


FEBRUARY 2010 ECONOMIC OUTLOOK FOR THE UNITED KINGDOM: ANSWERS FROM CBI

MAIN FORECAST					
		2009	2010		
Real GDP growth		-4.5	1.2		
Consumer price inflation		2.1	2.3		
Unemployment rate		7.8	8.7		
Employment growth		0.0	-0.9		
Components of aggregate demand - in real terms					
		2009	2010		
Annual % change					
Private consumption		-3.1	0.4		
Public consumption		2.0	1.2		
Investment (Gross fixed capital formation)		-14.0	-3.7		
Exports		-10.9	1.9		
Imports		-12.2	2.0		
ECONOMIC SENTIMENT					
		Positive	Negative	Unchanged	
Trend in business climate over the next 6 months	Industry		Services		
		Positive	Negative	Unchanged	
Trend in profitability over the next 6 months	Industry		Services		
		Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)
Investment intentions over the next 6 months			Industry	Services	Decrease (faster pace)
		Global demand	Domestic demand	Cost of finance	Availability of finance
Influence on companies' investment decisions	negative	negative	negative	negative	
		Replacement	Extension	Rationalisation	Innovation
Driving force behind investment decisions in the next 6 months	positive	neutral	positive	neutral	
		Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months
Overall trend in employment	Down	Down	Down	Same	
ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH					
		sharply up / restrained	up / more difficult	same	down / easier
Compared to 6 months ago, cost/access to finance has been...	for SMEs		Cost Access		
	for larger companies (>250 employees)		Cost Access		
		sharply up / restrained	up / more difficult	same	down / easier
Over the next 6 months, cost /access to finance will be...	for SMEs		Cost Access		
	for larger companies (>250 employees)		Cost Access		
For companies, the current financing situation is...	threat to company existence	of high concern	somewhat concerning	not worrying	
	working capital / treasury needs				
	debt refinancing				
	financing productive investments				
	financing innovation and R&D				

POLICY MIX					
	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>	<i>adequate</i>	<i>inadequate</i>			
<i>Consistency between fiscal and monetary policies</i>		yes			
	<i>excellent commitment</i>	<i>satisfactory commitment</i>	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Regarding the sustainability of public finances, government shows ...</i>				yes	
	<i>respect the 3% limit</i>	<i>be in balance</i>			
<i>In 2015, the government deficit will...</i>	no	no			