Statistical bulletin

Faster indicators of economic activity, UK: February 2020

This is a timely release of new, faster indicators of economic activity constructed from novel data sources.

Notice

23 March 2020

In the future, these estimates will be still be available on a monthly basis. However, they will be included in the weekly faster indicators release. This means that the monthly data scheduled to be released on 23 April 2020 will be released on that date but will be packaged in the weekly faster indicators release instead.

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1 . Main points

- In January 2020, the month-on-month turnover diffusion index for the all-industry indicator showed a strong increase, with 52% of businesses reporting an increase in turnover; the corresponding index for expenditure was the same in January 2020 as it was in December 2019.

- Construction had a large decrease in its diffusion index, with only 36% of businesses reporting an increase in turnover in February 2020.

- The number of new Value Added Tax (VAT) reporters increased slightly in February 2020.

- In February 2020, of the available industry sectors, agriculture had a large increase in its diffusion index, with 66% of businesses reporting an increase in turnover.

- The number of large vehicles (over 11.66 metres) on major roads in England fell slightly in January 2020.

- The number of ship visits to UK ports and port traffic both decreased in February 2020 compared with January 2020.

2 . Value Added Tax (VAT) returns

VAT heatmap

The heatmap is a visualisation of the diffusion indices that can be useful for identifying patterns in the VAT data.

The VAT indices are colour coded based on their standard deviation from the mean across the time series. Larger deviations are more darkly coloured, with red representing negative change and teal representing positive change.

Only three industries have enough reporters to be able to compile monthly diffusion indices within a month of the reporting period (February 2020 in this release):

- agriculture, forestry and fishing

- construction

- wholesale and retail trade

Monthly diffusion indices for other industries and the all-industries measure, containing many more VAT reporters, are available up to January 2020 in this release.

Quarterly data are not yet available for 2020.

Figure 1: In February 2020, agriculture was higher than average when compared to the previous month, and construction and retail were higher than average when compared to the same month a year ago

When compared with the previous month (month-on-month), in February 2020 the agriculture diffusion index was significantly higher than its historical average, the construction index was lower than its historical average and retail was around its historical average.

Relative to the same month a year ago (month-on-year-ago), the agriculture diffusion index was around its historical average, and the indices for construction and wholesale and retail were higher than their historical averages.

The January 2020 diffusion index for all industries shows that month-on-month was slightly higher than its historical average and month-on-year-ago was slightly lower.

February monthly data

Only wholesale and retail trade, construction, and agriculture have monthly VAT diffusion indices for February 2020 in this release. Note that the number of VAT reporters in the latest period will be considerably smaller than the number of reporters in the previous periods and will be revised in subsequent releases. These early estimates can be volatile until they are revised next month.

Figure 2: The turnover diffusion index for agriculture increased in February 2020, while construction decreased

Month-on-month turnover diffusion indices, seasonally adjusted, February 2020

Figure 2: The turnover diffusion index for agriculture increased in February 2020, while construction decreased

Month-on-month turnover diffusion indices, seasonally adjusted, February 2020

Index, >0 means more firms reported an increase on previous period than a decrease
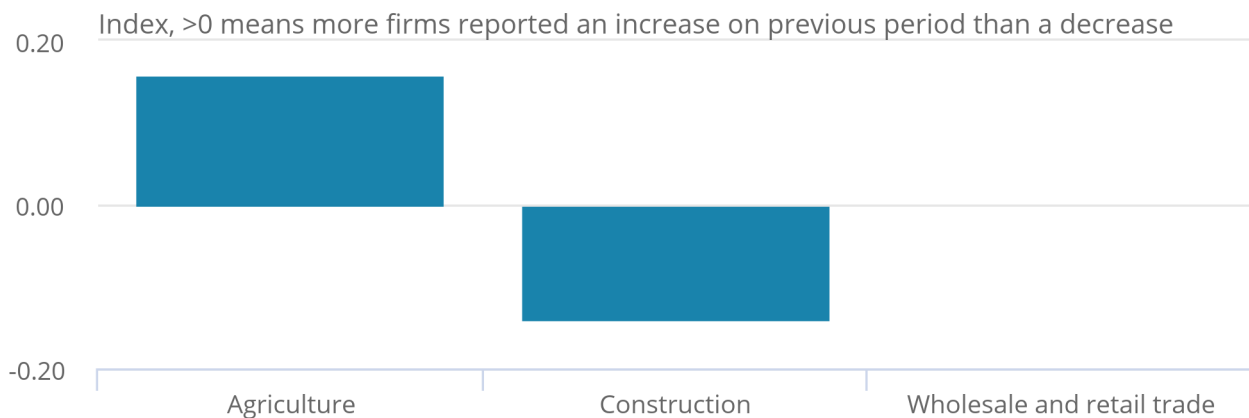
Source: HM Revenue and Customs – Value Added Tax returns

Notes:

1. All industries are unweighted: each firm contributing to the index has the same weight regardless of turnover, size or industry.

2. Data in the latest period is provisional, and is likely to be revised in subsequent releases.

Figure 2 shows the provisional (month one) estimates for February 2020.

Of the available sectors, agriculture had a large increase in its diffusion index, to 0.16, while construction had a large decrease, to negative 0.14. Wholesale and retail remained stable at 0.00.

Figure 3: The number of new VAT reporters decreased in February 2020

Number of new VAT reporters, seasonally adjusted, all industries, January 2015 to February 2020

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Number of new VAT reporters, seasonally adjusted, all industries, January 2015 to February 2020
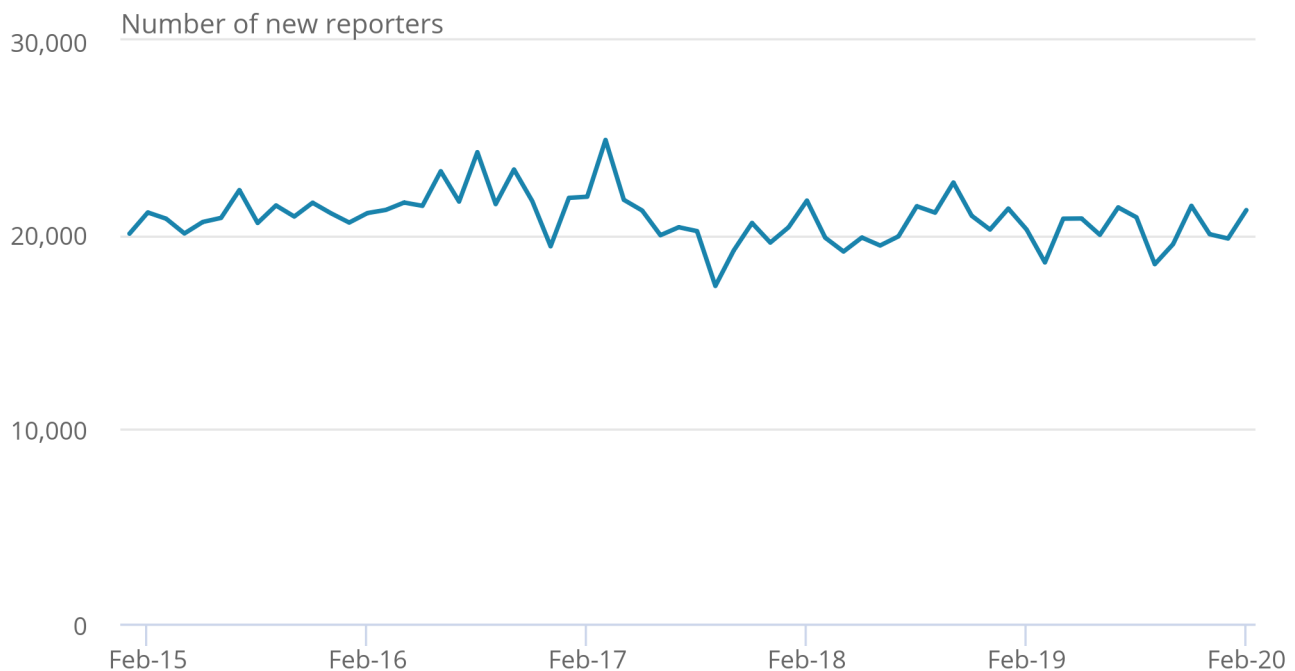
Source: HM Revenue and Customs – Value Added Tax returns

These data relate to the number of new businesses that have registered for VAT in this period, and they are thought to relate to the overall creation of and increase in business activity in the economy. The number of new VAT reporters increased by 1,460 in February after a fall in January.

January monthly data

All-industry data are available for January 2020.

It should be noted that monthly data are biased towards industries that make monthly repayment claims. Therefore, the all-industry figures are not necessarily representative of the entire economy. More information on the use of VAT data can be found in this separate article.

Figure 4: The all-industry month-on-month turnover diffusion index showed a strong increase in January 2020

Month-on-month turnover and expenditure diffusion indices, seasonally adjusted, January 2019 to January 2020

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Month-on-month turnover and expenditure diffusion indices, seasonally adjusted, January 2019 to January 2020

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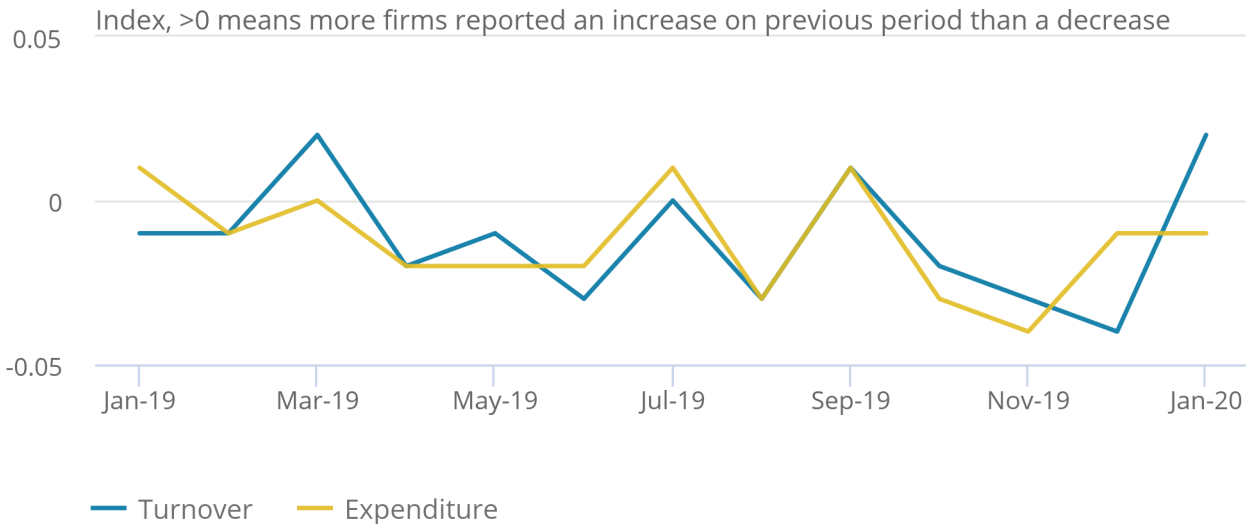
Source: HM Revenue and Customs – Value Added Tax returns

Notes:

1. All industries are unweighted: each firm contributing to the index has the same weight regardless of turnover, size, or industry.

The month-on-month turnover diffusion index was positive in January 2020 for the first time since September 2019, with a strong movement to 0.02. The index for expenditure remained the same as in December 2019, at negative 0.01.

Within the industrial sectors, the greatest increase in turnover was seen in mining and quarrying, at 0.09, and the largest decrease was in other service activities, at negative 0.10.

The greatest increase in the expenditure index was in human health and social work, at 0.05, and the largest decreases were seen in mining and quarrying and public administration and defence, both at negative 0.08.
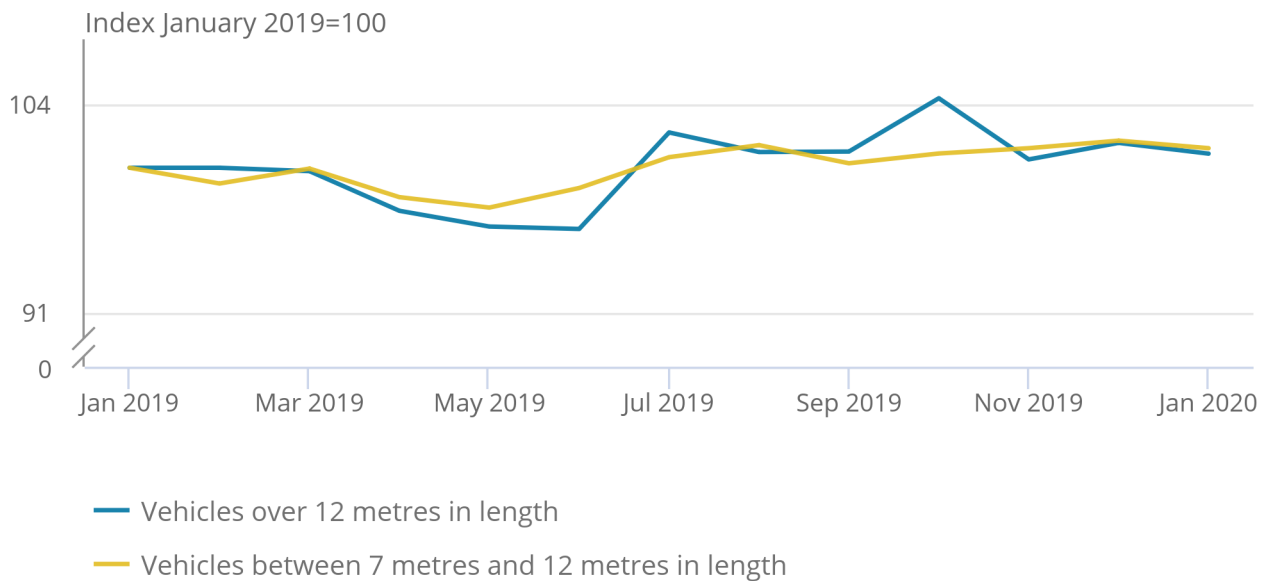
3 . Road traffic

Figure 5: The number of large vehicles on English roads fell in January 2020

Index of average road traffic counts, January 2019 = 100 , seasonally adjusted, January 2019 to January 2020

Figure 5: The number of large vehicles on English roads fell in
January 2020

Index of average road traffic counts, January 2019 = 100 , seasonally adjusted, January
2019 to January 2020

Source: Highways England – Road traffic sensor data

We expect larger vehicles (over 6.6 metres in length) such as lorries to be more closely related to the movement of goods than smaller vehicles (such as cars), as found in [Faster indicators of UK economic activity: road traffic data for England](#).

In January 2020, the average traffic counts of large vehicles on major roads in England remained relatively stable. The counts of vehicles over 11.66 metres fell very slightly by negative 0.66%, and those between 6.6 metres and 11.66 metres fell by negative 0.46%.

4 . Shipping

This section discusses the shipping indicators based on counts of all vessels, cargos and tankers to February 2020. We have also published [weekly exactEarth shipping data](#) for cargo and tankers for March 2020.

The data for shipping presented here are not comparable with those given in previous releases. Following a review, we have changed the source of these data and improved the methodology used to produce them. We aim to increase the length of these time series in future releases.

As this is the first time we have published shipping data for the most recent complete calendar month, we have not yet determined the magnitude of any future revisions to this period. Users should therefore treat the February data with caution.
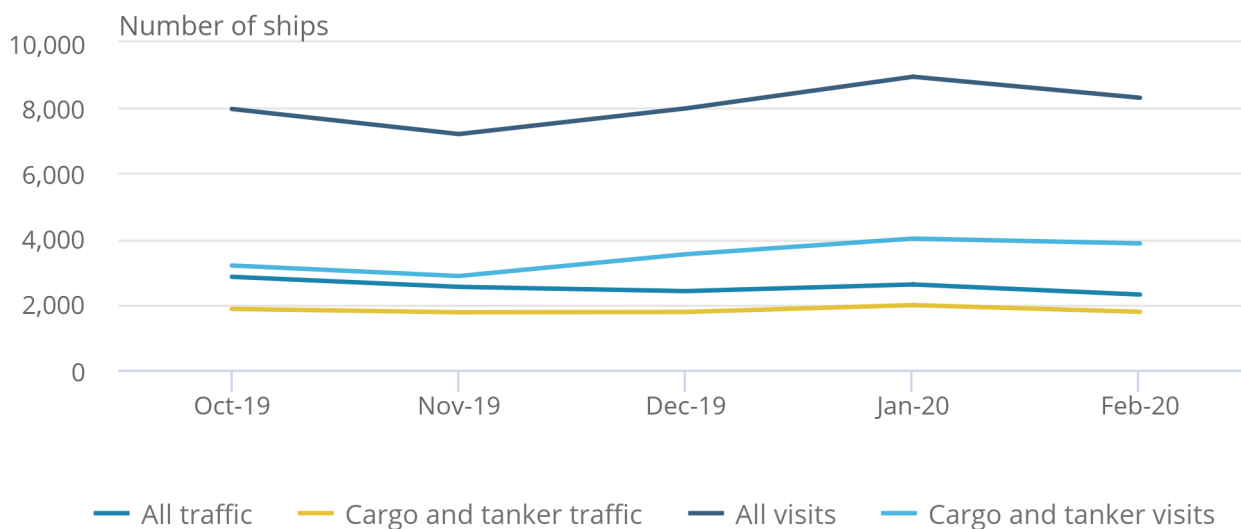
As discussed in [Faster indicators of UK economic activity: shipping](#), we expect the shipping indicators to be related to the import and export of goods.

Figure 6: The number of visits to UK ports and port traffic both decreased in February 2020 compared with January 2020

Number of visits to UK ports and port traffic (number of unique ships), non-seasonally adjusted, October 2019 to February 2020

Figure 6: The number of visits to UK ports and port traffic both decreased in February 2020 compared with January 2020

Number of visits to UK ports and port traffic (number of unique ships), non-seasonally adjusted, October 2019 to February 2020

Number of ships

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20

Legend: All traffic — Cargo and tanker traffic — All visits — Cargo and tanker visits

Source: exactEarth

In February 2020, compared with January 2020, the total number of ship visits to UK ports decreased by 7.17%, of which cargo and tanker visits decreased by 3.70%. Total port traffic decreased by 11.83% for all ships and decreased by 10.39% for cargos and tankers.

5 . Faster indicators data

Economic activity, faster indicators, UK
Dataset | Released 24 March 2020
Data on shipping, road traffic, and Value Added Tax (VAT) data from HM Revenue and Customs (HMRC).

Weekly shipping indicators
Dataset | Released 19 March 2020
Weekly shipping data for the UK, associated with the faster indicators of UK economic activity.

6 . Glossary

Diffusion index

The diffusion index tracks the growth in turnover and expenditure of firms. It is constructed to lie between negative one and one. For example, if all firms report an increase in turnover or expenditure in the latest period relative to the base period, the index would be one.

Expenditure

The spending of resources for use in business processes.

Turnover

The turnover of a company is the value of the goods or services sold during a particular time period.

Value Added Tax (VAT)

VAT-registered businesses must charge VAT on their goods or services and may reclaim any VAT they have paid on business-related goods or services, which must be reported to HM Revenue and Customs (HMRC) via a VAT Return.

7 . Measuring the data

Release notice

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Methodology

A full Quality and Methodology Information (QMI) report is currently in development for this release. In the meantime, quality and methodology information can be found in [Faster indicators of UK economic activity](#).

Previous releases

This is the first faster indicators of UK economic activity release as a statistical bulletin. [Previous faster indicators releases](#) are available as Research Outputs on the Office for National Statistics (ONS) website.

8 . Strengths and limitations

This release, along with [previous faster indicators releases](#), are part of the [faster indicators of UK economic activity](#) project and are not [official statistics](#). However, this release is still in development.

It should be noted that these indicators are not intended to be an early measure or predictor of gross domestic product (GDP), and their potential relationship with headline GDP should be interpreted with caution. Instead, they provide an early picture of a range of activities that are likely to have an impact on the economy, supplementing official economic statistics.

9 . Related links

[Faster indicators of UK economic activity](#)
Article | Released 24 October 2019
Describes the aims of the faster indicators project.

[Faster indicators of UK economic activity: Value Added Tax returns](#)
Article | Released 18 March 2019
Initial research into the Value Added Tax (VAT) data for the UK.

[Faster indicators of UK economic activity: road traffic data for England](#)
Article | Released 18 March 2019
Initial research into the road traffic data for the UK.

[Faster indicators of UK economic activity: shipping](#)
Article | Released 18 March 2019
Initial research into the shipping data for the UK.

[Faster indicators of UK economic activity: more timely and relevant shipping indicators](#)
Article | Released 19 November 2019
An update on research into the shipping data for the UK.