

UK economy grew slightly and avoided recession, revised official figures confirm

Revised figures have confirmed that the UK economy avoided recession in the second half of last year, posting 0.1% growth in the fourth quarter.

The [original estimate for gross domestic product \(GDP\) between October and November](#), released in mid-February, had shown zero growth.

A recession is generally defined in the UK as two consecutive quarters of declining GDP, and the economy had already contracted 0.2% in the third quarter.

Darren Morgan, director of economic statistics at the Office for National Statistics, said: "The economy performed a little more strongly in the latter half of last year than previously estimated, with later data showing telecommunications, construction and manufacturing all faring better than initially thought in the latest quarter.

"Households saved more in the last quarter, with their finances boosted by the government's energy bill support scheme.

"Meanwhile, the UK's balance of payments deficit with the rest of the world narrowed, driven by increased foreign earnings by UK companies, particularly in the energy sector."

The dominant services sector grew by 0.1%, boosted by a jump in nearly 11% for travel agents.

Manufacturing was up by 0.5%, driven by the pharmaceutical sector, and construction grew 1.3%.

'We still think the economy will slip into a recession this year'

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The [cost of living crisis](#) has taken a heavy toll on consumer spending in recent months, with [inflation](#) remaining in double digits.

Updated predictions last week from the Bank of England, which had forecast that the economy entered recession in the second half of last year, [ruled out the likelihood of a recession in 2023](#).

Ruth Gregory at Capital Economics said the upward revisions to the GDP figures for the third and fourth quarters showed that high inflation took a slightly smaller toll on the economy than previously thought.

"But with around two-thirds of the drag on real activity from higher rates yet to be felt, we still think the economy will slip into a recession this year," she said.

'Underlying resilience'

Chancellor [Jeremy Hunt](#) told reporters that the revised GDP figure showed there is "underlying resilience" in the UK economy.

Mr Hunt acknowledged, however, that many people across the country are "facing real pressure", with inflation remaining above 10%.

He said: "That's why we will continue to take the difficult decisions necessary to bring down inflation caused by what's happened in Ukraine.

"That is the way we will get back to healthy growth and relieve the pressure on families."