

Grant Allan & Stuart McIntyre

<http://www.nowcastingscotland.com>

Fraser of Allander Institute, University of Strathclyde

---

Economic forecasting and nowcasting is notoriously difficult - even more so in a period of heightened economic uncertainty.

With the 29th March looming large on the calendar, economic uncertainty at present is extraordinarily high.

With this in mind, we report the latest results from our nowcasting model for Scotland.

- Our nowcast for GVA growth in 2018 Q4 is 0.29% which, at an annual rate, is 1.16%
- Our nowcast for GVA growth in 2019 Q1 is 0.31% which, at an annual rate, is 1.24%

These estimates are consistent with the economic narrative developing in the UK, but also in Scotland, of businesses continuing to trade in a 'business as usual' manner, but holding off on the sorts of investment decisions which might produce growth at or above long-term trend growth.

This is partly reflected in the early measures of activity provided by business survey indicators, which we use in our model. The PMI for January showed activity declining in Scotland (as well as other places like London) in the first month of the year.

Official data on Scottish growth in 2018 Q4 will be released on the 20th of March, for comparison UK growth in Q4 came in at 0.2%, representing weak and below trend growth. Scotland had grown ahead of the UK in the first half of 2018, but data for the summer was much weaker with Scotland lagging the UK once more.

We will have to wait until sometime in June for official estimates of growth in Q1 2019 in Scotland.

Estimates for the whole of the UK will be released in May, and should the UK exit the EU without a deal on 29th March - all eyes will be on the early indicators of activity in the economy to assess the impact.