

Box 9**Forecasts by other institutions**

A number of forecasts for the euro area up to 2002 are available from various institutions, both international organisations and those in the private sector, including the results of the ECB's own Survey of Professional Forecasters. It should be noted, however, that these forecasts are not strictly comparable with one another, or with the Eurosystem staff macroeconomic projections, as they are based on different assumptions and were finished at different points of time (resulting in differing cut-off dates for the inclusion of the latest available information). As regards the assumptions, in contrast to the Eurosystem staff projections, other forecasts

Comparison of forecasts for euro area real GDP growth

(annual percentage changes)

	Date of release	2000	2001	2002
European Commission	April 2001	3.4	2.8	2.9
IMF	April 2001	3.4	2.4	2.8
OECD	April 2001	3.4	2.6	2.7
Consensus Economics Forecasts	May 2001	3.4	2.5	2.7
Survey of Professional Forecasters	May 2001	3.4	2.5	2.6

Sources: European Commission Spring Economic Forecasts; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts, and the ECB's Survey of Professional Forecasters.

typically do not make the technical assumption of unchanged short-term interest rates and may thus include monetary policy responses to the economic outlook. Moreover, the forecasts may differ with respect to their assumptions on financial and external variables. Finally, it should also be noted that a variety of unspecified assumptions are used in the Consensus Economics Forecasts and in the Survey of Professional Forecasters.

Notwithstanding the differences in assumptions, a comparison of the forecasts available from other institutions suggests that real GDP growth in the euro area is expected to slow down markedly in 2001 to 2½-2¾%, increasing slightly in the following year. There is a broad consensus that in 2001 the slowdown is explained partly by a lower contribution from net trade, against a background of weaker world trade prospects, and partly by weaker domestic demand. Overall, domestic demand is still expected to be the key driving force behind growth, being underpinned by continued job creation, supportive financial conditions and tax reductions in 2001.

As regards the outlook for prices, the available forecasts agree that inflation in the euro area in 2001 will remain roughly the same as last year, while it is expected to slow down in 2002. Consumer price inflation is therefore projected to remain above 2% on average this year before falling back to below 2% on average thereafter.

Comparison of forecasts for euro area consumer price inflation ¹⁾

(annual percentage changes)

	Date of release	2000	2001	2002
European Commission	April 2001	2.3	2.2	1.8
IMF	April 2001	2.4	2.3	1.7
OECD	April 2001	2.2	2.2	1.9
Consensus Economics Forecasts	May 2001	2.2	2.3	1.8
Survey of Professional Forecasters	May 2001	2.4	2.3	1.8

Sources: European Commission Spring Economic Forecasts; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts, and the ECB's Survey of Professional Forecasters.