

Minutes of the OBR macroeconomics advisory panel: inflation and GDP

22 January 2024

Attending:

Panel members: Tera Allas, Fergus Cumming, Kevin Daly, Jonathan Gillham, DeAnne Julius, John Llewellyn, Michael McMahon, Rachel Ngai, Jumana Saleheen and Anna Sivropoulos-Valero.

Budget Responsibility Committee: Richard Hughes, Tom Josephs and Prof. David Miles CBE.

Non-executive directors: Baroness Hogg

Staff of the OBR

1. Welcome and introduction

This meeting of macroeconomics advisory panel was convened to discuss key macroeconomic issues that OBR will consider in preparation for the Spring Statement.

2. Outlook for inflation

OBR staff set out how the latest inflation data compared against our November 2023 forecast.

In response, members of the panel discussed what underpinned the lower-than-expected inflation outturn and whether the inflation outlook had materially changed since our November forecast. The panel also considered risks to inflation over the next year, and in particular the significance of the Red Sea developments for the inflation outlook.

3. Outlook for GDP

OBR staff presented the latest GDP data and how it compared to our November forecast and the Bank of England's forecast.

In turn, members discussed the outlook for GDP. Members shared views on when they expected monetary policy tightening would have its maximum impact on economic activity, and, relatedly, the outlook for consumption over the next few years. Members also discussed the likelihood of the UK economy having a soft landing.