

Article

Coronavirus and the impact on output in the UK economy: June 2021

Analysis of growth for the production, services and construction industries in the UK economy between February 2020 to June 2021, highlighting the impact of the coronavirus (COVID-19) pandemic.



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1 . Main points

- Although [monthly gross domestic product \(GDP\)](#) grew by 1.0% between May 2021 and June 2021, it remained 2.2% below its level in February 2020, which was the most recent month not significantly affected by the coronavirus (COVID-19) pandemic.
- The June 2021 growth in GDP was led by a month-on-month rise of 1.5% in services, although this sector remained 2.1% below its February 2020 level; the monthly rise in services was led by the health sector (contributing 0.45 percentage points of the growth in GDP) and the professional, scientific and technical services sector (contributing 0.36 percentage points of the growth in GDP).
- There was also strong growth in public-facing industries such as accommodation after more restrictions were lifted.
- Wholesale and retail trade, and repair of motor vehicles fell by 2.3% between May 2021 and June 2021, there was evidence to suggest that while demand has increased for used cars, supply has fallen because fewer new cars have been manufactured over the last two years.
- Monthly production output fell by 0.7% between May and June 2021 leaving it 3.2% below its February 2020 level; the monthly fall was led by the mining and quarrying sector, with the extraction of crude petroleum and natural gas industry falling by 15.8%, the drop in growth reflects planned shutdowns for maintenance and means output in this industry was the lowest since records began in January 1997.
- Monthly manufacturing grew by 0.2% between May 2021 and June 2021 leaving it 2.3% below its February 2020 level; the growth was led by the manufacture of transport equipment sector, which despite the growth is still very subdued compared with February 2020, while there was strong growth in domestic manufacturing sales, manufacturing exports fell for the third month in a row.
- Monthly construction output fell by 1.3% between May 2021 and June 2021 leaving it 0.3% below its February 2020 level, with anecdotal evidence suggesting that there had been limited availability of certain construction inputs such as timber, steel, cement and tiles, which led to larger than normal price rises.

2 . Growth in components of output

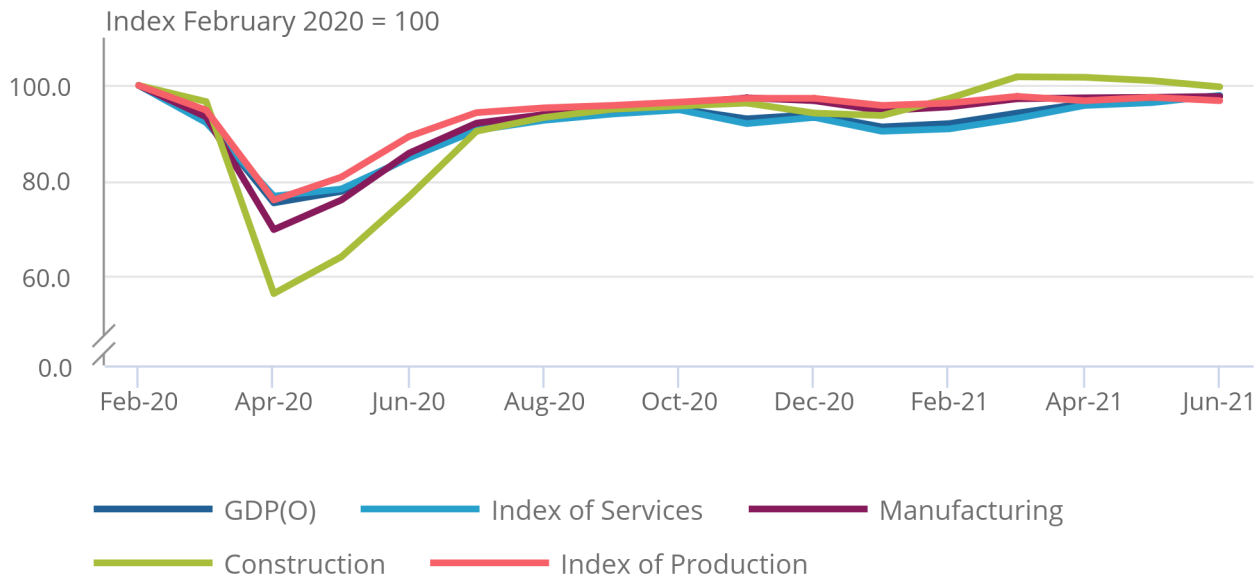
Of the various components of gross domestic product (GDP), construction was initially affected most by the coronavirus (COVID-19) pandemic before recovering strongly. While construction has now fallen for the past three months, it is still outperforming the Index of Services and Index of Production in terms of February 2020 levels.

Figure 1: Monthly GDP was 2.2% below the February 2020 level

Monthly gross domestic product (GDP) and components index, seasonally adjusted, UK, February 2020 to June 2021

Figure 1: Monthly GDP was 2.2% below the February 2020 level

Monthly gross domestic product (GDP) and components index, seasonally adjusted, UK, February 2020 to June 2021



Source: Office for National Statistics – Monthly gross domestic product

Notes:

1. Be mindful of a break in the side axis when interpreting this chart.

More about coronavirus

- Find the latest on [coronavirus \(COVID-19\) in the UK](#).
- [Explore the latest coronavirus data](#) from the ONS and other sources.
- All ONS analysis, summarised in our [coronavirus roundup](#).
- View [all coronavirus data](#).
- Find out how we are [working safely in our studies and surveys](#).

3 . Services industries

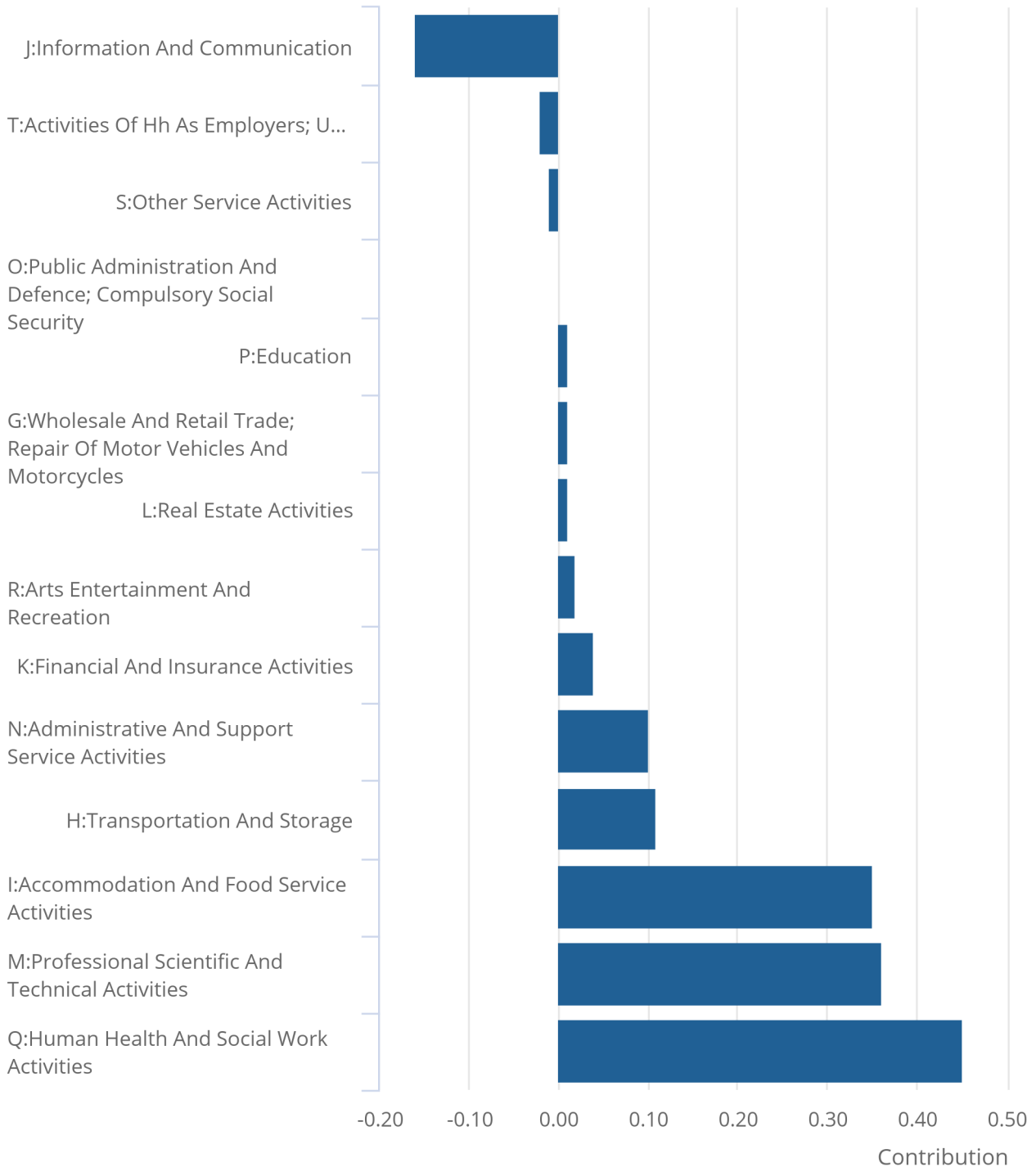
Monthly services output increased by 1.5% between May and June 2021. This is mainly because of growth in three sectors, with human health and social work activities contributing most to the rise in gross domestic product (GDP) (Figure 2). Despite this increase on the month, services output in June 2021 remained 2.1% below its February 2020 level.

Figure 2: The rise in services output came mainly from health; professional, scientific and technical activities; and accommodation and food service activities

Services sectors, contribution to monthly gross domestic product (GDP) growth, seasonally adjusted, UK, May to June 2021

Figure 2: The rise in services output came mainly from health; professional, scientific and technical activities; and accommodation and food service activities

Services sectors, contribution to monthly gross domestic product (GDP) growth, seasonally adjusted, UK, May to June 2021



Source: Office for National Statistics – Index of Services

Notes:

1. Parts might not sum to a total because of rounding.

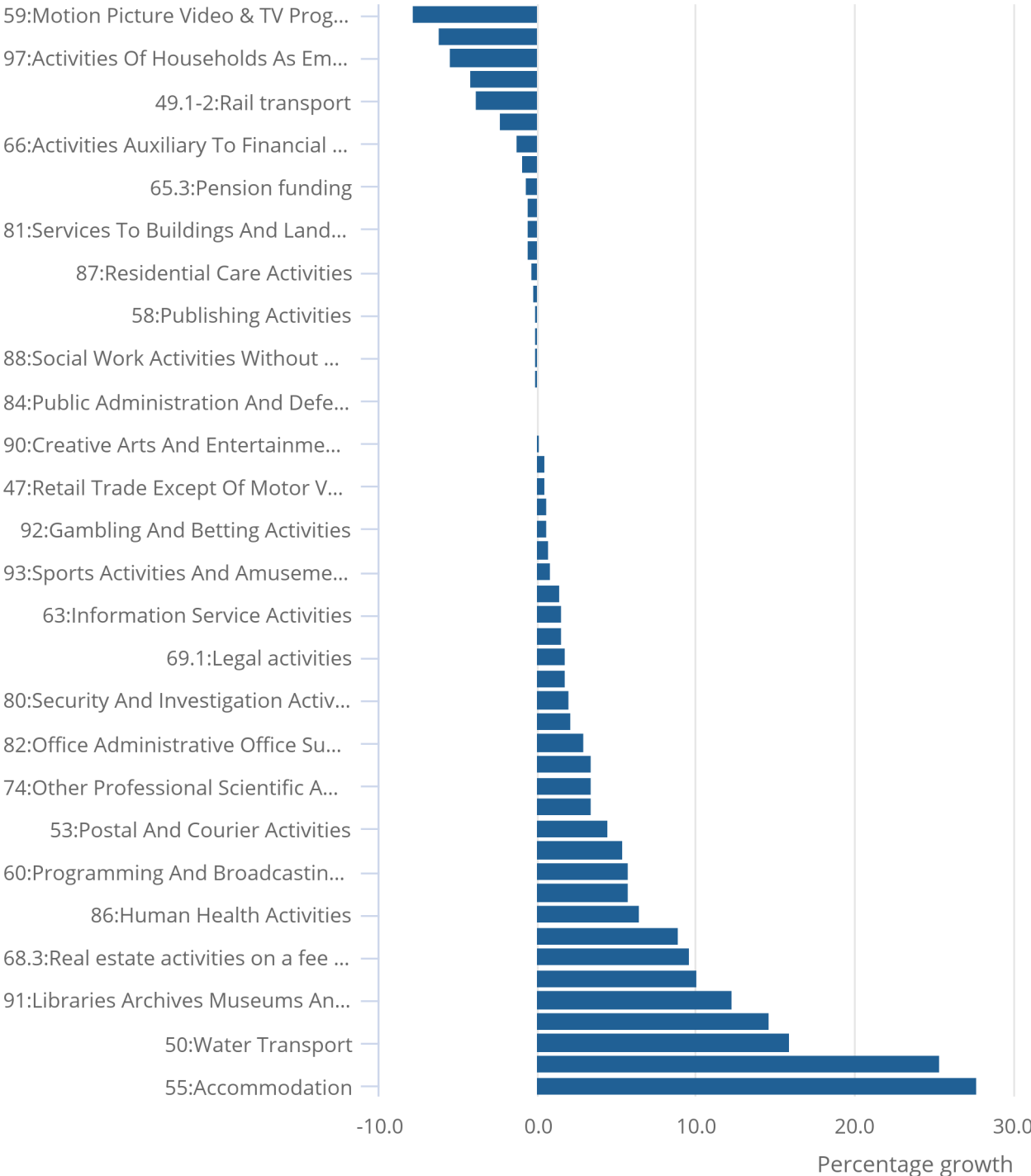
Whereas Figure 2 reports the impact (or contribution) of individual service sectors on growth in GDP, Figure 3 shows the percentage change in output within each service industry. Public-facing industries such as accommodation, air transport, and water transport saw the strongest percentage growth (Figure 3).

Figure 3: Output in accommodation rose substantially between May and June 2021

Services industries, monthly percentage growth, seasonally adjusted, UK, June 2021

Figure 3: Output in accommodation rose substantially between May and June 2021

Services industries, monthly percentage growth, seasonally adjusted, UK, June 2021



Source: Office for National Statistics – Index of Services

Accommodation

The accommodation industry grew by 27.8% between May and June 2021, although output was still 24.3% below its February 2020 level. As June 2021 was the first full calendar month where hotels in England were allowed to reopen under the government's roadmap, there was particularly strong growth.

Wholesale and retail trade, and repair of motor vehicles and motorcycles

Wholesale and retail trade, and repair of motor vehicles fell by 2.3% between May and June 2021, leaving output 0.5% below its February 2020 level. A significant component of this industry is businesses selling used cars and while in recent years prices of used cars have fallen between May and June, there was a [4.4% price increase](#) between May and June 2021.

One reason for the large price increase is that [household demand for second hand cars has increased](#) possibly reflecting households using savings built up during the lockdown. Low interest rates have also led to an increase in borrowing through [car financing deals](#).

There has also been an increase in demand from car rental companies, who [cut back on their fleets](#) in 2020 because of the coronavirus (COVID-19) crisis. However, with COVID-19 restrictions being lifted, demand for car rentals has increased, meaning car rental firms are [doing all they can to restock](#) and have started to [buy cars from dealerships](#) as well as directly from manufacturers as they would traditionally do.

Coupled with the increase in demand is a fall in supply. The manufacture of motor vehicles industry is 25.6% below its February 2020 level, and production has slowed since February 2020 because of COVID-19 restrictions and the global microchip shortage. As fewer new cars have been purchased since February 2020, fewer cars have entered the used car market as these cars are sold on.

Therefore, although there was strong demand for used cars, the fall in growth of the used car sales subindustry may be because of the issues with supply. There was anecdotal evidence from businesses to support this with some used car dealers observing that there was a limited supply of vehicles entering the market meaning they had a lower stock of used cars to sell.

4 . Production industries

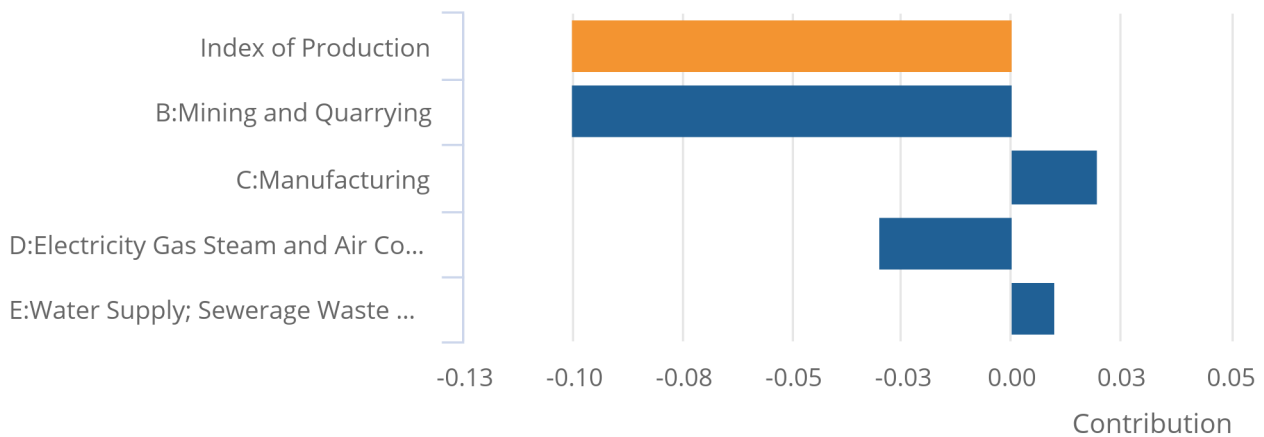
Production output decreased by 0.7% between May and June 2021, mainly because of strong downward growth in mining and quarrying (Figure 4). Production in June 2021 was 3.2% below its February 2020 level.

Figure 4: The fall in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth of gross domestic product (GDP), seasonally adjusted, UK, May to June 2021

Figure 4: The fall in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth of gross domestic product (GDP), seasonally adjusted, UK, May to June 2021



Source: Office for National Statistics – Index of Production

Notes:

1. Parts may not sum to a total because of rounding.

Extraction of crude petroleum and natural gas

The industry within the mining and quarrying sector that contributed most (0.8 percentage points) to the fall in production was extraction of crude petroleum and natural gas, which fell by 15.8%. The reduction in growth was because of planned shutdowns for maintenance and means output was 37.8% below where it was in February 2020, the lowest level since records began in January 1997.

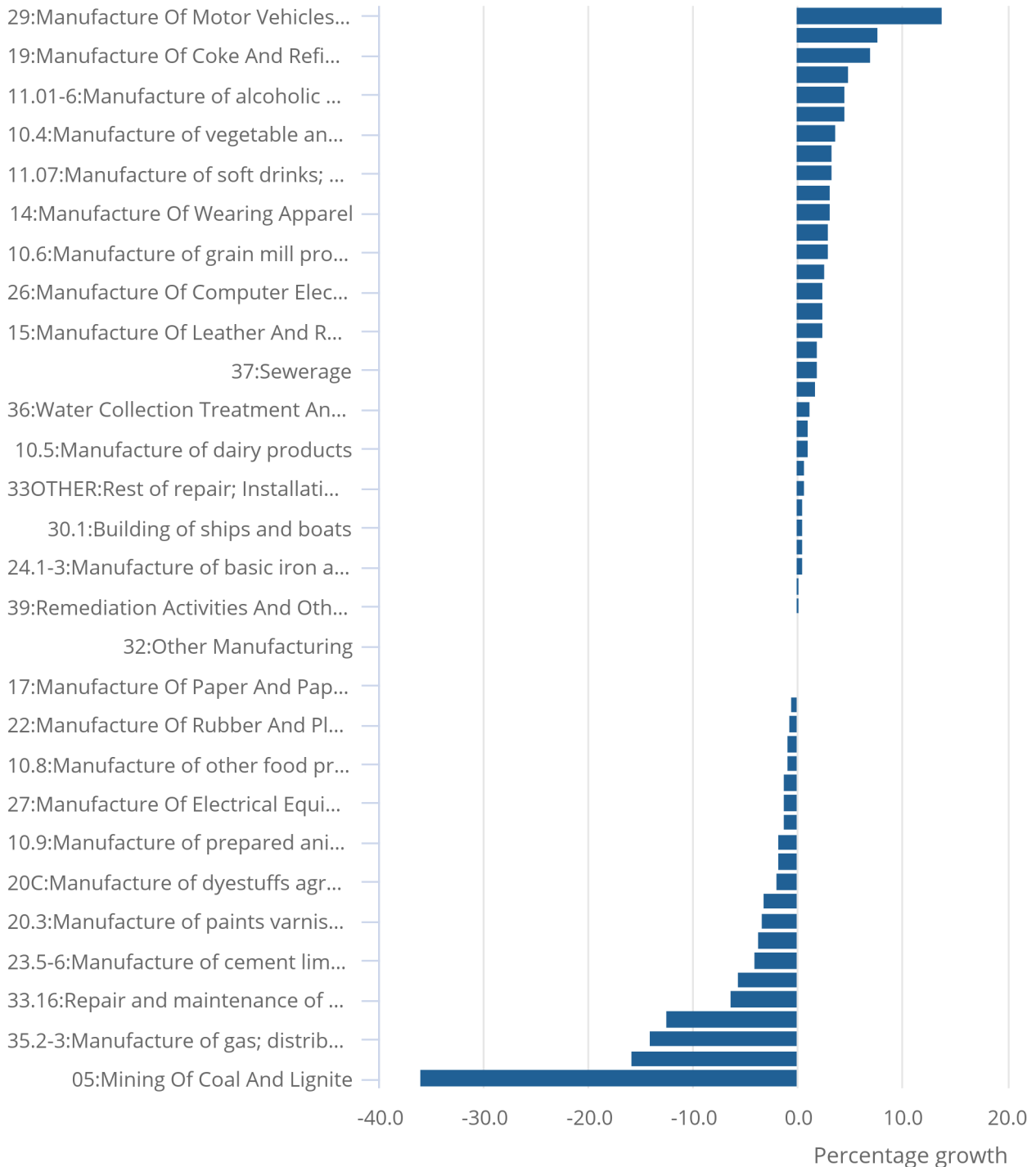
Most other industries saw relatively small changes in output although coal mining, which can be volatile because of the small number of coal mines in the UK, saw a large fall (Figure 5).

Figure 5: Production output reduced, with coal mining seeing a large fall

Production industries, monthly percentage growth, seasonally adjusted, UK, May to June 2021

Figure 5: Production output reduced, with coal mining seeing a large fall

Production industries, monthly percentage growth, seasonally adjusted, UK, May to June 2021



Manufacturing

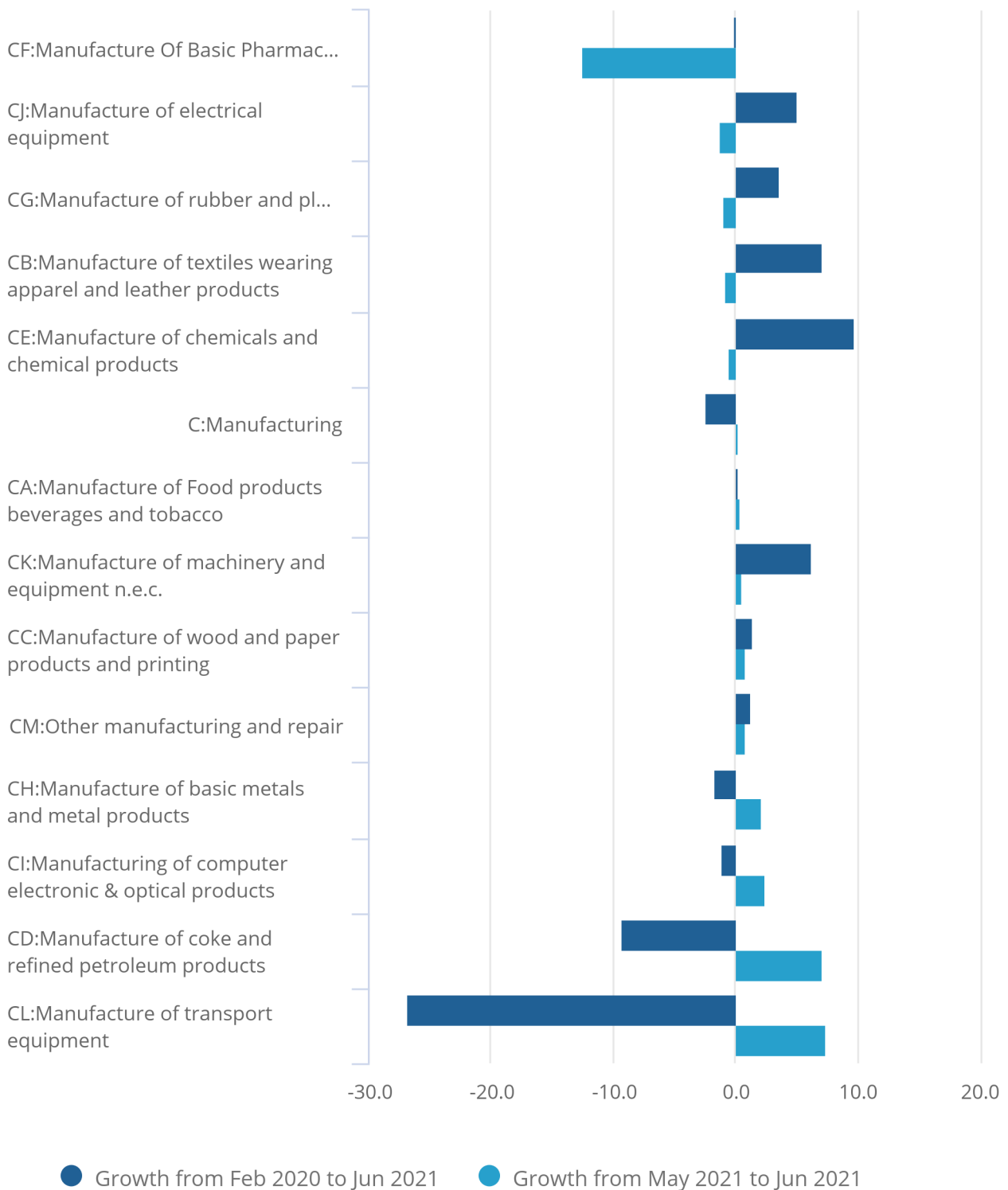
Eight of manufacturing's thirteen subsectors displayed a positive contribution to growth, meaning the manufacturing sector as a whole saw output grow by 0.2%. Manufacture of transport equipment led the monthly growth, however manufacturing output remained 2.3% below its February 2020 level (Figure 6).

Figure 6: The manufacture of transport equipment and manufacture of coke and refined petroleum products subsectors have been affected the most since the start of the coronavirus (COVID-19) pandemic

Manufacturing subsectors, percentage growth from May 2021 to June 2021 and from February 2020 to June 2021, seasonally adjusted, UK, June 2021

Figure 6: The manufacture of transport equipment and manufacture of coke and refined petroleum products subsectors have been affected the most since the start of the coronavirus (COVID-19) pandemic

Manufacturing subsectors, percentage growth from May 2021 to June 2021 and from February 2020 to June 2021, seasonally adjusted, UK, June 2021



Manufacturing demand split by domestic and export turnover

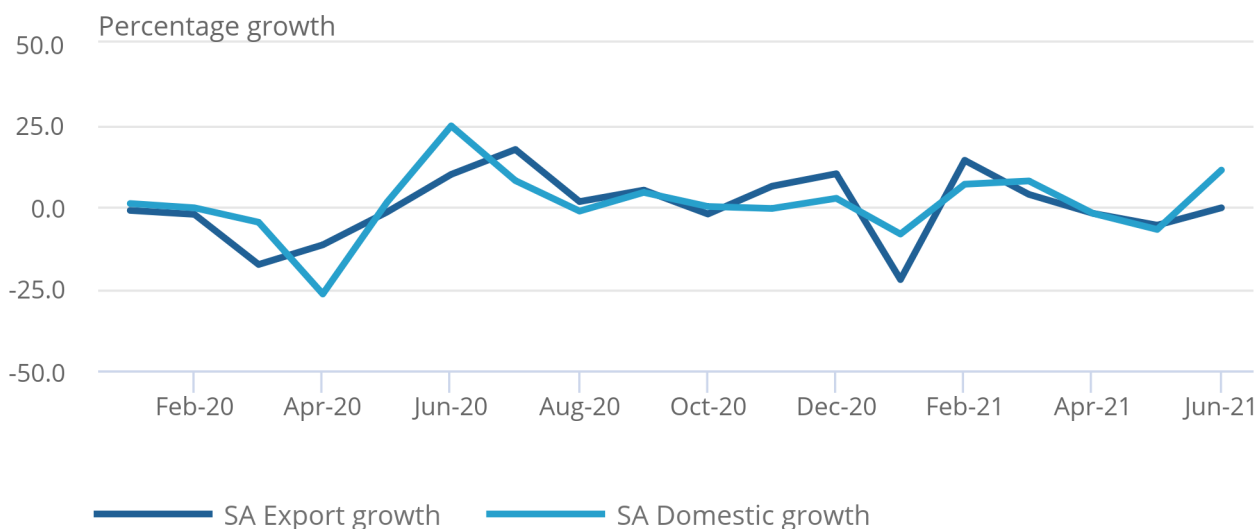
In June 2021 there was strong growth in domestic manufacturing sales, however export sales fell for the third month in a row (Figure 7).

Figure 7: In June 2021 there was strong growth in domestic manufacturing sales, however export sales fell (albeit at a slower rate) for the third month in a row

Total manufacturing, export and domestic monthly turnover growth, current price, seasonally adjusted, UK, January 2020 to June 2021

Figure 7: In June 2021 there was strong growth in domestic manufacturing sales, however export sales fell (albeit at a slower rate) for the third month in a row

Total manufacturing, export and domestic monthly turnover growth, current price, seasonally adjusted, UK, January 2020 to June 2021



Source: Office for National Statistics – Index of Production

5 . Construction

Monthly construction output fell by 1.3% in June 2021, because of a decline in repair and maintenance (4.2%) offset by a small increase in new work (0.5%). The fall in growth may partly be explained by anecdotal evidence from businesses suggesting limited availability of construction products such as timber, steel, cement and tiles, which led to larger than normal price rises.

6 . Cross-industry themes

Covid-19 self-isolation

Anecdotal evidence was received from many businesses that their staff, or the staff of other businesses they wished to buy products from, had been required to self-isolate because of coronavirus (COVID-19).

Some businesses reported that the self-isolation was having an effect on their turnover because the shortage of staff meant they couldn't open for business. However, while the anecdotal evidence suggests that COVID-19 self-isolation had been an issue for some businesses, it is difficult to quantify the effect it has had across and within industries.

Freight costs and heavy goods vehicle (HGV) drivers

Anecdotal evidence was received from some businesses explaining that the cost of transporting goods had risen significantly, adding to their costs of production. Some businesses also explained that there had been delays in them receiving products from other businesses because of a shortage of HGV drivers.

However, while the anecdotal evidence suggests that freight costs and the lack of availability of HGV drivers had been an issue for some businesses, it is difficult to quantify the effect it has had across and within industries.

7 . Coronavirus and the impact on output in the UK economy data

[Index of Production time series](#)

Dataset DIOP | Released 12 August 2021

Movements in the volume of production for the UK production industries: manufacturing, mining and quarrying, energy supply, and water and waste management. Figures are seasonally adjusted.

[Index of Services time series](#)

Dataset | Dataset ID: IOS1 | Released 12 August 2021

Monthly movements in output for the services industries: distribution, hotels and restaurants; transport, storage and communication; business services and finance; and government and other services.

[Output in the construction industry](#)

Dataset | Released 12 August 2021

Monthly construction output for Great Britain at current price and chained volume measures, seasonally adjusted by public and private sector.

[Monthly Business Survey turnover in production industries](#)

Dataset | Released 12 August 2021

Monthly Business Survey production industries' total turnover, domestic sales and exports in the UK. Figures are in current price and non-seasonally adjusted.

[Monthly Business Survey turnover of services industries](#)

Dataset | Released 12 August 2021

Monthly Business Survey services industries' total turnover; current price and non-seasonally adjusted, UK.

All data related to the Index of Production (IoP) are available on the [related data page for IoP](#).

All data related to the Index of Services (IoS) are available on the [related data page for IoS](#).

All data related to the construction output are available on the [related data page for construction](#).

8 . Data sources and quality

The Monthly Business Survey (MBS) is the primary data source for 75% of production industries and 50% of services industries. This is an online questionnaire where businesses are asked to provide their turnover and, if they are within manufacturing, export turnover.

Survey response

Response by turnover for services industries in June 2021 was 80.5%, which is comparable to the 75.2% achieved in June 2020 (see [Historical MBS \(services\) response rates](#)).

Response by turnover for production industries in June 2021 was 83.2%, up on the 75.2% achieved in June 2020 (see [MBS \(production\) response rates](#)).

The response by turnover for the construction industries for June 2021 was 66.6% (see the [Construction output in Great Britain: June 2021 release](#)).

Other data sources

Other data are primarily sourced from the Office for National Statistics (ONS), for example, government expenditure, household expenditure and financial corporations expenditure, but also other bodies such as the Department for Transport, the Civil Aviation Authority and the Department for Business, Energy and Industrial Strategy. These account for 50% of services industries and 25% of production industries. We are also able to gain information from these data providers regarding monthly changes in their data.

We also use the fortnightly Business Insights and Conditions Survey (BICS) as part of our quality assurance and validation process.

Blue Book 21

In Blue Book 2021 [a new framework](#) will be introduced to improve how we produce volume estimates of gross domestic product (GDP) for balanced years as part of the supply use process. This framework includes the implementation of double-deflated industry-level gross value added for the first time. This improvement will be reflected in the September quarterly national accounts and October monthly GDP estimates. On 28 June we published [Blue Book 2021 indicative impacts](#) of this change to industry level gross value added volume.

9 . Related links

[GDP monthly estimate, UK: June 2021](#)

Bulletin | Released 12 August 2021

Gross domestic product (GDP) measures the value of goods and services produced in the UK. It estimates the size of and growth in the economy and includes the Index of Production, Index of Services (IoS) and construction output in Great Britain.

[Construction output in Great Britain: June 2021](#)

Bulletin | Released 12 August 2021

Short-term measures of output by the construction industry in Great Britain and contracts awarded for new construction work in Great Britain.

[Index of Production, UK: June 2021](#)

Bulletin | Released 12 August 2021

Movements in the volume of production for the UK production industries: manufacturing, mining and quarrying, energy supply, and water and waste management.

[Index of Services, UK: June 2021](#)

Bulletin | Released 12 August 2021

Monthly movements in output for the services industries.

[Economic activity and social change in the UK, real-time indicators: 12 August 2021](#)

Bulletin | Released 12 August 2021

Early experimental data and analysis on economic activity and social change in the UK. These faster indicators are created using rapid response surveys, novel data sources and experimental methods.

[Coronavirus \(COVID-19\) latest data and analysis](#)

Web page | Updated as and when data become available

Latest data and analysis on coronavirus in the UK and its effect on the economy and society.

[Meeting the challenge of measuring the economy through the coronavirus pandemic](#)

Blog | Released 6 May 2020

The new challenges we face in terms of data collection during the coronavirus pandemic.