

Article

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

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



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1 . Main points

- Monthly gross domestic product (GDP) grew by 0.8% between April and May 2021 but remained 3.1% 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 0.9% in services, although this sector remained 3.4% below its February 2020 level.
- The accommodation and food service activities sector contributed 0.87 percentage points to the month-on-month growth in services, with output growing by 37.1% from April; this was driven by growth in food and beverage service activities, which grew by 34.0%, as coronavirus restrictions were eased.
- Monthly production grew by 0.8% between April and May 2021 leaving it 2.6% below its February 2020 level; the monthly growth was led by the electricity, gas, steam and air conditioning supply sector, as cold weather and low wind speeds contributed to high demand for gas production in May.
- Monthly manufacturing (a sub-sector within production) fell by 0.1% between April and May 2021 leaving it 3.0% below its February 2020 level; the fall was led by the manufacture of transport equipment sector as microchip shortages continued.
- Monthly construction declined by 0.8% between April and May 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 pandemic and discusses factors driving change in May 2021.

2 . Growth in components of output

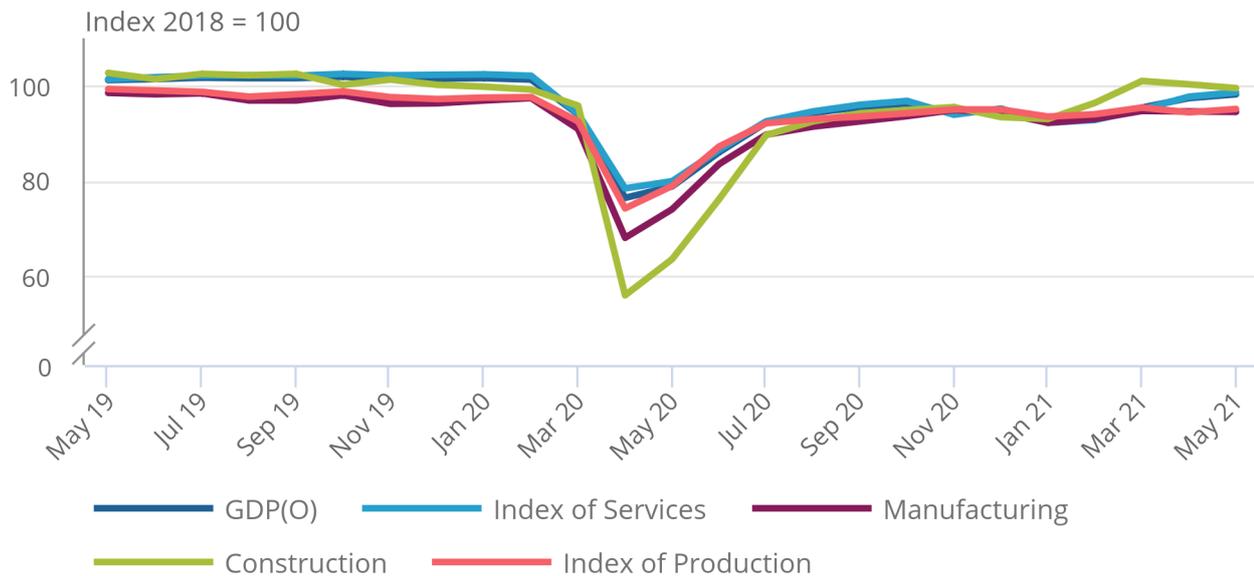
Of the various components of gross domestic product (GDP), construction was initially affected most by the coronavirus (COVID-19) pandemic. However, it has recovered strongly since then (Figure 1).

Figure 1: Output in each of the services, production and manufacturing sectors remains below the pre-pandemic February 2020 level

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

Figure 1: Output in each of the services, production and manufacturing sectors remains below the pre-pandemic February 2020 level

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

More about coronavirus

- Find the latest on [coronavirus \(COVID-19\) in the UK](#).
- [Explore the latest coronavirus data](#) from the ONS and other sources.
- All ONS analysis, summarised in our [coronavirus roundup](#).
- View [all coronavirus data](#).
- Find out how we are [working safely in our studies and surveys](#).

3 . Services industries

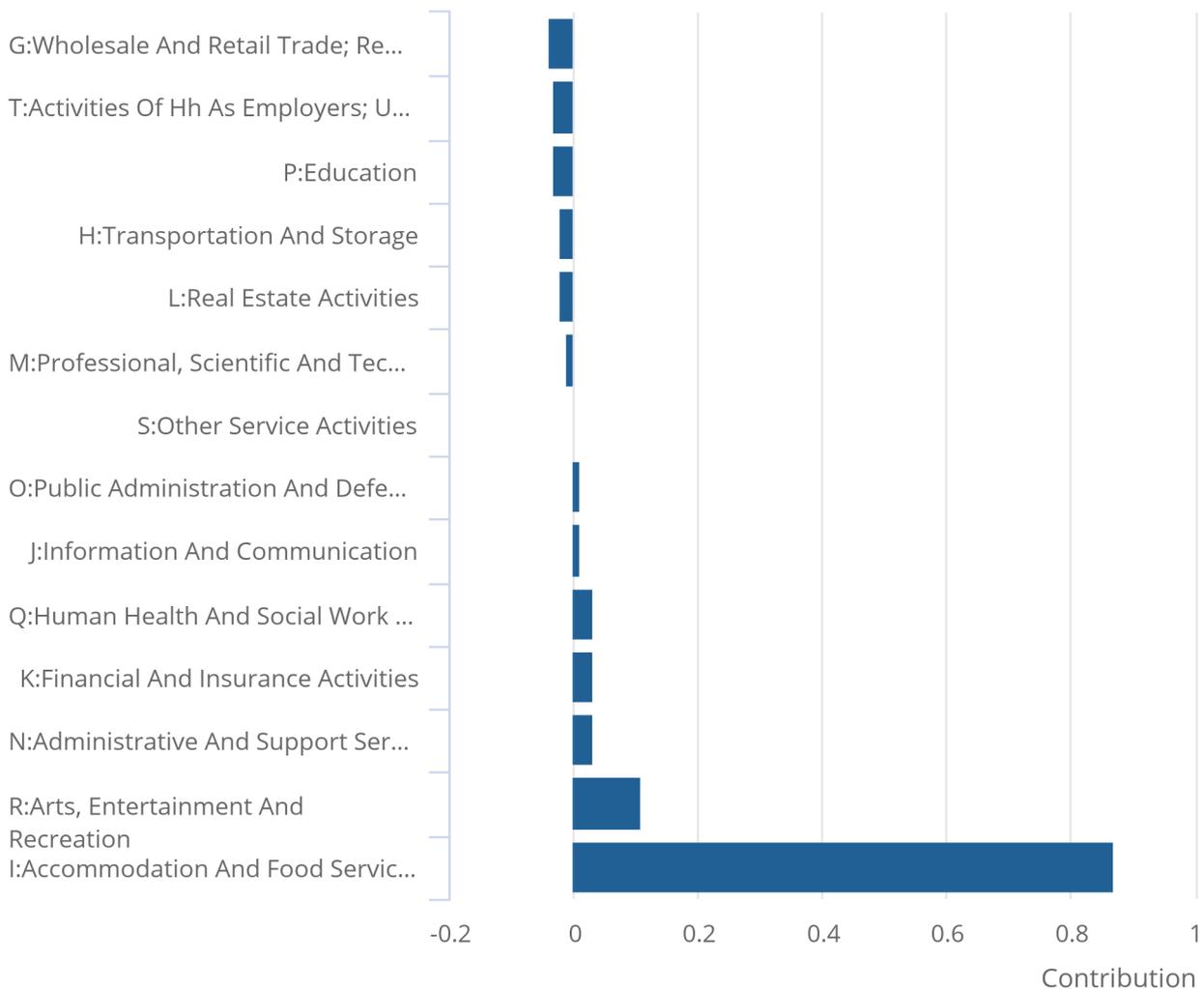
Monthly services output increased by 0.9% between April and May 2021, mainly because of growth in accommodation and food service activities, with the arts, entertainment, and recreation sector the next largest contributor (Figure 2). Despite the month-on-month rise, services output in May 2021 was 3.4% below its February 2020 level.

Figure 2: Accommodation and food service activities contributed the most to the rise in services output following easing of coronavirus (COVID-19) restrictions

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

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



Source: Office for National Statistics – Index of Services

Notes:

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

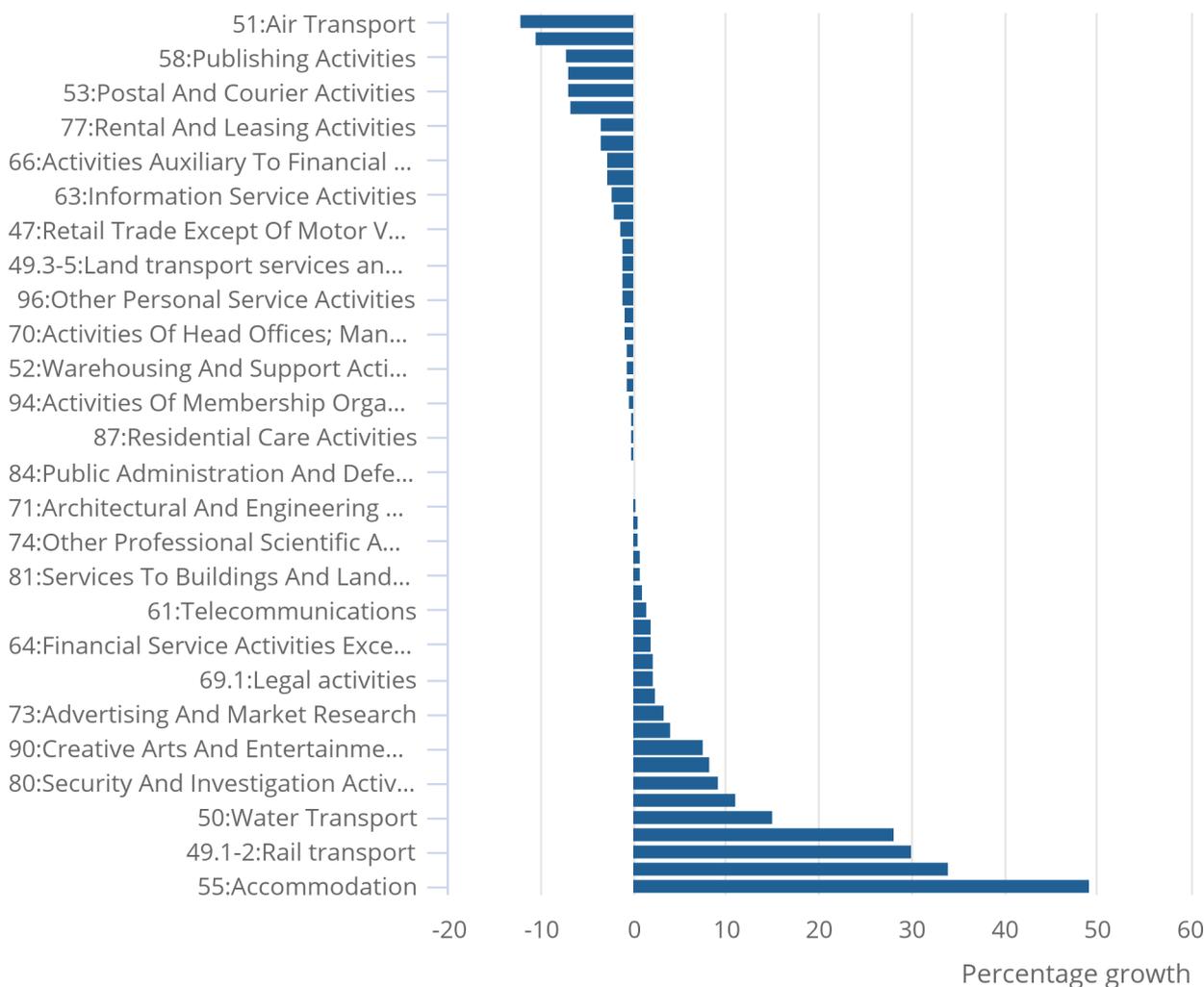
Whereas Figure 2 presents contribution to overall growth in services from individual sectors, Figure 3 displays the percentage growth in output within industries. Public-facing industries such as accommodation and food and beverage service activities saw the most pronounced growth.

Figure 3: The accommodation and food beverage service activities industries displayed the strongest growth between April and May 2021

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

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



Source: Office for National Statistics - Index of Services

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

This sector had seen strong output in April 2021, led by clothing stores, but it fell by 0.3% between April and May 2021. The biggest contributor to the decrease was the retail trade (except of motor vehicles and motorcycles) industry, which saw a fall of 1.4%. More details are available in our [Retail sales, Great Britain: May 2021](#) release.

Accommodation

The accommodation industry grew by 49.3% between April and May 2021 after lockdown restrictions were eased, although output was still 38.9% below its February 2020 level. This was driven by growth within hotel accommodations.

Food and beverage service activities

Food and beverage service activities saw strong growth, with a rise of 34.0% between April and May 2021, although output was still 9.4% below its February 2020 level. The growth was driven by pubs, bars and restaurants that could begin to serve customers indoors part-way through the month. Event catering and other food service activities also rose, as restrictions on large gatherings continued to ease.

Arts, entertainment, and recreation

The arts, entertainment and recreation sector grew by 7.3% in May 2021 and is now 26.0% below its February 2020. This was driven by an increase in sports activities and amusement and recreation activities, which grew by 11.0% in May 2021. Libraries, archives, museums and other cultural activities also contributed to this strong growth, growing by 28.3% in May 2021. Compared with February 2020, the largest fall in output in this sector is in creative, arts, and entertainment activities (44.4%), followed by sports activities and amusement and recreation (29.4%).

4 . Production industries

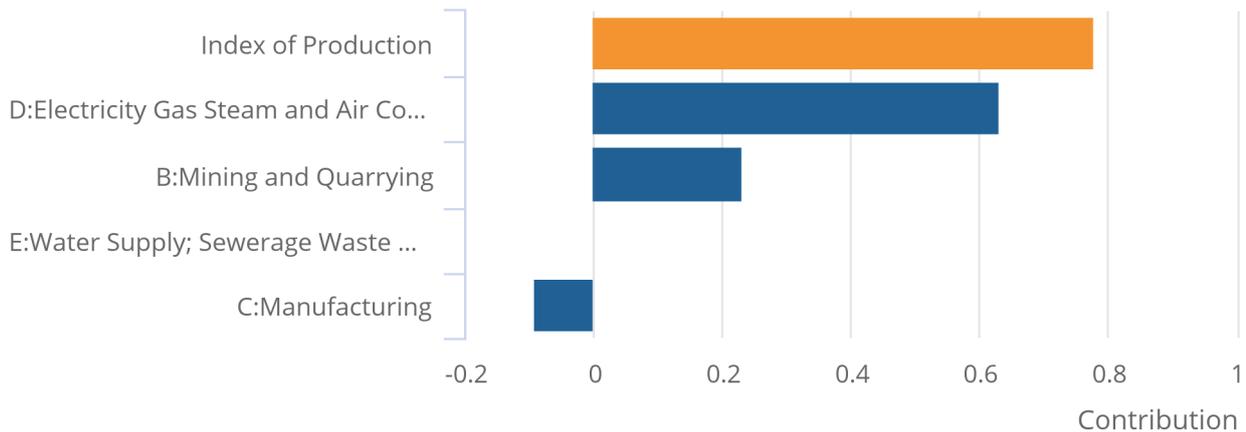
Production output increased by 0.8% between April and May 2021, mainly because of strong growth in electricity, gas, steam and air condition supply sector (Figure 4). Production in May 2021 was 2.6% below its February 2020 level.

Figure 4: The 0.8% growth in monthly production output was led by electricity, gas, steam and air conditioning supply

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

Figure 4: The 0.8% growth in monthly production output was led by electricity, gas, steam and air conditioning supply

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



Source: Office for National Statistics – Index of Production

Notes:

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

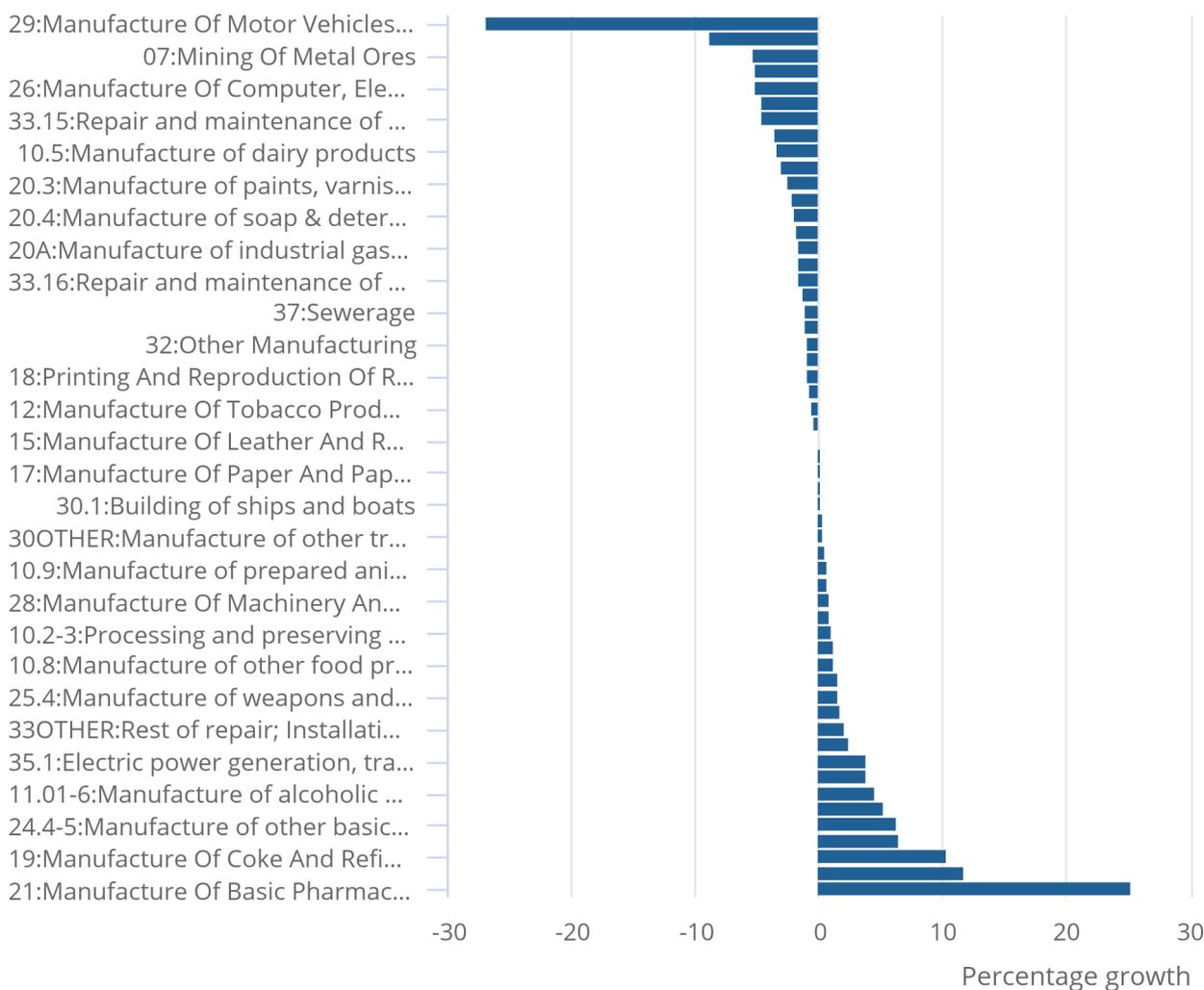
Both electric power generation, transmission and distribution and manufacture of gas; distributions of gaseous fuels through mains; steam and aircon supply, saw strong growth; growing by 3.8% and 11.7% respectively. May 2021 was the coldest since May 1996 and saw comparatively low wind speeds, which led to substantial increases in gas demand for electricity generation. This combined with the continued easing of restrictions led to gas demand being at a record high for May.

Figure 5: Production output increased, with the strongest growth observed in the manufacture of basic pharmaceutical products

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

Figure 5: Production output increased, with the strongest growth observed in the manufacture of basic pharmaceutical products

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



Source: Office for National Statistics - Index of Production

Manufacturing

While seven of its thirteen subsectors displayed upward contributions to growth, the manufacturing sector as a whole saw output fall by 0.1%. The fall was led by transport equipment industries.

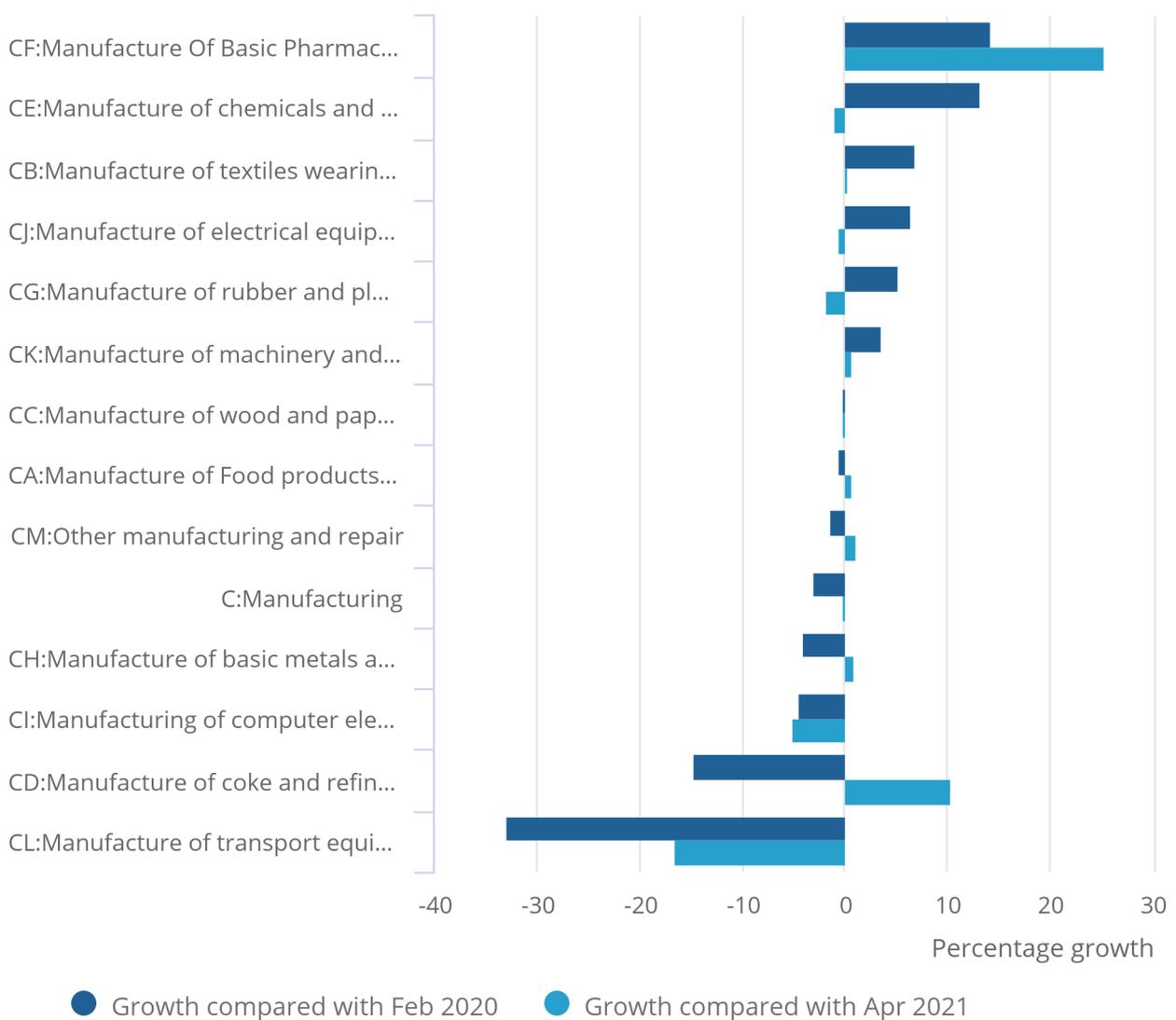
Manufacturing output remains 3.0% below its February 2020 level, with the manufacture of coke and refined petroleum products, and transport equipment subsectors showing the largest reduction in growth (Figure 6). In the case of manufacture of transport equipment, the decline in May 2021 was 16.5%. This fall was driven by a decline in the manufacture of manufacture of motor vehicles, trailers and semi-trailers, which fell by 26.9%; the fall in motor vehicle manufacturing was largely because of the ongoing microchip shortage.

Figure 6: The manufacture of transport equipment and manufacture of coke and refined petroleum products have been affected the most since the start of the coronavirus (COVID-19) pandemic

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

Figure 6: The manufacture of transport equipment and manufacture of coke and refined petroleum products have been affected the most since the start of the coronavirus (COVID-19) pandemic

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



Source: Office for National Statistics - Index of Production

Manufacturing demand split by domestic and export turnover

During May 2021 export sales growth was negative for the first time since January 2021 (Figure 7). This finding aligns with responder-led evidence of export-related pressures following the UK's departure from the EU. Our [Business insights and impacts on the UK economy: 3 June 2021](#) release highlights that the proportion of businesses experiencing challenges in importing and exporting has remained broadly unchanged since the start of January 2021, following a rise after the end of the EU exit transition period in December 2020.

Figure 7: In May 2021, while domestic growth fell for the second month in a row, export growth was negative for the first time since January 2021

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

Figure 7: In May 2021, while domestic growth fell for the second month in a row, export growth was negative for the first time since January 2021

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



Source: Office for National Statistics - Index of Production

5 . Construction

Monthly construction output growth in May 2021 fell by 0.8% with new work and repair and maintenance both contributing to the monthly decline falling by 0.4% and 1.5% respectively. This is the second consecutive monthly fall in output following the upwardly revised 0.7% decline in April 2021. Construction output in March 2021 had been particularly strong. Despite the monthly fall the level of construction output is 0.3% above its pre-pandemic February 2020 level.

In contrast to the monthly decline in output in May 2021, the construction sector expanded by 6.3% in the three months to May 2021 because of increases in new work and repair and maintenance of 6.6% and 5.8% respectively.

Further detail on construction are available in our [Construction output in Great Britain: May 2021](#) release.

6 . Production, services and construction data

[Index of Production time series](#)

Dataset DIOP | Released 9 July 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 time series](#)

Dataset | Dataset ID: IOS1 | Released 9 July 2021

Monthly movements in output for the services industries: distribution, hotels and restaurants; transport, storage and communication; business services and finance; and government and other services.

[Output in the construction industry](#)

Dataset | Released 9 July 2021

Monthly construction output for Great Britain at current price and chained volume measures, seasonally adjusted by public and private sector.

[Monthly Business Survey turnover in production industries](#)

Dataset | Released 9 July 2021

Monthly Business Survey production industries' total turnover, domestic sales and exports in the UK. Figures are in current price and non-seasonally adjusted.

[Monthly Business Survey turnover of services industries](#)

Dataset | Released 9 July 2021

Monthly Business Survey services industries' total turnover; current price and non-seasonally adjusted, UK.

All data related to the Index of Production (IoP) are available on the [related data page for IoP](#).

All data related to the Index of Services (IoS) are available on the [related data page for IoS](#).

All data related to the construction output are available on the [related data page for construction](#).

7 . 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 May 2021 was 85.0%, which is comparable with the 86.4% achieved in May 2020 (see [Historical MBS \(services\) response rates](#)).

Response by turnover for production industries in May 2021 was 86.8%, a small reduction on the 88.4% achieved in May 2020 (see [MBS \(production\) response rates](#)).

The response by turnover for the construction industries for May 2021 was 72.5% (see [Construction output in Great Britain: May 2021](#)).

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 published [Blue Book 2021 indicative impacts](#) of this change to industry-level gross value added volume.

8 . Related links

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

Bulletin | Released 9 July 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 (IoS) and construction output in Great Britain.

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

Bulletin | Released 9 July 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: May 2021](#)

Bulletin | Released 9 July 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: May 2021](#)

Bulletin | Released 9 July 2021

Monthly movements in output for the services industries. Figures are seasonally adjusted.

[Economic activity and social change in the UK, real-time indicators: 1 July 2021](#)

Bulletin | Released 1 July 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 \(COVID-19\) pandemic](#)

Blog | Released 6 May 2020

The new challenges we face in terms of data collection during the coronavirus pandemic.

