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Strong production growth in the second quarter

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Although production in industry, which includes manufacturing, construction and energy, slipped by 1.1% in June 2017 against the previous month in seasonally adjusted terms and after adjustments to reflect the number of working days, it did bounce back in the second quarter of 2017 compared to the first, expanding by 1.8%. This is the highest growth seen in a quarter-on-quarter comparison since the second quarter of 2013. In this respect, production in manufacturing rose by 1.3% in the second quarter, whereas the construction and energy sectors reported increases of 2.7% and 4.3%, respectively.

This substantial growth in production is the latest in a whole series of positive economic data reported at the beginning of the year. Real retail sales in the second quarter, for example, were up by 1.3% on the previous quarter, having barely increased in the first compared to the closing quarter of 2016. This suggests that private consumption has started to pick up again after growing by a mere 0.3% in the first quarter. Similarly, exports recorded at the beginning of the year also provided positive impetus. Average nominal exports in April and May, for instance, rose by a wholly respectable 2.2% compared to the figure seen in the first quarter of 2017. All of these developments go hand-in-hand with continued sturdy growth in employment. Given the number of people in work most recently increased by 1.5% in a year-on-year comparison, real GDP is set to grow by above the two percent mark. We now expect GDP to expand by between 0.6% and 0.7% in the second quarter compared to the first, in seasonally adjusted terms and after adjustments to reflect the number of working days,

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producing a growth figure of between 1.8% and 1.9% in a year-on-year comparison.

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