

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 (12 Feb 2009)	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/E 4 2010	Q/E 1 2011	Q/E 2 2011	Q/E 3 2011	Q/E 4 2011	Q/E 1 2012
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.25	1.75	2.50	3.25	3.75	4.00
5 Yr PWLB Rate	2.60	2.45	2.30	2.30	2.30	2.50	2.85	3.15	3.65	3.95	4.20	4.45	4.60
10 Yr PWLB Rate	3.60	3.35	3.20	3.20	3.25	3.35	3.60	3.95	4.30	4.55	4.80	4.85	4.90
25 Yr PWLB Rate	4.15	4.05	4.00	4.00	4.10	4.15	4.35	4.45	4.60	4.85	4.95	5.05	5.10
50 Yr PWLB Rate	4.10	3.95	3.90	3.90	3.95	4.00	4.05	4.25	4.45	4.70	4.85	4.95	5.05

Capital Economics (19 Jan 2009)	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/E 4 2010
Bank Rate	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Yr PWLB Rate	1.65	1.45	1.45	1.45	1.45	1.45	1.45	1.45
10 Yr PWLB Rate	2.65	2.15	2.15	2.15	2.15	2.15	2.15	2.15
25 Yr PWLB Rate	4.15	4.00	3.80	3.65	3.65	3.65	3.65	3.65
50 Yr PWLB Rate	4.05	3.95	3.85	3.75	3.75	3.75	3.75	3.75

UBS (12 Dec 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/E 4 2010
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75
10 Yr PWLB Rate	3.75	4.15	4.35	4.65	-	-	-	-
25 Yr PWLB Rate	4.25	4.55	4.85	5.05	-	-	-	-
50 Yr PWLB Rate	4.30	4.65	5.00	5.25	-	-	-	-

HM Treasury (Jan 2009)	Q/E 4 Actual	Q/E 4 2008	Q/E 4 2009	Avg 2010	Avg 2011	Avg 2012
Independent Forecasters' BOE Base Rate	1.00	2.00	0.50	3.11	3.97	4.49
Highest Base Rate	1.00	3.50	2.50	4.70	5.00	5.25
Lowest Base Rate	1.00	2.00	0.00	1.00	2.25	3.00

The above table for HM Treasury represents a summary of the forecasts of 23 City and 12 academic analysts for Q4 2008 and 2009. (2010 to 2012 are based on 21 forecasts).

Please note that this table uses the convention used by HM Treasury in its budget reports and statistics. Years are calendar years, not local authority financial years, ie. Q1 refers to January to March, not the first quarter of a local authority financial year, April to June.