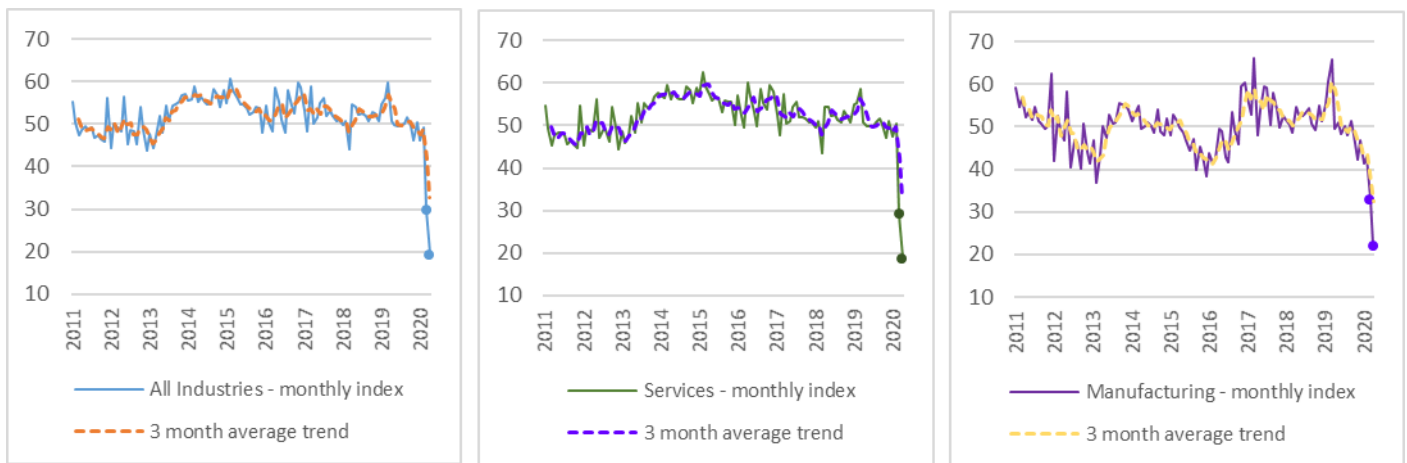


The Monthly Business Turnover Index gives an early indicator of business activity in Scotland, based on some of the survey data used by the Scottish Government for GDP statistics.

The index is similar to the IHS Markit PMI indicators. It reports the net balance of firms reporting increasing or decreasing turnover, in real terms, compared to 12 months ago. Values below 50 indicate that more companies are showing decreased turnover than increased turnover.

Latest Results

- In April 2020, the provisional business turnover index for all included sectors is 19.3, and has fallen from a revised value of 29.8 in March. These values are the lowest on record since the index begins, and are far outside the normal range of between around 45 to 55 seen since 2011.
- These results indicate that there was a further worsening of general trading conditions in April, with most businesses in the manufacturing and services sectors reporting a fall in turnover compared to last year. These results reflect the impact of the first full month of lockdown in response to COVID-19.



Business Turnover Index by Industry

- For most industries the index has fallen further below 50 in April, with the exception of Food Retail.
- The industry with the lowest result is Accommodation and Food Services (2.8), where nearly all businesses in the sample reported lower turnover than last year.
- Other sectors showing a lower net balance than the average are Non-Food Retail (9.7), Wholesale and Motor Trades (14.4), and Culture, Recreation & Other Services (17.4). These sectors include many businesses which were strictly required to close after 23 March and remained closed during April.

Monthly Business Turnover Index, April 2020

Net balance of companies reporting increased turnover compared to 12m ago

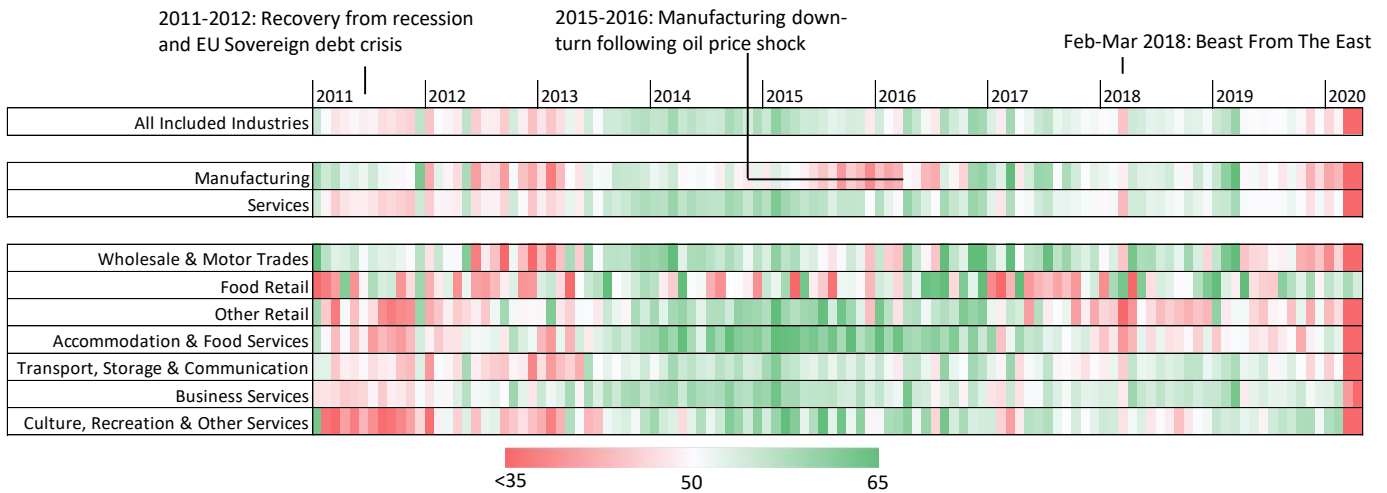


Monthly Business Turnover Index, April 2020

Longer Term View

The heat map below summarises the Monthly Business Turnover Index for all industries and the main sector breakdowns within Services. This illustrates how the index corresponds with the timing of broad economic trends over the last decade, as well as some sector-specific events.

For example, the impact of the oil price crash in late 2014 can be seen as mostly impacting in the manufacturing and wholesale & motor trades sectors, whereas specific events such as the 'beast from the east' weather event can be seen to cut across many parts of the economy.



About This Release

The Monthly Business Turnover Index is based on data from the ONS Monthly Business Survey and Retail Sales Inquiry. These are the largest data sources used for quarterly GDP statistics. For included industries, the surveys include all large businesses and a representative sample of smaller companies operating in Scotland. There is a sample of around 2,500 companies for the final results each month, including more than 400 manufacturing firms. The sample sizes fall to around 1,800-1,900 in the provisional estimate each month.

The Monthly Business Survey does not include turnover data for Agriculture, Energy, Construction, Financial Services or Government. There is some data for industries such as real estate, mining, and private sector health and education, but sample sizes are small and the results are not included in the index.

Results are adjusted for inflation using the Consumer Price Index as a broad indicator of price change, and seasonally adjusted. Turnover is taken to be increasing(*decreasing*) in real terms when it is higher(*lower*) than 12 months previously by at least 0.5 percentage points above(*below*) the CPI inflation rate.

The MBTI is calculated using the standard formula for a diffusion index. Every company is given equal weight, meaning that a large firm which reports a large increase in turnover could be offset by a small firm reporting a small fall in turnover. For this reason, the index does not give a direct indication of the likely growth rate for total turnover or GDP in each month or quarter. Instead, it is designed to give a broad indication of general trading conditions, including the extent to which falling turnover is widespread within an industry.

Next release: Results for May 2020 are provisionally planned for release on 3 July 2020

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