

# DIARY OF EVENTS RELEVANT TO THE INTERPRETATION OF THE MONETARY STATISTICS: 1960 – JANUARY 2006

This diary has been compiled in the Monetary and Financial Statistics Division as a useful record of events which may be relevant to interpretation of the monetary statistics. The diary does not generally include events which are evident from the monetary statistics themselves or are easily visible elsewhere in official statistics (e.g. official transactions in gilts); an exception to this is changes in the repo rate (and previously the base rate, the Bank rate and the Bank's Minimum Lending Rate), which are included in the diary to give a feel for monetary conditions in each period. Such rate changes are shown at the time of their announcement, which may at times differ slightly from the implementation dates published elsewhere.

The diary may not be comprehensive or precise, especially for earlier years. We should welcome being informed of any notable errors or omissions.

We are grateful to the National Institute of Economic and Social Research for permission to use here much material from the similar diaries published in the National Institute Economic Review No 107, February 1984, and their Calendar of Economic Events, 1974-1987, published in 1988.

## 1960

- 21. 1.60 Bank rate raised from 4% to 5%.
- 4. 4.60 Budget: increases in profits tax and tobacco duty; increased income tax allowances for dependent relatives.
- 28. 4.60 Credit squeeze: banks informed of call for special deposits from the London and Scottish clearing banks and made aware of policy to restrain lending.
- 23. 6.60 Bank rate raised by 1% to 6%; further call for special deposits.
- 27.10.60 Bank rate cut by ½% to 5½%.
- 8.12.60 Bank rate cut by ½% to 5%.

## 1961

- 17. 4.61 Budget: increases in profits tax; reductions in surtax and income tax.
- 25. 7.61 'Little Budget': Bank rate raised from 5% to 7%; brake imposed on public sector wage increases. The clearing banks were informed that the Bank of England wished the impact of the call for special deposits to fall on advances. The banks were asked to discriminate in favour of exports and to be particularly severe on lending for personal consumption including finance for hire purchase and speculative property development. Restraint of advances was not to be offset by lending on commercial bills. For the first time, other banks and financial institutions, including finance houses, were also asked to observe similar restraints in their lending policies.
- 9.61 Hire purchase finance houses were asked not to seek finance for further expansion from sources other than banks.
- 5.10.61 Bank rate cut by ½% to 6½%.
- 2.11.61 Bank rate cut by ½% to 6%.

## 1962

- 8. 3.62 Bank rate cut to 5½%.
- 22. 3.62 Bank rate cut to 5%.
- 9. 4.62 Budget: purchase tax introduced on stocks and shares and on land.
- 26. 4.62 Bank rate cut to 4½%.

- 31. 5.62 It was emphasised that priority in lending should be given to finance for exports and for production which would aid exports, but the advances request was relaxed.
- 4. 6.62 Hire purchase controls relaxed.
- 4.10.62 Formal requests about selectivity in lending were withdrawn. Institutions were, however, asked to pay special attention in lending policies to exports and the promotion of business in relatively depressed areas.
- 15.11.62 Increases announced in investment allowances; cut in purchase tax on cars.

## 1963

- 3. 1.63 Bank rate cut by ½% to 4%.
- 3. 4.63 Expansionary Budget: cuts in income tax.
- 18.10.63 Harold Macmillan resigns as Prime Minister; Sir Alec Douglas Home forms government on 19 October.

## 1964

- 27. 2.64 Bank rate raised from 4% to 5%.
- 14. 4.64 Deflationary Budget: increases in indirect taxes.
- 15-16.10.64 Labour Party wins general election.
- 26.10.64 Measures to reduce the balance of payments deficit, including the introduction of an import surcharge and export rebates.
- 11.11.64 Budget aimed at reducing the deficit and providing increased social security benefits. A new Corporation Tax to replace company income tax and profits tax.
- 23.11.64 Bank rate raised from 5% to 7%.
- 25.11.64 Bank of England announces arrangements for credits of \$3 billion from foreign central banks.
- 8.12.64 Bank of England asks banks to reduce the rate of increase in lending and give priority to exports and productive investment in manufacturing industry, having regard to the government's regional development policies. Restraint was to be exercised in lending for property development, hire purchase and to the household sector. Similar requests were addressed to other financial corporations and, for the first time, they were brought formally to the attention of building societies and pension funds.

## 1965

- 10. 2.65 Bank of England announces renewal of \$3 billion of credits made in November 1964 by foreign central banks and a prospect of further drawings from the IMF in the spring.
- 22. 2.65 Chancellor announces public expenditure to be held to an average increase in real terms of 4 ¼% per annum between 1964/65 and 1969/70.
- 6. 4.65 Budget increasing taxation: increases in excise duties and Capital Gains Tax; stricter control of foreign investment and exchange; proposals announced for a new Corporation Tax to become effective in 1966.
- 29. 4.65 Bank of England calls for special deposits.

- 6. 5.65 Bank of England advises clearing banks that loans should not increase by more than 5% in 1965/66, and that the provision of acceptance facilities and the purchase of commercial bills should also be limited. Other banks were asked to observe a comparable degree of restraint, and finance houses and other financial corporations asked to co-operate to the same ends in their own fields. Institutions were asked to give priority to financing exports and activities contributing directly to them.
- 3. 6.65 Bank rate cut from 7% to 6%.
- 27. 6.65 New measures to strengthen balance of payments, including cuts in public investment and tighter exchange controls and reduced finance for imports.
- 27. 7.65 Bank re-emphasises need for restraint and discrimination in lending, to favour exports.

## 1966

- 1. 2.66 Bank of England asks clearing banks to freeze advances at 105% of March 1965 level. Other institutions were again asked to co-operate in maintaining restraint.
- 31. 3.66 General election: Labour Party majority increased.
- 3. 5.66 Budget: introduction of Selective Employment Tax (SET); Corporation Tax fixed at 40%.
- 12. 7.66 It was announced that the ceiling on bank advances would remain in force until end March 1967.
- 14. 7.66 Bank of England raises Bank rate from 6% to 7% and doubles special deposits.
- 20. 7.66 Measures to meet continuing pressure on sterling.
- 29. 7.66 Clearing banks reach 105% limit.
- 8. 8.66 The clearing banks were asked to review existing lending commitments to secure early and substantial reductions in non-priority lending in order to provide funds for the priority categories within the prevailing ceiling. Banks to withdraw from existing commitments if necessary.
- 1.11.66 It was announced that banks should have adequate resources for priority purposes including productive investment in agriculture and temporary bridging finance for house purchase.
- 1.12.66 Increases announced in investment grants and export rebates.

## 1967

- 26. 1.67 Bank rate reduced from 7% to 6½%.
- 3. 2.67 Credit squeeze eased on private house builders and purchasers.
- 16. 3.67 Bank rate reduced to 6%.
- 11. 4.67 Neutral Budget: ceiling on bank advances lifted. For non-clearing banks and finance houses the existing ceilings remained in force pending the introduction of new arrangements. Lending to priority categories was released from restrictions, but non-priority lending was still to be restrained. More flexible use of special deposits system promised.
- 4. 5.67 Bank rate reduced to 5½%.
- 24. 7.67 Chancellor announces reduction in planned growth in government spending to 3% average in real terms over next three years.
- 19.10.67 Bank rate raised ½% to 6%.
- 9.11.67 Bank rate raised to 6½%.

- 18.11.67 Sterling devalued by 14.3% from \$2.80 to \$2.40. Measures to improve balance of payments: Bank rate raised 1½% to 8%; bank advances limited; \$3 billion credits to be sought, including \$1.4 billion IMF standby. All sterling lending to the domestic private sector and to non-resident borrowers, except fixed rate medium-term finance for exports and shipbuilding, short-term export finance at Bank rate and other lending specifically identified with the finance of export transactions, was to be limited to the level then prevailing. Within the ceiling, finance for production and investment that encouraged exports or invisible earnings and saved imports were to be given priority. Also, personal loans were to be on no easier terms than those permitted for hire purchase contracts. Bridging finance for personal house purchase should continue to be made available.
- 29.11.67 James Callaghan resigns as Chancellor; replaced by Roy Jenkins.
- 21.12.67 Further cuts in public spending totalling £0.6 billion.

## 1968

16. 1.68 Prime Minister announces spending cuts to save £700 million in 1968/9.
19. 3.68 Deflationary Budget.
21. 3.68 Bank rate cut by ½% to 7½%.
3. 4.68 White Paper announces legislation to freeze wages for twelve months.
23. 5.68 Bank of England requests a 4% limit on growth of all private sector bank loans. Existing lending controls were simplified and a new ceiling on bank lending was announced. Fixed rate lending for exports and other categories of loans previously exempted were brought within the new ceiling. Banks were asked to keep their lending within 104% of the November 1967 level and finance houses were asked to bring their lending within 100% of the end October 1967 level. Banks were asked to make room for priority categories by curtailing lending for other purposes.
29. 8.68 Bank of England repeats need for banks to squeeze non-priority lending.
19. 9.68 Bank rate reduced to 7%.
- 22.11.68 The clearing banks were asked to reduce their sterling lending to the domestic private sector and to non-resident borrowers to 98% of the November 1967 level by mid-March 1969. Medium-term fixed rate lending for exports and shipbuilding was excluded from the ceiling. Other banks were asked to limit their lending to 102% of the mid November 1967 level; similar limits were also applied to finance houses.

## 1969

31. 1.69 Bank of England reminds banks that non-priority lending must be reduced and that the 98% advances limit is to be reached by mid-March.
27. 2.69 Bank rate raised by 1% to 8%.
15. 4.69 Budget: purchase tax base broadened; Selective Employment Tax and Corporation Tax raised.
23. 6.69 Letter of Intent to IMF: target of £300 million for balance of payments surplus; limit of 1% on increase in real public spending in 1968/69.

## 1970

5. 3.70 Bank rate cut by ½% to 7½%.

- 14. 4.70 Budget: new ceilings on bank lending. The clearing banks were asked to limit the increase in sterling lending to the private sector and non-resident to 5% over the twelve months to March 1971. Other banks were individually allowed a 7% guideline. The banks were informed that increases in lending within the guidelines should be directed to exports and production contributing to the balance of payments, with no increase in finance for personal consumption. Fixed-rate lending for exports and shipbuilding was excluded from the ceilings. Similar requests were addressed to other financial corporations.
- 15. 4.70 Bank rate reduced to 7%.
- 18. 6.70 Conservative Party wins general election.
- 26. 7.70 Anthony Barber appointed Chancellor of the Exchequer.
- 28. 7.70 Bank of England warns banks to slow down growth of advances, which was rising at a rate inconsistent with the guidance issued in April.
- 27.10.70 Budget.
- 29.10.70 Special deposits raised from 2½% to 3½%.

## 1971

- 19.1-8.3.71 Postal strike. Boosted note circulation (within M0) from about 3 February to 24 March.
- 15. 2.71 Decimalisation of Sterling. Some boost to coin issue and perhaps to total M0.
- 30. 3.71 Budget: restricted bank lending allowed to grow by 2½% a quarter in 1971/72; banks and finance houses advised to adhere to restraint of personal lending.
- 1. 4.71 Bank rate reduced by 1% to 6%.
- 14. 5.71 Bank of England publishes Competition and Credit Control paper.
- 30. 6.71 It was requested that, pending the introduction of the new credit control arrangements, lending by clearing banks and finance houses should not exceed 110% of March 1970 levels by mid-September. The limit for other banks was 112%.
- 19. 7.71 Mini-Budget
- 23. 8.7 Sterling allowed to float.
- 31. 8.71 Exchange controls introduced to prevent non-residents from increasing holdings of short-term sterling securities.
- 2. 9.71 Bank rate reduced by 1% to 5%.
- 10. 9.71 Bank of England announces new regime of more flexible control over banks and finance houses; ceilings on lending removed from 16 September.
- 15.10.71 Banks' base rates fall by ½% to 4½%.

## 1972

- 21. 3.72 Budget: adjustments to income tax allowances.
- 9. 6.72 Banks' base rates rise by ½% to 5%.
- 22. 6.72 Bank rate raised to 6% as run on sterling develops.
- 23. 6.72 Sterling allowed to float.
- 30. 6.72 Banks' base rates rise by 1% to 6%.
- 7. 8.72 Banks were asked to ensure that finance was available to sustain industrial expansion and, as necessary, to make credit less readily available to property companies and for financial transactions not associated with the maintenance and expansion of industry.
- 19. 9.72 Banks' base rates rise to 7%.

- 9.10.72 Minimum Lending Rate (MLR), introduced to replace Bank rate, to be linked directly to the yield on Treasury Bills.
- 13.10.72 MLR set at 7½%.
- 6.11.72 Prime Minister announces 90-day standstill on pay, prices and dividends.
- 9.11.72 Bank of England calls for special deposits.
- 8.12.72 MLR raised by ½% to 8%.
- 13.12.72 Banks' base rates rise by ½% to 7½%.
- 21.12.72 Further call for special deposits.
- 22.12.72 MLR increased to 9%.

## 1973

- 1. 1.73 UK joins EEC.
- 17. 1.73 Freeze on wages extended to 31 March and on prices to end-April.
- 19. 1.73 MLR reduced to 8¾%.
- 25. 1.73 Banks' base rates rise to 8½%.
- 15. 2.73 Banks' base rates rise by 1% to 9½%.
- 6. 3.73 Budget
- 23. 3.73 MLR reduced to 8½%.
- 5. 4.73 Banks' base rates fall by ½% to 9%.
- 13. 4.73 MLR reduced to 8%.
- 19. 4.73 MLR raised to 8¼%.
- 11. 5.73 MLR reduced to 8%.
- 18. 5.73 MLR reduced to 7¾%.
- 21. 5.73 Public expenditure cuts announced; £100 million in 1973/74 and £500 million in 1974/75.
- 23. 5.73 Banks' base rates fall by ½% to 8½%.
- 19. 6.73 Banks' base rates fall to 8%.
- 22. 6.73 MLR reduced to 7½%.
- 20. 7.73 MLR raised by 1½% to 9%.
- 27. 7.73 MLR raised by 2½% to 11½%.
- 2. 8.73 Banks' base rates rise by 2% to 10%.
- 23. 8.73 Banks' base rates rise to 11%.
- 11. 9.73 Banks were asked to restrict personal credit, to further restrict lending on property and financial transactions and encouraged to combat interest arbitrage activities. They were also asked to limit interest paid on deposits of less than £10,000 to 9½%, to protect the building societies from further interest rate competition.
- 19.10.73 MLR reduced to 11¼%.
- 13.11.73 Accompanying the announcement of a record balance of payments visible deficit of nearly £400 million, the Bank of England calls for further special deposits and raises MLR to 13%.
- 15.11.73 Banks' base rates rise by 2% to 13%.
- 17.12.73 Mini-Budget: public expenditure cut by £1,200 million in 1974: introduction of the Supplementary Special Deposits Scheme (the 'corset'). Consumer credit restrictions. Banks and finance houses not to provide loans for consumption purposes on terms more favourable than those permitted for hire purchase contracts.

## 1974

- 1. 1.74 Price of oil more than doubles. Three-day week for industry and commerce.
- 4. 1.74 MLR falls by  $\frac{1}{4}\%$  to  $12\frac{3}{4}\%$ .
- 31. 1.74 Bank of England announces release of  $\frac{1}{2}\%$  of bank and finance house special deposits to ease liquidity position of banking system in order to fend off a sharp rise in overdraft rates.
- 1. 2.74 MLR falls by  $\frac{1}{4}\%$  to  $12\frac{1}{2}\%$ .
- 5. 2.74 National Union of Mineworkers announces full-scale strike from 10 February.
- 7. 2.74 Prime Minister announces general election on 28 February.
- 28. 2.74 General election; hung parliament.
- 4. 3.74 Labour government formed with a small majority.
- 11. 3.74 Miners resume work and three-day week ends.
- 15. 3.74 Issue of £600mn British government stock carrying a record 12% coupon.
- 26. 3.74 Budget: aim to reduce PSNCR to £2.7bn.
- 4. 4.74 Bank of England announces 1% release of special deposits to ease pressure on UK interest rates.
- 5. 4.74 MLR falls by  $\frac{1}{4}\%$  to  $12\frac{1}{4}\%$ .
- 11. 4.74 Banks' base rates fall by  $\frac{1}{2}\%$  to  $12\frac{1}{2}\%$ .
- 12. 4.74 MLR falls by  $\frac{1}{4}\%$  to 12%.
- 18. 4.74 Bank of England announces release of a further £149mn of special deposits to counter upward pressure on interest rates.
- 30. 4.74 The Supplementary Special Deposits scheme, covering the growth of banks' interest-bearing eligible liabilities, extended from June to December.
- 24. 5.74 MLR cut  $\frac{1}{4}\%$  to  $11\frac{3}{4}\%$ , banks' base rates fall by  $\frac{1}{2}\%$  to 12%.
- 22. 7.74 Chancellor announces a mini-budget aimed to attack inflation and increase domestic demand.
- 18. 9.74 Prime Minister announces general election on 10 October.
- 20. 9.74 MLR reduced from  $11\frac{3}{4}\%$  to  $11\frac{1}{2}\%$ .
- 10.10.74 General election: Labour's majority increased.
- 12.11.74 Chancellor announces measures to improve profitability and liquidity in company sector and shift resources from consumption into investment and exports. Bank of England to recommend that all banks give priority to lending to industry.
- 13.12.74 OPEC countries raise average oil price to about \$10.46 a barrel, and to operate a new unitary price from 1 January to end-September 1975.

## 1975

- 17. 1.75 MLR cut by  $\frac{1}{4}\%$  to  $11\frac{1}{4}\%$ .
- 21. 1.75 Banks' base rate fall by  $\frac{1}{2}\%$  to  $11\frac{1}{2}\%$ .
- 23. 1.75 Bank of England pays Burmah Oil £179 million for company's unpledged 20.3% stake in BP.
- 24. 1.75 MLR cut by  $\frac{1}{4}\%$  to 11%.
- 28. 1.75 Government announces first experiment in indexing of savings for people over pensionable age and small savers.
- 31. 1.75 Industry Bill published, giving National Enterprise Board £1 billion to invest in industry in return for state control.
- 7. 2.75 MLR cut by  $\frac{1}{4}\%$  to  $10\frac{3}{4}\%$ .
- 14. 2.75 MLR cut by  $\frac{1}{4}\%$  to  $10\frac{1}{2}\%$ .

- 28. 2.75 Bank of England ends the application of the Supplementary Special Deposits scheme introduced in 1973 and withdraws interest rate limit imposed 11. 9.73.
- 7. 3.75 MLR cut from 10½% to 10¼%.
- 21. 3.75 MLR cut from 10¼% to 10%.
- 15. 4.75 Chancellor announces Budget measures designed to direct resources into the balance of payments and to reduce the PSNCR by over £1 billion in 1975-76 from the pre-Budget forecast of £10 billion.
- 18. 4.75 MLR reduced ¼% to 9¾%.
- 22. 4.75 Banks' base rates fall to 9½%.
- 2. 5.75 MLR raised from 9¾% to 10%.
- 12. 6.75 Bank of England intervenes to steady pound after sterling touches new low of 26.5% below December 1971 levels on Treasury index.
- 25. 7.75 MLR raised from 10% to 11%.
- 6. 8.75 Banks' base rate rise by ½% to 10%.
- 10.75 Lending depressed by repayment from proceeds of British Leyland rights issue.
- 3.10.75 MLR raised 1% to 12% to support the exchange rate.
- 7.10.75 Banks' base rates rise by 1% to 11%.
- 14.11.75 MLR cut by ¼% to 11¾%.
- 28.11.75 MLR reduced ¼% to 11½%.
- 17.12.75 Chancellor introduces series of new economic measures. He forecasts figure of £9 billion for domestic credit expansion in FY 1975/76. Bank of England to restate qualitative guidance to banks, urging priority for lending to manufacturing industry for exports, import saving, industrial investment and working capital needs.
- 24.12.75 MLR cut by ¼% to 11¼%.
- 31.12.75 IMF approves new credit arrangements with UK of SDR 1.7 billion.

## 1976

- 1. 1.76 MLR cut by ¼% to 11%.
- 13. 1.76 Following Lloyds' cut on 3 January other banks cut base rates by ½% to 10½%.
- 16. 1.76 MLR cut by ¼% to 10¼%.
- 23. 1.76 MLR cut by ¼% to 10½%.
- 30. 1.76 MLR cut by ½% to 10%.
- 6. 2.76 MLR cut by ½% to 9½%.
- 27. 2.76 MLR cut by ¼% to 9¼%.
- 5. 3.76 MLR cut by ¼% to 9%.
- 16. 3.76 Harold Wilson announces his resignation as Prime Minister.
- 5. 4.76 James Callaghan takes over as Prime Minister.
- 6. 4.76 Chancellor introduces a 'conditional' Budget in which most of his promised £1.3 billion tax cuts are made dependent on TUC agreement to a new low pay norm of 'around 3%' for the second stage of the Government's incomes policy.
- 23. 4.76 MLR rises from 9% to 10½%.
- 21. 5.76 MLR rises by 1% to 11½%.
- 25. 5.76 Banks' base rates rise by 1% to 10½%.

7. 6.76 Central banks in G10 countries, Switzerland and BIS make standby credits of \$5bn available to Bank of England.
22. 7.76 Chancellor announces £1 billion cuts in previous public spending estimates for 1977/78.
24. 7.76 The big clearing banks agree to take bigger share of special medium-term lending for exports and shipbuilding as a contribution to cutting the PSNCR in the next financial year.
10. 9.76 MLR rises by 1½% to 13%.
14. 9.76 Banks' base rates rise to 12%.
28. 9.76 Record 4% fall in sterling to \$1.64.
29. 9.76 Chancellor to ask for \$3.9 billion standby credit from IMF.
- 7.10.76 MLR rises by 2% to record 15%, the Bank suspending the market-related formula.
- 11.10.76 Banks' base rates rise by 1½% to 13½%.
- 21.10.76 Midland Bank raises base rate ½% to 14%. Nat West and Lloyds follow on 26 October.
- 27.10.76 HM Treasury gave evidence to the House of Commons Expenditure Committee. Subjects covered included the planning and control of public expenditure; the use of cash limits to ensure that outturn during the year is in line with decisions; and a new financial information system for monitoring the progress of central government expenditure during the year.
- 5.11.76 Second planned call of £350 million of special deposits due 15 November is postponed until 14 December (first call paid on 2 November). Bank of England states that this change does not modify its money supply policy, but is intended to avoid unnecessary strain on banks' reserves and on interest rates.
- 18.11.76 Government imposes squeeze on bank lending. Supplementary Special Deposits scheme (the 'corset') reintroduced: all banks and deposit-taking finance houses required to place with Bank of England special non-interest-bearing deposits in relation to the growth of their interest-bearing eligible sterling liabilities. Exchange control regulations tightened to prevent the sterling financing of third country trade (trade outside that of the UK, the Republic of Ireland, and Gibraltar).
- 19.11.76 MLR reduced by ¼% to 14¾%.
- 3.12.76 Government reaches agreement in principle on package cutting PSNCR by £2 billion in next financial year.
- 9.12.76 Repayment announced of \$1.5 billion drawings on the \$5.3 billion standby facility granted on 7 June 1976. Repayment was made out of the reserves.
- 10.12.76 Bank of England postpones the second half of the call for special deposits originally due 15 November, which would have strained bank liquidity after the reactivation of the 'corset'.
- 15.12.76 In his mini-Budget, Chancellor announces (inter alia):
- a letter of intent sent to the IMF, requesting loan of \$3.9 billion over a two-year period
  - public expenditure to be reduced by a further £1 billion in 1978-79 (at 1976 survey prices)
  - monetary targets to be expressed in terms of domestic credit expansion (DCE) rather than money supply. DCE will be kept to £9 billion in the year ending 19 April 1978; a further reduction to £6 billion is envisaged for the following year
  - sale of part of government stake in British Petroleum to raise £0.5 billion
  - such import controls as were imposed to protect sectors suffering temporarily from import competition will be phased out as soon as possible
  - the 'corset' will be a key instrument in the short term.
- 17.12.76 MLR cut by ¼% to 14½%.
- 21.12.76 Government tightens supervision of exchange control rules governing dealings in investment currency market.
- 24.12.76 MLR cut by ¼% to 14¼% as sterling rises.

## 1977

- 7. 1.77 MLR cut by  $\frac{1}{4}\%$  to 14%.
- 10. 1.77 BIS, backed by major countries, announces medium-term credit facility of \$3 billion to Bank of England as security against withdrawal of foreign official sterling balances.
- 11. 1.77 Chancellor underlines Britain's intention to reduce role of sterling as international reserve currency, by offering new form of UK government security denominated in US dollars or other foreign currencies.
- 13. 1.77 Bank of England releases special deposits.
- 14. 1.77 Bank of England announced issue of £1.25 billion of British government stock, the biggest single issue of stock yet made.
- 21. 1.77 MLR cut by  $\frac{3}{4}\%$  to 13 $\frac{1}{4}\%$ .
- 24. 1.77 Government arranges a \$1.5 billion loan, repayable over 7 years, from euromarket.
- 26. 1.77 Banks' base rates fall by 1% to 13%.
- 27. 1.77 Bank of England releases a further 1% of special deposits, bringing the rate to 2%.
- 28. 1.77 MLR cut by 1% to 12 $\frac{1}{4}\%$ .
- 1. 2.77 Further steps announced to encourage the use of foreign currency for financing exports.
- 2. 2.77 Record increase announced in official reserves by \$3.07 billion to \$7.20 billion, including \$1.2 billion drawings on the \$3.9 billion IMF credit.
- 3. 2.77 MLR lowered by  $\frac{1}{4}\%$  to 12%, and Bank of England suspends relationship of MLR to Treasury bill rate.
- 4. 2.77 Banks' base rates fall by  $\frac{1}{2}\%$  to 12 $\frac{1}{2}\%$ .
- 8. 2.77 \$3 billion safety-net credit scheme to protect UK against withdrawal of sterling balances comes into effect.
- 18. 2.77 Banks' base rate fall by 1% to 11 $\frac{1}{2}\%$ .
- 10. 3.77 MLR cut by 1% to 11%.
- 11. 3.77 Barclays Bank cuts base rate by 1% to 10 $\frac{1}{2}\%$ ; other banks follow.
- 18. 3.77 MLR cut by  $\frac{1}{2}\%$  to 10 $\frac{1}{2}\%$ .
- 29. 3.77 Budget
- 31. 3.77 MLR cut by 1% to 9 $\frac{1}{2}\%$ .
- 31. 3.77 Banks' base rates fall by 1% to 9 $\frac{1}{2}\%$ .
- 7. 4.77 MLR cut by  $\frac{1}{4}\%$  to 9 $\frac{1}{4}\%$ .
- 15. 4.77 MLR cut by  $\frac{1}{4}\%$  to 9%.
- 22. 4.77 MLR cut by  $\frac{1}{4}\%$  to 8 $\frac{3}{4}\%$ .
- 26. 4.77 Banks' base rates fall by  $\frac{1}{2}\%$  to 9%.
- 29. 4.77 MLR cut by  $\frac{1}{2}\%$  to 8 $\frac{1}{4}\%$ .
- 3. 5.77 Banks' base rates fall by  $\frac{1}{2}\%$  to 8 $\frac{1}{2}\%$ .
- 12. 5.77 Bank of England extends 'corset' controls on growth of banking system's resources for a further 6 months.
- 13. 5.77 MLR cut by  $\frac{1}{4}\%$  to 8%.
- 6-7.6.77 Delayed bank holiday, plus an extra one, for Queen's Silver Jubilee. Probably boosted M0.
- 24. 6.77 Government, as announced on 15 December 1976, arranges sale of £560 million of BP shares in order to help reduce the PSNCR in 1977/78.
- 1. 7.77 Government announces £400 million issue of variable rate stock.

15. 7.77 Chancellor announces government's guide-lines for stage 3 of counter-inflation policy:
- PSNCR: Net addition of £0.1 billion to Budget estimates this year offset by effect of development in economy. Measures should not raise PSNCR above Budget forecast of £8.5 billion (within IMF limits).
21. 7.77 Government accepts principle of indexing in tax system: personal tax allowances will increase each year from 1978/79 to keep pace with inflation.
27. 7.77 Bank of England switches from an exchange rate policy of \$1.72 to a pound to one of a stable effective exchange rate, as the dollar weakens.
5. 8.77 MLR cut by ½% to 7½%.
9. 8.77 Banks' base rates fall to 8%.
11. 8.77 Bank of England suspends 'corset' controls on growth of deposits.
12. 8.77 MLR cut by ½% to 7%.
9. 9.77 MLR cut by ½% to 6½%.
13. 9.77 Banks' base rates fall by 1% to 7%.
16. 9.77 MLR cut by ½% to 6%.
- 7.10.77 MLR cut by ½% to 5½%.
- 14.10.77 MLR cut by ½% to 5%.
- 17.10.77 Banks' base rates fall by 1% to 6%.
- 21.10.77 Britannia Building Society (and Abbey National on 6 October) decides not to cut interest rates to investors from 1 November as recommended by BSA.
- 26.10.77 Chancellor announces mini-Budget.
- 31.10.77 After holding down the value of sterling, Bank of England announces that the exchange rate will be allowed to float for the time being.
- 3.11.77 HM Treasury announces that official reserves rose by \$3.04 billion in October to \$20.21 billion, reflecting foreign exchange market intervention by the Bank of England.
- 25.11.77 MLR raised by 2% to 7%.
- 28.11.77 National Westminster Bank raises base rate by 1½% to 7½%. Lloyds Bank raises base rate by 1% to 7%.
- 29.11.77 Midland Bank raises base rate by ¾% to 6¾%.
- 1.12.77 Barclays raises base lending rate by 1½% to 7½%.
- 14.12.77 Chancellor writes to the IMF stating:
- The government is determined to continue its firm control of public spending and the counter-inflationary thrust of its monetary policy.
  - Domestic credit expansion in 1977/78 and the first quarter of 1978/79 together are expected to be within the total of £7.7 billion earlier envisaged for 1977/78 alone.
  - The PSNCR for 1978/79 is not expected to exceed the £8.6 billion figure announced a year earlier.
- 15.12.77 From 1 April 1978 new sterling export credits of 2 years and more would be made available, of which banks would finance a higher proportion, thus relieving the Export Credit Guarantee Department.
- 21.12.77 Certain exchange controls were relaxed in line with the 1972 terms of accession to the EEC.
- 1978**
6. 1.78 MLR cut by ½% to 6½%.
9. 1.78 Barclays, Lloyds and National Westminster banks cut base rate by ½% to 6½%.
26. 1.78 Government to repay \$1 billion of its IMF loan before due dates.

11. 4.78 Budget includes:  
IMF loans: Arrangements to be made to prepay a further \$1 billion to the IMF this year in addition to the \$1 billion prepayment announced in January. New bond: British government \$350 million issue to be made in the New York market.
14. 4.78 MLR raised 1% to 7½%.
20. 4.78 Banks' base rates rise by 1% to 7½%.
5. 5.78 MLR raised by 1¼% to 8¾%.
10. 5.78 Banks' base rates rise to 9%.
12. 5.78 MLR raised by ¼% to 9%.
25. 5.78 Bank of England abandons market-related formula for determining official Minimum Lending Rate and pegs rate at present 9%. In future rate will be determined by administrative decision.
8. 6.78 Government forced by market pressures and low level of gilt sales to introduce package of restrictive monetary and fiscal measures: MLR up by 1% to 10%; reactivation of 'corset' controls.
12. 6.78 Banks' base rates rise by 1% to 10%.
17. 7.78 Bank of England allows banks another 7 weeks before payment of £440 million due 24 July as special deposits.
17. 8.78 Government extends credit squeeze on banks to mid-1979.
- 30.10.78 Government repays \$1 billion to IMF.
- 3.11.78 Barclays increases base rate by 1½% to 11½% and raises deposit rate by 2% to 9%.
- 6.11.78 Banks raise base rates by 1½% to 11½% and deposit rates by 2%.
- 9.11.78 Announcement that the target for sterling M3 growth for year to October 1979 will be 8-12%. MLR raised by 2½% to 12½%.
- 15.11.78 Banks' base rate rise by 1% to 12½%.
- 5.12.78 European Monetary System to start on 1 January without UK (but see 12.3.79).
- 8.12.78 Building societies authorised by government to lend 9% more next year - £700 million a month.
- 1979**
28. 1.79 Cash limits on public sector spending. Treasury ministers to minimise any adjustments in cash limits on public spending to accommodate increases in pay above official guide-lines.
8. 2.79 MLR rises by 1½% to 14%.
14. 2.79 Bank of England cuts rate of call of special deposits by 2% to 1% (to rise to 2% on 9 March and 3% on 30 March) releasing £¾ billion into the banking system. Banks raise base rate by 1% to 13½%.
1. 3.79 MLR cut by 1% to 13%.
5. 3.79 Bank announces cancellation of the 1% recall of special deposits due 9 March.
6. 3.79 Banks' base rates fall by ½% to 13%.
12. 3.79 European Monetary System starts after 2½ month delay (without UK).
15. 3.79 Bank announces the temporary release of 1% special deposits from 19 March, to be recalled 23 April.
26. 3.79 Bank announces postponement of 1% recall of special deposits, scheduled for 30 March, until 8 May.
29. 3.79 General election to be held on 3 May.
3. 4.79 Interim Finance Bill. Increases in personal income tax allowances in line with inflation as required by the Rooker-Wise amendment, to take effect in August.
5. 4.79 Bank of England cuts MLR by 1% to 12% to stem currency inflow. Banks' base rates fall by 1%

to 12%.

3. 5.79 Conservative Party win general election with majority of 43.
4. 5.79 Margaret Thatcher becomes Prime Minister.
12. 6.79 Sir Geoffrey Howe announces his Budget, including:  
Income tax: basic rate down from 33p to 30p in the pound.  
Tax relief on loans: transitional relief on loans taken out before 26 March 1974 (on second homes) to be extended up to 5 April 1982 (instead of 1980). Government to consider rules on interest tax relief, particularly for investment in small companies.  
VAT: raised to unified level of 15% from present rates of 8% and 12½%.  
MLR: raised by 2% to 14%.  
Bank lending: official corset controls continued for further three months to mid-December.  
Money supply: target range for growth in sterling M3 reduced from annual rate of 8-12% to 7-11% in 10 months to April 1980. Target to be rolled forward by 6 months next October. Public sector borrowing: to be cut to £8¼ billion or 4¼% of GDP in current financial year. State-owned assets: sales this year to amount to £1 billion. Biggest slice comes from disposal of further part of government shareholding in British Petroleum.
15. 6.79 Banks' base rates rise by 2% to 14%.
5. 7.79 UK removes exchange restrictions on non-banks' use of sterling to finance third country trade.
18. 7.79 UK removes exchange restrictions on outward direct investment and on portfolio investment in securities in EEC currencies or from international organisations.
- 1.10.79 Banking Act 1979 comes into force.
- 23.10.79 Chancellor announces the removal of all remaining exchange controls from 24th, apart from those in relation to Rhodesia.
- 12.11.79 Bank of England announces allocation terms of the government sale of 5% of British Petroleum, at a share issue price of 363p.
- 13.11.79 National Westminster Bank raises base rate to 15½%.
- 15.11.79 Chancellor in his statement on monetary policy announces several measures aimed at controlling the growth of the money supply:  
- MLR increased to a record 17%.  
- The limit on holdings of index-linked national savings certificates retirement issue to be increased from £700 to £1,200.  
- A new ordinary national savings certificate to be introduced early in 1980.  
- The interest rate on the National Savings Bank investment account to be raised to 15% from 1 January 1980.  
- Collection of petroleum revenue tax to be advanced 2 months 'to reduce this year's PSNCR by £0.7 billion'.  
- Renewal of Supplementary Special Deposits or 'corset' for further 6 months.  
- Bank of England and Treasury to issue discussion paper on techniques of monetary control.  
- Extension from 10 to 16 months of period covered by the present target range for sterling M3 of 7% - 11% per annum.
- 19.11.79 Banks' base rates rise from 14% to 17%.
- 1980**
21. 3.80 Green paper on monetary control published (Cmnd 7858).
26. 3.80 Budget includes:  
Money supply: target for growth of M3 for 14 months from February this year to mid-April 1981, 7 to 11% at annual rate. Target rate of 6% by 1983/84. Supplementary special deposits scheme - the corset - not to be extended beyond mid-June. Monetary target involves substantial further slow-down in underlying monetary growth and PSNCR of not more than 4% of national income in 1980/81, implying PSNCR of no more than £8.5 billion.

18. 6.80 Supplementary Special Deposits scheme ends, leading to a large increase in sterling M3 as business is re-intermediated by the banks.
3. 7.80 MLR cut by 1% to 16%.
7. 7.80 Clearing banks cut base rates by 1% to 16%.
- 24.11.80 The Chancellor announces new measures including:  
Savings: eligibility for index-linked national savings certificates to be extended to raise at least £3 billion next year.  
Monetary growth: rate expected to slow down during rest of 14-month period to April but likely to exceed 7-11%.  
Borrowing: public sector borrowing to be about £11.5 billion in 1980/81.  
State spending: central government programmes except health cut by 2% next year to produce savings of over £1 billion to offset additional expenditure on nationalised industries, employment measures and unemployment benefit.  
Monetary control: reserve assets ratio to be phased out; money market to be allowed a greater role in determination of short-term interest rates, future of clearing banks' cash ratio to be considered and additional statistics for bank retail deposits to be collected (see 22.6.81). MLR cut to 14%.
- 25.11.80 Base rates cut by 2% to 14%.
- 1981**
- 3.81-2.82 Civil Service dispute delays tax: impact on CGNCR estimated at +£2.2bn March-August 1981, -£1.8bn Dec 1981 to Feb 1982.
10. 3.81 Budget includes:  
Interest rates: MLR down by 2% to 12%.  
Money supply target: new target range for M3 to be annual rate of 6-10% in 14 months to April 1982.  
Index-linked gilt: indexed securities to be sold to pension funds, life insurance companies and friendly societies.  
Granny bonds: reduction from 60 to 50 years in eligible ages for index-linked bonds. Minimum bonus of 4% for new and existing holders.  
Special tax, for one year only, on certain deposits held by banking businesses; proceeds estimated (in March 1982) at £0.4 billion.
11. 3.81 Clearing banks cut base rates by 2% to 12%. Building societies reduce basic mortgage rate by 1% to 13%.
30. 3.81 364 leading economists publish a joint statement criticising the Government's economic policies.
1. 6.81 Loan guarantee scheme for small businesses in operation.
22. 6.81 Major changes in the system of monetary control to be introduced from 20 August. Recognised banks and licensed deposit-takers above a stated size will have to place non-interest-bearing deposits equivalent to 0.5% of their eligible liabilities with the Bank; recognition that finance houses face transitional problems which may require temporary alleviation; criteria for the expanded club of banks whose bills are eligible; and an expansion of the list of bodies included in the monetary statistics. See September 1981 *Quarterly Bulletin*, page 347.
- 29.7.81 Bank holiday for Royal wedding. May have boosted M0 slightly.
20. 8.81 MLR suspended to allow more flexibility in short-term interest rates, as part of new framework of monetary control (see 22.6.81).

21. 8.81 The main changes in monetary control are:
- (i) The publication of Minimum Lending Rate is discontinued.
  - (ii) Short-term interest rates to be kept within undisclosed band through open market operations.
  - (iii) The requirement of banks to monitor a minimum reserve asset rate is abolished.
  - (iv) The requirement of the London clearing banks to hold 1½% of their eligible liabilities with the Bank in non-interest bearing form is abolished.
  - (v) All banks and licensed deposit-takers to hold ½% of their eligible liabilities with the Bank.
- Inflation-proofed national savings (granny bonds) made available to everyone.
16. 9.81 Banks' base rates rise by 2% to 14%.
- 1.10.81 Banks' base rates rise by 2% to 16%.
- 14.10.81 Banks' base rates fall by ½% to 15½%.
- 9.11.81 Banks' base rates fall to 15%.
- 3.12.81 Banks' base rates fall by ½% to 14½%.

## 1982

25. 1.82 Banks' base rates fall by ½% to 14%.
25. 2.82 Banks' base rates fall by ½% to 13½%.
9. 3.82 Budget includes:  
Nationalised industries: British Telecom authorised to introduce its 'Buzby' bond in autumn with initial sale of up to £150 million.  
Money supply: target range for £M3, PSL2, and M1 for 1982/83 is 8-12%, consistent with growth of money GDP at 10% a year.  
PSNCR set at £9.5 billion for 1982/83.  
Public expenditure to increase in 1982/83 £350 million.
12. 3.82 Banks' base rates fall by ½% to 13%.
8. 6.82 Banks' base rates fall by ½% to 12½%.
14. 7.82 Banks' base rates fall by ½% to 12%.
19. 7.82 Between 19 July and 17 August the clearing banks cut 1% off the base rate in 2 stages.
27. 7.82 Hire purchase controls on cars and other consumer goods abolished.
2. 8.82 Banks' base rates fall by ½% to 11½%.
18. 8.82 Banks' base rates fall by ½% to 11%.
31. 8.82 Banks' base rates fall by ½% to 10½%.
- 10.82 Sales of shares in Standard Telephone & Cables oversubscribed by at least £2.3bn. Not thought to have distorted end-October statistics materially.
- 7.10.82 Banks' base rates fall by ½% to 10%.
- 14.10.82 Banks' base rates fall by ½% to 9½%.
- 5.11.82 Banks' base rates fall by ½% to 9%.
- 15.11.82 Sterling falls sharply against the dollar and the D-Mark.
- 19.11.82 70% Britoil shares offered to public left with underwriters.
- 26.11.82 A bank raises base rate by 1% to 10%, followed by other banks raising their base rates to 10 - 10¼%.

## 1983

12. 1.83 Banks' base rates rise to 11%.

11. 2.83 Government sale of 49% of shares in Associated British Ports 35 times (oversubscribed). Issue price of shares 112p, £49mn raised.
15. 3.83 Banks' base rates fall by ½% to 10½%.  
Chancellor's Budget. Main points include:  
Mortgages: limit up to which repayments qualify for tax relief rises from £25,000 to £30,000, costing about £50 million.  
Money supply: the growth target for £M3, PSL2 and M1 for 1983/84 is set at 7-11%.  
Public borrowing: PSNCR set at 2.75% of gross domestic product - i.e. £8 billion.
15. 4.83 Banks' base rates fall by ½% to 10%.
21. 4.83 £1 coin comes into circulation.
9. 6.83 Conservative Party wins the general election (announced 9.5.83) with an overall majority of 144 seats.
15. 6.83 Banks' base rates fall by ½% to 9½%.
7. 7.83 Government agrees to an emergency package of £0.5 billion in expenditure cuts in the current financial year and to the raising of an equal amount by extra sales of public assets.
16. 8.83 Modified controls for London money markets come into force. Changes reduce the level of balances the banks are required to leave with the discount houses from 4% to 2¾%, a move designed to give the banks more flexibility in covering shortages which may develop in the interbank market.
9. 9.83 Abbey National gives 3 months' notice to withdraw from the Building Societies Association interest rate cartel (see 21.10.83).
23. 9.83 Government sells 130 mn British Petroleum shares by tender. Oversubscribed: applications at or above the striking price (435p) were 1.3 times the number of shares offered. Government received £460 mn (gross of expenses) from the initial instalment.
- 4.10.83 Banks' base rates fall by ½% to 9%.
- 21.10.83 Building societies agree to end their interest rate cartel and to set their own savings and mortgage rates.
- 17.11.83 Chancellor's Autumn Statement includes:  
(i) Special sales of assets are forecast to be £0.4 billion higher.  
(ii) The National Insurance contribution earnings limit raised.
- 27.11.83 The Government is to raise at least £262 million by selling 100 million shares in Cable & Wireless.
- 1984**
21. 2.84 Fixed scales of commission on securities deals in the London stock market are to be dismantled on a set date from Autumn 1985. As an interim step, a big cut in its minimum commission scales on dealings with Government securities is to come into effect on 9 April.
24. 2.84 Inland Revenue imposes full Corporation Tax rate on building societies' profits from trading in gilt-edged securities to take effect today.
7. 3.84 Barclays Bank to cut base rate by ¼% to 8¾%.
12. 3.84 184,000 mine workers strike and work at half the 172 producing pits halted.
13. 3.84 Nigel Lawson, Chancellor of the Exchequer, announces his Budget.  
Main points include:  
Target PSNCR is £7.25 billion.  
Money supply: target range for sterling M3 will be set at 6-10%, and for M0 set at 4-8%.
15. 3.84 National Westminster, Midland and Lloyds Banks cut base rate from 9 to 8½%.
23. 3.84 The limit of 29.9% on outside ownership of Stock Exchange firms to be raised to 49.9% by the autumn and removed altogether by 1985.
10. 4.84 Government to raise £48.5 million through sale of its remaining 48 ½% stake in Associated British Ports, at an issue price of 270p.

- 1. 5.84 Finance houses cut base rate by ½% to 9%.
- 10. 5.84 Banks' base rates rise to 9 - 9¼%.
- 19. 6.84 Government announces Enterprise Oil flotation (35% of shares were left with underwriters). The issue price of shares was 185p; £382mn was raised.
- 27. 6.84 Banks' base rates rise by ¼% to 9¼%.
- 9. 7.84 Banks' base rates rise from 9¼% to 10%.
- 11/12.7.84 Banks' rates rise from 10% to 12%, halting the recent exchange rate pressure.
- 23. 7.84 Publication of Green Paper "Building Societies: A New Framework"(Cmnd 9316).
- 31. 7.84 Possibly some distortion to end-July statistics from build-up of funds for Jaguar (see 3.8.84).
- 3. 8.84 Jaguar sale by British Leyland oversubscribed 7 or 8 times. Actual proceeds £297 mn.
- 9. 8.84 Banks' base rates fall from 12% to 11½%.
- 10. 8.84 Banks' base rates fall from 11½% to 11%.
- 20. 8.84 Banks' base rates fall from 11% to 10½%.
- 26.10.84 British Telecom dummy prospectus issued.
- 7.11.84 Banks' base rates fall from 10½% to 10%.
- 12.11.84 Chancellor's Autumn Statement: £1 note to be withdrawn. No new issues after 31.12.84. Legal tender for at least a year. ½p coin to be withdrawn. Withdrawals of the £1 note were in practice broadly matched by issues of the £1 coin during the months of 1985, so no substantial impact on M0.
- 15.11.84 New £20 note issued.
- 16.11.84 British Telecom share price (130p) announced.
- 20.11.84 Barclays reduce base rate from 10% to 9 ¾%.
- 20.11.84 British Telecom prospectus published.
- 23.11.84 National Westminster, Midland, Lloyds cut base rate from 10% to 9½%.
- 28.11.84 Privatisation of British Telecom. Central government received £1.5bn: £0.6bn payable by UK non-institutional investors on 28 November, £0.7bn by UK institutions on 5 December, £0.2bn by non-residents on 11 December. Oversubscribed: applications totalled some £5 ½bn; broad money distorted upwards, distortion unwound in December. M0 also boosted in December by high bankers' balances while subscription monies were in transit in the banking system.
- 10.12.84 BT letters of acceptance and oversubscription refund cheques sent out.

## 1985

- 11. 1.85 Banks' base rates rise to 10½% from 9½%.
- 14. 1.85 Banks' base rates rise to 12% (and Bank of England Minimum Lending Rate reactivated for one day).
- 28. 1.85 Sharp fall in sterling precipitated very sharp fall in gilt prices. Led to a 45 minute suspension of the gilt market at mid-day. Banks' base rates rise from 12% to 14%.
- 18. 2.85 Lloyds introduce high interest cheque account.
- 19. 3.85 Budget
- 19. 3.85 Bank of England announces arrangements to facilitate issues of 1-5 year securities by companies.
- 21. 3.85 Banks' base rates fall from 14% to 13½%.

End-March	Surge in bank lending as leasing companies borrowed £1bn to finance capital investment (pre-empting a fall in investment allowances). £M3 also boosted. Little evidence of unwinding of these surges in subsequent months.
29. 3.85	National Westminster and Lloyds reduce base rates from 13½% to 13%.
2. 4.85	Lloyds make special gross interest payment to depositors.
4. 4.85	Barclays make special gross interest payment to depositors. Barclays and Midland cut base rates from 13½% to 13¼%.
12. 4.85	Barclays Bank and Midland cut base rates from 13¼% to 12¾%.
15. 4.85	Co-op launches a high interest deposit account.
19. 4.85	National Westminster and Lloyds cut base rates from 13% to 12½%.
22. 4.85	Barclays Bank £500 million rights issue.
30. 4.85	Co-op announces a high interest current account for small businesses.
1. 5.85	Lloyds Bank issues \$600 million floating rate note (subsequently increased to \$750 mn).
3. 5.85	Standard Chartered Bank issues \$400 million floating rate note.
7. 5.85	Midland Bank issues \$500 million floating rate note.
10. 5.85	First call on British Aerospace sale (raises £170 million for HMG, and £100 mn for BAe). Share price announced 1.5.85. Applications due by 10 am on 10.5.85.
21. 5.85	Standard Chartered Bank launch £FRN (£150 million initially and £150 million as a tap).
4. 6.85	Barclays announce \$600 million FRN.
12. 6.85	Barclays and Midland Banks cut base rate from 12¾% to 12½%. 10am deadline to subscribe to ITT's sale of Abbey Life. Up to £4bn chasing £241 mn of shares. Broad money temporarily distorted upwards, at least at mid-June.
14. 6.85	Abbey Life (private sector) share sale allocation announced. Oversubscribed, but thought not to have distorted end-June statistics.
1. 7.85	New index-linked national savings certificate introduced.
2. 7.85	Government announced that it has decided to abolish capital gains tax on gilt-edged stocks and qualifying corporate bonds.
4. 7.85	Hanson Trust rights issue (first instalment).
14. 7.85	First payment of composite rate tax by banks.
15. 7.85	Banks' base rates fall from 12½% to 12%.
26. 7.85	Government announces improvements to variable rate facilities for government loans to the rest of the public sector (should reduce bank lending to the 'other public sector').
29. 7.85	Banks' base rates fall from 12% to 11½%.
30. 7.85	Britoil sale announced, at an issue price of 185p.
31. 7.85	Deferred payment scheme for £1 coin ends.
8. 8.85	10 am deadline for Britoil applications.
9. 8.85	Allotment of Britoil announced (£1.25 billion subscribed; £0.8 billion by unsuccessful applicants).
16. 8.85	Midland announce \$500 million FRN.
19. 8.85	£0.2 billion cheques posted to partly successful Britoil applicants.
30. 8.85	Hanson Trust rights issue (2nd instalment).
1. 9.85	Building societies lower rates by 1¼% and change account structures.
21. 9.85	Plaza Agreement. G5 countries' (USA, UK, Japan, W. Germany, France) ministers agree closer co-operation on stabilising world economy.
27. 9.85	Hanson Trust rights issue (3rd instalment).

- 7.10.85 Settlement date for HMG \$2.5 billion FRN issue.
- 17.10.85 Mansion House Speech: £M3 target for 1985/86 dropped.
- 6.11.85 National Westminster announce \$500 million FRN. Bank of Scotland advertises completion of \$250 million FRN sale.
- 29.11.85 Laura Ashley share sale. Oversubscribed by over £1bn: may have affected the monetary statistics, but not thought to be any large distortion.
- 3.12.85 National Westminster, Barclays and Lloyds announce "free banking".
- 4.12.85 Prudential Assurance enters mortgage market (plans to lend £1.5 billion in first year).
- 11.12.85 Cable & Wireless share sale, issue price 587p.
- 12.12.85 Cable & Wireless allocation announced. Central government receives £0.3bn in December. No material distortion to end-December statistics.
- 31.12.85 HMT/Bank say £1 note will remain legal tender until well into the New Year. Strike at Midland Bank's computer centres.

## 1986

- 9. 1.86 Banks' base rates rise from 11½% to 12½%.
- 13. 2.86 Acceptance letters sent out for Wellcome share issue (£4¼ billion held on suspense account on 12. 2.86, subscribed for only £250 million of shares). Probably no distortion to end-month statistics.
- 18. 3.86 Budget.
- 19. 3.86 Banks' base rates fall from 12½% to 11½%.
- 27. 3.86 Bank lending probably increased to pre-empt a fall in investment allowances (see also end-March 1985).
- 8. 4.86 Banks' base rates fall from 11½% to 11%.
- 21. 4.86 Banks' base rates fall from 11% to 10½%.
- 29. 4.86 Chancellor announced change to Banking Act, allowing a commercial paper market.
- 30. 4.86 Barclays announce new Business Premium Account.
- 20. 5.86 First issues of commercial paper expected.
- 22. 5.86 National Westminster reduces base rate from 10½% to 10%.
- 27. 5.86 Other clearing banks reduce base rate to 10%.
- 1. 6.86 Building societies reduce deposit rate by ¾%.
- 6. 6.86 National Westminster rights issue allotment letters posted (final payment date 27/6).
- 25. 6.86 Application date for Thames Television share sale (£870 million subscribed for some £30 million worth of shares).
- 26. 6.86 Application date for Morgan Grenfell tender (32 mn shares in holding company at 425p minimum; £750 million subscribed for £160 million worth of shares).
- 27. 6.86 Final payment date for National Westminster rights issue (£714 million) allotment letters posted 6. 6.86.
- 30. 6.86 Potentially some boost to monetary aggregates from oversubscription to Thames Television and Morgan Grenfell (see above). Some £1.5bn of applicants' funds were on suspense accounts at end-June (of which 60% is added back to non-interest-bearing deposits in the statistics and 40% deducted from bank lending, both adjustments being done - probably wrongly in this instance - to private non-financial corporations' figures).
- 15. 7.86 TV am share sale oversubscribed (about £200 million subscribed for £20 million worth of shares; ballot; allotment letters on 22. 7.86).
- 29. 8.86 Yorkshire Television share sale oversubscribed (£525 million subscribed for £8 million of shares). Thus £0.5bn on suspense at end-August, allocated by the normal rule in the statistics (see e.g. 30.6.86).

- 12. 9.86 Trustee Savings Bank announces details and price of share issue at 100p.
- 24. 9.86 TSB applications in by 10.00am. The monetary statistics (including their sectoral split) were distorted by the share sale at end-September and, possibly, end-October: see 30.6.86 and pages 475-6 of the December 1986 *Quarterly Bulletin*. £M3 thought to be distorted by up to £2-2½bn at end-September.
- 29. 9.86 TSB allocation basis announced. Acceptance letters posted 9.10.86.
- 10.10.86 TSB group plc (non-bank holding co) receive £680 million proceeds of sale.
- 14.10.86 Banks' base rates rise from 10% to 11%.
- 16.10.86 Mecca share sale: about £420 million subscribed for £35 million of shares; dealings start 23.10.86.
- 27.10.86 "Big Bang" day in UK securities markets.
- 30.10.86 Banks move from mid to end-month reporting to Bank of England. Their cash ratio deposits at the Bank were reduced from 0.5% to 0.45%, of eligible liabilities (no effect on M0, which excludes cash ratio deposits).
- 21.11.86 British Gas price announced.
- 25.11.86 British Gas application forms available (posted to arrive 27.11.86).
- 28.11.86 M3 thought to be boosted by £½ - 1bn by build-up of funds in advance of British Gas share sale.
- 3.12.86 British Gas applications due by 10.00am.
- 8.12.86 British Gas share allocation announced and dealings begin; £1.8 billion raised.
- 15.12.86 British Gas letters of acceptance posted.
- 23.12.86 Withdrawal of mortgage lending guidance.

## 1987

- 1.87 The Building Societies Act 1986, giving societies new powers, comes generally into force.  
Personal Equity Plans introduced. Annual limit on investment £2,400, maximum one quarter in a qualifying unit trust (with at least 75% of holdings in UK equities). Plan must be held for at least one complete calendar year. Direct investment must be in ordinary shares in UK companies.
- 27. 1.87 British Airways sale price announced (125p).
- 30. 1.87 British Airways application forms received.
- 6. 2.87 Applications close at 10.00am for British Airways sale (min application is 400 shares, 65p payable now, 60p payable on 18 August). Not thought to have distorted the monetary statistics materially. Raised £0.5bn for central government, probably largely from UK residents.
- 11. 2.87 First day of dealing in British Airways shares.
- 16. 2.87 British Airways allotment letters sent out.
- 22. 2.87 Louvre agreement between the US, Japan, W. Germany, France, UK and Canada to stabilise exchange rates.
- 10. 3.87 Banks' base rate fall from 11% to 10½%.
- 17. 3.87 Budget Day.
- 19. 3.87 Banks' base rates fall from 10½% to 10%.
- 15. 4.87 Customs & Excise strike delays receipt of £1.7 billion revenue until 23.4.87.
- 28. 4.87 Announcement of Rolls Royce sale (on 7. 5.87), issue price 170p.
- 29. 4.87 Banks' base rates fall from 10% to 9½%.
- 7. 5.87 Rolls Royce sale: £2.6 billion subscribed for shares worth £0.3 billion in partly-paid form. Not thought to have distorted end-May statistics.
- 11.5.87 Banks' base rates fall from 9½% to 9%.
- 18. 5.87 Rolls Royce oversubscription cheques sent to applicants.
- 26. 5.87 Barry Wehmiller share sale announced (exact timing unknown; £0.7 billion subscribed for £21

- million of shares).
28. 5.87 Oversubscription monies return from Pickwick share sale (£0.5 billion subscribed for £9 million of shares); possibly some inflation of monetary aggregates at end-May (29/5).
- end-May £190 million VAT rebates delayed to June by Customs & Excise strike.
- 6.87 Lending boosted by £0.4bn by a bank group restructuring, offset in sterling non-deposit liabilities.
3. 6.87 Barclays "Connect" debit card introduced.
9. 6.87 Second call on British Gas (£1.7 billion). Tie Rack share sale (£1 billion subscribed for £13 million of shares).
11. 6.87 General Election.
15. 6.87 Tie Rack allotment letters and oversubscription monies sent out. Not thought to have distorted end-June statistics.
16. 6.87 Announcement of British Airports Authority (BAA) privatisation.
26. 6.87 Caradon share sale (£1.3 billion subscribed for £34 million shares; banks held £1.1bn at end-June; inter alia probably distorted private non-financial corporations' deposits upwards by some £0.6bn in the statistics, and households' and possibly other financial corporations' deposits downwards; see 30.6.86).
27. 6.87 BAA pathfinder prospectus published.
30. 6.87 Possibly some boost to monetary aggregates from Pickwick and other oversubscribed issues (see above).
2. 7.87 Caradon allotment letters and return cheques sent out.
10. 7.87 BAA prospectus published.
16. 7.87 (10.00am) BAA sale application date, issue price 245p. New versions of £5 and £10 note introduced.
20. 7.87 BAA fixed price allocation announced.
22. 7.87 BAA tender allocation announced.
23. 7.87 Debenham, Tewson & Chinnock share offer closed £190 million oversubscribed.
28. 7.87 BAA allotment letters and return cheques posted. Some £0.5bn still held on banks' suspense accounts at end-July.
- 7.87 £1.0 billion switched by a bank from sterling to currency capital, reflecting provisions on third world debt.
- 8.87 £0.5 billion switched by a clearing bank from sterling to currency capital.
7. 8.87 Banks' base rates rise from 9% to 10%.
3. 9.87 Midland Bank rights issue (£700 million) increased sterling net non-deposit liabilities, a contractionary influence on broad money.
29. 9.87 Security Archives offer closed £120 million oversubscribed.
- 2.10.87 TSB announce £777 million take-over bid for Hill Samuel (acquisition in November).
- 15.10.87 British Petroleum (BP) share price announced (330p).
- 19.10.87 Stock market crash.
- 26.10.87 Banks' base rates fall from 10% to 9½%.
- 28.10.87 10.00 am cut off for BP applications.
- 29.10.87 BP issue to go ahead (Bank of England Issue Dept to buy partly paid shares at 70p from 7.11.87 for a period of a few months). Undersubscribed. BP received £1.5bn proceeds on 30/10 from government; probably some boost to monetary aggregates at end-October, as government received some £0.9bn of the proceeds from underwriters etc. only in November.
- 2.11.87 Non-guaranteed BP applicants - cheques cleared.
- 5.11.87 Banks' base rates fall from 9½% to 9%.

- 9.11.87 First posting date for BP return cheques.
- 4.12.87 Banks' base rates fall from 9% to 8½%.

## 1988

- 1. 1.88 Building societies' wholesale funding limit raised from 20% to 40% of total liabilities.
- 6. 1.88 Latest date for closure of Bank's BP offer.
- 2. 2.88 Banks' base rates rise from 8½% to 9%.
- 7. 3.88 DM/£ exchange rate cap removed.
- 11. 3.88 Series D £1 note called in (announced 17.12.87).
- 15. 3.88 Budget. Abolition of multiple mortgage tax relief with effect from 1.8.88 prompts a surge in mortgage lending April-July. Also abolition of tax relief for loans for home improvement with effect from April prompts some rise in such lending in March.
- 17. 3.88 Banks' base rates fall from 9% to 8½%.
- 7. 4.88 UK Paper offer closed £430 million oversubscribed.
- 11. 4.88 Banks' base rates fall from 8½% to 8%.
- 22. 4.88 Personal Equity Plans - annual limit on investment increased to £3,000 (previously £2,400).
- 13. 5.88 Thorntons offer closed £170 million oversubscribed. Not thought to have distorted end-May statistics.
- 18. 5.88 Banks' base rates fall from 8% to 7½%.
- 19. 5.88 Barclays (parent) rights issue (£920 million) increased sterling net non-deposit liabilities, a contractionary influence on broad money.
- 20. 5.88 Prowting offer closed £400 million oversubscribed, still on banks' suspense accounts at end-May.
- End-May Barclays rights issue adds £0.9 billion to sterling capital of bank.
- 2. 6.88 Banks' base rates rise from 7½% to 8%.
- 6. 6.88 Banks' base rates rise from 8% to 8½%.
- 22. 6.88 Banks' base rates rise from 8½% to 9%.
- 28. 6.88 Banks' base rates rise from 9% to 9½%.
- 7.88 Continuing surge in mortgage lending: see 15.3.88. Also a modest amount (£0.3bn) of new bank lending identified as take-over finance.
- 4. 7.88 Banks' base rates rise from 9½% to 10%.
- 18. 7.88 Banks' base rates rise from 10% to 10½%.
- 21. 7.88 New £50 note issued.
- 1. 8.88 Building societies raise mortgage rates. Deadline for multiple mortgage tax relief (announced in Budget).
- 8. 8.88 Banks' base rates rise from 10½% to 11%.
- 25. 8.88 Banks' base rates rise from 11% to 12% after bad July trade figures.
- 30. 8.88 BP second instalment (£2,140 million, much of it from the Kuwait Investment Office).

- 1.8-9.9.88 Postal strike. Abnormal cash holdings by Post Office boost M0 by about 0.8 percentage points in September, unwound in October. No identified effect on M4.
- 7.10.88 Announcement of British Steel privatisation.
- 11.10.88 First tender for ECU Treasury Bills (announced 14.9.88).
- 26.10.88 Lloyds Bank announced interest on current accounts from 4.1.89.
- 28.10.88 British Steel pathfinder prospectus published.
- 1.11.88 Former Licensed Deposit Takers cease to be able to draw eligible bills to finance consumer and leasing credit receivables (BoE notice to former LDTs of 3.10.88). Probably increased bank sterling lending and broad money by some £0.3bn to £0.4bn in November and about £0.3bn in January 1989.
- 7.11.88 National Westminster announces an interest-bearing current account ("in the new year").
- 23.11.88 British Steel share price announced (125p, central government to receive £1.2bn from instalment).
- 25.11.88 Banks' base rates rise from 12% to 13% after bad October trade figures.
- 2.12.88 British Steel applications closing date.
- 5.12.88 British Steel share dealings begin.
- 12.12.88 British Steel allocation letters posted.
- 1989**
4. 1.89 Lloyds introduces interest-bearing current account (announced 26.10.88). By end-March other large banks had also introduced interest-bearing current accounts. Non-interest-bearing deposits declined steadily.
11. 1.89 Abbey National announces details of their flotation.
6. 2.89 Barclays introduces interest-bearing current account.
20. 2.89 Midland pays interest on current accounts (announced 3.1.89).
- w/e 10. 3.89 Bank of Scotland and Clydesdale Bank announce withdrawal of their £1 note (total circulation of £27 million).
13. 3.89 National Westminster pays current account interest (announced 7.2.89). Kuwait Investment Office (KIO) pays £0.8bn to central government to make its holding of British Petroleum shares fully paid; BP repurchases £1.95bn worth of BP shares from KIO. Probably no direct effect on M4 or its sterling lending counterpart.
14. 3.89 Budget:  
"Sterling issues" market notice widens range of sterling commercial paper issuers. In principle could lead to disintermediation from the banks, but no immediate significant effect.
31. 3.89 Market notice on "CD issues" allows banks and societies to issue SCP and other 0-5 year paper. Included in M4. Issues by banks and societies were modest, at least initially.
6. 4.89 Personal Equity Plans - annual limit on investment increased to £4,800 (previously £3,000).
11. 4.89 Abbey National members vote for PLC status.
21. 4.89 Banks agree to higher cheque card limits.
24. 5.89 Banks' base rates rise from 13% to 14%.
- 6.89 Large fall in the official reserves.
1. 6.89 Write-off of £51 million of series C Bank of England notes (break in M0 series - last such break in 1983 - next in 1998).
15. 6.89 Abbey National announces share price (130p), 750 million shares offered to members (i.e. £975 million raised); plus 560 million shares distributed free to members.
26. 6.89 National dock strike begins.
29. 6.89 Closing date for Abbey National share applications (cheques put into clearing - 40% of applicants paid by cheque). Offer 2.7 times oversubscribed (i.e. £2.6 billion subscribed).

- 7-9.89 Sizeable take-over-related borrowing from banks (some £2.1bn identified). Other effects in the monetary statistics, and subsequent repayments, hard to trace.
- 7.89 Abbey National treated as a bank instead of a building society in the statistics with effect from 1.7.89. £M3 (and M1) abolished.
- 2. 7.89 Abbey National accounts debited, for applicants paying direct from accounts (60% of applicants did so). M4 probably depressed in July because of the increase of £0.9bn in Abbey's capital.
- 3. 7.89 Abbey National share allocation announced.
- 12. 7.89 Abbey share dealings begin.
- 8.89 Banks' sterling lending included up to £1.8bn of identified gross new lending in finance of corporate take-overs.
- 8.89 Banks make provisions of around £2 billion against third world debt. Probably led to a shift of £1bn from sterling capital (within 'sterling non-deposit liabilities' in M4's counterparts) to foreign currency provisions (within M4's external and foreign currency counterparts).
- 26. 9.89 £1,295 million call on British Steel shareholders. Added to public sector surplus; probably tended mainly to depress M4.
- 9.89 Halifax Building Society introduces a cheque account.
- 10.89 Large fall in the official reserves.
- 5.10.89 Banks' base rates rise from 14% to 15%.
- 19.10.89 Mansion House Speech (funding measure redefined to exclude Treasury bills).
- 26.10.89 Nigel Lawson resigns as Chancellor. Replaced by John Major.
- 11.89 Further provisions (£1.8bn ) by banks against third world debt. Probably led to a shift of £0.5bn from sterling capital to foreign currency provisions (see August).
- 22.11.89 Water privatisation: price announced (240p).
- 27.11.89 Water application forms posted to arrive this week.
- 12.89 Sizeable take-over-related borrowing from banks (some £0.8bn of gross new borrowing identified). The net effect of this and other special factors (e.g. the privatisation of the water companies - see below) probably inflated both sterling lending and M4 in December.
- 1.12.89 Due date for Mainstream Corporation Tax previously due on 1 January (retiming due to 1987 Finance Act; eventually all companies pay 9 months after their year end). About £1bn retimed from January 1990.
- 12.89 Water companies privatised (share price announced 22.11.89, subscriptions due by 6.12.89). £2.1bn received by central government, but £1.6bn paid to water companies by central government ("green dowry") on 29.12.89. Oversubscribed by £1.8bn; all but £0.2bn refunded by end December.
- 12.12.89 Dealings in water shares begin.

## 1990

- 1.90 Further provisions (£0.4bn) by banks against third world debt. Probably led to a shift of £0.4bn from sterling capital to foreign currency provisions (see Nov 1989).
- 2.90 Lloyds Bank introduces a fee for holders of its credit cards.
- 2.90 National Australia Bank's purchase of Yorkshire Bank from UK banks has a negative effect of between £0.5bn and £1bn on sterling net non-deposits liabilities, offset elsewhere in M4's counterparts.
- 20. 3.90 Budget: new tax measures expected to produce a net rise in revenue (first since 1981).

- 4.90 Personal Equity Plans - annual limit on investment increased to £6,000 (previously £4,800), abolition of one complete calendar year minimum holding period, maximum one half (previously one quarter) in a qualifying unit trust with at least 50% (previously 75%) of holdings in UK equities.
- 4.90 Delays in collecting community charge. Adds to PSNCR; effects on M4 and other counterparts unclear.
- 6.90 Barclays Bank introduces a fee for holders of its credit cards (see 2.90).
- 7. 6.90 New 'series E' £5 note issued; no material effect identified on M0.
- 28. 6.90 New 5 pence piece issued; small in context of M0 (£8 mn).
- 2. 8.90 Iraq invades Kuwait.
- 8.10.90 UK joined the European Exchange Rate Mechanism. No discernible effect on financial flows. Bank of England minimum lending rate reactivated at 14% for one day. Banks' base rates fall from 15% to 14%.
- 11.90 Some Mainstream Corporation Tax receipts switched from December (see 1.12.89).
- 11.90 Possible advance effects of privatisation of regional electricity companies (subscriptions due 5/12/90). Withdrawals from building society deposits; but there was not thought to have been any large net effect on M4 or its counterparts.
- 22.11.90 Margaret Thatcher resigns as Prime Minister. Succeeded by John Major on 27.11.90. Norman Lamont became Chancellor of the Exchequer.
- 12.90 Privatisation of regional electricity companies: applications due by 5.12.90, dealings start 11.12.90. £2.0bn received by central government. Some cheques for unsuccessful applicants returned uncashed. Of those cashed, £4.2bn represented oversubscription monies which were refunded; all but £0.8bn of these monies had been repaid by end-December (and £0.9bn was in the clearing).

## 1991

- 1.91 Introduction of Tax Exempt Special Savings Accounts. £2.4bn inflow to TESSAs in January, but thought to come from other accounts already in M4. All TESSAs were included in M2, which will therefore have been boosted to the extent that funds were transferred into TESSAs from accounts which because of their size or maturity were outside M2.
- 16. 1.91 Banks' cash ratio deposits at Bank of England reduced from 0.45% of eligible liabilities to 0.4% (no effect on M0 because M0 excludes cash ratio deposits).
- 16. 1.91 Gulf war begins.
- 2-4.91 Gulf war contributions from overseas governments. Offsetting changes in UK official reserves (+) and PSNCR (-): Feb £0.2bn, Mar £0.1bn, Apr £0.6bn, May £0.2bn (only affects PSNCR).
- 2.91 Take-over-related borrowing from banks. About £1.3bn gross; counterparts to the borrowing hard to establish, but most likely M4 itself.
- 2.91 Snow may have disrupted economic activity.
- 13. 2.91 Banks' base rates fall from 14% to 13½% (last change 5.10.90). First UK government ECU bond announced, 10 year maturity, ECU 2bn, increased to ECU 2.5bn (= £1.73bn ) on 14.2.91.
- 26. 2.91 Gulf war ends.
- 27. 2.91 Banks' base rates fall from 13½% to 13%.
- 28. 2.91 Retailers allowed to offer lower prices for non-credit-card sales.
- 3.91 Modest (about £0.3bn ) special interest crediting by building societies (see April).
- 3.91 Privatisation of electricity generating companies (share price announced 22.2.91 prospectus available 26-28.2.91, applications due by 6.3.91, dealings start 12.3.91), and repayments of debentures by British Telecom and British Gas. Privatisation proceeds £1.6bn in total; reduced PSNCR and probably reduced M4.
- 3.91 £0.6bn of new bank lending for take-over finance identified.

- 19. 3.91 Budget.
- 22. 3.91 Banks' base rates fall from 13% to 12½%.
- 4.91 Part repayment of take-over-related lending. Lending depressed by £0.5bn; partly unwound the effects in February.
- 4.91 Advance interest crediting (mainly of interest normally paid in June) by banks and building societies before such interest became subject to income tax instead of composite rate tax on 6 April. M4 probably boosted by £1bn, affecting both the retail and wholesale components; counterpart is sterling non-deposit liabilities. See 6.91.
- 4.91 Privatisation proceeds (mainly electricity companies' debentures). PSNCR reduced by £1.1bn; M4 probably also reduced and/or lending increased.
- 10. 4.91 Midland Bank introduces a fee for holders of its credit cards (see 6.90).
- 12. 4.91 Banks' base rates fall from 12½% to 12%.
- 4-5.91 Large capital issues by private non-financial corporations. In part, probably reduced bank lending (and M4).
- 24. 5.91 Banks' base rates fall from 12% to 11½%.
- 30. 5.91 Price announced for privatisation of Scottish electricity companies. Gross government receipts £1.2bn in June.
- 5. 6.91 New ('series E') £20 note issued. Probably no material effect on M0.
- 6.91 Negative influence on M4 (mainly its wholesale component) of about £0.8bn (0.2%) from absences of normal interesting crediting (see 4.91).
- 12. 6.91 Applications due for Scottish electricity companies' privatisation.
- 19. 6.91 PSNCR reduced by £1.1bn by Scottish electricity privatisation (£1.2bn oversubscribed).
- 1. 7.91 Minimum amount which makes cheques etc. eligible to go through the Town Clearing raised from £100,000 to £500,000.
- 5. 7.91 Bank of Credit and Commerce International (BCCI) closed by Bank of England and other supervisory authorities. Liquidated January 92. No material effect on monetary statistics.
- 12. 7.91 Banks' base rates fall from 11½% to 11%.
- 19-21.8.91 Gorbachev removed from presidency of USSR by a committee of 'hardliners'. Equity prices fall, and turmoil in other financial markets worldwide. Gorbachev returns on 21 August after coup collapses.
- 27. 8.91 National Westminster Bank becomes the last of the big four banks to impose a charge on its credit cards (with effect from 15.10.91).
- 4. 9.91 Banks' base rates fall from 11% to 10½%.
- 10.12.91 Maastricht Treaty signed (subject to ratification): designed to lead to a single European currency by 1997 and a common foreign and security policy.
- 12.91 Schemes to reduce house repossessions by mortgage lenders (including direct payment to lenders of the mortgage interest element of income support benefit with effect from 1.6.92).
- 12.91 PSNCR reduced by £1.8bn from further sale of BT shares (advertised from 10.91).
- 12.91 Within non-deposit liabilities a negative influence on retail deposits in M4 of around £1.0bn (0.2%) as building societies shifted interest previously credited in December into other months (primarily September 1991 and January and March 1992).
- 20.12.91 Stamp duty on house purchase waived on properties up to £250,000 (i.e. about 90% of houses) from today till 19.8.92.

- 1.92 Bank lending boosted by £0.5bn by a bank reorganisation (counterpart mainly in sterling net non-deposit liabilities).  
Personal Equity Plans - introduction of an annual £3,000 single company PEP, which can be held in addition to a general PEP. Shares can be held in all EC based companies.
31. 1.92 Banks' cash ratio deposits at Bank of England reduced from 0.4% to 0.35% of eligible liabilities.
10. 3.92 Budget: large PSNCR forecast.
17. 3.92 Prospective take-over of Midland Bank by HSBC Holdings (the UK holding company of Hong Kong and Shanghai Bank) announced.
- 4.92 Personal Equity Plans - abolition of limit on holding of unit trusts within PEP (previously maximum 50%).
9. 4.92 General election: Conservative Party returned to power.
- 4-5.92 Dispute in a note-issuing bank boosts M0 by about £60mn (0.3%) in April and a similar amount in May. Effect believed to have partly (£30mn, 0.2%) unwound in September, and the rest in October. Some offset (about £20mn a month) in April and May from Mint's redemption of coin from the banks (mainly 50p piece, but also 10p piece - see 30.9.92).
28. 4.92 Lloyds Bank announces plan to bid for Midland Bank (see 17.3.92). Bid withdrawn 5.6.92.
29. 4.92 New 'series E' £10 note issued; no material effect identified on M0.
- 27.4-7.5.92 Public sector strikes in Germany.
5. 5.92 Banks' base rates fall from 10½% to 10%.
28. 5.92 Olympia and York's Canary Wharf project put into administration.
2. 6.92 Danish referendum rejects Maastricht Treaty by a narrow majority.
- 7.92 National Savings boosted by £0.3bn from FIRST Option Bonds, launched 7.7.92.
- 21-24.7.92 Wellcome Trust (part of the household sector) raises net £2.1bn from sale of some of its shares in Wellcome Group (applications opened 6.7.92). Probably shifted funds from retail M4 (also depressed by a call on BT shares and strong national savings) to wholesale M4; also likely to have been some non-resident take-up. In late October Wellcome Trust said it had invested almost £1bn in the stock market since late August.
19. 8.92 Stamp duty waiver on house purchase ends (see 20.12.91).
- 21-26. 8.92 Downwards pressure on exchange rate and upwards pressure on interest rates, particularly in anticipation of French referendum (20.9.92) and associated with weak US dollar.
- 9.92 Bank lending for consumption was inflated by £0.3bn of loans transferred from a non-bank lender (financed by a run-down in the bank's lending to 'other financial corporations').
3. 9.92 Arrangement of HMG ECU 10bn borrowing announced; half drawn in September, a further DM 5.5bn (ECU 2.5bn) bond issue announced 20.10.92 (drawn in October) and a US\$ 3bn (ECU 2.5bn) bond issue made in December.
16. 9.92 UK leaves the European Exchange Rate Mechanism, after strong downwards pressure on exchange rate (see also 21-26.8.92) and large official intervention to support the rate. MLR set at 12%, raised to 15% (with effect from 17.9.92; never implemented).
17. 9.92 Banks' base rates cut by 2% to 10%.
20. 9.92 French referendum endorses Maastricht Treaty by a narrow majority.
22. 9.92 Base rates cut by 1% to 9% (with effect from tonight).
30. 9.92 New 10p piece becomes legal tender: about £45mn issued this day (so a minor effect - perhaps +0.2% in total - on M0 average in September and October, to the extent that the offsetting withdrawal of old 10p pieces occurred in other months: see 4-5.92 and 10.92).
- 10.92 M0 reduced (by perhaps 0.4%) by unwinding of an earlier distortion: see 4-5.92 and 30.9.92.

- 1.10.92 £5bn commutation grant by central government to local government. Used to repay Local government borrowing from central government.
- 8.10.92 Chancellor sets out framework for monetary policy outside the ERM (see 16.9.92): conditions for return to ERM, inflation objective 1-4%, monetary policy indicators, etc.
- 16.10.92 Base rates cut by 1% to 8%.
- 10.92 Bank lending secured on dwellings was depressed by £0.2bn of loans transferred to a non-bank lender
- 20.10.92 Ceiling on building societies' unsecured loans to be raised from £10,000 to £25,000, and conditions relaxed for income tax relief for movers.
- 3.11.92 Bill Clinton elected US president to replace incumbent George Bush.
- 12.11.92 Autumn Statement: base rates cut by 1% to 7% with effect from 13.11.92; measures to boost housing, investment and construction; tax on new cars abolished; public sector pay rises limited to 1.5%; introduction of a monitoring range for M4 (4-8% for the second half of the financial year).
- 12.92 Bank lending for consumption was depressed by £0.2bn of loans transferred to a non-bank lender.

## 1993

- 1.93 Change in the pattern of interest crediting by one building society resulted in M4 being reduced by about £1bn (offset in February).
- 26. 1.93 Base rates were cut by 1% to 6%.
- 3.93 Privatisation proceeds, mainly from the third instalment of the second tranche of BT stock, reduce PSNCR by £1.4bn.
- 16. 3.93 The Budget: set monitoring ranges of 0-4% for M0 and 3-9% for M4, for the period of the Medium Term Financial Strategy (to end 1997/8); banks and building societies to be included in the funding sector with effect from 1.4.93 (see 1.4.93). Fiscal measures to boost revenue by £6.7bn in 1994/95 and £10.3bn in 1995/96: extension of VAT to domestic fuel and power from 1994/95; mortgage interest income tax relief limited to 20% from 1994/95; income tax allowances frozen for 1993/94.
- 4.93 Privatisation proceeds, including Scottish electricity shares and English electricity debt, reduce PSNCR by £1.4bn.
- 1. 4.93 Banks and building societies included in the funding sector with effect from today (see 16.3.93).
- 5.93 Change in pattern of interest crediting by some building societies reduced M4 by about £0.3bn (see June 1993).
- 27. 5.93 Norman Lamont replaced as Chancellor by Kenneth Clarke.
- 6.93 Change in pattern of interest crediting by some building societies inflated M4 by about £0.3bn (see May 1993).
- 6.93 Net capital issues by UK borrowers were a record £5.8bn.
- 7.93 Privatisation proceeds, from first instalment of BT3, reduce PSNCR by £1.8bn.
- 7.93 Change in pattern of interest crediting by some building societies reduced M4 by about £0.4bn (see August 1993).
- 7-8.93 Market pressures lead remaining ERM members (excluding Germany and Netherlands) to adopt wider (15%) bands.
- 8.93 Change in pattern of interest crediting by some building societies increased M4 by about £0.4bn (see July 1993).
- 9.93 Bank lending for consumption was depressed by £0.2bn of loans transferred to a non-bank lender.
- 9.93 Unusually high investment in UK equities by one bank boosted M4 lending to private non-financial corporations by £0.7bn (unwound in October 1993).
- 10.93 Bank lending secured on dwellings was depressed by £0.3bn of loans transferred to a non-bank lender.

- 23.11.93 Base rates were cut by ½ % to 5½ %.
- 11.93 Bank lending for consumption was depressed by £0.5bn of loans transferred by two banks to non-bank lenders.
- 30.11.93 Kenneth Clarke's first Budget as Chancellor: first unified Budget. Fiscal measures to boost revenue by £1.7bn in 1994/95 and £4.9bn in 1995/96, in addition to impact of measures announced in March 1993 Budget: mortgage interest income tax relief limited to 15% from 1995/96; income tax allowances frozen for 1994/95.
- 12.93 Bank lending to private non-financial corporations was depressed by £0.2bn of loans transferred to a non-bank lender.
- 12.93 Bank lending secured on dwellings was depressed by £0.1bn of loans transferred to a non-bank lender
- 12.93 National Savings announced the introduction of a regular £1mn Premium Bond prize (with effect from April 1994).
- 12.93 The Treasury announced that it would repay the ECU 5bn revolving bank credit ahead of schedule (see 3.9.92). The debt would be repaid partly from the UK's foreign currency reserves, and would be cleared by end-April 1994.

## 1994

- 21.1.94 Pensioners' Guaranteed Income Bonds were introduced by National Savings and attracted £75mn by the end of the month. The Building Societies Association noted the impact on their retail inflows.
- 1-2.94 Continued impact of change in pattern of interest crediting by some building societies: M4 reduced by c.£0.7bn in January and inflated by c.£0.7bn in February (see 1.93).
- 8.2.94 Base rates cut by ¼ %, to 5¼ %.
- 2.94 Bank lending secured on dwellings was inflated by £0.2bn following a loan purchase.
- 2-3.94 Privatisation proceeds, from the second instalment of BT3, reduced the PSNCR by £0.7bn in February and by £1.2bn in March.
- 2-3.94 Greater than usual inflows of cash into Premium Bonds to meet the deadline for eligibility for the new £1mn prize (see 12.93).
- 3.94 Building society lending secured on dwellings was depressed by £0.1bn of loans transferred to a non-bank lender.
- 3.94 Large prepayment of gas and electricity bills (c.£1bn) ahead of the imposition of VAT on domestic fuel in April 1994 (see 16.3.93); M4 and M4 lending are not thought to have been affected materially.
- 4.94 Bank lending secured on dwellings was depressed by £0.2bn of loans transferred to non-bank lender.
- 4.94 National Savings funding contribution amounts to £4.2bn in 1993/94.
- 4.94 PSNCR for 1993/94 was £45.4bn, compared to the November Budget forecast of £49.8bn.
- 4.94 Privatisation proceeds (following the auction of electricity companies' debentures) reduced the PSNCR by £0.4bn.
- 4.94 M0 now calculated using weekly data on Scottish and Northern Irish banks' contribution (previously one monthly observation used). The change was backdated to October 1990.
- 5.94 Transfer of £1bn of retail deposits from a bank to a building society: bank/building society split of retail deposits in M4 adjusted to remove distortion caused by transfer.
- 31.5.94 CHAPS failure: adjustments made to M4 and M4 lending in May and June to remove distorting effects of failed CHAPS payments.

- 6.94 Introduction of both a new computer database (and methodological changes) used to calculate the monetary statistics and current updating of seasonal adjustments; revisions made to data for earlier periods.
  - 6.94 HMT's Summer Economic Forecast: PSNCR expected to be £36.1bn in 1994/95 (£1.8bn lower than the Budget forecast).
  - 7.94 Bank lending secured on dwellings was depressed by £0.5bn of loans transferred to a non-bank lender.
  - 6.7.94 HMT announces forthcoming widening of building societies' powers: wholesale funding ceiling to be raised from 40% to 50%, societies to be enabled to establish subsidiaries to do business lending not secured on land and to wholly own a general insurance company.
  - 18.7.94 Rolling 10-day settlement introduced in equity market.
  - 7-8.94 Privatisation proceeds, mainly from the sale of central government holdings of privatised companies' debt, reduced the PSNCR by £0.4bn in July and £1.3bn in August.
  - 8.94 British Nuclear Fuels plc reclassified to the public sector for statistical purposes. Data revised back to 1992 Q2, reducing PSNCR by £0.4bn in 1992/93 and £0.7bn in 1993/94.
  - 12.9.94 Base rates increased by ½ % to 5¾ %.
  - 10.94 PSNCR reduced by privatisation proceeds of £1.5bn (third instalment of BT3).
  - 19.11.94 First National Lottery draw.
  - 29.11.94 Budget broadly neutral; PSNCR forecast for 1994/95 reduced from £36.1bn to £34.4bn. Monitoring ranges for M0 and M4 unchanged.
  - 11.94 Bank lending secured on dwellings was inflated by £0.1bn of loans transferred to non-bank lender.
  - 7.12.94 Base rates increased by ½ % to 6¼ %.
  - 12.94 PSNCR reduced by privatisation proceeds of £0.7bn (British Coal).
  - 12.94 Bank lending for consumption was depressed by £0.3bn of loans transferred to non-bank lender.
- 1995**
- 2.2.95 Base rates increased by ½ % to 6¾ %.
  - 29.3.95 Funding assumption for National Savings of £2.5bn for 1995/96 announced (£1.0bn lower than the target for the previous financial year).
  - 3.95 PSNCR reduced by privatisation proceeds of £1.9bn (GENCO2).
  - 3.95 Securitisations and loan transfers by banks and building societies depress both lending for consumption and lending to PNFCs by £0.1bn, while lending to OFCs is inflated by £0.1bn.
  - 3.95 The take-over of Wellcome by Glaxo boosts M4 by about 1% at the end of March and M4 lending by about ½ %.
  - 14.4.95 National Savings funding contribution amounts to £3.5bn in 1994/95.
  - 19.4.95 PSNCR for 1994/95 (£35.9bn) exceeds Budget forecast of £34.4bn.
  - 4.95 Revised treatment of banks' transit and suspense items introduced and revisions back to October 1986. Changes to M4 and M4 lending modest in most periods.
  - 5.95 Early May Bank Holiday was switched to 8 May to commemorate VE Day. No significant impact on M0.
  - 14.6.95 Mansion House speech: inflation target range reaffirmed.
  - 26.6.95 5-day settlement introduced in equity market (see 18.7.94).
  - 28.6.95 PSNCR Summer Economic Forecast for 1995/96 of £23.6bn (£2.1bn higher than the Budget Forecast).

- 6.95 There is clear evidence of repayments by Glaxo to some of the banks which made up the syndicate providing funds to finance the take-over of Wellcome (see 3.95). This depressed M4 lending by about 0.3pp.
- 3.7.95 Pilot cash-loaded smart card ('Mondex') scheme begun in Swindon by National Westminster Bank, Midland Bank and British Telecom.
- 7.95 OFCs' M4 and M4 lending to OFCs both boosted by £1.8bn as a result of a financial transaction associated with the Cheltenham & Gloucester Building Society joining the Lloyds Bank Group.
- 7.95 M4 lending was further boosted by £1.2bn as a result of building societies' lending to subsidiaries which acquired mortgage books previously been financed from abroad rather than by other building societies or banks in the UK.
- 7.95 Building society lending secured on dwellings was depressed by £0.1bn of loans transferred to a non-bank lender.
- 8.95 Individuals' M4 boosted by £1.8bn by Cheltenham & Gloucester Building Society joining the Lloyds bank Group; OFCs' M4 falls by £1.8bn (see 7.95).
- 8.95 Bank lending for consumption depressed by £0.2bn of loans being sold to a non-bank lender.
- 10.95 Bank lending secured on dwellings inflated by £0.1bn due to a reverse securitisation.
- 28.11.95 Monitoring ranges for M0 (0-4%) and M4 (3-9%) remained unchanged in November Budget. PSNCR Budget forecast for 1995/96 of £29bn. National Savings funding assumption increased from £2.5bn to £3bn for 1995/96.
- 13.12.95 Base rates cut by ¼ % to 6½ %.
- 12.95 Securitisations and loan transfers depressed bank lending for consumption by £0.2bn.
- 1996**
- 2.1.96 Start of the gilt repo market resulting in an estimated structural increase in the volume of M4 and M4 lending of £6bn for 1996 Q1.
- 18.1.96 Base rates cut by ¼ % to 6.25 %.
- 18.1.96 TSB paid a special dividend of 68.3p per share totalling £1bn, as a result of its reverse take-over of Lloyds Bank.
- 1.96 The first TESSA accounts mature, totalling approximately £17bn during the quarter. The maximum of £9000 of capital per account can be reinvested in a follow-up TESSA, but the interest cannot be reinvested. Some of this interest was probably invested in non-M4 long term savings products such as National Savings and retail unit trusts.
- 2.96 The PSNCR was reduced by privatisation proceeds of £1.5bn from GENCO2.
- 3.96 Bank lending to PNFCs in March included £1¾bn of new borrowing by Granada Group plc in connection with the take-over of Forte plc.
- 3.96 As a result of the National Grid demerger, rebates of £54.60 on electricity bills were paid to all customers in England and Wales, totalling approximately £1bn.
- 8.3.96 Base rates cut by ¼ % to 6%.
- 1.4.96 Basic rate of income tax cut 1% to 24%. Tax on savings income cut 5% to 20%.
- 5.96 PSNCR reduced by privatisation proceeds from Railtrack of £1.1bn.
- 6.6.96 Base rates were cut by ¼% to 5¾%.
- 6.96 Securitisations depressed bank lending for consumption by £0.3bn and lending secured on dwellings by £0.1bn.
- 6.96 Bank lending to PNFCs in June included £1bn of new borrowing related to take-over activity. This was temporarily placed back on deposit pending payment to shareholders.

- 7.96 PSNCR reduced by privatisation proceeds of £0.8bn arising mainly from the sale of British Energy.
  - 5.8.96 Individuals' M4 was boosted by £0.9bn by the transfer of business of National & Provincial Building Society to Abbey National.
  - 8.96 Bank lending for consumption depressed by £0.2bn securitisation.
  - 8.96 Bank lending secured on dwellings was depressed by the sale of a £1.1bn loan book to a building society subsidiary. Building society lending to OFCs was boosted by £0.4bn, with the rest being funded by a securitisation. Overall M4 was depressed by £0.7bn.
  - 8.96 PSNCR reduced by privatisation proceeds of £0.4bn (BT loan stock sale).
  - 9.96 PSNCR reduced by privatisation proceeds of £1.0bn (National Power/Power Gen/Southern Electric/GENCO2).
  - 30.10.96 Base rates increased by 0.25 % to 6%.
  - 11.96 Monitoring ranges for M0 (0-4%) and M4 (3-9%) left unchanged in November Budget. PSNCR forecast for 1996/97 revised downwards to £26.4bn. National Savings funding assumption revised upwards to £4.5bn.
  - 11.96 Separate intra-group transactions by two banks boosted the one-month growth rate of M4 lending by 0.2pp.
  - 11.96 PSNCR reduced by £0.9bn due to the sale of Ministry of Defence married quarters (treated as negative spending).
  - 12.96 Securitisations and loan transfers depressed bank lending for consumption by £0.3bn and lending secured on dwellings by £0.1bn.
  - 12.96 Building societies' lending to other financial corporations boosted by £0.8bn take-over.
- 1997**
- 3.97 Bank lending secured on dwellings inflated by £0.1bn reverse securitisation.
  - 3-4.97 The Housing Corporation loan book sold and securitised. Payments reduced the PSNCR by £0.6bn in March and £0.6bn in April.
  - 3.3.97 New money market arrangements, as announced by the Bank of England on 4 February, came into force.
  - 21.3.97 The Building Societies Act 1997 and the Building Societies (Distribution) Act 1997 received Royal Assent, amending the Building Societies Act 1986.
  - 4.97 Bank lending secured on dwellings depressed by £0.1bn sale of loan book to non-bank lender.
  - 21.4.97 Alliance & Leicester converted from building society to bank status.
  - 1.5.97 General election. Labour Party wins by a large majority.
  - 6.5.97 The Chancellor announced Bank of England to receive operational independence over monetary policy. Decisions on interest rate policy to be made by a Monetary Policy Committee comprising the Governor, two Deputy Governors, and two executive directors appointed by the Governor, and four members appointed by the Chancellor.
  - 6.5.97 Base rates increased by 0.25 % to 6.25%.
  - 5.97 M0 and M4 monitoring ranges lapsed.
  - 2.6.97 Halifax converted from building society to bank status.
  - 6.97 PSNCR reduced by privatisation proceeds of £0.7bn (Railtrack).
  - 6.6.97 Bank of England increased its repo rate by 0.25% to 6.5%.
  - 16.6.97 Norwich Union floated on stock market.
  - 7.97 Bank lending for consumption depressed by £0.3bn securitisation
  - 2.7.97 Gordon Brown's first Budget. PSNCR forecast for 1997/98 revised downwards to £10.9bn. Tax

credits for dividends paid to pension schemes and UK companies abolished. Mortgage tax relief reduced from 15% to 10%. Bank of England given inflation target of 2.5%, with the Governor required to write an open letter to the Chancellor if inflation becomes one percentage point higher or lower than target.

- 7.7.97 Woolwich converted from building society to bank status.
- 10.7.97 Bank of England increased its repo rate by 0.25% to 6.75%.
- 23.7.97 Sterling effective exchange rate reaches peak of 106.6.
- 28.7.97 Bristol & West converted from building society to bank status, joining the Bank of Ireland Group.
- 7.8.97 Bank of England increased its repo rate by 0.25% to 7%.
- 8.97 A sale of commercial mortgages worth £0.5bn out of the banking sector depressed M4 lending in August.
- 1.9.97 New 50 pence coin becomes legal tender: about £25mn (net) were issued on this day. This led to some distortions to M0 until June 1998, as either issues were higher than withdrawals or vice versa.
- 9.97 PSNCR for September reduced by £0.7bn due to privatisation proceeds (second call on British Energy shares).
- 9.97 The Banking Statistics Review led to a new suite of banking returns being introduced at end September, bringing UK monetary statistics into line with the European System of Accounts 1995 (ESA95). Changes include the reclassification of the Channel Islands and Isle of Man as non-resident, partnerships moving out of the household sector and into PNFCs and OFCs, market valuation of instruments and derivatives brought onto the balance sheet (see article in Bank of England: Monetary and Financial Statistics - September 1997).
- 1.10.97 Northern Rock converted from building society to bank status
- 6.11.97 Bank of England increased its repo rate by 0.25% to 7.25%.
- 25.11.97 In the Pre-Budget report, the Chancellor revised the PSNCR forecast to £9.5bn for 1997/98 from £10.9bn in the July Budget.
- 1.12.97 The utilities and other privatised companies paid the first instalment of the windfall levy (£2.6bn). The same instalment is due on the same date in 1998.

## 1998

- 1.98 A record Public Sector Net Cash Surplus of £10.2bn.
- 2.98 Bank lending secured on dwellings depressed by £0.2bn securitisation.
- 3.98 Bank lending for consumption (credit card) depressed by £0.3bn securitisation.
- 12.3.98 Write-offs of £55 million of series D Bank of England £1 notes (break in M0 series - last such break in 1989).
- 17.3.98 The Budget contained proposals on the Government's replacement for PEPs and TESSAs. The Individual Savings Account (ISA) begins in April 1999. The PSNCR forecast for 1997/98 was again revised downward to £2.6bn from £9.5bn in the November Pre-Budget report. The forecast for the PSNCR for 1998/99 was £2.3bn.
- 3.98 PSNCR reduced by £1.0bn due to the sale of part of the Student Loan Book.
- 1.4.98 Sterling effective exchange rate reaches a peak of 108.9
- 4.98 PSNCR reduced by £0.3bn due to transfer of ownership and management of Department of Social Security buildings.
- 4.6.98 Bank of England increased its repo rate by 0.25% to 7½%.
- 15.6.98 A new £2 coin became legal tender: about £17mn were issued on this day. This led to some increase to M0 over following months, as more issues entered circulation.
- 20.7.98 FTSE-100 reaches a peak of 6179.0
- 9.98 At the end of September the FTSE-100 had fallen to 5064.4
- 9.98 Bank lending for consumption (credit card) depressed by £0.3bn securitisation.

- 8.10.98 Bank of England reduced its repo rate by 0.25% to 7.25%.
- 10.98 The Building Societies Commission introduced a new suite of building society forms, bringing the building societies into line with the European System of Accounts 1995 (ESA95). A similar change occurred for banks in September 1997 following the Banking Statistics Review.
- 5.11.98 Bank of England reduced its repo rate by ½% to 6¾%.
- 11.98 The November 1998 Pre-Budget Report showed a revised forecast for the PSNCR for 1998-99 as a surplus of £4.3bn (including windfall tax).
- 11.98 Bank lending for consumption (other loans and advances) inflated by £0.8bn loan transfers.
- 1.12.98 The utilities and other privatised companies paid the second (and final) instalment of the windfall levy (£2.6bn). The same amount was paid in 1997.
- 10.12.98 Bank of England reduced its repo rate by ½% to 6¼%.
- 12.98 European markets were extremely quiet in the run up to Christmas, as banks and others prepared for the launch of the Euro.
- 12.98 Bank lending for consumption depressed by £0.3bn credit card securitisation and £0.6bn other loans securitisation.

## 1999

- 1.1.99 The Euro was introduced on 1<sup>st</sup> January as a single currency for eleven European Union countries (EU11). Existing national (legacy) currencies will continue in circulation until Euro notes and coins are introduced in 2002.
- 7.1.99 Bank of England reduced its repo rate by ¼% to 6%.
- 4.2.99 Bank of England reduced its repo rate by ½% to 5½%.
- 2.99 A mortgage-backed securitisation of £1bn in February depressed M4 lending to the household sector and bank lending secured on dwellings.
- 2.99 PNFCs M4 holdings were boosted (by up to 1.1pp) in February by the proceeds of a large corporate debt issuance being held on deposit. This was followed in March by a partial draw-down (possibly deflating PNFCs deposits by 0.6pp), with the rest thought to have been withdrawn by the end of Q1.
- 10.3.99 A second £1bn tranche of the Student Loans Book was sold on 10 March to Honours Trustees (a joint venture of the Nationwide Building Society and Deutsche Bank). This reduced the PSNCR by £1bn.
- 3.99 The March 1999 Budget included a restructuring of National Insurance Contributions and the Chancellor announced a new 10% starting rate of personal income tax in 1999-00.
- 3.99 Throughout 1999 Q1 public finances were stronger than expected. The financial year ended with a Public Sector Net Cash Repayment of £7.4bn, some £2.2bn higher than forecast in the March 1999 budget. This compared with a deficit of £1.1bn in 1997-98.
- 3.99 1999 Q1 saw the last sales of Personal Equity Plans (PEPs) before their abolition and the last date for opening new Tax Exempt Special Savings Accounts (TESSAs). These were replaced by Individual Savings Accounts (ISAs) from April. The Association Of Unit Trusts and Investment Funds (AUTIF) announced record unit trust sales for March of £3.0bn.
- 8.4.99 Bank of England reduced its repo rate by ¼% to 5¼%.
- 19.4.99 Individuals' M4 was boosted by payments relating to the transfer of business of Birmingham Midshires Building Society to the Halifax.
- 5.99 In May Honours Trustee Ltd, repaid £0.5bn temporarily borrowed from Deutsche Bank and £0.5bn from the Nationwide Building Society after securitising part of the Student Loans book. This deflated M4 lending to OFCs by £1bn (see 10.3.99 above).
- 5-6.99 PNFCs' M4 in May included an unusual positive contribution of some £4bn temporarily placed on deposit and reversed in June.
- 10.6.99 Bank of England reduced its repo rate by ¼% to 5%.

- 6.99 M4 lending to OFCs in June was boosted by £1.5bn of loans to finance the return of capital to shareholders.
- 7.99 RAC bought by Lex Service; approximately £0.4bn paid out to full members in July.
- 7.99 Additional lending of £1.5bn made in June was repaid in July.
- 31.8.99 The Bank of England extended the range of securities it would accept in its daily repo operations to include those denominated in euro issued by the central governments and central banks of the countries in the European Economic Area.
- 8.9.99 Bank of England increased its repo rate by ¼% to 5½%.
- 10.99 AA bought by Centrica; approximately £1.1bn paid out to members in October.
- 10.99 Two mortgage-backed securitisations totalling £1.6bn in October depressed M4 lending to the household sector and bank lending secured on dwellings.
- 4.11.99 Bank of England increased its repo rate by ¼% to 5½%.
- 11.99 The eclipse may have affected the pattern of the note circulation within August.
- 11.99 Bank lending for consumption depressed by £0.6bn credit card securitisation.
- 11-12.99 Narrow money may have been boosted in November by the Winter Fuel Payment to pensioners. Distribution of this commenced on 8 November and continued into December.
- 12.99 No windfall tax or tobacco forestalling payments were made in December, following payments in the previous two years.
- 12.99 Notes in circulation rose much more sharply around Christmas/New Year than in past years: this was attributed to the Millennium.

## 2000

- 1-2.00 Self-assessment tax payments at end-January/start-February were approximately £1bn higher than the same period last year. In addition there was a timing effect because 31 January, the due date for self-assessment, was a Monday whereas in the two previous years of self-assessment the due date fell at a weekend. As a result, there was greater opportunity for tax payments received by the due date to be recorded and banked in January.
- 13.1.00 Bank of England increased its repo rate by ¼% to 5¾%.
- 10.2.00 Bank of England increased its repo rate by ¼% to 6%.
- 3.00 The end of the financial year produced strong ISA deposits prior to the April 5 deadline, which also affected March.
- 3.00 A mortgage-backed securitisation of £0.7bn in March depressed M4 lending to the household sector and bank lending secured on dwellings.
- 3.00 Stamp duty was increased in the Budget. For properties valued at £250,000 to £500,000 duty was increased to 3% from 2.5% and for properties valued at over £500,000 duty rose to 4% from 3.5%.
- 4.00 MIRAS (mortgage interest relief at 10% on mortgages up to £30,000) was abolished.
- 4.00 A commercial lending securitisation reduced PNFCs' and OFCs' M4 lending by £0.5bn and £0.1bn respectively.
- 5.00 A mortgage-backed securitisation of £0.8bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 5-6.00 Three of the successful bidders in the UK's auction of mobile phone spectrum licences made total payments of £12.4 billion to the UK government in May. The financing of these payments will have impacted on the counterparts to M4, although not necessarily on M4 itself. Even if the means by which the companies had financed the payments could be identified in total, subsequent transactions would mean that the impact on the aggregates could not be estimated with any certainty. PNFCs' M4 lending in May, does, however, include some £4 bn (not seasonally adjusted) of financing directly related to the spectrum payments, with this lending being repaid in June.
- 7.00 A mortgage-backed securitisation of £2.3bn depressed M4 lending to the household sector and bank lending secured on dwellings.

- 7.00 Bank lending for consumption depressed by £0.4bn credit card securitisation.
- 8.00 Scottish Widows demutualised and acquired by Lloyds TSB. Approximately £5.8bn paid to Scottish Widows' policyholders. M4 lending to OFCs included a £5.8 bn boost from the investment by Lloyds TSB in the Scottish Widows Group. OFCs' M4 boosted by at least £4 bn, in part by transactions associated with Lloyds TSB's acquisition of Scottish Widows, but also corporate management activity in advance of payments due in early September for the remaining UK third generation mobile phone licences.
- 9.00 OFCs' M4 was depressed as a result of the unwinding of August's corporate cash management activity.
- 9.00 Narrow money may have been boosted as a result of the fuel crisis as banks held a greater proportion of their notes at branches as a precaution (rather than at cash centres).
- 9.00 A mortgage-backed securitisation of £1.3bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 9.00 PNFCS' M4 lending was depressed by a £0.3bn securitisation of commercial lending.
- 10.00 A mortgage-backed securitisation of £0.3bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 11.00 Two mortgage-backed securitisations depressed M4 lending to the household sector and bank lending secured on dwellings by £2.7bn.
- 11.00 Bank lending for consumption was depressed by £0.3bn securitisation of unsecured personal lending.
- 11.00 Barclays Bank plc acquired Woolwich plc. Approximately £2.5bn paid out to Woolwich shareholders in November.
- 11-12.00 Winter fuel payments were doubled to £200 from last year and totalled around £1.5bn.
- 4.12.00 Bradford & Bingley Building Society demutualised. Shares to the value of £1.6bn were received by customers, of which £0.6bn was immediately converted to cash using an auction facility offered as part of the deal.
- 12.00 Bank lending for consumption was depressed by £0.4bn credit card securitisation.
- 12.00 British Telecom raised \$10bn through a US dollar bond issue.

## 2001

- 1.1.01 Greece became the twelfth country to join Monetary Union.
- 1-3.01 On the tenth anniversary of their introduction, TESSAs began reaching final maturity. In the first quarter, maturities totalled £12.4bn. Individuals holding these maturing TESSAs had the option to roll the capital invested (up to £9,000 per account) into a TESSA-only ISA, cash mini ISA or cash component of a maxi-ISA, without utilising any of the annual cash allowance.
- 1-2.01 Total Inland Revenue receipts from income and capital gains taxes for January and February were up £3.9bn (16%) on the same period in 2000. Within this Self-Assessment Tax receipts were up £1.4bn (13%) on the same period in 2000.
- 8.2.01 The Bank of England reduced its repo rate by 0.25pp to 5.75%.
- 2.01 A mortgage-backed securitisation of £0.8bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 2.01 British Telecom raised €7.0bn and £1.1bn through euro and sterling bond issues.
- 2.01 PNFCS' M4 lending was reduced by the securitisation of £1.5bn of commercial lending.
- 3.01 A mortgage-backed securitisation of £1.5bn in March depressed M4 lending to the household sector and bank lending secured on dwellings.
- 3.01 Bank lending for consumption was depressed by £0.3bn credit card securitisation.
- 5.4.01 The Bank of England reduced the repo rate by 0.25pp to 5.5%
- 4.01 Commercial lending-backed securitisations of £0.8bn depressed M4 lending to PNFCS
- 5.01 Vodafone issued £3.5bn of sterling equity identified to finance acquisitions.

- 10.5.01 The Bank of England reduced the repo rate by 0.25pp to 5.25%
  - 5.01 A mortgage-backed securitisation of £2.2bn depressed M4 lending to the household sector and bank lending secured on dwellings.
  - 6.01 Bank lending for consumption was depressed by £0.1bn securitisation of unsecured loans
  - 6.01 British Telecom raised £5.9bn through an issue of sterling equity for the purpose of re-financing debt.
  - 7.01 Two institutions, Scottish Life and Friends Provident, demutualised during July, providing cash and share windfalls to members. Scottish Life paid out £1.1bn in cash, but only £0.1bn was paid immediately. The remainder being passed on as policies mature. Friends Provident provided a £3.7bn share windfall to members. Just £0.5bn of these were sold immediately, but members then purchased a further £0.6bn of shares at a discount.
  - 7.01 The National Air Traffic Services was privatised on 26 July.
  - 7.01 A mortgage-backed securitisation of £2.7bn depressed M4 lending to the household sector and bank lending secured on dwellings.
  - 2.8.01 The Bank of England reduced the repo rate by 0.25pp to 5.0%
  - 9.01 On Tuesday 11 September, the United States was hit by terrorist attacks on New York and Washington. Wall Street re-opened on Monday 17 September and the Dow Jones fell by around 1,400 points (14%) by the end of the week - the largest weekly fall since the 1929 Great Depression. Over the same period, the FTSE 100 fell by 322 points (7%) and by 740 points (13%) over the quarter. The index, at 4,434, hit a four-year low on 21 September.
  - 9.01 The Bank of England reduced the repo rate by 0.25pp to 4.75% at an emergency MPC meeting (the first of its kind) called in reaction to expected turmoil following the terror attacks on the United States.
  - 9.01 A mortgage-backed securitisation of £1.5bn depressed M4 lending to the household sector and bank lending secured on dwellings.
  - 9.01 Bank lending for consumption was depressed by £0.2bn securitisation of unsecured loans
  - 4.10.01 The Bank of England reduced the repo rate by 0.25pp to 4.5%
  - 10.01 In October, the Government placed RailTrack into administration.
  - 11.01 A mortgage-backed securitisation of £2.5bn depressed M4 lending to the household sector and bank lending secured on dwellings.
  - 11.01 The large £12.8bn gilt redemption in November (Treasury 7% stock) and £2.9bn (5% Treasury Stock 2025) issuance in December had the combined effect of decreasing the M4PS' gilt holdings by £1.0bn.
  - 8.11.01 The Bank of England reduced the repo rate by 0.5pp to 4.0%
  - 11.01 In November, the world's largest bankruptcy occurred as Enron, a US energy company, collapsed owing several billions of dollars.
  - 12.01 Several property-based sterling bond issues took place in December, the largest of which amounted to £1.8bn and was related to the financing of Telereal's £2.4bn purchase of property from British Telecom.
  - 12.01 Bank lending for consumption was depressed by £0.2bn securitisation of credit card loans
- 2002**
- 1.1.02 Euro notes and coins introduced from January 1.  
Further securitisations were carried out by the banking sector. During the quarter, lending secured on dwellings was reduced by £2.5bn. Consumer credit securitisations amounted to £0.1bn.
  - 2.02 ICI made £800mn rights issue on 4 Feb - to help to refinance £2.9bn of debt
  - 3.02 A mortgage-backed securitisation of £2.4bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 3.02 Bank lending for consumption was depressed by £0.4bn securitisation of credit card loans

- 4.02 Bank lending for consumption was depressed by £0.2bn securitisation of credit card loans
  - 5.02 Bank lending to PNFCs was depressed by £0.3bn securitisation of commercial mortgages
  - 6.02 Notes in circulation rose more strongly than usual in the early part of June associated with the Jubilee bank holidays.
  - 6.02 Bank lending for consumption was depressed by £1.7bn securitisation of credit card loans
  - 6.02 A mortgage-backed securitisation of £3.5bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 8.02 Gilt repo became tradeable in Repoclear.
  - 9.02 A mortgage-backed securitisation of £2.7bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 9.02 Bank lending for consumption was depressed by £0.4bn securitisation of credit card loans
  - 10.02 Bank lending for consumption was depressed by £1.1bn securitisation of credit card loans
  - 11.02 A mortgage-backed securitisation of £4.0bn depressed M4 lending to the household sector and bank lending secured on dwellings
- 2003**
- 1.03 A mortgage-backed securitisation of £3.0bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 6.2.03 The Bank of England reduced the repo rate by 0.25pp to 3.75%
  - 2.03 Bank lending for consumption was depressed by £0.5bn sale of credit card loans to non-bank companies
  - 3.03 Mortgage-backed securitisations totalling £7.1bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 3.03 Bank lending for consumption was depressed by £0.5bn securitisation of credit card loans
  - 20.3.03 Iraq War started
  - 4.03 Department for Work and Pensions start to phase out the payment of pensions and benefits via voucher books and giro cheques, in favour of payment directly into bank accounts.
  - 4.03 Bank lending for consumption was depressed by £0.6bn securitisation of credit card loans
  - 4.04 There was a threat of strike action affecting a security carrier.
  - 1.5.03 Iraq War ended
  - 5.03 Mortgage-backed securitisations totalling £2.3bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - Commercial mortgage-backed securitisation of £0.5bn depressed M4 lending to the PNFC sector
  - 6.03 The Chancellor rules that the UK not yet ready to join the euro as two of the five economic tests had not yet been met.
  - 6.03 Bank lending for consumption was depressed by £0.6bn securitisation of credit card loans
  - Mortgage-backed securitisations totalling £2.3bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 10.7.03 The Bank of England reduced the repo rate by 0.25pp to 3.50%
  - 7.03 Bank lending for consumption was depressed by £0.3bn securitisation of credit card loans
  - 9.03 Mortgage-backed securitisations totalling £2.2bn depressed M4 lending to the household sector and bank lending secured on dwellings
  - 9.03 Bank lending for consumption was depressed by £0.6bn securitisation of credit card loans
  - 6.11.03 The Bank of England increased the repo rate by 0.25pp to 3.75%
  - 12.03 The operational target for monetary policy amended to be an underlying inflation rate (measured by the 12-month increase in the Consumer Prices Index) of 2.0%

- 1.04 Seasonal adjustment of the monetary and related statistics now processed using X-12-ARIMA rather than GLAS.
- 1.04 Mortgage-backed securitisations totalling £3.2bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 1.04 The level of M4 lending to the household sector and bank lending via credit cards was increased by £1.4bn following the consolidation of a non-bank subsidiary's credit card book, flows were unaffected.
- 5.2.04 Bank of England Raises Interest Rates by 0.25 Percentage Points to 4.0%
- 2.04 Sterling reached an 11-year high against the US dollar.
- 17.3.04 The March 2004 budget introduced a new 19% minimum rate of corporation tax on profits distributed as dividends. This effectively closes the zero-starting rate loophole that had encouraged many self-employed people to incorporate to avoid tax.
- 3.04 Mortgage-backed securitisation of £5.3bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 3.04 The level of M4 lending to the household sector and bank lending via credit card loans was depressed by £1.2bn of securitisations.
- 4.04 The level of M4 lending to the household sector was depressed by securitisations totalling £3.2bn, of which £0.3bn of lending via credit cards was transferred from a non-resident.
- 4.04 All outstanding TESSA accounts matured at the beginning of April.
- 6.5.04 Bank of England raises Interest Rates by 0.25 Percentage Points to 4.25%.
- 5.04 The level of M4 lending to the household sector was depressed by securitisations totalling £3.5bn, of which £0.3bn of lending via credit cards was transferred from a non-resident and was adjusted out of the flows.
- 5.04 The level of M4 lending to the PNFCs sector was depressed a securitisation totalling £0.3bn.
- 10.6.04 Bank of England raises Interest Rates by 0.25 Percentage Points to 4.5%
- 6.04 The level of PNFCs and OFCs lending was depressed, by £0.6bn and £0.3bn respectively, due to the sale of portfolios by one bank and its subsidiaries. The £0.6bn effect on PNFCs has been removed from the flows data.
- 6.04 The level of M4 lending to the PNFCs sector was depressed by a loan transfer, to an institution outside of the MFI reporting population, totalling £0.8bn.
- 6.04 The level of M4 lending to the household sector was depressed by £1.2bn of which bank lending via credit cards was reduced by £0.3bn following the transfer of a credit card portfolio from a UK bank to an associated non-resident company, and secured lending on dwellings was reduced by £0.9bn following net transfers of mortgage portfolios between UK banks and institutions outside the MFI reporting population, flows were adjusted.
- 6.04 Bank lending secured on dwellings was increased by £0.4bn following a de-securitisation and a commercial mortgage-backed securitisation of £0.8bn depressed M4 lending to the PNFC sector.
- 7.04 The level of M4 lending to the household sector via credit cards has been increased by £0.3bn following the transfer of a credit card portfolio to a UK bank from an associated non-resident company.
- 7.04 Mortgage-backed securitisation of £3.5bn depressed M4 lending to the household sector and bank lending secured on dwellings.
- 5.8.04 Bank of England raises Interest Rates by 0.25 Percentage Points to 4.75%.
- 8.04 Changes in the reporting population in August 2004, led to a reduction in the level of lending to; private non-financial institutions of £2.1bn, other financial corporations of £1.7bn, unincorporated businesses and non-profit making institutions of £0.4bn and secured lending to individuals of £0.3bn. The level of M4 lending to the household sector was also depressed by a further £0.7bn via credit cards following transfers from UK banks to institutions outside the MFI reporting population, flows are unaffected.

- 8.04 Commercial mortgage-backed securitisation of £0.5bn depressed M4 lending to the PNFC sector
- 9.04 The level of M4 lending to the household sector and bank lending via credit card loans was depressed by £0.5bn following the transfer of a credit card portfolio from a UK bank to an associated non-resident company.
- 9.04 M4 lending to other financial corporations, and therefore total M4 lending, was boosted by £4.7bn in September 2004 as a result of changes in the way a group is managing its interest rate risk ahead of the move to International Accounting Standards (IAS).
- 9.04 Due to the deconsolidation of institutions holding secured lending associated with covered bond issues, which took effect from September 2004 data, there was a reduction of £10.9bn to secured lending by banks and an increase in lending of £9.6bn to OFCs. The reclassification has been adjusted out of the lending flows for September 2004. Amounts outstanding are not adjusted.
- 10.04 Bank lending secured on dwellings and M4 lending increased by £0.6 billion due to mortgage de-securitisations.
- 31.10.04 The Financial Services Authority (FSA) assumed responsibility for regulating mortgage lending, administration, advice and arranging. Under the new mortgage regulations anyone carrying out this kind of business has to be regulated by the FSA.
- 12.11.04 Abbey became part of Grupo Santander, a Spanish banking group.
- 11.04 The level of M4 lending to the household sector was depressed by £4.1 billion of which bank lending via credit cards was reduced by £0.6 billion following net securitisations of credit card portfolios, and secured lending on dwellings was reduced by £3.5 billion following net securitisations of mortgage portfolios. The level of M4 lending to PNFCs was depressed by £0.2 billion following a commercial mortgage-backed securitisation.
- 12.04 M4 lending to unincorporated businesses and non-profit making institutions was deflated by £1.6 billion due to loan transfers. M4 lending to OFCs was inflated by £2.1 billion due to funding associated with this transfer. The level of M4 lending to the household sector was inflated by a net £0.9 billion following a de-securitisation of mortgages and a securitisation of unsecured loans of £0.1 billion.

## 2005

- 1.05 Listed companies and some non-listed will have to prepare their consolidated or/and individual accounts in compliance with the International Accounting Standards (IAS) 2005.
- 1.05 M4 lending secured on dwellings decreased by £4.2 billion due to a mortgage securitisation whilst a commercial mortgage-backed de-securitisation of £0.8 billion inflated M4 lending to the PNFC sector.
- 2.05 M4 lending secured on dwellings decreased by £5.5 billion due to mortgage securitisations and loan transfers whilst a commercial mortgage-backed de-securitisation of £0.1 billion inflated M4 lending to the PNFC sector.
- 3.05 M4 lending was reduced by £4.6 billion due to net securitisations and loan transfers. £4.0 billion of this related to household mortgages, £0.3 billion to household credit cards and £0.3 billion to commercial mortgages. As a result of International Financial Reporting Standards (IFRS) sterling advances to OFCs were raised by £2.1bn and sterling sight deposits from households were raised by £0.3 bn, while a change in account terms by one bank saw £0.5 billion of sterling time deposits reclassified as sterling sight deposits.
- 4.05 M4 lending was reduced by £1.0 billion due to net securitisations and loan transfers, all related to household mortgages. Sterling capital and other internal funds were reduced by £10.3 billion, euro and foreign currency capital and other internal funds were raised by £8.3 billion, euro advances to other UK residents raised by £1.3 billion and sterling advances to other UK residents were reduced by £1.3 billion as a result of International Financial Reporting Standards (IFRS). Foreign currency other assets were also reduced by £2.0bn.

- 5.05 M4 lending was reduced by £4.1bn due to net securitisations and loan transfers, related to household mortgages.
- 6.05 M4 lending was reduced by £6.1 billion due to net securitisations and loan transfers. £5.3 billion of this related to household mortgages, £0.8 billion to household credit cards. One bank reported a one-off increase to write-offs on other loans to individuals of around £70 million as a result of a change in its policy on write-offs.
- 7.7.05 Four bombs exploded on the London transport network.
- 7.05 Sterling advances to other UK residents were reduced by net securitisations and loan transfers totalling £0.8 billion.
- 4.8.05 Bank of England reduced Interest Rates by 0.25 Percentage Points to 4.5%.
- 8.05 M4 lending was reduced by £1.8 billion due to net securitisations and loan transfers. £1.1 billion of this related to household mortgages, £0.3 billion to household credit cards and £0.4 billion to commercial mortgages.
- In order to bring reporting in line with the National Accounts, housing associations were reclassified from non-profit institutions serving households under the household sector to non-financial corporations other than public corporations during August 2005. The level of sterling lending to NPISH was reduced by £21.3 billion and lending to PNFCs was raised by £21.3 billion. The level of sterling investments in NPISH was reduced by £0.6 billion and investments in PNFCs were raised by £0.6 billion. The level of sterling deposits from NPISH was reduced by £1.0 billion and deposits from PNFCs were raised by £1.0 billion.
- M4 lending to OFCs was reduced by £3.4 billion in August 2005 due to investment valuation changes resulting from a move to International Financial Reporting Standards (IFRS).
- 9.05 M4 lending to households was reduced by £2.8 billion due to net securitisations and loan transfers. £1.1 billion of this related to household mortgages, £1.3 billion to household credit cards, of which £0.5bn was transferred to an associated non-resident company. M4 lending to PNFCs was reduced by £0.4 billion due to a securitisation of commercial mortgages.
- 10.05 M4 lending to households was reduced by £1.0 billion due to net securitisations and loan transfers. £0.3 billion of this related to net de-securitisations of household mortgages and £1.3 billion to a securitisation of household credit cards. M4 lending to PNFCs was reduced by £0.3 billion due to net securitisations of commercial mortgages.
- 11.05 M4 lending to households was increased by £0.7billion due to net de-securitisations and loan transfers. £0.7 billion of this related to net de-securitisations of household mortgages, £0.5 billion to net securitisations and loan transfers of household credit cards and £0.5bn to purchases of unsecured lending. M4 lending to PNFCs was reduced by £1.1 billion due to net securitisations of commercial mortgages.
- 12.05 M4 lending to households was reduced by £3.4billion due to net securitisations and loan transfers of household mortgages. M4 lending to PNFCs was reduced by £2.3 billion due to net securitisations of commercial mortgages.

## 2006

- 1.06 M4 lending to households was reduced by £15.0 billion due to net securitisations and loan transfers of household mortgages. Sterling sight deposits from other UK residents were reduced by £5.0 billion and sterling time deposits from other UK residents were increased by £5.0 billion due to the realignment of an existing portfolio.