



BANK OF ENGLAND

News release

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12 November 2012

The UK economy - a challenge for students

TARGET two
2.0 point
zero

The thirteenth annual Bank of England and The Times Interest Rate Challenge continues to be a fascinating proposition. Like the Bank's Monetary Policy Committee, the one thousand-plus students who will be participating in the Challenge's forthcoming regional heats will have to consider many conflicting indicators in order to set monetary policy to meet the inflation target. Prospects for the UK economy remain at the centre of public debate with enormous interest shown in the Committee and its monthly decisions. The challenges the Committee currently faces, make this year's competition particularly demanding for students.

Bank of England Governor, Mervyn King, said: "The Target Two Point Zero Interest Rate Challenge is an excellent opportunity for students to develop their economic understanding and analytical skills. Taking on the role of the Monetary Policy Committee allows the students to apply what their classroom knowledge to the real world challenges that the Committee currently face. The Challenge requires them to assess the strength of the economy and weigh up the, often conflicting, factors that influence policy decisions."

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 303 teams will be competing in one of the 43 regional heats which run from 19-30 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 2013. And for those six winning teams there will be the thrill of the National Final,

to be held on 22 March 2012 at the Bank of England's Head Office in Threadneedle Street, with the Challenge Trophy and a cheque for £10,000 for the winning team's school or college at stake. 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 at

<http://www.bankofengland.co.uk/education/Pages/targettwopointzero/default.aspx>