

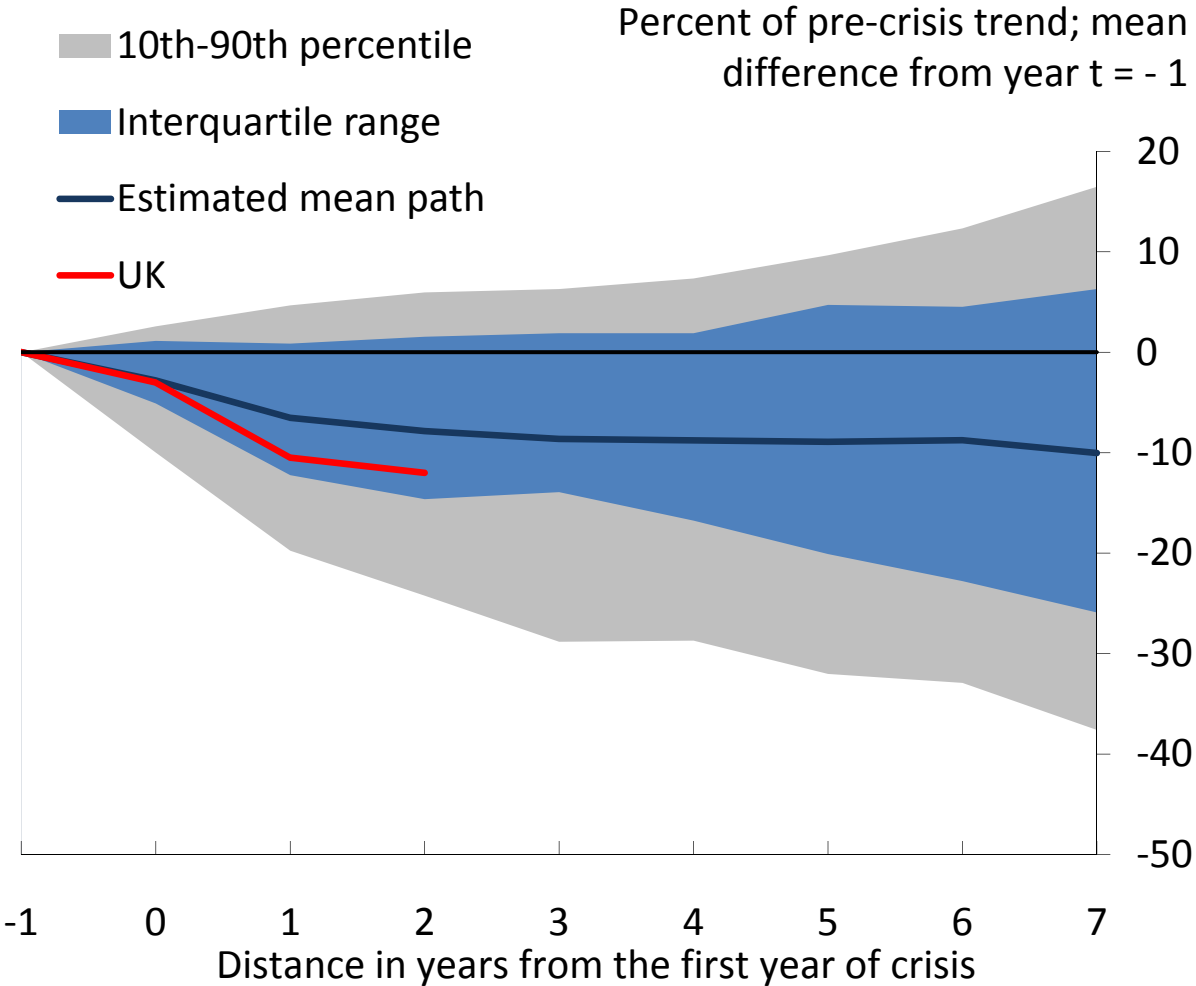
# The MPC's Policy Dilemma

**Charles Bean**  
**Deputy Governor**



**ABI Economics and Research Conference, London**  
**03 March 2011**

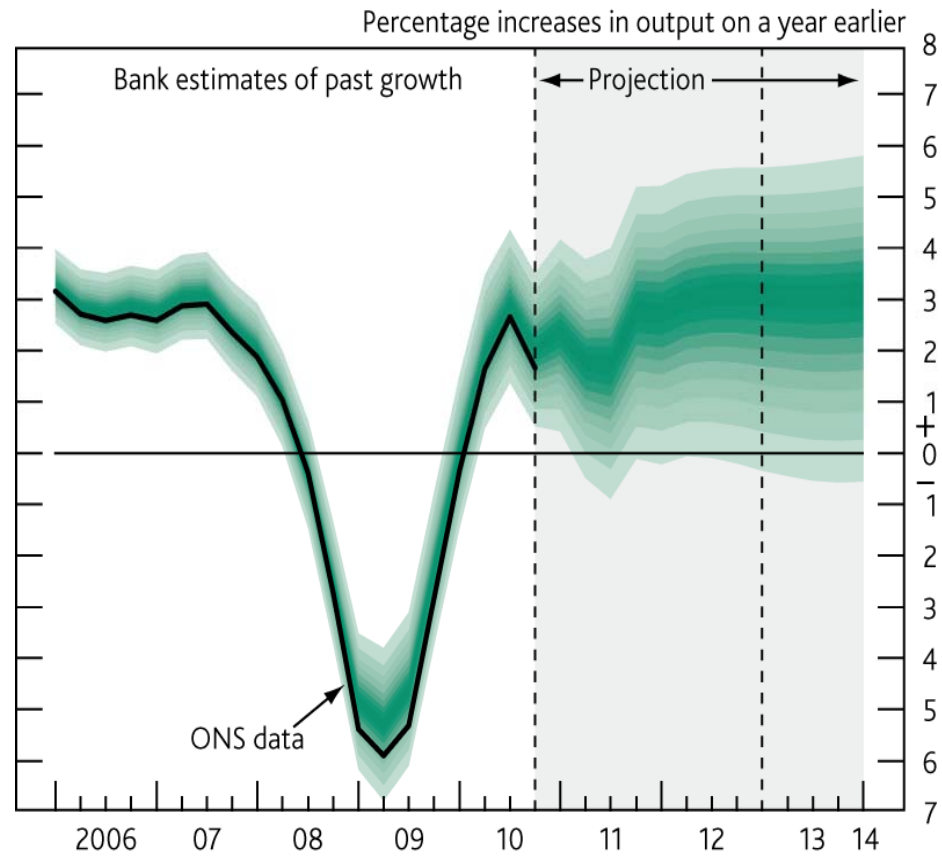
# Chart 1: Output after banking crises



Source: IMF and Bank calculations.

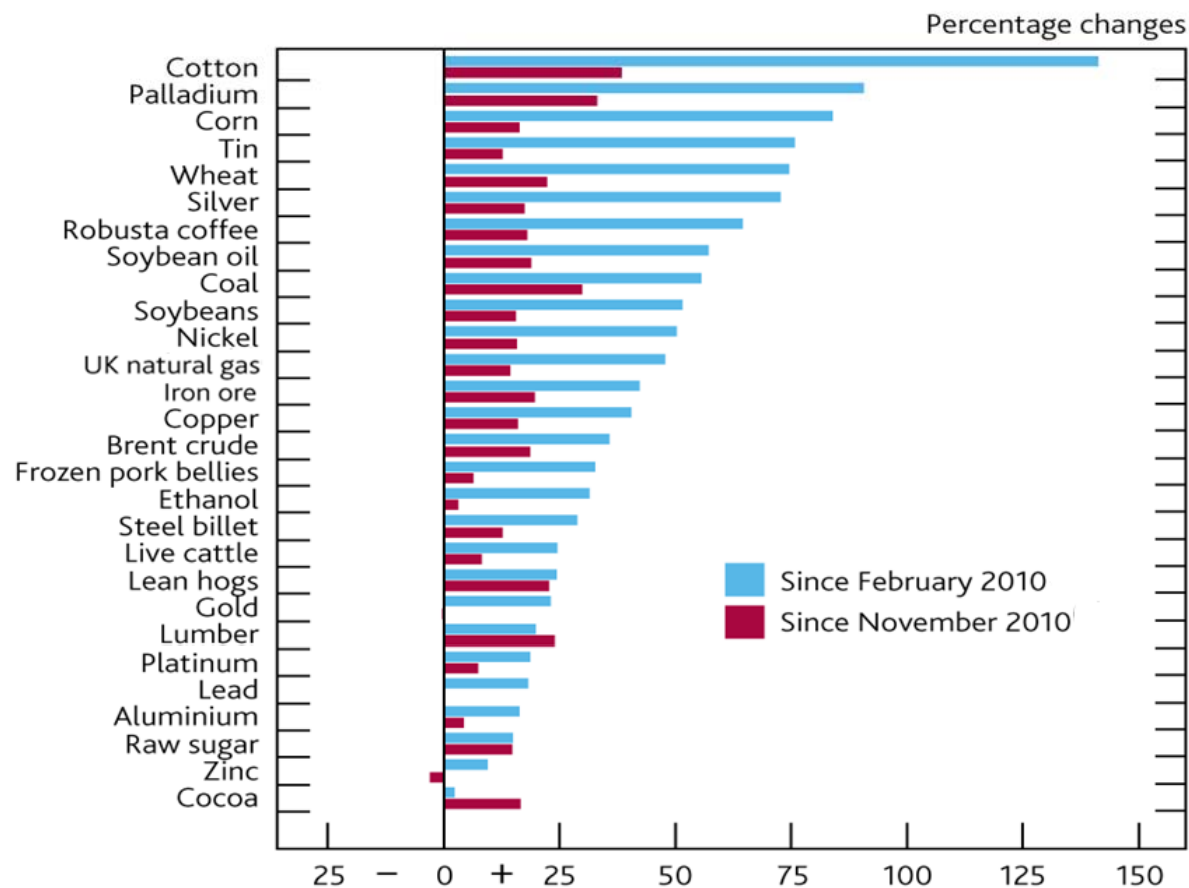
(a) Sample of 88 banking crises. Output per capita relative to trend measured from the 10 years before the crisis to 3 years before. 2

# Chart 2: GDP projection



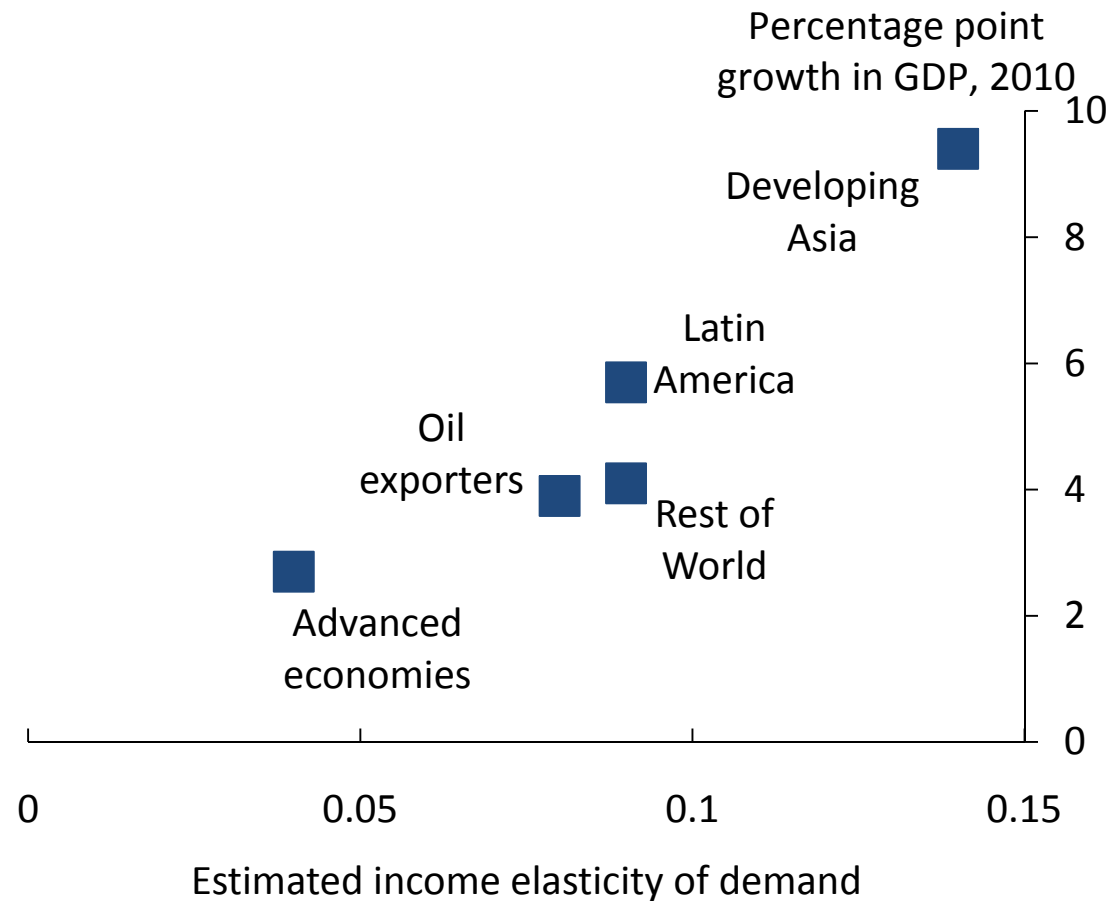
Source: February 2011 *Inflation Report*.

# Chart 3: Selected primary commodity prices



Source: February 2011 *Inflation Report*.

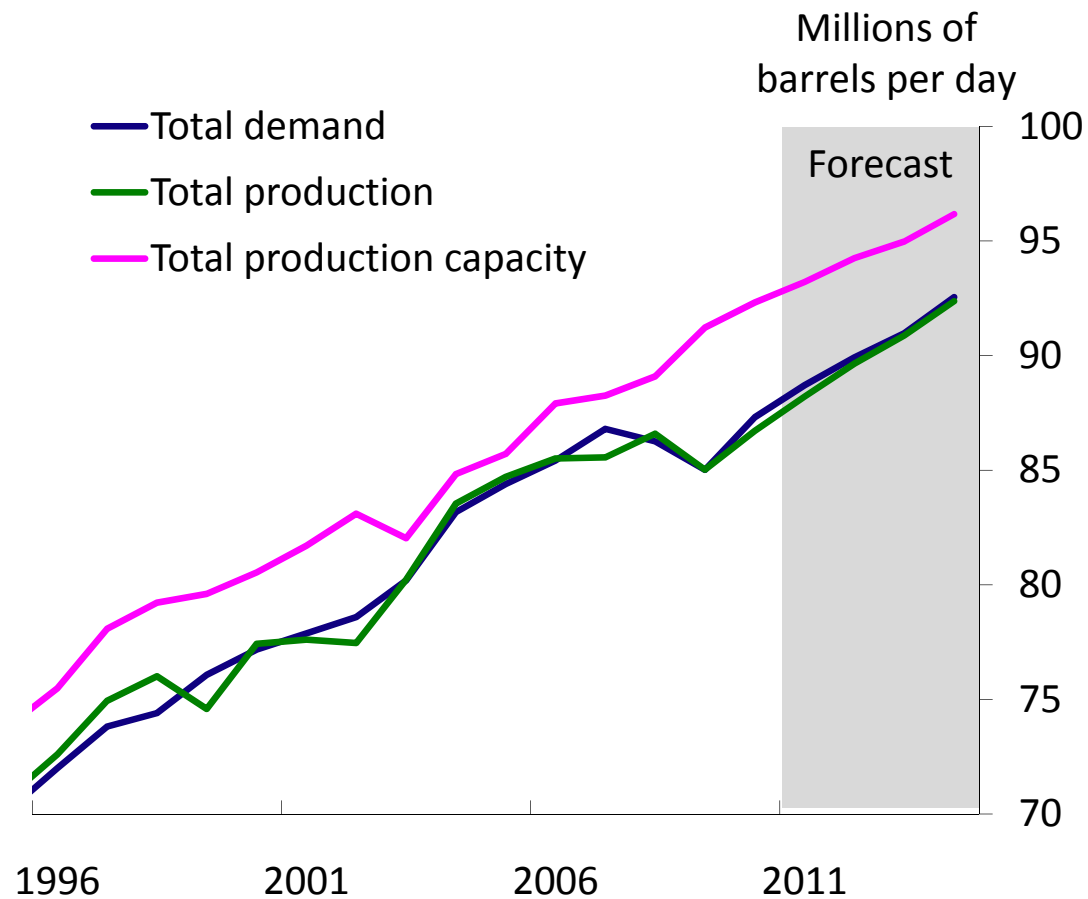
# Chart 4: Income elasticity of oil and GDP



Sources: IEA World Energy Outlook, 2006 and IMF.

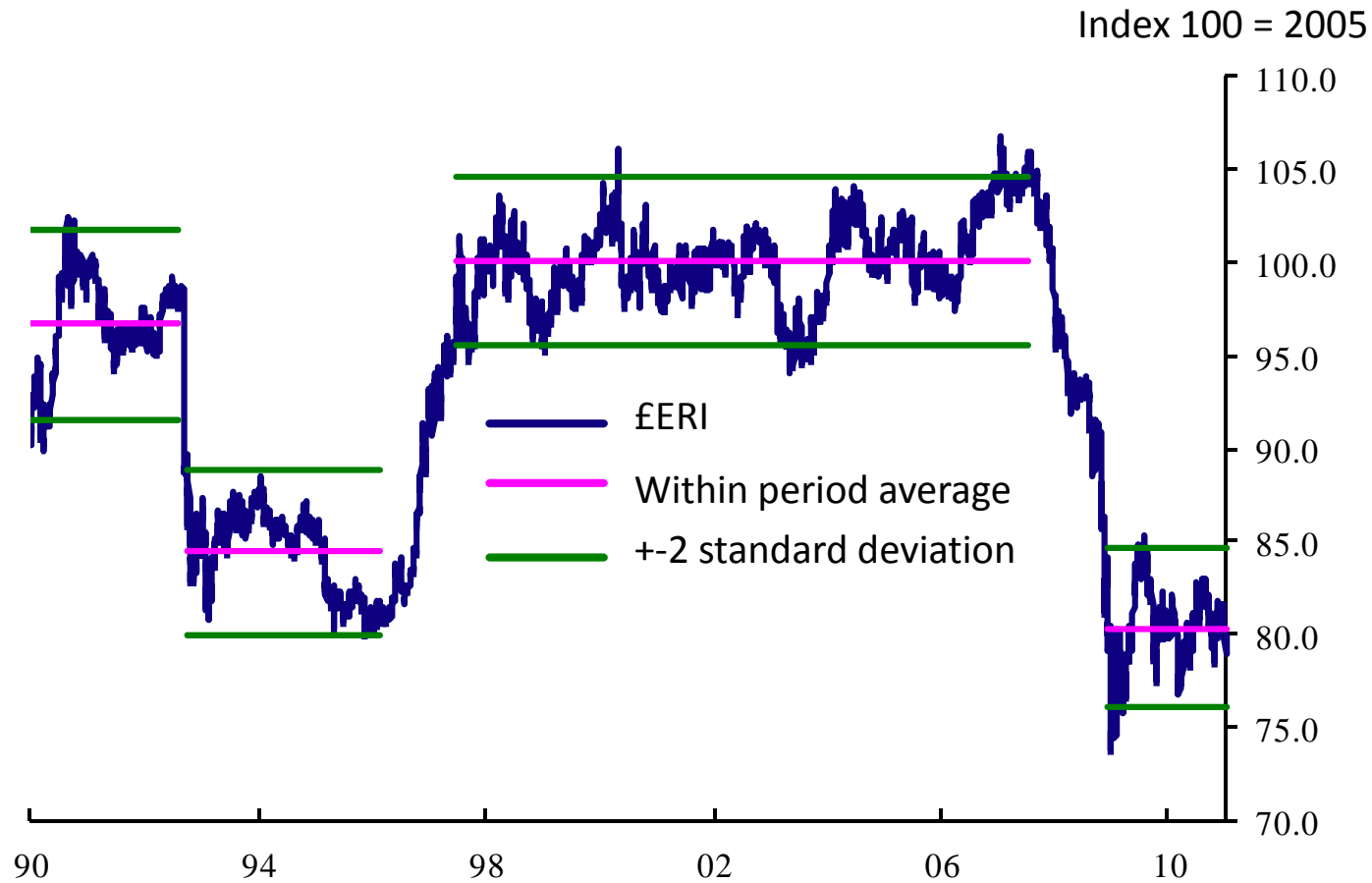
Income elasticities of demand are short-run estimates based on annual data from 1979 to 2005.

# Chart 5: Oil demand and supply

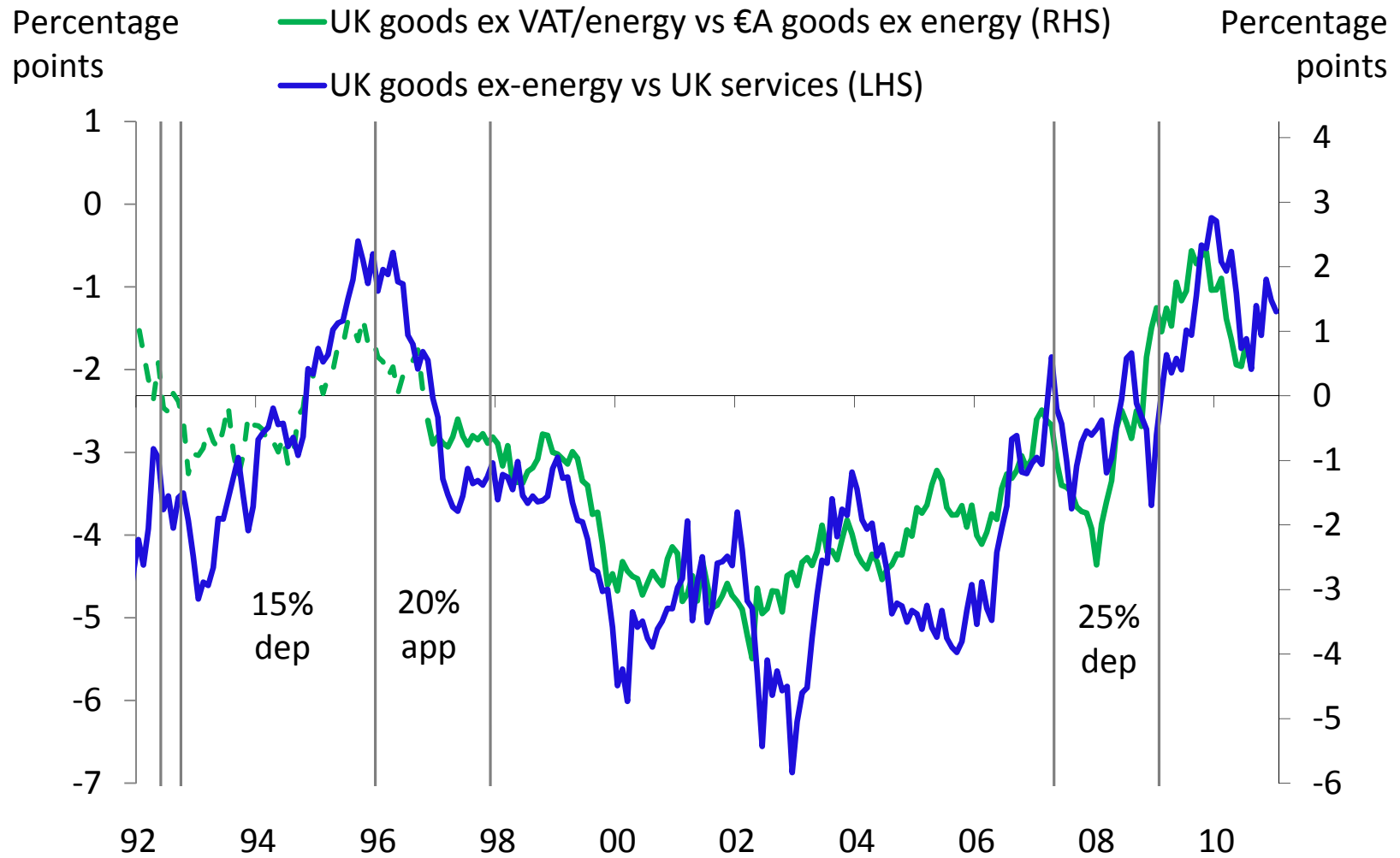


Source: Cambridge Energy Research Associates.

# Chart 6: Sterling effective exchange rate

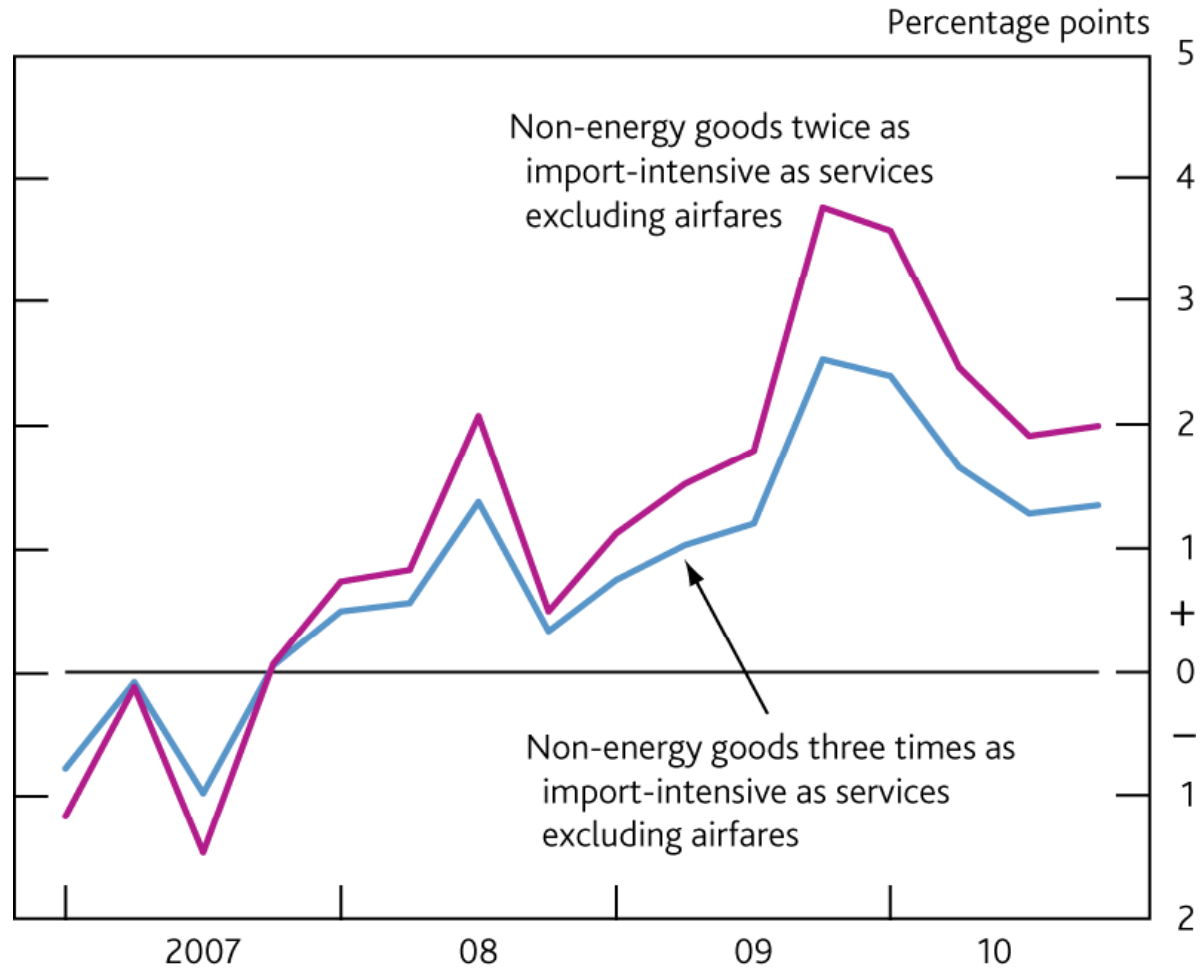


# Chart 7: Gauging import price pass-through



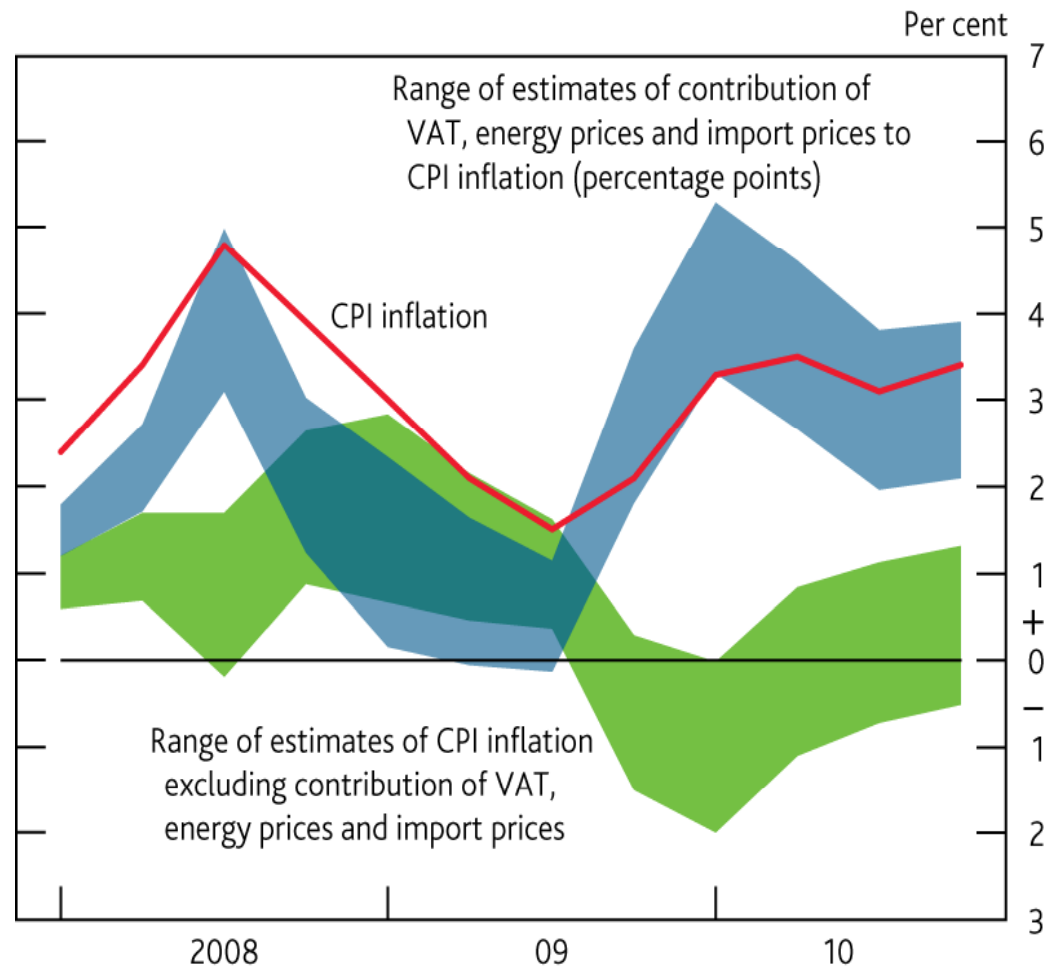


# Chart 8: Contribution of import prices to CPI inflation



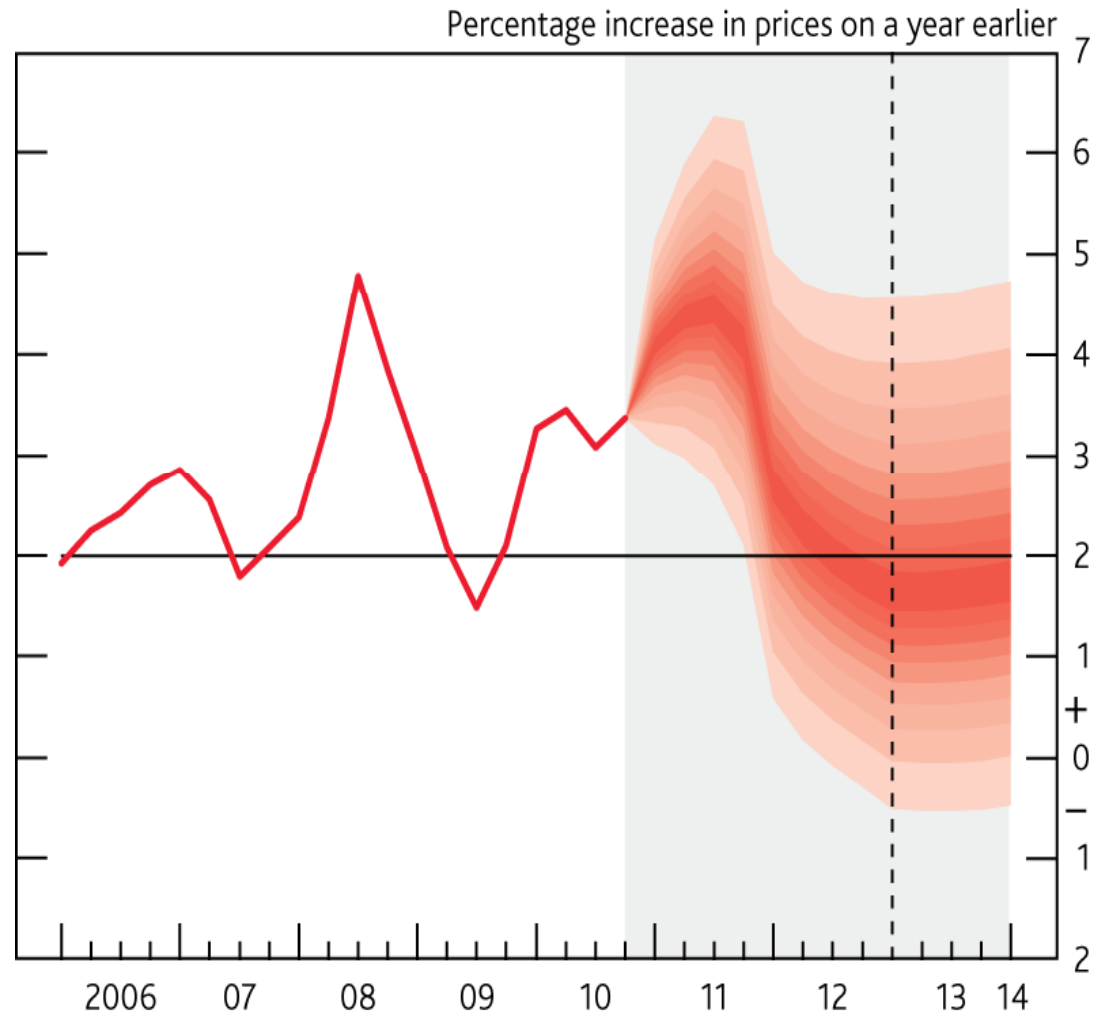
Source: February 2011 *Inflation Report*.

# Chart 9: Contribution of VAT, energy and import prices to CPI inflation



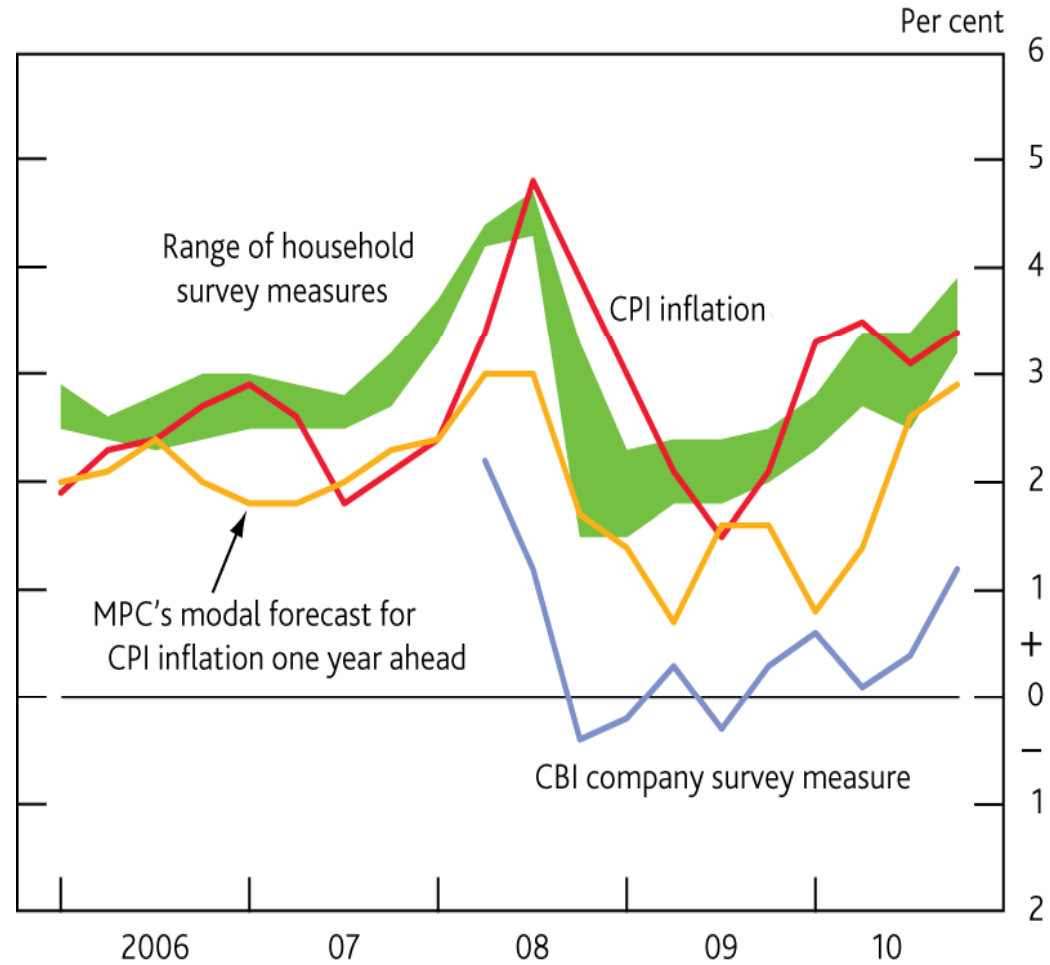
Source: February 2011 *Inflation Report*.

# Chart 10: CPI inflation projection



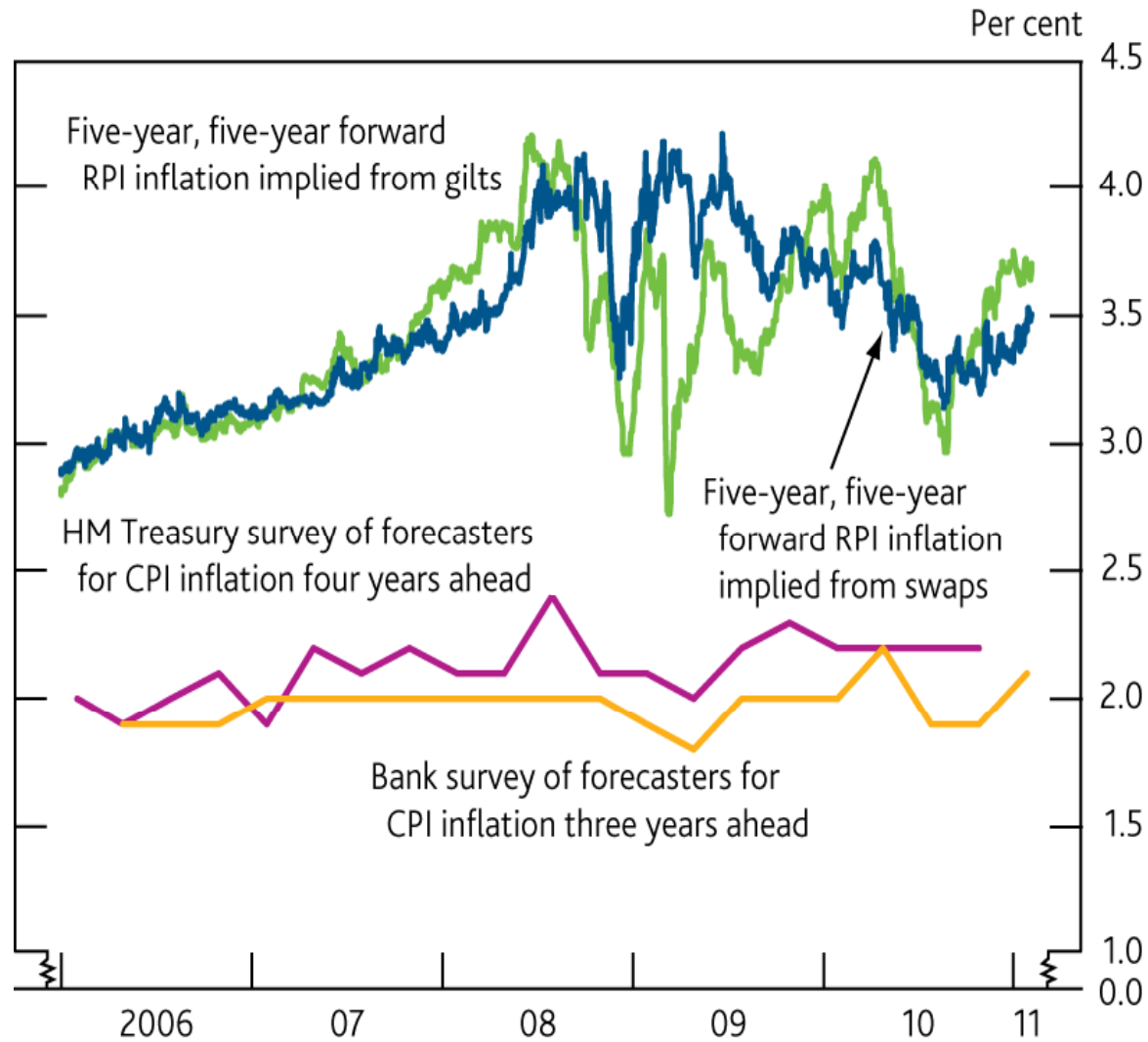
Source: February 2011 *Inflation Report*.

# Chart 11: Short-term inflation expectations



Source: February 2011 *Inflation Report*.

# Chart 12: Longer-term inflation expectations



Source: February 2011 *Inflation Report*.

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THE END



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