

## 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.

<b>Sector 1/2/08</b>	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	Q/E 3 2010	Q/E4 2010	Q/E 1 2011	Q/E 2 2011
Bank Rate	5.25	5.00	4.75	4.75	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00
5 Yr PWLB Rate	4.55	4.55	4.50	4.50	4.55	4.65	4.70	4.75	4.80	4.85	4.85	4.85	4.85	4.85
10 Yr PWLB Rate	4.60	4.55	4.50	4.50	4.55	4.55	4.65	4.70	4.75	4.80	4.85	4.85	4.85	4.80
25 Yr PWLB Rate	4.55	4.50	4.50	4.50	4.50	4.55	4.60	4.65	4.70	4.70	4.75	4.75	4.75	4.75
50 Yr PWLB Rate	4.50	4.45	4.45	4.45	4.45	4.50	4.55	4.60	4.60	4.65	4.65	4.65	4.65	4.60

<b>UBS 25/1/08</b>	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
Bank Rate	5.25	5.00	4.75	4.25	4.25	4.25	4.25	4.25
10 Yr PWLB Rate	4.65	4.60	4.55	4.55	4.55	4.55	4.65	4.75
25 Yr PWLB Rate	4.50	4.50	4.50	4.45	4.45	4.45	4.55	4.65
50 Yr PWLB Rate	4.43	4.40	4.45	4.45	4.50	4.55	4.65	4.75

<b>Capital Economics 12/12/07</b>	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
Bank Rate	5.25	5.00	4.75	4.50	4.25	4.00	4.00	4.00
5 Yr PWLB Rate	4.45	4.35	4.05	3.95	4.05	4.25	4.35	4.75
10 Yr PWLB Rate	4.45	4.25	4.15	4.15	4.25	4.45	4.65	4.85
25 Yr PWLB Rate	4.55	4.45	4.45	4.35	4.45	4.55	4.75	4.95
50 Yr PWLB Rate	4.55	4.45	4.35	4.25	4.35	4.55	4.65	4.75

<b>HM Treasury Jan 2008</b>	Q/E 4 2007	Q/E 4 2008	Avg 2009	Avg 2010	Avg 2011
Independent Forecasters' BOE Base Rate	5.50	4.88	5.20	5.24	5.27
Highest Base Rate	5.75	6.25	6.25	6.25	6.25
Lowest Base Rate	5.00	4.25	4.80	4.50	4.50

The above table for HM Treasury represents a summary of the forecasts of 24 City and 13 academic analysts for Q4 2007 and and 2008. (2009 to 2011 are based on 21 forecasts).