



# Pulse

A monthly snapshot of the UK Economy from [www.barometeroftrade.com](http://www.barometeroftrade.com)

Date of Report: 06/01/2020

## Summary

The new index showing **consumer confidence** has been introduced in this report. Despite remaining negative overall, the index shows a large improvement of 21.4% in the public economic outlook. This is largely due to the recent election as there are notable impacts of political uncertainty on business and consumer confidence.

The **national living wage** is to rise by 6.2% in what the government says is "the biggest cash increase ever". The rise is more than four times the rate of inflation and takes hourly pay for people over 25 to £8.72 from April. Hannah Essex, co-executive director of the British Chambers of Commerce said that "raising wage floors so far above the rate of inflation will pile further pressure on cash flow and eat into training and investment budgets". For this policy to be sustainable, the government must offset these costs by reducing costs elsewhere.

### What's happened since last month?

Index		Change	Period
GDP Growth	DOWN	-0.2%	Q2-Q3
£ to € (Euro)	UP	0.9%	Dec-Jan
£ to \$ (US Dollar)	UP	2.1%	Dec-Jan
£ to ¥ (Yen)	UP	1.3%	Dec-Jan
£ to ¥ (Yuan)	UP	1.0%	Dec-Jan
£ to ₹ (Rupee)	UP	1.6%	Dec-Jan
FTSE 100	UP	4.4%	Dec-Jan
FTSE 250	UP	6.8%	Dec-Jan
CPI	NONE	0.0%	Oct-Nov
RPI	UP	0.1%	Oct-Nov
Retail Sales	DOWN	-0.5%	Nov-Dec
Mortgage Approvals	UP	0.8%	Oct-Nov
Unemployment	NONE	0.0%	Sep-Oct
Consumer Confidence	UP	21.4%	Nov-Dec
Energy Prices	UP	0.2%	Oct-Nov
Crude Oil Prices	NONE	0.0%	Oct-Nov
Petrol Prices	DOWN	-0.6%	Nov-Dec
Diesel Prices	DOWN	-0.5%	Nov-Dec
Base Rate: 0.75%	NONE	0.0%	Dec-Jan

Figures based on most recent month/period available

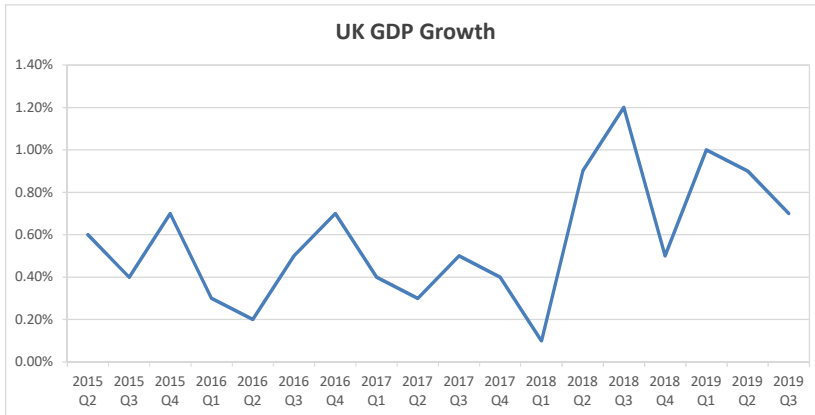
### What's happened since this time last year?

Index		Change	Period
GDP Growth	DOWN	-0.5%	Q3-Q3
£ to € (Euro)	UP	6.0%	Jan-Jan
£ to \$ (US Dollar)	UP	4.6%	Jan-Jan
£ to ¥ (Yen)	UP	3.6%	Jan-Jan
£ to ¥ (Yuan)	UP	6.2%	Jan-Jan
£ to ₹ (Rupee)	UP	6.6%	Jan-Jan
FTSE 100	UP	12.9%	Jan-Jan
FTSE 250	UP	25.7%	Jan-Jan
CPI	UP	0.8%	Nov-Nov
RPI	DOWN	-1.0%	Nov-Nov
Retail Sales	UP	1.4%	Nov-Nov
Mortgage Approvals	UP	1.6%	Nov-Nov
Unemployment	DOWN	-0.3%	Oct-Oct
Consumer Confidence	UP	21.4%	Dec-Dec
Energy Prices	UP	1.4%	Nov-Nov
Crude Oil Prices	DOWN	-9.5%	Nov-Nov
Petrol Prices	DOWN	-0.4%	Dec-Dec
Diesel Prices	DOWN	-3.4%	Dec-Dec
Base Rate: 0.75%	NONE	0.00%	Jan-Jan

Figures based on most recent month/period available



## Gross Domestic Product Growth

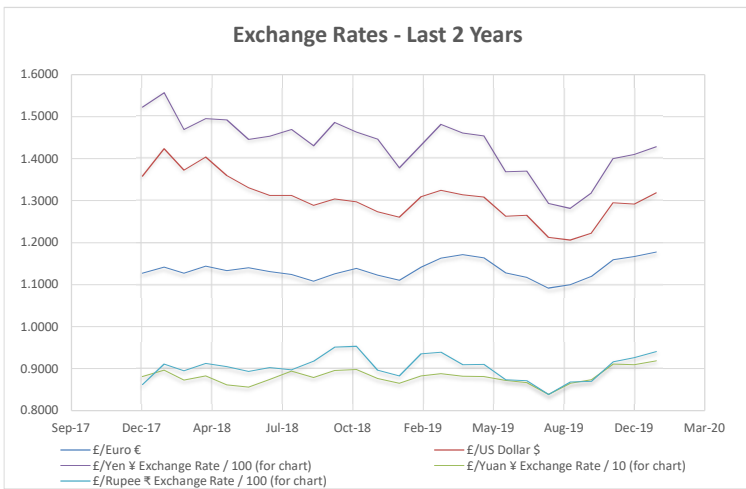


Quarter	UK GDP Growth
2015 Q2	0.60%
2015 Q3	0.40%
2015 Q4	0.70%
2016 Q1	0.30%
2016 Q2	0.20%
2016 Q3	0.50%
2016 Q4	0.70%
2017 Q1	0.40%
2017 Q2	0.30%
2017 Q3	0.50%
2017 Q4	0.40%
2018 Q1	0.10%
2018 Q2	0.90%
2018 Q3	1.20%
2018 Q4	0.50%
2019 Q1	1.00%
2019 Q2	0.90%
2019 Q3	0.70%

GDP as percentage growth/decline against previous quarter  
CP SA version ie Current Prices Seasonally Adjusted

Source: Office of National Statistics

## Exchange Rates

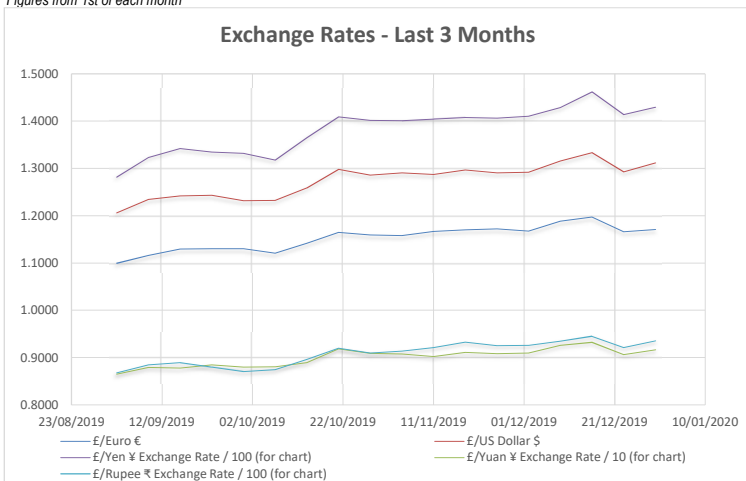


Month	£/Euro €	£/US Dollar \$	£/Yen ¥	£/Yuan ¥	£/Rupee ₹
Jan-18	1.1274	1.3579	152.2885	8.8141	86.1791
Feb-18	1.1417	1.4237	155.7243	8.9649	91.1168
Mar-18	1.1269	1.3725	146.9467	8.7268	89.5007
Apr-18	1.1437	1.4038	149.5749	8.8272	91.2610
May-18	1.1337	1.3596	149.2161	8.6097	90.4406
Jun-18	1.1400	1.3308	144.5914	8.5574	89.3110
Jul-18	1.1308	1.3124	145.3483	8.7448	90.2209
Aug-18	1.1241	1.3122	146.9533	8.9381	89.7282
Sep-18	1.1081	1.2885	143.0493	8.7876	91.7605
Oct-18	1.1260	1.3043	148.6250	8.9579	95.1161
Nov-18	1.1384	1.2974	146.3208	8.9787	95.3005
Dec-18	1.1224	1.2737	144.6923	8.7628	89.6685
Jan-19	1.1104	1.2608	137.8180	8.6487	88.2453
Feb-19	1.1417	1.3093	143.1981	8.8281	93.5384
Mar-19	1.1630	1.3243	148.1892	8.8792	93.8929
Apr-19	1.1712	1.3141	146.1279	8.8179	90.9324
May-19	1.1640	1.3083	145.4568	8.8073	91.0014
Jun-19	1.1277	1.2631	136.8948	8.7193	87.3647
Jul-19	1.1174	1.2652	137.0591	8.6650	87.1438
Aug-19	1.0916	1.2127	129.3466	8.3823	83.8567
Sep-19	1.0996	1.2062	128.1708	8.6503	86.7825
Oct-19	1.1197	1.2223	131.8495	8.7366	86.9501
Nov-19	1.1592	1.2947	140.0218	9.1105	91.6130
Dec-19	1.1672	1.2922	141.0178	9.0945	92.6146
Jan-20	1.1775	1.3189	142.7973	9.1851	94.0811
Last Month %	0.9%	2.1%	1.3%	1.0%	1.6%

What £1 buys in €/\$/¥/₹

Selected as the most demonstrative currencies in the foreign exchange market  
Figures from 1st of each month

Source: Bank Of England

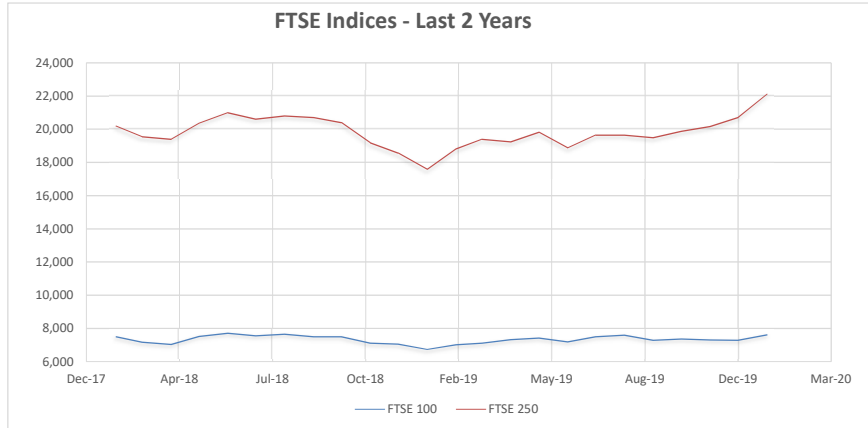


Date	£/Euro €	£/US Dollar \$	£/Yen ¥	£/Yuan ¥	£/Rupee ₹
02/09/2019	1.0996	1.2062	128.1708	8.6503	86.7825
09/09/2019	1.1163	1.2344	132.2783	8.7908	88.4472
16/09/2019	1.1294	1.2420	134.1733	8.7747	88.8937
23/09/2019	1.1305	1.2430	133.4485	8.8437	88.0094
30/09/2019	1.1302	1.2320	133.1546	8.8004	86.9989
07/10/2019	1.1206	1.2321	131.7608	8.8067	87.4391
14/10/2019	1.1416	1.2586	136.4700	8.8930	89.6192
21/10/2019	1.1648	1.2983	140.9305	9.1826	91.9683
28/10/2019	1.1591	1.2858	140.1908	9.0867	90.9260
04/11/2019	1.1580	1.2906	140.1204	9.0729	91.3312
11/11/2019	1.1666	1.2872	140.4335	9.0230	92.1107
18/11/2019	1.1701	1.2966	140.7589	9.1081	93.2709
25/11/2019	1.1721	1.2907	140.6089	9.0799	92.5316
02/12/2019	1.1672	1.2922	141.0178	9.0945	92.6146
09/12/2019	1.1885	1.3155	142.8633	9.2597	93.4450
16/12/2019	1.1973	1.3334	146.1806	9.3233	94.5034
23/12/2019	1.1659	1.2926	141.3846	9.0642	92.1224
30/12/2019	1.1709	1.3115	142.9535	9.1627	93.5582

Source: Bank Of England



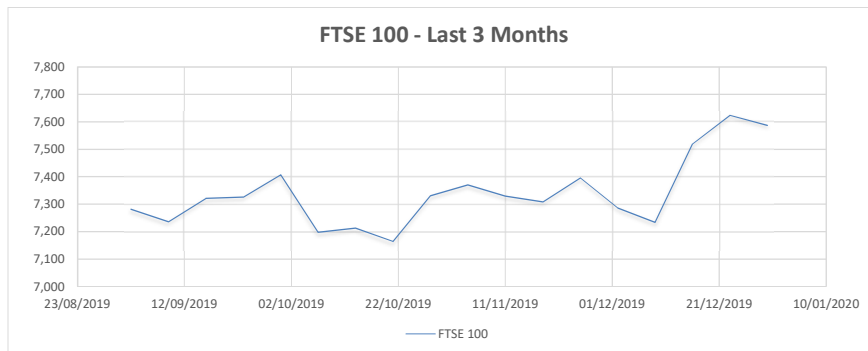
## FTSE 100 & 250



FTSE 100 - an index of the top 100 companies in UK  
FTSE 250 - an index of the top 250 companies in UK

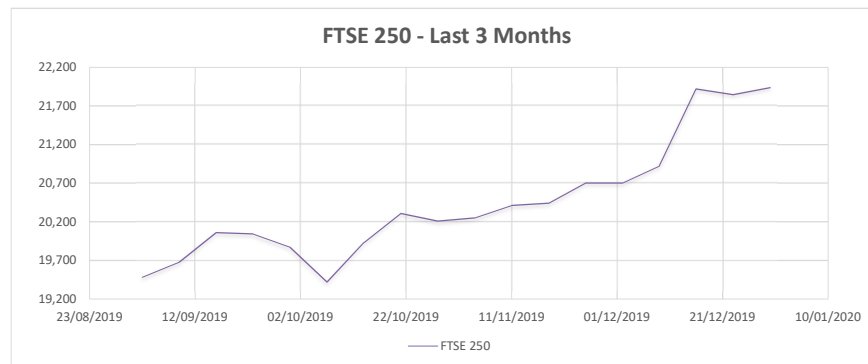
Source: London Stock Exchange

Month	FTSE 100	FTSE 250
Feb-18	7,490	20,186
Mar-18	7,168	19,539
Apr-18	7,026	19,389
May-18	7,520	20,348
Jun-18	7,702	20,985
Jul-18	7,548	20,606
Aug-18	7,653	20,801
Sep-18	7,505	20,696
Oct-18	7,496	20,401
Nov-18	7,115	19,172
Dec-18	7,062	18,564
Jan-19	6,734	17,587
Feb-19	7,020	18,811
Mar-19	7,107	19,400
Apr-19	7,317	19,239
May-19	7,418	19,814
Jun-19	7,185	18,877
Jul-19	7,498	19,635
Aug-19	7,585	19,634
Sep-19	7,282	19,482
Oct-19	7,360	19,873
Nov-19	7,302	20,159
Dec-19	7,286	20,700
Jan-20	7,604	22,108
Last Month %	4.4%	6.8%



FTSE 100 - an index of the top 100 companies in UK  
FTSE 250 - an index of the top 250 companies in UK

Source: London Stock Exchange

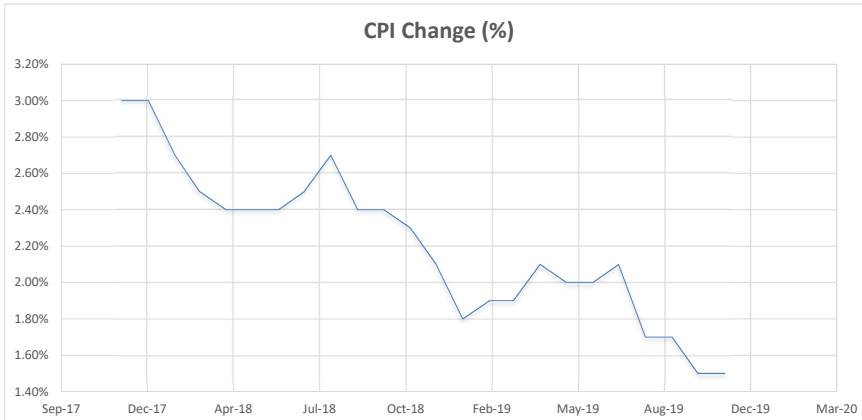


### LAST 3 MONTHS

Date	FTSE 100	FTSE 250
02/09/2019	7,282	19,482
09/09/2019	7,236	19,678
16/09/2019	7,321	20,060
23/09/2019	7,326	20,044
30/09/2019	7,408	19,873
07/10/2019	7,198	19,420
14/10/2019	7,213	19,930
21/10/2019	7,164	20,309
28/10/2019	7,331	20,210
04/11/2019	7,370	20,250
11/11/2019	7,329	20,410
18/11/2019	7,308	20,441
25/11/2019	7,396	20,703
02/12/2019	7,286	20,700
09/12/2019	7,234	20,923
16/12/2019	7,519	21,921
23/12/2019	7,624	21,843
30/12/2019	7,587	21,936



## Consumer Price Index

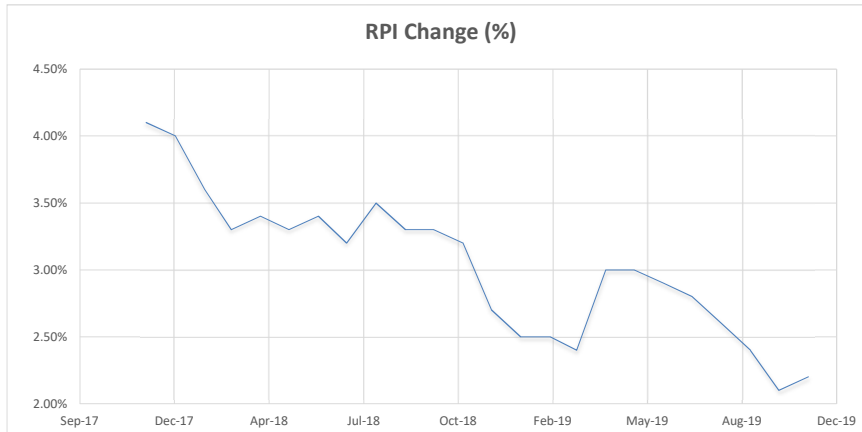


CPI - inflation measure which examines weighted average of prices of a basket of consumer goods & services, such as transportation, food & medical care

Source: Office of National Statistics

Month	CPI (%)
Dec-17	3.00%
Jan-18	3.00%
Feb-18	2.70%
Mar-18	2.50%
Apr-18	2.40%
May-18	2.40%
Jun-18	2.40%
Jul-18	2.50%
Aug-18	2.70%
Sep-18	2.40%
Oct-18	2.40%
Nov-18	2.30%
Dec-18	2.10%
Jan-19	1.80%
Feb-19	1.90%
Mar-19	1.90%
Apr-19	2.10%
May-19	2.00%
Jun-19	2.00%
Jul-19	2.10%
Aug-19	1.70%
Sep-19	1.70%
Oct-19	1.50%
Nov-19	1.50%

## Retail Price Index

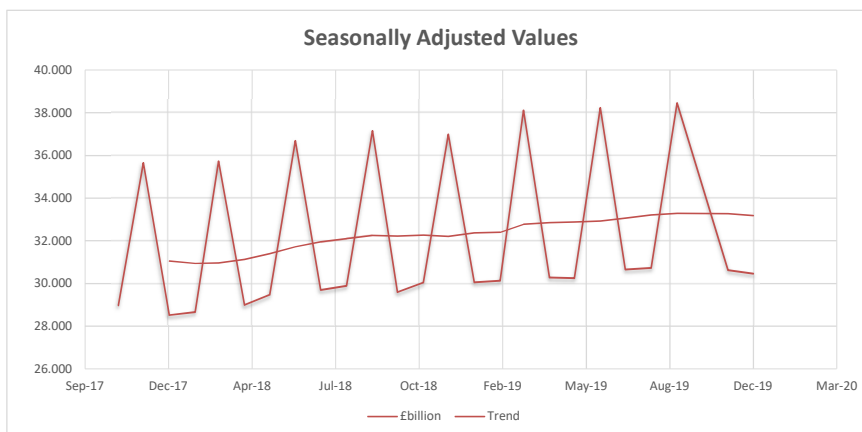


RPI - inflation measure which is broadly the same as CPI but also includes home costs e.g. mortgage repayments/rent/council tax

Source: Office of National Statistics

Month	RPI (%)
Dec-17	4.10%
Jan-18	4.00%
Feb-18	3.60%
Mar-18	3.30%
Apr-18	3.40%
May-18	3.30%
Jun-18	3.40%
Jul-18	3.20%
Aug-18	3.50%
Sep-18	3.30%
Oct-18	3.30%
Nov-18	3.20%
Dec-18	2.70%
Jan-19	2.50%
Feb-19	2.50%
Mar-19	2.40%
Apr-19	3.00%
May-19	3.00%
Jun-19	2.90%
Jul-19	2.80%
Aug-19	2.60%
Sep-19	2.40%
Oct-19	2.10%
Nov-19	2.20%

## Retail Sales



Total Retail Sales Excluding Automotive Fuel

Figures based on weeks; every 3rd month is a 5-week month

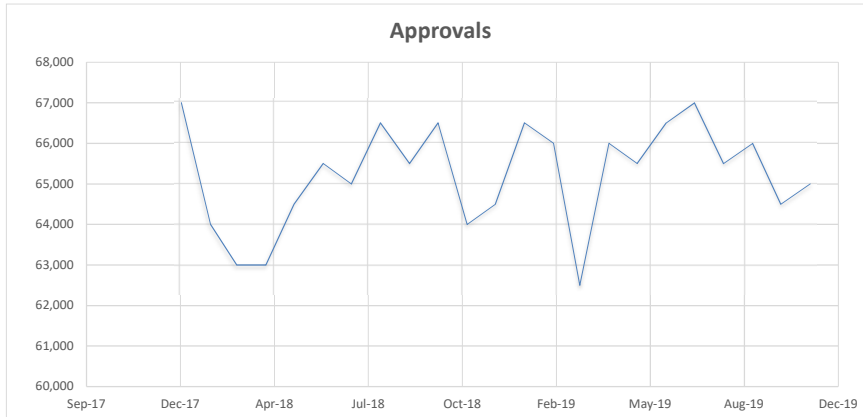
Source: Office of National Statistics

Month	£billion
Nov-17	28,971
Dec-17	35,649
Jan-18	28,515
Feb-18	28,657
Mar-18	35,719
Apr-18	28,998
May-18	29,466
Jun-18	36,689
Jul-18	29,697
Aug-18	29,897
Sep-18	37,147
Oct-18	29,596
Nov-18	30,045
Dec-18	36,984
Jan-19	30,054
Feb-19	30,138
Mar-19	38,113
Apr-19	30,282
May-19	30,253
Jun-19	38,236
Jul-19	30,662
Aug-19	30,726
Sep-19	38,454
Nov-19	30,622
Dec-19	30,464

Year-On-Year Change 0.419 billion  
1.40%



## Mortgage Approvals



Total number of mortgage approvals by banks in UK

Source: Bank of England

Month	Approvals
Jan-18	67,000
Feb-18	64,000
Mar-18	63,000
Apr-18	63,000
May-18	64,500
Jun-18	65,500
Jul-18	65,000
Aug-18	66,500
Sep-18	65,500
Oct-18	66,500
Nov-18	64,000
Dec-18	64,500
Jan-19	66,500
Feb-19	66,000
Mar-19	62,500
Apr-19	66,000
May-19	65,500
Jun-19	66,500
Jul-19	67,000
Aug-19	65,500
Sep-19	66,000
Oct-19	64,500
Nov-19	65,000
Dec-19	65,000
Last Month %	0.8%

## Unemployment

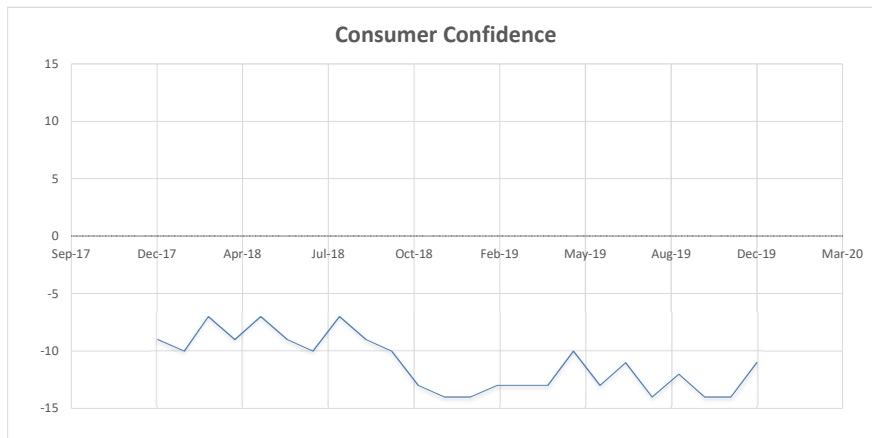


Unemployment as percentage of available workforce; figures relating to quarter ending in month shown

Source: Office of National Statistics

Month	Unemployment
Dec-17	4.40%
Jan-18	4.30%
Feb-18	4.20%
Mar-18	4.20%
Apr-18	4.20%
May-18	4.20%
Jun-18	4.00%
Jul-18	4.00%
Aug-18	4.00%
Sep-18	4.10%
Oct-18	4.10%
Nov-18	4.00%
Dec-18	4.00%
Jan-19	3.90%
Feb-19	3.90%
Mar-19	3.80%
Apr-19	3.80%
May-19	3.80%
Jun-19	3.90%
Jul-19	3.80%
Aug-19	3.90%
Sep-19	3.80%
Oct-19	3.80%

## Consumer Confidence



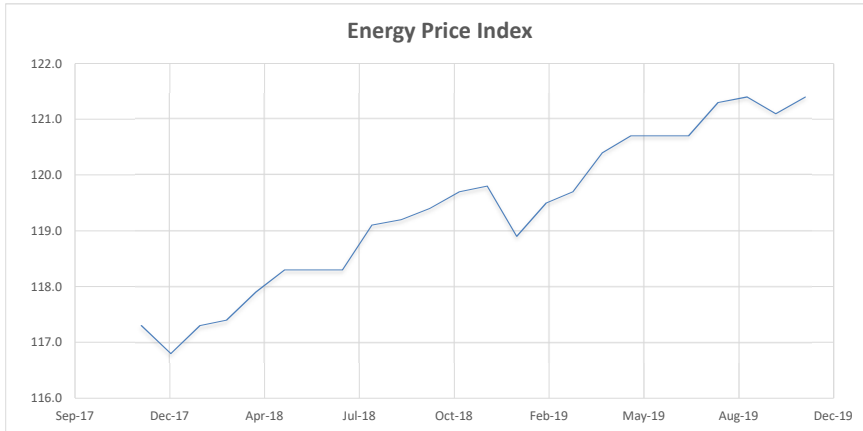
Survey of 2,000 consumers rating the relative level of past and future economic conditions including personal financial situation, climate for major purchases, overall economic situation and savings level.

Source: Trading Economics

Month	Value
Jan-18	-9
Feb-18	-10
Mar-18	-7
Apr-18	-9
May-18	-7
Jun-18	-9
Jul-18	-10
Aug-18	-7
Sep-18	-9
Oct-18	-10
Nov-18	-13
Dec-18	-14
Jan-19	-14
Feb-19	-13
Mar-19	-13
Apr-19	-13
May-19	-10
Jun-19	-13
Jul-19	-11
Aug-19	-14
Sep-19	-12
Oct-19	-14
Nov-19	-14
Dec-19	-11
Mar-20	-11
Last Month %	-21.4%



## Energy Prices

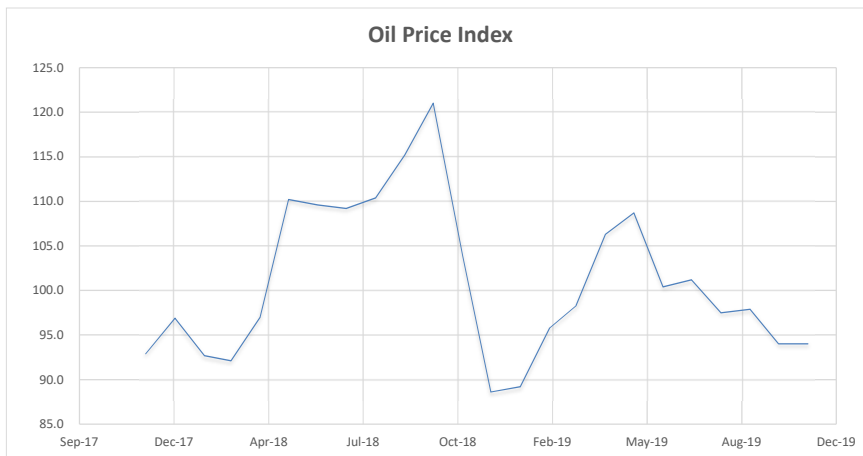


Based on starting index of 100 in 2010

Source: Office of National Statistics

Month	Price Index
Dec-17	117.3
Jan-18	116.8
Feb-18	117.3
Mar-18	117.4
Apr-18	117.9
May-18	118.3
Jun-18	118.3
Jul-18	118.3
Aug-18	119.1
Sep-18	119.2
Oct-18	119.4
Nov-18	119.7
Dec-18	119.8
Jan-19	118.9
Feb-19	119.5
Mar-19	119.7
Apr-19	120.4
May-19	120.7
Jun-19	120.7
Jul-19	120.7
Aug-19	121.3
Sep-19	121.4
Oct-19	121.1
Nov-19	121.4
Dec-19	121.4
Last Month %	0.2%

## Oil Prices

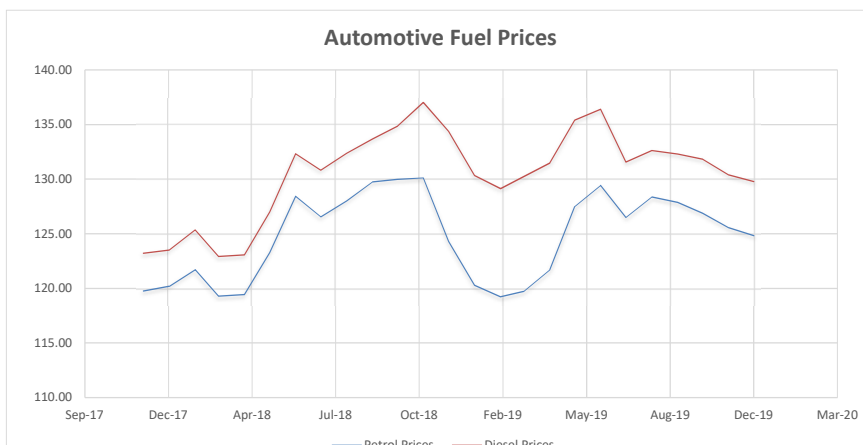


Crude Oil Price Index; 2010=100

Source: Office of National Statistics

Month	Oil Prices
Dec-17	92.9
Jan-18	96.9
Feb-18	92.7
Mar-18	92.1
Apr-18	97.0
May-18	110.2
Jun-18	109.6
Jul-18	109.2
Aug-18	110.4
Sep-18	115.2
Oct-18	121.0
Nov-18	103.9
Dec-18	88.6
Jan-19	89.2
Feb-19	95.8
Mar-19	98.3
Apr-19	106.3
May-19	108.7
Jun-19	100.4
Jul-19	101.2
Aug-19	97.5
Sep-19	97.9
Oct-19	94.0
Nov-19	94.0
Dec-19	94.0
Last Month %	0.0%

## Automotive Fuel Prices



Road fuel prices; pump price pence/litre  
First week of each month

Source: gov.co.uk

Month	Petrol Prices	Diesel Prices
Dec-17	119.75	123.21
Jan-18	120.19	123.51
Feb-18	121.73	125.36
Mar-18	119.29	122.92
Apr-18	119.43	123.05
May-18	123.27	126.99
Jun-18	128.43	132.34
Jul-18	126.54	130.83
Aug-18	128.02	132.39
Sep-18	129.76	133.67
Oct-18	129.98	134.86
Nov-18	130.11	137.03
Dec-18	124.30	134.38
Jan-19	120.27	130.33
Feb-19	119.23	129.13
Mar-19	119.72	130.25
Apr-19	121.70	131.48
May-19	127.50	135.41
Jun-19	129.41	136.39
Jul-19	126.49	131.55
Aug-19	128.37	132.61
Sep-19	127.86	132.29
Oct-19	126.87	131.82
Nov-19	125.56	130.38
Dec-19	124.81	129.79
Last Month %	-0.6%	-0.5%



## Forecasts

### Summary

Economic forecasting is notoriously difficult and often depends on the mindset of the forecaster. However we have included some highlights below from the most recent quarterly Bank of England Inflation Report which provides a comprehensive analysis from many sources including their own.

The following charts are re-produced from Bank Of England Monetary Policy Report, November 2019.  
<https://www.bankofengland.co.uk/monetary-policy-report/2019/november-2019>

### Forecast Interest Rates

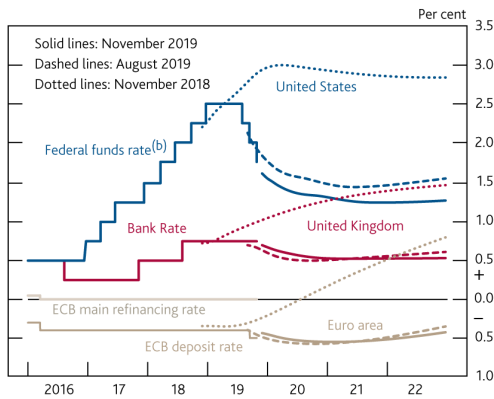
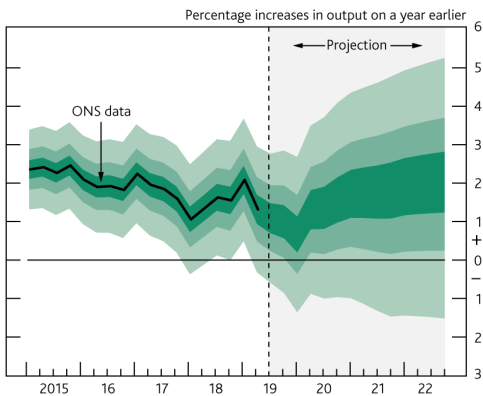


Chart shows latest forecast using solid line. UK interest rates are expected to fall to 0.5 in 2020, however later in the year than the forecast in last quarter's report. The BoE now expects to keep the base rate stable over the next 2 years.

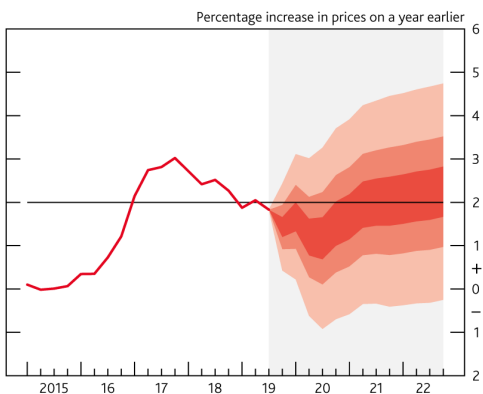
Sources: Bank of England, Bloomberg, European Central Bank (ECB) and Federal Reserve (ref 1.3p7)

### Forecast GDP



The fan chart shows highest probability in the central, darkest band. The chart does not include the data for 2019 Q3 - 0.7%. Despite a prediction of close to no growth for the end of 2019, GDP is expected to stabilise after Q4 of 2020 to between 1.25 - 2.75% growth. This is notably lower 0.5% in range than last quarter's forecast.

### Forecast Inflation (CPI)



The fan chart shows highest probability in the central, darkest band. The Government's 2% target is shown as a horizontal line. Inflation is expected to continue to slow in 2020 and remain below the target rate. The lowest forecast point is roughly 1.25% with the rate not expected to return to the 2% target until the end of 2021.