



Local Economic Assessments Progress Meeting

Results from Cambridge Econometrics' Integrated Policy Forecasting Model

June 2010

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Head of Economic Research

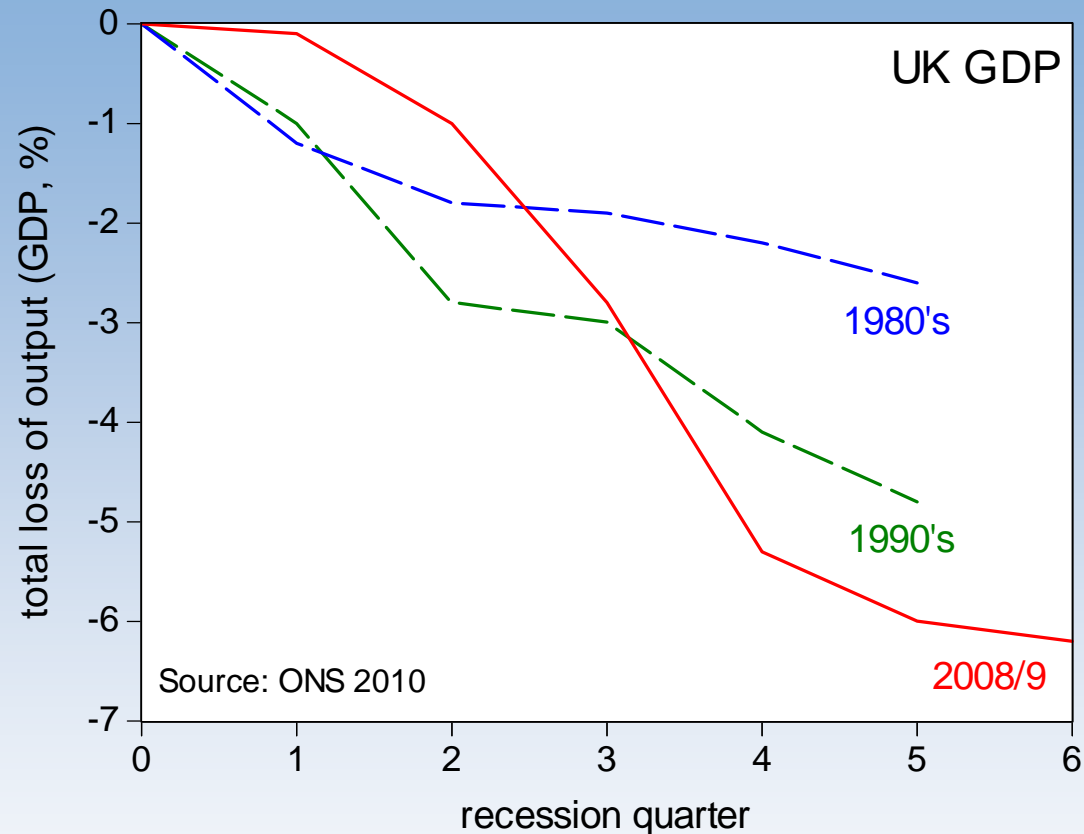
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Overview

- Effect of the recession on output
- Effect of the recession on jobs
- Forecasts for 2010 and 2011
- Which sectors will drive growth
- Long range forecasts

The longest and deepest post-war recession



- In 1979-81 output fell 4.8%. In 1990-92 it fell 2.6% and in 2008-09 it has fallen 6.2%.
- Six consecutive quarters of falling output makes this the longest and deepest post-war recession

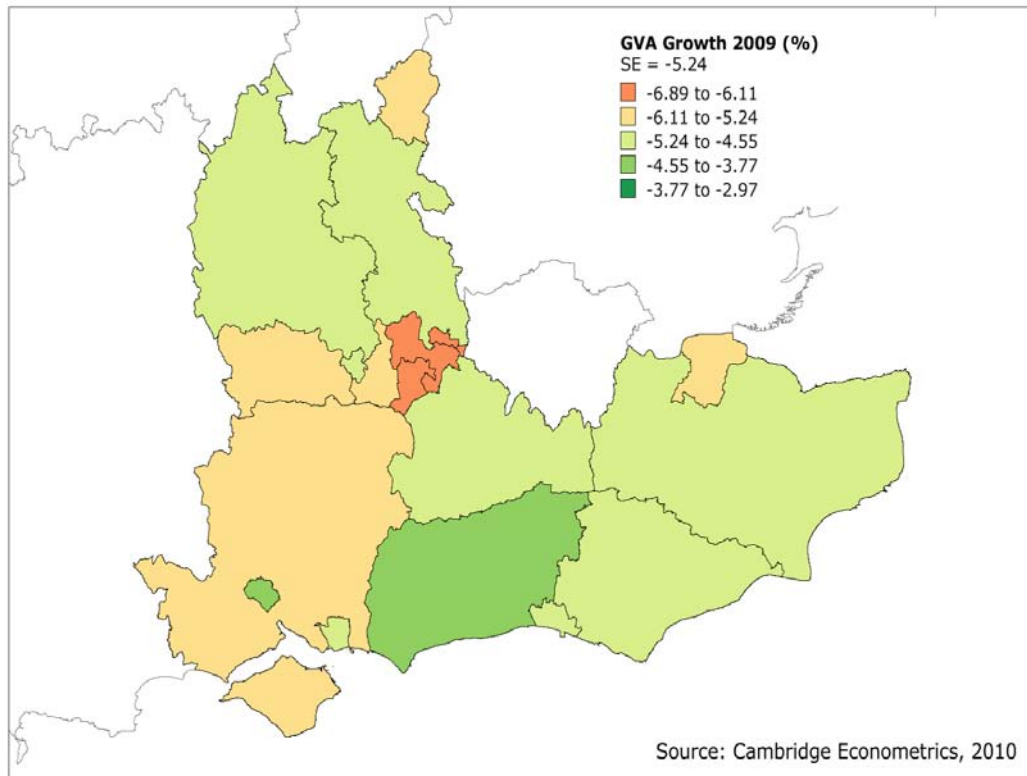
Effect of the recession on output

- 2009 saw large falls in output throughout the South East

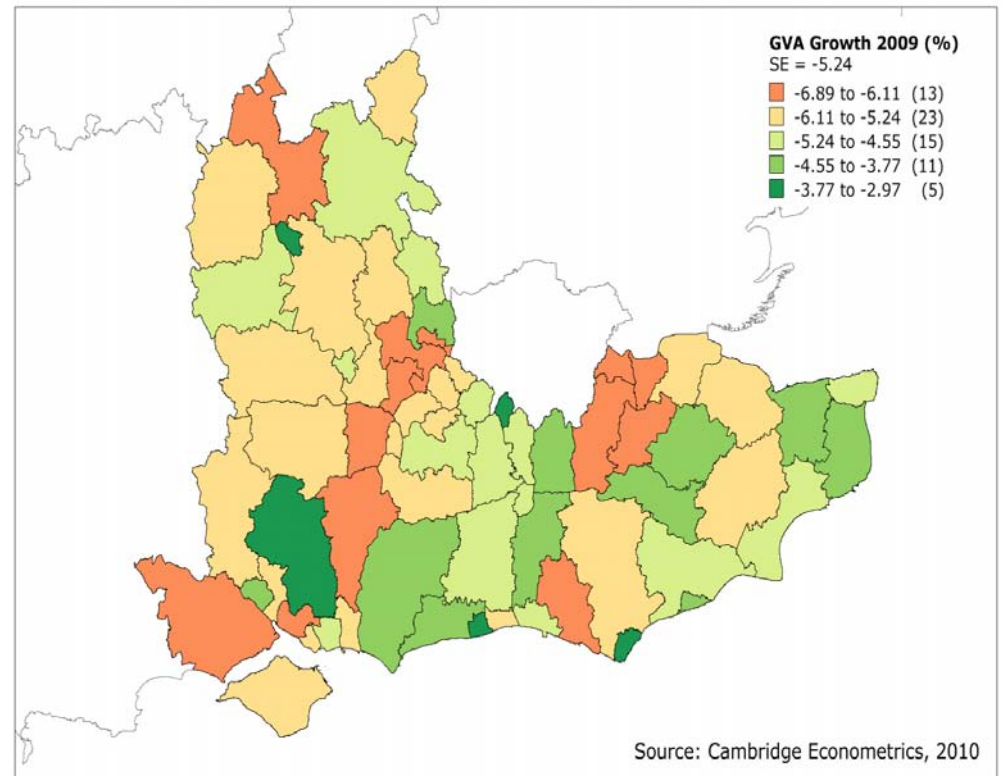
	% fall in GVA, 2009
Berkshire	5.8
Buckinghamshire	5.5
Hampshire	5.5
Kent	5.3
Surrey	5.0
East Sussex	5.0
Oxfordshire	4.8
West Sussex	4.5
South East average	5.2

- On average, GVA fell by 5.2%, though with significant sub-regional variation

Effect of the recession on output, cont.



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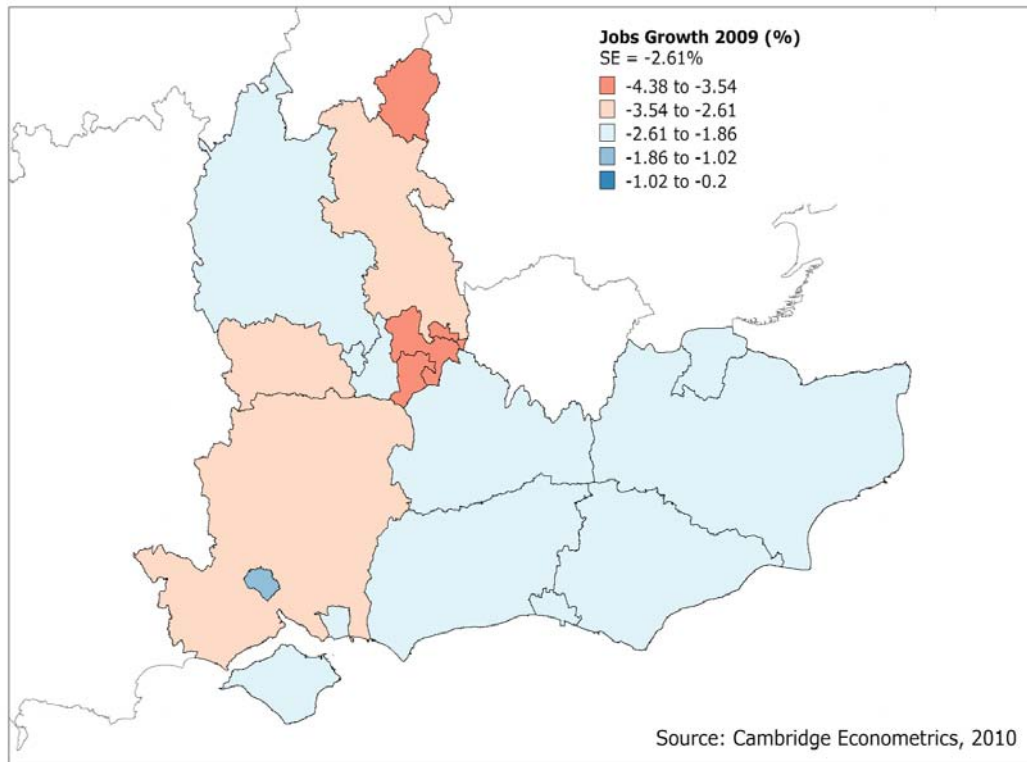
Effect of the recession on jobs

- 2009 also saw a significant fall in employment in the South East

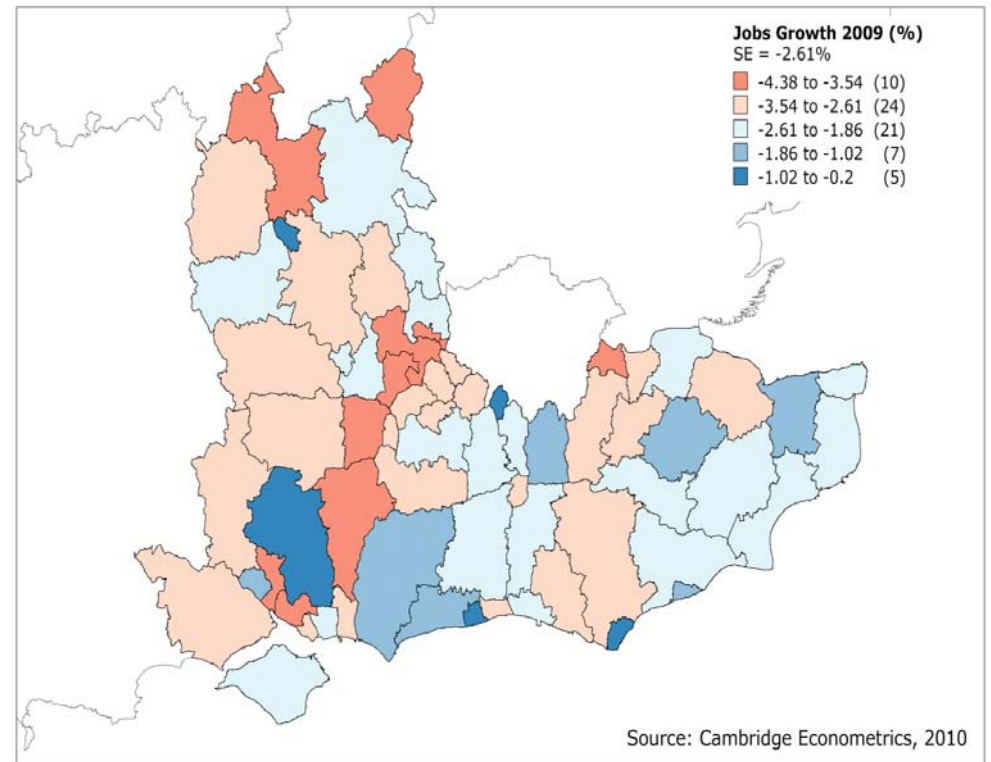
% fall in number of jobs, 2009	
Berkshire	3.3
Buckinghamshire	3.1
East Sussex	2.2
Hampshire	2.9
Kent	2.4
Oxfordshire	2.1
Surrey	2.5
West Sussex	1.9

- On average, there was a 2.6% decrease in the total number of jobs

Effect of the recession on jobs, cont.

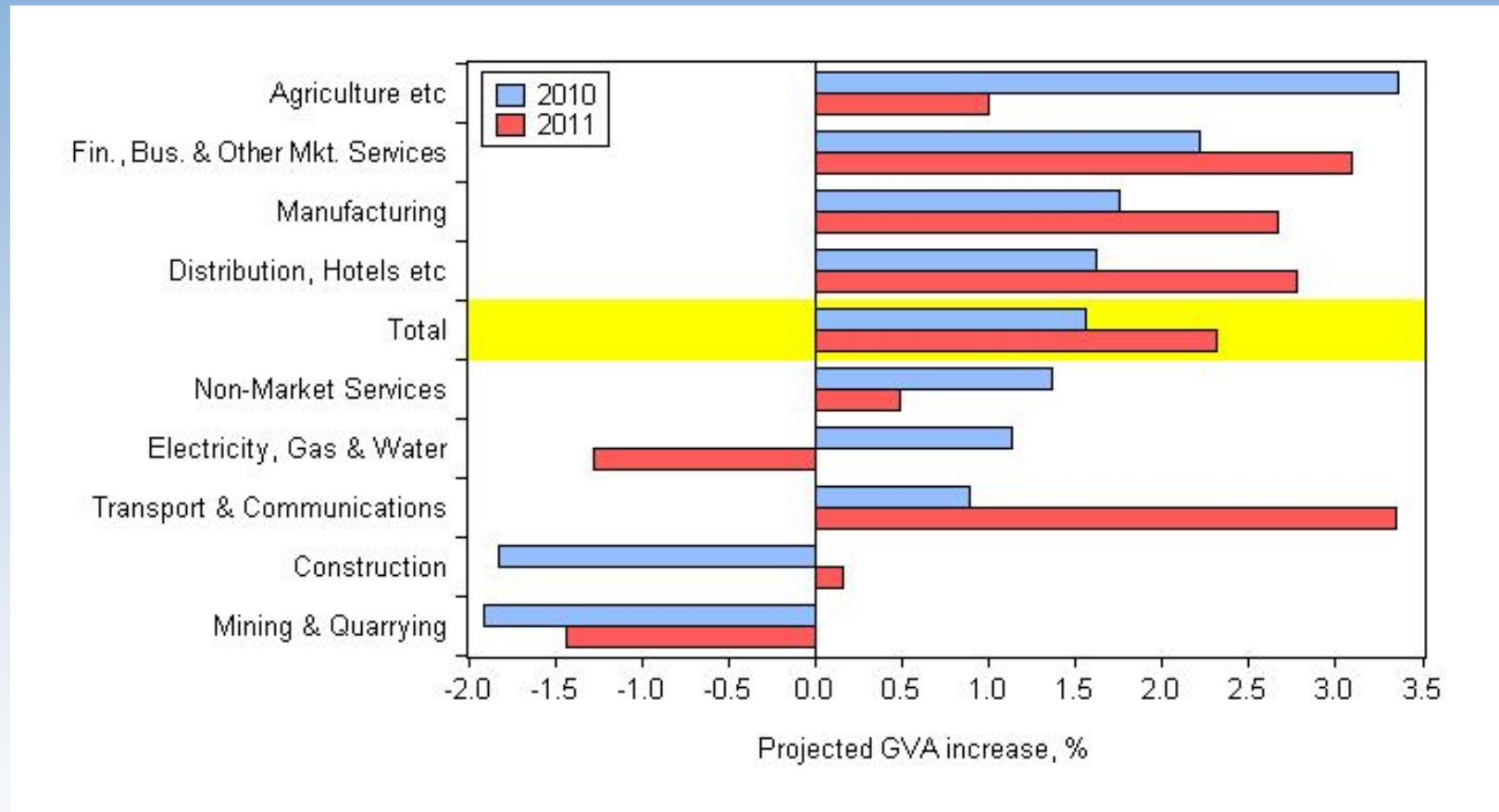


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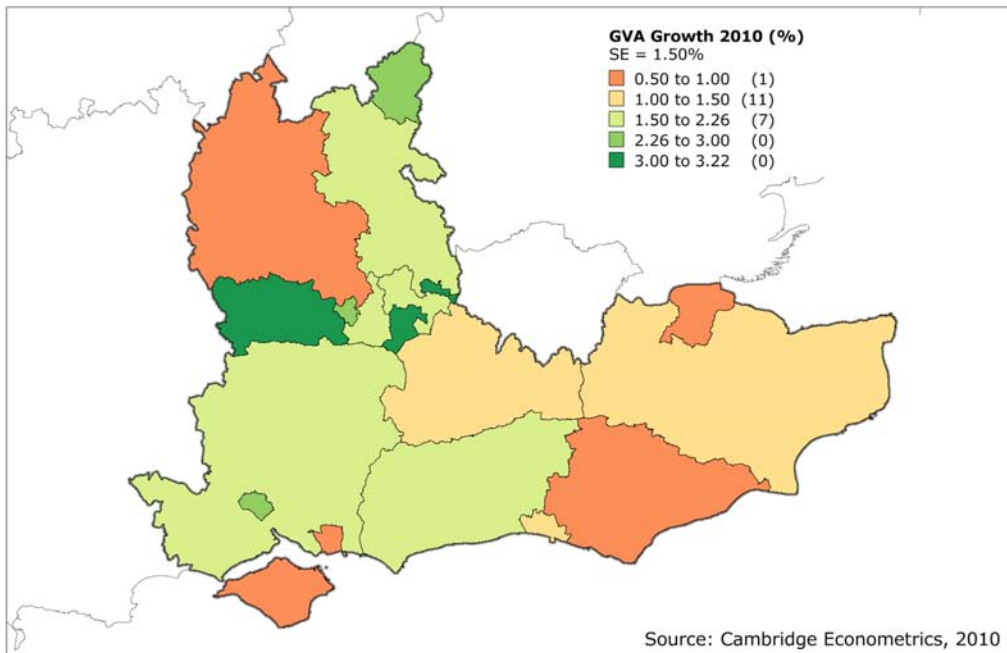


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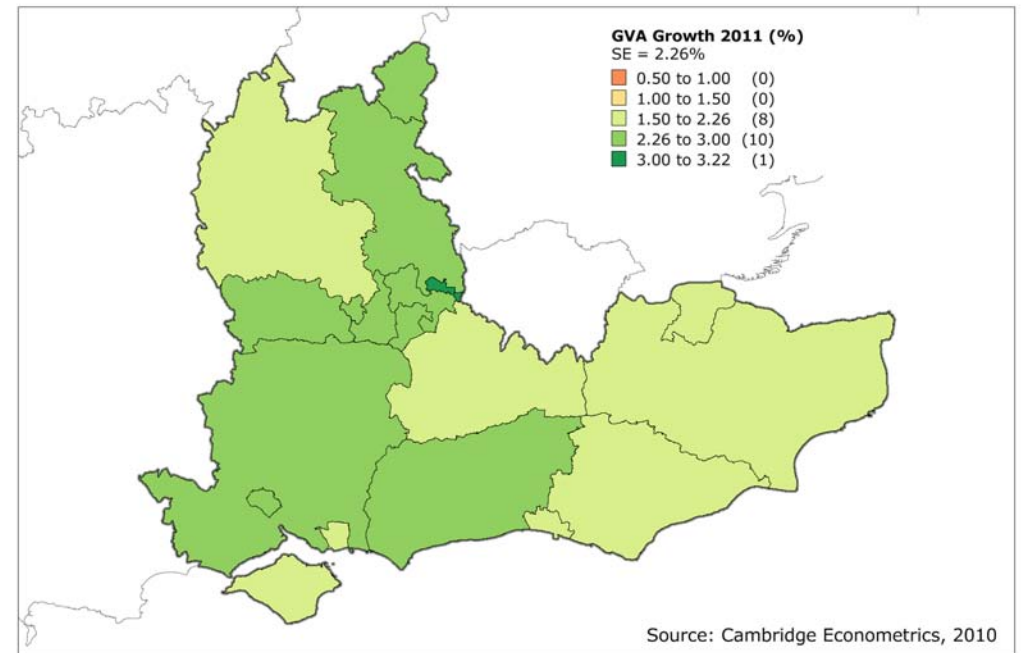
Projected GVA increase in 2010 and 2011 by sector



Projections for 2010 and 2011: GVA growth

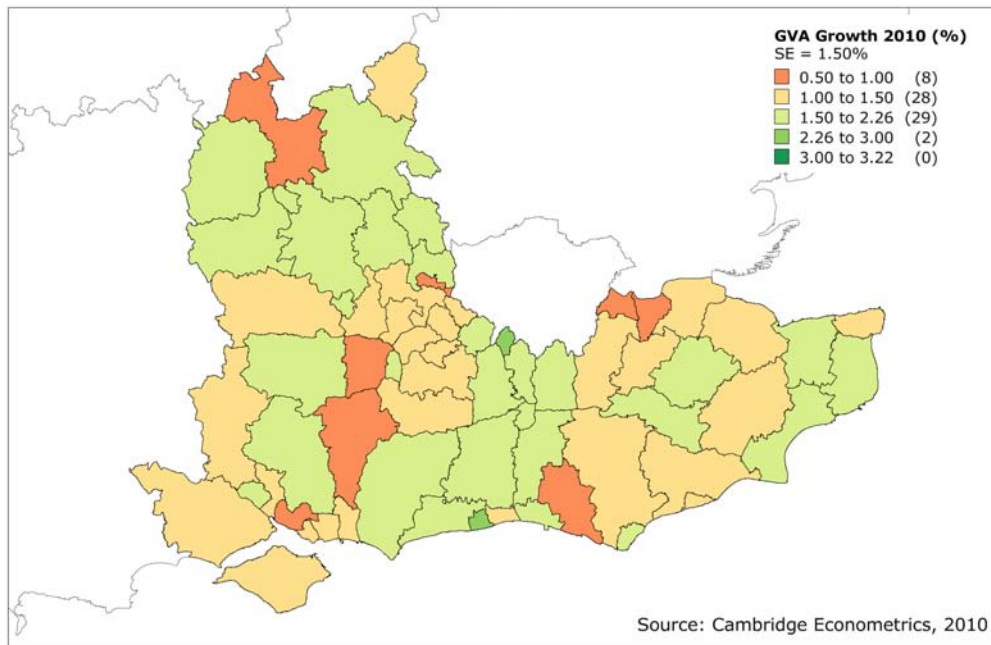


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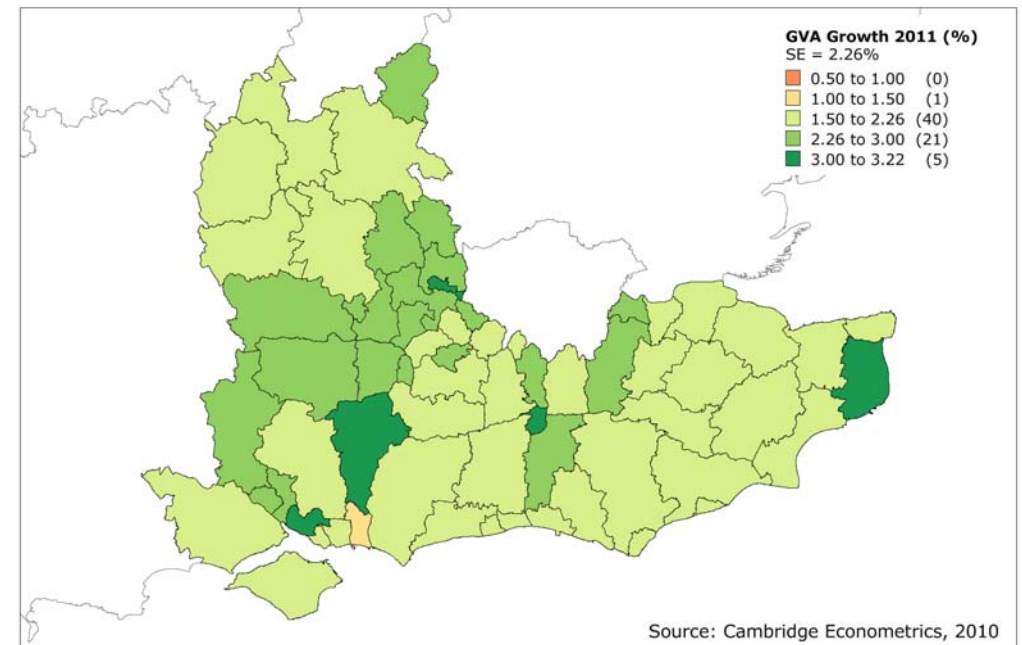


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Projections for 2010 and 2011: GVA growth, cont.

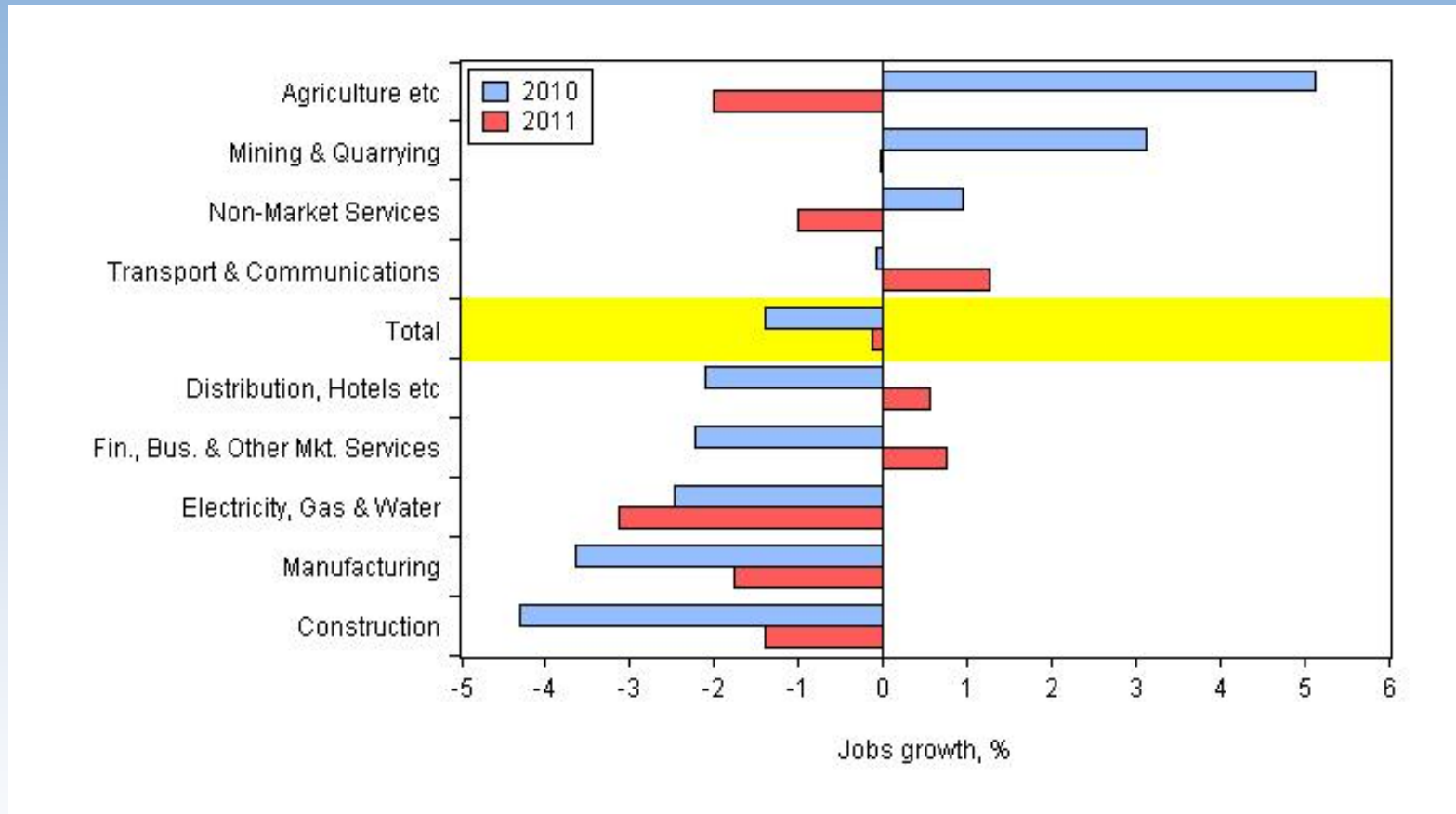


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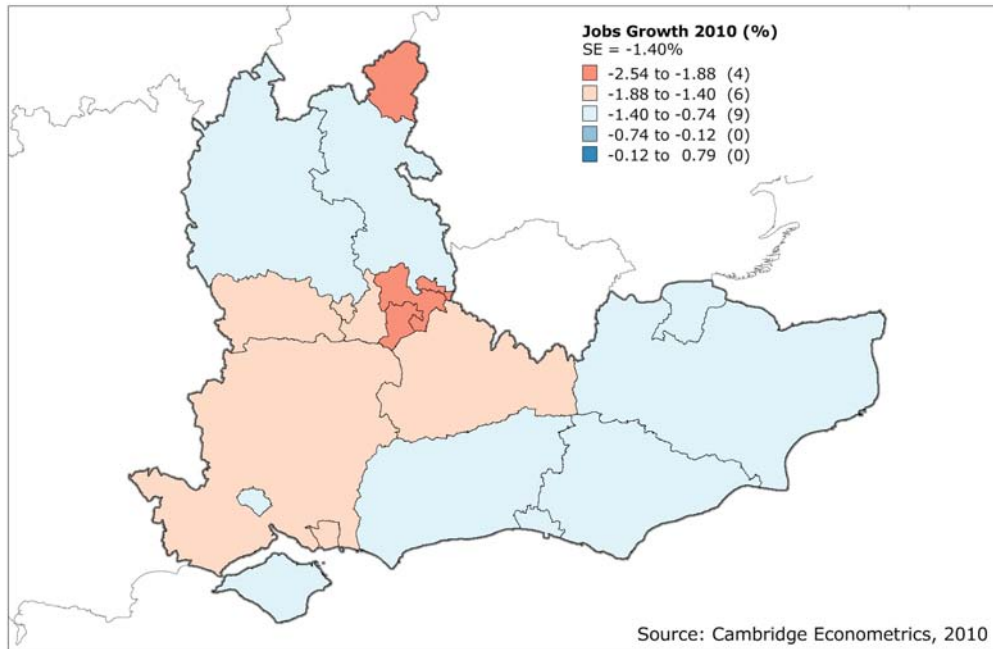


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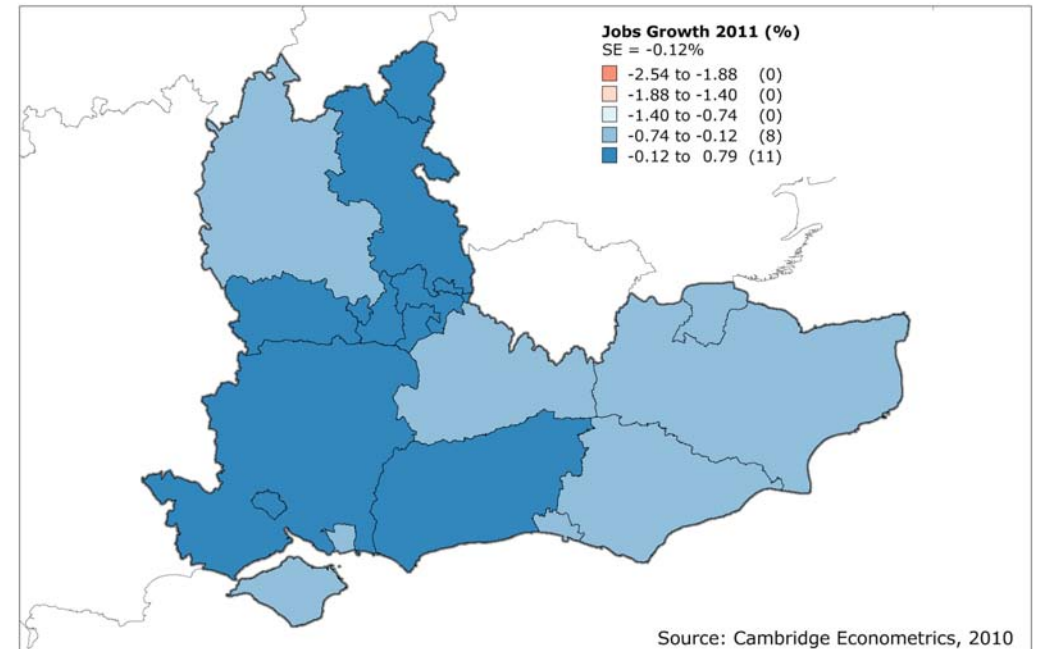
Projected jobs growth by sector



Projections for 2010 and 2011: Jobs growth

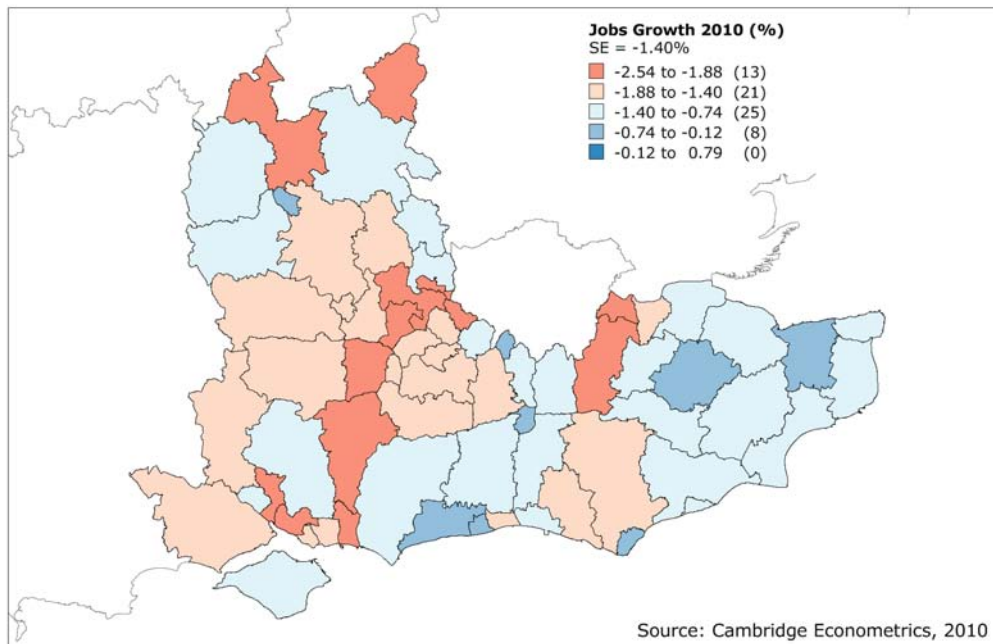


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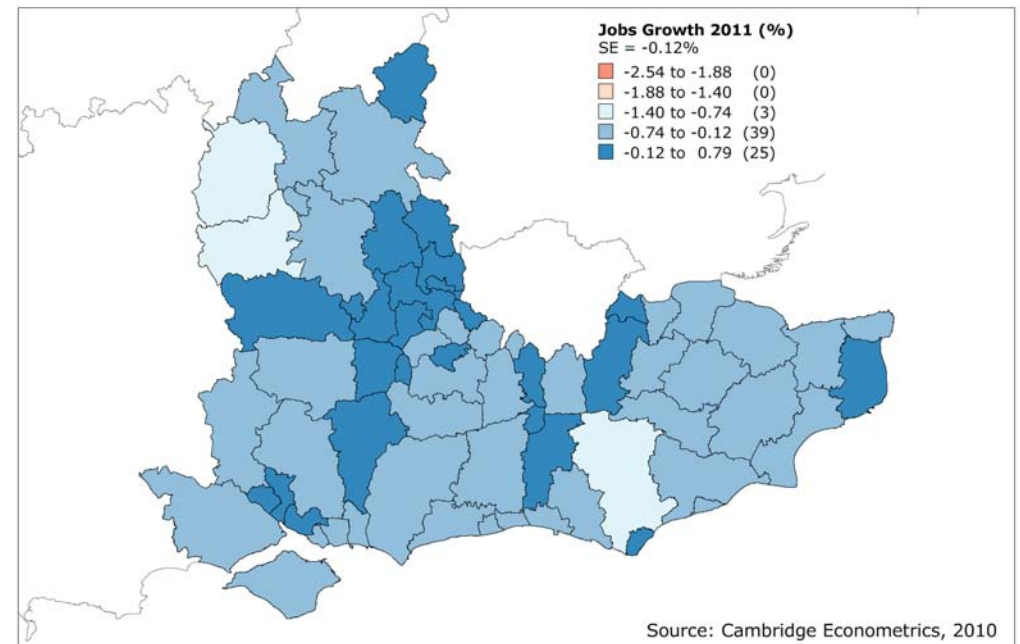


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Projections for 2010 and 2011: jobs growth, cont.



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Long range forecasts

In the long run, output is forecast to grow at a similar rate to in the past

	2010-2020	2010-2030	1998-2008	1988-2008
GVA growth rate	2.6%	2.7%	2.6%	2.6%

Jobs growth is forecast to grow at a similar rate to the 20 years to 2008, though slower than the previous decade (excluding the recession)

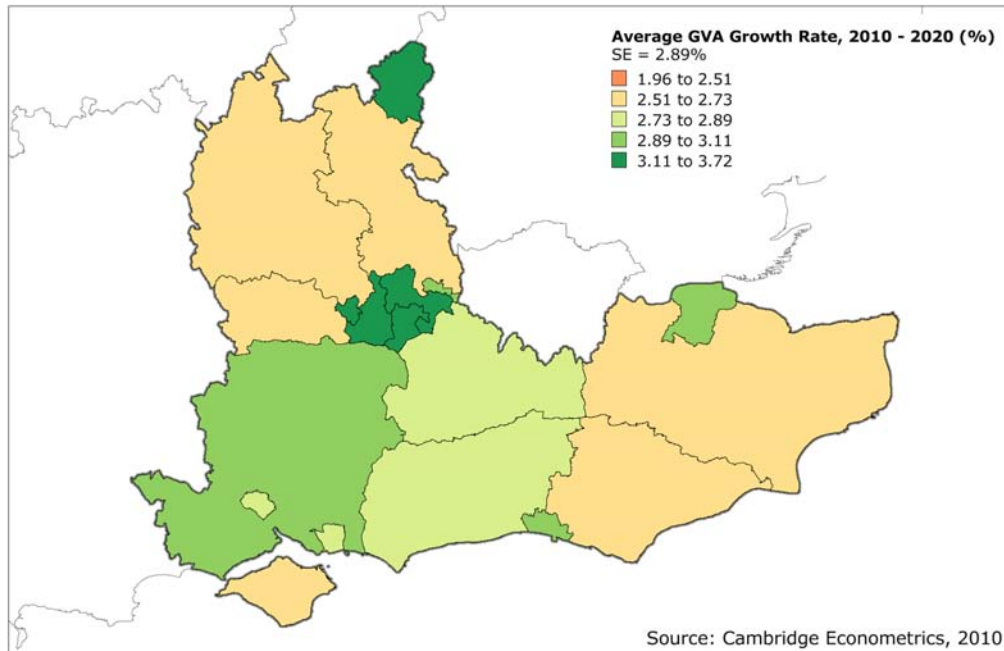
	2010-2020	2010-2030	1998-2008	1988-2008
Jobs growth rate	0.7%	0.9%	1.1%	0.7%

Which sectors will drive long run GVA growth?

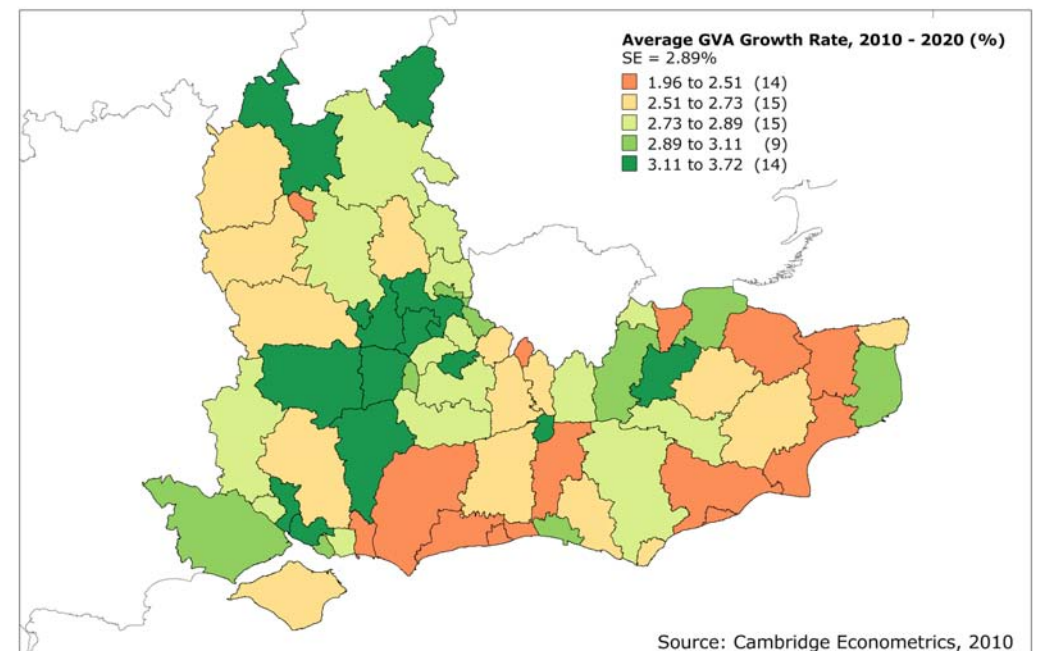
GVA:

	2010-2020	2010-2030
Transport & Communications	4.0%	4.2%
Fin., Bus. & Other Mkt. Services	3.3%	3.3%
Total	2.6%	2.7%
Distribution, Hotels etc	2.5%	2.6%
Construction	1.9%	1.7%
Manufacturing	1.5%	1.5%
Non-Market Services	1.3%	1.5%
Agriculture etc	0.5%	0.2%
Electricity, Gas & Water	0.3%	0.5%
Mining & Quarrying	-1.4%	-1.2%

Projected GVA growth, 2010-2020



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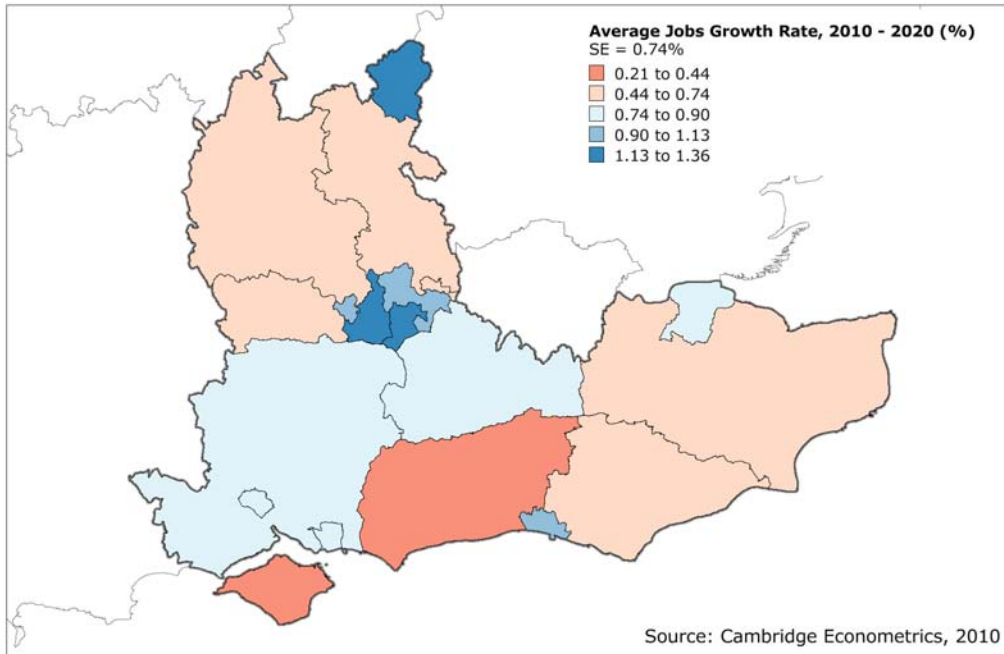
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Which sectors will drive long run jobs growth?

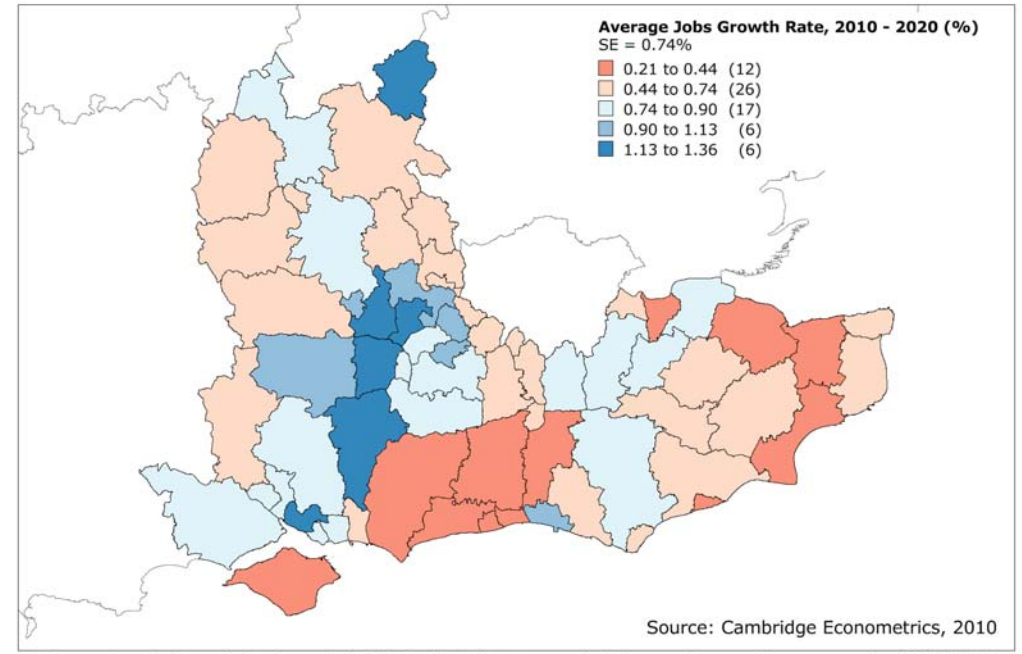
Jobs:

	2010-2020	2010-2030
Fin., Bus. & Other Mkt. Services	1.9%	2.0%
Total	0.7%	0.9%
Distribution, Hotels etc	0.7%	0.6%
Transport & Communications	0.5%	0.5%
Construction	0.3%	0.2%
Non-Market Services	0.3%	0.7%
Manufacturing	-1.6%	-1.7%
Mining & Quarrying	-1.6%	-1.8%
Agriculture etc	-1.8%	-1.7%
Electricity, Gas & Water	-2.2%	-1.9%

Projected jobs growth, 2010-2020



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