

## GDP up 2.1% on the year

UK GDP continues to advance faster than most advanced countries, at a pace well up with the new official forecasts of 2% growth. In the first quarter of 2017 the economy grew by 0.3%, the same rate of growth as in the first quarter of 2016 before the Brexit vote. The annual rate was 2.1%, a figure some are reluctant to report. Real incomes were up, and manufacturing and production were up by more than the rate of general growth, thanks to exports and import substitution.

Pessimistic commentators focus on how first quarter growth was lower than fourth quarter 2016, which was a great figure which none of them predicted. Indeed many of them found it uncomfortable given their forecasts of winter recession. Retail spending was weaker in the first quarter 2017. Easter was later this year so there may have been some problems adjusting the figures for that effect. Food and beverage spending was well up in contrast.

There is a perpetual spin line that weak sterling will lead to price rises which will squeeze consumption which will damage the economy. Those who think this need to answer why it is that UK inflation has not gone up by more than Germany and by less than US, and to acknowledge that a large part of the UK price rises so far has come from a much higher international price of oil. They should also now be saying that given the pound has risen 8% from its low against the dollar and the Euro, the two main importing currencies, there should be some improved effect on their analysis as imports get cheaper again.