



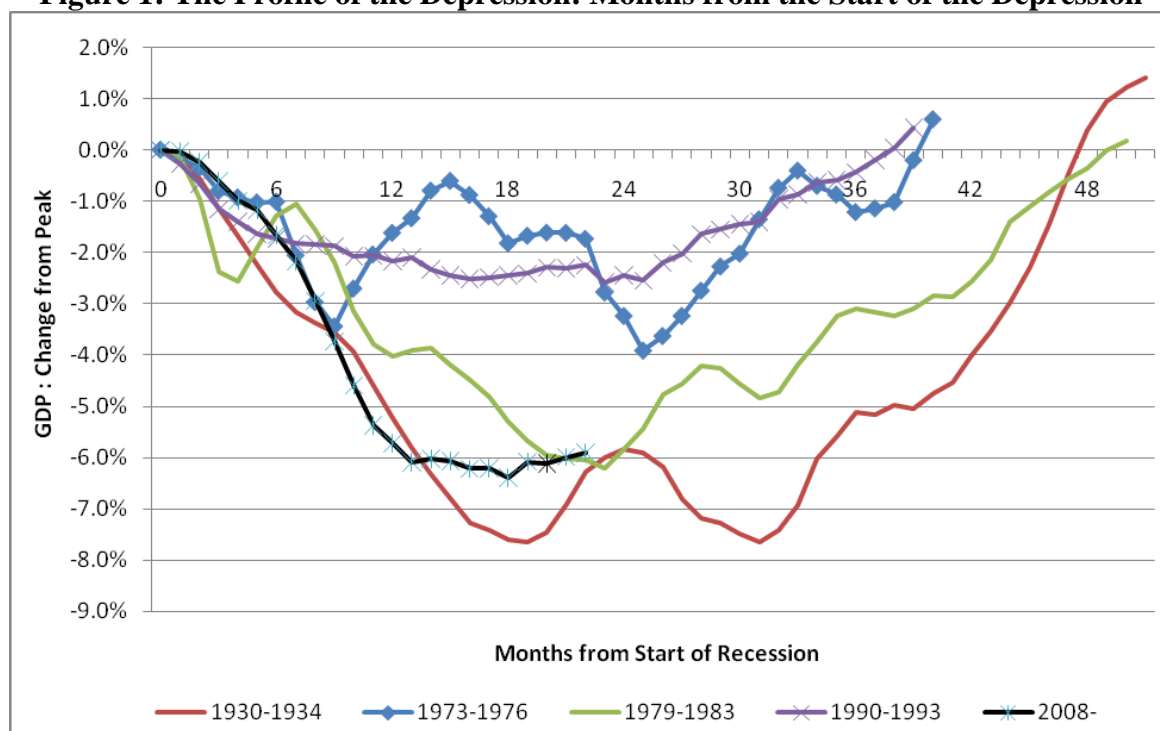
**NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH
ESTIMATES OF MONTHLY GDP**

FASTER GROWTH IN THREE MONTHS TO JANUARY

Embargo until 15.00 hours on 10th February 2010

Our monthly estimates of GDP suggest that output grew by 0.4 per cent in the three months ending in January, following on from a growth of 0.1 per cent in the three months ending in December. The improvement in the growth rate to January is more the consequence of the fact that output in October was very weak rather than a clear indication that a more substantial recovery is underway. Output levels are similar to those in the early summer of last year and, although we hope the recession is over, the economy remains very depressed.

Figure 1: The Profile of the Depression: Months from the Start of the Depression



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 at the start of 2008 until 2012, Q4.

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 Martin Weale on 020 7654 1945.

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Table 1: Summary Table of Quarterly Growth Rates
2005=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-09	88.3	102.1	90.4	103.3	-5.9%	-2.1%
Feb-09	87.9	101.6	89.0	102.3	-5.9%	-2.5%
Mar-09	87.6	100.9	87.9	101.5	-4.9%	-2.5%
Apr-09	87.8	101.0	87.8	101.1	-3.0%	-2.1%
May-09	87.1	100.3	87.5	100.7	-1.6%	-1.6%
Jun-09	87.6	101.1	87.5	100.8	-0.5%	-0.7%
Jul-09	87.8	100.8	87.5	100.8	-0.3%	-0.4%
Aug-09	85.5	99.8	87.0	100.6	-0.6%	-0.1%
Sep-09	86.7	101.1	86.7	100.6	-1.0%	-0.2%
Oct-09	86.7	100.2	86.3	100.4	-1.4%	-0.4%
Nov-09	87.0	100.8	86.8	100.7	-0.2%	0.1%
Dec-09	87.4	101.1	87.0	100.7	0.4%	0.1%
Jan-10	86.2	100.6	86.9	100.8	0.6%	0.4%

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Table 2: Output by Sector (2005=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-09	88.3	94.8	92.4	107.1	103.0	102.3	102.1
Feb-09	87.9	94.4	90.6	106.6	102.4	101.9	101.6
Mar-09	87.6	93.8	90.0	105.4	102.5	101.2	100.9
Apr-09	87.8	92.9	90.8	105.5	102.4	101.3	101.0
May-09	87.1	92.0	91.5	104.6	102.3	100.7	100.3
Jun-09	87.6	91.0	92.2	105.6	102.8	101.5	101.1
Jul-09	87.8	90.0	92.9	104.9	102.6	101.3	100.8
Aug-09	85.5	89.3	93.3	104.1	102.2	100.3	99.8
Sep-09	86.7	88.9	93.4	106.2	102.1	101.7	101.1
Oct-09	86.7	88.9	93.3	104.3	102.3	100.8	100.2
Nov-09	87.0	88.9	93.2	105.4	102.5	101.4	100.8
Dec-09	87.4	88.9	93.1	105.8	102.4	101.7	101.1
Jan-10	86.2	88.9	93.1	105.5	102.2	101.2	100.6

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Table 3: Output in Quarter Ending in Month Shown (2005=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-09	90.4	95.0	95.4	108.4	103.0	103.4	103.3
Feb-09	89.0	94.7	92.8	107.4	102.7	102.6	102.3
Mar-09	87.9	94.3	91.0	106.4	102.6	101.8	101.5
Apr-09	87.8	93.7	90.5	105.8	102.4	101.5	101.1
May-09	87.5	92.9	90.8	105.1	102.4	101.1	100.7
Jun-09	87.5	92.0	91.5	105.2	102.5	101.2	100.8
Jul-09	87.5	91.0	92.2	105.0	102.6	101.2	100.8
Aug-09	87.0	90.1	92.8	104.8	102.5	101.1	100.6
Sep-09	86.7	89.4	93.2	105.0	102.3	101.1	100.6
Oct-09	86.3	89.0	93.3	104.9	102.2	100.9	100.4
Nov-09	86.8	88.9	93.3	105.3	102.3	101.3	100.7
Dec-09	87.0	88.9	93.2	105.2	102.4	101.3	100.7
Jan-10	86.9	88.9	93.2	105.6	102.4	101.4	100.8

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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-09	-21.6%	-5.6%	-23.0%	-5.6%	-2.8%	-7.9%	-8.2%
Feb-09	-21.7%	-4.5%	-26.4%	-7.5%	-3.2%	-9.0%	-9.5%
Mar-09	-18.2%	-4.1%	-26.0%	-9.2%	-2.3%	-8.9%	-9.6%
Apr-09	-11.3%	-5.3%	-19.2%	-9.1%	-2.2%	-7.3%	-8.0%
May-09	-6.4%	-7.3%	-8.6%	-8.2%	-1.3%	-5.6%	-6.1%
Jun-09	-2.0%	-9.4%	2.2%	-4.3%	-0.4%	-2.3%	-2.7%
Jul-09	-1.2%	-10.9%	7.9%	-3.2%	0.6%	-1.1%	-1.5%
Aug-09	-2.4%	-11.5%	9.2%	-1.2%	0.5%	-0.2%	-0.5%
Sep-09	-3.8%	-10.8%	7.6%	-0.7%	-0.8%	-0.4%	-0.8%
Oct-09	-5.4%	-8.4%	5.0%	-0.5%	-1.4%	-1.0%	-1.4%
Nov-09	-0.8%	-5.2%	2.2%	1.9%	-0.9%	1.0%	0.6%
Dec-09	1.7%	-2.2%	0.0%	0.5%	0.4%	0.8%	0.4%
Jan-10	2.6%	-0.7%	-0.8%	2.7%	0.7%	2.1%	1.8%

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