



BANK OF ENGLAND



ECB Forum on Central Banking

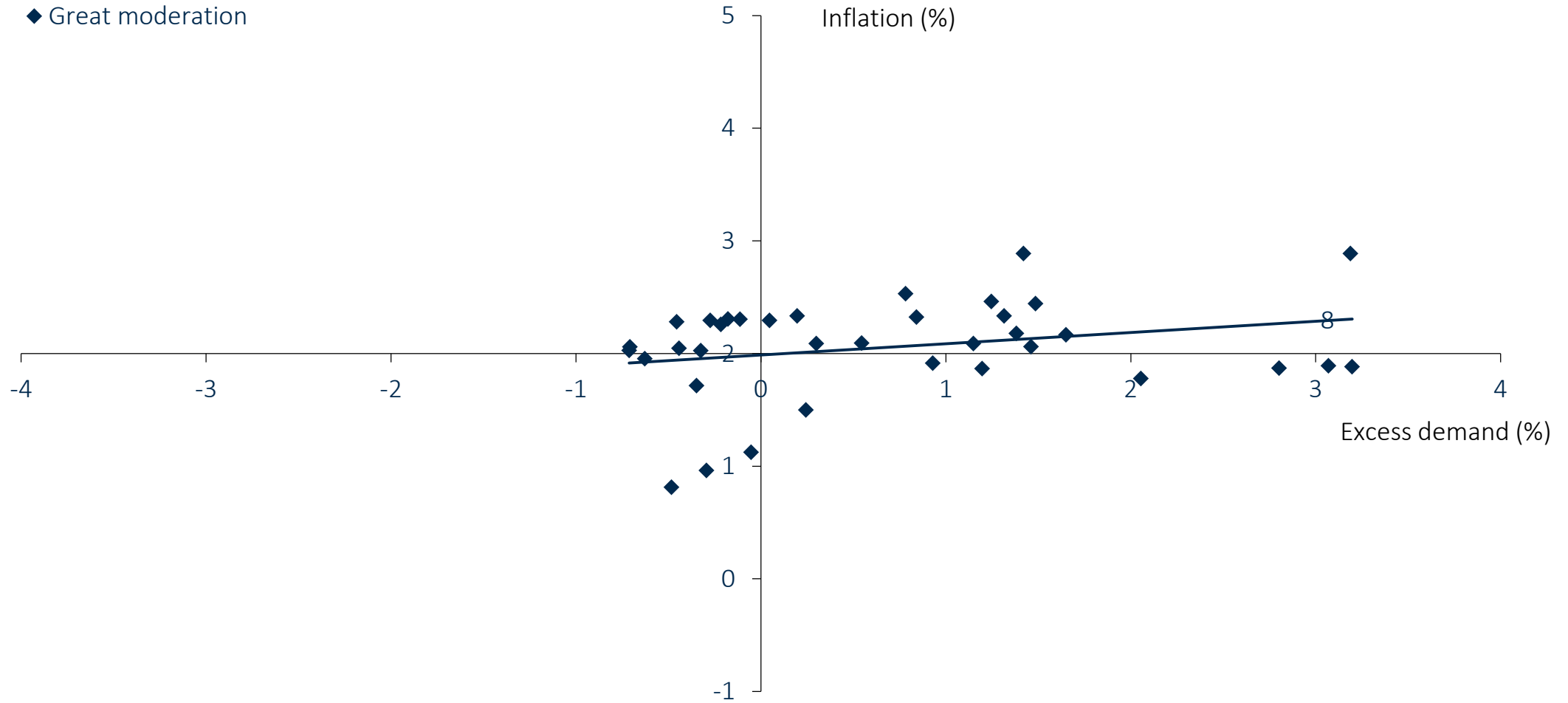
Policy panel

Mark Carney
Governor, Bank of England

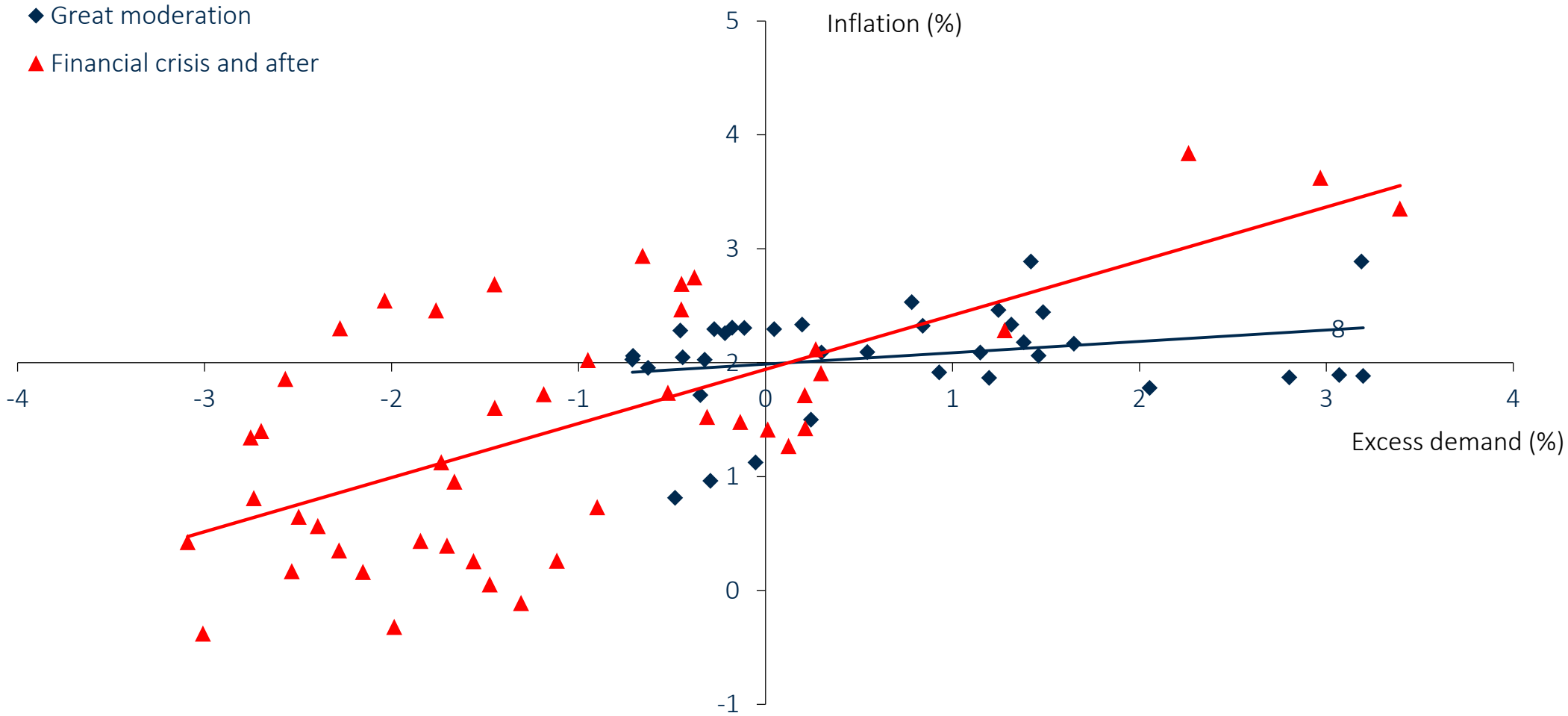
18 June 2019



Divine coincidence has continued in the euro area



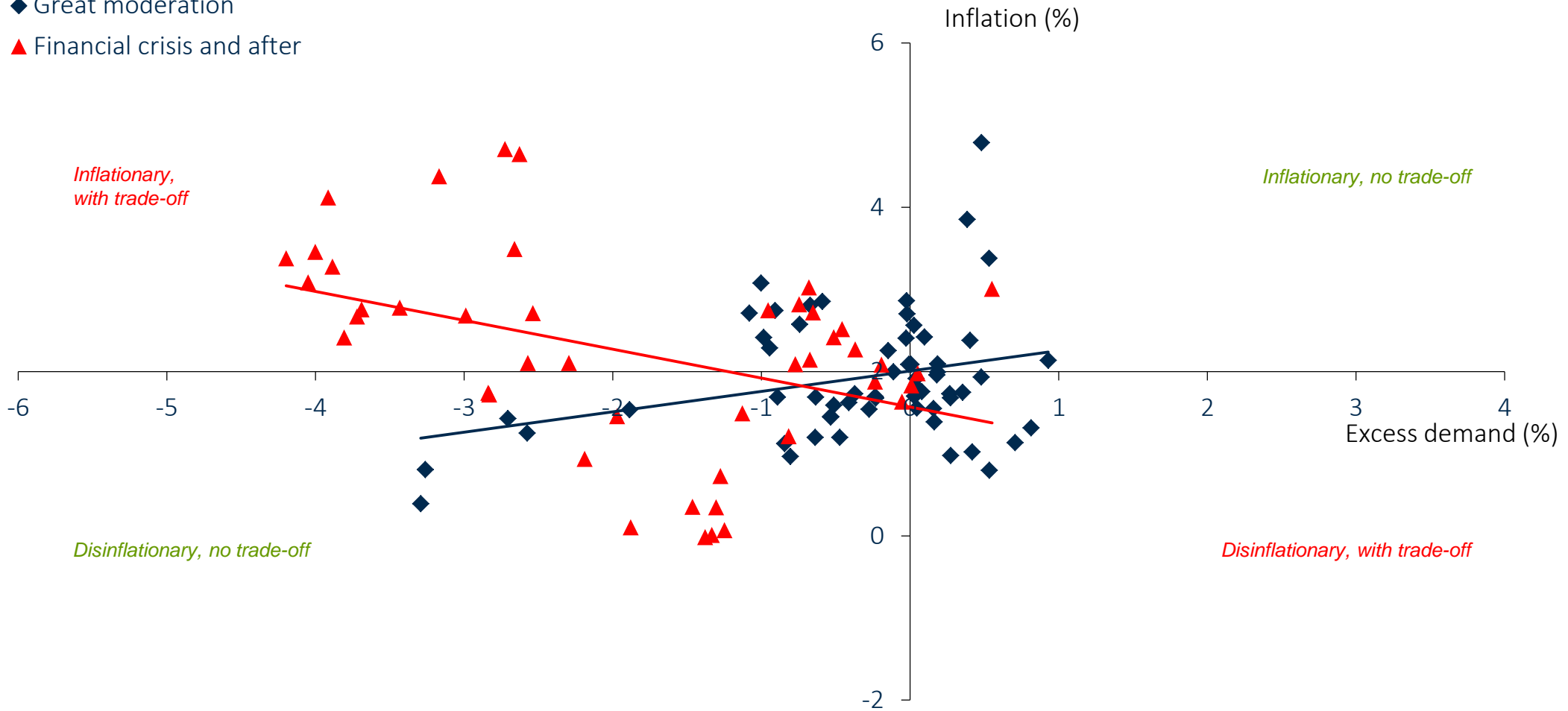
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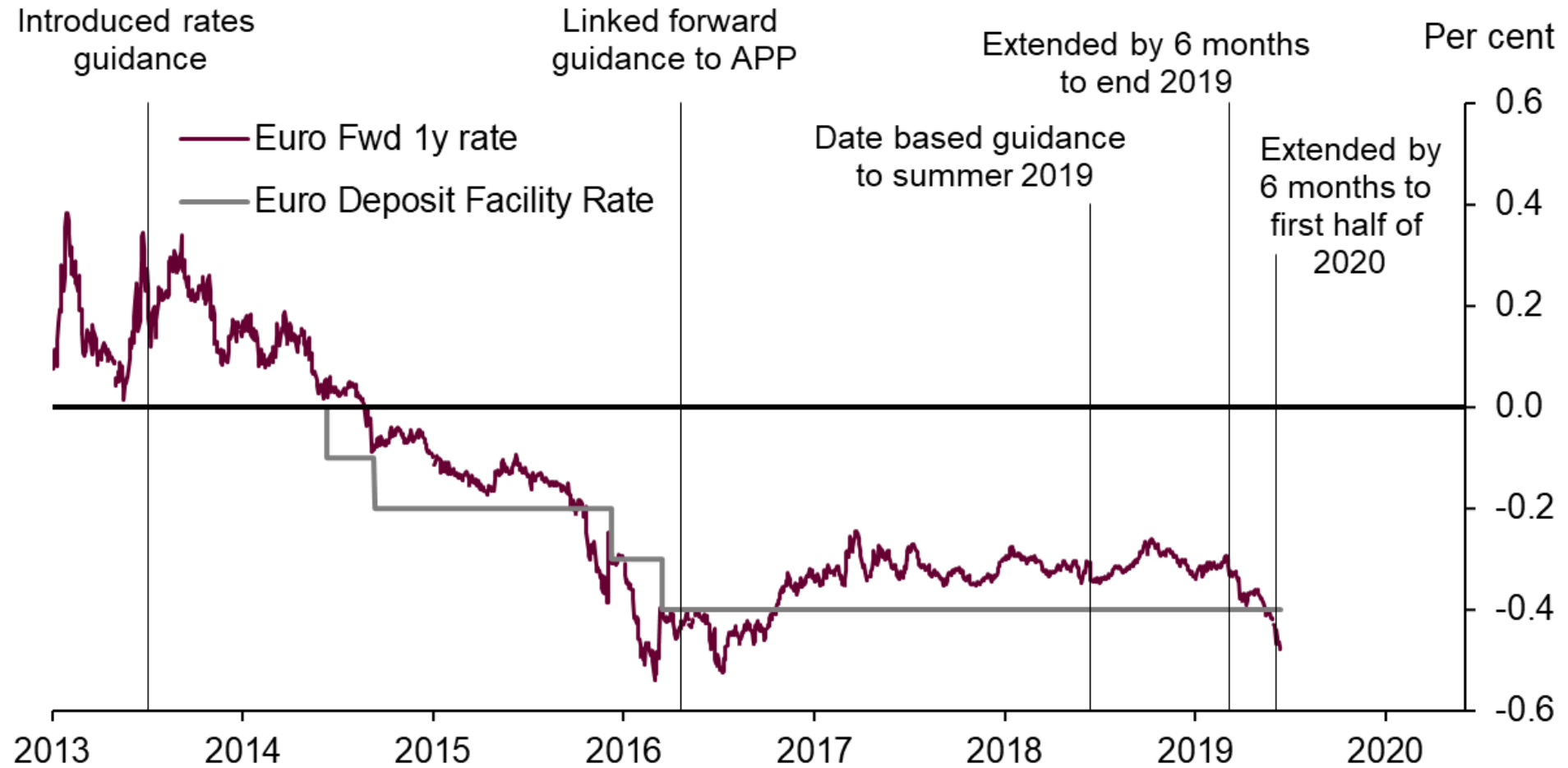
But not in the United Kingdom

◆ Great moderation

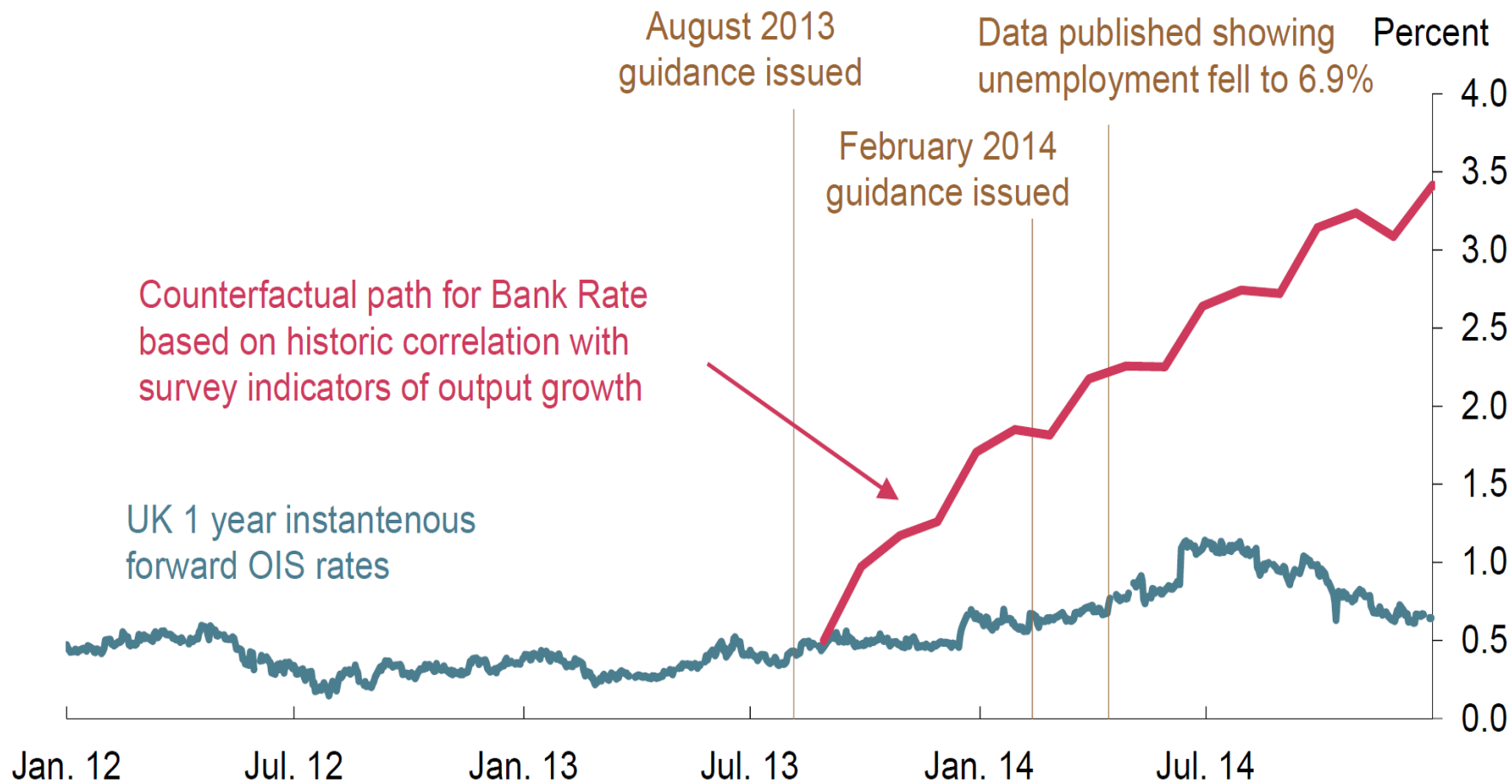
▲ Financial crisis and after



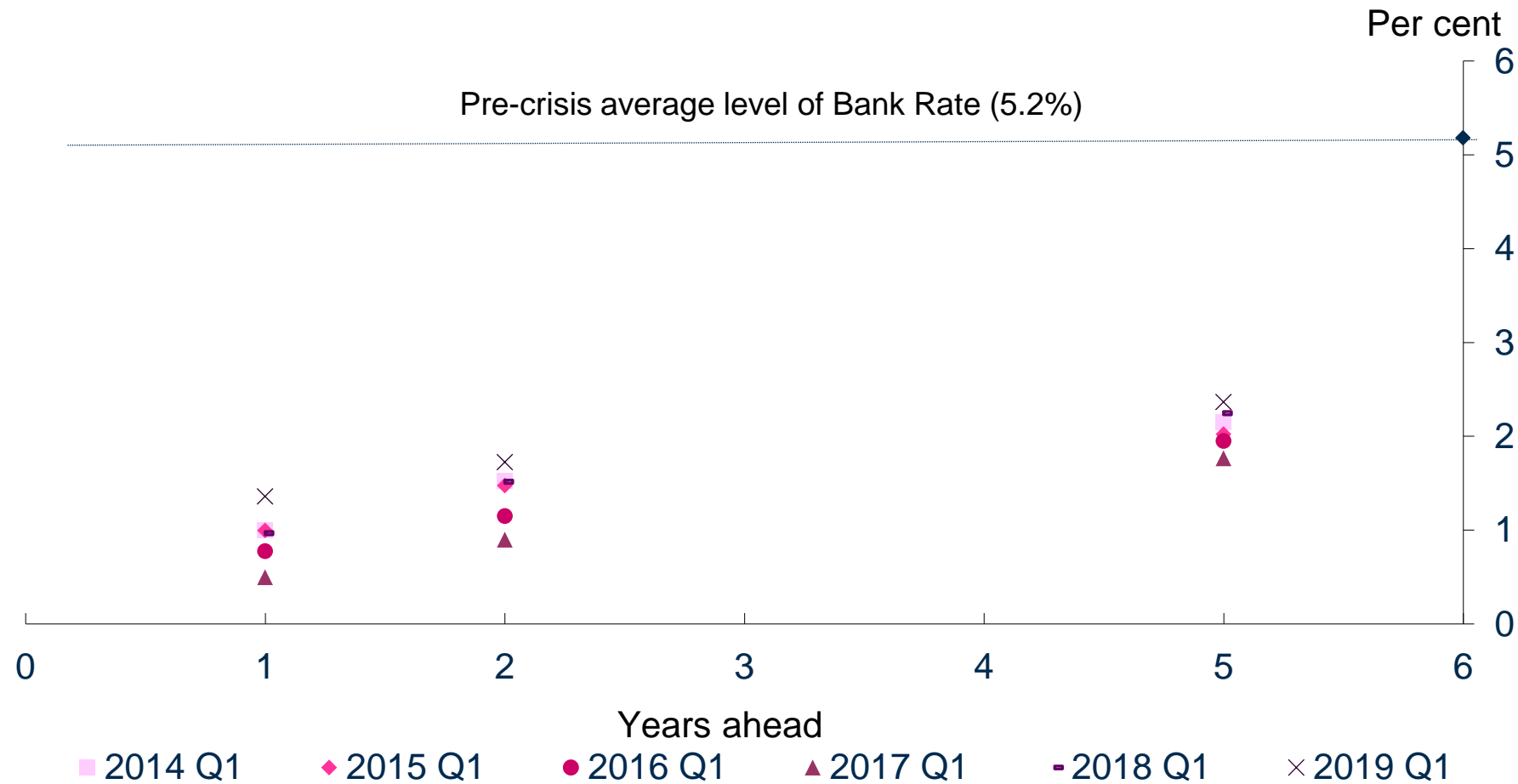
ECB guidance has anchored forward interest rates through the recovery



Forward guidance also helped anchor interest rate expectations in the early stages of the UK recovery



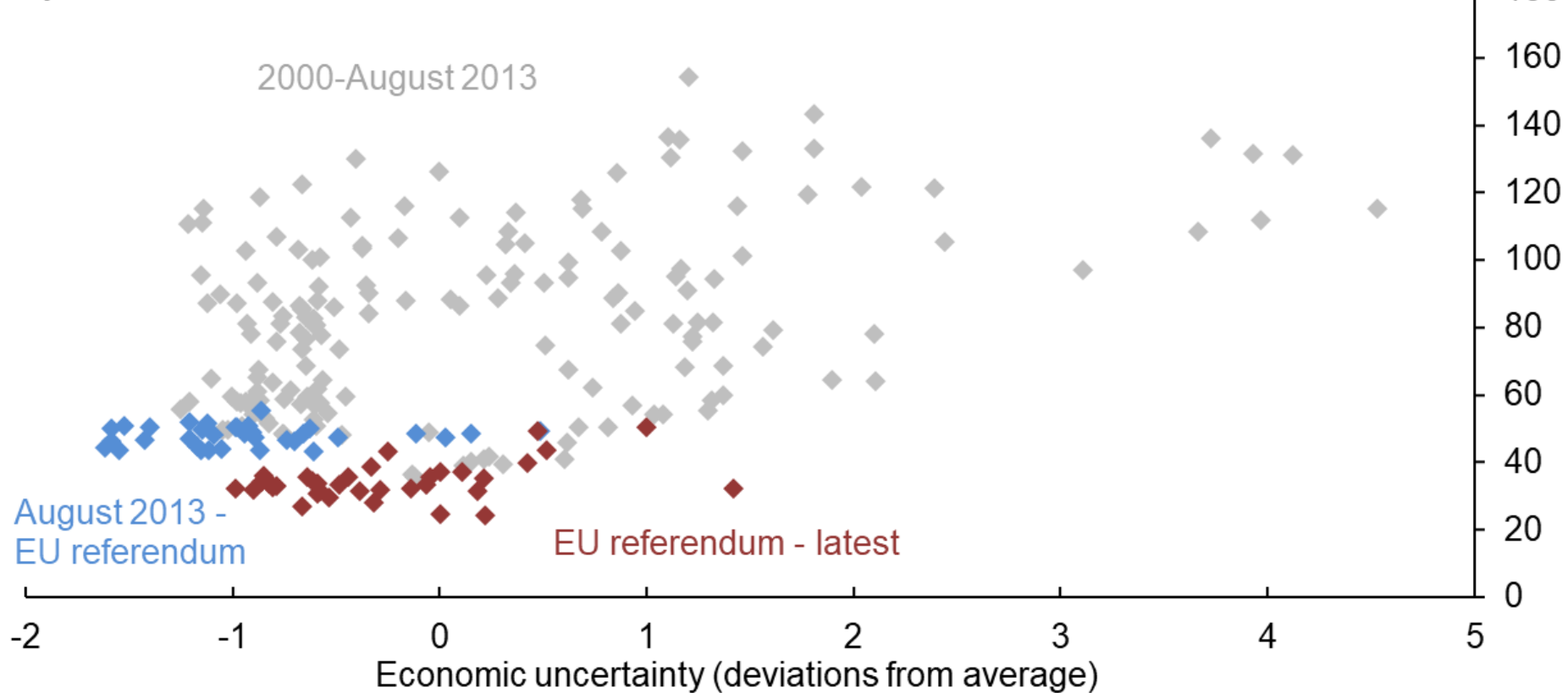
Guidance on limited and gradual effective in anchoring UK households interest rate expectations



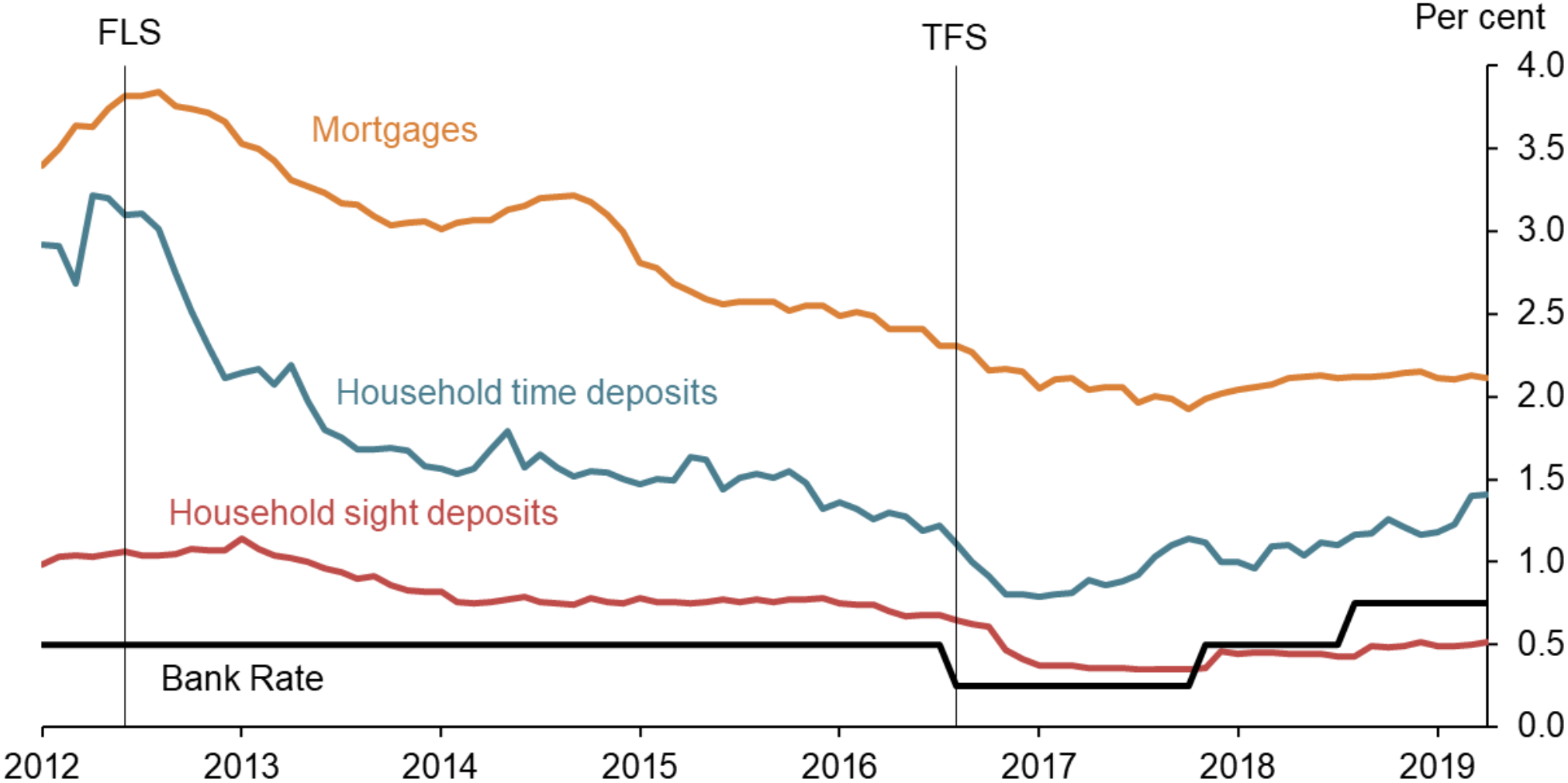
Guidance reduced correlation between economic uncertainty and interest rate volatility

Economic uncertainty and option-implied volatility of 3 month rates, 1 year ahead

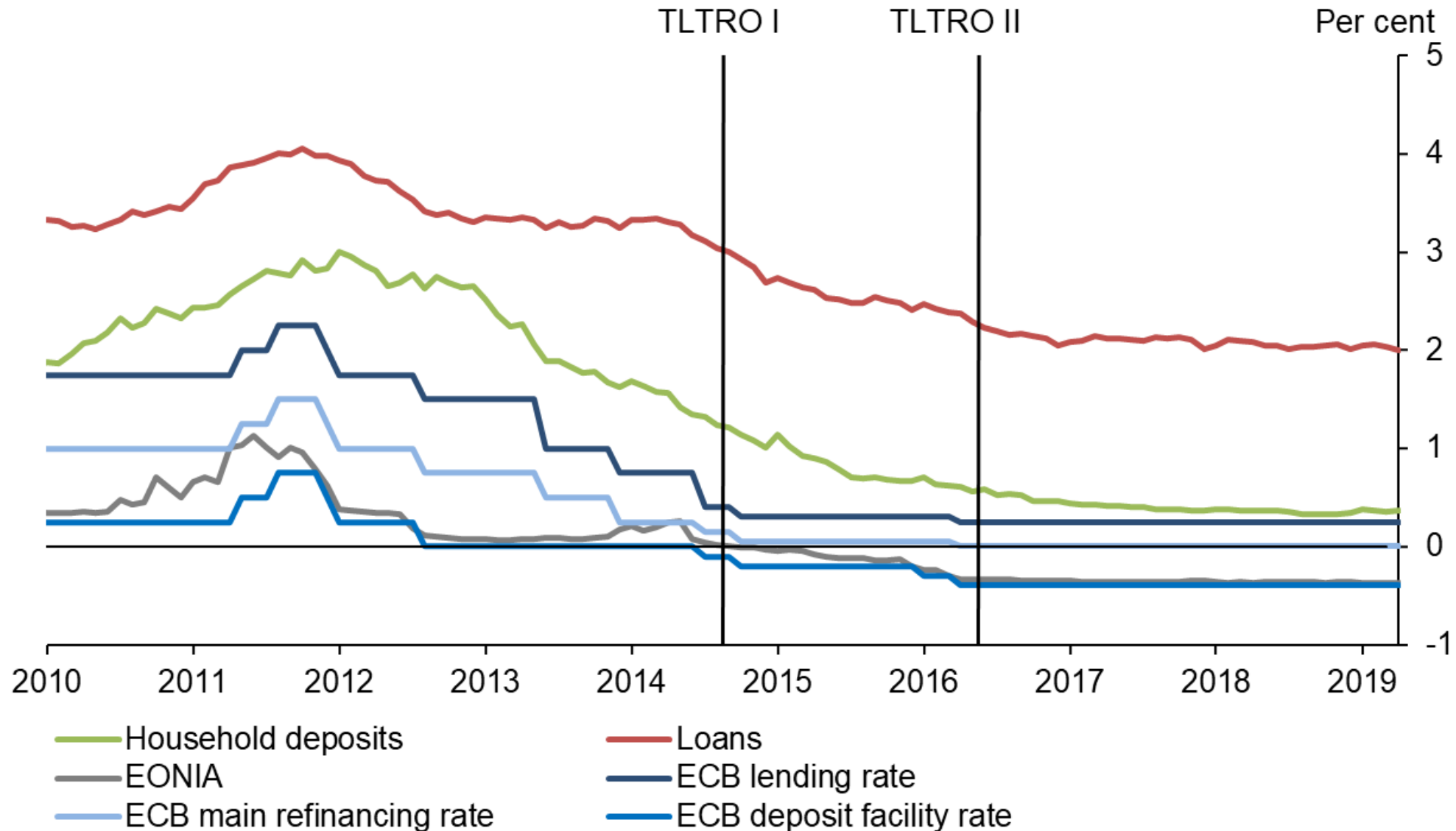
3m rate standard deviation



TFS aided pass-through and reduced the ELB in the UK



ECB TLTRO has had similar effects in the euro area





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