



## Short-Term Output Indicators for Wales: July to September 2020

28 January 2021  
SFR 22/2021

These estimates cover July to September 2020 which was during the coronavirus (COVID-19) pandemic. Annual estimates are also included which relate to six months prior to, and six months of the pandemic period. Care should be taken when interpreting these indices – estimates for individual quarters can fluctuate and it is recommended that emphasis is based on longer term trends. Estimates for Wales are typically more volatile than for the UK and therefore comparisons between Wales and the UK should be treated with caution. The full series has also been reweighted based on 2018 GVA weights (previously 2016 weights). While this has resulted in a shift across most industries, there has been no large impact on growth rates.

### 1. Background and Key Points

All three indices decreased on an annual basis (the latest four quarters compared to the previous four quarters) for both Wales and the UK. On a quarterly basis, the indices showed considerable increases, which is likely a reflection of the easing of restrictions over the summer months. This follows the largest quarterly decreases on record during April to June 2020.

#### Index of Market Services

- On an annual basis, the index of market services **decreased** by 7.2% in both Wales and the UK. These are the largest falls since the series began.
- Compared to the previous quarter, the index of market services **increased** by 15.4% in Wales and by 15.1% in the UK.

#### Index of Production

- Comparing to the previous year, the Index of Production **decreased** by 4.0% in Wales and by 7.8% in the UK.
- Comparing to the previous quarter, the index of Production **increased** by 15.9% in Wales and by 14.7% in the UK.

#### Index of Construction

- The Index of Construction **decreased** by 10.7% in Wales and by 11.4% on an annual basis.
- Compared to the previous quarter, the index of construction **increased** by 40.5% in Wales and by 44.6% in the UK.

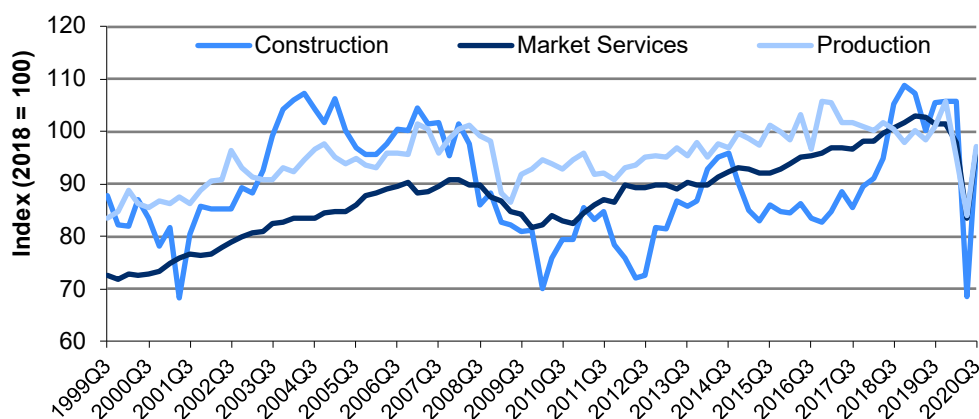
### About this release

The indices of market services, production and construction for Wales are quarterly indices showing short term movements in the output of companies in the market services, production and construction sectors within Wales. This release includes data up to September 2020.

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**Chart 1.1: Summary of Short Term Output Indicators**



Source: Short-term output indicators, WG and ONS

## Impact of coronavirus on short term output indicators

The latest estimate for [UK gross domestic product](#) (GDP) published by the Office for National Statistics (ONS) for July to September 2020 estimated the largest increase since quarterly records began in 1955. This suggests some recovery following the previous quarter's record decrease, though GDP remains below pre-pandemic levels. The ONS release also [describes](#) how the recent growth in the UK economy reflects the easing of lockdown restrictions in the third quarter as well as some recovery of activity following the sharp contraction in April 2020.

However, there is typically a large element of volatility in these estimates and another impact of the pandemic, as described by ONS, has been the impact on data collection which might have a greater impact on the Welsh series. Although, response rates in Wales this quarter have increased with most industries above the target response rate ([see section 7.2](#)).

This data is one part of the picture of how coronavirus is impacting the Welsh economy. Other data sources such as the latest [labour market indicators](#), the [Business Impact of Coronavirus Survey](#) and estimates of [Welsh goods exports](#) also give an indication of the scale of the impact.

## Summary of Indices

The index of production, the index of construction and the index of market services are three separate indices. The index of production covers sections B to E of the Standard Industrial Classification (SIC) 2007, the index of construction covers section F and the index of market services covers sections G to N and R to T:

<b>Section B: Mining and Quarrying</b>	Index of Production
<b>Section C: Manufacturing</b>	
<b>Section D: Electricity, Gas, Steam and Air Conditioning Supply</b>	
<b>Section E: Water Supply; Sewerage, Waste Management and Remediation Activities</b>	
<b>Section F: Construction</b>	Index of Construction
<b>Section G: Distribution</b>	Index of Market Services
<b>Section H: Transport</b>	
<b>Section I: Accommodation and Food Service Activities</b>	
<b>Section J: Information and Communication Activities</b>	
<b>Section K: Financial and Insurance Activities</b>	
<b>Section L: Real Estate Activities</b>	
<b>Section M: Professional, Scientific and Technical Activities</b>	
<b>Section N: Administrative and Support Service Activities</b>	
<b>Sections R, S &amp; T: Other Services</b>	

The Index of Production is composed of three sub-indices, the largest of which is Manufacturing which accounts for 79.5%. Electricity, Gas and Water Supply accounts for 19.5% and Mining and Quarrying for 1.0%.

The largest components within Manufacturing are Transport Equipment and, Food, Beverages and Tobacco accounting for 15.6% and 14.7% of Manufacturing, respectively. The smallest component within Manufacturing is Textiles, Wearing Apparel & Leather accounting for 1.2% of Manufacturing.

The largest industries within the Index of Market Services for Wales are Real Estate Activities and Distribution accounting for 26.5% and 20.9% respectively. The smallest industries are Transport (accounting for 6.4%) and Other Services (accounting for 6.6%). For further information on these industry sections and sub-sectors see [Appendix A](#).

Table 1.1 shows the index of production, index of construction and the index of market services for Wales. Percentage changes are provided to show the change over the latest year and the latest quarter for Wales and the UK.

**Table 1.1: Seasonally Adjusted Indices of Output for Wales <sup>(1)</sup>**
*(2018 = 100)*

	2019		(r)			2020		(r)	Q3		Latest percentage change			
											4 qtrs to previous 4 qtrs		qtr to previous qtr	
	Q3	(r)	Q4	(r)	Q1	(r)	Q2	(r)	Q3		Wales	UK <sup>(2)</sup>	Wales	UK <sup>(2)</sup>
<b>PRODUCTION</b>	<b>101.0</b>		<b>105.8</b>		<b>95.0</b>		<b>83.9</b>		<b>97.3</b>		<b>-4.0</b>	<b>-7.8</b>	<b>15.9</b>	<b>14.7</b>
Manufacturing	102.2		107.2		95.0		82.2		94.7		-5.6	-9.7	15.2	19.5
Mining and Quarrying	116.0		111.7		115.8		96.0		112.9		-0.3	-5.3	17.6	-0.4
Electricity, Gas and Water Supply <sup>(3)</sup>	95.3		100.2		94.1		89.9		106.5		2.9	-2.0	18.4	6.4
<b>CONSTRUCTION</b>	<b>105.4</b>		<b>105.7</b>		<b>105.8</b>		<b>68.5</b>		<b>96.2</b>		<b>-10.7</b>	<b>-11.9</b>	<b>40.5</b>	<b>41.2</b>
<b>MARKET SERVICES</b>	<b>101.4</b>		<b>101.5</b>		<b>98.0</b>		<b>83.5</b>		<b>96.4</b>		<b>-7.2</b>	<b>-7.2</b>	<b>15.4</b>	<b>15.1</b>
Distribution	100.2		102.0		97.3		76.7		102.2		-6.7	-6.3	33.2	31.0
Transport	111.4		113.1		103.8		89.8		94.3		-15.5	-13.3	5.0	21.6
Accommodation & Food Service Activities	103.2		95.9		87.0		25.2		84.2		-28.9	-30.7	233.7	385.5
Information & Communication Activities	91.1		94.1		87.2		81.0		93.1		-4.3	-4.2	14.8	4.0
Financial & Insurance Activities	98.5		97.6		93.4		89.1		92.4		-5.0	-2.9	3.8	2.1
Real Estate Activities	99.4		98.2		98.3		97.7		98.4		-2.2	-0.6	0.7	0.7
Activities	116.5		122.0		127.1		115.2		115.2		5.0	-5.3	0.0	9.8
Administrative & Support Service Activities	104.7		108.1		96.7		83.4		90.9		-6.8	-13.5	9.0	16.8
Other Services	94.1		88.4		89.7		59.9		78.4		-18.6	-16.9	30.9	43.7

*Source: Short-term output indicators, WG and ONS*

(1) All series are seasonally adjusted. Please see Table B (Appendix B) for more detail on industrial sectors.

(2) Revisions to the series are normally made each quarter to take account both of more recent information and improved seasonal factors.

(3) UK figures for Production and Market Services as published by the Office for National Statistics on 22 December 2020 and UK figures for Construction as published by the Office for National Statistics on 10 December 2020.

(r) All data prior to 2020 Q3 has been revised since last publication.

## Other sources of economic output statistics

Until recently these short term output indicators (STOI) have been the best and most timely output measures available for the Welsh economy. The Office for National Statistics (ONS) have developed experimental statistics that are conceptually similar to STOI called [GDP for Wales and the English regions](#).

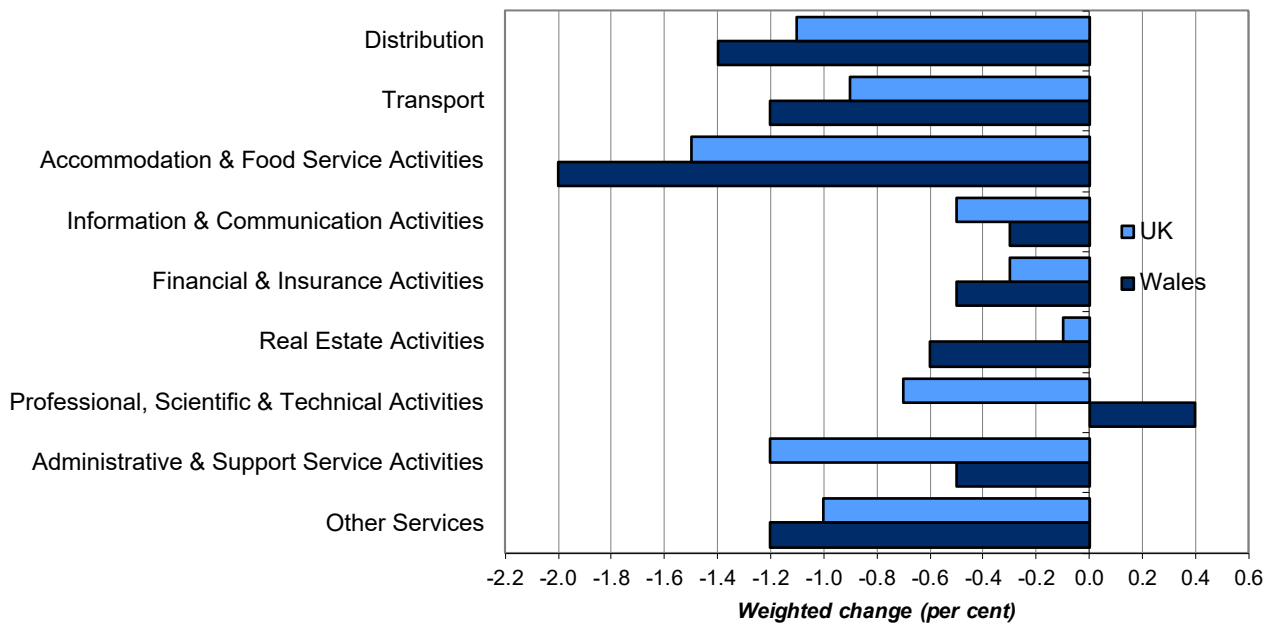
We published a [statistical headline](#) which draws out the key points for Wales, and a [Chief Statistician's update](#) which describes the new statistics in some more detail. More information and comparisons between GDP and STOI can be found in the [key quality information](#) section of this release.

## 2. Index of Market Services: latest changes

This section examines the outputs of each industry within the index of market services and their respective impact on the overall index. The Index of Market Services accounts for approximately 46.0% of the Welsh economy.

Chart 2.1 shows the impact of changes in the sub-sectors on the index as a whole for the latest year (based on weighted data).

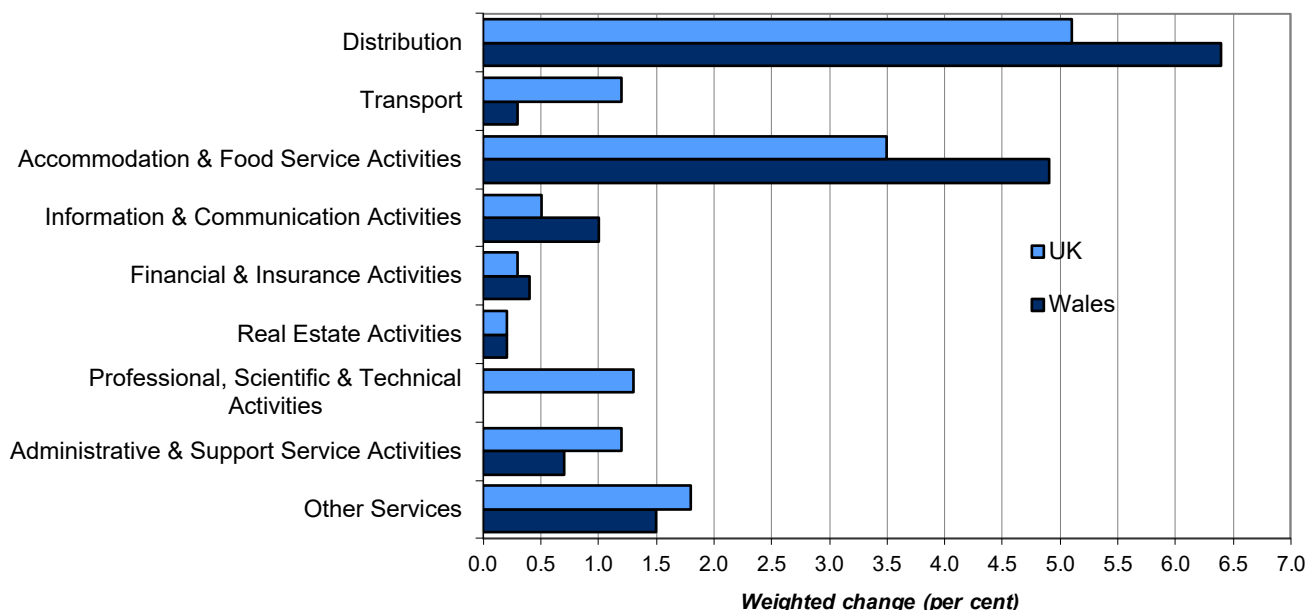
**Chart 2.1: Contribution to the annual percentage change (latest four quarters compared with previous four quarters)**



Source: Short-term Output Indicators, WG and ONS

In Wales, eight of the nine sub-sectors decreased on an annual basis, with only Professional, Scientific and Technical Activities showing growth. All nine sub-sectors decreased in the UK over the same period. Accommodation and Food Service Activities have understandably decreased the most over the last year in Wales and the UK, followed by Distribution, Transport, and Other Services. The UK experienced a much smaller annual decrease in Real Estate Activities when compared to Wales.

**Chart 2.2: Contribution to quarterly percentage change, current quarter compared with previous quarter**



The evidence from charts 2.1 and 2.2 shows that, despite some recovery between July and September 2020, Market Services have not regained levels observed just before the coronavirus pandemic.

Chart 2.2 displays a very different picture to chart 2.1. In Wales, eight of the nine industries have contributed to the Index of Market Services recovery from last quarter's decline, while all nine increased in the UK. Distribution and Accommodation & Food Service Activities have both shown the largest increases, with those sub-sectors contributing more in Wales than the UK. While the UK Government's Eat Out to Help Out scheme in August 2020 had a positive impact, the growth in this sector is largely attributed to the relaxation of lockdown restrictions allowing the reopening of hospitality businesses. All other sub-indices experienced a weighted increase below 2.0% in both Wales and the UK compared to the previous quarter.

While the UK Government's Eat Out to Help Out scheme in August 2020 had a positive impact, the growth in this sector is largely attributed to the relaxation of lockdown restrictions allowing the reopening of hospitality businesses.

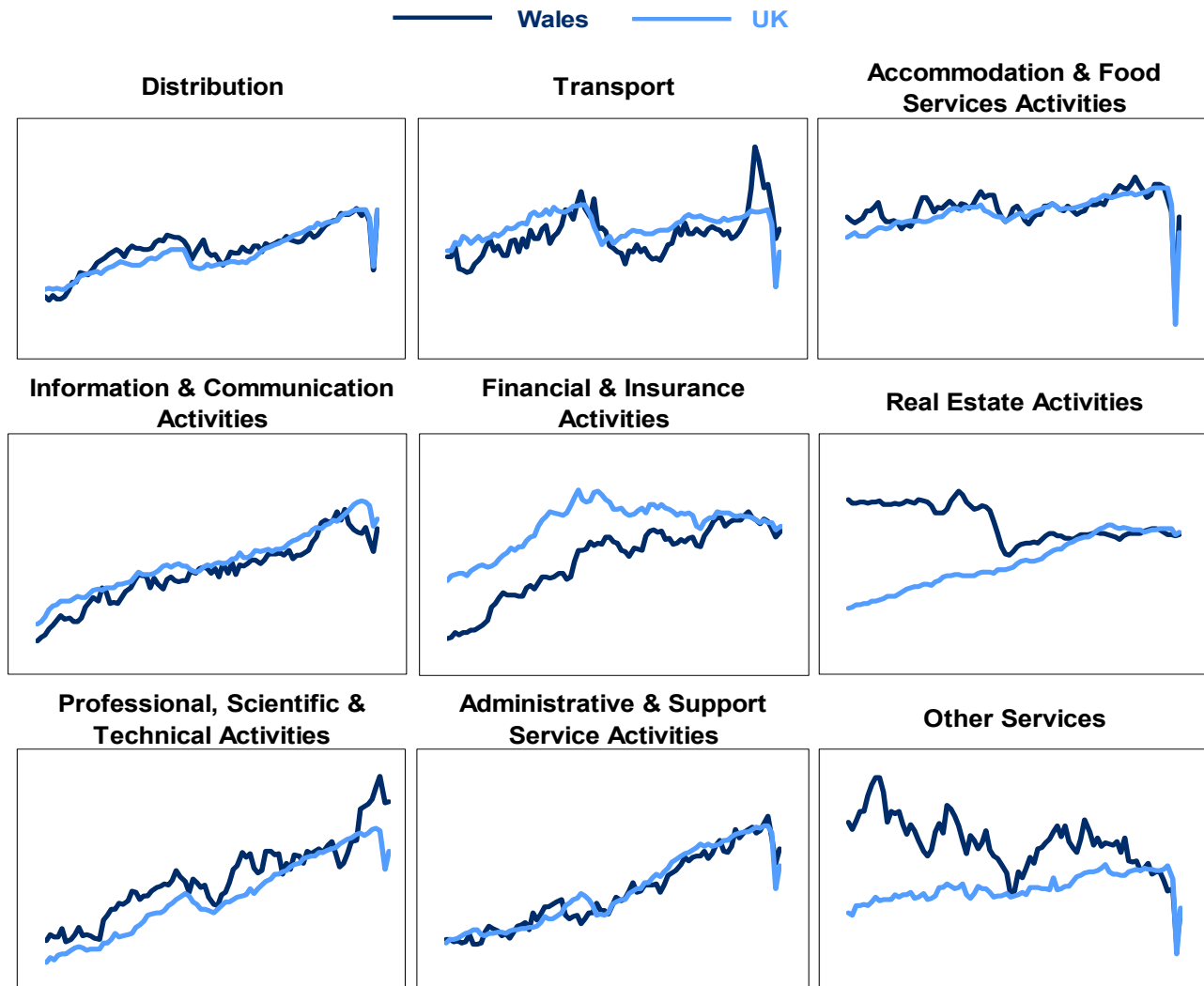
In Wales, Real Estate Activities increased the least, though Professional, Scientific and Technical Activities showed no change compared to the previous quarter. Real Estate Activities also increased the least in the UK, followed by Financial and Insurance Activities.

Estimated changes in Wales are typically larger than for the UK, reflecting the smaller sample sizes in Wales which result in less stable series. This is particularly the case in the short term but longer term trends are regarded as reliable.

### 3. Index of Market Services: industry trends

This section shows changes in output since 1999 for the nine industries which comprise the index of market services. The Welsh results for some industries are more volatile than for the UK equivalents because of smaller survey samples. Table B2 in [Appendix B](#) provides the latest annual and quarterly data for the industries and their sub-sectors. Time series for the index of market services industry sectors and sub-sectors are available on [StatsWales](#).

**Chart 3.1: Market services Sub-indices – 1999 Q3 to 2020 Q3, (2018=100)**



Source: Short-term output indicators, WG and ONS

#### Distribution

The Index of Distribution fell during the 2008-09 recession in Wales and the UK, but both saw an overall increase until the coronavirus pandemic. Comparing the third quarter of 2020 to the previous quarter, the Index of Distribution increased by 33.2% in Wales and by 31.0% in the UK. The Welsh series is now at its second highest point, behind the second quarter of 2019. Whereas, the UK series is at the highest point since 1998.

#### Transport

There was a significant fall in activity in Wales and across the UK during the recession, with the recovery only recently reaching pre-recession peaks. There was a sharp increase in 2019 Q1 and Q2, however most of this largely reflects re-classification of business activity and a change in the

sample, rather than an actual increase in activity. In Wales, the Index of Transport increased by 5.0% in the last quarter, comparing to an increase of 21.6% for the UK. The Index of transport in Wales is above average for the series, but still lower than pre-pandemic levels. Meanwhile, the UK has recovered from the lowest level since the series began last quarter but is still below pre-pandemic values. The biggest contribution within transport stems from 45: Motor Vehicles and Motorcycles (Sale and Repair), with a 107.1% increase.

### **Accommodation and Food Service Activities**

Though trends in Wales are more volatile than for the UK as a whole, the Index of Accommodation and Food Service Activities in Wales has tracked the UK trend over the long term. In the latest quarter, activity in Wales increased by 233.7% and the UK index by 385.5%. The main contribution to this increase is coming from Accommodation, which has increased by 924.0%. The increase is a result of the relaxation of the first lockdown rules on businesses. Despite the large increases for both the Welsh and UK indexes, activity is down 28.9% and 30.7% respectively when comparing the latest four quarters to the previous four. This decrease is the largest of the nine industries.

### **Information and Communication Activities**

In the latest quarter, the Index of Information and Communication Activities increased by 14.8% in Wales and by 4.0% in the UK. The indexes for Wales and the UK have almost reached pre-coronavirus levels, with the latest four quarters 4.3% and 4.2% lower, respectively, than the same period last year. The decrease seen in 2020 is not as severe as other industries due to the steady growth in both Wales and the UK since the series began.

### **Financial and Insurance Activities**

Since 1999, the Index of Finance and Insurance Activities for Wales has increased with a broadly stable upward trend. For the UK the sector increased up to 2008 and, after a decrease to 2010, has changed relatively little since. In the latest quarter, the index has increased by 3.8% in Wales and by 2.1% in the UK. However, the latest four quarters are down 5.0% and 2.9% compared to the same period last year for Wales and the UK respectively.

### **Real Estate Activities**

Real Estate Activities continues to be one of the sub-sectors least effected by the pandemic. Over the quarter, activity has increased by 0.7% for Wales and the UK respectively. Historical trends in Real Estate Activities have been very different for Wales and the UK. In Wales, the index was broadly flat from 1999 to 2007, before falling substantially during the recession. After a period of recovery, the index has been remained broadly the same since 2015. By contrast, at a UK level Real Estate Activities have increased at a stable rate over the whole period.

### **Professional, Scientific and Technical Activities**

Professional, Scientific and Technical Activities remained unchanged in Wales but increased 9.8% in the UK this quarter. As a result, the index increased by 5.0% in Wales but decreased by 5.3% in the UK over the year. This is due to the large increase in Wales at the end of 2018 which can be traced back to sample changes in two of the Index's sub-sectors. This quarter's Welsh index is the lowest it has been since the large increase took place in 2018.



## **Administrative and Support Service Activities**

Administrative and Support Service Activities have increased almost in parallel in Wales and the UK until the pandemic. Activity in Wales has increased by 9.0% in the latest quarter, compared to an increase of 16.8% for the UK. However, activities in this sub-sector have decreased by 6.8% in Wales and 13.5% in the UK compared to the previous year. This is a continuation of the trend seen across most sub-sectors; some recovery but still below pre-pandemic levels.

## **Other Services**

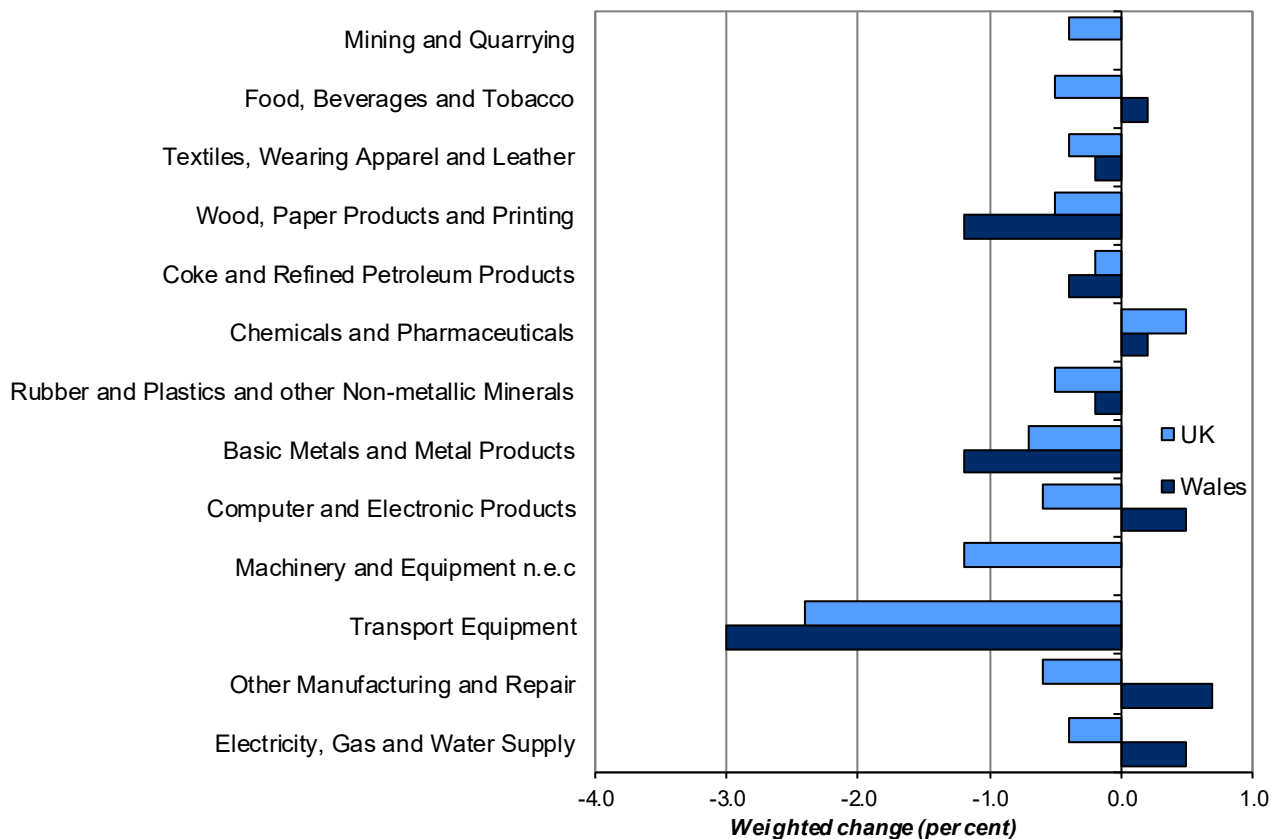
Since 1999, the Index of Other Services for Wales has been volatile, with a decreasing trend overall. The UK trend, by contrast, has been of a relatively stable increase. The latest quarter showed an increase of 30.9% in Wales compared to a 43.7% increase in the UK, indicating recovery from the lowest recorded level since the series began last quarter. However, despite a strong recovery activity in both Wales and the UK are still below pre-pandemic levels.

## 4. Index of Production: latest changes

This section examines the outputs of each industry within the Index of Production and their respective impact on the overall index. The index of production accounts for approximately 21.4% of the Welsh economy.

Chart 4.1 shows the impact of changes in the sub-sectors on the index as a whole for the latest year (based on weighted data).

**Chart 4.1: Contribution to the annual percentage change (latest four quarters compared with previous four quarters)**

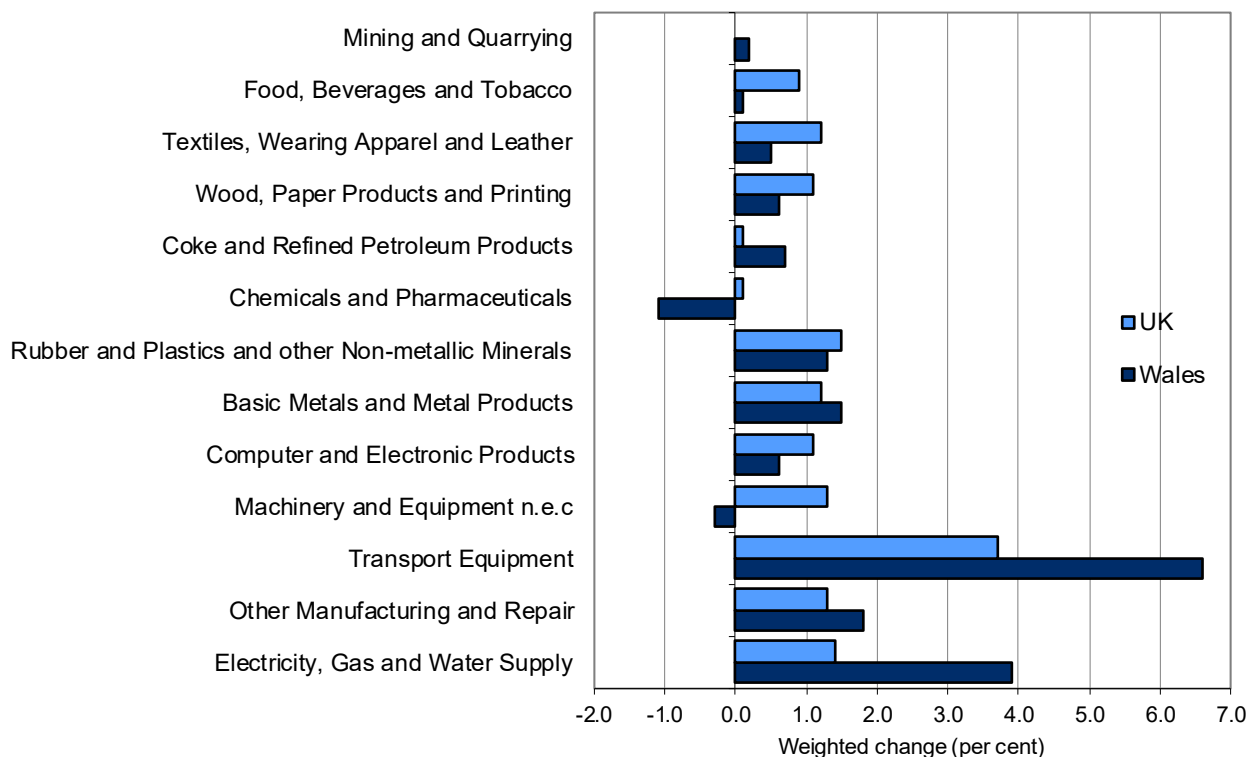


Source: Short-term Output Indicators, WG and ONS

Just like the Index of Market Services, annual change displays a different trend to the quarterly changes. Transport Equipment is again the largest contributor to the Index of Production decrease in both Wales and the UK despite large increases this quarter.

In Wales, five of the thirteen industries experienced increases on an annual basis, with Other Manufacturing and Repair, and Computer and Electronics increasing the most. Whereas, Chemicals and Pharmaceuticals was the only industry to increase annually in the UK. Machinery and Equipment not elsewhere classified showed no annual change in Wales, however, this industry was the second largest contributor to the yearly decrease in the UK.

**Chart 4.2: Contribution to quarterly percentage change, current quarter compared with previous quarter**



Source: Short-term Output Indicators, WG and ONS

Two industries within the Index of Production for Wales decreased over the quarter, all the other industries contributed to the observed increase. Chemicals and Pharmaceuticals, and Machinery and Equipment were the only industries to decrease in Wales. Transport Equipment displayed the largest increase this quarter, followed by Electricity, Gas and Water Supply.

In the UK, all industries experienced growth compared to the previous quarter with Transport Equipment increasing the most. Chemicals and Pharmaceuticals increased the least, followed by Coke and Refined Petroleum Products.

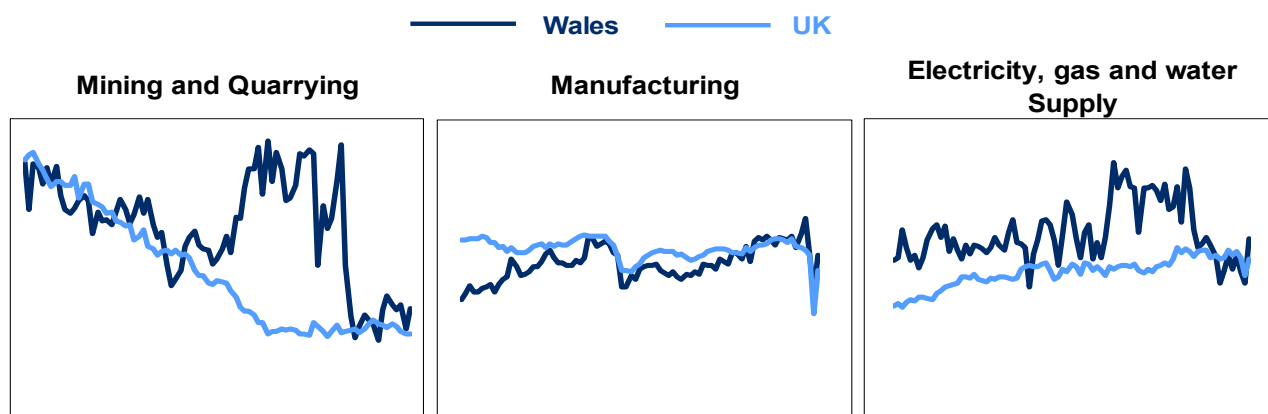
Estimates for changes in Wales are typically larger than for the UK, reflecting the smaller sample sizes in Wales which result in less stable series. This is particularly the case in the short term but longer-term trends are regarded as reliable.

## 5. Index of Production: industry trends

This section shows changes in output since 1999 for the three industries which comprise the Index of Production. The Welsh results can be more volatile than for the UK equivalents because of smaller survey samples.

Table B1 in [Appendix B](#) provides the latest annual and quarterly data for the industries and their sub-sectors. Time series' for the index of production and its sub-indices are available on [StatsWales](#).

**Chart 5.1: Production Sub-indices – 1999 Q3 to 2020 Q3, (2018=100)**



Source: Short-term output indicators, WG and ONS

### Index of Mining and Quarrying

Activity in Mining and Quarrying was relatively flat in Wales over the long term to 2016, when there was a sharp decrease, and has stayed steady since. For the UK as a whole, output fell at a steady rate until 2011 and subsequently plateaued. Comparing the third quarter of 2020 to the previous quarter, the Index of Mining and Quarrying increased by 17.6% in Wales and fell by 0.4% in the UK. In Wales, index levels were 0.3% lower on an annual basis.

### Index of Manufacturing

Historically, there was growth in the Index of Manufacturing in Wales until the recession, which brought a decrease across Wales and the UK. The subsequent recovery was stronger in Wales than in the UK. The manufacturing industry is the main driver of the production industries as it accounts for 79.5% of the Index of Production.

The index has increased over the last quarter in both Wales and the UK well above the lowest point since the series began last quarter. In the latest quarter, activity has increased by 15.2% in Wales and by 19.5% in the UK.

While there has been significant growth compared to the previous quarter, the Index of Manufacturing remains 5.6% lower on an annual basis in Wales (compared to 9.7% lower in the UK).

## **Index of Electricity, Gas and Water Supply**

The Index of Electricity, Gas and Water Supply in Wales is volatile but follows a similar trend to the Index of Mining and Quarrying. There was a sharp increase in 2012 Q2 due to the opening of a new power station in Pembroke. Output has generally decreased since the end of 2016, which can be attributed to the downgrading in operations of Aberthaw power station. The fall has continued due to the pandemic and the series reached its lowest level since records began in 2020 Q2.

Over the quarter, the index has increased by 18.4% in Wales and by 6.4% in the UK. The largest increases come from Electricity, Gas, Steam and Air Conditioning Supply (45.5%), and Water Supply; Sewerage and Waste Management (0.9%). In Wales, the annual output for this sector for the has increased by 2.9% compared to the previous year. The output decreased by 2.0% in the UK on an annual basis.

## 6. Index of Construction

The construction sector accounts for approximately 6.2% of the Welsh economy.

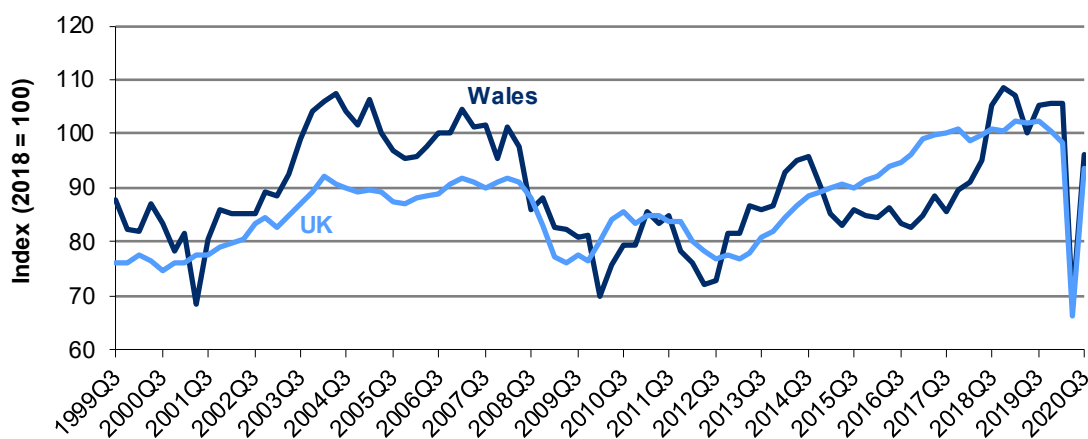
As a result of capacity challenges caused by the pandemic, the Office for National Statistics suspended the output in the construction industry: sub-national and sub-sector dataset. This dataset is usually used by ONS to produce the index for construction. For this quarter, a best estimate for Wales has been used instead.

Following the recession of 2008-09, both Wales and the UK saw a fall in construction output, with Wales seeing a larger fall than the UK. Since then, output gradually increased overall and reached pre-recession levels until the pandemic where indexes for both Wales and the UK fell to their lowest levels in the series during 2020 Q2.

Over the latest quarter, the index of construction increased by 40.5% in Wales and by 41.2% in the UK. While improved compared to the previous quarter, the Welsh index remains 10.7% lower on an annual basis. The annual UK index is at its second lowest level since 2016 and 11.9% below the same period last year.

A time series for the index of construction is available on [StatsWales](https://stats.wales.gov.uk/).

**Chart 6.1: Index of Construction**



Source: Short-term output indicators, WG and ONS

## 7. Key Quality Information

### 7.1 Relevance

This release provides estimates of output in market services, production, and construction industries for Wales and the UK. The UK production estimates are taken from the Quarterly National Accounts release from the ONS, the construction estimates are taken from the ONS monthly construction release and the UK market services estimates are taken from the Quarterly National Accounts Index of Services release from the ONS. These statistics are used by the Welsh Government to monitor the output for these industries in the Welsh economy as well as providing comparisons with the UK. They are also used by other public sector organisations, businesses, academia and private individuals to identify the key trends in production and construction output for Wales.

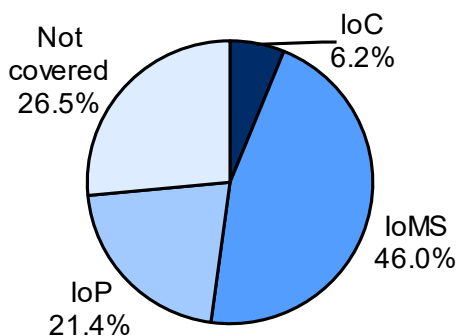
The output indices show the quarterly movements in gross output of the production, construction, and market services sectors in Wales. Gross output is used as a proxy for Gross Value Added (GVA), measured by a variety of data sources since GVA cannot currently be measured.

The indices are estimated using a combination of:

- Directly collected data from existing monthly surveys.
- A quarterly top up of specifically Welsh data from large inter-regional businesses.
- Post stratification methodology.
- Volume data from a number of different sources.
- Directly collected data from a small additional quarterly survey sent to wholly Welsh finance businesses.

The majority of the data comes from the ONS Monthly Business Survey. The results from this survey are used to calculate the relative movements of the individual series', which are in turn are weighted together to produce the overall index. The weights are derived from the distribution of GVA for Wales using the Regional Accounts. Both volume and sales data are used to compile the index. GVA is a measure of economic activity at basic prices, which includes taxes (less subsidies) on production but excludes taxes (less subsidies) on products. The sales data are deflated to 2010 prices using the deflators produced for the UK index.

The following pie chart represents the percentage that the Index of Market Services, Index of Production and Index of Construction for Wales have in the overall Regional GVA by industry, based on 2018 GVA in line with the STOI methodology. Industries not covered include agriculture and fishing industries and the public sector.



Source: Short Term Output Indicators, Welsh Government and ONS

## 7.2 Accuracy

Due to the impact of COVID-19, some response rates for the 2020 Q2 were much lower than the target response rate. Most response rates have improved significantly this quarter, with most industries above the target response rate. Small sample sizes for some industries could cause volatility and so Q1 and Q2 estimates should be treated with caution.

**Table 7.1: Comparison of response rates from additional Welsh businesses**

	Target response	2020 Q3 response	2020 Q2 response	2020 Q1 response
Index of Production	77%	92%	88%	48%
Distribution	87%	92%	69%	69%
Transport	77%	70%	76%	52%
Accommodation and Food Service Activities	75%	63%	63%	63%
Information and Communication Activities	77%	92%	57%	64%
Financial and Insurance Activities	75%	77%	75%	66%
Real Estate Activities	50%	50%	25%	25%
Professional, Scientific and Technical Activities & Administrative and Support Service Activities	66%	91%	76%	83%
Other Services	50%	67%	50%	50%

Estimates are subject to revision. Estimates for individual quarters fluctuate due to random sampling error and therefore it is recommended that emphasis is placed on changes in the average of the latest four quarters compared to the average of the previous four quarters for more volatile series'. The entire time series is open to revisions arising from changes in the seasonally adjusted series from the addition of a new data point, and changes to the last 15 months turnover data from late or revised survey returns. This quarter, revisions have been made throughout the back data due to the rebasing to 2018=100 (previously 2016=100). While there has been a level shift across most industries, this has no significant impact on growth rates. For more information on our revisions policy see our [website](#). Table 7.2 shows the revisions and rebasing made (in index points) to the previous quarter's estimates.



**Table 7.2: Comparison of Current and Previous Estimates of 2020 Quarter 2 <sup>1</sup>**

	<u>Current</u>	<u>Previous</u>	<u>Revision</u>
Index of Production	83.9	78.7	5.2
Manufacturing	82.2	80.0	2.2
Mining and Quarrying	96.0	53.7	42.3
Electricity, Gas & Water	89.9	73.7	16.3
Construction	68.5	83.7	-15.2
Index of Market Services	83.5	87.1	-3.7
Distribution	76.7	85.0	-8.2
Transport	89.8	93.6	-3.8
Accommodation and Food Service Activities	25.2	27.5	-2.3
Information and Communication Activities	81.0	94.0	-12.9
Financial and Insurance Activities	89.1	96.7	-7.7
Real Estate Activities	97.7	101.1	-3.4
Professional, Scientific and Technical Activities	115.2	114.0	1.2
Administrative and Support Service Activities	83.4	83.5	-0.1
Other Services	59.9	56.0	3.9

Source: Short-term output indicators, WG and ONS

<sup>1</sup> Numbers in the table have been rounded to one decimal place, therefore there may be slight discrepancies between the constituent items and the overall revision shown.

As described in section 7.5, experimental GDP statistics, which are conceptually similar to these Short Term Output Indicators, are now available for Wales. Comparisons show that the STOI indices of construction and production exhibit similar long-term trends to the equivalent sectors in the GDP statistics. This is particularly the case from 2016 onwards. However, there is significant short-term volatility in both series, particularly at sub-sector levels, meaning that over shorter periods STOI and GDP do not always give similar results. Currently, a market services sector equivalent to STOI is not available through GDP.

### 7.3 Timeliness and punctuality

This release is published quarterly. It is the earliest official indicator of the performance of the Welsh production and construction industries other than the UK figures, which are produced by the Office for National Statistics monthly. There is approximately a 14 week lag between publication and the period to which the release refers to.

### 7.4 Accessibility and clarity

This First Release and the headline statistics are available on the [Welsh Government Statistics website](#). Additional information on all three indices is available on [StatsWales](#), in addition to the data from 1998. A Summary Quality Report containing information on the quality of the Index of Production and Index of Construction as well as a summary of methods used to compile the output is available on our [website](#). The equivalent report for the Index of Market Services can also be found on our [website](#).

## 7.5 Comparability and coherence

The Office for National Statistics (ONS) have recently developed the [official statistics for GDP for Wales and the English regions](#). The new statistics, which are based almost exclusively on VAT records, are conceptually similar to STOI – they estimate changes in the output of businesses over a period of time.

For the first publication of these statistics, we published a [statistical headline](#) which draws out the key points for Wales, and a [Chief Statistician's update](#) which describes the new statistics in some more detail. The GDP statistics have been categorised as 'experimental' for the time being.

The GDP data have a more comprehensive coverage of the economy and are comparable with the other countries and regions of the UK. ONS also believe that the GDP data are likely to be a better reflection of the type of business activity taking place regionally. The short-term output indicators remain the fastest available measures for Wales however, with a three to four-month lag from the reference period, compared with an approximately six-month lag for GDP.

### We want to hear from you

We want to hear about how you use STOI and your views on its strengths and limitations in light of the new statistics on GDP for Wales. This will help inform a decision about whether both series will be needed indefinitely. Please email [economic.stats@gov.wales](mailto:economic.stats@gov.wales) with your thoughts.

For the time being we will continue to publish STOI alongside GDP to help inform our understanding of their differences and similarities, and their relative strengths and limitations. In theory the benefits of GDP are that they are based on a much larger amount of data, they have full coverage of the economy and, in general, are thought to more accurately classify business activity. STOI meanwhile, has more stable seasonal adjustment (though GDP seasonal adjustment will improve over time) and is more timely.

The UK and Wales estimates in this release are calculated by the Office for National Statistics (ONS) and are comparable as they use the same methodology. Methodologies relating to the components within the Index of Production and Index of Construction are available from the background information tab on the release webpage. The Scottish Government publishes a [GDP](#) measure in place of short-term output indicators. The Northern Ireland Assembly publishes the Northern Ireland Composite Economic Index ([NICEI](#)), which is also not directly comparable to the Welsh short term output indicators.

Due to difficulties collecting historical data from contributors from earlier time periods, the time series begins in 1998 but early quarters and initial years include a proportion of estimated data. More information is given in the Summary Quality Reports for [Index of Market Services](#) and the [Index of Production and Construction](#)

Throughout the release references to the longer term refer to the latest four quarters compared to the previous four quarters, and references to the short term refer to the current quarter compared to the previous quarter. It is recommended that when looking at the growth rates of volatile series, users should focus on the percentage change over the longer term.

## 7.6 National Statistics status

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They are awarded National Statistics status following an assessment by the UK Statistics Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate. The designation of these statistics as National Statistics was confirmed in February 2012 following a [full assessment against the Code of Practice](#).

Since the latest review by the Office for Statistics Regulation, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- Eliminated un-necessary tables from bulletin as they are freely available on [StatsWales](#)
- Combined the two releases into one to improve user experience
- Improved visuals and commentary of long terms trends for sub-sectors
- Included comparisons with other conceptually similar statistics such as GDP

It is Welsh Government's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

## 7.7 Well-being of Future Generations Act (WFG)

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The Act puts in place seven well-being goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators ("national indicators") that must be applied for the purpose of measuring progress towards the achievement of the Well-being goals, and (b) lay a copy of the national indicators before the National Assembly. The 46 national indicators were laid in March 2016.

Information on the indicators, along with narratives for each of the well-being goals and associated technical information is available in the [Well-being of Wales report](#).

Further information on the [Well-being of Future Generations \(Wales\) Act 2015](#).

The statistics included in this release could also provide supporting narrative to the national indicators and be used by public services boards in relation to their local well-being assessments and local well-being plans.

## **7.8 Further details**

### **Links**

This document is available at <https://gov.wales/short-term-output-indicators>

Previous publications of this statistical release contained more extensive tables in Appendix B. All the information contained within these tables can now be found on [StatsWales](#).

### **Next update**

April 2021 (Statistical First Release for 2020 Q4)

### **We want your feedback**

We welcome any feedback on any aspect of these statistics which can be provided by email to [economic.stats@gov.wales](mailto:economic.stats@gov.wales).

### **Open Government Licence**

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated.



## Appendix A: Sections of Standard Industrial Classification<sup>1</sup> in Index of Production, Index of Construction and Index of Market Services

**Table A1: Sections and sub-sections in Index of Production**

SIC 2007	Description
B	Mining and Quarrying
C	Manufacturing
CA (10-12)	Food products, beverages and tobacco
CB (13-15)	Textiles, wearing apparel and leather products
CC (16-18)	Wood and paper products, and printing
CD (19)	Coke and refined petroleum products
CECF (20-21)	Chemicals and pharmaceuticals
CG (22-23)	Rubber & plastics products, & other non-metallic minerals
CH (24-25)	Basic metals and metal products
CICJ (26-27)	Computer and electronic products
CK (28)	Machinery and equipment n.e.c.
CL (29-30)	Transport equipment
CM (31-33)	Other manufacturing and repair
CIJKL	Engineering and allied industries
CCGM	Other manufacturing
DE	Electricity, gas and water supply

**Table A2: Sections in Index of Construction**

SIC 2007	Description
F	Construction

**Table A3: Sections and sub-sections in Index of Market Services**

SIC 2007	Description
G	Distribution
45	Wholesale, Retail Sale & Repair of Motor Vehicles
46	Wholesale Trade except Motor Vehicles
47	Retail Sales except Motor Vehicles
H	Transportation and Storage
49-51	Land, water and air transport
52-53	Warehousing and support activities for transportation; postal and courier activities
I	Accommodation and Food Service Activities
55	Accommodation
56	Food and beverage service activities
J	Information and Communication
JA (58-60)	Publishing, audio-visual and broadcasting activities
JB (61)	Telecommunications
JC (62-63)	Information technology and other information activities
K	Financial and Insurance Activities
L	Real Estate Activities
L x OOD	Real Estate excluding Owner Occupied Dwellings
OOD	Owner Occupied Dwellings
M	Professional, Scientific and Technical Activities
N	Administrative and Support Service Activities
R-T	Other Services

<sup>1</sup> See [UK Standard Industrial Classification of Economic Activities 2007](#) for full category descriptions.

## Appendix B: Reference Table

**Table B1: Index of Production and Index of Construction for Wales <sup>(1)</sup>**

SEASONALLY ADJUSTED <sup>(2)</sup> : 2018 = 100																					
2007 STANDARD INDUSTRIAL CLASSIFICATION		Index	Annual Indices (r)				2019 (r)				2020				Percentage change: Latest						
															4 qtrs to previous 4 qtrs		qtr to previous qtr				
Section	Description	Weights <sup>(3)</sup>	2018	(r)	2019	(r)	Q2	(r)	Q3	(r)	Q4	(r)	Q1	(r)	Q2	(r)	Q3	Wales	UK <sup>(4)</sup>	Wales	UK <sup>(4)</sup>
B-E	PRODUCTION INDUSTRIES	1000	100.0		101.4		98.4		101.0		105.8		95.0		83.9		97.3	-4.0	-7.8	15.9	14.7
B	Mining and Quarrying	10	100.0		115.5		122.7		116.0		111.7		115.8		96.0		112.9	-0.3	-5.3	17.6	-0.4
C	Manufacturing	795	100.0		102.2		97.7		102.2		107.2		95.0		82.2		94.7	-5.6	-9.7	15.2	19.5
CA	Food, Beverages and Tobacco	147	100.0		113.5		112.4		114.0		117.9		102.3		112.9		113.9	1.2	-4.3	0.8	6.7
CB	Textiles, Wearing Apparel and Leather	12	100.0		90.3		84.5		95.7		100.8		69.4		42.7		83.9	-18.4	-14.7	96.6	60.9
CC	Wood, Paper Products and Printing	78	100.0		115.6		110.7		118.6		119.3		105.9		69.9		77.9	-16.5	-9.7	11.4	24.5
CD	Coke and Refined Petroleum Products	34	100.0		100.0		101.3		95.6		109.5		95.3		56.8		78.5	-13.6	-13.7	38.3	6.0
CE-CF	Chemicals and Pharmaceuticals	97	100.0		116.4		105.2		116.5		120.2		117.7		116.0		104.3	2.0	5.0	-10.1	0.5
	Rubber and Plastics and other Non-metallic Minerals																				
CG		67	100.0		94.0		93.6		93.8		95.1		98.3		73.8		93.6	-4.6	-10.6	26.9	34.9
CH	Basic Metals and Metal Products	124	100.0		95.4		96.3		94.5		91.7		89.5		73.7		86.0	-12.4	-9.4	16.7	17.2
CI-CJ	Computer and Electronic Products	113	100.0		106.4		100.7		106.5		112.5		103.1		104.2		110.2	5.0	-7.9	5.7	15.6
CK	Machinery and Equipment n.e.c	38	100.0		88.1		84.6		82.4		86.2		89.1		97.1		89.8	-0.5	-20.1	-7.5	30.0
CL	Transport Equipment	156	100.0		101.7		102.3		101.5		100.2		80.1		42.9		86.8	-23.7	-22.6	102.4	61.3
CM	Other Manufacturing and Repair	134	100.0		81.7		64.1		84.0		107.4		78.4		69.2		83.5	8.7	-9.5	20.7	20.0
CIJKL	Engineering and Allied Industries	307	100.0		101.9		99.5		101.2		103.4		90.5		74.4		96.6	-9.3	-18.5	29.9	45.7
CCGM	Other Manufacturing	279	100.0		94.0		84.0		95.9		107.7		90.7		70.5		84.4	-3.2	-9.9	19.7	25.7
DE	Electricity, Gas and Water Supply <sup>(5)</sup>	195	100.0		97.5		100.1		95.3		100.2		94.1		89.9		106.5	2.9	-2.0	18.4	6.4
F	CONSTRUCTION	1000	100.0		104.6		100.2		105.4		105.7		105.8		68.5		96.2	-10.7	-11.9	40.5	41.2

Source: Short Term Output Indicators, Welsh Government and ONS

- (1) Revisions to the series are normally made each quarter to take account both of more recent information and improved seasonal factors
- (2) All series are seasonally adjusted except CB, CC, CD and CK.
- (3) Where the sections are highlighted in bold; the weights sum to the Index of Production (IoP = 1,000). Those sub-sections whose weights are not highlighted sum to the individual section e.g the sum of the weights for sub-sections CC, CG and CM sum to Section CCGM. There may be some apparent slight discrepancies between the constituent items and the total due to rounding.
- (4) UK figures for Production as published by the Office for National Statistics on 22 December 2020 and UK figures for Construction as published by the Office for National Statistics on 10 December 2020.
- (5) Relates to SIC 2007 Sections D - Electricity, Gas and Air Conditioning Supply and Section E - Water Supply; Sewerage, Waste Management and Remediation Activities.
- (r) All data prior to 2020 Q3 has been revised since last publication.

**Table B2: Index of Market Services for Wales <sup>(1)</sup>**

SEASONALLY ADJUSTED <sup>(2)</sup>: 2018 = 100

2007 STANDARD INDUSTRIAL CLASSIFICATION		Index Weights <sup>(3)</sup>	Annual Indices (r)		2019 (r)				2020				Percentage change: Latest			
Section	Description		2018 (r)	2019 (r)	Q2 (r)	Q3 (r)	Q4 (r)	Q1 (r)	Q2 (r)	Q3 (r)	Q4 (r)	Q1 (r)	4 qtrs to previous 4 qtrs	qtr to previous qtr	Wales	UK <sup>(4)</sup>
<b>IoMS</b>	<b>MARKET SERVICES</b>	<b>1000</b>	<b>100.0</b>	<b>102.1</b>	<b>102.7</b>	<b>101.4</b>	<b>101.5</b>	<b>98.0</b>	<b>83.5</b>	<b>96.4</b>	<b>-7.2</b>	<b>-7.2</b>	<b>15.4</b>	<b>15.1</b>		
<b>G</b>	<b>Distribution</b>	<b>209</b>	<b>100.0</b>	<b>101.7</b>	<b>103.3</b>	<b>100.2</b>	<b>102.0</b>	<b>97.3</b>	<b>76.7</b>	<b>102.2</b>	<b>-6.7</b>	<b>-6.3</b>	<b>33.2</b>	<b>31.0</b>		
45	Wholesale, Retail Sale & Repair of Motor Vehicles	187	100.0	107.1	112.9	99.5	106.3	95.0	54.1	112.0	-12.9	-17.6	107.1	207.6		
46	Wholesale Trade except Motor Vehicles	270	100.0	109.3	106.9	110.2	115.8	108.0	84.9	100.7	-3.8	-5.9	18.7	16.7		
47	Retail Sales except Motor Vehicles	543	100.0	95.3	97.6	94.5	92.5	91.9	80.2	99.4	-6.0	-2.8	23.9	18.3		
<b>H</b>	<b>Transport</b>	<b>64</b>	<b>100.0</b>	<b>119.2</b>	<b>123.1</b>	<b>111.4</b>	<b>113.1</b>	<b>103.8</b>	<b>89.8</b>	<b>94.3</b>	<b>-15.5</b>	<b>-13.3</b>	<b>5.0</b>	<b>21.6</b>		
49-51	Land, Water & Air Transport	482	100.0	103.7	101.4	110.8	106.2	94.6	49.7	59.1	-26.7	-22.1	18.9	34.1		
52,53	Warehousing & Transport Support Activities; Postal & Courier Activities	518	100.0	130.2	138.5	112.1	118.2	110.5	117.8	118.9	-9.3	-3.0	0.9	12.9		
<b>I</b>	<b>Accommodation &amp; Food Service Activities</b>	<b>69</b>	<b>100.0</b>	<b>102.3</b>	<b>105.2</b>	<b>103.2</b>	<b>95.9</b>	<b>87.0</b>	<b>25.2</b>	<b>84.2</b>	<b>-28.9</b>	<b>-30.7</b>	<b>233.7</b>	<b>385.5</b>		
55	Accommodation	431	100.0	98.0	98.8	98.8	96.5	81.4	8.7	88.9	-29.6	-34.8	924.0	698.2		
56	Food & Beverage Service Activities	569	100.0	104.7	108.8	105.8	95.5	90.2	34.6	81.5	-28.7	-28.9	135.4	322.9		
<b>J</b>	<b>Information &amp; Communication Activities</b>	<b>71</b>	<b>100.0</b>	<b>92.4</b>	<b>91.6</b>	<b>91.1</b>	<b>94.1</b>	<b>87.2</b>	<b>81.0</b>	<b>93.1</b>	<b>-4.3</b>	<b>-4.2</b>	<b>14.8</b>	<b>4.0</b>		
JA	Publishing, Audio Visual & Broadcasting Activities	106	100.0	91.1	98.6	96.4	93.4	94.1	68.2	74.7	-10.2	-10.6	9.5	13.3		
JB	Telecommunications	487	100.0	89.9	88.1	89.9	90.0	84.8	81.8	81.7	-7.1	-3.9	-0.2	-1.2		
JC	Information Technology & Other Information Activities	407	100.0	95.9	93.7	90.9	99.4	87.9	84.0	112.6	0.7	-0.9	34.0	2.8		
<b>K</b>	<b>Financial &amp; Insurance Activities</b>	<b>102</b>	<b>100.0</b>	<b>97.6</b>	<b>96.1</b>	<b>98.5</b>	<b>97.6</b>	<b>93.4</b>	<b>89.1</b>	<b>92.4</b>	<b>-5.0</b>	<b>-2.9</b>	<b>3.8</b>	<b>2.1</b>		
<b>L</b>	<b>Real Estate Activities</b>	<b>265</b>	<b>100.0</b>	<b>99.7</b>	<b>100.2</b>	<b>99.4</b>	<b>98.2</b>	<b>98.3</b>	<b>97.7</b>	<b>98.4</b>	<b>-2.2</b>	<b>-0.6</b>	<b>0.7</b>	<b>0.7</b>		
LXOOD	Real Estate Activities excluding OOD	153	100.0	106.4	108.8	103.2	100.5	101.2	94.8	98.8	-8.0	-3.4	4.3	1.7		
OOD	Owner Occupied Dwellings	849	100.0	98.8	99.1	98.9	97.9	98.0	98.1	98.3	-1.4	0.6	0.2	0.3		
<b>M</b>	<b>Professional, Scientific &amp; Technical Activities</b>	<b>78</b>	<b>100.0</b>	<b>116.6</b>	<b>114.4</b>	<b>116.5</b>	<b>122.0</b>	<b>127.1</b>	<b>115.2</b>	<b>115.2</b>	<b>5.0</b>	<b>-5.3</b>	<b>0.0</b>	<b>9.8</b>		
<b>N</b>	<b>Administrative &amp; Support Service Activities</b>	<b>76</b>	<b>100.0</b>	<b>103.2</b>	<b>100.4</b>	<b>104.7</b>	<b>108.1</b>	<b>96.7</b>	<b>83.4</b>	<b>90.9</b>	<b>-6.8</b>	<b>-13.5</b>	<b>9.0</b>	<b>16.8</b>		
<b>RST</b>	<b>Other Services</b>	<b>66</b>	<b>100.0</b>	<b>95.0</b>	<b>98.9</b>	<b>94.1</b>	<b>88.4</b>	<b>89.7</b>	<b>59.9</b>	<b>78.4</b>	<b>-18.6</b>	<b>-16.9</b>	<b>30.9</b>	<b>43.7</b>		

(1) Revisions to the series are normally made each quarter to take account both of more recent information and improved seasonal factors

(2) All series are seasonally adjusted except JC and K.

(3) Where the sections are highlighted in bold; the weights sum to the Index of Market Services (IoMS = 1,000). There may be some apparent slight discrepancies between the constituent items and the total due to rounding.

(4) UK figures as published by the Office for National Statistics on 22 December 2020.

(r) All data prior to 2020 Q3 has been revised since last publication.