

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. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they were finalised at different points in time and use different methods to derive 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. 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.

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 slightly over 1½% in 2004 and between 2% and 2½% in 2005. The forecasts are very similar for 2004, but differ more for 2005. The forecasts made by the European Commission, the OECD and the IMF anticipate annual GDP growth of 2.3% or 2.4% in 2005, whereas the Consensus Economics Forecasts and the Survey of Professional Forecasters predict annual GDP growth of 2.0% and 2.1% respectively.

Table A Comparison of forecasts for euro area real GDP growth

(annual percentage changes)

	Date of release	2003	2004	2005
European Commission	Apr. 2004	0.4	1.7	2.3
IMF	Apr. 2004	0.4	1.7	2.3
OECD	Apr. 2004	0.5	1.6	2.4
Consensus Economics Forecasts	Apr. 2004	0.4	1.6	2.0
Survey of Professional Forecasters	Apr. 2004	0.5	1.6	2.1

Sources: European Commission Economic Forecasts Spring 2004; IMF World Economic Outlook April 2004; OECD Economic Outlook No 75; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

Note: The European Commission forecasts report non-working-day-adjusted annual growth rates, which, for 2004, are around ¼ percentage point higher than the working-day-adjusted growth rates used in the Eurosystem projections owing to the greater number of working days this year. The OECD forecasts report 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.

The forecasts anticipate annual average HICP inflation to decline to between 1.7% and 1.8% in 2004. For 2005, the forecasts predict HICP inflation to be 1.6%, with the exception of the Survey of Professional Forecasters and the OECD, which show HICP inflation at 1.8% and 1.4% respectively.

Table B Comparison of forecasts for euro area overall HICP inflation

(annual percentage changes)

	Date of release	2003	2004	2005
European Commission	Apr. 2004	2.1	1.8	1.6
IMF	Apr. 2004	2.1	1.7	1.6
OECD	Apr. 2004	2.1	1.7	1.4
Consensus Economics Forecasts	Apr. 2004	2.1	1.7	1.6
Survey of Professional Forecasters	Apr. 2004	2.1	1.8	1.8

Sources: European Commission Economic Forecasts Spring 2004; IMF World Economic Outlook April 2004; OECD Economic Outlook No 75; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.