

**Bank of England**

# The Role of the Bank and the Economic Outlook

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**Agent for the West Midlands**

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## About the Bank of England



Founded in 1694 and  
owned by the  
government since 1946



The government sets  
our objectives



But we are independent  
in our decision-making

***Our mission is: 'To promote the good of the people of the United Kingdom by  
maintaining monetary and financial stability'***

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## Over-riding objective is to maintain trust in money



Print banknotes and ensure they're counterfeit-proof



Use monetary policy to target low price inflation “over the medium term”



Keep banks safe



Keep financial system stable

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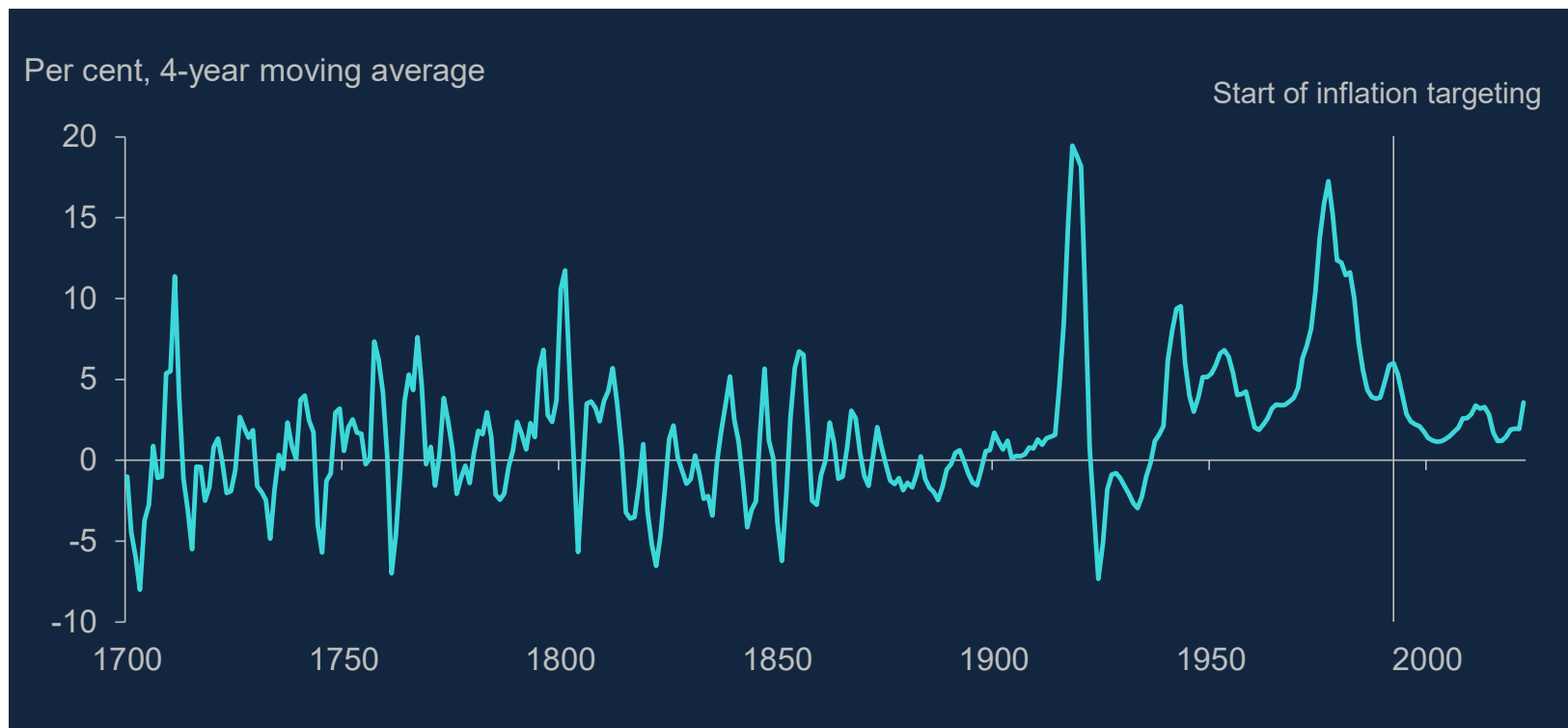


Keep banks safe

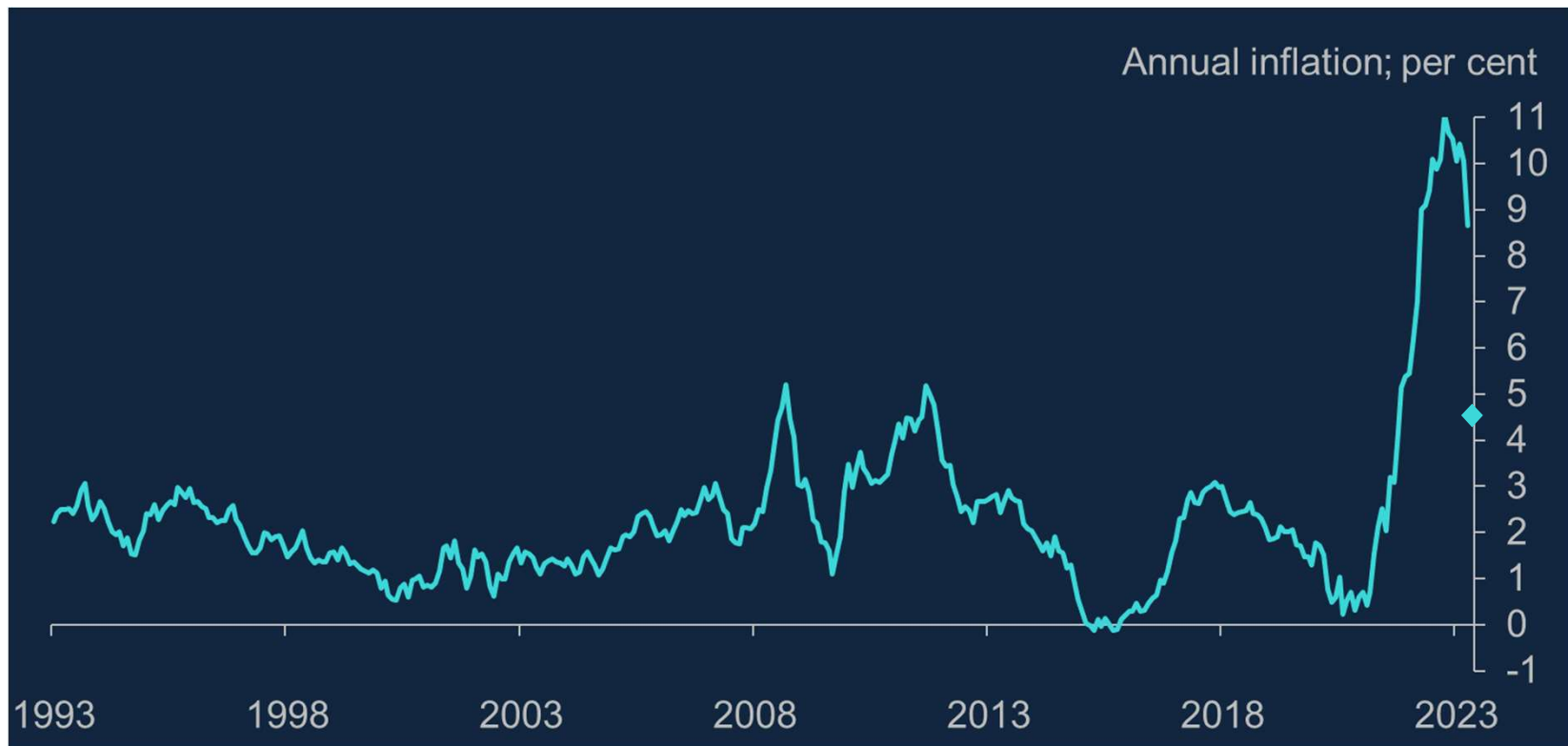


Keep financial system stable

## Inflation targeting has (had?) worked...

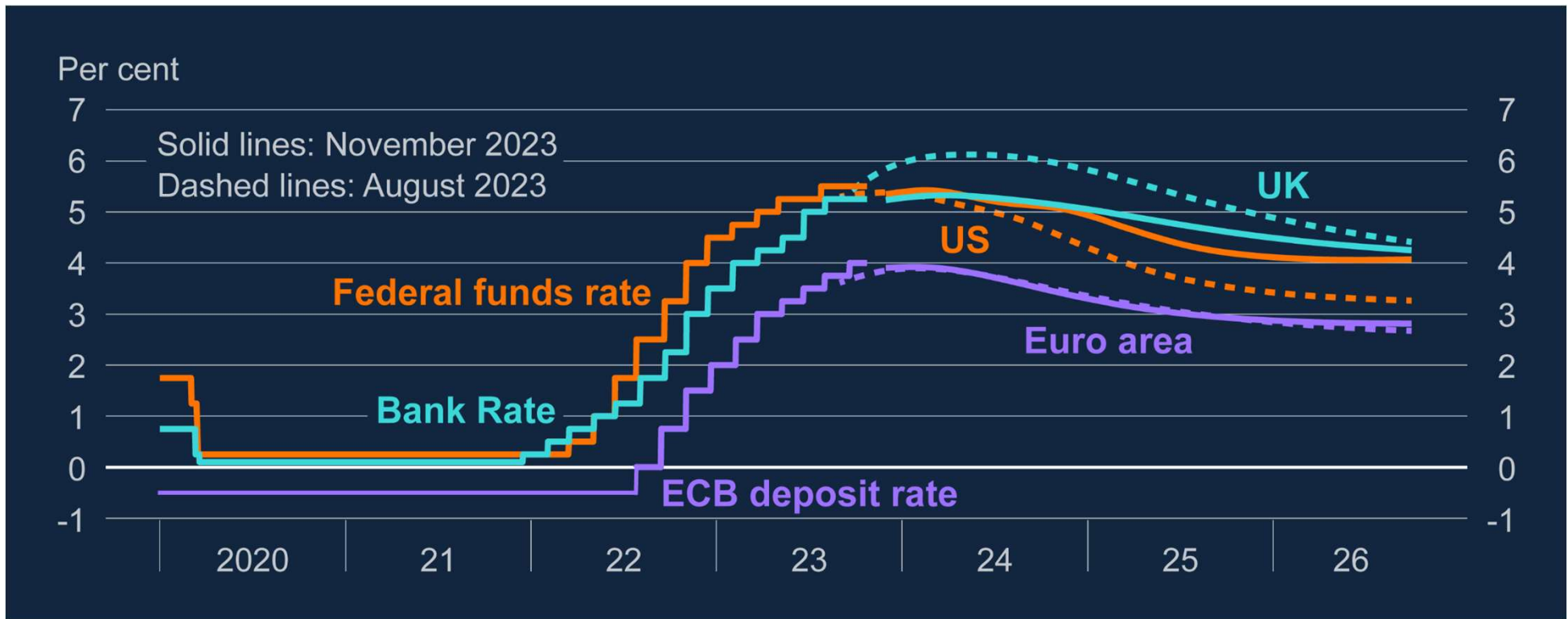


...until recently



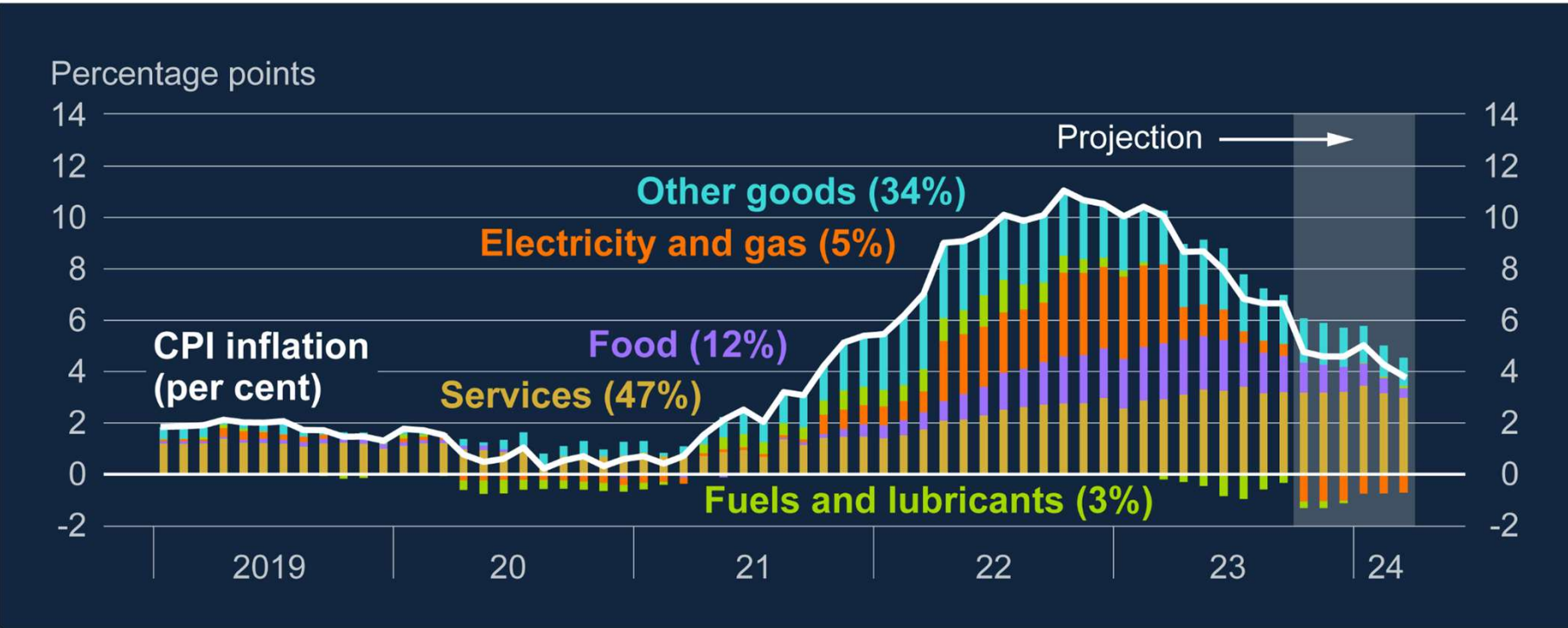
# Interest rates are at, or close to, the peak of their market-implied paths in the US, Euro area and UK

Policy rates and forward curves for the US, euro area and UK



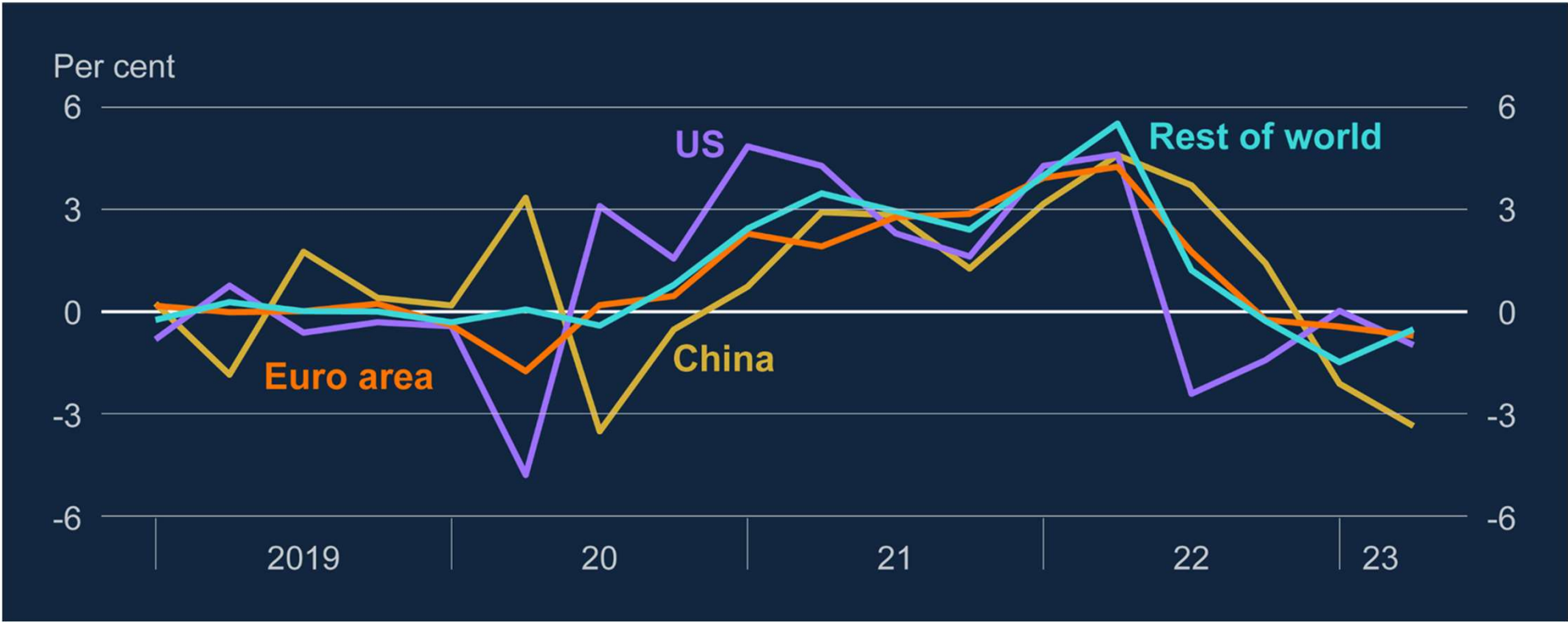
# Consumer price inflation has fallen since last year's peak and is projected to fall further

## Contributions to CPI inflation



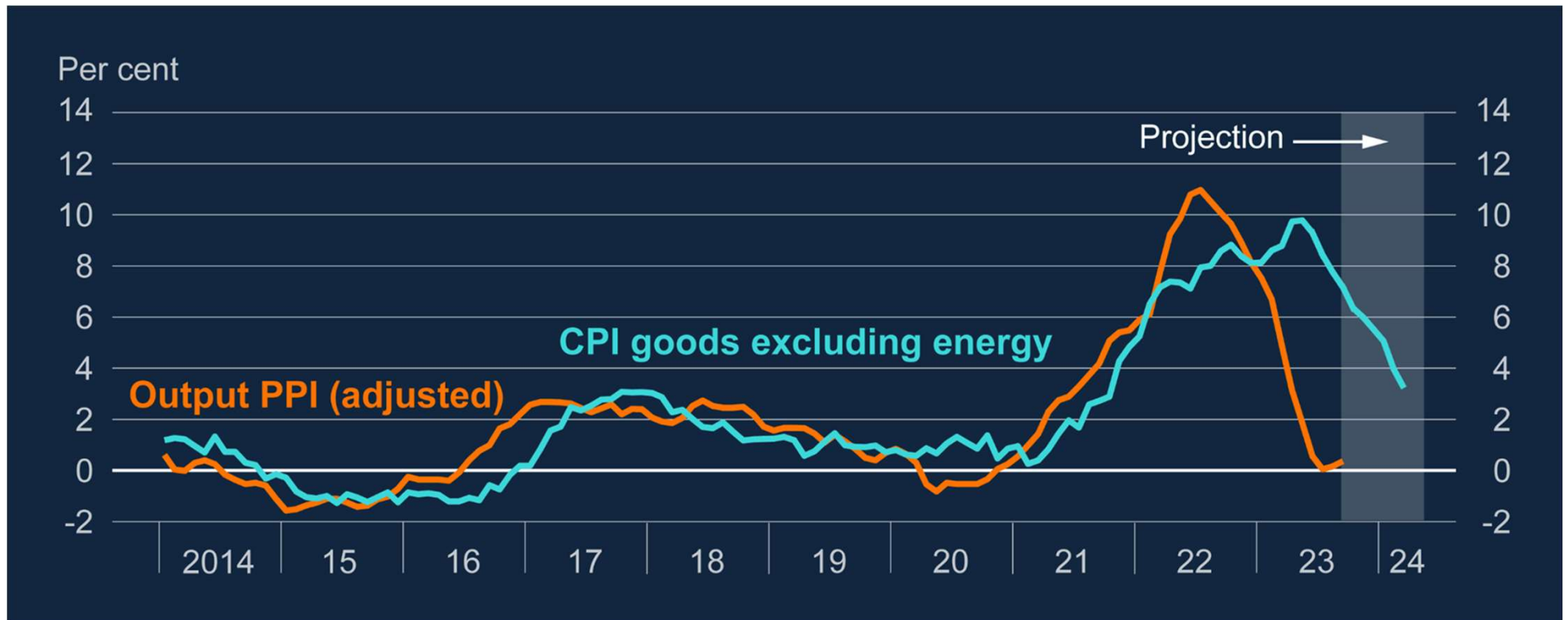
# Global export price inflation has fallen significantly

Quarterly change in export prices



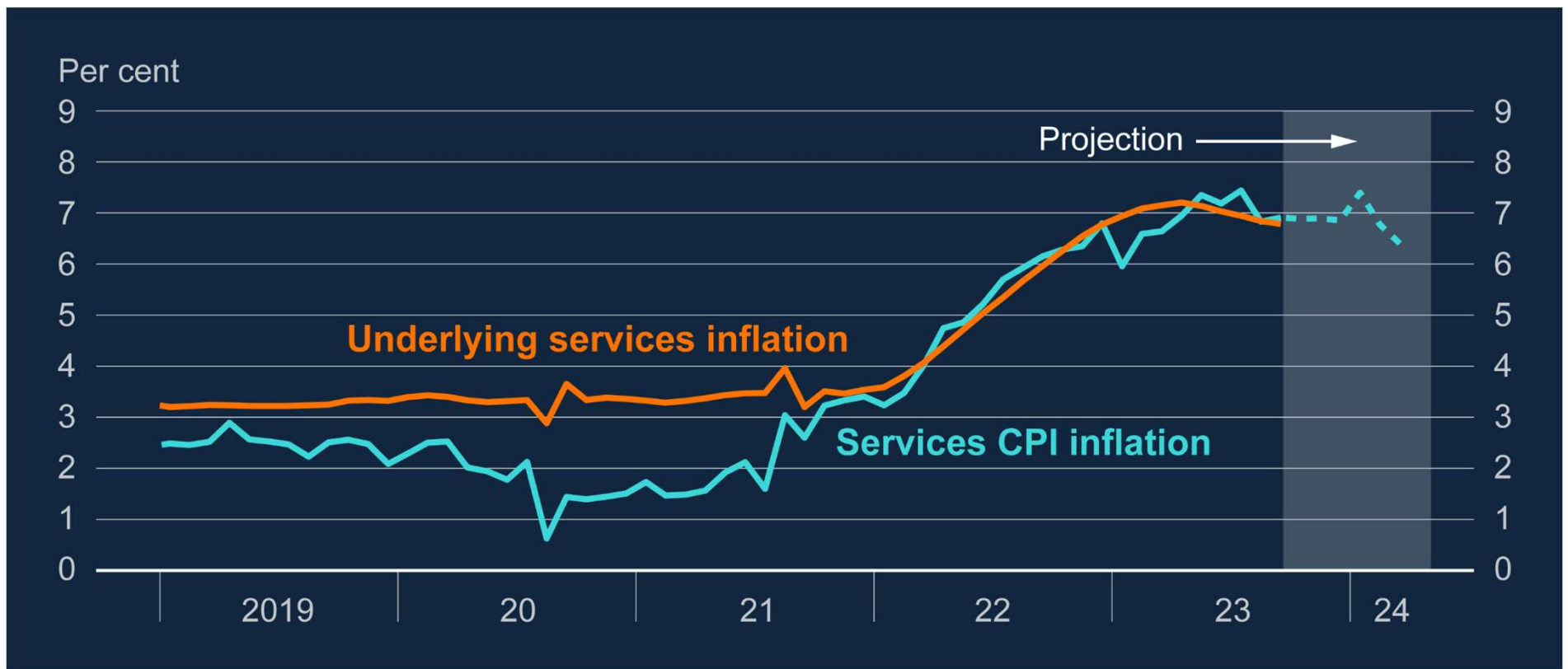
## Producer price inflation suggests cost pressures for goods are easing

Annual output producer price and CPI goods excluding energy inflation

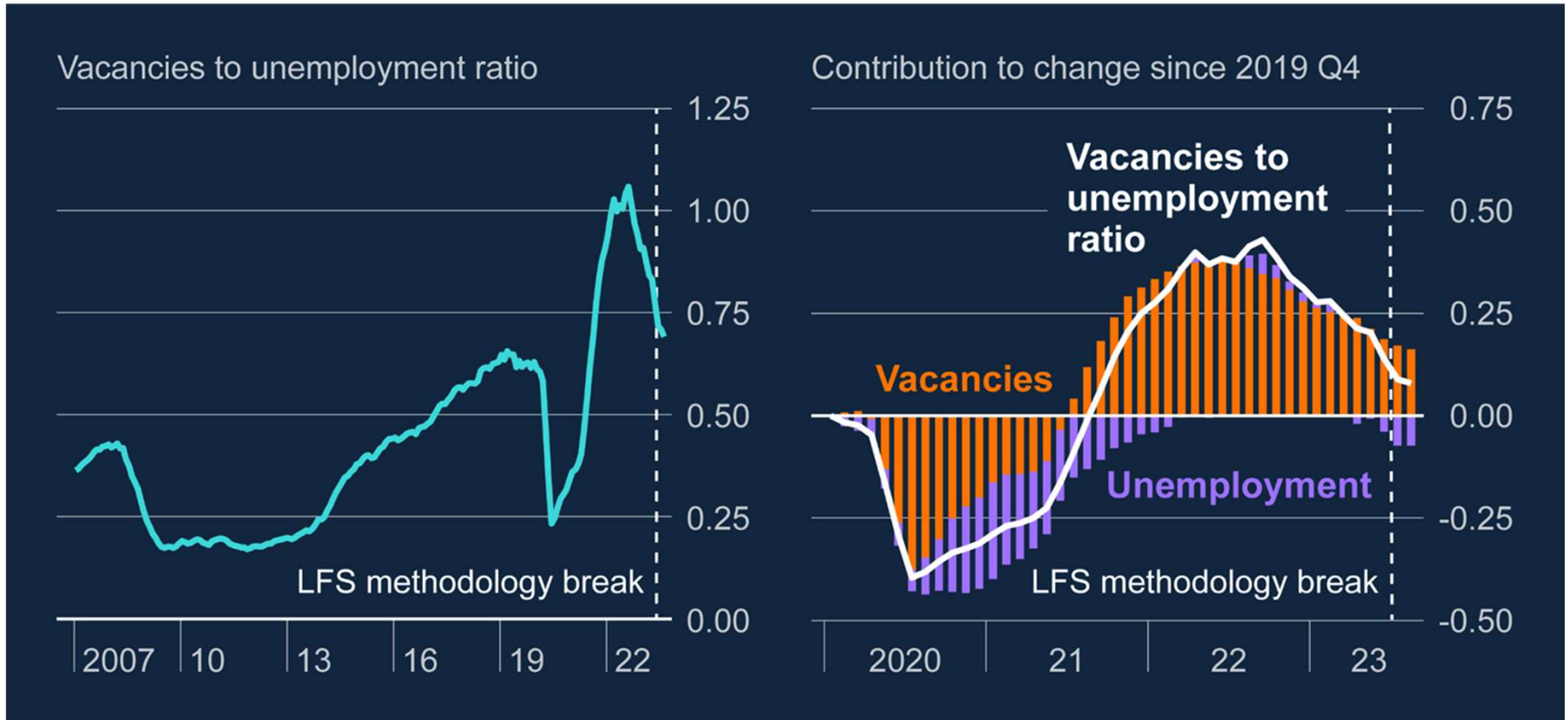


## A measure of underlying services inflation has started to fall back slightly

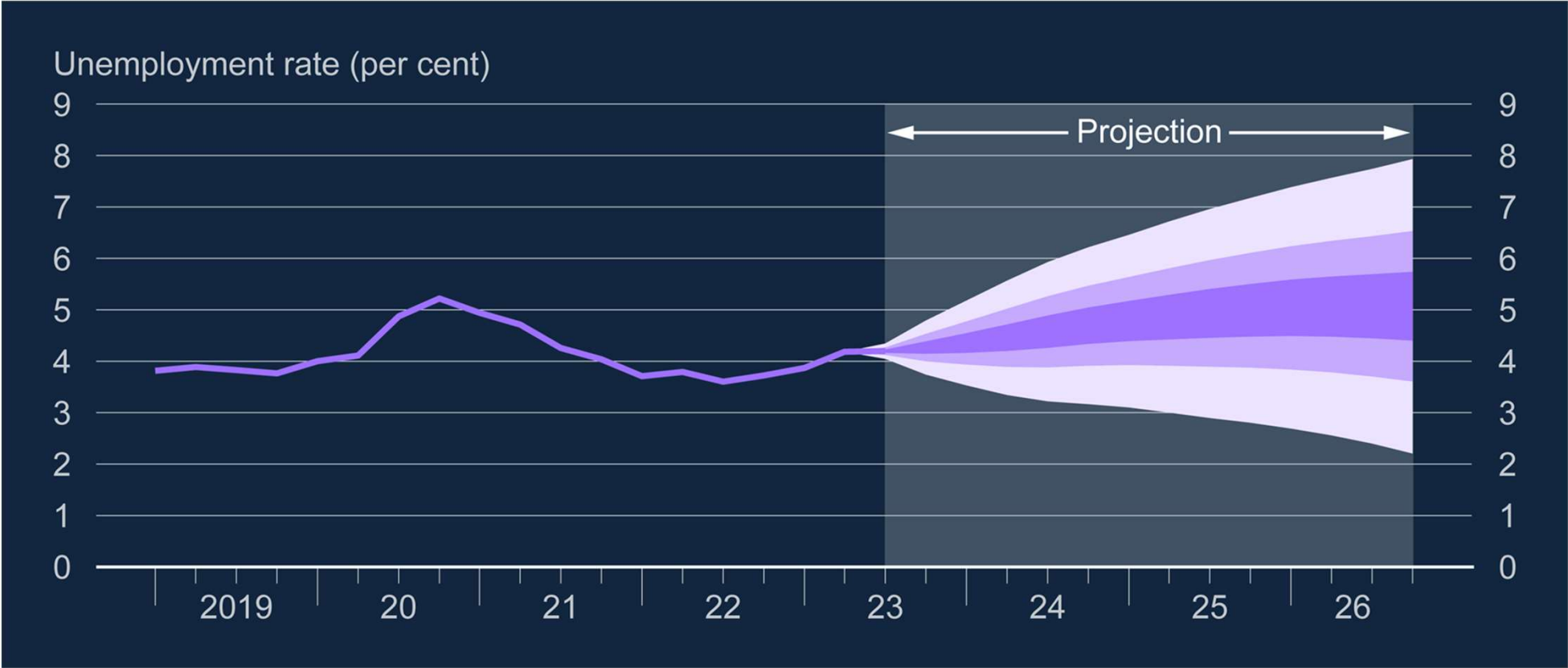
### Twelve-month services inflation



## The labour market remains tight, although it has loosened since mid-2022



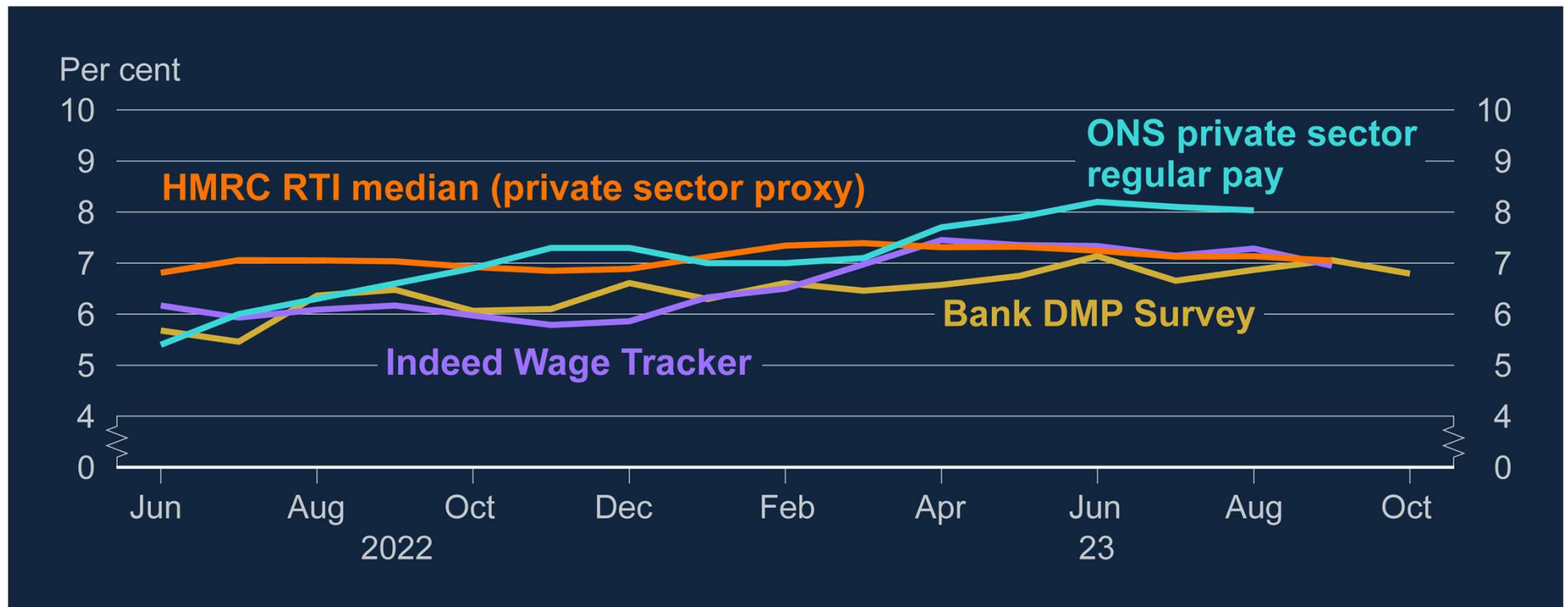
# November unemployment rate projection<sup>(a)</sup>



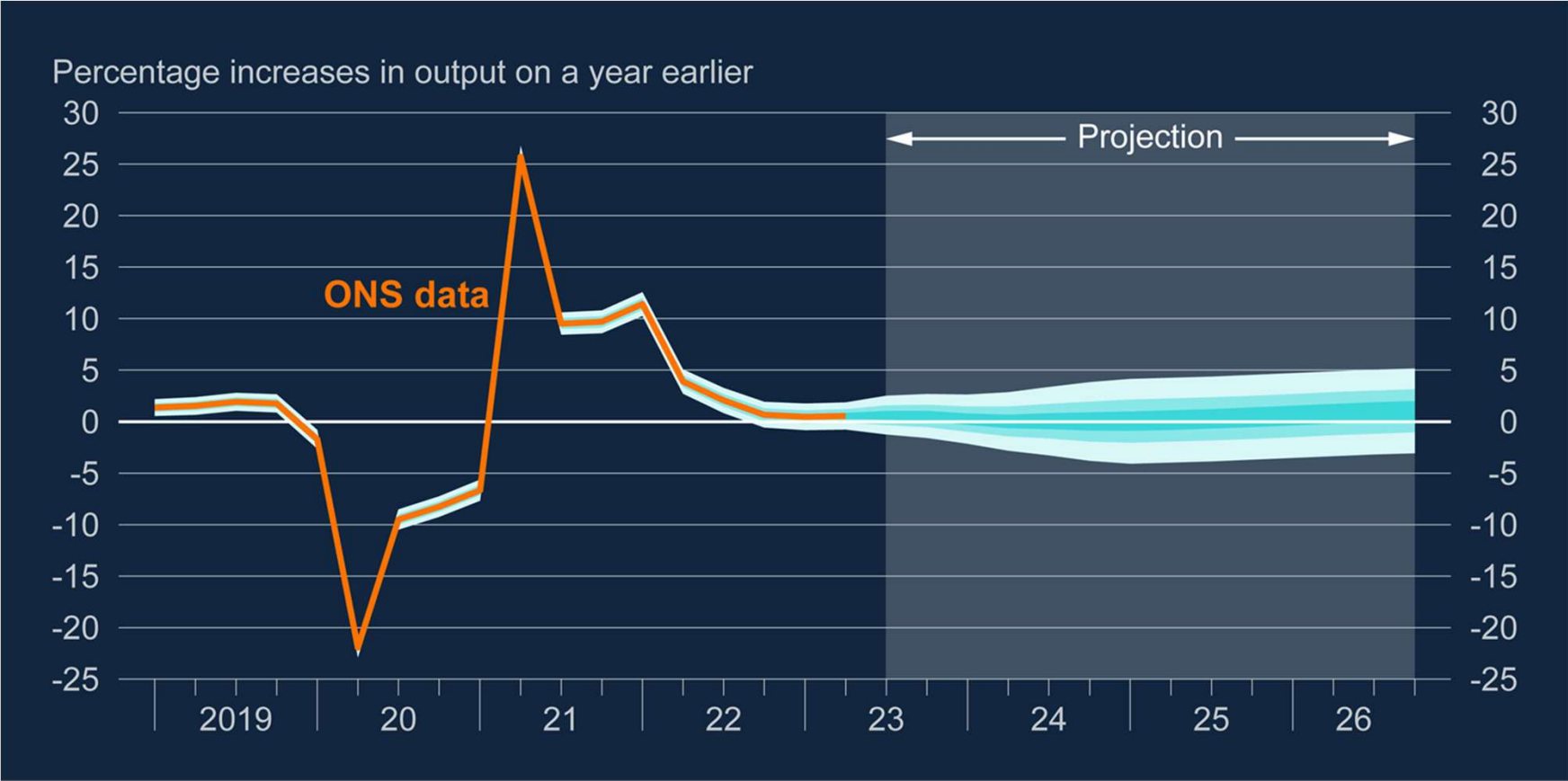
(a) based on market interest rate expectations, other policy measures as announced

## Annual private sector regular pay growth stood at 8.0% in August... ...higher than other indicators

Measures of annual private sector wage growth



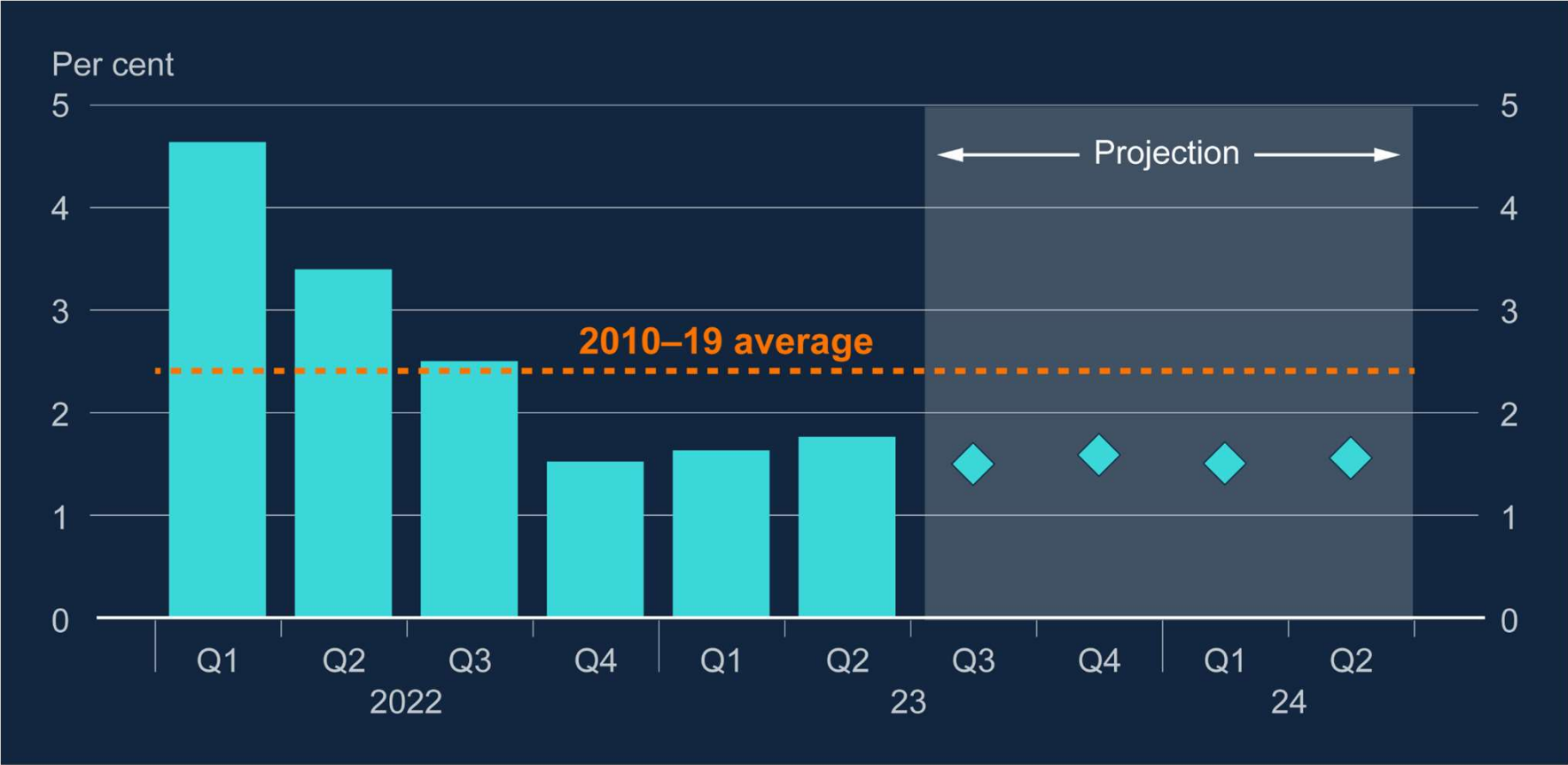
# November GDP growth projection<sup>(a)</sup>



(a) based on market interest rate expectations, other policy measures as announced

# Global GDP growth continues to be subdued

## UK-weighted world four-quarter GDP growth



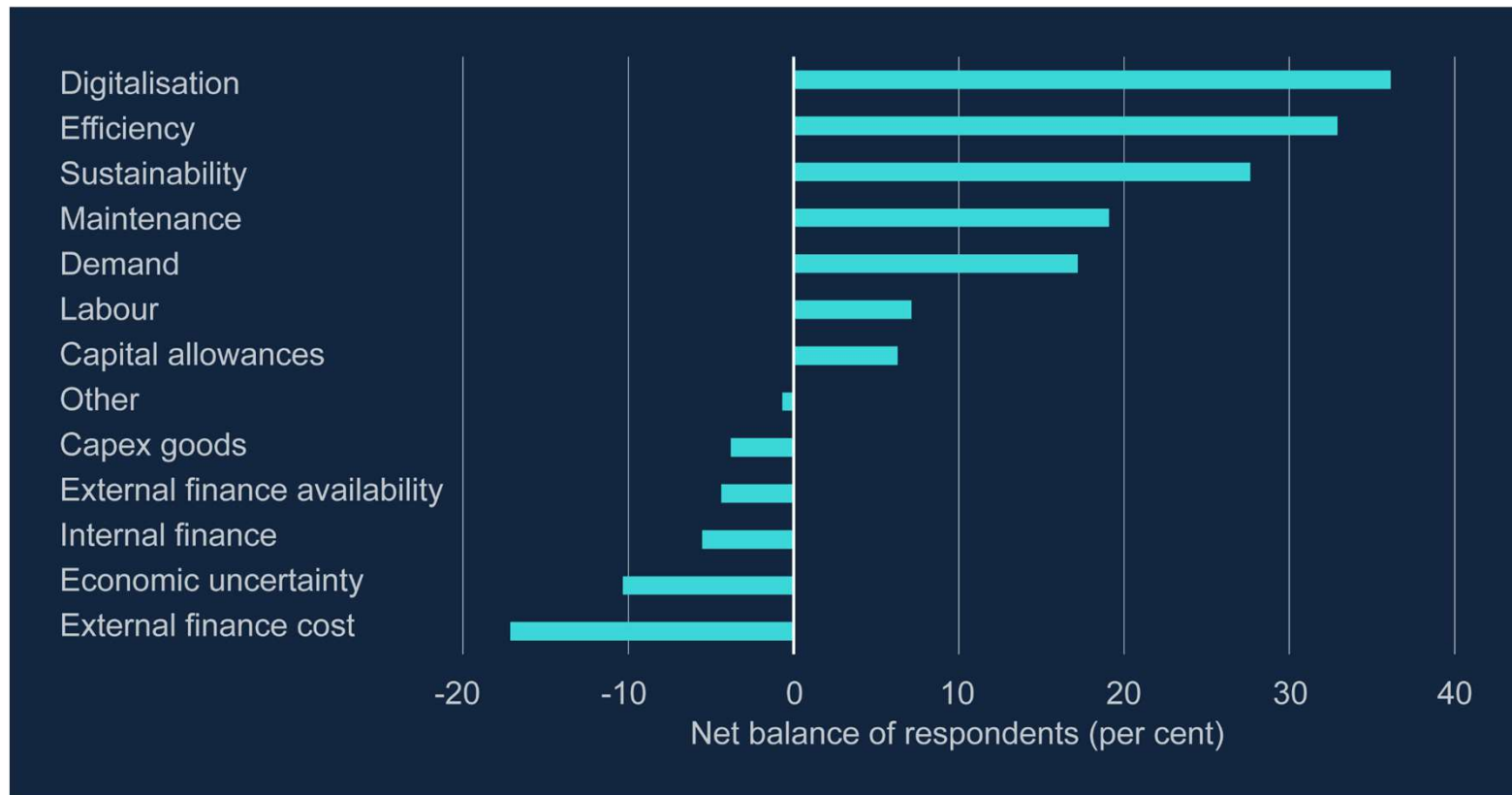
## A resilient labour market and a fall in energy prices have supported an improvement in household real income growth

Annual real labour income growth

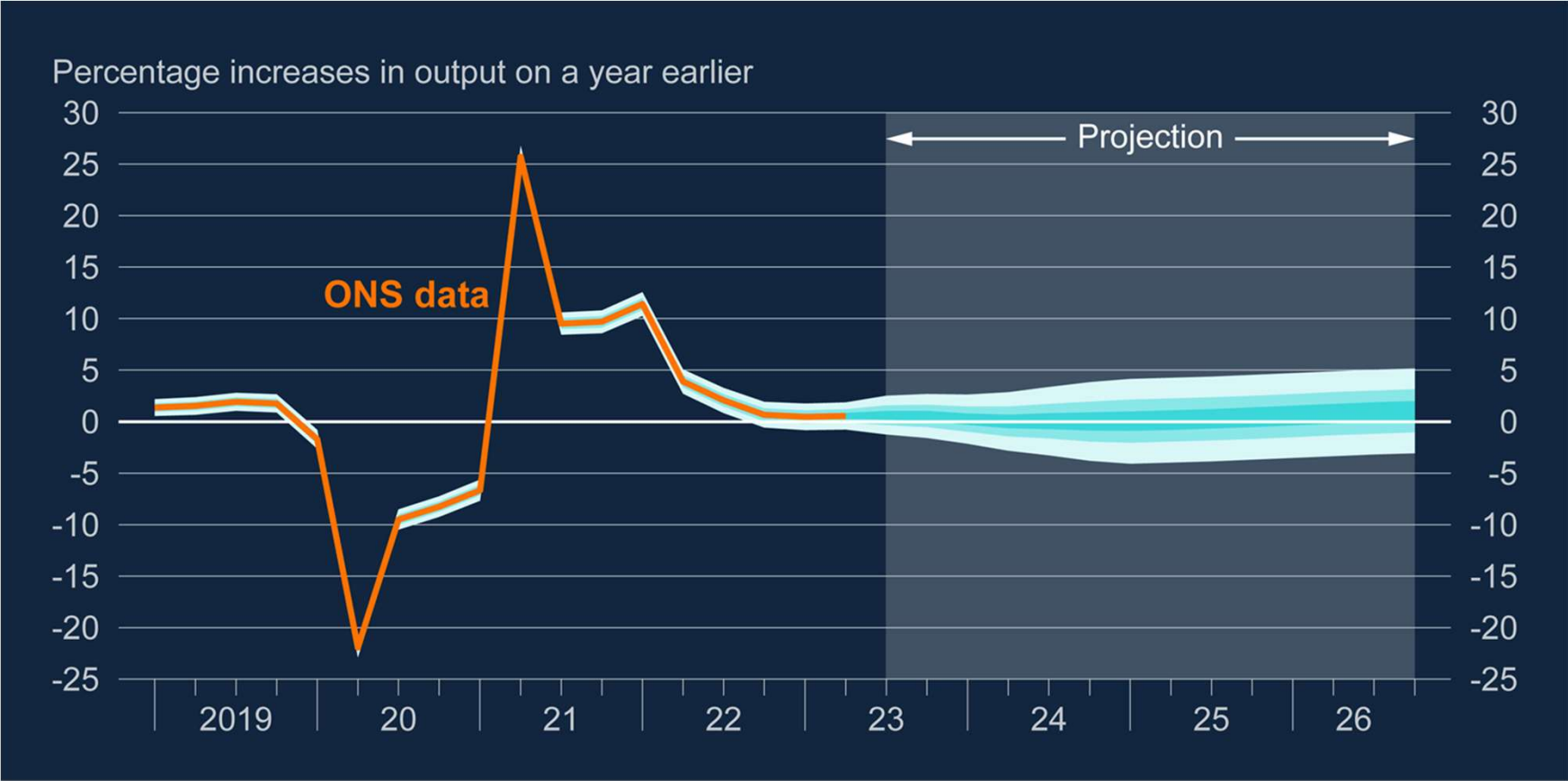


# Structural factors are motivating higher business investment spending next year

Factors affecting investment over the next 12 months



# November GDP growth projection<sup>(a)</sup>



(a) based on market interest rate expectations, other policy measures as announced

# November CPI inflation projection<sup>(a)</sup>



(a) based on market interest rate expectations, other policy measures as announced

## Summary

- The current level of Bank Rate is restrictive and is likely to need to remain so for an extended period of time
- The MPC will continue to monitor indicators of persistent inflationary pressures, including wage growth, services price inflation and a range of measurers of labour market tightness
- Monetary policy will need to be sufficiently restrictive for sufficiently long to return inflation to the 2% target
- Further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures

