APPENDIX L(v) CABINET 18 JANUARY 2012

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2012/13

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions, including those of United Bank of Switzerland (UBS) and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions. The forecast within this treasury management strategy statement has been drawn from these diverse sources and officers' own views.

1. INDIVIDUAL FORECASTS

	Mar 2012 (%)	Jun 2012 (%)	Sep 2012 (%)	Dec 2012 (%)	Mar 2013 (%)	Jun 2013 (%)	Sep 2013 (%)	Dec 2013 (%)
Bank	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00
Rate 5yr	2.30	2.30	2.30	2.40	2.50	2.60	2.70	2.80
PWLB 10yr PWLB	3.30	3.30	3.40	3.40	3.50	3.60	3.70	3.80
25yr	4.20	4.20	4.30	4.30	4.40	4.50	4.60	4.70
PWLB 50yr PWLB	4.30	4.30	4.40	4.40	4.50	4.60	4.70	4.80

Capital Economics - Interest rate forecast (11.01.12)

UBS (Union Bank of Switzerland)- Interest rate forecast (11.01.12)

	Mar 2012 (%)	Jun 2012 (%)	Sep 2012 (%)	Dec 2012 (%)	Mar 2013 (%)	Jun 2013 (%)	Sep 2013 (%)	Dec 2013 (%)
Bank Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
10yr PWLB	3.50	3.50	3.60	3.70	3.70	3.70	3.70	3.70
25yr PWLB	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.90
50yr PWLB	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

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2. SURVEY OF ECONOMIC FORECASTS

HM Treasury December 2011 – The current quarter 4 2011 and 2012 forecasts are based on the December 2011 Report. Forecasts for 2011–2015 are based on 29 forecasts in the last quarterly forecasts – in November 2011.

Bank Rate Forecasts	Actual	Quarter 4 2012
Median	0.50%	0.50%
Highest	0.50%	1.50%
Lowest	0.50%	0.50%

Bank Rate Forecast	Average 2011	Average 2012	Average 2013	Average 2014
Median	0.50%	0.80%	1.20%	2.10%
Highest	0.80%	2.10%	3.10%	4.10%
Lowest	0.50%	0.50%	0.50%	0.90%