

**Box 10****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 remain unchanged over the projection horizon. Moreover, the forecasts differ with respect to their assumptions for financial and external variables. 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 consensus among the forecasts currently available from other institutions that euro area economic activity will gradually recover in the course of 2003, leading to average annual GDP growth of close to 1%. For 2004, the international organisations predict annual GDP growth of 2.3% to 2.4%, whereas the Consensus Economics Forecasts and the Survey of Professional Forecasters display somewhat lower growth rates of 2.0% and 2.1% respectively. For both years of the horizon, the available forecasts are at the upper end of the ranges predicted by Eurosystem staff projections. It should be noted that these forecasts were finalised earlier than the Eurosystem staff projections. Hence, they are based on more limited information on economic activity in the first half of 2003, while forecasts from the OECD, the IMF and the European Commission also assume a smaller appreciation of the euro. In addition, the European Commission forecast reports non-working-day-adjusted annual growth rates, which will be around 0.3 percentage point higher in 2004 than the working-day-adjusted growth rates used in the Eurosystem projections. The other forecasts do not specify whether they report working-day-adjusted or non-working-day-adjusted data.

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

	Date of release	2002	2003	2004
European Commission	Apr. 2003	0.9	1.0	2.3
IMF	Apr. 2003	0.8	1.1	2.3
OECD	Apr. 2003	0.9	1.0	2.4
Consensus Economics Forecasts	May 2003	0.8	1.0	2.0
Survey of Professional Forecasters	Apr. 2003	0.9	1.0	2.1

Sources: European Commission Economic Forecasts Spring 2003; IMF World Economic Outlook April 2003; OECD Economic Outlook No 73; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

All forecasts show a decrease in consumer price inflation in 2003, with average annual inflation ranging between 2.0% and 2.1%. For 2004, all available forecasts expect the inflation rate to decline to a level of between 1.5% and 1.7%.

**Table B: Comparison of forecasts for euro area overall HICP inflation***(annual percentage changes)*

	Date of release	2002	2003	2004
European Commission	Apr. 2003	2.2	2.1	1.7
IMF	Apr. 2003	2.3	2.0	1.5
OECD	Apr. 2003	2.4	2.0	1.6
Consensus Economics Forecasts	May 2003	2.3	2.0	1.6
Survey of Professional Forecasters	Apr. 2003	2.2	2.0	1.7

Sources: European Commission Economic Forecasts Spring 2003; IMF World Economic Outlook April 2003; OECD Economic Outlook No 73; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.