

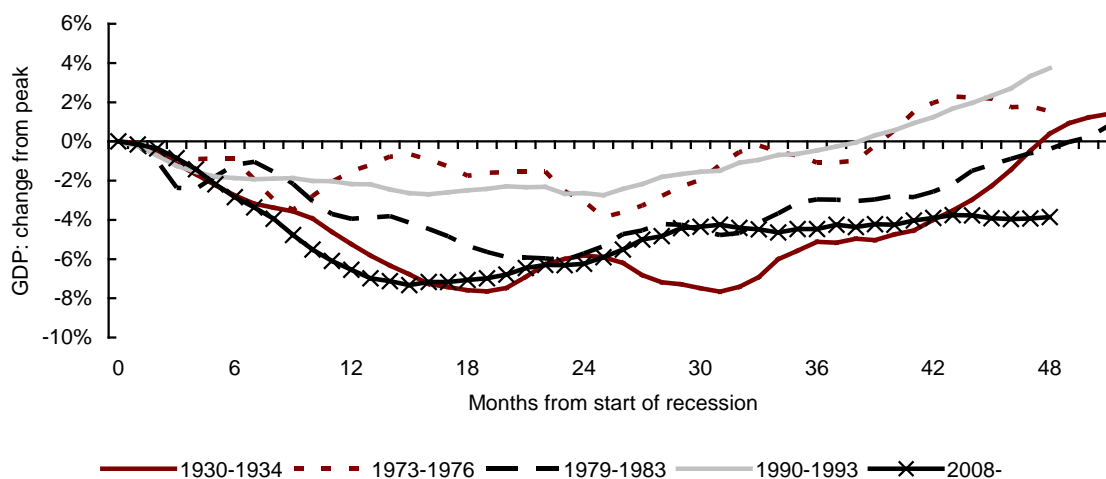


**NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH
ESTIMATES OF MONTHLY GDP**

Embargo until 15.00 hours on 9th February 2012

Our monthly estimates of GDP suggest that output contracted by 0.2 per cent in the three months ending in January after a contraction of 0.2 per cent in the three months ending in December 2011. These estimates should not be interpreted as confirmation of a technical recession in the UK. These estimates do suggest that output has been flat since October 2011. We expect the UK economy to remain ‘flat’ over the course of this year (in our latest quarterly forecast we expect output to fall by 0.1 per cent per annum in 2012) before economic recovery takes hold in 2013. There are significant downside risks to the UK’s outlook this year, not least those associated with the evolution of the Euro Area crisis. A further round of quantitative easing appears necessary in order to boost demand in the short term.

Figure 1. The profile of recession and recovery



Calculated from three-month moving averages of monthly GDP.

The National Institute interprets the term “recession” to mean a period when output is falling or receding, while “depression” is a period when output is depressed below its previous peak. Thus, unless output turns down again, the recession is over, while the period of depression is likely to continue for some time. We do not expect output to pass its peak in early 2008 until 2014.

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 and they are also likely to be less accurate in the current disturbed economic circumstances.

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 Simon Kirby on 020 7654 1916.

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Table 1: Summary Table of Quarterly Growth Rates
2008=100

	Monthly Data		3 months ending in month shown		Quarterly Growth % per quarter	
	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>
Jan-11	93.6	98.4	93.5	98.1	0.4%	-0.1%
Feb-11	92.4	98.0	93.2	98.1	-0.1%	0.0%
Mar-11	92.5	98.5	92.8	98.3	-0.5%	0.4%
Apr-11	91.0	98.0	92.0	98.2	-1.6%	0.1%
May-11	91.7	98.5	91.7	98.3	-1.5%	0.3%
Jun-11	91.8	98.4	91.5	98.3	-1.4%	0.0%
Jul-11	91.4	98.6	91.6	98.5	-0.3%	0.3%
Aug-11	91.6	98.9	91.6	98.7	-0.1%	0.3%
Sep-11	91.4	98.9	91.5	98.8	0.0%	0.6%
Oct-11	90.4	98.6	91.1	98.8	-0.5%	0.3%
Nov-11	89.9	98.5	90.6	98.6	-1.2%	0.0%
Dec-11	90.4	98.7	90.2	98.6	-1.4%	-0.2%
Jan-12	90.1	98.7	90.1	98.6	-1.1%	-0.2%

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Table 2: Output by Sector (2008=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-11	93.6	83.4	94.0	97.9	104.0	98.3	98.4
Feb-11	92.4	86.9	93.9	97.5	104.3	97.9	98.0
Mar-11	92.5	87.7	94.7	98.2	104.4	98.4	98.5
Apr-11	91.0	85.8	96.3	97.6	104.3	97.9	98.0
May-11	91.7	84.7	97.4	98.2	104.4	98.4	98.5
Jun-11	91.8	84.5	97.9	97.8	104.7	98.3	98.4
Jul-11	91.4	85.1	97.7	98.4	104.8	98.5	98.6
Aug-11	91.6	85.5	97.5	98.8	105.2	98.8	98.9
Sep-11	91.4	85.6	97.3	98.7	105.4	98.7	98.9
Oct-11	90.4	85.5	97.1	98.5	105.4	98.5	98.6
Nov-11	89.9	85.5	97.0	98.4	105.5	98.4	98.5
Dec-11	90.4	85.5	96.9	98.6	105.7	98.6	98.7
Jan-12	90.1	85.5	96.9	98.5	105.9	98.5	98.7

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Table 3: Output in Quarter Ending in Month Shown (2008=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-11	93.5	78.8	95.0	97.5	103.2	98.0	98.1
Feb-11	93.2	82.6	94.3	97.5	103.7	98.0	98.1
Mar-11	92.8	86.0	94.2	97.9	104.2	98.2	98.3
Apr-11	92.0	86.8	95.0	97.8	104.3	98.1	98.2
May-11	91.7	86.1	96.1	98.0	104.4	98.2	98.3
Jun-11	91.5	85.0	97.2	97.9	104.5	98.2	98.3
Jul-11	91.6	84.8	97.6	98.2	104.7	98.4	98.5
Aug-11	91.6	85.0	97.7	98.4	104.9	98.6	98.7
Sep-11	91.5	85.4	97.5	98.6	105.1	98.7	98.8
Oct-11	91.1	85.5	97.3	98.6	105.3	98.7	98.8
Nov-11	90.6	85.6	97.1	98.5	105.4	98.5	98.6
Dec-11	90.2	85.5	97.0	98.5	105.5	98.5	98.6
Jan-12	90.1	85.5	96.9	98.5	105.7	98.5	98.6

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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
Jan-11	1.6%	-14.1%	-8.1%	0.9%	-0.3%	-0.3%	-0.3%
Feb-11	0.0%	23.4%	-8.8%	0.8%	2.3%	0.0%	0.1%
Mar-11	-1.7%	58.1%	-6.5%	2.5%	5.2%	1.6%	1.6%
Apr-11	-6.3%	47.4%	0.1%	1.1%	4.2%	0.4%	0.4%
May-11	-6.0%	18.0%	8.0%	2.0%	2.7%	1.1%	1.1%
Jun-11	-5.6%	-4.6%	13.4%	0.1%	1.2%	0.0%	0.0%
Jul-11	-1.4%	-9.1%	11.8%	1.6%	1.3%	1.4%	1.4%
Aug-11	-0.6%	-4.8%	6.6%	1.5%	2.0%	1.3%	1.3%
Sep-11	-0.1%	1.9%	1.2%	3.1%	2.3%	2.1%	2.1%
Oct-11	-2.2%	3.7%	-1.4%	2.0%	2.5%	1.1%	1.1%
Nov-11	-4.4%	2.5%	-2.2%	0.6%	2.0%	-0.1%	0.0%
Dec-11	-5.3%	0.5%	-2.0%	-0.6%	1.5%	-0.9%	-0.8%
Jan-12	-4.4%	-0.4%	-1.5%	-0.6%	1.5%	-0.7%	-0.6%

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