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31 May 1983

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

31 May 1983

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 27 May 1983

Total economic activity is increasing moderately - perhaps at an annual rate of somewhere between 2 and 3 per cent - the main stimulus has come from consumer spending and latterly a reduction in the rate of destocking.

The underlying level of export volume has changed little since the end of 1982 but the underlying level of import volume is increasing.

Retail price inflation is currently running at about 4 per cent a year; other indicators are a little higher at around 6 per cent a year. Average earnings are increasing at an annual rate of around 7 per cent. The exchange rate movements up to the end of April have been the main influence on materials' prices, which are actually falling for the time being.

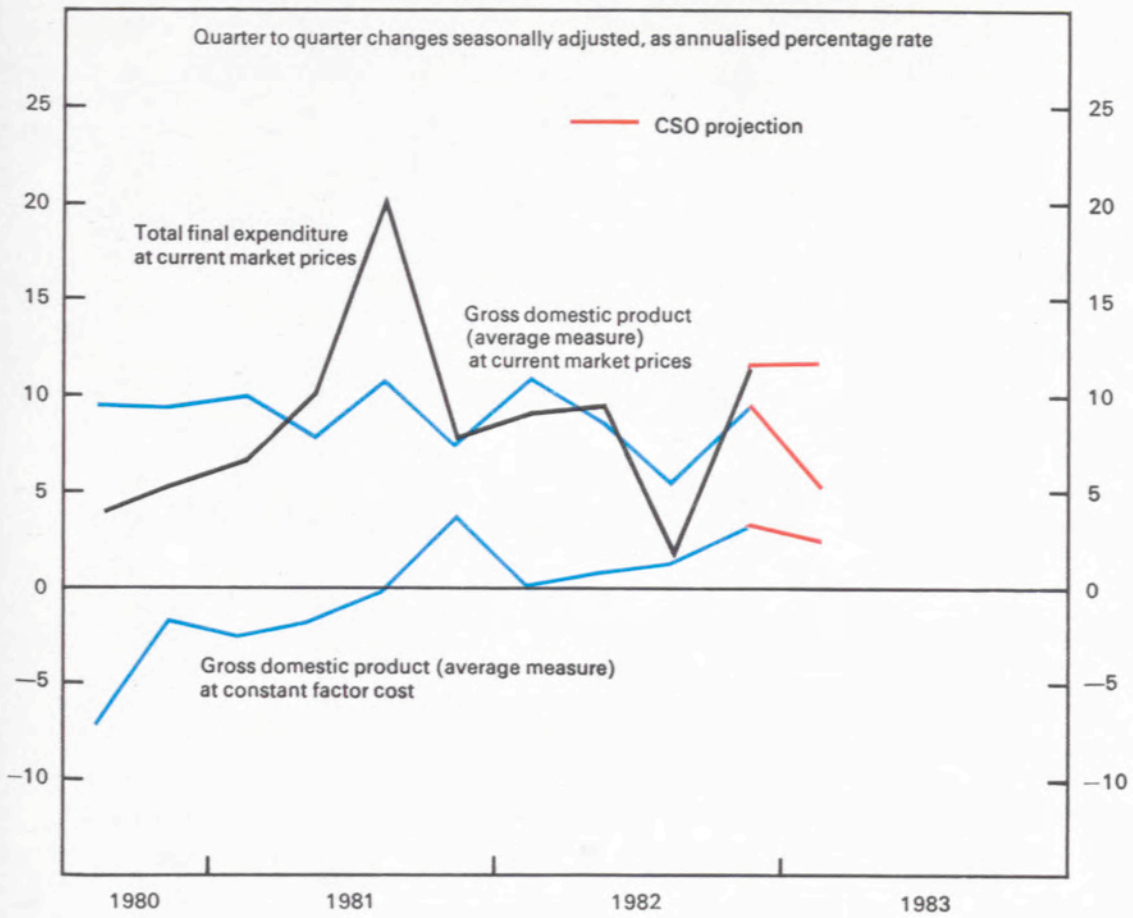
There was a large increase in the monetary aggregates in April, the main expansionary influence being the high level of government borrowing. Financial markets have been very quiet since they digested the announcement of the General Election although both interest rates and exchange rates have edged up a little.

Allowing for the new provisions for men aged 60 and over, there is little evidence of any change in the underlying rate of increase of unemployment; other labour market indicators are looking more encouraging.

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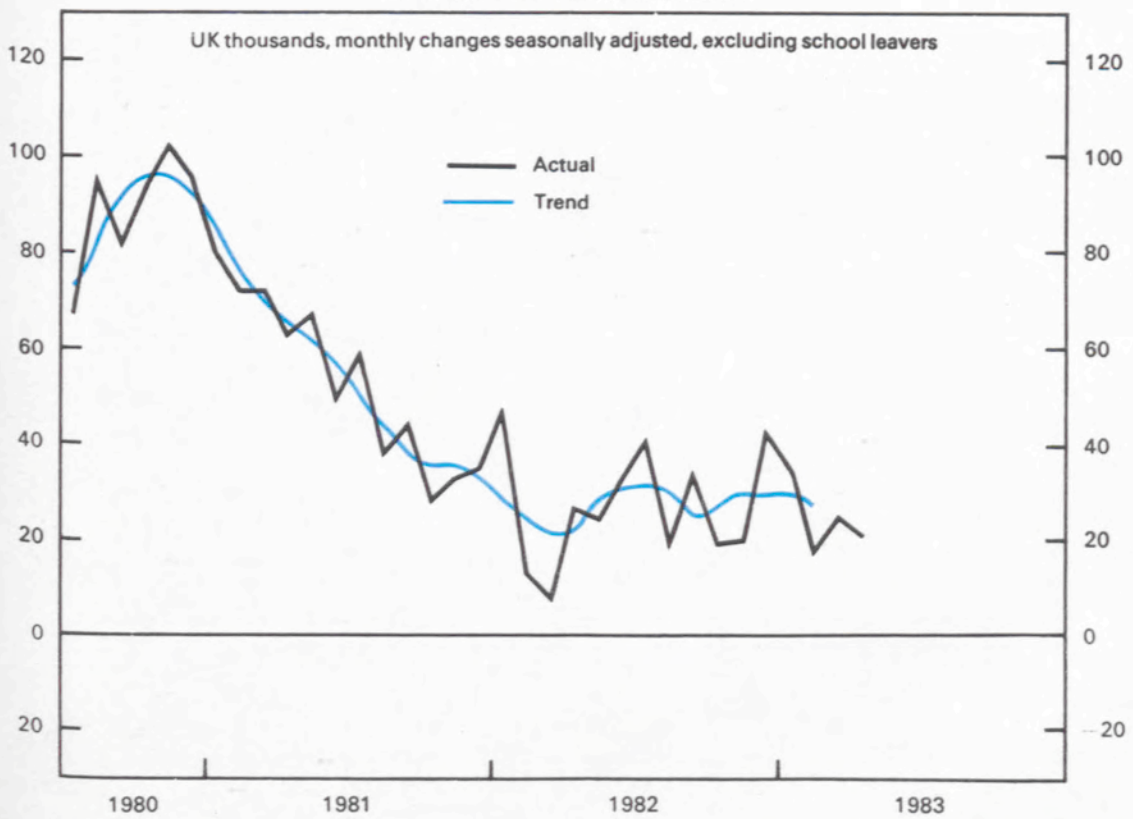
Changes in output and expenditure

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

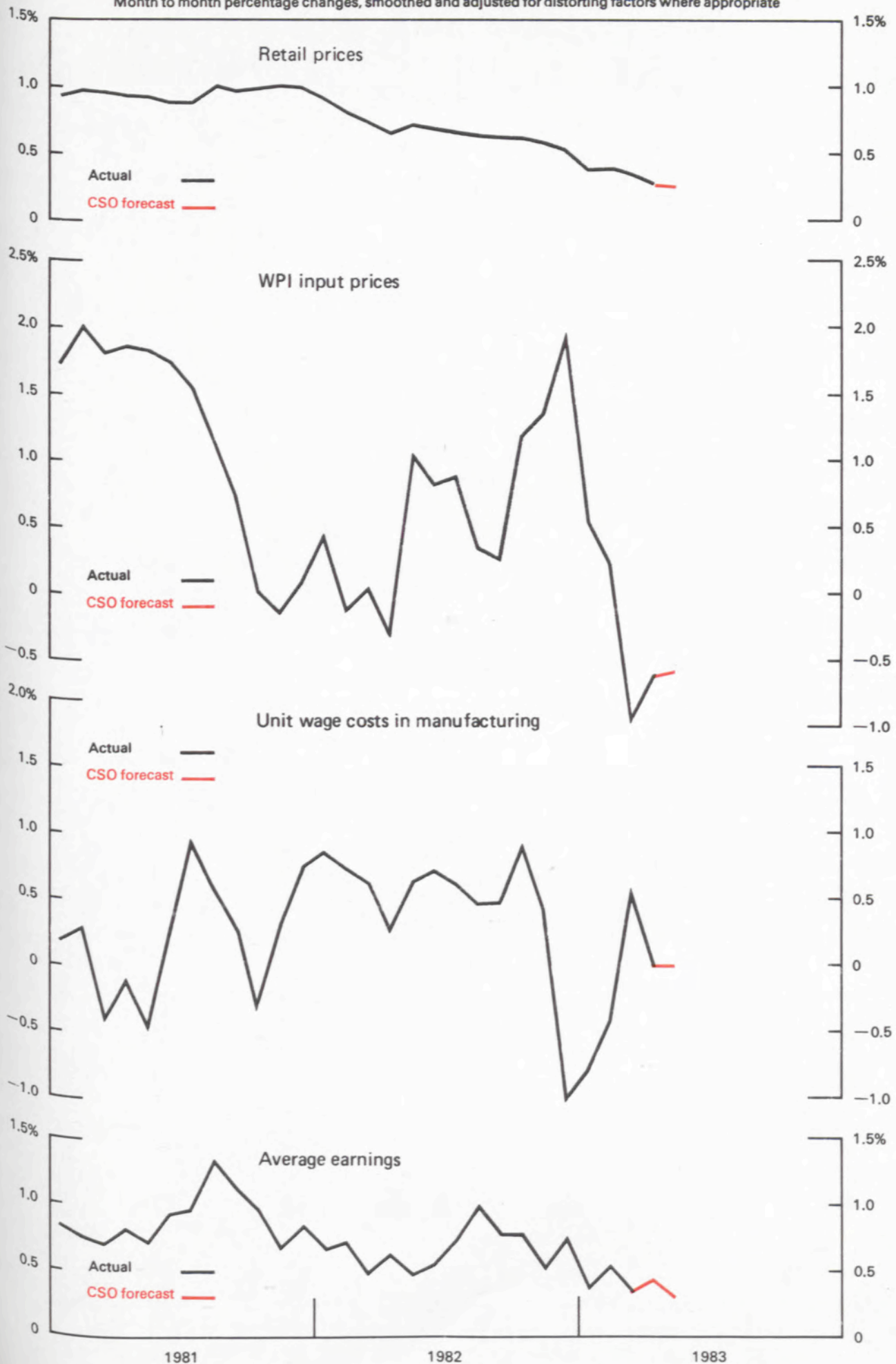


CHART 4

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

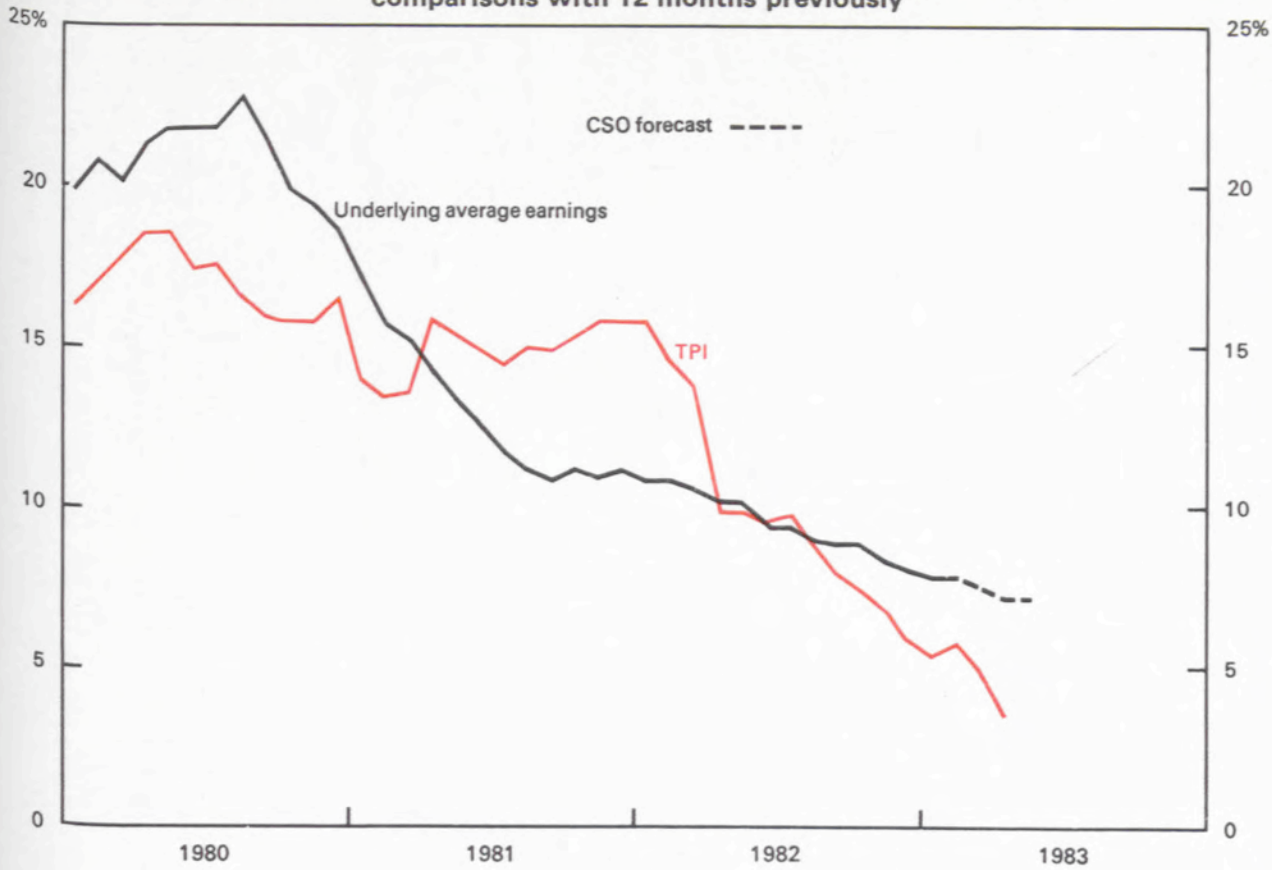
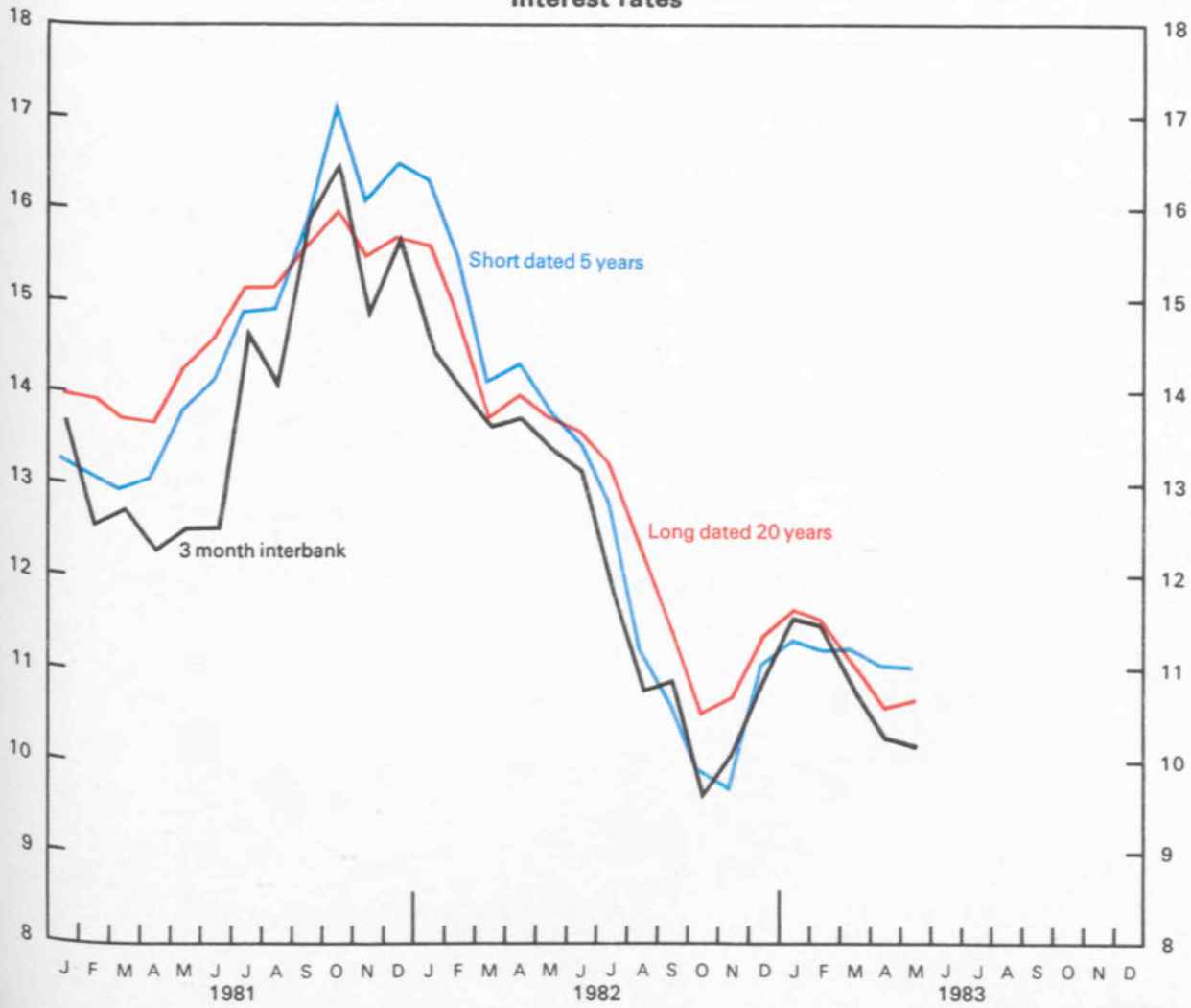


CHART 5

Interest rates



Monetary aggregates

CHART 6

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

