

Prime Minister ②
To note changes in
proposed Autumn Statement
figures.



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Treasury Chambers, Parliament Street, SW1P 3AG
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Barry Potter Esq
Private Secretary to
Prime Minister
10 Downing Street
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Dear Barry

THE INDUSTRY ACT FORECAST

We have been looking again at the forecast numbers to be published in the Autumn Statement in the light of recent information and, in particular, the latest CBI Survey, movements in petrol prices, the September PSDR figures and the House of Lords judgement in the Woolwich case.

In the light of these developments, the Chancellor proposes to show slightly weaker activity and slightly better inflation in the rest of 1990, a lower PSDR, and a slightly better current account than set out in my letter of 19 October. The changes are set out below. The main aim is to minimise the risk that the forecasts will quickly be confounded as subsequent data emerges this year. Only a major disturbance in oil markets between now and the Autumn Statement would lead us to propose any further changes.

Yours

JG.

JOHN GIEVE
Principal Private Secretary

PROPOSED CHANGES TO THE INDUSTRY ACT FORECAST

		Existing IAF	Proposed
GDP (% change)	1990	1½	1
	1991	½	½
Manufacturing output (% change)	1990	½	0
	1991	0	-½
RPI (% change)	1990Q4	10½	10½
	1991Q4	5½	5½
Current Account (£ billion)	1990	-16	-15½
	1991	-10 to -12	-11
PSDR (£ billion)	1990-91	3¾	2¾