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## PREVIEW: BOE MINUTES

Tel: (+44) 0207 664 4321 E-mail: info@ransquawk.com

### PREVIEW: BoE minutes

- **MPC is expected to vote unanimously to leave rates on hold at 0.5% and leave the QE programme size unchanged at GBP 125bln**

Today's announcement is unlikely to spring any major surprises with focus again on discussions surrounding the QE program following the Bank's brief statement on June 4<sup>th</sup> that the current programme would take another 2 months to complete.

#### **Recent economic data**

The MPC will likely pay note to the glimmers of improvement that have been seen in various economic indicators ranging from initial signs of stabilisation in the housing market to increases in manufacturing and services PMI's. However, given most recent commentary from various members it would be more justified that the MPC will err on the side of caution.

#### **Extension of QE programme?**

As in previous minutes the focus will be on the discussion about the current QE programme. At present the Bank has committed to the extended GBP 125bln, saying that the asset purchases would take another two months to complete. In light of this, most analysts expect the MPC to have adopted a wait and see approach to the decision this month with attention more geared towards August when the current program will be near completion.

As ever there is the potential for the Bank to surprise. This could come in the form of a discussion over utilising the remaining GBP 25bln QE or whether to expand the program beyond the initial planned GBP 150bln. Any mention of the latter would undoubtedly be bullish for Gilts in the near-term as the Bank would be further committing to its QE policy.

In terms of exit strategies, it would seem unlikely that the topic would be on the Bank's radar this early given the recent tone in the BoE's Q2 quarterly bulletin which stated that the Bank has little empirical evidence to judge the impact of the QE program thus far.

#### **MPC member changes**

The June meeting marks the first interest rate decision for David Miles who replaced the arch-dove David Blanchflower. The change in MPC members does mark a subtle shift in the balance of policy thinking with most analysts expecting that the minutes today could take a more hawkish, or less dovish, stance than on previous occasions.