

UK growth rate revised up

Once again this week we have seen the UK growth rate revised up, both for 2016 and for 2017. I drew attention to the strange downgrade of 2016 from 2% to 1.8% in the official figures at the time and queried it. Now I see they have put it back up to 1.9% so far. There never was a shred of evidence that the referendum vote led to any loss of output growth in the second half of 2016.

The latest figures for the five years to end 2016 make interesting comparisons. Top of the pack was the USA at 13.1%, followed closely by the UK at 12.7%. Germany was the best of the larger continentals, at 10.8%, followed by France at 6.1% with Italy actually down by 1.8%. In 2016 with half the year after the vote the UK was the top performer of these countries.

The UK this year is likely to finish the year at a higher rate than many forecasts. There have been various reports of how our growth rate is now the slowest of the G7 but this looks likely to be untrue and has definitely been based on unduly gloomy figures. It is the case as I have pointed out that the tax increases on property and cars have had an adverse impact on sales and activity of these items, the official concerns about diesel cars in particular have depressed sales substantially and the Bank is seeking to reduce consumer and car loans. None of this has anything to do with Brexit.