



Monthly Economy Update

January 2010

SEEDA Research & Economics

Agenda

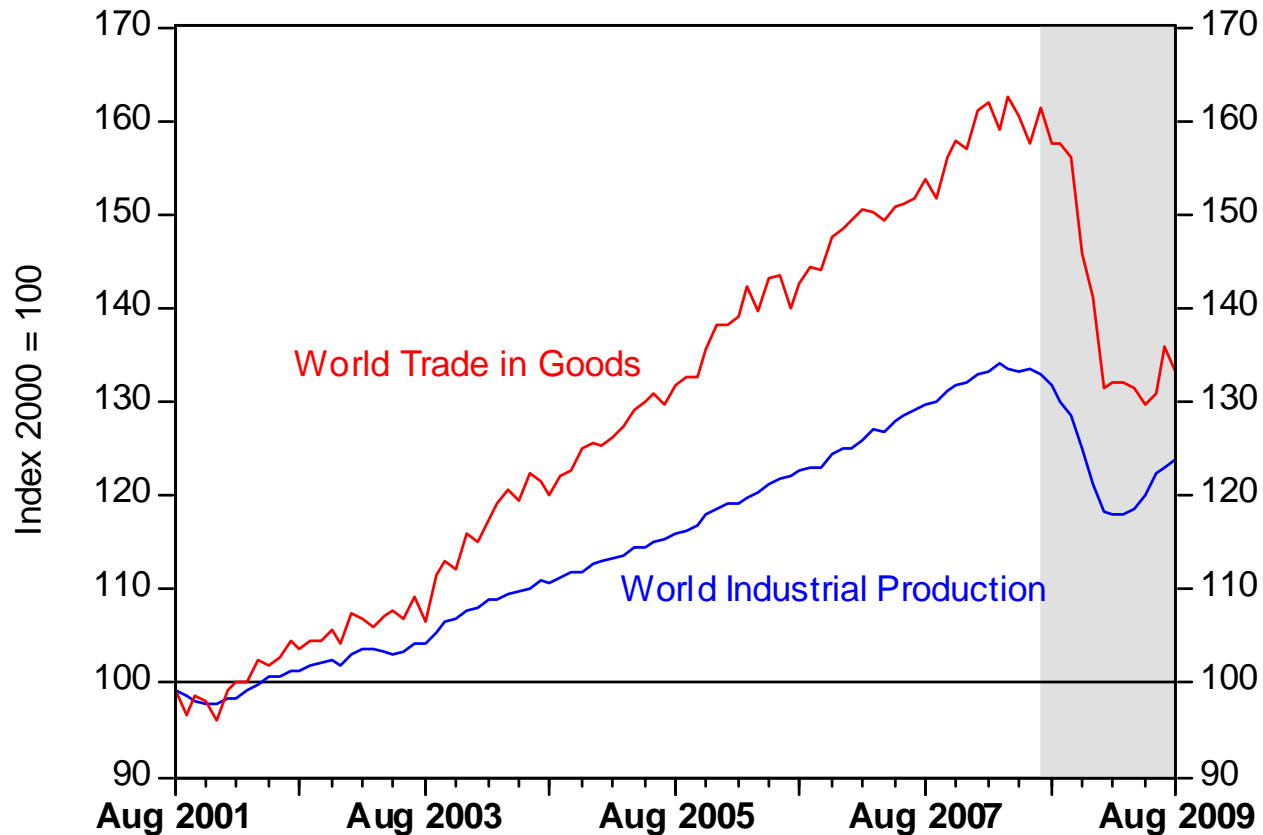
Overview of the current state of the economy and the labour market

Sabine Rumscheidt and Claire Hann

World economy

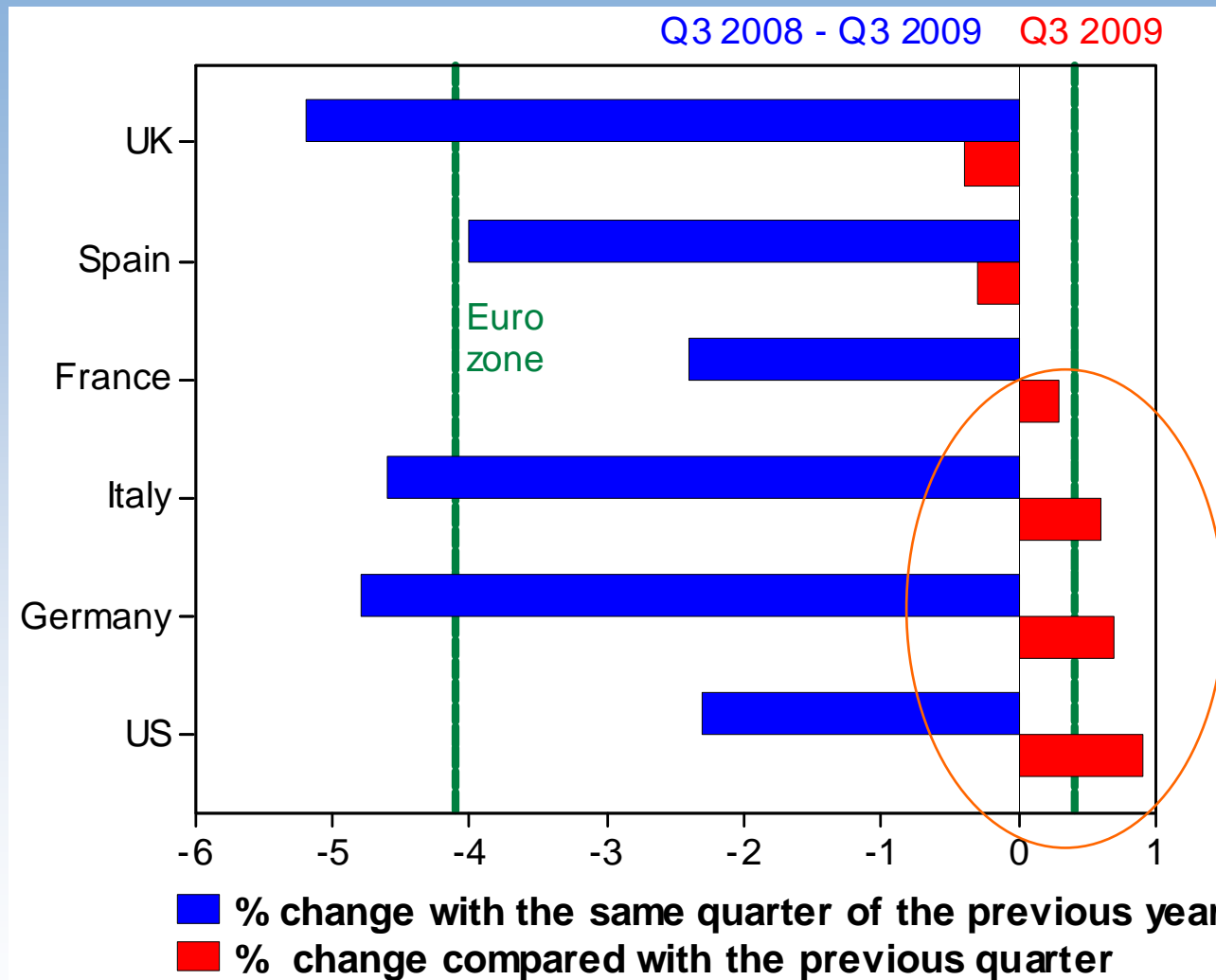
The world recovery from the very bottom

World Industrial Production and World Trade in Goods (Volume Index)



Source: CPB Netherlands Bureau for Economic Policy Analysis

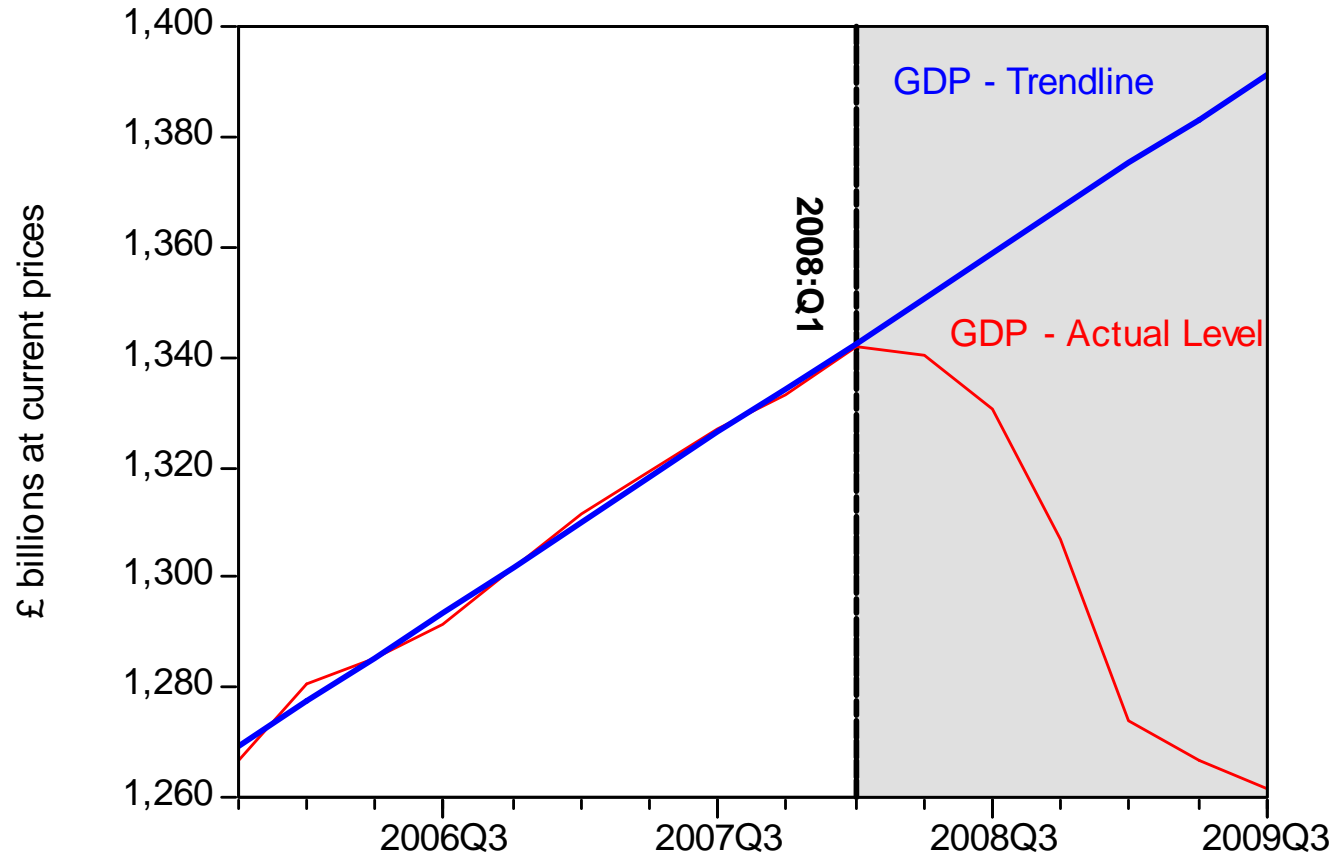
Growth returned to most economies in the developed world in the developed world



Source: EUROSTAT 2009

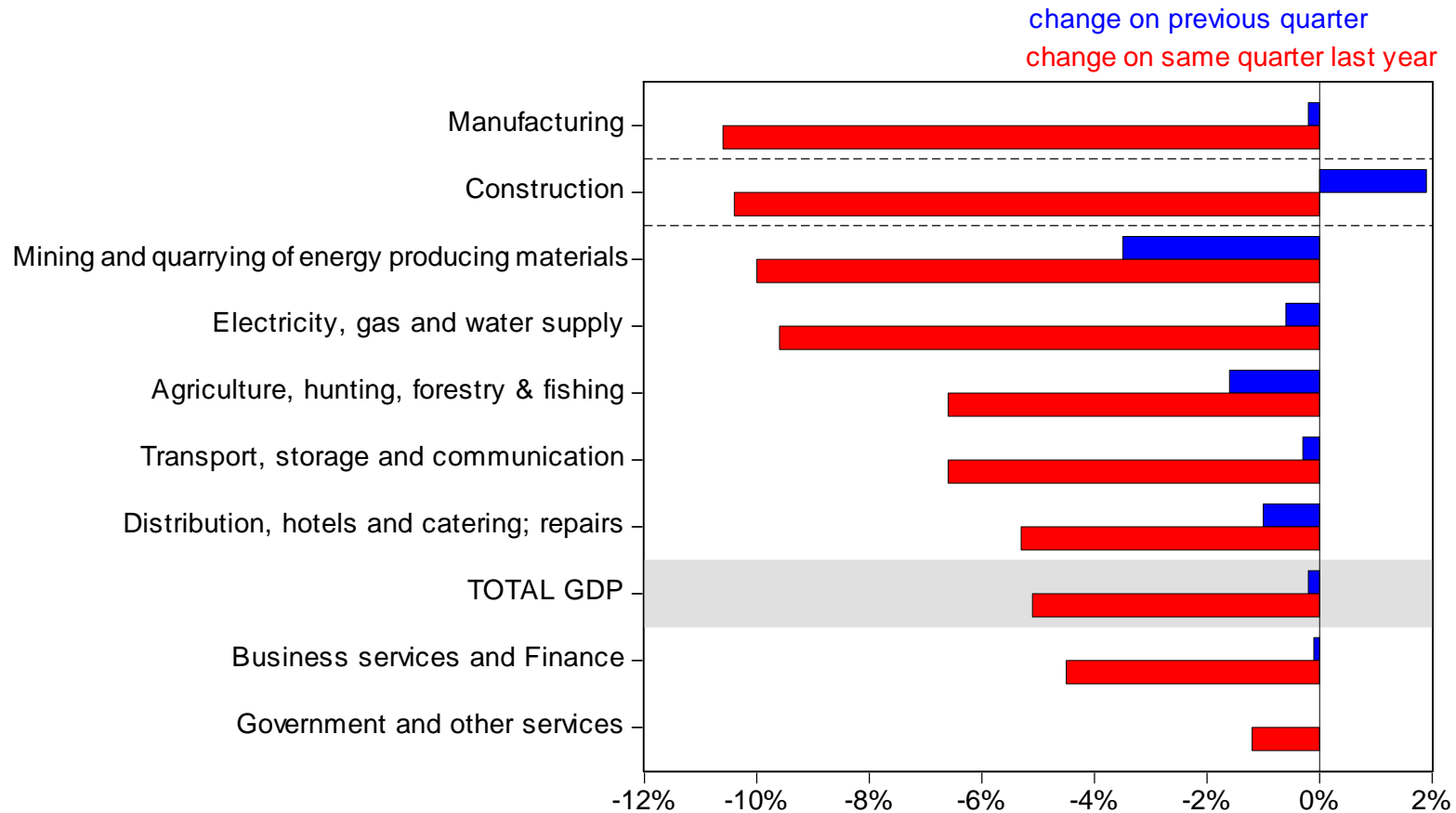
UK economy

Largest GDP loss in post-war UK history



Source: National Statistics 2009

Manufacturing & construction the most hit sectors

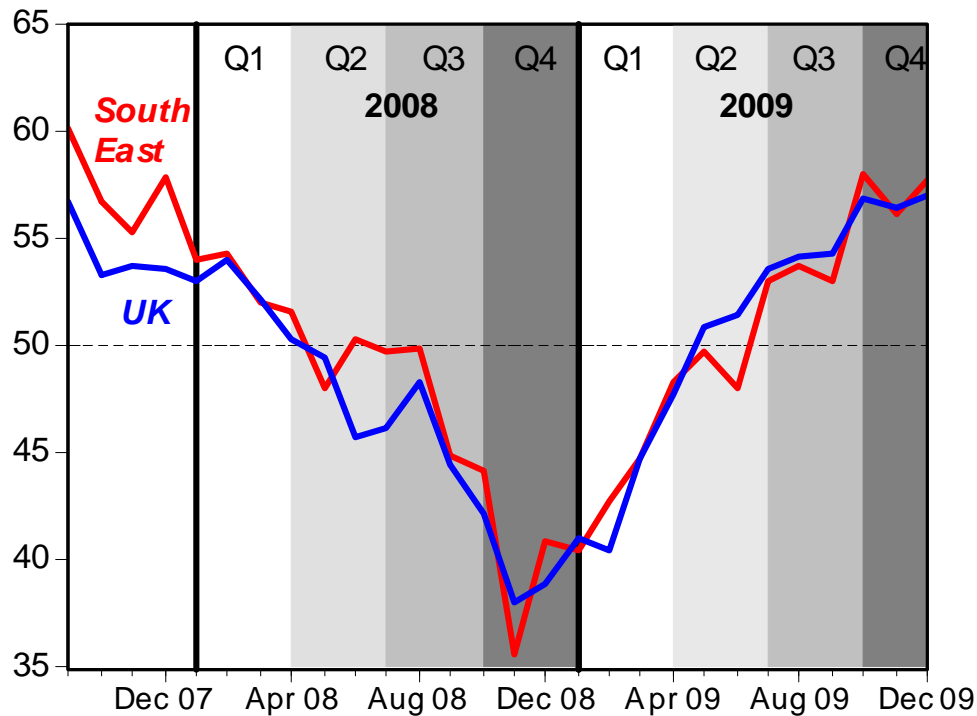


Source: National Statistics, 2009

South East economy

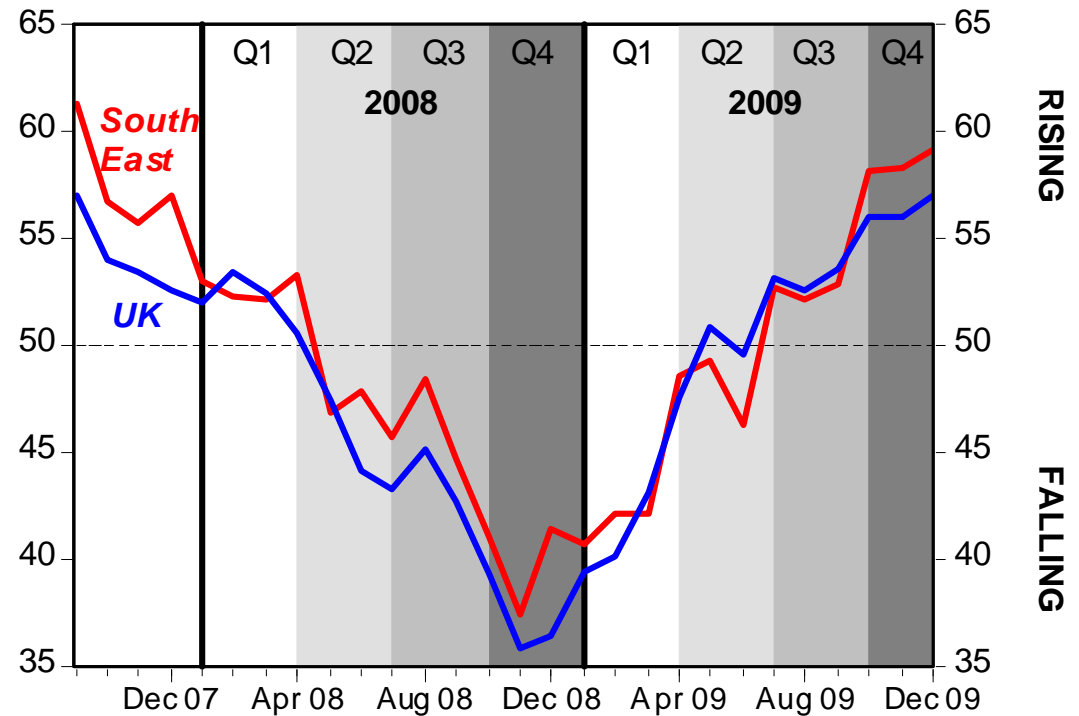
Purchasing Managers' Index (PMI) rising for the sixth consecutive month

Business Activity (Output)



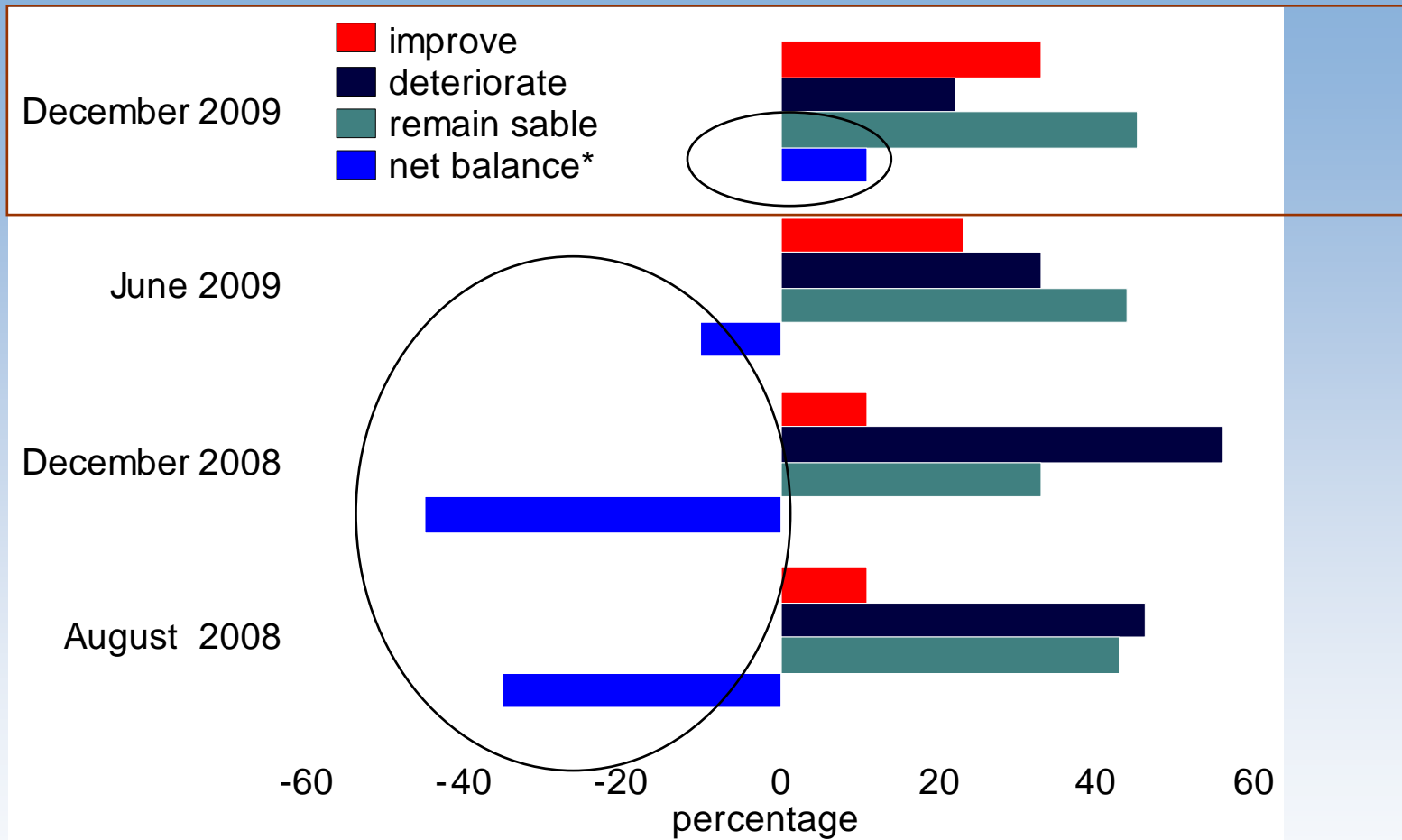
Source: RDA PMI, December 2009

New Orders (Incoming Businesses)



Source: RDA PMI, December 2009

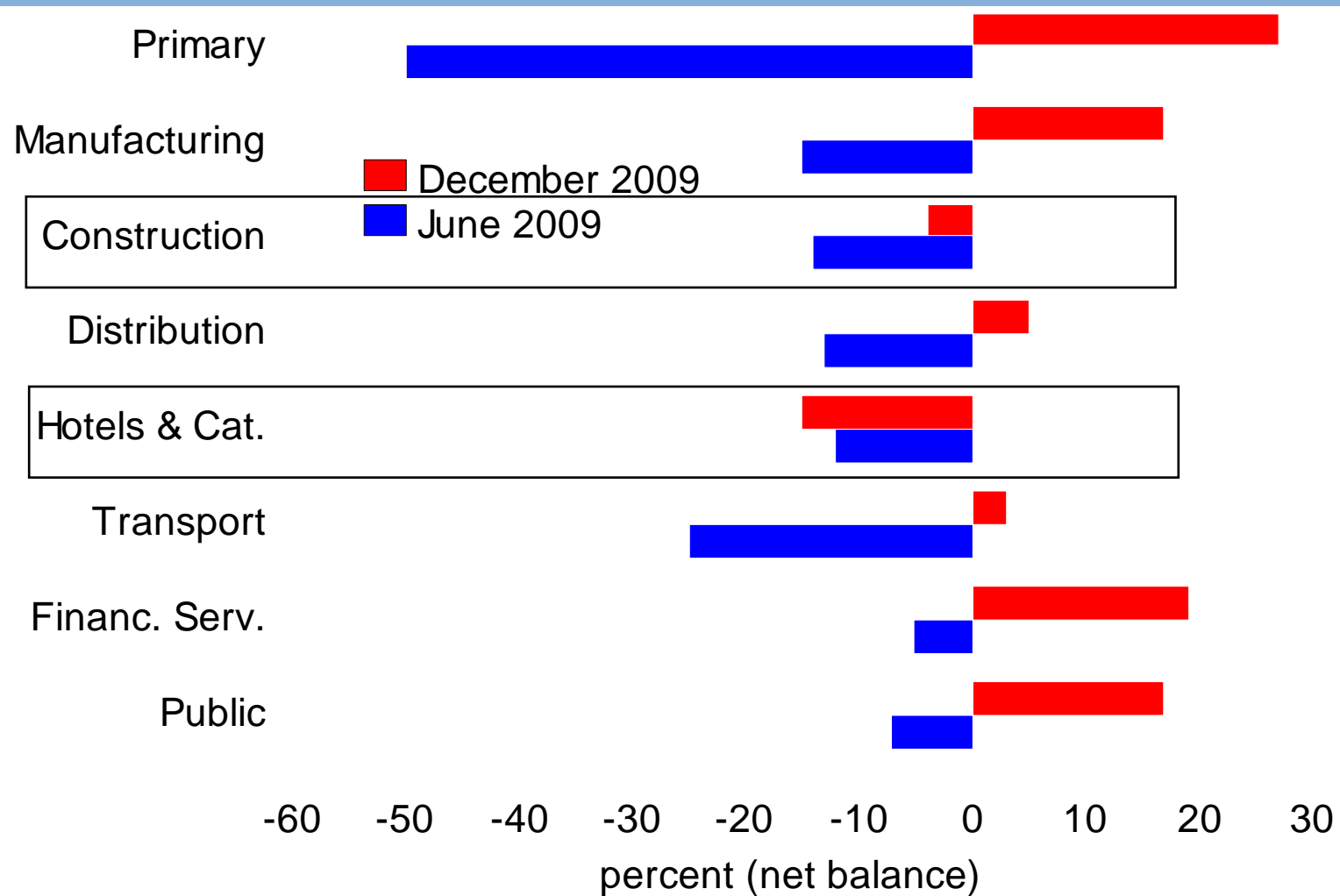
At last business optimism returns



* net balance = % increase minus % reporting decrease

Source: RDA National Business Survey

Business climate



Source: RDA National Business Survey December 2009

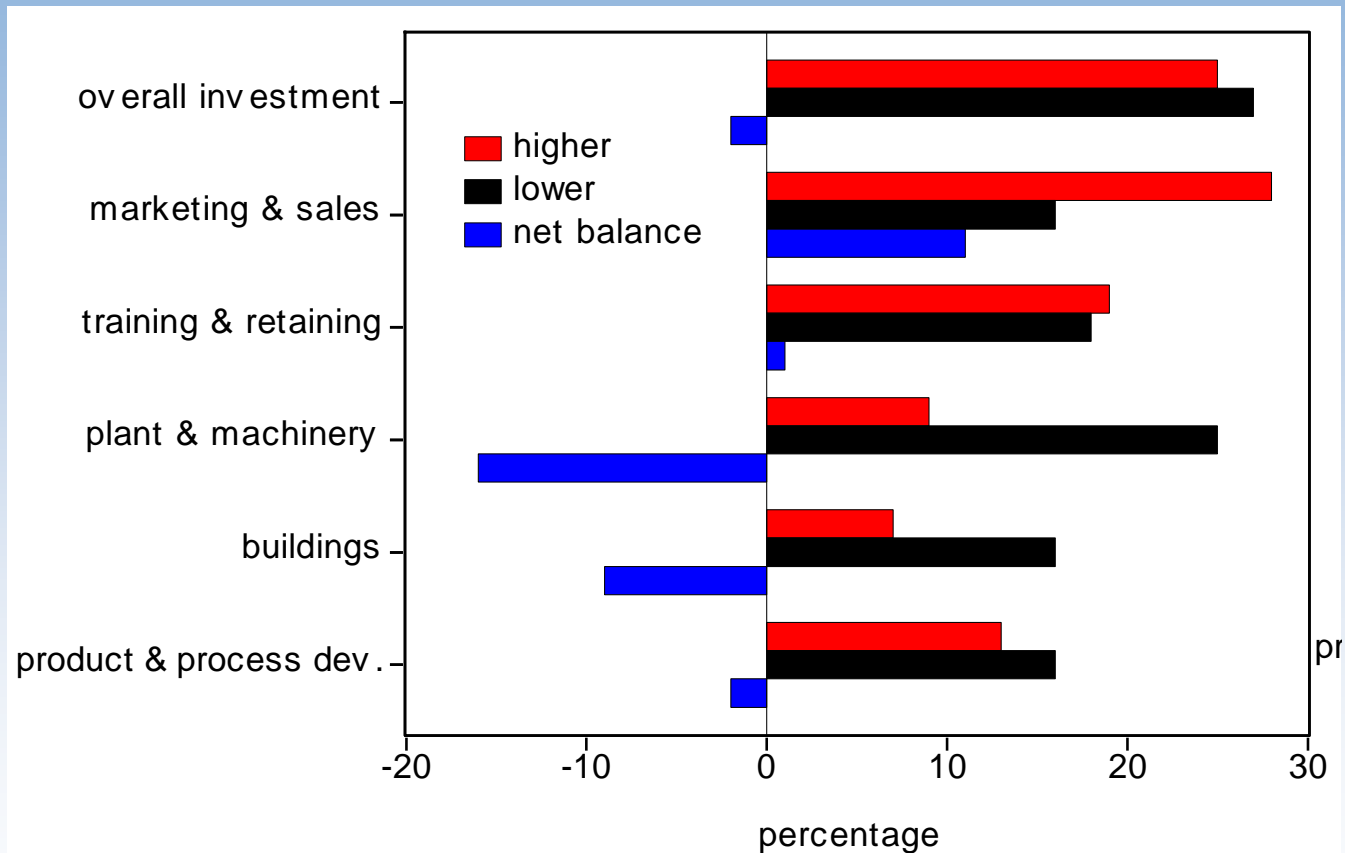
Spare capacity!



72%
the proportion of companies
in the South East
currently operating below capacity

Investment set to stay at low levels

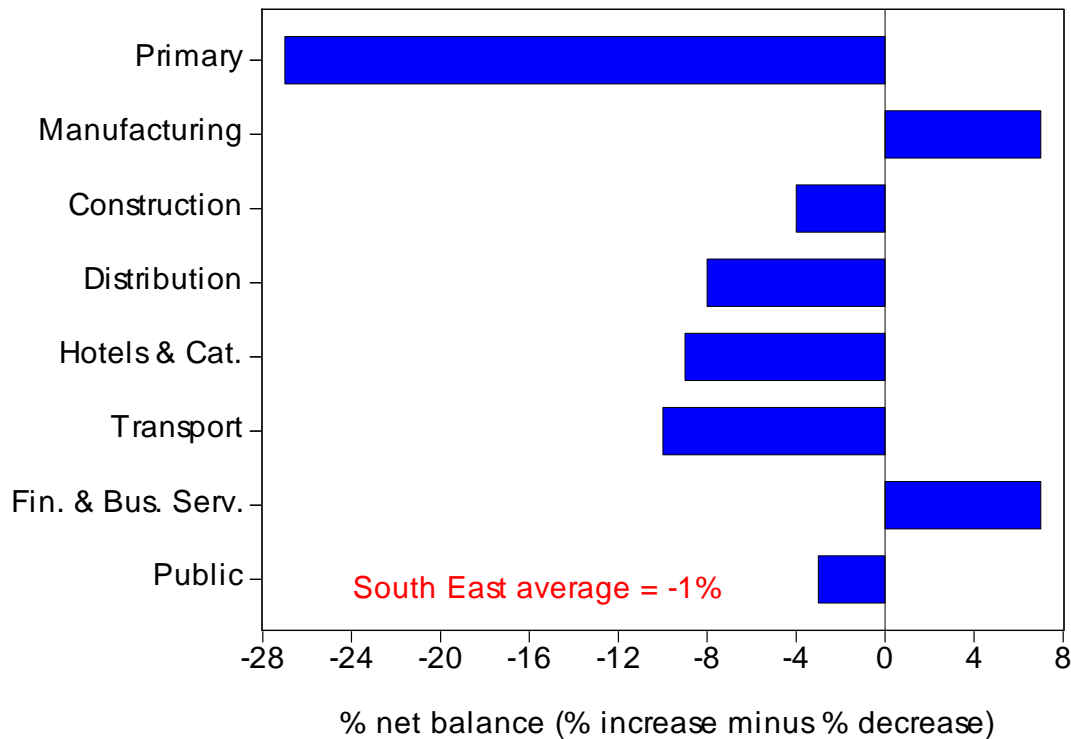
„what are the expected trends in the next 12 months with regard to... investment...



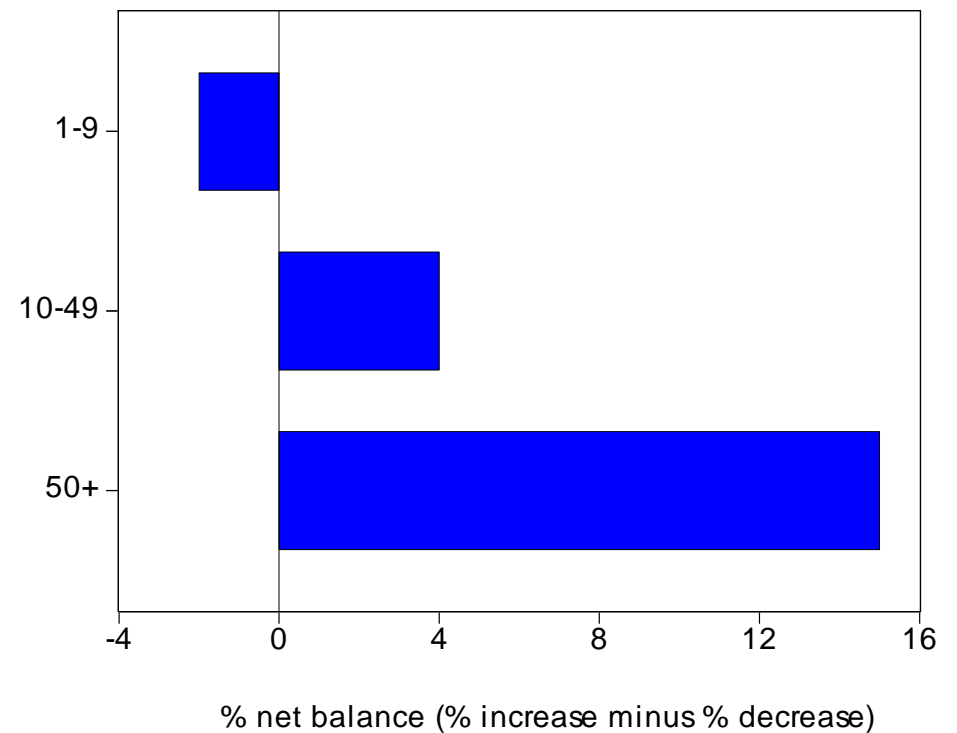
Source: RDA National Business Survey December 2009

Employment outlook remains muted

what are the expected trends for the next 12 months with regard to employment...



Source: RDA National Business Survey December 2009

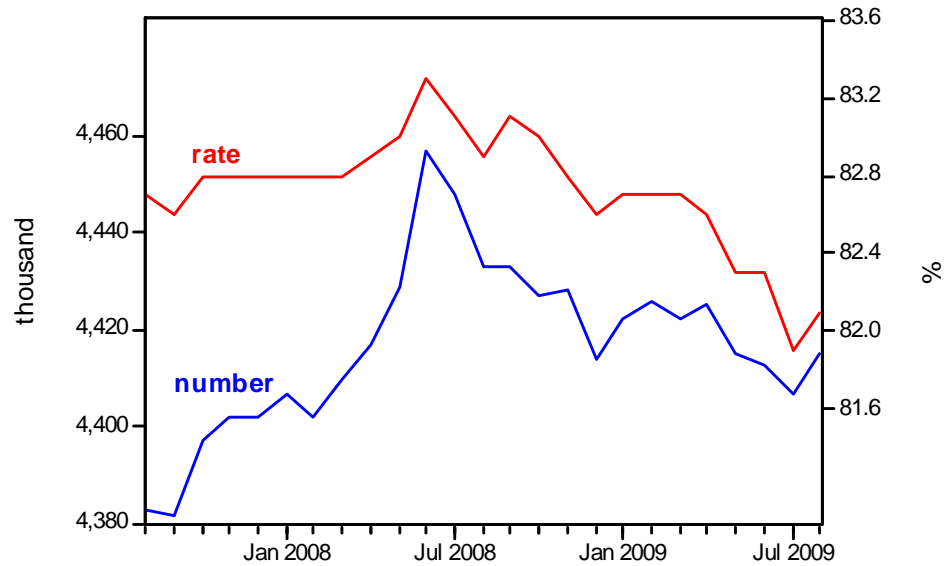


Source: RDA National Business Survey December 2009

Labour Market Impacts

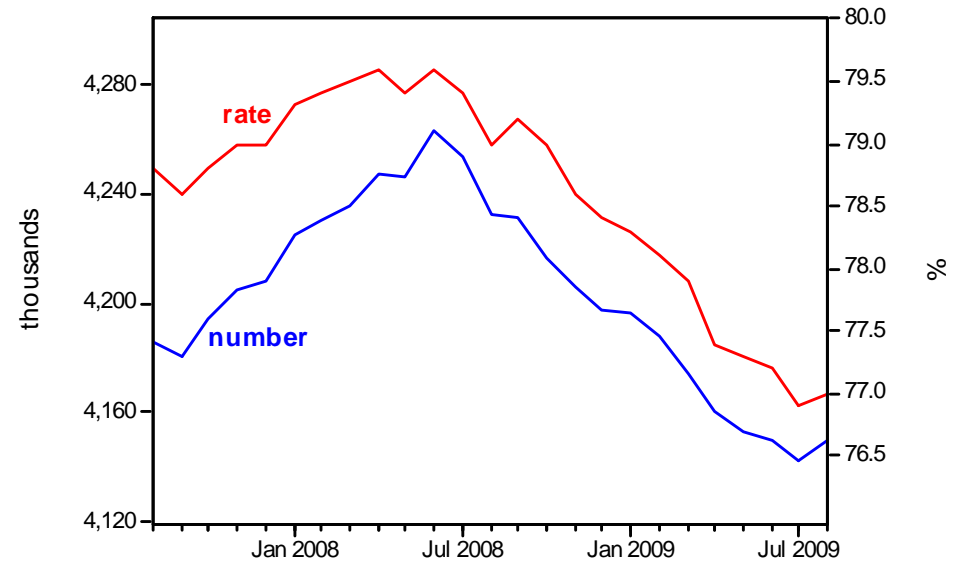
An unexpected rise in economic activity and employment

Is the fall in economic activity easing...?



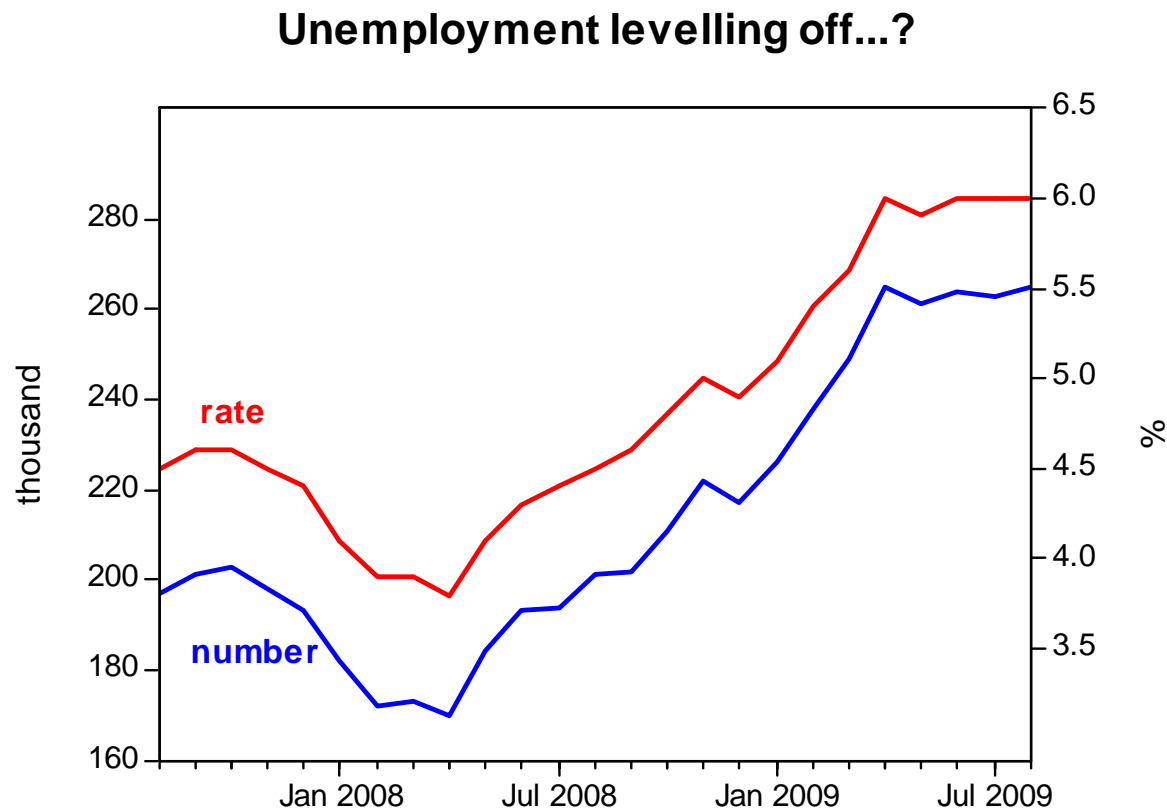
Source: ONS 2009

Employment continues to fall?



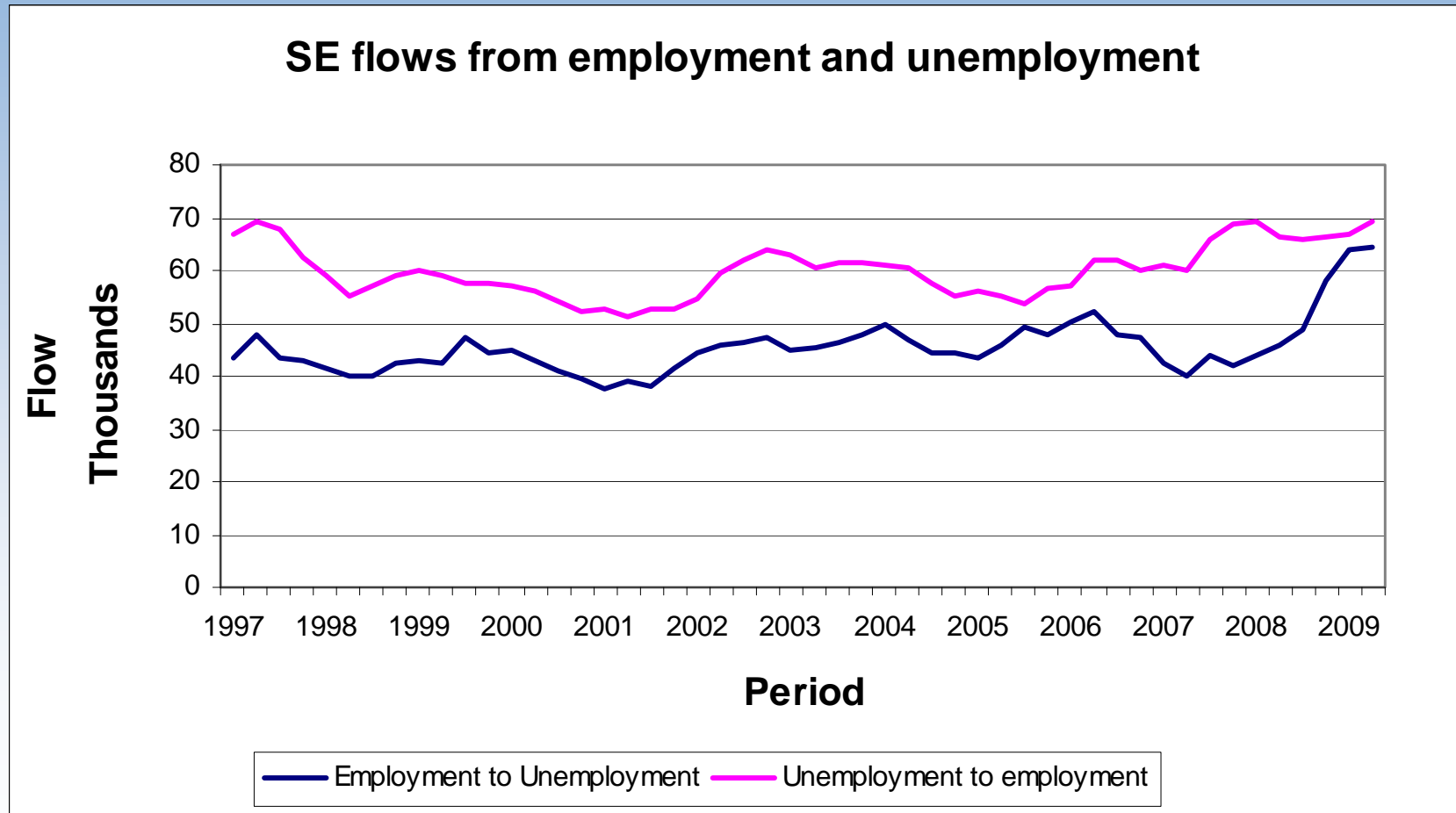
Source: ONS 2009

Unemployment rising, but at a slower pace than earlier in the recession

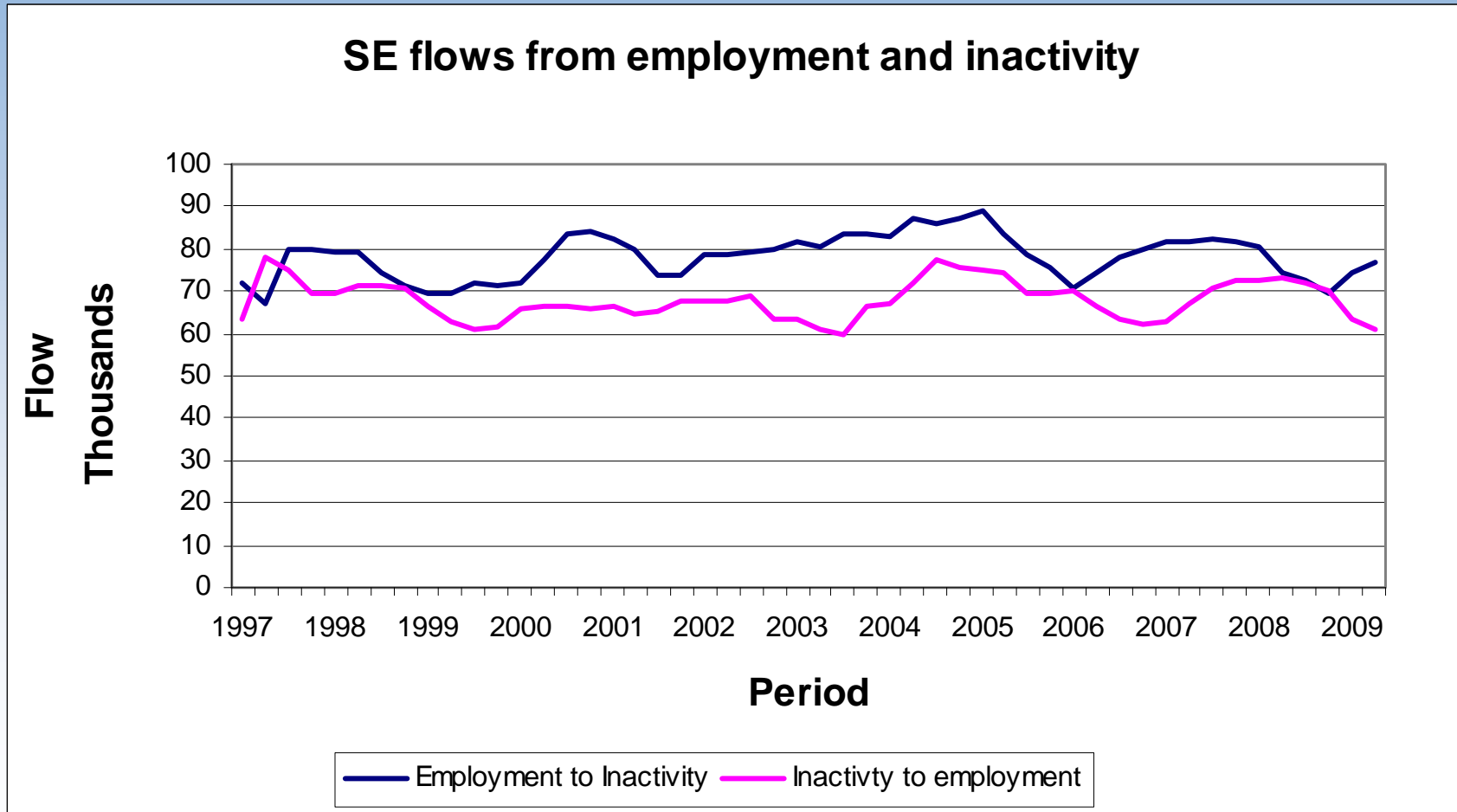


Source: ONS 2009

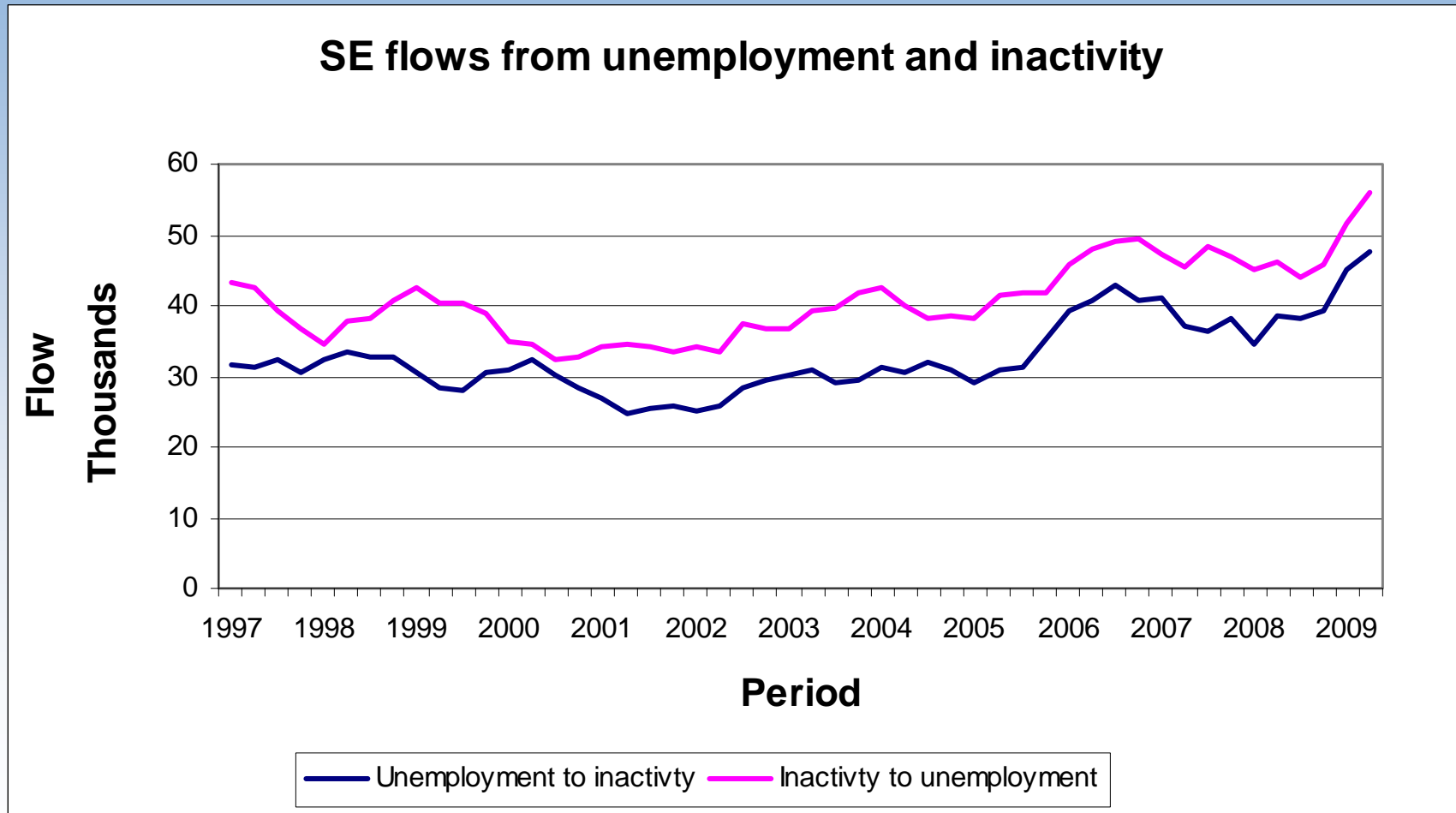
Sharp increase in flows from employment to unemployment



Growing number of people moving from employment to inactivity

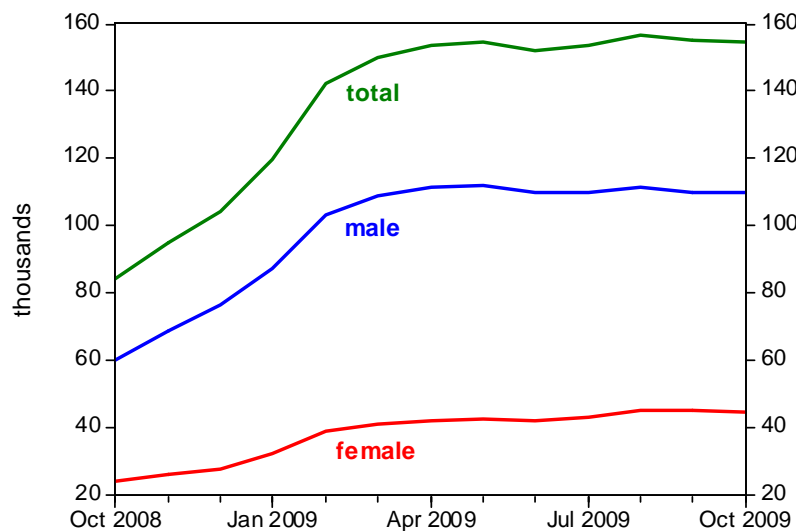


Sharp increase in flows of people from inactivity to unemployment

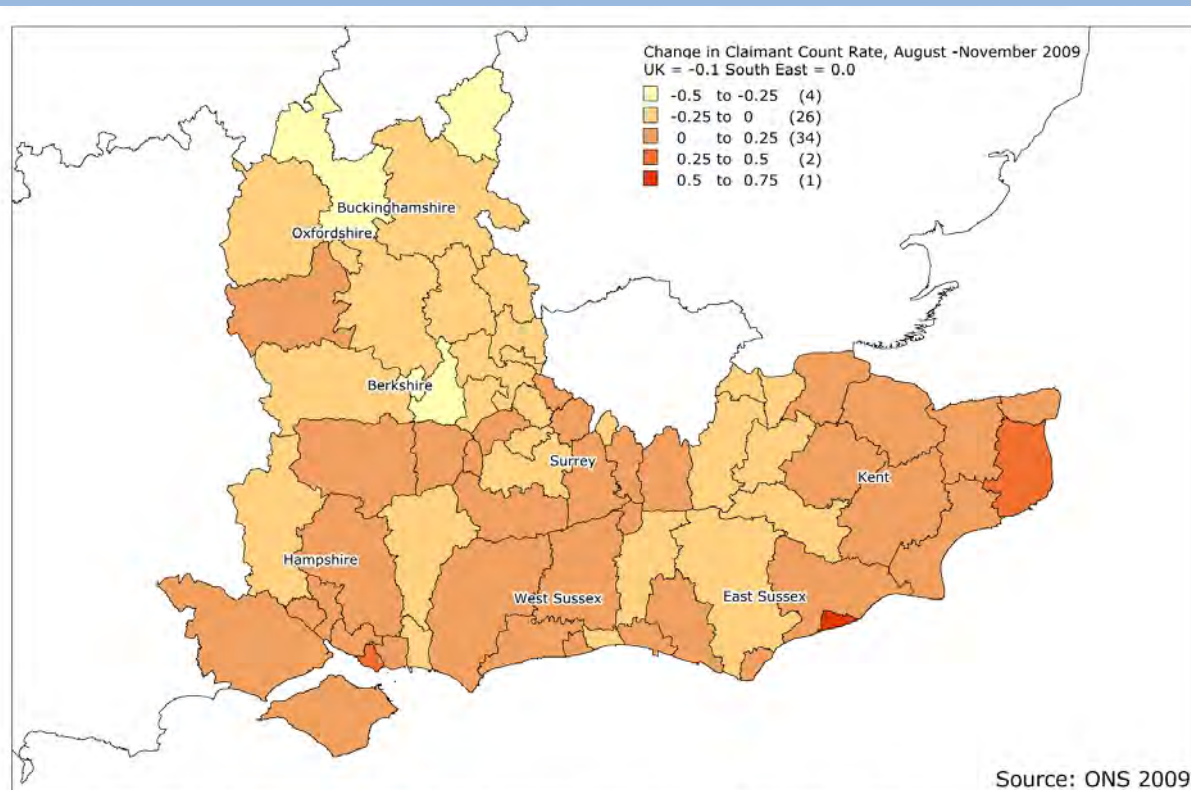


Claimant count stagnating

Claimant count remains broadly flat



Source: ONS 2009



Source: ONS 2009

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Thank you

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