CORNWALL COUNCIL
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European Union
European Structural
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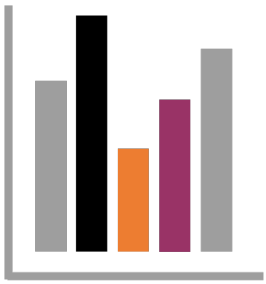
# Economy Monitoring Monthly Update (EMMU)

## December 2019

**Economic Growth Service**
Economic Growth and Development



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# 1 Commentary, Profile and Data Summary

## 1 Introduction

This report sets out a number of indicators which show what is happening in the economy: such as claimants, unemployment, house prices and repossessions. Some of these relate to Cornwall, some to the south west, while others indicate what is happening across the UK and on an international basis, particularly the European Union. Not all indicators/reports are issued monthly; hence updates will vary in coverage. Some monthly data is for the current month, some for the previous month. During months when a quarterly update is not available, the latest report will be shown. The usual health warning with data should be borne in mind – data may be provisional and subject to revision.

## 2 Commentary

**December – an Overview**

The economy remained weak with business confidence indicators in negative territory and consumers were also pessimistic. On the output front, GDP growth was static with Production and Construction declining while Services saw some growth. Records continue to hold good in the labour market with regard to employment and unemployment, while real earnings continued upwards. Consumer prices stabilised while producer prices increased. The housing market saw prices up on an annual basis, while net mortgage lending was up compared to the previous month. Sales saw a slight uptick.

**In Cornwall**

Alternative Claimant Count figures for August were down slightly compared to July but up compared to August 2018.

APS labour market figures show that over the last year the total aged 16-64 has been static[1]. The numbers of economically active rose, while economically inactive fell. Employment numbers were up, for both employees and the self-employed. The number of those working full-time fell back moved up while part-time numbers fell. The number of unemployed fell over the year. Job postings in November at 2,267 were up on a monthly basis and compared to the same month in 2018.

In Q3 2019, house prices averaged £237,000, up from £229,200 in Q2 2019 and also up from £230,000 in Q3 2018. In the year ending June 2019, median house prices in Cornwall equalled £225,000 compared to £240,000 for England[2]. Total sales in August 2019 at 811 were up 15% on the August 2018 total of 1,018. In December there were 4,838 properties available for sale or rent, this was down on the December 2018 figure.

[1] Due to the volatility of the data changes in figures from one period to another may not reflect underlying trends.
[2] UK figures not available.

The latest Cornwall Chamber of Commerce survey takes the data up to Q3 2019[3]. Compared to Q3 2018, there were negative readings[4] for 7 of the 12 indicators, with 5 positive. The largest negative changes were in terms of businesses having recruitment difficulties and those where export sales had decreased. On the positive side the percentage of businesses operating at full capacity at 45% was up on the 33% in Q3 2018.

**For the UK**

Business confidence indicators remained weak despite slight upturns. Manufacturing contracted as did Services although the decline in Construction lessened. On the jobs front, permanent hiring dropped again. Bucking the trend again was the Lloyds Business Barometer which saw confidence reach a five month high. On the consumer front, the Household Finance Index saw financial health deteriorate, while in contrast the GfK Consumer Confidence moved up 3 points though still in negative territory at -11.

On the output front, in the three months to October 2019, GDP growth flat lined, Production and Construction declined while Services saw a marginal increase. Business investment, in Q3 in volume terms, was flat. The total UK trade deficit (goods and services) widened £2.3 billion to £7.2 billion in the three months to October 2019, as imports grew faster than exports.

The UK employment rate was estimated at 76.2%, just above the figure for the same period a year previously. House prices continued to rise, but below the increase in earnings again. The average UK house price was £233,000 in October 2019, £2,000 higher than in October 2018.

In the three months to November 2019, retail sales decreased by 0.4%, compared with the previous three months. November inflation figures saw the CPI at +1.5%, as in the previous month and the producer output price index at 0.5%, down on the October figure. Government borrowing in November 2019 was in deficit by £5.6 billion, the highest level for two years. In October, consumer borrowing rose as did net mortgage lending (£4.3 billion).

**European Union and International**

At an EU level, comparing figures for October 2019 with October 2018 showed that Industrial producer prices fell as did Industrial Production and Construction. Retail trade increased. The inflation rate in November was +1.3%, down from 2.0% a year earlier. The final November composite PMI saw Eurozone growth near stagnant, while the December flash figures suggested the Eurozone remained static. On the international level, October saw world trade volume momentum positive while industrial production momentum fell.

[3] NB Smaller sample size than usual so take should be taken in interpreting data.
[4] A plus reading for 'had experienced recruitment difficulties is regarded as negative!

## 3 Cornwall Data Profile – December

**Population**: 565,968 (MYE 2018). [NOMIS].

**Enterprises**: 23,795, **Workplaces**: 28,045, 2018. [UK Business Activity].

**House prices**: Mean: Q3 2019 £237,000. Median: Q2 2019 £225,000. [Land Registry].

**Gross Value Added**: Total GVA in 2018 £10,960 million. Ex OOIR = £ million.
Per head – 2018 was £19,288. Equal to 67.7% of UK average. Main sectors 2018: Wholesale, retail & motors (13.8%, Construction (11.09%), Health & social work (9.9%). GDP £12,555 million 2018. [ONS].

**Productivity**: In 2017, Nominal (smoothed) GVA per filled job was £37,601, 69.2% of the UK average of £54,330. Nominal (smoothed) GVA Per hour was £23.80, 70.8% of UK average. [ONS].

**Gross Domestic Product:** Total GDP equalled £11.2 bn in 2017; (11.4 bn PPS, up from 11.3bn PPS in 2016). Per capita = 20,300 PPS, 68% of the EU average. [Eurostat].

**Employment (workplace):** 235,859 in employment. 174,959 employees, 52,266 self-employed. [Census 2011].
213,000 employees 2018; 233,000 employed 2018. [BRES].
262,600 employed YE June 2019. [APS, 16+].

**Unemployed**: 7,800 YE June 2019. [APS, 16-64]; Alternative **Claimant Count**: 8,447, August 2019. [DWP]; **Universal credit**: 21,506 November. [DWP].

**Vacancies**: December – 1,470 job postings. [Burning Glass, CIOS].

**Workless households**: 28,000, 16.5%, (UK 14.5%); **Workless People:** 37,000, 11.3%, (UK 10.1%) 2018. [APS].

**Employee earnings**: Total workplace gross annual median earning, 2019- £19,763 (79% of the UK average. (Full-time £25,039, Part-time £10,182). [ASHE, Provisional]. Total resident gross annual earnings in 2019 equalled £20,353, 82% of the UK average. CIoS and Cornwall. [Annual Survey of Hours and Earnings].

**Self-employed earnings** (median): £12,400 for 2016-17. [UK £13,100]. [HMRC].

**Gross Disposable Household Income**: £17,021, 87.2% of UK average, 2017. [ONS].

**Qualifications**: 25% with Level 4 and above, 22.4% with no qualifications. [Census 2011, 16+]. 34.8% with NVQ4+ (UK 39.0%); 6.7% with no qualifications (UK 7.6%), 2018. [APS, 16-64].

# 4 Data Summary

## Cornwall

### Alternative Claimant count

- August 2019: 8,447 [8,454] claimants, down by 38 on the July total of 8,485 [8,500] but up by 806 on the August 2018 total of 7,641. [7,650].

### Universal credit

- November 21,482 UC claimants in Cornwall.

### Labour market - resident based [Year ending June 2019][5]

- 16-64: 327,200.
- Economically active: 261,200.
- Economically inactive: 66,000.
- Employed: 253,400, (employees 196,600, self-employed 55,500 self-employed[6]).
- Full-time: 180,500, part-time 73,000.
- Unemployed: 7,800.

### Labour market - workplace based [Year ending June 2019, 16+]

- Working: 262,600.
- Self-employed: 61,800.
- Employees: 190,800.
- Flexible: 10,000.

### Vacancies (job postings)

- December 1,470 (CIoS). [December 2018: 2,065].

### Housing

- Prices: Q3 2019, £237,000. £230,000 in Q3 2018].
- Sales: August 2019, 811 [August 2018: 1,018].
- Properties available: December 4,108 for sale; 730 to rent; total 4,838 properties.

### Commercial property

- December: 555 properties, (Retail 36%, Leisure/hospitality 31%). 277 commercial properties for letting with 278 for purchase.

### Chamber of Commerce Q3 2019

- Compared to Q2 2019, there were negative readings[7] for 6 of the 12 indicators, with 5 positive and 1 no change.

[5] Figures cover a year and are produced quarterly; all figures for age group 16-64.
[6] Numbers may not sum to all those employed.
[7] A plus reading for 'had experienced recruitment difficulties is regarded as negative!

- Over the year, there were negative readings for 7 of the 12 indicators, with 5 positive.
- Q3, 45% of businesses operating at full capacity, [Q3 2018 33%].

**Defence employment**

- 2018 - 3,590 [3,180 (89%) military and 410 (11%) civilians.

**United Kingdom**

**Business Surveys and barometers**

- **UK Manufacturing PMI**: November – contracts due to political and economic uncertainty. ↓
- **UK Construction PMI**: November – Slowest decline since July. ↓
- **UK services**: November – Renewed decline in activity. ↓
- **Jobs:** November – Permanent staff appointments drop again. ↓
- **NatWest IHS Markit - UK Regional PMI**: November – Economic performance remains subdued. ↓

**Consumer Surveys and barometers**

- **Household Finance Index**: December – Financial health deteriorates. ↓
- **Gfk's Consumer confidence index**: December – increases 3 points to -11. ↓

**Output**

- **GDP** growth 3 months to October was +0.0%. ↔
- **Index of Production** – 3 months to October shows -0.7% growth on previous 3 months rate**.** ↓
- Output in the **construction sector** – 3 months to October shows 0.3% decrease on previous 3 months rate. ↓
- The seasonally adjusted **Index of Services –** 3 months to October shows 0.2% increase on previous 3 months rate. ↑
- **New car output:** UK car manufacturing output down -16.5% in November with 107,753 units produced. ↓

**Trade**

- The total UK trade deficit (goods and services) widened £2.3 billion to £7.2 billion in the three months to October 2019, as imports grew faster than exports. ↓

**Labour market (UK) Main points for three months to October 2019**

- Employment rate = 76.2%.
- Unemployment rate = 3.8%.
- Economic inactivity rate = 20.8%.
- In real terms, annual growth in regular pay is estimated to be 1.8%.

- Vacancies - August to November 2019 = 794,000.

**Housing**

- **House prices** – The average UK house price was £233,000 in October 2019. This is £2,000 higher than in October 2018. ↑
- **UK sales** - equalled 90,894 in August 2019 down 15% ↓ compared to 106,376 in August 2018.

**Consumer, retail and prices**

- **Consumer Trends** - In Quarter 3 (July to Sept) 2019, household spending (adjusted for inflation) grew by 0.3% compared with Quarter 2 (Apr to June) 2019. ↑
- **Retail** – November 2019 – volume 0.4% decrease on three months to August**.** ↓
- **CPI annual inflation:** November 2019 shows +1.5% annual increase, same as in October.↑
- **Producer prices:** November 2019 shows 0.5% annual increase. ↑

**Public sector**

- Public sector net borrowing, in November 2019 was £5.6 billion. ↑

**Finance**

- Net mortgage borrowing by households in October was £4.3 billion. ↑

**<u>European Union</u>**

**Annual:**

- **EU28:** <u>October 2019 compared to October 2018:</u> Industrial producer prices↓ Retail trade index ↑, industrial production ↓, Construction ↓.
- **Inflation EU28:** annual inflation was 1.3% in November 2019, down from 2.0% in November 2018.

**Quarterly: GDP: EU28 - Q3 2019 -** Seasonally adjusted GDP rose by 0.3%.

**Employment: EU28 - Q3 2019** - The number of employed persons increased by 0.1% in the compared to 0.3% in Q2.

**<u>Eurozone</u>**

- Markit Eurozone Composite PMI®– final data: November – Stagnant new work limits private sector growth.

**<u>Global data</u>**

**Developments in global international trade and industrial production - October 2019:**

- World trade momentum was 0.3%.
- World industrial production momentum was -0.2%.

# 2 Cornwall

## 1 Alternative Claimant Count

[Released quarterly]

The latest figure for August 2019 shows there were 8,447 [8,454] claimants, down by 38 on the July total of 8,485 [8,500] but up by 806 on the August 2018 total of 7,641. [7,650].

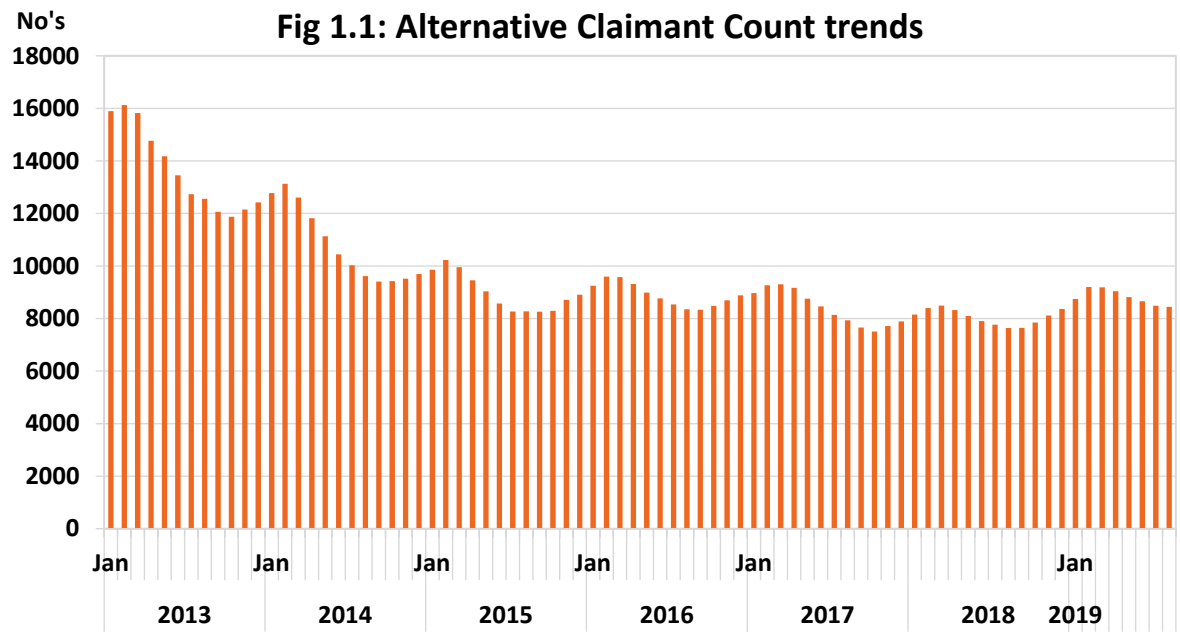
Over the year the rate[8] has increased from 3.0% to 3.2%.

**Table 1.1: Alternative Claimant count**

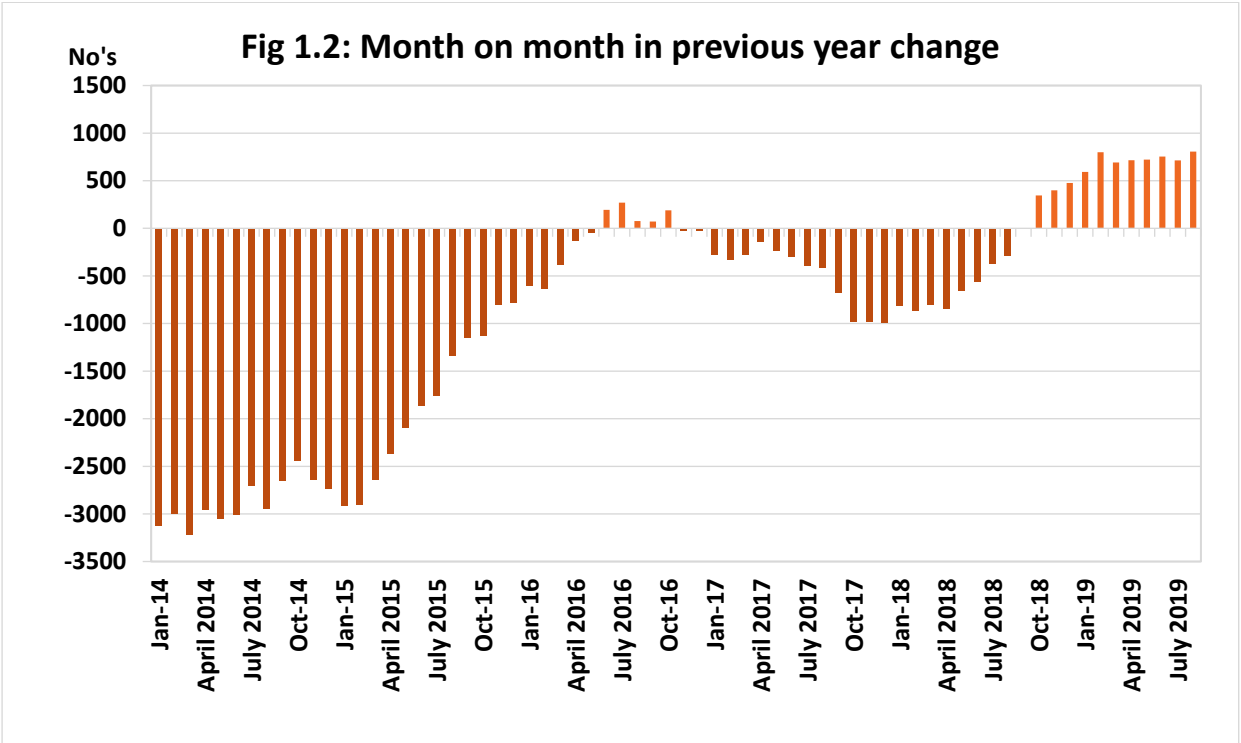
| Date | | No's | Rate |
|---|---|---|---|
| 2018 | Aug | 7641 | 3.0 |
| | Sep | 7648 | 3.0 |
| | Oct | 7850 | 3.1 |
| | Nov | 8115 | 3.2 |
| | Dec | 8365 | 3.3 |
| | Jan | 8746 | 3.4 |
| | Feb | 9199 | 3.6 |
| | Mar | 9186 | 3.6 |
| | Apr | 9039 | 3.5 |
| | May | 8817 | 3.4 |
| | June | 8656 | 3.3 |
| | July | 8485 | 3.2 |
| | August | 8447 | 3.2 |
| | | No's | Rate |
| Monthly change | | -38 | 0.0 |
| Annual change | | 806 | 0.2 |
| | | % | |
| Monthly change | | -0.4 | -0.4 |
| Annual change | | 10.5 | 7.2 |

Fig 1.1 illustrates trends in the numbers on the ACC have changed over time. There is a seasonal pattern with peaks in the winter months.

[8] The rate is derived using the 16-64 economically active figures for residents from the Annual Population Survey.




For most of the period covered by the data, numbers decreased each month compared to the same month in the previous year. However, since October 2018, there has been an increase in the number of claimants compared to the same month in the previous year.




All constituencies saw an increase in the number of claimants between August 2018 and August 2019.

| Table 1.2: Alternative Claimant count | | | | |
|---|---|---|---|---|
| **Constituency** | **August 2018** | **August 2019** | **August 2018** | **August 2019** |
| | No's | No's | Rate | Rate |
| Camborne and Redruth | 1549 | 1743 | 3.9 | 4.4 |
| North Cornwall | 1195 | 1316 | 2.9 | 3.2 |
| South East Cornwall | 1236 | 1325 | 3.0 | 3.1 |
| St Austell and Newquay | 1543 | 1716 | 3.0 | 3.3 |
| St Ives | 1041 | 1149 | 2.7 | 2.7 |
| Truro and Falmouth | 1079 | 1203 | 2.8 | 2.8 |
| **CIoS** | **7650** | **8454** | **3.0** | **3.2** |

*The statistics form a modelled statistical series. The statistics are formed as a count of the number of people claiming a benefit that is – or would be under Universal Credit – related to being actively available and searching for work i.e. the number of people claiming Jobseeker's Allowance (JSA), or Universal Credit Searching for Work conditionality (excluding those on the health journey pre-Work Capability Assessment), or a legacy benefit or Child tax Credit that would under Universal Credit place the claimant with Searching for Work conditionality.* [DWP]

Source: DWP, 15 October 2019.

## 2 Universal Credit

In November[9] there were 21,482 UC claimants[10] in Cornwall. The main group was 'Searching for work', which accounted for 6,999 or 33% of the total. [NB. Numbers may not sum to the total]. There were 21,506 claimants in Cornwall and the Isles of Scilly (CIoS), with 23 on the Isles of Scilly (IoS).

| Table 2.1: UC November 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Conditionality Regime/Area** | **Cornwall** | **IoS** | **CIoS** | | **Cornwall** | **IoS** | **CIoS** |
| | No's | No's | No's | | % | % | % |
| Searching for work | 6999 | 13 | 7010 | | 33 | 57 | 33 |
| Working – with requirements | 3435 | 0 | 3440 | | 16 | 0 | 16 |
| No work requirements | 5404 | 0 | 5404 | | 25 | 0 | 25 |
| Working – no requirements | 3757 | 10 | 3763 | | 17 | 43 | 17 |
| Planning for work | 670 | 0 | 671 | | 3 | 0 | 3 |
| Preparing for work | 1205 | 0 | 1205 | | 6 | 0 | 6 |
| Unknown or missing regime | 5 | 0 | 5 | | 0 | 0 | 0 |
| **Total** | **21482** | **23** | **21506** | | **100** | **100** | **100** |

[9] NB Each month's figures are provisional and revised a month later.

[10] This section presents details of Universal Credit data. The transfer of all claimants to UC is not complete and therefore these figures are for the record rather than presenting a complete picture.

Table 2.2 shows the breakdown by Parliamentary Constituency. St. Austell and Newquay had the largest number with 4,459, with a rate of 7.3%[11]. The highest rate was in Camborne and Redruth at 7.8%. The lowest rate was in Truro & Falmouth at 5.5%.

**Table 2.2: UC November 2019 – Parliamentary Constituency**

| Parliamentary Constituency | No's | % | 16-64 |
|---|---|---|---|
| Camborne and Redruth | 4051 | 7.8 | 52,000 |
| North Cornwall | 3619 | 6.8 | 53,000 |
| South East Cornwall | 3315 | 6.0 | 55,700 |
| St Austell and Newquay | 4459 | 7.3 | 60,900 |
| St Ives | 2927 | 5.7 | 51,100 |
| Truro and Falmouth | 3018 | 5.5 | 54,500 |
| **Total** | **21506** | **6.6** | **327,200** |

[Rate based on UC claimants as % of those aged 16-64 in the area – APS data].

UC claimants can be grouped into various categories relating to conditionality. These are set out in table 2.3.

[As the transition from providing a various range of benefits to Universal Credit continues, it will be possible to track the numbers of UC claimants. However, as people are still being transferred it is not possible to draw any conclusions from changes in numbers over time].

**Table 2.3: Universal Credit – Conditionality**

| Conditionality | Description a) Aged 1 - 2, prior to April 2017. (b) Aged 3 - 4, prior to April 2017. |
|---|---|
| Searching for work | Not working, or with very low earnings. Claimant is required to take action to secure work - or more / better paid work. The Work Coach supports them to plan their work search and preparation activity. |
| Working - with requirements | In work but could earn more, or not working but has a partner with low earnings. |
| No work requirements | Not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work. |
| Working - no requirements | Individual or household earnings over the level at which conditionality applies. Required to inform DWP of changes of circumstances, particularly if at risk of decreasing earnings or losing job. |

[11] As a % of all those aged 16-64.

| | |
|---|---|
| Planning for work | Expected to work in the future. Lone parent / lead carer of child aged 1[(a)]. Claimant required attending periodic interviews to plan for their return to work. |
| Preparing for work | Expected to start preparing for future even with limited capability for work at the present time or a child aged 2[(b)], the claimant is expected to take reasonable steps to prepare for work including Work Focused Interview. |

Source: DWP, Stat-Xplore.

## 3 Labour market – Resident based

Labour market figures for Cornwall and the Isles of Scilly from the Annual Population Survey are available up to June 2019[12]. This data set covers those of working age namely the 16-64 age groups who are resident in the area[13].

In total there were 327,200 aged 16-64, of whom 261,200 were economically active and 66,000 who were economically inactive. A total of 253,400 were employed. Of these; 196,600 were employees with 55,500 self-employed[14]; while 180,500 worked full-time with 73,000 working part-time. There were 7,800 who were unemployed.

The figures show that over the last year the total aged 16-64 has remained stable[15], with major changes in the numbers of economically active – up and economically inactive - down. Employment numbers were up, with an increase in both employee and self-employed numbers. The number of those working full-time rose while part-time numbers fell back. The number of unemployed fell slightly compared to previous year.

All data in Table 3.1.

**Table 3.1: Labour market indicators – Cornwall & IoS**

| | Period | | | | | Change | |
|---|---|---|---|---|---|---|---|
| Date | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Prev Qtr | Year |
| Group | No's | No's | No's | No's | No's | No's | No's |
| 16-64 | 327,700 | 329,400 | 327,600 | 328,200 | 327,200 | -1,000 | -500 |
| Econ active | 251,300 | 253,300 | 252,000 | 257,400 | 261,200 | 3,800 | 9,900 |
| Econ inactive | 76,400 | 76,100 | 75,600 | 70,800 | 66,000 | -4,800 | -10,400 |
| Employed | 242,900 | 246,200 | 245,300 | 250,600 | 253,400 | 2,800 | 10,500 |

[12] Figures cover a year and are produced quarterly; all figures for age group 16-64.
[13] Data has been reweighted in line with the latest ONS estimates.
[14] Numbers may not sum to all those employed.
[15] Due to the volatility of the data changes in figures from one period to another may not reflect underlying trends.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unemployed | 8,400 | 7,100 | 6,700 | 6,800 | 7,800 | 1,000 | -600 |
| Employees | 188,800 | 192,400 | 190,500 | 194,500 | 196,600 | 2,100 | 7,800 |
| Self employed | 52,500 | 52,700 | 52,900 | 54,400 | 55,500 | 1,100 | 3,000 |
| Full-time | 167,000 | 166,700 | 167,600 | 176,500 | 180,500 | 4,000 | 13,500 |
| Part-time | 75,400 | 79,300 | 77,500 | 73,800 | 73,000 | -800 | -2,400 |

Looking at percentage changes over the year, the 16-64 age group remained stable; economically active numbers increased by 4% while the number who were inactive decreased by 14%. Numbers employed were up by 4%, mainly due to a rise of 4% for employees, while Self-employed numbers were up by 6%. Full-time numbers were up by 8% while Part-time were down by 3%.

**Table 3.2: Labour market indicators – Cornwall & IoS**

| Date | Apr 17 – Mar 18 | Jul 18 – Jun 19 | Change year-on-year | |
|---|---|---|---|---|
| Group | No's | No's | No's | % |
| 16-64 | 327,700 | 327,200 | -500 | 0 |
| Econ active | 251,300 | 261,200 | 9,900 | 4 |
| Econ inactive | 76,400 | 66,000 | -10,400 | -14 |
| Employed | 242,900 | 253,400 | 10,500 | 4 |
| Unemployed | 8,400 | 7,800 | -600 | -7 |
| Employees | 188,800 | 196,600 | 7,800 | 4 |
| Self employed | 52,500 | 55,500 | 3,000 | 6 |
| Full-time | 167,000 | 180,500 | 13,500 | 8 |
| Part-time | 75,400 | 73,000 | -2,400 | -3 |

Over the year: the economically active rate went up from 76.7% to 79.8%, the employment rate rose from 74.1% to 77.4%, the self-employment share of employment moved up marginally from 21.6% to 21.9%. The share taken by full-time increased from 68.7% to 71.2% while part-time fell from 31.0% to 28.8%. Unemployment rates fell from 3.3% to 3.0%.[16]

Fig 3.1 shows trends over time. Overall, since 2004:

- The number aged 16-64 rose by 13,500 or 4%;
- Economically active rose by 25,100 from 236,100 to 261,200 or 11%;
- Economically inactive fell by 11,600 from 77,600 to 66,000 or 15%;
- Employment increased by 28,000 from 225,200 to 253,400 or 13%;
- Much of the increase in economically active can be related to the overall increase in population with a transfer from the economically inactive. The increase in employment was largely a result of bigger rises in self-employment;

[16] NB totals for sub-categories may not sum to 100, due to rounding.

- Employee numbers went up by 16,200 from 180,400 to 196,600, (an increase of 9%);
- The number of self-employed rose from 41,800 to 55,500, an increase of 13,700 or 33%;
- The trend towards part-time also continued, with part-time numbers up from 67,800 to 73,000 (+5,200 or 8%);
- Full-time numbers rose by 23,300 from 157,200 to 180,500 or 15%;
- Unemployment fell by just over a quarter (28%), down 3,000 from 10,800 to 7,800.

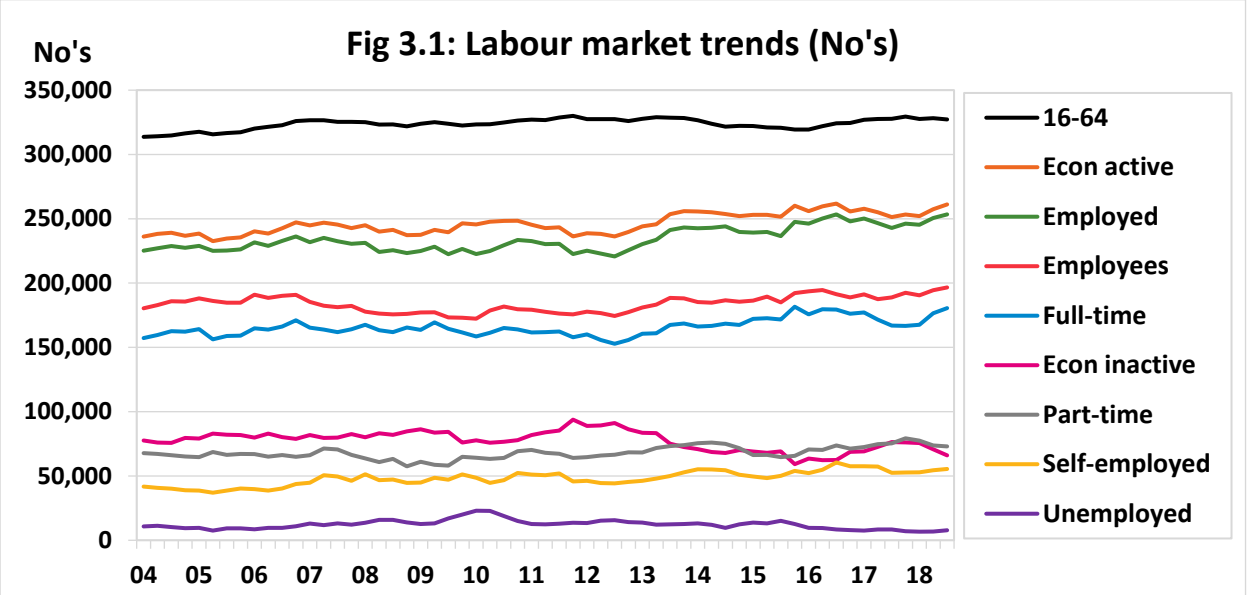
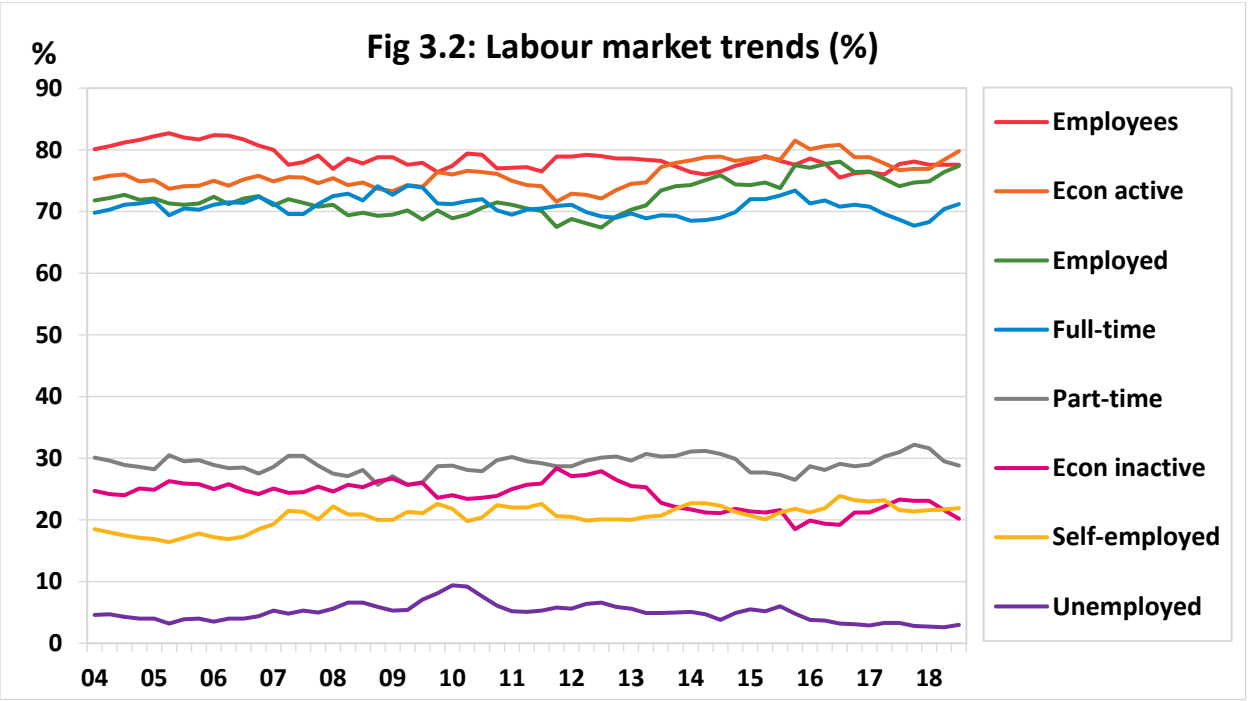



Fig 3.2 shows rates and shares over time. Since 2004:

- Economically active rate went up from 75.3% to 79.8%, up 4.5% points;
- Economically inactive rate fell back from 24.7% to 20.2%, down 4.5% points;
- Employment rate rose from 71.8% to 77.4%, up 5.6% points;
- Of those in employment, employees fell back from 80.1% to 77.6%, down 2.5% points;
- Conversely, the self-employed share rose from 18.5% to 21.9%, up 3.4% points.

The steady move towards more part-time and less full-time employment was reversed:

- Part-time down 1.3 points from 30.1% to 28.8%;
- Full-time up 1.4 points from 69.8% to 71.2%;
- The unemployment rate fell back 1.6 points from 4.6% to 3.0%.




Comparing Cornwall to the UK using the average for four sets of yearly data[17], removes some of the volatility in the data. Comparing the averages in Table 3.3 below shows that: economically active, inactive and employment rates are similar to the UK rates. As expected both self-employment and part-time employment are higher in Cornwall and conversely employee levels and full-time employment are lower. Average unemployment runs at 2.8%, below the UK average of 4.2%.

**Table 3.3: Labour market indicators - Cornwall and UK**

| | Cornwall | UK | Ratio |
|---|---|---|---|
| **Status** | **%** | **%** | **%** |
| Econ active | 78.0 | 78.5 | 0.99 |
| Economically inactive | 22.0 | 21.6 | 1.02 |
| Employed | 75.9 | 75.2 | 1.01 |
| Unemployed | 2.8 | 4.2 | 0.66 |
| Employees | 77.7 | 85.5 | 0.91 |
| Self employed | 21.7 | 14.1 | 1.53 |
| Full-time | 69.4 | 75.1 | 0.92 |
| Part-time | 30.5 | 24.7 | 1.24 |

The ratio shows with the figure for Cornwall divided by the UK figure. E.g. 78.0 divided by 78.5 gives a ratio of 0.99. Numbers greater than 1 show Cornwall has a higher percentage than the UK, less than 1 shows that Cornwall has a lower percentage share than the UK.

[17] Each period covers one year, and each year includes 3 of the quarters covered in the previous year.

**All employment, flexible and 65+**

The 16 plus age group grew over the year, as did numbers in employment and the economically active and inactive. Those working on a non-permanent/flexible basis rose over the year by 3,000 from 9,300 to 12,300.

**Table 3.4: Labour market indicators 16+**

| | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Change | |
|---|---|---|---|---|---|---|---|
| | No's | No's | No's | No's | No's | Qtr | Year ago |
| 16+ | 460,700 | 462,100 | 467,700 | 468,800 | 471,500 | 2,700 | 10,800 |
| Employed | 261,700 | 265,700 | 266,000 | 270,800 | 270,900 | 100 | 9,200 |
| Unemployed | 8,400 | 7,300 | 7,000 | 7,100 | 8,100 | 1,000 | -300 |
| Econ inactive | 190,600 | 189,000 | 194,800 | 190,900 | 192,400 | 1,500 | 1,800 |
| Econ active | 270,100 | 273,100 | 273,000 | 277,800 | 279,000 | 1,200 | 8,900 |
| Employees | 195,000 | 198,200 | 198,500 | 202,800 | 205,200 | 2,400 | 10,200 |
| Self-employed | 64,300 | 65,600 | 64,200 | 65,000 | 63,500 | -1,500 | -800 |
| Non-permanent employment | 9,300 | 11,500 | 11,100 | 11,600 | 12,300 | 700 | 3,000 |

The share of those in employment rose slightly over the year while the unemployment rate fell back as did the economically inactive share. The rate of those in non-permanent employment rose from 3.6% to 4.5%[18].

**Table 3.5: Labour market indicators 16+**

| | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Change | |
|---|---|---|---|---|---|---|---|
| | % | % | % | % | % | Qtr | Year ago |
| Employed | 56.8 | 57.5 | 56.9 | 57.8 | 57.5 | -0.3 | 0.7 |
| Unemployed | 3.1 | 2.7 | 2.6 | 2.5 | 2.9 | 0.4 | -0.2 |
| Econ inactive | 41.4 | 40.9 | 41.6 | 40.7 | 40.8 | 0.1 | -0.6 |
| Econ active | 58.6 | 59.1 | 58.4 | 59.3 | 59.2 | -0.1 | 0.6 |
| Employees | 74.5 | 74.6 | 74.6 | 74.9 | 75.7 | 0.8 | 1.2 |
| Self-employed | 24.6 | 24.7 | 24.2 | 24.0 | 23.4 | -0.6 | -1.2 |
| Non-permanent employment | 3.6 | 4.3 | 4.2 | 4.3 | 4.5 | 0.2 | 0.9 |

The latest figures show that there were 17,500 people aged 65 plus in the workforce. This represents 6.5% of the workforce, down from the figure of 7.2% a year earlier. All details in Table 3.6.

[18] Those working on a non-permanent basis as a % of all employed 16+.

| Table 3.6: Labour market indicators 16+ | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Change | |
| | | | | | | Qtr | Year ago |
| **Group** | **No's** | **No's** | **No's** | **No's** | **No's** | **No's** | **No's** |
| 65+ | 18,800 | 19,500 | 20,700 | 20,200 | 17,500 | -2,700 | -1,300 |
| 16-64 | 242,900 | 246,200 | 245,300 | 250,600 | 253,400 | 2,800 | 10,500 |
| All | 261,700 | 265,700 | 266,000 | 270,800 | 270,900 | 100 | 9,200 |
| **Group** | **%** | **%** | **%** | **%** | **%** | **%** | **%** |
| 65+ | 7.2 | 7.3 | 7.8 | 7.5 | 6.5 | -1.0 | -0.7 |
| 16-64 | 92.8 | 92.7 | 92.2 | 92.5 | 93.5 | 1.0 | 0.7 |
| All | 100 | 100 | 100 | 100 | 100.0 | 0.0 | 0.0 |

Source: NOMIS, Annual Population Survey, 15 October 2019.

## 4 Labour market - Workplace data

Table 4.1 shows all those in employment, including those aged 65 plus, whose workplace is in Cornwall[19], up to the year ending June 2019. The data shows there were 262,600 working in Cornwall. Of these 61,800 were self-employed, with 190,800 employees, and with another 10,000 employees deemed to be working on a flexible basis. Compared to the previous quarter total employment has fallen slightly. Over the year however, numbers in employment rose by 3,400 from 259,200 to 262,600. Broken down by category showed there was a rise in employee numbers while self-employment numbers fell back. The number on flexible contracts increased from 7,900 to 10,000.

Average employment figures are running at 260,780 over the last five quarters compared to 260,580 for the previous five quarters.

| Table 4.1: Workplace Employment (No's) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Period | | | | | Change | |
| | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Prev Qtr | Year ago |
| **Group** | **No's** | **No's** | **No's** | **No's** | **No's** | **No's** | **No's** |
| Employees | 186800 | 184800 | 185800 | 188300 | 190800 | 2500 | 4000 |
| Self-employed | 64500 | 64800 | 63900 | 63900 | 61800 | -2100 | -2700 |
| Other flexibility | 7900 | 9400 | 9900 | 11300 | 10000 | -1300 | 2100 |
| **All** | **259200** | **259000** | **259600** | **263500** | **262600** | **-900** | **3400** |

[19] Data has been reweighted in line with the latest ONS estimates.

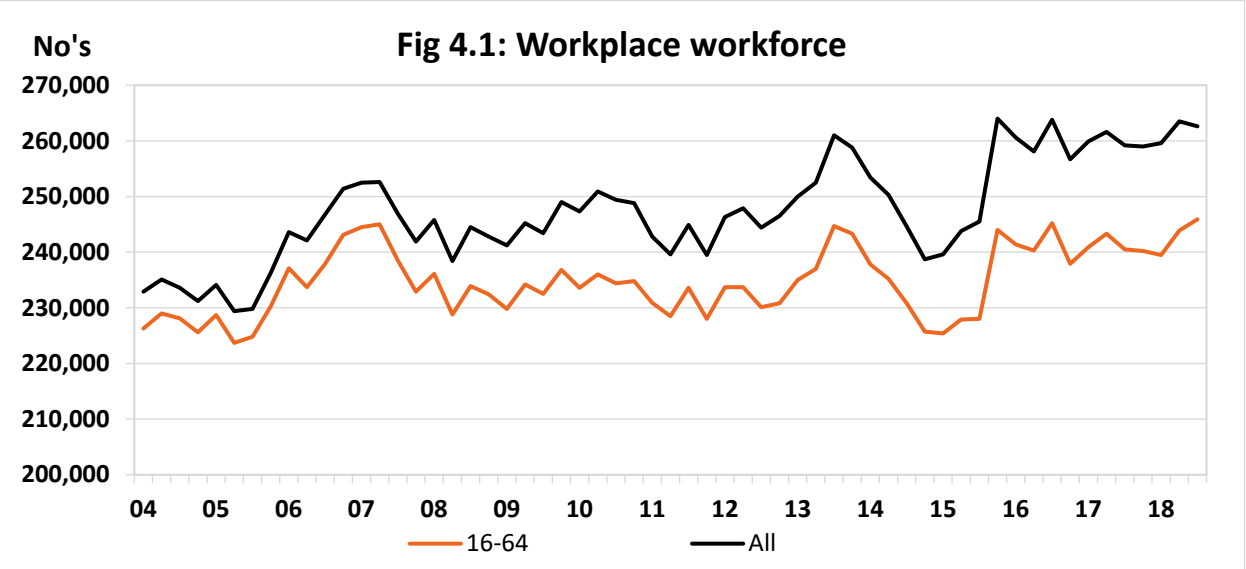
Over the year as a share of the workforce, the self-employed share was down by 1.4% points, while the employee share rose by 0.6% points and those on flexible contracts moved up by 0.8 points. All data in Table 4.2.

**Table 4.2: Workplace Employment (%)**

| | Period | | | | | Change | |
|---|---|---|---|---|---|---|---|
| | Jul-17 Jun-18 | Oct-17 Sep-18 | Jan-18 Dec-18 | Apr-18 Mar-19 | Jul-18 Jun-19 | Prev Qtr | Year ago |
| **Group** | **%** | **%** | **%** | **%** | **%** | **%** | **%** |
| Employees | 72.1 | 71.4 | 71.6 | 71.5 | 72.7 | 1.2 | 0.6 |
| Self-employed | 24.9 | 25.0 | 24.6 | 24.3 | 23.5 | -0.7 | -1.4 |
| Other flexibility | 3.0 | 3.6 | 3.8 | 4.3 | 3.8 | -0.5 | 0.8 |
| **All** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **0.0** | **0.0** |

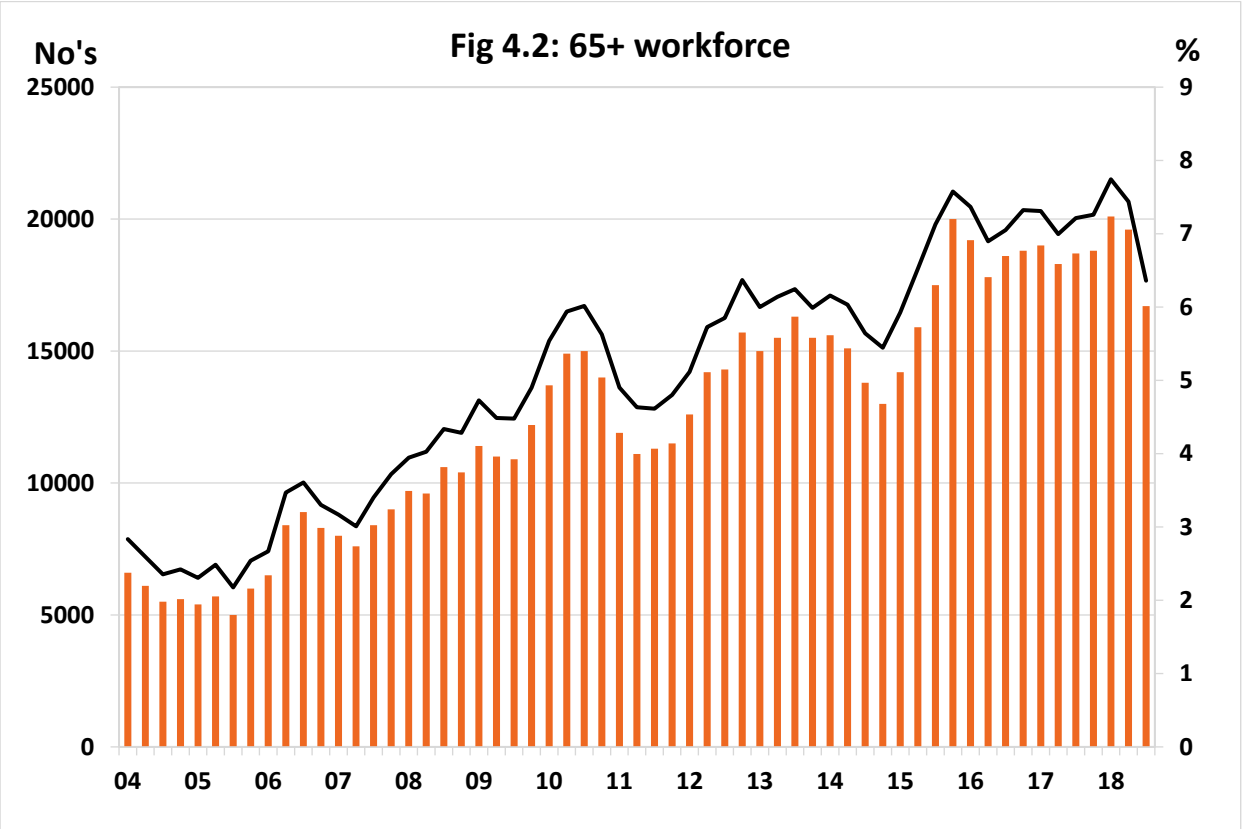
Fig 4.1 shows workplace employment since 2004. Numbers peaked in early 2008 pre-recession, with a decline and lower figures before peaking in mid-2014 and falling back to late 2015. There was then a recovery in numbers up to late 2016; numbers then trended before a slight uptick with the latest figure at 262,600.

[Some of the movement in the data reflects the sample size; however the dip from mid 2013 to 2015 seems real enough].




## Sixty-five plus

Fig 4.2 illustrates what has happened to those aged 65 plus in the workplace workforce. Overall since 2004 there has been a general upward trend in both the numbers and share of the workforce of those aged 65 plus. In 2004 there were 6,600 followed by an upward trend until the 2011 downturn. From 2014 onwards, numbers recovered to peak in late 2016 at 20,000. Since then the total has varied with a downward movement over the last two quarters and now stands at 16,700.




In 2004, the 65 plus age group constituted 2.8% of the workforce, by late 2016 it had reached 7.3%, peaking in early 2018 at 7.7%. However, it now stands at 6.4%. Over the last 8 quarters, the average share has been 7.2%.

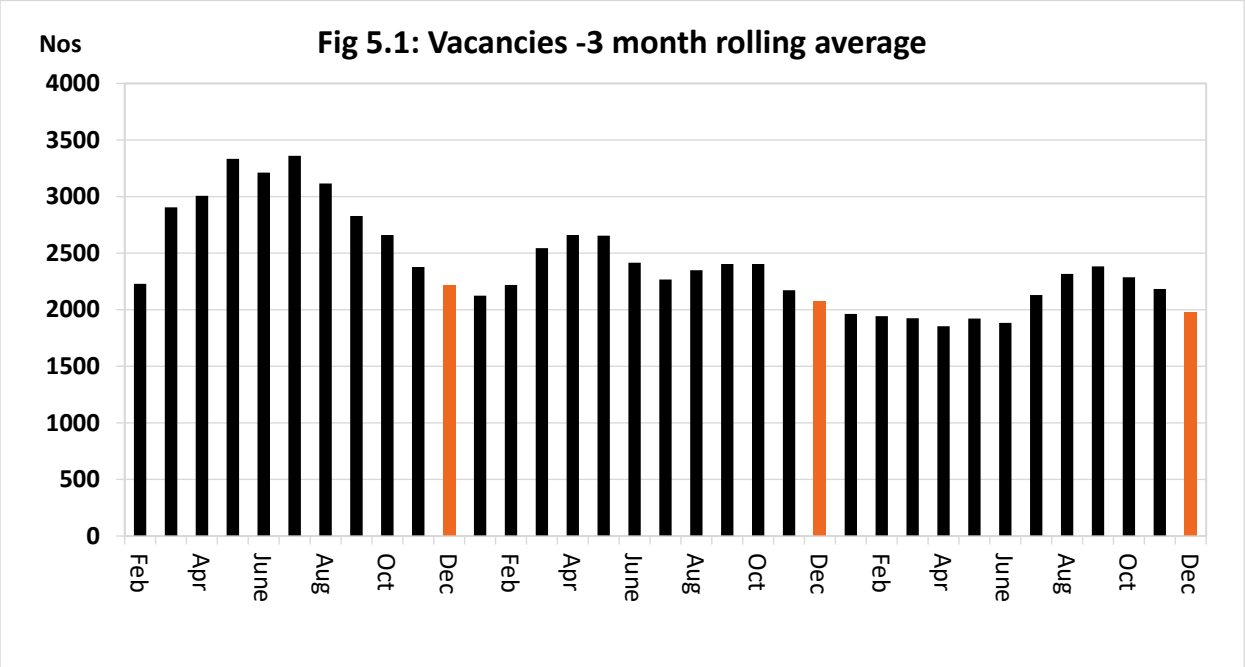
[NB Workplace data is now provided at both a Cornwall and Cornwall and Isles of Scilly level. However, there are issues about the accuracy of the latter set of data as the discrepancy between the two data sets is substantial. Therefore data for Cornwall is used instead].

Source: ONS, APS, Workplace analysis, 15 October 2019.

## 5 Vacancies

In December there were 1,470 job postings in Cornwall and the Isles of Scilly. This was down by 797 (35%) from 2,267 in November, and down 29% on the 2,065 in December 2018. [NB. The vacancy data used here is from a different source than that used by ONS at a UK level].

The rolling three month figures show an average of 1,977 vacancies per month in the October to December quarter compared to 2,184 during the September to November quarter.




Vacancy data at Parliamentary Constituency level shows that the highest rates – the vacancy number as a percentage of all those employed aged 16-64 - occurred in Truro & Falmouth at 1.0% with the lowest rates in Camborne & Redruth, South East Cornwall and St. Austell & Newquay all at 0.3%.

**Table 5.1: Vacancies by Parliamentary Constituency**

| PC | Vacancies | % Rate | Employed |
|---|---|---|---|
| Camborne & Redruth | 111 | 0.3 | 39,100 |
| North Cornwall | 215 | 0.5 | 41,400 |
| SE Cornwall | 106 | 0.3 | 40,600 |
| St. Austell & Newquay | 168 | 0.3 | 49,400 |
| St. Ives | 151 | 0.4 | 39,300 |
| Truro & Falmouth | 426 | 1.0 | 40,700 |
| **Cornwall** | **1,177** | **0.5** | **250,600** |

[Parliamentary Constituency data based on best-fit towns. Not all vacancies can be allocated to towns or Parliamentary Constituencies, therefore both numbers and the rate are an under-estimate of the total. Employed derived from APS resident based, 16-64 age group]

Truro was the top town accounting for 338 or 23.0% of all vacancies. Altogether the top ten towns accounted for 61.0% of all vacancies.

**Table 5.2: Top ten towns**

| Town | No's | % | Town | No's | % |
|---|---|---|---|---|---|
| Truro | 338 | 23.0 | Penzance | 60 | 4.1 |
| Bodmin | 91 | 6.2 | Falmouth | 59 | 4.0 |
| Newquay | 88 | 6.0 | Liskeard | 45 | 3.1 |
| St. Austell | 68 | 4.6 | Bude | 42 | 2.9 |
| Redruth | 66 | 4.5 | St Ives | 39 | 2.7 |
| | | | **Sub-total** | **896** | **61.0** |

[As % of total vacancies]

Table 5.3 shows the top 10 vacancies by job title. Teaching Assistant was the top job title followed by Registered Nurse.

**Table 5.3: Top ten vacancies by job title**

| Title | No's | % |
|---|---|---|
| Teaching Assistant | 44 | 5.1 |
| Registered Nurse | 37 | 4.3 |
| Chef | 34 | 3.9 |
| Staff Nurse | 30 | 3.5 |
| Personal Care Assistant | 22 | 2.5 |
| Accountant | 18 | 2.1 |
| Sales Executive | 16 | 1.8 |
| Cleaner | 15 | 1.7 |
| Quantity Surveyor | 14 | 1.6 |
| Receptionist | 13 | 1.5 |
| Auxiliary Nurse | 13 | 1.5 |
| **Sub-total** | **256** | **29.6** |

[% based on vacancies where the title was given]

Table 5.4 shows vacancies by sector. Not all vacancies can be allocated to a sector so the table below presents only a partial picture. The highest share was in 'Health and

social work' at 26.6, then 'Education' at 14.5% and 'Professional, scientific & technical' at 9.8%.

**Table 5.4: Vacancies by sector**

| Code | Sector | No's | % | Code | Sector | No's | % |
|---|---|---|---|---|---|---|---|
| A | Agriculture, forestry & fishing | 0 | 0 | K | Financial & insurance | 13 | 1.3 |
| B | Mining & quarrying | 3 | 0.3 | L | Real estate | 9 | 0.9 |
| C | Manufacturing | 53 | 5.3 | M | Professional, scientific & technical | 98 | 9.8 |
| D | Energy | 1 | 0.1 | N | Administrative & support services | 65 | 6.5 |
| E | Water, sewerage & waste | 21 | 2.1 | O | Public admin etc. | 90 | 9.0 |
| F | Construction | 42 | 4.2 | P | Education | 145 | 14.5 |
| G | Wholesale, retail & motors | 76 | 7.6 | Q | Health & social work | 267 | 26.6 |
| H | Transportation & storage | 15 | 1.5 | R | Arts, entertainment & recreation | 2 | 0.2 |
| I | Accommodation & food services | 83 | 8.3 | S | Other services | 9 | 0.9 |
| J | Information & communication | 10 | 1.0 | T | Households | 1 | 0.1 |
| | | | | **All** | | **1003** | **100** |

[% based on vacancies where the industry sector was named]

Table 5.5 shows the top ten employers including recruitment agencies, with vacancies. The top employer was Cornwall Council with 102 then the NHS with 63.

**Table 5.5: Vacancies by employer - top ten**

| Sector | No's | % | Sector | No's | % |
|---|---|---|---|---|---|
| Cornwall Council | 102 | 14.7 | Concorde limited | 14 | 2.0 |
| National Health Service | 63 | 9.1 | Rise Teconrad Consulting ltd | 13 | 1.9 |
| Equifax Limited | 38 | 5.5 | South West Water Limited | 12 | 1.7 |
| Whitbread plc | 15 | 2.2 | Tresco Estate | 10 | 1.4 |
| Alliance Boots | 15 | 2.2 | Barchester Healthcare | 10 | 1.4 |
| | | | **Sub-total** | **292** | **42.1** |

[% share based on those vacancies with named employers].

Of the 1,470 jobs advertised, 979 (66.6%) were permanent with 299 (20.3%) temporary. 1,137 (77.3%) were full-time, 111 (7.6%) were part-time. 33 or 2.2% were for jobs where people could work from home.

**Table 5.6: Job type**

| Type | No's | % | Type | No's | % |
|---|---|---|---|---|---|
| Permanent | 979 | 66.6 | Full-time | 1137 | 77.3 |
| Temporary | 299 | 20.3 | Part-time | 111 | 7.6 |
| Internship | 1 | 0.1 | Unknown | 222 | 15.1 |
| Apprenticeships | 37 | 2.5 | Work from home | 33 | 2.2 |
| Unknown | 154 | 10.5 | **All** | **1470** | **100.0** |

[% based on total vacancies]

2.4% of vacancies were jobs with salaries below £15,000, with 22.2% between £15,000 and £19,999 and 31.3% between £20,000 and £29,999.

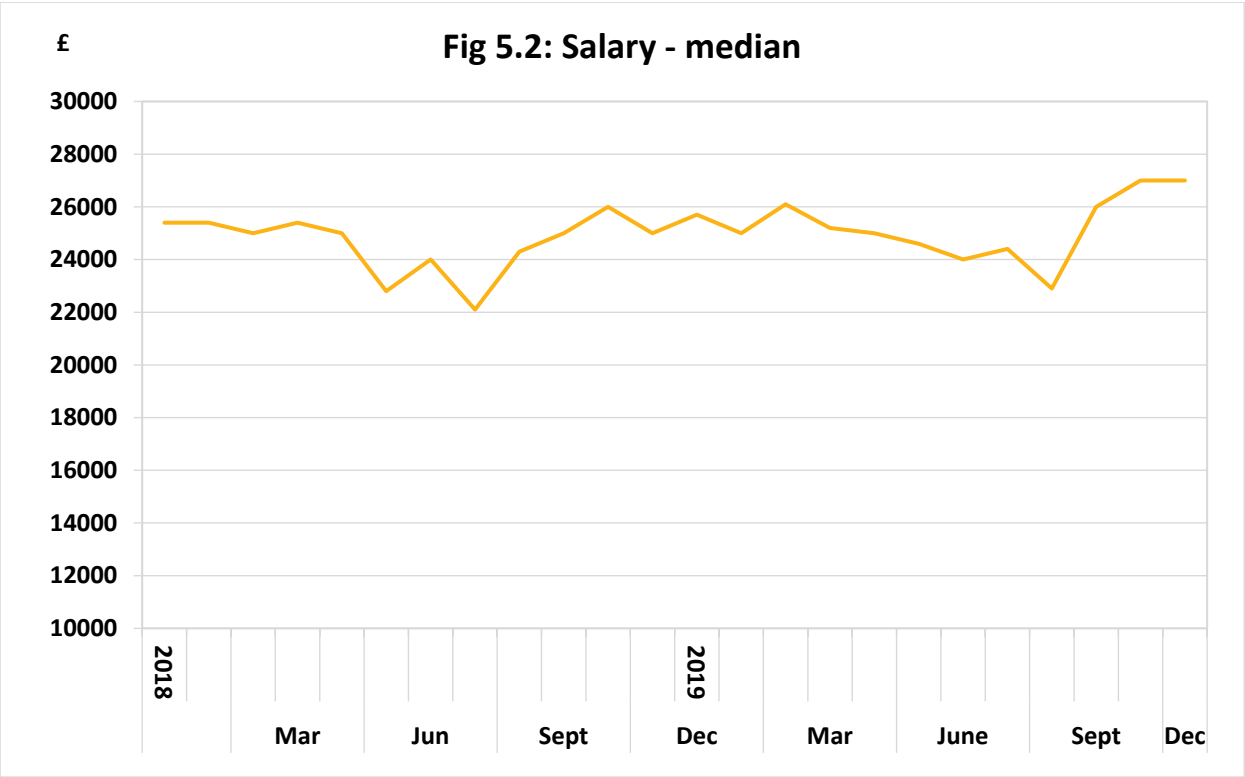
**Table 5.7: Salaries**

| Range | No's | % | Range | No's | % |
|---|---|---|---|---|---|
| | | | | | |
| Less than £10,000 | 1 | 0.1 | £50,000 to £59,999 | 44 | 5.3 |
| £10,000 to £14,999 | 19 | 2.3 | £60,000 to £69,999 | 15 | 1.8 |
| £15,000 to £19,999 | 185 | 22.2 | £70,000 to £79,999 | 16 | 1.9 |
| £20,000 to £29,999 | 260 | 31.3 | £80,000 to £89,999 | 7 | 0.8 |
| £30,000 to £39,999 | 202 | 24.3 | More than £90,000 | 9 | 1.1 |
| £40,000 to £49,999 | 74 | 8.9 | **Total** | **832** | **100** |

[% share based on those vacancies where a salary was included].

Mean real-time salary: £31K. Median real-time salary: £27K.

Fig 5.2 shows salaries since January 2018 for all vacancies. After reaching £26,100 in March 2019, median earnings slipped back to reach a low of £22,900 in September. The November figure moved up to £27,000 and stayed there in December.




[Labour Insight uses data from real-time job postings. Salary figures are pro rata to reflect full-time, annual wage status].

Table 5.8 shows the top ten vacancies by occupational groups (using the two digit code). These accounted for 71.8% of all vacancies. ''Health professionals' at 13.1%, Caring personal service occupations' at 11.9%, and 'Business, media and public service professionals' at 8.0% were the top three groups.

**Table 5.8: Top ten occupations (2 digit)**

| Occupation | No's | % |
|---|---|---|
| Health Professionals | 193 | 13.1 |
| Caring personal service occupations | 175 | 11.9 |
| Business, media and public service professionals | 117 | 8.0 |
| Science, research, engineering and technology professionals | 97 | 6.6 |
| Administrative occupations | 91 | 6.2 |
| Teaching and educational professionals | 83 | 5.6 |
| Business and public service associate professionals | 81 | 5.5 |
| Science, engineering and technology associate professionals | 80 | 5.4 |
| Elementary administration and service occupations | 75 | 5.1 |
| Sales occupations | 63 | 4.3 |
| **Sub-total** | **1,055** | **71.8** |

[% based on total vacancies]

Table 5.9 shows the top ten vacancies by occupation (4 digit level). These accounted for 30.1% of all vacancies. 'Nurses' and 'Care workers and home carers' topped the list. It should be noted that vacancy numbers also reflect the amount of 'churn', which for some occupations such as 'Care workers and home carers', 'Chefs' and 'Kitchen and catering assistants' is higher than the average.

**Table 5.9: Top ten occupations (4 digit)**

| Occupation | No's | % |
|---|---|---|
| Nurses | 107 | 7.3 |
| Care workers and home carers | 61 | 4.1 |
| Teaching assistants | 59 | 4.0 |
| Sales related occupations n.e.c. | 37 | 2.5 |
| Other administrative occupations n.e.c. | 37 | 2.5 |
| Secondary education teaching professionals | 34 | 2.3 |
| Chefs | 34 | 2.3 |
| Managers and proprietors in other services n.e.c. | 26 | 1.8 |
| Chartered and certified accountants | 24 | 1.6 |
| Teaching and other educational professionals n.e.c. | 23 | 1.6 |
| **Sub-total** | **442** | **30.1** |

[% based on total vacancies]

Table 5.10 shows that the most required education level is 'GCSEs, Standard Grades, Level 2S/NVQs' with 38.1% of the total. However, the figures are only for those vacancies where the education level is specified. Not all vacancies can be allocated to an education level so the table below presents only a partial picture.

**Table 5.10: Vacancies by education level**

| Level | No's | % |
|---|---|---|
| Postgraduate Degrees, Level 5 Certificates/Diplomas, Level 5 S/NVQs | 7 | 2.4 |
| Bachelor's Degrees, Graduate Certificates/Diplomas | 103 | 35.6 |
| Foundation Degrees, HNDs | 7 | 2.4 |
| HNCs, Level 4 Certificates/Diplomas, Level 4 S/NVQs | 24 | 8.3 |
| A-Levels, Highers, Level 3 S/NVQs | 38 | 13.1 |
| GCSEs, Standard Grades, Level 2 S/NVQs | 110 | 38.1 |
| **Total** | **289** | **100** |

[% share based on those vacancies with a specified education requirement]

Table 5.11 shows the most in demand skills are 'EDUCATION AND TRAINING: Teaching' at 33% and 'CUSTOMER AND CLIENT SUPPORT: Basic Customer Service' also at 33%. Not

all vacancies have required skills so the table below presents only a partial picture. Of those vacancies where skills were included, many may have several required skills listed.

**Table 5.11: Top ten skill clusters**

| Skill cluster | No's | % |
|---|---|---|
| EDUCATION AND TRAINING: Teaching | 181 | 33 |
| CUSTOMER AND CLIENT SUPPORT: Basic Customer Service | 176 | 33 |
| INFORMATION TECHNOLOGY: Microsoft Office And Productivity Tools | 88 | 16 |
| SALES: General Sales | 86 | 16 |
| BUSINESS: Project Management | 83 | 15 |
| FINANCE: Budget Management | 76 | 14 |
| PERSONAL CARE AND SERVICES: Child Care | 71 | 13 |
| PERSONAL CARE AND SERVICES: Food And Beverage Service | 64 | 12 |
| FINANCE: General Accounting | 62 | 11 |
| HEALTH CARE: Basic Patient Care | 61 | 11 |

[% based on those vacancies where the information was available]

Table 5.12 shows the top ten certifications in demand, headed by 'Construction Skills Certification Scheme (CSCS) Card'.

**Table 5.12: Top ten Certifications required**

| Certification | No's |
|---|---|
| Construction Skills Certification Scheme (CSCS) Card | 33 |
| Registered General Nurse (RGN) | 27 |
| Cavendish Care Certificate | 15 |
| General Medical Council (GMC) Registration | 14 |
| Nursing and Midwifery Council (NMC) Registration | 13 |
| General Dental Council (GDC) Registration | 11 |
| Moving and Handling Certificate | 8 |
| HGV Licence | 8 |
| Veterinary Nurse | 7 |
| Incorporated Engineer (IEng) | 7 |

Table 5.13 below shows vacancies by automation risk level. Although the low risk level is the largest category at 53.7% of vacancies, there were 12.9% of vacancies at a high risk of being automated.

| Table 5.13: Vacancies by automation risk level | | |
|---|---|---|
| **Automation risk level** | **No's** | **%** |
| High | 190 | 12.9 |
| Medium | 489 | 33.3 |
| Low | 790 | 53.7 |
| NA | 1 | 0.1 |
| **All** | **1470** | **100** |

[% share based on those vacancies where an automation risk level is available]

The table below shows the top vacancies (10 or more) at the highest risk of automation.

| Table 5.14: Vacancies with highest risk of automation (10 or more) | |
|---|---|
| **Occupation** | **No's** |
| Other administrative occupations n.e.c. | 37 |
| Chartered and certified accountants | 24 |
| Receptionists | 22 |
| Kitchen and catering assistants | 13 |
| Book-keepers, payroll managers and wages clerks | 12 |
| Estate agents and auctioneers | 11 |

Source: Labour Insight/Jobs, Burning Glass.

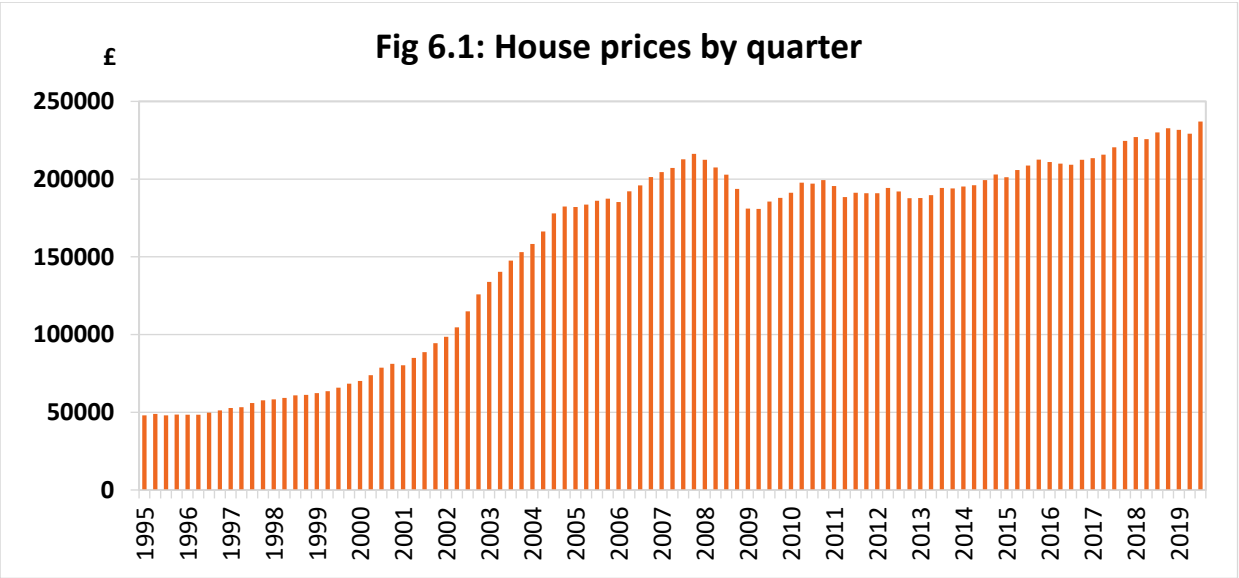
## 6 Housing

**Quarterly mean house prices**

In Q3 2019, house prices averaged £237,000 up from £229,200 in Q2 2019 and also up from £230,000 in Q3 2018.

House prices peaked in Q4 2007 at £216,200; they then fell back to £180,800 in Q2 2009. There was then a recovery with prices reaching £199,400 in Q4 2010. This was followed by a decline down to £187,700 in Q4 2012. Thereafter prices rose to reach £212,500 in Q4 2015 then fell back. Since Q4 2016 prices have increased to reach £232,800 in Q4 2018. Prices have now been above the Q4 2007 peak of £216,200 for the last 9 quarters.

House prices in Cornwall equal 101% of the UK average compared to 99% in Q3 2018.




## Monthly mean house prices

In October, house prices in Cornwall averaged £235,648, down by 1.4% on the September total of £239,083. The 1.4% decrease compares to a 0.7% decrease for both England and the UK. Compared to October 2018 house prices in Cornwall were up by £3,109 or 1.3%, compared to increases of 0.5% for England and 0.7% for the UK.

**Table 6.1: House Prices**

| Year | Month | Cornwall | England | UK |
|---|---|---|---|---|
| 2018 | Oct | 232539 | 247757 | 231211 |
| 2018 | Nov | 233977 | 246907 | 230195 |
| 2018 | Dec | 231728 | 246474 | 229815 |
| 2019 | Jan | 232253 | 244715 | 228393 |
| 2019 | Feb | 231278 | 244632 | 227822 |
| 2019 | Mar | 231461 | 243302 | 227262 |
| 2019 | Apr | 229217 | 245044 | 228999 |
| 2019 | May | 228678 | 245284 | 229273 |
| 2019 | June | 229779 | 246411 | 230455 |
| 2019 | July | 235218 | 249336 | 233277 |
| 2019 | Aug | 236782 | 250486 | 234408 |
| 2019 | Sept | 239083 | 250817 | 234539 |
| 2019 | Oct | 235648 | 248939 | 232944 |
| | Change | £ | £ | £ |
| | Monthly | -3435 | -1878 | -1595 |
| | Yearly | 3109 | 1182 | 1733 |
| | Change | % | % | % |
| | Monthly | -1.4 | -0.7 | -0.7 |
| | Yearly | 1.3 | 0.5 | 0.7 |

Source: Land Registry, House Price Index, 18 December 2019.

**Quarterly median house prices, Land Registry**

"The quarterly House Price Statistics for Small Areas also use the Land Registry data, but they report simple median house prices which are not mix-adjusted. These figures give an indication of the price of properties which actually sold in a given period and area (they're also available for small geographic areas). Note that these figures cover a rolling 12-month period, to ensure that a robust median price is reported, and this is updated each quarter".

In the year ending June 2019, median house prices in Cornwall equalled £225,000 compared to £240,000 for England[20]. Compared to the previous quarter, prices were stable for both Cornwall and England. In comparison to the year ending June 2018 prices were up by £4,750 or 2.2%. The increase across England over the same period was 1.3%. Over the year, prices expressed as a percentage of the England total, remained at 94%.

**Table 6.2a: Median House Prices**

| Year ending | Cornwall | | England |
|---|---|---|---|
| | £ | % of England | £ |
| Jun 2017 | 212,500 | 92 | 229,950 |
| Sep 2017 | 215,000 | 93 | 230,100 |
| Dec 2017 | 219,950 | 94 | 235,000 |
| Mar 2018 | 220,000 | 94 | 235,000 |
| Jun 2018 | 220,250 | 93 | 237,000 |
| Sep 2018 | 222,500 | 93 | 239,950 |
| Dec 2018 | 225,000 | 94 | 240,000 |
| Mar 2019 | 225,000 | 94 | 240,000 |
| Jun 2019 | 225,000 | 94 | 240,000 |

**Table 6.2b: Median House Prices**

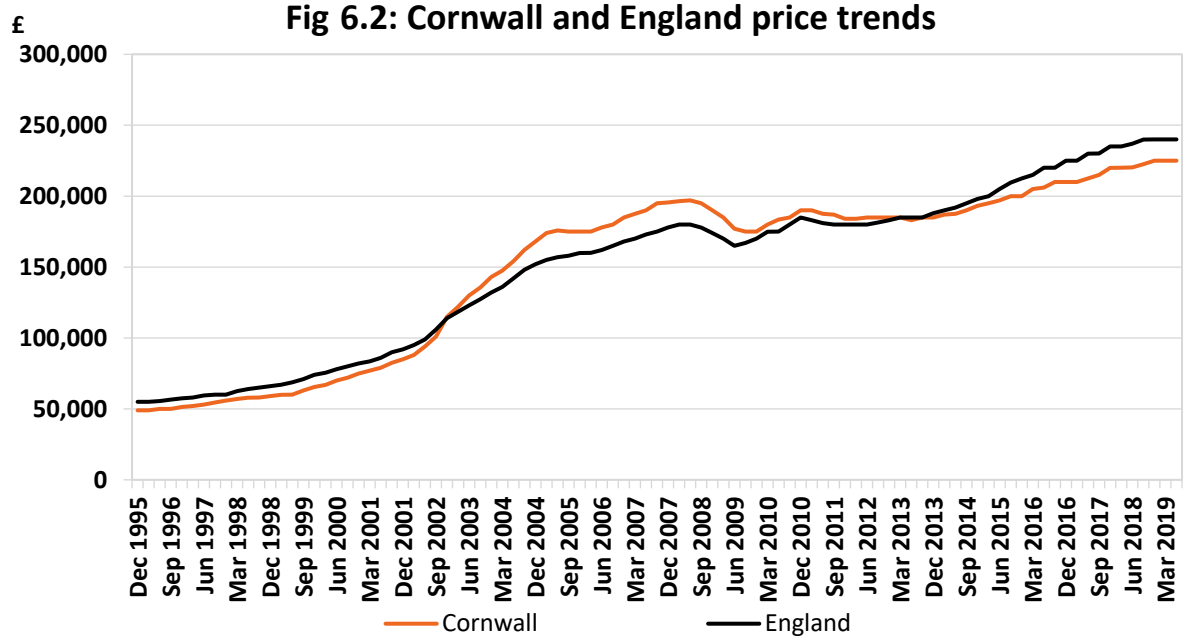
| | £ | % | £ |
|---|---|---|---|
| Qtr on previous qtr change | 0 | 0 | 0 |
| Qtr on qtr over 1 year | 4,750 | 0.8 | 3,000 |
| | % | | % |
| Qtr on previous qtr change | 0 | 0 | 0 |
| Qtr on qtr in previous year | 2.2 | 0.9 | 1.3 |

Land Registry, Table 9.

[20] UK figures not available.

Comparing house price trends in Cornwall and England since 1995 shows that in Q4 1995, average prices in Cornwall were £49,000, 89% of the England average. House prices rose above the England average from Q4 2002 until Q4 2012. Since then house prices have fallen relative to the England average and now stand at 94%.

**Fig 6.2: Cornwall and England price trends**




The table below shows prices by Parliamentary Constituency. For the year ending June 2019, the highest prices were in Truro and Falmouth at £272,500 and the lowest in Camborne and Redruth at £195,000. Over the year the largest increases were seen in North Cornwall +6.5% and St Austell & Newquay at +5.9%.

**Table 6.3: Median House Prices**

| | YE June 2018 | YE June 2019 | Change | |
|---|---|---|---|---|
| **Parliamentary constituency** | **£** | **£** | **£** | **%** |
| Camborne and Redruth | 195,000 | 195,000 | 0 | 0.0 |
| North Cornwall | 230,000 | 245,000 | 15,000 | 6.5 |
| South East Cornwall | 196,000 | 198,750 | 2,750 | 1.4 |
| St Austell and Newquay | 203,000 | 215,000 | 12,000 | 5.9 |
| St Ives | 238,000 | 245,000 | 7,000 | 2.9 |
| Truro and Falmouth | 260,000 | 272,500 | 12,500 | 4.8 |
| **Cornwall** | **220,250** | **225,000** | **4,750** | **2.2** |

Land Registry, Table 24

[ONS, Land Registry, House price statistics for small areas: year ending Dec 1995 to year ending June 2019, 13 December 2019].

**Sales data – Land Registry**

Total sales in August 2019 at 811 were up 4% on the July 2019 total of 777[21]. The UK sales figure also rose by 4%. Compared to August 2018, sales fell by 20%, from 1,018 to 811. Totals fell in England by 16% and the UK by 15%.

**Table 6.4a: Number of sales by area**

| Period | | Cornwall | England | UK |
|---|---|---|---|---|
| 2018 | Aug | 1018 | 84466 | 106376 |
| 2018 | Sept | 858 | 68839 | 87977 |
| 2018 | Oct | 923 | 76864 | 97137 |
| 2018 | Nov | 1032 | 81534 | 103447 |
| 2018 | Dec | 860 | 69641 | 88129 |
| 2019 | Jan | 680 | 53968 | 68815 |
| 2019 | Feb | 703 | 56756 | 70574 |
| 2019 | Mar | 802 | 63784 | 80864 |
| 2019 | Apr | 673 | 58086 | 75341 |
| 2019 | May | 726 | 63532 | 82967 |
| 2019 | June | 729 | 64497 | 83529 |
| 2019 | July | 777 | 68020 | 87078 |
| 2019 | Aug | 811 | 70685 | 90894 |

**Table 6.4b: Number of sales by area**

| Period | Cornwall | England | UK |
|---|---|---|---|
| Change | No's | No's | No's |
| Monthly | 34 | 2665 | 3816 |
| Yearly | -207 | -13781 | -15482 |
| Change | % | % | % |
| Monthly | 4 | 4 | 4 |
| Yearly | -20 | -16 | -15 |

Fig 6.3 shows sales on a quarterly basis. There is a seasonal variation with sales generally lower in the first quarter and higher in the third or fourth quarter. Sales in Q2 2019 were down on those in Q1 2019, 2,128 compared to 2,185, and down from 2,574 in Q2 2018.

[21] Sales figures are often adjusted each month so that previous figures are superseded.

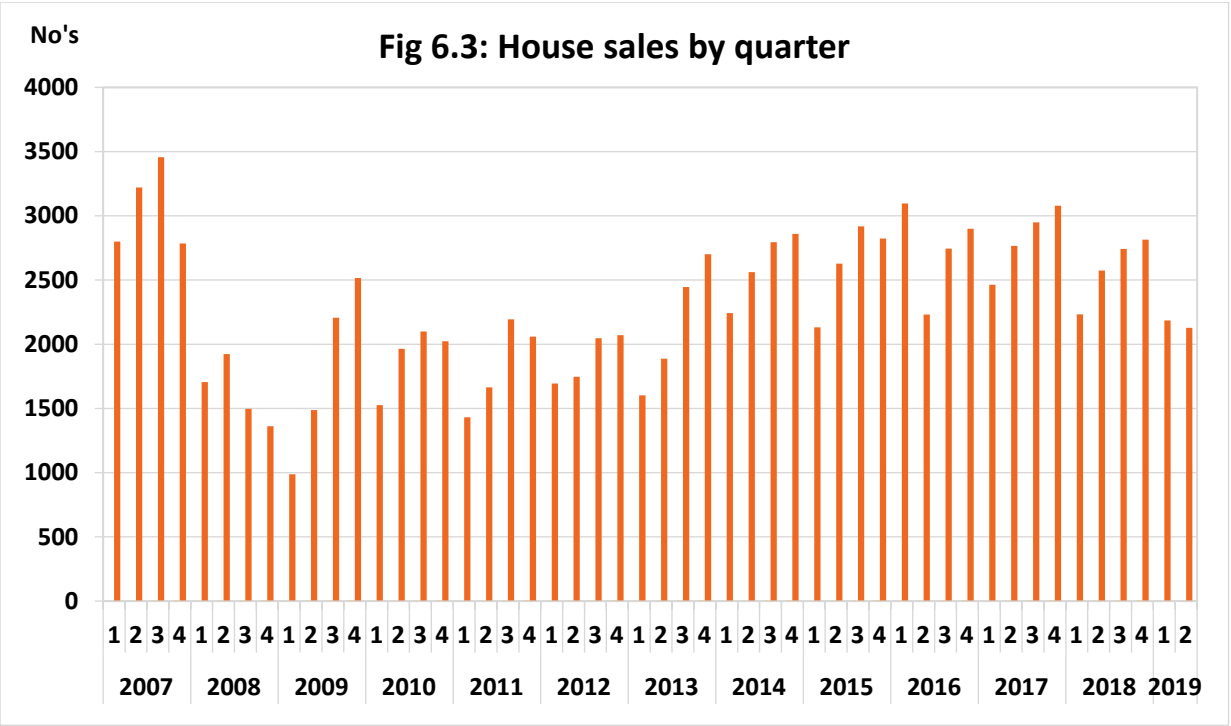
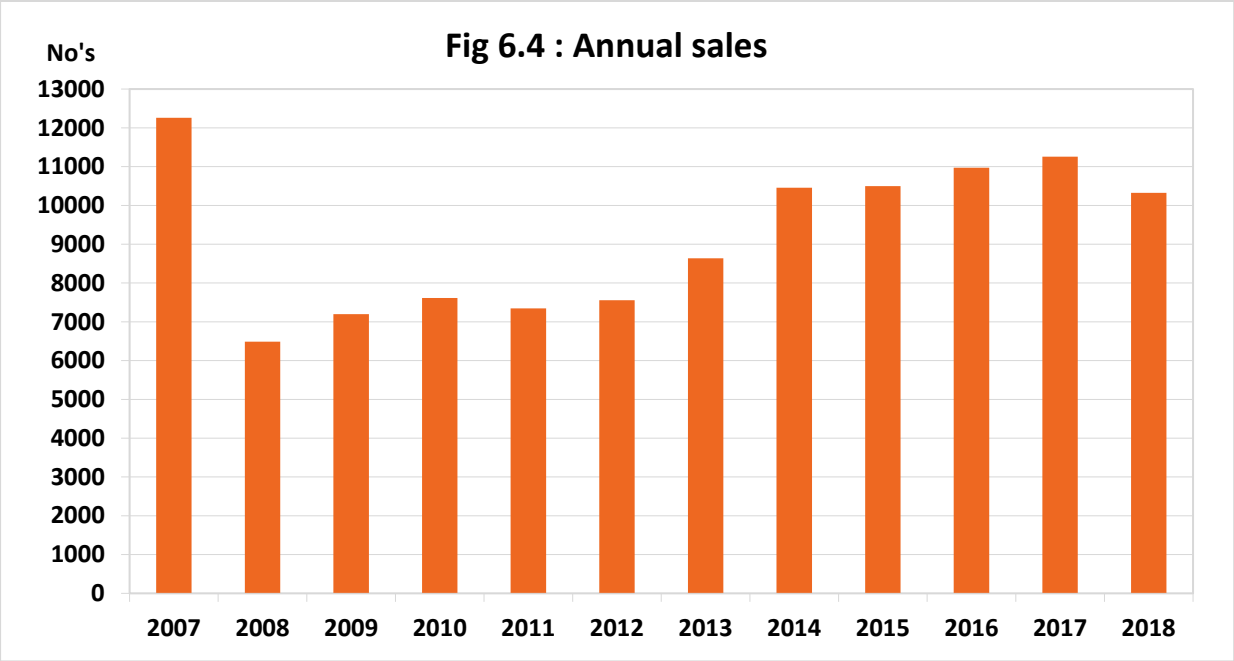



Fig 6.4 below shows house sales on an annual basis[22]. In 2007 there were 12,260 sales, the recession in 2008 saw sales drop by nearly half to 6,486. Numbers increased in 2009 and in 2010 but fell back in 2011. There was a slight increase in 2012 with numbers rising in 2013 to reach 10,457 in 2014. 2015 saw numbers stabilise at 10,499 with a slight rise in 2016 to 10,971 and with an increase to 11,257 in 2017. Numbers fell in 2018 down to 10,363.




Source: Land Registry, House Price Index, 13 November 2019.

[22] Figures from Land Registry have been revised.

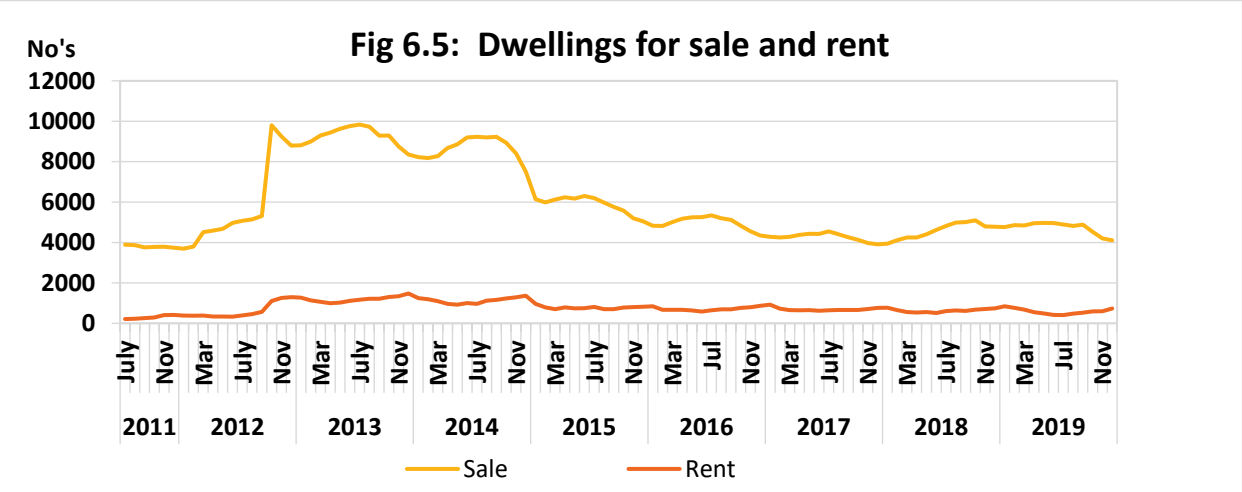
## Properties available for sale and rent

According to Zoopla[23], in December there were 4,108 properties for sale with 730 to rent, a total of 4,838 properties. Compared to November, the number of dwellings for sale was down by 2% while the numbers for rent were up by 21%. Overall the total was up 1%. Compared to December 2018, the number of properties for sale was down by 14% while the numbers available for rent fell by 1%. The total fell by 12%. All figures in Table 6.5.

**Table 6.5: Houses and flats for sale or rent**

| | For sale | For rent | Total |
|---|---|---|---|
| Period | No's | No's | No's |
| Dec-18 | 4784 | 741 | **5525** |
| Nov-19 | 4204 | 601 | **4805** |
| Dec-19 | 4108 | 730 | **4838** |
| Change | | | |
| Month - no's | -96 | 129 | **33** |
| Year - no's | -676 | -11 | **-687** |
| Month - % | -2 | 21 | **1** |
| Year - % | -14 | -1 | **-12** |

Fig 6.5 shows the trend in houses for sale or rent since July 2011. Numbers of both houses for sale and rent increased in late 2012, remaining at a high level until October 2014. Numbers then fell back up to February 2016 with an increase up to July 2016, before falling back to a low of 4,977 in February 2017. Numbers then edged up marginally, to peak in July at 5,199 followed by a gradual but sustained fall for the rest of the year. Since the beginning of 2019, apart from an upturn in September, the number of dwellings available steadily declined, although stabilised in December.




[23] http://www.zoopla.co.uk/house-prices/browse/cornwall/

Table 6.6 below shows the breakdown of properties for sale. Houses comprised 83.9% of total properties in December, up compared to 82.7% in December 2018.

**Table 6.6: Properties for sale**

| | Houses | Flats | Total | | Houses | Flats | Total |
|---|---|---|---|---|---|---|---|
| Period | No's | No's | No's | Period | % | % | % |
| Dec-18 | 3958 | 826 | **4784** | Nov-18 | 82.7 | 17.3 | **100.0** |
| Nov-19 | 3522 | 682 | **4204** | Nov-19 | 83.8 | 16.2 | **100.0** |
| Dec-19 | 3448 | 660 | **4108** | Nov-19 | 83.9 | 16.1 | **100.0** |

Table 6.7 shows the breakdown of new properties for sale. In December, there were 505 new properties, 420 houses (83.2%) and 85 flats (16.8%). Overall, new properties accounted for 12.3% of all properties for sale.

**Table 6.7: New Properties for sale**

| Category | | Houses | Flats | Total | Houses | Flats | Total |
|---|---|---|---|---|---|---|---|
| Period | | No's | No's | No's | % | % | % |
| 2018 | Dec | 458 | 103 | **561** | 81.6 | 18.4 | **100** |
| 2019 | Jan | 466 | 107 | **573** | 81.3 | 18.7 | **100** |
| | Feb | 444 | 91 | **535** | 83.0 | 17.0 | **100** |
| | Mar | 443 | 91 | **534** | 83.0 | 17.0 | **100** |
| | Apr | 462 | 104 | **566** | 81.6 | 18.4 | **100** |
| | May | 427 | 97 | **524** | 81.5 | 18.5 | **100** |
| | June | 465 | 92 | **557** | 83.5 | 16.5 | **100** |
| | July | 485 | 88 | **573** | 84.6 | 15.4 | **100** |
| | Aug | 472 | 85 | **557** | 84.7 | 15.3 | **100** |
| | Sept | 490 | 106 | **596** | 82.2 | 17.8 | **100** |
| | Oct | 420 | 93 | **513** | 81.9 | 18.1 | **100** |
| | Nov | 427 | 87 | **514** | 83.1 | 16.9 | **100** |
| | Dec | 420 | 85 | **505** | 83.2 | 16.8 | **100** |
| Change | Month - no's | -7 | -2 | -9 | 0.1 | -0.1 | |
| | Year - no's | -38 | -18 | -56 | 1.5 | -1.5 | |
| | Month - % | -2 | -2 | -2 | 0.1 | -0.6 | |
| | Year - % | -8 | -17 | -10 | 1.9 | -8.3 | |

Over the year, the number of new houses for sale fell by 8%, while the number of flats fell by 17%.

Source: Zoopla, 31 December 2019.

## 7 Commercial property

In December there were 555 commercial properties available, with Retail accounting for 36% and Leisure/hospitality for 31%. There were 277 commercial properties for letting with 278 for purchase. Retail comprised the largest sector in the 'to let' category accounting for 42% of the total, while Leisure/hospitality was the largest sector in the 'to buy' category at 58%. All figures in Table 7.1.

**Table 7.1: Commercial property - December 2019**

| | Offices | Retail | Industrial | Leisure/ Hospitality | Total |
|---|---|---|---|---|---|
| | No's | No's | No's | No's | No's |
| Let | 76 | 116 | 73 | 12 | **277** |
| Buy | 10 | 83 | 25 | 160 | **278** |
| **All** | **86** | **199** | **98** | **172** | **555** |
| | % | % | % | % | Total |
| Let | 27 | 42 | 26 | 4 | **100** |
| Buy | 4 | 30 | 9 | 58 | **100** |
| **All** | **15** | **36** | **18** | **31** | **100** |

Compared to December 2018, the number of properties to let has risen by 11%, while the number for sale has also increased by 11%.

Source: Zoopla, 31 December 2019.

## 8 Chamber of Commerce

The latest Cornwall Chamber of Commerce survey takes the data up to Q3 2019[24]. Compared to Q2 2019, there were negative readings[25] for 6 of the 12 indicators, with 5 positive and 1 with no change. The largest negative changes were 'Businesses looking to recruit – had experienced recruitment difficulties' + 19%, then 'UK sales – have increased' – 6% and 'Workforce over the next quarter - increase' -5%. The most positive changes were 'Planned investment on training - Intend to increase' +13% and 'UK sales – have increased' and 'Investment in plant and equipment - Intend to increase current levels' both at +7%.

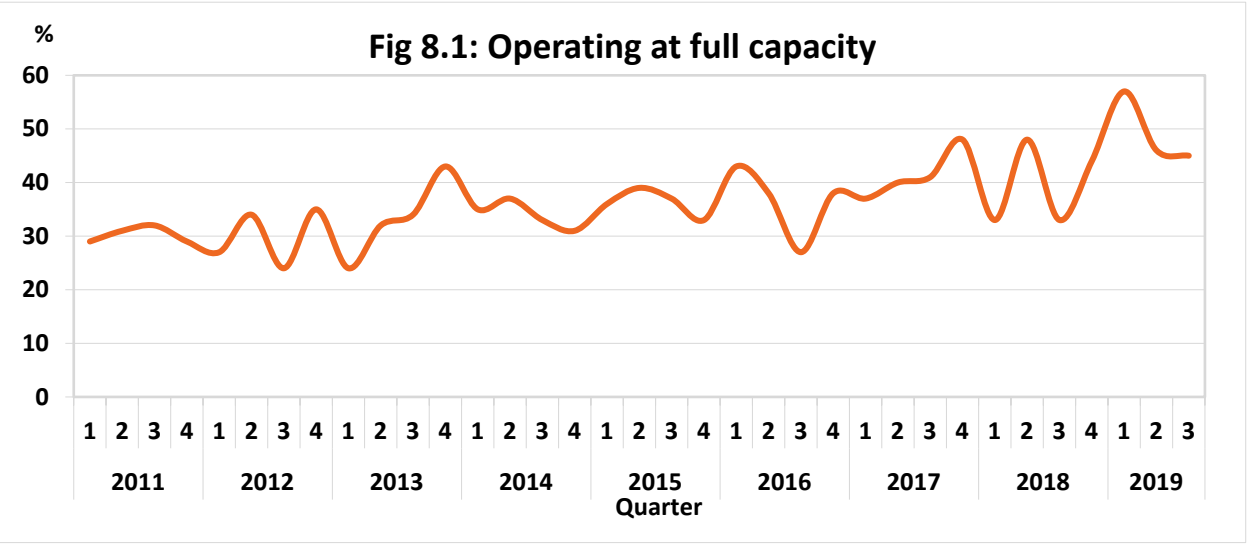
All data in Table 8.1 below.

[24] NB Smaller sample size than usual so take should be taken in interpreting data.
[25] A plus reading for 'had experienced recruitment difficulties is regarded as negative!

| Table 8.1: Chamber of Commerce Survey | | | | | | |
|---|---|---|---|---|---|---|
| | Period | 2018 | 2019 | 2019 | Change | |
| | | Q3 | Q2 | Q3 | Qtr | Year |
| Topic | Status | % | % | % | % | % |
| UK sales | Have increased | 35 | 37 | 44 | 7 | 9 |
| UK orders | Have increased | 30 | 30 | 24 | -6 | -6 |
| Size of their workforce | Increased | 33 | 34 | 29 | -5 | -4 |
| Workforce over the next quarter | Increase | 30 | 35 | 33 | -2 | 3 |
| Planned investment on training | Intend to increase | 18 | 20 | 33 | 13 | 15 |
| Investment in plant and equipment | Intend to increase current levels | 20 | 11 | 18 | 7 | -2 |
| Staff | Attempted to recruit | 58 | 52 | 53 | 1 | -5 |
| Businesses looking to recruit | Had experienced recruitment difficulties | 57 | 57 | 76 | 19 | 19 |
| Turnover | Increase over the next 12 months | 63 | 60 | 64 | 4 | 1 |
| Profitability of their business | Expect to increase over the next 12 months | 53 | 47 | 44 | -3 | -9 |
| Export sales | Increased | 15 | 4 | 4 | 0 | -11 |
| Operating capacity | Full capacity | 33 | 46 | 45 | -1 | 12 |

Over the year, there were negative readings for 7 of the 12 indicators, with 5 positive. The most negative changes were 'Businesses looking to recruit – had experienced recruitment difficulties' + 19%, then 'Export sales - increased' -11%.

Fig 8.1 shows the percentage of businesses operating at full capacity. The latest figure of 45% is similar to the Q2 2019 figure of 46% but above the Q3 2018 figure of 33%. There is a degree of seasonality in the figures.




Source: Cornwall Chamber of Commerce, October 2019.

## 9 Defence Location Statistics

Defence employment statistics are released on an annual basis. The figures show numbers for April from 2012 to 2018.

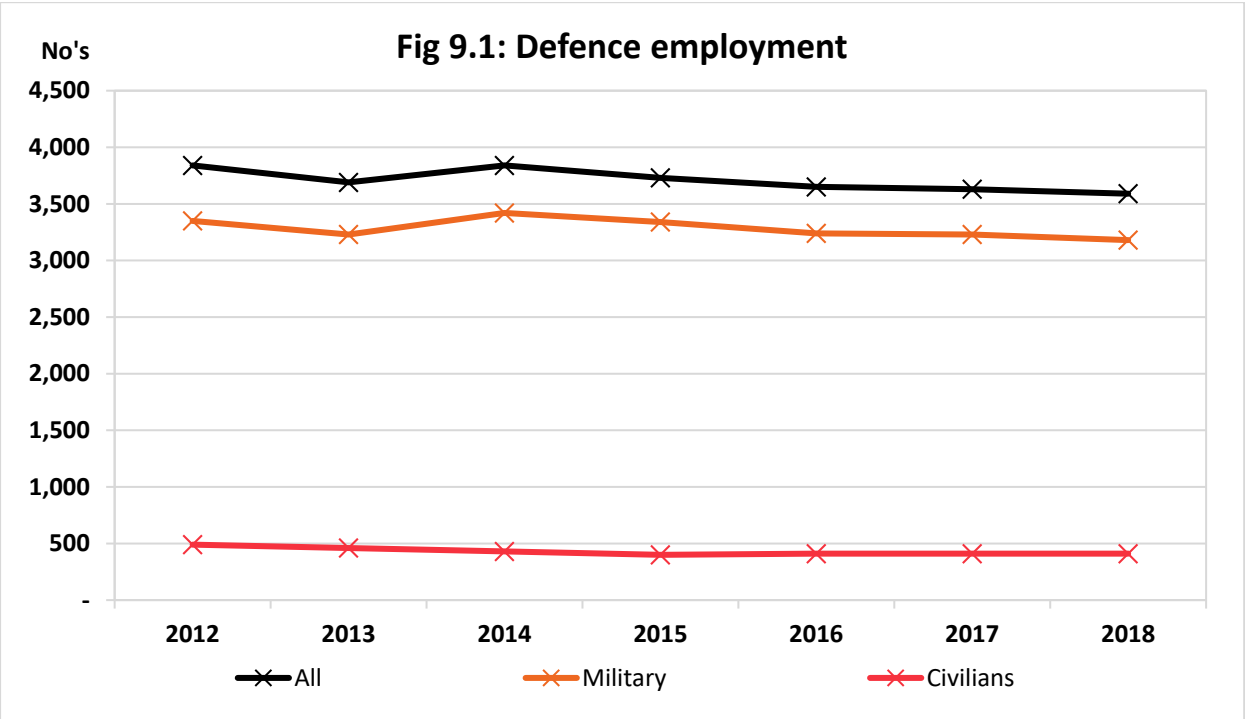
The figures show that the defence sector employed 3,590 in 2018, of whom 3,180 (89%) were military and 410 (11%) were civilians. The total was down on the 2017 figure[26]. All data in Table 9.1.

**Table 9.1: Defence employment in Cornwall**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| Officers | 560 | 510 | 510 | 490 | 470 | 460 | 440 |
| Other Ranks | 2,790 | 2,720 | 2,900 | 2,850 | 2,780 | 2,770 | 2,740 |
| **Military** | **3,350** | **3,230** | **3,420** | **3,340** | **3,240** | **3,230** | **3,180** |
| Non-Industrial | 330 | 310 | 270 | 250 | 260 | 270 | 270 |
| Industrial | 160 | 150 | 160 | 150 | 140 | 140 | 130 |
| **Civilians** | **490** | **460** | **430** | **400** | **410** | **410** | **410** |
| **All** | **3,840** | **3,690** | **3,840** | **3,730** | **3,650** | **3,630** | **3,590** |

Fig 9.1 shows the trend in numbers of defence personnel employed since 2012. Since 2014, numbers have fallen each year from 3,840 to 3,590.

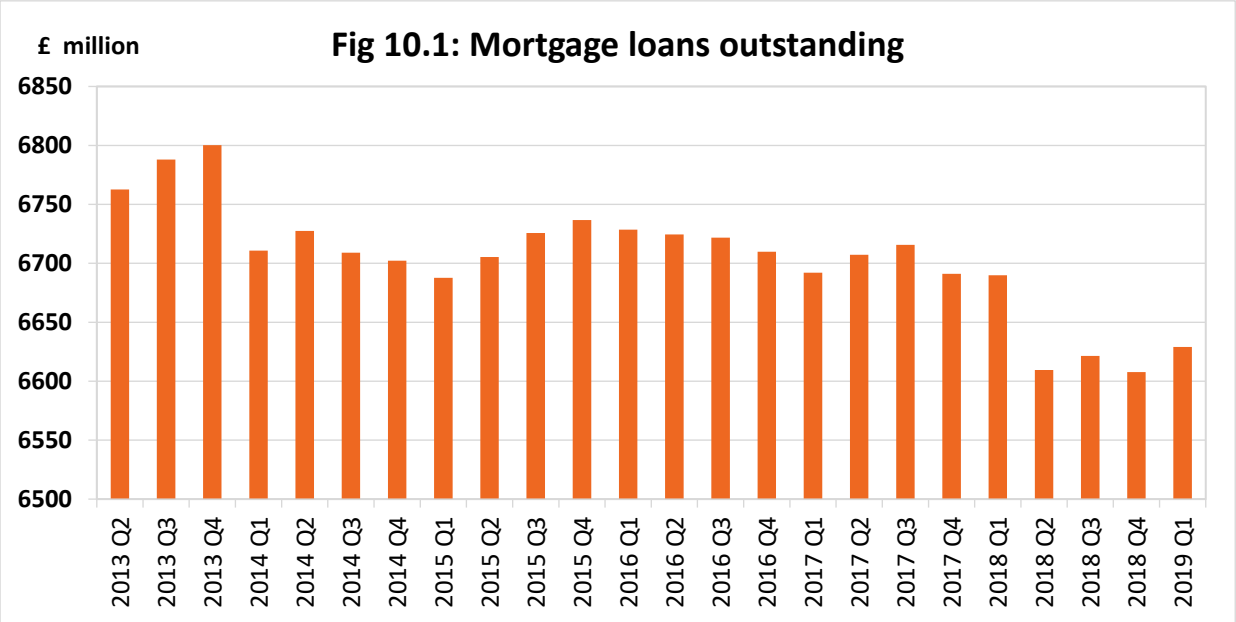
[26] NB. Sub totals may not sum.




Source: Ministry of Defence, Location Statistics, Statistical Bulletin, 17 May 2019.

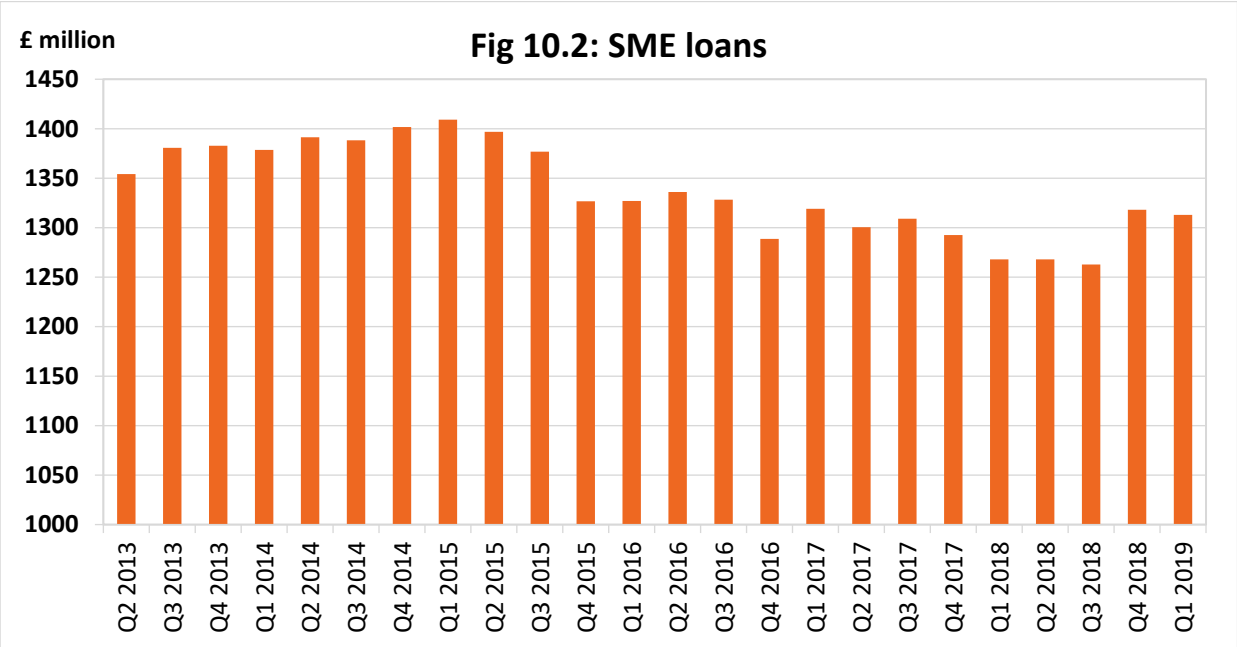
## 10 Finance – loans

The latest data from UK finance gives figures for Cornwall for Q1 2019. The latest data shows that the value of residential mortgage loans outstanding stood at £6,629 up slightly on the £6,608 figure in Q4 2018. All data in Fig 10.1.

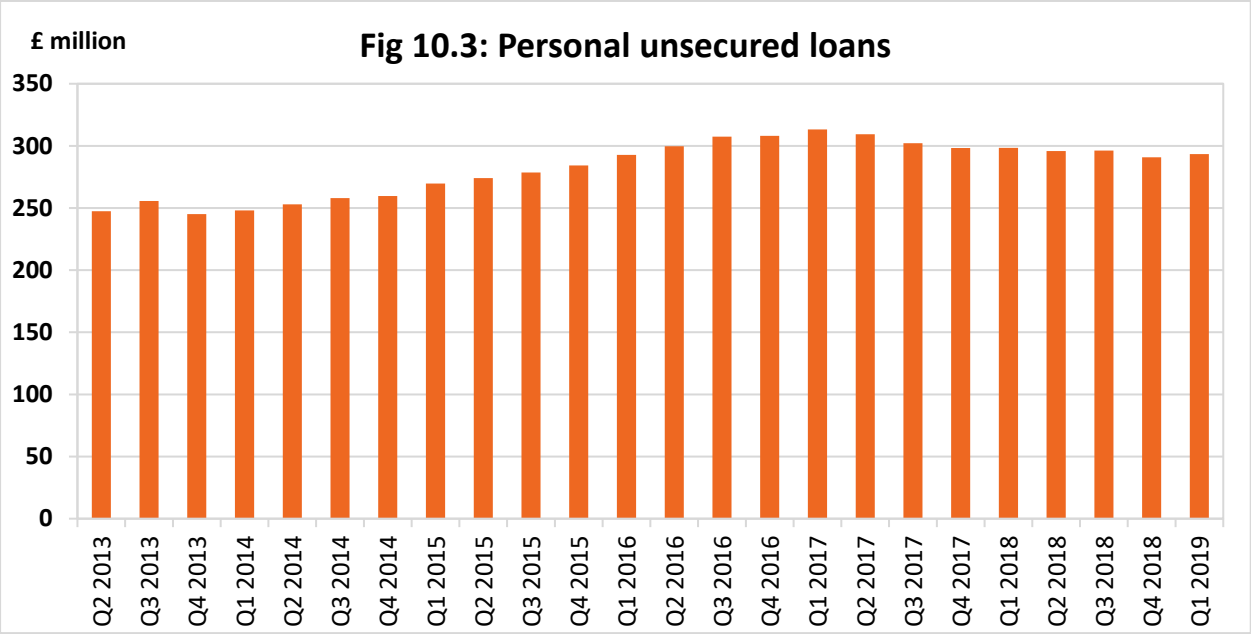



After the rise in Q4 2018, SME loans fell back marginally in Q1 2019 from £1,318million to £1,313 million. [27]

[27] NB. Q3 2018 figures were revised down from those in the April release.




At a UK level, unsecured loans have raised concerns over the ability of people to deal with debt. Figures for Cornwall in Fig 10.3 reflect the upward movement in loans since Q4 2013 from £245 million to reach £313 million in Q1 2017. From then onwards the total has fallen back, although with a slight upturn in Q1 2019 and stands at £293 million[28].




[The lenders participating in the GB and/or Northern Ireland exercises collectively account for about 73 per cent of UK mortgage lending and 60 percent of both personal loans and SME loans by banks and building societies].

Source: UK Finance, 1 October 2019.

[28] The previous edition incorrectly stated the figure was £284 million.

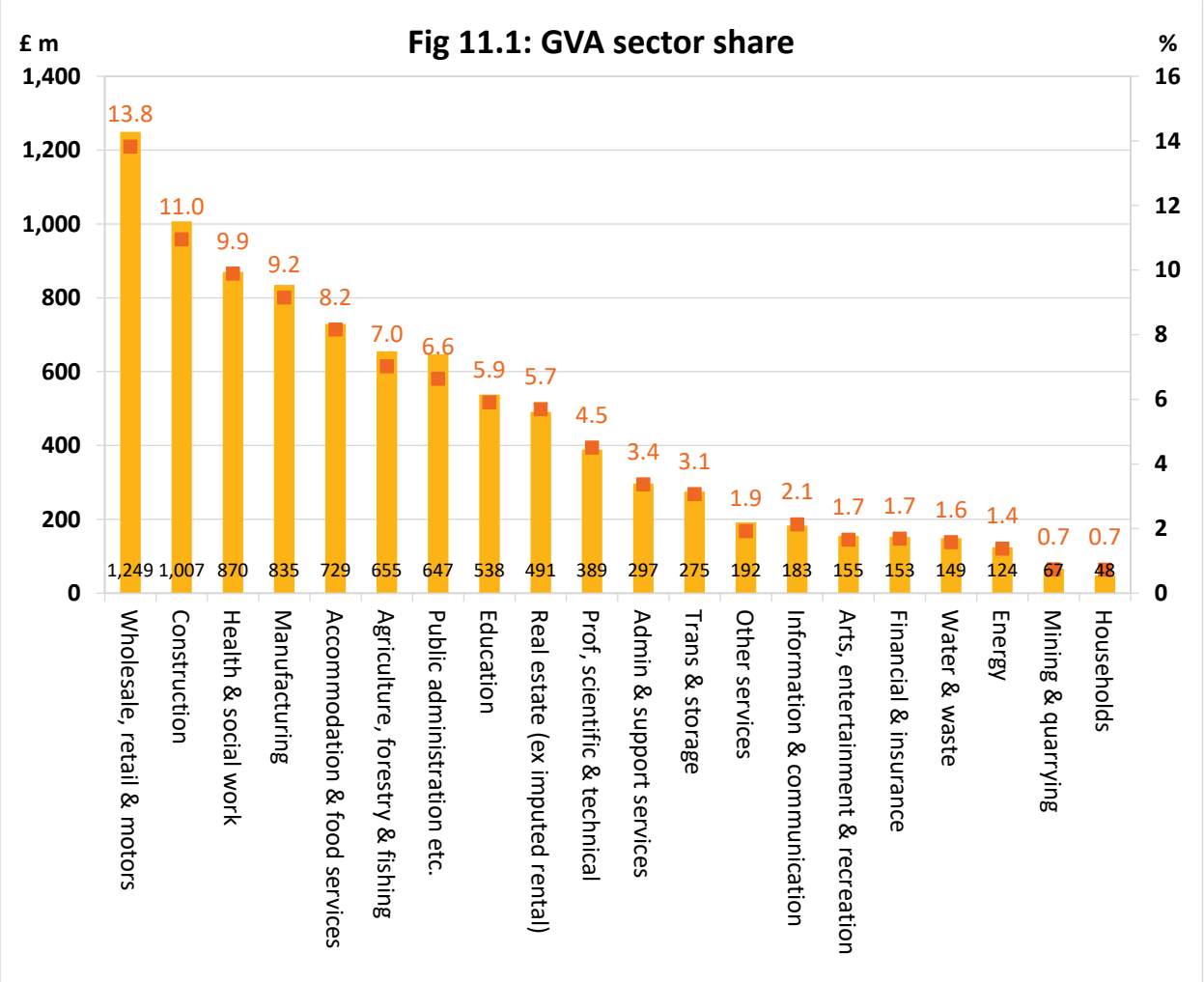
## 11 Gross Value Added and Gross Domestic Product

**Gross Value Added (GVA)**

Total GVA in 2018 was £10,960 million. Up 2.2% on the 2017 figure. The figure per head was £19,288, up 1.4% on the 2017 figure. The per capita figure was equal to 67.7% of the UK figure.

Overall, the economy grew by £3,635 million or 53% between 1999 and 2018. If the Owner-occupier imputed rentals (OOIR) is removed growth was higher at 62%. In absolute terms the largest growth was recorded by 'Wholesale, retail and motors' +£537 million, 'Real estate' +£524 million, and 'Construction' +£420 million. In relative terms the largest increases were 'Administrative & support services' +224%, 'Information & communication' +164%, and 'Households' +94%.

Fig 11.1 illustrates the share of GVA [29]for each of the main sectors. 'Wholesale, retail & motors' was the largest with £1,249 million (13.8%), followed by 'Construction' with £1,007 million (11.0%) and 'Health & social work' £870 million (9.9%).




[29] Excludes Owner occupier imputed rentals.

**Gross Domestic Product (GDP)**

ONS now release GDP data at NUTS 2 level. In real terms, GDP per head rose increased each year from 1998 to 2006 when it peaked at £19,601. It then fell back to £18,357 in 2009. Per head figures rose thereafter to surpass the 2006 figure in 2014 at £19,689. The latest figure for 2018 was £20,593.

Source: ONS, Statistical bulletin, Regional economic activity by gross domestic product, UK: 1998 to 2018, 19 December, 2019.

# 3 South West England

## 1 NatWest South West PMI

**November: New business declines at quickest rate since March 2009**

**Key findings**

- "Sharp reduction in new orders, output falls further
- Backlogs decline at fastest pace since February 2013
- Business confidence improves to 21-month high"

"Latest NatWest PMI® data signalled a further deterioration in business conditions across the South West during November. New orders fell at the quickest rate for over ten years, leading to a further reduction in output. As a result, outstanding workloads declined at a sharper rate. However, business confidence picked up, with firms expecting activity to rebound in the months ahead if political and economic uncertainty subsides, which in turn supported a modest increase in staff numbers.

The headline South West Business Activity Index - a seasonally adjusted index that measures the combined output of the region's manufacturing and service sectors - registered 48.0 in November, down slightly from 48.2 in October. The figure highlighted the ninth successive monthly fall in business activity across the region. Though moderate, the decline was quicker than seen across the UK as a whole. Sector data indicated that output contracted across both the manufacturing and service sectors across the region.

Demand: The sustained fall in business activity was underpinned by a further decline in new orders. Furthermore, sales fell at a solid and accelerated pace that was the steepest since early 2009. According to panel members, uncertainty around the election and Brexit had led clients to delay or cancel orders. Notably, the reduction was among the fastest seen of all 12 monitored UK regions.

Capacity: Lower intakes of new orders enabled firms to work through their outstanding business. Notably, the rate of backlog depletion was the steepest recorded since February 2013. At the same time, hopes that business activity will improve over the coming months led to an increase in staff numbers for the second month in a row. That said, the rate of payroll growth remained modest.

Prices: South West private sector firms signalled a further easing in inflationary pressures during November. The rate of input cost inflation was the weakest recorded since June 2016, albeit still sharp overall.
Concurrently, output charges rose only modestly, with a number of firms suggesting that efforts to remain competitive had hindered their ability to fully pass on higher cost burdens to clients.

Outlook: Although conditions remained challenging in November, firms were optimistic that output would increase over the next year. Notably, the degree of positive sentiment improved to a 21-month high. However, growth forecasts were largely contingent on demand conditions recovering after the upcoming election, as well as reduced uncertainty surrounding Brexit".

Source: NatWest/IHS Markit South West PMI®, 9 December 2019.

# 4 United Kingdom

## 1 Business Surveys and barometers

Confidence surveys, with information generally released ahead of official statistical data, can indicate changes to the economic outlook as well as turning points in the economic cycle. [House of Commons, Economic Indicators update].

*A major bugbear is the number of references we see to the PMI surveys being measures of business "sentiment". This is not the case. We in fact only ask one sentiment-based question, which asks about how business activity is expected to change over the coming year. All other questions ask respondents to report on actual changes in output, orders, prices, employment and other variables from one month to the next. As such, the answers reflect objective business metrics, not opinion, which is why the indices act as such good indicators of official data such as GDP, employment and inflation*. [IHS Markit].

**Markit/CIPS UK Manufacturing PMI®: November - UK manufacturing contracts as political and economic uncertainty continues**

**Key findings**

- "UK Manufacturing PMI at 48.9 in November (Flash: 48.3)
- Output, new orders and employment all decline
- Stocks depleted and purchasing reduced following Brexit delay"

**Rob Dobson, Director at IHS Markit, which compiles the survey:** *"November saw UK manufacturers squeezed between a rock and hard place, as the uncertainty created by a further delay to Brexit was accompanied by growing paralysis ahead of the forthcoming general election. Downturns in output and new orders continued amid a renewed contraction in exports. The pace of job losses also hit a seven-year high as firms sought to reduce overheads in the face of falling sales. Destocking at manufacturers and their clients following the latest Brexit delay was a major contributor to the weakness experienced by the sector. Inflationary pressures meanwhile showed signs of moderating further, with input costs falling slightly for the first time since March 2016.*

*Signs of a two-speed economy persisted, with intensifying business uncertainty leading to a further steep drop in demand for machinery and equipment as firms cut back on investment, but rising demand for consumer goods suggests that households continue to provide some support to the economy. "Manufacturers across all sectors will be hoping that the New Year brings clarity on the political, trade and economic fronts, providing a more certain foundation to plan and rebuild as the next decade begins".*

Source: IHS Markit, IHS Markit/CIPS UK Manufacturing PMI®, 2 December 2019.

**Markit/CIPS UK Construction PMI: November – Slowest decline in construction output since July**

**Key findings**

- "Output falls in all three broad categories of construction
- Sharp drop in new work
- Staffing levels decrease for the eighth month in a row"

**Tim Moore, Associate Director at IHS Markit**, which compiles the survey: *"UK construction output fell again in November as Brexit uncertainty and the forthcoming General Election continued to send a chill breeze across the sector. The speed of the downturn in construction work eased a little since October, but the survey continues to signal a notable drop-off in business conditions compared with the first half of 2019.*

*Greater hesitancy among clients led to a decline in overall new work for the eighth consecutive month during November. Construction companies reported a particularly sharp fall in demand for commercial projects amid a greater squeeze from domestic political uncertainty and delayed investment decisions. House building has been the most resilient category of construction output in 2019. However, it remains a concern that overall volumes of residential building work have dropped in each month since June, which is the longest phase of decline since the start of 2013.*

*Greater spending on transportation and energy projects had been expected to help boost infrastructure work this year and next, but survey respondents indicated a sustained soft patch for overall civil engineering activity in November. Some construction companies reaffirmed their concern about the delivery of road and rail projects, with delays to contract awards acting as an additional headwind to growth projections for 2020".*

Source: IHS Markit/CIPS, UK Construction PMI, 3 December 2019.

**IHS Market/CIPS UK Services PMI®: November - Renewed decline in service sector activity**

**Key findings**

- "Marginal fall in business activity
- New work decreases at fastest pace since July 2016
- Input cost inflation eases to its lowest for over three years"

**Tim Moore, Economics Associate Director at IHS Markit, which compiles the survey**: *"November's PMI surveys collectively suggest that the UK economy is staggering through the final quarter of 2019, with service sector output falling back into decline*

*after a brief period of stabilisation. Lacklustre demand remains centred on business-to-business spending. Service providers have attributed the recent soft patch to delayed decision-making on new projects until greater clarity emerges in relation to the domestic political landscape. Sales to export markets were hard-hit in November, as signaled by the steepest fall in new work from abroad for more than five years.*

*Service providers reported concerns that consumer appetite for big-ticket purchases has begun to falter, while those reliant on consumer footfall and discretionary spending noted the negative impact of unusually wet weather in November. "Lower manufacturing production alongside an absence of growth in the service economy means that the IHS Markit/ CIPS Composite Output Index is consistent with UK GDP declining at a quarterly rate of around 0.1%."*

Source: IHS Markit/CIPS, UK Services PMI, 4 December 2019.

**Report on Jobs: November – Permanent staff appointments drop again amid election and Brexit uncertainty**

**Key findings**

- "Permanent placements decline further, while temp billings rise only slightly
- Slowest increase in vacancies for over a decade
- Starting pay inflation weakest since 2016"

**Commenting on the latest survey results, James Stewart, Vice Chair at KPMG**,
"*The uncertainty around the upcoming election and Brexit outcomes are playing havoc with the UK jobs market, as clearly employers and job-seekers are taking a wait and see approach before committing to growth or movement. However, as big business set out their strategies for the coming year, they will need to start making key decisions on hiring and investment, while those seeking new roles will be hoping to get their CV's out in the New Year once the dust has settled*".

Source: IHS Markit, KPMG and REC UK Report on Jobs, 6 December 2019.

**NatWest UK Regional PMI: November - London leads regional growth for output, new orders and employment in November**

**Key Findings**

- "Higher output in London, Scotland and Wales contrasts with contractions elsewhere
- London leads job creation ahead of the South West and Scotland
- Business input costs rise more slowly in all regions"

**Sebastian Burnside**, **NatWest Chief Economist**, commented: *"Regional economic performances remain subdued on the whole, with just three areas of the UK seeing business activity rise during November, according to the latest PMI data. There is retrenchment taking place in most parts of the UK as firms look to cut costs and reduce some their excess capacity, though the PMI data indicate that it's in the North East and East Midlands where local labour markets are currently hurting the most.*
*After a wobble in the first half of the year, London has been the standout performer in recent months, reporting sustained gains in output and employment. However, even here growth is below trend and there is no obvious lift to the adjoining regions".*

Source: IHS Markit NatWest UK Regional PMI, 9 December 2019.

**Lloyds Business Barometer: December - Overall business confidence hits five month high**

**The latest Lloyds Bank Business Barometer shows:**

- "Overall business confidence increased for a fourth consecutive month, rising one point to 10%.
- Meanwhile, economic optimism fell five points to 2%.
- This month's survey was taken before the General Election result was known
- Firms' concerns about the expected impact of the UK leaving the EU eased back further to -15%, the least negative sentiment since January.
- The West Midlands remained the most confident region, while Scotland and Northern Ireland saw the biggest improvements.
- Overall business confidence also saw a strong improvement in the manufacturing sector".

**Hann-Ju Ho, Senior Economist, Lloyds Bank Commercial Banking**, said: "*As we come to the end of what has undoubtedly been a turbulent year, it is encouraging to see sustained increases in overall business confidence and the sharp improvement in manufacturing confidence. There is now clarity over the UK's departure from the EU, but the focus will turn to whether a new trade agreement can be negotiated during the transition period which currently runs until the end of next year*".

Source: Lloyds Business Barometer, 20 December 2019.

## 2 Consumer Surveys and barometers

**Household Finance Index: December - Financial health deteriorates despite slowest rise in living costs since November 2018**

**Key points**

- "UK Household Finance Index dips to three-month low of 43.2 in November

- Appetite for major purchases decreases at sharper rate
- Tentative signs of improving outlook as financial health expectations turn positive
- Living cost inflation eases to 13-month low"

**Joe Hayes, Economist at IHS Markit, which compiles the survey**, said: *"Latest survey data from UK households presented a mixed bag. On the one hand, we're still seeing current finances deteriorate, appetites for major purchases falling and concerns about job security. On the other hand, however, living cost inflation eased, workplace activity rose solidly and future financial wellbeing is expected to improve over the next 12 months.*

*Some improvement in future finances could be households pre-empting improvements stemming from a new government, particularly if uncertainties which have dented consumer confidence lift in the New Year. Nevertheless, expectations were still only marginally positive at best, suggesting that prospects for UK households still hang in the balance".*

Source: IHS Markit Economics, Household Finance Index, 16 December 2019.

**GfK UK Consumer Confidence: December increases by three points to -11**

"Sharp increase in optimism for the economy over the coming year. GfK's long-running Consumer Confidence Index has increased three points to –11 for December. Four measures increased, and one measure decreased this month.

**Joe Staton, Client Strategy Director at GfK,** says: "*There's a clear sense of a change in consumer sentiment this month. The picture for the year to come is much stronger with a two-point improvement in how consumers view their personal financial prospects and a very healthy seven-point jump on how they see the wider economy next year.*

*We haven't seen such a robust increase in confidence about our economic future since the summer of 2016. Despite official warning signs about the flat-lining of Britain's economy, we know that record high employment and below target levels of inflation are helping to boost consumers' expectations for the year ahead. Importantly, for the retail sector, we also have an upwards revision in our Major Purchase Index, a key figure during the remaining shopping days of 2019.*

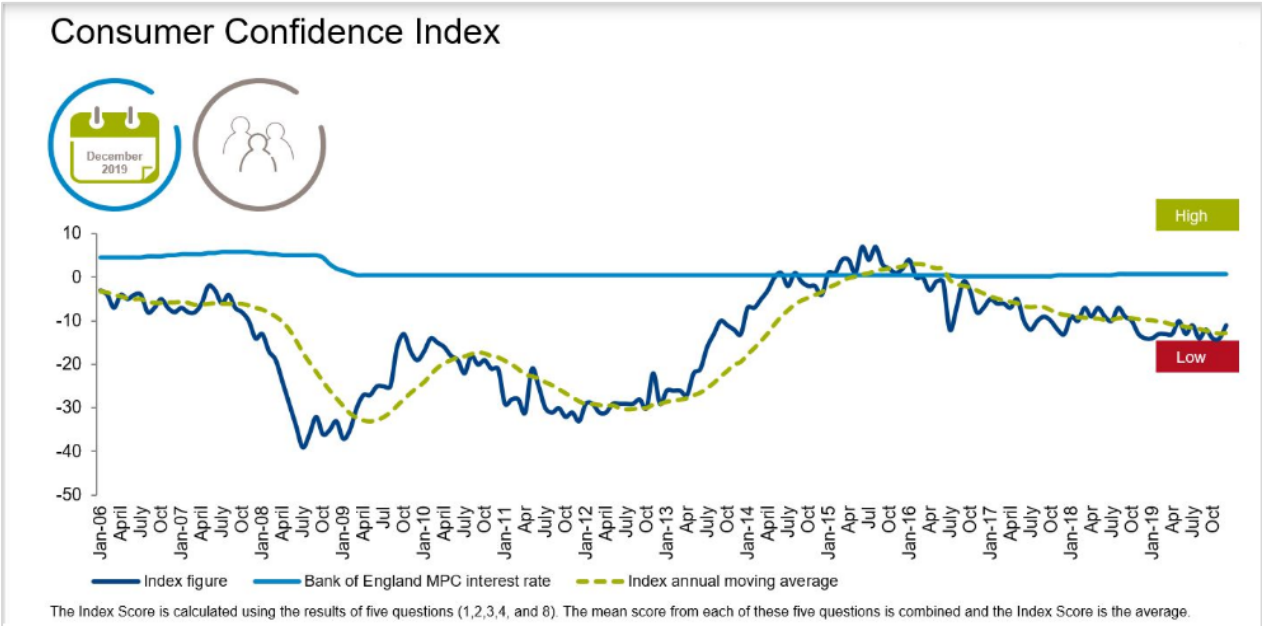
*The Overall Index Score has failed to break into positive territory for the past four years due to confusion and uncertainty about the future direction of the UK. A great many people will be gazing into their crystal balls right now; ours indicates a rebound in confidence in 2020 based on renewed optimism and energy for a post-Brexit Britain*."

Details provided below.

| Table 2.1: Confidence | | | | | |
|---|---|---|---|---|---|
| Measure | Dec-18 | Nov-19 | Dec-19 | Monthly change | Yearly change |
| Overall Index Score | -14 | -14 | -11 | 3 | 3 |
| Personal Financial situation (last 12 months) | -1 | 0 | -3 | -3 | -2 |
| Personal Financial situation (Next 12 months) | -1 | 1 | 3 | 2 | 4 |
| General Economic situation (Last 12 months) | -31 | -34 | -31 | 3 | 0 |
| General Economic situation (Next 12 months) | -38 | -34 | -27 | 7 | 11 |
| Major purchase | 2 | 0 | 3 | 3 | 1 |

The chart below shows changes in consumer confidence over time.

**Fig 2.1: GfK Consumer index**




GfK Consumer Confidence Index UK - trend line from January 2006 to December 2019

[CCB – Consumer Confidence Barometer]. 'Research carried out by GfK on behalf of the European Commission'.

Source: GfK NOP Limited, Press Release, 20 December 2019.

**Visa's UK Consumer Spending Index: November - Consumer spending falls modestly**

**Headline Findings:**

- "Household spending falls -2.0% compared to a year ago
- Face-to-Face (-2.0%) and eCommerce (-2.6%) register lower expenditure
- Hotels, Restaurants & Bars buck the overall trend and sees higher spend (+3.9%)"

**Fig 2.2: Spending annual % change**

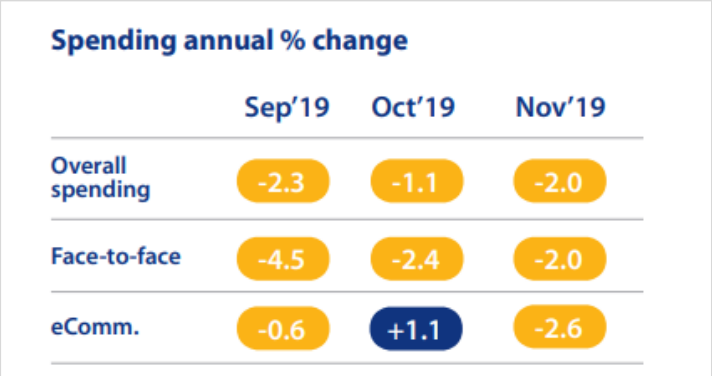
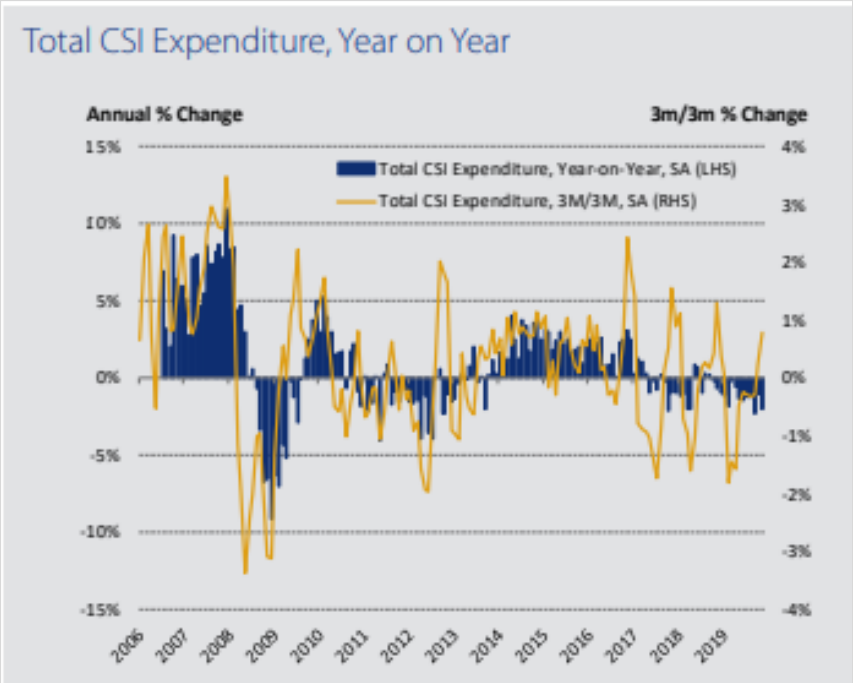



**Fig 2.3: Total CSI Expenditure, Year on Year**




**Annabel Fiddes, Principal Economist at IHS Markit,** said: "*The latest Visa CSI numbers painted a disappointing picture for November, with expenditure dropping further and across both Face-to-Face and eCommerce channels. The timing of Black Friday sales, which occurred later this year compared to 2018, has likely dampened any spending figures for this November as the event stretched into December. Nonetheless, the relatively weak health of the economy, as highlighted by recent GDP figures and PMI data, adds to the downbeat assessment of current conditions as the UK grapples with*

*uncertainty around Brexit as well as a general election. Subdued economic growth and expenditure trends are therefore likely to persist unless there is greater clarity around the outlook and a rebound in confidence".*

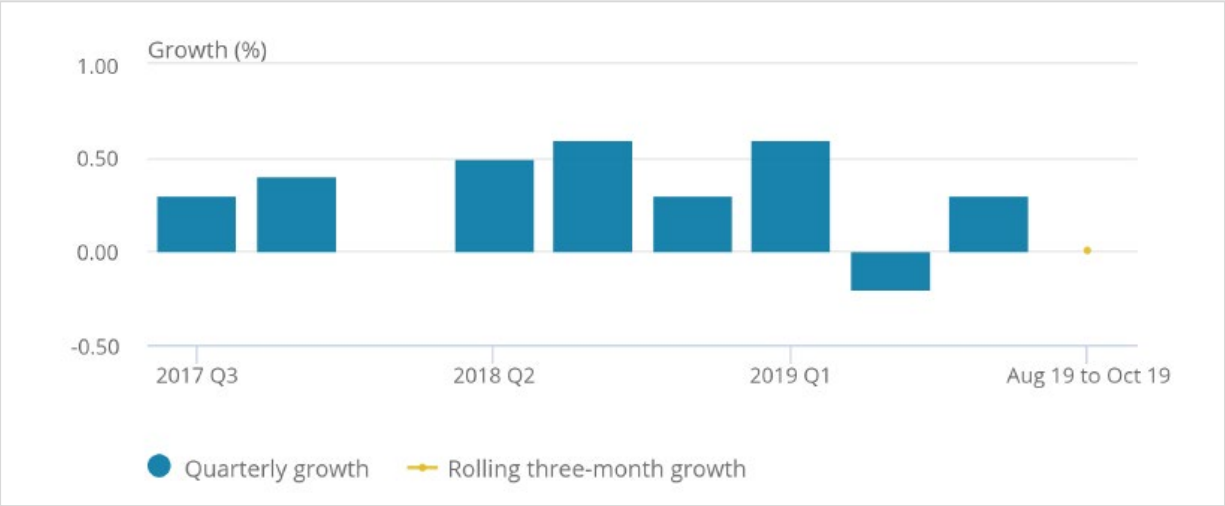
Source: Visa's UK Consumer Spending Index - November 2019, Compiled by IHS Markit on behalf of Visa, 18th December 2019.

# 3 Output

**Gross Domestic Product: 3 months to October 2019 shows 0.0% growth compared to 3 months to July**

- "UK GDP was flat in the three months to October 2019
- The services sector was the main driver to GDP growth in the three months to October 2019
- Rolling three-month growth was 0.0% in the three months to October 2019
- GDP was flat in October 2019
- The services sector grew by 0.2% in the three months to October 2019
- The production sector fell by 0.7% in the three months to October 2019
- Output in the construction industry fell by 0.3% in the three months to October 2019"

**Fig 3.1: UK GDP growth, UK GDP growth, Quarter 3 2017 until August to October 2019**




Source: ONS, GDP monthly estimate, UK, Statistical Bulletin, 10 December 2019.

**Index of Production: 3 months to October 2019 shows -0.7% growth compared to 3 months to July**

**Main points**

- "Total production output decreased by 0.7% for the three months to October 2019, compared with the three months to July 2019; this was led by manufacturing output, which fell by 0.7%, followed by falls in mining and quarrying (2.6%) and electricity and gas (1.0%).
- The three-monthly fall in manufacturing is because of widespread weakness, with 9 of the 13 subsectors providing downward contributions; this was led by

pharmaceutical products (4.5%), machinery and equipment (1.9%), and chemicals and chemical products (2.3%).

- Production output rose by 0.1% between September 2019 and October 2019, with electricity and gas providing the largest upward contribution (2.4%), followed by manufacturing (0.2%); these were partially offset by downward contributions from mining and quarrying (4.2%) and water and waste (1.2%).
- The monthly increase of 0.2% in manufacturing output is because of upward contributions from 8 of the 13 subsectors; this was led by pharmaceutical products (2.1%).
- For the three months to October 2019, production output decreased by 1.5%, compared with the same three months to October 2018; this was led by a fall in manufacturing of 1.5%, followed by falls in mining and quarrying (6.4%) and electricity and gas (0.7%)".

**Fig 3.2: Index of Production rolling three months on previous three months, seasonally adjusted, UK, January 2008 to October 2019.**

Source: ONS, Index of Production, Statistical Bulletin, 10 December 2019.

## Construction output: 3 months to October 2019 shows -0.3% growth compared to 3 months to July

### Main points

- "Construction output decreased by 0.3% in the three months to October 2019, compared with the previous three-month period; this was driven by a fall of 1.4% in repair and maintenance, with a smaller positive contribution from 0.3% growth in new work.

- In repair and maintenance, the fall in the three months to October 2019 was largely because of the 3.6% decline in private housing repair and maintenance, with public housing repair and maintenance also falling 0.8%.
- Construction output decreased by 2.3% in the month-on-month all work series in October 2019; this is the largest monthly fall since January 2018 when it fell by 2.6%; this was largely because of a 3.1% fall in new work, with repair and maintenance also decreasing by 0.6%.
- New orders grew by 0.3% in Quarter 3 (July to Sept) 2019, this follows a fall of 14.5% in Quarter 2 (Apr to June) 2019; the rise in Quarter 3 2019 was driven by an 8.2% increase in new housing but offset by a 3.5% fall in all other work".

**Fig 3.3: Quarterly and monthly all work index, chained volume measure, seasonally adjusted, Great Britain, October 2014 to October 2019.**

Source: Construction output in Great Britain: October 2019 and new orders July to September 2019, Statistical Bulletin, 10 December 2019.

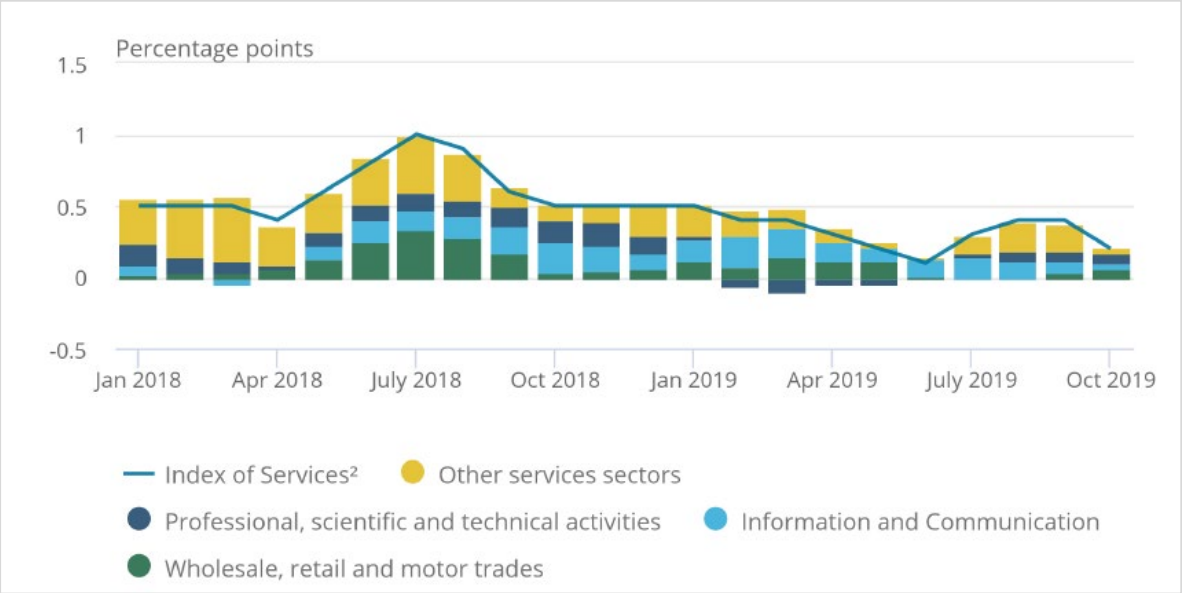
## Index of Services: 3 months to October 2019 shows 0.2% increase on 3 months to July

### Main points

- "In the three months to October 2019, services output increased by 0.2% compared with the three months ending July 2019.
- The professional, scientific and technical sector made the largest contribution to this growth, contributing 0.07 percentage points.
- The Index of Services (IoS) increased by 0.2% between September 2019 and October 2019.
- The real estate and the professional, scientific and technical sectors made the largest contribution to this growth, both contributing 0.07 percentage points.

- In the three months to October 2019, services output increased by 1.3% compared with the three months ending October 2018".

**Fig 3.4: Three-month Index of Services growth and sector contributions[1] to growth, seasonally adjusted, UK, January 2018 to October 2019.**

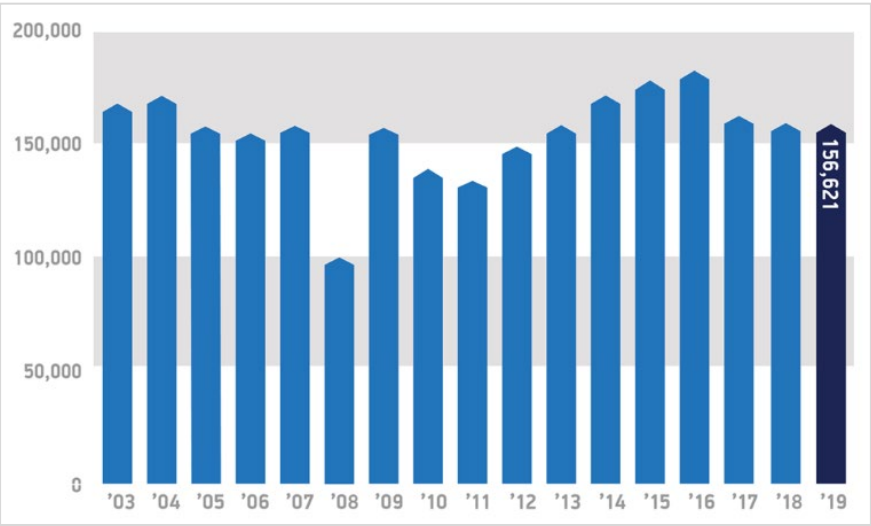



Source: ONS, Index of Services, Statistical Bulletin, 10 December 2019.

**Car industry: November - Record demand for alternatively fuelled cars in November but overall UK market falls -1.3%**

- "UK new car market falls -1.3% in November with 156,621 models registered.
- For second consecutive month, alternatively fuelled vehicles reach record market share of 10.2%.
- Market performance year-to-date down -2.7% with 2.2 million cars registered for UK roads".

**Fig 3.5 shows new registrations for November 2003 to November 2019.**



**Mike Hawes, SMMT Chief Executive, said,** "*These are challenging times for the UK new car market, with another fall in November reflecting the current climate of uncertainty. It's good news, however, to see registrations of electrified cars surging again, and 2020 will see manufacturers introduce plenty of new, exciting models to give buyers even more choice. Nevertheless, there is still a long way to go for these vehicles to become mainstream and, to grow uptake further, we need fiscal incentives, investment in charging infrastructure and a more confident consumer*".

Source: Society of Motor Manufacturers and Traders Limited, 5 December 2019.

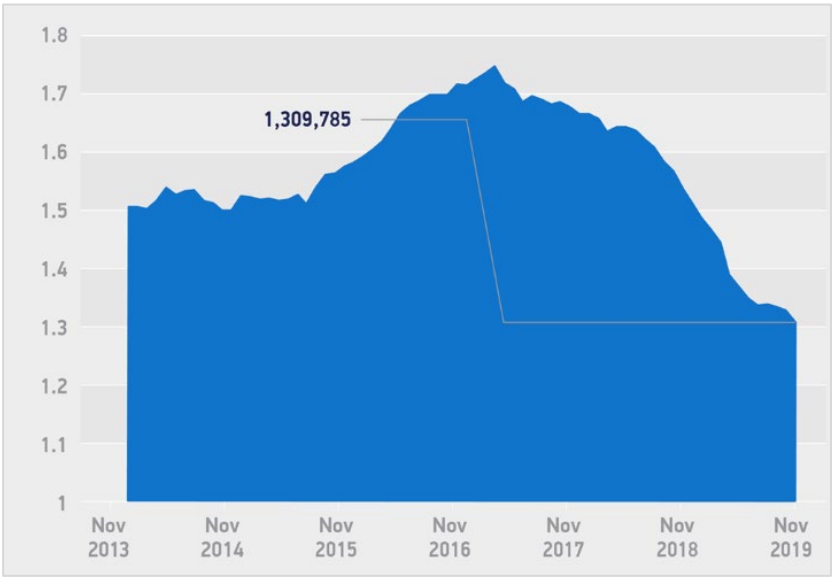
https://www.smmt.co.uk/2019/12/record-demand-for-alternatively-fuelled-cars-in-november-but-overall-uk-market-falls-1-3/

**Double-digit fall for November UK car production as industry calls for ambitious EU deal**

- "UK car manufacturing output down -16.5% in November with 107,753 units produced.
- Output for both home and overseas markets falls, -26.6% and -14.2% respectively.
- Year-to-date car production drops -14.5%, with declines in 17 of the last 18 months".

**Mike Hawes, SMMT Chief Executive, said,** "*UK car production is export-led, so we look forward to working with the new government to deliver an ambitious trade deal with the EU. To ensure our competitiveness at a time of dramatic technological change, that deal needs to be tariff free and avoid barriers to trade, which, for automotive, means that our standards must be aligned. This can be achieved if government and industry work in partnership to re-establish the UK as a great place to invest and ensure that automotive keeps delivering for Britain"*.

**Fig 3.6 shows car production – rolling year totals.**




Source: Society of Motor Manufacturers and Traders Limited, 20 December 2019.

https://www.smmt.co.uk/2019/12/double-digit-fall-for-november-uk-car-production-as-industry-calls-for-ambitious-eu-deal/

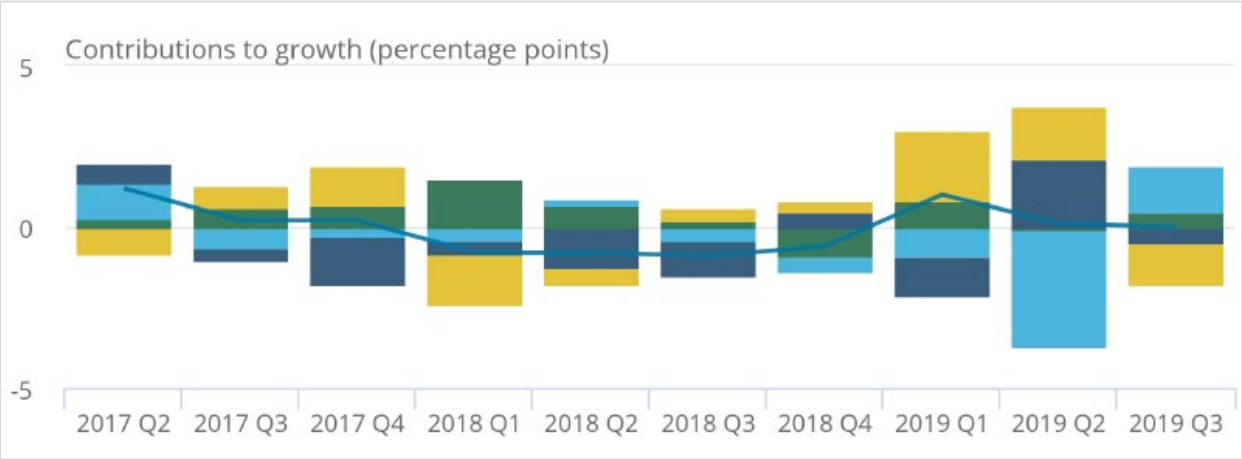
## 4 Investment

**Business investment in the UK: July to September 2019 revised results [Quarterly].**

**Main points**

- "Business investment growth, in volume terms, was flat in Quarter 3 (July to Sept) 2019.
- Gross fixed capital formation (GFCF), in volume terms, increased by 0.2% in Quarter 3 2019.
- When compared with the same quarter a year ago, business investment increased by 0.5% and GFCF increased by 0.6% in Quarter 3 2019.
- ICT equipment, other machinery and equipment made the largest positive contribution to business investment growth in Quarter 3 2019; other buildings and structures made the largest negative contribution.
- On a sector basis, private sector dwellings made the largest positive contribution to GFCF growth in Quarter 3 2019".

**Fig 4.1: Chained volume measure, seasonally adjusted**




Source: ONS, Business investment in the UK: July to September 2019 revised results, 20 December 2019.

## 5 Trade and the Balance of payments

**UK Trade: October 2019**

**Main points**

- "The total UK trade deficit (goods and services) widened £2.3 billion to £7.2 billion in the three months to October 2019, as imports grew faster than exports.
- Excluding unspecified goods (which includes non-monetary gold), the total trade deficit narrowed £4.3 billion to £2.9 billion in the three months to October 2019.
- Removing the effect of inflation, the total trade deficit in volume terms widened £1.1 billion to £4.4 billion in the three months to October 2019.
- In current prices, the trade in goods deficit widened £6.8 billion to £35.6 billion, largely driven by rising imports; the trade in services surplus widened £4.4 billion to £28.4 billion, largely driven by rising exports.
- The trade in goods deficit with EU countries widened £3.5 billion to £25.0 billion in the three months to October 2019, while with non-EU countries it widened by £3.3 billion to £10.6 billion.
- The total trade deficit widened £23.2 billion to £48.7 billion in the 12 months to October 2019, mainly because of the trade in goods deficit, which widened £19.3 billion to £154.9 billion".

**Fig 5.1: UK trade balances, three-month on three-month, October 2017 to October 2019.**

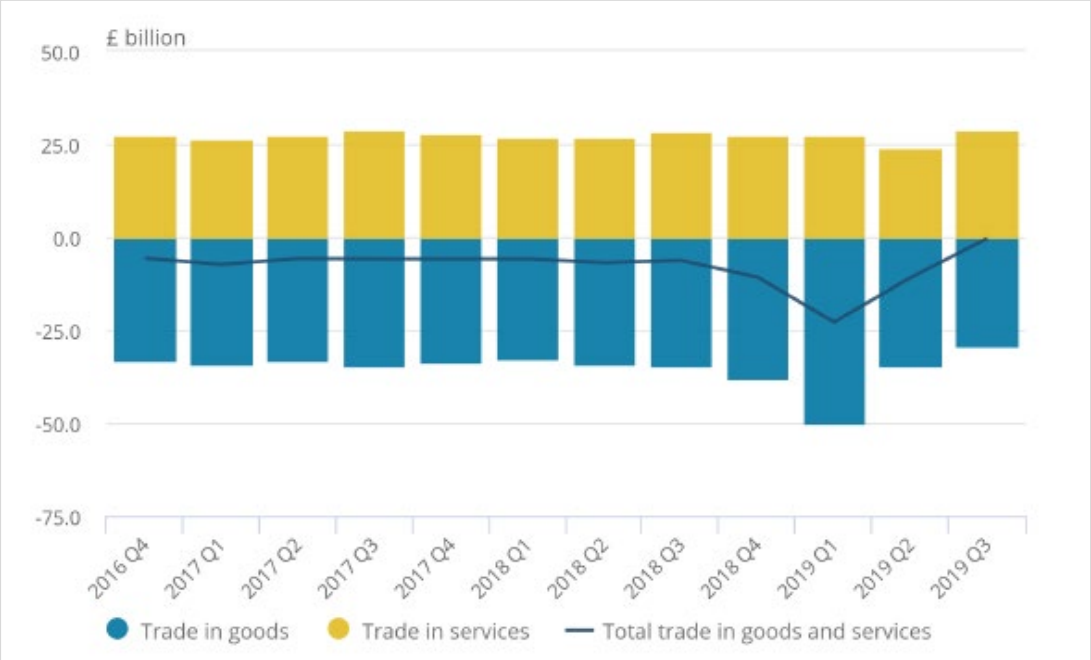
Source: ONS, UK Trade, Statistical Bulletin, 10 December 2019.

**Balance of payments, July to September 2019 [quarterly]**

**Main points**

- "The UK current account deficit narrowed by £8.3 billion to £15.9 billion in Quarter 3 (July to Sept) 2019, or 2.8% of gross domestic product (GDP), the lowest in percentage terms since Quarter 1 (Jan to Mar) 2012 when a deficit equivalent to 2.6% GDP was recorded.
- The large narrowing to the current account deficit was primarily because of a narrowing to the total trade deficit of £10.5 billion to £0.4 billion, or 0.1% of GDP, the lowest since Quarter 1 1998 when a deficit of £0.2 billion was recorded.
- The primary income deficit widened by £2.2 billion to £8.7 billion, or 1.6% of GDP in Quarter 3 2019, because of a decrease in UK earnings on foreign investments and increased payments to foreign investors on their UK investments.
- The financial account recorded a net inflow into the UK of £36.3 billion in Quarter 3 2019, an increase from a net inflow of £28.3 billion in Quarter 2 (Apr to June) 2019
- The value of the UK's net liability position was £418.5 billion at the end of Quarter 3 2019, a widening from net liabilities of £343.9 billion at the end of Quarter 2 2019; the largest net liability position recorded since Quarter 4 (Oct to Dec) 2015 (£434.6 billion)".

**Fig 5.2: UK trade in goods and services balances, Quarter 4 (Oct to Dec) 2016 to Quarter 3 (July to Sept) 2019.**




Source: ONS, Balance of payments, UK: July to September 2019, Statistical Bulletin, 20 December 2019.

## 6 Labour market

**Main points for three months to October 2019**

- "The UK employment rate was estimated at 76.2%, 0.4 percentage points higher than a year earlier but little changed on the previous quarter; despite just reaching a new record high, the employment rate has been broadly flat over the last few quarters.
- The UK unemployment rate was estimated at 3.8%, 0.3 percentage points lower than a year earlier but largely unchanged on the previous quarter.
- The UK economic inactivity rate was estimated at 20.8%, 0.2 percentage points lower than a year earlier but largely unchanged on the previous quarter.
- Estimated annual growth in average weekly earnings for employees in Great Britain slowed to 3.2% for total pay (including bonuses) and 3.5% for regular pay (excluding bonuses); the annual growth in total pay was weakened by unusually high bonus payments paid in October 2018 compared with more typical average bonus payments paid in October 2019.
- In real terms (after adjusting for inflation), annual growth in total pay is estimated to be 1.5%, and annual growth in regular pay is estimated to be 1.8%.
- There were an estimated 794,000 vacancies in the UK for September to November 2019; 20,000 fewer than last quarter and 59,000 fewer than a year earlier".

Source: ONS, Labour market overview, UK: December 2019, Statistical Bulletin, 17 December 2019.

## 7 Housing

**UK house prices – October 2019**

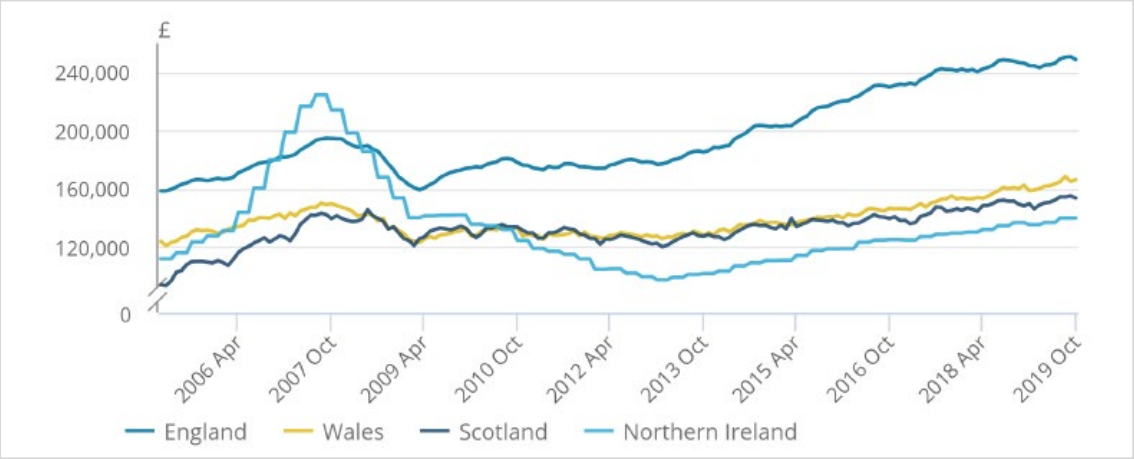
"The latest house price data published on GOV.UK by HM Land Registry for October 2019 show that average house prices in the UK increased by 0.7% in the year to October 2019, down from 1.3% in the year to September 2019 (Fig 7.1). Over the past three years, there has been a general slowdown in UK house price growth, driven mainly by a slowdown in the south and east of England. The lowest annual growth was in London, where prices fell by 1.6% over the year to October 2019. This was followed by the North East, where prices fell by 1.1% over the year.

**Fig 7.1: Annual house price rates of change, UK all dwellings: January 2006 to October 2019.**

Source: HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland and Office for National Statistics

The average UK house price was £233,000 in October 2019; this is £2,000 higher than in October 2018 (Fig 7.2). On a non-seasonally adjusted basis, average house prices in the UK decreased by 0.7% between September 2019 and October 2019, 0.6 percentage points lower than the same period a year ago. On a seasonally adjusted basis, average house prices in the UK fell by 0.4% between September 2019 and October 2019".

**Fig 7.2: Average UK house price, by country, UK, January 2005 to October 2019.**




Source: Land Registry, Registers of Scotland, Land and Property Services NI and ONS.

Source: ONS/Land Registry, 18 December 2019.

**Index of Private Housing Rental Prices, UK: November 2019**

**Main points**

- "Private rental prices paid by tenants in the UK rose by 1.4% in the 12 months to November 2019, up from 1.3% in October 2019.
- In England, private rental prices grew by 1.4%, Wales experienced growth of 1.0%, while in Scotland private rental prices increased by 0.9% in the 12 months to November 2019.
- London private rental prices rose by 1.0% in the 12 months to November 2019".

**Fig 7.3: Index of Private Housing Rental Prices percentage change over 12 months, UK and Great Britain, January 2012 to November 2019**

Source: ONS, Index of Private Housing Rental Prices, UK: November 2019, Statistical Bulletin, 18 December 2019.

**Sales**

UK sales equalled 90,894 in August 2019 compared to 87,078 in July, an increase of 4%. Compared to August 2018, totals were down 15% from 106376.

Source: Land Registry, House Price Index, 18 December 2019.

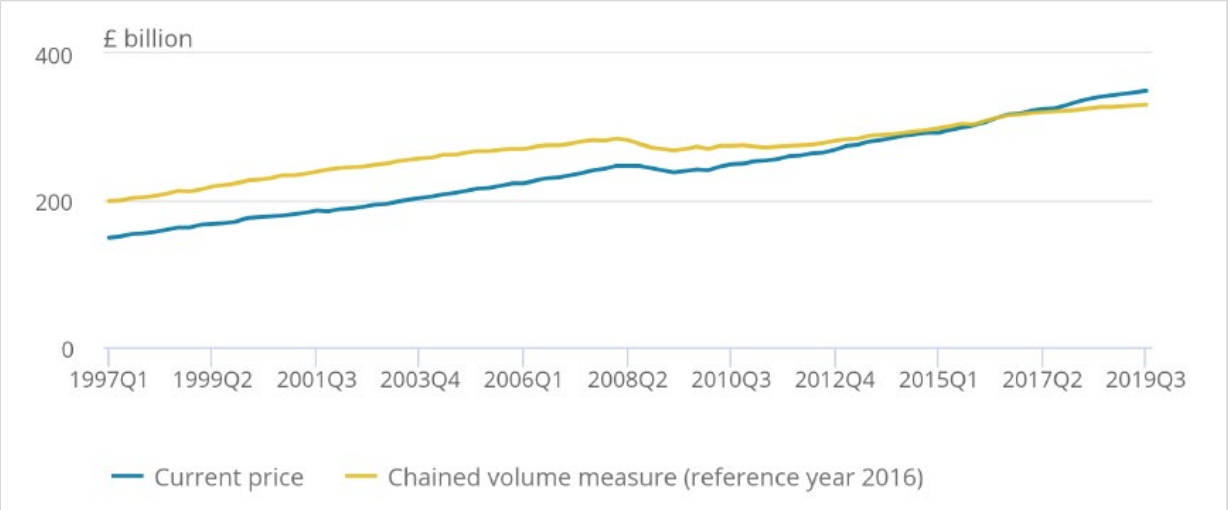
## 8 Consumer and retail

**Consumer trends, UK: July to September 2019 [Quarterly]**

**Main points**

- "In Quarter 3 (July to Sept) 2019, household spending (adjusted for inflation) grew by 0.3% compared with Quarter 2 (Apr to June) 2019.
- The largest contribution to growth was from transport, which increased by 1.2% compared with Quarter 2 2019.
- Household spending grew by 1.1% in Quarter 3 2019, when compared with Quarter 3 2018.
- Current price spending increased by 0.7% in Quarter 3 2019 compared with Quarter 2 2019".

**Fig 8.1: Quarterly household final consumption expenditure total (£ billion), seasonally adjusted, UK, Quarter 1 (Jan to Mar) 1997 to Quarter 3 (July to Sept) 2019.**




Source: ONS, Consumer Trends, UK: July to September 2019, Statistical Bulletin, 20 December 2019.

**Retail Sales: Great Britain, November 2019 – volume shows 0.4% decrease on three months to August**

**Main points**

- "In the three months to November 2019, the quantity bought in retail sales decreased by 0.4% when compared with the previous three months; this is the first decline since April 2018.
- The quantity bought in November 2019 fell by 0.6% when compared with the previous month, with only household goods stores reporting growth.
- Year-on-year growth in the quantity bought increased by 1.0% in November 2019; this is the lowest growth since April 2018, owing to a decline of 1.1% in non-food stores.
- In 2019, the official Black Friday was on 29 November and outside our November reporting period, which covers four weeks from 27 October to 23 November; our seasonally adjusted estimates account for this shift in timing.
- Online sales as a proportion of all retailing was 18.7% in November 2019, compared with the 19.1% reported in October 2019".

**Fig 8.2: Retail sales Seasonally adjusted, Great Britain, November 2016 to November 2019.**

Source: ONS, Retail Sales - Great Britain, Statistical Bulletin, 19 December 2019.

## 9 Price inflation

**UK consumer price inflation: November 2019 shows +1.5% annual increase, same as October**

**Main points**

- "The Consumer Prices Index (CPI) 12-month rate was 1.5% in November 2019, unchanged from October 2019.

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.5% in November 2019, unchanged from October 2019.
- The largest contribution to the CPIH 12-month inflation rate in November 2019 came from housing, water, electricity, gas and other fuels (+0.36 percentage points).
- The largest downward contributions to change in the CPIH 12-month inflation rate between October and November 2019 came from accommodation services and tobacco.
- The largest offsetting upward contributions came from food, and recreation and culture, where prices rose this year by more than a year ago.
- The Consumer Prices Index (CPI) 12-month rate was 1.5% in November 2019, unchanged from October 2019.

**Fig 9.1: CPIH, OOH component and CPI 12-month rates for the last 10 years: UK, November 2009 to November 2019.**

Source: ONS, Consumer Price Indices, Statistical Bulletin, 18 December 2019.

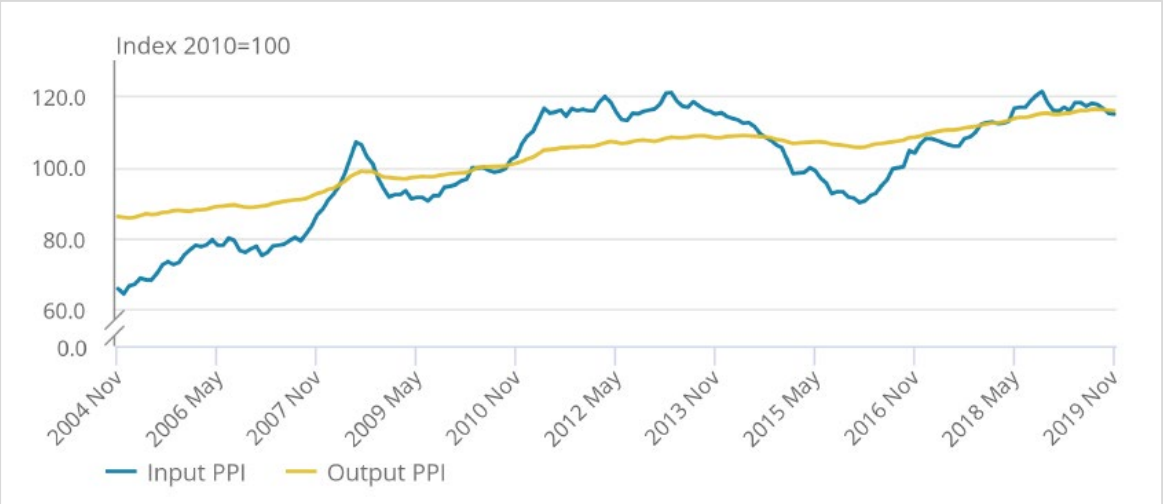
## Producer Price Inflation UK: November 2019 shows 0.5% annual increase

### Main points

- "The headline rate of output inflation for goods leaving the factory gate was 0.5% on the year to November 2019, down from 0.8% in October 2019.
- The growth rate of prices for materials and fuels used in the manufacturing process was negative 2.7% on the year to November 2019, up from negative 5.0% in October 2019.

- Tobacco and alcohol made the largest downward contribution to the change in the annual rate of output inflation.
- Crude oil provided the largest upward contribution to the change in the annual rate of input inflation".

**Fig 9.2: Input and output PPI, UK, November 2004 to November 2019.**




Source: ONS, Producer Price Inflation, Statistical Bulletin, 18 December 2019.

## 10 Finance

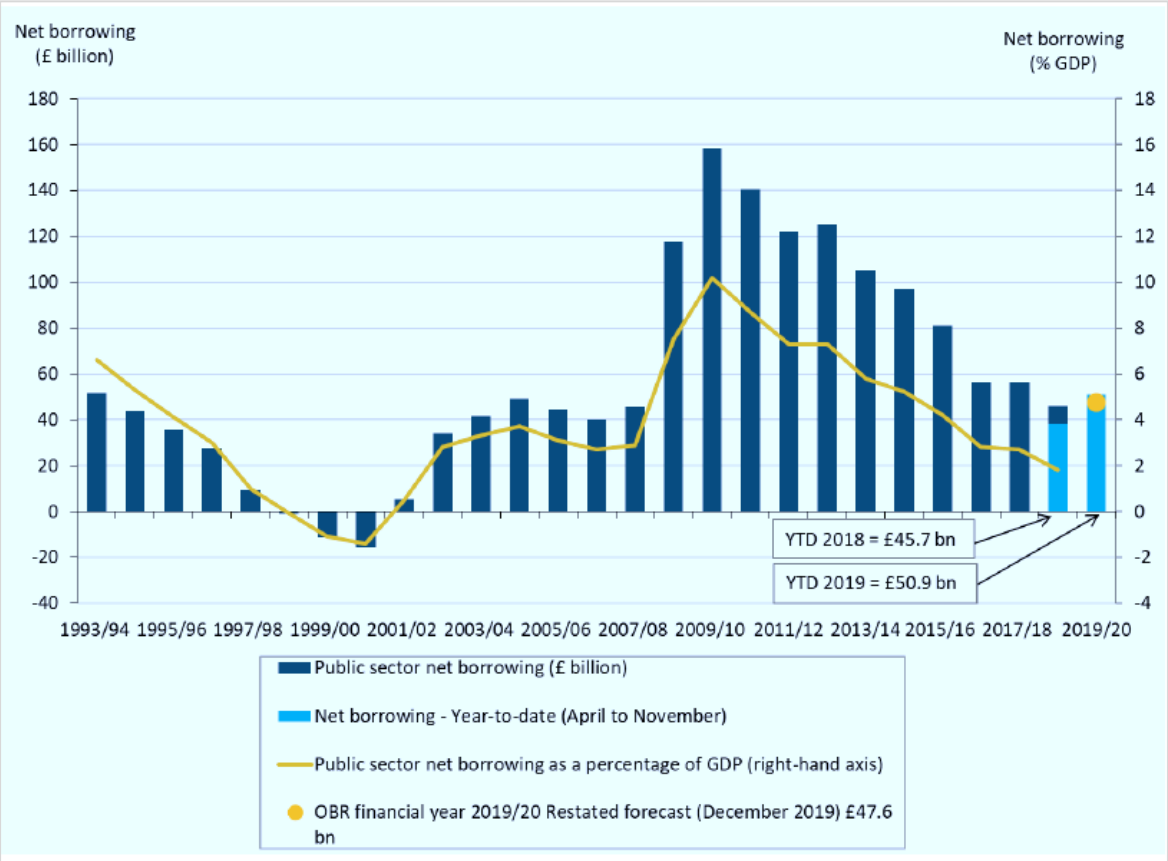
### Public sector finances – November 2019

### Main points

- "Borrowing (public sector net borrowing excluding public sector banks, PSNB ex) in November 2019 was £5.6 billion, £0.2 billion more than in November 2018; this is the highest November borrowing for two years (since November 2017).
- Borrowing in the current financial year-to-date (April 2019 to November 2019) was £50.9 billion, £5.1 billion more than in the same period last year; this is the highest April-to-November borrowing for two years (since 2017), though April-to-November 2018 remains the lowest in such a period for 12 years (since 2007).
- Debt (public sector net debt excluding public sector banks, PSND ex) at the end of November 2019 was £1,808.8 billion (or 80.6% of gross domestic product (GDP)), an increase of £39.4 billion (or a decrease of 0.8 percentage points) on November 2018.
- Debt at the end of November 2019 excluding the Bank of England (mainly quantitative easing) was £1,626.6 billion (or 72.5% of GDP); this is an increase of £46.9 billion (or a decrease of 0.2 percentage points) on November 2018.
- Central government net cash requirement was £42.5 billion in the current financial year-to-date; this is £20.2 billion more than in the same period in the previous year.

- Central government net cash requirement excluding both UK Asset Resolution Ltd and Network Rail was £42.4 billion in the current financial year-to-date; this is £18.4 billion more than in the same period last year".

**Fig 10.1: Public sector net borrowing (excluding public sector banks), UK, April 1993 to November 2019.**




Source: ONS and Treasury, Public sector finances, Statistical Bulletin, 20 December 2019.

## Money and Credit – November 2019

### Overview

"These monthly statistics on borrowing and deposits by households and businesses are used by the Bank's policy committees to understand economic trends and developments in the banking system.

### Key points

- The net flow of consumer credit was £1.3 billion in October, above the £1.1 billion average since July 2018.
- Lending in the mortgage market continues to be steady, around the trend of the past three years.

- Net mortgage borrowing picked up on the month to £4.3 billion, whilst mortgage approvals for house purchase fell slightly to 65,000. UK businesses made net repayments of £0.9 billion of finance in October, driven by a weakening in borrowing from both banks and financial markets.

## Lending to individuals

### Consumer credit

The extra amount borrowed by consumers in order to buy goods and services rose to £1.3 billion in October, above the £1.1 billion average since July 2018. Within this, net borrowing for both credit cards and other loans and advances rose, to £0.4 billion and £1.0 billion respectively.

The annual growth rate of consumer credit was 6.1% in October, up from 5.9% in September. This is the first increase in the annual growth rate since June 2018, but it remains considerably lower than its post-crisis peak of 10.9% in November 2016.

### Mortgage lending

Mortgage market indicators point to continued stability. Net mortgage borrowing by households was £4.3 billion in October, £0.4 billion higher than in September. The recent stability in the monthly flows has left the annual growth rate unchanged at 3.2%, close to levels seen over the past three years. Mortgage approvals for house purchase (an indicator for future lending) fell slightly in October, to 65,000, but remained within the narrow range seen over the past two years. Mortgage approvals for re-mortgage strengthened on the month to 51,000.

### Lending to businesses

Businesses can raise funds by borrowing from banks (via loans) or from financial markets (via instruments such as bonds and commercial paper, or with equity). In October, UK businesses repaid £0.9 billion of finance from these sources. Both borrowing from banks, and money raised in financial markets, were weaker than in September.

Firms made net repayments of £0.4 billion to financial markets in October. Within this, UK businesses made £1.4 billion of net repayments of commercial paper in October, reflecting both weaker gross issuance and stronger gross repayments. This represented the largest net repayment of commercial paper since September 2018. For the sixth consecutive month, businesses made net repayments of equity, October's totalling £0.7 billion. In contrast, net bond issuance by businesses was positive, at £1.7 billion in October, but below the £2.3 billion average issuance over the past 6 months.

Borrowing from banks increased by £0.7 billion in October, weaker than the previous six-month average of £1.9 billion. These weaker flows resulted in a fall in the annual growth rate of bank lending to 3.8%. Within this, the growth rate of borrowing from large businesses and SMEs fell to 5.3% and 1.0% respectively.

**Broad money**

Broad money (M4ex) is a measure of the amount of money held by households, non-financial businesses (PNFCs) and financial companies that do not act as intermediaries, such as pension funds or insurance companies (NIOFCs). Total money holdings in October rose by £1.6 billion, this was weak compared to both September and the average of the previous six-months.

The amount of money held by households rose by £3.7 billion in October, primarily driven by increased holdings of interest bearing sight deposits. NIOFC's money holdings fell by £2.4 billion, while the amount held by PNFCs rose by £0.4 billion.

Some statistics on the outstanding amount of lending and deposits within the banking sector have been revised for September. In the first vintage of September's statistics, some of this data was reported using an approach that was inconsistent to previous data, and reduced the total amounts outstanding. The current vintage of data corrects for this".

Source: Bank of England, Money and Credit Statistics, 29 November 2019.

## 11 Annual data

**Gross Value Added and Gross Domestic Product**

**Main points**

- "This is the first release of annual estimates of gross domestic product (GDP) for subnational areas of the UK.
- In 2018, "real" GDP for the UK increased by 1.4%; the highest annual growth of Nomenclature of Units for Territorial Statistics: NUTS1 areas was in both London and the West Midlands at 2.0% and the lowest annual growth was in Northern Ireland at negative 0.5%.
- At the NUTS1 level, in 2018, London had the highest GDP per head in current market prices at £54,686, while the North East had the lowest GDP per head at £23,569.
- In 2018, the highest annual growth in "real" GDP of the four capital city regions was in London at 2.0% and the lowest annual growth was in Belfast at negative 0.7%.
- In 2018, the highest annual growth in "real" GDP of NUTS3 areas was in Falkirk at 10.5%, while the lowest growth was in Mid and East Antrim at negative 10.1%.
- At the NUTS3 level, in 2018, Camden and City of London had the highest GDP per head in current market prices at £395,309, while Ards and North Down had the lowest at £15,034; both extremes are highly affected by commuting flows".

Source: ONS, Statistical bulletin, Regional economic activity by gross domestic product, UK: 1998 to 2018, 19 December, 2019.

# 5 International

## 1 EU Data releases – monthly

**Industrial producer prices: October 2019 - compared with October 2018**

"Industrial producer prices fell by 1.6% in the **EU28**. **Annual:** The largest decreases in industrial producer prices were recorded in **Denmark** and **Italy** (both -4.1%), **Greece** (-4.0%) and **Belgium** (-3.0%), while the highest increases were observed in **Bulgaria** (+3.8%), **Romania** (+2.9%) and **Slovenia** (+1.9%)".

Source: Eurostat News Release, 183/2019 - 3 December 2019 .

**Retail Trade: October 2019 - compared with October 2018**

"The calendar adjusted retail sales index increased by 1.9% in the **EU28**. **Annual**: Among Member States for which data are available, the highest yearly increases in the total retail trade volume were registered in **Romania** (+6.9%), **Hungary** (+6.2%) and **Malta** (+5.1%). Decreases were observed in **Slovenia** (-5.4%), **Slovakia** (-3.3%) and **Latvia** (-0.4%)".

Source: Eurostat News Release, 185/2019 - 5 December 2019.

**Industrial production: October 2019 - compared with October 2018**

"Industrial production decreased by 1.7% in the **EU28**. **Annual**: Among Member States for which data are available, the largest decreases in industrial production were registered in **Germany** (-6.3%), **Estonia**, **Romania** and **Slovakia** (all -3.9%). The highest increases were observed in **Hungary** (+6.5%), **Ireland** (+5.9%) and **Poland** (+3.4%)".

Source: Eurostat News Release, 187/2019 - 12 December 2019.

**Construction: October 2019 - compared with October 2018**

"Production in construction decreased by 0.2% in the EU28. **Annual:** Among Member States for which data are available, the highest increases in production in construction were observed in Romania (+24.6%), Hungary (+20.5%) and Bulgaria (+3.1%). The largest decreases were recorded in Poland (-4.1%), Slovenia (-4.0%), Belgium and the United Kingdom (both -2.6%)".

Source: Eurostat News Release, 194/2019 - 18 December 2019.

**Annual inflation: November 2019**

"European Union annual inflation was 1.3% in November 2019, up from 1.1% in October. A year earlier, the rate was 2.0%. The lowest annual rates were registered in Italy, Portugal (both 0.2%) and Belgium (0.4%). The highest annual rates were recorded in Romania (3.8%), Hungary (3.4%), Slovakia (3.2%) and Czechia (3.0%). Compared with

October, annual inflation fell in five Member States, remained stable in two and rose in twenty".

Source: Eurostat News Release, 193/2019 - 18 December 2019.

## 2 Markit Eurozone Composite PMIs

**Markit Eurozone Composite PMI®– final data: November - Stagnant new work limits private sector growth**

**Key findings:**

- Composite Output Index: 50.6 (Flash: 50.3, October Final: 50.6)
- Services Business Activity Index: 51.9 (Flash: 51.5, October Final: 52.2)

**Comment - Chris Williamson, Chief Business Economist at IHS Markit** said: *"The final eurozone PMI for November came in slightly ahead of the earlier flash estimate but still indicates a near-stagnant economy. The survey data are indicating GDP growth of just 0.1% in the fourth quarter, with manufacturing continuing to act as a major drag. Worryingly, the service sector is also on course for its weakest quarterly expansion for five years, hinting strongly that the slowdown continues to spread.*

*New orders have not shown any growth since August, underscoring the recent weakness of demand, with sharply declining orders for manufactured goods accompanied by substantially weaker gains of new business into the service sector. Expectations are also among the lowest since the tail end of the sovereign debt crisis in 2013, as firms worry about trade wars, Brexit and slowing economic growth both at home and globally.*

*The near-stalling of the economy has been accompanied by some of the weakest price pressures we've seen in recent years, which threatens to keep inflation well below the ECB's target in coming months and adds to the likelihood of further policy stimulus early next year*".

Source: IHS Markit, Markit Final Eurozone Composite PMI – final data, 4 December 2019.

**Markit Flash Eurozone PMI®: December – Eurozone malaise extends in December, ending worst quarter since 2013**

**Key findings:**

- "PMI Composite Output Index at 50.6 (50.6 in November). Unchanged.
- Services PMI Activity Index at 52.4 (51.9 in November). 4-month high.
- Manufacturing PMI Output Index at 45.9 (47.4 in November). 86-month low.
- Manufacturing PMI at 45.9 (46.9 in November). 2-month low".

**Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at IHS Markit** said: "*The Eurozone economy closes out 2019 mired in its worst spell since 2013, with businesses struggling against the headwinds of near-stagnant demand and gloomy prospects for the year ahead. The economy has been stuck in crawler gear for fourth straight months, with the PMI indicative of GDP growing at a quarterly rate of just 0.1%.*

*There are scant signs of any imminent improvement. New order growth remains largely stalled and job creation has almost ground to a halt, down to its lowest for over five years as companies seek to reduce overheads in the weak trading environment and uncertain outlook. While service sector growth remains encouragingly resilient in the face of the manufacturing downturn, any further softening of the labour market could cause weakness to spill over.*

*Germany's steep manufacturing downturn has added to the chance of its economy contracting slightly in the fourth quarter, but France is enjoying a more resilient performance, providing a key area of support to help keep the eurozone growing".*

Source: IHS Markit, Markit Flash Eurozone PMI, 16 December 2019.

http://www.markiteconomics.com/Survey/Page.mvc/PressReleases

## 3 EU Quarterly data

**GDP and employment: Q3 2019**

**"GDP growth in the EU28**

Seasonally adjusted GDP rose by 0.3% in the **EU28** during the third quarter of 2019, compared with the previous quarter. In the second quarter of 2019, GDP had grown by 0.2%. Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 1.4% in the **EU28** in the third quarter of 2019, after +1.4% in the previous quarter.

During the third quarter of 2019, GDP in the **United States** increased by 0.5% compared with the previous quarter (after also +0.5% in the second quarter of 2019). Compared with the same quarter of the previous year, GDP grew by 2.1% (after +2.3% in the previous quarter).

**Employment growth in the EU28**

The number of persons employed increased by 0.1% in the **EU28** in the third quarter of 2019 compared with the previous quarter. In the second quarter of 2019, employment increased by 0.3% in the **EU28**. Compared with the same quarter of the previous year, employment increased by 0.8% in the **EU28** in the third quarter of 2019 (after +1.0% in the second quarter of 2019)".

Source: Eurostat News Release, 184/2019 - 5 December 2019.

## 4 Annual data

Not applicable this month.

## 5 Global data

**Developments in global international trade and industrial production October 2019:**

- "World trade momentum was 0.3% (non-annualised; 0.5% in September, unchanged from initial estimate).

- World industrial production momentum was -0.2% (non-annualised; -0.1% in September, unchanged from initial estimate)".

Source: Central Planning Bureau, Netherlands Bureau for Economic Policy Analysis, CPB Memo, World trade monitor, 24 December 2019.

Please note text in quotation marks is a direct quote from the source.

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