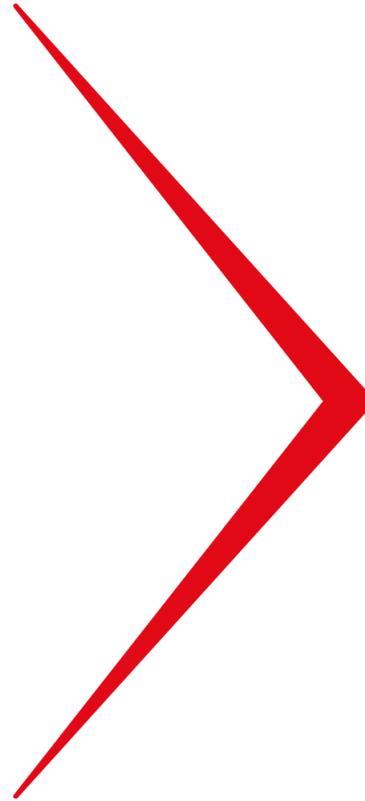
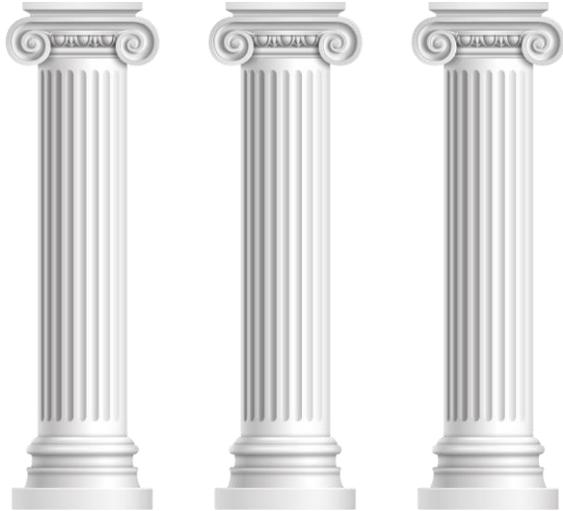


Business & Management



Economic update

24 JUNE 2019

The webinar will begin shortly...

Business & Management
60 minute webinar – Economic update



Dr Stephen Davies
Head of Education, IEA

British Economic Conditions –Current June 2019.

Better Than Expected but High Uncertainty.

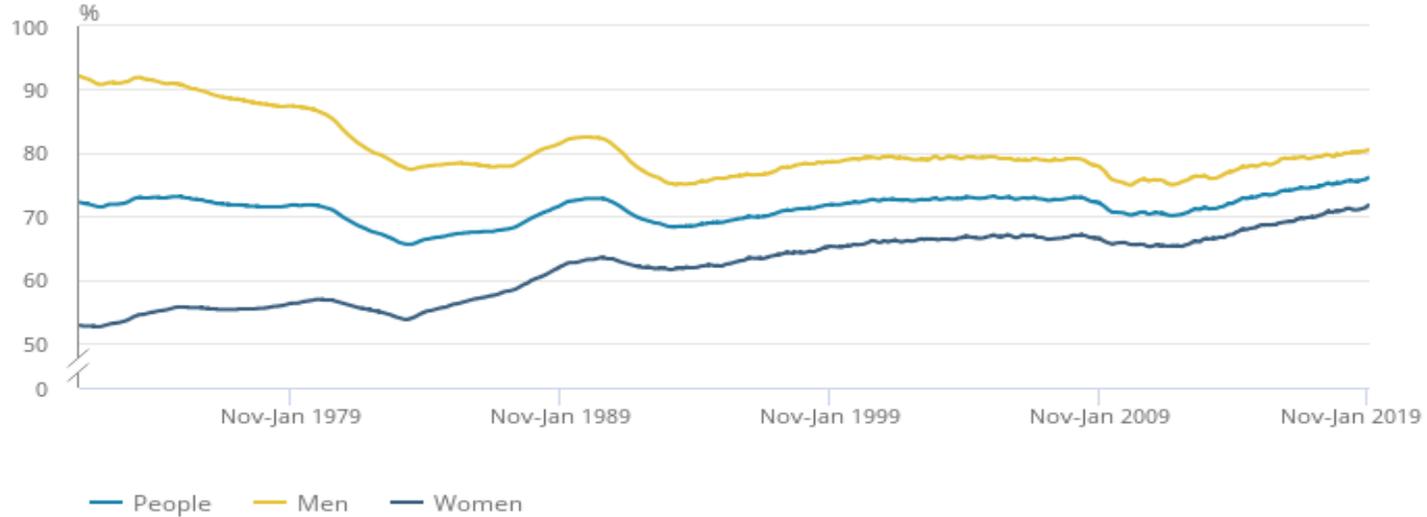
Indicators.

- Employment.
- Unemployment.
- GDP.
- Spending.
- Inflation and Earnings.
- Investment.
- Confidence.

Employment.

Figure 1: Overall employment rate reaches new record high of 76.1%

UK employment rates (aged 16 to 64 years), seasonally adjusted, January to March 1971 to November 2018 to January 2019

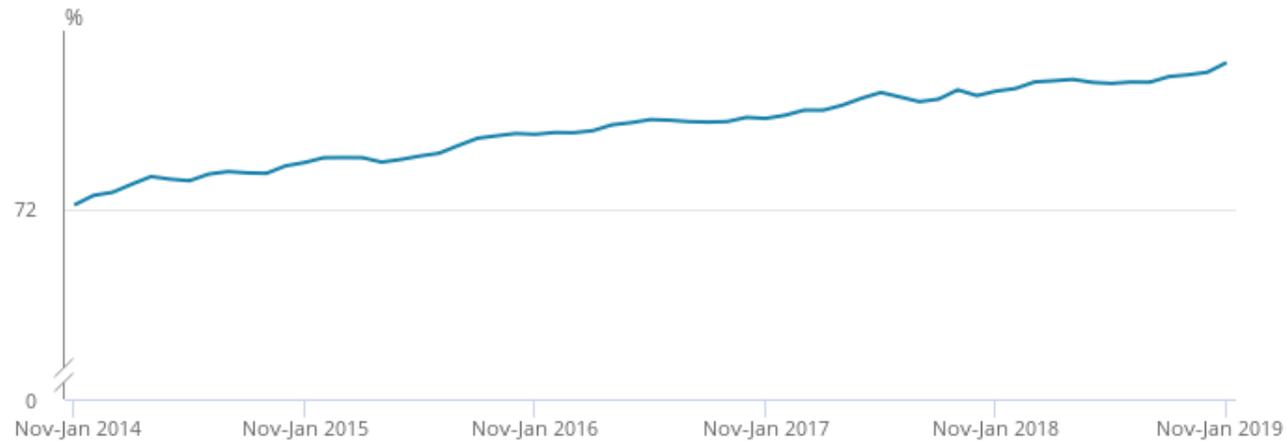


Source: Office for National Statistics - Labour Force Survey

Long Term Trend

Figure 2: Over the last five years the overall employment rate increased from 72.1% to 76.1%

UK employment rate (all people aged 16 to 64 years), seasonally adjusted, November 2013 to January 2014 to November 2018 to January 2019

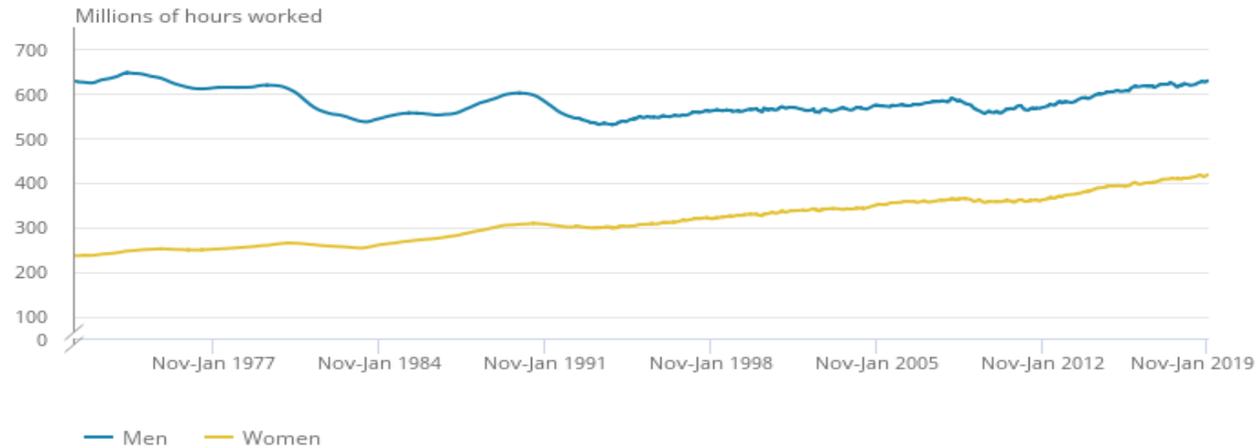


Source: Office for National Statistics – Labour Force Survey

Driving Force.

Figure 5: Hours worked by women have increased steadily since records began in 1971

Total weekly hours worked in the UK, seasonally adjusted, January to March 1971 to November 2018 to January 2019



Source: Office for National Statistics – Labour Force Survey

Inactivity

Figure 10: Overall economic inactivity rate reaches new record low of 20.7%

UK economic inactivity rate (all people aged 16 to 64 years), seasonally adjusted, January to March 1971 to November 2018 to January 2019

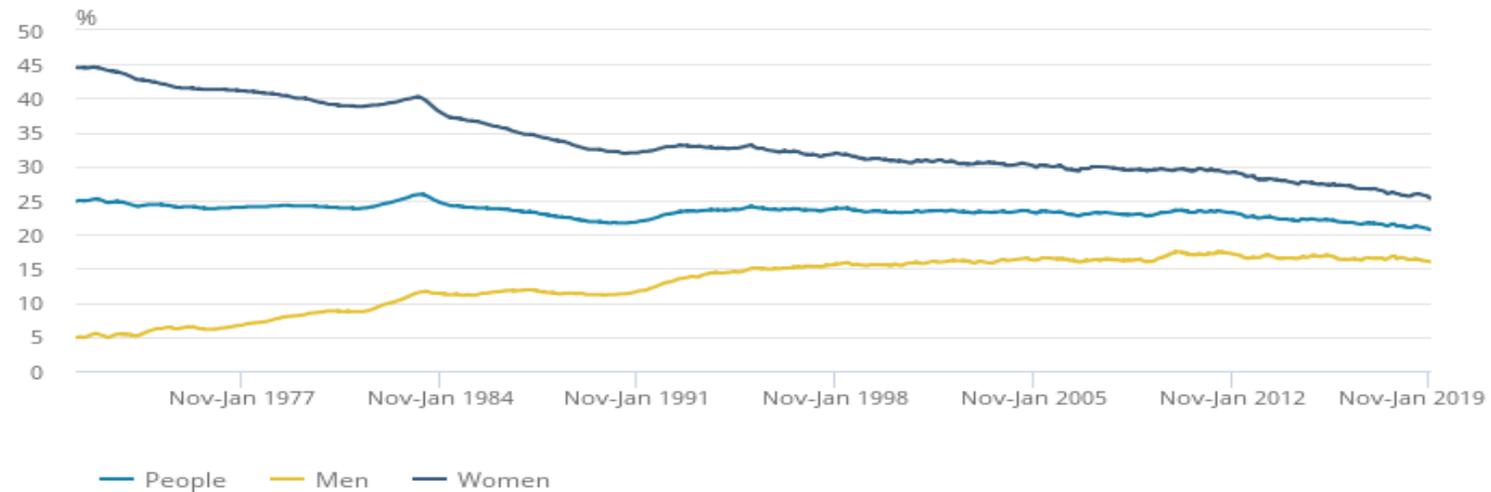


Source: Office for National Statistics – Labour Force Survey

Same Cause.

Figure 9: Economic inactivity for women has been generally falling since records began in 1971

UK economic inactivity rates (aged 16 to 64 years), seasonally adjusted, January to March 1971 to November 2018 to January 2019

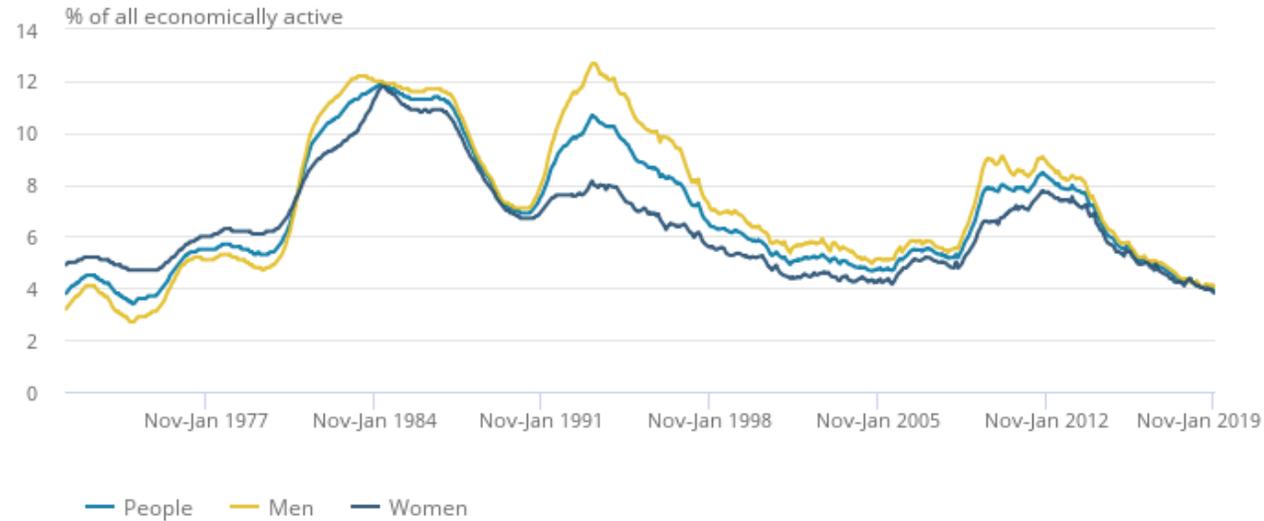


Source: Office for National Statistics – Labour Force Survey

Unemployment

Figure 6: Unemployment rates have been generally falling for the last five years

UK unemployment rates (aged 16 years and over), seasonally adjusted, January to March 1971 to November 2018 to January 2019

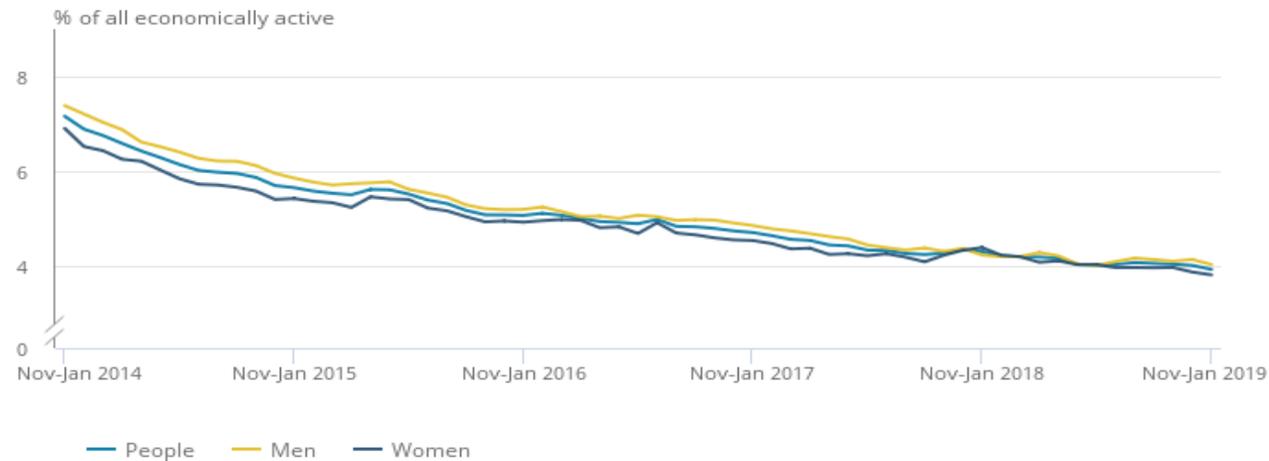


Source: Office for National Statistics – Labour Force Survey

Trend.

Figure 7: Unemployment rates for men and women have been steadily falling for the last five years

UK unemployment rates (aged 16 years and over), seasonally adjusted, November 2013 to January 2014 to November 2018 to January 2019

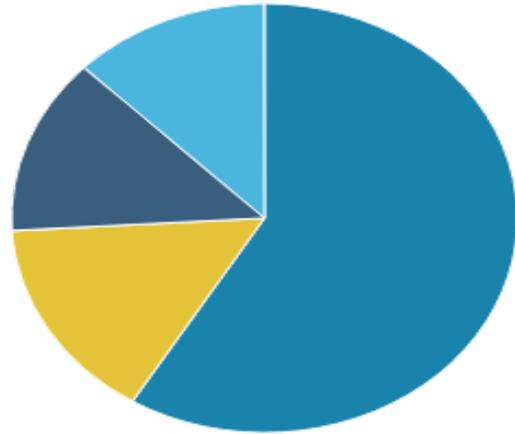


Source: Office for National Statistics – Labour Force Survey

Good News

Figure 8: Over half of all unemployed people had been out of work for less than six months

UK unemployment by duration (aged 16 years and over), seasonally adjusted, November 2018 to January 2019



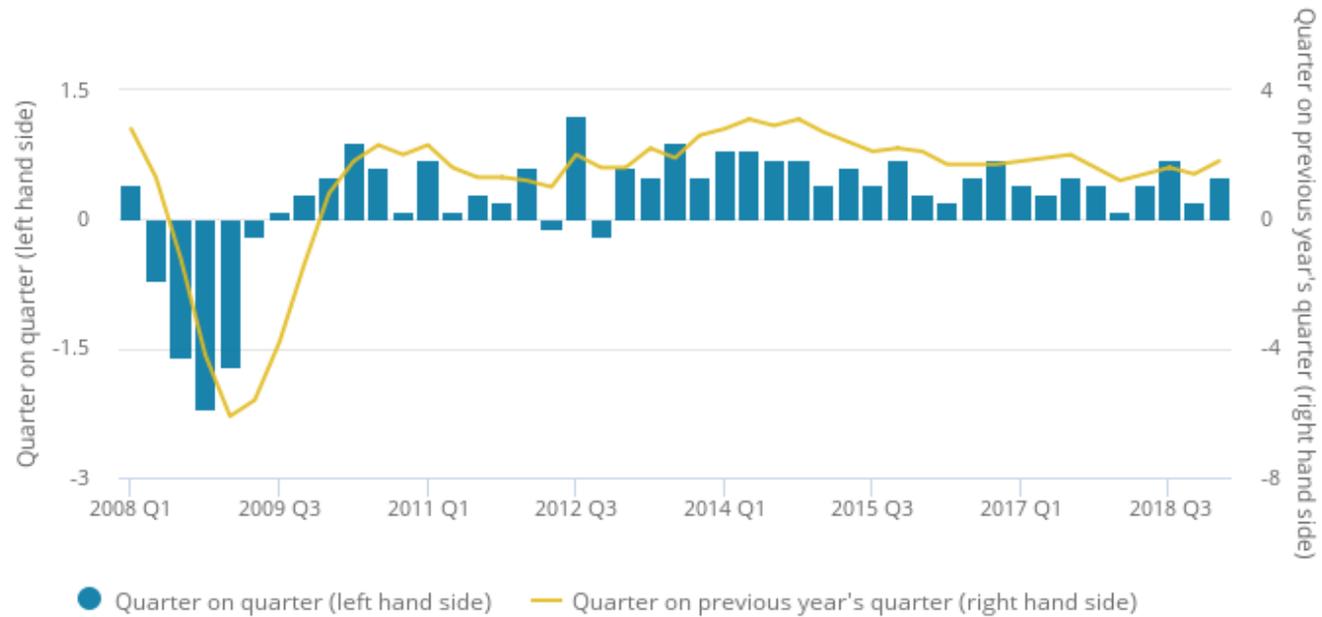
More Good News – Not All Casual.

- 32.71 million in employment
- Up 473, 000 on Q1 2018.
- Of which 424,000 full time, 49,000 part time.
- 24.12 million full time, 8.6 million part time.
- 27.7 million paid employees (up 424,000 year on year)
- 4.84 million self-employed (up 65,000 year on year)

GDP

Figure 1: Real GDP increases by 0.5% in Quarter 1 2019

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 1 (Jan to Mar) 2019

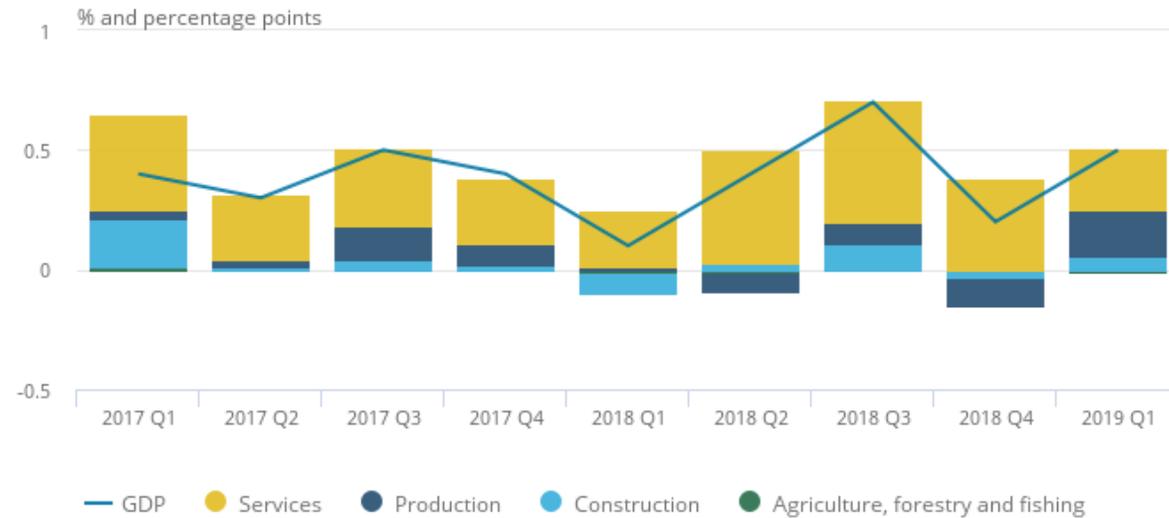


Source: Office for National Statistics

Sector Contributions.

Figure 2: Growth in services output drives GDP growth in Quarter 1 2019

UK, Quarter 1 (Jan to Mar) 2017 to Quarter 1 (Jan to Mar) 2019

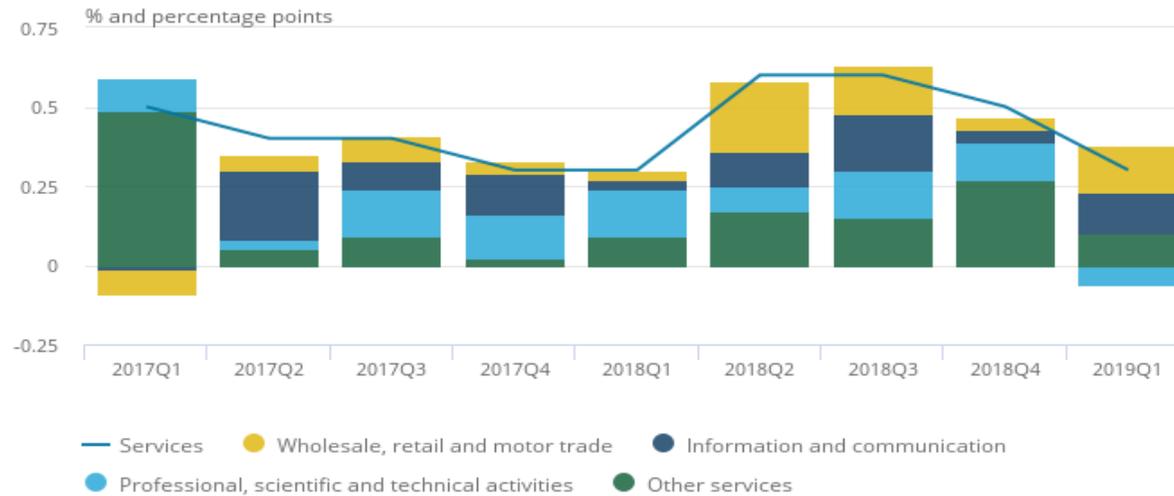


Source: Office for National Statistics

Slowdown in Service Growth.

Figure 3: Service sector growth slows despite strengthening in wholesale, retail and motor trade

UK, Quarter 1 (Jan to Mar) 2017 to Quarter 1 (Jan to Mar) 2019



Source: Office for National Statistics

Spending. Private Consumer and Government.

- In Q1 2019 consumer spending grew by 0.7%
- Year on Year, up 1.9%
- Government consumption grew 1.4% in Q1
- Grew by 1.3% in Q4 2018.
- Health up by 0.7% in Q1
- General public Services up by 9.6%

Starting to See Rise in Real Earnings.

- Rise in Earnings has been higher than inflation over last 12 months (3.3% compared to 2.1%)
- Wage growth has outpaced inflation since end of Q1 2018.
- If you didn't change jobs increase of 5.2% in 2018.
- 2018 and Q1 of 2019 first time since 2012 that fulltime earnings have increased by more than part time (3.5% compared to 2.9%)

Investment – a Surprise?

- In 2018 four consecutive quarters of declining private investment.
- In Q1 2019 a rise of 0.5%
- Early indications are that this has continued.
- Big question is what does this consist of?

Confidence.

- Consumer confidence index at – 13 so weak.
- Business and senior management confidence fragile and nervous.
- Deloitte CFO survey shows more than half lack confidence or very unsure.
- What this reflects – not pessimism but uncertainty.
- More marked for large companies and ones with extensive supply chains.

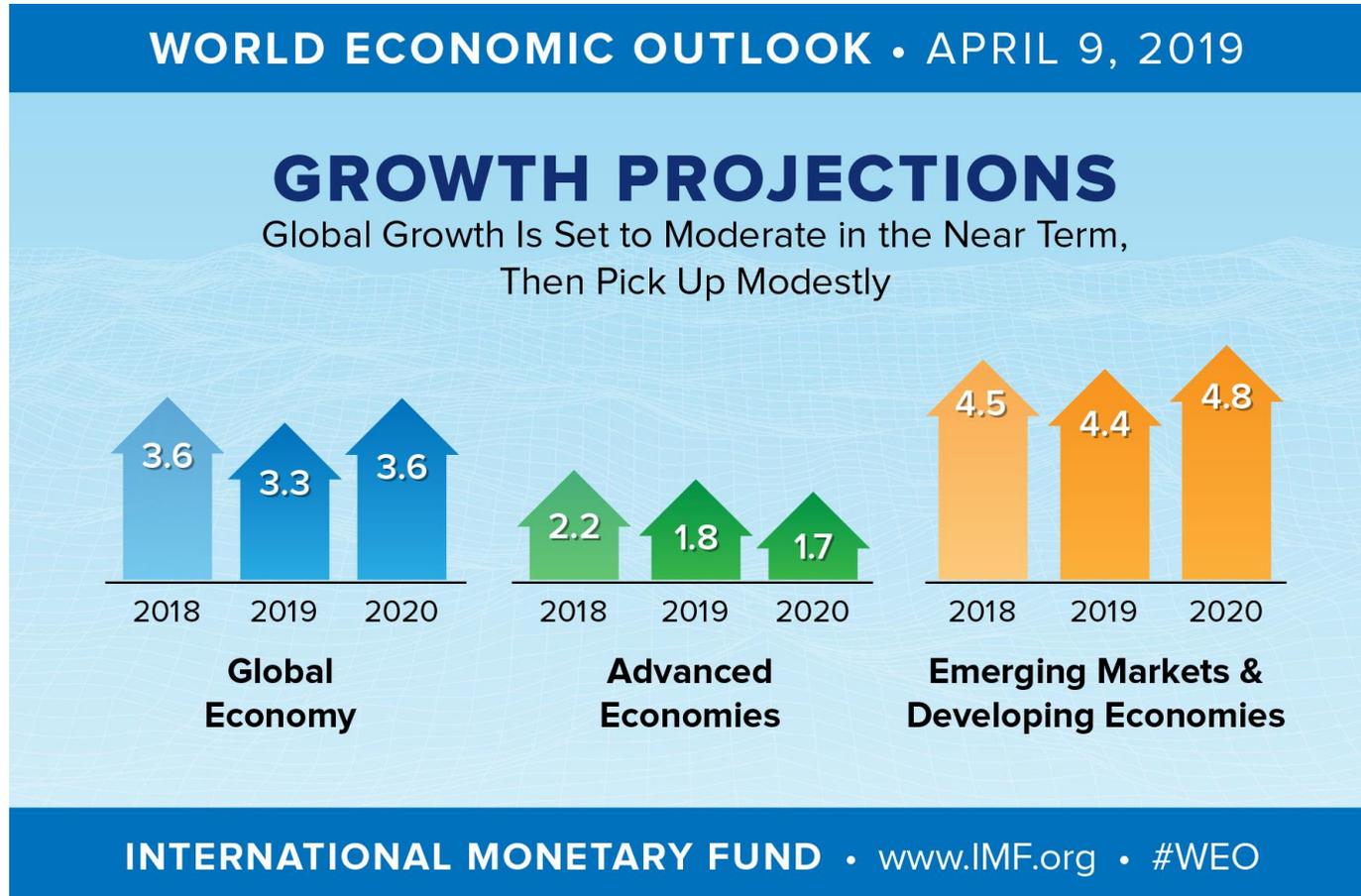
Brexit!

- In March 48% of respondents had a 'no deal plan' in place
- About 2% not begun implementing them (28% in January)
- In March about 22% drawing up a plan – 16% implementing, 8% not)
- Up from 18% in January.
- In March 32% not making plans.
- Made up of 2% who expect a deal and 15% each either waiting and seeing or not affected.
- Various steps being taken such as stocking up and finding new sources. Notice these two declined since January.
- What this shows.
- Likely effect of a 'no deal exit' on this evidence.
- How we should view the investment figures in the light of this.

Public Spending.

- An end to 'austerity'. Notice punctuation.
- Implications of this.
- A major reassessment required but when?

World Economy – the IMF view.



Grey Swans?

- A Eurozone Crisis – Italy?
- War in the Middle East – Iran?
- Crisis in China?
- A disorderly Brexit?
- A Disorderly General Election?

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Free 60 minute webinars – 10.00am

Dealing with difficult conversations
3 July

New skills for accountants – an introduction to data science
8 July

What does your gender pay gap tell you?
11 September

Conflict resolution
9 October

Why you need more than technical skills to achieve business success, and what really makes the difference
21 October

Free 20 minute webinars – 12.30pm

Marketing for finance – Top tips and shortcuts
10 July

Five key questions all boards should ask about fraud
16 October

Top tips on powerful presentations
6 November

Free 10 minute webinar – 12.30pm

Networking for serious thinkers
11 November

Free event – 6.30pm

Game of Zones – Managing virtual teams
19 September

Business & Management

THANK YOU FOR ATTENDING

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