



**NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH  
ESTIMATES OF MONTHLY GDP**

**Embargo until 00.01 hours on 8<sup>th</sup> October 2008**

**RECESSION STARTED IN MAY**

Our latest GDP figures show that output fell by 0.2% in the three months ending in September after a fall of 0.2% in the three months ending in August. This is the first fall of output in a calendar quarter that we have identified since we started producing our series in 1998. Unless output growth resumes in the near future it will be reasonable to say that a recession began in May of this year.

In view of these figures and of the intensifying banking crisis we take the view that the Bank of England should cut the interest rate by  $\frac{1}{2}\%$  p.a. at its next meeting. At the same time an interest rate cannot be expected to have much effect in the current circumstances and it is more important that the Bank of England works with the government on measures to prevent a sharp reduction in the availability of credit.

Our track record in producing early estimates of GDP suggests that our projection for the most recent three-month period has a standard error of 0.1-0.2% point when compared to the first estimate produced by the Office for National Statistics. This comparison can be made only for complete calendar quarters. Outside calendar quarters the figures are less reliable than this.

A paper describing the methodology used to produce the data was published in the February 2005 volume of the *Economic Journal*. From April until October 2006 our estimates were computed using the Index of Services published by ONS. However this monthly series shows considerable volatility which has caused us some problems in estimating GDP. From our November 2006 press release we have therefore reverted to using a model of private services output based on indicator variables. This means that, while all our figures for calendar quarters are fully coherent with ONS data, our estimates of monthly private service output are not. The series can be thought of as indicating the underlying value of the ONS series.

For more information please telephone Martin Weale on 020 7654 1945.

**Contents of Press Release**

Table 1, Page 2: Summary Table of Quarterly Growth Rates showing Monthly Data, 3 months ending in that month, and Quarterly Growth (% per quarter). All contain Figures for Industry & GDP.

Table 2, Page 3: Output by Sector (Industry, Agriculture, Construction, Private Services, Public Services, GDP(B) (calculated at prices excluding taxes and subsidies), GDP

Table 3, Page 4: Output in Quarter Ending in Month Shown by sector (as above)

Table 4, Page 5: Growth in Quarter Ending in Month Shown over Previous Quarter (% at annual Rate) by sector (as above)

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**Table 1: Summary Table of Quarterly Growth Rates**

2003=100

	Monthly Data		3 months ending in month shown		Quarterly Growth % per quarter	
	Industry	GDP	Industry	GDP	Industry	GDP
<b>Jan-07</b>	100.5	109.3	100.4	109.2	-0.3%	0.9%
<b>Feb-07</b>	99.8	109.8	100.1	109.4	-0.6%	0.6%
<b>Mar-07</b>	100.3	110.7	100.2	109.9	-0.1%	0.9%
<b>Apr-07</b>	100.5	110.3	100.2	110.2	-0.2%	0.9%
<b>May-07</b>	101.5	111.0	100.8	110.6	0.6%	1.1%
<b>Jun-07</b>	101.5	111.2	101.2	110.8	0.9%	0.8%
<b>Jul-07</b>	101.2	111.4	101.4	111.2	1.2%	0.9%
<b>Aug-07</b>	101.1	111.7	101.3	111.4	0.5%	0.7%
<b>Sep-07</b>	100.8	111.7	101.0	111.6	-0.1%	0.8%
<b>Oct-07</b>	101.4	112.2	101.1	111.9	-0.3%	0.6%
<b>Nov-07</b>	101.2	112.1	101.1	112.0	-0.2%	0.5%
<b>Dec-07</b>	101.2	112.3	101.3	112.2	0.2%	0.5%
<b>Jan-08</b>	100.9	112.4	101.1	112.3	0.0%	0.4%
<b>Feb-08</b>	101.0	112.7	101.0	112.5	-0.1%	0.4%
<b>Mar-08</b>	100.6	112.4	100.8	112.5	-0.4%	0.3%
<b>Apr-08</b>	100.6	112.7	100.7	112.6	-0.3%	0.3%
<b>May-08</b>	99.9	112.5	100.4	112.5	-0.6%	0.1%
<b>Jun-08</b>	99.8	112.3	100.1	112.5	-0.7%	0.0%
<b>Jul-08</b>	99.3	112.3	99.7	112.4	-1.1%	-0.2%
<b>Aug-08</b>	98.8	112.3	99.3	112.3	-1.1%	-0.2%
<b>Sep-08</b>	98.5	112.3	98.9	112.3	-1.2%	-0.2%

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**Table 2: Output by Sector (2003=100)**

	<b>Industry</b>	<b>Agriculture</b>	<b>Construction</b>	<b>Private Services</b>	<b>Public Services</b>	<b>GDP(B)</b>	<b>GDP</b>
<b>Jan-07</b>	100.5	106.7	107.1	116.1	102.3	109.4	109.3
<b>Feb-07</b>	99.8	106.7	107.2	116.2	104.8	109.9	109.8
<b>Mar-07</b>	100.3	106.7	107.6	117.6	105.2	110.8	110.7
<b>Apr-07</b>	100.5	106.9	108.1	117.4	103.4	110.3	110.3
<b>May-07</b>	101.5	106.9	108.5	118.0	104.1	111.0	111.0
<b>Jun-07</b>	101.5	106.6	108.7	118.1	104.5	111.2	111.2
<b>Jul-07</b>	101.2	106.2	108.7	119.0	104.4	111.5	111.4
<b>Aug-07</b>	101.1	106.3	108.9	119.2	104.7	111.8	111.7
<b>Sep-07</b>	100.8	106.7	109.1	119.3	104.7	111.8	111.7
<b>Oct-07</b>	101.4	107.6	109.5	119.8	105.3	112.3	112.2
<b>Nov-07</b>	101.2	108.2	110.0	119.5	105.2	112.1	112.1
<b>Dec-07</b>	101.2	108.4	110.5	120.0	104.9	112.3	112.3
<b>Jan-08</b>	100.9	108.3	111.0	120.1	105.1	112.4	112.4
<b>Feb-08</b>	101.0	108.3	111.2	120.5	105.3	112.7	112.7
<b>Mar-08</b>	100.6	108.4	111.1	120.2	105.2	112.4	112.4
<b>Apr-08</b>	100.6	108.6	110.8	120.5	105.8	112.7	112.7
<b>May-08</b>	99.9	108.7	110.6	121.0	105.1	112.5	112.5
<b>Jun-08</b>	99.8	108.8	110.4	120.5	105.3	112.3	112.3
<b>Jul-08</b>	99.3	108.8	110.4	120.3	106.0	112.3	112.3
<b>Aug-08</b>	98.8	108.8	110.4	120.7	106.0	112.3	112.3
<b>Sep-08</b>	98.5	108.8	110.4	120.7	106.1	112.3	112.3

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**Table 3: Output in Quarter Ending in Month Shown (2003=100)**

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
<b>Jan-07</b>	100.4	106.9	107.1	115.5	103.5	109.3	109.2
<b>Feb-07</b>	100.1	106.7	107.2	115.8	103.6	109.5	109.4
<b>Mar-07</b>	100.2	106.7	107.3	116.6	104.1	110.0	109.9
<b>Apr-07</b>	100.2	106.8	107.6	117.1	104.5	110.3	110.2
<b>May-07</b>	100.8	106.8	108.0	117.7	104.2	110.7	110.6
<b>Jun-07</b>	101.2	106.8	108.4	117.8	104.0	110.8	110.8
<b>Jul-07</b>	101.4	106.6	108.6	118.4	104.3	111.2	111.2
<b>Aug-07</b>	101.3	106.4	108.7	118.8	104.5	111.5	111.4
<b>Sep-07</b>	101.0	106.4	108.9	119.2	104.6	111.7	111.6
<b>Oct-07</b>	101.1	106.9	109.2	119.5	104.9	111.9	111.9
<b>Nov-07</b>	101.1	107.5	109.6	119.5	105.1	112.0	112.0
<b>Dec-07</b>	101.3	108.1	110.0	119.7	105.1	112.2	112.2
<b>Jan-08</b>	101.1	108.3	110.5	119.9	105.0	112.2	112.3
<b>Feb-08</b>	101.0	108.3	110.9	120.2	105.1	112.4	112.5
<b>Mar-08</b>	100.8	108.3	111.1	120.3	105.2	112.5	112.5
<b>Apr-08</b>	100.7	108.4	111.0	120.4	105.5	112.6	112.6
<b>May-08</b>	100.4	108.6	110.8	120.6	105.4	112.5	112.5
<b>Jun-08</b>	100.1	108.7	110.6	120.7	105.4	112.5	112.5
<b>Jul-08</b>	99.7	108.8	110.5	120.6	105.4	112.4	112.4
<b>Aug-08</b>	99.3	108.8	110.4	120.5	105.7	112.3	112.3
<b>Sep-08</b>	98.9	108.8	110.4	120.6	106.0	112.3	112.3

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**Table 4: Growth in Quarter Ending in Month Shown over Previous Quarter (% at annual Rate)**

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
<b>Jan-07</b>	-1.3%	-6.5%	3.3%	7.6%	-2.5%	3.4%	3.5%
<b>Feb-07</b>	-2.2%	-4.8%	1.9%	6.7%	-2.6%	2.7%	2.5%
<b>Mar-07</b>	-0.5%	-2.2%	1.1%	7.0%	-0.4%	3.7%	3.3%
<b>Apr-07</b>	-0.8%	-0.4%	1.9%	5.7%	4.0%	3.8%	3.7%
<b>May-07</b>	2.6%	0.5%	3.2%	6.5%	2.5%	4.5%	4.7%
<b>Jun-07</b>	3.9%	0.4%	4.2%	4.1%	-0.4%	2.9%	3.3%
<b>Jul-07</b>	4.9%	-0.7%	3.7%	4.4%	-0.5%	3.4%	3.6%
<b>Aug-07</b>	2.0%	-1.7%	2.6%	3.8%	1.2%	3.0%	2.9%
<b>Sep-07</b>	-0.5%	-1.5%	1.9%	4.7%	2.3%	3.3%	2.9%
<b>Oct-07</b>	-1.2%	1.1%	2.2%	3.8%	2.2%	2.6%	2.4%
<b>Nov-07</b>	-0.5%	4.4%	3.1%	2.6%	2.0%	2.0%	2.1%
<b>Dec-07</b>	0.9%	6.5%	4.1%	1.9%	1.9%	1.8%	2.2%
<b>Jan-08</b>	0.0%	5.5%	4.8%	1.4%	0.6%	1.1%	1.4%
<b>Feb-08</b>	-0.4%	3.0%	4.9%	2.3%	0.1%	1.5%	1.6%
<b>Mar-08</b>	-1.7%	0.7%	4.1%	1.9%	0.4%	1.1%	1.1%
<b>Apr-08</b>	-1.4%	0.3%	2.1%	1.9%	1.6%	1.2%	1.2%
<b>May-08</b>	-2.6%	0.8%	-0.2%	1.2%	1.1%	0.3%	0.3%
<b>Jun-08</b>	-2.9%	1.5%	-1.8%	1.2%	0.8%	0.0%	0.0%
<b>Jul-08</b>	-4.2%	1.4%	-2.0%	0.6%	0.0%	-0.8%	-0.8%
<b>Aug-08</b>	-4.2%	0.9%	-1.4%	-0.2%	1.4%	-0.8%	-0.8%
<b>Sep-08</b>	-4.8%	0.4%	-0.6%	-0.3%	2.3%	-0.7%	-0.7%

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