BANK OF ENGLAND

Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 19 June 2019

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These are the minutes of the Monetary Policy Committee meeting ending on 19 June 2019.

They are available at https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2019/june-2019.

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 on 31 July will be published on 1 August 2019.

Monetary Policy Summary, June 2019

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 19 June 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £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.

The MPC's most recent economic projections, set out in the May *Inflation Report*, assumed a smooth adjustment to the average of a range of possible outcomes for the United Kingdom's eventual trading relationship with the European Union and were conditioned on a path for Bank Rate that rose to around 1% by the end of the forecast period. In those projections, GDP growth was a little below potential during 2019 as a whole, reflecting subdued global growth and ongoing Brexit uncertainties. Growth then picked up above the subdued pace of potential supply growth, such that excess demand rose above 1% of potential output by the end of the forecast period. As excess demand emerged, domestic inflationary pressures firmed, such that CPI inflation picked up to above the 2% target in two years' time and was still rising at the end of the three-year forecast period.

Since the Committee's previous meeting, the near-term data have been broadly in line with the May *Report*, but downside risks to growth have increased. Globally, trade tensions have intensified. Domestically, the perceived likelihood of a no-deal Brexit has risen. Trade concerns have contributed to volatility in global equity prices and corporate bond spreads, as well as falls in industrial metals prices. Forward interest rates in major economies have fallen materially further. Increased Brexit uncertainties have put additional downward pressure on UK forward interest rates and led to a decline in the sterling exchange rate.

As expected, recent UK data have been volatile, in large part due to Brexit-related effects on financial markets and businesses. After growing by 0.5% in 2019 Q1, GDP is now expected to be flat in Q2. That in part reflects an unwind of the positive contribution to GDP in the first quarter from companies in the United Kingdom and the European Union building stocks significantly ahead of recent Brexit deadlines. Looking through recent volatility, underlying growth in the United Kingdom appears to have weakened slightly in the first half of the year relative to 2018 to a rate a little below its potential. The underlying pattern of relatively strong household consumption growth but weak business investment has persisted.

CPI inflation was 2.0% in May. It is likely to fall below the 2% target later this year, reflecting recent falls in energy prices. Core CPI inflation was 1.7% in May, and core services CPI inflation has remained slightly below levels consistent with meeting the inflation target in the medium term. The labour market remains tight, with recent data on employment, unemployment and regular pay in line with expectations at the time of the May *Report*. Growth in unit wage costs has remained at target-consistent levels.

The Committee continues to judge that, were the economy to develop broadly in line with its May *Inflation Report* projections that included an assumption of a smooth Brexit, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. The MPC judges at this meeting that the existing stance of monetary policy is appropriate.

The economic outlook will continue to depend significantly on the nature and timing of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The Committee will always act to achieve the 2% inflation target.

Minutes of the Monetary Policy Committee meeting ending on 19 June 2019

1 Before turning to its immediate policy decision, the Committee discussed: monetary and financial conditions; the international economy; demand, output, money and credit; and supply, costs and prices.

Monetary and financial conditions

2 Global risk sentiment had deteriorated since the Committee's previous meeting, reflecting in part heightened concerns about trade. This had contributed to a further, material decline in forward interest rates in major economies. In addition to global factors, increased Brexit uncertainties had led to a decline in the sterling effective exchange rate and contributed to downward pressure on UK forward interest rates.

3 Since the Committee's previous meeting, equity prices across advanced economies had fallen. That had been more than accounted for by increases in risk premia, as there had been a significant cushioning impact from falling government bond yields. Corporate bond spreads had increased in all currencies. Primary market bond issuance had remained fairly resilient throughout the period, however. Measures of equity market implied volatility, such as the VIX, had remained low relative to historical averages and to measures of global policy uncertainty.

4 Market forward pricing of advanced economy policy rates had shifted down significantly. The US instantaneous forward Overnight Index Swap (OIS) curve was now pricing in nearly four 25 basis point rate cuts over the next three years, compared with around two cuts at the time of the Committee's previous meeting, and forward rates were fully pricing in a rate cut by the FOMC's July meeting. In the euro area, three-year forward OIS rates had fallen by around 30 basis points. The ECB Governing Council had, on 6 June, extended its forward guidance such that key ECB interest rates were expected to remain at their present levels at least through the first half of 2020. Ten-year US Treasury and German Bund yields had both fallen materially, with the latter reaching record lows.

5 In the United Kingdom, market forward pricing for Bank Rate had also fallen markedly. This appeared to have been driven by concerns about global growth risks, but also a rise in the perceived likelihood of a no-deal Brexit since the May *Report.* The sterling effective exchange rate had ended the period around 3½% lower, and sterling-dollar implied volatilities had picked up a little at horizons beyond four months.

6 Five-year inflation swap rates, five years forward, in the United Kingdom had been broadly unchanged since the Committee's previous meeting. The equivalent measures in the United States and euro area had fallen, alongside some weaker-than-expected inflation outturns. These movements had increased the wedge between UK and international longer-term forward inflation swap rates, to further above historical averages.

7 UK senior unsecured bank funding spreads had increased since the MPC's previous meeting and by more than for the equivalent instruments for euro-area banks. Secured bank funding spreads, which tended to have a greater influence on the pricing of loans, had been broadly flat, however, as had the pricing of new mortgages

and unsecured lending to households by banks. The Bank's latest *Credit Conditions Survey* suggested that credit scoring criteria for all forms of unsecured lending had tightened a little further, and the average quoted credit-card interest rate had risen by over 100 basis points since the start of 2018.

The international economy

8 The signs of a stabilisation in global growth, which the Committee had noted at its previous meeting, had appeared a little less clear over recent weeks. World goods trade growth had remained negative in 2019 Q1, and global investment growth had weakened further. The JP Morgan global manufacturing PMI had fallen below 50 in May, to its lowest level since 2012, and the same survey's measure of new export orders had remained at subdued levels. The JP Morgan global services business activity PMI had also slowed to close to a three-year low.

9 Alongside this, trade tensions had intensified. In particular, the United States had announced: an increase in tariff rates, from 10% to 25%, on $200 billion of imports from China; and that there would be an imposition of 5% tariffs on all imports from Mexico, although this had subsequently been withdrawn before its implementation. A final decision on the imposition of US tariffs on imports of automotive products had been delayed for 180 days.

10 The Committee discussed staff estimates of the economic impact of a number of different trade policy scenarios. The direct, estimated economic impact of most of these scenarios was reasonably modest, but the indirect impacts, through financial conditions and sentiment, could be material, for supply as well as demand.

11 In the euro area, GDP growth had been 0.4% in 2019 Q1. Some recovery from the subdued rates of GDP growth observed in the second half of 2018 had been expected, as temporary factors pushing down on growth unwound. The pickup in Q1 growth had been accounted for mainly by domestic demand, while net trade had made only a small positive contribution to growth, and stockbuilding had provided a drag. There may have been a small boost from Brexit-related stockbuilding, however, worth perhaps 0.1 percentage point of GDP. High-frequency indicators suggested that euro-area GDP growth had fallen to 0.2% in Q2, a little weaker than had been expected at the time of the Committee's previous meeting. Industrial production had fallen again in April. Although the euro-area services and manufacturing PMIs had picked up a touch, they were still pointing to subdued Q2 growth.

12 According to the second estimate, US GDP had grown by 0.8% in 2019 Q1. A material part of that strength had come from lower imports and higher stockbuilding. These were more volatile than other components of demand and were likely to subtract from aggregate demand growth in Q2. Incoming data had pointed to GDP growth of 0.4% in the second quarter, unchanged since the previous MPC meeting. Labour market data had been mixed: non-farm payroll growth had slowed to 75,000 in May, well below market expectations; but the unemployment rate had remained at a multi-decade low of 3.6%.

13 In China, annual growth in industrial production, fixed-asset investment and retail sales had been fairly subdued in May. The NBS manufacturing PMI had fallen back below 50 in May and the new export orders PMI

had fallen sharply. That had possibly reflected the renewed trade tensions with the United States, which had also been reflected in a material depreciation of the renminbi. The Caixin services PMI had fallen to 52.7 in May, although it had remained slightly above its average of recent years.

14 In other emerging markets, there had been a broad-based slowdown in GDP growth in 2019 Q1, and growth had been weaker than expected at the time of the Committee's previous meeting. More recently, financial conditions had tightened slightly across a number of emerging markets.

15 Prices of industrial metals had fallen since the MPC's previous meeting, following concerns around trade tensions, which had also appeared to put downward pressure on oil prices. The spot oil price had fallen to $63 per barrel, with the futures curve 10% lower on average. Strong commercial crude oil inventories data in the United States had also contributed to the downward pressure on prices.

16 Price pressures in major advanced economies had remained subdued. That was particularly the case in the euro area, where both headline and core HICP inflation had fallen in May, to 1.2% and 0.8% respectively. That weakness had occurred despite a pickup in labour cost growth during the course of last year. Euro-area household inflation expectations had continued to drift down.

17 US annual headline and core PCE inflation had remained soft in April, at 1.5% and 1.6% respectively, while the equivalent CPI inflation measures had both fallen in May. Unit labour cost growth had picked up by less than in the euro area, as the recovery in US wage growth had been accompanied by an increase in productivity growth. Annual average hourly earnings growth had also eased a touch in May, to 3.1%. Household inflation expectations, as measured by the preliminary results from the University of Michigan survey, had eased in June.

Demand, output, money and credit

18 UK GDP had grown by 0.5% in 2019 Q1, in line with expectations at the time of the May *Inflation Report*. Monthly GDP had weakened significantly, however, falling by 0.1% in March and by 0.4% in April. The decline in April had been accounted for by the manufacturing sector, in which output had fallen by 3.9%. In addition, services and construction output had both been broadly flat, weaker than Bank staff's expectations.

19 As the Committee had noted previously, the strength of headline GDP growth in 2019 Q1 was likely to have overstated the underlying pace of expansion in the economy. In particular, the build-up of inventories by some companies in the United Kingdom and in the European Union ahead of Brexit deadlines had, net of the related increase in UK imports, boosted Q1 growth. It was too early to be sure how companies would adjust their stock positions in Q2, but the available evidence from UK business surveys and the Bank's Agents suggested that most would maintain a higher level, while some would run down their inventories. Maintaining stock levels in Q2 would lead to an unwind of the stockpiling-related boost to GDP growth estimated for Q1, while any running down of stock levels would more than unwind that contribution. Goods trade with the European Union had weakened sharply in April, consistent with stockbuilding effects unwinding to some degree.

20 Growth of service-sector output had also been volatile, most notably in business services and finance, where output had been flat in 2019 Q1. This weakness had continued into April, although it was unclear how persistent it might prove thereafter.

21 As part of their Brexit contingency plans, several major car manufacturers had brought forward their regular annual shutdowns, from the summer to April, which would be an additional factor pushing down on GDP growth in 2019 Q2. Half of the weakness in manufacturing output in April had been accounted for by a 24% fall in motor vehicle production. That was likely to depress Q2 GDP growth by just under 0.1 percentage point, but raise Q3 growth by over 0.1 percentage point, assuming that the same companies were unlikely to have further shutdowns over the summer.

22 Following the weak monthly GDP data for April, Bank staff had revised down their nowcast for 2019 Q2 growth, from 0.2% to zero. That was also consistent with the combined steer from recent business surveys of output, although the estimates based on individual surveys were quite widely dispersed. There had been a large number of potentially erratic factors affecting the most recent GDP data, which made it difficult to gauge the underlying strength of economic activity. Looking through recent volatility, underlying growth in the United Kingdom appeared to have weakened slightly in the first half of the year relative to 2018 to a rate a little below its potential.

23 Business investment had risen by 0.5% in 2019 Q1, although there was somewhat greater-than-usual uncertainty around that estimate due to a change in the reporting basis of some businesses following the introduction of new International Financial Reporting Standards for operating leases. This had particularly affected reported investment in ICT equipment and other machinery and equipment.

24 Weakness had persisted in indicators of investment intentions from business surveys and the Bank's Agents had reported that few companies had reactivated investment plans following the extension to the EU withdrawal deadline. Around three-quarters of respondents to a survey by the Bank's Agents had reported no change in their uncertainty about the economic outlook as a consequence of that extension, while about a tenth of respondents had judged that uncertainty over the outlook had increased, outweighing those who suggested that uncertainty had decreased. Only around 20% of respondents to the Decision Maker Panel had reported that they expected Brexit uncertainty to be resolved by the end of this year.

25 Household consumption had risen by 0.6% in 2019 Q1, stronger than had been expected in the May *Report*. Retail sales volumes had been flat in April, but that had followed three consecutive months of positive growth and the outlook for spending growth in Q2 had remained solid. GfK consumer confidence had ticked up slightly in the latest data, which was consistent with relatively strong consumption growth. There had also been some signs that, following recent weakness, the housing market had stabilised, with house price indicators having been broadly flat in recent months. In contrast, a measure of nominal spending expectations from the 2019 H1 Bank/NMG household survey had weakened somewhat relative to much of the period following the EU referendum.

26 The Committee discussed the implications of the continued slowing in annual consumer credit growth, from a peak of almost 11% in late-2016 to 5.9% this April. Over that period, a slowdown in car finance had

accounted for almost two-thirds of the decline in the growth rate of the aggregate. That had, in part, reflected weaker demand for new cars, alongside a stabilisation in the proportion of new cars that were bought using personal contract purchase plans. Growth in other forms of consumer credit had also slowed, notably borrowing on credit cards. That had, in turn, primarily reflected tighter credit supply conditions, partly in response to prudential regulatory actions taken by UK authorities. More recently, there had been indications from some lenders of a weakening in consumer demand for bigger-ticket items against a backdrop of Brexit uncertainty. Overall, the Committee judged that the impact of the weakening of consumer credit growth on consumption had been relatively small, whether via tighter credit supply or as a coincident indicator of demand. Indeed, consumer spending had grown a little faster than expected over the past year, supported by upside surprises in real incomes.

Supply, costs and prices

27 Twelve-month headline and core CPI inflation had both ticked down slightly in May, to 2.0% and 1.7% respectively, both in line with the May *Inflation Report*. Over the next couple of months, the headline measure was expected to remain around the 2% target, before easing back to below the target in Q3. The contribution of energy prices to CPI inflation was expected to fall through most of the rest of 2019, and would be negative by Q4.

28 Beyond the near term, the prospects for CPI inflation would be shaped significantly by the path of domestically generated inflation. The Committee routinely monitored a wide range of indicators of domestic price and cost pressures. Core services CPI inflation, which had been increasing in recent months, had ticked down to 2.3% in May. This indicator remained slightly below a level consistent with meeting the inflation target in the medium term, although it had recently been depressed by particular weakness in a small number of components, notably rents and transport insurance. Transport insurance inflation had recently started to recover, however, and there were signs that rents inflation would pick up, although the latter appeared likely to make a relatively weak contribution to core services inflation at least for the remainder of the year.

29 Pay growth had remained relatively strong, albeit with increasing signs that growth rates might have levelled off. Annual private-sector average weekly earnings (AWE) growth excluding bonuses had been unchanged at 3.5% in the three months to April, in line with expectations at the time of the May *Report*. There had been slight downside news in bonuses, such that growth in private-sector AWE including bonuses had fallen slightly, to 3.2%. Using a proxy of private-sector unit wage costs based on AWE, LFS employment and GDP, Bank staff estimated that annual growth of unit wage costs had fallen back slightly, from 3.0% in 2018 Q4 to 2.4% in 2019 Q1, but would pick back up to 2.9% in Q2. All of these estimates were within a range consistent with meeting the inflation target in the medium term. Looking further ahead, higher-frequency pay measures had eased a little, such that earnings growth appeared likely to moderate over the course of the year, in line with the May *Report*.

30 The labour market had remained tight. Although employment growth had slowed further, to 0.1% in the three months to April, this had been slightly stronger than expected in the May *Report*. Total hours had been

strong because average hours had also been higher than expected, although this appeared to have partly reflected the temporary effects of Brexit-related stockpiling. The counterpart to strength in employment had been higher participation, such that the unemployment rate had remained at 3.8% in the three months to April, in line with expectations in the May *Report*. Survey measures of recruitment difficulties and staff availability also suggested that the labour market had remained tight.

31 There were some signs that labour demand may have softened, as expected in the May *Report*. For example, the REC index of demand for staff had remained subdued in May, after falling since the end of 2018, and the number of job vacancies had edged down further in May. By contrast, the latest readings of the CIPS and CBI composite measures of employment had picked up slightly. In 2019 Q2 as a whole, employment growth was projected to remain positive, albeit below the average rate seen in 2018 and earlier years.

32 Some indicators of longer-term household inflation expectations had risen, although shorter-term measures had remained close to their historical averages. The latest Bank/TNS survey of households had shown an increase in five-year inflation expectations of 0.3 percentage points, to 3.8%, although expectations had been more stable at shorter horizons, and there had been no corresponding increases in either the NMG or Citi longer-term survey responses. Companies' inflation expectations had continued to fall somewhat, according to the latest CBI Distributive Trades survey, although these had been somewhat volatile historically. The HMT survey of professional forecasters' inflation expectations had shown a slight fall in 2019 Q2, across the one- to four-year horizons.

The immediate policy decision

33 The MPC sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. In pursuing that objective, the main challenges the Committee faced had been to assess the economic implications of the United Kingdom withdrawing from the European Union and to identify the appropriate policy response to that changing outlook. That outlook depended significantly on the nature and timing of EU withdrawal, in particular: the form of new trading arrangements between the European Union and the United Kingdom; whether the transition to them was abrupt or smooth; and how households, businesses and financial markets responded. The implications for the appropriate path of monetary policy would depend on the balance of the effects on demand, supply and the exchange rate. The MPC judged that the monetary policy response to Brexit, whatever form it took, would not be automatic and could be in either direction.

34 The MPC's most recent economic projections, set out in the May *Inflation Report*, had assumed a smooth adjustment to the average of a range of possible outcomes for the United Kingdom's eventual trading relationship with the European Union and had been conditioned on a path for Bank Rate that rose to around 1% by the end of the forecast period. In those projections, GDP growth had been expected to be a little below potential during 2019 as a whole, reflecting subdued global growth and ongoing Brexit uncertainties. Growth had then been expected to pick up above the subdued pace of potential supply growth, such that excess demand was rising above 1% of potential output by the end of the forecast period. As excess demand emerged, domestic inflationary pressures had been expected to firm, such that CPI inflation was expected to

pick up to above the 2% target in two years' time and had still been rising at the end of the three-year forecast period.

35 The Committee reviewed developments since its previous meeting and the extent to which they had been consistent with the projections in the May *Report*.

36 Global risk sentiment had deteriorated since the Committee's previous meeting, reflecting in part heightened concerns about trade. This had contributed to a further, material decline in forward interest rates in major economies. Those falls may have also reflected other factors, including market participants' concerns about the persistence of low inflation in the euro area and the United States.

37 Signs of a stabilisation in global growth had appeared a little less clear over recent weeks. In addition, the intensification of trade tensions and the increasing possibility of persistent trade policy uncertainty suggested that downside risks to global growth had increased. High-frequency indicators of global trade, manufacturing and investment had remained weak or weakened further. 2019 Q2 GDP growth in the euro area was now expected to be slightly weaker than had been projected at the time of the MPC's previous meeting. Emerging market activity outside China had been weaker than expected in Q1, and the most recent Chinese official activity data had been consistent with fairly subdued growth. Prices of industrial metals had also fallen since the May *Report*.

38 In addition to global factors, increased Brexit uncertainties had led to a decline in the sterling effective exchange rate and contributed to downward pressure on UK forward interest rates. UK banks' unsecured funding spreads had risen relative to those for euro-area banks. The combined effect of recent financial market developments was that UK financial conditions had loosened since the MPC's previous meeting. All else equal, that would mechanically imply a stronger set of projections for GDP growth, excess demand and medium-term CPI inflation, compared with the May *Report*. To the extent that UK market movements had been driven by an increase in the perceived likelihood of a no-deal Brexit, however, that also highlighted the ongoing tension between the MPC's forecast conditioning assumption of a smooth Brexit and the assumptions about alternative Brexit scenarios that were priced into the financial market variables on which the Committee conditioned its forecast.

39 As expected, UK data had been volatile. After growing by 0.5% in 2019 Q1, and following weak monthly data for April, GDP was now expected to be flat in Q2. That in part reflected an unwind of the positive contribution to GDP in the first quarter from companies in the United Kingdom and the European Union building stocks significantly ahead of Brexit deadlines. Weakness in motor vehicle production, related to some car manufacturers' Brexit contingency plans, was likely to push down on Q2 GDP growth, but push up on Q3 growth. Looking through recent volatility, underlying growth in the United Kingdom appeared to have weakened slightly in the first half of the year relative to 2018 to a rate a little below its potential.

40 The underlying pattern of relatively strong household consumption growth but weak business investment had persisted. Surveys suggested that companies expected uncertainty to persist at elevated levels, and there were no clear signs that investment growth would pick up ahead of the October Brexit deadline. Most indicators of consumer spending had held up recently. The continued weakening in consumer credit growth did not

appear to have significant, additional implications for the consumer spending outlook, beyond the impact of the tightening in credit supply conditions in the credit-card market.

41 The labour market remained tight, with recent data on employment, unemployment and regular pay in line with expectations at the time of the May *Report*. Employment growth was projected to remain at its recent, weaker pace in the near term, while the unemployment rate was expected to continue to edge down. Earnings growth had remained relatively strong, albeit with increasing signs that growth rates might have levelled off.

42 CPI inflation had been 2.0% in May. It was likely to fall below the 2% target later this year, reflecting recent falls in energy prices. Core CPI inflation had been 1.7% in May. Core services CPI inflation had remained slightly below levels consistent with meeting the inflation target in the medium term, while growth in unit wage costs had remained at target-consistent levels.

43 The Committee discussed recent developments in inflation expectations. Longer-term market-based indicators of inflation expectations in the United Kingdom had continued to diverge from those elsewhere, and recent movements had left the wedge between UK and international five-year inflation swap rates, five years forward, well above historical averages. The latest declines in implied expectations in the euro area and United States appeared, at least in part, to reflect market participants' concerns about the persistence of low inflation in those regions. Some indicators of UK longer-term household inflation expectations had risen, although shorter-term measures had remained close to their historical averages, and it was the latter that tended to have the most significant impact on wage and price setting in the economy. Overall, inflation expectations had remained well anchored. The Committee would continue to monitor closely the full range of indicators to assess whether expectations remained consistent with meeting the inflation target.

44 The Committee turned to its immediate policy decision.

45 All members judged at this meeting that the existing stance of monetary policy was appropriate. The Committee continued to judge that, were the economy to develop broadly in line with its May *Inflation Report* projections that included an assumption of a smooth Brexit, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon.

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

Bank Rate should be maintained at 0.75%;

The Bank of England should maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion;

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

The Committee voted unanimously in favour of all three propositions.

47 Consistent with the Committee’s previous guidance, the MPC agreed to reinvest the cash flows associated with reductions in the stock of sterling non-financial investment-grade corporate bond purchases held by the Asset Purchase Facility back into eligible corporate bonds, commencing in September 2019. Further details would be published in a market notice nearer the time.

48 Consistent with the Committee’s previous guidance, and as described in the market notice accompanying these minutes, the MPC agreed to reinvest £3.8 billion of cash flows associated with the redemption of the July 2019 gilt held by the Asset Purchase Facility.

49 The following members of the Committee were present:

Mark Carney, Chair
Ben Broadbent
Jon Cunliffe
Andrew Haldane
Jonathan Haskel
Dave Ramsden
Michael Saunders
Silvana Tenreyro
Gertjan Vlieghe

Clare Lombardelli 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, Bradley Fried was present on 14 June as an observer for the purpose of exercising oversight functions in his role as a member of the Bank’s Court of Directors.