

1 **Q. Reference: Dr. Booth’s Evidence, Page 22, Lines 8-11**

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3 **Please provide any evidence to support Dr. Booth’s assertion that interest**
4 **rate forecasts, such as those from Consensus Economics or Blue Chip**
5 **Financial Forecasts, have “been consistently wrong since the financial**
6 **crisis”. In particular, please focus your response on forecasts in 2017 and**
7 **2018.**

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9 **A.** Dr. Booth’s remarks relate to the period since the financial crisis, not to a particular
10 subset of that period as requested. Recent forecasts of increased yields have been
11 correct, but as the old saying goes “a broken clock is correct twice a day.”

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13 The relevant data that Dr. Booth considers important is the data he provided in the
14 last series of GRA’s where he partially relied on RBC’s forecast generally 18-24
15 months out. This data is below:

	RBC forecast	Actual	Bias
19 August 2009	4.75% (2010)	3.55%	-1.20%
20 May 2012	3.50% (2013)	3.24%	-0.26%
21 February 2016	3.65% (2017)	2.27%	-1.38%
22 September 2018	3.00% (2019)	?	

23
24 The average over-estimate (bias) has been just less than 1%, perhaps this time the
25 recovery predicted by economic forecasters for the last 9 years will be correct.