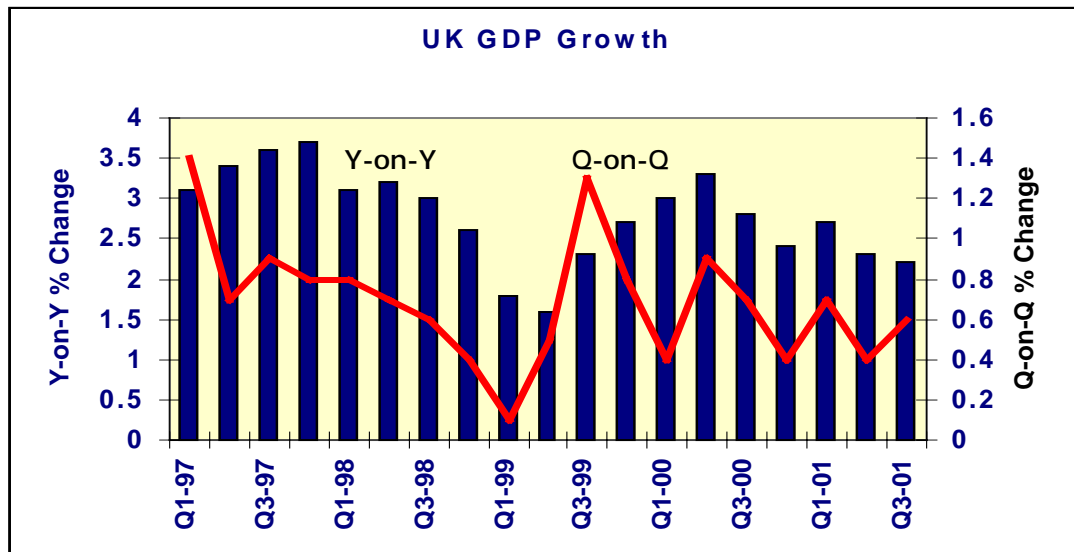




**UK Economy Stays Resilient**



	GDP at Constant Market Prices		Total Service Industries	
	<i>Index 1995= 100</i> <i>Seasonally adjusted</i>	% Change on Previous Quarter	% Change on Previous Quarter	% Change on A Year Earlier
<b>2000</b> Q2		0.8	0.9	3.7
Q3		0.7	1.0	3.5
Q4		0.5	0.7	3.1
<b>2001</b> Q1		0.6	1.1	3.7
Q2		0.4	0.9	3.7
<b>Q3</b>		<b>0.6</b>	<b>0.8</b>	<b>3.5</b>

Source: Office for National Statistics (ONS)

The provisional estimate for third-quarter GDP growth of 0.6% on the quarter came in just above expectations of a 0.5% rise, and represents a robust 2.2% rise on the year. During the second quarter GDP grew 0.4%. The data boosted expectations that the UK economy would be among the strongest in the world this year. The service sector continued to expand, growing 0.8% as against the second quarter's 0.9% rise. There are, however, some fears that the effect of heavy job cuts in manufacturing could spill over into service industries. Manufacturing was likely to have shrunk in the third quarter, with the high technology, machinery and metal production sectors particularly badly hit. While a further deceleration in activity is expected in the closing months of the year, on the basis of the last quarter's data the UK economy should avoid slipping into recession. The numbers should also be supportive of sterling over the medium term.

**Geraldine Concagh**  
**October 26, 2001**