

## UK TRADE DEFICIT BIGGEST SINCE 2008 IN FIRST QUARTER

The UK's trade deficit for the first quarter is at its biggest since 2008.

The gap between imports and exports for the first three months of 2016 stands at £13.3bn, up from £12.2bn in the fourth quarter of 2015, **says the Office for National Statistics (ONS).**

Analysts said this was more evidence of the weight of global economic weakness on the UK. One described the figures as "truly horrible"

UK economic growth has already slowed to 0.4% in the first quarter.

The ONS said the UK trade gap widened over the quarter because of a £1.9bn rise in imports such as mechanical machinery, cars, clothing, jewellery and footwear.

Meanwhile, exports increased by just £500m, led by chemical products.

"A truly horrible first-quarter trade performance that clearly weighed down on GDP growth," said Howard Archer from IHS Global Insight.

He added that UK exports had been hampered by moderate global demand as well as sterling's strength in 2015, particularly against the euro.

"The hope has to be that UK exporters will increasingly be helped by the overall marked weakening of the pound in 2016, although the pound has climbed off its April lows," he continued.

SOURCE: BBC



**Commented [A1]:** What is the term used for the gap between imports and exports?

**Commented [A2]:** In today's age of globalisation, what does this sentence signify? Is it a consequence of globalisation. Is globalisation beneficial for an economy? Discuss.

**Commented [A3]:** Do you think there is a role of 'global economic weakness' on the economic growth of UK? Justify, taking the concept of Aggregate Demand.

**Commented [A4]:** Trade Gap? Does this signify that an increase in exports was less compared to an increase in imports?

**Commented [A5]:** Continuing with Comment A3, trade performance does effect GDP growth.

**Commented [A6]:** Sterling's strength has also affected the Trade deficit. Find the connect.

**Commented [A7]:** How will weakening of pound in 2016 will affect the UK exporters? Discuss