

Economic Indicators – February 2006

Economic Growth

Preliminary estimates from the Office of National Statistics (ONS) show that Gross Domestic Product (GDP) growth stood at 1.8% in 2005, compared with 3.2% in 2004.

Bank of England figures showed that in December 05, the annual growth rate of consumer credit fell to 9.3% a year (lowest rate since July 2004).

Labour Market

The employment rate fell to 74.5% in the three months to November 2005 (the lowest rate since February 2003), while the unemployment rate increased to 5% (the highest rate since October 2003). The number of people claiming Jobseeker's Allowance also increased for the 11th month in a row to 909,110, in December 05.

Average Earnings

The headline rate of growth in average earnings for the whole economy in November 2005 was 3.4%, down from 3.6% in the previous month. Despite the overall decline average earnings growth in manufacturing increased to 4.5% from 3.4% in the same period, whilst the public sector headline rate remained static at 4.1%.

Across the whole economy earnings are growing at a slower rate than they were a year ago.

Trade

The UK's good trade deficit grew to its highest level since records began at £6.9 billion in November 2005, up from £5.1 billion in October 2005. These levels are in part driven by the UK being a net importer of oil.

Interest Rate

At their January meeting the members of the Monetary Policy Committee (MPC) voted 8 to 1 to keep the base rate at 4.5%.

The next date for a revision of this rate is the 9th February 2006.

With regard to this decision it is important to note that the Government's measure of inflation, the Consumer Price Index (CPI), fell for the third month in a row to 2.0% (the Bank of England's target figure).

For detailed information on the implications of an interest rate cut click [here](#).