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Western European Economic Indicators and Insights

September 5, 2012

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UK: Services Recover

Steady But Sub-Par Growth?

Confounding expectations of little change, the August services PMI actually rose 2.7 points to 53.7, thereby swinging from a 19-month low to the highest reading since March, ie before the gamut of major distortions that have affected activity in the last few months. Indeed it is notable that the current-quarter average of 52.4 is little changed from that seen in Q2, underscoring the possible impact that weather and Jubilee celebrations may have had in accentuating month-to-month volatility of late.

Regardless, *the survey implies that growth in the services sector has now been sustained for 20 successive months*, and with the pace of growth being slightly below par but largely matching that of the last year save for a brief flurry higher in Q1 2012.

DE View: This more longer-term trend of sustained growth, albeit slightly below-par, is probably the one that the BoE may focus on, rather than the month-to-month volatility seen over the summer.