



**BANK OF ENGLAND**

# News release

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## **Bank of England Quarterly Bulletin - Q2 2007**

The Q2 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 financial markets. It also outlines changes in market structures and reviews the Bank's official operations.
- *Public attitudes to inflation and interest rates*. This article analyses public attitudes to inflation based on surveys carried out by GfK NOP on behalf of the Bank, focusing on the pick-up in the general public's inflation expectations between 2005 and 2006.
- *National Saving*. This article compares the current level of national saving in the United Kingdom with a simple benchmark level which measures how much saving is required to ensure that the capital stock rises in line with output. It suggests current savings are below this level but there may be a number of reasons to explain this, such as the availability of international capital, various measurement issues and increasing longevity.
- *Understanding investment better: insights from recent research*. Several advances have been made in understanding the determinants of investment spending. These include the influence of the cost of capital, the role of adjustment costs and the impact of uncertainty. This article brings together some of the results from the investment literature including recent research by the Bank.
- *Financial globalisation, external balance sheets and economic adjustment*. Increased integration of international financial markets has made the balance sheet channel of the transmission of shocks grow in importance. This article discusses how the composition of national balance sheets can affect the transmission of shocks. It shows the potential impact of an unwinding of global imbalances on UK balance sheets, and in turn, demand. It suggests that the impact might be limited by the extent to which UK external assets are relatively well diversified across currencies.

- *A review of the work of the London Foreign Exchange Joint Standing Committee in 2006.* This article reviews some of the main themes of the work programmes of the Committee and its subgroups in 2006.

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 at

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