

BoE Preview: August 2025

Statement/Minutes release: 12:00BST, Thursday 7 August

Press conference: 12:30BST, Thursday 7 August

Summary/Minutes: <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/august-2025>

Monetary Policy Report:

<https://www.bankofengland.co.uk/monetary-policy-report/2025/august-2025>

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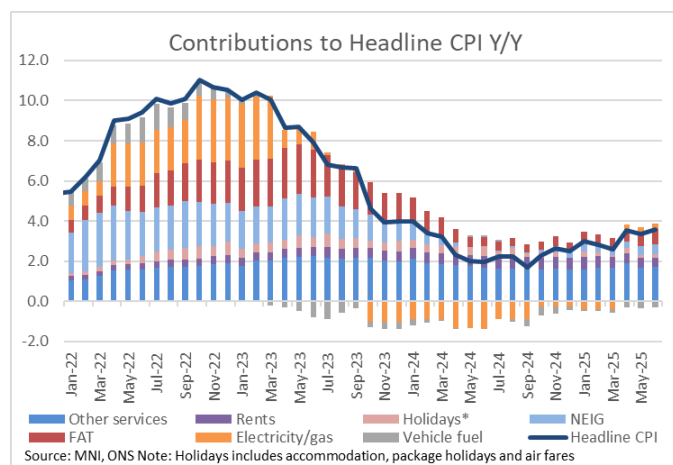
Vote Split and QT Decision Backdrop Take Focus

Tim Davis, 5 August

This week's MPC meeting will be a major surprise if there is not a 25bp cut. The focus will instead be on the vote split, the tone of the press conference, any changes to assumptions in the scenarios and any signalling ahead of September's QT decision.

Economic developments since the May MPR have been mixed: Headline CPI above target but largely due to food prices...

Headline CPI in June came in 0.22ppt above the BOE's forecast with the main surprise coming from food and non-alcoholic beverages which sit 1.12ppt above forecast at 4.55%Y/Y. There is a smaller upside surprise to services CPI which at 4.73%Y/Y is 15bp above forecast while core goods surprised 7bp to the downside and we estimate energy surprised around 35bp to the downside. It is generally expected that there won't be an unwind in food inflation in the near-term while at least some of the



persistence in services inflation is likely to continue. In our view, this is likely to lead the near-term monthly CPI forecast to peak at a higher level than the 3.66%Y/Y September projection, with the monthly peak likely rounding to 3.9%Y/Y (to 1dp).

This continued near-term inflation persistence, combined with consumer inflation expectations remaining at lofty levels is likely to see Chief Economist Huw Pill continue to vote to maintain Bank Rate on hold, with "activist" external member Catherine Mann likely to join him.

... while labour market weakness appears to have picked up

On the other side, the labour market appears to be weakening more than expected – and this is showing up most clearly in official wage data. Private regular average earnings data came in at 4.88%Y/Y in the 3-months to May, tracking well below the 5.20%Y/Y Q2 forecast from the May MPR and only a little above the Q3 forecast of 4.71%Y/Y.

Looking at wider labour market metrics, the HMRC RTI experimental payrolls data despite being revised up notably in the last print are still signalling a smaller number of employees. The official unemployment data has also picked up to 4.67% but this is largely due to an increase in the participation rate rather than a fall in the number of employees (and despite an increase in the size of the LFS survey, there are still concerns over the quality of that data).

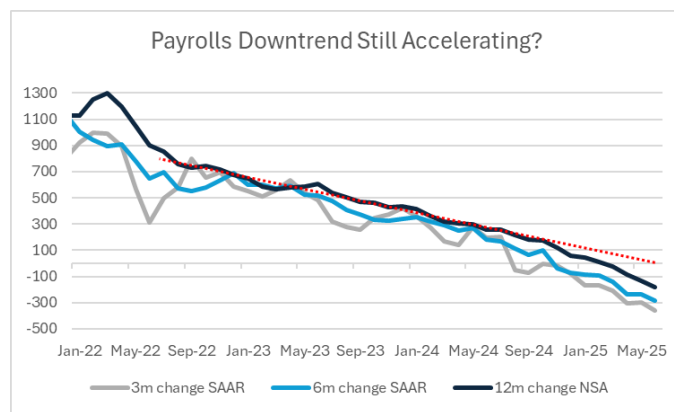
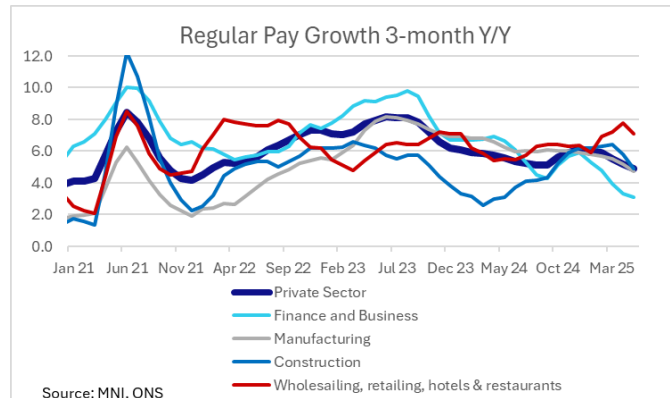
Some private sector data (such as the KPMG-REC Report on Jobs) have continued to wave some warning signs.

Dhingra, Taylor and Ramsden have all shown recently that they are very driven by labour market dynamics. We think this will be enough for at least Dhingra to vote for another 50bp again.

However, we think for Taylor it will be a close decision given that tariff and global trade uncertainty seems to have reduced since the May MPR. He said that he favoured five cuts in 2025 and we would be surprised if he switched away from voting for sequential cuts in the near term, but without the external uncertainties we think there is a good chance that he errs a little more on the side of caution at this meeting and only votes for a 25bp cut (albeit with huge uncertainty surrounding this call).

Ramsden seems more in favour of sequential cuts than larger cuts

There has been some discussion surrounding whether Ramsden will vote for a 50bp cut at this meeting after he dissented in favour of a sequential 25bp cut at the June meeting. However, we (as well as all of the sell side previews that we have read) interpreted his recent speech as being more in favour of sequential cuts rather than larger cuts. Furthermore, we think that Ramsden is the MPC member whose reaction function is most driven by labour market data and due to some revisions to the latest report there are less stark warning signals evident than there were at the time of the June meeting. The labour market is loosening but not at such an alarming pace.



Where does this leave the rest of the MPC? Greene and Lombardelli sound more on board with a pause than a 50bp cut...

Both Greene and Lombardelli in our view have sounded more on board with a pause than an increase in the size or pace of the cutting cycle. There is in our view a small chance that either of these members could dissent hawkishly at the upcoming meeting. Both of these saw the decision to cut in May as finely balanced and the tariff / trade backdrop helped them over the edge to a cut. Slightly more concerning near-term inflation dynamics and a slightly softer labour market are likely to make this a finely balanced decision for them both once again, and we don't know which one of these factors is likely to sway them more.

... while Bailey and Breeden seem to have high convictions that cuts are required

Governor Bailey and even more so Deputy Governor Breeden seem very likely to vote for a 25bp cut at this meeting with a relatively high conviction in our view. Governor Bailey has been clear in his communications that the direction for Bank Rate is lower, albeit he has stressed uncertainty around the pace and destination. With these comments made recently, it would be very confusing for him not to follow through with a 25bp cut. Breeden noted that she was one of the members who saw a clear case for a 25bp cut in May irrespective of the external backdrop. She is not one to make a large number of speeches on monetary policy, but we would be extremely surprised if she has changed her view recently.

With a divided MPC, existing guidance likely to be retained

With a relatively divided MPC, the current guidance is likely to be retained with "gradual", "restrictive" and "careful" all likely to continue to be used. As we argued in our June preview, we think that if the MPC wanted to open the door to a faster pace of cutting that "gradual" is the most likely to the three strands to be removed. "Restrictive" maintains an anchor to stop the market running away with itself. "Careful" is a buzzword for uncertainty – and despite tariff uncertainty having perhaps fallen from its peak, the world still feels a very uncertain place. And there is continued uncertainty surrounding UK fiscal policy too, with some degree of tax hikes and spending cuts likely to be announced in the Autumn Budget. Removing "gradual" would allow a potentially faster pace of cuts – but we would be surprised if the change to guidance was to occur at this meeting, unless the committee is generally more dovish than we, the markets and analysts expect.

Downside scenario to be more focused on slowing labour market than tariffs and trade?

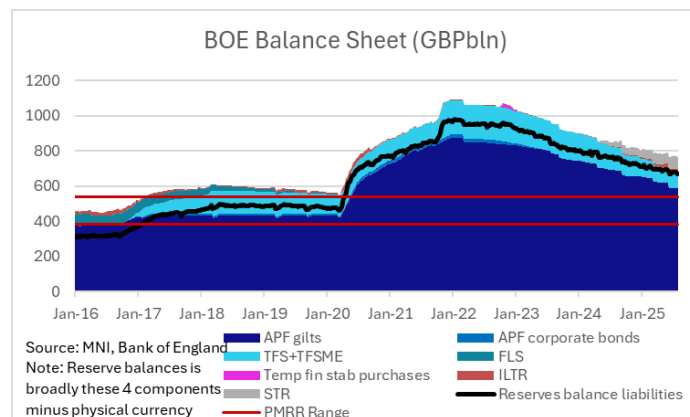
There were two alternative scenarios presented in the May MPR: the first from subdued demand driven by elevated uncertainty (and largely related to trade), while the second from more persistent inflationary pressures. The second still seems appropriate but we think that it would make sense for the first to be replaced by a scenario driven by a labour market that is softening at a faster pace than the baseline forecast projects. To better understand the reaction function of some of the more central members of the MPC in particular, we would find it valuable if they discussed how much emphasis they placed on the two scenarios, but other than maybe some questions in the press conference around that topic, we don't expect to see that this week.

In terms of baseline projections as these continue to move away from the best collective judgment of the MPC towards more staff-driven forecasts, we think that their usefulness as a communication device for the MPC is significantly reduced.

The September QT Decision

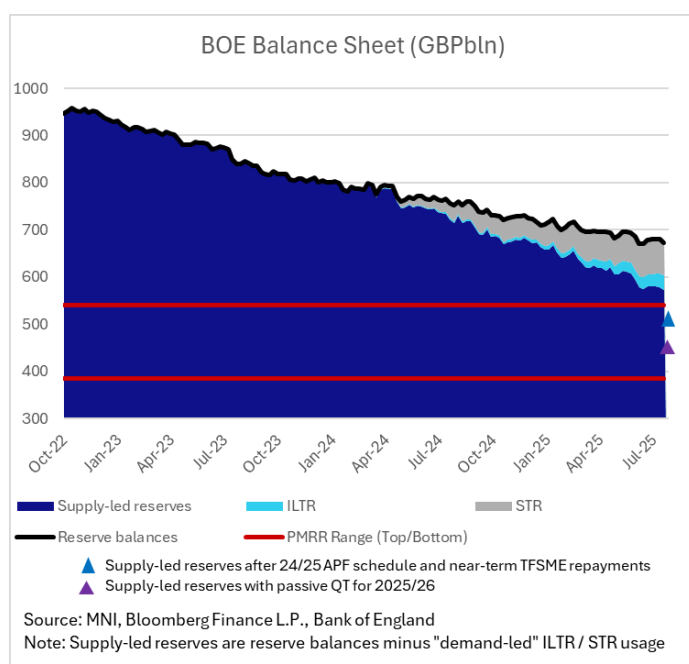
In September the MPC will make the decision on the pace of APF reduction for the year 1 October 2026 to 30 September 2027. The three prior years to this, the MPC has decided to reduce the stock of gilts held by GBP100bln (the first year this was GBP20bln corporate bonds and GBP80bln gilts). This GBP100bln has been split between passive (redemptions) and active sales. And works out to have seen GBP45.3bln sold in 2022/23, GBP49.7bln in 2023/24 and GBP12.8bln in 2024/25 (the year soon to end). The much lower active gilt sales in 2024/25 are due to the much higher redemptions than in previous years. However, in the upcoming year GBP49.1bln is due to passively roll off the balance sheet, and hence there is a question mark over whether there will be a big increase in active gilt sales, a notable decrease in the total pace of APF reduction or indeed an end to active gilt sales completely.

We discussed this decision in [BOE September APF Decision: What You Need to Know](#) and noted that the backdrop to this year's decision was different as the Bank of England's balance sheet size falls and we divided the reserves into what we termed "demand-led balances" which are made up of the repo operations and are almost entirely made up of STR and ILTR usage and supply-led balances which are the remainder. Supply-led balances have been increased in recent years largely due to the APF purchases and the TFSME (and prior to that the TFS scheme). This led to a level of excess reserves in the system and the Bank has been working to normalise reserves so that they are at ample but not excess levels.



Even without active gilt sales supply-led reserve balances to fall below mid-point of PMRR in 25/26

To put this all into context, demand-led balances by the end of October (one month after the start of the upcoming year under consideration) there will have been the redemption of the 2.00% Sep-25 gilt (which will conclude the current year's APF reduction programme and reduce the APF stock of gilts by a further GBP28.3bln) and the majority of the TFSME loans to banks will have had to have been repaid (which we estimate is at least another GBP40bln or so). Combined this means that even without doing anything supply-led balances are to reduce by another GBP70bln or so by the end of October (possibly more if there are larger repayments of TFSME loans). This



will reduce supply-led balances to a bit below GBP500bln – and crucially below the top end of the estimated preferred minimum range of reserves (PMRR). Add in the GBP49.1bln of gilt redemptions over the 2025/26 APF year and supply-led balances will reduce to below GBP450bln – below the mid-point of the PMRR range and back below prevailing pre-Covid levels.

We would favour keeping active sales similar to this year while tweaking the long bucket and if active sales are to pick up to skew away from the long-end of the curve

There have been a couple of aims with the APF reduction programme but the main ones have been to reduce reserves back to ample rather than excess levels (which we think can be achieved without active sales going forward) and also to reduce the interest rate risk held on the Bank's balance sheet. This is a secondary consideration in our view, and while desirable is not essential to reduce in the near-term given that the Treasury has indemnified the Bank against any losses from the APF programme. Again, we discuss this all further [here](#) and we believe that there is a case for active sales to continue at a slower pace but that the Bank should consider modifying the maturity buckets that it uses to realign these with the DMO's (i.e. the long bucket could be for sales of gilts with a 15+ year maturity rather than 20+ year). Along with a similar pace of active sales to this year (which would imply an APF target stock reduction of GBP60-65bln) we think this would be desirable. The median consensus (in both the June BOE MaPS survey and from the sell side previews that we have read) looks for a GBP75bln target reduction with a skew away from long-dated gilts.

August MPR Box to assess QT against the three unwind strategy parameters

The August MPR is likely to have a box which assesses the state of the MPR against the three parameters of the Bank's APF unwind strategy which are:

1. Continue to use Bank Rate as the active policy tool. "Parameters of the QT strategy are amended at a lower frequency than decisions on Bank Rate and are not calibrated with a view to fine-tuning the monetary policy stance."
2. "Sales are being conducted so as not to disrupt the functioning of financial markets, and only in appropriate market conditions."
3. "Sales are being conducted in a relatively gradual and predictable manner over a period of time."

Key findings from August 2024

In the August 2024 MPR there were a few key findings there. First, that "QT has had a small impact on gilt yields". This was estimated at 10bp for 10-year yields in the central case and 20bp for 10-year yields as a "conservative upper bound". However, there was no analysis here of the impact on different parts of the yield curve and we would argue strongly that the impact on the long-end of an acceleration in active gilt sales would be more substantial, given the recent liquidity constraints and general shift of demand to lower maturities in the gilt market.

Second, the August 2024 MPR noted that "measures of gilt market liquidity have, if anything, improved since the start of QT". We would agree that this has largely still been the case over the past year, but that a pick up in active long sales in particular would not necessarily be a good thing for liquidity conditions.

Third, "given the limited economic impact associated with a gradual pace of reduction, the effects of QT can be offset with small adjustments in Bank Rate." Catherine Mann has argued against this point

recently, noting that adjustments in Bank Rate had impacts on different parts of the yield curve to QT. Despite Mann's views on monetary policy not necessarily fully aligning with the rest of the MPC, we think that this view is likely to be widely shared. And with Bank Rate being reduced, we think that there is an argument that an increase in the pace of active QT would be counterproductive to the transmission mechanism in the wider economy.

Will there be a discussion on the impacts of active vs passive QT?

We will be watching the developments in this box in the MPR to determine whether there is a discussion of whether there is a greater impact from active QT versus passive QT (gilt sales versus redemptions). If this is the case, then we would read through the lines that the MPC would be explicitly looking to target a more stable pace of active gilt sales in the September decision, meaning that a notably smaller than GBP100bln total APF stock reduction would be highly likely.

Is the economic impact of QT greater than it was previously and does this depend on the part of the curve?

We will also be watching to see whether the economic impact is judged to have a greater impact than the "negative impact on GDP and inflation of less than 0.2% and 0.1 percentage points respectively." And whether there is any discussion of whether there are different economic impacts from selling gilts at different parts of the curve. Related to this, we will be watching closely whether there is any analysis on the impacts on different parts of the curve rather than just the 10-year area in the Bank's analysis. If this was the case, we think this would be a precursor to potentially skewing the APF reduction away from long-dated gilts.

Will there be any prominent discussion in the statement, Minutes or press conference regarding QT?

It is not our base case, but if there was any discussion in the Minutes or the statement around the pace of APF reduction in September this would be clearly seen as guidance. There is a small outside chance that there is an explicit communication that the MPC will slow the pace of reduction in the stock of gilts held by the APF. Slightly more probable in our view would be something along these lines in the press conference from Governor Bailey. But overall, we would expect that direct guidance will be kept to a minimum.

MNI Instant Answers

- Ahead of each policy meeting the MNI Markets team select a number of questions that should capture the essence of the central bank meeting in questions that can largely be answered either numerically or with a yes or no, and which represent all of the expected tradable possibilities.
- These questions will be published within the Preview document and 15 minutes before the announcement on both MNI Bullets and the interactive chat.
- We aim to publish the answers within a few seconds of the embargo being released via the MNI Bullets and our interactive chat.

Advantages

- No need to scroll through 30 newswire headlines.
- All of the tradable info you need delivered concisely straight to your bullet feed or the interactive chat.
- Gives you the confidence that you can quickly trade at the announcement time.

August Questions (for MNI Bullets / Chat)

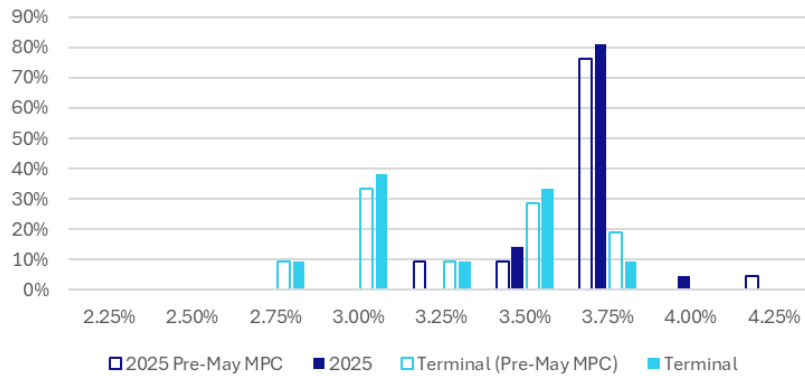
1. Was the Bank Rate changed, and if so by how much?
2. Number of members voting for unchanged rate?
3. Number of members voting for 25bp cut?
4. Number of members voting for 50bp cut?
5. Number of members voting for other rate decision?
NB: On questions 2-5 we will name the dissenters (and the direction / magnitude of dissent)
6. Did the MPC keep reference to a “gradual approach” in its guidance?
7. Did the MPC keep reference to “careful” in its guidance?
8. Did the MPC keep reference to “sufficiently restrictive for sufficiently long” in its guidance?
9. Did the MPC again say it will “decide the appropriate degree of monetary policy restrictiveness at each meeting”?
10. Did the MPC leave its guidance paragraph materially unchanged versus the previous policy statement?
11. UK CPI forecast in 2 years time at market rates (mode / mean)?
Previous: 1.9% / 1.9% (Previous Q3-27 was 1.9% / 1.9%)
12. UK CPI forecast in 3 years time at market rates (mode / mean)?
Previous: 1.9% / 1.9%
13. UK GDP modal forecasts at market rates (2025/2026/2027)?
Previous 1.0%/1.25%/1.5%
Note: Q13 to nearest 0.25ppt
14. Was any guidance given for the September APF decision?

Summary of Analyst Views

- Anything other than a 25bp cut from Thursday's MPC rate announcement would be a huge shock to the market with all of the analyst previews that we have read expecting that outcome and markets pricing in around a 94% probability of that outcome at the time of writing.
- Guidance is also widely expected to be unchanged with the "gradual", "restrictive" and "careful" buzzwords all likely to remain. JP Morgan argues most strongly for a change in the guidance at this meeting, with most other analysts expecting change to wait for a later meeting.
- Based on the 21 previews that we have read, there is a very wide spread of vote expectations:
 - The modal expectation is a 2-5-2 vote split but this is only seen by 7/21 analysts as their base case.
 - 50bp cut: 11 (just over half) expect two votes, 4/21 expect one vote, 5/21 expect no votes
 - Unchanged rate: 10 (just under half) expect two votes, one expects two or three votes, 4/21 expect three votes, 4/21 expect one votes while 2/21 expect no one to vote for Bank Rate on hold.
 - 2-4-3 (50-25-0) is the most split committee from an analyst base case, 0-9-0 is also an analyst base case with extremes also at 0-6-3 and 2-7-0.
- Member split:
 - 18/21 have Mann hawkishly dissenting (with a further one not committing to the hawkish member).
 - 15/21 have Pill hawkishly dissenting (with a further one not committing to the hawkish member).
 - 4/21 have Greene hawkishly dissenting (with a further seeing it as 50/50 in their base case).
 - 15/21 have Dhingra dovishly dissenting.
 - 11/21 have Taylor dovishly dissenting
 - No one has Ramsden dovishly dissenting in their base case, mainly due to his comments pointing to a faster pace of cuts rather than larger cuts.
- A box is expected on the APF review in the MPR. There are no clear expectations of how much guidance will be given here.
- The median expectation from the 13 analysts providing APF reduction estimates is for a GBP75bln reduction (which is in line with the June BOE MaPS survey). 10/13 analysts look for a reduction in pace to between GBP60-80bln. HSBC and Nomura both expect another GBP100bln reduction while BNP Paribas' expectation is that active sales end. 6/13 analysts expect a GBP70-75bln reduction.
- All of the analyst previews that we have read look for further cuts to Bank Rate after August. The vast majority expect the next cut to come in November, with the exception of Berenberg which expects a longer pause to Q1-26.
- Deutsche Bank, Goldman Sach and Morgan Stanley are the only analyst views that we have seen that look for a pickup in easing pace post-November.
- In terms of terminal rate, the majority of analysts 17/21 (81%) have their base case in a 3.00-3.50% range, with a bimodal distribution (8 analysts for 3.00%, 2 for 3.25% and 7 for 3.50%). Danske and Morgan Stanley both look for a terminal rate of 2.75% while NatWest Markets look for 3.75%.

Analyst Forecasts of End-Year Bank Rate

mni



Analyst MPR Projection Expectations

mni

	Headline CPI		
	1-Year	2-Year	3-Year
Bank of America	2.5%	1.9%	1.9%
Barclays	2.4%	2.0%	1.9%
BNP Paribas	2.5%	1.9%	1.9%
Deutsche	2.4%	2.0%	1.9%
Goldman Sachs	2.5%	1.9%	1.9%
HSBC	2.5%	1.9%	1.9%
JP Morgan	2.5%	1.9%	1.8%
Morgan Stanley	2.3%	1.8%	
NatWest Markets		1.9%	1.9%
Santander		1.9%	1.9%
Median	2.5%	1.9%	1.9%
Prior (Q2-26/27/28)	2.4%	1.9%	1.9%
Prior Q3 (Q3-26/27)	2.4%	1.9%	

Source: Bank of England, MNI

Analyst MPR Projection Expectations

mni

	GDP		
	2025	2026	2027
Barclays	1.2%	1.3%	1.6%
BNP Paribas	1.25%	1.25%	1.5%
Daiwa	1.25%	1.25%	1.5%
Deutsche	1.25%	1.25%	1.5%
JP Morgan	1.2%	1.0%	1.5%
Lloyds	1.2%	1.2%	1.6%
NatWest Markets	1.0%	1.25%	1.5%
UBS	1.25%	1.25%	1.5%
Median	1.25%	1.25%	1.5%
Prior	1.0%	1.25%	1.5%

Source: Bank of England, MNI

Summary of Analyst Views (Sorted by Hawkish to Dovish)

Institution	Post-June	Pre-August
Berenberg	"We stick with our forecast that the BoE will hold bank rate at 4.25% until end-2025 before reducing it by 50bp in 2026 but will be wary of demand and firms pricing power turning out weaker than we expect. If so, a cut in August would be justified."	2-5-2 vote for 25bp cut. "A stabilisation in the labour market at the same time will likely cause the BoE to "skip" November." Further 25bp cuts in Q1-25 and Q2-25 to terminal 3.50%.
RBC	"The vote split increases our confidence, therefore, that the MPC will deliver a further 25bps rate cut at its August meeting as per our existing call... with another cut at the November meeting."	0-8-1 vote for 25bp cut with key question whether Pill also hawkishly dissents. Expect further 25bp cut in Nov25. APF reduction: Expect steady pace of active QT implying a GBP60-65bln reduction in 25/26.
NatWest Markets	Forecast "25bp cuts in Bank Rate in August and November to a 3.75% terminal rate. The risks are tilted towards greater easing – more likely ongoing gradual easing in H1 2026 rather than accelerated cuts in H2 2025 – in response to any ongoing, attritional weakness in the labour market."	0-9-0 vote for 25bp cut; clear risk of up to 2x50bp dissents and "outside chance" of 1-2 votes for unch Bank Rate. Guidance unch. Expect 25bp cut to terminal 3.75% in Nov25 but with "risks tilted towards" cut to 3.50% in 2026. Bailey's comments make "less confident that active sales will continue."
Santander	"Firmly believe that the softening in the labour market will continue at a fast enough pace to underpin an August cut, taking Bank Rate to 4.00%... labour market evidence will underpin a November cut... but our revised inflation forecasts this week reduced our conviction." Terminal 3.50% in Q1-26.	2-4-3 vote for 25bp cut with guidance unch. Next cut in Nov25 but "flag the vulnerability of this; given the ugly inflation optics" although the Budget brings it back into play. Terminal 3.50% by Feb26. APF reduction: GBP75bln reduction in 25/26, doubling pace of active sales.
Barclays	Guidance "still points to quarterly 0.25pp rate cuts." "We think the majority of the committee remain in a 3-3.5% range [for neutral] and so we are confident they can cut at least three more times before they judge themselves to be at neutral."	2-5-2 vote for 25bp cut (risk of 3-4-2). Guidance largely unchanged. "Split MPC will carry on with" quarterly 25bp cuts to terminal 3.50% in Feb26. APF reduction 25/26: GBP75-80bln with maturity shift.
Nomura	"the fact that we now go into the August meeting with three members wanting a cut makes a 25bp move next month very likely. We think the Bank cuts a total of three times more: in August, November and February, for 3.50% terminal rates by early 2026."	2-5-2 vote for 25bp cut with unch guidance. Continue to expect 25bp cuts in Nov25 and Feb26 to "terminal rate of 3.50%, which we think is at the upper end of the neutral range." "Don't expect anything concrete on QT ahead of September (when we expect a further £100bn to be confirmed)".
Bank of America	"Scope for inflation to be lower than the BoE's estimates and expect cuts in August, September and November with a dovish pivot in H2...elevated inflation, gradual guidance and rising energy/ food prices put our call for September cut at risk, but we think the bar to cut less than quarterly is high."	2-5-2 vote for 25bp cut with risk of 3-4-2. Unch guidance. Continue quarterly 25bp cuts to terminal 3.50%. Apf reduction: GBP60bln base case for 25/26.
BNP Paribas	"Reinforces our long-held expectation for a quarterly pace of rate cuts, consistent with a "gradual and careful" approach to easing, and a terminal rate of 3.50% in Q1 2026... view risks around the monetary policy outlook as broadly balanced."	2-7-0 vote split with unchanged guidance. "Quarterly 25bp cuts for a terminal Bank Rate of 3.50% in Q1 2026 - and see the risks as two-sided albeit asymmetric." APF reduction: "Reiterate our view that the BoE will halt its active QT sales from October, though the risks around this base case have risen."
JP Morgan	Guidance "signals an intent to continue with a quarterly pace of easing, and points towards a 25bp cut in August as per our forecast (which also continues to see a 3.5% terminal rate by 1Q26)."	2-5-2 vote split but "see some risk that one of the hawkish dissenters will fold." Risk that guidance is changed to accommodate faster easing in H2-25. APF reduction: Slow in annual pace to GBP75bln in 25/26.
ING	"Despite weaker jobs numbers, the Bank of England is showing little sign that it's about to pick up the pace of easing." "our base case is that the BoE cuts rates in August and November, and twice more in 2026."	1-7-1 vote but risks of up to 3 dissenters each way. Base case for quarterly 25bp cuts to 3.25% in Q2-26.
HSBC	"We think data surprises need to be to the upside from here to prompt a hold" in Aug25. Look for hold in Sep25 and then following cut in Nov25.	2-4-3 vote for 25bp cut but risk of either fewer votes for 50bp or 3-3-3. Message may "lean to the hawkish side," APF reduction: Think overall GBP100bln pace maintained for 25/26 but with "sales skewed towards shorter maturities."
TD Securities	"The addition of Ramsden to the doves' camp, as well as the softer-than-expected data releases since the last meeting, suggests that the quarterly pace the BoE has been on thus far is likely to continue. This places more certainty on the August cut, and we expect an additional one in November."	2-6-1 vote for 25bp cut (risk of 2-5-2). Guidance likely to repeat. Continue to expect quarterly cuts to neutral 3.00% by Jul26.
UBS	"Expect the Bank to resume cutting on 7 August (-25bp), followed by another 25bp rate cut on 6 November... see two-sided risks around the inflation outlook... In 2026, we expect the Bank to cut rates three times (Feb/May/Jul) to a terminal rate of 3.0%."	Decision to be opposed by 2-3 members voting for Bank Rate on hold with unch guidance. Expect quarterly cuts to 3.00% terminal in Jul26. APF reduction: GBP70bln with risks skewed towards slower pace and to emphasise sales of shorter-dated gilts.
Daiwa	"Continue to interpret that guidance as signalling that cuts of 25bps each quarter through to mid-2026 represent the most plausible path ahead for Bank Rate."	"Would not be surprised to see a three-way split." Guidance to be maintained. Quarterly cuts to May26 bringing Bank Rate to 3.25% before a pause and then another cut in 2027 to 3.00%. APF reduction: "There is now a good case for slowing the pace of QT by ceasing active Gilt sales."
Société Générale	"Our more pessimistic view on growth and the labour market relative to the BoE should lead the MPC to stick to a quarterly pace of cuts, with the risk of more aggressive cuts later this year, possibly as early as the September meeting."	0-7-2 vote for 25bp cut; risk of additional hawkish dissent from Lombardelli and Greene. Guidance "likely to be maintained." Continue to expect quarterly cuts to 3.00% with risks "tilted towards more aggressive easing." APF reduction: GBP75bln target for 25/26 with maturity of sales shortened.
Jefferies	"We continue to see the BoE cutting again in August and November this year, alongside fresh forecasts. Delivering 50bps of cuts this year, bringing rates to 3.75% by end-2025."	0-6-3 vote split for 25bp cut with guidance retained. "Continue to expect a follow-up cut in November, bringing the Bank Rate to 3.75% by year-end." Then look for 25bp cuts in Feb26, Mar26 and Apr26 to terminal 3.00%.
Danske	"Communication today supports our call of a continuous gradual approach to the cutting cycle... Expect the BoE to stick to quarterly cuts... risk is skewed towards a swifter cutting cycle in 2025 and 2026 given the downside risks to growth and the labour market."	0-6-3 vote for 25bp cut with unch guidance. Expect the 25bp quarterly cutting cycle to continue with Bank Rate at 2.75% by end-2026.
Deutsche	"There's nothing here to change our longstanding call. We expect the MPC to dial down restrictive policy again in August. And we see Bank Rate coming down twice more this year to 3.5% before dropping to a terminal rate of 3.25% in early 2026."	2-5-2 vote for 25bp cut (risk of 2-4-3). Unchanged guidance but some members see the decision as "finely balanced". "Expect further weakness in the labour market" to allow acceleration to cuts (Nov25, Dec26, Feb26) to terminal 4.25%. APF reduction: Bank to match market exp of GBP75bln.
Goldman Sachs	"Communications support our view that the Committee is likely to cut Bank Rate in August given recent downside surprises in pay growth and further evidence of labour market loosening."	1-6-2 vote for 25bp cut with two-sided risks to vote split. MPC to leave door open to Sep25 rate cut. "See a compelling case for further and faster cuts" and expect sequential cuts from Nov25 to 3.00% in Mar26. APF reduction: Expect GBP70bln but with only around 1/5 of sales to be longs.
Morgan Stanley	"Base case remains for sequential cuts from August into December... But we accept that the BoE seems deeply ingrained in gradualism." "If our assumptions are not accurate, we would have to alter our near-term call." "As long as pay growth is softening" bar to ski p quarterlies "elevated".	1-7-1 vote for 25bp cut with unch guidance but "more pronounced three-way split" possible. "Call of consecutive cuts to 2.75% beyond November hinges on our inflation and labour market forecasts." APF reduction: Expect GBP65bln target for 25/26

Source: Analyst previews and MNI

Note: Sorted by timing of next cut, then timing of next two subsequent cuts, then end-2025 rate, then terminal rate, then date reached, then balance of risks (if specified).

Analysts' Key Comments (A-Z)

Bank of America

- Vote split (50 cut -25 cut - hold): 2-5-2: "Mann and Pill are likely to vote for a hold given inflation persistence risks, while Taylor and Dhingra are likely to vote for a 50bps cut, given labour market weakness and the need to frontload cuts. Risks are that Ramsden also votes for a 50bps cut but in our view, he is more likely to vote for sequential cuts rather than a 50bps cut."
- Guidance: Unchanged
- CPI Projections: Q3-26 2.5%; Q3-27 1.9%; Q3-28 1.9%
- GDP Projections: Q3-26 1.3%; Q3-27 1.5%; Q3-28 1.9%
- Future Bank Rate Forecast: Continue to expect quarterly cuts to 3.50% terminal in Q1-26.
- QT: "Expect the updated [MPR] box to imply a larger tightening impact of QT on monetary and economic conditions, especially in the context of steepening of the yield curve, in line with comments by Bailey and Mann. At a time when the BoE is trying to ease monetary conditions by cutting rates, QT could be diluting the passthrough of cuts by tightening monetary conditions at the long end and steepening the curve, which is likely to be contractionary as BoE research shows. This could set the stage for an announcement of a slowdown in QT pace in September." BofA's base case is a GBP60bn APF target reduction for 25/26.

Barclays

- Vote split (50 cut -25 cut - hold): 2-5-2: Dhingra and Taylor for 50bp ("could plausibly be joined by" Ramsden"); Pill and Mann on hold.
- Guidance: "Largely unchanged, retaining optionality around a baseline of a gradual and careful cutting cycle"
- CPI Projections: Q3-26 2.4%; Q3-27 2.0%; Q3-28 1.9%
- GDP Projections: 2025 1.2%; 2026 1.3%; 2027 1.6%
- Future Bank Rate Forecast: "Split MPC will carry on with a 25bp policy rate cut... quarterly thereafter, to a terminal rate of 3.5% in February."
- QT: "Anticipate a box in the report discussing the QT programme that tees up a decision in September to slow the overall quantum of unwind to £75-80bn and shift the maturity profile of sales. Key will be the emphasis placed on the original QT design principles vs current market movements and curve developments."

Berenberg

- Vote split (50 cut -25 cut - hold): 2-5-2: Dhingra and Taylor for 50bp cuts; Mann and Pill on hold.
- Future Bank Rate Forecast: "CPI inflation is on course to increase from 3.6% yoy in June to 3.9% in September. That will be the final print the BoE gets before its November decision. A stabilisation in the labour market at the same time will likely cause the BoE to "skip"

November... The central bank will wait until it is sure that the ongoing squeeze on profit margins and slowdown in pay growth will bring inflation down next year before proceeding with further rate reductions." 25bp cuts are pencilled in for Q1-26 and Q2-26 to a terminal 3.50%.

BMO

- Vote split: "Pill is unlikely to vote for an August cut... He may even get 1-3 others voting with him: more than one would surprise the market. Whether Dhingra and Taylor vote for a 25bp or 50bp cut is irrelevant for pricing."

BNP Paribas

- Vote split (50 cut -25 cut - hold): 2-7-0. Dhingra and Taylor to vote for 50bp cut while Ramsden's "recent speech suggests his vote for a cut in June should be seen as a 'bringing forwards' rather than a pivot to a faster pace of easing."
- Expect Mann and Pill to favour 25bp cut: "Back in May, the rationale was that financial conditions had eased while the labour market was proving more resilient than expected. But now, financial conditions have trended broadly sideways while the labour market has loosened further, evidence suggests."
- CPI Projections: Q3-26 2.5%; Q3-27 1.9%; Q3-28 1.9%
- GDP Projections: 2025 1.25%; 2026 1.25%; 2027 1.5%
- Future Bank Rate Forecast: "Quarterly 25bp cuts for a terminal Bank Rate of 3.50% in Q1 2026 - and see the risks as two-sided albeit asymmetric."
- QT: Expect a box in the August MPR. "Reiterate our view that the BoE will halt its active QT sales from October, though the risks around this base case have risen."

Daiwa

- Vote split (50 cut -25 cut - hold): 1-6-2: "Expect external member Mann, and probably also Chief Economist Pill, to remain concerned about potential second-round effects from the current inflation hump and vote for unchanged policy. And while uncertainty about US-UK trade relations has diminished, as in May we would not be surprised to see a three-way split, with the external dove Dhingra, and perhaps also Taylor, voting for a cut of 50bps."
- Guidance: To be maintained.
- GDP Projections: 2025 1.25%; 2026 1.25%; 2027 1.5%
- Future Bank Rate Forecast: Quarterly 25bp cuts to May-26 before pausing and then delivering a further cut to 3.00% in 2027.
- QT: "Having made very significant progress in reducing its asset holdings, there is now a good case for slowing the pace of QT by ceasing active Gilt sales and allowing the balance sheet to shrink passively merely via redemptions of maturing bonds."

Danske Bank

- Vote split (50 cut -25 cut - hold): 0-6-3 with “Greene, Mann, Pill voting for an unchanged decision.”
- Guidance: No change
- Future Bank Rate Forecast: “Expect the BoE to stick to quarterly cuts...expect the cutting cycle to extend throughout 2026 leaving the Bank Rate at 2.75%.”

Deutsche Bank

- Vote split (50 cut -25 cut - hold): 2-5-2 (Mann, Pill on hold; Dhingra and Taylor for 50bp). Risk of 2-4-3 as for Greene “risks of second-round inflation effects are non-negligible.”
- Guidance: “Don’t expect any major surprises around the Bank’s guidance”
- “Expect some on the MPC to note that a rate cut was a “finely balanced decision” with concerns around a larger inflation hump raising questions around potential second-round effects next year and beyond.”
- CPI Projections: Q3-26 2.4%; Q3-27 2.0%; Q3-28 1.9%
- GDP Projections: 2025 1.25%; 2026 1.25%; 2027 1.5%
- Scenarios: “A more realistic downside scenario could come from a more dramatic loosening in the labour market, reflecting nonlinearities in job cuts and wage disinflation.” Hawkish scenario likely to remain unchanged.
- Future Bank Rate Forecast: “We see two further rate cuts this year (November & December), followed by a final rate cut to 3.25% in Q1-26. The risk? Increasingly skewed to a ‘skip’ later this year. What would be the conditions for a ‘skip’? Two things. One, if household inflation expectations edged higher. And two, if the labour market started to show signs of life, with pay settlements stalling near current levels (~3.5%).”
- QT: Important to watch: “Any detail around the Bank’s desired long-term composition of its balance sheet... any pushback against or endorsement of market expectations of a lower QT envelope (GBP 75bn) will also be key to watch... any special mention of the long-end of the gilt curve.”
- “Our basecase is for the MPC to match market expectations, lowering its QT envelope from GBP 100bn to GBP 75bn in 2025/26... We also think there’s a rising probability that the MPC backloads any long QT auctions until 2026. The tail risk for us is that the BoE abandons long sales altogether.”

Goldman Sachs

- Vote split (50 cut -25 cut - hold): 1-6-2 (Dhingra for 50bp cut; Mann and Pill for unchanged). “The risks around this look two-sided, with either just one vote for a hold (most likely Pill) or no votes for a larger cut also possible.”
- “A dissent by Greene for a hold would be a hawkish surprise but seems unlikely in light of her recent commentary”
- Guidance: Unchanged.
- “Expect the MPC to leave the door open for a September cut both by emphasising that decisions will be taken meeting-by-meeting in response to the data and by reiterating in the

press conference that the MPC could lower rates more quickly in response to faster labour market deterioration”

- CPI Projections: Q3-26 2.5%; Q3-27 1.9%; Q3-28 1.9%
- GDP Projections: Q3-26 1.4%; Q3-27 1.6%; Q3-28 1.8%
- Future Bank Rate Forecast: “Expect the MPC to stick to its gradual approach to rate cuts and lower Bank Rate next in November. That said, we still see a compelling case for further and faster cuts than priced given our forecast for continued labour market weakening and inflation normalisation. We maintain our forecast for sequential cuts from November until reaching a 3% terminal rate in March 2026.”
- QT: “Expect that this will acknowledge potential interactions between gilt sales and a global yield curve steepening and acknowledge that the effects of a steeper yield curve may not always be perfectly offset by small adjustments in the policy rate.”
- “Expect the MPC to vote to reduce the gilt stock by £70bn... in September... Expect the share of long-dated gilt sales to fall from one-third to around one-fifth.”

HSBC

- Vote split (50 cut -25 cut - hold): 2-4-3: Dhingra and Taylor for 50bp cut. Greene, Mann and Pill for unchanged.
- “Possibility though, that Dave Ramsden joins the doves in the 50bps camp, giving a 3-3-3 vote split... An alternative risk scenario is that Ms Dhingra and Mr Taylor decide 25bps is enough.”
- “The message may lean to the hawkish side, given recent upside surprises in inflation.”
- “Don’t think the MPC will change its overall judgement that this is a temporary “hump” [in inflation this year]: we expect it to continue to forecast inflation at around 1.9% at the two-year horizon. But it will be interesting to see whether it remains confident on this, or whether it now puts a little more weight on its second, more hawkish “scenario”, in which second round effects do take hold.”
- CPI Projections: Q3-26 2.5%; Q3-27 1.9%; Q3-28 1.9%
- QT: “Think the overall pace of the programme (GBP100bn over the next year) will be unchanged, but with sales skewed towards shorter maturities to limit the tightening of financial conditions. However, there is a risk that the MPC could decide to slow the pace”

ING

- Vote split (50 cut -25 cut - hold): 1-7-1. Dhingra voting for 50bp cut “Taylor might be tempted to join her, though he recently said he’d like to see three more cuts this year, which tends to suggest he’ll vote for 25bp moves at each meeting. Dave Ramsden is also one to watch.”
- “Mann is likely to vote for no change. She may be joined by Huw Pill and Megan Greene, though a lack of recent commentary from either makes that hard to assess.”
- Guidance: Expect “very little in terms of forward guidance, besides reiterating its bias for further “gradual” and “careful” cuts.”
- Future Bank Rate Forecast: Quarterly 25bp cuts to 3.25% in Q2-26.

- QT: “Monetary Policy Report will likely comment on whether QT is having a greater impact on bond yields. And if it is, that might be a precursor for a slower pace of active gilt sales.”

Jefferies

- Vote split (50 cut -25 cut - hold): 0-6-3 “with Huw Pill, Megan Greene, and Catherine Mann dissenting in favour of keeping rates on hold. That said, there remains a non-negligible risk that some members could support a larger 50bp cut, given the recent softening in activity data.”
- Guidance: “Retain its guidance around a “gradual and careful” approach to easing, balancing the need to support growth with the risk of inflation persistence.”
- Future Bank Rate Forecast: “continue to expect a follow-up cut in November, bringing the Bank Rate to 3.75% by year-end.” Thereafter look for 25bp cuts in February, March and April 2026 to terminal 3.00%.

JP Morgan

- Vote split (50 cut -25 cut - hold): 2-5-2 base case with Dhingra and Taylor for 50bp cut while Mann and Pill for unchanged.
- “Ramsden, as a new dovish dissenter in June, could perhaps think in the same way [as Dhingra and Taylor], but in June he said his decision to dissent dovishly was a “finely balanced judgement” and we assume he will be more cautious. We see some risk that one of the hawkish dissenters will fold, for example, Mann who has previously described herself as an activist and might be more responsive to recent labour market developments. However, with inflation surprising to the upside too, this is less likely. It would be a surprise to see a new hawk emerge.”
- Guidance: “Since guidance should really reflect the views of at least a majority on the committee, there is a clear case for a change... Our sense is that some momentum has been building around the MPC’s dovish contingent, and the risks are that the Bank could accelerate easing in 2H25. A guidance change would hence be more likely if this is true, and if the BoE marks down its medium-term inflation forecast as we have suggested.”
- CPI Projections: Q3-26 2.5%; Q3-27 1.99%; Q3-28 1.8%
- GDP Projections: 2025 1.2%; 2026 1.0%; 2027 1.5%
- Future Bank Rate Forecast: (As of June review): Quarterly cuts to 3.50% in Q1-26.
- QT: This “week the BoE won’t give a number, but we do expect it to discuss the issues and highlight sensitivity in the decision to market conditions.”
- “The BoE’s balance sheet guidance states that it will take market conditions into account. We think this argues for a slowing in the annual QT pace later this year, from £100bn to around £75bn.”

Lloyds

- Vote split (50 cut -25 cut - hold): 2-5-2 with Dhingra and Taylor voting for 50bp cut while Mann and Pill vote for unchanged Bank Rate.
- Guidance: "Largely left unchanged."
- CPI Projections: "continue to see inflation at or around the 2% target in Q3 2027 and Q3 2028."
- GDP Projections: 2025 1.2%; 2026 1.2%; 2027 1.6%
- Future Bank Rate Forecast:

Morgan Stanley

- Vote split (50 cut -25 cut - hold): 1-7-1. "Mann and Dhingra will dissent, we think, in voting for a hold and a 50bp cut, respectively... Should Pill vote for a hold, a more pronounced three-way split next week is possible, with external member Taylor perhaps siding with Dhingra in voting for a 50bp cut."
- "Members voting for a 25bp cut, we think, will be divided into three camps: "gradual and careful" cutters, who see two-sided risks to inflation (Bailey, Lombardelli, Breeden); "cautious" cutters who might warn that further convincing evidence of labour market slack translating to price disinflation is needed before removing restrictiveness further (Pill and, on balance, Greene), and Taylor and Ramsden who will describe inflation risks as skewed to the downside."
- Guidance: "Unchanged messaging of "gradual and careful" cuts"
- CPI Projections: Q3-26 2.3%; Q3-27 1.8%
 - "Modest widening in the output gap forecast should just about suffice to leave the 3Q26 and 3Q27 inflation forecast 10bp lower versus the May MPR."
- GDP Projections: "2025 growth forecast will be taken up a notch, with 2026 and 2027 growth projections downgraded modestly."
- Future Bank Rate Forecast: "Call of consecutive cuts to 2.75% beyond November hinges on our inflation and labour market forecasts, which, we suspect, will be more dovish than the BoE's."
- QT: Base case for GBP65bln APF target reduction in 25/26. If active sales are more than GBP20bln, likely skew away from longs

NatWest Markets

- Vote split (50 cut -25 cut - hold): 0-9-0. "Clear risks of Swati Dhingra and Alan Taylor dissenting in favour of -50bp. There is an outside chance that Chief Economist Huw Pill and/or the mercurial Catherine Mann dissent in favour of no change."
- Guidance: "Expect the key phraseology to be repeated in August:"
- CPI Projections: Q3-27 1.9%; Q3-28 1.9%
- GDP Projections: 2025 1.0%; 2026 1.25%; 2027 1.5%
- Future Bank Rate Forecast: Expect "final 25bp reduction in Bank Rate in November to a 'terminal' rate of 3.75%. The risks remain tilted towards slightly greater easing (3.5%), more likely in early 2026 than 2025. In our view, the Bank Rate path over the next 6-12 months

will be determined principally by employment trends, which look less frail following the latest PAYE payrolls data. We remain a little wary about the extent to which the BoE can ease monetary policy given sticky domestically-generated inflation and significant cost pressures.”

- QT: “Governor Bailey’s comments in particular make us less confident that active sales will continue, especially through his reference to long-end rates – references to illiquidity allude to market functioning and, therefore, more obviously flag the risks of a modified approach. We were previously of the view that the maturity buckets would be changed to skew active sales further down the curve in a ‘twist’ to reduce the Weighted Asset Maturity (WAM). In a way, it would be like the DMO’s continued shift in issuance buckets in favour of shorter dated bonds. However, this would be hard to communicate.”

Nomura

- Vote split (50 cut -25 cut - hold): 2-5-2: Dhingra and Taylor for 50bp cut; Mann and Pill for unchanged.
- Guidance: No change
- CPI Projections: “Do not think the Bank will significantly change its forecast for medium-term inflation, likely remaining above 3% for all of this year, before falling to around 2% by the turn of 2026-27.”
- Future Bank Rate Forecast: “Two further 25bp cuts, in November and February, for a terminal rate of 3.50%, which we think is at the upper end of the neutral range.”
- QT: “Don’t expect anything concrete on QT ahead of September (when we expect a further £100bn to be confirmed)”. Risk that “with yields (especially at the long-end) still elevated, the Bank could opt to reduce the pace.”

RBC

- Vote split (50 cut -25 cut - hold): 0-8-1 with Mann voting for unchanged. “The main question mark for us is around the vote of Chief Economist Huw Pill.”
- Guidance: “Data released since the June meeting leans, we think, toward the MPC retaining its ‘gradual and careful’ language.”
- Forecasts: “Both the growth and inflation forecasts likely to be subject to only small adjustments compared to the May exercise.”
- Future Bank Rate Forecast: Further 25bp cut in November.
- QT: Expect “to see a steady pace of active sells, implying that the total QT envelope will drop to £60bn-£65bn from £100bn presently looks possible.”

Santander

- Vote split (50 cut -25 cut - hold): 2-4-3. Dhingra and Taylor for 50bp cuts while Greene, Mann and Pill vote for unchanged.
- Guidance: "The BoE is expected to maintain its guidance that it needs to be "gradual and careful" but being clear that it really does need to see further evidence of disinflation to keep on cutting from here."
- "Expect the minutes to have a hawkish lean to their tone."
- CPI Projections: Q3-27 1.9%; Q3-28 1.9%
- Future Bank Rate Forecast: "For now we have a November cut in our forecasts, but flag the vulnerability of this; given the ugly inflation optics, we question whether August could feasibly be the last cut this year. A gamechanger, however, could be the Autumn Budget, which could materially shift the case for policy easing if Chancellor Reeves unveils a material set of tax increases."
- "Our base case has the BoE cutting once more after that, taking Bank Rate to 3.50% in February 2026. But the big question mark for monetary policy centres on the outcome of the Autumn Budget and the extent to which Reeves is forced into fiscal tightening; a decisive move to raise taxes would make a stronger case for cuts. As such, for 2026 we see the risks skewed towards more cuts, not less."
- QT: "We expect the MPC will decide to slow the total QT envelope to £75bn from £100bn this year, by doubling the pace of active QT (gilt sales) from £13bn to £26bn."

Societe Generale

- Vote split (50 cut -25 cut - hold): 0-7-2. Mann and Pill to vote for unchanged rate. "Lombardelli and Greene could surprise, as we consider them to be more hawkish. The recent inflation overshoot, elevated inflation expectations, and upside risks to inflation could lead them to skip this meeting."
- Guidance: "Likely to be maintained."
- Projections: "the economy has broadly developed as the BoE expected back in May, so we wouldn't expect any major revisions."
- Future Bank Rate Forecast: Expect "cuts at a quarterly pace until Bank Rate reaches 3%. Risks are tilted towards more aggressive easing if the downturn in the labour market intensifies or some of the upside risks to inflation subside."
- QT: "The press conference and annual review of QT may signal that a smaller APF reduction is forthcoming, along with a shortening of the maturity profile of sales."
- "Expect the MPC to slow the total reduction in the APF from £100bn/year over the past three years to £75bn, including active sales of £25.9bn. To avoid a disorderly rise in long-dated gilt yields, the maturity profile of sales is likely to be shortened as well."

TD Securities

- Vote split (50 cut -25 cut - hold): 2-6-1. Dhingra and Taylor voting for 50bp. “See Mann or Pill dissenting hawkishly for no cut (with risks that both do so).”
- Guidance: “Likely to repeat”
- CPI Projections: “energy shock might be enough to nudge inflation up by 0.1ppt in Year 1, at most, if accompanied by a small nudge from the upside news on June headline inflation... forecasts are likely to remain largely similar to those in May, with both Year 2 and Year 3 inflation a touch below the 2% inflation target”
- Future Bank Rate Forecast: Quarterly cuts to a terminal at neutral 3.00% in July 2026.

UBS

- Vote split: “Think the decision to cut rates is likely to be opposed by two or three MPC members (Mann, Pill and possibly Greene).”
- Guidance: “expect the Committee to reiterate a “gradual and careful” approach to easing, stressing that monetary policy is not on a pre-set path, thus implying a meeting-by-meeting approach.”
- CPI Projections: 2026 2.1%; 2027 1.8%
- GDP Projections: 2025 1.25%; 2026 1.25%; 2027 1.5%
- Future Bank Rate Forecast: Expect quarterly cuts to July 2026 with a terminal 3.00% with “two-sided risks around the inflation outlook.”
- QT: “Base case is that QT in '25-'26 will be £70bn. We see risks skewed toward a slower, not a faster pace, and an end to active gilt sales is possible... We expect QT to continue to emphasise sales of shorter-dated gilts.”

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