

Box 8

Forecasts by other institutions

A number of forecasts for the euro area up to 2003 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. 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.

Despite different assumptions, there is a clear consensus among the forecasts currently available from other institutions that economic activity is likely to pick up in the course of 2002, although annual GDP growth is expected to remain somewhat below the rate of 1.5% estimated for 2001. As to the factors underpinning the

Table A: Comparison of forecasts for euro area real GDP growth

(annual percentage changes)

	Date of release	2002	2003
European Commission	April 2002	1.4	2.9
IMF	April 2002	1.4	2.9
OECD	April 2002	1.3	2.9
Consensus Economics Forecasts	May 2002	1.3	2.8
Survey of Professional Forecasters	May 2002	1.4	2.6

Sources: European Commission Economic Forecasts Spring 2002; IMF World Economic Outlook April 2002; OECD Economic Outlook No. 71 – Preliminary Edition; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

upswing, there is a broad consensus that inventories and an improvement in world prospects will trigger the upturn, while resilient household consumption will sustain the recovery. For 2003, real GDP growth is expected to gain further momentum. The European Commission, the IMF and the OECD all forecast real GDP growth of 2.9% for that year, while according to the Survey of Professional Forecasters and the Consensus Economic Forecasts, growth in 2003 could be somewhat lower at 2.6 to 2.8%.

As regards inflation prospects, all forecasts show a gradual decrease this year, with average annual inflation falling to 2.0% according to the IMF and the OECD and 2.2% according to the European Commission. In 2003, inflation is expected to decline slightly, with the IMF forecasting a rate of 1.8%, the OECD, the Consensus Economics Forecasts and the Survey of Professional Forecasters predicting a rate of 1.9%, and the European Commission forecasting a rate of 2.0%.

Table B: Comparison of forecasts for euro area consumer price inflation¹⁾

(annual percentage changes)

	Date of release		2002	2003
European Commission	April	2002	2.2	2.0
IMF	April	2002	2.0	1.8
OECD	April	2002	2.0	1.9
Consensus Economics Forecasts	May	2002	2.0	1.9
Survey of Professional Forecasters	May	2002	2.1	1.9

Sources: European Commission Economic Forecasts Spring 2002; IMF World Economic Outlook April 2002; OECD Economic Outlook No. 71 – Preliminary Edition; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

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