

UK output, income and expenditure 1st quarter 2009



Date: 22 May 2009

Coverage: United Kingdom **Theme:** The Economy

In the first quarter of 2009, UK gross domestic product (GDP) in volume terms fell by 1.9 per cent compared with the previous quarter of 2008 (unrevised from the preliminary estimate). The level of GDP is 4.1 per cent lower than the same quarter of 2008.

Between quarter four of 2008 and quarter one of 2009:

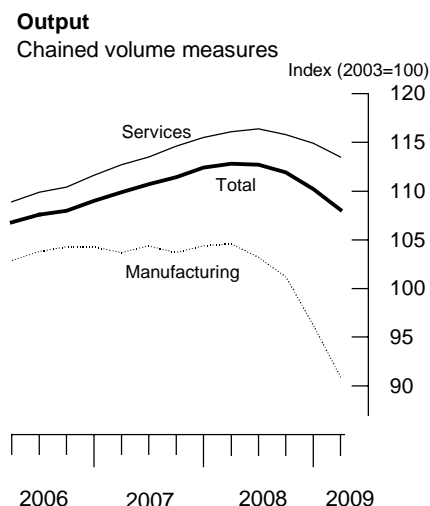
The volume of output in the production industries fell by 5.3 per cent, within which manufacturing fell by 5.5 per cent.

Output of the service industries decreased by 1.2 per cent (Table B1).

Construction output is estimated to have fallen by 2.4 per cent (Table B1).

In real terms, household expenditure fell by 1.2 per cent and gross fixed capital formation fell by 3.8 per cent (Table C2).

GDP at current market prices fell by 1.5 per cent (Table A1).



	At current market prices		Chained volume measures		
	Gross domestic product	Compensation of employees	Gross domestic product	Household expenditure	Gross fixed capital formation
<i>Percentage change on previous quarter: seasonally adjusted</i>					
2008					
Q1	1.0	1.4	0.3	0.8	-3.4
Q2	0.6	0.4	0.0	-0.4	-0.6
Q3	-0.5	0.4	-0.7	-0.2	-2.8
Q4	-1.0	0.1	-1.6	-1.0	-1.4
2009					
Q1	-1.5	-1.1	-1.9	-1.2	-3.8

Compensation of employees fell by 1.1 per cent and the gross operating surplus of corporations rose by 0.2 per cent (Table D).

The implied GDP deflator is estimated to have risen by 0.4 per cent in the quarter to a level 1.8 per cent higher than a year earlier (Table A1).

REVISIONS

GDP and components (previously published on 24 April 2009)

GDP growth for quarter one of 2009 is unrevised from the figure published last month. GDP growth compared to the same quarter of 2008 is also unrevised.

However, growth in the volume of output in the production industries in quarter one of 2009 has been revised up to show a fall of 5.3 per cent from a fall of 5.5 per cent published in April. Manufacturing output was revised up to show a fall of 5.5 per cent from a fall of 6.2 per cent published last month.

Growth in the volume of output in the service industries in quarter one of 2009 remained unrevised.

Background Notes

Release policy

1. This release includes data available up to 14 May 2009.
2. A full set of quarterly national accounts for the first quarter of 2009 will be published on 30 June 2009. This set of accounts will be consistent with the *Blue Book 2009*. The full Blue Book dataset, including text and detailed tables, will be published on 31 July on the National Statistics website. The preliminary estimate of GDP for the second quarter of 2009 will be published on 24 July 2009.

Basic Quality Information for GDP First Release

Summary Quality reports

3. 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

4. *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

5. 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 an 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, revisions policies 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

6. Revisions to data provide one indication of the reliability of key indicators. The tables below 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. An asterisk (*) shows that the test is significant. The data used are consistent with that used in more detailed analysis published in *Economic & Labour Market Review*, the latest of which was published on 12 November 2007 and can be found at:

<http://www.statistics.gov.uk/cci/article.asp?ID=1888>

7. Table 1 below shows the revisions to month 1 and month 2 estimates of GDP. The analysis of revisions between month 1 and month 2 uses month 2 estimates published from May 2004 (2004q1) to February 2009 (2008q4). The analysis of revisions between month 2 and month 3 uses month 3 estimates published from June 2004 (2004q1) to March 2009 (2008q4).

Table 1: Revisions to month 1 and month 2 estimates of GDP growth

Revisions to GDP growth	GDP growth in latest period (per cent)	Revisions between early estimates of GDP 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	-1.9	-0.02	0.03
Between M2 and M3	-1.9	-0.02	0.05

Table 2 below shows the revisions to GDP 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 2001 (2001q1) to March 2006 (2005q4) for GDP.

Table 2: Revisions to month 3 estimates of GDP growth

	GDP growth 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)
GDP growth (quarterly, CVM)	-1.9	0.07	0.16

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

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

Revisions triangles for the main components of GDP from expenditure, output and income approaches 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 to date in ONS First Releases, including some more detailed analysis of revisions to GDP.

Missing Trader Intra-Community Fraud

8. Erratic and large movements in the level of trade associated with VAT Missing Trader Intra-Community (MTIC) fraud, particularly during the first six months of 2006, have made it difficult to interpret movements in imports and exports of goods and to incorporate the trade data into the National Accounts. The impact on 2009 quarter one growth is however estimated to be minimal.

Future revisions: *Blue Book 2009*

9. As explained in the recent article 'Scope of 2009 annual Blue Book, Pink Book and Input-Output analyses' (published in the April 2009 edition of *Economic and Labour Market Review*), the 2009 annual exercise will return to a June publication timetable, and will also consolidate the use of new supply-use systems. In brief:
- Modernised systems will be used to take on annual benchmark data from the Annual Business Inquiry and HM Revenues and Customs with SUT balancing used to determine the level of GDP for 2004, 2005, 2006 and, for the first time 2007
 - Volume estimates will be updated to be based on price structures from 2005, from 2003 as used now. In addition, industry weights will be updated to those derived from the 2005 balance. A further, accelerated update is planned for BB2010 to reflect 2007 prices and industry weights
 - As with previous years, improved methods will be introduced in the short-term Index of Service (IoS) industry measures. Articles will be made available at the time of publishing explaining in detail the changes made
 - Improvements to the measurement of bank interest payments and receipts will be incorporated.

The changes listed above will have no impact on current price GDP or volume growth rates prior to 2004.

More details on *Blue Book 2009* can be found at:

http://www.statistics.gov.uk/elmr/04_09/downloads/ELMR_Apr09_Murphy.pdf

Further information

10. Latest copies of this and other ONS releases as well as additional briefing are available under *Press Releases* on the National Statistics website:

http://www.statistics.gov.uk/press_Release/CurrentReleases.asp

More information underlying the National Accounts can be found at:

<http://www.statistics.gov.uk/CCI/nscl.asp?ID=5871>

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

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A1 Gross domestic product and gross value added¹

2003 = 100

	Value indices at current prices		Chained volume indices			Implied deflators ²		
	Gross domestic product at market prices	Gross value added at basic prices	Gross domestic product at market prices	Gross value added at basic prices	Market sector gross value added	Gross domestic expenditure	Gross domestic product at market prices	Gross value added at basic prices
2007	YBEU	YBEX	YBEZ	CGCE	CL2G	YBFV	YBGB	CGBV
2008	122.9	122.9	111.1	111.1	112.9	110.8	110.6	110.6
	126.6	127.5	111.9	111.9	113.7	113.2	113.1	113.9
Seasonally adjusted								
2008 Q1	126.7	127.0	112.8	112.8	114.8	112.4	112.4	112.6
Q2	127.4	127.6	112.7	112.8	114.8	113.0	113.1	113.2
Q3	126.8	128.0	111.9	112.0	113.6	113.8	113.3	114.3
Q4	125.5	127.5	110.2	110.2	111.4	113.7	113.9	115.7
2009 Q1	123.6	126.0	108.1	108.1	108.9	114.3	114.3	116.6
Percentage change, latest quarter on previous quarter								
2009 Q1	-1.5	-1.1	-1.9	-1.9	-2.3	0.5	0.4	0.8
Percentage change, latest quarter on corresponding quarter of previous year								
2009 Q1	-2.4	-0.8	-4.1	-4.2	-5.2	1.6	1.8	3.5

1 Estimates cannot be regarded as accurate to the last digit shown.

2 Based on the sum of expenditure components of GDP at current prices and in chained volume terms.

A2 Gross domestic product and gross value added¹

£ million

	At current prices			Chained volume measures (Reference year 2003)			
	Gross domestic product at market prices	less Basic price adjustment ²	Gross value added at basic prices	Gross domestic product at market prices	less Basic price adjustment ²	Gross value added at basic prices	Gross value added excluding oil & gas
2007	YBHA	NTAP	ABML	ABMI	NTAO	ABMM	UIZY
2008	1 400 526	153 147	1 247 379	1 266 347	138 773	1 127 574	1 112 776
	1 442 921	148 642	1 294 279	1 275 299	139 359	1 135 940	1 121 746
Seasonally adjusted							
2008 Q1	361 000	38 711	322 289	321 284	35 133	286 151	282 577
Q2	363 122	39 292	323 830	321 188	35 071	286 117	282 543
Q3	361 247	36 505	324 742	318 888	34 792	284 096	280 573
Q4	357 552	34 134	323 418	313 939	34 363	279 576	276 053
2009 Q1	352 176	32 376	319 800	308 009	33 737	274 272	270 854
Percentage change, latest quarter on previous quarter							
2009 Q1	IHYN			IHYQ			
	-1.5	-5.2	-1.1	-1.9	-1.8	-1.9	-1.9
Percentage change, latest quarter on corresponding quarter of previous year							
2009 Q1	IHYO			IHYR			
	-2.4	-16.4	-0.8	-4.1	-4.0	-4.2	-4.1

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Taxes on products less subsidies.

B1 Gross value added chained volume measures at basic prices, by category of output^{1,2}

2003 = 100

	Production					Service industries					Gross value added at basic prices	Gross value added excluding oil & gas	
	Agri-culture, forestry, and fishing	Mining & quarrying inc oil & gas extraction	Manu-facturing	Elec-tricity gas and water supply	Total	Constru- tion	Distri- bution hotels and catering; repairs	Transport storage and comm- unication	Business services and finance	Govern- ment and other services			Total
2003 Weights³	10	21	143	16	180	59	148	75	299	229	752	1000	981
	GDQA	CKYX	CKYY	CKYZ	CKYW	GDQB	GDQE	GDQH	GDQN	GDQU	GDQS	CGCE	JUNT
2007	103.2	76.9	104.0	101.2	100.6	108.2	111.4	114.6	122.5	104.6	114.1	111.1	111.9
2008	103.3	71.8	101.3	101.0	97.8	108.5	110.9	116.3	125.4	106.2	115.8	111.9	112.8
Seasonally adjusted													
2008 Q1	102.8	73.1	104.6	102.1	100.7	110.9	113.0	116.1	125.4	105.8	116.1	112.8	113.6
Q2	103.8	72.8	103.2	101.6	99.5	110.3	112.6	116.7	126.1	105.9	116.4	112.8	113.6
Q3	103.5	71.9	101.2	100.7	97.8	109.2	110.1	116.8	125.4	106.7	115.8	112.0	112.8
Q4	103.2	69.6	96.2	99.4	93.4	103.8	107.9	115.7	124.7	106.4	114.9	110.2	111.0
2009 Q1	103.5	66.4	90.9	95.9	88.5	101.3	106.5	113.0	122.0	107.1	113.5	108.1	108.9
Percentage change latest quarter on previous quarter													
2009 Q1	0.3	-4.6	-5.5	-3.5	-5.3	-2.4	-1.2	-2.3	-2.2	0.7	-1.2	-1.9	-1.9
Percentage change, latest quarter on corresponding quarter of previous year													
2009 Q1	0.7	-9.1	-13.1	-6.0	-12.1	-8.6	-5.7	-2.6	-2.7	1.2	-2.2	-4.2	-4.2

B2 Gross value added chained volume measures at basic prices, by category of output: Service industries^{1,2}

2003 = 100

	Service industries											
	Wholesale and retail trade; repairs	Hotels and restaurants	Transport and storage	Post and telecommu- nication	Financial and intermedia- tion	Real estate, renting and business activities	Ownership of dwellings	Public administration, national defence, social security	Education	Health and social work	Other services ⁴	Total services
2003 Weights³	119	30	46	29	70	160	68	51	57	70	51	752
	GDQC	GDQD	GDQF	GDQG	GDQI	GDQK	GDQL	GDQO	GDQP	GDQQ	GDQR	GDQS
2007	111.2	112.3	114.1	115.3	126.9	128.9	103.1	102.0	99.1	112.7	102.1	114.1
2008	110.4	112.6	114.8	118.7	134.1	130.8	103.9	100.7	100.0	117.0	103.8	115.8
Seasonally adjusted												
2008 Q1	112.7	114.4	116.9	114.8	133.2	131.3	103.6	101.0	99.5	115.3	104.7	116.1
Q2	112.7	112.1	116.3	117.3	133.6	132.5	103.8	100.7	99.6	116.3	104.1	116.4
Q3	109.5	112.4	114.8	120.0	134.7	130.4	103.9	100.7	100.2	117.6	105.0	115.8
Q4	106.9	111.7	111.2	122.9	134.7	129.1	104.1	100.4	100.9	118.8	101.5	114.9
2009 Q1	106.6	106.0	106.9	122.7	133.2	124.9	105.0	99.7	101.6	120.3	102.6	113.5
Percentage change, latest quarter on previous quarter												
2009 Q1	-0.2	-5.1	-3.8	-0.1	-1.1	-3.3	0.8	-0.7	0.7	1.3	1.1	-1.2
Percentage change, latest quarter on corresponding quarter of previous year												
2009 Q1	-5.3	-7.3	-8.5	6.9	-0.0	-4.9	1.3	-1.3	2.1	4.3	-2.0	-2.2

1 Estimates cannot be regarded as accurate to the last digit shown.

2 Components of output are valued at basic prices, which excludes taxes less subsidies on products.

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

4 Comprising sections O, P and Q of the SIC(92).

C1 Gross domestic product: expenditure at current market prices¹

£ million

Domestic expenditure on goods and services at market prices													
	Final consumption expenditure			Gross capital formation				Total	Total exports	Gross final expenditure	less Total imports	Statistical discrepancy (expenditure)	Gross domestic product at market prices
	Households	Non-profit institutions ²	General government	Gross fixed capital formation	Change in inventories ³	Acquisitions less disposals of valuables							
2007	ABJQ	HAYE	NMRP	NPQS	CAEX	NPJQ	YBIL	IKBH	ABMF	IKBI	GIXM	YBHA	
2008	859 980	34 409	296 041	247 823	7 379	374	1 446 006	370 049	1 816 055	417 346	1 817	1 400 526	
	891 002	37 550	315 614	240 722	1 422	614	1 486 924	417 032	1 903 956	461 030	-5	1 442 921	
Seasonally adjusted													
2008 Q1	222 103	9 064	77 145	62 266	2 051	27	372 656	101 191	473 847	112 948	101	361 000	
Q2	223 004	9 309	78 440	61 165	2 252	276	374 446	105 114	479 560	116 451	13	363 122	
Q3	224 718	9 517	79 155	59 357	1 268	197	374 212	105 880	480 092	118 800	-45	361 247	
Q4	221 177	9 660	80 874	57 934	-4 149	114	365 610	104 847	470 457	112 831	-74	357 552	
2009 Q1	218 908	9 454	82 339	55 873	-6 375	114	360 313	99 437	459 750	107 572	-2	352 176	
Percentage change, latest quarter on previous quarter													
2009 Q1	-1.0	-2.1	1.8	-3.6			-1.4	-5.2	-2.3	-4.7		-1.5	
Percentage change, latest quarter on corresponding quarter of previous year													
2009 Q1	-1.4	4.3	6.7	-10.3			-3.3	-1.7	-3.0	-4.8		-2.4	

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Non-profit making institutions serving households.

3 Quarterly alignment adjustment included in this series.

C2 Gross domestic product by category of expenditure: chained volume measures¹ (Reference year 2003)

£ million

Domestic expenditure on goods and services at market prices													
	Final consumption expenditure			Gross capital formation				Total	Total exports	Gross final expenditure	less Total imports	Statistical discrepancy (expenditure)	Gross domestic product at market prices
	Households	Non-profit institutions ²	General government	Gross fixed capital formation	Change in inventories ³	Acquisitions less disposals of valuables							
2007	ABJR	HAYO	NMRY	NPQT	CAFU	NPJR	YBIM	IKBK	ABMG	IKBL	GIXS	ABMI	
2008	789 682	29 485	252 514	226 469	6 448	535	1 305 134	350 660	1 655 794	391 090	1 643	1 266 347	
	800 541	29 802	261 206	219 524	995	1 231	1 313 298	350 937	1 664 235	388 933	-3	1 275 299	
Seasonally adjusted													
2008 Q1	201 435	7 400	64 324	56 104	2 001	202	331 466	89 559	421 025	99 831	90	321 284	
Q2	200 690	7 413	65 034	55 772	2 069	415	331 392	88 174	419 566	98 390	12	321 188	
Q3	200 252	7 455	65 490	54 200	1 080	348	328 825	88 343	417 167	98 240	-40	318 888	
Q4	198 164	7 534	66 358	53 448	-4 155	266	321 615	84 861	406 477	92 472	-65	313 939	
2009 Q1	195 789	7 334	66 553	51 442	-6 021	241	315 338	79 725	395 063	87 052	-2	308 009	
Percentage change, latest quarter on previous quarter													
2009 Q1	-1.2	-2.7	0.3	-3.8			-2.0	-6.1	-2.8	-5.9		IHYQ -1.9	
Percentage change, latest quarter on corresponding quarter of previous year													
2009 Q1	-2.8	-0.9	3.5	-8.3			-4.9	-11.0	-6.2	-12.8		IHYR -4.1	

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Non-profit making institutions serving households.

3 Quarterly alignment adjustment included in this series.

D Gross domestic product: by category of income¹

£ million

	Compen- sation of employees	Gross operating surplus of corporations ^{2,3}	Other income ⁴	Gross value added at factor cost	Taxes on products & production less subsidies	Statistical discrepancy (income)	Gross domestic product at market prices
	DTWM	CGBZ	CGBX	CGCB	CMVL	GIXQ	YBHA
2007	745 405	310 294	177 980	1 233 679	168 268	-1 421	1 400 526
2008	770 530	330 205	177 506	1 278 241	164 471	209	1 442 921
Seasonally adjusted							
2008 Q1	191 694	82 151	45 140	318 985	42 053	-38	361 000
Q2	192 407	81 644	45 614	319 665	43 417	40	363 122
Q3	193 137	81 765	45 395	320 297	40 858	92	361 247
Q4	193 292	84 645	41 357	319 294	38 143	115	357 552
2009 Q1	191 165	84 804	40 613	316 582	35 543	51	352 176
Percentage change, latest quarter on previous quarter							
2009 Q1	-1.1	0.2	-1.8	-0.8	-6.8		-1.5
Percentage change, latest quarter on corresponding quarter of previous year							
2009 Q1	-0.3	3.2	-10.0	-0.8	-15.5		-2.4

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Quarterly alignment adjustment included in this series.

3 Including financial corporations and public corporations.

4 Includes mixed income and the operating surplus of the non-corporate sector less the adjustment for financial intermediation services indirectly measured (FISIM).

E Change in inventories: chained volume measures¹ (Reference year 2003)

£ million

	Mining and quarrying	Manufacturing industries				Electricity, gas and water supply	Distributive trades			Change in inventories
		Materials and fuel	Work in progress	Finished goods	Total		Wholesale ²	Retail ²	Other industries ³	
Level of inventories held at end-December 2007	753	15 066	15 516	18 899	49 481	1 796	27 034	24 180	63 816	167 060
2007	FAEA -105	FBNF 377	FBNG -479	FBNH 453	DHBM 351	FAEB -275	FAJX 72	FBYN 1 862	DLWX 4 543	CAFU 6 448
2008	-65	-825	-468	-347	-1 640	855	826	-218	1 237	995
Seasonally adjusted										
2008 Q1	-10	-271	555	-52	232	21	63	539	1 156	2 001
Q2	-14	93	-339	454	208	338	-5	272	1 270	2 069
Q3	7	-241	-282	-85	-608	268	299	121	993	1 080
Q4	-48	-406	-402	-664	-1 472	228	469	-1 150	-2 182	-4 155
2009 Q1	-14	-216	117	-428	-527	-99	-353	-426	-4 602	-6 021

1 Estimates are given to the nearest £ million but cannot be regarded as accurate to this degree.

2 Wholesaling and retailing estimates exclude the motor trades.

3 Quarterly alignment adjustment included in this series.

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