

Last week, we had the first set of official data on the potential impact of the bad weather on the UK economy when estimates of GDP for Q1 2018 were published. They showed that UK growth slowed to just 0.1% over the 3-month period.

The bad weather in early March (the 'beast from the east') has been cited as having been behind much of this weakness - although it's unlikely to have contributed to all of the slowdown.

Of interest here in Scotland, is that today we have the first set of official estimates on economic activity - provided by retail sales - in Scotland for the same period.

They show that sales grew by 0.5% in real terms over the quarter, in sharp contrast to activity in GB as a whole where sales *fell* 0.5%.

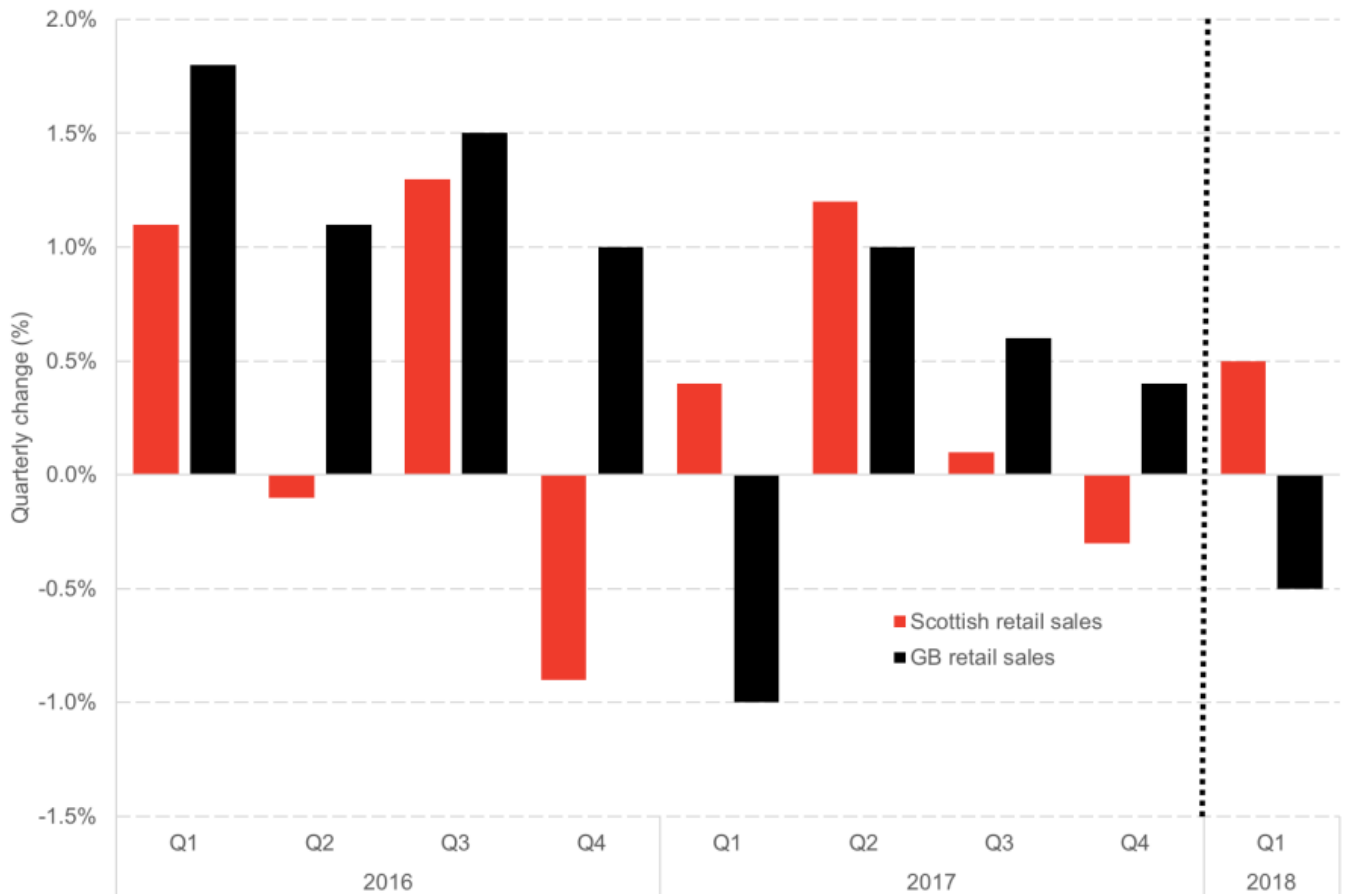
These data offer some tentative signs of better performance in the Scottish economy than we have seen in recent quarters.

Scotland and GB retail sales

The chart below shows the quarterly change in retail sales (in real-terms) for Scotland and GB since 2016. Note retail sales cover GB only as they exclude Northern Ireland.

They show that - before today - in only 2 of the previous 8 quarters since the start of 2016 had retail sales in Scotland grown more quickly than in GB as a whole.

Quarterly retail sales growth in Scotland and GB since 2016

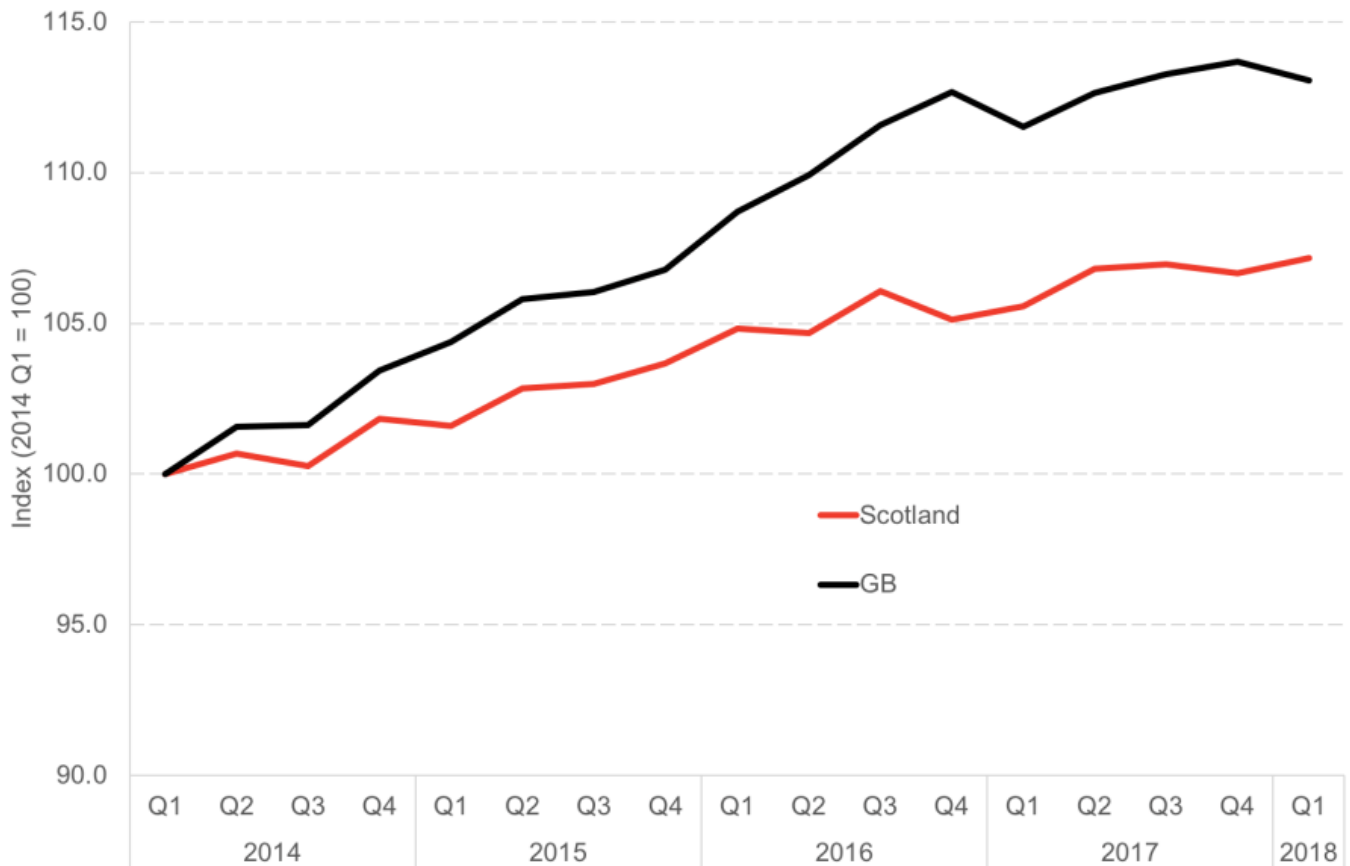


Source: Scottish Government

In Q1 2018, growth in retail sales in Scotland appears to have been relatively robust across the board, with growth of 0.5% for both small and large sized retailers.

Of course, care should be taken in making too much of one set of quarterly results. And as the chart below shows, retail sales in Scotland have been tracking behind the UK for a number of years now.

Scottish and GB retail sales since 2014



Source: Scottish Government

But with trade disrupted for a couple of days in March, this suggests that retail activity in Scotland has remained robust. In the past retail activity has tended to fall during periods of bad weather but bounce back strongly in [subsequent periods](#).

They also contrast with the somewhat downbeat results of some recent business surveys such as the [Royal Bank of Scotland Scottish Business Monitor](#) (which showed the weakest volume of business in two years) and the [Bank of Scotland PMI](#) (which whilst returning to positive territory in March had been weak for a number of months).

Today's results are however, more consistent with the latest results of the [Scottish Chambers of Commerce survey](#), which had identified a pick-up in optimism in the Scottish retail sector in recent times.

What this means for overall Scottish growth we'll have to wait and see when the figures are published in June. But if the rest of the economy has held up just as well, then there is the

Retail sales in Scotland - resilient to the beast from the east?

potential for a more positive quarter than we have seen in recent times even in despite of the bad weather.