

Table 11 The Budget Economic Forecast¹

	Percentage changes on a year earlier unless otherwise stated					
	2007	Forecast ^{2,3,4}			Average errors from past forecasts ⁵	
		2008	2009	2010	2008	2009
Output at constant market prices						
Gross domestic product (GDP)	3	1½ to 2½	2½ to 2¾	2½ to 3	¾	½
Manufacturing output	½	¾ to 1¼	1½ to 2¼	1½ to 2¼	1½	1½
Expenditure components of GDP at constant market prices						
Domestic demand	3¾	1½ to 1¾	2 to 2½	2½ to 3	¾	¾
Household consumption ⁶	3¾	1¼ to 1¾	2 to 2½	2¼ to 2¾	½	1
General government consumption	2	2¼	2	2	¾	¾
Fixed investment	5	1¾ to 2¼	2¾ to 3¼	3½ to 4	3	2¾
Change in inventories ⁷	½	0	0	0	¾	¾
Exports of goods and services ⁸	- 5½	3¾ to 3¾	5 to 5½	5 to 5½	2½	4
Imports of goods and services ⁸	- 3¼	2 to 2¼	3¾ to 4¼	4 to 4¼	3	3
<i>Exports of goods and services (excluding MTIC)</i>	½	3¾ to 3¾	5 to 5½	5 to 5½	-	-
<i>Imports of goods and services (excluding MTIC)</i>	2½	2 to 2½	3¾ to 4¼	4 to 4½	-	-
Balance of payments current account						
£ billion	- 70¼	- 72½	- 71	- 66¼	13	14¼
Per cent of GDP	- 5	- 5	- 4½	- 4	1	1
Inflation						
CPI (fourth quarter)	2	2½	2	2	¾	½
Producer output prices (fourth quarter) ⁹	4¼	2¾	2	2	1¼	1½
GDP deflator at market prices	3	3¼	2¾	2¾	½	½
Money GDP at market prices						
£ billion	1,385	1,457 to 1,461	1,531 to 1,543	1,611 to 1,632	11¼	8
Percentage change	6¼	5¼ to 5½	5 to 5½	5¼ to 5¼	¾	½

Source: Budget 2008, HM Treasury.

Notes: 1. The forecast is consistent with output and expenditure data for the fourth quarter of 2007, released by the Office for National Statistics on 27 February 2008.

2. All growth rates are rounded to the nearest ¼ percentage point.

3. As in previous Budget and Pre-Budget reports, the economic forecast is presented in terms of forecast ranges, based on alternative assumptions about the supply-side performance of the economy. The mid-points of the forecast ranges are anchored around the neutral assumption for the trend rate of output growth of 2¼ per cent. The figures at the lower end of the ranges are consistent with the deliberately cautious assumption of trend growth used as the basis for projecting the public finances which is a ¼ percentage point below the neutral assumption.

4. The size of the growth ranges for GDP components may differ from those for total GDP growth because of rounding and the assumed invariance of the levels of public spending within the forecast ranges.

5. Average absolute errors for current-year and year-ahead projections made in Spring forecasts over the past ten years. The average errors for the current account are calculated as a per cent of GDP, with £ billion figures calculated by scaling the errors by forecast money GDP in 2008.

6. Includes households and non-profit institutions serving households.

7. Contribution to GDP growth, percentage points.

8. Figures up to and including 2007 are distorted by MTIC (Missing Trader Intra-Community Fraud).

9. Excluding excise duties.