

Article

# UK productivity flash estimate: January to March 2019

Flash estimate of productivity for Quarter 1 (Jan to Mar) 2019 based on gross domestic product (GDP) first quarterly estimates and labour market data.

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# 1 . UK productivity flash estimate: January to March 2019

The latest [labour market statistics](#) data and [GDP first quarterly estimates](#) indicate that output per hour – the Office for National Statistics' (ONS) main measure of labour productivity – decreased for the third consecutive quarter by 0.2% in Quarter 1 (Jan to Mar) 2019, compared with the same quarter in the previous year.

## Output per hour and output per worker

The decrease in productivity growth, output per hour, during Quarter 1 2019 compared with the same quarter a year ago, was the result of total hours worked growing faster than GDP, 2.0% and 1.8% respectively. The increase in total hours worked was driven by a 1.1% increase in average weekly hours worked by full-time workers.

In contrast, output per worker in Quarter 1 2019 increased by 0.7% compared with the same quarter in the previous year. This was somewhat faster than the no growth seen in Quarter 4 (Oct to Dec) 2018 compared with the same quarter a year ago. The increase in output per worker resulted from output growing faster than employment, at 1.8% and 1.1% respectively.

Comparing the latest quarter's growth rates with the same period a year ago provides a better measure of the long-term trend of labour productivity growth when compared with the previous quarter's data. Quarterly movements in labour productivity can be volatile and may not indicate the long-term trend of labour productivity growth in the UK. Growth in output per hour fell by 0.6% in Quarter 1 2019 compared with the previous quarter. This is a decrease from the 0.3% growth seen in Quarter 4 2018, compared with the previous quarter. In contrast, output per worker growth increased by 0.2% in Quarter 1 2019 compared with the previous quarter.

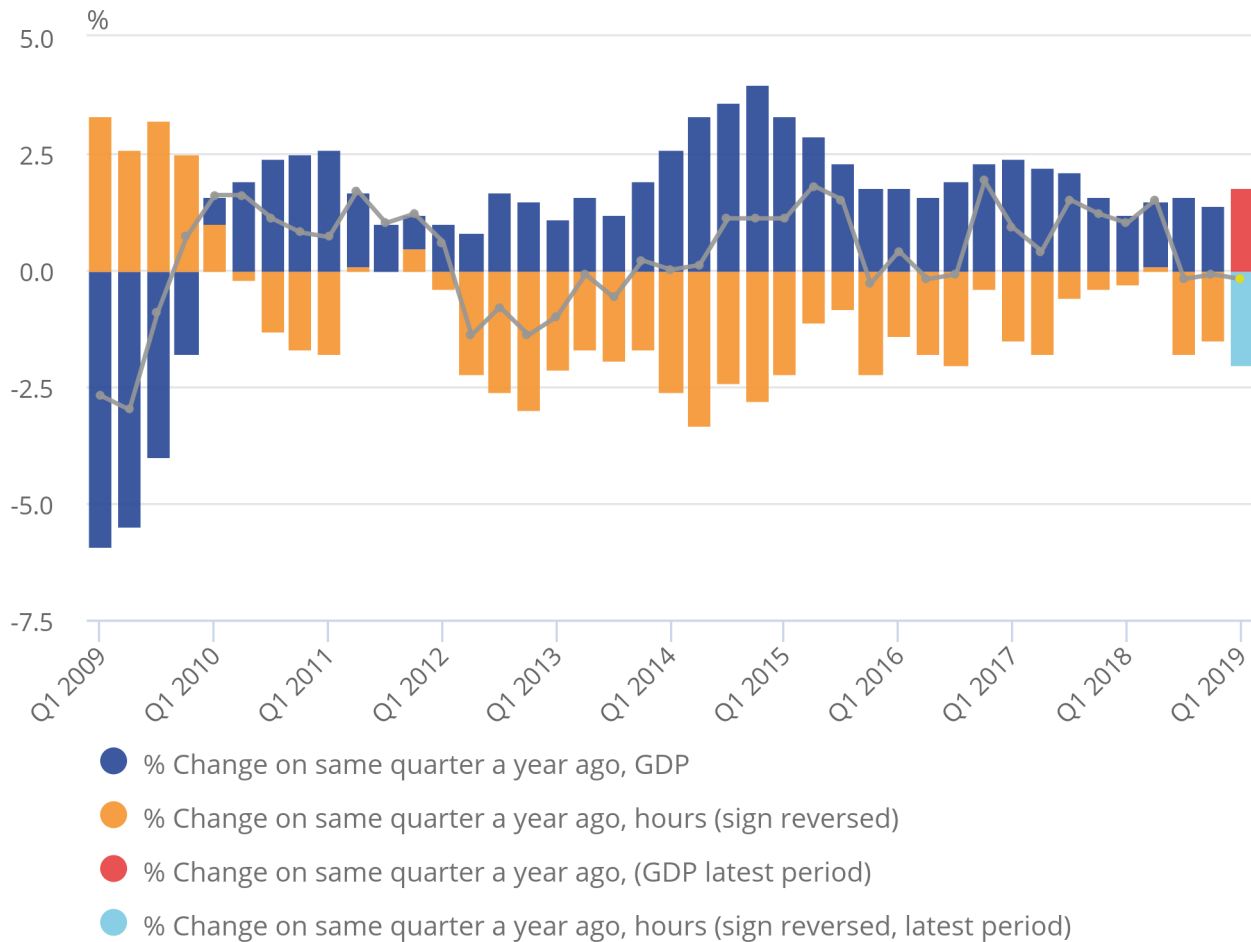
Figure 1 shows that output per hour growth has decreased in Quarter 1 2019 compared with the same quarter a year ago, and remains negative over the last three quarters.

**Figure 1: Output per hour decreased in Quarter 1 2019 compared with the same quarter a year ago, with growth in hours outpacing growth in GDP**

Seasonally adjusted, Quarter 1 (Jan to Mar) 2009 to Quarter 1 (Jan to Mar) 2019

## Figure 1: Output per hour decreased in Quarter 1 2019 compared with the same quarter a year ago, with growth in hours outpacing growth in GDP

Seasonally adjusted, Quarter 1 (Jan to Mar) 2009 to Quarter 1 (Jan to Mar) 2019



Source: Office for National Statistics

**Notes:**

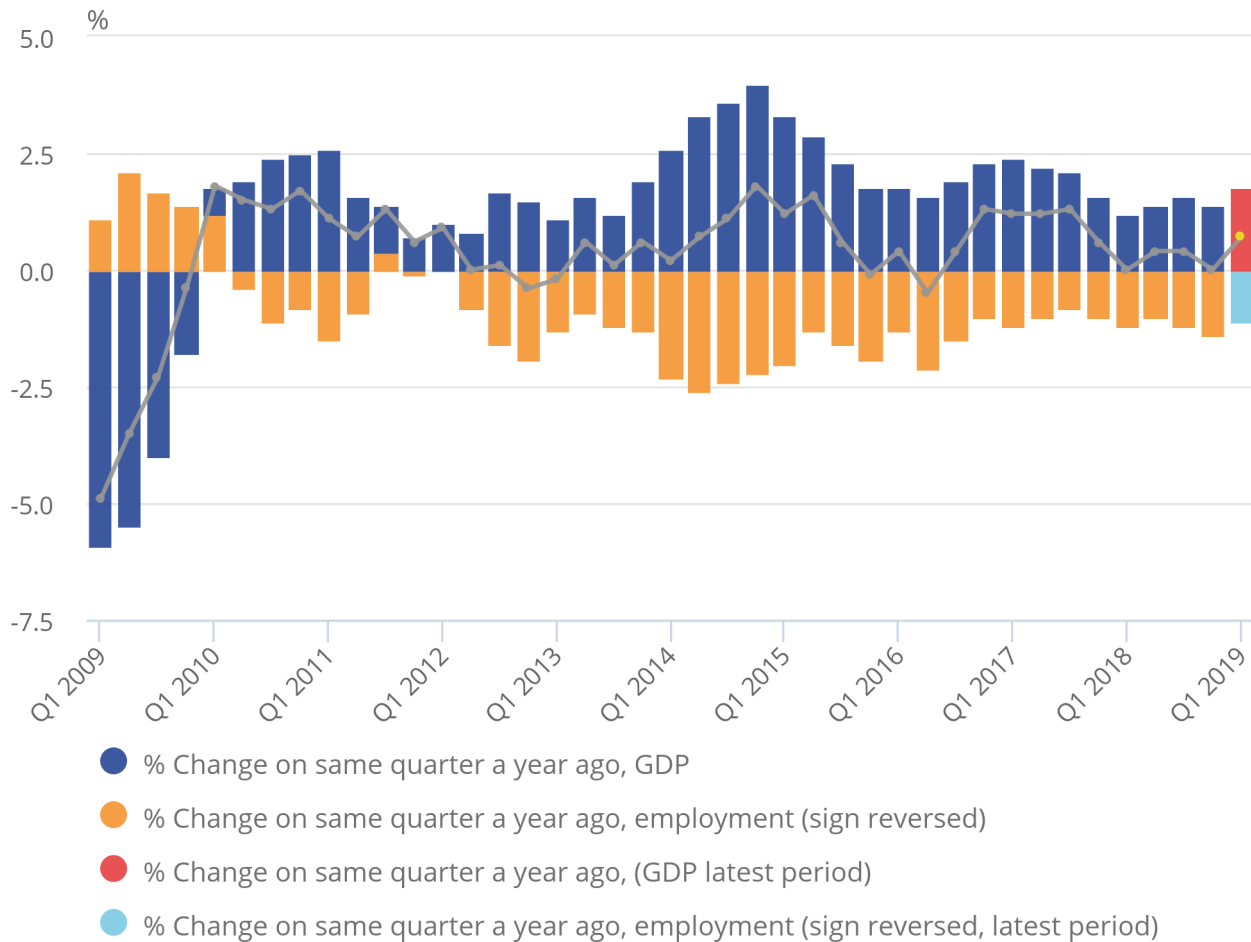
1. Estimates of hours worked have had their sign reversed to reflect how they affect output per hour. An increase in hours worked will contribute negatively to output per hour; while a decrease in hours worked will contribute positively to output per hour.

**Figure 2: Output per worker increased in Quarter 1 2019 compared with the same quarter a year ago, as GDP grew faster than employment**

Seasonally adjusted, Quarter 1 (Jan to Mar) 2009 to Quarter 1 (Jan to Mar) 2019, UK

Figure 2: Output per worker increased in Quarter 1 2019 compared with the same quarter a year ago, as GDP grew faster than employment

Seasonally adjusted, Quarter 1 (Jan to Mar) 2009 to Quarter 1 (Jan to Mar) 2019, UK



Source: Office for National Statistics

Notes:

1. Estimates of employment have had their sign reversed to reflect how they affect output per worker. An increase in employment will contribute negatively to output per worker; while a decrease in employment will contribute positively to output per worker.

## GDP, employment and total hours worked

Both employment – which captures the total number of people in work – and total hours – which captures both changes in employment and working patterns – fell during the economic downturn, though total hours fell further reflecting a fall in the average hours of those in employment. However, as GDP fell by a larger proportion in the economic downturn than either hours or employment and has grown slowly by historical standards during the recovery, productivity growth has been subdued since the downturn and has recovered more slowly compared with previous downturns. The [most recent estimate of GDP](#) indicated that the UK economy grew by 1.8% in Quarter 1 2019, compared with the same quarter a year ago. This was alongside increases in the growth of both total hours worked and employment, over the same period, of 2% and 1.1% respectively.

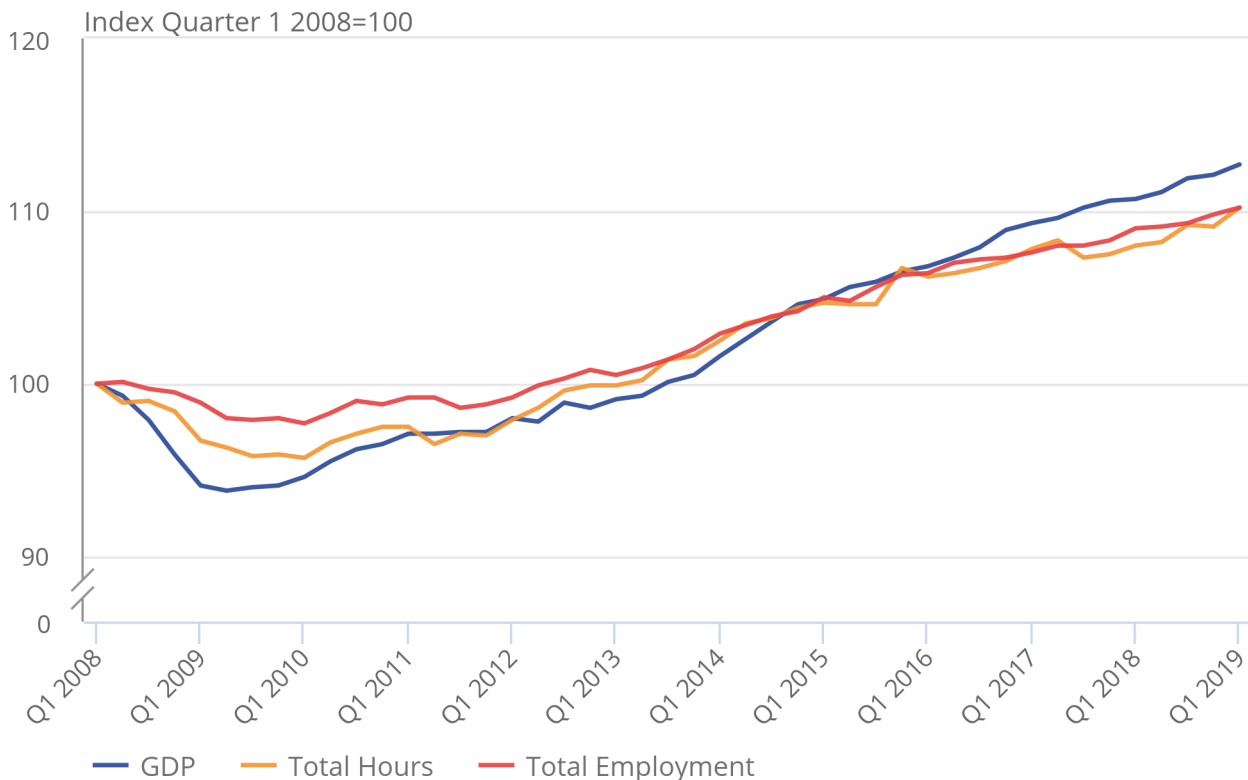
Figure 3 shows these relative movements over the post-downturn period, comparing GDP, employment and total hours worked. It indicates that in Quarter 1 2019, all three economic indicators were above their pre-downturn levels, with GDP being 12.7% higher while both hours and employment were equally 10.2% higher.

### Figure 3: GDP, total hours worked, and employment are all above their pre-downturn levels by at least 10%

Seasonally adjusted, UK, Quarter 1 (Jan to Mar) 2008 to Quarter 1 (Jan to Mar) 2019

#### Figure 3: GDP, total hours worked, and employment are all above their pre-downturn levels by at least 10%

Seasonally adjusted, UK, Quarter 1 (Jan to Mar) 2008 to Quarter 1 (Jan to Mar) 2019



Source: Office for National Statistics

Services, construction and production made the largest contributions to GDP growth during Quarter 1 2019, compared with the same quarter a year ago, contributing 1.6%, 0.2% and 0.1% respectively. This growth in output corresponds with the growth of the UK labour market, as the number of people aged 16 years and over in employment increased by 1.1% over the same period. This growth in employment was driven by increases in both self-employed and employees, which grew by 3.8% and 0.6% respectively.

Data for the earlier quarters, Quarter 1 2008 until Quarter 4 2018, are consistent with the [Labour productivity national statistics estimates](#).

## 2 . Things you need to know about this release

This flash estimate of UK productivity uses the first available information on output and labour input for the latest quarter, Quarter 1 (Jan to Mar) 2019. These data may be revised in subsequent months. As such, we release the more detailed [Labour productivity bulletin](#) after the publication of [GDP quarterly national accounts](#).

Unlike the [Labour productivity national statistics](#), this release uses gross domestic product (GDP) as the main indicator to determine growth in output for the latest quarter, because it is the earliest available source of output. Estimates of earlier quarters are consistent with the [Labour productivity national statistics](#).

## 3 . Data sources and revisions

Estimates of output for Quarter 1 (Jan to Mar) 2019, in this release, are sourced from the [GDP first quarterly estimate, UK: January to March 2019 release](#), published on 10 May 2019.

Contributions are to output gross value added (GVA) and therefore may not sum to the percentage change in average gross domestic product (GDP). More information on the difference between the three measures can be found in the [Short Guide to National Accounts](#).

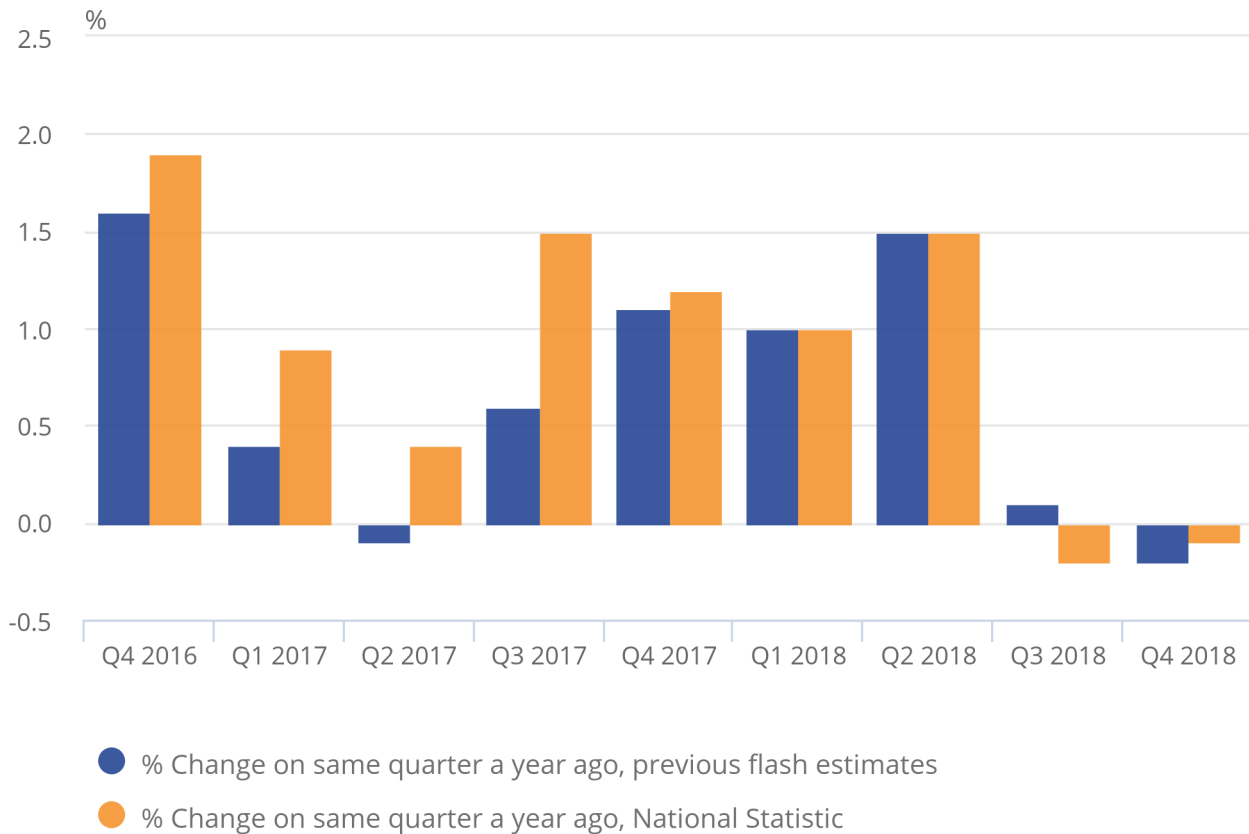
Estimates of labour inputs for the same period are sourced from the [Labour market statistics: May 2019 statistical bulletin](#), published on 14 May 2019.

Figure 4 shows revisions between the first flash estimates of labour productivity growth and the latest estimates published in the most recent [Labour productivity release](#) for the corresponding periods. Flash estimates are subject to revisions as they use the available information to derive early estimates of productivity growth in the latest period. The aim is to show the reliability of the initial flash estimates over time.

Details of the [policy governing the release of new data](#) are available from the [UK Statistics Authority](#).

**Figure 4: Growth rates published in the labour productivity flash estimate are commonly revised by less than 0.5%, compared with the National Statistic**

Figure 4: Growth rates published in the labour productivity flash estimate are commonly revised by less than 0.5%, compared with the National Statistic



Source: Office for National Statistics

## 4 . What has changed in this release?

We have changed the presentation of this release, focusing the commentary on comparing the latest quarter's growth rates with the same period a year ago because it provides a better measure of the long-term trend of labour productivity when compared with the previous quarter's data. As quarterly movements in labour productivity can be volatile, they may not indicate the long-term trend of labour productivity growth in the UK.

We have also updated the data in Figures 1, 2 and 4 to reflect comparisons of the latest quarter with the same period a year ago and as a result, the time series in Figure 4 now starts from Quarter 4 (Oct to Dec) 2016.

We would be interested to hear your feedback on the changes in this release. Please send us your comments by email to [productivity@ons.gov.uk](mailto:productivity@ons.gov.uk).