

SECRET

Prime Minister 2 11(A-R)

To note.

BTH

MAMC: A1

FROM: S BROOKS/M BOLTON 20/4
 DATE: 20 APRIL 1990
 x4605/4614

1. MR PERETZ
2. ECONOMIC SECRETARY

cc

Chancellor
 Chief Secretary
 Financial Secretary
 Paymaster General
 Sir P Middleton
 Sir T Burns
 Mr Wicks
 Mr Evans
 Mr Odling-Smee
 Mr Scholar
 Mr Sedgwick
 Mr Grice
 Mr O'Donnell
 Miss O'Mara
 Mr Owen
 Mr Ritchie
 Miss Simpson
 Mrs Williams

mb

Not much change here. But if anything the broad money figures are showing a very gradual improvement.

DL P
20/4

Mr Gray - No 10 (Personal)

PROVISIONAL MONEY FIGURES - MARCH 1990

The Bank of England will publish the provisional estimates of the growth of the monetary aggregates in March on Monday 23 April at 11.30 am. The first part of this submission describes the latest figures. The second part discusses presentation and seeks your approval of the line to take and the briefing (primarily for Press Office use) which is attached at Annex A. Also attached is the press notice (Annex B) in which the Bank of England will announce the figures.

THE MARCH FIGURES

2. Table 1 below sets out the latest figures; table 2 (at the end of the submission) shows historical growth rates.

SECRET

Table 1: The March figures - Summary

percentage growth rates
(unless specified
otherwise)

	March 1990	February 1990	Average Aug 1989-Jan 1990
(a) MO Growth			
12 month growth rate (sa)	6.3	6.4	5.6
1 month growth rate (sa)	0.2	0.2	0.6
3 month growth rate (sa)*	0.5	3.2	7.6
6 month growth rate (sa)*	4.9	4.2	7.9

(b) M4 Growth

12 month growth rate (nsa)	17.5	18.1	17.7
1 month growth rate (sa)	1.6	0.9	1.5
3 month growth rate (sa)*	15.6	18.2	18.7
6 month growth rate (sa)*	16.2	17.6	18.6

(c) M4 Lending

12 month growth rate (nsa)	20.4	20.7	21.3
1 month growth rate (sa)	1.8	1.4	1.6
1 month increase (fbn) (sa)	9.2	7.1	7.5
3 month growth rate (sa)*	18.8	20.6	20.8
6 month growth rate (sa)*	18.5	19.5	21.3

sa - seasonally adjusted

nsa - not seasonally adjusted

* annualised

MO

3. MO's 12 month growth rate was 6.3 per cent in March just below February's 6.4 per cent. Underlying growth, as measured by the growth rate of notes and coin, was 6.4 per cent, down from 6.5 per cent in February. The three month and six month growth

rates are of little use: both are distorted by inadequate seasonal adjustment.

4. Figures now available for the first three weeks of April suggest a rise in the twelve month growth rate. But the problems of seasonal adjustment around Easter means that the April figures will be a poor guide to MO's underlying growth.

BROAD MONEY

5. Our preferred measure of broad money growth, the not-seasonally-adjusted twelve month growth rate of M4, fell back to 17.5 per cent in March from 18.1 per cent in February. While it has remained in the 16½-18½ per cent range since the summer of 1988, it has turned down in the last couple of months (table 2). The annualised three month and six month growth rates both slowed significantly. The three month rate is the lowest since January last year; the six month rate is the lowest since last April.

6. In March itself, M4 increased by 1.6 per cent, after seasonal adjustment, compared with increases of 2¼ per cent in each of the last three end-quarter months. (Growth is faster in end-quarter months at the moment because the interest credited to accounts in these months is currently historically high.) Total retail deposits increased by 1.5 per cent; their twelve month growth rate rose from 11.6 per cent in February to 12.0 per cent in March, probably reflecting higher interest crediting than a year ago. The published measure of the retail money supply, M2 (which includes a narrower range of deposits than retail M4), also grew fairly strongly because of interest crediting and its twelve month growth rate rose to 8.6 per cent from 8.3 per cent in February.

7. Within M4 retail deposits, the rise in bank deposits (2.3 per cent) was much faster than the rise in building society deposits (0.8 per cent). The relative strength of banks' retail deposits is surprising given that the recent round of interest rate rises, effective in most cases from 1 March, left the societies with slightly higher deposit rates than the banks. Within the societies' retail deposits there is continuing evidence of a shift

away from smaller, readily accessible deposits: their deposits in M2 fell by 0.4 per cent (seasonally adjusted), while the larger or less accessible deposits excluded from M2 but included in M4 rose by just over 3 per cent.

8. Overall the societies' retail inflow remained weak. A good deal of the 0.8 per cent increase was accounted for by interest crediting. About half the remainder was flows into offshore accounts outside the CRT net (worth around £0.2 billion). This figure will not be published but is the first sign in the statistics of the impact of independent taxation. Most if not all of these flows would have been switched from other building society accounts, with little or no overall effect on retail deposits or on M4.

9. Total wholesale deposits in M4 grew by 1.7 per cent after seasonal adjustment, slightly faster than retail deposits. The bulk of the inflow was to banks, as usual. Their rise of 1.3 per cent in March was, however, the same as in February and fairly modest by recent standards. Building societies' wholesale deposits in M4 grew strongly, after a weak month in February. Overall the societies' wholesale funding (including that outside M4), at about £1½ billion, was twice as great as in February, no doubt reflecting the problem of financing buoyant lending (see below) in the face of weak retail inflows.

LENDING BY BANKS AND BUILDING SOCIETIES

10. M4 lending (lending by banks and building societies) increased by 1.8 per cent (£9.2 billion) after seasonal adjustment in March - below the increase of 2.2 per cent in the previous two end quarter months. Its twelve month growth rate fell to 20.4 per cent from 20.7 per cent in February. This rate has now varied erratically in the range 20½-22 per cent since July last year. Lending's six month growth rate fell to 18½ per cent in March from 19½ per cent in February; its three month rate fell from 20½ per cent to 18½ per cent.

11. Within M4 lending, building society mortgage lending picked up sharply in March to £2.4 billion (seasonally adjusted) from £2.0 billion in February, bringing to an end a run of gentle declines since last September's £½ billion peak. Lending for house purchase by CLSB banks in March nearly at £0.4 billion, seasonally adjusted [NOT FOR USE], was a little up on February. Commitments (seasonally adjusted) fell a little from February's high level, but by no means back to the lows of December and January. It looks as if there has been an overall rise in mortgage lending, with some signs that it may continue, at least in the short run.

12. Lending by CLSB banks for consumption in February was nearly £0.3 billion in March after seasonal adjustment [NOT FOR USE] and about £0.4 billion before seasonal adjustment. The March increase is a little above that of February but below those in December and January. It could be that there has been switching at the margin from consumer credit to mortgage finance, reversing an opposite switch at the end of last year.

13. Lending to companies was probably £5-6 billion in March after seasonal adjustment, and perhaps £6½-7½ billion before seasonal adjustment [figures are NOT FOR USE]. CLSB banks lent £3½ billion (not seasonally adjusted) to companies. Two thirds of this went to the financial sector (£1.2 billion, more than accounted for by leasing £0.8 billion and insurance £0.5 billion) and to business and other services (£1.0 billion, of which property companies £0.3 billion). Garages, distribution, hotels and catering borrowed £0.7 billion. The manufacturing sector borrowed £0.3 billion, wholly accounted for by the food, drink and tobacco industries - some manufacturing industries made small repayments.

OVERFUNDING

14. The March figures permit the first estimate of overfunding in 1989/90 to be made: it was £1.8 billion taking into account carry-overs from previous years. The estimate is still liable to significant revision.

PRESENTATIONThe March figures compared with market expectations

	Outturn March	"Average" Market Expectations
M0 - one month change: %	+ 0.5 (+ 0.2)	(+ 0.3)
M4 - one month change: %	+ 2.2 (+ 1.6)	(+ 1.8)
Bank and building society lending: £ billion:	+10.7 (+ 9.2)	(+ 8.4)

(figures in brackets seasonally adjusted)

15. The growth rates of both M0 and M4 were slightly below market expectations. The twelve month M0 figure fell slightly, with six month growth within the target range, as last month. M4's twelve month growth rate fell again, towards levels seen in 1989Q3, and the three and six figures were the lowest for some time. Bank and building society lending exceeded market expectations, but the three, six and twelve month growth rates all fell. The twelve month figure is the same as in January, which was the lowest since February 1988, and the six month figure is the lowest since August 1987.

16. We suggest a general line to take as follows:-

"Although still outside target range, 12 month M0 growth rate slightly down. Growth in M4 and lending also appears to be slowing gradually. 12 month M4 figure lowest since November and three and six month growth rates lowest since early 1989. 12 month growth of bank and building society lending has also fallen from February, with six month growth rate lowest since August 1987.

C. R. M. Bolton

S BROOKS/M BOLTON

TABLE 2

SECRET
(Until publication)

GROWTH RATES OF MONETARY AGGREGATES AND BANK & BUILDING SOCIETY LENDING

£ million

			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec 1990	Jan	Feb	Mar
M0	Monthly change	sa	44	119	137	89	71	254	-25	132	113	157	-49	34	36
	Monthly % change	nsa	1.9	0.1	1.6	0.3	1.9	1.7	-1.1	0.1	0.8	7.6	-6.5	-1.4	0.5
	Monthly % change	sa	0.3	0.7	0.8	0.5	0.4	1.5	-0.1	0.8	0.6	0.9	-0.3	0.2	0.2
	3-month annualised % change	sa	-0.6	2.2	7.3	8.4	7.2	10.0	7.2	8.7	5.1	9.5	5.1	3.2	0.5
	6-month annualised % change	sa	1.3	2.6	3.9	3.8	4.7	8.7	7.8	7.9	7.5	8.4	6.9	4.2	4.9
	Annual % change	sa	6.1	5.8	6.2	5.9	5.2	6.1	4.5	5.2	5.7	6.0	5.8	6.4	6.3
M4	Monthly change	nsa	10064	1660	5400	9482	2685	5656	8962	2699	4456	8670	3250	2551	9582
	Monthly % change	nsa	2.8	0.4	1.4	2.5	0.7	1.4	2.3	0.7	1.1	2.1	0.8	0.6	2.2
	Monthly % change	sa	2.0	0.6	1.2	2.3	0.5	1.7	2.2	0.6	1.1	2.2	1.2	0.9	1.6
	3-month annualised % change	sa	18.5	16.4	16.4	17.9	17.5	19.8	19.4	19.9	17.1	16.8	19.2	18.2	15.6
	6-month annualised % change	sa	16.0	15.7	16.5	18.2	16.9	18.1	18.7	18.7	18.5	18.1	19.5	17.6	16.2
	Annual % change	nsa	18.1	17.9	18.1	18.5	16.5	17.3	17.3	17.2	17.5	18.2	18.4	18.1	17.5
M5	Monthly change	nsa	10166	2341	5438	9810	2841	5550	9314	2421	4462	9089	2675	2658	9664
	Monthly % change	nsa	2.7	0.6	1.4	2.5	0.7	1.4	2.2	0.6	1.0	2.1	0.6	0.6	2.2
	Monthly % change	sa	1.9	0.7	1.2	2.3	0.6	1.6	2.2	0.5	1.1	2.1	1.0	0.9	1.5
	3-month annualised % change	sa	18.0	16.2	16.3	18.3	17.5	19.5	18.9	18.8	16.4	16.3	18.5	17.6	14.7
	6-month annualised % change	sa	15.0	15.2	15.8	18.1	16.8	17.9	18.6	18.2	18.0	17.6	18.7	17.0	15.5
	Annual % change	nsa	17.1	17.3	17.5	18.0	16.0	16.7	16.8	16.7	16.9	17.9	17.9	17.7	17.1
NIBM1	Monthly change	nsa	900	-1723	322	277	-608	-137	283	-841	199	2260	-4326	460	1603
	Monthly % change	nsa	1.9	-3.6	0.7	0.6	-1.3	-0.3	0.6	-1.8	0.4	4.9	-9.0	1.1	3.6
	Monthly % change	sa	-0.4	-3.6	-0.7	0.1	-1.4	0.2	0.9	-0.6	-1.2	6.0	-5.4	0.3	1.1
	3-month annualised % change	sa	-18.4	-16.5	-17.3	-15.6	-7.8	-4.3	-1.3	2.1	-3.5	17.5	-3.8	1.9	-15.5
	6-month annualised % change	sa	-4.2	-11.8	-10.9	-17.0	-12.3	-11.0	-8.7	-3.0	-3.9	7.7	-0.9	-0.8	-0.3
	Annual % change	nsa	2.4	-1.3	-3.0	-3.5	-5.0	-4.7	-6.6	-7.6	-7.5	-5.5	-7.0	-6.3	-4.7
M4C	Monthly change	nsa	10747	2615	7934	12016	-12	7464	8862	6898	5868	8362	1922	3031	13585
	Monthly % change	nsa	2.7	0.6	1.9	2.9	0.0	1.7	2.0	1.5	1.3	1.8	0.4	0.6	2.9
	Monthly % change	sa	2.0	0.8	1.7	2.7	-0.1	2.0	2.0	1.5	1.3	1.9	0.7	0.9	2.3
	3-month annualised % change	sa	19.2	19.3	19.6	23.0	18.4	19.6	16.4	24.3	21.1	20.4	16.9	15.0	17.1
	6-month annualised % change	sa	16.1	17.0	19.3	21.1	18.8	19.6	19.7	21.3	20.4	18.4	20.5	18.0	18.8
	Annual % change	nsa	18.0	18.3	19.2	19.6	17.2	18.1	17.9	19.1	19.9	19.8	19.8	19.1	19.2
M4 Lending	Monthly change	nsa	9878	4961	6042	9091	7858	6784	11412	5070	4436	10966	5425	6584	10740
	Monthly % change	nsa	2.3	1.1	1.4	2.0	1.7	1.5	2.4	1.0	0.9	2.2	1.1	1.3	2.1
	Monthly % change	sa	1.9	1.4	1.4	1.7	1.7	1.7	2.2	1.1	1.0	2.2	1.2	1.4	1.8
	3-month annualised % change	sa	22.0	19.9	21.1	19.8	21.1	22.3	24.9	21.9	18.5	18.3	18.7	20.6	18.8
	6-month annualised % change	sa	21.8	21.3	21.3	20.9	20.5	21.7	22.3	21.5	20.4	21.5	20.3	19.5	18.5
	Annual % change	nsa	24.3	23.4	23.2	22.4	21.6	21.9	22.1	21.4	20.9	21.2	20.4	20.7	20.4

SECRET

4

UNTIL 11.30 AM ON MONDAY 23 APRIL**ANNEX A: MONEY SUPPLY IN MARCH: PRESS BRIEFING****A LINE TO TAKE**

Although still outside target range, 12 month M0 growth rate slightly down. Growth in M4 and lending also appears to be slowing gradually: 12 month M4 figure lowest since November and three and six month growth rates lowest since early 1989. 12 month growth of bank and building society lending has also fallen from February with six month growth rate lowest since August 1987.

B THE FIGURES IN DETAIL**(i) Changes in main monetary aggregates**

	MO	per cent	M4
12 month growth rate	+5.0		+17.5
	(+6.3)		(+17.5)
Annualised six-month growth	(+4.9)		(+16.2)
Annualised 3-month growth	(+0.5)		(+15.6)
one month change	+0.5		+2.2
	(+0.2)		(+1.6)

(Figures in brackets seasonally adjusted s.a.)

(ii) Funding (On new definition excluding Treasury bills.)

(a) March: Underfund of £1.8 billion; PSBR deficit in March of £1.6 billion.

(b) Financial year outturn:

£0.4 billion underfund, but overfund of £1.8 billion allowing for £2.2 billion overfund carried over from 1988-89 and earlier years.)

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

I

(iii) MO: growth rates (sa)

	3 month annualised	6 month annualised	12 month
1989 January	3.0	5.8	7.4
February	0.5	3.5	6.6
March	- 0.6	1.3*	6.1
April	2.2	2.6	5.8
May	7.3	3.9	6.2
June	8.4	3.8	5.9
July	7.2	4.7	5.2
August	10.0	8.7	6.1
September	7.2	7.8	4.5*
October	8.7	7.9	5.2
November	5.1	7.5	5.7
December	9.5	8.4	6.0
1990 January	5.1	6.9	5.8
February	3.2	4.2	6.4
March	0.5	4.9	6.3

* distorted downwards by postal strike

(a) Annual growth rate: Seasonally adjusted rate better guide to underlying monetary conditions. Slightly down on February, and still below peak levels of 1988.

(b) 3 month growth rate Down on February. Lowest since March 1989.

(c) 6 month growth rate: Up on February, but excluding February lowest since July 1989.

[Note: Caution should be used in interpreting the 3 and 6 month growth rates because of uncertainties in the seasonal adjustments.]

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

SECRET
UNTIL 11.30 AM ON MONDAY 23 APRIL

(iv) Broad moneyM4: growth rates

	3 month†	6 month†	12 month*
1988 May	17.7	15.8	16.0
June	16.2	16.3	16.8
July	23.2	20.0	17.4
August	23.3	20.5	17.3
September	24.5	20.3	18.7
October	17.1	20.1	17.4
November	16.2	19.7	17.7
December	13.5	18.9	17.6
1989 January	15.1	16.1	18.1
February	16.6	16.4	18.6
March	18.5	16.0	18.1
April	16.4	15.7	17.9
May	16.4	16.5	18.1
June	17.9	18.2	18.5
July	17.5	16.9	16.5
August	19.8	18.1	17.3
September	19.4	18.7	17.3
October	19.9	18.7	17.2
November	17.1	18.5	17.5
December	16.8	18.1	18.2
1990 January	19.2	19.5	18.4
February	18.2	17.6	18.1
March	15.6	16.2	17.5

† sa and annualised

* unadjusted

(a) One month growth (sa) Down on January. Lowest since October.

(b) 3 month growth rate Well down on February. Lowest since January 1989.

(c) 6 month growth rate Down on February. Lowest since March 1989.

(d) 12 month growth rate Down on February. Lowest since November 1989.

SECRET
UNTIL 11.30 AM ON MONDAY 23 APRIL

SECRET

K

UNTIL 11.30 AM ON MONDAY 23 APRIL

(b) Bank and building society lending: growth rates

	3 month† %	6 month† %	12 month* %
1988 May	25.2	24.0	22.2
June	27.3	25.1	22.9
July	28.3	26.0	23.5
August	27.5	26.4	24.1
September	26.3	26.8	24.2
October	22.7	25.5	24.7
November	22.5	25.0	24.5
December	21.6	24.0	24.6
1989 January	22.7	22.7	24.4
February	21.6	22.0	24.3
March	22.0	21.8	24.3
April	19.9	21.3	23.4
May	21.1	21.3	23.2
June	19.8	20.9	22.4
July	21.1	20.5	21.6
August	22.3	21.7	21.9
September	24.9	22.3	22.1
October	21.9	21.5	21.4
November	18.5	20.4	20.9
December	18.3	21.5	21.2
1990 January	18.7	20.3	20.4
February	20.6	19.5	20.7
March	18.8	18.5	20.4

† s.a and annualised

* unadjusted

(c) 12 month growth rate (unadjusted): Slightly down on February. Same as January, which was lowest since February 1988.

(d) 6 month annualised growth rate (adjusted): Down on February. Lowest since August 1987.

(e) 3 month annualised growth rate (adjusted): Well down on February. Comparable to low levels seen in November-January.

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

(v) Lending(a) One month changes:

		Bank and building society lending			
		sa		nsa	
		fbn	%	fbn	%
1989	January	+ 7.8	+1.9	+ 7.4	+1.8
	February	+ 5.0	+1.2	+ 4.5	+1.1
	March	+ 8.4	+1.9	+ 9.9	+2.3
	April	+ 6.3	+1.4	+ 5.0	+1.1
	May	+ 6.4	+1.4	+ 6.0	+1.4
	June	+ 7.6	+1.7	+ 9.1	+2.0
	July	+ 7.7	+1.7	+ 7.9	+1.7
	August	+ 8.0	+1.7	+ 6.8	+1.5
	September	+10.5	+2.2	+11.4	+2.4
	October	+ 5.2	+1.1	+ 5.1	+1.0
	November	+ 4.9	+1.0	+ 4.4	+0.9
	December	+10.7	+2.2	+11.0	+2.2
1990	January	+ 5.8	+1.2	+ 5.4	+1.1
	February	+ 7.1	+1.4	+ 6.6	+1.3
	March	+ 9.2	+1.8	+10.7	+2.1

One month growth rate: Higher than in January and February, but lower than in December, which was previous interest charging month.

UNTIL 11.30 AM ON MONDAY 23 APRIL(vi) CLSB lending

[Use with caution as coverage poor this month.]

- Lending for consumption in March (an interest charging month) up £0.4 billion, compared with fall of £0.2 billion in February, no change in January and rise of £0.6 billion in December, last interest charging month.
- Lending for house purchase rose by £0.4 billion, compared with no change in January and February, and rise of £0.4 billion in December.
- CLSB lending to business up £4.2 billion, compared with rises of £2.6 billion in February and £2.2 billion in January. (December figure £2.3 billion, but actual lending to businesses probably much higher, because of very poor coverage - which affects business figures more than consumption and house purchase figures.)

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL**C** DEFENSIVE(i) M0 still outside target range?

Over past 18 months good progress made in getting M0 growth back towards target range. Policy remains firm and M0 expected to reach target range in few months (see FSBR para 2.34).

(ii) What is Government doing to restrain growth of M0?

Already have firm monetary and fiscal policy in place, but may take few months before get into 1990-91 range. Reflects stubbornness of inflationary pressure.

(iii) Revised M0 target for 1990-91 "moving goal posts"?

No. Need to set realistic and credible target range. Lower range would have been difficult to reach without undue changes in level of interest rates and consequent disruption in wider economy.

(iv) M4 still buoyant?

Various monetary aggregates should not be expected to grow at same rate; have differing relationship with inflation. Some of growth of broad aggregates may reflect increase in firmly held savings rather than build-up of inflationary pressure.

M4 12 month growth rate fell in March, and six month figure lowest since April 1989. Generally, growth has remained broadly stable in range 16½-18½ per cent since June 1988.

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

- (v) How much of lending figure is lending for house purchase?

CLSB figures suggest bank lending for house purchase remains subdued.

- (vi) Why one month increase in lending so high?

Partly due to seasonal factors, sa increase smaller than nsa rise. Also March interest charging month, which only partially accounted for in seasonals. No other special factors identified, but one months figures can always be erratic.

- (vii) Financial year outturn for funding shows Government overfunding?

As made clear in Red Book, sustained overfunding not sensible policy, although authorities prepared to depart from funding rule when circumstances warrant it. £1.8 billion overfund very close to full fund, given margins of error and uncertainties PSBR, £1 billion bigger surplus than expected at Budget time.

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

SECRETUNTIL 11.30 AM ON MONDAY 23 APRILINTEREST RATES: BRIEFING ON GENERAL POLICY(i) Policy

(a) Why base rates as high as 15 per cent? Government's prime objective to reduce inflation and interest rates only effective way of doing this.

(b) Future course of interest rates? Interest rates will stay high for some time to come.

(c) When will interest rates come down? The moment they can be safely lowered, will do so. But to reduce them prematurely, only to increase them again, would be extremely damaging. Will be brought down when believe they are likely to stay down.

(d) Interest rates bearing excessive burden in adjustment process? Interest rates have powerful effect on economy. Discourage spending and borrowing and encourage saving, impacting directly on what Government wants to influence. Also flexible way of responding to rapidly changing situation. Important as deregulation and financial competition make traditional indicators of monetary stance difficult to interpret. All other major countries seek to control inflation through use of interest rates. No alternative if Government serious about reducing inflation.

(e) One club policy? No. Have never relied on interest rates alone. Government has maintained both firm monetary and fiscal policy, including strict public expenditure control. But inflation is monetary problem, so tight monetary policy needed.

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

Q

(ii) Interest rates and industry

(a) Interest rate increases damage industry? [Latest figures show manufacturing output in 1989Q4 up 0.2 per cent on 1989Q3.]

- Only to be expected that output growth would slow in response to tightening of policy. But manufacturing output still above level a year ago. Company profitability has recently recovered to levels not seen for almost 20 years.

- Even for those businesses dependent on bank borrowing and adversely affected in short term, resurgence of inflation more likely to damage investment than period of higher interest rates. 1 per cent increase in interest rates, even if sustained for whole year, raises costs by far less than 1 per cent rise in pay settlements.

(b) Higher interest rates curb investment? [January CBI Quarterly Industrial Trends Survey showed fall in investment intentions.]

With slowdown in output, pause in investment growth inevitable, but follows period of rapid growth; business investment increased by nearly 9 per cent last year, giving total of over 40 per cent in three years to 1989.

(c) Sharp fall in manufacturing investment in 1989Q4? [CSO estimate of investment by manufacturing industry, published 15 February.]

Fall in fourth quarter probably represents inappropriate seasonal adjustment factor. Manufacturing investment also fell by 7½ per cent between third and fourth quarters of 1988, but recovered subsequently.

SECRETUNTIL 11.30 AM ON MONDAY 23 APRIL

Provisional estimates of monetary aggregates: March 1990

1 Provisional information suggests the following:

% changes		M0	M4	M5
March 1990	(not seasonally adjusted)	+0.5	+2.2	+2.2
12 months to March 1990	(not seasonally adjusted)	+5.0	+17.5	+17.1
March 1990	(seasonally adjusted)	+0.2	+1.6	+1.5
12 months to March 1990	(seasonally adjusted)	+6.3	+17.5	+17.1
6 months to March 1990	(seasonally adjusted, annual rate)	+4.9	+16.2	+15.5
3 months to March 1990	(seasonally adjusted, annual rate)	+0.5	+15.6	+14.7

2 Provisional counterparts to the changes in M4 and M5 are:

£ billions, not seasonally adjusted	M4		M5	
	March	latest 12 months	March	latest 12 months
A PSBR	+1.6	-8.0	+1.6	-8.0
B Debt sales to private sector (-) (a)	-0.1	+8.9	-0.3	+10.0
C External and foreign currency finance of public sector	+0.3	-2.1	+0.3	-2.1
D Public sector contribution (A+B+C)	+1.8 (b)	-1.2 (b)	+1.6	-0.1
E Sterling lending (c)	+10.7 (+2.1%)	+89.4 (+20.4%)	+11.0 (+2.1%)	+89.5 (+20.4%)
F Other external and foreign currency flows	-1.7	-10.8	-1.7	-10.8
G Net non-deposit sterling liabilities (-)	-1.2	-12.3	-1.2	-12.3
Total (D+E+F+G)	+9.6	+65.1	+9.7	+66.3
Sterling lending (seasonally adjusted)	+9.2 (+1.8%)	+89.4 (+20.4%)	+9.5 (+1.8%)	+89.5 (+20.4%)
(average of previous 6 months)	+7.4		+7.3	

(a) The M4 private sector comprises all UK residents other than the public sector, banks and building societies. The M5 debt sales counterpart excludes those items of public sector debt which are components of M5.

(b) The public sector contribution excluding Treasury bills was +£1.8bn in March and +£0.4 bn in the latest 12 months.

(c) M4 lending comprises lending by banks and building societies to the M4 private sector. M5 lending adds to M4 lending any change in the M4 private sector's holdings of bank acceptances.

3 Sterling lending is increased in March and other quarter months (and correspondingly depressed in non-quarter months) by the pattern of bank interest charging. As explained in a note on pages 86-87 of the February 1990 *Quarterly Bulletin*, this is true even in the seasonally adjusted figures, because the seasonal adjustments only partially smooth out the impact of quarterly interest charging in a period when interest rates and the stock of lending are materially higher than their level during the period from which the adjustments are estimated.

4 Full monetary statistics, including revised estimates of these figures, will be published on 2 May.

5 The information on this page is released on the Knight Ridder, Reuters, Telerate and Topic wire services under the following page references:

<i>Knight Ridder</i>	1792 - 1795	<i>Telerate</i>	393-398
<i>Reuters</i>	MSAA - MSAF	<i>Topic</i>	44790 - 44795

Central Statistical Office

SECRET AND PERSONAL UNTIL RELEASE OF PRESS NOTICE AT
11.30AM ON 25 APRIL 1990 AND THEREAFTER UNCLASSIFIED

From: J E Kidgell
Date: 20 April 1990
Tel : GTN 270 6040

PS/CHANCELLOR

MARCH FIGURES OF OVERSEAS TRADE

I attach for the Chancellor's approval the draft Press Notice on the current account of the Balance of Payments in March.

Clearance is requested by **midday on Monday 23 April**. Publication is set for **Wednesday 25 April at 11.30 am**.

Details about trade flows during March are included in the Press Notice. The key points on the current account (seasonally adjusted, on a balance of payments basis) are:

- **current account** is estimated to have been £2.2 billion in deficit in March (£1.4 billion in February)
- **invisibles** projected to be in balance for months in the first quarter
- **deficit on visible trade** was £2.2 billion (£1.4 billion in February)
- **Imports** in March were £10.5 billion, a new record
- **the underlying level of non-oil import volume** has changed little over the past year
- **the underlying level of non-oil export volume** has slowed sharply in recent months
- **in first quarter, visible trade deficit** was £5.6 billion, £1.2 billion more than in previous quarter. However, nearly £1.1 billion of this deterioration is attributable to a deterioration in the balance in oil and erratic items.

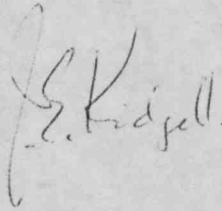
Special factors this month

The three month on three month comparison of import volumes (excluding oil and erratics) shown in the draft press notice is inflated by the unusually low December and high January figures, and is significantly different from the change in the statistical trend. In line with earlier practice agreed with the Chancellor, a fifth point has been added to the section in the press notice on imports (as was done for exports in the press notice reporting the November figures).

SECRET AND PERSONAL UNTIL RELEASE OF PRESS NOTICE AT
11.30AM ON 25 APRIL 1990 AND THEREAFTER UNCLASSIFIED

Imports in March were boosted by a substantial increase (£0.4 billion) in erratic items, notably aircraft and precious stones.

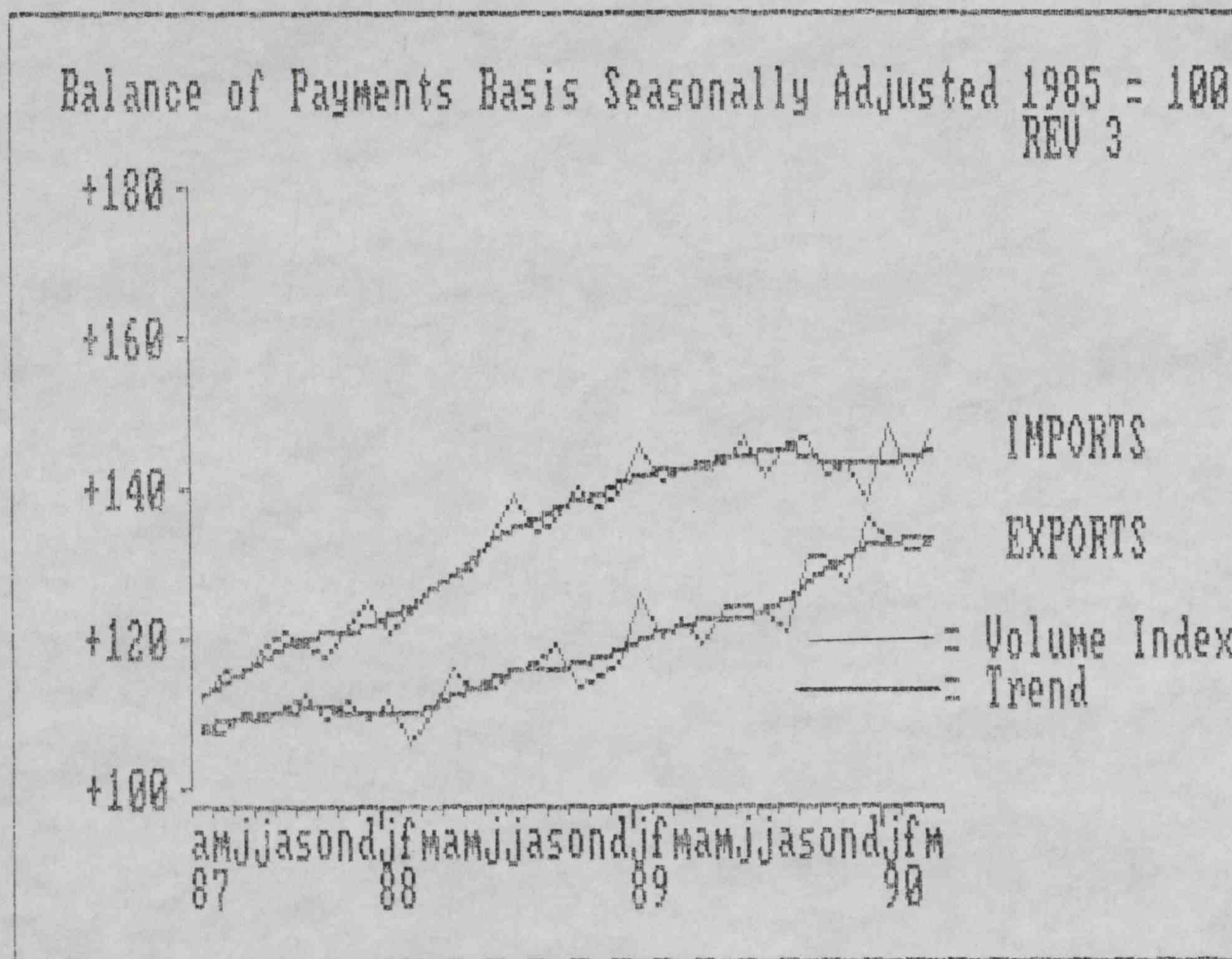
Copies of the draft press notice are being sent today to DTI.

A handwritten signature in dark ink, appearing to read 'J. E. Kidgell', is written in a cursive style.

J E KIDGELL

SECRET AND PERSONAL UNTIL RELEASE OF PRESS NOTICE ON 25 APR 90

VOLUME INDICES EXCLUDING OIL AND ERRATIC ITEMS



COPY NO

1	Mr S Flanagan	PS/Financial Secretary, HMT
2	Mr B Potter	PS/Prime Minister (Economic Affairs)
3	Mr J Gieve	PPS/Chancellor, HMT
4	Mr R Evans	PS/Sir Peter Middleton, HMT
5	Mrs M Henson	PS/Sir Terence Burns, HMT
6	Mr M Scholar	Deputy Secretary, HMT
7	Mr P Tucker	PS/Governor, Bank of England
8	Mr J B Unwin	Chairman, HM C&E
9	Sir Jack Hibbert	Director, CSO
10	Mr M Pratt	Controller, HM C&E
11	Mr P Sedgwick	HMT, Economic Adviser
12	Mr D Owen	EA2, HMT
13	Mrs S Owen	EA2, HMT
14	Mr J Kidgell	Assistant Director, CSO
15	Mr G Jenkinson	Head of D1, CSO
16	Mrs A Brueton	D1, CSO
17	Mr J Cottis	D1, CSO
18	Mr C Martin	D1, CSO
19	Mr G Eaton	D1, CSO
20	Mr J Wright	CSO Press Office
21	Mr I Scott	CSO Press Office
22	Mr G O'Donnell	HMT Press Office
23	File	D1, CSO

DRAFT COPY

SECRET AND PERSONAL UNTIL RELEASE OF THE PRESS NOTICE ON 25 APRIL 1990

CSO (90)58
25 April 1990

UK BALANCE OF PAYMENTS - CURRENT ACCOUNT IN MARCH

In March the *current account deficit* was £2.2 billion, compared with a revised estimate of £1.4 billion in February.

In the first quarter there was a deficit of £5.6 billion compared with £5.1 billion in the previous quarter.

Visible balance

- in March the *visible deficit* was £2.2 billion compared with a revised estimate of £1.4 billion in February
- excluding oil and erratic items, the deficit rose by £0.4 billion
- in the first quarter there was a deficit of £5.6 billion, compared with £4.4 billion in the previous quarter.

Invisibles

- in March *invisibles* are projected to be in balance (a surplus on transactions by the private sector offset by a deficit on government transactions).

Exports of goods (balance of payments basis)

- in March the *value* of exports was £8.4 billion, 1 per cent lower than in February
- in the first quarter, the *value* of exports was 1½ per cent higher than in the previous quarter, and 16 per cent higher than a year earlier
- excluding oil and erratic items, these percentages were 2½ per cent and 14 per cent respectively
- excluding oil and erratic items, the *volume* of exports in the first quarter was 1 per cent higher than in the previous quarter and 8 per cent higher than a year earlier.

Imports of goods (balance of payments basis)

- in March the *value* of imports was £10.5 billion, 7½ per cent higher than in February
- in the first quarter, the *value* of imports was 5 per cent higher than in the previous quarter, and 11 per cent higher than a year earlier
- excluding oil and erratic items, imports in the latest quarter were 2½ per cent higher than in the previous quarter, and 7½ per cent higher than a year earlier
- excluding oil and erratic items, the *volume* of imports in the first quarter was 3 per cent higher than the previous quarter and 2 per cent higher than a year earlier
- These comparisons are distorted by the erratically low December figure and the erratically high January figure. Comparing the four months December to March with the previous four months and with the same four months a year ago shows a fall of ½ per cent and a rise of 1 per cent respectively.

All figures seasonally adjusted

Table 1
Current account

£ million, seasonally adjusted

	Current balance	Visible trade		Invisibles balance ^b	
		Balance	Exports fob		Imports fob
1988	-15019	-20815	80772	101587	+5796
1989	-20851	-23112	92526	115638	+2261
1989 Q1	-4559	-6037	21733	27770	+1478
Q2	-4890	-6335	22506	28841	+1445
Q3	-6308	-6359	23314	29673	+51
Q4	-5094	-4381	24973	29354	-713
1990 Q1	-5590	-5590	25303	30893	0
1989 Oct	-1920	-1682	8138	9820	-238
Nov	-2019	-1782	8115	9897	-237
Dec	-1155	-917	8720	9637	-238
1990 Jan	-2020 ^a	-2020	8502	10522	0 ^a
Feb	-1394 ^a	-1394	8433	9827	0 ^a
Mar	-2176 ^a	-2176	8368	10544	0 ^a
Oct-Dec 1989	-5094	-4381	24973	29354	-713
Jan-Mar 1990	-5590 ^a	-5590	25303	30893	0 ^a

a Invisibles for January to March 1990 are projections.

b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

Information relating to credits and debits can be found in Table 3.

OTHER KEY POINTS

Trade in oil

- in March the surplus in oil was £0.1 billion, little changed from February
- in the first quarter, exports rose by £0.1 billion and imports rose by £0.3 billion, compared with the previous quarter; the surplus, at £0.4 billion, was £0.2 billion less than in the previous quarter.

Non-oil trade

- in March the deficit on non-oil trade was £2.3 billion, £0.8 billion less than in February
- in the first quarter the non-oil deficit rose by £1.0 billion.

Erratic items

- in March exports were little changed while imports rose by £0.4 billion
- in the first quarter exports fell by £0.3 billion while imports rose by £0.5 billion.

Analysis by commodity* (volumes excluding erratic items)

In the latest quarter:

- *exports of manufactured goods* were 1½ per cent up on the previous quarter
- *exports of finished manufactures* also rose by 1½ per cent
- within finished manufactures, exports of passenger motor cars fell by 7½ per cent while exports of other consumer goods rose by 9 per cent. Exports of intermediate goods rose by 2½ per cent while exports of capital goods fell by 1½ per cent
- *imports of manufactured goods* were 2 per cent up on the previous quarter
- *imports of finished manufactures* rose by 2½ per cent
- within finished manufactures, imports of passenger motor cars fell by 1 per cent while imports of other consumer goods rose by 2½ per cent. Imports of intermediate goods rose by 3½ per cent and imports of capital goods rose by 2 per cent.

Terms of trade

- in the first quarter, the export unit value index rose by 1½ per cent and the import unit value index rose by 1 per cent over the previous quarter, so that the terms of trade index rose by ½ per cent
- the export unit value index for fuels rose by 3½ per cent while that for non-oil exports rose by 1½ per cent
- the import unit value index for fuels rose by 3 per cent while that for non-oil imports rose by 1 per cent.

* Overseas trade statistics basis

Notes to editors

Invisibles

1. Estimates of invisibles are based on a variety of sources, mostly inquiries of those engaging in the various transactions. These are usually sample inquiries, and are variously held on quarterly, annual or periodic bases. For some components, data for recent periods are therefore incomplete and subject to significant estimation errors.

2. The figures shown for the invisibles balance in most months are the estimates for the relevant quarters, taken from the Balance of Payments accounts, expressed at a monthly rate. For the most recent months, however, the figures are projections, which are rounded to the nearest £100 million to emphasise their approximate nature. These projections are superseded by preliminary estimates from the Balance of Payments accounts when they are published around the middle of March, June, September and December.

Revisions

3. From January 1990 the "current updating" method of seasonal adjustment has been used; that is, the seasonal factors for the current and previous month have been estimated using the latest data. Further details are given in the Standard Notes.

Area (Table 11)

4. Low value consignments i.e. items of an individual value less than £600, are not analysed by country and are therefore excluded from the area data in Table 11. In addition the method of seasonal adjustment leads to further differences between the sum of areas and figures for total trade.

Monthly Review of External Trade Statistics

5. The Monthly Review supplements the information contained in this Press Notice. It gives longer historical runs of data and contains charts, tables on the UK Balance of Payments, UK exports and imports on an Overseas Trade Statistics basis, and certain international comparisons. The Monthly Review is available from the Central Statistical Office, in Branch D1, Room 62/3 at the address given below for an annual subscription of £43 which includes the annual supplement. The annual supplement for 1989 includes figures back to 1970. Individual copies are priced at £3, (£7 for the annual supplement).

CSO Databank

6. The data in the press notice and Monthly Review of External Trade Statistics can be obtained in computer readable form via the CSO Databank service which provides macro-economic time series data on magnetic tape or floppy disk. Details of the service offered and the schedule of charges may be obtained from the Databank Manager, CSO E1, Room 52 /4, Government Offices, Great George Street, London SW1P 3AQ (telephone: 01-270 6386). The CSO does not offer direct on-line access for the data, but a list of host bureau offering such a facility is available on request from the CSO.

Standard notes

7. There is a set of standard notes that describes the basis on which the figures in this Press Notice are compiled including the differences between the Balance of Payments (BoP) and the Overseas Trade Statistics (OTS) figures. Copies can be obtained by telephoning the public visible trade enquiry number below.

Issued by:

Central Statistical Office,
Government Offices,
Great George Street, London SW1P 3AQ

Telephone :

Press calls on visible and invisible trade: 01 270 6357/ 6512
Press calls on balance of payments and the economy: 01 270 5238
Public inquiries on visibles: 01 270 6263/ 6197/ 5962/ 6244
Public inquiries on invisibles: 01 270 6363/ 6364

INDEX OF TABLES

	TABLE
A BALANCE OF PAYMENTS BASIS	
Current Account	1
Current balance, visible trade and invisibles	2
Invisibles	3
Export and import unit value and volume index numbers	4
Value and volume of exports and imports excluding the more erratic items	5
Trade in oil	6
Trade in goods other than oil	7
B OVERSEAS TRADE STATISTICS	
Exports and imports by commodity: value	8
Exports and imports by commodity: volume indices	9
Exports and imports by commodity: unit value indices	10
Exports and imports by area	11
C QUARTERLY BALANCE OF PAYMENTS DATA	
Commodity analysis of visible trade	12

CURRENT BALANCE VISIBLE TRADE AND INVISIBLES
Table 2

(Balance of Payments basis)

£ million, Seasonally adjusted

	Current Balance	Visible Trade					Invisibles Balance ^b
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-oil	
1988	-15019	80772	101587	-20815	+ 2797	- 23612	+ 5796
1989	-20851	92526	115638	-23112	+ 1481	- 24593	+ 2261
1989 Q1	- 4559	21733	27770	- 6037	+ 229	- 6266	+ 1478
Q2	- 4890	22506	28841	- 6335	+ 228	- 6563	+ 1445
Q3	- 6308	23314	29673	- 6359	+ 397	- 6756	+ 51
Q4	- 5094	24973	29354	- 4381	+ 627	- 5008	- 713
1990 Q1	- 5590	25303	30893	- 5590	+ 404	- 5994	0
1989 JUL	- 1991	7677	9685	- 2008	+ 130	- 2138	+ 17
AUG	- 2361	7541	9919	- 2378	+ 163	- 2541	+ 17
SEP	- 1956	8096	10069	- 1973	+ 104	- 2077	+ 17
OCT	- 1920	8138	9820	- 1682	+ 212	- 1894	- 238
NOV	- 2019	8115	9897	- 1782	+ 205	- 1987	- 237
DEC	- 1155	8720	9637	- 917	+ 210	- 1127	- 238
1990 JAN	- 2020 ^a	8502	10522	- 2020	+ 121	- 2141	0 ^a
FEB	- 1394 ^a	8433	9827	- 1394	+ 145	- 1539	0 ^a
MAR	- 2176 ^a	8368	10544	- 2176	+ 138	- 2314	0 ^a
JAN-MAR 1989	- 4559	21733	27770	- 6037	+ 229	- 6266	+ 1478
OCT-DEC 1989	- 5094	24973	29354	- 4381	+ 627	- 5008	- 713
JAN-MAR 1990	- 5590 ^a	25303	30893	- 5590	+ 404	- 5994	0 ^a
% Change							
Latest 3 months							
- on previous 3 months							
		+ 1½	+ 5				
- Same 3 months one year ago							
		+ 16	+ 11				

a Invisibles for January to March 1990 are projections.

b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

INVISIBLES
Table 3

(Balance of Payments basis)

£ million, Seasonally adjusted

	All Sectors			of which				Private Sector and Public Corporations ^d		
	Credits	Debits	Balance	Services	Interest Profits	Dividends	Transfers	Credits	Debits	Balance
1987	79806	73297	+ 6510	+ 5664	+ 4248	- 3402		74407	61802	+ 12605
1988	88571	82774	+ 5796	+ 4020	+ 5346	- 3570		82774	70730	+ 12043
1989	108530	106268	+ 2261	+ 3980	+ 3008	- 4727		102265	92634	+ 9631
1987 Q4	19716	18595	+ 1122	+ 1120	+ 897	- 895		18643	15868	+ 2776
1988 Q1	20750	19725	+ 1025	+ 1024	+ 989	- 988		19365	16733	+ 2632
Q2	21714	20053	+ 1661	+ 1122	+ 1474	- 935		20157	16890	+ 3267
Q3	22854	20614	+ 2240	+ 1017	+ 1434	- 211		21338	18239	+ 3099
Q4	23253	22382	+ 870	+ 857	+ 1449	- 1436		21914	18868	+ 3045
1989 Q1	25866	24388	+ 1478	+ 897	+ 1320	- 739		24102	21203	+ 2899
Q2	27173	25728	+ 1445	+ 1327	+ 1006	- 888		25453	22507	+ 2946
Q3	26742	26690	+ 51	+ 993	+ 492	- 1434		25454	23277	+ 2176
Q4	28749	29462	- 713	+ 763	+ 190	- 1666		27256	25647	+ 1610

d ie excluding general Government transactions and all transfers.

EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS
Table 4

Balance of Payments basis

Indices, 1985 = 100

	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade ^e	Exports	Imports
1988	94.5	97.6	96.8	110.9	129.8
1989	101.2	103.8	97.5	117.0	139.9
1989 Q1	97.8	99.4	98.4	112.8	140.5
Q2	100.8	102.7	98.1	113.5	140.3
Q3	102.2	105.4	97.0	117.2	141.0
Q4	103.9	107.5	96.6	124.4	138.0
1990 Q1	105.5	108.6	97.2	124.8	147.1
1989 JUL	102.2	105.2	97.1	115.6	138.5
AUG	102.2	105.0	97.4	114.5	141.2
SEP	102.3	106.0	96.5	121.5	143.3
OCT	103.6	106.8	96.9	122.8	139.5
NOV	103.7	107.2	96.7	121.9	140.4
DEC	104.5	108.5	96.3	128.4	134.2
1990 JAN	105.7	108.6	97.4	125.3	150.4
FEB	105.8	109.0	97.1	124.3	139.6
MAR	105.1	108.3	97.1	124.7	151.4
JAN-MAR 1989	97.8	99.4	98.4	112.8	140.5
OCT-DEC 1989	103.9	107.5	96.6	124.4	138.0
JAN-MAR 1990	105.5	108.6	97.2	124.8	147.1
% Change					
Latest 3 months on					
- previous 3 months	+ 1½	+ 1	+ ½	+ ½	+ 6½
- Same 3 months					
one year ago	+ 8	+ 9	- 1	+ 11	+ 4½

^e Export unit value index as a percentage of the Import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS^f
Table 5

Balance of Payments basis

Seasonally adjusted

	Value £ million fob		Volume Index 1985 = 100	
	Exports	Imports	Exports	Imports
1988	75114	97109	109.6	129.8
1989	85250	110844	114.4	140.3
1989 Q1	20172	26592	111.0	140.8
Q2	20706	27697	110.8	141.0
Q3	21483	28470	114.7	141.5
Q4	22889	28085	121.1	138.0
1990 Q1	23524	29092	122.9	145.2
1989 JUL	7087	9303	113.4	139.1
AUG	6950	9520	111.9	141.8
SEP	7446	9647	118.9	143.7
OCT	7603	9408	121.5	139.7
NOV	7379	9463	118.0	139.9
DEC	7907	9214	123.8	134.5
1990 JAN	7857	9858	122.8	147.4
FEB	7843	9434	122.3	140.1
MAR	7824	9800	123.6	148.2
JAN-MAR 1989	20172	26592	111.0	140.8
OCT-DEC 1989	22889	28085	121.1	138.0
JAN-MAR 1990	23524	29092	122.9	145.2
% Change				
Latest 3 months on				
- previous 3 months	+ 3	+ 3½	+ 1½	+ 5
- Same 3 months				
one year ago	+ 17	+ 9½	+ 11	+ 3

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

TRADE IN OIL^g

(Balance of Payments basis)

Table 6

Seasonally adjusted

	Balance of Trade in oil £ million fob	EXPORTS					IMPORTS				
		TOTAL £ million fob	CRUDE OIL			Rest of Division 33 £ million fob	TOTAL £ million fob	CRUDE OIL			Rest of Division 33 £ million fob
			(SITC R(3) 333.0)					(SITC (R3) 333.0)			
			£ million fob	million fob	million tonnes			Avg value per tonne £ fob	£ million fob	million fob	
1988	+ 2797	6018	4515	70.4	64.0	1503	3221	1911	32.6	58.2	1310
1989	+ 1481	5907	4017	49.0	81.7	1890	4426	2753	36.5	75.7	1673
1989 Q1	+ 229	1200	739	10.4	70.6	461	971	632	10.0	63.5	339
Q2	+ 228	1406	948	11.4	83.2	458	1178	704	8.6	82.2	474
Q3	+ 397	1515	1075	13.1	82.1	440	1118	729	9.6	76.3	389
Q4	+ 627	1786	1255	14.2	88.4	531	1159	688	8.3	82.8	471
1990 Q1	+ 404	1911	1310	14.9	87.9	601	1507	981	11.8	83.1	526
1989 JUL	+ 130	517	370	4.4	83.4	147	387	244	3.2	75.2	143
AUG	+ 163	498	359	4.4	81.0	139	335	225	3.0	75.3	110
SEP	+ 104	500	346	4.2	82.5	154	396	260	3.4	77.4	136
OCT	+ 212	626	429	4.8	88.6	197	414	254	3.1	82.1	160
NOV	+ 205	589	421	4.8	88.7	168	384	229	2.8	81.3	155
DEC	+ 210	571	405	4.6	88.4	166	361	205	2.4	84.3	156
1990 JAN	+ 121	636	452	5.0	91.3	184	515	332	3.8	86.8	183
FEB	+ 145	638	431	4.9	88.0	207	493	313	3.6	86.3	180
MAR	+ 138	637	427	5.1	84.5	210	499	336	4.4	77.1	163
JAN-MAR 1989	+ 229	1200	739	10.4	70.9	461	971	632	10.0	63.3	339
OCT-DEC 1989	+ 627	1786	1255	14.2	88.6	531	1159	688	8.3	82.5	471
JAN-MAR 1990	+ 404	1911	1310	14.9	87.9	601	1507	981	11.8	83.1	526
% Change											
Latest 3 months on previous											
3 months - same 3 months one year ago		+ 7	+ 4½	+ 5	- ½	+ 13	+ 30	+ 43	+ 42	+ ½	+ 12
		+ 59	+ 77	+ 43	+ 24	+ 30	+ 55	+ 55	+ 18	+ 31	+ 55

^g Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 10 of the standard notes).

TRADE IN GOODS OTHER THAN OIL
Table 7

(Balance of Payments basis)

	Total						Excluding erratics ^f						
	Value, £ million, fob (seasonally adjusted)			Unit value index 1985 = 100 (not seasonally adjusted)		Terms of Trade ^e	Volume index 1985 = 100 (seasonally adjusted)		Value £ million fob (seasonally adjusted)		Volume index 1985 = 100 (seasonally adjusted)		
				Exports	Imports		Exports	Imports	Exports	Imports	Exports	Imports	Exports
Balance of non oil trade													
1988	-23612	74754	98366	108.9	104.2	104.6	115.1	132.3	69096	93888	113.8	132.4	
1989	-24593	86619	111212	114.8	109.8	104.6	127.8	142.7	79343	106418	125.4	143.3	
1989 Q1	- 6266	20533	26799	112.0	105.9	105.8	124.2	142.6	18972	25621	122.8	143.1	
Q2	- 6563	21100	27663	113.8	108.3	105.1	124.9	143.2	19300	26519	122.3	144.1	
Q3	- 6756	21799	28555	116.2	111.4	104.3	127.4	144.1	19968	27352	125.0	144.9	
Q4	- 5008	23187	28195	117.2	113.5	103.3	134.7	141.1	21103	26926	131.3	141.2	
1990 Q1	- 5994	23392	29386	118.8	114.6	103.7	134.3	147.7	21613	27585	132.6	145.6	
1989 JUL	- 2138	7160	9298	115.6	111.2	104.0	125.7	141.0	6570	8916	123.6	141.8	
AUG	- 2541	7043	9584	116.6	111.1	104.9	123.6	145.4	6452	9185	121.0	146.2	
SEP	- 2077	7596	9673	116.3	112.0	103.8	133.0	146.0	6946	9251	130.5	146.6	
OCT	- 1894	7512	9406	116.6	112.9	103.3	131.5	141.5	6977	8994	130.5	141.9	
NOV	- 1987	7526	9513	116.9	113.1	103.4	131.6	143.8	6790	9079	127.2	143.4	
DEC	- 1127	8149	9276	118.0	114.4	103.1	141.2	137.8	7336	8853	136.2	138.4	
1990 JAN	- 2141	7866	10007	118.5	114.2	103.7	135.8	151.6	7221	9343	133.3	148.4	
FEB	- 1539	7795	9334	119.1	114.8	103.8	133.8	140.2	7205	8941	132.0	140.7	
MAR	- 2314	7731	10045	118.9	114.8	103.6	133.3	151.1	7187	9301	132.5	147.6	
JAN-MAR 1989	- 6266	20533	26799	112.0	105.9	105.8	124.2	142.6	18972	25621	122.8	143.1	
OCT-DEC 1989	- 5008	23187	28195	117.1	113.4	103.3	134.7	141.0	21103	26926	131.3	141.2	
JAN-MAR 1990	- 5994	23392	29386	118.8	114.6	103.7	134.3	147.6	21613	27585	132.6	145.6	
% Change													
Latest 3 months on													
- previous 3 months		+ 1	+ 4	+ 1½	+ 1	+ ½	- ½	+ 4½	+ 2½	+ 2½	+ 1	+ 3	
- same 3 months one year ago		+ 14	+ 9½	+ 6	+ 8	- 2	+ 8	+ 3½	+ 14	+ 7½	+ 8	+ 2	

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

^e Export unit value index as a percentage of the import unit value index.

TRADE BY COMMODITY: VALUE

Table 8

Overseas Trade Statistics basis

£ million, Seasonally adjusted

SITC (REV 3)	Manufactures excluding erratics ^h													
	Food and beverages					Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
	Total	tobacco	Basic Mater-ials	Fuels	Total Manufac-tures	Total	Total	Chemi-cals	Other	Total	Pass-enger Motor Cars	Other Consumer	Inter-mediate	Capital
	0-9	0+1	2+4	3	5-8	5-8	5+6	5	6	7+8	j	j	j	j

Exports fob

1988	82097	5534	2120	6260	66195	59968	21911	11331	10579	38057	2032	6645	16011	13369
1989	93645	6555	2348	6164	76291	69111	24555	12350	12206	44556	2637	8028	18238	15653
1989 Q1	21964	1611	541	1260	18021	16503	5858	2953	2905	10645	620	1968	4403	3654
Q2	22773	1612	577	1461	18573	16797	6042	3014	3028	10755	654	1924	4382	3796
Q3	23663	1622	609	1586	19274	17463	6150	3105	3046	11313	618	2039	4704	3951
Q4	25246	1710	620	1856	20423	18348	6505	3278	3227	11842	745	2097	4749	4251
1990 Q1	25514	1711	540	1960	20707	18941	6724	3330	3394	12217	704	2325	4885	4304
1990 JAN	8581	608	182	674	6912	6269	2267	1148	1120	4002	225	788	1585	1403
FEB	8495	553	184	632	6915	6325	2215	1088	1127	4110	248	771	1650	1441
MAR	8439	551	174	654	6880	6347	2242	1094	1147	4106	231	765	1650	1460
JAN-MAR 1989	21964	1611	541	1260	18021	16503	5858	2953	2905	10645	620	1968	4403	3654
OCT-DEC 1989	25246	1710	620	1856	20423	18348	6505	3278	3227	11842	745	2097	4749	4251
JAN-MAR 1990	25514	1711	540	1960	20707	18941	6724	3330	3394	12217	704	2325	4885	4304
% Change														
Latest 3 months on														
- previous 3 months	+ 1	0	- 13	+ 5½	+ 1½	+ 3	+ 3½	+ 1½	+ 5	+ 3	- 5½	+ 11	+ 3	+ 1
- same 3 months														
one year ago	+ 16	+ 6	- ½	+ 56	+ 15	+ 15	+ 15	+ 13	+ 17	+ 15	+ 14	+ 18	+ 11	+ 18

Imports cif

1988	106571	10615	5984	5038	83484	78623	26738	9314	17424	51885	6752	12604	17913	14617
1989	120788	11430	6482	6235	95075	90423	29961	10441	19520	60463	7618	14827	21202	16816
1989 Q1	29053	2616	1639	1415	22992	21827	7355	2529	4826	14473	1809	3524	5092	4047
Q2	30124	2834	1636	1627	23621	22499	7520	2586	4934	14980	1801	3683	5220	4275
Q3	31026	2982	1703	1537	24424	23242	7574	2643	4931	15668	2049	3819	5462	4337
Q4	30586	2998	1504	1657	24039	22855	7512	2683	4830	15343	1958	3800	5428	4156
1990 Q1	32197	3164	1609	1961	25026	23282	7495	2627	4868	15788	1902	3935	5694	4257
1990 JAN	10931	1093	568	684	8444	7818	2496	884	1612	5322	634	1331	1923	1435
FEB	10268	1001	510	635	7982	7596	2382	826	1556	5215	634	1311	1885	1384
MAR	10999	1070	532	641	8600	7868	2617	917	1701	5251	633	1293	1886	1438
JAN-MAR 1989	29053	2616	1639	1415	22992	21827	7355	2529	4826	14473	1809	3524	5092	4047
OCT-DEC 1989	30586	2998	1504	1657	24039	22855	7512	2683	4830	15343	1958	3800	5428	4156
JAN-MAR 1990	32197	3164	1609	1961	25026	23282	7495	2627	4868	15788	1902	3935	5694	4257
% Change														
Latest 3 months on														
- previous 3 months	+ 5½	+ 5½	+ 7	+ 18	+ 4	+ 2	0	- 2	+ 1	+ 3	- 3	+ 3½	+ 5	+ 2½
- same three months														
one year ago	+ 11	+ 21	- 2	+ 39	+ 9	+ 6½	+ 2	+ 4	+ 1	+ 9	+ 5	+ 12	+ 12	+ 5

h These are defined as ships, North Sea installations, aircraft (together comprising SITC (REV 3) 792 and 793), precious stones (667), and silver (681.1).

j Based on the United Nations Broad Economic Categories end-use classification.

TRADE BY COMMODITY: VOLUME INDICES

Table 9

Overseas Trade Statistics basis

1985 = 100, Seasonally adjusted

SITC (REV 3)	Manufactures excluding erratics ^h													
						Semi-manufactures excluding precious stones & silver(PS)				Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Total	Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
	0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA	j	j	j	j	

Exports

Weights	1000	64	28	214	670	619	234	121	114	385	17	65	180	122
1988	112.0	112.3	99.9	93.8	118.9	116.0	116.5	117.3	115.7	115.8	122.8	122.5	102.8	130.2
1989	117.8	123.4	104.3	75.1	131.9	128.8	121.1	118.3	124.1	133.6	153.1	144.4	114.6	153.0
1989 Q1	113.5	129	100	69	127	126	120	118	121	129	148	146	112	143
Q2	114.3	123	103	69	129	125	120	116	124	129	156	138	111	147
Q3	118.4	118	106	78	132	129	119	116	123	135	140	145	118	155
Q4	125.2	124	108	84	139	135	126	123	129	141	168	149	117	167
1990 Q1	125.0	121	95	86	140	137	128	123	134	143	155	162	120	165
1990 JAN	125.8	133	96	86	140	136	130	128	132	140	147	165	117	161
FEB	124.2	116	99	83	139	137	126	120	133	143	163	161	121	165
MAR	125.1	114	91	90	140	139	129	122	137	145	157	160	122	168
JAN-MAR 1989	113.5	129	100	69	127	126	120	118	121	129	148	146	112	143
OCT-DEC 1989	125.2	124	108	84	139	135	126	123	129	141	168	149	117	167
JAN-MAR 1990	125.0	121	95	86	140	137	128	123	134	143	155	162	120	165
% Change														
Latest 3 months on														
- previous 3 months	0	- 2½	- 12	+ 2½	0	+ 1½	+ 2	0	+ 4	+ 1½	- 7½	+ 9	+ 2½	- 1½
- same 3 months														
one year ago	+ 10	- 6½	- 4½	+ 25	+ 9½	+ 9½	+ 7½	+ 4½	+ 10	+ 11	+ 5	+ 11	+ 7	+ 15

Imports

Weights	1000	109	65	125	686	647	230	81	148	417	49	106	143	119
1988	130.1	115.0	118.1	108.3	138.0	137.6	131.8	129.6	133.1	140.8	127.2	141.7	145.8	139.6
1989	140.1	118.3	116.7	113.6	151.0	152.0	140.2	142.6	138.8	158.6	131.3	159.1	164.9	161.7
1989 Q1	140.6	113	125	119	151	152	141	139	142	158	132	158	164	160
Q2	140.4	119	119	114	151	153	141	141	141	159	125	159	165	166
Q3	141.3	123	119	111	153	154	141	144	139	161	136	161	167	164
Q4	137.9	119	104	111	149	150	139	146	134	157	131	158	164	157
1990 Q1	145.8	124	114	131	155	153	140	144	138	161	130	162	170	160
1990 JAN	148.7	129	118	131	159	155	141	146	138	163	132	164	173	163
FEB	138.6	118	107	123	148	149	133	136	132	158	129	160	168	155
MAR	150.2	125	117	138	160	156	147	151	144	161	129	163	168	163
JAN-MAR 1989	140.6	113	125	119	151	152	141	139	142	158	132	158	164	160
OCT-DEC 1989	137.9	119	104	111	149	150	139	146	134	157	131	158	164	157
JAN-MAR 1990	145.8	124	114	131	155	153	140	144	138	161	130	162	170	160
% Change														
Latest 3 months on														
- previous 3 months	+ 6	+ 4	+ 9½	+ 17	+ 4	+ 2	+ 1	- 1	+ 2½	+ 2½	- 1	+ 2½	+ 3½	+ 2
- same 3 months														
one year ago	+ 3½	+ 10	- 9	+ 10	+ 3	+ 1	- ½	+ 4	- 3	+ 2	- 2	+ 2½	+ 4	0

h These are defined as ships, North Sea installations, aircraft (together comprising SITC (REV 3) 792 and 793), precious stones (667), and silver (681.1).

j Based on the United Nations Broad Economic Categories end-use classification.

TRADE BY COMMODITY: UNIT VALUE INDICES

Table 10

Overseas Trade Statistics basis

1985 = 100, Not seasonally adjusted

SITC (REV 3)	Manufactures excluding erratics ^h													
	Food and beverages and Basic Materials					Semi-manufactures excluding precious stones & silver(PS)				Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
	Total	tobacco	als	Fuels	Total Manufac- tures	Total	Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
	0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j

Exports

Weights	1000	64	28	214	670	619	234	121	114	385	17	65	180	122
1988	94.7	107	99	40	110	111	107	107	107	113	122	110	115	111
1989	101.3	114	107	49	116	117	115	116	115	117	132	115	118	115
1989 Q1	97.9	108	105	44	113	114	112	111	112	115	127	113	117	113
Q2	100.9	111	105	51	115	116	115	115	114	116	128	113	118	114
Q3	102.3	118	109	49	117	118	117	118	116	118	135	116	119	116
Q4	104.0	120	107	53	118	119	118	119	117	119	136	118	120	116
1990 Q1	105.6	120	107	55	120	120	121	122	119	120	136	120	121	117
1990 JAN	105.9	119	108	58	119	120	120	121	120	120	139	119	121	117
FEB	105.9	121	107	55	120	121	121	123	119	120	136	119	122	117
MAR	105.2	119	105	53	120	121	120	122	119	121	134	120	122	119
JAN-MAR 1989	97.9	108	105	44	113	114	112	111	112	115	127	113	117	113
OCT-DEC 1989	104.0	120	107	53	118	119	118	119	117	119	136	118	120	116
JAN-MAR 1990	105.6	120	107	55	120	120	121	122	119	120	136	120	121	117
% Change														
Latest 3 months on														
- previous 3 months	+ 1½	0	- ½	+ 3½	+ 1½	+ 1½	+ 2	+ 2½	+ 1½	+ 1	0	+ 1½	+ 1½	+ 1
- same 3 months														
one year ago	+ 8	+ 10	+ 2	+ 26	+ 6	+ 6	+ 8	+ 9½	+ 6½	+ 4½	+ 7	+ 6	+ 4	+ 4

Imports

Weights	1000	109	65	125	686	647	230	81	148	417	49	106	143	119
1988	97.5	101	93	45	107	107	107	106	109	107	128	102	104	106
1989	103.5	107	103	53	112	112	114	108	117	112	140	108	109	106
1989 Q1	99.3	103	96	47	108	109	111	107	113	108	134	104	105	103
Q2	102.4	106	101	54	111	111	113	108	116	110	139	105	107	104
Q3	105.1	109	106	53	114	114	115	109	118	114	142	111	111	108
Q4	107.2	110	108	57	116	116	117	109	121	116	144	113	114	109
1990 Q1	108.4	112	107	59	117	117	117	110	121	117	144	113	116	111
1990 JAN	108.3	112	108	61	116	117	117	110	121	116	140	112	115	110
FEB	108.8	112	106	60	117	117	117	110	121	118	146	114	115	112
MAR	108.0	112	106	54	117	117	118	111	122	117	145	113	116	111
JAN-MAR 1989	99.3	103	96	47	108	109	111	107	113	108	134	104	105	103
OCT-DEC 1989	107.2	110	108	57	116	116	117	109	121	116	144	113	114	109
JAN-MAR 1990	108.4	112	107	59	117	117	117	110	121	117	144	113	116	111
% Change														
Latest 3 months on														
- previous 3 months	+ 1	+ 2	- 1	+ 3	+ 1	+ 1	+ ½	+ 1	+ ½	+ 1	0	0	+ 2	+ 1½
- same 3 months														
one year ago	+ 9	+ 9	+ 11	+ 25	+ 8	+ 8	+ 6	+ 2½	+ 8	+ 8½	+ 7	+ 9	+ 10	+ 8

^h These are defined as ships, North Sea installations, aircraft (together comprising SITC (REV 3) 792 and 793), precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

TRADE BY AREA

Table 11

Overseas Trade Statistics basis

£ million, Seasonally adjusted

	Developed countries							Developing countries			Centrally planned economies
	Total ^k	European Community		Rest of W Europe	North America			Oil exporting Countries		Other	
		Total	Community		Total	USA	Other	Total	Countries		
Exports fob											
1988	82097	65638	40938	7411	12794	10715	4495	13637	5021	8616	1612
1989	93645	75015	47140	8120	14346	12099	5409	15554	5833	9721	1786
1989 Q1	21964	17558	10939	1934	3411	2852	1273	3604	1374	2230	433
Q2	22773	18424	11538	2003	3566	2961	1318	3728	1282	2446	423
Q3	23663	18768	11936	1962	3572	3105	1298	3992	1643	2349	414
Q4	25246	20265	12728	2221	3797	3180	1520	4230	1534	2696	517
1990 Q1	25514	20648	13023	2334	3842	3291	1449	3918	1319	2599	544
1990 JAN	8581	7071	4567	779	1222	1054	503	1310	424	885	181
FEB	8495	6759	4187	777	1313	1086	482	1327	472	855	171
MAR	8439	6818	4268	777	1307	1152	465	1281	423	858	193
JAN-MAR 1989	21964	17558	10939	1934	3411	2852	1273	3604	1374	2230	433
OCT-DEC 1989	25246	20265	12728	2221	3797	3180	1520	4230	1534	2696	517
JAN-MAR 1990	25514	20648	13023	2334	3842	3291	1449	3918	1319	2599	544
% Change											
Latest 3 months on											
- previous 3 months	+ 1	+ 2	+ 2½	+ 5	+ 1	+ 3½	- 4½	- 7½	- 14	- 3½	+ 5½
- same 3 months											
one year ago	+ 16	+ 18	+ 19	+ 21	+ 13	+ 15	+ 14	+ 8½	- 4	+ 17	+ 26
Imports cif											
1988	106571	91255	55807	14028	12903	10768	8517	12600	2085	10515	2031
1989	120788	103323	63495	15349	15185	12889	9295	14453	2314	12139	2281
1989 Q1	29053	24932	15225	3877	3622	3039	2208	3336	590	2745	567
Q2	30124	25586	15669	3921	3712	3155	2284	3534	501	3033	599
Q3	31026	26769	16502	3864	4019	3403	2385	3874	602	3272	605
Q4	30586	26374	16350	3756	3855	3309	2414	3664	618	3045	512
1990 Q1	32197	27712	16902	4215	4223	3605	2372	3745	847	2897	569
1990 JAN	10931	9424	5678	1498	1439	1190	809	1400	339	1062	194
FEB	10268	8740	5391	1290	1325	1123	734	1163	247	916	180
MAR	10999	9549	5833	1427	1460	1292	828	1181	261	920	195
JAN-MAR 1989	29053	24961	15246	3834	3652	3066	2229	3370	591	2780	575
OCT-DEC 1989	30586	26231	16236	3788	3840	3288	2368	3680	619	3061	531
JAN-MAR 1990	32197	27712	16902	4215	4223	3605	2372	3745	847	2897	569
% Change											
Latest 3 months on											
- previous 3 months	+ 5½	+ 5½	+ 4	+ 11	+ 10	+ 9½	0	+ 2	+ 37	- 5½	+ 7½
- same 3 months											
one year ago	+ 11	+ 11	+ 11	+ 10	+ 16	+ 18	+ 6½	+ 11	+ 44	+ 4	- 1

k See paragraph 6 Notes to Editors.

COMMODITY ANALYSIS OF VISIBLE TRADE

Table 12

Balance of Payments basis										£ million, Seasonally adjusted		
SITC (R3)	Food Beverages and Tobacco			Basic Materials			Fuels					
	0 + 1			2 + 4			3					
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance			
1988	5482	9956	- 4474	2134	5447	- 3313	6260	4687	+ 1573			
1989	6494	10721	- 4227	2354	5900	- 3546	6163	5901	+ 262			
1988 Q2	1415	2426	- 1011	527	1302	- 775	1745	1160	+ 585			
Q3	1397	2539	- 1142	547	1453	- 906	1556	1211	+ 345			
Q4	1384	2563	- 1179	563	1413	- 850	1262	1123	+ 139			
1989 Q1	1601	2441	- 840	543	1497	- 954	1260	1315	- 55			
Q2	1595	2646	- 1051	579	1492	- 913	1461	1548	- 87			
Q3	1603	2806	- 1203	610	1551	- 941	1586	1464	+ 122			
Q4	1695	2828	- 1133	622	1360	- 738	1856	1574	+ 282			
1990 Q1	1695	2980	- 1285	542	1474	- 932	2014	1839	+ 175			
1990 JAN	604	1031	- 427	183	520	- 337	684	643	+ 41			
FEB	547	942	- 395	184	467	- 283	664	596	+ 68			
MAR	544	1007	- 463	175	487	- 312	666	600	+ 66			
SITC (R3)	Semi Manufactures			Finished Manufactures			Total Manufactures					
	5 + 6			7 + 8			5 - 8					
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance			
1988	24095	28010	- 3915	40813	51774	-10961	64908	79784	-14876			
1989	26817	31011	- 4194	48415	60356	-11941	75232	91367	-16135			
1988 Q2	6020	6943	- 923	10122	12672	- 2550	16142	19615	- 3473			
Q3	6233	7334	- 1101	10641	13497	- 2856	16874	20831	- 3957			
Q4	6219	7264	- 1045	10494	13926	- 3432	16713	21190	- 4477			
1989 Q1	6331	7708	- 1377	11466	14376	- 2910	17797	22084	- 4287			
Q2	6693	7764	- 1071	11631	14943	- 3312	18324	22707	- 4383			
Q3	6608	7818	- 1210	12342	15610	- 3268	18950	23428	- 4478			
Q4	7185	7721	- 536	12976	15427	- 2451	20161	23148	- 2987			
1990 Q1	7420	8072	- 652	13042	16034	- 2992	20462	24106	- 3644			
1990 JAN	2511	2774	- 263	4320	5393	- 1073	6831	8167	- 1336			
FEB	2446	2495	- 49	4380	5169	- 789	6826	7664	- 838			
MAR	2463	2803	- 340	4342	5472	- 1130	6805	8275	- 1470			