

South East Partnership Board

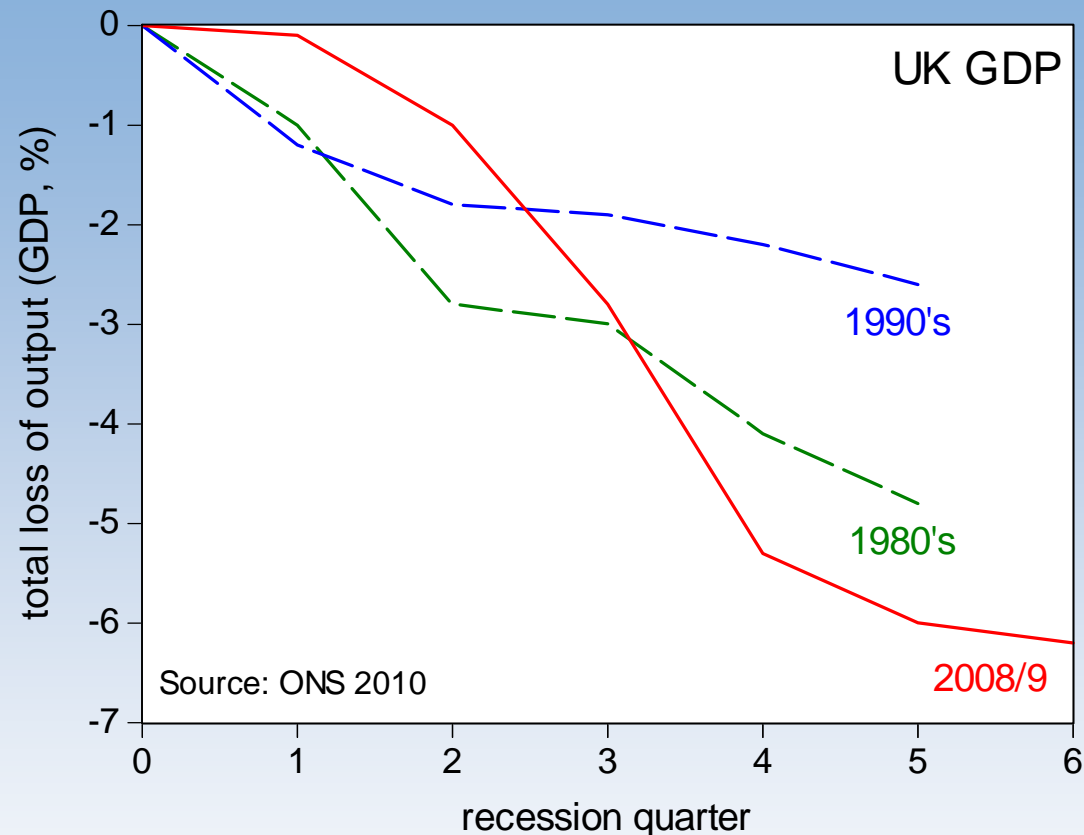
South East Economy Update

February 2010

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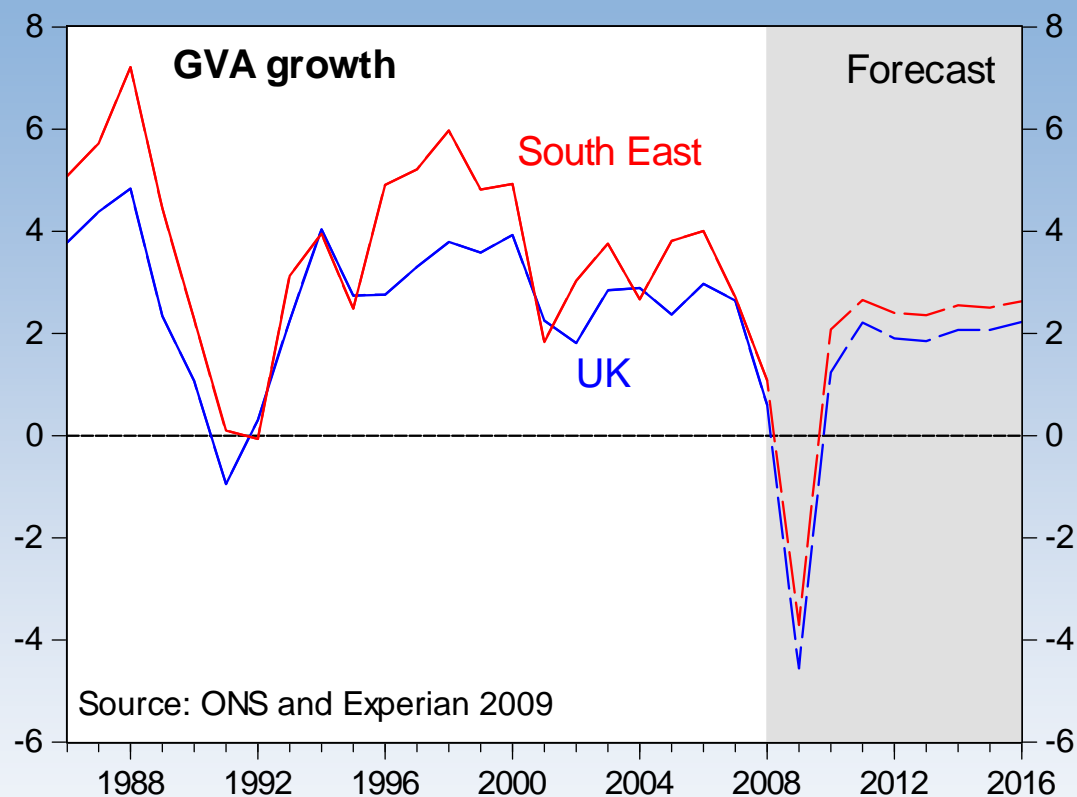
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The longest and deepest post-war recession



- In 1980's output fell 4.8%. In 1990's it fell 2.6% and in 2008-09 it has fallen 6.2%.
- Six quarters of falling output but 2.5 years (10 quarters) of lost output growth.

Growth has returned-What shape will the economic recovery be?

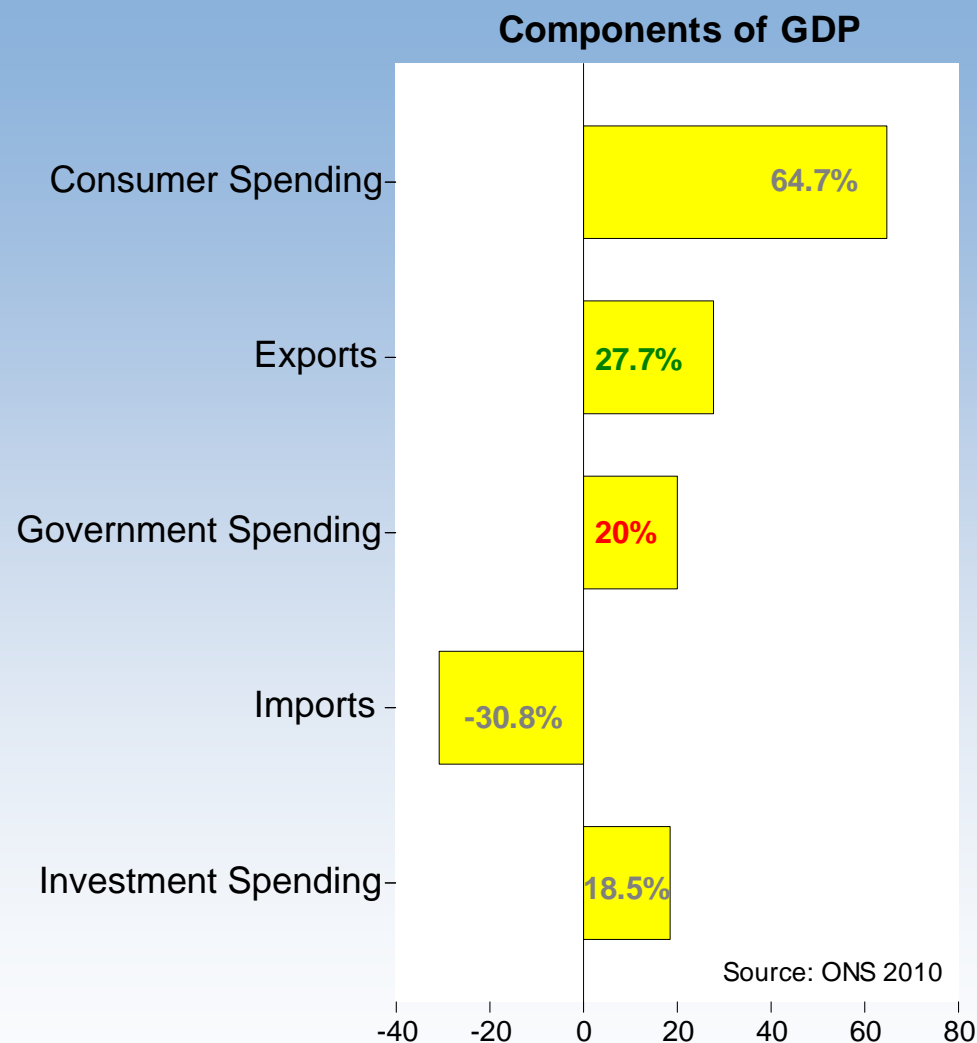


- Growth has (just) returned in 2009Q4, but the recovery likely to be sluggish.
- GVA growth per annum over next decade projected to be some 0.7% lower than in the past.

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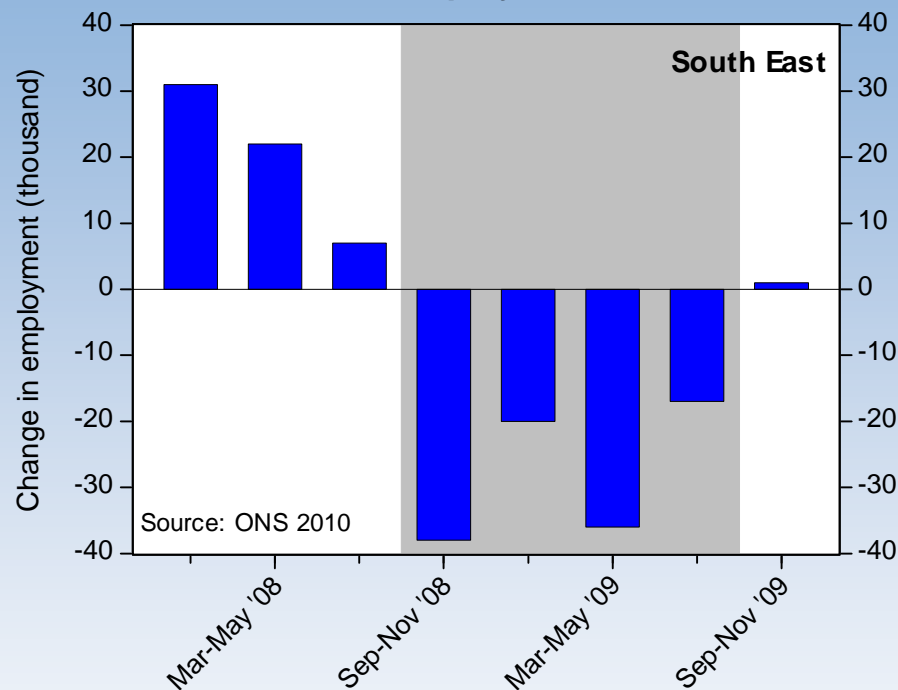
Where will the growth come from?

- **Consumer Spending**
 - Disposable incomes; Households re-adjusting their spending habits
- **Government Spending**
 - Important to growth but cuts are looming
- **Investment**
 - Spare capacity; liquidity; uncertainty about recovery
- **Exports**
 - Drive growth; strength of global recovery; 75% to EEA and US
- **Imports**
 - Lower imports?

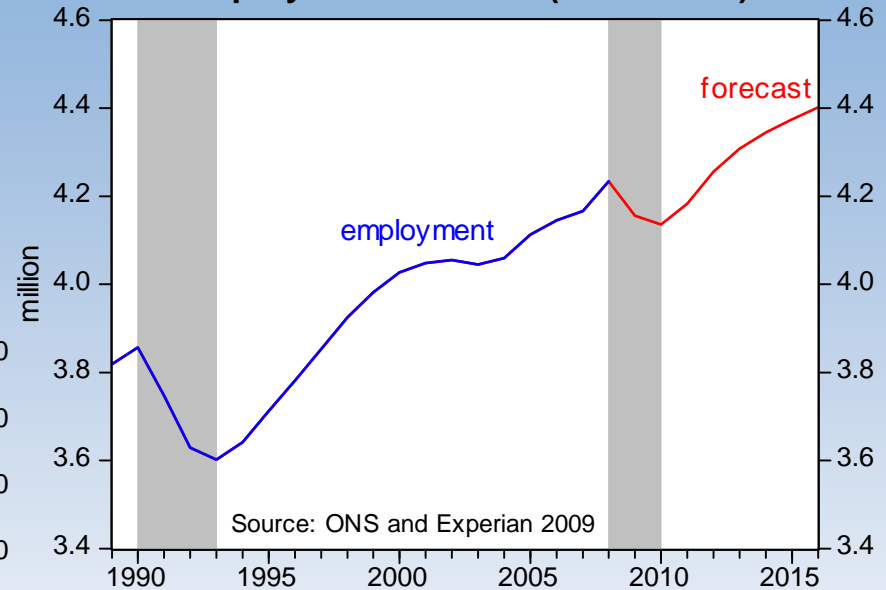


Has the labour market performed better than expected?

Has the decline in employment bottomed out?



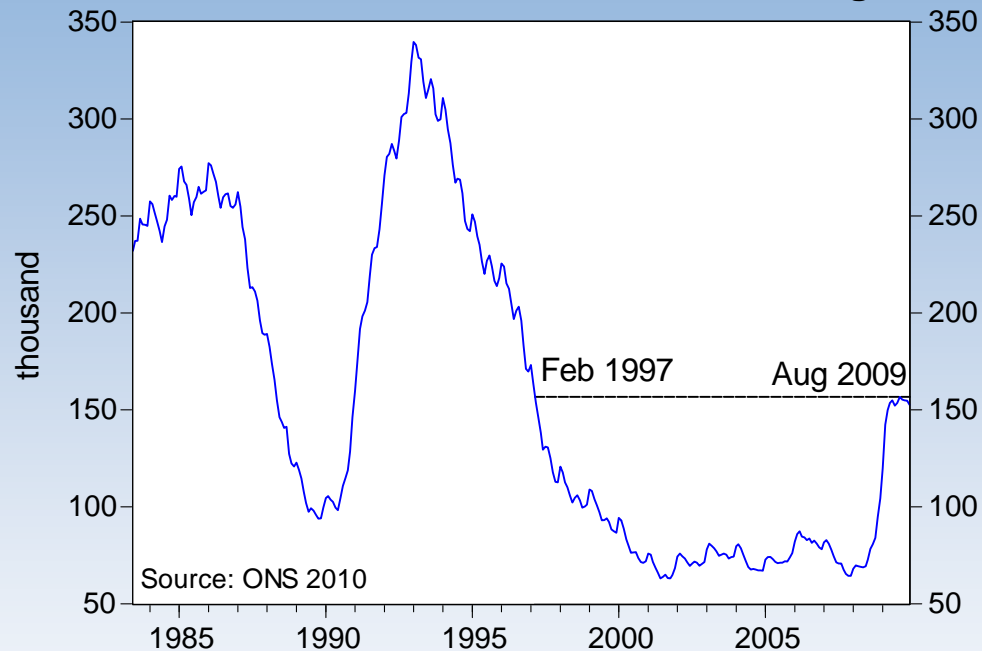
Employment forecast (South East)



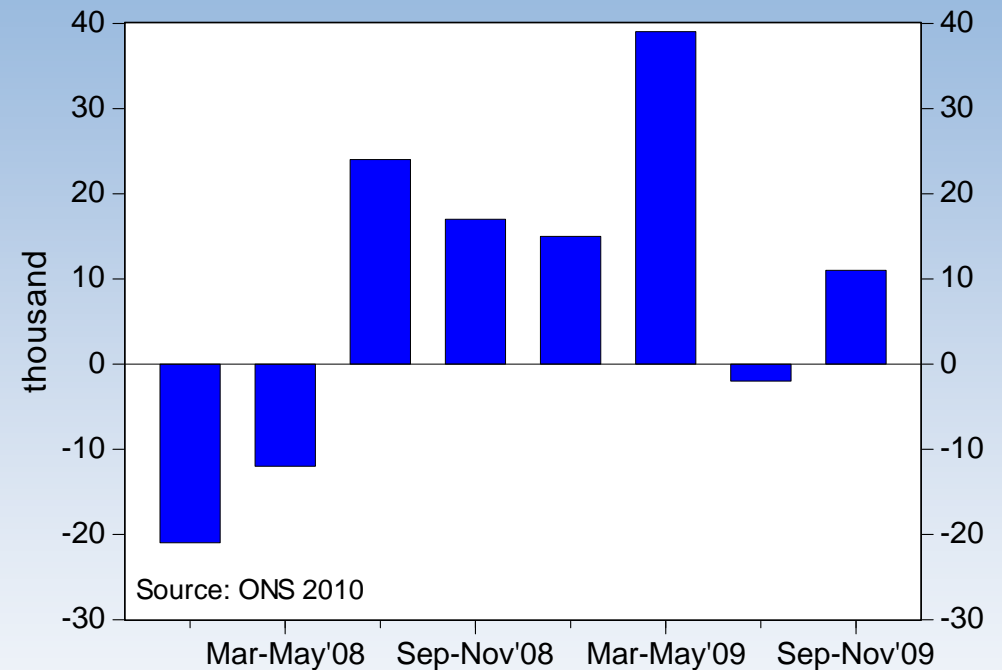
- Employment falls for four consecutive quarters and by 2.6 percentage points
- Spare capacity in the economy – employment not forecast to return to pre-recession levels before 2012.

Unemployment more resilient than in 1990s?

Job-seeker allowance claimants in the region

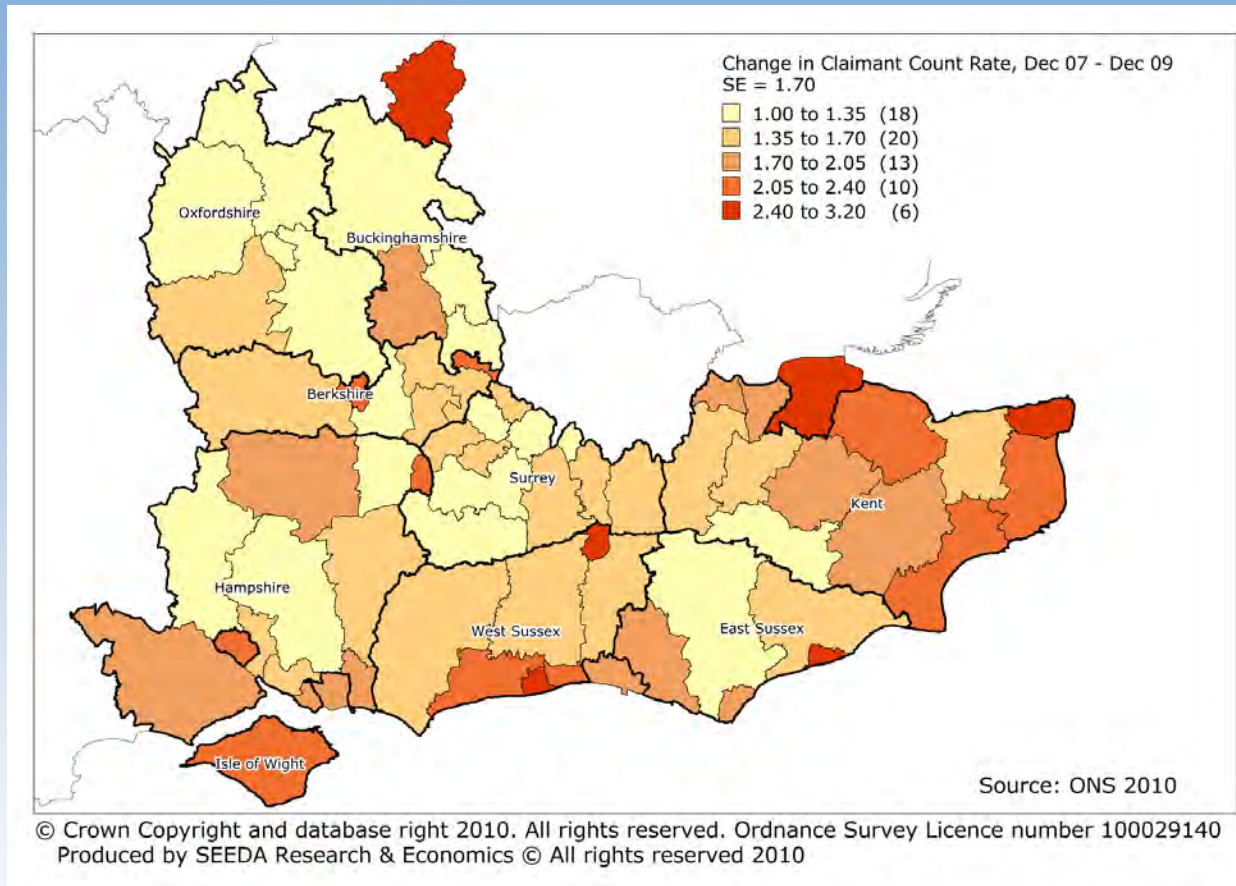


Change in unemployment (South East)



- On a broader measure unemployment is still rising and is forecast to increase in 2010.
- Unemployment not forecast to return to pre-recession levels before 2013-14

Unemployment – sub-regional performance



- Claimant count unemployment is some 1.7pp higher than in December 2007.
- Doesn't capture adequately higher unemployment in better off parts of the region.

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Thank you

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