



## BRIEFING PAPER

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# Coronavirus: Economic data March-May 2020 [ARCHIVED]

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**The coronavirus outbreak is causing significant disruption to the economy. Official economic data reflecting the initial impact was released in late April and May, but they won't reflect the full impact of the virus and lockdown on the economy until late May and June.**

**Until then, a range of other sources, such as business surveys and anecdotal information, can also be used to capture the impact of coronavirus on the economy. This briefing collates the economic data that is available into a single page.**

The coronavirus outbreak is [affecting the UK economy in a number of different ways](#): from enforced closures of many businesses to supply chain disruption and uncertainty over how long it will all last.

The rapid spread of the crisis – and the associated economic impact – means that official data such as GDP and unemployment will not reflect the full disruption until late May and June at the earliest. Official data published in late April and May does capture the early stages of the impact of Covid-19 in March, before the more stringent social distancing measures were fully implemented.

To complement the official data, other sources of economic performance such as business surveys, information from companies and other anecdotal information can be used. Pieced together this can provide a guide to how the economy is performing and the scale of the downturn currently taking place. This page collects this information, together with official data, to provide a single source of latest economic data on the impact of coronavirus.

### Summary of key data

UK GDP fell by 2.0% in the first quarter of 2020, similar to financial crisis in late 2008. In March, GDP fell by 5.8% compared with February. Businesses surveys paint a bleak picture of activity in April and May, particularly in consumer-facing services sectors such as non-food retail and entertainment (retail footfall was down by 75-80% in April and the first half of May compared with a year ago).

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A surge in recent claims for the Universal Credit benefit – 2.5 million from 16 March to 5 May – suggest unemployment is rising. The Bank of England projects the unemployment rate, in a “plausible illustrative economic scenario”, to rise to 9% in the second quarter of 2020, compared to 4% before the crisis. There have also been steep falls in consumer and business confidence.

### UK economic data

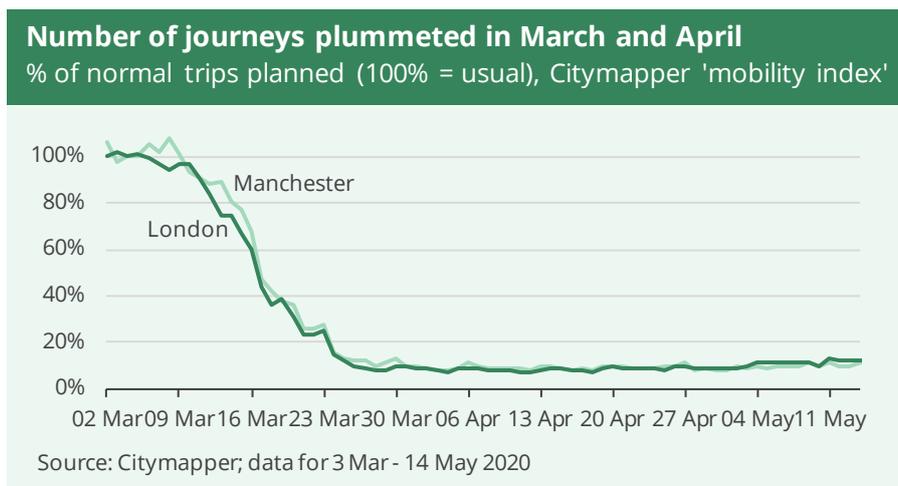
Below are short descriptions of latest economic statistics related to the impact of the coronavirus outbreak on the UK economy. Information is presented with the most recent release dates first. If information is regularly published, e.g. weekly, only the latest release is shown.

**LAST UPDATED: 15 MAY**

#### Daily updates

Retail footfall in the UK was roughly 80% lower in April compared with a year ago, according to [data from Springboard](#), a retail research provider. In the first half of May there has been a increase compared with those levels with footfall down by around 75%.

Citymapper, the journey planning app, has compiled a ‘Mobility Index’ for [major cities around the world](#) based on the trips planned on its app. In London, [movement was 12% of normal levels](#) on 14 May, in [Manchester it was 11%](#) and in [Birmingham it was 14%](#).



Data on daily road traffic, [published by the government](#), points to an increase in vehicle movements in recent weeks, although overall levels are still much lower than before the lockdown.

#### 15 May 2020 (date of release)

[Eurozone GDP fell by 3.8% during the first quarter of 2020](#), with Germany declining by 2.2% and France by 5.8%. By [comparison](#), the UK saw GDP fall by 2.0% (see 13 May, below).

#### 14 May

The Office for Budget Responsibility, the independent fiscal watchdog, published an [updated estimate of the budgetary cost of the policy response](#) to the coronavirus crisis. This updated a previous estimate made on April 14 under their ‘reference scenario’ of GDP being around one-third lower during a three-month period of lockdown. The new estimate of the direct effect of Government decisions is £123 billion in 2020/21. The overall budget deficit is therefore estimated at around £300 billion, based on the OBR’s April 14 reference scenario.

A survey of businesses by the Office for National Statistics (ONS), conducted during the period 20 April to 3 May, showed that [22% of businesses that responded had temporarily stopped trading](#), with huge variations by sector. Of the businesses that continued to trade, 61% said their turnover had fallen, including 25% whose turnover had fallen by over half. 91% of business that had paused trading had applied for the government's Coronavirus Job Retention Scheme, with 72% of businesses who were still trading also applying for the scheme.

A regular weekly survey conducted 5-8 May by the British Chambers of Commerce reported that [71% of businesses surveyed said they had furloughed some staff](#). Meanwhile, 75% of businesses agreed that they could implement social distancing measures

### **13 May**

[UK GDP declined by 2.0%](#) in the first quarter (January-March) of 2020, compared with the previous quarter (Q4 2019). This release is the first to include the direct impact of the coronavirus pandemic on UK GDP. This decline is similar to the magnitude seen during the height of the financial crisis in late 2008. For March 2020 alone, during which the lockdown began, preliminary estimates suggest [GDP fell by 5.8% in March](#) compared with February. This was the biggest monthly fall since the series began in 1997.

### **12 May**

Statistics published by the Department for Work and Pensions showed that there were [2.5 million new individual applications \(declarations\)](#) for the Universal Credit benefit from 16 March to 5 May. The number of claims has subsided since peaking in early April, but remain above pre-virus trends. Weekly claims were 76,000 in the week from 2 March, rising to 703,000 in the week from 6 April and then subsiding to 182,000 in the week from 27 April-4 May. Not all applications will be successful, and you don't have to be unemployed to receive Universal Credit, but these figures do suggest unemployment is rising. Official labour market statistics for March will be published 19 May –see the Library briefing [Coronavirus: Impact on the labour market](#) for more.

The Chancellor announced the [extension of the Coronavirus Job Retention Scheme](#) until the end of October. The scheme remains unchanged until the end of July. Then from August, employers will be allowed to bring back furloughed workers part time and be asked to “start sharing” the costs of paying employees' salaries.

### **10 May**

In a national TV address, [the Prime Minister announced plans to slowly ease the 'lockdown'](#).

### **8 May**

The GfK consumer confidence survey, conducted 20-24 April, showed its overall [consumer confidence index at -33](#), a very low level historically. This was slightly up from -34 during the [previous survey](#) conducted 1-14 April. The early April survey saw the largest fall since the survey began in 1974.

### **7 May**

The Bank of England's Monetary Policy Committee (MPC) [left interest rates unchanged](#) at 0.1% and its bond-buying programme (known as quantitative easing, QE) was maintained at £645 billion (almost all of which are purchases of government bonds). In its [Monetary Policy Report](#), the Bank forecast GDP to fall by 3% in Q1 2020, compared with the

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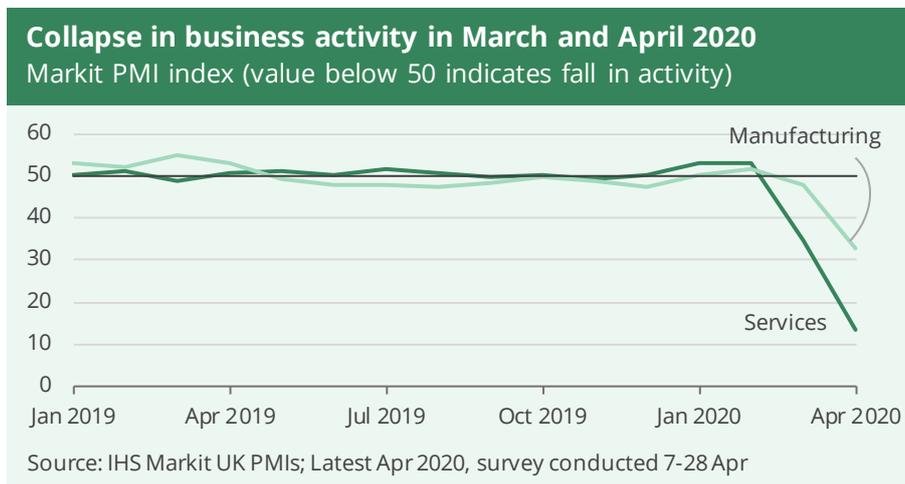
previous quarter, and then decline a further 25% in Q2. The unemployment rate is projected to rise to 9% in Q2. Noting the extreme uncertainty, the Bank said this was a 'plausible illustrative economic scenario' rather than a forecast per se.

### 6 May

Capital Economics, a consultancy, estimated that [approximately 2 million households have agreed a 'mortgage holiday'](#) with their mortgage provider. This is roughly one in five households with a mortgage.

### 5 May

Closely-watched surveys of businesses – IHS Markit's purchasing managers' index (PMI) – showed [unprecedented falls in business activity](#), especially in the services sector. These were the biggest falls for both manufacturing and services, since the surveys began in 1992 and 1996, respectively. The survey was conducted between 7-28 April.



[New car registrations \(sales\) fell by 97% in April](#) compared with a year ago, the SMMT, the trade association for the automotive manufacturing sector, reported. Only 4,321 new cars were registered in April 2020 compared with over 161,000 in April 2019. The SMMT expect new car registrations to be 27% lower in 2020 than in 2019.

### 30 April

SMMT, the trade association for the automotive manufacturing sector, reported that [car production fell by 38% in March](#), as UK car plants began to shut due to the coronavirus outbreak. An SMMT survey of businesses in the automotive sector showed that [61% of the full-time manufacturing workforce](#) in the sector furloughed.

### 28 April

Zoopla, the property website, estimated that [373,000 property transactions were stalled as a result of the lockdown measures](#). They also project that the number of house sales in 2020 will be 50% lower than in 2019.

A [survey of retailers by the Confederation of British Industry \(CBI\)](#) indicated 67% of retailers reported a significant negative impact on domestic sales. Nearly all retailers (96%) reported cash flow difficulties during the survey period of 27 March to 15 April. In addition, 31% reported that they faced constraints on the availability on external finance.

### 24 April

UK [retail sales fell by 5.1% in March](#) compared with the previous month, official data from the Office for National Statistics (ONS) reported. This was the largest monthly fall since the data series began in 1996. Sales volumes in food stores rose by 4.0% in March, but non-food stores saw a 7.8% decline. The value of online retail sales increased by 8.3% and the total proportion of total retail sales that were online reached a record high of 22.3% in March.

### **23 April**

The first indications of the impact of the coronavirus outbreak on the public finances was shown in [data published](#) for March 2020. HMRC cash receipts fell by 5% compared with last year and central government spending rose.

### **21 April**

Analysis by the Enterprise Research Centre using Companies House data found [21,000 more limited companies went out of business in March](#) compared with March 2019. This represented a 70% increase. Although the reasons for a company's demise are not stated, the timing suggests the coronavirus outbreak played a large role.

### **20 April**

The British Retail Consortium (BRC) reported a [83% decline in retail footfall](#) – shopper visits – in the two weeks since the official lockdown was announced on 23 March. Over the whole of March, the decline was 45%. Figures are compared with a year ago.

IHS Markit's household finance index dropped sharply in April, reflecting [consumers increased concerns over their incomes](#). Perceptions of job security fell to their lowest level since the survey began in 2009. The survey of working age adults was conducted 2-5 April.

### **16 April**

The British Retail Consortium (BRC) reported [retail sales declined by 4.3% in March](#) compared with a year ago, the largest monthly decline since the series began in 1995. Sales in the two weeks after the national lockdown was announced on 23 March declined by 27%. This followed an increase of 12% in the first three weeks of March.

Based on data from its debit and credit cards, Barclaycard reported [consumer spending had fallen by 6% in the month to 27 March](#) compared with a year ago.

### **15 April**

A business survey from the BDO, an accountancy and business advisory firm, showed [large falls in output, confidence and employment in March](#).

Based on data from its debit and credit cards, [VISA reported a 12% decline in its UK consumer spending index in March](#) compared with a year ago.

### **14 April**

The Office for Budget Responsibility, the independent fiscal watchdog, published a [report looking at the impact of a three-month lockdown on the economy and public finances](#). In this 'reference scenario' GDP would be around one-third lower during the period of lockdown and government borrowing would rise sharply.

### **8 April**

A survey by the Recruitment and Employment Confederation and KPMG, the consultancy, showed [demand for permanent and temporary staff in March fell](#) by the steepest rates since 2009. The survey was conducted between 12-25 March.

### 7 April

The property website Zoopla said that there has been a [70% decline in new property sales agreed](#) since the coronavirus restrictions were put in place.

### 6 April

Analysis by the Centre for Economic and Business Research suggested that during the current lockdown there is a [reduction in UK economic output of 31% compared to normal](#) levels of activity – roughly £2.4bn per day. This varies considerably by sector.

### 3 April

A high street sales tracker from BDO, an accountancy and business advisory firm, [showed a 18% decline in sales in March](#). In store sales were down 34%. Non-store sales were up 14%.

[Consumer confidence fell to -18%, down from -9% previously](#), according to a survey conducted 20-24 March by Deloitte, a consultancy. This was the lowest recorded level since the survey began in 2011. Confidence in job security saw a big decline.

### 1 April

The Corporate Finance Network of accountants reported that [18% of small- and medium-sized firms may not survive](#) until the end of April.

A survey of the UK workforce by academics showed that 49% expect to have difficulty paying bills in coming weeks, with [57% of workers saying their earnings were lower than usual](#) in the previous week. 8% said they had lost their job in the past month. Workers on lower incomes were hit harder. The survey was conducted on 25 March.

### 31 March

An Opinium survey commissioned by Be the Business, an organisation that supports businesses raise productivity, reported that [7% of small businesses had stopped trading permanently](#), while a further 12% said they would likely close within a month. 8% have made redundancies, with a 15% planning to in the next month. The survey was conducted 20-24 March.

A survey, conducted 20-26 March, of 'business leaders' by the Institute of Directors, reported [39% thought coronavirus posed a severe threat](#) to their organisation. 40% had contacted their bank about an emergency loan.

[Grocery sales rose by 43% in the week ending 21 March](#) compared with a year before, market research firm Nielsen reported.

### 26 March

Bank of England agents reported on business conditions in the first few weeks of March. Overall, agents reported [sharp falls in consumer demand](#) especially in the travel, leisure and hospitality sectors. Car sales were also down significantly. Some businesses had put investment projects on hold to preserve cash. In summary:

*"The Covid-19 (Coronavirus) pandemic has caused a sudden, rapid decline in economic activity in recent weeks. The situation has been described by many Agency contacts as being worse than the financial crisis in 2008."*

The Chancellor announced a package of [financial support for many self-employed individuals](#). Further detail is available in the [Library briefing on support for businesses](#).

### 24 March

Expectations of output in the next three months among manufacturers fell to its lowest level since the financial crisis, according to a [survey of businesses in the sector by the Confederation of British Industry \(CBI\)](#). The industrial trends survey was conducted between 25 February and 13 March.

### **23 March**

In a national TV address, [the Prime Minister announces more stringent measures](#) to enforce social distancing and stop the spread of coronavirus.

### **20 March**

The Chancellor announced [additional support measures](#), including a policy intended to support businesses pay the wages of staff who are on unpaid leave but are still employed. Further detail is available in the [Library briefing on support for businesses](#).

### **19 March**

The Bank of England [cut interest rates to 0.1% and announced a £200bn expansion](#) of its bond-buying programme (also known as quantitative easing), in order to support the economy and the functioning of the bond market. This was in addition to previous rate cuts and new schemes to provide cheap loans to banks, in order to improve their capacity to lend to the real economy.

### **17 March**

The Chancellor announced measures to [financially support businesses hit by the coronavirus outbreak](#). These built on a smaller package of support [originally announced in the Budget on 11 March](#).

## **Further information**

Commons Library, [Coronavirus research and analysis](#)

Library briefing paper, [Coronavirus: Effect on the economy and public finances](#)

Library, [The UK economy: a dashboard](#)

Library briefing paper, [Coronavirus: Impact on the labour market](#)

Library briefing paper, [Support for businesses during the Coronavirus \(Covid-19\) outbreak](#),

Resolution Foundation, [The economic effects of coronavirus in the UK](#)

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