

## Interest Rate Forecasts

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major city banks and academic institutions.

The forecast within this Strategy Statement has been drawn from these diverse sources, and from officers' own views.

### Sector's central forecast:

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Bank Rate	0.50	0.50	0.75	1.00	1.50	2.25	2.75	3.25	3.5	3.75	4.25	4.25	4.5
5 Yr PWLB	3.05	3.20	3.30	3.40	3.60	3.85	4.15	4.55	4.60	4.80	4.80	4.85	4.85
10 Yr PWLB	4.00	4.05	4.15	4.30	4.45	4.60	4.80	4.90	5.00	5.10	5.10	5.15	5.15
25 Yr PWLB	4.55	4.65	4.70	4.80	4.90	5.00	5.05	5.10	5.20	5.30	5.30	5.35	5.35
50 Yr PWLB	4.60	4.70	4.75	4.90	5.00	5.10	5.15	5.20	5.30	5.40	5.40	5.45	5.45

### Capital Economics: interest rate forecast at 18 January 2010

Capital Economics	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
5 Yr PWLB	3.15	2.95	2.65	2.45	2.45	2.45	2.45	2.45
10 Yr PWLB	4.45	4.15	3.65	3.15	3.15	3.15	3.15	3.15
25 Yr PWLB	4.75	4.65	4.35	4.05	3.95	3.75	3.75	3.75
50 Yr PWLB	4.65	4.64	4.25	4.25	4.25	4.25	4.25	4.25

### UBS: interest rate forecast (for quarter ends) at 30 January 2010

UBS	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Bank Rate	0.50	0.50	0.75	1.00	1.50	2.00	2.50	3.00
10 Yr PWLB	3.90	4.05	4.40	4.75	4.90	5.15	5.40	5.40
25 Yr PWLB	4.45	4.65	5.00	5.15	5.40	5.65	5.90	5.90
50 Yr PWLB	4.55	4.75	5.10	5.25	5.50	5.75	6.00	6.00

**HM Treasury December 2009** – summary of forecasts of 23 City and 12 academic analysts for Q4 2009 and 2010. Forecasts for 2010 – 2013 are based on 21 forecasts in the last quarterly forecast – November 2009.

Bank Rate Forecasts	Qtr ended Q4 2009	Qtr ended Q4 2010	Average 2010	Average 2011	Average 2012	Average 2013
Median	0.50	1.30	0.70	1.80	3.00	3.70
Highest	0.50	2.30	1.30	3.30	4.30	4.60
Lowest	0.50	0.50	0.50	0.50	1.00	1.40