

The UK's Economic Outlook: Growth Prospects in a Changed World

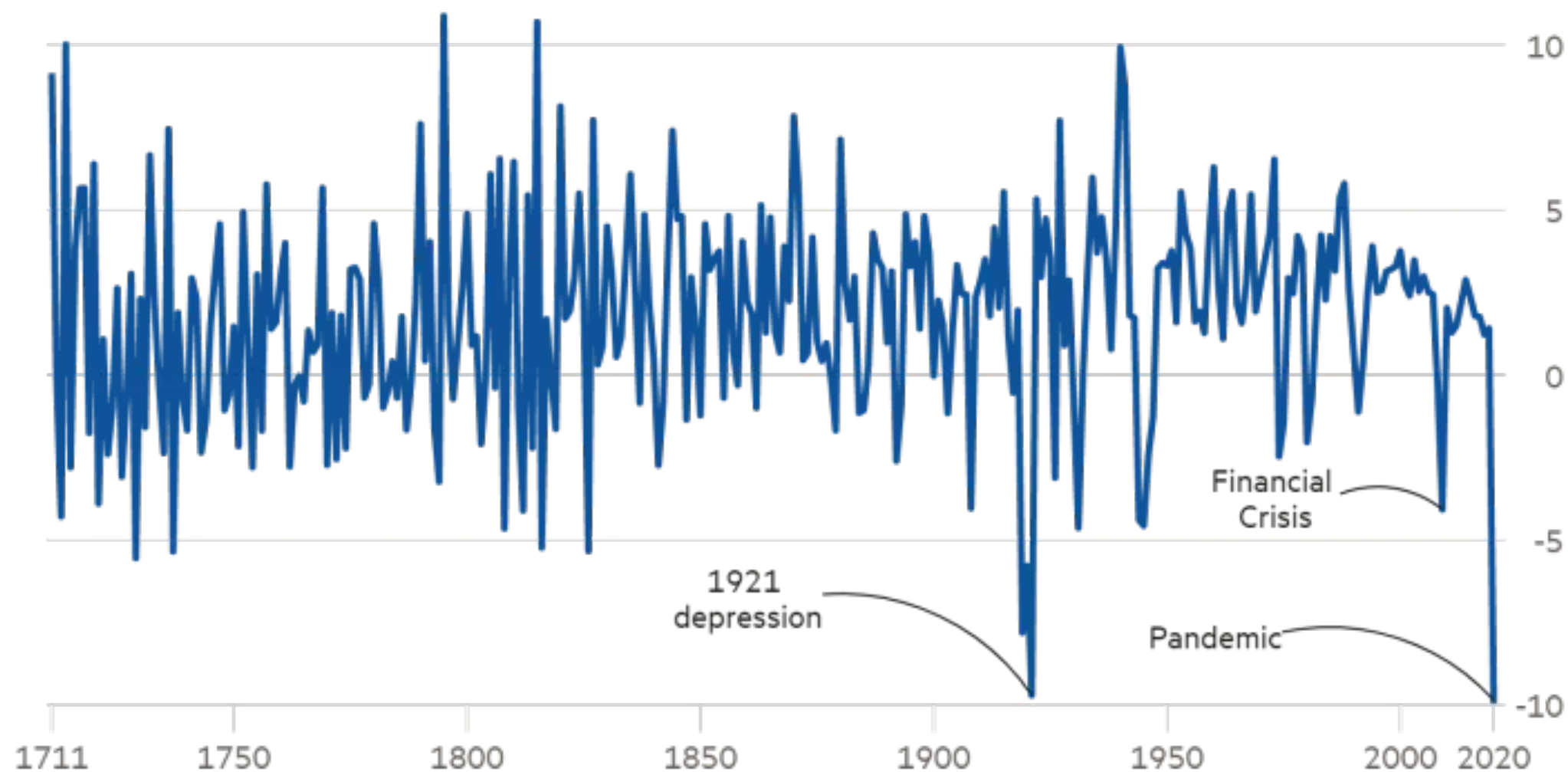
Professor Linda Yueh

University of Oxford, London Business School, London School of Economics

www.lindayueh.com

The UK economy shrank the most in three centuries

Annual % change

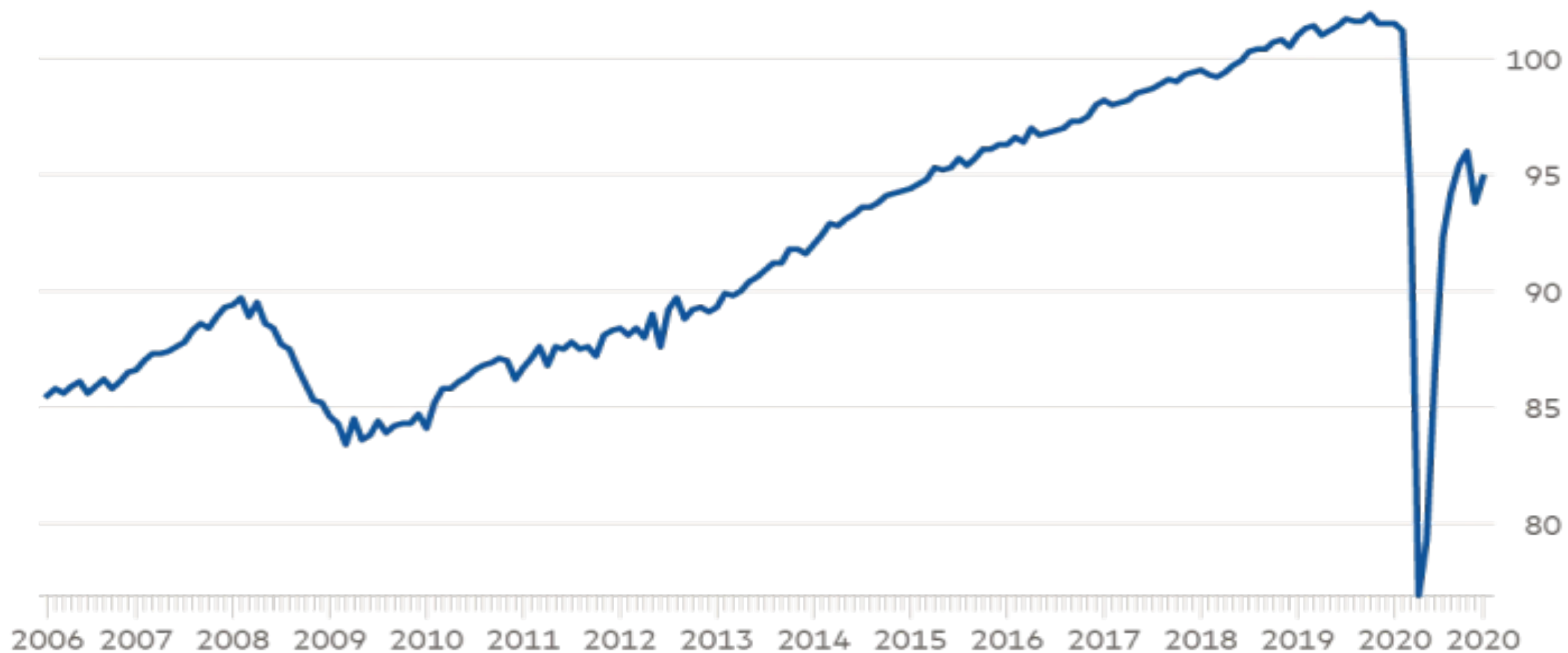


Sources: Bank of England, ONS

© FT

UK GDP remains well below pre-crisis levels

Index, 2018=100

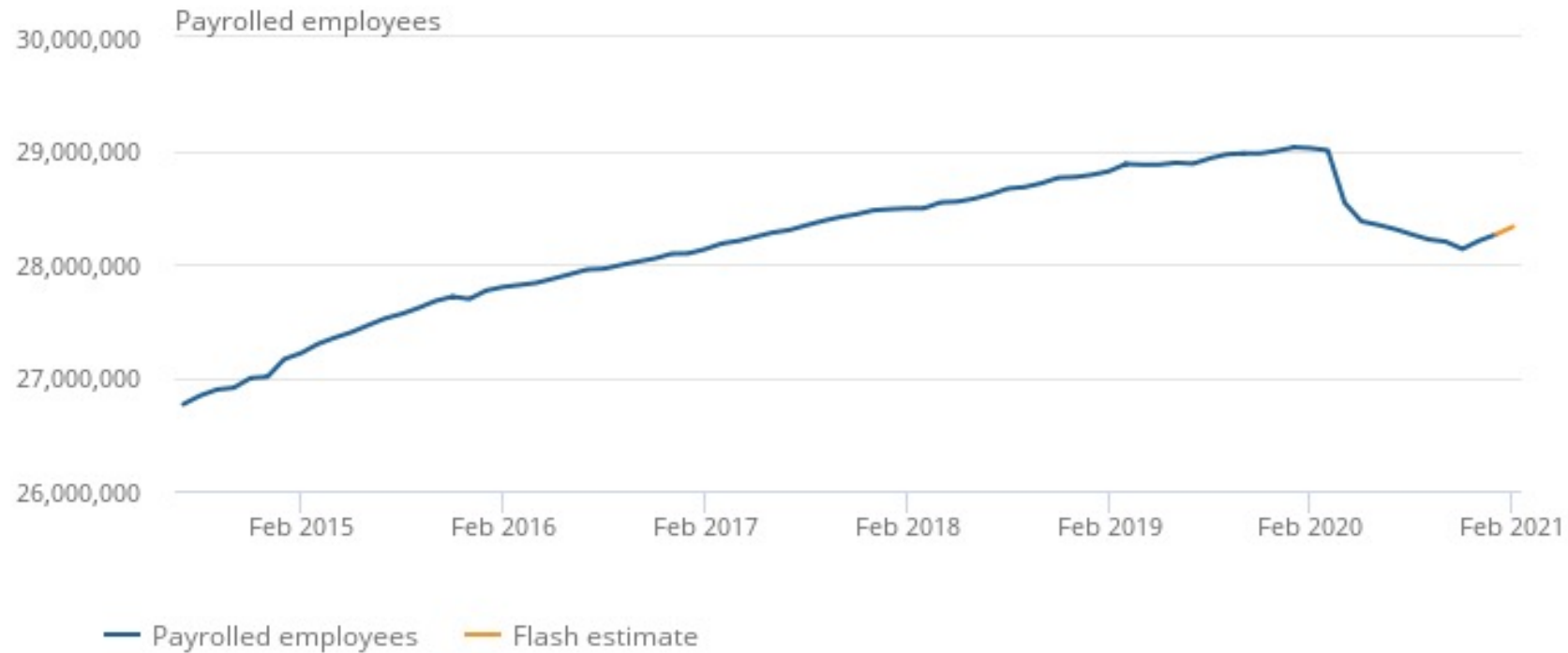


Sources: ONS, Refinitiv

© FT

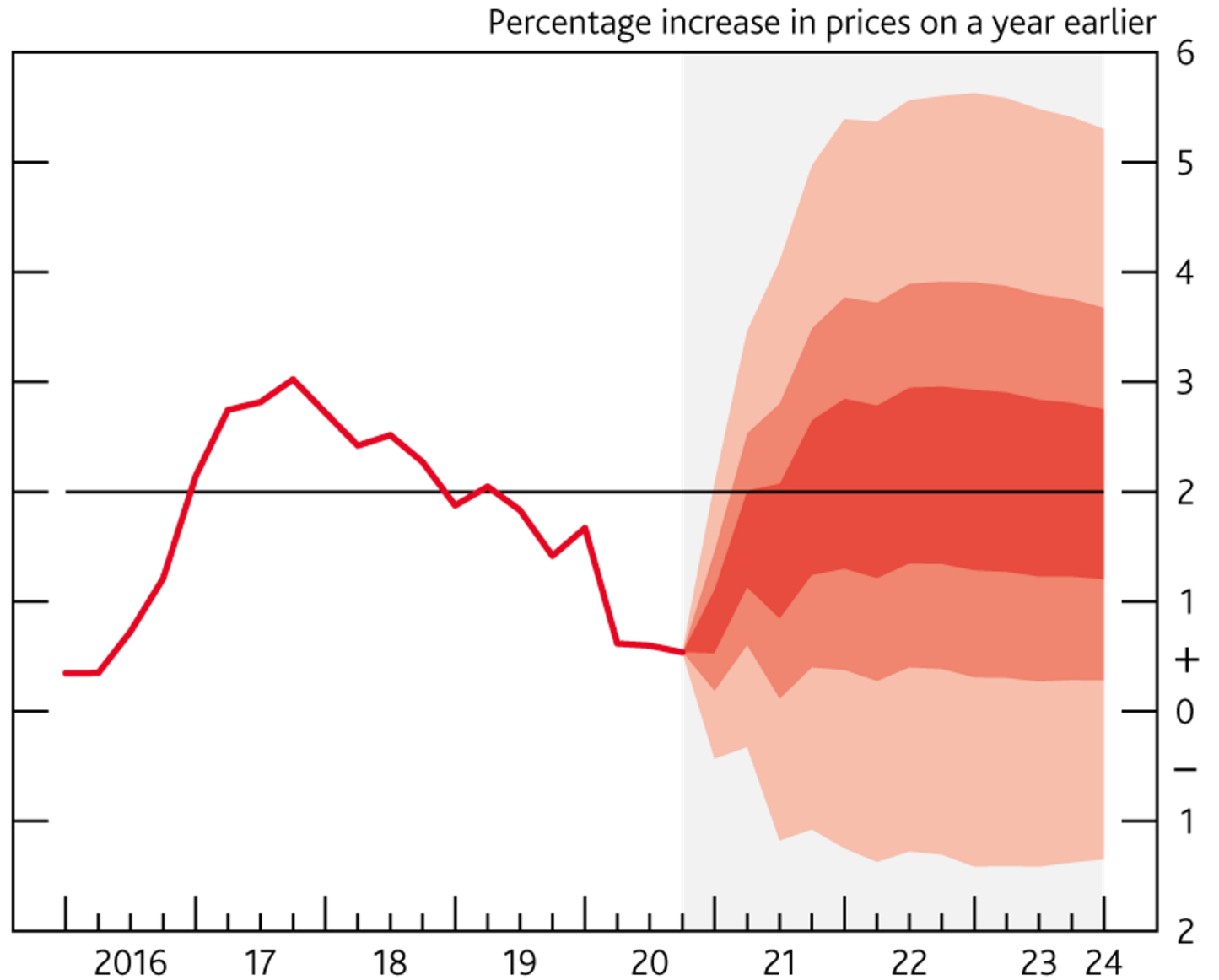
Figure 1: The number of employees declined between February and November 2020, but has risen slightly more recently

Payrolled employees, seasonally adjusted, UK, July 2014 to February 2021



Source: HM Revenue and Customs – Pay As You Earn Real Time Information

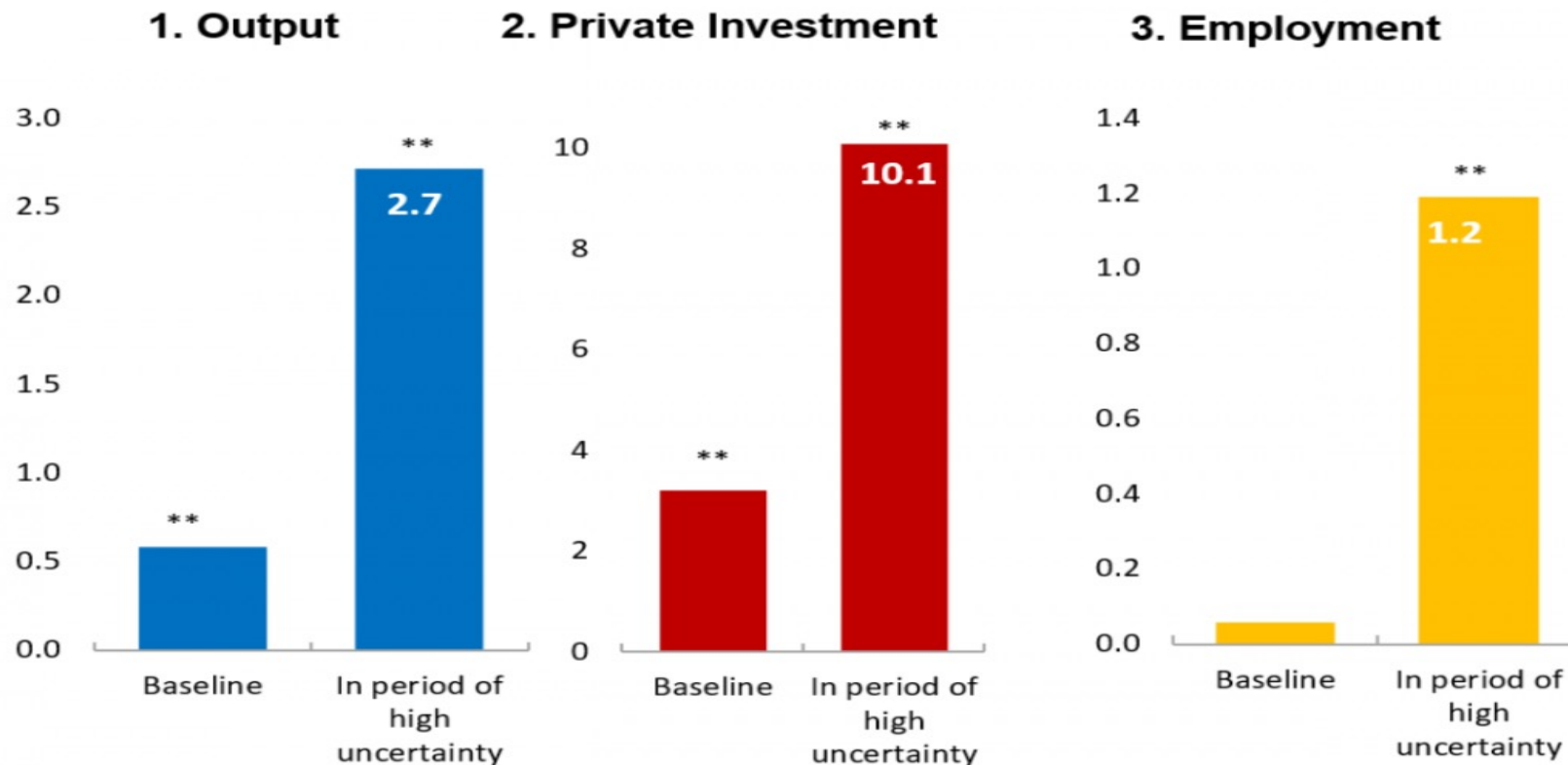
BOE inflation forecast



The amplifying effects of public investment

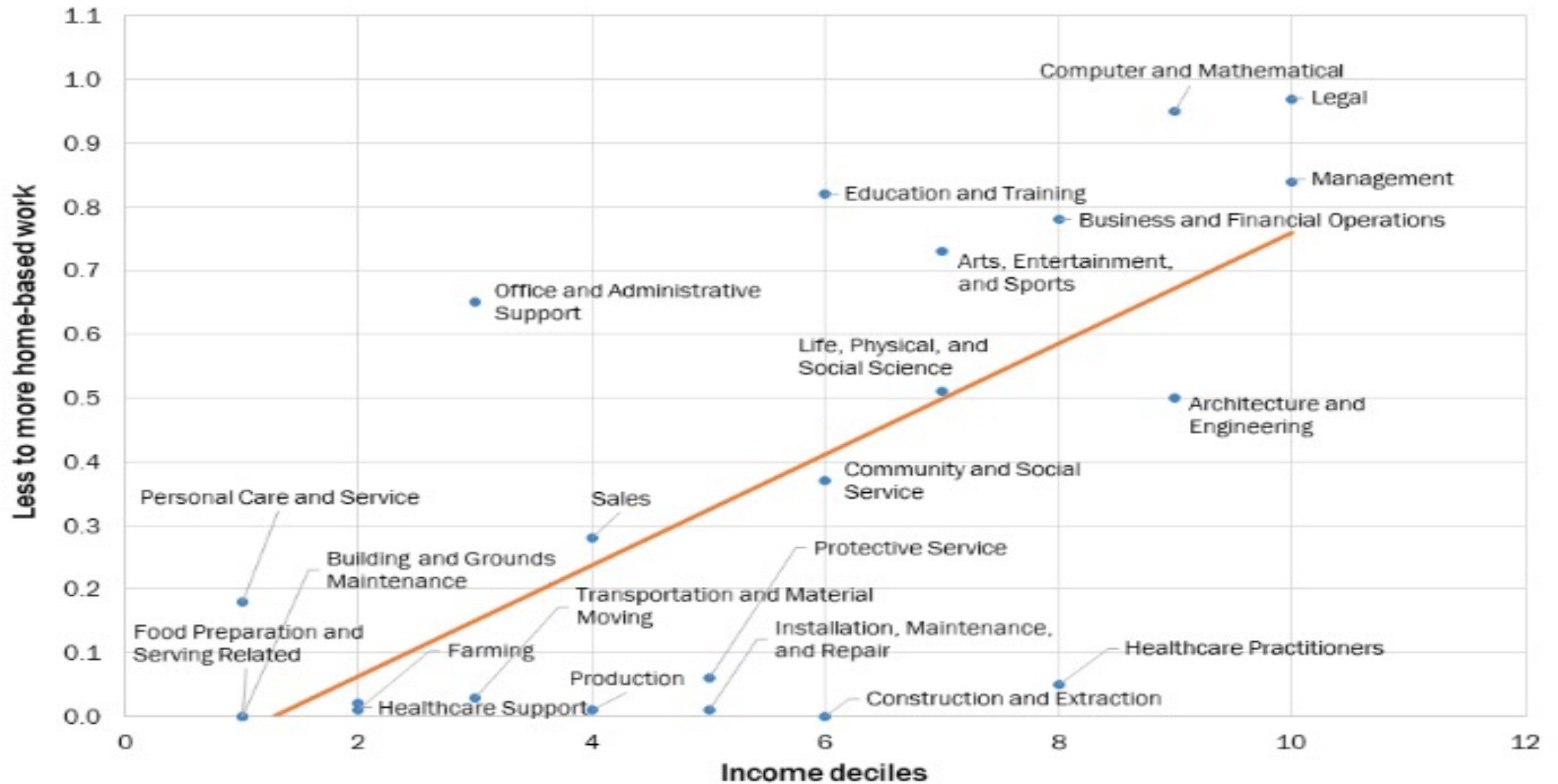
In periods of high uncertainty, increasing investment by 1 percent of GDP boosts growth by 2.7 percent, private investment by 10 percent, and employment by 1.2 percent after 2 years.

(impact, in percent deviation from baseline, of a 1 percent of GDP increase in public investment)

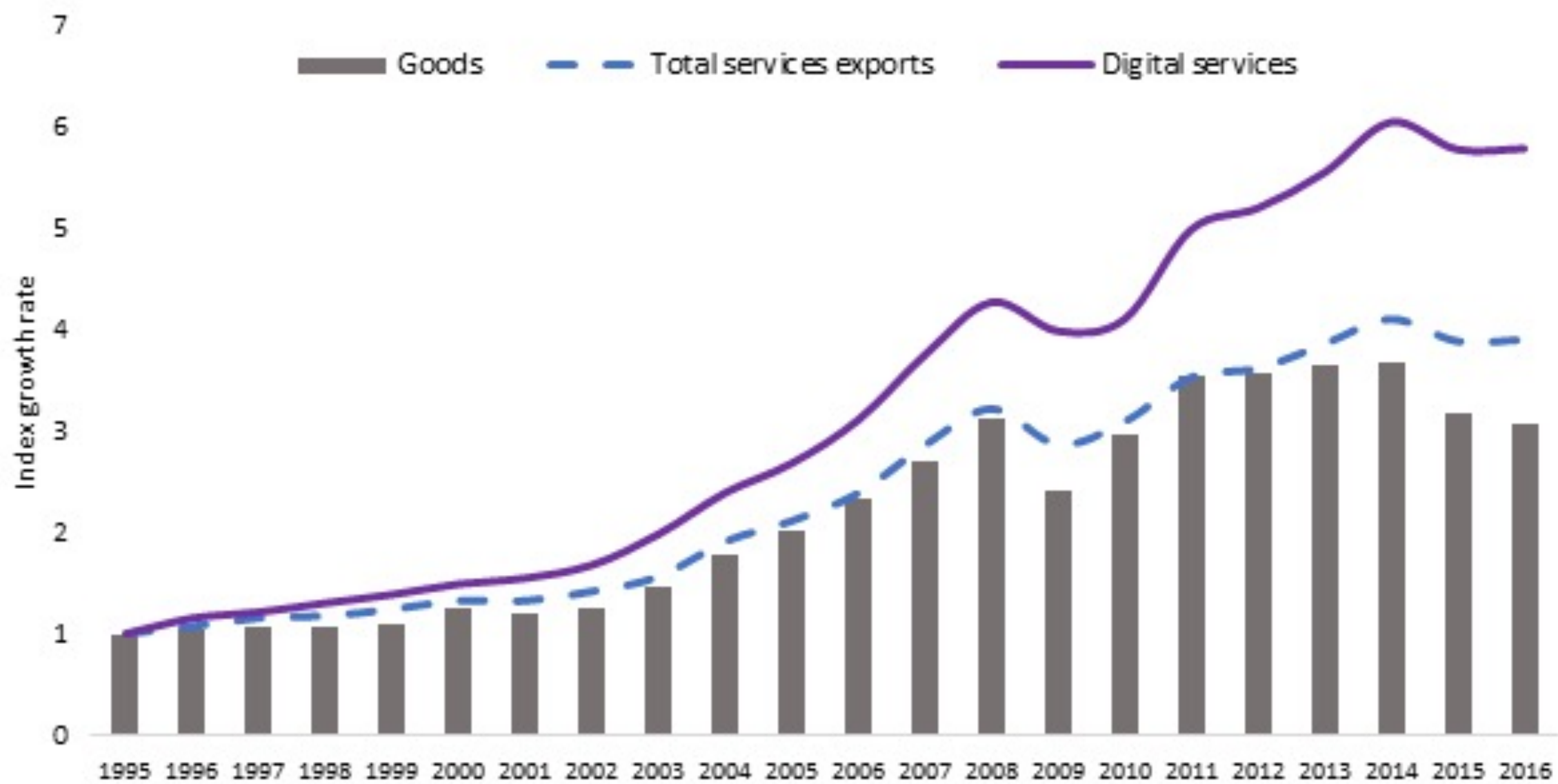


Source: IMF staff estimates.

Note ** denotes statistically significant coefficients at the two standard deviation confidence interval.



Henry Overman (2020), "How the UK government should respond to the unequal local economic impacts of COVID-19," VoxEU, <https://voxeu.org/article/how-uk-government-should-respond-unequal-local-economic-impacts-covid-19>



For economic updates:
Twitter: @lindayueh

www.lindayueh.com