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Ed Conway, Sky News. Governor, in markets, there is still some confusion and consternation about how people can prejudge what decisions the Bank of England is going to make. Can you be clear about what rationale was going on in this decision, because you've talked in the past about people needing to focus on the data, but then you've said, actually, this very weak first quarter GDP print actually might be, kind of, overstating the contraction. So, should they actually be focussing on the data or should they be trying to prejudge your judgement on the data? Things are getting confusing for people out there.

Mark Carney: Well, first thing, the people we speak to first and foremost are households and businesses across the country. If you look at surveys of households, like the HFI survey, if you look at the most recent Deloitte CFO survey, if you do the surveys and the meetings that we do with businesses and meet with consumer groups across the country, the expectation of those individuals, more than three quarters of those, whether they're individuals or businesses, is that interest rates are likely to go up at some point over the course of the next year, probably a couple of times over the course of the next year, year and a half. So, they are in a position that they can plan accordingly for that possibility. They don't think it's a guarantee, they think it's a likelihood. You would also, if you meet with households and businesses as you do, know that they think that we will react accordingly to the underlying conditions in the economy. So, first point is who do we speak to first? We speak to the people we serve, which are directly households and businesses. The second is that the judgement about the stance of policy, to get into the technicals, relate to the balance of supply and demand in this economy.

Now, we have been as clear as we can be, I think, about where we think the rate of supply growth is in the economy. We've given a figure for the natural rate of unemployment, we revise that, we update that once a year, we've updated it 4.25%. We've given a view on what the rate of potential growth is, or the speed limit of the economy, about 1.5%. We've also given a view about the overall level of slack, which as of today we view as very limited in the economy. So, the question is, which one can have an opinion on, but one can't prejudge, how fast is this economy going to grow, relative to that speed limit? We can't guarantee an outcome for economic growth, it's affected by a variety of factors, both external and internal. You can make a judgement that if the economy is growing faster than the speed limit, it's likely, certainly in our view, that domestically-generated inflationary pressures are going to continue to pick up. Consistent with that, some withdrawal of monetary stimulus would be required.

Now, there are a lot of people in financial markets, they will have a range of views about the likelihood of that, they will be influenced by their views of the European economy, by their views of animal spirits in businesses, potentially by their views of likely outcomes of Brexit negotiations, potentially all of the above. If they can form a view of where they think the economy is going and update that view as the data comes in and what it informs, then they can make a judgement about what we're likely to do. Now, last word on this. It probably won't be the last word, but the last word in response to you. In terms of the decision at this meeting, we had data come in lower than our expectations. It was mixed, there was some stronger data, but on balance, it was mixed and weaker. Certainly, the hard data, the ONS data was lower than expectations. In a world where you're looking at limited and gradual rate increases, you sit down and say, 'I think the most likely thing is that the underlying momentum in the economy is still there, above that modest hurdle that I described, the 1.5% speed limit of the economy.' We think it's still there, that's the view of the committee as a whole, that's what's in our projection. What's the sensible thing to do? Do you act now or do you wait to see evidence that that momentum is reasserting? The judgement of the committee, the majority of the committee, is you wait to see for some evidence of that reasserting.

Now, the market and those who follow closely what we do can make their own judgement about how likely that is, and they will update those views as information comes in. For households, businesses focussed on other things, they have, I think, we know as of now, the general orientation, which we're confirming today, that interest rates are likely to go up to a limited extent and at a gradual pace and they should plan accordingly.

Jill Ward, Bloomberg: As of 12:14 or so, money markets have priced out a rate increase this year altogether. Are you happy with that? Having seen the inflation report, it comes across, for lack of a better term, as a hawkish hold.

Mark Carney: First, I'm not sure that's right, what you said, the premise to your question, I'm afraid to challenge.

Ben Broadbent: If you mean it's not 100% priced, but I think there's a, sort of, 85% chance by November, so it hasn't priced it out.

Mark Carney: Just to be clear, my answer to Ed, we speak first to households and businesses in the country, but we also pay attention to what's going on in financial markets and I know where the OIS and SONIA curves were before I walked in here. Look, this goes to the core question, though, which is stance of policy. I won't repeat all of the answer I just gave, but the orientation of policy, the view of the committee as a whole is that we think the momentum in the economy is going to reassert. Now, this is not an economy that's growing at robust rates, but we expect it to reassert at rates that are stronger than the rate of growth of the supply capacity of the economy. That will continue to build domestically-generated inflation, which will be increasingly important to the inflation profile as imported inflation, the imported inflation from the past depreciation of sterling, as that comes off. Again, between now and the next meeting, between the June meeting and August and on through the year, there'll be a series of data, a series of things will happen in this economy and the global economy, and people will have to update their views on the likelihood that the economy will evolve in that direction.

Our view, sitting here today, is that there are reasons to think that it will reassert. Others can have a different view and they can trade or invest accordingly, but if we're right, if things transpire in that direction, then the expectations of households and businesses in this country, which is for some modest adjustment of interest rates, will be justified.

Kamal Ahmed, BBC. Governor, how worried are you that the tag of 'unreliable boyfriend' sticks, that households and businesses listening to you in February took the clear signal that interest rates were going to rise more quickly and to a greater extent than previously thought, they will listen to you today and say, 'Oh, no, interest rate rises are now off for a longer period this year'? Can the audiences and the households and the businesses that you're so keen to speak to trust what you say about whether interest rates are going to go up and, more importantly, when that is going to happen?

Mark Carney: Well, first off, Kamal, the households and businesses we speak to don't trade short sterling, okay? They're not fixated on whether we raise interest rates on May 10th or, you know, at the end of June or in August. First and foremost, what they want to know is the general orientation of the economy, that's really what they want to know when we go around the country and speak to them. Entirely understandable, their jobs depend on it, whether they make an investment depends on it, you know, these are fundamental issues and that's the first and foremost thing they want to understand. The second thing they want to understand, still, is, 'Is the financial system healthy? Is the financial system in a good position for the potential shocks we could get from the variety of headlines that are on your network of, you know, geopolitical issues, European issues, etc.?' Then the third thing is, 'What's going to happen to interest rates?' and of course they're interested in what's going to happen to interest rates. Now, knowing the general orientation of policy, that those interest rates are likely to go up, they do know that. They do have that sense, you know, slews of surveys and series of meetings tell us that, but they also expect that if the situation changes, they expect us not to be on some pre-set course, they expect us to be prudent, not passive, so if the situation's appropriate, we will adjust policy.

I'll say, the only people who throw that term at me are in this room, so now everyone else can throw it at me when I go out of this room.

Helia Ebrahimi, Channel 4 News. You're trying to give clear guidance, but it ends up being confusing. All jokes about being an unreliable boyfriend aside, why is the Bank of England struggling so much to help consumers understand what's coming, or do you think you're doing a good job at communication?

Mark Carney: Well, in terms of the overall guidance that we've given, the first was, if you go back five years ago, 'We're not trigger happy on interest rates just because the recovery has finally started,' I'd remind, finally started in 2013, 'We're not going to instantly raise interest rates and we're going to wait until we see some progress before we even think about it.' That message landed, okay. That message, you can debate how much of an effect it had, but it didn't hurt in terms of business activity, in terms of people spending, in terms of the housing market, other factors. Subsequent to that, we tried to get across something which is now absolutely conventional wisdom, which is that, longer-term, interest rates are going to be lower for much longer than anyone had thought. We started talking about that in 2013, we have talked about it consistently, limited and gradual. I know you're bored with it, but it's important and people are making decisions on the base of that. I think now, if you look back over the course of the last several years, that has been right. It's not the sole reason, but it's part of the reason why we have the employment outcomes, we have the growth outcomes and we have the inflation outcomes that we have, it's been necessary and we still think that it's appropriate. Now, it is useful information for people to have that perspective. The committee does think that it is still useful, and it's informed by discussions with businesses and households across the country, to give an orientation on policy.

Now, the UK economy, I'll finish with this, we are in a different place, not surprisingly, it's a reason why we have an independent central bank. We're not in the same place as Europe, which has still a lot of spare capacity and a financial sector that is only recently recovered from the crisis. We fixed ours a long time ago, we have very little spare capacity in this economy, in terms of the labour market, and relatively little in firms and not big investment that's building that spare capacity, so we're in a different place than Europe, but we're also in a different place than the United States, which doesn't have a major, you know, trade set of discussions. It has some trade discussions, but not on the same order of magnitude or timeframe or materiality of Brexit, by any stretch of the imagination, and isn't in fiscal austerity, but is in fiscal expansion. So, you have to set policy to the circumstance here, provide the guidance, and I know it's not what you necessarily want to hear, but in terms of it getting through to those who make economic decisions in the country, it does.

Chris Giles, Financial Times. One of the reasons people might be a little bit confused about the bank's stance is that you've said today that Q1 was erratic, an outlier, this wasn't an important slowdown, it was temporary. You've also said that the economic momentum is the same as you thought it was in February, and yet the path of interest rates you're, sort of, guiding on is significantly lower. In

February, you said that everything's the same. In February, you were being pretty hawkish and saying that financial markets weren't expecting sufficient interest rate rises, and now you're basically saying it's okay. This is why people are confused. Could you clarify that?

Mark Carney: So, there are a couple of important things embedded in that question. Let me go to the last bit and then I'll come back to the first, which is what we said in February, and what we said in February was a market message and it was a market message relative to November. So, if you recall, the market curve we used for our November forecast had two rate increases over the course of two years. What we said in February is that, relative to the November forecast, you needed more sooner and more. It happened to be more or less consistent with where the market curve had been directionally moving, the market was moving towards three rate increases, and certainly the mindset of the committee was moving in that direction. Now, as we come into this meeting, reminding you, and I apologise for being technical, but this is easy for you, we use the fifteen-day average of the market curve. The one we've used for this, it's mechanical, as you know, has three rate increases over the course of the next three years, as noted in the minutes.

So, in effect, it's broadly the same curve as we were talking about in February, but why is inflation coming back to target sooner than we had expected before? From our perspective, on the view of the committee, it's not because of the weak Q1. It's because we've been accumulating evidence from the passthrough on sterling's depreciation that has indicated to us and we've taken the judgement that we're not going to get as much of that passthrough into import prices as we previously had thought. It's the 50-60% point I made in my opening remarks and it's detailed in the report, and it has been flagged in previous minutes that we've been thinking about this issue. That's why inflation comes back to 2% in two years' time, because we get a shallower path of imported inflation from the past depreciation. What hasn't changed is our view in terms of the building of domestically-generated inflationary pressures, unit labour cost particularly, other indicators, which have come in line with our previous expectations, if not slightly firmer. Those are the elements that become increasingly important, but given what's happened on the external side, that combined with the weak first quarter means it makes sense to step back, say, 'Okay, we think momentum's going to be re-established, but let's see evidence of that before moving.'

Larry Elliott, Guardian. Can I just follow up on that? In February, you did say that you thought monetary policy would need to be tightened somewhat earlier and by a somewhat greater extent. You've now dropped that language, you're talking about an ongoing tightening of policy, which is much softer language. I'm not quite sure why.

Mark Carney: Larry, I'm sorry, I'll give you another question, because it's a curve versus curve point, it's a really technical point. I apologise that it is, but in February, talking about a curve in November that had two increases, having a curve with three increases now, the curve we've used in the May report has three increases, so one doesn't send the signal relative to that.

Larry Elliott: You don't think that your language has been softened, then? You don't think your message has been diluted?

Mark Carney: Our core message is that we think there needs to be an ongoing withdrawal of monetary stimulus, provided the economy turns out as we project. It's at a gentle pace, they're limited and gradual moves, but that's the core message. What's changed since February? Well, what's changed since February, apart from the inflation point I just made, which tells you something about profile of inflation, is that we got some mixed data, some soft data, we think there are some idiosyncratic factors in there, some erratic factors will go away. We see other things that suggest that the momentum is going to reassert, but in the judgement of the committee, we're going to, like everyone else, watch for that to fill in.

Larry Elliott: Okay, let me have my extra question, then.

Mark Carney: I thought that was your extra question.

Larry Elliott: Is there not a possibility that if inflation is lower than expected and the economy's softer than expected, that wage pressure will also become less strong than you expect? You're predicating almost all of the need for tightening on the basis that the labour market is very tight, it's virtually full employment, but actually wage pressures, given that, is actually remarkably muted. If you look at total pay, that actually fell in the latest figures. So, isn't there a possibility that actually wage settlements and pay will actually fall back towards 2% as inflation falls back towards 2%?

Mark Carney: The first thing on pay, the main element or the distraction, if you will, in the most recent labour force survey is the bonus component. So, if you look at regular pay, which we look at regular pay, because bonuses will go up and down and so we don't get overly fixated on them, and regular pay was in line with our expectations, as was private sector. The whole economy regular pay was 0.1% higher than our expectations, for what it's worth. The second thing is very important, I'm going to extend my metaphor on climate, if you'll bear with me, which is to think about the climate that the labour market is in, the economy is in. In an economy where productivity growth has been running at 0.5-0.75%, we think it's going to go up to 1%, maybe a bit more over the forecast, it's very, very difficult to see average wages going back to the same levels when the economy had productivity growth of 2.5-2.75%. So, when you have pay growth in the 3-3.5% running with productivity in the 1-1.25%, that is unit labour cost growth, that is underlying inflation pressure from the domestic side that is consistent with the 2% target. It's detailed a bit in the report, but if you look across all the domestically-generated inflation measures, none of them are perfect, but they're all moving up and they're all moving up as we expected.

Hugo Duncan, Mail: In February, it was suggested that it would not be a great shock if interest rates rose twice this year. The inflation report today seems to be suggesting that there might be three rises over the next three years. What should households actually be expecting? I know we've discussed this a bit today already, but I think the confusion between what was said in February and what's being said today still hasn't really been ironed out.

Mark Carney: Hugo, I'm sorry, the problem with asking the same question is you get the same answer. The view of households that we talked to, letter surveyed, the view of businesses is that they expect interest rates to go up at some point over the course of the next year and to go up by about two increases over the course of the next year to eighteen months, slight differences between households and businesses.

Hugo Duncan: Okay. Are they correct to think that, do you think? Is that a fair assumption for them to make?

Mark Carney: Hugo, we will see. We'll see if the economy fills in as we expect, returns to the type of growth rates that it had prior. In terms of the support that the Bank is providing to that economy, we had very accommodative monetary policy, we have a financial sector that is robust, well capitalised, ready to lend lots of liquidity and able to withstand some pretty severe shocks, as we've demonstrated over the course of the last few stress tests, including a cliff-edge Brexit. So, we've put our bit of the conditions in place for that economy to come back, but there are some big, big decisions that are being taken, there are other forces and we'll see how those land.

Andrew MacAskill, Reuters. I'm just wondering what you think the biggest challenge for your successor will be, whether you think Brexit will be the biggest challenge?

Mark Carney: Look, I won't comment on the first part, the biggest challenge or opportunity for the country is the Brexit negotiations. That's not news, but sometimes stating the obvious is useful.

Phil Aldrick, Times. You talk often about rate rises being gradual and limited, monetary policy tightening being gradual and limited. I just wondered why QE is not part of this formulation, because obviously a very gradual and limited approach to tightening would be to just let the stock of gilts run off and mature and it doesn't even seem to be discussed. So, I just wondered if you could expand on why not.

Mark Carney: The committee has given past guidance on QE and expressed preference that bank rate would be the marginal tool for affecting monetary policy, so having enough room to move bank rate in either direction as the inflation target required. Now, in due course, we will revisit that. That's not a big signal, by the way, but in due course we'll revisit that and think it through. It would be prudent and appropriate to, take careful observation of the quantitative tightening that the Fed has embarked on and the impact of that in making those judgements. I'll leave it at that. I mean, it's a fair question, we're not ignoring it.

Phil Aldrick: Is it being discussed?

Mark Carney: If it were being actively discussed, you'd see it in the minutes.

David Smith, Sunday Times. Governor, you've mentioned a couple of times, as a positive, the March agreement on a transition period for exiting the EU. Given the state of the Brexit negotiations, do you think that agreement was 100% secure? In other words, are you certain there will be a transition or is it just an assumption?

Mark Carney: It's an assumption. I'll make a couple of comments. First, it's an assumption, you gave me a yes/no question, as opposed to a guarantee. What's important for our forecast is how, obviously, particularly businesses react to things like the transition agreement. At this stage, we haven't yet seen a material change in business investment because of the transition agreement, but it's only been a month, effectively, so it's not surprising that we haven't seen it. We'll be looking for that, obviously we would adjust. It provides some upside risk, if I can put it that way, to business investment profile in the forecast, but we haven't locked it in. The third comment I'd make, just to go back to the first assumption versus certainty, you know, it is an agreement that has been made by 28 heads of government. Yes, there are execution issues around it, it ultimately requires, as everyone knows, parliamentary approvals, but the political will is very clearly there. Also, there are a series of issues, which is not why the agreement is made, for the financial side, but there are a series of issues in the financial sector that would definitely benefit from the additional time and, I think, provide an added incentive, whatever happens in state negotiations, if I can put it that way. Whatever happens in those negotiations, an added incentive for both the EU27 and the UK to ensure that there is a transition period.

Tim Wallace, Telegraph: To ask about how rates feed through to the real economy, your table on page nine shows that rates paid by mortgage borrowers are rising a lot faster than rates paid to savers, which makes it look like banks are benefitting more than anybody else from this process so far. Is that fair? Are banks treating their customers properly? Is that the way you expect the rate-rise process to go?

Mark Carney: I'll just headline and then I'll pass to Dave Ramsden to expand. Headline consistent with historic experience, first point, and then secondly, we have to recall that one thing that's happened in the past, as rates went down, is that the spread between where the bank rate was and deposits compressed. So, the question is, as they go back up, what happens? Dave, if I pass to you to expand.

Dave Ramsden: On the deposit side, this is, as the Governor just said, a trend that we expected in the sense that the line we show on page nine for instant access savings, typically you don't get full passthrough. Instant access savings are also where the majority of savings are, but you typically don't get full passthrough and we're not in typical times, because we've been through this period with very low bank rate. So, normally, deposit rates would actually have been below bank rate, but in the period of very low bank rate, they've actually been slightly above. In terms of the longer-term savings products, there are more idiosyncratic things going on, but the key point is you never get full passthrough for site deposits.

Ben Chu, Independent. Governor, a question about business surveys. In Washington last month, you gave an interview in which you noted that some business surveys had come off, as you put it, yet the thrust of a lot of these documents today is emphasising the relative strength of the business surveys, certainly as a reason why we should look at them rather than the hard data. Fairly or unfairly, that might be the kind of messaging which contributes to a sense of confusion in markets. So, could you take this opportunity to perhaps tell us which business surveys you, at the bank and you personally, put a lot of weight on, and which perhaps you disregard? Clearly, it's important for us understanding how you look at the evolution of the real economy.

Mark Carney: Let me tell you a couple of things and then I'll pass to Ben. We had a sense that the data was mixed, it proved that that sense was correct, that Q1 was going to come in more softly, not point estimate in that regard, and the combination both of the SIPS and the bank's own agents' work, our own conversations gave us a bit of that. Also, we're aware just that there were some things happening in the economy, or at least meteorologically in the economy that might be consistent with that as well, plus some of the surveys internationally also showed a bit of softening. Then the question becomes, 'What happens to them subsequently? What should one expect? How do you interpret it, and how much of a steer you take? You can take a steer on direction, but how much of a steer do you take on magnitude and persistence of those shifts.

Ben Broadbent: I think, Ben, you pointed out we said two things, (1) that the surveys have come off and, (2) that they're nonetheless consistent with rates of growth faster than the preliminary estimate for Q1. There's no contradiction at all between those two things. They were at higher levels, they've come down a little bit, but they're nonetheless consistent with growth much stronger than 0.1% and the same is true in parts of Europe. The only other thing I was going to observe when it comes to effects of weather is that we've seen similar patterns in other countries affected by unusually poor weather in the early part of the year. Equally, in places where you haven't seen very poor weather, US, Spain, Asia, you haven't seen growth weaken. So, I think we have various things that suggest to us that this may overstate the underlying position of the economy, including those surveys, which, as I say, even if they're at slightly lower levels than they were before, do not point to anything like as weak as 0.1%.

Silvia Borrelli, Politico Europe. Just a follow-up question on Brexit, I was wondering how a hard Brexit scenario would impact your forecast. The National Institute of Economic and Social Research last week said it expects a mild recession within the next twelve months if the UK and the EU end up trading WTO rules. I'm just wondering if the Bank has come up with any models.

Mark Carney: Well, it would change our forecast, I think that's the first thing I'd say, if we had a hard Brexit. What we do is we mange monetary policy for the most likely outcome, so-called central expectation. We haven't included in that weighting a hard Brexit tail, so we're managing to a situation where we have made two assumptions, (1) this smooth transition and, (2) to an average of outcomes, which runs between, not a disorderly move to a WTO outcome, but a WTO outcome to relatively close economic partnership. What we've taken from the transition agreement is that the timing of that transition is actually pushed off the page. Our forecast goes out to the middle of 2020, the transition period goes out to the end of 2020, so the actual point at which the adjustment starts to happen goes beyond the forecast. That has some minor implications for the rate of export growth and import growth, not minor if you're an individual exporter, but from the overall economy minor, because the two effectively balance out in the forecast. Where the Bank has done more work and taken more action around a hard Brexit has been the FPC, so the macroprudential committee of the institution. We, with the regulator, the PRA, have run stress tests, whereby the impact about the macro scenario, 4.5% recession, big fall in the exchange rate, big rise in interest rates, big rise in unemployment, that was actually motivated by different events, but those orders of magnitude plus some other direct hits to bank capital, that was bigger in terms of the impact on the core of the financial system than our judgement of what a hard, disorderly Brexit, to be clear, disorderly Brexit is key, would do to the UK financial sector and we've made sure that those institutions are well capitalised to that worst scenario. So, that's the way we've addressed it, we're not going to put out a forecast of various medium-term economic outcomes, that's the responsibility of the government, if they so choose.

Harry Daniels, LiveSquawk News. I want to get back to the messaging, really, for the markets predominantly, because that's the audience we look at, and the timing of any communication that you give, as in the BBC interview you gave a couple of weeks ago, ahead of the GDP. You kind of answered half the question when you said that you look at a range of survey data as well as hard data, but you know, you didn't have GDP at your fingertips at the time and yet you were still happy to point to a lesser likelihood that we'd see a rate rise in May. So, it's really just, what's the thinking behind the timing of your interview at the time and, actually, more specifically, the timing itself, in terms of after six o'clock, when markets are shut, and the reaction the next day, there was a gap in market opening, and how that affects pension funds and the way they price things?

Mark Carney: A couple of things. One, there were markets open at the time, they just didn't happen to be in London. Well, cable is a reserve currency, it's part of the SDR, it's traded 24/7, I mean, the markets were open, first point. Second, the timing of interviews, the timing of interactions, there are big blocks of my time, of Ben's time, of Dave's time, where we are in blackout or purdah, so we can't give a speech, we can't give an interview, we can't meet with certain businesses. When we are not in those situations, and by the way we're in purdah for FPC as well as MPC, and sometimes I'm in for FSB and for various acronyms, times when you can't speak. So, when you have a window, then you fulfil your responsibilities accordingly and giving an interview at the IMF about, you know, the state of the global and the UK economy is an entirely natural thing to do. It goes back to tracking. Different people have different views on where the economy is going. I mean, as we sit here today, in this room, in investment managers, on trading floors, businesses, others will have different views on the underlying momentum of this economy. Is it going to pick back up? Even if they have the same views, which they won't, there'll be a range of views on that and that's appropriate, they might have different views on what's going to happen in the Brexit negotiations and whether that's going to reinforce the momentum or knock it off.

If they want to bring it into how that affects that stance of monetary policy of the Bank of England, we have an orientation, we have a forecast where if the economy is growing faster than the rate of growth of supply capacity, it is more likely than not that there'll be some withdrawal of monetary stimulus. If it's growing less rapidly, it's less likely to take the case. In the end, if you're in a world where you have limited and gradual rate increases expected over time, in order to keep inflation on target, you have some flexibility on the timing of when you do those and you need the mass of the committee in order to come to a view that it is the appropriate time.

Yukiko Konishi, Kyodo News. Question to Governor, could you clarify the word you use, conventional horizon? You used the forecast period, which I understand is three years. Is two years the conventional horizon? Is it something that you're shifting? Is it getting more important? Thank you.

Mark Carney: Thank you, an important question. Yes, forecast period is three years, we forecast out three years. The conventional horizon, and Ben can expand on this, the way we think about it for monetary policy is that, given the impact of our actions, we change interest rates, quantitative easing, some of it feeds through relatively quickly. A lot of floating rate debt in this country, so if you've got a floating rate mortgage and we change our bank rate, your payments change, but some of it takes time as things reprice and to have an impact. Think twelve to eighteen months in terms of, kind of, full impact of transmission of a monetary policy decision. It's not an exact science but think that. That means that, sort of, in that 18-24-month horizon, as you can bring inflation, underlying elements that are determining inflation broadly back the target on that horizon. Okay? So, that's the more conventional horizon, think 24 months for shorthand. The reason we've made this point and been making this point successively in the last few inflation reports is that, when we had the referendum, the big fall in sterling, we expected a couple of things were going to happen. One was that, and we said it in advance of the referendum, we thought sterling was going to go down sharply, we thought inflation would go up and our challenge would be how much support to provide to the economy as inflation brought back to target.

Under our remit, under our mandate, we have a responsibility, if there's a so-called trade-off with inflation above target and underneath, to be explicit about over what horizon we bring output or growth back up and inflation back to target. So, we explicitly moved beyond a conventional horizon, beyond two years, to the end of the forecast. We have published, and I published in a speech, but also a letter to the Chancellor, how that trade-off has evolved over time. The story, it was almost there in February, it's basically there now, which is we have very little spare capacity in the economy, we have unemployment below its natural rate, so we no longer have a trade-off. We're moving out of this world with a trade-off, and so the horizon over which we're bringing inflation back has moved from the end of the period to, actually, as the committee said in this, to a conventional horizon, and that's important for the stance of monetary policy. So, even in a world where you have less passthrough, we're putting more weight on getting inflation back to target at 2% at the two-year horizon.

Ben Broadbent: I have nothing to add, except to remind you that that's what our remit explicitly asks us to do. When we have a shock that, you know, can push output and inflation in different directions, like a big exchange rate change, the remit asks us first to make a judgement about how quickly to bring back inflation, we could do it earlier, but we had to take a view about how much damage that might do to output, and secondly to explain that. It is quite important, therefore, you know, people sometimes attempted to look at a picture point of our inflation forecast and say, 'Well, that's all I need to know to tell whether the MPC is inclined to push interest rates in this or that direction,' but it does depend critically on the context. So, we've been at pains to try and point out that, as this pressure from import prices fades, the horizon over which we would hope to bring inflation back to target is coming in.

Mathias Schiffers, Dutch Financial Times. This week, the Office for National Statistics has lowered the UK trade deficit by a staggering 25%, so I was wondering, how reliable are all the data we're talking about all the time and how reliant is the UK on the kindness of others, as you've pointed out before?

Mark Carney: That's a great question, Mathias. Ben, if you would like to.

Ben Broadbent: I would like to depend on the kindness of others. The early estimates for many of these things need to be treated with a degree of caution. We've been talking a lot, for example, about GDP in the first quarter of this year. We have one estimate of that, we can be fairly confident that's going to be revised. I just took a look before I came in at other quarters we've had in the last few years where we've had unusually high levels of snowfall. The average revision to estimates of construction growth in those quarters is over 4%, always upwards. So, one has to treat all these numbers with a degree of caution, that's one of the reasons why we also look at other information about all sorts of things, about the labour market, about activity, we look at surveys, we talk directly to businesses. Those revisions are inevitable, because the statisticians learn more over time about what's happened at a particular point in the past, and one has to recognise that and not treat a number as, sort of, God-given and fixed. That applies also to the trade numbers and to other parts of the current account, the income balance often gets revised quite a bit as well. So, I think you can say that the trend has been that the current account deficit has narrowed slightly, that's partly because the trade deficit has narrowed, the income balance has improved a little, but beyond that, I don't think one should make a terribly precise statement. I don't know if you want to say anything.

Mark Carney: No, I agree with that.

Mark Carney: Great. Thank you.