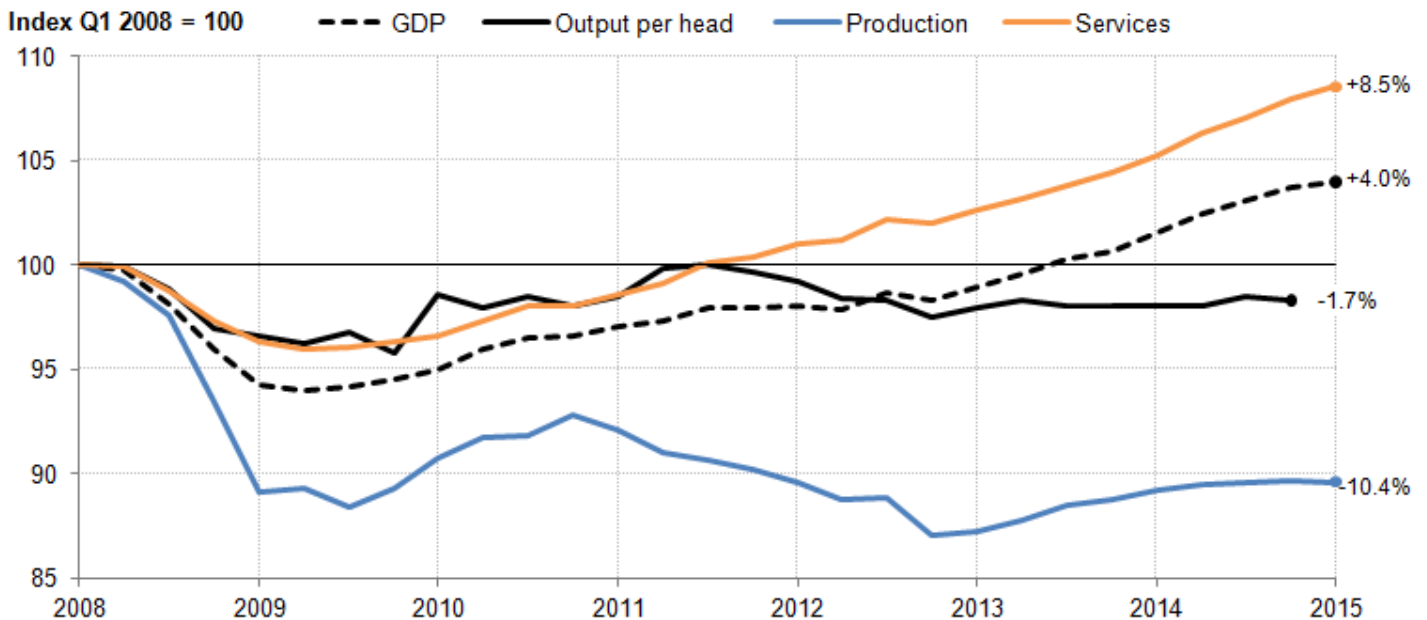


GDP and the Labour Market - Q1 2015 Quarterly Update

Figure 1: Index of GDP components since Q1 2008, seasonally adjusted, Q1 2008 = 100



Source: Office for National Statistics

Notes:

1. Data labels on the right of the graph indicate growth of series between Q1 2008 and the most recent quarter.

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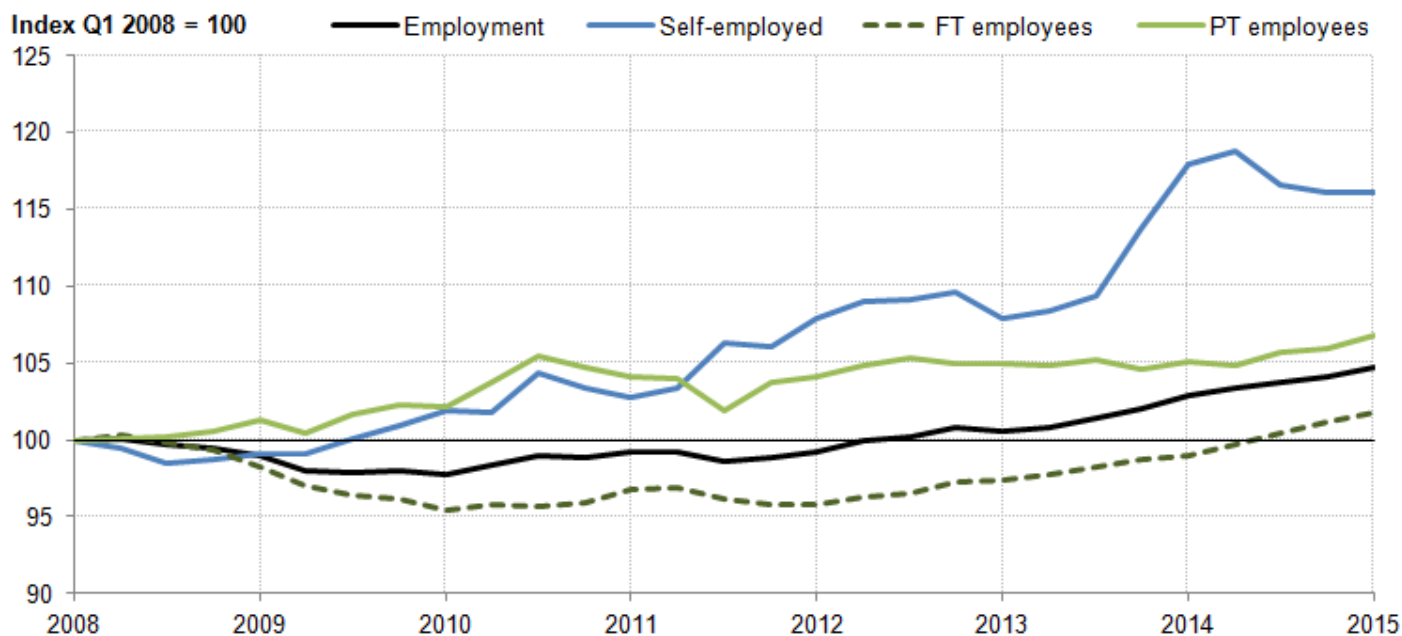
(21 Kb)

In Q1 2015, the UK economy grew by 0.3% from the previous quarter –although lower than the 0.6% growth observed in the third and fourth quarter of 2014, this continues the positive trend observed for nine consecutive quarters. Compared to the same quarter of the previous year, GDP grew by 2.4%. Output is now 4.0% above the level at the start of the economic downturn in Q1 2008 (Figure 1), and 10.7% higher than the trough of the economic downturn in Q2 2009.

In the most recent quarter, agriculture and production made a very small impact on GDP growth, with construction making a slight negative contribution. The most significant growth came from services, which contributed 0.4 percentage points to overall GDP growth - although this remains below the average quarterly growth rate for 2014. Within services, the slowdown of growth was

primarily driven by the 'business services & finance' industries. Quarterly output growth in these industries fell to 0.1%, the weakest since Q4 2010.

Figure 2: Index of employment since Q1 2008, seasonally adjusted, Q1 2008 = 100



Source: Office for National Statistics

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(29 Kb)

Compared to the recent slowdown for some elements of GDP, the UK labour market has continued to perform resiliently. The unemployment rate has continued to decrease in Q1 2015, falling by 0.1 percentage points on the quarter and 1.2 percentage points when compared to the same period a year ago. Employment increased by 0.7% on the previous quarter and by 1.8% from the same period in the previous year. The employment rate – for those aged 16 to 64 – increased by 0.3 percentage points on the quarter to 73.5%. This continues the positive trend observed since Q1 2013 and matches the nine consecutive quarters of positive growth observed in GDP growth. The employment rate is now 1.0 percentage points higher than a year ago and 0.5 percentage points above its pre downturn peak.

Figure 2 shows the initial recovery in employment was largely a result of increases in the number of self-employed and part-time employees. The latter in particular is seen to be an indicator of a flexible labour market. The level of full-time employees (shown as the dashed line on the graph) only reached its pre downturn peak in mid-2014 but has been recovering strongly over the last three years. Mechanisms behind the flexibility in the labour market were looked at in more detail in the [April Economic Review](#).

As well as increases in employment, the number of hours worked in the economy continued to grow. The total number of hours worked per week increased by 0.2% on the quarter, falling just short of the 1 billion mark at 998.6 million hours.

Background notes

1. Notes

GDP data is from the "[Gross Domestic Product: Preliminary Estimate - Q1 2015](#)" published on 28th April 2015.

Labour Market data is from the "[Labour Market Statistics - May 2015](#)" published on 13th May 2015.

2. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gsi.gov.uk

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