

**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. 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 projections, the 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 in respect of their assumptions for fiscal, financial and external variables. The forecasts covered by the Consensus Economics Forecasts and the ECB 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, leading to average annual GDP growth of about 1½% to 2% in 2004. The Consensus Economics Forecasts and the Survey of Professional Forecasters anticipate annual GDP growth of 1.7%, whereas the international organisations forecast somewhat higher annual GDP growth of 1.8% to 1.9%. The latter forecasts are at the upper end of the ranges projected by Eurosystem staff projections. It should be noted that the European Commission forecasts report non-working-day-adjusted annual growth rates, which will be higher than the working-day-adjusted growth rates used in the Eurosystem projections by around ¼ percentage point in 2004 owing to the higher number of working days next year. The OECD forecast reports working-day-adjusted annual growth rates, whereas 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	2003	2004	2005
European Commission	Nov. 2003	0.4	1.8	2.3
IMF	Sep. 2003	0.5	1.9	n.a.
OECD	Nov. 2003	0.5	1.8	2.5
Consensus Economics Forecasts	Nov. 2003	0.5	1.7	n.a.
Survey of Professional Forecasters	Nov. 2003	0.5	1.7	2.3

*Sources: European Commission Economic Forecasts Autumn 2003; IMF World Economic Outlook September 2003; OECD Economic Outlook No. 74; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.*

The European Commission forecasts HICP inflation of 2.0% in 2004. All other forecasts show a stronger decrease in consumer price inflation in 2004, with average annual inflation ranging between 1.5% and 1.6%. These forecasts are at the lower end of the Eurosystem's projected range. As regards the forecasts by the IMF and the OECD, this might be because these institutions have not incorporated recent information on the indirect tax and administered price measures which are planned for 2004.

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

	Date of release	2003	2004	2005
European Commission	Nov. 2003	2.1	2.0	1.7
IMF	Sep. 2003	2.0	1.6	n.a.
OECD	Nov. 2003	2.0	1.5	1.4
Consensus Economics Forecasts	Nov. 2003	2.0	1.6	n.a.
Survey of Professional Forecasters	Nov. 2003	2.0	1.6	1.8

*Sources: European Commission Economic Forecasts Autumn 2003; IMF World Economic Outlook September 2003; OECD Economic Outlook No. 74; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.*