



BANK OF ENGLAND

An Economic Update

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Presentation to: KEB Business Advisory Board

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Section 1: Money and asset prices



Chart 1.1 Bank Rate and forward market interest rates^(a)

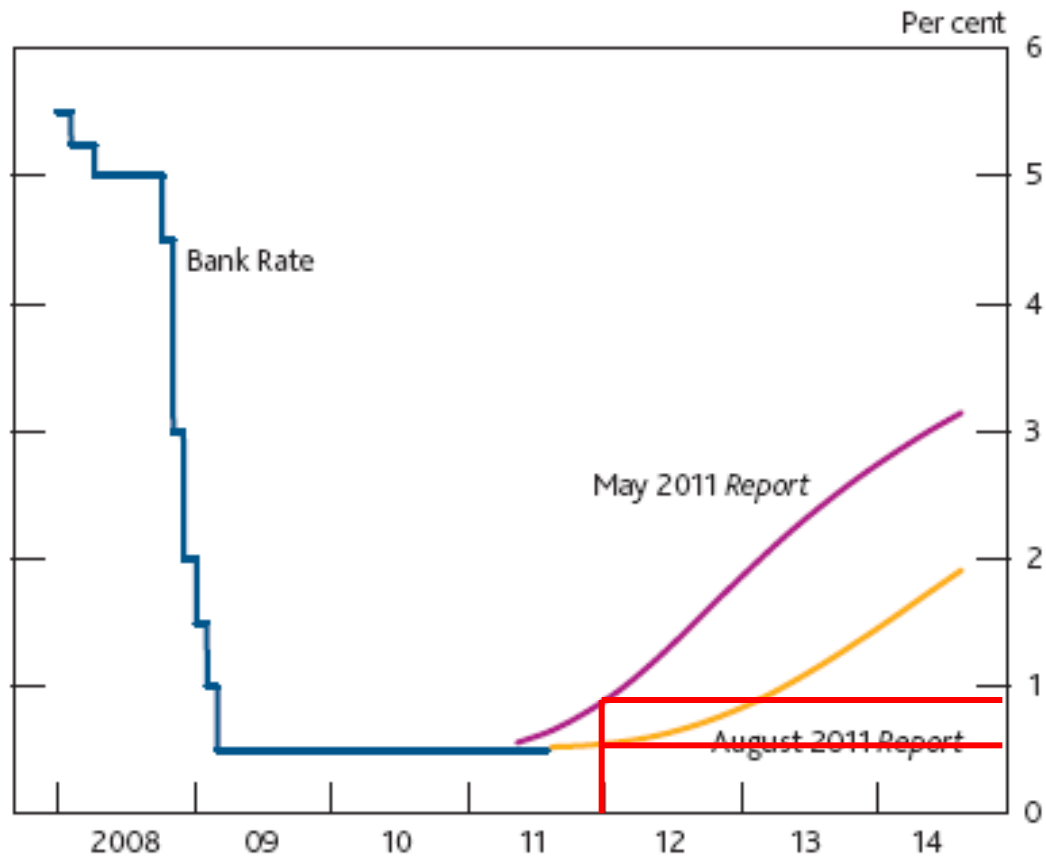
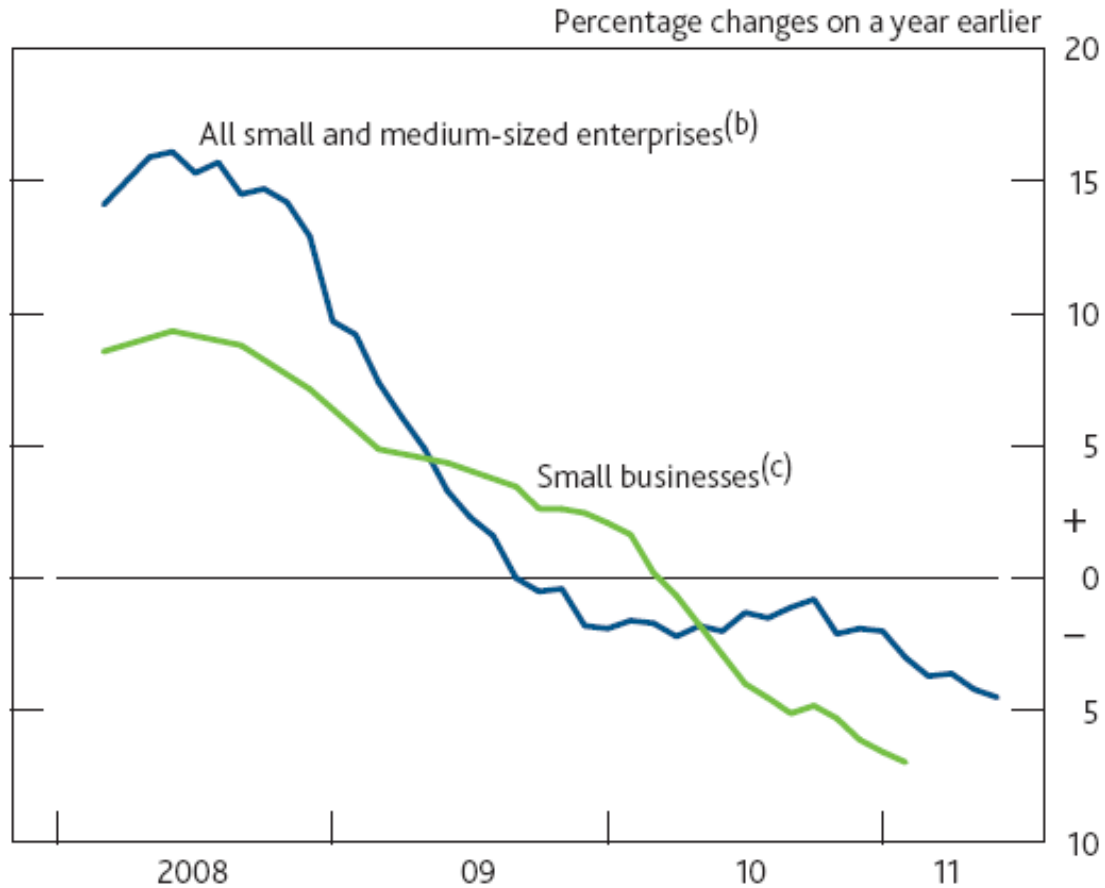


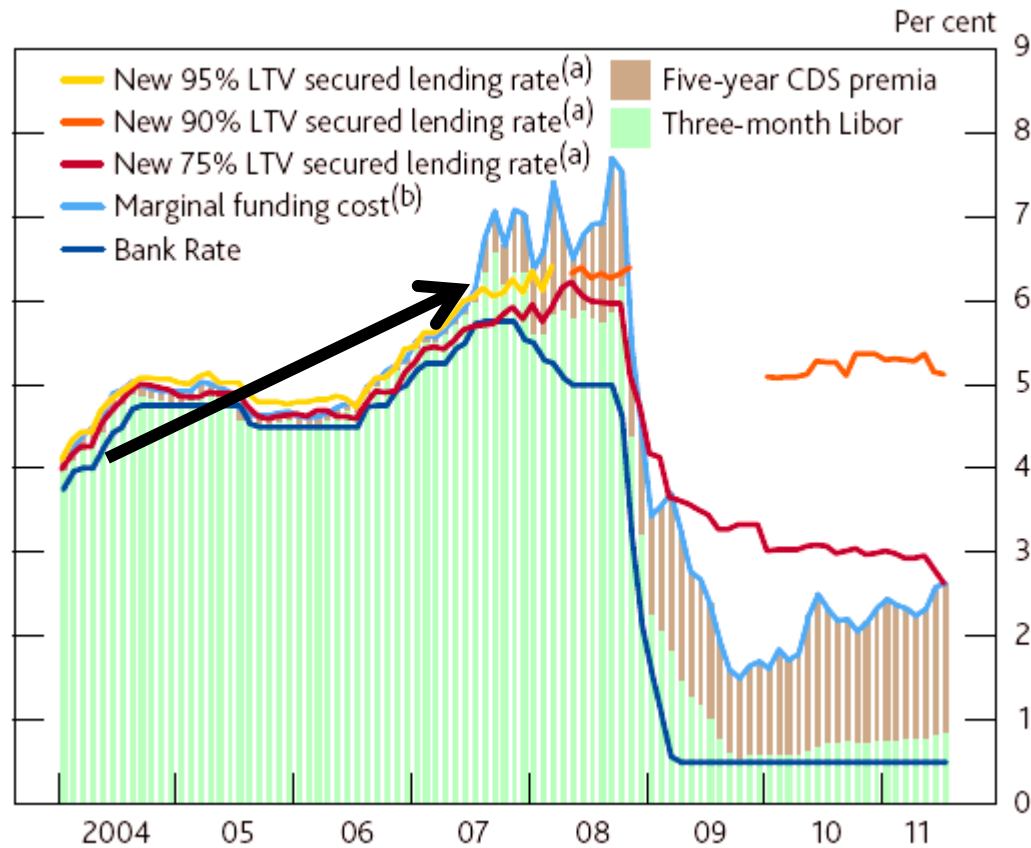
Chart 1.11 Loans to UK smaller businesses^(a)



Sources: British Bankers' Association (BBA), Department for Business, Innovation and Skills (BIS) and Bank calculations.



Chart B New household secured lending rates, Bank Rate and an estimate of marginal funding cost



Sources: Bank of England, Bloomberg, British Bankers' Association, Markit Group Limited and Bank calculations.

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Section 2: Demand



Chart 2.3 Household saving ratio^(a)

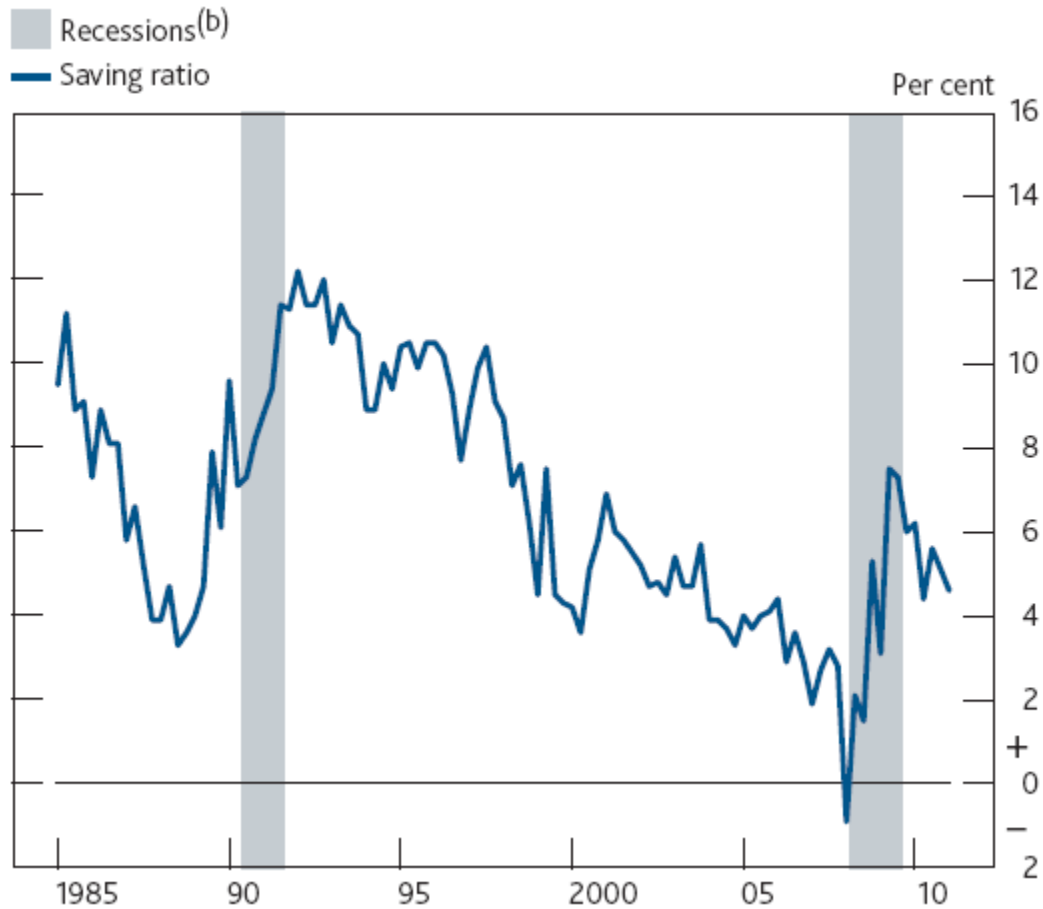


Chart 2.8 Public sector net borrowing^(a)

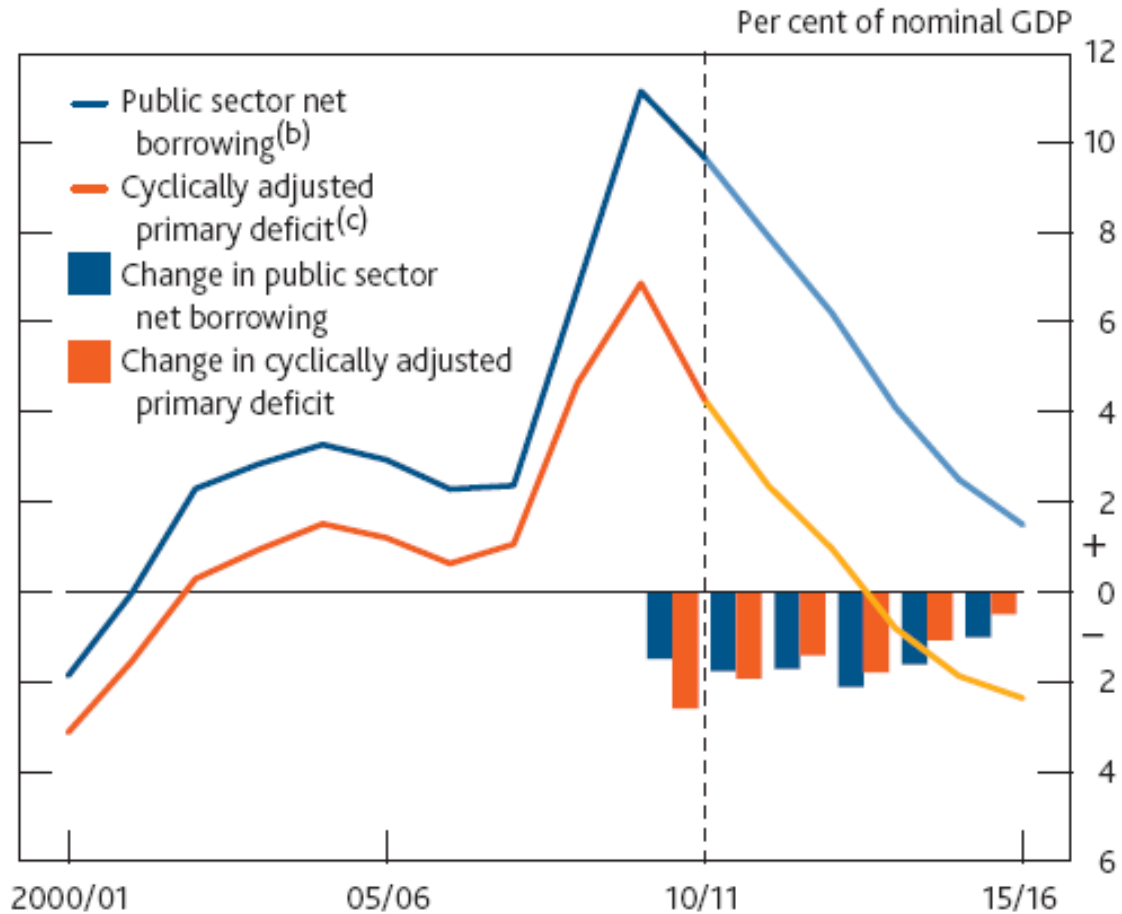


Table 2.B UK exports and export orders^(a)

	Averages				2011	
	1998–2007	2008	2009	2010	Q1	Q2
Manufacturing						
BCC orders ^(b)	5	4	-6	26	26	22
CBI orders ^(c)	-13	-13	-20	14	24	4
Agents' scores ^(d)	0.8	1.9	-1.1	2.2	3.5	3.3
CIPS/Markit orders ^(e)	50.3	45.5	47.4	55.4	58.4	53.1
ONS ^{(f)(g)}	0.6	-0.9	-0.7	2.4	4.7	n.a.
Services						
BCC orders ^(b)	7	3	-4	10	16	16
ONS ^(g)	1.8	-0.3	-1.7	-0.1	-1.2	n.a.

Sources: Bank of England, BCC, CBI/PwC, CIPS/Markit and ONS.

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Labour market



Chart 3.5 Four-quarter changes in employment^(a)

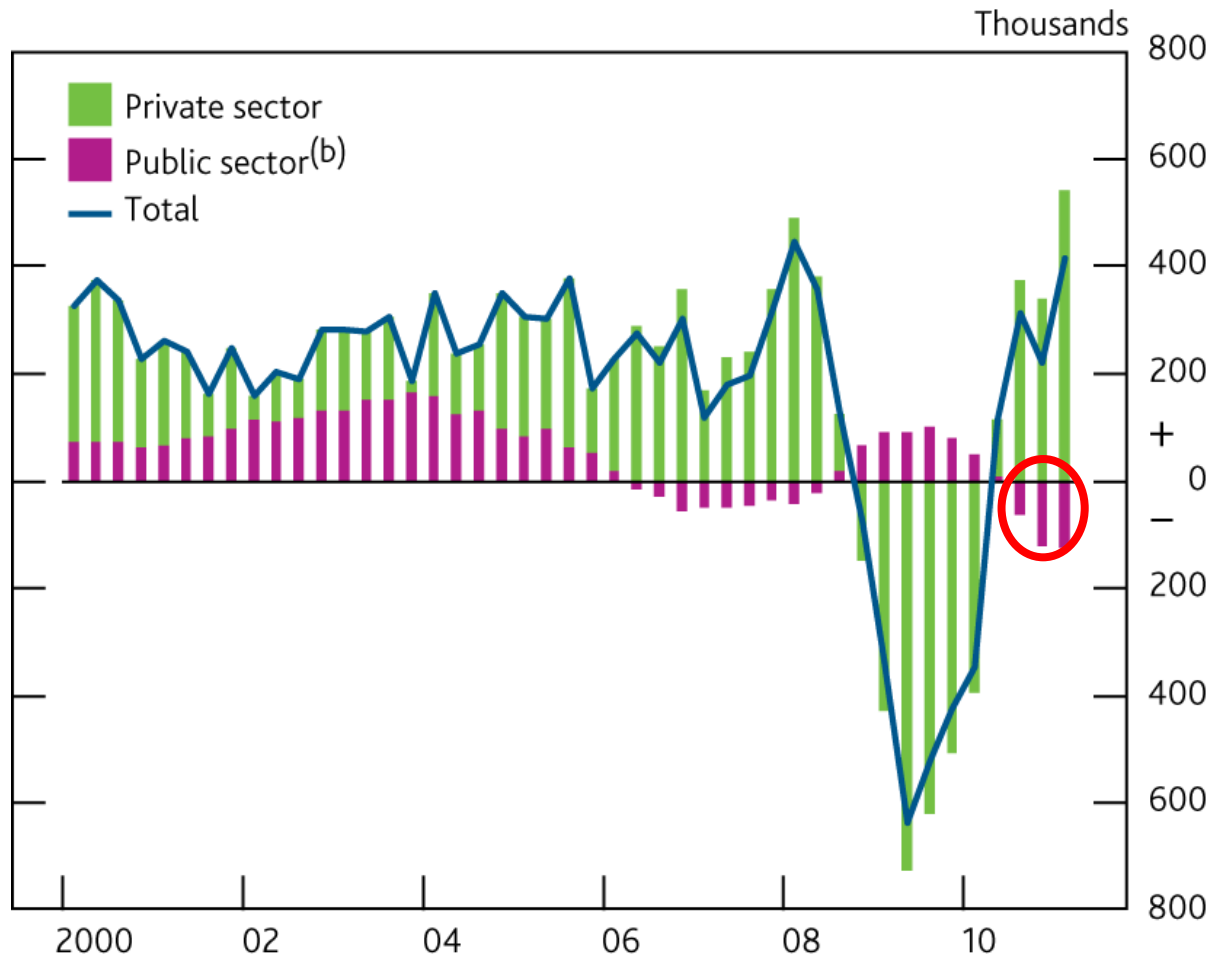
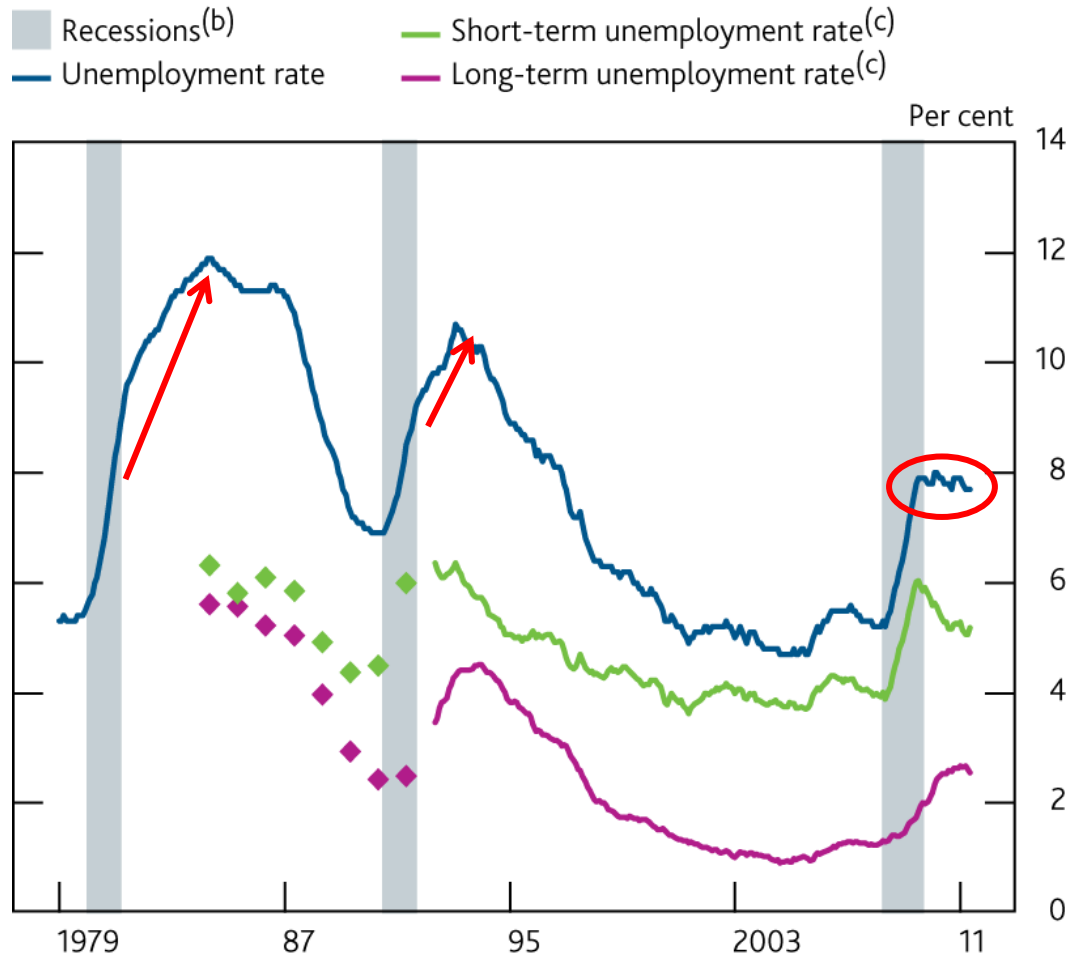


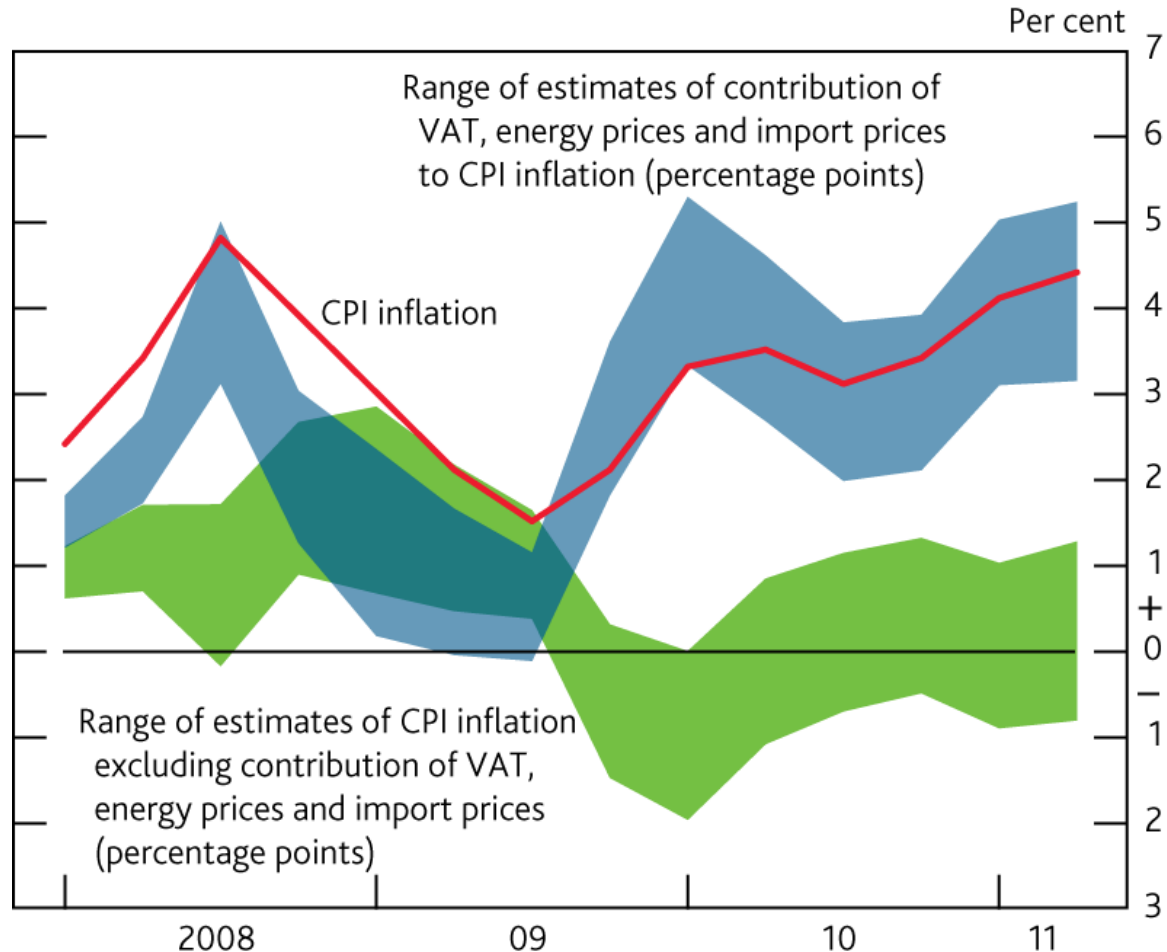
Chart 3.10 Unemployment rates^(a)



Section 4: Costs and prices



Chart 4.1 CPI inflation and the contribution of VAT, energy prices and import prices^(a)

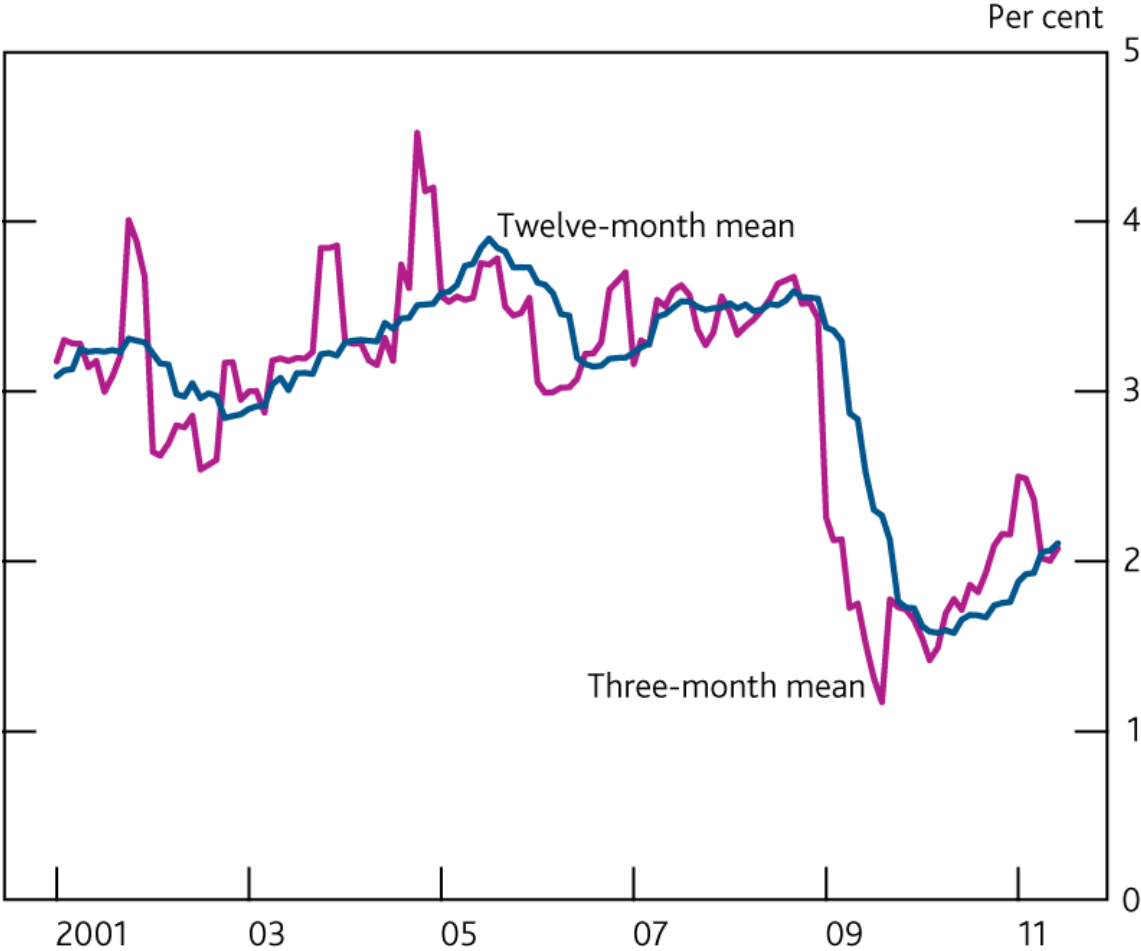


Sources: ONS and Bank calculations.

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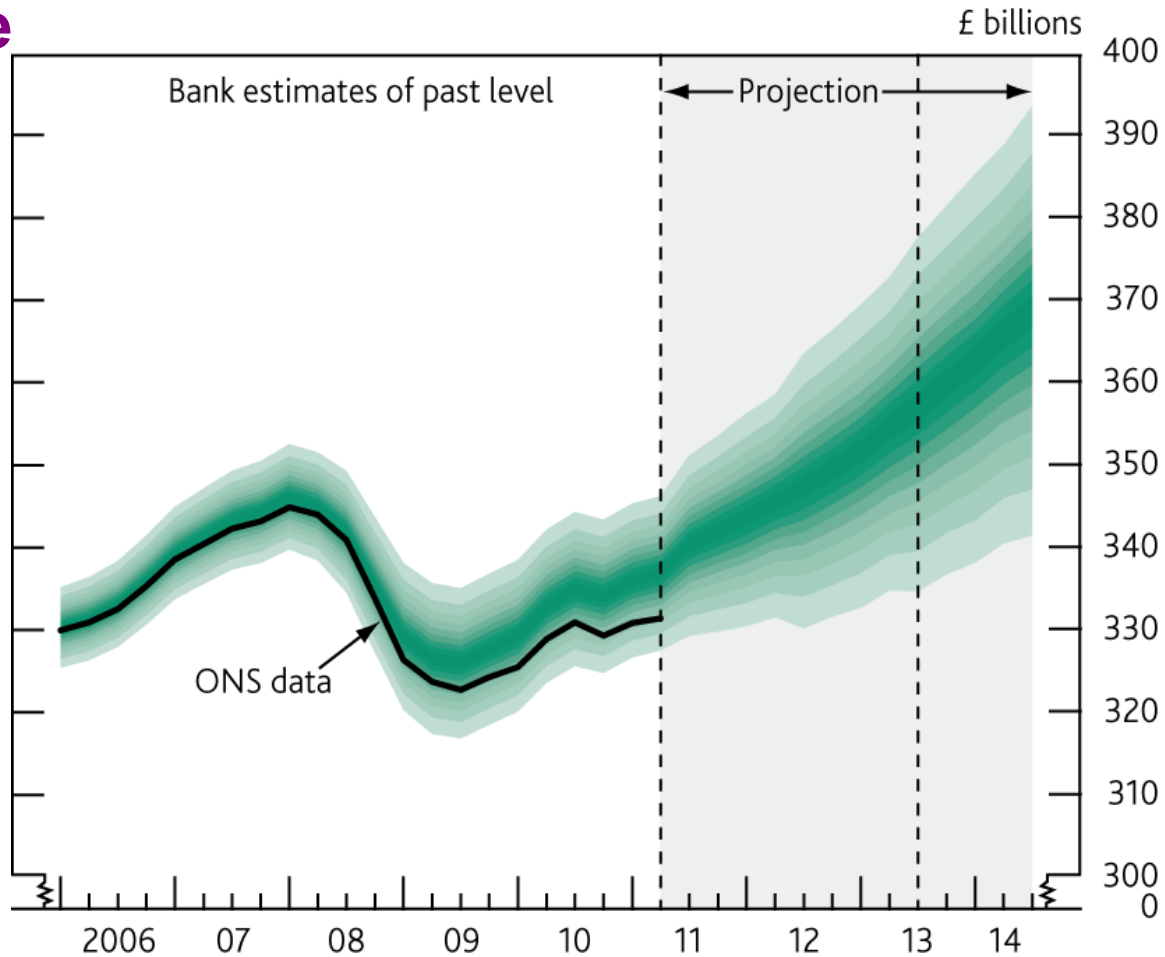
Chart 4.9 Private sector pay settlements



Section 5: Prospects for growth and inflation



Chart 5.5 Projection of the level of GDP based on market interest rate expectations and £200 billion asset purchase



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Chart 3 CPI inflation projection based on market interest rate expectations and £200 billion asset purchases

