



BANK OF ENGLAND

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Bank of England Quarterly Bulletin 2009 Q3

The 2009 Q3 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 global capital markets and the Bank's official operations. The report describes the continued increase in prices of most financial assets over the quarter and the improvement in conditions in bank funding markets.
- *Global imbalances and the financial crisis*. Large flows of capital from high-saving countries to low-saving countries contributed to a number of vulnerabilities in the global economic system. The global growth in credit and debt leading up to the crisis was supported by these international capital flows. This article discusses these vulnerabilities and the contribution of global imbalances to the crisis. It also discusses how these imbalances have evolved since its onset and the implications of the crisis for global imbalances going forward.
- *Household saving*. The decline in the UK saving ratio in the years before the financial crisis may be explained by falling real interest rates, looser credit conditions, rising asset prices and greater macroeconomic stability. This article discusses these explanations and how the financial crisis may have altered households' views of the appropriate balance between saving and spending.
- *Interpreting recent movements in sterling*. This article discusses the potential causes of the sharp fall in sterling since the beginning of the financial crisis. There is considerable uncertainty about the precise role that different factors played in contributing to that depreciation, but it seems that perceived changes in the relative cyclical prospects of the United Kingdom, the risk attached to holding sterling assets and the apparent need for the UK economy to rebalance all played a role.
- *What can be said about the rise and fall in oil prices?* This article analyses the main explanations for the rise and fall in oil prices between 2003 and the end of 2008. It argues that the rapid growth in oil demand, coupled with the sluggish response of supply, is consistent with the sustained rise in oil prices between 2003 and 2007. However, news about the balance of

demand and supply, although directionally consistent, does not seem to justify the magnitude of the rise and fall in prices in 2008. Financial flows into oil markets may not have been an important factor over the period as a whole, but the evidence is not sufficient to rule out the possibility that such flows might have played a role in 2008.

- *Bank of England Systemic Risk Survey*. The Bank of England has recently launched a survey to improve its understanding of market participants' views about risks and the prospects for financial stability. The results of the first full survey were previously presented in the June 2009 *Financial Stability Report*. This article discusses those results in more detail.
- *Monetary Policy Roundtable*. This report summarises the main points made by participants at the MPC Roundtable on 8 June. This was the second in a regular series intended to provide a forum for economists to discuss key issues affecting the design and operation of monetary policy in the United Kingdom.

Note to Editors

Copies of the *Quarterly Bulletin* are available from:

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

The *Quarterly Bulletin* is available on the [Quarterly Bulletin pages](#).