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Monthly report

UK gross domestic product (GDP) was broadly flat in Q4, quarter-on-quarter, slowing on the upwardly revised 0.5% rise in Q3. Growth in construction was outweighed by weaker performances in services and manufacturing.

For 2019 as a whole, GDP rose 1.4% in Q4 compared to the previous year, up from 1.3% in 2018.

Services output continued to slow in Q4, rising just 0.1% on the previous quarter, down from 0.5% in Q3. This was the weakest rise since mid-2016. The real estate sector grew 0.3% in the final quarter, while education services increased 0.7%. This outweighed a 0.4% decline in the wholesale, retail and motor trade segment.

Production fell by 0.8% in Q4 compared with the previous quarter, driven by a 1.1% decline in the manufacturing component. Production output contracted by 1.3% in 2019 on the previous year, the first annual decline since 2013.

More positive news came from the Construction component with output increasing by 0.5% in Q4, driven by strength in new construction work (notably in private commercial and public housing).

Consumer spending increased by just 0.1% in Q4, on the previous quarter, slowing on the 0.4% rise in Q3. On an annual basis, the 1.4% rise in 2019 was the weakest since 2011.

The headline Consumer Price Index (CPI) rose by 1.8% year-on-year, in January, rising from the 1.3% uplift in the previous month. This was a six-month high and ahead of the consensus view of an 1.6% rise.

The unemployment rate remained broadly unchanged in the quarter at 3.8%, but was down from 4.0% a year earlier.

Earnings growth continued to slow in December with average weekly earnings for employees edging down 0.2 percentage points to 3.2% for regular pay (excluding bonuses) compared to the previous month. For total pay (including bonuses) they weakened to 2.9% from 3.2%. Total pay came up against a strong comparative with unusually high bonuses given in October 2018.

Rising inflation and slowing earnings growth suggests that real earnings are currently rising by c.1.4%.

Vacancies ticked up in the latest quarter following 11 consecutive quarterly falls. Indeed, there was an estimated 810,000 job vacancies between November 2019 and January 2020 – up by 7,000 on the previous quarter, but 50,000 fewer compared to the previous year.

There was an improvement in mortgage approvals to 70,888 in January, up from 67,930 in the previous month and above the previous six-month average of 66,369 - the highest level since February 2016. On an annual basis, approvals rose 5.8%.

Growth in unsecured lending to individuals stabilised in January remaining at 6.1% for the second consecutive month, according to the latest Bank of England figures. The actual change in consumer credit rose to £1.2bn, above the previous six-month average at £1.1bn.

Consumer confidence rose for the third successive month according to GfK, with its headline measure increasing by two points to -7 in February – the highest level since August 2018. Three out of the five components in the measure improved in the month with the Major Purchase Index rising five points to reach its highest level since July 2019.

Retail sales rose by 1.8% in January, year-on-year, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted, exc. Fuel). This compares with January 2019 when sales rose by 2.7%.

Following the disruptive impact of Black Friday over the Christmas period, retail spending in January beat expectations. Growth was driven by strong spending in Food (2.8%) which outpaced the 12-month average of 2.3%. However, parts of non-food also rose on last year's levels with Footwear (+2.7%), Health & Beauty (2.2%), Clothing (+2.1%) and Furniture & Flooring (+1.8%) all rising on last year's levels.

In part, the improvement in consumer confidence is likely to have provided support, widely reported as the 'Boris Bounce'. However, the climb in retail sales is unlikely to persist heading into February. Storms across the UK and fears around the coronavirus are likely to have dampened consumers' spirits.

GDP

0.0%

GDP growth was broadly flat in Q4 compared with the previous quarter.

Retail Sales

+1.8%

Retail Economics Retail Sales Index suggests sales rose by 1.8%, year-on-year. (value, non-seasonally adjusted and excluding fuel)

Confidence rose for the third successive month, with GfK's Consumer Confidence measure increasing by two points to -7 in February – the highest level.

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February 2020

UK Consumer	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
GDP (% change qoq)	0.2	0.6	-0.1	0.5	
GDP (% change yoy)	1.4	2.0	1.3	1.2	
Consumer spending	1.6	1.5	1.4	1.3	
Consumer spending (% change qoq)	0.2	0.3	0.5	0.4	
Real household disposable income	2.2	1.2	1.6	0.8	
Real household disposable income (% change qoq)	0.9	-0.7	1.1	-0.5	
Household savings ratio (%)	6.6	5.4	6.1	5.5	
Household expenditure	1.0	0.9	0.9	0.9	
Total debt to income ratio (%)	130.9	132.7	132.5	135.0	

UK Consumer	Oct-19	Nov-19	Dec-19	Jan-20
Nationwide house price index	0.4	0.7	1.5	1.8
UK mortgage approvals (000s)	64.7	65.0	67.2	70.9
UK mortgage approvals (% change yoy)	-3.3	1.4	4.2	5.8
GfK consumer confidence	-14	-3	-11	-9

Retail Sales	Oct-19	Nov-19	Dec-19	Jan-20
ONS retail sales value NSA	3.0	-0.4	3.4	3.7
ONS retail sales volume NSA	2.6	-0.9	3.2	3.0
BRC-KPMG UK RSM LFL	0.1	-4.9	1.7	0.0
BRC-KPMG UK RSM Total	0.6	-4.4	1.9	0.4
CBI Distributive Trade Survey - Retail (balance)	-10.0	-3.0	0.0	0.0
Retail Orders placed with suppliers (balance)	-4.0	-9.0	-10.0	-17.0

Online Retail Sales	Oct-19	Nov-19	Dec-19	Jan-20
ONS Online Retail Sales	8.7	-0.5	11.8	7.4
ONS Online food	2.2	-1.3	-6.6	1.9
ONS Online non-food	4.3	-5.7	7.7	-1.2

Inflation	Oct-19	Nov-19	Dec-19	Jan-20
ONS consumer price index (CPI)	1.5	1.5	1.3	1.8
ONS retail price index (RPI)	2.1	2.3	2.2	2.7
ONS retail price index (RPIX)	2.1	2.3	2.2	2.8
BRC-Nielsen shop price index (SPI)	-0.4	-0.5	-0.4	-0.3

Labour market	Oct-19	Nov-19	Dec-19	Jan-20
ONS claimant count (000s)	1211.4	1226.4	1229.0	1234.5
ONS Unemployment Rate %	3.8	3.8	3.8	-
ONS Employment Rate %	76.0	76.3	76.5	-
ONS Average earnings growth	3.2	3.2	3.2	-

Source: ONS, GfK, BRC, CBI, Nationwide

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- [UK Online Retail](#)
- [UK Retail Inflation](#)
- [UK Retail Economic Briefing](#)

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- [UK Consumer](#)
- [UK Retail Industry Outlook](#)

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- [Clothing and Footwear](#)
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- [DIY and Gardening](#)
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Bespoke sector specific economic analysis
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Clothing & Footwear retail sales index
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Clothing online sales and penetration rates
Consumer trends for online shopping
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Homewares

Homewares retail sales index
Bespoke sector specific economic analysis
Homewares region spending data
Analysis of key economic drivers such as house moves, personal finances etc.
Weather data and more. [More info >](#)



Furniture & Flooring

Furniture & Flooring retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as consumer confidence, credit and lending
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DIY & Gardening

DIY & Gardening retail sales index
Bespoke sector specific economic analysis
DIY & Gardening region spending data
Analysis of key economic drivers such as weather data, 'improve not move' trends
Executive summary and more. [More info >](#)



Electricals

Electricals retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as disposable income growth, product launches etc.
Electricals inflation and more. [More info >](#)



Health & Beauty

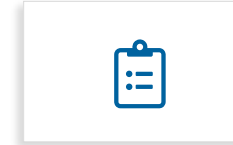
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Health & Beauty shopper trends such as 'lipstick effect', own-brand cosmetics etc.
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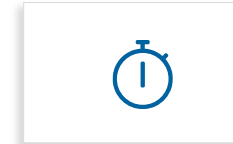
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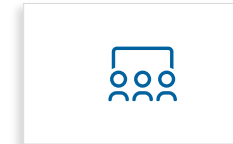
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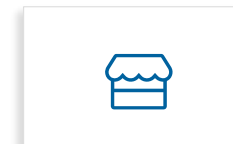
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Gain a deeper understanding of your operating costs in order to manage risk. Learn how macroeconomic factors might affect your supply chain. Producer Price Index (inputs and outputs) data. Understand the impact of labour costs, business rates etc.



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Get in touch



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