

United Kingdom

Industrial production up 0.6% in third quarter, buoyed by 0.9% manufacturing rise

- September rebound pushed industrial production 0.6% higher in Q3
- Manufacturing stages best performance for three years

UK industrial production grew more than previously thought in the third quarter, according to the [Office for National Statistics](#), boosted by a strong rise in manufacturing output.

Industrial production rose 0.9% in September, driven by a 1.2% uptick in manufacturing output, a 1.5% rise in mining and quarrying and a 1.7% rise in oil and gas production. Both industrial production and manufacturing output had fallen in August, down 1.1% and 1.2% respectively, so the rebounds in September provide reassurance that industry continues to recover.

Over the third quarter as a whole, industrial production was 0.6% higher than in the second quarter while manufacturing output was up 0.9%, the latter being the strongest performance for three years. However, the manufacturing sector remains some 9.2% smaller than during its pre-crisis peak.

The PMI suggests some easing in the rate of manufacturing growth is on the cards for October, but the pace of expansion is likely to remain in the region of 0.8%, to indicate that the sector should continue to help boost the economy.

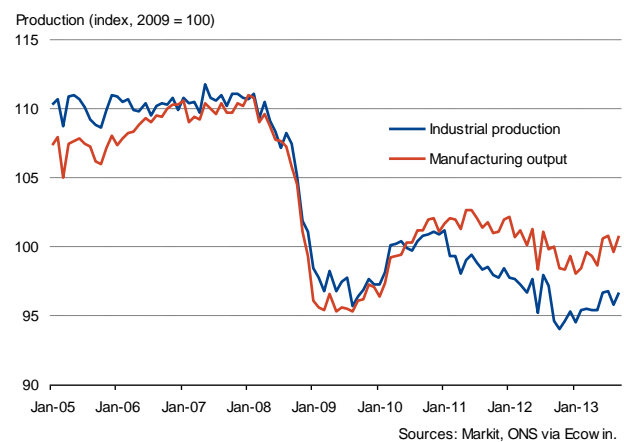
Third quarter GDP revision

The 0.6% increase in production was larger than the 0.5% estimate used in the first calculation of third quarter GDP by the ONS, although the marginal improvement is unlikely in itself to lead to an upward revision to GDP. The 0.9% expansion of manufacturing output in the third quarter was also in line with the signal from the PMI, meaning we do not expect this to be revised higher.

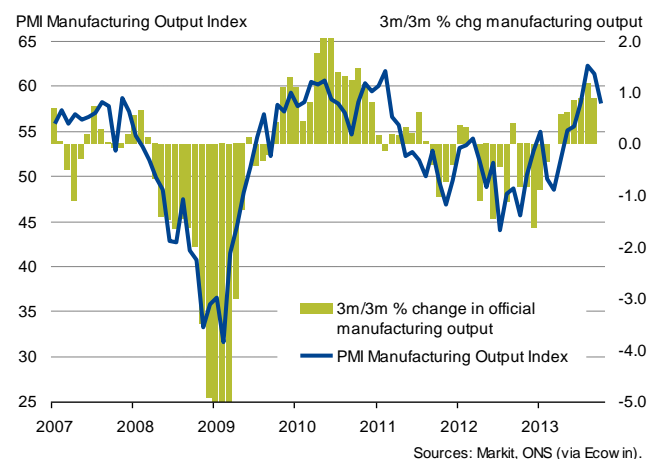
However, we still expect third quarter GDP to eventually be revised higher from the current 0.8% estimate, possibly to 1.0-1.1%, on the back of stronger than initially estimated service sector growth. The ONS

estimated a mere 0.7% increase in output of the service sector in the three months to September, but the PMIs point to an expansion in excess of 1%.

Industrial production and manufacturing



Manufacturing output and the PMI



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