

Article

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

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



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1 . Main points

- Monthly gross domestic product (GDP) grew by 2.3% between March 2021 and April 2021 but remained 3.7% 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 3.4% in services, although this sector remained 4.1% below its February 2020 level; the monthly rise in services was led by the wholesale and retail sector (contributing 1.21 percentage points of the growth).
- There was also strong growth in public-facing industries with accommodation, pubs, restaurants, and hairdressers all benefiting from the easing in lockdown restriction; education grew by 11.2%, largely because April was the first full month that schools reopened to all pupils since November 2020.
- Monthly production fell by 1.3% between March 2021 and April 2021 leaving it 3.1% below its February 2020 level; the monthly fall was led by the mining and quarrying sector, with the extraction of crude petroleum and natural gas industry contributing 1.1 percentage points of the reduction; the drop in growth happened because of planned shutdowns for maintenance and means output in this industry was the lowest since records began in January 1997.
- Widespread anecdotal evidence was received from businesses that the closure of the Suez Canal had led to difficulties in exporting and importing, which may also have been a contributing factor to the fall in monthly production.
- Monthly manufacturing fell by 0.3% between March 2021 and April 2021 leaving it 2.4% below its February 2020 level; the fall was led by the manufacturing of basic pharmaceutical products industry.
- Monthly construction fell by 2.0% between March 2021 and April 2021 leaving it 0.3% above its February 2020 level.

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

2 . Growth in components of output

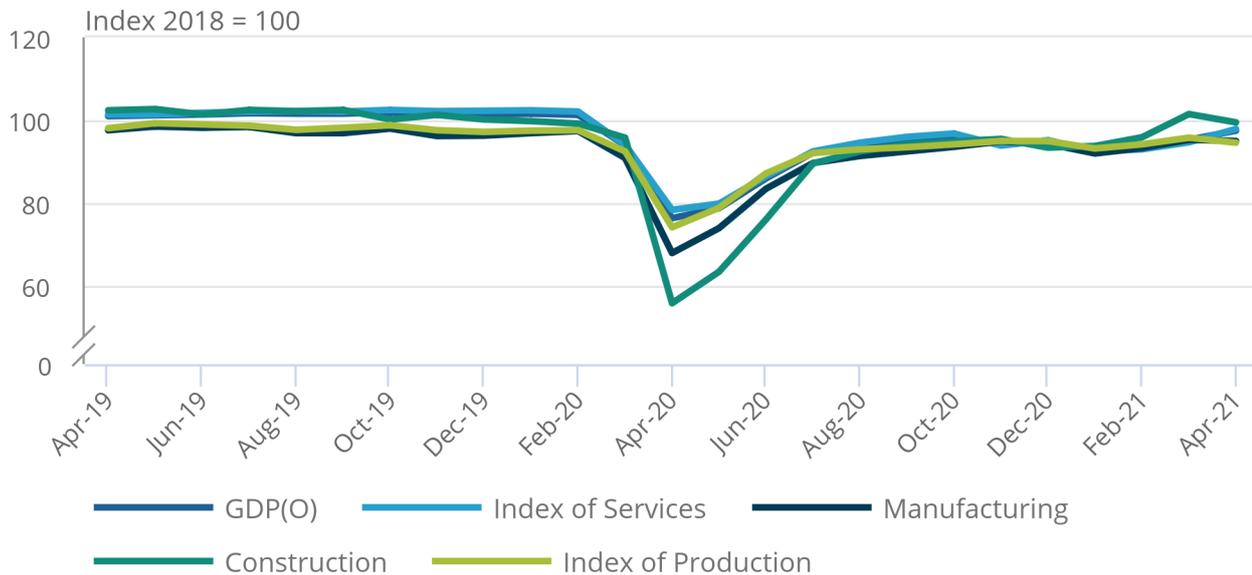
Of the various components of gross domestic product (GDP), construction was initially affected most by the coronavirus (COVID-19) pandemic but has now recovered most strongly, despite a fall in April 2021 (Figure 1).

Figure 1: Monthly GDP was 3.7% below the February 2020 level

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

Figure 1: Monthly GDP was 3.7% below the February 2020 level

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

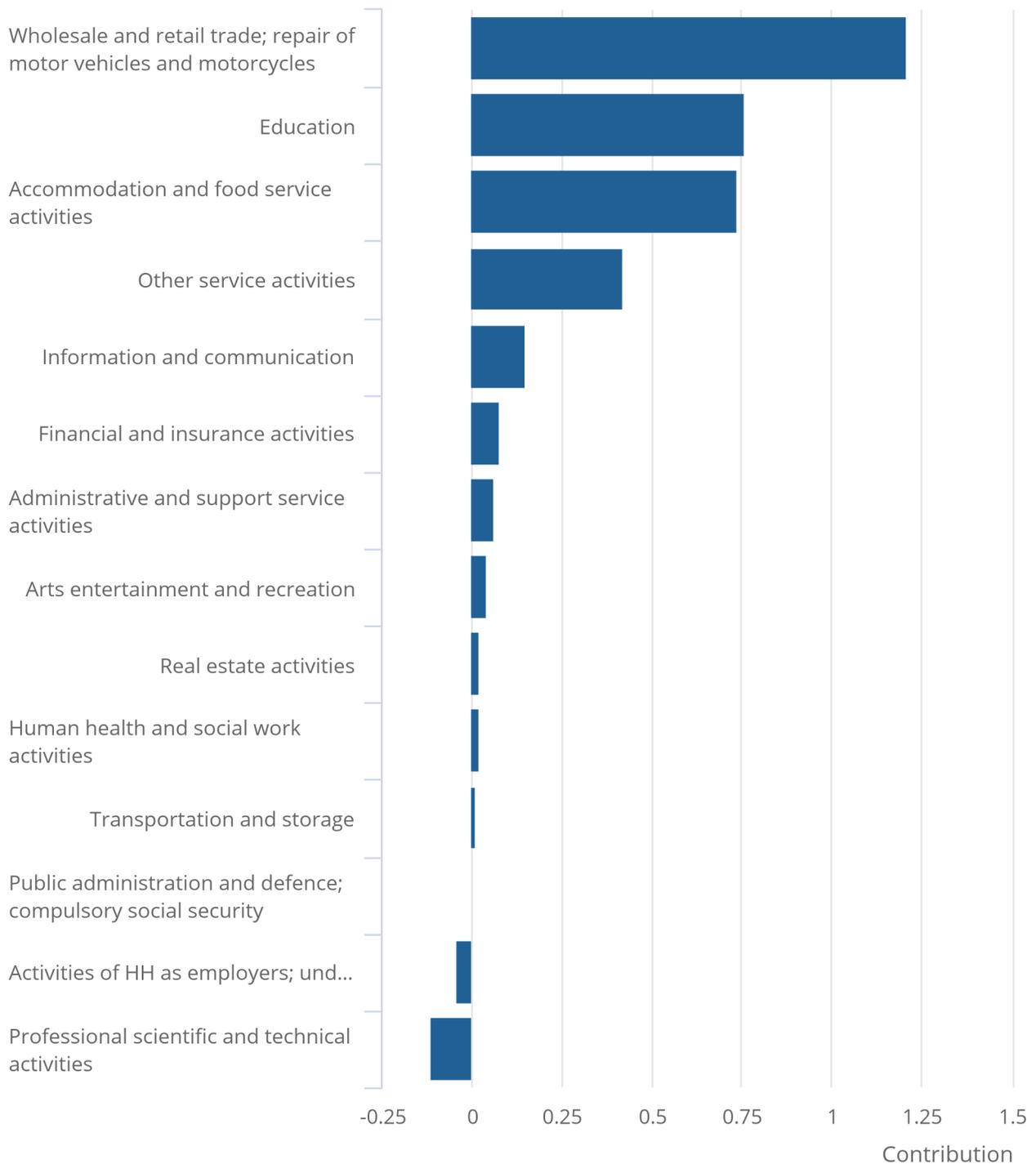
Monthly services output increased by 3.4% between March 2021 and April 2021, mainly because of growth in wholesale and retail trade and in education (Figure 2). Services output in April 2021 was 4.1% below its February 2020 level.

Figure 2: The rise in services output following easing of Coronavirus (COVID-19) restrictions came mainly from wholesale and retail, education, and accommodation and food service activities

Services sectors, contribution to monthly growth, seasonally adjusted, UK, April 2021

Figure 2: The rise in services output following easing of Coronavirus (COVID-19) restrictions came mainly from wholesale and retail, education, and accommodation and food service activities

Services sectors, contribution to monthly growth, seasonally adjusted, UK, April 2021



Source: Office for National Statistics – Index of Services

Notes:

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

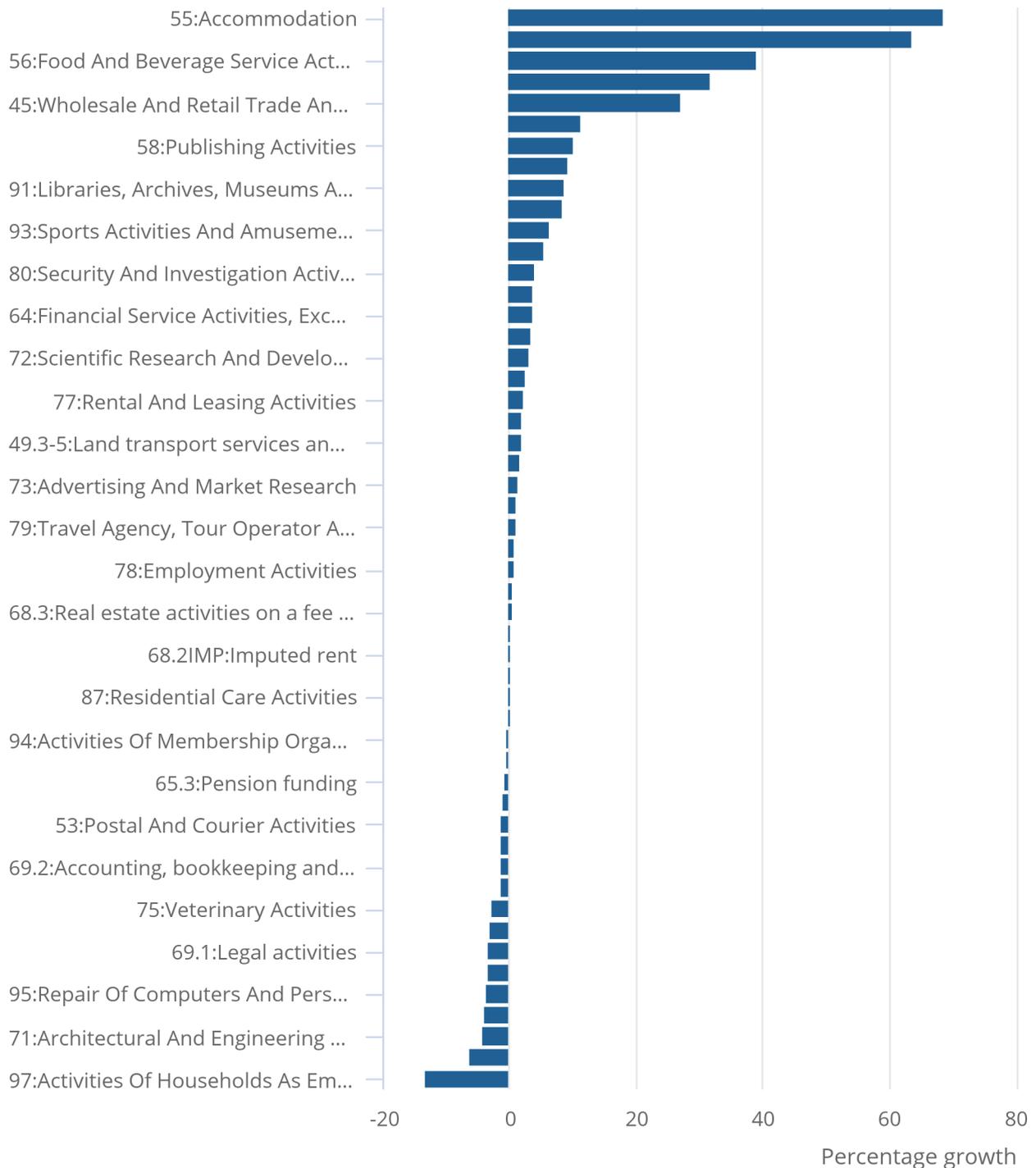
Public-facing industries such as accommodation, other personal service activities, and food and beverage service activities saw the most pronounced growth (Figure 3).

Figure 3: Output in accommodation and food and beverage activities rose substantially between March and April 2021

Services industries, monthly growth, seasonally adjusted, UK, April 2021

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Services industries, monthly growth, seasonally adjusted, UK, April 2021



Education

Education grew by 11.2% between March 2021 and April 2021, although this meant that output was still 4.7% weaker than its February 2020 level. The growth in education output was driven by schools being open for a full calendar month to all pupils for the first time since November 2020.

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

This sector grew by 8.9% between March 2021 and April 2021, and output was 4.4% higher than its February 2020 level.

The biggest contributor to the increase in the output of the wholesale and retail sector was the wholesale and retail trade and repair of motor vehicles industry, which saw growth of 27.0%. The growth is largely a result of the [reopening of car showrooms](#). While new car registrations were 12.9% below the April decade average, over thirty times as many cars were sold in April 2021 than in April 2020 with electric vehicles taking a significantly higher market share.

Retail trade (except of motor vehicles and motorcycles) saw growth of 9.2%, and more details can be found in our [Retail sales, Great Britain: April 2021](#) release.

Accommodation

The accommodation industry grew by 68.6% between March 2021 and April 2021 after lockdown restrictions were eased, although output was still 59.9% below its February 2020 level. There was strong growth for hotels and short-stay holiday accommodation (which includes cottages, chalets, and apartments). However, the sub-industry leading the growth was camping grounds and caravan parks.

Food and beverage service activities

Food and beverage service activities saw strong growth, with a rise of 39.0% between March 2021 and April 2021, although output was still 32.2% below its February 2020 level. The growth was driven by pubs, bars and restaurants which were allowed to serve customers outdoors. Event catering and other food service activities also rose, but to a much smaller extent. This is likely because the coronavirus (COVID-19) restrictions had not eased to the extent that large groups of people could meet indoors.

Personal service activities

Personal services activities saw strong month-on-month growth at 63.5%, which was driven by other beauty treatments and by hairdressers. Although [hairdressers](#) and [beauty salons](#) reported having no available appointments in the weeks after reopening because of the level of demand for their services, output was still 25.0% below its February 2020 level.

4 . Production industries

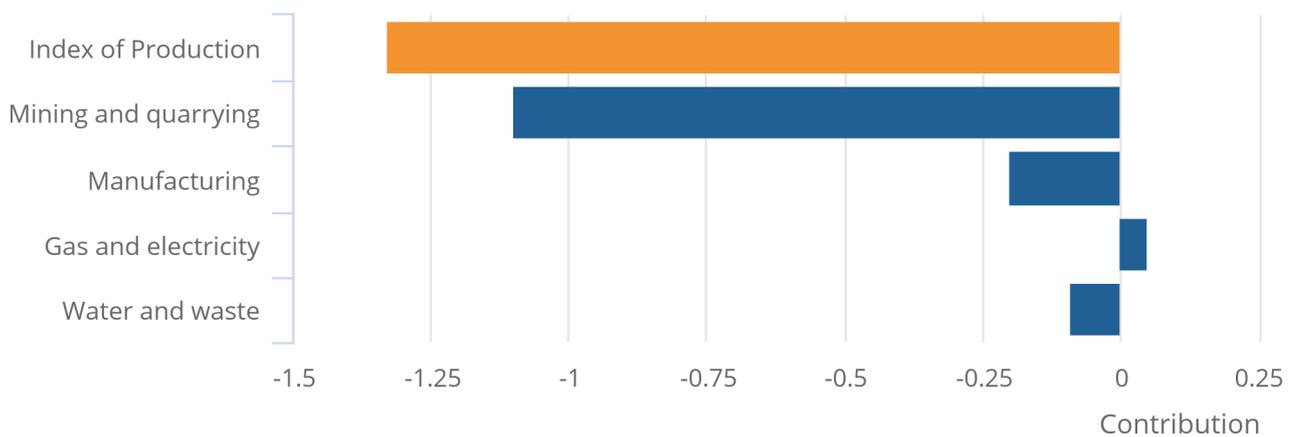
Production output decreased by 1.3% between March 2021 and April 2021, mainly because of strong downward growth in mining and quarrying (Figure 4). Production in April 2021 was 3.1% below its February 2020 level.

Figure 4: The 1.3% fall in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth of Index of Production, seasonally adjusted, UK, April 2021

Figure 4: The 1.3% fall in monthly production output was led by mining and quarrying

Index of production and main sectors, contribution to monthly growth of Index of Production, seasonally adjusted, UK, April 2021



Source: Office for National Statistics – Index of Production

Notes:

1. Parts may not sum to a total because of rounding.

The industry within the mining and quarrying sector that contributed most (1.1 percentage points) to the fall in production was extraction of crude petroleum and natural gas, which fell by 18.2%. The reduction in growth was because of planned shutdowns for maintenance and means output in this industry was 28.7% below where it was in February 2020, the lowest level since records began in January 1997.

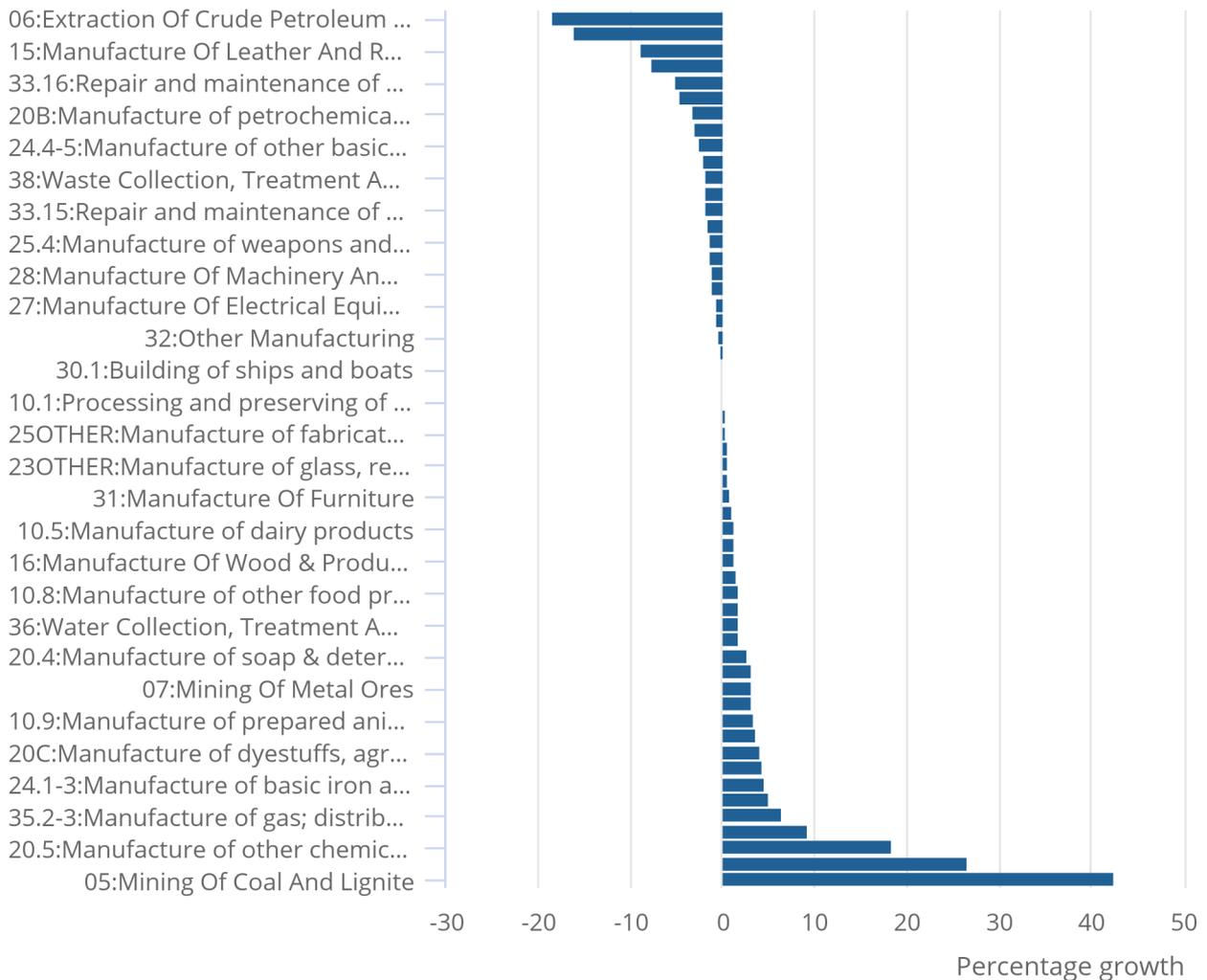
Most other industries saw relatively small changes in output, although there was strong growth in the mining of coal and manufacture of alcoholic beverages (Figure 5).

Figure 5: Although production output reduced, strong growth was observed in the manufacture of alcoholic beverages industry and in the mining of coal

Production industries, monthly growth, seasonally adjusted, UK, April 2021

Figure 5: Although production output reduced, strong growth was observed in the manufacture of alcoholic beverages industry and in the mining of coal

Production industries, monthly growth, seasonally adjusted, UK, April 2021



Source: Office for National Statistics - Index of Production

Widespread anecdotal evidence was received from businesses that difficulties with importing and exporting had impacted their sales. One reason cited often was the closure of the Suez Canal.

Manufacturing

While eight of its thirteen subsectors displayed upward contributions to growth, the manufacturing sector as a whole saw output fall by 0.3%. The reduction in growth was led by the basic pharmaceutical products and transport equipment industries.

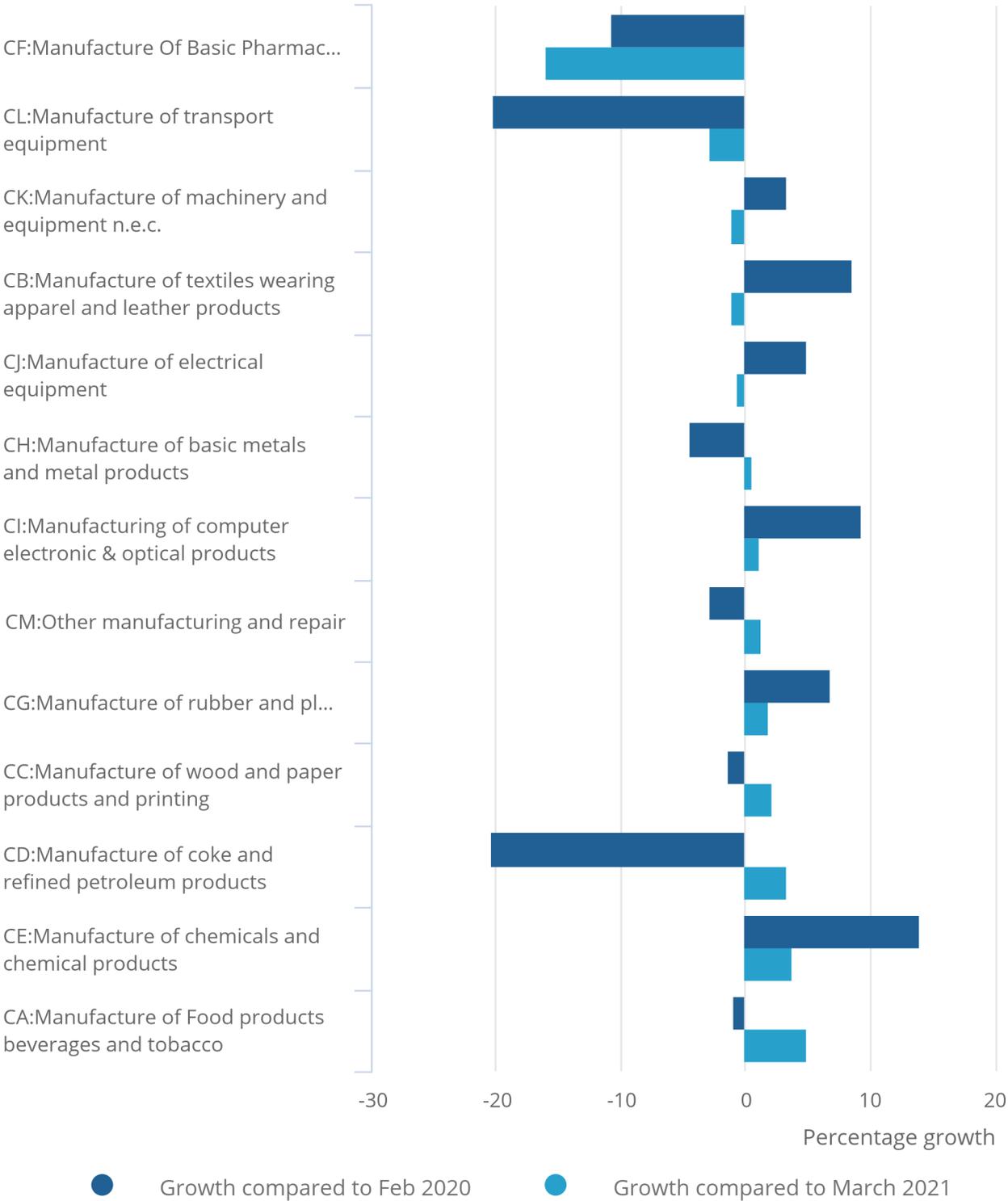
Manufacturing output remains 2.4% below its February 2020 level, with the manufacture of coke and refined petroleum products, and transport equipment subsectors showing the largest reduction in growth (Figure 6)

Figure 6: The manufacture of coke and refined petroleum products and manufacture of transport equipment subsectors have been impacted the most since the start of the pandemic

Manufacturing subsectors, monthly growth compared with March 2021 and February 2020, seasonally adjusted, UK, April 2021

Figure 6: The manufacture of coke and refined petroleum products and manufacture of transport equipment subsectors have been impacted the most since the start of the pandemic

Manufacturing subsectors, monthly growth compared with March 2021 and February 2020, seasonally adjusted, UK, April 2021



Source: Office for National Statistics - Index of Production

Alcoholic beverages

The main growth area within manufacture of food products and beverages was the manufacture of alcoholic beverages industry, which saw monthly growth of 26.5%, largely because of the reopening of outdoor hospitality across the UK during April 2021. Brewing observed stronger growth than the manufacture of spirits.

Manufacturing demand split by domestic and export turnover

So far 2021 has seen manufacturing export sales decline generally at a stronger rate than domestic manufacturing sales (Figure 7). This finding was supported by responder-led evidence of export-related pressures following the UK's departure from the EU. Our [Business insights and impacts on the UK economy release](#) explains that from 5 to 18 April 2021, 37% of manufacturers currently trading who had also exported in the last 12 months reported that additional paperwork was a challenge when exporting. This was the challenge mentioned most by exporters.

Figure 7: There was a slightly stronger decline in export manufacturing sales compared with domestic sales in April 2021

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

Figure 7: There was a slightly stronger decline in export manufacturing sales compared with domestic sales in April 2021

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



Source: Office for National Statistics - Index of Production

5 . Construction

Monthly construction output fell by 2.0% in April 2021 compared with March 2021 because of declines in both new work (2.9%) and repair and maintenance (0.6%). Despite the monthly fall, the level of construction remains 0.3% above its February 2020 level.

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 April 2021 was 83.5%, which is comparable to the 84.4% achieved in April 2020 (see [Historical MBS \(services\) response rates](#)).

Response by turnover for production industries in April 2021 was 83.5%, up on the 79.8% achieved in April 2020 (see [MBS \(production\) response rates](#)).

The response by turnover for the construction industries for April 2021 was 70.0% (see [the Construction output in Great Britain: April 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.

Blue Book 21

In Blue Book 2021 [a new framework](#) will be introduced to improve how we produce volume estimates of gross domestic product (GDP) for balanced years as part of the supply use process. This framework includes the implementation of double-deflated industry-level gross value added for the first time. This improvement will be reflected in the September quarterly national accounts and October monthly GDP estimates. On 28 June we will publish [Blue Book 2021 indicative impacts](#) of this change to industry-level gross value added volume.

Consultation on the release time

The Office for Statistics Regulation (OSR) currently has a [consultation](#) to get feedback as to the release time of these statistics. This consultation closes on 25 June 2021. If you have any comments about the release time of official statistics, please [contact the OSR](#).

7 . Related links

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

Bulletin | Released 11 June 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.

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

Bulletin | Released 11 June 2021

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

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

Bulletin | Released 11 June 2021

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

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

Bulletin | Released 11 June 2021

Movements in the volume of output for the UK services industries. Figures are seasonally adjusted.

[Economic activity and social change in the UK, real-time indicators: 10 June 2021](#)

Bulletin | Released 10 June 2021

Early experimental data and analysis on economic activity and social change in the UK. 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 coronavirus 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 pandemic.