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24 December 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

24 December 1982

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 23 December 1982

Sterling fell further; the effective rate has now fallen by 8½ per cent since the beginning of November and market interest rates have moved up further though without any change in bank base rates. Monetary growth remains within the target range.

The underlying rates of increase of both wholesale (output) and retail prices remain about 7-8 per cent a year. In December the underlying rate for retail prices will fall, reflecting the cut in mortgage interest rates, but the underlying rate of increase for wholesale prices will remain much the same. The few settlements so far in this year's earnings round are averaging about 6 per cent, some ½-1 per cent lower than corresponding settlements last year.

Total output appears to have risen slightly in the second half of the year. Consumer spending has increased with reduced saving, but most of that rise was met from stocks and imports.

Underlying export and import volumes have changed little since the Spring; the current balance for 1982 is likely to be over £4bn, significantly higher than expected at the time of the Autumn Statement.

Unemployment continues to rise slowly and vacancies show little change.

CHART 1

Changes in output and expenditure

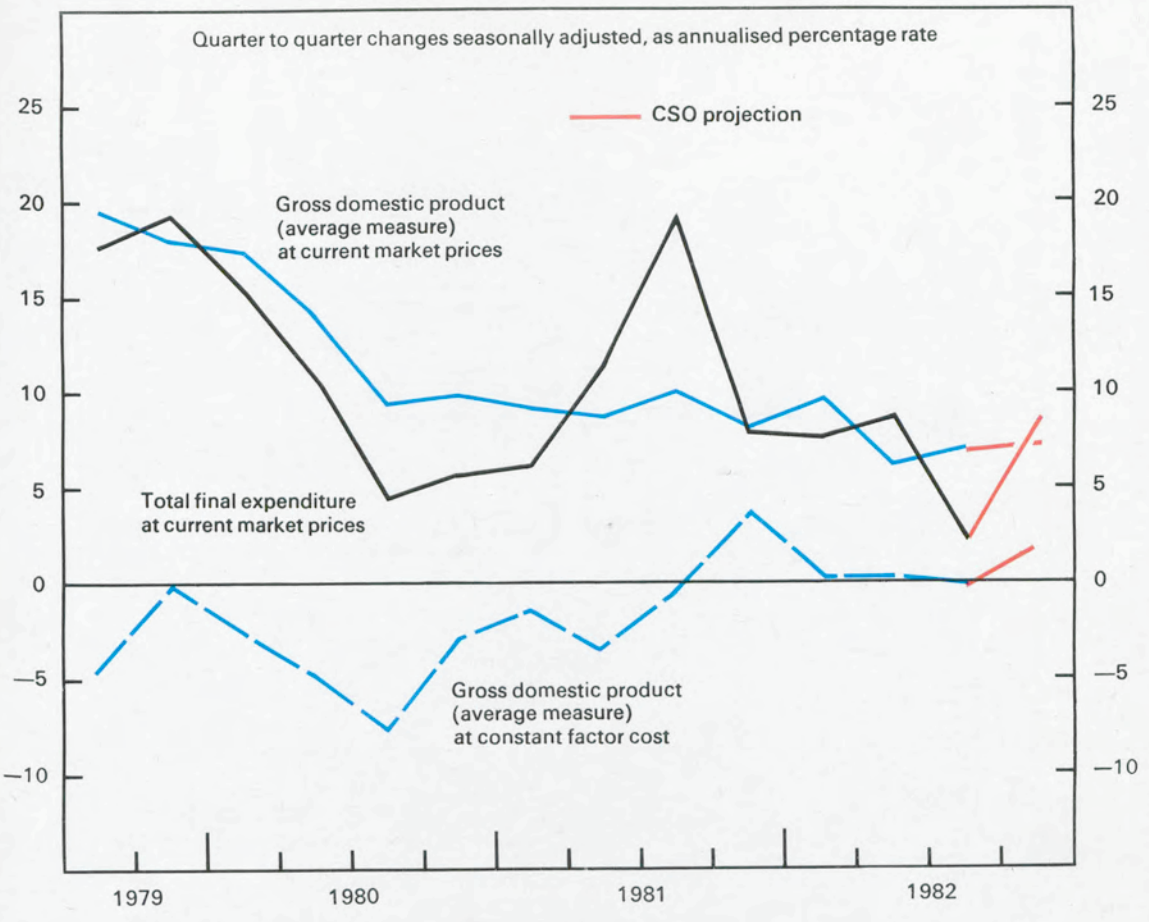

CHART 2

Changes in unemployment

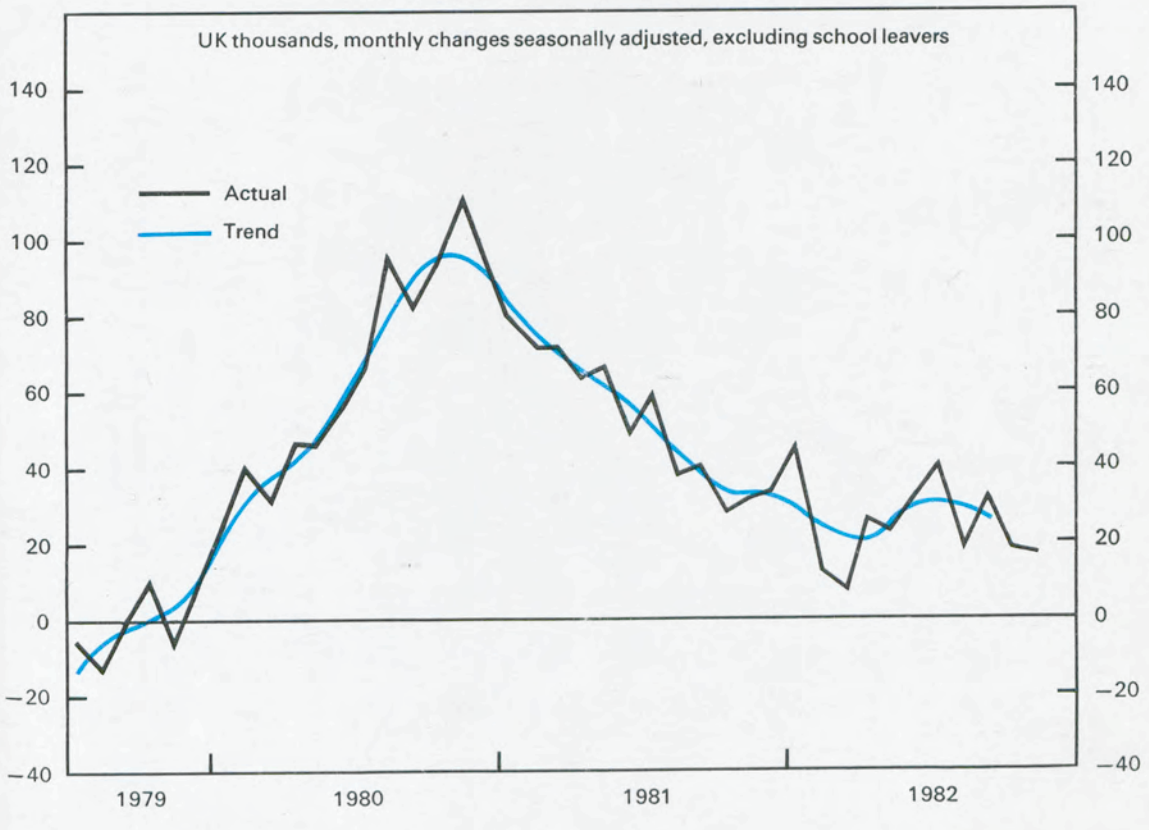

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CHART 3

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

CHART 4

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

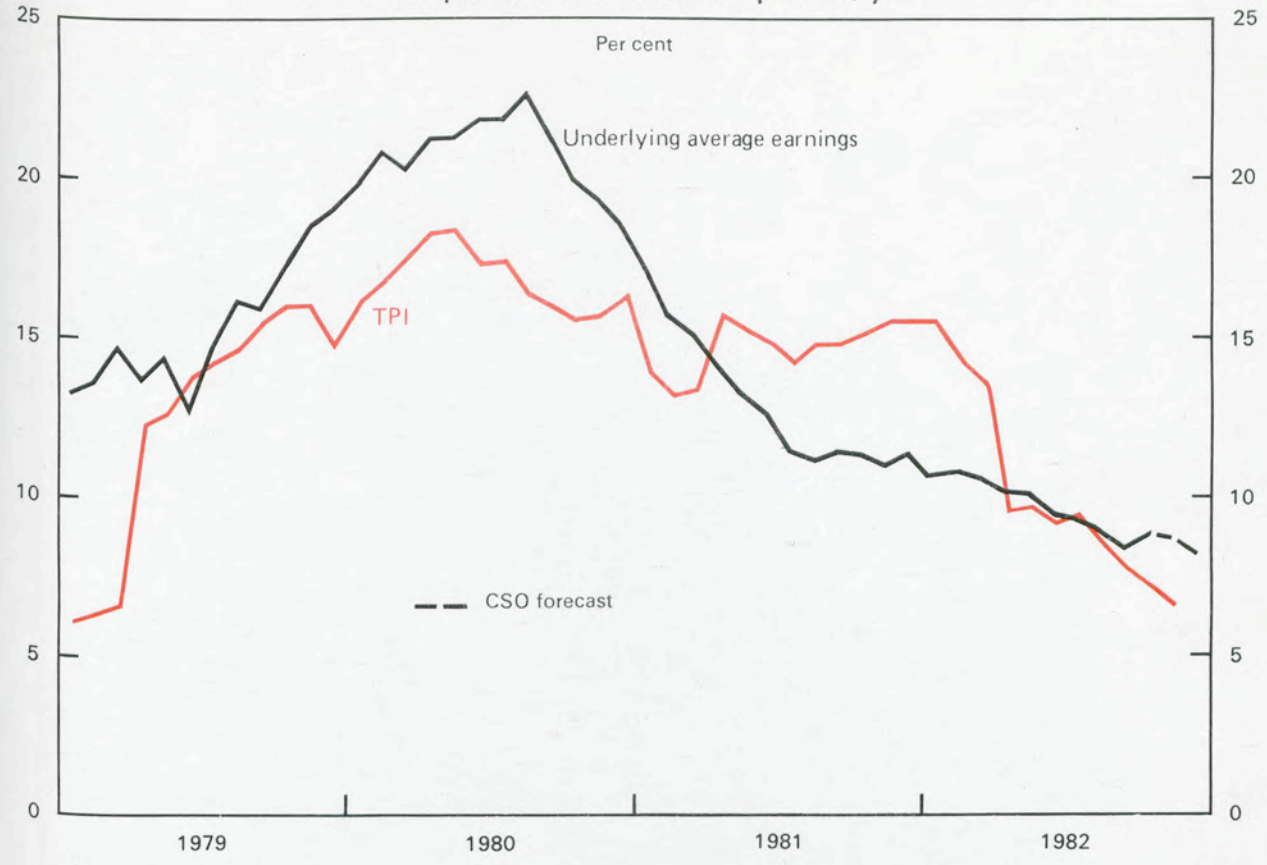

CHART 5

Interest rates

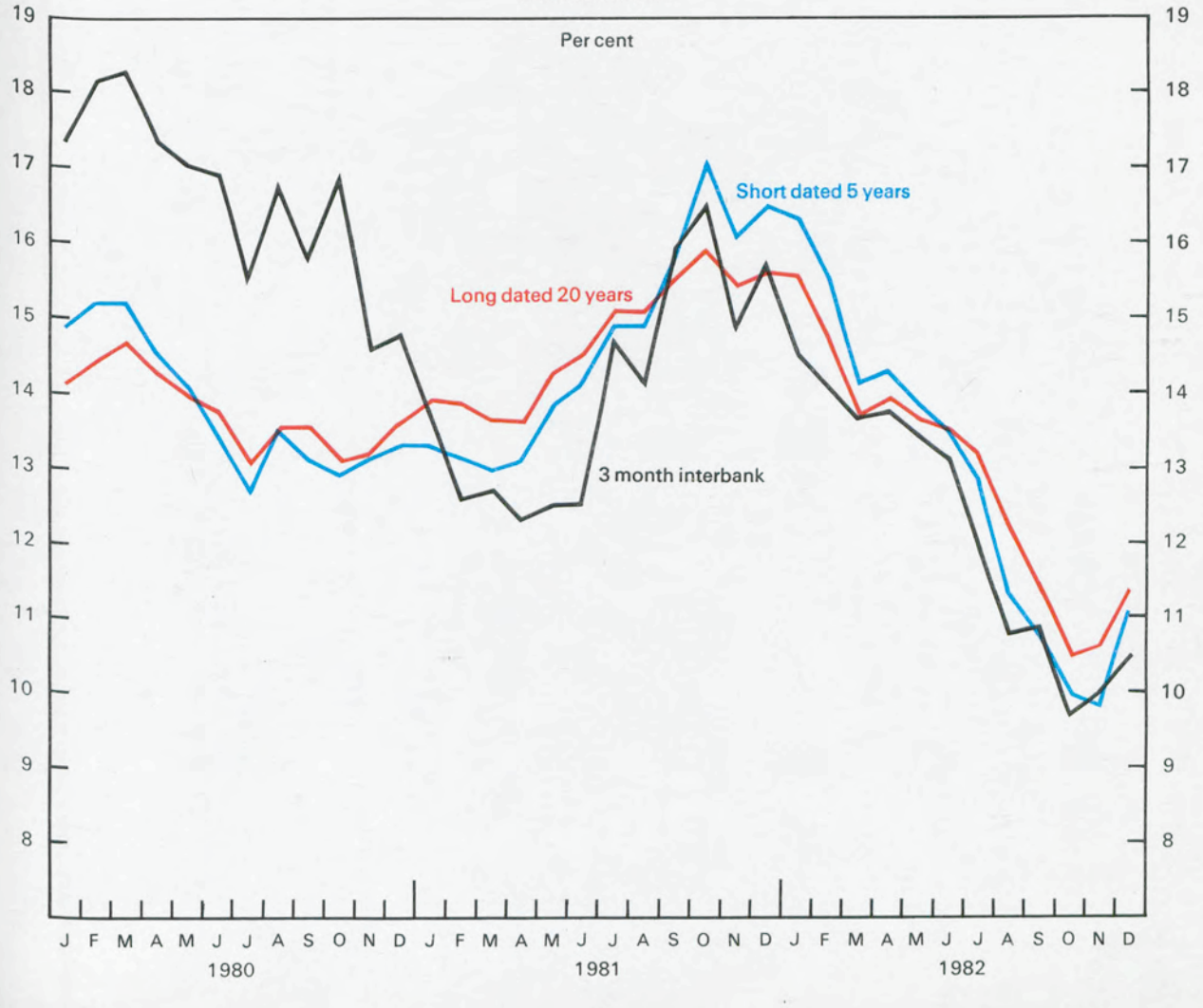

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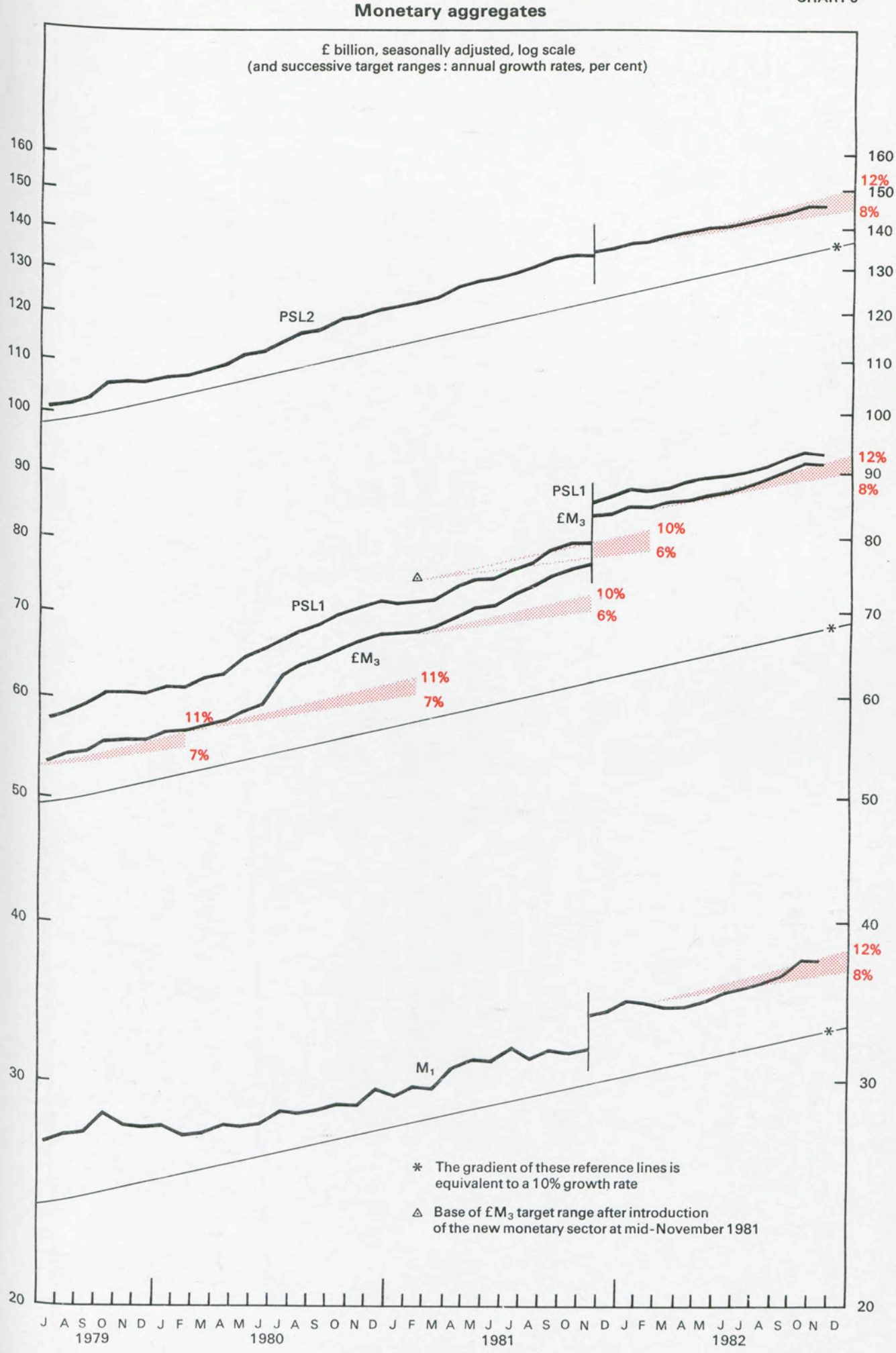
CHART 6

Monetary aggregates

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



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