



BANK OF ENGLAND

News release

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The Bank of England's New Sterling Exchange Rate Index (ERI)

From Monday 11 April 2005, the Bank will begin publishing a new sterling effective exchange rate index (ERI). Details of the new index were described in an article in the Winter 2004 Quarterly Bulletin, "The new sterling ERI". Following a period of consultation, the calculation method has now been finalised. The new index will be published intraday on the Bank's existing wire services pages and daily data will be available in the usual way from the Bank's website.

As before, this is a trade-weighted index that measures the overall change in the exchange value of sterling by weighting together bilateral exchange rates using information on trade flows. The innovations in the new index are that it now takes account of services trade, includes a broader set of countries, and allows the country set and weights for each country included to change over time with evolving trade patterns.

Changes to the ERI method and publication times have implications for some of the other exchange rate data that the Bank currently publishes. Further information is contained within the accompanying explanatory note.

Note to Editors

The Quarterly Bulletin article (pages 429-441) can be found on the Quarterly Bulletin pages.

Key Resources

Explanatory Note - The Bank of England's New Sterling Exchange Rate Index (ERI)

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/news/2005/erixplanatorynote050408.pdf>

The New Sterling ERI - Winter 2004 Quarterly Bulletin article

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/quarterlybulletin/qb040402.pdf>