

Central Bank Overview: last meeting

CB	Date	Days	Event	Content	Market Reaction	Source
BoE	2023-06-22	36	Rates	Hike by 50 bps to 5.00% (vs. 50/50 expectation of 25 bps)		
			Statement	<ul style="list-style-type: none"> * Guidance unchanged: If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required. * Quarterly GDP growth via business surveys expected to be around 0.25% during the middle of the year, household spending has strengthened a little, unemployment is flat and employment has risen, Average Weekly Earnings have increased above expectations but are projected to ease of the rest of the year * CPI has fallen to 0.3% higher than projected in May and is expected to fall significantly further during this year * Services CPI and core goods CPI have also been stronger than projected, services CPI is expected to remain unchanged in the near term and core goods CPI is expected to decline later this year * Second-round effects in prices and wages are likely to take longer to unwind than they did to emerge, recent data suggests more persistence of inflation because of the tightness in the labour market and the resilience of demand * Gilt yields, especially in the short end, and mortgage rates have risen materially since the last meeting, the full effect of the increase in the bank rate will not be felt for some time due to the greater share of fixed-rate mortgages 	Brief spike higher in GBP, 2s10s bear flattening	X
			Minutes	<ul style="list-style-type: none"> * Seven members judged that a 0.5 percentage point increase in Bank Rate, to 5%, was warranted at this meeting * Two members preferred to leave Bank Rate unchanged at 4.5% at this meeting (Dhingra and Tenreyro voted for a hold) * There had been significant upside news in recent data that indicated more persistence in the inflation process * Recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required * Goods price inflation should fall sharply, which, with some lag, would reduce associated persistence in domestic wage and price setting * The lags in the effects of monetary policy meant that sizable impacts from past rate increases were still to come through 		X
			Presser	<p>We are not signalling what will come next on rates, it was absolutely imperative that the BoE raised rates today, the pattern of persistence and sticky inflation is seen in other countries too, cannot continue to have the current level of wage increases, cannot have companies building profit margins that cause prices to rise at their current rates, not seeking to precipitate a recession.</p>		X
BoE	2023-05-11	78	Rates	Hike 25 bps (as expected) to 4.25%		
			Statement	<ul style="list-style-type: none"> * Vote split: 7 members in favour, 2 members voted for no change * Guidance remains unchanged: "If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required." * Rate hike in order to "continue to address the risk of more persistent strength in domestic price and wage setting" * UK GDP expected to be flat over H1/2023, banking sector stress is expected to only have a small impact on UK GDP growth, activity has been less weak than expected in February * The labour market is expected to remain tighter in the near term than in the February report, unemployment is projected to remain below 4% until the end of 2024 * CPI was 10.2% in Q1 which is higher than expected in February and March, it is expected to fall sharply from April and to decline to a little above 1% at the two and three-year timeframes * Risks to the inflation outlook are skewed towards the upside 		
			Projections	<ul style="list-style-type: none"> * The GDP projection has been upped from -0.7 to 0.0% for Q2 and from -0.3% to +0.9% for Q2 2024 from February * The CPI projection has been lowered for this year and upgraded significantly from +1.0 to +3.4% for Q2 next year * The projected unemployment rate has been lowered through the projection horizon * The Bank Rate is seen at 4.4% vs. 4.3% in Q2 this year, at 4.4% vs. 4.1% in Q2 next year and 3.8% vs. 3.5% in Q2 2025 		

FX	Date	LON	Data	Act	Exp	Prev	Reaction
GBP	Wed 21.06.23	07:00	PPI Input m/m	-1.5	-0.5	-0.3	GBP only briefly spiking higher
			PPI Output m/m	-0.5	-0.1	0.0	
	07:02	CPI y/y	8.7	8.4	8.7		
		Core CPI y/y	7.1	6.8	6.8		
	Thu 22.06.23	12:00	BoE Rate Statement				GBP zig-zagging
	Fri 23.06.23	00:01	GfK Consumer Confidence	-24	-26	-27	GBP unchanged
		07:00	Retail Sales m/m	0.3	-0.2	0.5	GBP higher
		09:30	Flash Manufacturing PMI	46.2	46.9	47.1	GBP higher
			Flash Services PMI	53.7	54.8	55.2	
	Tue 27.06.23	00:01	BRC Shop Price Index y/y	8.4		9.0	GBP sideways
	Tue 11.07.23	00:01	BRC Retail Sales Monitor y/y	4.2	4.6	3.7	GBP unchanged
		07:00	Claimant Count Change	25.7	20.5	-13.6	GBP stronger
			Average Earnings Index 3m/y	6.9	6.8	6.5	
			Unemployment Rate	4.0	3.8	3.8	
	Wed 12.07.23	07:00	BOE Financial Stability Report FPC Statement				GBP unchanged
	Thu 13.07.23	07:00	GDP m/m	-0.1	-0.3	0.2	GBP weaker for a bit
			Goods Trade Balance	-18.7	-14.9	-15.0	
			Index of Services 3m/3m	0.0	-0.2	-0.1	
			Industrial Production m/m	-0.6	-0.4	-0.3	
			Manufacturing Production m/m	-0.2	-0.5	-0.3	
			09:30	BOE Credit Conditions Survey			
	Wed 19.07.23	07:00	CPI y/y	7.9	8.2	8.7	GBP down briefly GBP sharply lower
			Core CPI y/y	6.9	7.1	7.1	
PPI Input m/m			-1.3	-0.3	-1.5		
PPI Output m/m			-0.3	-0.3	-0.5		
Fri 21.07.23	00:01	GfK Consumer Confidence	-30	-25	-24	GBP unchanged	
	07:00	Retail Sales m/m	0.7	0.2	0.3	GBP stronger	
Mon 24.07.23	09:30	Flash Manufacturing PMI	42.7	46.1	46.5	GBP weaker	
		Flash Services PMI	51.5	53.1	53.7		

BoE Speakers Crib Sheet

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<i>Days ago</i>	<i>Date</i>	<i>Speaker</i>	<i>Bias</i>	<i>Relevant Points</i>
9	19.07.23	Ramsden	Hawk	Inflation has begun to fall significantly but remains much too high, latest inflation data shows it is still a bit higher than expected, if there is evidence of persistent pressures then further tightening would be required, the impact of bank rate increases taking quite a bit longer to come through than expected, QT should be thought of as operating in the background, would like to increase the pace of gilt stock reduction, cannot rule out next interest rate cycle will get back to zero lower bound and need to have room for new QE.
16	12.07.23	Bailey	Neutral	The UK economy and financial system have been resilient so far, the FPC will remain vigilant as the impact of higher rates feeds through, tighter bank lending standards reflect appropriate risk judgment.
		Cunliffe	Dove	This interest rate cycle has been fast but the amplitude may not be large by historic standards, will put out proposals for money market fund reforms later this year.
18	10.07.23	Bailey	Neutral	Inflation is unacceptably high, the aim is to bring it down to 2% target, headline inflation is expected to decrease significantly over the rest of the year, the economy has shown unexpected resilience, both price and wage increases at current rates are inconsistent with the inflation target.
22	06.07.23	Bailey	Neutral	Cannot give a date on when interest rates will start to come down, expects inflation to fall markedly but it will still be hard for borrowers.
25	03.07.23	Greene	Dove	It would be a mistake for central bankers to assume inflation and rates will automatically go back to pre-Covid levels.
29	29.06.23	Tenreyro	Dove	My vote to leave bank rate unchanged at my final policy meeting rested on what the latest data implied about the medium term, forward-looking indicators had pointed towards falls in both pay growth and core-goods inflation, tightening already in the pipeline would be sufficient to bring inflation below the target.
30	28.06.23	Bailey	Neutral	Data showed a clear persistence of inflation, will be "evidence driven", will do what is necessary, expects inflation to come down, not getting inflation back to target is a worse outcome, labour market in the UK is very very robust, the labour force is smaller than at the outbreak of Covid, the economy has turned out to be much more resilient so far.
31	27.06.23	Dhingra	Dove	UK wages are responding to inflation with a lag, sharp drop in PPI is promising, there is a lag between fall in PPI and CPI of around one or two quarters.