



BANK OF ENGLAND

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Bank of England Quarterly Bulletin 2009 Q1

The 2009 Q1 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, 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.
- *Price-setting behaviour in the United Kingdom: a microdata approach*. This article examines how often prices change and how much they change by analysing data on individual price quotes. The evidence suggests that, on average, prices change once every four to five months. Evidence from higher frequency supermarket data suggests that prices change more often than this - once every two weeks. More generally, the work shows that the frequency of price changes varies across different sectors and product groups.
- *Deflation*. This article examines the different economic costs associated with deflation. It explains that it is important not to confuse the economic costs associated with the circumstances that caused prices to fall with the costs of deflation itself. The costs of deflation are most likely to be associated with debt deflation and downward nominal wage rigidities. But if policy responds sufficiently promptly and decisively then these costs are likely to be modest and short-lived.

Note to Editors

Copies of the *Quarterly Bulletin* are available from:

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Bank of England,
Threadneedle Street,
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(Tel: 020 7601 4030; fax 020 7601 3298) or :

The *Quarterly Bulletin* is available on

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