

Sam Flemming, Financial Times

There have been some activity indicators, particularly PMIs, which have been a bit stronger of late, but you don't seem to be putting any particular weight on that, indeed, the outlook is very subdued as the minutes suggest. I wondered why you're not seeing any more promising signs from those activity indicators.

And given the very weak outlook, and given you have inflation below target on both a one and two year horizon, why aren't you cutting today, or why was there not a majority in favour of a cut as soon as today? Thanks.

Andrew Bailey

Well, I'll start off, I think, on activity, it's interesting you're right. I mean, there's a bit of a tension in there, that the surveys are beginning, as you say, Sam, to show some signs of an uptick. On the other hand, as you'll see from the report, the message we're getting from the agents, I mean, they use the word lackluster, I think so. Now, let me put that into context, because, you know, we've been going through a lot of years of very big shocks. I would describe that sort of tension in the data and the evidence as sort of something that's, you know, quite usual, actually, I mean, in the very short run sort of but of course, we'll be very focussed on it. I don't want to say usual in the sense that we're not in any sense focussed on it, it is a something we will be looking at very hard in the next meeting and no doubt the ones after that. So, there is a little bit of a puzzle in there I think, which will say we'll be seeking to solve.

Now on the question of why not cutting? I mean, first of all, I would say that obviously, as you can see from the chart we've got in front of us, Inflation does dip below target on the central case, but it actually it's only a small dip and it comes back to target.

But actually the more the bigger point I'll make at this point is that we, because you asked the question, rightly, about how that conditions our judgement today, we need to see this pattern emerge, and we need to see more evidence, in my view, that we're going to get this sustainable return to target. And that really is an issue about what I call underlying inflation. We've got obviously quite a few things going on which, as this chart shows, are special measures. Just as, by the way, we had that last year when we had what we tended to call the hump. That's the data, not our feeling towards it. And we are seeing that now. But we have to be very focussed on the underlying story because that's what in the absence of, you know, of shocks to come, which we don't know about, that's what's going to determine this path.

Do you want to add anything Clare?

Clare Lombardelli

No, nothing.

Dave Ramsden

I mean, the only thing I was going to say, although, there's been a vote this time and we, voted in different ways and you can read about that in the paragraphs. We're all balancing these two risks to underlying inflation, as Andrew emphasised, so for some of us that there's still the worry about

persistence, that inflation won't settle at the target but will stay above it and for others of us, the downside risks are more apparent, so, the worry is that inflation will actually settle below target. But we're balancing those two risks, which has really been a pretty consistent picture.

Clare Lombardelli

I mean, I would say if you look at that picture of mixed data is true across the data sources, you know, survey, more administrative data, what we're hearing from the agents, those sorts of things, but also actually kind of within types of data, so, if you look at the wages data, for example, there's some indicators that are stronger., some of the surveys, some of the estimates based more around the relationships we've seen in the past are a bit weaker. So, you're not just seeing it's not that each category of data, they're not consistent with each other, but also within, there's quite a lot of mixed picture, which in a sense gives you the sense that, there's nothing strongly one direction or the other at this point.

Helia Ebrahimi, Channel Four

Just to underline that really, because people at home will watch you saying this is good news, that we are going to hit our inflation target in April and they will be thinking, well, hang on a moment, why don't you get on and start cutting, especially when unemployment is going up and growth is slowing? At what point do those risks become more dangerous for the wider economy.

Andrew Bailey

Well, it is good news, I mean, this picture is good news. But there's a lot of assumptions lie behind this picture. Not so much to the left hand side of it as we're looking at it, because a lot of that, as I say, is measures that have been announced. But our job is to keep it sustainably at target and there are a lot of things that we need to see evolve for that picture to be as it is in this chart. Now, you know, I'm I think it is good news. I'm optimistic, but certainly I'll speak for myself. I need to see some more evidence that we're on that path before we could make another cut in rates.

And let me give you one illustration of that, which is a bit more concrete. We have got expectations of inflation, which do remain elevated both in households and businesses. Now, I would expect, based on patterns of history, that as we start to see and it comes through in the data, this pattern of inflation coming off, and we do expect some of that to be seen in the next release actually, we do expect to move down in the next release. You can see that on the very far left hand side of the shaded part. That that will feed through into expectations because that's the way it normally works, and that that is something that will certainly, certainly give me greater confidence that we're on track. And that's what we think we need to see to take any further step at this point. So that's what I'm waiting for, but you'll see in the paragraph that I wrote that I expressed it very much is that as I go into the next meetings, that will be the question I'll be asking myself.

Dave Ramsden

And I think it is important the reason we put this chart up and we're emphasising what's going to happen to inflation, not so much in the very short term, but where inflation is settled is that is our remit. So, we're very conscious right across the committee that unemployment is now above 5%,

that's 1.8 million people. But we have to think about what is the impact of what's going on with subdued activity, with the labour market on inflation. So we're balancing those risks around inflation.

Paul Kelso, Sky

Governor two if I may. You say further rate cuts are now likely is the message to borrowers homeowners mortgage holders. This is now a question of when, not if.

And the second question, if I may, away from today's decision, we've seen revelations in recent days about Peter Mandelson's conduct while Business Secretary, his contacts with Jeffrey Epstein, the sharing of sensitive information with financiers at a time when governments and indeed central banks, were working to deal with the fallout from the financial crash.

You were at the Bank of England at the time, have you got any reflections on that conduct and what risk, if any, it posed to the stability of the financial system at the time?

Andrew Bailey

Well, there's two very different questions.

On the when and if question. I think the view I just reinforce having been since comments I've already made that I do expect and as I put in my own my own paragraph, I do think that it is likely that we will see some further move down in rates. I would emphasise the point I made in the opening remarks that as we get closer to what you might call the sort of the neutral rate, though, there is quite a lot of uncertainty as to where that is these decisions become a closer call because this is the question of what's the rate that will essentially settle, absent further shocks, what's the rate that will cause this profile to settle at target, which obviously is where we want it to be. So, there's a lot of uncertainty there still. But my central view, as I said in my paragraph, is reasonably aligned with the picture we've got in front of us. For me, it's then waiting I do need to see some more evidence, as I just said a moment ago, that that is evolving.

Well, I'll turn to the your second question, Paul. I am shocked by what we're hearing. You probably remember that around a year ago, I had to go and give evidence in a legal case involving this whole issue dating back to my time at the FCA. I'm afraid all I can conclude is that I was obviously very happy to do that, it's my duty. But again, it was having to sort of, in a sense, push back on the lies that we were being told consistently. I am shocked by what we now learn about what went on during the Financial Crisis period, let me just offer two reflections. One really reinforces what I think the Prime Minister said this morning that the most important thing in all of this is the victims. Everything else is, is obviously things that necessarily must be gone into, but we must not forget that the most important thing in this is the victims in all of this.

The second thing I'll just offer, and I think this is, if you don't mind me saying, I don't want to sound pious, but this is for all of us, how is it that we live in a society in which this happened and the cover up happened as well? I mean, those are questions that we all have to ask and I think that is a very fundamental question that we have to ask ourselves.

Szu Chan, Telegraph

Governor, could you just reflect on what you think the employment rights bill will affect the jobs market, given it will bed down over your forecast horizon? How do you think it will affect the jobs market?

Andrew Bailey

Well, we get quite a lot of obviously input when we talk to our contacts and when our agents talk to the contacts around the country. I think there is still a fair amount of uncertainty about, about how that is going to shape up. So, we will continue to watch it carefully.

I don't know if you want to add anything?

Clare Lombardelli

I think we talk to our agents a lot about this and they talk, you know, hear about it from firms because actually firms are waiting to see the details to be able to turn that into decisions about what they what they will do. But obviously, we've had quite a lot of information and intelligence from firms about some of the other changes that we've seen over the labour market over the last couple of years and we've been increasing, well, we've heard we've heard a lot about that and we've done a lot of analysis of it. You can see some of that in in some of the stuff we've put out today actually. But in terms of the employment rights bill in and of itself, I think until there's more detail, we won't be able to understand what.

Szu Chan

It is not reflected in your forecast at the moment, is that right?

Clare Lombardelli

That's correct. Yes.

Joel Hills, ITV

I also have two questions.

Governor, you said that all being well there should be further scope for cuts and that future decisions will also become a closer call as we edge towards neutral. Markets, are currently pricing in two more cuts, which would take bank rate to around 3.25%. In your view, would that be a sensible level to pause, to reflect, to assess the impact before fine tuning?

And my second question, really to pick up, I think, on what Paul asked you. Questions are being asked about the Prime Minister's judgement in light of the email disclosures and the correspondence between Peter Mandelson and Jeffrey Epstein. Do you see any evidence at all that the political uncertainty is affecting either the pound or UK gilts?

Andrew Bailey

So, I'll take those two in turn.

First of all, going back to the chart we were just looking at, which has gone off now, you know, that has the market as always uses the market curve curved to as the conditioning assumption for the path of interest rates, as you say, there are about two more two cuts price of 50 basis points priced into that curve. Now, I think you're subtly trying to sort of say is 3.25 the neutral rate or even is it R star even. Now look, there is uncertainty around the neutral rate, I think we've said before it's probably in the range 2 to 4%, but you could reasonably say to me saying that that's really helpful, but that's quite a big range. So what I would say go back to saying this. I think this I think this is a reasonable profile to have at the moment. So, I think the curve is in a fairly reasonable place. It certainly fits with my thinking in this decision, but it doesn't condition in any precise sense, either the timing or the scale of any future moves, because that will depend on how the evidence emerges. What I would say is, I just reiterate the points I made a few minutes ago, I think it's an interesting one that we are coming to the tail end of the very big shocks that we've been seeing and as I said in my introductory remarks in some of these bars wearing off, particularly the purple bar, the persistence judgement bar on this chart, that is the wearing off of the past shocks. Now, if the world then evolves as it looks here and we can't predict, of course, what shocks might happen that we don't none of us know about today we are moving into a more settled world where the sort of thinking that you were, you were outlining about where might the sort of the neutral rate be becomes much more relevant. So I'm not going to endorse 3.25%, but I think there is a reason it is a reasonable sort of market curve at the moment, but we'll see where it ends up. But I think that's, the best thing to say at the moment.

On the second question. We saw some market movements this morning, but frankly, the gilt curve last time I looked, which was just before we came into this room, was actually retraced its steps and it pretty much retraced his steps before our announcement, our announcement hasn't moved it much either. And I would also add that, you know, all, all market conditions this morning have been entirely orderly.

Dave Ramsden

And just to reinforce that last point, I mean, there'll always be a question related to market movements at our press conferences whatever's happened. I mean, when you think about the other things that were happening this morning, you know, we've got a decision to make that's now out there, the ECB has got a decision to make. There will be speculation and positioning about what we were going to do, what the vote was, the movements in yields today. The last time I looked the UK ten-year yield was at 4.57, so that's up seven basis points from the start of the year and it's exactly the same as it was at the start of 2025. So we're seeing movements in a very narrow range at the moment and there are things happening all the time. Last spring was when we saw the really big movements, actually, in response to the US announcements on Liberation Day. That was the period during which we were looking more at how much volatility is there? Are things orderly? But what you're seeing today is tiny in perspective.

Ritika Gupta, CNBC

Governor, you mentioned in your remarks there about the risk of potentially going too far with rate cuts and whether that means that the Bank of England would have to change course. So, I was wondering if there was any scenario that you actually have to hike rates over the next 18 months,

and if there's any kind of probabilities that you can attach to this, and also what your views are on the associated reversal costs of that.

Andrew Bailey

Well, I think I can say that we did not discuss hiking rates at the meeting. That was not on discussion. But you can see that we're using the scenarios and obviously we've talked about the scenarios again in the report. And it's very important because the scenarios that we're using and that we're describing are very much the ones that help us to make our decisions. There's been a bit of outside commentary. I know about all these scenarios, sort of too near to the sort of the centre and that's a reasonable debate to have is a completely reasonable debate to have. But what I would say is these are the scenarios that we actually spend our time talking about in the meeting in terms of thinking about how to take the decision. So I would come back to very much putting it in the context, not of hiking rates, but, you know, to what extent there is scope for further easing in rates and just re-emphasise the points I made in my opening remarks about, if we were to see rather more continued persistence than we think we might see then, obviously we would we'd be looking at a somewhat different scenario, but not particularly the hiking, we're not looking at a hiking scenario.

Clare Lombardelli

The only thing I would add to that is, in a sense, to reiterate what the Governor has been saying, that, you know, where we are at the moment is in a process of the economy, in a sense, normalising after a series of very, very large shocks, in the next 18 months, who knows what else could hit the economy. And of course, if there were shocks that required monetary policy action, we would respond to them.

But that's quite different from thinking about how is the economy operating now, understanding that as best we can and ensuring that we're setting policy for the economy now and what we expect over the next 2 to 3 years.

Andrew Bailey

Yes I just reinforce the point I made earlier, which is over the last year, the global events and shocks and news that we've had have actually had less effect on the world economy than we thought they would. I mean, that's interesting and quite evident. Now.

Phil Aldrick, Bloomberg

Market participants that we speak to are saying that the biggest sort of risk to the economy or to derailing growth this year and to sort of market stability, is the Labour leadership election a Labour leadership turmoil that we're facing?

I just wondered whether you agreed with this assessment of the risks or whether these people in the markets are completely overdoing it. And just secondly, in Europe, we've got interest rates at 2%. Here they're 3.75. Why are they so much higher here.

Andrew Bailey

I'll do the first bit I'll get Claire to come in on the second one. Well, first of all, I'm not going to comment on politics at all, as I hope you would well understand.

But let me make one point, which is not commenting on politics, but is just commenting on your point about market reflections on where the risks are. I would just come back to this point looking at the chart the left-hand side has some, has things that are say are pretty much baked in because they've been announced that they're measures that are in the pipeline. The big part of the chart is obviously the projection part going sort of frame to the right hand side. And that is being driven by underlying economic developments, the underlying state of the economy. So, I would just make one observation. I think whatever happens in politics, and I say I am not going to comment on that for obvious reasons, what is much more important. Here is what goes on in the underlying economy.

Clare Lombardelli

I would say we've got a whole chapter on different risks that we talk through in the MPR, which are the risks as we see them to inflation at the moment and the economy. On this question of our rates and European rates. I mean, you're right they're in different places. That reflects the fact the economies are very different, both structurally and in terms of where they are in the cycle. So, you know, we still have inflation at 3.4%. It's on this path down as we've talked about. We've still got underlying inflation and those pressures that we need to continue to see and to squeeze out of the economy that we're in a slightly different sort of cyclical place than the European economy, so, you'd expect rates to be different. There's also other structural things that are different in the economy. Supply is quite different, and supply capacity is quite different in the European economy than it is in the UK. We talked about this a lot, that's obviously well known. And then there's some other longer-term trends and underlying factors that again are very different. So, for example demographics is playing quite a different role in Europe than it is in the UK and we face slightly less sort of demographic pressure than they're facing. So, all of these things will drive, all these different factors drive the difference there. You know, also the sort of external and external sort of financing position again, very different. So, quite there's a lot of similarities in some ways between the UK and Europe, but a lot of quite fundamental differences as well.

Andrew Bailey

I'll just reinforce that Phil. I mean, let's assume that everything evolves as this chart suggests it will, then that is good news from the point of view of macroeconomic policy. The issue then becomes, as Claire has rightly said, the supply side of the economy and raising the potential growth rate. And that's down to structural measures, not obviously, what monetary policy does.

Dave Ramsden

And I just wanted very briefly to provide a bit of context around Andrew's response to your first question, which that was focussed on the monetary policy aspects. I mean, this is a this is an monetary policy press conference, back in December, we published the Financial Policy Report. Andrew and I gave quite extensive evidence to the Treasury Committee last month on that report that details what we see as the main risks to financial stability. And it is quite a long list, but those are the tail risks. Whereas today we're talking about more, the most likely outcomes. But there are a lot of potential risks out there which market participants would also recognise I think.

Dearbail Jordan, BBC

Does the Bank of England still have 31 metric tons of Venezuelan gold in its vaults? Have you received any new requests from the interim president of Venezuela or from the US after they seized Maduro? And if so, what's your course of action?

Andrew Bailey

I can let you into a secret. Dave was actually looking forward to answering a question on gold.

So well done. And Dave.

Dave Ramsden

We don't, it's very important. We have a very significant gold custody operation and that is carried out, as you would expect, under conditions of great confidentiality because our customers don't want details to be revealed. However, because the Venezuelan gold is in an ongoing court case, we can say something about it is a fact that we have some Venezuelan gold, but the facts that are as set out in the court proceedings are as far as we can go on that.

What I can give you is a bit more general context. If of interest. We've still got just over 400,000 gold bars in the vaults. Which are many hundreds of billions of pounds sitting under us now, depending on today's price. We have seen over the last many months, much more business. What do I mean by that? In terms of the physical movement of gold, a busy month would be about 8000 individual movements and that reflects the fact that we are, you know, I think in terms of the gold that's held in the in, in the London market, we're custodians for 60% of it. So, there's a lot of movements reflecting, desire to bring that to market or because we've got customers either moving their gold out or in. I think the only additional bit of colour I can give you is that January was a very busy month, and we'll publish our in the next day or two. We'll publish the weight of all the gold we've got in. I think we do it five days after the end of the month. So look out for that for that stat.

Dearbail Jordan, BBC

But no requests from Mr Trump?

Dave Ramsden

I just said that we don't say anything about our customers individually, we just give sort of headline or macro numbers.

Geoff Smith, Politico

I'd like to pick up on a speech that Megan made a couple of weeks ago about saying that the impact of a loosening of US monetary policy would all would be more likely to loosen financial conditions and have pro inflationary consequences here. Did you discuss that speech this morning? And is it at all justified to think of that as a consensus position on the committee, or is that still very much a personal view.

Andrew Bailey

Well, I don't think Megan was actually making a prediction as to what would happen to US monetary policy. I think she was trying to illustrate a point about the relationship between US monetary policy and then the feed through to an open economy like the UK. So it wasn't, in any sense, a prediction. We don't make predictions about what the fed will do, But I think it's, you know, it's entirely valid to say for an open economy like the U.K., what do we currently think about the pass through and likely impact of US monetary policy?

Geoff Smith, Politico

And secondly, if I may, and forgive me in advance for being provocative here. It took you the best part of nine months to work out that Rachel Reeves first budget was going to be pro inflationary. It's taken you less than two months to work out that this one will allow you to keep cutting. Do you need to check your biases a bit? Because the effects of both budgets were pretty mechanical and although you can say that in the first budget, the effects of inflation were going to be indirect because they required it on they depended on the reaction of the private sector, it was fairly clear from earnings calls and from your agents I think that the private sector intended to put prices up in, in reaction to the first budget. So, how is it that you were kind of quicker to respond to this one than to the last one?

Dave Ramsden

I don't think that's right. Both budgets were to you know, one was a bit earlier in the autumn, but both budgets were one was towards the end of 2024 one was towards the end of 2025 and we you know, we as you recognise we had to take account of the behavioural effects of NICs. But in the February 2025 forecast, we were publishing a very significant hump in inflation, which included the impact of NICs. So as Andrew flagged in an earlier comment, you know, what we're seeing this year is, is a slight mirror image of that. But that hump was very clearly in our forecast from last February. So I'm not sure what your lag is referring to.

Clare Lombardelli

Just to add on this point, because I think it's relevant, it was quite far from mechanical in a sense, what the impact would be and actually we've got a really, I think, lovely chart in the agents survey of business conditions that shows that even firms who, you know, what they plan to do in response isn't actually what they did in the end. So, in a sense, far from mechanical, it was going to depend on a whole set of things, including the labour market, wider expectations and the like. So, I think we sort of did factor it in, but I think we also have to recognise that it was uncertain, including to the actors themselves.

Jack Barnett, The Times

I suppose just developing on that budget point. Maybe a better way of phrasing it is, has it made it more likely that you're going to cut interest rates in March and April. And then possibly one for you, Dave, you obviously mentioned the gold with a conversation about the gold market there. Are you concerned about how sharp the swings in the market has been over the last couple of weeks? We've seen silver and gold prices fluctuate wildly. How concerned are you about that?

Andrew Bailey

Well, on the first question, thanks. Look, I think as I said in my opening remarks, the fact that the point at which we come back to pretty much to target and when I say pretty much, I mean we're talking about point one then by almost a year is obviously significant. No question about that.

The two things that I would just reiterate again are one, how that passes through into expectations. Now, all the evidence would suggest it will. All the evidence would suggest that there is a quite a tight link between actual inflation and particularly short term inflation expectations. But we haven't seen it obviously happened yet. But the bigger point is just to come back to this point about underlying inflation, because going back to the chart that we had, it's that's the thing. And particularly services inflation that is going to really determine whether we stay sustainably at target and that's what we have to do now. I mean it's important to talk about the very short term because it is the thing that will actually take us back to target. But monetary policy has its influence beyond that. When we take these decisions, we're looking beyond that, it's about this question of sustainability.

Dave Ramsden

And just on this question of movements in gold prices. It does actually, I think it's useful context to say that this was a subject that came up when Andrew and I gave testimony last month because the one safe asset that has been very obviously behaving in the way that you might expect given all this uncertainty, has been gold. The price has been consistently going up for a variety of reasons. So that in the sense, therefore, when you get what is perceived as some news, it's not necessarily surprising that it moves quite significantly in response to that. And then you start to get volatility in it, As you know, there's different perceptions of whatever's been said by whoever or whatever geopolitical event has taken place. So, it's not in a sense back to what we always say to you, which is that we often talk about government bond markets, but we obviously monitor all the key markets, including, the key commodity markets, including gold. Even though gold is obviously a very unusual market in some respects and so we have seen that very pronounced volatility compared to normal. But in the context of just how much of a safe haven gold has become. Personally, I'm not that surprised that we've seen that volatility.

Andrew Bailey

Characteristic of gold is that it's agnostic as to nation states.

Heather Stewart, Guardian

There's a box in the report about AI and the impact potentially on productivity and it suggests that UK companies seem to be quite enthusiastic adopters of the technology, but that we can't yet see that in the productivity data. What about the jobs picture? There's been a lot of commentary about the suggestion that adoption of AI may bear down on employment. We may see job losses and slower hiring. Are you anecdotally hearing that? Is there anything in the data to show that, and are you expecting it to come through in the coming months?

Andrew Bailey

Well, I sort of I mean, I think first of all, I won't put my economic historian hat on for too long, just bear with me for a moment.

There will be a lag between whatever take up there is of AI and whatever pass through there is to productivity. That's the lesson, from other big general purpose technology innovations over history. So, it's the famous it took sort of 30 odd years between Edison wiring a light bulb up and it coming up in sort of US productivity numbers, there's the famous I think it was Bob Solow comment about you can see ICT everywhere except in the productivity numbers. So that that's something I think we should sort of start off by expecting.

What I would say on employment is, and I'll just advertise quite a nice piece that one of our colleagues has done that we published in Bank Underground quite recently, is that there are a number of employment effects that come through, some of which are, take it down and some of which are take it up, actually, in terms of creating new activities, there is also then probably a different timing profile of those effects coming through.

I certainly anecdotally, when we go around the country, when our agents talk to contacts, I think we are seeing evidence probably of reduced hiring in some activities. And, you're writing stories about all of you are writing stories about it as well, in terms of some activities where hiring has gone down.

Some of that is probably due to sort of broader economic conditions, but some of it may be maybe beginning to be reflective of AI.

David Milliken, Reuters

You were talking a bit more about sort of wanting to see more evidence before you make a decision on whether to cut rates. I wanted to get a sense of sort of how long that evidence is likely to take to build up, whether it's something that you can only really make a judgement about when inflation has fallen back to 2%, and sort of whether sort of expectations have moved, as you'd expect by that point, or whether we're more in a situation like, in November last year, where sufficient evidence for a cut could build up in time for a next meeting.

And then, just secondly, you've talked a lot in the past about the importance of central bank independence. Are you sort of reassured by the fact that it's sort of Kevin Warsh, who's been nominated to be the next sort of chair of the Federal Reserve?

Andrew Bailey

I'll take these in reverse order, because I can do the second one very quickly.

I welcome the nomination of Kevin Walsh. I've known Kevin for a long time. So I welcome it. Kevin is somebody I know very well. And by the way, just entirely separate, things that I've been said and been involved in, in the context of Jay Powell and things to say about Kevin Walsh. This is not a Jay versus Kevin thing. They're both people, I know both of them very well. They're both very qualified on this.

Your first question, David, is a really good question, obviously. And it will be, I think, the focus of for me, certainly of the next meetings, because the question you ask rightly is how much do you need to see, and do you need to wait to see the really hard evidence, and how long would that take? Do you need to be more confident that that will happen in the future tense? And that will be a judgement, and it's the judgements we always have to make in monetary policy. And I'll just come back to the

point I made earlier. In some ways, this is taking us back to what I might call a more normal state of affairs in terms of judgements we have to make. We're not talking about big shocks here, but we are talking about, how things pass through. So, you know, my decision sort of thought process. It's not a question of saying I have to see the evidence, in on the page, in the actual numbers. It is a matter of being more confident that we think it's going to come through.

John-Paul Ford Rojas, Daily Mail

A couple of things, please, Governor. On the balancing that you and the rest of the committee have to do in relation to the slowing of the economy, the rise in unemployment compared to keeping down inflation. It seems that you're saying that a rise in unemployment to 5.3% is a price worth paying to keep inflation on track. Is that the case? How high would unemployment have to go before we could start to worry that you're out of kilter with that balance?

Second question. Going back to the Epstein Mandelson theme, you mentioned your shock at the cover up in particular as to what happened. What should the consequences be in terms of a should there be more transparency, greater transparency now as to what did happen, and especially in terms of the appointment of Mandelson back to government and back to back to as US ambassador, does this cast doubts on the judgement of those involved, particularly the Prime Minister?

Andrew Bailey

I want to knock very firmly on the head the suggestion that in the Bank of England we think unemployment is a price worth paying. That's not it's an old question. I've known it for years. That is not the case. We do not welcome unemployment. Let's be very clear. Our job, and it's the job that Parliament has given us, is to hit the inflation target and to do that in a sustained way, and we will do that. But I do not for a moment, sit or go around anywhere saying and 5.3% unemployment is a price worth paying. It is not and none of us want to see unemployment any higher, frankly. So just to be very clear on that, on the second question, I am not going to in any sense pass judgement on anything that has happened in terms of the sort of precise who knew what when in recent times. My point was a much bigger one, and it's a point that I think we all have to share in, which is, how did this happen? Now, going back to the point about 2008/9, what have we learned from that? I think we do learn from that, that there times in which, things seem to happen, lobbying happens, which has, frankly, ethics attached to it, which, I do find shocking, frankly, I do find shocking.

I worked very closely, all three of us worked very closely, and we were all involved very much. I was very much involved in the in the financial sector measures. And I will say this, one of the things and I think we all three of us can say this because we all knew him to see those pictures of Peter Mandelson with Alistair Darling. Alistair Darling was doing all the right things and he was doing them in my view. I knew him very well. We all knew him very well, with a thorough sense of honesty and decency. And he can't speak for himself today, sadly.

Dharshini David, BBC

Governor, as you say, there is some good news in the sense that inflation appears to be heading back towards target, if I may. Two areas which may not be quite so. Good news.

First, that increase in unemployment forecast. How much of that in the bank's reckoning is to do with the impact of NICs and, say, policies such as higher minimum wages, because the agent survey seems to suggest that there's been more of a hit to hiring than had been expected.

And also, you know, even though you say there's scope for rate cuts this year, the Financial Policy Committee's report on December pointed out there's perhaps close to 4 million households, which are still set to see higher repayments because rates remain higher than they were just a few years ago. So, what's your message to them? Because, you know, this is going to catch many unaware. Thank you.

Andrew Bailey

I think the NICs question actually goes back to Geoff's question, really, actually and Clare made the point that, you know, the response to the NICs was, you know, there was quite an obvious a strong element of sort of in a sense, to use this term, the sort of more scientific sense behavioural response in the sense that there were options for companies and I think and again, I'd recommend the chart in the agent summary, that as the year went on, probably more of the adjustment was being made on the employment side and on the labour market side that we saw. I think our view and we've said this in the report, is that that is now sort of passing through so that that NICs effect is now passing through. It's not something we expect to be persistent in terms of the change. So, I think that's you know, how I would, in a sense summarise the NICs situation.

Clare Lombardelli

The unemployment is there's a whole set of things going on in the labour market of which that, that was obviously one. I mean, actually what we're seeing and, you know, we look at this obviously incredibly carefully is perhaps less on the hiring side rather than large numbers of, of workers being let go. So, you're seeing you're seeing a sort of a balance there. And of course, we're watching it incredibly carefully, including, all parts of the labour market and thinking about what could be happening. We're seeing particularly high numbers, for example, on young person's unemployment at the moment, those sorts of things, we're watching all of that and trying to understand there what's going on. So, you know, of course, these changes in the labour market last year were a part of that. But also this is the sort of economic cycle playing through.

Dave Ramsden

And I was going to come in on the second. You're absolutely right to quote those figures from the Financial Stability Report that obviously reflects the structure of the labour market now, sorry, of the mortgage market now, that people are you know, we have many more fixed term mortgages, so people are still having to refix at higher rates.

It does come back, I think to the main message is and it comes back to the central message of, of everything we've put out today and Andrew said it that we need to not just see inflation get back to target, but our job is to make sure that inflation stays at the target sustainably. That's what we do to contribute, from the Monetary policy Committee perspective to monetary stability that provides the best foundation then for households to make decisions to plan ahead businesses. So that's kind of comes back to our job.

Andrew Bailey

It also illustrates why the judgements we have to make on the restrictiveness of policy are so difficult because, the mortgage market, as you rightly say, Dharshini has changed a lot and it takes longer for these changes to now pass through.

Francine Lacqua, Bloomberg

Governor, to what extent is the political risk at the moment in the UK and therefore the different political, policy uncertainties widen the ranges in which the MPC has to take into account.

Andrew Bailey

I can assure you that we don't spend our time discussing political risk actually, that's not a factor that we discuss. I mean, and let me reiterate something we've said many times, we obviously take financial market prices as a conditioning assumption. So, to the extent it's in there, it's in there. It's not something we explicitly, explicitly discuss.

Maurício Alencar, City AM

I am given the story of the last three months have been around leaks and leaks around Epstein and Mandelson. Do you have confidence that there are enough safeguards in place for officials in high public office, around market sensitive information and how that is shared either within institutions but also obviously with other market participants.

Andrew Bailey

Well, there is a very, very clear and unambiguous legal framework in this country for dealing with market sensitive information. There's no question about that. I've been involved in it in several of my roles in operating it. I think the most appropriate thing is that this matter is now in the hands of the police, and it's not for us to second guess what they do.