BANK OF ENGLAND

Speech

UK Monetary Policy: Good for Business

Speech given by

Andrew Sentence, Member of the Monetary Policy Committee, Bank of England

Hosted by Dow Jones at Tower 42, London

10 July 2007

I would like to thank Andrew Holder and Ben Westwood for research assistance and invaluable advice. I am also grateful for helpful comments from other colleagues. The views expressed are my own and do not necessarily reflect those of the Bank of England or other members of the Monetary Policy Committee.

Good evening, ladies and gentlemen. About six months ago, I gave my first public speech as a member of the Monetary Policy Committee at an event hosted by Bloomberg. So to demonstrate that MPC members are even-handed in their treatment of major media organisations, I am delighted this evening to speak at this event hosted by Dow Jones! I would like to thank our hosts for organising this event and for their hospitality this evening.

For most of my career I have observed monetary policy from a business perspective – or more precisely from a number of different business perspectives: at the CBI from 1986 to 1993; at London Business School in the mid-1990s; and then for nearly nine years working as Chief Economist at British Airways until last year.

I am now viewing the impact of monetary policy on business from the other side of the fence – as a policy-maker. But in my current role, it remains vitally important to have a good insight into business trends and how they are changing, both in response to the decisions we take on interest rates and external factors. To help us in this task, we have access to a vast array of data, including business surveys from the CBI, the British Chambers of Commerce and other organisations. But there is also no substitute for gaining a direct understanding of how economic conditions are changing through face-to-face contacts with businesses around the country.

One of the strengths of the way the Monetary Policy Committee operates is that this direct contact and feedback from business is built into our processes. First of all, we benefit at our monthly meetings from the reports compiled by the Bank's Agents, who maintain a network of around 8,000 business contacts across the country. These reports are presented by one of the Agents to the MPC in our monthly cycle of meetings, alongside all the other official data and business surveys we look at, and they are also now available to external commentators via the Bank's website.[1] In addition, Monetary Policy Committee members each undertake a regular programme of visits to business contacts throughout the country, including company visits, lunch and dinner meetings with groups of business contacts and larger business briefings.

[1] The work of the Bank's regional Agencies is described in Eckersley and Webber (2003). The Agents' monthly reports have been published on the Bank of England website since January 2005 and their scores since January 2006. The Agents' scores are discussed in Ellis and Pike (2005).

Given my business background, I have been particularly keen to get around the country to get a feel for business conditions on the ground in my short time as a member of the MPC. So in the past nine months, my travels have taken me to Scotland, Northern Ireland and seven of the nine English regions, notching up a total of over 40 company visits and business briefings. It has been particularly interesting to contrast the business mood with the situation when I was last "out and about" in the British economy in this way – in my capacity as the CBI's Economics Director in the late 1980s and early 1990s.

This evening I want to talk about three things which have struck me in particular as I have talked to business executives around the country over the past nine months. First, the current business attitude to monetary policy is strongly supportive of the present framework based on an independent central Bank targeting low inflation. This is in stark contrast to the strong business criticism of UK monetary policy I frequently heard in the late 1980s and early 1990s, and I will discuss the reasons for this welcome change. Second, there have been very significant changes in the structure of British business, particularly in the manufacturing sector, as companies have adapted to global competition - and I will discuss some of the implications this has for the conduct of monetary policy. Third, I am particularly struck by the way in which changing trends in the international economy are affecting UK business conditions at present, and contributing to the monetary policy challenges we are currently facing. At the end, I will return to the issue posed in the title of this evening's talk: ensuring UK monetary policy remains good for business.

Business attitudes to monetary policy

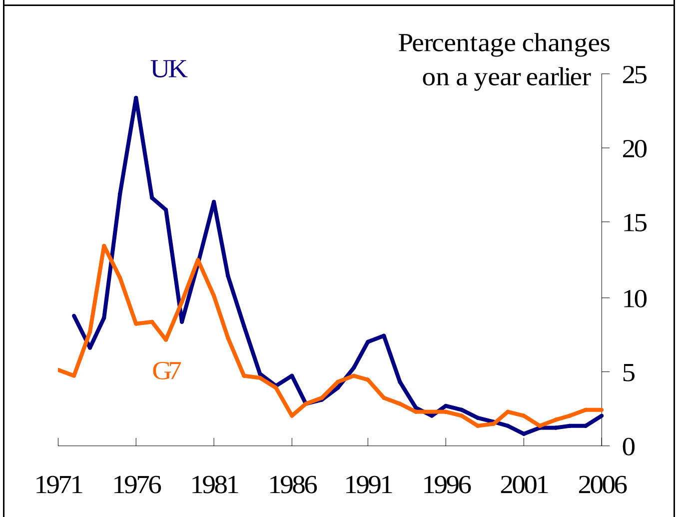
The current framework for monetary policy - in which the Monetary Policy Committee of the Bank of England sets interest rates to meet a low inflation target – has now been in place for over a decade. Some elements of the framework – such as the inflation target itself and the production of regular Inflation Reports – go back further still, to the early 1990s.[2] This has produced a period of stability in the framework for monetary policy that business has not experienced since the 1960s. It has also provided a long

[2] The Bank's first *Inflation Report* was published in February 1993.

enough period for business to see the framework in operation at different phases of the cycle and in response to a range of shocks to the economy.
As I have talked to businesses throughout the country over the past nine months, I have been struck by the strong degree of support for this framework, and the job that the Monetary Policy Committee is doing. Individual businesses and business organisations will inevitably express differences of judgement on individual monetary policy decisions, which we saw to some extent in the reaction to this month's interest rate rise. However, aside from these tactical differences, I detect a strong desire in the business community to see the current monetary framework continue and for it to work well. This supportive stance is reflected in the submissions that business organisations such as the CBI have made to the Treasury Select Committee in its review of the operation of the Monetary Policy Committee over its first ten years.[3]

In my view, there are three factors which underpin this positive and supportive approach to the current framework and institutions of monetary policy from the UK business community.

Chart 1: UK and G7 inflation



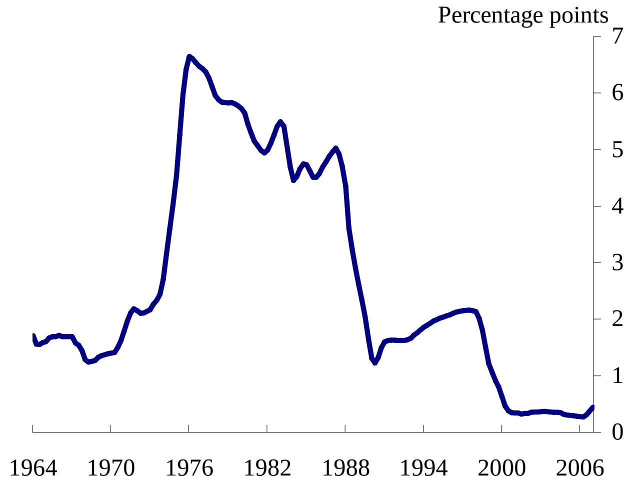
Source: OECD and ONS
Note: Inflation measured by CPI; consumer expenditure deflator for UK before 1976

First and foremost, monetary policy has delivered what was promised on the tin - a prolonged period of low inflation, as Chart 1 shows. In the 1970s and the 1980s, business executives could read about the benefits of a low inflation world in an

[3] See CBI (2007).

economics textbook. But this was not the business environment which they experienced in their daily lives. At no point between 1970 and 1990 did any measure of the UK inflation rate even touch 2%, let alone average 2% in a year or over a period of years.[4] Chart 1 also shows that UK inflation was higher than in our peer group of major economies until the mid-1990s, since when we have had a broadly comparable inflation rate to the average of the G7 economies.

Chart 2: Volatility of UK inflation



Source: ONS
Note: rolling standard deviation of four-quarter RPIX inflation (RPI before 1976) over previous eight years

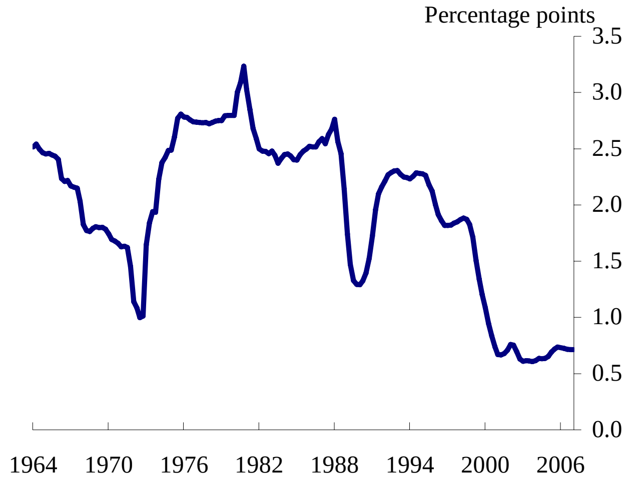
One of the benefits of achieving low inflation is that a low inflation rate is likely to be more stable and more predictable.[5] As Chart 2 shows, this has indeed been our experience over the past decade. The recorded volatility of the inflation rate has been reduced by a factor of about ten since the high inflation era of the 1970s and 1980s. This brings a number of benefits to business. Firms can have more confidence planning into the future and the signals provided by changes in relative prices are clearer in a low inflation world - reducing the risk of bad business and investment decisions. The additional risk and the arbitrary redistribution of income created by inflation surprises should also be much reduced in a world of low and stable inflation.

As well as reducing the volatility of inflation, the current monetary framework has also been associated with more macroeconomic stability in the real economy, as Chart 3

[4] The low point for RPI inflation was 2.4% in July/August 1986, and for RPIX and CPI inflation 3.2% and 2.2% respectively in May 1986. Other inflation measures reached a low point in the same year.
[5] See Bank of England (2004) for a fuller discussion of the benefits to business of low inflation.

shows, we have seen a significant reduction in growth fluctuations in recent years.[6] This is a second factor which underpins business support for the Monetary Policy Committee and our current monetary arrangements.

Chart 3: Volatility of UK GDP growth



Source: ONS
Note: rolling standard deviation of four-quarter GDP growth over previous eight years

Again, this corresponds to what economic analysis would suggest. A policy of consistently targeting low inflation means that changes in the framework or conduct of monetary policy should not themselves be a source of additional economic volatility. And it should be simpler for monetary policy to respond to shocks in an environment where inflation is under control.

The three major recessions we have experienced in the UK in the postwar period have all been preceded by inflationary episodes. On all three occasions, the policies needed to bring inflation back under control contributed to the length and depth of the recessions which followed. When a rise in inflation becomes embedded in the expectations of firms and individuals, a large amount of slack may then need to be created to force price and wage expectations to adjust back down again. For this reason, the Monetary Policy Committee is very keen to ensure that inflation expectations do not

[6] See Bank of England (2006), for example, on the ongoing academic debate over the contribution of good macroeconomic policy to the relative stability enjoyed by most industrialised countries since the early 1990s. Benati (2005) assesses recent UK macroeconomic stability more formally and concludes that the inflation-targeting regime has been characterised by the most stable macroeconomic environment in recorded UK history.

begin to creep up in response to a temporary rise in inflation such as we have seen recently, as it could be very costly to bring them down again.[7]

Though economic growth has been remarkably stable in recent years, the ability of monetary policy to reduce the volatility of the real economy depends on the nature and scale of the shocks we experience – either from external global factors, or from structural shifts affecting supply or demand within the UK. As the Governor pointed out in a recent speech,[8] correctly identifying shocks and the appropriate response is a major challenge for monetary policy-makers. In addition, while monetary policy can help stabilise the economy as a whole, it cannot shield individual businesses or sectors from structural change driven by changing patterns of demand, technology or changing competitive forces. My own experience working in the airline industry earlier this decade bears this out!

In addition to this track record of economic stability, I believe there is a third reason which underpins business support for the current UK monetary policy framework. Over the period since the early 1990s, monetary policy has become a lot more business-like. In the 1970s and 1980s, there were frequent shifts in the monetary framework and the processes which led to interest rate decisions were opaque and unpredictable. There were significant improvements in the early 1990s, with the setting of a clear inflation target, a more transparent process for setting interest rates and a bigger role for the Bank of England. The transparency and predictability of policy were further enhanced and consolidated by the granting of operational independence to the Bank in 1997 and the establishment of the Monetary Policy Committee. The evolution of the processes of the MPC and the successful conduct of monetary policy over the past decade should have added further to the confidence in our current arrangements.

Some would like us to take that a step further, by providing stronger guidance to the public and the markets on future interest rates. I am not sure this would be desirable or practical, particularly in a Committee which reaches its decisions by voting rather than by seeking to come to a consensus. However, as the Governor outlined in his recent

---

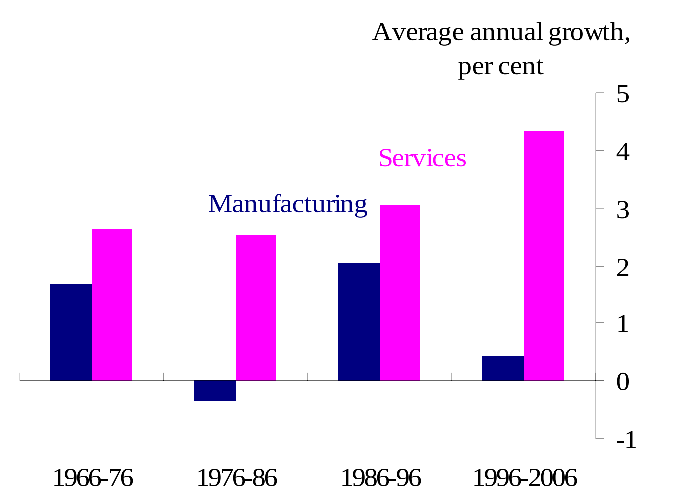
7 Bean (2006) discusses how there may have been some flattening of the trade-off between output and inflation, which would increase the difficulty of bringing inflation back to target.
8 See King (2007b).

speech to the Society of Business Economists,[9] we will continue to develop our existing communication channels – including the Inflation Report and the minutes – to provide insights into the issues which the Committee feels are important to future interest rate decisions. Speeches (like this one) and interviews by individual Committee members should also be helpful in addressing this communications challenge.

Structural change in UK business

I mentioned earlier that good monetary policy does not shield individual businesses from the impact of structural change. Since the 1990s, we have seen very significant shifts in the structure of the UK economy driven by global competition, particularly affecting the manufacturing sector.

Chart 4: UK manufacturing and services growth



Source: ONS

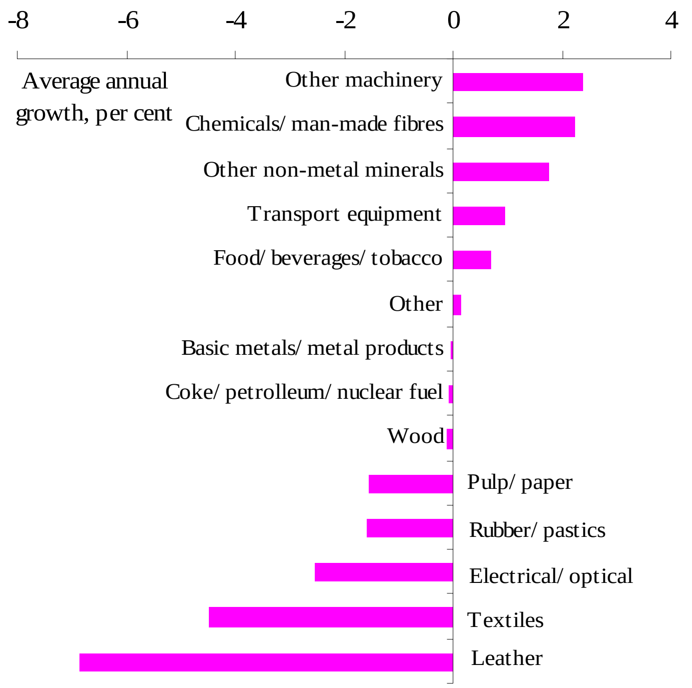
The past decade has seen an exceptional divergence between the growth performance of manufacturing and services in the UK economy. As Chart 4 shows, output growth in the manufacturing sector over the past decade has been very modest – and not much better than the performance recorded in the decade from the mid-70s to the mid-80s, which included the massive shake-out of the early 1980s. That period saw a loss of over 1½ million manufacturing jobs in the UK. The decline in manufacturing employment over the past decade – at over 1¼ millions – has not been far short. Proportionately, the employment reduction over the two periods has been very similar - with a reduction of manufacturing employment of around a quarter in both episodes.

---

9 See King (2007a).

However, while the shock to manufacturing in the early 1980s reflected mainly UK-specific factors, the more recent trend of sluggish growth and falling employment has been global in origin. The development of low-cost manufacturing bases in China, and to a lesser extent Eastern Europe and Turkey, has caused a shift in the location of manufacturing production across the global economy.

Chart 5: UK Manufacturing growth since 2000

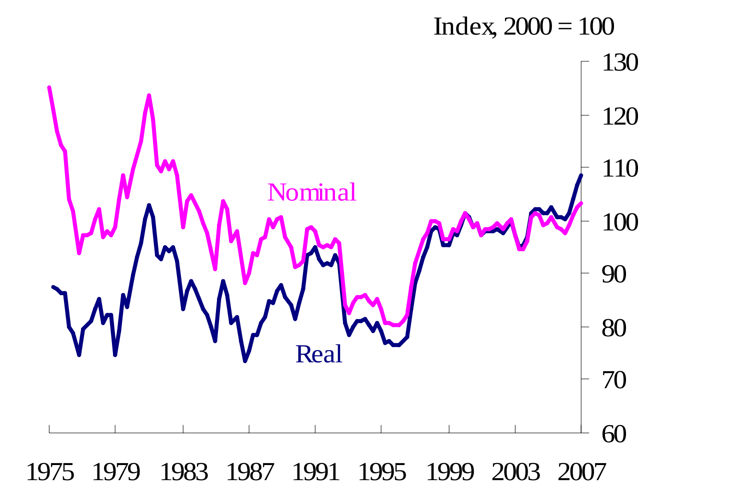


Source: ONS

The sectoral pattern of manufacturing growth, shown in Chart 5, shows these forces at work. Output has fallen most strongly in low value-added manufacturing such as textiles and in electronic goods where Asian producers have developed a strong comparative advantage. By contrast, higher value-added sectors – such as chemicals (which includes the pharmaceutical industry), machinery and transport equipment – have seen continued growth. This global shift in production has affected all the mature industrialised countries.[10] However, there has been an added dimension for the UK, in that the trend over the past decade was also preceded by a significant appreciation in the exchange rate, in real and nominal terms, as Chart 6 shows.

[10] Besley (2007) discusses the United Kingdom's long-term structural shift from manufacturing towards services and the implications for monetary policy.

Chart 6: Real and nominal sterling exchange rates



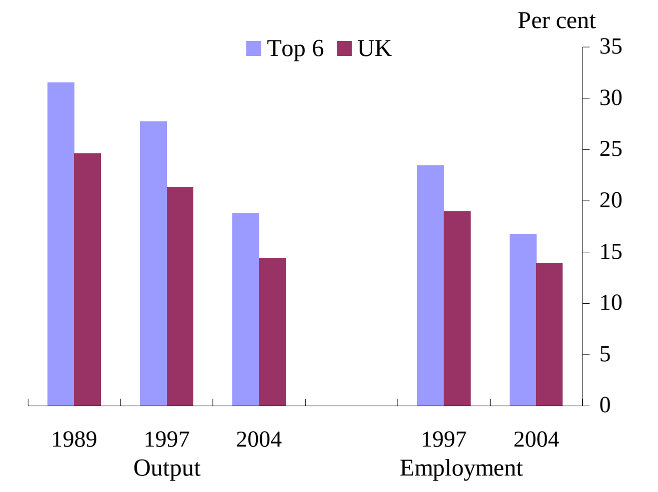
Sources: Bank of England and IMF
Note: Real exchange rate calculated using CPI

I joined the CBI in the mid-1980s after the last big shake-out in manufacturing in the early 1980s, which was also associated with a sharp appreciation of the exchange rate. The impact was felt particularly severely in the traditional manufacturing regions of the UK. In 1986, unemployment reached a peak of close to 16% in the North-East of England and 13% in the North-West, compared to an unemployment rate of less than 7% in the South-East of England. The result was to create a mood of pessimism, and indeed bitterness, in the traditional manufacturing regions of the UK.

Even though manufacturing output and employment have been squeezed to a similar extent over the past decade, the current mood in manufacturing industry in response to the more recent structural change is quite different. The current generation of manufacturers has become used to living with the pressures of competitive international markets and have developed strategies for coping with them. One of the key strategies they employ is outsourcing lower value-added activities to lower cost locations – such as China, Eastern Europe and Turkey, which is becoming commonplace for manufacturers these days. Another is a high level of automation – such as the radiator manufacturer I visited in the North-East with just five workers manning its main high volume production line. Many successful UK manufacturers have established strong positions in niche markets where they are less vulnerable to competition from lower cost producers. So while the location of manufacturing production has shifted, UK manufacturing companies themselves have continued to adapt and thrive, which has created a very different mood in the manufacturing sector to the situation two decades ago.

There has also been a much better process of adjustment – both nationally and at the regional level - to these shifts in global competition. This has been particularly helpful in the UK regions which have traditionally been most dependent on manufacturing production and jobs. The increased flexibility of labour markets and the more stable macroeconomic background associated with low inflation has helped service sector job creation to offset the loss of employment opportunities in the manufacturing sector. [11]

Chart 7: Manufacturing share of UK output and employment



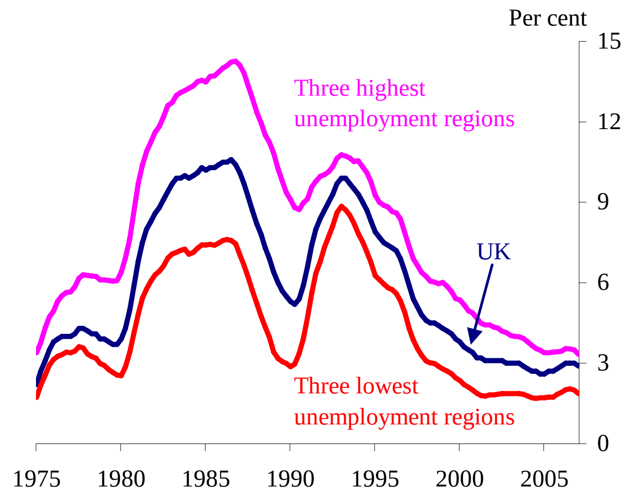
Source: ONS
Note: Top 6 regions by share of manufacturing in total output: North East, North West, Yorkshire & the Humber, East Midlands, West Midlands and Wales

As Chart 7 shows, the result is that the structure of employment and output in the traditional manufacturing regions of the UK is now much closer to the pattern for the nation as a whole. This is a helpful development for the conduct of monetary policy, as manufacturing is one of the more volatile sectors of the economy. As the industrial structure of the UK regions has become more homogenous, the range of unemployment rates has also narrowed. The gap between the regions with the highest and lowest

[11] See Blanchflower (2007) for a recent discussion of labour market developments. Sentance (2007a) discusses how favourable supply side factors and improved macroeconomic management have allowed UK unemployment to fall significantly since the mid-1990s

unemployment rates has dropped from close to 10 percentage points in the mid-80s and early 90s to around three percentage points at present, as Chart 8 shows.

Chart 8: Regional unemployment rates



Source: ONS
Note: Highest regions, based on 1990, are Northern Ireland, North East and Scotland; lowest regions are South East, Eastern England and South West

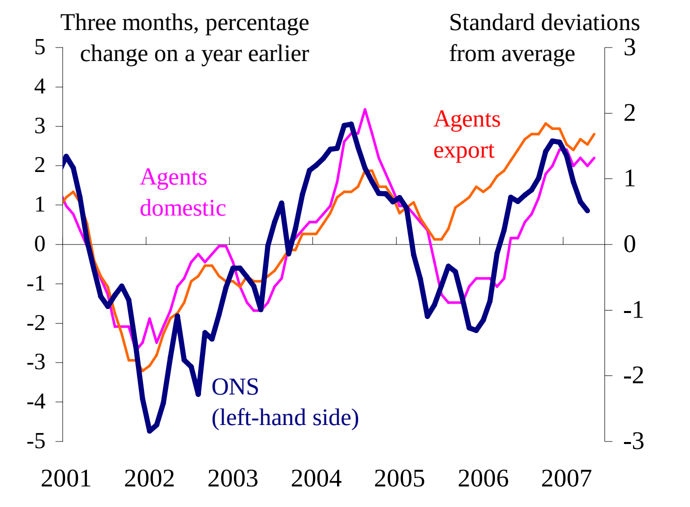
This has created a very different feel as I have travelled round the country to my experience two decades ago. The differences in business mood, unemployment experience and industrial structure, which were so noticeable then in the traditional industrial regions of the UK, are now much less apparent.

Current business conditions

These changes in industrial structure also help to explain an important feature of the current picture of the UK economy. While there are some variations across the regions of the UK, the picture presented by the Agents' reports is fairly consistent across the different parts of the country. There are some idiosyncratic features – such as the rapid increases in property prices in Northern Ireland. And the buoyancy of global financial markets is having a bigger impact on the London economy than elsewhere[12]. But across manufacturing, services and construction, the picture for the first half of this year is of healthy growth across the UK as a whole.

.[12] See Gieve (2007) for a discussion of this issue. The fact that the financial services industries have tended to be one of the more volatile sectors of the economy could be an issue for the London economy and for other financial centres (eg Edinburgh and Leeds) in the future.

Chart 9: Alternative views on manufacturing

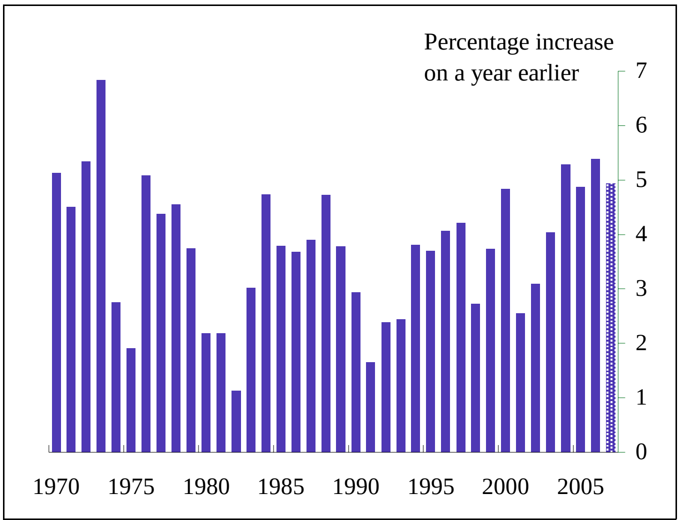


Source: Bank of England and ONS

Economic growth in the year to the first quarter of 2007 was a solid 3%, above the recent trend, and most of the evidence suggests that growth remained firm in the second quarter. Indeed, the picture presented by business surveys and the Bank's Agents' reports are stronger than that suggested by the official statistics, particularly in the manufacturing sector, as Chart 9 shows. This stronger tone from the business surveys and the Agents' reports could be an indication that recent official data on economic growth is understating the strength of activity and demand. That would also be consistent with survey data showing that capacity pressures have been increasing within firms over the past year, and would be an added reason for concern about the inflationary impact of current demand conditions.

A key ingredient in this healthy economic picture is the current strength of the global economy. Though the US economy slowed last year and in the first quarter of this year, strong demand in Asia and a pick-up in European growth are providing continuing impetus to global demand. The economies of the Middle East are also strong, and oil money is flowing back into world markets through healthy export growth and through asset markets.

Chart 10: World GDP growth

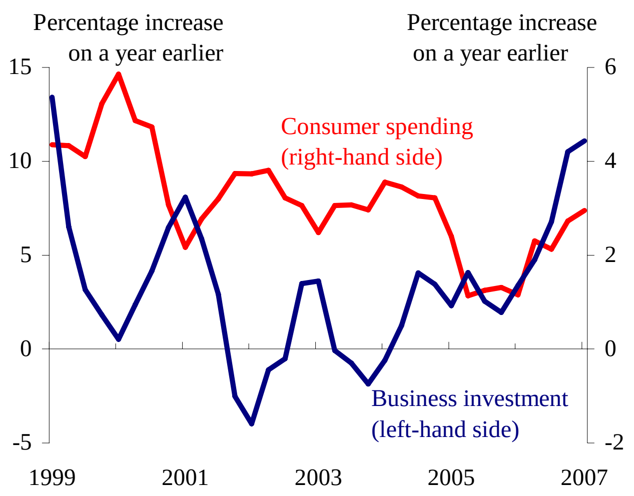


Source: IMF World Economic Outlook
Note: 2007 figure is forecast

Chart 10 shows that this is the fourth calendar year of world growth at around 5%, using the IMF's data and forecasts. We have to look back over thirty years to find a period of such strong and persistent expansion in the global economy.

A couple of years ago, this strong global growth was a welcome addition to UK demand, offsetting a slowdown in consumer spending and against a backdrop of subdued investment. However, these two key elements of domestic demand have turned around over the past two years. Consumer spending is now growing roughly in line with historic trends, while business investment is enjoying a strong recovery, as Chart 11 shows.

Chart 11: Consumer spending and business investment

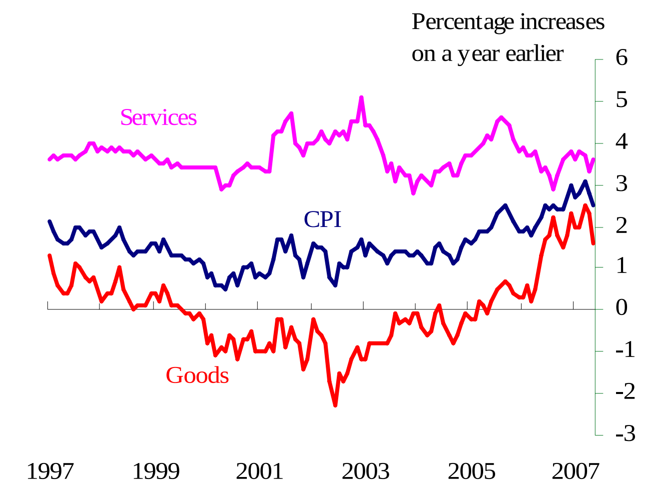


Source: ONS
Note: Business investment smoothed over two quarters

This pick-up in demand in itself would provide a good reason for some tightening in monetary policy. However, we have also seen a dramatic change in the global inflation environment over the past few years. In the earlier years of this decade, particularly in the period 2001 to 2003, the global economy was weak and there was a considerable amount of excess capacity in global markets. At this time, therefore, global pricing pressures were exerting a strong downward influence on UK inflation.[13] That situation has turned around quite dramatically in recent years. Robust global demand is now putting upward pressure on a wide range of energy and commodity prices, including the price of oil and many foodstuffs. This upward pressure on inflation is being experienced in many countries, and it is particularly affecting the prices of goods.

[13] See Bean (2006), for example, for a discussion of the impact of globalisation on industrialised countries' inflation processes.

Chart 12: Goods and services inflation



Source: ONS

As Chart 12 shows, for most of the period that the MPC has been in charge of monetary policy, goods prices were flat or falling, offsetting the fact that services inflation was running at 3-4%, and therefore helping to keep overall inflation on target. However, goods price inflation has now replaced deflation, as energy prices have picked up, and the recent official data and business surveys show more inflation in the pipeline in the manufacturing sector. Falling gas and electricity prices (counted as "goods" in the CPI) may help to moderate inflation in the short-term, though recent oil price movements remind us that further upward shocks to energy prices are also possible. To bring inflation back to target over the medium-term, we either need to see goods price inflation fall back again, or an offsetting fall in services inflation.

UK monetary policy: Good for business?

To achieve either result, we are likely to need some slowdown in demand growth. The challenge for monetary policy is to gauge the right level of interest rates to achieve the necessary degree of restraint to keep inflation at its target level over the medium term.

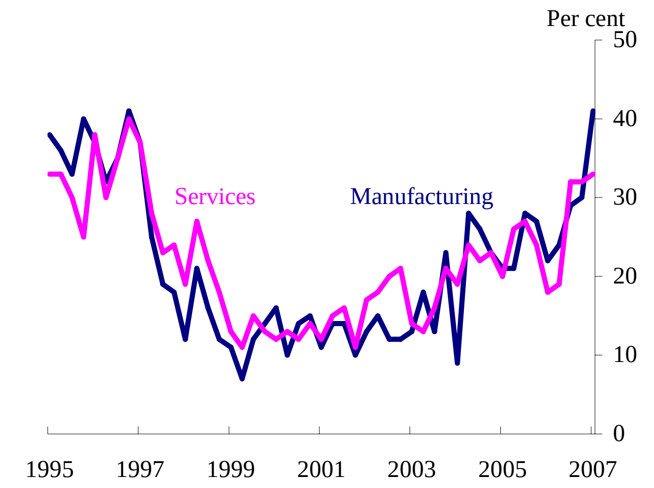
Across the Monetary Policy Committee there has been a spectrum of opinion on the pace and the extent of policy tightening needed over the past year. As my voting record shows, I have been one of those most anxious to raise interest rates earlier rather than later. This was contrary to the expectation when I was appointed to the Committee that

I would – in the words of The Times newspaper – “take on the mantle of the leading dove” because of my business background.

However, as I have argued earlier in this speech, the business interest lies in the lasting stability which comes from low inflation over the medium term. My concern over the nine months I have been on the Committee has been to respond to strengthening demand and a rise in inflationary pressures in a timely way. Failure to do that would create the risk that there might need to be even higher interest rates and a more pronounced slowdown further down the track. At the same time, the consistently healthy picture presented by the business surveys and the Agents’ reports across a wide range of business sectors, coupled with the buoyancy of the global economy, have suggested so far that the risk of overkill in restraining demand in the short-term was low.

Within the business community, I sense no desire to take risks with inflation – given the damage it has created in the past and the benefits we have seen from our recent experience of much greater price stability. Indeed, many of the business contacts I have met around the country have emphasised the need for the Monetary Policy Committee not to let inflation “get out of the bag” once again.

Chart 13: Business concerns about inflation

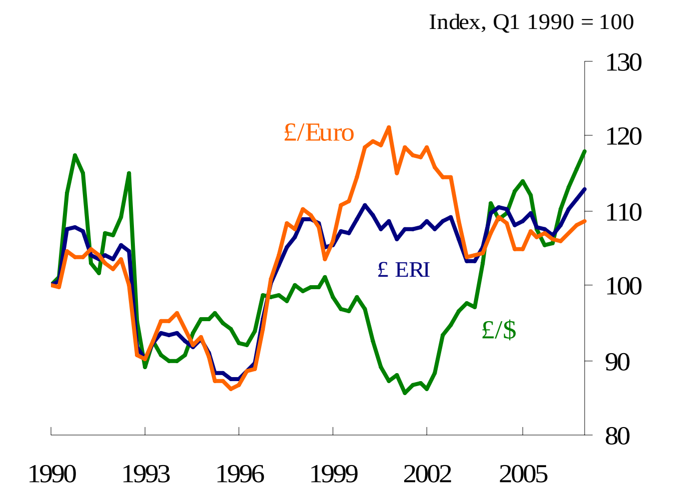


Source: British Chambers of Commerce
Note: Balance of businesses reporting that inflation is more of a concern than three months ago

Survey evidence supports this view of rising business concern about inflation, which has coincided with the increased inflationary impetus we have seen from the global economy over the past few years. Chart 13 – based on responses to the British Chamber of Commerce surveys around the country – shows that this concern is particularly noticeable in the recent responses from manufacturers, who are more heavily exposed to the impact of rising energy and commodity prices.

In the past there have been concerns that monetary tightening would be "bad for business" because it would bear disproportionately on the manufacturing sector and on the traditional industrial regions. These concerns have often surrounded the impact that a strong or sharply appreciating exchange rate would have on manufacturers and exporters. This was certainly a big issue in the late 1980s, leading the CBI and other business organisations to support ERM membership as the appropriate framework for monetary policy. Exchange rate concerns were also a feature of the early days of the MPC, in the wake of the appreciation of the pound, particularly against the European currencies, in 1996 and 1997.

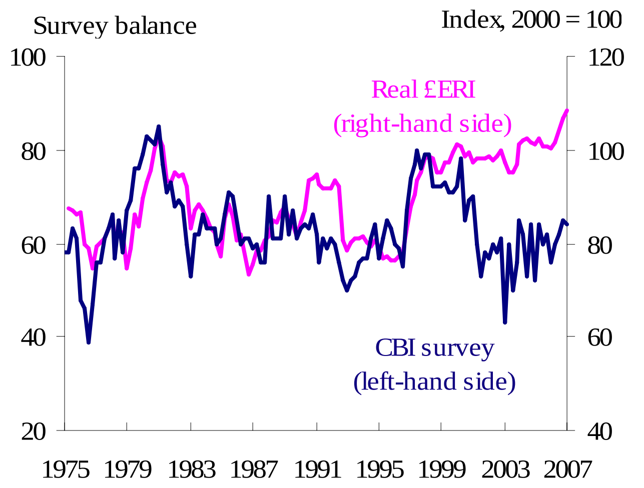
Chart 14: Movements in sterling since 1990



Source: Bank of England and Eurostat
Note: ECU exchange rate shown before 1999

The pound has once more been in the headlines, recently reaching a 26-year high against the dollar. However, as Chart 14 shows, the UK's trade-weighted exchange rate basket has been more stable and is currently around 4 to 5% above its average for the period since 1997 (ie while the MPC has been in charge of monetary policy). Against the euro, which is the most significant currency for UK exporters, the pound has been stable at around the current rate since 2002 and is actually 10% or so weaker than around the turn of the decade. In addition, increased flexibility which manufacturers have gained by outsourcing and focussing their businesses on high value-added and niche markets should reduce the direct impact of exchange rate movements. A strong pound against the dollar can also help businesses offset rising costs from dollar-based suppliers.

Chart 15: Are prices constraining UK exports?



Source: CBI and IMF
Note: Real exchange rate index calculated using CPI

So while exchange rate movements are always a source of concern to some businesses, survey-based measures – such as the CBI measure of prices as a constraint on export orders shown in Chart 15 – indicate a relatively subdued impact of recent currency movements on export competitiveness.[14] Indeed, based on historical trends, the chart suggests we should have expected to see much more concern being registered by manufacturers at the current level of the exchange rate. This muted response may reflect strong global demand helping to offset the negative impact of the exchange rate on competitiveness. But it is also likely to reflect some of the structural changes in manufacturing which have taken place over the last decade, which mean that exporters are now better able to compete at current exchange rate levels.

If I have detected a concern about the uneven sectoral impact of recent monetary tightening in the business community, it is that activities linked to the UK consumer spending and the housing market will bear a disproportionate share of a future slowdown in demand. However, it is important to see this in context. Over the decade from the mid-1990s to the mid-2000s, the consumer side of the economy enjoyed an exceptional period of strong growth. As I pointed out in a speech earlier this year[15], a period of rebalancing of the sources of UK growth may now need to take place, with a larger contribution from the world economy and investment and hence a relatively

[14] The CBI Quarterly *Industrial Trends* survey asks manufacturers whether prices are expected to limit export orders over the next three months. The responses to this question should indicate the extent to which businesses are concerned about the impact of the exchange rate on their competitiveness in export markets.
[15] Sentance (2007b).

smaller contribution from the consumer. Against this background, consumer-facing businesses should be prepared to adjust to a period of slower consumption growth, particularly in relation to the strong trend over the last decade.

So, to return to the question I posed in my title this evening. The job of monetary policy is to keep the temperature of the economy about right, once we have taken account of shocks to demand, supply, costs and prices. The benefits which business should look for from the successful conduct of monetary policy lie not in a temporary respite from higher interest rates, but in achieving a sustained climate of low inflation and economic stability. In that respect, the record of the MPC has been a good one to date, and if we can keep the economy on the same steady track, UK monetary policy should continue to be "Good for business."

References

Bank of England (2004), *Low inflation and business,* mimeo.

Bank of England (2007), 'The Monetary Policy Committee of the Bank of England: ten years on', *Bank of England Quarterly Bulletin,* Volume 47, Number 1.

Bean, C (2006), 'Globalisation and inflation', *Bank of England Quarterly Bulletin*, Q4.

Benati, L (2005), 'The inflation-targeting framework from an historical perspective', *Bank of England Quarterly Bulletin*, Volume 45, Number 2.

Besley, T (2007), 'Inflation and the service sector', *Bank of England Quarterly Bulletin*, Volume 47, Number 1.

Blanchflower, D (2007), 'Recent developments in the UK labour market', *Bank of England Quarterly Bulletin,* Volume 47, Number 1.

CBI (2007), Memorandum submitted to the Treasury Select Committee inquiry 'The Monetary Policy Committee of the Bank of England: ten years on'.

Eckersley P, and Webber, P (2003), 'The Bank's regional Agencies', *Bank of England Quarterly Bulletin,* Volume 43, Number 1

Ellis, C and Pike, T (2005), 'Introducing the Agents' scores', *Bank of England Quarterly Bulletin*, Volume 45, Number 4.

Gieve, J (2007), 'London, Money and the UK Economy' Speech at the University of Surrey, Guildford, 26 June 2007, mimeo

King, M (2007a), 'The MPC ten years on', *Bank of England Quarterly Bulletin*, Q2.

King, M (2007b), Speech to a CBI Dinner, Wales, 11 June 2007, mimeo

Sentance, A (2007a), 'Inflation and the supply side of the UK economy', *Bank of England Quarterly Bulletin,* Volume 47, Number 1.

Sentance, A (2007b), 'The changing pattern of savings: Implications for growth and inflation', *Bank of England Quarterly Bulletin,* Volume 47, Number 2.