



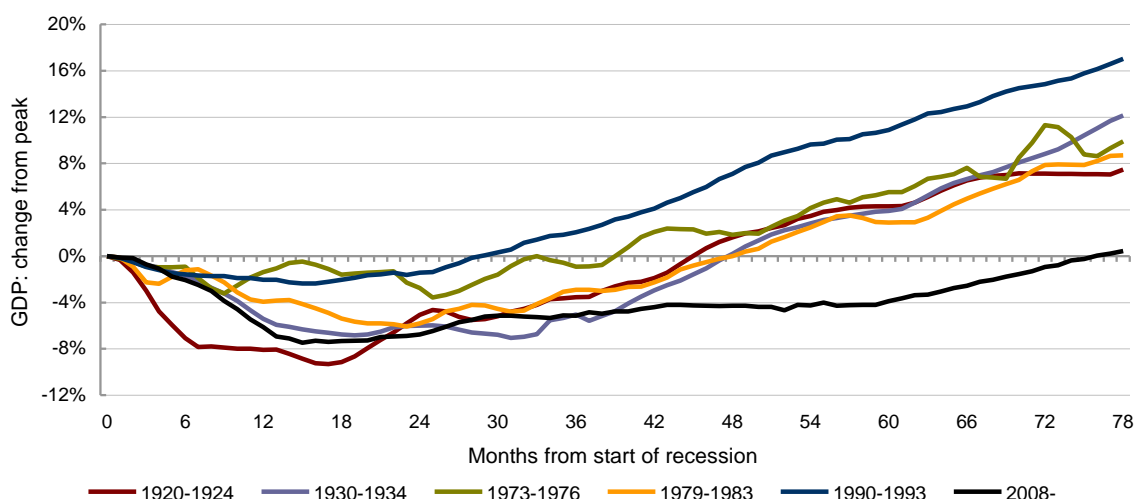
## NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH ESTIMATES OF MONTHLY GDP

Embargo until 15.00 hours on 06<sup>th</sup> August 2014

Our monthly estimates of GDP suggest that output grew by 0.6 per cent in the three months ending in July after growth of 0.8 per cent in the three months ending in June 2014. This implies an annual rate of growth of around 3 per cent. While the economy regained its pre-recession size recently, a significant negative output gap remains. We expect the MPC to introduce the first interest rate hike in February 2015.

Notes: Our estimates are consistent with the quarterly GDP estimates published by the ONS. The major revisions, forthcoming this autumn, could have a significant effect on the profiles plotted in Figure 1. NIESR's latest quarterly forecast (published 5<sup>th</sup> August 2014) projects GDP growth of 3 per cent per annum in 2014 and 2.3 per cent in 2015.

**Figure 1. The profile of recession and recovery**



Notes: Calculated from centred three-month moving averages of monthly GDP, the effect of the miners' strike in 1921 is excluded from the 1920-1924 profile (the strike started on 31<sup>st</sup> March 1921 and ended on 28<sup>th</sup> June 1921). The effects of the miners' strike and the General Strike in 1926 are also excluded.

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.

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 0.234% point (for the full sample period 1999Q3-2013Q4) when compared to the first estimate produced by the ONS. For the period 2008Q1 to 2013Q4 the RMSE is 0.334% 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 0.195% point, and for 2008Q1 to 2013Q4 the RMSE is 0.258% 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.

For more information please telephone NIESR on 020 7654 1923.

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**Table 1: Summary Table of Quarterly Growth Rates**  
**2010=100**

	<b>Monthly Data</b>		<b>3 months ending in month shown</b>		<b>Quarterly Growth % per quarter</b>	
	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>	<i>Industry</i>	<i>GDP</i>
Jan-13	94.7	101.5	95.0	101.5	-0.6%	0.1%
Feb-13	95.4	102.5	95.2	101.8	0.6%	0.4%
Mar-13	95.5	102.3	95.2	102.1	0.4%	0.5%
Apr-13	95.4	102.3	95.4	102.4	0.5%	0.9%
May-13	95.4	102.6	95.4	102.4	0.3%	0.6%
Jun-13	96.6	103.1	95.8	102.7	0.6%	0.7%
Jul-13	96.7	103.3	96.2	103.0	0.8%	0.6%
Aug-13	95.8	103.3	96.4	103.2	1.0%	0.8%
Sep-13	96.8	104.2	96.4	103.6	0.7%	0.8%
Oct-13	96.8	103.8	96.5	103.8	0.2%	0.7%
Nov-13	96.7	104.2	96.8	104.1	0.4%	0.8%
Dec-13	97.1	104.9	96.9	104.3	0.4%	0.7%
Jan-14	96.9	104.6	96.9	104.6	0.4%	0.7%
Feb-14	97.8	105.4	97.3	104.9	0.5%	0.8%
Mar-14	97.9	105.3	97.5	105.1	0.7%	0.8%
Apr-14	98.2	105.9	98.0	105.6	1.1%	1.0%
May-14	97.5	105.8	97.9	105.7	0.6%	0.7%
Jun-14	97.8	106.3	97.8	106.0	0.3%	0.8%
Jul-14	98.0	106.5	97.8	106.2	-0.2%	0.6%

*More...*

**Table 2: Output by Sector (2010=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-13	94.7	101.5	92.8	103.6	101.6	101.6	101.5
Feb-13	95.4	100.1	92.6	105.2	101.9	102.6	102.5
Mar-13	95.5	100.2	92.9	104.6	102.1	102.4	102.3
Apr-13	95.4	101.9	93.7	104.7	102.1	102.5	102.3
May-13	95.4	102.9	94.6	105.3	101.7	102.8	102.6
Jun-13	96.6	103.3	95.6	105.8	101.6	103.4	103.1
Jul-13	96.7	103.1	96.7	105.7	101.9	103.5	103.3
Aug-13	95.8	103.0	97.4	105.8	102.1	103.5	103.3
Sep-13	96.8	102.9	97.6	106.9	102.6	104.4	104.2
Oct-13	96.8	102.9	97.4	106.1	103.0	103.9	103.8
Nov-13	96.7	103.1	97.5	106.9	102.9	104.3	104.2
Dec-13	97.1	103.5	98.0	108.0	102.9	105.0	104.9
Jan-14	96.9	104.1	98.8	107.4	103.2	104.8	104.6
Feb-14	97.8	104.4	99.2	108.5	103.2	105.6	105.4
Mar-14	97.9	104.4	99.2	108.4	103.2	105.6	105.3
Apr-14	98.2	104.2	98.8	109.3	103.3	106.1	105.9
May-14	97.5	104.1	98.6	109.1	103.5	106.0	105.8
Jun-14	97.8	104.0	98.4	109.9	103.4	106.5	106.3
Jul-14	98.0	104.0	98.4	110.2	103.5	106.7	106.5

*More...*

**Table 3: Output in Quarter Ending in Month Shown (2010=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-13	95.0	104.0	93.3	103.6	101.6	101.6	101.5
Feb-13	95.2	102.0	93.0	104.1	101.7	102.0	101.8
Mar-13	95.2	100.6	92.8	104.5	101.9	102.2	102.1
Apr-13	95.4	100.7	93.1	104.8	102.1	102.5	102.4
May-13	95.4	101.7	93.7	104.9	102.0	102.6	102.4
Jun-13	95.8	102.7	94.6	105.3	101.8	102.9	102.7
Jul-13	96.2	103.1	95.6	105.6	101.7	103.2	103.0
Aug-13	96.4	103.1	96.5	105.8	101.9	103.5	103.2
Sep-13	96.4	103.0	97.2	106.2	102.2	103.8	103.6
Oct-13	96.5	102.9	97.4	106.3	102.6	103.9	103.8
Nov-13	96.8	103.0	97.5	106.6	102.8	104.2	104.1
Dec-13	96.9	103.2	97.6	107.0	102.9	104.4	104.3
Jan-14	96.9	103.6	98.1	107.4	103.0	104.7	104.6
Feb-14	97.3	104.0	98.7	107.9	103.1	105.1	104.9
Mar-14	97.5	104.3	99.1	108.1	103.2	105.3	105.1
Apr-14	98.0	104.3	99.1	108.7	103.2	105.8	105.6
May-14	97.9	104.2	98.9	108.9	103.3	105.9	105.7
Jun-14	97.8	104.1	98.6	109.4	103.4	106.2	106.0
Jul-14	97.8	104.0	98.5	109.7	103.5	106.4	106.2

*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-13	-2.4%	-8.5%	5.2%	0.5%	-2.4%	0.0%	0.3%
Feb-13	2.3%	-15.7%	0.6%	1.0%	-0.4%	1.1%	1.5%
Mar-13	1.7%	-18.3%	-2.5%	2.6%	1.2%	2.0%	2.4%
Apr-13	2.0%	-12.0%	-1.1%	4.7%	1.8%	3.4%	3.6%
May-13	1.1%	-1.2%	3.1%	3.0%	1.1%	2.5%	2.3%
Jun-13	2.5%	8.6%	8.0%	3.2%	-0.4%	2.8%	2.4%
Jul-13	3.4%	9.8%	11.3%	3.1%	-1.3%	2.9%	2.5%
Aug-13	4.0%	5.9%	12.5%	3.5%	-0.4%	3.5%	3.3%
Sep-13	2.7%	1.2%	11.5%	3.4%	1.6%	3.5%	3.6%
Oct-13	1.0%	-0.7%	7.9%	2.5%	3.3%	2.7%	3.0%
Nov-13	1.7%	-0.5%	4.0%	3.2%	3.7%	2.9%	3.3%
Dec-13	1.8%	0.8%	1.7%	3.2%	2.8%	2.3%	2.7%
Jan-14	1.8%	2.5%	2.7%	4.3%	1.7%	2.9%	3.0%
Feb-14	2.1%	3.9%	5.0%	5.0%	1.2%	3.6%	3.4%
Mar-14	2.8%	4.3%	6.3%	4.2%	1.2%	3.5%	3.1%
Apr-14	4.5%	3.0%	4.2%	5.1%	0.9%	4.2%	3.9%
May-14	2.5%	1.0%	0.8%	3.8%	0.8%	3.0%	2.9%
Jun-14	1.2%	-0.8%	-2.0%	5.1%	0.8%	3.5%	3.5%
Jul-14	-0.9%	-1.2%	-2.6%	3.7%	1.0%	2.3%	2.4%

**ENDS**