

Box 8**Forecasts by other institutions**

A number of forecasts for the euro area up to 2003 are now 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. However, 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 in time (resulting in different cut-off dates for the inclusion of the latest available information). In contrast to the Eurosystem staff macroeconomic projections, other forecasts are typically not conditioned on the assumption that short-term interest rates will be unchanged over the projection horizon. Moreover, the forecasts differ with respect to their assumptions for financial and external variables. Finally, it should also be noted that the forecasts covered by the Consensus Economics Forecasts and the Survey of Professional Forecasters use a variety of unspecified assumptions.

Comparison of forecasts for euro area real GDP growth

(annual percentage changes)

	Date of release	2001	2002	2003
European Commission	November 2001	1.6	1.3	2.9
IMF	November 2001	1.6	1.3	-
OECD	November 2001	1.6	1.4	3.0
Consensus Economics Forecasts	November 2001	1.5	1.5	-
Survey of Professional Forecasters	November 2001	1.5	1.5	2.5

Sources: European Commission Economic Forecasts Autumn 2001; IMF, 13 November 2001; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

Despite different assumptions, there is a clear consensus among forecasts currently available from other institutions that, following expected real GDP growth of around 1.5% this year (a marked slowdown from the strong 3.4% recorded in 2000), activity is likely to remain weak in 2002. The European Commission and the IMF both forecast a further weakening of the real GDP growth rate to 1.3% for that year, while according to the Survey of Professional Forecasters and the Consensus Economics Forecasts, growth in 2002 could reach 1.5%. The pattern of quarterly growth rates, published by some institutions, indicates that the weak annual real GDP growth for 2002 is mainly due to the impact of the weak economic activity expected for the second half of 2001. A moderate recovery is expected in the course of 2002. This reflects a gradual improvement in prospects for both domestic demand and world activity. Nonetheless, the exact timing of the recovery may differ across forecasts, which has an impact on resulting annual growth numbers for 2002. For 2003, forecasts indicate a marked increase in real GDP growth – to 2.5% according to the Survey of Professional Forecasters, and even to 3.0% according to the OECD.

Comparison of forecasts for euro area consumer price inflation ¹⁾

(annual percentage changes)

	Date of release	2001	2002	2003
European Commission	November 2001	2.8	1.8	1.8
IMF	November 2001	2.7	1.5	-
OECD	November 2001	2.5	1.6	1.7
Consensus Economics Forecasts	November 2001	2.6	1.7	-
Survey of Professional Forecasters	November 2001	2.6	1.7	1.8

Sources: European Commission Economic Forecasts Autumn 2001; IMF, 6 November 2001; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

1) Private consumption deflator for IMF and OECD, HICP otherwise.

As regards inflation prospects, all forecasts show a gradual decrease next year, with average annual inflation falling from between 2.5% for the OECD and 2.8% for the European Commission in 2001 to 1.5% for the IMF and 1.8% for the European Commission in 2002. In 2003, inflation is expected to be broadly unchanged, at 1.7% for the OECD and 1.8% according to both the Survey of Professional Forecasters and the European Commission. Effects of temporary shocks that have affected price developments in 2001 are expected to subside, and both external and domestic factors are expected to further alleviate price pressures.