



BANK OF ENGLAND

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Bank of England Quarterly Bulletin - Spring 2003

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

Monetary policy and the zero bound to nominal interest rates

Commentators have recently discussed the possibility that certain countries may experience a period of general price deflation, in which nominal interest rates may reach their lower bound of zero. This article concludes that such a situation is highly unlikely to occur in the United Kingdom. It reviews what the academic literature has to say about the scope for alternatives to cutting interest rates in the improbable event that nominal interest rates do reach zero.

The measurement of house prices

House prices are important in assessing macroeconomic developments in the United Kingdom. But the special characteristics of housing - heterogeneity, infrequent sale and negotiated prices - give rise to issues that complicate their measurement. There are several valid concepts of house prices - such as the average transaction price, the price of a typical house and the housing stock deflator - each of which is useful for a different purpose. Users must therefore be careful to match the measure they use with the concept of house prices in which they are interested. Furthermore, all the available measures are volatile, so high-frequency changes in house price inflation should not be expected to persist.

Market-based estimates of expected future UK output growth

In this article, simple market-based projections of future output growth are derived from a Taylor monetary policy rule, yield curves and inflation surveys. The results can be used as a cross-check on output growth expectations from other sources. Over the recent past the projections have been plausible in magnitude against both recorded outturns and survey expectations.

The Bank's regional Agencies

This article describes the work of the Bank's regional Agencies, updating the article published in the November 1997 Quarterly Bulletin. It outlines, in particular, the contribution of the Agencies to the work of the Monetary Policy Committee.

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).