



Weekly

BREXIT WATCH

2017 Week 19

Brexit Watch - Week 19

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 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 19 in 2017 are as follows:

- Sterling continue to recover and the exchange with the US Dollar in the first 12 days of May 2017 grew by 2.1% compared with April 2017 average.
- In March 2017, the 12-month growth of input prices index eased slightly to 17.9%.
- Consumer price index grew by 2.3% in the 12 months to March 2017, unchanged from February 2017.
- Index of production fell by 0.6% in March 2017 compared with February 2017 but grew by 1.4% compared to March 2016.
- UK GDP in first quarter of 2017 grew by 0.3% compared to 2016 Q4.
- Business investment for all industries fell by 0.9% in 2016 Q4 compared with 2016 Q3.
- Export trade value grew by 1.3% in March 2017 compared to February 2017.
- Construction output, at constant prices, dropped by 0.7% in March compared to February 2017, but compared to March 2016, the output grew by 2.4%.
- Turnover for Mechanical industry grew by 16.9% in March 2017 compared to March 2016, the highest growth since May 2011. Electronics grew by 8.9%, Electrical grew by 8.6% and Metals grew by 3.9% in the 12 months to March 2017.

*May 2017
E Amoakohene*

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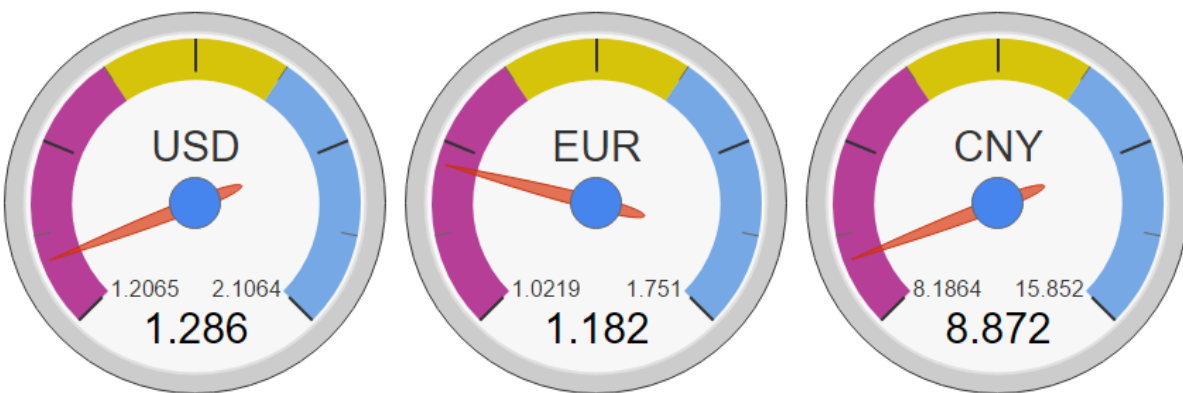
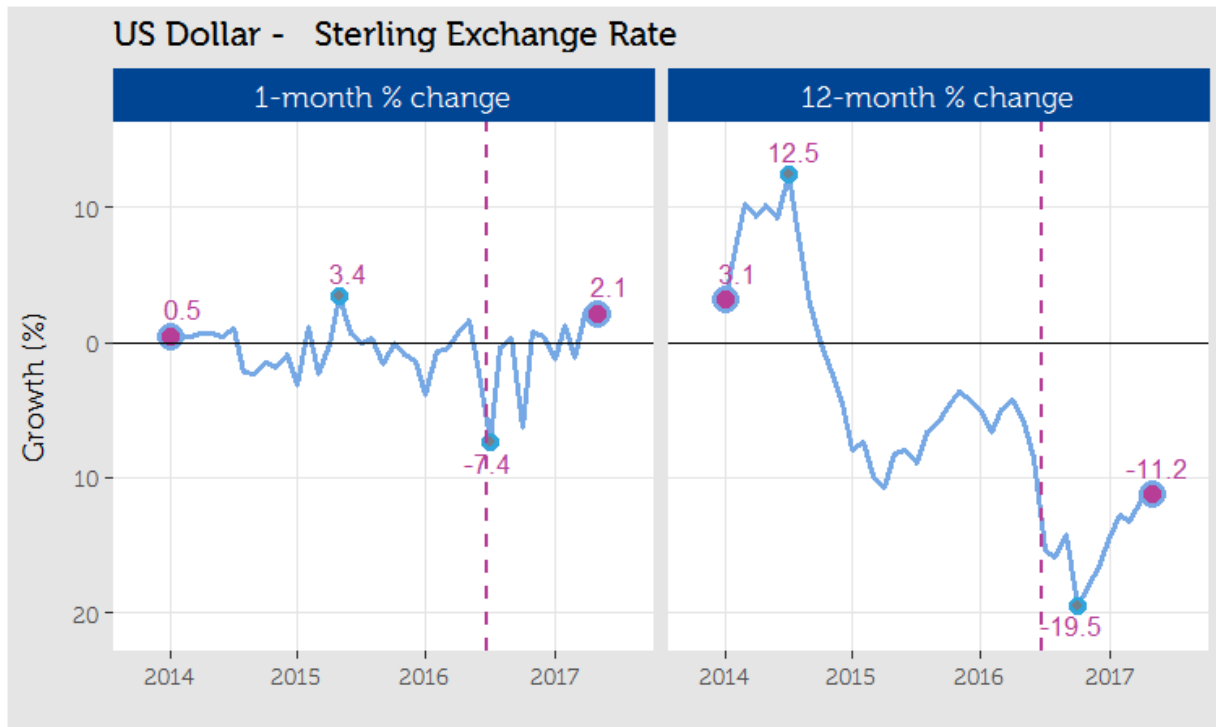
Glossary

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

1 Exchange Rates

The average Sterling exchange rate with the US Dollar for the first 12 days in May 2017 grew by 2.1% compared with April 2017 average. Compared to May 2016 average, the rate is down by 11.2%. It is the 32st successive year on year decline.

At the end of 2017 week 19, the US Dollar was trading at \$1.2858/GBP, Euro at €1.1822/GBP and the Chinese Yuan at ¥8.8721/GBP.

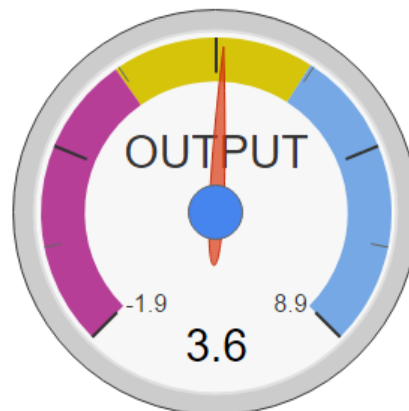
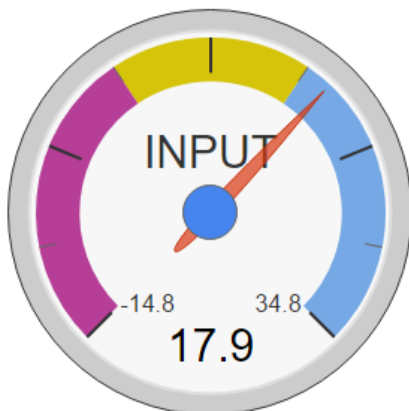
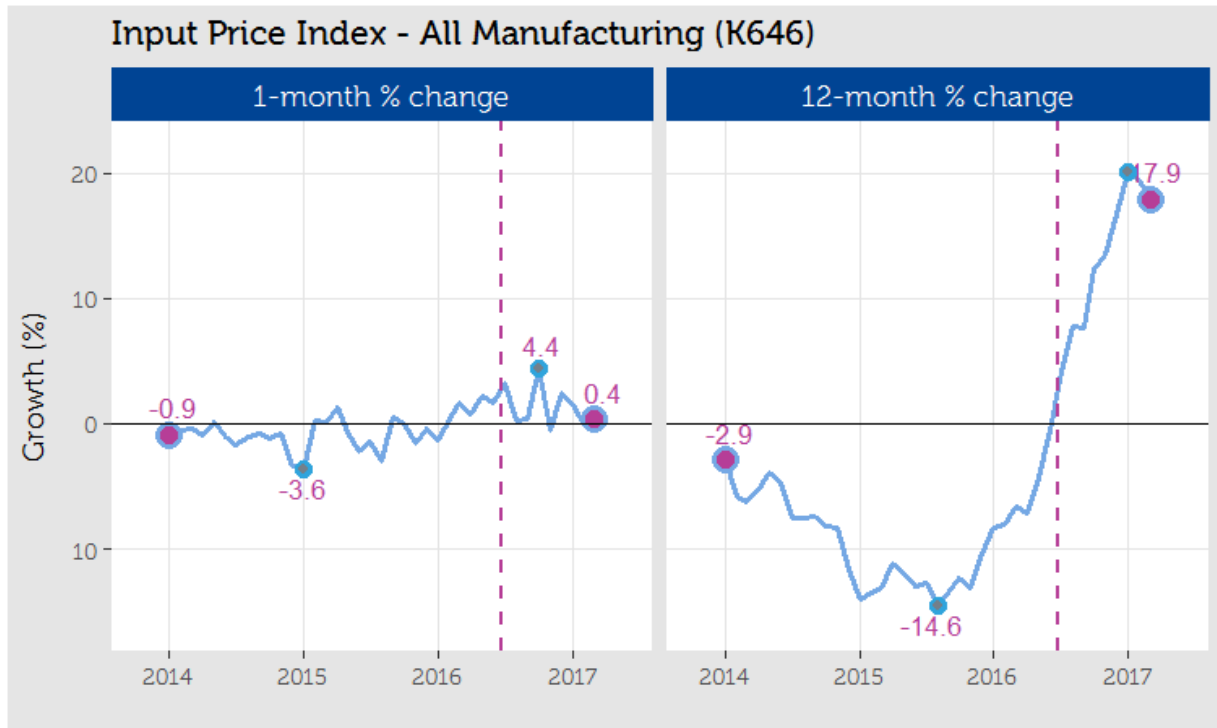


[Gauge charts based on exchange rates since January 1999]

2 Producer Prices

The input prices index for all manufacturing fell by 0.4% between February and March 2017. Compare to March 2016, input price index grew by 17.9, a slight decrease from 19.1% recorded in the previous month. It is the 9th successive year on year growth.

Factory gate (Output) prices for all manufacturing rose by 0.4% between February and March 2017 and grew by 3.6% compared to March 2016.

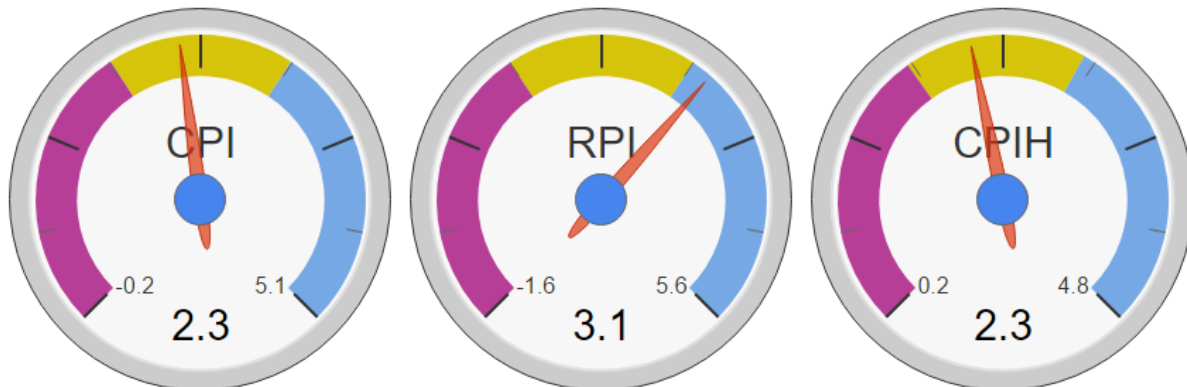
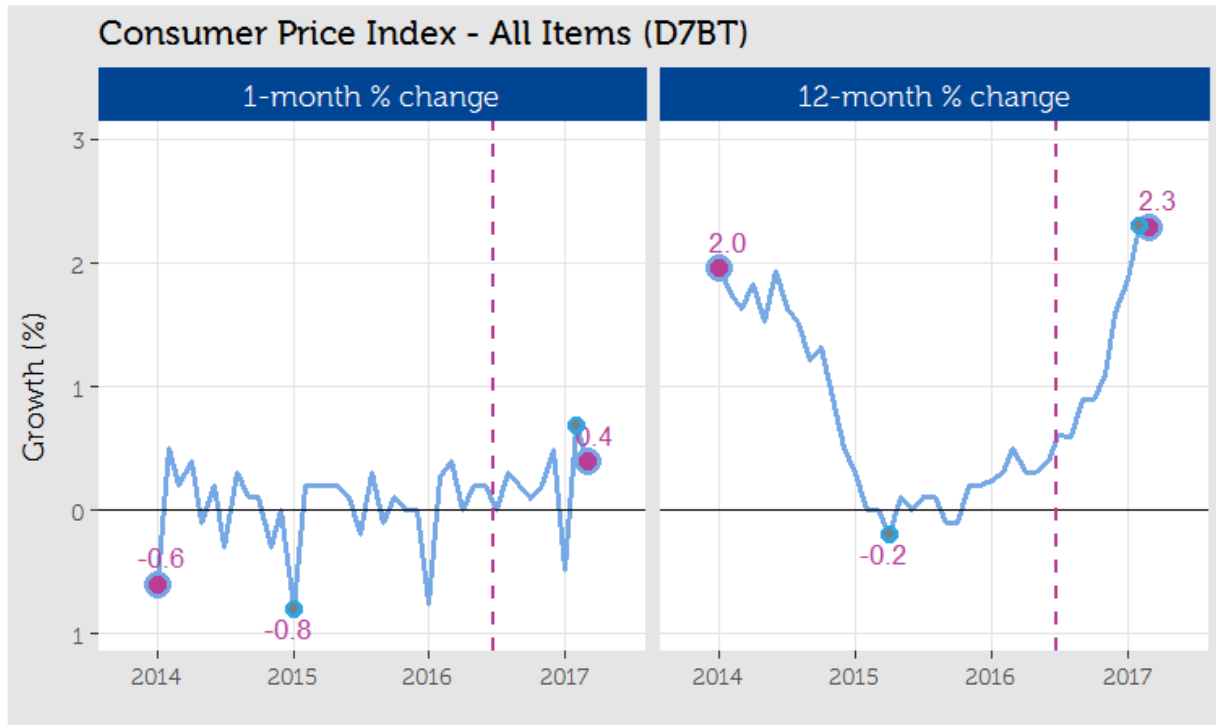


[Gauge Charts: 12-month % change since Jan 2000, INPUT = Input price, OUPUT=Factory gate prices]

3 Consumer Prices

Consumer price index in March 2017 grew by 0.4% compared to February 2017. Compared to a year ago the index grew by 2.3%, unchanged from previous month. Price increases in food, alcohol and clothing were partly offset by decrease in transport cost. It is the 17th successive year on year growth.

The retail price index grew by 0.3% between February and March 2017 and also grew by 3.1% in the year to March 2017.



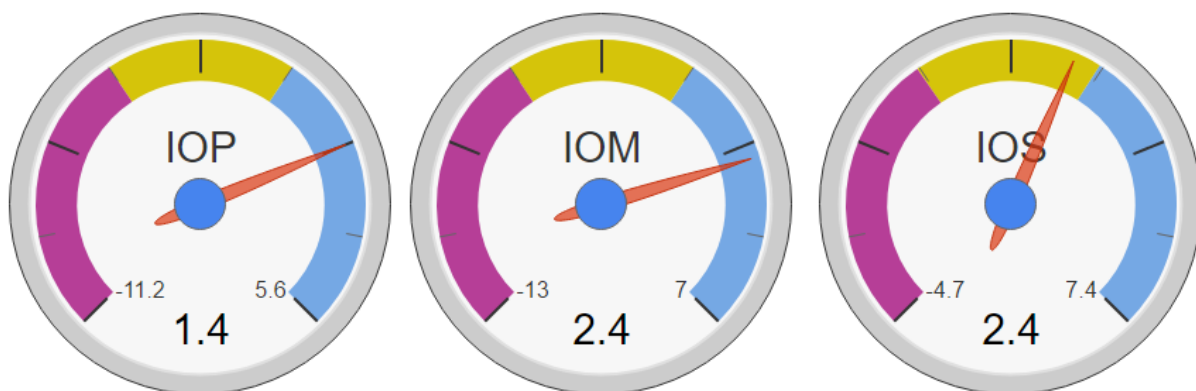
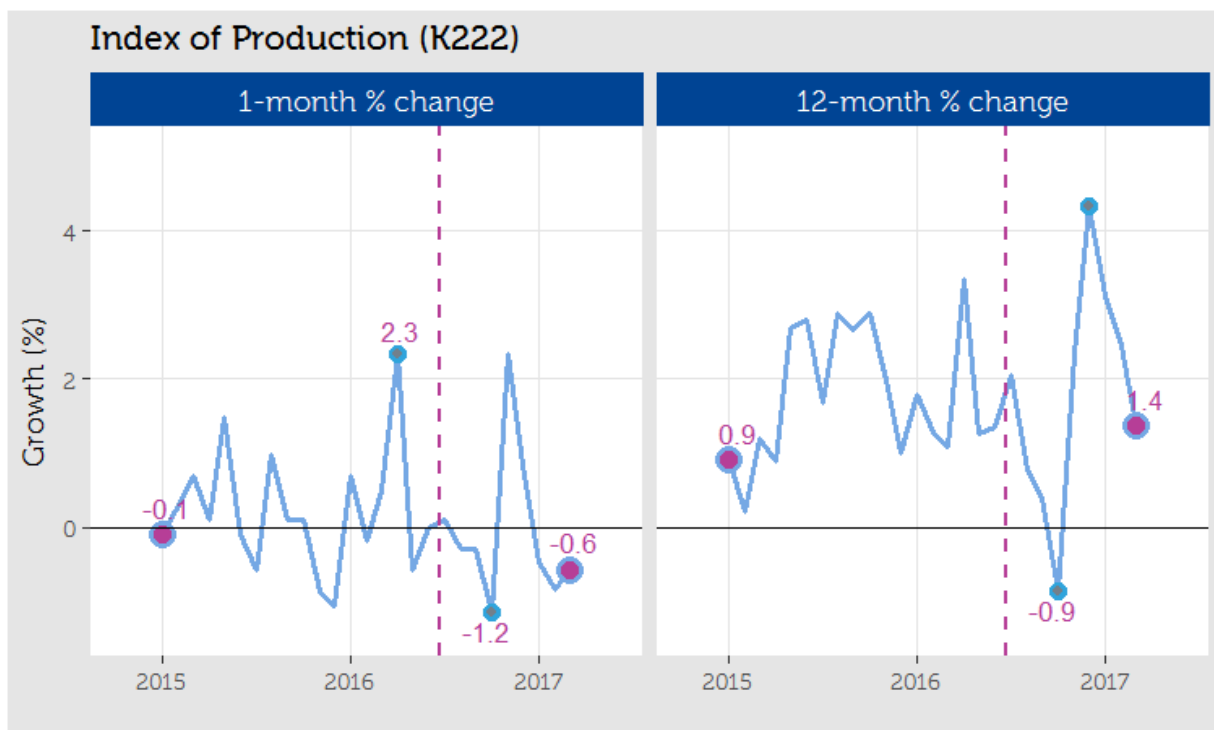
[Gauge Charts: 12-month % change since Jan 2000; CPIH data starts from Jan 2005]

4 Production

Index of production (IOP) dropped by 0.6% between February and March 2017. Compared to March 2016, production rose by 1.4%.

Between February and March 2017 index of manufacturing (IOM) fell by 0.5% but grew by 2.4% in the year to March 2017. It is the 5th successive annual growth.

Index of services (IOS) grew by 0.2% between January and February 2017 and also grew by 2.4% compared to February 2016. It is the 85th consecutive annual growth.

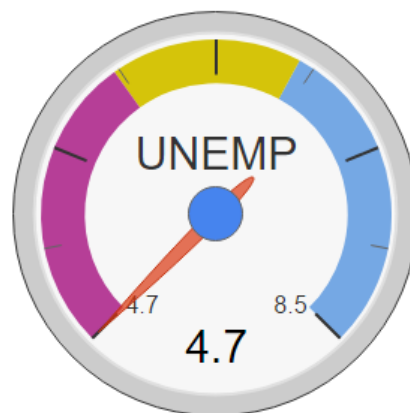
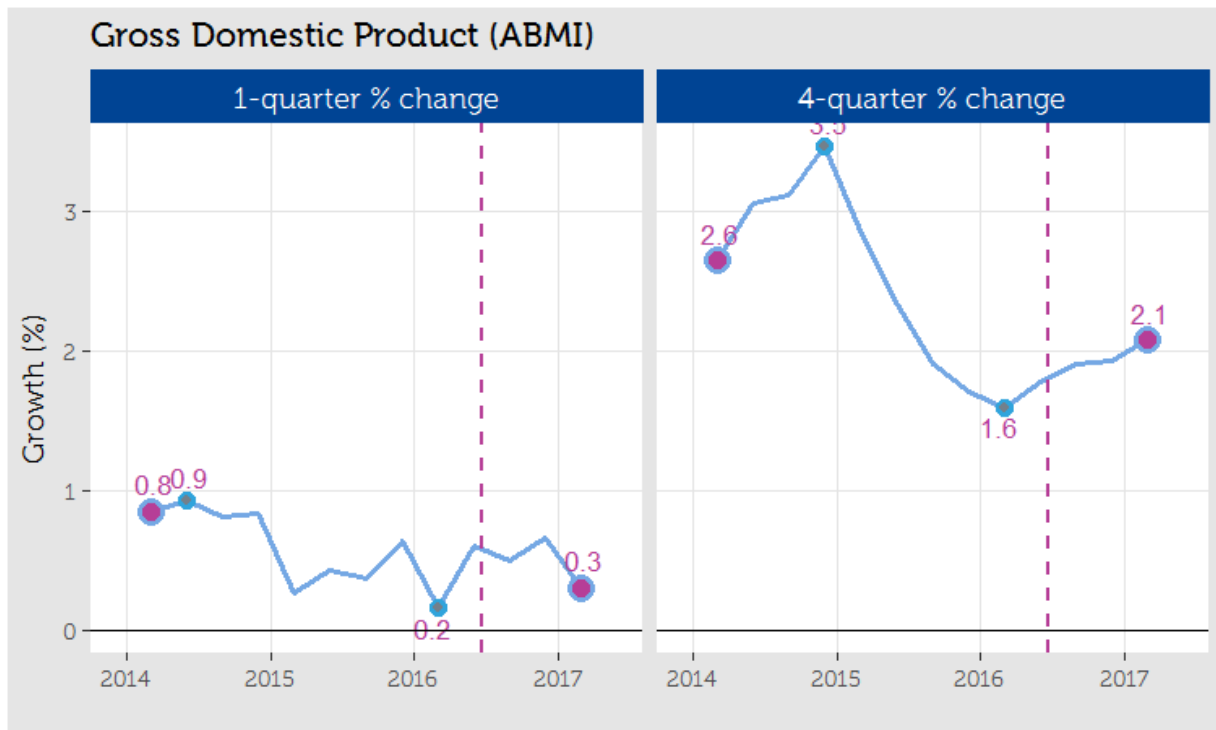


[Gauge Charts: 12-month % change since Jan 2000]

5 GDP & Unemployment

The preliminary estimate of UK gross domestic product (GDP), in volume terms, grew by 0.3% in 2017 Q1 compared with 2016 Q4. Compared with 2016 Q1, the gdp grew by 2.1%. It is the 29th successive year on year growth quarterly.

The number of people in work increased by 39,000 in the 3 months to February 2017 to 31.85 million. Unemployment rate stays at 4.7%, the lowest since August 1975

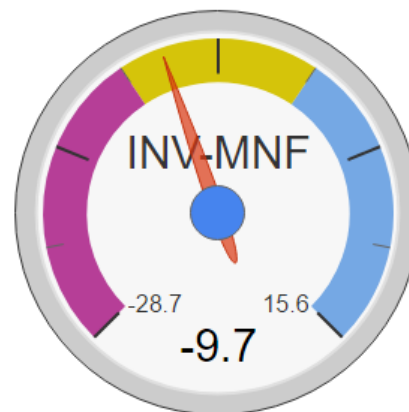
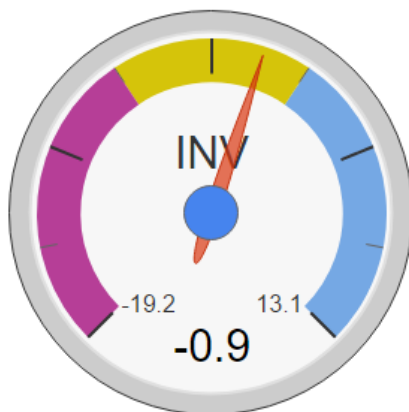
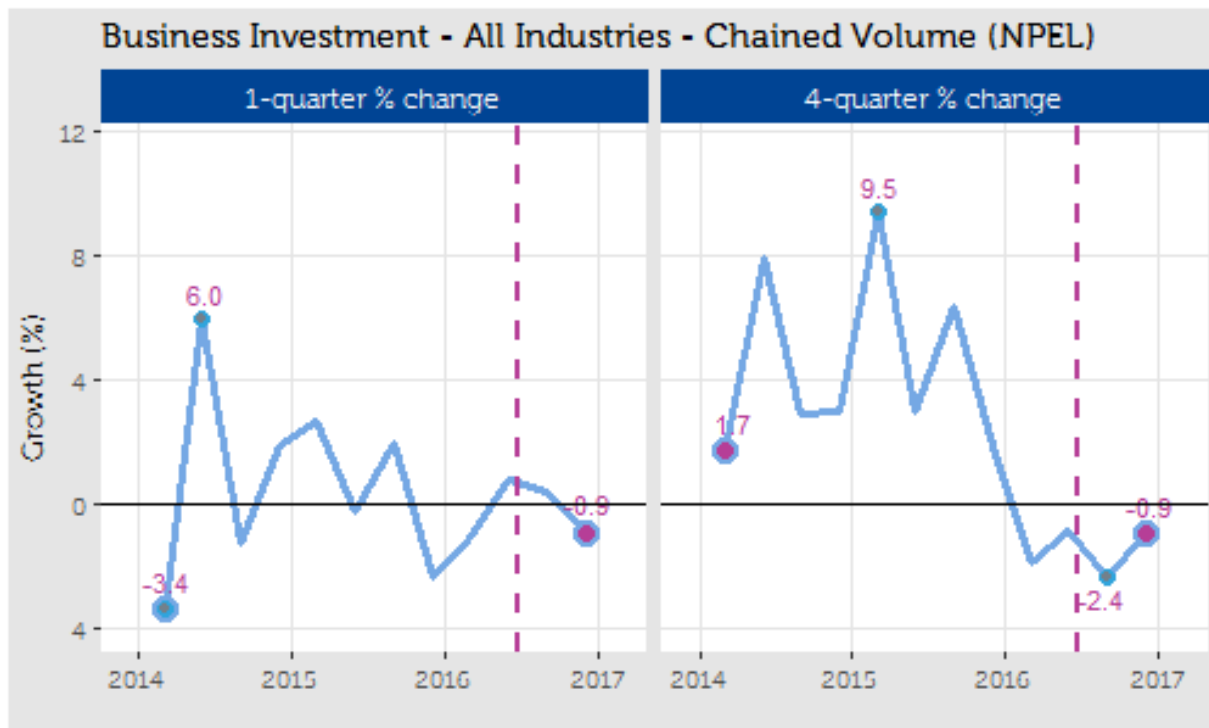


[Guage Charts: GDP = 4-quarter % change since Jan 2000, UNEMP = Unemployment rate since 2000]

6 Business Investment

Business investment for all industries (INV), in volume terms, fell by 0.9% in 2016 Q4 compared with 2016 Q3. Compared with 2015 Q4, business investment fell by 0.9%, up from -2.4% in Q3 2016. It is the 4th annual decline.

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

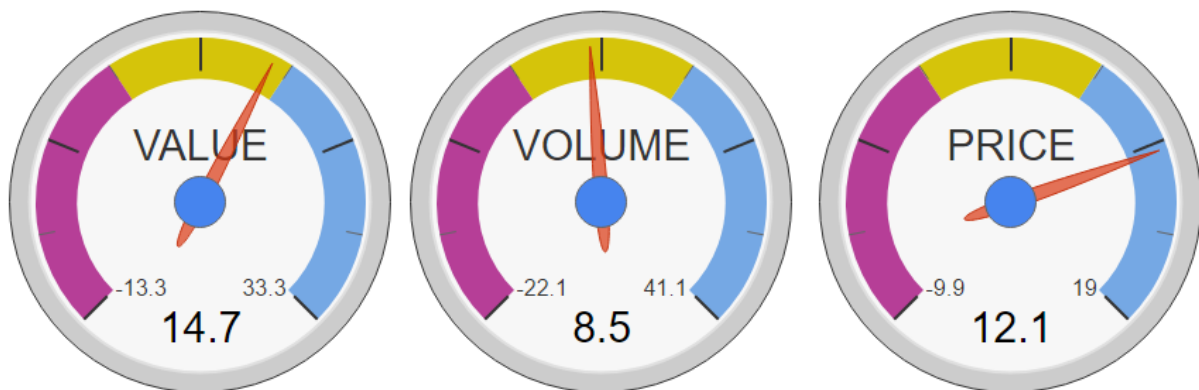
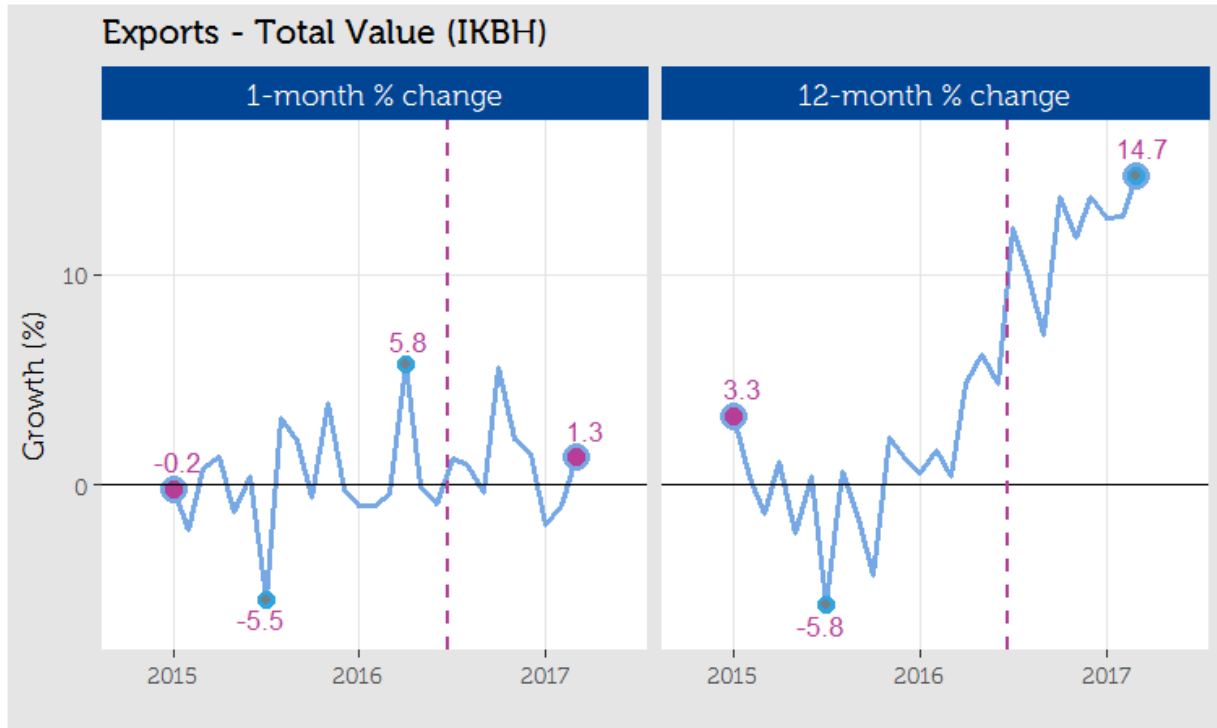


[Gauge Charts: 4-quarter % change since 2007]

7 Exports

The value of UK exports grew by 1.3% in March compared to February 2017. Compared to March 2016 exports grew by 14.7% to £49 billion. It is the 17th successive annual growth.

Volume of UK exports grew by 8.5% in March 2017 compared with March 2016. It is the highest 12-month growth since November 2015.

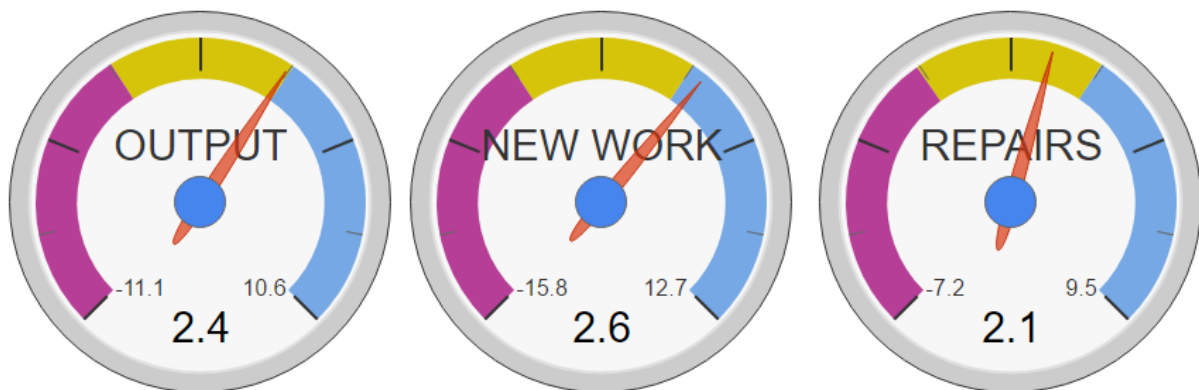
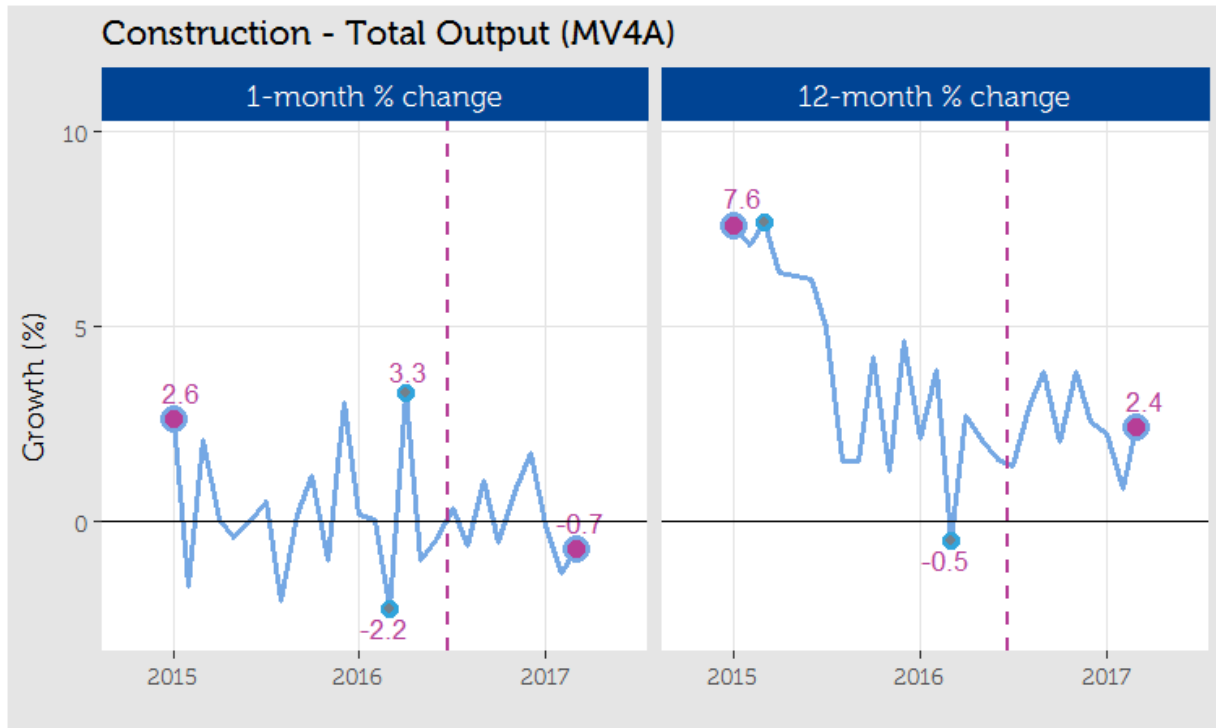


[Gauge Charts: 12-month % change since Jan 2000, VALUE = Total Export Value, VOLUME = Export Volume Index, PRICE = Export Price Index]

8 Construction

Total construction output, at constant prices, fell by 0.7% in March 2017 compared with February 2017. Compared to March 2016, output in March 2017 grew by 2.4%. It is the 12th successive annual growth.

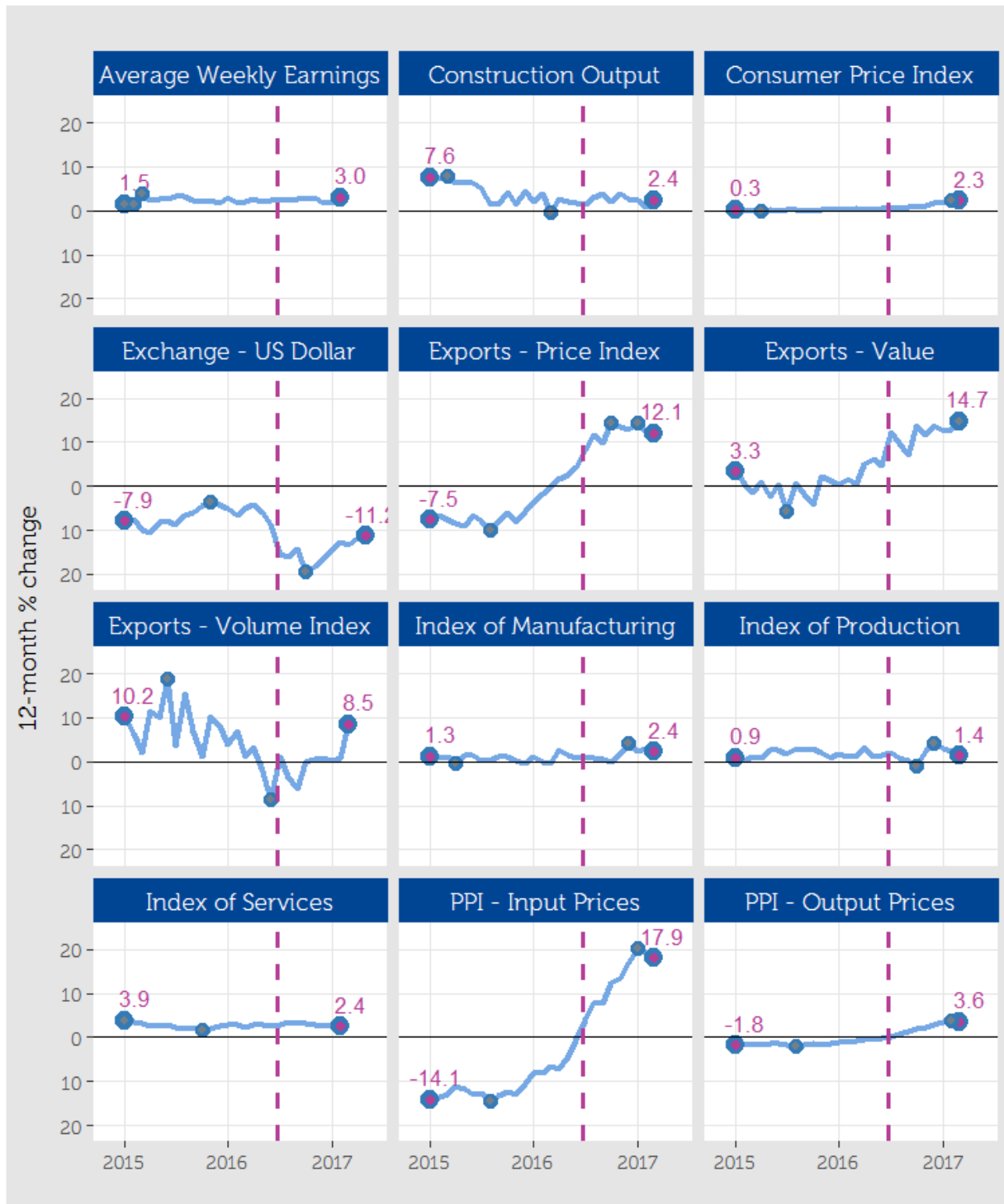
New construction work, grew by 2.6% and construction repairs also grew by 2.1% in March 2017 compared March 2016.



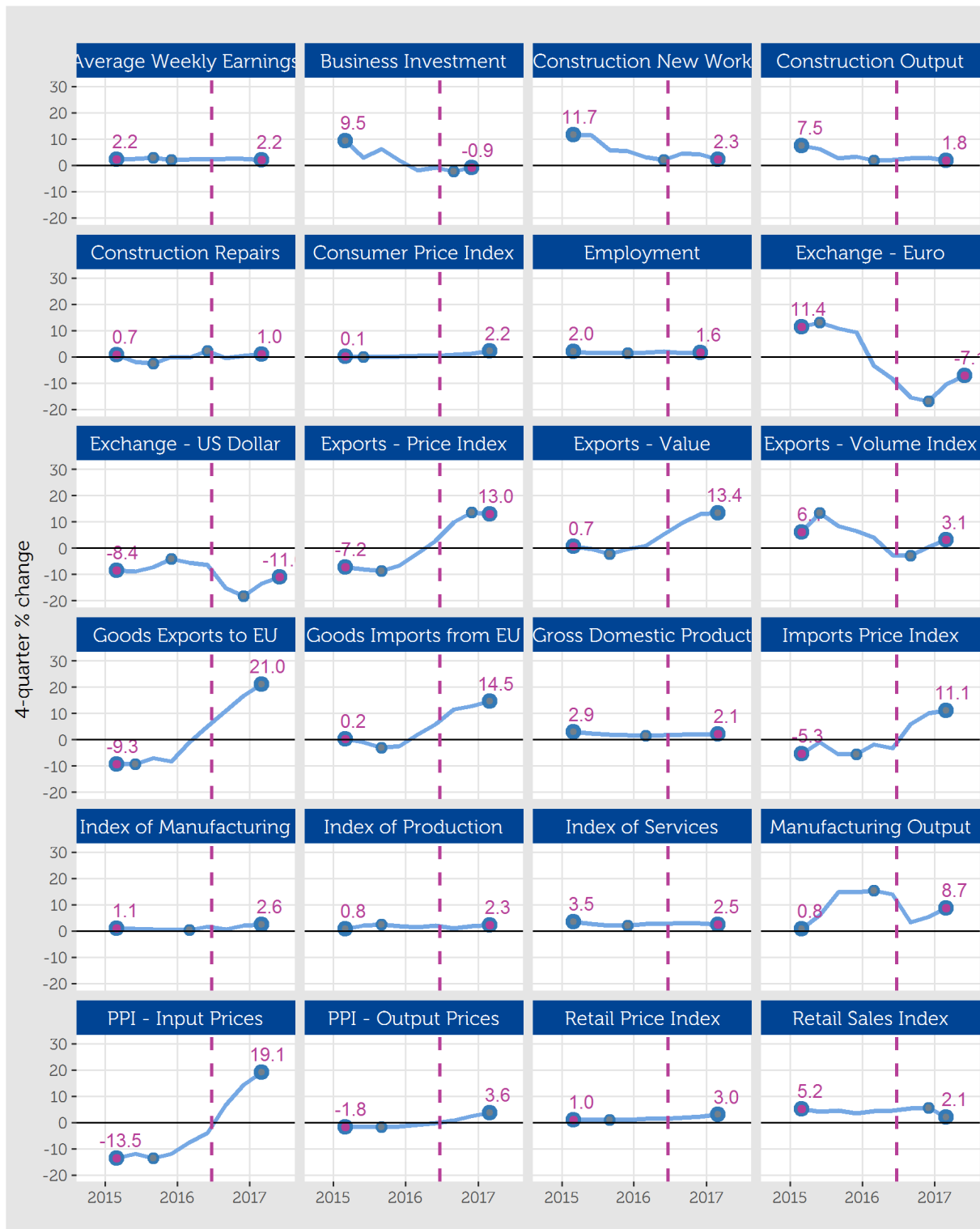
[Gauge Charts: 12-month % change since Jan 2010, OUTPUT = Total Construction Output, NEW WORK = Total Construction New Work, REPAIRS = Total Repairs, Maintenance and Infrastructure]

9 Economy At a Glance

9.1 Growth: 12-month % growth



9.2 Growth: 4-quarter % growth

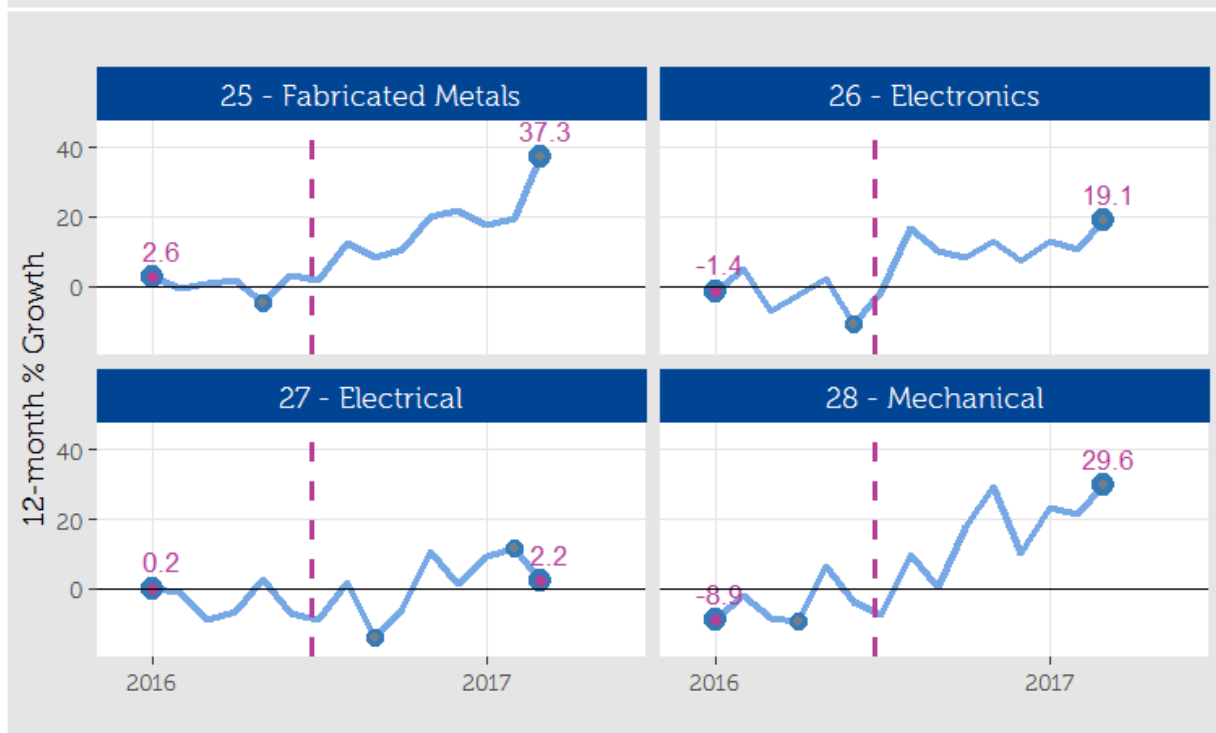
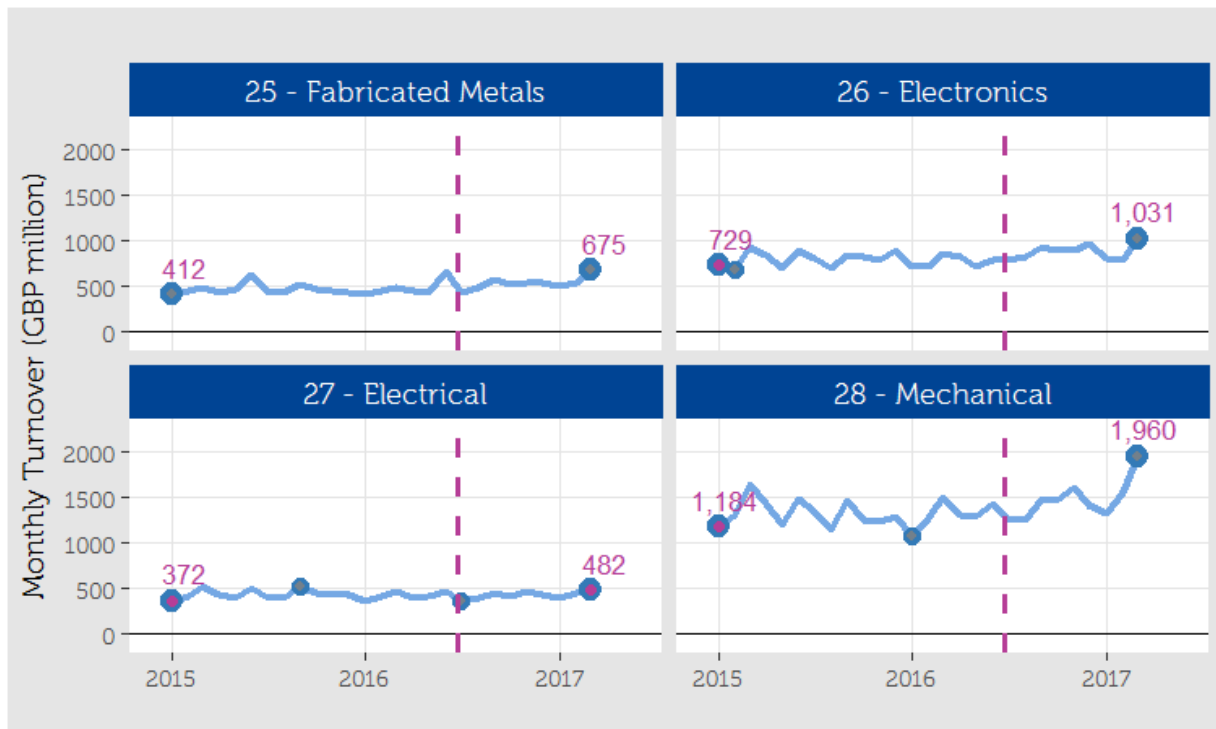


10 Industry Level Indicators

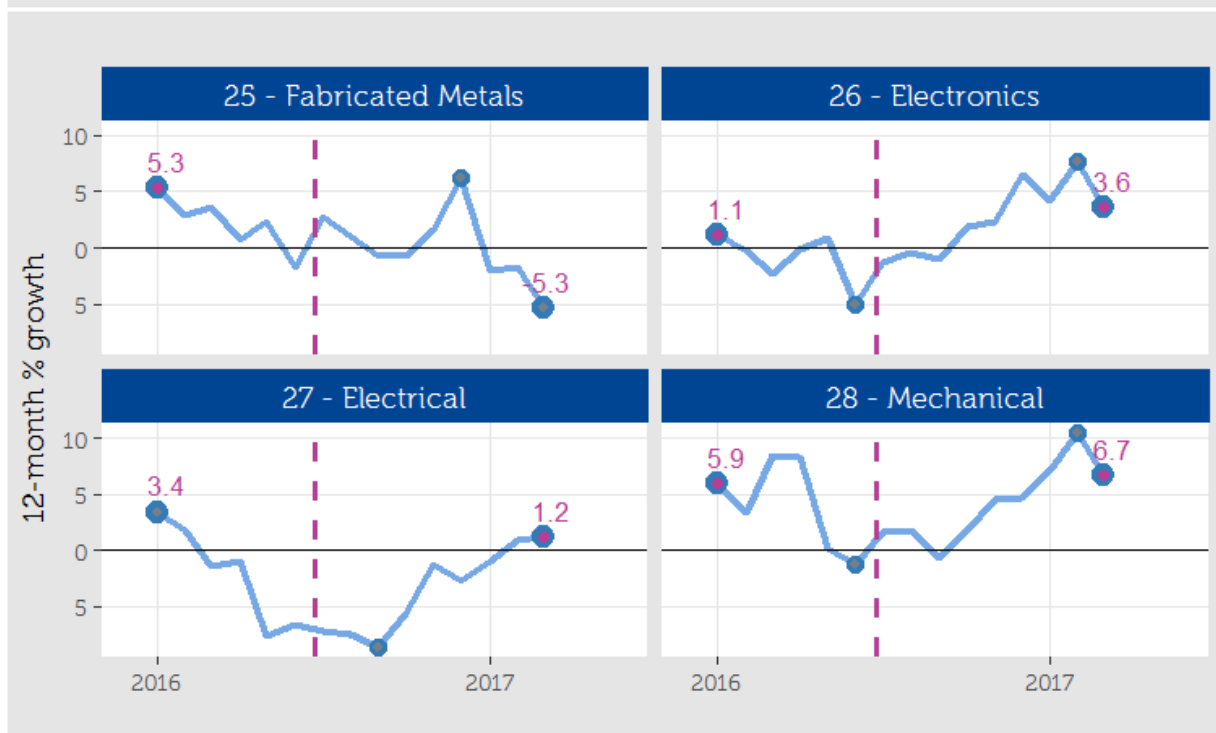
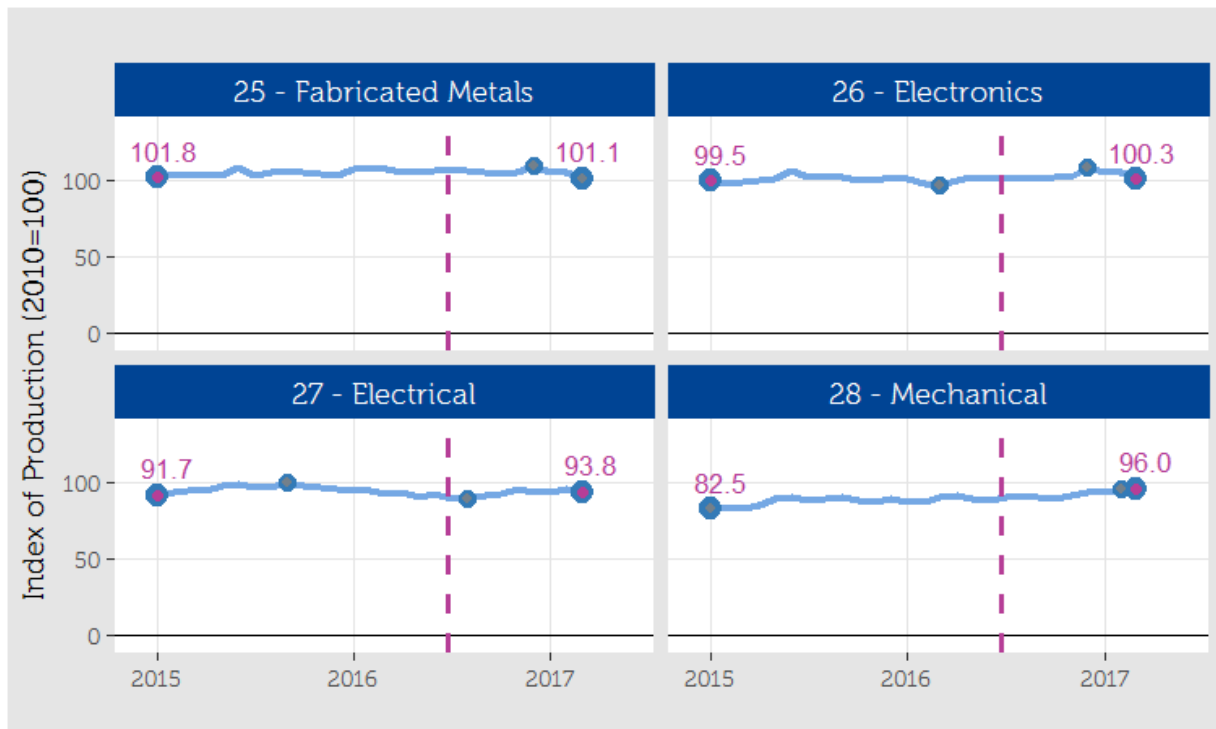
10.1 Turnover



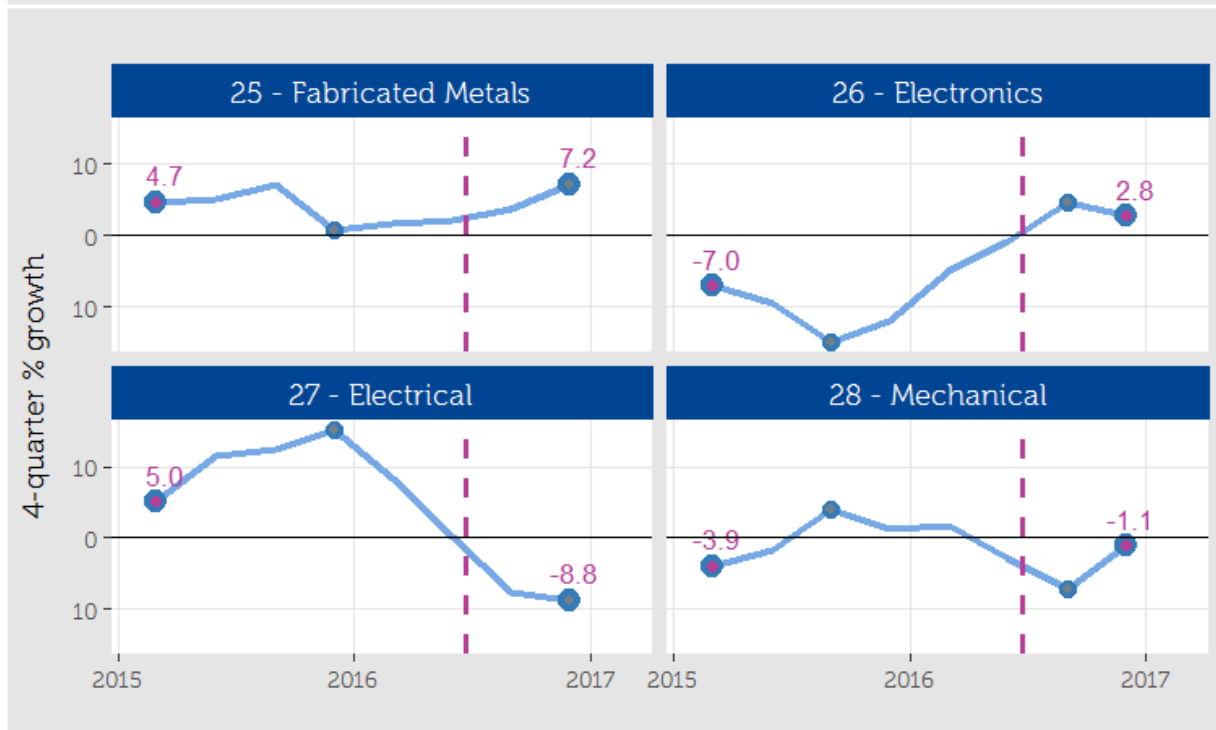
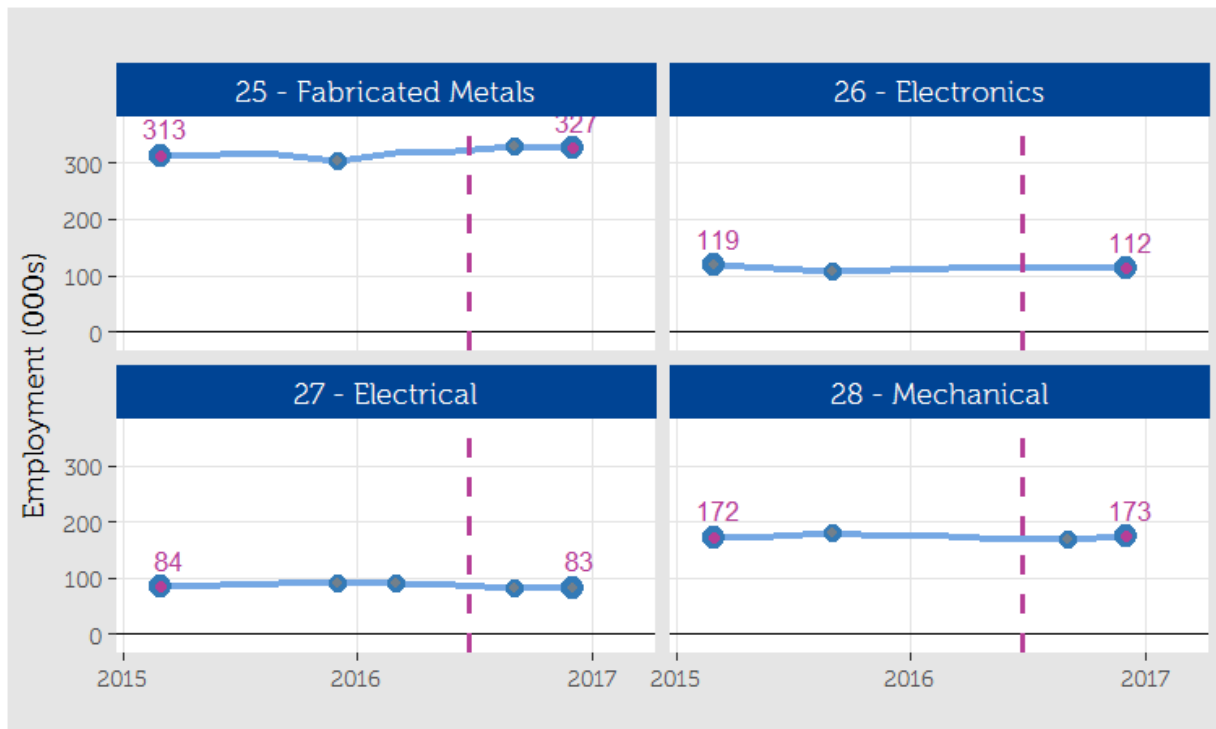
10.2 Exports



10.3 Index of Production



10.4 Employment (excluding Self-Employment)



11 Growth Cycles

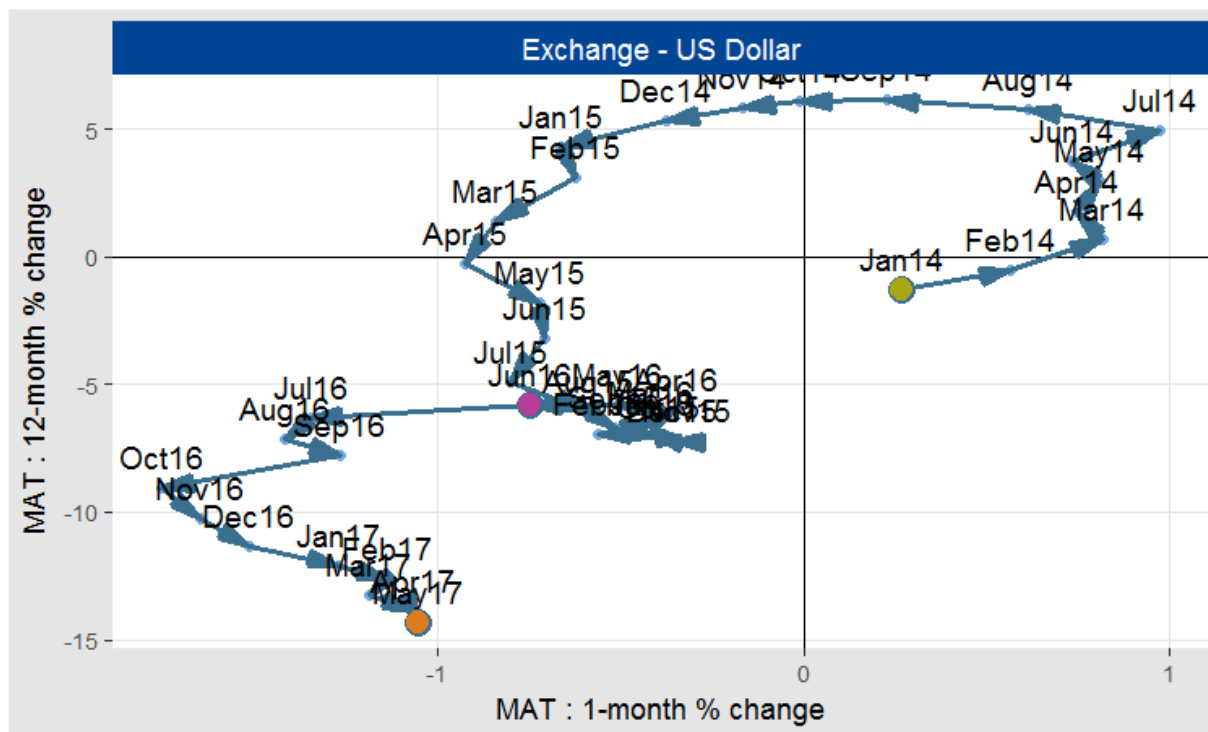
11.1 About Growth Cycles

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:

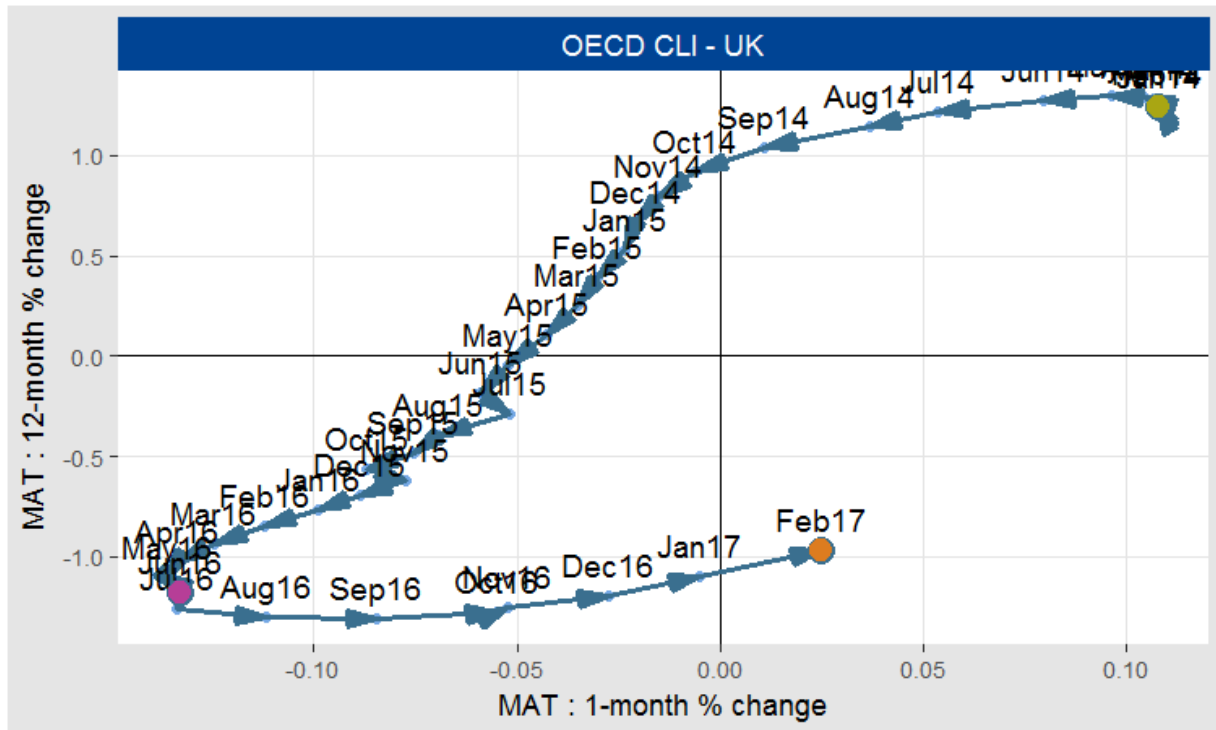
- Quadrant 1: increased compared to previous month (or quarter) and also increased compared previous year - **expansion**
- Quadrant 2: increased compared to previous month (or quarter) but decreased compared to previous year - **recovery**
- Quadrant 3: decreased compared to previous month (or quarter)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

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.

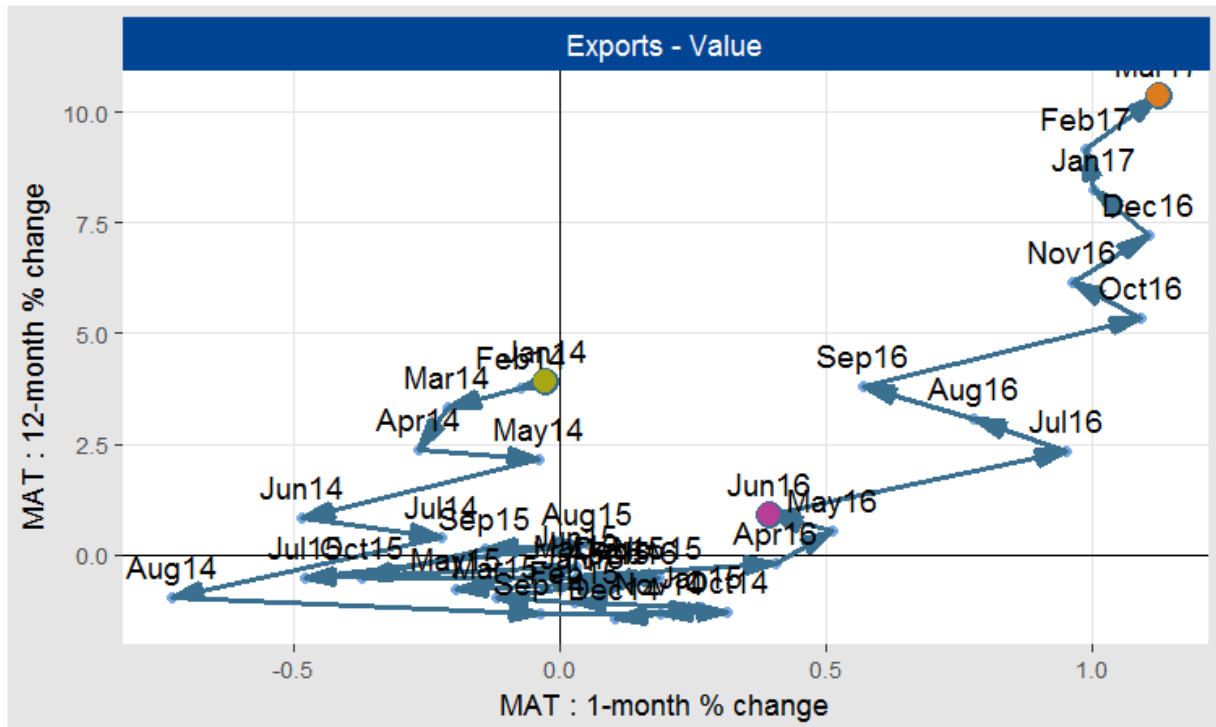
11.2 Exchange Rate (USD)



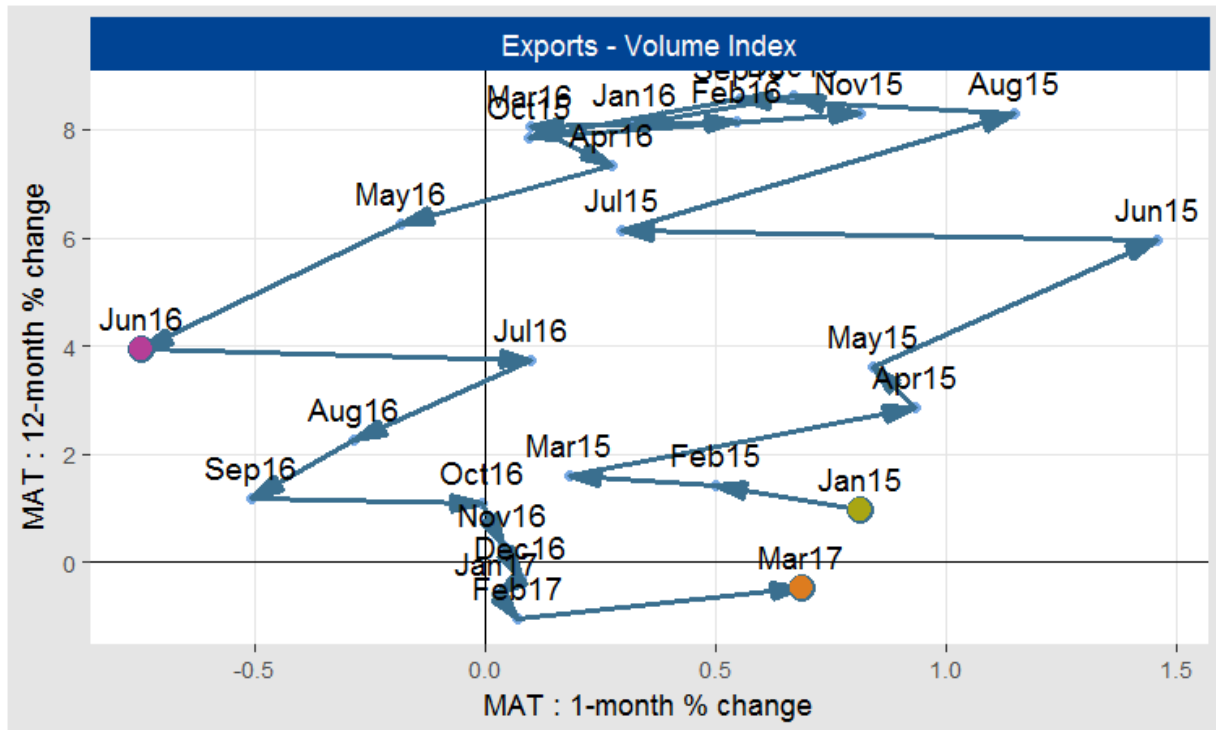
11.3 OECD Composite Leading Indicator - UK



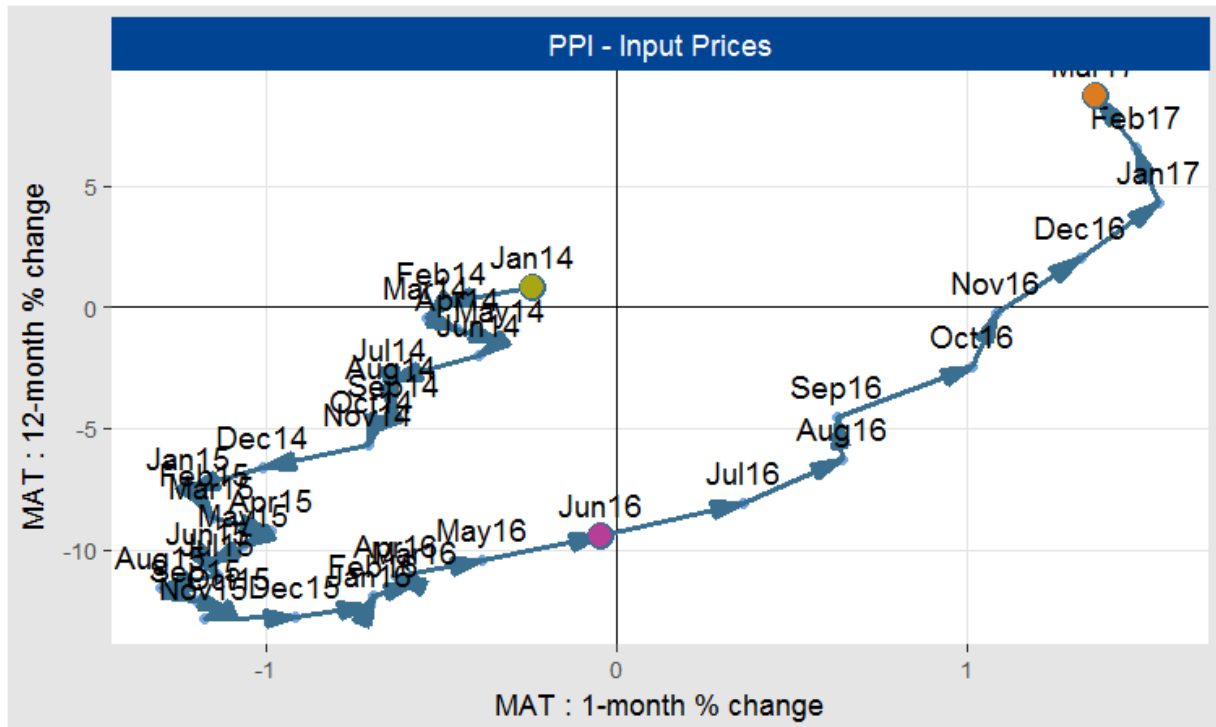
11.4 Exports - Value (IKBH)



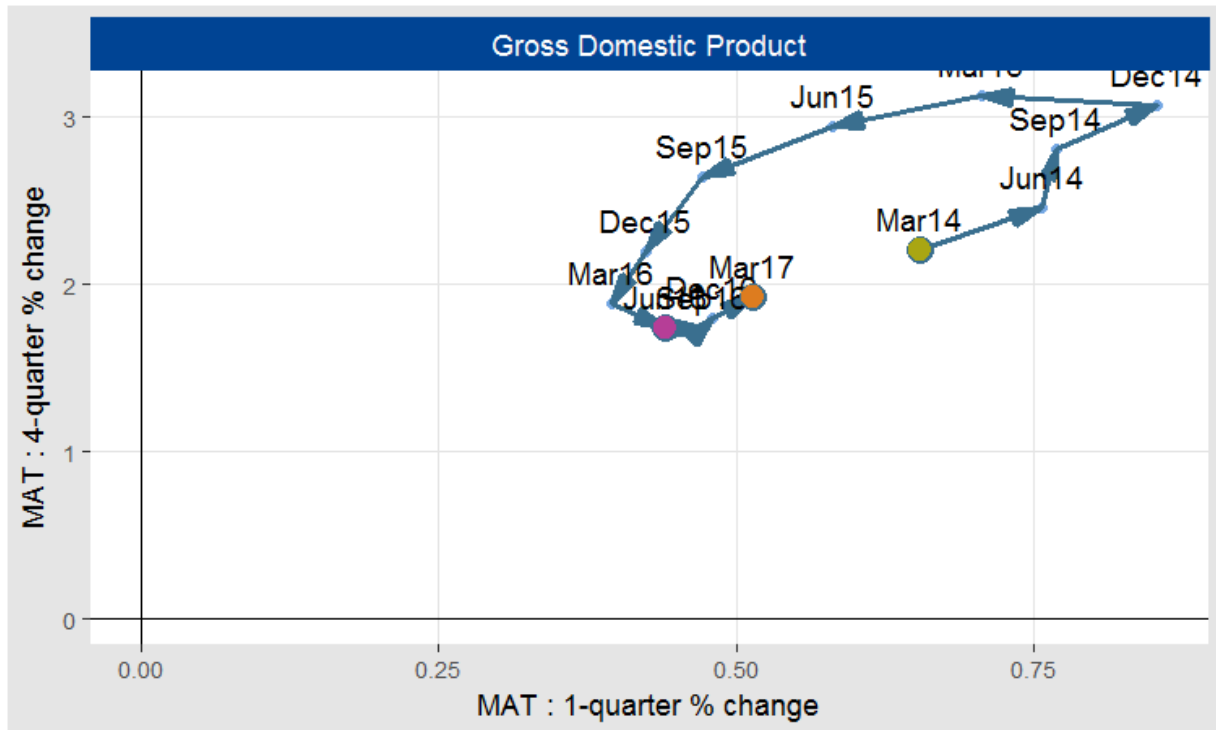
11.5 Exports - Volume Index (BQKU)



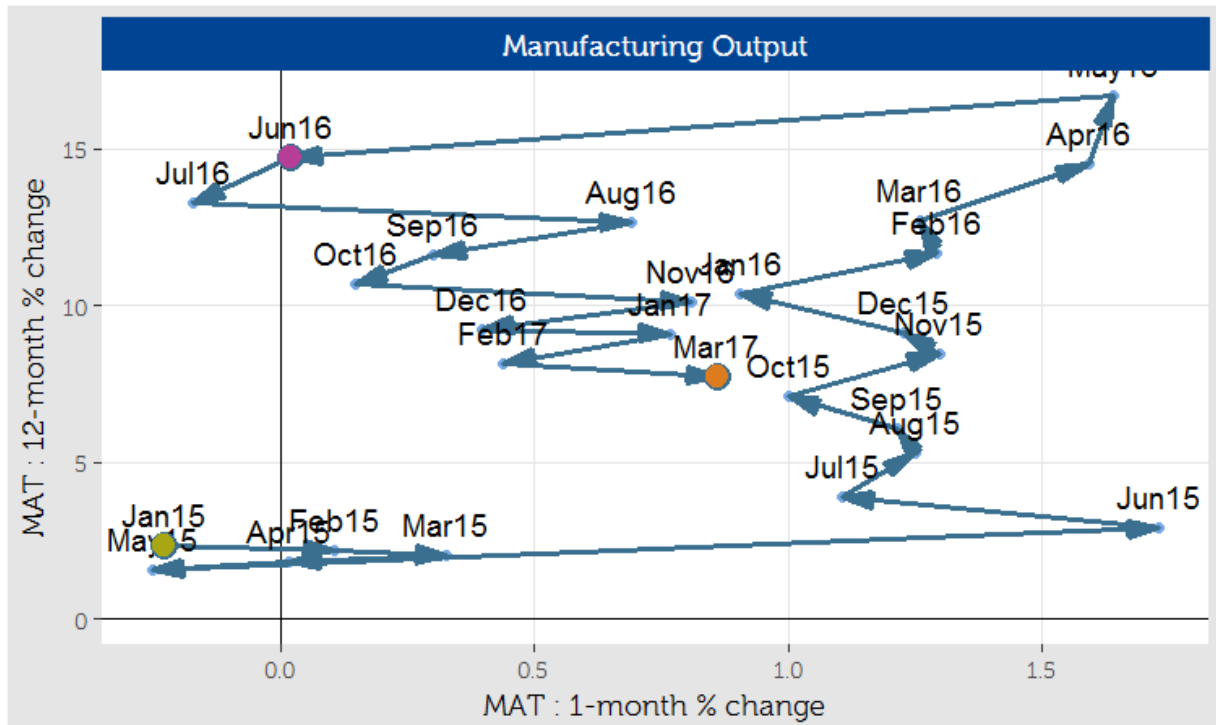
11.6 Input Prices (K646)



11.7 Gross Domestic Product - GDP (ABMI)



11.8 Manufacturing Output (JT27)



11.9 Current State

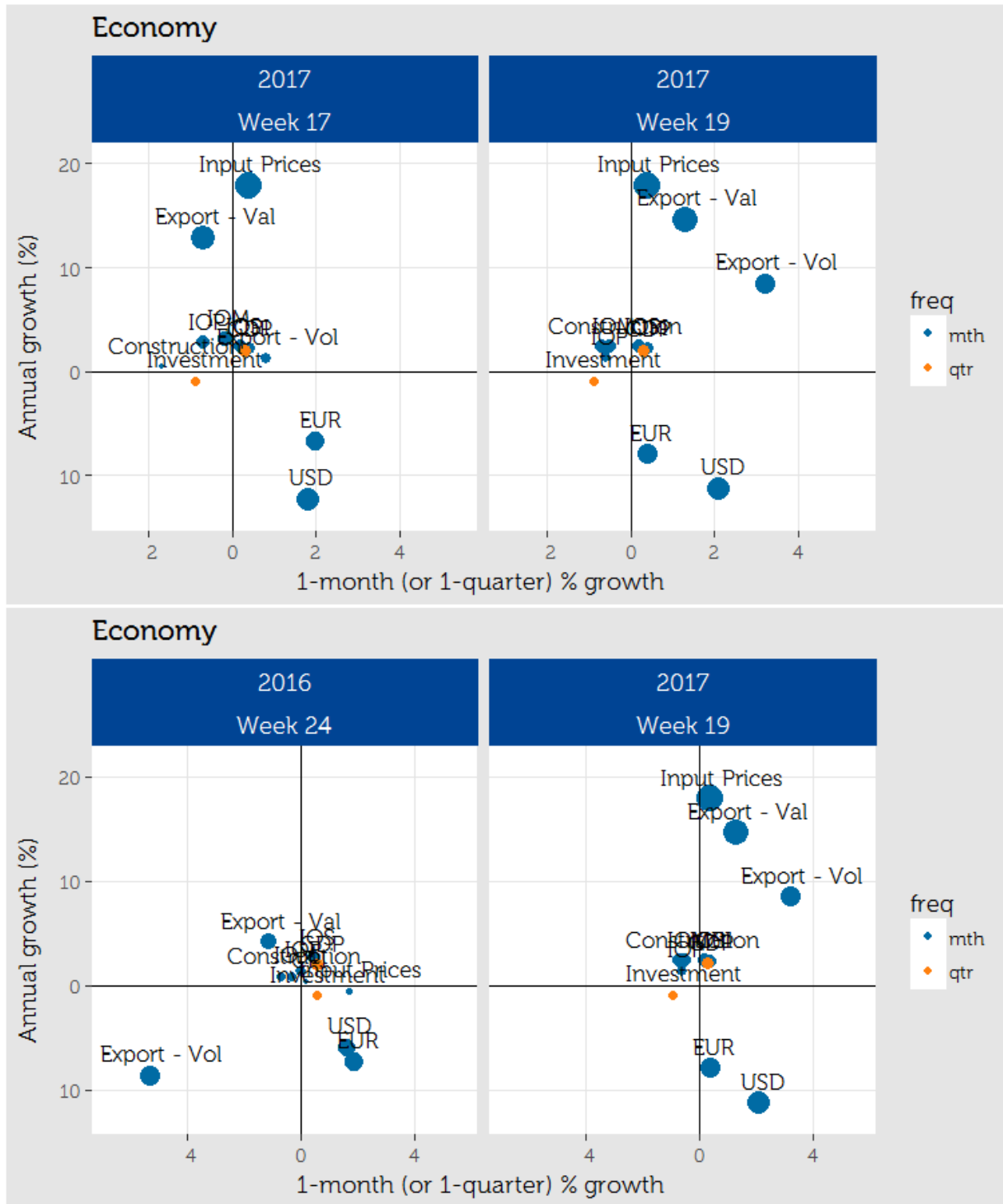


Figure 1: **Top:** Indicators growth - Current week versus previous week.
Bottom: Indicators Growth - Before Referendum vote versus current week

Appendices

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>
 - Construction: <https://www.ons.gov.uk/businessindustryandtrade>
- HMRC
 - Exports: <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>

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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