

Results of the Survey of Professional Forecasters on Macroeconomic Indicators – 24th Round (Q1:2013-14)

The Reserve Bank has been conducting the Survey of Professional Forecasters on a quarterly basis from the quarter ended September 2007. ***The results of the survey represent views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank of India.***

The latest survey round relates to Q1:2013-14. Twenty four professional forecasters participated in this round and the responses were received during July 2-13, 2013. The results of the survey are presented in the *Annex*.

Highlights:

1. Annual Forecasts

- Real GDP growth rate forecast for 2013-14 is revised downwards to 5.7 per cent¹ from 6.0 per cent in the previous round. While GDP growth forecast for Agriculture and Allied Activities and Services has remained the same, that for Industry is revised downward to 3.6 per cent from 4.4 per cent (**Table 1**).
- Real GDP growth rate forecast for 2014-15 is placed at 6.5 per cent.
- The forecasters assigned maximum probability of 44 per cent to the range of 5.5-5.9 per cent of GDP growth in 2013-14 and 37 per cent to the range of 6.0- 6.4 per cent in 2014-15 (**Chart 1**).

Table 1: Median Forecast of Real GDP* (Growth Rate) for 2013-14 and 2014-15			Chart 1: Mean Probability Pattern of Growth Forecast for 2013-14 and 2014-15	
	2013-14	2014-15		
Real GDP	5.7 (-0.3)	6.5		
Agriculture and Allied Activities	3.0 (0.0)	3.0		
Industry	3.6 (-0.8)	5.5		
Services	7.1 (0.0)	7.6		

*: Figures in brackets are increase/decrease of forecasts from the previous round.

- For 2013-14, the Gross Domestic Saving rate (GDS) and the Gross Fixed Capital Formation (GFCF) rate are predicted at 30.3 per cent and 30.0 per cent, respectively.

¹ Forecasts wherever indicated are the median forecasts.

The private final consumption expenditure at current prices is expected to grow by 12.8 per cent (**Table 2**).

- For 2014-15, GDS and GFCF rate are projected at 31.3 per cent and 30.5 per cent, respectively.

Table 2: Median Forecast of Savings and Capital Formation*		
	2013-14	2014-15
PFCE Growth Rate	12.8 (-1.2)	13.2
Gross Domestic Saving Rate	30.3 (+0.3)	31.3
Gross Fixed Capital Formation Rate	30.0 (0.0)	30.5

*: Figures in brackets are increase/decrease of forecasts from the previous round.

- The forecast for money supply (M_3) has been revised downwards in 2013-14 to 13.0 per cent from 14.6 per cent in the previous round. Bank credit growth forecast for 2013-14 has also been revised downward to 15.0 per cent from 16.0 per cent in the previous round (**Table 3**).
- Yield of 91-Days Treasury Bill is expected to be 7.3 per cent and 7.0 per cent in March end 2013-14 and 2014-15, respectively (**Table 3**).

Table 3: Median Projections for Select Financial Market Variables*		
Growth Rate	2013-14	2014-15
M_3	13.0 (-1.6)	14.8
Bank Credit	15.0 (-1.0)	16.0
Treasury Bill 91-days Yield (in per cent)	7.3 (0.0)	7.0

*: Figures in brackets are increase/decrease of forecasts from the previous round.

- Central Government's gross fiscal deficit (GFD) is projected at 4.8 per cent of GDP in 2013-14. For 2014-15, it has been placed at 4.7 per cent of GDP (**Table 4**).
- The combined GFD of Central and State Governments is forecast at 7.2 per cent of GDP in 2013-14 (**Table 4**).

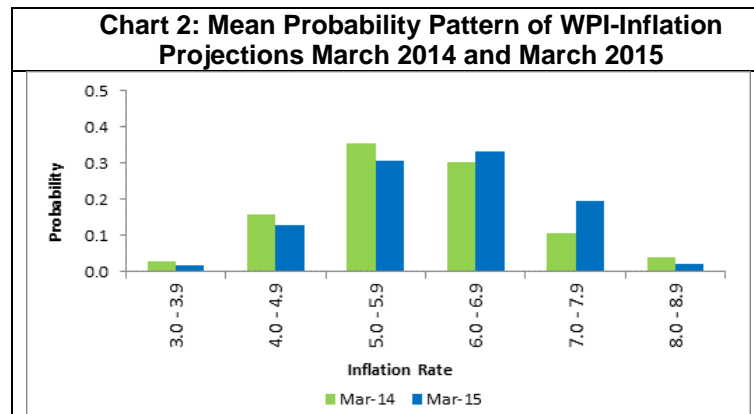
Table 4: Median Forecast for Fiscal Deficit*		
	2013-14	2014-15
Combined Gross Fiscal Deficit as per cent of GDP	7.2 (-0.1)	7.1
Central Govt. Fiscal Deficit as per cent of GDP	4.8 (-0.2)	4.7

*: Figures in brackets are increase/decrease of forecasts from the previous round.

- Forecast for exports growth, imports growth, current account balance and capital account balance for 2013-14 and 2014-15 are given in Annex Table A.1 and Table A.2.

2. Quarterly Forecasts

- The growth of real GDP is predicted to improve gradually from Q1: 2013-14 to Q1:2014-15 (**Annex Table A.3**).
- Forecasters expect average WPI inflation in Q2:2013-14 at 4.8 per cent, which is revised downward from 6.0 per cent in the previous round. WPI inflation is expected to be around 5.5 per cent till Q1:2014-15. Inflation based on CPI-Industrial Workers is expected to remain above 8.0 per cent from Q2:2013-14 to Q1:2014-15 (**Annex Table A.4**).
- The forecasters assigned highest probability of 35 per cent that inflation will fall in the range of 5.0-5.9 per cent in March 2014 (**Chart 2**). For March 2015, the forecasters assigned maximum probability of 33 per cent that inflation will be in the range of 6.0- 6.9 per cent.



3. Long Term Forecasts

- Real GDP growth for the next five years (2013-14 to 2017-18) and the next ten years (2013-14 to 2022-23) is expected to be 6.75 per cent and 7.25 per cent, respectively. Over the next five years, inflation based on WPI and CPI-Industrial Workers is forecast at 6.20 per cent and 7.50 per cent, respectively. Over the next ten years, inflation based on WPI and CPI-Industrial Workers is expected to be 5.90 per cent and 6.50 per cent, respectively (**Annex Table A.7**).

Annex

Table A.1: Annual Forecasts for 2013-14

	Key Macroeconomic Indicators	Annual Forecasts for 2013-14			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	5.7	5.7	6.2	5.0
a	Agriculture & Allied Activities	3.1	3.0	4.4	1.4
b	Industry	3.7	3.6	5.5	2.0
c	Services	7.0	7.1	7.5	6.4
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	11.9	12.8	14.0	5.6
3	Gross Domestic Saving (per cent of GDP)	30.3	30.3	32.0	28.5
4	Gross Domestic Capital Formation (per cent of GDP)	35.2	35.0	37.0	33.5
5	Gross Fixed Capital Formation (per cent of GDP)	30.3	30.0	33.2	29.0
6	Money Supply (M3) (growth rate in per cent)	13.6	13.0	16.0	12.4
7	Bank Credit (growth rate in per cent)	14.9	15.0	16.5	13.5
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.3	7.2	8.2	6.9
9	Central Govt. Fiscal Deficit (per cent of GDP)	4.9	4.8	5.3	4.8
10	Repo Rate(end period)	6.82	6.75	7.00	6.50
11	CRR (end period)	3.83	4.00	4.00	3.50
12	T-Bill 91 days Yield (per cent-end period)	7.3	7.3	8.0	6.9
13	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	7.4	7.4	7.9	7.0
14	Overall Balance (in US \$ bn.)	-0.2	-1.5	11.6	-6.2
15	Export (in US \$ bn.)	320.6	318.8	345.0	308.0
16	Export (growth rate in per cent)	5.3	4.4	12.5	0.5
17	Import (in US \$ bn.)	521.6	518.6	549.6	498.9
18	Import (Growth rate in percent)	4.5	3.9	11.0	-0.4
19	Trade Balance (as per cent of GDP)	-10.2	-10.1	-9.1	-11.0
20	Invisible Balance (US \$ bn.)	115.4	115.0	134.4	105.2
21	Current Account Balance (US \$ bn.)	-86.0	-87.0	-78.8	-100.0
22	Current Account Balance (per cent of GDP)	-4.4	-4.4	-3.8	-4.7
23	Capital Account Balance (US \$ bn.)	86.0	85.0	100.0	75.0
24	Capital Account Balance (per cent of GDP)	4.5	4.4	5.8	3.7

Table A.2: Annual Forecasts for 2014-15

	Key Macroeconomic Indicators	Annual Forecasts for 2014-15			
		Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (in per cent)	6.4	6.5	7.3	5.4
a	Agriculture & Allied Activities	2.9	3.0	3.8	2.0
b	Industry	5.3	5.5	7.9	2.5
c	Services	7.5	7.6	8.2	6.8
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	12.7	13.2	15.0	6.2
3	Gross Domestic Saving (per cent of GDP)	31.2	31.3	32.8	29.5
4	Gross Domestic Capital Formation (per cent of GDP)	35.7	35.5	38.0	33.8
5	Gross Fixed Capital Formation (per cent of GDP)	31.0	30.5	33.5	29.1
6	Money Supply (M3) (growth rate in per cent)	14.7	14.8	17.0	13.0
7	Bank Credit (growth rate in per cent)	16.3	16.0	18.5	15.0
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.1	7.1	8.0	6.2
9	Central Govt. Fiscal Deficit (per cent of GDP)	4.7	4.7	5.6	4.2
10	Repo Rate(end period)	6.62	6.50	7.50	5.50
11	CRR (end period)	3.79	4.00	4.00	3.00
12	T-Bill 91 days Yield (per cent-end period)	7.0	7.0	7.5	6.3
13	YTM of Central Govt. Securities with term to maturity of 10-years (end period)	7.1	7.0	7.6	6.5
14	Overall Balance (in US \$ bn.)	10.1	5.0	42.4	0.9
15	Export (in US \$ bn.)	351.5	351.5	395.0	332.8
16	Export (growth rate in per cent)	9.4	9.0	16.3	5.4
17	Import (in US \$ bn.)	564.6	554.9	626.8	519.6
18	Import (Growth rate in percent)	8.2	7.0	14.1	4.2
19	Trade Balance (as per cent of GDP)	-9.8	-9.8	-8.4	-12.1
20	Invisible Balance (US \$ bn.)	128.5	123.8	181.4	110.0
21	Current Account Balance (US \$ bn.)	-85.6	-82.1	-71.6	-115.0
22	Current Account Balance (per cent of GDP)	-3.8	-3.9	-3.2	-4.2
23	Capital Account Balance (US \$ bn.)	96.4	94.2	120.0	83.6
24	Capital Account Balance (per cent of GDP)	4.3	4.2	5.6	3.7

Table A.3: Quarterly Forecasts for Q2:2013-14 and Q1:2014-15

	Key Macroeconomic Indicators	Quarterly Forecasts							
		Q1: 2013-14				Q2: 2013-14			
		Mean	Median	Max	Min	Mean	Median	Max	Min
1	Real GDP growth rate at factor cost (per cent)	5.1	5.0	5.6	4.8	5.5	5.4	6.1	5.1
a	Agriculture & Allied Activities	2.5	2.5	3.7	1.5	3.2	3.1	4.8	1.6
b	Industry	2.8	3.0	4.5	0.5	3.6	3.7	5.8	1.6
c	Services	6.5	6.4	7.0	5.9	6.7	6.8	7.1	5.8
2	IIP growth rate (per cent)	2.1	2.1	3.9	0.1	3.3	3.1	5.6	1.4
3	Private Final Consumption Expenditure (growth rate in per cent)	12.4	12.6	13.8	9.9	12.7	12.9	14.3	9.9
4	Gross Capital Formation (per cent of GDP)	35.8	35.8	36.5	35.0	36.1	36.2	36.9	35.4
5	Gross Fixed Capital Formation (per cent of GDP)	30.2	29.9	33.1	29.0	30.9	31.2	33.9	29.5
6	₹ per US\$ (RBI reference rate-end period)	-	-	-	-	60.02	60.00	63.50	55.00
7	Repo Rate (end period)	-	-	-	-	7.13	7.00	7.25	7.00
8	CRR (end period)	-	-	-	-	3.96	4.00	4.00	3.75
9	BSE INDEX (end period)	-	-	-	-	19,637	19,700	20,000	19,148
10	Merchandise Export -BoP (in US\$ bn.)	75.0	75.3	78.1	72.3	76.8	76.5	83.5	72.6
11	Merchandise Import -BoP (US\$ bn.)	132.3	125.1	204.1	122.0	127.7	126.9	141.8	120.0
12	Trade Balance- BoP (US\$ bn.)	-57.3	-50.6	-45.0	-128.4	-50.9	-50.0	-46.9	-65.0
13	Indian Crude Oil basket Price (in US\$ per barrel)	-	-	-	-	104.8	105.0	106.2	103.0

Table A.3: Quarterly Forecasts for Q2:2013-14 and Q1:2014-15 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q3: 2013-14				Q4: 2013-14				Q1: 2014-15			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	6.0	6.1	6.4	5.4	6.2	6.2	6.8	5.6	6.2	6.1	7.0	5.6
Agriculture & Allied Activities	3.4	3.5	5.0	0.7	3.4	3.3	5.5	2.0	2.9	3.0	4.2	2.0
Industry	4.1	4.0	6.5	2.2	4.3	3.8	7.9	2.3	4.8	4.6	8.1	3.2
Services	7.2	7.2	8.3	6.6	7.3	7.4	7.9	6.6	7.4	7.5	8.0	6.6
IIP growth rate (per cent)	3.9	4.0	6.8	0.7	4.1	3.6	8.1	0.8	4.5	4.5	6.7	1.0
Private Final Consumption Expenditure (growth rate in per cent)	12.8	12.8	14.5	10.8	13.0	13.0	15.0	11.2	13.3	13.1	15.3	11.4
Gross Capital Formation (per cent of GDP)	34.5	34.3	35.7	33.7	35.4	35.7	36.1	33.5	35.7	35.7	35.8	35.3
Gross Fixed Capital Formation (per cent of GDP)	29.7	29.6	32.0	28.5	30.7	30.4	33.5	29.6	30.6	30.5	33.2	29.3
₹ per US\$ (RBI reference rate-end period)	59.34	59.48	63.00	55.00	59.22	59.50	63.00	55.00	59.50	59.50	61.00	56.00
Repo Rate (end period)	7.00	7.00	7.25	6.75	6.75	6.75	7.00	6.50	6.75	6.75	7.00	6.25
CRR (end period)	3.87	4.00	4.00	3.50	3.78	3.75	4.00	3.00	3.84	3.75	4.00	3.50
BSE INDEX (end period)	20,098	20,171	20,300	19,750	20,351	20,343	20,719	20,000	20,778	20,800	21,335	20,200
Merchandise Export -BoP (in US\$ bn.)	79.1	79.1	85.0	75.0	89.5	89.0	95.0	85.7	81.7	79.0	92.0	76.7
Merchandise Import -BoP (US\$ bn.)	135.3	133.4	155.4	128.0	139.0	136.2	160.7	128.7	136.2	135.0	148.7	125.1
Trade Balance- BoP (US\$ bn.)	-56.1	-55.2	-49.0	-75.6	-49.5	-47.6	-42.2	-68.5	-54.6	-55.0	-47.8	-61.6
Oil Price (in US\$ per barrel)	104.1	104.5	105.0	102.0	104.1	104.8	107.0	99.0	104.4	104.0	110.0	100.0

Table A.4: Forecasts for WPI and CPI-IW

	WPI				WPI-Manufactured Products				CPI-Industrial Workers			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:2013-14	4.8	4.8	5.4	4.0	2.8	2.5	4.4	1.7	9.4	9.4	10.9	8.0
Q3:2013-14	5.2	5.4	5.8	4.4	3.2	2.9	4.8	2.1	9.0	9.1	10.7	7.7
Q4:2013-14	5.5	5.5	6.5	4.7	4.0	4.1	4.9	2.2	8.5	8.3	10.2	6.5
Q1:2014-15	5.7	5.6	6.4	4.9	4.2	4.6	5.3	2.0	7.8	8.2	10.1	3.2

Table A.5: Mean probabilities attached to possible outcomes of GDP

Growth Range	Forecasts for 2013-14	Forecasts for 2014-15
Below 3.0 per cent	0	0
3.0 to 3.4 per cent	0	0
3.5 to 3.9 per cent	0	0
4.0 to 4.4 per cent	0.01	0.01
4.5 to 4.9 per cent	0.04	0.02
5.0 to 5.4 per cent	0.26	0.10
5.5 to 5.9 per cent	0.44	0.20
6.0 to 6.4 per cent	0.21	0.37
6.5 to 6.9 per cent	0.03	0.19
7.0 to 7.4 per cent	0.00	0.10
7.5 to 7.9 per cent	0.00	0.01
8.0 to 8.4 per cent	0	0
8.5 to 8.9 per cent	0	0
9.0 to 9.4 per cent	0	0
9.5 to 9.9 per cent	0	0
10.0 to 10.4 per cent	0	0
10.5 to 10.9 per cent	0	0
11.0 percent or more	0	0

Table A.6: Mean probabilities attached to possible outcomes of WPI

Inflation Range	Forecasts for March 2014	Forecasts for March 2015
Below 0	0	0
0 to 0.9	0	0
1.0 to 1.9	0	0
2.0 to 2.9	0	0
3.0 to 3.9	0.03	0.02
4.0 to 4.9	0.16	0.13
5.0 to 5.9	0.35	0.31
6.0 to 6.9	0.30	0.33
7.0 to 7.9	0.11	0.19
8.0 to 8.9	0.04	0.02
9.0 to 9.9	0.02	0.00
10.0 to 10.9	0	0
11.0 to 11.9	0	0
12.0 to 12.9	0	0
13.0 to 13.9	0	0
14.0 or above	0	0

Table A.7: Annual Average Percentage Change

	Annual average percentage change over the next five years				Annual average percentage change over the next ten years			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP	6.9	6.75	8.0	6.3	7.2	7.25	8.5	6.0
WPI Inflation	6.1	6.20	8.0	4.7	5.6	5.90	6.5	4.0
CPI-IW Inflation	7.7	7.50	10.0	6.0	6.8	6.50	8.5	4.5