



BANK OF ENGLAND

News release

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Bank of England Quarterly Bulletin - Summer 2003

The summer issue of the Bank of England Quarterly Bulletin is published today. Among the articles it contains are:

What caused the rise in the UK terms of trade?

The UK terms of trade - the price of UK exports relative to the sterling price of UK imports - rose by 15% from 1995 Q3 to 2003 Q1, increasing the purchasing power of UK consumers. The rise was almost entirely accounted for by a rise against non-EU countries. This article looks at various explanations and what they mean for the likelihood that the terms of trade increase will endure. The article concludes that a variety of explanations, including changes in demand and productivity, seem plausible; less so the appreciation of sterling within the period. But no one explanation is satisfactory by itself.

Asset finance

Asset finance is widely used in the United Kingdom, allowing firms to exploit the value of their assets in securing finance. It may be particularly important as an alternative source of funding for new or smaller firms that lack a trading record or are otherwise unable to attract more conventional finance. This article provides an overview of asset finance from a UK perspective, identifying particularly strong growth over the past ten years in the use of invoice finance and the continued popularity of leasing.

An analysis of the UK gold auctions 1999-2002

Bidding data for the 17 gold auctions held by the Bank of England on behalf of HM Treasury between July 1999 and March 2002 shows that prices achieved at the auctions overall were in line with prevailing market prices. The article goes on to examine factors that may have affected the outcomes of individual auctions. Greater uncertainty about future gold price movements was an important influence on the outcomes of particular auctions.

The Bulletin also contains a speech on the Bank's wider role in the gold market delivered to the annual conference of the London Bullion Market Association in Lisbon on 3 June 2003.

Also in the Summer 2003 Bulletin:

- a regular commentary on 'Markets and operations';
- articles on 'Long-run equilibrium ratios of business investment to output in the United Kingdom' and 'Assessing the extent of labour hoarding';
- the annual 'Public attitudes to inflation' report on the Bank/NOP inflation attitudes survey;
- a report from the Foreign Exchange Joint Standing Committee e-commerce subgroup;
- summaries of recent Bank of England working papers and recent speeches from the Bank.

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).