

## A wholesale recession argument that happens to contain holes?

UK WHOLESALERS boast yearly turnover £1.3tr+; & account for c45% of the UK's non-financial tangible services. Aside from their behemoth scale, the UK's wholesalers sit at crucial economic junctures, serving as both a B2B & B2C nexus. What then is this key UK sector telling us? Well, it is crying out, CONCERN.

Were we to examine the performance of UK retailers, again the omens appear ominous. Ominous also if we inspect large tracts of UK manufacturing. So far so MACRO worrying. There is a BUT...

If we consider Warehousing & transportation (covering distribution & logistic activities) UK data doesn't sound alarm.

So how on earth can it possibly be the case, figures for UK wholesale & warehousing are in conflict, other than that is, than some appalling corruption in ONS data?

Well, it just might be the case that what the facts tell us is that those parts of the UK economy relying on its ever larger delivered "invisible" service sectors, are doing well, even as its visible side, clearly isn't.

One has of course to accept that sectors that deal in tangibles are still the UK's dominant side, & as such, their downturn means a wider macro one. Yet, it is worth noting that inspecting its Wholesaling data, the UK finds itself in no worse a position than in '14/5, when there wasn't RECESSION, with all other pockets of weakness also not yet, in deep red.

Let us then recess from specific sectors to more general economic downturn talk. For what is TRULY UNRELIABLE about ONS data, are THE macro measures & signals it 'creates'.

A technical UK recession is where its real GDP is recorded as falling QonQ in 2 consecutive quarters. Well, if we see as such but a "mere" tens of basis point decline, these "rounding errors", must not be confused with recessions of old, when the quantum & duration of each decline was so much larger, & the whole sorry state went on for longer.

**So yes, a real "Reevesession" is very possible. It will however most likely involve GDP declines that are so modest they are unnoticeable to the vast majority.**

We must remind ourselves in fact that the UK's labour, property & banking sectors are rather robust; with sufficient fiscal cushions in each to absorb the raft of daft Chancellorial changes. The UK after all, enjoyed a protracted period of ZIRP; post the GFC, then the Brexit referendum, & again through, & too long post lockdown. Now, after its tardily delayed tightening, the MPC is AGAIN delivering looser money. And that it will continue to mistakenly cut the base rate, must be considered near certain. Indeed, one can confidently argue that the BoE loosening against the backdrop of the Govts multi-fronted inflationary policies, was the proverbial recent pulling of the rug from under the pound & Gilts.

**So, Yeap, most certainly blame Reeves the Rubbish for £ market travails, though, please also hold Balls-up Bailey very much accountable too. And be assured Gilts & the pound will rebound, just as they did post the last UnTruss'ted time, & all those so regular poor political periods before. As for why, well, to repeat, corporate & household balance sheets IN AGGREGATE in the UK have seldom been more well reserved, doing so thanks to the Government & BoE being so very generous with "THEIR" funding; before & through covid, and even since it struck.**

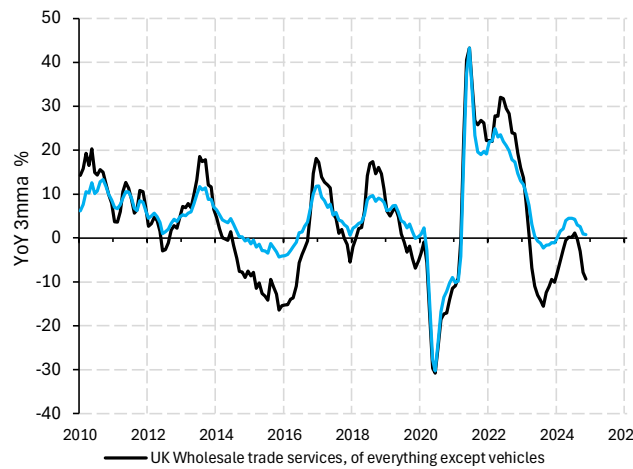
**As for who will NOW FUND UK Sovereign debt created by Downing & Threadneedle Streets, well that too is an easy answer. The great many Sovereign Wealth Funds across all Continents that need to find SOMEWHERE ELSE than dollars for their savings. And quite frankly, they will not choose cryptos or euros or yen, but rather see Sterling as much as the Swissy, as a richly SAFE BOLT HOLE, regardless of the former's Poor Politics.**

As has been made clear throughout this series, as the ONS data comes out, it will put into a QuantMetriks system that sees the UK economy as what it is, a vast and varied collection of sectors most often moving at odds with one another.

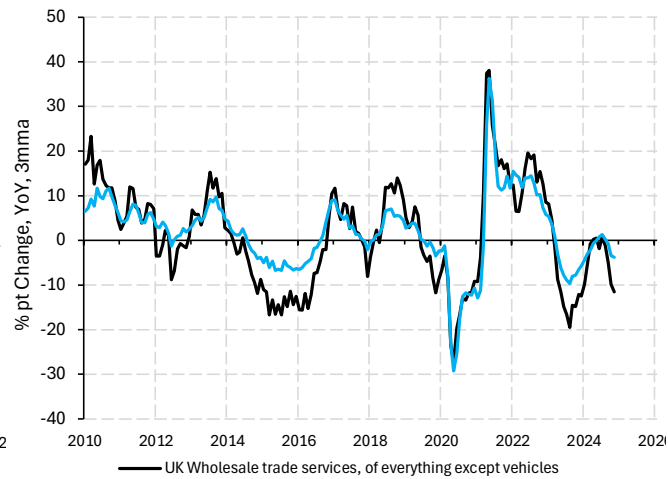
## UK Wholesale trade services, of everything except vehicles (46)

Sector turnover of £946.6bn (33.6% of all Non-Financial Services) - in the calendar year Nov2023 to Oct2024

**Chart 1. Operating Sales, £**



**Chart 2. Operating Margin**

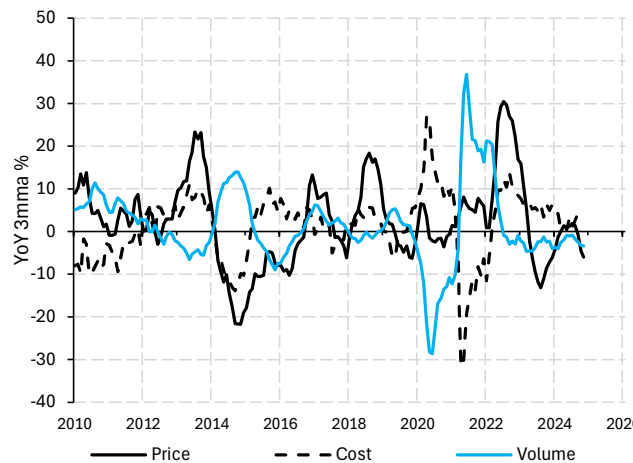


Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets

UK Wholesale trade services, of everything except vehicles 3.6 (0.3)  
UK All Non-Financial Services 5.2 (0.5)

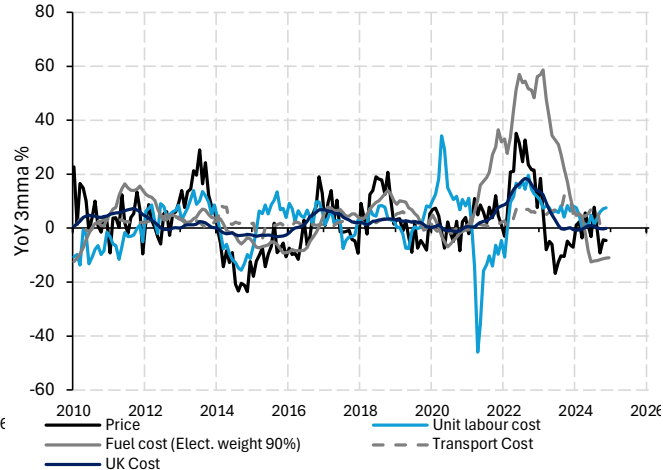
UK Wholesale trade services, of everything except vehicles 1.0 (0.1)  
UK All Non-Financial Services 1.9 (0.2)

**Chart 3. Price, Cost & Volume**

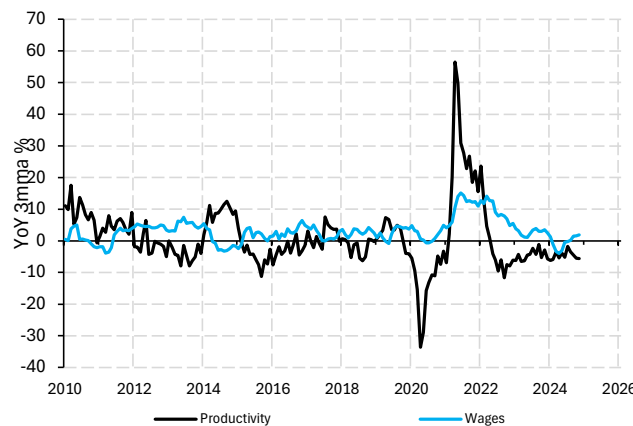


Price 2.4 (0.2)  
Cost 1.4 (0.2)  
Volume 1.2 (0.1)

**Chart 4. Detailed price & cost dynamics**

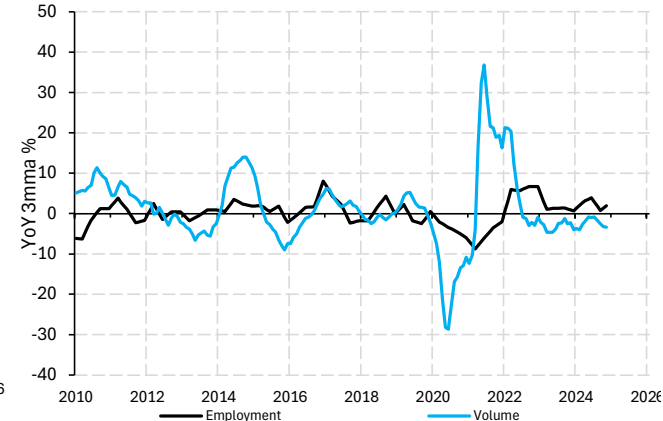


**Chart 5. Labour Productivity vs Wages**



Productivity 0.9 (0.1)  
Wages 3.1 (0.8)

**Chart 6. Employment vs Volume**



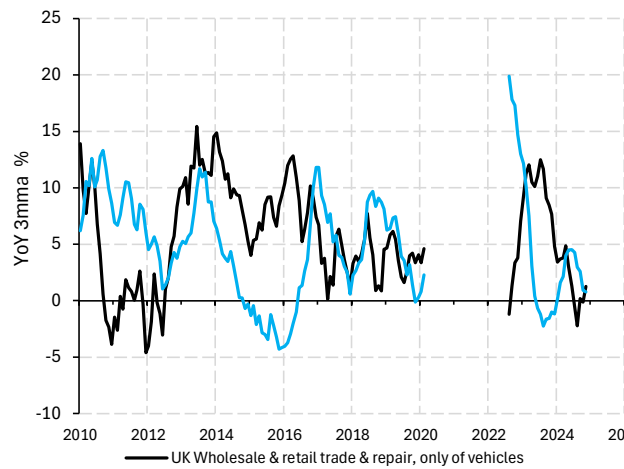
Employment 0.4 (0.1)  
Volume 1.2 (0.1)

\* Inverse Coefficient of Variance = Mean / Standard Deviation

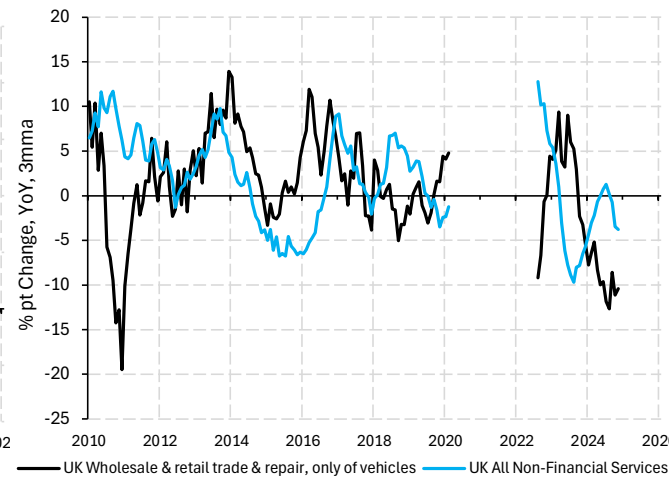
## UK Wholesale & retail trade & repair, only of vehicles (45)

Sector turnover of £257.5bn (9.1% of all Non-Financial Services) - in the calendar year Nov2023 to Oct2024

**Chart 1. Operating Sales, £**



**Chart 2. Operating Margin**

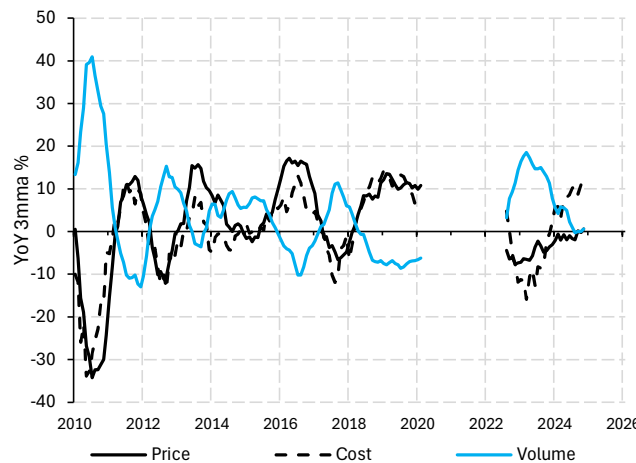


Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets

UK Wholesale & retail trade & repair, only of vehicles 5.6 (1.2)  
UK All Non-Financial Services 4.8 (1.0)

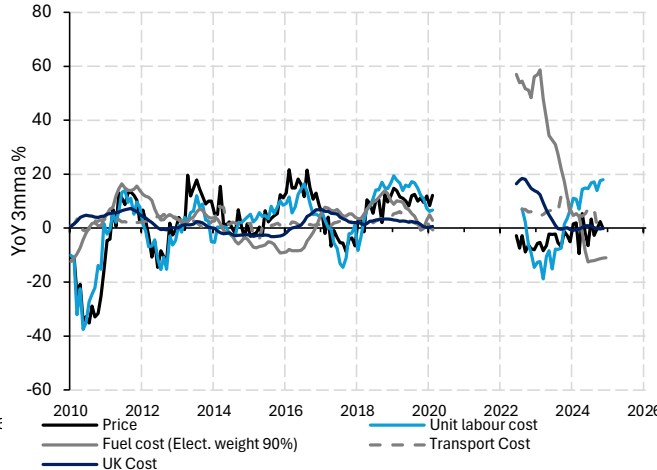
UK Wholesale & retail trade & repair, only of vehicles 1.1 (0.2)  
UK All Non-Financial Services 1.7 (0.3)

**Chart 3. Price, Cost & Volume**

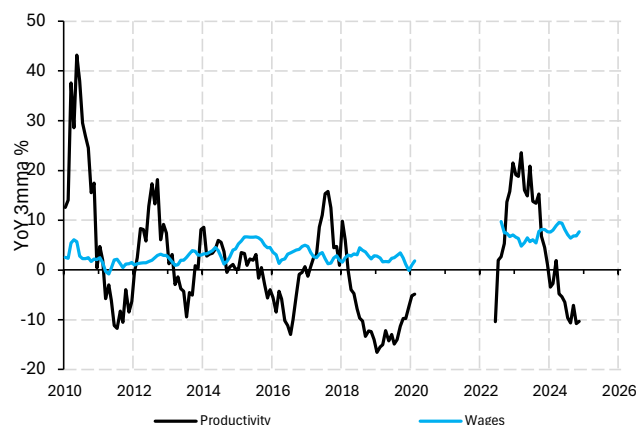


Price 1.3 (0.1)  
Cost 0.2 (0.0)  
Volume 4.3 (0.4)

**Chart 4. Detailed price & cost dynamics**

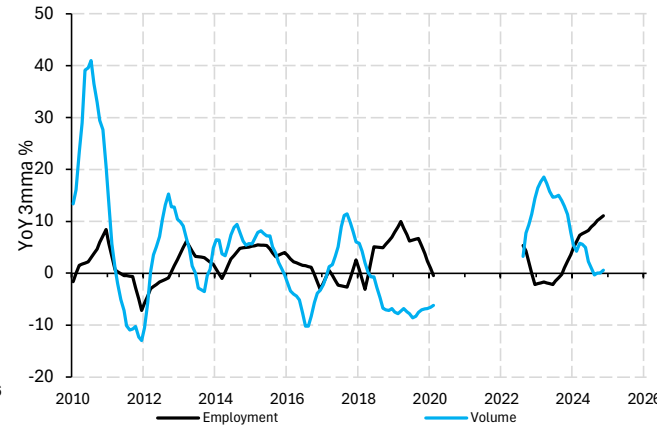


**Chart 5. Labour Productivity vs Wages**



Productivity 1.8 (0.2)  
Wages 3.7 (1.6)

**Chart 6. Employment vs Volume**



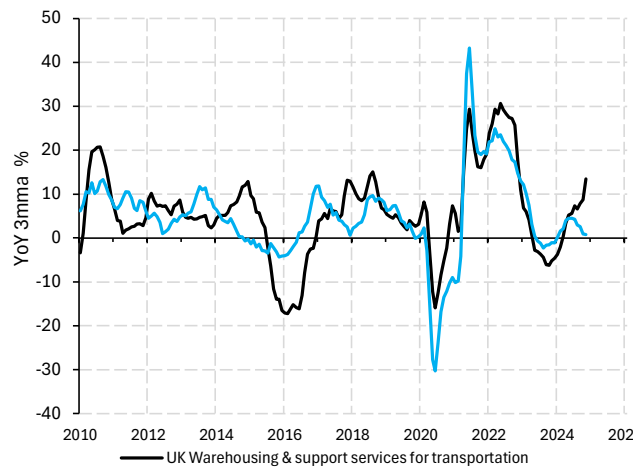
Employment 2.4 (0.7)  
Volume 4.3 (0.4)

\* Inverse Coefficient of Variance = Mean / Standard Deviation

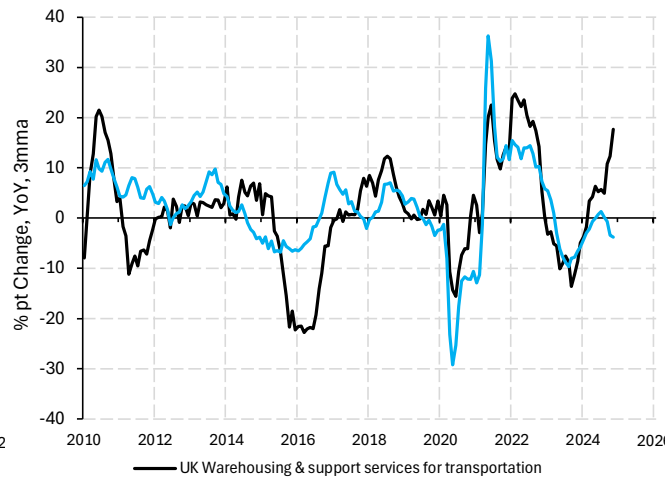
## UK Warehousing & support services for transportation (52)

Sector turnover of £83.6bn (3.0% of all Non-Financial Services) - in the calendar year Nov2023 to Oct2024

**Chart 1. Operating Sales, £**



**Chart 2. Operating Margin**



Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets

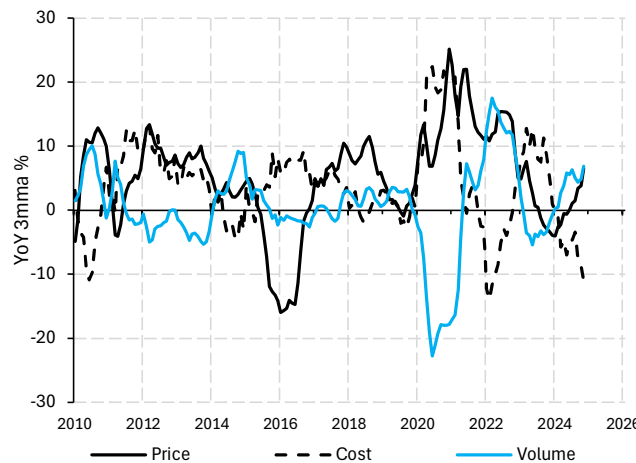
UK Warehousing & support services for transportation 5.8 (0.6)

UK All Non-Financial Services 5.2 (0.5)

UK Warehousing & support services for transportation 1.6 (0.2)

UK All Non-Financial Services 1.9 (0.2)

**Chart 3. Price, Cost & Volume**

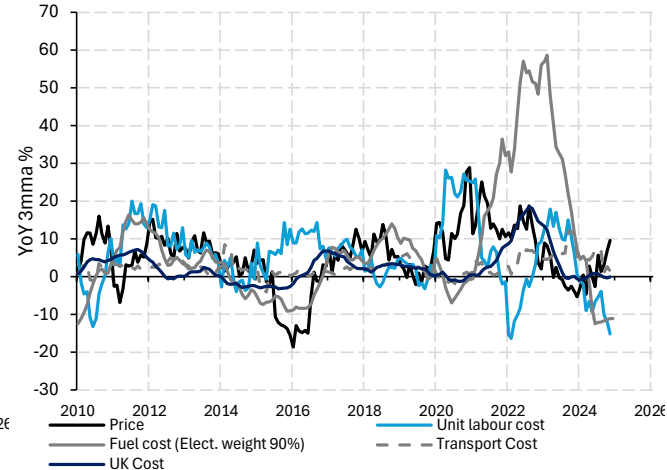


Price 5.2 (0.7)

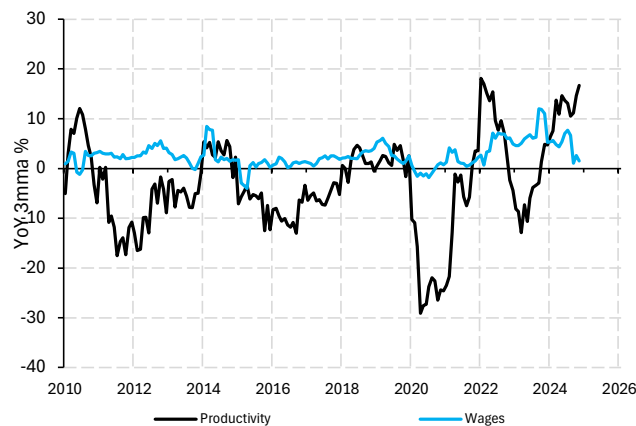
Cost 3.7 (0.5)

Volume 0.5 (0.1)

**Chart 4. Detailed price & cost dynamics**



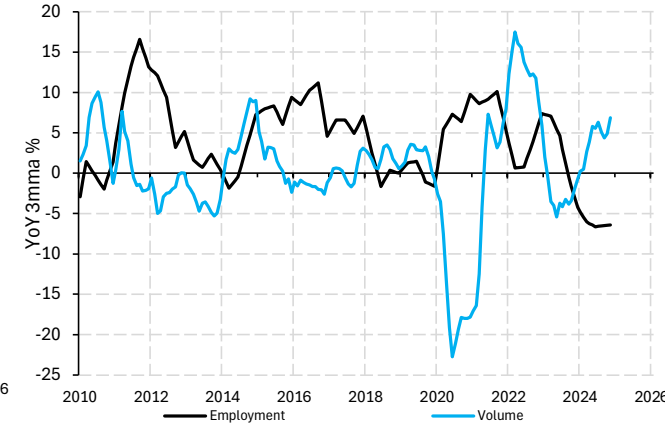
**Chart 5. Labour Productivity vs Wages**



Productivity -3.1 (-0.3)

Wages 2.7 (1.1)

**Chart 6. Employment vs Volume**



Employment 4.1 (0.8)

Volume 0.5 (0.1)

\* Inverse Coefficient of Variance = Mean / Standard Deviation

## UK based Retailers non-food (52 less 52.11, 52.6 & 52.7)

Chart 1. Operating sales, £

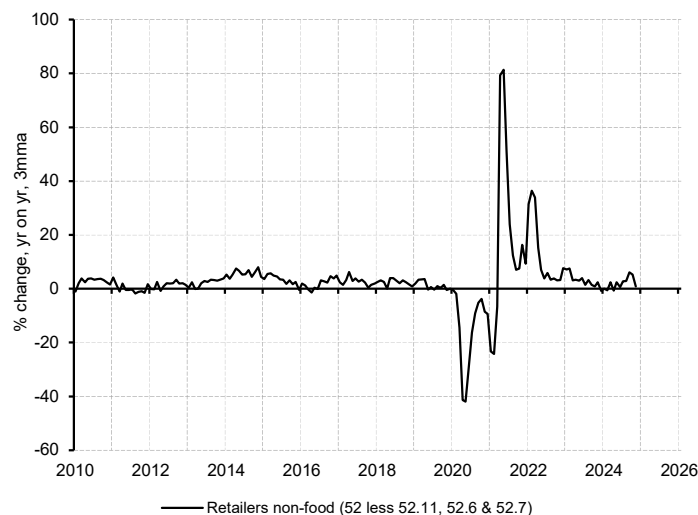
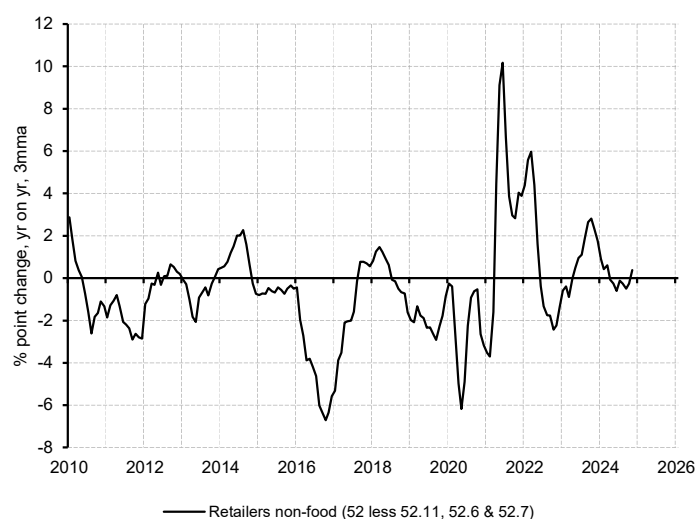


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets  
Non-food Retailers 3.1 (0.3)

Non-food Retailers -0.5 (-0.2)

Chart 3. Price, cost & volume

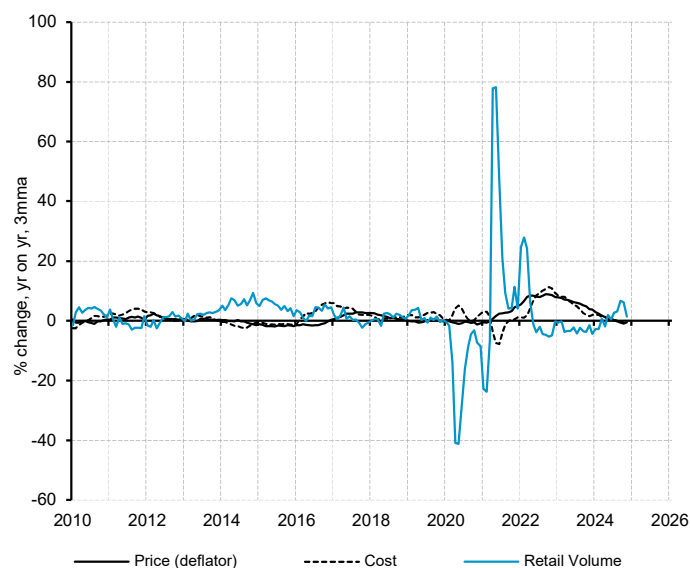
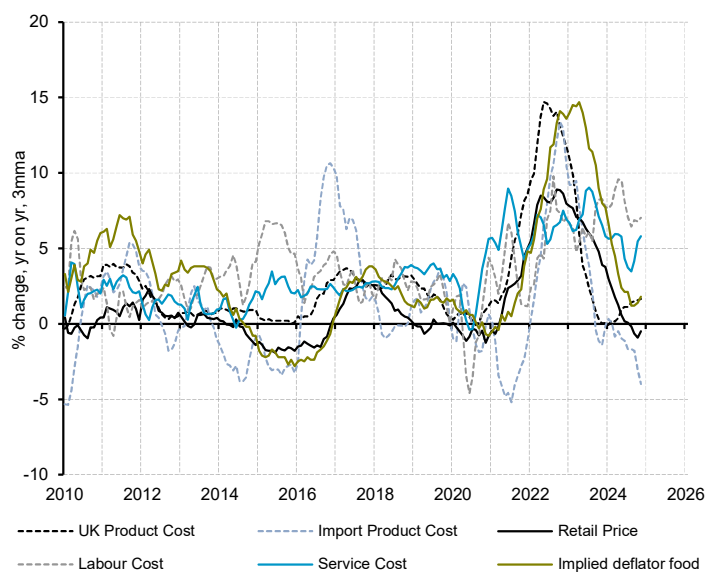


Chart 4. Detailed price & cost dynamics



Price 1.2 (0.5)  
Cost 1.7 (0.6)  
Volume 1.9 (0.2)

Weights: Home material cost 10.0%, Imported Material cost 50.0%,  
Transport cost 6.0%, Labour cost 10.0%, Bought-in cost 8.0%

\* Inverse Coefficient of Variance = Mean / Standard Deviation

## UK based UK Manufacturers ex food, drink, tobacco & energy 17-37, 23

Chart 1. Operating sales, £

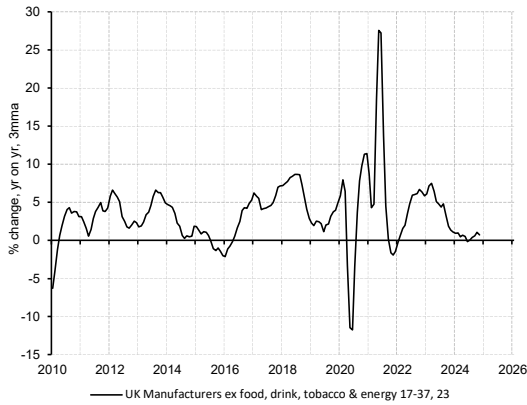
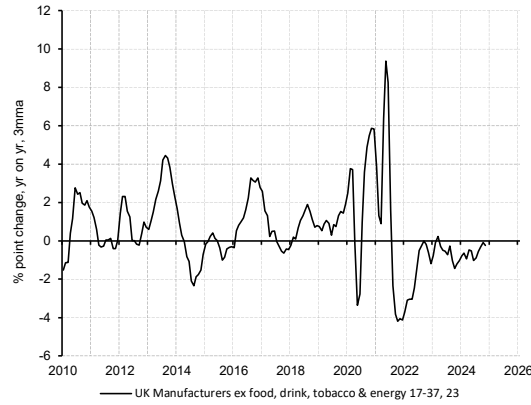


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets  
Manufacturers ex Food, Beverage & Energy 3.5 (0.8)

Manufacturers ex Food, Beverage & Energy 0.6 (0.3)

Chart 3. Price, cost & volume

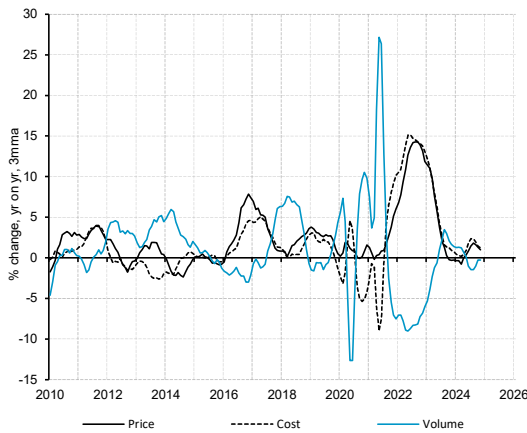
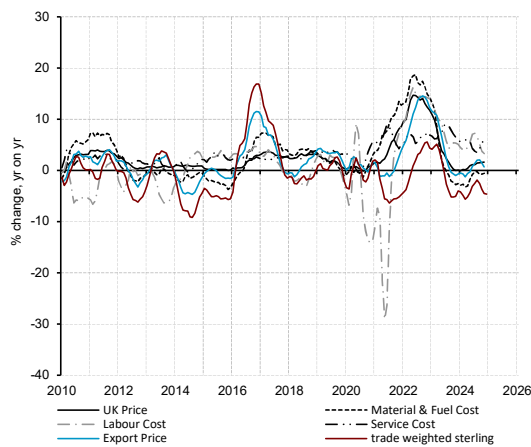


Chart 4. Detailed price & cost dynamics



Export Share of Sales 55.3%

Price 2.4 (0.7)  
Cost 1.8 (0.4)  
Volume 1.1 (0.2)

Weights: Material & Fuel cost 47.8%, Labour cost 32.3%, Bought-in cost 8.0%

Chart 5. Labour productivity vs wages

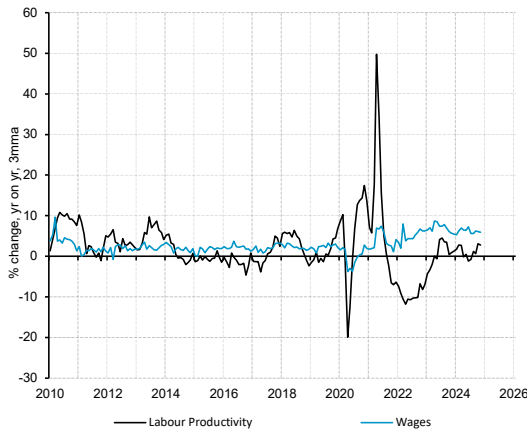
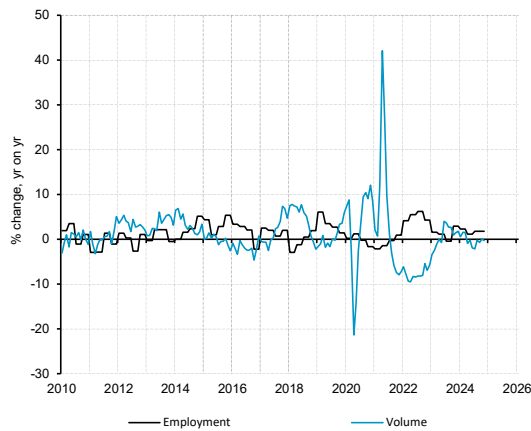


Chart 6. Employment vs volume

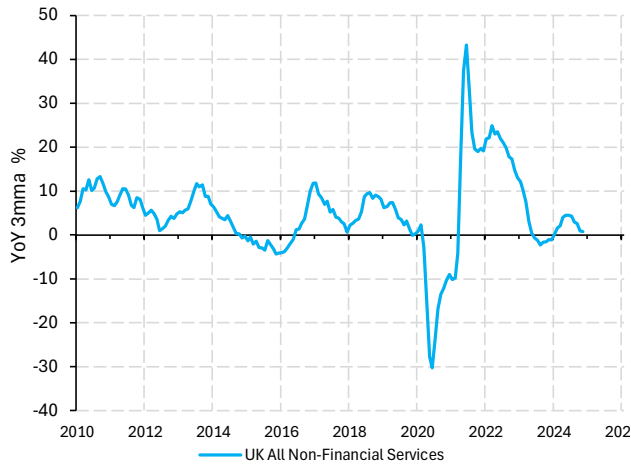


\* Inverse Coefficient of Variance = Mean / Standard Deviation

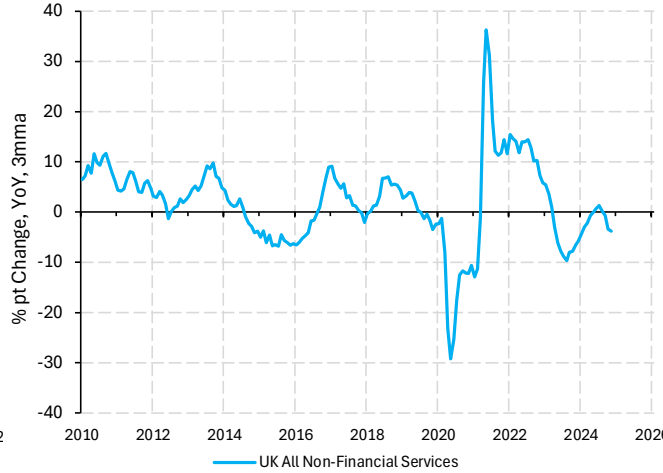
## UK All Non-Financial Services (45-96)

Sector turnover of £2820.8bn - in the calendar year Nov2023 to Oct2024

**Chart 1. Operating Sales, £**



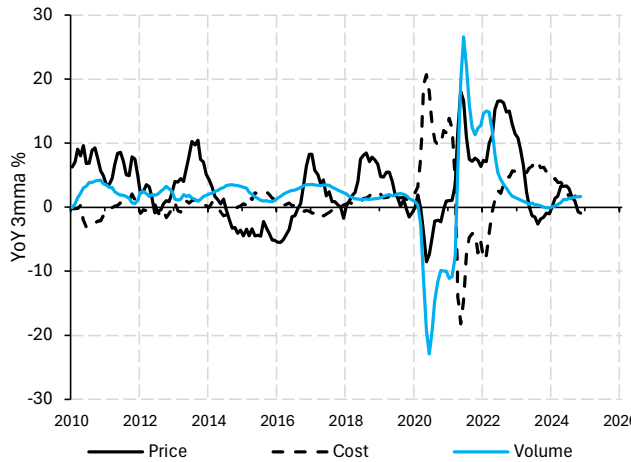
**Chart 2. Operating Margin**



Annual Growth Averages (%) and Inverse Coefficient of variance\* in brackets

UK All Non-Financial Services 5.2 (0.5)

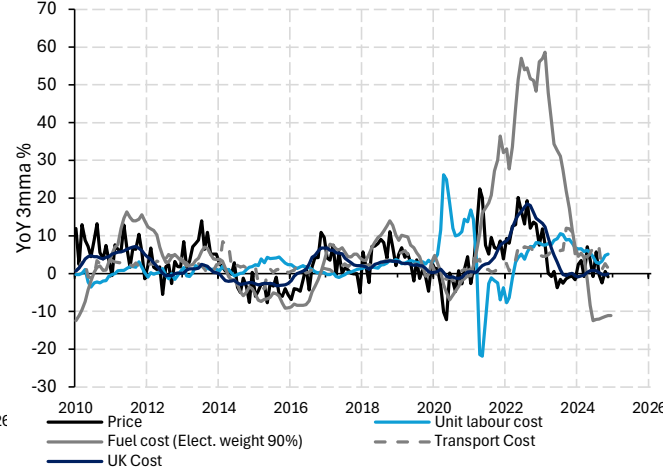
**Chart 3. Price, Cost & Volume**



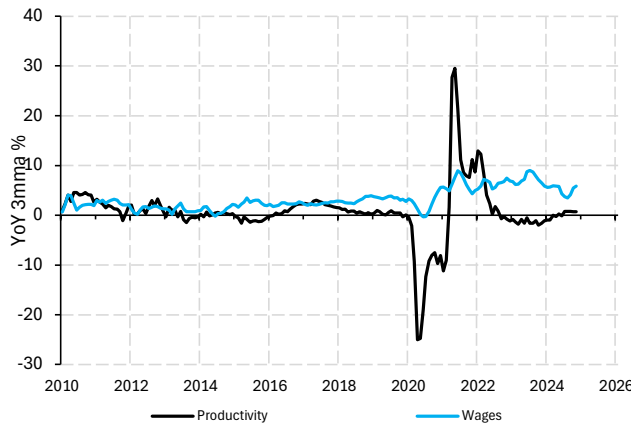
Price 3.2 (0.6)  
Cost 1.3 (0.3)  
Volume 1.9 (0.3)

UK All Non-Financial Services 1.9 (0.2)

**Chart 4. Detailed price & cost dynamics**

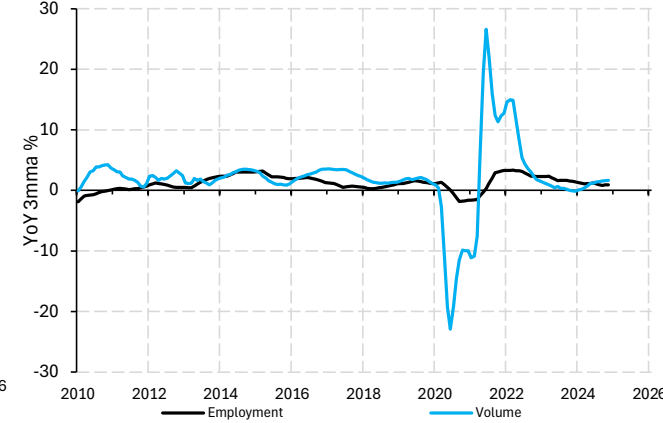


**Chart 5. Labour Productivity vs Wages**



Productivity 0.7 (0.1)  
Wages 3.3 (1.5)

**Chart 6. Employment vs Volume**



Employment 1.2 (1.0)  
Volume 1.9 (0.3)

\* Inverse Coefficient of Variance = Mean / Standard Deviation



# QuantMetriks

## List of Companies within the UK Non-Financial Service sectors

List of UK All Non-Financial Services	SIC	Companies
UK Wholesale & retail trade & repair, only of vehicles	45	
UK Wholesale trade services, of everything except vehicles	46	Bestway, Costco, Booker (Tesco), Brakes (Sysco), Bidfood, JJ Food
UK Land transport, trains & buses - people & freight	49.3-5	FirstGroup, Trainline
UK Warehousing & support services for transportation	52	Diploma, Restore
UK Postal & courier services	53	Smiths News
UK Hotels and other short-term accommodation services	55	Accor, IHT, Whitbread (Premier Inn)
UK Food & beverage serving sectors	56	Compass, Sodexo, Aramark
UK Publishing services - newspapers, periodicals & computer games	58	De la Rue, DMGT, AutoTrader, Bloomsbury
UK TV, film & sound production & presentation	59	CineWorld, ITV, STV
UK Telecoms services	61	Maintel, TalkTalk
UK Software developers	62	CPP, ComputerCenter, PCI-Pal, Petards, RWS, Software Circle, Tribal
UK Providers of data processing & hosting services	63	1Spatial, Experian, Journeo , Vianet
UK Real estate activities on a fee or contract basis	68.3	International Workplace , LSL Property Services, Mitie Group, Savills, Foxtons, Rightmove, Winkworths, MAB
UK Legal services	69.1	Gately, Keystone Law, Knights Group, the Ince Group, Begbies Traynor
UK Accountants, auditors & tax consultants	69.2	Begbies Traynor
UK Architects & civil engineers	71	Diales, Hargreaves Services, Intertek, Kier Group , Mears Group, Northern Bear, Renew Holdings, Ricardo
UK Scientific R&D	72	Science Group
UK Advertising & market research services	73	YouGov, WPP, M&C Saachi
UK Property, graphic & fashion design & photography	74	Christie Group, Record, Powerhouse Energy, DCC
UK Veterinary activities	75	Pets At Home, CVS Group
UK Rental & leasing services, non real estate	77	Johnson Service, SZigup
UK Recruitment services	78	Norman Broadbent, Page Group, Robert Walters, RTC, Staffline Group, Sthree, Hays
UK Travel agents & tour operators	79	Hostel-World, OnTheBeach Group
UK Security & investigation services	80	Croma, Synetics, Westminster
UK Office admin & business support - including call centres	82	Capita, IWG
UK Human health services	86	Spire Healthcare
UK Creative arts & entertainment services - theatres etc	90	
UK Library, archive, museum & other cultural services	91	
UK Sporting, amusement & other recreation services	93	GYM Group, Hollywood Bowl
UK Repair services of computers, personal & household goods	95	



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