



Monthly Economy Update

August 2009

SEEDA Research & Economics

Agenda

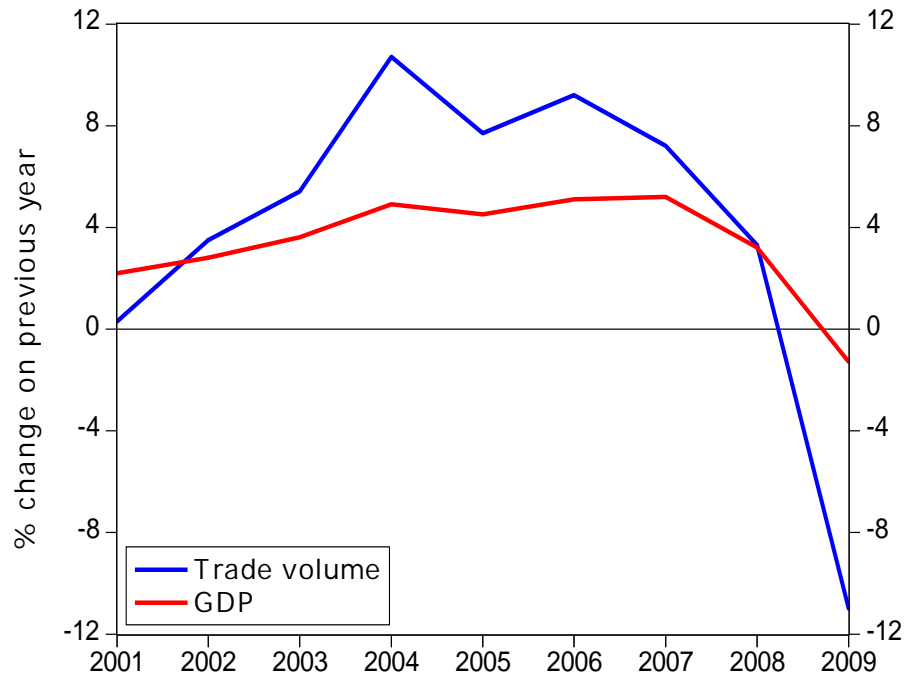
Overview of the current state of the economy

- Current economic conditions (Sabine Rumscheidt)
- South East labour market (Claire Hann)

Economic conditions

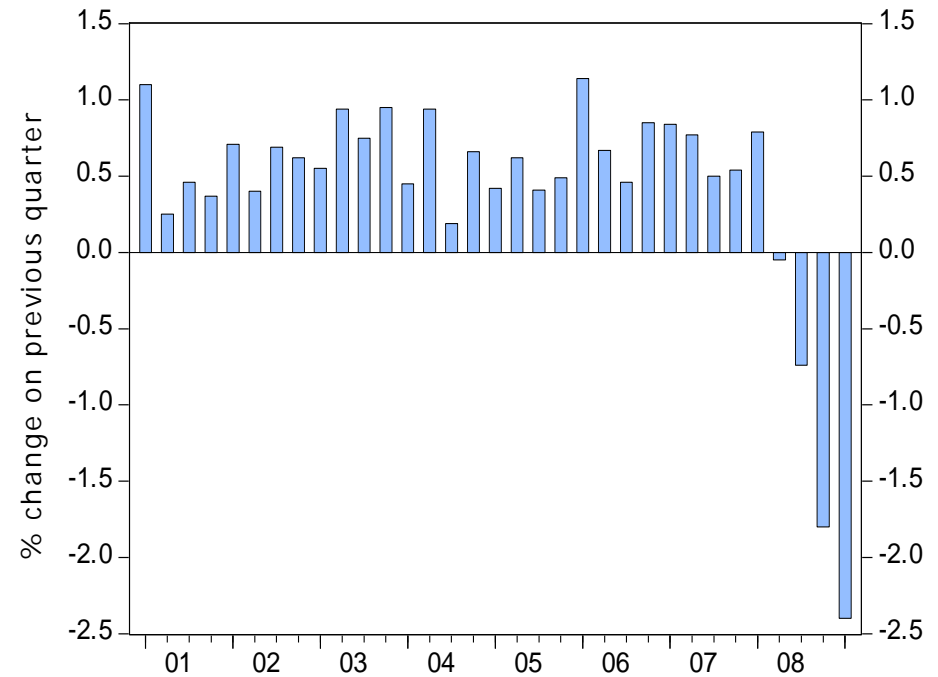
Global economic downturn continues...

GDP and Trade volume, 2001-2009



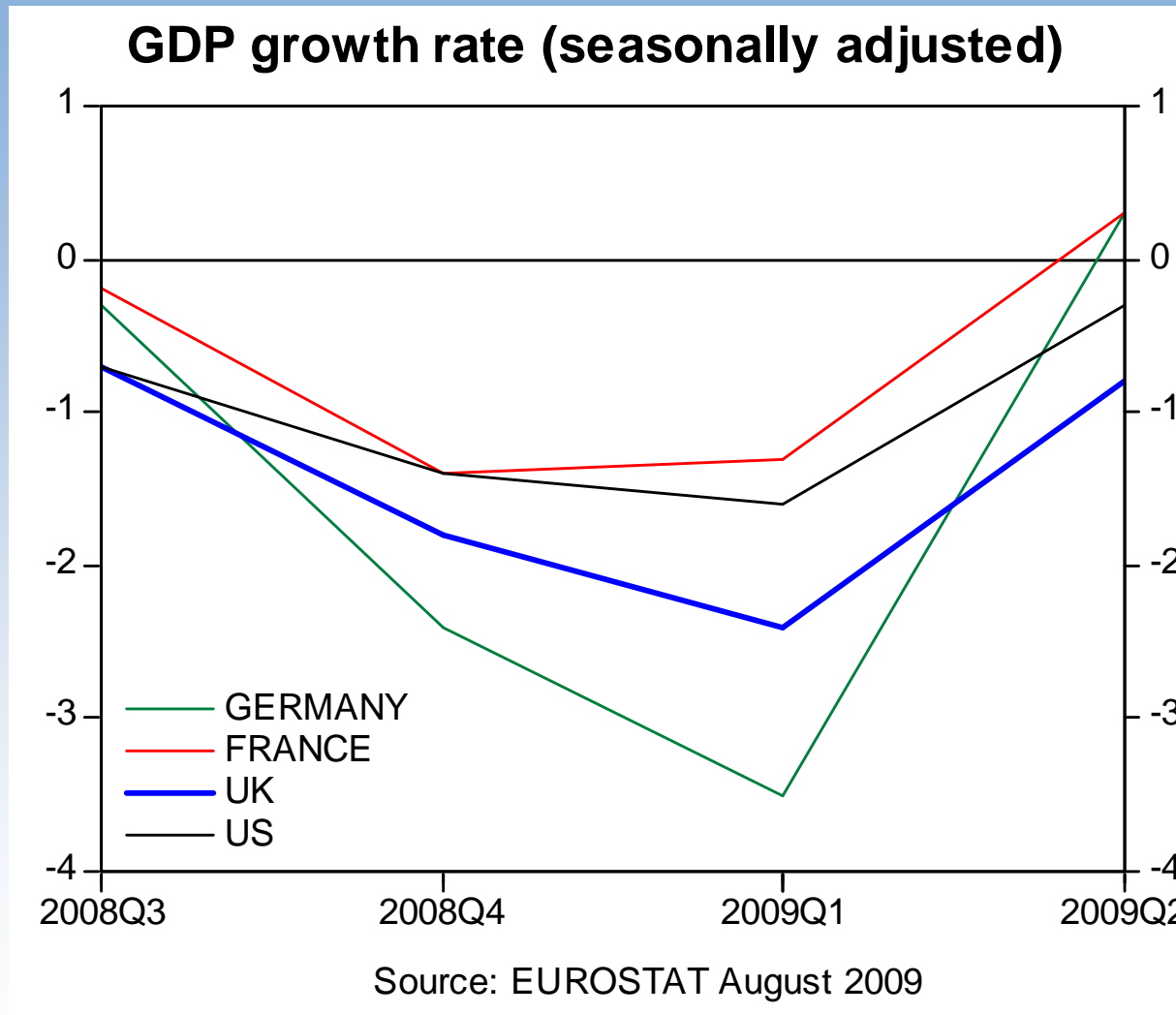
Source: IMF, 2009

UK quarterly GDP growth, 2001-2009(Q1)



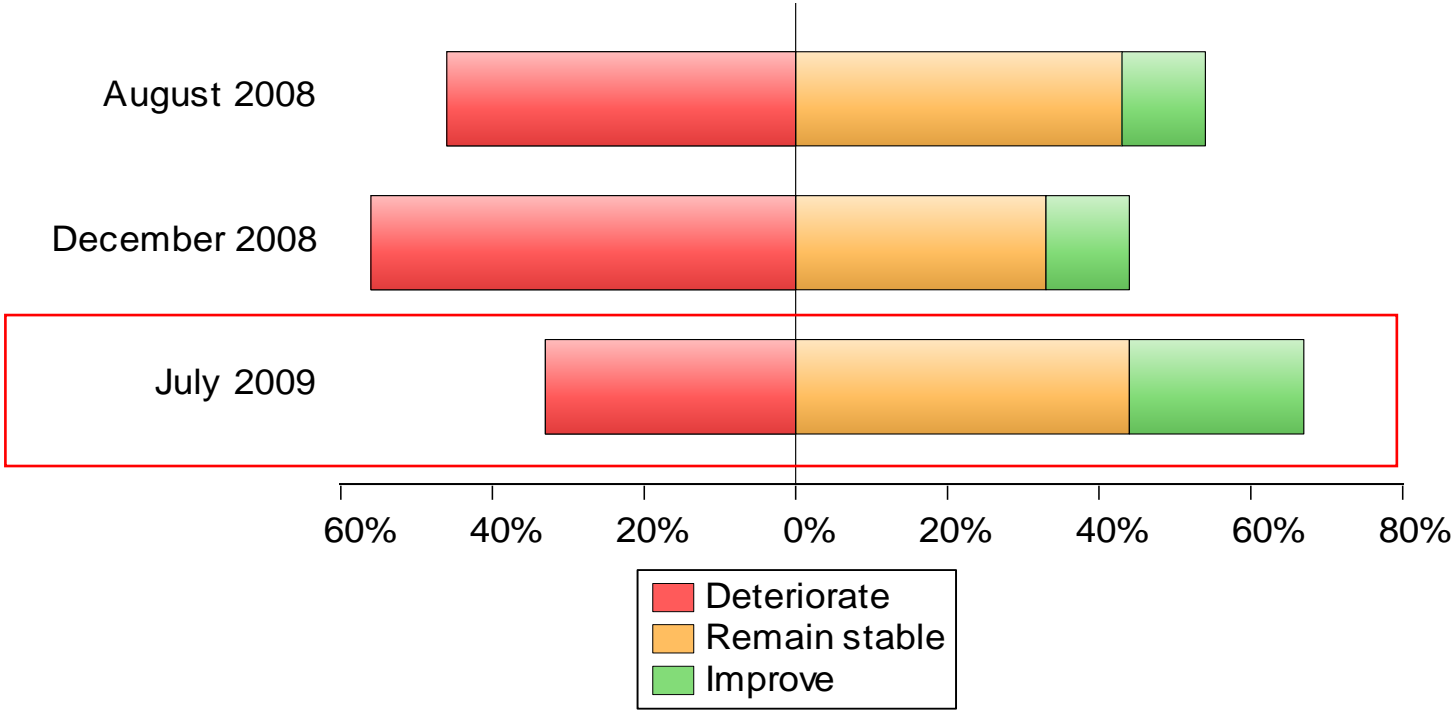
Source: National Statistics 2009

...but may now be moderating



Indications of an upturn in business confidence

Over the next 12 months do you expect the business climate in which your business operates to generally improve, remain stable or deteriorate?



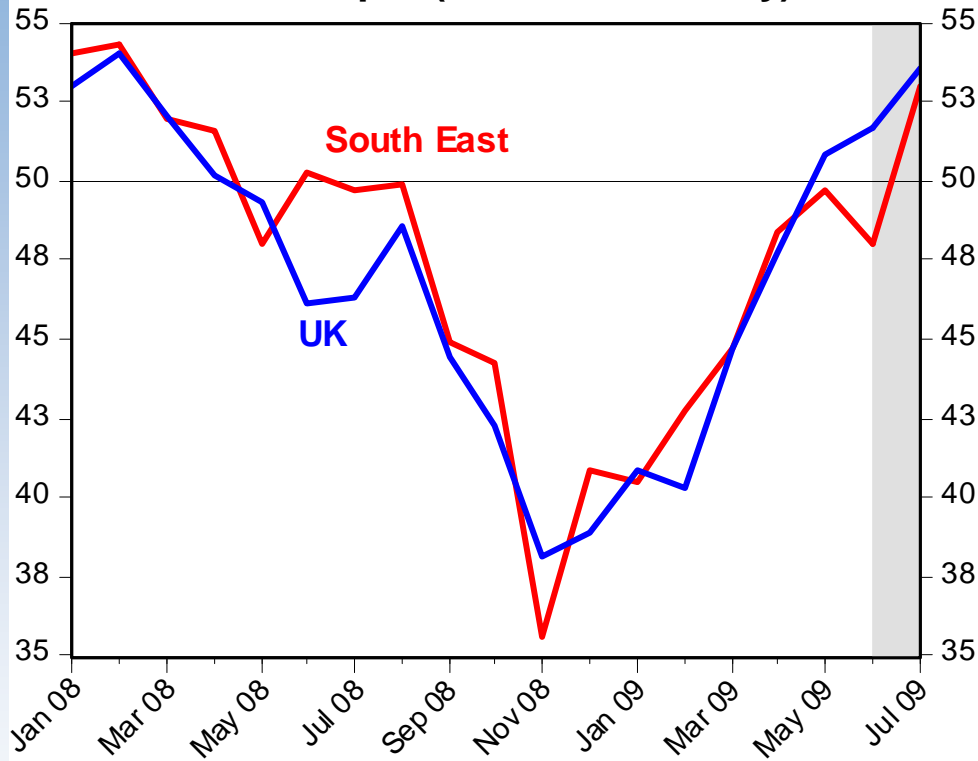
The outlook is much brighter than at the end of last year, but many businesses may continue to suffer

Excluding seasonal variations, what are the expected trends for the next 12 months, with regard to...



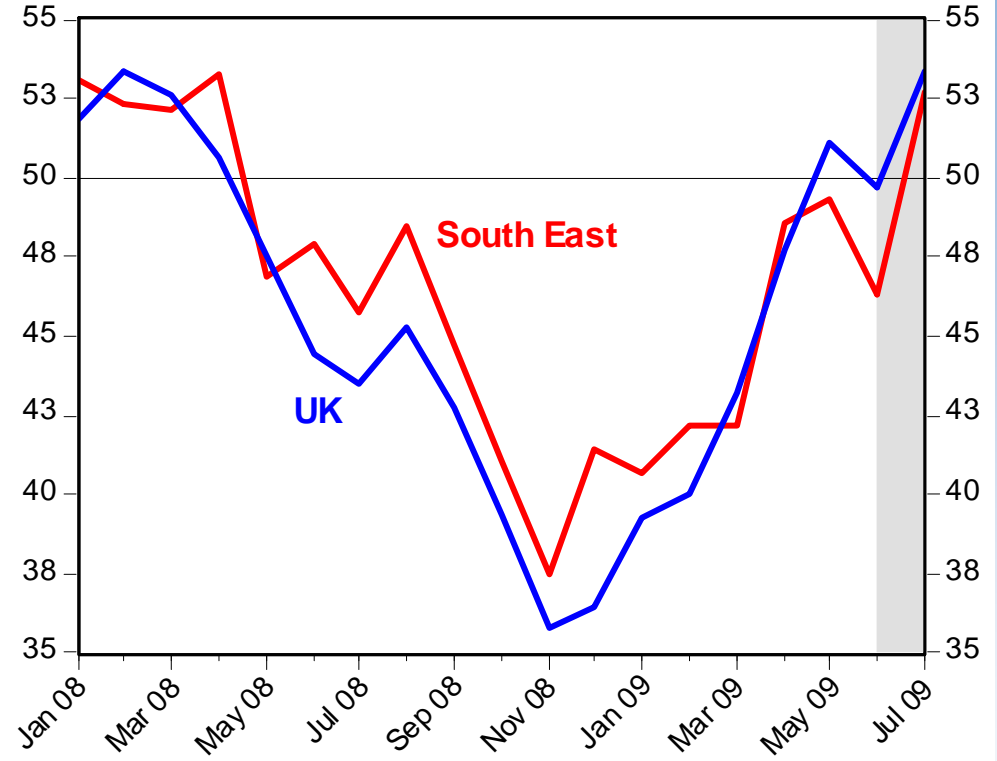
PMI – increasing for the first time in 15 months

PMI - Output (business activity)



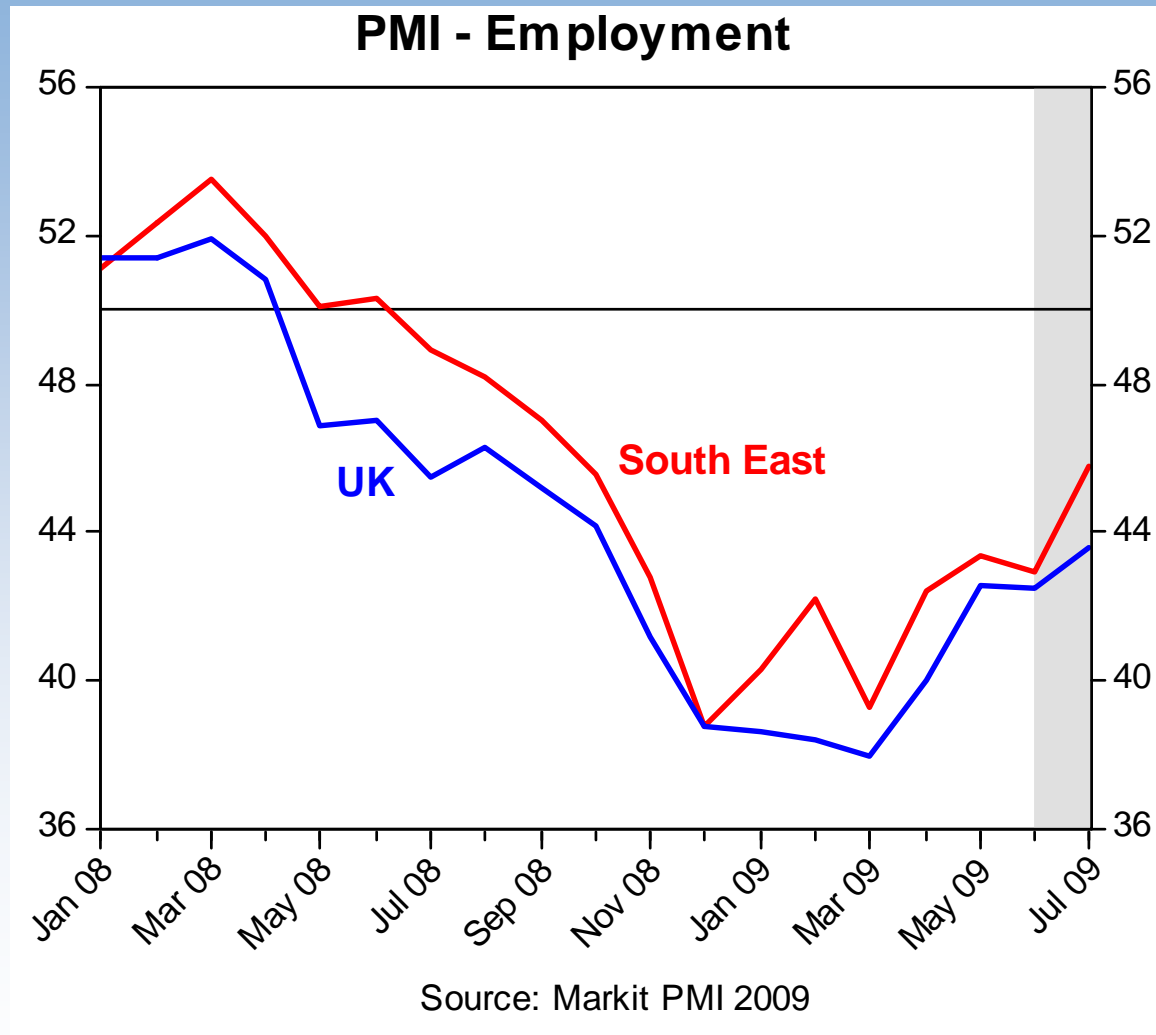
Source: Markit PMI 2009

PMI - Order books

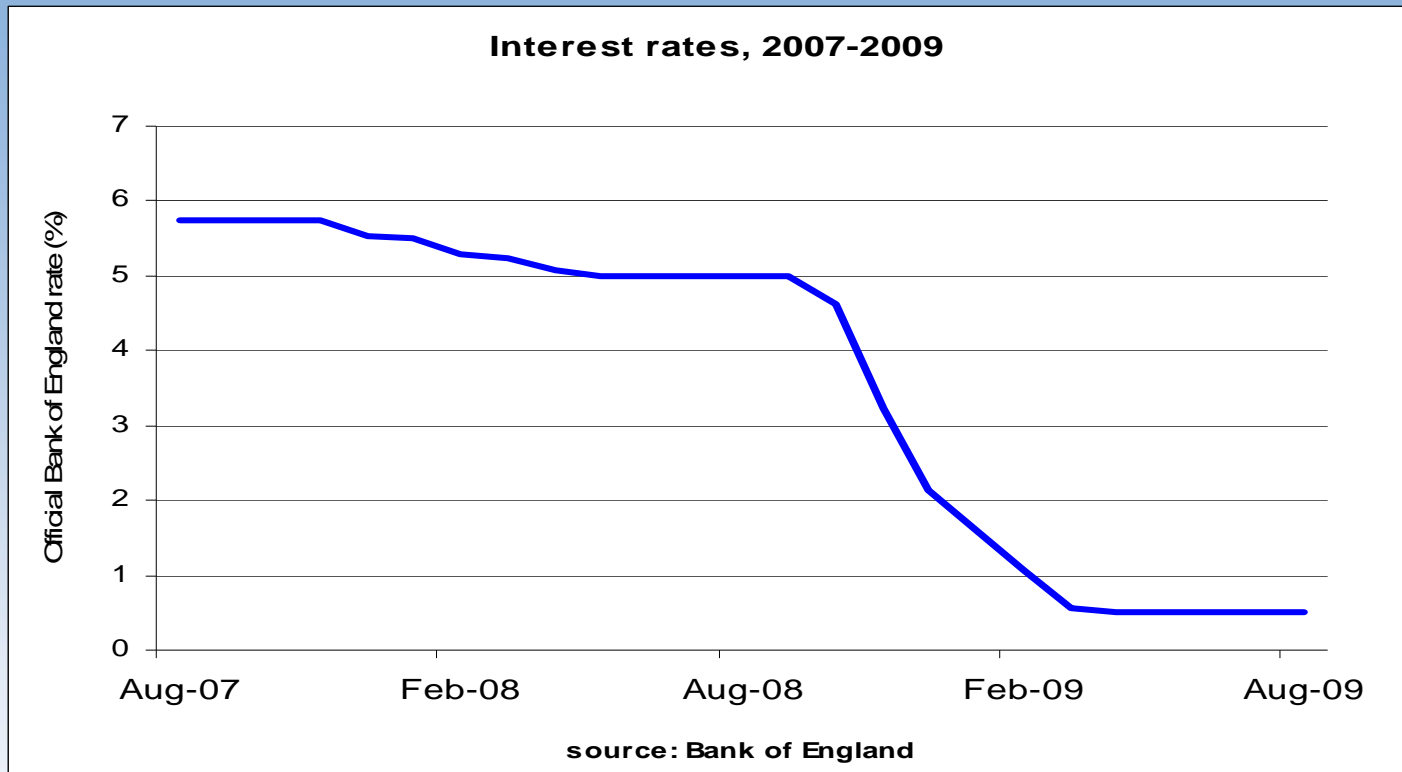


Source: Markit PMI 2009

Job shedding continues, but at a slower rate...



Monetary policy



- **No more room for maneuver → Quantitative easing**
- **attempt to seed the financial system with new money.**
- **Programme expanded to £175bn**

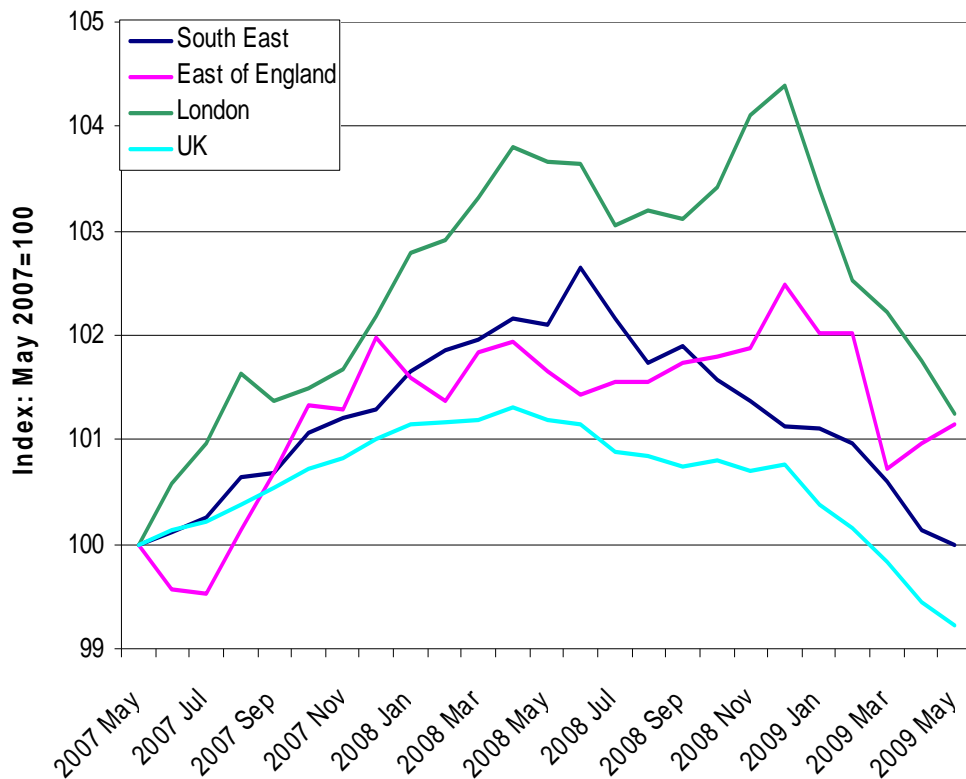
Double dip danger

- **Inventories and destocking**
- **Boost to demand from government spending – temporary**
- **Steps to recovery:**
 - i. guarantee bank deposits and funding.**
 - ii. remove the toxic assets from the banks.**
 - iii. recapitalise the banks.**
- **Some positive signs, but conditions remain tough, many businesses remain pessimistic, a 'double dip' remains a danger and it may be too early to begin talking of any sustained recovery.**

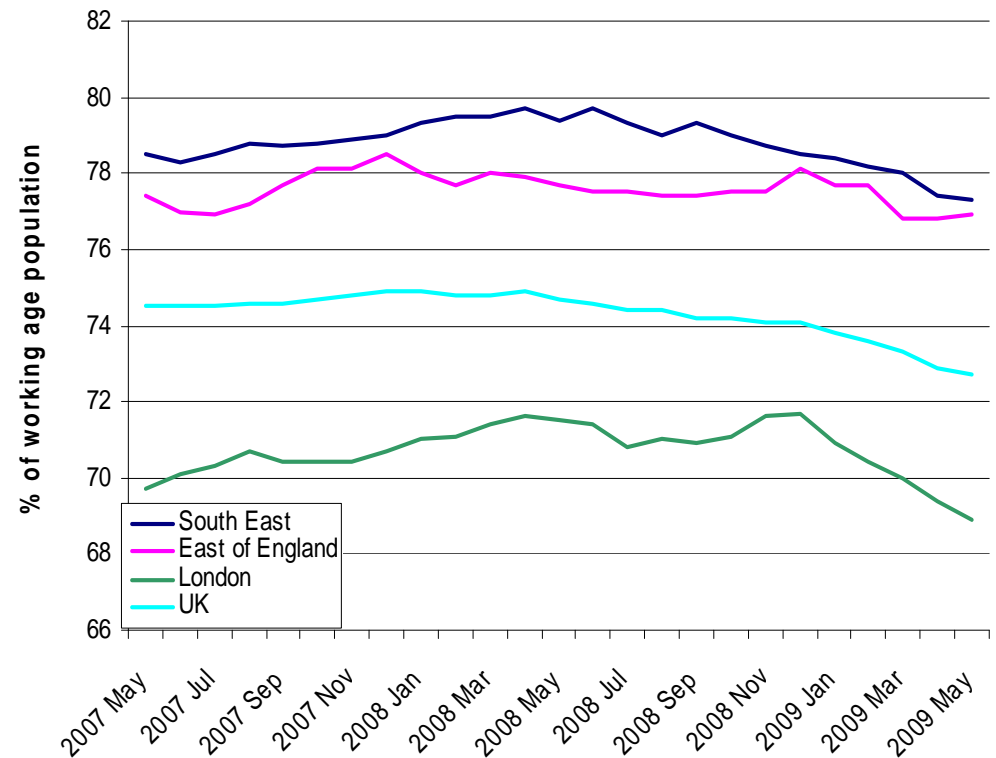
Labour Market impacts

South East outperforming its neighbours?

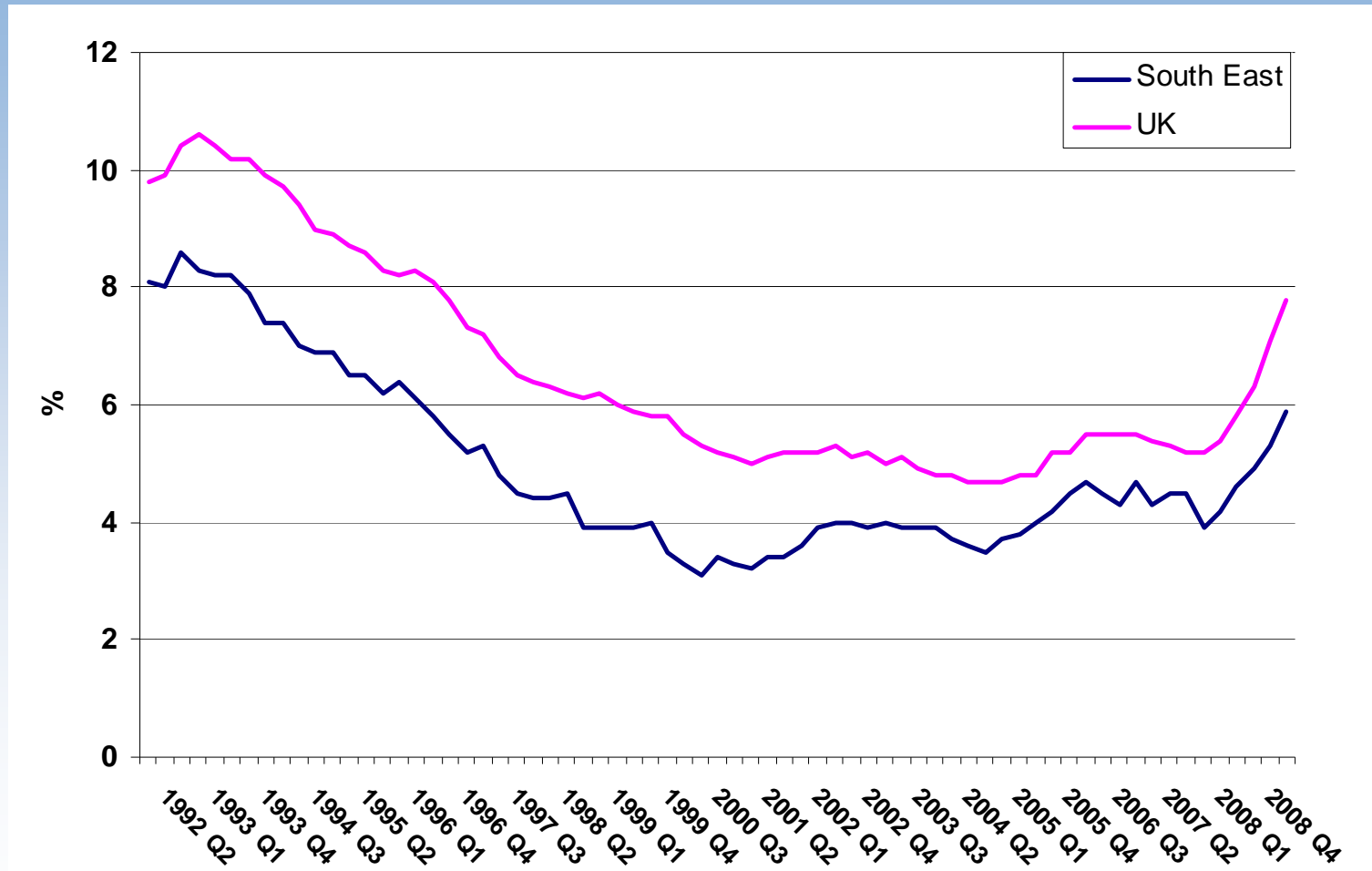
Changes in numbers employed



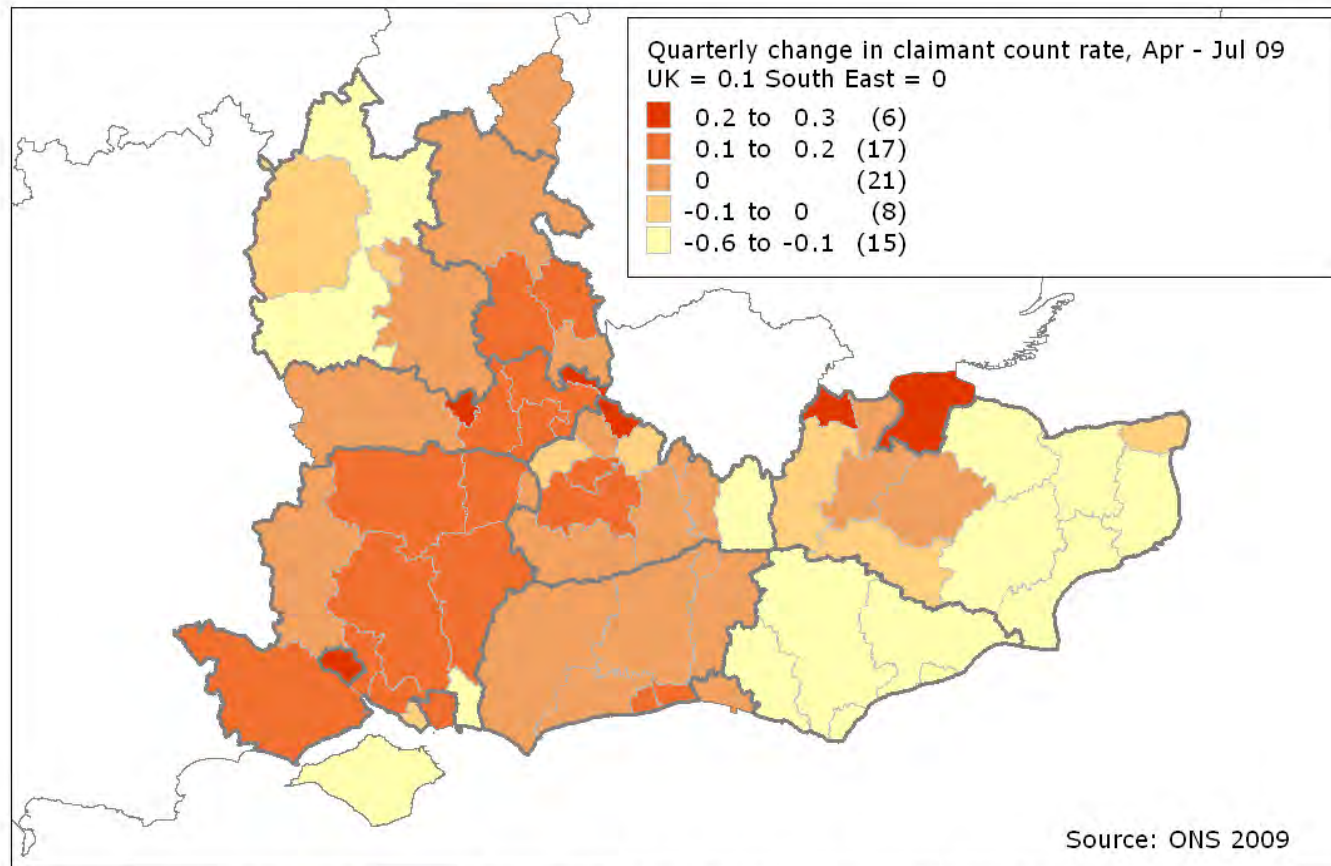
Trends in employment rate



Unemployment rate highest since 1996

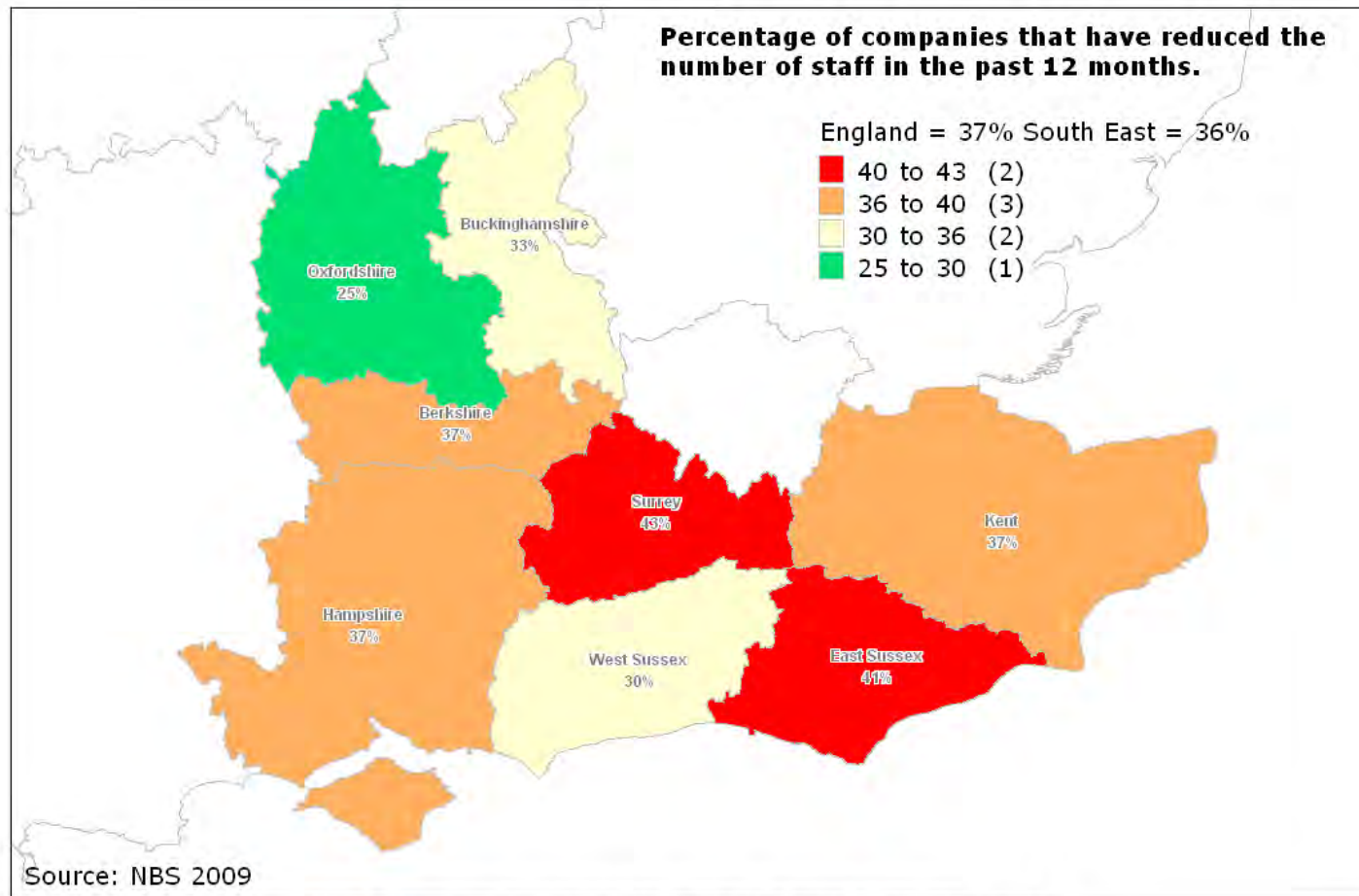


Unemployment rate rising more rapidly in Inner South East



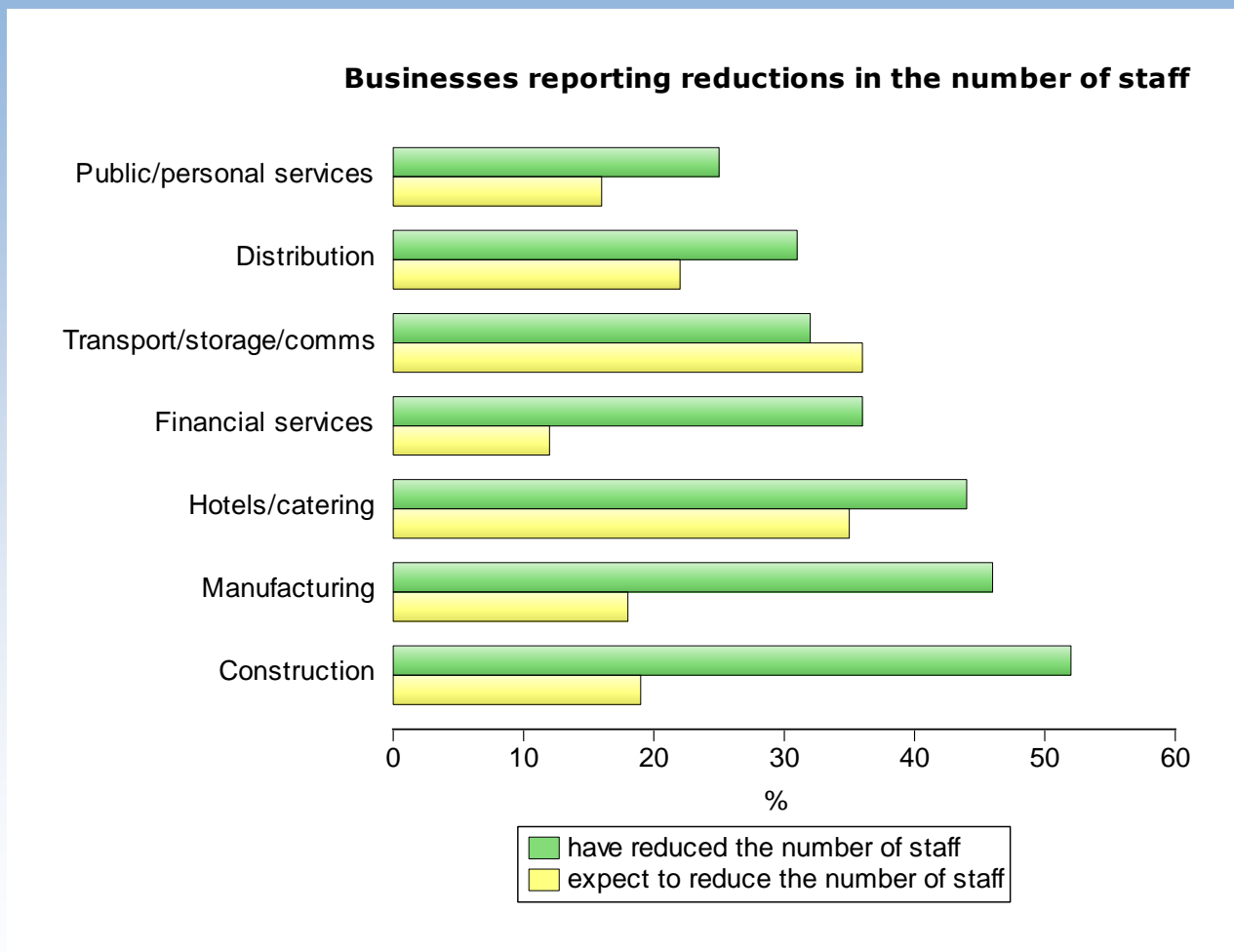
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Redundancies on the increase in past 12 months



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Fewer redundancies expected, but variation by sector



Thank you

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