



## Local Economic Assessments Progress Meeting

# Results from Cambridge Econometrics' Integrated Policy Forecasting Model

June 2010

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Head of Economic Research

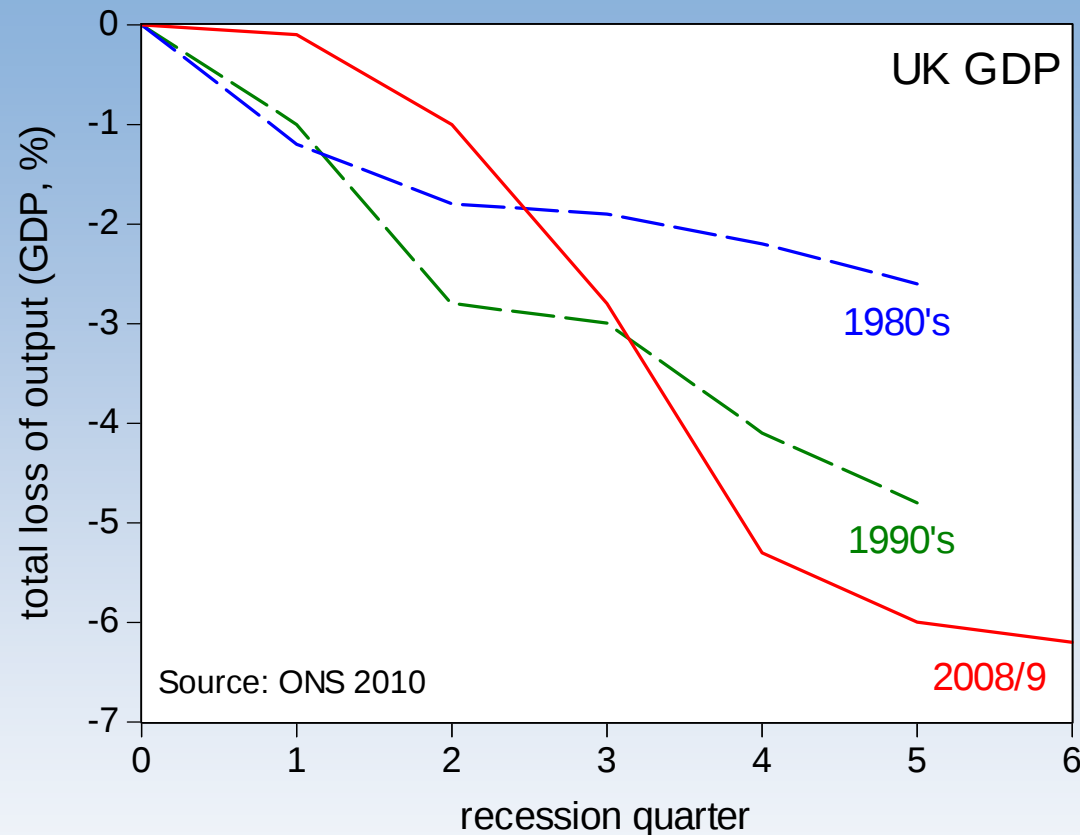
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# Overview

- Effect of the recession on output
- Effect of the recession on jobs
- Forecasts for 2010 and 2011
- Which sectors will drive growth
- Long range forecasts

# The longest and deepest post-war recession



- In 1979-81 output fell 4.8%. In 1990-92 it fell 2.6% and in 2008-09 it has fallen 6.2%.
- Six consecutive quarters of falling output makes this the longest and deepest post-war recession

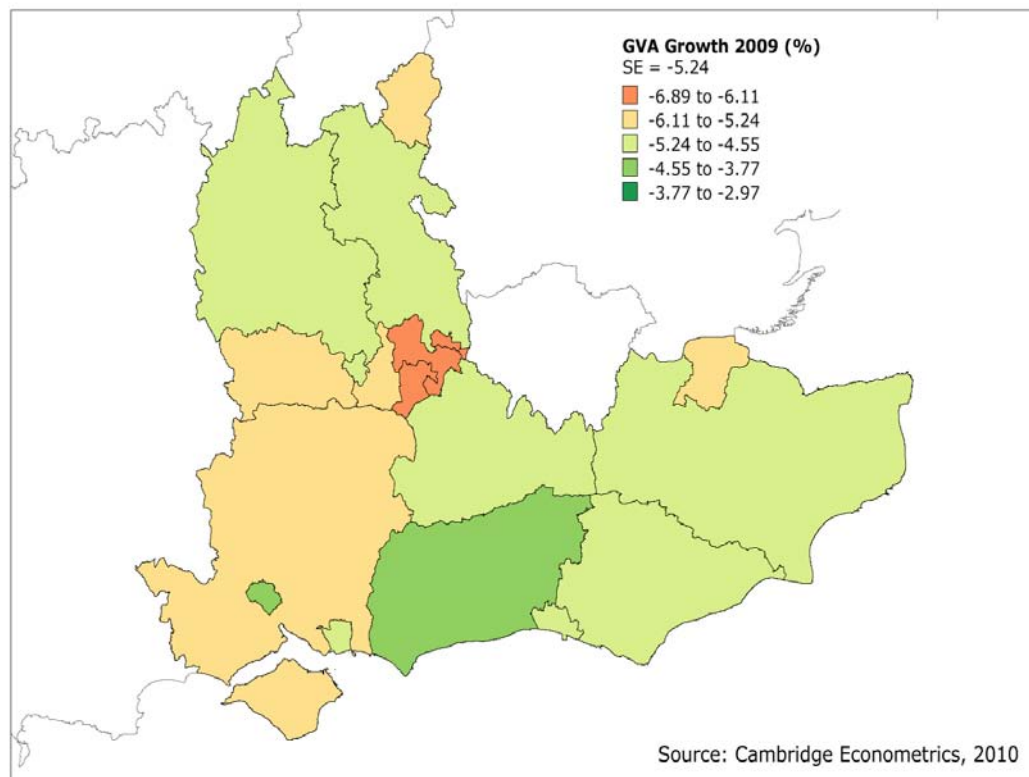
# Effect of the recession on output

- 2009 saw large falls in output throughout the South East

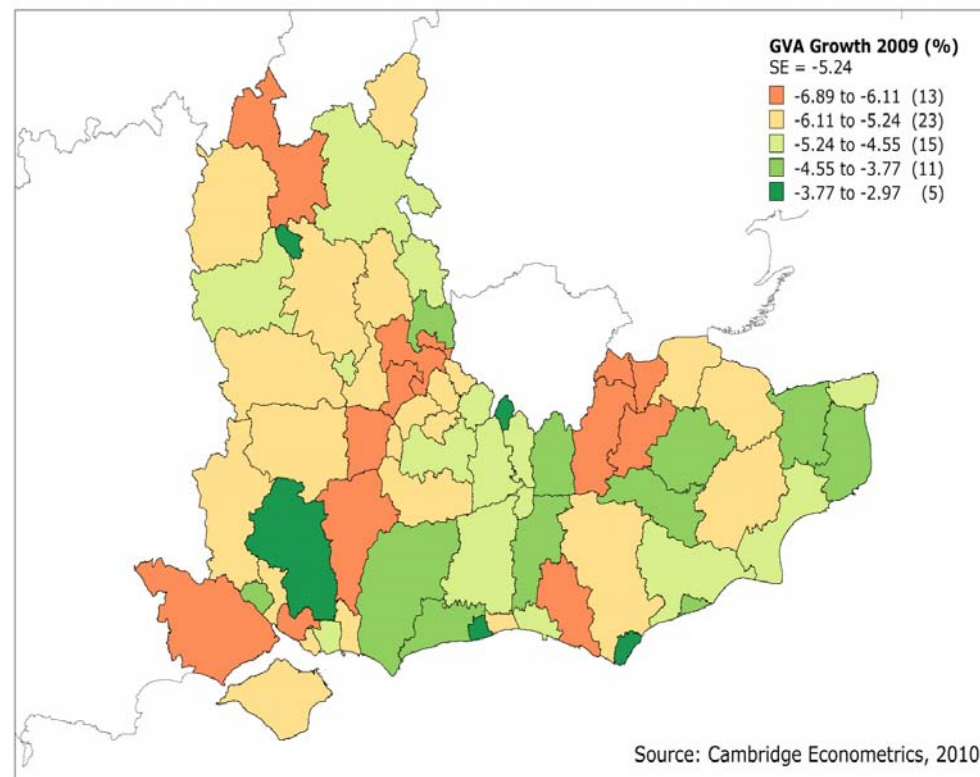
| % fall in GVA, 2009       |     |
|---------------------------|-----|
| <b>Berkshire</b>          | 5.8 |
| <b>Buckinghamshire</b>    | 5.5 |
| <b>Hampshire</b>          | 5.5 |
| <b>Kent</b>               | 5.3 |
| <b>Surrey</b>             | 5.0 |
| <b>East Sussex</b>        | 5.0 |
| <b>Oxfordshire</b>        | 4.8 |
| <b>West Sussex</b>        | 4.5 |
| <b>South East average</b> | 5.2 |

- On average, GVA fell by 5.2%, though with significant sub-regional variation

# Effect of the recession on output, cont.



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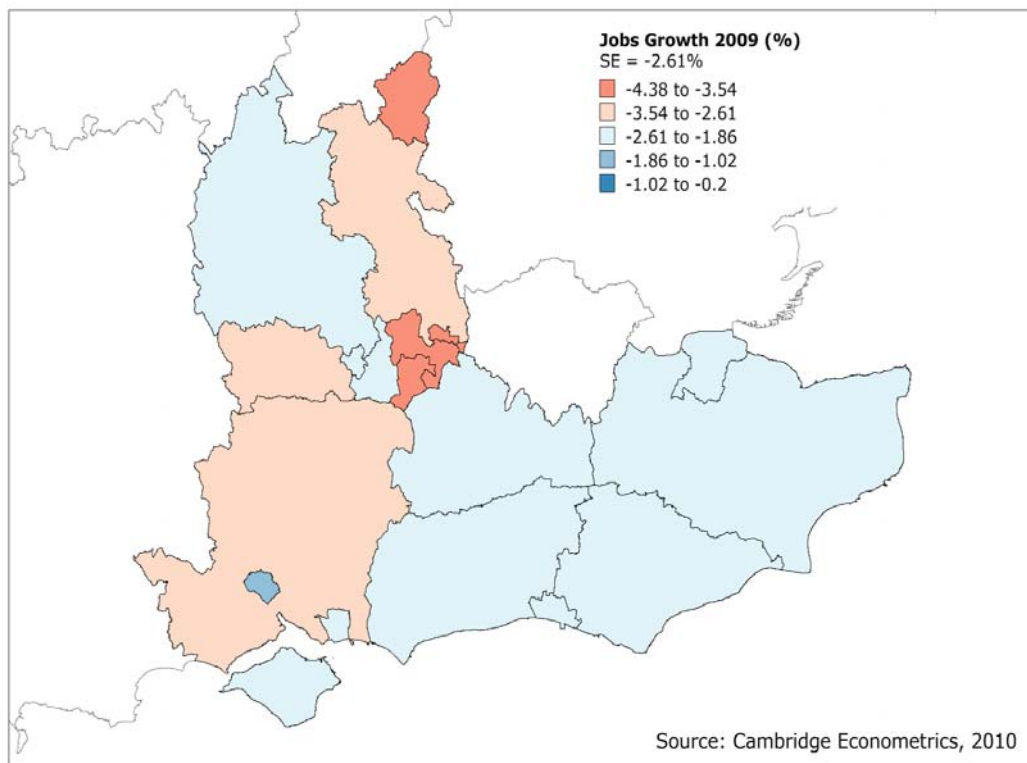
# Effect of the recession on jobs

- 2009 also saw a significant fall in employment in the South East

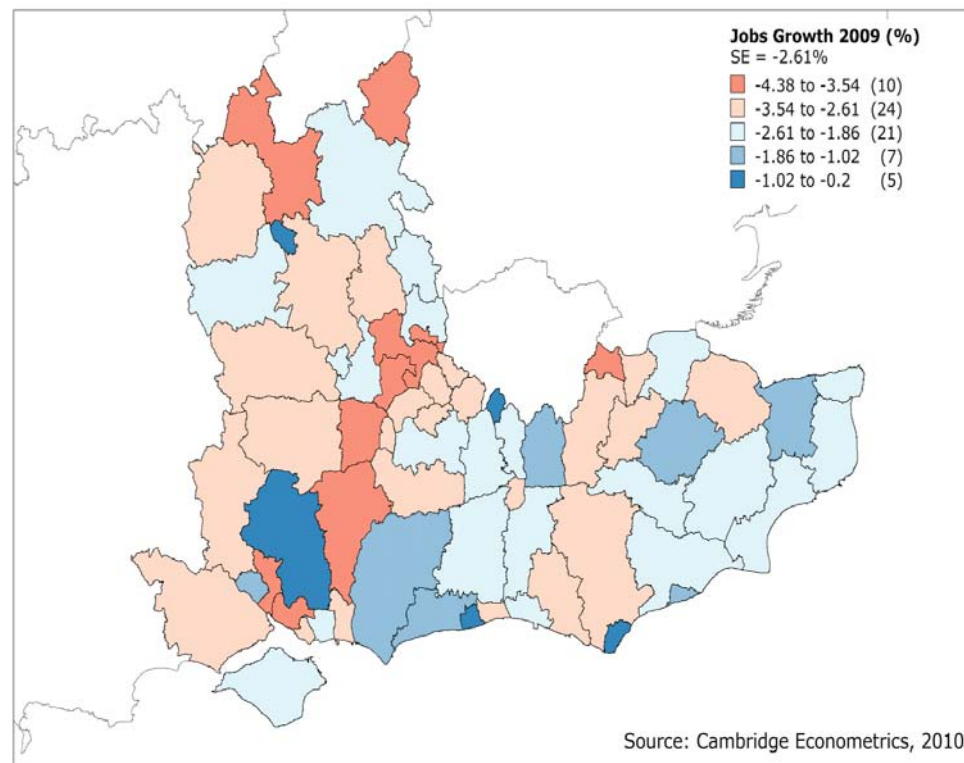
| % fall in number of jobs, 2009 |     |
|--------------------------------|-----|
| Berkshire                      | 3.3 |
| Buckinghamshire                | 3.1 |
| East Sussex                    | 2.2 |
| Hampshire                      | 2.9 |
| Kent                           | 2.4 |
| Oxfordshire                    | 2.1 |
| Surrey                         | 2.5 |
| West Sussex                    | 1.9 |

- On average, there was a 2.6% decrease in the total number of jobs

# Effect of the recession on jobs, cont.

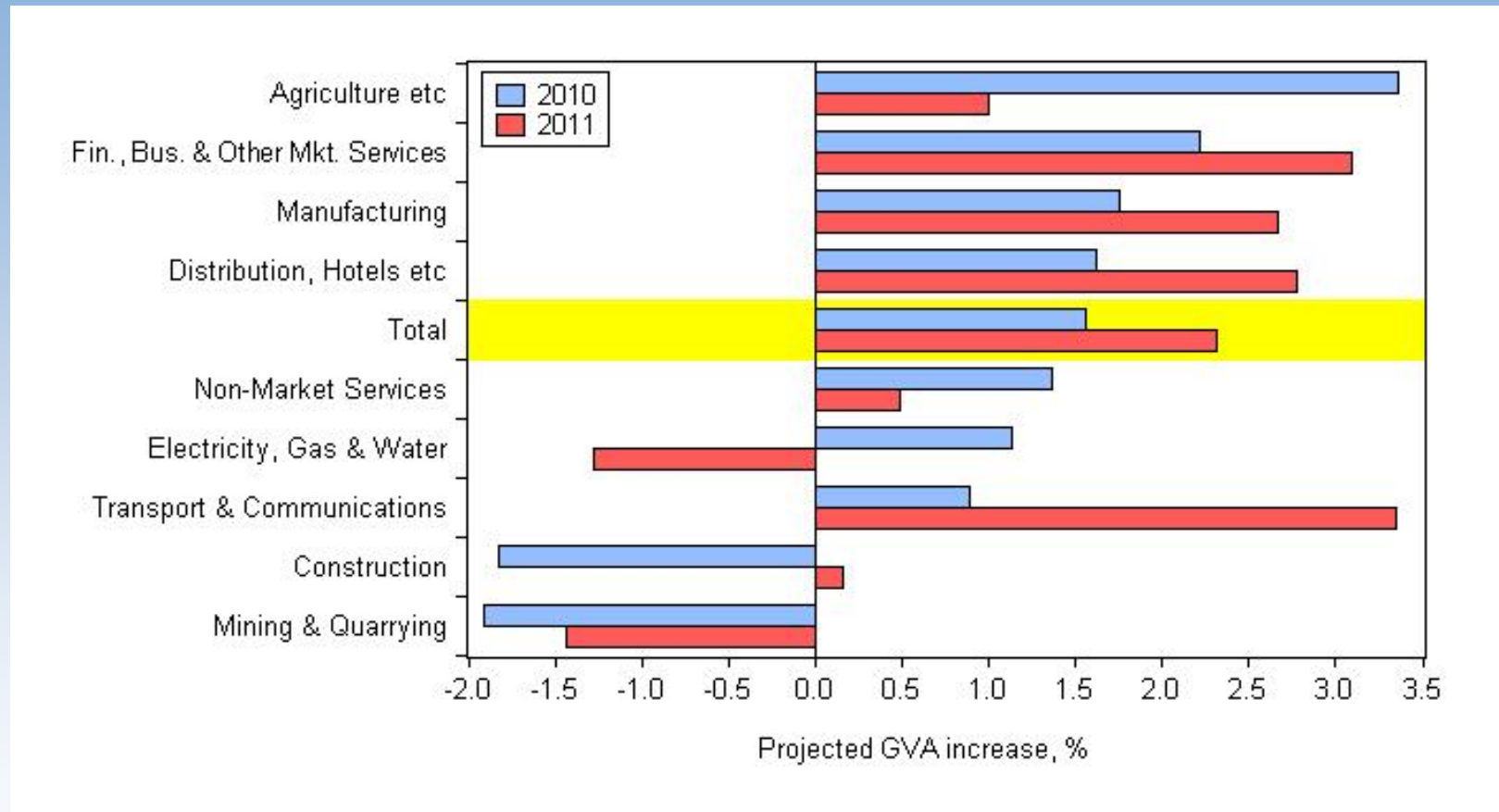


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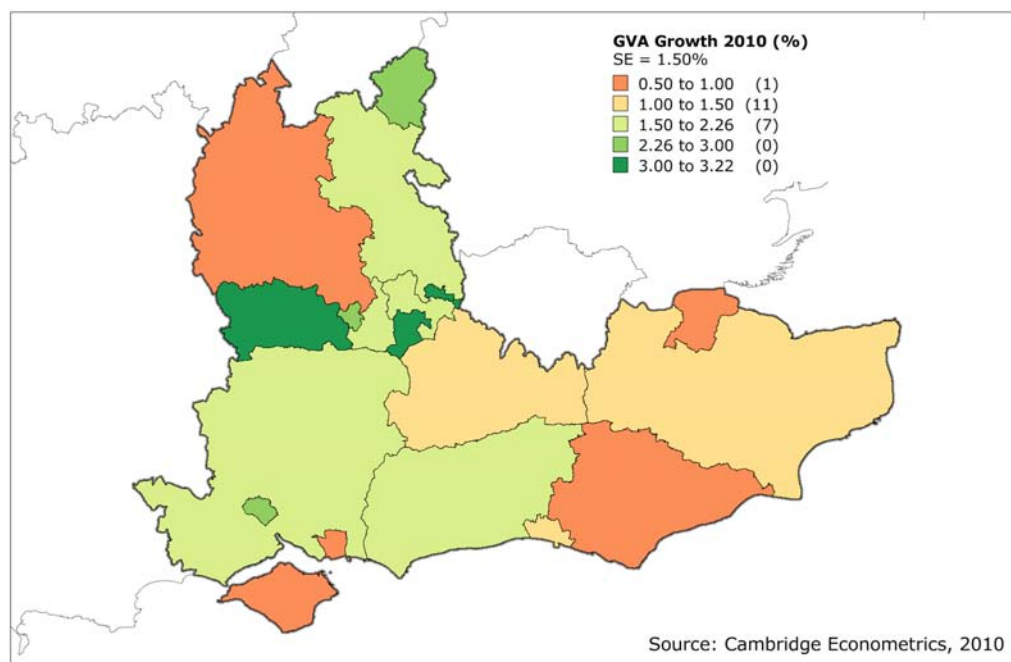


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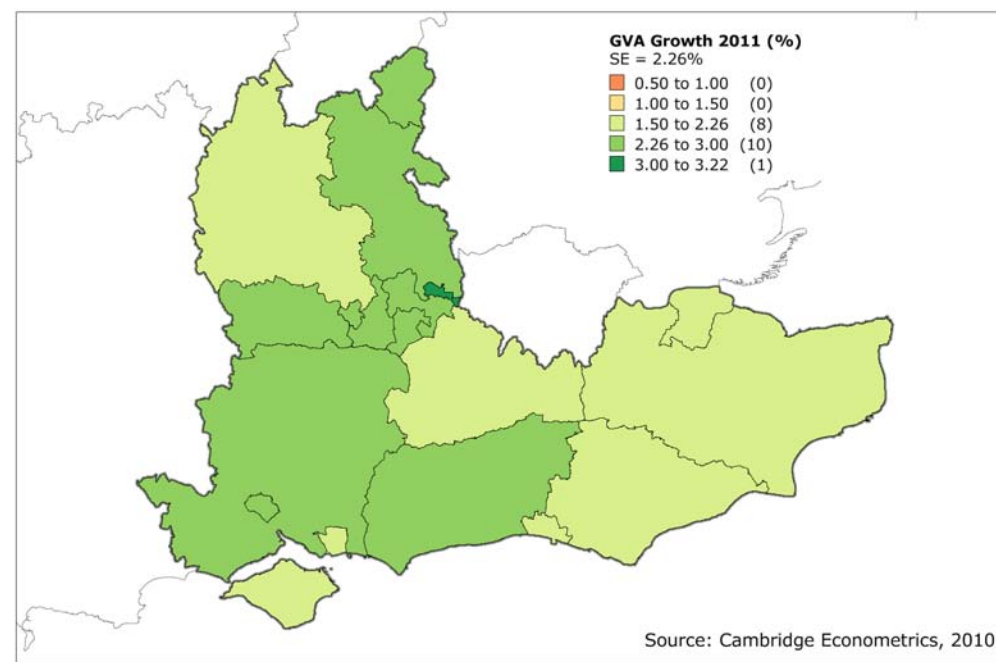
# Projected GVA increase in 2010 and 2011 by sector



# Projections for 2010 and 2011: GVA growth

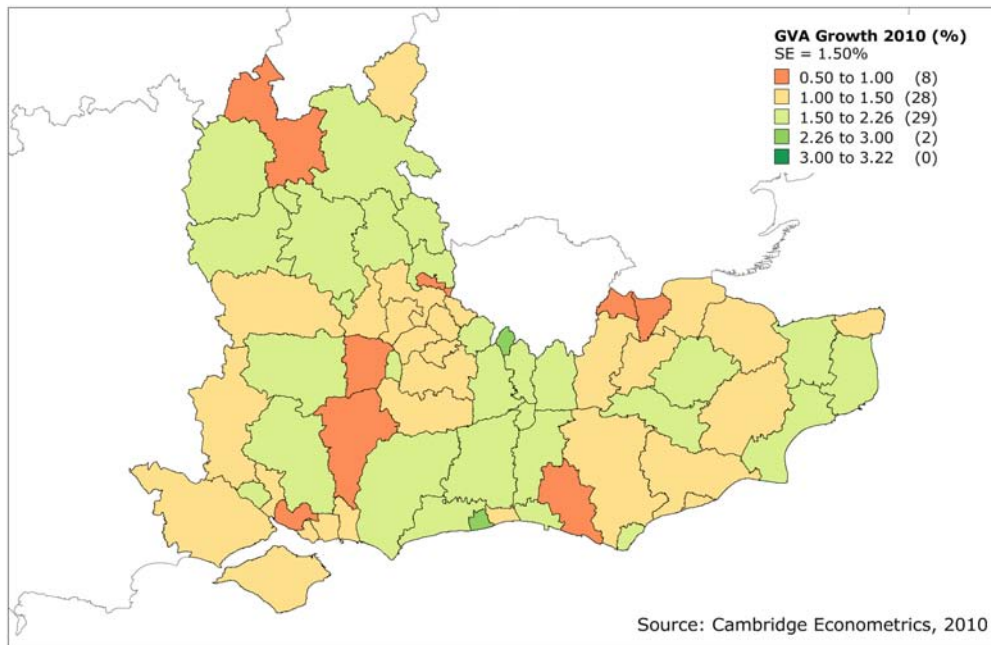


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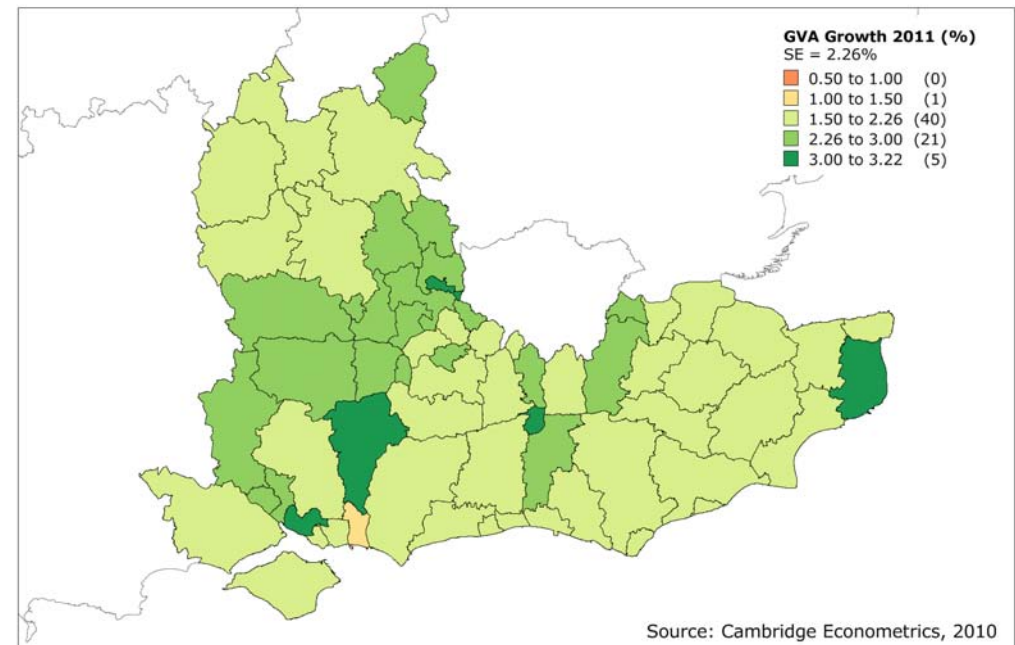


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# Projections for 2010 and 2011: GVA growth, cont.

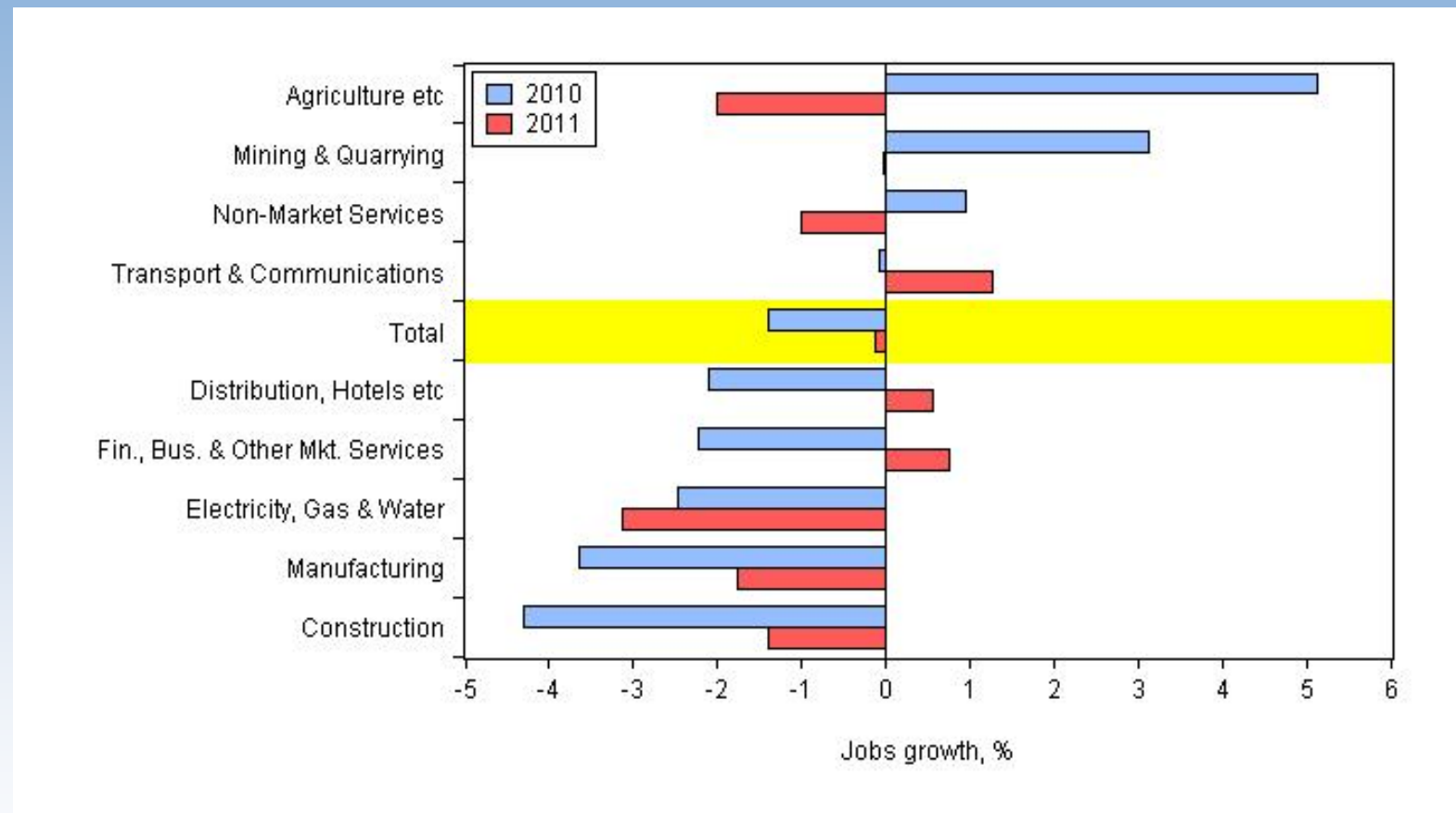


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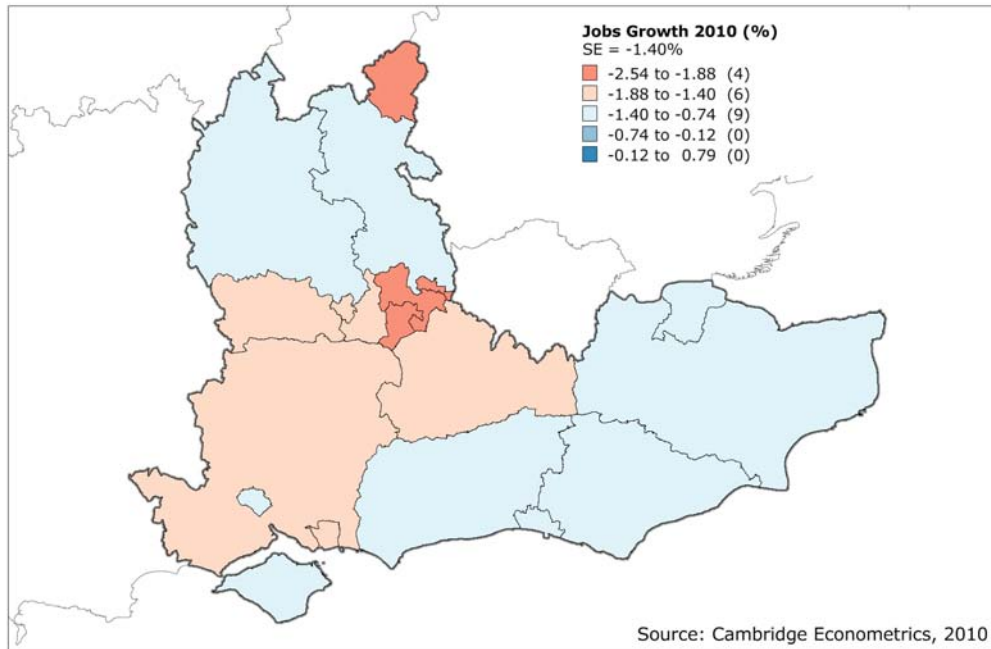


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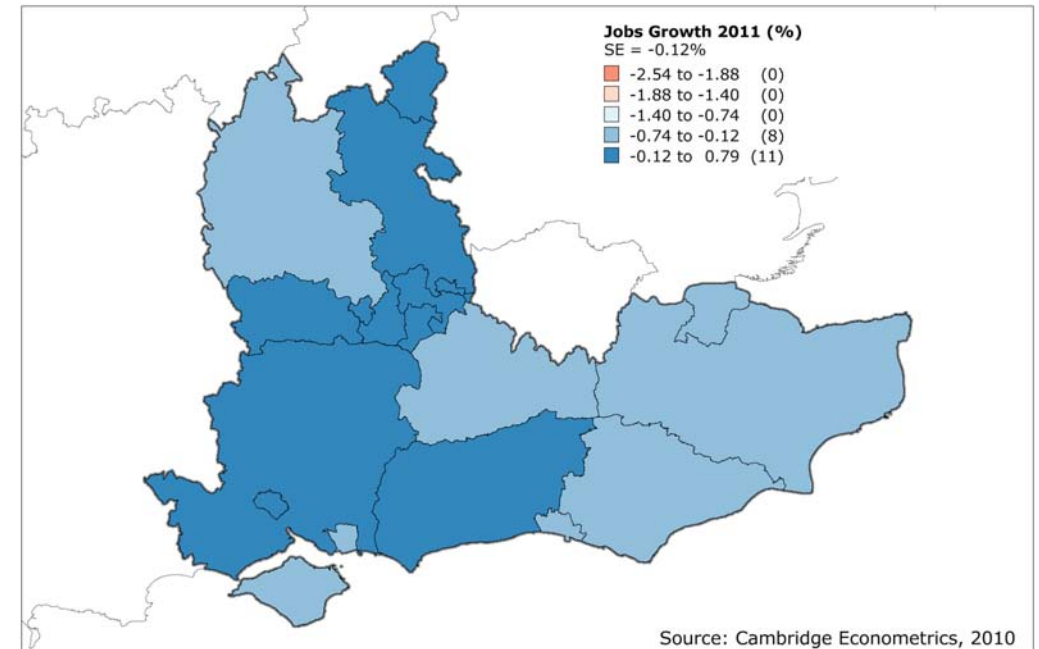
# Projected jobs growth by sector



# Projections for 2010 and 2011: Jobs growth

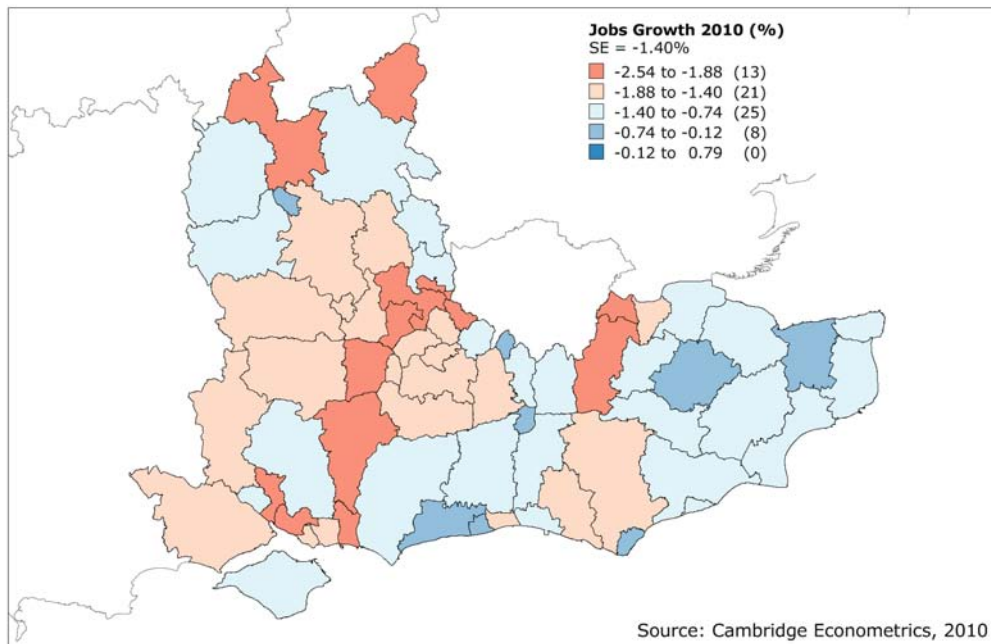


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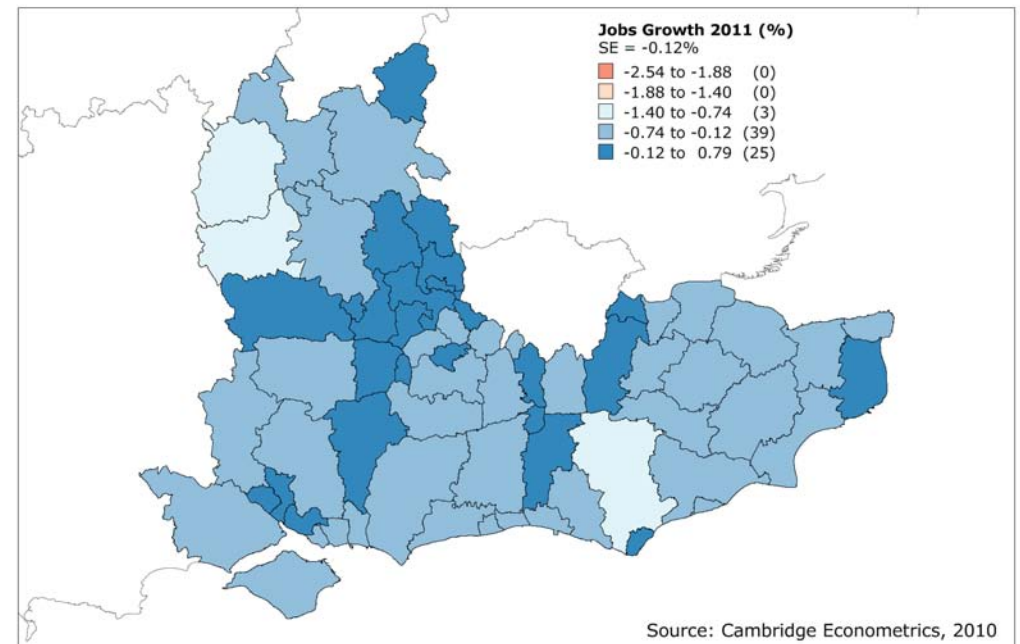


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# Projections for 2010 and 2011: jobs growth, cont.



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# Long range forecasts

In the long run, output is forecast to grow at a similar rate to in the past

|                 | 2010-2020 | 2010-2030 | 1998-2008 | 1988-2008 |
|-----------------|-----------|-----------|-----------|-----------|
| GVA growth rate | 2.6%      | 2.7%      | 2.6%      | 2.6%      |

Jobs growth is forecast to grow at a similar rate to the 20 years to 2008, though slower than the previous decade (excluding the recession)

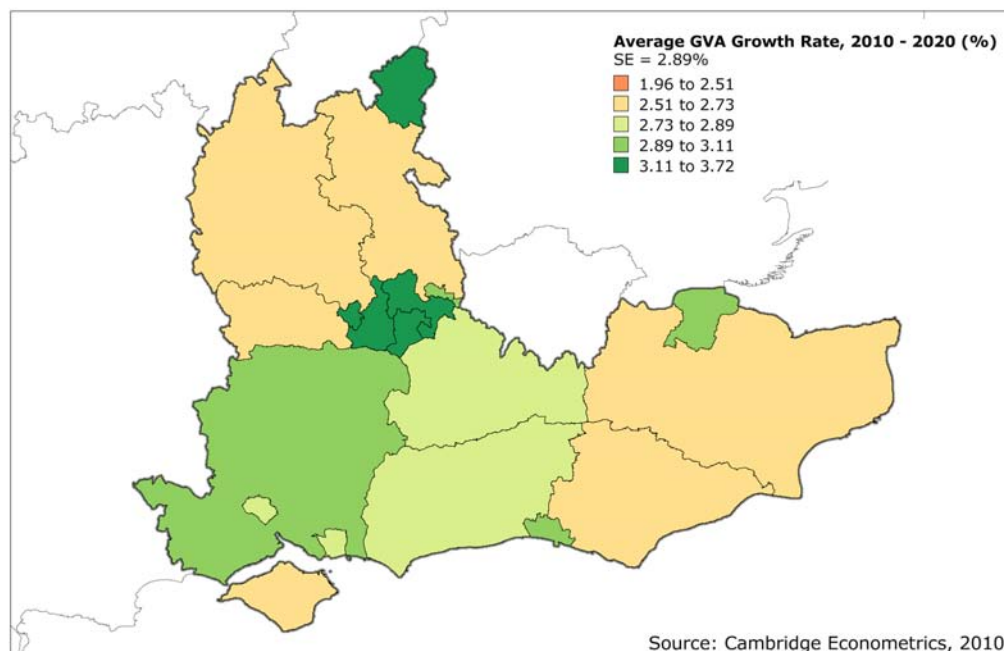
|                  | 2010-2020 | 2010-2030 | 1998-2008 | 1988-2008 |
|------------------|-----------|-----------|-----------|-----------|
| Jobs growth rate | 0.7%      | 0.9%      | 1.1%      | 0.7%      |

# Which sectors will drive long run GVA growth?

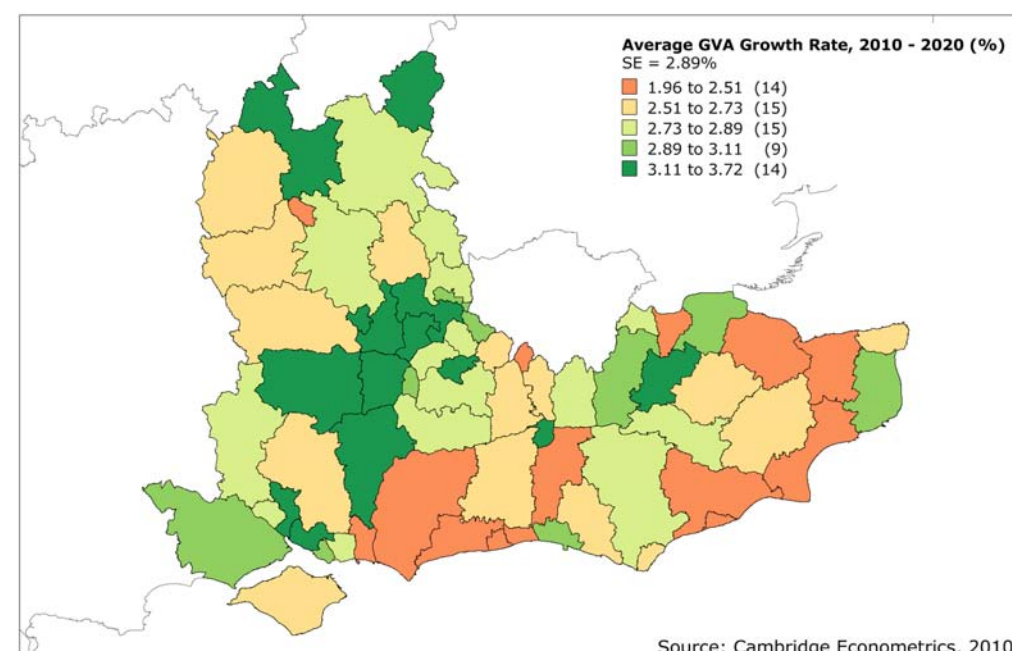
## GVA:

|                                  | 2010-2020   | 2010-2030   |
|----------------------------------|-------------|-------------|
| Transport & Communications       | 4.0%        | 4.2%        |
| Fin., Bus. & Other Mkt. Services | 3.3%        | 3.3%        |
| <b>Total</b>                     | <b>2.6%</b> | <b>2.7%</b> |
| Distribution, Hotels etc         | 2.5%        | 2.6%        |
| Construction                     | 1.9%        | 1.7%        |
| Manufacturing                    | 1.5%        | 1.5%        |
| Non-Market Services              | 1.3%        | 1.5%        |
| Agriculture etc                  | 0.5%        | 0.2%        |
| Electricity, Gas & Water         | 0.3%        | 0.5%        |
| Mining & Quarrying               | -1.4%       | -1.2%       |

# Projected GVA growth, 2010-2020



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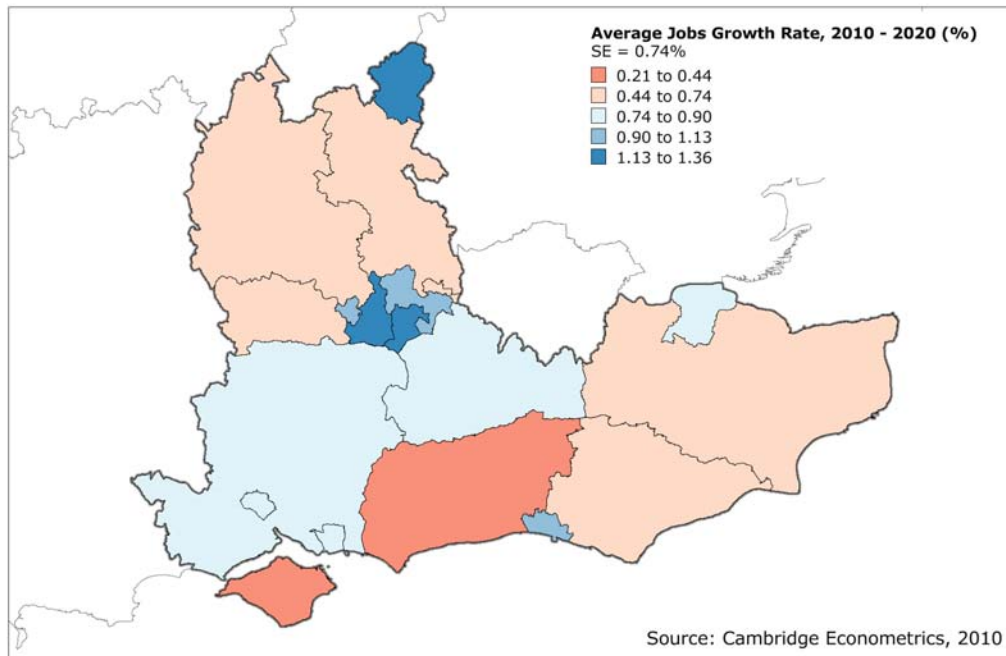
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# Which sectors will drive long run jobs growth?

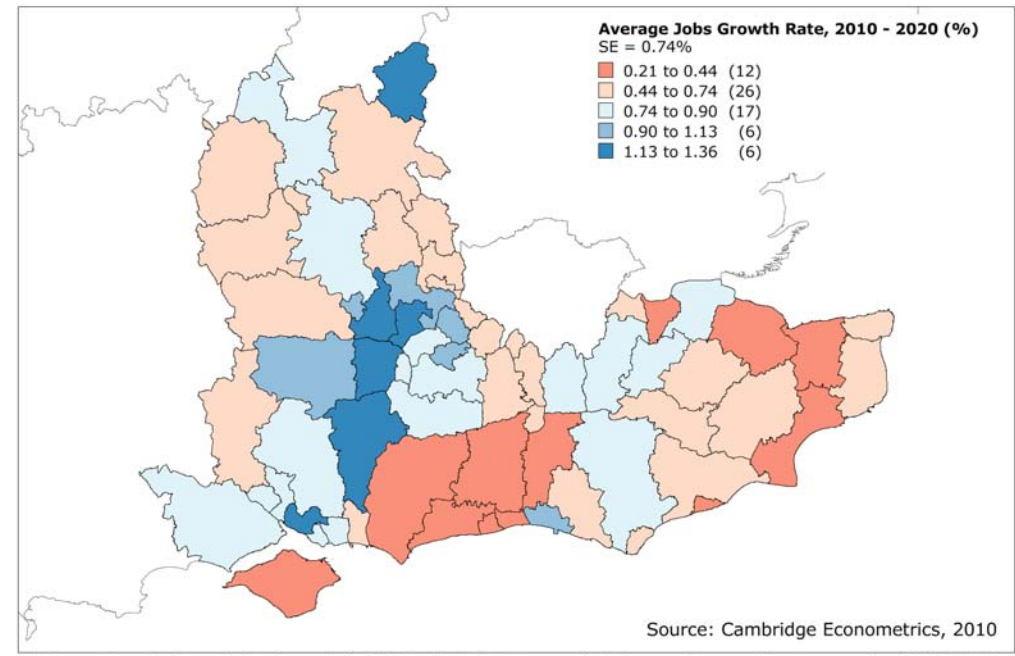
## Jobs:

|                                  | 2010-2020   | 2010-2030   |
|----------------------------------|-------------|-------------|
| Fin., Bus. & Other Mkt. Services | 1.9%        | 2.0%        |
| <b>Total</b>                     | <b>0.7%</b> | <b>0.9%</b> |
| Distribution, Hotels etc         | 0.7%        | 0.6%        |
| Transport & Communications       | 0.5%        | 0.5%        |
| Construction                     | 0.3%        | 0.2%        |
| Non-Market Services              | 0.3%        | 0.7%        |
| Manufacturing                    | -1.6%       | -1.7%       |
| Mining & Quarrying               | -1.6%       | -1.8%       |
| Agriculture etc                  | -1.8%       | -1.7%       |
| Electricity, Gas & Water         | -2.2%       | -1.9%       |

# Projected jobs growth, 2010-2020



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**Thank you**

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