

Article

Short-term indicators economic commentary: July 2017

A summary of the short-term indicators published in early July 2017.

Contact:
Katrina Yu
katrina.yu@ons.gsi.gov.uk
+44 (0)2075 928694

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Table of contents

1. [Main figures](#)
2. [Statistician's comment](#)
3. [Main points](#)

1 . Main figures

Table 1: Headline figures for short-term indicators, UK, July 2017

	3-month on 3-month	Month-on-month	3-month on 3-month a year ago	Month on same month a year ago
Total real production output (% change)	-1.2	-0.1	0.1	-0.2
Manufacturing output (% change)	-1.1	-0.2	0.9	0.4
Total real construction output (% change)	-1.2	-1.2	1.3	-0.3
Trade balance (goods and services) (£bn) ¹	-2.0	-1.0	0.2	-2.0

Source: Office for National Statistics

Notes:

1. These figures reflect changes in the level of the trade deficit (in £billions), rather than percentage growth. A positive figure represents a narrowing of the deficit while a negative figure represents a widening.

2 . Statistician's comment

Commenting on today's short-term indicator figures, ONS senior statistician Kate Davies said:

"Activity in the production sector was broadly unchanged in May, though the underlying position is weaker with both total output and manufacturing falling in the three months to May compared with the previous three months. Construction output also fell on a three-monthly basis, though this is after several years of growth.

"Meanwhile the total trade deficit widened by £2 billion in the most recent three months, primarily due to high imports especially from outside the European Union."

3 . Main points

Production

- Activity in the production sector was weak in May 2017, with both total production output and manufacturing output falling on a monthly and 3-month on 3-month basis in May 2017.
- Manufacturing output fell by 1.1% in the 3 months to May 2017, the largest 3-month on 3-month fall since July 2015.
- The monthly falls in May 2017 were below market expectations of 0.4% month-on-month growth for both production and manufacturing.
- The fall in manufacturing output in May 2017 was partly driven by the manufacture of motor vehicles, trailers and semi-trailers, which fell by 4.4% in the month and contributed negative 0.4 percentage points to the monthly growth in manufacturing overall; this is consistent with data from the Society of Motor Manufacturers and Traders (SMMT), which suggests [vehicle registrations fell in May 2017](#).
- Without other revisions, total production output would need to rise by 1.4% in June 2017 in order for quarterly growth in Quarter 2 (Apr to June) 2017 to be zero (to 1 decimal place).

Trade

- The total trade deficit (goods and services) widened by £2.0 billion to £8.9 billion in the 3 months to May 2017 compared with the 3 months to February 2017.
- The increase in the deficit was driven by a large increase in imports in March 2017 and then a further increase in May 2017; imports from non-EU countries rose faster than imports from EU countries (4.6% compared with 1.5% respectively in the 3 months to May 2017).
- The prices of imports of goods rose by 0.5% in the 3 months to May 2017, while export prices remained flat; excluding UK exports of oil, export prices of goods rose by 0.5%.
- The £1.0 billion widening of the trade deficit in May 2017 to £3.1 billion was larger than market expectations for a deficit of £2.5 billion.
- Without other revisions, the total trade deficit would need to widen by £0.6 billion in June 2017 for the trade balance to remain stable between Quarter 1 (Jan to Mar) 2017 and Quarter 2 2017.

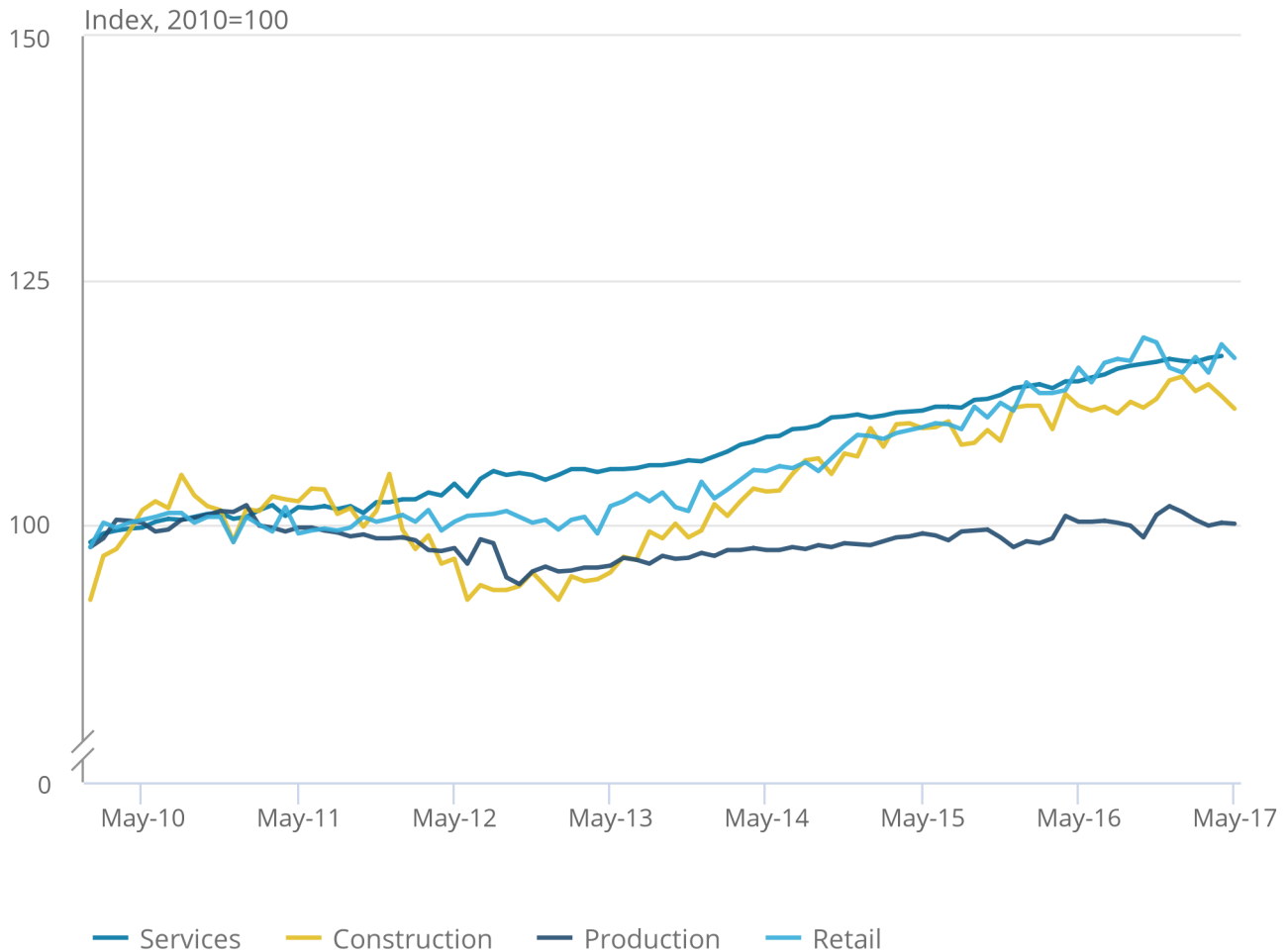
Construction

- Although output remains at a relatively high level, total real construction output fell by 1.2% on both a monthly and 3-month on 3-month basis in May 2017, to be 2.9% below its recent peak (January 2017).
- May 2017 marks the second monthly decline in total real construction output and was below market expectations of 0.6% month-on-month growth.
- Nominal output fell by 1.0% in the month of May 2017 and after adjusting for inflation, real output fell most sharply in infrastructure with a decline of 4.0%.
- There has been an upwards revision of 0.5 percentage points to monthly real construction output growth in April 2017, from negative 1.6% to negative 1.1%; this was primarily driven by additional information received in the infrastructure sector.
- Without other revisions, total real construction output would need to rise by 5.5% in June 2017 for quarterly growth in Quarter 2 2017 to be zero (to 1 decimal place).

Figure 1: Summary of short-term indicators, Jan 2010 to May 2017, 2010=100, chained volume measures, seasonally adjusted

UK

Figure 1: Summary of short-term indicators, Jan 2010 to May 2017, 2010=100, chained volume measures, seasonally adjusted



Source: Office for National Statistics

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Notes:

1. Services data have been published in the Index of Services bulletin up to March 2017.