

HM Treasury

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FORECASTS FOR THE UK ECONOMY

A comparison of independent forecasts

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The next edition will be published on 16 September 1998. It will also be made available at the Treasury's internet site: <http://www.hm-treasury.gov.uk>.

# FORECASTS FOR THE UK ECONOMY

## A comparison of independent forecasts, September 1998

This edition of the comparison contains 23 new forecasts. The tables below summarise the average and range of independent forecasts for 1998 and 1999 and show the average of this month's new forecasts.

### Forecasts for 1998

|                                   | Independent <sup>+</sup> |        |                 |         | Average<br>of new*<br>forecasts |
|-----------------------------------|--------------------------|--------|-----------------|---------|---------------------------------|
|                                   | Averages                 |        | September range |         |                                 |
|                                   | September                | August | Lowest          | Highest |                                 |
| GDP growth (per cent)             | 2.2                      | 2.2    | 1.7             | 2.7     | 2.2                             |
| Inflation rate (Q4: per cent)     |                          |        |                 |         |                                 |
| - RPI                             | 3.1                      | 3.2    | 2.5             | 3.6     | 3.1                             |
| - RPI exc MIPs                    | 2.6                      | 2.7    | 2.1             | 3.2     | 2.6                             |
| Claimant unemployment<br>(Q4: mn) | 1.37                     | 1.36   | 1.23            | 1.61    | 1.37                            |
| Current account (£bn)             | -9.3                     | -8.9   | -13.8           | - 4.0   | -9.2                            |
| PSNCR** (1998-99: £bn)            | 0.0                      | -0.3   | -5.5            | 7.0     | 0.3                             |

### Forecasts for 1999

|                                   | Independent <sup>+</sup> |        |                 |         | Average<br>of new*<br>forecasts |
|-----------------------------------|--------------------------|--------|-----------------|---------|---------------------------------|
|                                   | Averages                 |        | September range |         |                                 |
|                                   | September                | August | Lowest          | Highest |                                 |
| GDP growth (per cent)             | 1.4                      | 1.5    | 0.3             | 2.5     | 1.2                             |
| Inflation rate (Q4: per cent)     |                          |        |                 |         |                                 |
| - RPI                             | 2.2                      | 2.3    | 1.2             | 3.6     | 2.2                             |
| - RPI exc MIPs                    | 2.5                      | 2.6    | 2.0             | 3.5     | 2.5                             |
| Claimant unemployment<br>(Q4: mn) | 1.52                     | 1.51   | 1.10            | 1.81    | 1.53                            |
| Current account (£bn)             | -10.5                    | -9.7   | -26.5           | -1.0    | -10.0                           |
| PSNCR** (1999-00 : £bn)           | 1.7                      | 1.3    | -15.0           | 13.8    | 2.2                             |

<sup>+</sup>Independent and City averages, and the range of forecasts, are based on forecasts made in the last three months (September 23 institutions, August 25 institutions, July 27 institutions ).

\*Based on new forecasts received for the comparison this month

\*\*PSNCR: Public Sector Net Cash requirement, was previously called PSBR

Note: All the averages exclude non-standard entries (see footnotes a to z)

## GDP &amp; its components, at constant prices

Percentage changes on a year earlier unless stated otherwise

| Forecasters & date of forecasts                   |       | GDP  | Consumers' expenditure | Government expenditure | Fixed investment | Stockbuilding (fbn) | Domestic demand | Exports (goods & services) | Imports |
|---|-------|------|------------------------|------------------------|------------------|---------------------|-----------------|----------------------------|---------|
| <b>City forecasters</b>                           |       |      |                        |                        |                  |                     |                 |                            |         |
| Abn Amro  | July  | 2.3  | 3.8                    | 0.3                    | 5.0              | 3.2                 | 3.5             | 1.9                        | 5.6     |
| Barclays Bank                                     | Aug   | 2.2  | 4.0                    | 0.9                    | 7.5              | 2.5                 | 4.1             | 0.6                        | 5.9     |
| Barclays Capital                                  | Sept* | 2.1  | 3.7                    | 1.3                    | 4.6              | 3.9                 | 3.6             | 0.1                        | 4.3     |
| Charterhouse                                      | Sept* | 2.7  | 3.6                    | -0.4                   | 8.4              | 2.8                 | 3.7             | 0.3                        | 4.5     |
| Chase Manhattan                                   | Sept* | 2.2  | 3.6                    | 1.4                    | 5.0              | 2.6                 | 3.5             | 1.5                        | 5.0     |
| Credit Lyonnais                                   | July  | 2.3  | 4.1                    | 1.2                    | 5.6              | 4.7                 | -               | 2.8                        | 7.5     |
| Credit Suisse First Boston                        | Sept* | 2.3  | 3.8                    | 1.1                    | 4.7              | 4.1                 | 3.7             | 0.5                        | 4.7     |
| Daiwa Europe Ltd/DIR                              | Sept* | 2.2  | 3.6                    | 1.1                    | 4.8              | 3.3                 | 3.5             | -0.3                       | 3.8     |
| Deutsche Bank                                     | July  | 2.6  | 4.2                    | 1.0                    | 7.2              | 2.7                 | 4.2             | 0.0                        | 4.6     |
| Dresdner Kleinwort B                              | July  | 2.1  | 3.4                    | 1.0                    | 4.8              | 3.5                 | 3.4             | 0.8                        | 4.4     |
| Economic Perspectives                             | Aug   | 1.7  | 2.7                    | 0.6                    | 4.8              | 2.0                 | 3.2             | 2.0                        | 5.5     |
| Goldman Sachs                                     | Sept* | 2.2  | 3.7                    | 1.5                    | 2.7              | 1.3                 | 3.8             | 1.2                        | 5.6     |
| Greenwich Natwest                                 | Sept* | 2.3  | 3.7                    | 1.7                    | 5.0              | 3.5                 | 3.7             | 0.4                        | 4.5     |
| Hermes  | Sept* | 2.3  | 3.9                    | 0.3                    | 5.4              | 3.8                 | 3.7             | -0.2                       | 3.8     |
| HSBC Econ & Strategy                              | Sept* | 2.0  | 3.5                    | 1.0                    | 4.0              | 0.6                 | 3.3             | 0.0                        | 3.5     |
| J P Morgan  | Sept* | 2.2  | 3.5                    | 0.5                    | 7.0              | 3.0                 | 3.6             | 0.4                        | 5.0     |
| Lehman Brothers                                   | Sept* | 2.2  | 3.8                    | 1.2                    | 4.9              | 4.4                 | 3.8             | -0.1                       | 4.2     |
| Lombard St  | Aug   | 2.4  | 4.0                    | 1.0                    | 7.1              | 2.9                 | 4.0             | 0.9                        | 5.3     |
| Merrill Lynch                                     | Sept* | 2.2  | 3.7                    | 1.3                    | 4.5              | -                   | -               | 2.0                        | 4.0     |
| Morgan Stanley                                    | Sept* | 2.1  | 3.8                    | 1.8                    | 4.7              | 2.6                 | 3.5             | 0.6                        | 4.6     |
| Natwest Group                                     | Sept* | 2.2  | 3.7                    | 1.2                    | 4.8              | 3.5                 | 3.6             | -0.1                       | 3.8     |
| Nikko Europe                                      | Aug   | 2.0  | 3.5                    | 0.9                    | 4.8              | 2.2                 | 3.0             | 2.0                        | 5.0     |
| Norwich Union IM                                  | Sept* | 2.2  | 3.6                    | 1.2                    | 4.8              | 3.9                 | 3.6             | 0.1                        | 3.9     |
| Panmure Gordon                                    | Sept* | 2.0  | 3.8                    | 0.6                    | 6.1              | 4.0                 | 3.8             | -1.5                       | 3.4     |
| Salomon Brothers                                  | Sept* | 2.0  | 4.0                    | 1.3                    | 3.4              | 3.4                 | 3.6             | 0.2                        | 4.8     |
| Schroders   | July  | 2.1  | 3.8                    | 0.8                    | 4.1              | 3.9                 | 3.5             | 1.1                        | 4.7     |
| Societe Generale                                  | June  | 2.2  | 3.8                    | 1.0                    | 4.6              | 2.8                 | 3.5             | 3.9                        | 6.4     |
| Warburg Dillon Read                               | Sept* | 2.1  | 3.6                    | 0.5                    | 4.9              | -                   | 3.3             | -0.6                       | 3.3     |
| Williams de Broe                                  | July  | 2.4  | 4.1                    | 1.0                    | 7.1              | 3.4                 | 4.2             | 0.7                        | 5.4     |
| <b>Non-City forecasters</b>                       |       |      |                        |                        |                  |                     |                 |                            |         |
| BSL   | Sept* | 2.2  | 3.6                    | 0.7                    | 4.1              | 4.3                 | 3.5             | 0.7                        | 4.6     |
| Cambridge Econ                                    | June  | 2.1  | 3.5                    | 0.5                    | 3.5              | 1.7                 | 2.9             | 2.9                        | 5.9     |
| CBI   | Sept* | 2.2  | 3.8                    | 0.3                    | 4.5              | 3.7                 | 3.5             | 0.6                        | 3.9     |
| CEBR  | Sept* | 2.0  | 3.6                    | 1.9                    | 4.4              | 3.8                 | 3.7             | -0.5                       | 3.9     |
| DRI   | July  | 2.1  | 3.6                    | 2.3                    | 5.2              | 2.9                 | 3.7             | -0.9                       | 4.7     |
| EIU   | June  | 2.0  | 3.3                    | 1.2                    | 4.2              | 2.2                 | 3.2             | 4.6                        | 7.4     |
| Henley  | Sept* | 2.3  | 3.9                    | 0.5                    | 7.3              | 2.1                 | -               | 8.0                        | 9.2     |
| ITEM Club   | Aug   | 2.3  | 4.5                    | 1.2                    | 5.0              | -0.3                | 3.6             | 3.0                        | 7.5     |
| LBS   | Aug   | 2.2  | 3.7                    | 0.6                    | 2.0              | 2.3                 | 3.5             | 2.0                        | 5.9     |
| Liverpool Univ                                    | Sept* | 2.5  | 3.8 c                  | 2.1 d                  | 7.8 e            | -                   | 4.6             | -                          | -       |
| NIESR   | July  | 2.1  | 3.7                    | 1.2                    | 6.0              | 3.0                 | 3.7             | -0.2                       | 4.3     |
| OEF   | Aug   | 2.3  | 4.0                    | 0.3                    | 5.3              | 3.8                 | 3.7             | 0.2                        | 4.8     |
| WEFA  | Aug   | 2.4  | 3.8                    | 0.8                    | 5.6              | 2.5                 | 3.6             | 2.0                        | 4.9     |
| EC  | May   | 1.9  | 3.6                    | 1.6                    | 4.9              | 2.1 g               | 3.4             | 2.8                        | 7.4     |
| OECD  | June  | 1.7  | 3.3                    | 0.8                    | 5.0              | -                   | 3.0             | 5.0                        | 9.0     |
| IMF   | Jan   | 2.4  | 3.6                    | -0.4                   | 5.1              | -                   | 3.0             | 5.2                        | 6.6     |
| <b>Average of Forecasts made in last 3 months</b> |       |      |                        |                        |                  |                     |                 |                            |         |
| Independent                                       |       | 2.2  | 3.7                    | 1.0                    | 5.2              | 3.0                 | 3.7             | 0.8                        | 4.9     |
| New (marked *)                                    |       | 2.2  | 3.7                    | 1.0                    | 5.0              | 3.2                 | 3.6             | 0.6                        | 4.5     |
| City  |       | 2.2  | 3.7                    | 1.0                    | 5.3              | 3.1                 | 3.6             | 0.6                        | 4.7     |
| <b>Range of Forecasts made in last 3 months</b>   |       |      |                        |                        |                  |                     |                 |                            |         |
| Highest   |       | 2.7  | 4.5                    | 2.3                    | 8.4              | 4.7                 | 4.6             | 8.0                        | 9.2     |
| Lowest  |       | 1.7  | 2.7                    | -0.4                   | 2.0              | -0.3                | 3.0             | -1.5                       | 3.3     |
| HM Treasury                                       | Mar   | 2-2½ | 3¼-4                   | 1¼                     | 4¾-5½            | 1.2 - 1.5           | 3¼-3¾           | 3¼-3½                      | 7½-8    |

## Inflation and monetary indicators

## Percentage changes on a year earlier unless stated otherwise

| Forecasters & date of forecasts                   | RPI<br>(Q4) | RPI exc<br>MIPs (Q4) | Average<br>earnings index(Q4) | Sterling<br>index(Q4) | 3-month inter<br>rate(Q4,%) | Oil<br>price (\$) | M0<br>(1998-99) | M4     |        |
|---|-------------|----------------------|-------------------------------|-----------------------|-----------------------------|-------------------|-----------------|--------|--------|
| <b>City forecasters</b>                           |             |                      |                               |                       |                             |                   |                 |        |        |
| Abn Amro  | July        | 3.3                  | 2.8                           | 5.0                   | 102.2                       | 7.45              | 16.0            | 5.0    | 7.8    |
| Barclays Bank                                     | Aug         | 3.5                  | 3.0                           | 5.1                   | 103.0                       | 7.50              | 15.0            | 5.0    | 8.0    |
| Barclays Capital                                  | Sept*       | 2.9                  | 2.5                           | 4.9                   | 107.0                       | 7.25              | -               | 5.0    | 6.2    |
| Charterhouse                                      | Sept*       | 3.6                  | 3.2                           | 5.3                   | 103.8                       | 7.60              | -               | 5.3    | 8.7    |
| Chase Manhattan                                   | Sept*       | 2.7                  | 2.5                           | 4.6                   | 104.0                       | 7.50              | 12.0            | 5.5    | 9.0    |
| Credit Lyonnais                                   | July        | 3.3                  | 2.8                           | 4.8                   | -                           | 7.25              | 14.5            | -      | -      |
| Credit Suisse First Bost                          | Sept*       | 3.0                  | 2.5                           | 4.8                   | -                           | 7.50              | -               | 6.0    | 9.0    |
| Daiwa Europe Ltd/DIR                              | Sept*       | 3.3                  | 2.7                           | 4.9                   | 103.6                       | 7.10              | -               | -      | -      |
| Deutsche Bank                                     | July        | 3.6                  | 3.0                           | 5.0                   | 100.3                       | 7.75              | 14.1            | 5.9    | 9.1    |
| Dresdner Kleinwort B                              | July        | 2.5                  | 2.5                           | 5.0                   | 101.0                       | 6.80              | 14.5            | -      | -      |
| Economic Perspectives                             | Aug         | 3.3                  | 2.8                           | 4.7                   | 103.5                       | 7.25              | 14.0            | 5.7    | 8.5    |
| Goldman Sachs                                     | Sept*       | 3.6                  | 2.7                           | 5.0                   | 100.0                       | 7.30              | 13.9            | 5.0 jk | 9.4 jk |
| Greenwich Natwest                                 | Sept*       | 3.1                  | 2.5                           | 4.7                   | 103.0                       | 7.50              | 14.1            | -      | -      |
| Hermes  | Sept*       | 3.2                  | 2.5                           | 4.8                   | 102.9                       | 7.50              | -               | -      | -      |
| HSBC Econ & Strategy                              | Sept*       | 3.1                  | 2.5                           | 4.8                   | 100.0                       | 7.40              | 16.0            | 5.5    | 9.0    |
| J P Morgan  | Sept*       | 3.3                  | 2.7                           | -                     | -                           | 7.50              | 15.0            | -      | -      |
| Lehman Brothers                                   | Sept*       | 3.1                  | 2.6                           | 5.2                   | 103.4                       | 7.42              | 14.0            | 5.4    | 8.7    |
| Lombard St  | Aug         | 2.9                  | 2.6                           | 5.6                   | 96.3                        | 7.50              | 14.0            | -      | 7.3    |
| Merrill Lynch                                     | Sept*       | 3.0                  | 2.7                           | 5.1                   | -                           | 7.20              | -               | 5.7    | 8.0    |
| Morgan Stanley                                    | Sept*       | 3.4                  | 2.8                           | 4.8                   | 101.6                       | 7.30              | -               | 4.9    | 8.7    |
| Natwest Group                                     | Sept*       | 3.0                  | 2.6                           | 4.6                   | 103.0                       | 7.42              | 13.8            | 5.5    | 6.5    |
| Nikko Europe                                      | Aug         | 3.3                  | 2.6                           | 5.1                   | 100.0                       | 7.50              | -               | 5.5    | 8.0    |
| Norwich Union IM                                  | Sept*       | 3.2                  | 2.7                           | 5.0                   | 102.8                       | 7.25              | 13.0            | 6.0    | 7.0    |
| Panmure Gordon                                    | Sept*       | 2.6                  | 2.4                           | 5.1                   | 103.4                       | 7.30              | -               | 5.7    | 9.2    |
| Salomon Brothers                                  | Sept*       | 2.9                  | 2.3                           | 5.1                   | 103.0                       | 7.60              | 14.0            | -      | -      |
| Schroders   | July        | 3.2                  | 2.8                           | 5.0                   | 102.0                       | 7.50              | -               | -      | -      |
| Societe Generale                                  | June        | -                    | 2.8                           | 4.7                   | 102.0                       | 7.00              | 15.0            | 6.5    | 10.0   |
| Warburg Dillon Read                               | Sept*       | 3.0                  | 2.5                           | 5.0                   | -                           | 7.70              | -               | 5.5    | 8.8    |
| Williams de Broe                                  | July        | 2.9                  | 2.4                           | 5.0                   | 104.3                       | 7.30              | 14.0            | 4.7    | 9.5    |
| <b>Non-City forecasters</b>                       |             |                      |                               |                       |                             |                   |                 |        |        |
| BSL   | Sept*       | 3.2                  | 2.6                           | 4.7                   | 99.4                        | 7.50              | 14.0            | -      | -      |
| Cambridge Econ                                    | June        | 3.4 k                | 2.8 k                         | 4.9                   | 102.2 k                     | 7.30 ks           | 15.2            | -      | -      |
| CBI   | Sept*       | 3.2                  | 2.6                           | 4.9                   | 100.0                       | 7.25 s            | 14.1            | -      | -      |
| CEBR  | Sept*       | 2.8                  | 2.6                           | 5.4                   | 103.3                       | 7.35              | 12.2            | -      | -      |
| DRI   | July        | 2.7                  | 2.6                           | 4.7                   | 103.5                       | 7.51              | 14.0            | 5.9    | 8.7    |
| EIU   | June        | 3.5                  | 2.8                           | 4.9                   | 100.2                       | 7.30              | 15.6            | -      | -      |
| Henley  | Sept*       | 3.0                  | 2.6                           | 4.3                   | -                           | 7.30              | -               | 5.9    | 7.0    |
| ITEM Club   | Aug         | 3.5                  | 2.8                           | 5.1                   | 101.3                       | 7.40              | 14.5            | 6.2    | 8.2    |
| LBS   | Aug         | 3.0                  | 2.8                           | 4.8                   | 102.5                       | 7.50 s            | 13.9            | -      | -      |
| Liverpool Univ                                    | Sept*       | 2.7                  | 2.4                           | 5.0                   | 101.6                       | 6.60              | -               | 5.0    | 4.0    |
| NIESR   | July        | 2.9                  | 2.1                           | 4.8                   | 104.6                       | 7.90              | 15.3            | 4.1    | 10.9   |
| OEF   | Aug         | 3.5                  | 2.8                           | 5.0                   | 102.0                       | 7.50              | 13.6            | 4.9    | 9.1    |
| WEFA  | Aug         | 3.1                  | 2.5                           | 4.9                   | -                           | 7.67              | -               | -      | -      |
| EC  | May         | 2.2                  | -                             | 4.6                   | -                           | -                 | -               | -      | -      |
| OECD  | June        | -                    | -                             | -                     | -                           | 7.20              | 14.4            | -      | -      |
| IMF   | Jan         | -                    | 2.7                           | 4.9i                  | -                           | -                 | 19.0            | -      | -      |
| <b>Average of Forecasts made in last 3 months</b> |             |                      |                               |                       |                             |                   |                 |        |        |
| Independent                                       |             | 3.1                  | 2.6                           | 4.9                   | 102.3                       | 7.40              | 14.1            | 5.4    | 8.2    |
| New (marked *)                                    |             | 3.1                  | 2.6                           | 4.9                   | 102.5                       | 7.36              | 13.8            | 5.5    | 7.8    |
| City  |             | 3.1                  | 2.7                           | 5.0                   | 102.4                       | 7.40              | 14.2            | 5.4    | 8.3    |
| <b>Range of Forecasts made in last 3 months</b>   |             |                      |                               |                       |                             |                   |                 |        |        |
| Highest   |             | 3.6                  | 3.2                           | 5.6                   | 107.0                       | 7.90              | 16.0            | 6.2    | 10.9   |
| Lowest  |             | 2.5                  | 2.1                           | 4.3                   | 96.3                        | 6.60              | 12.0            | 4.1    | 4.0    |
| HM Treasury                                       | Mar         | -                    | 2¾                            | -                     | -                           | -                 | -               | -      | -      |

## Other variables

Percentage changes on a year earlier unless stated otherwise

| Forecasters & dates of forecast                   | RPDI  | Employer | Claimant unemj | Industrial | Manuf'g | World | Current       | PSNCR     | PSNB       |      |
|---|-------|----------|----------------|------------|---------|-------|---------------|-----------|------------|------|
|   |       |          | (Q4-mns)       | production | output  | Trade | account (£ br | (£bn 98-9 | (£bn 98-99 |      |
| <b>City forecasters</b>                           |       |          |                |            |         |       |               |           |            |      |
| Abn Amro  | July  | 1.9      | 1.0            | 1.35       | 0.2     | -0.4  | 5.4           | -6.9      | -2.0       | -    |
| Barclays Bank                                     | Aug   | 2.6      | 1.5            | 1.40       | -       | -0.5  | -             | -10.0     | 2.0        | -    |
| Barclays Capital                                  | Sept* | 2.4      | 1.7            | 1.38       | -0.8    | -0.7  | -             | -9.0      | 1.0        | -    |
| Charterhouse                                      | Sept* | 2.8      | 1.9            | 1.32       | -0.8    | -0.8  | -             | -11.4     | -5.3       | -    |
| Chase Manhattan                                   | Sept* | 1.1      | 1.3            | 1.40       | -0.5    | -0.5  | -             | -8.0      | -5.0       | -    |
| Credit Lyonnais                                   | July  | -        | -              | 1.37       | 0.5     | -0.4  | 5.5           | -9.9      | -0.3       | -    |
| Credit Suisse First Boston                        | Sept* | 3.5      | 1.0            | 1.40       | 0.0     | -0.5  | -             | -6.0      | -3.5       | -    |
| Daiwa Europe Ltd/DIR                              | Sept* | 2.6      | 1.2            | 1.30       | -       | -     | -             | -9.3      | 0.0        | -    |
| Deutsche Bank                                     | July  | 2.7      | 1.0            | 1.34       | 0.1     | -0.5  | -             | -11.5     | 1.0        | -    |
| Dresdner Kleinwort B                              | July  | 1.6      | 1.8            | 1.31       | 0.2     | -0.2  | -             | -9.6      | -2.9       | 0.5  |
| Economic Perspectives                             | Aug   | 2.4      | 0.6            | 1.40       | 0.4     | -0.5  | 4.0           | -10.0     | 7.0        | -    |
| Goldman Sachs                                     | Sept* | 2.1      | 0.9            | 1.40       | 0.1     | -0.6  | -             | -7.5      | 2.2        | 0.2  |
| Greenwich Natwest                                 | Sept* | 1.3      | 1.2            | 1.84 aa    | 0.3     | -0.1  | 5.2           | -9.9      | -2.0       | 1.6  |
| Hermes  | Sept* | 2.5      | 1.2            | 1.38       | -0.1    | -0.3  | -             | -10.4     | 1.0        | -    |
| HSBC Econ & Strategy                              | Sept* | 3.0      | 1.0            | 1.30       | -0.5    | -0.5  | 4.1           | -12.0     | -2.0       | -3.0 |
| J P Morgan  | Sept* | -        | -              | -          | -0.8    | -     | -             | -10.9     | 5.0        | -    |
| Lehman Brothers                                   | Sept* | 2.7      | 1.2            | 1.40       | 0.8     | -0.4  | 6.0           | -8.5      | -2.0       | -    |
| Lombard St  | Aug   | 2.7      | 1.1            | 1.50       | -       | -     | -             | -13.8     | -2.0       | -    |
| Merrill Lynch                                     | Sept* | -        | -              | 1.30       | -       | -0.2  | -             | -10.0     | -1.0       | -    |
| Morgan Stanley                                    | Sept* | 1.9      | 1.2            | 1.40       | -0.2    | -0.4  | -             | -11.0     | 0.0        | -    |
| Natwest Group                                     | Sept* | 1.4      | 1.6            | 1.34       | 0.7     | -0.2  | 6.0           | -6.4      | 3.0        | 1.0  |
| Nikko Europe                                      | Aug   | 2.5      | 0.7            | 1.35       | 1.0     | 0.0   | -             | -8.0      | 0.0        | -    |
| Norwich Union IM                                  | Sept* | 2.5      | 0.5            | 1.40       | 0.7     | 0.0   | -             | -10.0     | 2.0        | -    |
| Panmure Gordon                                    | Sept* | 2.1      | 1.1            | 1.41       | -0.9    | -0.6  | -             | -10.0     | 7.0        | -    |
| Salomon Brothers                                  | Sept* | 1.6      | 1.5            | 1.41       | 0.5     | -0.1  | -             | -12.7     | -          | 3.0  |
| Schroders   | July  | 1.8      | 1.5            | 1.37       | -       | -0.3  | 6.0           | -10.3     | -4.0       | -    |
| Societe Generale                                  | June  | 2.5      | 1.0            | 1.30       | 0.1     | -0.2  | 5.0           | -8.0      | 0.0        | -    |
| Warburg Dillon Read                               | Sept* | 3.0      | 0.8            | 1.40       | -0.2    | -0.6  | -             | -4.0      | -          | 0.0  |
| Williams de Broe                                  | July  | -        | 1.2            | 1.42       | -0.2    | -0.4  | 6.0           | -7.0      | -0.7       | -1.4 |
| <b>Non-City forecasters</b>                       |       |          |                |            |         |       |               |           |            |      |
| BSL   | Sept* | 2.6      | 1.2            | 1.36       | -0.1    | -0.8  | 3.0           | -10.5     | 4.1        | 3.3  |
| Cambridge Econ                                    | June  | 2.4      | 1.5            | 1.40 k     | -0.3    | -0.5  | 3.7           | -4.2      | 12.5 k     | -    |
| CBI   | Sept* | 1.2      | 1.1            | 1.23       | 0.2     | -0.3  | 6.1           | -9.9      | -0.2       | -    |
| CEBR  | Sept* | 2.6      | 0.7            | 1.61       | -       | -0.7  | -             | -6.1      | 3.7        | -    |
| DRI   | July  | 3.0      | 1.2            | 1.38       | 1.0     | 0.9   | 6.6           | -9.5      | 3.0        | -    |
| EIU   | June  | 2.5      | 0.7            | 1.32       | 0.8     | 0.5   | 7.1           | -2.9      | 1.3        | -    |
| Henley  | Sept* | 4.1      | 1.1            | -          | -       | 0.0   | -             | -9.8      | 2.5        | -    |
| ITEM Club   | Aug   | 2.4      | 1.3            | 1.36       | -       | 0.2   | 6.6           | -6.4      | -2.6       | -    |
| LBS   | Aug   | 2.9      | 1.3            | 1.35       | -       | -0.6  | -             | -8.0      | 1.3        | -    |
| Liverpool Univ                                    | Sept  | -        | -              | 1.30       | -       | -     | 3.5           | -8.3      | -4.4       | -    |
| NIESR   | July  | 1.6      | 1.5            | 1.35       | -       | -0.4  | 5.5           | -10.9     | 1.2        | 0.4  |
| OEF   | Aug   | 2.6      | 1.2            | 1.30       | -0.1    | -0.5  | 7.8           | -10.6     | -1.3       | -    |
| WEFA  | Aug   | 2.4      | 1.4            | 1.31       | 0.3     | 0.0   | -             | -8.4      | -5.5       | -    |
| EC  | May   | 2.7      | 0.6            | 1.56       | 0.8     | 0.8   | 7.1           | -9.7      | -          | -    |
| OECD  | June  | -        | 0.5            | -          | -       | 1.8   | 7.6           | -1.0 g    | -0.8 g     | -    |
| IMF   | Jan   | -        | 0.9            | -          | -       | -     | -             | -1.2 g    | -0.6 g     | -    |
| <b>Average of Forecasts made in last 3 months</b> |       |          |                |            |         |       |               |           |            |      |
| Independent                                       |       | 2.4      | 1.2            | 1.37       | 0.1     | -0.3  | 5.5           | -9.3      | 0.0        | 0.6  |
| New (marked *)                                    |       | 2.4      | 1.2            | 1.37       | -0.1    | -0.4  | 4.8           | -9.2      | 0.3        | 0.9  |
| City  |       | 2.3      | 1.2            | 1.38       | 0.0     | -0.4  | 5.4           | -9.4      | -0.1       | 0.2  |
| <b>Range of Forecasts made in last 3 months</b>   |       |          |                |            |         |       |               |           |            |      |
| Highest   |       | 4.1      | 1.9            | 1.61       | 1.0     | 0.9   | 7.8           | -4.0      | 7.0        | 3.3  |
| Lowest  |       | 1.1      | 0.5            | 1.23       | -0.9    | -0.8  | 3.0           | -13.8     | -5.5       | -3.0 |
| HM Treasury                                       | Mar   | 2-2½     | -              | -          | -       | 0-½   | 7             | -6½       | 2.3        |      |

1999

September 1998

Table 4

## GDP &amp; its components, at constant prices

Percentage changes on a year earlier unless stated otherwise

| Forecasters & date of forecasts | GDP | Consumers' expenditure | Government expenditure | Fixed investment | Stockbuilding (£bn) | Domestic demand | Exports (goods & services) | Imports |
|---------------------------------|-----|------------------------|------------------------|------------------|---------------------|-----------------|----------------------------|---------|
|---------------------------------|-----|------------------------|------------------------|------------------|---------------------|-----------------|----------------------------|---------|

## City forecasters

|                            |       |     |     |     |     |      |     |      |     |
|----------------------------|-------|-----|-----|-----|-----|------|-----|------|-----|
| Abn Amro                   | July  | 1.8 | 2.3 | 0.8 | 4.3 | 2.9  | 2.3 | 4.8  | 5.7 |
| Barclays Bank              | Aug   | 1.2 | 2.5 | 1.7 | 2.0 | 1.1  | 2.0 | 3.0  | 5.0 |
| Barclays Capital           | Sept* | 1.3 | 1.7 | 2.4 | 1.7 | 2.2  | 1.6 | 3.1  | 3.6 |
| Charterhouse               | Sept* | 2.5 | 2.1 | 0.8 | 5.7 | 1.6  | 2.3 | 5.7  | 5.5 |
| Chase Manhattan            | Sept* | 0.8 | 1.3 | 2.1 | 1.5 | 0.6  | 1.2 | 1.6  | 2.5 |
| Credit Lyonnais            | July  | 1.4 | 2.7 | 2.2 | 2.7 | 2.1  | -   | 3.8  | 4.4 |
| Credit Suisse First Boston | Sept* | 1.3 | 2.3 | 1.0 | 1.8 | 2.4  | 1.7 | 5.4  | 6.5 |
| Daiwa Europe Ltd/DIR       | Sept* | 1.5 | 2.2 | 1.5 | 1.8 | 3.0  | 1.9 | 5.2  | 6.2 |
| Deutsche Bank              | July  | 1.7 | 2.5 | 1.7 | 2.7 | 0.5  | 1.9 | 3.0  | 3.2 |
| Dresdner Kleinwort B       | July  | 1.1 | 1.4 | 2.5 | 2.9 | 1.8  | 1.6 | 3.9  | 5.1 |
| Economic Perspectives      | Aug   | 0.8 | 2.3 | 2.5 | 5.0 | 1.0  | 2.5 | -1.0 | 3.0 |
| Goldman Sachs              | Sept* | 0.5 | 1.8 | 2.3 | 2.2 | -1.5 | 1.3 | 1.8  | 3.9 |
| Greenwich Natwest          | Sept* | 1.6 | 1.7 | 2.5 | 2.0 | 2.0  | 1.7 | 3.6  | 4.0 |
| Hermes                     | Sept* | 1.6 | 1.9 | 1.2 | 1.7 | 1.1  | 1.3 | 5.9  | 4.8 |
| HSBC Econ & Strategy       | Sept* | 1.5 | 1.5 | 2.0 | 1.0 | 0.6  | 1.5 | 2.0  | 2.0 |
| J P Morgan                 | Sept* | 0.6 | 1.5 | 1.0 | 2.5 | -3.2 | 0.6 | 3.6  | 3.1 |
| Lehman Brothers            | Sept* | 1.2 | 2.0 | 2.4 | 2.0 | 3.2  | 1.9 | 0.7  | 2.4 |
| Lombard St                 | Aug   | 1.8 | 2.3 | 1.9 | 0.8 | 1.4  | 1.7 | 4.8  | 4.1 |
| Merrill Lynch              | Sept* | 1.2 | 1.6 | 2.2 | 1.3 | -    | -   | 3.5  | 3.5 |
| Morgan Stanley             | Sept* | 1.2 | 2.0 | 1.6 | 2.4 | 3.0  | 2.0 | 3.1  | 4.9 |
| Natwest Group              | Sept* | 1.2 | 1.8 | 1.3 | 0.9 | 1.5  | 1.2 | 4.0  | 3.5 |
| Nikko Europe               | Aug   | 2.0 | 2.4 | 0.9 | 4.3 | 2.4  | 2.5 | 4.2  | 5.2 |
| Norwich Union IM           | Sept* | 1.6 | 1.7 | 2.0 | 1.8 | 2.6  | 1.6 | 2.0  | 1.7 |
| Panmure Gordon             | Sept* | 1.3 | 2.3 | 2.7 | 2.7 | 1.9  | 2.2 | 1.4  | 4.2 |
| Salomon Brothers           | Sept* | 1.2 | 3.2 | 2.2 | 2.5 | 0.9  | 2.5 | 3.0  | 7.0 |
| Schroders                  | July  | 0.8 | 1.7 | 1.6 | 0.8 | 2.1  | 1.2 | 2.8  | 3.7 |
| Societe Generale           | June  | 1.5 | 2.1 | 2.2 | 3.6 | 1.6  | 2.2 | 3.3  | 4.2 |
| Warburg Dillon Read        | Sept* | 0.3 | 1.1 | 0.8 | 1.4 | -    | 1.0 | 1.4  | 1.5 |
| Williams de Broe           | July  | 1.5 | 2.5 | 2.3 | 3.0 | 1.8  | 2.3 | 2.2  | 4.2 |

## Non-City forecasters

|                |       |     |       |       |       |       |      |      |     |
|----------------|-------|-----|-------|-------|-------|-------|------|------|-----|
| BSL            | Sept* | 0.7 | 0.5   | 1.3   | -2.5  | -0.7  | -0.6 | 4.9  | 1.3 |
| Cambridge Econ | June  | 1.6 | 1.6   | 0.9   | 0.9   | 1.0   | 1.2  | 3.5  | 2.9 |
| CBI            | Sept* | 1.2 | 1.3   | 1.5   | 1.1   | 1.9   | 1.0  | 2.7  | 2.0 |
| CEBR           | Sept* | 0.7 | 2.6   | 3.0   | 0.2   | 1.4   | 1.9  | 0.5  | 3.4 |
| DRI            | July  | 2.5 | 1.5   | 3.4   | 3.4   | 2.1   | 2.1  | 5.5  | 4.1 |
| EIU            | June  | 1.7 | 2.1   | 1.2   | 3.2   | 3.2   | 1.8  | 5.8  | 5.9 |
| Henley         | Sept* | 1.4 | 2.2   | 1.2   | 1.4   | 1.6   | -    | -0.2 | 4.2 |
| ITEM Club      | Aug   | 1.5 | 2.2   | 1.9   | 2.3   | 0.1   | 2.3  | 4.4  | 6.1 |
| LBS            | Aug   | 1.3 | 2.2   | 1.4   | 2.5   | 1.1   | 1.8  | 3.1  | 4.5 |
| Liverpool Univ | Sep*  | 2.2 | 2.5 c | 2.0 d | 4.2 e | -     | 2.8  | -    | -   |
| NIESR          | July  | 1.5 | 1.6   | 4.3   | 2.2   | 1.5   | 2.0  | 2.5  | 3.8 |
| OEF            | Aug   | 1.7 | 2.4   | 1.2   | 1.8   | 3.8   | 2.1  | 5.2  | 5.9 |
| WEFA           | Aug   | 2.0 | 2.5   | 1.9   | 0.3   | 1.7   | 1.9  | 5.6  | 4.6 |
| EC             | May   | 2.2 | 2.5   | 1.4   | 4.4   | 2.0 g | 2.6  | 4.7  | 5.9 |
| OECD           | June  | 1.8 | 2.1   | 1.2   | 3.5   | -     | 2.2  | 4.8  | 5.7 |
| IMF            | Jan   | -   | -     | -     | -     | -     | -    | -    | -   |

## Average of Forecasts made in last 3 months

|                |     |     |     |     |     |     |     |     |
|----------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Independent    | 1.4 | 2.0 | 1.9 | 2.1 | 1.5 | 1.7 | 3.2 | 4.1 |
| New (marked *) | 1.2 | 1.9 | 1.8 | 1.8 | 1.3 | 1.6 | 3.0 | 3.7 |
| City           | 1.3 | 2.0 | 1.8 | 2.3 | 1.5 | 1.8 | 3.2 | 4.1 |

## Range of Forecasts made in last 3 months

|         |     |     |     |      |      |      |      |     |
|---------|-----|-----|-----|------|------|------|------|-----|
| Highest | 2.5 | 3.2 | 4.3 | 5.7  | 3.8  | 2.8  | 5.9  | 7.0 |
| Lowest  | 0.3 | 0.5 | 0.8 | -2.5 | -3.2 | -0.6 | -1.0 | 1.3 |

|             |     |       |       |   |       |           |       |      |      |
|-------------|-----|-------|-------|---|-------|-----------|-------|------|------|
| HM Treasury | Mar | 1¾-2¼ | 1¾-2¼ | 2 | 2¾-3¼ | 2.4 - 3.4 | 2¼-2¾ | 4½-5 | 5½-6 |
|-------------|-----|-------|-------|---|-------|-----------|-------|------|------|

## Inflation and monetary indicators

Percentage changes on a year earlier unless stated otherwise

| Forecasters & date of forecasts                   | RPI<br>(Q4) | RPI exc<br>MIPs (Q4) | Average<br>earnings | Sterling3-<br>month intere<br>index(Q4) | Oil<br>price (\$) | M0<br>(1999-00) | M4   |        |        |
|---|-------------|----------------------|---------------------|---|-------------------|-----------------|------|--------|--------|
| <b>City forecasters</b>                           |             |                      |                     |   |                   |                 |      |        |        |
| Abn Amro  | July        | 3.3                  | 3.2                 | 4.8                                     | 95.5              | 7.45            | 17.5 | 3.9    | 5.2    |
| Barclays Bank                                     | Aug         | 1.4                  | 2.6                 | 4.7                                     | 92.0              | 5.50            | 15.5 | 4.0    | 5.0    |
| Barclays Capital                                  | Sept*       | 2.1                  | 2.5                 | 4.1                                     | 101.0             | 6.25            | -    | 4.0    | 4.5    |
| Charterhouse                                      | Sept*       | 3.6                  | 3.5                 | 5.2                                     | 97.7              | 7.90            | -    | 4.5    | 8.3    |
| Chase Manhattan                                   | Sept*       | 2.6                  | 2.8                 | 3.8                                     | 100.0             | 7.00            | 1.2  | 3.0    | 5.0    |
| Credit Lyonnais                                   | July        | 2.2                  | 2.5                 | 4.3                                     | -                 | 6.50            | 16.5 | -      | -      |
| Credit Suisse First Bosto                         | Sept*       | 2.3                  | 2.5                 | 4.3                                     | -                 | 6.50            | -    | 5.0    | 9.0    |
| Daiwa Europe Ltd/DIR                              | Sept*       | 2.1                  | 2.5                 | 5.0                                     | 98.3              | 6.10            | -    | -      | -      |
| Deutsche Bank                                     | July        | 2.4                  | 2.8                 | 4.8                                     | 91.3              | 7.00            | 16.0 | 5.0    | 6.5    |
| Dresdner Kleinwort B                              | July        | 2.1                  | 2.4                 | 4.2                                     | 99.7              | 6.20            | 16.0 | -      | -      |
| Economic Perspectives                             | Aug         | 2.3                  | 2.0                 | 3.8                                     | 96.0              | 5.50            | 15.5 | 4.5    | 6.5    |
| Goldman Sachs                                     | Sept*       | 2.8                  | 2.8                 | 5.0                                     | 94.0              | 6.50            | 16.1 | 4.0 jk | 8.5 jk |
| Greenwich Natwest                                 | Sept*       | 1.9                  | 2.3                 | 4.3                                     | 101.0             | 6.58            | 16.0 | -      | -      |
| Hermes  | Sept*       | 2.0                  | 2.2                 | 4.7                                     | 96.7              | 6.50            | -    | -      | -      |
| HSBC Econ & Strategy                              | Sept*       | 1.9                  | 2.4                 | 4.0                                     | 93.2              | 6.50            | 17.0 | 6.0    | 7.0    |
| J P Morgan  | Sept*       | 2.9                  | 3.0                 | -                                       | -                 | 6.20            | 16.0 | -      | -      |
| Lehman Brothers                                   | Sept*       | 1.8                  | 2.5                 | 4.9                                     | 98.0              | 6.08            | 16.0 | 5.0    | 6.9    |
| Lombard St  | Aug         | 2.8                  | 3.1                 | 5.4                                     | 92.5              | 7.10            | 15.5 | -      | 4.7    |
| Merrill Lynch                                     | Sept*       | 2.3                  | 2.7                 | 5.1                                     | -                 | 6.40            | -    | 5.0    | 6.0    |
| Morgan Stanley                                    | Sept*       | 2.3                  | 2.7                 | 4.4                                     | 97.6              | 7.00            | -    | 3.7    | 7.1    |
| Natwest Group                                     | Sept*       | 2.1                  | 2.5                 | 4.0                                     | 96.4              | 6.05            | 14.5 | 5.4    | 5.9    |
| Nikko Europe                                      | Aug         | 2.5                  | 2.7                 | 4.5                                     | 95.0              | 6.50            | -    | 5.0    | 8.0    |
| Norwich Union IM                                  | Sept*       | 2.1                  | 2.6                 | 4.5                                     | 100.6             | 6.00            | 14.0 | 4.0    | 5.0    |
| Panmure Gordon                                    | Sept*       | 2.0                  | 2.2                 | 4.6                                     | 96.0              | 6.80            | -    | 4.5    | 7.8    |
| Salomon Brothers                                  | Sept*       | 2.3                  | 2.4                 | 5.6                                     | 98.0              | 6.90            | 14.0 | -      | -      |
| Schroders   | July        | 2.4                  | 2.7                 | 4.6                                     | 99.0              | 6.75            | -    | -      | -      |
| Societe Generale                                  | June        | -                    | 2.5                 | 4.4                                     | 98.0              | 6.00            | 16.0 | 6.0    | 9.0    |
| Warburg Dillon Read                               | Sept*       | 1.4                  | 2.0                 | 4.0                                     | -                 | 6.30            | -    | 4.1    | 5.9    |
| Williams de Broe                                  | July        | 1.6                  | 2.0                 | 4.4                                     | 103.3             | 6.50            | 14.0 | 3.8    | 11.9   |
| <b>Non-City forecasters</b>                       |             |                      |                     |   |                   |                 |      |        |        |
| BSL   | Sept*       | 2.8                  | 2.9                 | 4.0                                     | 96.2              | 7.00            | 15.4 | -      | -      |
| Cambridge Econ                                    | June        | 2.4 k                | 2.8 k               | 4.3                                     | 96.9 k            | 6.30 ks         | 17.1 | -      | -      |
| CBI   | Sept*       | 2.1                  | 2.5                 | 4.4                                     | 95.0              | 6.25 s          | 17.0 | -      | -      |
| CEBR  | Sept*       | 1.5                  | 2.1                 | 3.2                                     | 97.0              | 5.25            | 10.8 | -      | -      |
| DRI   | July        | 2.2                  | 2.5                 | 4.5                                     | 95.9              | 6.95            | 15.5 | 5.4    | 6.9    |
| EIU   | June        | 2.9                  | 2.6                 | 4.7                                     | 96.5              | 6.30            | 16.7 | -      | -      |
| Henley  | Sept*       | 2.1                  | 2.2                 | 3.8                                     | -                 | 6.10            | -    | 5.2    | 5.5    |
| ITEM Club   | aug         | 2.3                  | 2.5                 | 4.4                                     | 99.8              | 6.80            | 16.3 | 4.4    | 4.8    |
| LBS   | aug         | 2.0                  | 2.3                 | 4.3                                     | 95.7              | 6.25            | 15.4 | -      | -      |
| Liverpool Univ                                    | Sept        | 1.2                  | 2.4                 | 4.6                                     | 98.3              | 5.90            | -    | 4.5    | 8.0    |
| NIESR   | July        | 2.5                  | 2.5                 | 4.2                                     | 100.2             | 7.00            | 16.4 | 1.8    | 13.5   |
| OEF   | aug         | 2.4                  | 2.6                 | 5.2                                     | 97.4              | 6.50            | 15.2 | 4.5    | 10.7   |
| WEFA  | aug         | 2.2                  | 2.6                 | 4.4                                     | -                 | 6.92            | -    | -      | -      |
| EC  | May         | 2.2                  | -                   | 4.1                                     | -                 | -               | -    | -      | -      |
| OECD  | June        | -                    | -                   | -                                       | -                 | 5.70            | 15.2 | -      | -      |
| IMF   | Jan         | -                    | -                   | -                                       | -                 | -               | -    | -      | -      |
| <b>Average of Forecasts made in last 3 months</b> |             |                      |                     |   |                   |                 |      |        |        |
| Independent                                       |             | 2.2                  | 2.5                 | 4.5                                     | 97.1              | 6.50            | 14.9 | 4.4    | 7.0    |
| New (marked *)                                    |             | 2.2                  | 2.5                 | 4.4                                     | 97.5              | 6.44            | 14.0 | 4.6    | 6.6    |
| City  |             | 2.3                  | 2.6                 | 4.6                                     | 97.1              | 6.52            | 14.8 | 4.5    | 6.6    |
| <b>Range of Forecasts made in last 3 months</b>   |             |                      |                     |   |                   |                 |      |        |        |
| Highest   |             | 3.6                  | 3.5                 | 5.6                                     | 103.3             | 7.9             | 17.5 | 6.0    | 13.5   |
| Lowest  |             | 1.2                  | 2.0                 | 3.2                                     | 91.3              | 5.3             | 1.2  | 1.8    | 4.5    |
| HM Treasury                                       | Mar         | -                    | 2½                  | -                                       | -                 | -               | -    | -      | -      |

## Other variables

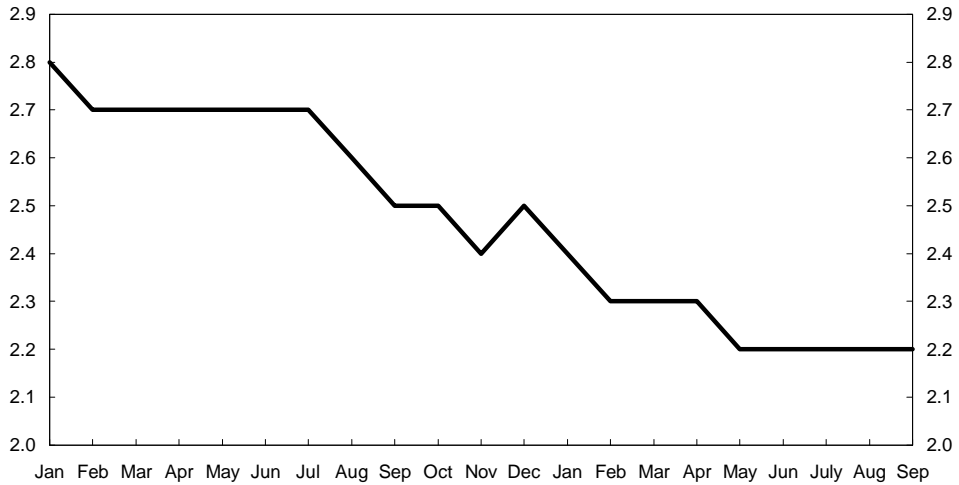
## Percentage changes on a year earlier unless stated otherwise

| Forecasters & dates of forecasts                  |       | RPDI  | Employment | Claimant unemployment (Q4-mns) | Industrial production | Manufacturing output | World Trade | Current account (£ bn) | PSNCR (£ bn 99-00) | PSNB (£ bn 99-00) |
|---|-------|-------|------------|--------------------------------|-----------------------|----------------------|-------------|------------------------|--------------------|-------------------|
| <b>City forecasters</b>                           |       |       |            |                                |                       |                      |             |                        |                    |                   |
| Abn Amro Hoare Govett                             | July  | 2.5   | 0.2        | 1.49                           | 0.9                   | 0.4                  | 6.3         | -10.2                  | -1.8               |                   |
| Barclays Bank                                     | Aug   | 2.1   | 0.0        | 1.60                           | -                     | -0.5                 | -           | -15.0                  | 5.0                | -                 |
| Barclays Capital                                  | Sept* | 1.8   | -0.5       | 1.53                           | 0.9                   | 1.5                  | -           | -5.1                   | 6.0                | -                 |
| Charterhouse                                      | Sept* | 2.5   | 0.5        | 1.44                           | 0.8                   | 0.3                  | -           | -14.3                  | -7.2               | -                 |
| Chase Manhattan                                   | Sept* | 1.5   | -0.2       | 1.60                           | -1.0                  | -1.0                 | -           | -12.0                  | 5.0                | -                 |
| Credit Lyonnais                                   | July  | -     | -          | 1.50                           | 1.8                   | 0.9                  | 6.5         | -11.2                  | 1.2                | -                 |
| Credit Suisse First Boston                        | Sept* | 2.8   | 0.0        | 1.50                           | 0.0                   | 0.0                  | -           | -6.0                   | -3.5               | -                 |
| Daiwa Europe Ltd/DIR                              | Sept* | 2.2   | -0.3       | 1.50                           | -                     | -                    | -           | -9.7                   | -1.9               | -                 |
| Deutsche Bank                                     | July  | 2.0   | -0.5       | 1.55                           | 0.7                   | 0.3                  | -           | -12.5                  | 3.0                | -                 |
| Dresdner Kleinwort B                              | July  | 1.0   | -0.2       | 1.42                           | 0.1                   | -0.5                 | -           | -7.9                   | 1.1                | -3.2              |
| Economic Perspectives                             | Aug   | 1.3   | -0.4       | 1.62                           | 0.8                   | 0.8                  | 2.5         | -15.0                  | 12.0               | -                 |
| Goldman Sachs                                     | Sept* | 2.0   | -1.4       | 1.70                           | -0.9                  | -1.8                 | -           | -10.7                  | 12.2               | 11.2              |
| Greenwich Natwest                                 | Sept* | 1.5   | -0.2       | 1.91 aa                        | 0.8                   | 0.5                  | 4.7         | -9.1                   | 1.0                | -2.2              |
| Hermes  | Sept* | 2.0   | -0.7       | 1.61                           | 0.6                   | 0.5                  | -           | -6.8                   | 3.0                | -                 |
| HSBC Econ & Strategy                              | Sept* | 2.0   | 0.0        | 1.40                           | 0.5                   | 0.5                  | 4.5         | -12.0                  | -2.0               | -2.0              |
| J P Morgan  | Sept* | -     | -          | -                              | -3.4                  | -                    | -           | -12.5                  | 0.0                | -                 |
| Lehman Brothers                                   | Sept* | 2.3   | 0.3        | 1.50                           | 1.5                   | 1.0                  | 7.0         | -7.5                   | 7.0                | -                 |
| Lombard St  | Aug   | 2.4   | 0.0        | 1.70                           | -                     | -                    | -           | -13.6                  | 1.0                | -                 |
| Merrill Lynch                                     | Sept* | -     | -          | 1.50                           | -                     | 0.5                  | -           | -11.0                  | 4.0                | -                 |
| Morgan Stanley                                    | Sept* | 1.5   | -0.1       | 1.60                           | -1.0                  | -0.9                 | -           | -12.0                  | 3.0                | -                 |
| Natwest Group                                     | Sept* | 2.6   | 0.7        | 1.49                           | 2.0                   | 1.3                  | 6.5         | -8.0                   | 6.0                | 6.0               |
| Nikko Europe                                      | Aug   | 2.0   | 0.0        | 1.50                           | 1.5                   | 1.5                  | -           | -12.0                  | 0.0                | -                 |
| Norwich Union IM                                  | Sept* | 1.0   | 0.0        | 1.50                           | 1.0                   | 1.0                  | -           | -7.0                   | 10.0               | -                 |
| Panmure Gordon                                    | Sept* | 2.0   | -0.4       | 1.53                           | -1.6                  | -1.8                 | -           | -16.0                  | -8.0               | -                 |
| Salomon Brothers                                  | Sept* | 2.7   | 0.4        | 1.63                           | 0.0                   | 0.0                  | -           | -26.5                  | -                  | 6.0               |
| Schroders   | July  | 1.9   | -0.2       | 1.50                           | -                     | 0.1                  | 5.8         | -11.8                  | -3.0               | -                 |
| Societe Generale                                  | June  | 2.0   | -0.2       | 1.45                           | 0.7                   | 0.6                  | 5.5         | -10.0                  | 0.0                | -                 |
| Warburg Dillon Read                               | Sept* | 0.8   | -0.8       | 1.70                           | -0.4                  | -0.7                 | -           | -1.0                   | -                  | 8.0               |
| Williams de Broe                                  | July  | -     | -0.6       | 1.68                           | -0.1                  | -0.2                 | 4.7         | -8.4                   | 0.2                | 0.2               |
| <b>Non-City forecasters</b>                       |       |       |            |                                |                       |                      |             |                        |                    |                   |
| BSL   | Sept* | 1.4   | -0.3       | 1.60                           | -0.7                  | -0.9                 | 4.0         | -1.9                   | 7.8                | 7.8               |
| Cambridge Econ                                    | June  | 1.8   | -0.1       | 1.50 k                         | 1.5                   | 1.0                  | 3.6         | -8.7                   | 1.8 k              | -                 |
| CBI   | Sept* | 2.6   | 0.2        | 1.32                           | 0.4                   | 0.0                  | 6.6         | -8.0                   | 0.8                | -                 |
| CEBR  | Sept* | 2.7   | -1.1       | 1.81                           | -                     | -2.5                 | -           | -4.5                   | 13.8               | -                 |
| DRI   | July  | 1.3   | 0.4        | 1.62                           | 3.8                   | 4.7                  | 6.0         | -8.5                   | 2.4                | -                 |
| EIU   | June  | 1.9   | 0.2        | 1.43                           | 0.7                   | 0.9                  | 7.2         | -6.0                   | 0.5                | -                 |
| Henley  | Sept* | 2.1   | -1.2       | -                              | -                     | 0.9                  | -           | -13.7                  | 3.5                | -                 |
| ITEM Club   | Aug   | 2.0   | -0.1       | 1.47                           | -                     | 0.1                  | 7.4         | -11.1                  | -7.0               | -                 |
| LBS   | Aug   | 2.9   | 0.1        | 1.46                           | -                     | -0.8                 | -           | -10.4                  | 2.9                | -                 |
| Liverpool Univ                                    | Sept* | -     | -          | 1.10                           | -                     | -                    | 3.0         | -13.9                  | -15.0              | -                 |
| NIESR   | July  | 1.5   | 0.3        | 1.35                           | -                     | 1.3                  | 5.7         | -11.8                  | 9.1                | 9.1               |
| OEF   | Aug   | 2.3   | -0.3       | 1.40                           | -0.1                  | -0.2                 | 6.9         | -10.9                  | 0.0                | -                 |
| WEFA  | Aug   | 2.6   | 0.4        | 1.33                           | 1.5                   | 1.5                  | -           | -9.0                   | -7.0               | -                 |
| EC  | May   | 2.5   | 0.5        | 1.40                           | 1.4                   | 1.2                  | 7.8         | -13.8                  | -                  | -                 |
| OECD  | June  | -     | 0.0        | -                              | -                     | 2.0                  | 7.5         | -1.3 g                 | -0.4               | -                 |
| IMF   | Jan   | -     | -          | -                              | -                     | -                    | -           | -                      | -                  | -                 |
| <b>Average of Forecasts made in last 3 months</b> |       |       |            |                                |                       |                      |             |                        |                    |                   |
| Independent                                       |       | 2.0   | -0.2       | 1.52                           | 0.4                   | 0.2                  | 5.5         | -10.5                  | 1.7                | 4.1               |
| New (marked *)                                    |       | 2.0   | -0.3       | 1.53                           | 0.0                   | -0.1                 | 5.2         | -10.0                  | 2.2                | 5.0               |
| City  |       | 1.9   | -0.2       | 1.55                           | 0.2                   | 0.1                  | 5.4         | -10.9                  | 2.1                | 3.0               |
| <b>Range of Forecasts made in last 3 months</b>   |       |       |            |                                |                       |                      |             |                        |                    |                   |
| Highest   |       | 2.9   | 0.7        | 1.81                           | 3.8                   | 4.7                  | 7.4         | -1.0                   | 13.8               | 11.2              |
| Lowest  |       | 0.8   | -1.4       | 1.10                           | -3.4                  | -2.5                 | 2.5         | -26.5                  | -15.0              | -3.2              |
| HM Treasury                                       | Mar   | 1¼-1¾ | -          | -                              | -                     | 1-1½                 | 7           | -6¾                    | 3.1                | -                 |

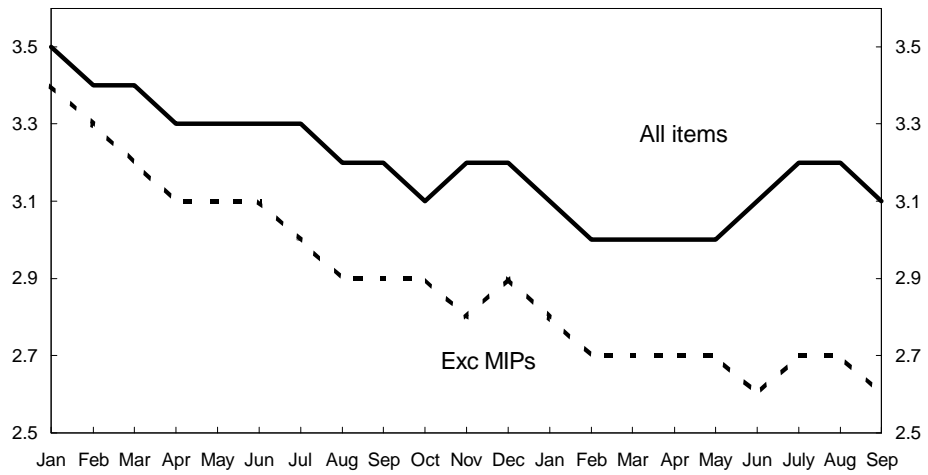
# Forecasts for 1998

Independent average, January 1997 -September 1998

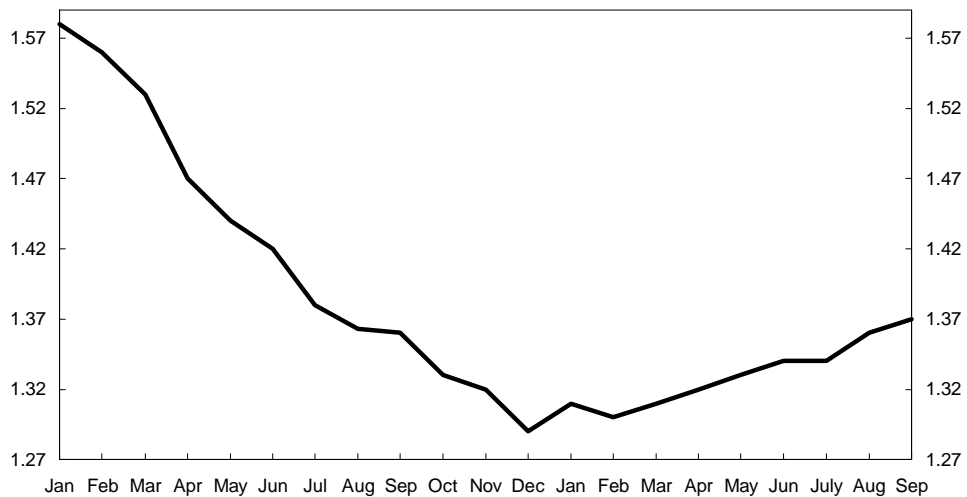
GDP growth  
(per cent)



Retail price  
inflation  
(Q4, per cent)



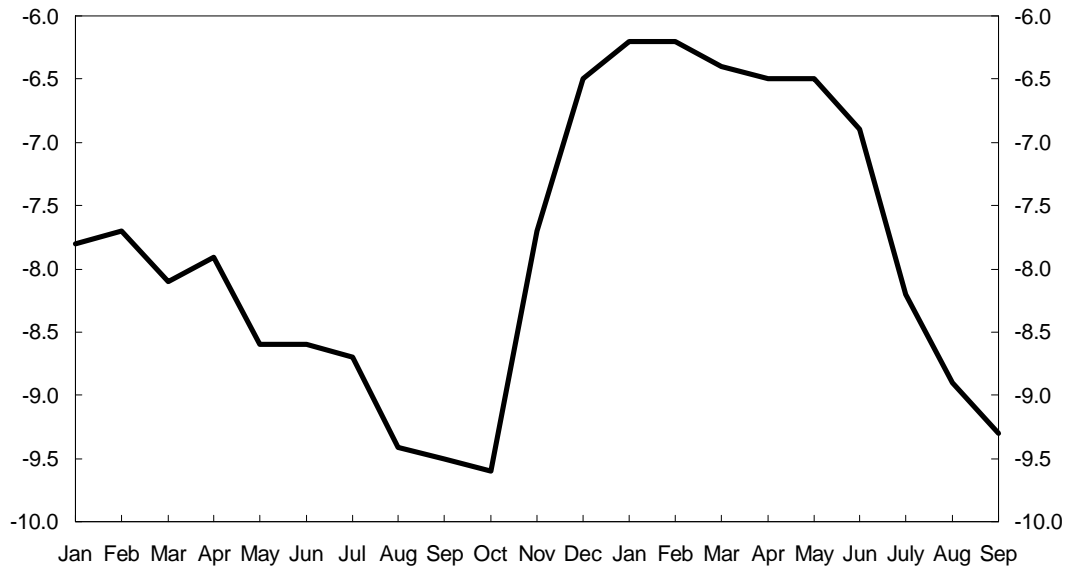
Claimant  
unemployment  
(Q4, millions)



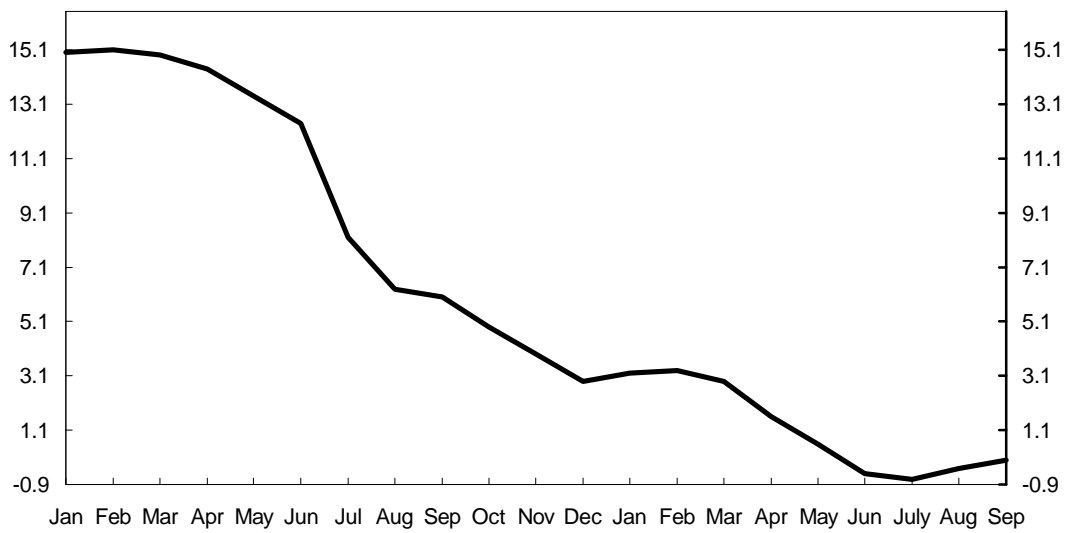
# Forecasts for 1998

Independent average, January 1997 - September 1998

Current account  
(£ billion)



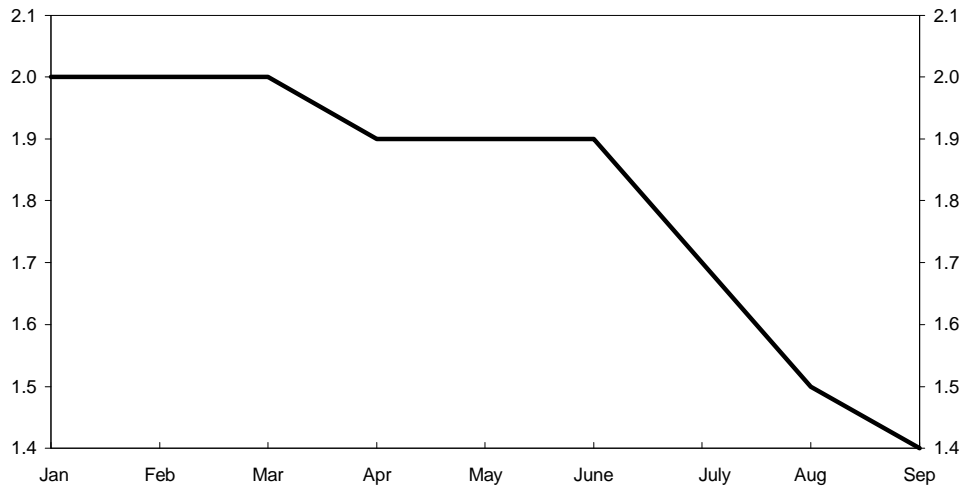
PSNCR 1998-99  
(£ billion)



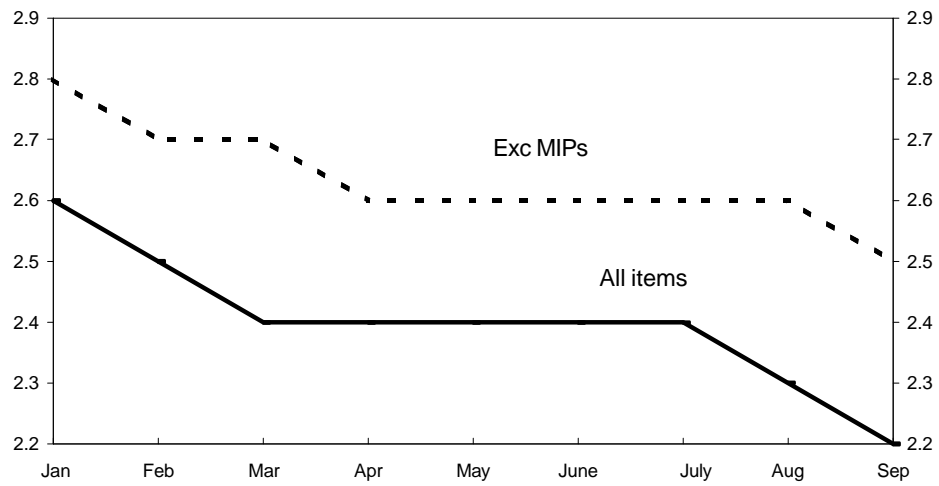
# Forecasts for 1999

Independent average, January 1998 - September 1998

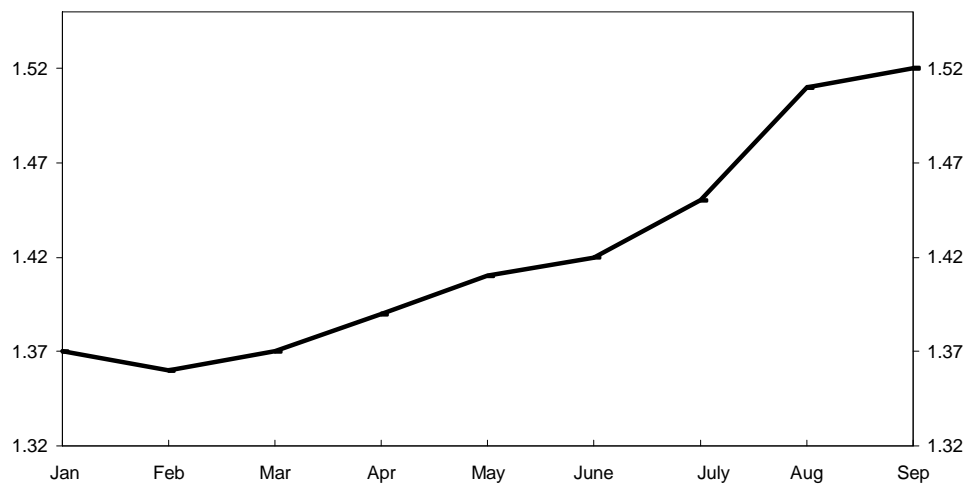
GDP growth (per cent)



Retail price inflation (Q4, per cent)



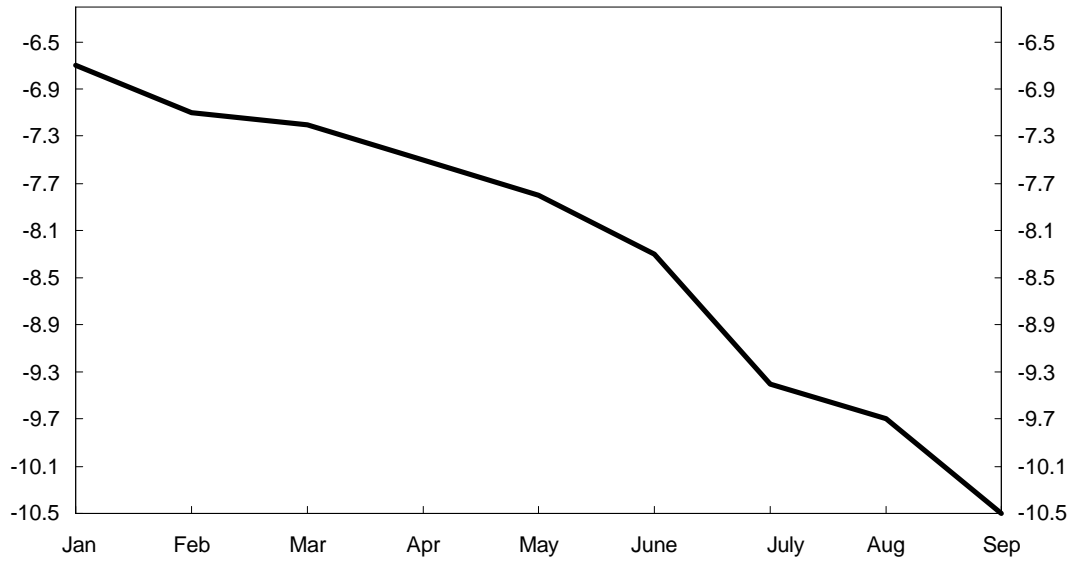
Claimant unemployment (Q4, millions)



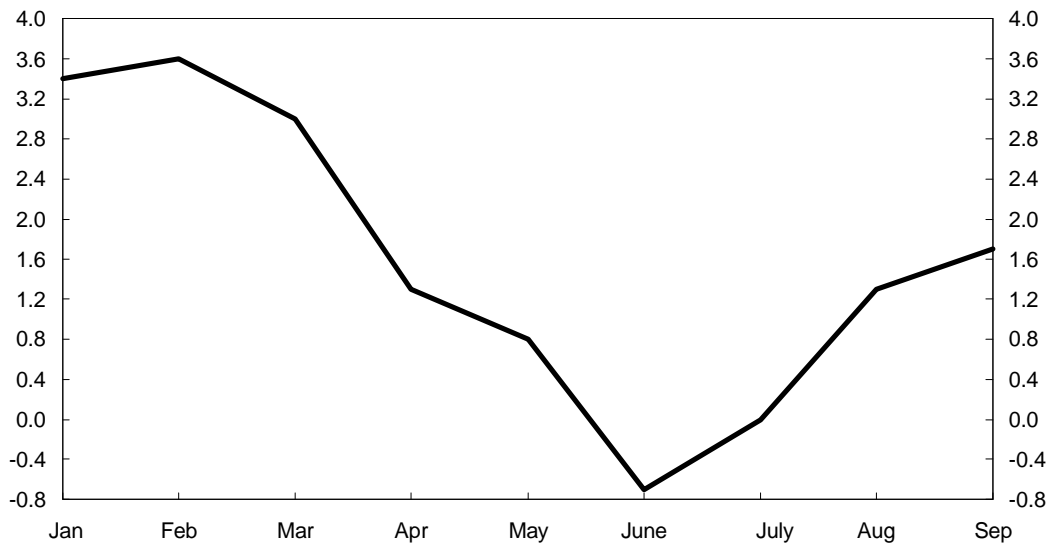
# Forecasts for 1999

Independent average, January 1998 - September 1998

Current account  
(£ billion)

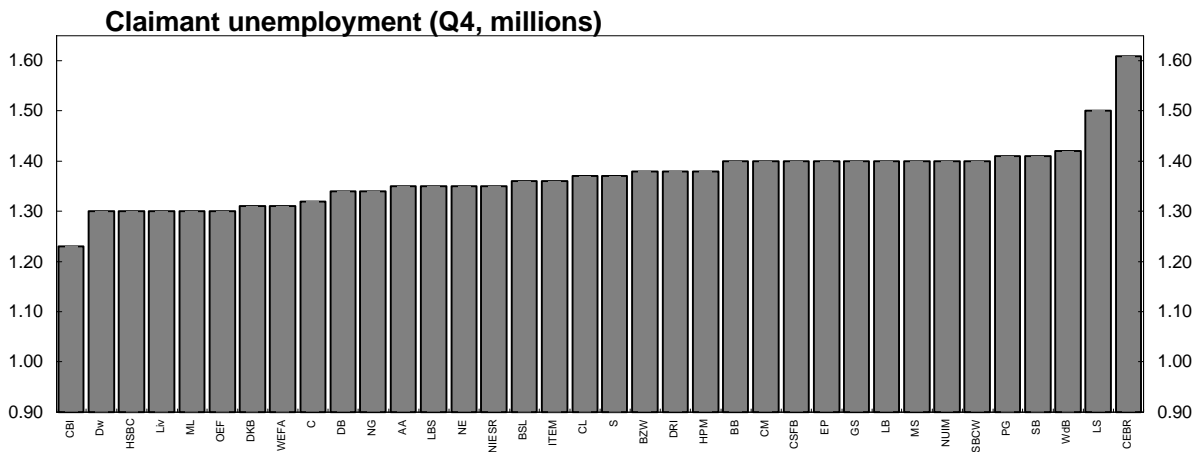
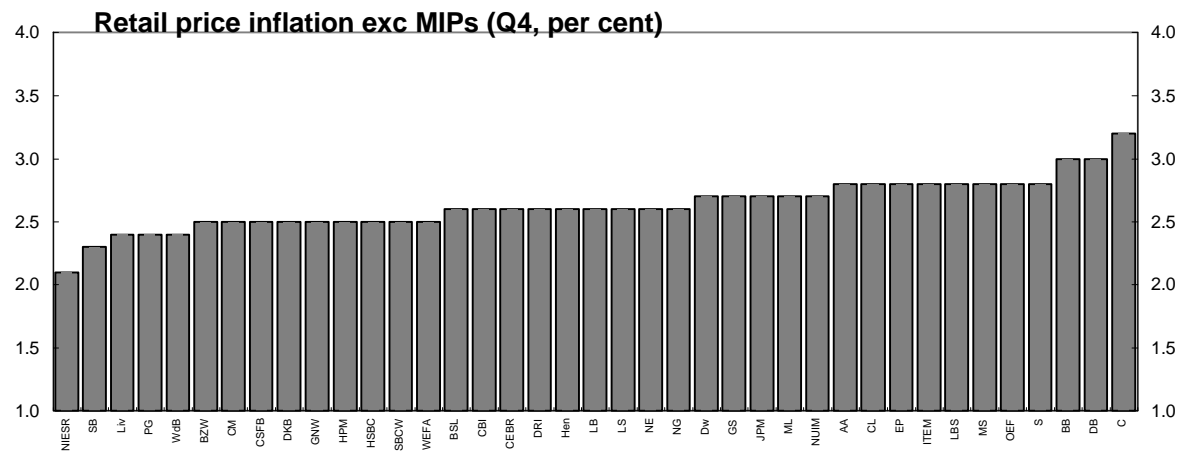
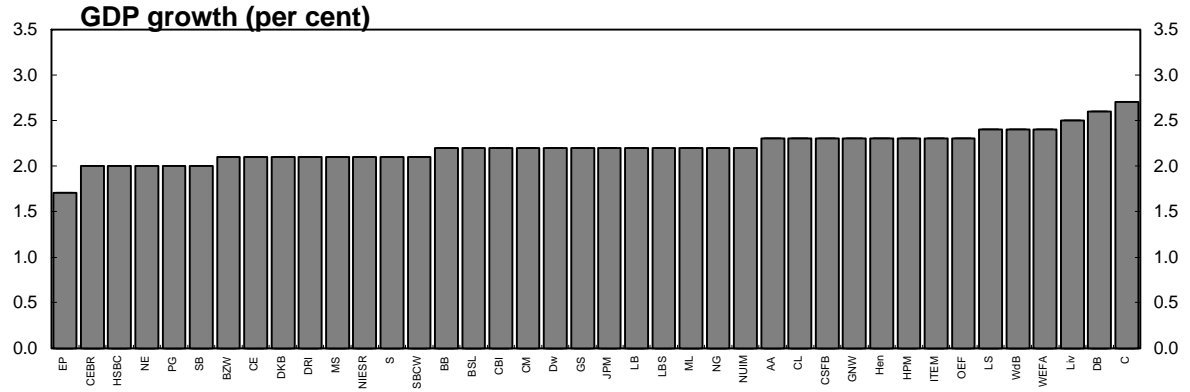


PSNCR 1999-00  
(£ billion)



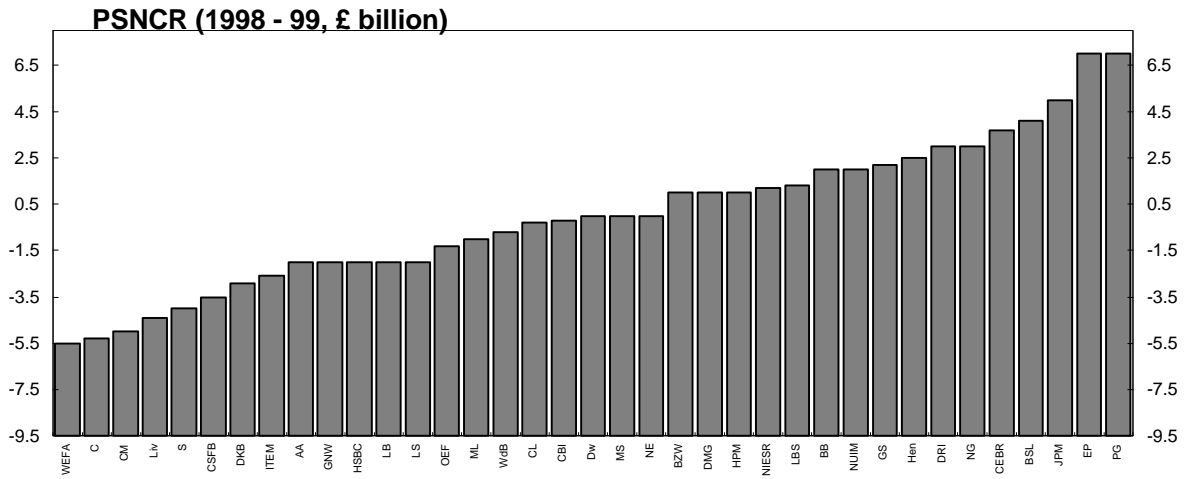
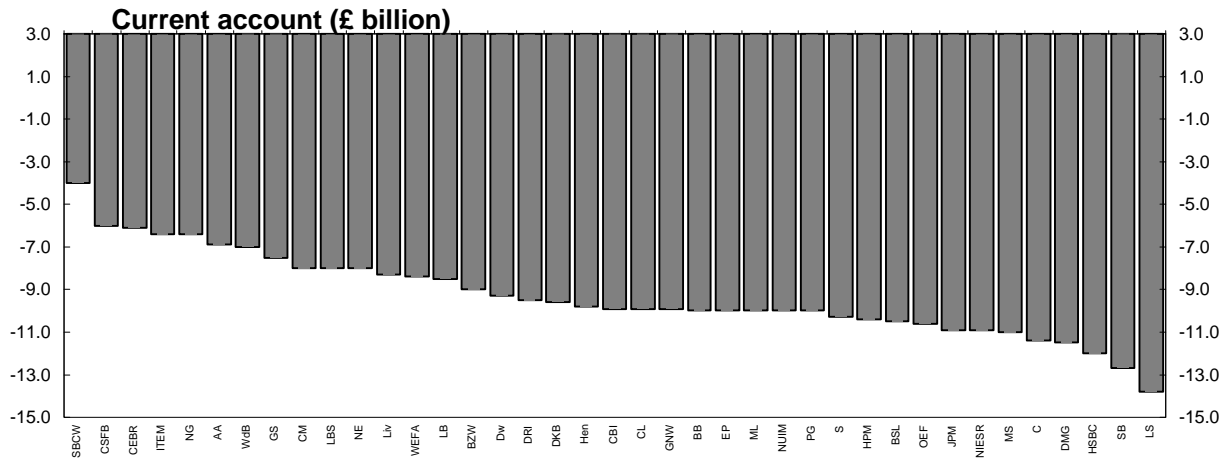
# Forecasts for 1998

September 1998, range of forecasts ( made in last 3 months )



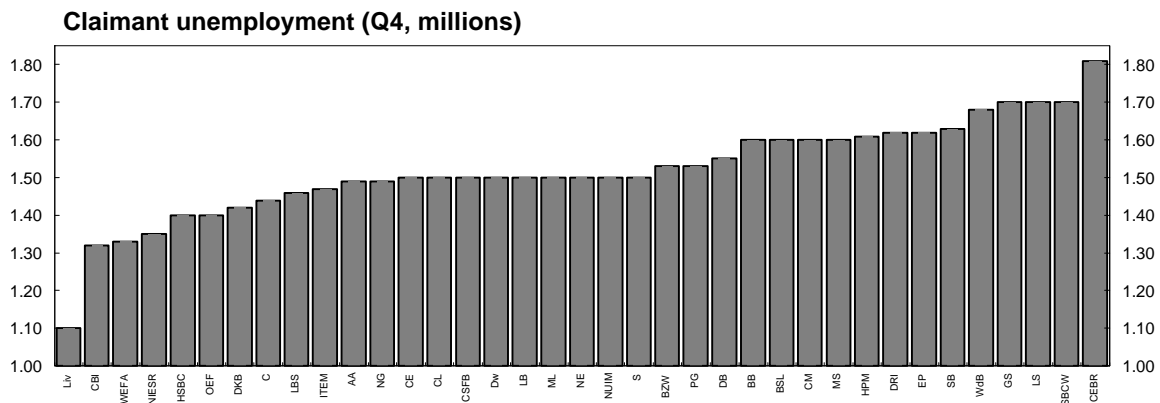
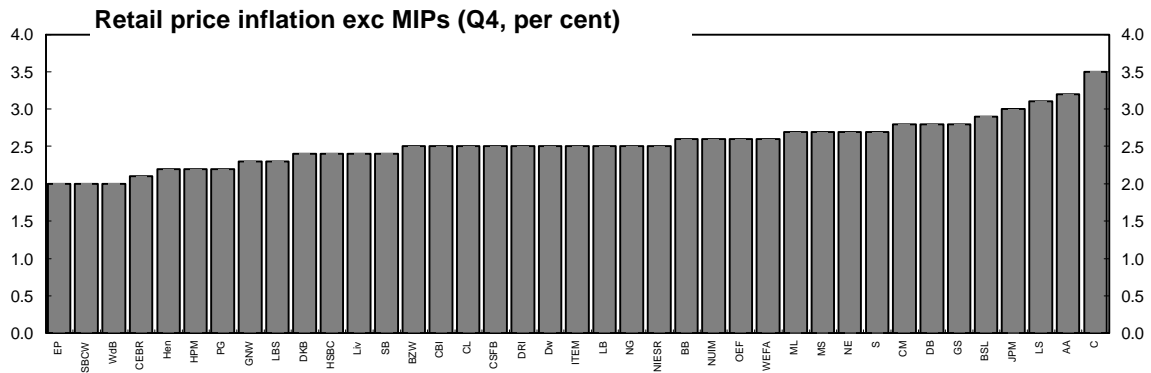
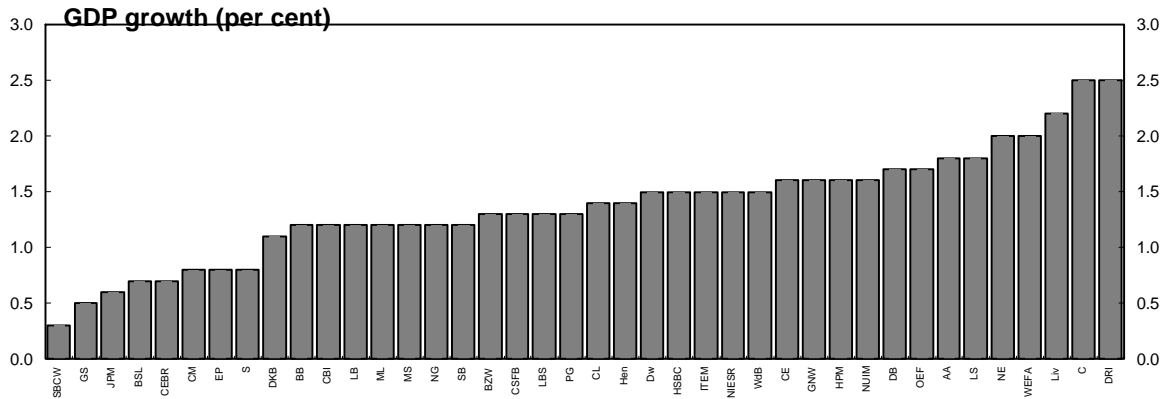
# Forecasts for 1998

September 1998, range of forecasts ( made in last 3 months )



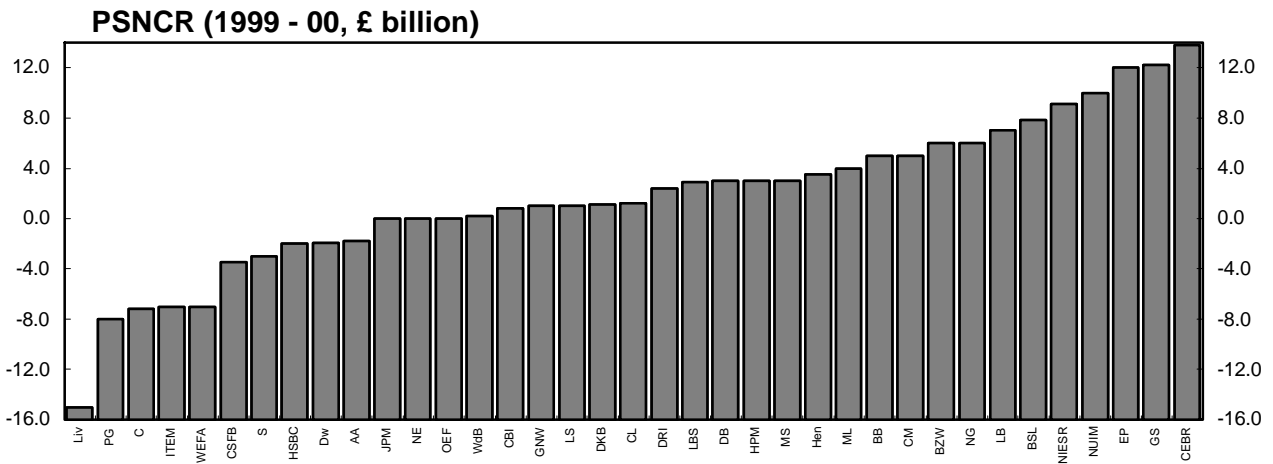
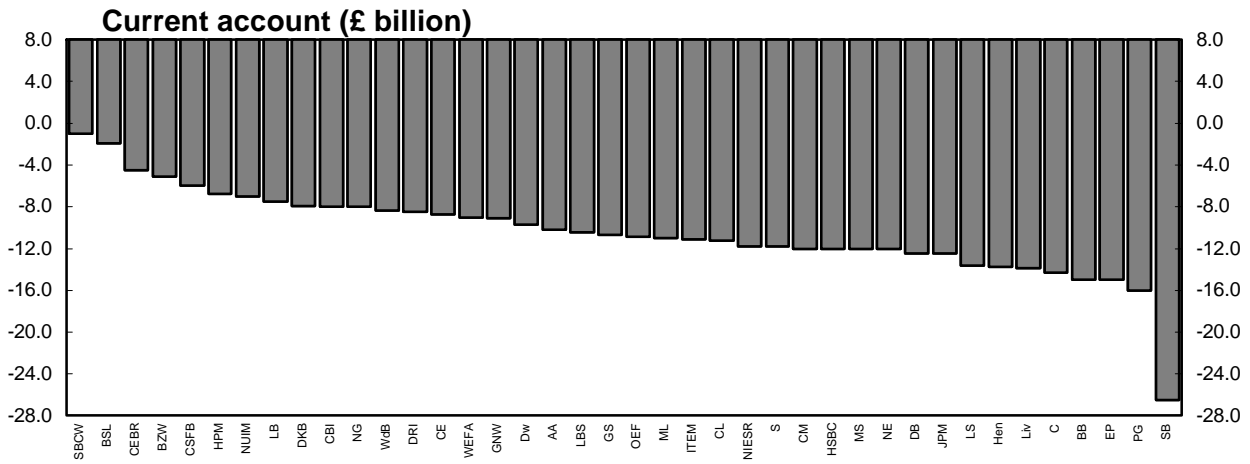
# Forecasts for 1999

September 1998, range of forecasts ( made in last 3months )



# Forecasts for 1999

September 1998, range of forecasts (made in last 3 months )



**ANNEX 1: Forecasting institutions** referred to in charts and tables:

|        |   |
|--------|---|
| AA:    | Abn Amro  |
| BB:    | Barclays Bank   |
| BZW:   | Barclays Capital                                      |
| BSL    | Business Strategies Ltd                               |
| CE:    | Cambridge Econometrics                                |
| C:     | Charterhouse  |
| CM:    | Chase Manhattan                                       |
| CBI:   | Confederation of British Industry                     |
| CEBR:  | Centre for Economics and Business Research Ltd        |
| CL:    | Credit Lyonnais                                       |
| CSFB:  | Credit Suisse First Boston                            |
| Dw:    | Daiwa Europe Ltd/DIR                                  |
| DB :   | Deutsche Bank   |
| DKB:   | Dresdner kleinwort Benson                             |
| DRI    | Data Resources Inc. Europe                            |
| EC:    | European Commission                                   |
| EIU:   | Economist Intelligence Unit                           |
| EP:    | Economic Perspectives                                 |
| GNW:   | Greenwich Natwest                                     |
| GS:    | Goldman Sachs   |
| Hen:   | Henley Forecasting Centre                             |
| HSBC:  | HSBC Economics and Strategy                           |
| HPM:   | Hermes Pensions Management Ltd                        |
| IMF:   | International Monetary Fund                           |
| ITEM:  | ITEM Club   |
| JPM:   | J P Morgan  |
| LB:    | Lehman Brothers                                       |
| Liv:   | Liverpool University Research Group in Macroeconomics |
| LS:    | Lombard Street Research Ltd                           |
| LBS:   | London Business School                                |
| ML:    | Merrill Lynch   |
| MS:    | Morgan Stanley  |
| NIESR: | National Institute for Economic and Social Research   |
| NG:    | Natwest Group   |
| NE:    | Nikko Europe  |
| NUIM:  | Norwich Union Investment Management                   |
| PG:    | Panmure Gordon  |

|       |   |
|-------|---|
| OECD  | Organisation for Economic Cooperation and Development |
| OEF:  | Oxford Economic Forecasting                           |
| SB:   | Saloman Brothers                                      |
| S:    | Schroders   |
| WDR:  | Warburg Dillon Read                                   |
| SG:   | Societe Generale                                      |
| WEFA: | Wharton Economic Forecasting                          |
| WdB:  | Williams de Broë                                      |

**Notation** used in tables:

- a: consumers' expenditure deflator
- b: underlying consumers' expenditure deflator
- c: non-durable consumption
- d: current and capital expenditure, including stockbuilding
- e: private sector investment, stockbuilding and durable consumption
- f: investment and stockbuilding combined
- g: as a percentage of GDP
- h: contribution to GDP growth - per cent
- i: hourly rate
- j: end period
- k: calendar year
- m: non-oil trade
- n: wages and salaries divided by employees in employment
- o: consumer price deflator to Q4
- p: calculated from general government financial deficit figures adjusted for privatisation proceeds
- q: forecast growth rates for Q4
- r: various definitions; refer to forecasters for details
- s: base rate
- t: billions of dollars
- u: general government current and capital expenditure plus stockbuilding
- v: average of spot price of Brent crude and Dubai light crude
- w: UK export markets
- x: claimant unemployment rate
- y: derived from the consumer price index
- z: OECD real imports of goods and services
- aa: ILO Unemployment

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| Barclays Capital               | David Hillier     | 0171 773 4307           |
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|                                | Roger Bootle      | 0171 336 3888           |
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| J P Morgan                     | David Mackie      | 0171 325 5040           |
| Lehman Brothers                | Mike Dicks        | 0171 260 2783           |
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| NIESR                          | Garry Young       | 0171 222 7665           |
| Natwest Group                  | Elisabeth Hall    | 0171 726 1912           |
| Nikko Europe                   | Simon Briscoe     | 0171 976 7484           |
| Norwich Union IM               | Sandra Horne      | 01603 683680            |
| Panmure Gordon                 | Stuart Weatherby  | 0171 860 3659           |
| Oxford Economic Forecasting    | Adrian Cooper     | 01865 202 828           |
| Saloman Brothers               | Michael Saunders  | 0171 721 3924           |
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| Societe Generale               | Brian Hilliard    | 0171 762 5014           |
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| WEFA                           | Dixon Hawkins     | 0171 631 0757           |
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