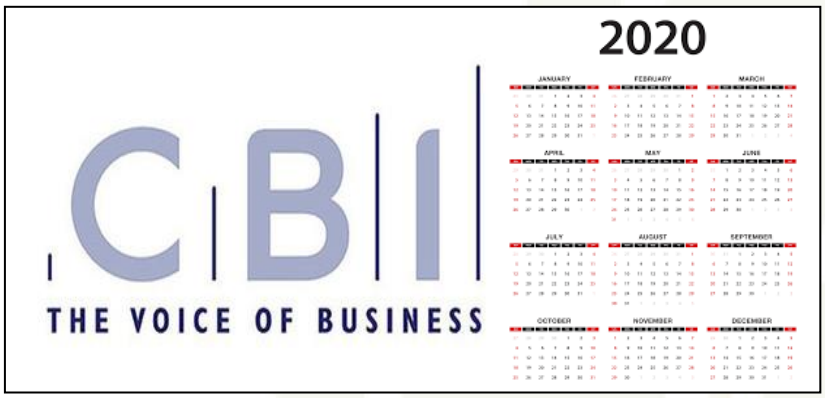
2020 Economic Outlook

Latest forecasts from the CBI



A mild improvement in the economy, but very dependent on Brexit uncertainty fading…

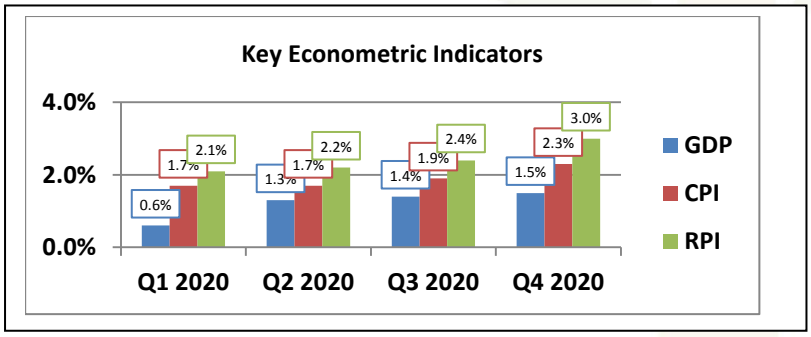
It's clear that underlying momentum in the UK economy has been subdued, constrained by the dual forces of Brexit uncertainty and slower global economic growth. Looking ahead growth should gradually improve as these headwinds gently fade.

Household spending remains a key driver of growth throughout our forecast, fuelled by ongoing (albeit slower) growth in real earnings.

A key risk to the forecasts is continued uncertainty around Brexit dampening activity.

There is expected to be a gradual rise interest rates going forward, provided the economy evolves in line with expectations.

Trade data has been volatile in 2019, in part due to stockpiling in anticipation of Brexit. Going forward a main concern is the impact of ongoing tensions between the US and China.



THE NUMBERS

1.2%

The latest forecast for GDP for 2020. The outlook for 2021 is now at +1.8% (subject to the when & how we leave the EU).

1.9%

The average level of CPI expected through 2020. The outlook for 2021 is +2.0% in line with the Bank of England's target rate.

1.37m

The number of people who will be unemployed in 2020. This is 4.0% of the working population. 2021 is forecast to be slightly higher at 4.2%.

0.85%

The forecast for the average UK bank rate for 2020. This is forecast to be 1.23% during 2021 as the rate rises to +1.25% by the end of that year.

$1.24

The number of dollars you will get to the pound in 2020 (vs. $1.26 in 2019). The forecast for 2021 is $1.29. The forecast for EUR/GB for 2020 is €1.13.