ARBUTHNOT BANKING GROUP PLC

PERSPECTIVES

By Ruth Lea, Economic Adviser to the Arbuthnot Banking Group

Ruth Lea
Economic Adviser
Arbuthnot Banking Group
ruthlea@arbuthnot.co.uk
07800 608 674

This week's announcement on easing lockdown crucially important, as record borrowing continues and retail sales slump

22nd February 2021

Introduction: next week's announcement on a roadmap for easing lockdown

The Prime Minister is due to make a major announcement on 22 February on a roadmap outlining the various stages for easing lockdown restrictions, which are continuing to severely undermine activity. The roadmap is expected to begin with the reopening of schools (March), followed by the reopening of non-essential shops (which may be closed until April) and pubs and restaurants (which may be closed until May).[1] Suffice to say, it is of crucial significance for the economy, which is expected to experience a "double-dip" fall in GDP in 2021Q1 (and see below, for January's slump in retail sales). There is also expected to be a statement from the Chancellor next week, covering a Covid recovery plan.[2] This plan, released ahead of the Budget, reportedly will include a medium-term strategy for how the UK will boost investment and skills.

The Budget is planned for 3 March 2021. Needless to say, there has already been much speculation about the possible policies to be announced in the Budget, not least of all the possible extensions of the business rates holiday for the retail, hospitality and leisure sectors, and the furlough scheme (see annex table 1 on key time-limited support policies).[3]

Even though the Budget will be previewed in next week's Perspective, the main points of the IFS's recent pre-Budget analysis (with Citi Research) are worth noting at this stage.[4] The IFS's overall conclusions were:

- The Budget needed to announce well-targeted extensions in emergency support to households and employers over coming months. It also needed to set out a plan for phasing them out. The economy cannot adjust and recover until most of this support has been removed. The Chancellor also needed to set out plans for how to help the economy recover and adjust to a "new normal".
- The public finances were not on a sustainable footing. Sizeable net tax rises will be needed at some point. But substantial tax rises should not be part of the coming Budget. Under the "central Citi scenario" public sector net borrowing would still be running at around £130bn in four years' time (FY2024).

- The IFS noted that the Chancellor has said that he wanted to "balance the books", but the Government had also highlighted the "end to austerity" for public spending. This suggested sizeable net tax rises would, at some point, be needed. Under the "central Citi scenario" for the economy (and assuming that the £12bn cut to spending plans was not delivered), the IFS estimated that tax rises of around £60bn could plausibly be required to ensure that government revenues covered day-to-day spending.

We will return to the IFS's analysis after the Budget.

Major data releases: public borrowing continues at record levels…

In the meantime, there were some major data releases last week, which have provided useful economic intelligence prior to the Budget (see annex table 2, data tracker). Concerning the public finances, the ONS estimated that public sector net borrowing (PSNB-ex, excluding public sector banks) in January 2021 was £8.8bn, compared with negative £10.4bn in January 2020. £8.8bn was the highest January since current records began in January 1993 and the first January deficit for 10 years.[5]

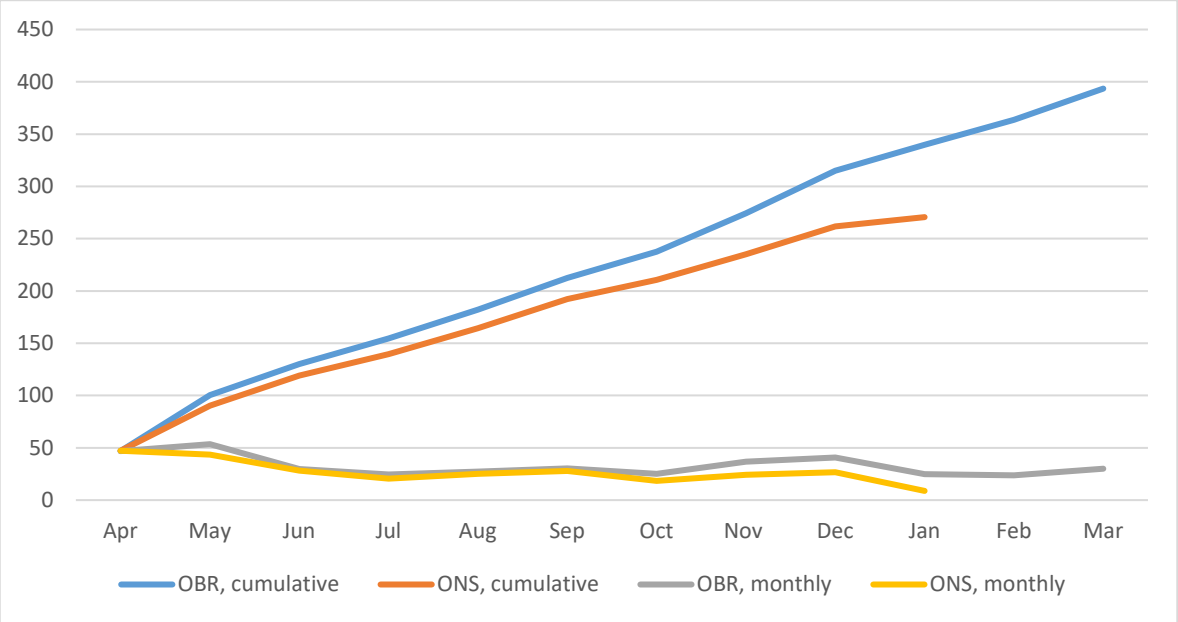
Public sector borrowing is broadly accounted for by the activities of central government. Central government net borrowing (CGNB) was £11.4bn in January 2021, compared with negative £5.2bn in January 2020. There was a relatively modest fall in CG receipts (YOY), but CG current spending was very significantly higher.

Specifically, CG tax receipts were £63.2bn in January 2021, just £0.8bn less than in January 2020, but there were notable falls in taxes on production such as Value Added Tax (VAT) and Business Rates. Self-assessed Income Tax receipts were £16.8bn in January 2021, £1.4bn more than in January 2020. But the ONS warned that, in the light of the government's tax deferral policy, it was advisable to look at combined self-assessed Income Tax receipts across the whole financial year when drawing conclusions from year-on-year comparisons. Turning to spending, CG bodies spent £81.9bn on day-to-day activities (current expenditure) in January 2021, £19.7bn more than in January 2020. The January 2021 increase included £5.1bn additional expenditure on coronavirus job support schemes. In addition, CG net investment was £7.2bn in January 2021 compared with £5.4bn a year earlier.

The PSNB in the first ten months of FY2020 (April 2020-January 2021) was £270.6bn, compared with £48.1bn in the same period last year, the highest borrowing in any April-January period on record (records began in 1993). The ONS commented that the "…this substantial increase largely reflects the impact of the pandemic on the public finances, with the furlough schemes alone adding £70.7bn to borrowing in the financial year-to-January 2021".

Chart 1 shows the trajectory of the PSNB for the first ten months of FY2020 (April 2020-January 2021) for both the ONS outturns and the OBR projections for the whole of FY2020 (compatible with their November 2020 EFO forecasts). As can be seen, the ONS data have tended to undershoot the OBR's projections, meaning there is some leeway in the borrowing data for the remaining two months of FY2020. Indeed, if the OBR's projection of £393.5bn for FY2020 is to be "attained", total borrowing in February and March 2021 would have to be £122.9bn (393.5-270.6), over £60bn a month, which seems unlikely. It seems likely that borrowing for FY2020 will total around £40-50bn less than the OBR forecast in November, if not more. Incidentally, if borrowing in FY2020 does reach £393.5bn, this would be nearly 7 times the amount borrowed in FY2019, now estimated to be £57.1bn.

Chart 1 Public sector borrowing (£bn), OBR & ONS (cumulative & monthly), Apr 2020-Jan 2021



Sources: (i) *ONS*, "Public sector finances: January 2021, 19 February 2021; (ii) *OBR*, Economic and fiscal outlook", CP318, November 2020.

…and the public sector net debt/GDP ratio continues to rise

It could be argued that the Government's current fiscal rules, taken from the Conservative 2019 Manifesto to guide the March 2020 Budget, are somewhat academic, given the current crisis. Moreover, they were never actually legislated for. In any case, the Government was going to review the fiscal rules for the Autumn Budget but, as that Budget was postponed (now planned for 3 March 2021), the publication of the review was also postponed. The Manifesto stated "…we will not borrow to fund day-to-day spending but will invest thoughtfully and responsibly in infrastructure right across our country in order to increase productivity and wages. Our fiscal rules mean that public sector net investment will not average more than 3% of GDP, and that if debt interest reaches 6% of revenue, we will reassess our plans to keep debt under control. This means that debt will be lower at the end of the Parliament – rather than spiralling out of control under Labour." [6]

So, for the record, the "rules" were:

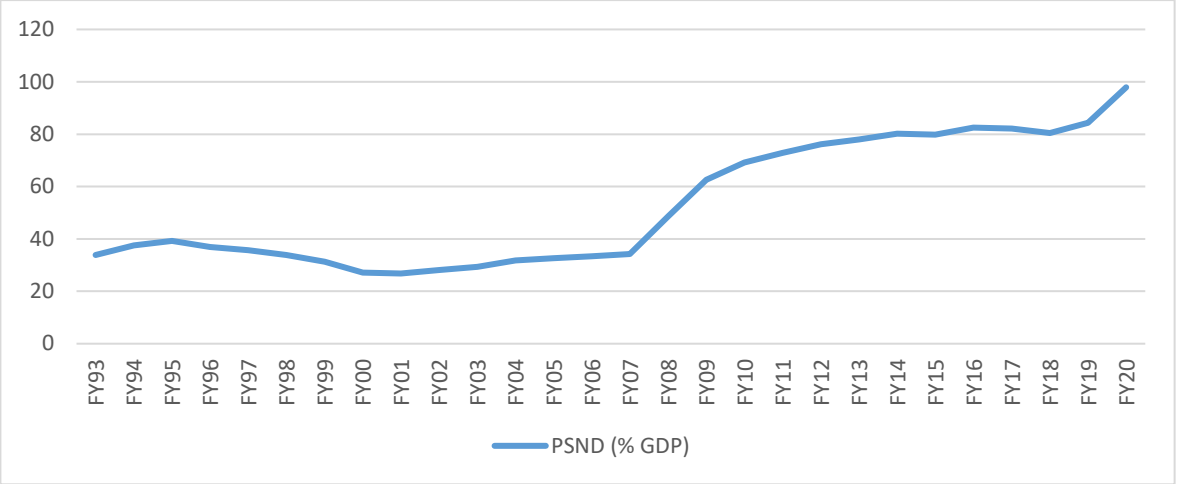
- Current budget rule: "…to have the current budget in balance no later than the third year of the rolling five-year forecast period", in other words by FY2022.
- Net investment rule: "…to limit public sector net investment to 3% of GDP on average over the rolling five-year forecast period".
- Debt-interest-to-revenue (DIR) rule: "…to reassess fiscal plans in the event of a pronounced rise in interest rates taking interest costs above 6% of government revenue".
- Finally, there was a de facto commitment to reduce debt as a share of national income over the current parliament.

Concerning the DIR rule, the debt-interest-to-revenue ratio was 2.2% in the rolling 12-months to January 2021, compared with 3.4% a year earlier, and well below the 6.0% target level.

The "old" supplementary target, which stated that public sector net debt (PSND) relative to nominal GDP should fall in FY2020, was dropped in March 2020. It is, however, still useful to keep an eye on this metric (as shown in chart 2). Public sector net debt (excluding public sector banks, PSND ex) at end-January 2021 was £2,114.6bn (97.9% of GDP) compared with £1,786.0bn (83.2%) at the same point last year. The ONS

commented that "…the extra funding required to support government coronavirus (COVID-19) support schemes combined with reduced cash receipts and a fall in gross domestic product (GDP) have all helped push PSND as a ratio of GDP to levels last seen in the early 1960s". Suffice to say, the supplementary target has been comprehensively broken in FY2020. The ONS has warned that their monthly GDP estimates for recent periods are based on official (OBR) projections and are subject to revision.[7-8]

Chart 2 PSND as % of GDP, FY1993-FY2020, end-March, except FY2020 (end-January)



Source*: ONS*, "Public sector finances: January 2021, 19 February 2021. Data for FY2020, end-January 2021, for all other FYs, end-March.

A modest pick-up in inflation in January…

There were modest increases in the main measures of consumer and producer prices inflation in January.

The Consumer Prices Index (CPI) YOY rate rose to 0.7% in January, compared with December's 0.6% and still well below the Bank's 2% target, whilst the CPIH inflation rate increased to 0.9% (YOY) in January, compared with December's 0.8% (YOY).[9] Concerning the change in annual CPIH inflation rate in January, furniture and household goods, restaurants and hotels, food, and transport made the largest upward contributions, whilst falling clothing and footwear prices had a downward effect. Turning to producer prices, the output producer prices index (PPI) was -0.2% (YOY) in January (-0.5% in December), whilst the input PPI was 1.3% (YOY) in January (0.6% in December).[10] Both these indices have benefited from the underlying weakness of oil prices over the past 12 months.

Going forward, however, it can be expected that inflation rates will pick up further. Oil prices have firmed and are likely to firm further through 2021. In sterling terms crude oil prices actually rose by 5.7% (MOM) in January, though were still 21.8% lower YOY.[11] The ending of the reduced VAT rate for hospitality (for the sale of food and non-alcoholic drinks), accommodation and "certain attractions" (see annex table 1) at end-March, will put upward pressure on the prices of these items. Thirdly, there is potentially significant pent-up consumer demand, as shown by the high households' saving ratio, which could trigger an element of "demand-pull" inflation, as we discussed in a recent Perspective.[12]

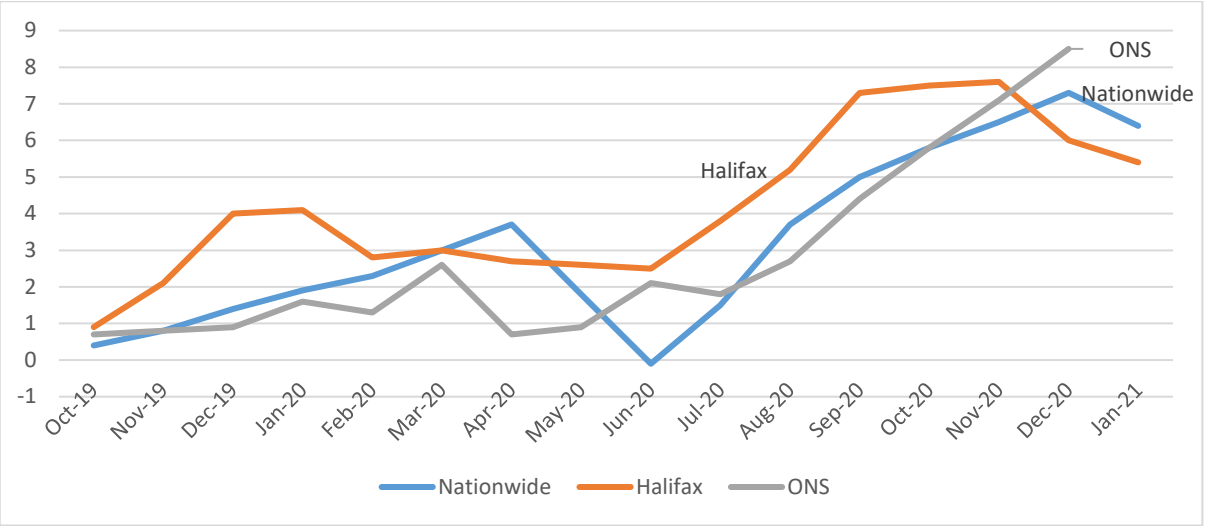
…and housing market was still buoyant in December

As we discussed in a recent Perspective, the housing market was still buoyant in December, but early estimates from the Nationwide and the Halifax had suggested that there was some cooling in January, ahead of the end of the stamp duty holiday at end-March (see annex table 1).[13]

The ONS data lag the Nationwide and the Halifax, and their latest outturns relate to December, when UK average house prices rose 8.5% (YOY), the highest annual growth rate since October 2014, compared with 7.1% in November (chart 3).[14-15] UK average house prices stood at a record high of £252,000 in December. The ONS commented "…over the past four years, there has been a general slowdown in UK house price growth, driven mainly by a slowdown in the south and east of England. The beginning of 2020 saw a pick-up in annual growth in the housing market before the coronavirus restrictions were put in place at the end of March 2020. Recent price increases may reflect a range of factors including pent-up demand, some possible changes in housing preferences since the pandemic and a response to the changes made to property transaction taxes across the nations".

The inflation rates for the UK's four countries in December were: England (8.5% YOY), Scotland (8.4% YOY), Wales (10.7% YOY) and Northern Ireland (5.3% (2020Q4, YOY)). In England, there was, as always, a significant range across the nine regions. The complete list of annual price changes was: North West (11.2%), East Midlands (10.6%), Yorkshire & Humberside (10.4%), South West (10.2%), West Midlands (9.4%), North East (9.2%), East (7.0%), South East (6.1%), and, lagging, London (3.5%).

Chart 3 House prices, annual inflation rate (%), October 2019-January 2021



Sources: (i) *Nationwide*, "Annual house price growth slows for first time in six months as end of stamp duty holiday approaches", 2 February 2021; (ii) *Halifax*, "House prices fall slightly in January, with early signs market could start to cool", 5 February 2021; (iii) *ONS*, "UK house prices index: December 2020", 17 February 2021.

Retail sales slumped in January…

Unsurprisingly, retail sales volumes fell sharply by 8.2% (MOM) in January 2021, as tighter nationwide coronavirus restrictions affected sales, and were 5.9% lower (YOY).[16] The ONS commented "…retail sales volumes were 5.5% lower than before the pandemic in February 2020 indicating that the impact of restrictions on the retail sector was not as large as that seen in April 2020 during the first full month of retail restrictions when sales fell by 22.2% when compared with levels before the pandemic". Such a slump will, of course, contribute to the expected fall in GDP for 2021Q1, which the Bank projects to be 4% (QOQ).[17]

All sectors saw a monthly decline in volume sales in January 2021 except for non-store retailers and food stores, who reported growth of 3.7% and 1.4% respectively when compared with December 2020. The proportion spent online soared to 35.2% in January 2021, the highest on record, compared with 29.6% in December 2020 and 19.5% reported in January 2020. All store types reported an increase in their proportion of online spending in January 2021 (MOM), with food stores reaching an historic high of 12.2% of sales conducted online.

…whilst output may have stabilised in February…

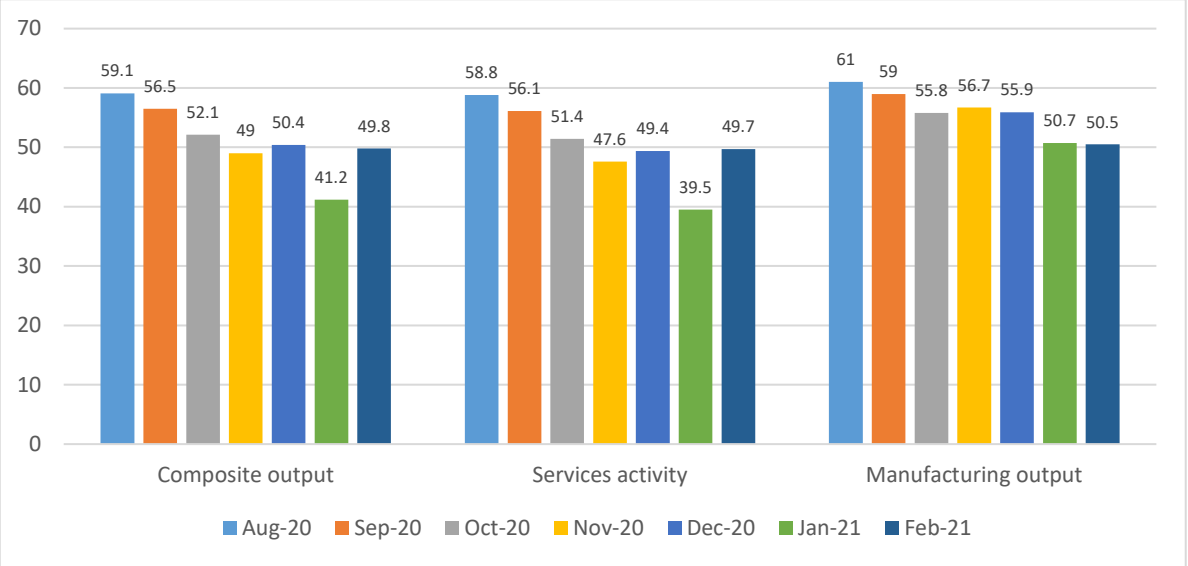
The Markit/CIPS flash UK Composite Output Index picked up to 49.8 in February, compared with January's 41.2 (final), around the neutral 50.0 threshold which suggests that output may have stabilised in February after the big drop in January (chart 4).[18] The improvement overwhelmingly reflected that near-stabilisation in service activity during the latest survey period.

Concerning the component indices:

- The Markit/CIPS flash UK Services Business Activity Index increased to 49.7 in February, compared with January's 39.5. Service sector activity remained severely impacted by the coronavirus pandemic in February, with output levels suppressed due to tight restrictions on travel, leisure and hospitality.
- The Manufacturing Output Index eased to 50.5 in February, from January's 50.7 (final). Manufacturing companies often cited severe supply chain disruptions as a factor holding back production volumes. This was attributed to international shipping delays, strong worldwide demand for raw materials and Brexit-related trade frictions. Moreover, some manufacturers commented on weaker sales volumes due to temporary closures among clients in the consumer services sector, especially hospitality businesses. Note, however, the wider manufacturing PMI firmed a little to 54.9 compared with January's 54.1. (The manufacturing PMI is a weighted average of new orders, output, employment, suppliers' delivery times, and stocks of purchases.)

Chris Williamson, Markit's Chief Busines Economist, noted "…although the data hint at a renewed contraction of the economy in 2021Q1, business expectations for the year ahead improved to the highest for almost seven years, suggesting the economy is poised for recovery".

Chart 4 UK Markit/CIPS indices, August 2020-February 2021



Sources: (i) *Markit/CIPS flash UK composite PMI*, "Service activity stabilises in February after sharp downturn at start of 2021. Worsening supply disruption holds back manufacturing growth", 19 February 2021; (ii) previous releases to January. The Composite Output Index is a weighted average of the Manufacturing Output Index and the UK Services Business Activity Index, which are comparable indices.

…and a mixed picture elsewhere

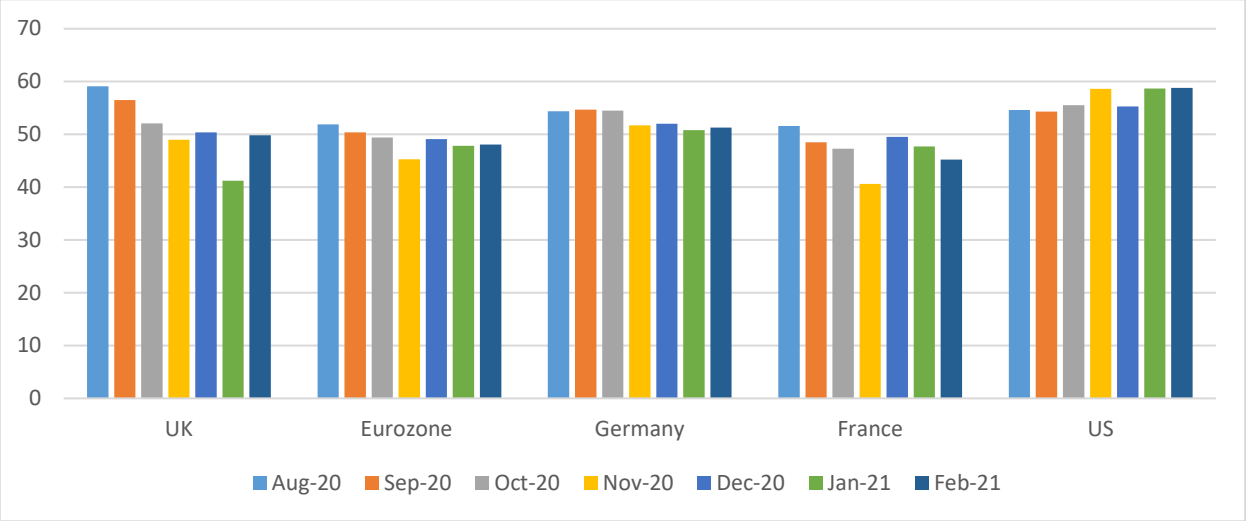
Concerning other major economies, Markit's latest flash composite output indices suggested a very marginal improvement in the Eurozone in February, with a further slump in the service sector as virus-related restrictions continued to affect many businesses. The service sector downturn was offset, however,

by faster manufacturing growth, led by Germany. Business expectations also improved to the highest for nearly three years as companies looked ahead to vaccine roll-outs allowing an easing of restrictions. The Eurozone business activity index was 48.1 in February (47.8 in January) as the fall in service sector activity intensified a tad to 44.7 (45.4 in January), whilst the manufacturing output index firmed to 57.5 (54.6 in January) (chart 5).[19] Markit commented "…ongoing COVID-19 lockdown measures dealt a further blow to the eurozone's service sector in February, adding to the likelihood of GDP falling again in 2021Q1."

Within the Eurozone, activity improved modestly in Germany (the Composite Output Index rose to 51.3 in February from 50.8 in January), but there was further divergence in the performances of the manufacturing and services sectors.[20] While coronavirus lockdown measures continued to weigh on activity across large parts of the services economy, factories saw strong and accelerated growth due in part to surging export orders. The positive manufacturing performance came despite a backdrop of increasing supply-side pressures. February saw record reports of delays in the delivery of inputs amid raw material shortages and squeezed transport capacity, as well an associated spike in costs. The French Index, however, weakened a tad to 45.2 in February (45.2 in January).[21] Even though manufacturers saw a modest expansion, service providers posted another decline in activity.

In contrast, the outlook in the US was altogether brighter. The Composite Output Index was 58.8 in February (barely changed from January's 58.7).[22] Businesses reported the strongest monthly expansion in output for almost six years in February, spurred by accelerating service sector activity and sustained robust growth of manufacturing output. Markit commented "…the data add to signs that the economy is enjoying a strong 2021Q1, buoyed by additional stimulus and the partial reopening of the economy as virus related restrictions were eased on average across the country. Business sentiment remains buoyant, boosted by hopes of further stimulus and the vaccine roll out, but it's disappointing to see this not yet translate into stronger jobs growth".

Chart 5 Markit PMI Composite Output Index, selected countries, for August 2020-February 2021



Sources include: (i) *Markit flash Eurozone PMI, "*Eurozone service sector weakening cushioned by manufacturing gains", 19 February 2021; (ii) *Market flash US Composite PMI*, "Price gauges hit record highs as businesses report fastest growth for almost six years", 19 February 2021.

Brexit footnote

As we reported recently, UK-EU talks on financial services began in early January, following on the UK-EU Trade and Cooperation Agreement (TCA) which noted "…the Parties [UK, EU] will discuss how we move forward on specific equivalence determinations".[23] The aim of the negotiations is to draw up a, non-binding, Memorandum of Understanding (MoU) on future cooperation in financial services by March 2021. Also in early January, Bank of England Governor Andrew Bailey, in evidence to the Treasury Select

Committee, said that the UK must not become a "rule-taker" for EU regulations and must maintain open financial markets.[24]

The Bank Governor enlarged on the issue of equivalence and the UK-EU relationship on 10 February 2021.[25] In this important speech he said:

- "As is well known, the post-Brexit equivalence process between the UK and EU has not been straightforward. It is, of course, two distinct processes. One for the UK to recognise the EU as equivalent to the UK, and one for vice versa. The UK has granted equivalence to the EU in some areas, but the EU has not done likewise to the UK. In a few areas (involving central clearing and settlement) there has been agreement by the EU to extend temporary equivalence to the UK".
- "It would be reasonable to think that a common framework of global standards combined with the common basis of the rules (since the UK transposed EU rules from the outset) would be enough to base equivalence on global standards. Less than this was enough when Canada, the US, Australia, Hong Kong and Brazil were all deemed equivalent. Continuing with the example of central clearing, the EU has recently made the US SEC [Securities and Exchange Commission] equivalent for Central counterparty clearing houses (CCPs), subject to certain conditions. These conditions are already met by UK CCPs as they are a legal requirement in the on-shored legislation, but [the EU's agreement on] equivalence beyond the temporary extension remains uncertain". In response to a question after the speech the Governor said "Is the EU going to cut the UK off from itself? There are signs of the intention to do so at the moment".[26-27]
- "The EU has argued it must better understand how the UK intends to amend or alter the rules going forwards. This is a standard that the EU holds no other country to and would, I suspect, not agree to be held to itself."
- [Though the UK is looking at changing some rules] "…none of this means that the UK should or will create a low regulation, high risk, anything goes financial centre and system. That said, I believe we have a very bright future competing in global financial markets underpinned by strong and effective common global regulatory standards".

References

1. Ruth Lea, "The labour market weakens but is still deceptively strong, supported by the furlough scheme", *Arbuthnot Banking Group*, 31 January 2021, discussed the PM's statement of 27 January.
2. *CityAM*, "Rishi Sunak set to release Covid recovery plan this month", 1 February 2021.
3. *Daily Telegraph,* Sunak to extend rates relief and furlough", 19 February 2021.
4. *IFS*, "Look to the Budget to secure the recovery, not to fix the public finances", 16 February 2021.
5. *ONS*, "Public sector finances: January 2020", 19 February 2021.
6. *Conservative & Unionist Party*, "Get Brexit Done: Unleash Britain's Potential, Manifesto 2019", 24 November 2019.
7. Note that the GDP denominator for each observation of the debt ratio represents 12 months (6 months before the said end-month and 6 months after the said end-month). For example, GDP for 2019Q1-2019Q4 was the denominator for the PSND at end-June 2019 (end-2019Q2).
8. Note also that the Bank of England's (BoE's) contribution to debt is largely a result of its quantitative easing activities via the Bank of England Asset Purchase Facility Fund (APF) and Term Funding Scheme (TFS).
9. *ONS*, "Consumer price inflation, UK: January 2021", 17 February 2021. CPIH is the Consumer Prices Index including owner-occupiers' housing costs and is the ONS's preferred measure of consumer prices inflation.
10. *ONS*, "Producer price inflation, UK: January 2021", 17 February 2021.
11. *ONS*, "Producer price inflation, UK: January 2021", 17 February 2021.
12. Ruth Lea, "Record public sector borrowing, but continuing pressure for more spending", *Arbuthnot Banking Group*, 25 January 2021.
13. Ruth Lea, "The Bank's central case: vaccination programme should lead to easing of restrictions and rapid recovery", *Arbuthnot Banking Group*, 8 February 2021.
14. *ONS*, "UK house prices index: December 2020", 17 February 2021.
15. The ONS has noted that changes to Stamp Duty Land Tax (SDLT), Land Transaction Tax and Land and Buildings Transaction Tax were made during July 2020. The UK House Price Index (HPI) is based on completed housing transactions. Typically, a house purchase can take six to eight weeks to reach completion. Therefore, the price data feeding into the December 2020 UK HPI will reflect those agreements that occurred <u>after</u> the tax changes took place.
16. *ONS*, "Retail sales, January 2021", 19 February 2021.
17. *Bank of England*, "Monetary policy summary and minutes of the MPC meeting ending 3 February 2021", 4 February 2021.
18. *Markit/CIPS flash UK composite PMI*, "Service activity stabilises in February after sharp downturn at start of 2021. Worsening supply disruption holds back manufacturing growth", 19 February 2021. The Composite Output Index is a weighted average of the UK Manufacturing Output Index and the UK Services Business Activity Index, which are comparable indices.
19. *Markit flash Eurozone PMI, "*Eurozone service sector weakening cushioned by manufacturing gains", 19 February 2021.
20. *Markit flash Germany PMI*, "Export-led manufacturing upturn continues to counterbalance services weakness in February", 19 February 2021.
21. *Markit flash France PMI*, "Sharper decline in French business activity as COVID-19 restrictions continue", 19 February 2021.
22. *Market flash US Composite PMI*, "Price gauges hit record highs as businesses report fastest growth for almost six years", 19 February 2021.
23. Ruth Lea, "Another lockdown and more Government support", *Arbuthnot Banking Group*, 11 January 2021.
24. *Daily Telegraph*, "Britain must not be forced to take EU rules on finance, says Bank Governor", 7 January 2021.
25. *Bank of England*, "The case for an open financial system – speech by Andrew Bailey", 10 February 2021.
26. *Daily Telegraph*, "Bank chief: EY trying to shut out the City", 11 February 2021.
27. *BBC*, "EU could cut UK out of financial markets – Andrew Bailey", 11 February 2021.

Annex

Table 1 Key time-limited support policies

Policy	Deadline, due to end
The Coronavirus Job Retention Scheme (CJRS), the furlough scheme	End-April 2021
Self-Employment Income Support Scheme (SEISS)	There will be a 4th grant covering the period February-April 2021.
Standard allowance in Universal Credit (UC) & basic element in Working Tax Credit (WTC) increased by £20 per week on top of planned annual uprating (for one year).	End-March 2021
Bounce Back Loan (BBL) Scheme, Coronavirus Business Interruption Loan Scheme (CBILS), & Coronavirus Large Business Interruption Loan Scheme (CLBILS).	Businesses given until end-March 2021 to access schemes.
Zero stamp duty on property purchases up to £500,000.	End-March 2021
Reduced VAT rate (from 20% to 5%) for hospitality (for sale of food & non-alcoholic drinks), accommodation & certain attractions	End-March 2021

Source: HM Government website.

Table 2 UK economic data tracker

Date	Release	Source	Quarter, year	Outcome
22 Dec	Current Account, Balance of Payments (2020Q3):	ONS	2020Q3	Balance: -£15.7bn (2.9% of GDP, 2020Q3), -£11.9bn (2.2% of GDP, 2020Q2)
22 Dec	Trade (goods & services) balance:	ONS	2020Q3	Balance: +£1.3bn (2020Q3), +£16.6bn (2020Q2).
22 Dec	• Visible trade balance	ONS	2020Q3	Balance: -£30.8bn (2020Q3), -£14.0bn (2020Q1).
22 Dec	• Services balance	ONS	2020Q3	Balance: +£32.1bn (2020Q3), +£30.6bn (2020Q2)
22 Dec	Primary income balance	ONS	2020Q3	Balance: -£11.9bn (2020Q3), -£19.5bn (2020Q2)
22 Dec	Secondary income balance	ONS	2020Q3	Balance: -£5.2bn (2020Q3), -£9.0bn (2020Q2)
19 Jan	Productivity (output per hour), 2020Q3	ONS	2020Q3	+5.6% (QOQ), +4.0% (YOY)
19 Jan	Productivity (output per worker), 2020Q3	ONS	2020Q3	+16.6% (QOQ), -7.9% (YOY)
26 Jan	Unemployment (3 months to Nov)	ONS	2020Q4	+202k (QOQ), +418k (YOY)
26 Jan	Unemployment rate (3 months to Nov)	ONS	2020Q4	5.0%, +0.6pp (QOQ), 1.2pp (YOY)
26 Jan	Redundancies (3 months to Nov)	ONS	2020Q4	395k, +168k (QOQ), +280k (YOY)
26 Jan	Employment (3 months to Nov)	ONS	2020Q4	-88k (QOQ), -398k (YOY)
26 Jan	Hours:			
26 Jan	• Average weekly hours worked (3 months to Nov)	ONS	2020Q4	30.1 hours, +2.8 hours (QOQ), -1.9 hours (YOY)
26 Jan	• Total weekly hours worked (3 months to Nov)	ONS	2020Q4	979.9mn, +89.0mn (QOQ), -74.2mn (YOY)
26 Jan	Pay:			
26 Jan	• Total pay (including bonuses) (3 months to Nov)	ONS	2020Q4	Nominal: 3.6% (YOY); Real: 2.8% (YOY)
26 Jan	• Regular pay (excluding bonuses) (3 months to	ONS	2020Q4	Nominal: 3.6% (YOY); Real: 2.8% (YOY)

	Nov)			
26 Jan	Employment, PAYE RTI, HMRC (Dec)	ONS	2020Q4	Total: 28.2mn (Dec), +52k (MOM). -828k (compared with March)
26 Jan	Claimant count (Dec)	ONS	2020Q4	Total: 2.64mn (Dec), +7k (MOM). March total 1.24mn.
26 Jan	Vacancies (3 months to Dec)	ONS	2020Q4	Total vacancies: 578k, +81k (QOQ), -224k (YOY)
1 Feb	Unsecured credit (Dec)	BoE	2020Q4	Growth rate (YOY): -7.5% (Dec), -6.5% (Nov)
1 Feb	Net mortgage borrowing (Dec)	BoE	2020Q4	Growth rate (YOY): 3.0% (Dec), 2.9% (Nov)
1 Feb	Mortgage approvals for house purchase (Dec)	BoE	2020Q4	103,400 (Dec), 105,300 (Nov)
1 Feb	Net bank lending to non-financial businesses, including public sector (Dec), of which:	BoE	2020Q4	
1 Feb	• SMEs	BoE	2020Q4	Growth rate (YOY): 25.6% (Dec), 25.3% (Nov)
1 Feb	• Large businesses	BoE	2020Q4	Growth rate (YOY): -1.7% (Dec), -2.6% (Nov)
1 Feb	Broad money (M4ex, excluding IOFCs) (Dec)	BoE	2020Q4	Growth rate (YOY): 14.1% (Dec), 13.9% (Nov)
1 Feb	Manufacturing PMI (Jan)	Markit-CIPS	2021Q1	Index: 54.1 (Jan), 57.5 (Dec)
3 Feb	Services PMI (Jan)	Markit-CIPS	2021Q1	Index: 39.5 (Jan), 49.4 (Dec)
3 Feb	Composite PMI (Jan), weighted average of services PMI & manufacturing output index	Markit-CIPS	2021Q1	Index: 41.2 (Jan), 50.4 (Dec)
4 Feb	Construction PMI (Jan)	Markit-CIPS	2021Q1	Index: 49.2 (Jan), 54.6 (Dec)
12 Feb	GDP (2020)	ONS	2020	GDP: -9.9% (YOY)
12 Feb	GDP, industrial breakdown (2020):	ONS	2020	
12 Feb	• Services	ONS	2020	-8.9% (YOY)
12 Feb	• Production	ONS	2020	-8.6% (YOY). Manufacturing: -9.9% (YOY)
12 Feb	• Construction	ONS	2020	-12.5% (YOY)
12 Feb	GDP, expenditure breakdown (2020):	ONS	2020	
12 Feb	• Household consumption	ONS	2020	-10.7% (YOY).
12 Feb	• Government consumption	ONS	2020	-5.7% (YOY).
12 Feb	• GFCF	ONS	2020	-8.7% (YOY). Business investment: -10.7% (YOY).
12 Feb	• External trade, volume data.	ONS	2020	Exports: -16.7% (YOY), imports -18.1% (YOY), positive external trade contribution.
12 Feb	GDP (2020Q4)	ONS	2020Q4	GDP: +1.0% (QOQ), -7.8% (YOY)
12 Feb	GDP, industrial breakdown (2020Q4):	ONS	2020Q4	
12 Feb	• Services	ONS	2020Q4	0.6% (QOQ)
12 Feb	• Production	ONS	2020Q4	1.8% (QOQ). Manufacturing: 3.3% (QOQ)
12 Feb	• Construction	ONS	2020Q4	4.6% (QOQ)
12 Feb	GDP, expenditure breakdown (2020Q4):	ONS	2020Q4	
12 Feb	• Household consumption	ONS	2020Q4	-0.2% (QOQ).
12 Feb	• Government consumption	ONS	2020Q4	+6.4% (QOQ).
12 Feb	• GFCF	ONS	2020Q4	2.1% (QOQ). Business investment: 1.3% (QOQ).
12 Feb	• External trade, volume data.	ONS	2020Q4	Exports: +0.1% (QOQ), imports +8.9% (QOQ), negative external trade contribution.
12 Feb	GDP, monthly (Dec)	ONS	2020Q4	GDP: 1.2% (MOM), -6.5% (YOY). 6.3% down on Feb 2020 level.
12 Feb	GDP, industrial breakdown (Dec):		2020Q4	
12 Feb	• Services	ONS	2020Q4	+1.7% (MOM)

12 Feb	• Production	ONS	2020Q4	0.2% (MOM). Manufacturing: 0.3% (MOM)
12 Feb	• Construction	ONS	2020Q4	-2.9% (MOM)
12 Feb	Total trade in goods & services (2020):			
12 Feb	• Goods & services	ONS	2020	Deficit: £9.6bn (2020), £27.5bn (2019)
12 Feb	• Goods	ONS	2020	Deficit: £116.0bn (2020), £130.8bn (2019)
12 Feb	• Services	ONS	2020	Surplus: £106.4bn (2020), £103.3bn (2019)
12 Feb	Total trade in goods & services (2020Q4):			
12 Feb	• Goods & services	ONS	2020Q4	Deficit: £17.5bn (2020Q4), £3.9bn (2020Q3)
12 Feb	• Goods	ONS	2020Q4	Deficit: £42.4bn (2020Q4), £31.4bn (2020Q3)
12 Feb	• Services	ONS	2020Q4	Surplus: £24.9bn (2020Q4), £27.5bn (2020Q3)
12 Feb	Trade excluding precious metals (2020Q4):			
12 Feb	• Underlying trade in goods & services	ONS	2020Q4	Deficit: £14.3bn (2020Q4), £3.4bn (2020Q3)
12 Feb	• Underlying trade in goods	ONS	2020Q4	Deficit: £39.2bn (2020Q4), £30.9bn (2020Q3)
12 Feb	Memo item: trade in precious metals (2020Q4)	ONS	2020Q4	Deficit: £3.2bn (2020Q4), £0.5bn (2020Q3)
17 Feb	CPI (Jan)	ONS	2021Q1	YOY inflation: 0.7% (Jan), 0.6% (Dec)
17 Feb	CPIH (Jan)	ONS	2021Q1	YOY inflation: 0.9% (Jan), 0.8% (Dec)
17 Feb	PPI (output) (Jan)	ONS	2021Q1	YOY inflation: -0.2% (Jan), -0.5% (Dec)
17 Feb	PPI (input) (Jan)	ONS	2021Q1	YOY inflation: +1.3% (Jan), +0.6% (Dec)
17 Feb	Sterling effective exchange rate index (EERI) (Jan)	ONS	2021Q1	+1.3% (MOM), -1.5% (YOY)
17 Feb	Crude oil prices (Jan)	ONS	2021Q1	+5.7% (MOM), -21.8% (YOY)
17 Feb	House prices (Dec, official)	ONS	2020Q4	YOY growth: 8.5% (Dec), 7.1% (Nov)
17 Feb	House prices (Dec, official)	ONS	2020Q4	+1.2% (MOM, non-seasonally adjusted), +1.3% (MOM, seasonally adjusted)
19 Feb	Retail sales (Jan)	ONS	2021Q1	Volume: -8.2% (MOM), -5.9% (YOY)
19 Feb	Retail sales (3 months to Jan)	ONS	2021Q1	Volume: -4.9% (QOQ), +0.1% (YOY)
19 Feb	Retail sales, online sales proportion (Jan)	ONS	2021Q1	Online sales/total: 35.2% (Jan), 29.6% (Dec)
19 Feb	Public Sector Net Borrowing (PSNB) (Jan)	ONS	2021Q1	-£8.8bn (Jan 2021), compared with -£10.4bn (Jan 2020)
19 Feb	Public Sector Net Borrowing (PSNB) (10 months to Jan)	ONS	2021Q1	£270.6bn (10 months to Jan 2021), compared with £48.1bn (10 months to Jan 2020)
19 Feb	Public sector finances, public sector net debt (PSND) (end-Jan)	ONS	2021Q1	£2,114.6bn (end-Jan 2021, 97.9% of GDP), compared with £1,786.0bn (end-Jan 2020, 83.2% of GDP)
19 Feb	Public sector debt interest/revenue ratio (DIR), 12-months to Jan	ONS	2021Q1	2.2% (12-months to Jan 2021)
19 Feb	Flash composite output index (Feb)	Markit-CIPS	2021Q1	Index: 49.8 (Feb), 41.2 (Jan). COI covers services business activity index & manufacturing output index