



Weekly  
**BREXIT WATCH**  
2017 Week 22

## Brexit Watch - Week 22

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 22 in 2017 are as follows:

- **Sterling** average **exchange rate** with the **US Dollar** in the first 2 days of June 2017 fell by 0.5% compared with May 2017 average.
- **Input prices** increased by 16.6% in April 2017 compared to a year ago; a slight decrease from 17.9% recorded in March 2017.
- **Consumer price index** grew by 2.7% in the 12 months to April 2017, the highest year on year growth since September 2013.
- **Index of production** fell by 0.6% in March 2017 compared with February 2017 but grew by 1.4% compared to March 2016.
- The second estimate of UK **GDP** growth in first quarter of 2017 was revised down to by 0.2% to £471.4 billion.
- **Business investment** for all industries grew by 0.6% to £43.8 billion in 2017 Q1.
- **Exports** trade **value** grew by 1.3% in March 2017 to £49.0 billion.
- **Construction output**, at constant prices, dropped by 0.7% in March to £11.5 billion compared to February 2017, but compared to March 2016, the output grew by 2.4%.
- **Turnover** for **Mechanical** manufacturing 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 **Fabricated Metals** grew by 3.9% in the 12 months to March 2017.

*June 2017  
E Amoakohene*

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## Glossary

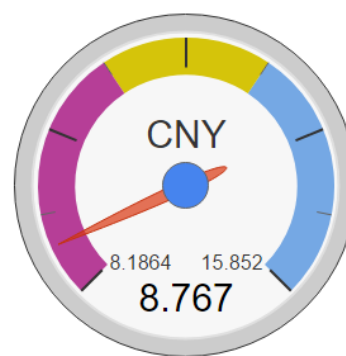
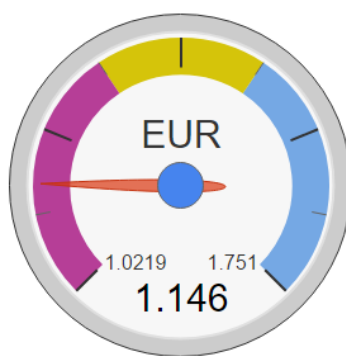
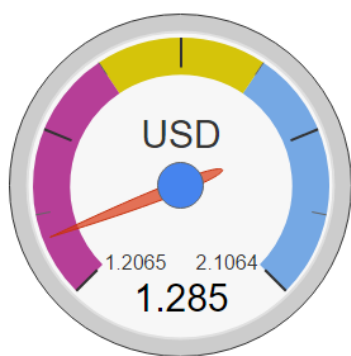
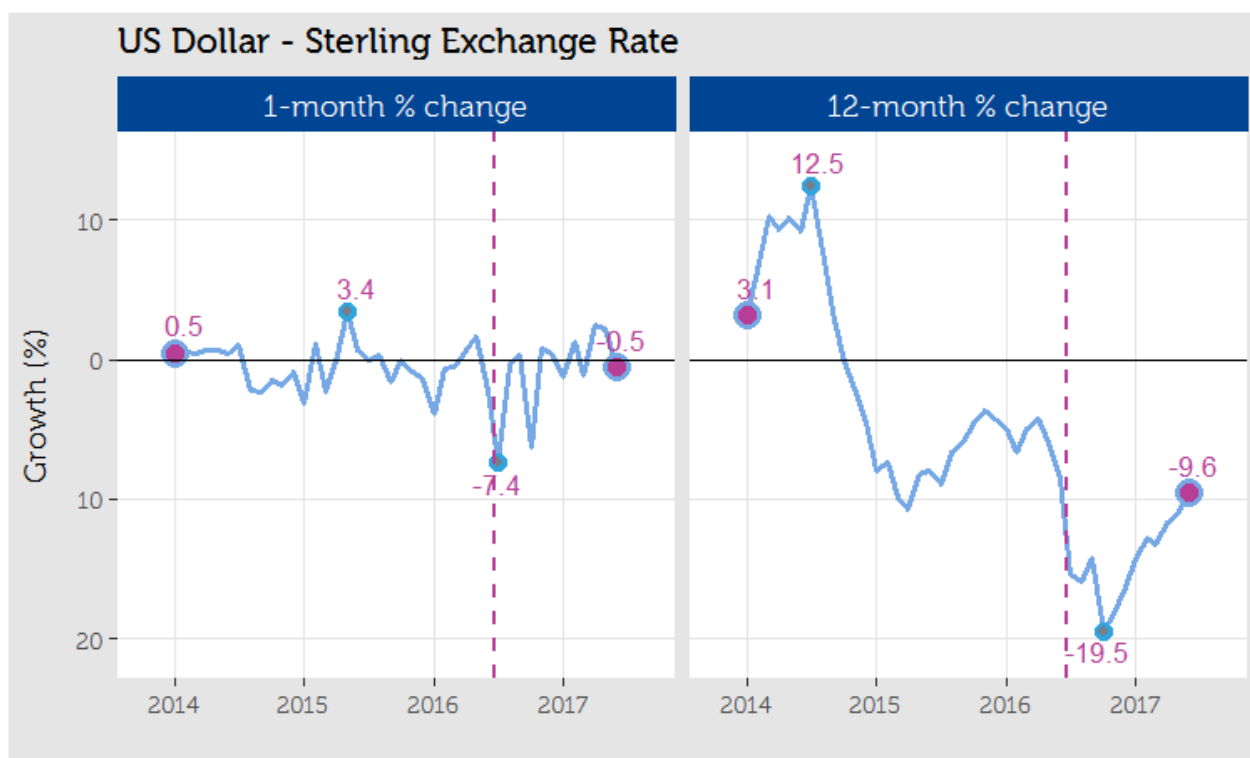
<b>BEAMA</b>	British Electrotechnical & Allied Manufacturers Association	<b>IOS</b>	Index of Services
<b>CESA</b>	Catering Equipment Suppliers Association	<b>MAA</b>	Moving Annual Average
<b>CNY</b>	Chinese Yuan	<b>MAT</b>	Moving Annual Total
<b>CPI</b>	Consumer Price Index	<b>MTA</b>	The Manufacturing Technologies Association
<b>CPIH</b>	Consumer Prices Index including owner occupiers' housing costs	<b>NMI</b>	UK Electronic Systems & Technology Industry
<b>EAMA</b>	Engineering and Machinery Alliance	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>ECB</b>	European Central Bank	<b>ONS</b>	Office for National Statistics
<b>EUR</b>	Euro	<b>PPI</b>	Producer Price Index
<b>GAMBICA</b>	Trade Association for Instrumentation, Control, Automation and Laboratory Technology	<b>REA</b>	The Renewable Energy Association
<b>GDP</b>	Gross Domestic Product	<b>RPI</b>	Retail Price Index
<b>HMRC</b>	HM Revenue & Customs	<b>SIC</b>	Standard Industry Classification
<b>IOM</b>	Index of Manufacturing	<b>USD</b>	US Dollar
<b>IOP</b>	Index of Production	<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 2 days in June 2017 fell by 0.5% compared with May 2017 average. Compared to June 2016 average, the rate was down by 9.6%. It is the 33rd successive year on year decline.

The month to date average rate for the **Euro** in June 2017 was 2.0% lower than the average for May 2017.

At the end of 2017 week 22, the **US Dollar** was trading at \$ 1.2854/GBP, **Euro** at € 1.1459/GBP and the **Chinese Yuan** at ¥8.7669/GBP.

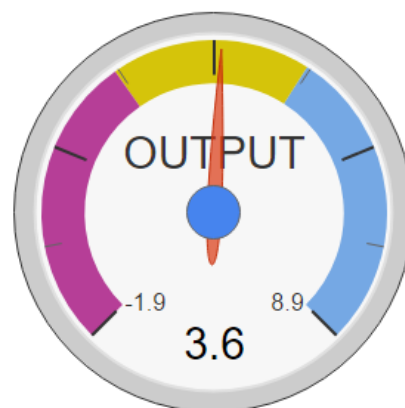
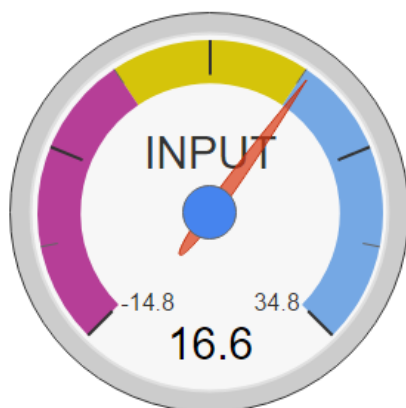
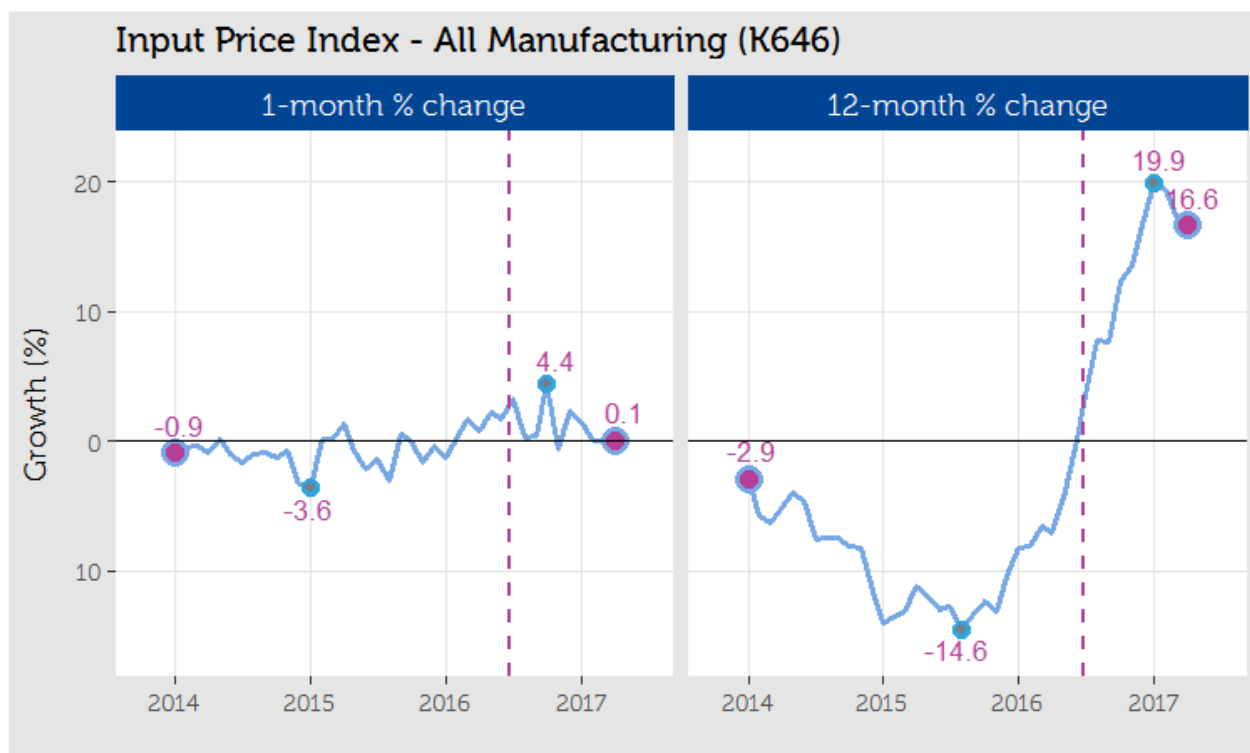


[Gauge charts based on exchange rates since January 1999]

## 2 Producer Prices

The **input price** index for all manufacturing grew by 0.1% between March and April 2017. Compare to April 2016, input price index grew by 16.6%, a decrease from 17.9% recorded in March 2017. The main contributors were crude oil, imported metals and home-produce food. It is the 10th successive year on year growth.

**Factory gate** (Output) prices for all manufacturing rose by 0.4% between March and April 2017 and grew by 3.6% compared to April 2016, unchanged from previous month.

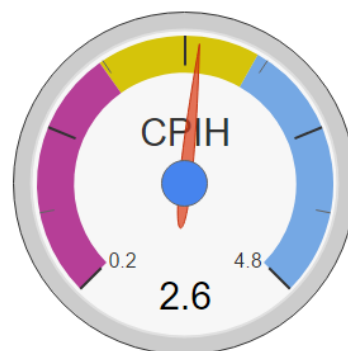
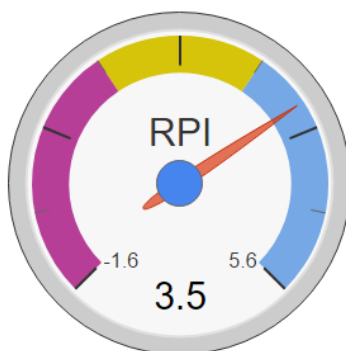
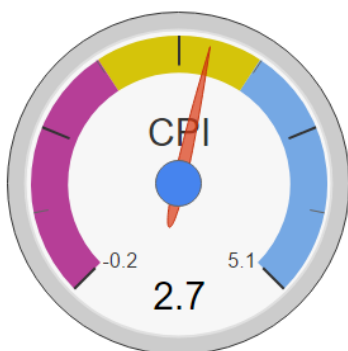
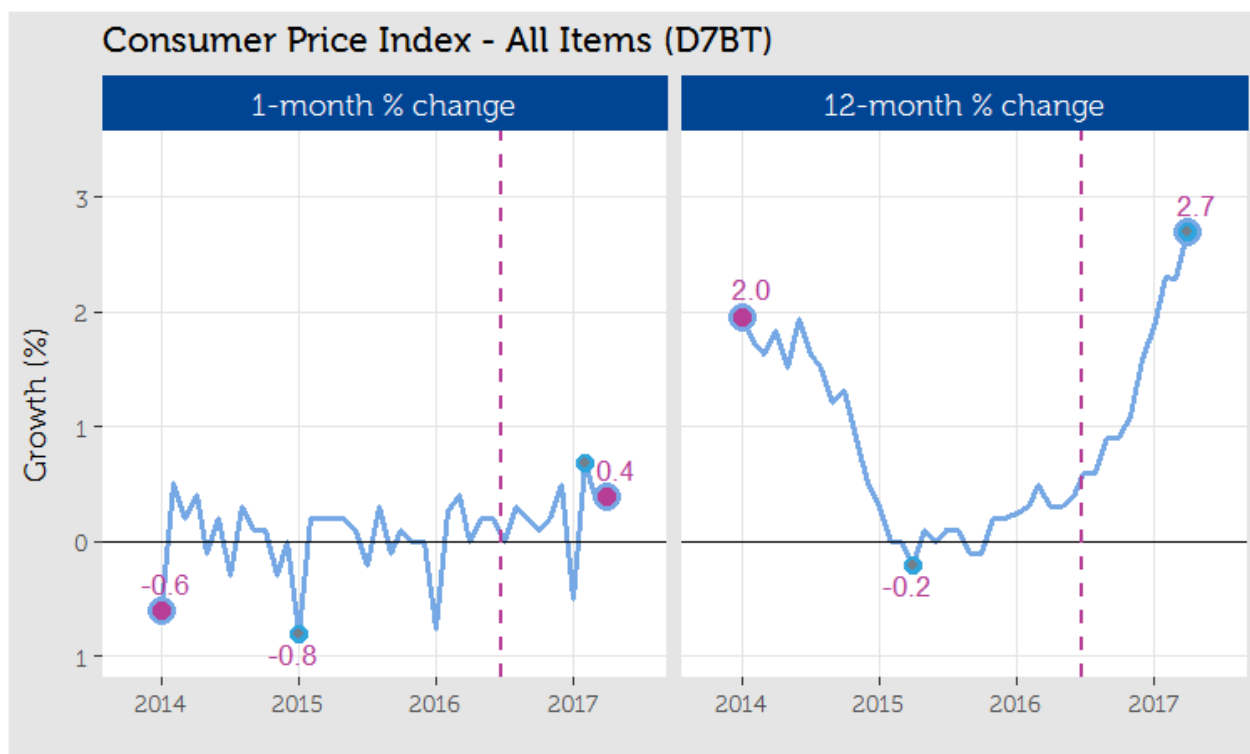


[Gauge Charts: 12-month % change since Jan 2000, INPUT = Input price, OUTPUT=Factory gate prices ]

### 3 Consumer Prices

**Consumer price index** in April 2017 grew by 0.4% compared to March 2017. Compared to a year ago the index grew by 2.7%. Price increases in air fares and clothing were the main contributors. It is the 18th successive year on year growth and the highest since September 2013.

The **retail price index** grew by 0.5% between March and April 2017 and also grew by 3.5% in the year to April 2017.



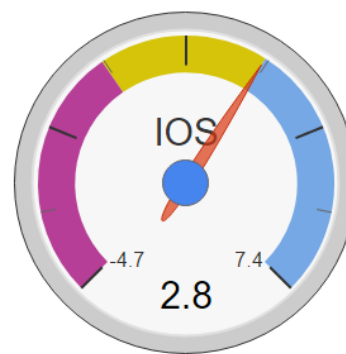
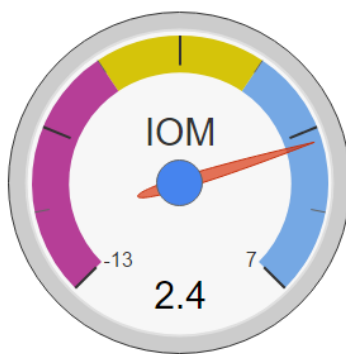
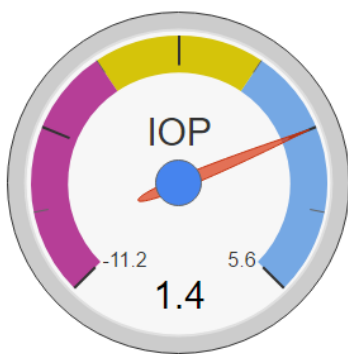
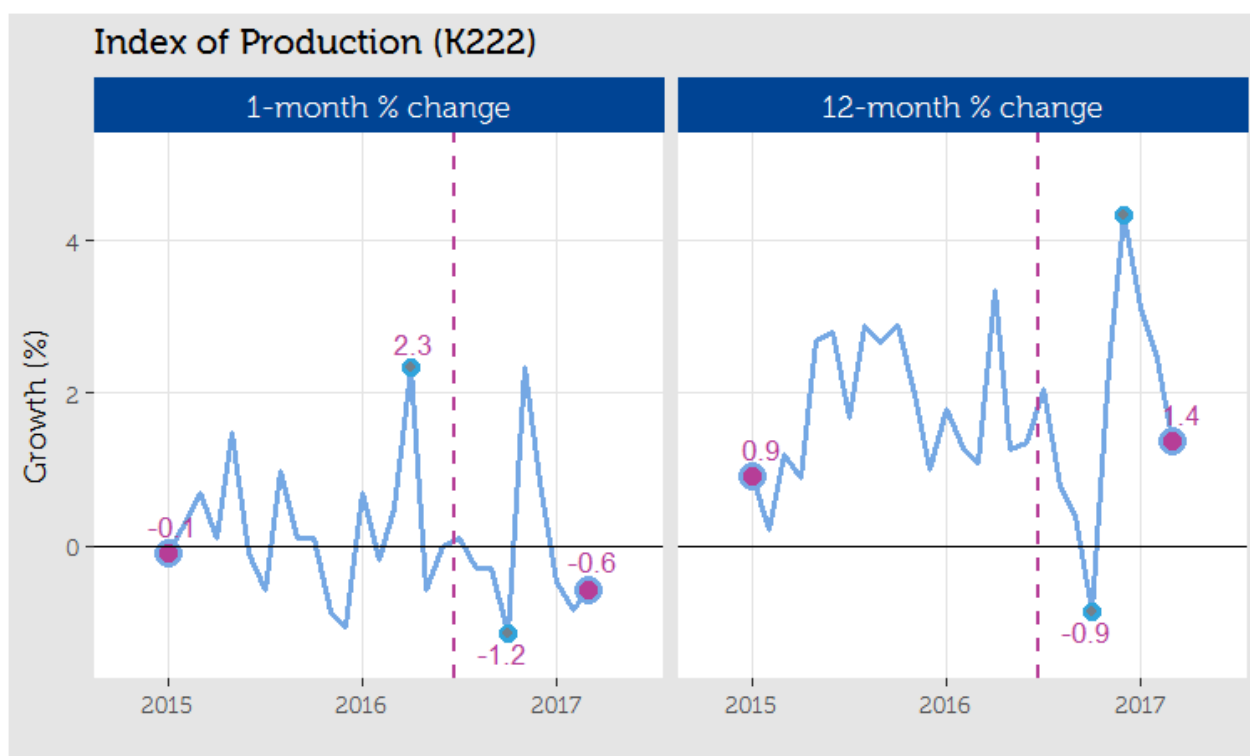
[Gauge Charts: 12-month % change since Jan 2000; CPIH data starts from Jan 2005]

## 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 February and March 2017 and also grew by 2.8% compared to March 2016. It is the 86th consecutive annual growth.



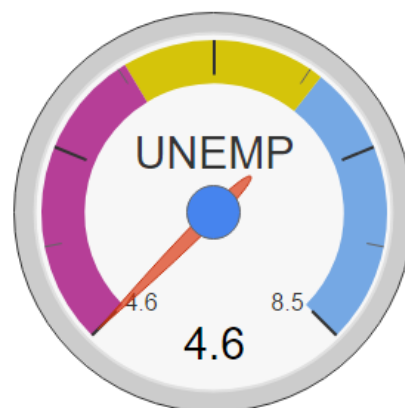
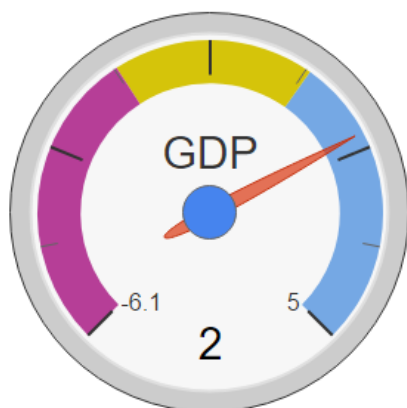
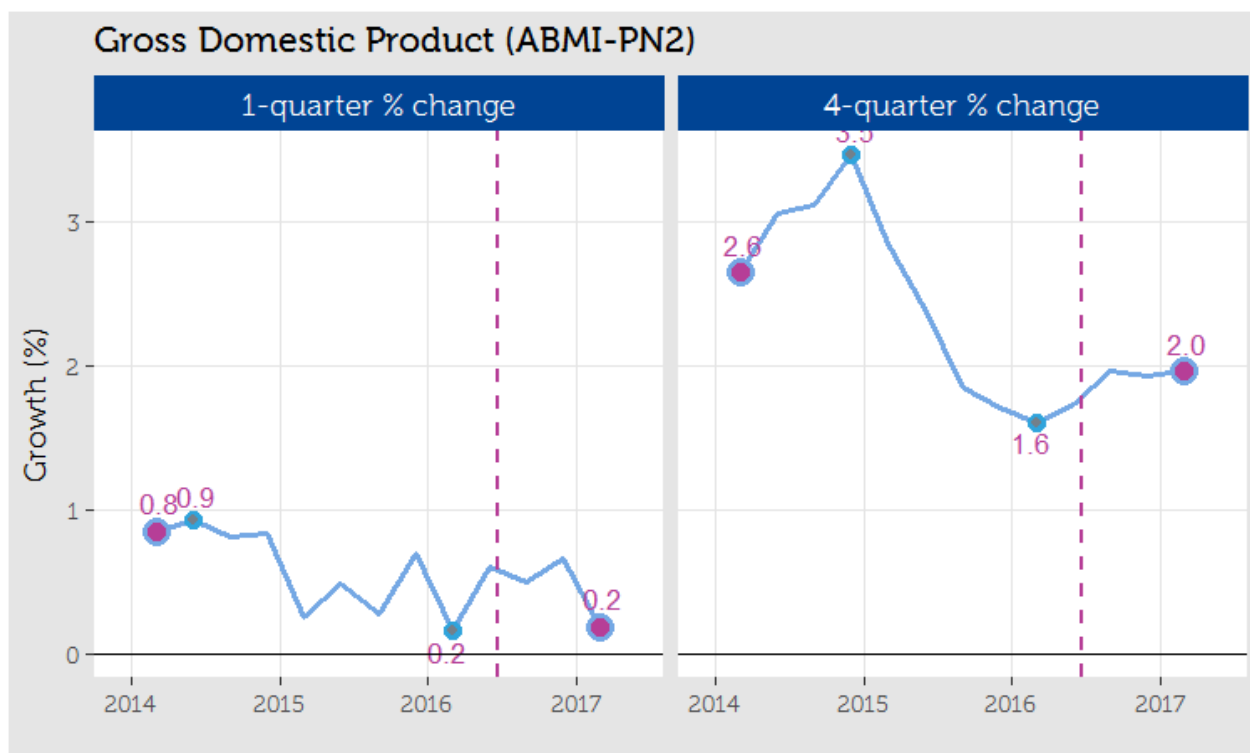
[Guage Charts: 12-month % change since Jan 2000 ]



## 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 122,000 in the 3 months to March 2017 to 31.95 million. **Unemployment** rate stays at 4.6%, the lowest since August 1975

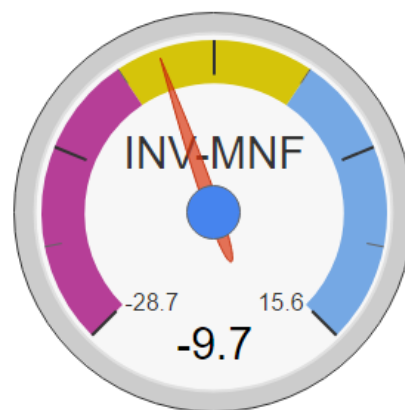
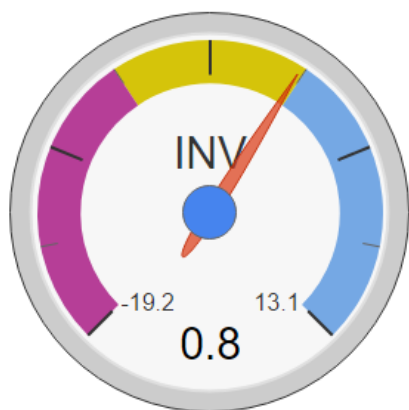
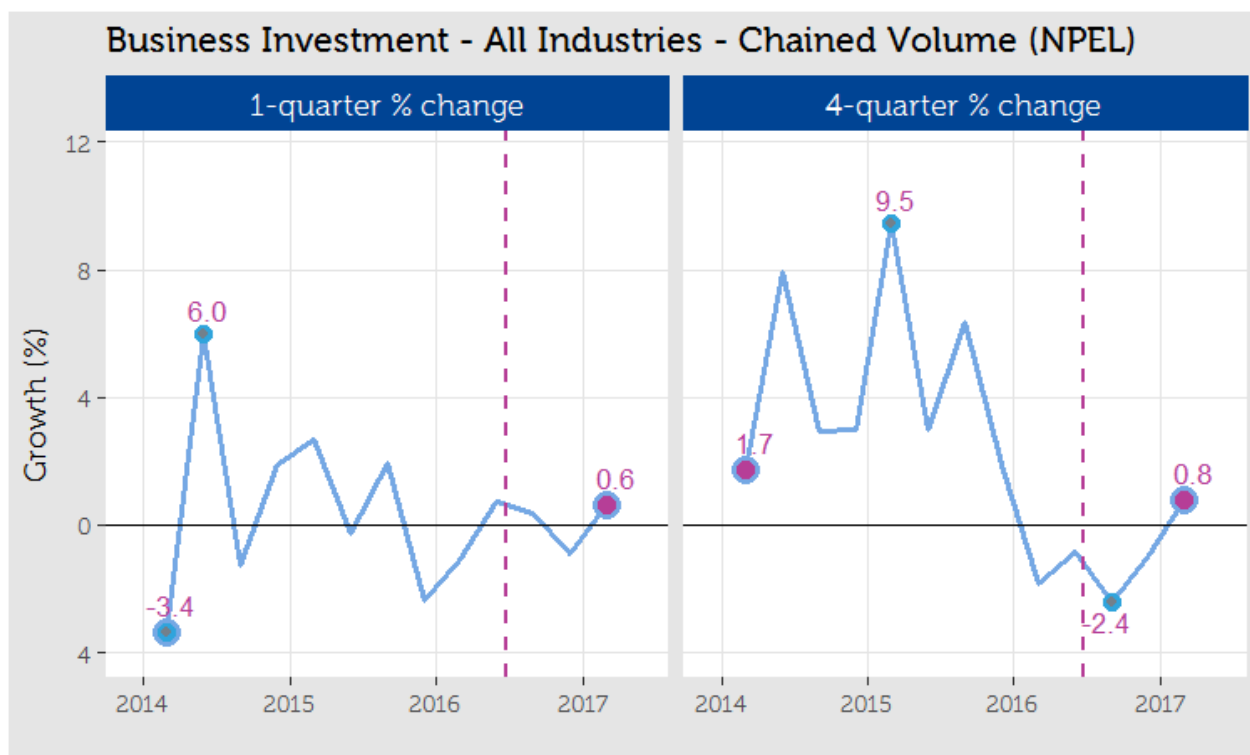


[Guage Charts: GDP = 4-quarter % change since Jan 2000, UEMP = Unemployment rate since 2000 ]

## 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.

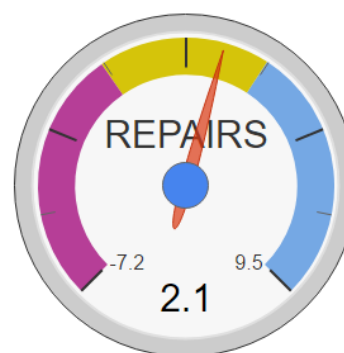
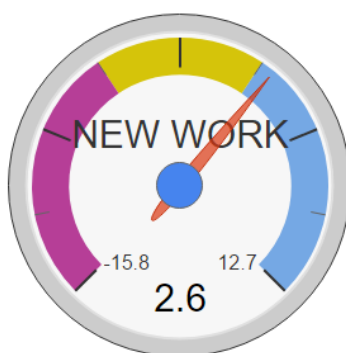
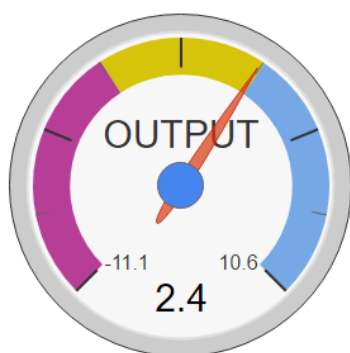
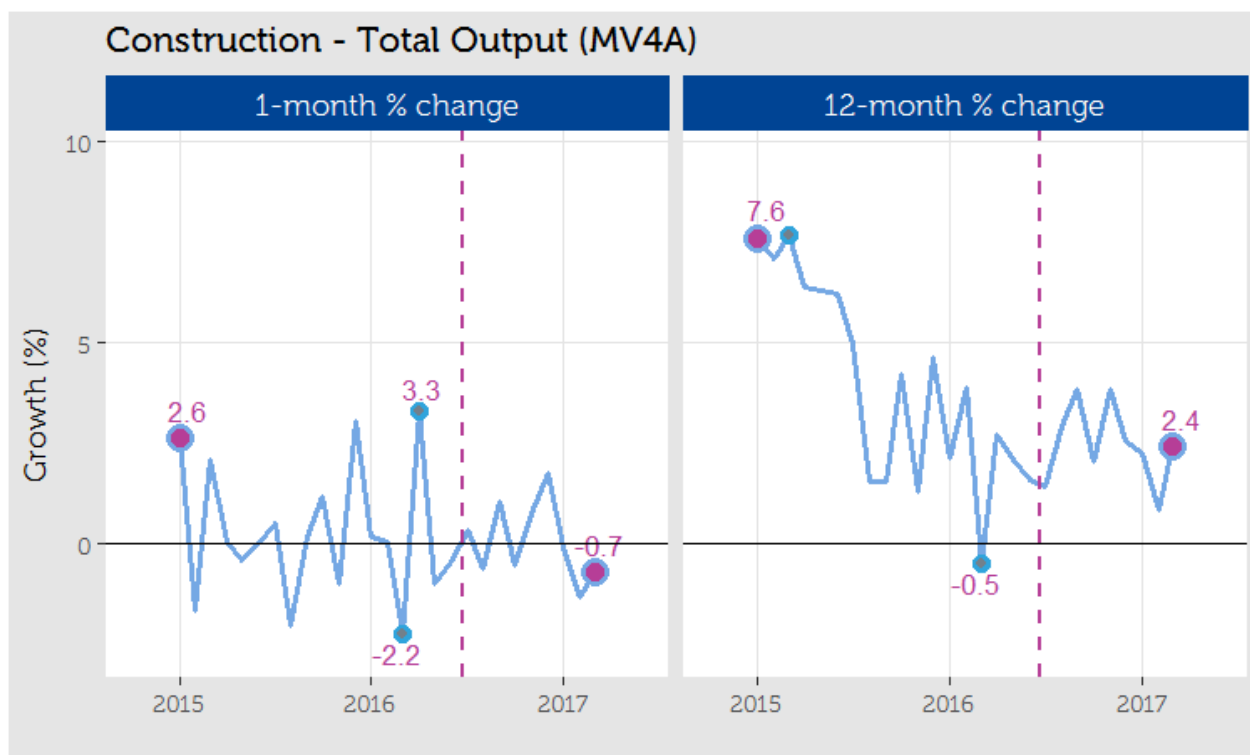


[Gauge Charts: 4-quarter % change since 2007 ]

## 7 Construction

Total **construction output**, at constant prices, fell by 0.7% to £11.5 billion in March 2017 compared to 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 to 12 month ago.



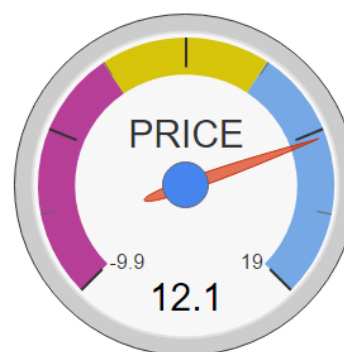
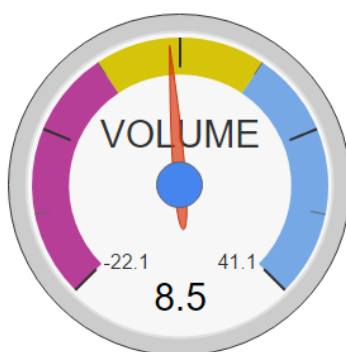
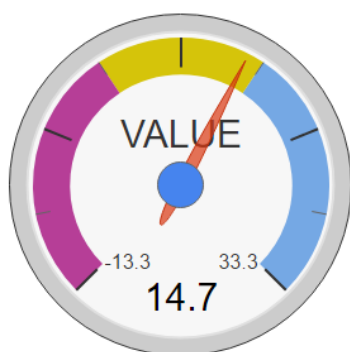
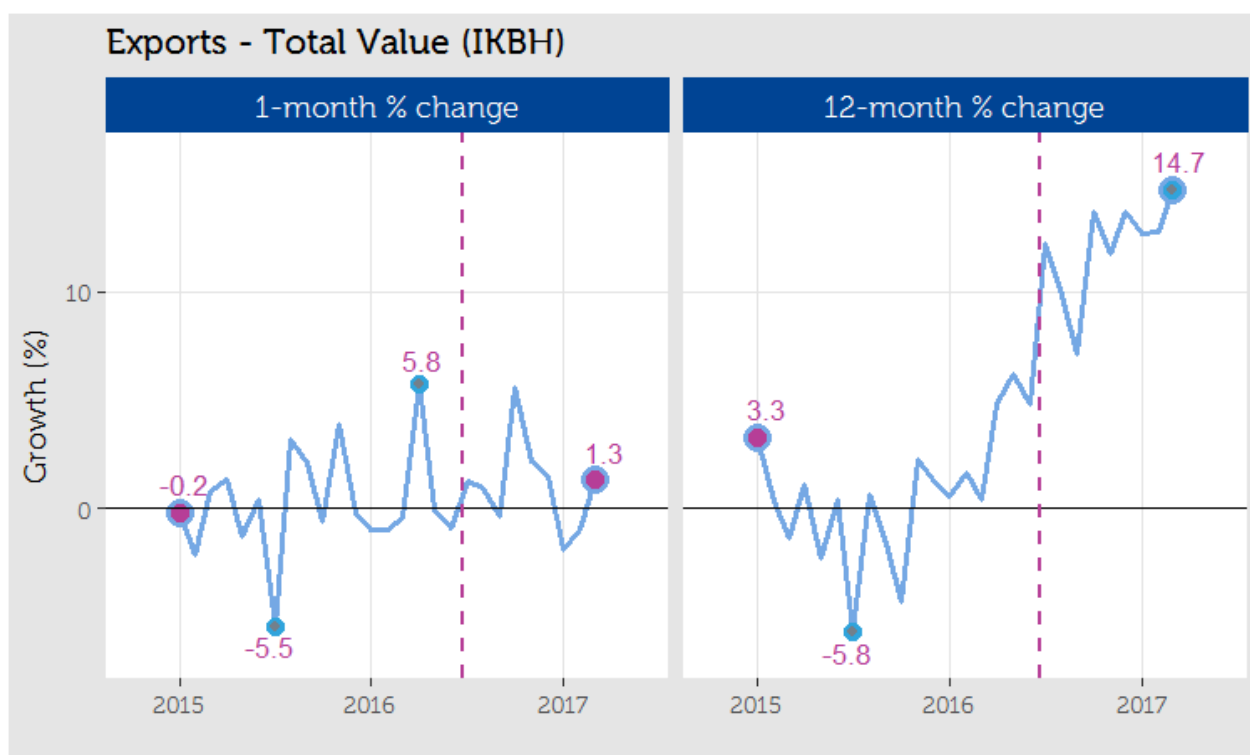
[Gauge Charts: 12-month % change since Jan 2010, OUTPUT = Total Construction Output, NEW WORK = Total Construction New Work, REPAIRS = Total Repairs, Maintenance and Infrastructure]

## 8 UK Trade

### 8.1 Exports

The **value** of UK **exports** 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.

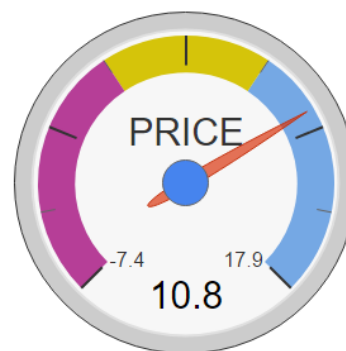
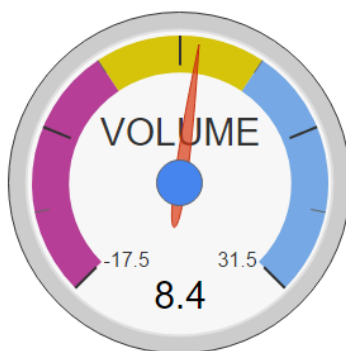
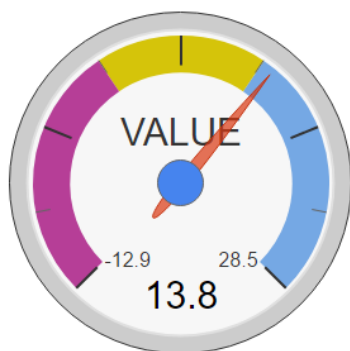
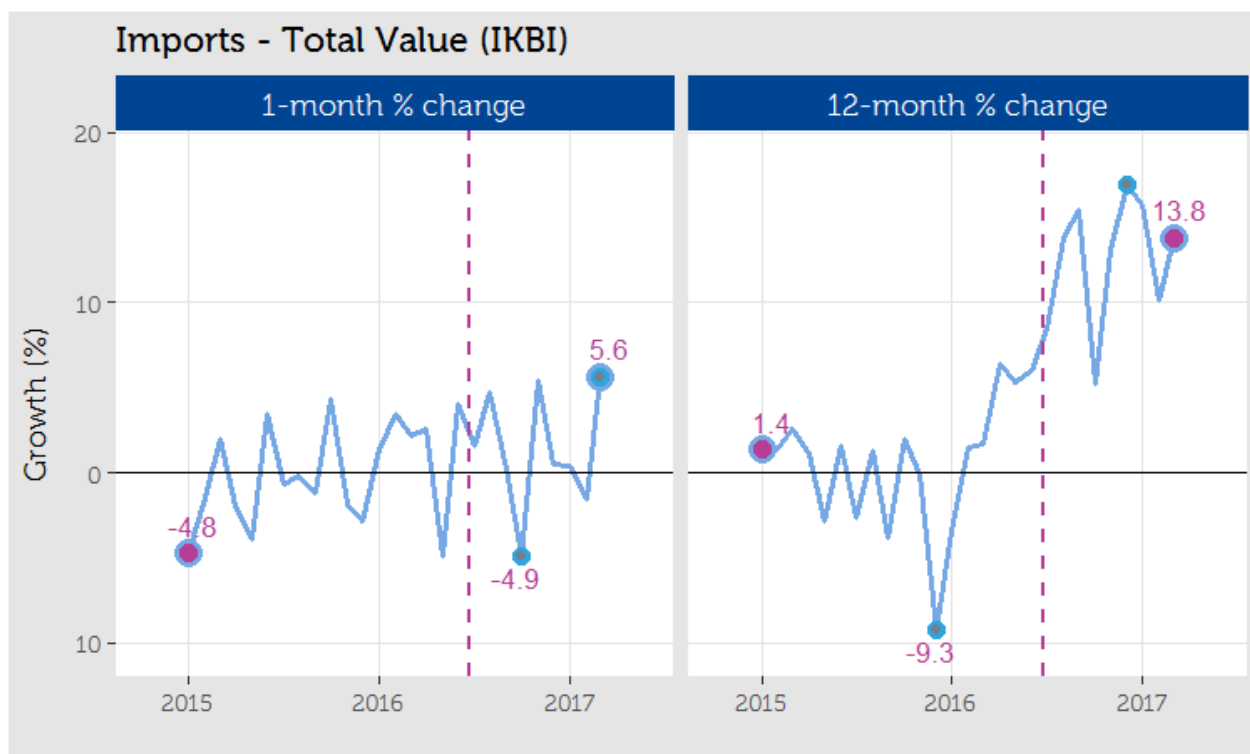


[Gauge Charts: 12-month % change since Jan 2000, VALUE = Total Export Value, VOLUME = Export Volume Index, PRICE = Export Price Index]

## 8.2 Imports

The **value** of UK **imports** grew by 5.6% in March compared with February 2017, the highest 1-month growth since December 2014. Compared to March 2016 imports grew by 13.8% to £53.9 billion. It is the 14th successive annual growth.

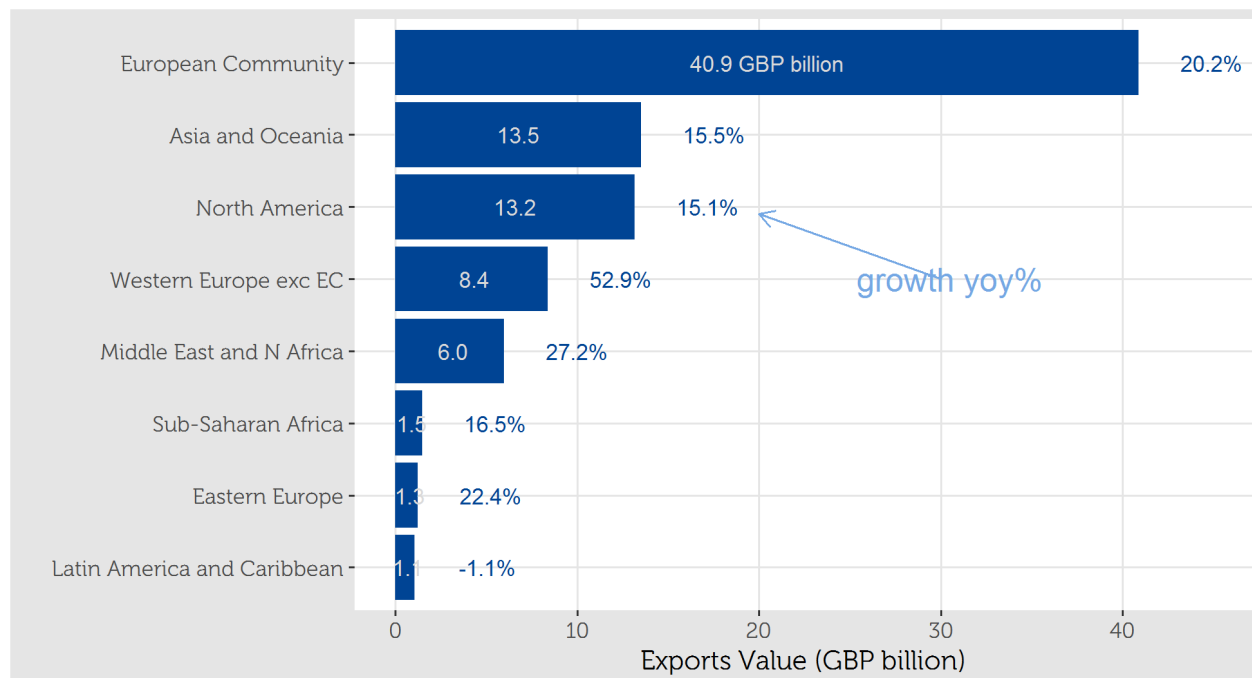
UK **imports** on **volume** basis grew by 8.5% in March 2017 compared with February 2017, the first month on month growth after 3 successive declines. Compared to a year ago the volume of import grew by 8.4%.



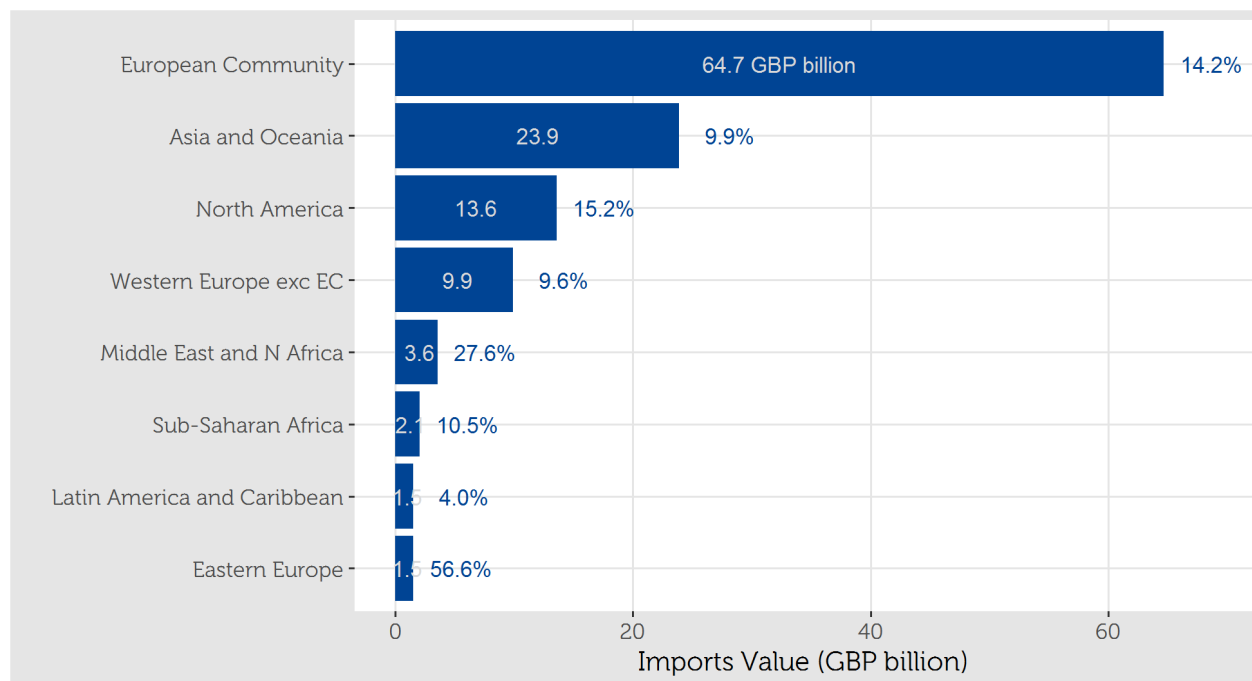
[Gauge Charts: 12-month % change since Jan 2000, VALUE = Total Import Value, VOLUME = Import Volume Index, PRICE = Import Price Index]

## 8.3 Goods Trade: Ranking by Region

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

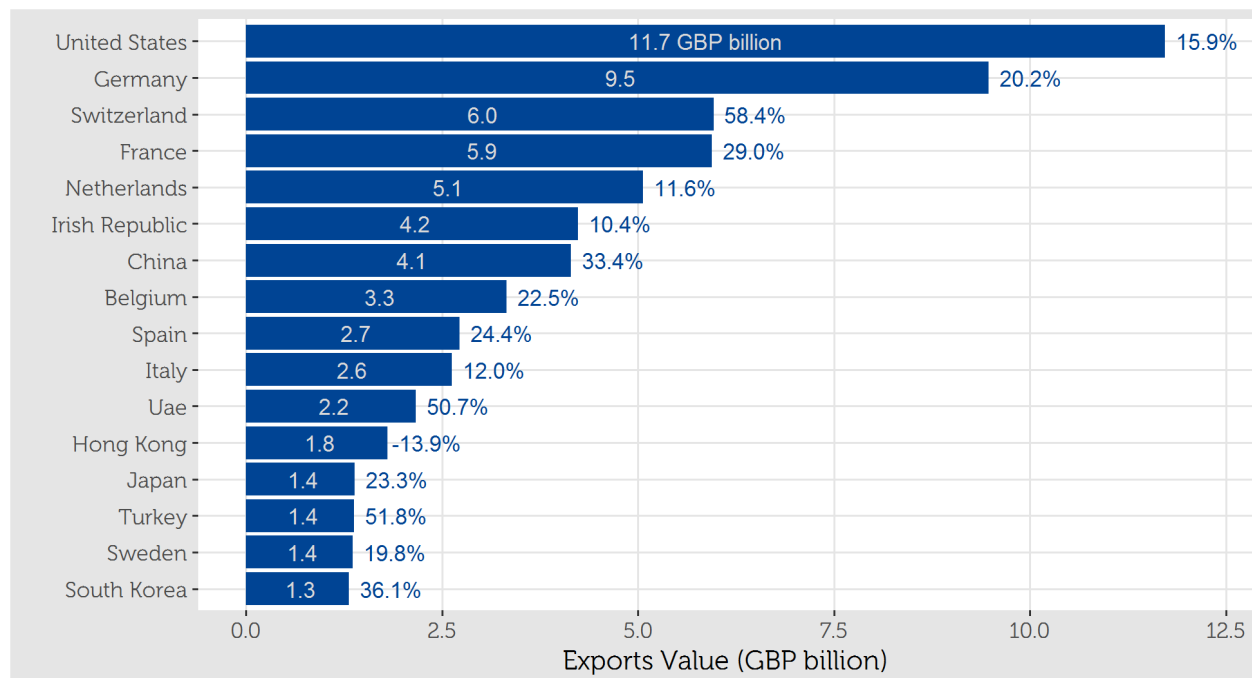


### 8.3.2 Imports - 2017 (Jan - Mar)

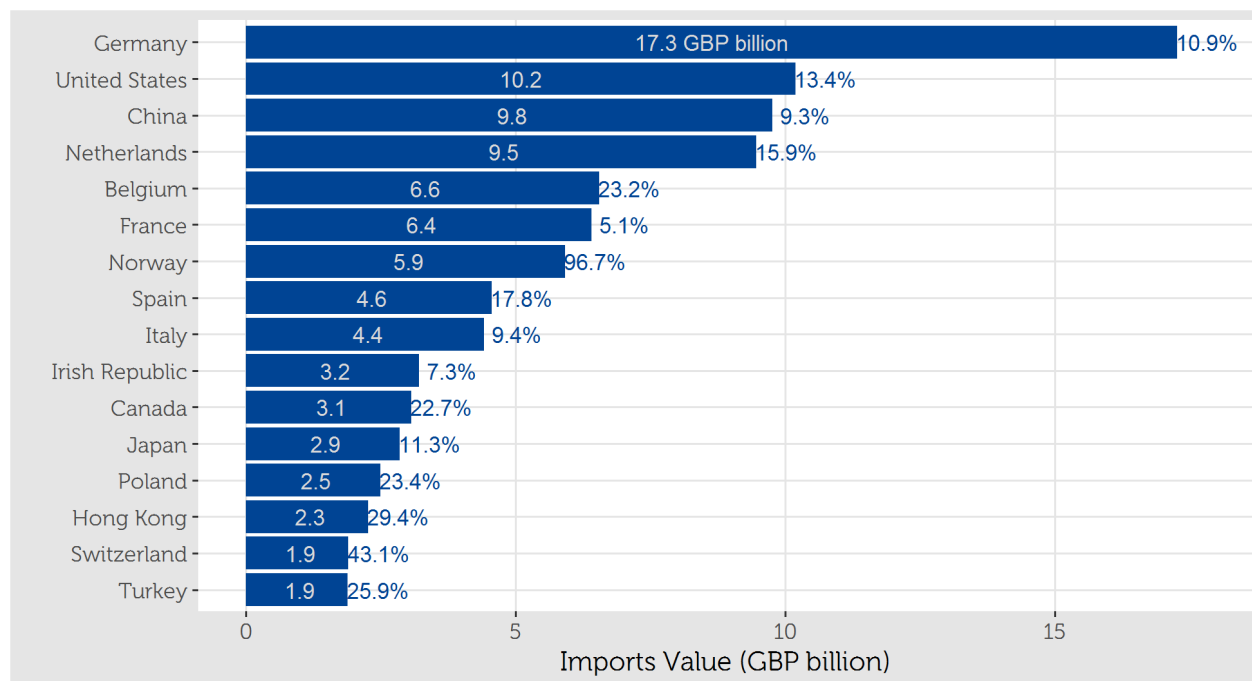


## 8.4 Goods Trade: Ranking by Country - Top 16

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

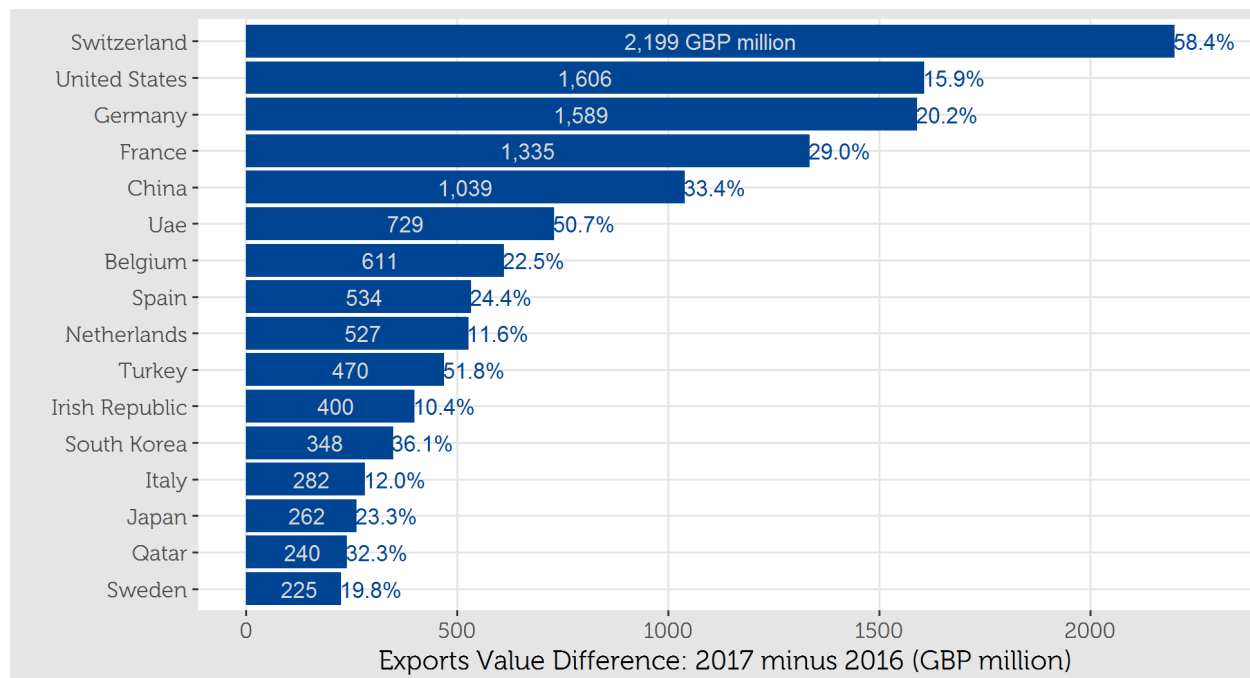


### 8.4.2 Imports - 2017 (Jan - Mar)

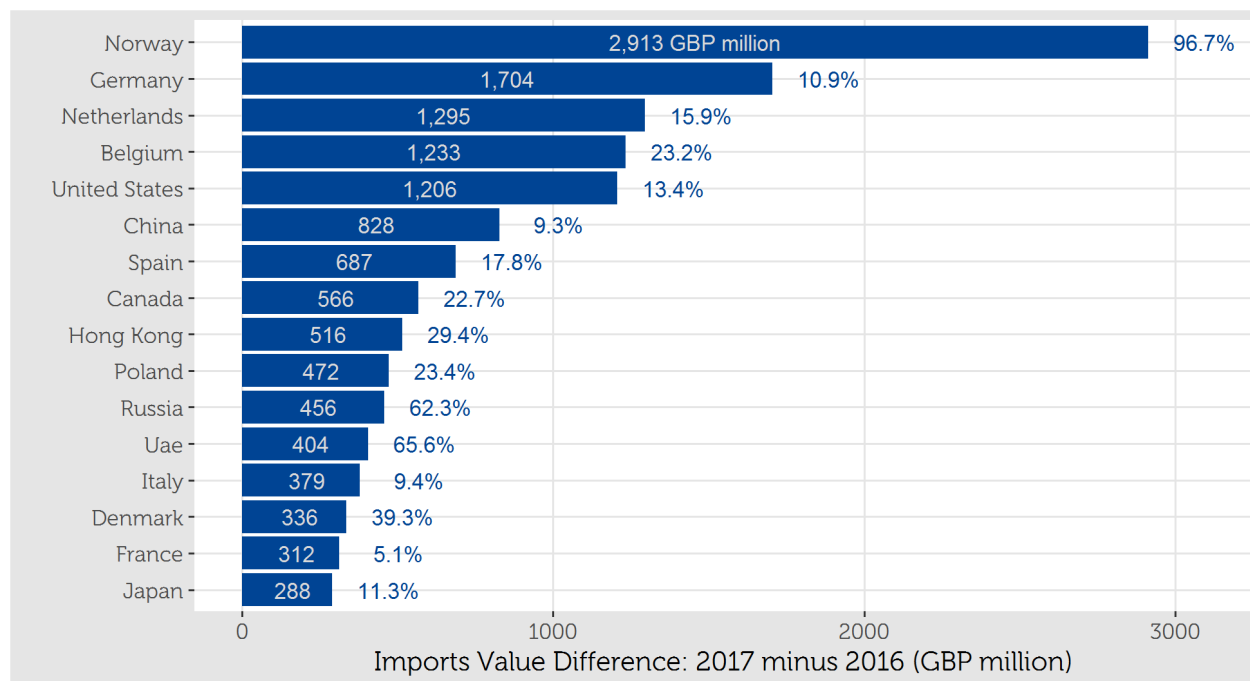


## 8.5 Goods Trade: Growth Ranking by Country - Top 16

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



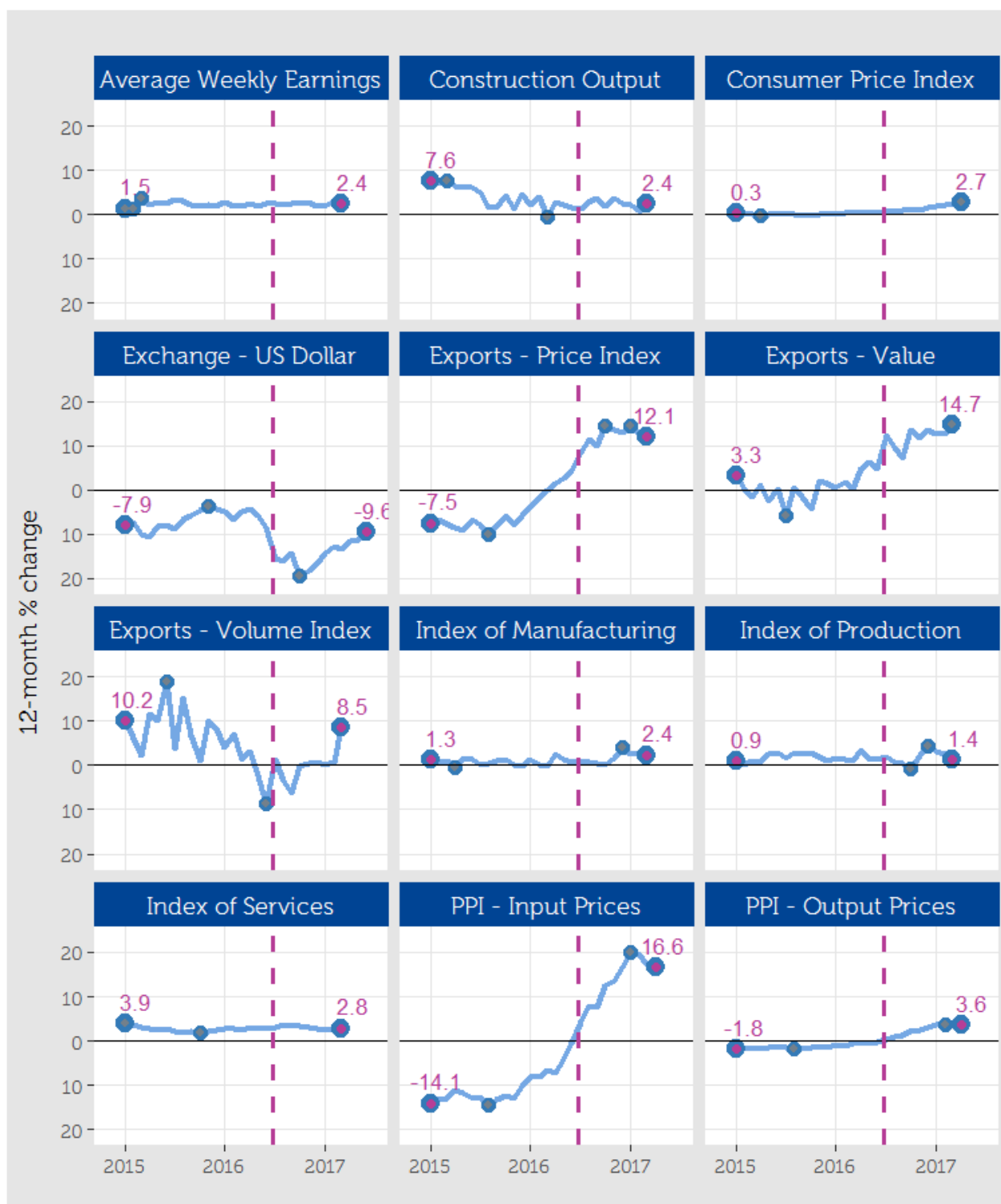
### 8.5.2 Imports Value Growth - 2017 (Jan - Mar)



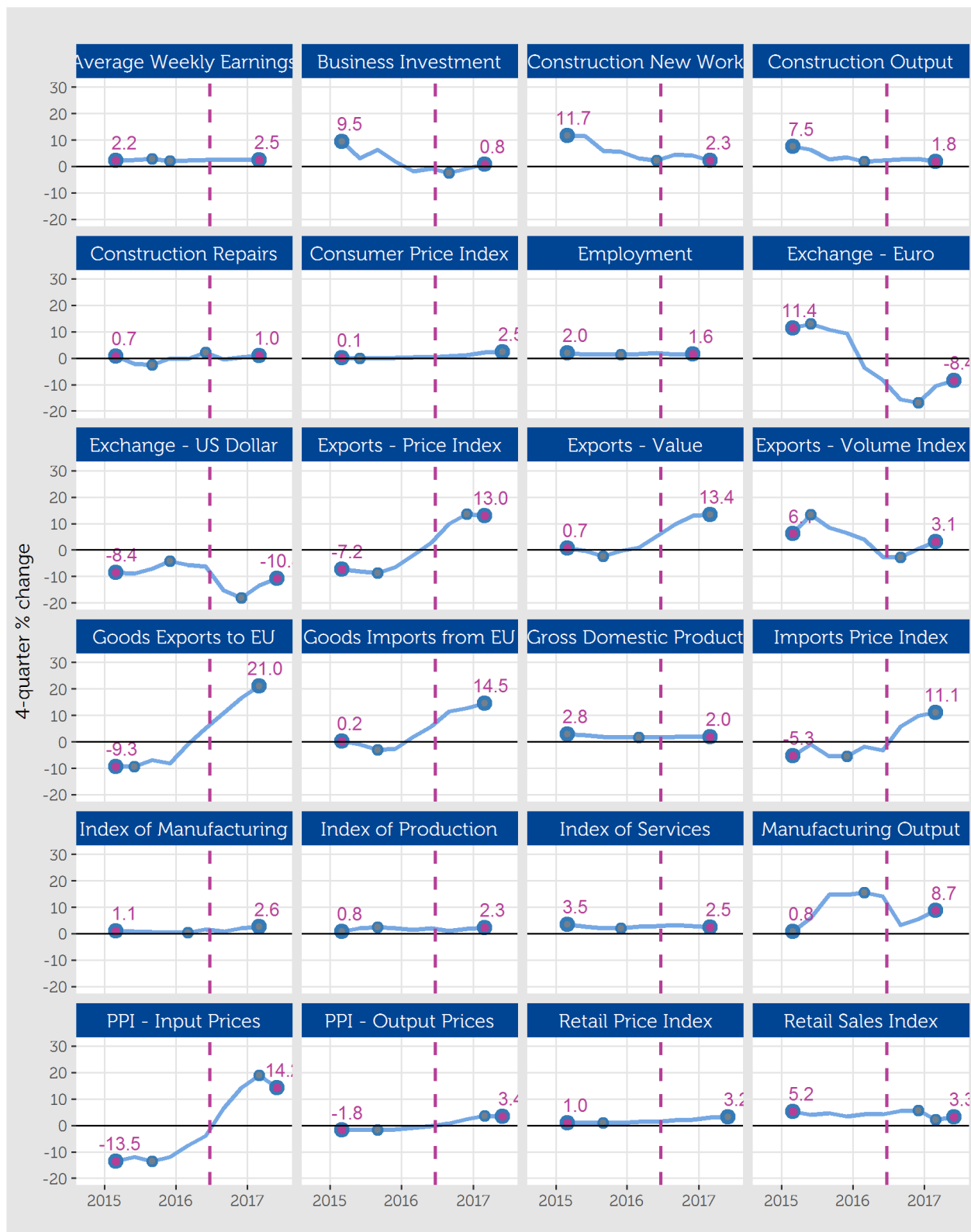


## 9 Economy At a Glance

### 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

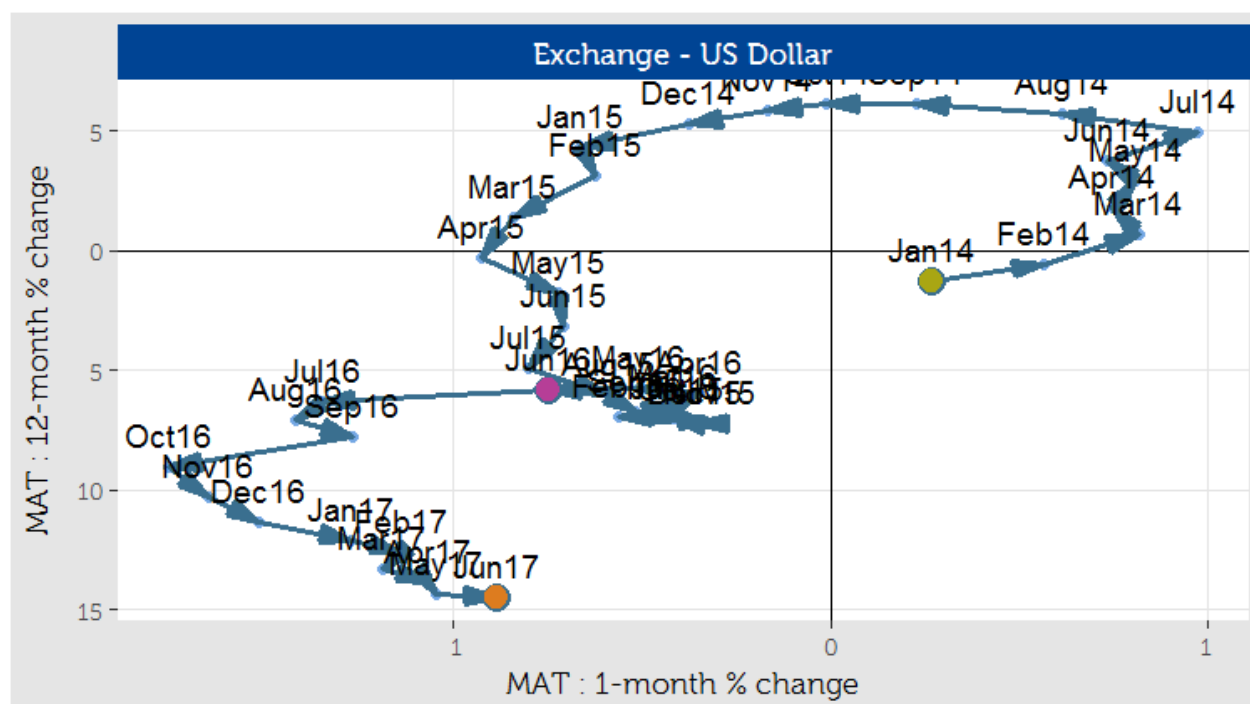
### 11.1 About Growth Cycles

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:

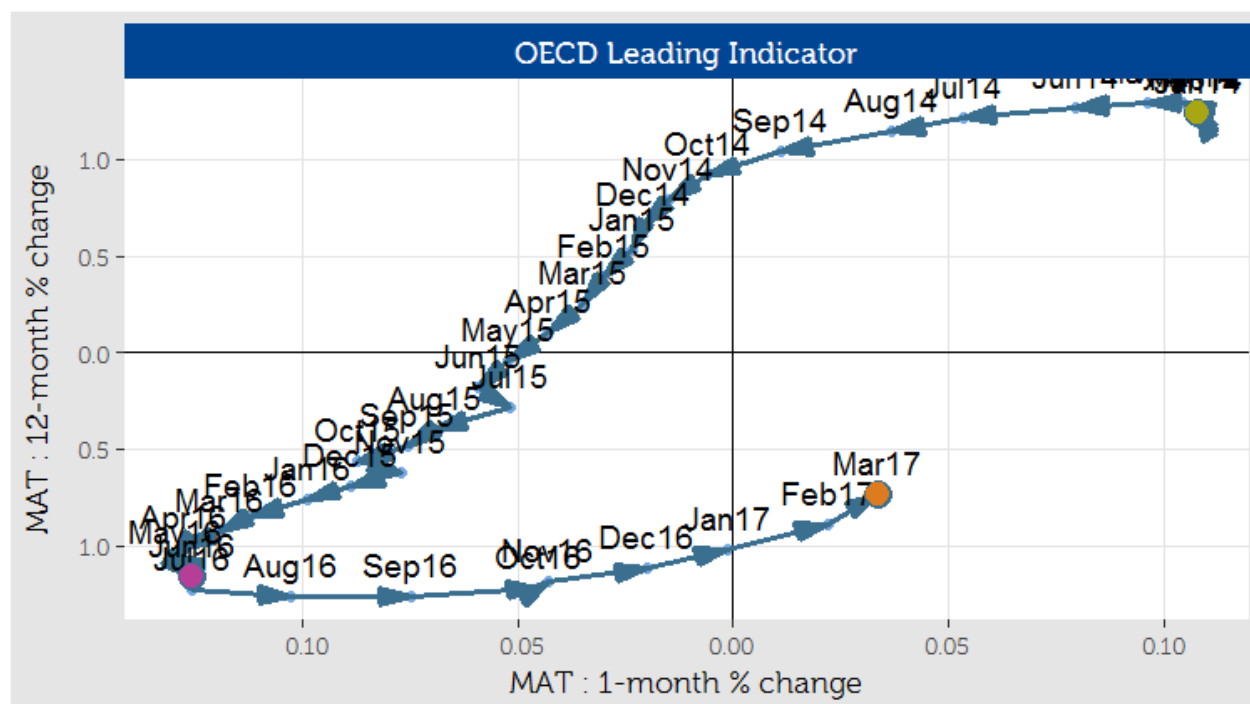
- Quadrant 1: increased compared to previous month (or quarter) and also increased compared previous year - **expansion**
- Quadrant 2: increased compared to previous month (or quarter) but decreased compared to previous year - **recovery**
- Quadrant 3: decreased compared to previous month (or quarter)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

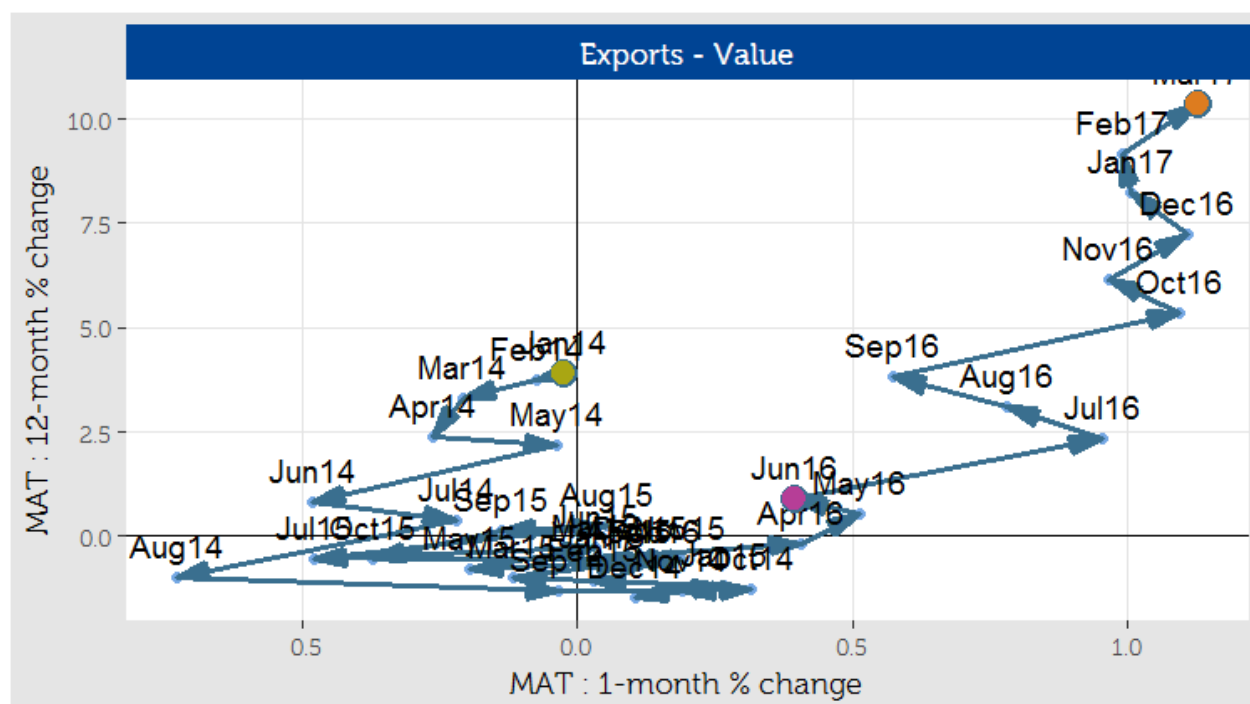
### 11.2 Exchange Rate (USD)



### 11.3 OECD Composite Leading Indicator - UK

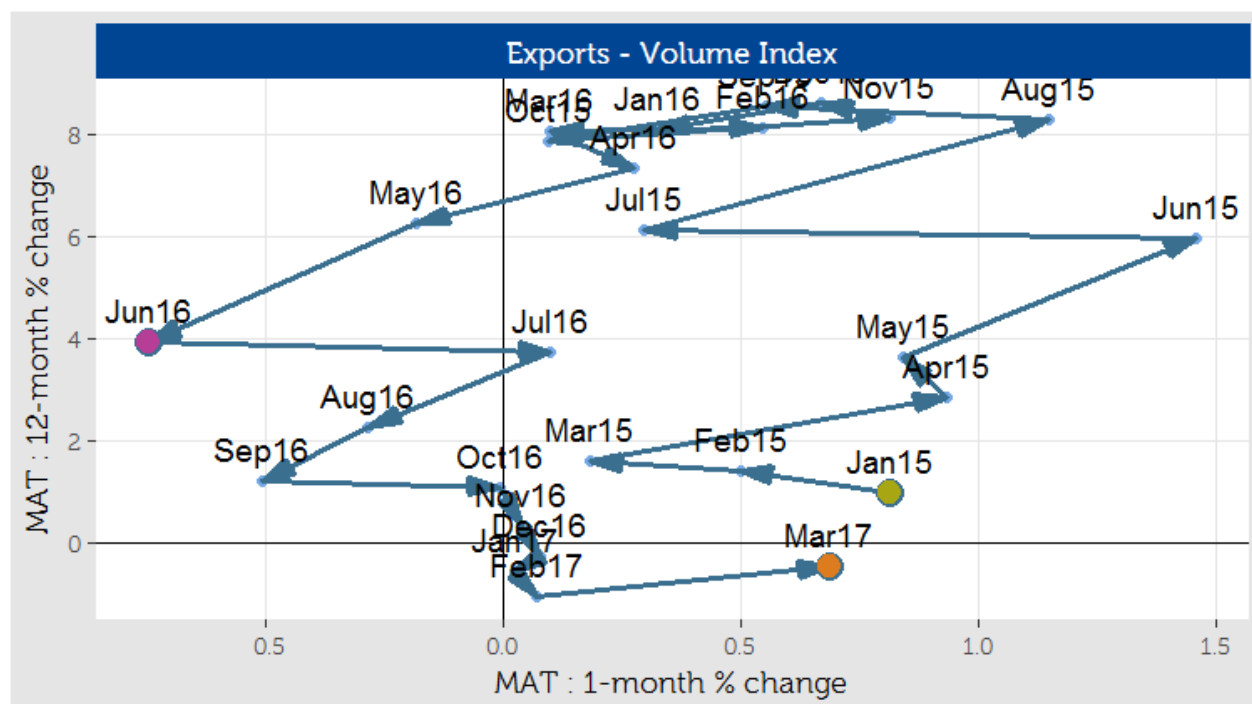


### 11.4 Exports - Value (IKBH)

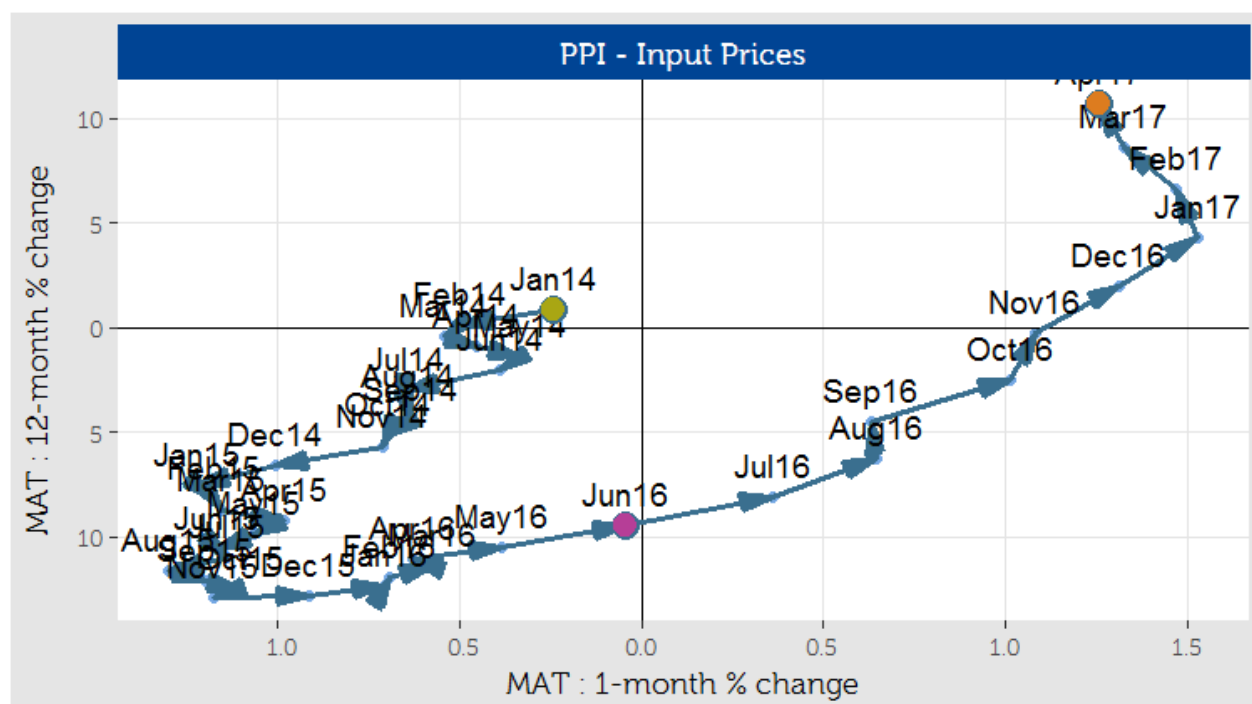




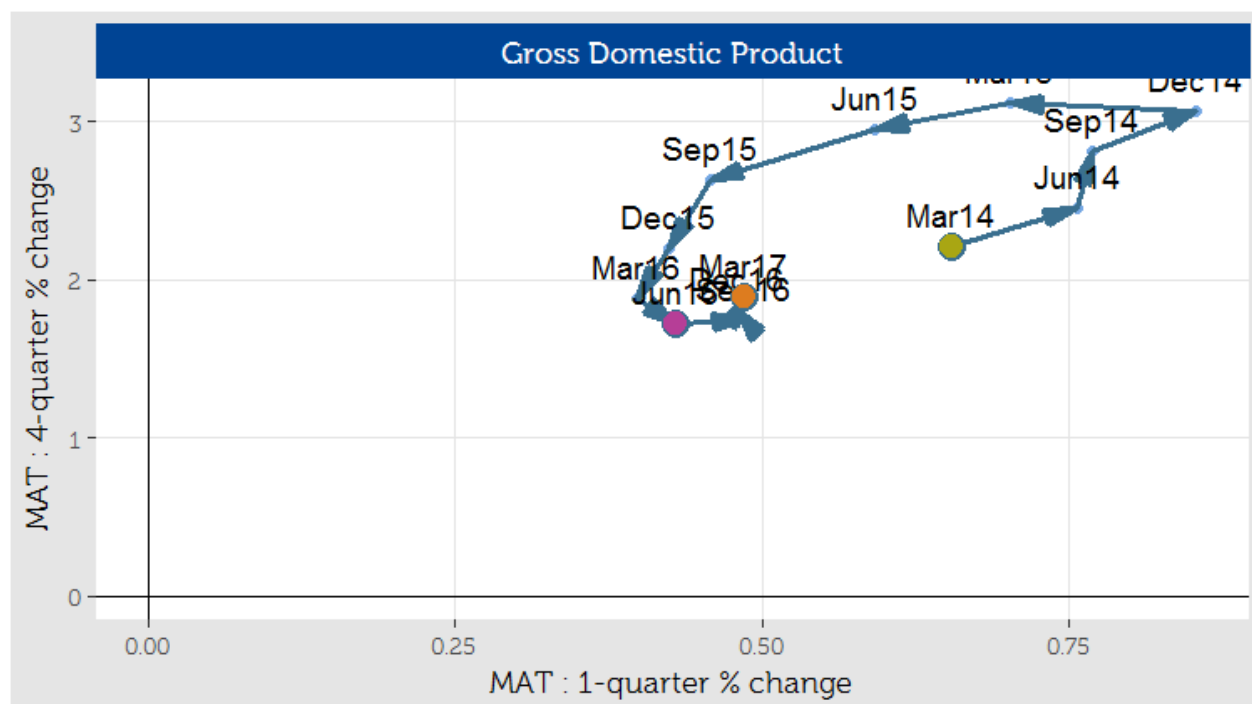
## 11.5 Exports - Volume Index (BQKU)



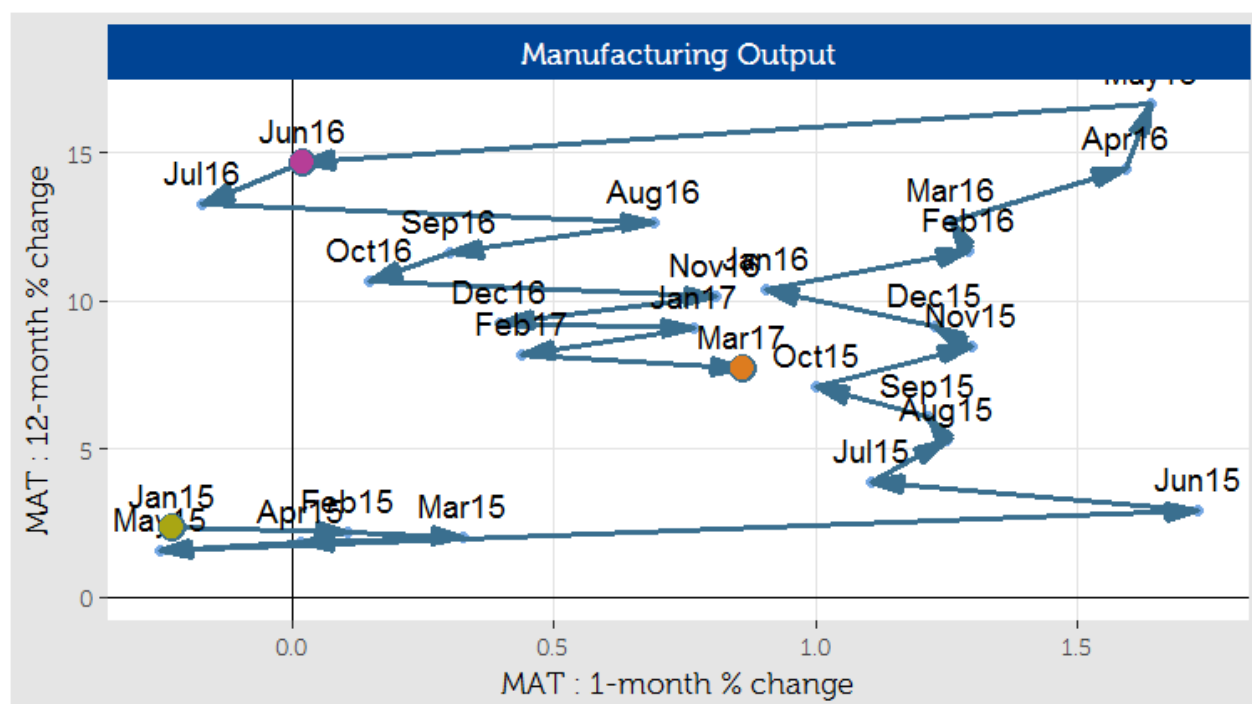
## 11.6 Input Prices (K646)



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



## 11.8 Manufacturing Output (JT27)



## 11.9 Current State

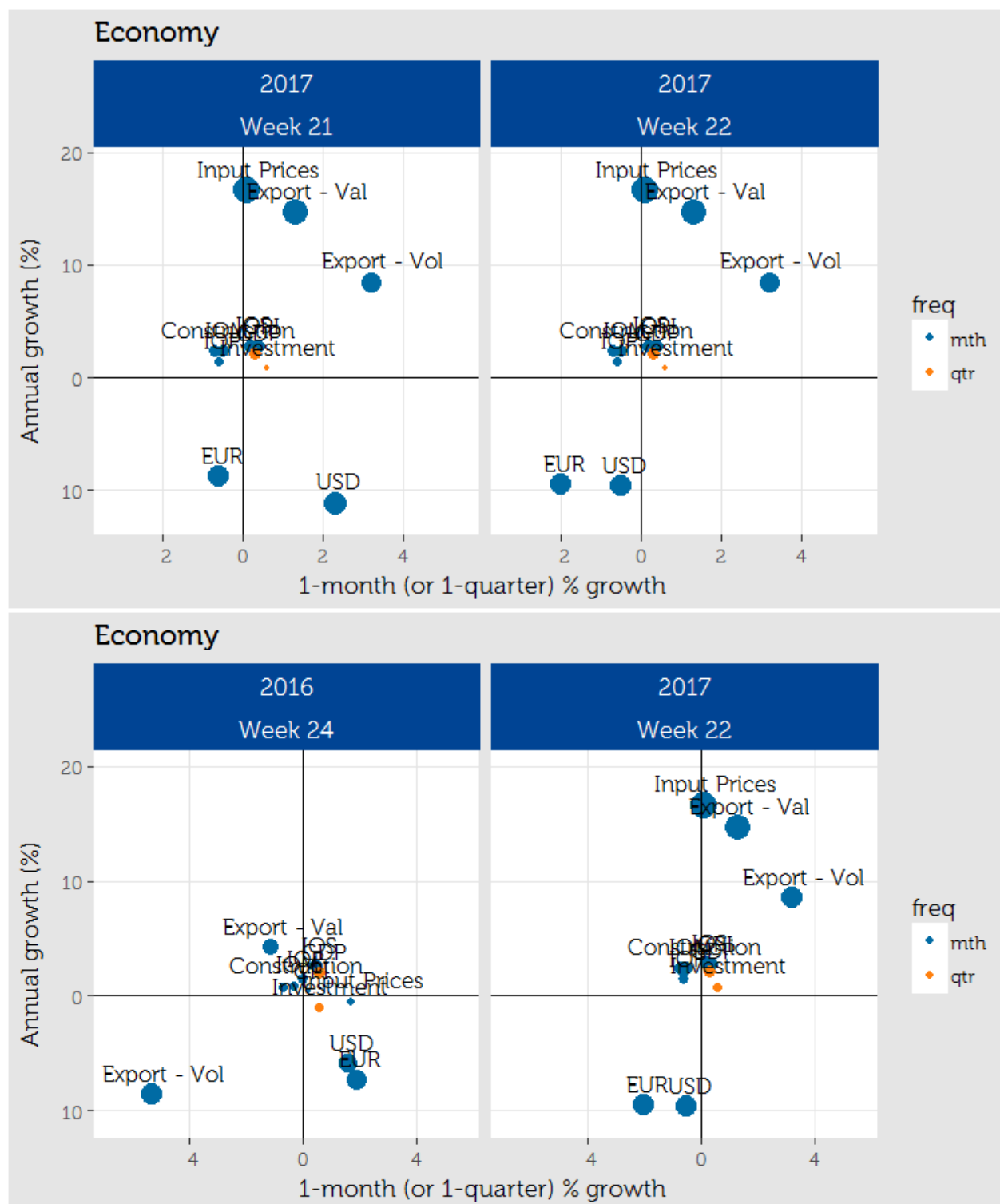


Figure 1: **Top:** Indicators growth - Current week versus previous week.

**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
  - 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>

## 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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