

VSA

GRS 350

UNCLASSIFIED [CULL]
FM WASHINGTON 141920Z MAR 83
TO PRIORITY F C O
TELEGRAM NUMBER 620 OF 14 MARCH

U.S. ECONOMY: VIEWS OF PRIVATE FORECASTERS

1. VIEWS OF PRIVATE U.S. FORECASTERS ABOUT THE PROSPECTS FOR THE U.S. ECONOMY HAVE BECOME MORE OPTIMISTIC DURING THE PAST MONTH. THE AVERAGE FORECAST OF THE 46 FORECASTING SERVICES INCLUDED IN THE SO-CALLED BLUE CHIP CONSENSUS IS FOR A 2 POINT 7 PERCENT GROWTH RATE IN 1983 OVER 1982. THE AVERAGE FOR THE SIX LARGEST ECONOMETRIC SERVICES IS 2 POINT 4 PERCENT. THESE FIGURES COMPARE WITH AVERAGES FOR THE PREVIOUS MONTH OF 2 POINT 5 PERCENT AND 2 POINT 0 PERCENT RESPECTIVELY, WHICH WERE QUOTED IN OUR MONTHLY ECONOMIC REPORT FOR FEBRUARY (MY TELNO 5 SAVING).

2. ON A QUARTERLY BASIS, THE AVERAGE OF ALL THE FORECASTING SERVICES INDICATES GROWTH AT AN ANNUAL RATE OF OVER 4 PERCENT IN THE FIRST AND SECOND QUARTERS OF 1983 AND OF AROUND 5 PERCENT IN THE THIRD AND FOURTH QUARTERS. ON UNEMPLOYMENT, THE AVERAGE FORECAST IS NOW FOR A LEVEL OF 10 POINT 1 PERCENT FOR 1983 AS A WHOLE, BUT FALLING BELOW DOUBLE DIGITS IN THE FOURTH QUARTER OF 1983.

3. ON INFLATION, THE AVERAGE FORECAST FOR THE GNP DEFLATOR IN 1983 OVER 1982 IS 4 POINT 6 PERCENT, AND FOR THE CONSUMER PRICE INDEX 4 POINT 0 PERCENT. THE SIX LARGEST FORECASTING SERVICES ARE MORE OPTIMISTIC - 4 POINT 3 PERCENT AND 3 POINT 1 PERCENT RESPECTIVELY. FOR BOTH INDICES, THE AVERAGE FORECAST FOR 1984 IS RATHER HIGHER THAN FOR 1983, AT AROUND 5 PERCENT.

4. F C O PLEASE ADVANCE TO BOTTRILL (TREASURY), WATSON (BANK OF ENGLAND) AND BROADBENT (ESID).

WRIGHT

ADVANCED AS REQUESTED

FINANCIAL
ESID
NAD

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