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COPY NO 67

25 June 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
M S BUCKLEY

Cabinet Office

25 June 1982

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 25 June 1982

Apart from oil, activity remains stubbornly flat although the leading indicators point to renewed growth later this year.

News on inflation and costs is good. The rates of increase of retail and wholesale prices and of average earnings have all fallen to ½-¾ per cent a month.

Consequently, the growth in money GDP has slowed to about 7 to 9 per cent at an annual rate.

The rate of increase in unemployment appears to have quickened between the first and second quarters of this year. However, the unevenness of and distortions to the figures in this period prevent a firm assessment of the underlying trend. Vacancies and other labour market indicators show much the same pattern in the second quarter.

The external trade figures for April show that the visible trade balance has continued in surplus.

Dollar interest rates rose; sterling rates fell during the first part of the month but increased slightly again towards the end. The dollar has strengthened against sterling as it has against other currencies but the sterling effective rate remained firm.

In the first three months of the target period, £M3 and PSL2 have grown at rates around the centre of the target range. M1 has hardly increased at all.

CHART 1

Changes in output and expenditure

Quarter to quarter changes seasonally adjusted, as annualised percentage rate

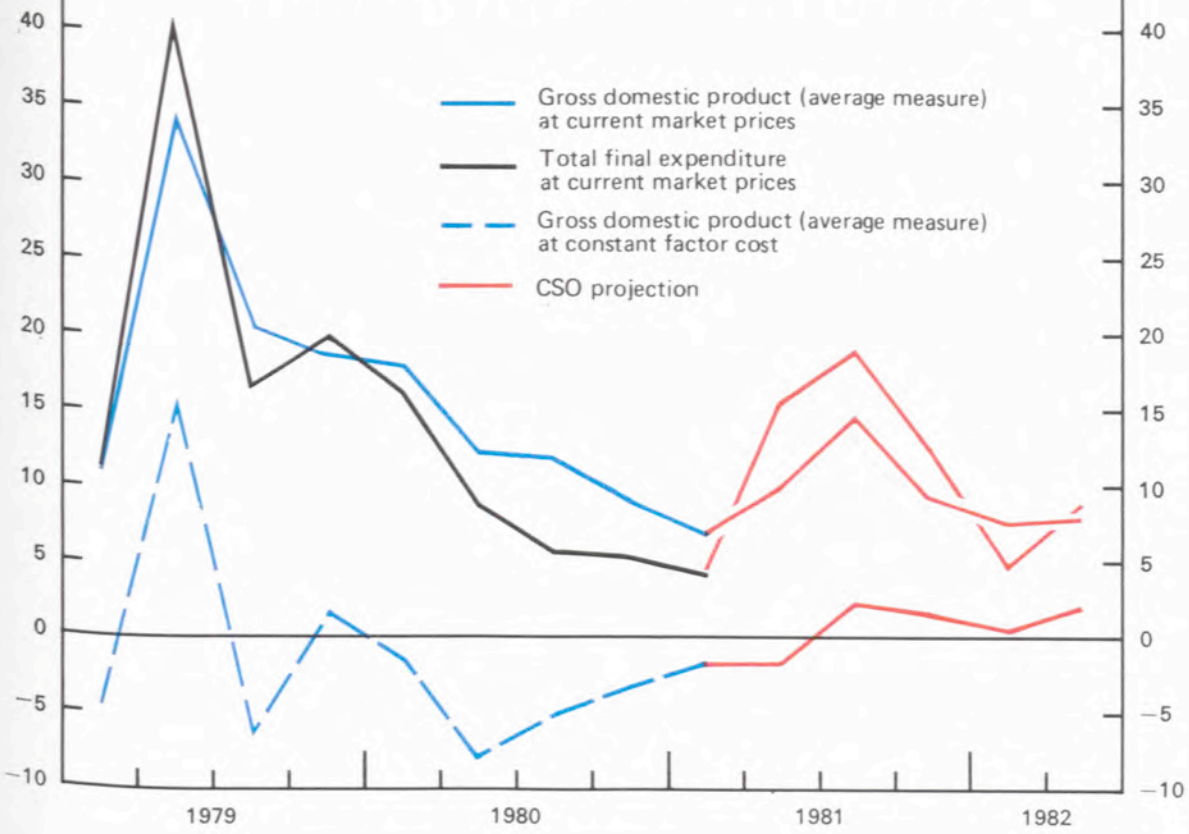

CHART 2

Changes in unemployment

UK thousands, monthly changes seasonally adjusted, excluding school leavers

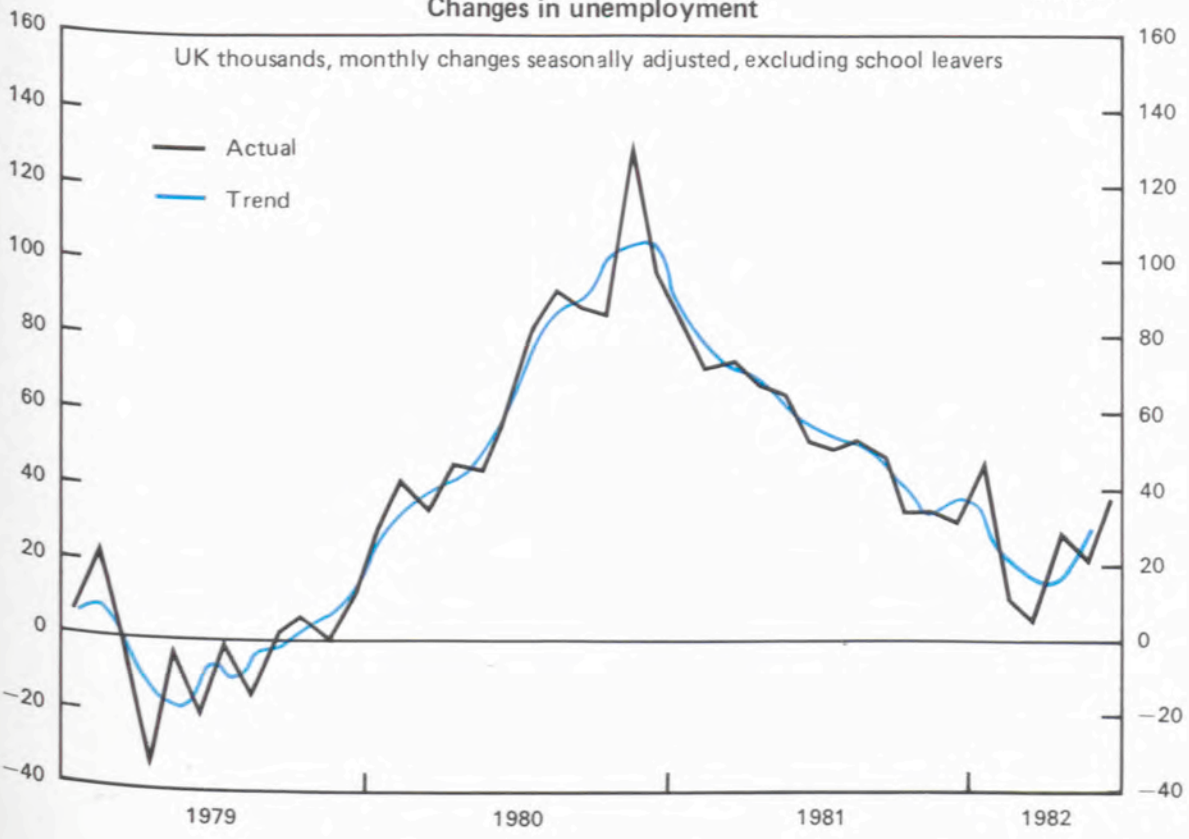

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CHART 3

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

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CHART 4

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

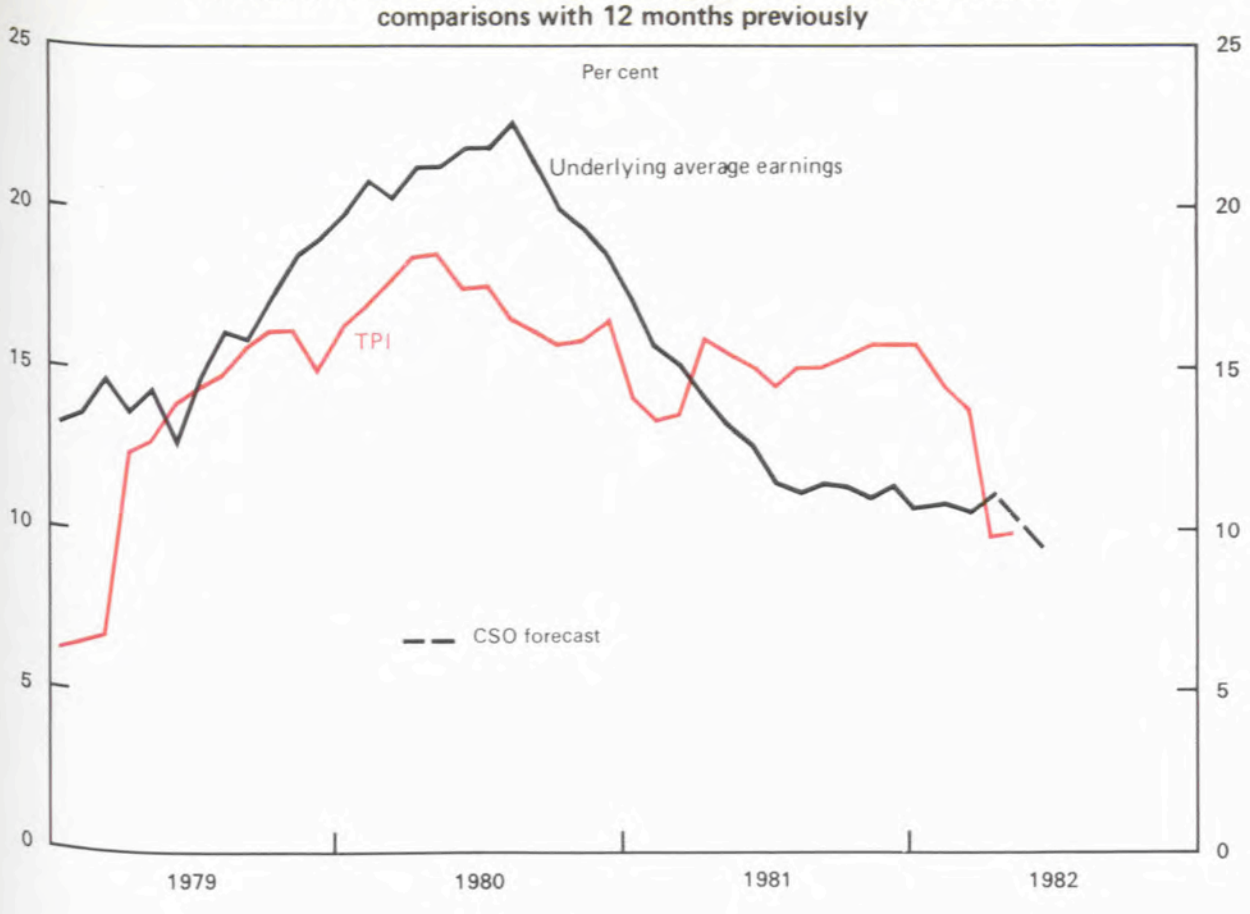


CHART 5

Interest rate movements

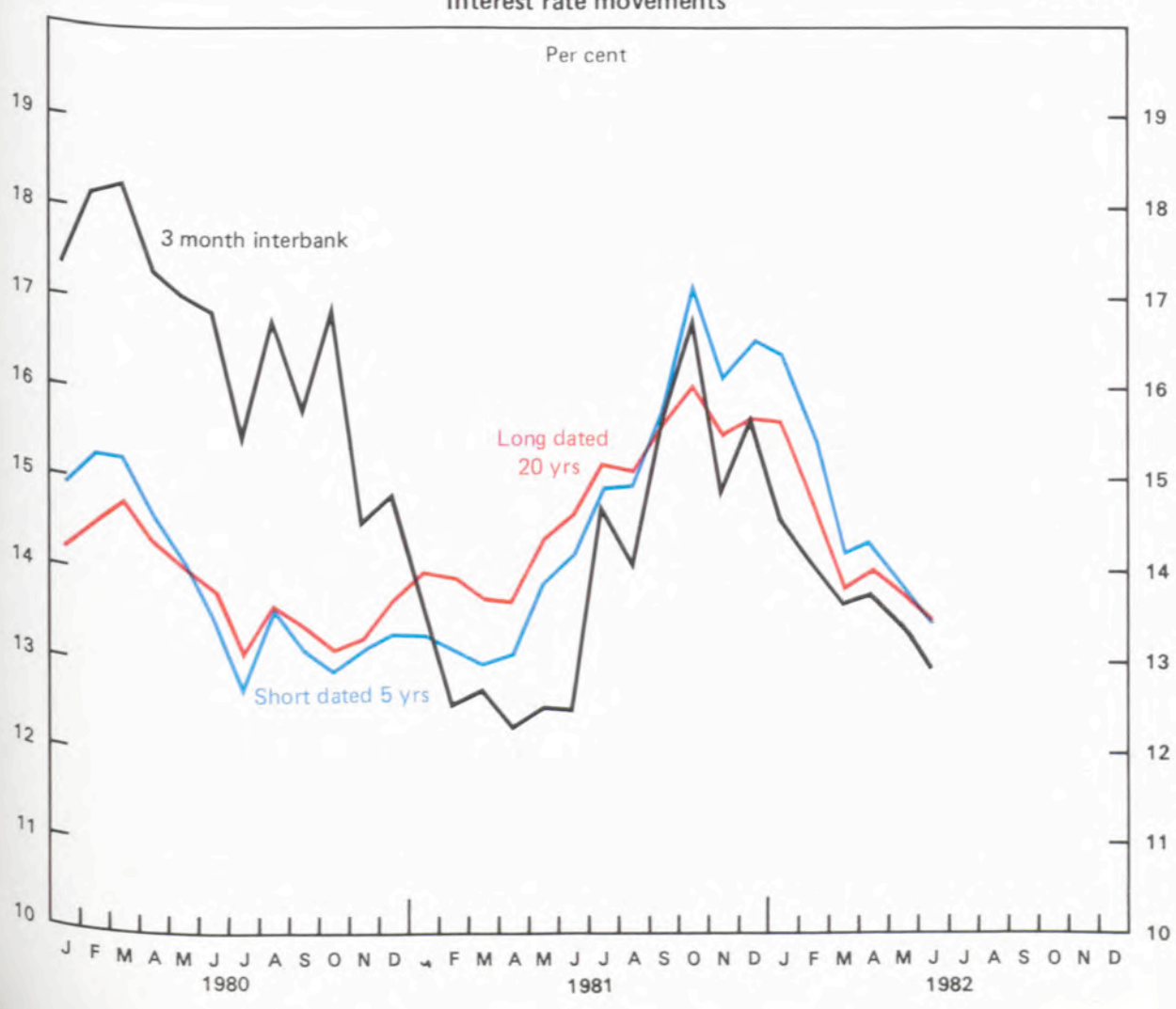
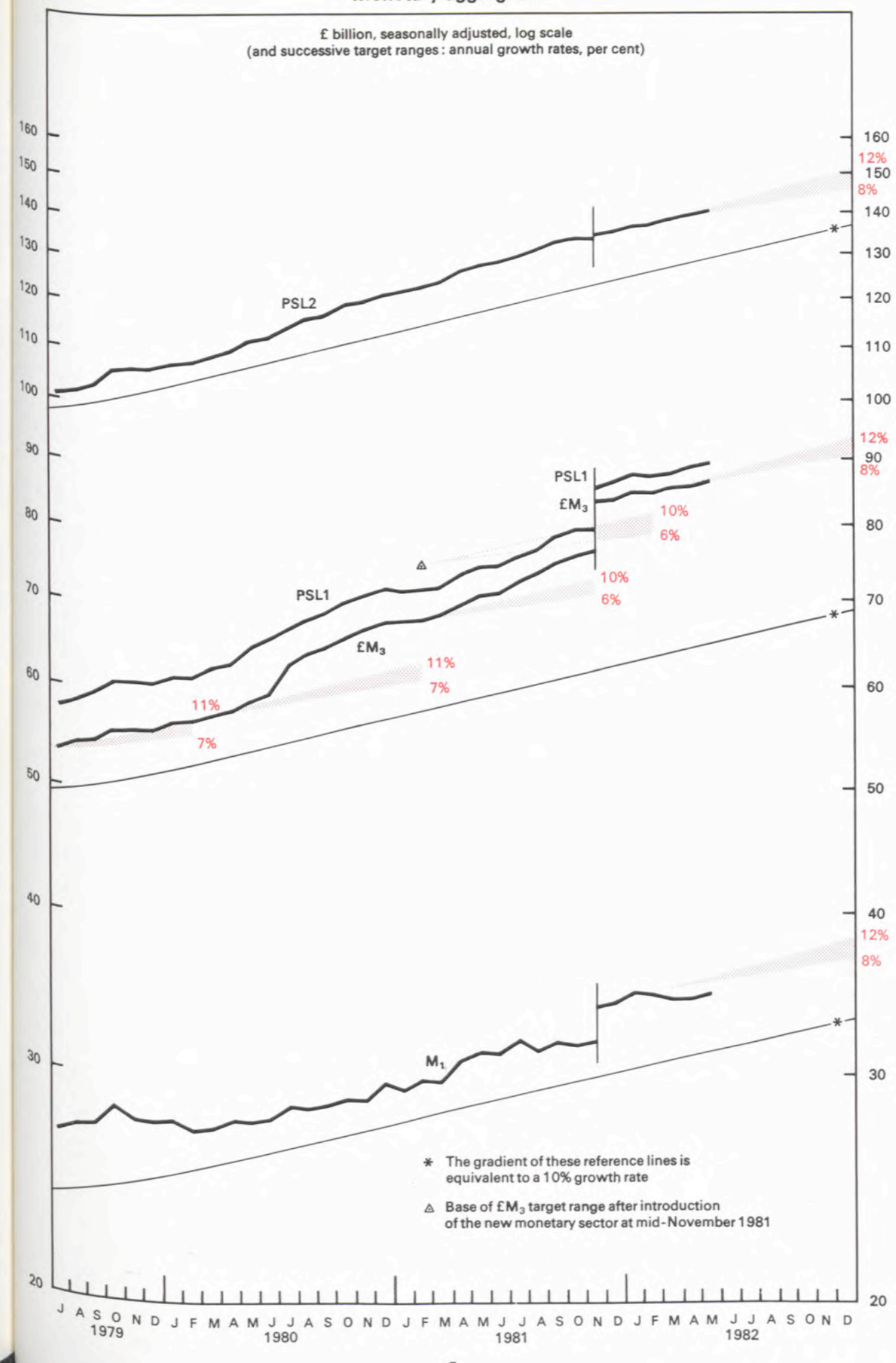


CHART 6

Monetary aggregates

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



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