



Economic Indicators – October 2006

Economic Growth

In September 2006, the HM Treasury's average of independent forecasts of GDP growth in 2006 was 2.6%, compared with a 2.5% forecast in August 2006. The average growth forecast for 2007 remains at 2.4%.

Eurozone growth in the first quarter of 2006 rose to 0.7% compared with 0.4% in the previous quarter.

Investment

Total business investment increased by 1.6% in the second quarter of 2006 compared with the previous quarter.

Total manufacturing investment fell by 6.4% in the second quarter of 2006 compared with the previous quarter. Investment in private sector services increased by 2.9%, on a seasonally adjusted basis.

Productivity

Productivity growth in manufacturing increased from 2.7% per annum in the first quarter of 2006 to 3.5% in the second quarter.

For the whole economy, productivity growth has averaged 1.5% per annum over the last eight quarters.

Regional Labour Market

The number of workforce jobs increased by 65,000 between March and June 2006 and was 248,000 higher than a year earlier. Over the year to June 2006, the number of production industry workforce jobs fell by 47,000. The number of service sector jobs rose by 265,000.

7.3 million people were in part time employment in the period May to July 2006, of whom 5.7 million were women.

International Labour Market

Most recent forecasts suggest the UK unemployment rate will be 5.3% in 2006 and 5.2% in 2007. The respective forecasts for the Eurozone are 8.2% and 7.9%.

Company Acquisitions

Expenditure on acquisitions in the UK by foreign companies decreased from £24.1 billion in the first quarter of 2006 to £18.1 billion in the second quarter.

The most significant transaction was the acquisition by the Ferrovial Consortium of BAA plc for a reported £10.1 billion.

Expenditure on acquisitions abroad by UK companies decreased from £7.4 billion in the first quarter of 2006 to £2.9 billion in the second quarter.

UK Overseas Trade

In July 2006 the total value of UK goods exports was £19.7 billion and the total value of goods imports was £26.0 billion. This resulted in an estimated deficit on goods trade of £6.3 billion, unchanged from the previous month.

In the same month the UK's monthly surplus in services was £2.6 billion.