

25 April 2008

Coverage
United Kingdom

Theme
The Economy

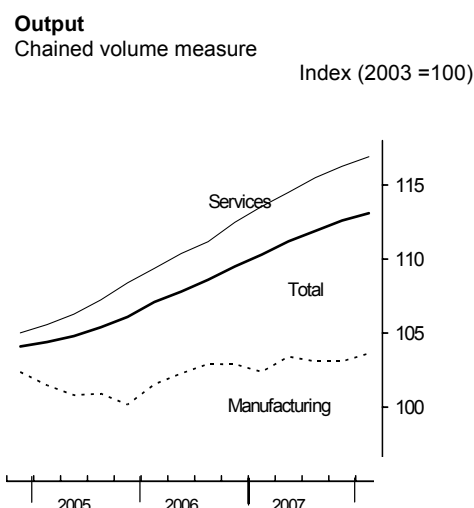


Gross domestic product Preliminary estimate – 1st quarter 2008

The preliminary estimate shows that the chained volume measure of gross domestic product (GDP) increased by 0.4 per cent in the first quarter of 2008 compared with the previous quarter. This is the same growth as for gross value added.

The volume of output in the production industries is estimated to have decreased by 0.1 per cent this quarter. Manufacturing output increased by 0.5 per cent. Mining and quarrying decreased by 5.2 per cent and Electricity, gas and water supply decreased by 1.2 per cent.

Output of the service industries is estimated to have increased by 0.6 per cent.



GDP at market prices

| | | Chained volume indices 2003=100 | GDP | Manufacturing | Total Production Industries | Total Services |
|---|----|--|-----|---------------|-----------------------------------|-------------------|
| | | Seasonally adjusted | | | | |
| Percentage change: latest quarter on previous quarter | | | | | | |
| 2006 | Q2 | 107.8 | 0.7 | 0.7 | -0.3 | 0.9 |
| | Q3 | 108.6 | 0.7 | 0.6 | 0.4 | 0.7 |
| | Q4 | 109.5 | 0.9 | 0.0 | -0.4 | 1.2 |
| 2007 | Q1 | 110.3 | 0.7 | -0.5 | -0.1 | 1.0 |
| | Q2 | 111.2 | 0.8 | 1.0 | 0.9 | 0.8 |
| | Q3 | 111.9 | 0.6 | -0.3 | -0.3 | 0.9 |
| | Q4 | 112.6 | 0.6 | 0.0 | 0.2 | 0.7 |
| 2008 | Q1 | 113.1 | 0.4 | 0.5 | -0.1 | 0.6 |

Issued by

Office for National Statistics
Government Buildings
Cardiff Road
Newport
NP10 8XG

Contact

Media Office 0845 604 1858
Public Enquiries 0845 601 3034

Statistician
Bruce Omundsen 01633 456406
E-mail
bruce.omundsen@ons.gov.uk

www.statistics.gov.uk

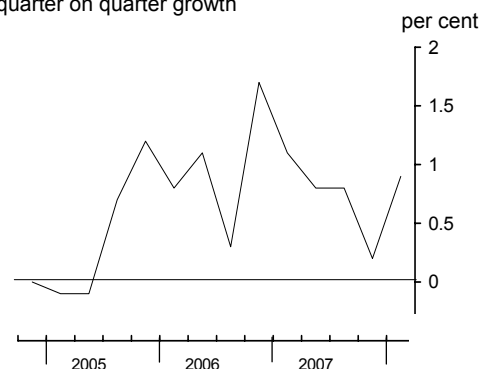
Next publication date

25 July 2008

Distribution, hotels and restaurants

Output within distribution, hotels and restaurants increased by 0.9 per cent compared with an increase of 0.2 per cent in the fourth quarter of 2007. Retailing made the largest contribution to both the overall growth and acceleration. This was partially offset by slower wholesaling growth.

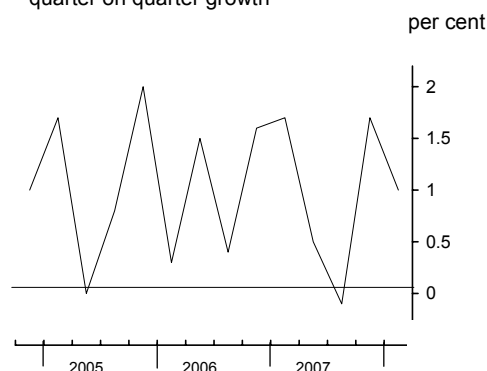
Distribution, hotels and restaurants
quarter on quarter growth



Transport, storage and communication

Output within transport, storage and communication increased by 1.0 per cent compared with an increase of 1.7 per cent in the previous quarter. Post and telecommunications made the largest contribution to the deceleration in growth.

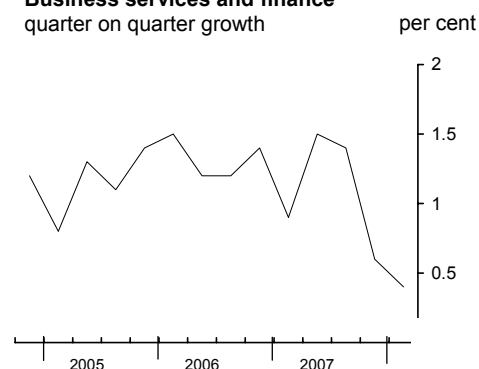
Transport, storage and communication
quarter on quarter growth



Business services and finance

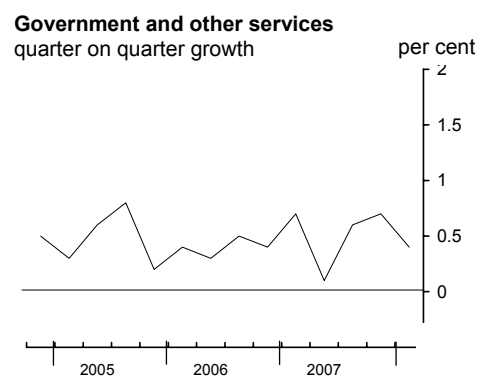
Output of business services and finance increased by 0.4 per cent, compared with 0.6 per cent in the fourth quarter. The deceleration was due mainly to weaker growth in other business services. Activities auxiliary to financial intermediation made the largest contribution to growth.

Business services and finance
quarter on quarter growth



Government and other services

Output growth of government and other services was 0.4 per cent, compared with 0.7 per cent in the previous quarter. The largest contribution to the deceleration in growth was from other services.



BACKGROUND NOTES

Release policy

1. This release includes information available up to 18 April 2008.

Estimates of UK output, income and expenditure will be published on 23 May 2008. A full set of quarterly national accounts will be published on 27 June 2008. The preliminary estimate of GDP for the second quarter of 2008 will be published on 25 July 2008.

2. The annual Blue Book data set will be incorporated into the quarterly national accounts to be published on 30 September 2008. Specific details of the scope of this year's exercise will be set out in an article to be published alongside the next UK output, income and expenditure release on 23 May 2008.

Data sources

3. This Preliminary estimate for gross domestic product is based on the estimate of the index of output of the production industries for the first two months of the quarter, as published on 9 April 2008, together with limited information on the output of the rest of the economy. Deflated turnover from the Monthly Inquiry into the Distribution and Service Sector (MIDSS) is used to estimate around half of the service sector. MIDSS estimates are available for the first two months of the quarter for the Preliminary estimate of GDP, and an estimate based on early responses to the monthly survey is used for the third month. For the retail trade, the data source for 2008Q1 is consistent with that used within the Retail Sales Index for March 2008 as published on 24 April 2008. Some components of this First Release, particularly within the service sector and construction, include a large proportion of estimation. At this stage, the industry detail is subject to revision, as is the total GDP growth estimate, as more information becomes available.
4. Quarterly construction output survey results for 2008Q1 are not available at this stage. This early construction estimate is based on an Activity Balance model. Other information used to inform the estimate includes monthly new construction orders for the first two months of the quarter and an estimate from the Northern Ireland Statistics and Research Agency. As the quarterly construction output survey results become available they may lead to revisions to the estimate of growth in construction output.

Basic quality information for the GDP First Release

Summary quality report

5. A summary Quality Report for this First Release can now be found on the National Statistics website at:

<http://www.statistics.gov.uk/cci/article.asp?ID=1180>

Key quality issues

6. *Common pitfalls in interpreting series:* Expectations of accuracy and reliability in early estimates are often too high. Revisions are an inevitable consequence of the trade off between timeliness and accuracy. Early estimates are based on incomplete data.

Very few statistical revisions arise as a result of 'errors' in the popular sense of the word. All estimates, by definition, are subject to statistical 'error' but in this context the word refers to the uncertainty inherent in any process or calculation that uses sampling, estimation or modelling. Most revisions reflect either the adoption of new statistical techniques, or the incorporation of new information which allows the statistical error of previous estimates to be reduced. Only rarely are there avoidable 'errors' such as human or system failures, and such mistakes are made quite clear when they do occur.

Reliability

7. Estimates for the most recent quarters are provisional and, as usual, are subject to revision in the light of updated source information. ONS currently provides analysis of past revisions in the GDP and other First Releases which present time series. Details can be found at:

<http://www.statistics.gov.uk/cci/article.asp?ID=793>

ONS has a webpage dedicated to revisions to economic statistics which brings together ONS work on revisions analysis, linking to articles, analysis and key documentation from the Statistics Commission's report on revisions. The webpage can be found at:

http://www.statistics.gov.uk/about_ns/economic_revisions.asp

8. Revisions to data provide one indication of the reliability of key indicators. Tables 1 and 2 show summary information on the size and direction of the revisions which have been made to data covering a five year period. A statistical test has been applied to the average revision to find out if it is statistically significantly different from zero. The result of the test is that the average revision is not statistically different from zero. The data used are consistent with that used in more detailed analysis that have been published in *Economic Trends*. The most recent article was published on the National Statistics website on 11 December 2006 and can be found at:

<http://www.statistics.gov.uk/cci/article.asp?ID=1694>

9. Table 1 below shows the revisions between the early estimates of GVA. The analysis of revisions between month 1 and month 2 uses month 2 estimates published from May 2003 (2003q1) to February 2008 (2007q4). The analysis of revisions between month 2 and month 3 uses month 3 estimates published from June 2003 (2003q1) to March 2008 (2007q4).

Table 1: Revisions to early estimates of GVA growth

| Revisions to GVA growth | GVA Growth in the latest period (per cent) | Revisions between early estimates of GVA growth (quarterly, CVM) | |
|-------------------------|--|--|---|
| | | Average over the last five years | Average over the last five years without regard to sign (average absolute revision) |
| Between M1 and M2 | 0.4 | 0.00 | 0.02 |
| Between M2 and M3 | 0.4 | -0.00 | 0.04 |

Table 2 below shows the revisions to GVA growth between the estimate published three months after the end of the quarter and the equivalent estimate three years later. The analysis uses month 3 estimates first published from June 2000 (2000q1) to Mar 2005 (2004q4).

Table 2: Revisions to month 3 estimates of GVA growth

| | Value in latest period (per cent) | Revisions between first publication and estimates three years later | |
|-----------------------------|-----------------------------------|---|---|
| | | Average over the last five years | Average over the last five years without regard to sign (average absolute revision) |
| GVA growth (quarterly, CVM) | 0.4 | 0.10 | 0.20 |

Spreadsheets giving revisions triangles (real time databases) of estimates from 1992 to date, and the calculations behind the averages in both tables is available on the National Statistics website at:

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=13560>

Revisions triangles for the main components of gross value added by industry are also available at the link above.

An article by E George and D Obuwa 'National Accounts' Revisions Analyses: A summary to April 2005' is available on the National Statistics website at :

<http://www.statistics.gov.uk/cci/article.asp?ID=1140>

This article presents a summary of revisions analyses published up to April 2005 in ONS First Releases, including some more detailed analysis of revisions to GDP.

Deflation

10. The UK National Accounts are compiled as annually weighted and chained estimates of volume measures.

Seasonal adjustment

11. Index numbers in this First Release are all seasonally adjusted. This aids interpretation by removing annually recurring fluctuations, for example due to holidays or other regular seasonal patterns.

This release aims to provide the best measure of growth compared to the previous quarter. However longer-term seasonal patterns for earlier quarters have not yet been reassessed in light of the latest data set.

Further Information

12. The complete run of data in the tables of this First Release are also available to view and download in other electronic formats free of charge using the ONS **Time Series Data service**. Users can download the complete release in a choice of zipped formats, or view and download their own selections of individual series. The Time Series Data service can be accessed at <http://www.statistics.gov.uk/timeseries>.

Advanced access

13. Details of the policy governing the release of new data are available from the press office. Also available is the list of names of those given pre-publication access to the contents of this release.

Code of practice

14. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from political interference. © Crown Copyright 2008.

Gross Domestic Product by Gross Value Added ¹ chained volume measures of industry output at basic prices

2003 = 100

| Analysis by categories of output ³ | | | | | | | | | | | | | | |
|---|--|---|-----------------|----------------------------------|-------|--------------|---|--|-------------------------------|---------------------------------|-------|--------------|--|---------------------------------------|
| | Production | | | | | | Service industries | | | | | | Gross domestic product at market prices ^{4 5} | Gross value added excluding oil & gas |
| | Agriculture, hunting, forestry and fishing | Mining & quarrying inc oil & gas extraction | Manu- facturing | Electricity gas and water supply | Total | Construction | Distribution hotels and catering; repairs | Transport, storage and commun- ication | Business services and finance | Govern- ment and other services | Total | | | |
| 2003 Weights² | 10 | 22 | 147 | 17 | 186 | 61 | 153 | 78 | 277 | 235 | 744 | 1000 | 980 | |
| Index numbers | | | | | | | | | | | | | | |
| | GDQA | CKYX | CKYY | CKYZ | CKYW | GDQB | GDQE | GDQH | GDQN | GDQU | GDQS | YBEZ | JUNT | |
| 2003 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| 2004 | 99.0 | 92.1 | 102.0 | 101.1 | 100.8 | 104.0 | 105.2 | 102.5 | 105.1 | 102.0 | 103.9 | 103.3 | 103.5 | |
| 2005 | 103.3 | 83.7 | 100.8 | 100.7 | 98.8 | 105.6 | 106.4 | 106.9 | 109.7 | 103.8 | 106.9 | 105.2 | 105.7 | |
| 2006 | 106.2 | 76.7 | 102.3 | 98.2 | 98.9 | 106.7 | 110.2 | 111.1 | 115.6 | 105.6 | 110.8 | 108.2 | 109.0 | |
| 2007 | 107.2 | 75.7 | 102.8 | 98.5 | 99.3 | 109.2 | 114.5 | 115.9 | 121.2 | 107.6 | 115.0 | 111.5 | 112.3 | |
| | | | | | | | | | | | | | | |
| 2004 Q2 | 98.3 | 94.8 | 102.4 | 100.7 | 101.3 | 103.4 | 105.2 | 102.2 | 104.3 | 102.2 | 103.6 | 103.1 | 103.3 | |
| Q3 | 99.3 | 90.9 | 101.6 | 101.0 | 100.3 | 104.4 | 106.0 | 103.1 | 105.6 | 102.0 | 104.3 | 103.5 | 103.8 | |
| Q4 | 99.2 | 88.6 | 102.4 | 100.6 | 100.6 | 105.4 | 105.9 | 104.1 | 106.9 | 102.5 | 105.0 | 104.1 | 104.5 | |
| | | | | | | | | | | | | | | |
| 2005 Q1 | 101.3 | 86.8 | 101.5 | 99.8 | 99.6 | 106.0 | 105.8 | 105.9 | 107.7 | 102.8 | 105.6 | 104.4 | 104.8 | |
| Q2 | 102.9 | 86.8 | 100.8 | 101.6 | 99.2 | 106.4 | 105.7 | 106.0 | 109.1 | 103.5 | 106.3 | 104.8 | 105.3 | |
| Q3 | 103.8 | 80.5 | 100.9 | 101.0 | 98.5 | 105.0 | 106.4 | 106.8 | 110.3 | 104.3 | 107.2 | 105.4 | 106.0 | |
| Q4 | 105.2 | 80.6 | 100.2 | 100.4 | 97.9 | 104.8 | 107.8 | 108.9 | 111.9 | 104.6 | 108.4 | 106.1 | 106.7 | |
| | | | | | | | | | | | | | | |
| 2006 Q1 | 105.7 | 81.4 | 101.5 | 101.8 | 99.2 | 106.0 | 108.7 | 109.2 | 113.5 | 105.0 | 109.4 | 107.1 | 107.8 | |
| Q2 | 106.3 | 76.5 | 102.3 | 98.2 | 98.9 | 106.0 | 109.8 | 110.8 | 114.8 | 105.3 | 110.4 | 107.8 | 108.6 | |
| Q3 | 107.2 | 75.9 | 102.9 | 98.1 | 99.3 | 106.9 | 110.2 | 111.3 | 116.2 | 105.9 | 111.2 | 108.6 | 109.4 | |
| Q4 | 105.7 | 74.1 | 102.9 | 96.5 | 98.9 | 107.9 | 112.0 | 113.1 | 117.8 | 106.3 | 112.5 | 109.5 | 110.4 | |
| | | | | | | | | | | | | | | |
| 2007 Q1 | 106.8 | 75.4 | 102.4 | 98.0 | 98.8 | 108.0 | 113.3 | 115.0 | 118.8 | 107.0 | 113.6 | 110.3 | 111.1 | |
| Q2 | 107.0 | 76.3 | 103.4 | 97.6 | 99.7 | 108.9 | 114.2 | 115.6 | 120.6 | 107.1 | 114.5 | 111.2 | 112.0 | |
| Q3 | 106.4 | 75.5 | 103.1 | 98.3 | 99.4 | 109.4 | 115.1 | 115.5 | 122.2 | 107.8 | 115.5 | 111.9 | 112.8 | |
| Q4 | 108.6 | 75.4 | 103.1 | 101.0 | 99.6 | 110.6 | 115.4 | 117.5 | 123.0 | 108.5 | 116.3 | 112.6 | 113.5 | |
| 2008 Q1 | 109.3 | 71.5 | 103.6 | 99.7 | 99.5 | 111.1 | 116.4 | 118.7 | 123.4 | 109.0 | 116.9 | 113.1 | 114.0 | |
| Preliminary estimate | | | | | | | | | | | | | | |
| 2008 Q1 | 109.3 | 71.5 | 103.6 | 99.7 | 99.5 | 111.1 | 116.4 | 118.7 | 123.4 | 109.0 | 116.9 | 113.1 | 114.0 | |
| Percentage changes: annual and latest quarter on previous quarter | | | | | | | | | | | | | | |
| | GDQV | ERIB | ERIT | ERJJ | ERID | GDQW | GDQZ | GDRC | GDRI | GDRP | GDRN | IHYP | JUNW | |
| 2003 | -2.1 | -5.1 | 0.2 | 1.6 | -0.3 | 4.7 | 3.8 | 1.9 | 3.9 | 2.4 | 3.2 | 2.8 | 3.0 | |
| 2004 | -1.0 | -7.9 | 2.0 | 1.1 | 0.8 | 4.0 | 5.2 | 2.5 | 5.1 | 2.0 | 3.9 | 3.3 | 3.5 | |
| 2005 | 4.4 | -9.2 | -1.2 | -0.4 | -2.0 | 1.5 | 1.2 | 4.3 | 4.4 | 1.8 | 2.9 | 1.8 | 2.1 | |
| 2006 | 2.8 | -8.0 | 1.5 | -2.0 | 0.3 | 1.1 | 3.5 | 3.9 | 5.3 | 1.8 | 3.7 | 2.9 | 3.2 | |
| 2007 | 0.9 | -1.7 | 0.6 | 0.1 | 0.3 | 2.4 | 3.9 | 4.3 | 4.8 | 1.9 | 3.7 | 3.0 | 3.0 | |
| | | | | | | | | | | | | | | |
| 2004 Q2 | -0.8 | 0.5 | 0.7 | -1.6 | 0.4 | 0.6 | 1.5 | 1.6 | 0.9 | 0.8 | 1.1 | IHYQ | JUNU | |
| Q3 | 1.0 | -4.1 | -0.7 | 0.3 | -1.0 | 1.0 | 0.8 | 0.9 | 1.2 | -0.2 | 0.6 | 0.4 | 0.5 | |
| Q4 | -0.1 | -2.6 | 0.7 | -0.4 | 0.3 | 1.0 | - | 1.0 | 1.2 | 0.5 | 0.7 | 0.6 | 0.7 | |
| | | | | | | | | | | | | | | |
| 2005 Q1 | 2.1 | -2.0 | -0.9 | -0.8 | -1.0 | 0.5 | -0.1 | 1.7 | 0.8 | 0.3 | 0.5 | 0.2 | 0.3 | |
| Q2 | 1.6 | - | -0.7 | 1.8 | -0.4 | 0.3 | -0.1 | - | 1.3 | 0.6 | 0.7 | 0.5 | 0.5 | |
| Q3 | 0.9 | -7.2 | 0.1 | -0.5 | -0.7 | -1.3 | 0.7 | 0.8 | 1.1 | 0.8 | 0.9 | 0.5 | 0.6 | |
| Q4 | 1.3 | - | -0.7 | -0.7 | -0.7 | -0.2 | 1.2 | 2.0 | 1.4 | 0.2 | 1.1 | 0.6 | 0.7 | |
| | | | | | | | | | | | | | | |
| 2006 Q1 | 0.5 | 1.0 | 1.4 | 1.4 | 1.3 | 1.1 | 0.8 | 0.3 | 1.5 | 0.4 | 0.9 | 0.9 | 1.0 | |
| Q2 | 0.6 | -6.0 | 0.7 | -3.5 | -0.3 | - | 1.1 | 1.5 | 1.2 | 0.3 | 0.9 | 0.7 | 0.7 | |
| Q3 | 0.9 | -0.7 | 0.6 | -0.1 | 0.4 | 0.9 | 0.3 | 0.4 | 1.2 | 0.5 | 0.7 | 0.7 | 0.7 | |
| Q4 | -1.5 | -2.4 | - | -1.6 | -0.4 | 0.9 | 1.7 | 1.6 | 1.4 | 0.4 | 1.2 | 0.9 | 0.9 | |
| | | | | | | | | | | | | | | |
| 2007 Q1 | 1.1 | 1.8 | -0.5 | 1.6 | -0.1 | 0.2 | 1.1 | 1.7 | 0.9 | 0.7 | 1.0 | 0.7 | 0.7 | |
| Q2 | 0.1 | 1.2 | 1.0 | -0.4 | 0.9 | 0.8 | 0.8 | 0.5 | 1.5 | 0.1 | 0.8 | 0.8 | 0.8 | |
| Q3 | -0.5 | -1.0 | -0.3 | 0.7 | -0.3 | 0.4 | 0.8 | -0.1 | 1.4 | 0.6 | 0.9 | 0.6 | 0.7 | |
| Q4 | 2.1 | -0.1 | - | 2.8 | 0.2 | 1.1 | 0.2 | 1.7 | 0.6 | 0.7 | 0.7 | 0.6 | 0.6 | |
| 2008 Q1 | 0.6 | -5.2 | 0.5 | -1.2 | -0.1 | 0.5 | 0.9 | 1.0 | 0.4 | 0.4 | 0.6 | 0.4 | 0.5 | |
| Preliminary estimate | | | | | | | | | | | | | | |
| 2008 Q1 | 0.6 | -5.2 | 0.5 | -1.2 | -0.1 | 0.5 | 0.9 | 1.0 | 0.4 | 0.4 | 0.6 | 0.4 | 0.5 | |
| Percentage changes: latest quarter on corresponding quarter of previous year | | | | | | | | | | | | | | |
| | GDRQ | ERIC | ERIU | ERJK | ERIE | GDRR | GDRU | GDRX | GDSD | GDSK | GDSI | IHYR | JUNV | |
| 2008 Q1 | 2.3 | -5.1 | 1.2 | 1.7 | 0.7 | 2.9 | 2.8 | 3.2 | 3.9 | 1.8 | 3.0 | 2.5 | 2.6 | |

1 Estimates are not accurate to the last digit shown.

2 Weights may not sum to the totals due to rounding.

3 Components of output are valued at basic prices, which excludes taxes less subsidies on products, whereas GDP is valued at market prices.

4 Includes an implicit statistical discrepancy compared with the sum of the previous columns, because the GDP aggregate takes account of other information based on income and expenditure.

5 In this, the preliminary estimate of GDP, series YBEZ (GDP chained volume indices) appears alongside GVA industry components as output is the sole contributor to GDP change for the latest quarter at this stage.