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PRESS RELEASE

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Results of the Q2 2016 ECB Survey of Professional Forecasters (SPF)

- Inflation expectations have been revised down for 2016 and 2017, reflecting mainly oil price developments. Longer-term inflation expectations are unchanged at 1.8%.
- Real GDP growth expectations have been lowered slightly for 2016 and 2017. Longer-term growth expectations are unrevised.
- Unemployment rate expectations have been revised downwards across all horizons and remain on a downward path.

Respondents to the ECB's Survey of Professional Forecasters (SPF) for the second quarter of 2016 have revised down their inflation expectations for this year by 0.4 percentage point compared with the previous survey round to 0.3%. They reported that the downward revisions mainly reflected oil price developments since the previous quarterly survey, conducted in January. However, respondents continue to expect a strong pick-up in inflation the course of 2016 and in 2017 once the impact of the oil price decline subsides. Average inflation expectations for 2017 and 2018 were 1.3% and 1.6% respectively.

Respondents envisage a profile of moderate but gradually increasing underlying inflation, which is shaped by the ongoing expansion of economic activity (and the assumption that labour cost growth will pick up slowly in the context of still high, albeit declining, unemployment) and supported by the monetary policy stance.

Average longer-term inflation expectations (for 2020) remained unchanged at 1.8%. The balance of risks around this forecast was assessed as remaining on the downside.

Real GDP growth expectations were revised slightly downwards for 2016 and 2017. The rate of economic growth is forecast to increase gradually from 1.5% in 2016 to 1.7% by 2018. Respondents expect economic growth to be driven by domestic demand, supported by monetary policy and the current low level of energy prices.

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Unemployment rate expectations were revised downwards across all horizons and remain on a downward path. The average forecasts for the unemployment rate were 10.1% for 2016, 9.7% for 2017 and 9.3% for 2018.

Table: Results of the ECB Survey of Professional Forecasters for Q2 2016

(annual percentage changes, unless otherwise indicated)

Survey horizon	2016	2017	2018	Longer term (1)
HICP inflation				
SPF Q2 2016	0.3	1.3	1.6	1.8
Previous SPF (Q1 2016)	0.7	1.4	1.6	1.8
Real GDP growth				
SPF Q2 2016	1.5	1.6	1.7	1.7
Previous SPF (Q1 2016)	1.7	1.8	1.7	1.7
Unemployment rate (2)				
SPF Q2 2016	10.1	9.7	9.3	8.8
Previous SPF (Q1 2016)	10.3	9.9	9.4	9.0

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 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 2 June 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 second quarter of 2016 was conducted between 31 March and 6 April 2016. The total number of responses was 53, which is slightly below the historical average number of responses (58).
- The SPF report and data are available via the [SPF webpage](#) and via the ECB's Statistical Data Warehouse.