

UK economy returned to pre-pandemic size before Omicron hit

The [UK economy](#) grew by 0.9% in November, a rise that saw it recover all of its pandemic losses and offered hope that a further bounce back this year is on the cards.

Those figures relate to a period before [Omicron](#) led to fresh [Working From Home](#) orders and wider consumer caution, however.

City economists expect that [GDP](#) in December [fell at least a little bit](#), while [inflation](#) and cost of living squeezes might make January and February sluggish.

Businesses say labour shortages and staff sickness are proving disruptive. April tax rises are also likely to prove problematic, and there is pressure on Rishi Sunak to delay or bin them.

Paul Dales at Capital Economics said: “The recent signs that the Omicron wave is starting to subside suggests that GDP will probably rebound in February and March. But growth will then be restrained by the hit from higher taxes and utility prices from 1st April

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The ONS recorded increase for services (0.7%), production (1.0%) and construction (3.5%) between October and November 2021. This means that services and construction output are both 1.3% above their pre-coronavirus levels while production remains 2.6% below.

Chancellor of the Exchequer, Rishi Sunak said: "It's amazing to see the size of the economy back to pre-pandemic levels in November – a testament to the grit and determination of the British people."

The CBI was more cautious. Alpesh Paleja, CBI Lead Economist, said: "While it's good that economic growth picked up in November, the data has been overtaken by events. Activity is very likely to have taken a hit in December, as the spread of the Omicron variant and subsequent restrictions disrupted operations in certain sectors.

"As we kick off the new year, the near-term outlook is also clouded by additional challenges: shortages of labour – exacerbated by sickness absence, supply chain disruption and a cost of living crunch for households."

As a whole, the economy was 0.7% bigger in November than it was before Covid-19 struck. The ONS said GDP should beat pre-pandemic levels for the fourth quarter as a whole, provided output didn't fall by 0.2% or more in December.

ONS chief economist Grant Fitzner said: "The economy grew strongly in the month before Omicron struck with architects, retailers, couriers and accountants having a bumper month. Construction also recovered from several weak months, as many raw materials became easier to get hold of."