



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

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Our latest estimate suggests that the growth rate in the three months ending in May is 0.2% after 0.4% in the three months to April. Although the May figure is very low and output growth could slow further, the time profile for growth late last year still makes it unlikely that taking the year as a whole, output will be lower in 2008 than in 2007. Despite the fact that the economy is now scarcely growing, we share the view that concerns about inflation make it more likely that interest rates will be raised than reduced in the coming months.

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.

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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
Jan-07	99.0	110.0	98.9	109.8	-0.5%	0.8%
Feb-07	98.6	110.1	98.7	109.9	-0.6%	0.7%
Mar-07	99.1	110.8	98.9	110.3	0.0%	0.7%
Apr-07	99.2	110.9	99.0	110.6	0.0%	0.7%
May-07	100.1	111.4	99.5	111.0	0.7%	1.0%
Jun-07	99.8	111.3	99.7	111.2	0.8%	0.8%
Jul-07	99.5	111.7	99.8	111.5	0.8%	0.8%
Aug-07	99.5	112.0	99.6	111.7	0.1%	0.6%
Sep-07	99.1	112.0	99.4	111.9	-0.3%	0.6%
Oct-07	99.8	112.6	99.5	112.2	-0.3%	0.7%
Nov-07	99.5	112.5	99.5	112.4	-0.1%	0.6%
Dec-07	99.5	112.8	99.6	112.6	0.2%	0.6%
Jan-08	99.3	113.0	99.4	112.7	0.0%	0.5%
Feb-08	99.6	113.3	99.5	113.0	0.0%	0.6%
Mar-08	99.2	113.0	99.4	113.1	-0.2%	0.4%
Apr-08	99.4	113.2	99.4	113.2	0.0%	0.4%
May-08	99.6	113.5	99.4	113.3	-0.1%	0.2%

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Table 2: Output by Sector (2003=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-07	99.0	106.4	107.9	116.0	106.8	110.0	110.0
Feb-07	98.6	106.9	107.9	116.3	107.1	110.1	110.1
Mar-07	99.1	107.2	108.2	117.4	107.1	110.8	110.8
Apr-07	99.2	107.2	108.6	117.5	107.1	110.9	110.9
May-07	100.1	107.1	108.9	118.2	107.0	111.4	111.4
Jun-07	99.8	106.7	109.1	118.1	107.1	111.3	111.3
Jul-07	99.5	106.2	109.1	118.8	107.4	111.7	111.7
Aug-07	99.5	106.2	109.3	119.1	108.0	112.0	112.0
Sep-07	99.1	106.8	109.7	119.2	108.0	112.0	112.0
Oct-07	99.8	107.9	110.2	119.9	108.3	112.6	112.6
Nov-07	99.5	108.7	110.6	119.7	108.5	112.5	112.5
Dec-07	99.5	109.2	110.9	120.1	108.7	112.8	112.8
Jan-08	99.3	109.3	111.0	120.3	109.0	113.0	113.0
Feb-08	99.6	109.4	111.1	120.8	109.2	113.3	113.3
Mar-08	99.2	109.5	111.2	120.4	109.1	113.0	113.0
Apr-08	99.4	109.5	111.2	120.7	109.2	113.2	113.2
May-08	99.6	109.5	111.2	120.7	110.1	113.5	113.5

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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
Jan-07	98.9	105.8	108.0	115.8	106.5	109.9	109.8
Feb-07	98.7	106.3	107.9	116.0	106.8	110.0	109.9
Mar-07	98.9	106.8	108.0	116.6	107.0	110.3	110.3
Apr-07	99.0	107.1	108.3	117.0	107.1	110.6	110.6
May-07	99.5	107.1	108.6	117.7	107.1	111.0	111.0
Jun-07	99.7	107.0	108.9	117.9	107.1	111.2	111.2
Jul-07	99.8	106.7	109.1	118.3	107.2	111.5	111.5
Aug-07	99.6	106.4	109.2	118.6	107.5	111.7	111.7
Sep-07	99.4	106.4	109.4	119.0	107.8	111.9	111.9
Oct-07	99.5	107.0	109.8	119.4	108.1	112.2	112.2
Nov-07	99.5	107.8	110.2	119.6	108.3	112.4	112.4
Dec-07	99.6	108.6	110.6	119.9	108.5	112.6	112.6
Jan-08	99.4	109.1	110.9	120.0	108.7	112.7	112.7
Feb-08	99.5	109.3	111.0	120.4	109.0	113.0	113.0
Mar-08	99.4	109.4	111.1	120.5	109.1	113.1	113.1
Apr-08	99.4	109.4	111.1	120.6	109.2	113.2	113.2
May-08	99.4	109.5	111.2	120.6	109.5	113.3	113.3

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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
Jan-07	-2.0%	-3.3%	2.4%	6.1%	1.7%	3.1%	3.3%
Feb-07	-2.5%	0.7%	1.0%	4.8%	2.4%	2.3%	2.6%
Mar-07	-0.1%	4.2%	0.4%	4.3%	2.7%	2.6%	3.0%
Apr-07	0.1%	4.7%	1.1%	4.3%	2.3%	2.6%	2.9%
May-07	3.0%	3.2%	2.4%	5.8%	1.1%	3.8%	4.0%
Jun-07	3.3%	0.8%	3.4%	4.7%	0.4%	3.3%	3.3%
Jul-07	3.4%	-1.5%	3.1%	4.5%	0.3%	3.3%	3.2%
Aug-07	0.5%	-2.8%	2.3%	3.4%	1.6%	2.4%	2.4%
Sep-07	-1.3%	-2.2%	1.8%	3.9%	2.6%	2.5%	2.5%
Oct-07	-1.3%	1.1%	2.6%	3.7%	3.5%	2.6%	2.6%
Nov-07	-0.5%	5.4%	3.7%	3.2%	2.9%	2.5%	2.5%
Dec-07	0.9%	8.5%	4.5%	2.8%	2.6%	2.5%	2.5%
Jan-08	-0.1%	8.1%	4.1%	2.1%	2.3%	1.9%	1.9%
Feb-08	0.0%	5.7%	3.0%	2.7%	2.6%	2.4%	2.3%
Mar-08	-0.9%	3.0%	1.8%	2.2%	2.2%	1.8%	1.8%
Apr-08	-0.1%	1.4%	1.0%	2.1%	1.6%	1.7%	1.7%
May-08	-0.3%	0.6%	0.5%	0.7%	1.9%	0.9%	0.9%

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