



BANK OF ENGLAND

The UK's productivity growth challenge

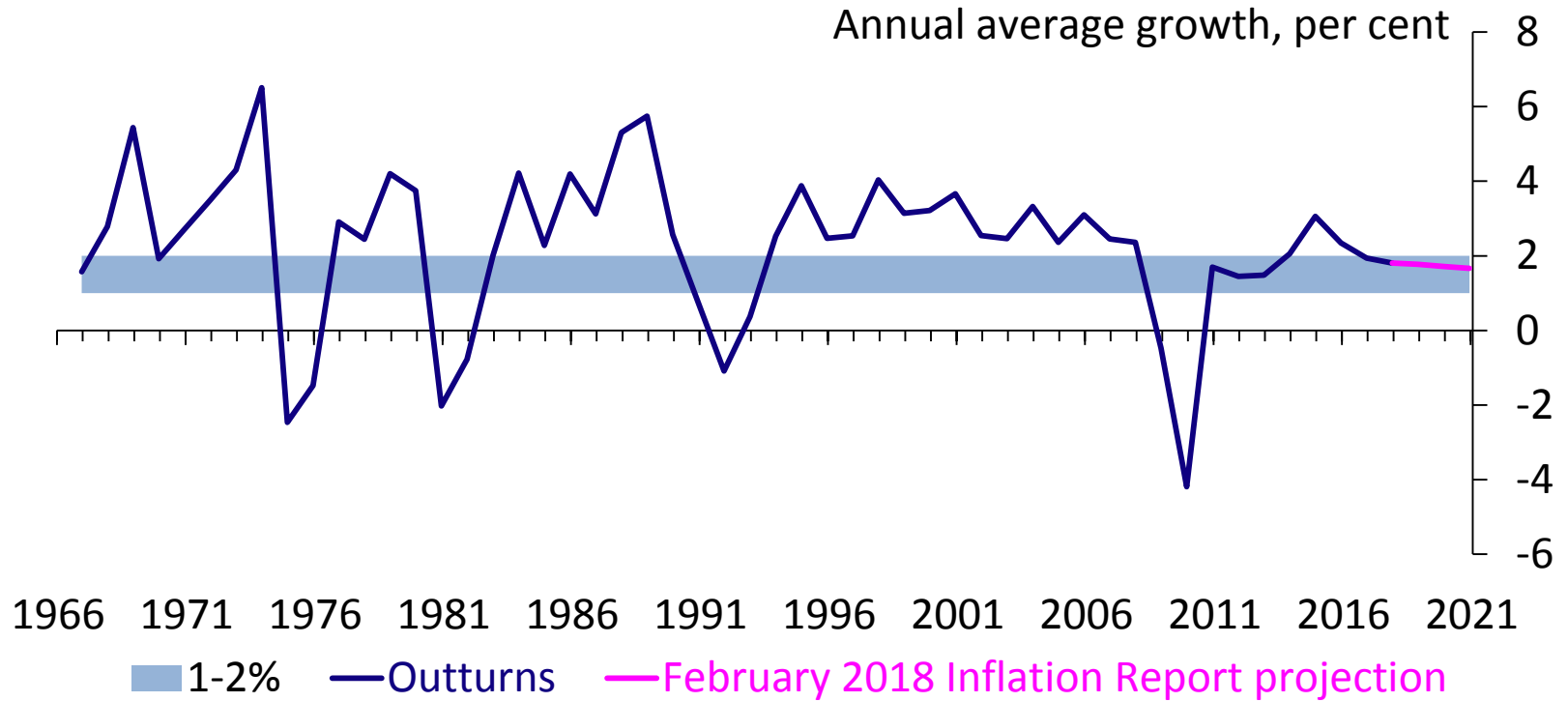
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Babraham Hall, Cambridge

23rd February 2018

1. UK GDP growth

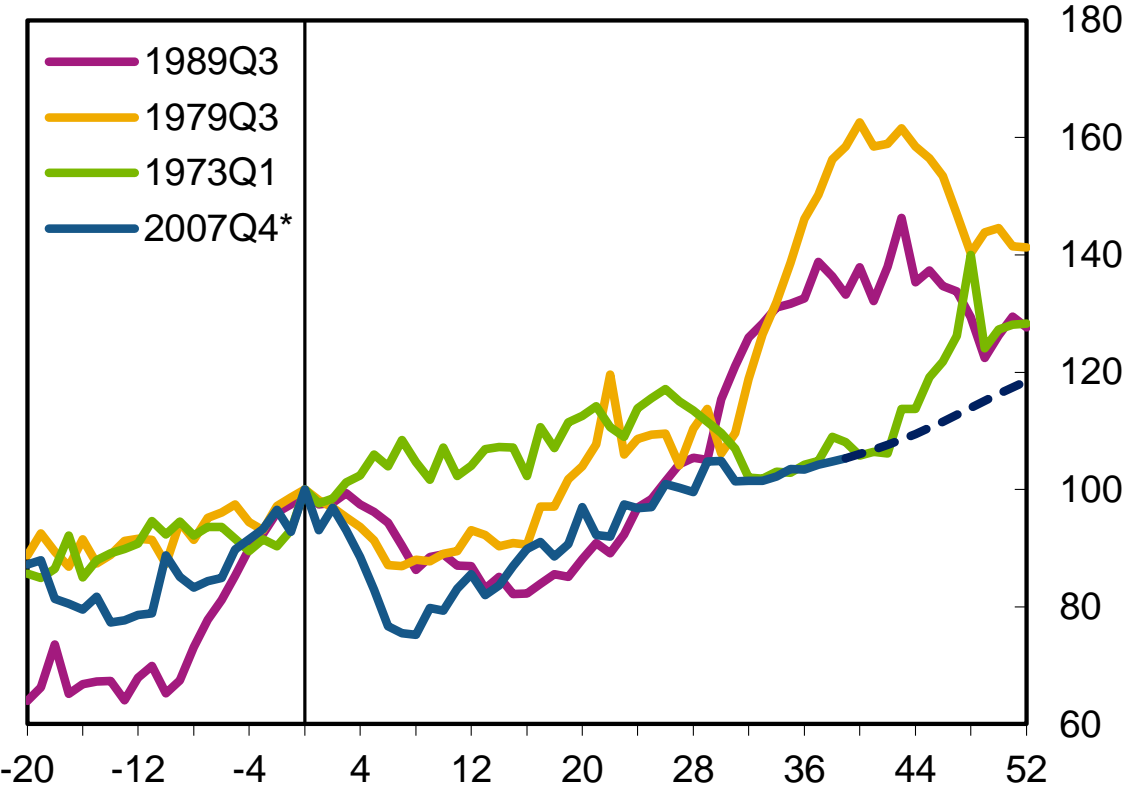


Sources: ONS and Bank of England



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2. UK business investment cycles



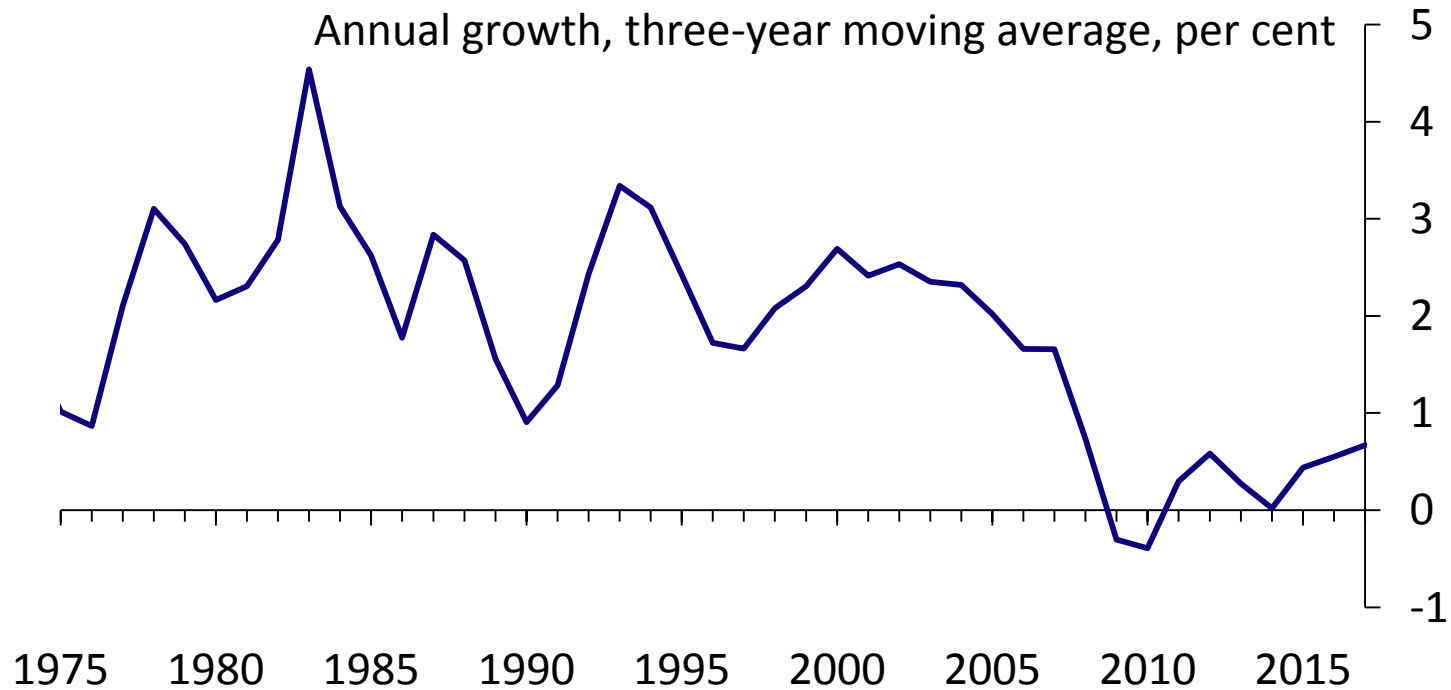
Sources: ONS and Bank of England

Vertical axis is indexed to 100 at time 0. Horizontal axis shows the quarters prior to, and since, the peak level of business investment.

* Dashed blue line shows the MPC's February 2018 *Inflation Report* projection



3. UK annual productivity growth (GDP per hour worked)

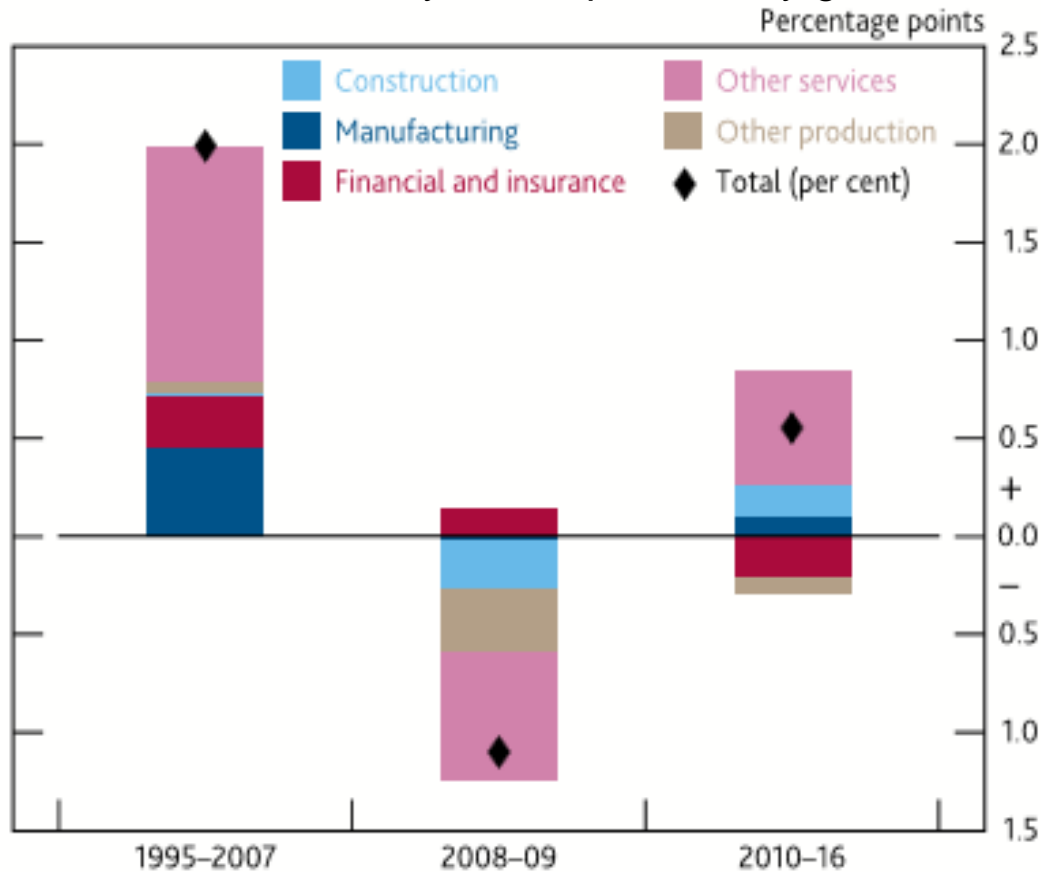


Source: ONS



4. Sectoral contributions to productivity growth

Contributions to hourly labour productivity growth*

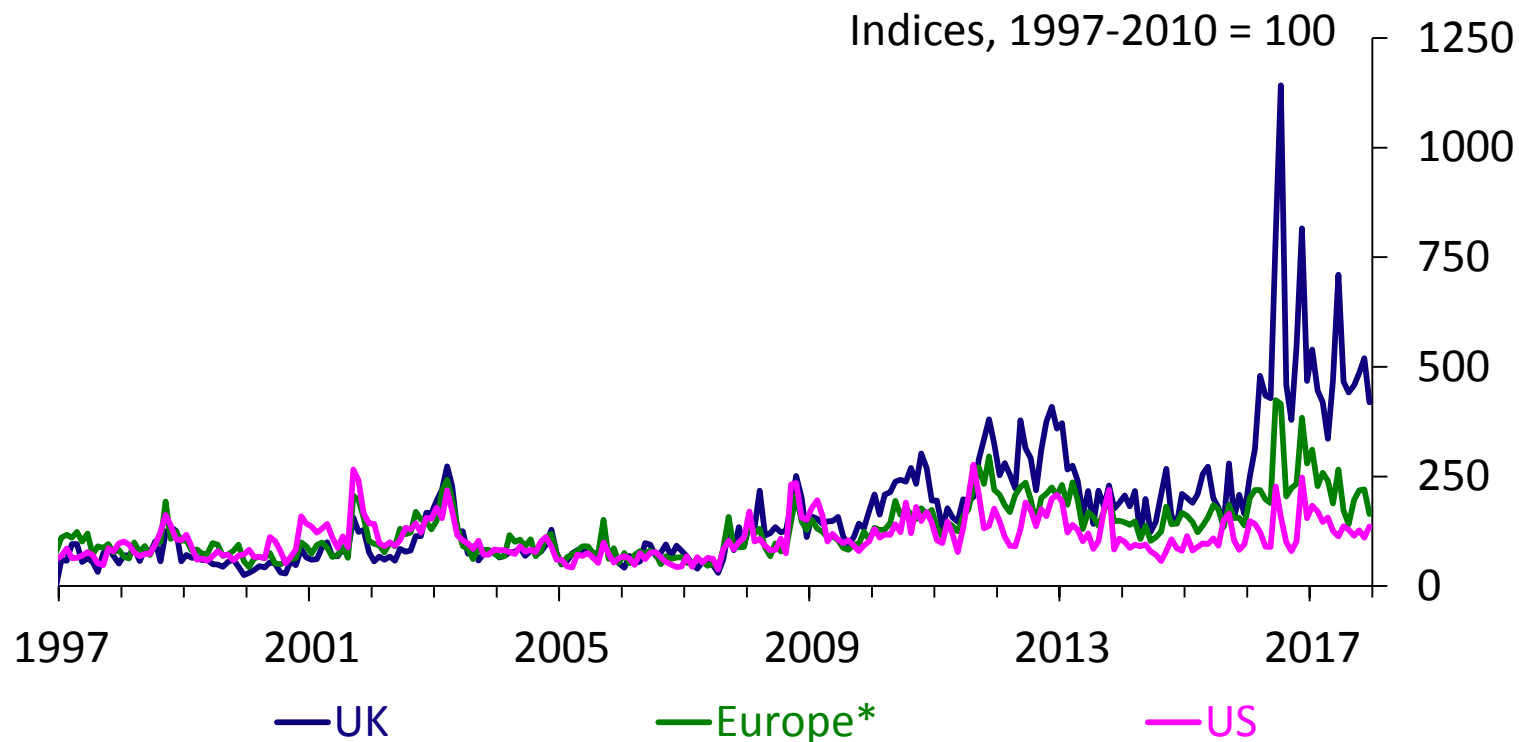


Sources: ONS and Bank calculations

* Annual averages. Sectoral output per hour is calculated as gross value added divided by hours worked.



5. News-based policy uncertainty indices



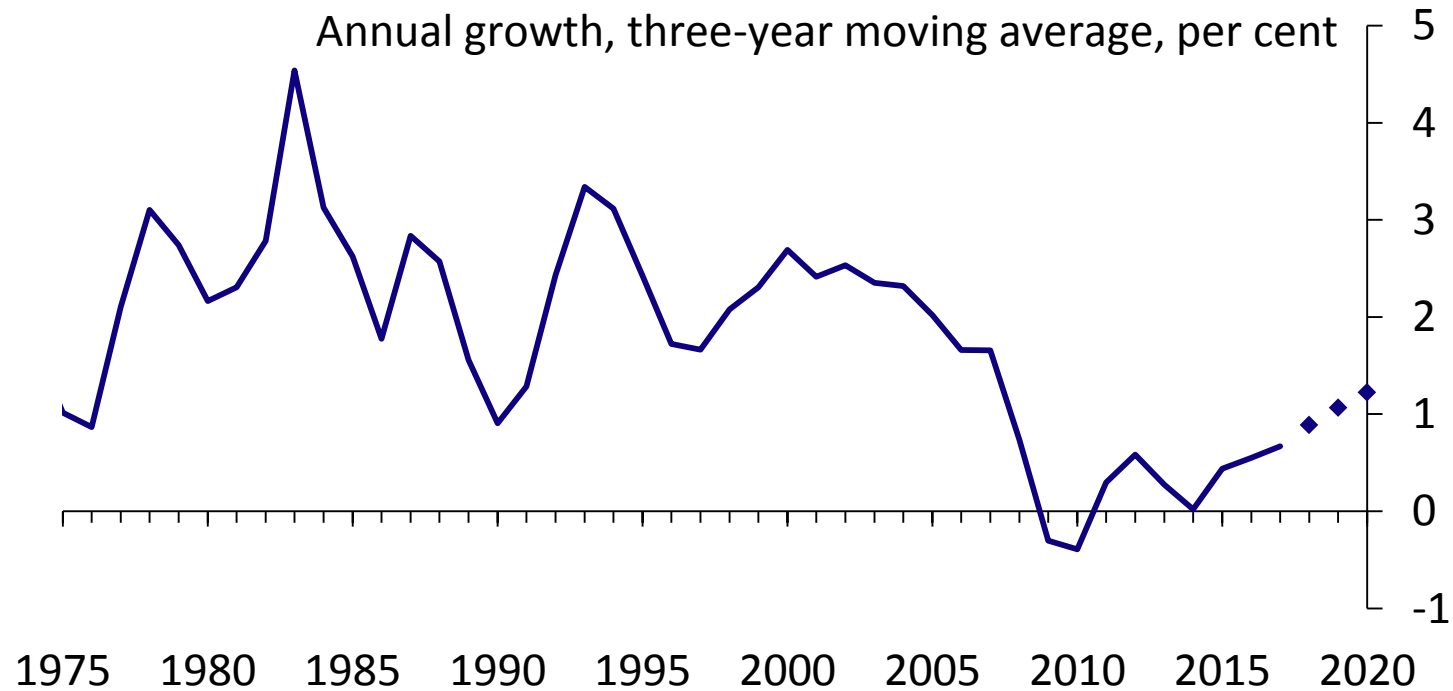
Source: "Measuring Economic Policy Uncertainty" by Scott R. Baker, Nicholas Bloom and Steven J. Davis at www.PolicyUncertainty.com

* Constructed using newspapers from France, Germany, Italy, Spain and the UK.



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6. UK annual productivity growth (GDP per hour worked)*



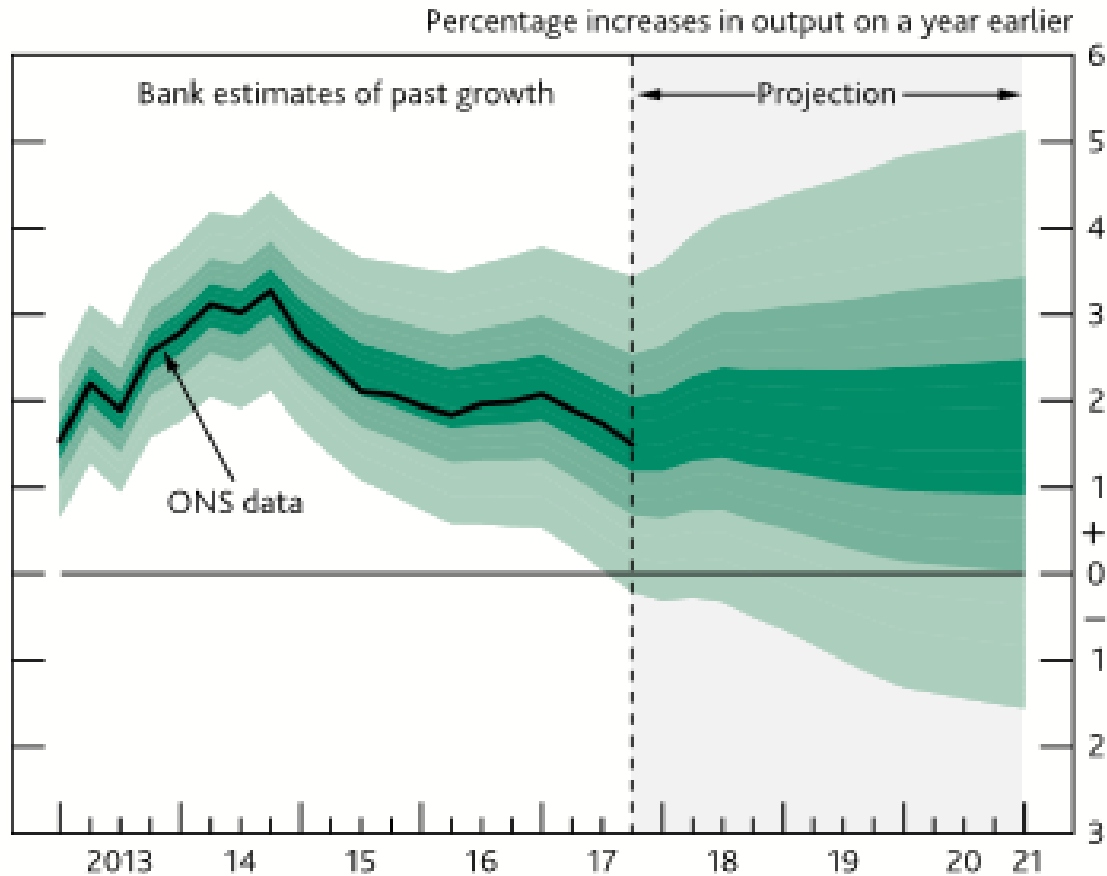
Sources: ONS and Bank of England

*Diamonds show the MPC's February 2018 *Inflation Report* projection (three year moving average)



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7. The MPC's February 2018 GDP projection*



Sources: ONS and Bank of England

* Based on market interest rate expectations, other policy measures as announced



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8. The Bank and new technologies



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Initiative of the year: Bank of England's FinTech Accelerator

The UK central bank has embraced fintech service providers in a controlled manner to bolster its cyber-security and payments capabilities

FINANCIAL TIMES

BoE to develop 'next generation' payments system

Bank of England successfully tests new payment method

'Interledger' programme synchronises transactions between two central banks

