

# Other forecasters' expectations

## February 2018

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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 January, are summarised in Box 7 of the February 2018 *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>

	2019 Q1	2020 Q1	2021 Q1
CPI inflation <sup>(b)</sup>	2.2	2.0	2.0
GDP growth <sup>(c)</sup>	1.4	1.5	1.7
LFS unemployment rate	4.5	4.6	4.8

Source: Projections of outside forecasters as of 29 January 2018.

(a) For 2019 Q1, there were 23 forecasts for CPI inflation, 23 for GDP growth and 19 for the unemployment rate. For 2020 Q1, there were 18 forecasts for CPI inflation, 17 for GDP growth and 15 for the unemployment rate. For 2021 Q1, there were 16 forecasts for CPI inflation, 16 for GDP growth and 13 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)(b)</sup>

### CPI inflation

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	≥3%
2019 Q1	1	4	10	23	33	18	10
2020 Q1	2	6	13	27	26	18	8
2021 Q1	3	7	21	22	26	14	6

### GDP growth

Probability, per cent	Range:						
	<-1%	-1–0%	0–1%	1–2%	2–3%	≥3%	
2019 Q1		3	8	25	37	19	8
2020 Q1		3	8	23	38	21	8
2021 Q1		4	8	18	37	24	9

### 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%
2019 Q1	13	28	30	15	7	3	1	1	0	0
2020 Q1	10	23	23	24	11	5	3	1	0	0
2021 Q1	9	15	21	22	19	9	4	2	1	0

Source: Projections of outside forecasters as of 29 January 2018.

(a) For 2019 Q1, 18 forecasters provided the Bank with their assessment of the likelihood of twelve-month CPI inflation falling in the ranges shown above, 18 provided for four-quarter GDP growth falling in the ranges shown above and 16 forecasters provided for the unemployment rate falling in the ranges shown above. For 2020 Q1, 16 forecasters provided for CPI inflation, 15 provided for four-quarter GDP growth and 14 forecasters provided for the unemployment rate. For 2021 Q1, 14 forecasters provided for CPI inflation, 14 provided for four-quarter GDP growth and 12 forecasters provided for the unemployment rate. Rows may not sum to 100 due to rounding.

(b) Projections on the boundary of these ranges are included in the upper range, for example a projection of inflation being 2% is in the 2–2.5% range.

**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>

	2019 Q1	2020 Q1	2021 Q1
Bank Rate (per cent)	0.7	1.0	1.2
Stock of purchased gilts (£ billions) <sup>(b)</sup>	435	435	430
Stock of purchased corporate bonds (£ billions) <sup>(b)</sup>	10	10	10
Sterling ERI	76.5	75.6	75.7

Source: Projections of outside forecasters as of 29 January 2018.

(a) For 2019 Q1, there were 21 forecasts for Bank Rate, 15 for the stock of purchased gilts, 12 for the stock of purchased corporate bonds and 13 for the sterling ERI. For 2020 Q1, there were 19 forecasts for Bank Rate, 14 for the stock of purchased gilts, 11 for the stock of purchased corporate bonds and 10 for the sterling ERI. For 2021 Q1, there were 17 forecasts for Bank Rate, 13 for the stock of purchased gilts, 10 for the stock of purchased corporate bonds and 10 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>

	2019 Q1	2020 Q1	2021 Q1
Cumulative change in stock of purchased gilts (£ billions)	0	0	-3
<i>of which, gilt purchases</i>	0	0	0
<i>of which, end of reinvestment</i>	0	0	-3
<i>of which, asset sales</i>	0	0	0

Source: Projections of outside forecasters as of 29 January 2018.

(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 2019 Q1, 2020 Q1 and 2021 Q1. For 2019 Q1, there were 15 forecasters in this sample, 14 for 2020 Q1 and 12 for 2021 Q1. 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)(b)</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%
2019 Q1	2	15	55	22	4	1	1	0	0	0
2020 Q1	2	14	30	27	15	7	3	1	1	0
2021 Q1	2	14	24	19	17	11	5	4	2	1

**Stock of purchased gilts**

Probability, per cent	Range (£ billions):							
	<225	225–275	275–325	325–375	375–425	425–475	475–525	≥525
2019 Q1	0	0	0	1	5	80	10	2
2020 Q1	0	0	0	2	9	72	13	4
2021 Q1	0	0	1	4	16	59	13	6

**Stock of purchased corporate bonds**

Probability, per cent	Range (£ billions):					
	<2	2–5	5–10	10–15	15–20	≥20
2019 Q1	3	2	16	71	6	2
2020 Q1	4	4	15	66	8	3
2021 Q1	6	6	18	55	9	5

Source: Projections of outside forecasters as of 29 January 2018.

- (a) For 2019 Q1, 15 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above, 11 provided for the stock of purchased gilts falling in the ranges shown above and 9 forecasters provided for the stock of purchased corporate bonds falling in the ranges shown above. For 2020 Q1, 15 provided for Bank Rate, 11 provided for the stock of purchased gilts and 9 provided for the stock of purchased corporate bonds. For 2021 Q1, 13 provided for Bank Rate, 10 provided for the stock of purchased gilts and 8 provided for the stock of purchased corporate bonds. Rows may not sum to 100 due to rounding.
- (b) Projections on the boundary of these ranges are included in the upper range, for example a projection of Bank Rate being 0.5% is in the 0.5–1% range.