

Statistical bulletin

# Second estimate of GDP: Jan to Mar 2017

The second quarterly estimate of GDP based on additional data but produced later than the preliminary estimate, providing a more precise indication of economic growth.



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# 1 . Main points

- UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.2% between Quarter 4 (Oct to Dec) 2016 and Quarter 1 (Jan to Mar) 2017.
- UK GDP growth in Quarter 1 2017 has been revised down by 0.1 percentage points from the preliminary estimate published on 28 April 2017; mainly due to broad-based downward revisions within the services sector.
- UK GDP growth slowed to 0.2% in Quarter 1 2017 as consumer facing industries such as retail and accommodation fell and household spending slowed. This was partly due to rising prices. Construction and manufacturing also showed little growth, while business services & finance continued to grow strongly.
- GDP in current prices increased by 0.7% between Quarter 4 2016 and Quarter 1 2017.
- GDP per head in volume terms was flat between Quarter 4 2016 and Quarter 1 2017.

## 2 . Things you need to know about this release

In line with [National Accounts Revisions Policy](#), the only period open for revision in this release is Quarter 1 (Jan to Mar) 2017. All data within this bulletin have had the effect of price changes removed (in other words, the data are deflated), with the exception of income data, which are only available in current prices.

Gross domestic product (GDP) growth is the main indicator of economic performance. There are three approaches used to measure GDP; the output approach, the expenditure approach and the income approach.

The second estimate of GDP is produced around 7 and a half weeks after the end of the quarter to provide a timely estimate of GDP. At this stage the data content of this estimate from the output measure of GDP has risen since the preliminary estimate to around 80% of the total required for the final output-based estimate. There is also around 50 to 60% data content available to produce estimates of GDP from the expenditure and income approaches.

Further information on all three approaches to measuring GDP can be found in the [short guide to national accounts](#).

Estimates for the most recent quarters are provisional and are subject to revision in the light of updated source information. We currently provide an analysis of past revisions in the GDP and other statistical bulletins that present time series. Our [revisions to economic statistics](#) page brings together our work on revisions analysis, linking to articles and revisions policies. Revisions to data provide one indication of the reliability of main indicators. Revisions triangles are published on our website for [headline GDP](#), [UK gross value added](#), [the GDP deflator](#) and the [expenditure](#) and [income](#) components of GDP.

### Corrections to be aware of

We previously informed you about corrections regarding the rail transport industry and gross fixed capital formation (GFCF). Further details can be found in section 7, upcoming changes.

## 3 . UK GDP growth slows in Quarter 1 (Jan to Mar) 2017

## Headline GDP components and GDP per head

**Table 1: Headline economic indicators and GDP per head for the UK, Quarter 1 (Jan to Mar) 2015 to Quarter 1 (Jan to Mar) 2017**

	Chained volume measures				Current market prices			% growth <sup>1</sup>
	GDP	Household expenditure	Gross fixed capital formation	GDP per head	GDP	Compensation of employees		
						Seasonally adjusted		
2015	2.2	2.5	3.4	1.4	2.8	3.2		
2016	1.8	2.8	0.5	1.1	3.6	3.7		
Q1 2015	0.3	0.7	1.5	0.0	0.3	0.5		
Q2 2015	0.5	0.5	1.2	0.3	1.5	0.8		
Q3 2015	0.3	1.1	0.8	0.1	-0.1	0.9		
Q4 2015	0.7	0.4	-0.9	0.5	0.4	0.5		
Q1 2016	0.2	0.7	0.0	0.0	1.1	0.4		
Q2 2016	0.6	0.8	0.2	0.4	1.5	2.1		
Q3 2016	0.5	0.8	0.6	0.3	0.6	1.1		
Q4 2016	0.7	0.7	0.1	0.5	1.5	0.4		
Q1 2017	0.2	0.3	1.2	0.0	0.7	0.6		

Source: Office for National Statistics

Notes:

1. Percentage change on previous period.

2. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

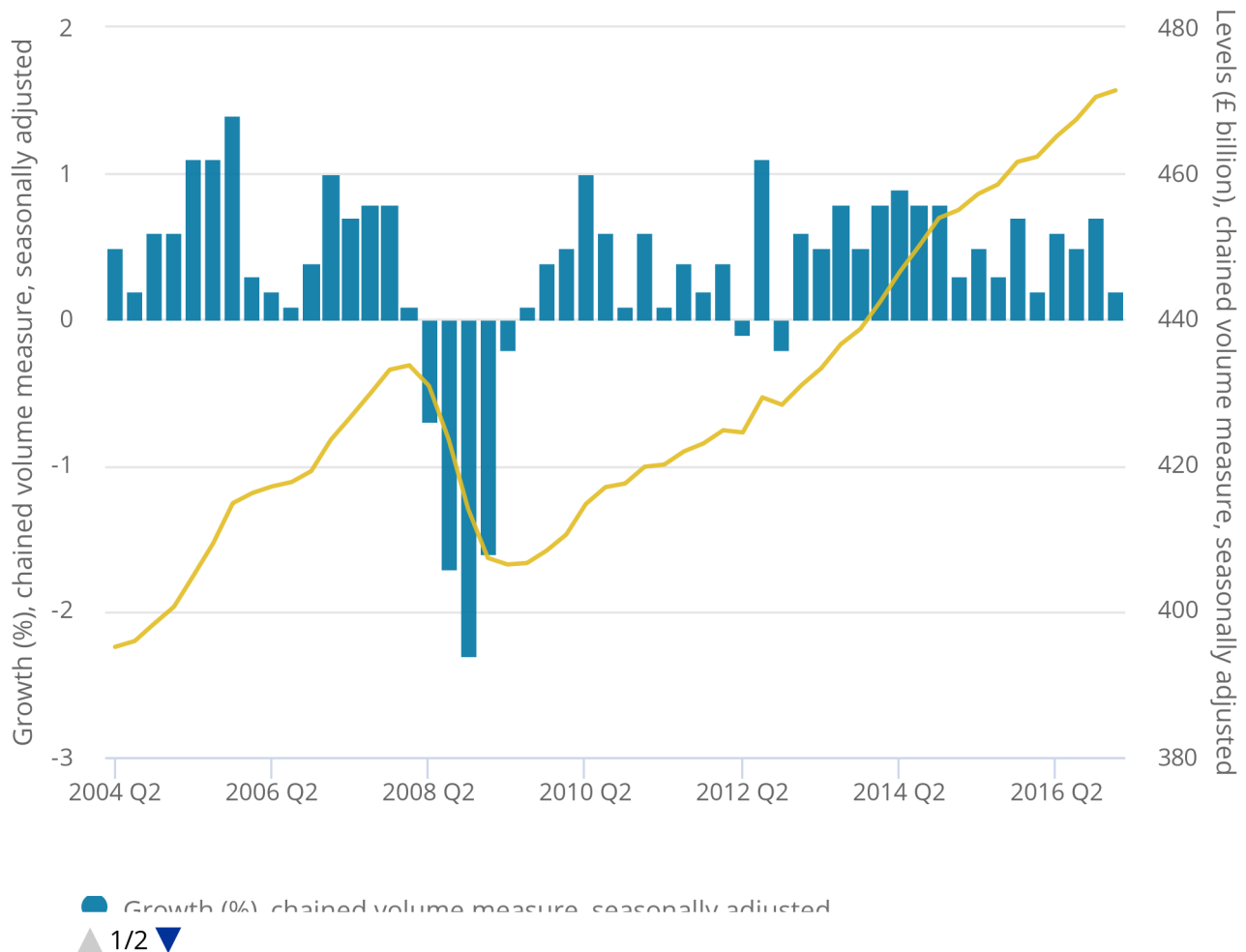
As seen in Figure 1, between Quarter 4 (Oct to Dec) 2016 and Quarter 1 (Jan to Mar) 2017, UK gross domestic product (GDP) grew by 0.2%, which is the 17th consecutive quarterly increase and continues the UK's period of steady growth since Quarter 1 2013.

**Figure 1: Quarterly growth and levels of GDP for the UK, Table A2**

Quarter 2 (Apr to June) 2004 to Quarter 1 (Jan to Mar) 2017

Figure 1: Quarterly growth and levels of GDP for the UK, Table A2

Quarter 2 (Apr to June) 2004 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics

Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

## Output approach

The output approach to measuring GDP increased by 0.2% between Quarter 4 (Oct to Dec) 2016 and Quarter 1 (Jan to Mar) 2017 and was revised down 0.1 percentage points from the [preliminary estimate of GDP](#) published on 28 April 2017.

In Quarter 1 2017, all four sectors show positive growth; agriculture increased by 0.3%, total production increased by 0.1% and construction and total services both increased by 0.2%.

Within production, three of the four components increased between Quarter 4 2016 and Quarter 1 2017 resulting in a small positive growth in total production. Within the production sub-industries, output from mining and quarrying (including oil and gas extraction) increased by 1.8%; manufacturing (the largest component of production) increased by 0.3% and electricity, gas, steam and air conditioning supply industries decreased by 4.3%. Water supply and sewerage increased by 0.7%.

Growth in UK GDP was broad-based but once again the services industries contributed by far the most to the headline growth rate, increasing by 0.2% in Quarter 1 2017 although this is more subdued than in recent periods. The growth was focused in the business services and finance, and government and other services industrial groups, but there was a slow-down in growth in consumer-focused industries, such as retail sales and accommodation. Within the services industries, two of the four main sectors decreased in Quarter 1 2017; distribution, hotels and restaurants, and transport, storage and communications. These negative growths were more than offset by positive growths in the business services and finance, and government and other services sectors.

Services contributed 0.06 percentage points to the downward revision to UK GDP, the biggest contributor. Within services, the largest contributor to the downward revision is business services and finance. However, within this section, at the more detailed level, the revisions are small and broad-based, primarily reflecting late survey returns.

Further detail on the services industries' lower level components can be found in the [Index of Services statistical bulletin](#) published on 25 May 2017.

## **Expenditure approach**

The expenditure approach to measuring GDP increased by 0.2% between Quarter 4 (Oct to Dec) 2016 and Quarter 1 (Jan to Mar) 2017.

In Quarter 1 2017, household final consumption expenditure (HHFCE) or household spending, was a smaller driver and contributor to GDP growth than in recent periods, contributing 0.2 percentage points to GDP growth. Household spending grew by 0.3% in Quarter 1 2017, which is the lowest quarter-on-quarter growth since Quarter 4 2014.

Gross fixed capital formation (GFCF) increased by 1.2% compared with Quarter 4 2016. Within GFCF, business investment grew by 0.6% in the latest quarter, due to positive contributions from other machinery and intellectual property products; partly offset by other buildings and structures. The level of business investment has remained relatively flat since Quarter 1 2015 and growth for quarter on same quarter of previous year was 0.8% in Quarter 1 2017; the first positive growth since Quarter 4 2015.

Further details regarding the business investment data can be found within the [Business investment release](#) published on 25 May 2017.

## **Income approach**

The income approach to measuring GDP increased by 0.2% in chained volume measures (0.7% in current prices seasonally adjusted) between Quarter 4 (Oct to Dec) 2016 and Quarter 1 (Jan to Mar) 2017.

All data quoted in the rest of this section are in current prices seasonally adjusted.

The adjustments used to balance the three measures of GDP were larger than usual this quarter. This is most clearly seen in the alignment and balancing adjustments in the income approach (see Table 3 for balancing adjustments). The alignment adjustment is outside of the usual tolerance of plus or minus £2,000 million at plus £2,627 million. We therefore advise that the growth rates of the individual income components are taken in the context of the adjustments that have been applied. This is particularly the case for gross operating surplus of corporations where large adjustments have been applied, see the balancing adjustments table in section 7.

Within the income measure of GDP, three of the four components showed growth between Quarter 4 2016 and Quarter 1 2017. Gross operating surplus of corporations, the profits of companies, showed positive growth of 5.3%.

Compensation of employees, which includes wages and salaries and employers' social contributions, showed positive growth of 0.6% seasonally adjusted in Quarter 1 2017. Non-seasonally adjusted, growth was chiefly driven by strong positive growth in private sector wages and salaries, in turn driven by bonus payments typically made at Quarter 1 and a smaller fall in growth in private sector jobs than seen in previous Quarter 1s'. This was partially offset by a small fall in public sector wages and salaries.

Taxes on production less subsidies showed a decrease of 7.4%. This fall was driven by Value Added Tax receipts falling by 9.5% in Quarter 1 2017 after a strong Quarter 4 2016 and subsidies on production increasing by 10.2%.

## **GDP per head for Quarter 1 (Jan to Mar) 2017**

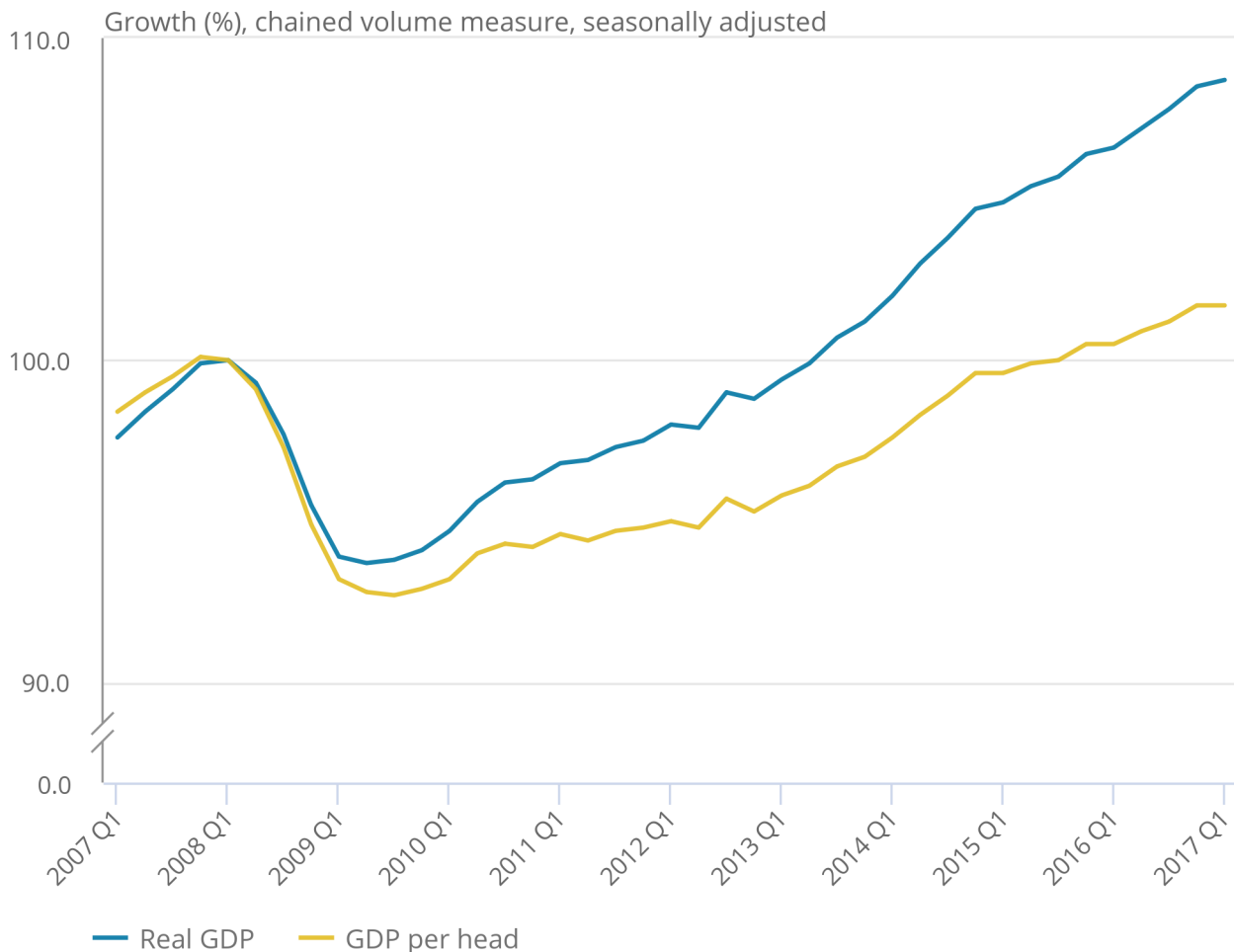
In Quarter 1 (Jan to Mar) 2017, gross domestic product (GDP) per head was flat compared with Quarter 4 (Oct to Dec) 2016. GDP per head is now 1.7% above the GDP pre-downturn peak in Quarter 1 2008, having surpassed it in Quarter 4 2015 (Figure 2).

**Figure 2: Quarterly growth of UK GDP and GDP per head for the UK, indexed to Quarter 1 (Jan to Mar) 2008 = 100**

Quarter 1 (Jan to Mar) 2007 to Quarter 1 (Jan to Mar) 2017

Figure 2: Quarterly growth of UK GDP and GDP per head for the UK, indexed to Quarter 1 (Jan to Mar) 2008 &#x3D; 100

Quarter 1 (Jan to Mar) 2007 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics

Source: Office for National Statistics

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

GDP per head is calculated by dividing GDP in chained volume measures by the latest population estimates and projections. The [population estimates](#) used in this release are those published on 23 June 2016 and the [population projections](#) used are those published on 29 October 2015.

## **4 . What are the main contributors from the output, income and expenditure approaches to GDP growth?**

The largest component within the output approach of gross domestic product (GDP) is the services industry with a weight of 78.8%.

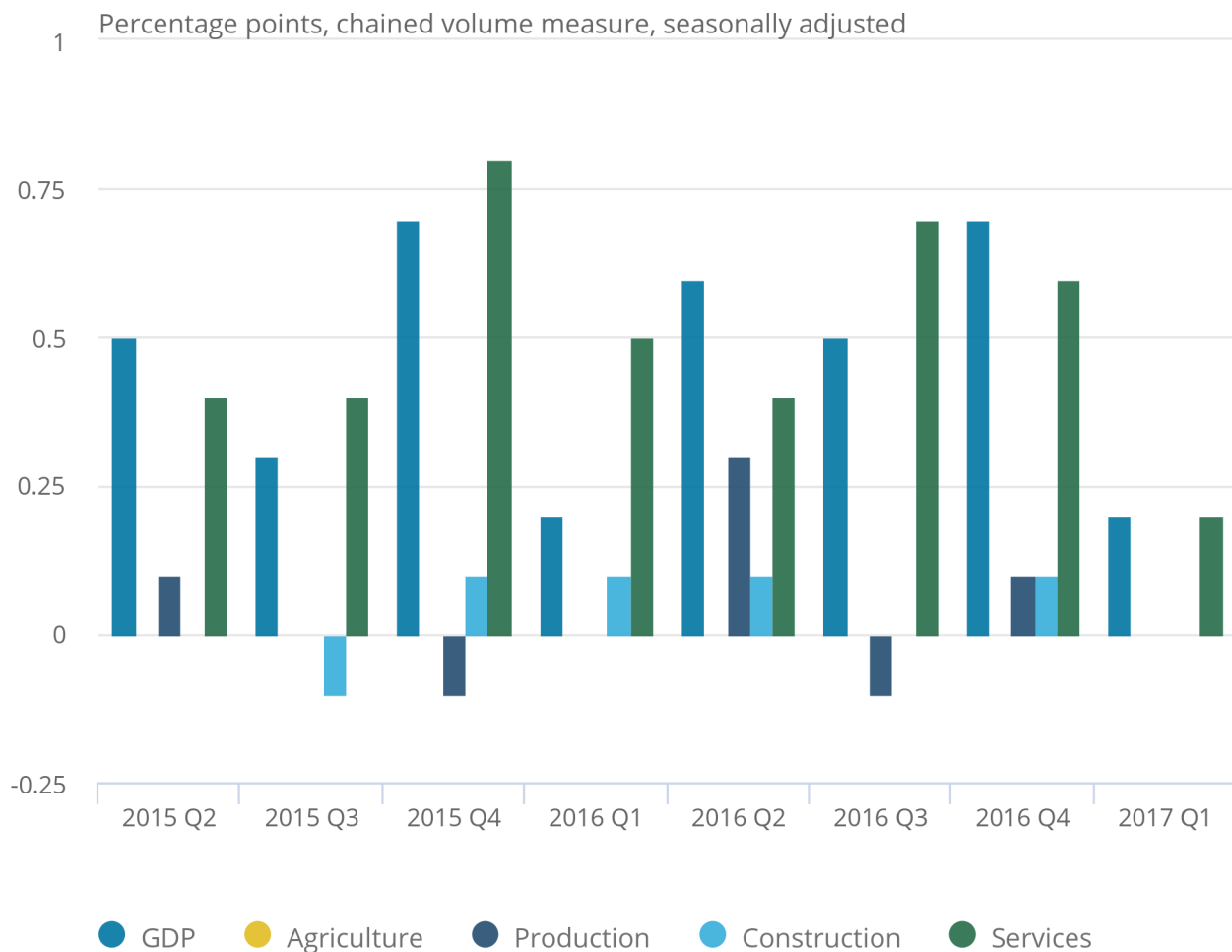


**Figure 3: Output components percentage contribution to UK GDP growth, quarter-on-quarter**

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017

## Figure 3: Output components percentage contribution to UK GDP growth, quarter-on-quarter

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics

**Source: Office for National Statistics**

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec)
2. Contributions are to output gross value added and therefore may not sum to the percentage change in average GDP

Figure 3 shows the services industry has been the main contributor to GDP growth in Quarter 1 (Jan to Mar) 2017, contributing 0.2 percentage points to the 0.2% UK GDP quarterly growth. Within services, the largest contributor to growth was business services and finance.

Figure 4 shows the quarterly contribution of the expenditure components to the growth of GDP in chained volume measures. For Quarter 1 2017, the largest positive contribution to GDP came from gross capital formation, which contributed 1.2 percentage points. The negative contribution to GDP came from net trade, which contributed a negative 1.4 percentage points. The contributions from net trade and gross capital formation are partially offsetting as data for non-monetary gold – a key driver behind the movements in net trade (trade in goods) and gross capital formation (acquisitions less disposals of valuables component) – feeds into both components but offset each other, in effect making non-monetary gold GDP neutral. This article provides further details on [the treatment of non-monetary gold within national accounts](#).

Within net trade, there has been a rise in total imports, which have contributed negatively to UK GDP, with a notable contribution from transport equipment, machinery and chemicals.

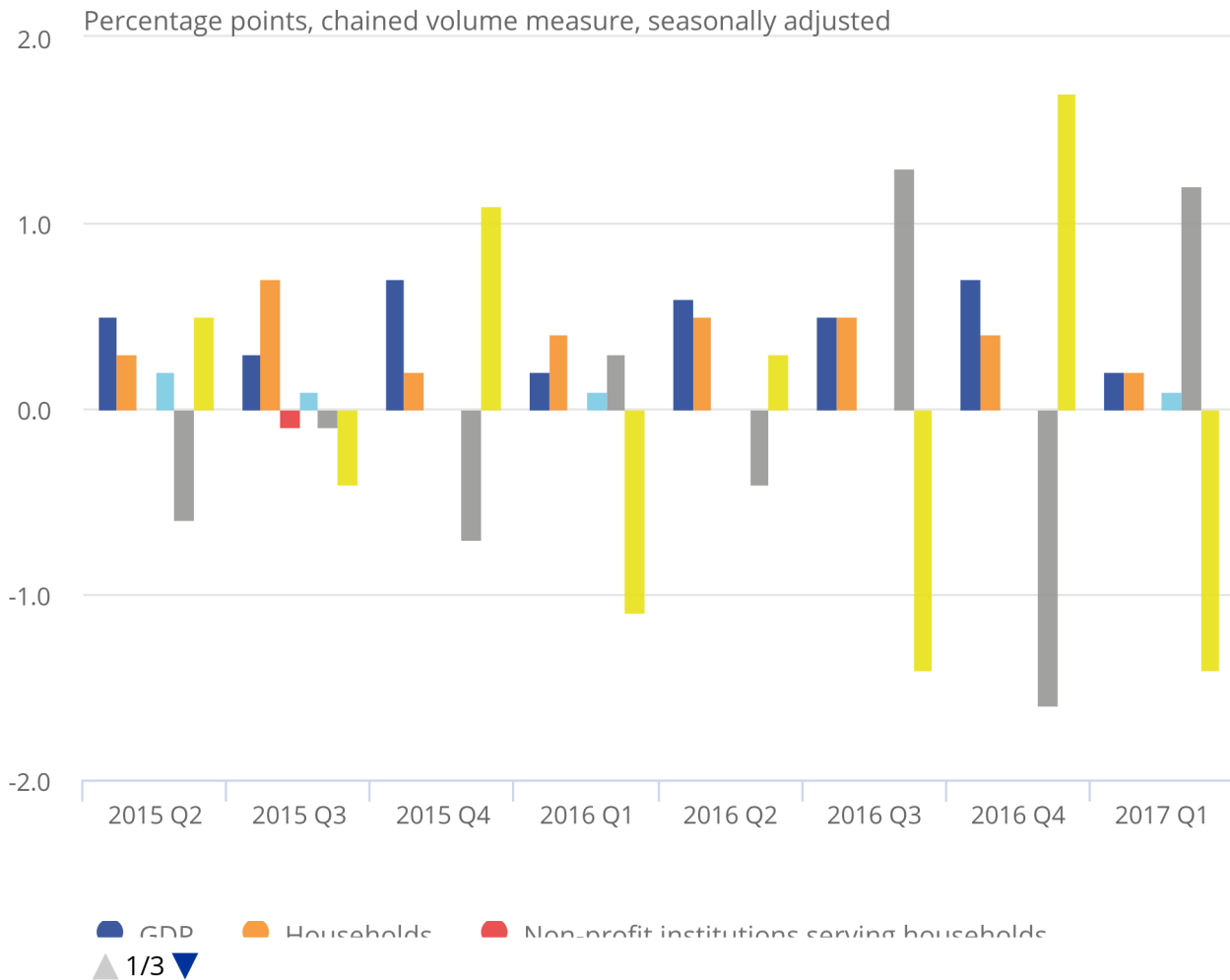
In the latest quarter, household final consumption expenditure (the largest component within expenditure (60%)) has continued to make a positive contribution to GDP although it is a smaller contribution than in more recent periods; 0.2 percentage points in Quarter 1 2017.

**Figure 4: Expenditure components percentage contribution to UK GDP growth, quarter-on-quarter**

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017

**Figure 4: Expenditure components percentage contribution to UK GDP growth, quarter-on-quarter**

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics

Source: Office for National Statistics

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec)
2. This chart does not include the statistical discrepancy and components may not sum to the percentage change in average GDP

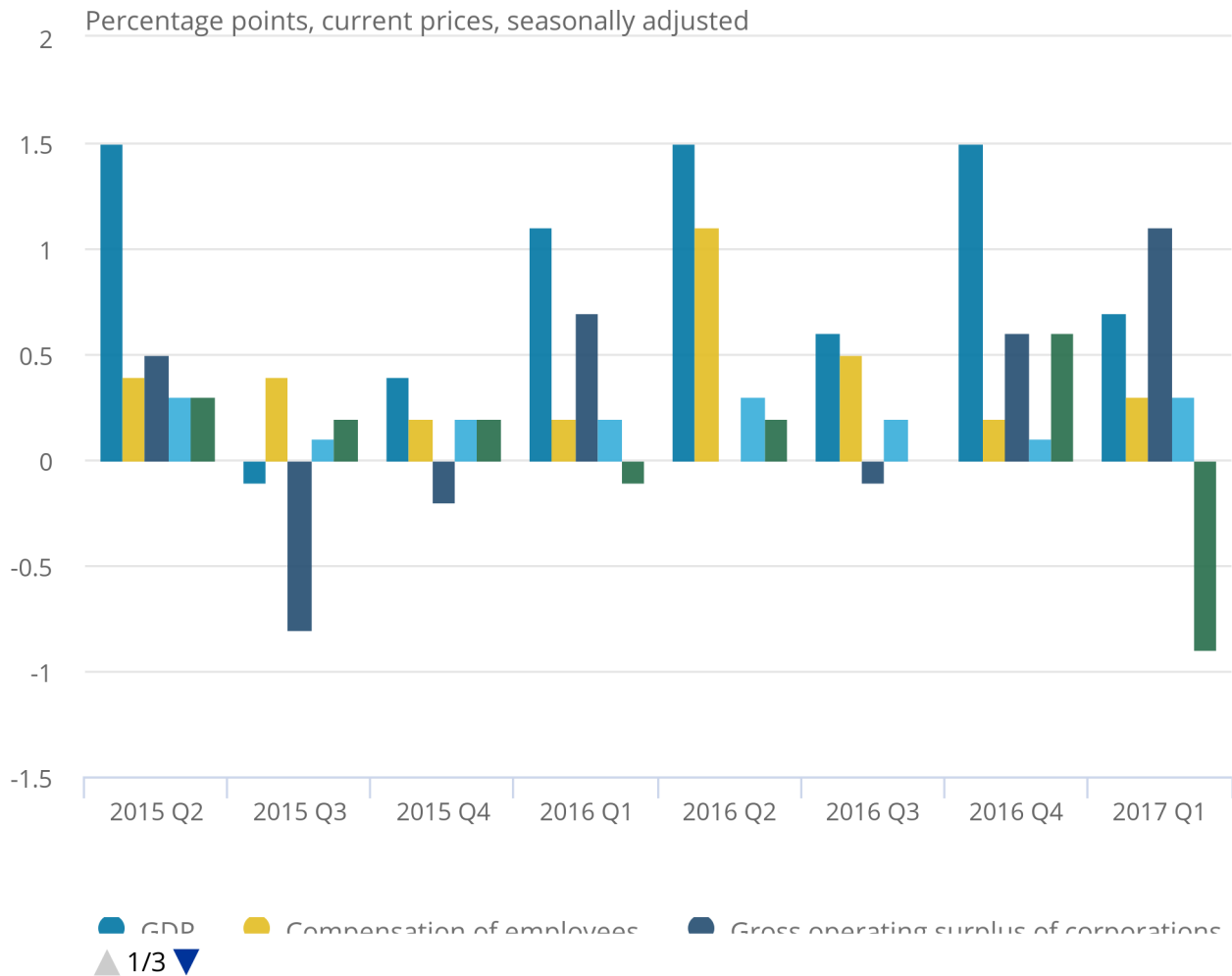
Figure 5 shows the contribution made by income components to current price GDP. In Quarter 1 2017, the largest positive contribution to GDP came from gross operating surplus of corporations, which contributed 1.1 percentage points. As noted earlier, we advise some caution in the interpretation of quarter-on-quarter movements in the income components for Quarter 1 2017.

**Figure 5: Income components percentage contribution to UK GDP growth, quarter-on-quarter**

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017

## Figure 5: Income components percentage contribution to UK GDP growth, quarter-on-quarter

Quarter 2 (Apr to June) 2015 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics

**Source: Office for National Statistics**

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. This chart does not include the statistical discrepancy and components may not sum to the percentage change in average GDP.

## 5 . How is the UK economy performing compared with other European and non-European countries?

The estimates quoted in this international comparison section are the latest available estimates published by the Organisation for Economic Co-operation and Development (OECD) at the time of preparation of this statistical bulletin and may subsequently have been revised.

During Quarter 1 (Jan to Mar) 2017, the UK experienced growth of 0.2%, equal to that of the USA and Italy. Germany experienced the highest growth at 0.6%.

All of the areas included within our international comparisons saw positive growth in Quarter 1 2017. Japan experienced growth of 0.5% whilst France experienced growth of 0.3% (Table 2). The European Union (EU28) grew by 0.5% (Figure 6), marking 16 consecutive quarters of positive growth, and in the same period, the group of Euro Area countries (EA19) grew by 0.5%.

All G7 countries are currently above pre-economic downturn peaks except for Italy whose gross domestic product (GDP) remains 7.1% below the pre-downturn peak (Quarter 1 2008). The USA shows signs of the strongest recovery at 13.1%. The UK has the second strongest rate at 8.7%, whilst Germany and France have rates of 8.5% and 4.8% respectively.

The data used for these international comparisons are gathered from the [Organisation for Economic Co-operation and Development's website](#) excluding the data from the UK, which is compiled within the Office for National Statistics.

**Table 2: International GDP growth rate comparisons, chained volume measure, seasonally adjusted, Quarter on previous quarter percentage growth rates, Quarter 1 (Jan to Mar) 2014 to Quarter 1 (Jan to Mar) 2017**

	% growth <sup>1</sup>									
	EU28 <sup>2</sup>	EA19 <sup>3</sup>	G7 <sup>4</sup>	France	Germany	Italy	UK	Canada	Japan	USA
Q1 2015	0.8	0.8	0.5	0.6	0.2	0.3	0.3	-0.2	1.2	0.5
Q2 2015	0.4	0.4	0.4	0.0	0.5	0.4	0.5	-0.1	-0.1	0.6
Q3 2015	0.4	0.3	0.4	0.4	0.2	0.1	0.3	0.6	0.2	0.5
Q4 2015	0.5	0.4	0.2	0.2	0.4	0.2	0.7	0.1	-0.3	0.2
Q1 2016	0.5	0.6	0.4	0.6	0.7	0.4	0.2	0.7	0.6	0.2
Q2 2016	0.4	0.3	0.3	-0.1	0.5	0.1	0.6	-0.3	0.4	0.4
Q3 2016	0.4	0.4	0.6	0.2	0.2	0.3	0.5	0.9	0.2	0.9
Q4 2016	0.6	0.5	0.5	0.5	0.4	0.2	0.7	0.6	0.3	0.5
Q1 2017	0.5	0.5	0.3	0.3	0.6	0.2	0.2	..	0.5	0.2

Sources: Office for National Statistics and Organisation for Economic Co-operation and Development

Notes:

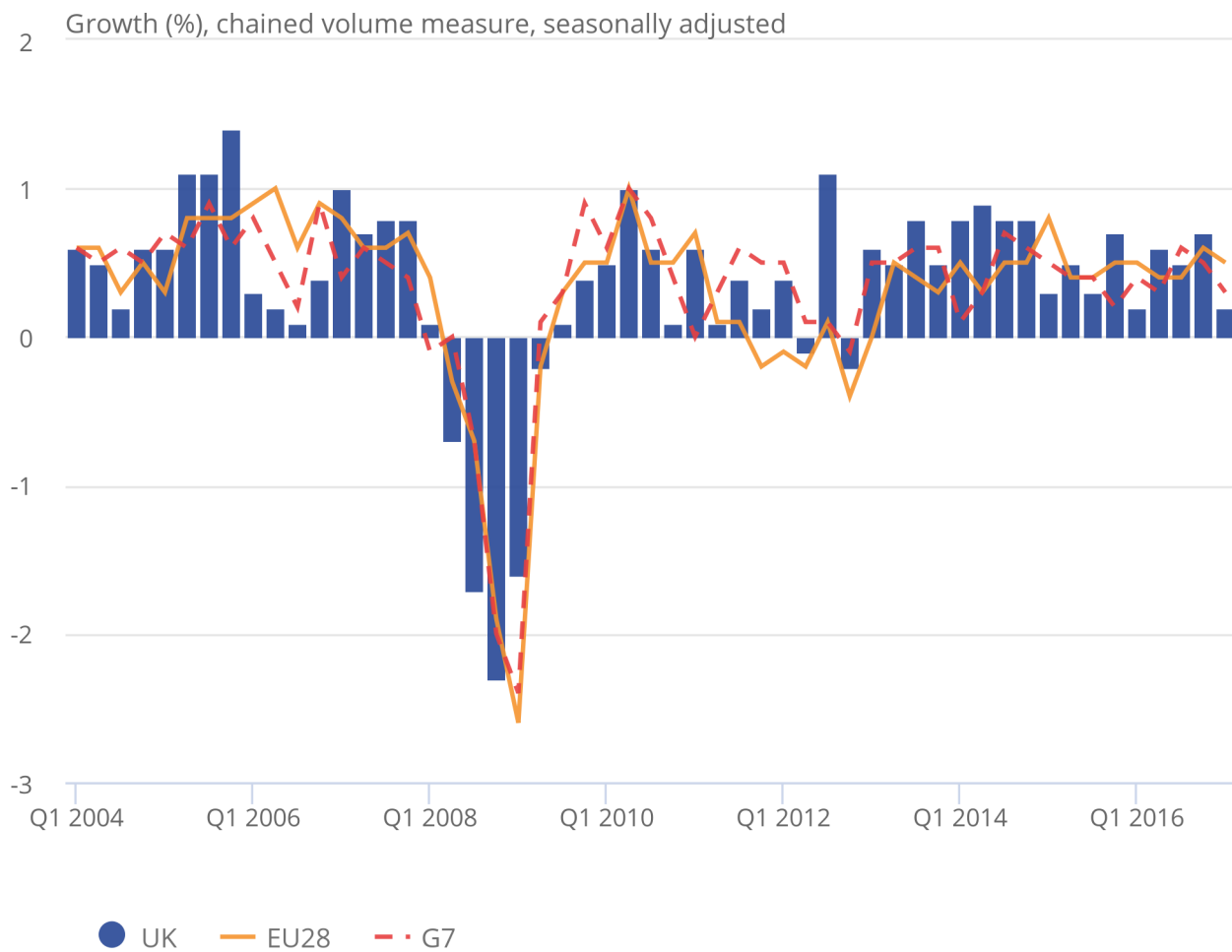
1. Percentage change on previous period
2. EU28 is the European Union.
3. EA19 is the eurozone.
4. G7 is the Group of Seven countries.
5. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
6. Non UK countries and groupings may show revisions in the back series due to NSI revisions
7. ".." denotes data are unavailable at the time of production

**Figure 6: International GDP growth rates, quarter-on-quarter**

Quarter 1 (Jan to Mar) 2004 to Quarter 1 (Jan to Mar) 2017

Figure 6: International GDP growth rates, quarter-on-quarter

Quarter 1 (Jan to Mar) 2004 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics, Organisation for Economic Co-operation and Development

Source: Office for National Statistics, Organisation for Economic Co-operation and Development

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

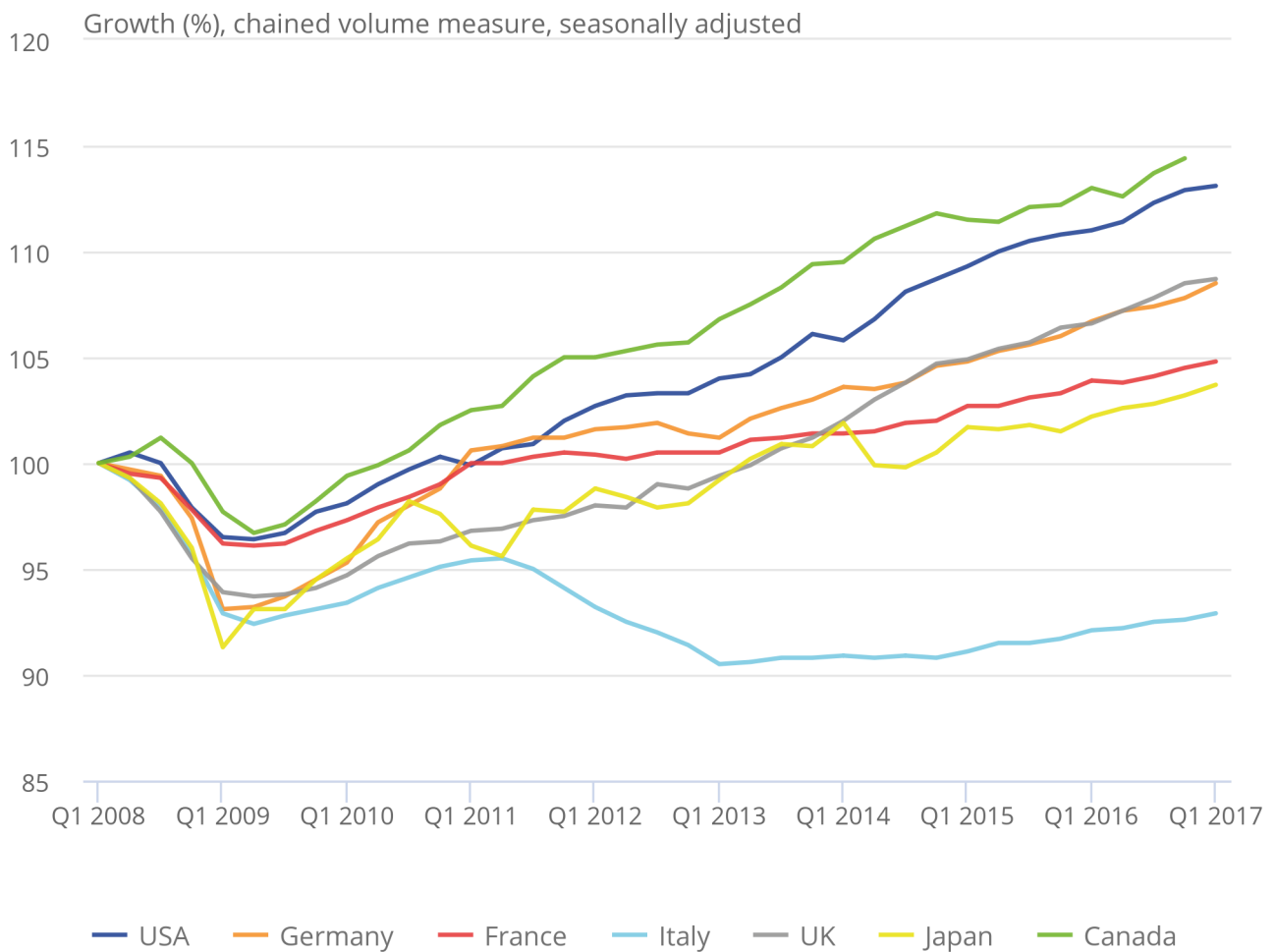
Figure 7 shows GDP for the USA, Germany, France, Italy, UK, Japan and Canada all indexed to Quarter 1 2008 (the pre-downturn peak in the UK) to allow comparison of each since that period.

**Figure 7: Group of Seven GDP growth rates indexed to Quarter 1 (Jan to Mar) 2008**

Quarter 1 (Jan to Mar) 2008 to Quarter 1 (Jan to Mar) 2017

**Figure 7: Group of Seven GDP growth rates indexed to Quarter 1 (Jan to Mar) 2008**

Quarter 1 (Jan to Mar) 2008 to Quarter 1 (Jan to Mar) 2017



Source: Office for National Statistics, Organisation for Economic Co-operation and Development

Source: Office for National Statistics, Organisation for Economic Co-operation and Development

**Notes:**

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).

## 6 . Links to related statistics



## Release policy

This release includes data available up to 17 May 2017. Data are consistent with that within the [Index of Production statistical bulletin](#), the [Construction output in Great Britain](#) and the [UK trade statistical bulletin](#) (trade in goods data only), which were published on 11 May 2017.

## Release content

Data included within this release are seasonally adjusted, however, non-seasonally adjusted data are available within the UK Economic Accounts (UKEA). This data can be downloaded directly from the [UKEA dataset](#) and on the [UKEA main aggregates](#) dataset table. Data published in the UKEA reflect data as published on 31 March 2017 and will be next updated on 30 June 2017 when the Quarter 1 (Jan to Mar) 2017 Quarterly National Accounts release and UKEA will become consistent.

## Economic context

We publish a [monthly economic commentary](#), which may be useful as it gives economic commentary on the latest GDP estimate and our other economic releases. The most recent article has been published on 25 May 2017.

## VAT project

The [latest VAT turnover research article](#) was published on 2 February 2017 and shared the latest information on our plans for implementation of this new data source within the national accounts. This research article elaborates on the statistical and processing methodology that we are developing to overcome the challenges presented when using an administrative data source such as VAT turnover data. The next article updating on our implementation progress is due for publication on 1 June 2017. Please contact us with your views or questions: [vatdev@ons.gsi.gov.uk](mailto:vatdev@ons.gsi.gov.uk)

## Business investment

Further details on business investment along with revision triangles and a real time database are available within the datasets of the [Business investment release](#) published on 25 May 2017.

## Index of Services

The [Index of Services publication](#) has been published on 25 May 2017 and includes data for March 2017.

## User feedback

As part of our policy of continuous improvement, we welcome your views, via a short [survey](#), on the second estimate of GDP bulletin and associated datasets.

## 7 . Are there any upcoming changes?

In the [impact of methodological changes to chain-linking on gross domestic product](#) article we informed you that in Blue Book 2017 the reference year and last base year will move forward 2 years to 2015 and, pending the outcome of further analysis, we would investigate the feasibility of further moving the last base year on when the data for the most recent year are formed.

We have now completed this feasibility analysis and have concluded that we will not move the last base year beyond 2015 in Blue Book 2017. Therefore, the reference year and last base year for Blue Book 2017 and the Blue Book-consistent Quarterly National Accounts due for publication on 29 September 2017 will be 2015.

Further methodological work will continue to develop an approach to further moving on the last base year.

### Corrections to be aware of

We informed you on 25 November 2016 that, following a quality review, a processing error had been identified in the compilation of the estimates for the rail transport industry (49.1-2), which affects the period Quarter 1 (Jan to Mar) 1997 to Quarter 2 (Apr to June) 2016. In line with the National Accounts Revision Policy, this error has been corrected in the Index of Services and Quarterly National Accounts published on 23 December 2016 for data from Quarter 1 2015. Data prior to 2015 will be corrected when next open for revision with Blue Book 2017-consistent releases due for publication on 29 September 2017. The average impact over this period on quarter-on-quarter Index of Services and GDP growth is 0.00%.

Following a quality review it has been identified that the methodology used to estimate elements of purchased software within gross fixed capital formation (GFCF) has led to some double-counting from 1997 onwards. When this issue is resolved in Blue Book 2017 it will reduce the level of GFCF across the period by around 1.1% per year. The average impact on quarter-on-quarter GFCF growth is negative 0.02% and the average impact on quarter-on-quarter GDP growth is 0.00%.

## 8 . Quality and methodology

The [Gross domestic product](#) (GDP) Quality and Methodology Information document contains important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

The national accounts are drawn together using data from many different sources. This ensures that the national accounts are comprehensive and provide different perspectives on the economy, for example, sales by retailers and purchases by households.

### Important quality issues

There are common pitfalls in interpreting data series and these include:

- 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”.

Many different approaches can be used to summarise revisions; the Validation and Quality Assurance section in the [Quality and Methodology Information paper](#) analyses the mean average revision and the mean absolute revision for GDP estimates over data publication iterations. In addition to this analysis, Section 11 of the [revisions to gross domestic product in Blue Book 2016 article](#) updates the metrics used to test revisions performance in order to answer the question “Is GDP biased?”.

## Reaching the GDP balance

The different data content of the three approaches, the output approach, the expenditure approach and the income approach, dictates the approach taken in balancing quarterly data. In the UK, there are more data available on output than in either of the other two approaches. However, in order to obtain the best estimate of GDP (the published figure), the estimates from all three approaches are balanced to produce an average, except in the latest quarter where the output data takes the lead due to its larger data content.

Information on the methods we use for [balancing the output, income and expenditure approaches to measuring GDP](#) is available.

Alignment adjustments, found in Table M of the [second estimate of GDP data tables](#) in this release, have a target limit of plus or minus £2,000 million on any quarter. However, in periods where the data sources are particularly difficult to balance, slightly larger alignment adjustments are sometimes needed and this has been the case for the income approach in Quarter 1 (Jan to Mar) 2017. To achieve this balance through alignment, balancing adjustments are applied to the expenditure and income components of GDP as required. They are applied to those individual components where data content is particularly weak in a given quarter due to a high level of forecast content. Balancing adjustments are larger than usual in Quarter 1 (Jan to Mar) 2017.

The size and direction of the quarterly alignment adjustments in Quarter 1 2017 indicate that in this quarter the level of expenditure and income are lower than the level of output.

Table 3 shows the balancing adjustments applied to the GDP estimates in this publication.

**Table 3: Balancing adjustments applied to the UK GDP, second estimate of GDP dataset for Quarter 1 (Jan to Mar) 2017**

	£ million
GDP measurement approach and component adjustment applied to	Q1 2017
<b>Income</b>	
Compensation of employees	
Current prices	+300
Gross operating surplus of corporations <sup>3</sup>	
Current prices	+2750
Other Income <sup>4</sup>	
Current prices	+550

Source: Office for National Statistics

Notes:

1. Adjustments are in £ million
2. Q1 refers to Quarter 1 (Jan to Mar)
3. Including financial corporations and public corporations.
4. Other income includes mixed income and the operating surplus of the non-corporate sectors.

## Further information

We are committed to ensuring all information provided is kept strictly confidential and will only be used for statistical purposes. Further details regarding confidentiality can be found in the respondent charters for [businesses](#) and [households](#), on our website.