

Sam Fleming: Sam Fleming, with the Financial Times.

The new language that you put in the minutes, the record of the minutes underlines the importance of, as you said, of the upcoming data releases.

Governor, would you feel comfortable advocating a rate cut as soon as the next meeting if the data outturns are in line with forecasts?

And a question also for Dave Ramsden, if I could, could you talk a little bit about why you decided that an immediate cut was necessary, you effectively taking the judgment that the bank is inflicting unnecessary damage on the economy by keeping rates at the current level? Thank you.

Andrew Bailey: Well, I'll talk about the next meeting.

I chose my words, as you can imagine, quite carefully, in saying that it's not a fait accompli and it's not ruled out.

I mean, nice question.

If things come exactly as we forecast them, what follows from that?

And the point I would make is this.

We added a sentence to the monetary policy statement in the last paragraph.

And what that essentially says is that we will consider the data releases that are coming up.

And I'll stress this point, how they inform the assessments of the risks, to inflation, persistence and whether our judgment that those risks are receding.

That's the language we used.

And receding slightly faster than we had assumed.

You know, holds.

So certainly speaking for myself, the data, we will obviously take the data, but even if the data are exactly in line with what we forecast, we will then have to reach a, you know, a broader judgment to say, does that mean that those risks are to inflation, persistence are receding.

And how do we put that into the context of the view we've taken today.

So that's I think the way I would frame it, I certainly want to be clear, you know, June is not a fait accompli.

But each meeting, you know, is a new decision.

Each meeting is genuinely a new decision.

We are genuinely evidence based, but you have to put that evidence into context.

And that's what we will, of course, do. Dave.

Dave Ramsden Thanks. And I think it's worth stressing.

I'm here today, along with Andrew and Ben, to answer questions about the MPC decision, the forecasts, wider developments in financial markets.

Andrew's just emphasized, you know, that there's a range of views on the risks around inflation, persistence and the degree to which those have receded.

That was central to my vote.

But I'll have an opportunity to say more about the underpinnings for my vote in the next few weeks.

I've got speeches coming up.

So for now, I'm afraid, rather than sort of pick up on the language you used, I just, Sam, I just flag.

Swati and Mei's position is set out in para 22 of the minutes.

So that gives you a summary for now.
I hope that's okay.

Faisal Islam: So. Thanks. Governor.

Faisal Islam, BBC.

Are you frustrated by how the market interpretation of where rates are going has been led by what's happening in the US?

Stickier inflation there some words from your colleagues in the fed saying rates will have to go up.

There seem to have avoided following down that route. And.

And that you might cut more quickly than is assumed.

Can you just clarify what you were saying there?

Andrew Bailey: Yeah, I mean, I'll take them in reverse order because it's a good question.

Look, I mean, I think if, the point I was making is this, you can obviously see that our forecast ends up at 1.6%.

That's a number I gave.

And the point I was making is, look, if that if the world were to pan out exactly as we expect it to, which of course, let's be honest, of course it never does.

But because things happen.

But let's say it did, then I think that, you know, obviously we would face the question, have to have to sort of confront the question, does that suggest that the path of monetary policy is, would be less restrictive than the path here, which, remember, is conditional, this forecast on the market curve.

And that's the point I'm making.

I think at that point you would have to obviously address that question because you would have an inflation ending up below target.

So that's the point I make.

Now to come to your first question, which in a sense frames the context for it.

I mean, it's certainly true when, when our staff do the do the sort of the analysis and do the decompositions of market movements, the market movements of late, in recent months have been dominated by movements in the US markets coming over to other markets, including our own.

I've said before, I think I said in Washington when I was making remarks about three weeks ago that to my mind, you know, the inflation dynamics of the UK are, you know, are different to to the US.

The US, it's facing a different situation.

It's got stronger demand.

And therefore, I think it is important to make that distinction.

I think we've seen some, you know, response in markets to that of late where there's been some, some, some, some movement, some decoupling.

But I think, you know, it is a question and I think we have to keep posing because we certainly do, you know, do observe that.

I would say the inflation dynamics do look different in the UK. Certainly.

Mehreen Khan: Hello. Mehreen Khan from The Times.

A question about the forthcoming data and actually your tolerance for volatility.

If data is not coming in exactly in line, are you more inclined to see these as bumps in the road, rather than telling you something else about what's going on in the economy, for example, the fed has sort of rowed back on its idea of bumps in the road and thinks there's stronger signals coming from its inflation signals.

And just on the skew of what's actually coming up, given your frustration, your continued frustration with what's happening with the ONS labor market figures, are you less likely to see any noise signal coming from the labor market and rely much more on the inflation data for April and May, compared to the labor market report?

Andrew Bailey: Well, I mean, it's a good question.

And Ben will probably want to come in on this.

I mean, there's always data volatility.

I mean I think it's important to note that yeah, short run data are always volatile in that sense.

So you always get, you know get some ups and downs.

And what we spend a lot of time doing in our meetings is sort of in a sense, trying to extract the underlying signal from the noise, if you like.

And of course, we get a lot of other inputs, you know, including our agents who are, you know, giving us a, you know, every time give us their own, you know, new assessment.

And we will do that because, you know, I if I had to predict something, I would say, when we get to the next meeting, what we will find is that, you know, some data are sort of in line with what we thought and some, some are a bit at odds with what we thought. And then we have to sort of try and work out whether there's a particular story that explains that.

I'm going to give you an example at the moment, which I think is, you know, quite a good one, actually.

So one of the things that so again, I look at quite closely is, is the pass through of costs into prices.

So it's interesting if you look at the last, PMI survey, that came out a week or so ago, you saw a stronger picture for input prices, input costs than you did for output prices and the producer sector.

Now, I think that's a very interesting potential bit of data, because what it, what it sort of chimes with is discussions I certainly have when I go around the country, which is particularly when you look at something, someone takes something like the National Living Wage, you know, we can observe what's what it is.

The question is, is it passing?

Is it being passed through that that PMI data would tend to suggest?

It possibly isn't.

It tends to fit with stories I've heard around the country of companies saying they're probably a bit less likely to pass these things through at the moment.

There's more pressure on margins in that sense, so that's the stuff we have to always do.

On the ONS, Ben will come in on this, I think, look, we've included a box in the MPR on the state of play.

We can't not look at the labor market.

And by the way, we're talking about quantities.

I mean, the wage data is a different survey.

Not in the same not in the same box.

In that sense, we can't not look at it.

On the other hand, I'll give you one example which is which is highly relevant. It's. It's very hard at the moment to know whether participation has gone up or down. And that's, you know, that's challenging.

Ben Broadbent: I want to yeah. Andrew referred to trying to extract the signal from the noise.

And in that process, roughly speaking, the weight you put on any single indicator is inversely proportional to its variance.

So some indicators are noisier than others.

You're right to say that the quantity numbers in the labor market are more uncertain than usual.

The low response rate means the sampling error is higher.

Similarly, as it happens, the AWE, the official wage data which don't have that same problem, the response rates, it's a survey of businesses are pretty high, but the numbers themselves are very variable from month to month.

So for my part, I'll probably look a little more closely at services inflation than wages, at least over very short periods of time.

That said, Andrew's right.

We have quite a lot of other indicators that we look at as well.

We've got plenty of surveys for wage growth coming from our agents from other private sector firms.

Similarly on employment, we have quite a bit.

There's a nice graph in the MPR trying to get at what might have happened to unemployment, or at least to supplement the LFS estimates by using survey data.

So I think it would be wrong to imagine that we only look at the official series.

And it's precisely because they too can be quite variable from month to month or uncertain that we need to look at a whole range of indicators.

Dave Ramsden: The only point I'd add, and I really would recommend looking at the, the box that's box D on page 58.

I mean, I know a lot of you have written about it, but it, gives our latest assessment.

I mean, one other thing that I think has got a bit less attention is that the, in the past, the ONS, as part of the LFS suite, used to publish important data on labor market flows.

So those, you know, the if you like, the they help you assess the transition rates between different states in the labor market and those you could discern and infer something from those flows for more real time data.

So those data are still completely suspended.

Which adds to the adds to the challenge and I think to, to Andrew's and Ben's points.

[22:33] Therefore, you know, we have got a lot of other data to fall back on and a lot of other sources, but we are therefore having to put more weight on things like, you know, what the agents are telling us, you know, we're really lucky to have to have the agents network to, to enable us to do that gives us a more systematic take on, you know, those kind of, more, case by case visits and the like, but I think, you know, it is it is going to be really important.

I mean, the, the ONS has a plan of work which it's already implementing.

But, you know, there remain real concerns with the LFS.

And it's really important that those are those are dealt with. Thank you.

Joel Hills: from ITV news I have two questions.

The first on who goes first.

You've made the comment that inflation dynamics in the UK are different to the United States.

There is still that perception in markets, isn't there, that the fed is likely to go first?

Are you saying that that perception is wrong?

And secondly, you've said previously that one cut in bank rate is likely to still leave it in restrictive territory.

The markets are now betting on 2 or 3 cuts before the end of the year.

Would that still leave interest rates in restrictive territory?

Andrew Bailey: Well, first of all, there is there is no law which says that the fed must move first and everyone else, including us, moves afterwards.

I mean, that is not a law.

Moreover, as you know, we have a, you know, a remit and a target which is related to domestic inflation in the UK.

Now, obviously we take the world, we're an open economy, so we take the rest of the world into consideration, but we take it into consideration, insofar as it affects, you know, inflation in this country.

So let me be clear.

There's no law which says that we can only move after the fed moves.

And that's not something that ever gets discussed.

In the MPC, what gets discussed is the impact of the world economy, including US monetary policy, on our remit and on our achieving our inflation target.

So that's, you know, I think very clear on the question of restriction. Yes.

I mean, I still holds the view.

I mean, if one cut I mean, I think we probably assuming it's a small cut, obviously, would still leave us, with restrictive monetary policy.

You may remember we've been using the word restrictive now for some time.

And it is, in a sense, the path thereafter, and how we adjust just which have we taken into consideration?

But it's not a question of, you know, one move takes us from being restricted to not restrictive.

Ben Broadbent: Yeah. I think I just want to say this is my 40th press conference, I think. Is it right?

You probably asked about where neutral interest rates is in 38 of them, let's say.

So we feel confident enough about, you know, the range, a reasonable range for neutral that we can say we're in restrictive territory and would remain so with one cut.

But that doesn't mean we have a very precise view of where we're going to end up.

And it's something one learns over time.

And in reality, the way policy is set is it responds to the data that we think are telling us about forward inflation. This is my view, at least. And then we look back later and say, oh, it turns out this was the neutral rate of interest.

But what we don't do is form a strong or too strong a view about that in advance and say, we certainly do work on a on, you know, estimating this number, but I think it would be, misleading to give you a single number and say, yes, we're definitely heading to that point.

Joel Hills: But I'm not asking where neutral is.

I'm asking if bank rate at 4.5%, that's still restrictive, right?

Ben Broadbent: Well, if you look at the numbers, I think we put I can't remember when it was David remember better than me.

Yeah, it's probably towards the upper end of a reasonable range, but I don't think we want to pre-commit, to some number.

And as I say, the the way it will actually work is we will respond to the data that we see that tell us about forward inflation.

Helia Ebrahimi: Helia Ebrahimi, channel four news.

Governor, you said that June isn't a fait accompli.

But can I be crystal clear for all mortgage borrowers, companies at home, you say that you have to trust that inflation is falling back to the target 2%.

But that's exactly what your forecasts say.

Say it's falling not just to the target, but below the target.

Should we not trust your forecast?

Do you not trust your forecast?

We're forever being told by the ONS that data is volatile, and we should ignore it.

How much standing should we put your forecast in?

Andrew Bailey: Well, I'll make two points on that.

First of all, the key phrase is that is that inflation reaches the target sustainably and sustains it's, you know, hitting the target.

The second thing is and sort of this really goes back to the, the conference, the press conference we had a few weeks ago with Ben Bernanke.

All our forecasts are conditional.

I mean, I think we have to I know we have to keep emphasizing this point because we don't make unconditional forecasts.

And of course, the world changes, so that we have to keep coming back to this question and we keep having to come as we do have to come back to the question, do we think that we're going to hit the target and sustain that point?

Now, as you can see from our forecast, in the very short term, we may hit the target in the next, you know, 2 or 3 months, but we don't think it will stay there.

We think it will.

The question then is further out and further out, of course, you know, there are many things that condition further out.

I mean, there are many assumptions.

Many things can change.

We have to we have to continually reassess the view.

Do we think we're going to get there and it's going to stay there.

And the point I'll make is this comes back to the to the key sentence, the sentence that we've included in the MPs.

We think the risks to inflation persistence are receding, but we do want to see more evidence to to be sufficiently convinced of that before we cut rates.

That's the view I hold.

Ben Broadbent: Andrew, can I yes, do just one simple point, which is one of the reasons we think that the persistence risks are fading is because policy is restricted.

Okay, that's an important point.

And the fact that you anticipate that the likelihood is that rates will fall doesn't mean you have to bring them forward and do it all now.

So you know that.

Andrew made a remark about the shape of the curve in his introductory remarks and the overall forecast that tells you that given everything else we're assuming in the forecast, you might think the curve is, you know, a little high to be consistent with those assumptions, it doesn't mean that the curves are unreasonable.

It just means that our assumptions.

Yeah, but that's a statement about the average level of interest rates over the next three years.

It's not about the statement about the today's interest rate.

And the committee does need to be more confident before it can start following any declining path.

But, you know, the underlying point is that the reason in the forecast that inflation falls back sustainably to target.

And then, as you say slightly below, it is because policy is restricted.

Larry Elliott of the Guardian, there's quite an emphasis in the monetary policy report on the money growth figures.

I just wondered whether you could explain why that was.

It seems to be, you know, much more prominent than previously.

And more particularly, does that suggest the MPC thinks that it missed some signals from the money supply figures when inflation was going up?

And does it suggest that there is a message from the money supply figures now that they are quite weak in the current configuration of events?

Andrew Bailey: Well, I make two points on that, Larry.

I mean, there's also been a lot of a lot of commentary on this.

In terms of the MPC process, I mean, we've always looked at the money figures.

I think, you know, Ben has said in the past, they are much better as what you might call medium term indicators than they are short term indicators.

But we always look at them.

I think in the light of the commentary outside, I think we felt it would be helpful to perhaps, you know, set out in a box, you know, how we look at them and what we look at and what role they play.

And I think that's useful to do on the current situation.

I, I'd sort of put it as follows.

I think we've used in the past a chart which showed that, particularly for the household sector, you know, the rate of money growth did rise above the sort of the trend, the longer term trend line during the during the sort of the Covid period, particularly no great surprise there in terms of what was going on in terms of household spending.

But what we've seen in the last year or so is that is that it has weakened.

And come back to that trend line now, interestingly, but I don't want to read too much into this.

I think it's an interesting sort of latest development, if anything.

Now it's it seems to be stabilizing.

So having come back to that trend line, it's not at the moment going below it.

And I think that's, you know, that's an important and interesting piece of evidence which we take into account now how much, how much we read into that.

Well, that's the judgment we always have to make. Okay.

Dave Ramsden: I was just going to add on that.

And, you know, we try and keep the MPR to a sort of manageable length and, but try and put things of interest in this time round.

It was certainly important, I think, to include as well as the LFS box, this this box.

And as Andrew is saying, I mean, it is, you know, that there's clearly a pretty long term relation between economic nominal economic activity and money.

But that's over years, years and years.

You know, it's not something where you can extract a short term signal from.

There has been this interesting recent development as, as Andrew says.

And so looking at whether there is a signal in that recent weakness in money growth, you know, could that be telling us something about, you know, something more fundamental about nominal spending?

We do think I mean, this is a sort of view we've been developing for a while.

It seems more likely to be consistent with the unwinding of those pandemic era, you know, strong money balances, particularly in households where you had that sort of overhang of money.

So that's that's our assessment, but worth sharing, we thought.

Ed Conway from Sky news. Governor. Doubtless you have picked up, there are lots of people in Westminster who would rather like for the bank to be cutting interest rates, and a lot of people tell us all the time, particularly within the government, that's what the bank needs to do. Do you do you think that that kind of thing. There's always been a bit of it, but it does feel like there's more of it now. Is that fair? Is that kind of is it helpful? Is it unhelpful? And what do you do to kind of maintain your independence in the face of that?

Andrew Bailey: Well, as you said, Ed, we are an independent central bank.

We have a very clear remit, we exercise that remit, it's our duty to exercise that remit at all times, and yes, I hear the same things you hear or you may hear more of them, but I do hear them. But let me be clear, when we are sitting in the room as an as an MPC, as a committee, we never discuss politics. That's not a subject that we discuss.

You know, our job is to take decisions, you know, consistent with our remit.

Our remit applies at all times, so it isn't a consideration in that respect.

Phil Aldrick at Bloomberg. There's been a bit of a technical one, I'm afraid, and there's been a bit of a surge.

Andrew Bailey So you're already looking at Dave?

Phil Aldrick: Yeah, I did there. There's been a sudden surge in the demand for your short term repo operations and I just wondered if that signals that banks are facing liquidity problems and whether this would have any bearing on whether you would bring QT to a close earlier. And also, once you do start cutting rates, if you're if you're operating active sales under QT, doesn't that make your policy incoherent?

AB Let me just say a word at the beginning. QT, well the sales process that we're going through will bring the level of reserves down to its equilibrium level? And the equilibrium level is the level that is needed both from a point of view of operating monetary policy, but also and this may be, in a sense, the higher sort of bite, as it were, for financial stability reasons, because this is, in a sense, the highest quality liquid asset that the system can, the banks can hold.

Now, we can't tell you, what the equilibrium level of reserves is, that's a level that will emerge because it's, for two reasons. One is actually because historically we haven't been in this position. If you go back before the financial crisis, the level was clearly too low. And also because it is very endogenous. But we will hit that level and we will then have to obviously take decisions on what, you know, what we do, what we do thereafter in terms of managing the Bank of England balance sheets.

Now the short-term repo facility, we, I mean it's a classic central banking, you know, open market operation really. We deliberately put it back in place before we started QT. For the reason that if we start to hit the equilibrium level of reserves at a higher level than we might have imagined, obviously we don't want the short term interest rate going up as a result and that puts us out of line with monetary policy. So it's there to be used in that sense it's there to be used. Now, I don't think, therefore we can necessarily conclude that the increase that we've seen denotes that we are at that point, because there are other reasons that banks may well use it, but that's the mechanism. I'll hand over to Dave.

Dave Ramsden: I do feel a speech coming on, but I'm sure no one wants that. although Phil probably does. I mean, just from where Andrew's taken the story, I think we, you know, as Andrew said, we put in place the STR two years ago. It was our latest way of saying we're open for business, for people to come to us as sterling monetary framework participants. To borrow, one week, one Week money on that facility. The point being, about what's happened recently, I think we are comfortable that we're not at this new equilibrium at all. We did see increased usage last week. For me, as a person who has to sort of explain to the MPC, but also, you know, explain to all of you what's going on, I thought that usage was really as exactly as intended and as, as you would expect. The repo market's been functioning well over the last few weeks.

There are known factors in the market as to why rates were rising. There were both demand and supply factors in the gilts market. There was a very large gilt redemption. There was an upcoming syndication.

Also, we could see moves in FX swaps were bringing different players into play and some month end effects. So you had a whole set of things going on in this quite specialist area and what we've seen is that repo rates have actually fallen back from the peaks they were at, which again, to Andrew's point, it makes you think the STR is doing its job, there's always going to be stuff happening in the repo market, but the STR is doing its job. We're not seeing some, ratcheting up more in these rates that might make you think, oh, right, so reserves are becoming a bit, scarce. We are getting closer to that equilibrium point. So that's where we are.

Just on your other point, just to reassure you, I was completely comfortable when I was making my vote to reduce bank rate to continue with the QT program in the background. We committed to that 100 billion, last September. That's been working well. I don't see the contradiction at all that you were implying. We always said that QT was in the background and was about the balance sheet and getting back to a more normal place on that, and that bank rate was going to be the active tool.

Ben Broadbent: And that's a really important point. QT is not designed to be an active instrument of monetary tightening. And if that means anything at all, it means precisely that it can continue to trundle along while the overall level of monetary conditions is determined as necessary by ups and downs in bank rate and that's what we said right from the start. And did we set out that approach many years ago?

Second point I'd make in that respect is as long as you believe, and I tend to believe this, that the vast majority of the effects of asset purchases and sales, which, by the way, we think can vary over time, are transmitted via the prices of financial assets. And as long as we make a forecast based on those same prices, which is what we do, we will take into account in determining the appropriate level of bank rate, any effects that QE or QT are having. So I don't see any tension or contradiction here at all.

And as I say, we've set that approach out in quite a lot of detail on two different occasions now. By the way, just to say that after I'm leaving soon, but the MPC, the future MPC will, I think as it said, the default position is reconsider the year ahead or set the year ahead target for sales every September is it?

Dave Ramsden: Yeah, we have the annual review, which we'll be getting going soon and we'll set it in September.

Sue Chan from the Telegraph. Just looking at this box you have on developments in the market sector, is it fair to say that economic growth, employment and the pretty chunky wage growth upgrade you have in this forecast have been driven by growth in the public sector rather than the private sector, and what are the implications of that? And if I may, you touched on the minimum wage, are businesses citing it as a concern when you talk to them.

Andrew Bailey: Well, let me start and I think Ben will probably want to come in.

I mean, one reason we have we thought it was useful to include the box was because we did see last year some divergence between the market sector and total GDP, which of course, the residual, as you say, is the public sector. Now that's important because in a sense, price formation goes on in one part of the economy activity and, you know, however activity and sort of if you like, pressure on the sort of the supply demand balance obviously comes from the whole economy. So separating these two things out, it's quite useful, I think, to actually illustrate at a point where you do see that, that sort of divergence. Ben may want to say more on that. On the minimum wage or national living wage, I should say it, it does get talked about a lot and, you know, certainly my regular tours around the country, but I would just emphasize the point I made earlier, I think it's important to add to that point the question I always ask businesses when we're discussing it, which is understand, the headline impact but the important question is how you're responding to that in a number of respects, one is obviously

what it means for demand for labor. Secondly, to what extent you're passing it through into prices and to what extent conditions are enabling or limiting that?

So those are the in a sense, the really key questions, certainly the ones I always ask when I'm out and about and I would say interestingly, the sense I've been picking up for some months now actually is greater doubts about passing it on, but we'll see.

I mean, going back to some of the earlier questions, you know how do we process evidence and how what do we look for, that's the sort of thing we're looking for.

Ben Broadbent: Well, I mean, generally we approach things at the level of the aggregate economy, and we have, projections for aggregate demand and aggregate supply but it can matter when there are some divergences. As Andrew said, it is the market sector that sets prices.

The public sector can still matter, but strictly speaking, it's the the claim on resources that the public sector makes that matters more than its output.

So it's not so much whether public sector GDP goes up or down, it's how many people is it employing I think is the more important question for us. So on the whole, it's reasonable just to look at everything all together, but there are occasions when you get divergences when you should think about these, these nuances.

Steve Sedgwick CNBC. A couple of quick questions.

You've all put great store in what the agents and their contacts have to say so I got to page 62 you'd be pleased to know. Dave's box e, and actually, what I read was quite worrisome.

Contacts have been surprised by the weakness in consumer spending on goods despite the robust jobs picture. Despite the robust wages picture, subdued consumer demand is widespread across retail and services sector. In an economy that relies on services and retail sector, underlying demand has weakened. This is what really worried me, though not the fact that we're eating at home. That's fine, but contacts are unsure as to the reason. That's got to be quite worrisome that's such a large trend has been seen in the first quarter, but they don't know why.

And my second question is following on from Ed's as well. I know you're independent. You put great store in it. You don't talk about politicians. Absolutely not. Why would you. But the fact of the matter is you're running into a rate cutting cycle amidst what will be a general election, which could interfere with your decisions, potentially or adjacent to your decisions in September, November, possibly December.

That's going to make things more tricky for you. Thank you.

Andrew Bailey: Well, though clearly on that, I'll come back to the first question because I think it's a really interesting one.

But clearly on your second question, look, we will just take we will take the decisions at each meeting that are consistent with our remit. I mean, that's what that's our job and we will do our job.

Now your first question is really interesting. So, we often, as you say, we talk a lot about the agents with good reason and we often say, well, sometimes we get, you know, slightly different messages and you've found that, you know, a very good example of this. So at the moment I would say, obviously we have a GDP number come out tomorrow morning we've in a sense, I sort of I said something about it in my remarks. It set out in the report. We think it's going to be a bit stronger than we thought it was going to be, and that it will offset some of the weakness we saw at the end of last year. We've also got survey evidence, a lot of survey evidence, which is tended to be telling a more positive story. We've got retail sales, which has been tending to tell a more positive story. But you're right to point out that our agents are saying to us, that's not quite the story they're hearing. They're hearing a bit more cautious story from their contacts consistently. So we have to balance these things, I mean, it's part of our job, but it's a very, very good example of why we have the agents and put so much emphasis on them, because occasionally they will come in and say, you know what we're not quite hearing that story.

Chris Giles from the Financial Times. Governor, we care about the market interest path, not because of what's going on in the city, who's making money and who's losing because it prices things in the real economy, particularly mortgages. It's gone up quite a bit since your February forecast.

First of all, how comfortable are you that when you're talking about rate cuts, mortgage rates are rising? And secondly, could you therefore sketch out what would be a reasonable scenario for interest rates consistent with hitting your target on a sustained basis?

Andrew Bailey: Well, on the final point, Chris, I mean, as Ben said earlier, we make observations on this. We deliberately don't set out paths in that sense. In terms of the work we're going to do to consider Ben Bernanke's report, we're going to think about all these questions. We're not going to implement bits of Bernanke piecemeal, though that's what I would say. On your point about what's happened since February and mortgage rates?

Look, I come back to what I was saying earlier, I think it is, it's evident certainly from the work our staff have done, that the US market has been having more impact on our changes in our rates when they do the decompositions, they're not, it always has some influence, but it seems to have had more influence recently.

I think we've seen a bit of decoupling of that of late, but it's still overall, if you take, as you said, February to now that's the story. Now I'd come back to what I said earlier, I am raising a question about that because our inflation dynamics, I think are different, as I said earlier. So I think there is a question around that that has to be put.

Dave Ramsden: And if I can just add, I mean, I remember answering a very similar question to this back at the February press conference when I talked about the declining

trend in, in mortgage rates, they come down a lot from their peak sort of late summer last year, and, the question was, around was that going to continue, obviously because of what's happened to the reference rates for, the key mortgages, the reference rate is the OIS rate, as we show in chart 2.8, that has moved up relative to February, that has taken mortgages, the key mortgages, a bit with it. However, there's still a long way down from their peak.

And also, I think it is important to say that compared to when they started to rise through last spring and summer, from the autumn 2022 peak around, around that time, that was when we were we were getting more and more concerned about persistence in inflation and that was being reflected in our monetary policy decisions. We are in a different context now, the MPC hasn't changed rates today, but Andrew's, set out very clearly in his opening remarks, we've set out in the minutes that we think the risks from persistence are receding, so I wouldn't want you to draw the conclusion that somehow we're on a sort of another, you know, big upward lurch in mortgage rates. But they certainly have started to go up a little bit compared to the strong downward trend that we had before.

Ben Broadbent: Just a couple of things. I mean, first of all, this is a fact of life, as Andrew said, the correlation, with US rates is slightly higher, over recent months, by the way, pulling them down in the autumn and the early part of this year before putting them up again.

So it goes both ways, but it's always there, it's a fact of life and I don't think that fact would be changed if we were to publish quotes a rate path.

The second thing is that we are a committee of nine, I'm quoting here from the paragraph 21 in the minutes, and that it's hard to get one single answer I think you get different answers if you talk to different people on the committee.

There is "a range of views amongst the majority regarding the risks around the assumptions on persistence embodied in the May CPI projection, there's also a range of views, and this is relevant for some of the earlier questions about the extent of the evidence that was likely to be needed to warrant a change in bank rate". So I think it's difficult under those circumstances to say, here's exactly what we're going to do, even in a conditional sense.

Chirs Giles: we're not asking for that.

Ben Broadbent: No, no, indeed, well, no, but I'm saying there isn't one. That's what I'm saying and if we were ever to publish a rate path, my expectation from the outside as that be is it would be some algorithm, it would not be a best collective judgment. It would say, take the forecast and let's work out quotes under certain conditions. What's an optimal path, it would not be a best collective judgment and that's the point I'm trying to make, so it's possible to do it, but my own view is it wouldn't have much bearing on the extent to which US economic news, US moves, influence our own curve. It's a fact of life as a small open economy that our rate curve will get buffeted around by these things.

Andrew Bailey: If I could just finish on one point because, you know, you've written a lot on this Chris and very insightful on it, I think it's important with conditional forecasts that we don't take the approach of saying, well, we must always find a way to get it back to 2% at the end of the I mean, if we think if our best collective judgment is that with this set of conditioning assumptions, it's 1.6, then we should say so.

Ashley Armstrong from The Sun. Dave, you mentioned that we're going to have to wait until your next speech to find out exactly why you voted for lowering, but aren't you self conscious or worried about the fact that your speeches and MPC speeches have become so extremely market moving where, you know, we're really seeing the market move depending whether you think that it's soft or looser or tighter, and it feels like those are becoming as much watched events as the actual MPC events.

And the second one, I suppose, would be also on the governor's comments about conditional assumptions, but also this obsession with the 2% target and getting it down to that given that actually next year you think that inflation will be higher than the 2%, can you give any reassurance to Brits that you aren't going to be raising rates again to bring it back down so we'll end up on a on another roller coaster. Thanks.

Dave Ramsden: Andrew's looking at me so I'll answer on the point about speeches I mean, it goes back to what Andrew and Ben have both said, and one of the strengths, I think of, of the the setup in the UK, we have nine members who each have a vote and we're publicly accountable for that vote and at times there will be differences of, genuine assessment as to where inflation is going to go, given that that's our remit and we have to be publicly accountable for that so I think it's a strength that we have to give, we have to communicate our views.

Swati and I have got, we've been given, we could have had more, but we've, you know, we've got a whole paragraph that sets out our views, we'll expand on that. I mean, I gave a speech a few weeks ago that did move markets a bit, but equally, it was important we'd said in March that there were a range of views on this issue, of the risks to persistence and it was important, I think, as an individual member with a vote to be accountable for my view and to set that out and at times when people reasonable people on the committee, we can disagree on the assessment, then we will have to communicate that, but I don't see that as being a fundamental cause of volatility. I see that as being important communication to the markets to steer the markets on the range of views.

Ben Broadbent: By the way, I make no apologies for being obsessed with the 2% inflation target.

Andrew Bailey: Well, on your second question, the remit is 2% sustainably in the medium term. That's important because it means we have to look at that horizon, but very important, it gives us or requires us and gives us the scope to look through temporary ups and downs, but we have to obviously analyze them very closely to get to the point where we look through them, but it gives us the ability to do that, so I would just reassure your readers at this point that we do that and I think we've got a forecast that, we were just discussing at Chris's question, the end point of the forecast. So I would not want to put overdue emphasis on the sort of the fluctuations to get to get to that point I mean, they're interesting, we have to tell the story behind them, we have

to understand them, what they might lead to, but we should not give them too much significance in that sense.

Eshe Nelson from the New York Times. Just a quick question on the labor market comment, you say it's continuing to loosen, but it remains relatively tight by historical standards, So I would like to check how much of that tightness has been surprising, maybe, and is it a reflection of what you've been saying about queries around the data and being hard to judge participation, or is the labour market acting in some way that's actually quite unexpected?

Andrew Bailey: Well, we were talking about obviously the issues with the labor force survey earlier, but I think it's important to put that into context, I think whichever way you look at the labor market and we look at obviously, as Ben was saying earlier, we use a lot of other data to, in a sense, get to a judgment on it. Overall. We are around full employment, frankly, at this point.

Now, if I go back to the agents for a moment because there's another interesting subject, I think one of the things that I've certainly picked up for quite a while now, actually, is firms saying that they were retaining labor, one of the comments I got quite a lot and, you can put this into the context of the vacancies to unemployment series that we've published a lot, is that there concerns about the difficulties they had had with hiring labor meant that they were very reluctant to release labor, probably more reluctant. I mean, it gets called labor hoarding often, that's a slightly pejorative term, but that's the word that often gets used. Now, what that would suggest is that the labour market is probably looks a bit tighter, therefore, than you might expect, but of course, the judgment we then have to make is, as we see an expansion of demand in the economy, how are firms going to respond to that, because arguably they've got labor that can be used to use to meet that expansion in demand. But as you'll see also, I mean, one of the other things we have done over time is that our view on the sort of the path of unemployment has changed as well, It's now considerably shallower than it was in the past, and I think, frankly, pretty much every other forecaster of the UK economy is in the same place actually, on that,

Sabaan Thank you. from Reuters. This question for you, Dave, just briefly touched on, there being a range of views among the seven MPC members who voted to keep rates on hold regarding how much evidence is likely needed to be short persistence in inflation is fading sufficiently, where do you stand in that spectrum of views, and could two months of favorable data be enough to change your vote?

Also, a follow up question to both the BOE minutes talk about potential currency implications from divergence between US and European growth and monetary policy. How much more scope is there for sterling to weaken against the dollar if the BOE rates cuts, rates before the fed? And how much of a bearing does this have on a rate cut? Thank you.

Andrew Bailey: Well, I mean, if you don't mind me saying so, the first question is a nice one, but it's slightly another variant of the are you going to cut in June question, I think we've sort of answered we've answered that question. There is a range of views, and I'll just refer you back to the point I made earlier on.

We've made quite some important adjustments to the forecast in terms of our views on the scale and persistence of the inflation persistence point.

It's been substantial subjects of discussion in this forecast round and we've come to the view that the inflation persistence is probably going to recede slightly faster than we assumed but I did make the point very deliberately in my opening remarks.

There are different views on this amongst the MPC members, and I'm sure you know, you'll hear different views and the commentary that comments that individual members will make in the in the coming period and that's true, there are different views.

So if you had to sort of characterize what's that sort of range of views amongst those of us who voted to hold rates, I would say probably the question of to what extent we're confident that this, you know, receding picture of inflation, persistence is sort of bedded in, is clearly here not there.

On the exchange rate., I mean, one thing I would say is, we've obviously seen quite a shift in market's view of the path of both US monetary policy and other people's monetary policy, the exchange rate, in a sense, is the obviously is the relative price. So to a considerable degree, that's already priced in to the degree the markets have taken that on board. We follow the exchange rate closely, but actually and I think we had this we have this in the section of the MPR that comments on the conditioning assumptions. The exchange rate actually has not been one of the ones that has moved particularly substantially and obviously the market prices, all of this information in.

John Paul Ford from the Daily Mail.

A couple of things. One, I'm going to try again on the rates. Neither fait accompli, nor ruled out for June suggests kind of 50:50. Some might think. Does that imply that August is a bit more than 50:50, that we might think that at least by the summer, those chances are even increased further?

My second question is about regulation. The naming and shaming proposals by the by the FCA. First of all, if you have a view on those proposals, lots of people do have strong views on those proposals, but also whether it's appropriate for the government to have intervened on the proposals by an independent regulator, particularly as there is a background of another proposal on the equality Rotors, an FCA and PRA proposal. So it does impact the bank. So do you think that it's so your view on that and whether it's appropriate for, for the government to be intervening as it is doing and whether that's a worry for you.

Andrew Bailey: Two very different questions. Look, I think that if you don't mind, I think the first question is a nice try to sort of reintroduce the is it June question again. And, I'm honestly just going to restate what I think all three of us have said, which is a, you know, we take it meeting by meeting And that's what we will do. Just remind a point I think I made in my opening remarks, which is we will have two, two full sets of data between now and the June meeting, sometimes we get one between set, between meetings, sometimes we get two because we have eight meetings a year and the 12 sets of data, there'll be two, so we'll have we'll have more data for the next meeting. Look, it's not for me to obviously, you know, I'm a former chief executive of the FCA. I'm not going to comment extensively on the FCA. What I'll say is this, because, you know, I'll say it because it does actually relate to the latter part of my own time there

and one of the one of the cases that gets cited and actually came out of the Public Accounts Committee as the British Steel case is, is from my time, I think what needs to be in a sense debated in this and brought to conclusion is a tension, and the tension is this it's between the principle, which is important, obviously, of innocent until proven guilty, but the problem that if a regulator is and this could, by the way, be the PRA, it's not in this case, but it could be, I mean, PRA does less does less investigation because prudential regulation is different, but it does time to time and that's obviously part of the Bank of England. If an investigation is going on and during the course of that investigation and the nature of these things, they can take time, nothing can be said about that, then the risk is obvious that that some mis selling is, you and therefore, some, some mis selling to consumers is going on. Now what I'm not part of this debate in the FCA context anymore, but it's relevant to say, us as a regulator, I think we need to we need to get back to how we can reconcile those two potentially conflicting principles, rather than sort of, in a sense, sort of, say, you can't do this, you can't do that. There is an issue there then we should can think about all the ways we could possibly solve that tension, that would be my hope. I hope it's a helpful contribution to the debate. Thanks very much, everyone.