

Article

# Short-term economic indicators commentary: January 2018

A summary of the short-term indicators published in early January 2018.

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# 1 . Statistician’s comment

Commenting on today’s short-term economic indicator figures for the three months to November 2017, Office for National Statistics senior statistician Ole Black said:

“There was strong and widespread growth across manufacturing with notable increases from renewable energy projects, boats, planes and cars for export. However, despite a small increase in November 2017, construction again contracted in the last three months, with private house building providing the only positive news in the sector.

“The trade deficit narrowed in the last three months, due mainly to increased exports of services, shipments of works of art and cars. Over the last year exports of goods, particularly cars, machinery and crude oil, have continued to increase, and at a faster rate than imports.”

## 2 . Main figures

This section presents the latest figures and trends for the UK’s short-term economic indicators.

**Table 1: Headline figures for short-term economic indicators, UK, November 2017**

	<b>3-month on 3-month</b>	<b>Month-on-month</b>	<b>3-month on 3-month a year ago</b>	<b>Month on same month a year ago</b>
Total production output (% change)	1.2	0.4	3.3	2.5
Manufacturing output (% change)	1.4	0.4	3.9	3.5
Total construction output (% change)	-2.0	0.4	1.6	0.4
Trade balance (goods and services) (£billion change) <sup>1</sup>	2.1	-0.5	4.3	0.2

Source: Office for National Statistics

Notes:

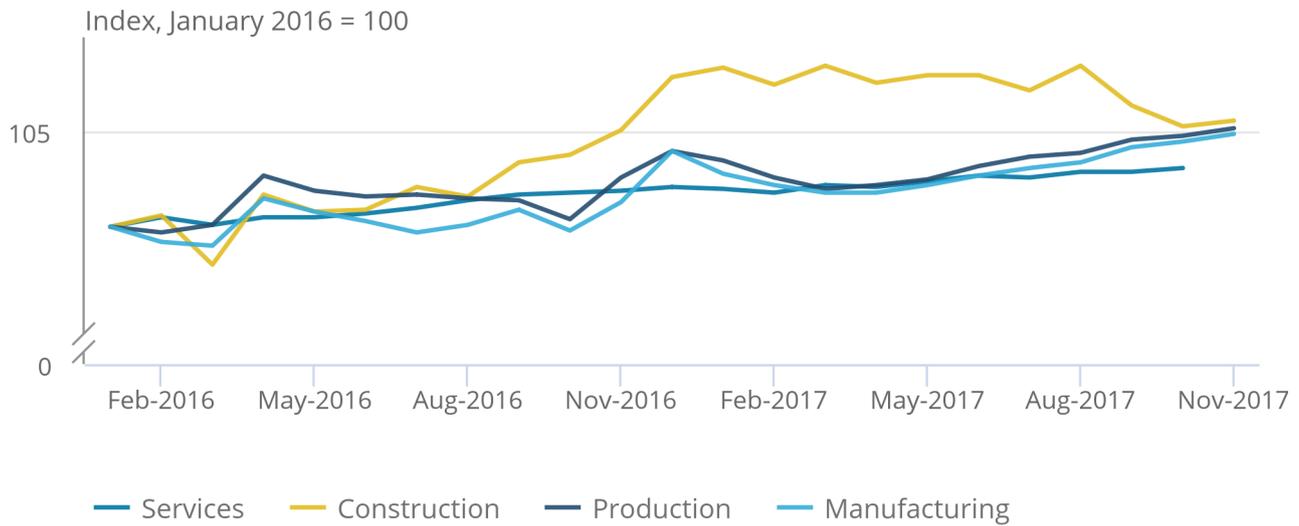
1. These figures reflect changes in the level of the trade deficit (in £ billions), rather than percentage growth. A positive figure represents a narrowing of the deficit while a negative figure represents a widening.

**Figure 1: Summary of short-term economic indicators, January 2016 to November 2017, UK**

Chained volume measures, seasonally adjusted

Figure 1: Summary of short-term economic indicators, January 2016 to November 2017, UK

Chained volume measures, seasonally adjusted



Source: Office for National Statistics

Notes:

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

### 3 . Main points

#### Production

- Following a weaker period earlier in the year, production output increased by 1.2% in the three months to November 2017, in line with the figures recorded in recent months.
- Manufacturing has shown similar signs of strength with output rising by 1.4% in the three months to November 2017, the largest three-month growth rate since February 2017, contributing 1.0 percentage point towards growth in total production.
- The increase in manufacturing output was wide-spread, with 12 of the 13 industries growing in the three months to November 2017.
- Manufacturing output was 3.9% higher in the three months to November 2017 compared with the same three months in 2016, which is the strongest rate of growth since March 2011; on this basis, growth has now been above 3% for four consecutive three-months-on-a-year periods, which is the first time since June 2011.
- Production output rose by 0.4% in November 2017, driven primarily by 3.2% growth in energy supply and 0.4% growth in manufacturing; this is exactly in line with market expectations.
- Manufacturing output increased for the seventh consecutive month, for the first time on record; this is slightly above market expectations of a rise of 0.3%.
- Without other revisions, total production output would need to fall by 3.1% in December 2017 for quarterly growth in Quarter 4 (Oct to Dec) 2017 to be zero (to one decimal place).

## Construction

- Construction output fell by 2.0% in the three months to November 2017, which is the largest three-month fall since August 2012; this has continued its recent weak trend, marking the sixth consecutive three-monthly fall.
- The fall in construction output was driven by a 5.4% fall in private commercial new work, a 2.2% fall in total housing repair and maintenance, and a 3.3% fall in infrastructure – subtracting 1.0, 0.4 and 0.4 percentage points from total growth respectively; this was partially offset by a 1.2% increase in private new housing.
- Compared with November 2016, construction output increased by 0.4%, which is the lowest month-on-year growth since March 2016.
- Construction output rose by 0.4% in November 2017 as growth in private new housing increased by 4.1%, contributing 0.9 percentage points; this is below market expectations of a rise in construction output of 0.7%.
- Without other revisions, total construction output would need to rise by 5.1% in December 2017 for quarterly growth in Quarter 4 (Oct to Dec) 2017 to be zero (to one decimal place).

## Trade

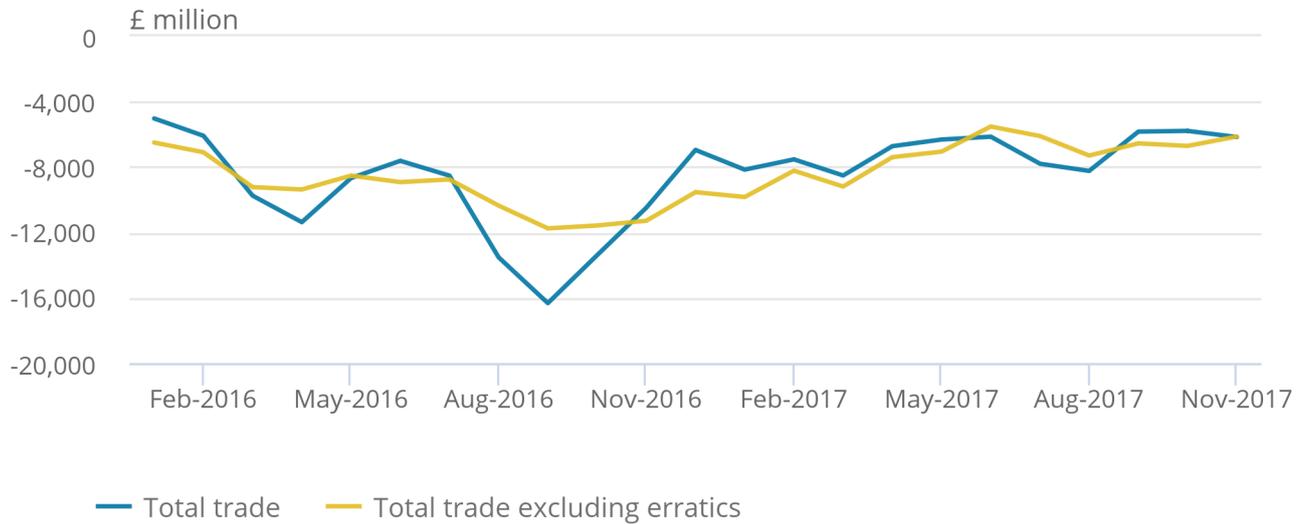
- The UK trade deficit narrowed by £2.1 billion to £6.2 billion in the three months to November 2017, with a £1.2 billion narrowing in the goods deficit and a £0.9 billion widening in the services surplus; excluding erratics, the trade deficit narrowed by £1.2 billion in the three months to November 2017.
- The narrowing in the goods deficit was driven mainly by a £2.3 billion increase in non-EU goods exports, partially offset by an increase in both EU and non-EU goods imports of £0.2 billion and £0.9 billion respectively.
- In volume terms, goods exports excluding oil and erratics rose by 2.6% in the three months to November 2017; meanwhile, the volume of goods imports excluding oil and erratics remained flat during the same period.
- The sterling exchange rate index <sup>1</sup> appreciated by 0.4% in the month of November 2017, coinciding with a 0.5% rise in total goods export prices and a 1.0% rise in goods import prices; however, removing the effect of price movements in oil and erratics, export prices of goods fell by 0.1% and import prices of goods rose by 0.4%.
- The UK trade deficit widened by £0.5 billion in November 2017; this was larger than market expectations of a widening of £0.1 billion on the basis that the October 2017 trade deficit would remain unrevised at £1.4 billion (the October 2017 deficit was revised up to £2.3 billion in today's latest figures).
- The increase in the monthly UK trade deficit widening is due to an increase of £0.8 billion in goods imports, partially offset by total goods exports increasing by £0.3 billion; the trade in services surplus remained unchanged in November 2017.

**Figure 2: UK Trade deficit including and excluding erratics, January 2016 to November 2017 (on a rolling three-month on three-month basis)**

Seasonally adjusted

Figure 2: UK Trade deficit including and excluding erratics, January 2016 to November 2017 (on a rolling three-month on three-month basis)

Seasonally adjusted



Source: Office for National Statistics

**Notes for: Main points**

1. A measure of the overall change in the trade-weighted exchange value of sterling, calculated by weighting together bilateral exchange rates.