

Pubs and restaurants boost economy, but GDP recovery is slowing

THE [UK economy](#) grew in May for the fourth month running, but at a much slower rate than earlier in the year.

A return of indoor [drinking](#) and dining boosted the hospitality sector, with [GDP](#) up 0.8% in May. That was much lower than in March and April, when [growth](#) was above 2%.

Yael Selfin, Chief Economist at KPMG UK, says: “May signals slowing growth as the recovery matures. With monthly growth down from the 2.3% recorded in April, these figures reflect a gradual deceleration in the speed of recovery as the economy approaches pre-Covid levels.

Chip shortages have hit carmakers. The economy is still more than 3% smaller than it was pre-pandemic.

Selfin adds: “We still expect the economy to run hot over the coming months, with pent-up demand fuelling many industries. However, bottlenecks are already starting to emerge across various sectors – from labour shortages to supply chain pressures – as a result of the speed at which many are keen to reopen.”

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Chancellor Rishi Sunak said: “It’s great to see people back out and about thanks to the success of the vaccine rollout, and to see that reflected in today’s figures for economic growth.”

James Smith, Research Director at the Resolution Foundation, said:

“The danger of overdoing the optimism on the economy is greater than the risk of it overheating.”

BCC Head of Economics, Suren Thiru, said:

“While the latest figures confirm the rebound in economic activity continued into May, the sharp slowdown in growth suggests that the recovery is losing a little steam as the temporary boost, from the earlier phases of reopening, fades.

“The increase in activity largely reflects a notable pick-up in output from pubs, restaurants and accommodation services, spurred by the easing of restrictions in the month, including the restart of indoor dining.

“The UK economy remains on track for a strong rebound in the second quarter. However, economic activity may remain muted in June as the impact of rising covid infections and the delay to the end of the roadmap are felt, despite an uplift to consumer activity from Euro 2020.”