

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

COPY NO 56

E(80) 108
30 September 1980

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 Le CHEMINANT
D J L MOORE

Cabinet Office
30 September 1980

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

124

125/1

FINANCE

Although £M3 increased by about 3 per cent in banking August, this was again affected by the removal of the corset. The underlying rate of increase is estimated to have been about 1-2 per cent in both July and August. The other monetary aggregates increased more slowly than £M3 ; M1 by only $\frac{1}{4}$ per cent.

The CGBR in July and August was £2.4bn not seasonally adjusted.

Nominal interest rates eased a little but the effective exchange rate after some fluctuations rose in late September to its highest level for five years.

EARNINGS AND PRICES

The trend increase in average earnings has fallen back to a little under $1\frac{1}{2}$ per cent a month due mainly to a reduction in overtime and an increase in short time working; the level of settlements entering the earnings index remains broadly unchanged.

The inflation rate has eased. Output prices and retail prices are now rising at less than 1 per cent a month, and the rate of increase in wholesale input prices is almost zero.

ACTIVITY AND UNEMPLOYMENT

Industrial production continues to fall; GDP may have fallen by about 1 per cent in the third quarter.

Unemployment which has been rising for twelve months increased again in September. The number of vacancies is still falling.

The latest movements of the cyclical indicators suggest that, if past relationships hold, a trough in activity (but not a peak in unemployment) may be reached in late 1980 or early 1981.

BALANCE OF PAYMENTS

The visible balance continues to be in surplus by about £0.1bn ; with invisibles also in surplus the balance in current account remains about £0.2bn a month.

109

110

111

112

113

114

115

116

117

118

119

120

121

122

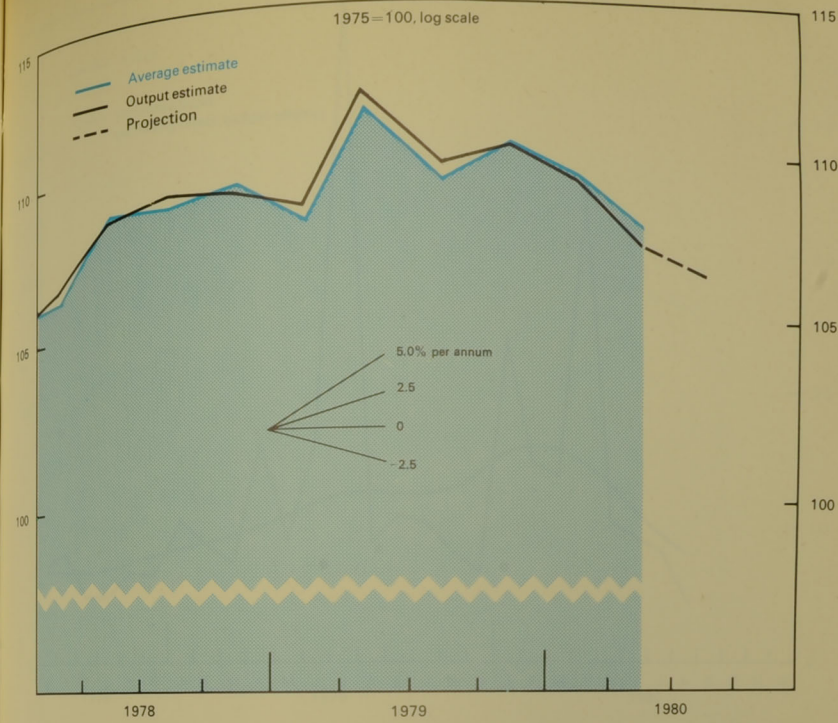
123

124

CONFIDENTIAL

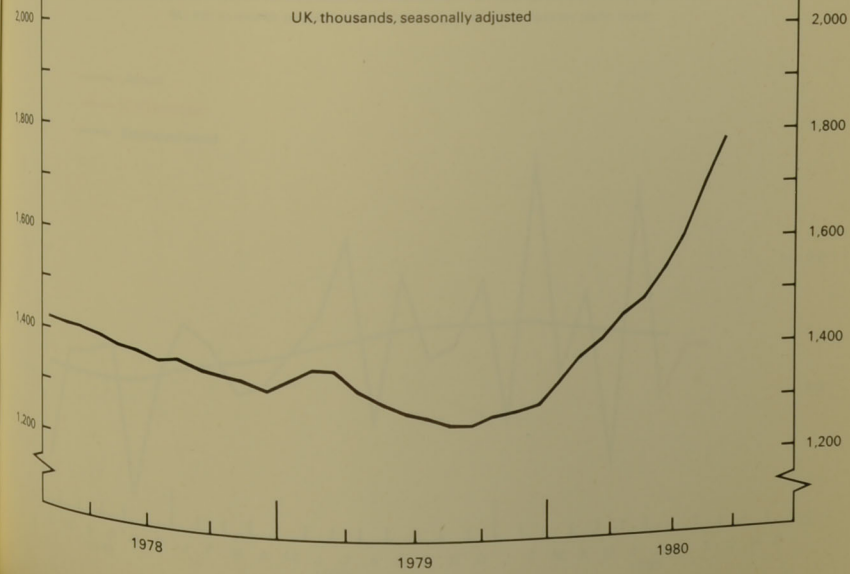
Gross domestic product

CHART 1



Unemployed (excluding school leavers)

CHART 2



CONFIDENTIAL

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

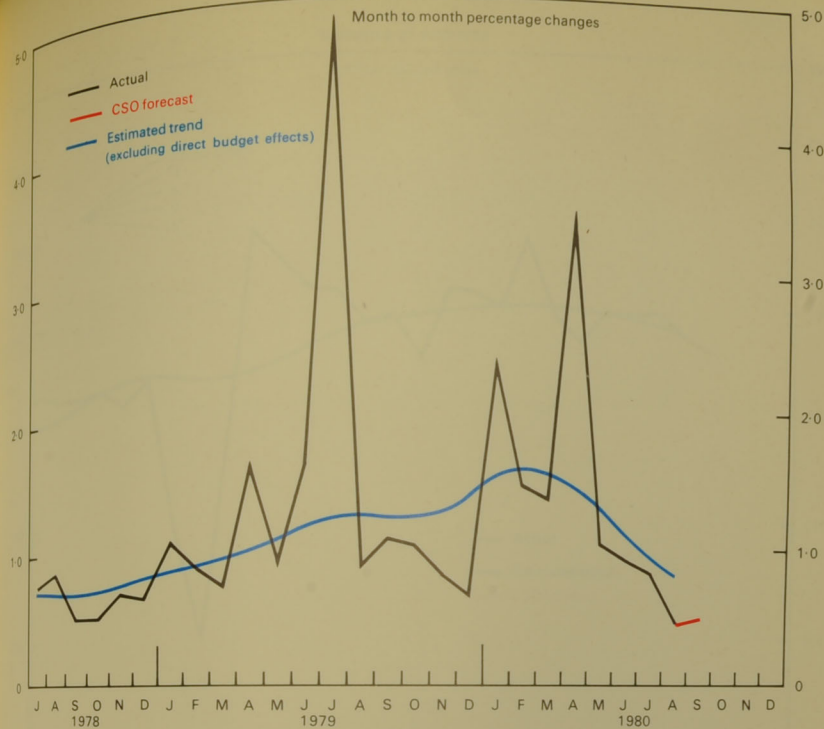
124

144

Rate of increase in retail prices

CHART 3

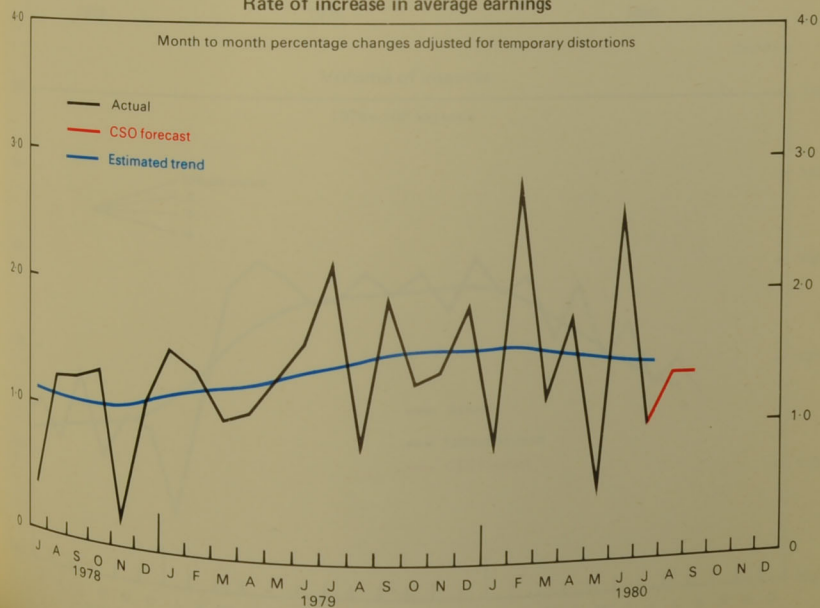
All items other than seasonal food



Rate of increase in average earnings

CHART 4

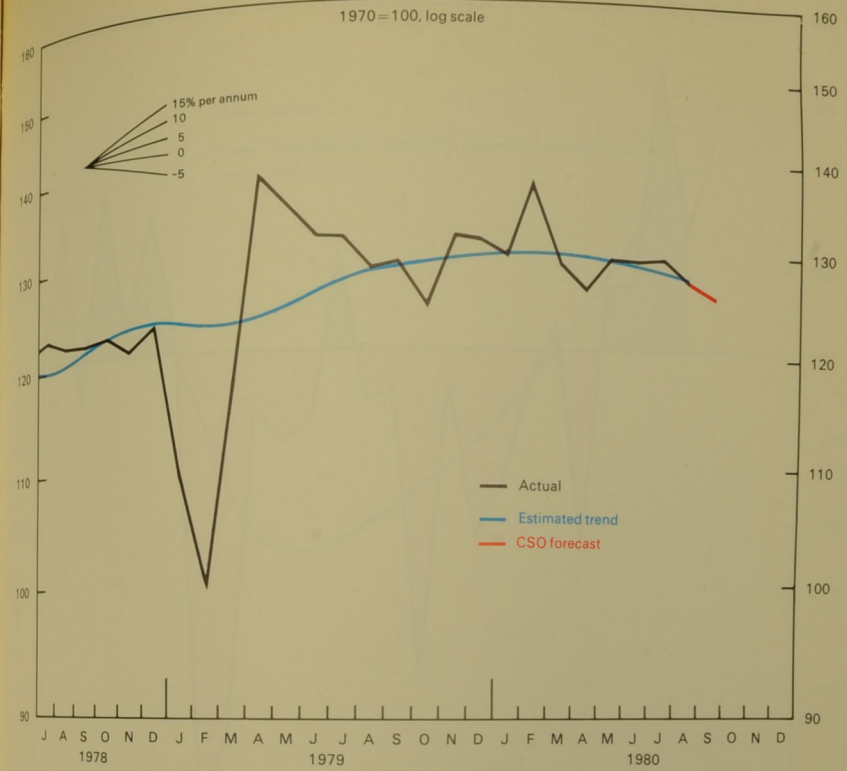
Month to month percentage changes adjusted for temporary distortions



- 109
- 110
- 111
- 112
- 113
- 114
- 115
- 116
- 117
- 118
- 119
- 120
- 121
- 122
- 123
- 124

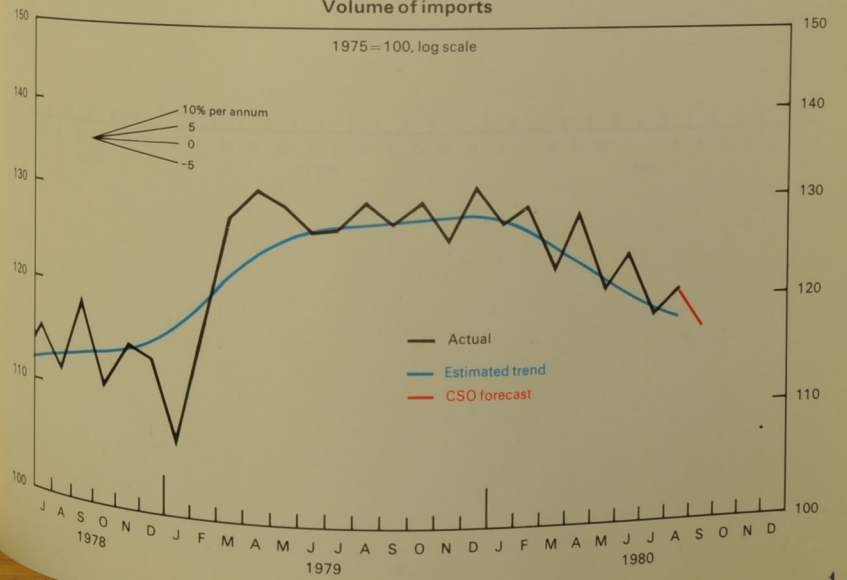
Volume of exports

CHART 5



Volume of imports

CHART 6



109

110

111

112

113

114

115

116

117

118

119

120

121

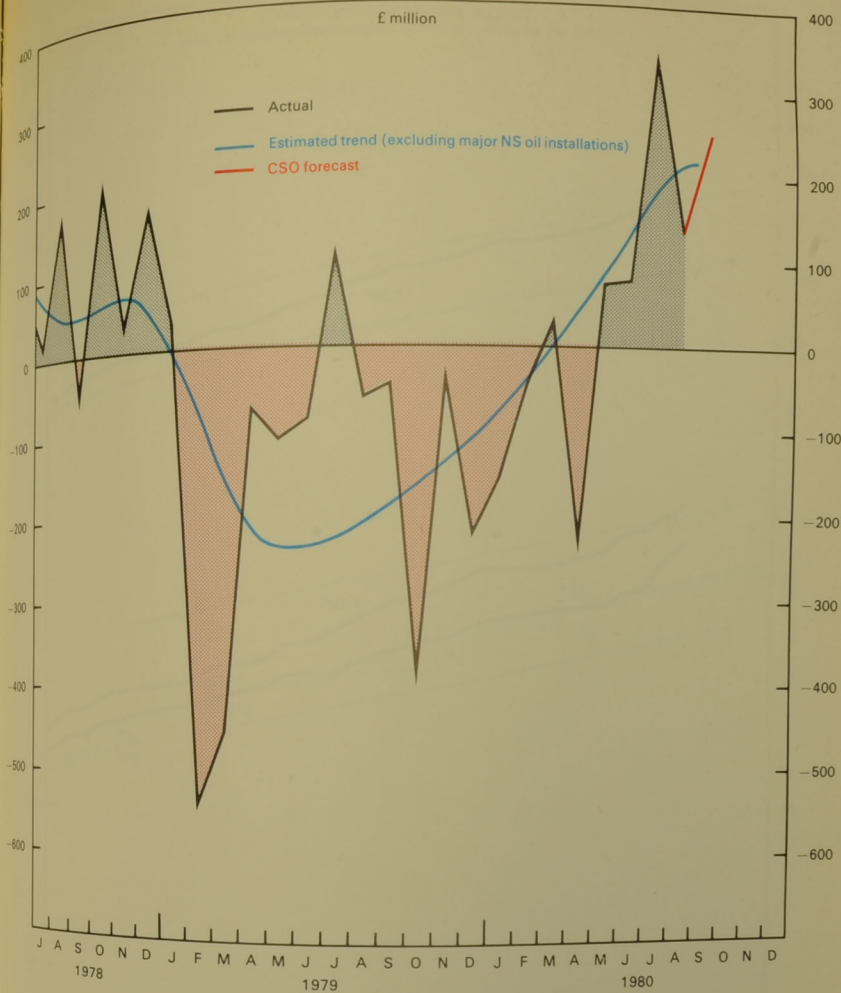
122

123

124

Current balance

CHART 7



109

110

111

112

113

114

115

116

117

118

119

120

121

122

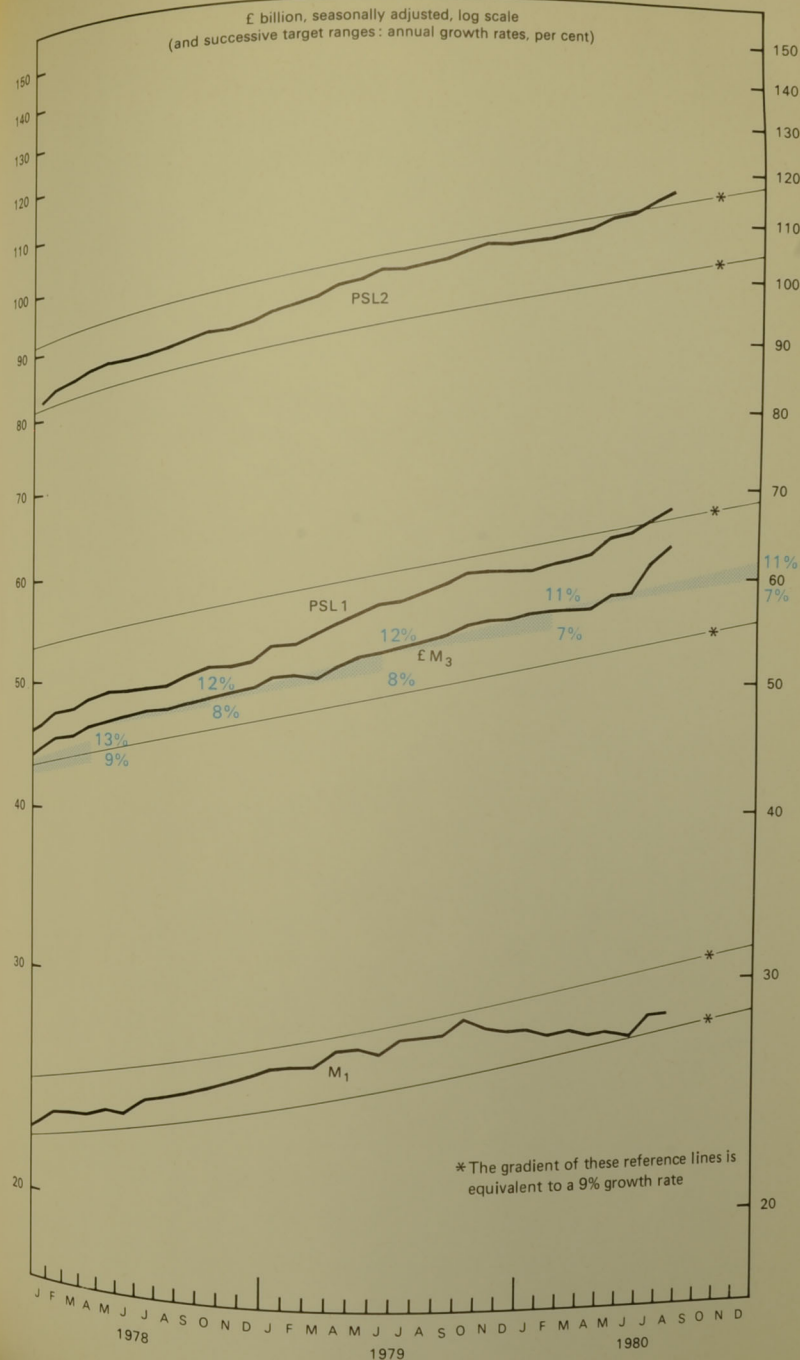
123

124

Monetary aggregates

CHART 8

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



- 109
- 110
- 111
- 112
- 113
- 114
- 115
- 116
- 117
- 118
- 119
- 120
- 121
- 122
- 123
- 124