

Bank of England

Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 29 April 2026

30 April 2026

These are the minutes of the Monetary Policy Committee meeting ending on 29 April 2026.

They are available at <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2026/april-2026>.

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 17 June will be published on 18 June 2026.

Monetary Policy Summary, April 2026

At its meeting ending on 29 April 2026, the Monetary Policy Committee (MPC) voted by a majority of 8–1 to maintain Bank Rate at 3.75%. One member voted to increase Bank Rate by 0.25 percentage points, to 4%.

The conflict in the Middle East means that prospects for global energy prices are highly uncertain. Monetary policy cannot influence energy prices but will be set to ensure that the economic adjustment to them occurs in a way that achieves the 2% inflation target sustainably. The policy stance required to achieve this will depend on the scale and duration of the shock, and how it propagates through the economy.

The April Monetary Policy Report sets out three scenarios that help to illustrate a range of possible outcomes for the UK economy.

CPI inflation has increased to 3.3%, and is likely to be higher later this year as the effects of higher energy prices pass through. There is a risk of material second-round effects in price and wage-setting, which policy would need to lean against. But the labour market continues to loosen, and a weakening economy could contain inflationary pressures. Financial conditions have tightened since the conflict began, which will help to reduce inflation over time.

Taking all the risks to the economic outlook into account, the Committee judges that it is appropriate to maintain Bank Rate at this meeting.

The Committee will continue to monitor closely the situation in the Middle East and how its impact propagates through the economy. The Committee stands ready to act as necessary to ensure that CPI inflation remains on track to meet the 2% target in the medium term.

Minutes of the Monetary Policy Committee meeting ending on 29 April 2026

1. Before turning to its immediate policy decision, the Monetary Policy Committee (MPC) discussed key economic developments and its judgements around them, as well as its views on monetary policy strategy. The latest data and analysis underpinning these topics were set out in the accompanying [April 2026 Monetary Policy Report](#).

The Committee's discussions

2. The Committee's discussions at this meeting focused on the economic impact of developments in the Middle East. Members distinguished between the direct, indirect and second-round effects on inflation of the continuing global energy supply shock. They also considered the role of slack in the economy in restraining medium-term inflationary pressures, and the appropriate monetary policy response in these uncertain circumstances.
3. Monetary policy could not affect global energy prices, and should generally look through the initial direct, and typically also some indirect, effects on domestic inflation from a negative energy supply shock. Monetary policy would transmit with too long a lag to impact these direct and indirect effects, but would need to lean against second-round effects in wage and price-setting that proved more persistent.
4. Some direct impacts from the recent energy supply shock were already visible, notably in higher household motor fuel prices, with CPI inflation having increased to 3.3% in March. Based on the energy futures curves in the 15 days to 22 April, Bank staff expected inflation to decline to 3.1% on average in 2026 Q2, before rising back to 3.3% in Q3. That Q3 projection was 1.4 percentage points higher than at the time of the February Monetary Policy Report. In addition to higher fuel prices, the upside news also reflected the projected increase in the Ofgem price cap that would affect household utility prices. The indirect effects of high energy prices via increased production costs were also expected to be significant, and likely to affect food prices particularly. CPI inflation was expected to rise somewhat further in Q4.
5. The Committee was attentive to the risk of second-round effects in wage and price-setting, the strength of which would depend, partly on how long energy prices remained elevated, as well as the nature of any behavioural response from households and firms.
6. Members broadly agreed that any second-round effects were likely to materialise more quickly via pricing channels than wage-setting. Agency intelligence and the DMP Survey suggested firms might look to increase some prices given compressed margins, although the

extent of this would be constrained by weak demand. Household short-term inflation expectations had risen and appeared to be more sensitive to price increases relative to previous episodes. This was likely to reflect the recent experience of persistent above-target inflation following successive shocks, and the current and anticipated price increases in salient items, such as energy and food. For some members, these expectations, if sustained, could reinforce inflationary pressures through future wage bargaining as households sought to protect real incomes.

7. The MPC judged that, while there were likely to be some second-round effects, continued weakness in activity would limit the strength of these. But these effects were likely to be stronger, the larger and more persistent the rise in global energy prices. Relative to the previous energy shock in 2022, current events were occurring from a starting point of lower inflation, weaker demand, a looser labour market, and restrictive monetary policy. Wage growth had been easing towards target-consistent rates, while private sector wage settlements for 2026 had been largely completed before the shock occurred. These factors would constrain wage inflation this year, providing time to observe economic evidence. However, some members observed that higher inflation in the second half of this year could impact 2027 wage negotiations, as suggested by Agents' contacts. Some other members saw downside risks to the outlook for demand, which could further limit second-round effects. In particular, unemployment could rise further owing to weak consumption and households increasing precautionary saving.

8. In monitoring the size and propagation of the shock, the Committee would draw upon the full range of economic data, surveys of firms and households, and intelligence from the Bank's Agents. This monitoring would include developments in energy markets, the direct effects on UK inflation, and the extent to which firms' adjustments to increased energy and non-energy costs were materialising through higher consumer prices relative to reduced profit margins. As it would take some time for second-round effects in wage and price-setting to become evident, members would monitor forward-looking indicators to allow timely assessments. This would include indicators of future wage growth and settlements, inflation expectations, firms' own price expectations and the expected adjustment of firms' margins. The Committee would also continue to monitor the impact of the shock on the real economy, including through indicators of the labour market and economic slack.

9. In light of the uncertainty about the strength of second-round effects, monetary policy would need to balance the costs of leaning too little against second-round effects against the costs of leaning against these risks too much. Energy shocks involved a trade-off between inflation and output. The Committee discussed the appropriate balance in these circumstances between returning inflation to target more slowly against risking further

weakness in economic activity, and how that depended on the likely strength of second-round effects.

10. Section 3 of the April Report set out scenarios for the economy, based on different paths for energy prices and second-round effects. In Scenario A, energy prices were assumed to follow market futures curves, while in Scenarios B and C, these were higher and more persistent than the futures paths to varying degrees. There were no second-round effects from the latest energy shock in Scenario A. Second-round effects were incorporated in Scenarios B and C, and materially so in Scenario C.

11. The appropriate monetary policy response would be state-contingent. The scenarios illustrated that a more pronounced overshoot of inflation, as in Scenario C, was likely to warrant a forceful tightening in monetary policy. Given the absence of, or more modest, second-round effects in Scenarios A and B respectively, a less restrictive policy stance would be required than in Scenario C.

12. The appropriate policy response should also be robust across a range of scenarios, given the uncertainty about how the outlook would evolve. Members held different views on the likelihood of each scenario and the timing of any policy response. Some members might prefer to act early as insurance against risks to inflation persistence. Others might prefer to see more conclusive evidence of inflation persistence before acting. Such an approach might avoid unduly weighing on activity, or the risk of a subsequent policy reversal.

13. It was important to consider the appropriate policy stance in the context of financial conditions. All members noted that financial conditions had tightened materially since the onset of the conflict which would help feed through to lower inflationary pressures over time, particularly while further evidence accumulated in the coming months.

14. Looking ahead, the median expectation in the April Market Participants Survey was for Bank Rate to be maintained at its current level this year. By contrast, the market-implied path for Bank Rate in the 15 days to 22 April was upward-sloping, suggesting some increase in Bank Rate this year. This path captured not only market participants' central expectations for Bank Rate, but also the balance of risks to the outlook, and risk premia.

The immediate policy decision

15. The MPC sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. The MPC adopts a medium-term and forward-looking approach to determine the monetary stance required to achieve the inflation target sustainably.

16. Taking all the risks to the economic outlook into account, and recognising that the tightening in financial conditions would help to reduce inflation over time, most members preferred to maintain Bank Rate at this meeting. In reaching this judgement, there was a range of views across members. One view was that second-round effects could be modest and offset to a degree by the risk of weaker activity. Tighter financial conditions would provide insurance against a more adverse outcome for inflation, while further evidence accumulated in the coming months and policy could be re-assessed. Another view emphasised that material second-round effects were plausible and that tighter financial conditions could bear down on these pressures, with differing views on whether and when a tightening in monetary policy might be needed. One member judged that an increase in Bank Rate at this meeting was warranted, given the clear upward shift in risks to the lasting achievement of the inflation target.

17. The Chair invited the Committee to vote on the proposition that:

Bank Rate should be maintained at 3.75%.

18. Eight members (Andrew Bailey, Sarah Breeden, Swati Dhingra, Megan Greene, Clare Lombardelli, Catherine L Mann, Dave Ramsden, Alan Taylor) voted in favour of the proposition. Huw Pill voted against the proposition, preferring to increase Bank Rate by 0.25 percentage points, to 4%.

MPC members' views

19. Members set out the rationale underpinning their individual votes on Bank Rate.

Members are listed alphabetically under each vote grouping. References in parentheses relate to boxes in the April 2026 Monetary Policy Report. References to scenarios relate to those set out in Section 3 of the Report.

Votes to maintain Bank Rate at 3.75%

Andrew Bailey: The increase in energy prices from conflict in the Middle East represents a supply shock. So far, this shock differs from 2022 as the increase in energy prices has been smaller, monetary policy started more restrictive and the labour market is weaker. Pay pressures are continuing to ease gradually. Future higher pay demands could come up against firms' margin constraints, a softer labour market and firms' caution about passing on cost increases (Box B). This shock will induce a trade-off between higher inflation and softer output, and the appropriate policy response is state-contingent (Box G). If the shock appears to be short-lived or the economy weaker, policy should place relatively more weight on avoiding unnecessary contraction in activity. If second-round effects are likely to be greater,

policy should focus on returning inflation back to target more quickly. At the moment, I place most weight on Scenario B, albeit with slightly reduced second-round effects. I place some weight on Scenario C, which would require a stronger monetary policy response. For now, the softer real economy makes it appropriate to maintain Bank Rate.

Sarah Breeden: Conflict in the Middle East represents a significant shock to the inflation outlook. Monetary policy cannot influence energy prices and so should generally look through their direct effects on inflation. But it can, and should, lean against the second-round effects as households and firms respond (Box G). The magnitude of such effects is state-contingent (Box C). In contrast to 2022, slack in the labour market should provide a meaningful restraint, particularly given weak demand. Absent the conflict, underlying disinflation remained on track. This counterfactual matters because financial conditions have tightened significantly since. This provides sufficient restrictiveness to guard against the current risk of second-round effects and gives us some time to learn more about the conflict and how it propagates. My vote balances the uncertainty around second-round effects. Firms and workers may be more attuned to salient prices, especially after a period of above-target inflation. But similarly, demand may weaken further, particularly given risks to consumption (Box E). At present, I place most weight on Scenario B. I do not judge Scenario C as likely, but if it were to materialise, I would stand ready to react, forcefully if necessary, to return inflation to target sustainably.

Swati Dhingra: The balance of risks around the inflation outlook has shifted to the upside. The UK economy will face higher energy prices, though how much higher and for how long makes all the difference. I am not strongly attached to any one of the energy price scenarios and A, B, and C all remain in play. In the event of a swift resolution and materially lower energy prices, further reduction in Bank Rate would be warranted, and possibly quickly. Alternatively, we could be faced with a sharper policy trade-off under a larger and longer energy shock. Labour market slack, weak demand and restrictiveness from the previous tightening cycle should already be weighing against sustained momentum in second-round effects under scenarios closer to B (Boxes C and E). If the situation were to worsen, this may warrant some tightening, but there is a limit to how much output loss should be acceptable.

Megan Greene: The risks to inflation from this energy shock are to the upside, even if the conflict ends soon, given the size of the shock and extent of infrastructure damage. Before the conflict, I was already concerned that the disinflationary process might be slowing and our policy stance was not meaningfully restrictive. Since then, PMI data show increased input and output prices. The DMP Survey and Agency intelligence suggest businesses intend to pass some rising costs onto consumers (Box B). Household inflation expectations rose this March more than in March 2022 (following Russia's invasion of Ukraine), suggesting

household attentiveness to inflation is heightened after five years of above-target inflation. Given slack in the labour market, I am more worried about the price-setting than wage-setting channel of second-round effects (Box C). In my view, second-round effects in Scenario B represent a lower bound for what is likely. We may end up with inflation somewhere between Scenarios B and C, necessitating a tighter stance. For now, the yield curve has tightened enough to give us time to hold and learn, if not much about second-round effects soon then at least about the nature of the shock. An increase in Bank Rate may be necessary in upcoming meetings.

Clare Lombardelli: Conflict in the Middle East has severely disrupted energy markets, with significant global and domestic economic implications. Prior to the conflict, domestic inflationary pressures had reduced but were lingering. Consumers and businesses have faced sustained above-target inflation in recent years, which will affect behaviour, expectations and reactions to price rises. Agency intelligence and the DMP Survey indicate that firms will look to pass on cost rises given previous margin squeezes (Box B). However, there are downside risks to activity. Faced with uncertainty, I place more weight on the economy evolving as in Scenario B, given its more realistic outlook for both energy prices and second-round inflationary effects than Scenario A. A tightening in monetary and financial conditions relative to before the war is warranted. Holding rates provides an appropriate degree of restrictiveness while we learn more about the scale of the shock and its propagation. While I do not view Scenario C as a central case, it is plausible, and would require policy to respond more forcefully to inflationary pressures.

Catherine L Mann: Against the backdrop of Middle East conflict, and given the underlying model structure, the scenarios overestimate both the projected opening up of slack and the moderation of inflation. On labour market slack, Agency intelligence and staff analysis points to stagnation, not a broad-based weakening. On pricing power, Agency intelligence and the DMP Survey suggest that firms likely possess more pricing power than embodied in the scenarios. Household inflation expectations have risen notably, which could sustain firms' pricing power, and could continue to rise given price increases in salient items like energy and food. Inflation continuing to rise through 2026 could be embedded in 2027 via wage bargaining and state-dependent pricing. On balance, I expect greater additional second-round effects than in the scenarios. Given this assessment, it is not surprising that the market-implied path for Bank Rate has increased since the conflict began, tightening financial conditions. An 'active hold' now – emphasising concerns over inflation persistence, while acknowledging implications for employment and activity – allows for more readings on salience, attentiveness, and threshold effects. Should I see continued rising inflation outturns and expectations, I would expect to increase Bank Rate so as to lean against inflation rising into 2027.

Dave Ramsden: The outlook for the Middle East conflict remains highly uncertain, with upside risks to inflation from the energy shock, but also downside risks to medium-term inflation if demand weakens materially. Direct energy effects are already feeding through into CPI inflation and recent business surveys suggest the potential for sizeable indirect price impacts, though with some cost increases likely to be absorbed by firms' margins (Box B). Set against that, the labour market continues to weaken and demand is subdued, such that second-round effects in wage and price-setting are likely to be limited (Boxes C and D). Holding Bank Rate continues for me to be the most appropriate response to the ongoing uncertainty. Looking ahead, my approach to managing any trade-off between inflation and output will be outlook and state-dependent (Box G). I see upside risks to energy prices relative to futures curves and so place equal weight on Scenarios A and B, though do not completely rule out Scenario C. Under Scenario B, I would consider raising Bank Rate and accepting a larger output gap as a result. If, however, some of the downside risks in Scenario A materialise, I would favour a less restrictive path.

Alan Taylor: At this stage, the historical example of 2011 is a better comparison for this shock than 2022; this is true both in terms of magnitude and the starting point of a weak economy (Boxes C and E). Wage growth has softened to target-consistent rates in the presence of slack. Inflation is above our February forecast through direct effects, with early signs of cost pass-through. With wage settlements largely agreed for this year, we are unlikely to learn quickly about the important question of second-round effects. The scenarios in the Report should communicate that our strategy is state-contingent. I currently place more weight in the zone between Scenario A and the path with standard treatment, where conflict subsides and energy prices moderate to year-end, with legacy damage to the UK and other economies. This would entail a hold for some time, then a move to a neutral or accommodative stance. We will know more by June or July about the likely conflict scenario. Given neutral at 3%, it makes sense to hold, for risk-management reasons and because the tighter financial conditions since the conflict began are amply restrictive to provide insurance against inflation risks if we eventually face the not-improbable Scenario B or the more extreme Scenario C.

Vote to increase Bank Rate to 4%

Huw Pill: Events in the Gulf have left the outlook for global energy prices elevated and more uncertain. That uncertainty is unlikely to dissipate soon, but it is nonetheless clear that higher energy prices represent an inflationary shock to the UK economy. Second-round effects in price and wage-setting stemming from this shock have the potential to raise UK inflation beyond the near term in a persistent manner. Our scenarios illustrate how a stronger impulse to inflation may strengthen second-round effects. But I see the risk of second-round effects in each of these scenarios as skewed to the upside. I recognise that second-round effects may

be more modest with a looser labour market (Box C). But structural change in price and wage-setting, and the impact on inflation expectations of greater attentiveness to, and salience of, energy and food prices, may strengthen second-round effects beyond what is captured in those scenarios. As someone already concerned about a stalling of the underlying disinflation process even before the latest energy price shock, a prompt but modest hike in Bank Rate will help mitigate upside risks to price stability stemming from a re-emergence of intrinsic inflation persistence.

Operational considerations

20. On 29 April, the stock of UK government bonds held for monetary policy purposes was £525 billion.

21. The following members of the Committee were present:

Andrew Bailey, Chair
Sarah Breeden
Swati Dhingra
Megan Greene
Clare Lombardelli
Catherine L Mann
Huw Pill
Dave Ramsden
Alan Taylor

Brian Bell was present as the Treasury representative.

David Roberts was present on 22 and 27 April, as an observer for the purpose of exercising oversight functions in his role as a member of the Bank's Court of Directors.