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29 April 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. The Bank has rolled forward to mid-May its special measures to ease short term pressure on interest rates arising from liquidity shortages.

The latest provisional estimate for GDP in 1979/80 is rather higher than the Budget estimate.

Signed ROBERT ARMSTRONG
P Le CHEMINANT
D J L MOORE

EARNINGS AND PRICES

Retail prices continue to rise at about 1½ per cent a month and the trend increase in average earnings is marginally higher. Wholesale input prices now seem to be rising at about the same rate mainly due to crude oil prices.

BALANCE OF PAYMENTS

Cabinet Office

29 April 1980

deficit on visible trade remains at about 20.2 billion per month, the current balance of payments just a little lower.

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MONTHLY ECONOMIC BRIEF

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Prepared by CSO on 25 April 1980

FINANCE

Growth in £M3 has slowed somewhat in recent months (as it has in the other monetary aggregates). Over the whole period since mid-June it was just over 11 per cent (annual rate), the top of the previous target range; over the period since October it has been at the centre of the target range; and in banking March it was about $\frac{1}{2}$ per cent compared with about 1 per cent in February.

Interest rates have eased a little here and abroad but remain high; 3-month rates in the United Kingdom are about $17\frac{1}{4}$ per cent. The Bank has rolled forward to mid-May its special measures to ease short term pressure on interest rates arising from liquidity shortages.

The latest provisional estimate for PSBR in 1979/80 is rather higher than the Budget estimate.

EARNINGS AND PRICES

Retail prices continue to rise at about $1\frac{1}{2}$ per cent a month and the trend increase in average earnings is marginally higher. Wholesale input prices now seem to be rising at about the same rate mainly due to crude oil prices.

BALANCE OF PAYMENTS

The underlying deficit on visible trade remains at about £0.2 billion per month, the current balance of payments just a little lower.

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ACTIVITY AND UNEMPLOYMENT

The trend of output in the first quarter is still assessed as flat. A recorded fall of about 1 per cent is expected but this was due directly to the absence of BSC steel.

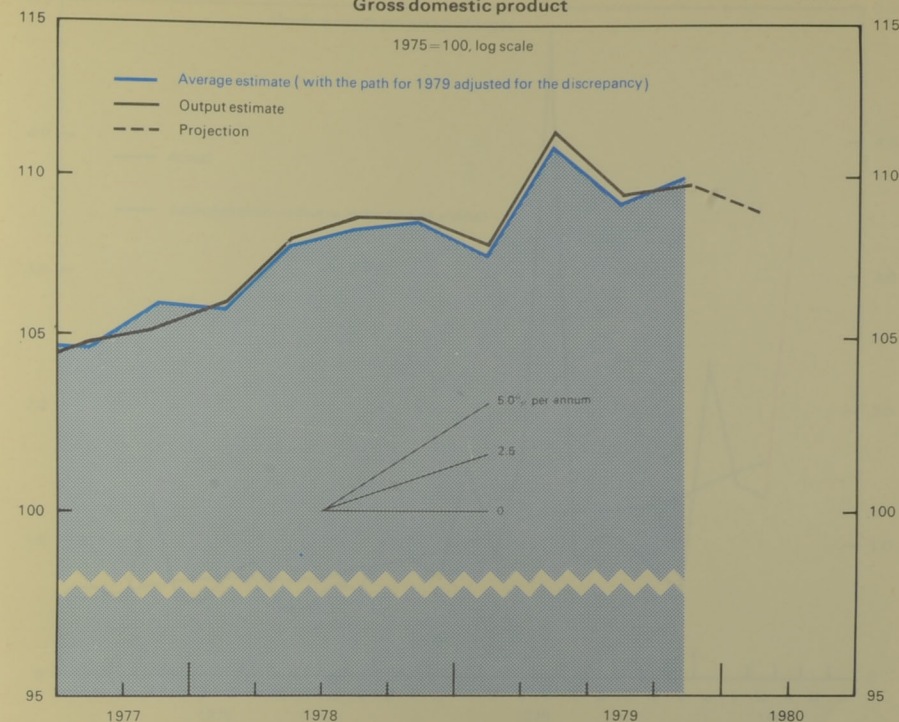
Consumers' expenditure is estimated to have increased strongly in the first quarter but stockbuilding to have fallen significantly compared with the fourth quarter of 1979.

The strong upward trend in unemployment continued in April. Vacancies fell yet again.

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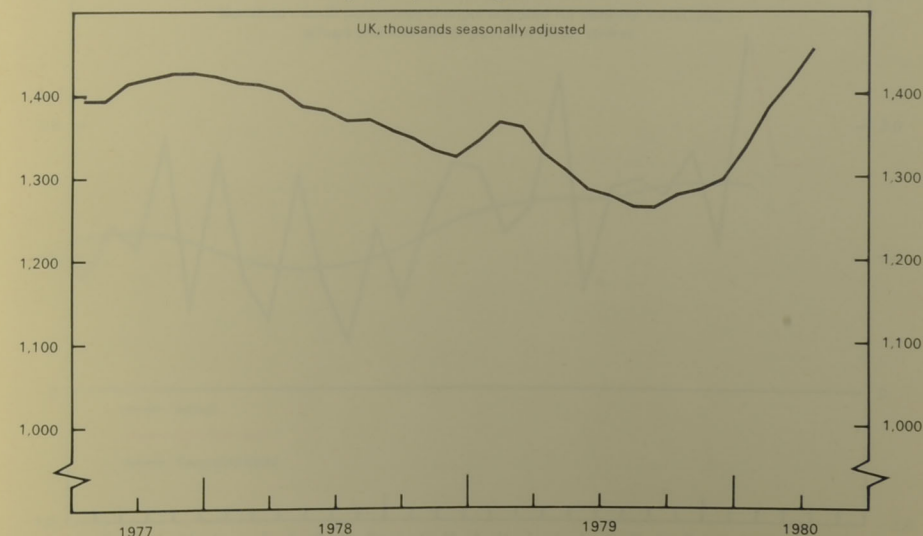
Gross domestic product

CHART 1



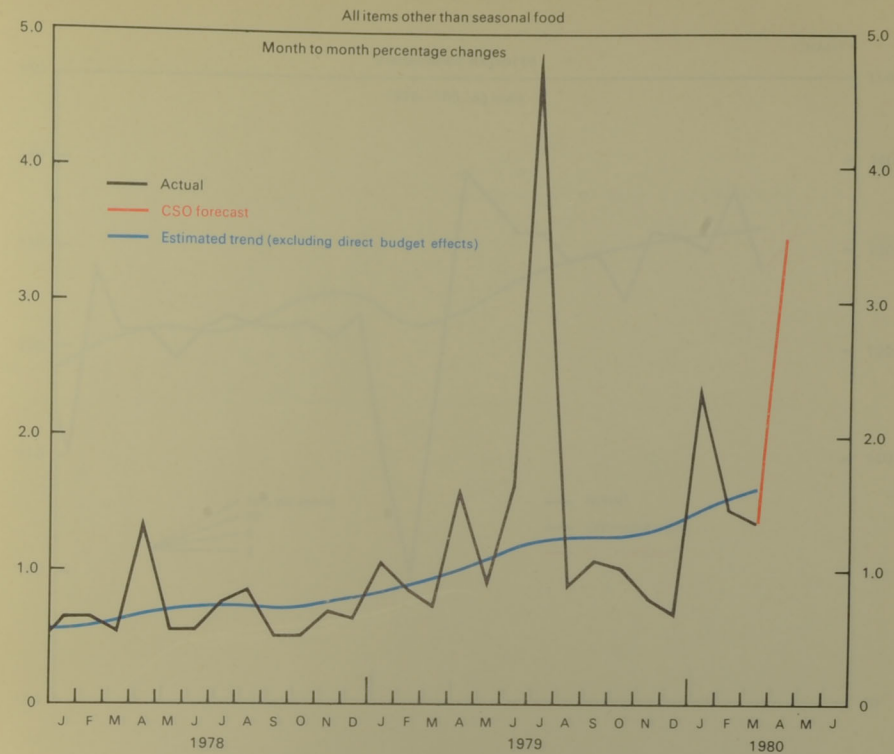
Unemployed (excluding school leavers)

CHART 2



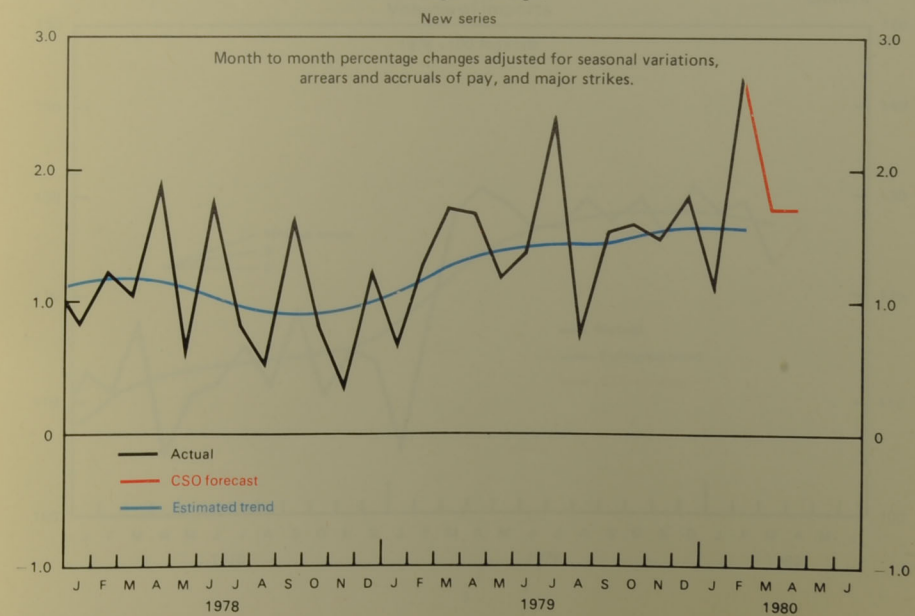
Retail prices

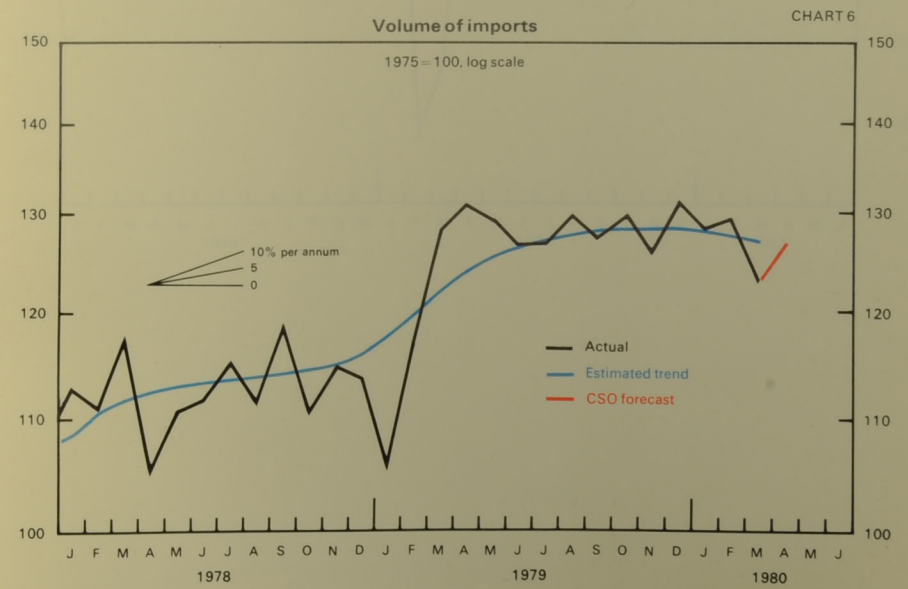
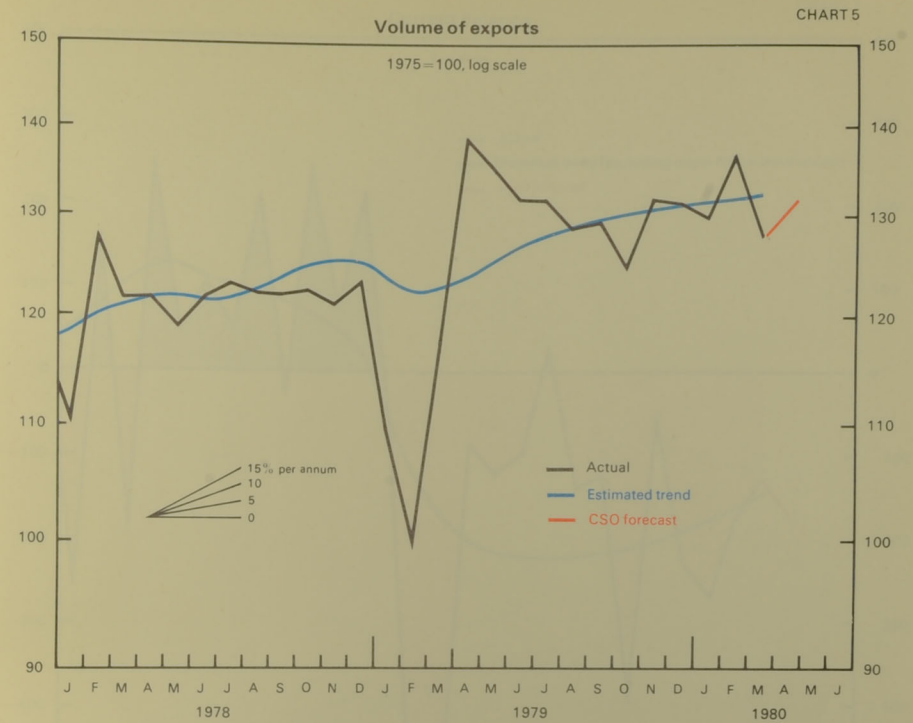
CHART 3

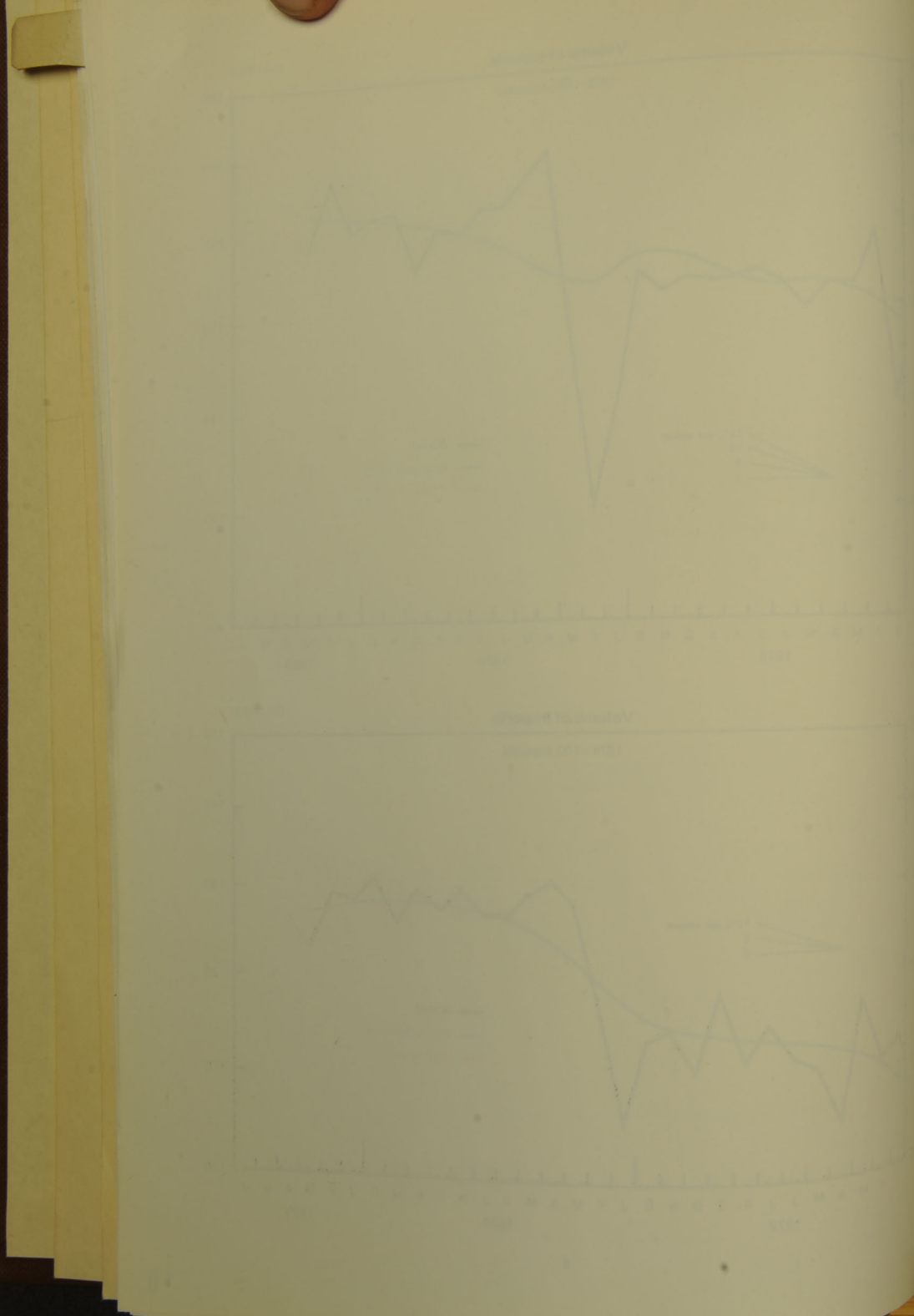


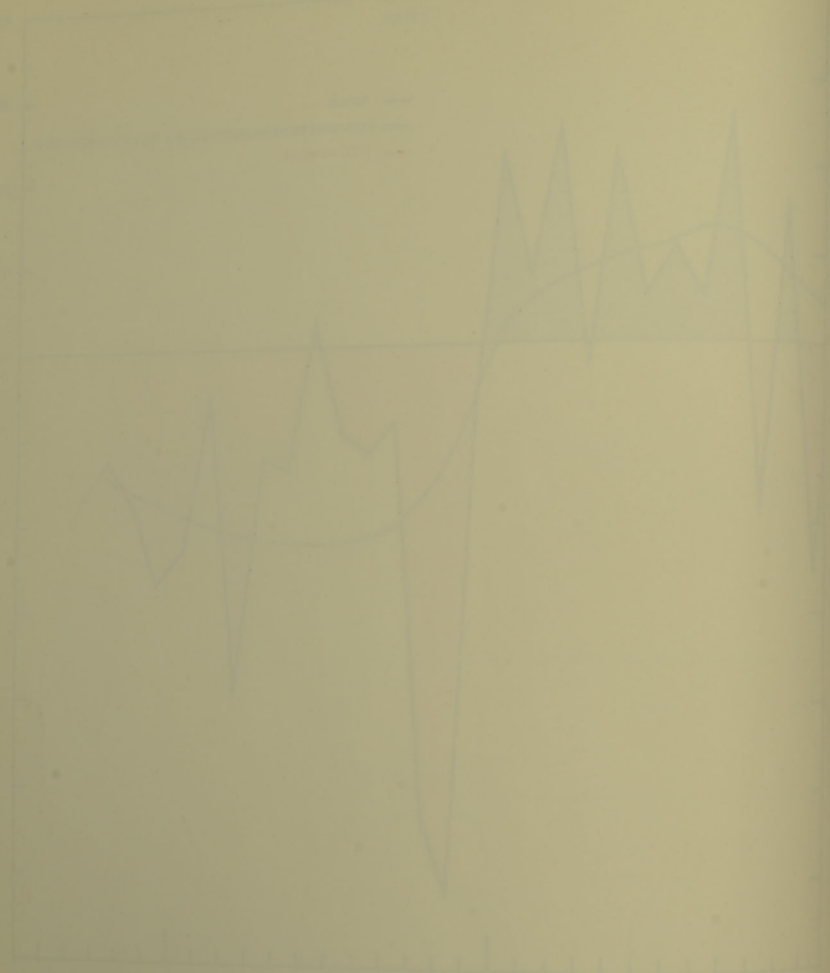
Average earnings,

CHART 4









Monetary aggregates

CHART 8

