London's Economy Today



Issue 75 | November 2008

In this issue

Bank of England cuts interest rates while the government cuts VAT for 13 months as borrowing set to soar .1
Latest news 1
Economic indicators ...6
Pre-Budget report 2008..............10

GLAECONOMICS

Bank of England cuts interest rates while the government cuts VAT for 13 months as borrowing set to soar

by **Gordon Douglass**, Economist

On 6 November the Bank of England cut interest rates by 150 basis points to 3 per cent. This cut was the biggest one off cut in interest rates since 1981 and takes interest rates to a level not seen since the 1950s. The cut was significantly bigger than what the market was expecting and is the second cut in just over a month, which has seen rates fall from 5 per cent in early October. The Bank noted that the cut was necessary because "in recent weeks, the risks to inflation have shifted decisively to the downside. As a consequence, the Committee has revised down its projected outlook for inflation which, at prevailing market interest rates, contains a substantial risk of undershooting the inflation target".

Latest news...

- **Filling the coffers: London's tax export** We estimate that London generated a tax export in 2006-07 of between £8.4 billion and £18.4 billion. This represents between 9.5 and 19.1 per cent of all tax revenues generated in London. There is a positive relationship between London's economic growth and the size of London's tax export. This indicates that there is a positive return to the national exchequer from investing in the infrastructure and other public services that underpin London's economic growth. Investing in London generates a tax export that can be used to fund public services throughout the UK.

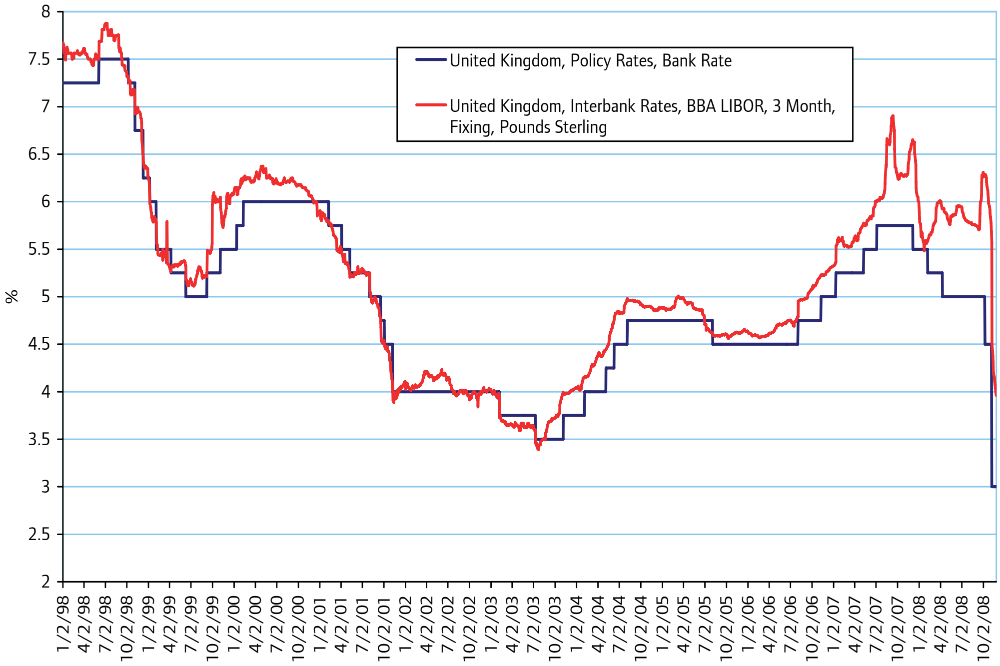
Visit **www.london.gov.uk/mayor/economic_unit** to download this publication.

The minutes of the Monetary Policy Committee's (MPC) meeting also indicates that further cuts are likely to be announced in the coming months. A number of lenders responded to the rate cut by lowering their variable rate mortgages, however the LIBOR rate, a key factor in banks funding costs, remains significantly elevated compared to the Bank's base rate, although it has recently been falling (see Figure 1).

Figure 1: Bank of England's Repo rate and the 3 month London Inter-Bank Offered Rate (LIBOR)

Last data point is 25/11/08

Source: EcoWin



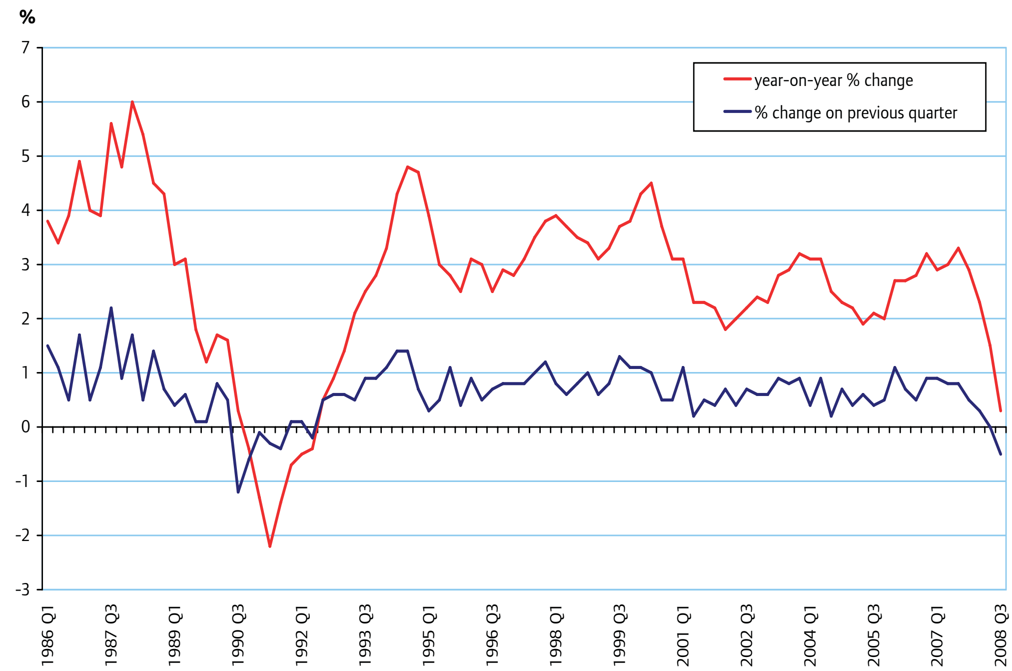
A number of other central banks around the world also responded to the weakened global economy by cutting interest rates, with the Federal Reserve reducing rates by 50 basis points to 1 per cent on 29 October, whilst the European Central Bank (ECB) reduced rates by 50 basis points to 3.25 per cent on 6 November. The Bank of Japan also reduced rates by 20 basis points to 0.3 per cent on 31 October. With the global economy slowing markedly it is likely that further cuts by central banks may be needed in the coming months.

UK economy on the brink of a recession

After failing to expand in Q2 2008 the UK economy contracted by 0.5 per cent in Q3 2008 (see Figure 2), with the service sector declining by 0.4 per cent, construction declining by 0.7 per cent, and manufacturing declining by 1.3 per cent. Within the service sector distribution, hotels and restaurants output fell by 1.9 per cent. If this trend of declining output continues it will mean that the UK will enter a technical recession (defined as two consecutive quarters of negative growth) in Q4 2008. The IMF revised down its latest forecast for economic growth in the UK for 2009 to –1.3 per cent, whilst the OECD forecasts –1.1 per cent, the CBI –1.7 per cent and the UK government in its Pre-Budget Report on 24 November –1 ¼ to –¾ per cent. For an extended commentary on the Pre-Budget Report see this month's supplement.

Figure 2: UK GDP Growth

Source: Office for National Statistics



Further signs of the harsh economic environment have also come to light with the Royal Institution of Chartered Surveyors reporting that over the three months to October sales per surveyor averaged only 10.9, the lowest since records began in 1978, with the figure in London standing at 6.4 per surveyor. The Council of Mortgage Lenders (CML) has reported that the number of repossessions in the UK in the third quarter of 2008 rose to 11,300 up 12 per cent on the previous quarter. However repossessions are increasing from low levels. Nationwide reported that UK house prices fell by a seasonally adjusted 0.4 per cent in November. Meanwhile figures from the Society of Motor Manufacturers and Traders (SMMT) showed that car sales fell at their fastest rate in 17 years and were down 23 per cent in October compared to a year earlier. The chief executive of SMMT Paul Everitt said, "October has proved another difficult month for the UK motor industry and action is needed to help restore consumer confidence and encourage buyers back to the showrooms".

There are also signs of a slowdown in the London economy as well with GfK/NOP's consumer confidence index declining to –27 in October from –25 in September, although this is still better than the UK as a whole which saw a decline to –36 from –32. Meanwhile, the BRC-KPMG London Retail Sales Monitor found that annual like-for-like value retail sales in central London declined by 1.8 per cent in October the worst figures since the summer of 2005, although better than the decline in the UK as a whole, which was -2.2 per cent. PMI business survey indicators for London by Markit Economics also weakened in October but are still stronger than for the UK as a whole.

The credit crunch hits nation states

The effects from the ongoing credit crunch continue to reverberate with a number of countries approaching the IMF for a loan; the IMF approved on 5 November an approximately $16.4 billion loan to the Ukraine to "restore financial and economic stability and strengthen confidence". Whilst on 6 November a €12.3 billion stand by agreement was approved for Hungary. The Bank of England's most recent Financial Stability Report notes that the current worldwide losses in the credit crisis has hit £1.8 trillion and that risks for further instability remain in the financial system. On 12 November the US government abandoned plans to buy toxic assets from financial institutions in favour of spending approximately $400 billion of uncommitted Paulson plan funds on recapitalising financial companies, supporting markets for securities backed by consumer debts and in preventing foreclosures. On 25 November the Federal Reserve announced an $800 billion plan to support markets for loans to homebuyers, consumers, students and small businesses, which is hoped will make more lending available to consumers. The package includes up to $600 billion to buy mortgage bonds issued or guaranteed by government-sponsored housing enterprises. The most recent Federal Reserve Senior Loans Officer's Report found that 85 per cent of US domestic banks had tightend their commerial and industrial loans in the three months to October.

Inflation falls dramatically and set to decline quickly

October saw Consumer Price Index (CPI) annual inflation fall to 4.5 per cent, a 0.7 per cent decrease on September's figure. Retail Price Index (RPI) annual inflation fell to 4.2 per cent from 5 per cent in September and the Bank of England now expects that this may well turn negative in 2009. According to the Office for National Statistics (ONS) declines in food and transport costs were the main drivers behind the fall in inflation. With oil prices having fallen to around $50 a barrel in November, UK factory output prices declining by a monthly record of 1 per cent in October and inflation having also fallen in the Eurozone and the US it would appear that the recent global inflationary peak has passed. This should provide the Bank of England with more room for manoeuvre in cutting interest rates further as the economy slows and concerns about undershooting the inflation target start to mount.

Recession bites developed economies

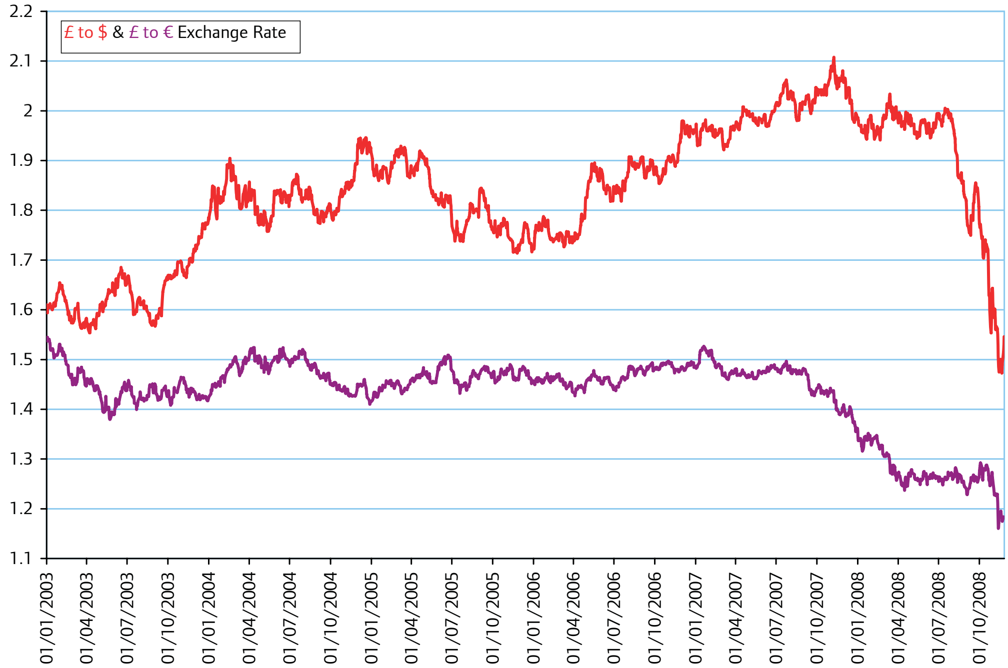
The economies of a number of developed economies slowed sharply or entered into recessions in the third quarter of 2008. Germany's economy contracted by a greater than expected 0.5 per cent in Q3 2008 meaning, with it having also contracted in the second quarter, that it has entered a technical recession along with Italy which saw a second quarterly decline in output in Q3 2008. Output in the Eurozone as a whole dropped by 0.2 per cent in Q3 2008 after its economy also contracted by 0.2 per cent in Q2 2008, which means that it has entered its first recession since the founding of the single currency. Elsewhere Japan experienced its second quarter of negative growth in Q3 2008. The economic news from the US remains worrying with the economy shrinking in the third quarter of 2008 and US unemployment hitting 6.5 per cent in October the highest rate since March 1994.

A number of new economic forecasts have all predicted that 2009 will be a difficult year for the world economy. The IMF forecasts that the US economy will contract by 0.7 per cent in 2009, with the Eurozone shrinking by 0.5 per cent and Japan by 0.2 per cent. The OECD forecasts contractions of 0.9 per cent in the US, 0.5 per cent in the Eurozone and 0.1 per cent in Japan in 2009. Global stock exchanges have remained extremely volatile, with the FTSE 100 again falling below 4000 during November before a record percentage increase on Monday 24 November after the announcement that the US government was rescuing Citigroup by guaranteeing up to $306bn in problematic assets and investing $27billion in return for preference shares. The economic environment for London at the beginning of 2009 will be extremely harsh. However, the recent sharp depreciation of sterling (see Figure 3), which has seen the pound fall by around 25 per cent against the dollar since the summer, should provide some support to the London economy via net exports.

Figure 3: £ to $ and £ to € exchange rates

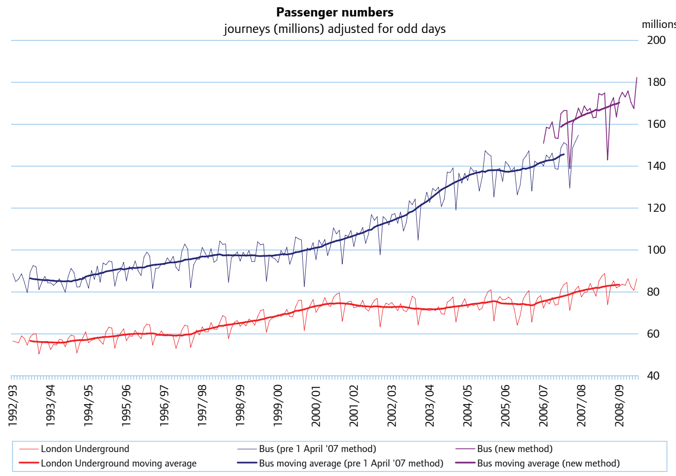
Last data point is 25/11/08

Source: Ecowin



Increase in moving average of passenger numbers

- The most recent 28-day period is from 14 September 2008 to 11 October 2008. London's Underground and buses had 268.7 million passenger journeys; 182.3 million by bus and 86.3 million by Underground.
- The moving average of passengers every period increased to 253.8 million from a downwardly revised 253.1 million. The moving average for buses was 170.3 million. The moving average for the Underground was 83.5 million.
- The methodology used to calculate the number of bus passenger journeys was changed by TfL from 1 April 2007. For a detailed explanation please see LET issue 58 (June 2007).

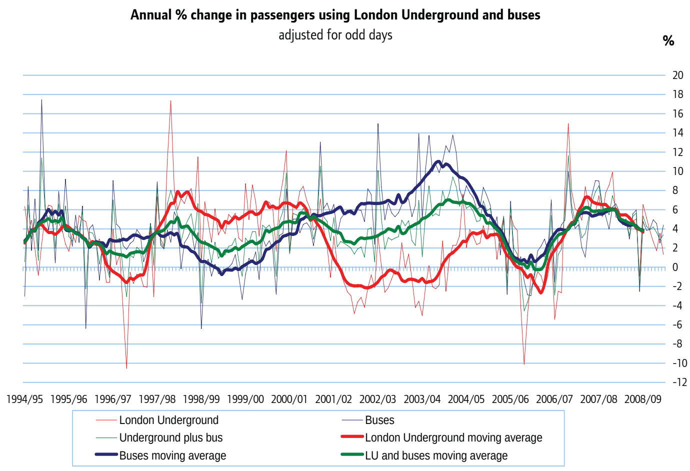


Source: Transport for London

Latest release: November 2008
Next release: December 2008

Average annual growth rate of passengers continues to decrease

- The moving average annual rate of growth in passenger journeys decreased to 3.8% from 4.0% in the previous period.
- The moving average annual rate of growth in bus passenger journey numbers decreased to 3.9% from a downwardly revised 4.0% in the previous period.
- The moving average annual rate of growth in Underground passenger journey numbers decreased to 3.7% from an upwardly revised 3.9% in the previous period.

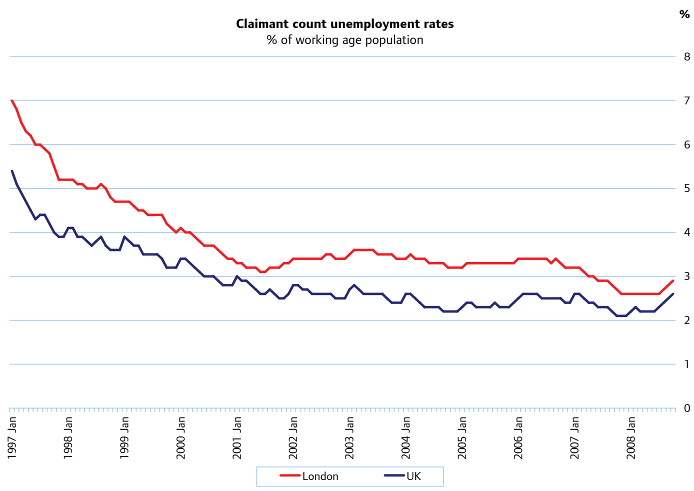


Source: Transport for London

Latest release: November 2008
Next release: December 2008

Claimant count unemployment

- The rate of claimant count unemployment (the percentage of resident working age population who are unemployed and claiming Jobseekers' Allowance) in London was 2.9% in October 2008.
- There were 144,700 unemployment claimants in London in October 2008 compared with 136,600 in October 2007.
- The claimant count unemployment rate of London remains above that of the UK.



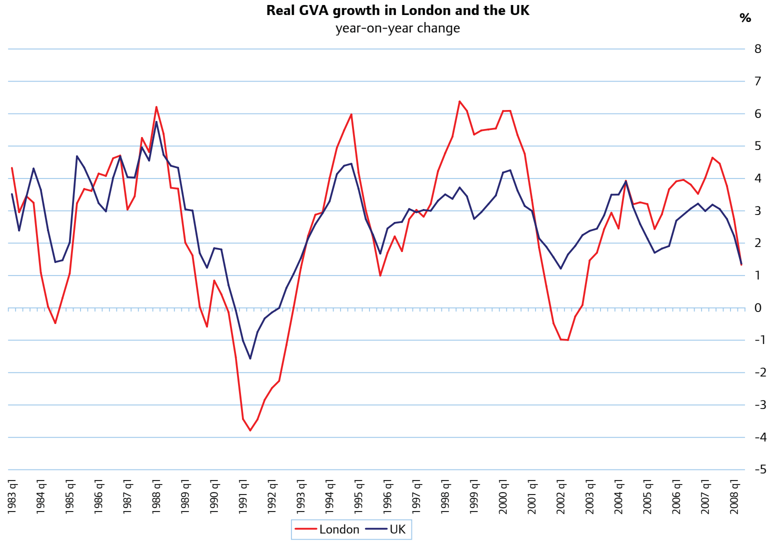
Source: Claimant Count, Nomis

Latest release: November 2008
Next release: December 2008

Annual output growth slowing in London and the UK

- London's annual growth in output decreased to 1.3% in Q2 2008 from a downwardly revised 2.7% in Q1 2008.
- The UK's annual growth in output decreased to 1.4% in Q2 2008 from a downwardly revised 2.2% in Q1 2008.
- There have been revisions to previous growth rates to reflect the availability of new data.

Latest release: November 2008
Next release: February 2009

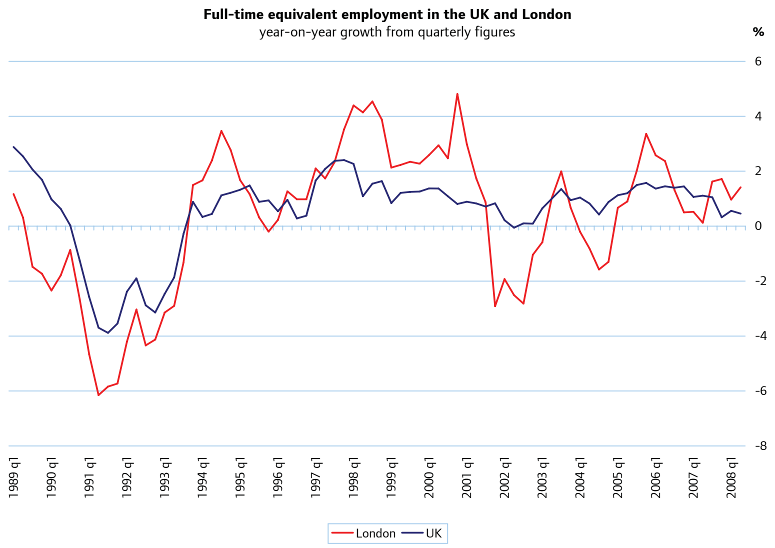


Source: Experian Business Strategies

London's annual employment growth faster than in the UK

- London's annual employment growth increased to 1.4% in Q2 2008 from an upwardly revised 1.0% in Q1 2008.
- Annual employment growth in the UK decreased to 0.5% in Q2 2008 from a downwardly revised 0.6% in Q1 2008.
- There have been revisions to previous growth rates to reflect the availability of new data.

Latest release: November 2008
Next release: February 2009

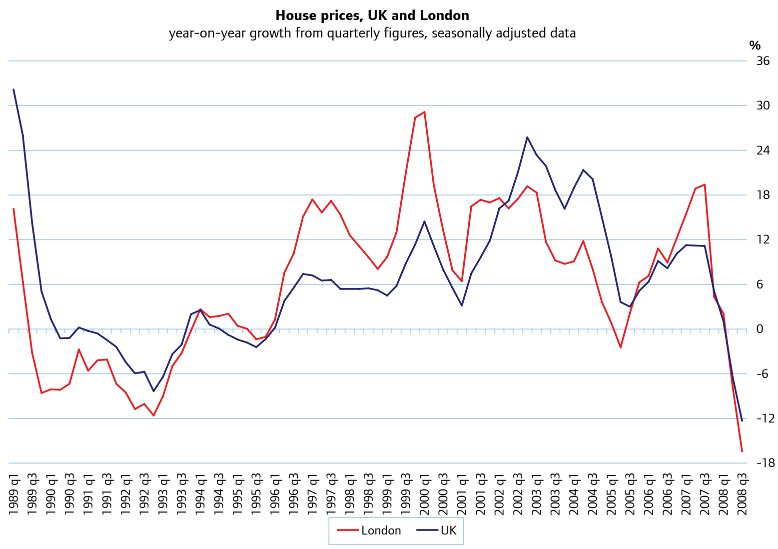


Source: Experian Business Strategies

Falling house prices

- Annual house prices, as measured by Halifax Bank of Scotland, fell in Q3 2008 in both London and the UK.
- Annual house price inflation in London decreased to –16.4% in Q3 2008. Annual house price inflation in the UK decreased to –12.3% in Q3 2008.
- Annual house price inflation for London and the UK has fallen sharply over the last year.

Latest release: October 2008
Next release: January 2009

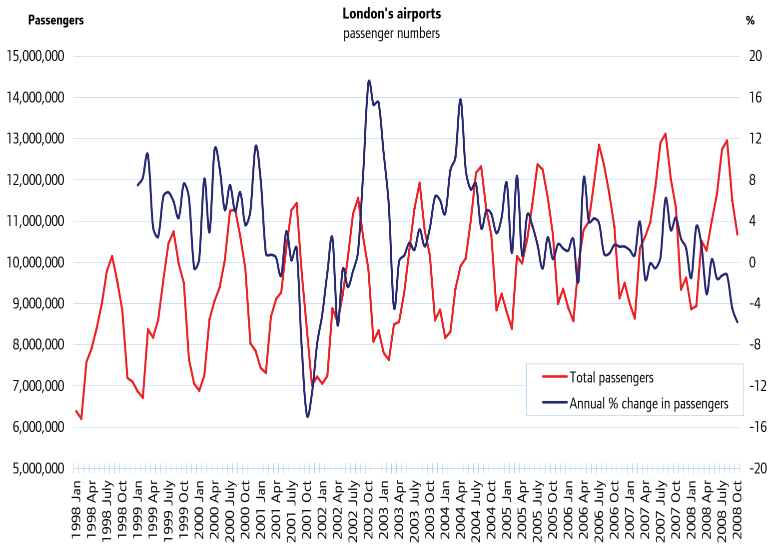


Source: HBoS

Weak airport passenger numbers

- 10.7 million passengers travelled through London's airports in October 2008.
- The number of passengers using London's airports decreased by 5.8 per cent from October 2007 to October 2008.
- The year-on-year percentage change in passenger numbers using London's airports has been negative for most of 2008.

Latest release: November 2008
Next release: December 2008

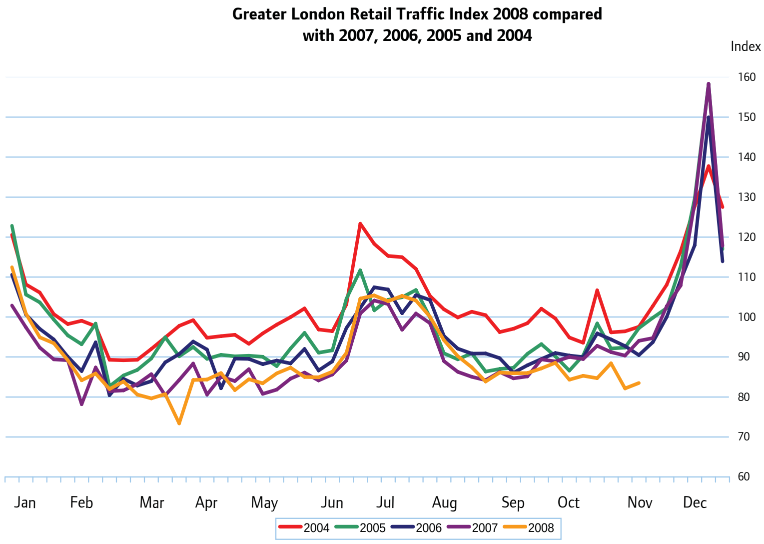


Source: Civil Aviation Authority

SPSL Retail Traffic below 2007 levels

- The SPSL Retail Traffic Index of shoppers in London was 83.5 in the second full week of November compared to 82.1 in the previous week.
- The index has been below 2007 levels since mid-September.
- SPSL's Retail Traffic Index measures the number of shoppers and does not necessarily reflect the level of spending.

Latest release: Mid-November
Next release: Weekly

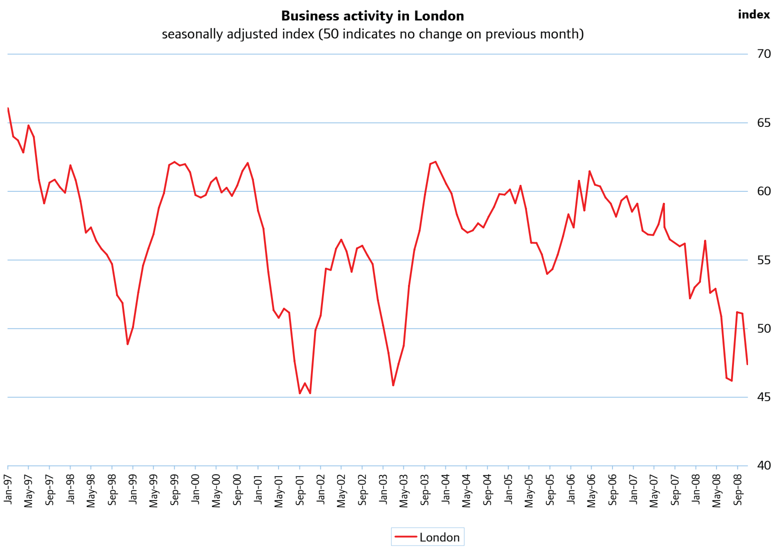


Source: SPSL

London's business activity decreases

- London firms decreased their output of goods and services in October 2008.
- The Purchasing Managers' Index (PMI) of business activity recorded 47.4 in October compared to 51.1 in September.
- A rate of below 50 on the index indicates a decrease in business activity from the previous month.

Latest release: November 2008
Next release: December 2008

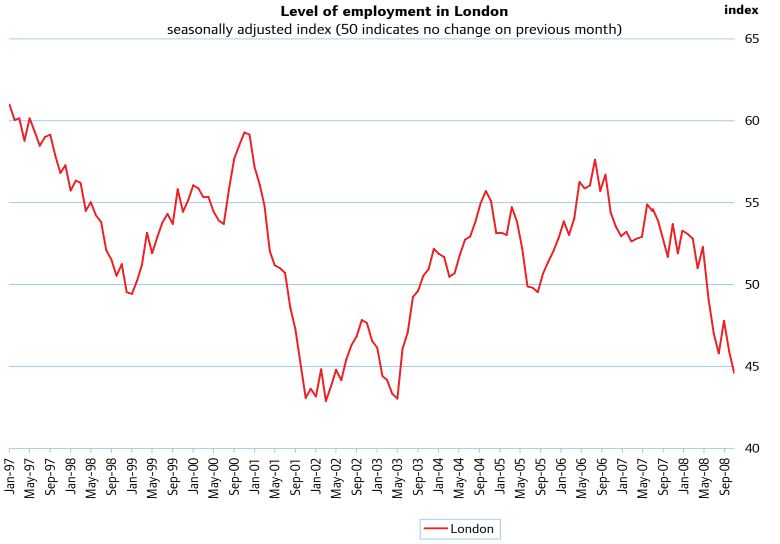


Source: RBS/Markit Economics

London employment weakens

- The PMI shows that the level of employment in London firms decreased in October 2008.
- The PMI for the level of employment was 44.6 in October compared to 45.9 in September.
- A rate of below 50 on the index indicates a decrease in the level of employment from the previous month.

Latest release: November 2008
Next release: December 2008

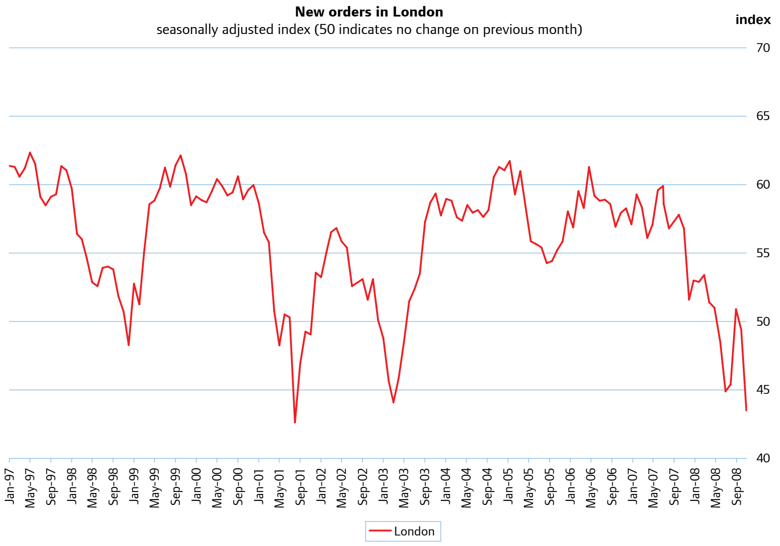


Source: RBS/Markit Economics

New orders in London falling

- October 2008 saw a fall in new orders for London firms.
- The PMI for new orders recorded 43.5 in October compared to 49.4 in September.
- A rate of below 50 on the index indicates a decrease in new orders from the previous month.

Latest release: November 2008
Next release: December 2008

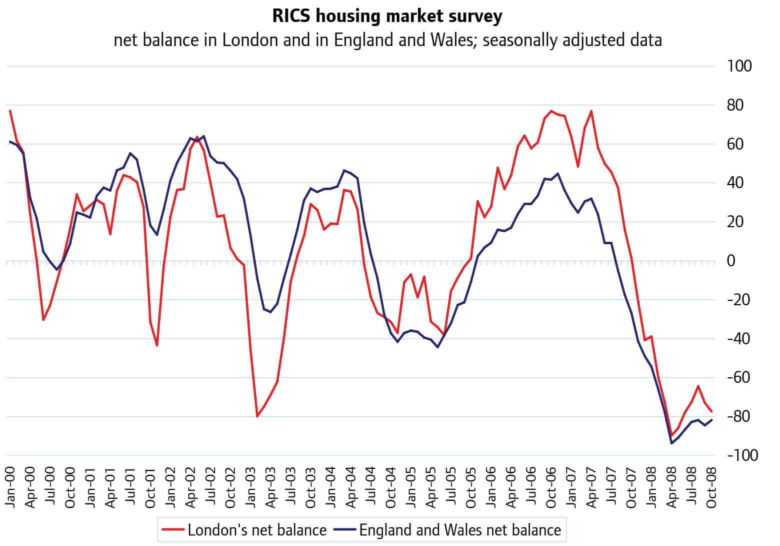


Source: RBS/Markit Economics

Surveyors report that house prices are falling in London and in England and Wales

- The RICS survey shows a negative net balance of -77 for London house prices over the past three months to October 2008. This net balance is down from –73 in September.
- Surveyors reported a negative net house price balance for England and Wales of -82 in October 2008, up from -84 in September 2008.
- London's net balance remains above that of England and Wales.

Latest release: November 2008
Next release: December 2008



Source: Royal Institute of Chartered Surveyors

Pre-Budget report 2008[1]

by **Duncan Melville**,
Deputy Chief Economist,
GLA Economics

Economic and fiscal projections

The economic growth forecasts for 2008-10 in the PBR are very substantially lower than the forecasts published in March's Budget. In particular, the forecast for next year has been reduced from a healthy growth rate of 2¼ - 2 ¾ per cent at the time of the Budget to a decline in output of between ¾ to 1¼ per cent now – a massive reduction of 3½ percentage points. The Treasury's growth projections for this year and next are in line with the consensus amongst independent economic forecasters. However the Treasury remains optimistic relative to this consensus with regard to the strength of the economic upturn in 2010 and 2011.

Table 1: Summary of the Treasury and Consensus Economic Projections

Source: HM Treasury

GDP Growth (%)	2008	2009	2010	2011
Budget 2008	1¾ – 2¼	2¼ – 2 ¾	2½ – 3	–
PBR 2008	¾	-1¼ to -¾	1½ – 2	2¾ – 3¼
Consensus	0.8	-1.1	1.1	2.3

The PBR projections for public sector net borrowing (PSNB) – the standard measure of overall public borrowing - for this financial year have almost doubled from the March Budget projections. However the biggest changes are for the next two financial years with projected public borrowing now more than three times the projections made at the time of the Budget and with public borrowing projected to exceed £100 billion in both 2009-10 and 2010-11. GLA Economics' projections (based on the consensus estimates for economic growth) are slightly more pessimistic than the Treasury's with public borrowing peaking at just over £120 billion in 2009-10, and declining less rapidly through to 2012-13.

Table 2: Summary of the Treasury and Consensus Projections for Public Borrowing

Source: HM Treasury, GLA Economics calculations

PSNB (£bn)	2008-09	2009-10	2010-11	2011-12	2012-13
Budget 2008	42.5	38	32	27	23
PBR 2008	77.6	118	105	87	70
GLA Economics	78.0	122.1	112.3	94.3	77.4
Consensus	65	89.3	97.5	94.3	–

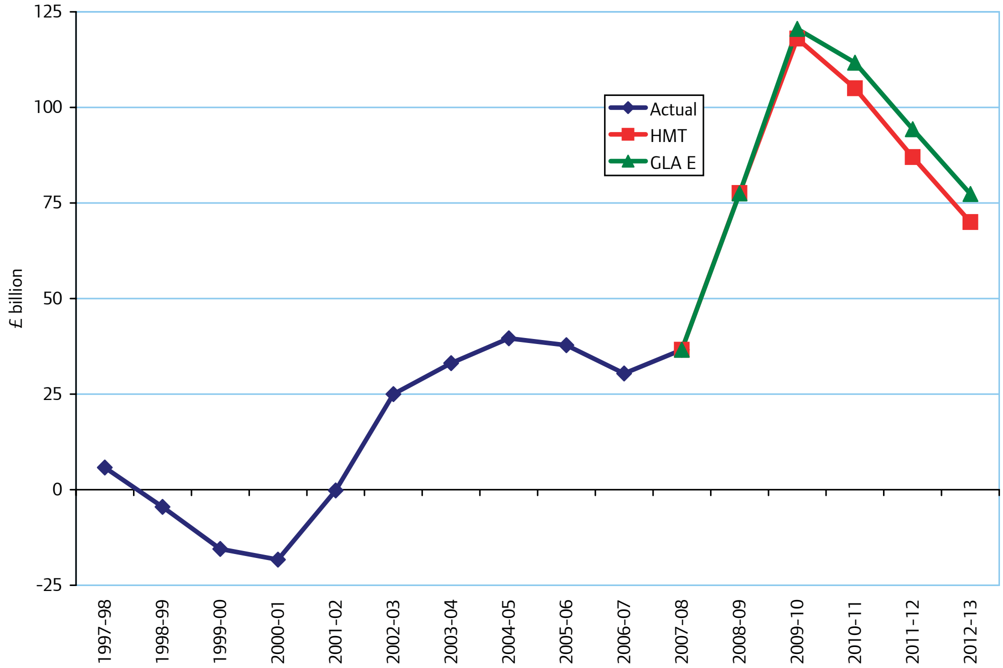
The Government previously sought to meet two fiscal rules:

- Golden Rule: Over the economic cycle, the Government will borrow only to invest and not to fund current spending.
- Sustainable Investment Rule: Public sector net debt will be held over the economic cycle at a stable and prudent level, which has been defined as below 40 per cent of GDP.

The PBR abandons these rules (apparently temporarily) and neither would be met on the basis of the Treasury's latest projections. Our higher projections for overall public borrowing, see Figure 4, lead us to expect a larger increase in the stock of public debt required to fund this additional borrowing than the Treasury, see Figure 5.

Figure 4: Public Sector Net Borrowing (PSNB)

Source: HM Treasury, GLA Economics

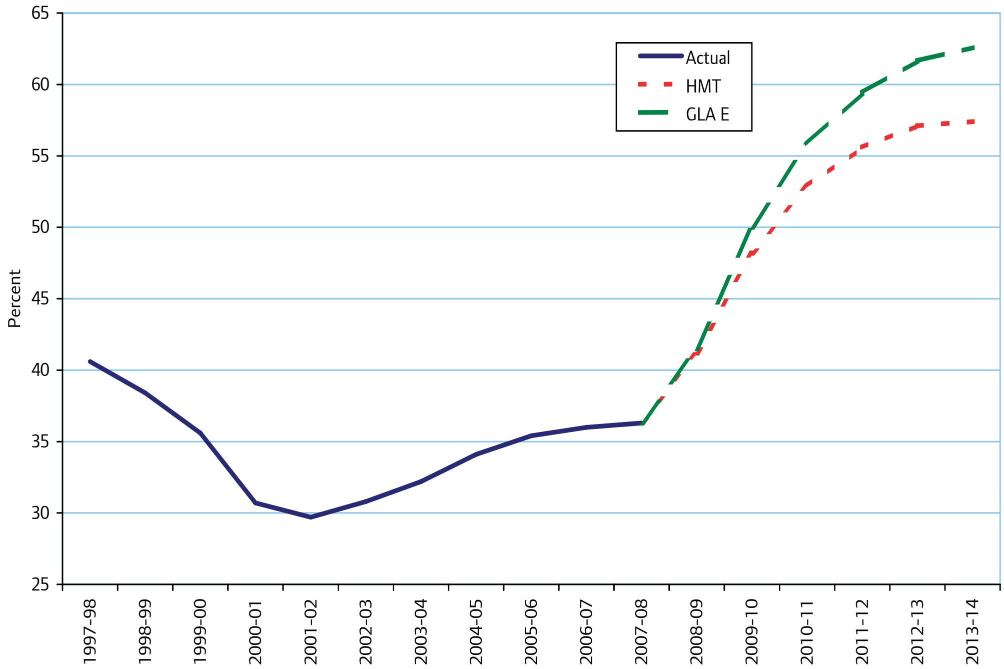


The Treasury projections are for the debt to GDP ratio to blast through the previous 40 per cent ceiling and reach 57.4 per cent in 2013-14 before apparently starting to decline in 2015-16[2]. In contrast our projections suggest the public debt to GDP ratio could reach 62.7 per cent in 2013-14. Given the lack of precise information published for 2014-15 and 2015-16 in the PBR we are unable to project the public debt to GDP ratio after 2013-14.

Even on the Treasury's projections the peak in public borrowing at 8.0 per cent of GDP in 2009-10 (8.2 per cent on our projections) will exceed the previous peaks in public borrowing seen in the mid 1970s, 7.0 per cent in 1975-76, and the early 1990s, 7.4 per cent in 1992-93 and 7.7 per cent 1993-94. Similarly, the Treasury's projected peak in the public sector debt to GDP ratio at 57.4 percent in 2013-14 (62.6 per cent on our projections) exceeds previous records, since the series began in 1974-75, with the previous record high being 53.8 per cent in 1975-76.

Figure 5: Public Sector Net Debt (% of GDP)

Source: HM Treasury, GLA Economics



Financial sector interventions

The above projections do not include the impact of the decisions over the last year or so to temporarily nationalise Northern Rock and other financial sector interventions. These interventions have brought assets and liabilities into the public sector and the effect is estimated to add around 6 to 8 percentage points to the public debt to GDP ratio. Hence if all these assets and liabilities are still in the public sector in 2013-14 then with them the debt to GDP ratio could reach around 70 per cent.

The Government has decided that for the purpose of assessing fiscal sustainability the Government will use a measure of public sector net debt excluding the impact of these interventions. This is a sensible approach to take as long as the impact on public sector debt levels is temporary and disappears when/if the assets that the Government has taken into public ownership are privatised and that the Government at least breaks even in doing so.

Fiscal policy

The Chancellor announced a substantial fiscal stimulus to the economy amounting to £9.3 billion this financial year and £16.3 billion in 2009-10 to reduce the severity of the coming recession. This is reversed in 2010-11 and 2011-12 when the Chancellor plans a fiscal tightening of £4.8 billion in 2010-11 and £7.6 billion in 2011-12, designed to get the public finances back onto a sustainable path.

Taxation

The major part of the Chancellor's fiscal stimulus is a temporary reduction in the standard rate of VAT from 17½ per cent to 15 per cent from 1 December 2008 until 31 December 2009, at a cost of around £12½ billion. However the impact that this cut in VAT would have had on the amount of tax paid on tobacco, alcohol and fuel will be offset by increasing excise duties on these products.

The £600 increase in personal allowances for this financial year which the Chancellor announced in May as compensation for the abolition of the starting 10p rate of tax is to be made permanent and increased to £725 from April 2009.

The taxation side of the fiscal tightening from 2010-11 has been firmly targeted on those earning over £100,000 a year. From April 2010, those with incomes between £100,000 and £140,000 will have the value of their personal tax allowance halved, and those with incomes above £140,000 will no longer have a personal tax allowance. Furthermore, if the Government is re-elected then a new 45 per cent rate of income tax on incomes over £150,000 will be introduced from April 2011. Combined these measures would raise £0.8 billion in 2010-11 and £2 billion in 2011-12. These tax increases will impact more in London as while in general Londoners make up around one in eight of all income tax payers in the UK, London has a quarter of those people with incomes above £100,000.

In addition, the Government envisages more general increases in tax with all rates of National Insurance Contributions (NICs) being raised by ½ per cent from April 2011. At the same time in order that those on low incomes do not feel this increase the starting point for NICs will be raised to align it with that of income tax from April 2011. The overall impact of these changes is to increase revenues from NICs by £3.8 billion for 2011-12.

Public spending

As part of the fiscal stimulus, £2.9 billion of government capital spending is being brought forward to this financial year and next from 2010-11. This will be used to improve the motorway network, improve and build new social housing, invest in schools and in energy efficiency measures. The Treasury is budgeting for £5 billion of additional public sector efficiency savings in 2010-11 and 2011-12 as part of its delayed retrenchment to get the public accounts back on track. Overall, public spending is projected to grow by just 1.1 per cent per annum in real terms (i.e. after accounting for inflation) in the four years 2010-14 – a very marked slow down from the 3.2 per cent real annual average growth seen in the 11 years from 1997-2008. This slowdown contributes the majority of the Treasury's 2010-14 fiscal tightening – over this period public borrowing is projected to decline by 5.1 per cent of GDP with 2.7 percentage points of this coming from lower growth in public spending and 2.4 percentage points from tax increases.

Commentary

This was less a Pre-Budget Report than Alistair Darling's second budget of 2008, or even his third if you count his announcement in May of measures designed to compensate taxpayers for the abolition of the 10p starting rate of income tax. It was also the most openly redistributive budget of any since 1997 with tax rises from 2010 and 2011 focused on those with incomes above £100,000, and those on low incomes protected from being affected by the ½ per cent increase in NICs by increasing the starting point at which NICs are paid to align it with individuals' income tax personal allowance.

The Chancellor aimed to deliver an effective fiscal stimulus in the near term while putting in place measures to return the fiscal accounts to a sustainable basis in the medium to long term. He probably succeeded more on the first of these than the second. The current difficulties in the transmission mechanism from cuts in the Bank of England's base rate through to the private sector interest rates that individuals and companies actually pay, and the already low level of the base rate which at 3 per cent is already at a 50 year low, reinforces the case for combating the current recession with active fiscal policy rather than just relying on monetary policy and the impact of the automatic fiscal stabilisers (the fact that taxes fall and public spending on welfare benefits rise in a recession). However, the extra debt this causes is likely to slow any recovery due to the greater fiscal retrenchment required later and higher long-term interest rates.

This fiscal stimulus inevitably increases public borrowing and debt levels. However the levels to which they are pushed are stunning. Public borrowing will peak at at least 8 per cent of GDP in 2009-10 higher than the previous peaks for borrowing in the mid 1970s and early 1990s of 7-8 per cent of GDP. Public sector net debt is projected to reach 57 per cent of GDP in 2012-13 and 2013-14 according to the Treasury or 62 to 63 per cent of GDP on our projections, either way this is the highest level since records began in 1974-75 with the previous peak being 54 per cent in 1975-76.

These facts simply underline the need for a credible set of measures to get the public finances back into good shape in the medium term. Unfortunately, in our view the PBR fails to deliver on this. On the Treasury's projections, public sector debt as a proportion of GDP continues to increase for another 7 years until 2015-16, and taxation is not expected to cover current government expenditure until the same year. These projections are based on relatively optimistic assumptions about economic growth from 2010, and on an exceptional slowdown in public spending growth in real terms from 3.2 per cent per annum in 1997-2008 to just 1.1 per cent per annum for 2010-14. Our projections based on the consensus amongst independent forecasters about economic growth show public debt exceeding 60 per cent of GDP in 2013-14 and increasing at a faster rate than the Treasury is projecting. Given this it is difficult to avoid the conclusion that greater tax increases than the Treasury is projecting from 2010 will be needed to bring the public finances back onto a sustainable path in the medium term. Austerity is likely to be the watchword for the next few years.

Footnotes

1 The views expressed in this article are those of GLA Economics and do not necessarily reflect the views of either the Mayor of London or the Greater London Authority.

2 The PBR does not publish the actual projections for public sector net debt after 2013-14 but instead includes Chart 2.2 on page 30 of the PBR which appears to show the public debt to GDP ratio declining in 2015-16.

Additional information

Data sources

Tube and bus ridership	Transport for London on 020 7222 5600 or email: enquire@tfl.gov.uk
GDP/GVA growth	Experian Business Strategies on 020 7630 5959
Tourism – overseas visitors	www.statistics.gov.uk
Tourism – domestic visitors	www.visitlondon.com
London airports	www.caa.co.uk
Business activity	www.rbs.co.uk/pmireports
Unemployment rates	www.statistics.gov.uk

Glossary

Civilian workforce jobs

Measures jobs at the workplace rather than where workers live. This indicator captures total employment in the London economy, including commuters.

Claimant count rate

Unemployment rate based on the number of people claiming unemployment benefits.

Employee jobs

Civilian jobs, including employees paid by employers running a PAYE scheme. Government employees and people on training schemes are included if they have a contract of employment. Armed forces are excluded.

Gross domestic product (GDP)

A measure of the total economic activity in the economy.

Gross value added (GVA)

Used in the estimation of GDP. The link between GVA and GDP is that GVA plus taxes on products minus subsidies on products is equal to GDP.

ILO unemployment rate

The International Labour Organisation's calculation of the number of people out of work.

Tube ridership

Transport for London's measure of the number of passengers using London Underground in a given period. There are 13 periods in a year. In 2008/09 there are eleven 28-day periods, one 26-day period and one 31-day period. Period 1 started on 1 April.

Bus ridership

Transport for London's measure of the number of passengers using buses in London in a given period. There are 13 periods in a year. In 2008/09 there are eleven 28-day periods, one 26-day period and one 31-day period. Period 1 started on 1 April.

Acronyms

ABI	Annual Business Inquiry
BAA	British Airports Authority
BCC	British Chamber of Commerce
BITOA	British Incoming Tour Operators Association
CAA	Civil Aviation Authority
CBI	Confederation of British Industry
DCLG	Department for Communities and Local Government
EBS	Experian Business Strategies
GDP	Gross domestic product
GVA	Gross value added
ILO	International Labour Organisation
IMF	International Monetary Fund
LCCI	London Chamber of Commerce and Industry
LET	London's Economy Today
MPC	Monetary Policy Committee
ONS	Office for National Statistics
PMI	Purchasing Managers' Index
PWC	PricewaterhouseCoopers
RICS	Royal Institution of Chartered Surveyors

Past features

Issue	
51	Who are London's low paid?
52	London's opportunities in emerging markets
53	London Economic Development Snapshot
	London's employee jobs - the latest trends
54	Crossrail: Where is it going?
55	How large is wage inequality in London?
	Budget 2007: The implications for London
56	The McKinsey Report and its relevance to London's financial services sector
57	Focus on key London employment sectors
58	Increasing London's housing supply
59	London Economic Development Snapshot
60	Creative London - London's Creative Sector: 2007 Update
61	The value of London's key exports
62	Globalisation, skills and employment: The London story
63	Working hard or hardly working? How cities could work better. GLA Economics' international conference reviewed
64	London's Central Business District: Its global importance
65	London Economic Development Snapshot
66	Women, employment and the gender pay gap
67	Budget 2008: A summary
68	Employment in London by firm size
69	Credit crunch and the property market
70	The evolution of UK and London employment rates
71	Self-directed adult social care in London
72	Snapshot mid-year update
73	Filling the coffers: London's tax export
74	The LDA's London Annual Business Survey (LABS)

GLA Economics
City Hall
The Queen's Walk
London SE1 2AA

Tel 020 7983 4922
Fax 020 7983 4137
Email glaeconomics@london.gov.uk
Internet www.london.gov.uk

November 2008

ISSN 1740-9136 (print) ISSN 1740-9195 (online) ISSN 1740-9144 (email)

London's Economy Today is published by email and on www.london.gov.uk towards the end of every month. It provides an overview of the current state of the London economy, and a changing selection of the most up-to-date data available. It tracks cyclical economic conditions to ensure they are not moving outside the parameters of the underlying assumptions of the GLA group and central government.

Subscribe
Subscribe online at http://www.london.gov.uk/mayor/economic_unit

Disclaimer
GLA Economics uses a wide range of information and data sourced from third party suppliers within its analysis and reports. GLA Economics cannot be held responsible for the accuracy or timeliness of this information and data.

GLA Economics, Transport for London, the London Development Agency and the Greater London Authority will not be liable for any losses suffered or liabilities incurred by a party as a result of that party relying in any way on the information contained in this publication.

Other formats

For a summary of this document in your language, or a large print, Braille, disc, sign language video or audio tape version, please contact us at the address below:

Public Liaison Unit
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Tel **020 7983 4100**
Minicom **020 7983 4458**
www.london.gov.uk

Please provide your name, postal address and state the publication and format you require.

About GLA Economics
GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics provide a sound basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit was set up in May 2002.

GLA Economics is funded by

Transport for London

LONDON DEVELOPMENT AGENCY

MAYOR OF LONDON