



BANK OF ENGLAND

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Bank of England Quarterly Bulletin 2009 Q2

The 2009 Q2 issue of the Bank of England *Quarterly Bulletin* is published today. It contains the following articles and reports:

- *Foreword*, by Spencer Dale, Chief Economist and Executive Director - Monetary Analysis and Statistics, Bank of England.
- *Markets and operations*. This regular quarterly commentary discusses recent developments in sterling financial markets and the Bank's official operations. It also provides some commentary on recent market developments since the implementation of the MPC's asset purchase programme.
- *Quantitative easing*. The aim of the Bank's large-scale asset purchases, sometimes termed 'quantitative easing', is to boost nominal spending to help the MPC meet the 2% inflation target. The stimulus is likely to occur through a number of channels and the responses of those who receive the additional money will be key to its overall effectiveness. This article explains the rationale for using asset purchases and describes the different channels through which they may work. It also discusses the different factors that will determine how effective these channels might be.
- *Public attitudes to inflation and monetary policy*. This article discusses the public's perceptions of current inflation and their expectations of inflation and interest rates going forward. Inflation expectations for the year ahead have fallen markedly over the past year. This is likely to reflect reduced inflation perceptions and also weaker demand prospects. However, longer-term measures, which are more closely anchored to the inflation target, were somewhat higher. The survey showed that, on balance, respondents expected interest rates to rise over the year ahead.
- *The economics and estimation of negative equity*. This article discusses the potential macroeconomic and financial implications of negative equity and presents estimates of its extent based on three different approaches. The estimates suggest that between 7%-11% of UK owner-occupier mortgagors were in negative equity in the first quarter of this year. However, the vast majority of households had substantial equity in their homes and, for the majority of households who were in negative equity, the size of that negative equity was relatively small.

- *A review of the work of the London Foreign Exchange Joint Standing Committee in 2008*: This report reviews some of the main themes of the work programmes of the Committee and its subgroups in 2008.

Note to Editors

Copies of the *Quarterly Bulletin* are available from:

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(Tel: 020 7601 4030; fax 020 7601 3298) or:

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