

UNITED KINGDOM - ECONOMIC SURVEY - JULY 2017

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ECONOMIC FORECASTS (CALENDAR YEAR BASIS)

DEADLINE

July 10

*(average % change on previous CALENDAR year)

| | | | |
|---|-------|-----|-----|
| Gross Domestic Product, Chained 2012 Prices* | 1.8 | 1.3 | 0.6 |
| Household Final Consumption Expenditure, Chained 2012 prices* | 2.8 | 1.6 | 0.4 |
| Gross Fixed Capital Formation, Chained 2012 prices* | 0.5 | 3.6 | 2.9 |
| Private Non-Financial Corps Trading Profits (excluding North Sea)* | 8.1 | 4.0 | 0.0 |
| Manufacturing Production, 2013=100* | 0.7 | 1.2 | 0.5 |
| Retail Price Index, "underlying (ex-MIPs)" or RPI-X, January 13, 1987=100* | 1.9 | 3.2 | 3.6 |
| Consumer Prices Index (Previously HICP), 2015 = 100* | 0.7 | 2.5 | 3.0 |
| Manufacturing Output Prices, 2010=100* | 0.4 | 3.2 | 3.5 |
| Average Weekly Earnings, Whole Economy, Total Pay* | 2.4 | 3.5 | 4.0 |
| Unemployment Rate (Labour Force Survey measure) | 4.9 | 4.8 | 5.3 |
| Current Account, £bn | -84.5 | -70 | -50 |
| Public Sector Net Borrowing - excl. Financial Interventions (PSNB ex) (fiscal years (April-March), £bn) | 46.6 | 60 | 50 |

SPECIAL QUESTION - LONG-TERM FORECASTS

(average)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023-27 |
|---|-------|------|------|-------|-------|-------|-------|---------|
| Gross Domestic Product, Chained 2012 Prices* | 1.8 | 1.3 | 0.6 | 0.7 | 1.5 | 2.2 | 2.4 | 2.2 |
| Household Final Consumption Expenditure, Chained 2012 prices* | 2.8 | 1.6 | 0.4 | 0.4 | 0.5 | 1.5 | 1.7 | 1.5 |
| Gross Fixed Capital Formation, Chained 2012 prices* | 0.5 | 3.6 | 2.9 | -1.0 | 1.5 | 2.0 | 2.0 | 2.0 |
| Private Non-Financial Corps Trading Profits (excluding North Sea)* | 8.1 | 4.0 | 0.0 | | | | | |
| Manufacturing Production, 2013=100* | 0.7 | 1.2 | 0.5 | -0.3 | 0.7 | 1.2 | 1.4 | 1.4 |
| Retail Price Index, "underlying (ex-MIPs)" or RPI-X, January 13, 1987=100* | 1.9 | 3.2 | 3.6 | 4.0 | 4.5 | 4.5 | 4.0 | 3.5 |
| Consumer Prices Index (Previously HICP), 2015 = 100* | 0.7 | 2.5 | 3.0 | 3.5 | 4.0 | 4.0 | 3.5 | 3.0 |
| Manufacturing Output Prices, 2010=100* | 0.4 | 3.2 | 3.5 | | | | | |
| Average Weekly Earnings, Whole Economy, Total Pay* | 2.4 | 3.5 | 4.0 | | | | | |
| Unemployment Rate (Labour Force Survey measure) | 4.9 | 4.8 | 5.3 | | | | | |
| Current Account, £bn | -84.5 | -70 | -50 | -35.0 | -30.0 | -25.0 | -25.0 | -25.0 |
| Public Sector Net Borrowing - excl. Financial Interventions (PSNB ex) (fiscal years (April-March), £bn) | 46.6 | 60 | 50 | | | | | |

INTEREST RATE FORECASTS

| | | | |
|--|-----|-----|-----|
| 3 month Interbank Interest Rate, % | 0.3 | 0.5 | 0.6 |
| Yield on Benchmark 10 Year Gilts (1.25%, July 2027), % | 1.3 | 1.5 | 1.8 |

| | 2019 | 2020 | 2021 | 2022 | 2023-27 |
|--|------|------|------|------|---------|
| 3 month Interbank Interest Rate, % | 1.4 | 2.3 | 2.5 | 2.5 | 2.5 |
| Yield on Benchmark 10 Year Gilts (1.25%, July 2027), % | 2.7 | 3.6 | 3.4 | 3.0 | 3.0 |

EXCHANGE RATES AND OIL PRICES

| | Latest | End Aug '17 | End Oct '17 | End Jul '18 | End Jul '19 |
|------------------------------|--------|-------------|-------------|-------------|-------------|
| Japanese Yen/US Dollar | 113.3 | 113.0 | 116.0 | 118.0 | 120.0 |
| US Dollars/Euro | 1.137 | 1.140 | 1.160 | 1.180 | 1.200 |
| US Dollars/UK Pound | 1.294 | 1.270 | 1.290 | 1.330 | 1.370 |
| Canadian Dollars/US Dollar | 1.300 | 1.320 | 1.300 | 1.280 | 1.250 |
| Oil Price, BRENT - US \$/bbl | 49.6 | na | 48.0 | 55.0 | na |

MONETARY POLICY EVALUATION

What probability do you attach to a Bank of England repo rate change at or before the August 3, 2017 meeting?

| | | | | | | | | | | |
|----------|------|---|-----------|------|---|----------|--|---|-------|------|
| INCREASE | 10.0 | + | NO CHANGE | 90.0 | + | DECREASE | | = | Total | 100% |
|----------|------|---|-----------|------|---|----------|--|---|-------|------|

And what, if any, CHANGES in rates do you expect?

| | | | | | | | | |
|----------|------|---|----|--|---|----------|--|---|
| INCREASE | 0.25 | % | OR | | % | DECREASE | | % |
|----------|------|---|----|--|---|----------|--|---|

Where do you estimate the Official Bank rate (currently 0.25%) will be at the end of the next 4 quarters?

| | | | | |
|---------------------|--------------|--------------|--------------|---------------|
| Official Bank rate: | Sep 30, 2017 | Dec 31, 2017 | Mar 31, 2018 | June 30, 2018 |
| | 0.25 % | 0.5 % | 0.5 % | 0.5 % |

SPECIAL QUESTION 2 - Economic Policy Evaluation

| In your opinion: | With reference to the coming twelve months: |
|---|--|
| IS monetary policy currently: | WILL monetary policy be(come): |
| too restrictive? <input type="checkbox"/> (tick) | more restrictive? <input checked="" type="checkbox"/> (tick) |
| about right? <input type="checkbox"/> one | left unchanged? <input type="checkbox"/> one |
| too stimulative? <input checked="" type="checkbox"/> box | more stimulative? <input type="checkbox"/> box |
| IS fiscal policy currently: | WILL fiscal policy be(come): |
| too restrictive? <input checked="" type="checkbox"/> (tick) | more restrictive? <input type="checkbox"/> (tick) |
| about right? <input type="checkbox"/> one | left unchanged? <input type="checkbox"/> one |
| too stimulative? <input type="checkbox"/> box | more stimulative? <input checked="" type="checkbox"/> box |
| | SHOULD monetary policy be(come): |
| | more restrictive? <input checked="" type="checkbox"/> (tick) |
| | left unchanged? <input type="checkbox"/> one |
| | more stimulative? <input checked="" type="checkbox"/> box |

List the economic/political factors that are influential in shaping your macroeconomic forecasts for 2017 and 2018.

| | |
|--|---------------------------------|
| (i) MOST FAVOURABLE FACTORS: | (ii) MOST UNFAVOURABLE FACTORS: |
| Ongoing support from easy credit and weak currency | household income squeeze |
| | deferred/cancelled capex |
| | tightening credit conditions |

Please comment on your forecasts by adding a message into the body of your e-mail