

State of the Nation: SCDI's Economic Data Briefing

January 2018

INFLATION

UK Consumer Prices Index (CPI) Annual Rate	3%
Office for National Statistics	December 2017
CPI reached a six-year high of 3.1% in November 2017, falling 0.1% due to a decrease in air fares and the cost of recreational goods. The Bank of England's target rate is 2%. The average EU member state consumer prices inflation rate is 1.7%.	

INTEREST RATE

Official Bank of England Rate	0.5%
Rates increased, for the first time since July 2007, from 0.25% to 0.5% in November 2017.	

EMPLOYMENT

Scotland	Q3 2017		
		Economically Active	78.2%
		In Employment	74.9%
		Unemployed	4.1%
		Economically Inactive	21.8%
Employment in Scotland is at a near-record high and unemployment is at a near-record low. As a result, the Scottish Chambers of Commerce Quarterly Economic Indicator (Q3 2017) found that many businesses were reporting recruitment difficulties, including 55% in construction, 31% in manufacturing, 37% in retail/wholesale, 32% in financial/business services and 65% in tourism.			
UK	Q3 2017		
		Economically Active	78.5%
		In Employment	75.1%
		Unemployed	4.3%
		Economically Inactive	21.5%

ECONOMIC GROWTH

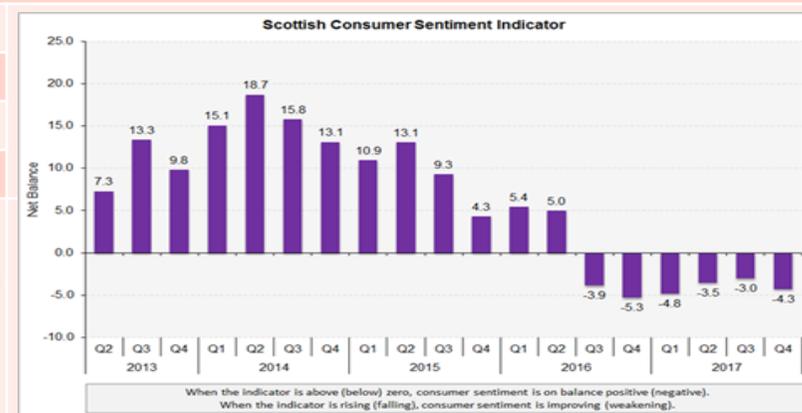
Scottish Annual GDP Growth Rate	0.6%	Q3 2016 - Q3 2017
UK Annual GDP Growth Rate	1.7%	Q3 2016 - Q3 2017
Scottish Q3 2017 Growth		
GDP	0.2%	
GDP per person	0.0%	
Services sector	0.2%	
Production sector	1.2%	
Construction sector	-2.9%	
Contraction of the construction sector possibly precipitated by completion of long-running major infrastructure projects, such as the Queensferry Crossing and M8/M73/M74 projects.		
UK Q3 2017 Growth		
GDP	0.4%	
GDP per person	0.2%	
Scottish Annual GDP Growth Rate Forecast		
Scottish Fiscal Commission	2018	0.7%
December 2017 forecasts	2019	0.9%
	2020	0.6%
	2021	0.9%
	2022	1.1%
If these projections prove accurate, this would represent the longest period of sub-1% growth in Scotland in six decades. The SFC concluded that this low rate of growth was due to low productivity and low population growth.		
UK Annual GDP Growth Rate Forecast		
Office for Budget Responsibility	2018	1.4%
	2019	1.3%
	2020	1.3%

CONSUMER CONFIDENCE

The Scottish Consumer Sentiment Indicator is produced quarterly by the Scottish Government to assess households' current sentiment, and future expectations, of: a) Scottish economic performance; b) their household finances; and c) their attitudes to spending money. These results are then used to generate a composite indicator of national consumer confidence, the Scottish Consumer Sentiment (SCS) Score. Net balances indicate whether overall sentiment is positive or negative. Over time, decreasing net balance scores signal weakening consumer sentiment. Throughout 2017, the SCS Score remained negative. Positive overall sentiment was last recorded in Q2 2016. Consumer sentiment in Scotland is negative, and possibly weakening further, into 2018.

SCS Score	2017	Q4	-4.3
		Q3	-3
		Q2	-3.5
		Q1	-4.8

Sentiment about current economic performance is negative, as are attitudes towards spending. Respondents felt that the security of their household finances had improved, however. This sentiment was recorded as positive for the first time since Q2 2016. Scots also expect their household finances to improve over the next year, as they have done since 2013. Overall, Scots are relatively positive about their personal financial outlook, but remain reluctant to spend money, with negative perceptions of national economic performance undermining consumer confidence.



BUSINESS ACTIVITY & CONFIDENCE

Bank of Scotland Seasonally-Adjusted PMI	November 2017	50.2
UK Annual GDP Growth Rate	October 2017	52.7

The Bank of Scotland Purchasing Managers' Index (PMI) is a monthly survey tracking economic activity and confidence in the private sector. A PMI above 50 signals an "increase or improvement"; a PMI below 50 signals a "decline or deterioration". Output, demand, costs, employment and business confidence all increased marginally in November, but at the weakest rate of growth since March 2017.

Services sector expectations	31.3% expecting growth in business activity
	58.6% expecting no change
	10.2% expecting decline

PRODUCTIVITY

Quarterly (Trend-Based) Labour Productivity Growth in Output per Hour	-0.6%
Rolling Annual Labour Productivity Growth in Output per Hour	-2.2%
Scottish Government	Q2 2017

To discuss any aspect of this briefing or SCDI's views on the data please contact: Matt Lancashire, Director of Policy, 0141 222 9723, matt.lancashire@scdi.org.uk

This briefing brings together economic data from a number of sources to enable an at a glance view of the current state of Scotland's economy based on the most up to date data available. It is designed to support discussions on how we grow Scotland's economy for everyone, everywhere. If you want to know more about SCDI then please get in touch.