

076

FROM: C J SPILLER
DATE: 15 May 1990
TEL: GTN 1211 2403
FILE: 14/7A

PS/FINANCIAL SECRETARY (Circulation list attached)

CAPITAL EXPENDITURE: PROVISIONAL ESTIMATES FOR Q1 1990

1. A Press Notice giving the provisional estimates for capital expenditure in the first quarter of 1990 is attached for information.
2. The Notice is restricted to expenditure in the manufacturing industries. This is because figures for other sectors previously published are not at present of sufficient quality. Further information is given in **Notes to editors**.
3. This Notice will be published at 11.30 am on Thursday 17 May. The contents should be treated as confidential until then.



C J SPILLER
CSO Branch B2
Room 1.207, CSO Newport

Notes to editors

1. Estimates of total fixed capital formation, and industrial analyses of that total, have traditionally been compiled using data collected from various quarterly surveys of business expenditure. For 1988 and 1989, studies of the apparent shortfall of the quarterly inquiry based estimates, when compared with estimates of the supply of capital goods based on production and trade data, have thrown doubt on some of the results from the quarterly expenditure inquiries. No comprehensive industrial analysis of these supply figures is available. It has been decided therefore to limit the range of industrial estimates published at the moment. In particular, it has been decided that the provisional quarterly estimates of capital expenditure should be restricted to manufacturing industries, where the coverage of the quarterly returns is judged to provide estimates of acceptable quality. Quarterly estimates of total capital expenditure in industries outside manufacturing up to the first quarter of 1990, together with revised estimates for manufacturing industries, will be included in the GDP press notice on 22 June.

2. **Effect of leasing on manufacturing investment.** Assets have traditionally been classified to the industries of their ownership. Since capital goods acquired for leasing out are mainly bought by the service industries, leasing to manufacturers produces an apparent switch in investment to the service industries from the manufacturing industries. In 1989 assets leased from owners in the financial industries represented an addition of almost 14 per cent of manufacturers' capital expenditure. Assets leased from owners in other industries outside manufacturing are not included in these figures. An analysis of leased assets by user industry within manufacturing is not available.

3. **Asset coverage of the estimates.** The capital expenditure figures cover acquisitions less disposals of vehicles and of plant and machinery and expenditure on new building work. Spending on land and existing buildings is excluded.

4. The information in this press notice, with additional current price data, will be published in a **Business Bulletin** on 1 June.

Issued by:

Central Statistical Office
Government Offices
Great George Street
LONDON SW1P 3AQ

Telephone:

Press calls only:
071-270 6511/6357

Public inquiries:
0633 81 2149/2215

CAPITAL EXPENDITURE

Distribution:

PS/Prime Minister	
PS/Chancellor	HMT
PS/Chief Secretary	HMT
PS/Paymaster General	HMT
PS/Economic Secretary	HMT
PS/SOS	DTI
PS/MI	DTI
PS/MT	DTI
PS/PUSS (CA)	DTI
Sir Jack Hibbert	CSO
Mr N Harvey	CSO
Mr R Ward	CSO
Miss S Carter	CSO
Mr K Mansell	CSO
Mr J Wright	CSO
Mr K Hayes	CSO
Sir Terence Burns	HMT
Mr P Sedgwick	HMT
Mr M Cornelius	HMT
Mr R Dean	HMT
Sir Peter Gregson	DTI
Mr Coates	DTI
Mr Higham	DTI
Mr Astin	DTI
Mr Oldham	DTI
Mr M Dicks	Bank
Mr M Nicholas	Bank