

Publication date: 14 August 2013

MINUTES OF THE MONETARY POLICY COMMITTEE MEETING 31 JULY AND 1 AUGUST 2013

These are the minutes of the Monetary Policy Committee meeting held on 31 July and 1 August 2013.

They are also available on the Internet

<http://www.bankofengland.co.uk/publications/minutes/Pages/mpc/pdf/2013/mpc1308.aspx>

The Bank of England Act 1998 gives the Bank of England operational responsibility for setting monetary policy to meet the Government's inflation target. Operational decisions are taken by the Bank's Monetary Policy Committee. The Committee meets on a regular monthly basis and minutes of its meetings are released on the Wednesday of the second week after the meeting takes place. Accordingly, the minutes of the Committee meeting to be held on 4 and 5 September will be published on 18 September 2013.



MINUTES OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 31 JULY AND 1 AUGUST 2013

1 Before turning to its immediate policy decision, and against the background of its latest projections for output and inflation, the Committee discussed financial market developments; the international economy; money, credit, demand and output; and supply, costs and prices.

Financial markets

2 Volatility in financial markets had diminished. The large price declines in many financial assets in May and June had been at least partially reversed as market participants' expectations of the paths for official interest rates in the advanced economies had fallen, to a large extent reflecting statements and minutes of policy meetings from central banks.

3 The statement issued after the Committee's July meeting had indicated that, in the Committee's view, the large upward move in market interest rates in May and June had not been warranted by developments in the economy. That statement, and a growing anticipation that the Committee might soon adopt a policy of providing explicit interest rate guidance, had resulted in market participants re-evaluating their views on the near-term path of Bank Rate. In consequence, UK short-term interest rates had appeared to become less sensitive to US developments. Accordingly, rates on UK overnight index swaps had fallen, and the implied one-year rate two years forward, at around 80 basis points, was some 50 basis points lower than it had been at its recent peak in late June. Nevertheless, UK short-term interest rates had remained significantly higher than at the time of the *May Inflation Report*.

4 Longer-term government bond yields in the major advanced economies had changed little on the month. They remained higher than they had been in early May but were still very low in absolute terms. In response to the Committee's July statement, the real yield implied by five-year UK gilts had fallen further than the nominal yield, with a corresponding rise in the breakeven inflation rate; but

breakeven inflation rates had subsequently fallen after the release of the CPI data for June, which had been lower than market participants had expected.

5 The sterling effective exchange rate index had fallen by around 2% on the month, and by a similar magnitude since the *May Inflation Report*. Sterling's depreciation on the month had been broadly consistent with relative developments in interest rates.

6 Prices of risky assets in advanced economies had generally risen and market liquidity was said by market participants to have improved. Barclays Bank had announced plans to raise equity and contingent convertible debt. The FTSE All-Share index had increased by more than 6% on the month and was around 1% higher than at the time of the *May Inflation Report*. US and euro-area equity indices had also risen substantially in July. Portuguese government bond yields had fallen by around 100 basis points at the 10-year maturity as the political situation there had improved, and there had been little spillover of the earlier tensions to other euro-area countries. There had been less of a recovery in emerging market financial asset prices from the falls in May and June; the Shanghai Composite equity index, for example, had been unchanged on the month and remained around 11% lower than in early May.

The international economy

7 There had been little news to change the Committee's view that modest improvements in confidence and credit conditions should support a slow but steady recovery in the global economy. While there were some signs that the slowdown in the emerging economies might be more protracted than anticipated, that had been largely offset by somewhat better news from the euro area.

8 The latest data on the euro area had been more encouraging on the prospects for activity in the near term. The flash PMI composite output index for July had risen above the 50 no-change level for the first time since the beginning of 2012; and while a full national breakdown was not yet available, the preliminary release had suggested that the pickup extended beyond the core economies. Consumer confidence had also improved, and credit conditions appeared to be stabilising. Despite these positive developments, however, the need for further underlying structural adjustments in the euro-area periphery suggested continuing caution about medium-term prospects. There had been further progress on the banking sector aspects of the reform process: the European Commission had proposed

a Single Resolution Mechanism, including the establishment of an industry-financed Single Resolution Fund; and the European Central Bank had indicated that an Asset Quality Review of banks it would supervise would probably start next year.

9 Immediately before the Committee's meeting, the Bureau of Economic Analysis had released a major revision to the US national accounts, involving substantial methodological changes. The new data would require considerable further analysis before the Committee could assess whether they had any consequences for its judgement that US growth would pick up in the second half of 2013 as fiscal headwinds abated and improvements in the labour and housing markets supported consumer spending. The immediate consequences of the release were that growth in Q1 had been revised down from 0.4% to 0.3%, while Q2 growth had been 0.4%, a little stronger than the Committee had anticipated.

10 The outlook for the major emerging economies appeared to be weakening. In China, growth had slowed steadily over recent quarters. Were that to be associated with a rotation in demand towards consumption and away from investment, the slower rate of growth could be more balanced and sustainable; but that process would take time, and the expenditure data suggested that the degree of rebalancing in recent years had been modest. The government had announced a small stimulus, and the central bank had removed its floor on lending rates as a step towards the greater liberalisation of credit markets. Many other emerging economies faced challenges from a mix of slowing growth, rising inflation and capital outflows prompted by the wider period of financial market volatility in May and June. The authorities in Brazil, India, Indonesia and Turkey had prioritised exchange rate stabilisation and containing inflationary pressure ahead of maintaining growth by tightening monetary policy.

11 Any spillovers to the United Kingdom from slowing growth in the emerging economies should be mitigated in part by a corresponding weakening in commodity prices. Industrial metals prices had fallen, but oil prices had risen slightly, perhaps reflecting unrest in the Middle East and the perceived ability of OPEC to manage production.

Money, credit, demand and output

12 The preliminary release of Q2 GDP had shown a 0.6% increase. Both the headline figure and the sectoral breakdown had been broadly in line with the Committee's expectation. Output had grown

at an average quarterly rate of 0.4% in the first half of 2013, up from average quarterly growth of zero during 2012. Around half of that pickup had been accounted for by construction and extraction output ceasing to contract. With signs of greater buoyancy in the housing market, and following the robust investment in oil and gas extraction over recent years, the improvement in output in those sectors could well persist. The other major driver of the recent pickup in output growth had been services, within which the distribution sector had been disproportionately strong.

13 A key question for the Committee was whether this recovery in output would be sustained. GDP growth had picked up in a similar fashion after the third quarter of 2009, and output had grown strongly for four quarters before stagnating. Compared to that earlier period, indications from business surveys pointed to a more sustained improvement. Survey indicators of current and expected output had picked up further, and suggested growth in the third and fourth quarters at around the 0.6% rate seen in the second quarter. That was just a little below the UK economy's historical trend growth rate. The Markit/CIPS surveys for July, which had been provided to the Committee ahead of the meeting, had risen very sharply, continuing the upward trend of recent months; moreover, those rises had been broad-based across sectors and components, and related to both output and expectations. The composite Markit/CIPS output index, a weighted average of services and manufacturing, had risen to its highest level in over six years. Other business surveys had been broadly consistent with that picture. It seemed likely that, just as falling confidence and increasing uncertainty had played a major role in amplifying the effects of the crisis as the economy contracted, so rising confidence and decreasing uncertainty would support the recovery. Retail sales growth had been strong recently, and measures of consumer confidence had been on a rising trend since the beginning of the year: the GfK measure in June had risen to its highest level since April 2010.

14 A further point of difference from the earlier period had been the improvement in credit conditions over the past year or so. They had continued to ease since the Committee's *May Inflation Report*, broadly in line with expectations. That had followed the substantial falls in bank funding costs, in part reflecting the Funding for Lending Scheme (FLS). The availability and cost of credit to households and businesses had improved. Ongoing bank balance sheet repair, as well as weak credit demand, had continued to weigh on overall net lending, which had remained broadly flat. Within this, there had been a marked fall in lending to large companies, with some companies preferring alternative sources of finance such as the corporate bond markets. There was reason to think that the steps banks

were taking to increase their levels of capital, together with the continuing impact of the FLS on funding conditions, would feed through to support lending growth in the medium term.

15 The conjunction of declining uncertainty, improving credit conditions and the highly accommodative stance of monetary policy was likely to support the recovery. Set against that, however, it was probable that households had further to go in adjusting their balance sheets, real income growth remained weak, and it was unlikely that consumption growth could continue at its current rate for long without some rise in real incomes. Moreover, headwinds remained from the continuing fiscal consolidation, and from the prospect of only a modest pace of recovery in demand in the United Kingdom's major trading partners.

Supply, costs and prices

16 Annual CPI inflation had risen to 2.9% in June, from 2.7% in May, which had to some extent been the result of the reductions in energy bills and petrol prices that had occurred in June 2012 dropping out of the twelve-month comparison. The rise had been slightly less than the Committee had expected, reflecting lower than anticipated contributions from airfares and seasonal food. Those were historically volatile components of the CPI basket from which the Committee had typically not taken much of a signal about inflationary pressures more generally. It seemed probable that CPI inflation would stay around 3% over the next few months, and above the 2% target for the remainder of 2013 and 2014. The key factors that were expected to hold inflation above the target continued to be the larger than normal contribution from administered and regulated prices, and the pass-through of import costs into CPI inflation.

17 The outlook for inflation remained highly uncertain. The Committee's central view was that a revival in productivity growth would succeed in attenuating domestic cost pressures. Recent indicators had been consistent with subdued domestic cost pressures. Headline measures of monthly pay growth had been volatile, probably reflecting postponement of some payments in anticipation of the recent reduction of the top rate of income tax. Annual private sector regular pay growth had been particularly weak in Q1, but had risen slightly since then, and had averaged 1.3% in April and May. But that remained below the average of the past three years of just under 2%. Most indicators of inflation

expectations had remained broadly consistent with inflation returning to the 2% target in the medium term.

18 Employment had been unusually robust given the weakness in output since the recession. That in part reflected willingness by employees to accept pay restraint, which was consistent with the relative resilience of labour market participation. Employment growth had weakened a little in the most recent period, but employment surveys had picked up and suggested strong demand for both permanent and temporary labour.

19 A key uncertainty around the outlook for domestic cost pressures related to the prospects for labour productivity and effective supply. If productivity growth rose by more than the Committee's central expectation, that would pose downside risks to near-term domestic cost pressures. The converse was also true; slower than expected productivity growth would pose upside risks to cost pressures. But even if labour productivity, and effective supply more generally, evolved in line with the Committee's central expectation there was still uncertainty about the extent to which that would attenuate domestic cost pressures. One aspect of that uncertainty related to the outlook for wages. As recovery took hold, and after years of wage restraint, companies might feel compelled to grant higher pay awards, perhaps reflecting concerns that persistent weakness in wages risked undermining employees' morale and efficiency. Set against that risk was the possibility that downward nominal rigidities meant that wages had not fallen commensurately with the decline in productivity, in which case they would be likely to pick up more slowly as productivity recovered.

20 The prospects for company profit margins were another source of uncertainty. These had been under pressure since the financial crisis, and it was possible that in aggregate they would need to recover in the medium term to provide investors with an adequate return. A related source of uncertainty was the extent to which any margin recovery occurred through higher prices, rather than through weak cost growth. Competitive pressures might limit the scope for companies to raise prices to a greater extent than the Committee assumed in its central view. Set against that was the risk that companies might seek to rebuild margins opportunistically by not passing on reductions in cost growth.

The August GDP growth and inflation projections

21 Short-term market interest rates had risen since May and, in the Committee's best collective judgement, implied a faster withdrawal of stimulus than appeared likely given the current economic outlook. Its projections were based on the assumption that Bank Rate remained at 0.5% over the forecast period, rather than the usual market curve assumption. That did not reflect the Committee's view of the most likely path for Bank Rate. Rather, it provided a convenient reference point against which to assess the economic outlook. On that basis, and assuming that the size of the asset purchase programme stayed at £375 billion, the Committee's central view was that the UK economy's incipient recovery was likely to gather pace over the forecast period.

22 The pickup in growth was supported by: a moderate but persistent expansion in global demand; the sustained stimulus from monetary policy; a further easing in credit conditions aided by the FLS and steps to increase the resilience of UK banks and building societies; and a gradual fading of the impact of the financial crisis on household and business spending. Even so, the legacy of adjustments left by the financial crisis meant that the recovery was likely to remain weak by historical standards. The outlook for growth was stronger than in May. That largely reflected the unexpectedly strong tone of recent domestic data, including the marked improvement in business and consumer sentiment. It also reflected the judgement that any forward guidance provided by the Committee might make its current monetary stimulus more effective, in part by providing greater clarity about the conditions under which the highly stimulative stance of policy would be maintained.

23 The pace at which unemployment would fall over the forecast period was highly uncertain, as it depended not only on demand and labour force participation but also on productivity: the greater the revival in productivity as output increased, the less rapidly would unemployment fall, and *vice versa*. There was a range of views on the Committee about the factors responsible for the recent weakness of productivity, and hence about the likely response of productivity to an increase in demand.

24 The Committee's best collective judgement was that inflation was likely to remain close to 3% in the near term, reflecting the impact of past increases in import prices and the persistent contribution from administered and regulated prices. Inflation was likely to fall back to around the 2% target over the forecast period as external price pressures faded. And a gradual moderation in domestic cost pressures, aided by a revival in productivity growth, should help to offset the sustained contribution

from administered and regulated prices. The outlook for inflation was similar to May, since the stronger demand outlook was assumed to be largely matched by a faster expansion in effective supply capacity.

25 The Committee's best collective judgement was that by the second half of the forecast period the risks around the 2% inflation target were broadly balanced.

The immediate policy decision

26 Twelve-month CPI inflation had increased to 2.9% in June, and was likely to remain at around that level in the near term. The Committee set monetary policy to meet the 2% inflation target in the medium term, and in a way that avoided undesirable volatility in output in the short term. The Chancellor's annual remit letter to the MPC had requested that the Committee provide more information about the trade-offs inherent in setting monetary policy to meet the 2% inflation target while giving due consideration to the desirability of avoiding undue output volatility. The Committee had also been asked to provide an assessment of whether it would be appropriate, given the current exceptional economic circumstances, to deploy explicit forward guidance – including intermediate thresholds – in order to meet its objectives more effectively. The Committee discussed its immediate policy decision in the light of its latest projections of the outlook for inflation and activity, and of its analysis of the case for forward guidance.

27 Financial market volatility had fallen since late June, and advanced economy equity indices had risen. UK short-term interest rates were lower than they had been at the time of the July meeting, in part reflecting the Committee's statement, but remained higher than in early May. Sterling's effective exchange rate was around 2% lower than in May, in line with the movement in interest rates.

28 The news on foreign demand conditions had been mixed. The US recovery seemed to be proceeding broadly as the Committee had expected, and there had been encouraging signs that the euro area might be returning to modest growth. But there were also signs that the slowdown in the emerging economies might prove to be more durable than anticipated.

29 Developments in the domestic economy on the month had again been broadly positive. The preliminary release suggested that GDP had increased by 0.6% in Q2, in line with the

Committee's expectation. Survey indicators had risen more strongly than expected. In particular the composite Markit/CIPS output index had risen strongly on the month and was above its historical average prior to the financial crisis. The revival in growth had partly been driven by a pickup in private consumption, as retail sales had strengthened and consumer confidence improved. Housing investment had also grown strongly in the first quarter. It was plausible that the pickup in growth reflected a combination of reduced uncertainty and easing credit conditions, and that these factors would in due course also support a stronger recovery in business investment. Housing market activity had so far picked up only modestly, but some forward-looking indicators pointed to a stronger recovery that might represent a further stimulus to growth. These factors had underpinned the materially stronger near-term growth profile in the Committee's August *Inflation Report* projections. Twelve-month CPI inflation in June had been a little lower than the Committee had anticipated at 2.9%, and was expected to stay at around that level for the next few months. The current strength of inflation reflected pass-through from higher import costs and an elevated contribution from administered and regulated prices. Pay growth remained subdued. The Committee's August inflation profile was similar to that in May, reflecting a judgment that much of the increase in demand relative to the May forecast would be matched by an increase in supply.

30 The outlook remained one in which above-target inflation was accompanied by a degree of slack in the economy. The Committee's remit provided it with flexibility to attenuate the speed at which it brought inflation back to target in order to limit the volatility in output, subject to meeting the inflation target in the medium term. The speed at which the Committee sought to return inflation to target would depend on its judgements about the consequences of its decisions for both the long-term supply capacity of the economy and for public confidence that inflation would be brought back to target in the medium term. The exceptional weakness in productivity meant that there was considerable uncertainty about the supply capacity of the economy as demand recovered. As a result, the trade-off between the horizon over which inflation returned to target and the speed with which output and employment recovered was unusually uncertain. Misjudging that trade-off could have significant costs in the medium term. In addition to the under-utilisation of resources, inadequate demand growth could lead to a medium-term loss of supply capacity, for example if sustained high levels of unemployment resulted in people dropping out of the labour force. But excessive demand growth could lead to inflation remaining above target in the medium term, and an increase in inflation expectations which would be costly to reverse.

31 In these unprecedented circumstances, the Committee agreed that explicit policy guidance could enhance the effectiveness of monetary stimulus in three ways. It could provide greater clarity about the Committee's view of the appropriate trade-off between the speed with which inflation was returned to the target and the support given to the recovery. It could reduce uncertainty about the future path of monetary policy as the economy recovered. And it could deliver a robust framework within which the Committee could explore the scope for economic expansion without putting price stability and financial stability at risk. Forward guidance, as part of a mixed strategy towards the conduct of monetary policy, would complement the Committee's asset purchase programme and the FLS.

32 Prior to its policy meeting, and in the context of preparing the assessment requested by the Chancellor, the Committee had discussed the potential design parameters of a forward guidance strategy. It had agreed that framing guidance in terms of the likely response of monetary policy to economic developments, rather than specifying the period over which it intended to maintain the current highly stimulative stance of monetary policy, was likely to render it more effective. This could be achieved by indicating an intention not to tighten policy at least until some suitable threshold had been met.

33 The Committee had discussed a range of potential indicators that might form the basis of such a threshold, focusing on real GDP growth and the unemployment rate. There were risks if policy appeared to be mechanically tied to a single real-side indicator. Those risks included the perception that the Committee would attach undue weight to a single variable in setting policy, and potential confusion about the Committee's objectives. Nevertheless, the Committee recognised the importance of simplicity in its guidance and concluded these concerns could be mitigated by careful design.

34 In this context, there were advantages to employing a real GDP growth threshold, since it provided a comprehensive measure of the expansion in economic activity and, as such, provided an indication of the rate at which the margin of spare capacity was closing. The Committee already published projections for real GDP growth and so it had the benefit of continuity. While not a measure of the extent of slack, once growth had reached a suitable threshold, there could be a review of evidence of both unused capacity in the economy and inflationary pressures. On balance, however, the Committee decided that the disadvantages of framing the threshold in terms of real growth – including volatility of GDP growth data, their propensity to be substantially revised, and the need to specify the evolution of potential supply in any event – outweighed these considerations.

35 The unemployment rate provided a measure of spare capacity in the labour market which would be likely to move in tandem with the unobservable and highly uncertain margin of spare capacity in companies. Using the unemployment rate would allow the Committee to set monetary policy so that it provided enough support to activity to reduce the degree of spare capacity in the economy without having to rely on an explicit judgement about the extent to which productivity would pick up as the recovery gathered pace. Moreover, the unemployment data were relatively reliable, less prone to revision and well understood. On balance, therefore, the Committee preferred the unemployment rate as a threshold indicator.

36 Price stability remained the Committee's primary objective, and in that light it discussed the application of two price stability knockouts which, if breached, would mean that the policy guidance would cease to hold. The first knockout would apply when the Committee judged it more likely than not that inflation 18 to 24 months ahead would be half a percentage point or more above the 2% target. The second knockout would apply if there was evidence that medium-term inflation expectations were no longer sufficiently well anchored. The Committee had also discussed the desirability of adding a financial stability knockout: the Financial Policy Committee had agreed to alert the Committee publicly should it judge that the stance of monetary policy posed a significant threat to financial stability that could not be contained by the substantial mitigating policy actions available to the regulatory authorities.

37 The Committee also agreed that, in the event that the unemployment threshold were reached, or if any of the knockouts were breached, there should be no assumption of an immediate, automatic change to its policy stance. Rather, the Committee would assess the prevailing economic conditions, including wider measures of slack and inflationary pressures, before deciding the appropriate stance for monetary policy.

38 The Committee agreed that it was of paramount importance for the credibility of the monetary policy framework that its commitment to meeting the 2% inflation target in the medium term was beyond doubt. It was critical that the design of the guidance strategy did not put this credibility at risk. One of the cornerstones of the policy framework was the individual accountability of members, and the Committee agreed that it would be important that individual members continued to form their own judgements about the outlook for inflation and whether the price stability knockouts had been breached. In the discussion of the time horizon for the first inflation knockout there had been a range

of views, and some members remained concerned that the longer the time horizon relative to the Committee's usual policy horizon of around two years, the greater the risk that its commitment to returning inflation to the target over the medium term might be brought into doubt.

39 Most members of the Committee judged that a horizon of 18 to 24 months struck an appropriate balance between not bringing inflation back to the target so quickly as to threaten the recovery, while demonstrating the Committee's determination to bring inflation back to the target over the medium term. One member, while accepting the principles of forward guidance, saw a particularly compelling need to do more to manage the risk that forward guidance could lead to an increase in medium-term inflation expectations, by setting an even shorter time horizon; that would make clear that the forward guidance was fully compatible with the Committee's commitment to meeting the 2% inflation target in the medium term.

40 Turning to its policy decision this month, the Committee had been encouraged by developments in the economy. But UK short-term market interest rates remained higher than at the time of the *May Inflation Report*; and while some rise since May might be justified, most members judged that the extent of the increase remained greater than could be reconciled with the improvement in the economic outlook. Other members did not think market interest rates were obviously out of line with their view of the outlook.

41 In the current exceptional circumstances, the Committee agreed that explicit forward guidance should be adopted. It provided a way to make the existing monetary stimulus more effective by conditioning agents' expectations of the future path of Bank Rate on a better understanding of the Committee's reaction function, and thereby should reduce the risk of an unwarranted rise in market interest rates that prematurely tightened financial conditions. All members agreed that, while it was in place, forward guidance should provide the framework and context for future monetary policy discussions.

42 Most members continued to believe that further monetary stimulus in the form of asset purchases was not appropriate at the current juncture; and that the onus on monetary policy was to reinforce the recovery by ensuring that stimulus was not withdrawn prematurely. These members did not rule out more asset purchases should they judge that more stimulus was subsequently required, but there remained a range of views as to the benefits of further asset purchases relative to their potential costs

in terms of complicating the transition to a more normal monetary policy stance at some point in the future. For other members, the case for further monetary stimulus remained as compelling as in July. But for them, there was merit in first supporting the implementation of forward guidance and waiting to gauge its impact, in particular on financial market prices, before reconsidering an increase in the Committee's programme of asset purchases.

43 The Governor invited the Committee to vote on the proposition that:

The Committee intends not to raise Bank Rate from its current level of 0.5% at least until the Labour Force Survey (LFS) headline measure of the unemployment rate has fallen to a threshold of 7%, subject to the conditions below.

The MPC stands ready to undertake further asset purchases while the LFS unemployment rate remains above 7% if it judges that additional monetary stimulus is warranted. But until the unemployment threshold is reached, and subject to the conditions below, the MPC intends not to reduce the stock of asset purchases financed by the issuance of central bank reserves and, consistent with that, intends to reinvest the cashflows associated with all maturing gilts held in the Asset Purchase Facility.

This guidance linking Bank Rate and asset sales to the unemployment threshold would cease to hold if any of the following three knockouts were breached:

In the MPC's view, it is more likely than not that CPI inflation 18 to 24 months ahead will be 0.5 percentage points or more above the 2% target;

Medium-term inflation expectations no longer remain sufficiently well anchored;

The Financial Policy Committee (FPC) judges that the stance of monetary policy poses a significant threat to financial stability that cannot be contained by the substantial range of mitigating policy actions available to the FPC, the Financial Conduct Authority and the Prudential Regulation Authority in a way consistent with their objectives.

Regarding the proposition, eight members of the Committee (the Governor, Charles Bean, Paul Tucker, Ben Broadbent, Spencer Dale, Paul Fisher, Ian McCafferty and David Miles) voted in favour. One member of the Committee (Martin Weale), while supportive of the adoption of forward guidance, voted against the proposition in order to register his preference for a time horizon for the first inflation knockout that was shorter than proposed. He nevertheless intended to form his future judgements about the application of guidance and the knockout criteria in line with the framework adopted by the Committee.

44 The Governor then invited the Committee to vote on the propositions that:

Bank Rate should be maintained at 0.5%;

The Bank of England should maintain the stock of asset purchases financed by the issuance of central bank reserves at £375 billion.

Regarding Bank Rate, the Committee voted unanimously in favour of the proposition.

Regarding the stock of asset purchases, the Committee voted unanimously in favour of the proposition.

45 The following members of the Committee were present:

Mark Carney, Governor
Charles Bean, Deputy Governor responsible for monetary policy
Paul Tucker, Deputy Governor responsible for financial stability
Ben Broadbent
Spencer Dale
Paul Fisher
Ian McCafferty
David Miles
Martin Weale

Nicholas Macpherson was present as the Treasury representative.