

 **GIMA Pulse**

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

Date of Report: 05/04/2019

Summary

UK food prices last month reached their highest rate of inflation in almost six years, according to the British Retail Consortium. Extreme weather last year - both cold and hot - hit the planting of crops, pushing up the price of items such as onions, potatoes and cabbages. However overall inflation figures are under control - **RPI and CPI** are near the government's 2.0% target at 1.9% and 2.5% respectively.

The **unemployment** rate has fallen to 3.9%, the lowest since the start of 1975, in the three months to January. This contrasts interestingly with the other countries such as Greece (18.5%), Spain (14.1%), Italy (10.5%), France (8.8%), Sweden (6.2%), Poland (3.7%), Germany 3.2% - with the EU at an average of 6.5%.

Crude Oil prices are drifting up again (5.6%) after a 20% fall at the end of 2018. **Forecourt prices** are following a similar trend, albeit with smaller increments.

What's happened since last month?

Index			Period
GDP	NONE	0.0%	Q2-Q3
£ to Euro	UP	0.7%	Mar-Apr
£ to \$	DOWN	0.8%	Mar-Apr
£ to Yen	DOWN	1.4%	Mar-Apr
FTSE 100	UP	3.0%	Mar-Apr
FTSE 250	DOWN	0.8%	Mar-Apr
CPI	UP	0.1%	Jan-Feb
RPI	NONE	0.0%	Jan-Feb
Retail Sales	UP	0.3%	Jan-Feb
Mortgage Approvals	DOWN	3.7%	Jan-Feb
Unemployment	DOWN	0.1%	Dec-Jan
Energy Prices	UP	0.5%	Jan-Feb
Crude Oil Prices	UP	5.6%	Jan-Feb
Petrol Prices	UP	0.4%	Feb-Mar
Diesel Prices	UP	0.9%	Feb-Mar
Base Rate: 0.75%	NONE	0.00%	Mar-Apr

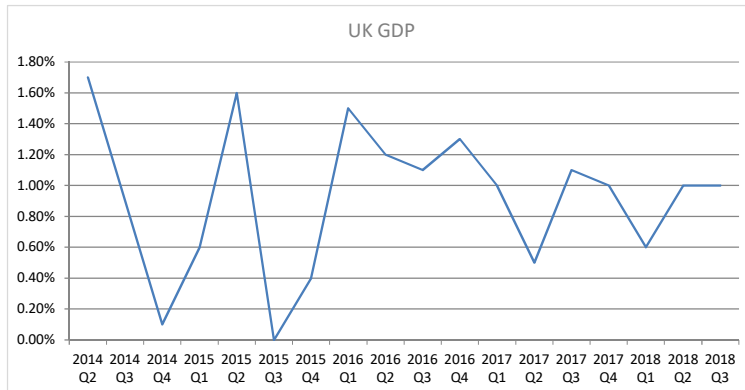
Figures based on most recent month/period available.

What's happened since this time last year?

Index			Period
GDP	DOWN	0.1%	Q3-Q3
£ to Euro	UP	2.4%	Apr-Apr
£ to \$	DOWN	6.4%	Apr-Apr
£ to Yen	DOWN	2.3%	Apr-Apr
FTSE 100	UP	4.1%	Apr-Apr
FTSE 250	DOWN	0.8%	Apr-Apr
CPI	DOWN	0.8%	Feb-Feb
RPI	DOWN	1.1%	Feb-Feb
Retail Sales	UP	5.2%	Feb-Feb
Mortgage Approvals	UP	0.8%	Feb-Feb
Unemployment	DOWN	0.4%	Jan-Jan
Energy Prices	UP	1.8%	Feb-Feb
Crude Oil Prices	UP	1.6%	Feb-Feb
Petrol Prices	UP	0.4%	Mar-Mar
Diesel Prices	UP	5.9%	Mar-Mar
Base Rate	UP	0.25%	Apr-Apr

Figures based on most recent month/period available

GDP

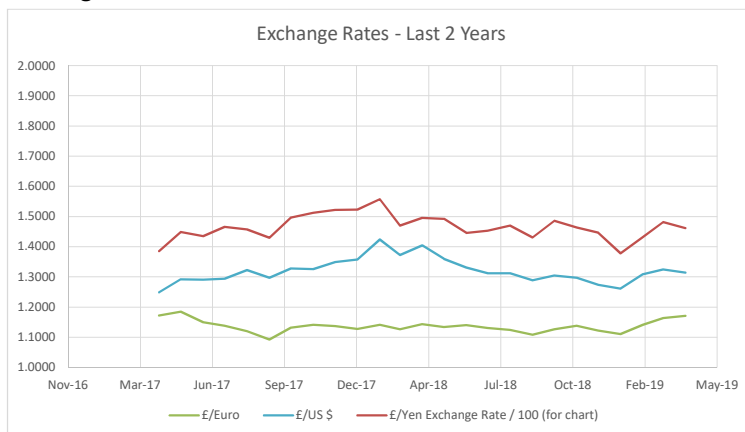


GDP as percentage growth/decline against previous quarter
CP SA version ie Current Prices Seasonally Adusted

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%

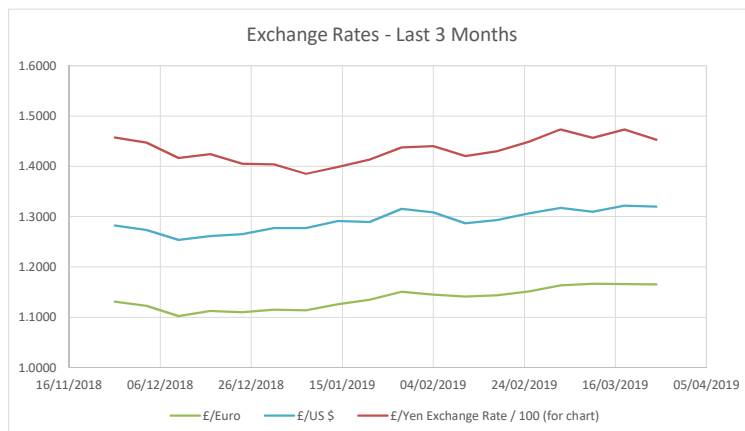
Exchange Rates



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

Source: Bank Of England

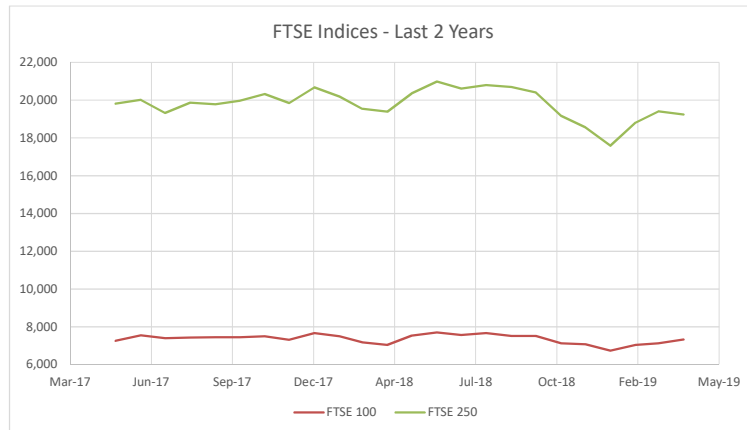
Month	£/Euro	£/US \$	£/Yen
Apr-17	1.1718	1.2483	138.5613
May-17	1.1848	1.2920	144.8849
Jun-17	1.1494	1.2903	143.5330
Jul-17	1.1380	1.2937	146.5762
Aug-17	1.1202	1.3229	145.7174
Sep-17	1.0923	1.2973	142.9625
Oct-17	1.1313	1.3276	149.6471
Nov-17	1.1412	1.3257	151.1961
Dec-17	1.1370	1.3490	152.1672
Jan-18	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
Feb-19	1.1417	1.3093	143.1981
Mar-19	1.1630	1.3243	148.1892
Apr-19	1.1712	1.3141	146.1279
Last Month %	0.7%	-0.8%	-1.4%



Source: Bank Of England

Date	£/Euro	£/US \$	£/Yen
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
07/01/2019	1.1140	1.2772	138.4996
14/01/2019	1.1260	1.2912	139.8757
21/01/2019	1.1345	1.2895	141.3550
28/01/2019	1.1504	1.3156	143.7688
04/02/2019	1.1449	1.3085	144.0004
11/02/2019	1.1409	1.2866	142.0406
18/02/2019	1.1434	1.2928	142.9837
25/02/2019	1.1516	1.3067	144.8738
04/03/2019	1.1633	1.3173	147.3268
11/03/2019	1.1666	1.3095	145.6426
18/03/2019	1.1660	1.3220	147.2840
25/03/2019	1.1655	1.3197	145.2990

FTSE 100 & FTSE 250

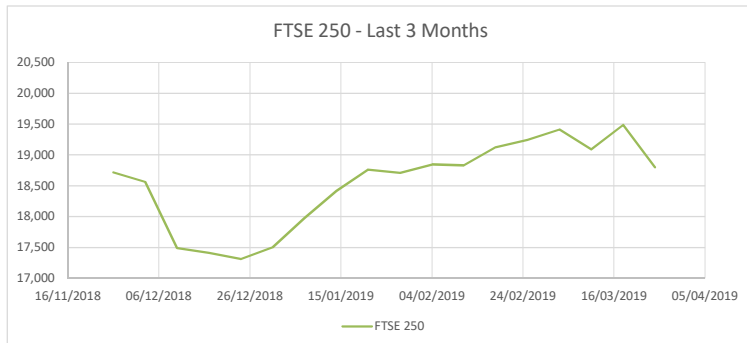
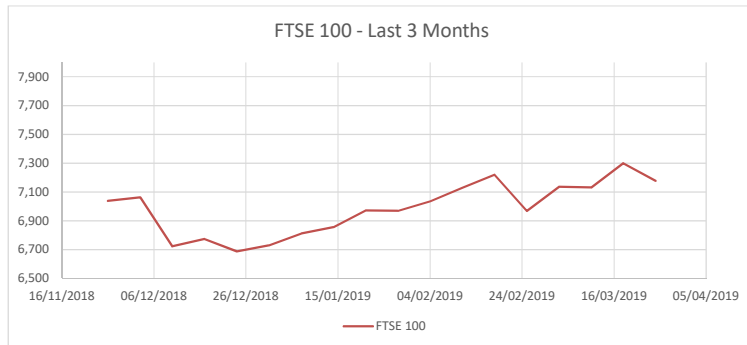


Value at 23 Jun 2016: 6,338 & 17,333

Source: London Stock Exchange

LAST 2 YEARS

Month	FTSE 100	FTSE 250
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
Feb-19	7,020	18,811
Mar-19	7,107	19,400
Apr-19	7,317	19,239
Last Month %	3.0%	-0.8%



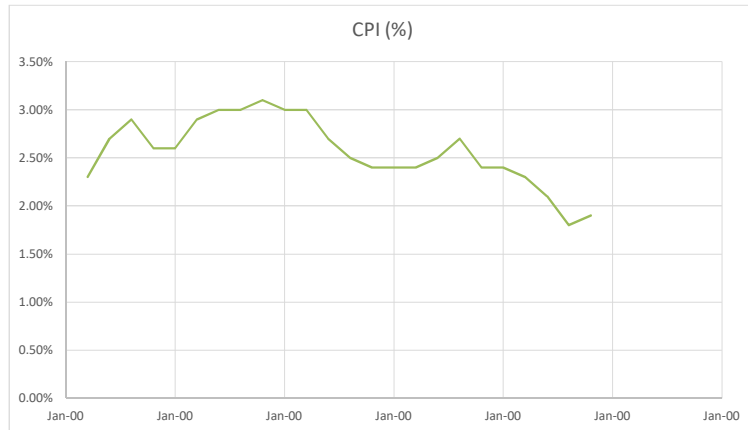
FTSE 100 - an index of the top 100 companies in UK
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

LAST 3 MONTHS

Date	FTSE 100	FTSE 250
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
07/01/2019	6,811	17,976
14/01/2019	6,855	18,418
21/01/2019	6,971	18,763
28/01/2019	6,969	18,712
04/02/2019	7,034	18,849
11/02/2019	7,129	18,832
18/02/2019	7,219	19,127
25/02/2019	6,969	19,247
04/03/2019	7,134	19,411
11/03/2019	7,131	19,093
18/03/2019	7,299	19,487
25/03/2019	7,178	18,800

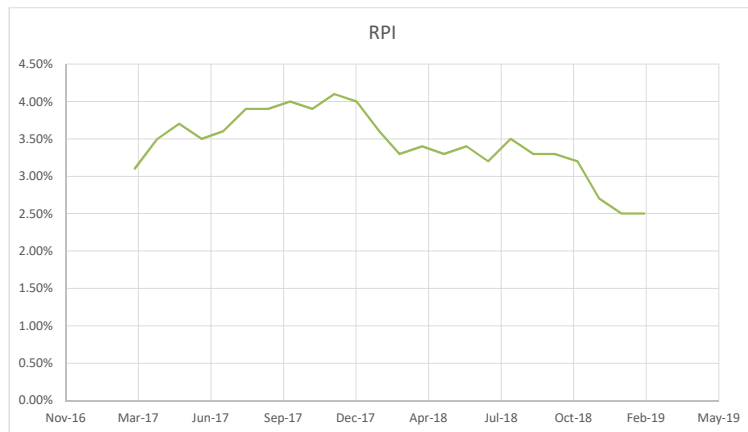
CPI - Consumer Price Index



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 (%)
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%
Dec-18	2.10%
Jan-19	1.80%
Feb-19	1.90%

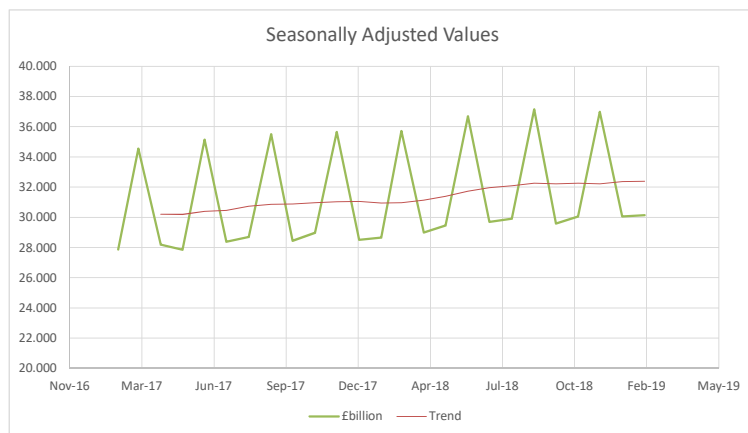
RPI - Retail Price Index



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
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%
Dec-18	2.70%
Jan-19	2.50%
Feb-19	2.50%

Retail Sales



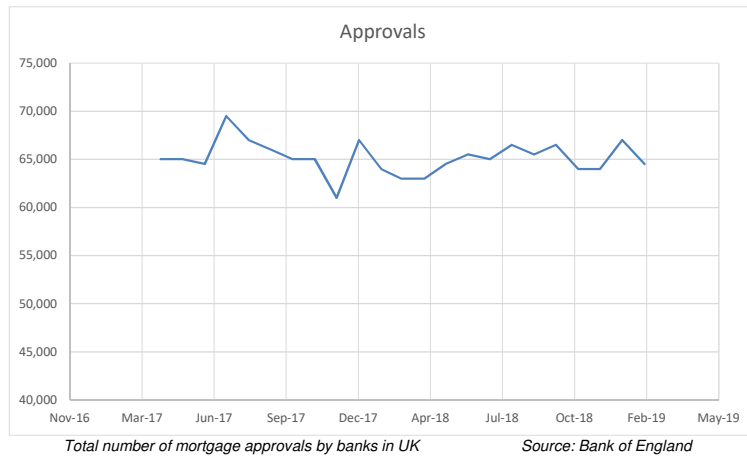
Total Retail Sales Excluding Automotive Fuel
Figures based on weeks; every 3rd month is a 5-week month

Source: Office of National Statistics

Month	£billion
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
Dec-18	36.984
Jan-19	30.054
Feb-19	30.138

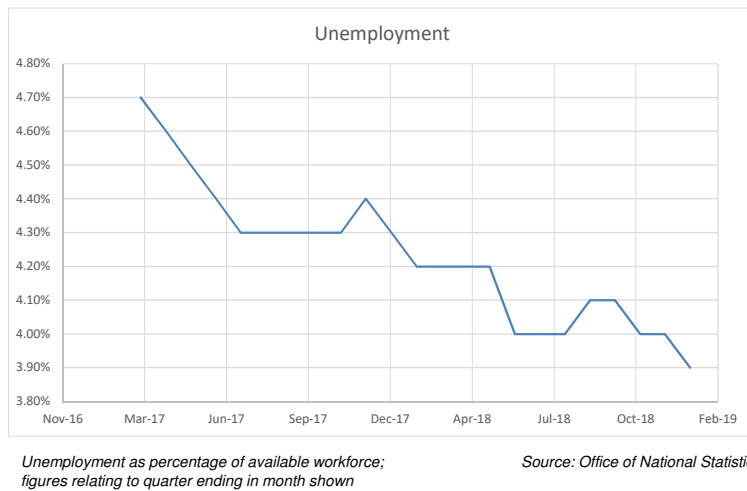
Year-On-Year Change 1.481 billion
5.17%

Mortgage Approvals



Month	Approvals
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	64,000
Dec-18	64,000
Jan-19	67,000
Feb-19	64,500
Last Month %	-3.7%

Unemployment



Month	Unemployment
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%
Nov-18	4.00%
Dec-18	4.00%
Jan-19	3.90%

Energy Prices



Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
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
Dec-18	119.8
Jan-19	118.9
Feb-19	119.5

Last Month % 0.5%

Crude Oil Prices



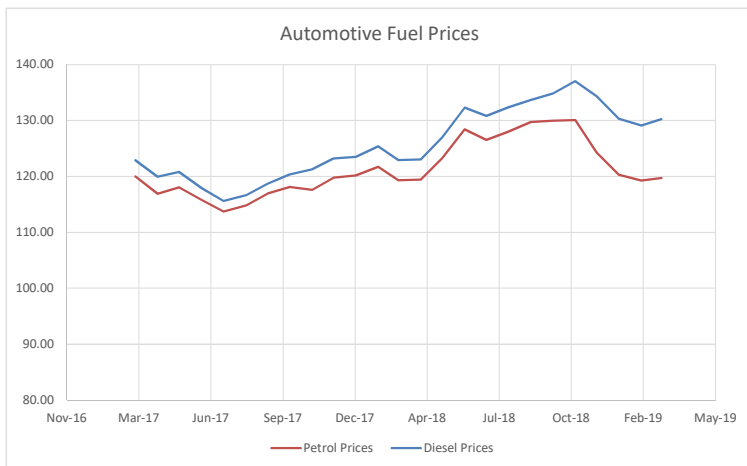
Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
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
Dec-18	88.6
Jan-19	89.2
Feb-19	94.2

Last Month % 5.6%

Automotive Fuel Prices



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

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
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
Jan-19	120.27	130.33
Feb-19	119.23	129.13
Mar-19	119.72	130.25

Last Month % 0.4% 0.9%

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, February 2019

<https://www.bankofengland.co.uk/inflation-report/2019/february-2019>

Forecast Interest Rates

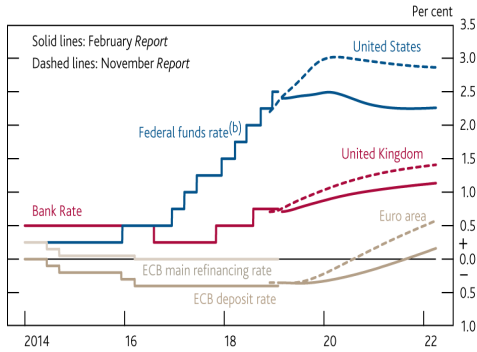
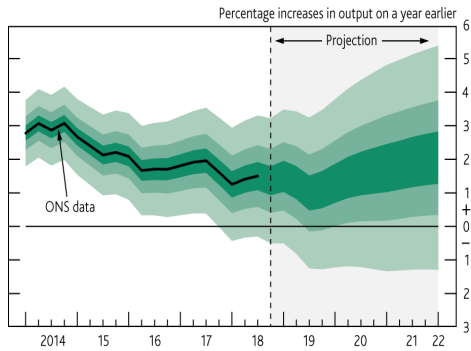


Chart shows latest forecast using solid line.

UK interest rates are expected to rise much more slowly than previously thought in N to just over 1% by the end of 2022 which is just shy of the previous forecast (dashed) 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)

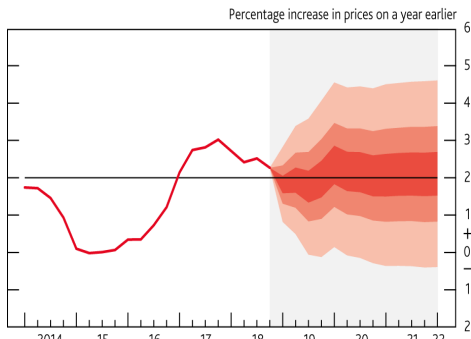
Forecast GDP



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 4th quarter of 2018, inflation is expected to prove volatile and possibly rise over the next 12 months. Gradually ease to 2% at in summer 2020, which is the target to provide the greatest stability for an eco