Bank of England

Monetary Policy Summary and minutes of the Monetary Policy Committee meeting ending on 4 November 2026

5 November 2026

These are the minutes of the Monetary Policy Committee meeting ending on 4 November 2026.

They are available at https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2026/november-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 16 December will be published on 17 December 2026.

Monetary Policy Summary, November 2026

At its meeting ending on 4 November 2026, the Monetary Policy Committee (MPC) voted by a majority of 8–1 to increase Bank Rate by 0.25 percentage points, to 4%. One member voted to increase Bank Rate by 0.5 percentage points, to 4.25%.

The conflict in the Middle East is now in its ninth month. Global energy prices have continued to rise from an already elevated level. UK CPI inflation increased to 3.5% in September. It is now expected to rise to around 5% by the middle of next year. It is then projected to fall as the impact of rising energy prices on 12-month inflation rates fades, and still restrictive monetary policy bears down on inflation.

While the direct effects of higher energy prices are clear, and will continue to feed into firm and household energy bills, there remains limited evidence of knock-on effects on other prices and wages. However, the degree of inflationary pressure in the pipeline is now sufficient to warrant an increase in Bank Rate. Activity data in recent months have generally been stronger than expected, adding to the case for modestly tighter monetary policy.

Monetary policy is not on a pre-set path. The Committee will continue to assess the evidence at each meeting, in particular how likely high energy prices are to feed through to other prices and the economy more broadly, by monitoring the evolution of underlying pay, pricing behaviour, and slack. The Committee will adjust Bank Rate as necessary to ensure CPI inflation returns to the 2% target in the medium term.

Minutes of the Monetary Policy Committee meeting ending on 4 November 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 November 2026 Monetary Policy Report.

The Committee's discussions

2. The impact of protracted conflicts overseas on global energy prices remained the main source of uncertainty for the UK inflation outlook. The path for inflation was being shaped by the scale and duration of the energy and other global supply shocks, their knock-on impact on medium-term inflation through potential indirect and second-round effects, and the outlook for domestic activity and spare capacity. Monetary policy could not influence global energy prices, but was being set to ensure that the economic adjustment to them occurred in a way that achieved the 2% inflation target sustainably. The Committee would particularly need to guard against second-round effects that created inflation persistence, while considering any trade-off with weakness in economic activity.

3. Energy prices had remained sensitive to geopolitical news, and there had been significant further rises in spot and futures prices. The front-month Brent crude oil futures contract and the UK front-month natural gas futures contract averaged $108 per barrel and 216 pence per therm, respectively, over the 15 UK working days ending 27 October. These were 38% and 81% higher than at the time of the July Monetary Policy Report, and 5% and 27% above the respective 2026 Q4 futures-price assumptions in the July Report adverse scenario. Although a credible and sustained de-escalation of the conflict in the Middle East could lead prices to fall, continued periodic conflict, wider regional escalation or further damage to refining capacity could lead to persistently higher prices than embodied in current futures curves. There had also been a drawdown in energy supply buffers during 2026 which could amplify price pressures.

4. In the September UK CPI inflation outturn of 3.5%, direct energy effects had contributed around 1 percentage point, most of which was driven by fuels. These direct energy contributions were projected to build further in the next few quarters but then fall back, reflecting base effects and conditioning assumptions for wholesale energy prices based on futures curves that were downward sloping. There had been little sign so far of indirect effects from higher energy prices on other consumer goods prices, and in particular food inflation had remained lower than expected earlier in the year. Members discussed whether

this was a sign of either diminished, or simply delayed, indirect effects. Although many firms were already facing higher prices for oil and refined products, some had not yet seen large rises in gas or electricity prices owing to hedging or longer-term fixed-price contracts. Agency intelligence suggested that many firms were also absorbing higher costs partly through lower profit margins.

5. The outlook for indirect effects on inflation would depend on the duration of the energy shock, and the extent to which firms could bear down on other costs or rebuild their margins in a stronger demand environment. The Committee judged that, for the most part, firms' buffers would only prove temporary and that these cost pressures could eventually pass through into higher consumer prices if the energy shock persisted. There was, however, a risk that firms' resilience to the energy shock would not last, instead resulting in weaker demand and then limiting firms' pricing power.

6. The latest near-term inflation projection by Bank staff, which was based on energy prices averaged over the 15 UK working days to 27 October, was for headline CPI inflation to reach around 4½% in 2027 Q1, around 1¼ percentage points higher than at the time of the July Report, and around 5% in 2027 Q2.

7. Members noted that there was still limited evidence to date of second-round effects in wage and price-setting, although such effects typically only emerged with a longer lag and few indicators could yet be expected to reflect the impact of recent increases in energy prices. Forward-looking indicators of wage and price expectations from the DMP survey and Agents' intelligence had moved little since September, though households and firms' attentiveness was judged to be high, and there was a risk that outturns for wage settlements would turn out higher than firms' current expectations if they were faced by outturns for headline inflation in the new year that were stronger than they had previously anticipated. Since second-round effects were likely to be state-dependent and the outlook for headline inflation had risen materially, the Committee judged that the risk of material second-round effects emerging had risen further since September and could remain a risk for some time.

8. The Committee continued to monitor wider global cost pressures, such as those triggered by adverse weather events and demand for AI components, although the potential impact of these risks on UK inflation was likely to be much smaller than for the energy shock and was not judged to have increased significantly since September. Despite the energy shock and these non-energy cost pressures, global activity growth had proved more resilient than expected, although it was expected to fall back next year.

9. The Committee had been briefed on the Budget on 28 October. The projections and scenarios in the November Report were conditioned on announced Government policy. The new policy measures in the Budget were expected to have a downward impact of ¼

percentage points on CPI inflation by 2027 Q2 and a small impact on activity. In absolute terms, the stance of fiscal policy remained likely to detract from growth over the medium term.

10. The Committee discussed the recent path of domestic activity and its implications for inflationary pressures. Since September, there had been further evidence of the resilience of activity despite higher energy prices. Momentum had been provided by the impact of global growth on UK exports, and some positive impact from the deployment of artificial intelligence. The impact of artificial intelligence on the UK economy was uncertain but was likely to affect both demand and supply. There was also some evidence that consumer demand had held up so far despite the impact of higher energy prices on real incomes, although the most recent consumer confidence reading suggested that this might not be maintained.

11. There was uncertainty around the extent to which the recent strength in GDP growth might persist, but on balance members judged that it was likely to fall back somewhat in the coming quarters. The outlook for growth would be sensitive to the behaviour of households and firms in the face of rises in energy costs and tighter financial conditions.

12. The increase in growth had been associated with signs of a stabilisation of the margin of slack in the economy, although members continued to differ in their views on how wide that margin was in absolute terms. It was likely that some slack would persist given the headwinds facing demand from households and firms. It would also be important to judge whether the factors boosting productivity growth over the past two years would lead to an ongoing boost to potential growth in the economy and, more broadly, the extent to which future growth would reduce spare capacity in the economy.

13. The Committee discussed the extent to which the underlying disinflation process that had been underway for some time before the Middle East conflict had proceeded as expected. Many measures of underlying inflation were no longer falling, and were judged to be somewhat above rates consistent with meeting the inflation target in the medium term. For some members, the news on domestic activity and underlying inflation was a signal that monetary policy had not been as restrictive as previously judged. For other members, it was premature to draw too much signal from outturns over the past few months, given the volatility of short-term economic indicators, uncertainty about the impact of technological change, and the difficulty of interpreting measures of underlying inflation completely independently of the energy shock.

14. Forward market interest rates had remained elevated compared with pre-conflict levels, and had continued to feed through to rates faced by some households and firms. Benchmark two-year mortgage rates had risen by nearly 50 basis points since the beginning of September. According to the Bank’s latest Market Participants Survey, the median expected

path for Bank Rate had increased since September, reaching 4% in November and 4.25% in February, but had remained below the UK short-term interest rate curve.

15. Most members judged that the stance of monetary policy was still restrictive, although this judgement was sensitive to the choice of measure of the monetary stance, for example the extent to which it reflected expected inflation. The stance of monetary policy would also be experienced differently by different households and firms depending on their exposure to higher energy prices, technological change and interest rates. Members also noted that growth rates of lending to businesses had remained strong, although new mortgage approvals for households had been falling.

16. The Committee considered the updated central projection and the two scenarios that were set out in the November Report. The central projection assumed that there would be greater second-round effects on wage and price-setting than in the July Report owing to higher energy prices. The adverse scenario explored the risk of persistently higher energy prices and an additional mechanism for larger second-round effects which might occur as a consequence. The weaker demand scenario assumed that the recent resilience of domestic growth would falter and that widening spare capacity in the economy would limit the scope for second-round effects to emerge. These scenarios would all require different monetary policy responses if any of them were to materialise.

17. Taken together, the Committee judged that the risk of stronger inflationary pressure had increased further since the September meeting. While most members continued to judge that there was still a margin of slack in the economy and that policy was still restrictive, it was less clear that this would impart sufficient disinflationary pressure to bring inflation back to target in a timely manner, given the further upward pressures on inflation which were anticipated and that had increased the forward-looking risks to inflation persistence. This could be especially important since households and firms appeared more attentive to outturns for headline inflation than in the past. While financial conditions had tightened materially compared with the start of the conflict, a rise in Bank Rate at this meeting would support the broader transmission of tighter financial conditions.

18. Given the significant uncertainty around the geopolitical situation and the impact of tighter financial conditions so far, the Committee would continue to keep the cumulative evidence on the propagation of the energy shock through the UK economy under close review, and judge whether the level of Bank Rate was imparting sufficient restrictiveness. Most importantly, the Committee would continue to monitor the prospects for second-round effects in price and wage-setting by considering the evolution of pay, pricing behaviour and slack via the available data and surveys, consistent with the framework set out in Box A in the November Report.

The immediate policy decision

19. Eight members (Andrew Bailey, Sarah Breeden, Swati Dhingra, Megan Greene, Clare Lombardelli, Huw Pill, Dave Ramsden and Alan Taylor) preferred a 0.25 percentage point increase in Bank Rate at this meeting. The duration and scale of the energy price increase had generated sufficient inflationary pressures in the pipeline to warrant an increase in Bank Rate. There was a range of views among these members about the extent to which the underlying disinflationary process prior to the conflict had continued, the degree of spare capacity in the economy, and the restrictiveness of the current monetary policy stance. These members agreed that, although evidence of second-round effects had been limited, the availability of evidence would increase over time, and would continue to need close monitoring, along with the implications of developments in energy prices for medium-term inflationary risks.

20. Catherine L Mann preferred a 0.5 percentage point increase in Bank Rate at this meeting. From a risk management and credibility perspective, an activist approach was needed to prevent persistent inflationary dynamics becoming embedded as the economy reached thresholds that threatened to cause non-linear responses in price and wage-setting.

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

> Bank Rate should be increased by 0.25 percentage points, to 4%.

22. Eight members (Andrew Bailey, Sarah Breeden, Swati Dhingra, Megan Greene, Clare Lombardelli, Huw Pill, Dave Ramsden and Alan Taylor) voted in favour of the proposition. Catherine L Mann voted against the proposition, preferring to increase Bank Rate by 0.5 percentage points, to 4.25%.

MPC members' views

23. 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 November 2026 Monetary Policy Report. References to scenarios relate to those set out in Section 3 of the November Report.

Votes to increase Bank rate by 0.25 percentage points, to 4%.

Andrew Bailey: There has been a material further increase in energy prices. UK economic activity has strengthened and the labour market appears to be stabilising (Box C). Domestic services price inflation has flattened off. Meanwhile, indirect and second-round effects have

not emerged yet (Box A). Firms are cutting costs and their margins are being compressed, while they are also benefiting from longer fixed-price energy contracts and cost hedging mechanisms. To varying degrees, these approaches can only be temporary. The central projection and weaker demand scenario require an alleviation of the factors that have pushed up energy prices to validate the slope of energy futures curves. Put simply, it requires real progress towards settling the conflict in the Middle East. Absent this, risks to energy prices, and so to inflation, are to the upside. In view of the news, the case is clear for a 25-basis point rise now. Without news which softens the risks to inflationary pressures, I can see the argument for a further increase in rates and thereafter taking a more conditional approach, dependent on the evidence on energy prices and inflation dynamics. Recognising that some of the upward slope in the curve is explained by risk premia and not expected rates, the current level of restrictiveness is broadly appropriate.

Sarah Breeden: Increased energy prices have further materially raised the near-term inflation outlook. Activity and the labour market have been more resilient than expected, but slack remains (Box C). Consistent with this and firm intelligence, little evidence has emerged so far of material second-round effects and indirect pass-through has been weaker than expected. While some measures of domestic inflation have flattened, I do not yet conclude that the earlier disinflation has stalled, given overlapping energy shocks and the seasonal pattern of wage negotiations. Slack will be leaning against the risk of material second-round effects (Box A). But with inflation expected to be above the threshold for non-linear effects, and little sign of a rapid or durable resolution to the conflict, the degree of inflationary pressure in the pipeline is now sufficient to warrant an increase in Bank Rate. The longer energy prices remain high the more likely persistent inflationary effects take hold, which would require further tightening in Bank Rate. But this will also depend on how energy prices propagate, especially given the risk that demand weakens. I will continue to assess the balance of risks at each meeting. For now, I judge the current restrictiveness of financial conditions as sufficient to balance these.

Swati Dhingra: Even as underlying inflation normalised in line with peer countries, previous votes to maintain Bank Rate in restrictive territory guarded against immediate inflation risks from the unfolding energy shock. The scale and persistence of the rise in wholesale energy prices imply that households and businesses will continue to face higher energy costs in the near term. Broad-based price pressures remain subdued, however, and we cannot yet distinguish between delayed pass-through and weaker pass-through on the evidence available (Box A). Growth has been firmer than anticipated (Box C), partly reflecting an AI-driven sectoral and investment boost that presents two-sided risks to the inflation outlook. Set against this, the combined drag from energy prices and higher mortgage rates continues to weigh on real disposable incomes, limiting consumption growth and weakening activity in consumer-facing services. Raising Bank Rate by 25 basis points provides additional

insurance against upside risks from stronger pass-through and firmer growth in demand. To support maintaining Bank Rate at a higher level for an extended period, I would need to see clear evidence of a recovery in firms' pricing power and households' purchasing power alongside signs of mutually reinforcing wage and price pressures.

Megan Greene: Since September, we have had a more prolonged shock, a further leg up in energy prices and there is evidence of less benign initial conditions when the shock hit. Evidence of second-round effects has remained scant as expected, but the risks have clearly shifted to the upside. Underlying services inflation has been flat since spring and underlying wage growth is stuck around 3.5%, above target-consistent levels. GDP growth has surprised to the upside and aggregate credit volumes remain stronger than expected. Staff analysis shows we may have been marginally in a low inflation, loose labour market regime when the Iran conflict emerged, but we've since entered a high inflation, loose labour market regime. We project inflation will remain above the threshold in which expectations are more sensitive to outturns for most of the outlook period, likely buoying pay settlements in 2027 and 2028. I believe the output gap is smaller than we think and has likely peaked. We continue to face Knightian uncertainty, but a rate hike now is appropriate based on the central outlook rather than just risk management considerations. Additional hikes will likely be required going forward, though further out this will depend on pay, pricing behaviour and slack.

Clare Lombardelli: The conflict has lasted longer than expected. This has kept oil, gas and refined product prices elevated, making the inflationary effects of the energy shock larger and more persistent. Cost pressures have remained elevated for sufficiently long that there is now a greater risk of second-round effects becoming embedded in price and wage-setting (Box A). Despite this, economic activity appears more resilient than previously expected (Box C). And recent data suggest that underlying disinflation may have stalled. There are some downside risks to the outlook for inflation, either from a more benign path for energy prices or a slowdown in economic activity. But overall I view the balance of risks to the inflation path as upside to our forecast given the ongoing energy price uncertainty and limited evidence of slack. Current circumstances warrant a 25-basis point increase in Bank Rate at this meeting. In the absence of evidence of weaker inflation pressures, there is likely to be a case for a further increase in rates in the near term. Beyond that, the path for rates is conditional on the interaction of the underlying economy, higher energy prices, the nature of their transmission and any further shocks.

Huw Pill: Raising Bank Rate by 25 basis points at this meeting represents a significant step towards attaining the monetary policy stance needed to address current threats to price stability, including those stemming from uncertainty surrounding events in the Middle East and their influence over energy prices in the medium term. That uncertainty and its impact remains potentially considerable and of indeterminate duration. Nonetheless, of itself, a single 25-basis point hike is unlikely to be sufficient. Achieving the level of Bank Rate

necessary to confront challenges and risks to lasting achievement of the 2% inflation target is likely to require more policy tightening, including in the near term. Looking into next year, monetary policy decisions should then become more dependent on evidence of inflation persistence and second-round effects, were it to emerge in the data flow. At each meeting, a broad-based interpretation of new data and surveys will support the extraction of the policy-relevant underlying signal from a range of indicators. Developments in domestic pay and pricing dynamics (Box A) deserve particular focus since they offer insight into the potential strength of second-round effects and, as such, inform the assessment of lasting threats to price stability.

Dave Ramsden: The outlook for inflation has deteriorated, with higher energy prices following re-escalation of the conflict since July. I have also become somewhat less confident about the domestic disinflation process, the degree of slack, and how restrictive the policy stance has been to date. Activity has proved more resilient than expected (Box C), slack in the labour market is levelling off, and private sector wage growth has stopped declining. These less favourable starting conditions increase the risk of second-round effects (Box A). Indirect effects have been smaller and slower to build than anticipated in July, but looking ahead, are projected to be larger and more protracted. Risks around the inflation outlook have shifted further to the upside. Nevertheless, households and firms' resilience could weaken, with adjustment occurring through employment losses or business failures rather than prices. A 25-basis point increase in Bank Rate is necessary now to ensure the appropriate degree of restrictiveness. I will continue to assess the evidence at each meeting, in particular how likely high energy prices are to feed through to other prices and the economy more broadly, by monitoring the evolution of pay, pricing behaviour, and slack.

Alan Taylor: It is essential to communicate, and for markets to understand, that, as of now, this is not the start of a hiking cycle: policy isn't on a pre-set, unconditional path. The risk is curve dislocation and unwarranted tightening in financial conditions. Rather, from an already restrictive position, this is a risk-management 'one-for-now' insurance hike. What has changed since July, and even September, is the magnitude of the energy disruption. A second, larger shock has roughly doubled the inflationary impulse; gas is beyond April's worst scenario, while refined-product prices have risen sharply. The case for holding rested on avoiding such a shock and seeing no sign of second-round effects. The first condition has now failed. We lack evidence of second-round effects, but the larger shock raises the risk. That motivates insurance now. Further tightening, however, depends on continued energy price pressure (a function of stochastic geopolitics that we are ill-equipped to predict) as well as unfolding evidence of propagation into domestic wages, price-setting and expectations, particularly through the 2027 pay round. The next move could be up, down, or sideways. Telling data will arrive soon.

Vote to increase Bank rate by 0.5 percentage points, to 4.25%.

Catherine L Mann: My recent votes to increase Bank Rate by 25 basis points represented a 'down payment' to lean against second-round effects, reinforce credibility, and uphold 'good policy' (in the language of my Great Moderation speech). The challenge: projected CPI inflation reaches 4.9% by mid-2027 and would be some 25 basis points higher absent the measures announced at the latest Budget. This projection is conditioned on a significant decline in energy prices; similar futures curves earlier this year have not eventuated. My policy strategy importantly is informed by research, which points to non-linear inflation risks. Households are particularly attentive to energy and food price inflation, which may be reflected in 2027 wage demands. With CPI inflation at 3.5% in September, the economy has crossed the estimated statistical threshold into a high inflation-tight labour market regime where the asymmetric behavioural responses of households and firms support more robust second-round effects. A different research approach estimates that the economy may well have breached the policy credibility threshold, which worsens the policy trade-off. Moreover, a substantial inflation risk premium is in the UK yield curve, reflecting five years of above-target inflation, where it has averaged 4.7%. Therefore, from a risk management and credibility perspective, a 50-basis point hike in Bank Rate is 'good policy'.

Operational considerations

24. In line with the arrangements announced following the September MPC meeting, the stock of UK government bonds held for monetary policy purposes on 4 November was £362 billion.

25. 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

Daniel Gallagher was present as the Treasury representative.

David Roberts was present on 28 October and 2 November, as an observer for the purpose of exercising oversight functions in his role as a member of the Bank's Court of Directors.