

The Telegraph

Brexit boom: The five charts which show Britain has escaped an economic apocalypse

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The City of London feared the referendum, and shares were hit hard by the vote - but the latest economic data is reasonably positive CREDIT: JUSTIN KASE /ALAMY

[Tim Wallace](#)

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Unemployment is down, prices are steady, shoppers are confident and the government ran a budget surplus in July.

The first economic data for July – the month following the Brexit referendum – was published this week, and shows no signs of an immediate economic collapse.

It is early days and a slowdown is still expected, but the data are reassuring so far.

Campaigners such as former Chancellor George Osborne warned that a vote to leave the EU would cause [“a profound economic shock”](#), and stock markets dived following the result.

But since then [share prices have risen back above their pre-vote levels](#) and fears of a recession are falling.

Unemployment: down

The number of [people claiming unemployment-related benefits dropped](#) in July, falling 8,600 to 736,300.

Figures from the Office for National Statistics also showed a substantial rise in employment and a 52,000 fall in unemployment in the three months to the end of June, indicating that there was no crash in hiring or rise in firing around the referendum.

Unemployment now sits at 4.9pc, its joint-lowest rate since 2005. The employment rate of 74.5pc is at the highest level since these records began in 1971.

There was a slight hint of caution, however – the number of vacancies reported by employers slipped 7,000 compared to the previous quarter to 741,000, showing hiring rates may have slowed since the start of the year.

Unemployment rate, %Unemployment is below its pre-financial crisis level
Source: ONS
Unemployment rate
Nov-Jan 2007
Apr-Jun 2007
Sep-Nov 2007
Feb-Apr 2008
Jul-Sep 2008
Dec-Feb 2009
May-Jul 2009
Oct-Dec 2009
Mar-May 2010
Aug-Oct 2010
Jan-Mar 2011
Jun-Aug 2011
Nov-Jan 2012
Apr-Jun 2012
Sep-Nov 2012
Feb-Apr 2013
Jul-Sep 2013
Dec-Feb 2014
May-Jul 2014
Oct-Dec 2014
Mar-May 2015
Aug-Oct 2015
Jan-Mar 2016
456789
May-Jul 2007 • Unemployment rate: 5.3

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Consumer spending: up

Britain's [shoppers went on a spending spree in July](#), sending retail sales up 5.9pc compared with the same month a year ago.

Sales of goods such as jewellery and watches jumped particularly sharply, as well as shoes and vintage goods.

The boost may not all be generated by British households, however – the falling pound means goods in UK shops are suddenly cheaper for tourists, who may have gone on a splurge.

Economists believe strong consumer spending should help support growth and reassure businesses that are worried by the referendum result.

Retail sales by volume, annual growth, %Retail sales grew strongly in July
Source: ONS
Retail sales by volume annual growth
Jan '14
Jul '14
Jan '15
Jul '15
Jan '16
Jul '16
02468

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Prices: steady

Consumer prices [increased by 0.6pc in the 12 months to July](#), staying well below the Bank of England's 2pc target.

As wages increased by 2.4pc in the 12 months to June, workers' spending power increased by 1.9pc on the year – a positive sign for households and for the wider economy.

Inflation did tick up from 0.5pc in the year to June, however, and in July hit the highest rate for 20 months.

The price of imported goods will rise because of the pound's weakness, pushing up inflation further.

Economists believe inflation will hit 2pc next year with some even forecasting CPI of 3pc by the end of 2017.

If that outstrips wage growth then, in time, consumers will suffer a hit to their spending power.

% change in prices, 12 months CPI inflation hit a 20-month high in July Source:

ONS 2.8 Aug-13 Oct-13 Dec-13 Feb-14 Apr-14 Jun-14 Aug-14 Oct-14 Dec-14 Feb-15 Apr-15 Jun-15 Aug-15 Oct-15 Dec-15 Feb-16 Apr-16 Jun-16-10123

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Budget deficit: worse

The government has already warned that it will [abandon its previous plans to run a budget surplus](#) by the end of this parliament, and July's borrowing figures showed the first sign of that.

Although the Treasury ran a surplus of £1bn in the month – receiving more in taxes than it spent – that is down £0.2bn on July of 2015.

For the year so far [the government's annual borrowing is down £3bn](#) compared with 2015's performance, but the first post-referendum number shows a deterioration for the month.

Although tax payments reflect in part business activity that has already taken place, any slip in financial performance could be a sign that the government's plans were already moving off track before the vote – so the Treasury is in a worse position to cope with any economic slowdown in the months ahead.

Net borrowing, £bn Government borrowing is down so far this year Source: ONS-17.10.626.731.543.741.637.140.9103.9154.8123.291.848.626.7 Public sector net borrowing (£ billion) Net borrowing - Year-to-date (April - July) 2000 2010 2005 2015-50050100150200

[Highcharts](#)

Forecasts: no recession

The latest economic forecast from credit ratings agency Moody's predicts the UK will [slow down modestly, but will not enter a recession](#).

Its reassuring numbers expect growth of 1.5pc in 2016 and 1.2pc in 2017 – not signs of a booming economy, but growth that puts the coming years on a par with the GDP expansion seen in the recovery years of 2011 and 2012.

Annual GDP growth, % Moody's expects the UK economy to slow down modestly Source: Moody's GDP growth Moody's forecast 2006 2008 2010 2012 2014 2016-5-2.502.55

[Highcharts](#)

