

Other forecasters' expectations

August 2015

Every three months, the Bank asks a sample of external forecasters for their latest economic projections. The key findings of the Bank's latest Survey of External Forecasters, conducted during July, are summarised on page 42 of the August 2015 *Inflation Report*. The tables in this document contain the average of external forecasters' central expectations, and distributions, for CPI inflation, GDP growth, the LFS unemployment rate, Bank Rate and the stock of purchased assets. They also contain the average of external forecasters' expectations for the sterling exchange rate.

This document contains five tables:

- Table 1 shows the averages of other forecasters' central projections;
- Table 2 shows other forecasters' probability distributions for CPI inflation, GDP growth and the LFS unemployment rate;
- Table 3 shows the averages of other forecasters' expectations for Bank Rate, the stock of purchased assets and the sterling exchange rate;
- Table 4 shows the averages of other forecasters' expectations for how the change in stock of purchased assets will be achieved; and
- Table 5 shows other forecasters' probability distributions for Bank Rate and the stock of purchased assets.

Table 1 Averages of other forecasters' central projections^(a)

	2016 Q3	2017 Q3	2018 Q3
CPI inflation ^(b)	1.7	2.0	2.1
GDP growth ^(c)	2.4	2.4	2.4
LFS unemployment rate	5.0	4.8	4.7

Source: Projections of outside forecasters as of 21 July 2015.

(a) For 2016 Q3, there were 23 forecasts for CPI inflation and GDP growth, and 22 for the unemployment rate. For 2017 Q3 and 2018 Q3, there were 19 forecasts for CPI inflation and GDP growth, and 18 for the unemployment rate.

(b) Twelve-month rate.

(c) Four-quarter percentage change.

Table 2 Other forecasters' probability distributions for CPI inflation, GDP growth and LFS unemployment rate^(a)

CPI inflation

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	>3%
2016 Q3	4	15	25	28	16	8	4
2017 Q3	3	9	17	26	24	13	8
2018 Q3	2	7	15	26	25	14	11

GDP growth

Probability, per cent	Range:					
	<-1%	-1–0%	0–1%	1–2%	2–3%	>3%
2016 Q3	2	4	10	23	38	23
2017 Q3	2	5	13	23	34	22
2018 Q3	3	6	13	23	33	22

LFS unemployment rate

Probability, per cent	Range:									
	<4%	4–4.5%	4.5–5%	5–5.5%	5.5–6%	6–6.5%	6.5–7%	7–7.5%	7.5–8%	>8%
2016 Q3	7	11	23	30	16	8	3	2	1	0
2017 Q3	11	13	27	23	12	8	3	2	1	0
2018 Q3	13	14	25	22	10	8	4	2	1	1

Source: Projections of outside forecasters as of 21 July 2015.

(a) For 2016 Q3, 20 forecasters provided the Bank with their assessment of the likelihood of twelve-month CPI inflation and four-quarter GDP growth falling in the ranges shown above, and 19 forecasters provided their assessments of the likelihood of the unemployment rate falling in the ranges shown above. For 2017 Q3 and 2018 Q3, 17 provided their assessment for CPI inflation and GDP growth and 16 provided their assessment for the unemployment rate. Rows may not sum to 100 due to rounding.

Table 3 Averages of other forecasters' expectations for Bank Rate, the stock of purchased assets and the sterling exchange rate^(a)

	2016 Q3	2017 Q3	2018 Q3
Bank Rate (per cent)	1.0	1.7	2.3
Stock of purchased assets (£ billions) ^(b)	365	337	301
Sterling ERI	92.1	90.5	88.4

Source: Projections of outside forecasters as of 21 July 2015.

(a) For 2016 Q3, there were 23 forecasts for Bank Rate, 13 for the stock of asset purchases and 11 for the sterling ERI. For 2017 Q3 and 2018 Q3, there were 19 forecasts for Bank Rate, 11 for the stock of asset purchases and 9 for the sterling ERI.

(b) Original purchase value. Purchased via the creation of central bank reserves.

Table 4 Averages of other forecasters' expectations for how the change in stock of purchased assets will be achieved^(a)

	2016 Q3	2017 Q3	2018 Q3
Cumulative change in stock of purchased assets (£ billions) ^(b)	-10	-36	-71
<i>of which, end of reinvestment</i>	-10	-27	-45
<i>of which, asset sales</i>	0	-9	-26

Source: Projections of outside forecasters as of 21 July 2015.

(a) This table contains the results from those who either expected the stock of purchased assets to remain at £375 billion, or who provided details of whether any change would be achieved through an end to reinvestment or through sales of assets. This group had slightly different averages for the total reduction in the stock of purchased assets compared to the sample as a whole; for 2016 Q3, the average reduction was around the same, but for both 2017 Q3 and 2018 Q3, the averages for this group were around £3 billion lower. For 2016 Q3, there were 13 forecasters in the sample. For 2017 Q3, there were 9 forecasters in the sample, and for 2018 Q3, there were 8 forecasters in the sample.

(b) Original purchase value. Purchased via the creation of central bank reserves.

Table 5 Other forecasters' probability distributions for Bank Rate and stock of purchased assets^(a)**Bank Rate**

Probability, per cent

Range:

	<0%	0–0.5%	0.5–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	3–3.5%	3.5–4%	>4%
2016 Q3	1	4	44	36	10	4	1	0	0	0
2017 Q3	1	3	13	24	31	18	7	2	1	1
2018 Q3	1	2	5	11	20	25	17	11	6	2

Stock of purchased assets

Probability, per cent

Range (£ billions):

	<225	225–275	275–325	325–375	375–425	>425
2016 Q3	0	1	4	52	42	2
2017 Q3	1	4	22	46	26	2
2018 Q3	6	16	27	28	21	2

Source: Projections of outside forecasters as of 21 July 2015.

(a) For 2016 Q3, 19 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above. For 2017 Q3 and 2018 Q3, 17 forecasters provided their assessment for Bank Rate. For 2016 Q3, 13 forecasters provided their assessment of the likelihood of the stock of purchased assets falling in the ranges shown above. For 2017 Q3 and 2018 Q3, 12 forecasters provided their assessments. Rows may not sum to 100 due to rounding.