At the start of a big week of news with the Scottish Budget and the first forecasts by the Scottish Fiscal Commission, we’ve run our nowcasting model with the latest official and survey data to estimate current rates of growth in Scotland.

Our model suggest that the disappointing – and well below trend – levels of economic activity experienced over the past couple of years appears to be continuing.

Specifically, our model estimates that:

- GVA growth in 2017Q3 is 0.38% which, at an annual rate, is 1.51%. This is up slightly on last month’s estimate.
- GVA growth in 2017Q4 is 0.35% which, at an annual rate, is 1.40%. This is essentially unchanged from our estimate last month.

FAI nowcasts and official Scottish Government GDP statistics
December nowcasts of the Scottish economy

The chart above shows how our nowcasts since the start of 2014 have performed relative to the first release of Gross Value Added (GVA) from the Scottish Government over this period of twelve quarters (recall that in line with standard practice GVA data are revised in light of additional data being received).

One interesting feature is that our average nowcast over this period is close (+0.45%) to the average initial release of GVA (+0.37%) as indicated by the dashed lines.

The latest Fraser Economic Commentary is released tomorrow, with new forecasts for the Scottish economy through to 2020.

Later on this week the draft Scottish Budget is released, alongside which the Scottish Fiscal Commission will release their first forecasts of Scottish economic growth and the devolved taxes. With weak economic growth in recent times (just 0.1% over the 3-months to June, and over the year around one-third that of the UK) it will be interesting to see the extent to which the Scottish Fiscal Commission foresee this continuing.
It will also be interesting to see what new measures and initiatives are announced in the Budget to help boost the Scottish economy.