

PRESS RELEASE

22 January 2016

Results of the Q1 2016 ECB Survey of Professional Forecasters (SPF)

- SPF inflation expectations have been revised downwards for 2016 from 1.0 to 0.7 percent
- Real GDP growth expectations are unchanged in the 1.7-1.8% range
- Unemployment rate forecasts have been revised downward and remain on a downward path

Respondents to the ECB's Survey of Professional Forecasters (SPF, Q1 2016) have revised their inflation expectations for 2016 downwards by 0.3 percentage point to 0.7 percent, mainly reflecting oil price developments. Inflation is expected to pick up further in 2017 to 1.4% and in 2018 to 1.6%. The longer-term inflation expectations (for 2020) stand slightly reduced at 1.8%. In the short term, respondents expect a strong dampening impact on inflation from the latest oil price developments, counteracting favourable base effects arising from past developments. However, most SPF respondents continue to envisage a strong pick-up in inflation in 2016 and 2017, including a profile of gradually increasing underlying inflation which is shaped by the ongoing expansion of economic activity and supported by the monetary policy stance. The weaker euro exchange rate in 2015 is expected to exert some upward pressure on inflation in 2016 as well.

Real GDP growth expectations are unchanged in the 1.7-1.8% range. SPF respondents forecast growth in private consumption and investment as the main drivers of the ongoing economic expansion. Domestic demand is strengthened by accommodative monetary policy as well as by the current low level of energy prices, which is supporting the disposable income of households and profit margins of companies. These factors are expected to outweigh the negative impact arising from weaker prospects for external demand from emerging markets.

Unemployment rate forecasts have been revised downwards across all horizons and remain on a downward path. SPF respondents expect that the unemployment rate will keep declining as solid growth in economic activity continues.

Table: Results of the ECB Survey of Professional Forecasters for Q1 2016

(annual percentage changes, unless otherwise indicated)

Survey horizon	2016	2017	2018	Longer term (1)
HICP inflation				
SPF Q1 2016	0.7	1.4	1.6	1.8
<i>Previous SPF (Q4 2015)</i>	<i>1.0</i>	<i>1.5</i>	-	<i>1.9</i>
Real GDP growth				
SPF Q1 2016	1.7	1.8	1.7	1.7
<i>Previous SPF (Q4 2015)</i>	<i>1.7</i>	<i>1.8</i>	-	<i>1.7</i>
Unemployment rate (2)				
SPF Q1 2016	10.3	9.9	9.4	9.0
<i>Previous SPF (Q4 2015)</i>	<i>10.5</i>	<i>10.1</i>	-	<i>9.2</i>

1) Long-term expectations refer to 2020.

2) As a percentage of the labour force.

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Notes:

- The ECB Survey of Professional Forecasters (SPF) is conducted quarterly 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 ECB staff macroeconomic projections will be published on 10 March 2016.
- Since 2015, the results of the ECB SPF are 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 first quarter of 2016 was conducted between 5 and 11 January 2016. The total number of responses was 57, which is broadly in line with the historical average number of responses.
- The ECB SPF report and data are available via the ECB SPF webpage (<http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html>) and via the ECB's Statistical Data Warehouse.