

# Other forecasters' expectations

## November 2017

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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 October, are summarised on page 44 of the November 2017 *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, the stock of purchased gilts and the stock of purchased corporate bonds. 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 gilts, the stock of purchased corporate bonds and the sterling exchange rate;
- Table 4 shows the averages of other forecasters' expectations for how the change in stock of purchased gilts will be achieved; and
- Table 5 shows other forecasters' probability distributions for Bank Rate, the stock of purchased gilts and the stock of purchased corporate bonds.

**Table 1** Averages of other forecasters' central projections<sup>(a)</sup>

	2018 Q4	2019 Q4	2020 Q4
CPI inflation <sup>(b)</sup>	2.3	2.1	1.9
GDP growth <sup>(c)</sup>	1.4	1.5	1.8
LFS unemployment rate	4.6	4.7	4.9

Source: Projections of outside forecasters as of 20 October 2017.

(a) For 2018 Q4, there were 17 forecasts for CPI inflation, 17 for GDP growth and 15 for the unemployment rate. For 2019 Q4, there were 13 forecasts for CPI inflation, 13 for GDP growth and 12 for the unemployment rate. For 2020 Q4, there were 12 forecasts for CPI inflation, 11 for GDP growth and 10 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 the LFS unemployment rate<sup>(a)</sup>

### CPI inflation

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	≥3%
2018 Q4	1	4	8	19	35	25	8
2019 Q4	1	4	11	26	36	17	6
2020 Q4	2	5	15	36	26	11	6

### GDP growth

Probability, per cent	Range:						
	<-1%	-1–0%	0–1%	1–2%	2–3%	≥3%	
2018 Q4		3	7	29	41	14	6
2019 Q4		3	8	29	40	15	5
2020 Q4		3	7	18	40	28	4

### 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%
2018 Q4	14	27	26	18	9	3	1	1	0	0
2019 Q4	12	21	19	14	21	9	2	1	0	0
2020 Q4	8	15	15	23	21	11	4	2	1	1

Source: Projections of outside forecasters as of 20 October 2017.

(a) For 2018 Q4, 13 forecasters provided the Bank with their assessment of the likelihood of twelve-month CPI inflation falling in the ranges shown above, 13 provided for four-quarter GDP growth falling in the ranges shown above and 13 forecasters provided for the unemployment rate falling in the ranges shown above. For 2019 Q4, 11 forecasters provided for CPI inflation, 11 provided for four-quarter GDP growth and 11 forecasters provided for the unemployment rate. For 2020 Q4, 10 forecasters provided for CPI inflation, 9 provided for four-quarter GDP growth and 9 forecasters provided 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 gilts, the stock of purchased corporate bonds and the sterling exchange rate<sup>(a)</sup>

	2018 Q4	2019 Q4	2020 Q4
Bank Rate (per cent)	0.7	0.9	1.1
Stock of purchased gilts (£ billions) <sup>(b)</sup>	440	440	442
Stock of purchased corporate bonds (£ billions) <sup>(b)</sup>	11	11	11
Sterling ERI	75.5	75.6	76.2

Source: Projections of outside forecasters as of 20 October 2017.

(a) For 2018 Q4, there were 15 forecasts for Bank Rate, 12 for the stock of purchased gilts, 10 for the stock of purchased corporate bonds and 7 for the sterling ERI. For 2019 Q4, there were 14 forecasts for Bank Rate, 11 for the stock of purchased gilts, 9 for the stock of purchased corporate bonds and 6 for the sterling ERI. For 2020 Q4, there were 12 forecasts for Bank Rate, 9 for the stock of purchased gilts, 7 for the stock of purchased corporate bonds and 6 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 gilts will be achieved<sup>(a)</sup>

	2018 Q4	2019 Q4	2020 Q4
Cumulative change in stock of purchased gilts (£ billions)	0	0	0
<i>of which, gilt purchases</i>	0	0	0
<i>of which, end of reinvestment</i>	0	0	0
<i>of which, asset sales</i>	0	0	0

Source: Projections of outside forecasters as of 20 October 2017.

(a) This table contains the results from those respondents who either expected the stock of purchased gilts to remain at £435 billion or who provided details of how any change would be achieved through gilt purchases, an end to reinvestment, or through sales of assets. This group had broadly similar averages for the total change in the stock of purchased assets compared to the sample as a whole for 2018 Q4, 2019 Q4 and 2020 Q4. For 2018 Q4, there were 11 forecasters in this sample, 10 for 2019 Q4 and 8 for 2020 Q4. Original purchase value. Purchased via the creation of central bank reserves. The 'of which' rows below may not sum to the 'cumulative change' row due to rounding.

**Table 5** Other forecasters' probability distributions for Bank Rate, the stock of purchased gilts and the stock of purchased corporate bonds<sup>(a)</sup>**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%
2018 Q4	1	33	40	20	4	1	0	0	0	0
2019 Q4	1	22	32	28	13	3	1	0	0	0
2020 Q4	2	15	28	21	21	10	2	1	0	0

**Stock of purchased gilts**

Probability, per cent	Range (£ billions):							
	<225	225–275	275–325	325–375	375–425	425–475	475–525	≥525
2018 Q4	0	0	1	1	5	74	17	3
2019 Q4	0	0	1	2	11	65	17	4
2020 Q4	0	0	1	3	18	58	17	3

**Stock of purchased corporate bonds**

Probability, per cent	Range (£ billions):					
	<2	2–5	5–10	10–15	15–20	≥20
2018 Q4	4	2	17	70	5	2
2019 Q4	4	3	19	65	5	3
2020 Q4	5	3	21	62	4	4

Source: Projections of outside forecasters as of 20 October 2017.

(a) For 2018 Q4, 11 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above, 8 provided for the stock of purchased gilts falling in the ranges shown above and 7 forecasters provided for the stock of purchased corporate bonds falling in the ranges shown above. For 2019 Q4, 11 provided for Bank Rate, 8 provided for the stock of purchased gilts and 7 provided for the stock of purchased corporate bonds. For 2020 Q4, 9 provided for Bank Rate, 7 provided for the stock of purchased gilts and 6 provided for the stock of purchased corporate bonds. Rows may not sum to 100 due to rounding.