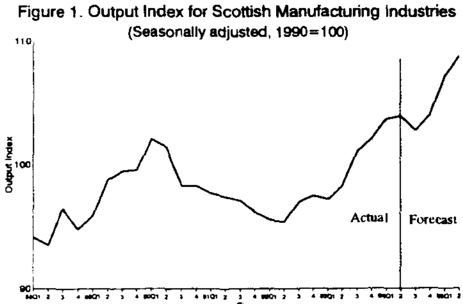
SHORT-TERM FORECASTS*

This section presents short-term forecasts for the quarterly growth rates of Scottish manufacturing (Division D of the 1992 SIC) output.

The present forecasting period extends to 1995Q2. Figure 1 depicts the actual growth rates for Scottish manufacturing output from 1988Q1 to 1994Q1 and the forecasts for 1994Q2 to 1995Q2. As is clear from the figure, the output of Scottish manufacturing industries is predicted to grow steadily in 1994 except for the third quarter. For 1994 as a whole, the output of Scottish manufacturing industries is predicted to rise by around 3.1% over 1993. The first half of 1995 is also predicted to be a period of steady growth, with even faster growth rates than in 1994. Further details of growth rates for Scottish manufacturing outputs are presented in the following table.

Figure 1. Output Index for Scottish Manufacturing Industries (Seasonally adjusted, 1990=100)



* Development of the short-term model of the economy was made possible by the funding of a three-year research fellowship by TSB Bank Scotland.

TABLE 1. QUARTERLY GROWTH OF SCOTTISH MANUFACTURING OUTPUT (%)

1992/91	-0.8
1993/92	3.4
91Q4/90Q4	-2.1
92Q4/91Q4	1.4
93Q4/92Q4	4.7
94Q1/93Q4	1.6
Forecast	
94Q2/94Q1	0.8
94Q3/94Q2	-1.1
94Q4/94Q3	1.2
95Q1/94Q4	3.0
95Q2/95Q1	1.6
1994/93	3.1

SCOTTISH CHAMBERS' BUSINESS SURVEY: SECOND QUARTER 1994

The SCBS is conducted by Strathclyde University's Fraser of Allander Institute together with the Chambers of Commerce of Aberdeen, Central, Dundee, Edinburgh, Fife and Glasgow, is the largest and most comprehensive regular survey of business, employment and other issues affecting the Scottish business community. In the present survey, which was conducted during June, 973 firms responded to the questionnaire.

BUSINESS PERFORMANCE

Business Confidence

In Manufacturing, business confidence continued to rise and at a faster rate than in the previous quarter. A net balance of 23% of respondents reported that they were more optimistic than three months previously, compared with a net balance of 10%

who were more optimistic in the first quarter. In the second quarter, Manufacturing respondents were more optimistic than they were in the same period a year ago, with a net balance of 38% of respondents reporting higher optimism. This compares with the situation in the first quarter where a balance of 23% of respondents were more optimistic than in the same period a year earlier.

In Construction, optimism continued to rise and at a slightly faster rate than in the first quarter. A net balance of 9% of respondents reported that they were more optimistic than in the previous quarter. This compares with a 7% balance of respondents who were more optimistic in the first quarter over the fourth quarter 1993. A net balance of 35% of respondents reported that they were more optimistic than they were a year ago, an improvement of 6 percentage points on the response in the first quarter.

In Distribution, confidence surprisingly fell in Retailing, although this follows the considerable reduction in the rate of increase in the first quarter. In contrast, confidence rose in Wholesaling at much the same rate as in the first quarter. In Retailing, a net balance of 15% of respondents were *less* optimistic about the general business situation than they were in the first quarter, which compares with a positive balance of 1% in the first quarter. In Wholesaling, a net balance of 11% reported that they were more optimistic. This can be compared with a positive net balance of 12% in the previous quarter. A net balance of 26% of wholesalers reported that they were more confident than they were year ago, while a net balance of 6% of retailers were *less* confident, a fall of sixteen percentage points on the previous quarter.

Optimism among respondents from the Tourism and Leisure sector continued to rise and again at a much faster rate than in the first quarter. A net balance of 36% of respondents reported that they were more optimistic about the general business situation than they were three months earlier, compared with a balance of 21% in the first quarter. A net balance of 18% of respondents were more optimistic in the first quarter than in the same period of 1993.

Orders and Sales

In Manufacturing, orders and sales appeared to be rising strongly. For orders, a net balance of 29% of respondents reported an increase while, for sales, a balance of 28% of firms experienced a rise. These figures compare with positive balances of 16% and 12%, respectively, in the first quarter. Orders and sales from all principal markets are now rising strongly and at faster rates than in the first quarter. Export orders and sales appear to be the most buoyant by an appreciable margin, followed by demand from the domestic Scottish market and rest of UK markets.

In Construction, orders are now rising at a faster rate than in the previous quarter. A net balance of 11% reported an increase in orders compared with 5% in the fourth quarter. Orders from the private sector continue to be the source for the growth in demand, while orders from Central Government and Other Public Sector remain depressed.

Retail sales appear to have fallen in the second quarter. A net balance of 6% of retailers reported that sales had fallen, compared with a balance of 8% reporting a rise in sales in the previous quarter. In Wholesaling, sales rose at a faster rate than in the first quarter. A net balance of 24% of respondents reported a rise in sales, compared with a balance of 18% reporting a rise in sales in the last survey.

Tourism demand rose in the most recent quarter, after falling in the first quarter. A net balance of 18% of companies reported an increase compared with the balance of 5% reporting a fall in the three months to March. Demand from all principal markets rose during the quarter, with demand from abroad somewhat stronger than from the domestic Scottish and UK markets.

Stock Adjustments

Stocks of finished goods in Manufacturing fell again in the current quarter, with a net balance of 15% reporting a decrease. Stocks of raw materials also continue to be run down, while work in progress continues to rise.

Finance and Investment

In the Financial sector, there was further growth in the demand for personal loans. A net balance of 49% of respondents reported a rise, compared with the balance of 46% reporting an increase in the first quarter. Advances to the corporate sector are still rising, but at a somewhat slower rate than in the first quarter. The demand for working capital also continues to rise, with some reduction in the rate of increase over the first quarter. The demand for finance for investment in buildings rose in the present quarter thus reversing the downward trend, however, the demand for finance for investment in plant and equipment appears to have fallen again after rising in the first quarter and falling in the fourth quarter 1993.

Manufacturing investment intentions in plant and machinery were revised upwards again in the present quarter and respondents expect to revise them up further in the third quarter. There was a further deterioration in manufacturers' investment intentions in land and buildings, with a net balance of 6% of respondents reporting a decline. In Retailing and Wholesaling, investment intentions continue to be positive. Net balances of 10% and 16% of retail and wholesale respondents, respectively, reported an upward revision in investment intentions compared to the same period a year ago. The investment intentions of Construction respondents are now favourable for plant and equipment, but continue to decline for investment in buildings.

Expectations

The outturn in the second quarter was generally better than expected by respondents in the first quarter. However, in Retailing, first-quarter expectations were confounded by the decrease in sales in the present quarter. In Tourism the outturn for demand was somewhat less strong than expected in the first quarter.

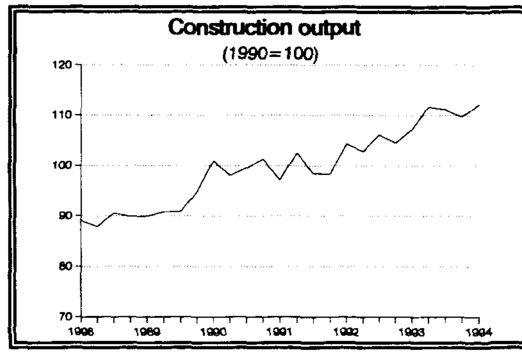
Demand conditions are generally expected to improve further in the third quarter of 1994. The Tourism sector is anticipating a faster growth of demand than the outturn in the present quarter. In Manufacturing, the growth of demand is expected to be about the same, while in Construction and Wholesaling the rate of growth is expected to slow down slightly. In Retailing, there is the expectation that demand will rise again, although this is held by only a small net balance of 3%.

PRIMARY

CONSTRUCTION

The Scottish Office Index of Construction figures for the first quarter have just been published and show a continuing improvement, with a 2.2% quarterly increase, to stand at 112.2. This is an increase of 4.4% in the year on year comparison and is evidence of recovery in the Scottish construction industry.

The industry in the UK as a whole is also exhibiting signs of recovery, with a quarterly increase of 1.1%, to stand at 86.8 which, due to its proximity to the turning point (q3 1994), is 0.5% down in the year on year comparison. However, the fragility of the recovery in the UK as a whole and the recent increase in interest rates, must be a worrying factor for constructors.



In the second quarter 1994, the Scottish Chambers Business Survey (SCBS) showed that overall business confidence was higher than in the first quarter, but lower than that expressed in the fourth quarter 1993. Compared with the second quarter 1993, a net 35% were more confident.

Total new orders continued to improve for a net 11% of respondents and a balance of 7% predicted a further increase in the next quarter. The recovery continues to be led by the private sector, with central government and other public service orders continuing to decline. The largest limiting factor to output was cited as a lack of orders/sales.

Average capacity utilisation increased over the quarter to stand at 79.7%, an increase of some 2.5%. A small balance (2%) reported utilizing less capacity than in the same quarter in 1993. Work in progress was increased for a net 14% of respondents.

Investment intentions for plant and equipment were revised upwards in the second quarter, mainly for replacement purposes by a balance of 4% of respondents. Land and existing buildings investment intentions however were revised downwards for a net 1%.

Employment had not been expected to decline during the second quarter, but a net 4% of respondents reported a fall. Part-time and temporary employment declined, as did overtime and short time working. It was reported that employment in quarter three was expected to improve.

Almost half of respondents attempted to recruit during the second quarter and 8% of those experienced increased difficulties. Problems were reported in finding suitable professional and managerial (22%), technical (19%), skilled manual (24%) and in other categories.

Nearly a quarter of respondents increased employee remuneration, with an average increase of 2.6%, which was the lowest reported increase in any of the SCBS sectors.

Brick sales in the UK were the highest in five years, a good leading indicator of improvements in the building trade, according to recent Department of Environment figures. Building costs are now almost one third cheaper in real terms than at the height of the eighties construction boom. This was the finding of a recent report released by the Royal Institution of Chartered Surveyors, who state that this is due to a combination of low land prices, cheaper labour and increased efficiency amongst building firms. It is thought that this situation will continue for the next few years. The RIAS building cost department estimates that prices will rise by around 5% annually during the next two years, leaving nominal building costs still 6% below their 1989 peak. When compared with a likely 8% rise in retail prices over the period, the basic message emerging from the report, issued amid further industry gloom, is that now is the time to buy.

While the housing market is driven essentially by demand, the construction side is still primarily cost sensitive and builders are likely to become far more choosy about their tendering in future. The tendency to go for turnover at any cost is now becoming a phenomenon of the past as constructors are taking now a more realistic view of their spare capacity. As construction and land prices rise faster than house prices and industrial and commercial rents, there is a danger that developers may cancel some of their more ambitious projects as margins are squeezed.

Taylor Woodrow Construction Holdings is to purchase the former Howard Doris oil platform construction yard at Kishorn. At its peak in the late 70s the yard was the biggest employer in the Highlands, with a 3,500 workforce. The site has remained derelict since 1986, although there is little that needs to be done to get it back into production.

The National Council of Building Material Producers' forecasting panel stressed the importance of the government maintaining current expenditure plans in the November budget, as 39% of total output in this sector relates to the public sector. In the light of the recent interest rate raise, this becomes even more important as private sector growth is so closely linked to the overall performance of the economy.

The harmonization of business rates north and south of the border could see Scotland hit by a "particularly iniquitous" penalty, warns Charlie Crighton, Chesterton's Director of Rating in a message to key property owners and landlords. The changes proposed for the 1995 revaluation could lead to increased costs and "progressive vandalism" leading to disincentives for developers and investors considering further investment in Scotland. The Scottish system of granting rates relief on a building after it has stood empty for three months, could be replaced by the English Practice requiring the landlord to pay half rates until it is occupied. This could lead to the English and Welsh practice of 'soft stripping' buildings to render them incapable of beneficial use becoming a feature of the Scottish market.

The Halifax building society is reported to be on the look out to merge with a rival, with rumours that the preferred target is the Leeds Permanent. The Leeds had planned a link up with the National and Provincial, but that was called off. In their latest house price index, the Halifax report that average house prices in Scotland, continued their upward trend in the second quarter 1994, rising by 1.7% and by 0.4% over the year. This compares with a UK wide quarterly increase of 1.0% and an annual increase of 0.6%.

FISHING

In the first seven months of 1994, the total value of landings of fish by British and foreign vessels in Scotland was £162,825,000, 0.8% lower than the figure for the corresponding period of 1993. At the level of the major classifications of fish, the fall was wholly the result of lower volumes and values of demersal landed: the volume of landings was down 5.4% on the 1993 figure whilst the value of landings was 8.4% lower. For the other major species, the value and volume of pelagic landings rose, whilst for shellfish the value increased despite falling volume.

For demersal, amongst the individual species, haddock, cod, monkfish and whiting are the most important by value. The most striking difference from the previous year is the large fall in the volume and value of the landings of cod. The value is down by 22.2%, volume by 23.6% and the absolute fall in the value of landings is £5,822,000. For the other economically important species, whiting similarly showed a large fall in both the value and volume of landings. However, for haddock and monkfish, the value of landings increased, by 6.8% and 11.9% respectively.

For the pelagic, there has been a big increase, in terms of both volume and value of landings of the major species, mackerel. The value of landings increased by £879,000, a proportionate increase of 8.5%. The landings of herring also rose in both volume and value terms (9.2% and 8.5% respectively) though there was also a large fall in the volume and value of landings for blue whiting.

In the case of shellfish, Norway lobsters make up over a half the total value of landings in this category. A 4.8% reduction in the value of landings was experienced for this species, the result of a 2.6% increase in price accompanied by a 7.4% reduction in the volume of landings. For other species there was a 70.7% increase in the value of scallops landed, almost wholly due to the increased volume.

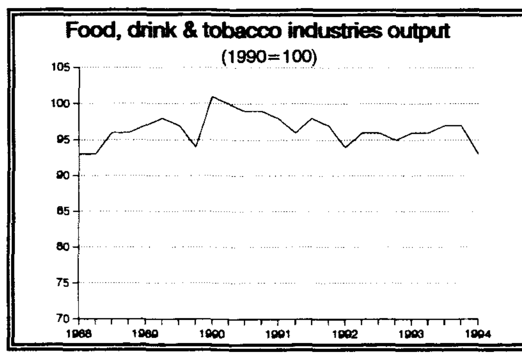
Whilst the value of total landings fell as compared with the same period in 1993, the value of landings from British boats increased by £1,719,000, an increase of 1.1%. This means that the share of the value of landings going to British boats increased from 91.6% to 93.5%.

MANUFACTURING

FOOD, DRINK AND TOBACCO

The Index of Production for the Food, Drink and Tobacco (FDT) sector in Scotland fell by 4.3% over the first quarter of 1994, the largest fall recorded by any manufacturing sector in Scotland. Both Food and Tobacco (5%) and Drink (4%) fell, and the fall in FDT in Scotland is in contrast to the 1% rise in FDT output recorded across the UK over the same period. However, the Scottish figure incorporates revised data, so there is the possibility that the drop may reflect a one-off adjustment due to this. Quarterly changes of the magnitude are not common in FDT. Over the four quarters to Q1 1994, the value of output in Scotland is unchanged, also the case across the UK.

The more up to date results from the July Scottish Chambers' Business Survey (SCBS) tend to show a more optimistic picture than that given by the Index. A net balance of respondents (20%) felt more optimistic about immediate prospects than they did three months previously and 39% of respondents reported a rising trend in new orders, compared to only 15% reporting a decrease. While both Scottish and other UK orders have picked up (with net positive balances of 14% and 13% respectively) the largest surge has been in export markets, where 40% reported an increase in trend compared to only 8% reporting a decrease. In addition, a small balance of firms, 9%, had revised investment intentions upwards, for plant and equipment, in the three months to July. Despite this, capacity utilisation remains low at 73% and 67% of firms confirmed to cite lack of orders in the factor most likely to limit output in the short term.

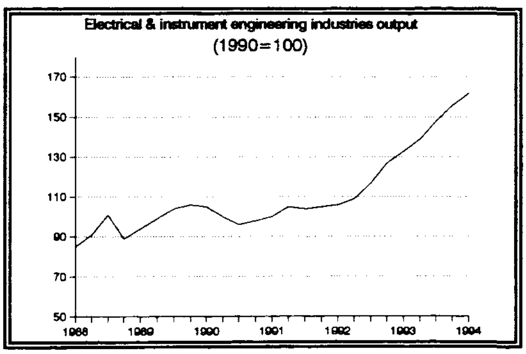


The main company news recently has been the takeover of William Low by Tesco. Following its victory over Sainsbury in the contested takeover battle, Tesco has, as expected, announced the closure of Low's Dundee HQ. While Dundee is to be considered as the site for Tesco's new Scottish HQ, total employment in Dundee will fall and there will be an inevitable loss of decision-making capacity in the local economy. There is also concern over the future of one of the two distribution centres now owned by Tesco's, in Dundee and Livingstone, and it seems inevitable that one will close at some point in the future. Tesco has, however, emphasised its commitment to maintaining a relationship with Low's Scottish suppliers and stated that Scottish companies will be allowed to bid for work in the £35 million refurbishment programme that it plans for the stores it has acquired. As Tesco's purchased William Low largely to acquire market share in Scotland, there are no plans for a major programme of store closures.

Elsewhere, the Dundee-based company Watson and Philip has opened a distribution centre in Uddingston, creating 80 new jobs. Watson and Philip supply catering services to hotels, pubs and the public sector and has recently also began to operate its own convenience stores, opening 24 in the first half of this year.

ELECTRONICS

The Index of Production for the electronics sector in Scotland increased by 4% in the first three months of 1994 which, although a larger increase then seen in any other manufacturing sector, is a relatively small increase given the recent past performance of the industry. This is also shown by the fact that output in the sector across the UK increased more than in Scotland, by 5%.

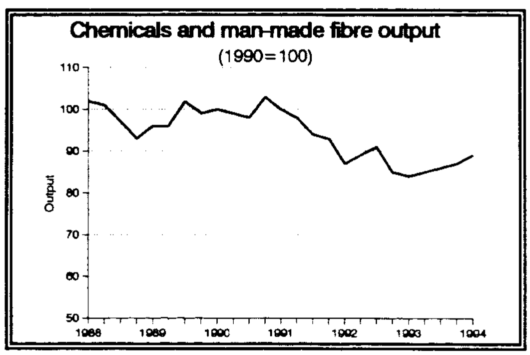


The July results from the Scottish Chambers' Business Survey (SCBS) do, however, show signs of continued growth in the sector, with a positive balance, 8%, of respondents feeling more optimistic about business prospects than three months previously (although it is perhaps more important that a net balance of 35% felt more optimistic than at the same time in 1993). There was also a upward trend in new orders, with 51% of companies reporting an increase in the three months to July compared to 27% reporting a decrease in trend, with the strongest growth coming in the main export markets in Europe. Capacity utilisation is still relatively low at 70%, however, although a net 11% of companies had increased capacity since the same time in 1993.

However, despite the strong growth in output in electronics in Scotland - up 62% since 1990 during high time the output of all manufacturing industry, including electronics, increased by only 3.7% - it still appears to be the case that Scottish companies are unable to take full advantage of the opportunities offered. A recently published survey by SPEED, shows that the market share of Scottish companies supplying the electronics sector has fallen to only 5%, down from the 1992 figure of 12%. The percentage supplied by the rest of the UK also fell, mostly due to a rise in supplies from the Far East.

CHEMICALS

Chemical and man made fibres output showed a rise during the first quarter which was slightly in excess of the average rise for manufacturing as a whole. The latest Index of Production and Construction showed a 2% increase in the first quarter 1994 compared to the fourth quarter of 1993, and a 5% increase compared to the first quarter of 1993. Compared to the previous four quarters the value of production shows no change. These results are confirmed by the findings of the Scottish Chambers Business Survey which indicates that a net of +26% of Chemical respondents reported being more confident about the general business situation than in the previous quarter whilst a net of +35% indicated that they were more optimistic than in the same quarter of 1993. The upward trend in confidence undoubtedly reflects the continued upward trend in orders/sales.



The upward trends in both orders and sales both strengthened to nets of +30% and orders are forecast to improve further in the current quarter. Export orders and sales accelerated to nets of +47% which compensated for poorer than expected rises in rest of UK orders/sales. Respondents expect this to be the case in the three months to September with poor rest of UK orders/sales offset by strong export activity.

Firms continued to run down stocks of finished goods and raw materials although this decline is expected to weaken. A net -15% of firms reported a decrease in the amount of work in progress, again this decline is forecast to weaken. Average capacity utilisation rose 5% points to 77%, a net of 32% indicated that they were utilising more capacity than in the same quarter of 1993.

Investment trends in plant and equipment were slightly higher than expected and respondents revised investment intentions in land and buildings downwards. Investment authorised during the second quarter was directed towards replacement [25%], increasing efficiency [25%], introducing new technology [19%], expanding capacity [12%], introducing new projects [12%] and reducing labour [6%].

The decline in employment accelerated to a net of -9%, however, respondents increased their use of part time, temporary, sub contracting and self-employed staffs. The decline is forecast to weaken during the current quarter and firms intend to further increase use of part time, temporary, sub contracting and self-employed staffs.

The pharmaceutical industry increased its trade surplus by 26% [£1.672 compared to £1.329bn in 1992] last year, the biggest percentage increase since 1980. Success is based on the industry's research and development spending which is essential if it wishes to continue making advances in health care and new medicines.

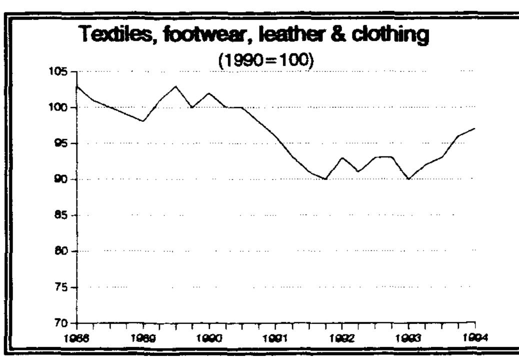
In August Smithkline Beecham agreed to pay £1.88 billion to buy Sterling Winthrop in a deal that will make it the worlds biggest supplier of over the counter drugs, subject to approval by the US authorities. This brings together Sterling Health's big selling brands such as Panadol and Andrews together with Smithkline's Eno and Tums. It is the second multi-billion dollar deal for Smithkline since Mr Jan Leschly became chief executive in April, the following month it bought the US drugs distributor Diversified Pharmaceutical Services. This follows a trend in the pharmaceutical industry at present of companies merging and consolidating in attempt to gain control in the market for generic drugs, a competitive yet growing area. This is a result of pressure from customers, either employers who pay health insurance premiums in the US or governments elsewhere.

Smithkline Beecham faces a court case in the United States, its rival Wellcome claiming that Famvir, the drug launched in July by Smithkline, infringes the patents on the Wellcome's best selling drug Zovirax, a treatment for Herpes and shingles. Wellcome hopes to win an injunction against the sale of Famvir in the US and is claiming unspecified damages for loss of sales. If Smithkline Beecham lose the action it is probable that they would be forced to pay a royalty and withdrawal of the drug is unlikely.

German pharmaceutical sales appeared to have recovered from the depression of 1993 which was mainly attributed to government imposed price cuts and health spending curbs. Hoechst and Bayer, the German chemicals giants, both reported an increase in first half profits, 39% and 30% respectively. However, both expect to continue to suffer from healthcare reforms announced in Europe during August and though the German market is beginning to recover Hoechst said that product prices remained too low although raw material costs were rising.

TEXTILES, FOOTWEAR, LEATHER AND CLOTHING

The Index of Production for the Textiles, Footwear, Leather and Clothing (TFLC) sector in Scotland rose by 1% in the first quarter of 1994 to stand at 97 (1990 = 100) and an examination of the recent behaviour of output since the first quarter of 1993 shows an increase in output in every quarter since then. In the year to Q1 1994, the value of output rose by 3%, compared to no change in the industry across the UK.



The results of the July Scottish Chambers' Business Survey (SCBS) also show encouraging signs of recovery. A net 24% of respondents felt more optimistic about business prospects than three months previously, while a net 42% felt more optimistic than at the same time in 1993. Almost 60% of companies reported a rising trend in new orders with the strongest growth occurring in export markets. Capacity utilisation is high at 83% and 31% of respondents had revised upwards their investment intentions for plant and equipment. While 56% still consider a lack of orders and sales is the factor most likely to limit output in the short term, this is low by the standard of other industries and 18% felt that plant capacity was the factor most likely to limit output in the near future. Perhaps most significantly, a net balance of 25% of companies reported an increased trend in total employment in the three months to July.

Recent moves to upgrade standards and provide more effective marketing in the Harris Tweed industry by the formation of a Harris Tweed Promotional Council (see QEC, September 1993) have been thrown into disarray by personal disputes between the islands' two mill owners. The HTPC has now been disbanded and the absence of an industry-wide body means that some of the £10 million of public money promised can not now be committed. Expenditure aimed at upgrading the quality of weaving will still go ahead, but the two mill owners will now be responsible for their own marketing. Some £1 million of money aimed at promoting the industry abroad via the HTPC has now been lost.

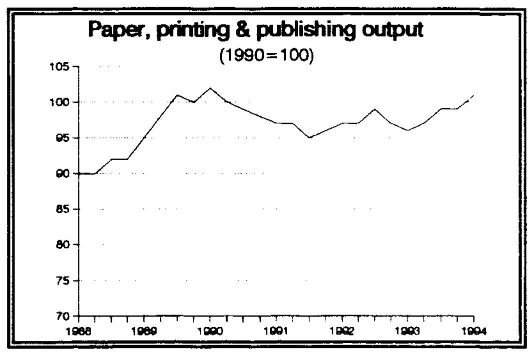
Finally, Richard of Aberdeen has announced the closure of its printed carpet factory in Northern Ireland with the loss of 175 jobs, a move which will result in some work being moved to its Scottish factory at Cumnock in Ayrshire.

PAPER, PRINTING AND PUBLISHING

The latest Scottish Index of Production and Construction for the first quarter of 1994 shows a 2% increase in output growth in the paper, printing and publishing sector since the fourth quarter of 1993. Comparing output growth in the last 4 quarters with growth in the preceding 4, annualised growth also stands at 2%. UK Index of Production and Construction figures indicate a 2% increase in growth in the first quarter, with annualised growth of 4%

Figures from the latest Scottish Chambers Business Survey show a consolidation of the increased confidence in the paper, printing and publishing industry. A net 29% of respondent firms feel more optimistic than in the previous 3 months, with a net 48% more optimistic than in the same period in 1993. 53% of firms have experienced an increase in the level of new orders. In Scottish, UK and export markets a majority of respondents report a rise in the number of new orders. A net 29% of firms report a higher volume of new Scottish orders with a net 50% report increases in new export orders. Further improvements are also expected in the next 3 months, with a net 28% of respondents expecting additional increases in the level of new orders.

Almost 58% of firms state that the total volume of sales have increased in the last quarter. Exports sales, in particular, appear strong, with a net 45% of firms reporting a higher volume of total export sales. Total domestic sales have also increased, with Scottish and UK sales rising for a net 31% and 3% of respondents respectively. Those surveyed also expect business to improve further in the next quarter, particularly in the export sector. Investment in plant and equipment has risen for a net 29% of firms, with a net 28% expecting further investment in the next quarter. Investment in land and buildings has fallen for a net 8% of firms, with another slight decrease expected in the next 3 months.



The labour market, where caution has prevailed in the recent Business Surveys, appears more positive. A net 11% of respondents have increased levels of employment, with a net 7% of firms reporting an increase in their full time workforce. A slight downturn is expected in the next quarter, however, with a net 2% of firms expecting a fall in their employment levels.

Paper costs, which have risen by up to 50% since the beginning of the year are causing concern in the printing and publishing sectors, so much so that the industries have complained to the Office of Fair Trading that a cartel is in operation. The paper industry has responded that the price increases are merely a reflection of the increased cost of wood pulp, due to the recent shortages of pulp. The collapse of the Soviet Union, a major pulp producer, has led to a disruption of pulp supplies, while many producers have closed down operations due to the failure of prices to keep up with the costs of production. Paper producers, in passing the costs onto customers, have been most successful in the high quality paper market where prices have risen, on average by 20%. Paper producers will inevitably have to pass costs onto the newsprint sector too, according to chairman of Bridgewater Paper, Andre Van Hattum. This will spell bad news for newspaper industry, especially at a time when many of the quality nationals are waging a price war.

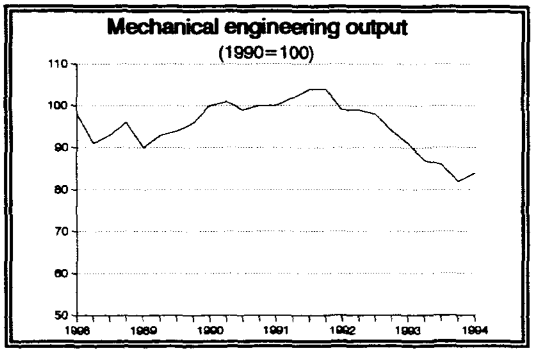
Industrial action has been threatened by staff at the Daily Record and Sunday Mail in advance of the newspaper group's forthcoming move form Anderson Quay to Cardonald. The Graphical, Paper and Media Union representatives claim that the company has planned wage cuts of between 20%- 30%, compulsory redundancies and an increase in working hours.

Economic recovery in the printing industry has been described as "erratic" and generally less successful than had been hoped, according to a survey conducted by the British Printing Industries Federation in June. Although most companies believe that although the "general state of trade is easier than 3 months ago", there is only guarded optimism for the next quarter. Reasons for the poorer than expected performance include the rising costs of printing papers and increased competition in the printing industry, which has squeezed profits. Also exporters are finding it difficult to maintain their position in the world market, due to strong international competition.

Alna Group, the printing and office equipment company based in Broxburn has called in the receivers. The receivers, Scott Oswald state that the company, which had an annual turnover of £6.5m in 1993 were breaking even but were suffering from a "cash flow problem". Lack of working capital meant that the firm was unable to fund additional growth and it instructed company bankers, the Bank of Scotland to call in receivers.

MECHANICAL ENGINEERING

After six consecutive quarterly falls in output, the 2.4% growth in output in the first quarter this year as recorded in the latest official index of production series is particularly welcoming news for the Scottish mechanical engineering industry. Although this growth performance is overshadowed by the 4.8% growth enjoyed by the UK mechanical engineering industry as a whole in the first quarter this year, it signifies a long-waited upward turning point in the Scottish industry.

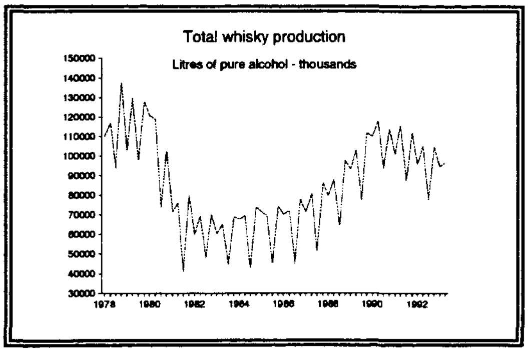


This healthy upturn in the Scottish industry is also evident from the latest Scottish Business Survey (SBS). Among the corresponding firms, a net 23% were more optimistic about the general business situation, in contrast to a net of 1.4% being less optimistic as recorded in the previous survey. Compared with the same period a year ago, a net 31% of corresponding firms expressed increased business optimism. This upturn in business confidence is backed by encouraging figures for new orders and sales. Although new orders from and sales to the domestic markets remained rather sluggish in the second quarter, this is expected to change and considerably more firms expected increases in new orders from and sales to the domestic sources in the third quarter. Moreover, a strong recovery in export orders and sales was obvious in the second quarter and these are expected to increase over the third quarter.

There was hardly any change to the trend of running down on stock of finished goods and raw materials, and such a trend is expected to persist over the third quarter. However, the volume of work in progress is expected to pick up and the firms' capacity utilisation rate (at 74.4%) was slightly higher than that recorded in the previous survey. Employment prospects are also improving in general, particularly for full-time, male and temporary employment. The restraint on increases in wages and salaries is still evident in this industry, and a net 27.4% of firms are increasing their provision of training.

WHISKY

There is very encouraging news on Scotch whisky exports. Total exports for the first half of 1994 were 4% higher than the corresponding period last year at 104.5 million litres of pure alcohol (LPA). The increase is accounted for almost entirely by bottled-in-Scotland blends, exports of which rose by 5.1% in the half-year to 80 million LPA. Perhaps surprisingly, production also rose sharply in the second quarter of 1994. In the three months from April to June, 99.95 million LPA of whisky was produced, 3.2% more than in the corresponding period last year. This occurred despite the fact that there were four fewer distilleries producing than in the second quarter of 1993 (80 compared with 84). Output has been falling steadily for the last three years, and this is the first quarterly increase of this type to occur since late 1990. It remains to be seen whether this is merely a blip or a conscious decision by distillers that supply and demand are now in line.



Once again a major change in ownership has occurred in the Scotch whisky industry, and once again more of the control of the industry has been lost to Scotland. In July Suntory acquired Morrison Bowmore Distillers, the Glasgow-based company which owns three malt distilleries. Suntory already owned 35% of Morrison, but had always shied away from outright control of a Scotch whisky company; clearly this strategy has now changed. Suntory thus become the third Japanese concern to own distilleries in Scotland outright, the others being the Takara and Okura consortium and Nikka Distilling.

This acquisition has raised a certain amount of speculation about Macallan-Glenlivet, in which Suntory also holds a 25.5% stake. Indeed, Macallan is more than 50% foreign-owned, with a further 26% of the company's share capital indirectly owned by Remy Martin. With the acquisition of Invergordon Distillers by Whyte & Mackay last October, Macallan-Glenlivet is now one of only four (nominally) independent Scottish whisky companies with a stock exchange listing; the others are Burn Stewart, Macdonald Martin Distilleries and Highland Distilleries. These and other non-listed Scottish-controlled firms are now estimated to control 24.5% of malt whisky production capacity and 21.2% of grain whisky capacity. About half of total Scotch whisky production capacity is owned by UK groups, and the remainder by various European, North American and Japanese concerns.

SERVICES

DISTRIBUTION

The overall business situation for wholesale respondents to the latest SCBS for the second quarter 1994 showed an improvement in the balance of optimism, with a net 12% being more optimistic than they were in the previous quarter. This was an increase of similar strength to that experienced in the first quarter. Year on year confidence continued to rise, with a net 26% seeing an improvement compared with the second quarter of 1993.

Wholesale sales showed a slightly stronger upwards trend than in the previous quarter and it was expected that this upwards trend would continue. The largest restraint to trade was cited as stock shortages with, credit facilities, insufficient floorspace and labour shortages also being reported as problematic. There was an upwards revision of investment intentions, compared with the previous period.

Wholesale employment increased for a balance of respondents, in male, full-time, part-time and temporary respondents. There was a reported fall in overall female employment. Over a third of respondents increased employee remuneration by an average of 3.8%.

In retailing, on the other hand, confidence fell for a net 15% of respondents. The year on year comparison was also negative with 6% being less optimistic than in the previous year. The poor level of sales is without doubt the major factor in these falls.

The trend in the total volume of new sales was down for a net 6%, which was more than was anticipated in the previous quarter. This trend had been expected to lessen (ie a net improvement) in the third quarter, however fear of further interest rate rises may well negate this. Barring interest rate increases, the factors deemed most likely to limit sales in the three months to September were reported as credit facilities for 37%, insufficient floorspace for 31%, stock shortages for 21% and shortage of labour for 9%. Despite the negativity, investment intentions were revised upwards for a net 10% of respondents.

The declining trend in employment strengthened in the second quarter, with a net 14% reducing overall requirements. Female, full-time, part-time and temporary employment were all reduced in the second quarter. More than half of respondents reported increasing wages and salaries during the quarter, with an average increase of 5.7%. This high figure reflects increasing competition amongst retailers for suitable employees, as reported by respondents. More than 40% of respondents who recruited reported difficulties in the securing suitable professional and managerial, skilled manual, young people and part-time employees.

Retail sales grew only modestly in July despite heavy summer discounting, according to the latest UK figures. The British Retail Consortium, which represents 90% of retailers, warned that small shops were facing "very difficult conditions" in spite of the growth and called for government to hold interest rates down. Clearly this did not happen.

It is inevitable that the recent interest rate increase will effect the recovery in the distribution sector and lead to a tighter squeezing of margins. The high degree of cut-price competition in this sector, rules out passing on all of the increase to the customer and it is likely that some, struggling firms, especially in the retail sector, will go to the wall as a result.

John Menzies, Scotland's largest newspaper distributor and newsagent returned reasonable profits on the year to April with a 14% increase. Two thirds of their business is from the distribution side and they expressed grave concern about the current price wars in the newspaper trade. This business is high volume low margin and it is anticipated that if lower prices are to become the norm, then it is only a question of time before margins are correspondingly reduced. This is something that will be strongly resisted by John Menzies amongst others.

The Office of Fair Trading's decision to refer the net book agreement to the restrictive practices court, poses no threat to W H Smith, whose retail division also includes Waterstones, Our Price and Virgin, according to their chief executive Sir Malcolm Field,. He says that they already face a competitive book market in the United States and already have a strategy for prospering without the net book agreement. Other booksellers however, may not share his optimism.

Argyll Group, the UK's third largest food retailer and the largest private sector employer in Scotland, has sold 151 of its smallest Lo-Cost and Presto supermarkets for £19.7M to a consortium of 5 companies operating under the Spar banner. Analysts played down the importance of the deal and focused on the fate of the remaining 144 stores still in Argyll's hands, 114 of which are in Scotland.

A £200,000 subsidy from The Scottish Office, Glasgow District Council and the Healthy Castlemilk urban project has enabled two cut-price supermarkets to open in Castlemilk. The two stores are badly needed by the 19,000 residents on the city's south eastern estate, which has always been short of shops. This project is designed to encourage healthier eating in the area and has been launched in conjunction with a cook book.

FINANCIAL SECTOR

There seems little doubt, despite the optimism of the Association of British Insurers about the life assurance market as a whole, that the immediate future for the old established companies in the life assurance sector is somewhat bleak. Competition from new forms of sales delivery, particularly telephone sales, and the severing of links with building societies as the societies set up their own insurance arms, together with the possible impact of the much stricter regulations on commission disclosure on sales that are due to come into force, presents a competitive environment that is far from easy. Diversification into markets such as pensions and unit trusts has helped the companies and may do so again, particularly as the companies set about developing policies which are more transparent and more obviously suited to the needs of the saver and personal insurer, but despite this, in the near term with a flat housing market and an economy that is growing but not booming, the prospects for the traditional life assurers do not look good. The attrition of the Mutuals in the Scottish Financial Sector, three in the past five years, could well continue and it is interesting to consider which of the remaining companies seem most vulnerable. Such questions are inevitably difficult to answer, not least since acquisitions and takeovers are not restricted to the financially weak, but some clues on the competitive position of the companies are available from surveys of their quotations for different policies. *Financial Adviser*, for example, recently provided some interesting comparative material on the competitive position of the companies by publishing the comparative costs of level term assurance available from major insurers.

Term insurance in its most basic form probably represents the closest product in the life industry to resemble a standard, common commodity item. It is available with a host of bells and whistles such as renewable, convertible, decreasing and expanding terms to name a few, but in its most basic, level term form it is a more or less standardised contract which pays out the same amount on death at anytime during the life of the policy. The contract generally has few complications and exclusions so that policies are more or less directly comparable and can be viewed as a standard commodity item, the cost of which may be taken to indicate the competitive position of the companies. Of course, some life companies will argue, quite reasonably, that it is not a market they compete in for a variety of reasons, not least low profit margins, the difficulty of providing value added to such policies and of competing on quality in such a market. Despite such claims it is reasonable to believe that, on the whole, the price of term assurance may be taken as a competitive yardstick. Companies with low expenses and efficient operations will be able to offer term assurance at lower prices than companies with high expenses and inefficient operations. It is possible that they do not choose to do so. Some companies may feel that profit margins are such that it is a business best left to specialists and is merely offered by the company at poor rates as part of a portfolio, a service to clients. Whilst admitting such possibilities and accepting the limitations of any analysis of this kind it remains reasonable to interpret low premiums as a signal that a company is efficient. In the long term the only companies that can offer low premiums will be those that are efficient and have low costs. In the short term a company may offer low premiums to spoil the business for others and gain publicity but in such a basic commodity with little publicity value the possibility appears remote.

Financial Adviser provided data on 46 life assurers including six Scottish companies (five of them independent), for six different policies. All the policies were for a ten year term and offered insurance for males and females aged 30, 45 and 60. For each policy the cost of acquiring £50000 of cover was provided for each combination of sex and age (next birthday). A number of factors stand out in the comparisons. From the client's perspective most important perhaps is the significant variation in cost. Across the 46 companies the cost of basic term assurance for a 30 year old male ranged from the £65 per year initial annual premium of Equitable Life to the £173 per year of Reliance Mutual (although the latter did provide slightly more cover). For a 60 year old the range was between £419 (Scottish Widows) to £903 (London and Manchester) for a female, and £715 (PPP Lifetime) to £1272 (Scottish Life) for men, a difference of more than £550 or in more prosaic terms, a difference of £10 per week.

Our concern is not with finding the best value for money, important though that is, but rather in identifying the relative competitiveness of the six Scottish Offices in this market against their competitors. One measure of competitiveness of the Scottish companies as a whole is to compare the mean cost of a policy against the mean cost for the other life companies. If we examine the mean premium of the Scottish Offices against their competitors the results are at best mixed, and at worst discouraging. For the policies for men aged 60 the Scottish companies were on average £80 more expensive than their competitors. However, for the younger age groups the Scottish companies were cheaper on average for both males and females aged 30 although the differences, particularly for men, were not large. On average, across all six policies, the Scottish companies were £80 more expensive than their competitors. Consideration of the mean premium is not perhaps the most appropriate way of viewing the relative strength of the companies. An alternative approach is to rank the companies according to their cost for each of the policies with the cheapest company ranked number one and the dearest company ranked number 46. The benefit of this method is that it emphasises the relative position of the companies. Overall, the Scottish life offices as a whole were slightly worse in their mean rank than their competitors. Interestingly though their were enormous differences between the Scottish companies. Their performance was very polarised with the six companies providing both some of the best and some of the worst cost comparisons. Scottish Widows was generally an outstanding performer with the lowest overall costs of any company in the whole survey across all six policies whilst Scottish Life was almost the worst (45th in the rankings out of 46) with the second highest total cost. The differences were substantial. The portfolio of six policies cost £1563 for Scottish Widows, £2833 from Scottish Life (see Table 1).

The use of an overall average cost across six policies may have distorted the comparison. The cost of a policy for a male aged 60 is much greater than the cost of a policy for woman aged 30, so that a company that was not competitive in the 60 year old age group but very competitive in the 30 year old age group might show up very badly. Unfortunately, the results in the table below do not suggest that this is a major problem. Poor companies in one market are often poor in all the markets. There are exceptions but the overall rank does not appear to be unfair.

Where does all this leave the Scottish life assurance industry? It would appear that the efficiency of some of the biggest offices is very good indeed. Scottish Widows appears to be very good at producing low cost term assurance. In so far as this is a basic insurance product from which other more complex life products are constructed this must be excellent news for the sector. The poor performance of Scottish Life and to a lesser extent Scottish Amicable is, however, a source of concern given that term assurance represents a fundamental building block for many insurance products. Of course, as we suggested at the outset, there may be many reasons why insurers may not want to be leaders in this market. We must hope that it is a deliberate strategy, (or that the policies quoted are unrepresentative)! It is also important to stress that the survey looks at only one aspect of performance and competitiveness. There are clearly many others. A comprehensive analysis of the sector would need to look at a number of years, other products and the financial strength of the companies and sector. It remains, however, of some concern that in a fundamental building block of many insurance policies, the costs of some Scottish companies are substantially higher than their competitors.

LEVEL TERM LIFE ASSURANCE QUOTATIONS

SELECTED STATISTICS

	Initial Annual Premiums (£s) Assuming non-smoker on standard rates with £50000 initial sum assured				Rank for each policy and for portfolio of six policies of company in *Financial Adviser* table			
Scottish Companies	**Male 30**	**Male 60**	**Female 45**	**Total (£s) (6 policies)**	**Male 30**	**Male 60**	**Female 45**	**Overall Rank**
Scottish Amicable	134	1057	163	2436	43	37	23	38
Scottish Life	127	1272	197	2833	40.5	46	38	45
Scottish Mutual	102	1115	161	2261	20	44	19.5	29
Scottish Provident	109	949	161	2196	26.5	27.5	19.5	24
Scottish Widows	68	721	110	1563	3	2	2	1
Standard Life	89	900	164	2083	8	18	24	18
All Companies								
Mean Quotation	107	929	167	2157				
Minimum Quotation	65	715	76	1563				
Maximum Quotation	173	1272	237	2888				

Source: Raw data from *Financial Adviser*, August 25 1994

Total represents the cost of a portfolio of six policies comprising Males aged 30, 45 and 60 and Female 30, 45 and 60. Overall rank represents the rank of that portfolio over the 46 companies for ranked data. 1 represents the highest rank and hence lowest quotation. 46 represents the lowest rank and hence highest quotation.

THE LABOUR MARKET

Employment

Recent experience of changes in official estimates of employment data emphasise the need for caution amongst those who seek to interpret recent labour market trends. The quarterly employment estimates, derived from employer-based surveys, are beachmarked on the biennial Census of Employment. Results from the most recent Census for September 1991, have recently become available and have necessitated revisions to official employment estimates for the period after the previous Census of Employment (September 1989).

Recently a second phase of revisions has been made, in May 1994, (as was anticipated) following the selection of a revised panel of employers who form the basis of the sampling procedures that are used to estimate total employment. The figures from September 1992 in Tables 1 and 2 incorporate these revisions. For September 1993 the effect was to increase estimated employment by 19 thousand to 1985 thousands. Of this increase only 5 thousand is attributed to male employment so that the biggest revision is to female employment (15,000 or 1.5%). These revisions suggest that, for the first time, the majority of employees in employment in Scotland were females in September 1993. This reflects the longer term trend decline in male employment and rise in female employment.

The upward revisions in estimated employment are concentrated in part-time female employment, the estimate of which is raised by 10 thousand in September 1993 to 445 thousand (a revision of +2.2%). Note too that, although the numbers of female employees in employment exceeded the numbers of males in September (and December) 1993, nearly 45% of female employment is part-time whereas less than 10% of male employment falls into that category. The upward revisions to employment estimates (in September 1993) are concentrated in Education etc. (+15,000), metal goods (+7,000) and other manufacturing (+6,000). Downward revision occurred in Banking (7,000) and Energy and water (3,000).

The most recent employment data is for March 1994 and these are reported in Tables 1 and 2. Overall, total employees in employment fell by around 8,000 (0.4%) in the year to March 1994. Male employees in employment fell by 13,000 (1.3%), and total female employment rose by 2,000 (0.2%). Part-time female employment rose by 7,000 (1.6%) and part-time male employment rose by 8,000 or 9.4%.

Over the year to March 1994, the biggest employment losses occurred in other manufacturing (10,000 or 5.7%), construction (9,000 or 8.1%) and energy and water (6,000 or 10.7%). Employment rose by 4,000 (2.5%) in Banking etc. and by 15,000 (0.7%) in education, health and other services.

Vacancies: stocks and flows

Over the year to July 1994 unfilled vacancies at job centres in Scotland fluctuated between 18.0 (15.8) and 20.3 (21.5) thousands on a seasonally adjusted (unadjusted) basis (Table 3). Vacancies increased by 2.2 thousand over the year to July 1994 on a seasonally adjusted basis. The net increase in the stock of unfilled vacancies conceals much larger gross inflows and outflows (Table 4). These were of a similar order of magnitude to the outstanding stock of vacancies in each month. For example, in July 1994 inflows of 22.6 thousand were slightly more than outflows (22 thousand). The short average duration of vacancies is a sign that employers on average do not find it difficult to fill posts because of a continuing slackness in the labour market (although employers may still find it difficult to recruit specific skills in particular locations).

Unemployment: stocks and flows

Recent data on the seasonally adjusted unemployment stock are presented in Table 5. The most recent data, of course, reflect the current rules governing eligibility to claim benefit which have been in place since September 1988. These reflect the extension of a guaranteed offer of a YTS place to all those under 18 who have not found a job, under the Employment Training Scheme. Under 18s are consequently not entitled to claim benefit and so are excluded from the unemployment count.

Over the year to July 1994 total unemployment fell about 14.0 thousand, from 246.4 thousand and from

9.9% to 9.3% of the working population. This represents a reduction in the level of unemployment of 5.7%. The aggregate figures reflect a decrease in female unemployment of 3.5 thousand, and a decrease of 10.5 thousand in male unemployment over the year.

Table 6 presents recent flows into and out of the unemployment stock. In July 1994 inflows were, at 45.7 thousand, about 3.5 thousand less than in the same month of 1993. Outflows were, at 32.8 thousand, 1.8 thousand less than in July 1993. If gross outflows were maintained at their July 1994 level unemployment stocks could turnover in just over 7 months.

BUSINESS SURVEY EVIDENCE

Results from the latest Scottish Chambers' Business Survey indicate a gradual increase in demand for labour in most sectors. Nevertheless, there is much to suggest that the continuing decline in employment reflects people leaving the labour market as well as entering employment.

A net of respondents reported a rise in total employment in Oil, Manufacturing, Wholesale and Tourism, but a decline in employment levels in Construction, Retail and Finance. In the Oil sector the downward trends in employment ended, but the rise is seen as only temporary, and was mainly a result of increased temporary staffs together with a slight rise in the levels of overtime worked.

In Manufacturing a decline in employment had been predicted, but a net of +11% reported an upward trend. This is the largest increase since the revision of the survey in 1990. A net of +6% of respondents expect this rise to continue through the third quarter. The expected upward trend in Construction employment did not occur, and a net of -4% reported a fall in employment. Nevertheless, this fall represents the best second quarter figures since the revision of the survey in 1990. Whilst a slight increase in employment is predicted for the third quarter, overtime levels remain flat.

In Distribution the net of +5% reporting an increase in Wholesale employment was better than had been forecast, and is expected to continue through the third quarter. However, in contrast, the downward trend in Retail employment steepened, and was worse than had been expected. Full time staff were more affected than either part time or temporary. The fall in employment is expected to continue, but to be much reduced in the third quarter.

A net of +1% of Tourism respondents reported a rise in employment, lower than had been expected. This rate of increase is expected to increase through quarter three, but as yet there is no increase in the level of overtime working and none is expected for the third quarter.

In Finance the downward trend in employment continued and accelerated, and no improvement is expected. Once again the fall conceals a small rise in part time employment and a larger rise in temporary employment.

The percentages of Manufacturing, Construction, Wholesale and Tourism firms seeking to recruit were the highest second quarter figures since the revision of the survey in 1990. In contrast, the Retail figures were the lowest since 1990. Recruitment activity was generally higher than in the same quarter a year ago, with the exception of trends in Retail and Finance.

70% of Oil respondents sought to recruit. Activity was mainly directed towards the recruitment of suitable technical, managerial and temporary staff. In Manufacturing 52% sought to recruit, an increase over both the previous quarter and the same quarter for 1993. Difficulties were evident in the recruitment of suitable craft and managerial staffs.

47% of Construction respondents sought to recruit, an increase over the previous quarter and the highest second quarter figures. Once again, difficulties were evident in the recruitment of suitable craft and managerial staffs.

In Wholesale Distribution 49% sought to recruit, an increase over previous quarter and the best second quarter figures since 1990. In Retail 45%, and in Finance 18% sought to recruit, in both sectors the lowest quarter two figures since the revision of the survey. 78% of Tourism respondents sought to recruit, the highest quarter two figure since survey started. Difficulties were evident in the recruitment of skilled and managerial staffs.

The decline in the level pay increases appears to be ending. Whilst average increases remain lower than a year ago in Manufacturing and Construction, they are higher than a year ago in the Service sector.

Pay increase were reported in all sectors, although the average increase ranged from 2.5% in Oil to 5.7% in Retail. Average pay increases in Manufacturing and Construction remain lower than those reported in the second quarter of 1993, although the average increase in Manufacturing rose from 3.5% in quarter one to 3.9%. In contrast the average increases in the Service sector were generally higher than in either the previous quarter, or in the second quarter of 1993.

In Wholesale 34% increased pay by an average of 3.8%. In Retail 52% increased pay by an average of 5.7%, an increase over the previous quarter and the highest rate of increase since the fourth quarter of 1992. A similar pattern was evident in Tourism, where 3.2% increased pay by an average of 4.5%, an increase over previous quarter and the highest quarterly increase since the third quarter of 1992. The average increase of 2.9% in Finance was down on the previous quarter but higher than that recorded in the second quarter of 1993.

Recent concerns as to the adequacy of current levels of training within Scottish manufacturing would appear to be well founded. Recent work conducted by the Institute indicates that less than 30% of Scottish manufacturing establishments employing less than 100 staff had a formal training plan for managerial staff. Amongst the largest establishments, those employing more than 500, only 66% had formal training plans for management. The proportion of establishments with formal training plans for clerical staff were lower. 'On the job training' was the most common form of training for clerical, technical and managerial staffs in a majority of establishments in all size bands.

TABLE 1 EMPLOYEES IN EMPLOYMENT IN SCOTLAND: INDUSTRY AGGREGATES ('000s)* (Figures in square brackets reflect the 1989 and 1990 LFS. The latest estimates reflect the impact of the 1991 LFS.)										
SIC 1980		MALE		FEMALE		TOTAL	Prod/Const	Production	Manuf.	Services
		All	of which P/T	All	of which P/T		1-5	1-4	2-4	6-9
1979	Jun	(1,205)		(897)	(332)	(2,102)	(831)	(676)	(604)	1,224
1989	Mar	(1,015) [1,016]		(914) [924]	(387) [376]	(1,929) [1,941]	(587) [601]	(440) [476]	(401) [418]	(1,314) [1,311]
	Jun	[1,018]		[941]	[384]	[1,959]	[599]	[474]	[416]	[1,331]
	Sep	[1,034]		[934]	[389]	[1,968]	[594]	[460]	[402]	[1,344]
	Dec	[1,033]		[939]	[401]	[1,972]	[595]	[461]	[402]	[1,349]
1990	Mar	[1,027]		[930]	[395]	[1,957]	[591]	[457]	[397]	[1,337]
	Jun	[1,031]		[942]	[406]	[1,974]	[591]	[458]	[398]	[1,353]
	Sep	[1,040] (1,043)		[943] (943)	[406] (404)	[1,983] (1,986)	[597] (594)	[465] (464)	[405] (405)	[1,356] (1,362)
	Dec	[1,034] (1,043)		[946] (949)	[417] (416)	[1,980] (1,992)	[591] (589)	[462] (462)	[401] (403)	[1,362] (1,376)
1991	Mar	[1,021] (1,035)		[936] (941)	[412] (413)	[1,956] (1,978)	[573] (571)	[449] (450)	[388] (391)	[1,356] (1,377)
	Jun	[1,015] (1,031)	106	[944] (953)	[414] (417)	[1,959] (1,984)	[562] (561)	[443] (444)	[383] (385)	[1,368] (1,394)
	Sep	[1,011] (1,026)	103	[947] (954)	[418] (414)	[1,958] (1,984)	[560] (567)	[443] (444)	[383] (385)	[1,370] (1,394)
	Dec	(1,026) 1,037	(105) 85	(952) 976	(416) 427	(1,978) 2,013	(543) 560	(434) 435	(376) 377	(1,416) 1,425
1992	Mar	(1,020) 1,026	(112) 87	(955) 980	(418) 429	(1,975) 2,005	(535) 551	(430) 431	(373) 372	(1,411) 1,426
	Jun	(1,024) 1,023	(123) 92	(956) 981	(419) 431	(1,979) 2,005	(528) 544	(425) 425	(368) 368	(1,424) 1,434
	Sep	(1,008) 1,012	(119) 81	(948) 980	(416) 432	(1,956) 1,992	(519) 543	(418) 427	(361) 360	(1,410) 1,423
	Dec	(993) 993	(95) 90	(971) 984	(436) 442	(1,963) 1,976	(520) 529	(405) 416	(348) 359	(1,418) 1,421
1993	Mar	980	85	979	437	1959	525	414	358	1,408
	Jun	993	91	991	446	1984	525	417	364	1,432
	Sep	992	92	994	450	1985	519	414	362	1,440
	Dec	982	95	996	448	1975	513	410	360	1,440
1994	Mar	967	93	981	444	1947	501	399	349	1,421

Source: Department of Employment Gazette

* Figures within [.] reflect estimates prior to the 1989 Census of Employment
Figures within (.) reflect estimates prior to the 1991 Census of Employment

TABLE 2 EMPLOYMENT: SCOTLAND EMPLOYEES IN EMPLOYMENT (000's)*											
SIC 1980		Agric./ forestry/ fishing 0	Energy & Water 1	Metal Man. & chemicals 2	Metal goods, Eng. & vehicles 3	Other Man. 4	Const. 5	Distribution Hotels & Catering: repairs 6	T'sport & Comm. 7	Banking, insurance & finance 8	Education, health & other services 91-92
1979		48	72	82	258	265	155	[391]	135	123	[573]
1989	Jun	[29]	[58]	[47]	[166]	[202]	[125]	[385]	[116]	[174]	[656]
	Sep	[30]	[59]	[48]	[168]	[207]	[124]	[387]	[116]	[176]	[664]
	Dec	[28]	[60]	[49]	[169]	[206]	[122]	[384]	[116]	[177]	[676]
1990	Mar	[28]	[61]	[49]	[168]	[203]	[121]	[374]	[117]	[179]	[678]
	Jun	[30]	[61]	[47]	[170]	[207]	[120]	[387]	[115]	[180]	[683]
	Sep	[30] 29	[63] 59	[47] 43	[172] (167)	[212] (195)	[120] (130)	[392] (416)	[115] (113)	[182] (195)	[685] (639)
	Dec	[27] 27	[61] 59	[44] 41	[169] (164)	[189] (197)	[129] (127)	[412] (417)	[108] (112)	[184] (196)	[657] (652)
1991	Mar	[28] 28	[61] 60	[43] 39	[165] (158)	[181] (193)	[123] (121)	[404] (410)	[106] (110)	[189] (205)	[657] (654)
	Jun	[29] 28	[60] 59	[42] 38	[161] (153)	[180] (194)	[120] (117)	[408] (415)	[107] (111)	[187] (205)	[665] (662)
	Sep	[29] 28	[60] 59	[42] 38	[161] (153)	[180] (194)	[116] (114)	[408] (415)	[108] (112)	[182] (203)	[673] (664)
	Dec	28	58	41	(153) 163	(184) 173	(109) 125	(418) 416	(111) 115	(213) 209	(664) 693
1992	Mar	28	58	40	(153) 160	(183) 172	(105) 121	(411) 409	(110) 115	(217) 209	(673) 694
	Jun	27	58	39	(147) 154	(185) 174	(103) 119	(419) 416	(109) 113	(223) 211	(672) 694
	Sep	27	58	37	(143) 155	(182) 176	(101) 118	(416) 414	(107) 110	(220) 205	(667) 693
	Dec	26	57	36	(147) 153	(165) 171	(115) 113	(417) 418	(111) 110	(208) 198	(682) 695
1993	Mar	26	56	36	150	176	111	403	108	198	699
	Jun	27	53	35	154	175	108	413	113	205	704
	Sep	27	52	36	151	175	106	421	109	207	703
	Dec	25	50	35	152	172	103	415	109	209	707
1994	Mar	25	50	36	148	166	102	406	109	202	704

* See notes to Table 1

Source: Department of Employment Gazette

TABLE 3 UNFILLED VACANCIES AT JOBCENTRES - SCOTLAND ('000s)					
	Seasonally adjusted			Vacancies at Careers Offices	
	Number	Change since previous month	Aver.change over 3 months ending	Unadjusted Total	Unadjusted
1990 Jan	22.8	-0.3	-0.1	19.8	1.1
Feb	22.3	-0.5	-0.7	19.2	1.0
Mar	22.3	0.0	-0.3	20.5	1.2
Apr	23.0	0.7	0.1	22.9	1.5
May	22.7	-0.3	0.1	23.6	1.3
Jun	22.4	-0.3	0.0	23.8	1.4
Jul	22.2	-0.2	-0.3	23.3	1.2
Aug	22.4	0.2	0.1	23.2	1.1
Sep	22.4	0.0	0.0	24.5	1.1
Oct	21.8	-0.2	-0.2	24.0	0.9
Nov	18.7	-3.1	-1.3	19.4	0.9
Dec	16.6	-2.0	-1.8	15.2	0.6
1991 Jan	19.1	2.5	-0.9	15.6	0.7
Feb	22.6	3.6	1.3	19.8	0.6
Mar	23.9	1.3	2.4	21.8	0.6
Apr	19.3	-4.6	0.1	19.4	0.7
May	17.7	-1.6	-1.6	18.5	0.8
Jun	17.2	-0.5	-2.1	18.8	0.9
Jul	16.2	-1.1	-1.1	17.1	0.8
Aug	15.6	-0.6	-0.7	16.3	0.7
Sep	15.9	0.3	-0.5	18.6	0.6
Oct	17.0	0.5	0.2	19.6	0.6
Nov	17.4	0.4	0.5	18.2	0.6
Dec	17.5	0.1	0.3	15.9	0.4
1992 Jan	17.8	0.3	0.3	14.4	0.5
Feb	18.6	0.8	0.4	15.8	0.4
Mar	18.5	-0.1	0.6	16.9	0.6
Apr	19.5	1.0	0.6	20.1	0.5
May	19.7	0.2	0.4	20.7	0.6
Jun	19.2	-0.5	0.2	20.9	0.7
Jul	18.8	-0.7	-0.2	19.1	0.7
Aug	18.7	-0.1	-0.4	18.7	0.5
Sep	18.3	-0.4	-0.4	20.0	0.5
Oct	18.7	0.4	0.0	21.0	0.6
Nov	19.9	1.2	0.4	20.7	0.5
Dec	19.8	-0.1	0.5	18.0	0.4
1993 Jan	19.5	-0.3	0.3	15.9	0.3
Feb	19.5	0.0	-0.1	17.2	0.3
Mar	19.5	0.0	-0.1	18.5	0.5
Apr	18.1	-1.3	-0.4	18.9	0.5
May	17.9	-0.2	-0.5	19.0	0.5
Jun	17.5	-0.4	-0.6	19.0	0.6
Jul	18.1	0.6	0.0	18.2	0.6
Aug	18.5	0.4	0.2	18.4	0.6
Sep	18.3	-0.2	0.3	19.9	0.6
Oct	18.0	-0.3	0.0	20.1	0.5
Nov	18.8	0.8	0.1	19.7	0.4
Dec	18.9	0.1	0.2	17.6	0.4
1994 Jan	19.2	0.3	0.4	15.8	0.5
Feb	18.4	-0.8	-0.1	16.3	0.4
Mar	18.3	-0.1	-0.2	17.5	0.5
Apr	18.3	0.0	-0.3	19.1	0.6
May	19.3	1.0	0.3	20.5	0.6
Jun	20.0	0.7	0.6	21.5	0.6
Jul	20.3	0.3	0.7	20.2	0.6

Source: Department of Employment Press Notice

TABLE 4: VACANCY FLOWS AT JOBCENTRES, STANDARDISED, SEASONALLY ADJUSTED - SCOTLAND

	In-flow		Out-flow		000s of which: Placings	
Date	Level	Average change 3 months ended	Level	Average change 3 months ended	Level	Average change 3 months ended
1990 Jan	20.1	1.2	21.2	-0.6	17.9	-0.5
`Feb	22.7	-0.4	23.4	0.1	19.4	0.0
Mar	22.3	0.1	22.3	0.0	18.5	-0.1
Apr	22.4	0.8	22.2	0.3	18.4	0.2
May	22.5	0.1	22.3	-0.4	18.4	-0.3
Jun	21.6	-0.2	1.9	-0.1	18.1	-0.1
Jul	23.5	0.4	23.5	0.4	19.7	0.4
Aug	23.2	0.2	22.8	0.2	18.8	0.1
Sep	22.9	0.4	22.9	0.3	18.6	0.2
Oct	22.4	-0.4	22.9	-0.1	18.7	-0.2
Nov	21.9	-0.4	25.8	1.0	20.6	0.6
Dec	21.1	-0.3	21.8	-0.3	17.6	-0.3
1991 Jan	21.9	-0.1	20.5	-0.8	16.6	-0.7
Feb	22.5	0.2	18.7	-2.4	15.2	-1.8
Mar	21.9	0.2	20.8	-0.3	17.4	-0.1
Apr	22.3	0.1	25.8	1.8	21.6	1.7
May	22.4	0.0	26.0	2.4	21.6	2.1
Jun	20.1	-0.6	20.3	-0.2	16.7	-0.2
Jul	20.0	-0.8	20.7	-1.7	16.9	-1.6
Aug	19.5	-1.0	20.0	-2.0	16.4	-1.7
Sep	20.6	0.2	20.4	0.0	16.8	0.0
Oct	23.0	0.9	21.6	0.2	18.0	0.3
Nov	19.9	0.0	19.7	-0.2	15.7	-0.4
Dec	21.2	0.2	20.6	0.2	17.3	0.2
1992 Jan	20.3	-0.9	20.7	-0.3	17.4	-0.2
Feb	20.3	0.1	19.9	-0.1	16.3	0.2
Mar	21.7	0.2	21.9	0.4	18.3	0.3
Apr	21.4	0.4	21.2	0.2	17.7	0.1
May	21.4	0.4	21.3	0.5	17.8	0.5
Jun	22.1	0.1	22.4	0.2	18.3	0.0
Jul	20.1	-0.4	20.6	-0.2	16.7	-0.3
Aug	20.7	-0.3	20.4	-0.4	16.6	-0.4
Sep	21.6	-0.2	21.6	-0.2	17.9	-0.2
Oct	21.5	0.4	20.2	-0.2	16.9	0.1
Nov	21.6	0.3	20.7	0.1	16.9	0.0
Dec	22.4	0.3	22.0	0.1	18.7	0.4
1993 Jan	22.1	0.2	22.8	0.9.	18.8	0.7
Feb	21.9	0.1	21.9	0.4	18.0	0.1
Mar	22.6	0.1	22.7	0.2	18.1	-0.3
Apr	21.5	-0.3	22.4	-0.1	18.5	-0.1
May	21.5	-0.2	22.6	0.2	18.3	0.1
Jun	22.0	-0.2	22.2	-0.1	18.5	0.1
Jul	22.1	0.2	21.4	-0.3	18.0	-0.2
Aug	21.7	0.1	21.2	-0.5	18.0	-0.1
Sep	22.3	0.1	22.3	0.0	19.0	0.2
Oct	22.8	0.2	22.7	0.4	19.2	0.4
Nov	24.6	1.0	23.9	0.9	20.4	0.8
Dec	23.5	0.4	22.8	0.2	19.5	0.2
1994 Jan	23.1	0.1	23.2	0.2	20.0	0.3
Feb	22.6	-0.7	23.5	-0.1	20.5	0.0
Mar	21.9	-0.5	22.1	-0.2	19.4	0.0
Apr	22.9	-0.1	22.7	-0.2	20.1	-0.0
May	23.1	0.2	22.9	-0.2	20.3	-0.1
Jun	24.1	0.8	23.3	0.4	20.8	0.5
Jul	22.6	-0.1	22.0	-0.2	19.7	-0.1

Source: Department of Employment

Note: Figures from October reflect the revised basis of seasonal adjustment from November 1992

TABLE 5: SCOTLAND - UNEMPLOYMENT - SEASONALLY ADJUSTED (excluding school leavers ('000s) (Figures in parentheses reflect estimates on September 1988 basis - see text for details)						
Date	Male	Female	Total	Change since previous month	Ave. change over 6 months ending	Unemp. rate % of working pop.
1990 Jan	151.1	56.8	207.9	-3.3	-3.8	8.3
Feb	150.8	56.2	207.0	-0.9	-3.6	8.2
Mar	149.6	55.4	205.0	-2.0	-3.1	8.2
Apr	148.5	55.3	203.8	-1.2	-2.6	8.1
May	147.1	54.3	201.3	-2.4	-2.2	8.0
Jun	147.0	54.1	201.1	-0.3	-1.7	8.0
Jul	147.9	53.6	201.5	0.4	-1.1	8.0
Aug	147.6	52.8	200.4	-1.1	-1.1	8.0
Sep	147.6	51.6	199.2	-1.2	-1.0	7.9
Oct	146.9	51.0	197.9	-1.3	-1.0	7.9
Nov	147.8	50.8	198.6	0.7	-0.5	7.9
Dec	149.6	51.2	200.8	2.2	-0.1	8.0
1991 Jan	150.3	51.2	201.5	0.7	0.0	8.1
Feb	153.0	51.7	204.7	3.2	0.7	8.2
Mar	157.0	52.3	209.3	4.6	1.7	8.4
Apr	160.4	54.0	214.4	4.8	2.6	8.5
May	163.9	55.2	219.8	4.7	3.3	8.7
Jun	166.5	55.4	221.9	2.8	3.3	8.8
Jul	169.4	56.2	225.6	3.7	3.8	8.9
Aug	170.9	56.1	227.0	1.4	3.5	9.0
Sep	170.4	55.3	225.7	-1.3	2.7	9.0
Oct	171.0	54.7	225.7	0.0	1.9	9.0
Nov	172.6	54.5	227.1	1.2	1.3	9.0
Dec	173.6	54.3	227.9	1.4	0.9	9.0
1992 Jan	176.0	54.9	230.9	3.0	0.9	9.2
Feb	176.2	55.3	231.5	0.6	0.9	9.2
Mar	175.5	55.8	231.3	-0.2	0.9	9.2
Apr	177.7	56.2	233.9	2.6	1.4	9.3
May	179.1	56.1	235.2	1.3	1.4	9.3
Jun	180.1	56.4	236.5	1.3	1.4	9.4
Jul	183.0	57.5	240.5	4.6	1.5	9.5
Aug	186.4	57.0	243.4	2.9	1.9	9.6
Sep	186.2	56.4	242.6	-0.8	1.9	9.6
Oct	187.8	56.5	244.3	1.7	1.8	9.6
Nov	189.4	56.6	246.0	1.7	1.9	9.7
Dec	192.3	57.1	249.4	3.4	2.3	9.8
1993 Jan	192.5	57.0	249.5	0.1	1.5	9.8
Feb	190.7	56.9	247.6	-1.9	0.7	9.8
Mar	188.4	56.1	244.5	-3.1	0.3	9.6
Apr	188.9	56.6	245.5	1.0	0.1	9.8
May	188.9	56.0	244.9	-0.6	-0.2	9.8
Jun	189.1	55.5	244.6	-0.3	-0.8	9.8
Jul	190.0	56.4	246.4	1.8	-0.3	9.9
Aug	189.4	56.5	245.9	-0.5	-0.3	9.8
Sep	187.1	55.6	242.7	-3.2	-0.3	9.7
Oct	184.2	54.5	238.7	-4.0	-1.1	9.6
Nov	182.9	53.8	236.7	-2.0	-1.4	9.5
Dec	181.6	53.1	234.7	-2.0	-1.7	9.4
1994 Jan	184.6	53.8	238.4	3.7	-1.3	9.5
Feb	183.3	53.5	236.8	-1.6	-1.5	9.5
Mar	182.0	52.7	234.7	-2.1	-1.3	9.4
Apr	181.3	52.1	233.4	-1.3	-0.9	9.3
May	180.4	51.9	232.3	-1.1	-0.7	9.3
Jun	179.4	51.4	230.8	-1.5	-0.7	9.2
Jul	179.5	52.9	232.4	1.6	-1.0	9.3

Source: Department of Employment

TABLE 6: UNEMPLOYMENT FLOWS - STANDARDISED, UNADJUSTED: SCOTLAND ('000s)		
Month ending	In-flow	Out-flow
1990 Jan	29.7	22.9
Feb	31.9	35.7
Mar	29.5	35.5
Apr	29.7	33.3
May	25.8	35.9
Jun	29.1	31.5
Jul	38.5	30.2
Aug	29.9	30.5
Sep	32.5	37.6
Oct	33.0	35.3
Nov	34.1	31.1
Dec	31.6	25.3
1991 Jan	31.3	20.8
Feb	34.0	32.9
Mar	32.9	31.6
Apr	33.8	31.8
May	30.9	32.7
Jun	31.0	30.9
Jul	44.4	30.5
Aug	32.8	30.9
Sep	33.9	41.0
Oct	34.6	36.3
Nov	34.8	32.1
Dec	32.5	26.9
1992 Jan	34.2	20.6
Feb	33.7	35.1
Mar	31.8	34.2
Apr	33.5	33.1
May	30.4	34.6
Jun	32.9	34.4
Jul	48.9	33.3
Aug	35.4	32.9
Sep	37.1	46.0
Oct	38.7	39.8
Nov	38.2	35.6
Dec	34.0	26.3
1993 Jan	36.4	26.7
Feb	34.1	38.1
Mar	31.3	38.2
Apr	34.9	35.6
May	30.8	36.4
Jun	31.9	35.1
Jul	49.2	34.6
Aug	34.4	34.6
Sep	35.1	48.9
Oct	35.5	41.7
Nov	35.6	35.4
Dec	32.8	30.3
1994 Jan	35.1	22.6
Feb	32.6	37.5
Mar	29.1	36.0
Apr	32.1	34.3
May	29.2	36.2
Jun	29.1	34.3
Jul	45.7	32.8

Source: Department of Employment