



BANK OF ENGLAND

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Bank of England Quarterly Bulletin - Q4 2007

The 2007 Q4 issue of the Bank of England Quarterly Bulletin is published today. It contains the following articles and reports:

- *Foreword, by Charles Bean, Chief Economist and Executive Director of Monetary Policy, Bank of England.*
- *Markets and operations.* This regular quarterly commentary discusses recent developments in global capital markets. It also reviews the Bank's official operations.
- *Household debt and spending: results from the 2007 NMG Research Survey.* This article reports the latest findings from an annual survey commissioned by the Bank. It finds a slight increase in difficulties repaying debts among renters, but mortgagors appeared not to have experienced any increased difficulty in paying their mortgages.
- *The macroeconomic impact of higher energy prices on the UK economy.* This article discusses the various channels through which rising energy prices are likely to influence the degree of inflationary pressure in the UK economy. It also analyses various pieces of data that need to be considered when assessing that impact. The evidence so far suggests the rise in energy prices since 2004 has had a more muted impact on the economy than in previous episodes.
- *Decomposing corporate bond spreads.* This article uses a method to decompose bond spreads into credit and non-credit related factors. Compensation for bearing non-credit illiquidity risk appears to have been a particularly important driver of high-yield spreads between the end of 2002 and mid-2007 and during the recent financial market turmoil, but the compensation for credit risk has also increased recently.
- *The foreign exchange and over-the-counter derivatives markets in the United Kingdom.* This article reports the latest findings from the three-yearly survey conducted by the Bank of turnover in the foreign exchange and over-the-counter currency and interest rate derivatives markets. Results show that the volume of foreign exchange activity in the United Kingdom rose by 80% between April 2004 and April 2007, increasing the UK share of the global market to 34% - that is almost double that of the next biggest centre, the United States, which accounted for just 17% of the global market.

- Summaries of recent Bank of England working papers and speeches.

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) or on

<http://www.bankofengland.co.uk/publications/Pages/quarterlybulletin/default.aspx>