

Other forecasters' expectations

November 2016

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 October, are summarised on page 45 of the November 2016 *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)

	2017 Q4	2018 Q4	2019 Q4
CPI inflation ^(b)	2.6	2.5	2.1
GDP growth ^(c)	0.9	1.6	1.9
LFS unemployment rate	5.6	5.8	5.8

Source: Projections of outside forecasters as of 24 October 2016.

(a) For 2017 Q4, there were 22 forecasts for CPI inflation and for GDP growth, and 20 for the unemployment rate. For 2018 Q4, there were 19 forecasts for CPI inflation and for GDP growth, and 17 for the unemployment rate. For 2019 Q4, there were 18 forecasts for CPI inflation and GDP growth, and 17 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 LFS unemployment rate^(a)

CPI inflation

Probability, per cent	Range:						
	<0%	0–1%	1–1.5%	1.5–2%	2–2.5%	2.5–3%	>3%
2017 Q4	1	3	6	13	22	27	26
2018 Q4	1	5	9	16	22	26	20
2019 Q4	2	7	14	24	23	17	12

GDP growth

Probability, per cent	Range:						
	<-1%	-1–0%	0–1%	1–2%	2–3%	>3%	
2017 Q4		7	14	34	28	13	4
2018 Q4		5	11	24	32	20	9
2019 Q4		5	10	20	26	25	13

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%
2017 Q4	2	4	11	29	31	13	6	3	2	1
2018 Q4	1	2	8	21	27	23	9	5	3	2
2019 Q4	1	2	8	20	22	17	12	11	4	2

Source: Projections of outside forecasters as of 24 October 2016.

(a) For 2017 Q4, 18 forecasters provided the Bank with their assessment of the likelihood of twelve-month CPI inflation and four-quarter GDP growth falling in the ranges shown above, and 17 forecasters provided their assessments of the likelihood of the unemployment rate falling in the ranges shown above. For 2018 Q4, 17 provided their assessment for CPI inflation, 18 provided their assessment for GDP growth and 16 provided their assessment for the unemployment rate. For 2019 Q4, 17 provided their assessment for CPI inflation and GDP growth, and 16 provided their assessment for the unemployment rate. Rows may not sum to 100 due to rounding.

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)

	2017 Q4	2018 Q4	2019 Q4
Bank Rate (per cent)	0.2	0.2	0.4
Stock of purchased gilts (£ billions) ^(b)	466	469	475
Stock of purchased corporate bonds (£ billions) ^(b)	11	12	13
Sterling ERI	76.2	77.7	77.1

Source: Projections of outside forecasters as of 24 October 2016.

(a) For 2017 Q4, there were 22 forecasts for Bank Rate, 18 for the stock of purchased gilts, 13 for the stock of purchased corporate bonds and 13 for the sterling ERI. For 2018 Q4, there were 20 forecasts for Bank Rate, 17 for the stock of purchased gilts, 13 for the stock of purchased corporate bonds and 13 for the sterling ERI. For 2019 Q4, there were 18 forecasts for Bank Rate, 16 for the stock of purchased gilts, 12 for the stock of purchased corporate bonds and 12 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)

	2017 Q4	2018 Q4	2019 Q4
Cumulative change in stock of purchased gilts (£ billions) ^(b)	31	34	40
<i>of which, gilt purchases</i>	6	9	14
<i>of which, end of reinvestment</i>	0	0	0
<i>of which, asset sales</i>	0	0	0

Source: Projections of outside forecasters as of 24 October 2016.

(a) This table contains the results from those who either expected the stock of purchased gilts to remain at £435 billion or who provided details of whether any change would be achieved through gilt purchases, an end to reinvestment, or through sales of assets. This group had different averages for the total increase in the stock of purchased gilts compared to the sample as a whole; for 2017 Q4, the average increase was around £25 billion higher, for 2018 Q4 the average increase was £25 billion higher, and for 2019 Q4 the average increase was around £26 billion higher. For 2017 Q4 there were 8 forecasters in the sample, and for 2018 Q4 there were 7 forecasters and for 2019 Q4 there were 7 forecasters in the sample.

(b) Original purchase value. Purchased via the creation of central bank reserves.

Table 5 Other forecasters' probability distributions for Bank Rate, the stock of purchased gilts and the stock of purchased corporate bonds^(a)**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%
2017 Q4	6	78	9	4	2	1	0	0	0	0
2018 Q4	6	66	15	4	3	2	2	1	0	0
2019 Q4	7	47	24	9	4	3	2	2	2	0

Stock of purchased gilts

Probability, per cent	Range (£ billions):								
	<225	225–275	275–325	325–375	375–425	425–475	475–525	> 525	
2017 Q4	0	0	0	1	6	58	22	11	
2018 Q4	0	0	0	1	7	51	26	14	
2019 Q4	0	0	1	3	8	45	28	16	

Stock of purchased corporate bonds

Probability, per cent	Range (£ billions):					
	<2	2–5	5–10	10–15	15–20	>20
2017 Q4	2	9	45	31	7	6
2018 Q4	1	7	28	40	17	7
2019 Q4	1	8	23	35	22	11

Source: Projections of outside forecasters as of 24 October 2016.

(a) For 2017 Q4, 18 forecasters provided the Bank with their assessment of the likelihood of Bank Rate falling in the ranges shown above. For 2018 Q4, 17 forecasters provided their assessment for Bank Rate. For 2019 Q4, 17 forecasters provided their assessment for Bank Rate. For 2017 Q4, 15 forecasters provided their assessment of the likelihood of the stock of purchased gilts falling in the ranges shown above. For 2018 Q4, 14 forecasters provided their assessments and for 2019 Q4, 14 forecasters provided their assessments. For 2017 Q4, 11 forecasters provided the Bank with their assessment of the likelihood of the stock of purchased corporate bonds falling in the ranges shown above. For 2018 Q4, 11 forecasters provided their assessments, and 11 forecasters provided their assessments for 2019 Q4. Rows may not sum to 100 due to rounding.