

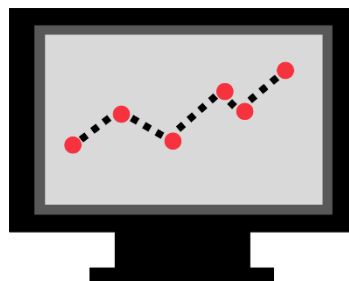


# Economy Monitoring Monthly Update (EMMU)

July 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, with consumer confidence up although still in negative territory. On the output front, quarterly GDP growth was positive as were its components – especially Services and Construction. Labour market data shows that the number of employees continued to increase though still below pre-pandemic levels. Inflation remained high with consumer prices up and producer prices similar to the previous months figure. House prices were up significantly over the year, and net mortgage lending peaked in June. Latest retail sales data showed an increase in volume. Data continues to be highly variable due to current circumstances.

### In Cornwall

In June<sup>1</sup> there were 48,588 Universal Credit claimants in Cornwall. The main group was ‘Searching for work’, which accounted for 14,320 or 29.5% of the total. The total is 95.2% above the March 2020 figure.

The latest Alternative Claimant Count figure for May 2021 shows there were 16,935 claimants, down by 5,644 on the May 2020 total of 22,579. Over the year the rate<sup>2</sup> fell from 8.6% to 5.2%<sup>3</sup>. Claimant count figures for June show were 15,140 in Cornwall, representing a rate of 4.6%. In comparison with the figures for June 2020, numbers were down by 4,780 or 24%.

Labour market data for residents show that over the last year the total aged 16-64 was stable<sup>4</sup>, 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. In Q2 2021 there were 10,699 job postings in Cornwall and the Isles of Scilly. This was up by 2,497 (30%) from 8,202 in Q1 2021, and up 168% on the 4,000 in Q2 2020.

In Q1 2021, house prices averaged £266,000 up from £256,300 in Q4 2020, and 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 England<sup>5</sup>. Compared to the

---

<sup>1</sup> NB Each month's figures are provisional and revised a month later.

<sup>2</sup> The rate is derived using the 16-64 economically active figures for residents from the Annual Population Survey.

<sup>3</sup> Changes in APS numbers can alter the rates compared to previous versions.

<sup>4</sup> Due to the volatility of the data changes in figures from one period to another may not reflect underlying trends.

<sup>5</sup> UK figures not available.

previous quarter, prices rose by 5.3% in Cornwall, just above the figure of 0.6% in England. Total sales in Q1 2021<sup>6</sup> at 2,581 were down 11% on the Q4 2020 total of 2,904<sup>7</sup>. The UK sales figure fell by 8%. Compared to Q1 2020, sales were up by 20%, as were sales in England (+23%) and the UK (+24%). In Q2 2021 there were 5,186 properties for sale with 192 to rent, a total of 5,378 properties. Compared to Q1 2021, the number of dwellings for sale was down by 22% while the numbers for rent were down by 62%. Overall, the total fell by 25%.

The latest Cornwall Chamber of Commerce survey takes the data up to Q2 2021<sup>8</sup>. Compared to Q1 2020, there were positive readings<sup>9</sup> for 7 of the 12 indicators. Over the year, there were positive readings for 10 and negative readings for 1 of the 12 indicators. The most positive were 'UK sales – have increased' +56 and 'UK orders – have increased' +53. The share of businesses running at full capacity was 40%, the same as the Q1 2021 and Q4 2020 and up on the Q2 2020 figure of 14%.

The latest data from UK finance gives figures for Cornwall for Q4 2020. The value of residential mortgage loans outstanding stood at £7,176 million up on the Q3 figure of £7,074. After the rise in Q4 2018 to £1,318 million, SME loans fell back each quarter, from £1,285 million in Q4 2019 to £1,259 million in Q1 2020. However, since then there have been significant increases from £1,259 million in Q1 2020 to £1,605 million in Q4 2020, up £347 million or 28%.

### **For the UK**

Business confidence was in a relatively positive mood with Manufacturing, Services and Construction all in strong recovery mode although both Manufacturing and Services recorded increases in costs. Recruitment activity has picked up again, with vacancy growth hitting a record high. Regional PMI recoded further strong rises in business activity throughout the UK, while the Lloyds Business Barometer saw business confidence edge up but remaining near an historic low. On the consumer front, UK household's optimism about their finances hit a five-year high, and the GfK Consumer Confidence index increased by two points to -7, above the pre-pandemic level although remaining in negative territory.

On the output front, in the three months to May 2021, GDP grew with highest levels of growth in Construction and Services. The labour market continued to recover with a significant rise in pay-rolled employee numbers. The employment rate was up and unemployment down. [Total employee numbers are now 206,000 below the March 2020 total]. House prices rose 10% on the year to May, in part due to the incentive offered by the stamp duty relief. Private rental prices paid by tenants in the UK rose by 1.2% in the 12 months to June 2021, unchanged since April 2021.

<sup>6</sup> NB Data for March was released on 2 September, but the latest figures only have been used.

<sup>7</sup> Sales figures are often adjusted each month so that previous figures are superseded.

<sup>8</sup> NB Smaller sample size than usual so take should be taken in interpreting data.

<sup>9</sup> A plus reading for 'had experienced recruitment difficulties is regarded as negative!

In the three months to June 2021, retail sales increased compared with the previous three months. Inflation continued its upward rise with a June annual rate of 2.5%, up from 2.1% in May, while the producer output price index at +4.3% was similar to the May figure of 4.4%. Government borrowing in June was £22.8 billion, down by £5.5 billion on the June 2020 figure but still the second highest on record. Net mortgage borrowing reached a record high of £17.9 billion in June, just before the lower stamp duty rates began to taper off from July. In June mortgage approvals for house purchase were 81,300, down from 86,900 in April. Households' net flow into deposit accounts increased in June, to £9.8 billion, although below the average of £14.7 billion in the six months to May 2021, it was still above the £4.7 billion monthly average recorded in the year to February 2020.

### **European Union and International**

At an EU27 level, comparing figures for May 2021 with May 2020, showed that Industrial Production, Construction and Retail trade all showed substantial increases reflecting the bounce back as economies re-opened. Industrial producer prices were up while the inflation rate in June was +2.2%, up from 0.8% a year earlier. The final June composite PMI saw Eurozone growth hit a 15-year high. On the international level, February saw both world trade volume momentum and industrial production momentum both in positive territory, although this was more marked in the former.

## Cornwall Data Profile – July

**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:** 16,935, May 2021. [DWP]; **Universal credit:** 48,588 June. [DWP].

**Vacancies:** 3,625 [3,651] job postings July. [Active Informatics].

**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 [CioS in brackets]

#### Alternative Claimant count

- May 2021 16,935 [16,974] claimants, down by 1,761 on the April total of 18,696 [18,748], and down by 5,644 on the May 2020 total of 22,579, [22,672].

#### Universal credit

- June<sup>10</sup> 48,588 [48,667] UC claimants<sup>11</sup>, down on the May figure. [Up 95.2% from 24,876 in March 2020].

#### Jobseekers allowance

- June 820 [821], down 116 on the May total of 936. [Up 0.4% on the March 2020 figure].

#### Claimant Count

- June 15,140 [15,170], down on the May total of 16,740. [Up 72% on the March 2020 figure].

#### Labour market - resident based [Year ending December 2020]<sup>12</sup>

- 16-64 = 327,500.
- Economically active = 256,000.
- Economically inactive = 71,500.
- Employed = 245,300, (employees 192,100, self-employed 52,900<sup>13</sup>).
- 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.

#### CJRS

- June 12,100, 6% of those eligible. [Down from 20% in February].

<sup>10</sup> NB Each month's figures are provisional and revised a month later.

<sup>11</sup> 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.

<sup>12</sup> Figures cover a year and are produced quarterly; all figures for age group 16-64.

<sup>13</sup> Numbers may not sum to all those employed.

**Vacancies (job postings)**

- July = 3,651 [July 2020 = 2,042].

**Housing**

- Prices (Mean): Q1 2021, £266,000. £235,300 in Q1 2020].
- Prices (Median) Q4 2020, £250,000 [£230,000 in Q4 2019].
- Sales: March 2021 = 1,009 [March 2020 = 743].
- Properties available: July – there were 1,643 properties for sale with 64 to rent, a total of 1,707 properties. [Down 58% on 4,084 in July 2020].

**Commercial property**

- Properties available: July – 247 (Retail 38%, Leisure/hospitality 28%). 120 commercial properties for letting with 127 for purchase.

**Chamber of Commerce Q2 2021**

- Compared to Q1 2021, there were positive readings<sup>14</sup> for 7 of the 12 indicators.
- Compared to Q2 2020, there were negative readings for 10 of the 12 indicators.
- 40% of businesses operating at full capacity, [Q2 2020 14%].

**Defence employment**

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

**United Kingdom****Business Surveys and barometers**

- **UK Manufacturing PMI:** June - Input costs and selling prices rise at record rates. ↑
- **UK services:** June – Strong recovery continues, but cost inflation hits record high. ↑
- **UK Construction PMI:** June – Output growth hits 24-year high. ↑
- **Jobs:** June – Recruitment activity picks up again, as vacancy growth hits record high. ↑
- **NatWest IHS Markit - UK Regional PMI:** June – UK sees further strong rises in business activity. ↑
- **Lloyds Business Barometer: July** – Confidence up 8 points to -22. ↑

---

<sup>14</sup> A plus reading for 'had experienced recruitment difficulties is regarded as negative!

## Consumer Surveys and barometers

- **Household Finance Index: Q2 21** - Optimism from UK households towards their finances hits five-year high. ↑
- **Gfk's Consumer confidence index:** July: Up 2 points to -7. ↓

## Output

- **GDP** growth 3 months to May was 3.6% up on previous 3 months rate. ↑
- **Index of Production** – 3 months to May shows 0.8% increase on previous 3 months rate. ↑
- Output in the **construction sector** – 3 months to May shows 6.3% increase on previous 3 months rate. ↑
- The seasonally adjusted **Index of Services** – 3 months to May shows 3.9% increase on previous 3 months rate. ↑
- **New car output:** UK factories made 157,623 engines in June, just 0.6% more than June 2020's weak performance. June 2021 output down -30.9% on five-year average for the month. ↑

## Trade

- In the three months to May 2021, the total trade deficit, excluding precious metals, narrowed by £2.2 billion to £3.5 billion. ↓

## Labour market - Main points

- Employment rate. ↑
- Unemployment rate. ↓
- The number of payroll employees showed another monthly increase, up 356,000 in June 2021 to 28.9 million. However, it remains 206,000 below pre-coronavirus (COVID-19) pandemic levels. ↓
- 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 10% in year to May. ↑
- **Private rental** prices rose by 1.2% in the 12 months to June 2021, unchanged from the 12 months to April 2021.
- **UK sales** – March = 97,984 up 42% on March 2020. ↑

## Consumer, retail and prices

- **Consumer Trends** – Q4 (Jan to Mar) 2021, household spending (adjusted for inflation) growth was negative 4.6% compared with Quarter 4 (Oct to Dec)



2020; when compared with Quarter 1 2020, household spending decreased by negative 11.0%. ↓

- **Retail** – 3 months to Jun 2021 12.2% increase on previous 3 months rate. ↑
- **CPI annual inflation:** June 2021 +2.5%, up on May. ↑
- **Producer prices:** June 2021 shows 4.3% annual increase. ↑

### European Union

#### **Annual:**

##### EU27: May 2021 compared to May 2020

- Industrial producer prices +9.6% ↑
- Retail trade index +9.2% ↑
- Industrial production +21.2% ↑
- Construction +11.6% ↑
- Inflation EU27: June 2.2%. [0.8% June 2020]. ↑

#### **Unemployment: May 2021.**

- The **EU27** unemployment rate was 7.3%, up from 6.9% in May 2020. ↑

#### **Quarterly: GDP: Q1 2021.**

- Seasonally adjusted GDP fell by 0.1%. ↓

### Eurozone

**Markit Eurozone Composite PMI®– final data: June** - Eurozone growth hits 15-year high. ↑

### Global data

#### **Developments in global international trade and industrial production – May 2021:**

- World trade momentum was 3.1%<sup>15</sup>.
- World industrial production momentum was 0.3%.

---

<sup>15</sup> Momentum - based on three-month on three-month change

Prepared by:

**Peter Wills**

Economic Analyst

Economic Growth Service

30 July 2021

If you would like this information  
in another format, please contact:

**Cornwall Council - Economic Growth Service**

Email: [economicdevelopment@cornwall.gov.uk](mailto:economicdevelopment@cornwall.gov.uk)

Telephone: **0300 1234 100**

**[www.cornwall.gov.uk](http://www.cornwall.gov.uk)**