

Treasury Committee Re-appointment Questionnaire for Megan Greene, Submitted June 18, 2026

Personal

- 1. Do you have any business or financial connections, or other commitments or interests, that potentially give rise to a conflict or perceived conflict of interest in carrying out your continuing duties as a member of the Monetary Policy Committee?**

I don't have any financial connections or commitments or interests that might give rise to a conflict or perceived conflict of interest. My [Register of Interests](#) is up to date in Annex A. The most notable addition to it since my original appointment to the MPC is my appointment as a Non-Executive Director at Trastor, a Greek real estate investment company. Trastor has no exposure to the UK. My role with Trastor was discussed and disclosed in the MPC minutes here: [Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 18 March 2026](#).

- 2. Do you intend to serve out the full term for which you have been reappointed?**

Yes.

- 3. Do you have, or do you intend to take on, any other work commitments in addition to your continuing membership of the MPC? If so, how will you fit them alongside your commitments at the MPC?**

I have a series of academic and research positions that complement my role on the MPC. I serve on the Academic Advisory Committee of the San Francisco Federal Reserve and am a Senior Fellow at Brown University as well as Chatham House and a Visiting Fellow at Nuffield College (Oxford University). I teach at London Business School as well. In addition, I am a member of the advisory boards of Rebuilding Macroeconomics and Econofact. These roles complement my research on the MPC, contribute to the economics field, help develop a pipeline of macroeconomists and contribute to public engagement more broadly. They are all flexible and can be scheduled around my MPC schedule.

I also serve as a Non-Executive Director at Trastor, a real estate investment company in Greece. Trastor has no direct exposure to the UK and allows me to use expertise I've developed over the course of my career in areas having nothing to do with my work at the Bank of England. The board meets ten times per year, mostly remotely, and meetings are also scheduled around my MPC schedule.

Monetary Policy Committee

- 4. How well has the Bank implemented the recommendations of the Bernanke review?**

To be clear up front, all of the answers in this questionnaire are entirely my own. I believe this is vital given my individual accountability to the Treasury Select Committee.

The Bank has made a number of changes off the back of the Bernanke review, most notably our shift away from focusing on a central projection towards the use of scenarios, our introduction of policy rules to explain how various stylised rules might suggest we respond in these scenarios, several changes in our communications (particularly the introduction of individual paragraphs) and development of our modelling toolkit and infrastructure. The successive global supply shocks we have experienced and rise of geoeconomics and economic statecraft have made it clear that a shift to exploring scenarios and risks is more robust than relying more on a central projection. I think this development has been a positive one, and has enriched our internal discussions on the MPC. However, I think there remains work to do on identifying whether we are using scenarios as inputs to our policy decision, outputs to aid our communication or both and when each might be most appropriate.

The policy rules offer a sense of our reaction function in different states of the world, which should aid in our communication. I would like to see us more often use these rules to explore policy errors so as to minimise them, however.

Our individual paragraphs have been embraced by the investment community in particular, and I think they offer transparency in a way our collective communications previously didn't. I think our individual paragraphs should be used to explain our individual votes and the most important information (data, analysis and research) used to inform them. The structure of the policy process should not constrain the information we are permitted to include. Furthermore, it is vital, in my view, that we are allowed to set out the rationale for our votes using our own words in our individual paragraphs.

I think there is a risk in our shift away from our central forecast and the introduction of individual paragraphs. Because the MPC is uniquely set up such that we are each publicly connected to our votes by design—an unambiguous positive, in my view—there is an ongoing and inevitable tension on the MPC between the individual and the collective. By downplaying the central projection, which had been a centralising mechanism that forced us to use the same framework and language in our discussions, and introducing individual paragraphs, we have in my view shifted away from the collective towards the individual. This may reduce the inclination for MPC members to discuss things with one another and try to convince one another. I believe processes need to be robust to individuals, and think that there is the potential for MPC members to declare which scenario resonates most with their priors, vote, write their 200 word paragraphs and call it a day. This would not lead to better discussions or, indeed, decisions. I think maintaining a regular meeting at which all MPC members contribute to collective communications in a transparent way as a matter of course could help establish a centralising mechanism to lean against this.

When it comes to developing our modelling toolkit and infrastructure, I think we have already made great strides on this, though have some way to go. While it was rare to be

presented with other types of models as cross checks to our regular suite when I first started at the Bank, this is now standard process.

5. Do you think that the Bank is now better placed to forecast and analyse global supply-side shocks, such as that associated with the closure of the Strait of Hormuz, than it was when you joined the MPC in 2023?

Yes, I think the Bank is definitely better placed to analyse negative supply shocks now. When I joined the MPC, the Bank conducted an in-depth annual supply stocktake to assess the supply side of the economy. The supply side of the economy is notoriously difficult to analyse because it can't be observed in real-time. It was previously believed—at the Bank and elsewhere—that potential growth should only shift slowly in response to fundamental, structural shifts and so exploring it once a year was sufficient. But given the successive shocks of a global pandemic, a war in Europe and now a war in the Middle East, we have come to discover that changes in labour supply and productivity may in fact shift more quickly than we had previously believed. The Bank has explored its previous forecast errors and their sources in the recent [Forecast Evaluation Report](#), highlighting that novel shocks hitting the economy have made forecast errors unusually large and persistent, especially for wage growth and inflation. Many lessons have been learned, some of which I highlighted in my [recent speech](#) on how to think about the current energy shock in light of what we have come to understand about the 2011 and 2022 episodes. For example, we have learned that the conditions in place when a shock hits shape how it is transmitted through the economy—dynamics that are not typically captured in linear forecasting models.

To address these challenges and learnings, the Bank has already made changes to models and processes. For example, a more sophisticated treatment of energy prices was incorporated into the Bank's central forecasting framework ([Albuquerque et al., 2025](#)), alongside adjustments to its conditioning assumptions. And learning from the greater persistence in inflationary pressures, a number of ad-hoc models have been developed to help the MPC explore specific mechanisms or “non-linearities” not typically captured in the Bank's main forecasting framework, including [Haskel, Martin and Brandt \(2025\)](#) and [Buckmann et al \(2025\)](#).

Given the increased role of supply factors in driving economic fluctuations, the MPC now discusses the supply side of the economy in virtually every interest rate round, compared to the previous annual “supply stocktake”. A new framework has been recently established to support the MPC's discussion on the supply side of the economy, which includes ongoing monitoring of supply as well as deeper analysis and research. This will draw on a range of top-down and bottom-up assessments of potential output and its components. Findings will be used to cross-check the assessment of the supply side of the economy in the central projection as well as to contribute to scenario development when appropriate.

6. Where could the MPC improve its communications?

As I've already mentioned, I think that our processes have involved a shift away from the collective towards the individual. I believe, however, that the outside world really wants to understand what the MPC thinks or why the MPC just voted to do something—even as the MPC is just the amalgamation of nine different voices. I therefore think our communications would benefit from a commitment to both collective communications that are genuinely collective as well as individual paragraphs (and other individual communication tools such as speeches). On individual paragraphs, I think it is vital MPC members are permitted to include whatever data, analysis or research they feel informed their votes and that they express this in their own words.

I also feel external MPC members are underutilised in Bank communications with non-market participants. There are several initiatives explaining monetary policy to a regular audience in which we could prove useful, including non-financial media, school events, the Bank's podcast and social media posts.

7. How well has the Bank supported you as an external member of the MPC?

I have over the course of my first term on the MPC had a few different advisors and economists and it has been absolutely fantastic to work with them. A lot of what my team does is liaise with other staff members working on issues about which I have questions or that I find puzzling. Working with the staff is without a doubt the highlight of this job in my view. They have been diligent, hardworking, open-minded, receptive to feedback and generous with their time and ideas. I think the Bank aligns incentives properly in Monetary Analysis, encouraging the staff to conduct research on issues directly related to policy and to feed into the MPC process. This is not always the case at other major central banks, and I think this is to the Bank's huge benefit.

8. Where would you like the Bank to devote its research resources?

There are a few areas in which the MPC would benefit from further research. We are generating interesting, useful scenarios but relying on some outdated tools, and so I think resources should be devoted to our modelling and forecasting infrastructure as a priority. Beyond that, I think resources should be devoted to developing our strategy material. We have made strides in providing policy rules for various scenarios, but given the uncertainty we face I would love to see more work done on how we might use a risk management framework to decide the path for Bank Rate to minimise poor outcomes.

I would also love to see more work done on distributional issues. For example, the weak consumption we saw during the recent cutting cycle remains a puzzle but has wildly different policy implications. If consumers aren't spending because they're scarred from previous bouts of inflation, then the best way to unlock consumption is to bring inflation to our target quickly and definitively. But if consumers aren't spending because they are worried about losing their jobs, for example, then the MPC would more likely manage to

unlock consumption with a less restrictive monetary policy stance. Having not cracked this puzzle, I think it would be useful to analyse more granular, distributional data to understand who is spending on what and why. The banking sector has some interesting data on bank deposits and mortgages that we should be leveraging for this purpose.

And finally, while generations of economists have learned to think of fluctuations in economic activity as being demand-driven, we have learned through three negative supply shocks in the space of six years that the supply side of the economy is important too. We have devoted some resources to studying the supply side and to trying to understand productivity growth. But it would be useful to have more research to develop our thinking on how to respond to negative supply shocks given I believe we will continue to face them. I would also appreciate more analysis and research on the implications of the one positive supply shock on the horizon—Artificial Intelligence—given I believe it will be both transformational and disruptive.

The economy and monetary policy issues

9. What is your assessment of the overall prospects for UK and global economic inflation, growth and unemployment over the short and medium term, and what do you see as the main upside and downside risks?

With the outbreak of conflict in the Middle East, both the UK and global economy have been hit by a large negative supply shock. The Strait of Hormuz – a critical waterway used in the transportation of energy – has been effectively closed, and energy prices have been substantially elevated as a result.¹ Other commodities, including fertilisers, have also been impacted. Indicators of global supply chain tightness have risen sharply since the war began.

This represents the third adverse supply shock in the space of six years. Prior to the most recent shock, the UK economy appeared to be normalising from the economic fallout associated with the Covid-19 pandemic and Russian invasion of Ukraine, which saw UK inflation rise to over 11%. Before the escalation of tensions in the Middle East, I expected this normalisation to continue, though was concerned it had slowed.

This disinflation process has been reversed by the latest shock. Inflation is expected to increase over the short-term, as direct and indirect effects are passed through to consumer prices. I expect the size of these effects to increase with the severity and duration of the shock. The April 2026 MPR expected CPI inflation of 3.3% in 26Q3 - 1.4 percentage points higher than anticipated at the time of the February report.

In the past week, a new ceasefire in the Middle East conflict has been announced. However, the implementation of the deal and the evolution of energy prices remain uncertain. Flows through the Strait of Hormuz, which has been closed for over 100 days now, could take

¹ Around one fifth of seaborne oil and one quarter of global liquefied natural gas (LNG) are normally transmitted through the Strait of Hormuz.

several months to normalise, limiting supply and putting pressure on supply chains and prices. The [IEA's monthly report](#) published following the ceasefire announcement noted that the resumption of oil flows will be “gradual”, not least as shipping lanes will need to be freed from mines, damaged infrastructure will need to be repaired, and oil fields that have been shut for months may take some time to re-open.

There also remains considerable uncertainty about the scope of the deal and whether it will endure, which in turn still poses upside risks to energy markets. The drawdown of oil reserves in recent months to mitigate price increases leaves the market more exposed, increasing the risk of more pronounced oil spikes should the situation re-escalate. Over the medium-term, the inflationary impact of the shock will be determined by how this shock evolves and the degree to which second-round effects emerge. These effects will take time to materialise and therefore require the MPC to judge, in setting policy now, how material they are likely to be for the inflation outlook over the medium-term. This was the focus of my most recent speech, in which I compared the current energy shock with those in 2011 and 2022 to draw lessons for appropriate monetary policy today.²

In the face of the current shock, I see a larger risk coming from the price-setting channel of second-round effects than the wage-setting channel. The sharp increase in the composite output price PMI since the start of the war suggests that firms have already started passing on some of their rising costs. Firms in the DMP survey have also indicated that they intend to increase prices in response to the conflict; year-ahead own-price growth jumped from 3.4% pre-war to 4% in May. In addition, responses from the DMP suggest that firms intend to absorb some of their increased costs into their margins. However, intelligence from our network of Agents suggests that margins have been compressed for some time now, and I do not think this can continue indefinitely. As in 2011, firms may use the universal shock to rebuild margins.

Meanwhile, there is competing evidence on the wage-setting channel. The DMP's year-ahead own-wage growth expectations have not moved substantially since the start of the war, suggesting the wage-setting channel for second-round effects may be weak. But our Agents report that some firms expect their 2027 pay settlements will be higher than initially expected. This higher forward-looking wage indicator could reflect the strong response of households' inflation expectations to the shock – May's Bank/Ipsos Inflation Attitudes Survey saw the largest survey-on-survey jump in short-term expectations since February 2022. And this is before households have felt the full force of the shock, given the lag associated with calculation and application of the Ofgem energy price cap. Households are likely to be more attentive to this energy shock given the 5 years of above-target inflation they have recently experienced. Both households' and firms' long-term inflation

² [Here we go again? Assessing the inflation risks of the recent energy shock – speech by Megan Greene](#)

expectations are more sensitive to short-term inflation surprises, suggesting inflation expectations are not as solidly anchored as they were before 2022.

The greater attentiveness to inflation suggests to me that some second-round effects are to be expected. This is reflected in my use of “Scenario M” in my most recent speech. This scenario incorporated larger second-round effects than in the Bank’s published Scenario B, reflecting greater attentiveness of firms and households to inflation, but was also conditioned on less extreme energy futures curves than in the published Scenario C.

The wider state of the economy will play a role in inhibiting or encouraging second-round effects, insofar as it impacts price- and wage- setting behaviour. In my view, the labour market is currently positioned somewhere between the extreme tightness of 2022 and extreme looseness of 2011. I anticipate that the labour market will continue to loosen at a gradual pace but, as of yet, see no evidence of a non-linear adjustment on the horizon. The Bank’s underlying employment growth measure has sat around 0% since late 2024. Risks to unemployment are to the upside given the negative impact of the shock on demand. The more protracted the shock, the larger this impact is likely to be.

I expect growth in GDP to remain subdued going forward. Increased uncertainty and a slowdown in real income growth could push down on demand. The extent to which this is disinflationary will depend on the level of potential supply in the economy. Going into the shock, I felt supply was weak and anticipated this weakness to continue. The shock has not changed my view. We have expected productivity growth to return to its historical trend, but I think the risk to this is on the downside. Meanwhile, higher uncertainty from the war in the Middle East may result in delayed or halted business investment. In addition, disruptions to supply chains are likely to contribute to weaker supply. In my view, the risks to UK growth are to the downside.

The global economy will also be impacted by the shock, given its effect on global energy prices, weighing on global growth. The extent of the impact will vary across economies, driven in part by whether they are net importers or exporters of energy.

Given the uncertainty around the extent of second-round effects and evolution of energy prices, I believe we should pursue a risk management strategy. Using the Bank’s endogenous policy toolkit, Bank staff have produced analysis suggesting that holding Bank Rate assuming lower second-round effects (Scenario B) and discovering next year they are greater (as in Scenario M from my recent speech) and course correcting results in inflation that peaks higher and remains above target for the rest of the outlook. Hiking Bank Rate assuming greater second round effects and then discovering they are smaller and course correcting results in a very moderately lower output gap and inflation that returns to target at the end of the outlook.

Put simply, failing to insure against this risk could be costly. While the cost of insuring and being wrong is not zero, these costs can be largely mitigated by adjusting policy early next

year when we have more information about both the evolution of energy prices and the extent of second-round effects. The risks are asymmetric, which motivates a strategy that insures against second-round effects until we have a sense of whether or not they have emerged. In addition to this, a pro-active hike in Bank Rate should help anchor inflation expectations, itself leaning against the risk emerging.

The greatest downside risk to the UK and global economy continues to stem from the Middle East. Even if the ceasefire endures and the Strait of Hormuz is eventually reopened, I think that it is likely some second-round effects will be triggered. There is already lasting damage to energy infrastructure, and we now know that the Strait of Hormuz can be closed relatively easily. Tolls or operating costs for using the Strait of Hormuz may be passed onto the end user, and energy prices may continue to have a risk premium baked into them even after the war.

The greatest upside risk to the UK and global economy is a boost to potential growth stemming from the widespread adoption of Artificial Intelligence (AI). We have been hit by three successive negative supply shocks in the past few years. I believe that economic statecraft is here to stay, and it will present additional negative supply shocks going forward. The crystallisation of either physical or transition risk from the green transition will also represent negative supply shocks. The one countervailing positive supply shock is an expansion of productive capacity due to AI. I believe AI will be transformative, but that the time frame is incredibly uncertain. Firms will need to completely restructure their processes and operations to embed AI, and I believe this could take longer than our three year outlook period.

10. How do you see the prospects for UK productivity growth, including the impact that AI technologies may have?

Measured productivity growth in the UK has been weak over recent years, although the extent and timing of the weakness is uncertain and depends on the data source used. As outlined in Box C of the February 2026 Monetary Policy Report, the recent weakness in official productivity measures appears largely cyclical. Measured productivity is pro-cyclical due to variations in firms' capacity utilisation, which has been subdued in recent years.

For many vintages, the central projections – most recently in February 2026 - featured a pick-up in potential productivity over the forecast horizon to just shy of 1% annual growth. This is broadly in line with the OBR's November 2025 outlook for productivity. In the Bank's central projections, this growth is driven by capital deepening, which is expected to be supported by relatively robust business investment, and a modest pick-up in Total Factor Productivity growth.

Most recent productivity data give a mixed picture. Depending on the employment measure used (your denominator), productivity has either experienced more weakness or a relatively

robust rebound. Productivity data are notoriously noisy, and it will take time to understand how the past two years fit in the broader trend.

With that in mind, I continue to see the risks to the productivity outlook as firmly to the downside and my central outlook for productivity growth in the UK over the medium term is more subdued. The most recent shock stemming from the war in the Middle East, which will push output down and inflation up, further dampens any hope for a structural recovery in the near-term.

UK productivity growth has now been fairly weak for over 15 years, and the Bank's central projections have repeatedly assumed a rebound that has yet to clearly materialise. Capacity utilisation indices remain very subdued and investment growth, while somewhat stronger than expected in 2025, is expected to weaken this year.

The UK has also faced more frequent supply shocks over the last 10 years, which may still be impacting the economy. For example, recent [empirical evidence](#) points to Brexit having exerted a larger-than-anticipated drag on trade volumes, in turn having potential knock-on effects on productivity that may still be propagating across the economy.

As I have outlined in previous speeches, we have likely entered a new era in which negative supply shocks are becoming more frequent and prominent. As described in Question 5, the Bank and staff are devoting more resources and time to continually assessing the outlook for supply and productivity growth.

AI technologies, in contrast, represent a potential positive supply shock for the UK. If AI raises potential growth as I expect, it should increase the economy's "speed limit" – the rate at which the economy can expand without generating inflation.

Still, I remain cautious about the medium-term implications of AI for UK productivity growth. Frictions around adoption and the diffusion of innovation suggest that any productivity gains are likely to emerge only gradually. In the longer-term, however, I am more optimistic that AI could become a meaningful driver of productivity growth.

In practice, the adoption of AI is likely to be gradual and uneven across sectors and may take time to be reflected in aggregate data. Firms will need to invest in integrating these technologies and, in many cases, restructure their operating models before realising material efficiency gains. This adjustment may also require complementary investment in workforce skills and training.

In the nearer term, these frictions imply not only a lag in realised productivity gains, but also that the adjustment process itself could have macroeconomic effects. Investment in AI could support aggregate demand in the short run, while lags in the realisation of returns may make this spending somewhat inflationary at the margin. Buoyant stock markets globally driven by optimism about AI returns could also have some positive wealth effects, lifting consumption.

Implications for the labour market are also difficult to disentangle, as set out in a [Bank Underground post](#) from earlier this year. AI may render certain tasks obsolete and could lead to job displacement in some areas. At the same time, there is also evidence that AI could create new tasks, such as roles that help customise and integrate AI into firms' operations. Indeed, there is some evidence of increased demand for workers with AI skills.

It is still early days, and the overall impact of AI is highly uncertain. But, in my view, any impacts have been modest to date. [Firm survey data on AI](#) from the Bank's Decision Maker Panel suggests that effects so far have been modest: around 90% of firms report no impact of AI on employment or productivity over the past three years. Looking ahead, less than half of firms expect a small or large positive impact on productivity over the next three years, while a similar proportion anticipate some negative impact on employment.

11. In several of the meetings you have attended, you have voted for a tighter monetary policy than the majority. Looking back at how inflation and growth developed, do you think that monetary policy has been too easy?

Since I joined the MPC, monetary policy decisions have been taken against a backdrop of historic shocks hitting the economy. At my first decision meeting, the UK economy was still reeling from the effects of two successive supply shocks stemming from the Covid-19 pandemic and the Russian invasion of Ukraine. More recently, it has been subject to a third supply shock in six years, with the ongoing conflict in the Middle East and effective closure of the Strait of Hormuz leading to a surge in energy prices.

Such shocks typically present monetary policymakers with a trade-off between stabilising inflation and stabilising output. As a result, policymakers' decisions will likely, at least in part, depend on their view of the balance of risks around these two economic outcomes. Indeed, on the seven occasions (out of twenty-four) I voted for a tighter monetary policy than the majority of the MPC, my dissents were generally motivated by a belief that the risk of increased inflation persistence was larger than that of weaker activity.

With the benefit of hindsight, it can be seen that inflation has proved more persistent than initially expected, reflecting stronger and more sustained pass-through from earlier shocks. As such, inflation has now been above its 2% target for 5 years. While it was normalising from its 2022 peak, it had not yet normalised and I was concerned that the disinflation process had slowed before the latest shock hit with the invasion of Iran. Forward-looking indicators of wages (the DMP and the Agents' pay settlement survey) remained elevated and above target-consistent rates. Household inflation expectations also remained above their historical averages. This posed upside risks to inflation persistence and as such I felt that the balance of risks laid to the upside on inflation.

Activity has been subdued but has proved generally to be more resilient than our forecasts have suggested, with underlying economic growth weak but relatively stable since mid-2024. In addition, the loosening we have seen in the labour market can be best

characterised as sustained and gradual. Previous fears of a labour market “shake-out”, or a non-linear adjustment in unemployment have, so far, not been borne out. Reflecting this, the rise in unemployment has been driven by an increase in inactivity, rather than a drop-off in employment – the Bank’s underlying estimate of employment growth has sat at around 0% since late 2024.

My voting record demonstrates my commitment to our mandate, which entrusts us with returning inflation to target sustainably. I have had a preference for supporting price stability over activity because inflation has exceeded our target for 7 of the past 10 years and I have been concerned about the recent successive negative supply shocks increasing households’ and firms’ attentiveness to rising inflation.

However, I would be cautious about concluding that policy has been “too easy”. Our monetary policy stance inevitably depends on where one judges the long-run neutral rate to be. This rate is impossible to observe or measure in real time, and so it is notoriously difficult to gauge restrictiveness. Second, the MPC faced genuine two-sided risks throughout this period. On the one hand, weak activity and a loosening labour market could have warranted an easier stance. On the other hand, there was a risk that inflation could become more entrenched should second-round effects remain in the system. My voting record reflects a different assessment of the balance of those risks rather than a fundamentally different framework.

12. Do you think the outlook for the economy and inflation has become permanently more uncertain, and if so, what does that mean for monetary policy?

Monetary policymaking has always and forever been fraught with uncertainty. It is an inevitable part of the job given that the future is unknowable, data can be noisy and some key economic concepts on which we rely to assess the state of the economy are unobservable. These concepts include the natural rate of interest, NAIRU and potential growth. As a result, monetary policymakers are no stranger to uncertainty. But the type and amount of uncertainty they face can vary over time. As this changes, they may be required to adapt their approach.³

It is not controversial to say that uncertainty, particularly over the outlook, has increased in recent decades. In my view, this has largely been driven by the barrage of adverse supply shocks the UK economy has faced – often, but not always, stemming from abroad.

When any shock hits, its ultimate effect is unknown. Policymakers must use the data and tools at their disposal to make judgements about its evolution and act accordingly. But, while demand shocks tend to require a relatively straightforward response given that Bank Rate is a demand-side management tool, negative supply shocks often offer additional challenges.

³ [Monetary Policymaking at the Bank of England in uncertain times](#)

For one, they invoke an awkward trade-off for policymakers between stabilising prices and stabilising output. In addition, supply shocks involve an aspect of the economy we are less able to measure in real time – aggregate supply. Substantial structural change in the form of low productivity growth and demographic shifts has made assessing the supply side increasingly difficult in recent years. In turn, this heightened uncertainty around the supply side makes it harder for policymakers to evaluate inflationary pressures – particularly as supply shocks become more common.

In light of these kinds of challenges, the Bank has begun a transformation of the monetary policy process to make monetary policy more flexible and adaptive to the economic environment. As a result, the MPC process now relies less heavily on a central forecast and employs scenarios to explore risks around that forecast. Indeed, in May we refrained from publishing a central forecast altogether and instead only presented three competing scenarios. Scenarios allow us to explore different conditioning assumptions and alternative inflationary dynamics, helping us to identify and communicate our reaction function.

In addition, we can make better use of analysis exploring the potential outcomes of different policy strategies. Drawing on simple policy rules and so-called optimal policy projections allows us to examine the ways in which different policy approaches impact economic outcomes. As such, we can evaluate their relative performance in addressing the aforementioned trade-off implied by supply shocks. This is particularly helpful when things are uncertain, given it allows us to compare and contrast across different strategies and scenarios and identify where the biggest costs lie. This allows MPC members to make decisions using a risk-management approach that takes into account the cost of realising you are not in the state of the world you initially assumed.

Finally, I would add that heightened uncertainty calls for greater clarity and transparency in monetary policymaking – particularly around monetary policymakers’ reaction functions. I would thus emphasise the importance of clear, collective communications alongside individual communications.

13. What impact is quantitative tightening having on the economy, inflation and on the functioning of financial markets?

The MPC has been reducing the stock of assets held in its Asset Purchase Facility (APF) for monetary purposes since February 2022 and, in the same year, committed to assessing the impact of Quantitative Tightening (QT) annually. The August 2025 Monetary Policy Report sets out the most recent assessment, while this year’s review is ongoing and due to be published in the July 2026 Monetary Policy Report. To date, QT has involved ceasing reinvestment of maturing assets in the APF and, since November 2022, active gilt sales.

The guiding principles set out by the MPC are intended to limit spillovers to financial conditions and the wider economy. In practice, this has meant using Bank Rate as the active

policy instrument, conducting sales only in appropriate market conditions so as not to disrupt functioning and ensuring that QT proceeds in a predictable and gradual manner.

While there are large uncertainties around these estimates, staff analysis and research suggest that QT has raised term premia by around 15–25 basis points at longer maturities, with only modest implications for inflation and growth. Put into the wider context of the rise in longer-dated gilts, which have increased considerably since 2022 in the UK and globally, this effect is modest.

The main channel through which these impacts are likely to have emerged is the so-called “portfolio rebalancing” channel. Asset sales increase the supply of gilts in the market and, because investors require a higher return to hold them (that is, demand is not perfectly elastic), prices fall. In other words, prices are lower than they would be in the absence of QT, and yields are correspondingly higher. Given that APF holdings represent a relatively small share of the overall stock of gilts - and that gilt prices are influenced by a wide range of factors - the impact of QT is unlikely to be material. And furthermore, based on our estimates, the impact of QT on term premia can be offset with Bank Rate.

There is also little discernible impact of QT auctions on broader market functioning. This reflects the fact that market participants are able to adjust for the effects of QT auctions in advance, given that they are announced ahead of time. In fact, there is a knockout clause embedded in our guiding principles for managing the balance sheet that demands that balance sheet operations be halted should they disrupt markets.

Of course, the effect of QT may vary over time, and the MPC remains very alert to this. Higher global uncertainty, structural changes in domestic bond markets and elevated issuance have all reduced demand for long-term government debt, pushing up yields. All else equal, this could mean that QT may at some stage impact market functioning—for example, when market liquidity is low. The MPC monitors the impact of QT closely and will continue to review its approach as necessary to align with its guiding principles.

The July 2026 Monetary Policy Report will contain the MPC's latest views on the impact of quantitative tightening on financial conditions and the economy.

14. At your appointment hearing, you made an “out-of-consensus call” that China would experience a consumption-led recovery. How has that call borne out, and what impact do you think the Chinese trade and current account surpluses are having on the global and UK economies?

My call on a Chinese recovery has been borne out, insofar as China has achieved its previous growth target of "around 5% GDP growth" (the latest growth target has been reduced to a 4.5-5% range). But this growth has not been consumption-led as I predicted, despite repeated indications that the Communist Party would like to see a rebalancing away from investment towards consumption. Nor do I now expect this to happen. Just as there are

concerns about the employment implications of AI in developed countries, this is a potential issue in China as well—particularly because the labour market is very flexible.

Instead, China's growth has been bolstered by trade. In 2025, China's current account surplus exceeded 3% of GDP, supported by a goods trade surplus of around \$1.2trn. Meanwhile the US ran a current account deficit of just over 3.5% of GDP and the euro area continues to run a surplus. The US's external debt has reached an eye watering 90% of GDP. These global imbalances have grown such that addressing them was the theme of the IMF spring meetings in April 2026 and are at the heart of France's G7 presidency.

The international community is right to focus on this problem. There have been global imbalances for decades, but they have grown significantly since Covid. We have seen this film before. In the 1980s the US dollar surged, generating significant trade imbalances that fuelled protectionism until the Plaza Accord was struck. The global imbalances of the 2000s manifested in the Global Financial Crisis later that decade. Today, global capital has poured into US equity markets, valuations are stretched, US public debt is being rolled over into shorter maturities and leveraged, price sensitive hedge funds are playing a larger role in global debt markets. The risk is that these imbalances unwind rapidly, causing a financial crisis and global recession.

Recently, attention has been drawn to global imbalances by the use of economic statecraft, particularly tariffs, sanctions and export controls. But global imbalances are not at their heart a trade issue; they are simply a reflection of the balance of national savings relative to national investment. A country that invests more than it saves then borrows and runs a current account deficit. A country that saves more than it invests lends its capital to other countries and runs a current account surplus. These are simple accounting identities, with no morality attached to either stance.

It follows that these global imbalances are largely home grown. The way to address them from an economic standpoint is relatively obvious then: China must consume more, Europe must invest more and the US must save more. This is an entirely consensus view, but is politically difficult to implement. As my colleague at London Business School, Helene Rey, has outlined in a [report for the G7](#), the adjustment can either be coordinated and gradual or it can be unmanaged and cascading.

a. What will your next "out of consensus" call be?

I think that five years from now we will look back and wonder why we spent so much time talking about Stablecoins. The goal of digital assets as I see it is to embed smart contracts so that a whole bunch of things—settlement, compliance, payment, provisioning, etc—are triggered automatically upon delivery in what is called an atomic settlement. Smart contracts are faster (they can work 24/7/365, including over holidays), cheaper (they eliminate middlemen) and they free up liquidity. Like it or not, tokenised assets are inevitable and so it's worth contemplating their design. As a central banker, the singleness

of money is paramount such that a pound in cash is equivalent to a pound-backed stablecoin and a pound in tokenised deposit and a pound in a central bank digital currency.

Stablecoins gained significant popularity when the US administration put its full weight behind them in implementing the Genius Act. Stablecoins are backed 1:1 by real assets, and around 98% of them are backed by US dollar assets. There are several pros to Stablecoins: they are an effective one and off ramp for crypto markets (and will probably always serve as such), they succeed in eliminating the middle man and so reduce cost, they are programmable with smart contracts, their development has been relatively quick given they are being developed in the private sector and they are an attractive means to gain access to US dollars (especially for emerging markets with volatile currencies).

But there are significant cons to Stablecoins as well. For starters, they aren't all that stable. There is a question about what is legitimately backing them, and governance is an issue (the world's largest Stablecoin issuer, Tether, is headquartered in El Salvador). The stability of Stablecoins rests on the liquidity of the underlying assets, which can't be assured. We learned this in 2022 with the collapse of the TERRA-Luna ecosystem. Stablecoins also threaten to weaken the monetary transmission mechanism by operating outside the sovereign monetary system. A majority of the illicit transactions in the crypto ecosystem involves Stablecoins as well. Of all potential digital assets (including Stablecoins, central bank digital currencies and tokenised deposits), it is most difficult to maintain the singleness of money with Stablecoins—though not impossible. The Bank has proposed a Stablecoin regime (requiring 40% of backing assets to be held at the Bank unremunerated while the remaining 60% must be in short-term UK government debt) designed to achieve this.

Ultimately, I think Stablecoins will be leapfrogged by tokenised deposits. To be clear, I expect both forms of digital assets to continue to exist. There are several benefits to tokenised deposits: the user experience doesn't really change other than it gets cheaper and faster, anti-money laundering and know your customer protocols remain intact, deposits stay in the regulated system so the monetary transmission mechanism remains intact, they are backed by deposit insurance and central bank facilities and there is a clear resolution framework when things go wrong. The biggest hurdle to the spread of tokenised deposits at the moment is that there is no standard to link different banks' networks. This could generate significant liquidity fragmentation. This is no small downside, but I expect it is a technical one that will be overcome in time. There are already a number of initiatives such as the Regulated Liability Network and central bank-led Project Ensemble aimed at addressing this.

Please provide a full CV when returning this questionnaire. The Treasury Committee will publish your answers to this questionnaire alongside your CV. All documents should be provided in Word and PDF. Please provide these documents by 1pm Thursday 18 June 2026.

This document, and any answers provided, are confidential to the Treasury Committee until published by that same Committee.

Annex A:

Member	Bank roles	Other roles held at present (a)	Previous roles held within past two years	Relevant financial interests (b)	Other relevant interests (c)
Megan Greene	External member of MPC	<p>Academic Advisory Committee, San Francisco Federal Reserve</p> <p>Senior Fellow, Watson Institute for Public and International Affairs, Brown University</p> <p>Member, Advisory Group, Rebuilding Macroeconomics</p> <p>Member, Advisory Board, Econofact</p> <p>Senior Fellow in International Economics, Chatham House</p> <p>Teaching at London Business School</p> <p>Visiting Fellow, Nuffield College Oxford</p> <p>Non-Executive Director, Trastor Real Estate Investment Company, Greece</p>	<p>Teaching at European University Institute</p> <p>Teaching at Schwarzman College, Tsinghua University</p>	Deposits over FSCS limit (HSBC)	–

(a) Roles held outside the Bank other than those roles declared by members as being of a solely honorary nature or mere membership of organisations.

(b) Relevant financial interests are: securities or related investments in institutions regulated by the Bank; direct holdings of individual gilts; direct holdings of cryptoassets; deposits of a value greater than the FSCS limit in any Bank-regulated firm; investment or pension products with a PRA-regulated insurer whose return depends in part on the profits of the insurance company; other financial relationships which could reasonably be considered to be a potential conflict of interest. The information disclosed relates to investments where the member takes investment decisions. Where investments are held under full discretionary management these are not included on the register, nor are investments held in pooled investment schemes given the member does not decide which individual securities are held within the scheme.

(c) This covers other interests that may be relevant in light of the member's role at the Bank, including whether any property is held for trading or business purposes (excluding any personal residences or where rental income is less than £5,000 per year) or the interests of a close family member (ie spouse/partner, parents, siblings, children) where these could be seen to be relevant to the member's role at the Bank, or other notable interests.