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E(80) 33
1 April 1980

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MONTHLY ECONOMIC BRIEF
Prepared by the Central Statistical Office
March 1980

CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

MONTHLY ECONOMIC BRIEF

Note by the Secretaries

The attached monthly economic brief prepared by the Central Statistical Office, is circulated for the information of the Committee.

Signed ROBERT ARMSTRONG
P Le CHEMINANT
P MOUNTFIELD

INFLATION AND PRICES

Inflation continues unabated: retail prices are rising by at least 14 per cent a month and the trend increase in average earnings is higher. Wholesale input prices are rising much faster mainly due to crude oil, despite the continued strength of sterling.

Because the Budget last year was in June, the effects of this year's Budget on the TPI can only be satisfactorily assessed over twelve months to July. Over that period the Budget, with the increased National Insurance contributions, is expected to result in the TPI rising faster than the CPI by about 1-2 per cent in the twelve months to July.

Cabinet Office
1 April 1980

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MONTHLY ECONOMIC BRIEF
Prepared by the CSO on 28 March 1980

FINANCE

Monetary growth has slowed; over the whole period since June 1979 EM3 growth at an annual rate was above the 7-11 per cent target range, but over the last 3 months it has been under 11 per cent. Moreover, other monetary measures are growing less rapidly than EM3 ; M1 actually fell over the last 3 months.

Interest rates remain high here and abroad; 3 month rates in the UK are over 18 per cent. The Bank has extended to mid April the operation of its recent special measures to ease upward pressures on market interest rates.

EARNINGS AND PRICES

Inflation continues unabated: retail prices are rising by at least $1\frac{1}{2}$ per cent a month and the trend increase in average earnings is higher. Wholesale input prices are rising much faster mainly due to crude oil, despite the continued strength of sterling.

Because the Budget last year was in June, the effects of this year's Budget on the TPI can only be satisfactorily assessed over the twelve months to July. Over that period the Budget, together with the increased National Insurance contributions, are likely to result in the TPI rising faster than the RPI by about $1\frac{1}{2}$ -2 per cent in the twelve months to July.

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BALANCE OF PAYMENTS

The underlying deficit on the current account remains at about £0.2 billion per month.

Despite the high February figures the growth in the export volume of both oil and non oil products is assessed to have flattened out; the volume of imports may now be starting to fall.

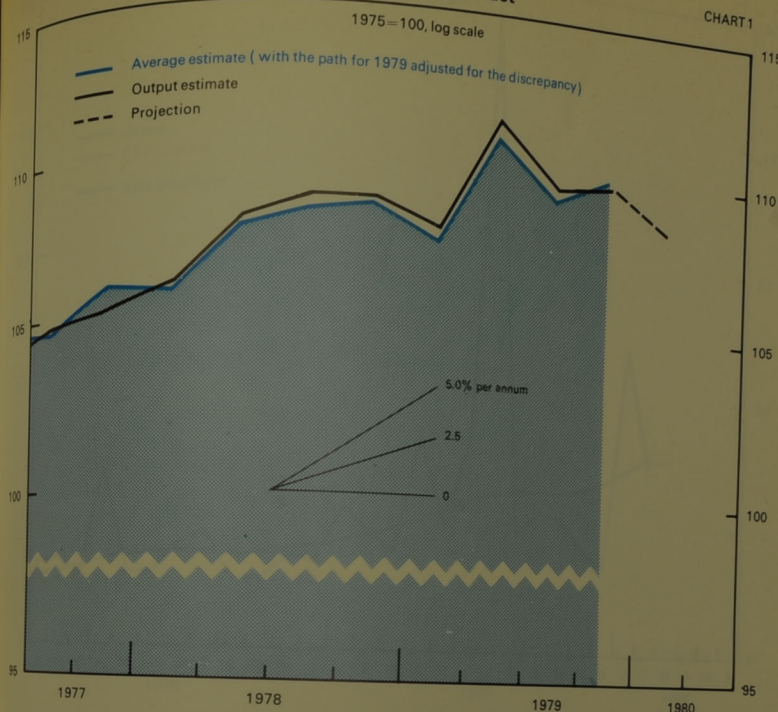
ACTIVITY AND UNEMPLOYMENT

There is still no evidence from the index of industrial production of the expected downward trend in output. Although the absence of BSC steel continues to have little effect on the rest of the economy it accounts directly for the estimated fall of about 1 per cent in GDP in the first quarter.

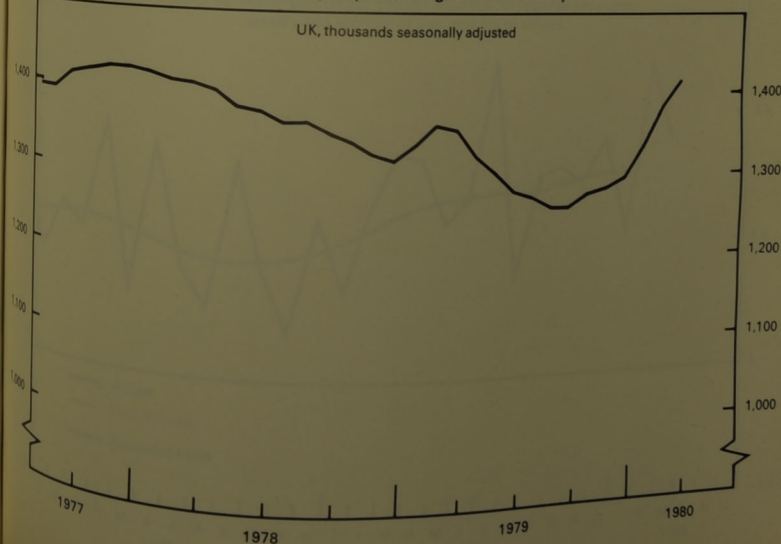
Consumers' expenditure is expected to have risen slightly but stockbuilding to have fallen significantly in the first quarter.

The strong upward trend in unemployment continued in March. Vacancies fell for the ninth successive month.

Gross domestic product

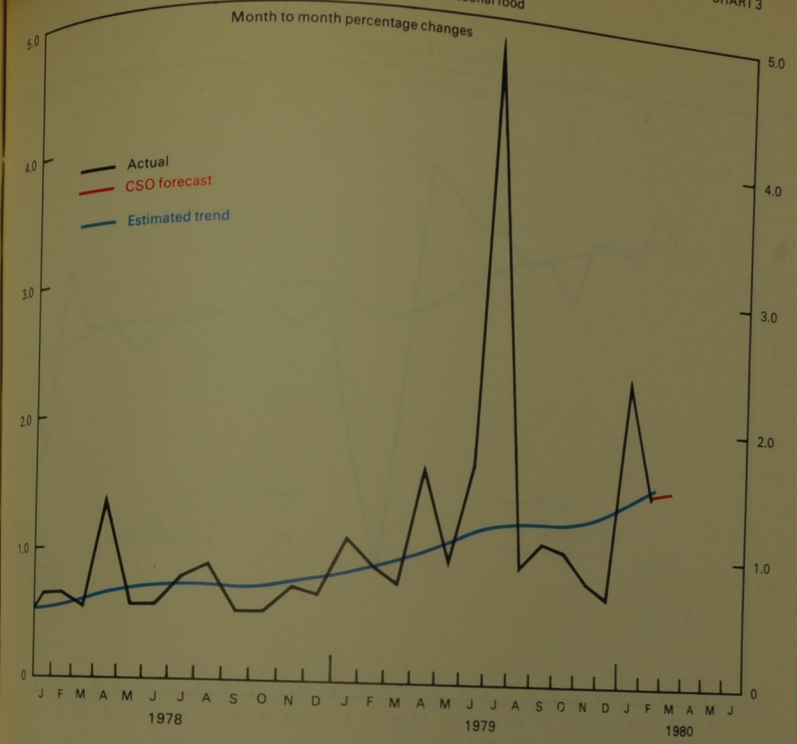


Unemployed (excluding school leavers)



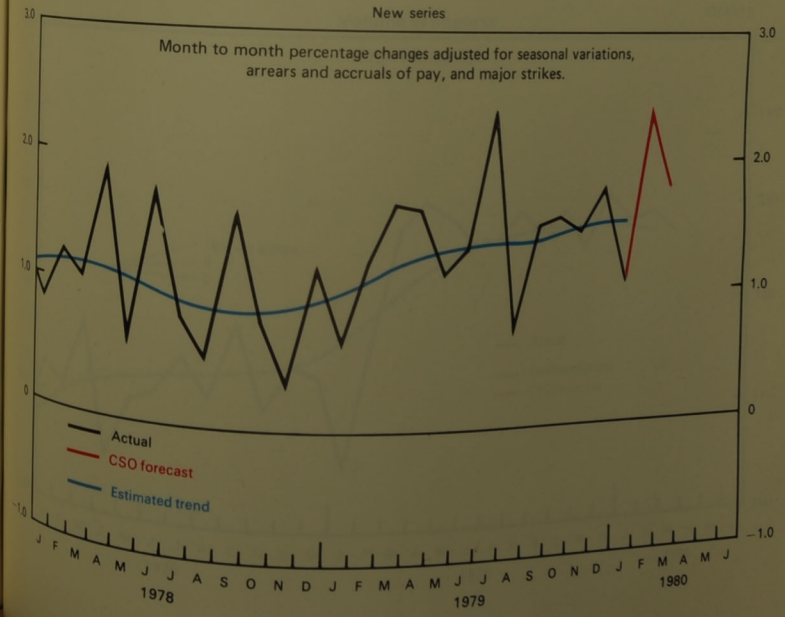
Retail prices
All items other than seasonal food

CHART 3



Average earnings,

CHART 4

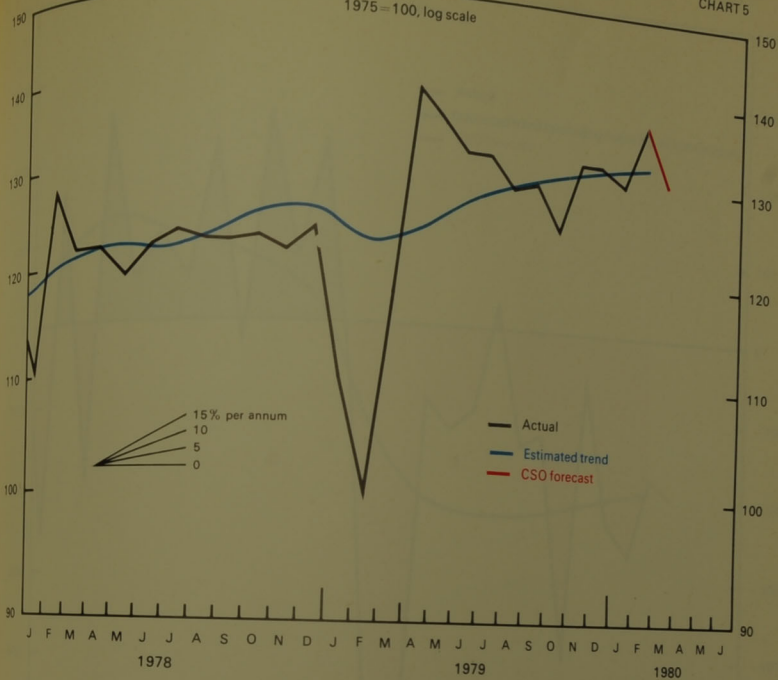


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Volume of exports

1975 = 100, log scale

CHART 5



Volume of imports

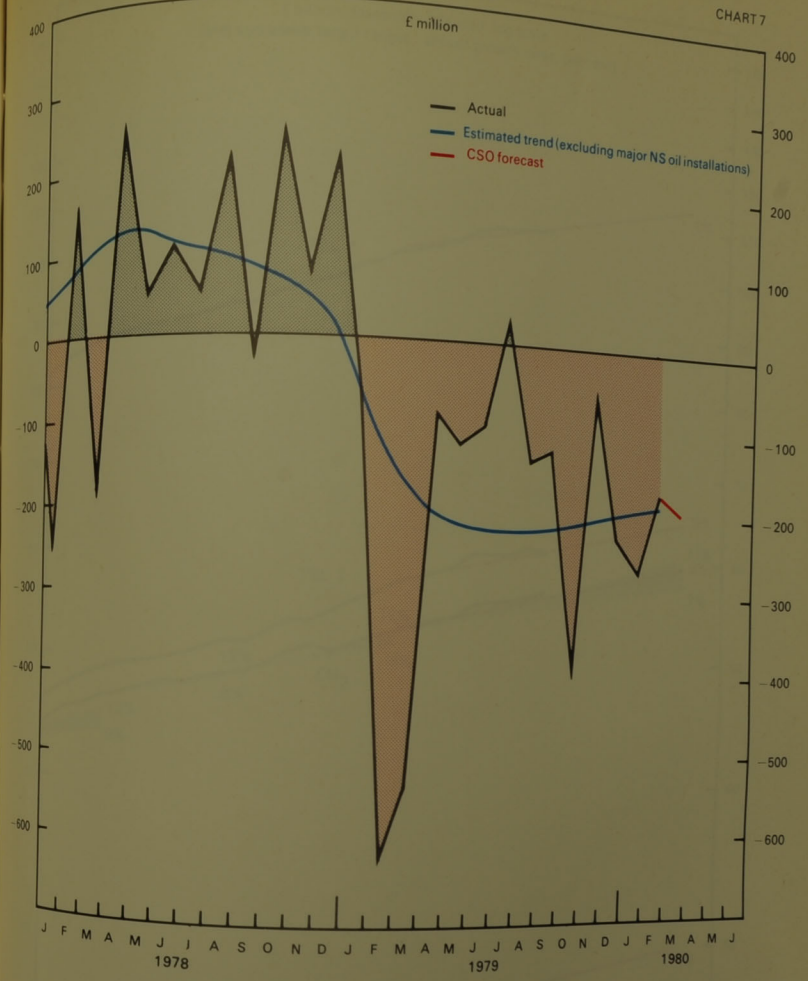
1975 = 100, log scale

CHART 6



Current balance

CHART 7



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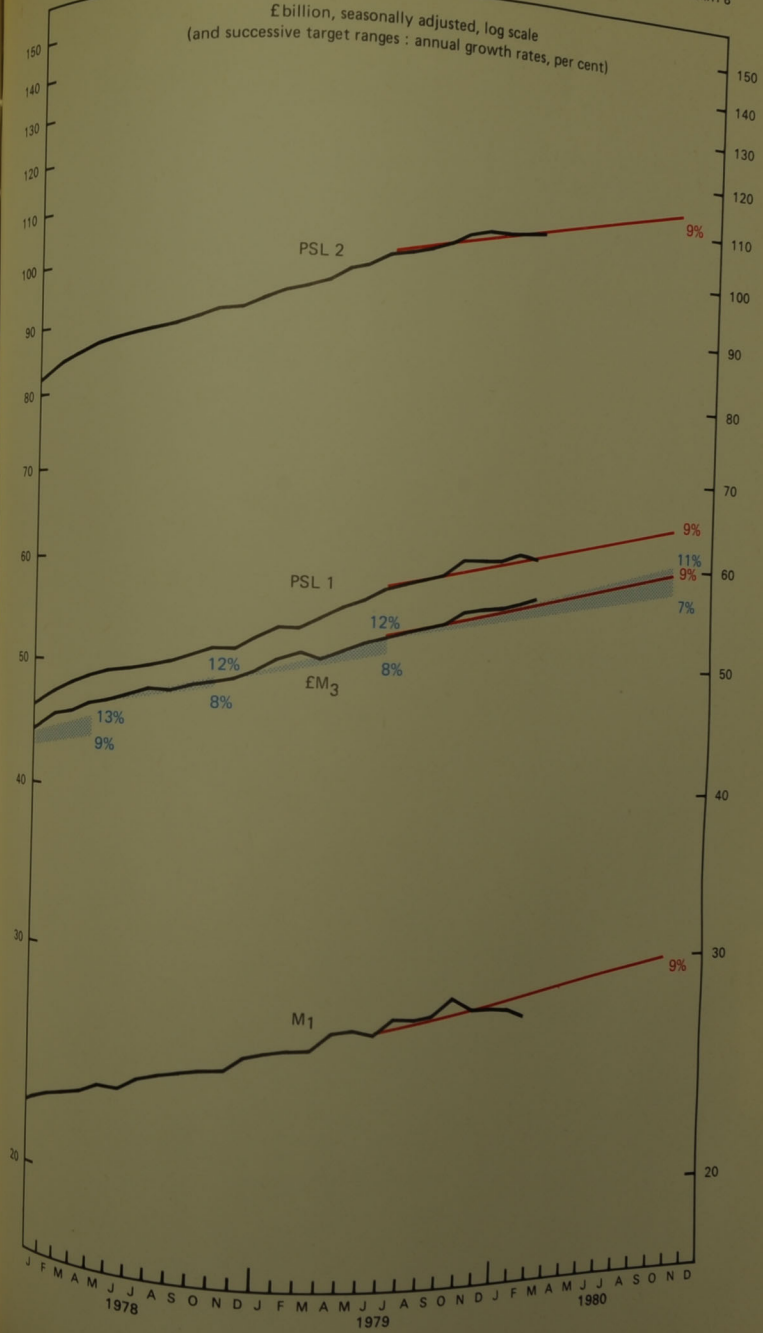
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Monetary aggregates

CHART 8

£ billion, seasonally adjusted, log scale
(and successive target ranges : annual growth rates, per cent)



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