



**BANK OF ENGLAND**

# News release

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## **The Bank of England Quarterly Model**

The Bank of England is today publishing a book - The Bank of England Quarterly Model - which contains details of the new macroeconomic model developed for use in preparing the Monetary Policy Committee's (MPC) quarterly economic projections, together with a commentary on the motivation for developing the new model and the economic and modelling approaches underlying it. An overview of the new model was initially published in April 2004 (reprinted in the Summer 2004 Quarterly Bulletin). The book discusses the model in more detail and illustrates the overall model properties with the results from some stylised simulations. A number of appendices give details of model equations, data sources and parameter values.

The projections for growth and inflation included in the Bank's Inflation Report are always the result of judgements by the MPC rather than a mechanical output from models. Nonetheless, when producing its economic projections, the MPC has found it helpful to use a macroeconomic model to combine the various judgements and assumptions made. The new model uses recent advances in economic understanding and computational power to develop and improve upon existing models used at the Bank. The new model has replaced the previous Medium-Term Macro Model as the main tool in the suite of models employed by Bank staff and the MPC in the construction of the projections contained in the quarterly Inflation Report.

The Bank's use of a suite of models was described in the book, Economic models at the Bank of England, published in 1999; the Medium-Term Macro Model was described in an update to that book published in September 2000.

### **Notes to Editors**

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

## **Key Resources**

The Bank of England Quarterly Model

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/other/beqm/beqmfull.pdf>