

The Monthly Business Turnover Index gives an early indicator of business activity in Scotland, based on survey data used for GDP statistics and covering around half of the economy.

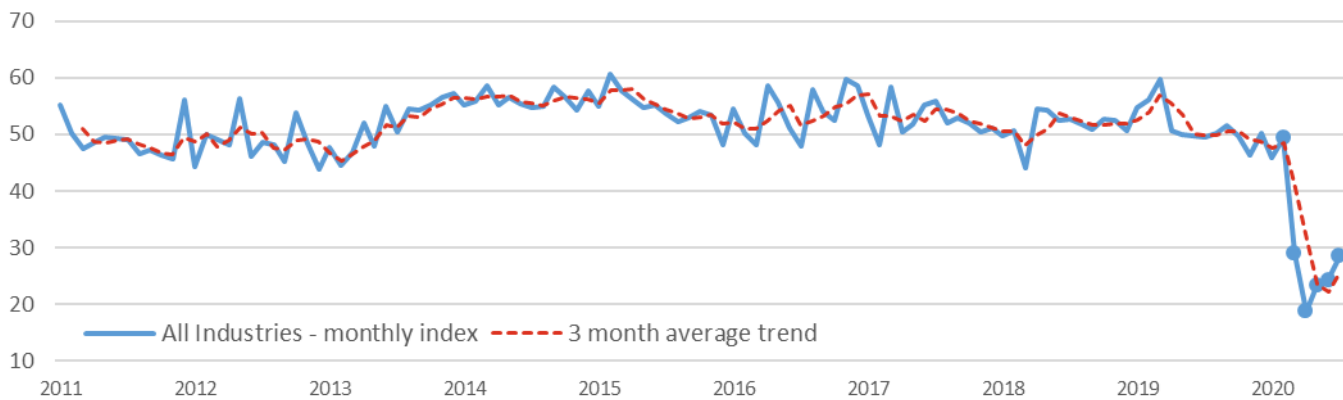
The index is similar to the IHS Markit PMI indicators. It reports the net balance of firms reporting increasing or decreasing turnover, in real terms, compared to 12 months ago. An index value of 50 is in balance and indicates that turnover is broadly unchanged over the year. Values below 50 indicate that more companies are showing decreased turnover than increased turnover.

Latest Results

- In July 2020, the all industry business turnover index is 28.5, up from 24.4 in June. This broadly indicates that there has been an increase in business activity between June and July, but that total output is still lower than last year. The index remains far outside the normal range of around 45 to 55 seen since 2011.
- The turnover index has increased in each of the last three months, from the lowest value of 18.7 in April. This reflects the ongoing easing of restrictions on activity throughout [Phase 2](#) and [Phase 3](#) of the route map through and out of the Coronavirus crisis.
- Although the index has increased again in the latest month, it does not give a direct indication of the actual size on any increase in total turnover, or in GDP as a whole. Estimates of total output will be published in Monthly GDP for July on 23 September 2020.

In July the business turnover index continues to recover but remains low by historic standards

Net balance of companies reporting increased turnover compared to 12m ago (50 = no change)



Business Turnover Index by Industry

- The index for most industry sectors has increased during July, except for Business Services and the Food Retail industry (where turnover has been considerably higher than last year in recent months). During July, many businesses were permitted to reopen in the Other Retail, Accommodation & Food Services, and Culture, Recreation & Other Services industries. Further industry data can be found in the tables.

Monthly Business Turnover Index, July 2020

Net balance of companies reporting increased turnover compared to 12m ago

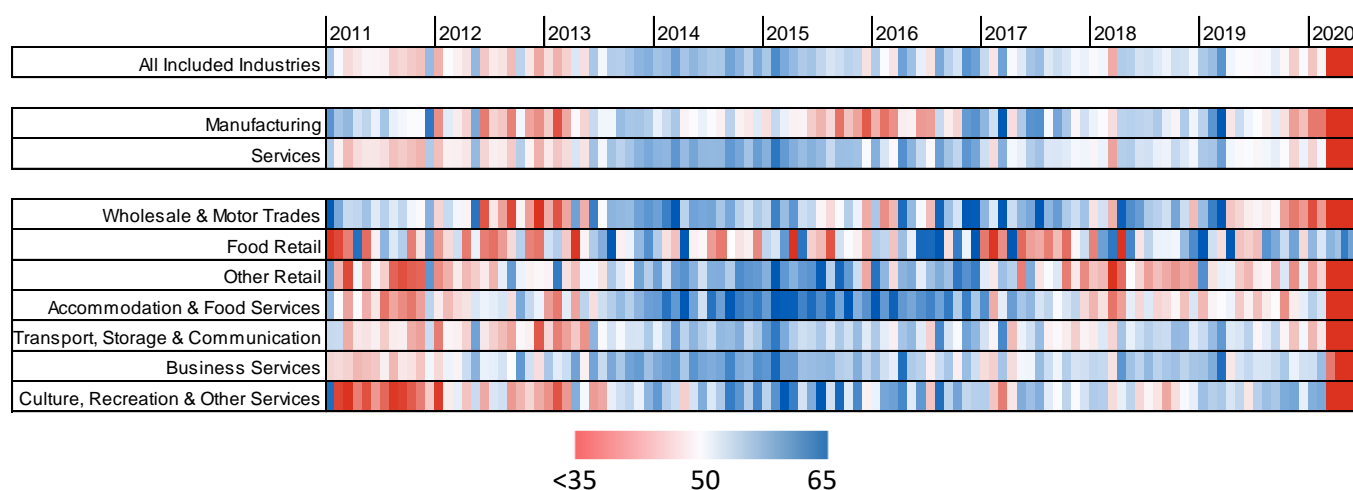


Monthly Business Turnover Index, July 2020

Longer Term View

The heat map below summarises the Monthly Business Turnover Index for all industries and the main sector breakdowns within Services. This illustrates how the index corresponds with the timing of broad economic trends over the last decade, as well as some sector-specific events.

For example, the impact of the oil price crash in late 2014 can be seen as mostly impacting in the manufacturing and wholesale & motor trades sectors through 2015, whereas specific events such as the 'beast from the east' weather event can be seen to cut across many parts of the economy in early 2018.



About This Release

The Monthly Business Turnover Index is based on data from the ONS Monthly Business Survey and Retail Sales Inquiry. These are the largest data sources used for quarterly GDP statistics. For included industries, the surveys include all large businesses and a representative sample of smaller companies operating in Scotland. There is a sample of around 2,500 companies for the final results each month, including more than 400 manufacturing firms. The sample sizes fall to around 1,800-1,900 in the provisional estimate each month.

The Monthly Business Survey does not include turnover data for Agriculture, Energy, Construction, Financial Services or Government. There is some data for industries such as real estate, mining, and private sector health and education, but sample sizes are small and the results are not included in the index.

Results are adjusted for inflation using the Consumer Price Index as a broad indicator of price change, and seasonally adjusted. Turnover is taken to be increasing(*decreasing*) in real terms when it is higher(*lower*) than 12 months previously by at least 0.5 percentage points above(*below*) the CPI inflation rate. Turnover is taken to be unchanged when it does not meet either of these conditions.

The MBTI is a diffusion index calculated using the standard formula for such measures. Every company is given equal weight, meaning that a large firm which reports a large increase in turnover could be offset by a small firm reporting a small fall in turnover. For this reason, the index does not give a direct indication of the likely growth rate for total turnover or GDP in each month or quarter. Instead, it is designed to give a broad indication of general trading conditions, including the extent to which falling turnover is widespread within an industry. The main uses for the index are to identify sharp turning points in output and the relative size of economic shocks between different industries.

Next release: Results for August 2020 are planned for release on 2 October 2020

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