



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

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Our latest estimate suggests that GDP has continued to grow at 0.8% in the three quarters ending in July. This continues the above-trend growth of the late Spring. The production sector shows particular buoyancy and, while this may point to better balance in the economy, we also note that its good growth at the start of 2006 petered out.

In view of the lags with which the economy responds to interest rate changes we take the view that these figures do not in themselves imply that further interest rate increases are desirable. Nevertheless, we are looking to see slower growth in the late Summer and Autumn.

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 0.14% 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.

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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	
	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>
Jan-06	98.5	106.5	98.3	106.5	0.4%	0.9%
Feb-06	98.8	106.9	98.6	106.6	0.8%	0.7%
Mar-06	99.0	107.3	98.8	106.9	0.9%	0.8%
Apr-06	98.5	107.4	98.8	107.2	0.5%	0.7%
May-06	98.9	108.0	98.8	107.5	0.2%	0.9%
Jun-06	98.8	108.0	98.8	107.8	0.0%	0.8%
Jul-06	98.8	108.2	98.8	108.1	0.1%	0.8%
Aug-06	98.9	108.5	98.8	108.3	0.0%	0.7%
Sep-06	99.2	108.7	98.9	108.5	0.2%	0.7%
Oct-06	98.5	108.9	98.9	108.7	0.0%	0.6%
Nov-06	99.0	109.6	98.9	109.1	0.1%	0.8%
Dec-06	98.8	109.7	98.8	109.4	-0.2%	0.8%
Jan-07	98.9	109.7	98.9	109.7	0.1%	0.9%
Feb-07	98.5	110.1	98.7	109.8	-0.2%	0.7%
Mar-07	98.6	110.5	98.7	110.1	-0.1%	0.6%
Apr-07	98.9	110.7	98.7	110.4	-0.3%	0.7%
May-07	99.5	111.1	99.0	110.8	0.3%	0.9%
Jun-07	99.6	111.2	99.3	111.0	0.6%	0.8%
Jul-07	99.4	111.7	99.5	111.3	0.8%	0.8%

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Table 2: Output by Sector (2003=100)

	Industry	Agriculture	Construction	Private Services	Public Services	GDP(B)	GDP
Jan-06	98.5	105.5	105.6	110.7	104.9	106.7	106.5
Feb-06	98.8	105.6	106.0	111.2	105.0	107.0	106.9
Mar-06	99.0	105.7	106.1	111.6	105.3	107.3	107.3
Apr-06	98.5	105.9	106.0	112.0	105.1	107.4	107.4
May-06	98.9	106.1	106.1	112.9	105.3	108.0	108.0
Jun-06	98.8	106.3	106.2	112.9	105.5	108.0	108.0
Jul-06	98.8	106.5	106.5	113.4	105.4	108.3	108.2
Aug-06	98.9	106.5	106.9	113.7	105.7	108.6	108.5
Sep-06	99.2	106.5	107.3	113.9	105.9	108.9	108.7
Oct-06	98.5	106.4	107.8	114.4	106.2	109.0	108.9
Nov-06	99.0	106.4	108.1	115.3	106.3	109.7	109.6
Dec-06	98.8	106.7	108.4	115.5	106.7	109.8	109.7
Jan-07	98.9	107.2	108.5	115.7	106.6	109.9	109.7
Feb-07	98.5	107.5	108.8	116.3	107.0	110.3	110.1
Mar-07	98.6	107.6	109.2	117.1	107.0	110.7	110.5
Apr-07	98.9	107.5	109.7	117.2	107.2	110.9	110.7
May-07	99.5	107.5	110.1	117.7	107.0	111.3	111.1
Jun-07	99.6	107.5	110.2	117.9	107.0	111.3	111.2
Jul-07	99.4	107.5	110.2	118.8	107.4	111.8	111.7

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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-06	98.3	105.4	105.1	110.7	104.8	106.6	106.5
Feb-06	98.6	105.5	105.6	110.8	104.9	106.7	106.6
Mar-06	98.8	105.6	105.9	111.2	105.1	107.0	106.9
Apr-06	98.8	105.7	106.0	111.6	105.2	107.2	107.2
May-06	98.8	105.9	106.1	112.2	105.3	107.6	107.5
Jun-06	98.7	106.1	106.1	112.6	105.3	107.8	107.8
Jul-06	98.8	106.3	106.3	113.1	105.4	108.1	108.1
Aug-06	98.8	106.4	106.5	113.3	105.5	108.3	108.3
Sep-06	99.0	106.5	106.9	113.6	105.7	108.6	108.5
Oct-06	98.9	106.5	107.3	114.0	106.0	108.8	108.7
Nov-06	98.9	106.4	107.7	114.5	106.2	109.2	109.1
Dec-06	98.8	106.5	108.1	115.1	106.4	109.5	109.4
Jan-07	98.9	106.8	108.3	115.5	106.5	109.8	109.7
Feb-07	98.7	107.1	108.5	115.9	106.8	110.0	109.8
Mar-07	98.7	107.4	108.8	116.4	106.9	110.3	110.1
Apr-07	98.7	107.5	109.2	116.9	107.1	110.6	110.4
May-07	99.0	107.5	109.6	117.3	107.1	111.0	110.8
Jun-07	99.3	107.5	110.0	117.6	107.1	111.1	111.0
Jul-07	99.5	107.5	110.2	118.1	107.2	111.4	111.3

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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-06	1.6%	4.5%	1.6%	6.2%	1.7%	4.2%	3.7%
Feb-06	3.0%	2.9%	3.5%	3.7%	1.8%	3.1%	2.9%
Mar-06	3.7%	1.5%	4.3%	3.5%	1.9%	3.0%	3.1%
Apr-06	1.9%	1.2%	3.4%	3.5%	1.3%	2.5%	2.7%
May-06	1.0%	1.5%	1.9%	5.1%	1.2%	3.1%	3.5%
Jun-06	-0.1%	1.9%	0.8%	5.4%	0.8%	3.0%	3.4%
Jul-06	0.3%	2.1%	0.9%	5.3%	0.9%	3.3%	3.4%
Aug-06	0.1%	2.0%	1.8%	4.2%	1.1%	2.9%	2.7%
Sep-06	0.9%	1.5%	3.1%	3.7%	1.5%	3.0%	2.6%
Oct-06	0.1%	0.7%	4.0%	3.4%	2.1%	2.7%	2.4%
Nov-06	0.3%	0.0%	4.6%	4.3%	2.3%	3.2%	3.1%
Dec-06	-0.8%	0.0%	4.6%	5.2%	2.7%	3.4%	3.4%
Jan-07	0.1%	1.1%	3.9%	5.5%	2.2%	3.6%	3.5%
Feb-07	-0.7%	2.5%	3.0%	4.7%	2.4%	3.1%	2.8%
Mar-07	-0.4%	3.4%	2.6%	4.5%	1.9%	3.0%	2.6%
Apr-07	-0.9%	2.9%	3.2%	4.8%	2.1%	3.1%	2.8%
May-07	1.1%	1.6%	4.1%	5.3%	1.2%	3.5%	3.5%
Jun-07	2.7%	0.4%	4.5%	4.3%	0.8%	3.1%	3.3%
Jul-07	3.4%	-0.1%	3.6%	4.3%	0.2%	3.0%	3.2%

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