£/US \$	£/Yen
Jan-17	1.1786	1.2240	144.4565
Feb-17	1.1756	1.2647	143.5308
Mar-17	1.1669	1.2317	140.2906
Apr-17	1.1718	1.2483	138.5613
May-17	1.1848	1.2920	144.8849
Jun-17	1.1494	1.2903	143.5330
Jul-17	1.1380	1.2937	146.5762
Aug-17	1.1202	1.3229	145.7174
Sep-17	1.0923	1.2973	142.9625
Oct-17	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
Jan-19	1.1104	1.2608	137.8180
Last Month %	-1.1%	-1.0%	-4.8%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
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
10/12/2018	1.1023	1.2536	141.6443
17/12/2018	1.1124	1.2610	142.3940
24/12/2018	1.1099	1.2649	140.5177
31/12/2018	1.1149	1.2769	140.3952

FTSE 100 & FTSE 250

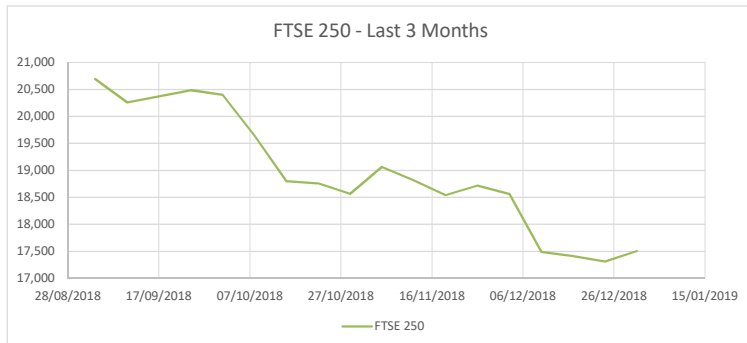
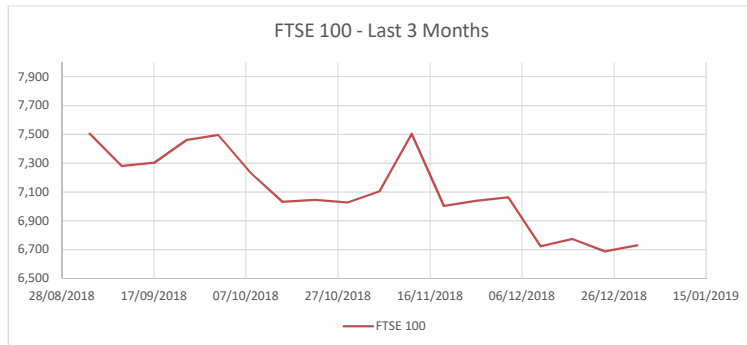


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
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
Jan-19	6,734	17,587
Last Month %	-4.6%	-5.3%



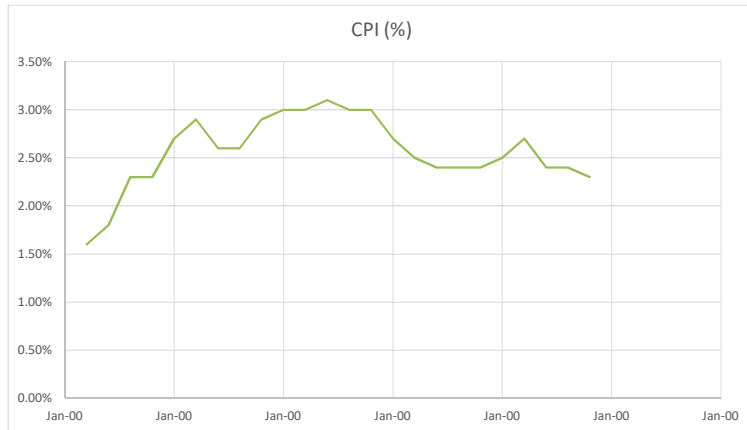
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
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
10/12/2018	6,722	17,492
17/12/2018	6,773	17,417
24/12/2018	6,686	17,312
31/12/2018	6,728	17,502

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 (%)
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%
Nov-18	2.30%

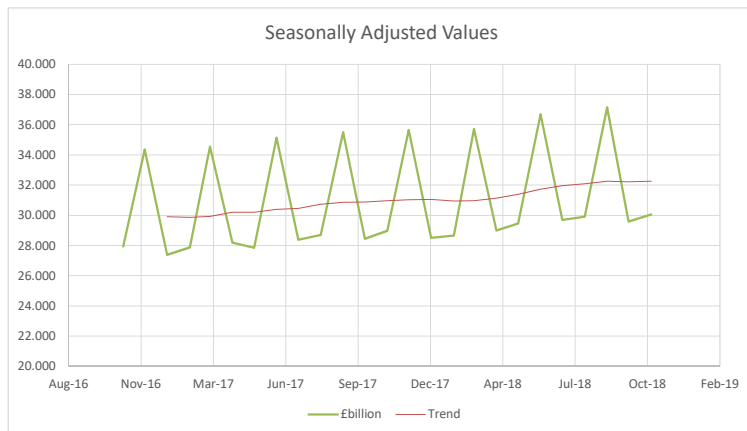
RPI - Retail Price Index



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
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%
Nov-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
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
Nov-18	30,045

Year-On-Year Change 1.074 billion
3.71%

Mortgage Approvals



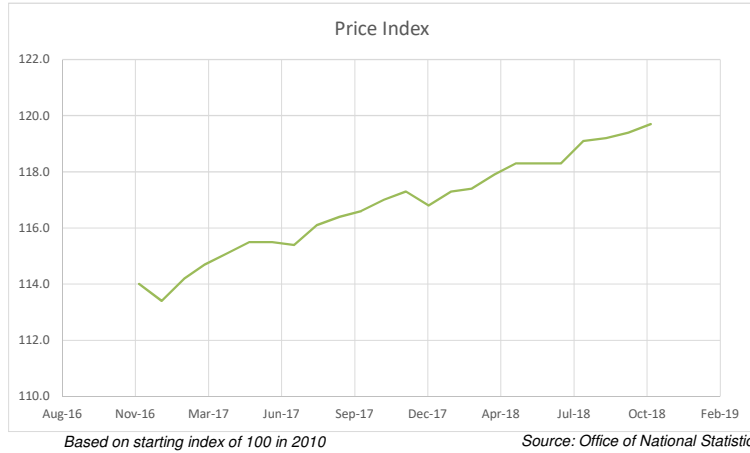
Month	Approvals
Jan-17	68,500
Feb-17	67,500
Mar-17	66,000
Apr-17	65,000
May-17	65,000
Jun-17	64,500
Jul-17	69,500
Aug-17	67,000
Sep-17	66,000
Oct-17	65,000
Nov-17	65,000
Dec-17	61,000
Jan-18	67,000
Feb-18	64,000
Mar-18	63,000
Apr-18	63,000
May-18	64,500
Jun-18	65,500
Jul-18	65,000
Aug-18	66,500
Sep-18	65,500
Oct-18	66,500
Nov-18	63,500
Last Month %	-4.5%

Unemployment



Month	Unemployment
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%
Oct-18	4.10%

Energy Prices



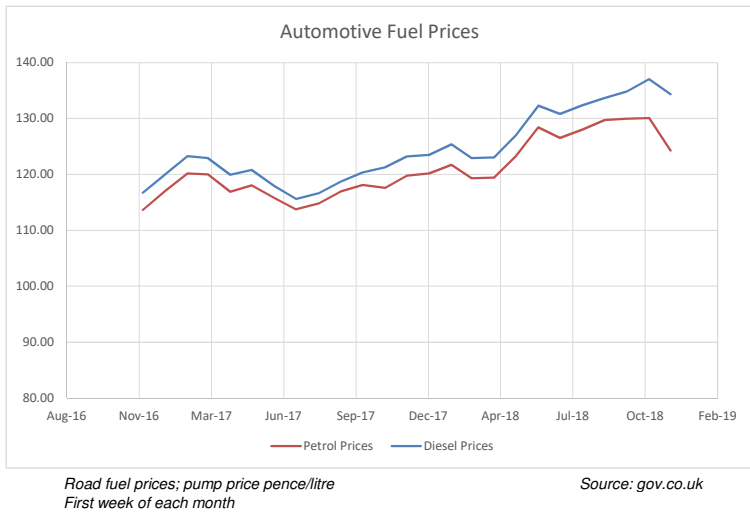
Month	Price Index
Dec-16	114.0
Jan-17	113.4
Feb-17	114.2
Mar-17	114.7
Apr-17	115.1
May-17	115.5
Jun-17	115.5
Jul-17	115.4
Aug-17	116.1
Sep-17	116.4
Oct-17	116.6
Nov-17	117.0
Dec-17	117.3
Jan-18	116.8
Feb-18	117.3
Mar-18	117.4
Apr-18	117.9
May-18	118.3
Jun-18	118.3
Jul-18	118.3
Aug-18	119.1
Sep-18	119.2
Oct-18	119.4
Nov-18	119.7
Last Month %	0.3%

Crude Oil Prices



Month	Oil Prices
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	121.0
Nov-18	103.9
Last Month %	-14.1%

Automotive Fuel Prices



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, November 2018

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

Forecast Interest Rates

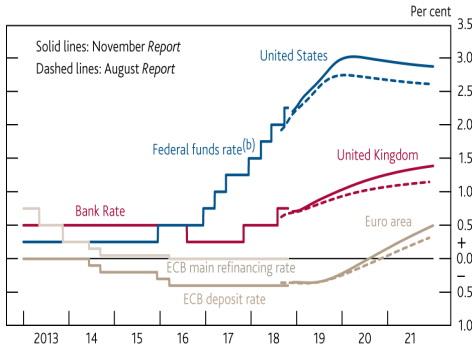
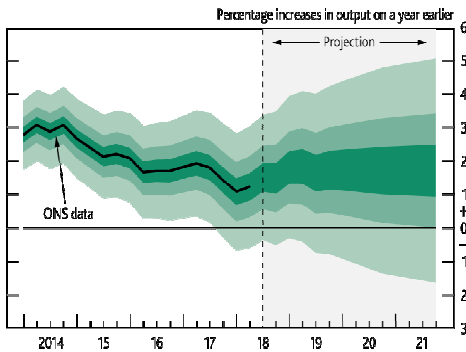


Chart shows latest forecast using solid line. UK interest rates are expected to rise faster than previously thought in August to nearly 1.5% by the end of 2021 which is just shy of the previous forecast. Bank of England raising rates slowly with the next hike expected in Summer 2019.

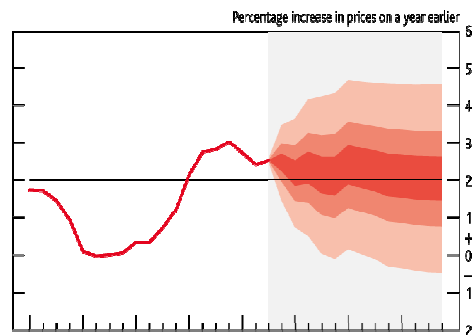
Sources: Bank of England, Bloomberg, European Central Bank (ECB) and Federal Reserve (ref 1.3p7)

Forecast GDP



The fan chart shows highest probability in the central, darkest band. Despite a volatile prediction of growth for 2019, GDP is expected to stabilise after Q2 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 inflation target in the 1st quarter of 2018, inflation is expected to prove volatile and possibly rise for next 12 months. Gradually easing to 2% at the end of 2019, which is the target to provide the greatest stability for an economy.