



## **Economic Indicators – July 2006**

### **Economic Growth**

The current average of independent economic forecasts used by HM Treasury puts growth in GDP for 2006 at 2.3% and for 2007 at 2.5%.

These forecasts put UK economic growth ahead of the Eurozone in 2006 (2.2%) and Japan by 2007 (2.2%).

For an explanation of GDP [click here](#)

### **Investment**

Total business investment increased by 1.7% in the first quarter of 2006 compared with the previous quarter.

Total manufacturing investment increased by 5.0% in the first quarter of 2006 compared with the previous quarter.

### **Productivity**

Productivity growth in manufacturing increased from 1.2% per annum in the fourth quarter of 2005 to 3.2% per annum in the first quarter of 2006.

For the whole economy productivity growth has averaged 1.6% per annum over the last eight quarters.

### **Regional Labour Market**

Over the period February to April 2006 the London region had the highest unemployment rate at 7.6%. Over the same period the lowest rate was in the South West region at 3.8%. From the same period a year earlier the only fall in unemployment occurred in Scotland (by 5%).

For an explanation of the importance of employment in manufacturing [click here](#)

## **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 increased from £15.5 billion in the 4<sup>th</sup> quarter of 2005 to £19.4 billion in the first quarter of 2006. A total of 34 UK companies have been acquired in the 1<sup>st</sup> quarter compared with a total of 242 in 2005 and 178 in 2004.

## **UK Overseas Trade**

In 2005 the current account deficit with EU25 countries was £32.2 billion, compared with a surplus with non-EU countries of £5.7 billion. On a quarterly basis the deficit with EU countries was £7.8 billion in the first quarter of 2006, compared with £8.3 billion in the fourth quarter of 2005.

Next Update – October 2006