

**Box 10****COMPARISON WITH THE ECB STAFF MACROECONOMIC PROJECTIONS OF SEPTEMBER 2004**

The technical assumptions for oil prices and exchange rates have been subject to important revisions in comparison with the ECB staff macroeconomic projections published in the September 2004 issue of the Monthly Bulletin. Oil prices are now 21% higher than assumed in the projections of September, whereas the nominal effective exchange rate of the euro is 4.2% higher. The revisions of the technical assumptions for interest rates are small.

A major change in comparison with the ECB staff macroeconomic projections published in the September 2004 issue of the Monthly Bulletin is a downward shift in the ranges projected for real GDP growth in 2005. This is broadly explained by the aforementioned upward shifts in the technical assumptions for both oil prices and the effective exchange rate of the euro. In addition, the somewhat lower than previously expected outturn with respect to real GDP growth in the third quarter of the current year mechanically reduces average annual real GDP growth for 2005.

The ranges projected for the HICP remain unchanged for 2004, but have been adjusted slightly upwards for 2005 in comparison with the projections of September 2004. This upward shift is limited, because the impact of higher oil prices is moderated by the upward shift in the assumptions for exchange rates. The revisions to the projections for unit labour costs are small.

**Comparison of macroeconomic projections**

(average annual percentage changes)

	2003	2004	2005
HICP – December 2004	2.1	2.1-2.3	1.5-2.5
HICP – September 2004	2.1	2.1-2.3	1.3-2.3
Real GDP – December 2004	0.5	1.6-2.0	1.4-2.4
Real GDP – September 2004	0.5	1.6-2.2	1.8-2.8