

● PO-CH/NL/0405
PART B

Part B.

CONFIDENTIAL
(Circulate under cover and notify REGISTRY of movement)

begins: 21/9/87.
Ends: 24/11/87


 PO -CH /NL/0405

 PART B

Chancellor (Lawson) papers:

**BALANCE OF PAYMENT
FIGURES FOR 1987**

DD's: 25 Years

J. Lawson

18/12/95.

PO -CH /NL/0405
PART B



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 4887.....
GTN 215)
(Switchboard) 01-215 7877

Mr A Allan
Principal Private Secretary
Chancellor of the Exchequer
H M Treasury
Parliament Street
London
SW1 3AG

21 September 1987

I am attaching a copy of the draft Press Notice on the Current Account of the United Kingdom Balance of Payments in August. The draft was agreed earlier today at the usual interdepartmental meeting.

Publication is set for Thursday 24 September at 11.30 am and I should be grateful if you would arrange for the Notice to be cleared by 12.00 am Wednesday 23 September and to inform me accordingly.

A copy of this letter and draft Press Notice is being sent to Sir Peter Middleton and Mr Davis, H M Treasury.

Yours sincerely

W. E. Boyd
W E BOYD

Ch
I shall try to secure amendment marked on page D
ATA

WA Spiller. In addition, I see no analysis of this report by category, this shows that there is a large amount of manipulation over the period (over 10 months) with the figures. This is a serious matter. Is this a serious matter?

SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am

AUGUST 1987

The current account for August, seasonally adjusted, was estimated to have been in deficit by £929 million compared with a deficit of £310 million in July. In August, exports - seasonally adjusted on a balance of payments basis - were valued at £6545 million and imports at £8073 million so that trade in goods was in deficit by £1529 million.

The balance on invisibles is projected to be in surplus by £600 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions. This projection takes account of the latest estimates for the first six months of the year published by the CSO on 17 September.

JUNE TO AUGUST 1987

In the three months ended August, the current account showed a deficit of £1.2 billion compared with broad balance in the previous three months. There was a deficit on visible trade of £3.2 billion in the latest three months compared with a deficit of £2.0 billion in the three months ended May. The surplus on invisibles in the latest three months is projected at £1.9 billion.

CURRENT ACCOUNT

TABLE 1

£ million, Seasonally adjusted

	Current Balance	Visible Trade			Invisibles Balance ^b
		Balance	Exports fob	Imports fob	
1985	+ 2919	-2178	78111	80289	+ 5097
1986	- 980	-0463	72843	81306	+ 7483
1986 Q2	+ 146	-1608	17786	19393	+ 1753
Q3	- 910	-2891	17553	20444	+ 1981
Q4	- 960	-2725	19340	22065	+ 1765
1987 Q1	+ 672	-1135	19637	20772	+ 1807
Q2	- 174	-2361	19381	21742	+ 2187
1987 March	+ 185	- 417	6429	6846	+ 602
April	+ 203	- 526	6610	7136	+ 729
May	- 367	-1096	6372	7467	+ 729
June	- 11	- 740	6399	7139	+ 729
July	- 310 ^a	- 910	6776	7686	+ 600 ^a
Aug	- 929 ^a	-1529	6545	8073	+ 600 ^a
Mar-May 1987	+ 22	-2038	19411	21449	+ 2060
Jun-Aug 1987	- 1249 ^a	-3178	19720	22898	+ 1929 ^a
Jan-Aug 1987	- 741 ^a	-5935	52338	58273	+ 5194 ^a

^a Invisibles for July and August 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection. Information relating to credits and debits can be found in Table 3.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

**SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am**

VISIBLE TRADE IN AUGUST

There was a deficit on visible trade in August of £1529 million compared with a deficit of £910 million in July. The surplus on oil was of £374 million, £90 million higher than in July. The deficit on non-oil trade increased by £709 million.

Total exports in August were valued at £6545 million, which was £232 million ($3\frac{1}{2}$ per cent) lower than in July. Exports of oil increased by £102 million between the two months while exports of the erratic items decreased by £200 million. Excluding oil and the erratic items, exports fell by $2\frac{1}{2}$ per cent between July and August.

Total imports were valued at £8073 million in August, which was £387 million (5 per cent) higher than in July. Imports of oil increased by £12 million between the two months while imports of the erratic items decreased by £74 million. Excluding oil and the erratic items, imports grew by $6\frac{1}{2}$ per cent between July and August.

RECENT TRENDS

Visible balance

In the three months ended August, there was a deficit on visible trade of £3.2 billion - a surplus on trade in oil of £0.9 billion being offset by a deficit on non-oil trade of £4.1 billion. Between the three months ended May and the latest three months, the deficit on visible trade increased by £1.1 billion - the surplus on oil fell by £0.3 billion while the deficit on non-oil trade increased by £0.8 billion.

Exports

Exports amounted to £19.7 billion in the three months ended August, £0.3 billion (1½ per cent) more than in the previous three months. Exports of oil fell by £0.2 billion and exports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items exports increased by £0.5 billion between the three months ended May and the latest three months.

By volume, exports fell by ½ per cent between the three months ended May and the latest three months but were still 5 per cent higher than in the same period last year. Excluding oil and the erratic items, export volume increased by 3 per cent to be 7½ per cent higher than in the same period last year. The underlying level of non-oil export volume continues to remain close to the high level reached at the end of last year.

Imports

Total imports were valued at £22.9 billion in the latest three months, £1.4 billion (7 per cent) higher than in the previous three months. Imports of oil grew by £0.2 billion over the three months ended August while imports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items, imports grew by 7 per cent between the three months ended May and the latest three months.

Total import volume in the latest three months was 7 per cent higher than in the previous three months and 8 per cent higher than

in the same period last year. Excluding oil and the erratic items, import volume rose by 7 per cent in the latest three months to be 10 per cent higher than in the same period last year. The underlying level of non-oil import volume has been increasing *strongly* in recent months, and is above that reached at the end of last year, *though the August figure may - as last year - be eventually high*

Terms of trade and unit values

The terms of trade index rose by around 1 per cent between the three months ended May and the three months ended August with the export unit value index increasing by 1 per cent and the import unit value index falling by $\frac{1}{2}$ per cent. Compared with the same three months of last year both the export unit value index and the import unit value index are up 6 per cent. As a result the terms of trade index is the same now as a year ago.

Export unit values for fuels rose by 5 per cent between the three months ended May and the latest three months while the unit value index for non-oil exports rose by $\frac{1}{2}$ per cent. Within the total for non-oil exports, most major sectors showed little change in unit values. The greatest rises, both of $1\frac{1}{2}$ per cent, were in the unit values of cars and of basic materials.

Import unit values for fuels rose by 1 per cent between the three months ended May and the latest three months while the unit value index for non-oil imports fell by $\frac{1}{2}$ per cent. Import unit values for finished manufactures fell by 1 per cent over the latest three months.

**SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am**

Analysis by area

Exports to the developed countries grew by 2 per cent between the three months ended May and the latest three months. Exports to the European Community countries grew by 1 per cent in the latest three months and exports to the other developed countries grew by 10 per cent. Deliveries to the developing countries increased by 1½ per cent between the three months ended May and the latest three months.

Imports from the developed countries increased by 8 per cent over the latest three months with arrivals from the European Community countries up 7 per cent, arrivals from North America up 6½ per cent and arrivals from the other developed countries up by 21 per cent. Imports from the developing countries increased by 19 per cent between the three months ended May and the latest three months.

NOTES TO EDITORS

15

1. INVISIBLES

1. The estimates in tables 1 to 3 incorporate the revised figures for the first quarter of 1987, and the preliminary estimates for the second quarter, which were published in the CSO press notice on the balance of payments accounts on 17 September.

2. Estimates of invisibles are based on a variety of sources, mostly inquiries of those engaging in the various transactions. These are usually sample inquiries, and are variously held on quarterly, annual or periodical bases. For some components, data for recent periods are therefore incomplete and subject to significant estimation errors.

3. The figures shown for the invisibles balance in most months are the estimates for the relevant quarters, taken from the balance of payments accounts, expressed at a monthly rate. For the most recent months, however, the figures are projections, which are rounded to the nearest £100 million to emphasise their approximate nature. These projections are superseded by preliminary estimates from the balance of payments accounts when they are published around the middle of March, June, September and December. (This modifies the procedure described in the December issue of Economic Trends; a review of the timetable concluded that more time should be allowed to prepare these preliminary estimates to improve their quality and reduce the likelihood of revisions within relatively short periods).

ADJUSTMENT FOR UNPROCESSED DOCUMENTS

4 Following an investigation by Customs and Excise into the effects of industrial action on the processing of import and export entries the figures for April to July have been adjusted to take account of unprocessed documents attributable to those months. These adjustments have been made to the Balance of Payments based figures (tables 1 to 7 and 16), but not to the OTS figures (tables 8 to 15). There are no adjustments for August. The amounts involved are as follows:

	<u>Adjustment for unprocessed documents</u>				
	April	May	June	July	£ million
Exports	+32	+57	+72	+47	
Imports	+64	+23	+35	-	

MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

85 The Monthly Review supplements the information contained in this Press Notice. It gives longer historical runs of data and contains charts, tables on the UK Balance of Payments, UK exports and imports on an Overseas Trade Statistics basis, and certain international comparisons. The Monthly Review is available from the Department of Trade and Industry at the address given below for an annual subscription of £43 which includes the annual supplement. Individual copies are priced at £3, (£7 for the annual supplement).

AREA (tables 11 and 15)

7 Low value consignments ie items of an individual values less than £475, are not analysed by country and are therefore excluded from the area data in tables 11 and 15. In addition the method of seasonal adjustment leads to further differences between the sum of areas and figures for total trade.

STANDARD NOTES

86 There is a set of standard notes that describe the basis on which the figures in this Press Notice are compiled including the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) figures. Copies can be obtained from the address below.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 4895.

INDEX OF TABLES

		TABLE	PAGE
A	BALANCE OF PAYMENTS BASIS		
	Current account	1	1
	Current balance, visible trade and invisibles	2	7
	Invisibles	3	7
	Export and import unit value and volume index numbers	4	8
	Value and volume of exports and imports excluding the more erratic items	5	8
	Trade in oil	6	9
	Trade in Goods other than oil	7	9
B	OVERSEAS TRADE STATISTICS		
	Exports by commodity	8	11
	Exports by commodity: volume indices	9	11
	Exports by commodity: unit value indices	10	12
	Exports by area	11	12
	Imports by commodity	12	13
	Imports by commodity: volume indices	13	13
	Imports by commodity: unit value indices	14	14
	Imports by area	15	14
C	QUARTERLY BALANCE OF PAYMENTS DATA		
	Commodity analysis of visible trade	16	15

CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES
(Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance ^b
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1985	+ 2919	78111	80289	- 2178	+ 8104	- 10282	+ 5097
1986	- 980	72843	81306	- 8463	+ 4056	- 12519	+ 7483
1986 Q2	+ 146	17786	19393	- 1608	+ 765	- 2372	+ 1753
Q3	- 910	17553	20444	- 2891	+ 621	- 3512	+ 1981
Q4	- 960	19340	22065	- 2725	+ 785	- 3510	+ 1765
1987 Q1	+ 672	19637	20772	- 1135	+ 1164	- 2300	+ 1807
Q2	- 174	19381	21742	- 2361	+ 1033	- 3395	+ 2187
1986 Dec	- 323	6477	7388	- 911	+ 256	- 1167	+ 588
1987 Jan	+ 85	6235	6752	- 517	+ 383	- 900	+ 602
Feb	+ 401	6973	7174	- 202	+ 328	- 529	+ 603
March	+ 185	6429	6846	- 417	+ 454	- 870	+ 602
Apr	+ 203	6610	7136	- 526	+ 423	- 949	+ 729
May	- 367	6372	7467	- 1096	+ 365	- 1461	+ 729
June	- 11	6399	7139	- 740	+ 245	- 985	+ 729
July	- 310 ^a	6776	7686	- 910	+ 284	- 1194	+ 600 ^a
Aug	- 929 ^a	6545	8073	- 1529	+ 374	- 1903	+ 600 ^a
Jun-Aug 1986	- 766	17316	19987	- 2671	+ 606	- 3277	+ 1905
Mar-May 1987	+ 22	19411	21449	- 2038	+ 1242	- 3280	+ 2060
Jun-Aug 1987	- 1249 ^a	19720	22898	- 3178	+ 903	- 4081	+ 1929 ^a
% Change							
Latest 3 months							
- on previous 3 months		+ 1½	+ 7				
- Same 3 months one year ago		+ 14	+ 15				

a Invisibles for July and August 1987 are projections.

b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

Table 3

INVISIBLES

£ million seasonally adjusted

	All Sectors						Private Sector and Public Corporations ^d		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1984	77061	71203	+ 5858	+ 3481	+ 4216	- 1839	71761	62373	+ 9388
1985	79784	74687	+ 5097	+ 5381	+ 2992	- 3276	75134	64724	+10410
1986	76202	68719	+ 7483	+ 4990	+ 4686	- 2193	71094	59111	+11983
1985 Q1	21694	20605	+ 1089	+ 1132	+ 908	- 951	20449	17911	+ 2538
Q2	20159	18644	+ 1515	+ 1470	+ 748	- 703	19117	16427	+ 2690
Q3	19351	17615	+ 1736	+ 1500	+ 1118	- 882	18129	14953	+ 3176
Q4	18580	17823	+ 757	+ 1279	+ 218	- 740	17439	15433	+ 2006
1986 Q1	18916	16932	+ 1984	+ 1265	+ 792	- 73	17562	14907	+ 2655
Q2	18451	16698	+ 1753	+ 1188	+ 1118	- 553	17139	14296	+ 2843
Q3	19245	17264	+ 1981	+ 1251	+ 1505	- 775	17957	14660	+ 3297
Q4	19590	17825	+ 1765	+ 1286	+ 1271	- 792	18436	15248	+ 3188
1987 Q1	19696	17889	+ 1807	+ 1241	+ 1349	- 783	18043	14828	+ 3215
Q2	19652	17465	+ 2187	+ 1554	+ 1258	- 625	18194	14764	+ 3430

d ie excluding general Government transactions and all transfers.

SECRET

and personal
until release of press notice on 24 SEP. 87. at 11.30 a.m.

EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS

Table 4

(Balance of Payments basis)

Indices 1980 = 100

	Unit value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade ^e	Exports	Imports
1985	143.5	145.2	98.8	118.7	126.0
1986	136.6	134.0	101.9	123.1	134.2
1986 Q2	134.8	131.6	102.5	121.9	129.1
Q3	134.3	130.1	103.2	122.6	139.0
Q4	138.1	136.8	100.9	130.5	144.0
1987 Q1	140.7	140.0	100.5	130.0	133.2
Q2	141.2	136.2	103.7	126.3	140.7
1986 Dec	138.7	138.3	100.2	131.6	143.9
1987 Jan	140.4	140.1	100.2	124.6	131.4
Feb	140.8	140.3	100.4	138.4	138.0
March	141.0	139.8	100.8	126.9	130.2
Apr	141.0	137.2	102.8	131.4	138.6
May	140.9	135.7	103.8	123.9	144.3
June	141.6	135.7	104.4	123.5	139.1
July	141.7	137.5	103.1	131.3	147.6
Aug	143.6	138.5	103.6	126.4	154.9
Jun-Aug 1986	134.2	129.4	103.7	121.0	136.3
Mar-May 1987	141.0	137.6	102.5	127.4	137.7
Jun-Aug 1987	142.3	137.2	103.7	127.1	147.2
% Change					
Latest 3 months on					
- previous 3 months	+ 1	- ½	+ 1	- ½	+ 7
- same 3 months					
one year ago	+ 6	+ 6	-	+ 5	+ 8

^e Export unit value index as a percentage of the import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS^f
(Balance of Payments basis)

Table 5

seasonally adjusted

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	Exports	Imports
1985	73819	76749	123.1	133.7
1986	67459	77657	126.0	142.5
1986 Q2	16238	18455	123.0	136.8
Q3	16367	19561	126.5	147.7
Q4	17759	21146	133.0	153.8
1987 Q1	18125	19833	132.9	141.8
Q2	17961	20681	129.4	149.0
1986 Dec	5936	7112	133.9	154.3
1987 Jan	5765	6489	128.3	140.8
Feb	6449	6884	141.2	147.4
March	5910	6461	129.3	137.2
Apr	6144	6753	135.0	146.3
May	5899	7139	127.0	153.3
June	5918	6790	126.2	147.3
July	6224	7330	133.8	156.7
Aug	6192	7791	132.0	166.1
Jun-Aug 1986	16157	19237	124.3	145.7
Mar-May 1987	17953	20352	130.5	145.6
Jun-Aug 1987	18334	21910	130.7	156.7
% Change				
Latest 3 month on				
- previous 3 months	+ 2	+ 7½	-	+ 7½
- same 3 months				
one year ago	+ 13	+ 14	+ 5	+ 7½

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

TRADE IN OIL⁹
(Balance of Payments basis)

seasonally adjusted

	Balance of Trade in oil	Exports of Oil					Imports of Oil					
		Total	Crude Oil			Rest of Division 33	Total	Crude Oil			Rest of Division 33	
			[SITC (REV 2) 333.0]					[SITC (REV 2) 333.0]				
			£ million fob	£ million fob	£ million fob			Avg value per tonne £ fob	£ million fob	£ million fob		£ million fob
1985	+ 8104	16134	13006	79.6	163.4	3128	8029	4234	26.9	157.6	3796	
1986	+ 4056	8221	6294	82.1	76.7	1927	4165	2324	32.6	71.2	1841	
1986 Q2	+ 765	1783	1211	18.6	65.1	572	1018	550	7.7	71.7	469	
Q3	+ 621	1529	1120	19.7	57.0	408	908	435	8.7	50.1	473	
Q4	+ 785	1886	1533	21.6	71.0	353	1101	617	9.6	64.5	484	
1987 Q1	+ 1164	2225	1824	21.9	83.4	401	1061	624	7.9	79.3	437	
Q2	+ 1033	2076	1658	19.8	83.6	417	1042	658	8.3	79.3	384	
1986 Dec	+ 256	625	494	7.0	71.0	132	370	239	3.6	66.8	131	
1987 Jan	+ 383	731	600	7.4	81.2	131	348	209	2.8	75.2	139	
Feb	+ 328	752	600	7.1	84.3	151	424	241	3.0	81.3	183	
Mar	+ 454	743	624	7.4	84.6	119	289	173	2.1	81.7	116	
Apr	+ 423	832	679	8.0	84.9	153	409	269	3.4	79.2	139	
May	+ 365	629	516	6.4	81.3	113	264	127	1.6	77.5	137	
June	+ 245	615	464	5.5	84.5	151	370	261	3.3	80.2	108	
July	+ 284	660	496	5.8	85.1	163	375	217	2.7	82.1	158	
Aug	+ 374	761	625	6.9	91.2	136	387	234	2.8	82.9	153	
Jun-Aug 1986	+ 606	1525	1092	18.8	58.0	432	918	471	9.1	51.7	447	
Mar-May 1987	+ 1242	2204	1819	21.7	83.7	385	961	570	7.2	79.6	392	
Jun-Aug 1987	+ 903	2036	1585	18.2	87.2	450	1132	713	8.7	81.6	420	
% Change												
Latest 3 months on												
- previous 3 months		- 7½	- 13	- 16	+ 4	+ 17	+ 18	+ 25	+ 22	+ 2½	+ 7	
- same 3 months one year ago		+ 34	+ 45	- 3½	+ 50	+ 4	+ 23	+ 51	- 4	+ 58	- 6	

⁹ Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 8 of the standard notes).

SECRET

and personal

until release of press notice on 24 SEP 87 at 11.30 a.m.

TRADE IN GOODS OTHER THAN OIL
(Balance of Payments basis)

	Total								Excluding Erratics ^f			
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)	
				Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade ^e	Exports	Imports	Exports	Imports	Exports	Imports	
1985	- 10282	61977	72259	141.8	141.8	100.0	110.6	133.0	57685	68719	114.9	142.8
1986	- 12519	64621	77141	145.1	141.5	102.6	115.2	140.5	59238	73491	117.7	150.9
1986 Q2	- 2372	16003	18375	144.2	139.1	103.7	114.7	135.4	14455	17437	115.1	145.0
Q3	- 3512	16024	19536	145.3	140.3	103.5	114.7	143.7	14839	18653	118.5	154.4
Q4	- 3510	17454	20964	148.1	146.3	101.3	123.1	149.4	15873	20045	125.3	161.4
1987 Q1	- 2300	17411	19711	149.7	148.0	101.1	121.8	139.7	15899	18772	124.4	150.4
Q2	- 3395	17305	20700	150.3	143.5	104.7	119.5	149.0	15885	19639	122.4	159.6
1986 Dec	- 1167	5852	7018	148.6	147.6	100.7	124.6	149.7	5311	6743	126.5	162.6
1987 Jan	- 900	5504	6404	149.5	148.4	100.7	115.4	137.1	5034	6141	118.7	148.7
Feb	- 529	6221	6750	149.5	148.0	101.0	131.6	142.7	5697	6460	134.2	154.3
Mar	- 870	5686	6557	150.1	147.6	101.7	118.5	139.1	5168	6172	120.5	148.3
Apr	- 949	5778	6727	150.0	144.7	103.7	120.5	144.3	5312	6344	123.6	153.8
May	- 1461	5743	7204	150.2	143.0	105.0	118.5	156.0	5270	6875	121.6	167.9
June	- 985	5784	6769	150.6	142.7	105.6	119.3	146.5	5303	6420	122.1	156.9
July	- 1194	6117	7311	150.5	144.8	103.9	126.9	155.9	5564	6954	129.3	167.5
Aug	- 1903	5783	7686	151.8	145.7	104.2	119.3	163.9	5430	7404	125.1	178.0
Jun-Aug 1986	- 3277	15792	19069	144.9	139.3	104.0	113.7	140.9	14633	18318	116.8	152.3
Mar-May 1987	- 3280	17208	20488	150.1	145.1	103.5	119.2	146.5	15750	19391	121.9	156.7
Jun-Aug 1987	- 4081	17684	21766	151.0	144.4	104.6	121.9	155.4	16298	20778	125.5	167.5
% Change												
Latest 3 months on												
- previous 3 months	+ 3	+ 6	+ ½	- ½	+ 1	+ 2½	+ 6	+ 3½	+ 7	+ 3	+ 7	
- same 3 months one year ago	+ 12	+ 14	+ 4	+ 3½	+ ½	+ 7	+ 10	+ 11	+ 13	+ 7½	+ 10	

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

^e Export unit value index as a percentage of the import unit value index.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

EXPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table 8

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Total	Chemi- cals	Other	6	7+8	Pass- enger Motor Cars	Other Consumer	Inter- mediate
	0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
1985	78392	4971	2128	16795	52506	48473	18458	9412	9046	30015	1343	5257	13475	9940
1986	73009	5478	2046	8683	54595	49697	18758	9692	9066	30939	1362	5712	13682	10183
1986 Q2	17832	1284	443	1922	13644	12214	4607	2394	2213	7607	340	1391	3353	2523
Q3	17632	1394	542	1614	13582	12506	4800	2470	2330	7706	362	1470	3407	2467
Q4	19347	1571	561	1970	14570	13139	4924	2539	2386	8215	361	1534	3579	2740
1987 Q1	19637	1372	624	2309	14642	13287	4880	2507	2374	8407	459	1660	3542	2745
Q2	19316	1347	543	2158	14614	13260	4880	2498	2381	8380	488	1653	3517	2722
1987 June	6351	443	188	636	4872	4420	1655	828	827	2764	150	527	1178	909
July	6785	500	170	697	5212	4667	1747	867	879	2920	192	602	1183	943
Aug	6598	464	195	787	4942	4599	1772	921	852	2826	159	555	1175	937
Mar-May 87	19408	1336	539	2289	14643	13259	4860	2514	2346	8400	504	1657	3532	2707
Jun-Aug 87	19735	1407	553	2121	15027	13685	5174	2616	2558	8511	501	1684	3536	2789
Percentage change	+ 1½	+ 5½	+ 2½	- 7½	+ 2½	+ 3	+ 6½	+ 4	+ 9	+ 1½	- ½	+ 1½	-	+ 3

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Total	Chemi- cals	Other	6	7+8	Pass- enger Motor Cars	Other Consumer	Inter- mediate
	1000	69	31	136	735	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1985	119.3	119.2	106.1	171.7	110.8	115.7	118.9	133.3	107.5	113.6	99.4	111.6	121.2	107.6
1986	123.6	129.6	117.1	175.5	114.0	116.9	121.9	139.4	108.1	113.8	93.2	117.5	120.4	106.9
1986 Q2	122.1	120	102	170	115	116	120	138	106	113	95	116	119	107
Q3	124.4	134	126	174	113	118	125	143	111	113	97	122	120	102
Q4	130.5	146	129	179	120	123	127	146	112	120	91	123	126	115
1987 Q1	130.2	129	145	183	119	122	126	143	112	120	114	133	120	114
Q2	125.7	124	120	171	118	121	125	140	113	118	120	133	118	112
1987 June	123.0	121	124	149	118	121	127	136	119	117	109	125	118	112
July	132.2	135	114	162	127	129	134	146	125	126	141	144	120	120
Aug	128.5	129	136	172	119	125	134	154	119	120	112	128	119	118
Mar-May 87	127.0	124	121	181	119	121	125	143	111	119	124	135	118	111
Jun-Aug 87	127.9	128	125	161	121	125	132	145	121	121	121	132	119	117
Percentage change	+ ½	+ 3½	+ 3	- 11	+ 2	+ 3	+ 5½	+ 1½	+ 9½	+ 1½	- 3	- 2	+ ½	+ 5

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

EXPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h																
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures								Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
																	Total
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147			
1985	143.4	134	140	155	143	142	135	139	132	147	162	147	150	141			
1986	136.5	140	123	81	147	148	138	141	135	154	182	157	157	146			
1986 Q2	134.7	141	124	74	146	147	138	142	134	153	179	156	156	145			
Q3	134.2	140	120	62	148	148	137	140	135	155	186	156	159	146			
Q4	138.0	142	121	72	151	150	139	141	138	157	198	161	160	148			
1987 Q1	140.5	141	122	82	152	153	141	144	139	160	201	164	163	150			
Q2	141.0	140	123	81	153	154	141	145	137	162	204	163	168	150			
1987 June	141.5	140	124	82	153	154	141	146	138	162	203	163	169	150			
July	141.5	140	125	83	153	154	141	145	139	162	206	164	167	150			
Aug	143.4	140	125	89	155	156	143	146	140	163	210	167	168	151			
Mar-May 87	140.8	140	123	81	153	154	141	145	137	162	204	164	167	150			
Jun-Aug 87	142.1	140	124	85	154	155	142	146	139	163	206	165	163	150			
Percentage change	+ 1	+ 1/2	+ 1 1/2	+ 5	+ 1/2	+ 1/2	+ 1/2	+ 1/2	+ 1	+ 1/2	+ 1 1/2	+ 1/2	+ 1/2	+ 1/2			

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Total K	Developed Countries						Developing Countries			Centrally planned economies
		Total	European Community	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	78392	62787	38226	7438	13332	11519	3791	13876	5952	7924	1587
1986	73009	57709	35004	6963	12128	10380	3614	13139	5495	7644	1721
1986 Q2	17832	13799	8328	1710	2880	2494	881	3451	1551	1900	446
Q3	17632	13944	8498	1709	2829	2432	909	3215	1317	1897	368
Q4	19347	15474	9545	1799	3225	2717	905	3254	1238	2016	470
1987 Q1	19637	15715	9330	1747	3676	3153	962	3401	1313	2088	437
Q2	19316	15515	9789	1903	2886	2407	937	3445	1306	2139	337
1987 June	6351	5079	3210	613	949	800	308	1123	416	707	91
July	6785	5398	3223	607	1203	1026	366	1201	416	785	124
Aug	6598	5354	3321	655	1036	857	343	1218	494	724	150
Mar-May 87	19408	15553	9667	1871	3091	2575	924	3498	1370	2128	389
Jun-Aug 87	19735	15831	9754	1874	3187	2682	1016	3543	1326	2217	364
Percentage change	+ 1 1/2	+ 2	+ 1	-	+ 3	+ 4	+ 10	+ 1 1/2	- 3	+ 4	- 6 1/2

K See paragraph 7 of Notes to Editors.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

IMPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h																
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures									Finished manufactures excluding ships, North Sea installations and aircraft (SNA)		
						Total	excluding precious stones & silver(PS)		Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital				
							5-8 less SNAPS	5+6 less PS						6 less PS	7+8 less SNA		
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5 less PS	6 less PS	7+8 less SNA	j	j	j	j				
1985	85027	9337	5388	10664	58312	54934	19611	6901	12710	35322	4165	8884	11623	10649			
1986	86066	10067	4988	6294	62833	59472	20713	7346	13367	38759	4809	10177	12706	11067			
1986 Q2	20467	2419	1211	1522	14914	14087	5024	1795	3229	9063	1136	2412	2979	2537			
Q3	21836	2564	1190	1502	16041	15199	5207	1831	3376	9992	1279	2653	3268	2792			
Q4	23269	2632	1376	1541	17146	16303	5472	1922	3549	10832	1279	2838	3597	3118			
1987 Q1	21819	2473	1386	1468	16148	15248	5377	1943	3434	9871	1054	2576	3289	2952			
Q2	22819	2450	1411	1465	17176	16183	5686	2024	3662	10497	1196	2785	3549	2967			
1987 June	7511	783	460	520	5658	5317	1856	669	1186	3461	416	964	1131	950			
July	8127	855	453	546	6058	5772	1934	687	1247	3838	468	959	1307	1104			
Aug	8783	860	488	551	6483	6208	2144	778	1366	4065	569	1040	1364	1092			
Mar-May 87	22553	2452	1399	1376	16981	15956	5644	1994	3650	10313	1152	2706	3519	2936			
Jun-Aug 87	24421	2498	1401	1618	18199	17297	5933	2134	3799	11364	1453	2963	3802	3146			
Percentage change	+ 8½	+ 2	-	+ 18	+ 7	+ 8½	+ 5	+ 7	+ 4	+ 10	+ 26	+ 9½	+ 8	+ 7			

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h																
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures									Finished manufactures excluding ships, North Sea installations and aircraft (SNA)		
						Total	excluding precious stones & silver(PS)		Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital				
							5-8 less SNAPS	5+6 less PS						6 less PS	7+8 less SNA		
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5 less PS	6 less PS	7+8 less SNA	j	j	j	j				
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94			
1985	124.6	114.4	102.2	86.2	140.7	154.4	143.9	176.1	130.6	161.4	127.9	139.5	172.8	187.1			
1986	132.8	123.5	108.7	93.4	148.2	163.0	152.0	188.0	137.2	170.4	131.6	158.3	187.0	183.1			
1986 Q2	127.1	120	105	85	143	157	149	187	134	162	125	154	181	169			
Q3	138.1	126	106	112	153	168	155	191	140	176	142	165	193	185			
Q4	142.4	125	119	106	158	174	157	192	142	186	133	170	205	205			
1987 Q1	130.9	120	122	91	146	161	152	191	136	166	103	156	185	187			
Q2	137.8	120	122	90	158	173	163	205	146	179	121	172	203	192			
1987 June	136.1	114	120	97	156	171	160	203	143	178	128	178	196	184			
July	146.4	124	116	103	166	184	166	208	148	196	143	179	222	214			
Aug	159.7	127	120	104	177	198	184	235	163	206	172	189	232	212			
Mar-May 87	135.6	120	121	83	155	170	162	202	145	175	114	166	200	188			
Jun-Aug 87	147.4	121	119	101	167	184	170	215	152	194	148	182	217	203			
Percentage change	+ 8½	+ 1½	- 2	+ 21	+ 7½	+ 8½	+ 5	+ 6½	+ 4½	+ 11	+ 30	+ 9½	+ 8	+ 8½			

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

IMPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)				Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
	0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	6 5	6 less PS	7+8 less SNA	j	j	j	j
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1985	143.1	137	130	172	141	141	133	139	130	146	152	147	155	134
1986	132.5	136	113	97	143	144	133	141	130	152	170	148	158	141
1986 Q2	130.1	135	113	96	140	142	131	139	128	148	169	144	153	139
Q3	129.1	136	111	78	142	144	132	139	130	152	168	147	159	141
Q4	135.1	139	115	84	149	150	137	145	133	159	178	155	167	147
1987 Q1	137.9	138	117	94	151	152	138	147	135	162	189	155	167	151
Q2	134.8	136	117	93	147	149	137	145	133	157	183	149	164	148
1987 June	134.3	136	117	94	146	148	137	145	133	156	181	147	164	147
July	135.2	136	117	94	147	149	138	146	134	157	183	150	163	146
Aug	136.5	135	118	96	149	150	138	149	134	158	185	152	164	147
Mar-May 87	135.9	136	116	93	149	150	137	146	133	159	186	151	165	149
Jun-Aug 87	135.3	135	117	94	147	149	138	147	134	157	183	150	164	146
Percentage change	- ½	- 1	+ 1	+ 1	- 1	- ½	+ ½	+ 1	+ ½	- 1	- 1½	- 1	- ½	- 2

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY AREA
(Overseas Trade Statistics basis)

Table 15

£ million cif seasonally adjusted

	Total K	Developed Countries						Developing Countries		Centrally planned economies	
		Total	European Community	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	85027	71665	41474	12102	11709	9926	6379	11327	2815	8512	1893
1986	86066	73285	44506	11864	10054	8468	6861	10514	1877	8637	1856
1986 Q2	20467	17360	10566	2729	2420	2030	1645	2540	460	2080	466
Q3	21836	18569	11426	2896	2512	2138	1735	2670	408	2262	456
Q4	23269	19705	11950	3151	2771	2331	1833	2928	511	2418	511
1987 Q1	21819	18625	11411	3060	2435	2025	1720	2540	462	2078	482
Q2	22819	19602	12100	3202	2616	2223	1684	2683	432	2251	497
1987 June	7511	6453	3923	1059	853	715	617	917	139	778	159
July	8127	6944	4250	1107	946	791	641	906	139	767	181
Aug	8783	7463	4562	1274	973	832	655	1216	125	1091	184
Mar-May 87	22553	19298	11919	3196	2604	2195	1579	2545	439	2106	510
Jun-Aug 87	24421	20860	12735	3440	2772	2338	1914	3039	403	2636	524
Percentage change	+ 8½	+ 8	+ 7	+ 7½	+ 6½	+ 6½	+ 21	+ 19	- 8	+ 25	+ 3

K See paragraph 7 Notes to Editors.

SECRET

and personal
until release of press notice on 24 SEP 87... at 11.30 a.m.

COMMODITY ANALYSIS OF VISIBLE TRADE
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	4932	8522	- 3591	2144	4795	- 2651	16795	10233	+ 6562
1986	5439	9230	- 3792	2058	4416	- 2359	8683	5994	+ 2690
1985 Q3	1260	2126	- 866	532	1173	- 641	3576	2134	+ 1442
Q4	1194	2083	- 889	504	1070	- 566	3862	2237	+ 1625
1986 Q1	1219	2247	- 1027	504	1092	- 588	3177	1641	+ 1536
Q2	1271	2213	- 942	445	1076	- 631	1922	1426	+ 496
Q3	1383	2356	- 973	545	1025	- 480	1614	1393	+ 221
Q4	1565	2415	- 849	564	1223	- 659	1970	1533	+ 438
1987 Q1	1354	2285	- 931	629	1232	- 603	2308	1413	+ 895
Q2	1344	2269	- 925	553	1175	- 622	2146	1414	+ 733
SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	20051	19949	+ 102	32221	35324	- 3103	52271	55273	- 3002
1986	20946	21524	- 578	33540	38453	- 4913	54486	59977	- 5491
1985 Q3	4865	5125	- 260	7962	8379	- 417	12827	13504	- 678
Q4	4952	4900	+ 53	8096	8645	- 549	13048	13545	- 497
1986 Q1	4851	5294	- 443	7925	8751	- 825	12777	14045	- 1269
Q2	5221	5179	+ 42	8395	9092	- 697	13615	14271	- 656
Q3	5290	5339	- 49	8230	9922	- 1692	13520	15261	- 1741
Q4	5585	5712	- 127	8990	10688	- 1698	14575	16400	- 1826
1987 Q1	5474	5652	- 178	9190	9748	- 558	14664	15400	- 736
Q2	5520	5836	- 316	9166	10711	- 1544	14686	16547	- 1860

Monthly data at this level of detail are published in the Monthly Review of External Trade Statistics.

20



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 4887
GTN 215)
(Switchboard) 01-215 7877

Mr A Allan ✓
Principal Private Secretary
Chancellor of the Exchequer
H M Treasury
Parliament Street
London
SW1 3AG

21 September 1987

I am attaching a copy of the draft Press Notice on the Current Account of the United Kingdom Balance of Payments in August. The draft was agreed earlier today at the usual interdepartmental meeting.

Publication is set for Thursday 24 September at 11.30 am and I should be grateful if you would arrange for the Notice to be cleared by 12.00 am Wednesday 23 September and to inform me accordingly.

A copy of this letter and draft Press Notice is being sent to Sir Peter Middleton and Mr Davis, H M Treasury.

Yours sincerely

W. E. Boyd

W E BOYD

Ch
I shall try to secure amendment marked a
page D

AA

W. E. Boyd
1 see no analysis of this
draft by category, this
is a bit of a problem
as the draft is a bit
unclear on some points
and I shall try to
clarify it with the
relevant departments
if possible.

SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am

AUGUST 1987

The current account for August, seasonally adjusted, was estimated to have been in deficit by £929 million compared with a deficit of £310 million in July. In August, exports - seasonally adjusted on a balance of payments basis - were valued at £6545 million and imports at £8073 million so that trade in goods was in deficit by £1529 million.

The balance on invisibles is projected to be in surplus by £600 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions. This projection takes account of the latest estimates for the first six months of the year published by the CSO on 17 September.

JUNE TO AUGUST 1987

In the three months ended August, the current account showed a deficit of £1.2 billion compared with broad balance in the previous three months. There was a deficit on visible trade of £3.2 billion in the latest three months compared with a deficit of £2.0 billion in the three months ended May. The surplus on invisibles in the latest three months is projected at £1.9 billion.

CURRENT ACCOUNT

TABLE 1

£ million, Seasonally adjusted

	Current Balance	Visible Trade			Invisibles Balance ^b
		Balance	Exports fob	Imports fob	
1985	+ 2919	-2178	78111	80289	+ 5097
1986	- 980	-8463	72843	81306	+ 7483
1986 Q2	+ 146	-1608	17786	19393	+ 1753
Q3	- 910	-2891	17553	20444	+ 1981
Q4	- 960	-2725	19340	22065	+ 1765
1987 Q1	+ 672	-1135	19637	20772	+ 1807
Q2	- 174	-2361	19381	21742	+ 2187
1987 March	+ 185	- 417	6429	6846	+ 602
April	+ 203	- 526	6610	7136	+ 729
May	- 367	-1096	6372	7467	+ 729
June	- 11	- 740	6399	7139	+ 729
July	- 310 ^a	- 910	6776	7686	+ 600 ^a
Aug	- 929 ^a	-1529	6545	8073	+ 600 ^a
Mar-May 1987	+ 22	-2038	19411	21449	+ 2060
Jun-Aug 1987	- 1249 ^a	-3178	19720	22898	+ 1929 ^a
Jan-Aug 1987	- 741 ^a	-5935	52338	58273	+ 5194 ^a

^a Invisibles for July and August 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection. Information relating to credits and debits can be found in Table 3.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

**SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am**

VISIBLE TRADE IN AUGUST

There was a deficit on visible trade in August of £1529 million compared with a deficit of £910 million in July. The surplus on oil was of £374 million, £90 million higher than in July. The deficit on non-oil trade increased by £709 million.

Total exports in August were valued at £6545 million, which was £232 million ($3\frac{1}{2}$ per cent) lower than in July. Exports of oil increased by £102 million between the two months while exports of the erratic items decreased by £200 million. Excluding oil and the erratic items, exports fell by $2\frac{1}{2}$ per cent between July and August.

Total imports were valued at £8073 million in August, which was £387 million (5 per cent) higher than in July. Imports of oil increased by £12 million between the two months while imports of the erratic items decreased by £74 million. Excluding oil and the erratic items, imports grew by $6\frac{1}{2}$ per cent between July and August.

RECENT TRENDS

Visible balance

In the three months ended August, there was a deficit on visible trade of £3.2 billion - a surplus on trade in oil of £0.9 billion being offset by a deficit on non-oil trade of £4.1 billion. Between the three months ended May and the latest three months, the deficit on visible trade increased by £1.1 billion - the surplus on oil fell by £0.3 billion while the deficit on non-oil trade increased by £0.8 billion.

Exports

Exports amounted to £19.7 billion in the three months ended August, £0.3 billion (1½ per cent) more than in the previous three months. Exports of oil fell by £0.2 billion and exports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items exports increased by £0.5 billion between the three months ended May and the latest three months.

By volume, exports fell by ½ per cent between the three months ended May and the latest three months but were still 5 per cent higher than in the same period last year. Excluding oil and the erratic items, export volume increased by 3 per cent to be 7½ per cent higher than in the same period last year. The underlying level of non-oil export volume continues to remain close to the high level reached at the end of last year.

Imports

Total imports were valued at £22.9 billion in the latest three months, £1.4 billion (7 per cent) higher than in the previous three months. Imports of oil grew by £0.2 billion over the three months ended August while imports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items, imports grew by 7 per cent between the three months ended May and the latest three months.

Total import volume in the latest three months was 7 per cent higher than in the previous three months and 8 per cent higher than

*appears to have been
increasing slowly.*

in the same period last year. Excluding oil and the erratic items, import volume rose by 7 per cent in the latest three months to be 10 per cent higher than in the same period last year. The underlying level of non-oil import volume has been increasing

in recent months, and is above that reached at the end of last year *strongly*
though the August figure may - as last year - be eventually high.

Terms of trade and unit values

The terms of trade index rose by around 1 per cent between the three months ended May and the three months ended August with the export unit value index increasing by 1 per cent and the import unit value index falling by $\frac{1}{2}$ per cent. Compared with the same three months of last year both the export unit value index and the import unit value index are up 6 per cent. As a result the terms of trade index is the same now as a year ago.

Export unit values for fuels rose by 5 per cent between the three months ended May and the latest three months while the unit value index for non-oil exports rose by $\frac{1}{2}$ per cent. Within the total for non-oil exports, most major sectors showed little change in unit values. The greatest rises, both of $1\frac{1}{2}$ per cent, were in the unit values of cars and of basic materials.

Import unit values for fuels rose by 1 per cent between the three months ended May and the latest three months while the unit value index for non-oil imports fell by $\frac{1}{2}$ per cent. Import unit values for finished manufactures fell by 1 per cent over the latest three months.

*after
and falling back in the early part of the year,*

**SECRET AND PERSONAL until release of Press Notice
on 24 September 1987 at 11.30 am**

Analysis by area

Exports to the developed countries grew by 2 per cent between the three months ended May and the latest three months. Exports to the European Community countries grew by 1 per cent in the latest three months and exports to the other developed countries grew by 10 per cent. Deliveries to the developing countries increased by 1½ per cent between the three months ended May and the latest three months.

Imports from the developed countries increased by 8 per cent over the latest three months with arrivals from the European Community countries up 7 per cent, arrivals from North America up 6½ per cent and arrivals from the other developed countries up by 21 per cent. Imports from the developing countries increased by 19 per cent between the three months ended May and the latest three months.



AP

1. CBI monthly trends enquiry - Results.

2. Total +3

X +9 ← highest ever (?)

Stocks -1 first -ve number ever

Vol output +37 ← highest ever

over prices +19.

Ch

Good on exports, output & prices - but a dip on orders.

18 There is a AA space signature ✓

for make? if not, prices v. membership ✓

1. INVISIBLES

1. The estimates in tables 1 to 3 incorporate the revised figures for the first quarter of 1987, and the preliminary estimates for the second quarter, which were published in the CSO press notice on the balance of payments accounts on 17 September.

2. Estimates of invisibles are based on a variety of sources, mostly inquiries of those engaging in the various transactions. These are usually sample inquiries, and are variously held on quarterly, annual or periodical bases. For some components, data for recent periods are therefore incomplete and subject to significant estimation errors.

3. The figures shown for the invisibles balance in most months are the estimates for the relevant quarters, taken from the balance of payments accounts, expressed at a monthly rate. For the most recent months, however, the figures are projections, which are rounded to the nearest £100 million to emphasise their approximate nature. These projections are superseded by preliminary estimates from the balance of payments accounts when they are published around the middle of March, June, September and December. (This modifies the procedure described in the December issue of Economic Trends; a review of the timetable concluded that more time should be allowed to prepare these preliminary estimates to improve their quality and reduce the likelihood of revisions within relatively short periods).

ADJUSTMENT FOR UNPROCESSED DOCUMENTS

4 Following an investigation by Customs and Excise into the effects of industrial action on the processing of import and export entries the figures for April to July have been adjusted to take account of unprocessed documents attributable to those months. These adjustments have been made to the Balance of Payments based figures (tables 1 to 7 and 16), but not to the OTS figures (tables 8 to 15). There are no adjustments for August. The amounts involved are as follows:

<u>Adjustment for unprocessed documents</u>					
	April	May	June	July	£ million
Exports	+32	+57	+72	+47	
Imports	+64	+23	+35	-	

MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

85 The Monthly Review supplements the information contained in this Press Notice. It gives longer historical runs of data and contains charts, tables on the UK Balance of Payments, UK exports and imports on an Overseas Trade Statistics basis, and certain international comparisons. The Monthly Review is available from the Department of Trade and Industry at the address given below for an annual subscription of £43 which includes the annual supplement. Individual copies are priced at £3, (£7 for the annual supplement).

AREA (tables 11 and 15)

7 Low value consignments ie items of an individual values less than £475, are not analysed by country and are therefore excluded from the area data in tables 11 and 15. In addition the method of seasonal adjustment leads to further differences between the sum of areas and figures for total trade.

STANDARD NOTES

86 There is a set of standard notes that describe the basis on which the figures in this Press Notice are compiled including the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) figures. Copies can be obtained from the address below.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 4895.

INDEX OF TABLES

A	BALANCE OF PAYMENTS BASIS	TABLE	PAGE
	Current account	1	1
	Current balance, visible trade and invisibles	2	7
	Invisibles	3	7
	Export and import unit value and volume index numbers	4	8
	Value and volume of exports and imports excluding the more erratic items	5	8
	Trade in oil	6	9
	Trade in Goods other than oil	7	9
B	OVERSEAS TRADE STATISTICS		
	Exports by commodity	8	11
	Exports by commodity: volume indices	9	11
	Exports by commodity: unit value indices	10	12
	Exports by area	11	12
	Imports by commodity	12	13
	Imports by commodity: volume indices	13	13
	Imports by commodity: unit value indices	14	14
	Imports by area	15	14
C	QUARTERLY BALANCE OF PAYMENTS DATA		
	Commodity analysis of visible trade	16	15

CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES
(Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance ^b
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1985	+ 2919	78111	80289	- 2178	+ 8104	- 10282	+ 5097
1986	- 980	72843	81306	- 8463	+ 4056	- 12519	+ 7483
1986 Q2	+ 146	17786	19393	- 1608	+ 765	- 2372	+ 1753
Q3	- 910	17553	20444	- 2891	+ 621	- 3512	+ 1981
Q4	- 960	19340	22065	- 2725	+ 785	- 3510	+ 1765
1987 Q1	+ 672	19637	20772	- 1135	+ 1164	- 2300	+ 1807
Q2	- 174	19381	21742	- 2361	+ 1033	- 3395	+ 2187
1986 Dec	- 323	6477	7388	- 911	+ 256	- 1167	+ 588
1987 Jan	+ 85	6235	6752	- 517	+ 383	- 900	+ 602
Feb	+ 401	6973	7174	- 202	+ 328	- 529	+ 603
March	+ 185	6429	6846	- 417	+ 454	- 870	+ 602
Apr	+ 203	6610	7136	- 526	+ 423	- 949	+ 729
May	- 367	6372	7467	- 1096	+ 365	- 1461	+ 729
June	- 11	6399	7139	- 740	+ 245	- 985	+ 729
July	- 310 ^a	6776	7686	- 910	+ 284	- 1194	+ 600 ^a
Aug	- 929 ^a	6545	8073	- 1529	+ 374	- 1903	+ 600 ^a
Jun-Aug 1986	- 766	17316	19987	- 2671	+ 606	- 3277	+ 1905
Mar-May 1987	+ 22	19411	21449	- 2038	+ 1242	- 3280	+ 2060
Jun-Aug 1987	- 1249 ^a	19720	22898	- 3178	+ 903	- 4081	+ 1929 ^a
% Change							
Latest 3 months							
- on previous 3 months		+ 1½	+ 7				
- Same 3 months one year ago		+ 14	+ 15				

^a Invisibles for July and August 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

Table 3

INVISIBLES

£ million seasonally adjusted

	All Sectors						Private Sector and Public Corporations ^d		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1984	77061	71203	+ 5858	+ 3481	+ 4216	- 1839	71761	62373	+ 9388
1985	79784	74687	+ 5097	+ 5381	+ 2992	- 3276	75134	64724	+10410
1986	76202	68719	+ 7483	+ 4990	+ 4686	- 2193	71094	59111	+11983
1985 Q1	21694	20605	+ 1089	+ 1132	+ 908	- 951	20449	17911	+ 2538
Q2	20159	18644	+ 1515	+ 1470	+ 748	- 703	19117	16427	+ 2690
Q3	19351	17615	+ 1736	+ 1500	+ 1118	- 882	18129	14953	+ 3176
Q4	18580	17823	+ 757	+ 1279	+ 218	- 740	17439	15433	+ 2006
1986 Q1	18916	16932	+ 1984	+ 1265	+ 792	- 73	17562	14907	+ 2655
Q2	18451	16698	+ 1753	+ 1188	+ 1118	- 553	17139	14296	+ 2843
Q3	19245	17264	+ 1981	+ 1251	+ 1505	- 775	17957	14660	+ 3297
Q4	19590	17825	+ 1765	+ 1286	+ 1271	- 792	18436	15248	+ 3188
1987 Q1	19696	17889	+ 1807	+ 1241	+ 1349	- 783	18043	14828	+ 3215
Q2	19652	17465	+ 2187	+ 1554	+ 1258	- 625	18194	14764	+ 3430

^d ie excluding general Government transactions and all transfers.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS
(Balance of Payments basis)

Table 4

	Unit Value (Not seasonally adjusted)			Indices 1980 = 100	
	Exports	Imports	Terms of Trade ^e	Volume (seasonally adjusted)	
				Exports	Imports
1985	143.5	145.2	98.8	118.7	126.0
1986	136.6	134.0	101.9	123.1	134.2
1986 Q2	134.8	131.6	102.5	121.9	129.1
Q3	134.3	130.1	103.2	122.6	139.0
Q4	138.1	136.8	100.9	130.5	144.0
1987 Q1	140.7	140.0	100.5	130.0	133.2
Q2	141.2	136.2	103.7	126.3	140.7
1986 Dec	138.7	138.3	100.2	131.6	143.9
1987 Jan	140.4	140.1	100.2	124.6	131.4
Feb	140.8	140.3	100.4	138.4	138.0
March	141.0	139.8	100.8	126.9	130.2
Apr	141.0	137.2	102.8	131.4	138.6
May	140.9	135.7	103.8	123.9	144.3
June	141.6	135.7	104.4	123.5	139.1
July	141.7	137.5	103.1	131.3	147.6
Aug	143.6	138.5	103.6	126.4	154.9
Jun-Aug 1986	134.2	129.4	103.7	121.0	136.3
Mar-May 1987	141.0	137.6	102.5	127.4	137.7
Jun-Aug 1987	142.3	137.2	103.7	127.1	147.2
% Change					
Latest 3 months on					
- previous 3 months	+ 1	- ½	+ 1	- ½	+ 7
- same 3 months					
one year ago	+ 6	+ 6	-	+ 5	+ 8

^e Export unit value index as a percentage of the import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS^f
(Balance of Payments basis)

Table 5

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	seasonally adjusted	
			Exports	Imports
1985	73819	76749	123.1	133.7
1986	67459	77657	126.0	142.5
1986 Q2	16238	18455	123.0	136.8
Q3	16367	19561	126.5	147.7
Q4	17759	21146	133.0	153.8
1987 Q1	18125	19833	132.9	141.8
Q2	17961	20681	129.4	149.0
1986 Dec	5936	7112	133.9	154.3
1987 Jan	5765	6489	128.3	140.8
Feb	6449	6884	141.2	147.4
March	5910	6461	129.3	137.2
Apr	6144	6753	135.0	146.3
May	5899	7139	127.0	153.3
June	5918	6790	126.2	147.3
July	6224	7330	133.8	156.7
Aug	6192	7791	132.0	166.1
Jun-Aug 1986	16157	19237	124.3	145.7
Mar-May 1987	17953	20352	130.5	145.6
Jun-Aug 1987	18334	21910	130.7	156.7
% Change				
Latest 3 month on				
- previous 3 months	+ 2	+ 7½	-	+ 7½
- same 3 months				
one year ago	+ 13	+ 14	+ 5	+ 7½

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

TRADE IN OIL⁹
(Balance of Payments basis)

seasonally adjusted

	Balance of Trade in oil	Exports of Oil					Imports of Oil					
		£ million fob	£ million fob	Crude Oil		Rest of Division 33	£ million fob	£ million fob	Crude Oil		Rest of Division 33	
				[SITC (REV 2) 333.0]					[SITC (REV 2) 333.0]			
				£ million fob	million tonnes				£ million fob	million tonnes		£ million fob
1985	+ 8104	16134	13006	79.6	163.4	3128	8029	4234	26.9	157.6	3796	
1986	+ 4056	8221	6294	82.1	76.7	1927	4165	2324	32.6	71.2	1841	
1986 Q2	+ 765	1783	1211	18.6	65.1	572	1018	550	7.7	71.7	469	
Q3	+ 621	1529	1120	19.7	57.0	408	908	435	8.7	50.1	473	
Q4	+ 785	1886	1533	21.6	71.0	353	1101	617	9.6	64.5	484	
1987 Q1	+ 1164	2225	1824	21.9	83.4	401	1061	624	7.9	79.3	437	
Q2	+ 1033	2076	1658	19.8	83.6	417	1042	658	8.3	79.3	384	
1986 Dec	+ 256	625	494	7.0	71.0	132	370	239	3.6	66.8	131	
1987 Jan	+ 383	731	600	7.4	81.2	131	348	209	2.8	75.2	139	
Feb	+ 328	752	600	7.1	84.3	151	424	241	3.0	81.3	183	
Mar	+ 454	743	624	7.4	84.6	119	289	173	2.1	81.7	116	
Apr	+ 423	832	679	8.0	84.9	153	409	269	3.4	79.2	139	
May	+ 365	629	516	6.4	81.3	113	264	127	1.6	77.5	137	
June	+ 245	615	464	5.5	84.5	151	370	261	3.3	80.2	108	
July	+ 284	660	496	5.8	85.1	163	375	217	2.7	82.1	158	
Aug	+ 374	761	625	6.9	91.2	136	387	234	2.8	82.9	153	
Jun-Aug 1986	+ 606	1525	1092	18.8	58.0	432	918	471	9.1	51.7	447	
Mar-May 1987	+ 1242	2204	1819	21.7	83.7	385	961	570	7.2	79.6	392	
Jun-Aug 1987	+ 903	2036	1585	18.2	87.2	450	1132	713	8.7	81.6	420	
% Change												
Latest 3 months on												
- previous 3 months		- 7½	- 13	- 16	+ 4	+ 17	+ 18	+ 25	+ 22	+ 2½	+ 7	
- same 3 months one year ago		+ 34	+ 45	- 3½	+ 50	+ 4	+ 23	+ 51	- 4	+ 58	- 6	

⁹ Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 8 of the standard notes).

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

TRADE IN GOODS OTHER THAN OIL
(Balance of Payments basis)

	Total								Excluding Erratics ^f			
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)	
	Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade ^e	Exports	Imports	Exports	Imports	Exports	Imports
1985	- 10282	61977	72259	141.8	141.8	100.0	110.6	133.0	57685	68719	114.9	142.8
1986	- 12519	64621	77141	145.1	141.5	102.6	115.2	140.5	59238	73491	117.7	150.9
1986 Q2	- 2372	16003	18375	144.2	139.1	103.7	114.7	135.4	14455	17437	115.1	145.0
Q3	- 3512	16024	19536	145.3	140.3	103.5	114.7	143.7	14839	18653	118.5	154.4
Q4	- 3510	17454	20964	148.1	146.3	101.3	123.1	149.4	15873	20045	125.3	161.4
1987 Q1	- 2300	17411	19711	149.7	148.0	101.1	121.8	139.7	15899	18772	124.4	150.4
Q2	- 3395	17305	20700	150.3	143.5	104.7	119.5	149.0	15885	19639	122.4	159.6
1986 Dec	- 1167	5852	7018	148.6	147.6	100.7	124.6	149.7	5311	6743	126.5	162.6
1987 Jan	- 900	5504	6404	149.5	148.4	100.7	115.4	137.1	5034	6141	118.7	148.7
Feb	- 529	6221	6750	149.5	148.0	101.0	131.6	142.7	5697	6460	134.2	154.3
Mar	- 870	5686	6557	150.1	147.6	101.7	118.5	139.1	5168	6172	120.5	148.3
Apr	- 949	5778	6727	150.0	144.7	103.7	120.5	144.3	5312	6344	123.6	153.8
May	- 1461	5743	7204	150.2	143.0	105.0	118.5	156.0	5270	6875	121.6	167.9
June	- 985	5784	6769	150.6	142.7	105.6	119.3	146.5	5303	6420	122.1	156.9
July	- 1194	6117	7311	150.5	144.8	103.9	126.9	155.9	5564	6954	129.3	167.5
Aug	- 1903	5783	7686	151.8	145.7	104.2	119.3	163.9	5430	7404	125.1	178.0
Jun-Aug 1986	- 3277	15792	19069	144.9	139.3	104.0	113.7	140.9	14633	18318	116.8	152.3
Mar-May 1987	- 3280	17208	20488	150.1	145.1	103.5	119.2	146.5	15750	19391	121.9	156.7
Jun-Aug 1987	- 4081	17684	21766	151.0	144.4	104.6	121.9	155.4	16298	20778	125.5	167.5
% Change												
Latest 3 months on												
- previous 3 months	+ 3	+ 6	+ 1/2	- 1/2	+ 1	+ 2 1/2	+ 6	+ 3 1/2	+ 7	+ 3	+ 7	
- same 3 months one												
year ago	+ 12	+ 14	+ 4	+ 3 1/2	+ 1/2	+ 7	+ 10	+ 11	+ 13	+ 7 1/2	+ 10	

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

^e Export unit value index as a percentage of the import unit value index.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

EXPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table 8

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	6	7+8	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
1985	78392	4971	2128	16795	52506	48473	18458	9412	9046	30015	1343	5257	13475	9940
1986	73009	5478	2046	8683	54595	49697	18758	9692	9066	30939	1362	5712	13682	10183
1986 Q2	17832	1284	443	1922	13644	12214	4607	2394	2213	7607	340	1391	3353	2523
Q3	17632	1394	542	1614	13582	12506	4800	2470	2330	7706	362	1470	3407	2467
Q4	19347	1571	561	1970	14570	13139	4924	2539	2386	8215	361	1534	3579	2740
1987 Q1	19637	1372	624	2309	14642	13287	4880	2507	2374	8407	459	1660	3542	2745
Q2	19316	1347	543	2158	14614	13260	4880	2498	2381	8380	488	1653	3517	2722
1987 June	6351	443	188	636	4872	4420	1655	828	827	2764	150	527	1178	909
July	6785	500	170	697	5212	4667	1747	867	879	2920	192	602	1183	943
Aug	6598	464	195	787	4942	4599	1772	921	852	2826	159	555	1175	937
Mar-May 87	19408	1336	539	2289	14643	13259	4860	2514	2346	8400	504	1657	3532	2707
Jun-Aug 87	19735	1407	553	2121	15027	13685	5174	2616	2558	8511	501	1684	3536	2789
Percentage change	+ 1½	+ 5½	+ 2½	- 7½	+ 2½	+ 3	+ 6½	+ 4	+ 9	+ 1½	- ½	+ 1½	-	+ 3

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	6	7+8	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1985	119.3	119.2	106.1	171.7	110.8	115.7	118.9	133.3	107.5	113.6	99.4	111.6	121.2	107.6
1986	123.6	129.6	117.1	175.5	114.0	116.9	121.9	139.4	108.1	113.8	93.2	117.5	120.4	106.9
1986 Q2	122.1	120	102	170	115	116	120	138	106	113	95	116	119	107
Q3	124.4	134	126	174	113	118	125	143	111	113	97	122	120	102
Q4	130.5	146	129	179	120	123	127	146	112	120	91	123	126	115
1987 Q1	130.2	129	145	183	119	122	126	143	112	120	114	133	120	114
Q2	125.7	124	120	171	118	121	125	140	113	118	120	133	118	112
1987 June	123.0	121	124	149	118	121	127	136	119	117	109	125	118	112
July	132.2	135	114	162	127	129	134	146	125	126	141	144	120	120
Aug	128.5	129	136	172	119	125	134	154	119	120	112	128	119	118
Mar-May 87	127.0	124	121	181	119	121	125	143	111	119	124	135	118	111
Jun-Aug 87	127.9	128	125	161	121	125	132	145	121	121	121	132	119	117
Percentage change	+ ½	+ 3½	+ 3	- 11	+ 2	+ 3	+ 5½	+ 1½	+ 9½	+ 1½	- 3	- 2	+ ½	+ 5

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal

until release of press notice on 24 SEP 87 at 11.30 a.m.

EXPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h														
	Total 0-9	Food bever- ages and tobacco 0+1	Basic Mater- ials 2+4	Fuels 3	Total Manufac- tures 5-8	Semi-manufactures excluding precious stones & silver(PS)						Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total 5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	Total 7+8 less SNA	Pass- enger Motor Cars j	Other Consumer j	Inter- mediate j	Capital j
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147	
1985	143.4	134	140	153	143	142	135	139	132	147	162	147	150	141	
1986	136.5	140	123	81	147	148	138	141	135	154	182	157	157	146	
1986 Q2	134.7	141	124	74	146	147	138	142	134	153	179	156	156	145	
Q3	134.2	140	120	62	148	148	137	140	135	155	186	156	159	146	
Q4	138.0	142	121	72	151	150	139	141	138	157	198	161	160	143	
1987 Q1	140.5	141	122	82	152	153	141	144	139	160	201	164	163	150	
Q2	141.0	140	123	81	153	154	141	145	137	162	204	163	163	150	
1987 June	141.5	140	124	82	153	154	141	146	138	162	203	163	169	150	
July	141.5	140	125	83	153	154	141	145	139	162	206	164	167	150	
Aug	143.4	140	125	89	155	156	143	146	140	163	210	167	163	151	
Mar-May 87	140.8	140	123	81	153	154	141	145	137	162	204	164	167	150	
Jun-Aug 87	142.1	140	124	85	154	155	142	146	139	163	206	165	163	150	
Percentage change	+ 1	+ 1/2	+ 1 1/2	+ 5	+ 1/2	+ 1/2	+ 1/2	+ 1/2	+ 1	+ 1/2	+ 1 1/2	+ 1/2	+ 1/2	+ 1/2	

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Developed Countries							Developing Countries			Centrally planned economies
	Total K	Total	European Community	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	78392	62787	38226	7438	13332	11519	3791	13876	5952	7924	1587
1986	73009	57709	35004	6963	12128	10380	3614	13139	5495	7644	1721
1986 Q2	17832	13799	8328	1710	2880	2494	881	3451	1551	1900	446
Q3	17632	13944	8498	1709	2829	2432	909	3215	1317	1897	363
Q4	19347	15474	9545	1799	3225	2717	905	3254	1238	2016	470
1987 Q1	19637	15715	9330	1747	3676	3153	962	3401	1313	2088	437
Q2	19316	15515	9789	1903	2886	2407	937	3445	1306	2139	337
1987 June	6351	5079	3210	613	949	800	308	1123	416	707	91
July	6785	5398	3223	607	1203	1026	366	1201	416	785	124
Aug	6598	5354	3321	655	1036	857	343	1218	494	724	150
Mar-May 87	19408	15553	9667	1871	3091	2575	924	3498	1370	2128	389
Jun-Aug 87	19735	15831	9754	1874	3187	2682	1016	3543	1326	2217	364
Percentage change	+ 1 1/2	+ 2	+ 1	-	+ 3	+ 4	+ 10	+ 1 1/2	- 3	+ 4	- 6 1/2

K See paragraph 7 of Notes to Editors.

SECRET

and personal
until release of press notice on 24 SEP 87 at 11.30 a.m.

IMPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
	0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
1985	85027	9337	5388	10664	58312	54934	19611	6901	12710	35322	4165	8884	11623	10649
1986	86066	10067	4988	6294	62833	59472	20713	7346	13367	38759	4809	10177	12706	11067
1986 Q2	20467	2419	1211	1522	14914	14087	5024	1795	3229	9063	1136	2412	2979	2537
Q3	21836	2564	1190	1502	16041	15199	5207	1831	3376	9992	1279	2653	3268	2792
Q4	23269	2632	1376	1541	17146	16303	5472	1922	3549	10832	1279	2838	3597	3118
1987 Q1	21819	2473	1386	1468	16148	15248	5377	1943	3434	9871	1054	2576	3289	2952
Q2	22819	2450	1411	1465	17176	16183	5686	2024	3662	10497	1196	2785	3549	2967
1987 June	7511	783	460	520	5658	5317	1856	669	1186	3461	416	964	1131	950
July	8127	855	453	546	6058	5772	1934	687	1247	3838	468	959	1307	1104
Aug	8783	860	488	551	6483	6208	2144	778	1366	4065	569	1040	1364	1092
Mar-May 87	22553	2452	1399	1376	16981	15956	5644	1994	3650	10313	1152	2706	3519	2936
Jun-Aug 87	24421	2498	1401	1618	18199	17297	5933	2134	3799	11364	1453	2963	3802	3146
Percentage change	+ 8½	+ 2	-	+ 18	+ 7	+ 8½	+ 5	+ 7	+ 4	+ 10	+ 26	+ 9½	+ 8	+ 7

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1985	124.6	114.4	102.2	86.2	140.7	154.4	143.9	176.1	130.6	161.4	127.9	139.5	172.8	187.1
1986	132.8	123.5	108.7	93.4	148.2	163.0	152.0	188.0	137.2	170.4	131.6	158.3	187.0	183.1
1986 Q2	127.1	120	105	85	143	157	149	187	134	162	125	154	181	169
Q3	138.1	126	106	112	153	168	155	191	140	176	142	165	193	185
Q4	142.4	125	119	106	158	174	157	192	142	186	133	170	205	205
1987 Q1	130.9	120	122	91	146	161	152	191	136	166	103	156	185	187
Q2	137.8	120	122	90	158	173	163	205	146	179	121	172	203	192
1987 June	136.1	114	120	97	156	171	160	203	143	178	128	178	196	184
July	146.4	124	116	103	166	184	166	208	148	196	143	179	222	214
Aug	159.7	127	120	104	177	198	184	235	163	206	172	189	232	212
Mar-May 87	135.6	120	121	83	155	170	162	202	145	175	114	166	200	188
Jun-Aug 87	147.4	121	119	101	167	184	170	215	152	194	148	182	217	203
Percentage change	+ 8½	+ 1½	- 2	+ 21	+ 7½	+ 8½	+ 5	+ 6½	+ 4½	+ 11	+ 30	+ 9½	+ 8	+ 8½

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal

until release of press notice on 24 SEP 87 at 11.30 a.m.

IMPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)						Finished manufactures excluding ships, North Sea installations and aircraft (SNA)		
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
Weights	1000	124	81	138	626	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
1985	143.1	137	130	172	141	141	133	139	130	146	152	147	155	134
1986	132.5	136	113	97	143	144	133	141	130	152	170	148	158	141
1986 Q2	130.1	135	113	96	140	142	131	139	128	148	169	144	153	139
Q3	129.1	136	111	78	142	144	132	139	130	152	168	147	159	141
Q4	135.1	139	115	84	149	150	137	145	133	159	178	155	167	147
1987 Q1	137.9	138	117	94	151	152	138	147	135	162	189	155	167	151
Q2	134.8	136	117	93	147	149	137	145	133	157	183	149	164	148
1987 June	134.3	136	117	94	146	148	137	145	133	156	181	147	164	147
July	135.2	136	117	94	147	149	138	146	134	157	183	150	163	146
Aug	136.5	135	118	96	149	150	138	149	134	158	185	152	164	147
Mar-May 87	135.9	136	116	93	149	150	137	146	133	159	186	151	165	149
Jun-Aug 87	135.3	135	117	94	147	149	138	147	134	157	183	150	164	146
Percentage change	- 1/2	- 1	+ 1	+ 1	- 1	- 1/2	+ 1/2	+ 1	+ 1/2	- 1	- 1 1/2	- 1	- 1/2	- 2

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY AREA
(Overseas Trade Statistics basis)

Table 15

£ million cif seasonally adjusted

Total K	Developed Countries						Developing Countries			Centrally planned economies	
	Total	European Community	Rest of W Europe	North America Total	USA	Other	Total	Oil exporting countries	Other		
1985	85027	71665	41474	12102	11709	9926	6379	11327	2815	8512	1893
1986	86066	73285	44506	11864	10054	8468	6861	10514	1877	8637	1856
1986 Q2	20467	17360	10566	2729	2420	2030	1645	2540	460	2080	466
Q3	21836	18569	11426	2896	2512	2138	1735	2670	408	2262	456
Q4	23269	19705	11950	3151	2771	2331	1833	2928	511	2418	511
1987 Q1	21819	18625	11411	3060	2435	2025	1720	2540	462	2078	482
Q2	22819	19602	12100	3202	2616	2223	1684	2683	432	2251	497
1987 June	7511	6453	3923	1059	853	715	617	917	139	778	159
July	8127	6944	4250	1107	946	791	641	906	139	767	181
Aug	8783	7463	4562	1274	973	832	655	1216	125	1091	184
Mar-May 87	22553	19298	11919	3196	2604	2195	1579	2545	439	2106	510
Jun-Aug 87	24421	20860	12735	3440	2772	2338	1914	3039	403	2636	524
Percentage change	+ 8 1/2	+ 8	+ 7	+ 7 1/2	+ 6 1/2	+ 6 1/2	+ 21	+ 19	- 8	+ 25	+ 3

K See paragraph 7 Notes to Editors.

SECRET

and personal
until release of press notice on 24 SEP 87... at 11.30 a.m.

COMMODITY ANALYSIS OF VISIBLE TRADE
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	4932	8522	- 3591	2144	4795	- 2651	16795	10233	+ 6562
1986	5439	9230	- 3792	2058	4416	- 2359	8683	5994	+ 2690
1985 Q3	1260	2126	- 866	532	1173	- 641	3576	2134	+ 1442
Q4	1194	2083	- 889	504	1070	- 566	3862	2237	+ 1625
1986 Q1	1219	2247	- 1027	504	1092	- 588	3177	1641	+ 1536
Q2	1271	2213	- 942	445	1076	- 631	1922	1426	+ 496
Q3	1383	2356	- 973	545	1025	- 480	1614	1393	+ 221
Q4	1565	2415	- 849	564	1223	- 659	1970	1533	+ 438
1987 Q1	1354	2285	- 931	629	1232	- 603	2308	1413	+ 895
Q2	1344	2269	- 925	553	1175	- 622	2146	1414	+ 733
SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	20051	19949	+ 102	32221	35324	- 3103	52271	55273	- 3002
1986	20946	21524	- 578	33540	38453	- 4913	54486	59977	- 5491
1985 Q3	4865	5125	- 260	7962	8379	- 417	12827	13504	- 678
Q4	4952	4900	+ 53	8096	8645	- 549	13048	13545	- 497
1986 Q1	4851	5294	- 443	7925	8751	- 825	12777	14045	- 1269
Q2	5221	5179	+ 42	8395	9092	- 697	13615	14271	- 656
Q3	5290	5339	- 49	8230	9922	- 1692	13520	15261	- 1741
Q4	5585	5712	- 127	8990	10688	- 1698	14575	16400	- 1826
1987 Q1	5474	5652	- 178	9190	9748	- 558	14664	15400	- 736
Q2	5520	5836	- 316	9166	10711	- 1544	14686	16547	- 1860

Monthly data at this level of detail are published in the Monthly Review of External Trade Statistics.

DTI Press Notice ²⁰

SECRET & PERSONAL

UNTIL 11.30am 24/9/87

Issued jointly with the Central Statistical Office (CSO)

Press enquiries:

Visible Trade 01-215 4474/5060/5066

Invisibles 01-270 6357

Balance of Payments and Economy 01-270 5238

Non-Press enquiries:

Visibles 01-215 4894/4895/5130

Invisibles 01-270 6363/6364

Date 24 September 1987

Ref No 545

The current account of the United Kingdom balance of payments

AUGUST 1987

The current account for August, seasonally adjusted, was estimated to have been in deficit by £929 million compared with a deficit of £310 million in July. In August, exports - seasonally adjusted on a balance of payments basis - were valued at £6545 million and imports at £8073 million so that trade in goods was in deficit by £1529 million.

The balance on invisibles is projected to be in surplus by £600 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions. This projection takes account of the latest estimates for the first six months of the year published by the CSO on 17 September.

JUNE TO AUGUST 1987

In the three months ended August, the current account showed a deficit of £1.2 billion compared with a broad balance in the previous three months. There was a deficit on visible trade of £3.2 billion in the latest three months compared with a deficit of £2.0 billion in the three months ended May. The surplus on invisibles in the latest three months is projected at £1.9 billion.

CURRENT ACCOUNT

TABLE 1

£ million, Seasonally adjusted

	Current Balance	Visible Trade			Invisibles Balance ^b
		Balance	Exports fob	Imports fob	
1985	+ 2919	-2178	78111	80289	+ 5097
1986	- 980	-8463	72843	81306	+ 7483
1986 Q2	+ 146	-1608	17786	19393	+ 1753
Q3	- 910	-2891	17553	20444	+ 1981
Q4	- 960	-2725	19340	22065	+ 1765
1987 Q1	+ 672	-1135	19637	20772	+ 1807
Q2	- 174	-2361	19381	21742	+ 2187
1987 March	+ 185	- 417	6429	6846	+ 602
April	+ 203	- 526	6610	7136	+ 729
May	- 367	-1096	6372	7467	+ 729
June	- 11	- 740	6399	7139	+ 729
July	- 310 ^a	- 910	6776	7686	+ 600 ^a
Aug	- 929 ^a	-1529	6545	8073	+ 600 ^a
Mar-May 1987	+ 22	-2038	19411	21449	+ 2060
Jun-Aug 1987	- 1249 ^a	-3178	19720	22898	+ 1929 ^a
Jan-Aug 1987	- 741 ^a	-5935	52338	58273	+ 5194 ^a

^a Invisibles for July and August 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection. Information relating to credits and debits can be found in Table 3.

prepared by the Government Statistical Service



VISIBLE TRADE IN AUGUST

There was a deficit on visible trade in August of £1529 million compared with a deficit of £910 million in July. The surplus on oil was £374 million, £90 million higher than in July. The deficit on non-oil trade increased by £709 million.

Total exports in August were valued at £6545 million, which was £232 million (3½ per cent) lower than in July. Exports of oil increased by £102 million between the two months while exports of the erratic items decreased by £200 million. Excluding oil and the erratic items, exports fell by 2½ per cent between July and August.

Total imports were valued at £8073 million in August, which was £387 million (5 per cent) higher than in July. Imports of oil increased by £12 million between the two months while imports of the erratic items decreased by £74 million. Excluding oil and the erratic items, imports grew by 6½ per cent between July and August.

RECENT TRENDS

Visible balance

In the three months ended August, there was a deficit on visible trade of £3.2 billion - a surplus on trade in oil of £0.9 billion being offset by a deficit on non-oil trade of £4.1 billion. Between the three months ended May and the latest three months, the deficit on visible trade increased by £1.1 billion - the surplus on oil fell by £0.3 billion while the deficit on non-oil trade increased by £0.8 billion.

Exports

Exports amounted to £19.7 billion in the three months ended August, £0.3 billion (1½ per cent) more than in the previous three months. Exports of oil fell by £0.2 billion and exports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items exports increased by £0.5 billion between the three months ended May and the latest three months.

By volume, exports fell by ½ per cent between the three months ended May and the latest three months but were still 5 per cent higher than in the same period last year. Excluding oil and the erratic items, export volume increased by 3 per cent to be 7½ per cent higher than in the same period last year. The underlying level of non-oil export volume continues to remain close to the high level reached at the end of last year.

Imports

Total imports were valued at £22.9 billion in the latest three months, £1.4 billion (7 per cent) higher than in the previous three months. Imports of oil grew by £0.2 billion over the three months ended August while imports of the erratic items fell by £0.1 billion. Excluding oil and the erratic items, imports grew by 7 per cent between the three months ended May and the latest three months.

Total import volume in the latest three months was 7 per cent higher than in the previous three months and 8 per cent higher than in the same period last year. Excluding oil and the erratic items, import volume rose by 7 per cent in the latest three months to be 10 per cent higher than in the same period last year. The underlying level of non-oil import volume appears to have been rising strongly in recent months, and is above that reached at the end of last year - although the August figure may be erratically high, as it was in 1986.

Terms of trade and unit values

The terms of trade index rose by around 1 per cent between the three months ended May and the three months ended August with the export unit value index increasing by 1 per cent and the import unit value index falling by $\frac{1}{2}$ per cent. Compared with the same three months of last year both the export unit value index and the import unit value index are up 6 per cent. As a result the terms of trade index is the same now as a year ago.

Export unit values for fuels rose by 5 per cent between the three months ended May and the latest three months while the unit value index for non-oil exports rose by $\frac{1}{2}$ per cent. Within the total for non-oil exports, most major sectors showed little change in unit values. The greatest rises, both of $1\frac{1}{2}$ per cent, were in the unit values of cars and of basic materials.

Import unit values for fuels rose by 1 per cent between the three months ended May and the latest three months while the unit value index for non-oil imports fell by $\frac{1}{2}$ per cent. Import unit values for finished manufactures fell by 1 per cent over the latest three months.

Analysis by area

Exports to the developed countries grew by 2 per cent between the three months ended May and the latest three months. Exports to the European Community countries grew by 1 per cent in the latest three months and exports to the other developed countries grew by 10 per cent. Deliveries to the developing countries increased by $1\frac{1}{2}$ per cent between the three months ended May and the latest three months.

Imports from the developed countries increased by 8 per cent over the latest three months with arrivals from the European Community countries up 7 per cent, arrivals from North America up $6\frac{1}{2}$ per cent and arrivals from the other developed countries up by 21 per cent. Imports from the developing countries increased by 19 per cent between the three months ended May and the latest three months.

NOTES TO EDITORS

INVISIBLES

1 The estimates in tables 1 to 3 incorporate the revised figures for the first quarter of 1987, and the preliminary estimates for the second quarter, which were published in the CSO press notice on the balance of payments accounts on 17 September.

2 Estimates of invisibles are based on a variety of sources, mostly inquiries of those engaging in the various transactions. These are usually sample inquiries, and are variously held on quarterly, annual or periodical basis. For some components, data for recent periods are therefore incomplete and subject to significant estimation errors.

3 The figures shown for the invisibles balance in most months are the estimates for the relevant quarters, taken from the balance of payments accounts, expressed at a monthly rate. For the most recent months, however, the figures are projections, which are rounded to the nearest £100 million to emphasise their approximate nature. These projections are superseded by preliminary estimates from the balance of payments accounts when they are published around the middle of March, June, September and December. (This modifies the procedure described in the December 1986 issue of Economic Trends; a review of the timetable concluded that more time should be allowed to prepare these preliminary estimates to improve their quality and reduce the likelihood of revisions within relatively short periods).

ADJUSTMENT FOR UNPROCESSED DOCUMENTS

4 Following an investigation by Customs and Excise into the effects of industrial action on the processing of import and export entries the figures for April to July have been adjusted to take account of unprocessed documents attributable to those months. These adjustments have been made to the Balance of Payments based figures (tables 1 to 7 and 16), but not to the OTS figures (tables 8 to 15). There are no adjustments for August. The amounts involved are as follows:

	<u>Adjustment for unprocessed documents</u>				
	April	May	June	July	£ million
Exports	+32	+57	+72	+47	
Imports	+64	+23	+35	-	

MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

5 The Monthly Review supplements the information contained in this Press Notice. It gives longer historical runs of data and contains charts, tables on the UK Balance of Payments, UK exports and imports on an Overseas Trade Statistics basis, and certain international comparisons. The Monthly Review is available from the Department of Trade and Industry at the address given below for an annual subscription of £43 which includes the annual supplement. Individual copies are priced at £3, (£7 for the annual supplement).

STANDARD NOTES

6 There is a set of standard notes that describe the basis on which the figures in this Press Notice are compiled including the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) figures. Copies can be obtained from the address below.

AREA (tables 11 and 15)

7 Low value consignments ie items of an individual value less than £475, are not analysed by country and are therefore excluded from the area data in tables 11 and 15. In addition the method of seasonal adjustment leads to further differences between the sum of areas and figures for total trade.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 4895.

INDEX OF TABLES

		TABLE	PAGE
A	BALANCE OF PAYMENTS BASIS		
	Current account	1	1
	Current balance, visible trade and invisibles	2	7
	Invisibles	3	7
	Export and import unit value and volume index numbers	4	8
	Value and volume of exports and imports excluding the more erratic items	5	8
	Trade in oil	6	9
	Trade in Goods other than oil	7	9
B	OVERSEAS TRADE STATISTICS		
	Exports by commodity	8	11
	Exports by commodity: volume indices	9	11
	Exports by commodity: unit value indices	10	12
	Exports by area	11	12
	Imports by commodity	12	13
	Imports by commodity: volume indices	13	13
	Imports by commodity: unit value indices	14	14
	Imports by area	15	14
C	QUARTERLY BALANCE OF PAYMENTS DATA		
	Commodity analysis of visible trade	16	15

CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES
(Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance ^b
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1985	+ 2919	78111	80289	- 2178	+ 8104	- 10282	+ 5097
1986	- 980	72843	81306	- 8463	+ 4056	- 12519	+ 7483
1986 Q2	+ 146	17786	19393	- 1608	+ 765	- 2372	+ 1753
Q3	- 910	17553	20444	- 2891	+ 621	- 3512	+ 1981
Q4	- 960	19340	22065	- 2725	+ 785	- 3510	+ 1765
1987 Q1	+ 672	19637	20772	- 1135	+ 1164	- 2300	+ 1807
Q2	- 174	19381	21742	- 2361	+ 1033	- 3395	+ 2187
1986 Dec	- 323	6477	7388	- 911	+ 256	- 1167	+ 588
1987 Jan	+ 85	6235	6752	- 517	+ 383	- 900	+ 602
Feb	+ 401	6973	7174	- 202	+ 328	- 529	+ 603
March	+ 185	6429	6846	- 417	+ 454	- 870	+ 602
Apr	+ 203	6610	7136	- 526	+ 423	- 949	+ 729
May	- 367	6372	7467	- 1096	+ 365	- 1461	+ 729
June	- 11	6399	7139	- 740	+ 245	- 985	+ 729
July	- 310 ^a	6776	7686	- 910	+ 284	- 1194	+ 600 ^a
Aug	- 929 ^a	6545	8073	- 1529	+ 374	- 1903	+ 600 ^a
Jun-Aug 1986	- 766	17316	19987	- 2671	+ 606	- 3277	+ 1905
Mar-May 1987	+ 22	19411	21449	- 2038	+ 1242	- 3280	+ 2060
Jun-Aug 1987	- 1249 ^a	19720	22898	- 3178	+ 903	- 4081	+ 1929 ^a
% Change							
Latest 3 months							
- on previous 3 months		+ 1½	+ 7				
- Same 3 months one year ago		+ 14	+ 15				

^a Invisibles for July and August 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

Table 3

INVISIBLES

£ million seasonally adjusted

	All Sectors						Private Sector and Public Corporations ^d		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1984	77061	71203	+ 5858	+ 3481	+ 4216	- 1839	71761	62373	+ 9388
1985	79784	74687	+ 5097	+ 5381	+ 2992	- 3276	75134	64724	+10410
1986	76202	68719	+ 7483	+ 4990	+ 4686	- 2193	71094	59111	+11983
1985 Q1	21694	20605	+ 1089	+ 1132	+ 908	- 951	20449	17911	+ 2538
Q2	20159	18644	+ 1515	+ 1470	+ 748	- 703	19117	16427	+ 2690
Q3	19351	17615	+ 1736	+ 1500	+ 1118	- 882	18129	14953	+ 3176
Q4	18580	17823	+ 757	+ 1279	+ 218	- 740	17439	15433	+ 2006
1986 Q1	18916	16932	+ 1984	+ 1265	+ 792	- 73	17562	14907	+ 2655
Q2	18451	16698	+ 1753	+ 1188	+ 1118	- 553	17139	14296	+ 2843
Q3	19245	17264	+ 1981	+ 1251	+ 1505	- 775	17957	14660	+ 3297
Q4	19590	17825	+ 1765	+ 1286	+ 1271	- 792	18436	15248	+ 3188
1987 Q1	19696	17889	+ 1807	+ 1241	+ 1349	- 783	18043	14828	+ 3215
Q2	19652	17465	+ 2187	+ 1554	+ 1258	- 625	18194	14764	+ 3430

^d ie excluding general Government transactions and all transfers.

EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS
(Balance of Payments basis)

Table 4
Indices 1980 = 100

	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade ^e	Exports	Imports
1985	143.5	145.2	98.8	118.7	126.0
1986	136.6	134.0	101.9	123.1	134.2
1986 Q2	134.8	131.6	102.5	121.9	129.1
Q3	134.3	130.1	103.2	122.6	139.0
Q4	138.1	136.8	100.9	130.5	144.0
1987 Q1	140.7	140.0	100.5	130.0	133.2
Q2	141.2	136.2	103.7	126.3	140.7
1986 Dec	138.7	138.3	100.2	131.6	143.9
1987 Jan	140.4	140.1	100.2	124.6	131.4
Feb	140.8	140.3	100.4	138.4	138.0
March	141.0	139.8	100.8	126.9	130.2
Apr	141.0	137.2	102.8	131.4	138.6
May	140.9	135.7	103.8	123.9	144.3
June	141.6	135.7	104.4	123.5	139.1
July	141.7	137.5	103.1	131.3	147.6
Aug	143.6	138.5	103.6	126.4	154.9
Jun-Aug 1986	134.2	129.4	103.7	121.0	136.3
Mar-May 1987	141.0	137.6	102.5	127.4	137.7
Jun-Aug 1987	142.3	137.2	103.7	127.1	147.2
% Change					
Latest 3 months on					
- previous 3 months	+ 1	- ½	+ 1	- ½	+ 7
- same 3 months					
one year ago	+ 6	+ 6	-	+ 5	+ 8

^e Export unit value index as a percentage of the import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS^f
(Balance of Payments basis)

Table 5

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	Exports	Imports
1985	73819	76749	123.1	133.7
1986	67459	77657	126.0	142.5
1986 Q2	16238	10455	123.0	136.8
Q3	16367	19561	126.5	147.7
Q4	17759	21146	133.0	153.8
1987 Q1	18125	19833	132.9	141.8
Q2	17961	20681	129.4	149.0
1986 Dec	5936	7112	133.9	154.3
1987 Jan	5765	6489	128.3	140.8
Feb	6449	6884	141.2	147.4
March	5910	6461	129.3	137.2
Apr	6144	6753	135.0	146.3
May	5899	7139	127.0	153.3
June	5918	6790	126.2	147.3
July	6224	7330	133.8	156.7
Aug	6192	7791	132.0	166.1
Jun-Aug 1986	16157	19237	124.3	145.7
Mar-May 1987	17953	20352	130.5	145.6
Jun-Aug 1987	18334	21910	130.7	156.7
% Change				
Latest 3 months on				
- previous 3 months	+ 2	+ 7½	-	+ 7½
- same 3 months				
one year ago	+ 13	+ 14	+ 5	+ 7½

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

TRADE IN OIL⁹
(Balance of Payments basis)

seasonally adjusted

	Balance of Trade in oil	Exports of Oil					Imports of Oil					
		Total	Crude Oil			Rest of Division 33	Total	Crude Oil			Rest of Division 33	
			[SITC (REV 2) 333.0]					[SITC (REV 2) 333.0]				
			£ million fob	£ million fob	£ million fob			Avg value per tonne £ fob	£ million fob	£ million fob		£ million fob
1985	+ 8104	16134	13006	79.6	163.4	3128	8029	4234	26.9	157.6	3796	
1986	+ 4056	8221	6294	82.1	76.7	1927	4165	2324	32.6	71.2	1841	
1986	Q2	+ 765	1783	1211	18.6	65.1	572	1018	550	7.7	71.7	469
	Q3	+ 621	1529	1120	19.7	57.0	408	908	435	8.7	50.1	473
	Q4	+ 785	1886	1533	21.6	71.0	353	1101	617	9.6	64.5	484
1987	Q1	+ 1164	2225	1824	21.9	83.4	401	1061	624	7.9	79.3	437
	Q2	+ 1033	2076	1658	19.8	83.6	417	1042	658	8.3	79.3	384
1986	Dec	+ 256	625	494	7.0	71.0	132	370	239	3.6	66.8	131
1987	Jan	+ 383	731	600	7.4	81.2	131	348	209	2.8	75.2	139
	Feb	+ 328	752	600	7.1	84.3	151	424	241	3.0	81.3	183
	Mar	+ 454	743	624	7.4	84.6	119	289	173	2.1	81.7	116
	Apr	+ 423	832	679	8.0	84.9	153	409	269	3.4	79.2	139
	May	+ 365	629	516	6.4	81.3	113	264	127	1.6	77.5	137
	June	+ 245	615	464	5.5	84.5	151	370	261	3.3	80.2	108
	July	+ 284	660	496	5.8	85.1	163	375	217	2.7	82.1	158
	Aug	+ 374	761	625	6.9	91.2	136	387	234	2.8	82.9	153
Jun-Aug 1986	+ 606	1525	1092	18.8	58.0	432	918	471	9.1	51.7	447	
Mar-May 1987	+ 1242	2204	1819	21.7	83.7	385	961	570	7.2	79.6	392	
Jun-Aug 1987	+ 903	2036	1585	18.2	87.2	450	1132	713	8.7	81.6	420	
% Change												
Latest 3 months on - previous 3 months		- 7½	- 13	- 16	+ 4	+ 17	+ 18	+ 25	+ 22	+ 2½	+ 7	
- same 3 months one year ago		+ 34	+ 45	- 3½	+ 50	+ 4	+ 23	+ 51	- 4	+ 58	- 6	

⁹ Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 8 of the standard notes).

Table 7

TRADE IN GOODS OTHER THAN OIL
(Balance of Payments basis)

	Total								Excluding Erratics ^f				
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)		
	Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade ^e	Exports	Imports	Exports	Imports	Exports	Imports	
1985	- 10282	61977	72259	141.8	141.8	100.0	110.6	133.0	57685	68719	114.9	142.8	
1986	- 12519	64621	77141	145.1	141.5	102.6	115.2	140.5	59238	73491	117.7	150.9	
1986	Q2	- 2372	16003	18375	144.2	139.1	103.7	114.7	135.4	14455	17437	115.1	145.0
	Q3	- 3512	16024	19536	145.3	140.3	103.5	114.7	143.7	14839	18653	118.5	154.4
	Q4	- 3510	17454	20964	148.1	146.3	101.3	123.1	149.4	15873	20045	125.3	161.4
1987	Q1	- 2300	17411	19711	149.7	148.0	101.1	121.8	139.7	15899	18772	124.4	150.4
	Q2	- 3395	17305	20700	150.3	143.5	104.7	119.5	149.0	15885	19639	122.4	159.6
1986	Dec	- 1167	5852	7018	148.6	147.6	100.7	124.6	149.7	5311	6743	126.5	162.6
1987	Jan	- 900	5504	6404	149.5	148.4	100.7	115.4	137.1	5034	6141	118.7	148.7
	Feb	- 529	6221	6750	149.5	148.0	101.0	131.6	142.7	5697	6460	134.2	154.3
	Mar	- 870	5686	6557	150.1	147.6	101.7	118.5	139.1	5168	6172	120.5	148.3
	Apr	- 949	5778	6727	150.0	144.7	103.7	120.5	144.3	5312	6344	123.6	153.8
	May	- 1461	5743	7204	150.2	143.0	105.0	118.5	156.0	5270	6875	121.6	167.9
	June	- 985	5784	6769	150.6	142.7	105.6	119.3	146.5	5303	6420	122.1	156.9
	July	- 1194	6117	7311	150.5	144.8	103.9	126.9	155.9	5564	6954	129.3	167.5
	Aug	- 1903	5783	7686	151.8	145.7	104.2	119.3	163.9	5430	7404	125.1	178.0
Jun-Aug 1986	-	3277	15792	19069	144.9	139.3	104.0	113.7	140.9	14633	18318	116.8	152.3
Mar-May 1987	-	3280	17208	20488	150.1	145.1	103.5	119.2	146.5	15750	19391	121.9	156.7
Jun-Aug 1987	-	4081	17684	21766	151.0	144.4	104.6	121.9	155.4	16298	20778	125.5	167.5
% Change													
Latest 3 months on													
- previous 3 months		+ 3	+ 6	+ ½	- ½	+ 1	+ 2½	+ 6	+ 3½	+ 7	+ 3	+ 7	
- same 3 months one													
year ago		+ 12	+ 14	+ 4	+ 3½	+ ½	+ 7	+ 10	+ 11	+ 13	+ 7½	+ 10	

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

^e Export unit value index as a percentage of the import unit value index.

EXPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
1985	78392	4971	2128	16795	52506	48473	18458	9412	9046	30015	1343	5257	13475	9940
1986	73009	5478	2046	8683	54595	49697	18758	9692	9066	30939	1362	5712	13682	10183
1986 Q2	17832	1284	443	1922	13644	12214	4607	2394	2213	7607	340	1391	3353	2523
Q3	17632	1394	542	1614	13582	12506	4800	2470	2330	7706	362	1470	3407	2467
Q4	19347	1571	561	1970	14570	13139	4924	2539	2386	8215	361	1534	3579	2740
1987 Q1	19637	1372	624	2309	14642	13287	4880	2507	2374	8407	459	1660	3542	2745
Q2	19316	1347	543	2158	14614	13260	4880	2498	2381	8380	488	1653	3517	2722
1987 June	6351	443	188	636	4872	4420	1655	828	827	2764	150	527	1178	909
July	6785	500	170	697	5212	4667	1747	867	879	2920	192	602	1183	943
Aug	6598	464	195	787	4942	4599	1772	921	852	2826	159	555	1175	937
Mar-May 87	19408	1336	539	2289	14643	13259	4860	2514	2346	8400	504	1657	3532	2707
Jun-Aug 87	19735	1407	553	2121	15027	13685	5174	2616	2558	8511	501	1684	3536	2789
Percentage change	+ 1½	+ 5½	+ 2½	- 7½	+ 2½	+ 3	+ 6½	+ 4	+ 9	+ 1½	- ½	+ 1½	-	+ 3

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1985	119.3	119.2	106.1	171.7	110.8	115.7	118.9	133.3	107.5	113.6	99.4	111.6	121.2	107.6
1986	123.6	129.6	117.1	175.5	114.0	116.9	121.9	139.4	108.1	113.8	93.2	117.5	120.4	106.9
1986 Q2	122.1	120	102	170	115	116	120	138	106	113	95	116	119	107
Q3	124.4	134	126	174	113	118	125	143	111	113	97	122	120	102
Q4	130.5	146	129	179	120	123	127	146	112	120	91	123	126	115
1987 Q1	130.2	129	145	183	119	122	126	143	112	120	114	133	120	114
Q2	125.7	124	120	171	118	121	125	140	113	118	120	133	118	112
1987 June	123.0	121	124	149	118	121	127	136	119	117	109	125	118	112
July	132.2	135	114	162	127	129	134	146	125	126	141	144	120	120
Aug	128.5	129	136	172	119	125	134	154	119	120	112	128	119	118
Mar-May 87	127.0	124	121	181	119	121	125	143	111	119	124	135	118	111
Jun-Aug 87	127.9	128	125	161	121	125	132	145	121	121	121	132	119	117
Percentage change	+ ½	+ 3½	+ 3	- 11	+ 2	+ 3	+ 5½	+ 1½	+ 9½	+ 1½	- 3	- 2	+ ½	+ 5

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

Table 10

EXPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA	j	j	j	j		
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1985	143.4	134	140	155	143	142	135	139	132	147	162	147	150	141
1986	136.5	140	123	81	147	148	138	141	135	154	182	157	157	146
1986 Q2	134.7	141	124	74	146	147	138	142	134	153	179	156	156	145
Q3	134.2	140	120	62	148	148	137	140	135	155	186	156	159	146
Q4	138.0	142	121	72	151	150	139	141	138	157	198	161	160	148
1987 Q1	140.5	141	122	82	152	153	141	144	139	160	201	164	163	150
Q2	141.0	140	123	81	153	154	141	145	137	162	204	163	168	150
1987 June	141.5	140	124	82	153	154	141	146	138	162	203	163	169	150
July	141.5	140	125	83	153	154	141	145	139	162	206	164	167	150
Aug	143.4	140	125	89	155	156	143	146	140	163	210	167	168	151
Mar-May 87	140.8	140	123	81	153	154	141	145	137	162	204	164	167	150
Jun-Aug 87	142.1	140	124	85	154	155	142	146	139	163	206	165	168	150
Percentage change	+ 1	+ ½	+ 1½	+ 5	+ ½	+ ½	+ ½	+ ½	+ 1	+ ½	+ 1½	+ ½	+ ½	+ ½

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Developed Countries							Developing Countries			Centrally planned economies
	Total K	Total	European Community	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	78392	62787	38226	7438	13332	11519	3791	13876	5952	7924	1587
1986	73009	57709	35004	6963	12128	10380	3614	13139	5495	7644	1721
1986 Q2	17832	13799	8328	1710	2880	2494	881	3451	1551	1900	446
Q3	17632	13944	8498	1709	2029	2432	909	3215	1317	1897	368
Q4	19347	15474	9545	1799	3225	2717	905	3254	1238	2016	470
1987 Q1	19637	15715	9330	1747	3676	3153	962	3401	1313	2088	437
Q2	19316	15515	9789	1903	2886	2407	937	3445	1306	2139	337
1987 June	6351	5079	3210	613	949	800	308	1123	416	707	91
July	6785	5398	3223	607	1203	1026	366	1201	416	785	124
Aug	6598	5354	3321	655	1036	857	343	1218	494	724	150
Mar-May 87	19408	15553	9667	1871	3091	2575	924	3498	1370	2128	389
Jun-Aug 87	19735	15831	9754	1874	3187	2682	1016	3543	1326	2217	364
Percentage change	+ 1½	+ 2	+ 1	-	+ 3	+ 4	+ 10	+ 1½	- 3	+ 4	- 6½

K See paragraph 7 of Notes to Editors.

IMPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
1985	85027	9337	5388	10664	58312	54934	19611	6901	12710	35322	4165	8884	11623	10649
1986	86066	10067	4988	6294	62833	59472	20713	7346	13367	38759	4809	10177	12706	11067
1986 Q2	20467	2419	1211	1522	14914	14087	5024	1795	3229	9063	1136	2412	2979	2537
Q3	21836	2564	1190	1502	16041	15199	5207	1831	3376	9992	1279	2653	3268	2792
Q4	23269	2632	1376	1541	17146	16303	5472	1922	3549	10832	1279	2838	3597	3118
1987 Q1	21819	2473	1386	1468	16148	15248	5377	1943	3434	9871	1054	2576	3289	2952
Q2	22819	2450	1411	1465	17176	16183	5686	2024	3662	10497	1196	2785	3549	2967
1987 June	7511	783	460	520	5658	5317	1856	669	1186	3461	416	964	1131	950
July	8127	855	453	546	6058	5772	1934	687	1247	3838	468	959	1307	1104
Aug	8783	860	488	551	6483	6208	2144	778	1366	4065	569	1040	1364	1092
Mar-May 87	22553	2452	1399	1376	16981	15956	5644	1994	3650	10313	1152	2706	3519	2936
Jun-Aug 87	24421	2498	1401	1618	18199	17297	5933	2134	3799	11364	1453	2963	3802	3146
Percentage change	+ 8½	+ 2	-	+ 18	+ 7	+ 8½	+ 5	+ 7	+ 4	+ 10	+ 26	+ 9½	+ 8	+ 7

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1985	124.6	114.4	102.2	86.2	140.7	154.4	143.9	176.1	130.6	161.4	127.9	139.5	172.8	187.1
1986	132.8	123.5	108.7	93.4	148.2	163.0	152.0	188.0	137.2	170.4	131.6	158.3	187.0	183.1
1986 Q2	127.1	120	105	85	143	157	149	187	134	162	125	154	181	169
Q3	138.1	126	106	112	153	168	155	191	140	176	142	165	193	185
Q4	142.4	125	119	106	158	174	157	192	142	186	133	170	205	205
1987 Q1	130.9	120	122	91	146	161	152	191	136	166	103	156	185	187
Q2	137.8	120	122	90	158	173	163	205	146	179	121	172	203	192
1987 June	136.1	114	120	97	156	171	160	203	143	178	128	178	196	184
July	146.4	124	116	103	166	184	166	208	148	196	143	179	222	214
Aug	159.7	127	120	104	177	198	184	235	163	206	172	189	232	212
Mar-May 87	135.6	120	121	83	155	170	162	202	145	175	114	166	200	188
Jun-Aug 87	147.4	121	119	101	167	184	170	215	152	194	148	182	217	203
Percentage change	+ 8½	+ 1½	- 2	+ 21	+ 7½	+ 8½	+ 5	+ 6½	+ 4½	+ 11	+ 30	+ 9½	+ 8	+ 8½

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

Table 14

IMPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Manufactures excluding erratics ^h													
						Total	Semi-manufactures excluding precious stones & silver(PS)			Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital		
							Total	Chem- icals	Other	Total	7+8	j	j					j	j
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94					
1985	143.1	137	130	172	141	141	133	139	130	146	152	147	155	134					
1986	132.5	136	113	97	143	144	133	141	130	152	170	148	158	141					
1986 Q2	130.1	135	113	96	140	142	131	139	128	148	169	144	153	139					
Q3	129.1	136	111	78	142	144	132	139	130	152	168	147	159	141					
Q4	135.1	139	115	84	149	150	137	145	133	159	178	155	167	147					
1987 Q1	137.9	138	117	94	151	152	138	147	135	162	189	155	167	151					
Q2	134.8	136	117	93	147	149	137	145	133	157	183	149	164	148					
1987 June	134.3	136	117	94	146	148	137	145	133	156	181	147	164	147					
July	135.2	136	117	94	147	149	138	146	134	157	183	150	163	146					
Aug	136.5	135	118	96	149	150	138	149	134	158	185	152	164	147					
Mar-May 87	135.9	136	116	93	149	150	137	146	133	159	186	151	165	149					
Jun-Aug 87	135.3	135	117	94	147	149	138	147	134	157	183	150	164	146					
Percentage change	- ½	- 1	+ 1	+ 1	- 1	- ½	+ ½	+ 1	+ ½	- 1	- 1½	- 1	- ½	- 2					

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY AREA
(Overseas Trade Statistics basis)

Table 15

£ million cif seasonally adjusted

	Total K	Developed Countries						Developing Countries			Centrally planned economies
		Total	European Community	Rest of W Europe	North America Total	Other USA	Total	Oil exporting countries	Other		
1985	85027	71665	41474	12102	11709	9926	6379	11327	2815	8512	1893
1986	86066	73285	44506	11864	10054	8468	6861	10514	1877	8637	1856
1986 Q2	20467	17360	10566	2729	2420	2030	1645	2540	460	2080	466
Q3	21836	18569	11426	2896	2512	2138	1735	2670	408	2262	456
Q4	23269	19705	11950	3151	2771	2331	1833	2928	511	2418	511
1987 Q1	21819	18625	11411	3060	2435	2025	1720	2540	462	2078	482
Q2	22819	19602	12100	3202	2616	2223	1684	2683	432	2251	497
1987 June	7511	6453	3923	1059	853	715	617	917	139	778	159
July	8127	6944	4250	1107	946	791	641	906	139	767	181
Aug	8783	7463	4562	1274	973	832	655	1216	125	1091	184
Mar-May 87	22553	19298	11919	3196	2604	2195	1579	2545	439	2106	510
Jun-Aug 87	24421	20860	12735	3440	2772	2338	1914	3039	403	2636	524
Percentage change	+ 8½	+ 8	+ 7	+ 7½	+ 6½	+ 6½	+ 21	+ 19	- 8	+ 25	+ 3

K See paragraph 7 Notes to Editors.

COMMODITY ANALYSIS OF VISIBLE TRADE
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	4932	8522	- 3591	2144	4795	- 2651	16795	10233	+ 6562
1986	5439	9230	- 3792	2058	4416	- 2359	8683	5994	+ 2690
1985 Q3	1260	2126	- 866	532	1173	- 641	3576	2134	+ 1442
Q4	1194	2083	- 889	504	1070	- 566	3862	2237	+ 1625
1986 Q1	1219	2247	- 1027	504	1092	- 588	3177	1641	+ 1536
Q2	1271	2213	- 942	445	1076	- 631	1922	1426	+ 496
Q3	1383	2356	- 973	545	1025	- 480	1614	1393	+ 221
Q4	1565	2415	- 849	564	1223	- 659	1970	1533	+ 438
1987 Q1	1354	2285	- 931	629	1232	- 603	2308	1413	+ 895
Q2	1344	2269	- 925	553	1175	- 622	2146	1414	+ 733
SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	20051	19949	+ 102	32221	35324	- 3103	52271	55273	- 3002
1986	20946	21524	- 578	33540	38453	- 4913	54486	59977	- 5491
1985 Q3	4865	5125	- 260	7962	8379	- 417	12827	13504	- 678
Q4	4952	4900	+ 53	8096	8645	- 549	13048	13545	- 497
1986 Q1	4851	5294	- 443	7925	8751	- 825	12777	14045	- 1269
Q2	5221	5179	+ 42	8395	9092	- 697	13615	14271	- 656
Q3	5290	5339	- 49	8230	9922	- 1692	13520	15261	- 1741
Q4	5585	5712	- 127	8990	10688	- 1698	14575	16400	- 1826
1987 Q1	5474	5652	- 178	9190	9748	- 558	14664	15400	- 736
Q2	5520	5836	- 316	9166	10711	- 1544	14686	16547	- 1860

Monthly data at this level of detail are published in the Monthly Review of External Trade Statistics.

CONFIDENTIAL



FROM: S P JUDGE
DATE: 12 October 1987

MR P DAVIS - EA2

cc PS/Chancellor
PS/Economic Secretary

MONTHLY NOTE ON THE BALANCE OF PAYMENTS - OCTOBER 1987

The Paymaster General has seen your monthly note.

He would like to know how car sales this year have been split between imports and home manufacture/assembly. He wonders what information you have on automotive components, as these rebound on the assembly question.

S P JUDGE
Private Secretary

SECRET AND PERSONAL until release of Press Notice
on 23/10/87 at 11.30 am

THE CURRENT ACCOUNT OF THE UNITED KINGDOM
BALANCE OF PAYMENTS

SEPTEMBER 1987

The current account for September, seasonally adjusted, was estimated to have been in deficit by £55 million compared with a deficit of £929 million in August. In September, exports - seasonally adjusted on a balance of payments basis - were valued at £6980 million and imports at £7635 million so that the trade in goods was in deficit by £655 million.

The balance on invisibles is projected to be in surplus by £600 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions.

JULY TO SEPT 1987

In the three months ended September, the current account showed a deficit of £1.3 billion compared with a deficit of £0.2 billion in the previous three months. There was a deficit on visible trade of £3.1 billion in the latest three months compared with a deficit of £2.4 billion in the three months ended June. The surplus on invisibles in the latest three months is projected at £1.8 billion.

[Table 1]

CURRENT ACCOUNT

TABLE 1 £ million, Seasonally adjusted

	Current Balance	Visible Trade			Invisibles Balance ^b
		Balance	Exports fob	Imports fob	
1985	+ 2919	-2178	78111	80289	+ 5097
1986	- 980	-8463	72843	81306	+ 7483
1986 Q3	- 910	-2891	17553	20444	+ 1981
Q4	- 960	-2725	19340	22065	+ 1765
1987 Q1	+ 672	-1135	19637	20772	+ 1807
Q2	- 174	-2361	19381	21742	+ 2187
Q3	- 1243	-3093	20301	23394	+ 1800
1987 April	+ 203	- 526	6610	7136	+ 729
May	- 367	-1096	6372	7467	+ 729
June	- 11	- 740	6399	7139	+ 729
July	- 310 ^a	- 910	6776	7686	+ 600 ^a
Aug	- 929 ^a	-1529	6545	8073	+ 600 ^a
Sept	- 35 ^a	-655	6980	7635	+ 600 ^a
Jan-Sept 1987	- 746	- 6590	59318	65908	574

^a Invisibles for July to September 1987 are projections.

^b Monthly figures are one third of the appropriate calendar quarter's estimate or projection. Information relating to credits and debits can be found in Table 3.

SECRET

and personal
until release of press notice on 23 OCT 87 at 11.30 a.m.
prepared by the Government Statistical Service

GB

VISIBLE TRADE IN SEPTEMBER

There was a deficit on visible trade in September of £655 million compared with a deficit of £1529 million in August. The surplus on oil was £284 million, £90 million less than in August. The deficit on non-oil trade decreased by £964 million.

Total exports in September were valued at £6980 million, which was £435 million ($6\frac{1}{2}$ per cent) higher than in August. Exports of oil decreased by £102 million between the two months while exports of the erratic items increased by £121 million. Excluding oil and the erratic items, exports rose by $7\frac{1}{2}$ per cent between August and September.

Total imports were valued at £7635 million in September, which was £438 million ($5\frac{1}{2}$ per cent) lower than in August. Imports of oil fell by £11 million between the two months and imports of the erratic items fell by £23 million. Excluding oil and the erratic items, imports fell by $5\frac{1}{2}$ per cent between August and September.

RECENT TRENDS

Visible balance

In the three months ended September, there was a deficit on visible trade of £3.1 billion - a surplus on trade in oil of £0.9 billion being offset by a deficit on non-oil trade of £4.0 billion.

Between the three months ended June and the latest three months, the deficit on visible trade increased by £0.7 billion - the surplus on oil fell by £0.1 billion while the deficit on non-oil trade increased by £0.6 billion.

SECRET AND PERSONAL until release of Press Notice
on 23/10/87 at 11.30 am

Exports

Exports amounted to £20.3 billion in the three months ended September, £0.9 billion ($4\frac{1}{2}$ per cent) more than in the previous three months. Exports of oil and of the erratic items were unchanged. Excluding oil and the erratic items, exports increased by £1.0 billion between the three months ended June and the latest three months.

By volume, exports rose by $3\frac{1}{2}$ per cent between the three months ended June and the latest three months to be $6\frac{1}{2}$ per cent higher than the same period a year ago. Excluding oil and the erratic items, export volume increased by 6 per cent to be $9\frac{1}{2}$ per cent higher than in the same period last year. The underlying trend of non-oil volume now seems to have been rising in recent months and is above the high level reached at the end of last year.

Imports

Total imports were valued at £23.4 billion in the latest three months, £1.7 billion ($7\frac{1}{2}$ per cent) higher than in the previous three months. Imports of oil rose by £0.1 billion over the three months ended September and imports of the erratic items fell by £0.2 billion. Excluding oil and the erratic items, imports grew by $8\frac{1}{2}$ per cent between the three months ended June and the latest three months.

Total imports volume in the latest three months was 7 per cent higher than in the previous three months and $8\frac{1}{2}$ per cent higher

SECRET AND PERSONAL until release of Press Notice
on 23/10/87 at 11.30 am

than in the same period last year. Excluding oil and the erratic items, import volume rose by 8 per cent in the latest three months to be 12 per cent higher than in the same period last year. The underlying level of non-oil import volume appears to have been rising in recent months, and is above that reached at the end of last year.

Terms of trade and unit values

The terms of trade index *remained unchanged* between the three months ended June and the three months ended September with the export unit value index increasing by 1 per cent and the import unit value index increasing by $1\frac{1}{2}$ per cent. Compared with the same three months of last year, the export unit value index rose by $6\frac{1}{2}$ per cent and the import unit value index by 6 per cent. As a result the terms of trade index is *unchanged*.

Export unit values for fuels rose $5\frac{1}{2}$ per cent between the three months ended June and the latest three months while the unit value index for non-oil exports rose by 1 per cent. Within the total for non-oil exports, most sectors showed small increases in unit values. The largest rises were of 3 per cent in the unit values of passenger motor cars and of 2 per cent in the unit values of both semi-manufactures and of other consumer manufactures.

Import unit values for fuels rose by 2 per cent between the three months ended June and the latest three months and the unit value

SECRET AND PERSONAL until release of Press Notice
on 23/10/87 at 11.30 am

for non-al imports rose by $1\frac{1}{2}$ per cent. Import unit values for finished manufactures rose by $\frac{1}{2}$ per cent over the latest three months.

Analysis by area

Exports to the developed countries grew by $5\frac{1}{2}$ per cent between the three months ended June and the latest three months. Exports to the European Community countries grew by 3 per cent in the latest three months; exports to North America grew by 13 per cent and exports to the other developed countries increased by 16 per cent. Deliveries to the developing countries rose by 4 per cent between the three months ended June and the latest three months.

Imports from the developed countries increased by 8 per cent over the latest three months with arrivals from the European Community countries up by $7\frac{1}{2}$ per cent, arrivals from North America up 10 per cent and arrivals from the other developed countries up by 15 per cent. Imports from the developing countries increased by 19 per cent between the three months ended June and the latest three months.

NOTES TO EDITORS

INVISIBLES

1 Estimates of invisibles are based on a variety of sources, mostly inquiries of those engaging in the various transactions. These are usually sample inquiries, and are variously held on quarterly, annual or periodical basis. For some components, data for recent periods are therefore incomplete and subject to significant estimation errors.

2 The figures shown for the invisibles balance in most months are the estimates for the relevant quarters, taken from the balance of payments accounts, expressed at a monthly rate. For the most recent months, however, the figures are projections, which are rounded to the nearest £100 million to emphasise their approximate nature. These projections are superseded by preliminary estimates from the balance of payments accounts when they are published around the middle of March, June, September and December. (This modifies the procedure described in the December 1986 issue of Economic Trends; a review of the timetable concluded that more time should be allowed to prepare these preliminary estimates to improve their quality and reduce the likelihood of revisions within relatively short periods).

ADJUSTMENT FOR UNPROCESSED DOCUMENTS

3 Following an investigation by Customs and Excise into the effects of industrial action on the processing of import and export entries the figures for April to July have been adjusted to take account of unprocessed documents attributable to those months. These adjustments have been made to the Balance of Payments based figures (tables 1 to 7 and 16), but not to the OTS figures (tables 8 to 15). ~~There are no adjustments for August.~~ The amounts involved are as follows:

	<u>Adjustment for unprocessed documents</u>				
	April	May	June	July	£ million
Exports	+32	+57	+72	+47	
Imports	+64	+23	+35	-	

MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

4 The Monthly Review supplements the information contained in this Press Notice. It gives longer historical runs of data and contains charts, tables on the UK Balance of Payments, UK exports and imports on an Overseas Trade Statistics basis, and certain international comparisons. The Monthly Review is available from the Department of Trade and Industry at the address given below for an annual subscription of £43 which includes the annual supplement. Individual copies are priced at £3, (£7 for the annual supplement).

STANDARD NOTES

5 There is a set of standard notes that describe the basis on which the figures in this Press Notice are compiled including the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) figures. Copies can be obtained from the address below.

AREA (tables 11 and 15)

6 Low value consignments ie items of an individual value less than £475, are not analysed by country and are therefore excluded from the area data in tables 11 and 15. In addition the method of seasonal adjustment leads to further differences between the sum of areas and figures for total trade.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 4895.

INDEX OF TABLES

	A	TABLE	PAGE
	BALANCE OF PAYMENTS BASIS		
	Current account	1	1
	Current balance, visible trade and invisibles	2	7
	Invisibles	3	7
	Export and import unit value and volume index numbers	4	8
	Value and volume of exports and imports excluding the more erratic items	5	8
	Trade in oil	6	9
	Trade in Goods other than oil	7	9
	OVERSEAS TRADE STATISTICS		
	Exports by commodity	8	11
	Exports by commodity: volume indices	9	11
	Exports by commodity: unit value indices	10	12
	Exports by area	11	12
	Imports by commodity	12	13
	Imports by commodity: volume indices	13	13
	Imports by commodity: unit value indices	14	14
	Imports by area	15	14
	QUARTERLY BALANCE OF PAYMENTS DATA		
	Commodity analysis of visible trade	16	15

CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES
(Balance of Payments basis)

	Current Balance	Visible Trade					Invisible	
		Exports fob	Imports fob	Visible Balance	of which		Balance b	
					Oil	Non-Oil		
1985	+ 2919	78111	80289	- 2178	+ 8104	- 10282	+ 5097	
1986	- 980	72843	81306	- 8463	+ 4056	- 12519	+ 7483	
1986 Q3	- 910	17553	20444	- 2891	+ 621	- 3512	+ 1981	
Q4	- 960	19340	22065	- 2725	+ 785	- 3510	+ 1765	
1987 Q1	+ 672	19637	20772	- 1135	+ 1164	- 2300	+ 1807	
Q2	- 174	19381	21742	- 2361	+ 1033	- 3395	+ 2187	
Q3	- 1293	20301	23394	- 3093	942	- 4035	+ 1800	
1987 Jan	+ 85	6235	6752	- 517	+ 383	- 900	+ 602	
Feb	+ 401	6973	7174	- 202	+ 328	- 529	+ 603	
March	+ 185	6429	6846	- 417	+ 454	- 870	+ 602	
Apr	+ 203	6610	7136	- 526	+ 423	- 949	+ 729	
May	- 367	6372	7467	- 1096	+ 365	- 1461	+ 729	
June	- 11	6399	7139	- 740	+ 245	- 985	+ 729	
July	- 310a	6776	7686	- 910	+ 284	- 1194	+ 600a	
Aug	- 929a	6545	8073	- 1529	+ 374	- 1903	+ 600a	
Sept	- 55ca	6980	7635	- 655	+ 284	- 939	+ 600a	
% Change								
Latest 3 months								
- on previous 3 months		+ 4 1/2	+ 7 1/2					
- Same 3 months one year ago		+ 16	+ 14					

a Invisibles for July to September 1987 are projections.

b Monthly figures are one third of the appropriate calendar quarter's estimate or projection.

Table 3

INVISIBLES

	All Sectors						Private Sector and Public Corporations ^d		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1984	77061	71203	+ 5858	+ 3481	+ 4216	- 1839	71761	62373	+ 9388
1985	79784	74687	+ 5097	+ 5381	+ 2992	- 3276	75134	64724	+10410
1986	76202	68719	+ 7483	+ 4990	+ 4686	- 2193	71094	59111	+11983
1985 Q1	21694	20605	+ 1089	+ 1132	+ 908	- 951	20449	17911	+ 2538
Q2	20159	18644	+ 1515	+ 1470	+ 748	- 703	19117	16427	+ 2690
Q3	19351	17615	+ 1736	+ 1500	+ 1118	- 882	18129	14953	+ 3176
Q4	18580	17823	+ 757	+ 1279	+ 218	- 740	17439	15433	+ 2006
1986 Q1	18916	16932	+ 1984	+ 1265	+ 792	- 73	17562	14907	+ 2655
Q2	18451	16698	+ 1753	+ 1188	+ 1118	- 553	17139	14296	+ 2843
Q3	19245	17264	+ 1981	+ 1251	+ 1505	- 775	17957	14660	+ 3297
Q4	19590	17825	+ 1765	+ 1286	+ 1271	- 792	18436	15248	+ 3188
1987 Q1	19696	17889	+ 1807	+ 1241	+ 1349	- 783	18043	14828	+ 3215
Q2	19652	17465	+ 2187	+ 1554	+ 1258	- 625	18194	14764	+ 3430

d ie excluding general Government transactions and all transfers.

SECRET

and personal
until release of press notice on 23 OCT 87 at 11 30 a.m.

EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS

Table 4

(Balance of Payments basis)

Indices 1980 = 100

	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade ^e	Exports	Imports
1985	143.5	145.2	98.8	118.7	126.0
1986	136.6	134.0	101.9	123.1	134.2
1986 Q3	134.3	130.1	103.2	122.6	139.0
Q4	138.1	136.8	100.9	130.5	144.0
1987 Q1	140.7	140.0	100.5	130.0	133.2
Q2	141.2	136.2	103.7	126.3	140.7
Q3	142.9	135.1	105.0	130.5	150.7
1987 Jan	140.4	140.1	100.2	124.6	131.4
Feb	140.8	140.3	100.4	138.4	138.0
March	141.0	139.8	100.8	126.9	130.2
Apr	141.0	137.2	102.8	131.4	138.6
May	140.9	135.7	103.8	123.9	144.3
June	141.6	135.7	104.4	123.5	139.1
July	141.7	137.5	103.1	131.3	147.6
Aug	143.6	138.5	103.6	126.4	154.9
Sept	142.6	138.4	105.4	133.9	149.6
% Change					
Latest 3 months on					
- previous 3 months	+ 1 -	+ 1 1/2 -	- -	+ 3 1/2 -	+ 7 -
- same 3 months	+ 6 1/2 -	+ 6 -	- -	+ 6 1/2 -	+ 8 1/2 -
one year ago					

^e Export unit value index as a percentage of the import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS^f
(Balance of Payments basis)

Table 5

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	Exports	Imports
1985	73819	76749	123.1	133.7
1986	67459	77657	126.0	142.5
1986 Q3	16367	19561	126.5	147.7
Q4	17759	21146	133.0	153.8
1987 Q1	18125	19833	132.9	141.8
Q2	17961	20681	129.4	149.0
Q3	18922	22496	134.5	161.1
1987 Jan	5765	6489	128.3	140.8
Feb	6449	6884	141.2	147.4
March	5910	6461	129.3	137.2
Apr	6144	6753	135.0	146.3
May	5899	7139	127.0	153.3
June	5918	6790	126.2	147.3
July	6224	7330	133.8	156.7
Aug	6192	7791	132.0	166.1
Sept	6506	7375	137.9	160.6
% Change				
Latest 3 month on				
- previous 3 months	+ 5 1/2 -	+ 9 -	+ 4 -	+ 8 -
- same 3 months	+ 16 -	+ 15 -	+ 6 1/2 -	+ 9 -
one year ago				

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

SECRET

and personal
until release of press notice on 2.3.OCT.87 at 11.00 a.m.

TRADE IN OIL⁹
(Balance of Payments basis)

seasonally adjusted

	Balance of Trade in oil	Exports of Oil					Imports of Oil				
		Total	Crude Oil			Rest of Division 33	Total	Crude Oil			Rest of Division 33
			[SITC (REV 2) 333.0]					[SITC (REV 2) 333.0]			
			£ million fob	£ million fob	£ million fob			Avg value per tonne £ fob	£ million fob	£ million fob	
1985	+ 8104	16134	13006	79.6	163.4	3128	8029	4234	26.9	157.6	3796
1986	+ 4056	8221	6294	82.1	76.7	1927	4165	2324	32.6	71.2	1841
1986 Q3	+ 621	1529	1120	19.7	57.0	408	908	435	8.7	50.1	473
Q4	+ 785	1886	1533	21.6	71.0	353	1101	617	9.6	64.5	484
1987 Q1	+ 1164	2225	1824	21.9	83.4	401	1061	624	7.9	79.3	437
Q2	+ 1033	2076	1658	19.8	83.6	417	1042	658	8.3	79.3	384
Q3	+ 942	2081	1648	18.7	88.0	432	1138	641	7.5	85.2	497
1987 Jan	+ 383	731	600	7.4	81.2	131	348	209	2.8	75.2	139
Feb	+ 328	752	600	7.1	84.3	151	424	241	3.0	81.3	183
Mar	+ 454	743	624	7.4	84.6	119	289	173	2.1	81.7	116
Apr	+ 423	832	679	8.0	84.9	153	409	269	3.4	79.2	139
May	+ 365	629	516	6.4	81.3	113	264	127	1.6	77.5	137
June	+ 245	615	464	5.5	84.5	151	370	261	3.3	80.2	108
July	+ 284	660	496	5.8	85.1	163	375	217	2.7	82.1	158
Aug	+ 374	761	625	6.9	91.2	136	387	234	2.8	82.9	153
Sept	+ 284	660	526	6.0	87.1	133	376	190	2.1	92.5	186
% Change											
Latest 3 months on											
- previous 3 months		-	- 1/2	- 5 1/2	+ 5	+ 3 1/2	+ 9	- 2 1/2	- 9 1/2	+ 7 1/2	+ 29
- same 3 months one year ago		+ 36	+ 47	- 4 1/2	+ 5 1/4	+ 6	+ 25	+ 47	- 13	+ 70	+ 5 1/2

⁹ Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 8 of the standard notes).

SECRET

and personal
until release of press notice on 2.3.07.87 at 11.30 a.m.

TRADE IN GOODS OTHER THAN OIL
(Balance of Payments basis)

	Total								Excluding Erratics ^f			
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)	
	Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade ^e	Exports	Imports	Exports	Imports	Exports	Imports
1985	- 10282	61977	72259	141.8	141.8	100.0	110.6	133.0	57685	68719	114.9	142.8
1986	- 12519	64621	77141	145.1	141.5	102.6	115.2	140.5	59238	73491	117.7	150.9
1986 Q3	- 3512	16024	19536	145.3	140.3	103.5	114.7	143.7	14839	18653	118.5	154.4
Q4	- 3510	17454	20964	148.1	146.3	101.3	123.1	149.4	15873	20045	125.3	161.4
1987 Q1	- 2300	17411	19711	149.7	148.0	101.1	121.8	179.7	15899	18772	124.4	150.4
Q2	- 3395	17305	20700	150.3	143.5	104.7	119.5	149.0	15885	19639	122.4	159.6
Q3	- 4035	18220	22255	151.6	145.4	107.6	125.5	159.2	16841	21358	129.6	172.0
1987 Jan	- 900	5504	6404	149.5	148.4	100.7	115.4	137.1	5034	6141	118.7	148.7
Feb	- 529	6221	6750	149.5	148.0	101.0	131.6	142.7	5697	6460	134.2	154.3
Mar	- 870	5686	6557	150.1	147.6	101.7	118.5	139.1	5168	6172	120.5	148.3
Apr	- 949	5778	6727	150.0	144.7	103.7	120.5	144.3	5312	6344	123.6	153.8
May	- 1461	5743	7204	150.2	143.0	105.0	118.5	156.0	5270	6875	121.6	167.9
June	- 985	5784	6769	150.6	142.7	105.6	119.3	146.5	5303	6420	122.1	156.9
July	- 1194	6117	7311	150.5	144.8	103.9	126.9	155.9	5564	6954	129.3	167.5
Aug	- 1903	5783	7686	151.8	145.7	104.2	119.3	163.9	5430	7404	125.1	178.0
Sept	- 9391	6320	7259	152.6	145.8	114.6	130.2	157.9	5846	7000	134.4	171.5
% Change												
Latest 3 months on - previous 3 months	+5½'	+7½'	+1'	+1½'	-½'	+5'	+7'	+6'	+8½'	+6'	+8'	+8'
- same 3 months one year ago	+14'	+14'	+4½'	+3½'	+½'	+9½'	+11'	+13'	+14'	+9½'	+12'	+12'

^f These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

^e Export unit value index as a percentage of the import unit value index.

SECRET

and personal
until release of press notice on 2.3.OCT.87 at 11.30 a.m.

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
						5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
1985	78392	4971	2128	16795	52506	48473	18458	9412	9046	30015	1343	5257	13475	9940
1986	73009	5478	2046	8683	54595	49697	18758	9692	9066	30939	1362	5712	13682	10183
1986 Q3	17632	1394	542	1614	13582	12506	4800	2470	2330	7706	362	1470	3407	2467
Q4	19347	1571	561	1970	14570	13139	4924	2539	2386	8215	361	1534	3579	2740
1987 Q1	19637	1372	624	2309	14642	13287	4880	2507	2374	8407	459	1660	3542	2745
Q2	19316	1347	543	2158	14614	13260	4880	2498	2381	8380	488	1653	3517	2722
Q3	20431	1456	543	2177	15640	14277	5377	2757	2620	8900	533	1835	3613	2918
1987 July	6785	500	170	697	5212	4667	1747	867	879	2920	192	602	1183	943
Aug	6598	464	195	787	4942	4599	1772	921	852	2826	159	555	1175	937
Sept	7048	492	178	693	5485	5011	1858	969	889	3153	183	679	1254	1038
Percentage change Q3/Q2	+ 6	+ 8	-	+ 1	+ 7	+ 7½	+ 10	+ 10	+ 10	+ 6	+ 9	+ 11	+ 2½	+ 7

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
						5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1985	119.3	119.2	106.1	171.7	110.8	115.7	118.9	133.3	107.5	113.6	99.4	111.6	121.2	107.6
1986	123.6	129.6	117.1	175.5	114.0	116.9	121.9	139.4	108.1	113.8	93.2	117.5	120.4	106.9
1986 Q3	124.4	134	126	174	113	118	125	143	111	113	97	122	120	102
Q4	130.5	146	129	179	120	123	127	146	112	120	91	123	126	115
1987 Q1	130.2	129	145	183	119	122	126	143	112	120	114	133	120	114
Q2	125.7	124	120	171	118	121	125	140	113	118	120	133	118	112
* Q3	132.2	133	124	164	126	130	136	153	123	126½	127	144	122	123
1987 July	132.2	135	114	162	127	129	134	146	125	126	141	144	120	120
Aug	128.5	129	136	172	119	125	134	154	119	120	112	128	119	118
Sept	135.9	136	123	158	132	136	140	161	124	134	129	159	127	131
Percentage change Q3/Q2	+ 5	+ 7	+ 3½	- 4	+ 6½	+ 7½	+ 9	+ 9½	+ 8	+ 7	+ 6	+ 8	+ 3½	+ 10

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal

until release of press notice on 23 OCT 87 at 11.30 a.m.

EXPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Total	Chemi- cals	Other	6	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate
Weights	1000	69	31	136	735	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j
1985	143.4	134	140	155	143	142	135	139	132	147	162	147	150	141
1986	136.5	140	123	81	147	148	138	141	135	154	182	157	157	146
1986 Q3	134.2	140	120	62	148	148	137	140	135	155	186	156	159	146
Q4	138.0	142	121	72	151	150	139	141	138	157	198	161	160	148
1987 Q1	140.5	141	122	82	152	153	141	144	139	160	201	164	163	150
Q2	141.0	140	123	81	153	154	141	145	137	162	204	163	168	150
Q3	142.8	141	125	86	155	155	143	146	140	163	210	166	167	151
1987 July	141.5	140	125	83	153	154	141	145	139	162	206	164	167	150
Aug	143.4	140	125	89	155	156	143	146	140	163	210	167	168	151
Sept	143.4	141	124	84	156	157	144	148	141	164	214	168	168	152
Percentage change * Q3/Q2	+ 1	+ ½	+ 1½	+ 5½	+ 1	+ 1	+ 1½	+ ½	+ 2	+ ½	+ 3	+ 2	- ½	+ 1

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Total K	Developed Countries					Developing Countries			Centrally planned economies	
		Total Community	European W Europe	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	78392	62787	38226	7438	13332	11519	3791	13876	5952	7924	1587
1986	73009	57709	35004	6963	12128	10380	3614	13139	5495	7644	1721
1986 Q3	17632	13944	8498	1709	2829	2432	909	3215	1317	1897	368
Q4	19347	15474	9545	1799	3225	2717	905	3254	1238	2016	470
1987 Q1	19637	15715	9330	1747	3676	3153	962	3401	1313	2088	437
Q2	19316	15515	9789	1903	2886	2407	937	3445	1306	2139	337
Q3	20431	16404	10093	1965	3264	2768	1083	3580	1346	2233	415
1987 July	6785	5398	3223	607	1203	1026	366	1201	416	785	124
Aug	6598	5354	3321	655	1036	857	343	1218	494	724	150
Sept	7048	5652	3548	703	1025	885	375	1160	436	724	142
Percentage change * Q3/Q2	+ 6	+ 5½	+ 3	+ 3½	+ 13	+ 15	+ 16	+ 4	+ 3	+ 4½	+ 23

K See paragraph 6 of Notes to Editors.

SECRET

and personal
until release of press notice on 23 OCT 87 at 11.30 a.m.

IMPORTS BY COMMODITY
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h														
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	5-8 less SNAPS	5+6 less PS	6 5 less PS	7+8 less SNA	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
1985	85027	9337	5388	10664	58312	54934	19611	6901	12710	35322	4165	8884	11623	10649	
1986	86066	10067	4988	6294	62833	59472	20713	7346	13367	38759	4809	10177	12706	11067	
1986 Q3	21836	2564	1190	1502	16041	15199	5207	1831	3376	9992	1279	2653	3268	2792	
Q4	23269	2632	1376	1541	17146	16303	5472	1922	3549	10832	1279	2838	3597	3118	
1987 Q1	21819	2473	1386	1468	16148	15248	5377	1943	3434	9871	1054	2576	3289	2952	
Q2	22819	2450	1411	1465	17176	16183	5686	2024	3662	10497	1196	2785	3549	2967	
Q3	2500	2586	1423	1649	18598	17777	6100	2159	3941	11678	1447	2999	3925	3302	
1987 July	8127	855	453	546	6058	5772	1934	687	1247	3838	468	959	1307	1104	
Aug	8783	860	488	551	6483	6208	2144	778	1366	4065	569	1040	1364	1092	
Sept	8518	810	483	551	6057	5792	2022	694	1328	3751	410	999	1254	1112	
Percentage change Q3/Q2	+9 1/2	+5 1/2	+1	+13	+8 1/2	+10	+7 1/2	+6 1/2	+7 1/2	+11	+21	+7 1/2	+11	+11	

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h														
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	5-8 less SNAPS	5+6 less PS	6 5 less PS	7+8 less SNA	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94	
1985	124.6	114.4	102.2	86.2	140.7	154.4	143.9	176.1	130.6	161.4	127.9	139.5	172.8	187.1	
1986	132.8	123.5	108.7	93.4	148.2	163.0	152.0	188.0	137.2	170.4	131.6	158.3	187.0	183.1	
1986 Q3	138.1	126	106	112	153	168	155	191	140	176	142	165	193	185	
Q4	142.4	125	119	106	158	174	157	192	142	186	133	170	205	205	
1987 Q1	130.9	120	122	91	146	161	152	191	136	166	103	156	185	187	
Q2	137.8	120	122	90	158	173	163	205	146	179	121	172	203	192	
Q3	151.7	126	121	104	171	190	174	217	157	200	147	184	224	215	
1987 July	146.4	124	116	103	166	184	166	208	148	196	143	179	222	214	
Aug	159.7	127	120	104	177	198	184	235	163	206	172	189	232	212	
Sept	149.6	128	127	107	169	188	173	206	159	198	125	185	217	219	
Percentage change Q3/Q2	+10	+5 1/2	-1	+16	+8 1/2	+10	+7	+5 1/2	+7 1/2	+12	+21	+7 1/2	+10	+12	

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

SECRET

and personal
until release of press notice on 23 OCT 87. at 11.30 a.m.

IMPORTS BY COMMODITY: UNIT VALUE INDICES
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics ^h															
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver (PS)								Finished manufactures excluding ships, North Sea installations and aircraft (SNA)		
						Total	Chem- icals	Other	6	7+8	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital		
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	42	94	96	94			
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94		
1985	143.1	137	130	172	141	141	133	139	130	146	152	147	155	134		
1986	132.5	136	113	97	143	144	133	141	130	152	170	148	158	141		
1986 Q3	129.1	136	111	78	142	144	132	139	130	152	168	147	159	141		
Q4	135.1	139	115	84	149	150	137	145	133	159	178	155	167	147		
1987 Q1	137.9	138	117	94	151	152	138	147	135	162	189	155	167	151		
Q2	134.8	136	117	93	147	149	137	145	133	157	183	149	164	148		
Q3	136.0	135	117	95	148	150	139	149	134	158	184	152	163	147		
1987 July	135.2	136	117	94	147	149	138	146	134	157	183	150	163	146		
Aug	136.5	135	118	96	149	150	138	149	134	158	185	152	164	147		
Sept	136.1	135	117	95	149	150	139	151	135	158	183	153	162	147		
Percentage change Q3/Q2	+1	-1/2	+1/2	+2	+1	+1/2	+1/2	+2 1/2	+1	+1/2	+1/2	+2 1/2	-1	-1/2		

^h These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

^j Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY AREA
(Overseas Trade Statistics basis)

Table 15

£ million cif seasonally adjusted

	Total K	Developed Countries					Developing Countries			Centrally planned economies	
		Total	European Community	Rest of W Europe	North America Total USA	Other	Total	Oil exporting countries	Other		
1985	85027	71665	41474	12102	11709	9926	6379	11327	2815	8512	1893
1986	86066	73285	44506	11864	10054	8468	6861	10514	1877	8637	1856
1986 Q3	21836	18569	11426	2896	2512	2138	1735	2670	408	2262	456
Q4	23269	19705	11950	3151	2771	2331	1833	2928	511	2418	511
1987 Q1	21819	18625	11411	3060	2435	2025	1720	2540	462	2078	482
Q2	22819	19602	12100	3202	2616	2223	1684	2683	432	2251	497
Q3	25009	21152	12980	3367	2873	2446	1932	3200	466	2734	562
1987 July	8127	6944	4250	1107	946	791	641	906	139	767	181
Aug	8783	7463	4562	1274	913	832	653	1216	125	1091	184
Sept	8078	6744	4168	987	954	824	636	1078	202	876	197
Percentage change Q3/Q2	+9 1/2	+8	+7 1/2	+5	+10	+10	+15	+19	+8	+21	+13

K See paragraph 6 Notes to Editors.

SECRET

and personal
until release of press notice on 23 OCT 87 at 11.30 a.m.

COMMODITY ANALYSIS OF VISIBLE TRADE
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	4932	8522	- 3591	2144	4795	- 2651	16795	10233	+ 6562
1986	5439	9230	- 3792	2058	4416	- 2359	8683	5994	+ 2690
1985 Q4	1194	2083	- 889	504	1070	- 566	3862	2237	+ 1625
1986 Q1	1219	2247	- 1027	504	1092	- 588	3177	1641	+ 1536
Q2	1271	2213	- 942	445	1076	- 631	1922	1426	+ 496
Q3	1383	2356	- 973	545	1025	- 480	1614	1393	+ 221
Q4	1565	2415	- 849	564	1223	- 659	1970	1533	+ 438
1987 Q1	1354	2285	- 931	629	1232	- 603	2308	1413	+ 895
Q2	1344	2269	- 925	553	1175	- 622	2146	1414	+ 733
Q3	1446	2374	- 928	547	1266	- 720	2178	1567	+ 611
SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1985	20051	19949	+ 102	32221	35324	- 3103	52271	55273	- 3002
1986	20946	21524	- 578	33540	38453	- 4913	54486	59977	- 5491
1985 Q4	4952	4900	+ 53	8096	8645	- 549	13048	13545	- 497
1986 Q1	4851	5294	- 443	7925	8751	- 825	12777	14045	- 1269
Q2	5221	5179	+ 42	8395	9092	- 697	13615	14271	- 656
Q3	5290	5339	- 49	8230	9922	- 1692	13520	15261	- 1741
Q4	5585	5712	- 127	8990	10688	- 1698	14575	16400	- 1826
1987 Q1	5474	5652	- 178	9190	9748	- 558	14664	15400	- 736
Q2	5520	5836	- 316	9166	10711	- 1544	14686	16547	- 1860
Q3	5781	6222	- 441	9739	11534	- 1794	15520	17755	- 2235

Monthly data at this level of detail are published in the Monthly Review of External Trade Statistics.

SECRET

and personal
until release of press notice on 23 OCT 87 at 11.30 a.m.

MONTHLY NOTE ON THE BALANCE OF PAYMENTS - OCTOBER 1987

- * The visible trade deficit rose to £1.5 billion in August (the largest recorded in nominal terms though not as a proportion of GDP) compared with £0.9 billion in July and an average visible deficit of £0.6 billion a month in the first half of 1987. Combined with an unchanged invisibles projection of a £0.6 billion surplus, the current account showed a deficit of £0.9 billion in August (also the largest recorded). The deficit for the year so far is £0.7 billion.
- * UK competitiveness which deteriorated in the first quarter of 1987 has probably been flat over the last six months as the exchange rate has stabilised.
- * G5 countries' domestic demand and industrial production both rose in the second quarter and industrial production is likely to have risen a little further in July, but there remains no clear evidence of a pick up in G5 export volumes.
- * UK domestic demand rose strongly in the second quarter. Retail sales continued to show strong growth through July and in August.
- * Export volumes (excluding oil and erratics) fell in August, but recent figures are probably consistent with modest growth in the underlying level over the past few months. In the first eight months of 1987 export volumes were 2 per cent higher than in the second half of 1986.
- * Import volumes (excluding oil and erratics) rose sharply in August and in the three months to August were 10 per cent higher than a year earlier. The recent figures have been unusually erratic but now suggest a strong upward trend. In recent months imports of consumer goods, especially cars, have picked up strongly, while the growth in domestic activity continues to be reflected in higher imports of semi-manufactures and intermediate goods.
- * The terms of trade have been roughly flat in recent months after rising steadily in the first half of the year.
- * The £0.7 billion current deficit so far in 1987 compares with the FSBR forecast for a current deficit of £2½ billion in 1987. Independent forecasts - all completed before the August figures were published - now point on average to a £1.1 billion current account deficit in 1987.

P DAVIS

EA2 DIVISION

MONTHLY NOTE ON THE BALANCE OF PAYMENTS - SEPTEMBER 1987

Current account

1. The August trade figures, published on 24 September showed a deficit on non-oil trade of £1.9 billion, partially offset by a surplus on oil trade of £0.4 billion. The value of non-oil exports fell by £0.3 billion whilst the value of non-oil imports rose by £0.4 billion leading to an increase of £0.7 billion in the non-oil deficit compared with July.

2. There may be some suggestion that August is a seasonally unfavourable month - particularly in view of the sharp increase in the current deficit between July and August 1986. Changing holiday patterns make seasonal adjustment difficult in August. A statistical examination earlier this year concluded that the evidence for residual seasonality in the August current balance was very weak, and scrutiny of recent years does not show any clear pattern in the August balance compared to neighbouring months.

TABLE 1: CURRENT ACCOUNT

		Current balance	Visible total	of which: oil	manufactures	Other goods	£ billion Invisibles balance
1985		2.9	-2.2	8.1	-3.0	-7.3	5.1
1986		-1.0	-8.5	4.1	-5.5	-7.0	7.5
1986	Q2	0.1	-1.6	0.8	-0.7	-1.7	1.7
	Q3	-0.9	-2.9	0.6	-1.7	-1.8	2.0
	Q4	-1.0	-2.7	0.8	-1.8	-1.7	1.8
1987	Q1	0.7	-1.1	1.2	-0.7	-1.6	1.8
	Q2	-0.2	-2.4	1.0	-1.9	-1.5	2.2
June		0	-0.7	0.2	-0.5	-0.5	0.7
July		-0.3	-0.9	0.3	-0.6	-0.6	0.6*
August		-0.9	-1.3	0.4	-1.3	-0.6	0.6*

*CSO projection

CHART 1: CURRENT ACCOUNT

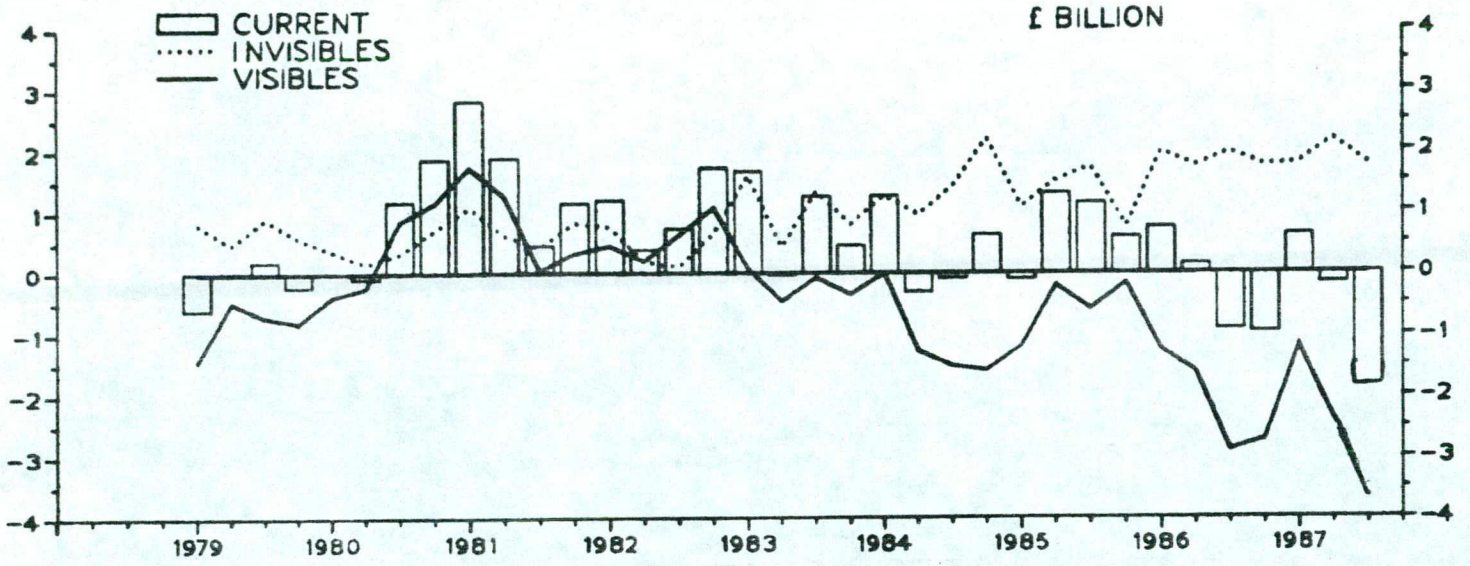
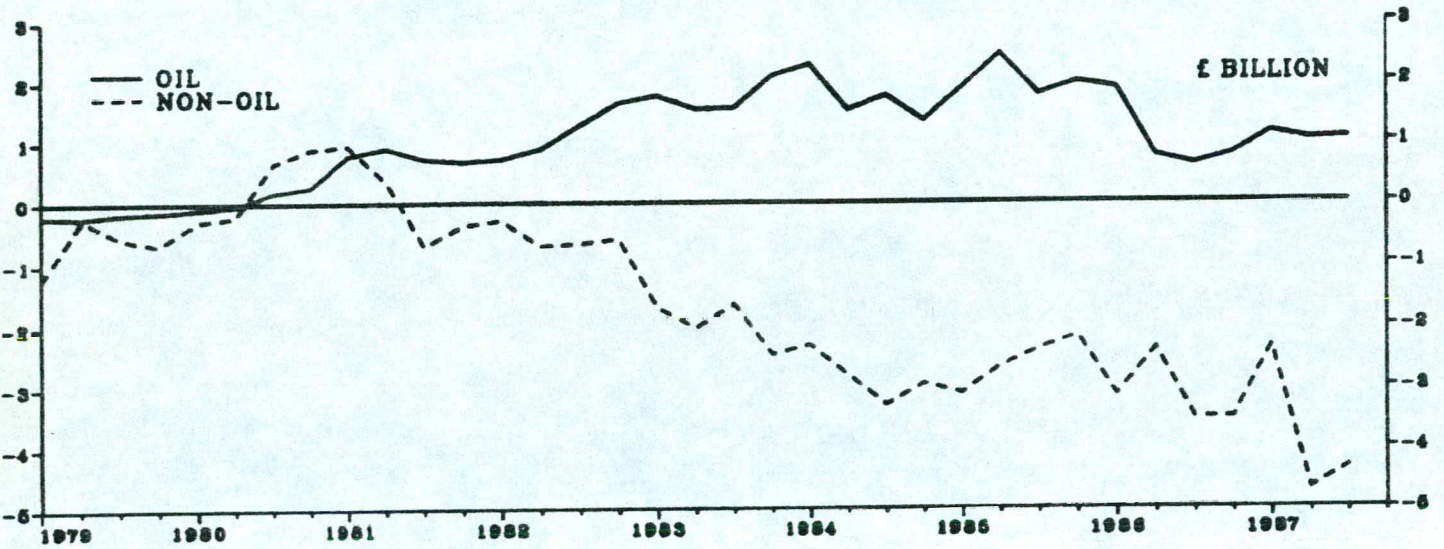


CHART 1A: VISIBLE BALANCE



DETERMINANTS OF UK TRADE

Competitiveness

2. UK competitiveness (as measured by relative actual unit labour costs in manufacturing) worsened by about 7 per cent during the first quarter of 1987 as the exchange rate rose. However competitiveness has probably been roughly flat over the past six months as the exchange rate has stabilised while UK unit labour costs may only have risen a little faster than those elsewhere.

CHART 2: UNIT LABOUR COSTS IN MANUFACTURING
1980=100

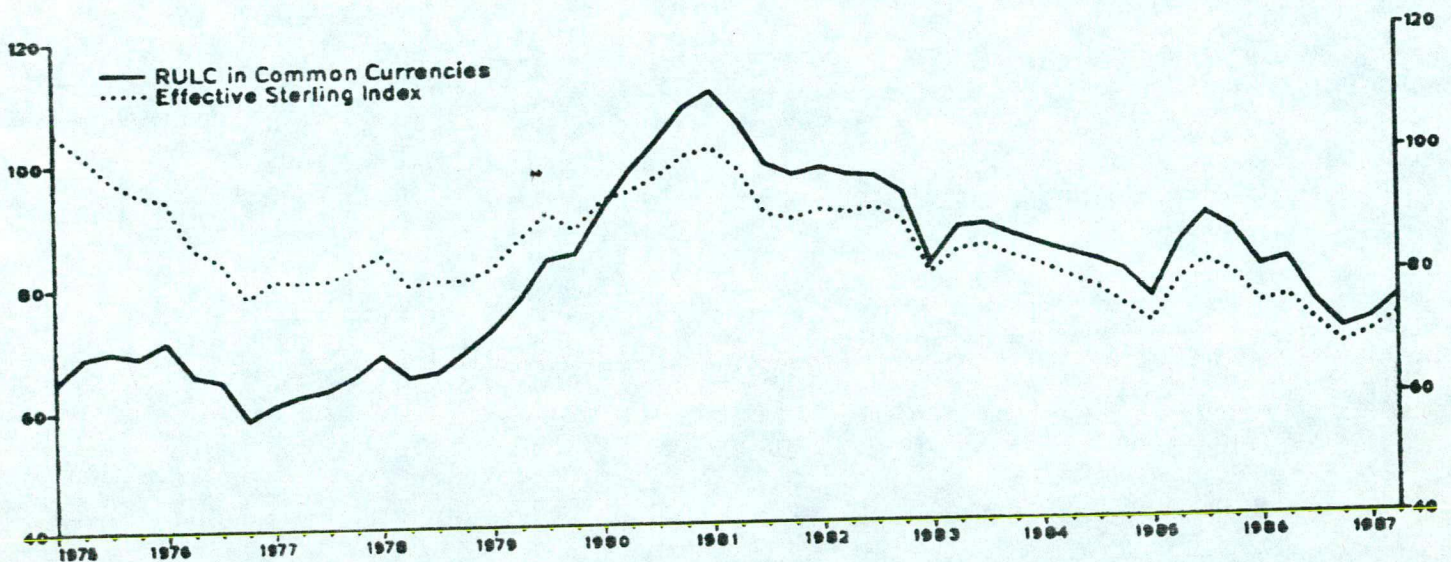


TABLE 2: RELATIVE UNIT LABOUR COSTS IN MANUFACTURING
(% changes on a year earlier in brackets)

		Relative unit labour costs indomestic currencies 1980=100		Export weighted exchange rate index 1975=100		Relative unit labour costs in common currencies 1980=100		Sterling exchange rate index 1975=100	
1985		100.3	(2.3)	83.7	(-0.6)	84.5	(1.9)	78.2	(-0.6)
1986		102.8	(2.5)	74.8	(-10.7)	77.3	(-8.5)	72.8	(-7.0)
1986	Q1	103.1	(6.3)	78.2	(-0.2)	81.0	(6.1)	75.1	(4.2)
	Q2	103.9	(4.5)	78.6	(-7.4)	82.1	(-3.1)	76.1	(-3.5)
	Q3	102.3	(0.6)	73.1	(-16.6)	75.2	(-16.1)	71.9	(-12.4)
	Q4	101.9	(-1.2)	69.1	(-17.8)	70.7	(-18.8)	68.2	(-14.6)
1987	Q1	102.2	(-1.7)	70.2	(-10.2)	72.1*	(-11.0)	69.7	(-7.2)
	Q2	103.3**	(-0.7)	73.0**	(-7.2)	75.7**	(-7.8)	72.8	(-4.3)
	Q3							72.7	(+1.1)
	July							72.8	(-1.6)
	August							72.3	(+1.3)
	Sept							73.0	(+3.7)
*	estimate								
**	projection								

World trade and domestic demand

3. G5 industrial production, which grew only slowly during 1986 and the first quarter of 1987, has picked up more strongly in the second quarter. G5 GDP grew by less than 2 per cent (at an annual rate) in the second quarter, reflecting modest growth in the US, a recovery in West Germany following the sharp fall in the first quarter but flat output in Japan. There remains no clear evidence of any pick up in G5 export volumes. UK domestic demand which was flat in the first quarter rose strongly in the second quarter with consumers' expenditure increasing by 2 per cent. Retail sales continued grow strongly in July and August.

TABLE 3: INDICATORS OF DEMAND

	G5 Countries			Indices 1980=100 UK		
	Export volumes *	Domestic demand	Industrial production	Export volumes **	Domestic demand	Manufacturing production
1985	110	113.3	112.0	114.9	111.1	103.8
1986	111	118.0	113.1	117.7	115.3	104.9
1986	1	108	112.7	111.9	114.0	102.8
	2	113	117.8	115.1	114.1	104.2
	3	107	118.8	113.4	118.5	105.2
	4	116	118.2	113.4	125.3	107.5
1987	1	108	113.9	124.4	116.2	107.7
	2		120.7	114.8	118.4	109.7
June			115.6	122.1		109.8
July			-	129.3		111.6
August				125.1		
* Not seasonally adjusted						
** Excluding oil and erratics						
+ Provisional						

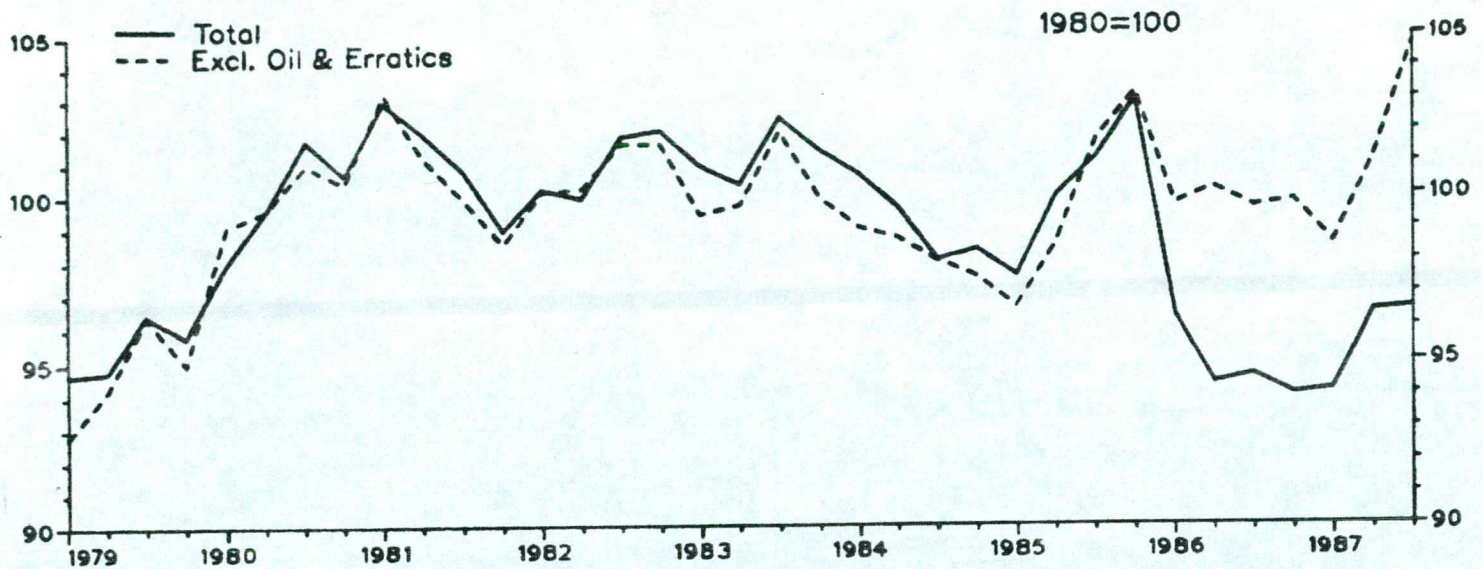
VISIBLE TRADE

TABLE 4: VISIBLE TRADE VALUES, VOLUMES AND TERMS OF TRADE

	£ billion			Ratio:		
	Exports	Imports	Balance	Terms of Trade*	Export volume/ Import volume	
1985	78.1	80.3	-2.2	100.4	94.2	
1986	72.8	81.3	-8.5	94.9	91.7	
1986	2	17.8	19.4	-1.6	94.4	94.4
	3	17.6	20.4	-2.9	94.4	88.2
	4	19.3	22.1	-2.7	95.0	90.6
1987	1	19.6	20.8	-1.1	94.9	97.6
	2	19.4	21.7	-2.4	96.5	89.8
June	6.4	7.1	-0.7	98.1	85.9	
July	6.8	7.7	-0.9	96.3	88.8	
August	6.5	8.1	-1.5	96.5	89.1	
% change						
3 months August on same period year earlier	14	18½		2	-4½	
3 months August on previous three months	1½	7		2½	-10	
August on July	-3½	5		0	½	

* based on average value indices

CHART 3: TERMS OF TRADE



Exports

4. The volume of non-oil exports (excluding oil and erratics) fell by 3½ per cent in August reflecting falls in exports of manufactures and food, drink and tobacco partly offset by a rise in exports of basic materials. Within manufacturers however, there was a sharp rise in export of chemicals. Exports of fuels continued to recover in August from the low June level, when North Sea output was affected by summer maintenance.

5. In the three months ending in August, non-oil export volumes (excluding erratics) rose by 3 per cent compared with the previous three months, and were 7½ per cent higher than a year earlier. To date in 1987 they have been 2 per cent higher than during the second half of 1986. In the three months to August exports of manufactures food, drink and tobacco and basic materials were all higher than in the previous three months. Owing to the rather erratic quarterly path of exports over the last year it is difficult to assess the underlying trend, although the more recent figures suggest a resumption of the upward trend which began in early 1986. The volume of non-oil exports remains broadly consistent with both FSBR and summer forecasts. The monthly CBI inquiry for September indicates that firms export order books are still above normal though they may have fallen a little in the last month.

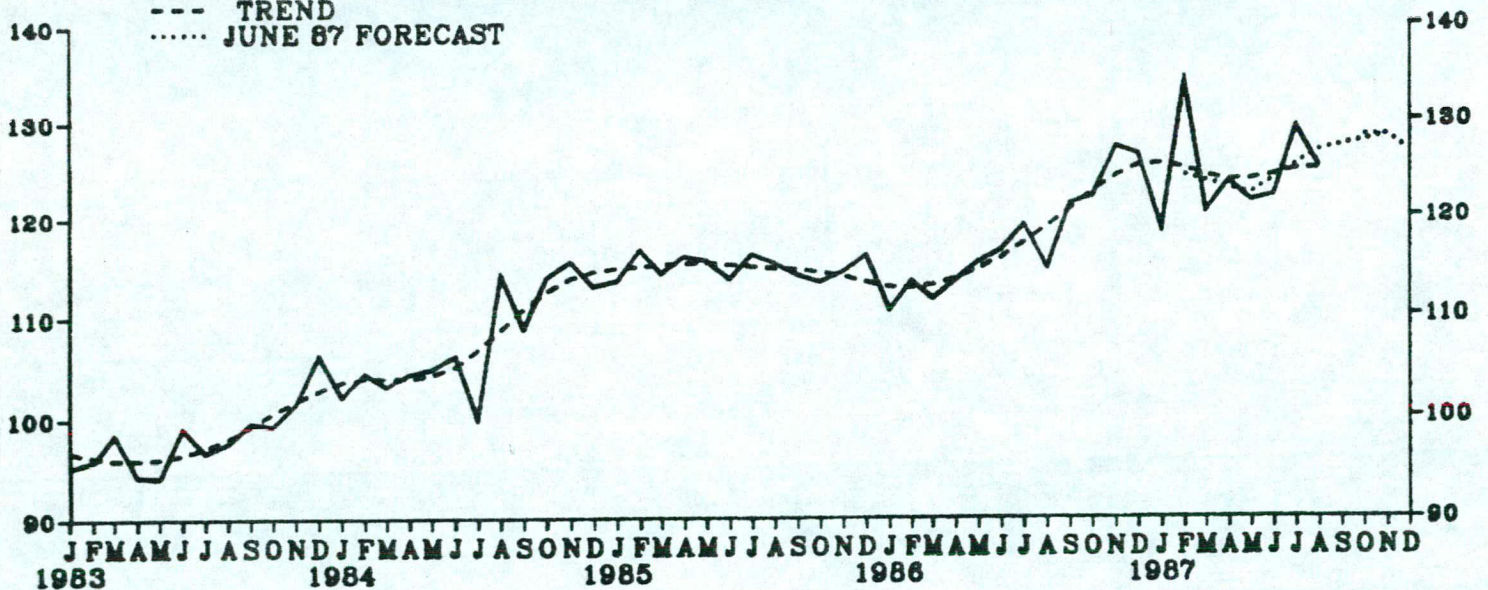
TABLE 5: EXPORT VOLUMES

		1980 = 100					
	Total exports*	Total exports (excluding oil and erratics*)	Manufactures (excluding erratics)	Food, drink and tobacco	Basic materials	Fuel	
1985	118.7	114.9	115.7	119.2	106.1	171.7	
1986	123.1	117.7	116.9	129.6	117.1	175.5	
1986	2	121.9	115.1	119.8	102.3	170.3	
	3	122.6	118.5	133.5	126.3	174.3	
	4	130.5	125.3	122.6	146.2	128.9	178.9
1987	1	130.0	124.4	122.2	129.0	144.8	183.1
	2	126.3	122.4	121.0	124.4	120.3	170.7
June	123.5	122.1	120.8	121.3	124.3	149.2	
July	131.3	129.3	128.8	134.6	114.4	162.3	
August	126.4	125.1	125.2	128.7	135.5	172.0	
3 months to August on same period year earlier	5	7½	7	1½	6	-4	
3 months to August on previous	-½	3	3	3½	3	-11	
3 months August or July	-3½	-3½	-3	-4½	18	6	

* BOP basis

CHART 4: NON OIL EXPORT VOLUMES EXCLUDING ERRATICS

— VOLUME INDEX
 - - - TREND
 JUNE 87 FORECAST



Export prices

7. Manufacturers' export prices rose by only $\frac{1}{2}$ per cent in the three months to August compared with the previous three months to a level $3\frac{1}{2}$ per cent higher than a year earlier. In the second quarter of 1987 export profit margins have grown more slowly than domestic margins, possibly reflecting increased competitive pressures associated with the appreciation of sterling.

TABLE 7: EXPORT PRICES*

		Exports**	Exports** (excluding oil and erratics)	Manufactures (excluding erratics)	1980=100 Food, drink and tobacco	Basic materials	Fuel
1985		138.8	134.2	134.4	128.1	138.5	152.1
1986		124.8	134.5	136.3	129.7	120.7	76.3
1986	2	123.1	134.2	135.4	131.7	119.2	70.0
	3	120.7	133.9	136.3	128.4	118.4	57.4
	4	125.0	135.5	137.6	131.8	120.4	68.4
1987	1	127.4	136.6	139.5	130.8	119.2	78.5
	2	129.5	138.7	140.5	133.1	124.8	78.5
June		131.1	139.3	140.8	134.6	125.3	79.6
July		130.6	138.0	139.5	136.9	123.1	80.2
August		131.0	139.2	141.4	132.8	119.2	85.4
% change							
3 months							
to August		8 $\frac{1}{2}$	3 $\frac{1}{2}$	3 $\frac{1}{2}$	4	3 $\frac{1}{2}$	37
on same period							
year earlier							
3 months to		2	$\frac{1}{2}$	$\frac{1}{2}$	2	$-\frac{1}{2}$	4
July on							
previous 3 months							

* average value indices

** BOP basis

Exports by geographical destination

8. In the three months to August, there were increases in the value of exports to the US (up by 4 per cent), the EC and to Japan (up by 17 per cent). Whilst exports to developing countries also rose, there was a fall in exports to oil exporting countries.

Imports

9. Import volumes excluding oil and erratics, rose by 6 per cent in August reflecting a sharp rise in the import of manufactures and rather smaller increases in the remaining categories. In the three months to August the volume of imports (excluding oil and erratics) was 7 per cent higher than in the previous three months, and 10 per cent higher than a year earlier. Manufactures increased by 8½ per cent in the three months to August on the previous three months. Within manufactures, the largest increases came in consumer goods, especially cars, reflecting buoyant consumer demand. Imports of semi-manufactures and intermediate goods have also been rising as domestic activity expands and manufacturers increase stock levels, whilst buoyant investment is reflected in higher imports of capital goods.

10. The quarterly path for imports like that for exports has been erratic recently, with a sharp rise at the end of 1986 followed by a large fall early this year. Recent figures indicate a renewed upward trend although the after taking into account the erratically low levels at the start of this year the underlying increase is perhaps slower than suggested by the three month on three month comparison. The increases of the last few months have taken non-oil import volumes above the quarterly levels underlying the FSBR and also the internal summer forecast.

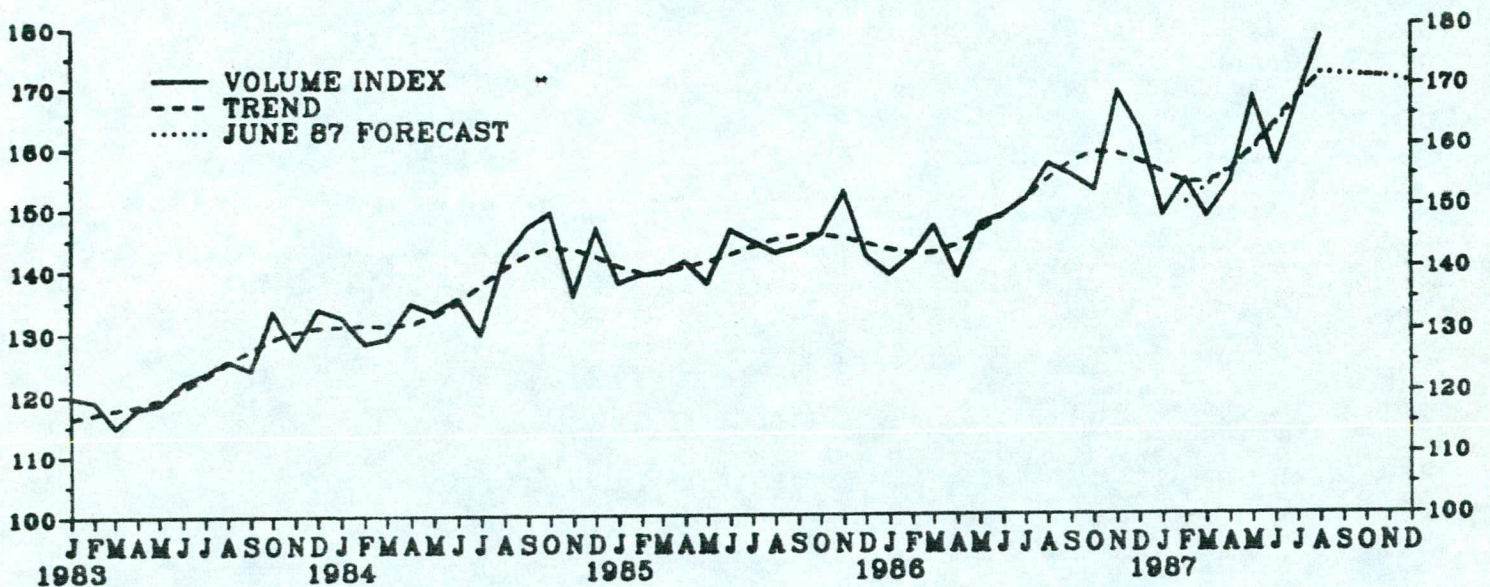
TABLE 7 IMPORTS OF CARS AND NEW CAR REGISTRATIONS

		Volume of imports of cars (OTS 1980=100)		New car registration (thousands)		Import Penetration (Per cent)
		nadjusted	seasonally adjusted	unadjusted	Seasonally adjusted	
1986	June	150.6	131.7	143	156	54
	July	161.8	139.8	48	157	53
	August	130.8	156.3	388	163	57
1987	June	151.9	128.1	153	167	51
	July	162.9	142.6	49	161	44
	August	142.3	172.1	412	173	54

CONFIDENTIAL

11. The value of car imports rose by £100 million in August, representing nearly a quarter of the total increase in imports of manufactures. There was also a sharp jump in car imports in August 1986, and there must be a suspicion that this reflects difficulties in seasonal adjustment around the time of the August peak in car registrations. Car registrations were also high on a seasonally adjusted basis in August 1986 and August 1987. Although many of the foreign cars registered in August are imported in earlier months, it may be that unexpectedly high registrations in the last two years left companies with uncomfortably low stock levels which they attempted to rebuild by higher imports in August.

CHART 6: NON OIL IMPORT VOLUMES EXCLUDING ERRATICS



CONFIDENTIAL

TABLE 8: IMPORT VOLUMES

		Goods*	Goods less oil and erratics*	Food, drink and tobacco	Basic materials	1980=100 Fuels ^f	Manufactures less erratics
1985		126.0	142.8	114.4	102.2	86.2	154.4
1986		134.2	150.9	123.5	108.7	93.4	163.0
1986	2	129.1	145.0	119.7	105.4	85.3	156.9
	3	139.0	154.4	125.5	106.1	111.9	167.6
	4	144.0	161.4	125.3	119.4	106.2	174.4
1987	1	133.2	150.4	120.2	121.5	90.8	160.5
	2	140.7	159.6	119.5	122.2	89.8	172.8
June		139.1	156.9	113.8	119.8	96.5	170.9
July		147.6	167.5	123.5	115.7	102.8	184.0
August		154.9	178.0	126.8	120.4	103.7	197.5
% change							
3 months to August							
on same period	8	10	-2½	15	-7	11	
a year earlier							
3 months to							
August on previous							
three months	7	7	1½	-2	21	8½	
August on July	5	*6	2½	4	1	7½	
/ Figures affected by coal strike							
* Balance of payments basis							

TABLE 9: IMPORT VOLUMES OF MANUFACTURES (EXCLUDING ERRATICS)

		Semi manufactures	Finished manufactures	of which: Passenger motor cars	Other consumer goods	1980 = 100 Inter- mediate goods	Capital goods
1985		143.9	161.4	127.9	139.5	172.8	187.1
1986		152.0	170.4	131.6	158.3	187.0	183.1
1986	2	149.2	162.1	125.0	154.2	180.8	169.5
	3	154.8	176.0	142.2	164.6	192.6	185.2
	4	156.6	186.4	133.0	170.1	204.9	205.4
1987	1	152.3	166.0	102.6	156.0	184.9	186.8
	2	163.2	179.3	120.8	171.6	202.8	191.5
June		160.4	178.0	128.1	177.8	196.1	184.2
July		165.7	196.2	142.6	178.6	221.7	213.9
August		184.4	206.3	172.1	189.4	231.7	212.0
% change							
3 months to August							
on same period	11	11	3½	12	11	13	
year earlier							
3 months to August							
on previous	5	11	30	9½	8	8½	
3 months							
August and July	11	5	21	6	4½	-1	

CONFIDENTIAL

Import prices

10. In the three months to August import prices (excluding oil and erratics) were unchanged from the previous three months as the firming of the exchange rate early in the year held back price increases in sterling terms. Fuel prices fell by 3 per cent while the prices of manufactures remained unchanged. However basic materials prices rose by 2½ per cent over this period reflecting continued rises in world commodity prices.

TABLE 10: IMPORT PRICES*

		1980=100				
	Imports**	Imports** (excluding oil and erratics)	Manufactures (excluding erratics)	Food, drink and tobacco	Basic materials	Fuel
1985	138.3	134.1	131.7	132.6	130.2	180.0
1986	131.5	135.4	135.0	132.4	113.3	101.4
1986	2	130.4	133.9	131.4	113.6	102.8
	3	127.9	134.4	133.4	111.7	80.7
	4.	131.6	136.9	137.0	113.0	82.2
1987	1	134.2	138.7	140.3	112.4	90.4
		134.2	137.2	138.7	114.0	94.9
June	133.7	136.8	138.2	134.2	113.8	94.1
July	135.7	138.8	139.4	135.0	116.0	92.7
August	135.8	139.1	139.6	132.3	120.1	92.7
% change						
3 months						
to August	6	3	4	1	4½	15½
on same period						
year earlier						
3 months to	0	0	0	½	2½	-3
August on						
previous 3 months						

* average value indices

** BOP basis

Export shares and import penetration

11. On the basis of available information to the second quarter of 1987 it appears that UK manufacturers have broadly maintained their volume share of developed countries' exports over the past year. This maintains the underlying improvement in UK relative performance, which has been evident since 1982. Since 1981 the UK share of developed countries' exports has risen faster than its share of total world trade. This reflects the growth in developing countries exports of manufacturers. In the second quarter of 1987 imports grew more quickly than total final expenditure, hence there was a rise in import penetration in both value and volume terms back roughly to the levels in the second half of 1986.

CONFIDENTIAL

TABLE 11: UK EXPORT AND IMPORT PERFORMANCE

		(Per cent)				
		UK share of developed countries exports*		UK share of total world trade	Imports (less oil) share in total final expenditure	
		Volume	Value	Volume	Volume	Value
1980		9.6	9.6	7.7	14.0	14.0
1981		8.9	8.6	7.0	14.0	13.2
1982		9.2	8.4	7.3	14.7	13.7
1983		9.1	8.2	6.9	15.6	14.8
1984		9.2	8.0	6.8	16.5	16.2
1985		9.4	8.3	7.0	16.6	16.0
1986		9.6	8.0	7.1	17.0	16.2
1986	1	9.1	7.8		16.2	15.6
	2	9.5	8.3		16.4	15.6
	3	9.3	7.8		17.2	16.3
	4	9.9	7.9		17.5	16.8
1987	1	9.7+	7.9+		16.4	15.9
	2	9.6+	8.2+		17.3	16.4

* Manufactures, weighted by UK markets

+ Estimated

INVISIBLES

12. The invisibles and capital account figures for the second quarter were published on 17 September. The invisibles surplus rose to £2187 million in the second quarter compared with a revised outturn of £1807 million in the first quarter. The improvement reflected a higher services surplus and lower transfers deficit which more than offset lower net IPD earnings.

13. The CSO's monthly invisibles projections for July and August were unchanged at £600 million on the grounds that the second quarter surplus was erratically high. In particular earnings from financial services were abnormally high as were travel credits and there was an early repayment from the EC Social Fund which considerably reduced net payments to the EC.

CONFIDENTIAL

	1985	1986	1986		£ million 1987		
			Q2	Q3	Q4	Q1	Q2
Visible balance	-2178	-8463	-1607	-2891	-2725	-1135	-2361
Invisibles	5097	7483	1753	1981	1765	1807	2187
- Services	5381	4990	1188	1251	1286	1241	1554
- IPD ¹	2992	4686	1118	1505	1271	1349	1258
- Transfers	-3276	-2193	-553	-775	-792	-783	-625
Current Account	2919	-980	146	-910	-960	672	-174
Net transactions in external assets and liabilities*	-7421	-10747	-2868	73	-5417	3490	877
Balancing item*	4502	11727	3179	954	5262	-3732	-357

¹ Interest, profit and dividends

* Not seasonally adjusted

Services

13. The surplus on services increased by £0.3 billion in the second quarter to £1.6 billion, with improvements in the sea transport, travel and other financial services balances. The improvement in the travel balance reflects a sharp rise in credits, but these initial estimates are subject to revision when more complete information becomes available. The rise on financial services' earnings is largely due to a recovery in net premiums earned by Lloyds, but this improvement may not be sustained as claims respond with a lag.

Interest profits and dividends (IPD)

14. The net IPD surplus fell by £0.1 billion to £1.3 billion in the second quarter, partly as a result of the firmer exchange rate which reduced the sterling values of overseas earnings. At the same time banks' margins appear to have been squeezed unexpectedly and their net income reduced. These factors more than offset a reduction in profits due abroad from oil companies which may in any case have been erratically low.

Transfers

15. The transfers deficit fell by £0.2 billion to £0.6 billion in the second quarter. Net payments to the EC fell back a little, reflecting the receipt of funds from the European Community Social Fund, while multilateral aid and contributions to the European Development fund fell approximately £0.1 billion to an abnormally low level.

CONFIDENTIAL

Transactions in external assets and liabilities

16. Net capital inflows of £0.9 billion were recorded in the second quarter, compared with inflows of £3.5 billion in the first quarter. With recorded capital inflows exceeding the small current deficit in the second quarter there was a negative balancing item (reflecting unrecorded outflows) of only £0.4 billion, compared with unrecorded out-flows of £3.7 billion in the previous quarter.

Net Transactions

			1986				1987	
	1985	1986	Q2	Q3	Q4	Q1	Q2	
Direct Investment	-4.4	-6.0	-0.7	-1.7	-4.1	-0.6	-4.3	
Portfolio Investment	-10.8	-14.7	-5.0	-3.4	-1.8	-1.9	+2.6	
Banks' net foreign currency lending abroad	+4.9	+10.5	+2.9	+5.8	+1.0	+3.2	+4.1	
Banks' net sterling lending abroad	2.5	-0.3	-1.4	-0.8	0	-1.2	+1.4	
Other	+2.1	+2.6	+1.6	+2.4	-0.8	-0.7	+1.6	
Official reserves	-1.8	-2.9	-0.3	-2.3	0.3	-1.5	-4.5	
Total	-7.4	-10.7	+2.9	+0.1	-5.4	+3.5	+0.9	

17. On the assets side, overseas direct investment increased by £2.6 billion in the second quarter, much of which was due to the BP buyout of Standard Oil (though not all of the reported £4.5 billion was treated as a balance of payments transaction). There was a small disinvestment in overseas portfolio assets compared to previous strong increases: for the second successive quarter securities traders and banks reduced their overseas holdings. On the liabilities side there were sharp falls in direct and portfolio inward investment (the former due to disinvestment by oil companies, and the latter to a decline in the purchase of UK company securities). There was a sharp rise in UK banks' foreign currency borrowing and lending and an increase in net inflows, although this series tends to be erratic.

PROSPECTS

18. The FSBR projected a current account deficit of £2½ billion in 1987. This was revised to a £½ billion deficit in the internal June forecast. The current account deficit of £0.7 billion so far this year is therefore rather larger than expected in June though smaller than expected of the time of the FSBR. Independent forecasters are now on average projecting a deficit of £1.1 billion in

CONFIDENTIAL

1987 and £2.3 billion in 1988, though no published forecasts have yet taken account of the August trade figures.

TABLE 14: CURRENT ACCOUNT (£ billion)

	1987	1988	1989	1990
CBI (September)	-1.3	-2.6		
OECD (June)	-0.5	-2.5	-	-
National Institute (August)	-1.1	-3.4	-	-
LBS (June)	1.4	-0.9	-1.6	-1.5
Phillips and Drew (October)	-1.0	-2.9	-1.5	-2.9
Goldman Sachs (August)	-1.4	-3.0	-1.9	-2.9
Henley (September)	-1.0	-2.9	-1.8	-2.2
Oxford (July)	0.8	-0.8	-2.4	-1.5
Liverpool (June)	-0.2	2.3	6.7	7.6
Independent Average†	-1.1	-2.3		
HMT (June)	- ½*	-1*		

† Based on sample used in regular EB comparison - latest edition; August.

* Not for use.

INTERNATIONAL COMPARISONS

19. The US current account deficit rose further in the second quarter of 1987. The German surplus remains strong so far this year, though the Japanese surplus fell back by \$4 billion in the second quarter.

TABLE 15 CURRENT ACCOUNTS OF THE G5*

		US	Japan	Germany	France	\$ billion UK
1983		-46.0	20.8	4.1	-4.2	5.1
1984		-107.4	35.2	6.6	-0.8	2.1
1985		-117.7	49.4	13.8	-0.2	4.6
1986		-141.4	85.6	36.7	3.7	-1.4
1986	1	-33.0	15.9	7.9	1.0	1.2
	2	-33.8	21.6	8.1	1.0	0.2
	3	-36.6	23.8	11.3	0.8	-1.4
	4	-38.0	24.3	9.3	1.0	-1.4
1987	1	-36.8	24.9	11.0	-0.2	1.0
	2	14.1	20.9	10.7	-1.1	-0.3

* Seasonally adjusted

SECRET and PERSONAL until release of press notice on 23 OCT 87 at 11.30am and thereafter unclassified

Copy No. 6. (9)

THE CURRENT ACCOUNT - TABLE 2

Balance of payments basis
£ million; seasonally adjusted

	CURRENT BALANCE fob	EXPORTS fob	IMPORTS fob	VISIBLE TOTAL	BALANCES: OIL	NON- OIL	INVISIBLE BALANCE
1985	2919	78111	80289	-2178	8104	-10282	5097
1986	-980	72843	81306	-8463	4056	-12519	7483
1986 Q3	-910	17553	20444	-2891	621	-3512	1981
Q4	-960	19340	22065	-2725	785	-3510	1765
1987 Q1	672	19637	20772	-1135	1164	-2300	1807
Q2	-174	19381	21742	-2361	1033	-3395	2187
Q3	-1294	20301	23394	-3094	1034	-4128	1800
1987 JAN	85	6235	6752	-517	383	-900	602
FEB	401	6973	7174	-202	328	-529	603
MAR	185	6429	6846	-417	454	-870	602
APR	203	6610	7136	-526	423	-949	729
MAY	-367	6372	7467	-1096	365	-1461	729
JUN	-11	6399	7139	-740	245	-985	729
JUL	-310	6776	7686	-910	284	-1194	600
AUG	-929	6545	8073	-1529	374	-1903	600
SEP	-55	6980	7635	-655	376	-1031	600
JUL-SEP 86	-910	17553	20444				
APR-JUN 87	-174	19381	21742				
JUL-SEP 87	-1294	20301	23394				
PERCENTAGE CHANGES:-							
LATEST 3 MONTHS ON PREVIOUS 3 MONTHS		4.5%	7.5%				
SAME 3 MONTHS ONE YEAR AGO		16.0%	14.5%				
JAN-SEP86	-21	53502	59241	-5738	3271	-9009	5718
JAN-SEP87	-796	59318	65908	-6590	3231	-9823	5794

PWP

MONTHLY NOTE ON THE BALANCE OF PAYMENTS - NOVEMBER 1987

- * The visible trade deficit fell from £1.5 billion in August to £0.7 billion in September while the current account showed a deficit of £0.1 billion. The deficit for the first three quarters of 1987 was £0.8 billion (paragraph 1).
- * UK competitiveness, which deteriorated in the first quarter of 1987, has probably been broadly flat over the last seven months as the exchange rate has stabilised. (Paragraph 2)
- * G5 countries' domestic demand and industrial production both rose in the second quarter and production continued to rise in July and August. (Paragraph 3)
- * UK domestic demand rose strongly in the second quarter and consumers' expenditure rose by a further 2½ per cent in the third quarter. (Paragraph 3)
- * Export volumes (excluding oil and erratics) recovered in September providing further evidence that the upward trend in exports has resumed. (Paragraph 4)
- * Import volumes (excluding oil and erratics) fell sharply in September from the erratically high August level but the trend is firmly upwards and rather faster than that of exports.
- * The terms of trade rose in September having been broadly flat for the last few months. (Paragraph 7)
- * The £0.8 billion current account deficit so far in 1987 compares with the AS forecast for a current account deficit of £2½ billion in 1987. Independent forecasts - most of which have not taken account of the August and September trade figures - now point on average to a deficit of £1.1 billion in 1987 and £2.9 billion in 1988. (Paragraph 9)

P DAVIS

EA2 DIVISION

MONTHLY NOTE ON THE BALANCE OF PAYMENTS - NOVEMBER 1987

Current account

1. The September trade figures, published on 23 October showed a deficit on non-oil trade of £0.9 billion, partially offset by a surplus on oil trade of £0.3 billion. The value of non-oil exports rose by £0.5 billion whilst the value of non-oil imports fell also by £0.4 billion leading to an decrease of £1.0 billion in the non-oil deficit compared with August. The invisibles projection remained unchanged at a surplus of £0.6 billion a month. The volatility of recent figures probably means that the September outturn understates the underlying current account deficit which averaged £0.4 billion a month in the third quarter.

TABLE 1: CURRENT ACCOUNT

		Current balance	Visible total	of which: oil	manufactures	Other goods	Invisibles balance
1985		2.9	-2.2	8.1	-3.0	-7.3	5.1
1986		-1.0	-8.5	4.1	-5.5	-7.0	7.5
1986	Q2	0.1	-1.6	0.8	-0.7	-1.7	1.7
	Q3	-0.9	-2.9	0.6	-1.7	-1.8	2.0
	Q4	-1.0	-2.7	0.8	-1.8	-1.7	1.8
1987	Q1	0.7	-1.1	1.2	-0.7	-1.6	1.8
	Q2	-0.2	-2.4	1.0	-1.9	-1.5	2.2
	Q3	-1.3	-3.1	0.9	-2.2	-1.8	1.8*
July		-0.3	-0.9	0.3	-0.6	-0.6	0.6*
August		-0.9	-1.5	0.4	-1.3	-0.6	0.6*
September		-0.1	-0.7	0.3	-0.3	-0.6	0.6*

*CSO projection

CHART 1: CURRENT ACCOUNT

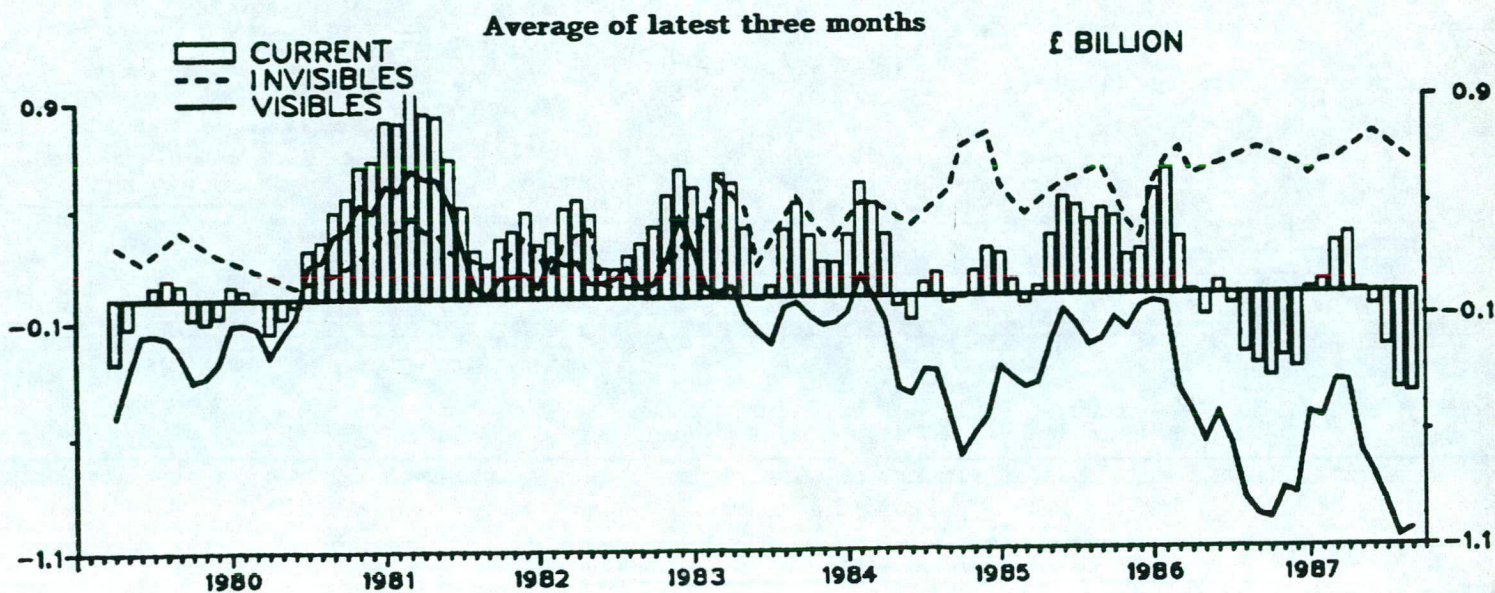
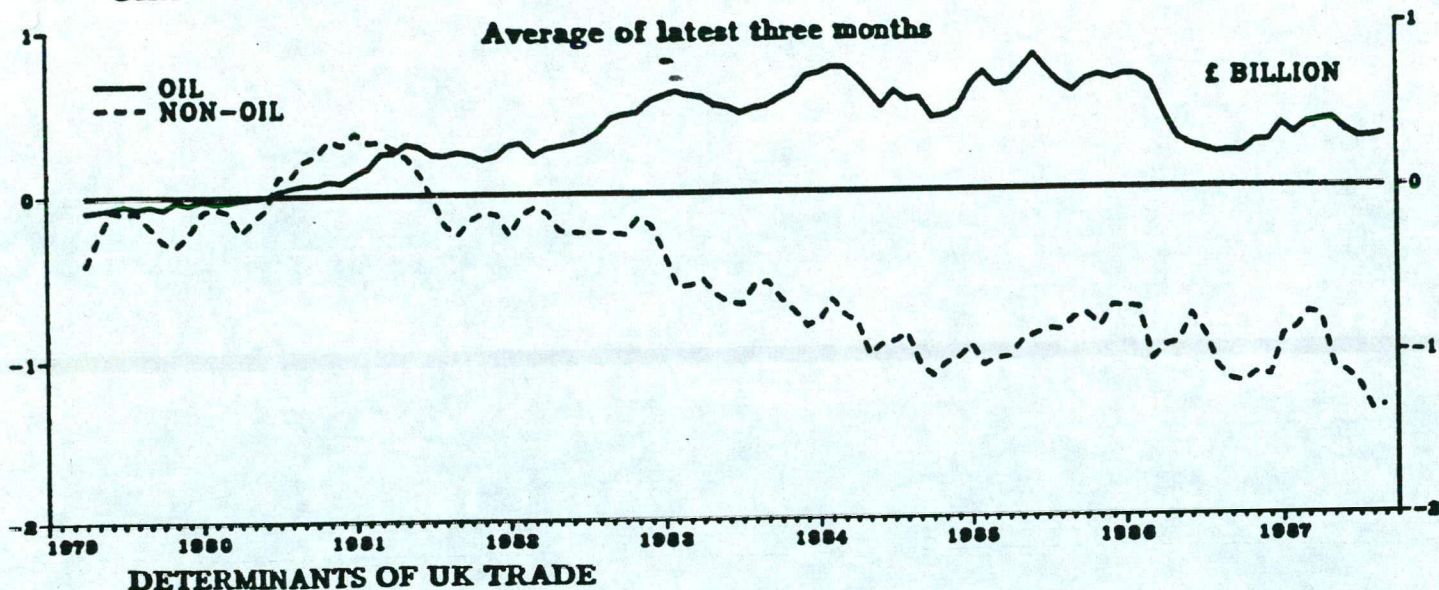


CHART 2: VISIBLE BALANCE

Competitiveness

2. UK competitiveness (as measured by relative actual unit labour costs in manufacturing) worsened by about 7 per cent during the first quarter of 1987 as the exchange rate rose but was probably flat in the following two quarters as the exchange rate stabilised and UK unit labour costs rose at a similar rate to those elsewhere. There has probably been some further slight deterioration in October as the exchange rate risen.

TABLE 2: RELATIVE UNIT LABOUR COSTS IN MANUFACTURING

(% changes on a year earlier in brackets)

	Relative unit labour costs in common currencies 1980=100		Relative unit Labour costs in domestic currencies 1980=100		Sterling exchange rate index 1975=100	
1985	79.4	(1.9)	99.0	(2.4)	78.2	(-0.6)
1986	72.3	(-9.9)	100.1	(1.1)	72.8	(-7.0)
1986	Q1 76.0	(5.5)	100.9	(4.5)	75.1	(4.2)
	Q2 77.1	(-3.5)	101.7	(3.2)	76.1	(-3.5)
	Q3 70.1	(-16.6)	99.3	(-0.5)	71.9	(-12.4)
	Q4 65.9	(-19.2)	98.6	(-2.3)	68.2	(-14.6)
1987	Q1 67.2**	(-11.6)	98.4**	(-2.5)	69.7	(-7.2)
	Q2 70.9**	(-8.0)	99.9**	(-1.7)	72.8	(-4.3)
	Q3 70.2**	(0.1)	98.9**	(-0.4)	72.7	(+1.1)
August					72.3	(+1.3)
September					73.1	(+3.8)
October					73.6	(+8.6)

* estimate

** projected

World trade and domestic demand

3. G5 industrial production, which picked up in the second quarter has increased further in July and August. G5 GDP grew by less than 2 per cent (at an annual rate) in the second quarter, reflecting modest growth in the US, a recovery in West Germany following the sharp fall in the first quarter but flat output in Japan. UK domestic demand rose more rapidly than that of other major countries in the second quarter. UK consumers' expenditure continued to grow strongly in the third quarter although retail sales fell back a little in September following the strong growth in July and August.

TABLE 3: INDICATORS OF DEMAND

G5 Countries				Indices 1980=100 UK				
		Export volumes *	Domestic demand	Industrial production	Export volumes **	Domestic demand	Manufacturing production	Retail Sales
1985		110	113.3	112.0	114.9	111.1	103.7	116.4
1986		111	118.0	113.1	117.7	115.3	104.8	122.6
1986	1	108	116.0	112.7	111.9	114.0	102.7	119.3
	2	113	117.8	112.8	115.1	114.1	104.0	121.3
	3	107	118.8	113.4	118.5	115.7	105.1	123.7
	4	116	118.2	113.4	125.3	117.2	107.4	126.5
1987	1	108	119.6	113.9	124.4	116.2	107.5	125.4
	2		120.7	114.8	122.4	118.4	109.0	128.3
	3				129.6			131.7
July				116.8	129.3		111.0	131.2
August				117.6	125.1		111.5	132.5
September					134.4			131.4+

* Not seasonally adjusted

** Excluding oil and erratics

+ Provisional

Exports

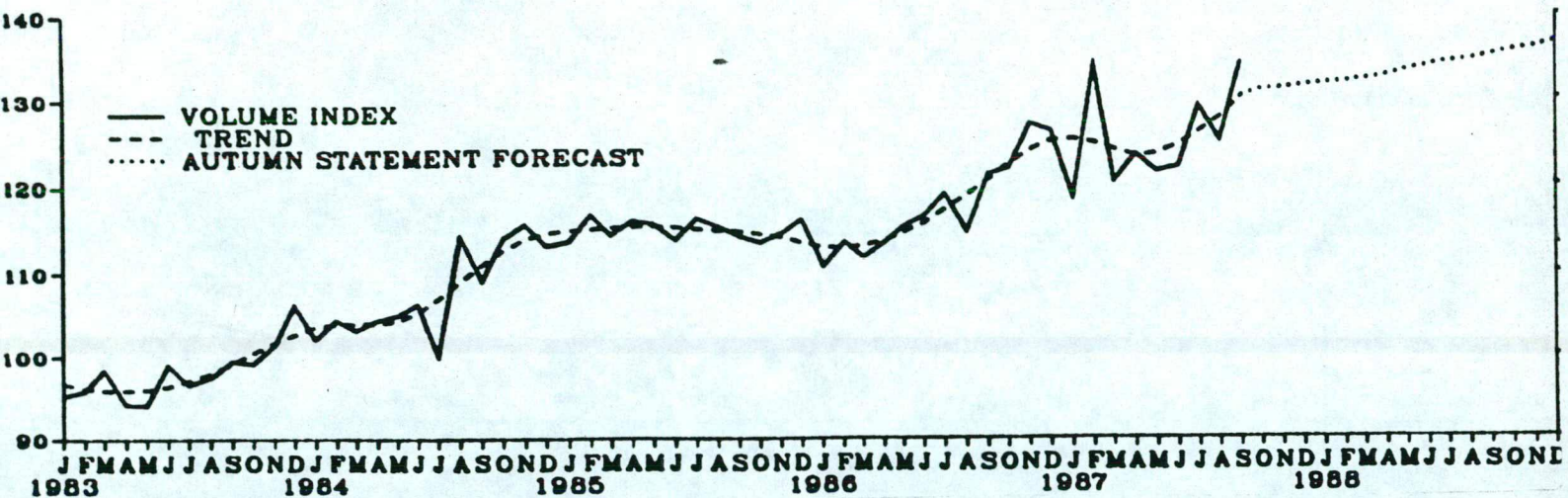
4. Export volumes (excluding oil and erratics) recovered sharply in September providing further evidence that the upward trend and export volumes has resumed following the pause earlier this year. In the third quarter exports of manufactures, food, drink and tobacco and basic materials were all higher than in the previous quarter. Within manufactures there was a strong pick up in exports of capital goods, semi-manufactures and other consumer goods, whilst exports of cars continued to grow steadily. Exports of chemicals continued to grow strongly in September despite evidence from the CBI of capacity constraints facing that industry. The quarterly CBI inquiry for October indicates that firms' export optimism has fallen since July and order books declined, although they are probably still a little above normal.

TABLE 4: EXPORT VOLUMES

		1980 = 100					
	Goods*	Goods less oil and erratics*	Manufactures (excluding erratics)	Food, drink and tobacco	Basic materials	Fuel	
1985	118.7	114.9	115.7	119.2	106.1	171.7	
1986	123.1	117.7	116.9	129.6	117.1	175.5	
1986	3	122.6	118.5	117.6	126.3	174.3	
	4	130.5	125.3	122.6	128.9	178.9	
1987	1	130.0	124.4	122.2	144.8	183.1	
	2	126.3	122.4	121.0	120.3	170.7	
	3	130.5	129.6	130.1	124.3	164.2	
July	131.3	129.3	128.8	134.6	114.4	162.3	
August	126.4	125.1	125.2	128.7	135.5	172.0	
September	133.9	134.4	136.3	136.1	123.0	158.3	
Latest three months on a year ago	6½	9½	11	-½	-1½	-6	
- previous 3 months	3½	6	7½	7	3½	-4	
September on August	6	7½	9	6	-9	-8	

* Balance of payments basis

CHART 4: NON OIL EXPORT VOLUMES EXCLUDING ERRATICS

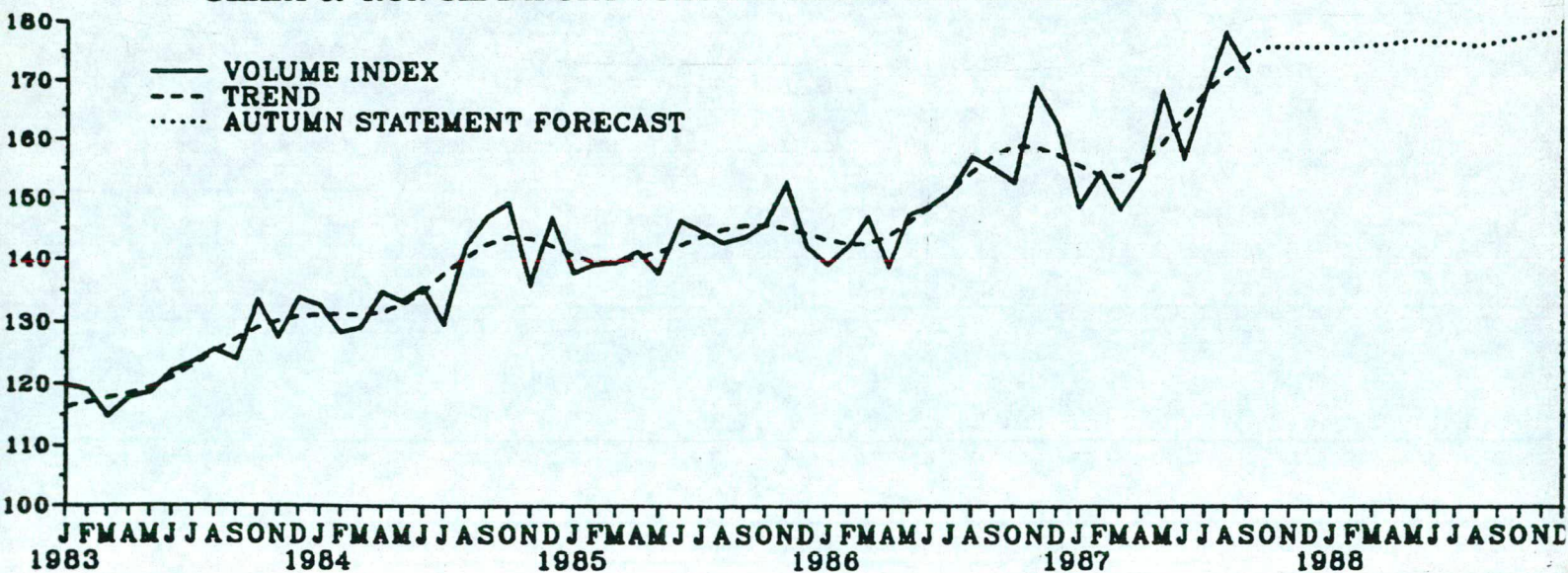
Exports by geographical destination

5. Exports to developed countries rose by 5½ per cent in the third quarter reflecting a strong recovery in exports to the US and a rise of 27 per cent in exports to Japan, but relatively slow growth in exports to the EC. Exports to developing countries increased by 4 per cent in the third quarter, while exports to oil exporters showed a 3 per cent rise.

Imports

6. The volume of imports (excluding oil and erratics) fell back in September from the abnormally high August level but the trend remains firmly upwards. In the third quarter of 1987 the volume of imports was 12 per cent higher than a year earlier. Imports of capital goods, intermediate goods and chemicals have grown particularly strongly over this period reflecting the rise in domestic output and investment. The volume of car imports fell sharply in September from the high August level and in the third quarter they were only 3½ per cent higher than a year earlier.

CHART 5: NON OIL IMPORT VOLUMES EXCLUDING ERRATICS



CONFIDENTIAL

TABLE 5: IMPORT VOLUMES

		Goods*	Goods less oil and erratics*	Food, drink and tobacco	Basic materials	1980=100 Fuels	Manufactures less erratics
1985		126.0	142.8	114.4	102.2	86.2	154.4
1986		134.2	150.9	123.5	108.7	93.4	163.0
1986	3	139.0	154.4	125.5	106.1	111.9	167.6
	4	144.0	161.4	125.3	119.4	106.2	174.4
1987	1	133.2	150.4	120.2	121.5	90.8	160.5
	2	140.7	159.6	119.5	122.2	89.8	172.8
	3	150.7	172.3	126.2	120.9	104.4	189.7
July		147.6	167.5	123.5	115.7	102.8	184.0
August		154.9	178.0	126.8	120.4	103.7	197.5
September		149.6	171.5	128.3	126.5	106.7	187.7
% change							
Latest 3							
months on							
- a year ago		8½	12	½	14	-7	13
- previous							
3 months		7	8	5½	-1	16	10
September on							
August		-3½	-3½	1	5	3	-5

* Balance of payments basis

TABLE 6: IMPORT VOLUMES OF MANUFACTURES (EXCLUDING ERRATICS)

		Semi manufactures	Finished manufactures	of which: Passenger cars	Other consumer goods	1980 = 100 Inter- mediate goods	Capital goods
1985		143.9	161.4	127.9	139.5	172.8	187.1
1986		152.0	170.4	131.6	158.3	187.0	183.1
1986	3	154.8	176.0	142.2	164.6	192.6	185.2
	4	156.6	186.4	133.0	170.1	204.9	205.4
1987	1	152.3	166.0	102.6	156.0	184.9	186.8
	2	163.2	179.3	120.8	171.6	202.8	191.5
	3	174.2	200.0	146.6	184.2	223.6	215.1
July		165.7	196.2	142.6	178.6	221.7	213.9
August		184.4	206.3	172.1	189.4	231.7	212.0
September		172.6	197.6	125.1	184.6	217.3	219.4
% change							
Latest 3							
months on							
- a year ago		13	14	3	12	16	16
- previous							
3 months		7	12	21	7½	10	12
September on							
August		6½	-4	-27	-2½	-6	3½

CONFIDENTIAL

Trade prices

8. The total terms of trade has continued to improve in September largely as a result of a fall in manufactures import prices. Export prices (excluding oil and erratics) were unchanged between the second and third quarters and it is probable that export profit margins have been growing more slowly than domestic margins possibly reflecting increased competitive pressures associated with the appreciation of sterling. Manufactures import prices (excluding oil and erratics) were unchanged in the third quarter as the firming of the exchange rate early in the year held back price increases in sterling terms. Basic material import prices rose by 2 per cent over this period reflecting continued rises in world commodity prices.

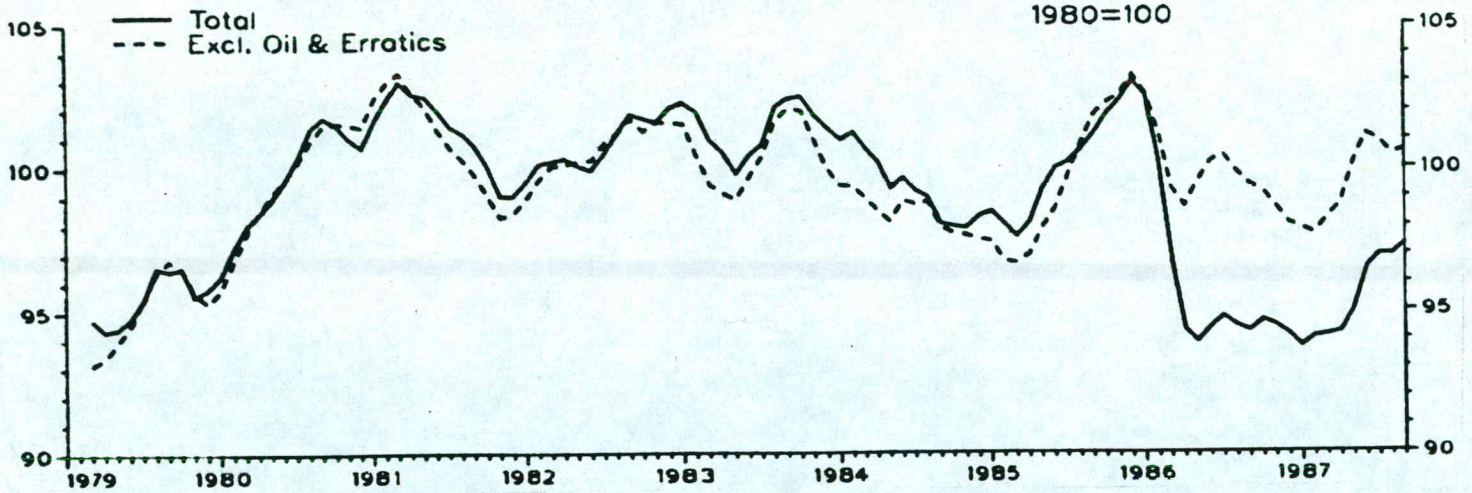
TABLE 7: TRADE PRICES

	Terms of trade		Manufacturers (excluding erratics)		Non Manufactures		
	Total	Non oil (excluding erratics)	Exports	Imports	Exports	Imports	Exports of Fuel
1985	100.4	100.1	134.4	131.7	147.7	130.9	109.2
1986	94.9	99.4	136.3	135.0	128.2	125.5	76.3
1986 3	94.5	99.7	136.3	133.4	124.2	126.2	57.4
4	95.0	99.0	137.6	137.0	130.9	125.6	68.4
1987 1	95.0	98.5	139.5	140.3	118.5	123.8	78.5
2	96.5	101.1	140.5	138.7	128.5	123.1	78.6
3	97.4	100.6	140.8	138.7	130.0	125.0	82.4
July	96.3	99.4	139.5	139.4	137.0	126.9	80.2
August	96.5	100.1	141.4	139.6	122.6	127.2	85.4
September	99.2	102.2	141.5	137.2	130.3	123.0	81.7
% change Latest 3 months on							
- a year ago	3	1	3½	4	4½	0	43½
- previous 3 months	1	- ½	0	0	1	2	5

* BOP basis

CHART 6: TERMS OF TRADE

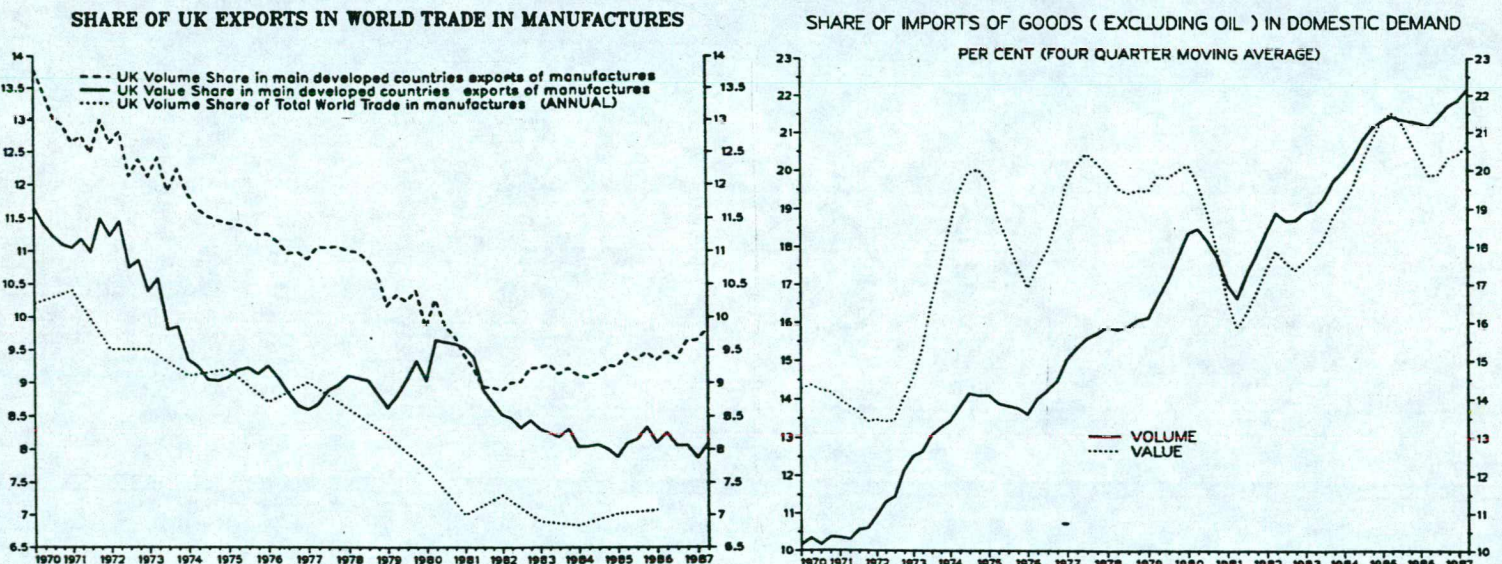
Average of Latest three months



Export shares and import penetration

9. On the basis of available information to the second quarter of 1987 it appears that UK manufacturers have slightly increased their volume share of developed countries' exports over the past year although the UK share of total world trade in manufactures, including the rapidly increasing manufactured exports of newly industrialised countries, has probably been broadly stable. Imports of goods (excluding oil) rose more rapidly than domestic demand in the year to the second quarter of 1987 and this trend has probably continued in the third quarter.

CHART 7: EXPORT AND IMPORT SHARES BY VALUE AND VOLUME



PROSPECTS

10. The Autumn Statement forecast projects a current account deficit of £2½ billion in 1987 and £3½ billion in 1988. Independent forecasters are now on average projecting a deficit of £1.1 billion in 1987 and £2.9 billion in 1988. The latest LBS forecast, published on 2 November, shows current account deficits of about £1½ billion in both 1987 and 1988, before taking account of the stock market crash. LBS estimates that the fall in share prices might reduce the 1988 deficit by about £½ billion.

TABLE 8: CURRENT ACCOUNT (£ billion)

	1987	1988	1989	1990
CBI (September)	-1.3	-2.6		
OECD (June)	-0.5	-2.5	-	-
National Institute (August)	-1.1	-3.4	-	-
LBS (November)	-1.8	-1.7	-2.5	-2.6
Phillips and Drew (October)	-1.0	-2.9	-1.5	-2.9
Goldman Sachs (October)	-2.5	-3.5	-3.2	-2.9
Henley (October)	-0.8	-2.7	-2.2	-3.4
Oxford (July)	0.8	-0.8	-2.4	-1.5
Liverpool (October)	-0.8	-2.3	-1.2	-1.2
Independent Average [†]	-1.4	-3.0	-2.3	-2.5
HMT Autumn Statement	-2½	3½		

[†] Based on sample used in regular EB comparison - latest edition; October.

INTERNATIONAL COMPARISONS

11. The German current account has remained strong so far this year but the Japanese surplus fell back by almost \$4 billion in the second quarter. In the US, trade volumes are responding to the decline in the dollar but the current account deficit has continued to rise. In July and August the US trade deficit widened further to a monthly average of \$16 billion compared with \$14½ billion in the second quarter.

TABLE 9: CURRENT ACCOUNTS OF THE G5*

	US	Japan	Germany	France	\$ billion UK
1983	-46.0	20.8	4.1	-4.2	5.1
1984	-107.4	35.2	6.6	-0.8	2.1
1985	-117.7	49.4	13.8	-0.2	4.6
1986	-141.4	85.6	36.7	3.7	-1.4
1986					
1	-33.0	15.9	7.9	1.0	1.2
2	-33.8	21.6	8.1	1.0	0.2
3	-36.6	23.8	11.3	0.8	-1.4
4	-38.0	24.3	9.3	1.0	-1.4
1987					
1	-36.8	24.5	11.4	-0.2	1.0
2	-41.1	20.7	11.7	-1.1	-0.3
3	-	-	-	-	-2.1

* Seasonally adjusted

ECONOMIC STATISTICS - 1987

PUBLICATION DATES

Taxes and Prices Index. Published the same day as the RPI, ie:

16 January 1987	10 July 1987
13 February 1987	14 August 1987
20 March 1987	11 September 1987
10 April 1987	9 October 1987
15 May 1987	13 November 1987
12 June 1987	11 December 1987

Consumers' Expenditure

Preliminary quarterly figures expected:

22 January 1987
23 April 1987
23 July 1987
22 October 1987

Adjusted final figures expected:

20 March 1987
22 June 1987
21 September 1987
18 December 1987

Cyclical Indicators

Definite 1987 dates:

20 January
19 February
23 March
15 April

Beyond that, dependent on Central Statistical Office, who have been asked to produce dates.

PK
20 Nov 86

ECONOMIC STATISTICS - 1987

PUBLICATION DATES

Taxes and Prices Index. Published the same day as the RPI, ie:

16 January 1987	10 July 1987
13 February 1987	14 August 1987
20 March 1987	11 September 1987
10 April 1987	9 October 1987
15 May 1987	13 November 1987
12 June 1987	11 December 1987

Consumers' Expenditure

Preliminary quarterly figures expected:

22 January 1987
23 April 1987
23 July 1987
22 October 1987

Adjusted final figures expected:

20 March 1987
22 June 1987
21 September 1987
18 December 1987

Cyclical Indicators

Definite 1987 dates:

20 January
19 February
23 March
15 April

Beyond that, dependent on Central Statistical Office, who have been asked to produce dates.

PK
20 Nov 86

3214/13

Reef pps pt
PT type for
chic 8/24

DRAFT REPLY CHANCELLOR TO THE RT HON NORMAN TEBBIT MP

Conservative Central Office
etc

PUBLICATION DATES OF STATISTICS

Thank you for your letter of 6 November. I attach a further set of publication dates for economic statistics in 1987. A final few will be sent to you as soon as they are available.

PJC

P J C

20/11/86

CONFIDENTIAL



Neil
Pl. file this
Somewhere, where
it is easy to find
for anyone and
let everyone know
where you have
filed it.

means
10/11

Conservative Central Office

32 Smith Square Westminster SW1P 3HH
Tel. 01-222 9000 Telex 8814563

From:
THE CHAIRMAN OF THE PARTY
Rt. Hon. Norman Tebbit MP

SCHEQUER	
07 NOV 1986	
MR CROPPER	7/4
MISS O'MARA	
MISS C. EVANS	

6 November 1986

NT/AM

CONFIDENTIAL

D Nigel

*Mr Cropper
to do it*

Publication Dates of Statistics: 1986/87

Thank you for your letter of 17th October. We shall study its contents carefully. However, it would be extremely helpful if you could ask your Officials now to prepare - in co-operation with other Departments if necessary - a forward programme of exact dates for statistics in all the areas mentioned in the attachment to your letter. For example, cyclical indicators, taxes and prices index and consumers' expenditure are not at present given for 1987.

I am most grateful to you for your co-operation in this exercise.

Norman

Rt Hon Nigel Lawson, MP

Mr Davis
 pp
 Copy No 5. (8)

THE CURRENT ACCOUNT - TABLE 2

Balance of payments basis
 £ million; seasonally adjusted

	CURRENT BALANCE fob	EXPORTS fob	IMPORTS fob	VISIBLE TOTAL	BALANCES:		INVISIBLE BALANCE
					OIL	NON- OIL	
1985	2919	78111	80289	-2178	8104	-10282	5097
1986	-980	72843	81306	-8463	4056	-12519	7483
1986 Q3	-910	17553	20444	-2891	621	-3512	1981
Q4	-960	19340	22065	-2725	785	-3510	1765
1987 Q1	672	19637	20772	-1135	1164	-2300	1807
Q2	-195	19388	21770	-2382	1033	-3415	2187
Q3	-1248	20362	23410	-3048	945	-3994	1800
1987 FEB	401	6973	7174	-202	328	-529	603
MAR	185	6429	6846	-417	454	-870	602
APR	203	6608	7135	-527	423	-950	729
MAY	-378	6386	7493	-1107	365	-1472	729
JUN	-19	6394	7142	-748	245	-993	729
JUL	-325	6762	7686	-925	287	-1212	600
AUG	-907	6566	8073	-1507	372	-1879	600
SEP	-17	7034	7651	-617	286	-903	600
OCT	-282	6867	7749	-882	386	-1268	600
AUG-OCT 86	-1072	17877	20858	-2981	598	-3578	1909
MAY-JUL 87	-722	19542	22321	-2780	898	-3677	2058
AUG-OCT 87	-1206	20467	23473	-3006	1044	-4050	1800

Average
 -£320
 per month

PERCENTAGE CHANGES:-

LATEST 3 MONTHS ON PREVIOUS 3 MONTHS	4.5%	5.0%
SAME 3 MONTHS ONE YEAR AGO	14.0%	13.0%

First ten months: -1053
 quite a bit in hand for £2½ bn per year.

JAN-OCT86	-185	59796	66288	-6491	3471	-9963	6306
JAN-OCT87	-1053	66254	73701	-7447	3529	-10976	6394