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PRESS RELEASE

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Results of the Q4 2016 ECB Survey of Professional Forecasters

- Inflation expectations have been revised marginally down for 2016 and 2018, but are unchanged for 2017. Longer-term inflation expectations are unchanged at 1.8%.
- Real GDP growth expectations have been revised up for 2016, but down for 2018 and further ahead.
- Unemployment rate expectations have been revised down.

Respondents to the ECB's Survey of Professional Forecasters (SPF) for the fourth quarter of 2016 report average point forecasts for inflation in 2016, 2017 and 2018 of 0.2%, 1.2% and 1.4% respectively. This implies unchanged forecasts for 2017 and slight downward revisions, by 0.1 percentage point, for 2016 and 2018. Average longer-term inflation expectations (for 2021) remain unchanged at 1.8%. The expected strong pick-up in headline inflation between 2016 and 2017 reflects to a large extent the expected profile of oil price dynamics, while underlying inflation is expected to pick up at a more gradual pace.

SPF respondents have revised their expectations for growth in euro area economic activity upwards for 2016, but have revised them down for 2018 and the longer term. Real GDP growth expectations stand at 1.6% for 2016, 1.4% for 2017, 1.5% for 2018 and 1.6% for the longer term (for 2021). Respondents continue to see domestic demand as the main driver of euro area economic growth.

Unemployment rate expectations continue to imply a declining trajectory. The average point forecasts are 10.1% for 2016, 9.7% for 2017 and 9.3% for 2018. This implies unchanged expectations for 2016 and 2017, but a 0.2 percentage point downward revision for 2018. The average point forecast for the longer-term unemployment rate (in 2021) has been revised down, by 0.1 percentage point, to 8.7%.

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Table: Results of the ECB Survey of Professional Forecasters for Q4 2016

(annual percentage changes, unless otherwise indicated)

Survey horizon	2016	2017	2018	Longer term (1)
HICP inflation				
SPF Q4 2016	0.2	1.2	1.4	1.8
<i>Previous SPF (Q3 2016)</i>	<i>0.3</i>	<i>1.2</i>	<i>1.5</i>	<i>1.8</i>
Real GDP growth				
SPF Q4 2016	1.6	1.4	1.5	1.6
<i>Previous SPF (Q3 2016)</i>	<i>1.5</i>	<i>1.4</i>	<i>1.6</i>	<i>1.7</i>
Unemployment rate (2)				
SPF Q4 2016	10.1	9.7	9.3	8.7
<i>Previous SPF (Q3 2016)</i>	<i>10.1</i>	<i>9.7</i>	<i>9.5</i>	<i>8.8</i>

1) Longer-term expectations refer to 2021.

2) As a percentage of the labour force.

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Notes:

- *The ECB Survey of Professional Forecasters (SPF) is conducted on a quarterly basis and gathers expectations for the rates of inflation, real GDP growth and unemployment in the euro area for several horizons, together with a quantitative assessment of the uncertainty surrounding them. The participants in the survey are experts affiliated with financial or non-financial institutions based within the European Union. The survey results do not represent the views of the ECB's decision-making bodies or of the ECB's staff. The next Eurosystem staff macroeconomic projections will be published on 8 December 2016.*
- *Since 2015 the results of the SPF have been released on the ECB's website. For surveys prior to the first quarter of 2015, see the ECB's Monthly Bulletin (2002-14: Q1 – February, Q2 – May, Q3 – August, Q4 – November).*
- *The SPF survey for the fourth quarter of 2016 was conducted between 30 September and 6 October 2016. The total number of responses was 47, which is below the historical average number of responses (59) for the Q4 (October) round.*
- *The SPF report and data are available via the [SPF webpage](#) and via the ECB's [Statistical Data Warehouse](#).*