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28 July 1983

CABINET

MINISTERIAL STEERING COMMITTEE ON ECONOMIC STRATEGY

SUB-COMMITTEE ON ECONOMIC AFFAIRS

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

28 July 1983

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MONTHLY ECONOMIC BRIEF

Prepared by the CSO on 26 July 1983

Money supply has continued to grow rapidly in relation to the target range. Public spending and borrowing so far this year may have been slightly higher than expected at the time of the Budget. Private sector borrowing also increased in June, although this may be erratic. Interest rates, for all but the very shortest maturities, increased a little in the first half of the month before levelling out. Sterling, however, has been relatively stable.

The underlying rate of retail price inflation is around 5 to 6 per cent a year; the twelve month increase is likely to start rising towards that figure from its current level of under 4 per cent.

Activity is growing steadily at 2 to 3 per cent a year, domestic demand even more rapidly; all domestic demand aggregates are contributing except possibly government consumption.

The underlying level of non-oil export volume has changed little in recent months; import volumes were rising but the rise has moderated most recently.

The rate of increase of unemployment is very slowly moderating.

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CHART 1

Changes in output and expenditure

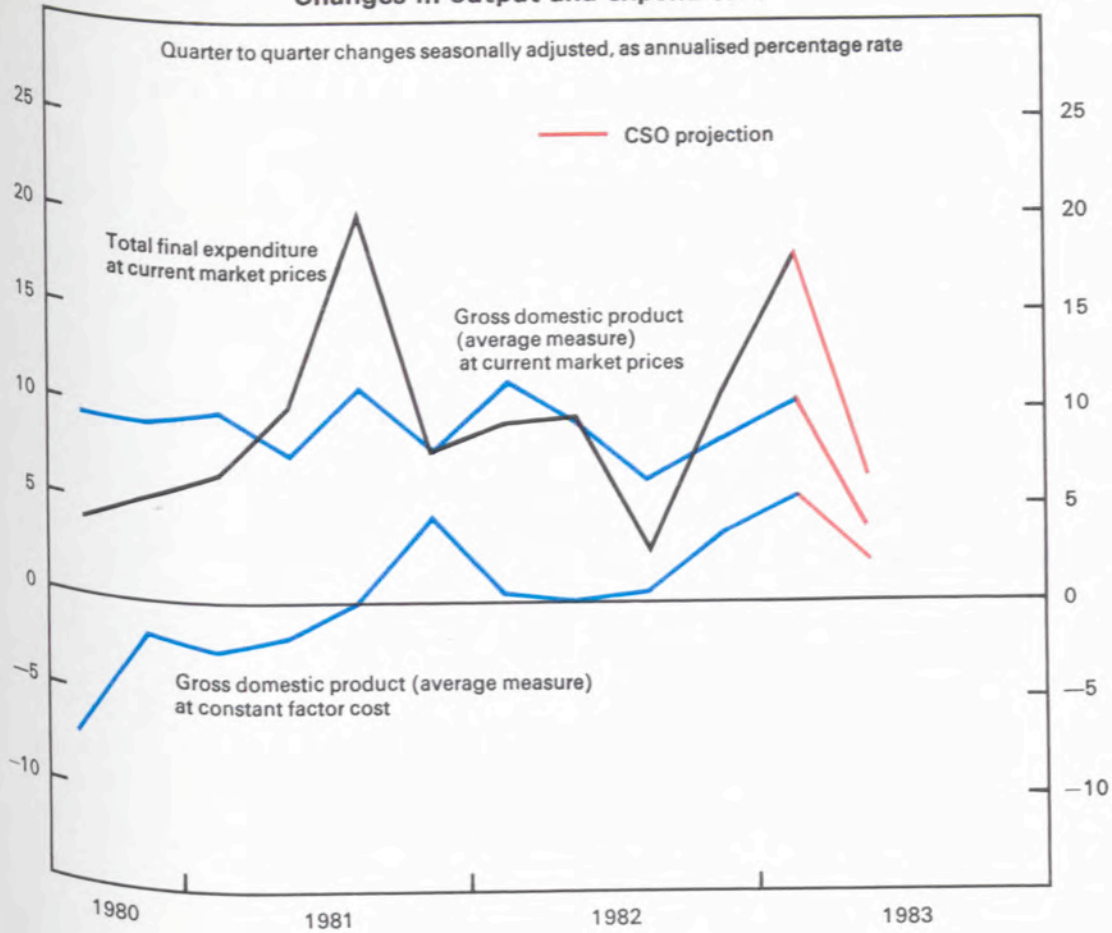
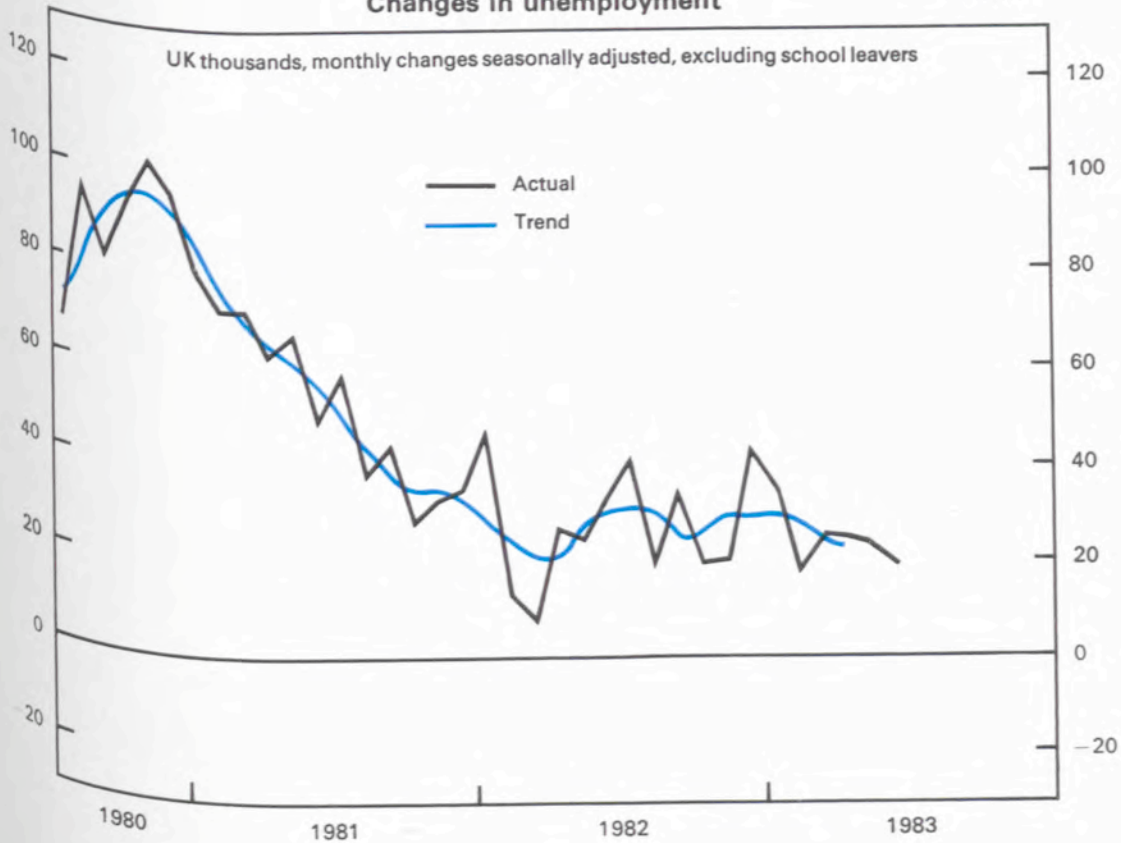


CHART 2

Changes in unemployment



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

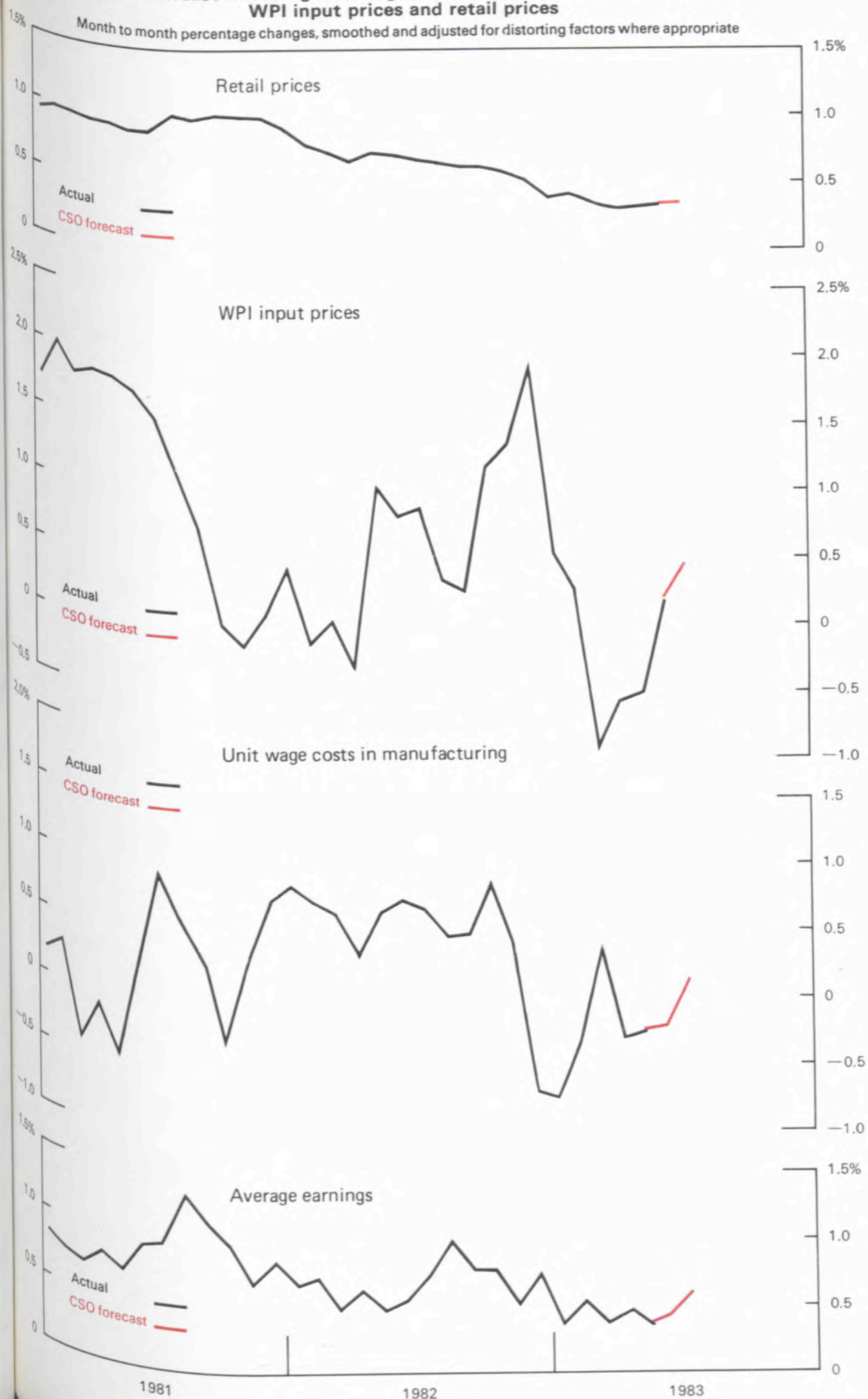


CHART 4

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

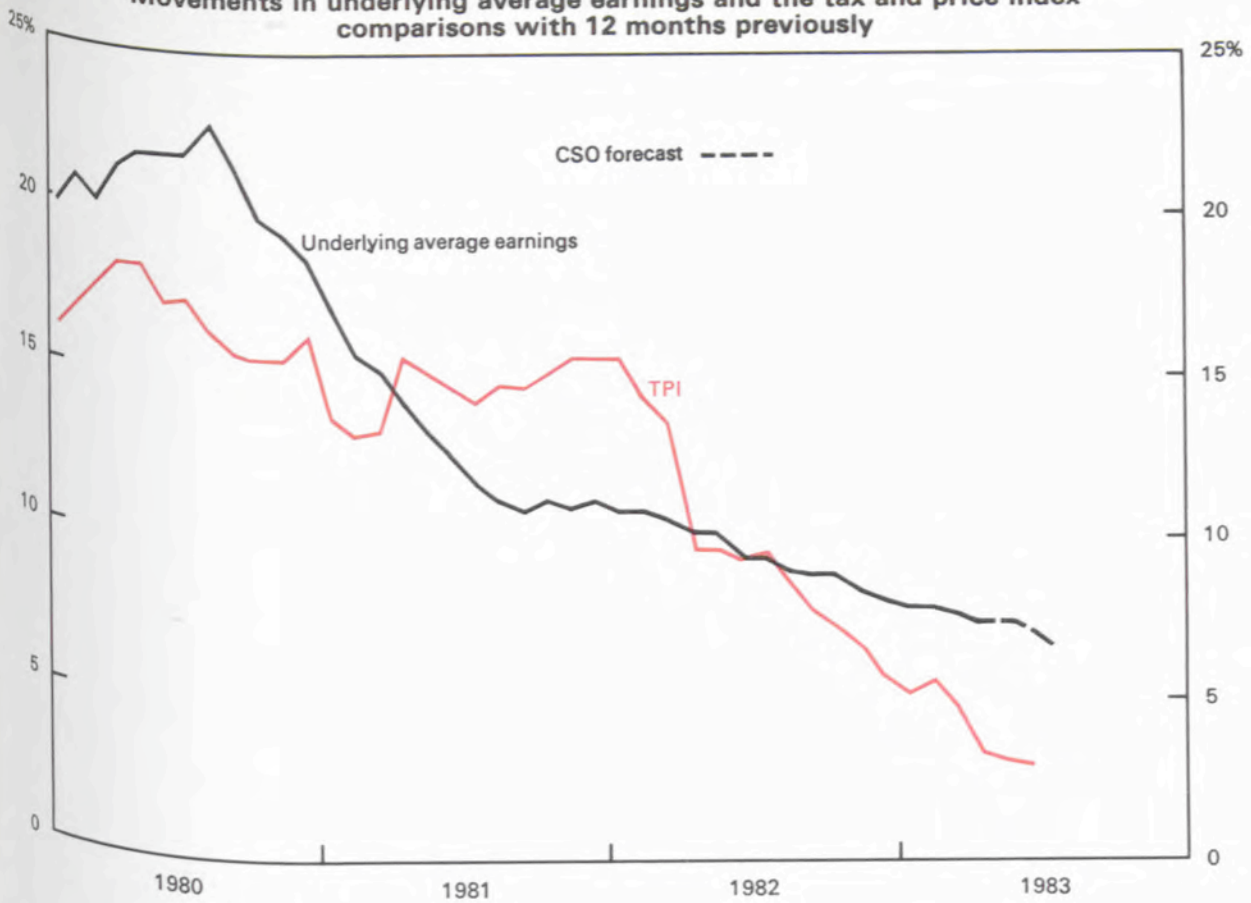


CHART 5

Interest rates

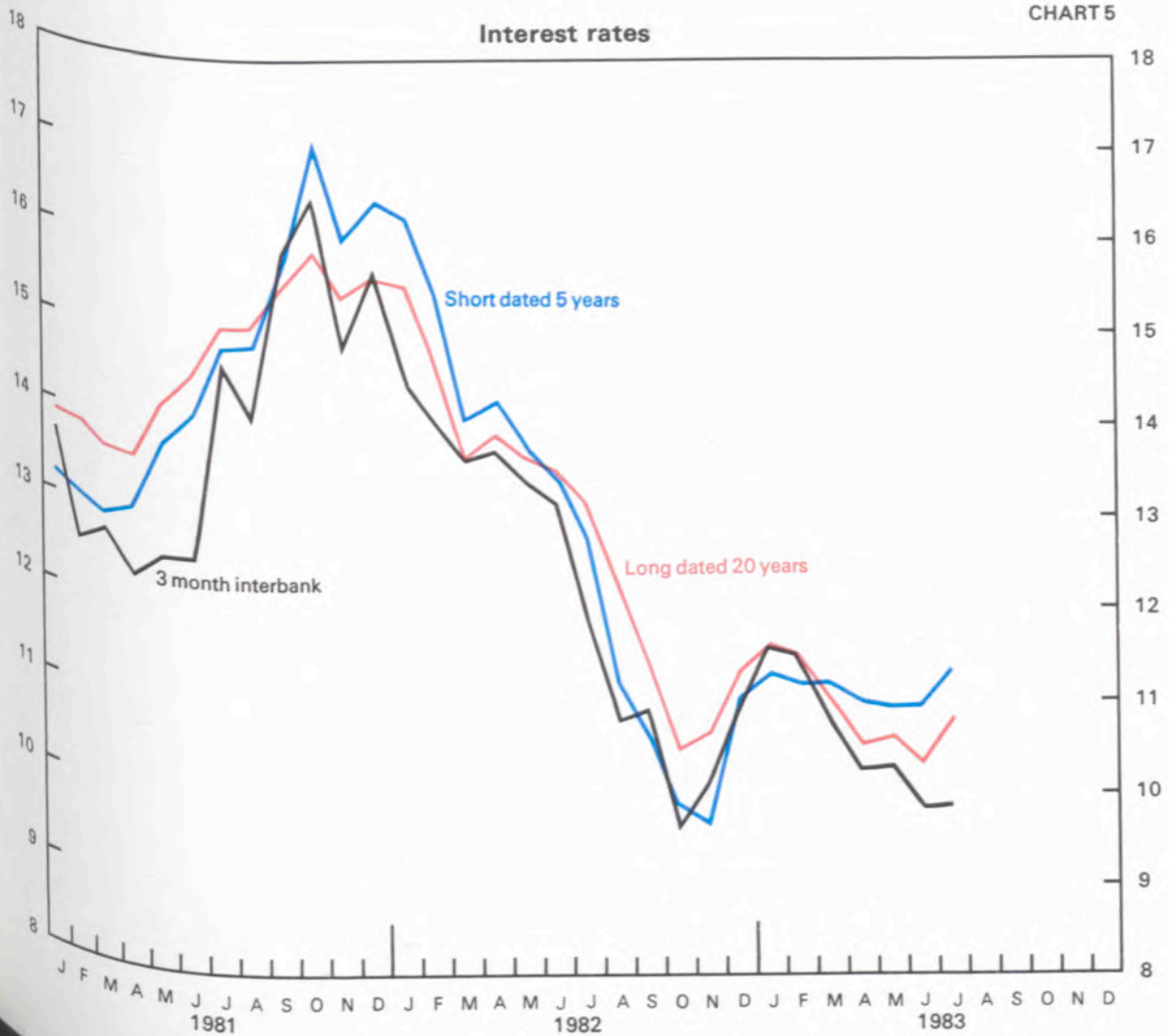


CHART 6

Target monetary aggregates

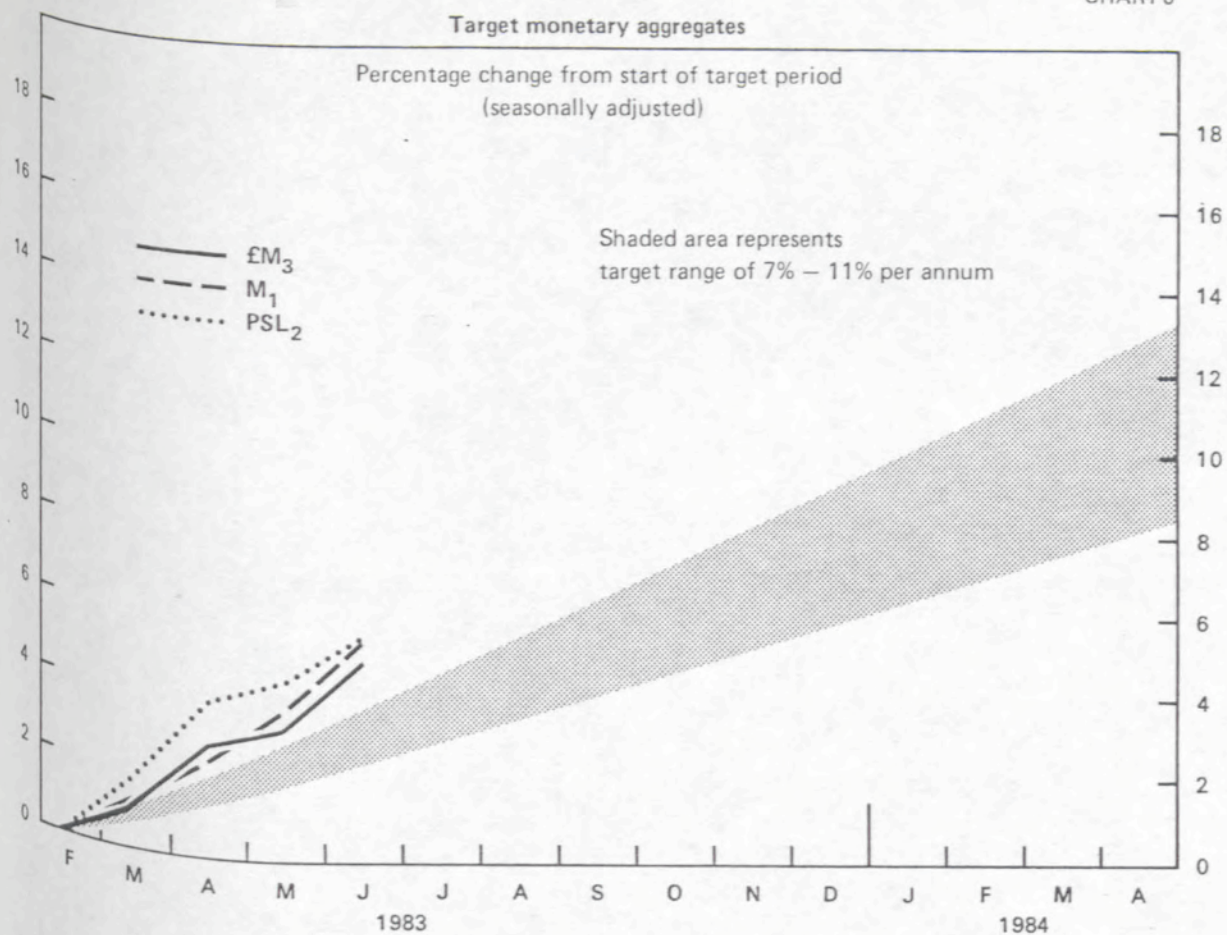
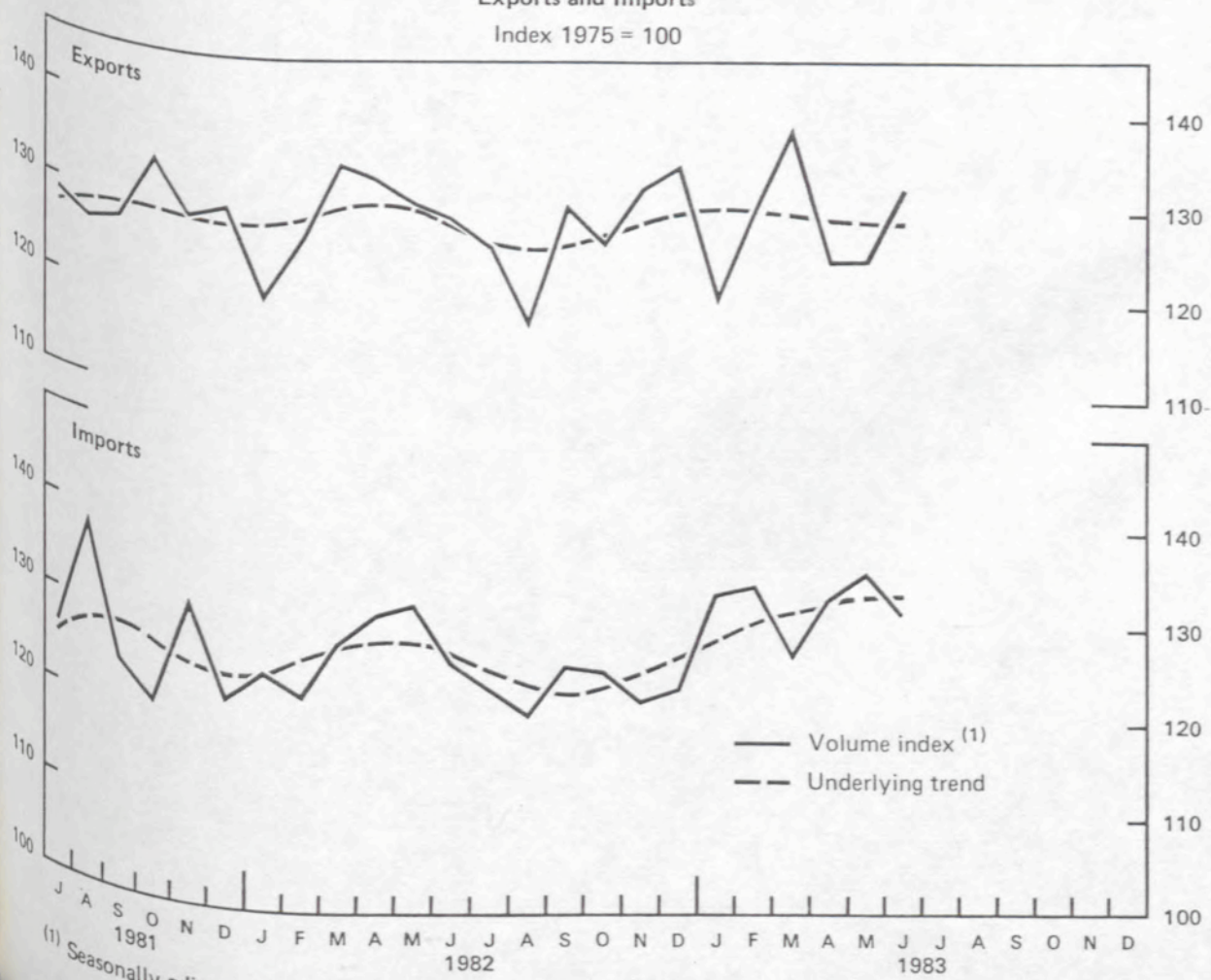


CHART 7

Exports and Imports

Index 1975 = 100



(1) Seasonally adjusted data, Balance of Payments basis