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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 L GREGSON  
D J L MOORE

Cabinet Office

11 November 1981

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## MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 29 October 1981

123/1  
The first UK trade figures for six months suggest that import volume is now considerably higher than earlier in the year, export volume slightly higher apparently in contrast to last year's trend.

The rate of increase of total money GDP is lower this year than last but the increase of total spending is higher because of the faster rise in imports. There is still very little, if any, growth in the volume of activity.

Movements in sterling M3 are still being distorted by the Civil Service dispute; but on the most plausible assumptions the underlying trend would be around the top end of the target range. The sterling effective exchange rate remained steady during October. After the large increases in September interest rates fell a little in the first half of October, then rose again, still well up on August.

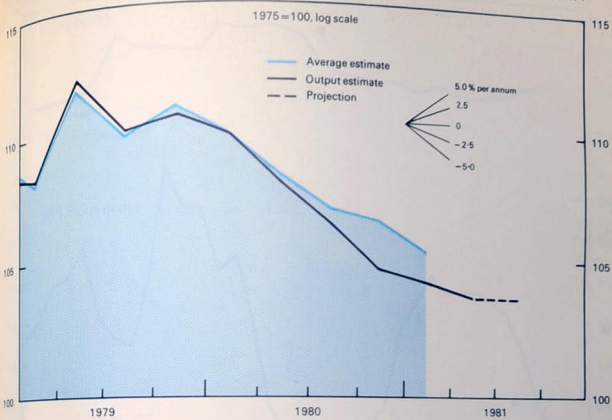
In manufacturing industry labour productivity continues to increase reflecting both a further reduction in employment and a small increase in output; the underlying rate of increase in the whole economy average earnings index has risen to around 1 per cent a month, partly reflecting increased overtime working in August; unit wage costs in manufacturing may have started to rise after being flat over the first half of the year.

Wholesale input prices rose by only 1/4 per cent in September and, because of exchange rate movements, are likely to fall by about 1 per cent in October. The underlying rate of increase in retail prices has risen to 1 per cent per month and is likely to rise still further when the increased mortgage interest rates come into effect.

The rate of increase of unemployment, which had been slowing down earlier in the year, now appears to have increased again but other labour market indicators, including vacancies, have been improving.

# Gross domestic product

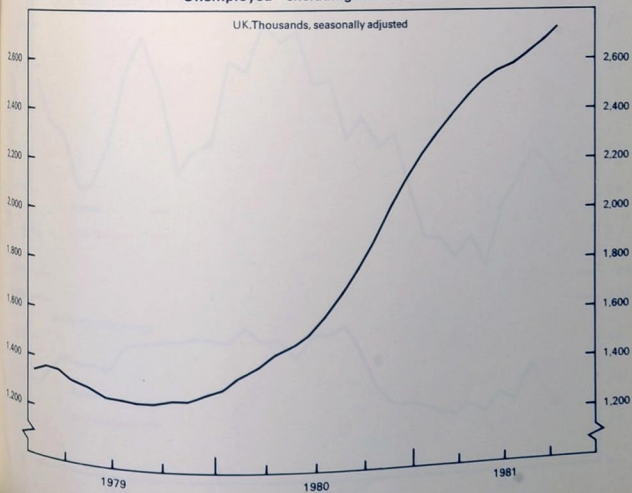
CHART 1



# Unemployed - excluding school leavers

CHART 2

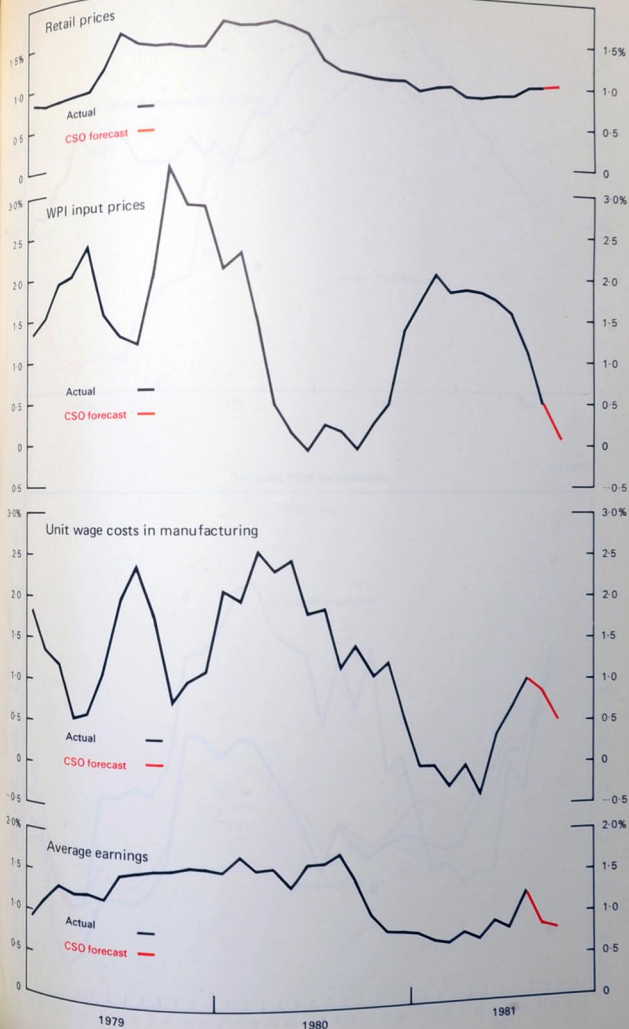
UK.Thousands, seasonally adjusted



Rate of increase in average earnings, unit wage costs in manufacturing, WPI input prices and retail prices

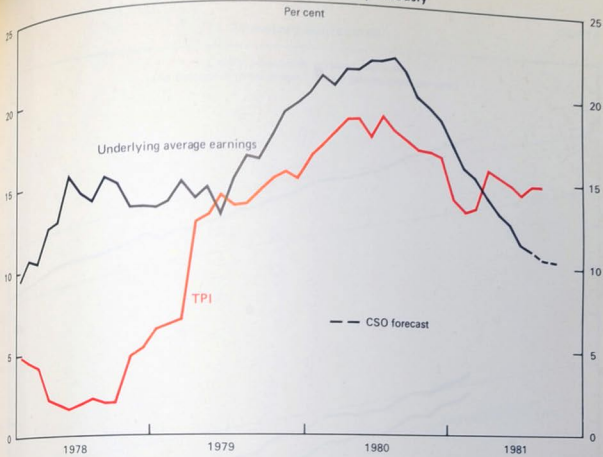
CHART 3

Month to month percentage changes, smoothed and adjusted for distorting factors where appropriate



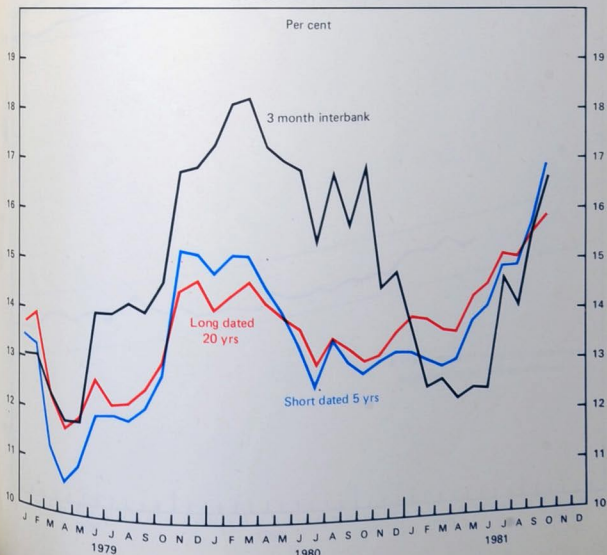
Movements in underlying average earnings and the tax and price index comparisons with 12 months previously

CHART 4



Interest rate movements

CHART 5



# Monetary aggregates

CHART 6

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

