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Britain’s AI-Powered Growth Spurt: The Numbers Behind the UK’s Fastest Quarter in Two and a Half Years

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EXECUTIVE SUMMARY

Britain’s economy grew 0.7% in the third quarter of 2026 - its fastest in two and a half years - powered by artificial-intelligence-linked services, while the Bank of England upgraded its 2026 forecast to 1.6% even as it signalled another rate rise. This study measures the growth, the AI engine behind it, and the inflation and investment risks that now shape the outlook.

KEY RESEARCH FINDINGS & STRATEGIC OUTLOOK

Executive Summary Britain’s economy expanded 0.7% in the third quarter of 2026, the Office for National Statistics reported on Thursday, the fastest calendar-quarter growth since the first quarter of 2024 and the strongest in two and a half years. The annual rate quickened to 1.9%, the best since the final quarter of 2024, and growth was the second-fastest in the Group of Seven, behind only the United States . The expansion was powered almost entirely by services, which grew 0.9% on the quarter, with computer programming recording its fastest growth in three years as artificial-intelligence-linked businesses lifted output across the sector. Yet the headline strength hides a split: business investment grew just 0.4%, retail sales fell in September, and the Bank of England still expects to raise interest rates again in December as inflation threatens to approach 5% next year. Methodology This study rests on the Office for National Statistics’ first estimate of third-quarter gross domestic product, published on 12 November 2026, cross-checked against Reuters’ wire reporting of the release and independent market analysis of the same figures. Where the ONS and secondary reporting diverge in emphasis, for example on the size of the artificial-intelligence contribution, both readings are shown. Comparative figures come from the Bank of England’s November 2026 projections and the government’s Office for Budget Responsibility forecast published after Chancellor John Healey’s 28 October budget. Market pricing for the Bank’s December decision is drawn from overnight-indexed-swap data cited in the day’s reporting, and all growth rates are quoted quarter on quarter unless stated otherwise. Empirical Findings Growth of 0.7% in July-to-September beat the second quarter’s 0.5%

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