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

Coronavirus crisis: ONS confirms GDP fell about a fifth in 2020Q2

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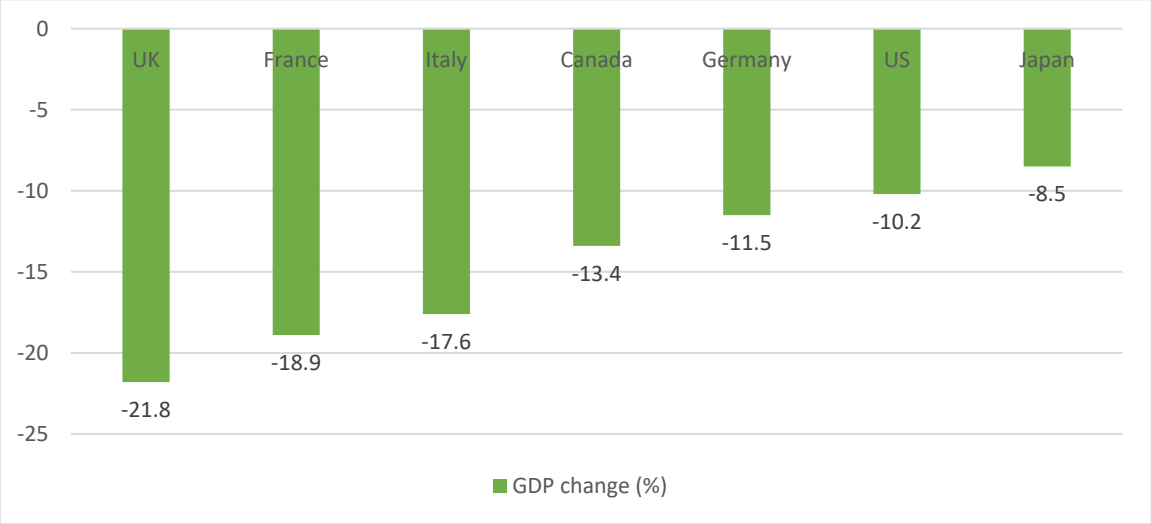
Introduction*: GDP fell by around 20% in 2020Q2…*

The ONS's revised estimates for GDP recorded a fall of 19.8% (QOQ) in 2020Q2, marginally less than the 20.4% initially estimated, following a 2.5% (QOQ) decline in 2020Q1.[1] This was the largest quarterly contraction in the UK economy since quarterly records began in 1955. GDP was down 21.5% (YOY) in 2020Q2.

Given the difference in timings of the imposition of lockdown measures between countries, it is useful to consider the cumulative fall in GDP in the first half of this year, rather than the individual quarters. Chart 1 shows cumulative GDP growth in 2020H1 for the G7 economies. Comparing 2020Q2 with 2019Q4, the UK fell by a cumulative 21.8%, whereas GDP in France was down 18.9%, in Italy by 17.6%, in Canada by 13.4%, in Germany by 11.5%, in the US by 10.2% and in Japan by 8.5%. The ONS noted that, despite revisions to the quarterly path of UK GDP in the first half of 2020, the overall narrative on the UK's performance in 2020H1 was broadly in line with the ONS's previous estimates.

Chart 1 G7 countries, cumulative GDP changes (%), 2020Q2/2019Q4



Source: *ONS*, "GDP quarterly national accounts, UK: 2020Q2", 30 September 2020.

Concerning the industrial breakdown, the ONS reported that there had been record quarterly falls in services, production and construction output, which had been particularly prevalent in those industries that had been most exposed to government restrictions. Suffice to say, Government measures to contain the COVID-19 pandemic (lockdown was implemented on 23 March) had caused widespread disruption to economic activity in 2020Q2.

Chart 2a shows the changes to the main industry groups, whilst chart 2b shows the main services sectors:

- Production output fell by 16.3% (QOQ), following a 2.1% fall in 2020Q1, with the QOQ contraction reflecting declines in all four production sub-industries. Manufacturing output fell 21.1% (QOQ), with widespread falls in most manufacturing industries.
- Construction output fell by 35.7%, following a decline of 2.8% in 2020Q1. Most notably, private new housing declined by 49.5% as housebuilding activity was affected by various social distancing measures that were put in place in response to the COVID-19 pandemic.
- Services output decreased by 19.2% (QOQ) in 2020Q2, following a 2.6% fall in 2020Q1. The quarterly fall in 2020Q2 reflected declines in the majority of industries, most notably accommodation and food services (down 85.7%), wholesale and retail trade, human health and social care, education, and administrative and support service activities.

Chart 2a GDP, major components, QOQ changes (%) for 2020Q1 and 2020Q2

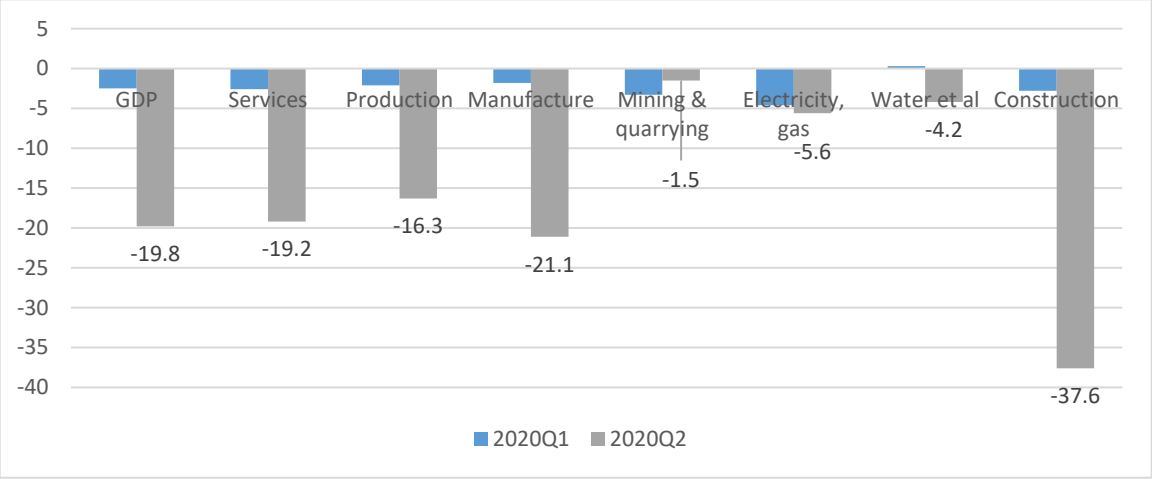
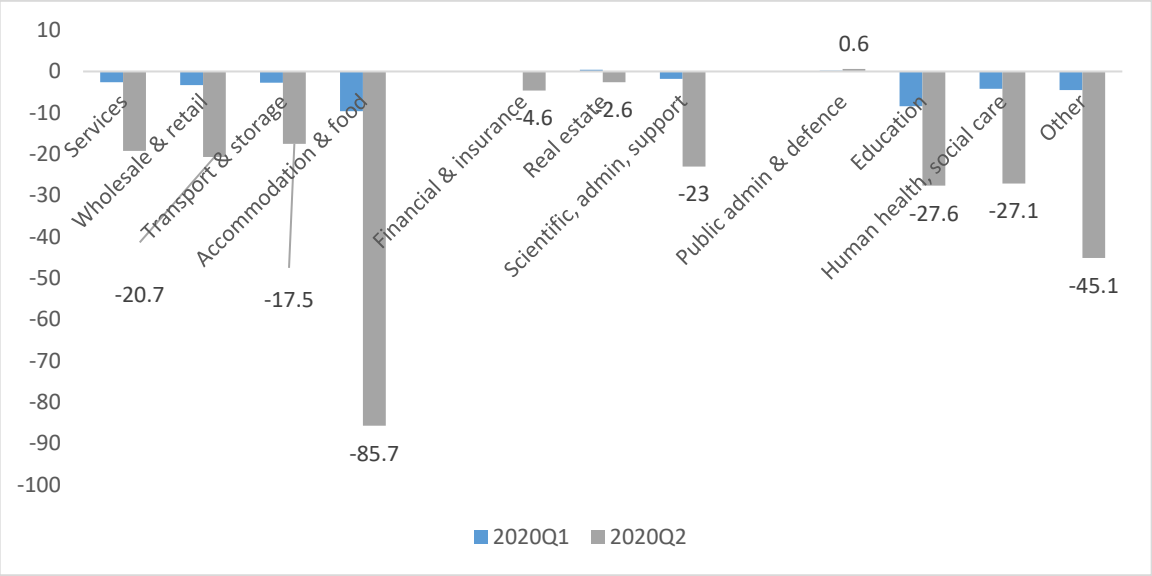


Chart 2b Services, breakdown, QOQ changes (%) for 2020Q1 and 2020Q2



Source: *ONS*, "GDP quarterly national accounts, UK: 2020Q2", 30 September 2020.

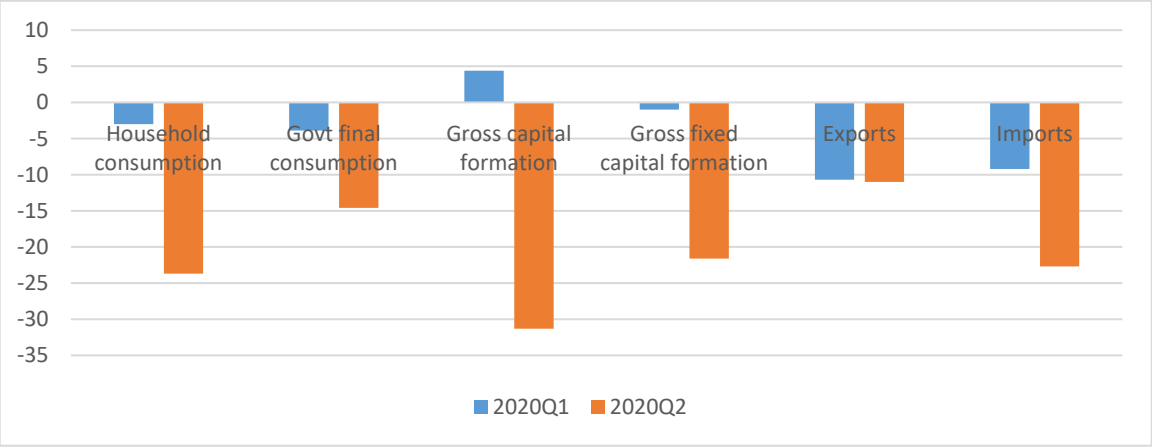
Turning to the expenditure components of GDP, there were large movements in all types of expenditure in 2020Q2, most notably private consumption, which reflected the implementation of public health restrictions, the mandated closures of non-essential shops and forms of social distancing. Private consumption accounted for more than three-quarters of the fall in GDP in the second quarter.

Specifically concerning the individual components of expenditure (chart 3):

- Household (private) consumption fell by 23.6% (QOQ) in 2020Q2, the largest quarterly contraction on record. The decline was driven by falls in spending on restaurants and hotels, transport, and recreation and culture. Reflecting the huge (£80.5bn) fall in consumption, the households' saving ratio increased to a record 29.1% in 2020Q2, compared with 9.6% in 2020Q1.

- Government consumption fell by 14.6%, reflecting declines in health and education activity. In particular government healthcare consumption fell by 30.4%, largely reflecting the postponement or cancellation of healthcare treatments as the NHS increased its critical care capacity in its response to dealing with the pandemic.
- Gross capital formation (GCF), including gross fixed capital formation (GFCF), stock-building and the "net acquisition of valuables", slumped 31.3% in 2020Q2.
- Within GCF, gross fixed capital formation (GFCF) is estimated to have contracted by 21.6%, with business investment (which fell by 26.5%) making the largest contribution to the decline. Of the other components of GCF (not shown in the chart) there was substantial destocking in 2020Q2, led by a fall in the level of stocks held within the wholesale and retail trades as well as the motor trades. And there was also a significant negative contribution from the "net acquisition of valuables" component.
- There was, however, a marked "improvement" in the external balance. Import volumes fell 22.7% (QOQ) in 2020Q2, whilst export volumes fell 11.0% (QOQ). In particular, imports of machinery and transport equipment (mainly road vehicles) and fuels (driven by oil) declined more sharply than the exports of these goods. (There was also a particularly volatile movement in non-monetary gold (NMG) over this period, which would be offset in the national accounts by an equal and offsetting entry in the "net acquisition of valuables" component.) The ONS noted that, in general, the coronavirus pandemic on the global economy had led to large falls in gross trade flows in and out of the UK, reflecting a marked fall in global trade demand, in general, as well as disrupted international supply chains, in particular.

Chart 3 GDP: main expenditure components QOQ (%) changes for 2020Q1 and 2020Q2



Source: *ONS*, "GDP quarterly national accounts, UK: 2020Q2", 30 September 2020.

…but GDP could bounce back about 20% in 2020Q3

The latest GDP data available relate to July, and they indicated that growth had continued in the month as restrictions had continued to ease.[2] In addition, Markit surveys suggest growth continued in August and September, though there was some easing in growth in September.[3] Moreover, the Bank of England currently expects GDP to bounce back by around 20% in 2020Q3.

In a recent speech Andy Haldane, the Bank's Chief Economist, said:[4-5]

- "…we now expect GDP to be around 3-4% below its pre-Covid level by the end of the third quarter. In other words, the economy has already recovered just under 90% of its earlier losses. Having fallen precipitously by 20% in the second quarter, we expect UK GDP to have risen by a vertiginous 20% in the third quarter – by some margin its largest-ever rise. Put differently, since May UK GDP has been rising, on average, by around 1.5% per week. The pace of recovery has varied, starting slowly in May, picking up pace rapidly during June and July and is then expected to have slowed a little during August and September."

However, concerning the future Haldane warned "...the three darkest…clouds come from the rising number of Covid infections and the accompanying re-tightening of some lockdown restrictions across the UK; the threat from further job losses, including from the closure of the CJRS; and the risks from the transition to the UK's new trading arrangements with the EU at year-end". And he concluded "…the economy faces uncertainties that are extraordinarily large and risks that are skewed to the downside. It is important policymakers are vigilant to these risks and uncertainties and responsive to them with their policy actions. At the same time, it is important the unexpectedly positive progress the economy has made so far this year is not overlooked. The economy has recovered further and faster, and has shown far-greater robustness and resilience, than anyone expected. My concern at present is that good news on the economy is being crowded-out by fears about the future".

The current account deficit improved in 2020Q2

We have already referred to the improvement in the trade balance in relation to GDP for 2020Q2 (above). Suffice to say, the overall current account of the balance of payments also improved in 2020Q2. The deficit narrowed significantly to £2.8bn (0.6% of GDP) in 2020Q2, the narrowest since 2011Q2, compared with £20.8bn (3.7% of GDP) in 2020Q1, an improvement of £18.0bn (annex table 2).[6]

Specifically in 2020Q2:

- The goods deficit narrowed to £13.2bn, as imports (down 21.7% (QOQ)) fell faster than exports (down 10.0% (QOQ)). The ONS said that there was "…further evidence of COVID-19 impacting on global supply chains as countries imposed restrictions", which significantly impacted trade in finished manufactured goods. The goods figures were also distorted by movements in precious metals (see below).
- The services surplus rose a tad to £30.1bn; exports and imports both fell. The ONS commented that the decreases in both imports and exports reflected large decreases in transport and travel services as governments around the world introduced travel restrictions to stem the spread of COVID-19.
- Taking goods and services together, there was a total trade surplus of £16.9bn in 2020Q2 (£0.5bn in 2020Q1).
- The primary income (mainly investment income) deficit improved to £10.5bn in 2020Q2 (£14.9bn in 2020Q1). The fall in the deficit reflected a larger fall in payments to foreign investors on their UK investments (debits) than the fall in UK earnings on foreign investments (credits). The ONS added "...all functional categories in investment income recorded declines in earnings for both credits and debits in 2020Q2. The most notable decreases were in foreign direct investment (FDI) where losses exceeded profits because of

government restrictions in the UK and around the world".

- The secondary account (current transfers) deficit widened to £9.1bn (£6.4bn in 2020Q1).

The narrowing in the current account deficit partly reflected large movements in precious metals (including non-monetary gold (NMG)). Trade in precious metals showed a deficit of around £1.2bn in 2020Q1, swinging into a surplus of £9.3bn in 2020Q2, a significant "improvement" of £10.5bn. Accordingly, the ONS estimated the "underlying" current account deficit "excluding NMG and other precious metals" was £12.1bn (or 2.5% of GDP) in 2020Q2, compared with around £19.6bn in 2020Q1, a narrowing of £7.5bn. The ONS commented that "…with the increased financial market volatility as the coronavirus (COVID-19) spread around the world, trade in NMG has fluctuated from quarter to quarter as it is viewed as a store of wealth during uncertain times".

The £18.0bn narrowing of the total deficit (to £2.8bn in 2020Q2), therefore, comprised an "underlying" narrowing of £7.5bn and an "improvement" in the precious metals balance of £10.5bn (which would be offset in the national accounts by an equal and offsetting entry in the "net acquisition of valuables" component). The swing on precious metals, therefore, was greater than the "underlying" improvement in the second quarter. Having said that, however, the improvement in the "underlying" balance would have contributed to GDP.

Mortgage approvals continue to rise…

The housing market continues to recover. According to the Bank of England the number of mortgage approvals for house purchase rose to 84,700 in August, the highest since October 2007, after July's 66,300.[7] Average approvals in the previous 6 months were 43,550. Approvals for re-mortgage were 33,400 in August, after July's 36,200, and were still 36% lower than in February. In addition, there was a modest uptick in net mortgage borrowing by households to £3.1bn in August, after July's £2.9bn. The annual growth rate for mortgage borrowing was unchanged at 2.9%. Mortgage borrowing lags approvals.

Incidentally, the Bank's data suggested that the demand for consumer credit had eased in August, with net borrowing rising by just £0.3bn after July's £1.1bn. But, at least, there was net borrowing. There had been net repayments of £3.9bn per month, on average, between March and June. The growth rate was -3.9% (YOY) in August, a new low, compared with -3.7% (YOY) in July. Net borrowing on credit cards was £0.2bn in August, and other forms of consumer credit rose £0.1bn. The annual growth rates both remained negative, at -10.4% and -0.9% respectively.

…as do house prices

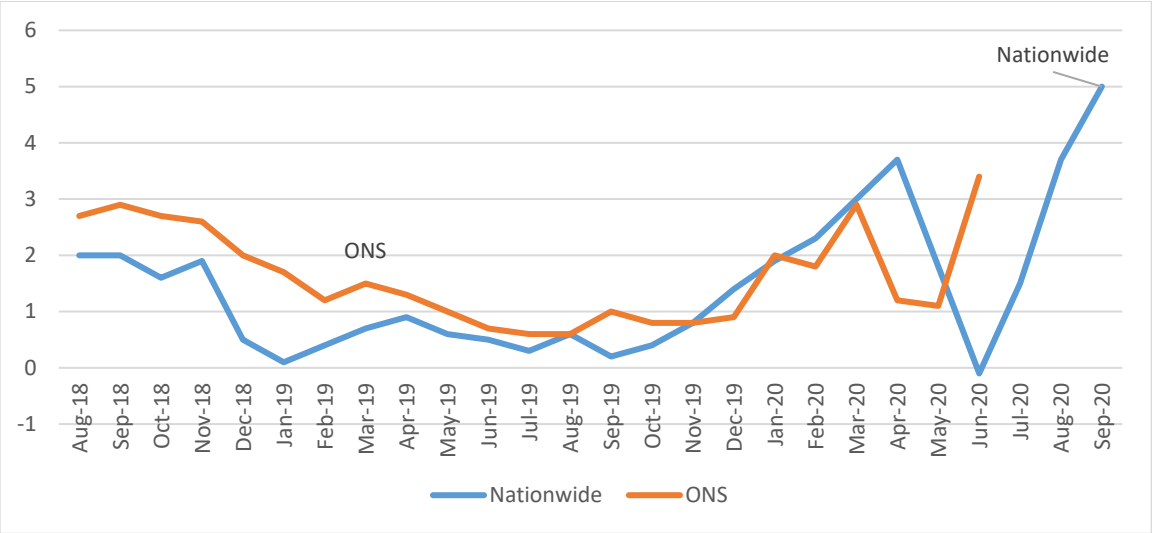
According to the Nationwide Building Society, house prices picked up further in September.[8-9] They rose 0.9% (MOM, seasonally adjusted), to be 5.0% higher YOY, the highest since September 2016, compared with August's 3.7%. The Nationwide attributed the rise to a number of factors, commenting "…pent-up demand is coming through, with decisions taken to move before lockdown now progressing. The stamp duty holiday is adding to momentum by bringing purchases forward. Behavioural shifts may also be boosting activity as people reassess their housing needs and preferences as a result of life in lockdown."

Chart 4 brings together the recent house prices annual inflation data from the Nationwide and the

ONS and they track each other reasonably well. (Note the ONS use data for completed housing transactions data, whilst the Nationwide's data are drawn from their house purchase mortgage lending at the post survey stage.) They both show the weakening of prices in mid-2019, followed by the strengthening in early 2020, weakness reflecting lockdown and some recent recovery.

House moving restrictions were introduced on 23 March (updated on 26 March) and eased in mid-May. Note also that the Halifax house price index has shown an acceleration in the recent months. The annual increase rose to 5.2% in August, after July's 3.8% and June's 2.5%.[10]

Chart 4 House prices, annual inflation rate (%), from August 2018



Sources: (i) *Nationwide,* Annual house price growth gathers momentum in September as housing market recovery continues", 30 September 2020; (ii) *ONS*, "UK house prices index: June 2020", 16 September 2020 (to June 2020 only).

Comprehensive Spending Review update

As we reported in the last Perspective, the Autumn Budget has been postponed, whilst the Chancellor announced his *Winter Economy Plan* on 24 September.[11] But, at the time of writing, the Comprehensive Spending Review (CSR), as announced in July, is still due to go ahead in the Autumn, although no date has been set yet.[12-14] The Government announced in July that the CSR would set UK Government departments' resource budgets for the years FY2021 to FY2023 and capital budgets for the years FY2021 until FY2024, as well as the devolved administrations' block grants for the same period. The Institute for Fiscal Studies (IFS) has, however, suggested that, given that "uncertainties are too great to make decisions on spending several years ahead", the CSR should cover only one year (FY2021), rather than the three or four years planned.[15]

Brexit update

Over the past week there have been two sets of developments.

Firstly, the *Internal Market Bill* passed its Third Reading in the Commons on 29 September 2020 by 340 votes to 256 (a majority of 84).[16] The First Reading, a formality, took place in the Lords on 30 September.[17] Separately, the EU began legal proceedings against the UK on 1 October after the UK had declined to amend the *Internal Market Bill* as requested.[18-19] The Commission sent a "letter of formal notice" to the UK for breach of its obligations, which could lead to a court case against the UK at the European Court of Justice. The Commission said that the UK had until end-October "to submit its observations to the letter of formal notice".

Secondly, Round 9, the final formal round, of the UK-EU negotiations on the future UK-EU relationship took place between 29 September and 2 October. After the negotiations, Lord David Frost, the UK's chief negotiator, issued a statement, which included the following comments:[20]

- "In many areas of our talks, although differences remain, the outlines of an agreement are visible. This is true of most of the core areas of a trade and economic agreement – notably trade in goods and services, transport, energy, social security, and participation in EU programmes. I am also encouraged that progress has been possible on a law enforcement agreement and that there has been convergence on the structure of the overall partnership."
- "In other areas familiar differences remain. On the level playing field, including subsidy policy, we continue to seek an agreement that ensures our ability to set our own laws in the UK without constraints that go beyond those appropriate to a free trade agreement. There has been some limited progress here, but the EU need to move further before an understanding can be reached. On fisheries the gap between us is unfortunately very large and, without further realism and flexibility from the EU, risks being impossible to bridge. These issues are fundamental to our future status as an independent country."
- "I am concerned that there is very little time now to resolve these issues ahead of the European Council on 15 October." 15 October is the Prime Minister's stated deadline for reaching an agreement.[21]

Following the end of the negotiations, the Prime Minister and European Commission President agreed on 3 October to continue the negotiations in order to achieve an agreement on the future relationship.[22] Their Joint Statement read:[23]

- "The President of the European Commission, Ursula von der Leyen, and the UK Prime Minister, Boris Johnson, spoke today about the state of play in the negotiations on the future relationship between the UK and the EU. They agreed on the importance of finding an agreement, if at all possible, as a strong basis for a strategic EU-UK relationship in future. They endorsed the assessment of both Chief Negotiators that progress had been made in recent weeks but that significant gaps remained, notably but not only in the areas of fisheries, the level playing field, and governance. They instructed their Chief Negotiators to work intensively in order to try to bridge those gaps. They agreed to speak on a regular basis on this issue."

References

1. *ONS*, "GDP quarterly national accounts, UK: 2020Q2", 30 September 2020. The ONS also said that GDP was estimated to have increased by 1.3% in 2019 (YOY); revised down 0.2 percentage points from the previous estimate.
2. Ruth Lea, "Coronavirus crisis: GDP recovers further in July", *Arbuthnot Banking Group*, 14 September 2020.
3. Ruth Lea, "Coronavirus crisis: tighter restrictions and the Chancellor's Winter Economy Plan", *Arbuthnot Banking Group*, 28 September 2020, discussed Markit's flash indicator for September.
4. *Bank of England*, "Avoiding economic anxiety: speech by Andy Haldane", 30 September 2020.
5. *Guardian*, "Britain's economic outlook: the reasons to be cheerful, and fearful", 30 September 2020.
6. *ONS*, "Balance of payments: 2020Q2", 30 September 2020.
7. *Bank of England*, "Money and Credit: August 2020", 29 September 2020.
8. *Nationwide*, "Annual house price growth gathers momentum in September as housing market recovery continues", 30 September 2020.
9. Ruth Lea, "Further signs of economic recovery, but the Bank strikes a cautious note", *Arbuthnot Banking Group*, 7 September 2020, discussed Nationwide's August data.
10. *Halifax*, "House prices rebound to reach record high, challenging affordability", 7 September 2020. The Halifax's back data are not freely available.
11. Ruth Lea, "Coronavirus crisis: tighter restrictions and the Chancellor's Winter Economy Plan", *Arbuthnot Banking Group*, 28 September 2020, discussed the cancellation of the Autumn Budget.
12. *Government website*, "Chancellor launches Comprehensive Spending Review", 21 July 2020.
13. *BBC*, "Covid: Public spending rise could last longer", 29 September 2020.
14. Ruth Lea, "Spending Round 2019: planned to comply with current fiscal rules", *Arbuthnot Banking Group*, 9 September 2019, discussed the *Spending Round 2019*, released on 4 September 2019, which set out the government's spending plans for FY2020.
15. *IFS*, "Spending Review will force sharp choice between permanent increase in the size of the state or yet more austerity", 29 September 2020. This press release referred to a pre-released chapter in the IFS's forth-coming Green Budget 2020, due on 13 October 2020.
16. *BBC*, "Brexit: Government plan gets MPs' final backing", 29 September 2020.
17. Parliamentary website, "United Kingdom Internal Market Bill 2019-21".
18. *BBC*, "Brexit: EU starts legal action against UK over deal breach plan", 1 October 2020.
19. *European Commission*, "Withdrawal Agreement: European Commission sends letter of formal notice to the UK for breach of its obligations", 1 October 2020.
20. *Number 10 press office*, "Lord Frost statement after Round 9 of the negotiations", 2 October 2020.
21. *Sky News*, "Brexit: Boris Johnson tells EU that free trade deal must be done by 15 October", 7 September 2020.
22. *BBC*, "Brexit: PM and EU chief agree importance of finding trade deal", 3 October 2020.
23. PM's Office, "Joint Statement by the Prime Minister and the President of the European Commission: 3 October 2020.

Annex

Table 1 UK economic data tracker

Date	Release	Source	Quarter, year	Outcome
12 Aug	Labour productivity (output per hour) (2020Q2)	ONS	2020Q2	-2.5% (QOQ), -3.0% (YOY)
12 Aug	Labour productivity (output per worker) (2020Q2)	ONS	2020Q2	-19.9% (QOQ), -22.0% (YOY)
3 Sep	Services PMI (Aug)	Markit-CIPS	2020Q3	Index: 58.8 (Aug), 56.5 (Jul)
3 Sep	Composite PMI (Aug), weighted average of services PMI & manufacturing output index	Markit-CIPS	2020Q3	Index: 59.1 (Aug), 57.0 (Jul)
4 Sep	Construction PMI (Aug)	Markit-CIPS	2020Q3	Index: 54.6 (Aug), 58.1 (Jul)
11 Sep	GDP, monthly (Jul)	ONS	2020Q3	GDP: +6.6% (MOM), -11.7% (YOY). It is also 11.7% down on Feb 2020 level.
11 Sep	GDP, industrial breakdown (Jul):	ONS	2020Q3	
11 Sep	• Services	ONS	2020Q3	+6.1% (MOM)
11 Sep	• Production	ONS	2020Q3	+5.2% (MOM). Manufacturing: +6.3% (MOM)
11 Sep	• Construction	ONS	2020Q3	+17.6% (MOM)
11 Sep	Total trade in goods & services (3 months to July):	ONS	2020Q3	
11 Sep	• Goods & services	ONS	2020Q3	Surplus: £12.0bn (3 months to July), £0.9bn (3 months to Apr)
11 Sep	• Goods	ONS	2020Q3	Deficit: £17.6bn (3 months to July), £26.3bn (3 months to Apr)
11 Sep	• Services	ONS	2020Q3	Surplus: £29.6bn (3 months to July), £27.2bn (3 months to Apr)
11 Sep	Trade excluding precious metals (3 months to July):	ONS	2020Q3	
11 Sep	• Underlying trade in goods & services	ONS	2020Q3	Surplus: £6.4bn (3 months to July), £0.5bn (3 months to Apr)
11 Sep	• Underlying trade in goods	ONS	2020Q3	Deficit: £23.2bn (3 months to July), £26.6bn (3 months to Apr)
11 Sep	Memo item: trade in precious metals (3 months to July)	ONS	2020Q3	Surplus: £5.6bn (3 months to July), £0.3bn (3 months to Apr)
15 Sep	Unemployment (3 months to July)	ONS	2020Q3	+62k (QOQ), +104k (YOY)

15 Sep	Unemployment rate (3 months to July)	ONS	2020Q3	4.1%, +0.2pp (QOQ), 0.3pp (YOY)
15 Sep	Redundancies (3 months to July)	ONS	2020Q3	155.5k, +48.4k (QOQ), +57.5k (YOY)
15 Sep	Employment (3 months to July)	ONS	2020Q3	-12k (QOQ), +202k (YOY)
15 Sep	Total weekly hours worked (3 months to July)	ONS	2020Q3	866.0mn, -93.9mn (QOQ), -183.8mn (YOY)
15 Sep	Average weekly hours worked (3 months to July)	ONS	2020Q3	26.3 hours, -2.8 hours (QOQ), -5.8 hours (YOY)
15 Sep	Nominal earnings growth (3 months to July):	ONS	2020Q3	
15 Sep	• Total pay, including bonuses	ONS	2020Q3	-1.0% (YOY)
15 Sep	• Regular pay, excluding bonuses	ONS	2020Q3	+0.2% (YOY)
15 Sep	Real earnings growth (3 months to July):	ONS	2020Q3	
15 Sep	• Total pay, including bonuses	ONS	2020Q3	-1.8% (YOY)
15 Sep	• Regular pay, excluding bonuses	ONS	2020Q3	-0.7% (YOY)
15 Sep	Vacancies (3 months to Aug)	ONS	2020Q3	Total vacancies: 434k, -48k (QOQ), -383k (YOY)
15 Sep	Claimant count (Aug)	ONS	2020Q3	Total: 2.74mn (Aug), +73.7k (MOM)
15 Sep	Employment, PAYE RTI, HMRC (Aug)	ONS	2020Q3	Total: 28.3mn (Aug), -36k (MOM); -695k (compared with March)
16 Sep	CPI (Aug)	ONS	2020Q3	YOY inflation: 0.2% (Aug), 1.0% (Jul)
16 Sep	CPIH (Aug)	ONS	2020Q3	YOY inflation: 0.5% (Aug), 1.1% (Jul)
16 Sep	PPI (output) (Aug)	ONS	2020Q3	YOY inflation: -0.9% (Aug), -0.9% (Jul)
16 Sep	PPI (input) (Aug)	ONS	2020Q3	YOY inflation: -5.8% (Aug), -5.7% (Jul)
16 Sep	Sterling effective exchange rate index (EERI) (Aug)	ONS	2020Q3	Aug: 1.6% (MOM), 4.5% (YOY)
16 Sep	Crude oil prices (Aug)	ONS	2020Q3	-1.6% (MOM), -30.8% (YOY)
16 Sep	House prices (June, official)	ONS	2020Q2	YOY growth: 3.4% (Jun), 1.1% (May)
16 Sep	House prices (June, official)	ONS	2020Q2	+2.7% (MOM, non-seasonally adjusted), +2.4% (MOM, seasonally adjusted)
18 Sep	Retail sales (Aug)	ONS	2020Q3	Volume: +0.8% (MOM), +2.8% (YOY)
18	Retail sales (3 months to	ONS	2020Q3	Volume: 16.7% (QOQ), 0.7% (YOY)

Sep	Aug)			
18 Sep	Retail sales, online sales proportion (Aug)	ONS	2020Q3	Online sales/total: 28.1% (Aug), 28.9% (Jul)
23 Sep	Flash composite output index (Sep)	Markit-CIPS	2020Q3	Index: 55.7 (Sep), 59.1 (Aug). COI covers services business activity index & manufacturing output index
25 Sep	Public Sector Net Borrowing (PSNB) (Aug)	ONS	2020Q3	£355.9bn (Aug 2020), compared with £5.4bn (Aug 2019)
25 Sep	Public Sector Net Borrowing (PSNB) (4 months to Aug)	ONS	2020Q3	£173.7bn (5 months to Aug 2020), compared with £26.8bn (5 months to Aug 2019)
25 Sep	Public sector finances, public sector net debt (PSND) (end-Aug)	ONS	2020Q3	£2,023.9bn (end-Aug 2020, 101.9% of GDP), compared with £1,774.4bn (end-Aug 2019, 80.1% of GDP)
25 Sep	Public sector debt interest/revenue ratio (DIR), 12-months to Aug	ONS	2020Q3	2.6% (12-months to Aug 2020)
29 Sep	Unsecured credit (Aug)	BoE	2020Q3	Growth rate (YOY): -3.9% (Aug), -3.7% (Jul)
29 Sep	Net mortgage borrowing (Aug)	BoE	2020Q3	Growth rate (YOY): 2.9% (Aug), 2.9% (Jul)
29 Sep	Mortgage approvals for house purchase (Aug)	BoE	2020Q3	84,700 (Aug), 66,300 (Jul)
29 Sep	Net bank lending to non-financial businesses, including public sector (Aug), of which:	BoE	2020Q3	
29 Sep	• SMEs	BoE	2020Q3	Growth rate (YOY): 21.8% (Aug), 20.7% (Jul)
29 Sep	• Large businesses	BoE	2020Q3	Growth rate (YOY): 3.3% (Aug), 3.7% (Jul)
29 Sep	Broad money (M4ex, excluding IOFCs)) (Aug)	BoE	2020Q3	Growth rate (YOY): 11.6% (Aug), 12.4% (Jul)
30 Sep	Current Account, Balance of Payments (2020Q1):	ONS	2020Q2	Balance: -£2.8bn (0.6% of GDP), -£20.8bn (3.7% of GDP, 2020Q1)
30 Sep	Trade (goods & services) balance:	ONS	2020Q2	Balance: +£16.9bn (2020Q2), +£0.5bn (2020Q1).
30 Sep	• Visible trade balance	ONS	2020Q2	Balance: -£13.2bn (2020Q2), -£29.1bn (2020Q1).
30 Sep	• Services balance	ONS	2020Q2	Balance: +£30.1bn (2020Q2), +£29.6bn (2020Q1)
30 Sep	• Primary income balance	ONS	2020Q2	Balance: -£10.5bn (2020Q2), -£14.9bn (2020Q1)
30 Sep	• Secondary income balance	ONS	2020Q2	Balance: -£9.1bn (2020Q2), -£6.4bn (2020Q1)
30 Sep	GDP (2020Q2)	ONS	2020Q2	GDP: -19.8% (QOQ), -21.5% (YOY)
30	GDP, industrial breakdown	ONS	2020Q2	

Sep	(2020Q2):			
30 Sep	• Services	ONS	2020Q2	-19.2% (QOQ)
30 Sep	• Production	ONS	2020Q2	-16.3% (QOQ). Manufacturing: -21.1% (QOQ)
30 Sep	• Construction	ONS	2020Q2	-35.7% (QOQ)
30 Sep	GDP, expenditure breakdown (2020Q1):	ONS	2020Q2	
30 Sep	• Household consumption	ONS	2020Q2	-23.6% (QOQ).
30 Sep	• Government consumption	ONS	2020Q2	-14.6% (QOQ).
30 Sep	• GFCF	ONS	2020Q2	-21.6% (QOQ). Business investment: -26.5% (QOQ).
30 Sep	• External trade, volume data.	ONS	2020Q2	Exports: -11.0% (QOQ), imports -22.7% (QOQ), positive external trade contribution.
30 Sep	Households' saving ratio	ONS	2020Q2	29.1% (2020Q2), 9.6% (2020Q1).
1 Oct	Manufacturing PMI (Sep)	Markit-CIPS	2020Q3	Index: 54.1 (Sep), 55.2 (Aug)

Table 2 Current account of the balance of payments, balances (£bn)

	2020Q1	2020Q2	Change
Goods (total)	-29.1	-13.2	+15.9
Services	+29.6	+30.1	+0.5
Goods & services	+0.5	+16.9	+16.4
Primary income	-14.9	-10.5	+4.4
Secondary income	-6.4	-9.1	-2.7
Current account	-20.8	-2.8	+18.0
Of which:			
With EU	-21.9	-19.3	+2.6
With non-EU	+1.1	+16.5	+15.4
Excluding precious metals:			
Goods, excluding precious metals	-27.9	-22.5	+5.4
Services	+29.6	+30.1	+0.5
Goods & services	+1.7	+7.6	+5.9
Primary income	-14.9	-10.5	+4.4
Secondary income	-6.4	-9.1	-2.7
Current account excluding precious metals	-19.6	-12.1	+7.5
Addendum:			
Goods (total)	-29.1	-13.2	+15.9

Goods, excluding precious metals	-27.9	-22.5	+5.4
Precious metals	-1.2	+9.3	+10.5

ONS, “Balance of payments: 2020Q2”, 30 September 2020; (ii) *ONS*, “UK trade: July 2020”, 11 September 2020 for precious metals data. Some non-addition due to rounding errors.