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Grant Allan & Stuart McIntyre

<http://www.nowcastingscotland.com>

Fraser of Allander Institute, University of Strathclyde

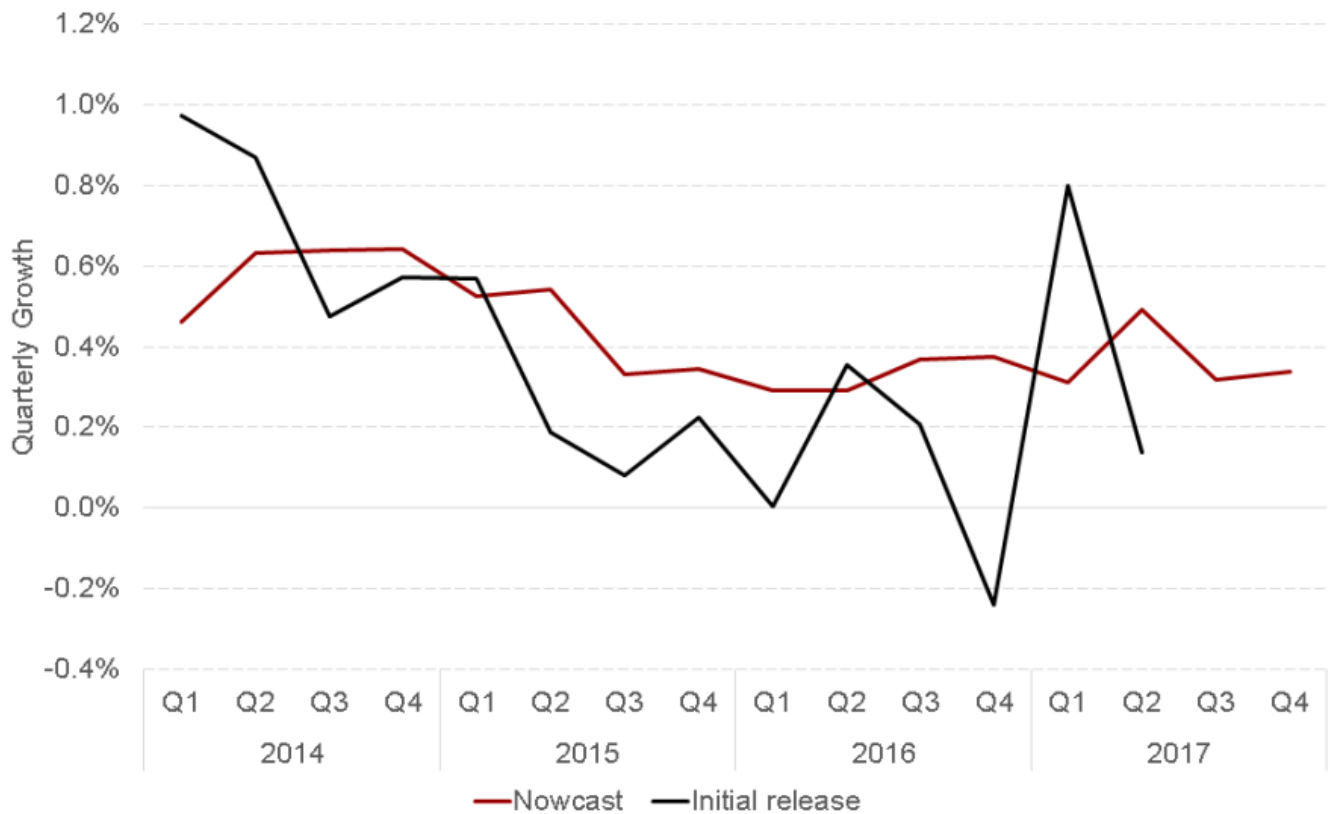
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In this blog we provide an update from our nowcasting model of the Scottish economy. This includes an updated estimate for Q3 of 2017 alongside our first nowcast for 2017 Q4.

Our model estimates:

- GVA growth in 2017 Q3 is 0.32% which, at an annual rate, is 1.28%. On a quarterly growth basis, this is down over 0.1 percentage points on our estimate of growth in Q3 from last month.
- GVA growth in 2017 Q4 is 0.34% which, at an annual rate, is 1.37%

Our nowcast model results are summarised over time in the figure below. The period of relatively flat growth through much of 2016 is clearly evident. As we have observed before, our model tends to produce estimates which are less volatile than the first release of GVA but which capture the trend rather well as the figure below illustrates.



Economic growth in Scotland has been sluggish for some time, reflected in the official data and in our nowcast estimates; this makes the downward revision to our estimate for 2017 Q3 this quarter (of 0.1 percentage points; from 0.43% last month to 0.32% this month) a particular concern.

This downward revision is driven by the continued weakness of a range of indicators of the health of the Scottish economy. While the labour market remains robust, elsewhere in the economy there are signs of substantial weakening. Not least in retail sales where growth was flat in the third quarter of 2017 [was flat](#) (0.0% growth). Other indicators of economic activity, such as business investment, are a further [cause for concern](#) for the short-term outlook for Scottish growth.

The next Fraser Economic Commentary will be published in December, and we will delve into these trends in more detail there.