

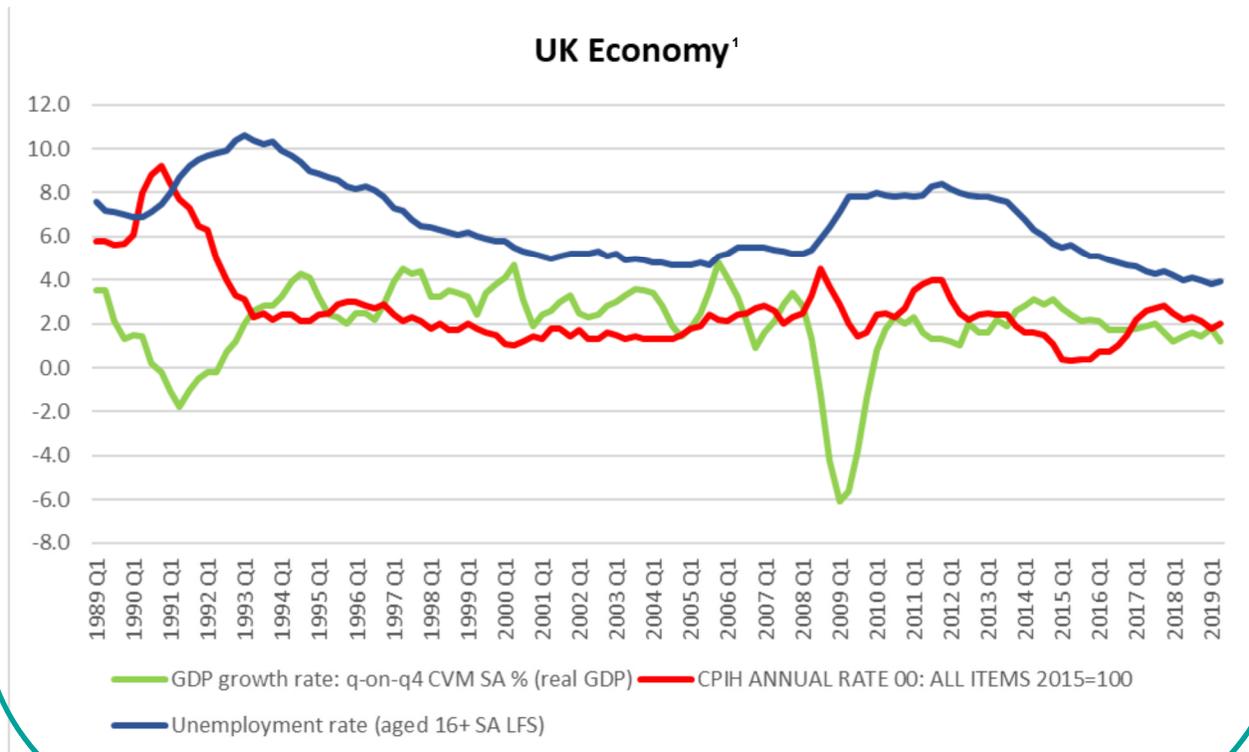
## Economic Overview

This bulletin is part of a series which make up the 2018/19 local economic assessment of Dorset.

### Box 1: Global and UK Economy

Global growth has deteriorated, partly reflecting the impact of trade tensions particularly on the manufacturing sector. A wider indirect effect of the trade disputes is reduced global business confidence and uncertainty about economic policy which has affected business investment. Consumption growth has stayed resilient. Trade tensions are likely to have a modest downward impact on global GDP, but the indirect impact of a potential severe shock to business confidence could be larger.

In the UK, uncertainties around Brexit and deteriorating business confidence will continue to hold back investment until there is more clarity about future trading arrangements. Household consumption has been supported by the tight labour market as firms hire workers to meet demand rather than invest. The current account deficit has widened, reflecting worsening trade and deteriorating income balances. The first quarter of 2019 saw high stockpiling of goods, likely to be largely imports. Inflation is close to target. Economic growth is expected to remain weak, but investment growth should pick up as and when Brexit uncertainty recedes.



**Sources:**

<sup>1</sup> Office for National Statistics

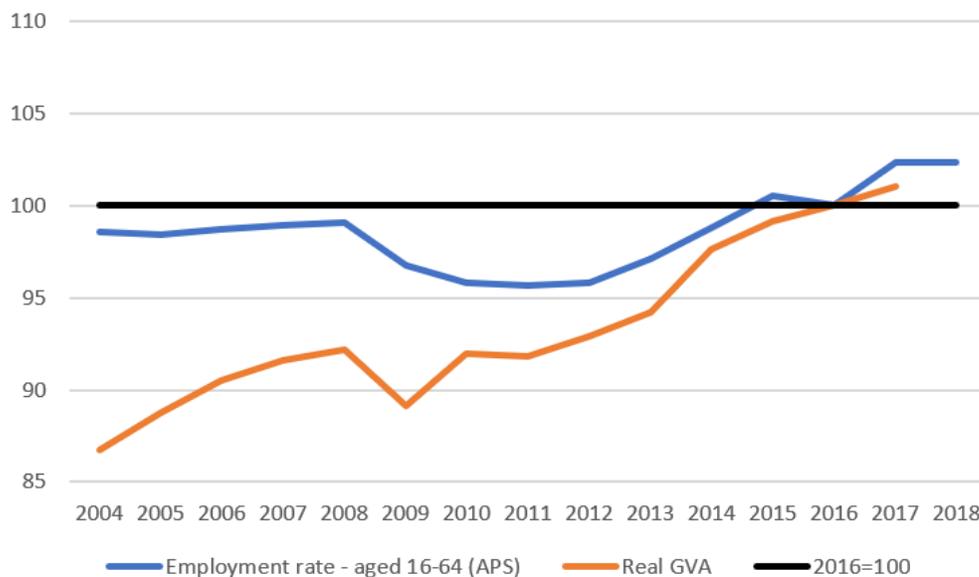
### Box 1: Global and UK Economy cont.

Overview of the economy forecast <sup>2</sup>							
% change on previous year unless stated	Outturn	Forecast					
	2017	2018	2019	2020	2021	2022	2023
Real GDP	1.8	1.4	1.2	1.4	1.6	1.6	1.6
Business investment	1.5	-0.9	-1.0	2.3	2.3	2.4	2.4
CPI inflation	2.7	2.5	2.1	1.9	2.0	2.0	2.0
Unemployment rate %	4.4	4.1	4.1	4.1	4.1	4.0	4.0
Overview of the fiscal forecast							
Public sector % of GDP	Outturn	Forecast					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Net borrowing	2.0	1.1	1.3	0.9	0.7	0.6	0.5
Net debt	84.7	83.3	82.2	79.0	74.9	74.0	73.0

### Box 2: South West Economy and Labour Market

In the South West region, both employment and real GVA saw growth over the year to 2017.

#### South West economy 2016=100 <sup>3</sup>



**Sources:**

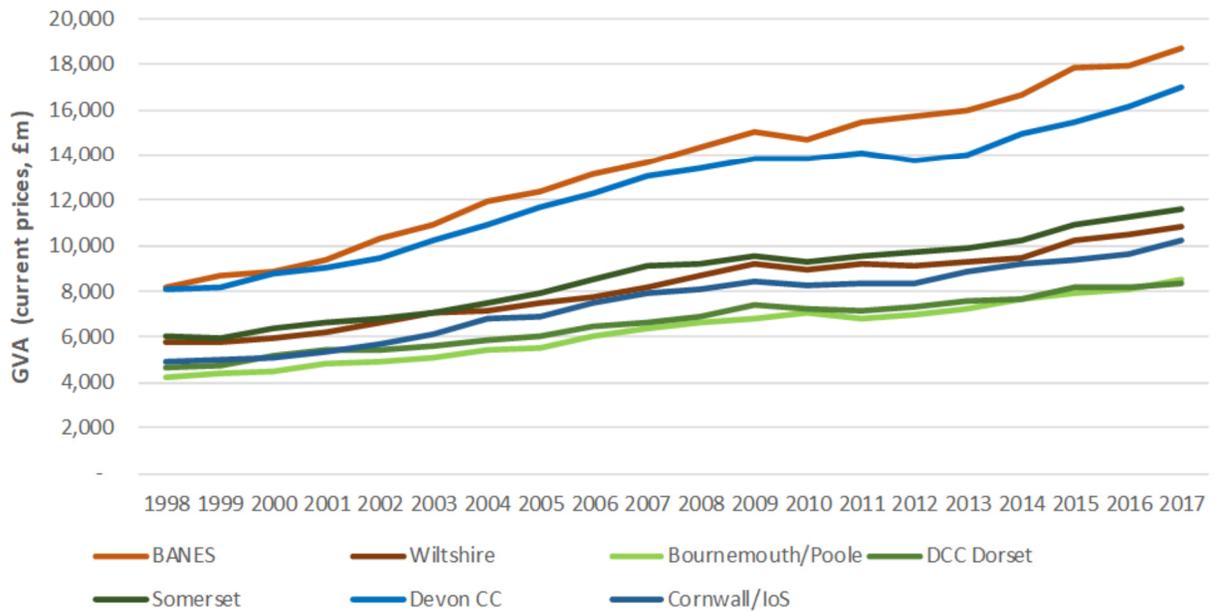
2 Office for Budget Responsibility, March 2019 update

3 Office for National Statistics

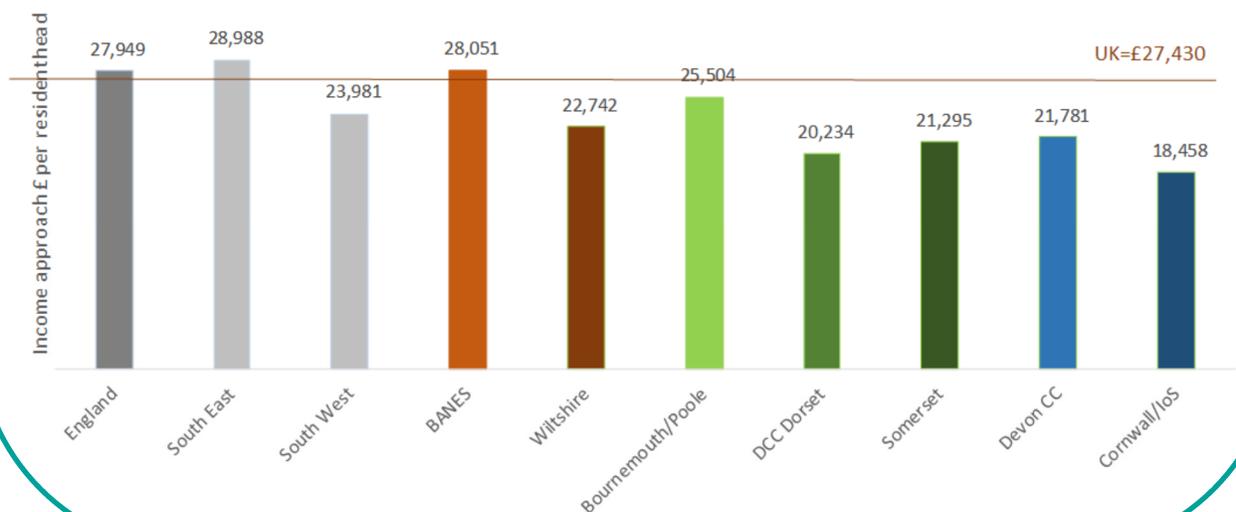
### Box 3: Local Economy and Labour Market

However, GVA in current prices in Dorset remains below that of neighbouring areas. In the former DCC Dorset area, GVA per head is below the South West average and all parts of Dorset lie below the UK average.

#### Gross Value Added (income approach) <sup>4</sup>



#### GVA £ per head, 2017, current prices <sup>5</sup>



**Sources:**

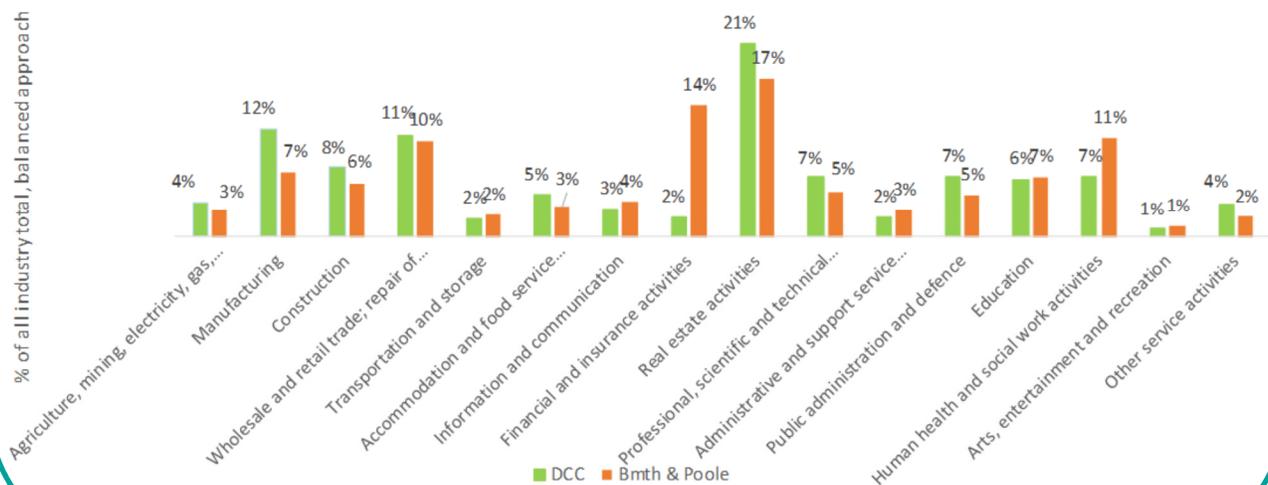
4 Office for National Statistics, data for NUTS3 geographies

5 Office for National Statistics, data for NUTS3 geographies

### Box 3: Local Economy and Labour Market cont.

Looking at GVA by industrial sector, differences are evident between the DCC Dorset area and the Bournemouth & Poole area. In Bournemouth & Poole, major contributors to total GVA are Real Estate and Finance & Insurance, followed by Human Health & Social Work and the Wholesale & Retail Trade. In the DCC Dorset area, Real Estate is again the most significant contributor, followed by Manufacturing and the Wholesale & Retail Trade.

GVA % of all, by industry, 2017, Dorset<sup>6</sup>



### Box 3 Labour market (April 2018-March 2019)

Unemployment remains at a relatively low level in most parts of Dorset and employment is relatively high<sup>7</sup>.

	Employment rate, 16-64	Unemployment rate, 16-64
	% of those aged 16-64	% of economically active
Great Britain	75.4	4.2
South East	78.4	3.4
South West	78.9	3.1
Dorset LEP area	78.1	2.8
BCP	77.6	3.3
DC	78.8	2.1

**Sources/Notes:**

<sup>6</sup> Office for National Statistics

<sup>7</sup> Annual Population Survey, ONS, Apr 2018-Mar 2019

Caution: the APS is a sample survey and subject to sample error meaning that the true figure could fall either side of that published