



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

18 March 2002

Bank of England Quarterly Bulletin - Spring 2002

The Bulletin is published on 18 March, and among the articles in this issue are the following:

Building a real - time database for GDP (E)

Some economic data are revised over time, and taking account of possible revisions is an important part of assessing any data release. This article analyses the revisions to GDP and its expenditure components, which have taken place during the past forty years. It concludes that, outside of recessions, initial estimates of GDP growth tend to be biased downwards. The publication of this article coincides with the release of a database, constructed at the Bank of England, that contains successive releases of data for the expenditure measure of GDP and its components, dating back to 1961. Analysts will be able to use the database for research into the pattern of revisions, for example whether they are cyclical or depend on the strength or weakness of the initial estimates. It is available on the Bank's website at:

www.bankofengland.co.uk/statistics/gdpdatabase

Provision of finance to smaller quoted companies: some evidence from survey responses and liaison meetings

Because of their size, smaller quoted companies do not generally have access to bond markets, and banks are less willing to extend them long-term loans, except on a secured basis. However, a survey by the Bank, followed by a series of meetings, found no evidence of any general problem with access to debt finance. A large majority of firms were able to achieve desired levels of gearing, and used a wide variety of debt instruments and derivative products.

Explaining trends in UK business investment

The ratio of business investment to GDP at constant prices has been trending upwards over the past two decades, picking up sharply in the second half of the 1990's. The article argues that the rise largely reflects a sustained fall in the relative price of investment goods. This is consistent with a significant role for rapid technological progress in the investment goods sector and, given the importance of imported investment goods, for exchange rate developments in explaining trends in UK firms' investment behaviour. But other factors, such as falls in the cost of finance and increases in replacement investment, may also have been important.

Electronic trading in wholesale financial markets: its wider impact and policy issues

Electronic trading is a force for change across markets, enabling a greater variety of trading arrangements, which in turn can affect the performance of markets and welfare more generally. Policy-makers are interested in the wider impact of changes to trading arrangements on the broader economic and financial system. But policy judgements need to be made carefully because the effects can be market specific, uncertain or even counter-intuitive. Moreover, problems arising in market arrangements may prove short term or self-correcting. These considerations all bear on the judgements on whether or how intervene to address apparent market failures.

Note to Editors

Copies of the Quarterly Bulletin are available from the Publications Group, Bank of England, Threadneedle Street, EC2R 8AH (Tel: 020 7601 4030; fax 020 7601 3298).

Key Resources

Quarterly Bulletin, Spring 2002 – complete issue

<http://www.bankofengland.co.uk/archive/Documents/historicpubs/qb/2002/qb0201.pdf>