18.08.15

# CORRECTION TO CHARTS ON STERLING AND DOMESTIC DEMAND FORECAST REVISIONS

From and

There was an error in the follow-up note to the August Pre-MPC meeting which related changes in sterling to the macroeconomic outlook. Specifically, there was an error in the charts that showed revisions to domestic demand growth forecasts and the sterling ERI.

The corrected charts are shown below, alongside the incorrect charts for comparison. In the corrected charts there is a correction to the calculation of domestic demand forecast revisions and the time labels. The incorrect charts show data from 2013 Q1 to 2015 Q1 but are labelled incorrectly as showing data from 2013 Q1 to 2015 Q2, so data for 2015 Q2 was not actually included in the original charts. We have therefore corrected the labelling and added data for 2015 Q2 to the corrected charts. The corrected charts also plot the full sterling ERI instead of a simplified version that previously only included G7 currencies.

## Corrected charts

**Chart 1: Sterling ERI and revisions to relative domestic demand growth forecasts since 2013**

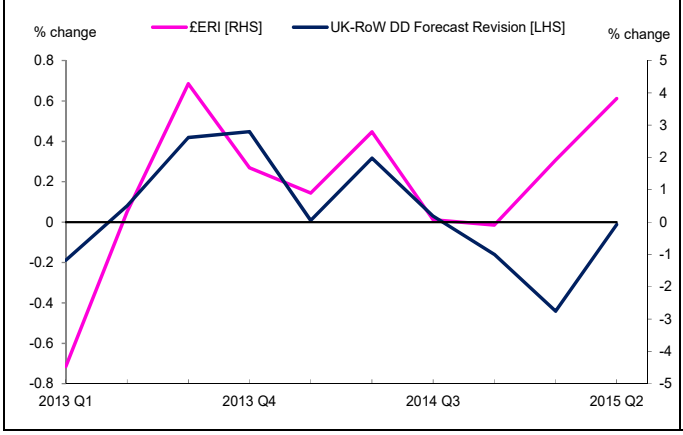
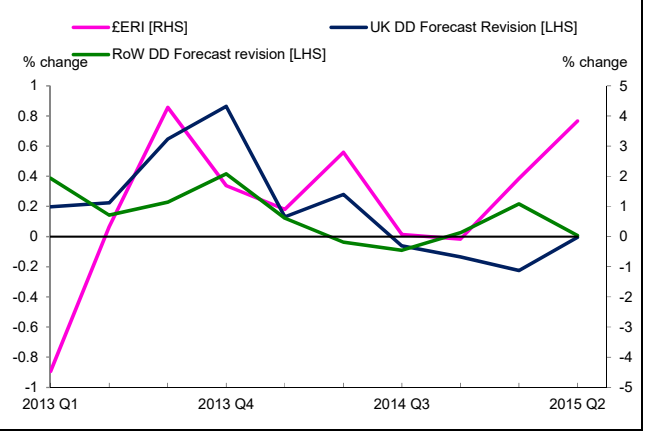



**Chart 2: Sterling ERI and revisions to domestic demand growth forecasts since 2013**




## Incorrect charts shown in the follow-up note

**Chart 1: Sterling ERI and revisions to relative domestic demand growth forecasts since 2013**

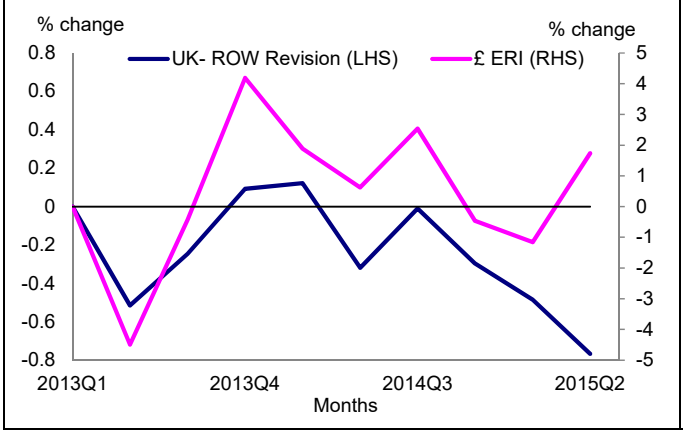
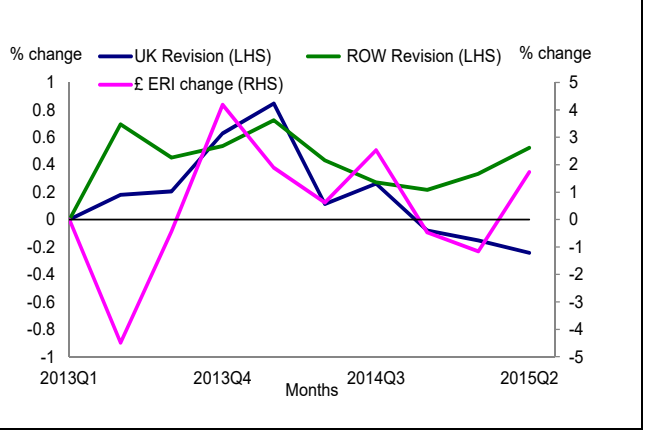



**Chart 2: Sterling ERI and revisions to domestic demand growth forecasts since 2013**



Based on the corrected charts, and including the data to Q2 (previously omitted), the divergence between revisions to relative domestic demand forecasts and changes in the sterling ERI (Chart 1) in 2015 Q1 persisted in Q2 rather than just occurring in Q2 as implied by the original charts (where what is labelled as Q2 is in fact Q1 data). It is still the case that negative revisions to the relative domestic demand forecasts of the UK versus its main trading partners reflect both negative revisions to the UK outlook and positive revisions abroad (Chart 2), as mentioned in the original note. However, this now applies to Q1 and Q2 on average rather than just Q2 (again, due to mislabelling and the omission of actual Q2 data).

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**and**