

# Other forecasters' expectations

## May 2019

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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 April, are summarised in Box 7 of the May 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<sup>(a)</sup>

	2020 Q2	2021 Q2	2022 Q2
CPI inflation <sup>(b)</sup>	2.0	1.9	1.8
GDP growth <sup>(c)</sup>	1.4	1.6	1.7
LFS unemployment rate	4.3	4.4	4.4

Source: Projections of outside forecasters as of 19 April 2019.

(a) For 2020 Q2, there were 15 forecasts for CPI inflation, 15 for GDP growth and 13 for the unemployment rate. For 2021 Q2, there were 13 forecasts for CPI inflation, 13 for GDP growth and 12 for the unemployment rate. For 2022 Q2, there were 10 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)(b)</sup>**CPI inflation**

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	≥3%
2020 Q2	1	5	12	32	32	12	6
2021 Q2	3	7	15	33	24	13	6
2022 Q2	3	8	15	31	23	13	7

**GDP growth**

Probability, per cent	Range:						
	<-1%	-1–0%	0–1%	1–2%	2–3%	≥3%	
2020 Q2		2	7	21	49	17	4
2021 Q2		3	7	19	44	22	6
2022 Q2		4	8	18	38	25	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 Q2	23	39	20	13	4	1	0	0	0	0
2021 Q2	21	30	19	15	11	3	1	0	0	0
2022 Q2	20	24	18	16	15	5	2	1	0	0

Source: Projections of outside forecasters as of 19 April 2019.

(a) For 2020 Q2, 14 forecasters provided the Bank with their assessment of the likelihood of 12-month CPI inflation falling in the ranges shown above, 14 provided for four-quarter GDP growth falling in the ranges shown above and 12 forecasters provided for the unemployment rate falling in the ranges shown above. For 2021 Q2, 14 forecasters provided for CPI inflation, 14 provided for four-quarter GDP growth and 12 forecasters provided for the unemployment rate. For 2022 Q2, 12 forecasters provided for CPI inflation, 12 provided for four-quarter GDP growth and 10 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>

	2020 Q2	2021 Q2	2022 Q2
Bank Rate (per cent)	1.0	1.3	1.5
Stock of purchased gilts (£ billions) <sup>(b)</sup>	435	434	427
Stock of purchased corporate bonds (£ billions) <sup>(b)</sup>	10	10	10
Sterling ERI	80.9	81.5	81.4

Source: Projections of outside forecasters as of 19 April 2019.

(a) For 2020 Q2, there were 15 forecasts for Bank Rate, 10 for the stock of purchased gilts, 10 for the stock of purchased corporate bonds and 8 for the sterling ERI. For 2021 Q2, there were 14 forecasts for Bank Rate, 10 for the stock of purchased gilts, 9 for the stock of purchased corporate bonds and 8 for the sterling ERI. For 2022 Q2, there were 12 forecasts for Bank Rate, 9 for the stock of purchased gilts, 7 for the stock of purchased corporate bonds and 7 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>

	2020 Q2	2021 Q2	2022 Q2
Cumulative change in stock of purchased gilts (£ billions)	0	-2	-8
<i>of which, gilt purchases</i>	0	1	1
<i>of which, end of reinvestment</i>	0	-2	-6
<i>of which, asset sales</i>	0	-1	-1

Source: Projections of outside forecasters as of 19 April 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 Q2, 2021 Q2 and 2022 Q2. For 2020 Q2, there were 10 forecasters in this sample, 10 for 2021 Q2 and 9 for 2022 Q2. 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<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%
2020 Q2	1	11	42	33	8	4	1	0	0	0
2021 Q2	1	10	27	31	17	6	4	3	1	0
2022 Q2	1	10	22	26	15	12	7	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
2020 Q2	0	0	0	1	7	83	7	1
2021 Q2	0	0	1	3	15	69	10	2
2022 Q1	0	0	1	5	22	56	12	4

**Stock of purchased corporate bonds**

Probability, per cent	Range (£ billions):					
	<2	2–5	5–10	10–15	15–20	≥20
2020 Q2	2	3	16	74	4	2
2021 Q2	4	4	17	68	6	2
2022 Q2	6	5	22	56	5	6

Source: Projections of outside forecasters as of 19 April 2019.

- (a) For 2020 Q2, 13 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above, 9 provided for the stock of purchased gilts falling in the ranges shown above and 8 forecasters provided for the stock of purchased corporate bonds falling in the ranges shown above. For 2021 Q2, 13 provided for Bank Rate, 9 provided for the stock of purchased gilts and 8 provided for the stock of purchased corporate bonds. For 2022 Q2, 11 provided for Bank Rate, 8 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.