



The Scottish Government
Riaghaltas na h-Alba

State of the Economy

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Office of the Chief Economic Adviser

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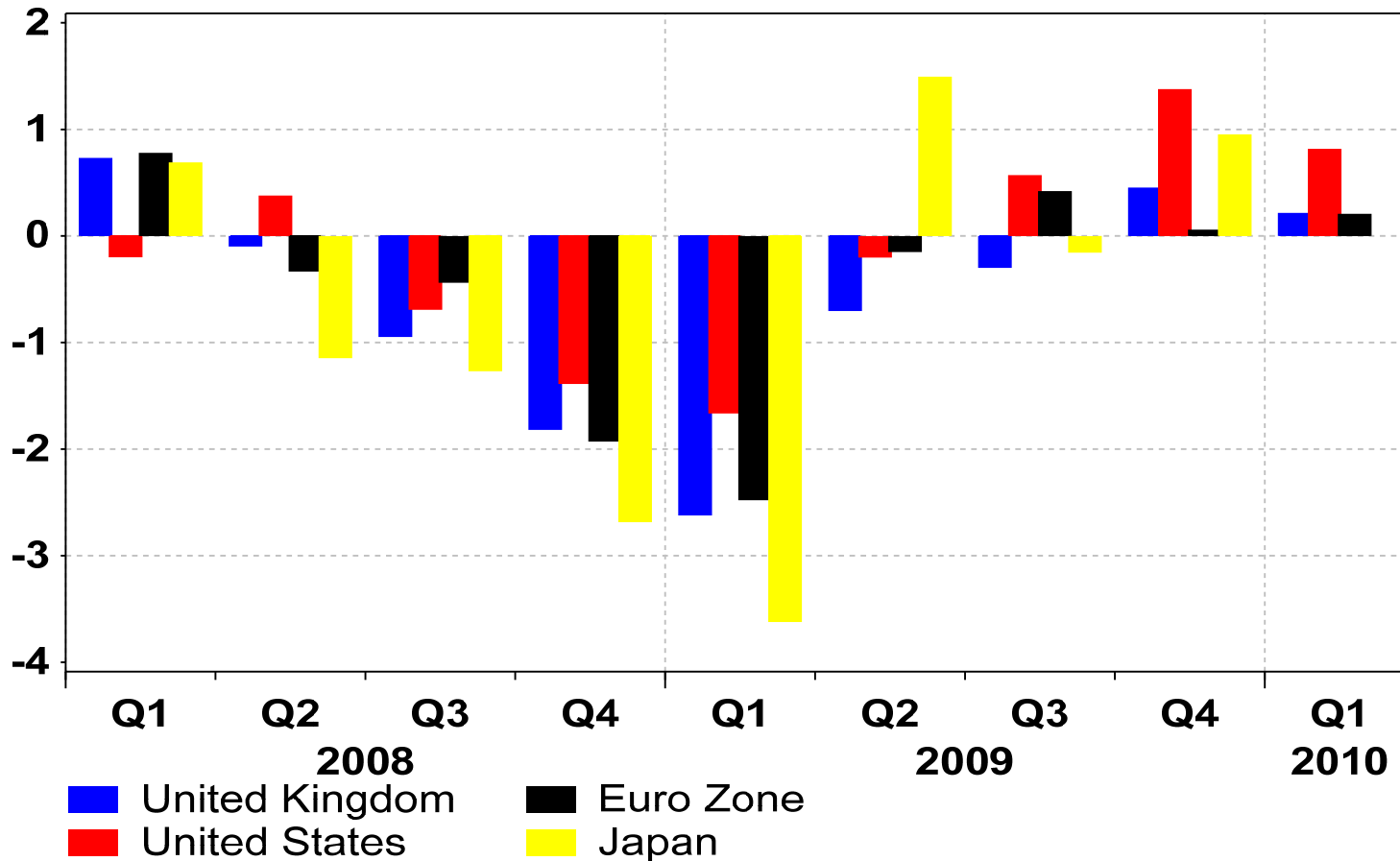
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- The last eighteen months
- Signs of stabilisation
- Future prospects

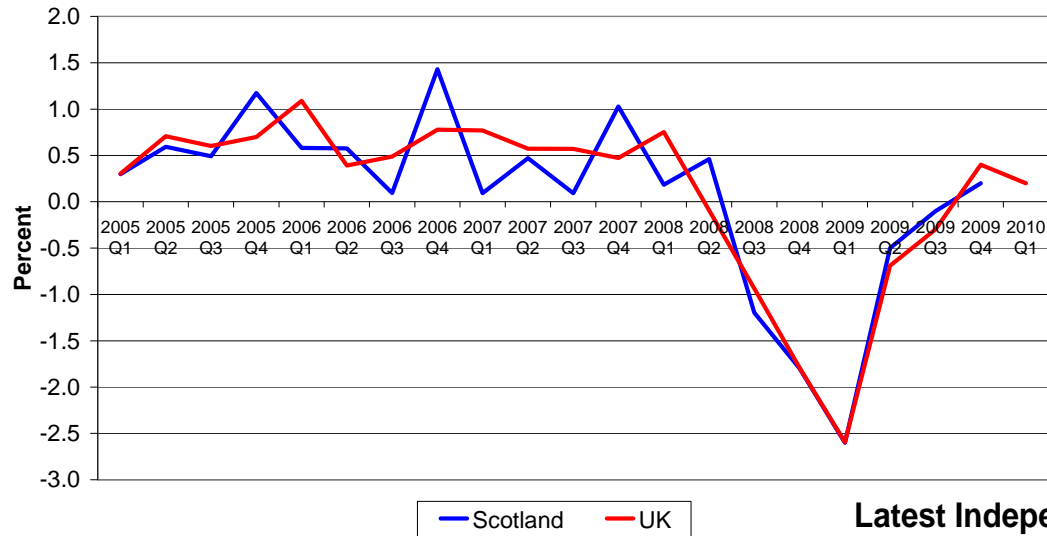
Global Economic Recovery

Quarterly growth rates of GDP
Percentage change compared with previous quarter



Scotland Emerges from Recession

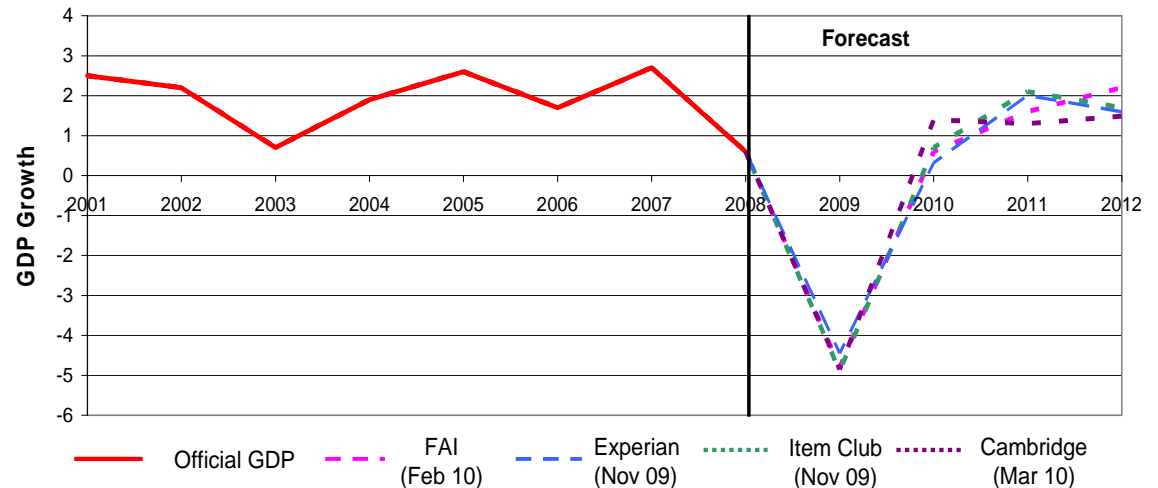
Scotland & UK GDP (Q-on-Q)



Recession lasted 5 quarters – with fall in output of approx 6%

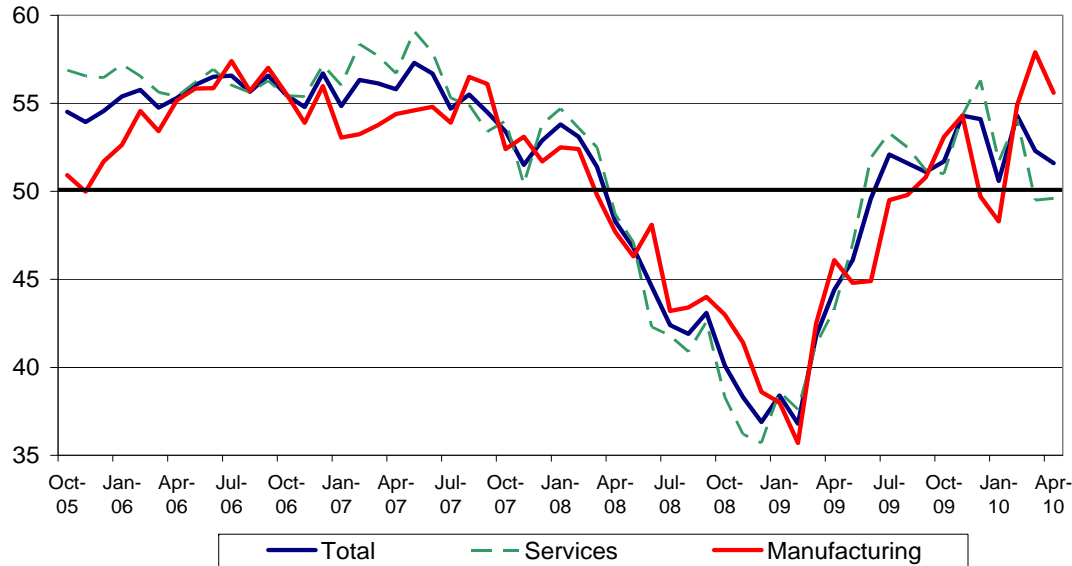
In line with most EU countries, recovery forecast to be modest in 2010 before picking up in 2011

Latest Independent Forecasts for Scottish GDP Growth



Recovery Continues

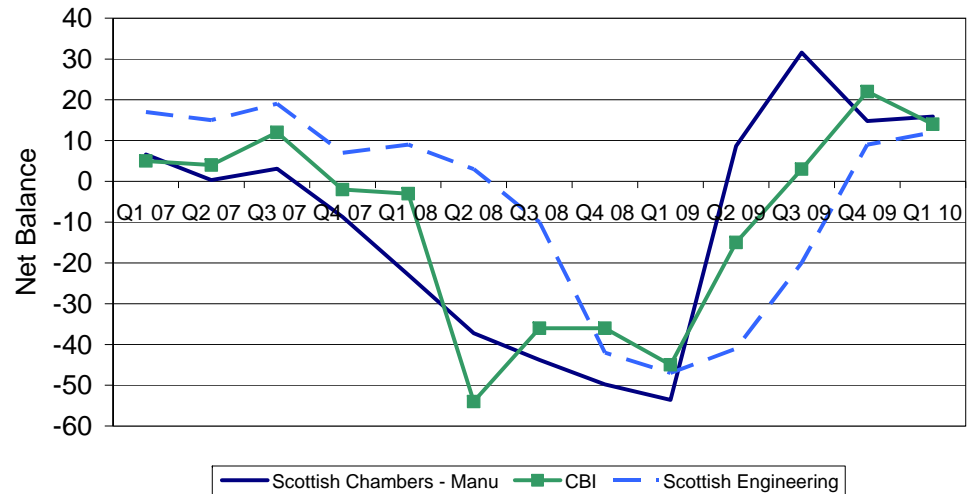
Bank of Scotland PMI Scotland Survey of Private Sector Output



PMI – 10th consecutive monthly expansion in April

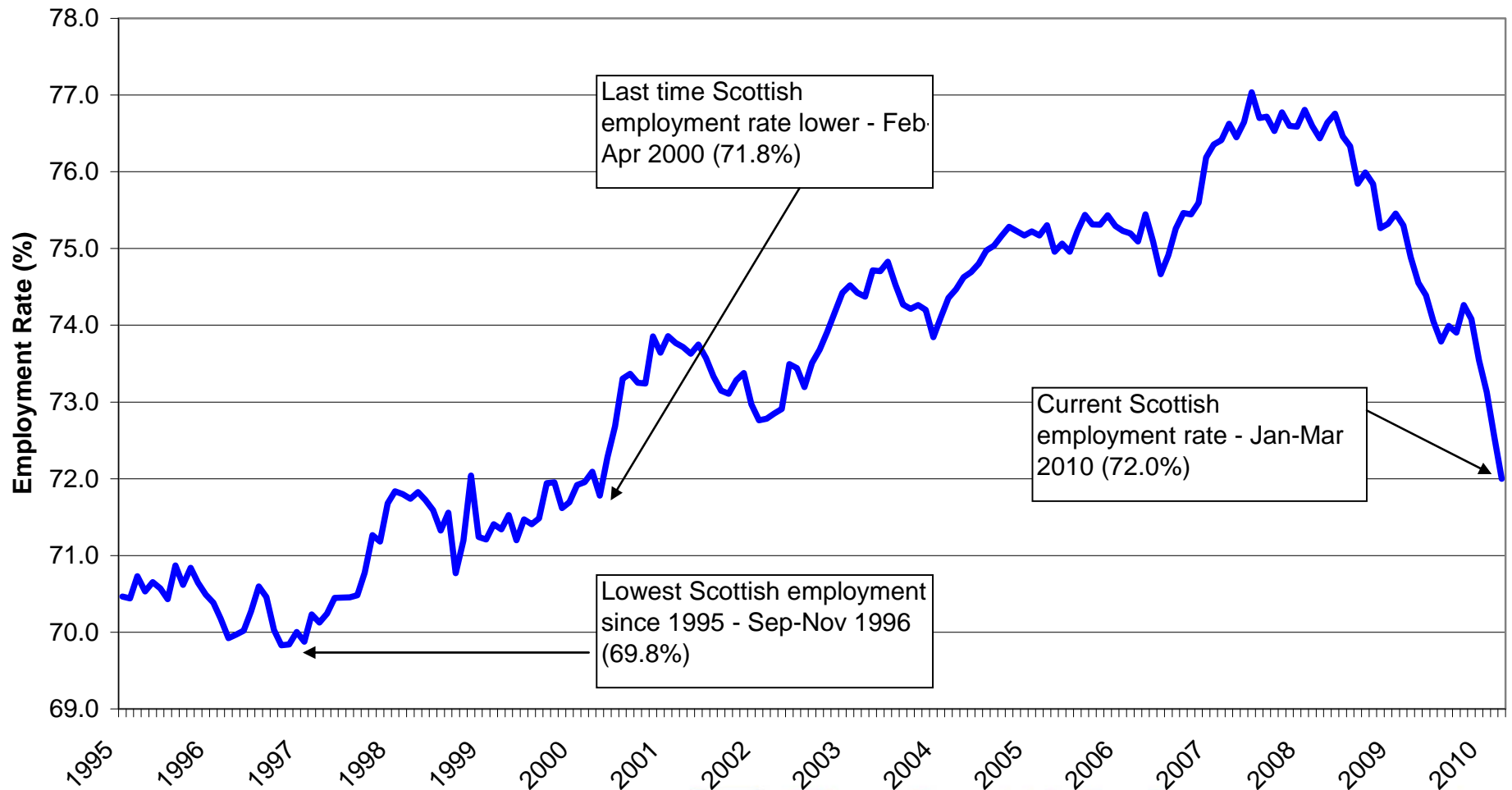
Improving optimism for future outlook

Business Optimism



Labour Market

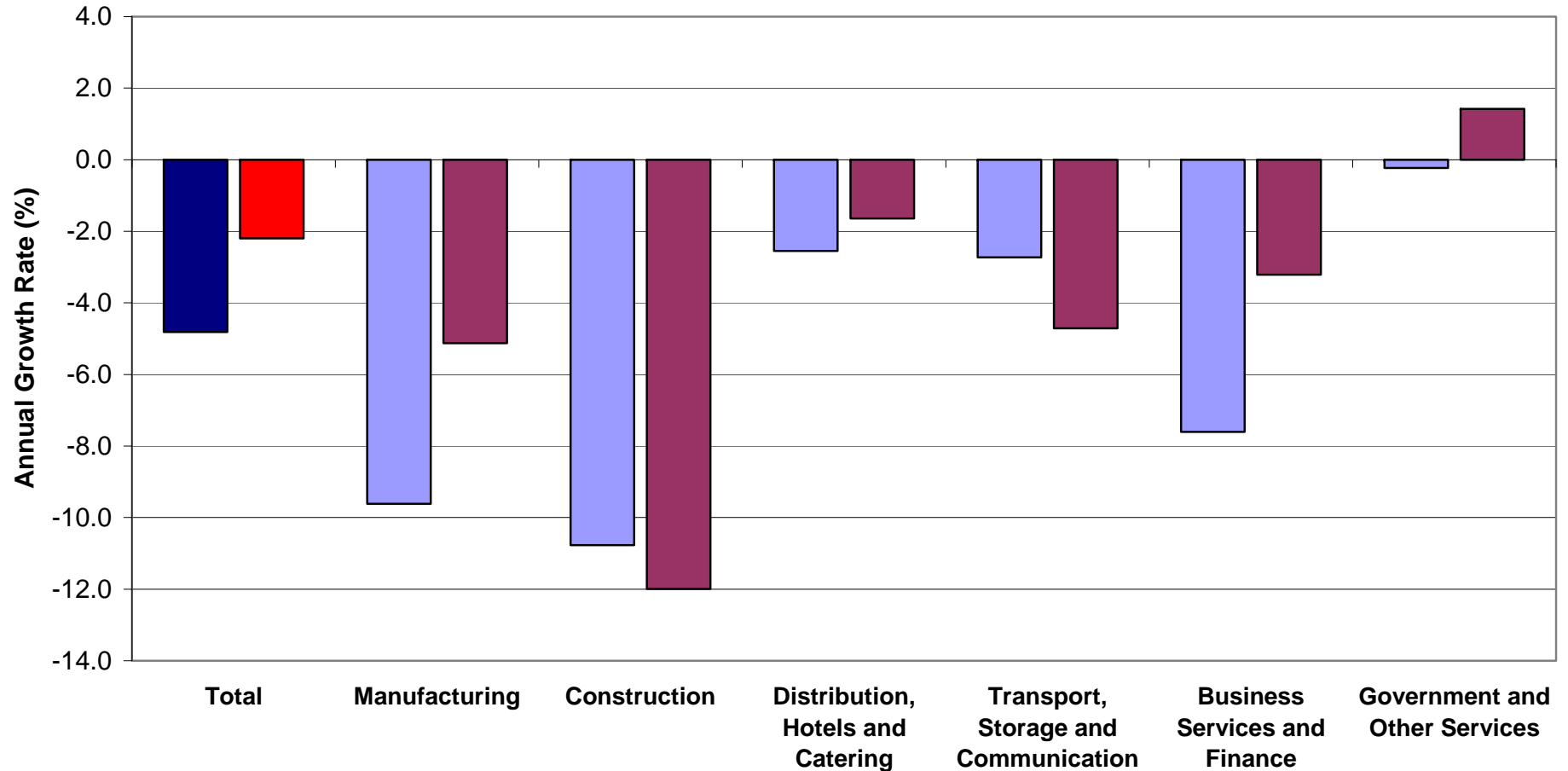
Employment Rate (16-59/64), Scotland



Adjustment by Sector

Change in GVA and Employee Jobs to 2009 Q4 (%)

Note: Employee Jobs data by sector is not seasonally adjusted

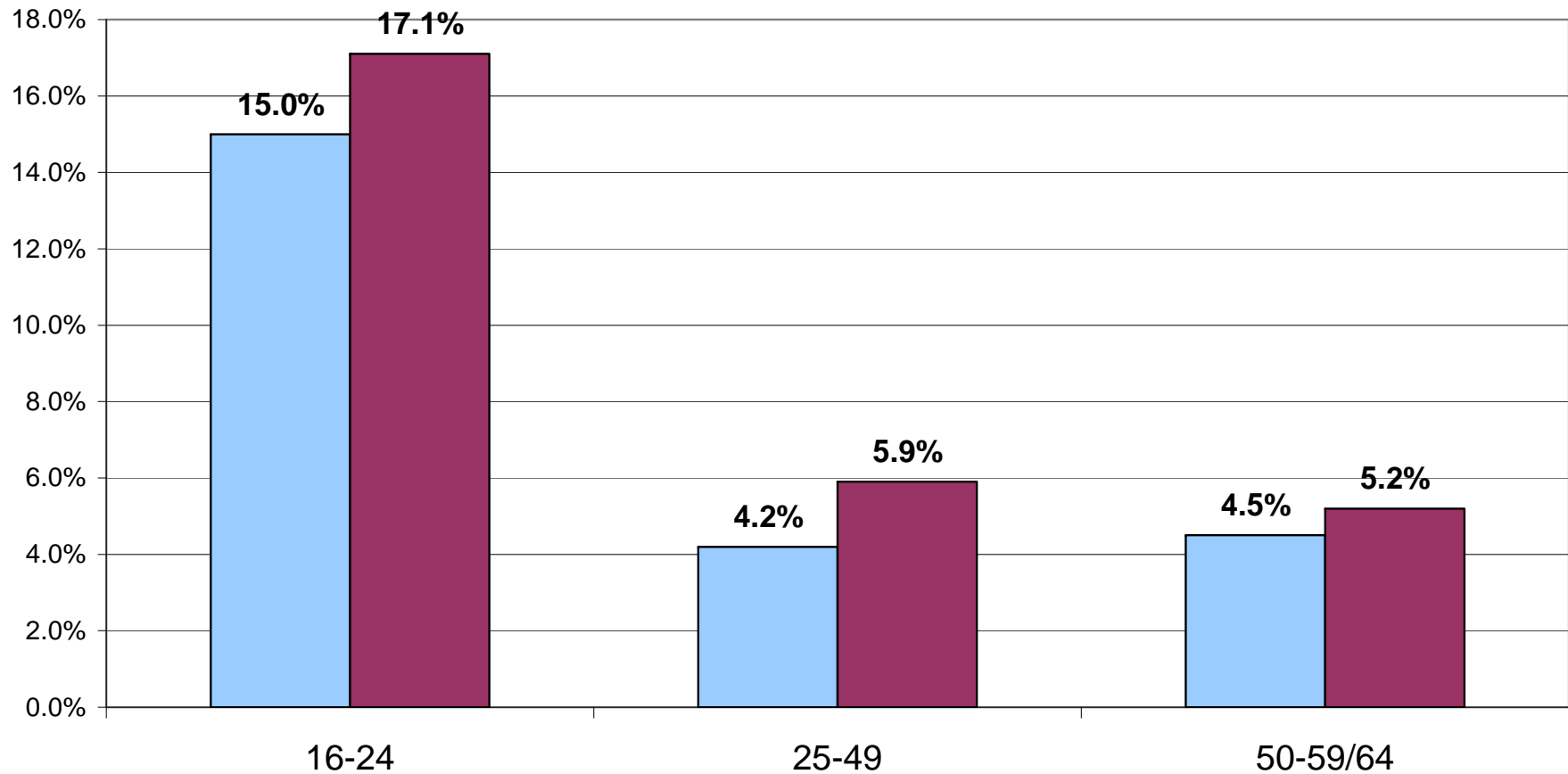


Source: Scottish Government, ONS

■ GVA ■ Employee Jobs

Unemployment by Age Group

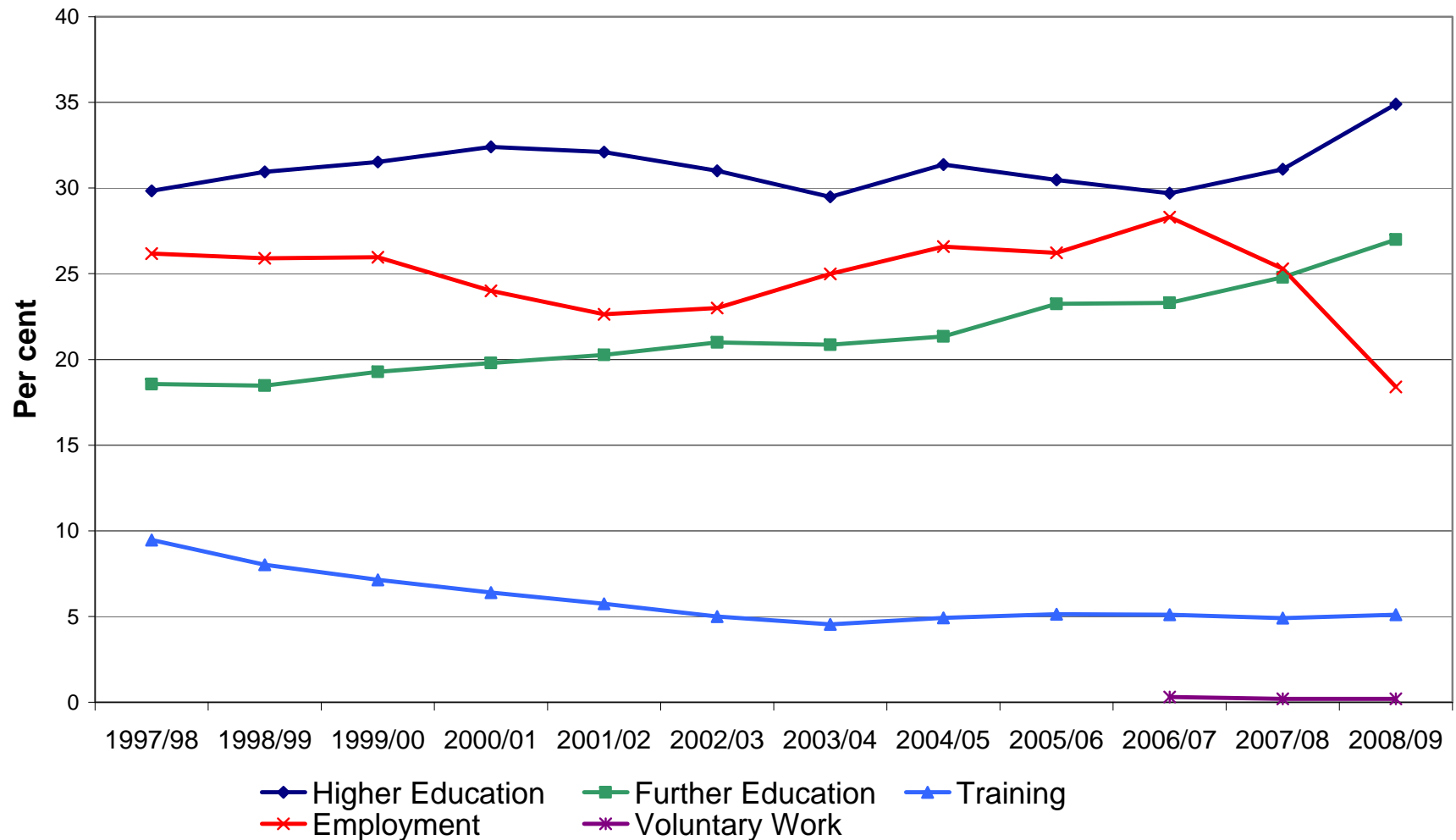
ILO Unemployment Rate (%), by Age Group Scotland,



Source: LFS, Jan-Mar quarter, non-seasonally adjusted

Jan-Mar 2009 Jan-Mar 2010

% School Leavers in Positive Destinations



Source: Destinations of Leavers from Scottish Schools 2008-09



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Government Economic Strategy

- Sets out a strategic approach to building a supportive business environment
- In addition, GES identifies a number of key sectors with high-growth potential and the capacity to boost productivity



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Prospects for growth

- Firms/sectors with spare capacity
- Firms/sectors which have shed capacity during the recession
- Re-balancing in Economy



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Key Sectors

- Creative Industries
- Energy
- Financial and Business Services
- Food and Drink
- Life Sciences
- Tourism



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Summary and Conclusions

- Scotland recovering from significant recession
 - Sharp fall in output over last eighteen months
 - Rise in unemployment
- Economy growing again but like most of Europe, risks remain
- But, as economies rebalance + new markets emerge, opportunities exist



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