An Experimental Statistics Publication for Scotland

ECONOMY AND LABOUR MARKET

GDP Monthly Estimate, Scotland

May 2022

27 July 2022

Gross Domestic Product (GDP) statistics measure the output of the economy in Scotland. These monthly estimates are designated as experimental official statistics, meaning they are still in development but have been released to enable their use at an early stage.

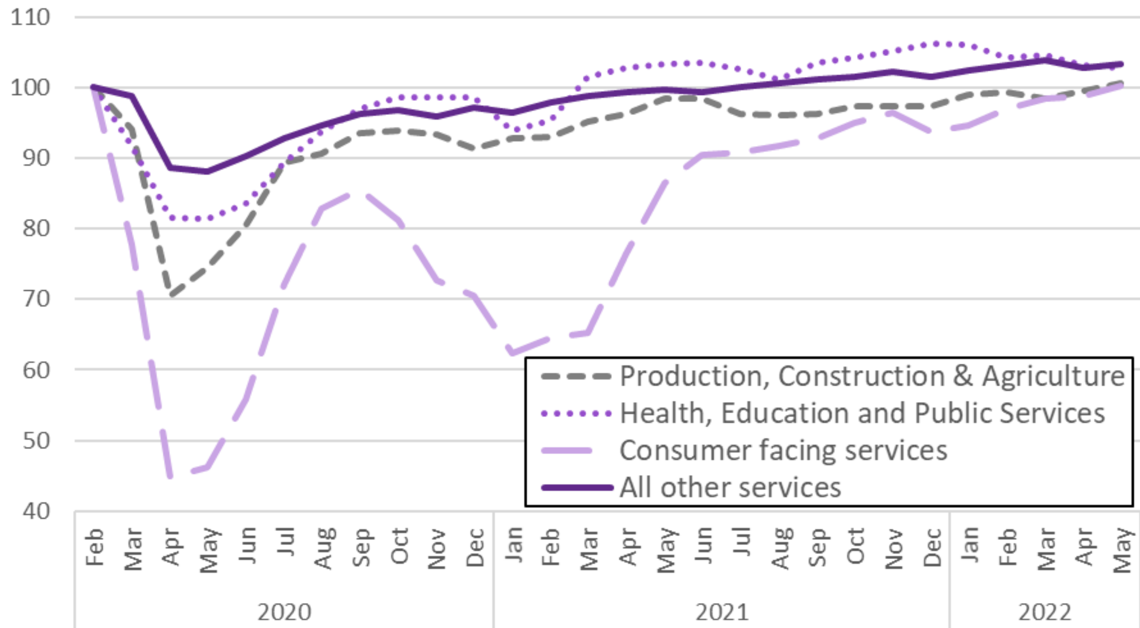
All results are seasonally adjusted and presented in real terms (adjusted to remove inflation), and relate to Scotland's onshore economy (which does not include offshore oil and gas extraction).

Main Findings

- Scotland's onshore GDP is estimated to have grown by 0.6% in May, after falling by 0.5% in April, and is now 1.1% above the pre-pandemic level in February 2020.
- Output in the services sector, which accounts for around three quarters of the economy, grew by 0.4% in May. At the broad level, output in consumer facing services grew by 1.6%, while health, education and public services output fell by 0.4%, and output in all other services grew by 0.5%.
- Overall output in production, construction and agriculture grew by 1.1% compared to the previous month.
- In the three months to May, GDP is estimated to have grown by 0.7% compared to the previous three month period. This indicates a slowdown in growth during Quarter 2 so far, after the increase of 1.0% in 2022 Quarter 1 (January to March).

Industry Results

Monthly GDP by broad industry groups, February 2020 to May 2022
Chained volume measure, Feb 2020 =100



Notes:
(1) Consumer facing services include SIC groups 45, 47, 49.1, 55, 56, 75, 79, 92-97
(2) Users are advised to be mindful that the axis on this chart does not start at zero.

Output in the services sector, which accounts for around three quarters of the economy, grew by 0.4% in May, only recovering some of the output lost in the 0.9% fall in April.

At the broad level, output in consumer facing services grew by 1.6%, and has surpassed the pre-pandemic level of February 2020 for the first time, with ongoing recovery in some subsectors outweighing the slowing in retail and hospitality growth seen in recent months.

Output in health, education and public services fell by 0.4% in May, after also falling in April, mostly due to the reductions in NHS test and trace activities throughout April.

Output across all other services grew by 0.5% in total, with a wide range of performance seen between the subsectors, reflecting in part the inherent volatility seen in month to month GDP movements.

Overall output in production, construction and agriculture grew by 1.1% compared to the previous month. This includes substantial growth of 8.9% in the electricity and gas supply industry due to record levels of wind power generation during the month. Manufacturing output fell by 0.3% in May, while construction output is estimated to have grown by 1.7%.

Cross-Industry Themes

Although the economy is estimated to have returned to growth in May after the fall in April, over the latest two months there has been cumulative growth of just 0.1%. Meanwhile, the rolling quarterly growth rate (latest 3 months compared to previous 3 months) has slowed to 0.7% from the increase of 1.0% seen in Quarter 1. This slowing of growth is consistent with the results for the UK as a whole, and reflects the intensifying inflationary pressures seen in recent months, with annual inflation measured by the consumer prices index reaching 9.1% in May.

The Office for National Statistics noted some common themes reported by businesses in survey responses for the UK May Monthly GDP statistics. UK-wide respondents reported that continuing increases in the cost of production had affected their business, with producer input prices rising to the highest level since records began in 1985.

Looking ahead slightly, with consumer price inflation increasing again to 9.4% in June, Scottish businesses in the Business Insights and Conditions Survey reported that their main concerns for July were inflation of goods and services prices and energy prices. The Scottish Government Consumer Sentiment Indicator for Quarter 2 decreased by 9.9 points to the lowest level since 2021 Quarter 1, driven by concern over the economy and attitudes to spending, reflecting the intensifying economic and financial challenges that are being faced by households.

Revisions

Estimates in this release are consistent with the GDP Quarterly National Accounts for 2022 Quarter 1 published on 27 July. At the quarterly level, results are open for revision during 2022 Quarter 1 only, with monthly GDP fully open to revision back to January 2022.

The main revisions seen during quarter 1 are an upward revision to electricity output across the quarter due to higher levels of wind generation than provisionally estimated, and a downward revision to construction output in line with similar revisions at UK level.

Although there are no changes to quarterly GDP in earlier periods, the monthly path within each quarter can be revised slightly in all periods back to 2010 due to updated seasonal adjustment factors or constraint adjustments to the quarterly results.

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Experimental statistics are a subset of newly developed or innovative official statistics undergoing evaluation. They are published to involve users and stakeholders in the assessment of their suitability and quality at an early stage. The Office for Statistics Regulation publishes guidance on experimental statistics here.

The Scottish Government is developing these estimates on an ongoing basis, and is grateful to the ONS, BEIS, and other departments and businesses which have assisted in the identification or delivery of earlier data sources which enable the timely production of monthly GDP. We welcome any feedback on the development of these statistics, using the contact details below.

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