

A teal-tinted background image featuring a collage of currency notes. A prominent £50 note is visible in the upper center, with the text '£50' and 'FOR THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND'. To the right, a note with 'England' is partially visible. At the bottom, the European Union flag with its stars is visible. A white speech bubble with a tail pointing towards the bottom-right corner is overlaid on the image, containing the title text.

## The State of the Economy: an update from the Bank of England



# Welcome & Introduction

**Mukesh Bulsara - LBV board member,  
Integrity Corporate Finance**

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# Rosie Smith

## East Midlands Agency

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**BANK OF ENGLAND**



# State of the Economy webinar

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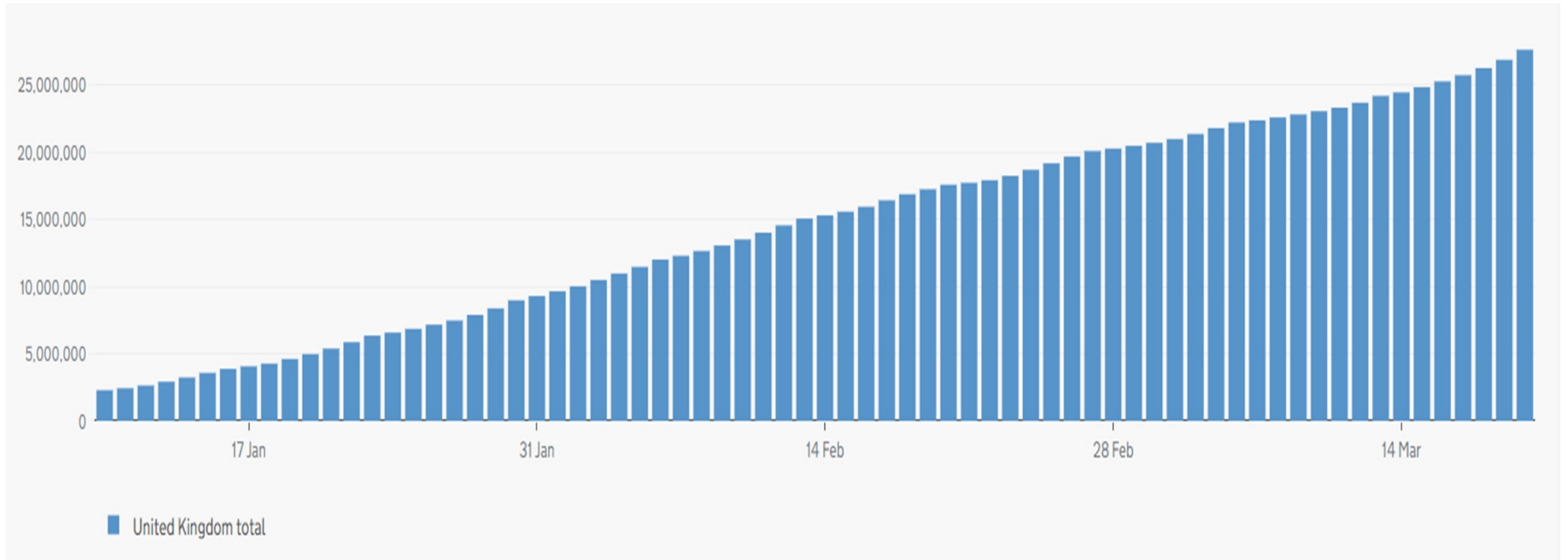
- How is our economy recovering from the pandemic?
- What is happening to prices?
- What about jobs?
- Setting policy in this uncertain environment
- Questions & comments

# State of the Economy webinar

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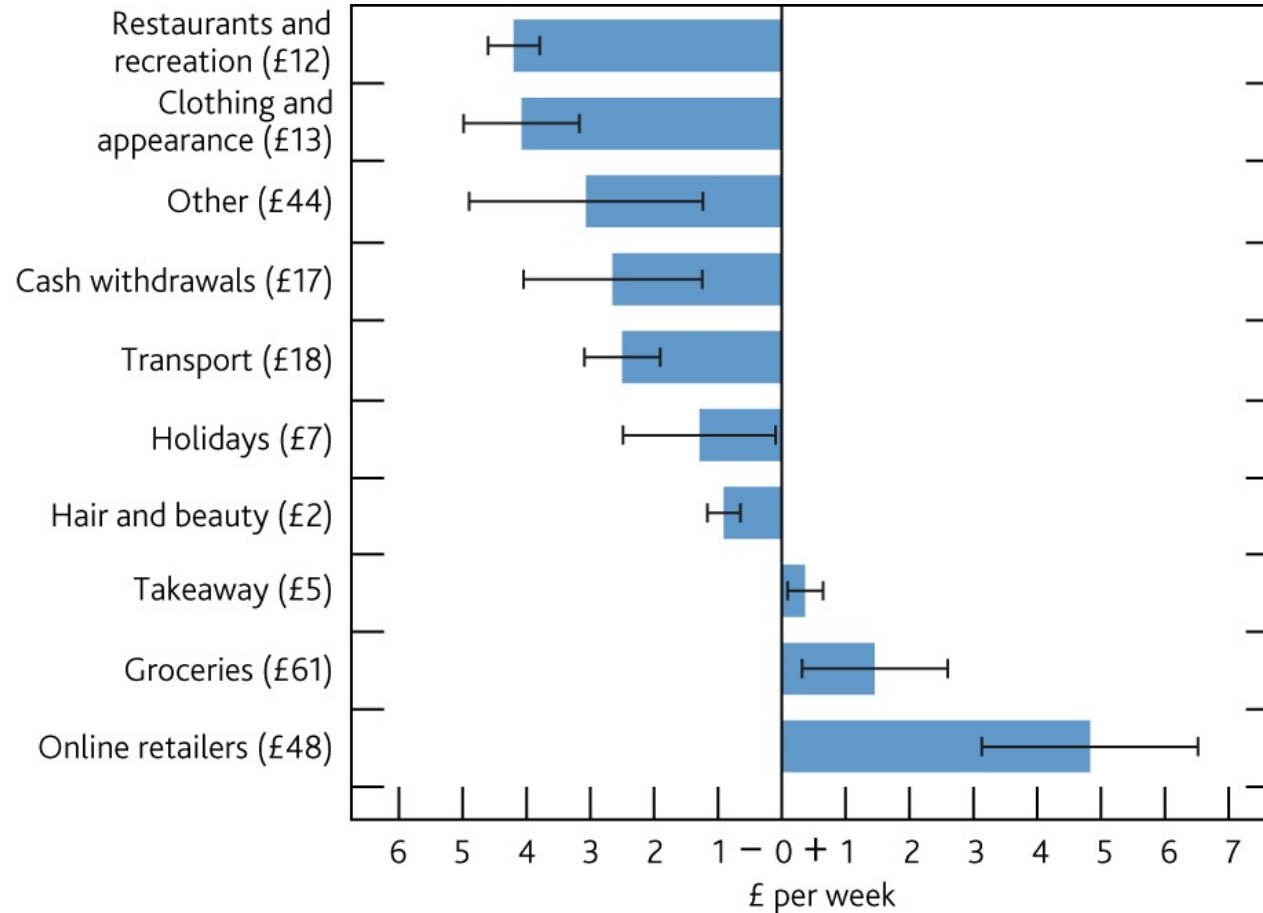
- **How is our economy recovering from the pandemic?**
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# People in the UK who have received COVID 1<sup>st</sup> vaccinations



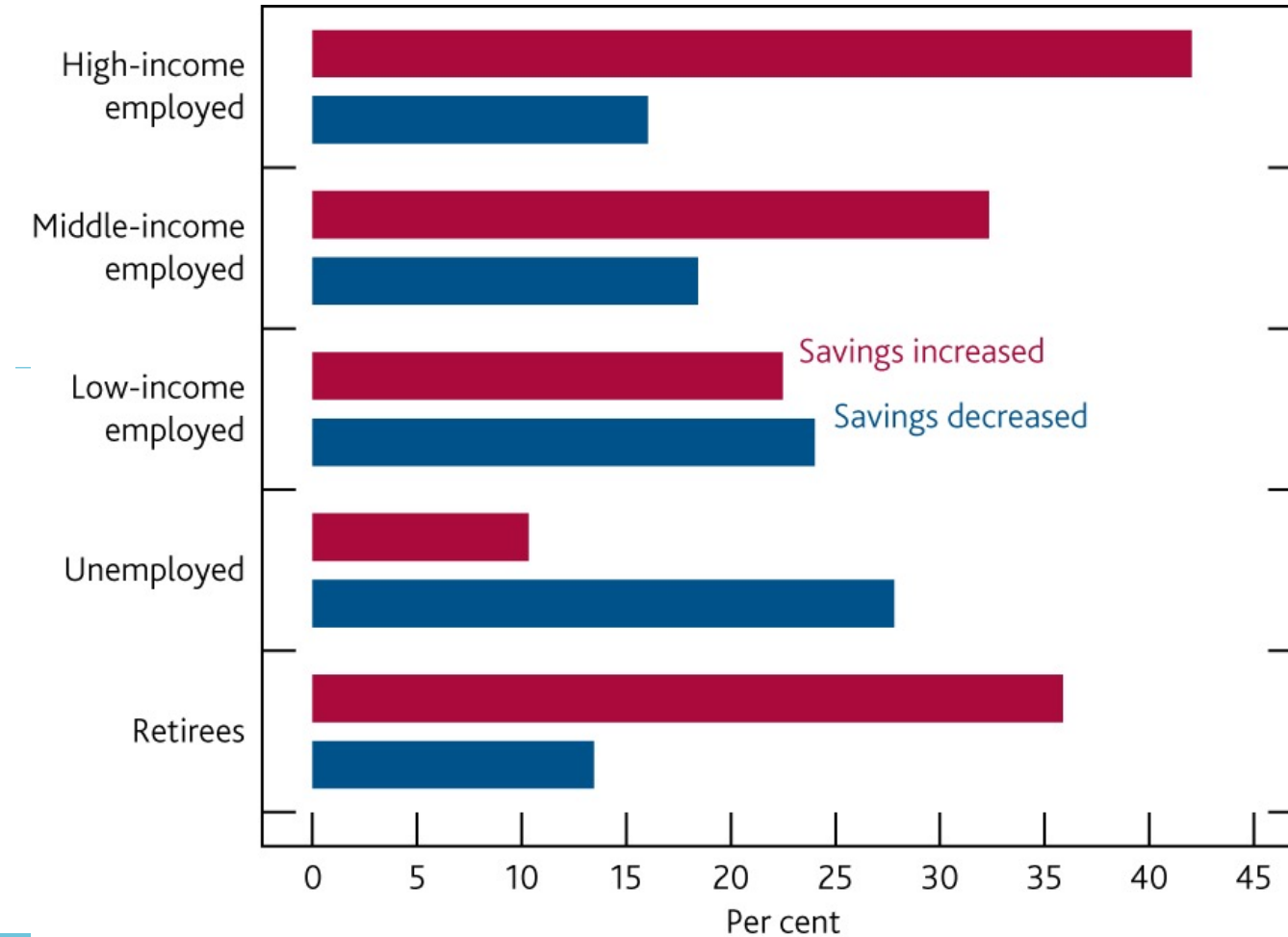
# Changes in consumer spending due to COVID restrictions

Change in spending per person as a result of closing hospitality and non-essential retail businesses<sup>(a)</sup>



# Changes in savings over the past year

Percentage of households reporting changes in their savings<sup>(a)</sup>





# Business investment



Source: Office for National Statistics and Bank calculations

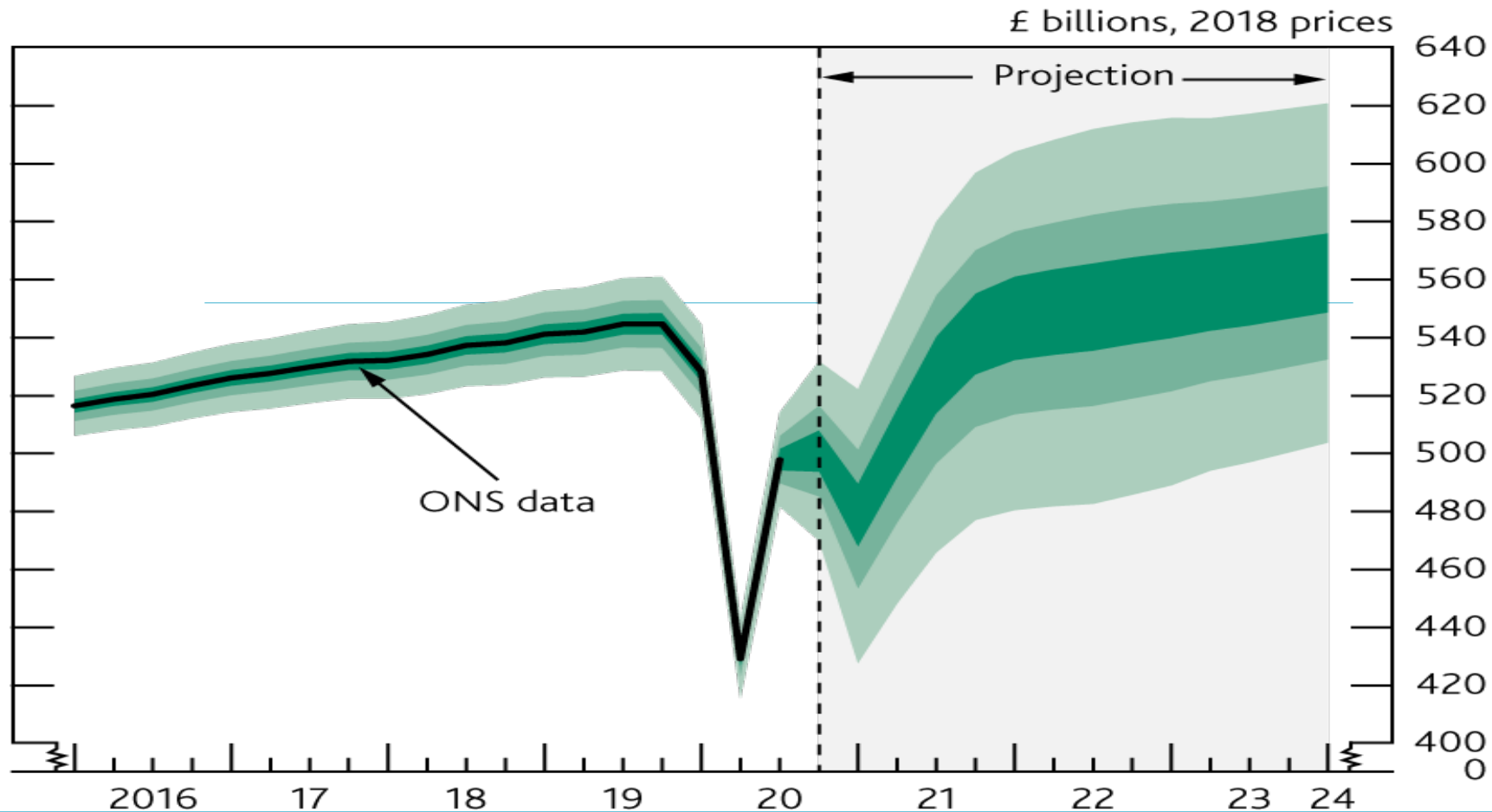
# Have the investment incentives announced in the Budget made it more likely that you or your clients will make investments in capital equipment in the coming two years?

1. Yes – a lot
2. Yes – a little
3. No
4. Not applicable

# Brexit

- Trade deal agreed in December very similar to Bank of England assumptions in forecast made in November (and previously).
- Near-term adjustment frictions assumed to reduce trade and GDP in Q1 2021.
- Intelligence suggests reduced trade volumes, but too early to tell extent or length of disruption.

# GDP projection based on market interest rate expectations



# When do you think the level of activity in your business will be back to what you consider “normal”?

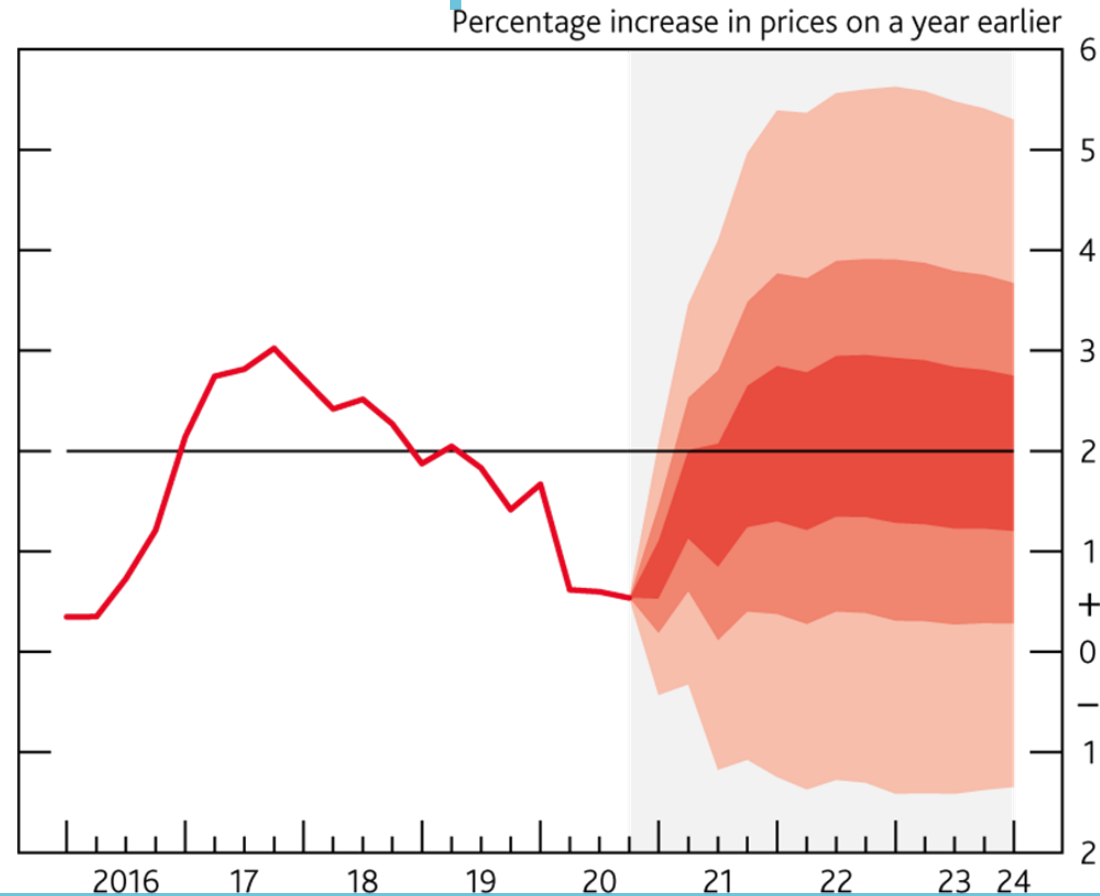
1. By the end of 2021
2. By the end of 2022
3. Further ahead than 2022
4. It is close to normal now

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# CPI inflation projection based on market interest rate expectations



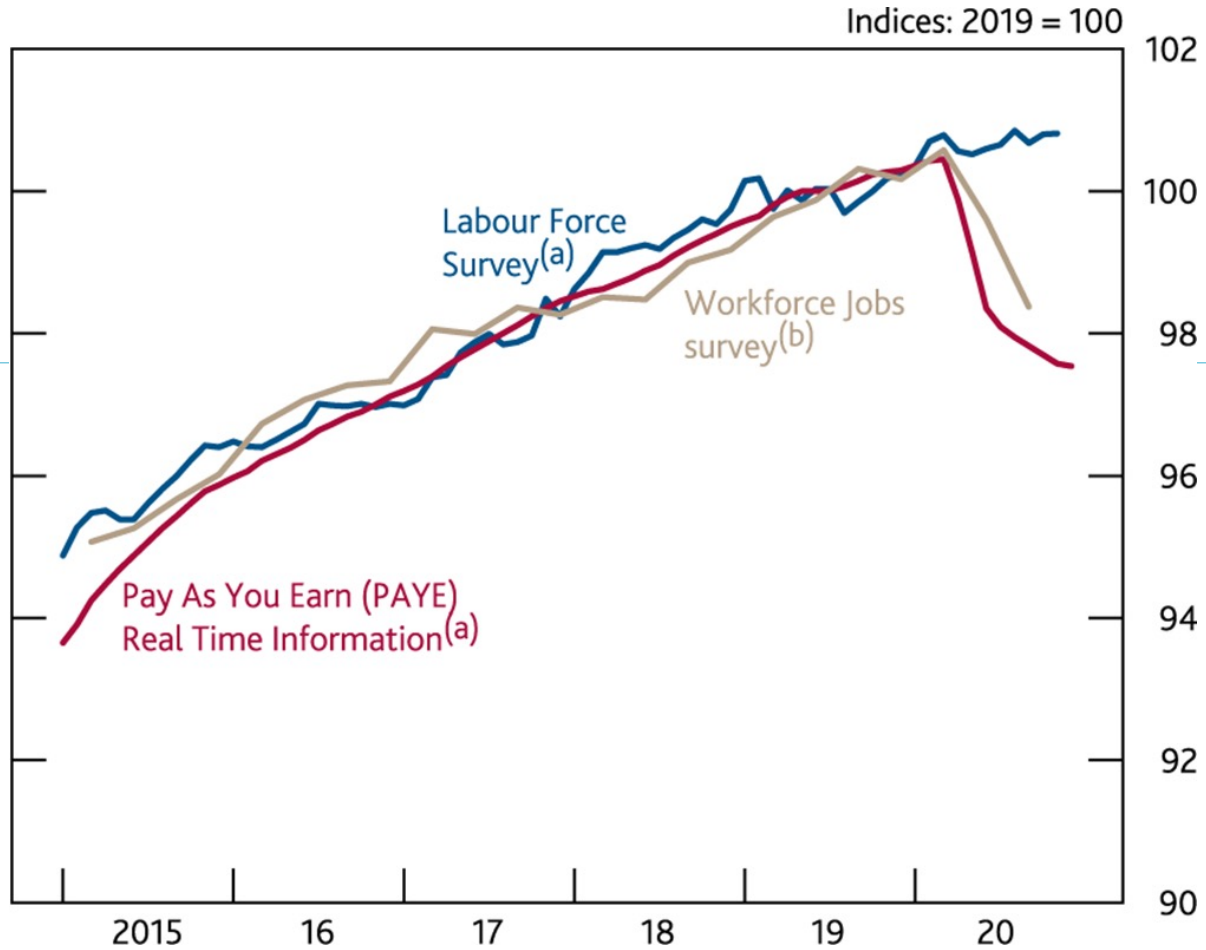
# State of the Economy webinar

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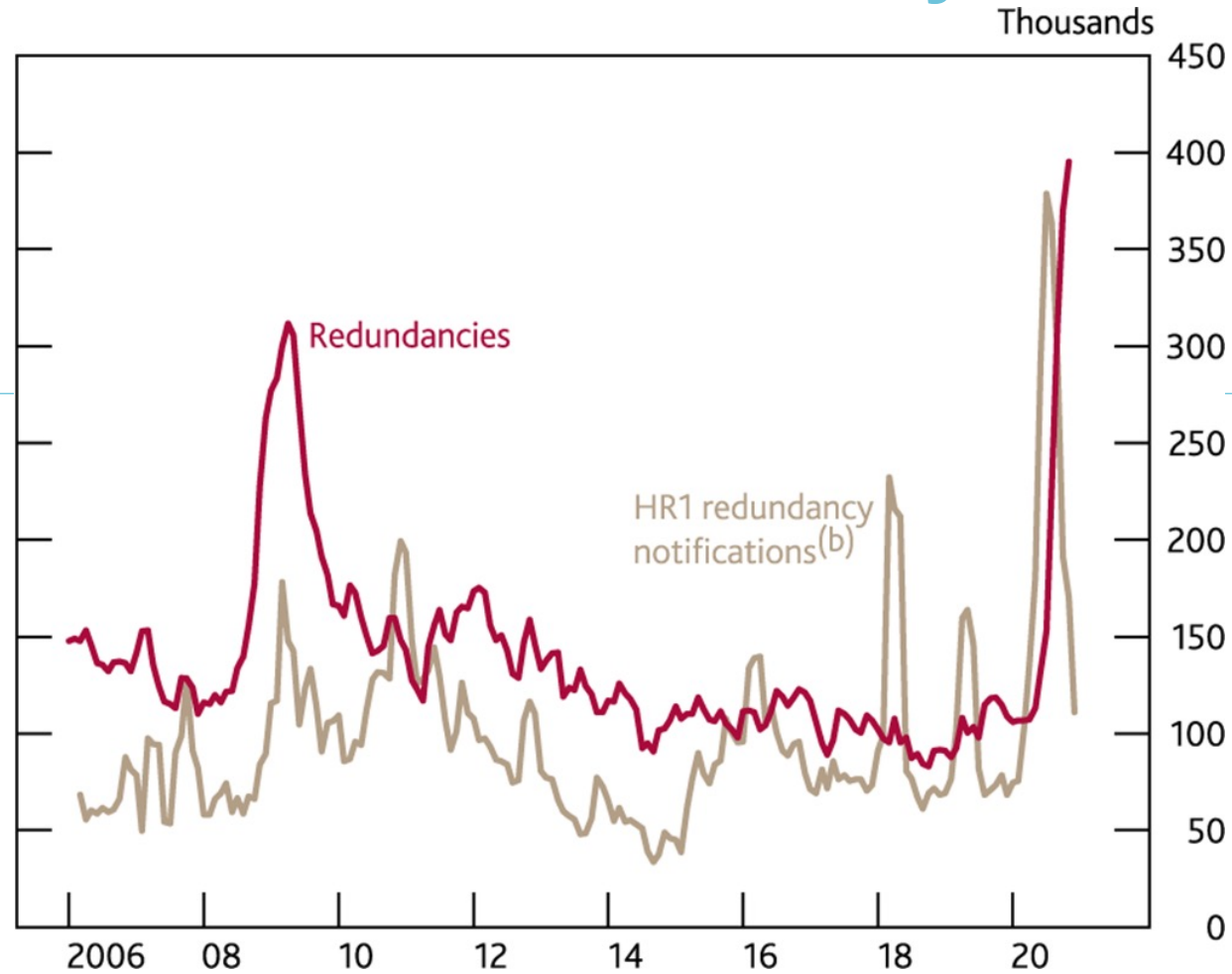
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## Employment – data under different measures



# Redundancies & redundancy notifications



# How do you think the number of people employed by your business will change during the remainder of 2021?

1. Increase a lot
2. Increase a little
3. Unchanged
4. Down a little
5. Down a lot
6. Too uncertain to say

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# Current Monetary Policy

- Bank Rate at 0.1%
- Quantitative Easing –
  - Programme of extra £150bn of gilt purchases underway
  - QE will reach £895bn by the end of the year
- Forward Guidance:
  - The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably.
- Negative Bank Rate added to toolkit in the autumn, but that doesn't mean it will be used in the autumn

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**Any questions?**

# Lend us your voice...

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By joining LBV, you can:

- ✓ Help businesses thrive
- ✓ Voice your opinions with local and regional decision makers
- ✓ Influence policy affecting our economy

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# Lend us your voice...

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Our next event is on Friday 30 April 2021

‘The Business of Sport’

With Andrea Pinchen (CEO of Leicester Tigers) and Sean Jarvis (CEO of Leicestershire County Cricket Club)

Visit [www.lbv.co.uk/events](http://www.lbv.co.uk/events) for details