



BANK OF ENGLAND

News release

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Bank of England and The Times Interest Rate Challenge - 2010/2011

The UK economy - a challenge for students

Prospects for the UK economy remain at the centre of public debate with enormous interest shown in the Bank's Monetary Policy Committee and its monthly decisions. The challenge the Committee itself faces, given the uncertainty over the strength of the recovery, make this year's eleventh annual Bank of England and The Times Interest Rate Challenge an even more exciting proposition for the thousand-plus school and college students who will be participating in the Challenge's forthcoming regional heats. And like the Committee itself, the students will be confronted by conflicting indicators that they will have to consider in order to set monetary policy to meet the inflation target.

Bank of England Governor, Mervyn King, said: "Challenges such as those confronting the Monetary Policy Committee right now are a real test of economic understanding. They are ideal for stretching the economic awareness and analytical skills of students in this year's Target Two Point Zero Interest Rate Challenge. Assessing the strength of the economic recovery, both in the UK and globally, and its impact on inflation, will give students the chance to experience the many, and often conflicting, factors that influence policy decisions. It will bring their economics to life."

The Challenge format sees teams of four students from each competing school or college analysing UK and global economic data and their possible impact on inflation and the economic outlook for the UK - just as the Monetary Policy Committee does each month. They must then decide if current monetary policy is appropriate or needs to be adjusted to meet the 2.0 per cent inflation target set by the Government. In a presentation to a panel of Bank of England judges the team explains that decision then justifies it through their answers to questions from the panel - a process that also helps the students develop both teamwork and presentational skills.

Some 310 teams will be competing in one of the 43 regional heats which run from 15 to 26 November. Teams that win the heats will then update their presentations ahead of competing in one of the six area finals held around the UK in February and early March 2011. And for those six winning teams there will be the thrill of the National Final to be held on 18 March 2011 at the Bank of England's London home in Threadneedle

Street, with the Challenge Trophy and a cheque for £10,000 for the winning team's school or college. The other finalist teams don't miss out- the runners-up receive a cheque for £5,000, the third-placed team £2,000 and each of the remaining teams £1,000.

Note for Editors

Further information about the Challenge and a list of participating schools are available on the Target Two Point Zero page. <http://www.bankofengland.co.uk/education/Pages/targettwopointzero/default.aspx>