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26 November 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

26 November 1982

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 25 November 1982

Renewed destocking and a slight worsening on the balance of trade in real terms in the third quarter have offset the effect of an increase in home sales on domestic output. Output this year has been flat.

The rate of increase of unemployment, which had quickened after the early part of the year, has not worsened further. This is on the basis of the new series, which affected levels but not trends. Vacancies continue to show little change.

Sterling fell sharply against the dollar and other currencies; the effective rate fell by over 7 per cent during the month. The decline over the past few months in short-term interest rates was also halted in the middle of November.

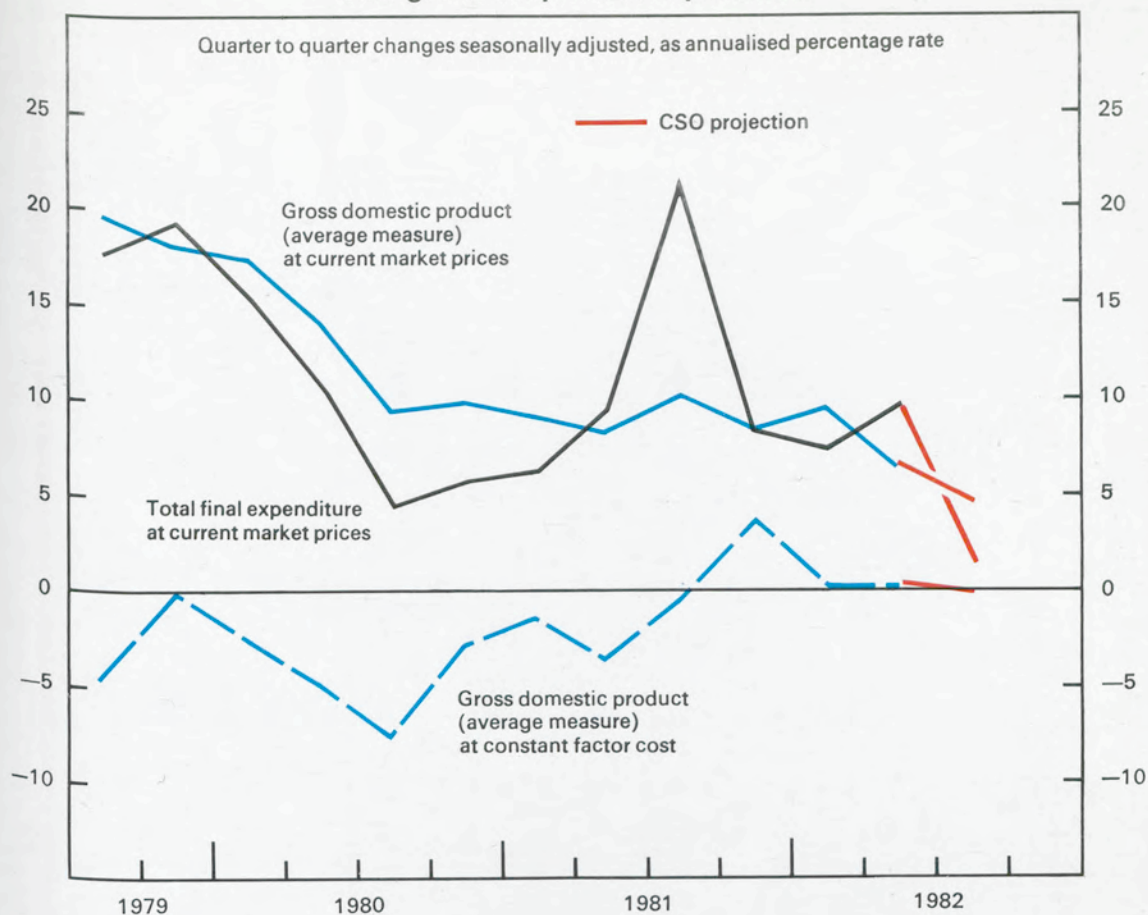
The underlying monetary picture has not changed much since last month. Although all three target monetary aggregates have shown signs of acceleration recently, the figures, adjusted for the distortion caused by the oversubscription of the STC share issue in October, show fM3 growing at around the top end of the target range and M1 and PSL2 at rates in the lower part of it.

The rate of inflation has continued to slow down with the underlying trends in both wholesale output and retail prices around 7-8 per cent a year.

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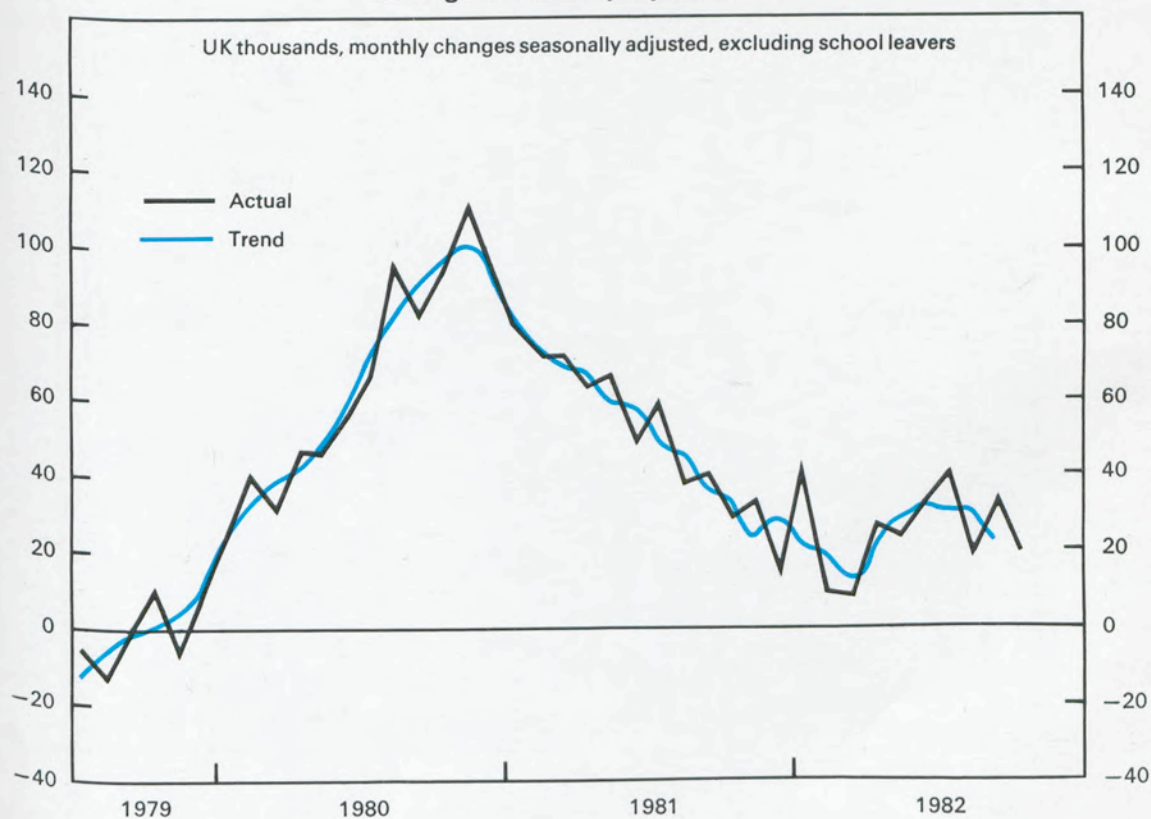
Changes in output and expenditure

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

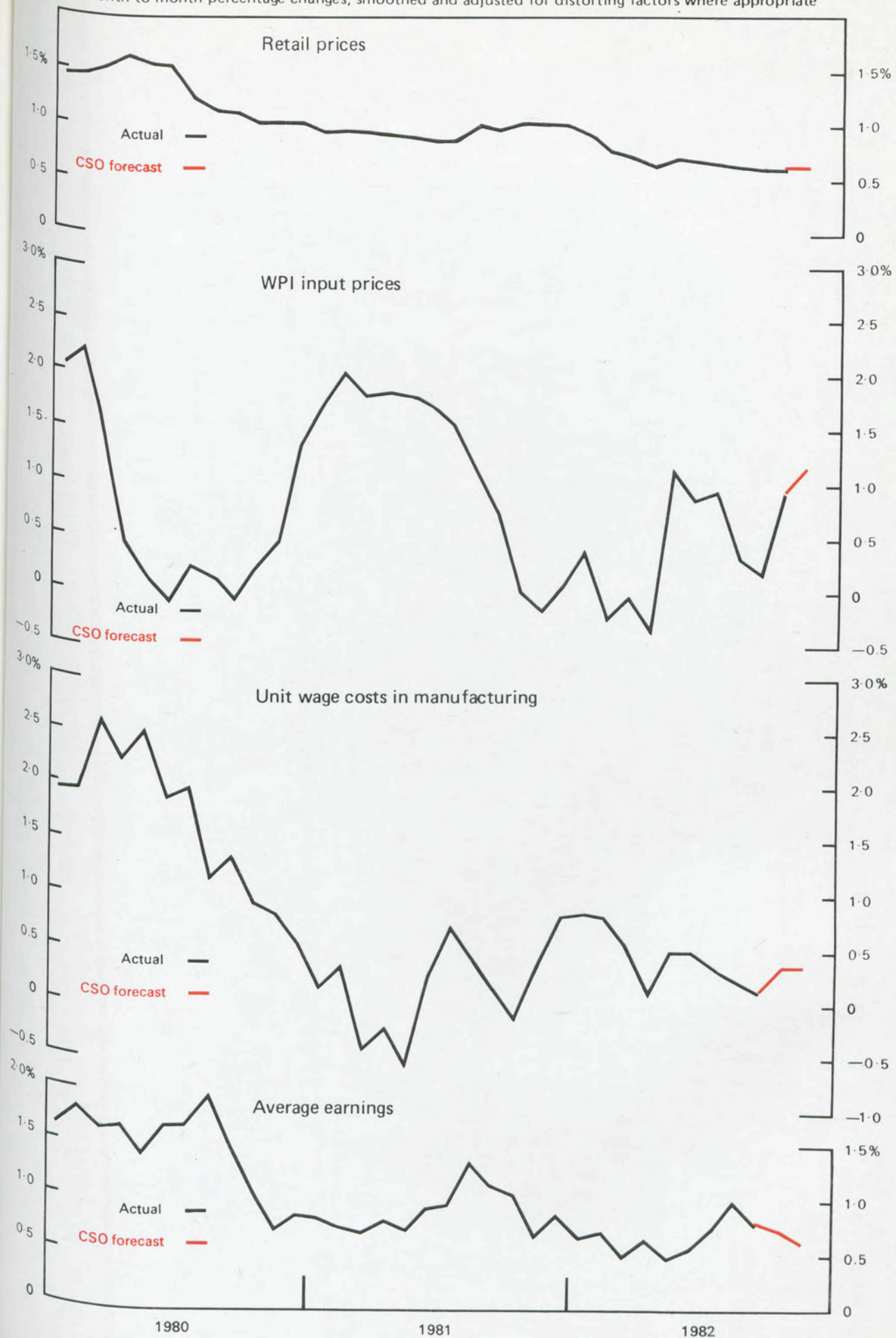


CHART 4

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

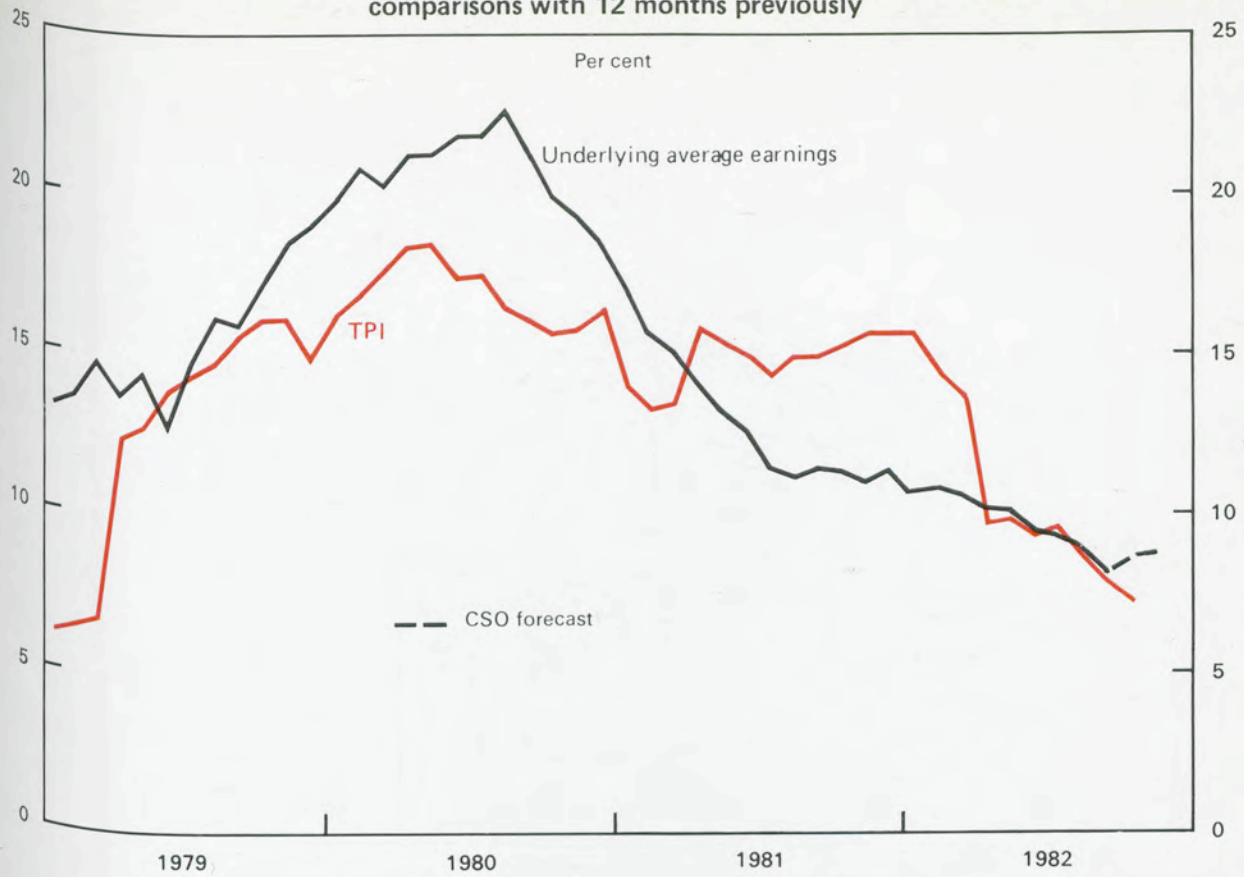
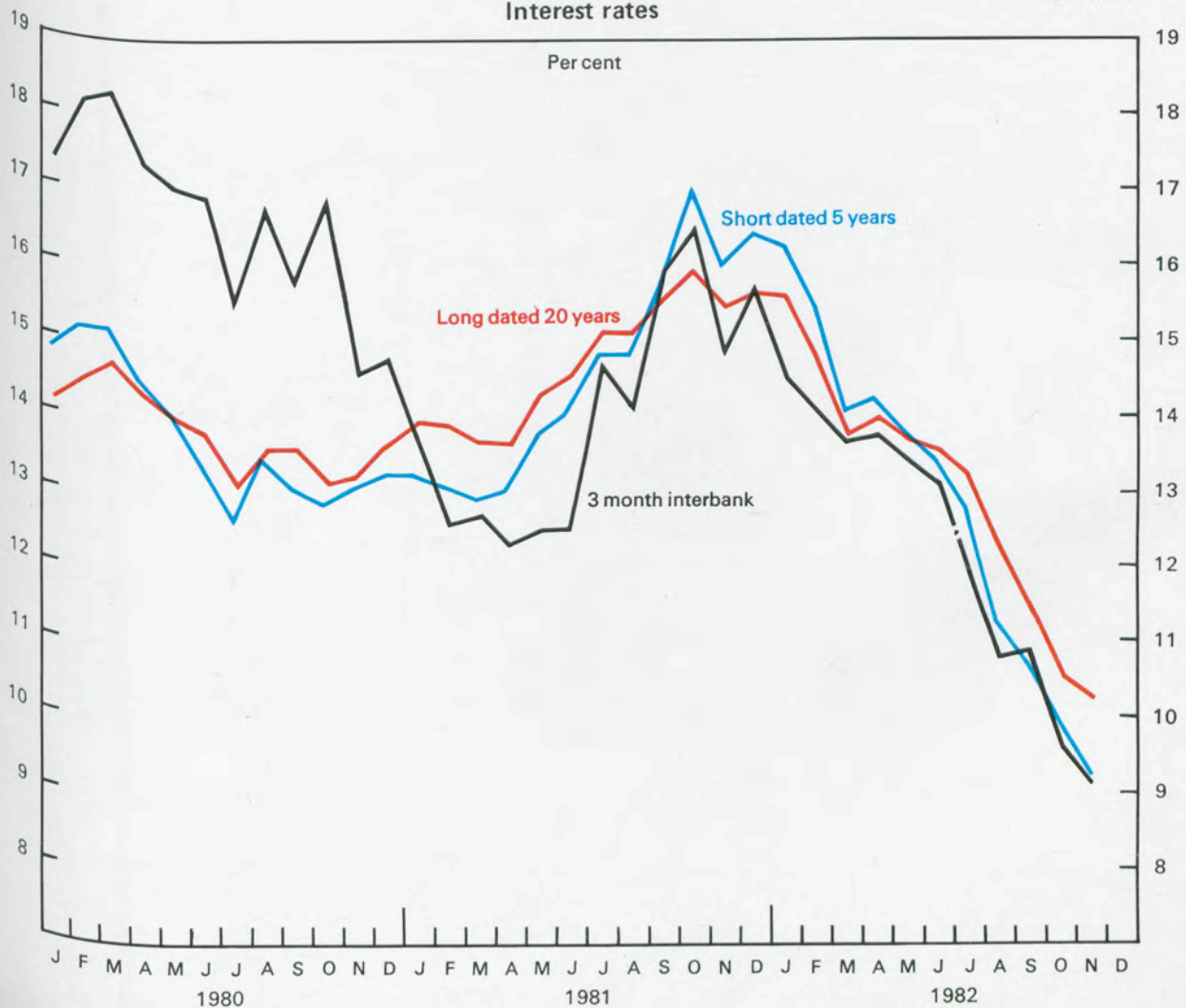


CHART 5

Interest rates



Monetary aggregates

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

