

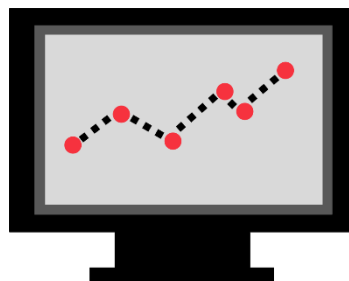


Economy Monitoring Monthly Update (EMMU)

June 2021

Economic Growth Service
Economic Growth and Development

Part of the Intelligence Network



Commentary

Overview

Economic data was still impacted by the Covid-19 pandemic and the impact on the economy. Business confidence indicated robust growth, while the pressure on household finances eased, although the GfK consumer index remained in negative territory. On the output front, quarterly GDP growth was positive as were its components – Production, Services and Construction. Labour market data shows that the number of employees is still down over the year. Consumer prices moved up as did producer prices. House prices were up significantly over the year, though the rate of increase fell back, and net mortgage lending dropped below the April peak. Latest retail sales data showed an increase in volume. [Data continues to be highly variable due to current circumstances].

In Cornwall

The most useful data sets which capture the current situation show that the numbers on Universal Credit have risen substantially. Between March 2020 and May 2021 numbers rose from 24,876 to 49,447 up 99%. Numbers on Jobseekers Allowance at 936 fell back from 1,220 in April.

Alternative Claimant Count figures for February were up compared to the January figures and up considerably 104% compared to the February 2020 figure. Claimant count figures for May were down on April but were up by 94% on March 2020 figures. In April there were 31,700 employees who were furloughed.

Turning to residents, over the last year the total aged 16-64 was stable¹, but with changes in the numbers of economically active – down and economically inactive - up. Employment numbers were down with a large decrease in employees offsetting a small rise in self-employed numbers. The number of those working full-time fell considerably while part-time numbers moved up. The number of unemployed increased. Vacancies in June 2021 at 3,787, were up on 4% on May and up by 130% on the June 2020 total.

In Q1 2021, house prices averaged £267,500 up from £235,300 in Q1 2020. In the year ending December 2020, median house prices in Cornwall equalled £250,000 compared to £259,000 for England². Total sales in February 2021 at 796 were up on the February 2020 figure of 725. In June 2021 there were 1,729 properties for sale with 51 to rent, a total of 1,780 properties. Compared to June 2020 the total fell by 58%.

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 Q1 2021³. Compared to Q4 2020, there were positive readings⁴ for 9 of the 12 indicators. Over the year, there were negative readings for 6 and negative readings for 5 of the 12 indicators. The share of businesses running at full capacity rose from 38% to 40%.

For the UK

The common theme of the business confidence indicators was one of record highs for Manufacturing, Services, Construction and the jobs market. Regional PMI growth was strong while the Lloyds Business Barometer recorded job prospects at highest level since 2018 as business confidence remained robust. On the consumer front, Household finances eased while the GfK Consumer Confidence index stabilised at minus 9.

On the output front, in the three months to April 2021, GDP growth moved up as did Production, Services and Construction. The labour market recorded a small rise in pay rolled employee numbers, with employment up and unemployment down. There were still 553,000 fewer employees employed compared to pre-pandemic levels. House prices rose 8.9% on the year to April, in part due to the incentive offered by the stamp duty relief.

In the three months to May 2021, retail sales increased compared with the previous three months. May inflation figures saw the CPI rise to + 2.1%, while the producer output price index rose to +4.6%. Government borrowing in May is estimated to have been £24.3 billion, second highest on record but £19.4 billion less than in May 2020. Net mortgage borrowing was £3.3 billion in April, down on the record £11.5 billion in March.

European Union and International

At an EU27 level, comparing figures for April 2021 with April 2020, showed that Industrial producer prices, Industrial Production, Construction and Retail trade all rose. The inflation rate in May was +2.3%, up from 0.6% a year earlier. The final May composite PMI saw Euro area growth accelerate due to services. On the international level, April saw both world trade volume momentum and industrial production momentum in positive territory.

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!

Cornwall Data Profile – June

Population: 573,299 (MYE 2020). [NOMIS].

Enterprises: 24,630, **Workplaces:** 28,850, 2020. [UK Business Activity].

House prices: Mean: Q1 2021 £267,500. Median: Q4 2020 £250,000. [Land Registry].

Gross Value Added: Total GVA in 2019 = £11,467 million. Ex OOIR = £9,842 million. Per head – 2019 was £20,055. Equal to 68.4% of UK average. Main sectors 2019: Wholesale, retail & motors (14.4%, Construction (11.3%), Health & social work (9.8%). GDP £13,034 million 2019. [ONS]. [All in current basic prices].

Productivity: In 2018, Nominal (smoothed) GVA per filled job was £40,725, 72.2% of the UK average of £56,387. Nominal (smoothed) GVA Per hour was £26.50, 75.7% of UK average. [ONS].

Gross Domestic Product: Total GDP equalled £12.3 bn in 2018; (12.4 bn PPS, up from 12.3bn PPS in 2017). Per capita = 21,900 PPS, 71% of the EU average. [Eurostat].

Employment (workplace): 235,859 in employment. 174,959 employees, 52,266 self-employed. [Census 2011].

215,000 employees 2019; 236,000 employed 2019. [BRES].

243,400 employed YE Dec 2020. [APS, 16+].

Unemployed: 10,700 YE December 2020. [APS, 16-64]; **Alternative Claimant Count:** 19,355, February 2021. [DWP]; **Universal credit:** 49,447 May [DWP].

Vacancies: 3,787 job postings June. [Active Informatics, CIOS].

Workless households: 27,000, 15.3%, (UK 14.0%); **Workless People:** 34,000, 10.3%, (UK 9.7%) 2019. [APS].

Employee earnings: Total workplace gross annual median earning, 2020- £19,847 (77% of the UK average. (Full-time £25,614, Part-time £10,707). [ASHE, Provisional]. Total resident gross annual earnings in 2020 equalled £20,710, 80% of the UK average. CloS and Cornwall. [Annual Survey of Hours and Earnings].

Self-employed earnings (median): £13,600 for 2017-18. [UK £14,600]. [HMRC].

Gross Disposable Household Income: £18,568, 88.0% of UK average, 2018. [ONS].

Qualifications: 25% with Level 4 and above, 22.4% with no qualifications. [Census 2011, 16+]. NVQ4+ 33.9% (UK 43.0%); No qualifications 5.3% (UK 6.6%), 2020. [APS, 16-64].

Data Summary

Cornwall [CloS in brackets]

Alternative Claimant count

- February 2021 19,355 [19,415] claimants, up by 1,152 on the January total of 18,203 [18,261], and up by 9,887 on the February 2020 total of 9,468. [9,475].

Universal credit

- May⁵ 49,447 [49,563] UC claimants⁶, up 109 on the April figure. [Up 99% on March 2020].

Jobseekers allowance

- May 936 [938], down 284 on the April total of 1,220. [Up 14% on the March 2020 figure].

Claimant Count

- May 17,065 [17,105], down on the April total of 18,785. [Up 94% on the March 2020 figure].

CJRS

- April 31,700, 14% of those eligible. [Down from 18% in March].

Labour market - resident based [Year ending December 2020]⁷

- 16-64 = 327,500.
- Economically active = 256,000.
- Economically inactive = 71,500.
- Employed = 245,300, (employees 192,100, self-employed 52,900⁸).
- Full-time = 166,400, part-time = 78,500.
- Unemployed = 10,700.

Labour market - workplace based [Year ending December 2020, 16+]

- Working = 243,400.
- Self-employed = 60,000.
- Employees = 169,600.
- Flexible = 13,800.

⁵ NB Each month's figures are provisional and revised a month later.

⁶ 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.

⁷ Figures cover a year and are produced quarterly; all figures for age group 16-64.

⁸ Numbers may not sum to all those employed.

Vacancies (job postings)

- June 3,787 (CloS), up 4% on May. [June 2020 1,647, up 130%].

Housing

- Prices (Mean): Q1 2021, £267,500. £235,300 in Q1 2020].
- Prices (Median) Q4 2020, £250,000 [£230,000 in Q4 2019].
- Sales: February 2021 = 796 [February 2020 = 725].
- Properties available: June – there were 1,729 properties for sale with 51 to rent, a total of 1,780 properties. [June 2020 = 4,219].

Commercial property

- Properties available: June – 249 (Retail 42%, Leisure/hospitality 25%). 117 commercial properties for letting with 132 for purchase.

Chamber of Commerce Q1 2021

- Compared to Q4 2020, there were positive readings⁹ for 9 of the 12 indicators.
- Over the year, there were negative readings for 6 of the 12 indicators.
- 40% of businesses operating at full capacity, [Q1 2020 38%].

Defence employment

- 2020 - 3,390 [2,960 (87%) military and 430 (13%) civilians].

United Kingdom**Business Surveys and barometers**

- **UK Manufacturing PMI:** May - PMI surges to record high. ↑
- **UK services:** May – Fastest rate of service sector output growth for 24 years. ↑
- **UK Construction PMI:** May – New orders increase at the fastest rate since the survey began in April 1997. ↑
- **Jobs:** May – Permanent staff appointments rise at record pace as pandemic restrictions ease further. ↑
- **NatWest IHS Markit - UK Regional PMI:** May – UK sees strong growth in business activity. ↑
- **Lloyds Business Barometer: June** - Job prospects at highest level since 2018 as business confidence remains robust. ↑

⁹ A plus reading for 'had experienced recruitment difficulties is regarded as negative!

Consumer Surveys and barometers

- **Household Finance Index: Q2 21** – Easing of lockdown lifts pressure on UK household finances. ↓
- **GfK's Consumer confidence index:** June: Stable at -9. ↓

Output

- **GDP** - 3 months to April shows 1.5% increase on previous 3 months rate. ↑
- **Index of Production** – 3 months to April shows 0.5% increase on previous 3 months rate. ↑
- Output in the **construction sector** – 3 months to April shows 5.1% increase on previous 3 months rate. ↑
- The seasonally adjusted **Index of Services** – 3 months to April shows 1.4% increase on previous 3 months rate. ↑
- **New car output:** 54,962 cars leave factory gates in May, up on Covid-wrought 2020 but still down -52.6% on 2019. ↑

Trade

- In the three months to April 2021, the total trade deficit, excluding precious metals, narrowed by £4.4 billion to £3.2 billion. ↓

Labour market - Main points

- Employment rate. ↑
- Unemployment rate. ↓
- The number of payrolled employees has increased for the sixth consecutive month, up by 197,000 in May 2021 to 28.5 million. It is however 553,000 below levels seen before the coronavirus (COVID-19) pandemic. ↓
- Annual growth in average employee pay continued; the growth is driven in part by compositional effects of a fall in the number and proportion of lower-paid employee jobs. ↑

Housing

- **House prices** – up 8.9% in year to April. ↑
- **Private rental** prices rose by 1.2% in the 12 months to May 2021, unchanged from the 12 months to April 2021. ↑
- **UK sales** – February = 77,149 up 14% on February 2020. ↑

Consumer, retail and prices

- **Consumer Trends** – Q4 (Oct to Dec) 2020, household spending (adjusted for inflation) growth was negative 1.7% compared with Quarter 3 (July to Sept) 2020. ↓

- **Retail** – 3 months to May 2021 8.3% increase on previous 3 months rate. ↑
- **CPI annual inflation:** May 2021 +2.1%, up on April. ↑
- **Producer prices:** May 2021 shows 4.6% annual increase. ↑

Finance

- **Public sector Borrowing:** was estimated to have been £24.3 billion in May 2021; this was the second-highest May borrowing since monthly records began in 1993, £19.4 billion less than in May 2020. ↑
- **Net mortgage borrowing:** Net mortgage borrowing was £3.3 billion in April, down from a record £11.5 billion in March. ↑

European Union

Annual:

EU27: April 2021 compared to April 2020

- Industrial producer prices +7.6%. ↑
- Retail trade index +22.4%. ↑
- Industrial production +38.7%. ↑
- Construction +32.7%. ↑
- Inflation EU27: May 2.3%. [0.6% May 2020]. ↑

Unemployment: April 2021.

- The **EU27** unemployment rate was 7.3%, up from 6.7% in April 2020. ↑

Quarterly: Q1 2021.

- Seasonally adjusted GDP fell by 0.1%. ↓
- Employment down by 0.2%. ↓
- Vacancy rate 2.0%. ↑

Eurozone

Markit Eurozone Composite PMI®– final data: May - Services sector drives further acceleration in growth. ↑

Global Data

Developments in global international trade and industrial production – April 2021:

- World trade momentum was 3.1%¹⁰.
- World industrial production momentum was 1.8%.

¹⁰ Momentum - based on three-month on three-month change

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