



## AUTUMN 2007 ECONOMIC OUTLOOK FOR THE UNITED KINGDOM: ANSWERS FROM CBI

### MAIN FORECAST

	2007	2008	2009
Real GDP growth	3.0	2.2	na
Consumer price inflation	2.4	1.9	na
Unemployment rate	5.3	5.2	na
Employment growth	0.5	0.5	na
<b>Components of aggregate demand</b>			
<i>Annual % change</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Private consumption	2.7	2.0	na
Public consumption	2.1	2.3	na
Investment (Gross fixed capital formation)	5.2	3.0	na
Exports	-7.3	2.6	na
Imports	-6.6	2.4	na

### ECONOMIC SENTIMENT

<b>Question 1</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in business climate over the next 6 months		Industry Services			
<b>Question 2</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in profitability over the next 6 months		Industry Services			
<b>Question 3</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>
Investment intentions over the next 6 months (compared to the last 12 months)		Services	Industry		
<b>Question 4</b>	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>	
Driving force behind investment decisions in the next six months	Down	Up	Same	Same	
<b>Question 5</b>	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>		
Trend in consumer confidence over the next 6 months		yes			
<b>Question 6</b>	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>	
Overall trend in employment	Down	Down	Up	Up	
<b>Question 7</b>	<b>Higher / more difficult</b>	<b>Same</b>	<b>Lower / less difficult</b>		
Compared to 6 months ago, SME's cost/access to capital for business development will be...	Cost Access				
<b>Question 8</b>	<b>to a large extent</b>	<b>to some extent</b>	<b>not at all</b>		
Effect of financial market turmoil on assessment of financing conditions for next 6 months ...		yes			

### MAIN RISKS

<b>Question 9</b>	<b>Dollar per Pound</b>	<b>Question 10</b>	<b>Dollar per Pound</b>
Above which GBP/USD level will the national economy be significantly hurt ?	2.20	Where will the GBP/USD stand in April 2008 ?	2.07

### POLICY MIX

<b>Question 11</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Neither satisfactory nor unsatisfactory</b>	<b>Unsatisfactory</b>	<b>Deteriorating</b>
Progress towards medium-term budgetary objective is...				yes	
<b>Question 12</b>	<b>Tight, appropriate for the euro area</b>	<b>Tight</b>	<b>Appropriate</b>	<b>Loose</b>	<b>Loose, appropriate for the euro area</b>
Monetary policy is...			yes		
<b>Question 13</b>	<b>Robust growth and above-target inflation</b>	<b>Downside risks to growth</b>	<b>Risks to price stability from high oil prices</b>	<b>Risks from money supply and credit growth</b>	<b>Risks of euro appreciation</b>
Focus on elements of the ECB analysis underlying its current policy stance is...					
<b>Question 14</b>	<b>Adequate</b>	<b>Inadequate</b>			
Consistency between the fiscal and the monetary policies		yes			