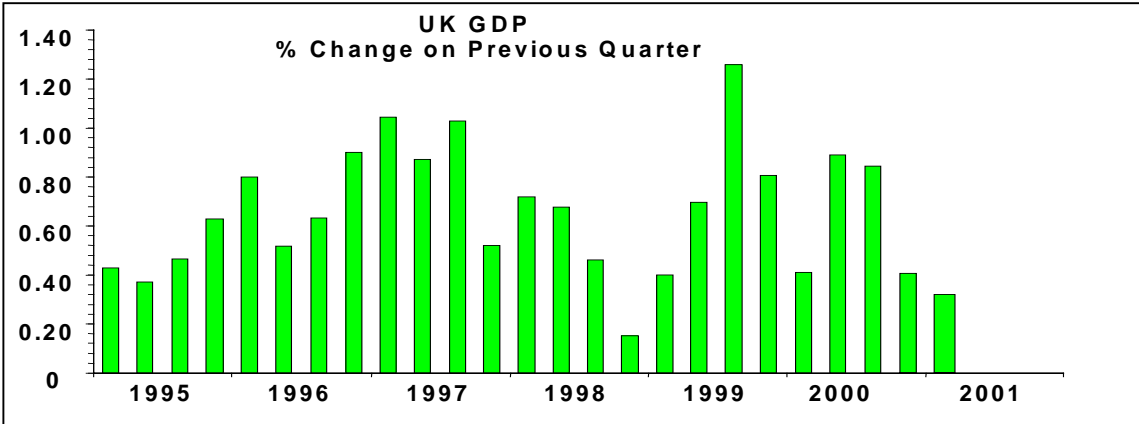




**AIB Group Treasury
Economic Services Unit**

UK GDP Data Justify Lower Rates



GDP at Constant Market Prices			Total Service Industries	
Index 1995= 100 Seasonally adjusted	% Change on		% Change on	
	Previous Quarter	A Year Earlier	Previous Quarter	A Year Earlier
2000 Q1	0.4	3.2	0.4	3.1
Q2	0.9	3.4	1.0	3.5
Q3	0.8	3.0	1.1	3.6
Q4	0.4	2.6	0.7	3.3
2001 Q1	0.3	2.5	0.7	3.6

Source: Office of National Statistics (ONS)

UK economic growth slowed in the first quarter of this year with industrial output and construction estimated to have decelerated while growth in the services sector growth held up. Preliminary estimates show Q1 GDP rising by 0.3% on the quarter and by 2.5% in year-on-year terms. This was below market expectations for a quarterly rise of 0.4%. GDP in Q4 of last year rose by 0.4% q-on-q and by 2.6% on the same period a year ago. Q1's quarterly growth rate was the weakest since the fourth quarter of 1998 while the annual rate was the lowest since the third quarter of 1999. The service sector output grew at an estimated quarterly rate of 0.7%, the same rate as in the fourth quarter. The annual rate growth rate for this sector picked up to 3.6% from 3.3% in Q4.

Within this, growth in the distribution, hotels and catering sector was well below that in preceding quarters. It rose 0.4% on the quarter (down from 0.8% in Q4) and 3.5% on the year. However, business services and finance, and transport and communication grew strongly in the first quarter. The drop in the output of the production industries was due to drops in mineral extraction including oil and gas and in manufacturing. The ONS estimate a fairly strong quarterly increase in retailing, similar to the quarterly rates of increase of the past two years.

The ONS said it had been informed by the Ministry for Agriculture that the effect of the foot-and-mouth disease outbreak on first quarter agricultural output had been "minimal". Overall, agricultural output was estimate to have expanded in Q1 after a sharp fall Q4. This was due to higher milk production. Agricultural output now accounts for less than 2% of GDP.

Geraldine Concagh
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