

Other forecasters' expectations

February 2019

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 6 of the February 2019 *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^(a)

	2020 Q1	2021 Q1	2022 Q1
CPI inflation ^(b)	2.0	2.0	2.0
GDP growth ^(c)	1.5	1.7	1.7
LFS unemployment rate	4.2	4.5	4.6

Source: Projections of outside forecasters as of 25 January 2019.

(a) For 2020 Q1, there were 20 forecasts for CPI inflation, 19 for GDP growth and 16 for the unemployment rate. For 2021 Q1, there were 16 forecasts for CPI inflation, 14 for GDP growth and 13 for the unemployment rate. For 2022 Q1, there were 15 forecasts for CPI inflation, 14 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^{(a)(b)}**CPI inflation**

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	≥3%
2020 Q1	1	3	11	29	36	14	5
2021 Q1	1	4	12	33	31	15	5
2022 Q1	2	5	14	28	29	16	6

GDP growth

Probability, per cent	Range:						
	<-1%	-1–0%	0–1%	1–2%	2–3%	≥3%	
2020 Q1		2	8	21	47	17	4
2021 Q1		3	7	20	43	21	6
2022 Q1		3	8	20	41	22	7

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%
2020 Q1	21	38	21	13	4	1	0	0	0	0
2021 Q1	15	29	26	16	12	3	0	0	0	0
2022 Q1	14	27	23	17	14	4	1	0	0	0

Source: Projections of outside forecasters as of 25 January 2019.

(a) For 2020 Q1, 18 forecasters provided the Bank with their assessment of the likelihood of 12-month CPI inflation falling in the ranges shown above, 17 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 2021 Q1, 15 forecasters provided for CPI inflation, 13 provided for four-quarter GDP growth and 12 forecasters provided for the unemployment rate. For 2022 Q1, 14 forecasters provided for CPI inflation, 13 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^(a)

	2020 Q1	2021 Q1	2022 Q1
Bank Rate (per cent)	1.1	1.4	1.6
Stock of purchased gilts (£ billions) ^(b)	435	429	414
Stock of purchased corporate bonds (£ billions) ^(b)	10	10	10
Sterling ERI	80.5	79.7	79.8

Source: Projections of outside forecasters as of 25 January 2019.

(a) For 2020 Q1, there were 19 forecasts for Bank Rate, 12 for the stock of purchased gilts, 10 for the stock of purchased corporate bonds and 11 for the sterling ERI. For 2021 Q1, there were 15 forecasts for Bank Rate, 9 for the stock of purchased gilts, 7 for the stock of purchased corporate bonds and 10 for the sterling ERI. For 2022 Q1, there were 15 forecasts for Bank Rate, 9 for the stock of purchased gilts, 7 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^(a)

	2020 Q1	2021 Q1	2022 Q1
Cumulative change in stock of purchased gilts (£ billions)	0	-6	-21
<i>of which, gilt purchases</i>	0	0	0
<i>of which, end of reinvestment</i>	0	3	15
<i>of which, asset sales</i>	0	3	5

Source: Projections of outside forecasters as of 25 January 2019.

(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 2020 Q1, 2021 Q1 and 2022 Q1. For 2020 Q1, there were 12 forecasters in this sample, 9 for 2021 Q1 and 9 for 2022 Q1. Original purchase value. Purchased via the creation of central bank reserves. The 'of which' rows 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^{(a)(b)}**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%
2020 Q1	1	9	29	44	12	3	1	0	0	0
2021 Q1	1	8	22	31	21	8	5	3	1	1
2022 Q1	1	7	18	26	20	13	8	5	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
2020 Q1	0	0	0	0	6	85	8	1
2021 Q1	0	0	0	2	17	66	12	2
2022 Q1	0	0	3	10	18	57	10	2

Stock of purchased corporate bonds

Probability, per cent	Range (£ billions):					
	<2	2–5	5–10	10–15	15–20	≥20
2020 Q1	2	3	19	71	5	1
2021 Q1	4	3	16	67	8	2
2022 Q1	5	3	17	64	8	4

Source: Projections of outside forecasters as of 25 January 2019.

- (a) For 2020 Q1, 17 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above, 12 provided for the stock of purchased gilts falling in the ranges shown above and 10 forecasters provided for the stock of purchased corporate bonds falling in the ranges shown above. For 2021 Q1, 14 provided for Bank Rate, 9 provided for the stock of purchased gilts and 7 provided for the stock of purchased corporate bonds. For 2022 Q1, 14 provided for Bank Rate, 9 provided for the stock of purchased gilts and 7 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.