

Bank of England

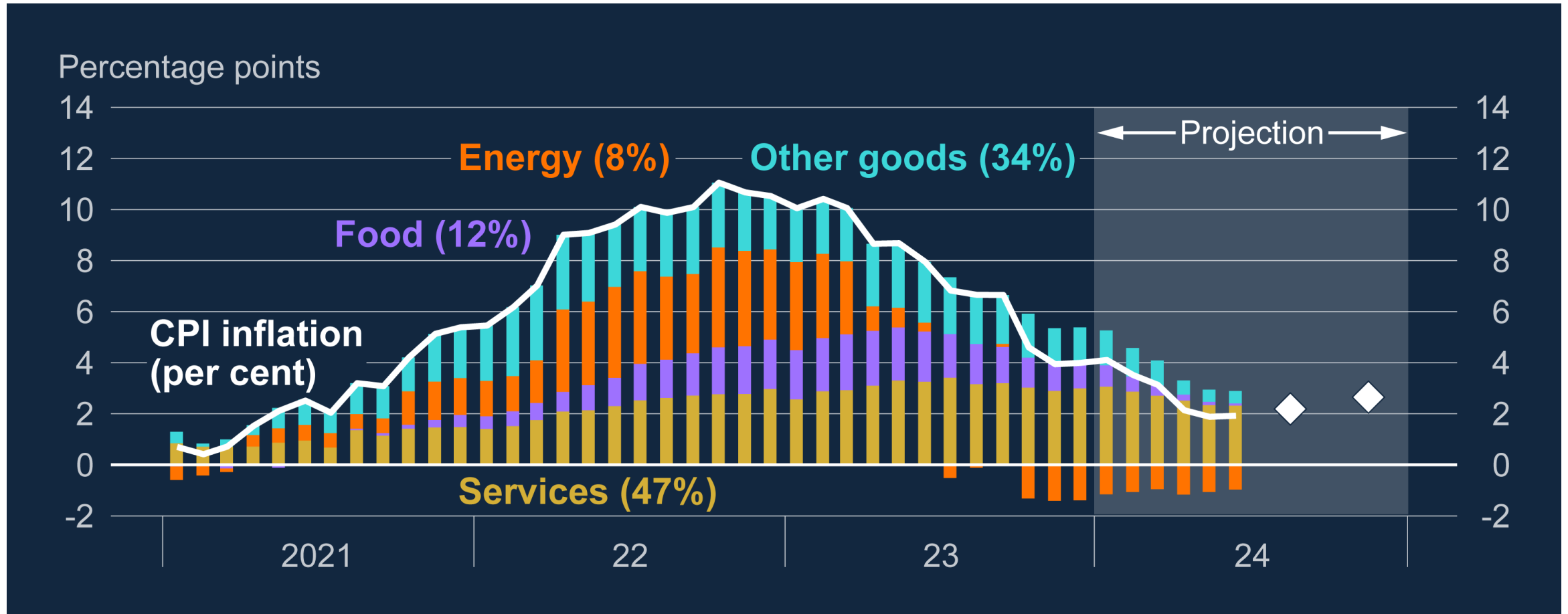
Monetary Policy Report February 2024

Press Conference



Chart 1: Consumer price inflation has fallen and is projected to fall further

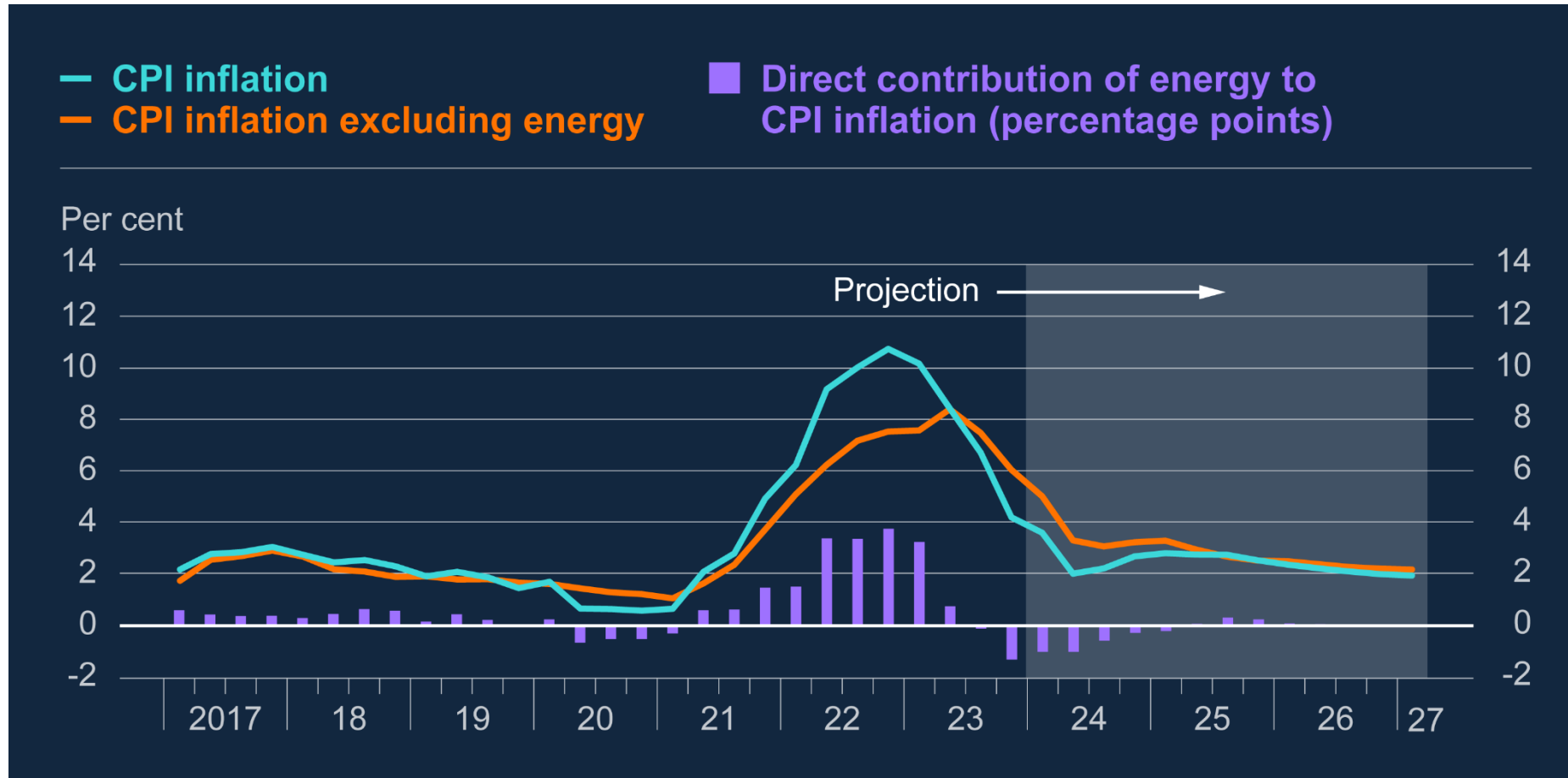
Contributions to consumer price inflation



Sources: Bloomberg Finance L.P., Department for Energy Security and Net Zero, ONS and Bank calculation

Chart 2: Energy price contribution to inflation becomes less negative

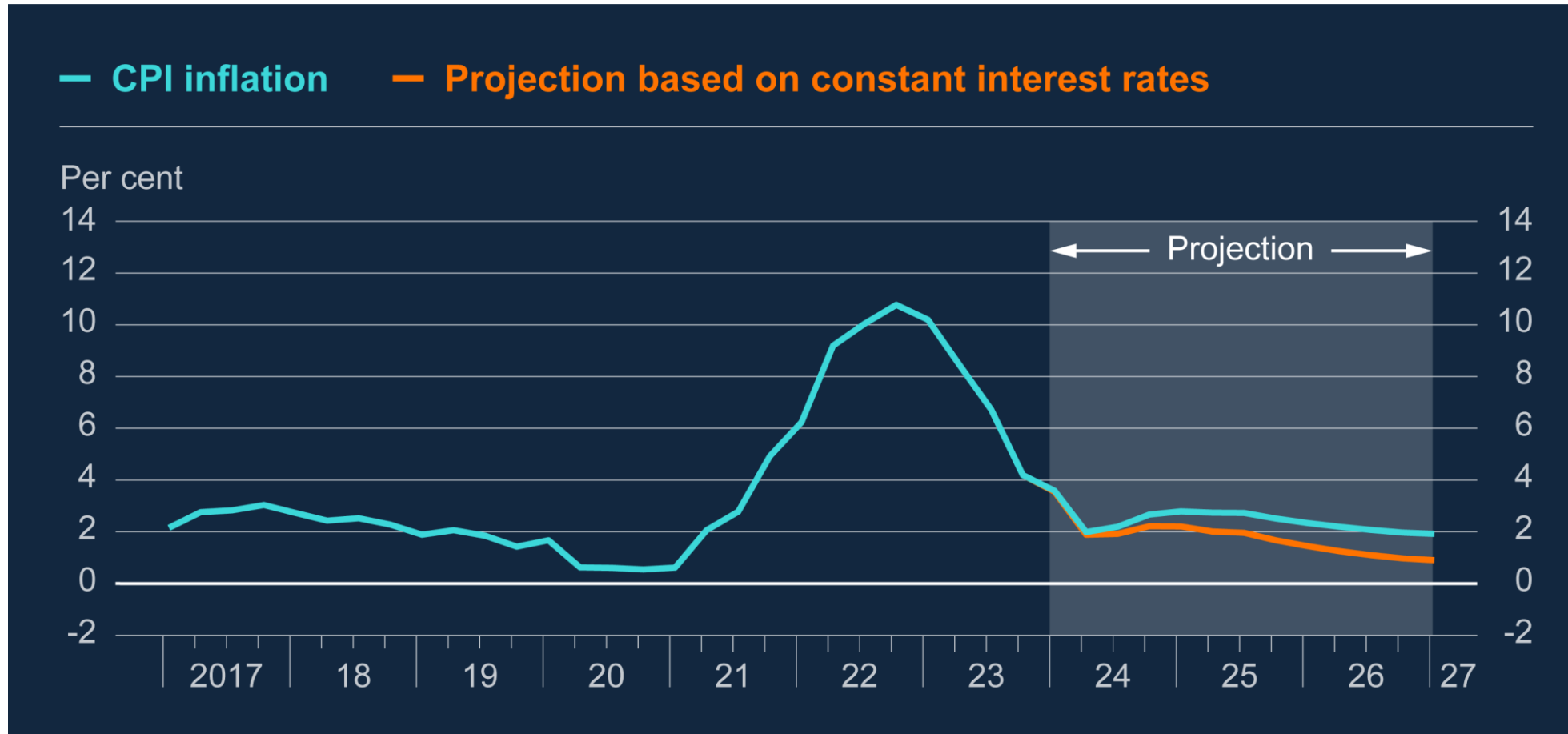
Projection for CPI inflation and CPI inflation excluding energy



Sources: ONS and Bank calculation

Chart 3: Lower market rates have widened gap between inflation profiles

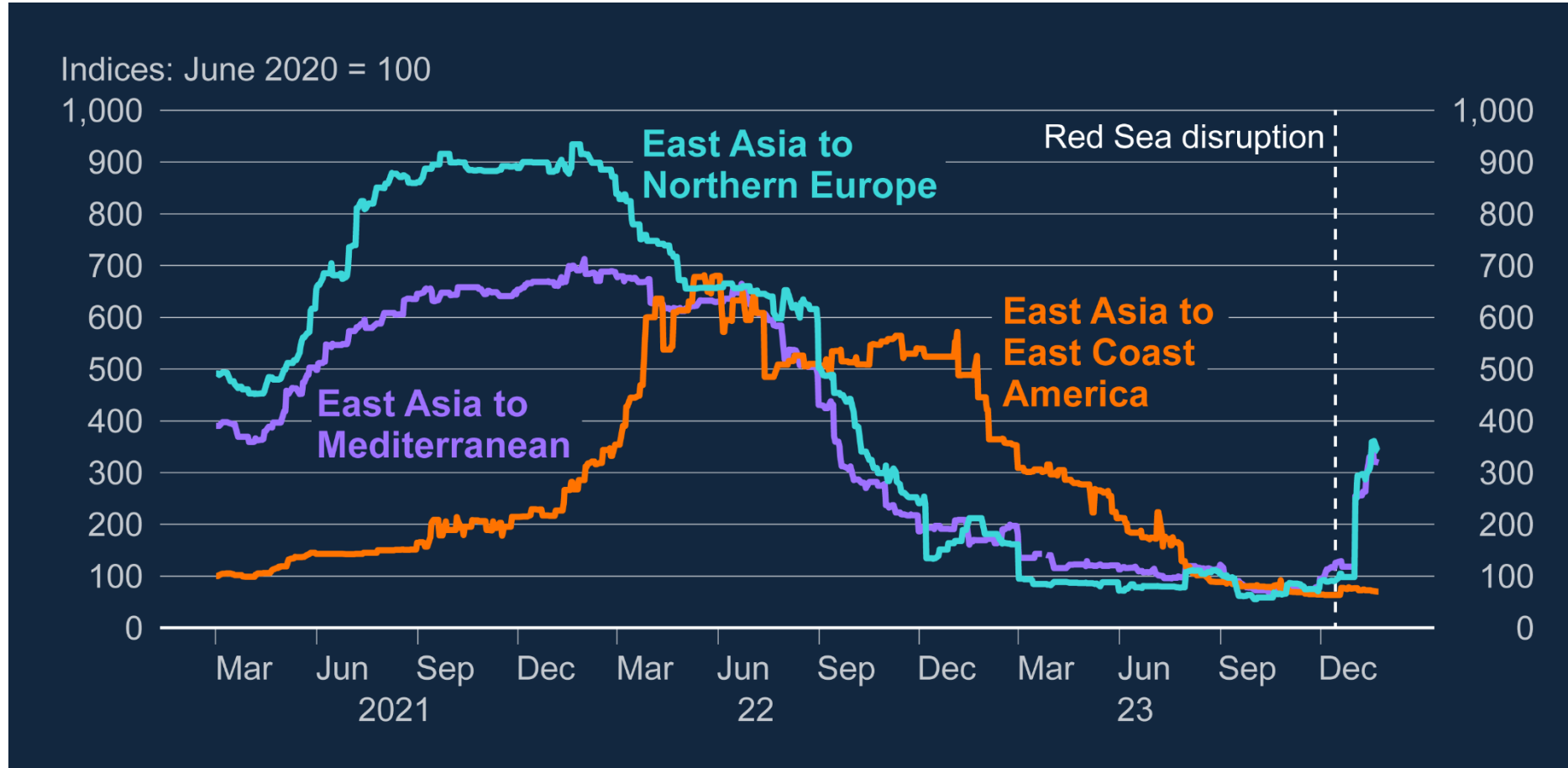
CPI inflation projection conditional on the market-implied path and a constant rate



Sources: ONS and Bank calculation

Chart 4: Shipping costs have increase on some routes

Shipping costs on major shipping routes



Sources: Refinitiv from LSEG; latest datapoint: 19/01/24

Key judgements in the MPC's February projections



Key Judgement 1

GDP growth is expected to pick up gradually



Key Judgement 2

Excess demand turns into excess supply

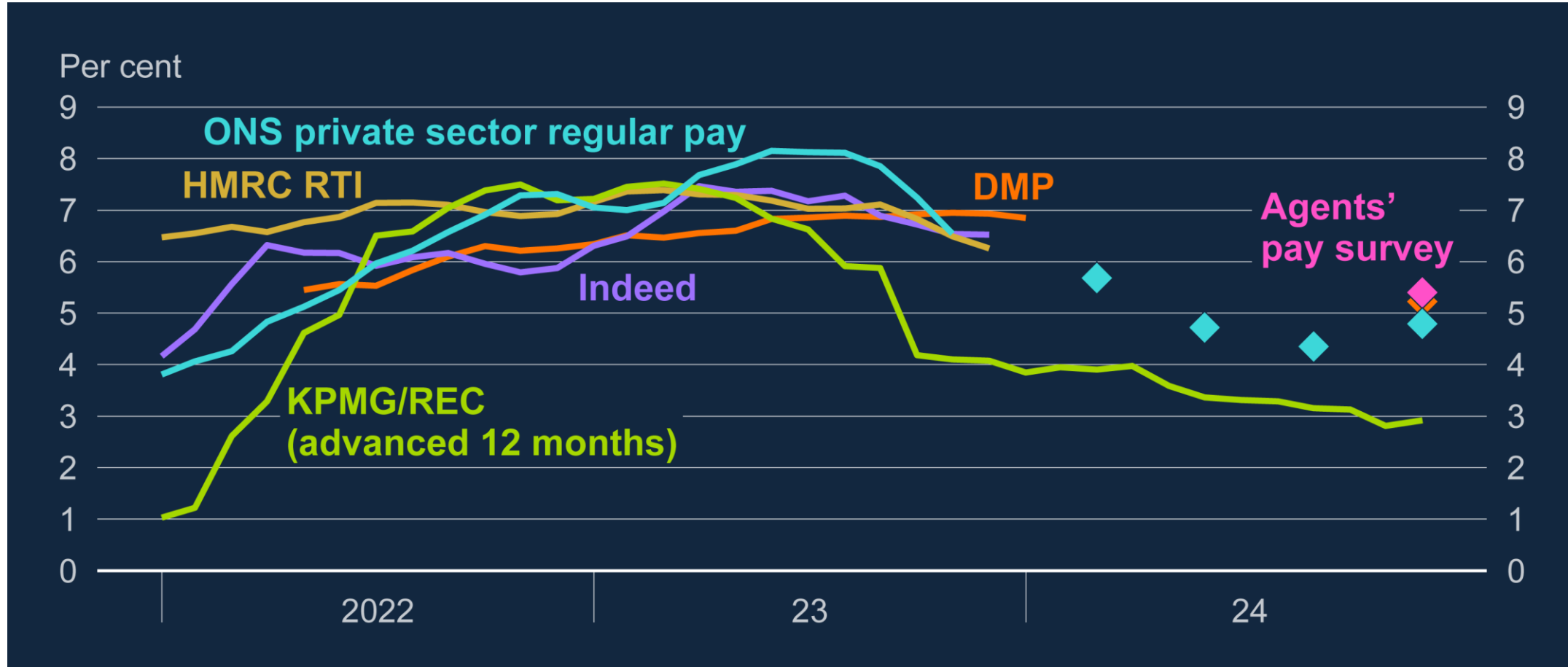


Key Judgement 3

Second-round effects in prices and wages take time to unwind

Chart 5: Annual private sector pay growth has fallen in line with other measures

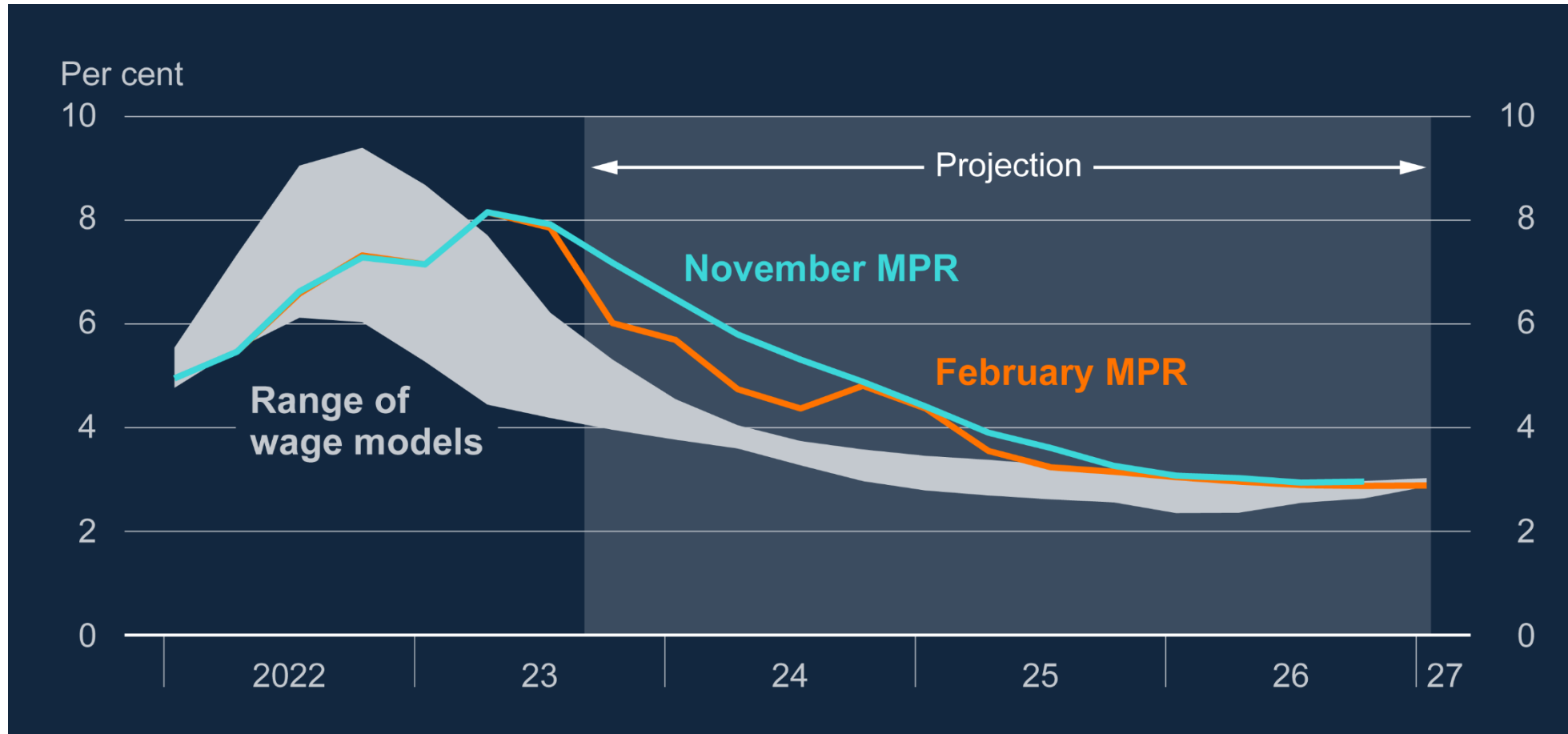
Measures of annual private sector wage growth



Sources: DMP Survey, Indeed Hiring Lab, ONS and Bank calculations.

Chart 6: Projections for annual private sector regular wage growth

Baseline projection and a swathe of projections from a suite of models



Sources: Bloomberg Finance L.P., Citigroup, ONS, YouGov and Bank calculations.

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