



BANK OF ENGLAND

Economic Outlook

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Bank of England**

At ASTL September 2017



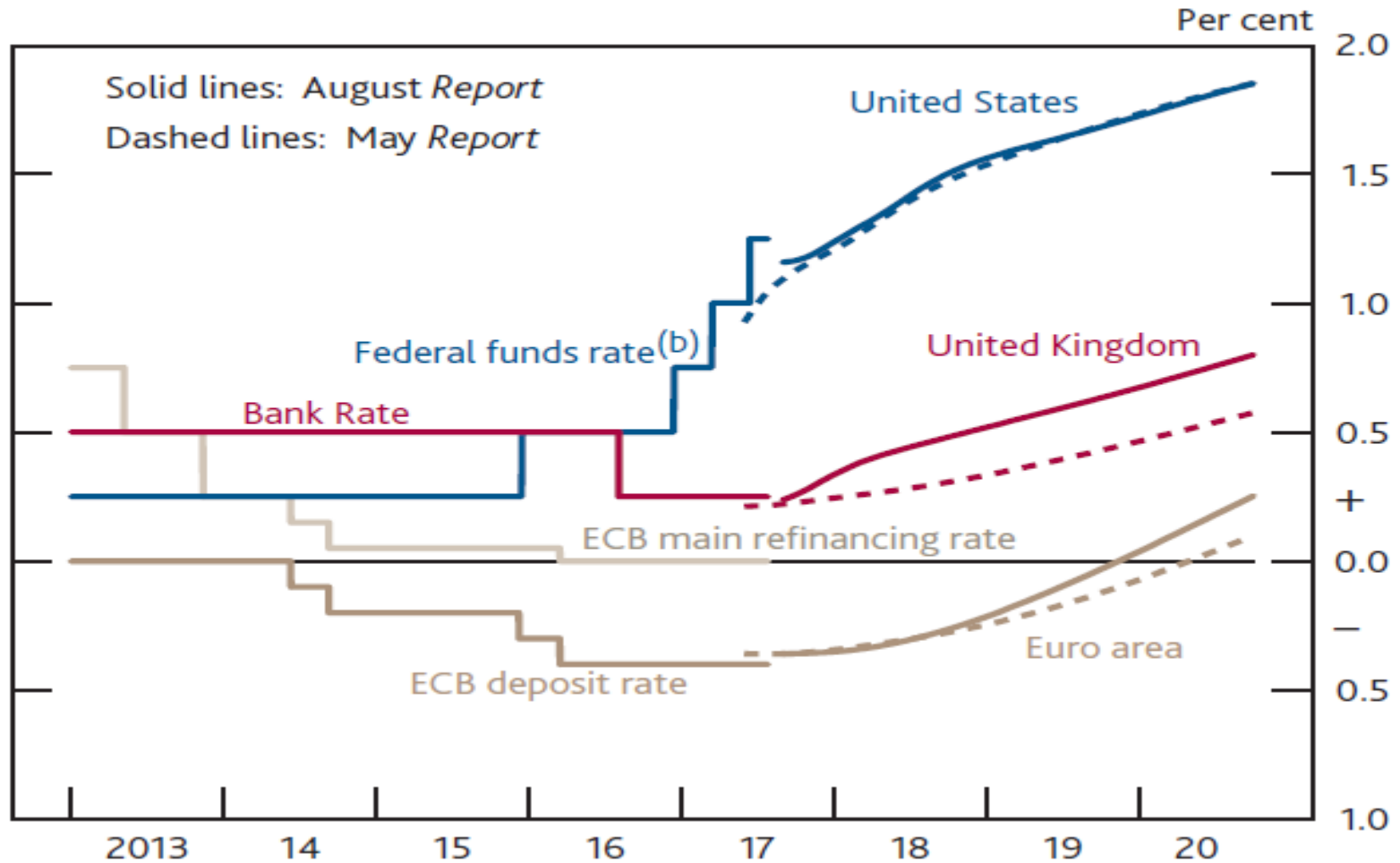
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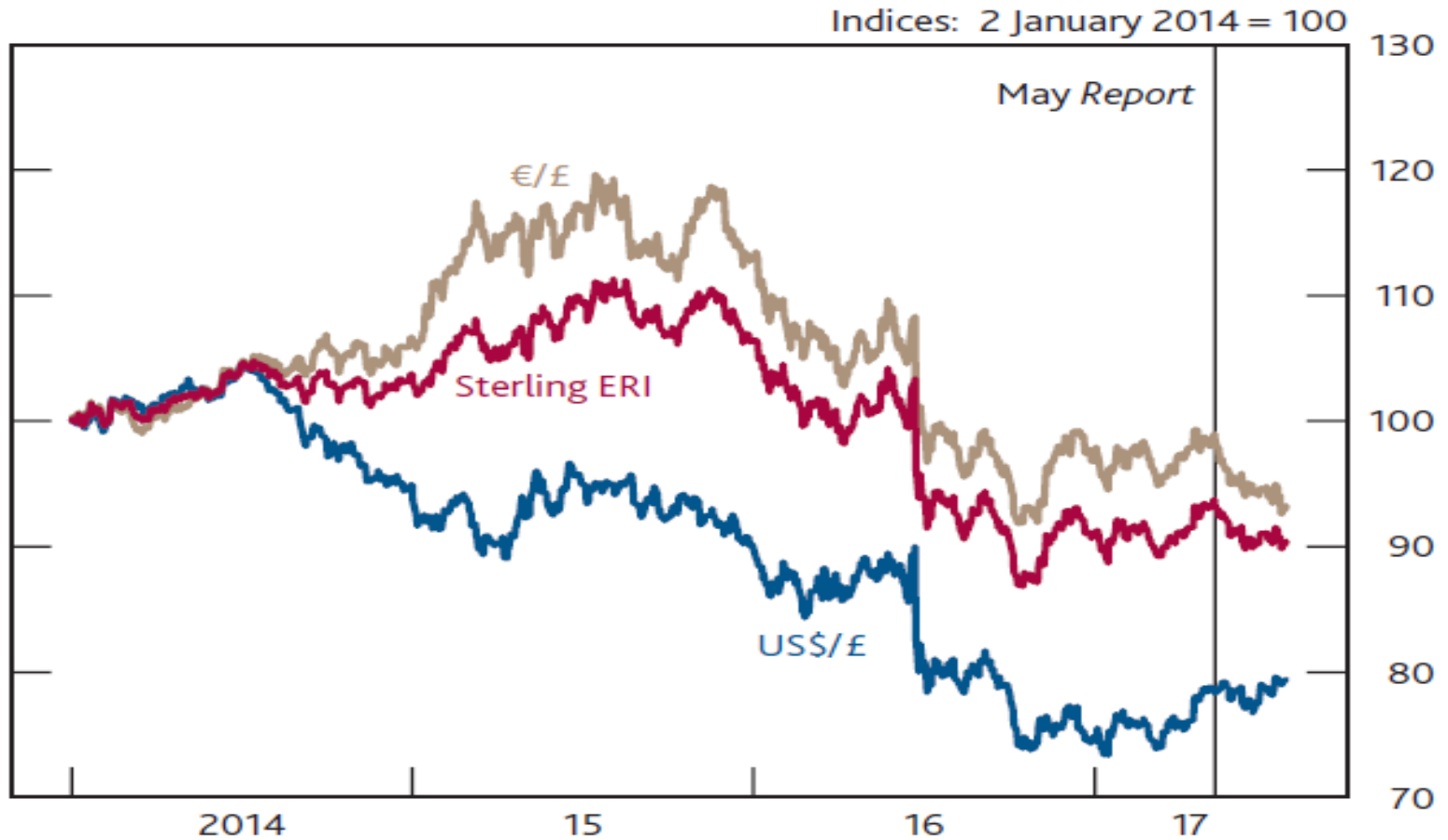
Market-implied paths for short-term rates have risen in the UK and euro area

International forward interest rates^(a)

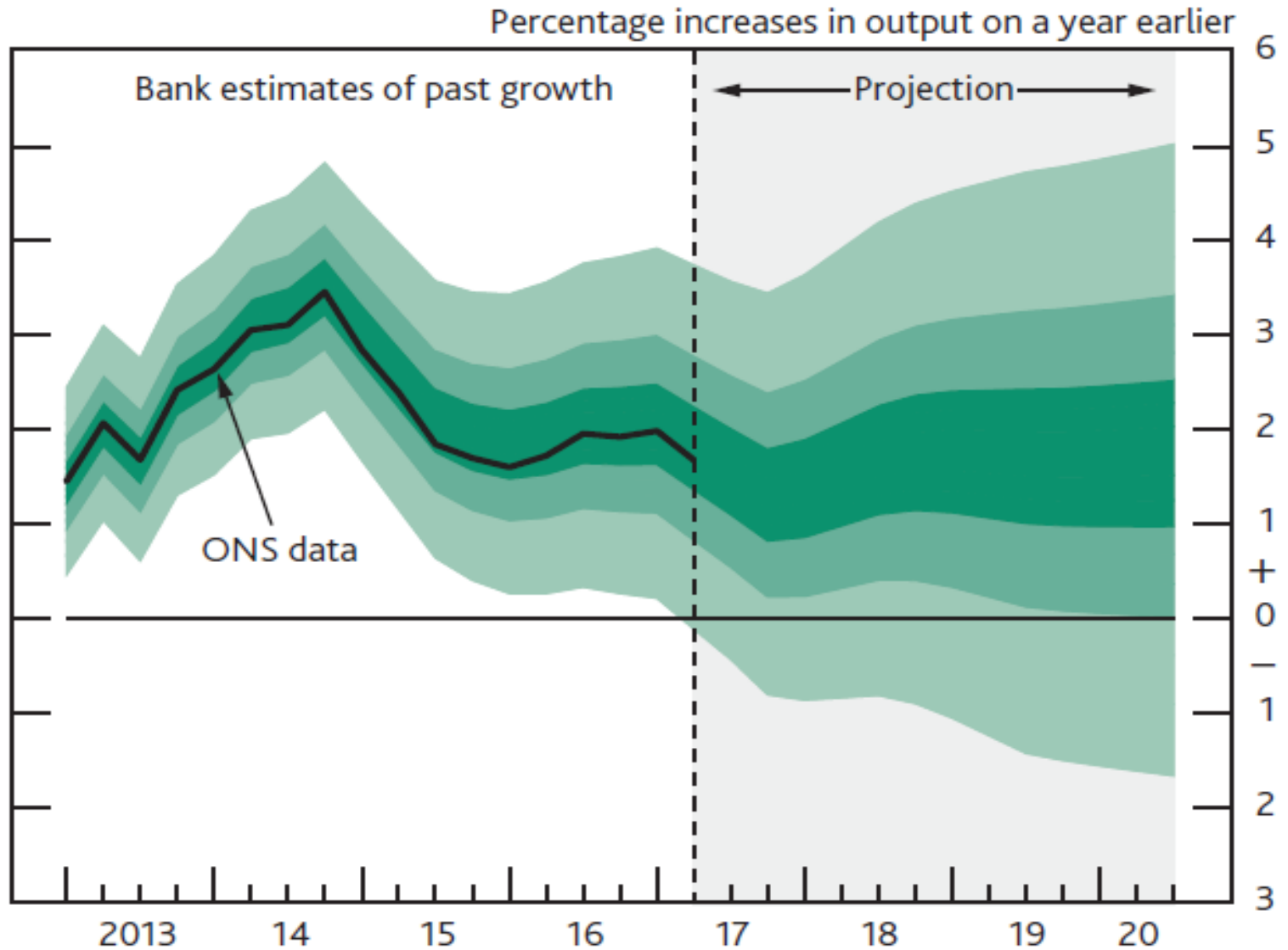


Sterling has remained 15%-20% below its late-2015 peak

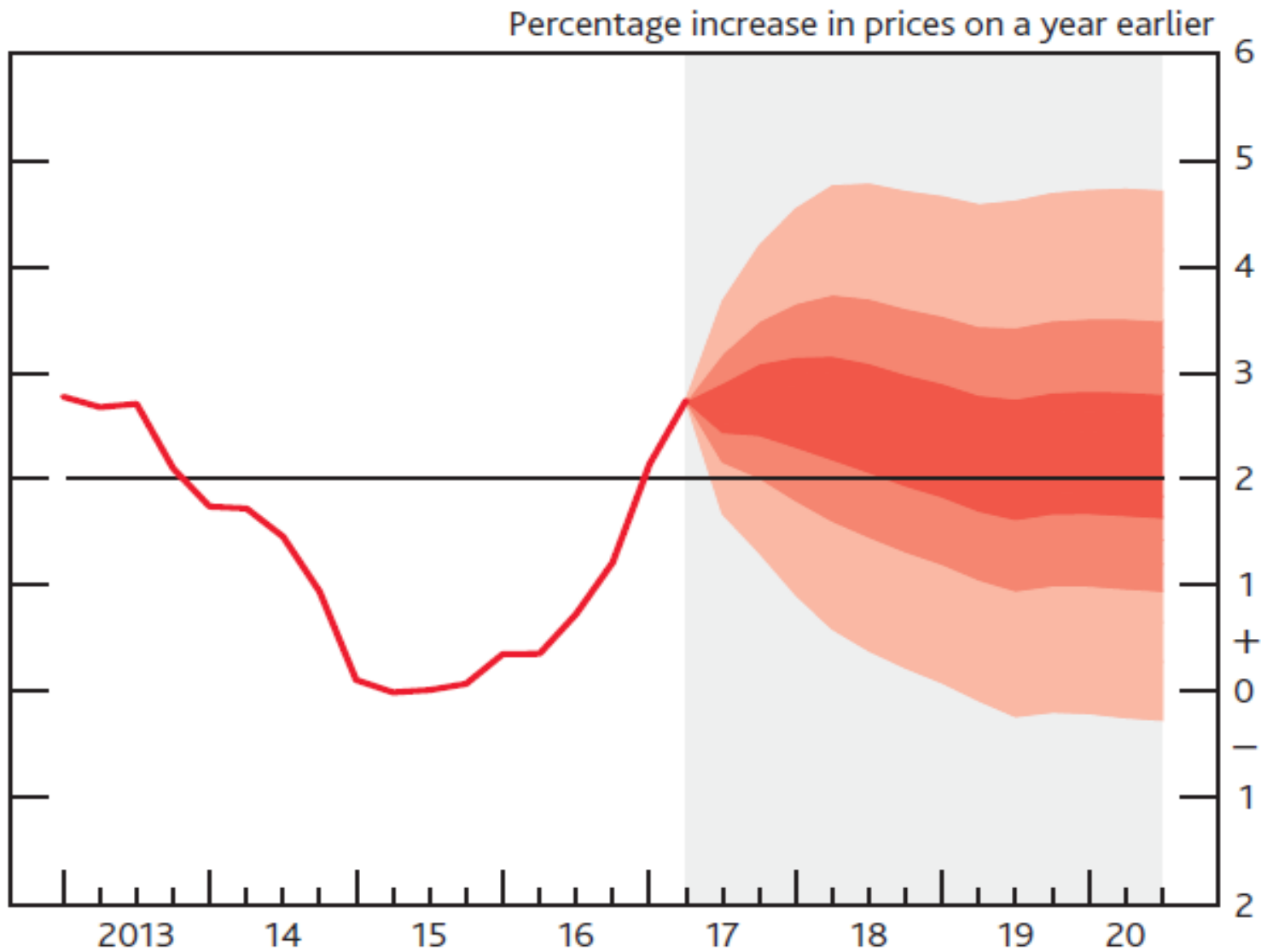
Sterling exchange rates



GDP growth; market Bank Rate path, other policy measures as announced

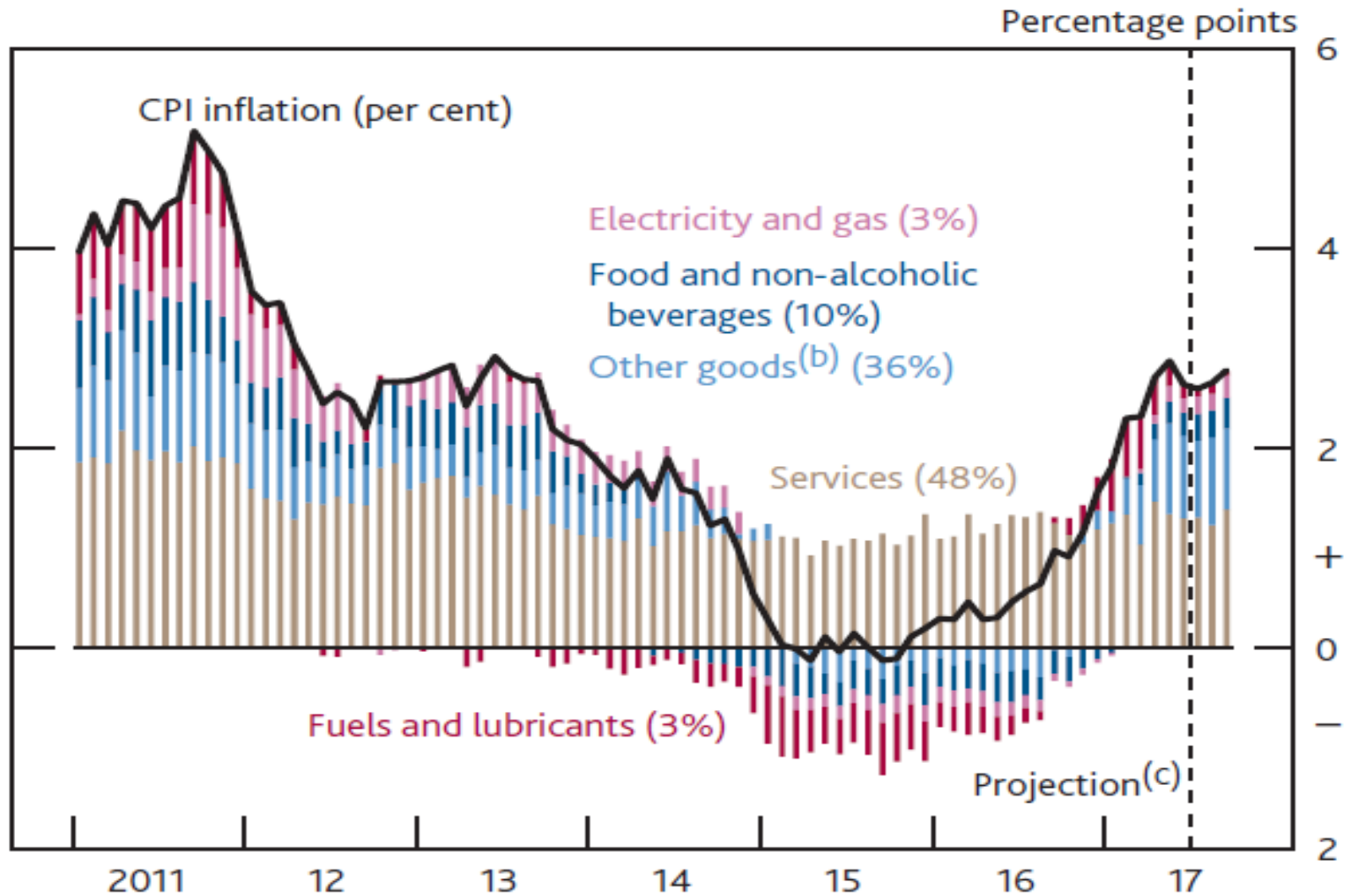


CPI inflation, market Bank Rate path, other policy measures as announced



Rising goods prices have pushed up inflation

Contributions to CPI inflation(a)

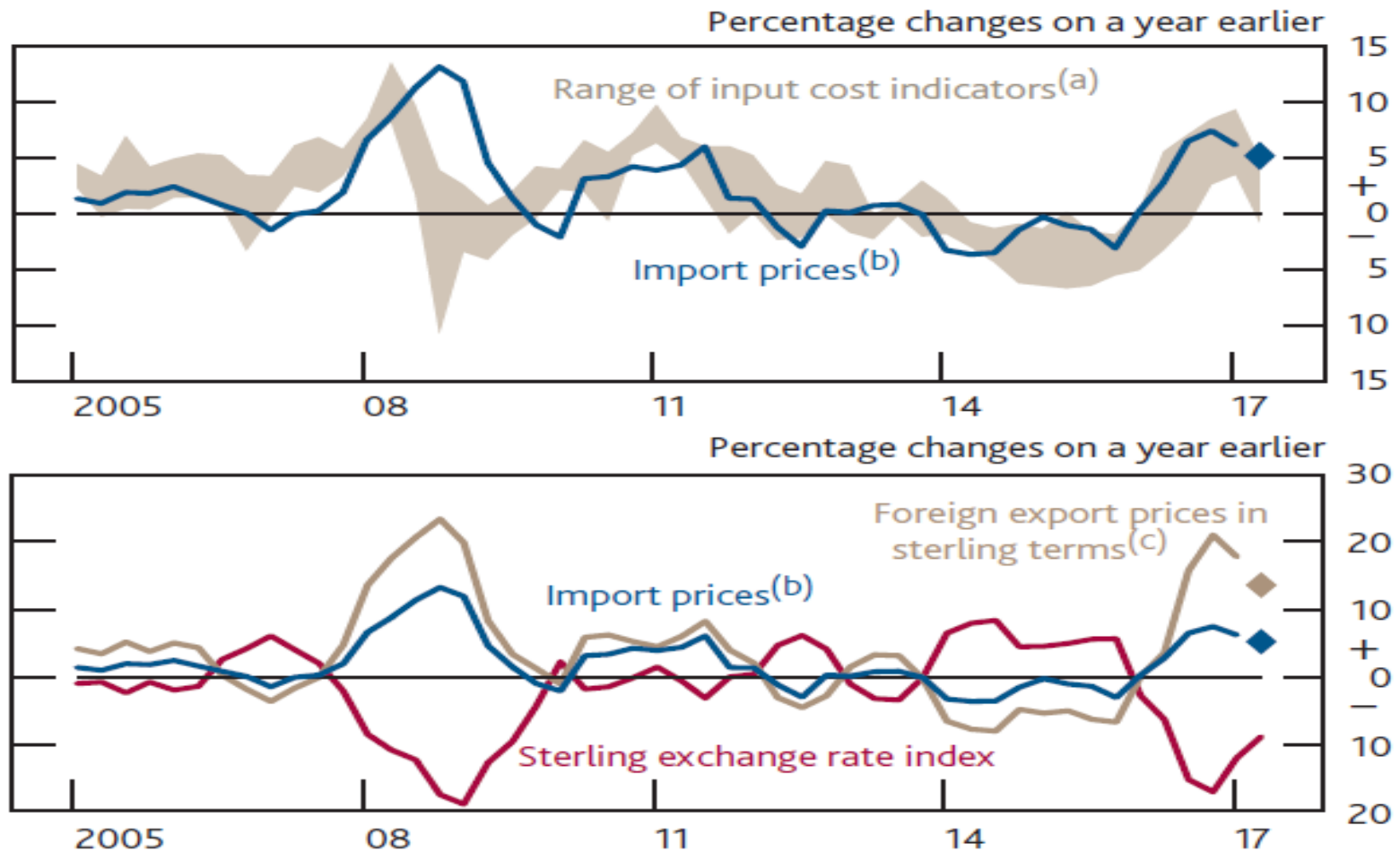


Sources: Bloomberg, DBEIS, ONS and Bank calculations.



Import price inflation appears to be easing

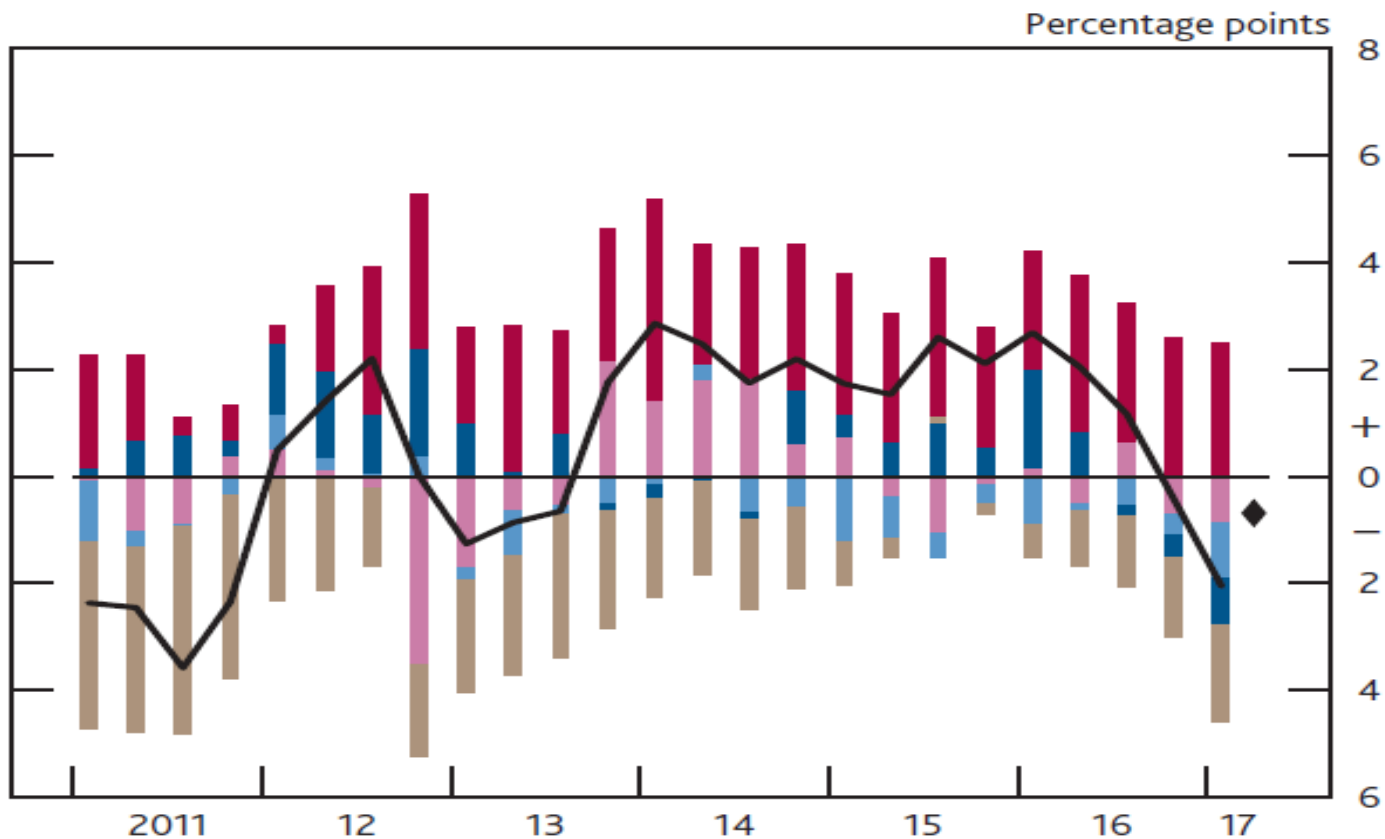
Import prices, indicators of input cost pressures, foreign export prices and the sterling exchange rate



Rising import prices have weighed on household real income growth

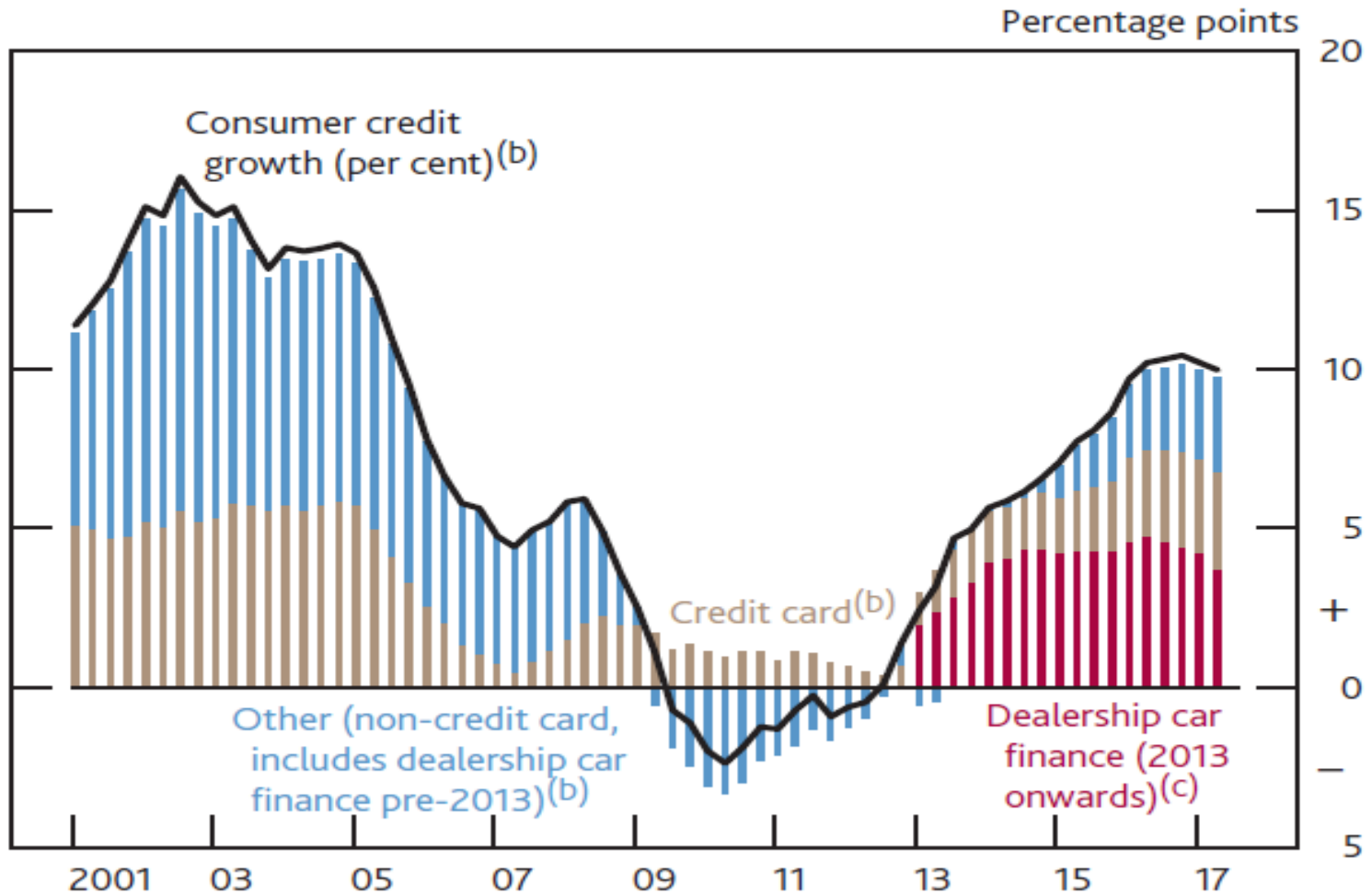
Contributions to four-quarter real post-tax income growth

- Nominal labour income^(a)
- Benefits and transfers^(b)
- Income taxes
- Non-labour income^(c)
- Prices^(d)
- Real post-tax income growth (per cent)^(e)



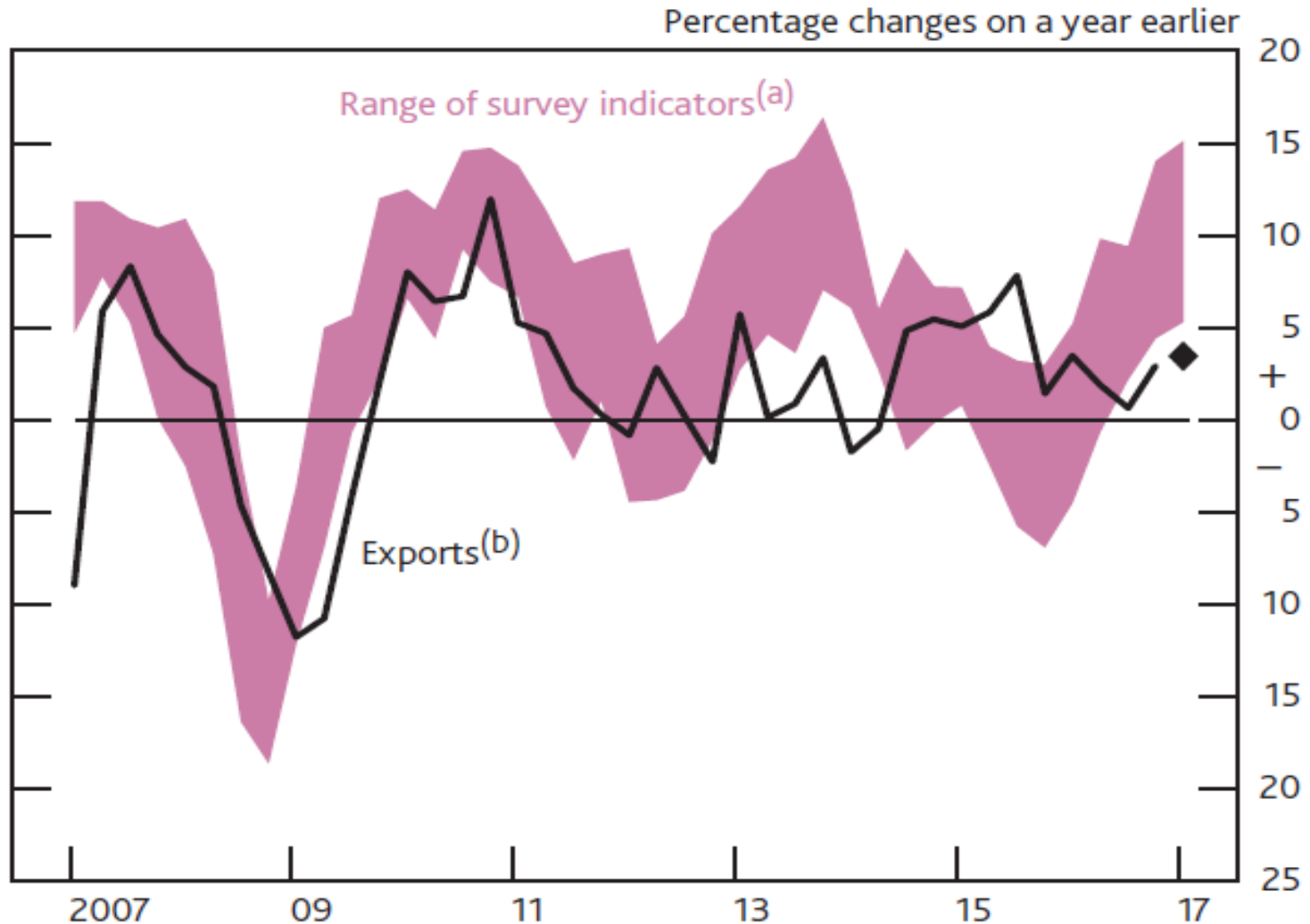
Consumer credit growth has remained robust

Contributions to four-quarter consumer credit growth^(a)



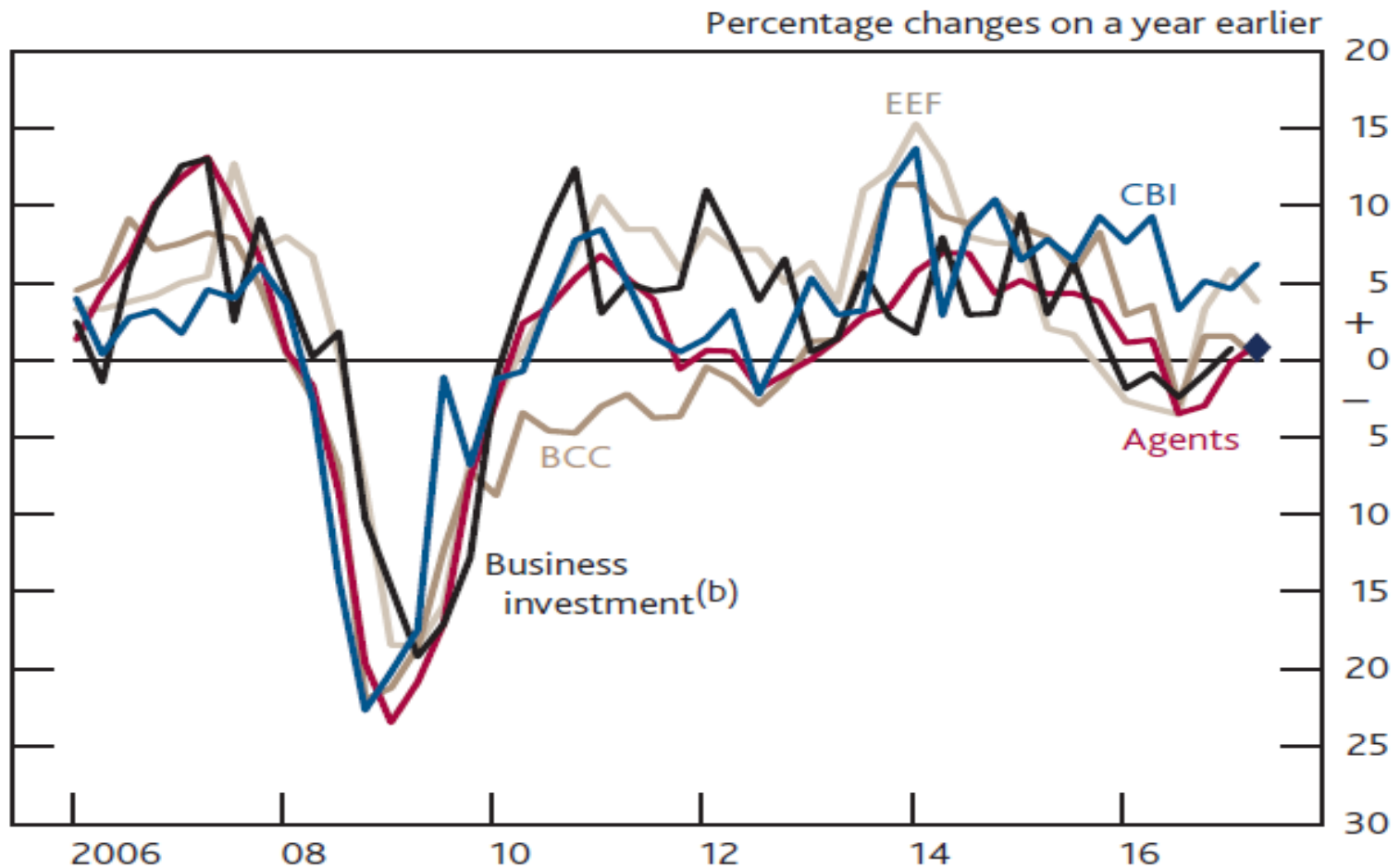
Surveys point to a pickup in export growth

UK exports and survey indicators of export growth



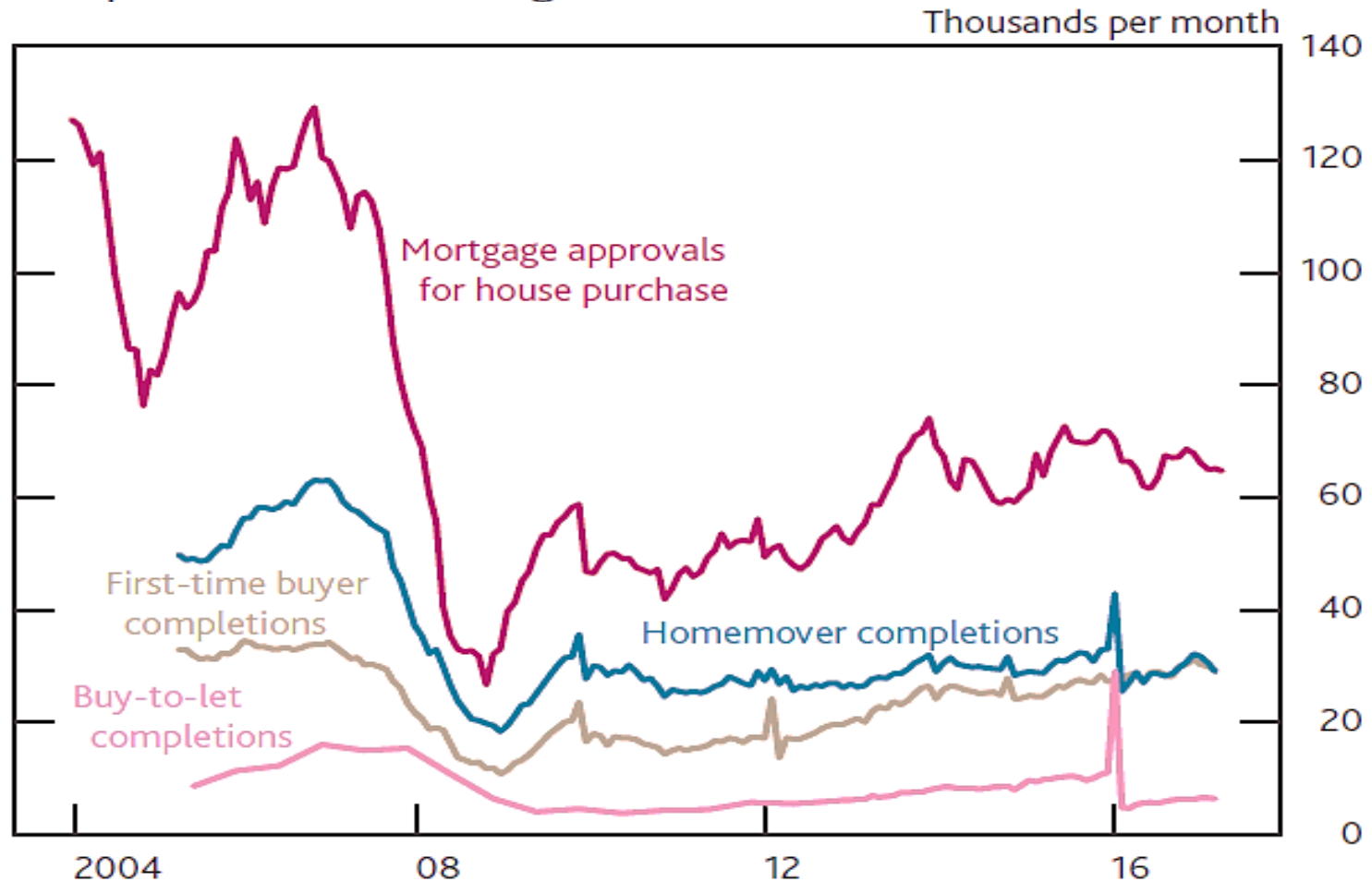
Indicators of investment intentions point to near-term growth

Business investment and survey indicators of investment intentions^(a)



House prices and activity slowed; new building increased

House prices, mortgage approvals for house purchase, mortgage completions and housing starts



Sources: Bank of England, CML, DCLG, IHS Markit, Nationwide and Bank calculations.

Chart 5.5 Unemployment projection: market Bank Rate path, other policy measures as announced

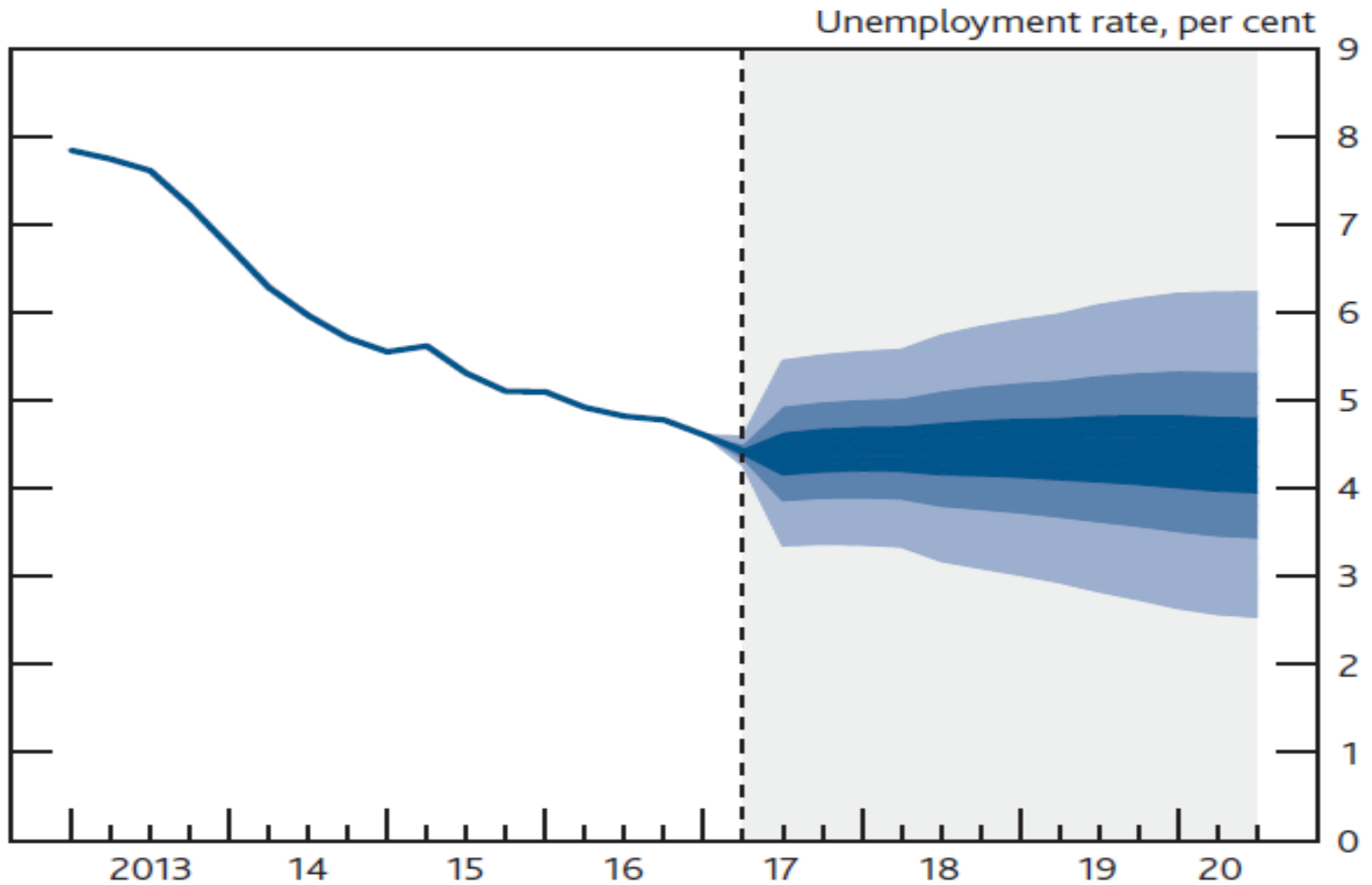


Chart 3.3 Wage growth subdued as unemployment has fallen

Wage Phillips curve: wage growth and unemployment

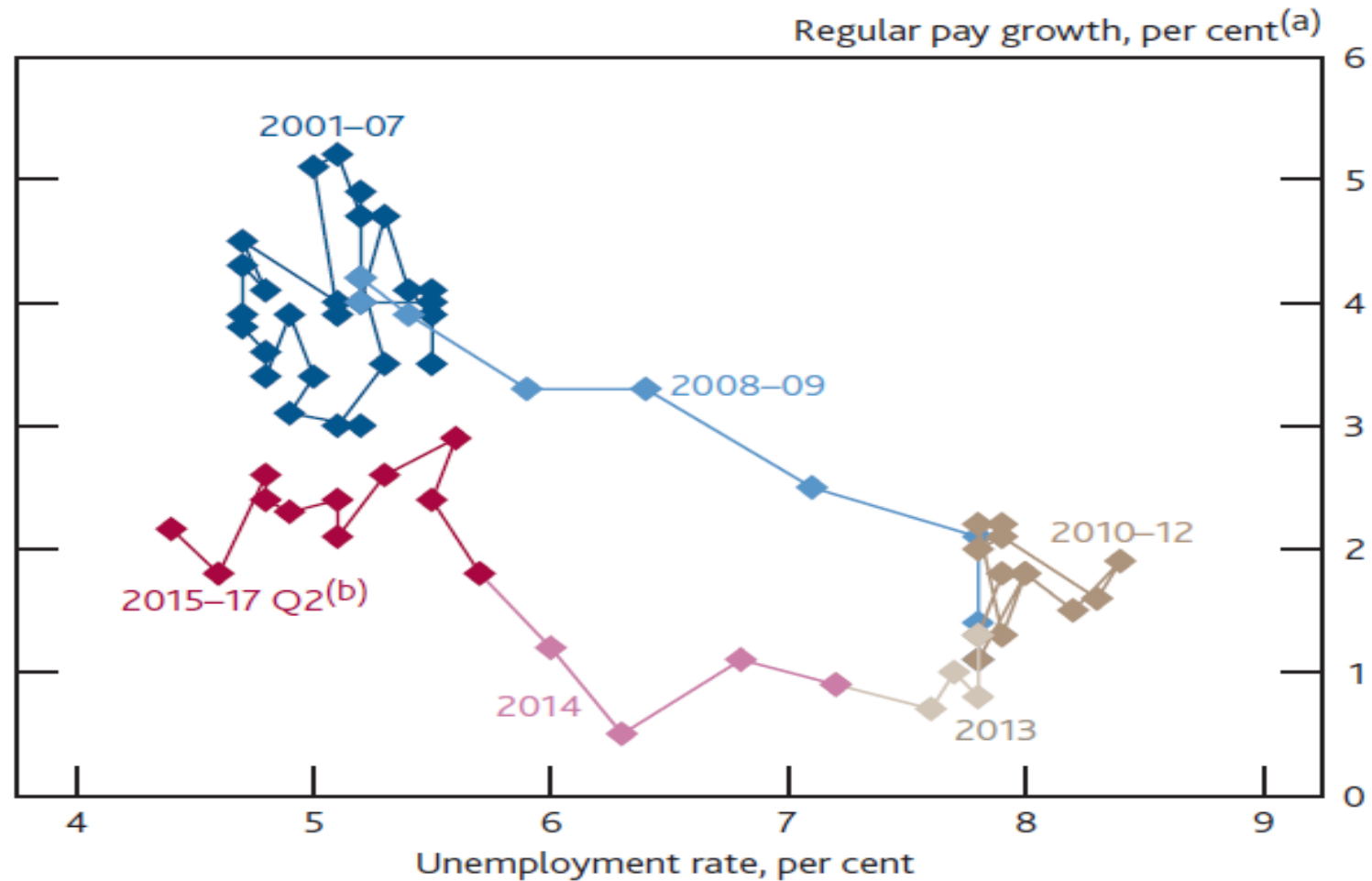


Chart 3.10 Real wages have grown broadly with productivity since 2008

Private sector real product wages and labour productivity(a)

