

This morning the latest UK data for growth in Q1 2019 were released. These put UK growth at 0.5% in Q1, with growth in production, construction and service sectors.

In this blog we release our nowcasts of the Scottish economy in Q1 2019 and Q2 2019.

The UK numbers were stronger than growth in the previous quarter (which was a disappointing 0.2%), and stronger than might have been expected.

With uncertainty around whether or not the UK would leave the European Union on 29th March, there was significant concern about what might happen to growth in Q1. In light of the uncertainties, businesses were widely reported to be engaging in a number of preparatory activities including stockpiling, and the impact of these activities on GDP was difficult to determine in advance.

In this morning's statistical bulletin accompanying the UK data, the ONS note that even now, "it is difficult to unpick how much of the increase in manufacturing output in Quarter 1 2019 might reflect the increase of domestic output produced by UK manufacturers in response to the stockpiling demands by UK and/or foreign manufacturers."

There was some evidence of this preparatory activity in some of the survey data, including the PMI measures, which enter into our nowcasting model. Running the model this month, we get the following estimates:

- Our nowcast for Scottish GVA growth in 2019 Q1 is 0.30% which, at an annual rate, is 1.2%
- Our nowcast for Scottish GVA growth in 2019 Q2 is 0.30% which, at an annual rate, is 1.2%

Official estimates of GDP growth in Scotland in Q1 2019 will be released by the Scottish Government next month.

Nowcasts for 2019 Q1 for all UK regions (and nations) will be released in two weeks as part of the Economic Statistics Centre of Excellence project (these can be accessed in due course here: <https://www.escoe.ac.uk/regionalnowcasting/>).