

Article

Coronavirus and the impact on output in the UK economy: March 2021

Analysis of growth for the production, services and construction industries in the UK economy between February 2020 and March 2021, highlighting the impact from the coronavirus (COVID-19) pandemic.

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1 . Main points

- Monthly gross domestic product (GDP) grew by 2.1% in March 2021, but remained 5.9% below its level in February 2020, which was the most recent month not affected by the coronavirus (COVID-19) pandemic.
- The rise in GDP was led by a month-on-month rise of 1.9% in services in March 2021, but this sector remained 7.2% below its February 2020 level; the monthly rise in services was led by the education sector (contributing 0.54 percentage points of the growth).
- Monthly production grew by 1.8% between February 2021 and March 2021, but remained 1.8% below its February 2020 level; the monthly rise in production was led by manufacturing (contributing 1.51 percentage points of the growth).
- Monthly manufacturing grew by 2.1% between February 2021 and March 2021, but remained 2.2% below its February 2020 level; the monthly rise was led by manufacturing of machinery and equipment not elsewhere classified.
- Monthly construction grew by 5.8% between February 2021 and March 2021, meaning it was 2.4% above its February 2020 level.

2 . Growth in components of output

This article presents growth in output for component industries of gross domestic product (GDP) since the start of the coronavirus (COVID-19) pandemic, and discusses factors driving change in March 2021.

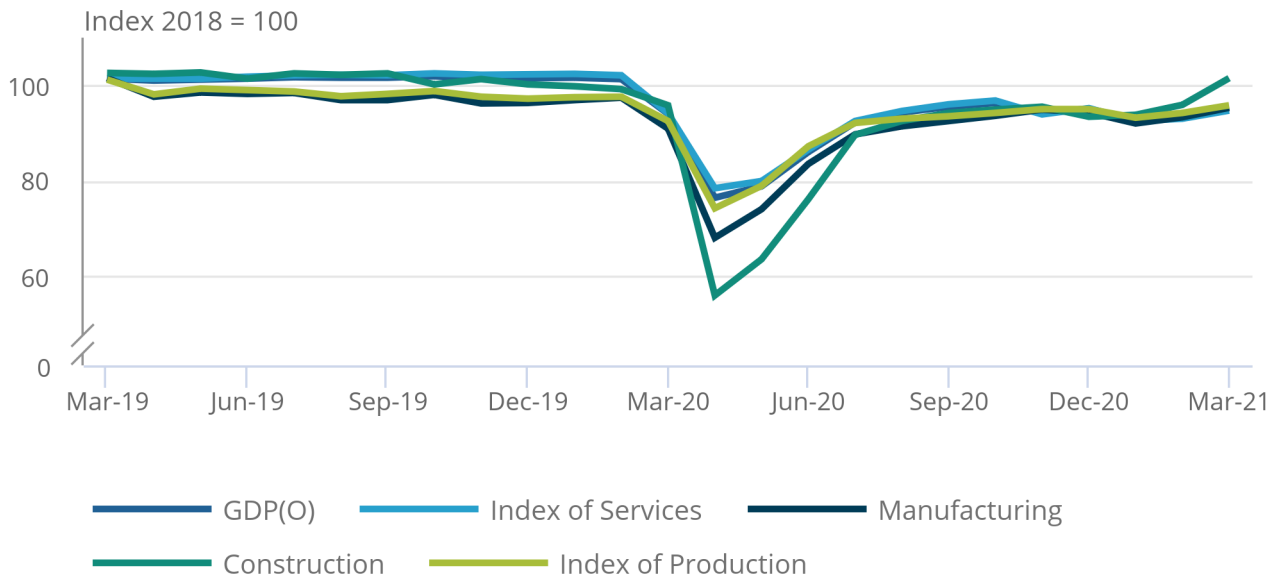
Although construction was initially affected most by the coronavirus pandemic, it has now recovered more strongly than the other components of GDP.

Figure 1: Monthly GDP was 5.9% below the February 2020 level

Monthly gross domestic product and components index, seasonally adjusted, UK, March 2019 to March 2021

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Monthly gross domestic product and components index, seasonally adjusted, UK, March 2019 to March 2021



Source: Office for National Statistics – Monthly gross domestic product

Notes:

1. Be mindful of a break in the side axis when interpreting this chart.

3 . Services industries

Monthly services output increased by 1.9%, and 10 of the 14 services sectors saw growth (Figure 2). Services in March 2021 was 7.2% below its February 2020 level.

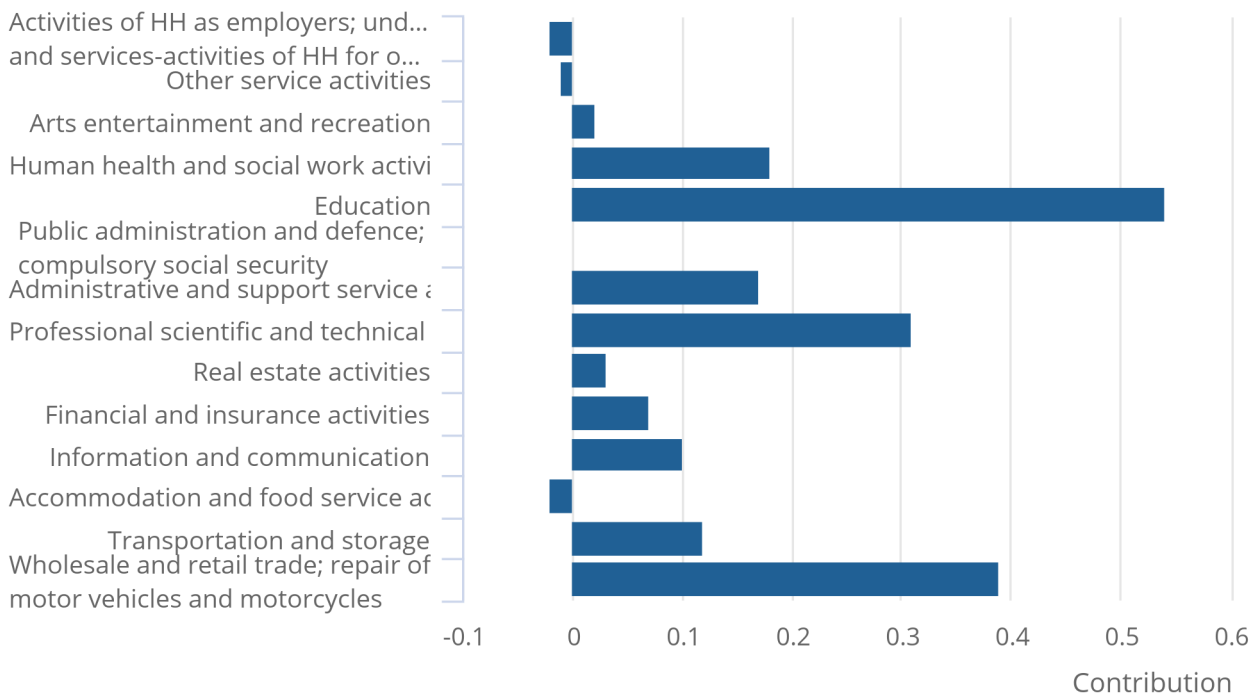
The monthly growth was led by education; wholesale and retail trade, and repair of motor vehicles and motorcycles; and professional, scientific and technical activities.

Figure 2: Easing of restrictions around education led to a rise in services activities in March 2021

Services sectors, contribution to growth, seasonally adjusted, UK, March 2021

Figure 2: Easing of restrictions around education led to a rise in services activities in March 2021

Services sectors, contribution to growth, seasonally adjusted, UK, March 2021



Source: Office for National Statistics – Index of Services

Notes:

1. Parts might not sum to total because of rounding.

Education

Education grew by 8.6% in March 2021, although this meant that output was still 14.3% weaker than its February 2020 level. The growth in education output was driven by the reopening of schools.

Further details on the improvements we have made in [measuring education output during the pandemic](#), such as by including the impact of remote learning activities, can be found in our blog on this subject.

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- View [all economic data](#).

Wholesale and retail trade, and repair of motor vehicles and motorcycles

This sector grew by 2.9% in March 2021, although output was 4.1% weaker than its February 2020 level.

The biggest contributor to the increase in the output of this sector was retail trade, except of motor vehicles and motorcycles, which saw growth of 5.4% in March 2021. Wholesale trade, except of motor vehicles and motorcycles, saw growth of 1.3%. Wholesale and retail trade and repair of motor vehicles saw a decline of 2.0%, driven by [weaker than usual car sales during March 2021](#), which is usually a very strong month following the release of new car registration plates.

Further information on retail sales can be found in our [Retail sales, Great Britain: March 2021](#) release.

Professional, scientific and technical activities

The professional, scientific and technical activities sector grew by 2.9% in March 2021 meaning it was only 0.2% below its February 2020 level. The growth in this sector was led by advertising and market research, which grew by 9.2%.

Growth in this sector was also impacted by a 3.3% monthly increase in the accounting, bookkeeping and auditing activities sub-industry, which is now 10.0% above its February 2020 level.

Human health and social work activities

The human health and social work activities sector grew by 1.7% in March 2021. Output in this sector in March 2021 was 1.0% above its February 2020 level.

The monthly growth was led by a 2.6% increase in the human health activities industry, which meant output was 2.0% above its February 2020 level. This is the first time it has surpassed this level, and the increase was driven primarily through increased spending on vaccines and test and trace activity.

4 . Production industries

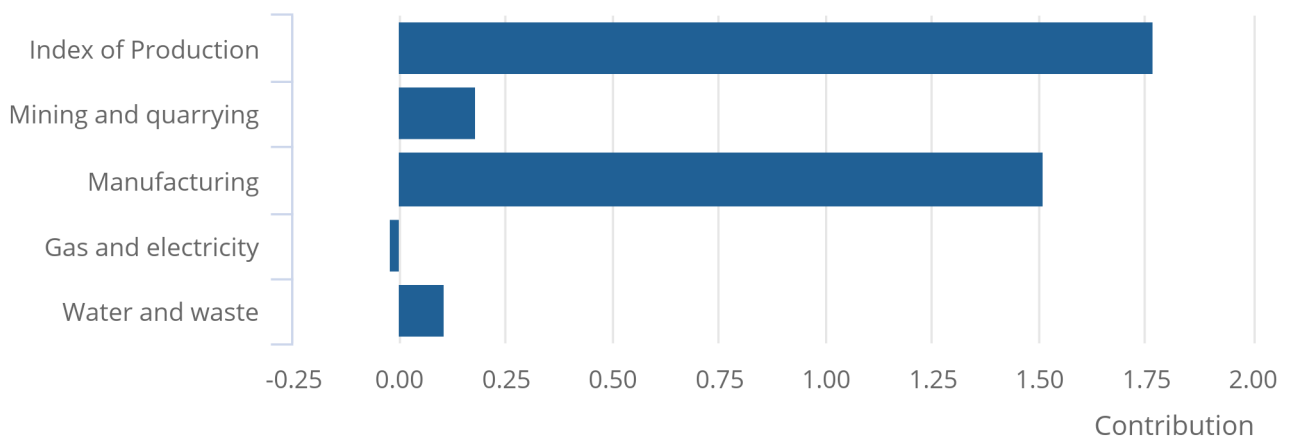
Production output increased by 1.8% during March 2021, mainly because of a strong contribution from manufacturing (Figure 3). Production in March 2021 was 1.8% below its February 2020 level.

Figure 3: Monthly production output was led by manufacturing

Index of production and main sectors, contribution to Index of Production, seasonally adjusted, UK, March 2021

Figure 3: Monthly production output was led by manufacturing

Index of production and main sectors, contribution to Index of Production, seasonally adjusted, UK, March 2021



Source: Office for National Statistics – Index of Production

Notes:

1. Parts may not sum because of rounding.

Manufacturing

Manufacturing output rose by 2.1% during March 2021, the strongest monthly rise since July 2020; 10 of the 13 subsectors displayed upward contributions, led by machinery and equipment not elsewhere classified.

Output remains 2.2% below its February 2020 level, with the manufacture of coke and refined petroleum products showing the largest reduction in growth (Table 1).

Table 1: Summary of manufacturing growth for March 2021

Manufacturing subsectors, percentage growth and contributions to GDP growth, seasonally adjusted, UK, March 2021

Manufacturing subsector	Monthly percentage growth	Percentage growth since February 2020	Contribution to March 2021 GDP
CA:Manufacture of Food products, beverages and tobacco	0.9	-5.6	0.02
CB:Manufacture of textiles, wearing apparel and leather products	6.8	9.8	0.03
CC:Manufacture of wood and paper products, and printing	1.2	-3.4	0.01
CD:Manufacture of coke, and refined petroleum products	7.1	-22.9	0.01
CE:Manufacture of chemicals and chemical products	0.0	9.9	0.00
CF:Manufacture of basic pharmaceutical products and pharmaceutical preparations	1.2	6.3	0.01
CG:Manufacture of rubber and plastics products, and other non-metallic mineral products	3.4	5.0	0.03
CH:Manufacture of basic metals and metal products	3.1	-4.9	0.03
CI:Manufacturing of computer, electronic and optical products	5.5	8.2	0.04
CJ:Manufacture of electrical equipment	-1.9	5.6	-0.01
CK:Manufacture of machinery and equipment n.e.c.	8.3	4.6	0.06
CL:Manufacture of transport equipment	-1.3	-17.9	-0.02
CM:Other manufacturing and repair	0.4	-4.0	0.00

Source: Office for National Statistics - Index of Production

However, manufacturing remained far more resilient to the current lockdown restrictions than earlier ones, in part because of the health and safety measures put in place to allow businesses to continue trading.

Wearing apparel

Growth in this industry saw a monthly increase of 18.6%, bringing it above its February 2020 level. Our [Retail sales, Great Britain: March 2021](#) release reported strong growth in sales in clothing stores following publication of the government's plan to begin to ease lockdown restrictions. Therefore, it is likely that the increase in manufacture of wearing apparel was to satisfy the demand from clothing stores.

It is also likely that this was why the manufacture of leather and related products industry (which includes footwear, luggage, and handbags) saw monthly growth of 10.8%.

Cement and concrete

The manufacture of cement, lime, plaster, and concrete sub-industry saw monthly growth of 7.9%, which is likely tied to the strong growth in the construction industry. Other sub-industries that are also related directly to the construction industry saw strong growth such as the manufacture of glass, refractory products, and clay building materials; and the manufacture of iron and steel. The only construction-facing industry not to see positive growth was the manufacture of wood products.

Transport equipment

This subsector remained significantly weaker than its February 2020 level, led by weak output from the aircraft, spacecraft and related machinery sub-industry, as a result of the widely-reported negative impact on global civil aviation. There was also longer-term weakness in the manufacture of motor vehicles, trailers and semi-trailers.

Manufacturing demand split by domestic and export turnover

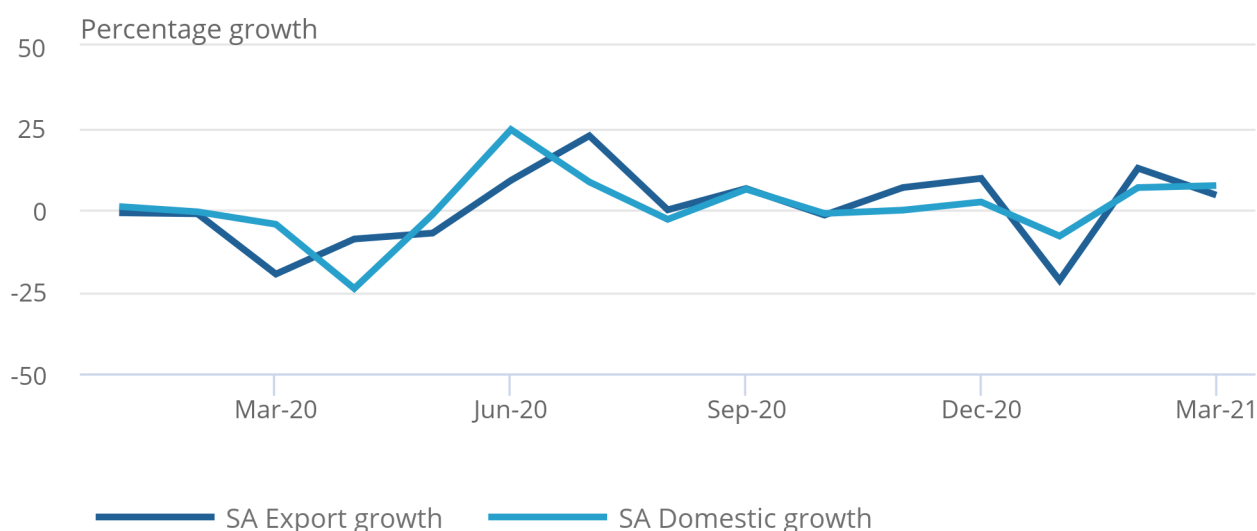
March 2021 saw manufacturing export sales grow at a weaker rate than domestic manufacturing sales (Figure 4). This was supported by some responder-led evidence of export-related pressures following the UK's departure from the EU. This is consistent with findings in our [Business insights and impacts on the UK economy release](#), which explains that from 8 to 21 March, 71% of manufacturers currently trading who had also exported in the last 12 months, reported how additional paperwork was their biggest challenge when exporting, compared with their normal expectations.

Figure 4: There was a slightly stronger growth in domestic manufacturing sales compared with exports during March 2021

Total manufacturing, export and domestic monthly turnover growth, current price, UK, seasonally adjusted, January 2020 to March 2021

Figure 4: There was a slightly stronger growth in domestic manufacturing sales compared with exports during March 2021

Total manufacturing, export and domestic monthly turnover growth, current price, UK, seasonally adjusted, January 2020 to March 2021



Source: Office for National Statistics - Index of Production

5 . Construction

[Monthly construction output](#) grew by 5.8% in March 2021 compared with February 2021, which was the largest increase in monthly growth since July 2020, when output grew by 17.8%.

Construction has now exceeded its pre-pandemic level, with growth 2.4% above that of February 2020. While repair and maintenance was 7.7% above its pre-pandemic level, new work remains 0.5% below. Anecdotal evidence suggested [unusually warm weather](#) (PDF, 59KB), delayed projects returning to sites, and a general increase in demand and confidence across the industry were contributing factors to the large monthly increase in construction output.

6 . Data sources and quality

The Monthly Business Survey (MBS) is the primary data source for 75% of production industries and 50% of services industries. This is an online questionnaire where businesses are asked to provide their turnover and, if they are within manufacturing, export turnover.

Survey response

Response by turnover for services industries in March 2021 was 79.8%, up on the 79.0% achieved in March 2020 (see [Historical MBS \(services\) response rates](#)).

Response by turnover for production industries in March 2021 was 83.2%, up on the 71.7% achieved in March 2020 (see [MBS \(production\) response rates](#)).

The response by turnover for the construction industries for March 2021 was 74.8% (see [the Construction output in Great Britain: March 2021 release](#)).

Other data sources

Other data are primarily sourced from the Office for National Statistics (ONS) (for example, government expenditure, household expenditure and financial corporations expenditure) but also other bodies such as the Department for Transport, the Civil Aviation Authority and the Department for Business, Energy and Industrial Strategy. These account for 50% of services industries and 25% of production industries. We are also able to gain information from these data providers regarding monthly changes in their data.

We also use the fortnightly Business Insights and Conditions Survey (BICS) as part of our quality assurance and validation process.

7 . Related links

[GDP monthly estimate, UK: March 2021](#)

Bulletin | Released 12 May 2021

Gross domestic product (GDP) measures the value of goods and services produced in the UK. It estimates the size of and growth in the economy and includes the Index of Production, Index of Services and construction output in Great Britain.

[Construction output in Great Britain: March 2021](#)

Bulletin | Released 12 May 2021

Short-term measures of output by the construction industry in Great Britain and contracts awarded for new construction work in Great Britain.

[Index of Production, UK: March 2021](#)

Bulletin | Released 12 May 2021

Movements in the volume of production for the UK production industries: manufacturing, mining and quarrying, energy supply, and water and waste management.

[Index of Services, UK: March 2021](#)

Bulletin | Released 12 May 2021

Monthly movements in output for the services industries.

[Coronavirus and the latest indicators for the UK economy and society: 6 May 2021](#)

Bulletin | Released 6 May 2021

Early experimental data on the impact of the coronavirus (COVID-19) pandemic on the UK economy and society. These faster indicators are created using rapid response surveys, novel data sources and experimental methods.

[Coronavirus \(COVID-19\) latest data and analysis](#)

Web page | Updated as and when data become available

Latest data and analysis on the coronavirus (COVID-19) pandemic in the UK and its effect on the economy and society.

[Meeting the challenge of measuring the economy through the coronavirus pandemic](#)

Blog | Released 6 May 2020

The new challenges we face in terms of data collection during the coronavirus (COVID-19) pandemic.