



Global & UK Macroeconomic Outlook

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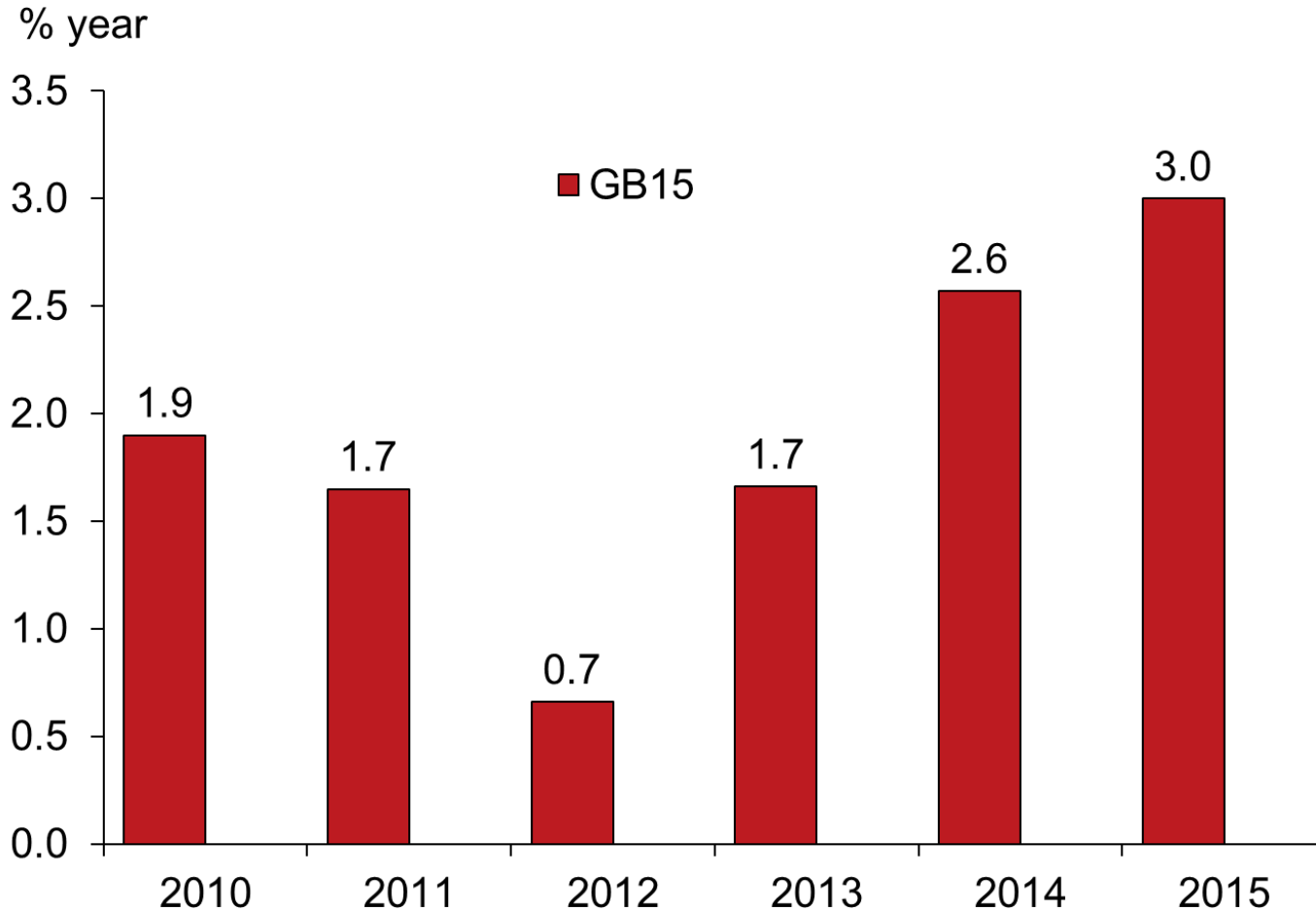
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What should have been a strong year...

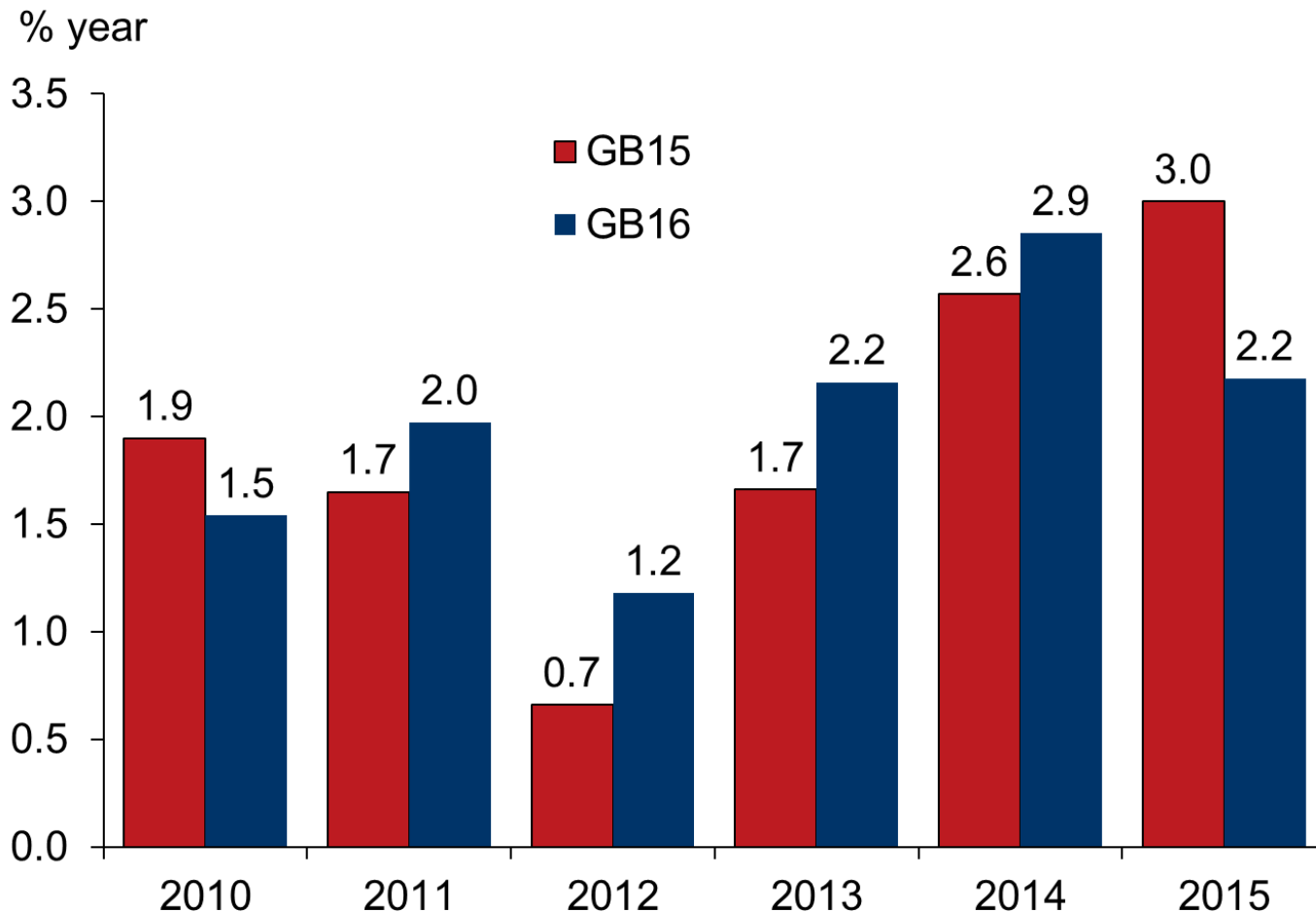
UK: GDP growth



Source : Oxford Economics

...turned out to be a disappointment...

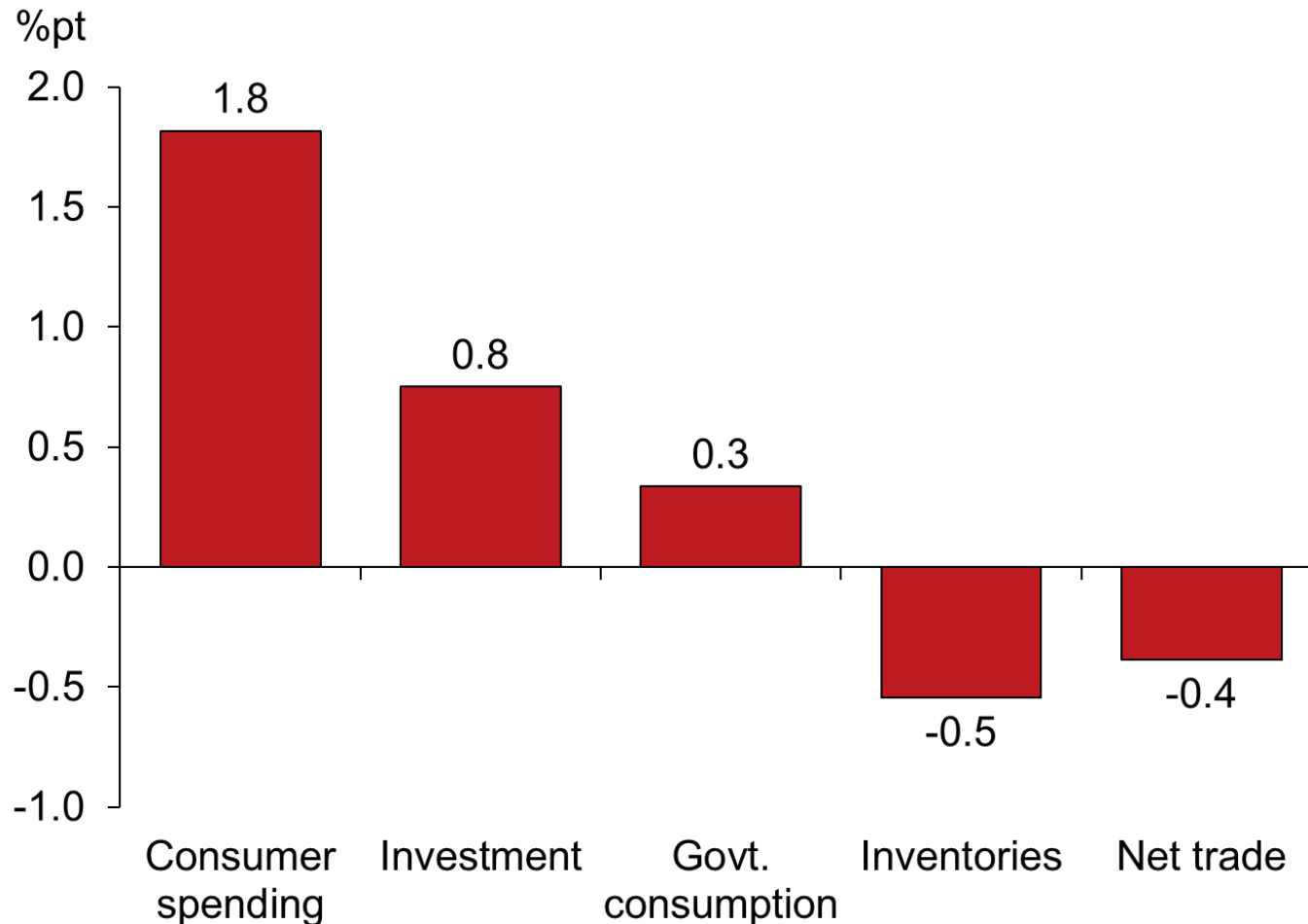
UK: GDP growth



Source : Oxford Economics

...largely due to drags from stocks and net trade

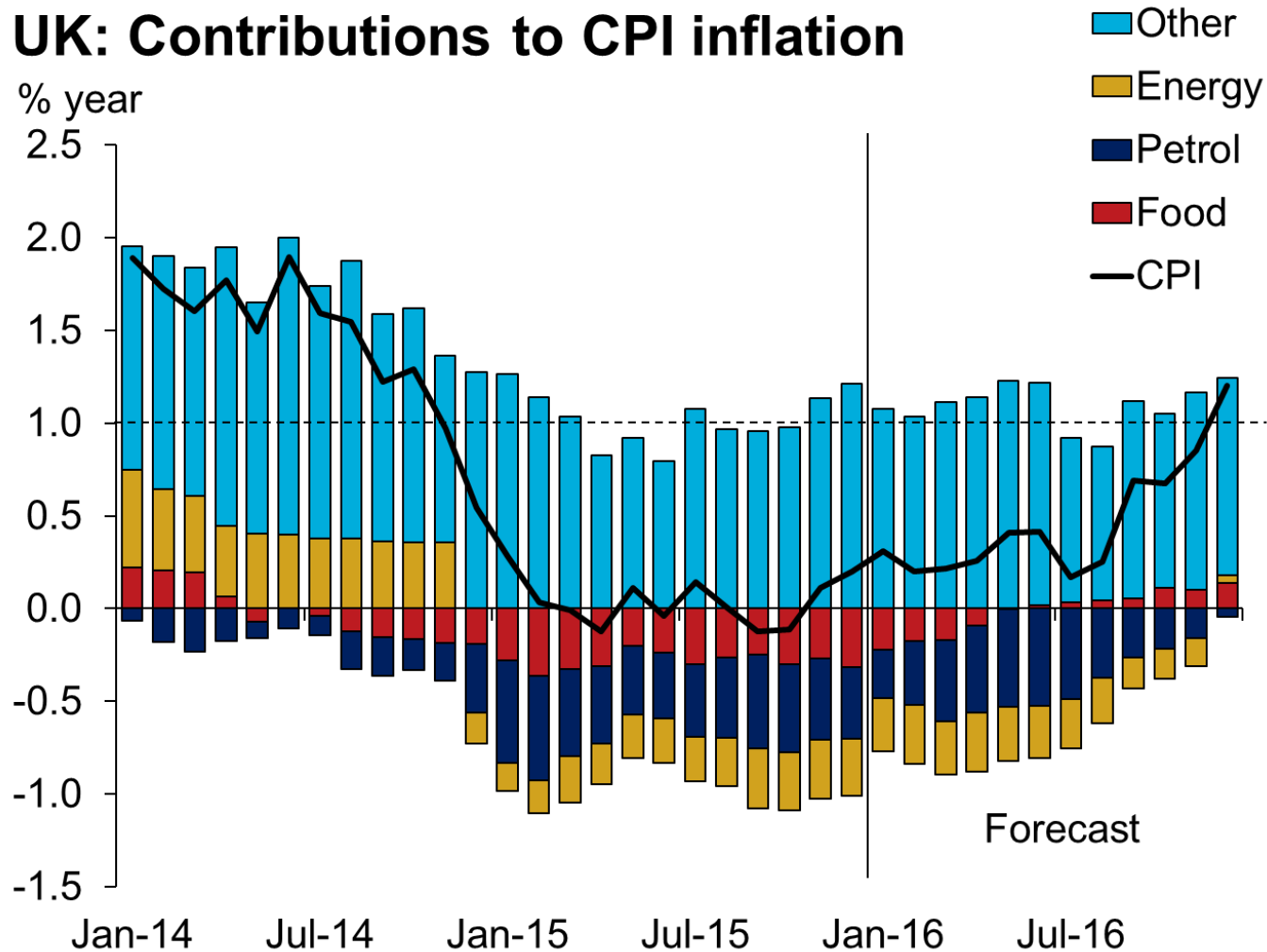
UK: Contributions to GDP growth in 2015



Source : Oxford Economics

Inflation will gradually pickup...

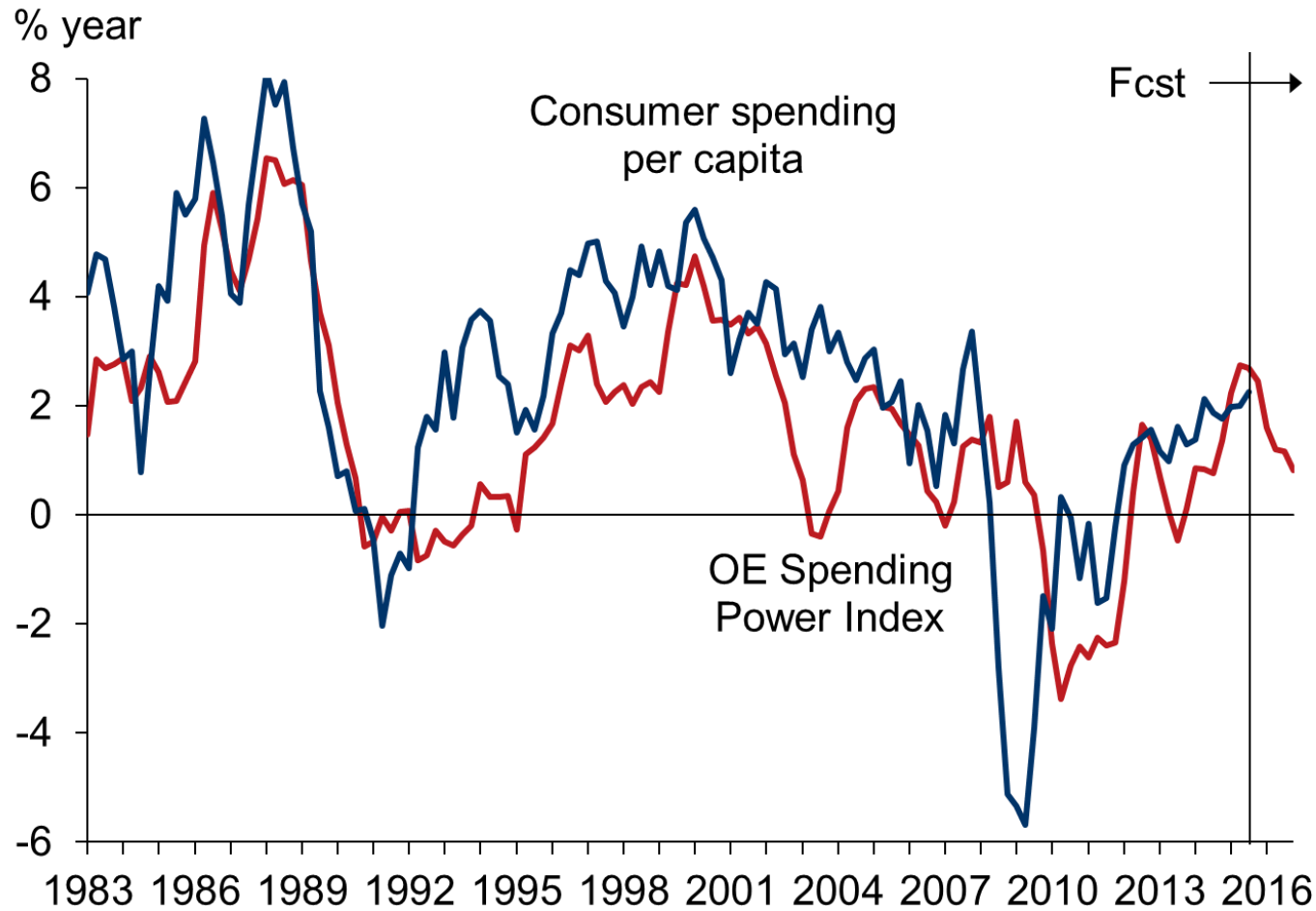
UK: Contributions to CPI inflation



Source : Oxford Economics

...causing the 'sugar rush' to fade

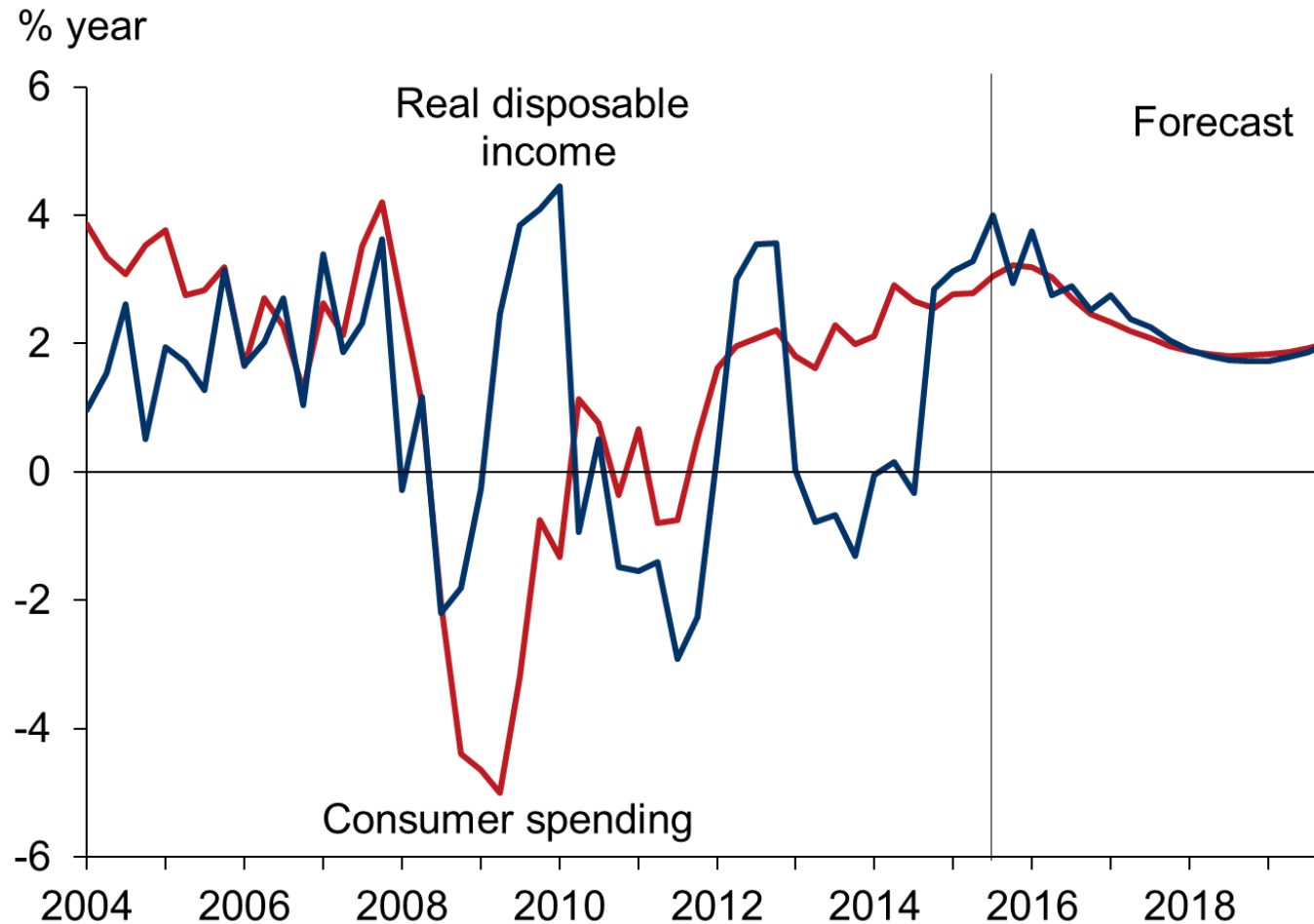
UK: Consumption & OE Spending Power Index



Source : Oxford Economics

Welfare cuts will increasingly weigh on incomes

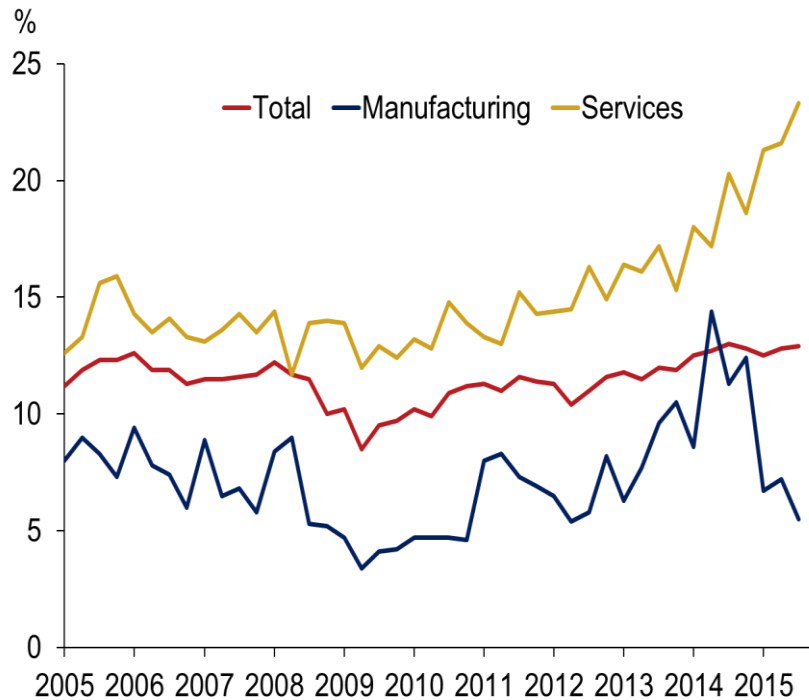
UK: Consumer spending and income



Source: Oxford Economics

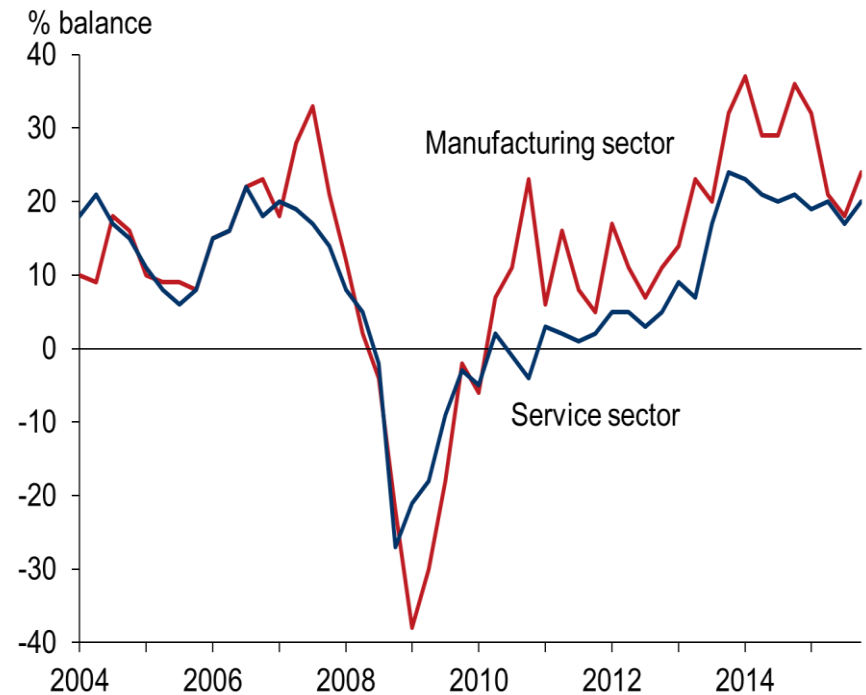
Investment outlook remains favourable

UK: PNFC net rate of return



Source : Haver Analytics

UK: Investment intentions

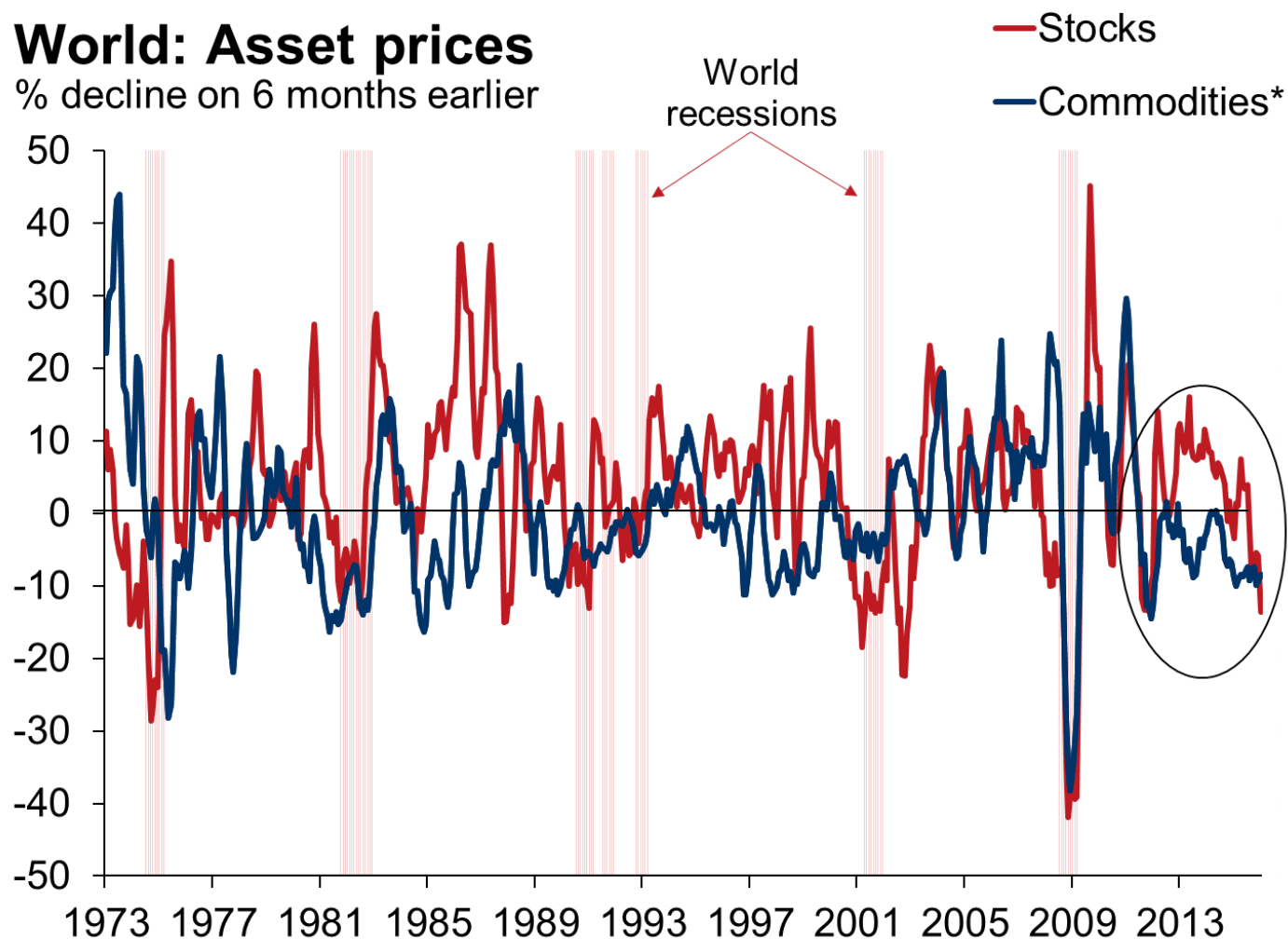


Source: BCC

Will lower asset prices herald a global recession?

World: Asset prices

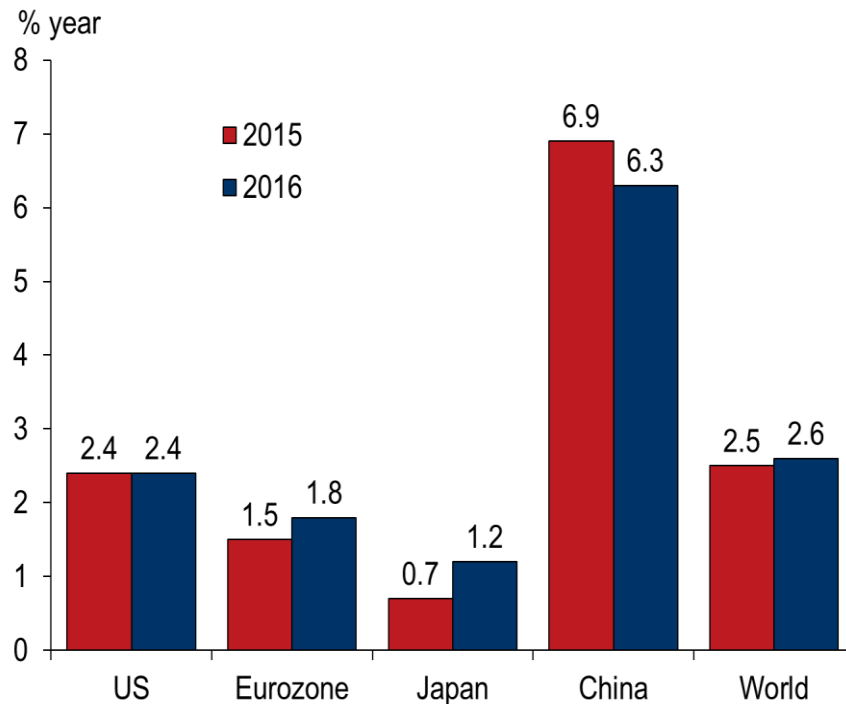
% decline on 6 months earlier



Source : Oxford Economics/Haver Analytics * deflated by US CPI

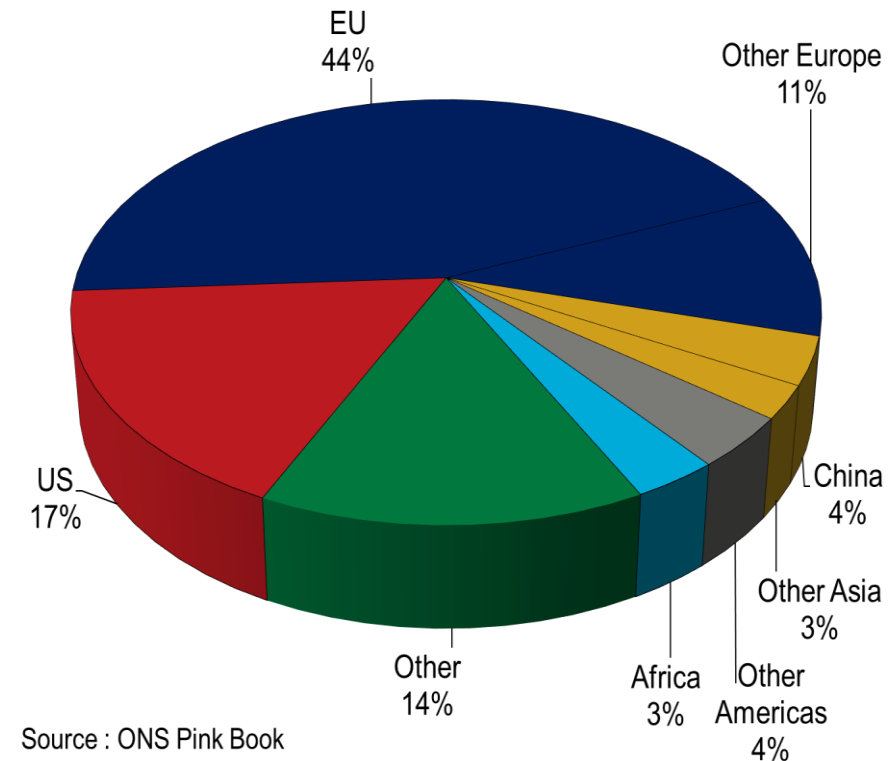
Key trading partners likely to remain resilient

World: GDP forecasts



Source : Oxford Economics

UK: Share of UK exports by destination (2014)

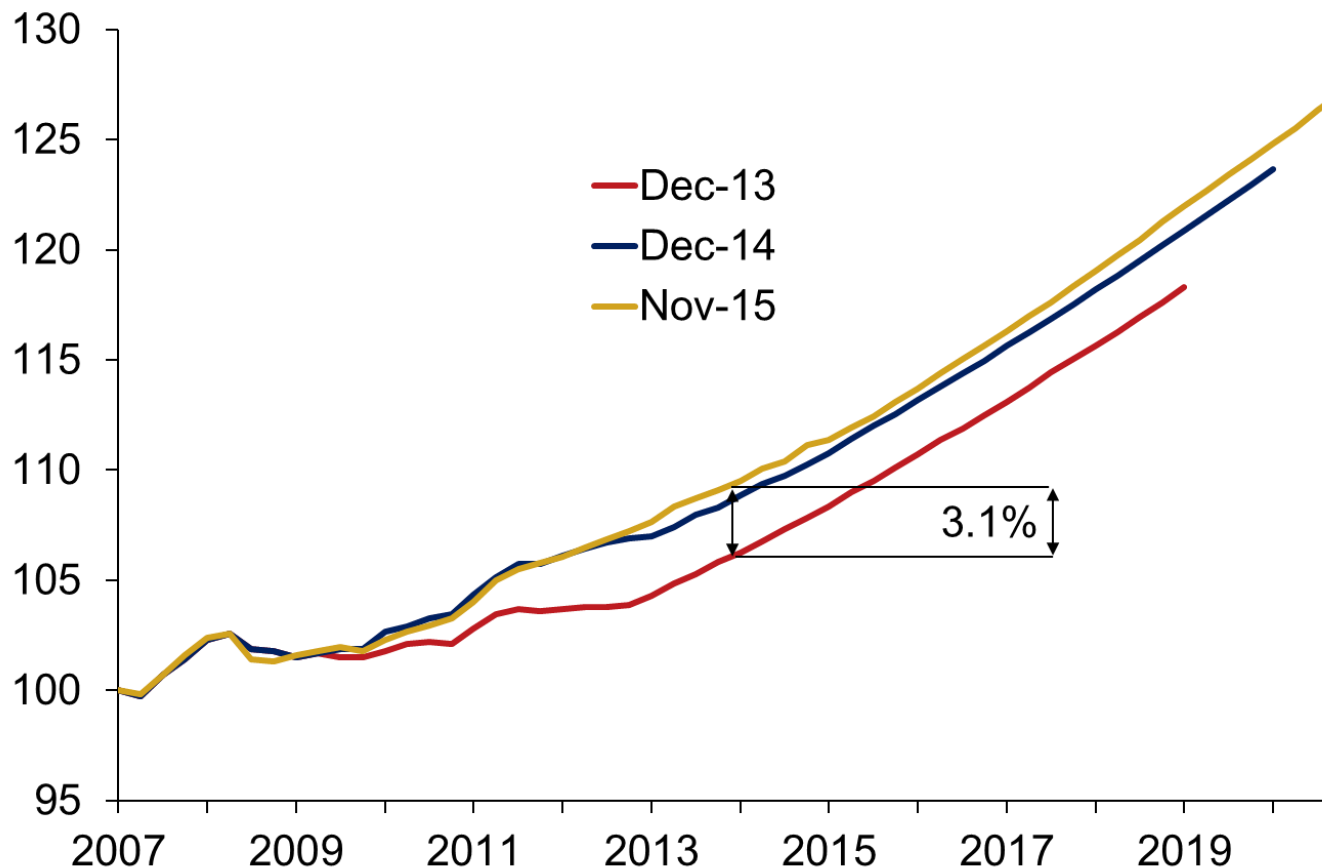


Source : ONS Pink Book

Data revisions complicate supply side analysis

UK: OBR's estimates of potential output

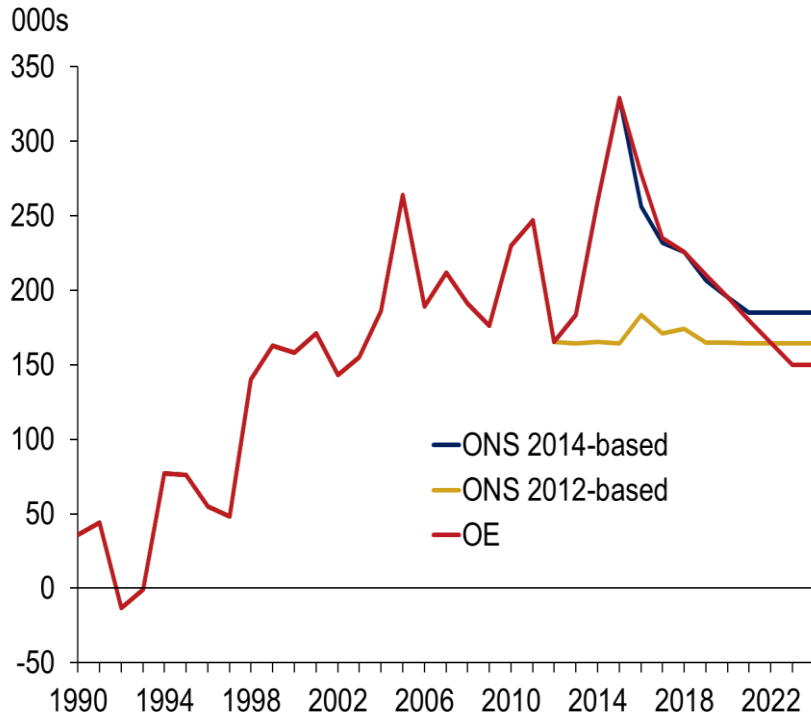
Q12007 = 100



Source : Oxford Economics, OBR

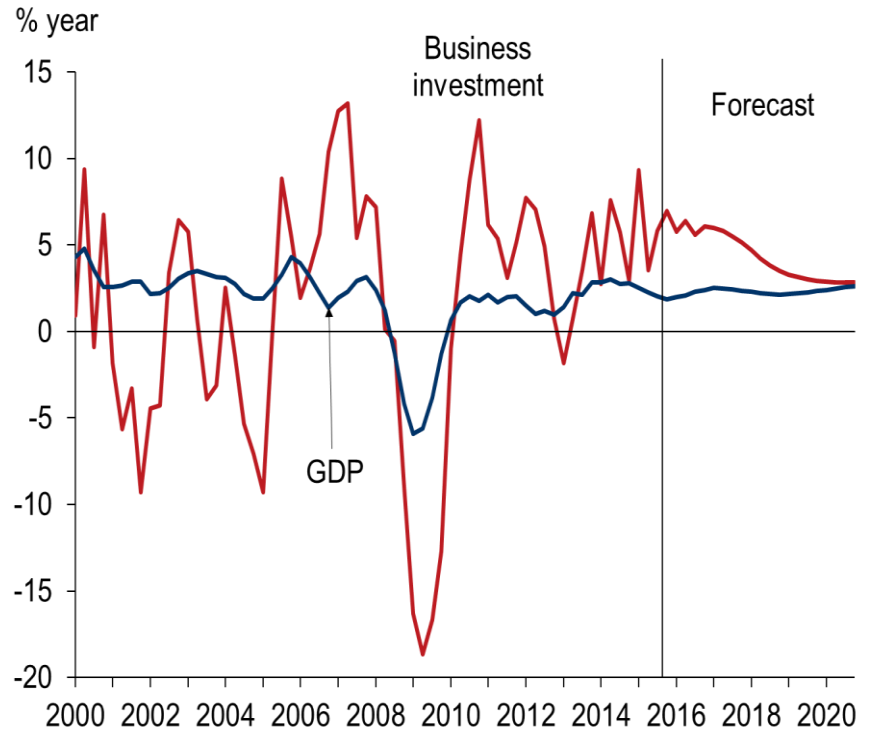
Prospects for potential output remain strong

UK: Migration assumptions



Source : Oxford Economics/ONS

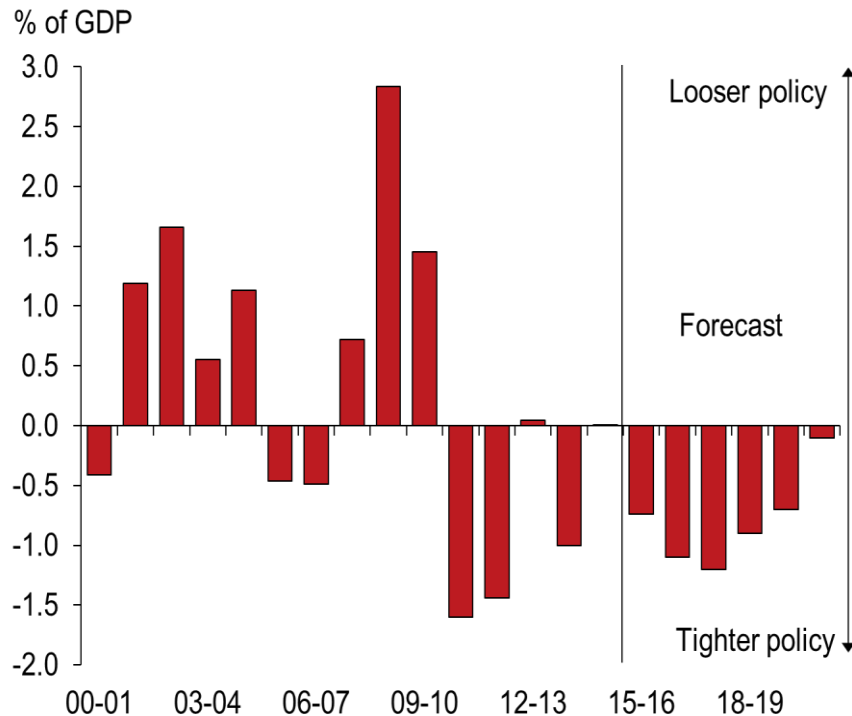
UK: Business investment and GDP



Source: Oxford Economics

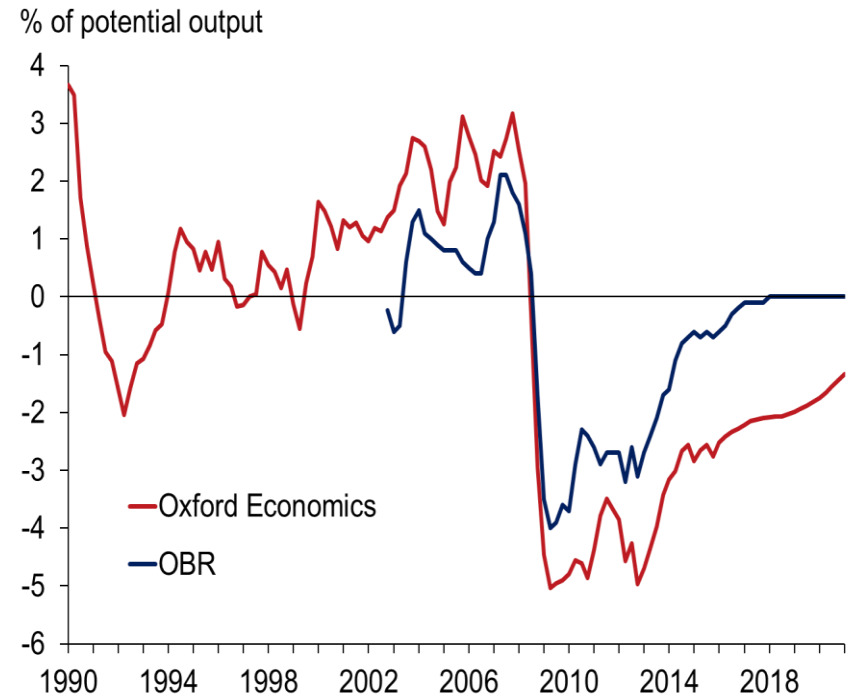
Fiscal tightening will stop output gap closing

UK: OBR estimates of fiscal tightening



Source : Oxford Economics calculations using OBR forecasts

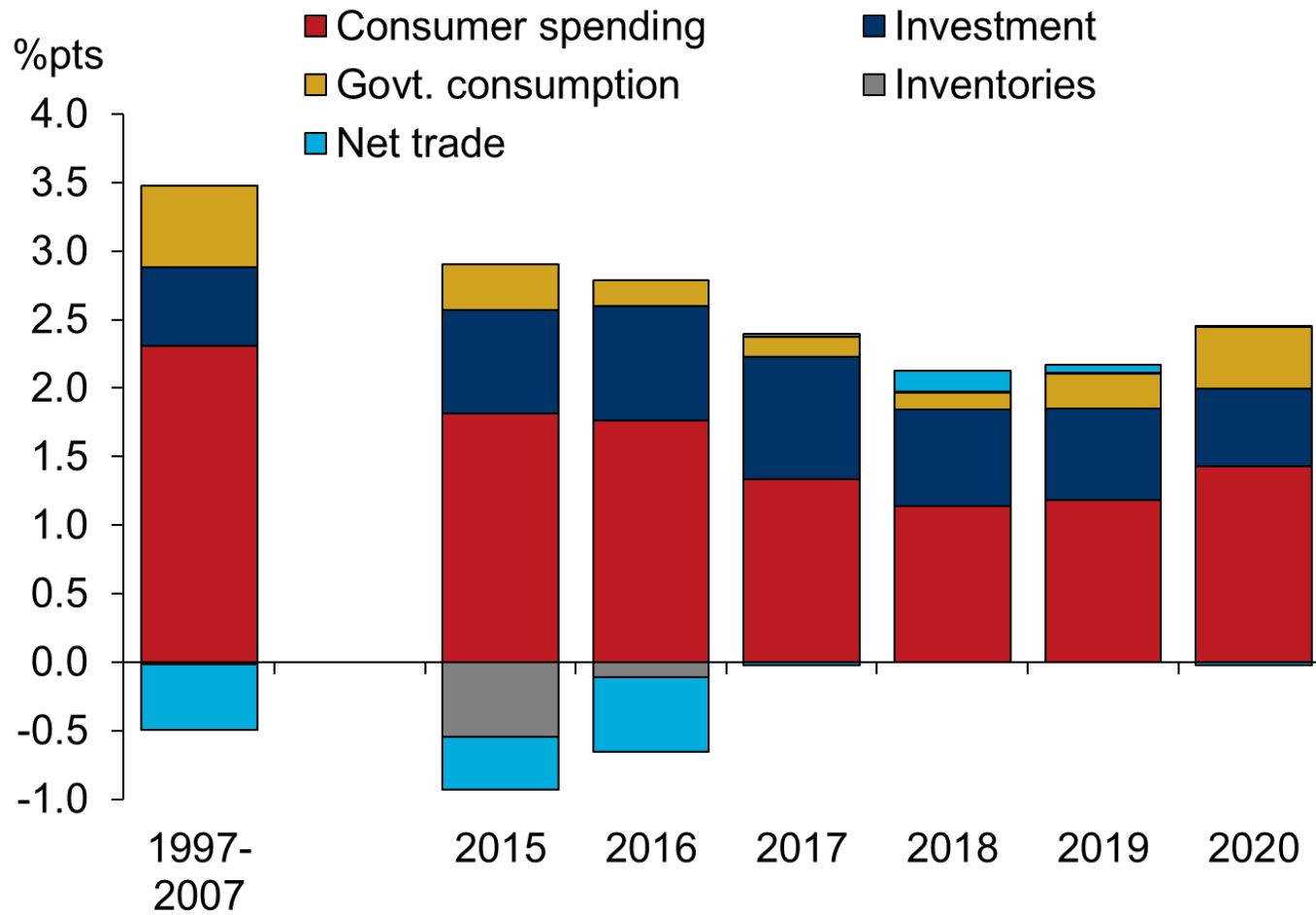
UK: Output gap



Source : Oxford Economics, OBR

Growth to slow, but become more balanced

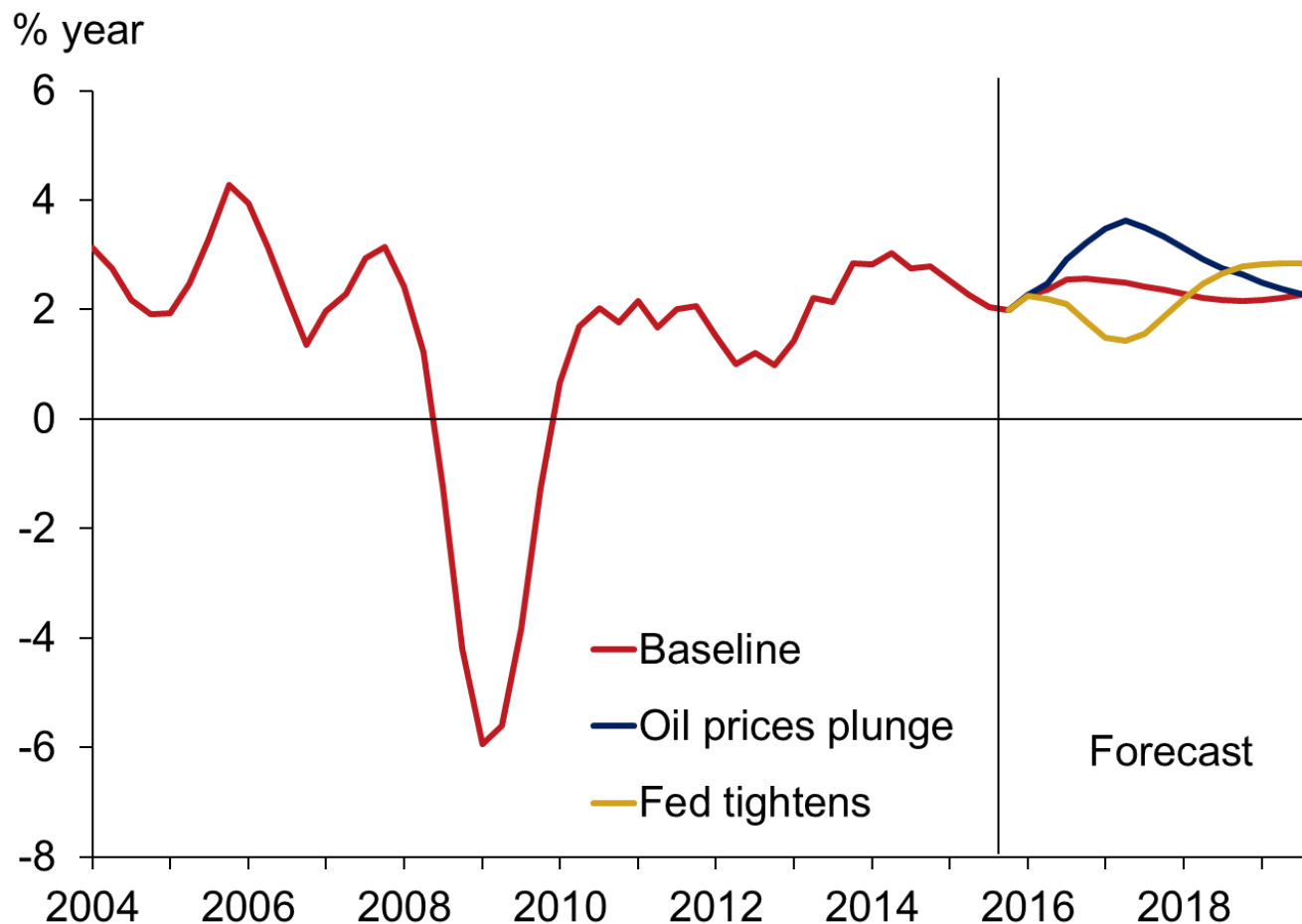
UK: Contributions to GDP growth



Source : Oxford Economics

Alternative scenarios for the UK economy

UK GDP forecasts for alternative scenarios



Source : Oxford Economics