

## WORLD FORECAST DETAIL

### Growth of Real GNP

	1998	1999	2000	2001	2002	2003
U.S.A.	4.4	4.2	5.1	4.2	3.5	3.5
U.K.	1.9	1.8	2.7	2.7	3.1	2.7
Canada	3.3	4.5	4.5	3.7	2.6	2.7
Japan	-2.5	0.2	1.7	1.7	1.8	1.6
Germany	2.2	1.5	2.9	2.2	2.3	2.2
France	3.2	2.9	3.3	2.5	2.8	2.5
Italy	1.5	1.4	2.8	2.2	2.3	2.2

### Growth of Consumer Prices

	1998	1999	2000	2001	2002	2003
U.S.A.	1.6	2.2	3.2	2.6	2.4	2.4
U.K.	2.3	2.4	2.3	2.2	2.4	2.2
Canada	1.0	1.7	2.5	2.6	2.4	2.4
Japan	0.6	-0.3	-0.4	0.2	0.2	0.2
Germany	1.0	0.6	1.7	2.0	1.3	1.9
France	0.6	0.5	1.5	1.7	1.7	1.7
Italy	1.8	1.6	2.5	1.8	1.8	1.8

### Real Short-Term Interest Rates

	1998	1999	2000	2001	2002	2003
U.S.A.	3.0	1.9	3.2	3.6	3.7	3.7
U.K.	4.9	3.7	3.9	3.7	3.4	2.9
Canada	3.1	2.0	3.0	3.6	3.4	3.7
Japan	0.1	-0.8	0.0	0.4	0.8	0.4
Germany	1.6	1.2	2.0	3.7	3.0	3.0
France	2.0	1.1	2.3	3.3	3.2	3.4
Italy	3.2	1.1	2.2	3.2	3.1	3.3

### Nominal Short-Term Interest Rates

	1998	1999	2000	2001	2002	2003
U.S.A.	5.5	4.7	5.8	6.0	6.1	6.0
U.K.	7.3	5.4	6.1	6.1	5.6	5.1
Canada	5.6	4.7	5.6	6.0	5.8	6.3
Japan	0.5	0.6	0.2	0.6	1.0	0.7
Germany	3.3	2.8	4.0	5.0	4.9	5.1
France	3.4	2.8	4.0	5.0	4.9	5.1
Italy	5.4	2.8	4.0	5.0	4.9	5.1

### Real Long-Term Interest Rates

	1998	1999	2000	2001	2002	2003
U.S.A.	1.9	3.6	3.8	2.9	2.4	2.0
U.K.	2.9	2.9	3.8	3.3	3.0	2.9
Canada	2.4	1.9	3.6	0.9	0.9	2.7
Japan	0.3	0.8	1.4	-0.3	0.6	-0.3
Germany	2.3	2.0	3.5	3.3	4.0	4.8
France	2.7	2.1	2.9	1.4	1.1	0.7
Italy	4.2	2.8	4.4	4.4	2.3	1.7

### Nominal Long Term Interest Rates

	1998	1999	2000	2001	2002	2003
U.S.A.	4.8	5.6	6.2	5.8	5.8	5.9
U.K.	5.6	5.4	6.0	5.7	5.3	5.2
Canada	5.2	5.7	6.0	3.8	4.5	4.9
Japan	0.9	1.8	1.8	0.9	2.8	2.9
Germany	4.2	4.3	5.3	4.7	5.2	5.5
France	4.3	4.7	5.4	4.7	5.2	5.5
Italy	4.5	4.7	5.5	4.7	5.2	5.5

### Index of Real Exchange Rate<sup>1</sup> (1996=100)

	1998	1999	2000	2001	2002	2003
U.S.A.	112.5	103.8	126.4	128.7	131.4	131.4
U.K.	110.3	110.1	109.0	108.3	107.9	105.8
Canada	96.3	91.7	111.5	115.9	119.8	120.6
Japan	82.5	90.0	117.9	111.1	106.9	106.9
Germany	94.9	90.9	91.1	88.4	87.2	85.3
France	97.4	90.8	96.0	93.5	93.9	92.5
Italy	102.4	91.8	101.7	100.0	101.0	99.7

### Nominal Exchange Rate<sup>1</sup>

	1998	1999	2000	2001	2002	2003
U.S.A.	109.98	106.18	112.51	114.48	116.61	116.89
U.K.	1.65	1.63	1.48	1.45	1.49	1.47
Japan	130.90	113.20	107.60	110.30	112.20	111.20
Euroland	0.90	0.94	1.10	1.14	1.16	1.18

<sup>1</sup> The real exchange rate is the domestic price level relative to the foreign price level converted into domestic currency. A rise in the index implies an appreciation in the real exchange rate.

<sup>1</sup> The series for the USA is a trade weighted index (1990=100); the series for the UK is \$ per £

\* Forecasts based on the Liverpool World Model

## UK FORECAST DETAIL

### Prices, Wages, Interest Rates and Exchange Rate Forecast (Seasonally Adjusted)

	Inflation % <sup>1</sup> (CPI)	Short Dated (5 Year) Interest Rates	Treasury Bill Rates	Nominal Exchange Rate (1990=100) <sup>2</sup>	Real Exchange Rate <sup>3</sup>	Real Treasury Bill Rates % <sup>4</sup>	Inflation (RPI)	Real Short Dated Rate of Interest <sup>5</sup>
1997	2.1	6.9	6.8	100.5	106.4	5.0	3.1	4.7
1998	2.3	5.6	7.3	103.9	110.3	4.9	3.4	2.9
1999	2.4	5.4	5.4	103.8	110.1	3.7	1.6	2.9
2000	2.3	6.0	6.1	107.1	109.0	3.9	3.0	3.8
2001	2.2	5.7	6.1	106.4	108.3	3.7	2.3	3.5
2002	2.4	5.3	5.6	105.6	107.9	3.4	2.0	3.1
1999:1	2.6	4.5	5.5	101.1	106.9	3.6	2.2	2.1
1999:2	2.5	5.1	5.2	104.1	110.7	3.5	1.4	2.8
1999:3	2.1	5.9	5.1	103.8	111.7	4.1	1.2	3.0
1999:4	2.2	6.0	5.8	106.0	111.2	3.6	1.5	3.8
2000:1	2.2	6.1	6.2	108.5	111.2	3.9	2.3	4.0
2000:2	2.4	5.7	6.1	107.9	108.9	4.2	3.1	3.6
2000:3	2.4	6.1	6.1	106.2	108.3	3.8	3.4	4.0
2000:4	2.3	5.9	6.1	105.8	107.7	3.7	3.3	3.7
2001:1	2.2	6.0	6.2	106.3	107.9	3.7	2.5	3.7
2001:2	2.0	6.0	6.1	107.4	108.6	3.7	2.0	3.7
2001:3	2.3	5.5	6.0	105.9	108.4	3.6	2.3	3.4
2001:4	2.4	5.4	6.0	106.1	108.3	3.8	2.3	3.1

<sup>1</sup> Consumer's Expenditure Deflator

<sup>2</sup> Sterling Effective Exchange Rate Bank of England

<sup>3</sup> Ratio of UK to other OECD consumer prices adjusted for nominal exchange rate

<sup>4</sup> Treasury Bill Rate less one year forecast of inflation

<sup>5</sup> Short Dated 5 Year Interest Rate less average of predicted 5 year ahead inflation rate

### Labour Market and Supply Factors (Seasonally Adjusted)

	Average Earnings (1990=100) <sup>1</sup>	Wage Growth <sup>2</sup>	Unemployment (New Basis) Percent <sup>3</sup>	Unemployment (New Basis) Millions	Real Wage Rate <sup>4</sup> (1990=100)	Long-Run Real Wage Rate <sup>5</sup>	Long Run 'Natural' Level of Unemployment <sup>6</sup>
1997	138.0	4.5	5.6	1.63	107.9	107.1	0.71
1998	145.4	5.1	4.7	1.35	110.9	105.9	0.71
1999	152.4	4.3	4.3	1.25	113.0	109.0	0.70
2000	159.1	4.9	3.8	1.09	115.9	109.5	0.73
2001	165.9	4.2	3.3	0.95	118.2	110.9	0.82
2002	172.5	4.0	2.7	0.78	120.1	112.5	0.85
1999:1	149.6	4.3	4.5	1.31	112.0	108.4	0.72
1999:2	151.4	3.6	4.4	1.28	112.2	109.3	0.70
1999:3	153.1	3.9	4.2	1.22	113.3	109.3	0.69
1999:4	155.3	5.4	4.1	1.19	114.6	109.1	0.68
2000:1	158.4	6.2	3.9	1.15	116.5	107.4	0.75
2000:2	157.3	5.2	3.8	1.11	115.3	109.5	0.74
2000:3	160.1	4.6	3.7	1.07	115.8	110.0	0.73
2000:4	160.7	3.5	3.6	1.05	116.0	110.9	0.72
2001:1	162.7	2.7	3.5	1.01	117.1	110.4	0.83
2001:2	164.4	4.5	3.3	0.97	118.3	110.4	0.82
2001:3	167.5	4.6	3.2	0.93	118.5	111.2	0.82
2001:4	168.8	5.1	3.1	0.90	119.1	111.7	0.81

<sup>1</sup> Whole Economy

<sup>2</sup> Average Earnings

<sup>3</sup> Wholly unemployed excluding school leavers as percentage of employed and unemployed, self employed and HM Forces

<sup>4</sup> Wage rate deflated by CPI

<sup>5</sup> Long-run equilibrium real wage rate (% of actual) 100=Equilibrium

<sup>6</sup> Long-run equilibrium values (millions)

### Estimates and Projections of the Gross Domestic Product<sup>1</sup> (£ Million 1990 Prices)

	Expenditure Index	£ Million '90 prices	Non-Durable Consumption <sup>2</sup>	Private Sector Gross Investment Expenditure <sup>3</sup>	Public Authority Expenditure <sup>4</sup>	Net Exports <sup>5</sup>	AFC
1997	112.9	540589.0	321442.0	171934.0	133887.0	-7704.0	78970.0
1998	115.1	551068.0	329300.0	186121.0	136331.0	-18702.0	81982.0
1999	117.2	561208.0	341933.0	193176.0	140229.0	-27559.0	86571.0
2000	120.4	576594.9	348767.6	198007.1	145782.3	-27490.8	88471.8
2001	123.6	591898.8	350864.0	200407.3	154097.0	-22508.2	90966.5
2002	127.5	610437.6	357428.5	208232.3	159168.8	-20397.8	94004.4
1997/96	3.3		3.7	7.7	-0.8		3.5
1998/97	1.9		2.4	8.3	1.8		3.8
1999/98	1.8		3.8	3.8	2.9		5.6
2000/99	2.7		2.0	2.5	3.9		2.3
2001/00	2.7		0.6	1.2	5.7		2.8
2002/01	3.1		1.9	3.9	3.3		3.3
2003/02	2.7		2.5	3.9	1.7		2.9
1999:1	115.9	138733.0	84496.0	47601.0	34779.0	-7410.0	20733.0
1999:2	116.7	139704.0	85160.0	48417.0	34604.0	-6368.0	22109.0
1999:3	117.6	140822.0	85606.0	48260.0	35119.0	-5905.0	22258.0
1999:4	118.6	141949.0	86671.0	48898.0	35727.0	-7876.0	21471.0
2000:1	119.2	142659.0	86768.0	49831.0	35394.0	-7464.0	21870.0
2000:2	120.2	143943.0	87548.9	50279.5	35712.6	-7531.2	22066.8
2000:3	121.0	144919.9	87308.5	49263.5	37280.5	-6654.7	22278.0
2000:4	121.2	145072.9	87142.2	48633.2	37395.2	-5840.9	22257.0
2001:1	122.0	146084.5	87153.2	48635.7	38129.7	-5408.4	22426.1
2001:2	123.5	147832.4	87659.2	50347.5	38294.8	-5753.6	22716.2
2001:3	124.2	148693.5	87808.1	50867.2	38702.5	-5822.6	22863.3
2001:4	124.7	149288.4	88243.5	50557.0	38970.0	-5523.6	22960.9

<sup>1</sup> GDP at factor cost. Expenditure measure; seasonally adjusted

<sup>2</sup> Consumers expenditure less expenditure on durables and housing

<sup>3</sup> Private gross domestic capital formation plus household expenditure on durables and clothing plus private sector stock building

<sup>4</sup> General government current and capital expenditure including stock building

<sup>5</sup> Exports of goods and services less imports of goods and services

### Financial Forecast

	PSBR/GDP % <sup>1</sup>	GDP1 (£bn)	PSBR (£bn) Financial Year	Debt Interest (£bn)	Current Account (£ bn)
1997	0.7	803.8	5.5	28.1	6.6
1998	-0.5	843.0	-4.9	26.4	-0.5
1999	-1.9	877.6	-17.3	25.9	-11.0
2000	-3.6	924.2	-32.5	25.6	-13.8
2001	-1.7	971.6	-16.6	25.0	-7.2
2002	-2.7	1027.0	-27.7	24.0	-3.9
1999:1	-4.0	213.3	-8.6	6.5	-4.1
1999:2	2.0	215.6	4.2	6.4	-2.6
1999:3	-1.5	217.4	-3.2	6.4	-2.7
1999:4	-1.6	219.5	-3.6	6.6	-1.5
2000:1	-6.6	225.1	-14.8	6.6	-4.0
2000:2	-10.6	226.7	-24.1	6.3	-6.5
2000:3	-1.2	231.4	-2.9	6.3	-4.3
2000:4	-1.2	232.0	-2.9	6.3	1.0
2001:1	-1.1	234.2	-2.7	6.3	-1.5
2001:2	-1.6	237.3	-3.8	6.2	-4.1
2001:3	-1.7	242.9	-4.1	6.3	-3.2
2001:4	-1.7	244.5	-4.2	6.2	1.6

<sup>1</sup> GDP at market prices (Financial Year)