



BANK OF ENGLAND

Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 1 February 2017

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These are the minutes of the Monetary Policy Committee meeting ending on 1 February 2017.

They are available at <http://www.bankofengland.co.uk/publications/Pages/news/2017/001.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 minutes of the Committee meeting ending 15 March will be published on 16 March 2017.

Monetary Policy Summary, February 2017

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 1 February 2017, the Committee voted unanimously to maintain Bank Rate at 0.25%. The Committee voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, totalling up to £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

As the MPC had observed at the time of the UK's referendum on membership of the EU, the appropriate path for monetary policy depends on the evolution of demand, potential supply, the exchange rate, and therefore inflation. The Committee's latest economic projections are contained in the February *Inflation Report*. The MPC has increased its central expectation for growth in 2017 to 2.0% and expects growth of 1.6% in 2018 and 1.7% in 2019. The upgraded outlook over the forecast period reflects the fiscal stimulus announced in the Chancellor's Autumn Statement, firmer momentum in global activity, higher global equity prices and more supportive credit conditions, particularly for households. Domestic demand has been stronger than expected over the past few months, and there have been relatively few signs of the slowdown in consumer spending that the Committee had anticipated following the referendum. Nevertheless, continued moderation in pay growth and higher import prices following sterling's depreciation are likely to mean materially weaker household real income growth over the coming few years. As a consequence, real consumer spending is likely to slow.

In preparing the February *Report*, the MPC undertook its scheduled regular assessment of aggregate supply-side conditions. Pay growth, although edging up, has remained persistently subdued by historical standards – strikingly so in light of the decline in the rate of unemployment to below 5%. This is likely to have reflected somewhat stronger labour supply than previously assumed and, therefore, the presence of a greater margin of slack in the labour market, restraining wage increases. This updated assessment means that the stronger path for demand in the February projection is roughly matched by higher supply capacity. Combined with the 3% appreciation of sterling and a somewhat higher yield curve over the past three months, that results in a projected path of inflation that is similar to the one expected in November, despite the stronger growth outlook.

The value of sterling remains 18% below its peak in November 2015, reflecting investors' perceptions that a lower real exchange rate will be required following the UK's withdrawal from the EU. Over the next few years, a consequence of weaker sterling is that the higher imported costs resulting from it will boost consumer prices and cause inflation to overshoot the 2% target. This effect is already becoming evident in the data. CPI inflation rose to 1.6% in December and further substantial increases are very likely over the coming months. In the central projection, conditioned on market yields that are somewhat higher than in November, inflation is expected to increase to 2.8% in the first half of 2018, before falling back gradually to 2.4% in three years' time. Inflation is judged likely to return to close to the target over the subsequent year. Measures of inflation

compensation derived from financial markets have stabilised at around average historical levels, having increased during late 2016 as concerns about a period of unusually low inflation faded.

Monetary policy cannot prevent either the real adjustment that is necessary as the UK moves towards its new international trading arrangements or the weaker real income growth that is likely to accompany it over the next few years. Attempting to offset fully the effect of weaker sterling on inflation would be achievable only at the cost of higher unemployment and, in all likelihood, even weaker income growth. For this reason, the MPC's remit specifies that in such exceptional circumstances the Committee must balance the trade-off between the speed with which it intends to return inflation to the target and the support that monetary policy provides to jobs and activity. At its February meeting, the MPC continued to judge that it remained appropriate to seek to return inflation to the target over a somewhat longer period than usual, and that the current stance of monetary policy remained appropriate to balance the demands of the Committee's remit.

As the Committee has previously noted, however, there are limits to the extent that above-target inflation can be tolerated. The continuing suitability of the current policy stance depends on the trade-off between above-target inflation and slack in the economy. The projections described in the *Inflation Report* depend in good part on three main judgements: that the lower level of sterling continues to boost consumer prices broadly as expected, and without adverse consequences for expectations of inflation further ahead; that regular pay growth does indeed remain modest, consistent with the Committee's updated assessment of the remaining degree of slack in the labour market; and that the hitherto resilient rates of household spending growth slow as real income gains weaken. In judging the appropriate policy stance, the Committee will be monitoring closely the incoming evidence regarding these and other factors. For instance, if spending growth slows more abruptly than expected, there is scope for monetary policy to be loosened. If, on the other hand, pay growth picks up by more than anticipated, monetary policy may need to be tightened to a greater degree than the gently rising path implied by market yields. Monetary policy can respond, in either direction, to changes to the economic outlook as they unfold to ensure a sustainable return of inflation to the 2% target.

Minutes of the Monetary Policy Committee meeting ending on 1 February 2017

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 The period since the November *Inflation Report* had seen a generalised rise in equity prices, lower corporate bond spreads and pronounced increases in government bond yields. In the period since the Committee's December meeting, however, there had been no strong patterns in international asset price movements. The US dollar and long-term US interest rates had retraced some of the increases that had followed the US election. Overall, long-term interest rates in the United States, United Kingdom and Germany had been little changed. Short-term interest rates had risen across the three economies. Equity prices in the United States, the euro area and the United Kingdom had risen somewhat, while corporate bond spreads had been broadly unchanged, as had been the dollar price of oil.

3 The sterling Exchange Rate Index had again been sensitive to shifting perceptions of the likely terms on which the United Kingdom would withdraw from the European Union. Sterling had fallen by 1.8% since the Committee's previous meeting, although the conditioning path used in the February *Inflation Report* was still around 3% higher than it had been at the time of the November *Report*. For much of the period since the November *Report* it had appeared that sterling money market rates had been relatively insensitive to economic data releases. Market intelligence had suggested that investors considered the outlook for the UK's exit from the EU to be a more important driver of monetary policy than short-term movements in activity. In the days running up to this MPC meeting, however, short-term sterling interest rates had risen. Measures of inflation compensation had been stable, providing some reassurance that the increases seen during late 2016 reflected reduced concerns about an extended period of unusually low inflation rather than an emerging expectation of a lengthy period of high inflation.

The international economy

4 Since the Committee's previous meeting, there had been further signs that near-term global growth momentum had strengthened. Combined with the increases in commodity prices seen in recent months, this had started to translate into higher inflation in some countries, and market-implied inflation expectations had risen in the United States and the euro area, although they remained at relatively low levels by historical standards.

5 In the United States, the advance estimate for GDP growth in 2016 Q4 had been 0.5%. This was weaker than growth in the third quarter, which had been revised up again, to 0.9%. But growth in Q3 had been boosted by an erratically strong contribution from exports, and the underlying momentum appeared robust. Looking

ahead, the outlook for growth would crucially depend on the size and composition of any fiscal stimulus package and on the policies of the new administration more broadly. The US economy looked to have been operating with little slack, with the unemployment rate below the FOMC's median estimate of the equilibrium rate. Twelve-month headline PCE inflation had picked up to 1.5% in Q4, from 1.0% in Q3, although core PCE inflation had been unchanged at 1.7%.

6 In the euro area, GDP growth had been 0.5% in 2016 Q4, up from 0.4% in the previous quarter. High-frequency indicators had also pointed to stronger, broad-based momentum in the near term, leading Bank staff to revise up their expectation for growth in 2017 Q1, to 0.5%. Inflation had also picked up: headline HICP inflation had risen to 1.8% in January, up from 1.1% in December, and, although that had largely reflected a lessening drag from past falls in oil prices, core inflation had also edged higher in recent months, reaching 0.9%. Nevertheless, considerable slack remained in the euro-area economy, and core inflation had remained subdued. Against this background, the ECB Governing Council had left policy unchanged, in line with expectations.

7 The official estimate of Q4 GDP growth in China had been 1.7%, such that growth for the calendar year 2016 had been 6.7%, comfortably within the authorities' growth target range of 6.5% to 7%. The renminbi had been little changed against the US dollar for the past couple of months, although there had been a further fall in foreign exchange reserves in December, albeit at a modest pace, suggesting continued capital outflows. Although domestic credit growth had remained buoyant, financial conditions had tightened somewhat across a range of metrics, and house price inflation had eased marginally following a tightening of macroprudential measures in October.

8 The picture in other emerging market economies had been mixed. Capital inflows to non-China emerging markets had resumed in January, after the considerable market volatility and capital outflows following the US election. Surveys had suggested a deteriorating near-term outlook for both services and manufacturing across several major emerging markets, most notably in India and Mexico, while rising commodity prices had provided some support to commodity exporters.

Money, credit, demand and output

9 The domestic economy had continued to grow steadily and at a solid pace, displaying greater momentum than the Committee had expected. The preliminary estimate of GDP growth for 2016 Q4 had been 0.6%, the same rate of growth as had been registered in the previous two quarters, and 0.2 percentage points higher than expected at the time of the November 2016 *Inflation Report*. This, together with improvements in business survey output and expectations indicators, had led Bank staff to raise their GDP growth nowcast for 2017 Q1 to 0.5%, also 0.2 percentage points higher than in November. The Committee noted that retail sales were estimated to have fallen by nearly 2% in December, the weakest monthly growth rate since April 2012, and that this could be a sign that household demand was softening, perhaps in response to rising inflation. However, these data tended to be volatile, and it was too soon to draw any strong conclusions.

10 Other demand indicators had remained solid. Housing market data had been stronger than expected: house price inflation had picked up a little in December and mortgage approvals had been a touch higher than expected in November. The latest RICS survey had pointed to continuing growth in activity and prices, albeit at a slightly slower pace. Having fallen somewhat in 2016 Q3, business investment intentions had largely stabilised at close to their historical averages in Q4. Export surveys had continued to suggest some boost following the post-EU referendum fall in sterling. Overall, there had been little evidence to indicate a material slowing in activity in the near term.

11 The evolution of demand during 2017 would depend partly on how consumers responded to slowing growth in real income, given rising consumer price inflation. The Committee discussed the extent to which demand and supply conditions in consumer credit markets might affect the speed and size of any adjustment in spending. Viewed in aggregate terms, including mortgage borrowing, the household balance sheet position did not look especially stretched, at least in relation to the recent past. At 134%, the household debt to income ratio was 16 percentage points lower than its peak in 2008. Since that peak, nominal household credit growth had averaged only 2% per year, and even over the past year had been only marginally faster than growth in household income, at 4%.

12 Within that, however, consumer credit growth had averaged 5.4% per year since 2012, and currently stood at 10.6%. Car finance through Personal Contract Purchase arrangements had grown particularly strongly in recent years, and personal loans and credit card borrowing had also accelerated. The high rate of employment, supportive monetary policy and the associated strength in household consumption were likely to have bolstered credit demand. But increased competition between lenders had provided further impetus for these increases. Both price and non-price terms had become more favourable to borrowers; for example, interest rate spreads on personal loans had fallen substantially, and there had been a marked lengthening in the periods for which borrowers were able to access 0% interest on credit card balance transfers.

13 The empirical evidence suggested that any link between consumer credit and household spending had recently been modest. In arithmetic terms, the flow of consumer credit during the four quarters to 2016 Q3 had amounted to just 1.5% of the level of consumption. Econometric analysis suggested that the read-across from consumer credit spreads to household consumption was small, although these estimates were imprecise. Also, in the latest survey conducted by NMG on behalf of the Bank, respondents had indicated only a small propensity to increase their spending in the face of an easing in mortgage credit conditions. Although it was possible that greater credit availability would help to sustain consumption growth in the event of a real income squeeze, the extent of the latter was probably the more important determinant of the outlook for household demand.

Supply, costs and prices

14 Twelve-month CPI inflation had risen from 1.2% in November to 1.6% in December 2016, fractionally stronger than Bank staff's expectation at the time of the November *Inflation Report*. Much of the increase in CPI inflation during 2016 had been a result of the dissipating drag from earlier declines in food, energy and other imported prices. More recently, however, there were signs that the anticipated boost to CPI inflation from the depreciation of sterling since late 2015, and particularly following the UK's referendum on EU membership, was beginning to occur. Food prices, having fallen for much of the past three years, had begun to increase, despite continued downward pressure on prices from strong competition in the supermarket sector. Excluding food and energy, the prices of goods more generally had increased by 0.6% in the year to December, the highest rate since late 2014.

15 Although the precise extent and speed of pass-through from sterling's depreciation to final consumer prices was uncertain, it was highly probable that CPI inflation was set to rise markedly to above the target over the coming months. In the February *Inflation Report* projections, the Committee's central expectation was for CPI inflation to rise to, or slightly above, the 2% target in the data for February and to 2.8% in the first half of 2018, before falling back to 2.4% in three years' time. The overshoot was entirely accounted for by the lagged effects of sterling's depreciation. Inflation was judged likely to return to close to the target over the subsequent year.

16 Regular pay in the private sector had increased by 3.0% in the three months to November relative to a year earlier, a little stronger than anticipated at the time of the previous *Inflation Report*. More broadly, and as the Committee had discussed on a number of occasions, including at the previous MPC meeting, pay growth had repeatedly disappointed expectations of a sustained recovery over several years. Part of that was likely to have been connected to the persistent weakness of productivity growth, to which real wage growth ought to be linked in the medium term. More recently, pay may have been depressed by low rates of headline consumer price inflation. However, even after accounting for these factors and their typical relationship with pay growth, wages had been subdued. This had been all the more striking now that the rate of unemployment had fallen back to pre-crisis levels in a way that historically would have been associated with somewhat greater pay pressure.

17 One candidate explanation for the residual weakness of pay was a decline in the equilibrium unemployment rate – that is, the rate of unemployment at which prospective employers would find it more difficult to recruit suitable staff, thus leading them to increase wage offers. There were a number of possible reasons why such a shift might have occurred, including increases in more flexible forms of work, demographic trends and changes in the tax and benefit system. The Committee considered this possibility in the context of its scheduled annual assessment of supply-side conditions and the staff analysis that had been prepared for it. There were several methods of producing estimates of the equilibrium unemployment rate, including: simple statistical models; more sophisticated statistical filters that exploited information from reduced-form wage Phillips curve relationships; and structural 'search and matching' models of the labour market. These structural search and matching models included one that had been developed by Bank staff in order to allow analysis of

the effects of compositional changes in the workforce over time, including the trend increase in average educational attainment among the workforce.

18 The degree of uncertainty over any estimate of the equilibrium unemployment rate was considerable. Taken as a whole, the analysis suggested that a lower rate was more likely than the Committee's previous assumption of around 5%, although there was a range of views about the exact extent of the decline. The Committee agreed to reduce the estimate of the equilibrium unemployment rate to 4½%. This would imply a somewhat greater, although still relatively modest, degree of slack in the labour market than had previously been assumed. And, other things equal, this suggested that there would be a little less impetus to wage growth over the next three years than forecast at the time of the Committee's November projections. In the Committee's updated February forecasts the annual increase in whole economy average weekly earnings was expected to rise from 2.8% in the three months to November 2016 only to a little under 3½% in three years' time.

19 The Committee discussed a number of risks to this outlook. Given the uncertainties involved, it was possible that the Committee's updated estimates of the equilibrium unemployment rate were wrong and therefore that the resulting degree of pay pressure would be different from that assumed in the February forecasts. The pickup in headline inflation could make it harder for companies to moderate wage demands. In addition to that, a possible risk to the upside stemmed from the recent strength of corporate profitability in some sectors. If these profits fed into higher bonus payments, total pay growth could be more rapid than forecast, although bonus payments were probably less relevant to future inflationary pressure than changes in regular pay. In the other direction, the Bank's Agents had recently conducted their regular annual pay survey. The average expectation of business contacts was for a basic pay settlement of 2.2% in 2017, down from 2.7% in 2016, with economic uncertainty and the inability to pass on cost increases to output prices cited as the most common factors likely to weigh on pay awards. Other elements of labour costs were expected to rise more rapidly than before over the year ahead.

20 The path for wages would also be influenced by the extent to which households' and companies' expectations of inflation over the next few years responded to the brisk increase in headline CPI inflation likely during the next few months. The YouGov/Citigroup measure of household expectations of inflation one year ahead had risen to 2.6% in January. The comparable measure of expectations five to ten years ahead had been stable at 3.0% in January, however, having previously increased from 2.8% in November. The GfK measure of household expectations, which had risen sharply in November, had stabilised in the December and January surveys. The CBI survey of distributive trade firms indicated that a sizeable increase in inflation expectations one year ahead had occurred around the turn of the year. Overall, however, inflation expectations were now around average historical levels.

The immediate policy decision

21 The MPC set monetary policy to meet the 2% inflation target, and in a way that helped sustain growth and employment. In pursuing that objective, the main challenges for the Committee had remained assessing how the economic outlook had changed following the UK's decision to withdraw from the EU, and identifying the appropriate policy response to that changed outlook, including to the substantial depreciation of sterling that had been associated with the decision.

22 The sterling Exchange Rate Index had been volatile for a number of months, and stood 18% lower than its peak in November 2015. The depreciation appeared to have reflected investors' perceptions that a lower real exchange rate would be required following the UK's withdrawal from the EU. Where the exchange rate would ultimately settle depended on the precise nature of the UK's eventual trading arrangements both with the EU and with other countries. Although more detail on the UK Government's intentions had been set out in the Prime Minister's speech on the matter in January, it was inevitable that a large number of uncertainties remained. As more information about the likely shape of the UK's future arrangements was revealed, further movements in the sterling exchange rate were to be expected.

23 The transition to new international trading arrangements, and the movements in the sterling real exchange rate that might accompany it, were long-term structural economic adjustments over which monetary policy had very little or no influence. It was nevertheless essential to take account of such adjustments in the setting of monetary policy because of the impact they had on activity and inflation in the nearer term. In particular, the increase in import prices that had occurred over the past year was likely to lead both to a reduction in real income and therefore activity growth, and to a marked increase in CPI inflation to a rate significantly above the 2% target. The MPC's remit specified that in such exceptional circumstances the Committee must balance the trade-off between the speed with which it intended to return inflation to the target and the support that monetary policy provided to jobs and activity.

24 The MPC had previously noted that the appropriate path of monetary policy following the EU referendum would depend on the evolution of demand, supply, the exchange rate and therefore inflation. The Committee had considered how the outlook for these factors had changed over recent months in the preparation of its February *Inflation Report*.

25 Demand indicators had been stronger than expected at the time of the November *Inflation Report*, and the Committee had increased its central expectation for growth in 2017 to 2.0% and expected growth of 1.6% in 2018 and 1.7% in 2019. The upward revision in the near term partly reflected stronger than expected growth at the end of 2016, as well as firmer prospects for the beginning of 2017. In particular, there had been few signs of a slowdown in consumer spending ahead of the prospective squeeze on household real income, other than weakness in December's retail sales data that might prove erratic. Further ahead, over the three years of the forecast, the upgraded demand outlook since November reflected a number of factors. The most significant had been the fiscal stimulus announced by the Chancellor in his Autumn Statement at the end of 2016. Also important had been the firmer momentum in global activity evident in the recent data, higher global equity prices and an easing in credit conditions. Over the three years of the forecast, cumulative demand growth was

expected to be around 1 percentage point stronger than in the November projections. That was despite a higher market-based conditioning path for Bank Rate, which increased to 0.7% in three years' time compared with 0.4% at the time of the November projections. The path for Bank Rate expected by market participants had risen further since the Committee's updated forecasts had been finalised and the exchange rate had appreciated further.

26 Regarding potential supply, the Committee had undertaken its scheduled regular assessment of aggregate supply-side conditions in the preparation of the February projections. The weight of evidence had suggested that the sustainable unemployment rate was somewhat lower than the Committee had previously assumed. That would help explain the persistent weakness of wage growth seen over the past few years, relative to what might have been expected after accounting for the likely influence on pay of low productivity growth, low headline inflation and the fact that the actual unemployment rate had fallen back to below 5%. This judgement also implied somewhat weaker pay pressures over the future, and therefore a slightly smaller boost to forecast CPI inflation from a recovery in domestic cost growth than assumed at the time of the November *Inflation Report*.

27 Combined with the effect of the 3% appreciation of sterling over the past few months, this judgement left the February central projection for inflation roughly unchanged compared to the November forecast, despite a stronger growth projection. CPI inflation was expected to increase to 2.8% in the first half of 2018 before falling back to 2.4% in three years' time, with the overshoot entirely accounted for by the lagged effects of sterling's depreciation. Inflation was judged likely to return to close to the target over the following year. The Committee discussed the appropriate response of monetary policy to this outlook.

28 On one argument, the absence so far of a discernible slowdown in household spending growth in the seven months since the referendum provided reassurance that an abrupt slowdown – for instance in response to heightened economic uncertainty – was less likely. The more time that passed without a noticeable reduction in economic growth, the more difficult it would become to tolerate the extent of the inflation overshoot embodied in the February projections. Moreover, there were potential upside risks to the projections set out in the February *Report*. For instance, the impact of the depreciation of sterling on CPI inflation might be larger than assumed, or persist for longer than expected. And it was possible that wage growth would react more aggressively than assumed to the sharp increases in CPI inflation that were in prospect – particularly if the Committee had overestimated the decline in the sustainable rate of unemployment.

29 On another argument, however, in spite of the stronger outlook for demand, the Committee's judgement regarding the sustainable rate of unemployment meant that the expected margin of slack in the economy, and therefore the balance between that and inflationary pressure, was very similar to that embodied in the November projections. Although there were relatively few signs of a slowdown in consumer spending so far, a slowdown was highly likely given the scale of the depreciation of sterling and the consequent effect that higher import prices would have on real income growth. And, just as there were potential upside risks to the projections, there were also potential downside risks. The central projection for consumer spending was reliant on a further decline in the household saving rate as spending reacted only gradually to the likely erosion of real incomes. It was possible that households' reactions to weaker income growth would be more pronounced than

this, for example given the number of households that were credit constrained or that simply adjusted spending in line with current income. More generally, the potential for uncertainty over future trading arrangements to interrupt economic decision making would likely remain for some time.

30 Different members of the Committee placed different weights on these arguments and the risks surrounding the projections set out in the February *Inflation Report*. Nevertheless, at this meeting, all members agreed that it remained appropriate to maintain the stance of monetary policy. All members also agreed that, while the Committee needed to continue balancing the prospect of a period of above-target inflation with the support that monetary policy gave for activity and employment, there were limits to the degree to which above-target inflation could be tolerated. For some members, the risks around the trade-off embodied in the central projection meant they had moved a little closer to those limits.

31 The continuing suitability of the current policy stance depended on the trade-off between above-target inflation and slack in the economy. The projections described in the *Inflation Report* depended in good part on three main judgements: that the lower level of sterling would continue to boost consumer prices broadly as expected, and without adverse consequences for expectations of inflation further ahead; that regular pay growth would indeed remain modest, consistent with the Committee's updated assessment of the remaining degree of slack in the labour market; and that the hitherto resilient rates of household spending growth would slow as real income gains weaken. In judging the appropriate policy stance, the Committee would monitor closely the incoming evidence regarding these and other factors. For instance, if spending growth were to slow more abruptly than expected, there was scope for monetary policy to be loosened. If, on the other hand, pay growth were to pick up by more than anticipated, monetary policy might need to be tightened to a greater degree than the gently rising path implied by market yields. Monetary policy could respond, in either direction, to changes to the economic outlook as they unfolded to ensure a sustainable return of inflation to the 2% target.

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

Bank Rate be maintained at 0.25%;

The Bank of England continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves;

The Bank of England maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

33 The Committee voted unanimously in favour of all three propositions.

34 Consistent with the Committee's decision to maintain the total stock of UK government bond purchases at £435 billion, and as described in a Market Notice accompanying these minutes, the Committee agreed to re-invest the £11.6 billion of cash flows associated with the redemption of the January 2017 gilt held by the Asset Purchase Facility.

35 Finally, on behalf of the Committee the Governor thanked Minouche Shafik for her contribution as a member of the Committee and for establishing the role of Deputy Governor responsible for markets and

banking. Her many contributions – including new monetary policy facilities, a new risk management framework, the Fair and Effective Markets Review, contributions to the work of the G20 and the launch of the RTGS Strategy Review – had demonstrated the best of the Bank of England.

36 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
Michael Saunders
Gertjan Vlieghe

Dave Ramsden was present as the Treasury representative.

As permitted under the Bank of England Act 1998, as amended by the Bank of England and Financial Services Act 2016, Anthony Habgood was also present on 26 and 30 January, and Dorothy Thompson on 26 January, as observers for the purposes of exercising oversight functions in their roles as members of the Bank's Court of Directors.