



BUDGET MARCH 2023: OBR ECONOMIC FORECAST

HEADLINES:

- **OBR UK GDP growth forecast upgraded for 2023 to -0.3%, avoiding technical recession. CPI inflation for Q4 2023 expected to be lower than previously forecast at 2.9%.**
- **Unemployment rate for 2023 expected to be 4.1%, rising to 4.4% in 2024.**
- **Public sector borrowing forecast to total £152.4 billion in 2022-23, lower than the previous forecast**

Full OBR forecast: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2023/>

KEY POINTS: *

1. **Economic growth:** The Office for Budget Responsibility (OBR) expects GDP growth for 2023 of -0.2 per cent, up from their previous forecast of -1.4 per cent published in November 2022. This is broadly in line with the latest [BCC forecast](#) of -0.3 per cent. The OBR expect 1.8 per cent growth in 2024 and 2.5 per cent in 2025.
2. **Inflation:** The OBR expects CPI inflation to be 2.9 per cent in Q4 2023, lower than its previously forecast of 3.8 per cent and the BCC's forecast of 5 per cent. The OBR expects CPI growth rate to slow to 0.5 per cent in Q4 2024, and fall to -0.1 per cent in Q4 2025.
3. **Exports:** Export volumes are forecast to fall by 6.6 per cent in 2023 – this is lower than the – 2.8 per cent fall forecast in November. The OBR forecast a further by 0.3 per cent in 2024, then a return to growth of 1.1 per cent in 2025, 0.7 per cent in 2026, and 0.4 per cent in 2027.
4. **Labour market:** The OBR now expects the unemployment rate to be 4.1 per cent across 2023 (peaking at 4.3 per cent in Q4 2023) and 4.4 per cent in 2024. This is lower than their November forecast.
5. **Fiscal Forecast:** The OBR now expects public sector net borrowing to reach £152.4 billion in 2022-23. This is lower than the OBR forecast of £177.0 billion in November 2022. Public sector net debt as a share of GDP is forecast to peak at 94.8 per cent in 2026-27, before falling to 96.4 per cent of GDP in 2027-28. This is slightly lower than their November forecast.
6. **Public spending:** Total public spending is expected to be 46.8 per cent of GDP in 2022-23, before decreasing to 43.4 per cent of GDP in 2027-28.

*OBR central forecast

Further details about the BCC's Quarterly Economic Forecast for Q1 2023 can be found here: <https://www.britishchambers.org.uk/news/2023/03/bcc-economic-forecast-economy-to-shrink-in-2023-before-rebounding>