

Box 8**Forecasts by other institutions**

A number of forecasts for the euro area 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 finalised 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. 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 euro area economic activity will gain further strength in both 2003 and 2004. The upturn in activity is expected to be underpinned by both higher domestic demand and a recovery in foreign demand. For 2003, the European Commission, the OECD, the Consensus Economics Forecasts and the Survey of Professional Forecasters forecast real GDP growth of 1.7 to 1.8%, while, according to the IMF, growth could be somewhat higher at 2.3%. For 2004, all available forecasts predict a further resumption in euro area GDP growth.

Table A: Comparison of forecasts for euro area real GDP growth*(annual percentage changes)*

	Date of release	2002	2003	2004
European Commission	November 2002	0.8	1.8	2.6
IMF	September 2002	0.9	2.3	n.a.
OECD	November 2002	0.8	1.8	2.8
Consensus Economics Forecasts	November 2002	0.8	1.7	n.a.
Survey of Professional Forecasters	November 2002	0.8	1.8	2.5

Sources: European Commission Economic Forecasts Autumn 2002; IMF World Economic Outlook September 2002; OECD Economic Outlook No. 72; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

All forecasts show a gradual decrease in consumer price inflation in 2003, with average annual inflation falling to 2.2% according to the OECD, to 2.0% according to the European Commission and to 1.6% according to the IMF. The differences between these forecasts are partially explained by different assumptions for the level of oil prices over the horizon. The Consensus Economics Forecasts and the Survey of Professional Forecasters predict a rate of 1.8 to 1.9% for 2003. For 2004, all available forecasts expect the inflation rate to remain broadly at the level predicted for 2003.

Table B: Comparison of forecasts for euro area consumer price inflation¹⁾*(annual percentage changes)*

	Date of release	2002	2003	2004
European Commission	November 2002	2.3	2.0	1.8
IMF	September 2002	2.1	1.6	n.a.
OECD	November 2002	2.4	2.2	2.0
Consensus Economics Forecasts	November 2002	2.1	1.9	n.a.
Survey of Professional Forecasters	November 2002	2.2	1.8	1.9

Sources: European Commission Economic Forecasts Autumn 2002; IMF World Economic Outlook September 2002; OECD Economic Outlook No. 72; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters

1) Private consumption deflator for IMF, CPI for Consensus Economics Forecasts, HICP otherwise.