

UNITED KINGDOM - ECONOMIC SURVEY - SEPTEMBER 2017



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ECONOMIC FORECASTS (CALENDAR YEAR BASIS) **DEADLINE**
September 11

**(average % change on previous CALENDAR year)*

| | 2016 | 2017 | 2018 |
|--|-------|------|------|
| Gross Domestic Product, Chained 2012 Prices* | 1.8 | 1.4 | 1.0 |
| Household Final Consumption Expenditure, Chained 2012 prices* | 2.8 | 1.6 | 0.3 |
| Gross Fixed Capital Formation, Chained 2012 prices* | 0.5 | 2.2 | 2.4 |
| 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 | 2.7 | 4.0 |
| Unemployment Rate (Labour Force Survey measure) | 4.9 | 4.5 | 4.6 |
| Current Account, £bn | -84.5 | -70 | -50 |

*Please Note *Change* to Variable, previously PSNCR:*

| | | | |
|---|------|----|----|
| Public Sector Net Borrowing - excl. Financial Interventions (PSNB ex) (fiscal years (April-March), £bn) | 45.1 | 50 | 60 |
|---|------|----|----|

INTEREST RATE FORECASTS

| | Latest | End Dec '17 | End Sep '18 |
|--|--------|-------------|-------------|
| 3 month Interbank Interest Rate, % | 0.3 | 0.5 | 0.6 |
| Yield on Benchmark 10 Year Gilts (1.25%, July 2027), % | 1.1 | 1.5 | 1.8 |

EXCHANGE RATES AND OIL PRICES

| | Latest | End Oct '17 | End Dec '17 | End Sep '18 | End Sep '19 |
|------------------------------|--------|-------------|-------------|-------------|-------------|
| Japanese Yen/US Dollar | 109.5 | 113.0 | 116.0 | 118.0 | 120.0 |
| US Dollars/Euro | 1.191 | 1.200 | 1.200 | 1.220 | 1.250 |
| US Dollars/UK Pound | 1.296 | 1.320 | 1.320 | 1.340 | 1.370 |
| Canadian Dollars/US Dollar | 1.242 | 1.230 | 1.220 | 1.210 | 1.200 |
| Oil Price, BRENT - US \$/bbl | 50.3 | 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 **November 2, 2017** meeting?

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

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

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

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

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

SPECIAL QUESTION - Quarterly Forecasts

In addition to the forecasts above, please give quarterly forecasts for the variables listed below for the period given (showing the % change over the SAME QUARTER of the PREVIOUS YEAR).

(all definitions as above)

| | 1Q,'17 | 2Q,'17 | 3Q,'17 | 4Q,'17 | 1Q,'18 | 2Q,'18 | 3Q,'18 | 4Q,'18 | 1Q,'19 | 2Q,'19 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Real GDP* | 2.0 | 1.7 | 0.9 | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 |
| Household Consumption* | 2.6 | 2.0 | 1.2 | 0.8 | 0.4 | 0.4 | 0.3 | 0.2 | 0.2 | 0.3 |
| Manufacturing Production* | 2.5 | 0.2 | 0.8 | 1.1 | 0.7 | 0.6 | 0.4 | 0.3 | 0.3 | 0.3 |
| Underlying Retail Prices* (1) | 3.3 | 3.8 | 3.1 | 2.7 | 3.5 | 3.6 | 3.7 | 3.6 | 3.5 | 3.4 |
| Consumer Prices (CPI)* | 2.2 | 2.8 | 2.8 | 2.6 | 3.2 | 3.1 | 3.0 | 2.8 | 2.7 | 2.6 |
| 3 mth Interbank, %, end qtr | 0.3 | 0.3 | 0.5 | 0.5 | 0.7 | 1.0 | 1.1 | 1.2 | 1.2 | 1.2 |

(1) excludes MIPs i.e. RPI-X

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

Annual vs. Quarterly Forecasts Reconciliation

Annual Forecast (Average of 4 Quarters)

| | 2017 | 2018 |
|-------------------------------|-----------|-----------|
| Real GDP* | 1.4 (1.3) | 1.0 (0.7) |
| Household Consumption* | 1.6 (1.6) | 0.3 (0.3) |
| Manufacturing Production* | 1.2 (1.2) | 0.5 (0.5) |
| Underlying Retail Prices* (1) | 3.2 (3.2) | 3.6 (3.6) |
| Consumer Prices (CPI)* | 2.5 (2.6) | 3.0 (3.0) |