

Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 59th Round¹

Growth is expected to improve in 2019-20 and firm up further in 2020-21. Consumer price inflation is expected to remain below 4.0 per cent till Q3:2019-20 and increase to 4.0 per cent in Q4:2019-20.

The Reserve Bank has been conducting the Survey of Professional Forecasters (SPF) since September 2007. Thirty-two panellists participated in the 59th round of the survey conducted during July 2019². The survey results are summarised in terms of their median forecasts and consolidated in Annexes 1-7, along with quarterly paths for key variables.

Highlights:

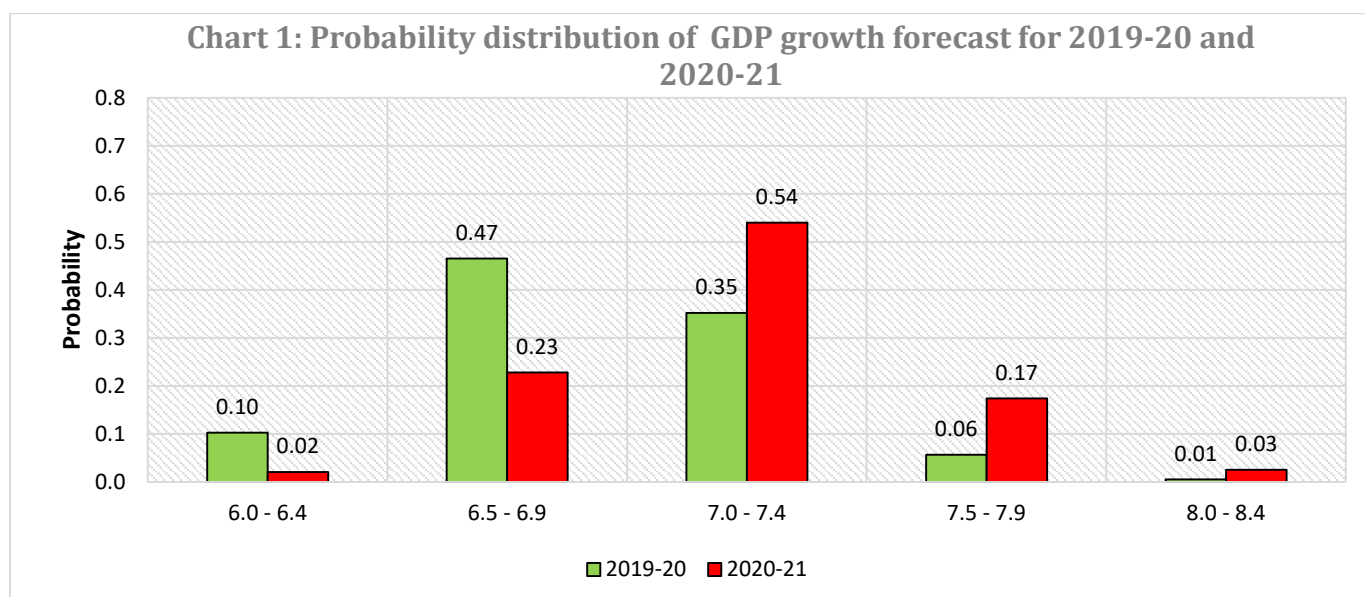
1. Output

- Real gross domestic product (GDP) is likely to grow at 6.9 per cent in 2019-20 and by 7.2 per cent in 2020-21 (Table 1).
- Real private final consumption expenditure (PFCE) growth is expected at 7.6 per cent during 2019-20, improving to 8.0 per cent during 2020-21.
- The growth of real gross fixed capital formation (GFCF) is likely to moderate to 7.6 per cent in 2019-20, but improve to 9.1 per cent in 2020-21.
- Forecasters have assigned the maximum probability to real GDP growth being in the range of 6.5-6.9 per cent in 2019-20 and 7.0-7.4 per cent in 2020-21 (Chart 1).
- Real gross value added (GVA) is expected to grow by 6.7 per cent in 2019-20 and to rise by 7.1 per cent in 2020-21, supported by upticks in industrial and services sector activity.

¹ The results of the last survey round were released on [June 6, 2019](#) on the Reserve Bank's website.

² The results presented here represent the views of the respondent forecasters and in no way reflect the views or forecasts of the Reserve Bank.

Table 1: Median Forecast of Growth in GDP, GVA and Components (in per cent)		
	2019-20	2020-21
Real GDP growth rate	6.9 (-0.3)	7.2 (-0.1)
Real PFCE growth rate	7.6 (-0.4)	8.0 (0.0)
Real GFCF growth rate	7.6 (-1.6)	9.1 (-0.6)
Private Final Consumption Expenditure (nominal) (<i>growth rate in per cent</i>)	11.5 (0.0)	12.0 (-0.2)
Real GVA Growth	6.7 (-0.3)	7.1 (0.0)
a. Agriculture and Allied Activities	3.0 (-0.1)	3.4 (+0.1)
b. Industry	6.5 (-0.5)	7.1 (-0.4)
c. Services	7.8 (0.0)	8.0 (0.0)
Gross Saving Rate (<i>per cent of gross national disposable income</i>)	30.2 (-0.2)	30.5 (-0.2)
Gross Capital Formation (GCF) Rate (<i>per cent of GDP at current market prices</i>)	31.5 (+0.3)	32.0 (0.0)
Note: In all the tables, the figures in parentheses indicate the extent of revision in median forecasts (percentage points) relative to the previous SPF round.		



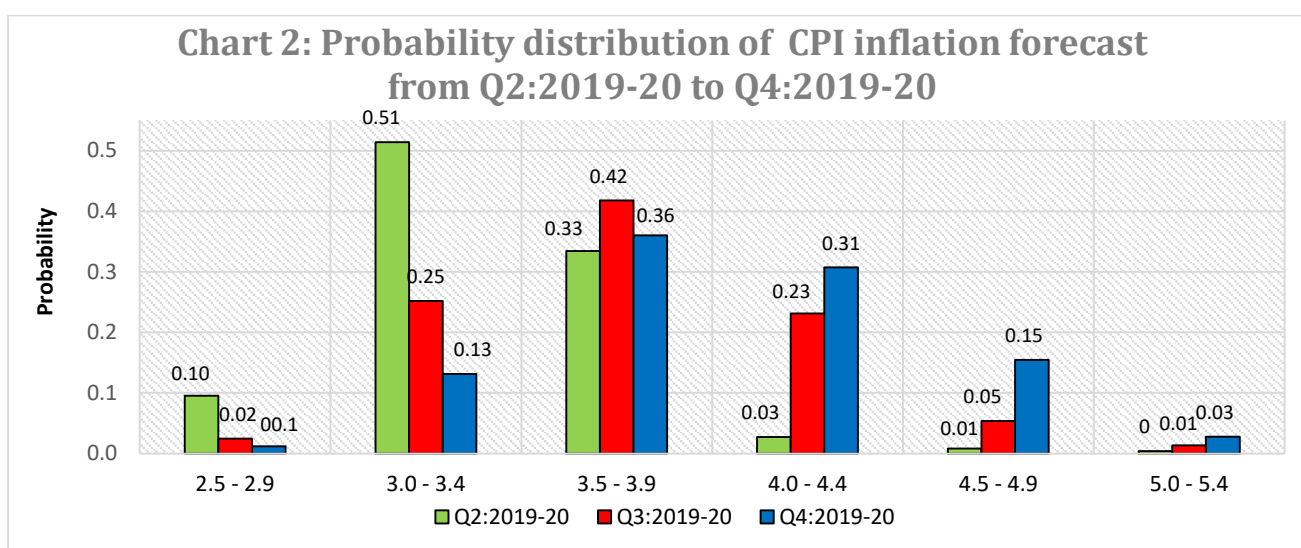
Note: Tails of the distribution are not presented in the chart. Detailed probability distributions are given in Annex 6.

2. Inflation

- Headline consumer price index (CPI) inflation is expected at 3.3 per cent in Q2:2019-20 and at 4.0 per cent by Q4:2019-20.
- CPI inflation excluding food and beverages, pan, tobacco and intoxicants and fuel and light is expected to remain between 3.9 per cent and 4.2 per cent during Q2:2019-20 and Q4:2019-20 and touch 4.4 per cent in Q1:2020-21.

Table 2: Median Forecast of Quarterly Inflation (in per cent)				
	Q2:19-20	Q3:19-20	Q4:19-20	Q1:20-21
CPI - Combined	3.3 (-0.2)	3.8 (-0.2)	4.0 (-0.2)	3.8 (-0.3)
CPI excluding <i>food and beverages, pan, tobacco and intoxicants and fuel and light</i>	4.2 (-0.4)	3.9 (-0.6)	4.1 (-0.7)	4.4 (-0.6)
WPI All Commodities	1.9 (-1.0)	1.9 (-0.8)	3.0 (-0.8)	2.8 (-1.1)
WPI Non-food Manufactured Products	0.8 (-1.0)	0.5 (-1.4)	1.7 (-1.0)	2.1 (-1.0)

- Forecasters have assigned the highest probability to CPI inflation being in the range of 3.0-3.4 per cent and 3.5-3.9 in Q2:2019-20 and Q3:2019-20, respectively. For Q4:2019-20, the maximum probability has been assigned to inflation in the range of 3.5-3.9 per cent; high probability has also been assigned to inflation in the range 4.0-4.4 per cent (Chart 2).



Note: Tails of the distribution are not presented in the chart. Detailed probability distributions are given in Annex 7.

3. External Sector

- The growth of merchandise exports and merchandise imports during 2019-20 is expected at 4.3 per cent and 4.4 per cent, respectively, and improvement is expected in 2020-21 (Table 3).
- The current account deficit (CAD) is expected at 2.0 per cent of GDP in 2019-20 and at 2.1 per cent of GDP 2020-21.
- The Indian rupee is likely to remain within the range of ₹69.0 - ₹70.0 per US Dollar till Q1:2020-21 (Annex 3).

Table 3: Median Forecast of Select External Sector Variables		
	2019-20	2020-21
Merchandise Exports – in US \$ terms <i>(annual growth in per cent)</i>	4.3 <i>(-1.3)</i>	7.1 <i>(-0.9)</i>
Merchandise Imports– in US \$ terms <i>(annual growth in per cent)</i>	4.4 <i>(-1.6)</i>	7.4 <i>(-0.7)</i>
Current Account Deficit <i>(per cent to GDP at current market prices)</i>	2.0 <i>(-0.2)</i>	2.1 <i>(0.0)</i>

The Reserve Bank thanks the following institutions for their participation in this round of the Survey of Professional Forecasters (SPF):

Aditi Nayar (ICRA Limited); Debopam Chaudhuri (Piramal Enterprises Limited); Devendra Kumar Pant (India Ratings & Research Private Limited); Gaurav Kapur (IndusInd Bank Limited); ICICI Securities Primary Dealership; Indranil Pan (IDFC FIRST Bank); National Stock Exchange of India; NCAER; Nikhil Gupta (Motilal Oswal Securities Ltd.); PHD Chamber of Commerce and Industry; Sameer Narang (Bank of Baroda); Shailesh Kejariwal (Batlivala & Karani Securities India Pvt Ltd); Siddharth Kothari (Sunidhi Securities & Finance Ltd); STCI Primary Dealer Ltd.; Sujit Kumar (Union Bank of India); Upasna Bhardwaj (Kotak Mahindra Bank) and Yes Bank.

The Bank also acknowledges the contribution of fifteen others SPF panellists, who prefer to remain anonymous.

Annex 1: Annual Forecasts for 2019-20

	Key Macroeconomic Indicators	Annual Forecasts for 2019-20					
		Mean	Median	Max	Min	1st quartile	3rd quartile
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	6.8	6.9	7.2	6.0	6.8	7.0
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.5	7.6	9.0	6.5	7.1	7.9
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	8.1	7.6	11.5	5.0	6.8	9.5
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	11.4	11.5	12.5	10.2	11.0	11.9
3	Gross Capital Formation (GCF) Rate (per cent of GDP at current market prices)	31.6	31.5	34.0	29.8	31.1	31.9
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	6.7	6.7	7.1	5.8	6.6	6.8
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	2.8	3.0	4.6	0.6	2.5	3.3
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	6.4	6.5	7.6	4.9	5.9	6.9
c	Services at constant (2011-12) prices: Annual Growth (per cent)	7.7	7.8	8.5	6.9	7.5	8.0
5	Gross Saving Rate (per cent of Gross National Disposable Income) - at current prices	30.2	30.2	31.2	29.0	30.0	30.7
6	Fiscal Deficit of Central Govt. (per cent of GDP at current market prices)	3.4	3.3	3.8	3.1	3.3	3.4
7	Combined Gross Fiscal Deficit (per cent to GDP at current market prices)	6.1	6.1	6.5	5.5	6.0	6.3
8	Bank Credit of Scheduled commercial banks: Annual Growth (per cent)	13.2	13.3	15.3	10.8	12.0	14.0
9	Yield on 10-Year G-Sec of Central Govt. (end-period)	6.4	6.4	7.3	5.8	6.2	6.5
10	Yield on 91-day T-Bill of Central Govt. (end-period)	5.6	5.5	6.2	5.0	5.4	5.6
11	Merchandise Exports (BoP basis in US\$ terms): Annual Growth (per cent)	4.7	4.3	10.0	1.3	3.3	6.1
12	Merchandise Imports (BoP basis in US\$ terms): Annual Growth (per cent)	4.9	4.4	12.0	0.0	3.3	6.0
13	Current Account Balance in US\$ bn.	-60.7	-61.4	-41.9	-70.6	-64.5	-58.3
14	Current Account Balance (per cent to GDP at current market prices)	-2.0	-2.0	-0.6	-2.8	-2.2	-1.9
15	Overall BoP in US\$ bn.	16.8	17.7	44.0	-26.3	10.8	23.7
16	Inflation based on CPI Combined: Headline	3.6	3.6	4.1	3.2	3.5	3.8
17	Inflation based on CPI Combined: excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light	4.1	4.1	5.3	3.6	4.0	4.3
18	Inflation based on WPI: All Commodities	2.7	2.4	4.0	1.5	2.3	3.2
19	Inflation based on WPI: Non-food Manufactured Products	1.9	1.1	5.4	0.5	1.0	2.6

Annex 2: Annual Forecasts for 2020-21

	Key Macroeconomic Indicators	Annual Forecasts for 2020-21					
		Mean	Median	Max	Min	1st quartile	3rd quartile
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	7.2	7.2	7.7	6.5	7.1	7.4
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.9	8.0	9.5	5.6	7.4	8.2
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	9.1	9.1	12.5	6.3	8.1	9.8
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	12.0	12.0	14.0	9.8	11.7	12.1
3	Gross Capital Formation (GCF) Rate (per cent of GDP at current market prices)	32.1	32.0	36.0	30.2	31.2	32.4
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	7.1	7.1	7.7	6.4	7.0	7.3
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	3.4	3.4	4.7	2.4	3.0	3.5
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	7.0	7.1	8.0	5.6	6.6	7.3
c	Services at constant (2011-12) prices: Annual Growth (per cent)	8.0	8.0	9.2	7.3	7.9	8.1
5	Gross Saving Rate (per cent of Gross National Disposable Income) - at current prices	30.6	30.5	32.4	28.3	30.4	31.0
6	Fiscal Deficit of Central Govt. (per cent of GDP at current market prices)	3.2	3.2	3.5	3.0	3.2	3.3
7	Combined Gross Fiscal Deficit (per cent to GDP at current market prices)	6.0	6.0	6.7	5.5	5.8	6.3
8	Bank Credit of Scheduled commercial banks: Annual Growth (per cent)	13.6	14.0	15.0	10.2	12.9	14.9
9	Yield on 10-Year G-Sec of Central Govt. (end-period)	6.7	6.5	7.5	6.0	6.4	6.9
10	Yield on 91-day T-Bill of Central Govt. (end-period)	5.8	5.8	6.4	5.4	5.5	6.0
11	Merchandise Exports (BoP basis in US\$ terms): Annual Growth (per cent)	7.4	7.1	12.0	2.7	5.6	8.6
12	Merchandise Imports (BoP basis in US\$ terms): Annual Growth (per cent)	8.2	7.4	13.5	2.9	6.7	10.5
13	Current Account Balance in US\$ bn.	-69.0	-68.4	-49.2	-92.0	-73.6	-64.5
14	Current Account Balance (per cent to GDP at current market prices)	-2.2	-2.1	-1.5	-3.0	-2.4	-2.0
15	Overall BoP in US\$ bn.	8.7	6.9	40.0	-17.0	1.9	15.3
16	Inflation based on CPI Combined: Headline	4.0	4.0	4.5	3.4	3.9	4.2
17	Inflation based on CPI Combined: excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light	4.4	4.4	5.6	3.5	4.1	4.7
18	Inflation based on WPI: All Commodities	3.3	3.7	4.3	1.7	2.7	4.0
19	Inflation based on WPI: Non-food Manufactured Products	3.1	3.3	4.6	1.8	2.3	3.9

Annex 3: Quarterly Forecasts from Q1:2019-20 to Q1:2020-21

	Key Macroeconomic Indicators	Quarterly Forecasts											
		Q1: 2019-20				Q2: 2019-20				Q3: 2019-20			
		Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	6.1	6.1	6.9	5.5	6.7	6.7	7.3	5.8	7.0	7.0	7.8	6.3
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.2	7.1	8.7	6.3	7.1	7.1	8.2	6.0	7.5	7.5	8.3	6.0
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	5.8	5.0	10.7	3.4	7.1	6.4	11.0	4.5	7.9	7.8	12.0	5.0
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	10.3	10.2	11.4	9.0	10.4	10.5	11.6	9.5	11.3	11.0	13.3	9.8
3	Gross Fixed Capital Formation (GFCF) Rate (per cent of GDP at current market prices)	29.1	29.1	30.0	27.0	29.3	29.1	31.0	28.0	30.2	30.1	33.0	28.2
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	6.0	6.0	7.1	5.4	6.5	6.6	7.2	5.6	6.8	6.8	7.5	5.9
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	2.0	2.0	3.8	-0.2	2.7	3.0	4.6	-0.2	3.3	3.4	4.5	1.2
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	4.7	4.6	7.3	2.5	5.7	5.8	8.0	2.4	6.7	6.5	9.5	5.0
c	Services at constant (2011-12) prices: Annual Growth (per cent)	7.5	7.5	8.4	6.5	7.7	7.7	8.6	6.8	8.1	8.1	9.0	6.8
5	IIP (2011-12=100): Quarterly Average Growth (per cent)	3.0	3.2	3.7	1.4	3.0	2.8	4.9	1.5	3.8	3.3	10.3	1.5
6	Merchandise Exports - BoP basis (in US\$ bn.)	84.5	84.3	90.0	81.5	86.3	87.0	88.3	82.6	88.0	87.9	95.0	82.0
7	Merchandise Imports - BoP basis (in US\$ bn.)	130.6	130.0	135.6	125.0	134.5	136.1	140.1	123.3	139.0	138.9	150.0	129.0
8	Rupee – US Dollar Exchange rate (RBI reference rate) (end-period)	-	-	-	-	69.3	69.0	70.8	67.9	69.6	69.5	72.0	67.7
9	Crude Oil (Indian basket) price (US \$ per barrel) (end-period)	-	-	-	-	65.0	65.0	73.4	59.9	65.8	65.0	76.0	61.0
10	Repo Rate (end-period)	-	-	-	-	5.51	5.50	5.75	5.25	5.41	5.50	5.75	5.00

	Key Macroeconomic Indicators	Quarterly Forecasts							
		Q4: 2019-20				Q1: 2020-21			
		Mean	Median	Max	Min	Mean	Median	Max	Min
1	GDP at constant (2011-12) prices: Annual Growth (per cent)	7.4	7.5	8.0	6.5	7.3	7.3	7.8	6.5
a	Private Final Consumption Expenditure (PFCE) at constant (2011-12) prices: Annual Growth (per cent)	7.7	7.8	9.0	6.5	7.7	7.9	8.3	6.3
b	Gross Fixed Capital Formation (GFCF) at constant (2011-12) prices: Annual Growth (per cent)	9.9	9.7	20.0	6.0	9.2	9.0	16.0	6.9
2	Private Final Consumption Expenditure (PFCE) at current prices: Annual Growth (per cent)	11.7	11.7	13.7	10.4	11.6	11.8	12.5	10.1
3	Gross Fixed Capital Formation (GFCF) Rate (per cent of GDP at current market prices)	29.1	28.3	33.4	27.6	29.9	29.7	34.0	28.0
4	GVA at constant (2011-12) prices: Annual Growth (per cent)	7.1	7.3	7.7	5.8	7.1	7.2	7.6	6.3
a	Agriculture & Allied Activities at constant (2011-12) prices: Annual Growth (per cent)	3.9	4.0	6.0	1.4	3.5	3.2	6.0	2.6
b	Industry at constant (2011-12) prices: Annual Growth (per cent)	7.3	7.6	9.4	5.0	6.8	7.1	8.3	5.0
c	Services at constant (2011-12) prices: Annual Growth (per cent)	8.0	7.8	9.2	6.8	8.1	7.9	9.2	7.0
5	IIP (2011-12=100): Quarterly Average Growth (per cent)	5.1	4.6	13.8	2.9	4.4	4.1	8.4	2.2
6	Merchandise Exports - BoP basis (in US\$ bn.)	91.6	92.2	95.0	81.0	90.9	91.7	100.0	81.0
7	Merchandise Imports - BoP basis (in US\$ bn.)	136.0	134.1	155.0	129.2	142.9	143.6	160.0	130.0
8	Rupee – US Dollar Exchange rate (RBI reference rate) (end-period)	69.6	70.0	72.0	67.0	70.0	70.0	73.5	67.5
9	Crude Oil (Indian basket) price (US \$ per barrel) (end-period)	66.3	65.0	77.4	61.0	65.8	65.0	81.0	61.0
10	Repo Rate (end-period)	5.39	5.50	5.75	5.00	5.38	5.38	5.75	5.00

Annex 4: Forecasts of CPI-Combined Inflation (per cent)

	CPI Combined Headline				Core CPI Combined (excluding Food and Beverages, Pan, Tobacco and Intoxicants and Fuel and Light)			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:2019-20	3.4	3.3	3.9	2.9	4.2	4.2	5.2	3.7
Q3:2019-20	3.8	3.8	4.7	3.3	3.9	3.9	5.4	3.1
Q4:2019-20	4.1	4.0	5.0	3.3	4.2	4.1	5.2	3.3
Q1:2020-21	3.9	3.8	4.7	3.3	4.4	4.4	5.5	3.6

Annex 5: Forecasts of WPI Inflation (per cent)

	WPI Headline				WPI Non-food Manufactured Products			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Q2:2019-20	2.2	1.9	3.8	1.5	1.3	0.8	4.0	0.2
Q3:2019-20	2.0	1.9	4.0	0.8	1.2	0.5	4.4	-0.2
Q4:2019-20	2.9	3.0	4.6	0.8	2.0	1.7	4.7	0.7
Q1:2020-21	2.8	2.8	4.7	1.2	2.4	2.1	5.0	1.3

Annex 6: Mean probabilities attached to possible outcomes of Real GDP growth

Growth Range	Forecasts for 2019-20	Forecasts for 2020-21
10.0 per cent or more	0.00	0.00
9.5 to 9.9 per cent	0.00	0.00
9.0 to 9.4 per cent	0.00	0.00
8.5 to 8.9 per cent	0.00	0.01
8.0 to 8.4 per cent	0.01	0.03
7.5 to 7.9 per cent	0.06	0.17
7.0 to 7.4 per cent	0.35	0.54
6.5 to 6.9 per cent	0.47	0.23
6.0 to 6.4 per cent	0.10	0.02
5.5 to 5.9 per cent	0.01	0.00
5.0 to 5.4 per cent	0.00	0.00
4.5 to 4.9 per cent	0.00	0.00
4.0 to 4.4 per cent	0.00	0.00
3.5 to 3.9 per cent	0.00	0.00
3.0 to 3.4 per cent	0.00	0.00
2.5 to 2.9 per cent	0.00	0.00
2.0 to 2.4 per cent	0.00	0.00
Below 2.0 per cent	0.00	0.00

Annex 7: Mean probabilities attached to possible outcomes of CPI (Combined) inflation

Inflation Range	Forecasts for Q2:2019-20	Forecasts for Q3:2019-20	Forecasts for Q4:2019-20
8.0 per cent or above	0.00	0.00	0.00
7.5 to 7.9 per cent	0.00	0.00	0.00
7.0 to 7.4 per cent	0.00	0.00	0.00
6.5 to 6.9 per cent	0.00	0.00	0.00
6.0 to 6.4 per cent	0.00	0.00	0.00
5.5 to 5.9 per cent	0.00	0.01	0.00
5.0 to 5.4 per cent	0.00	0.01	0.03
4.5 to 4.9 per cent	0.01	0.05	0.15
4.0 to 4.4 per cent	0.03	0.23	0.31
3.5 to 3.9 per cent	0.33	0.42	0.36
3.0 to 3.4 per cent	0.51	0.25	0.13
2.5 to 2.9 per cent	0.10	0.02	0.01
2.0 to 2.4 per cent	0.02	0.00	0.00
1.5 to 1.9 per cent	0.00	0.00	0.00
1.0 to 1.4 per cent	0.00	0.00	0.00
0.5 to 0.9 per cent	0.00	0.00	0.00
0 to 0.4 per cent	0.00	0.00	0.00
Below 0 per cent	0.00	0.00	0.00

Note: CPI: Consumer Price Index; GDP: Gross Domestic Products; GNDI: Gross National Disposable Income; GVA: Gross Value Added; IIP: Index of Industrial Production; WPI: Wholesale Price Index.