

Other forecasters' expectations

May 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 April, are summarised on page 50 of the May 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 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 Q2	2017 Q2	2018 Q2
CPI inflation ^(b)	1.6	2.0	2.1
GDP growth ^(c)	2.5	2.4	2.4
LFS unemployment rate	5.1	4.9	4.8

Source: Projections of outside forecasters as of 29 April 2015.

(a) For 2016 Q2, there were 27 forecasts for CPI inflation and GDP growth, and 26 for the unemployment rate. For 2017 Q2, there were 23 forecasts for CPI inflation, 23 for GDP growth and 21 for the unemployment rate. For 2018 Q2, there were 23 forecasts for CPI inflation, 22 for GDP growth and 21 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 Q2	5	15	26	30	14	7	3
2017 Q2	3	10	18	26	25	12	6
2018 Q2	2	7	15	23	28	14	10

GDP growth

Probability, per cent	Range:					
	<-1%	-1–0%	0–1%	1–2%	2–3%	>3%
2016 Q2	2	4	13	22	39	20
2017 Q2	2	5	12	27	34	20
2018 Q2	3	5	12	27	31	21

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 Q2	4	10	24	31	18	7	3	1	1	0
2017 Q2	9	13	23	25	15	8	4	2	1	0
2018 Q2	12	14	20	23	15	8	4	2	1	1

Source: Projections of outside forecasters as of 29 April 2015.

(a) For 2016 Q2, 24 forecasters provided the Bank with their assessment of the likelihood of twelve-month CPI inflation falling in the ranges shown above, and 23 forecasters provided their assessments of the likelihood of four-quarter GDP growth and the unemployment rate falling in the ranges shown above. For 2017 Q2, 21 provided their assessment for CPI inflation, 20 provided their assessment for GDP growth and 19 provided their assessment for the unemployment rate. For 2018 Q2, 21 provided their assessment for CPI inflation, and 19 provided their assessment for GDP growth and 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 Q2	2017 Q2	2018 Q2
Bank Rate (per cent)	0.9	1.7	2.3
Stock of purchased assets (£ billions) ^(b)	370	343	309
Sterling ERI	91.9	92.5	91.1

Source: Projections of outside forecasters as of 29 April 2015.

(a) For 2016 Q2, there were 27 forecasts for Bank Rate, 20 for the stock of asset purchases and 15 for the sterling ERI. For 2017 Q2 and 2018 Q2, there were 23 forecasts for Bank Rate, 18 for the stock of asset purchases and 12 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 Q2	2017 Q2	2018 Q2
Cumulative change in stock of purchased assets (£ billions) ^(b)	-5	-27	-56
<i>of which, end of reinvestment</i>	-5	-23	-43
<i>of which, asset sales</i>	0	-5	-15

Source: Projections of outside forecasters as of 29 April 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 Q2, the average reduction was around the same, but for 2017 Q2, the average for this group was around £5 billion lower, and for 2018 Q2, the average for this group was around £10 billion lower. For 2016 Q2, there were 19 forecasters in the sample. For 2017 Q2, there were 13 forecasters in the sample, and for 2018 Q2, there were 12 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 Q2	2	9	53	28	6	1	0	0	0	0
2017 Q2	1	4	14	26	30	16	6	2	1	0
2018 Q2	1	3	7	11	19	25	17	11	4	2

Stock of purchased assets

Probability, per cent	Range (£ billions):					
	<225	225–275	275–325	325–375	375–425	>425
2016 Q2	0	1	2	34	60	3
2017 Q2	1	3	20	39	35	2
2018 Q2	7	14	21	30	25	3

Source: Projections of outside forecasters as of 29 April 2015.

(a) For 2016 Q2, 22 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above. For 2017 Q2, 20 forecasters provided their assessment for Bank Rate. For 2018 Q2, 19 forecasters provided their assessment for Bank Rate. For 2016 Q2, 16 forecasters provided their assessment of the likelihood of the stock of purchased assets falling in the ranges shown above. For 2017 Q2 and 2018 Q2, 15 forecasters provided their assessments. Rows may not sum to 100 due to rounding.