



Weekly

# **BREXIT WATCH**

2017 Week 25

a year on ...

## Brexit Watch - Week 25

The weekly Brexit Watch report monitors the short-term UK macro economic indicators to assess the impact of the referendum vote and the subsequent triggering of Article 50 on UK economy. The report also monitors indicators in 4 manufacturing industries, namely, Electrical (SIC 27), Electronic (SIC 26), Mechanical (SIC 28) and Fabricated Metals (SIC 25).

The emphasis of this report is to monitor what has happened as opposed to what will happen. All the data with exception to exchange rates and OECD Composite indicator come from the Office for National Statistics (ONS).

To make it easy to differentiate between trends before and after the referendum vote, each chart has a vertical purple line which marks 23rd of June 2016, the date of the referendum.

The main points at the end of week 25 in 2017 exactly a year on after the vote are as follows:

- **Sterling** average **exchange rate** with the **US Dollar** in the first 23 days of June 2017 fell by 1.1% compared with May 2017 average.
- **Input prices** increased by 11.6% in May 2017 compared to a year earlier; a drop from 15.6% recorded in April 2017.
- **Consumer price index** grew by 2.9% in the twelve months to April 2017, the highest 12-month growth since June 2013.
- **Index of production** grew by 0.2% in the month of April 2017 but fell by 0.8% compared to April 2016.
- The second estimate of UK **GDP** growth in first quarter of 2017 was revised down to by 0.1% to 0.2%, equivalent to £471 billion.
- **Business investment** for all industries grew by 0.6% to £43.8 billion in 2017 Q1.
- **Exports** trade in **value** terms fell by 0.1% in April 2017 to £49.8 billion but compared to April 2016 exports growth was up by 10.2%.
- The provisional **construction output**, at constant prices, fell by 0.6% in the 12-month to April 2017, the highest 12-month fall since May 2013.
- **Turnover** fell across the four monitored manufacturing industries in April 2017 and on yearly basis, only **Mechanical** manufacturing industry showed some growth (0.9%). Compared to April 2016, **Electronics** fell by 5.0%, **Fabricated Metals** fell by 2.6% and **Electrical** fell by 0.6%.

*June 2017  
E Amoakohene*

# Contents

<b>Glossary</b>	<b>5</b>
<b>1 Exchange Rates</b>	<b>6</b>
<b>2 Producer Prices</b>	<b>7</b>
<b>3 Consumer Prices</b>	<b>8</b>
<b>4 Production</b>	<b>9</b>
<b>5 GDP &amp; Unemployment</b>	<b>10</b>
<b>6 Business Investment</b>	<b>11</b>
<b>7 Construction</b>	<b>12</b>
<b>8 UK Trade</b>	<b>13</b>
8.1 Exports	13
8.2 Imports	14
8.3 Goods Trade: Ranking by Region	15
8.4 Goods Trade: Ranking by Country - Top 16	16
8.5 Goods Trade: Growth Ranking by Country - Top 16	17
<b>9 Economy At a Glance</b>	<b>18</b>
9.1 Growth: 12-month % growth	18
9.2 Growth: 4-quarter % growth	19
<b>10 Industry Level Indicators</b>	<b>20</b>
10.1 Turnover	20
10.2 Exports	21
10.3 Index of Production	22
10.4 Employment (excluding Self-Employment)	23
<b>11 Growth Cycles</b>	<b>24</b>
11.1 About Growth Cycles	24
11.2 Exchange Rate (USD)	24
11.3 OECD Composite Leading Indicator - UK	25
11.4 Exports - Value (IKBH)	25
11.5 Exports - Volume Index (BQKU)	26
11.6 Input Prices (K646)	26
11.7 Gross Domestic Product - GDP (ABMI-PN2)	27
11.8 Manufacturing Output (JT27)	27
11.9 Current State	28
<b>Appendices</b>	<b>29</b>

<b>Appendix A UK Businesses: Activity, Size &amp; Location</b>	<b>29</b>
A.1 Enterprises by Employment Size Band . . . . .	29
A.2 Enterprises by Turnover Size Band . . . . .	29
<b>Appendix B UK Employment Structure</b>	<b>30</b>
B.1 UK Workforce . . . . .	30
B.2 UK Production & Agriculture Workforce . . . . .	30
B.3 UK Manufacturing Workforce . . . . .	31
<b>Appendix C UK Industrial Output by Region</b>	<b>32</b>
<b>Appendix D Data sources</b>	<b>33</b>
<b>Appendix E Information about EURIS</b>	<b>33</b>

## Glossary

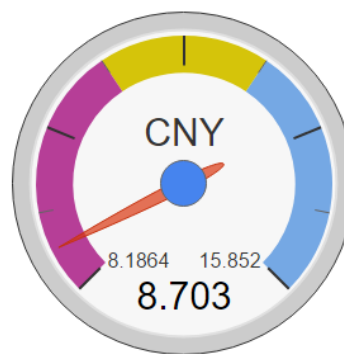
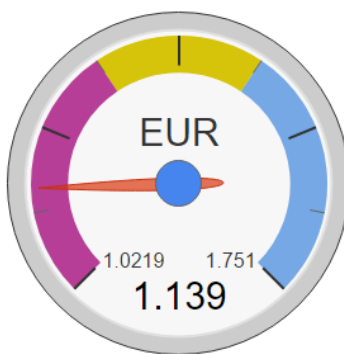
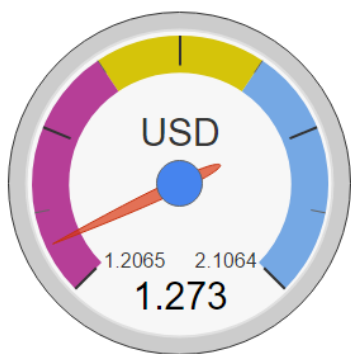
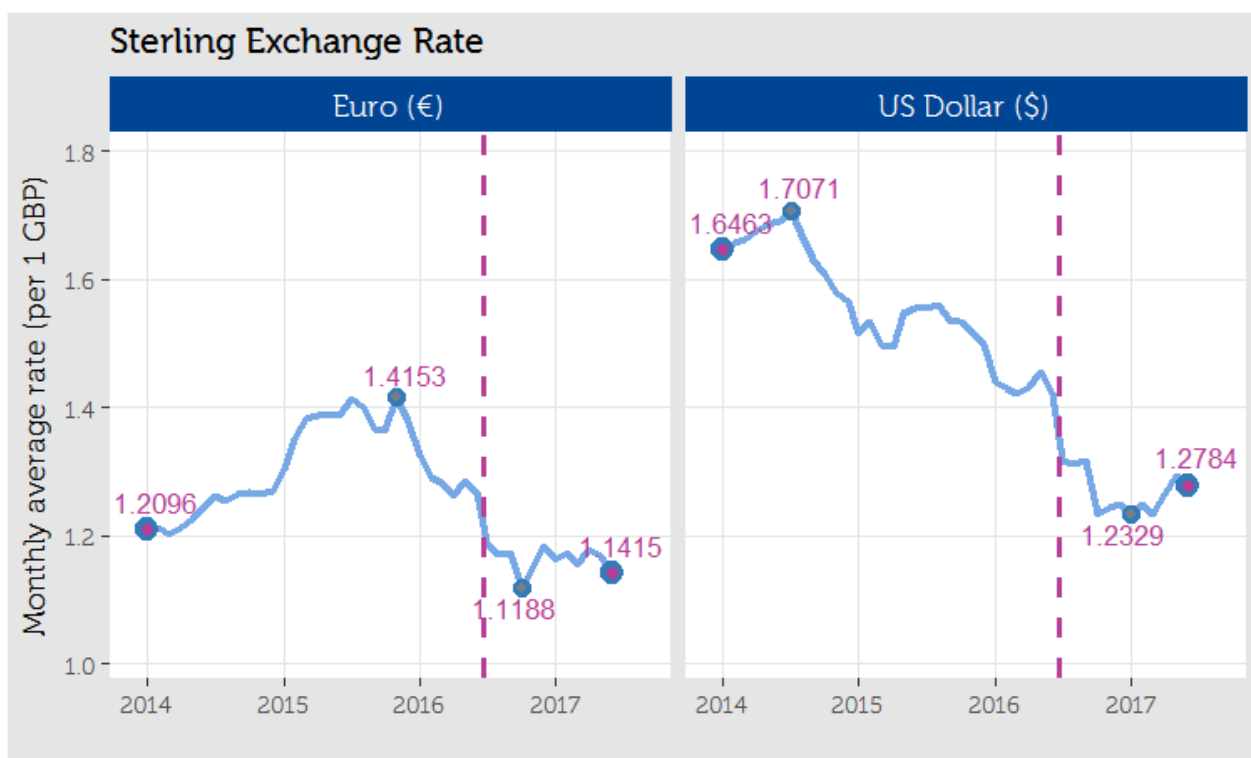
<b>BEAMA</b>	British Electrotechnical & Allied Manufacturers Association	<b>IOS</b>	Index of Services
<b>CESA</b>	Catering Equipment Suppliers Association	<b>MAA</b>	Moving Annual Average
<b>CNY</b>	Chinese Yuan	<b>MAT</b>	Moving Annual Total
<b>CPI</b>	Consumer Price Index	<b>MTA</b>	The Manufacturing Technologies Association
<b>CPIH</b>	Consumer Prices Index including owner occupiers' housing costs	<b>NI</b>	Northern Ireland
<b>EAMA</b>	Engineering and Machinery Alliance	<b>NMI</b>	UK Electronic Systems & Technology Industry
<b>ECB</b>	European Central Bank	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>EUR</b>	Euro	<b>ONS</b>	Office for National Statistics
<b>GAMBICA</b>	Trade Association for Instrumentation, Control, Automation and Laboratory Technology	<b>PPI</b>	Producer Price Index
<b>GDP</b>	Gross Domestic Product	<b>REA</b>	The Renewable Energy Association
<b>HMRC</b>	HM Revenue & Customs	<b>RPI</b>	Retail Price Index
<b>IOM</b>	Index of Manufacturing	<b>SIC</b>	Standard Industry Classification
<b>IOP</b>	Index of Production	<b>USD</b>	US Dollar
		<b>YOY%</b>	Year on Year or Annual Percentage change

# 1 Exchange Rates

The average Sterling exchange rate with the **US Dollar** for the first 23 days in June 2017 fell by 1.1% from May 2017 average to 1.2784. Compared to June 2016 average, the rate has dropped by 10.1%. It is the 33rd successive year on year decline.

The month to date average rate for the **Euro** in June 2017 also fell by 2.4% from May 2017 average to 1.1415.

At the end of 2017 week 25, the **US Dollar** was trading at \$ 1.2725/GBP, **Euro** at € 1.1389/GBP and the **Chinese Yuan** at ¥8.7026/GBP.

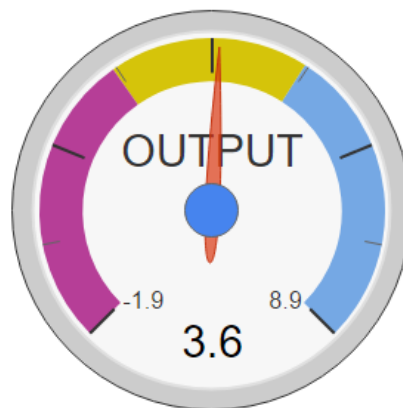
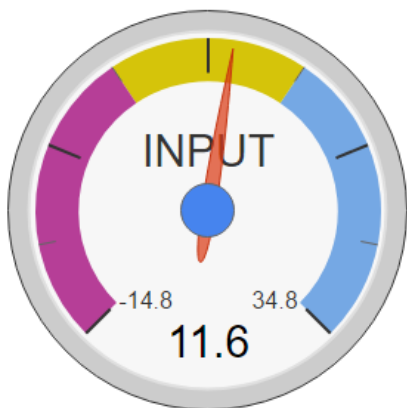
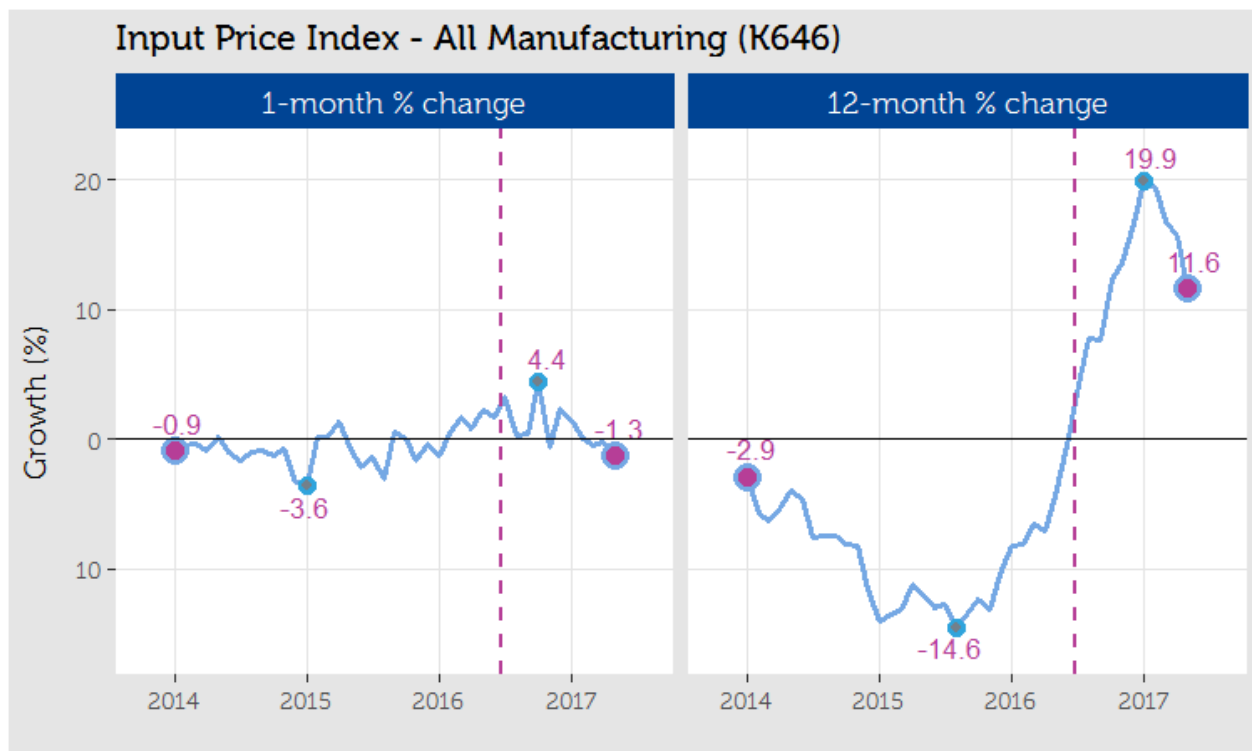


[Gauge charts: Daily exchange rates since January 1999]

## 2 Producer Prices

The **input price** index for all manufacturing fell by 1.3% in May 2017. Compare to May 2016, input price index grew by 11.6%, a drop from 15.6% recorded in April 2017. The main contributors were crude oil, imported metals and home-produce food. It is the 11th successive year on year growth but the lowest 12-month growth since September 2016.

**Factory gate** (Output) prices for all manufacturing rose by 0.1% in May 2017 and grew by 3.6% compared to May 2016, unchanged from previous month.

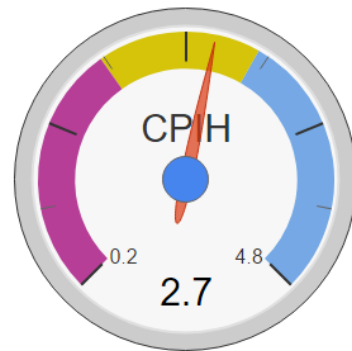
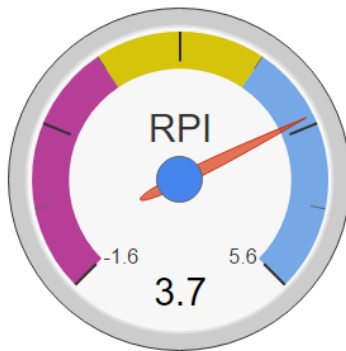
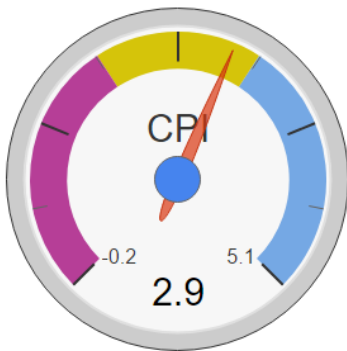
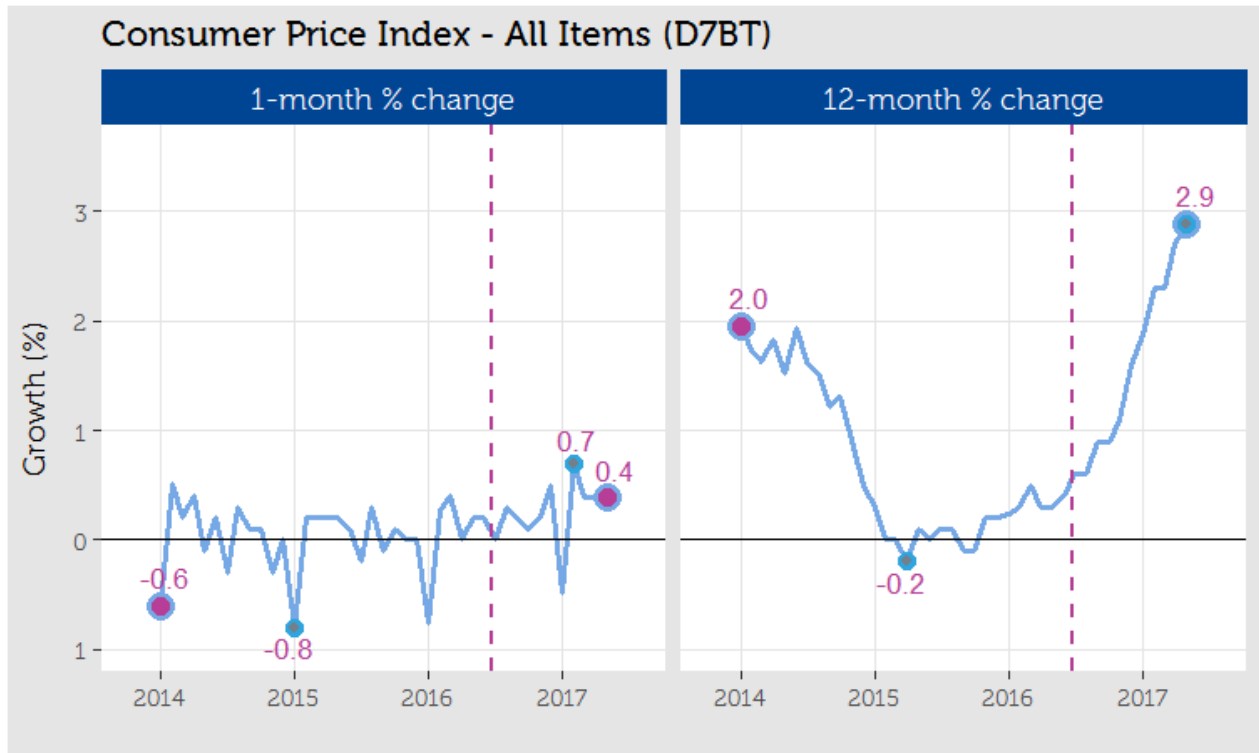


[Gauge Charts: 12-month % change since Jan 2000, INPUT = Input price, OUPUT=Factory gate prices ]

### 3 Consumer Prices

**Consumer price index** grew by 0.4% in May 2017. Compared to May 2016 the index grew by 2.9%. Price increases in recreational and cultural goods and services were the main contributors. It is the 19th successive year on year growth and the highest since June 2013.

The **retail price index** grew by 0.4% in May 2017 and also grew by 3.7% in the year to May 2017, the highest 12-month growth since February 2012.



[Gauge Charts: 12-month % change since Jan 2000; CPIH data starts from Jan 2005 ]

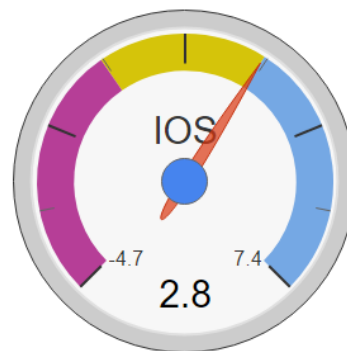
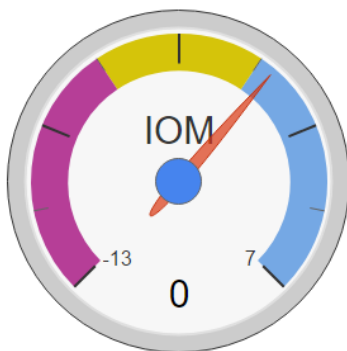
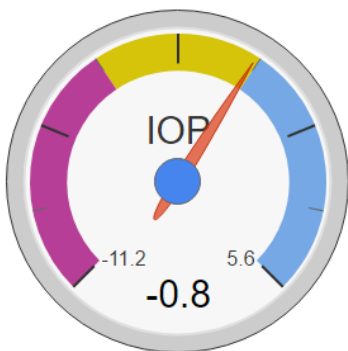
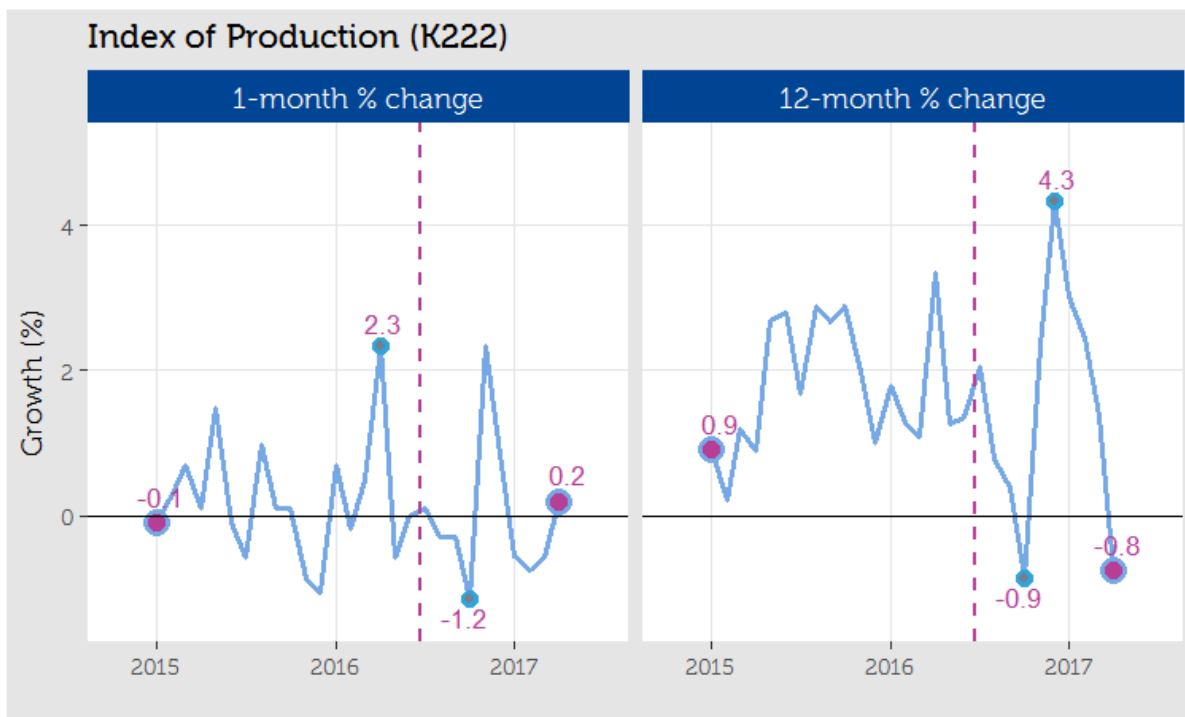


## 4 Production

**Index of production (IOP)** grew by 0.2% in April 2017 but compared to April 2016, production fell by 0.8%. It is the first year on year decline after 5 successive growths. The main drivers were decline in energy supply and drop in mining activity compared to a year earlier.

**Index of manufacturing (IOM)** grew by 0.2% in April 2017, the first month on month growth after 3 successive declines. Compared to April 2016, there was no growth in manufacturing output.

**Index of services (IOS)** grew by 0.2% between February and March 2017 and also grew by 2.8% compared to March 2016. It is the 86th consecutive annual growth.

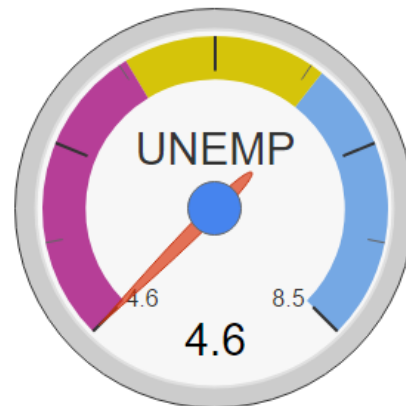
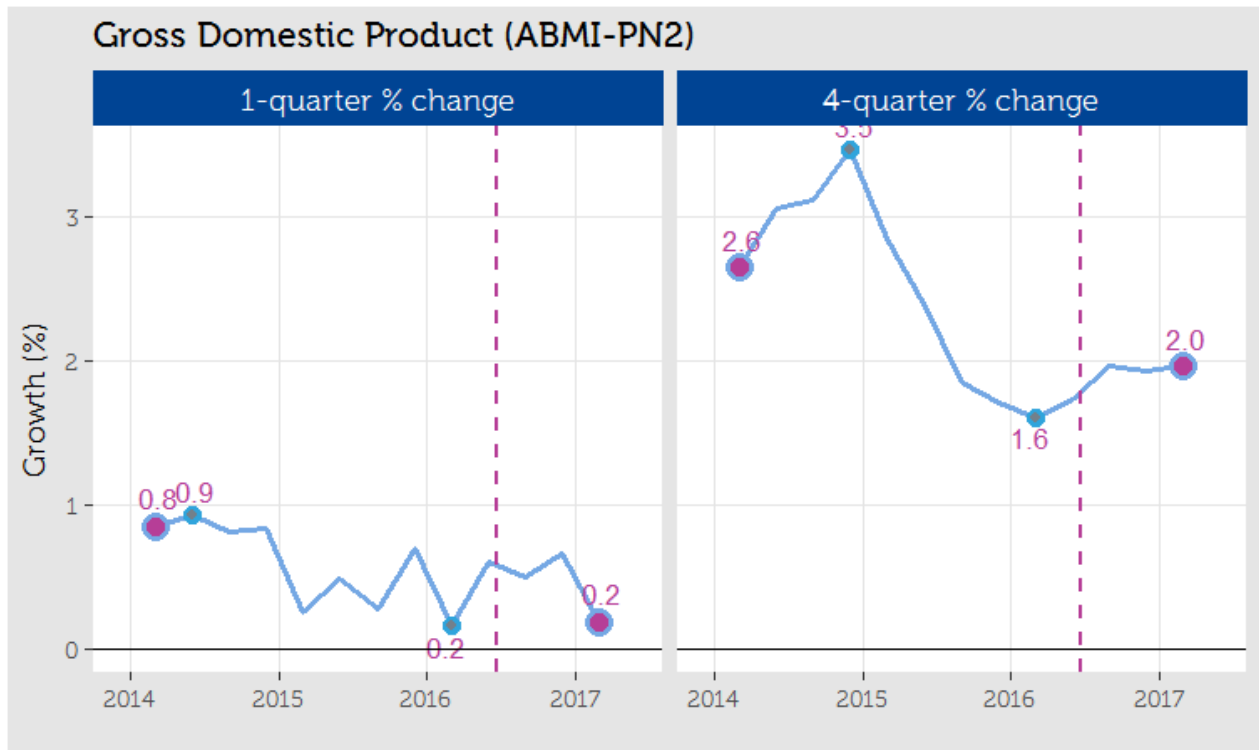


[Gauge Charts: 12-month % change since Jan 2000 ]

## 5 GDP & Unemployment

The second estimate of UK **gross domestic product** (GDP), in volume terms, was revised down 0.1% points to 0.2% in 2017 Q1 compared with 2016 Q4. This is equivalent to £471,388 million and a growth of 2.0% compared to 2016 Q1. It is the 29th successive year on year growth.

The number of people in work increased by 109,000 in the 3 months to April 2017 to 31.95 million. **Unemployment** rate stays at 4.6%, the lowest since August 1975

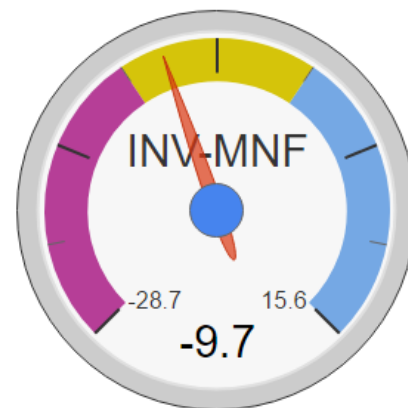
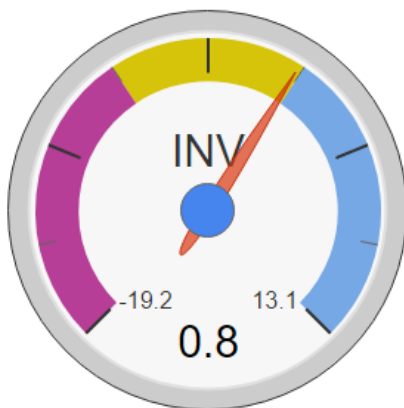
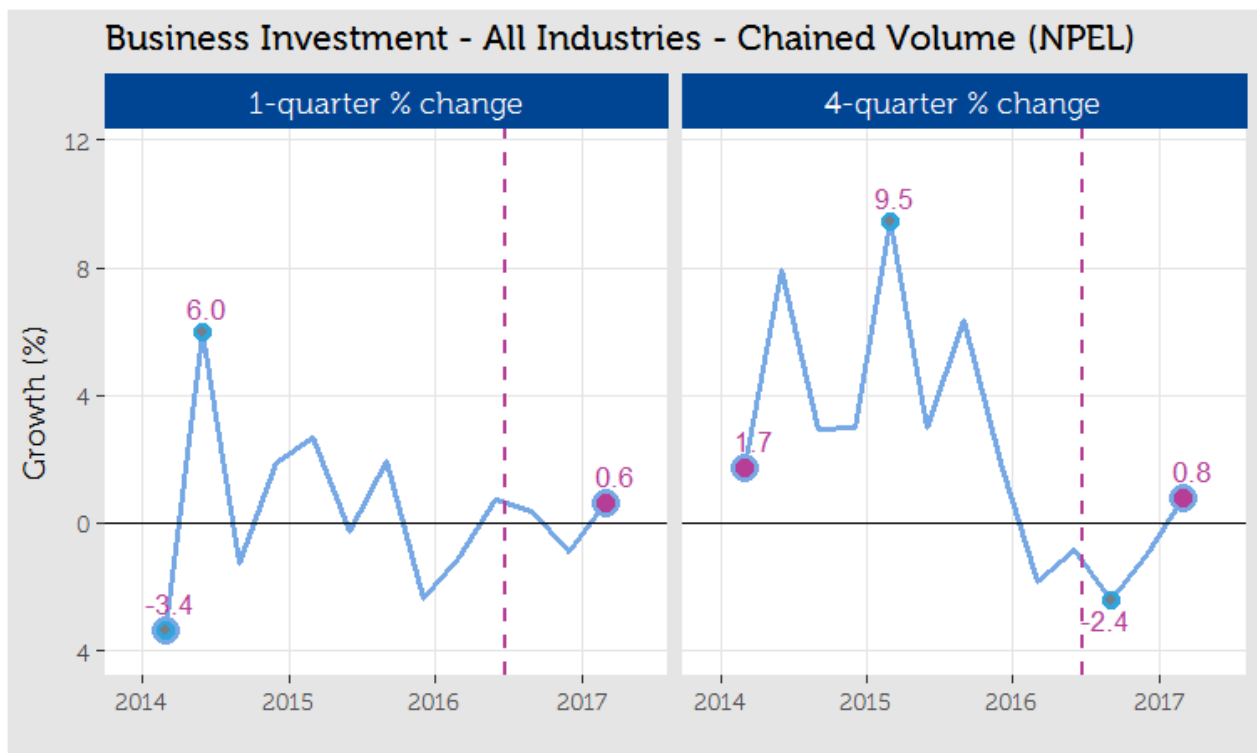


[Gauge Charts: GDP = 4-quarter % change since Jan 2000, UNEMP = Unemployment rate since 2000 ]

## 6 Business Investment

**Business investment** for all industries (INV), in volume terms, increased by 0.6% to £43.8 billion in 2017 Q1 compared with 2016 Q4. Compared with 2016 Q1, business investment also grew by 0.8%. It is the first year on year growth after 4 successive declines.

Investment in **manufacturing industries** (INV-MNF), in volume terms, fell by 9.9% in 2016 Q4 compared with 2016 Q3 and also fell by 9.7% compared with 2015 Q4. It is the 6th successive year on year quarterly decline.

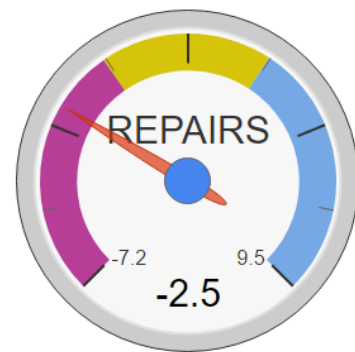
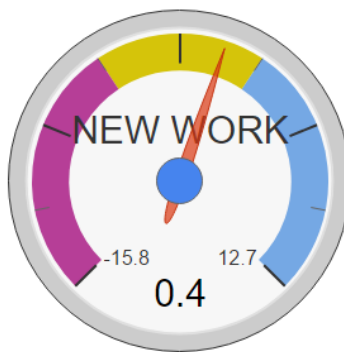
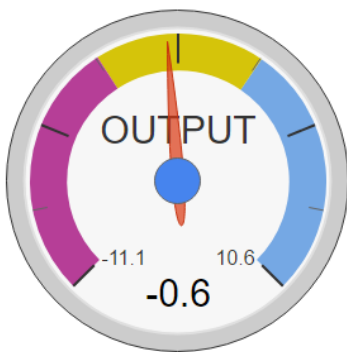
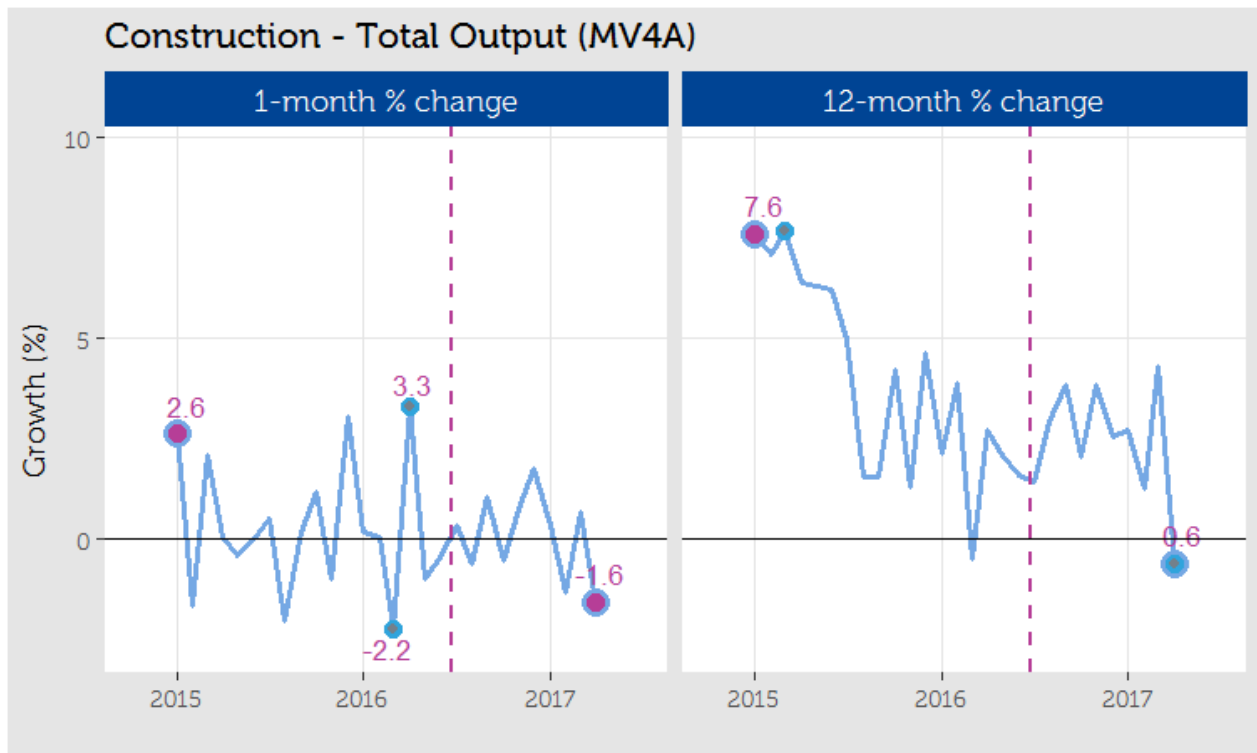


[Gauge Charts: 4-quarter % change since 2007 ]

## 7 Construction

Total **construction output**, at constant prices, fell by 1.6% in April to £11.5 billion, compared to March 2017. Compared to April 2016, output in April 2017 fell by 0.6%. It is the first year on year decline after 12 successive growths and the highest 12-month fall since May 2013.

**New construction** work, grew by 0.4% but **construction repairs** fell by 2.5% in April 2017 compared to twelve months earlier.



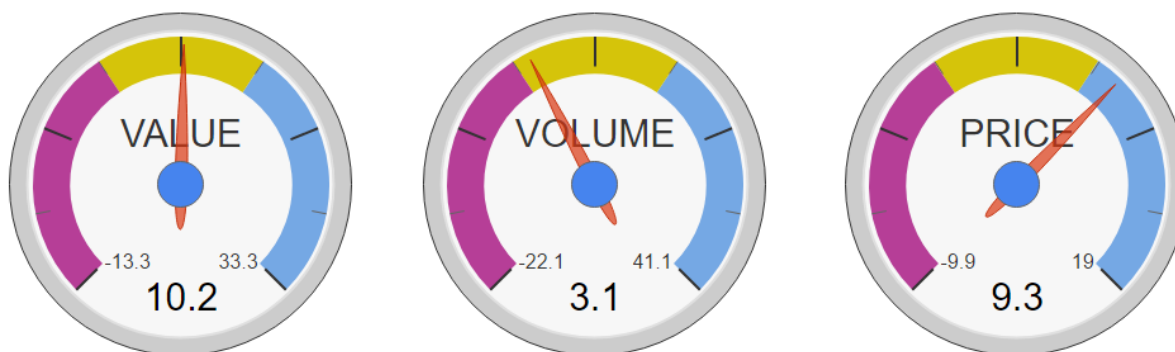
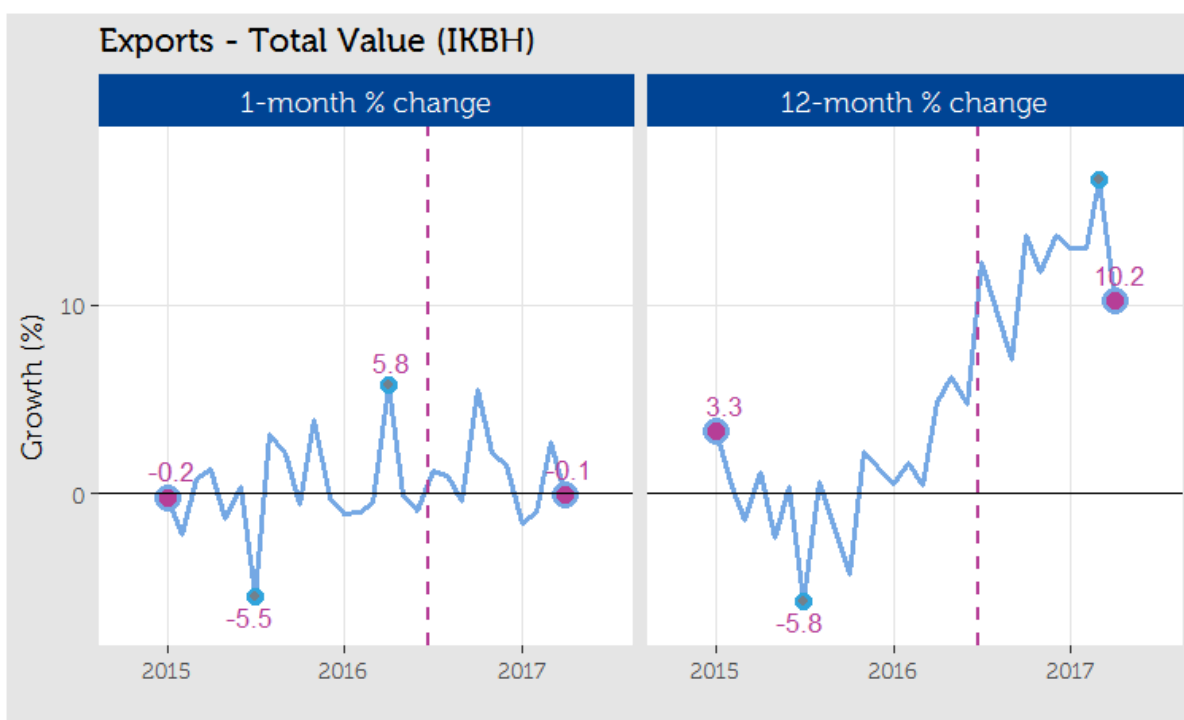
[Gauge Charts: 12-month % change since Jan 2010, OUTPUT = Total Construction Output, NEW WORK = Total Construction New Work, REPAIRS = Total Repairs, Maintenance and Infrastructure]

## 8 UK Trade

### 8.1 Exports

The **value** of UK **exports** fell by 0.1% between March and April 2017 but compared to April 2016, exports grew by 10.2%. Exports of goods increased by 12.9% to £ 28.6 billion and exports of services increased by 6.8% to £ 21.2 billion in April 2017 compared to 12 months earlier. It is the 18th successive annual growth.

**Volume** of UK **exports** grew by 3.1% in April 2017 compared with April 2016. It is the 6th successive year on year growth.

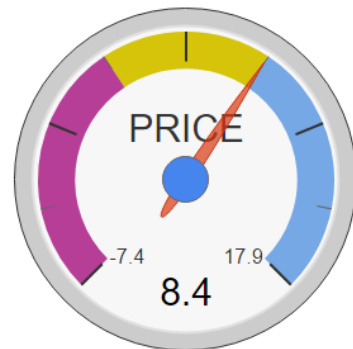
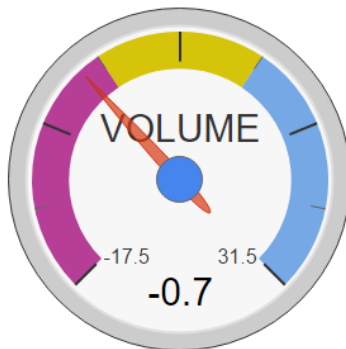
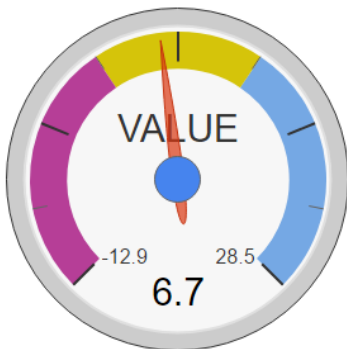
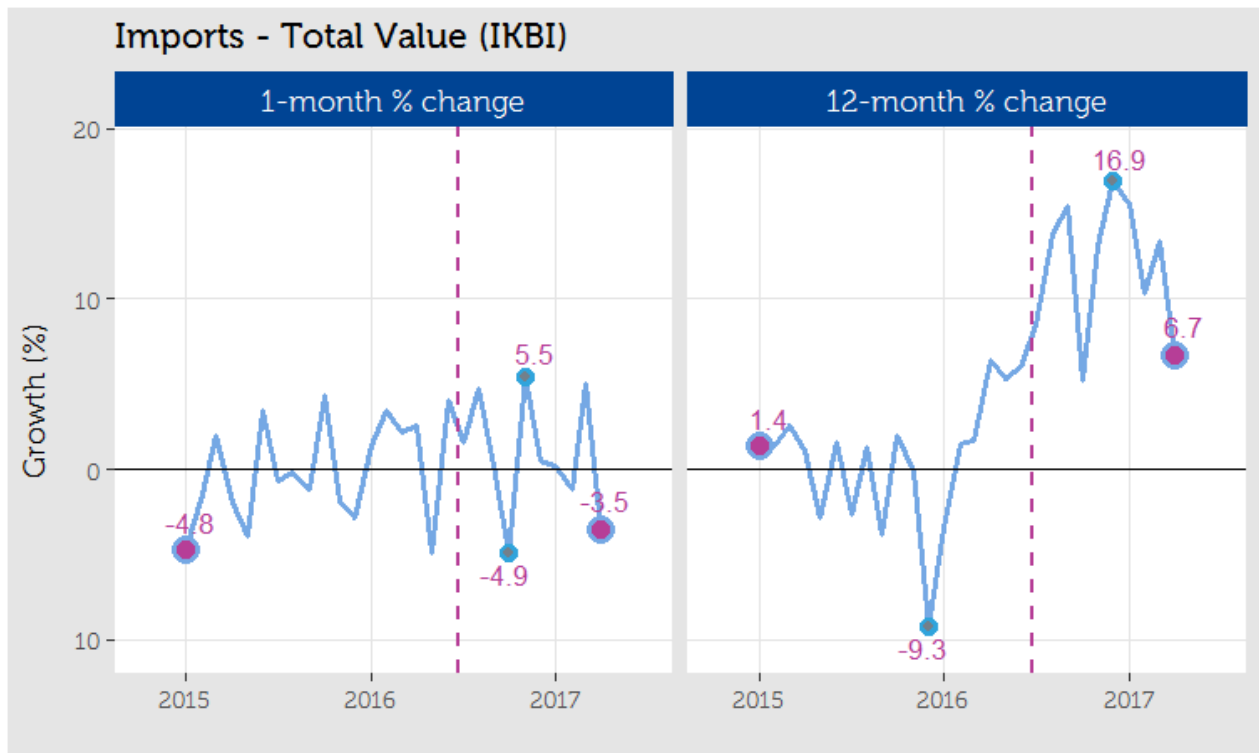


[Gauge Charts: 12-month % change since Jan 2000, VALUE = Total Export Value, VOLUME = Export Volume Index, PRICE = Export Price Index]

## 8.2 Imports

The **value** of UK **imports** fell by 3.5% in April compared with March 2017. Compared to April 2016 imports grew by 6.7%. Imports of goods increased by 7.5% to £ 39.0 billion and import of services increased by 4.5% to £12.8 billion in April 2017 compared to 12 months earlier. It is the 15th successive annual growth.

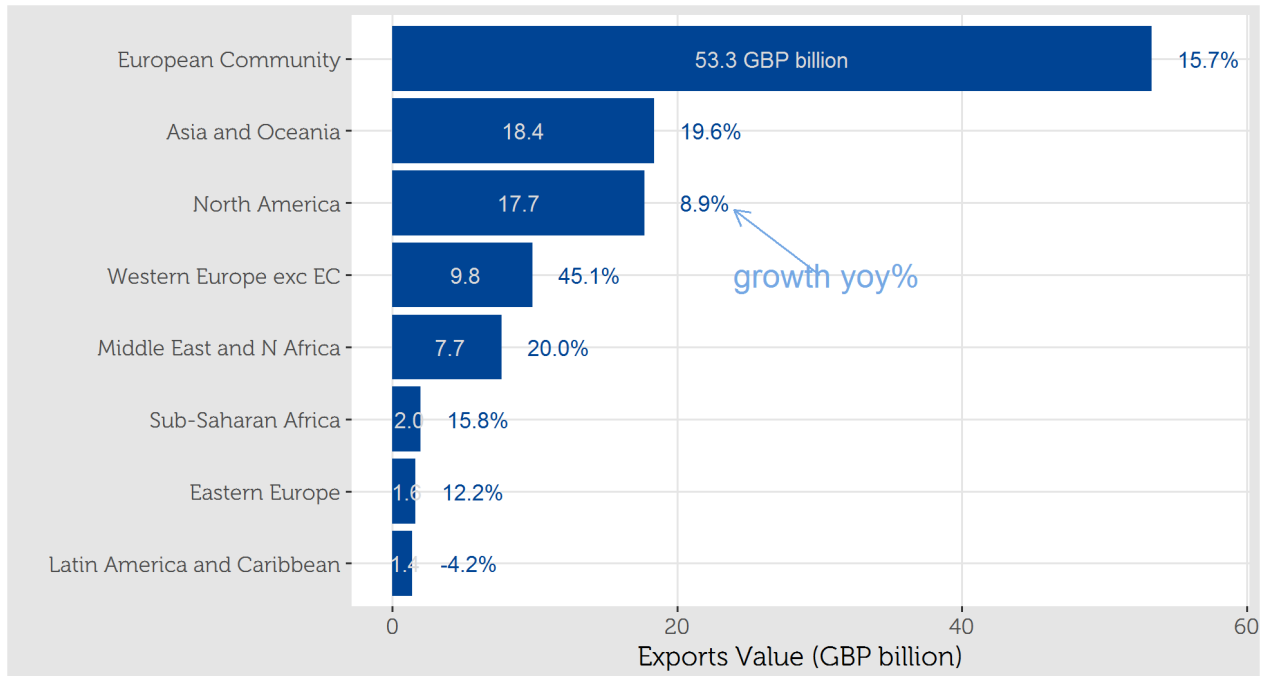
UK **imports** on **volume** basis fell by 5.1% in April compared with March 2017. The volume of imports also fell by 0.7% in April 2017 compared to twelve months earlier. It is the first year on year decline after 5 successive growths.



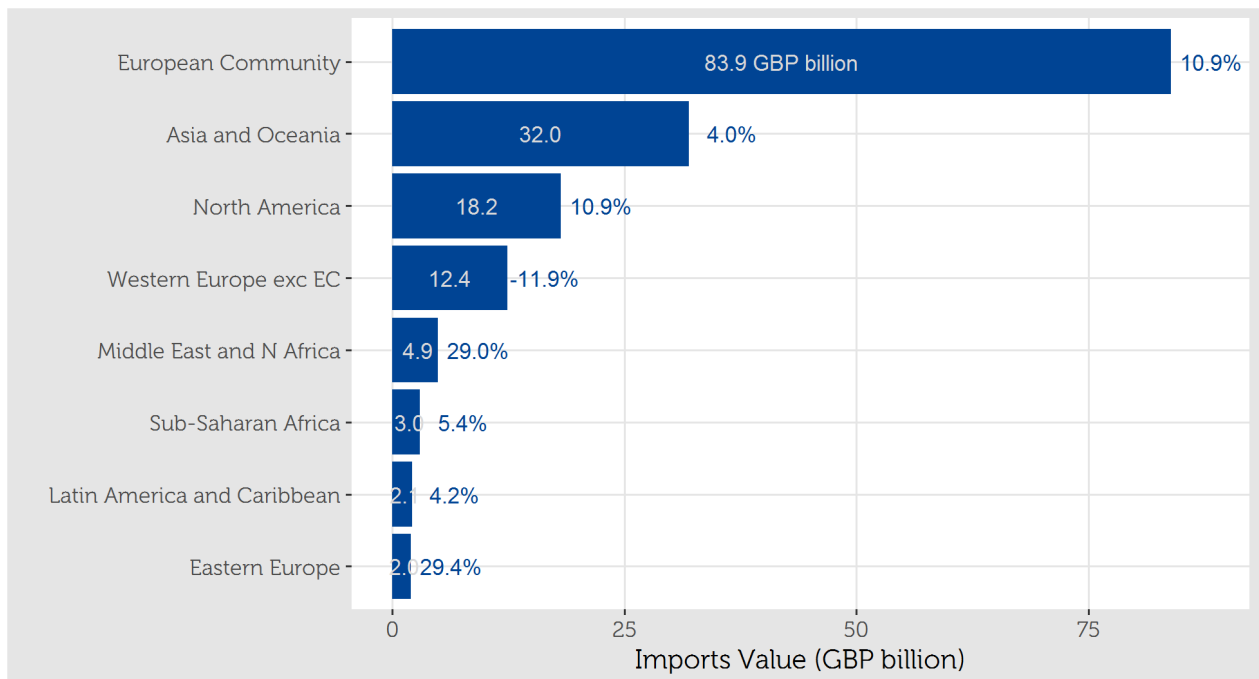
[Gauge Charts: 12-month % change since Jan 2000, VALUE = Total Import Value, VOLUME = Import Volume Index, PRICE = Import Price Index]

### 8.3 Goods Trade: Ranking by Region

#### 8.3.1 Exports - 2017 (Jan - Apr)

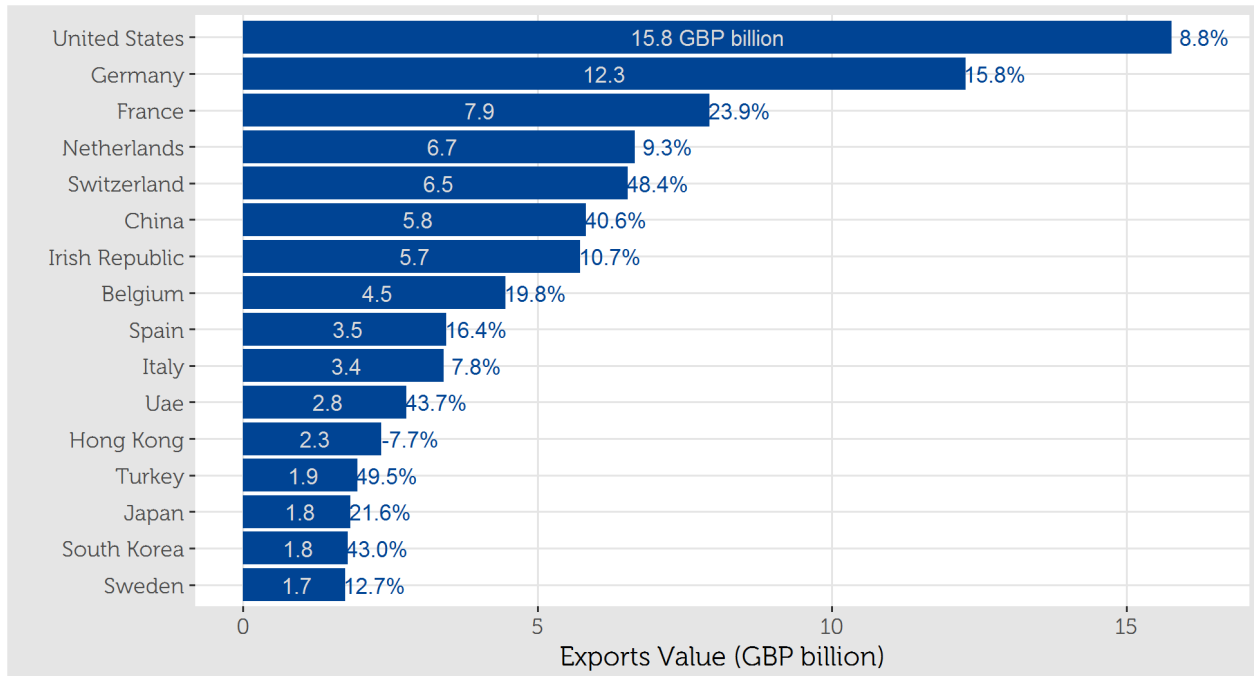


#### 8.3.2 Imports - 2017 (Jan - Apr)

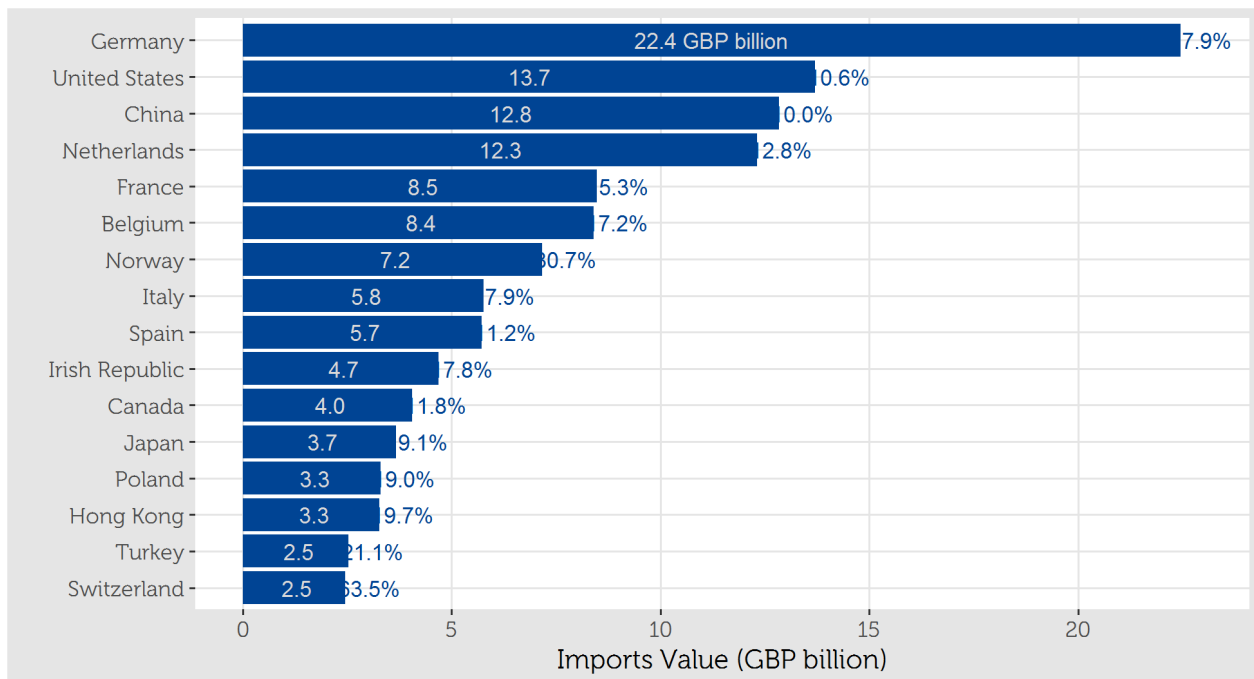


## 8.4 Goods Trade: Ranking by Country - Top 16

### 8.4.1 Exports - 2017 (Jan - Apr)



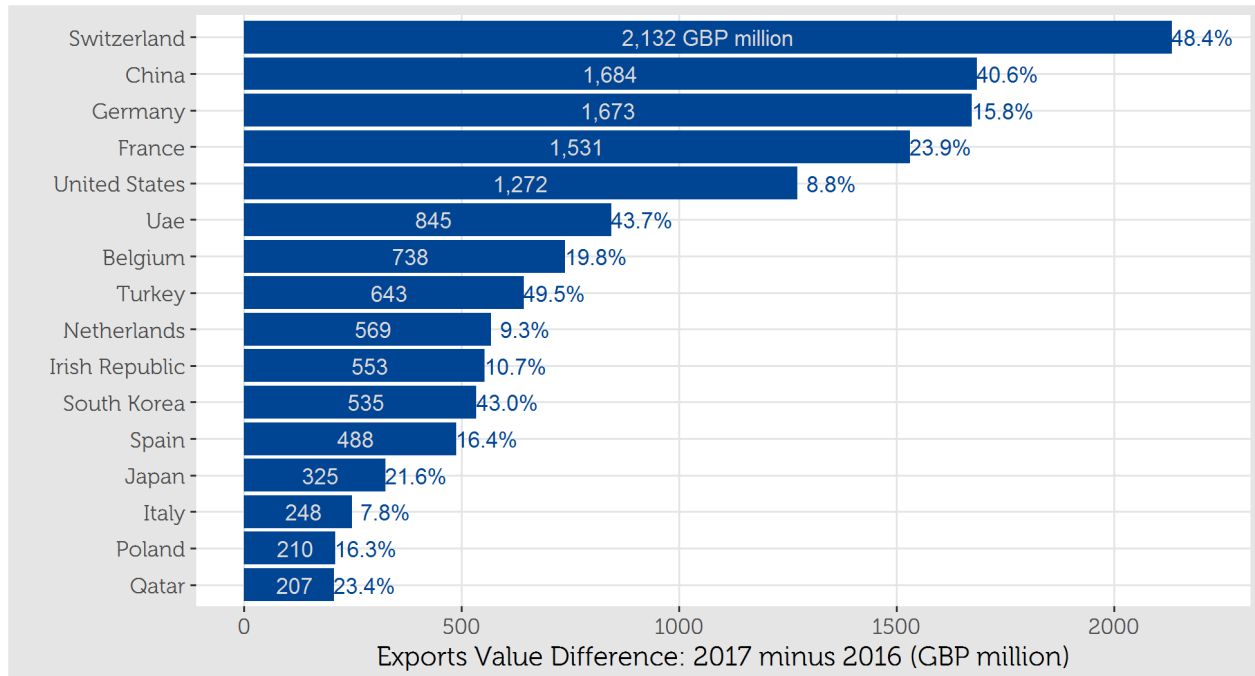
### 8.4.2 Imports - 2017 (Jan - Apr)



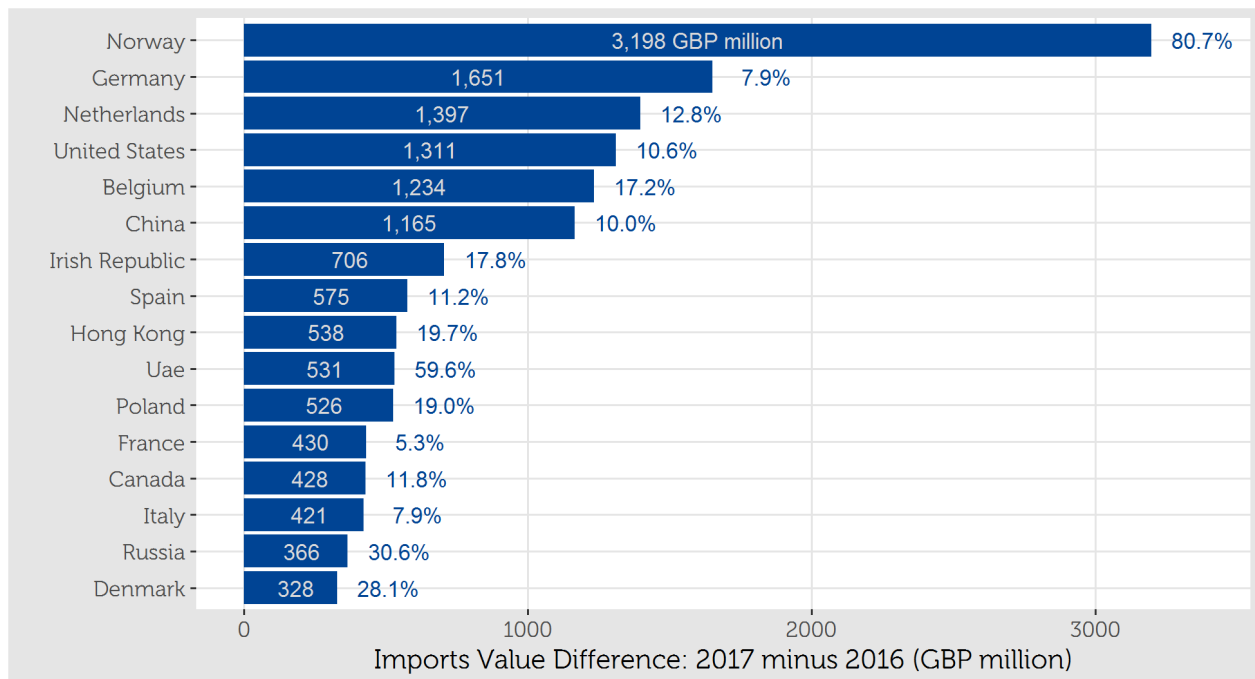


## 8.5 Goods Trade: Growth Ranking by Country - Top 16

### 8.5.1 Exports Value Growth - 2017 (Jan - Apr)

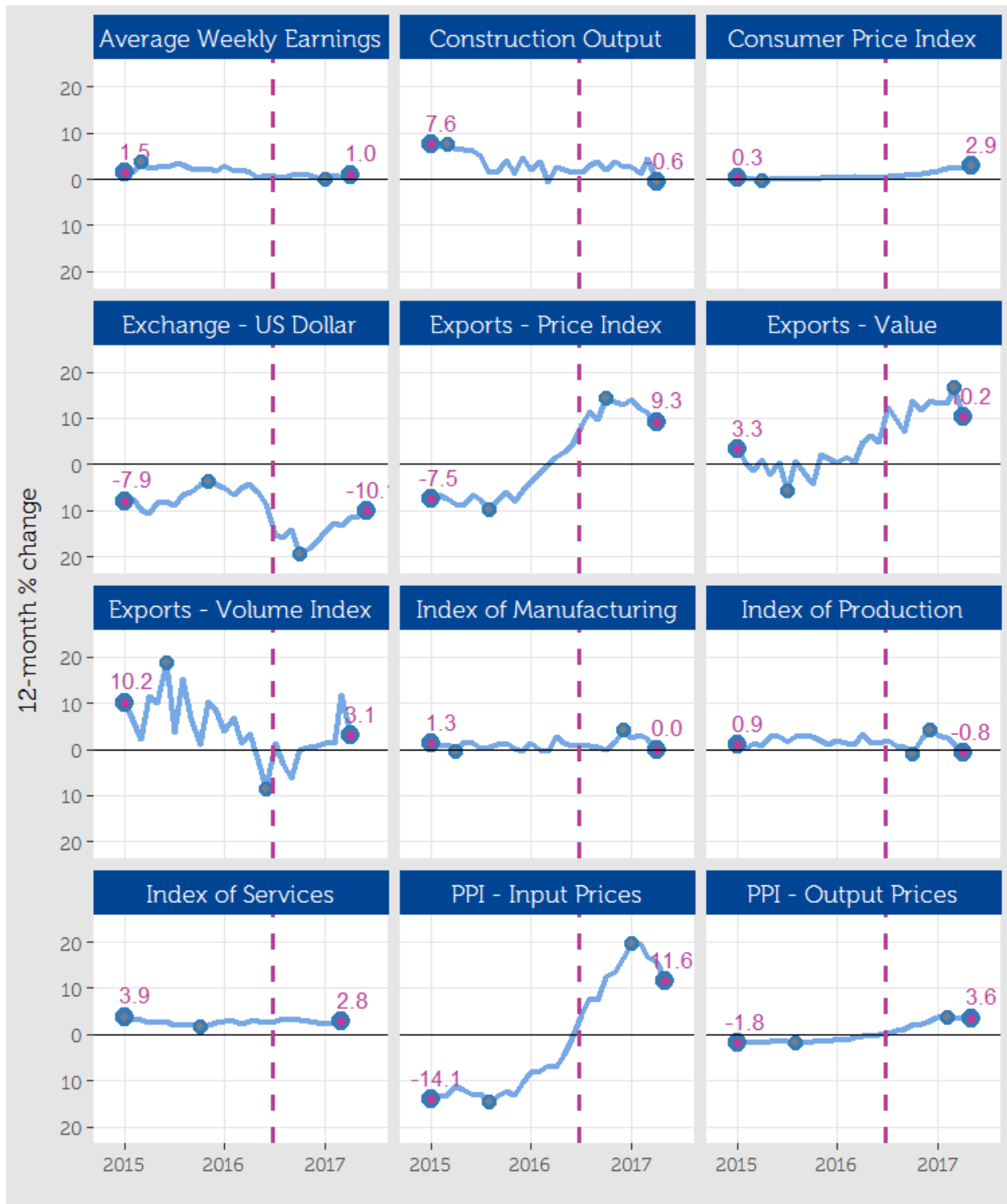


### 8.5.2 Imports Value Growth - 2017 (Jan - Apr)

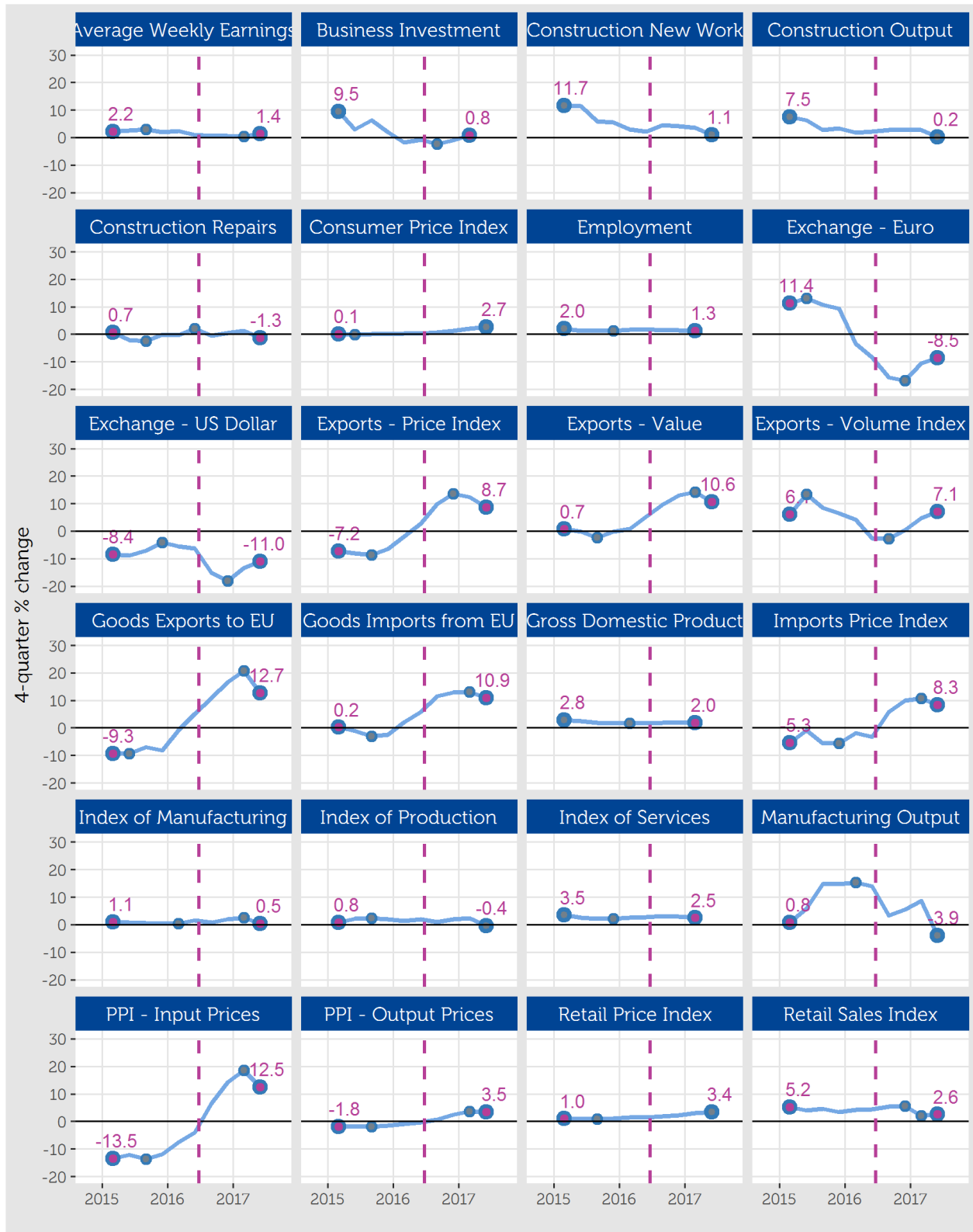


## 9 Economy At a Glance

### 9.1 Growth: 12-month % growth

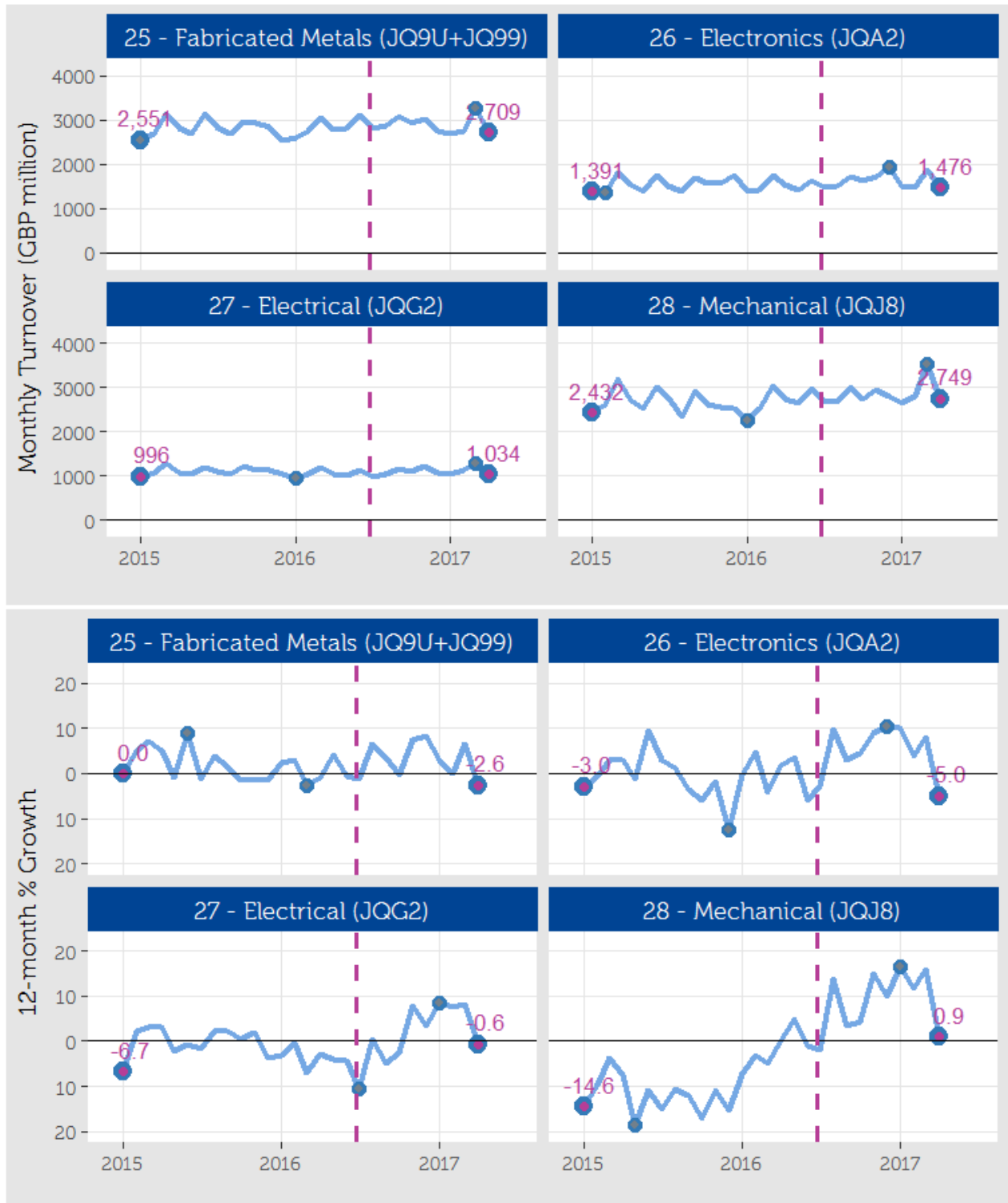


## 9.2 Growth: 4-quarter % growth

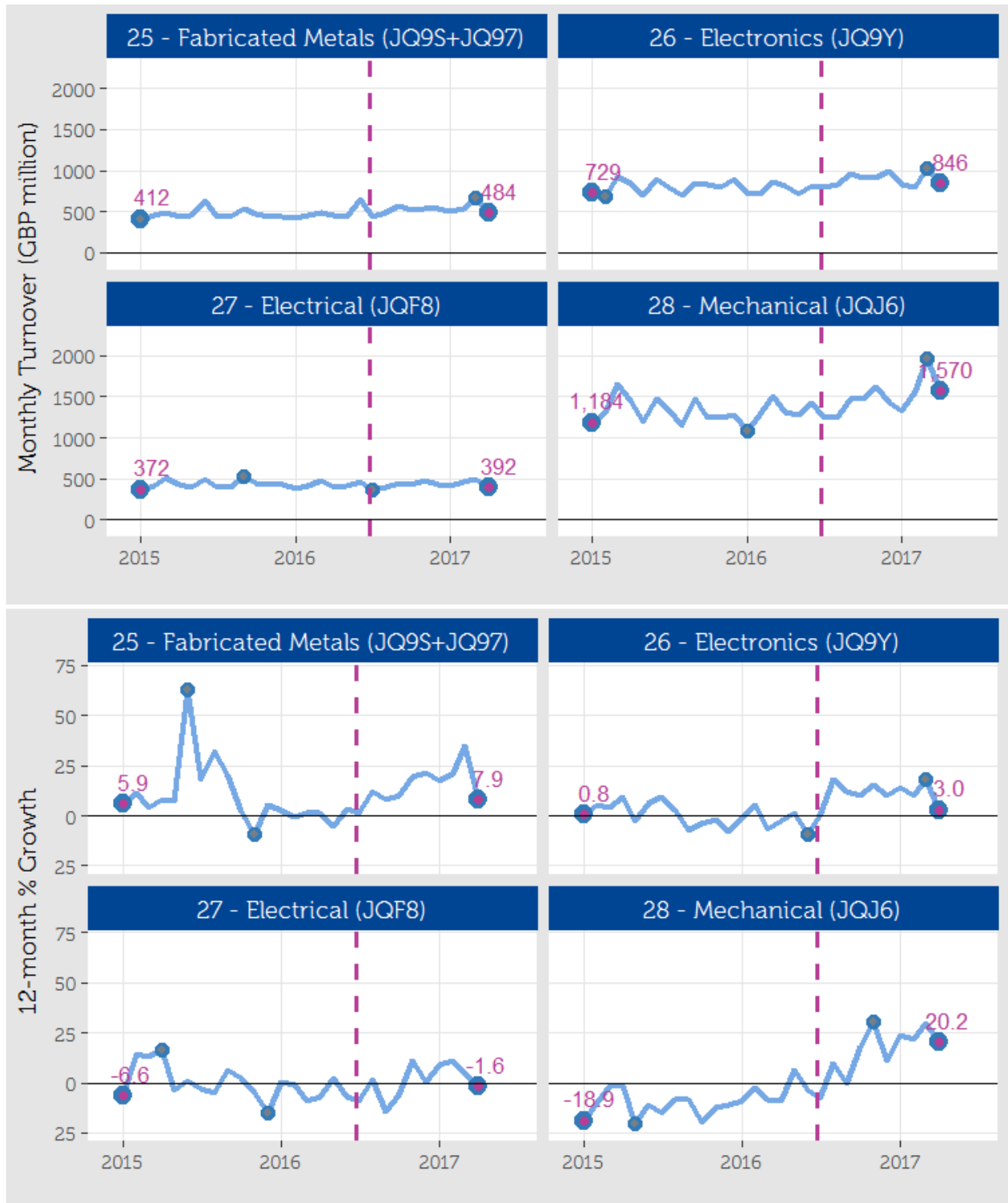


## 10 Industry Level Indicators

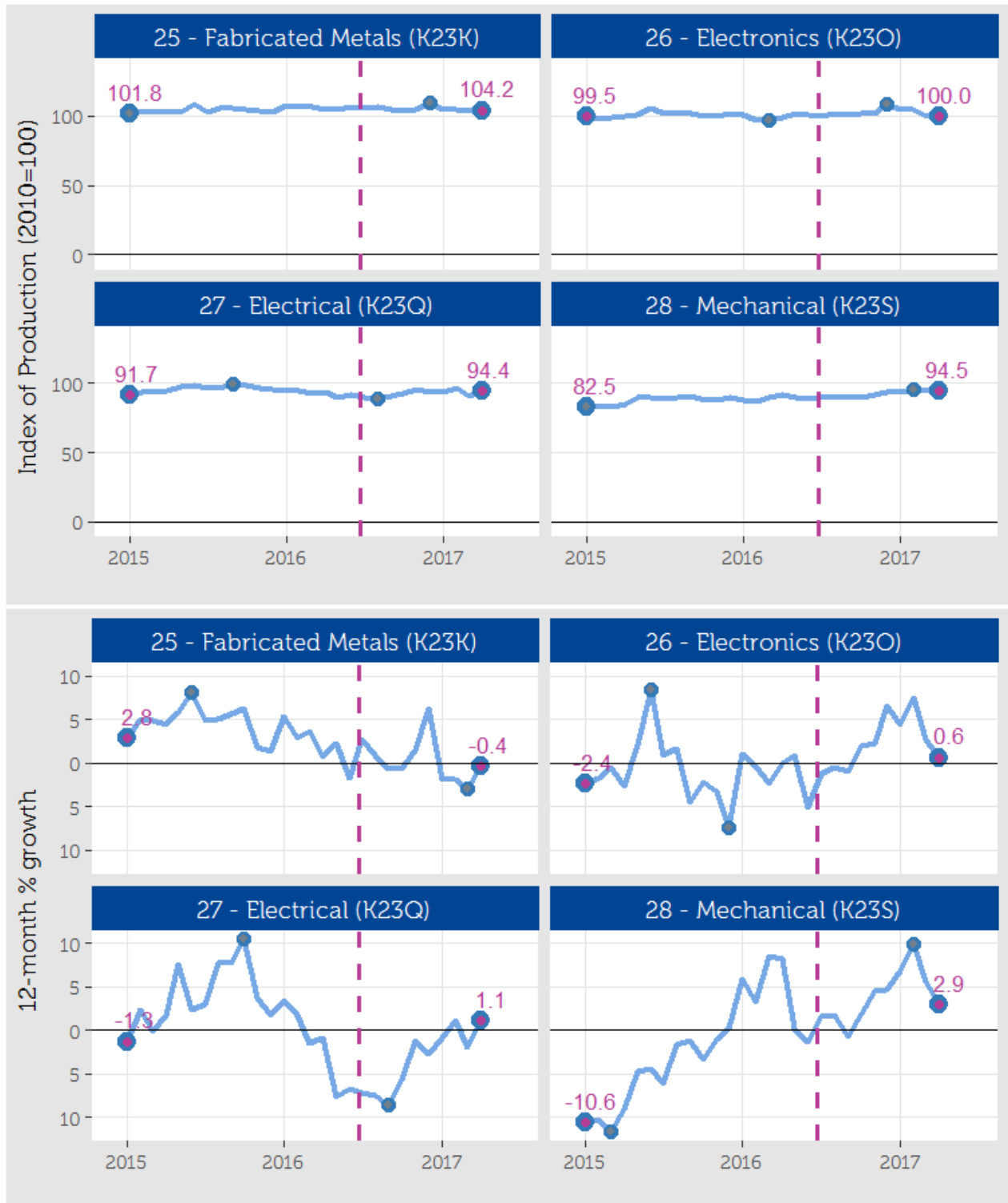
### 10.1 Turnover



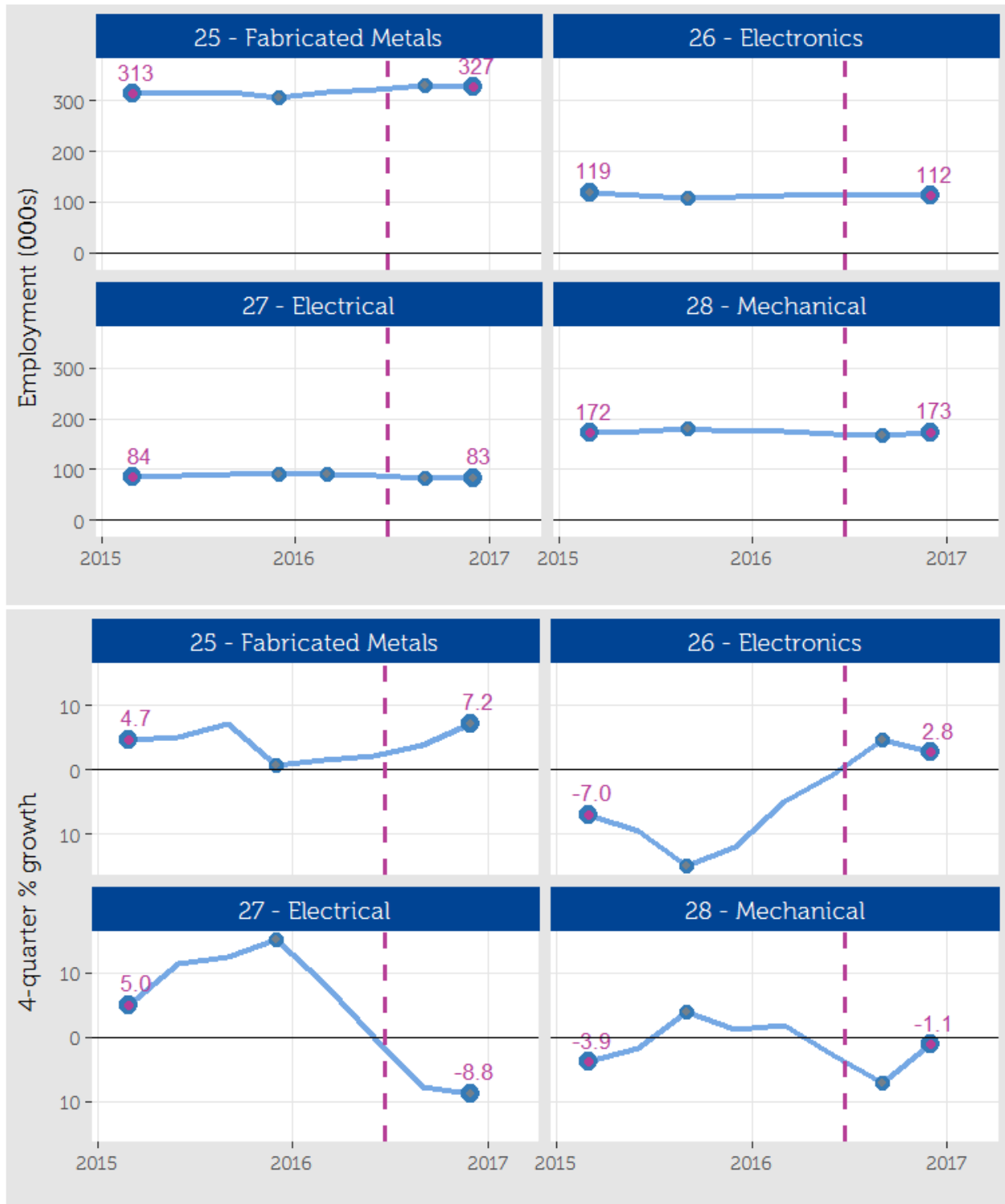
## 10.2 Exports



### 10.3 Index of Production



### 10.4 Employment (excluding Self-Employment)



# 11 Growth Cycles

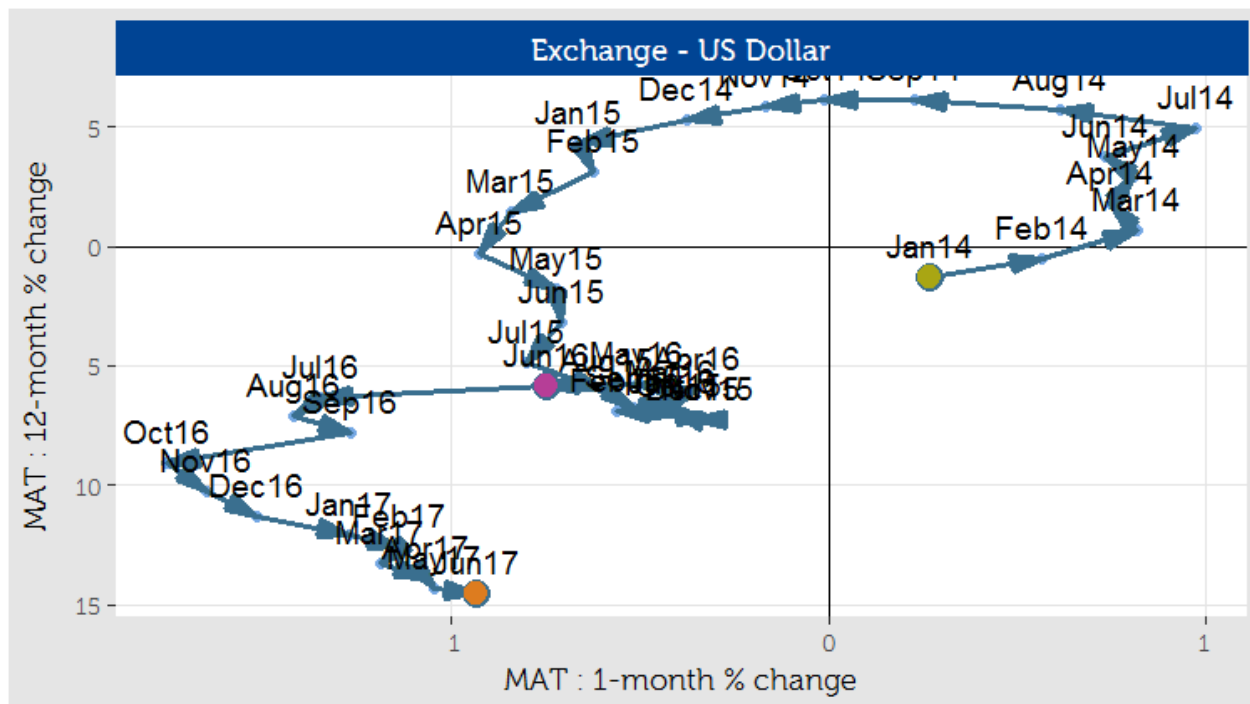
## 11.1 About Growth Cycles

Growth cycle, plots the annual growth of an indicator against the 1-month ( or 1-quarter) growth. This put the indicator in one of 4 main quadrants:

- Quadrant 1: increased compared to previous month (or quarter) and also increased compared previous year - **expansion**
- Quadrant 2: increased compared to previous month (or quarter) but decreased compared to previous year - **recovery**
- Quadrant 3: decreased compared to previous month (or quarter) and also decreased compared to previous year - **contraction**
- Quadrant 4: decreased compared to previous month (or quarter) but increased compared previous year - **slowing down**

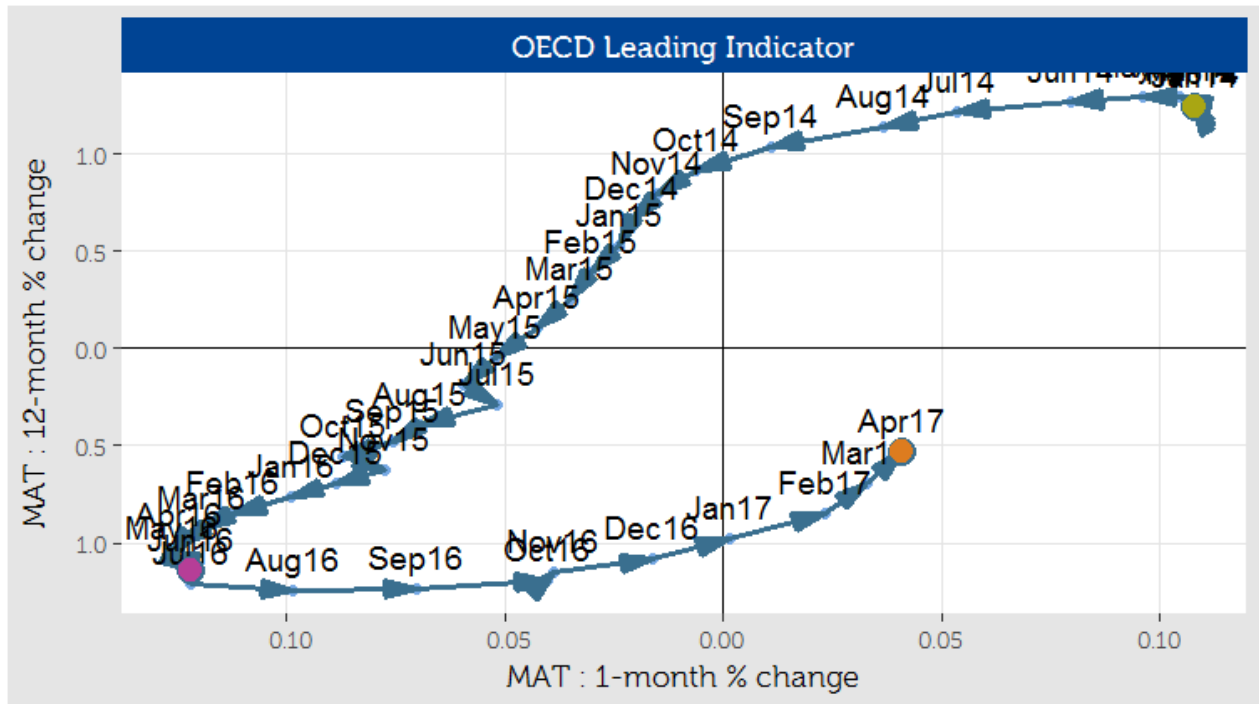
Where an indicator is heading to is found by connecting indicator's position over a period of time. Using Moving Annual Total (MAT) helps to remove seasonal effect inherent in most indicators. This section show Growth Cycle plots of 6 selected indicators. The starting point is marked with green circle (●); purple circle (●) for referendum date and orange circle (●) for the current state.

## 11.2 Exchange Rate (USD)

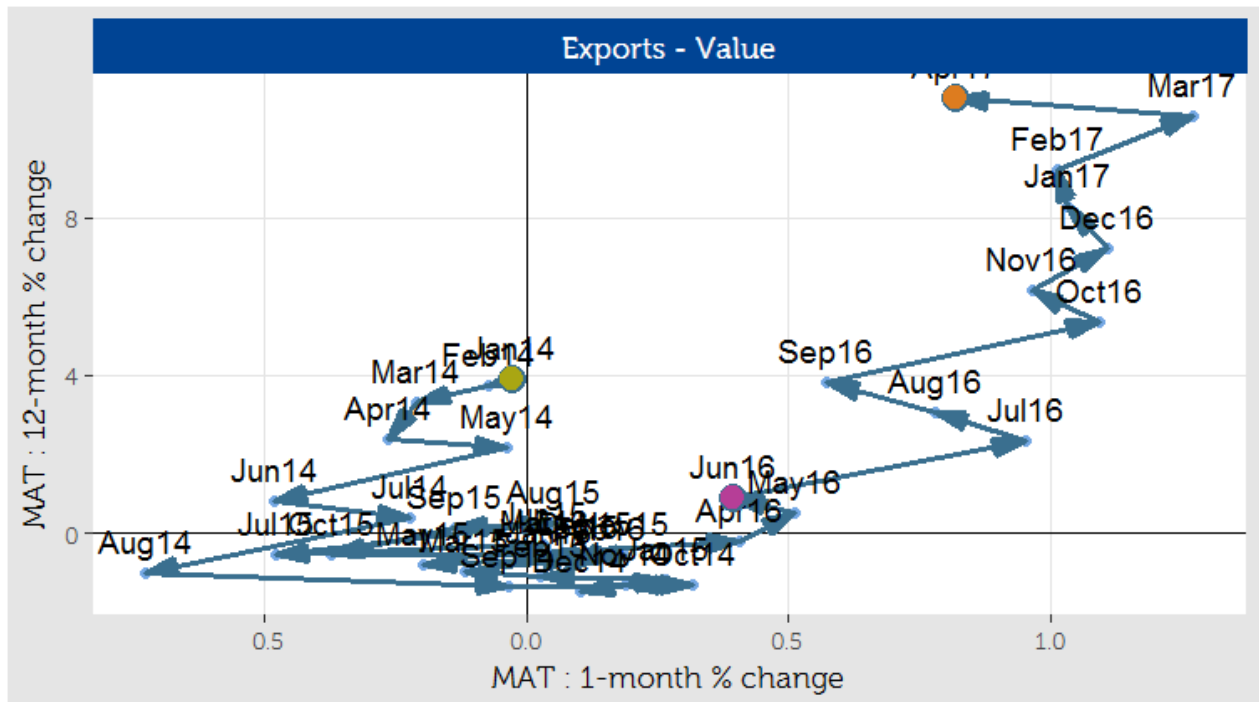




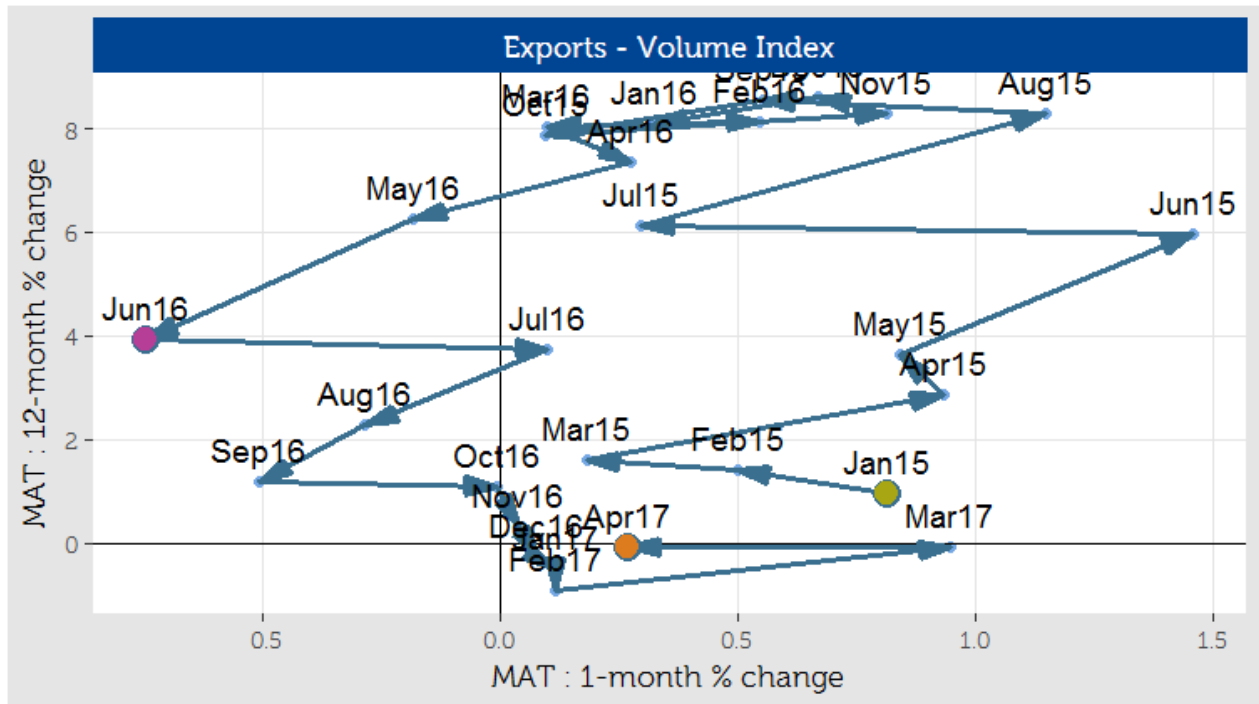
### 11.3 OECD Composite Leading Indicator - UK



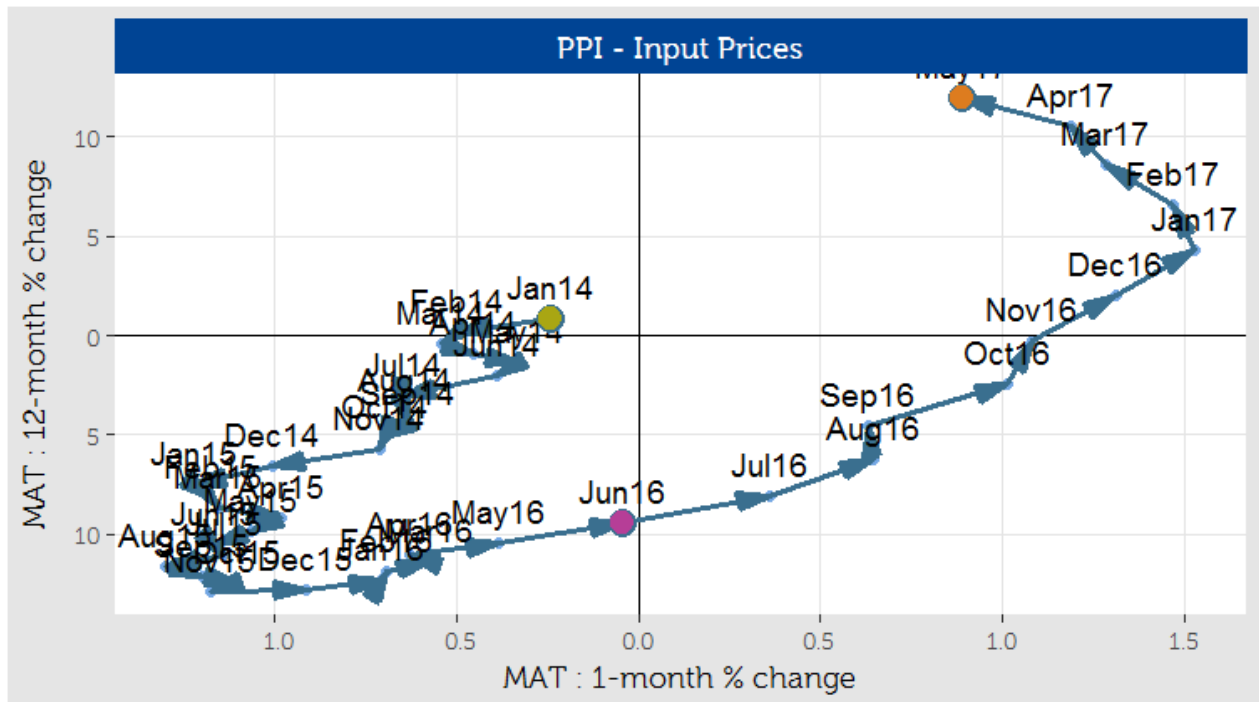
### 11.4 Exports - Value (IKBH)



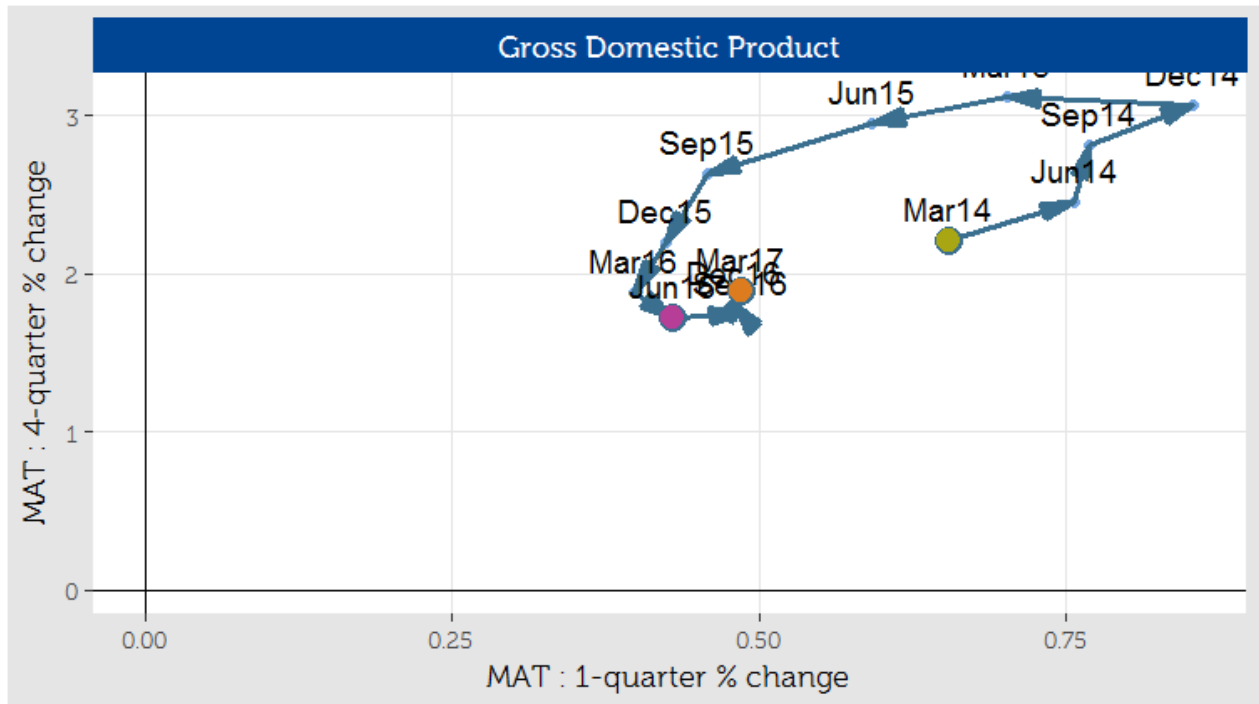
### 11.5 Exports - Volume Index (BQKU)



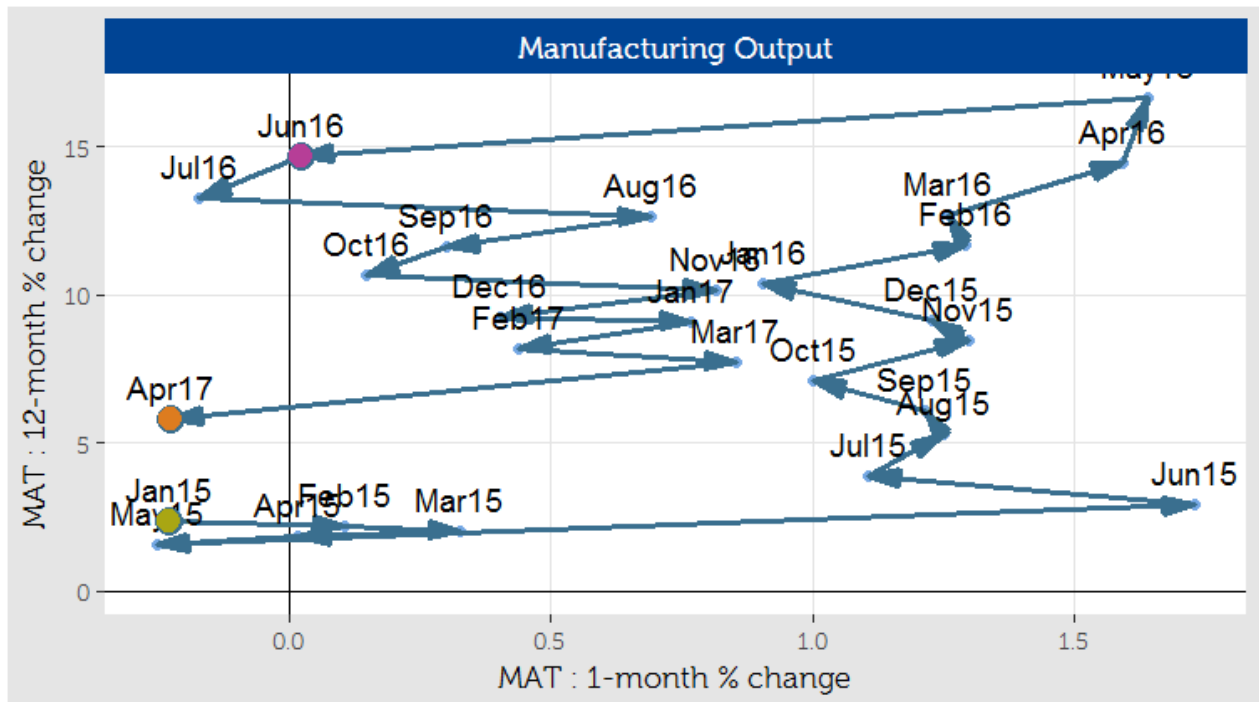
### 11.6 Input Prices (K646)



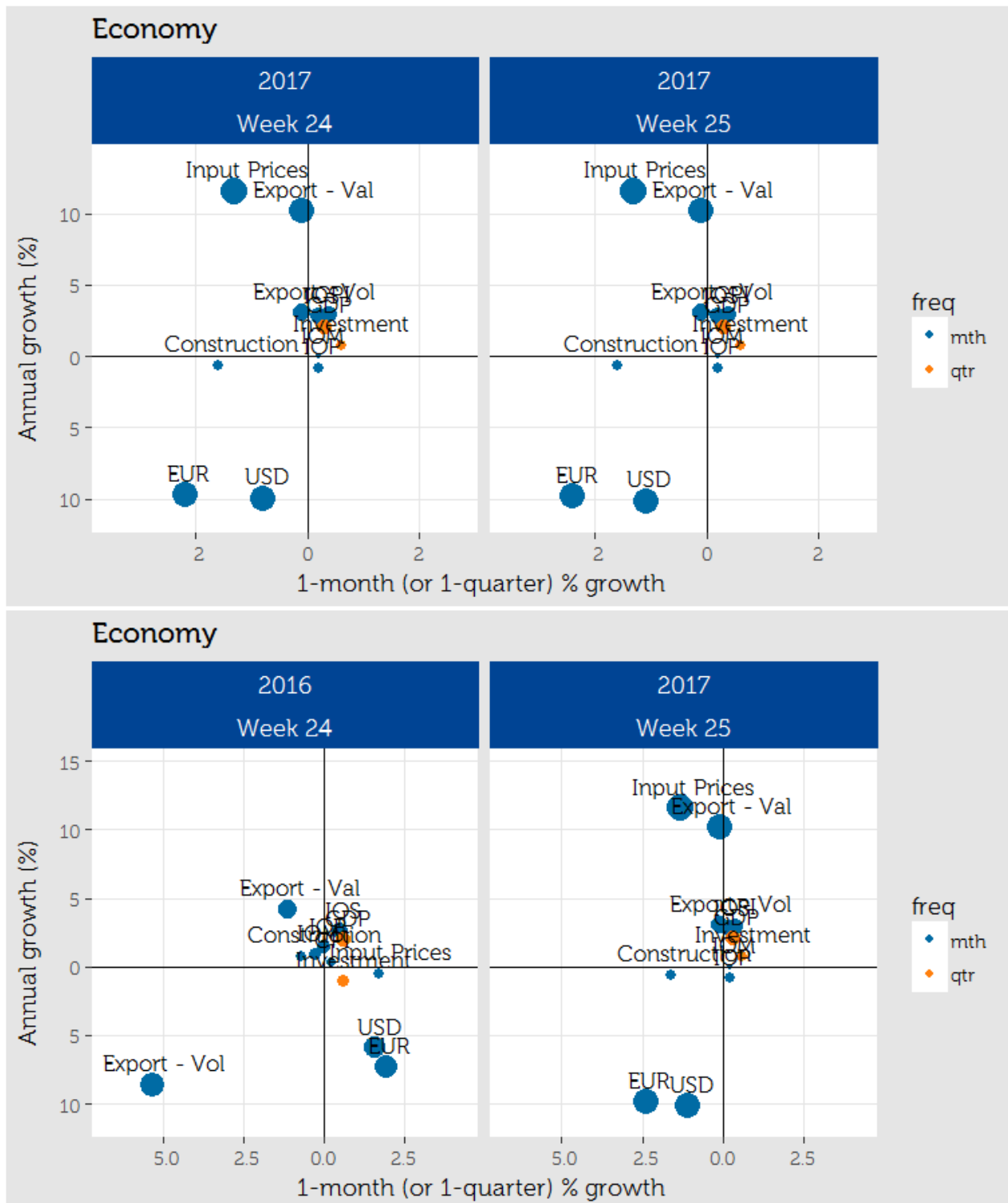
### 11.7 Gross Domestic Product - GDP (ABMI-PN2)



### 11.8 Manufacturing Output (JT27)



### 11.9 Current State



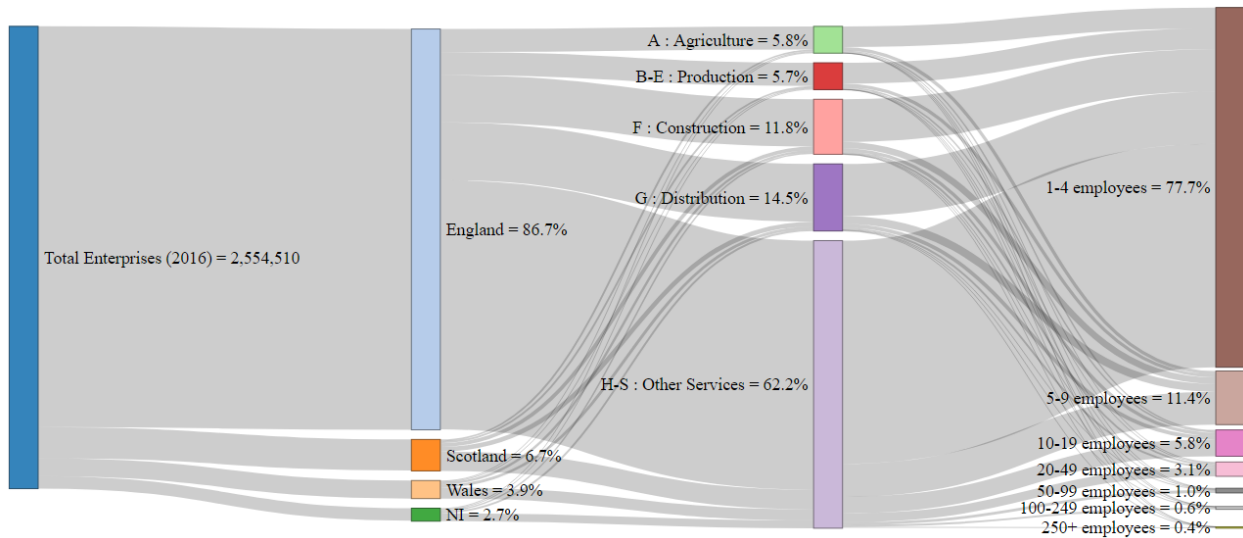
**Top:** Indicators growth - Current week versus previous week.

**Bottom:** Indicators Growth - Before Referendum vote versus current week

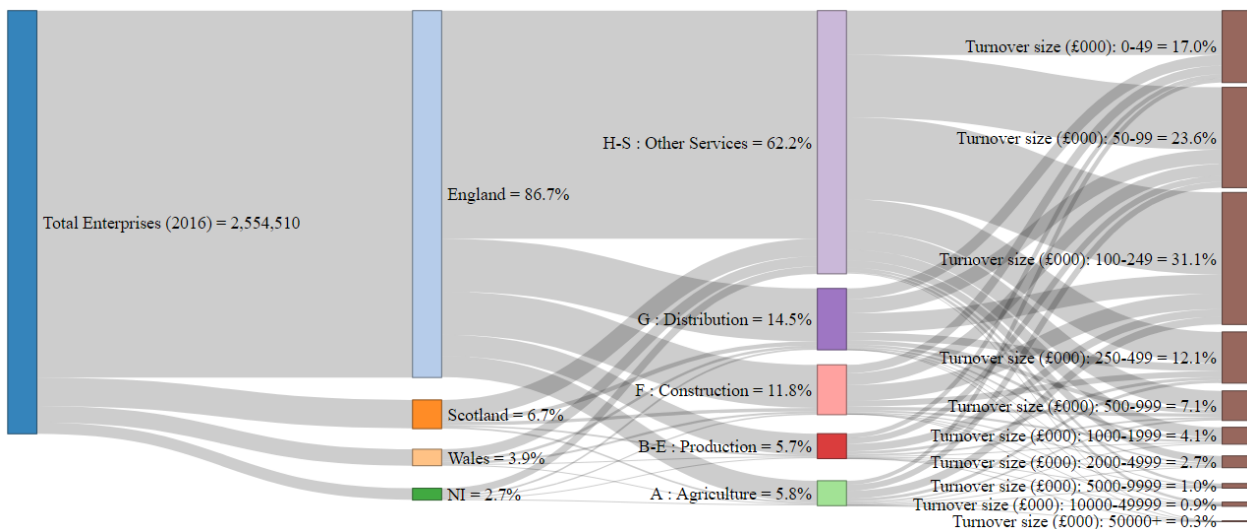
# Appendices

## A UK Businesses: Activity, Size & Location

### A.1 Enterprises by Employment Size Band

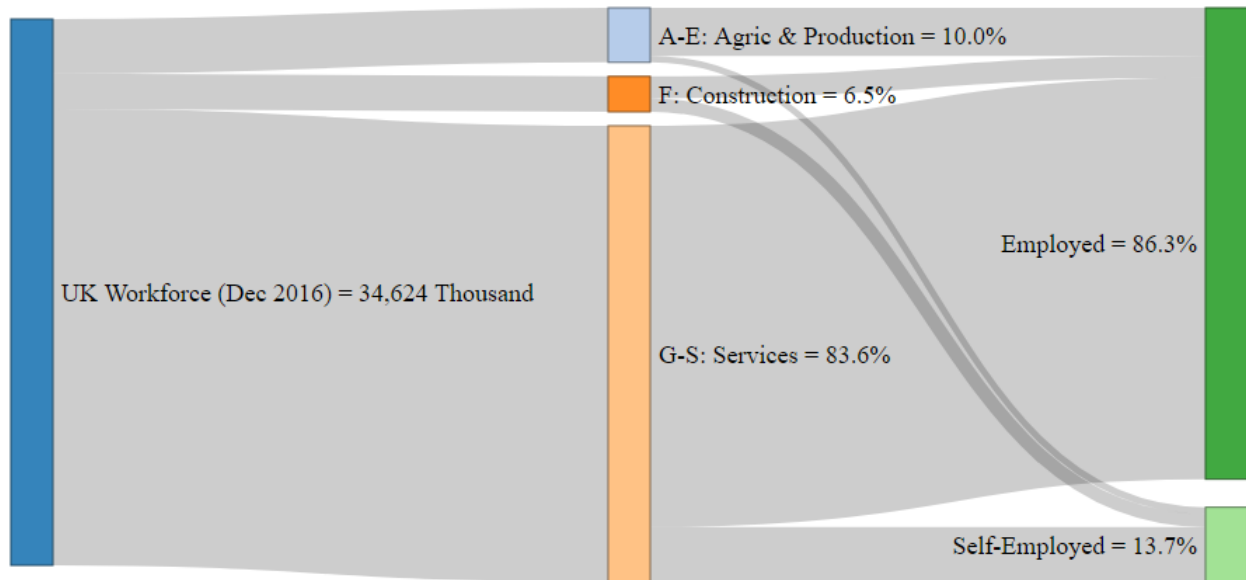


### A.2 Enterprises by Turnover Size Band

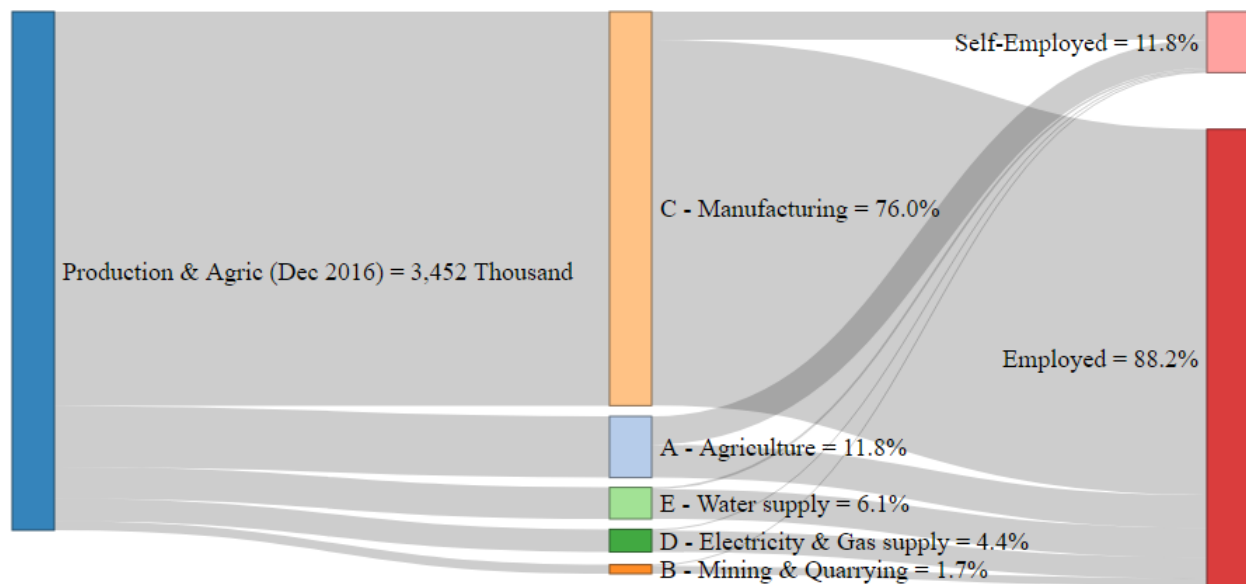


## B UK Employment Structure

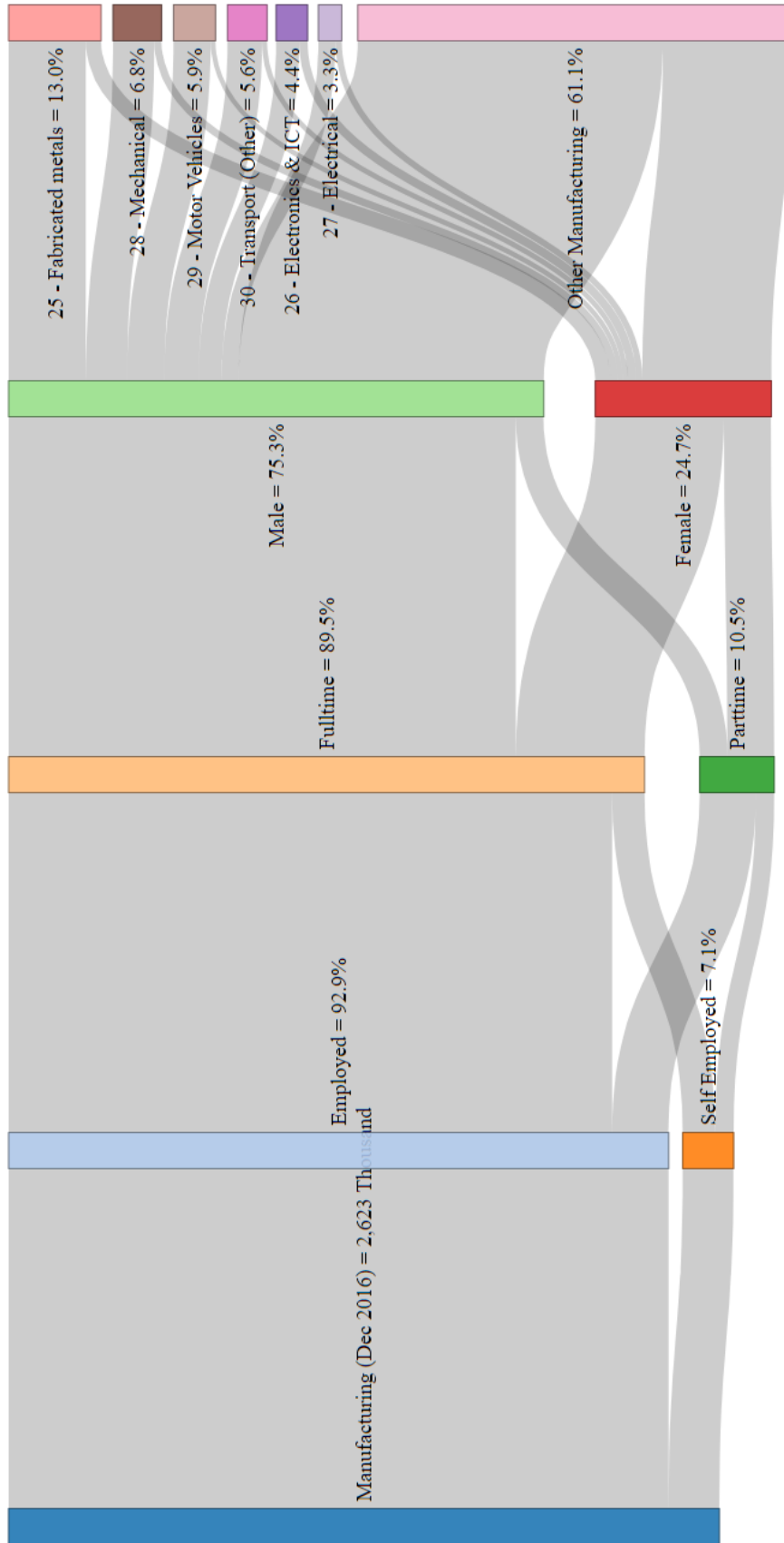
### B.1 UK Workforce



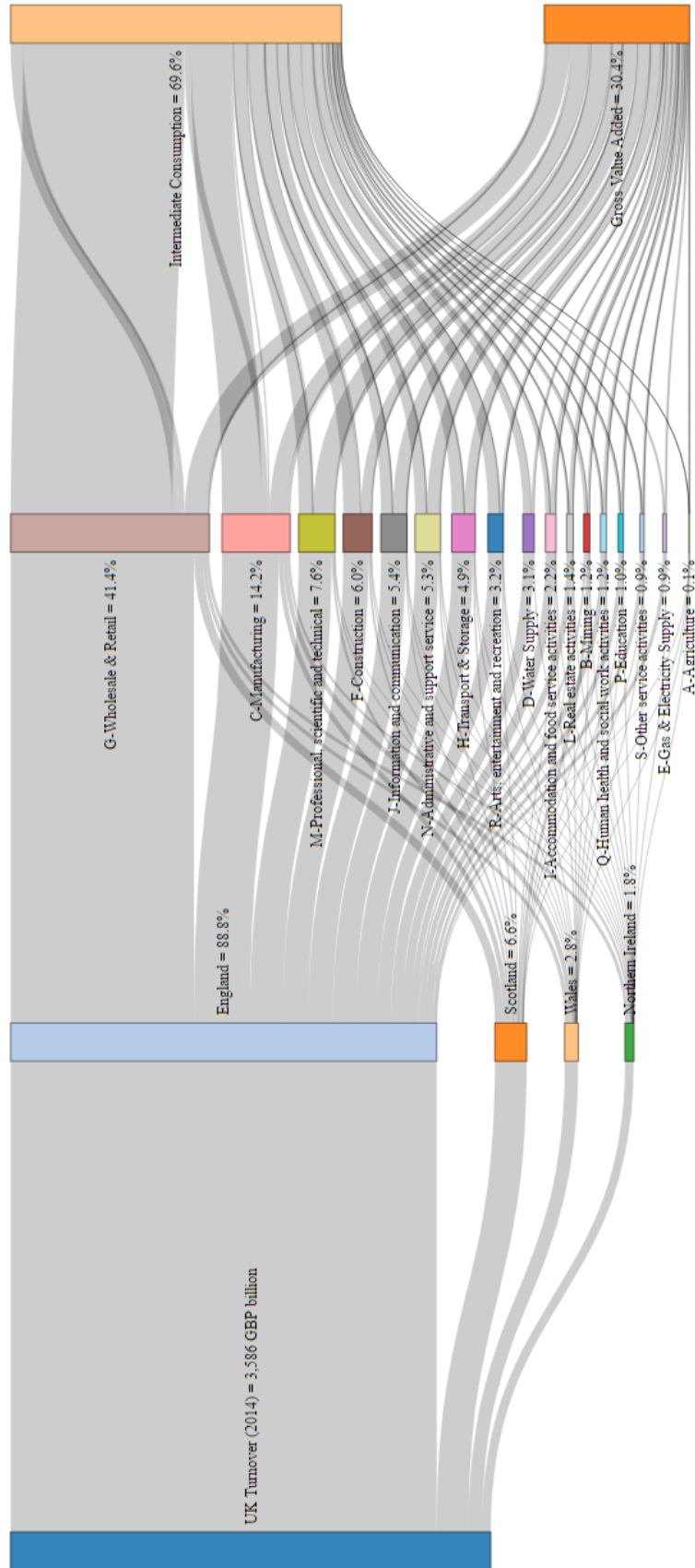
### B.2 UK Production & Agriculture Workforce



### B.3 UK Manufacturing Workforce



# C UK Industrial Output by Region



Excludes **K** (Financial & Insurance Activities) and **O** (Public Administration & Defence)



## D Data sources

- ONS
  - Producer Prices : <http://www.ons.gov.uk/economy/inflationandpriceindices>
  - Consumer Prices: <http://www.ons.gov.uk/economy/inflationandpriceindices>
  - GDP: <http://www.ons.gov.uk/economy/grossdomesticproductgdp>
  - Business Investment: <http://www.ons.gov.uk/economy/grossdomesticproductgdp>
  - Employment :<http://www.ons.gov.uk/employmentandlabourmarket>
  - Production :<http://www.ons.gov.uk/economy>
  - Exports :<http://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments>
  - Turnover:<http://www.ons.gov.uk/businessindustryandtrade>
  - Annual Business Survey :<https://www.ons.gov.uk/businessindustryandtrade>
  - Construction: <https://www.ons.gov.uk/businessindustryandtrade>
- HMRC
  - UK Trade: <https://www.uktradeinfo.com/Statistics/BuildYourOwnTables>
- ECB
  - Exchange rate: <https://www.ecb.europa.eu/stats/exchange/eurofxref>
- OECD
  - UK composite indicator <http://stats.oecd.org/Index.aspx>

## E Information about EURIS

**EURIS** (European Union Relationship and Industrial Strategy) represents the combined industrial membership of BEAMA and GAMBICA, with additional representation from other aligned Trade Associations. (EAMA, CESA, NMI, REA). The 2000+ companies in the combined membership are represented by a Task Force of 13 companies, plus the executives from the member associations.

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