

## Appendix 2

### Interest Rate Forecasts

#### Bank Rate (Forecasts as at 31/01/2013 and subject to change)

	<b>Arlingclose</b>	<b>Sector</b>
2013/14 - Q1	0.50%	0.50%
Q2	0.50%	0.50%
Q3	0.50%	0.50%
Q4	0.50%	0.50%
2014/15	0.50%	0.75%
2015/16	0.50%	1.50%

#### PWLB (Forecasts as at 31/1/2013 and subject to change)

	<b>Q 1 – 2013/14</b>	<b>Q 2 – 2013/14</b>	<b>Q 3 – 2013/14</b>	<b>Q 4 – 2013/14</b>
5 Year	2.30%	2.30%	2.40%	2.40%
10 Year	3.30%	3.40%	3.40%	3.50%
25 year	4.20%	4.30%	4.30%	4.40%
50 Year	4.30%	4.40%	4.40%	4.50%

#### Deposit rates available to the Authority as at 31/01/2013 and subject to change.

	<b>1 Month</b>	<b>2 Months</b>	<b>3 Months</b>	<b>6 Months</b>	<b>12 Months</b>
Debt Management Office	0.25%	0.25%	0.25%	0.25%	-
Local Authorities	0.26%	0.27%	0.29%	0.35%	0.45%
Treasury Bills	0.21%	-	0.21%	0.30%	-
AAA Money Market Funds (Average rates-net fee)	0.43%	0.43%	0.43%	0.43%	0.43%
UK Banks AA	0.25%	0.25%	0.35%	0.40%	0.50%
UK Banks A	0.35%	0.40%	0.45%	0.60%	1.00%
Part Government Owned Banks	0.40%	-	0.70%	0.80%	1.10%
Nationwide B/S	0.30%	0.40%	0.44%	0.64%	0.80%

For budget setting and financial planning, the following rates have been assumed.

<b>Budget Period</b>	<b>Investment Returns</b>	<b>Borrowing Rates (PWLB 50 Years)</b>
2012/13	0.25%	5.00%
2013/14	0.25%	5.00%
2014/15	0.25%	5.00%
2015/16	0.25%	5.50%
2016/17	0.50%	5.50%
2017/18	1.25%	6.00%
2018/19	2.25%	6.00%