

**Bank of England**

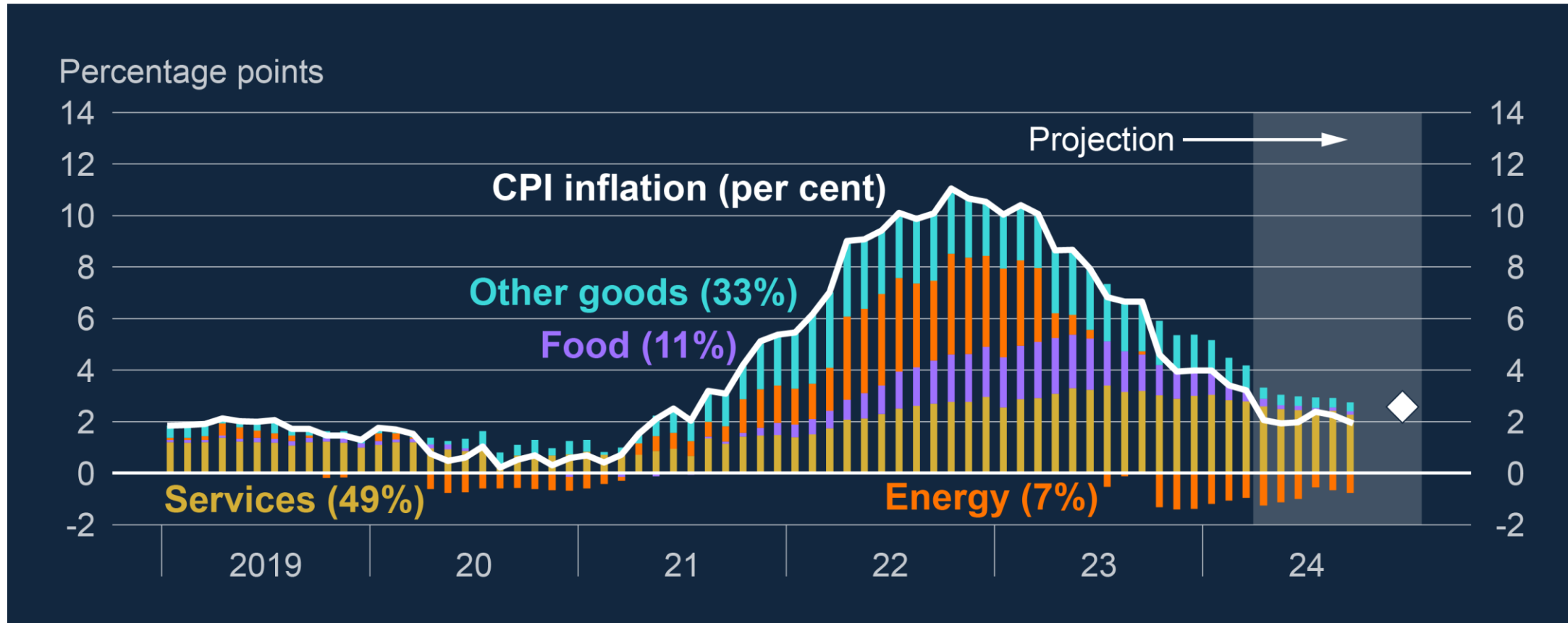
# Monetary Policy Report May 2024

Press Conference



# Chart 1: Inflation is expected to fall close to the 2% target before rising again

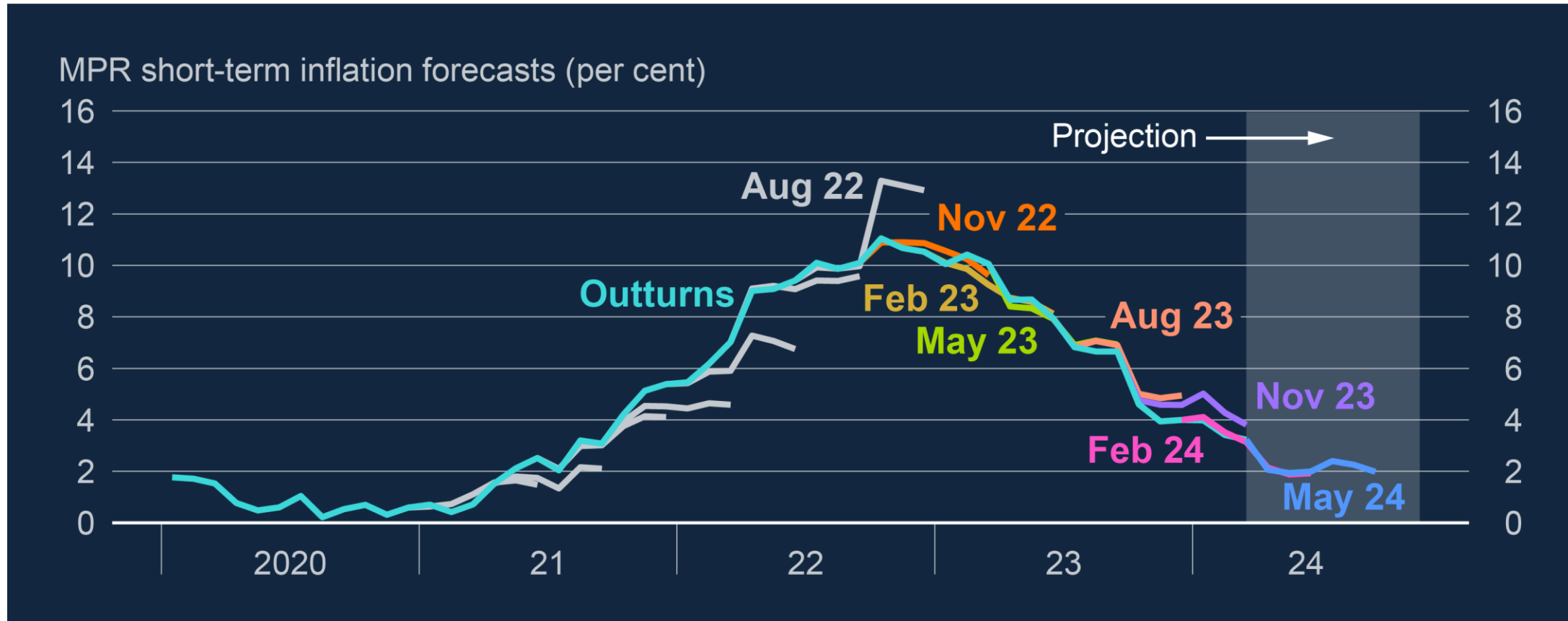
## Contributions to consumer price inflation



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

## Chart 2: Headline inflation has been broadly in line with forecasts this year

Projections from successive Monetary Policy Reports and data outturns



Sources: ONS and Bank calculation

# Key judgements in the MPC's May 2024 projections



## Key Judgement 1

GDP growth is expected to pick up



## Key Judgement 2

Economic slack will gradually emerge

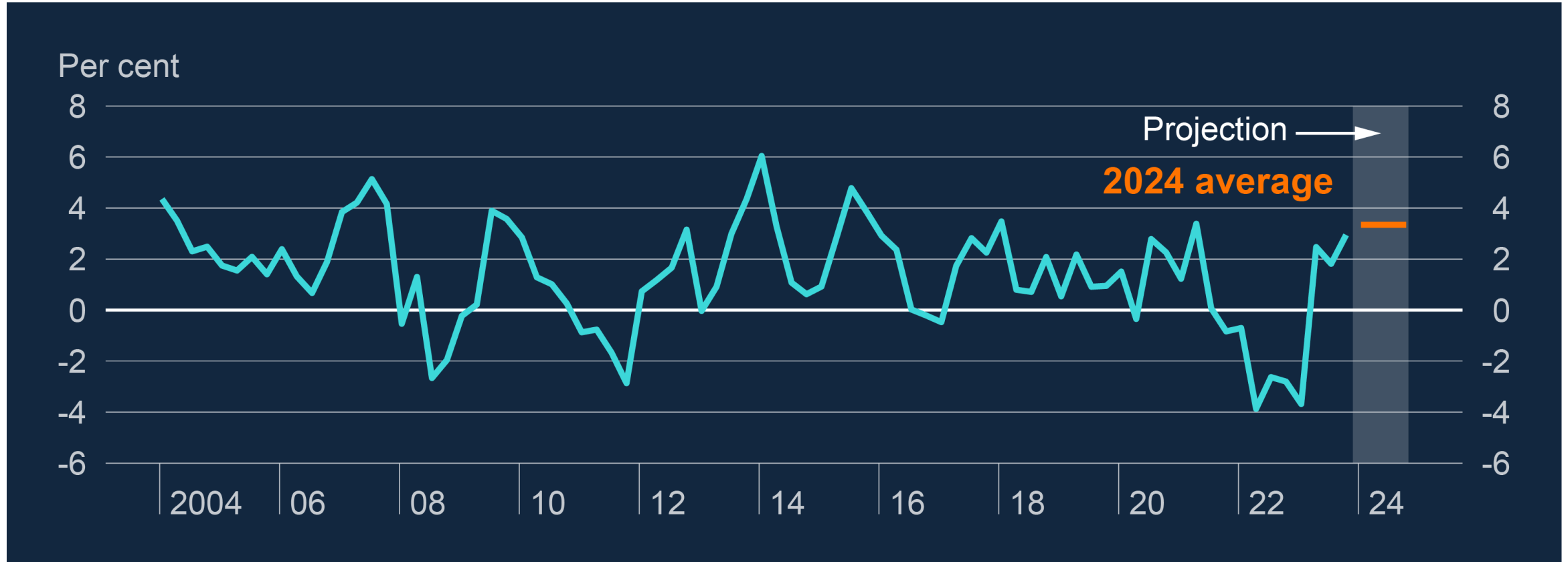


## Key Judgement 3

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

## Chart 3: Households' real incomes have picked up

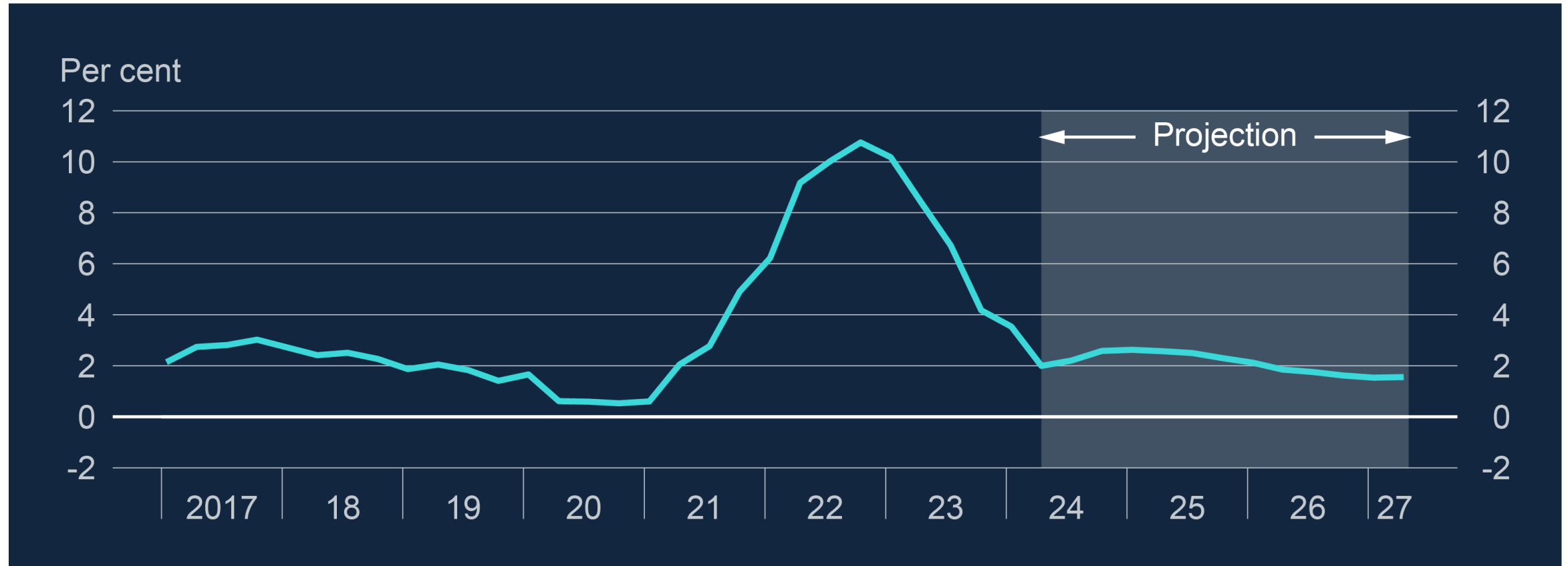
Aggregate real post-tax labour income growth



Sources: ONS and Bank calculation

## Chart 4: Inflation is projected to fall below target at the end of the forecast

CPI inflation projection conditional on market-implied path for Bank Rate



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