

# UK economy flatlines in February

It missed the 0.1% monthly GDP growth predicted by analysts



By Rommel Lontayao

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The UK's monthly gross domestic product (GDP) showed no movement in February, missing the 0.1% month-on-month growth expected by analysts following a 0.4% progress recorded in January.

The Office for National Statistics (ONS), however, noted that, looking at the broader picture, the UK's GDP grew by 0.1% in the three months to February 2023.

The ONS had earlier reported that the UK barely avoided a recession as GDP flatlined in the three months to December 2022.

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GDP was flat (0.0% growth) in February:

- services fell 0.1%
- production fell 0.2%
- construction grew 2.4%

[ons.gov.uk/economy/grossd...](https://ons.gov.uk/economy/grossd...)

**GDP growth**  
February 2023

GDP flat <b>0.0%</b>	Services down <b>0.1%</b>	Production down <b>0.2%</b>	Construction up <b>2.4%</b>
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Publications: GDP monthly estimates 1st February 2023 Office for National Statistics

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The latest GDP monthly statistics also showed that the services sector fell by 0.1% in February, after growing by 0.7% in January 2023. The largest contributions to the fall in services output came from education and public administration and defence.

Output in consumer-facing services grew by 0.4% in February, following growth of 0.3% in the previous month, with the largest contributor to this growth coming from retail trade, except for motor vehicles and motorcycles.

ONS also reported that production output fell by 0.2% in February 2023, following a fall of 0.5% in January, while the construction sector grew by 2.4% after falling by 1.7% the month before.

"The economy saw no growth in February overall," Darren Morgan, ONS director of economic statistics, commented. "Construction grew strongly after a poor January, with increased repair work taking place. There was also a boost from retailing, with many shops having a buoyant month."

"These were offset by the effects of Civil Service and teachers' strike action, which impacted the public sector, and unseasonably mild weather led to falls in the use of electricity and gas."

## Mortgage brokers react

Gary Bush, financial adviser at the Potters Bar-based MortgageShop.com, said business appears good so far in 2023 from the litmus test across their clients who are either self-employed traders or those who run small- to medium-sized businesses.

"Our challenge at the moment is keeping pace with rate movements, and the two-, three-, or five-year fixed-rate decision," he stressed. "Client activity, on the whole, is good and better than expected for the first three months of 2023, with no sign on the horizon of things slowing down. If 2023 continues as it is, it will show good results from our perspective."

Ross McMillan, owner at Glasgow-based Blue Fish Mortgage Solutions, added that the mortgage and associated property market has not seen the fall in demand or prices that many predicted and some still foresee.

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"The volume of transactions may be anecdotally and statistically down as some people have opted to sit on their hands in recent months," he said. "However, with the major lenders all now jostling for position and market share via reduction in rates, healthy competition and a more settled landscape can only further entice people back into the property and mortgage markets.

"Although inflation and general cost-of-living concerns are clearly still an ongoing factor, after a rocky few months, it does feel like a wave of optimism is building for the summer months ahead."

Mark Stallard, director of Stroud-based House & Holiday Home Mortgages, said that the current climate, for them, is stable at the moment with plenty of work and enquiries. He, however, emphasised that a lack of initiatives for first-time buyers doesn't help at all.

"Ultimately, there are thousands of businesses like ours in the UK, and we all need support and initiatives," he added.

Austyn Johnson, founder at Colchester-based broker Mortgages for Actors, noted that though the types of enquiries have shifted and are less predictable now, on the whole, they still have enough to do and are really busy.

"I see the rest of this year as a bit of a recovery year for those who have been hit by the rate hikes," Johnson remarked. "Hopefully, they are all looking for professional advice regarding their mortgages, and hopefully, are also getting the service they deserve."

*Any thoughts on the state of the UK economy? Let us know by leaving a comment in the discussion box at the bottom of the page.*

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