

SPRING 2009 ECONOMIC OUTLOOK FOR THE UNITED KINGDOM: ANSWERS FROM CBI

MAIN FORECAST

	2008	2009
Real GDP growth	0.7	-3.3
Consumer price inflation	3.6	1.0
Unemployment rate	5.8	8.2
Employment growth	0.9	-2.8

Components of aggregate demand

Annual % change	2008	2009
Private consumption	1.7	-2.7
Public consumption	3.3	2.7
Investment (Gross fixed capital formation)	-4.1	-10.0
Exports	0.9	-5.4
Imports	0.9	-5.4

ECONOMIC SENTIMENT

	Positive	Negative	Unchanged		
Trend in business climate over the next 6 months		Industry Services			
Trend in profitability over the next 6 months	Positive	Negative Industry Services	Unchanged		
Investment intentions over the next 6 months	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace) Industry Services
Driving force behind investment decisions in the next 6 months	Replacement Down	Extension Down	Rationalisation Up	Innovation Down	
Overall trend in employment	Industry: past 6 months Down	Industry: next 6 months Down	Services: past 6 months Down	Services: next 6 months Down	

ACCESS TO FINANCE

Compared to 6 months ago, cost/access to finance has been...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>	Access	Cost		
<i>for larger companies (>250 employees)</i>	Access	Cost		
Over the next 6 months, cost /access to finance will be...	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>		Cost Access		
<i>for larger companies (>250 employees)</i>		Cost Access		
For companies, the current financing situation is...	an existential threat	of high concern	somewhat concerning	not worrying
<i>working capital / treasury needs</i>				
<i>debt refinancing</i>				
<i>financing productive investments</i>				
<i>financing innovation and R&D</i>				



POLICY MIX

Given natl. circumstances, are recovery plans appropriate to stimulate the economy?

to some extent

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i> yes	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i>	<i>inadequate</i> yes			