



## Press Release

### GDP growth of 0.2 per cent in three months ending in May 2018

**\*For Immediate release\***

Our monthly estimates of GDP suggest that output grew by 0.2 per cent in the three months ending in May 2018 following growth of 0.1 per cent in the three months ending in April 2018.

Amit Kara, Head of UK macroeconomic forecasting, said “*We estimate that output expanded by just 0.2 per cent in the three months to May 2018, which is around half the potential growth rate of the economy. Economic growth has slowed materially since the start of this year and it continues to remain weak. One reason for sluggish growth is the disruption caused by severe weather in March, particularly to the construction sector. The latest data also shows a notable slowdown in manufacturing sector output that appears to be driven by both domestic and external conditions. By contrast, the retail sector and the dominant services sector may be recovering.*

*Looking ahead, we expect the economy to strengthen from here mainly because monetary policy in the UK and elsewhere continue to remain accommodative. The risks to that outlook are, however, weighed to the downside. The most important of these remains Brexit but there are others, most notably an escalation of tensions in international trade and a potential flare-up in uncertainty in the Euro Area because of political developments in Italy.”*

NIESR’s latest quarterly forecast (published May 2018) projected GDP growth of 1.4 per cent per annum in 2018 and 1.7 per cent in 2019 (see [here](#) for the associated press release).

**Technical notes:** Our track record in producing early estimates of GDP suggests that our projection for the most recent three-month period has a root mean squared error (RMSE) of 0.224% point (for the full sample period 1999Q3-2015Q4) when compared to the first estimate produced by the ONS. For the period 2008Q1 to 2015Q4 the RMSE is 0.290% point. The impact of the adverse weather in 2010Q4 is a noticeable outlier. Excluding 2010Q4 from the analysis, the RMSE for the full sample period is 0.188% point, and for 2008Q1 to 2015Q4 the RMSE is 0.231% point. These comparisons 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*:

Mitchell, J. Smith, R. J., Weale, M. R., Wright, S. and Salazar, E. L. (2005) ‘An Indicator of Monthly GDP and an Early Estimate of Quarterly GDP Growth’, *Economic Journal*, No. 551, pp. F108-F129.

- Available from: [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1468-0297](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1468-0297)

A paper describing the methodology used to produce the data for the inter-war period was published in the October 2012 volume of *Explorations in Economic History*:

Mitchell, J., Solomou, S. and Weale, M. (2012) 'Monthly GDP estimates for inter-war Britain', *Explorations in Economic History*, Vol. 49, No. 4, pp. 543-556.

- Available from: <http://www.journals.elsevier.com/explorations-in-economic-history/>

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.

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**Notes for editors:** For further information please contact the NIESR Press Office or Paola Buonadonna on 020 7654 1923/ [p.buonadonna@niesr.ac.uk](mailto:p.buonadonna@niesr.ac.uk)

National Institute of Economic and Social Research  
2 Dean Trench Street  
Smith Square  
London, SW1P 3HE  
United Kingdom

Switchboard Telephone Number: 020 7222 7665

Website: <http://www.niesr.ac.uk>

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**Table 1: Summary Table of Quarterly Growth Rates (2015=100)**

	<b>Monthly Data</b>		<b>3 months ending in month shown</b>		<b>Quarterly Growth % per quarter</b>	
	<b>Industry</b>	<b>GDP</b>	<b>Industry</b>	<b>GDP</b>	<b>Industry</b>	<b>GDP</b>
Jan-17	103.5	103.2	103.3	103.2	2.2%	0.9%
Feb-17	102.5	103.3	103.3	103.2	1.9%	0.5%
Mar-17	101.8	103.2	102.6	103.2	0.4%	0.3%
Apr-17	102.1	103.5	102.1	103.3	-1.1%	0.1%
May-17	102.5	103.4	102.1	103.3	-1.1%	0.2%
Jun-17	103.1	103.6	102.6	103.5	0.0%	0.3%
Jul-17	103.4	103.7	103.0	103.6	0.8%	0.3%
Aug-17	103.4	104.0	103.3	103.8	1.1%	0.4%
Sep-17	104.1	104.2	103.6	104.0	1.0%	0.5%
Oct-17	104.3	104.4	103.9	104.2	0.9%	0.6%
Nov-17	104.6	104.7	104.3	104.4	1.0%	0.6%
Dec-17	103.4	104.1	104.1	104.4	0.5%	0.4%
Jan-18	104.6	104.6	104.2	104.5	0.3%	0.3%
Feb-18	104.7	104.4	104.2	104.4	-0.1%	0.0%
Mar-18	104.8	104.5	104.7	104.5	0.6%	0.1%
Apr-18	103.9	104.6	104.5	104.5	0.3%	0.0%
May-18	104.1	104.7	104.3	104.6	0.0%	0.2%

*More...*

**Table 2: Output by Sector (2015=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>
Jan-17	103.5	94.1	109.5	104.5	100.7	103.0	103.2
Feb-17	102.5	93.8	110.1	105.0	100.6	103.1	103.3
Mar-17	101.8	93.6	110.1	104.8	100.8	102.9	103.2
Apr-17	102.1	93.5	109.6	105.3	100.8	103.2	103.5
May-17	102.5	93.6	109.4	105.0	100.7	103.1	103.4
Jun-17	103.1	94.0	109.5	105.2	100.6	103.3	103.6
Jul-17	103.4	94.6	109.7	105.4	100.4	103.4	103.7
Aug-17	103.4	94.9	110.0	105.8	100.5	103.7	104.0
Sep-17	104.1	94.8	110.2	105.9	100.5	103.9	104.2
Oct-17	104.3	94.4	110.4	106.0	100.6	104.1	104.4
Nov-17	104.6	93.9	110.1	106.5	100.6	104.4	104.7
Dec-17	103.4	93.4	109.2	106.0	100.6	103.8	104.1
Jan-18	104.6	92.9	107.7	106.7	100.6	104.3	104.6
Feb-18	104.7	92.5	106.7	106.4	100.6	104.1	104.4
Mar-18	104.8	92.4	106.3	106.5	100.8	104.2	104.5
Apr-18	103.9	92.4	106.3	106.8	100.9	104.3	104.6
May-18	104.1	92.4	106.3	107.1	100.9	104.4	104.7

*More...*

**Table 3: Output in Quarter Ending in Month Shown (2015=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>
Jan-17	103.3	94.4	108.5	104.8	100.4	103.0	103.2
Feb-17	103.3	94.1	109.4	104.6	100.5	103.0	103.2
Mar-17	102.6	93.8	109.9	104.8	100.7	103.0	103.2
Apr-17	102.1	93.6	109.9	105.0	100.7	103.1	103.3
May-17	102.1	93.5	109.7	105.0	100.8	103.1	103.3
Jun-17	102.6	93.7	109.5	105.1	100.7	103.2	103.5
Jul-17	103.0	94.1	109.5	105.2	100.6	103.3	103.6
Aug-17	103.3	94.5	109.7	105.4	100.5	103.5	103.8
Sep-17	103.6	94.8	110.0	105.7	100.5	103.7	104.0
Oct-17	103.9	94.7	110.2	105.9	100.6	103.9	104.2
Nov-17	104.3	94.4	110.3	106.1	100.6	104.1	104.4
Dec-17	104.1	93.9	109.9	106.2	100.6	104.1	104.4
Jan-18	104.2	93.4	109.0	106.4	100.6	104.2	104.5
Feb-18	104.2	92.9	107.9	106.4	100.6	104.1	104.4
Mar-18	104.7	92.6	106.9	106.5	100.7	104.2	104.5
Apr-18	104.5	92.4	106.4	106.6	100.8	104.2	104.5
May-18	104.3	92.4	106.3	106.8	100.9	104.3	104.6

*More...*

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

	<b>Industry</b>	<b>Agriculture</b>	<b>Construction</b>	<b>Private Services</b>	<b>Public Services</b>	<b>GDP(B)</b>	<b>GDP</b>
Jan-17	9.3%	1.3%	13.9%	2.6%	0.3%	3.8%	3.7%
Feb-17	7.7%	-1.3%	12.6%	-0.1%	1.3%	2.1%	2.1%
Mar-17	1.6%	-3.3%	9.6%	-0.1%	2.0%	1.2%	1.2%
Apr-17	-4.3%	-3.6%	5.3%	0.9%	1.4%	0.4%	0.6%
May-17	-4.3%	-2.5%	1.2%	1.4%	1.0%	0.4%	0.7%
Jun-17	-0.1%	-0.4%	-1.4%	1.5%	0.0%	0.8%	1.2%
Jul-17	3.4%	2.2%	-1.4%	0.7%	-0.6%	0.8%	1.1%
Aug-17	4.6%	4.3%	0.1%	1.6%	-1.0%	1.6%	1.8%
Sep-17	4.2%	4.8%	1.8%	2.0%	-0.8%	2.0%	1.9%
Oct-17	3.7%	2.7%	2.6%	2.7%	-0.1%	2.5%	2.4%
Nov-17	4.1%	-0.6%	1.9%	2.7%	0.2%	2.5%	2.4%
Dec-17	1.8%	-3.7%	-0.4%	2.0%	0.4%	1.6%	1.5%
Jan-18	1.0%	-5.4%	-4.5%	2.1%	0.2%	1.1%	1.1%
Feb-18	-0.4%	-5.9%	-8.4%	0.9%	0.1%	-0.1%	-0.1%
Mar-18	2.3%	-5.4%	-10.5%	1.3%	0.4%	0.4%	0.4%
Apr-18	1.0%	-4.1%	-9.1%	0.6%	0.7%	0.0%	0.0%
May-18	0.1%	-2.5%	-5.8%	1.7%	1.1%	0.8%	0.8%

**ENDS**