



BANK OF ENGLAND

News release

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Bank of England Quarterly Bulletin 2009 Q4

The 2009 Q4 issue of the Bank of England *Quarterly Bulletin* is published today. It contains the following articles and reports:

- *Foreword*, by Spencer Dale, Chief Economist and Executive Director - Monetary Analysis and Statistics.
- *Markets and operations*. This regular quarterly commentary discusses recent developments in sterling capital markets and the Bank's official operations. Conditions in sterling markets improved over the quarter. Despite some temporary bouts of investor nervousness, asset prices continued their recovery from the lows in March and financial market activity picked up.
- *The financial position of British households: evidence from the 2009 NMG survey*. This article discusses the results of the latest annual survey. The survey found that, despite the severe recession, a slightly smaller proportion of households reported problems repaying their debts than in the 2008 survey. This partly reflected the effects of the reduction in interest rates on borrowers' loan repayments. The survey also reported the results from new questions on households' saving decisions. Around a quarter of respondents reported that they had increased, or plan to increase, the amount of money they save.
- *Accounting for the stability of the UK terms of trade*. Sterling has depreciated significantly since the start of the financial crisis. Despite this the UK terms of trade have remained broadly unchanged. This article explores the link between the exchange rate and the terms of trade and examines how companies' pricing strategies can affect that link. This broadly unchanged position can be largely explained by the stability of the terms of trade for goods, and offsetting changes in the UK's terms of trade with EU countries and non-EU countries.
- *Recent developments in pay settlements*. Pay settlements have fallen sharply during 2009 with many companies freezing basic pay. The decline has been broad-based across sectors. Businesses that have frozen basic pay have tended to be smaller than average.

Note to Editors

Copies of the *Quarterly Bulletin* are available from:

Publications Group,

Bank of England,

Threadneedle Street,

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(Tel: 020 7601 4030; fax 020 7601 3298)

Key Resources

Quarterly Bulletin, 2009 Q4

<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb0904.pdf>