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26 March 1982

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

26 March 1982

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 26 March 1982

We must still reserve judgement on the pace and timing of the recovery. Normally the overseas trade figures are one of the earliest indicators but there have been none since December. The growth of production paused during the winter and there is as yet no way of telling whether that was wholly or only partly the result of unusually severe weather and strikes. However, some labour market indicators, especially unemployment and vacancies, are encouraging and the longer leading indicator continues to rise strongly.

The Budget was well received by the financial markets: the gradual decline in interest rates since the new year was maintained during early March. Against a background of an upturn in US and French interest rates, market rates were little changed over the month as a whole. Sterling remained firm in trade-weighted terms.

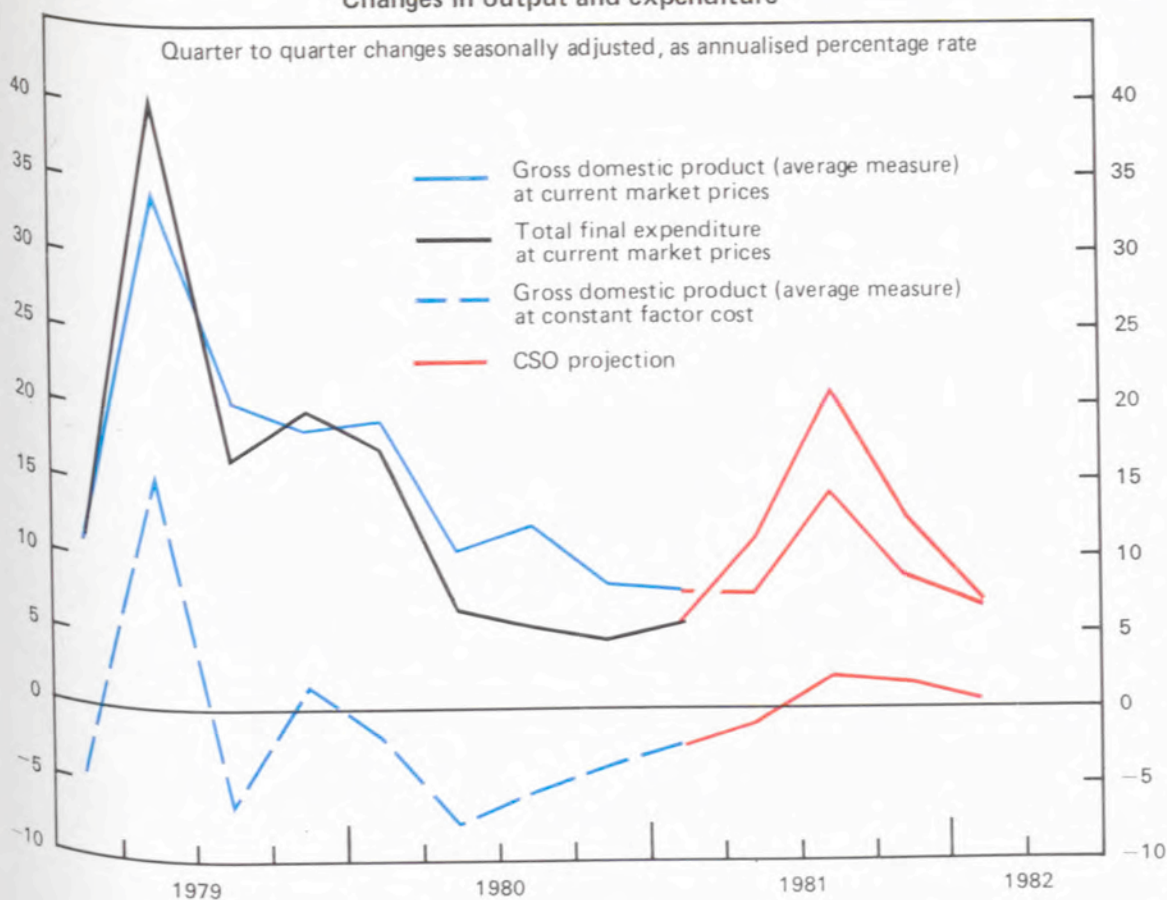
The Budget will add less to the RPI than last year. Increases in rent and rates together are also likely to add less to the RPI in April than last year while the cut in mortgage interest rates will act to reduce the RPI. The underlying rate of increase was already under 1 per cent a month in February and will fall further in the next couple of months.

The seasonally adjusted stock of £M3 was unchanged during banking February. Nevertheless, its rate of growth during the 1981/82 target period remained above the top end of the target range, after allowing for the effects of the Civil Service dispute.

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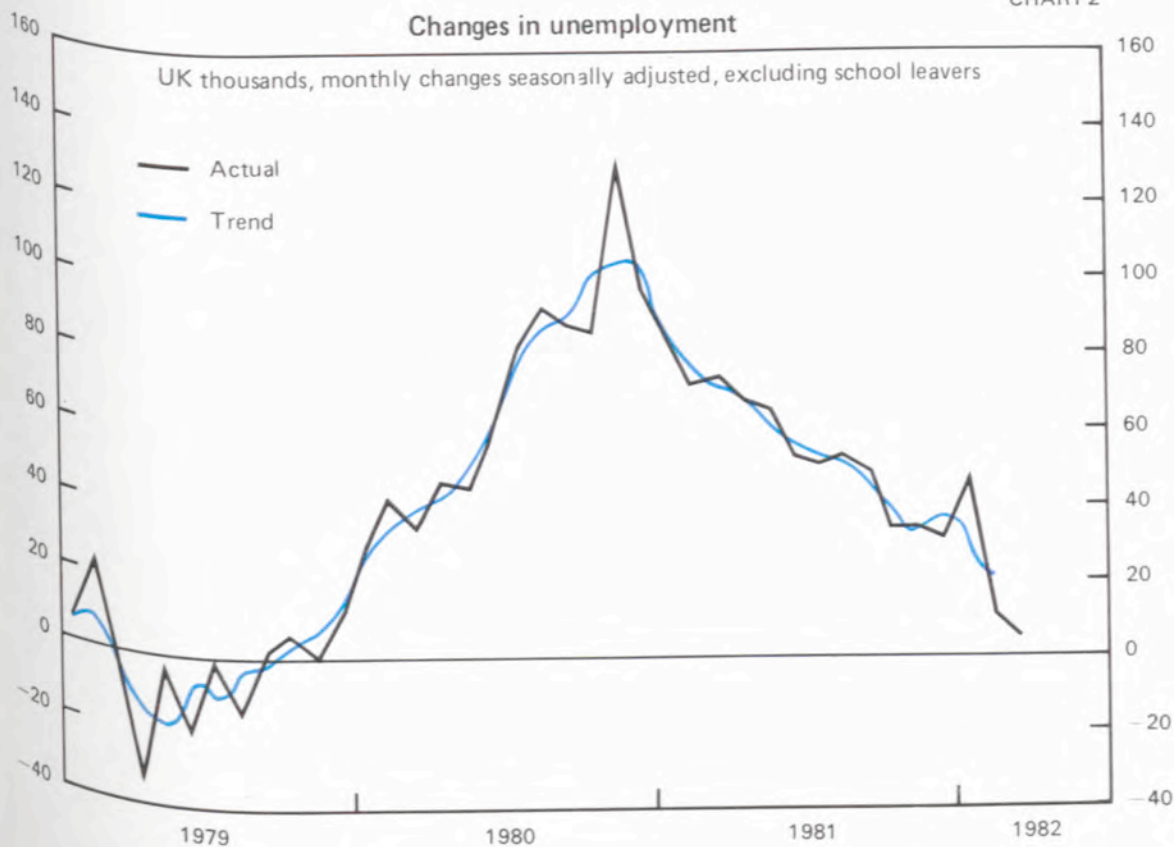
# Changes in output and expenditure

CHART 1



# Changes in unemployment

CHART 2



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

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

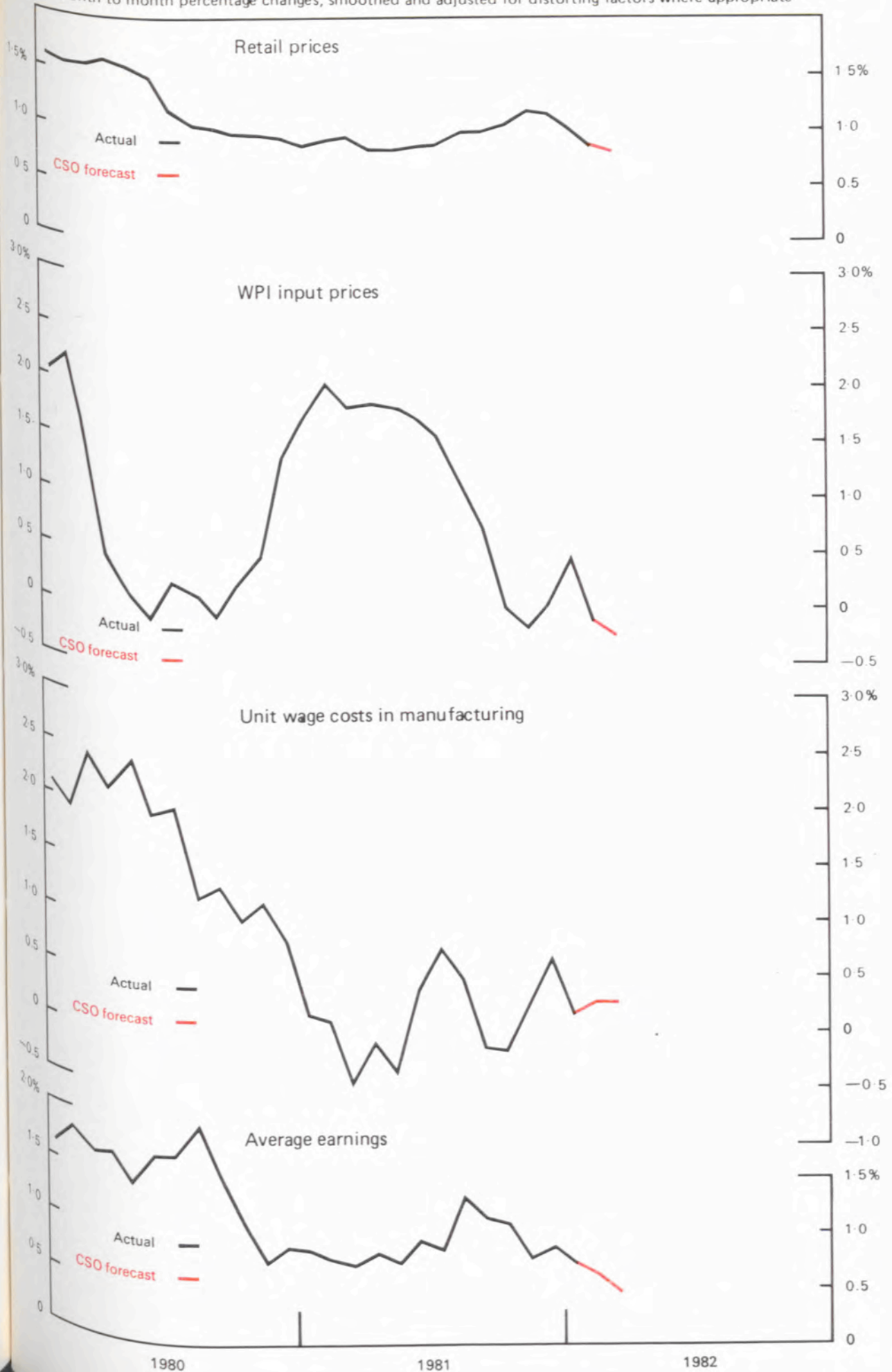


CHART 4

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



CHART 5

## Interest rate movements



# Monetary aggregates

CHART 6

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

