

Box 9

FORECASTS BY OTHER INSTITUTIONS

A number of forecasts for the euro area are available from both international organisations and private sector institutions. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they were finalised at different points in time and use different methods to derive assumptions for fiscal, financial and external variables, including oil prices. The forecasts covered by the Consensus Economics Forecasts and the ECB Survey of Professional Forecasters use a variety of unspecified assumptions. In contrast to the Eurosystem staff projections, the other forecasts are typically not conditioned on the assumption that short-term interest rates will remain unchanged over the projection horizon.

Despite different assumptions, the forecasts for euro area annual GDP growth in 2005 and 2006 are quite similar. In the forecasts currently available from other institutions, there is a consensus that euro area annual GDP growth will average between 1.2% and 1.6% in 2005, and between 1.9% and 2.3% in 2006.

It should be borne in mind that the Eurosystem staff macroeconomic projections and the OECD forecasts both report working-day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working-day-adjusted or non-working-day-adjusted data. For 2004, the non-working-day-adjusted average annual growth rate of euro area GDP was around $\frac{1}{4}$ percentage point higher than the working-day-adjusted growth rate, owing to the greater number of working days that year.

Table A Comparison of forecasts for euro area real GDP growth

(average annual percentage changes)

	Date of release	2004	2005	2006
European Commission	Apr. 2005	2.0	1.6	2.1
IMF	Apr. 2005	2.0	1.6	2.3
OECD	May 2005	1.8	1.2	2.0
Consensus Economics Forecasts	May 2005	1.8	1.5	1.9
Survey of Professional Forecasters	Apr. 2005	1.8	1.6	2.0

Sources: European Commission Economic Forecasts, Spring 2005; IMF World Economic Outlook, April 2005; OECD Economic Outlook No 77, Preliminary Edition; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters. The European Commission Forecasts and the IMF World Economic Outlook both report growth rates that are not working-day-adjusted.

The forecasts anticipate annual average HICP inflation to be between 1.8% and 1.9% in 2005, and between 1.3% and 1.8% in 2006.

Table B Comparison of forecasts for euro area overall HICP inflation

(average annual percentage changes)

	Date of release	2004	2005	2006
European Commission	Apr. 2005	2.1	1.9	1.5
IMF	Apr. 2005	2.2	1.9	1.7
OECD	May 2005	2.1	1.8	1.3
Consensus Economics Forecasts	May 2005	2.1	1.8	1.7
Survey of Professional Forecasters	Apr. 2005	2.1	1.9	1.8

Sources: European Commission Economic Forecasts, Spring 2005; IMF World Economic Outlook, April 2005; OECD Economic Outlook No 77, Preliminary Edition; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters.