

Table 11 **The Budget Economic Forecast**<sup>1</sup>

	Percentage changes on a year earlier unless otherwise stated					
	Forecast <sup>2</sup>				Average errors from past forecasts <sup>3</sup>	
	2003	2004	2005	2006	2004	2005
<b>Output at constant market prices</b>						
Gross domestic product (GDP)	2½	3 to 3½	3 to 3½	2½ to 3	¾	½
Manufacturing output	¼	1½ to 2	1½ to 2½	1½ to 2½	1¼	2
<b>Expenditure components of GDP at constant market prices</b>						
Domestic demand	2½	3¼ to 3½	3 to 3½	2½ to 3	½	¾
Household consumption <sup>4</sup>	3	3 to 3¼	2½ to 2½	2½ to 2¾	½	1
General government consumption	2	2¼	2½	2½	¾	1
Fixed investment	2½	5½ to 5¾	6½ to 7	4½ to 4¾	1¼	1½
Change in inventories <sup>5</sup>	0	0	0	0	¼	¼
Export of goods and services	- ½	5¼ to 5½	6¾ to 7¼	6¼ to 6¾	2¼	3½
Imports of goods and services	¾	5½ to 6	6 to 6½	5½ to 6¼	2¼	2½
<b>Balance of payments current account</b>						
£ billion	- 24	- 32¾	- 32	- 31¼	7½	9½
Per cent of GDP	- 2¼	- 2¾	- 2½	- 2½	¾	¾
<b>Inflation</b>						
CPI (fourth quarter)	1½	1¾	2	2	–	–
Producer output prices (fourth quarter) <sup>6</sup>	1½	2¼	2	2	1	1½
GDP deflator at market prices	3	2¼	2½	2¾	¼	¾
<b>Money GDP at market prices</b>						
£ billion	1,100	1,160 to 1,164	1,226 to 1,236	1,291 to 1,308	9	9
Percentage change	5½	5½ to 5¾	5½ to 6¼	5½ to 5¾	¾	¾

Source: Budget 2004, HM Treasury.

Notes: 1. The forecast is consistent with output, income and expenditure data for the fourth quarter of 2003, released by the Office for National Statistics on 25 February 2004.

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 2004 and 2005.

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

5. Contribution to GDP growth, percentage points.

6. Excluding excise duties.