

In a nutshell



Pay is rising
at a faster
rate



The UK
economy is
growing just
above its
speed limit



Interest rate
rises should
be gradual
and limited...



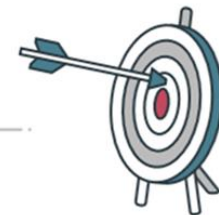
...and are expected
to bring inflation back
to our 2% target



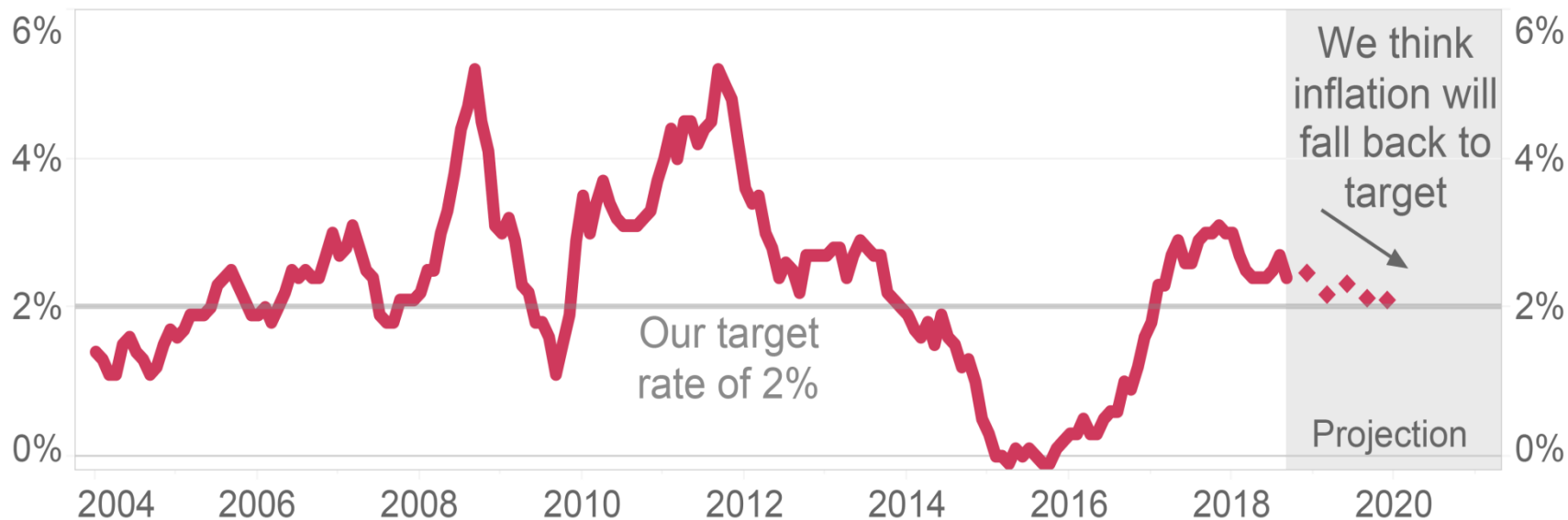
The nature of Brexit
will affect the UK
economy

www.inflationreport.co.uk

Inflation expected to return to 2% target over forecast horizon



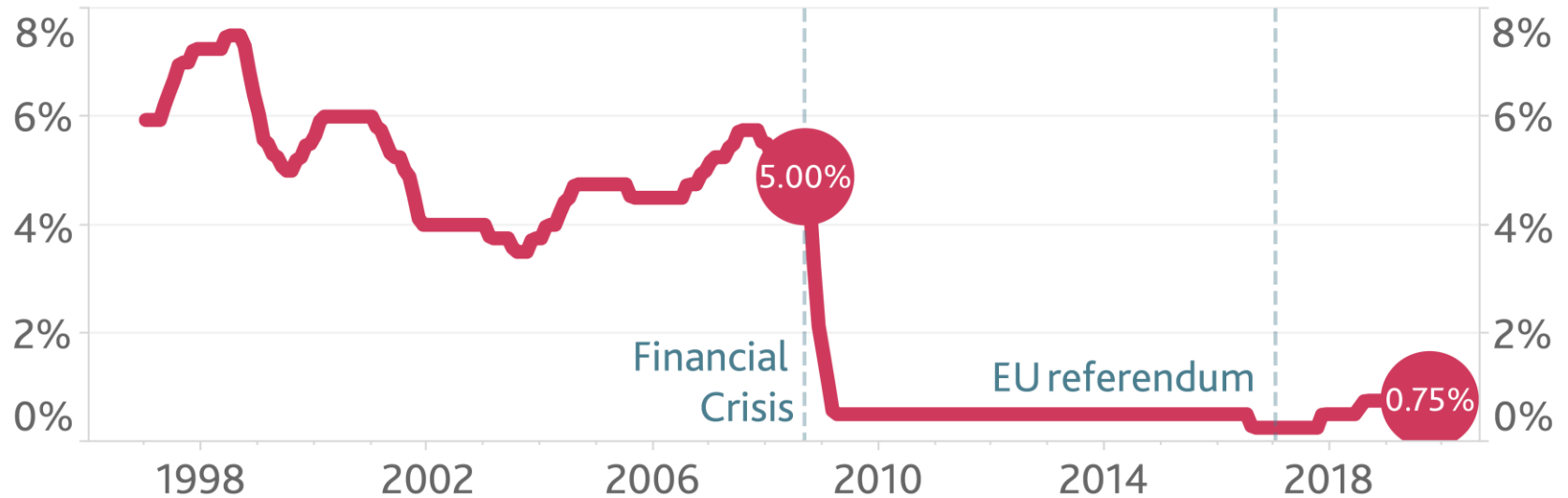
Inflation (% change)





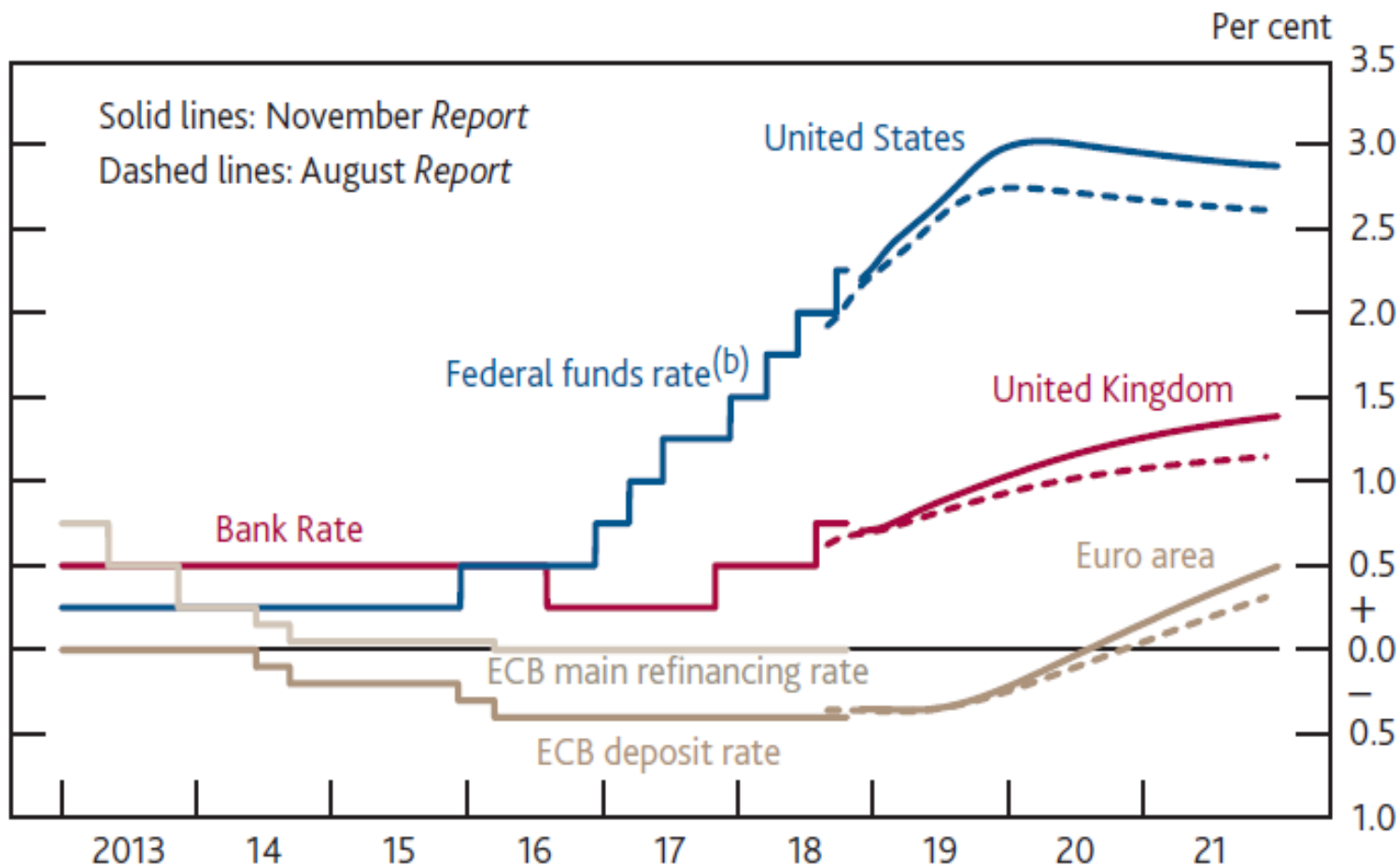
Compared to the past, Bank Rate is still very low

Bank Rate (%)



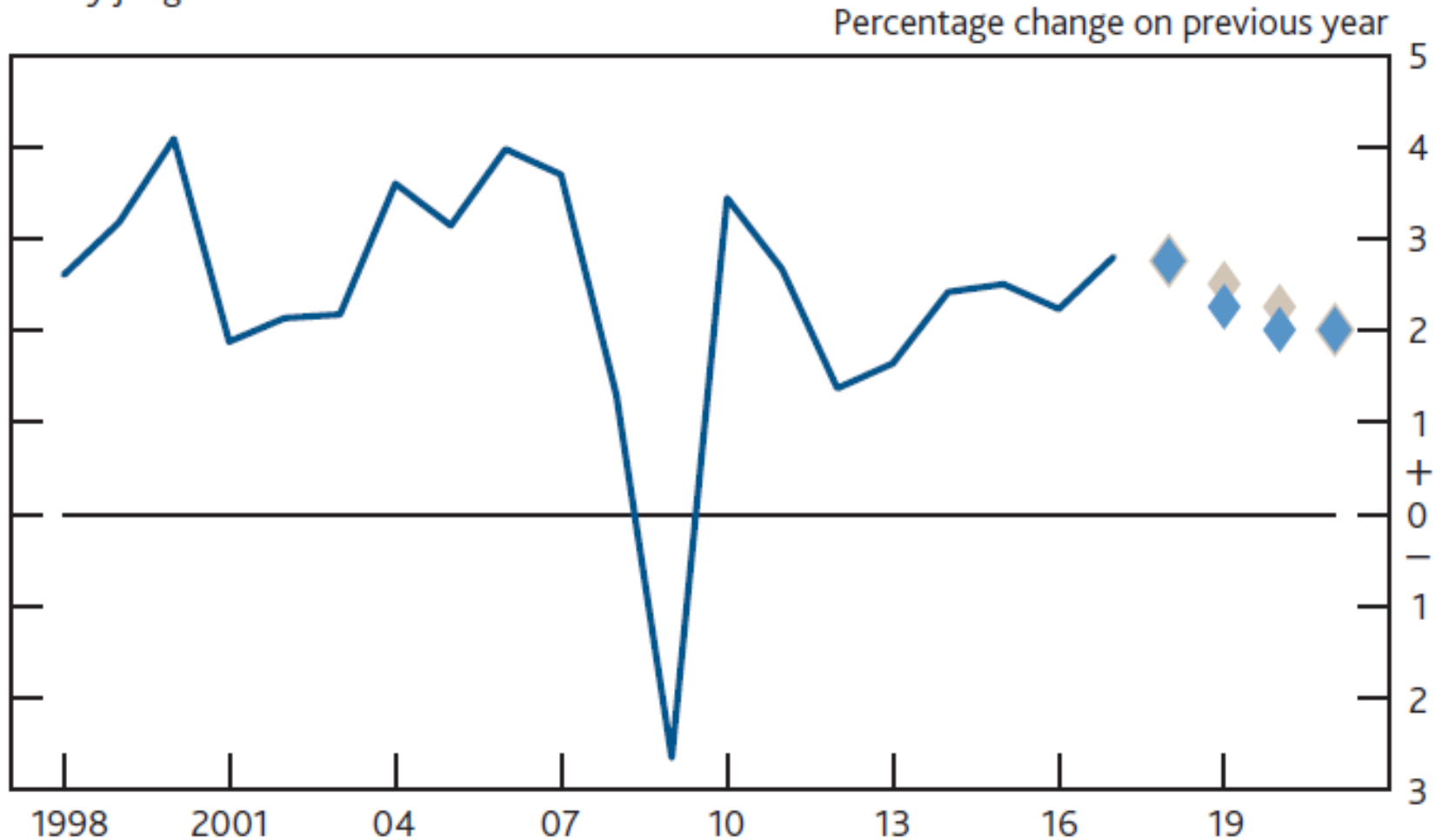
Market-implied paths for interest rates have risen since Aug

International forward interest rates^(a)



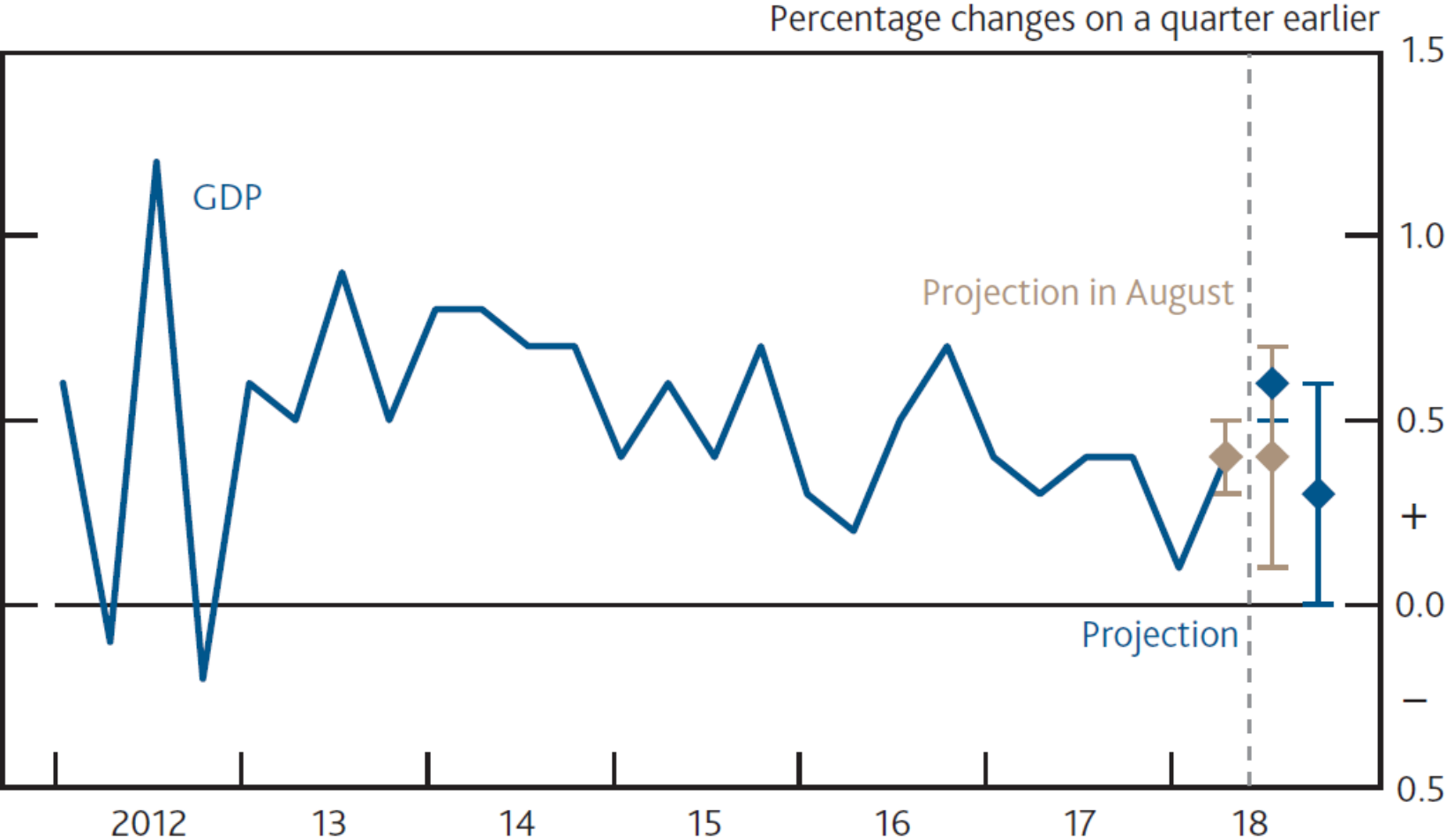
World GDP growth (UK-weighted)

- ◆ Projection at the time of the *August Report*
- ◆ Projection consistent with MPC key judgements in November



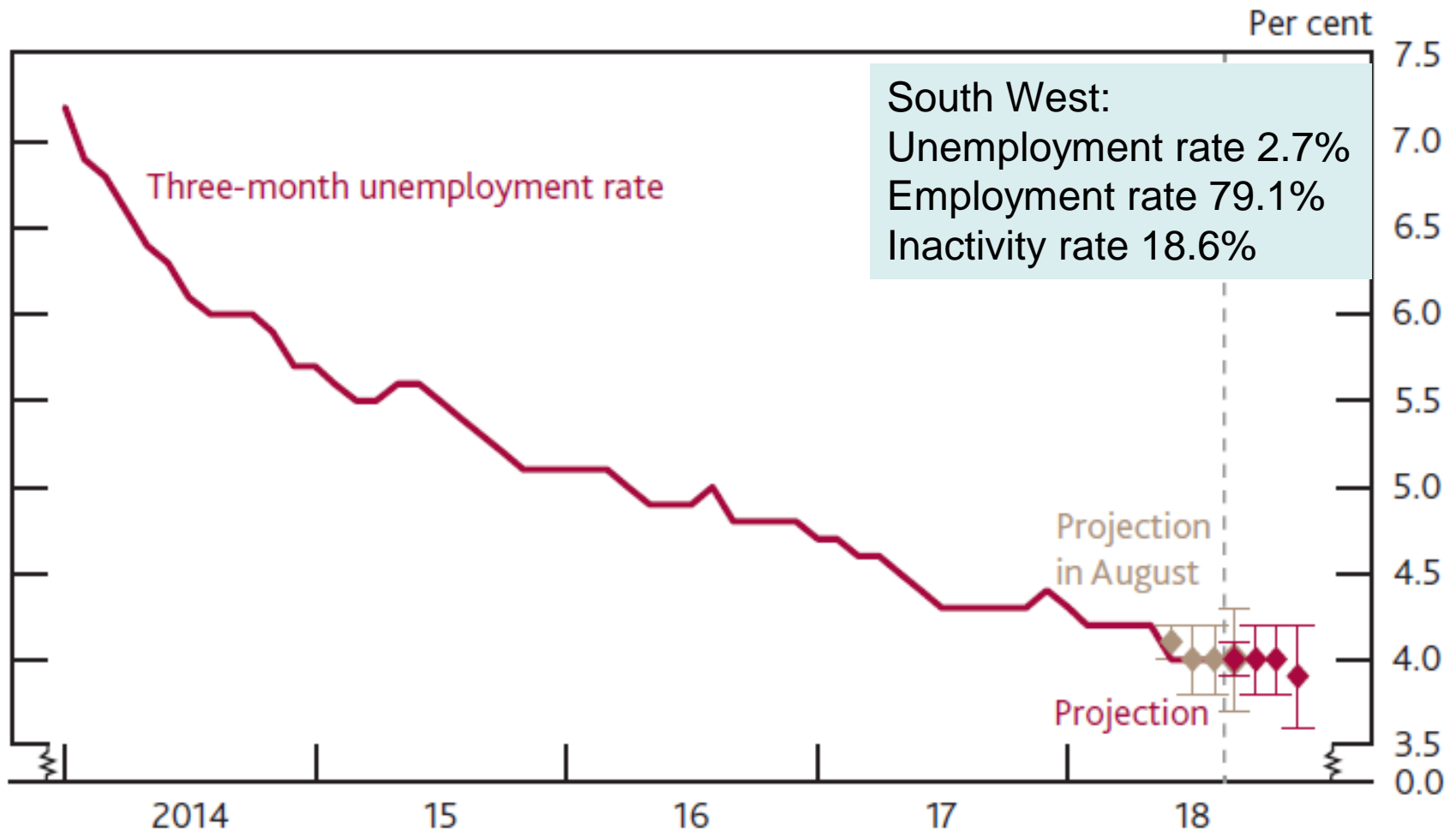
UK GDP growth – projection has shifted slightly

GDP growth and Bank staff's near-term projection(a)



Unemployment rate projected to fall to 3.9% in Q4

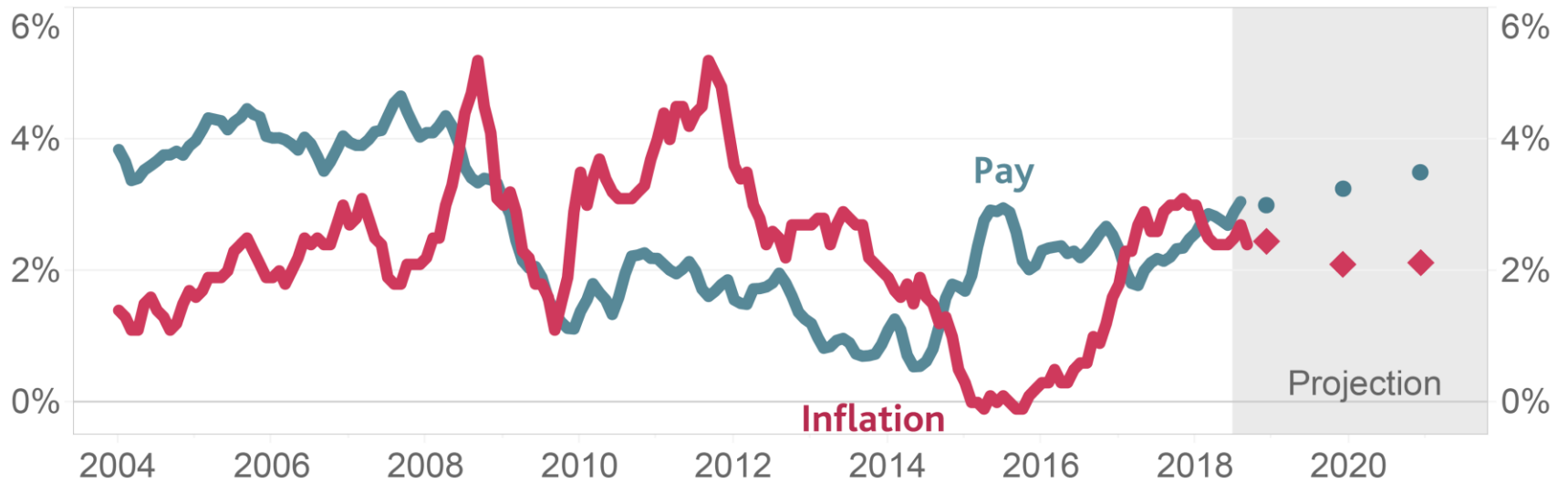
Unemployment rate and Bank staff's near-term projection^(a)





Pay has started to rise faster than prices

Pay & inflation (% change)



UK productivity growth is weaker than most of the G7

Hourly labour productivity in the G7(a)

