

Economic update National Housing Federation

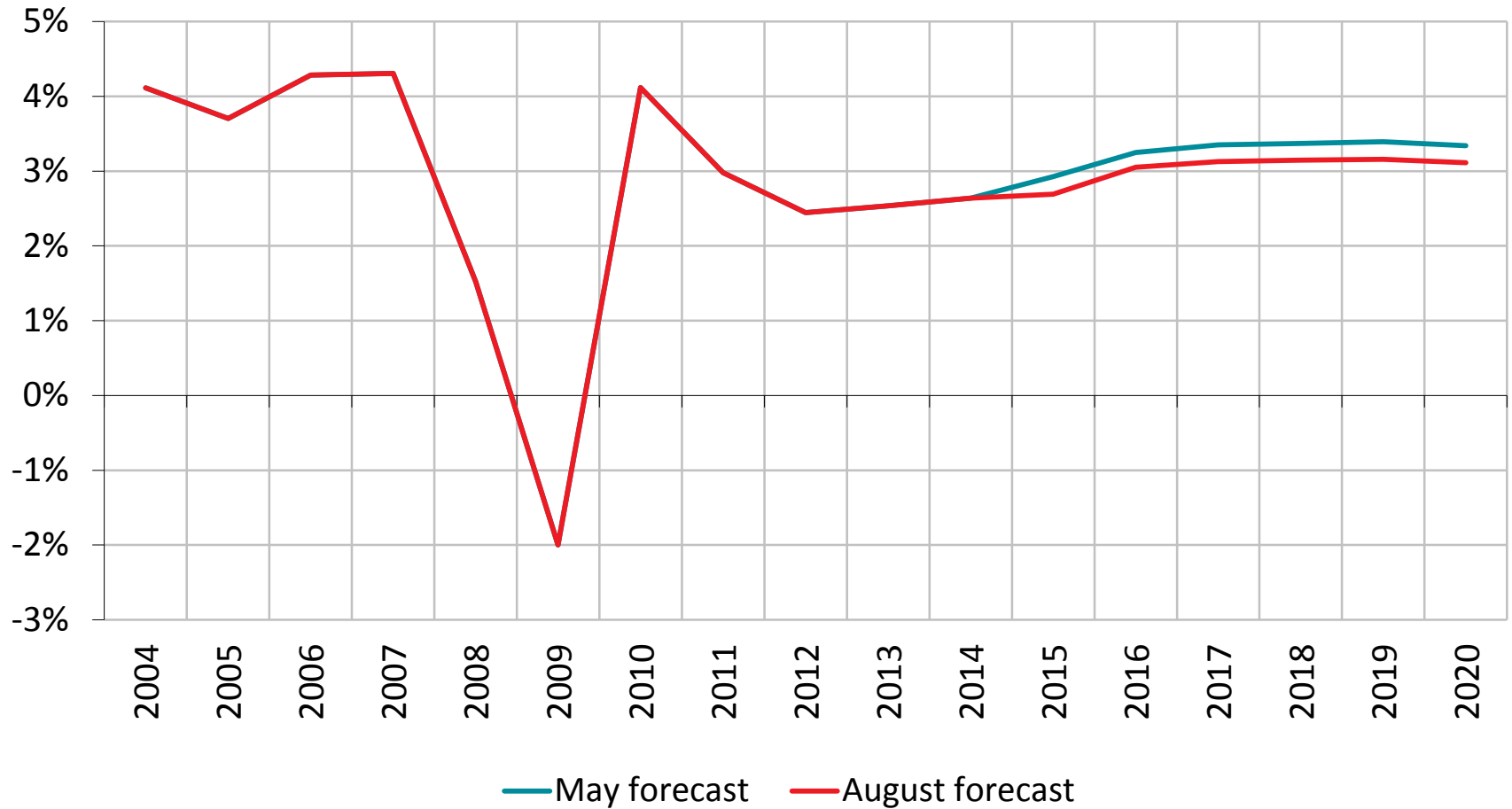
Vicky Pryce, Senior Economic Adviser

September 2015



World economic outlook weakens

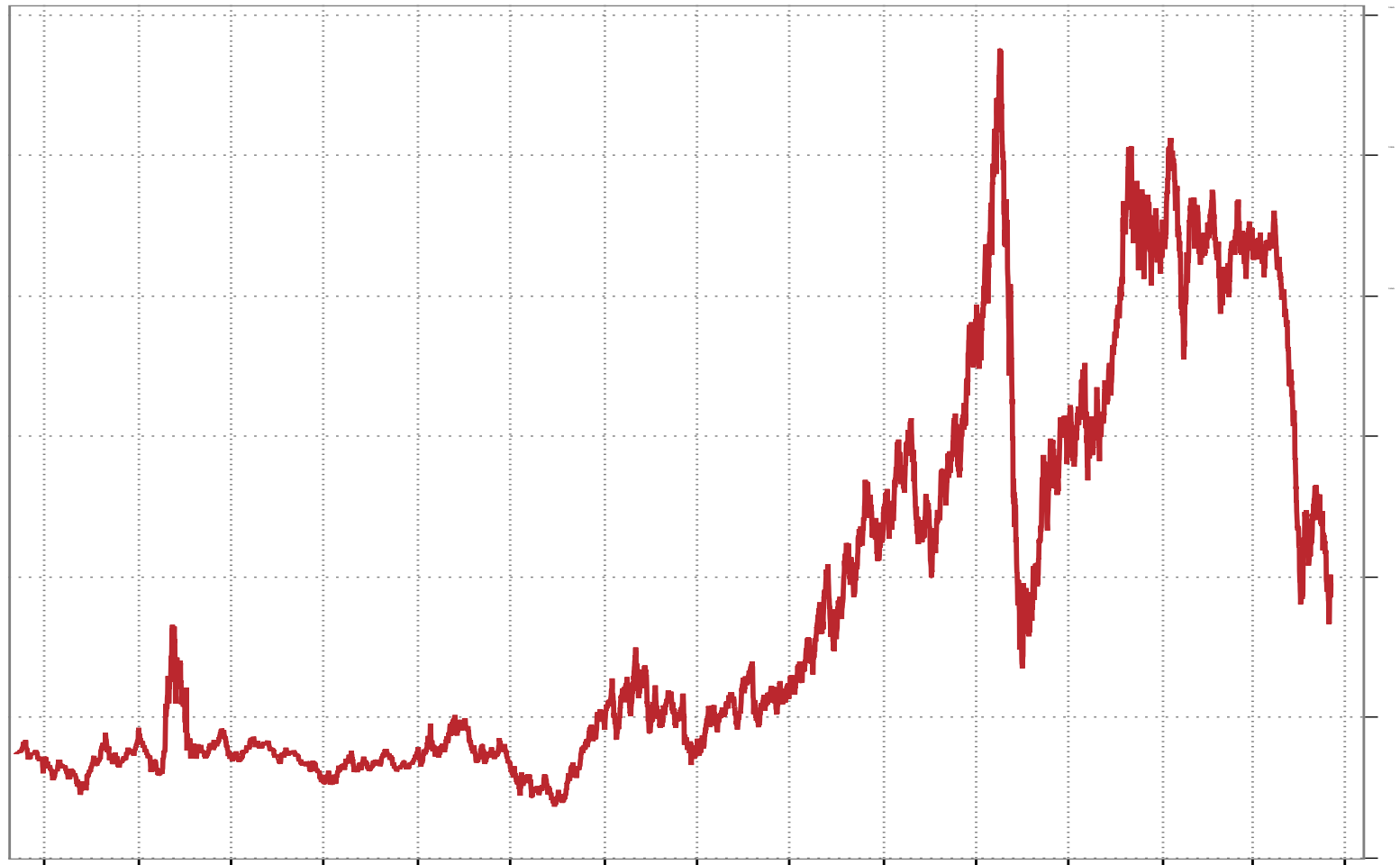
Real global GDP growth weighted at market exchange rates, annual percentage change



Source: Cebr Global Prospects



Oil prices to remain low

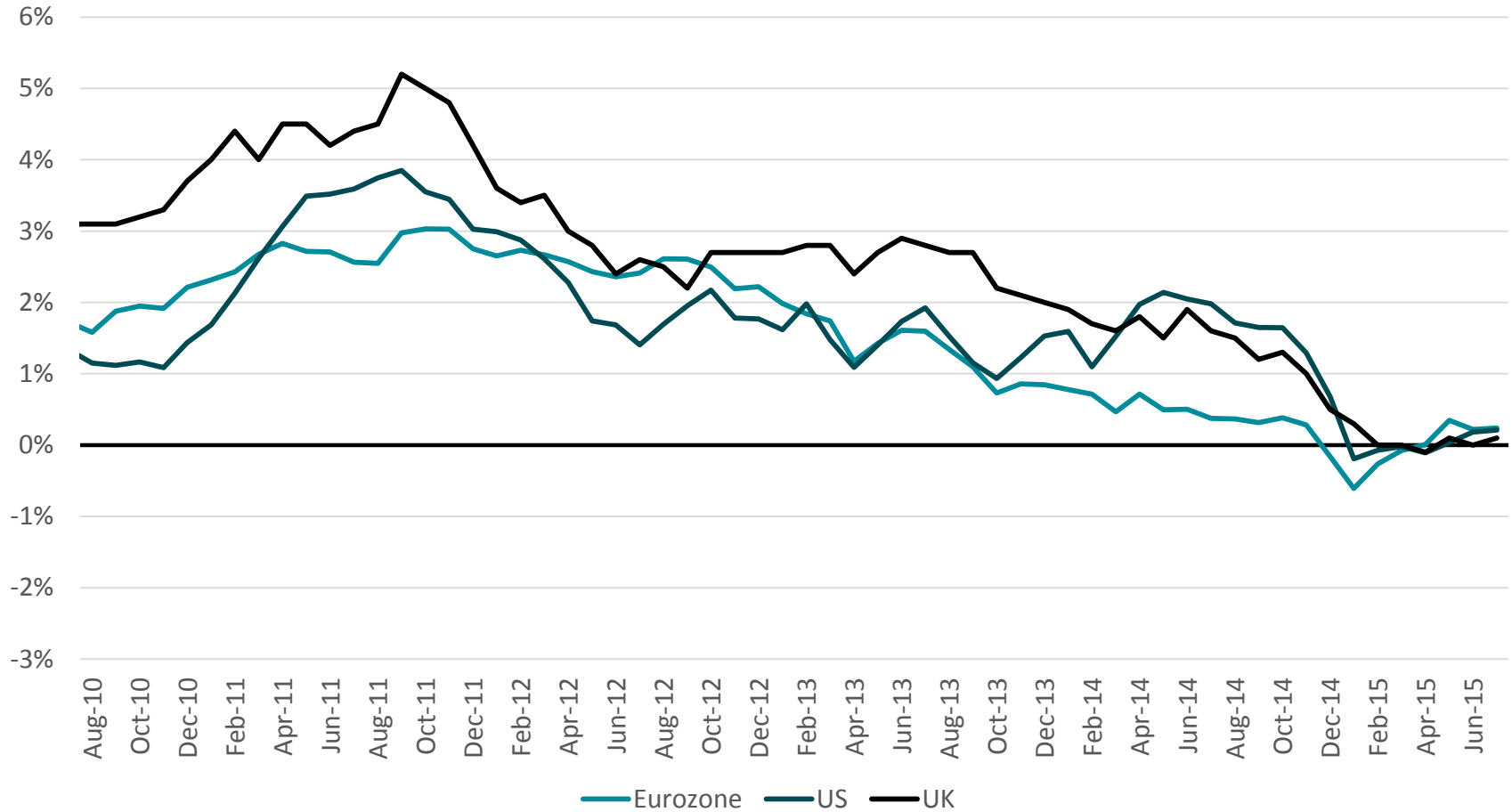


Macrobond



...prolonging “noflation” in the West

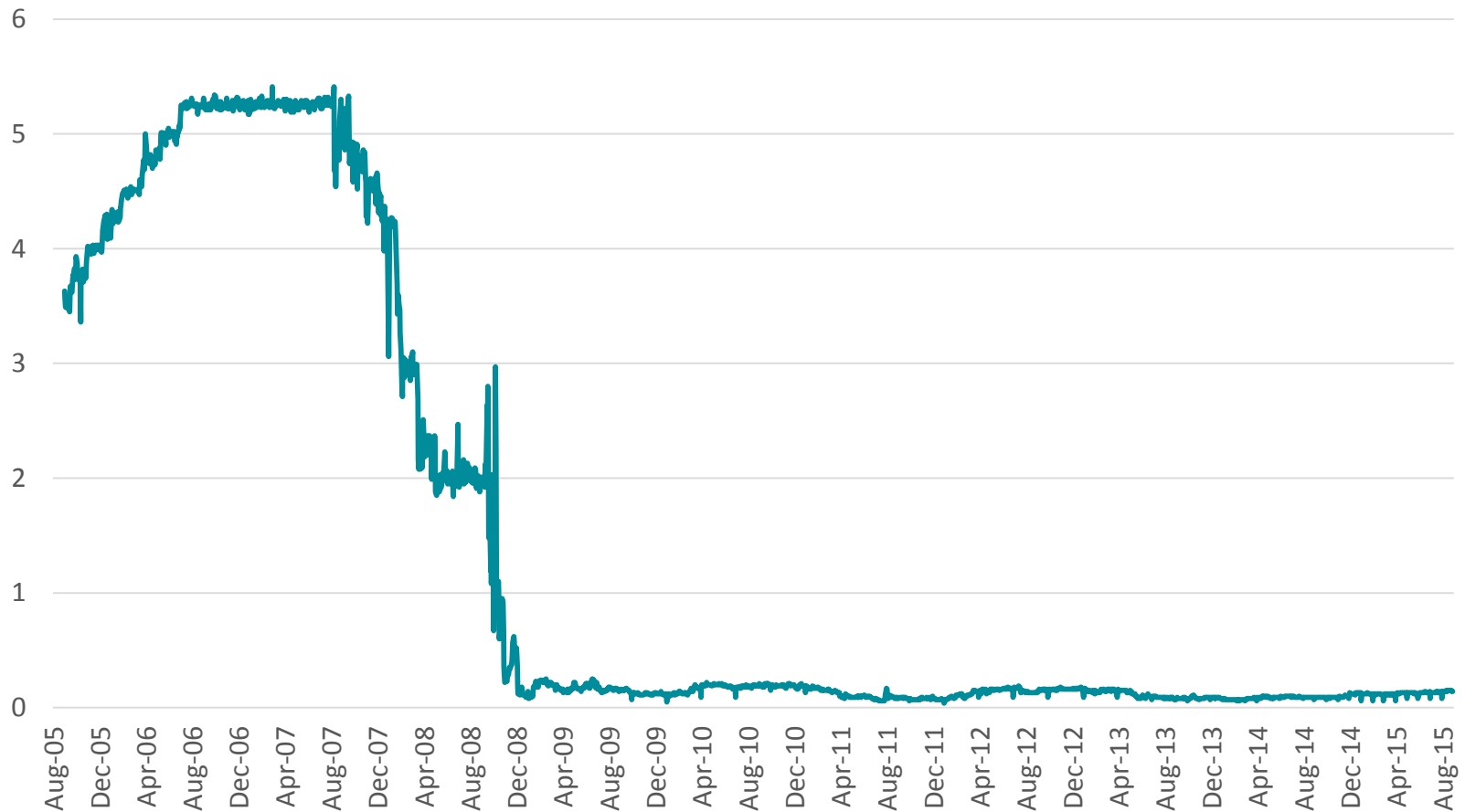
Consumer Price Index (CPI) inflation





Timing of Fed rate rise will have huge global implications.

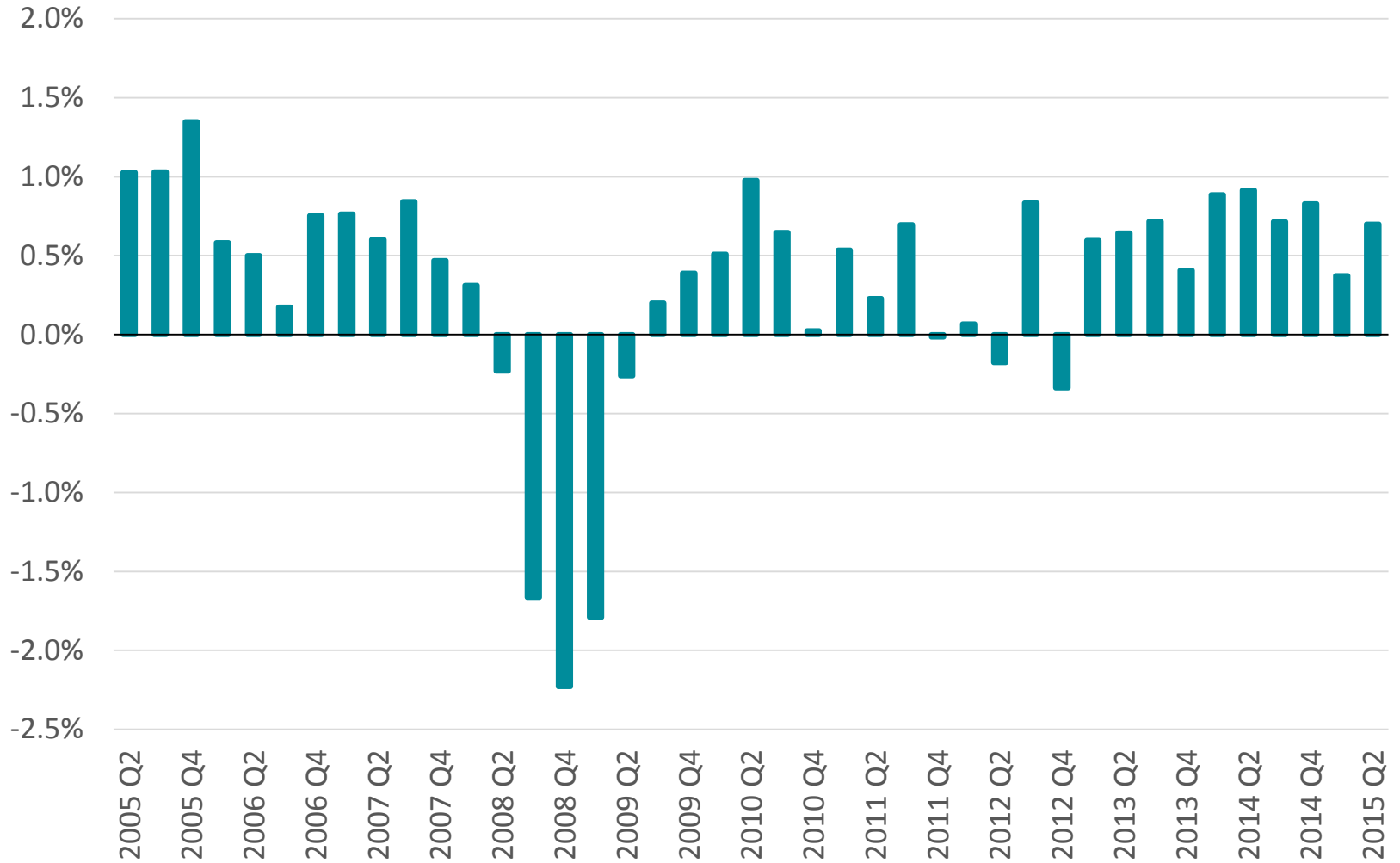
US Federal Funds Rate, %





UK Growth picked up in Q2 2015

Real GDP – quarter on quarter growth

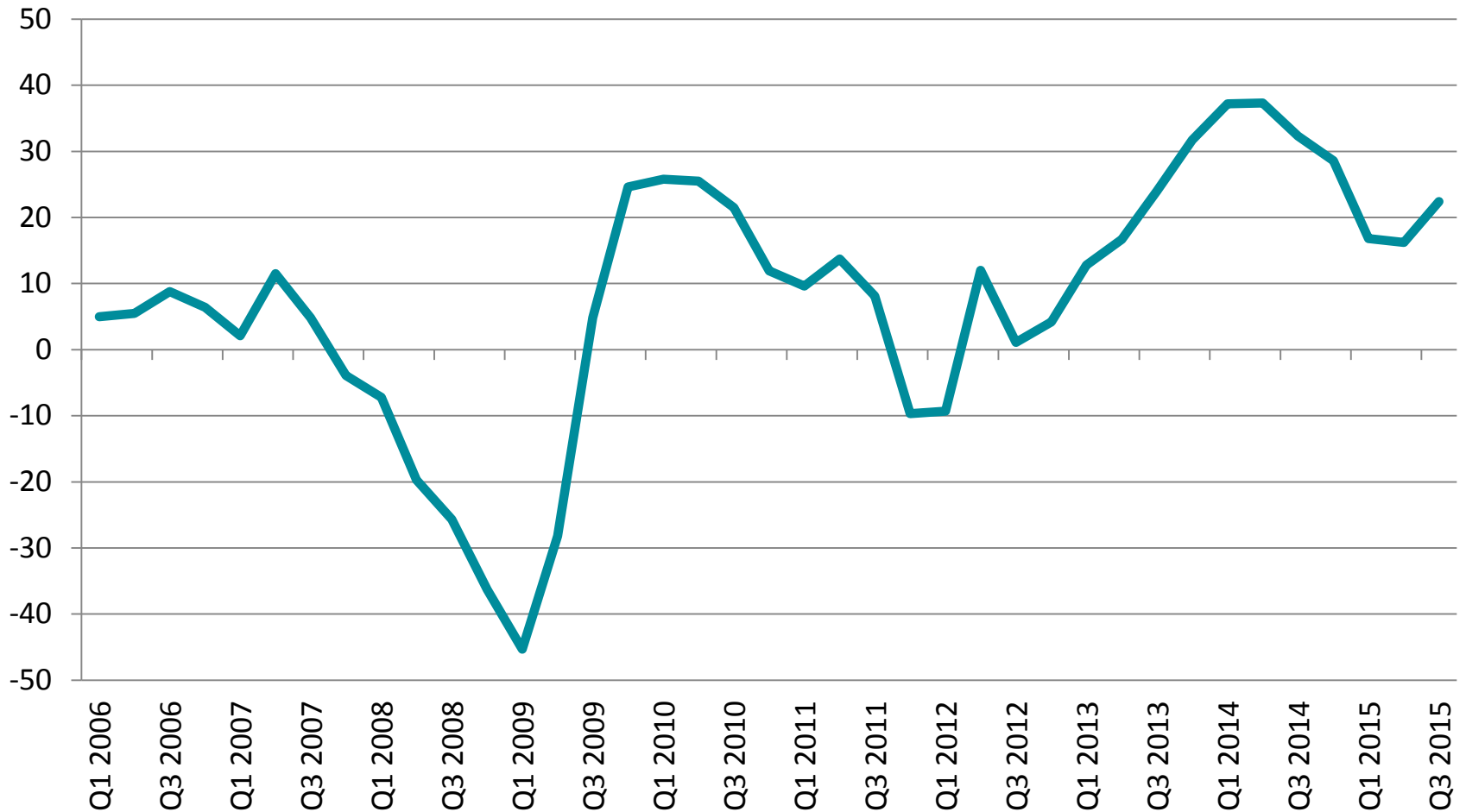


Source: ONS, Cebr analysis



Business confidence has picked up following decisive election outcome, though this may be turning again

ICAEW/Grant Thornton UK Business Confidence Monitor – Confidence Index

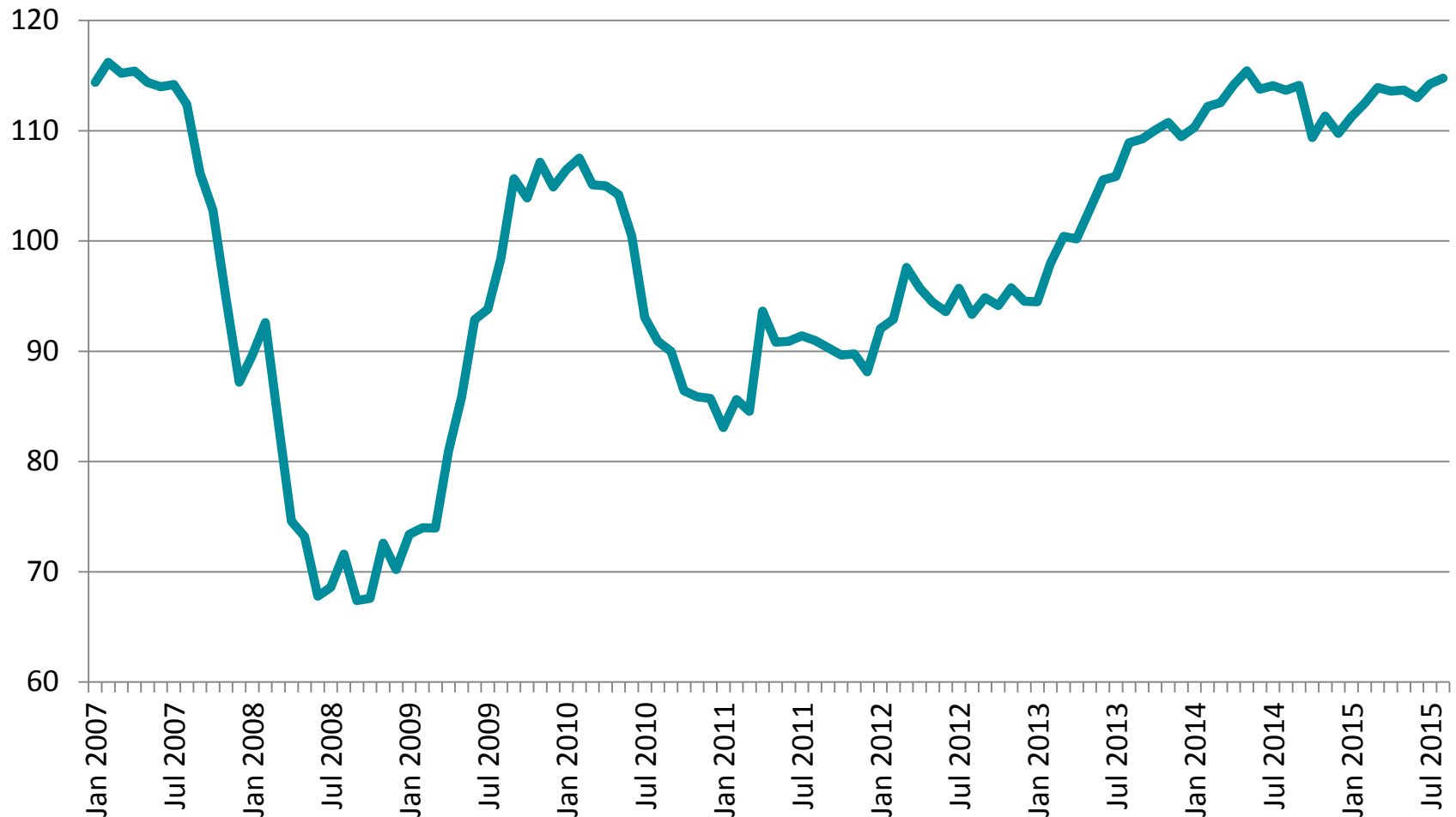


Source: ICAEW/Grant Thonton



Consumer confidence has been rising amidst stronger earnings growth and “noflation” UK

YouGov/Cebr UK Consumer Confidence Index

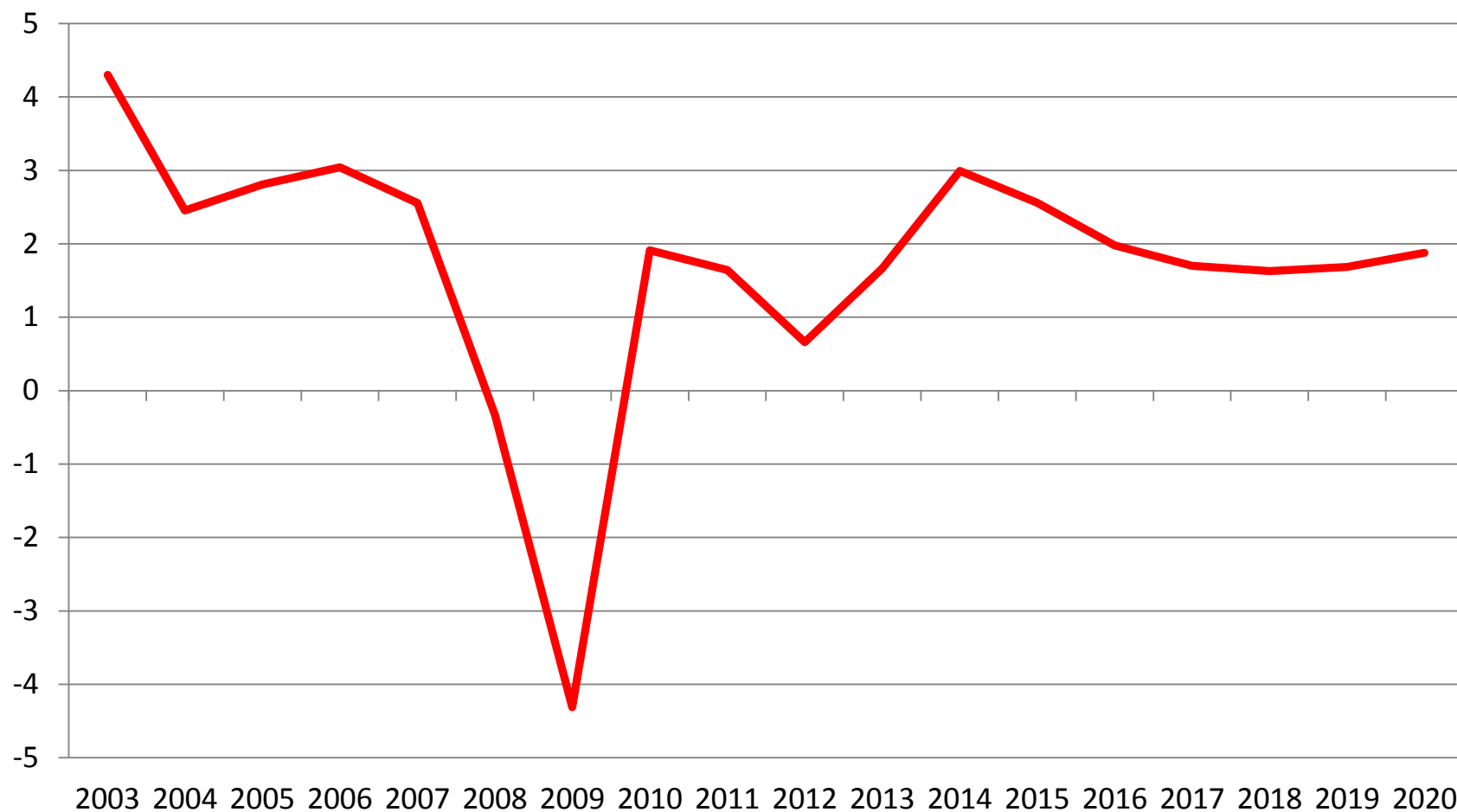


Source: YouGov, Cebr



Consumers should support solid growth in 2015 despite global weakness

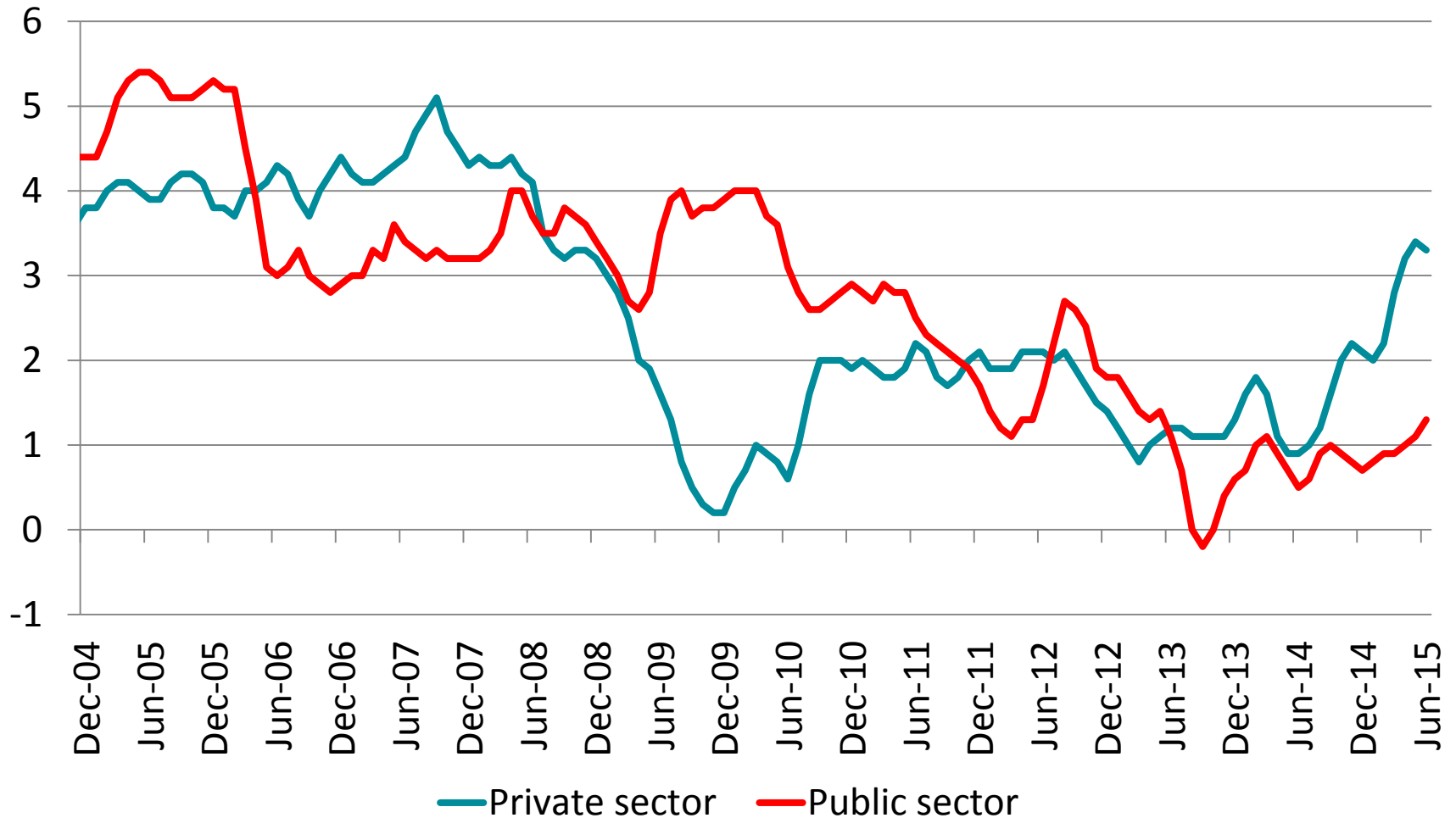
Annual % change in UK real GDP



Source: ONS, Cebr analysis

Earnings growth has risen sharply since the start of the year...

Average earnings (regular pay), year-on-year % change (three month average)

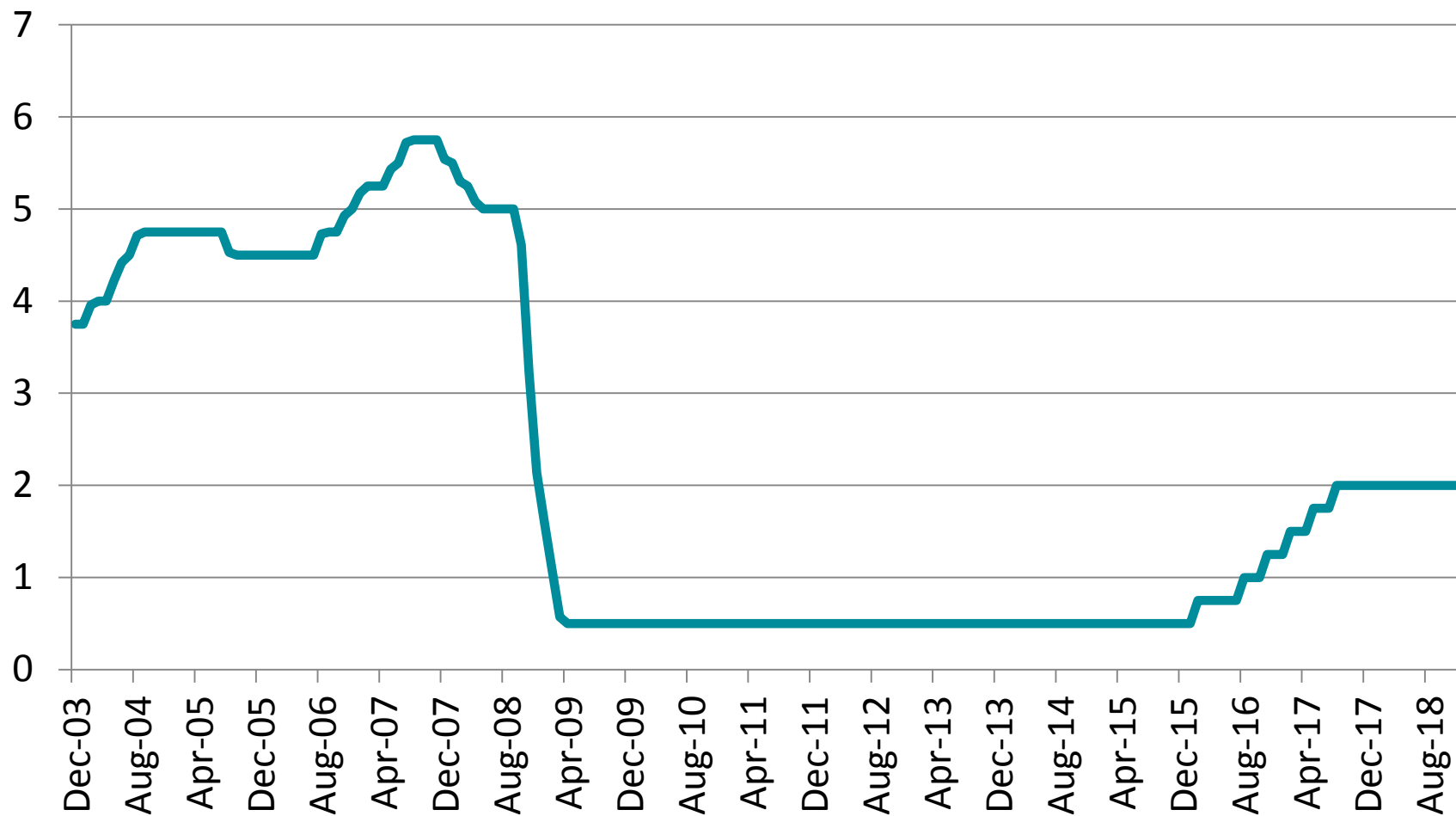


Source: ONS, Cebr analysis



Despite wage growth, rates should remain on hold until 2016

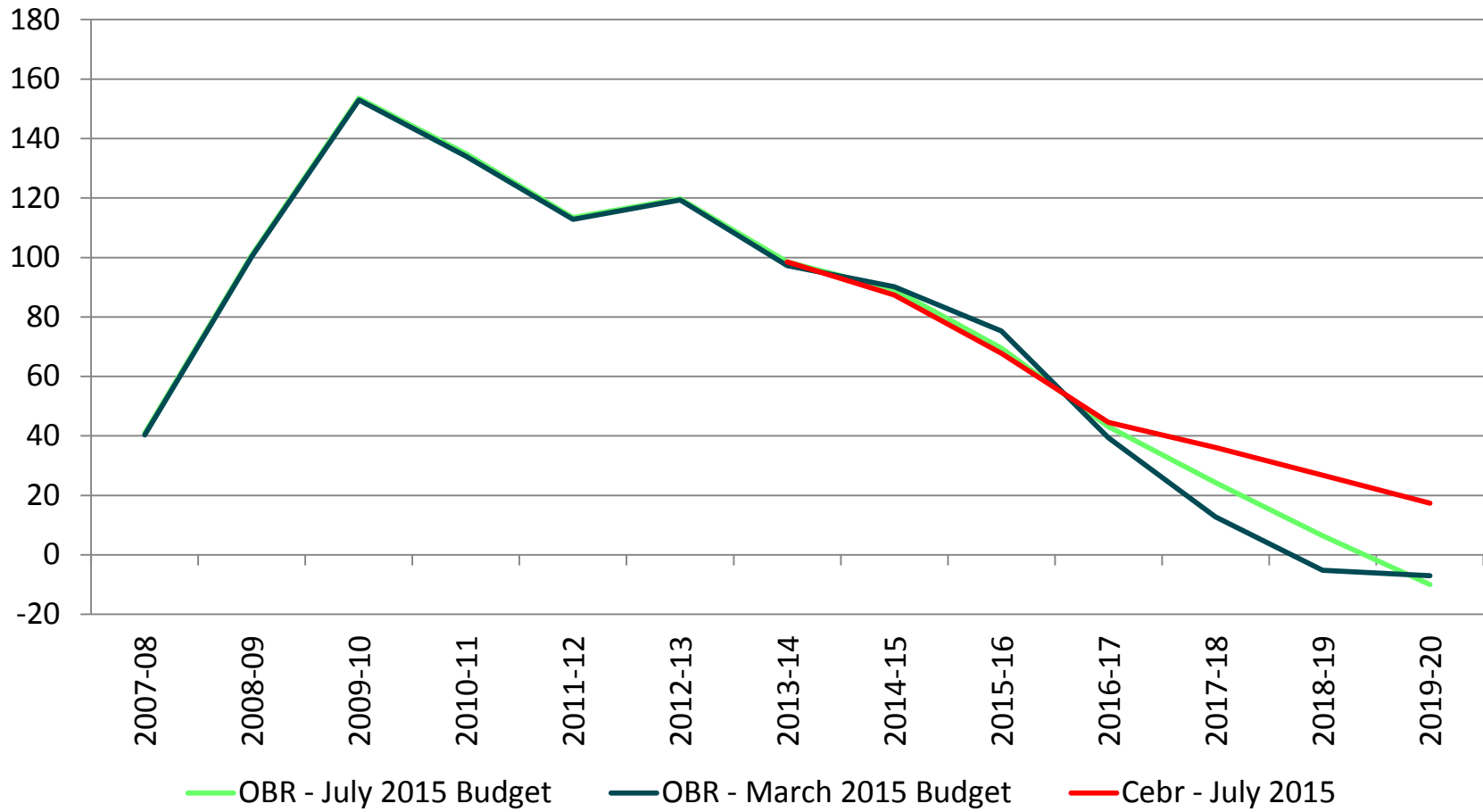
Bank of England Bank Rate, %



Source: Bank of England, Cebr analysis

Deficit reduction could easily become a three parliament problem with pressure maintained on council budgets

Public sector net borrowing, £ billions

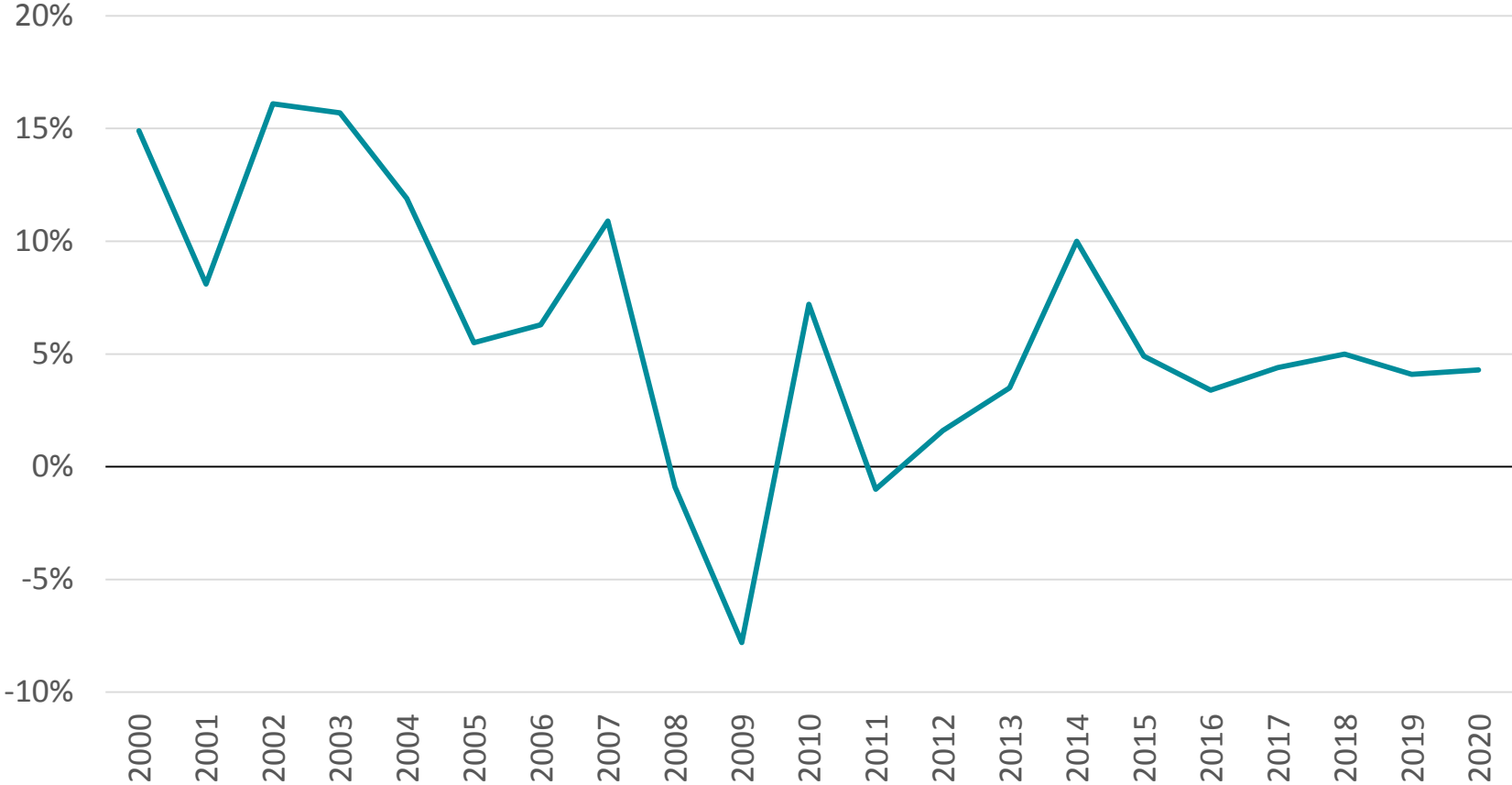


Source: ONS, OBR, Cebr



The housing market has proven surprisingly resilient..

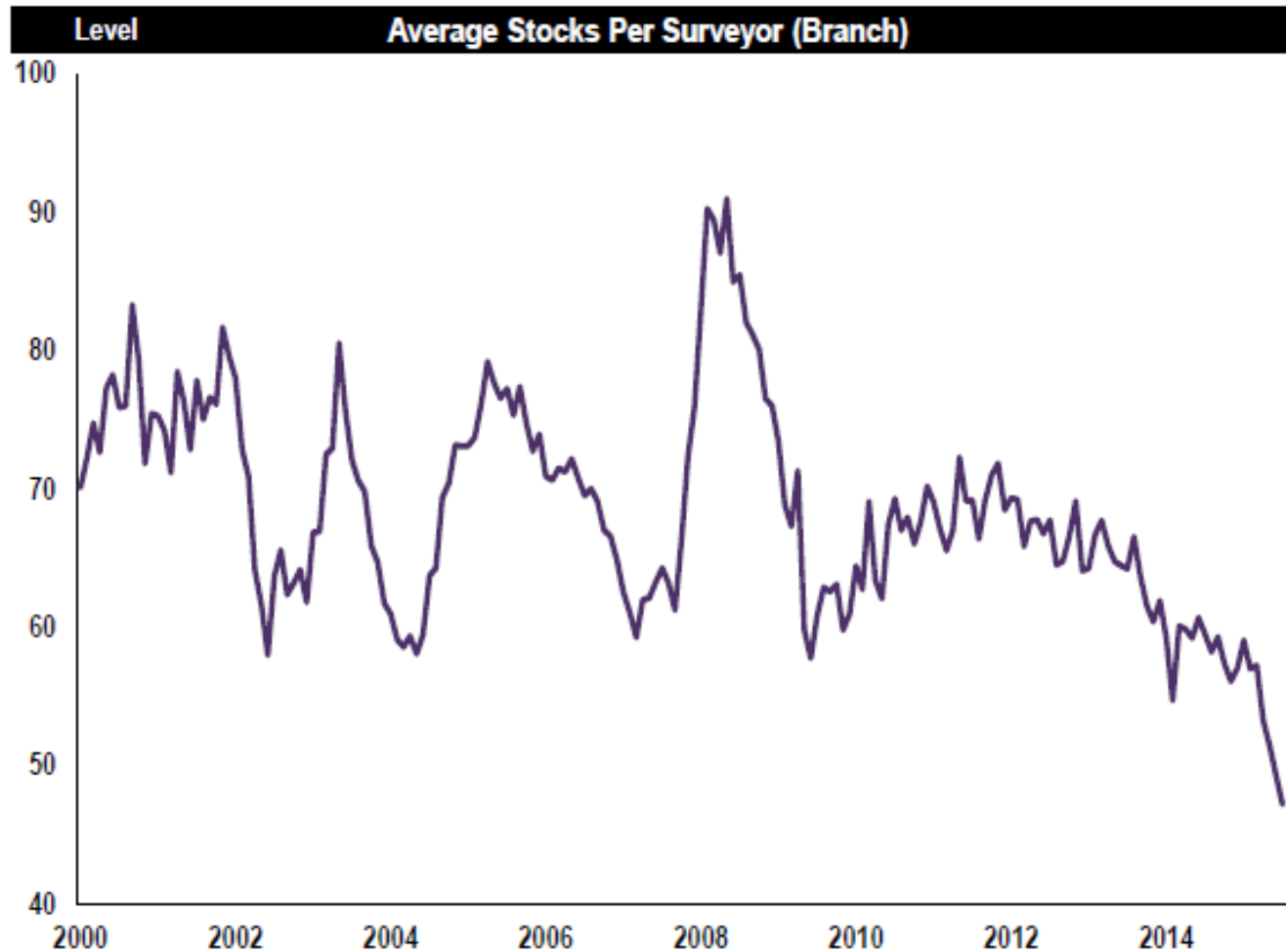
UK house prices, annual % change



Source: ONS, Cebr

Lack of properties up for sale pushing up prices.

National Average Stocks Per Surveyor



Source: RICS Residential Market Survey



House price growth has slowed substantially in London, but remains buoyant in rest of South, boosting wealth for homeowners

Annual growth in house prices, Q2 2015

