

Press Release - Wednesday 14th October 2014

Analysis of latest Scottish GDP (2014 Q2) and labour market (June - Aug 2014) statistics

GDP (see also Table 1)

Latest quarter (change Q2 on Q1 2014)

- Scottish GDP grew by 0.9% in the second quarter of 2014. The UK also grew by 0.9% (see Notes 1 and 2).
- Fastest Scottish growth was seen in Business Services (4.1%) and Construction (3.6%).

Year on year (change 2014 Q2 on 2013 Q2)

- Over the past year, Scotland grew by 2.6%. In comparison, the UK grew by 3.1%.
- For Scotland, of the major sectors, fastest growth was seen in Financial Services (6.8%), Business Services (5.6%) and Construction (5.2%). However, Manufacturing (-0.3%) and Public Administration (-1.3%) declined.

Trends Comparison to previous peak

Overall

- Scottish GDP is now 1.1% above its previous peak seen in 2008 Q2.
- Based on the updated ONS methodology, the UK is now 4% higher than its previous peak in the 2008 Q1 (See Note 3). If the North Sea sector was to be included then the UK figure would only be 2.6% higher.

Per capita

- After adjusting for population growth (to get nearer to the change in the standard of living), then Scottish GDP per person is still 1.7% lower in 2014 Q2 than it was in 2008 Q2.
- The UK remains 1.8% lower than its previous (2008 Q1) peak.

By sector

- For Scotland, of the major sectors, the fastest rate of recovery over this period was seen in Business Services (+19%), followed by Real Estate Services (+9%).
- For the UK, it has also been Business Services (+19%) and Real Estate (+16%) that have led the recovery, along with a fast growing Health sector (+18%). In comparison, the Health sector in Scotland has only risen by 4% since the start of 2008.

Labour market (see also Table 1)

Latest period (change June-Aug on March-May 2014)

- Scottish unemployment (aged 16+) fell by 40,000 over the latest quarter, equivalent to a fall of 1.4 percentage points. In comparison, the UK fell by 154,000, equivalent to a fall of 0.4 of a percentage point.
- Scottish employment (aged 16+) rose by 35,000 over the latest quarter, while the rate (aged 16-64) rose by 0.9 of a percentage point. In comparison, the UK rose by 46,000 and by 0.1 of a percentage point

Latest year (change June-Aug 2014 on June-Aug 2013)

- Scottish unemployment fell by 54,000 over the year, equivalent to a fall of 1.9 percentage points. In comparison, the UK fell by 538,000, equivalent to a fall of 1.7 percentage points.
- Scottish employment rose by 52,000 over the year, equivalent to a rise of 1.3 percentage points. In comparison, the UK rose by 736,000, equivalent to a rise of 1.5 percentage points.

Across the UK

Scotland's employment rate (aged 16-64) remains above that of the UK, by 0.9 of a percentage point. Across the 'regions' of the UK, Scotland has the equal 4th highest rate, the highest being the East of England (76.8%) and the lowest being Northern Ireland (68.3%).

Scotland's unemployment rate (aged 16+) remains below that of the UK, by 0.5 of a percentage point. Across the 'regions' of the UK, Scotland has the equal 4th lowest rate, the highest being in North East England (9.3%) and the lowest in South West England (4.6%)

Comparison to previous peak

In comparison to its previous peak (March-May 2008), Scotland's employment rate remains 0.7 of a percentage point lower while its unemployment rate is still 1.5 percentage points higher. In comparison, the UK's employment rate over the same period has now regained the level seen at its previous peak in 2008, although its unemployment rate remains 0.8 of a percentage point higher.

Quotes:

John McLaren: *“Scotland's economy continues to improve in terms of both higher output and employment. Although Scotland's economy is not growing as fast as the UK, once adjusted for population growth then it is performing just as well. However, Scotland's labour market performance, while improving, has not yet regained its previous peak, while the UK's has.”*

Table 1: Economic comparison: Scotland and the UK

	% change				rate	
	on previous quarter	on previous year	since 2008	per person since 2008	%	change since 2008
GDP						
Scotland	0.9	2.6	1.1	-1.7		
UK*	0.9	3.1	4.0	-1.8		
Difference (Scotland minus UK)	0	-0.5	-2.9	0.1		
Employment rate (16-64)						
Scotland	0.9	1.3			73.9	-0.7
UK	0.1	1.5			73.0	0.0
Difference (Scotland minus UK)	0.8	-0.2			0.9	-0.7
Unemployment rate (16+)						
Scotland	-1.4	-1.9			5.5	+1.5
UK	-0.4	-1.7			6.0	+0.8
Difference (Scotland minus UK)	-1.0	-0.2			-0.5	+0.7

Sources: Scottish Government GDP release (October 2014); ONS regional labour market release (October 2014).

*The UK measure excludes extra regio (mainly North Sea) activity, to ensure comparability with the Scottish measure.

Notes:

1. As the Scottish GDP measure excludes any North Sea activity, throughout this Note we show the UK comparator measure excluding extra regio (mainly North Sea) activity, in order for the two measures of GDP growth to be more comparable. It is also worth noting that if a geographic share of North Sea Output were included in the Scottish figures then, for most years, growth would look very different to the growth seen on the mainland only.
2. The UK GDP data is calculated by the Office for National Statistics (ONS) using an updated methodology based on the latest EU standards. However, a similar conversion will not be available for Scotland until April 2015. While this difference in methodology will affect comparisons, it will be seen much more in the levels of GDP (not discussed here) rather than the growth rates. However, the Scottish government warn against making comparisons for periods longer than back to 2013.
3. Prior to the recent ONS revisions to UK GDP data the level of GDP had only just surpassed its previous peak in 2014. The upwards revision of growth has resulted in this happening much earlier.



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