

UK economy returns to growth

Growth returned in the UK economy in January, according to official figures.

The measure of everything produced in the UK – a metric called gross domestic product (GDP) – rose 0.2%, the Office for National Statistics (ONS) said.

It's the first official economic growth announcement since a [recession was declared](#) last month as there were two successive three-month periods of negative economic growth.

When looked at over a three-month period, GDP fell 0.1% up to January, compared to the three months to October, showing the economy is still struggling.

But the overall growth in January could mean the recession is the shortest ever in UK history, if the trend continued into February and March.

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The main reason the economy grew was down to the customer-facing services industry, the ONS said, which expanded by 0.2% in January. Services are the largest part of the UK economy, comprising four-fifths of output.

It was also a good month for construction, with output having increased 1.1% over the month. Housebuilders had a good month after being subdued for much of the last year, the ONS said.

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When broadened out over a three-month period, however, building output fell 0.9% and no growth was recorded in the services sector.

Also acting against the growth was a fall in TV and film production and the “often erratic pharmaceutical industry”,

the ONS added, as production yields also dropped.

The data, however, is just an estimate and is subject to revision.

Figures are [routinely revised](#) as more information becomes available. It's possible the recession could be revised out of existence when the ONS announces its February GDP sums and reassesses economic performance.

[Strong retail sales](#) had been reported for the first month of the year, which was a significant sign the economy could bounce back.

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'Making progress' – or 'stagnation nation'

Responding to the latest data, Chancellor Jeremy Hunt said: "While the last few years have been tough, today's numbers show we are making progress in growing the economy – part of which makes it possible to bring down national insurance contributions by £900 this coming year.

"But if we want the rate of growth to pick up more we need to make work pay which means ending the unfairness of taxing work twice."

TUC general secretary Paul Nowak said: "The Conservatives have turned Britain into a stagnation nation. Our economy is barely growing, real wages are still worth less than in 2008 and the only thing shooting up is household debt."

"We need a proper economic plan to turn the country around – not just short-term Tory gimmicks.

"That means a real industrial strategy.

"And it means making sure that our fiscal framework supports government investment in our crumbling infrastructure and public services."