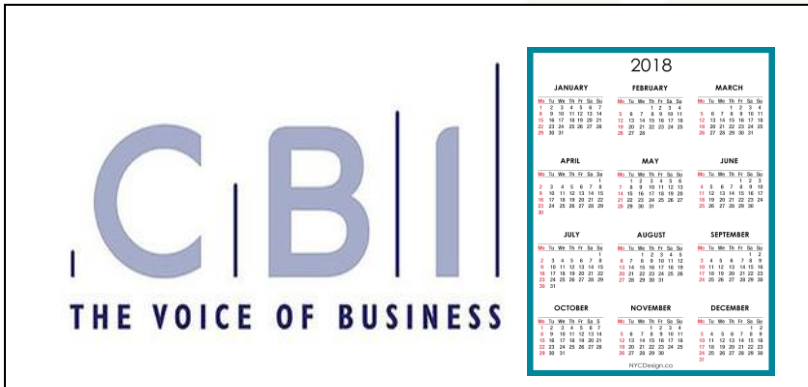


# 2018 Economic Outlook

Latest forecasts from the CBI



## Household spending remains under pressure and uncertainty continues over Brexit...

The UK economy saw a shaky start to 2018, as bad weather caused GDP to near flat line (at just 0.1%), with construction and retail sectors particularly badly hit. Consumer-facing sectors are facing a particularly difficult time.

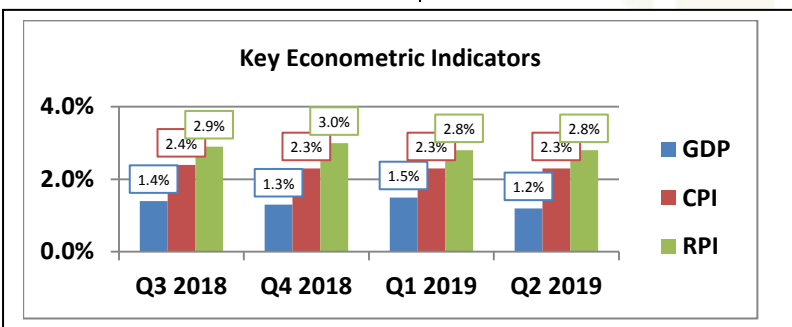
As a result, there is little change to the forecast with expected GDP growth of 1.4% in 2018.

CPI inflation has been falling persistently since the end of 2017, to stand at 2.4% in May—the lowest in a year.

Some of the fall reflects the waning impact on prices of the post-referendum depreciation in the pound. This impact should continue to fade, and therefore inflation will gradually fall back further.

There are continued signs that the strength in the global economy and the low pound are supporting UK exports.

However there are concerns on how current USA trade tariffs may impact this in the short-medium term.



## THE NUMBERS

**1.4%**

The latest forecast for GDP for 2018. The outlook for 2018 is now down slightly at +1.3%. These are both down on 2017 which was +1.8%.

**2.5%**

The average level of CPI expected through 2018. The outlook for 2019 is now 2.2% above the Bank of England's target rate of 2.0% (2017=2.7%).

**1.42m**

The number of people who will be unemployed in 2018. This is 4.2% of the working population. 2019 is currently forecast to be 4.3%.

**0.61%**

The forecast for the UK bank rate for 2018. This is forecast to rise to +1.02% in 2019 with an expected rise of 0.67pp in Q3 2018.

**\$1.42**

The number of dollars you will get to the pound in 2018 (vs. \$1.29 in 2017). The EUR/GBP exchange rate is forecast to be €1.13 (vs. €1.14 in 2017).