

Interest Rate Forecasts

Appendix 2

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 Officers' own views.

Sector 29/1/07	Q/E 1 2007	Q/E 2 2007	Q/E 3 2007	Q/E 4 2007	Q/E 1 2008	Q/E 2 2008	Q/E 3 2008	Q/E 4 2008	Q/E 1 2009	Q/E 2 2009	Q/E 3 2009	Q/E 4 2009	Q/E 1 2010	Q/E 2 2010
Base Rate	5.50	5.50	5.25	5.00	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50	4.75	4.75
5 Yr Gilt Yield	5.50	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
10 Yr PWLB Rate	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
25 Yr PWLB Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
50 Yr PWLB Rate	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25

UBS 12/2/07	Q/E 1 2007	Q/E 2 2007	Q/E 3 2007	Q/E 4 2007	Q/E 1 2008	Q/E 2 2008	Q/E 3 2008	Q/E 4 2008
Base Rate	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
10 Yr PWLB Rate	5.05	5.00	5.05	5.15	5.25	5.25	5.25	5.30
25 Yr PWLB Rate	4.55	4.55	4.55	4.70	4.80	4.85	4.90	5.00
50 Yr PWLB Rate	4.20	4.25	4.40	4.40	4.45	4.50	4.55	4.65

	Q/E 1 2007	Q/E 2 2007	Q/E 3 2007	Q/E 4 2007	Q/E 1 2008	Q/E 2 2008	Q/E 3 2008	Q/E 4 2008
Base Rate								
5 Yr PWLB Rate	5.25	5.50	5.50	5.50	5.25	5.00	5.00	5.00
10 Yr PWLB Rate	5.35	5.25	5.15	5.05	4.95	4.85	5.05	5.25
25 Yr PWLB Rate	5.15	5.05	4.95	4.85	4.75	4.65	4.75	4.85
30 Yr PWLB Rate	4.45	4.35	4.45	4.45	4.45	4.55	4.55	4.65
50 Yr PWLB Rate	4.55	4.45	4.35	4.35	4.35	4.45	4.45	4.55
	4.35	4.35	4.35	4.35	4.35	4.45	4.45	4.55

HM Treasury Jan 2007	Q/E 4 2006	Q/E 4 2007	Avg 2008	Avg 2009	Avg 2010
Independent Forecasters' BOE Base Rate					
	4.98	4.97	4.86	4.88	4.85
Highest Base Rate					
Lowest Base Rate	5.00	5.80	5.90	5.60	6.10
	4.75	4.50	3.75	4.00	4.00

The above table for HM Treasury represents a summary of the forecasts of 26 City and 14 academic analysts for Q4 2006 and and 2007. (2008 to 2010 are as at November 2006, but are based on 18 forecasts.)