



BANK OF ENGLAND

News release

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Target Two Point Zero - The Economy Is Centre Stage!

Our economy has dominated media coverage in recent months, with particular focus on the Bank of England and the monthly interest rate decisions made by the Monetary Policy Committee. This November, across the United Kingdom, over a thousand school and college students will show just why the economy receives the attention it does. The science of economics will come alive when teams compete in the regional heats of the ninth annual Bank of England and The Times Interest Rate Challenge. The challenge for the teams is to decide what the UK's official interest rate should be to keep inflation low and stable.

Bank of England Governor, Mervyn King, said "The Interest Rate Challenge this year is being held against a very different economic backdrop from that in recent years. But it continues to offer students a very exciting dimension to their course-work. For the Bank, the Challenge is the ideal opportunity to highlight the advantages of low and stable inflation and increase the understanding of how the Monetary Policy Committee sets interest rates to meet the inflation target and the factors which influence our decisions. Target Two Point Zero remains an excellent test of students' understanding of economics as well an opportunity for them to develop presentational and public speaking skills; it is also great fun."

What about the Challenge itself? Like the Monetary Policy Committee each month, the teams of four students from each competing school and college consider the available domestic and international economic data, and associated issues, that affect the UK's economic and inflation outlook. Each of the 310 or so teams in the Challenge this year then weigh up the arguments and determine what interest rate their team would set to achieve the inflation target. Their decision has to be justified in a short presentation to the panel of Bank of England judges, who then question the team on their Bank Rate decision and reasoning behind it.

The 43 regional heats, which run from 17-28 November, are followed by six area finals held around the UK in February 2009 for the heat-winning teams. This means the teams need to update their presentations to take account of economic developments before the area finals.

The climax for the six teams that win through the area finals is the National Final that will be held on Friday 20 March 2009 at the Bank of England in the City of London for the Challenge Trophy. In addition, a cheque for £10,000 awaits the winning team's school or college. The runners-up receive £5,000 and the third placed

team, £2,000; in recognition of the enormous effort that all the finalists have put in, the three remaining teams are each awarded £1,000.

General information about the Challenge and national final prizes can be found on <http://www.bankofengland.co.uk/education/Pages/targettwopointzero/default.aspx>