



**BANK OF ENGLAND**

## **Inflation Report – November 2018**

**Rosie Smith, East Midlands Agent,  
Bank of England**

**5 November 2018**

We have kept interest rates at  
**0.75%**



Interest rate rises should  
be gradual and limited



We aim to bring inflation  
back to our 2% target



The nature of Brexit will  
affect the UK economy



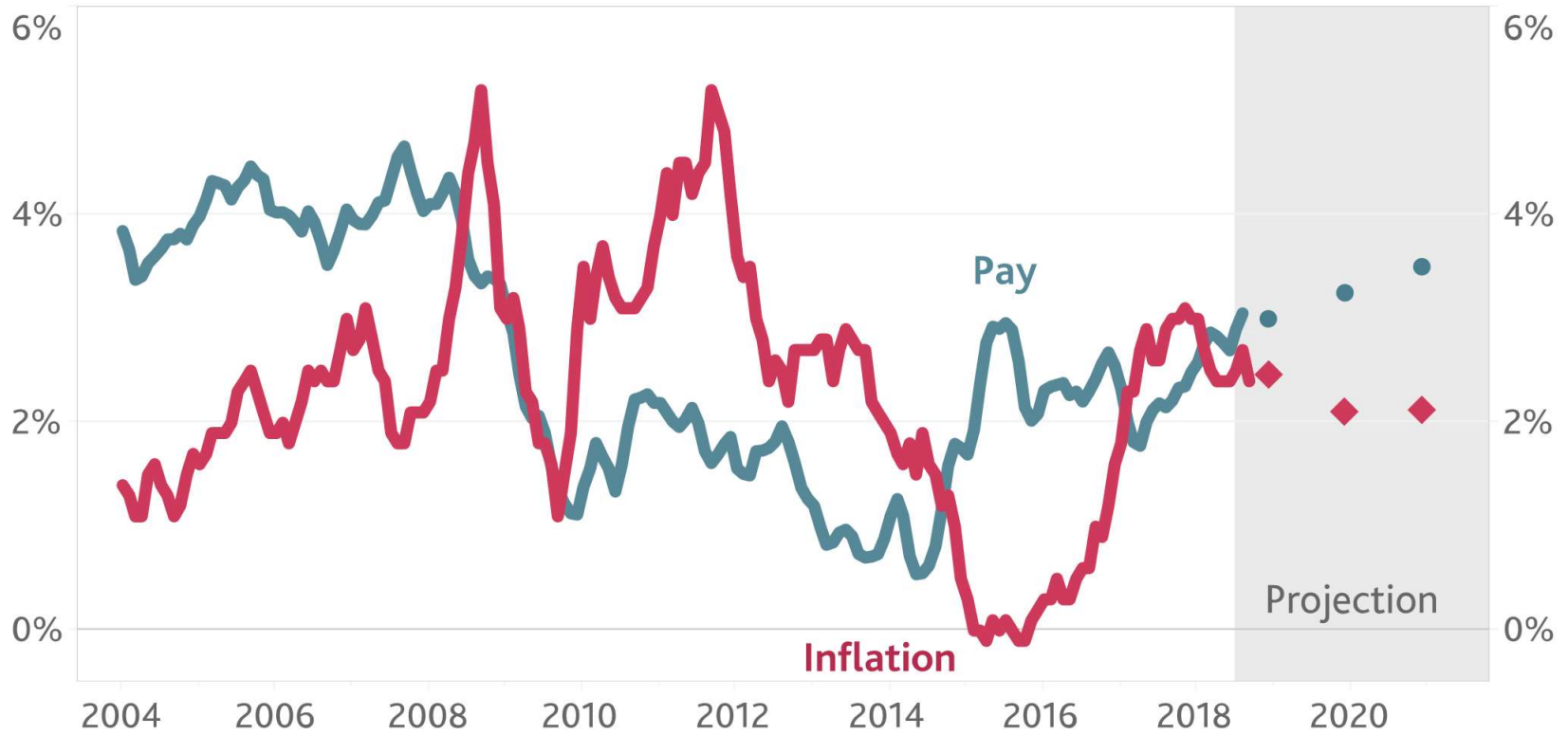
BANK OF ENGLAND

#InflationReport  
1 November 2018



Pay is rising at a  
faster rate than  
prices

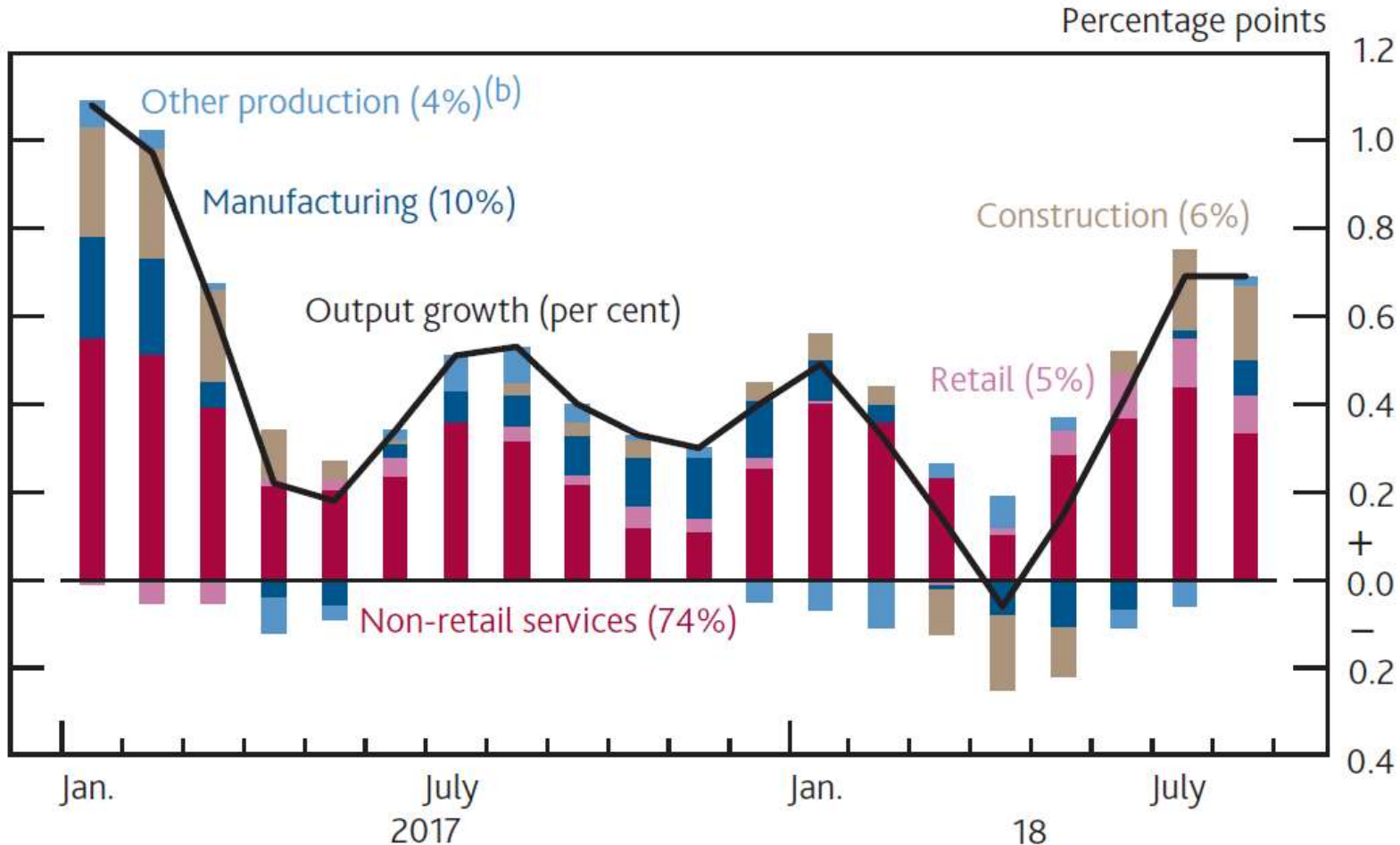
Pay & inflation (% change)



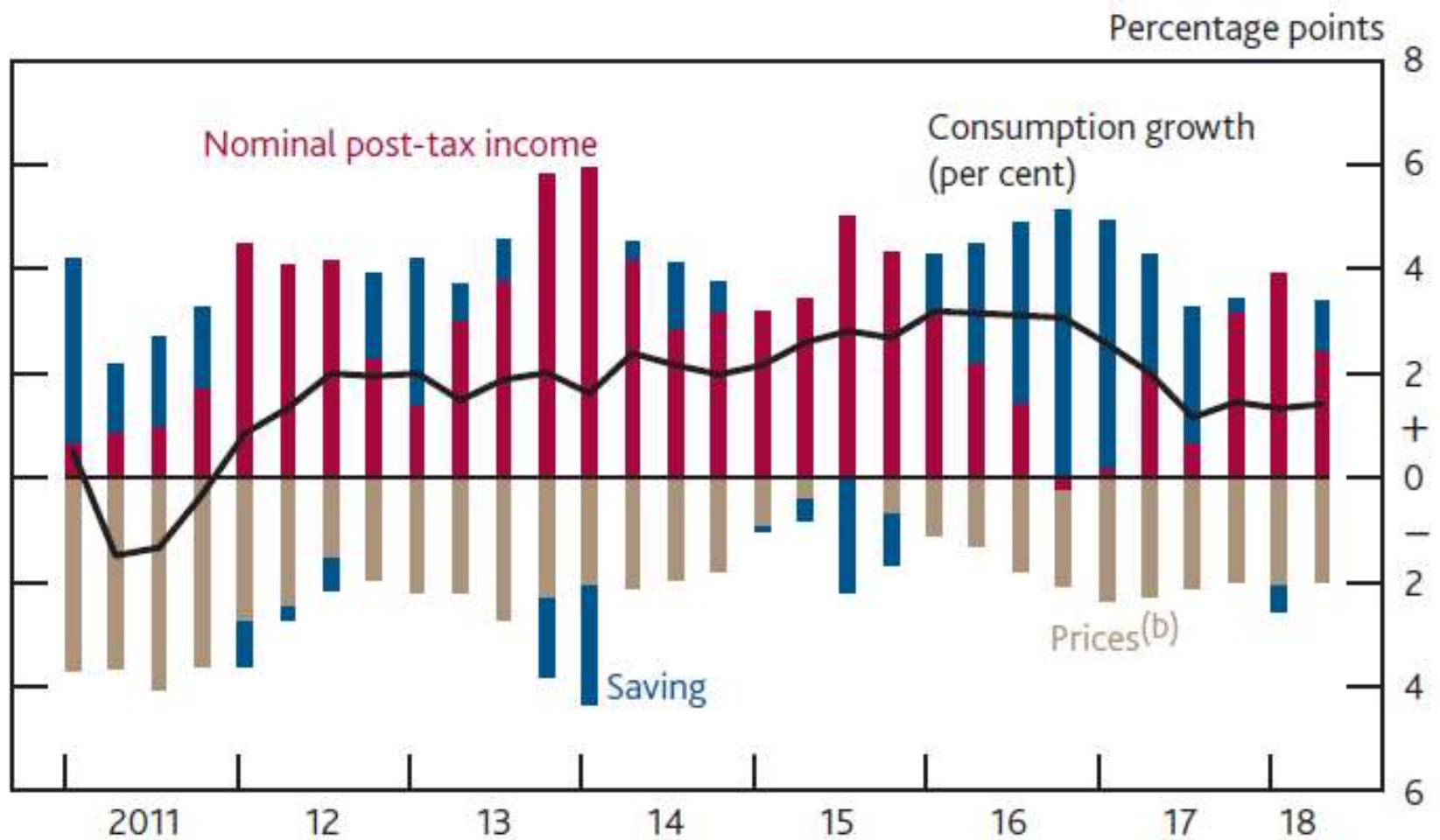


The UK economy  
is growing just  
above its speed  
limit

# UK Economic growth by sector

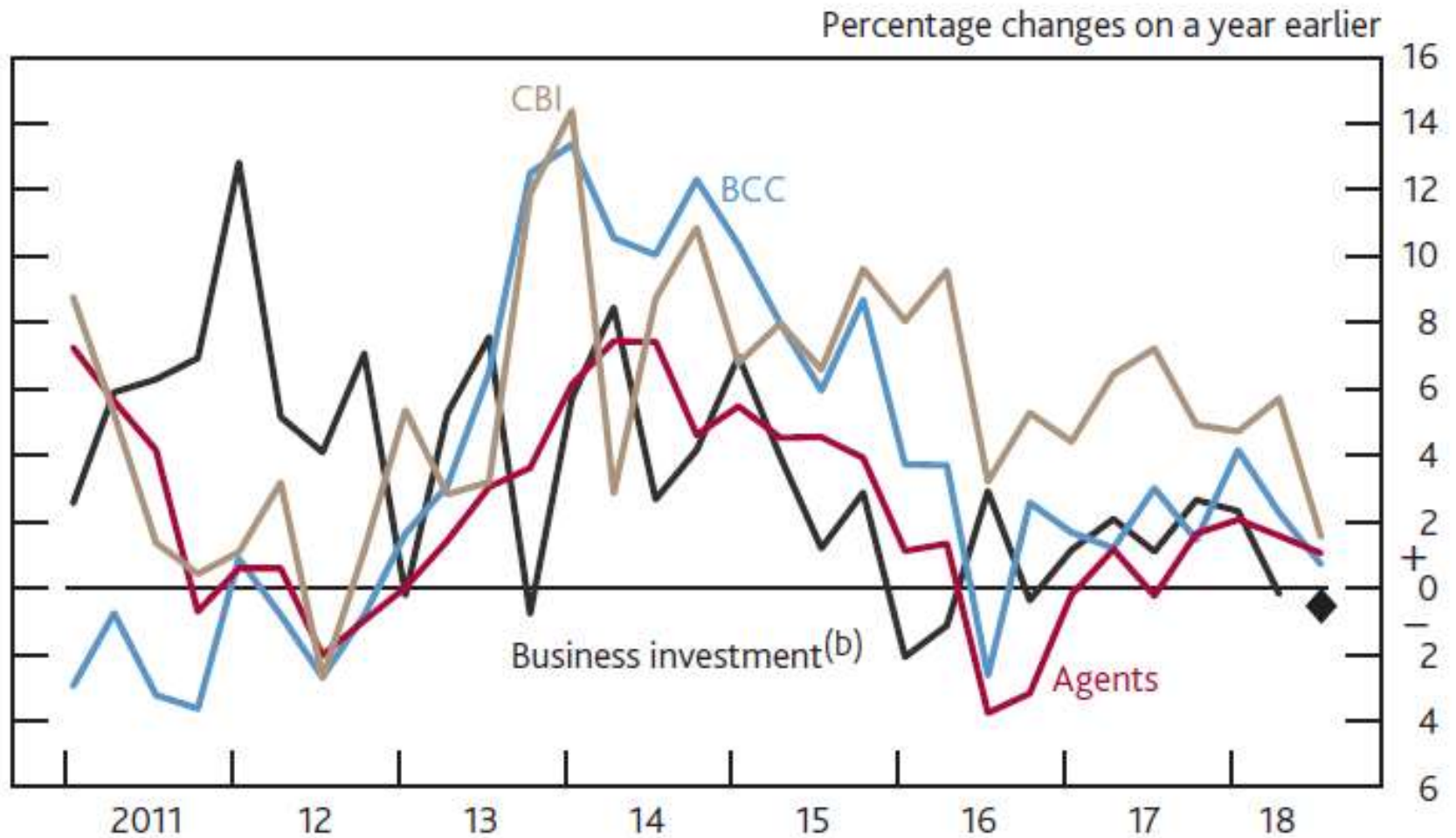


# UK Consumption growth



# UK Business investment growth

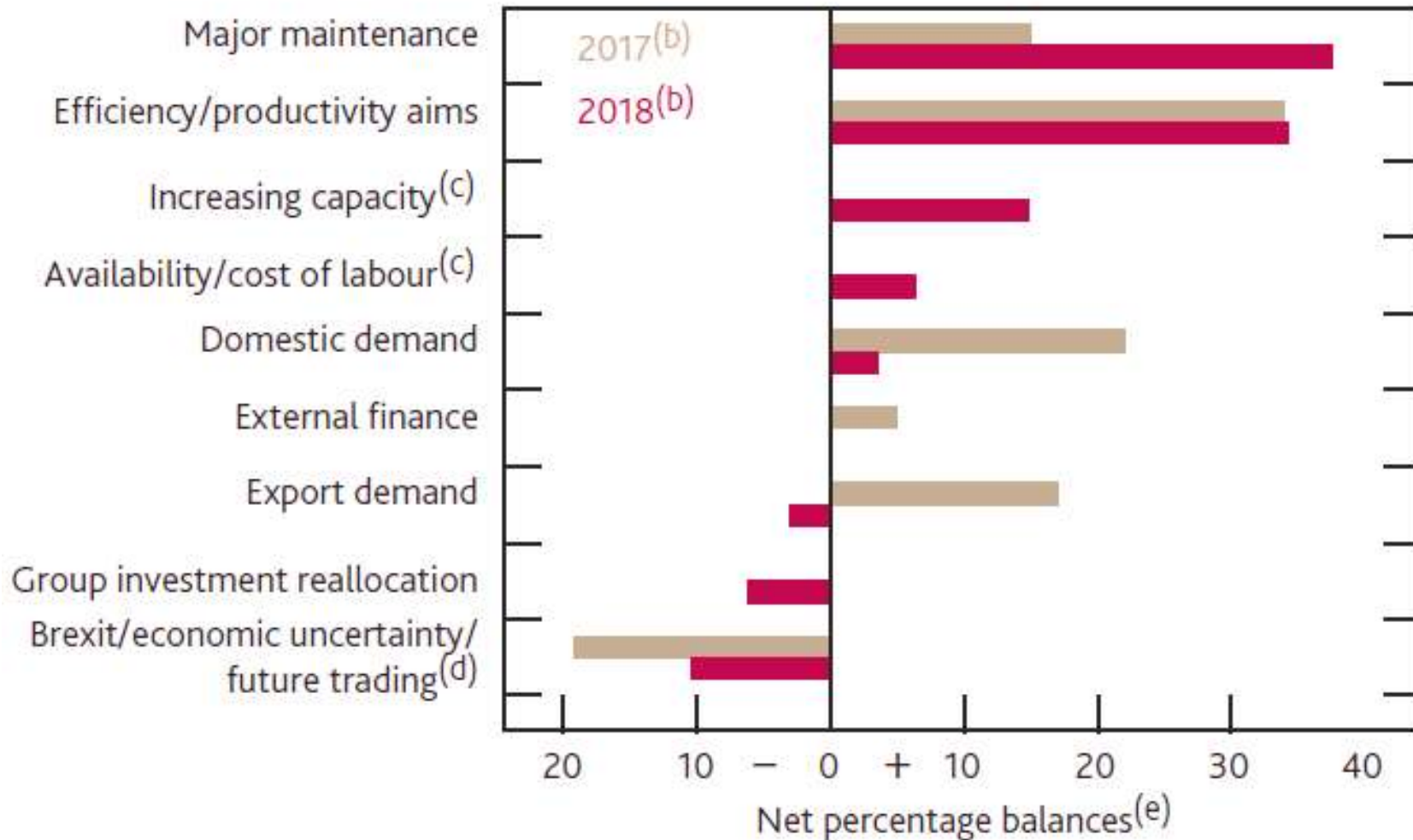
Business investment and survey indicators of investment intentions<sup>(a)</sup>



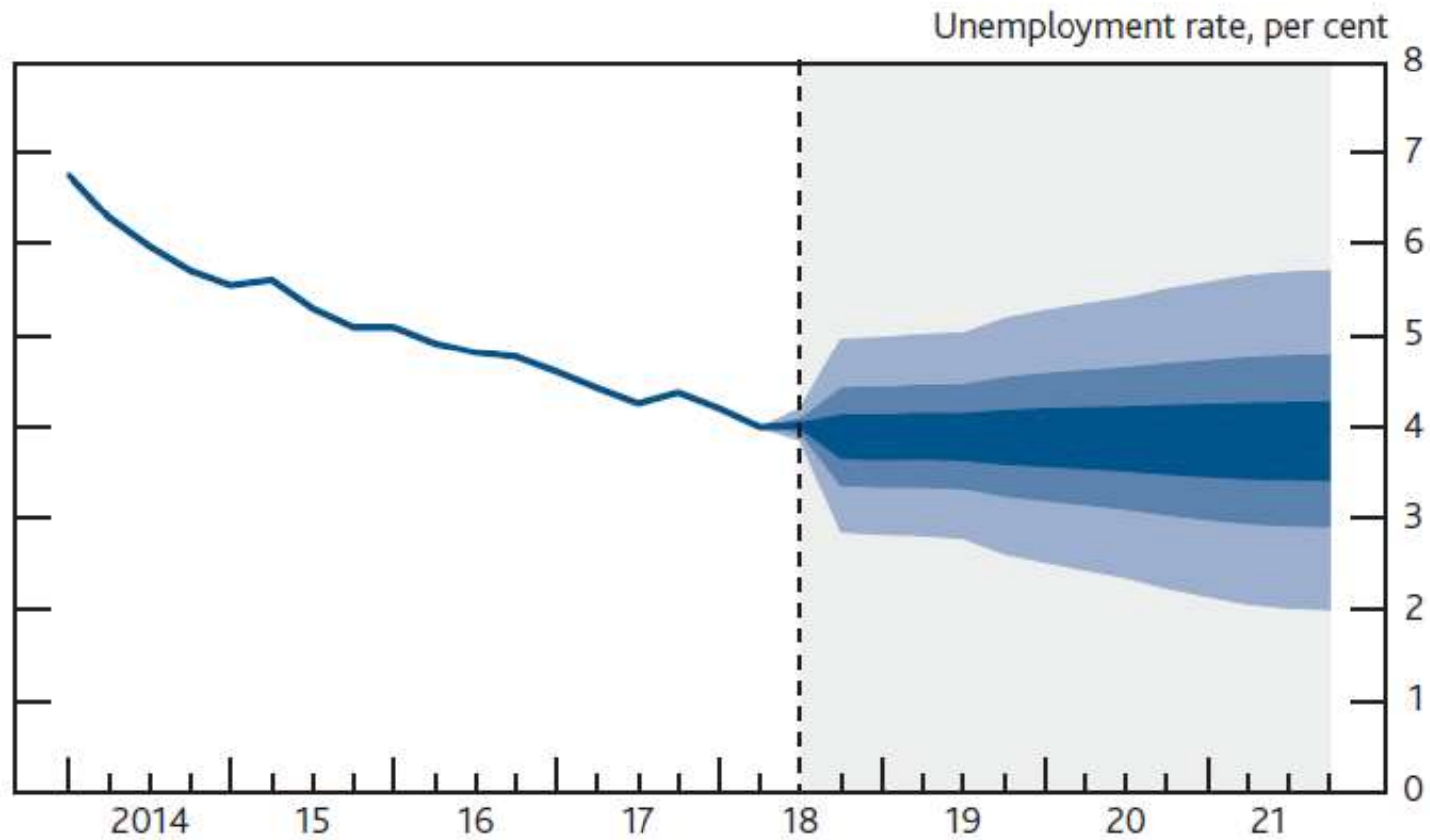


# Brexit uncertainty was the largest reported headwind to investment

Factors affecting the level of UK capital expenditure<sup>(a)</sup>

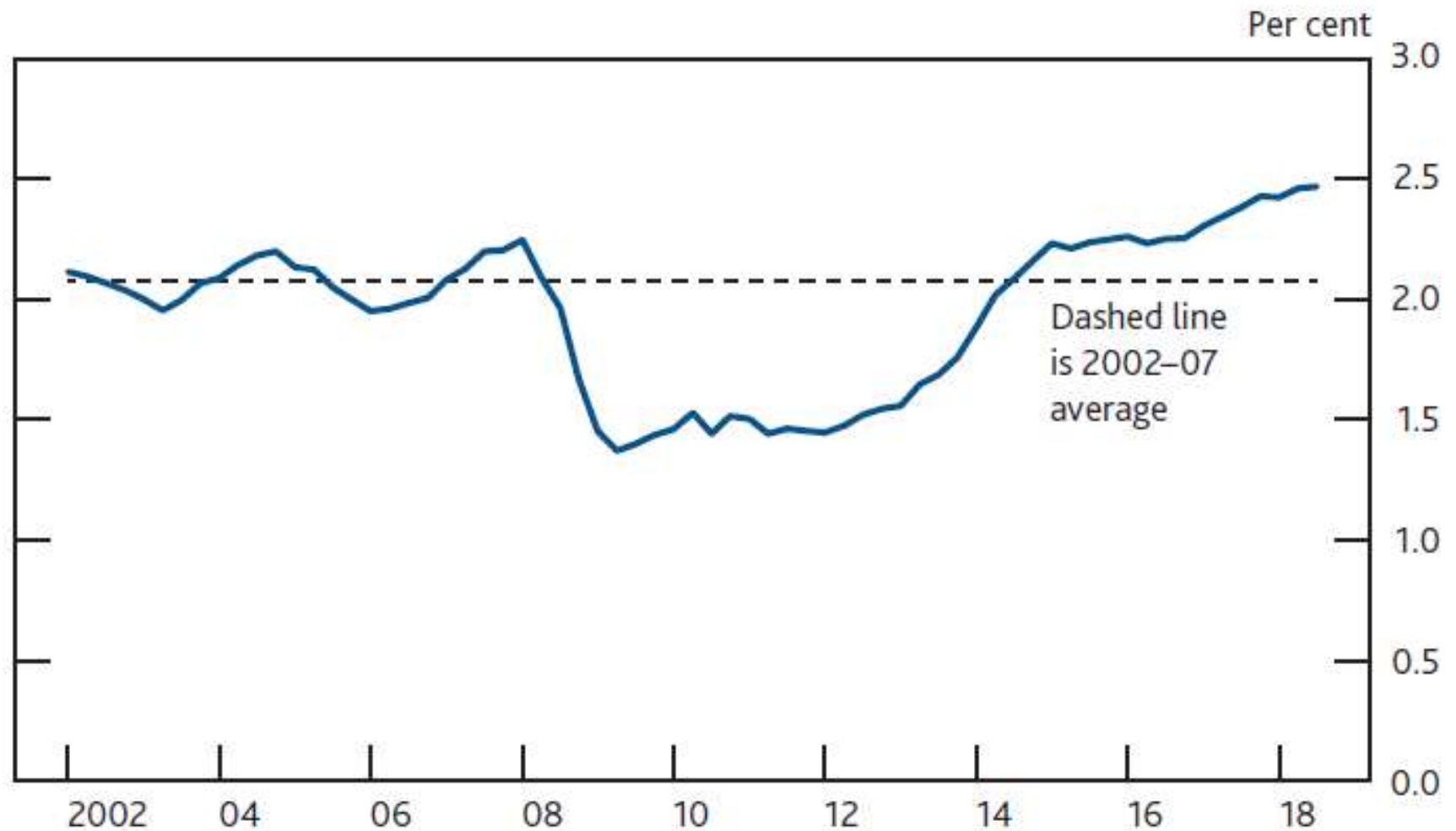


# Unemployment projection based on market interest rate expectations, other policy measures as announced



# Vacancy rate is at a record high

Vacancies to labour force ratio<sup>(a)</sup>

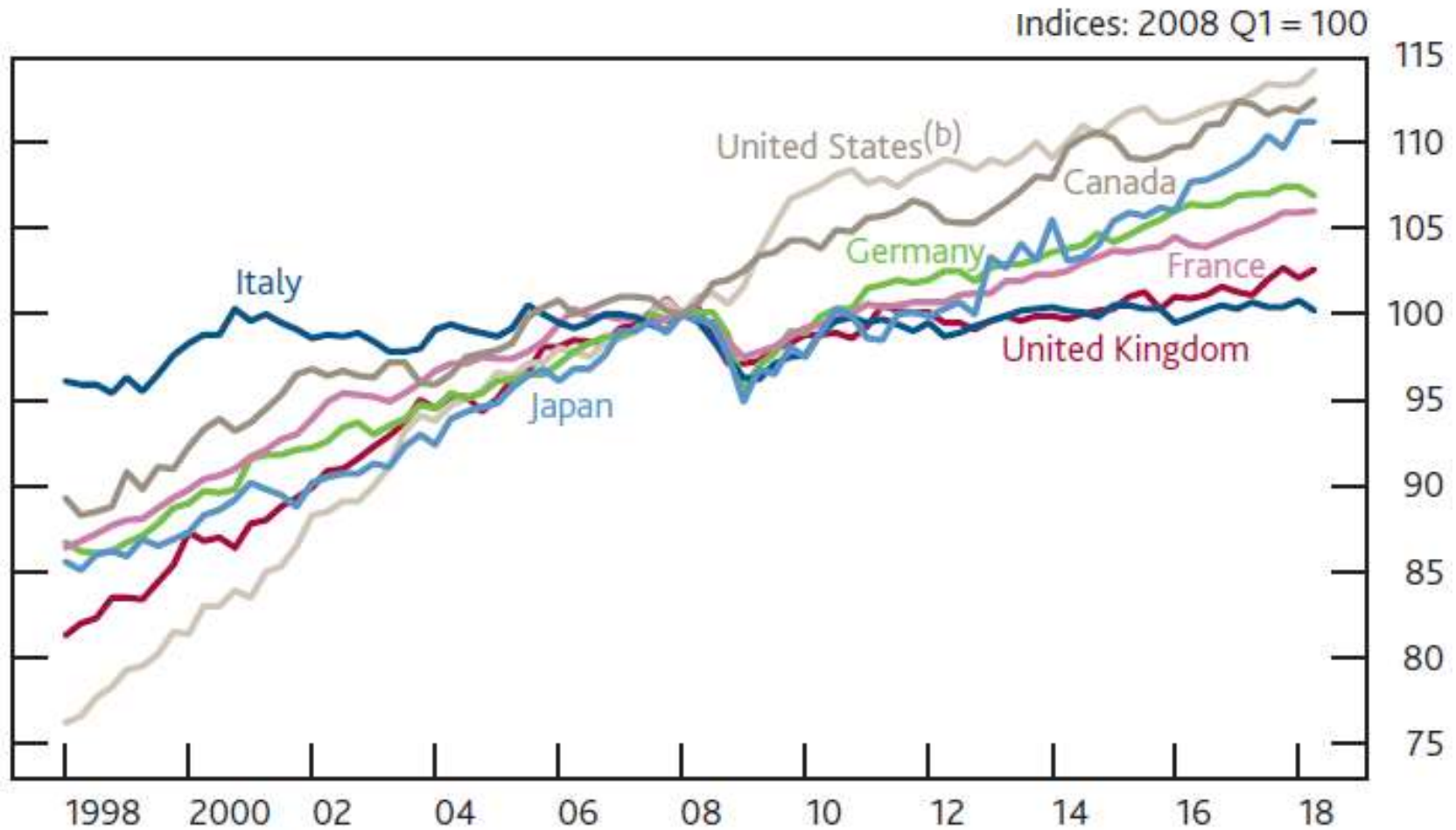


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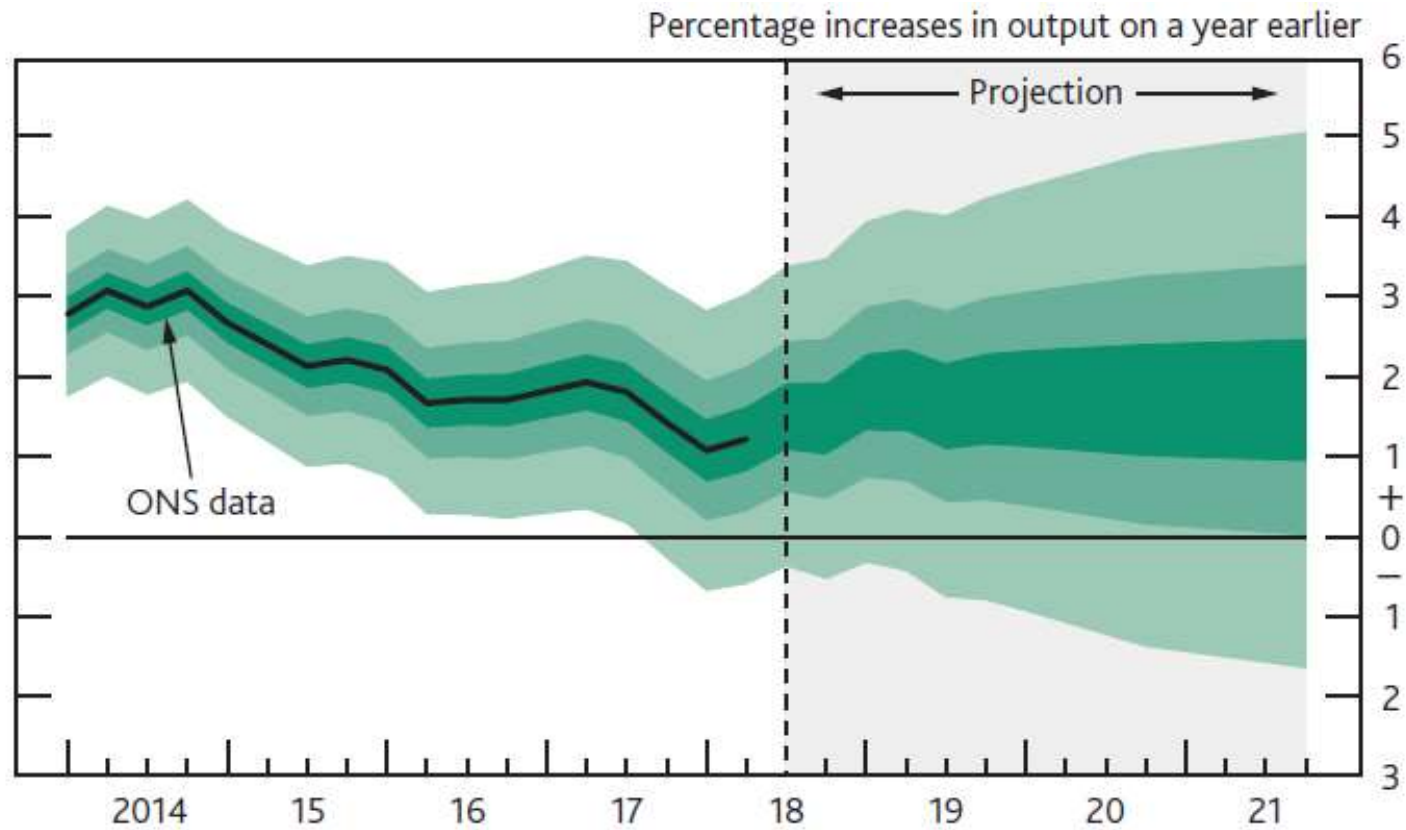
East Midlands Agency

Sources: ONS and Bank calculations

# Productivity growth in the G7



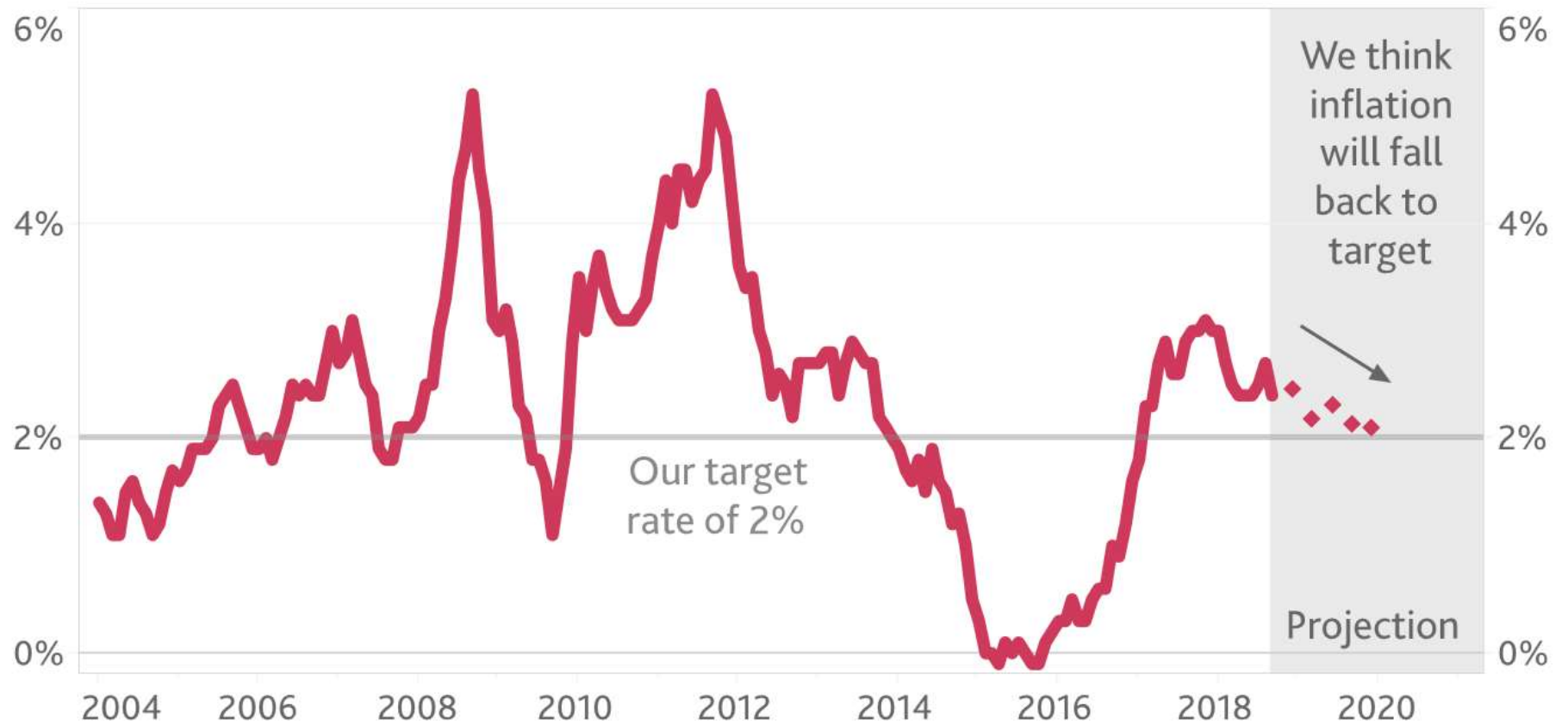
# GDP projection based on market interest rate expectations, other policy measures as announced



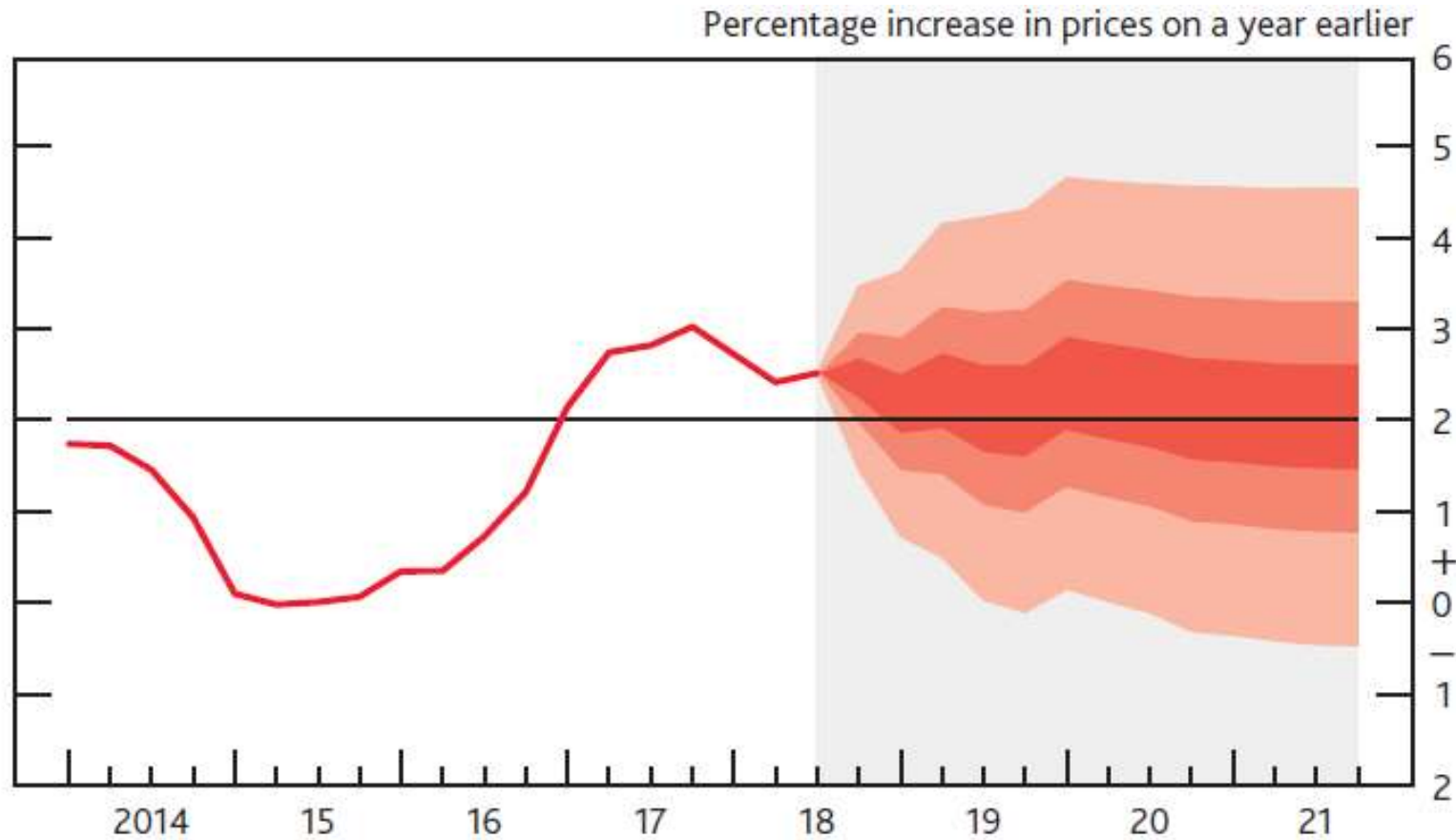


We aim to bring  
inflation back to our  
2% target

# Inflation (CPI % change)



# CPI inflation projection based on market interest rate expectations, other policy measures as announced







Interest rate rises  
should be gradual and  
limited

# Bank Rate (%)



# Conditioning path for Bank Rate implied by forward market interest rates

Per cent

	2018	2019				2020				2021			
	Q4 <sup>(b)</sup>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
November	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4
August	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	

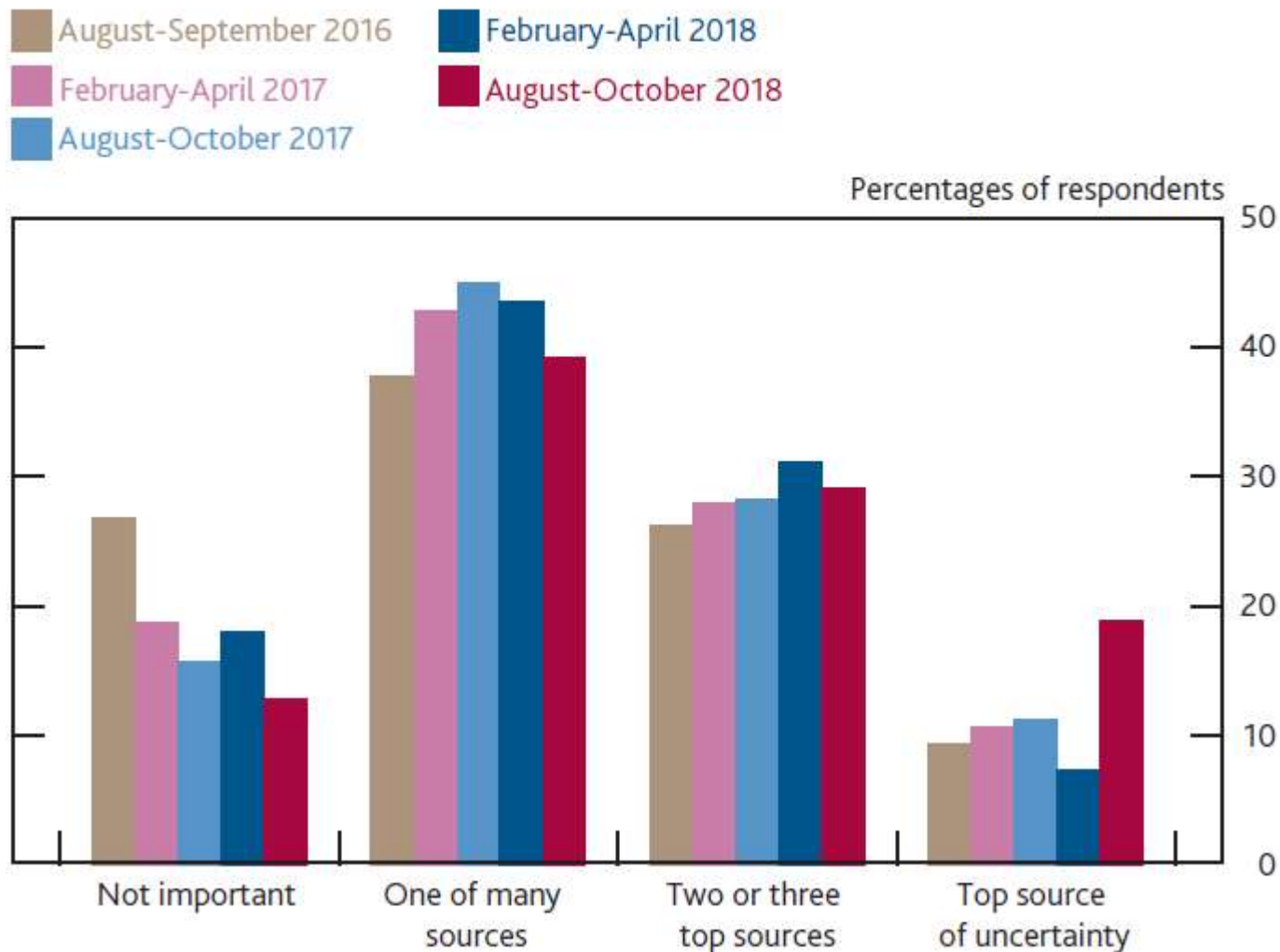




The nature of Brexit  
will affect the UK  
economy

# Brexit-related uncertainty among companies has risen

Decision Maker Panel: Brexit as a source of uncertainty<sup>(a)</sup>



# Summary

We have kept interest rates at  
**0.75%**

 <p>Interest rate rises should be gradual and limited</p>	 <p>We aim to bring inflation back to our 2% target</p>	 <p>The nature of Brexit will affect the UK economy</p>
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