

# Chapter 1

## National Accounts at a glance

### Gross domestic product

In 2009 the output of the economy, as measured by the chained volume measure of **gross domestic product** (GDP), was 4.9 per cent lower than in 2008, compared with a fall of 0.1 per cent in 2008 over 2007. The chained volume measure of GDP rose by 46.9 per cent between 1989 and 2009.

Money GDP (at current market prices) fell by 3.7 per cent between 2009 and 2008, compared to a 2.9 per cent increase in 2008 over 2007. Since 1989, money GDP has grown by a factor of 2.7.

### Gross domestic product deflator

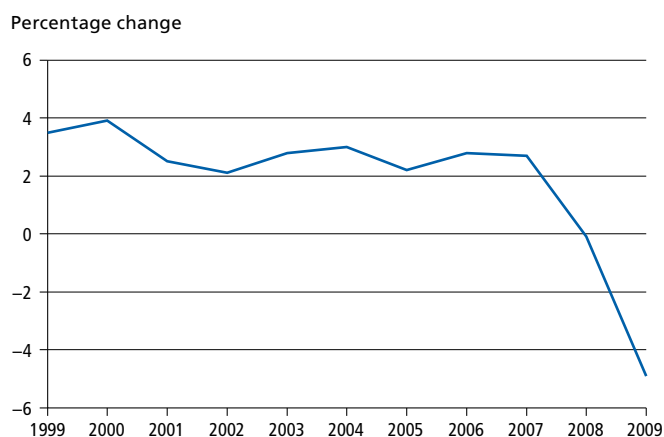
This graph shows changes in the implied GDP deflator based on expenditure at market prices.

The annual rate of growth in the GDP expenditure deflator is 1.3 per cent in 2009 over 2008. This is the sixth consecutive year where growth of the GDP deflator has remained below 3.0 per cent.

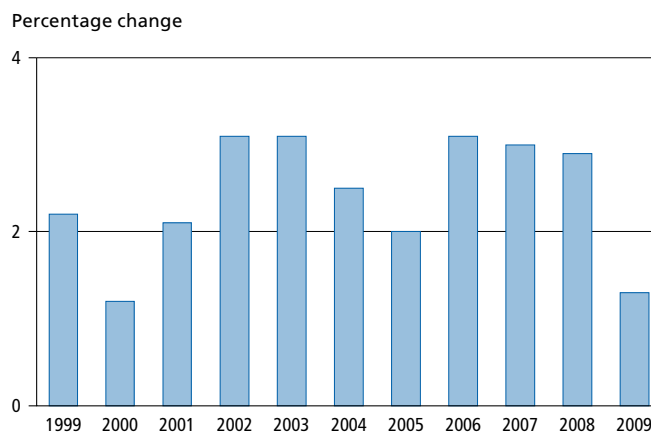
### GDP: contribution of expenditure components to growth in 2009

The fall in real GDP of 4.9 per cent in 2009 can be split amongst the various expenditure components. This table shows what effect the change in each component would have had if all other components had remained unchanged. The fall in gross fixed capital formation expenditure has been the strongest influence on negative growth. In contrast, net exports showed a positive influence on growth.

### Annual changes GDP chained volume measures



### Annual changes in the GDP market prices deflator



### Contributions to annual growth in the chained volume measure of GDP, 2009

Component	Change in GDP	
	£ million	Percentages
Household and NPISH final expenditure	-29,121	-2.1
General government final expenditure	3,631	0.3
GFCF	-34,928	-2.6
Changes in inventories	-15,541	-1.1
Net exports	11,518	0.8
Other <sup>1</sup>	-2,308	-0.2
<b>Total</b>	<b>-66,749</b>	<b>-4.9</b>

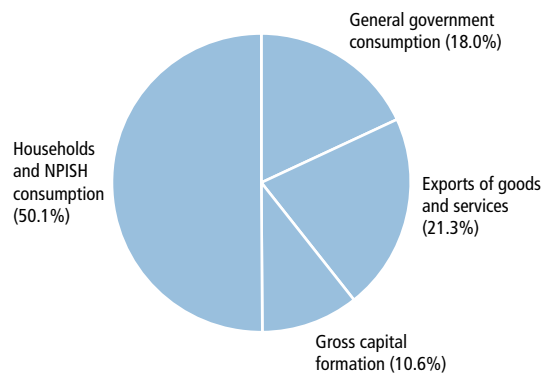
<sup>1</sup> Comprises acquisition of valuables and the statistical discrepancy between the expenditure measure and the average measure of GDP

### Gross final expenditure at current prices: share by category of expenditure

Gross final expenditure (GFE) measures the sum of final uses of goods and services produced by, or imported to, the UK. In 2009 half of the total GFE was attributed to households and NPISH final consumption (50 per cent). Exports of goods and services accounted for around 21 per cent and the remainder was split between general government consumption (18 per cent) and gross capital formation (11 per cent).

### GFE at current prices: share by category of expenditure

Per cent

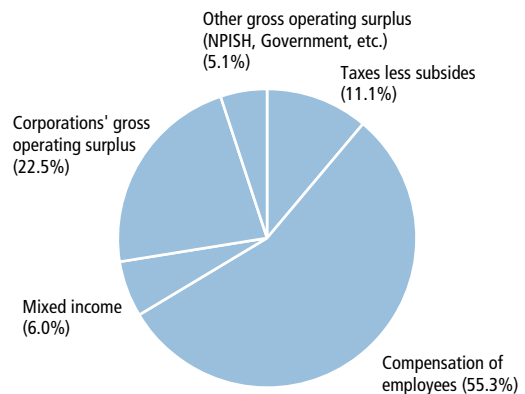


### GDP at current prices: share by category of income

The income approach to GDP measures the income earned by individuals and corporations in the production of goods and services. In 2009 over half (55 per cent) of GDP at current market prices was accounted for by compensation of employees, which is largely comprised of wages and salaries. Total operating surplus, which includes corporations' gross trading profits accounted for just over a fifth (22 per cent). Taxes and subsidies on production and imports, included to convert the estimate to market prices, accounted for 11 per cent of the remainder.

### GDP at current market prices: share by category of income

Per cent

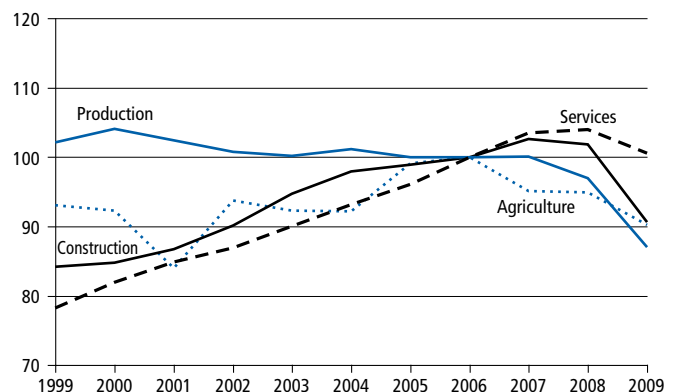


### Gross value added at basic prices, by industry

In 2009 compared to 2008, the output of the production sector fell by 10.2 per cent, while the service sector fell by 3.3 per cent. The output of the agriculture, hunting, forestry and fishing sector fell by 4.9 per cent.

### GVA at basic prices, by industry

Index 2006=100

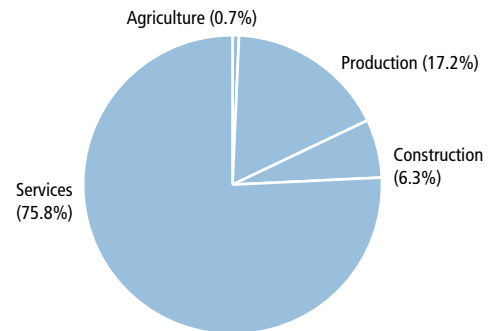


## Gross value added at basic prices, by industry, 2006

In 2006, the latest base year, just over 75 per cent of total gross value added was from the services sector, compared to 17 per cent from the production sector. Most of the remainder was attributed to the construction sector.

## Gross value added at basic prices, by industry, 2006

Per cent

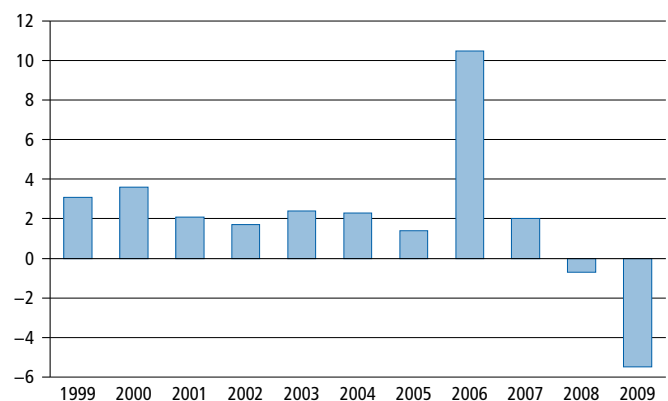


## GDP per head

GDP chained volume measures per head fell by 5.5 per cent in 2009 compared to a fall of 0.7 per cent in 2008.

## GDP per head

Percentage change



## GDP and real household disposable income

Real household disposable income (RHDI) is the total resources available to the households sector after deductions. RHDI rose by 1.8 per cent in 2009, while the chained volume measure of GDP fell by 4.9 per cent.

## Comparison of GDP and real household disposable income

Index 2006=100

