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MINUTES OF THE MONETARY POLICY COMMITTEE MEETING

5 and 6 November 2014

These are the minutes of the Monetary Policy Committee meeting held on 5 and 6 November 2014.

They are also available on the Internet

<http://www.bankofengland.co.uk/publications/minutes/Pages/mpc/pdf/2014/mpc1411.aspx>

The Bank of England Act 1998 gives the Bank of England operational responsibility for setting monetary policy to meet the Government's inflation target. Operational decisions are taken by the Bank's Monetary Policy Committee. The Committee meets on a regular monthly basis and minutes of its meetings are released on the Wednesday of the second week after the meeting takes place. Accordingly, the minutes of the Committee meeting to be held on 3 and 4 December will be published on 17 December 2014.



MINUTES OF THE MONETARY POLICY COMMITTEE MEETING HELD ON 5 AND 6 NOVEMBER 2014

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

Financial markets

2 Financial market prices had been volatile over the month, reflecting what appeared to have been an increase in risk aversion and uncertainty in mid-October. Over the longer period since the publication of the August *Inflation Report*, the significant fall in risk-free interest rates might indicate that financial market participants had come to place increased weight on the possibility that medium-term global growth prospects would be weaker than previously supposed.

3 Sterling and US dollar implied interest rate volatilities had increased sharply in the middle of October. The MOVE index of dollar interest rate implied volatility briefly reached its highest levels since September 2013, a time of heightened uncertainty and speculation over the prospects for US monetary policy. Although this most recent spike had followed a sequence of weak data releases, market intelligence suggested that price movements had been exacerbated by some investors closing out a variety of active trading positions that had become increasingly unprofitable over recent months as perceptions of the global economic outlook had softened. By the time of the MPC's meeting, however, these increases in implied volatilities had largely unwound.

4 While long term nominal interest rates had changed little since the previous MPC meeting, they had fallen significantly since the Committee had prepared its August *Inflation Report* projections, continuing the trend seen since the start of the year. In the UK, US and euro area, ten-year nominal instantaneous forward rates had fallen by between 30 and 40 basis points over the quarter. A survey of market contacts conducted by Bank staff suggested that these declines had reflected a perception that policy rates would remain lower than previously expected, and lower term premia. That, in turn, might

have resulted from a more pessimistic view of global growth trends and other factors dampening inflationary pressure.

5 Short-term sterling interest rates had also fallen since August. Sterling overnight index swap rates, an indicator of market expectations of Bank Rate, had fallen by 30 basis points one year ahead and by over 50 basis points three years ahead, to 1.7%. The economists polled by Reuters expected a larger cumulative increase in Bank Rate over the coming three years: the median expectation was for Bank Rate to have risen to 2.5% by the end of 2017.

6 During the month, there had been several policy developments. The US FOMC had confirmed the end of its asset purchase programme, while the ECB had begun the purchases of covered bonds it had previously announced. The ECB and European Banking Authority (EBA) had also made public the results of their Asset Quality Review and stress tests. These events had passed without much impact on financial prices generally. The Bank of Japan's announcement of an increase in the pace of its asset purchase programme had been more of a surprise, however: the yen had subsequently fallen to its lowest value against the US dollar since the end of 2007 and the Topix equity index had increased by over 4% on the day of the announcement. Since the time of the August *Inflation Report*, the US dollar had appreciated by almost 7% against the euro and over 5% against sterling. Largely as a consequence of that, the sterling ERI had depreciated by around 1%.

7 Over the past quarter, the US S&P 500 had risen by around 5% and the Euro stoxx index by almost 2%. The FTSE All Share index had fallen by 1% over the same period. The underperformance of the UK equity market index appeared in part to reflect the relative importance in it of the internationally exposed oil & gas and basic materials sectors. High-yield corporate bond spreads and sterling and US dollar investment-grade bond spreads had risen over the past quarter. The Brent crude oil price had fallen by 9% during the month, and by 20% over the quarter.

The international economy

8 In contrast to developments in financial markets, the news on the month in the global economy had been relatively limited. The broad picture remained one of a weaker outlook for global activity than had appeared most likely at the time of the August *Inflation Report*. The central expectation of

the Bank's staff was for PPP-weighted world GDP to grow by 3¼% in 2014, before picking up a little to 3¾% in the following year. These rates compared with a pre-crisis average of 4%.

9 Since the summer, news regarding US activity had generally been positive. During the month, data indicated that GDP had increased by 0.9% in the third quarter. This figure was, however, bolstered by an increase in government defence spending and a strong net trade contribution, neither of which seemed likely to persist. Bank staff expected growth to drop back to around 0.6% in the fourth quarter as those temporary supports dissipated. Although the preliminary Markit PMIs had fallen back in October, they remained at relatively high levels. The manufacturing ISM index had risen in excess of market expectations in October to very strong levels. The Employment Cost Index had shown two quarters of firm growth in the middle of the year, indicating that wage pressures might be beginning to increase.

10 In contrast to the US data, those regarding the euro area had fairly consistently surprised to the downside over the past six months. The most recent set of business surveys appeared to have stabilised, although they remained significantly weaker than earlier in 2014 and, together with other activity indicators, pointed to quarterly growth rates of only around 0.2% in the second half of the year. During the month, the French and Italian governments had submitted their budgets to the European Commission. It was possible that greater certainty about the fiscal outlook, alongside the results of the ECB/EBA banking sector Asset Quality Review and stress tests, would help to underpin some improvement in sentiment and expansion of credit supply over time. Core HICP inflation had fallen back again in October to 0.7%. And market-based estimates of expected inflation for several years into the future remained below 2%. There remained a risk that the prospect of weak nominal demand growth for an extended period might, at some point, bring back into focus the sustainability of public and private debt burdens in some of the area's member countries. In that context, it was reassuring that the increases in periphery sovereign bond yields that had occurred during the financial market volatility of mid-October had been very small by comparison with the scale of those seen during the past few years.

11 Chinese GDP was estimated to have increased by 7.3% in the four quarters to Q3 while inflation had fallen back to 1.6% in September, weaker than market expectations. Across emerging economies, the picture remained one of a broadly based, but gentle, slowdown in the growth of activity – albeit with some divergence in performance based on country-specific factors. Emerging markets had been

particularly sensitive to the month's financial market volatility, with some widening of sovereign bond spreads and declines in equity prices.

12 Weaker world demand growth seemed to be playing a part in the fall in oil prices, but much of the decline in recent months appeared related to supply, including an unexpected revival of Libyan production, strong US production, and an increased perception that OPEC might be prepared to tolerate lower prices than previously. The Brent futures curve, on which the Committee's November *Inflation Report* projections were conditioned, was slightly upward sloping. It was possible, however, that this would prove an inaccurate guide to the path of oil prices in the future. If greater supply were to cause oil prices to fall further, then the fillip to global growth could be greater than the Committee had assumed. Commensurately, the degree of short-term global and UK inflationary pressure could be less.

Money, credit, demand and output

13 For some time, the Committee had been anticipating that UK output growth would slow to around, or slightly above, historical average rates. There was now more evidence that this had begun to occur in the second half of the year.

14 GDP growth was estimated by the ONS to have moderated from 0.9% in 2014 Q2 to 0.7% in Q3, in line with the Committee's August *Inflation Report* projections but 0.1 percentage points weaker than Bank staff had anticipated immediately in advance of the data release. Business survey data released during the month had, in general, added to the sense that economic activity might have marginally less momentum going into the new year than had been assumed in August. For instance, the October Markit/CIPS composite output index had fallen back to its lowest level since May 2013, although it remained fractionally above its pre-crisis average. It was possible that survey responses had been disproportionately affected by the temporary increase in financial market uncertainty in the middle of the month. More broadly, while a little softer, indicators of output remained at levels consistent with relatively solid growth.

15 Earlier in the year, the Committee had envisaged that the anticipated easing in growth would be centred in private domestic demand. Given the slowdown in global economic growth, especially in the euro area, it had not been surprising to see signs that the recent slowing of output had also been

associated with weakening export demand. The CBI and Markit/CIPS manufacturing surveys had both continued to suggest weakness in export orders, with the CBI survey balance negative for the first time in 18 months. In line with the usual pre-release arrangements, the Governor informed the Committee that goods exports had fallen by 0.7% in the three months to September, concentrated in a reduction of exports to the EU. Goods imports had risen by 1.6%. In the third quarter as a whole, the goods trade deficit had increased by around £1 billion to £29 billion, or around 6% of GDP.

16 Signs of a slowing in private domestic spending had been concentrated in the housing market. Mortgage approvals for house purchase had fallen by 3,000 to 61,000 in September, and data on loan applications suggested that another reduction was in prospect in October. The average of the main lenders' house price indices had been roughly unchanged in October. In the three months to October, it had risen by a little over 1%, compared with the rates of around 2½% seen earlier in the year. Provisional data from the RICS survey that had been supplied to the Committee indicated that the net balance of market practitioners' expecting prices to increase over the next three months had fallen back to close to zero in October from +12 the previous month. New buyer enquiries had fallen to their lowest since August 2008. The weaker outlook for the housing market was likely to lead to a softening in housing investment.

17 A key question was the extent to which private domestic demand could sustain growth in the face of the ongoing fiscal consolidation and softening external demand environment. Given the weakness of household income growth, the recent strength of private consumer and investment spending had been financed through a reduction in the private sector's financial balance. The combined household and non-financial corporate financial surplus of nearly 4% of GDP in 2012 had moved to a deficit of 0.5% over the four quarters to 2014 Q2, the latest period for which estimates were available. Partly offsetting that reduced private sector financial balance, the fiscal consolidation had reduced the public sector financial deficit by 2 percentage points of GDP over the same period. Even so, the United Kingdom's net borrowing from overseas – the current account deficit – had increased by 1.5 percentage points to 5% of GDP.

18 With the fiscal consolidation set to continue and export prospects subdued, even lower private sector saving would probably be necessary to sustain UK output growth at the historical average rates envisaged in the November *Inflation Report* central projection. The prospect of a continued reduction in private sector saving and a persistent current account deficit should be carefully monitored.

The household saving rate was already at a relatively low level and was projected to fall further over the forecast period. Continued falls would raise the economy's dependence on external finance and could not be sustained indefinitely.

19 Nevertheless, despite the scale of recent years' current account deficits, Bank staff's estimates of the UK net international investment position at market value, while imprecise, had remained strongly positive. The UK net overseas asset position provided a buffer of savings that could be used to sustain spending growth for a period. It also gave grounds for expecting that the investment income received on UK assets overseas would recover over time, providing additional resources with which to finance domestic spending. In the latest data for 2014 Q2, there had been a net investment income outflow of around 2% of GDP. If the United Kingdom were indeed a net creditor, then net income receipts might normally be expected to be positive. Even if the net income position were to recover from its present negative position to only zero, that would imply a significant increase in the flow of financial resources available to the private sector.

Supply, costs and prices

20 Immediately before the Committee's previous meeting, it had been supplied with an advance estimate of twelve-month CPI inflation in September of 1.2%. That had been 0.3 percentage points below Bank staff's expectation prior to the data release and 0.5 percentage points lower than incorporated into the August *Inflation Report*. Inflation in the third quarter had been over 1 percentage point lower than implied by the Committee's projections a year earlier. The details of the September data had subsequently been released, and there had been time for a fuller assessment of them in the context of the preparations for the November *Inflation Report*. Since the Committee aimed to meet the 2% target in the medium term, the main question was what, if anything, the surprisingly weak number implied for the outlook for inflation further ahead.

21 Most of the unanticipated weakness in the inflation data since the August *Inflation Report* could be attributed to a reduction in food and energy prices and the impact of the unusual timing of summer clothing sales. These movements would – unless they were repeated – depress twelve-month CPI inflation in the near term but implied little about the medium-term outlook. There remained some additional weakness in the CPI to explain, however. And, perhaps more importantly, recent movements could be seen as part of a broader pattern in which CPI inflation had fallen substantially

over the past year to a rate below the 2% target and in a way that had not been predicted in advance. Moreover, the same had also been the case in several other countries. Although, with the benefit of hindsight, most of the movements in the various sub-components of CPI inflation could generally be accounted for with reference to easily identifiable factors – global food and energy prices, movements in the sterling exchange rate, and so on – it was also possible that these developments were a signal that underlying inflationary pressures were weaker than supposed and might persistently be so. The Committee considered this possibility in detail.

22 One explanation for some of the recent weakness of inflation could be that the pass-through to lower consumer prices of the appreciation of sterling since the start of 2013 had been faster or stronger than anticipated. If pass-through were faster, then the drag from the stronger exchange rate would cause inflation to be weaker in the near term, but would dissipate more quickly, implying somewhat higher inflation further ahead than if pass-through were more drawn out. If this hypothesis were true, one might expect to see the effect of sterling's appreciation manifest most noticeably in the inflation rates of tradable goods falling relative to those of less tradable services. Instead, the inflation rate of goods prices (excluding food, energy and VAT) had been fluctuating around 1% since the beginning of 2012, with no clear sign of a recent reduction. By contrast, services price inflation had fallen back over the same period. While sterling's appreciation was no doubt playing a part in holding inflation below the target – and would probably continue to do so – there was not yet evidence to suggest that the effect would be any different than had been supposed at the time the Committee had assessed the outlook in its August *Inflation Report*.

23 Another possibility was that the margin of spare capacity in the economy was either greater than thought or having a more significant effect on inflation. This was a possibility that the Committee had considered in some depth while preparing its August projections three months ago. At that time, the Committee had noted the apparent weakness of wages, which tended to have a more stable statistical relationship with estimates of spare capacity than did final consumer prices. This had been one of the factors that had caused the MPC to increase its estimate of the level of medium-term supply capacity: the medium-term equilibrium unemployment rate was thought likely to be a little lower than previously assumed and the equilibrium participation rate a little higher.

24 Since then, the unemployment rate had continued to fall, to 6.0% on the LFS measure in the three months to August, contributing to the largest annual fall in unemployment since comparable data

had become available in 1972. Employment had increased by almost $\frac{3}{4}$ million compared with a year earlier, although employment gains had moderated in recent months. That suggested that the labour market had, if anything, tightened a little further. By contrast, however, the labour market participation rate had fallen back and been weaker than expected. Some of this seemed a consequence of sampling variability within the Labour Force Survey, though, rather than a genuine economic development. And, for some Committee members, there was doubt over the extent to which changes in the degree of labour market participation were currently informative about wage and price pressures beyond what could anyway be inferred from their impact on the number of unemployed people searching for work.

25 Longer-term measures of earnings growth had remained relatively subdued. Whole economy average weekly earnings in the three months to August had been only 0.7% higher than a year earlier. Shorter-term measures were stronger, however. Seasonally adjusted private-sector regular pay had increased at an annualised pace of 2.4% in the three months to August, a pickup in line with that anticipated by the Committee at the time of the *August Report*. It was possible that regular pay growth had been boosted by a shift in the structure of financial sector remuneration in response to the bonus cap. But it was difficult to point to clear evidence of this. Increases in job market turnover, as well as survey measures of recruitment difficulties and pay, remained indicative of further increases in wage growth looking ahead, although the most buoyant indicators of pay growth, from the REC survey, had softened in recent months.

26 Overall, there was limited evidence over the month to suggest that the current estimate of slack in the economy should be materially different from that projected three months ago, at the time of the *August Inflation Report*. In the latest set of projections that would accompany the *November Report*, the recent weakness of inflation was assumed to persist in the near term, before inflation rose back to the 2% target by the end of the three-year forecast period. Bank staff expected twelve-month CPI inflation to rise in the October data, as falls in petrol prices a year earlier dropped out of the annual comparison, before decreasing to around 1% in December. Staff had judged that CPI inflation was, on balance, more likely than not to fall temporarily below 1% at some point over the following six months.

27 With a period of inflation below target in prospect, it was conceivable that firms', households' and financial market participants' expectations of future inflation might begin to drift downwards in a

way that could reinforce the weakness of inflation itself – for instance, via wage bargaining. But inflation expectations had not deviated materially from the target during the extended period in which inflation had been above the target in the years to 2013. The October YouGov/Citigroup survey measures of households' inflation expectations one and five-to-ten years ahead stood below their series averages by 80 and 50 basis points respectively. Professional forecasters' projections of inflation one year ahead had fallen a little in the fourth quarter, but expectations three years ahead had been unchanged and close to the 2% target. Expectations of inflation derived from financial market prices had fallen back since the summer but remained close to historic average levels.

The November 2014 growth and inflation projections

28 The Committee's central view, on the assumption that Bank Rate followed a path implied by market interest rates and the stock of purchased assets stayed at £375 billion, was that four-quarter GDP growth would fall back to its historical average rate, somewhat above estimated potential supply growth. Over the forecast period, domestic demand growth was projected to remain steady, with household and company spending supported initially by lower saving and further out by the recovery in real incomes as productivity growth rose and slack was absorbed. Net exports were projected to pull growth down throughout the forecast period. The risks around that central case were judged to be balanced, but considerable uncertainty about the outlook, stemming in particular from world activity and domestic supply growth, remained.

29 Although the expansion in demand was expected to be associated with some pickup in productivity growth and hence slowing employment growth, the unemployment rate was projected to fall further over the three year forecast period, to only a little above its assumed long-run equilibrium rate of around 5%. There was uncertainty around both slack at the start of the forecast period and how quickly it would be absorbed, but in the central projection slack was broadly absorbed by the end of the forecast period.

30 Inflation was judged likely to remain close to 1% over the first year of the projection, reflecting past falls in energy, food and other import prices and some continued drag from domestic slack. Thereafter, the profile hinged on the outlook for domestic inflationary pressures. In the central projection, the gradual pickup in productivity growth and declines in slack were associated with a recovery in wage and unit labour cost growth that returned CPI inflation to the 2% target. There were

significant risks on either side of this inflation projection. For example, global commodity prices could be higher if adverse geopolitical developments or a tightening in supply pushed up the price of oil, or lower if abundant supply or weaker demand for commodities proved persistent. There were also risks stemming from the labour market: wage growth could remain subdued if slack were greater than assumed or if a period of low inflation itself moderated wage growth; or it could pick up more sharply than anticipated if there were less slack, if it were absorbed more quickly than assumed, or if confidence in the recovery meant that pay pressures started to feed through more sharply than expected into wages. Overall, the risks around the central projection were judged to be broadly balanced.

The immediate policy decision

31 The Committee set monetary policy to meet the 2% inflation target in the medium term, and in a way that helped to sustain growth and employment. The Committee had given guidance in its February *Inflation Report* on how it would seek to achieve the inflation target over the policy horizon. The central message of that guidance remained relevant: given the likely persistence of headwinds weighing on the economy, when Bank rate did begin to rise, it was expected to do so only gradually. Moreover, the persistence of those headwinds, together with the legacy of the financial crisis, meant that Bank Rate was expected to remain below average historical levels for some time to come. The actual path Bank Rate would follow over the next few years was uncertain, and would depend on economic circumstances. The Committee's guidance on the likely pace and extent of interest rate rises was an expectation, not a promise.

32 Over the past few months it had become evident that global growth had slowed and the outlook had weakened, especially in the euro area. At the same time, there had been significant falls in longer-term international risk-free interest rates. A possible explanation was that these reflected an increased recognition over the course of the year among market participants that the global recovery from the financial crisis might be more protracted and bumpy than previously supposed. On balance, taken together with the stimulatory policy actions taken during the month by some central banks overseas, the Committee's judgement was that this movement in market yields would partly ameliorate the softening of global activity growth.

33 Perhaps not surprisingly, UK export demand had weakened. Business surveys indicated that aggregate UK output growth would probably be a little softer around the turn of the year than

previously thought. But a growth rate around the historical average was still expected, rather than anything materially weaker than that. The signs of a slowing in private domestic spending remained fairly limited and were concentrated in the housing market, where it was clear that activity had dipped by a little more than anticipated earlier in the year. This would be likely to dampen housing investment growth.

34 Business investment growth had remained buoyant, however. The fact that robust business investment had accompanied sustained consumer spending growth meant that the expansion had been more balanced than seemed to have been the case in the vintages of official data prior to the release of the 2014 *Blue Book*. Nevertheless, as productivity and income growth had failed to pick up significantly, increased spending by the private non-financial sector had meant that its financial balance had moved from a significant surplus position to a small deficit. There was a question as to whether private domestic spending would remain strong enough, even with the current degree of monetary stimulus, to offset the contractionary influences of the fiscal consolidation and subdued external demand so as to keep aggregate demand in line with the economy's supply capacity.

35 The employment data had been strong. The flip side of weak productivity growth was that unemployment had seen the largest annual fall on record, and looked set to continue falling in the near term. The tightening of the labour market that this, and other indicators, implied suggested that wage growth would pick up over the coming quarters. Indeed, after a long period in which wage growth had disappointed, the most recent data suggested that private sector pay growth had begun to rise. Further increases in earnings growth would be necessary if the projections for output and inflation described in the November *Inflation Report* were to be realised. But, given the pace at which spare capacity appeared to have been eroded over the past year and the possibility that productivity growth would remain weak, there was a risk that any remaining slack might soon be exhausted, causing inflationary pressures to build.

36 CPI inflation had fallen unexpectedly to 1.2% in September, significantly lower than had been expected at the time of the August *Inflation Report*. It was expected to increase in October before falling to 1% in December, such that it was, on balance, more likely than not that inflation would temporarily fall below 1% at some point over the coming six months. The Committee's best collective judgement on the outlook for inflation was described in the November *Inflation Report*. Below-target inflation was judged to be partly the consequence of a margin of spare capacity bearing down on

domestic costs and prices: in the year to 2014 Q2 underlying unit labour costs had been broadly flat. It also reflected the dampening effect from falls in imported food, energy and other prices after a long period in which these had tended to push up on inflation. As the impact of the latter waned and the margin of spare capacity was eroded, inflation was expected to return to the 2% target by the end of the three-year forecast period. Although there was little evidence that it had yet occurred, and perhaps only a rather small likelihood that it would, a prolonged period in which inflation was below the target created at least the possibility that medium-term expectations of inflation would begin to drift downwards. This had the potential to lengthen the period for which inflation itself would remain below 2%.

37 For most members, the outlook for inflation in the medium term justified maintaining the current stance of monetary policy. As described in the November *Inflation Report*, the Committee's best collective judgement was that inflation would return to the target only at the end of the three-year forecast period despite being conditioned on a path of interest rates that increased to less than 2% over the next three years. Domestic cost growth currently remained lower than would be consistent with meeting the inflation target, although there were good reasons to expect it to rise over time. The recent increase in private sector pay growth was in line with that expectation.

38 Among the members in this group, there was a material spread of views on the balance of risks to the outlook. There was a risk that growth might soften further than anticipated and that inflation might persist below the target for longer than expected. In that case a premature tightening in policy would leave the economy vulnerable to shocks, with the scope for any stimulus that subsequently became necessary being limited by the effective lower bound on interest rates. Against this, however, there was also a risk that the degree of spare capacity would be eliminated more quickly than assumed in the November *Report's* central projections, were Bank Rate to follow the path implied by market yields. That would potentially result in inflation rising to, and subsequently overshooting, the 2% target. Individual members ascribed materially different probabilities to these risks.

39 For two members, economic circumstances continued to justify an immediate rise in Bank Rate. While CPI inflation was well below the target, this was largely the effect of the higher exchange rate and lower raw material prices. Just as the Committee had looked through the first-round effect of external price pressures when they had pushed inflation up, it was appropriate to look through them at present when they were pushing inflation down. The continued fall in the unemployment rate was

consistent with the rapid absorption of slack and, even if the rate at which unemployment was falling were to ease markedly, it could nonetheless reach its estimated medium-term equilibrium level by the middle of 2015. Survey evidence of a tightening in the labour market suggested that wage growth might pick up sharply as slack was absorbed. Indeed, the most recent data regarding private sector average weekly earnings raised the possibility that this process was already in train. Since monetary policy could be expected to operate only with a lag, it was desirable to anticipate labour market pressures by raising Bank Rate in advance of them. It was possible that the real rate of interest consistent with stable inflation over the medium term was now rising. In the judgement of these members, even after a rise of 25 basis points in Bank Rate, monetary policy would remain extremely supportive and an early rise would facilitate the Committee's aspiration that any subsequent rises in Bank Rate should only be gradual.

40 The Governor invited the Committee to vote on the propositions that:

Bank Rate should be maintained at 0.5%;

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

Regarding Bank Rate, seven members of the Committee (the Governor, Ben Broadbent, Jon Cunliffe, Nemat Shafik, Kristin Forbes, Andrew Haldane and David Miles) voted in favour of the proposition. Ian McCafferty and Martin Weale voted against the proposition, preferring to increase Bank Rate by 25 basis points.

Regarding the stock of purchased assets, the Committee voted unanimously in favour of the proposition.

41 The following members of the Committee were present:

Mark Carney, Governor

Ben Broadbent, Deputy Governor responsible for monetary policy

Jon Cunliffe, Deputy Governor responsible for financial stability

Nemat Shafik, Deputy Governor responsible for markets and banking

Kristin Forbes

Andrew Haldane

Ian McCafferty

David Miles

Martin Weale

Dave Ramsden was present as the Treasury representative.