

Table 11 **The Budget Economic Forecast**¹

	Percentage changes on a year earlier unless otherwise stated					
	Forecast ²				Average errors from past forecasts ³	
	2002	2003	2004	2005	2003	2004
Output at constant market prices						
Gross domestic product (GDP)	1½	2 to 2½	3 to 3½	3 to 3½	¾	½
Manufacturing output	- 4	¼ to ¾	2¼ to 2¾	1¼ to 2¼	1¼	2
Expenditure components of GDP at constant market prices						
Domestic demand	2½	3 to 3½	3 to 3½	3 to 3½	¾	1
Household consumption ⁴	3¾	2¾ to 3	2¼ to 2¾	2½ to 3	¾	1¼
General government consumption	3¾	3¾	4	3	¾	1
Fixed investment	- 3¾	4¼ to 4¾	4¾ to 5¼	5 to 5½	2½	2½
Change in inventories ⁵	0	0	0	0	¼	¼
Export of goods and services	- 1	1¼ to 1½	8¼ to 8¾	7 to 7½	2½	3
Imports of goods and services	1½	4 to 4¼	7¼ to 7¾	6¼ to 6¾	2¼	3½
Balance of payments current account						
£ billion	- 8¾	- 23¾	- 23¾	- 23¾	7¾	9¾
Per cent of GDP	- ¾	- 2	- 2	- 2	¾	¾
Inflation						
RPIX (fourth quarter)	2½	2¾	2½	2½	¼	½
Producer output prices (fourth quarter) ⁶	1	1¾	2¼	2	¾	1½
GDP deflator at market prices (financial year)	3¾	2¾	2½	2½	½	¾
Money GDP at market prices (financial year)						
£ billion	1,043	1,094 to 1,098	1,157 to 1,166	1,222 to 1,238	5	9
Percentage change	5	4¾ to 5¼	5¾ to 6¼	5¾ to 6¼	½	¾

Source: Budget 2003, HM Treasury, April 2003, HC500, The Stationery Office.

Notes: 1. The forecast is consistent with national accounts and balance of payments statistics to the fourth quarter of 2002, released by the Office for National Statistics on 27 March 2003.

2. 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.

3. Average absolute errors for 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 2003 and 2004.

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

5. Contribution to GDP growth, percentage points.

6. Excluding excise duties.