

Results of the Survey of Professional Forecasters on Macroeconomic Indicators – 23rd Round (Q4:2012-13)

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 Q4:2012-13. Twenty seven professional forecasters participated in this round. The results of the survey are presented in the *Annex*.

Highlights:

1. Annual Forecasts

- i. Real GDP growth rate forecast for 2013-14 was revised downwards to 6.0 per cent¹ from 6.5 per cent in the last round. While growth forecast for GDP Agriculture and Allied Activities have remained the same, that for GDP industry and GDP services were revised downwards to 4.4 per cent and 7.1 per cent from 4.7 per cent and 7.8 per cent respectively (**Table 1**).
- ii. The forecasters assigned maximum probability (35.0 per cent) to the range of 5.5-5.9 per cent of GDP growth in 2013-14 (**Chart 1**).

Table 1: Median Forecast of Real GDP* (Growth Rate) for 2013-14		Chart 1: Mean Probability Pattern of Growth Forecast for 2013-14																	
	2013-14	<table border="1" style="display: none;"> <caption>Data for Chart 1: Mean Probability Pattern of Growth Forecast for 2013-14</caption> <thead> <tr> <th>GDP Growth Rate Range</th> <th>Mean Probability</th> </tr> </thead> <tbody> <tr> <td>4 to 4.4 per cent</td> <td>0.02</td> </tr> <tr> <td>4.5 to 4.9 per cent</td> <td>0.05</td> </tr> <tr> <td>5 to 5.4 per cent</td> <td>0.12</td> </tr> <tr> <td>5.5 to 5.9 per cent</td> <td>0.35</td> </tr> <tr> <td>6 to 6.4 per cent</td> <td>0.30</td> </tr> <tr> <td>6.5 to 6.9 per cent</td> <td>0.10</td> </tr> <tr> <td>7 to 7.4 per cent</td> <td>0.03</td> </tr> </tbody> </table>		GDP Growth Rate Range	Mean Probability	4 to 4.4 per cent	0.02	4.5 to 4.9 per cent	0.05	5 to 5.4 per cent	0.12	5.5 to 5.9 per cent	0.35	6 to 6.4 per cent	0.30	6.5 to 6.9 per cent	0.10	7 to 7.4 per cent	0.03
GDP Growth Rate Range	Mean Probability																		
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6 to 6.4 per cent	0.30																		
6.5 to 6.9 per cent	0.10																		
7 to 7.4 per cent	0.03																		
Real GDP	6.0 (-0.5)																		
Agriculture and Allied Activities	3.0 (0.0)																		
Industry	4.4 (-0.3)																		
Services	7.1 (-0.7)																		

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

- iii. The rate of domestic saving rate (GDS) and the rate of gross fixed capital formation (GFCF) are both forecast to be 30.0 per cent of GDP in 2013-14. The private final consumption expenditure at current prices is expected to grow at the rate of 14.0 per cent (**Table 2**).

¹ Forecasts wherever indicated are the median forecasts.

	2013-14
PFCE Growth Rate	14.0 (+0.5)
Gross Domestic Saving Rate	30.0 (-1.2)
Gross Fixed Capital Formation Rate	30.0 (0.0)

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

- iv. The forecast for money supply (M_3) has been revised downwards in 2013-14 to 14.6 per cent from 15.3 per cent in the last round. The bank credit growth forecast for 2013-14 has also been revised downward to 16.0 per cent from 17.0 per cent in the last round (**Table 3**).
- v. The exchange rate (₹ per US\$) is projected at 53.75 for end period 2013-14. Yield of 91-Days Treasury Bill is forecast at 7.3 per cent for end 2013-14 (**Table 3**).

Growth Rate	2013-14	End Period	2013-14
M_3	14.6 (-0.7)	₹ per US\$	53.75 (+1.75)
Bank Credit	16.0 (-1.0)	Treasury Bill 91-days Yield (in per cent)	7.3 (-0.3)

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

- vi. Central Government's gross fiscal deficit (GFD) is forecast at 5.0 per cent of GDP in 2013-14. The combined GFD of Central and State Governments is forecast at 7.3 per cent of GDP in 2013-14 (**Table 4**).
- vii. The forecasters expect Repo Rate to be at 7.00 per cent for end 2013-14. CRR is forecast at 3.75 per cent for end 2013-14 (**Table 5**).

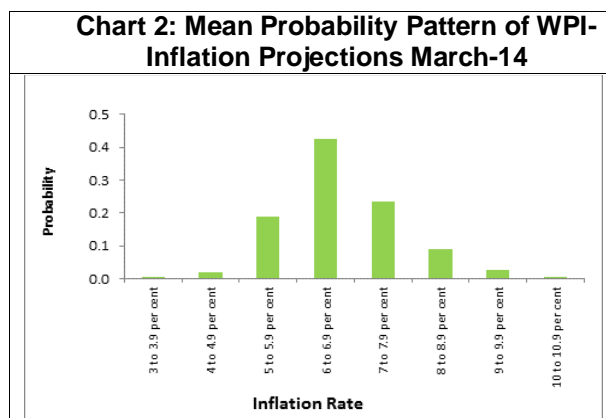
Table 4: Median Forecast for Fiscal Deficit*		Table 5: Median Forecast for Policy Rates*	
	2013-14	End Period	2013-14
Combined Gross Fiscal Deficit as per cent of GDP	7.3 (-0.4)	Repo Rate	7.00 (0.00)
Central Govt. Fiscal Deficit as per cent of GDP	5.0 (-0.3)	CRR	3.75 (-0.25)

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

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

2. Quarterly Forecasts

- i. The growth rates of real GDP and that for industry and services are forecast to improve gradually from Q4: 2012-13 to Q4:2013-14 (**Annex Table A.2**).
- ii. Forecasters expect average WPI inflation in Q1:2013-14 at 6.5 per cent, revised downward from 6.8 per cent in the last round. WPI inflation is expected to fall to 6.0 per cent in Q2:2013-14 and may increase to 6.8 per cent in Q4:2013-14. Inflation based on CPI-Industrial Workers is forecast to remain above 8.5 per cent from Q1:2013-14 to Q4:2013-14 (**Annex Table A.3**).
- iii. The forecasters assigned highest probability (43.0 per cent) that inflation will fall in the range of 6.0-6.9 per cent during March-14 (**Chart 2**).



3. Long Term Forecasts

- i. Long term forecast for 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 7.0 per cent and 7.5 per cent, respectively. Over the next five years, inflation based on WPI and CPI-Industrial Workers is expected to be 6.3 per cent and 7.25 per cent respectively. Over the next ten years, inflation based on WPI and CPI-Industrial Workers is expected to be 6.0 per cent and 6.75 per cent respectively (**Annex Table A.6**).

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)	6.0	6.0	6.6	5.5
a	Agriculture & Allied Activities	3.1	3.0	4.6	2.0
b	Industry	4.3	4.4	6.0	2.1
c	Services	7.2	7.1	8.2	6.4
2	Private Final Consumption Expenditure at current market price (growth rate in per cent)	13.1	14.0	15.2	5.5
3	Gross Domestic Saving (per cent of GDP)	30.1	30.0	33.8	25.0
4	Gross Domestic Capital Formation (per cent of GDP)	34.3	34.4	37.0	31.0
5	Gross Fixed Capital Formation (per cent of GDP)	30.4	30.0	32.3	28.6
6	Money Supply (M3) (growth rate in per cent)	14.5	14.6	17.0	12.4
7	Bank Credit (growth rate in per cent)	16.1	16.0	22.0	13.5
8	Combined Gross Fiscal Deficit (per cent of GDP)	7.4	7.3	8.9	6.8
9	Central Govt. Fiscal Deficit (per cent of GDP)	5.0	5.0	5.8	4.8
10	Repo Rate(end period)	7.00	7.00	8.00	6.50
11	CRR (end period)	3.66	3.75	4.00	3.00
12	₹ per USD (RBI reference rate-end period)	54.4	53.75	58.3	52.0
13	T-Bill 91 days Yield (per cent-end period)	7.4	7.3	7.9	7.1
14	10 year Govt. Securities Yield (per cent-end period)	7.7	7.7	8.3	7.3
15	Overall Balance (in US \$ bn.)	-0.1	0.0	21.0	-16.9
16	Export (in US \$ bn.)	324.5	322.6	361.0	297.0
	Export (growth rate in per cent)	9.3	8.7	24.1	1.0
17	Import (in US \$ bn.)	539.9	536.9	575.0	498.0
	Import (Growth rate in percent)	8.0	7.4	15.1	0.7
18	Trade Balance (as per cent of GDP)	-10.3	-10.4	-9.3	-11.9
19	Invisible Balance (US \$ bn.)	120.5	119.1	142.0	110.0
20	Current Account Balance (US \$ bn.)	-94.8	-95.0	-81.0	-119.1
21	Current Account Balance (per cent of GDP)	-4.5	-4.5	-3.3	-6.0
22	Capital Account Balance (US \$ bn.)	93.6	93.8	116.6	75.0
23	Capital Account Balance (per cent of GDP)	4.5	4.5	5.9	3.9

Table A.2: Quarterly Forecasts for Q4:2012-13 to Q4:2013-14

Key Macroeconomic Indicators	Quarterly Forecasts							
	Q4: 2012-13				Q1: 2013-14			
	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	5.0	5.0	6.0	4.1	5.4	5.5	6.3	4.4
Agriculture & Allied Activities	2.2	2.1	3.9	1.0	2.7	2.7	3.3	2.0
Industry	2.7	2.9	4.4	0.6	3.4	3.7	5.0	1.5
Services	6.4	6.3	7.4	5.4	6.6	6.8	7.4	4.6
IIP growth rate (per cent)	1.8	2.0	2.9	0.6	3.2	2.8	6.6	1.5
Private Final Consumption Expenditure (growth rate in per cent)	13.2	13.0	15.5	11.8	13.5	13.5	14.7	12.0
Gross Capital Formation (per cent of GDP)	33.0	33.0	34.0	30.0	34.4	34.2	35.2	34.0
Gross Fixed Capital Formation (per cent of GDP)	28.5	28.7	30.1	26.0	30.1	29.4	33.9	28.7
₹ per US\$ (RBI reference rate-end period)	-	-	-	-	54.59	54.50	55.50	53.90
Repo Rate (end period)	-	-	-	-	7.24	7.25	7.50	7.00
CRR (end period)	-	-	-	-	3.90	4.00	4.00	3.50
BSE INDEX (end period)	-	-	-	-	19,500	19,500	20,500	18,500
Merchandise Export -BoP (in US\$ bn.)	74	79	83	24	77.8	78.0	82.3	70.2
Merchandise Import -BoP (US\$ bn.)	123.1	130.4	137.0	41.0	127.8	126.5	143.8	118.5
Trade Balance- BoP (US\$ bn.)	-49.4	-51.2	-17.0	-59.6	-50.0	-48.6	-46.3	-61.5
Indian Crude Oil basket Price (in US\$ per barrel)	-	-	-	-	107.7	108.0	110.0	105.0

A.2 (contd.)

Key Macroeconomic Indicators	Quarterly Forecasts											
	Q2: 2013-14				Q3: 2013-14				Q4: 2013-14			
	Mean	Median	Max	Min	Mean	Median	Max	Min	Mean	Median	Max	Min
Real GDP growth rate at factor cost (per cent)	5.8	5.8	6.4	5.3	6.2	6.2	7.2	5.5	6.3	6.4	7.2	5.5
Agriculture & Allied Activities	3.2	3.0	4.9	1.8	3.3	3.3	5.0	1.9	3.0	3.0	4.0	1.8
Industry	4.1	4.1	8.2	1.3	4.5	4.4	7.5	2.4	4.9	4.7	7.9	3.0
Services	6.9	7.0	8.0	4.5	7.5	7.4	9.4	6.6	7.6	7.7	8.5	6.8
IIP growth rate (per cent)	3.9	3.4	10.2	1.3	4.4	4.0	9.7	1.5	4.7	4.0	9.2	1.6
Private Final Consumption Expenditure (growth rate in per cent)	13.3	13.5	14.9	11.3	13.4	13.6	15.6	11.3	13.8	13.8	15.5	12.3
Gross Capital Formation (per cent of GDP)	35.2	35.8	36.1	34.0	34.0	34.0	35.0	32.8	33.4	33.8	34.2	31.7
Gross Fixed Capital Formation (per cent of GDP)	30.9	30.7	34.3	28.7	29.7	29.4	32.4	28.1	29.3	29.5	30.6	27.1
₹ per US\$ (RBI reference rate-end period)	55.05	54.75	60.00	53.00	54.80	54.38	59.00	52.00	54.34	54.00	58.25	52.00
Repo Rate (end period)	7.09	7.00	7.25	6.75	7.07	7.00	7.25	6.75	6.98	7.00	7.25	6.50
CRR (end period)	3.88	4.00	4.00	3.50	3.79	3.75	4.00	3.25	3.69	3.75	4.00	3.00
BSE INDEX (end period)	19,367	19,500	19,900	18,700	19,875	20,100	20,400	18,900	20,250	20,500	21,050	19,200
Merchandise Export -BoP (in US\$ bn.)	75.9	76.2	78.9	74.1	79.0	78.9	83.9	76.2	86.4	86.2	97.7	80.1
Merchandise Import -BoP (US\$ bn.)	128.5	128.4	135.1	124.6	137.7	138.6	145.8	128.8	144.4	141.3	160.1	136.8
Trade Balance- BoP (US\$ bn.)	-51.8	-52.0	-48.2	-55.1	-58.6	-59.6	-51.5	-65.0	-56.9	-56.6	-49.0	-62.4
Oil Price (in US\$ per barrel)	107.0	106.0	112.0	104.1	107.3	105.5	115.0	103.2	104.2	105.0	105.0	102.5

Table A.3: 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
Q1:2013-14	6.4	6.5	7.3	5.7	4.1	4.1	5.1	3.1	10.2	10.2	12.0	8.7
Q2:2013-14	6.2	6.0	7.5	5.2	3.6	3.5	5.0	2.1	9.6	9.6	11.5	7.4
Q3:2013-14	6.5	6.5	7.5	5.8	4.1	4.2	5.3	2.2	9.3	9.3	11.0	7.0
Q4:2013-14	6.8	6.8	8.6	5.8	4.8	4.8	6.1	2.8	8.6	8.7	10.5	7.0

Table A.4: Mean probabilities attached to possible outcomes of GDP

Growth Range	Forecasts for 2013-14
Below 3.0 per cent	0
3.0 to 3.4 per cent	0
3.5 to 3.9 per cent	0
4.0 to 4.4 per cent	0.02
4.5 to 4.9 per cent	0.06
5.0 to 5.4 per cent	0.13
5.5 to 5.9 per cent	0.35
6.0 to 6.4 per cent	0.30
6.5 to 6.9 per cent	0.11
7.0 to 7.4 per cent	0.03
7.5 to 7.9 per cent	0
8.0 to 8.4 per cent	0
8.5 to 8.9 per cent	0
9.0 to 9.4 per cent	0
9.5 to 9.9 per cent	0
10.0 to 10.4 per cent	0
10.5 to 10.9 per cent	0
11.0 percent or more	0

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

Inflation Range	Forecasts for March 2014
Below 0	0
0 to 0.9	0
1.0 to 1.9	0
2.0 to 2.9	0
3.0 to 3.9	0
4.0 to 4.9	0.02
5.0 to 5.9	0.19
6.0 to 6.9	0.43
7.0 to 7.9	0.23
8.0 to 8.9	0.09
9.0 to 9.9	0.02
10.0 to 10.9	0
11.0 to 11.9	0
12.0 to 12.9	0
13.0 to 13.9	0
14.0 or above	0

Table A.6: 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	7.0	7.00	8.4	6.3	7.5	7.50	8.5	6.5
WPI Inflation	6.3	6.30	8.0	5.5	5.9	6.00	7.0	5.0
CPI-IW Inflation	7.5	7.25	10.0	6.5	6.9	6.75	8.5	6.0