

UK: May Monthly GDP Surprises to the Upside

BOTTOM LINE: Monthly GDP rose by 0.4%mom in May, an upside surprise relative to consensus expectations for a 0.2%mom expansion. Folding in today's data, we raise our Q2 tracking estimate to 0.7%qoq (from 0.6% previously). We raise our annual GDP growth forecast for 2024 to 1.2% (from 1.1% previously), above consensus of 0.7% and the BoE's forecast of 0.4%.

KEY NUMBERS:

GDP (May): 0.4%; GS: 0.3%; Consensus: 0.2%; Previous (April): 0.0% (unrevised); all %mom (non-annualised)

MAIN POINTS:

1. Monthly GDP rose by 0.4%mom in May, an upside surprise relative to consensus expectations for a 0.2%mom expansion.
2. Activity expanded in all three major sectors, with output rising 0.3%mom in services, 0.2%mom in production, and 1.9%mom in construction. Within the service sector, the strongest growth contributions came from the wholesale and retail industry – consistent with the strong May retail sales figures – professional, scientific and technical activities, and food and accommodation services. The ONS noted anecdotal evidence that warmer weather may have contributed to the increase in construction output.
3. Folding in today's data, we raise our Q2 tracking estimate to 0.7%qoq (from 0.6% previously). We raise our annual GDP growth forecast for 2024 to 1.2% (from 1.1% previously), above consensus of 0.7% and the BoE's forecast of 0.4%.

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Disclosure Appendix

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