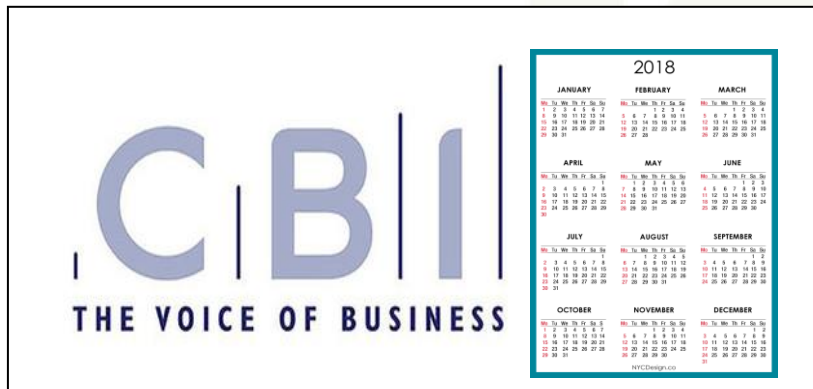


2018 Economic Outlook

Latest forecasts from the CBI



The economy continues to grow albeit at a slower rate than pre-crisis norms...

Economic growth has been somewhat volatile over 2018 so far, largely due to the weather. But looking through this volatility, underlying momentum has remained subdued. It is anticipated that this subdued growth will persist, with the economy expected to grow by 1.3% in 2018 and 1.4% in 2019. Domestic demand remains subdued, but picks up slightly as the squeeze on household earnings eases.

CPI inflation is expected to fall

further, as the impact of the post-referendum fall in sterling continues to dwindle, and a tight labour market continues to push pay growth somewhat higher.

After raising interest rates twice over the past year we expect a few more rate rises, bringing interest rates to 1.5% by mid-2020.

Little change is expected in the UK-EU trading relationship in the short-term assuming a status-quo transition period.

THE NUMBERS

1.3%

The latest forecast for GDP for 2018. The outlook for 2019 is now at +1.4% and 2020 is +1.6%.

2.5%

The average level of CPI expected through 2018. The outlook for 2019 is +2.2% and 2020 is +2.0%, the Bank of England's target rate.

1.39m

The number of people who will be unemployed in 2018. This is 4.1% of the working population. 2019 and 2020 are forecast to be 4.3%.

0.60%

The forecast for the UK bank rate for 2018. This is forecast to rise to +1.02% in 2019 and +1.42% in 2020.

\$1.34

The number of dollars you will get to the pound in 2018 (vs. \$1.29 in 2017). The forecast for 2019 is \$1.36 and 2020 is \$1.43.

