



SPRING 2008 ECONOMIC OUTLOOK FOR THE UNITED KINGDOM: ANSWERS FROM CBI

MAIN EODEOAGE						
MAIN FORECAST		2007	2008	2009		
Real GDP growth		3.1	1.8	2009 1.7		
Consumer price inflation		2.3	2.8	2.0		
Jnemployment rate		5.4	5.3	5.6		
Employment growth		0.9	0.5	0.1		
Components of aggregate den	nand	0007	0000	0000		
Annual % change		2007 3.1	2008 1.6	2009 1.1		
Private consumption Public consumption		1.9	2.3	2.0		
nvestment (Gross fixed capital f	ormation)	5.0	1.4	1.9		
Exports	J	-5.4*	3.8	5.5	* Statistical treatment of VAT fraud	
mports		-3.2*	2.2	3.3	creates distortions in UK forecasts.	
CONOMIC SENTIMENT						
CONOMIC SENTIMENT	Positive	Negative	Unchanged			
rend in business climate		Industry	ogoa			
over the next 6 months		Services				
	Positive	Monotivo	Unchanged			
Trend in profitability over the	Positive	Negative Industry	Unchanged			
ext 6 months		Services				
ext o months						
	Increase (faster pace)	Increase (slower	Unchanged	Decrease (slower	Decrease (faster	
	public public	pace)	gou	pace)	pace)	
vestment intentions over					Industry	
ne next 6 months			Services			
			OCI VICES			
	Replacement	Extension	Rationalisation	Innovation		
Driving force behind						
nvestment decisions in the	Down	Down	Down	Up		
next 6 months						
	Positive	Negative	Unchanged			
rend in consumer	i osiave	Negative	Officialiged			
confidence over the next 6		yes				
nonths		,				
	l	In decadance	0	0		
	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months		
	montris	montris	montris	months		
Overall trend in employment	Down	Down	Up	Same		
	Higher / more difficult	Same	Lower / less			
	nigher / more announ	Same	difficult			
Over the next 6 months,	Cost					
cost/access to finance will						
be	Access					
	to a large extent	to some extent	to a limited extent	not at all		
inancial market turmoil has						
iffected companies'						
nvestment decisions			yes			
egatively						
- •						
XCHANGE RATE DEVELOPN	IENTS					
AGHANGE RATE DEVELOPIN	LINIO	Deller no :: : : : : '				
		Dollar per pound				
Where will the GBP/USD sta	na in October 2008 ?	1.99				
POLICY MIX						
	Not necessary,					
			Satisfactory	Neither satisfactory	Unsatisfactory	Deteriorating
	situation is	Excellent				
		Excellent	Galisiaciory	nor unsatisfactory		
	situation is	Excellent	Gausiaciory	nor unsatisfactory		
	situation is	Excellent	Galisiaciory	nor unsatisfactory	yes	
	situation is	Excellent	Gaustactory	nor unsatisfactory	yes	
	situation is	Excellent	Gaustactory	nor unsatisfactory	yes	
	situation is	Excellent	Jansactory	nor unsatisfactory	yes	
	situation is satisfactory		Loose	nor unsatisfactory	yes	
	situation is	Excellent Appropriate	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory		·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate yes	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate yes	·	nor unsatisfactory	yes	
Progress towards medium- erm budgetary objective is Monetary policy is	situation is satisfactory	Appropriate yes	·	nor unsatisfactory	yes	
erm budgetary objective is flonetary policy is Consistency between fiscal	situation is satisfactory Tight Adequate	Appropriate yes	·	nor unsatisfactory	yes	
erm budgetary objective is	situation is satisfactory	Appropriate yes	·	nor unsatisfactory	yes	