

Beat: Miscellaneous

UK economy narrowly avoids triple-dip recession

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USPA News - The British economy grew faster than expected in the first three months of the year, narrowly avoiding a triple-dip recession as preliminary but official estimates show the economy grew by three-tenths of a percentage point during the first quarter. The Office for National Statistics (ONS) said its preliminary estimate, which is based on about 45 percent of the data, shows gross domestic product (GDP) increased by 0.3 percent in the first quarter of this year when compared to the fourth quarter of 2012. Economists had predicted an increase of 0.1 percent, although there were fears there could be a contraction that would trigger a triple-dip recession. Much of the increase came from the services industry, which increased by 0.6 percent during the first three months of the year.

A small contribution also came from the production industry, which increased by 0.2 percent, largely due to mining and quarrying which increased by 3.2 percent following a weak fourth quarter when extended maintenance in the North Sea reduced output. But the increases in the services and production industries were partially offset by the construction industry, which fell by 2.5 percent. The snowfall and cold weather in the UK during the first quarter appears to have had a limited impact, as reduced retail output in January and March was offset by boosted demand for electricity and gas in February and March. A spokesman for British Prime Minister David Cameron said the new figures are "an encouraging sign" that the economy is healing. Asked whether Cameron was concerned about the construction industry, the spokesman said there remained a tough economic backdrop, but pointed to the government's housing and infrastructure policies which are aimed at boosting this particular industry. Joe Grice, Chief Economist at the Office for National Statistics, said Thursday's figures were not significant to the basic story. "People do tend to focus on the last figures for obvious reasons. But we think it's very important to actually look at the way the economy is behaved over a period of time," he said. Grice said the UK economy grew rapidly until 2008, when a sharp contraction kicked in that bottomed out in the middle of 2009, after which there has been limited growth. "The figures we had today, that adds to the story," he explained. "It gives us a bit more of a picture, but it doesn't really change the basic story. So we still got the economy growing, but growing rather more slowly than we've seen in the period up to 2008." The final figures for the first quarter are to be published in about two months, but any revision would unlikely be more than one or two tenths of a percentage point.

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United Press Association, Inc.
3651 Lindell Road, Suite D168
Las Vegas, NV 89103, USA
(702) 943.0321 Local
(702) 943.0233 Facsimile

info@unitedpressassociation.org

info@gna24.com

www.gna24.com