Britain Close To Third Recession Despite 2012 Growth Revision

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Despite its previous estimate of flat output, the Office of National Statistics (ONS) reported yesterday (27/02/2013) that when compared to the previous year, the economy is actually 0.3% bigger.Â However, a third recession still remains a dangerous possibility according to Reuters.
GDP in the last quarter of 2012 fell by 0.3% when compared with the previous three months, inline with the initial ONS estimate and economistsâ€™ forecasts.

Although consumer spending rose 0.2% on the quarter, this was very strongly mitigated by the fact that exports fell by 1.5% and imports by 1.2%.

Perhaps explaining the yearly growth figures but also the forecast of the beginning of a triple dip recession are the figures for output in Britainâ€™s service sector â€“ which makes up more than three quarters of Britainâ€™s GDP.Â It dipped 0 the last quarter after having grown 1.2% in the previous quarter.

Delving in to the fourth quarter itself, index of services data revealed that the sector shrank 0.4% in December when compared to November, which according to BNP Paribas makes for grave predictions about the first quarter of 2013.

Steeped on top of this is news that industrial output for the last quarter showed its biggest drop (1.9%) since the first three months of 2009.

Economists polled by Reuters suggested that they expected growth to eke out at 0.2% in the first quarter of 2013, which as alluded to previously, forecasts Britain as perilously close to entering a third recession.