

BoE Preview: December 2025

Summary/Minutes release: 12:00GMT, Thursday 18 December

Summary/Minutes link:

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

There is no press conference for a non-MPR meeting

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What follows a Christmas Cut?

Tim Davis, 17 December

The title of our November preview was “It’s All About Bailey” which turned out to be very apt. The December meeting in some ways could be described in the same way, but given that Governor Bailey is expected to support a cut (unanimously by the sellside and priced over 23bp at the time of writing) the market will be looking for more nuance at this meeting (assuming we do get the expected cut; if we don’t then the market isn’t going to pay much attention to the details!)

7 things to watch

- 1) Guidance. Broadly expected to remain unchanged and we would be surprised if there were material changes here. This was the guidance in November:
“The risk from greater inflation persistence has become less pronounced recently, and the risk to medium-term inflation from weaker demand more apparent, such that overall the risks are now more balanced. But more evidence is needed on both. The restrictiveness of monetary policy has fallen as Bank Rate has been reduced. The extent of further reductions will therefore depend on the evolution of the outlook for inflation. If progress on disinflation continues, Bank Rate is likely to continue on a gradual downward path.”

Given that was already tweaked, it seems too early to note that risks to medium-term inflation are tilted to the downside rather than broadly balanced. And it would be a surprise if references to further cuts or “gradual” were removed. Of course we will be one step closer to neutral if we do see a cut this week, but we still think that the majority of the MPC would support at least one more cut from here (albeit with disagreements over timing).

- 2) The vote split. As discussed below, anything other than 5-4 would be a surprise to us (even with this week’s data) and we will be reading any additional dovish member’s paragraph closely to see if they are likely to repeat this.
- 3) The individual members paragraphs – in particular Governor Bailey’s. Does he still note that he sees the downside scenario as more likely? And previously he noted that he would “prefer to wait and see if the durability in disinflation is confirmed in upcoming economic developments this year.” This was an explicit time reference, will he commit to a new time period? And if so what will it be?
- 4) We will also be watching the member paragraphs for both Breeden and Ramsden for any indications from them on when their bars are for both further cuts and the terminal rate. Similarly we will be reading Greene and Lombardelli’s paragraphs closely to see if they are



any closer to supporting a cut, or whether they are further away given we will be one step closer to neutral (assuming the cut is the outcome of the meeting).

- 5) How the CPI data was discussed – was it seen as impacted by factors that are likely to be reversed, or was it seen as a meaningful decline? (Our expectation is that it is too early to explain it).
- 6) Any update on the Agents' Pay survey (the latest expectation was pay settlements around 3.5% for 2026).
- 7) We expect the Minutes to note that CPI is expected to be around 0.4-0.5ppt lower from Q2-26 for a year given the Budget policies.

What has happened since November

To summarize the data since the November meeting, the quantities side of the labour market has slowed more than the Bank forecast. Indeed, the unemployment rate rounding to 5.1% matches the peak of the cycle the BOE had expected in Q2-26. Payrolls data has also seen previous stabilisation largely revised away and the past couple of months has seen continued falls while redundancies have picked up. Despite coming in marginally higher than expected this week, private regular wage data was almost exactly in line with the BOE's Q3 forecast and the October single month print was well on track for the Q4 forecast. Survey data continues to point to building slack on the quantities side of the labour market but is more mixed on expectations for wage growth. The labour market data is broadly either slowing in line with expectations or at a more rapid pace – and seems to have met Bailey's criteria for easing.

Inflation data released this morning was 0.16ppt below the BOE's forecast for November headline CPI. Services was a tenth softer (although air fares and accommodation look soft), there was a deceleration in tobacco prices (duty-related so largely expected) but there were also big falls in core goods and food prices. It's hard to really know how sustainable these falls will be given there is anecdotal evidence pointing to early Black Friday discounts impacting the data. But even without these potential one-offs so it does appear as though CPI would still softer than forecast (or at the worst in line). Inflation expectations data remains elevated but has come off of its highs to some extent too, and the energy price measures taken in the Budget should see this continue (the MPC will also be hoping food inflation has peaked earlier than expected too).

We agree with consensus that a 5-4 vote is most likely here. We don't think Lombardelli and Greene have seen enough to get on board with an immediate cut in response to the data yet and will still be waiting for the full results of the Agents' Pay Survey which will come with the February MPC meeting. Any interim update to this survey is the main risk factor that we see to a cut this week. The DMP data was a bit stronger than hoped for regarding wage expectations and firms' own price / CPI expectations. If the concerns about sticky wage settlements being passed through to prices in Q1 could be eradicated then we think a lot more of the MPC would be on board with an immediate cut.

APF schedule to be confirmed Friday at 16:30GMT

We don't expect any surprises to the indicative plan of 2 short ops, 2 medium ops and 1 long op in Q1-26.

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

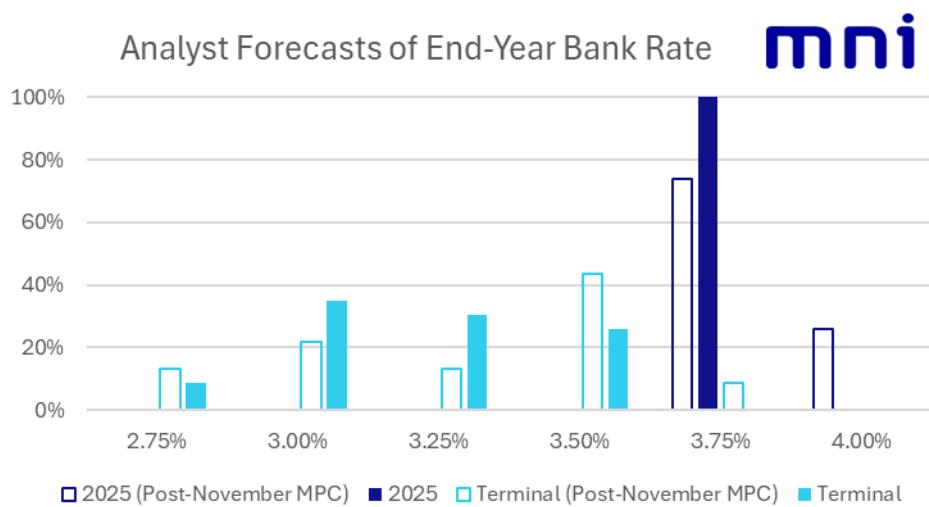
- No need to scroll through 30 newswire headlines.
- All of the tradable info you need delivered concisely straight to your bullet feed or the interactive chat.
- Gives you the confidence that you can quickly trade at the announcement time.

December 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?
6. Was there a two stage vote?
NB: On questions 2-6 we will name the dissenters (and the direction / magnitude of dissent)
7. Did the MPC leave its guidance paragraph materially unchanged versus the previous policy statement?
8. Did the MPC keep reference to “if progress on disinflation continues, Bank Rate is likely to continue on a gradual downward path” in its guidance?
9. Did the MPC keep reference to “the extent of further reductions will therefore depend on the evolution of the outlook for inflation” in its guidance?
10. Did the MPC keep reference to “the restrictiveness of monetary policy has fallen as Bank Rate has been reduced” in its guidance?
11. Did the MPC keep references to risks from greater inflation persistence are less pronounced, risks to medium-term inflation from weaker demand is more apparent and overall the risks are more balanced, or similar
12. Did any members state that their decision was “finely balanced” at this meeting?
13. Did Governor Bailey state in his view that “The downside scenario seems more likely”?

Summary of Analyst Views

- All 23 of the sellside previews that we have read look for a 25bp cut at this week's meeting (6/23 have changed their call since immediately after the November meeting).
- A 5-4 vote split with Bailey joining the November dovish dissenters is the base case for the vast majority (16/21 analysts).
- 3/21 expect a 6-3 cut: Goldman Sachs (Lombardelli additionally), Nomura (Greene additionally) and UniCredit (unspecified). UBS look for Lombardelli to possibly join Bailey (either 6-3 or 5-4). NatWest Markets "put roughly equal probabilities on 5-4, 6-3 and 7-2 votes." Additionally Santander noted that they "would not be surprised" with a repeat of August's 2-stage vote with Taylor favouring a 50bp cut in the first round.
- Note that these vote split expectations are all ahead of today's data but we haven't seen any explicit call changes here (although plenty noting risks of additional dissenters).
- Most expect guidance to remain unchanged from November. There are some arguing that "gradual" may be removed – most notably Deutsche Bank – but this is definitely not the consensus view.
- Analysts are divided as to the extent the individual paragraphs will guide either in favour of / against / keeping optionality for a February cut.
- This is largely down to the view for when the next cut following December will be. Of 22 analysts: 8/22 (36%) expect February, 1/22 Q1 (but month unspecified), 7/22 (32%) expect March, 5/22 (23%) expect April and 1/22 expects Q2 (but month unspecified).
- Expectations for the terminal rate are equally spread. The modal expectation for 8/23 (35%) is 3.00%, the median expectation for 3.25% (7/23, 30%) while almost as many look for 3.50% (6/23, 26%). The remaining 2/23 (9%) look for 2.75%.



Summary of Analyst Views (Sorted by Hawkish to Dovish)

Institution	Post-November MPC	Updates since November MPC Reviews
Danske	"Next cut in the Bank Rate in December, where we also think fresh government spending cuts will call for further easing." As restrictiveness falls "the bar will increase for the following rate cut... expect the April meeting to conclude the easing cycle with the Bank Rate at 3.50%."	5-4 vote for 25bp cut. "With a divided MPC, we will need more disinflationary signs before we get the final rate cut in April. This will also most likely be reiterated in the guidance."
Nomura	"Continue to expect another cut before year-end (at the Bank's 18 December meeting). Consistent with a slowing pace of easing we have pushed out our view of the final cut to April next year (from February). We continue to see the terminal rate at 3.50%."	6-3 vote for 25bp cut with Bailey and Greene switching. "There is a wide range of possibilities for the voting split." Guidance to switch to "one-meeting-at-a-time" approach but "retain some kind of implicit easing bias." Final cut in April to terminal 3.50%.
Santander	"We remain very comfortable with our view that Bank Rate will be cut to 3.75% in December. That will be a four-month gap since the August move, and we expect the same wait for the next cut in April, to our terminal rate forecast of 3.50%."	Expect 5-4 vote but "would not be surprised to see two rounds of voting as we did in August, as external member Taylor worries more about the weak jobs market." Base case for final cut in April to 3.50% "broadly consistent with neutral" but "risk of an additional cut next year."
Daiwa	"Given the expectation that fiscal policy will be tightened non-negligibly, we continue to expect the MPC to cut Bank Rate by 25bps to 3.75% next month." "We maintain our view that... the MPC will reduce rates by a further 25bps in Q126 and Q226, taking Bank Rate to 3.25%."	Expect 5-4 vote for 25bp cut with further cuts in Q226, Q326 and one in 2027 to terminal 3.00%.
Citi	"We cautiously restore our call for a December cut but, with two full rounds of data to come alongside budget uncertainty, there is scope for change." "For now we pencil in the next cuts for December and April, before resuming our previous path" (cuts	5-4 vote for 25bp cut but "It is not a foregone conclusion." "Expect a cut without much further guidance around the trajectory ahead." After December look for next cut in April.
Société Générale	"Messaging suggests a December cut is now highly likely and it has become our base case." "Don't expect the limited labour and inflation data available" justify a Feb26 cut. Data should "support sequential rate cuts from April until Bank Rate reaches our estimated neutral level of 3%."	5-4 vote for 25bp cut with guidance "unlikely to be changed." Expect next cut in Apr26 as higher accumulation of evidence needed as approach neutral and limited data ahead of Mar26 meeting (2 CPI prints). Then cuts Jun26 and Jul26 as growth below potential and CPI within touching distance of 2%.
NatWest Markets	"Forecast remains for a final 25bp cut in February 2026 to a terminal rate of 3.75%... risks are tilted increasingly towards slightly earlier easing (Dec) and to a slightly lower terminal level (3.5%) following the BoE's 'dovish hold' in November and ahead of the expected fiscal tightening in the Budget."	25bp cut but "put roughly equal probabilities on 5-4, 6-3 and 7-2 votes." "We look for the final cut in March but slippage to the late April meeting is perfectly possible." NatWest Markets then forecasts no further cuts through the end of its forecast horizon (to Q2-27).
TD Securities	"We shift our anticipated November cut to December and move the February 2026 cut to March to maintain the quarterly pace after this month's skip until the BoE reaches terminal of 3.50%."	5-4 vote for 25bp cut. "The statement will likely maintain reference to a "gradual downward path," with inflation risks continuing to be assessed as balanced." Forecast a final cut to 3.50% in March.
Barclays	"Expect the next cut to come in December once the Budget has passed." See food inflation lower than BoE's forecast which "might be seen as enough to motivate" a Feb26 cut but "think that the bar for sequential cuts is high." Look for Mar26 cut to terminal 3.50%.	5-4 vote for a cut with little change to guidance. "As Bank Rate is approaching neutral, we think the MPC will have a higher bar for further cuts but, based on our current outlook, conditions should validate one more 25bp cut in March 2026."
BNP Paribas	"Decisively dovish rate hold reinforces our conviction" regarding Dec25 cut. "Anticipate further cooling in underlying price pressures and fiscal consolidation in the autumn budget to support the case for further rate cuts and maintain our long-held expectation of a terminal rate of 3.50% in Q1 2026."	5-4 vote with risk of 6-3 (Lombardelli). Guidance "broadly unchanged" but comms "lean hawkish". "Bank Rate will be cut only once more in 2026, likely in Q1, before a prolonged pause." Risks "to a Q1 cut not materialising, or being delayed." Cuts to resume in 2027 to terminal 3.00%.
Bank of America	Expect Feb26 and Apr26 cuts to 3.50% "but risks of an earlier cut in December have increased... by February, inflation is likely to fall closer to 3.5% in Q4, the MPC would have greater evidence on wage awards for 2026 and it can incorporate the tightening impact of the Autumn Budget on its forecasts."	5-4 vote for a cut; risk that Taylor votes for 50bp. "Guidance on cuts in MPR/non MPR meetings will be key too - we expect cuts in December, March and June to 3.25% but see risks of December/April/July."
Deutsche	Dec25 cut expected "see growth, labour market, and inflation data moving broadly in line with the Bank's updated central projections... stick to our call for quarterly rate cuts, with the next rate cuts coming in March and June, taking Bank Rate to 3.25% - our cyclical low. We see balanced risks."	5-4 vote for cut with guidance potentially simplified. Could drop "gradual" or note ""a greater accumulation of evidence" needed for further cuts. Continue to expect further cuts in Mar26 and Jun26 to terminal 3.25%.
JP Morgan	"Forecast for a February cut unchanged for now... But we see this call as close, and will revisit after seeing the next monthly round of data as well as the Budget." "Our terminal rate forecast is 3.5%. While there are downside risks to this, the BoE is clearly still cautious in highlighting that possibility."	5-4 vote for 25bp cut "although the outcome is not as close as the vote alone would suggest." Forecast cuts in Mar26 and Jun26 "large steps down in inflation that we anticipate... [in Jan/Apr] will first be available to the MPC in the run up to non-MPR meetings (in March and June)."
Berenberg	"Suspect solid demand and sticky core inflation in the forthcoming data to delay the next reduction to Feb26. If "more aggressive and front-loaded fiscal consolidation in the Budget... would likely revise down our forecast for the terminal bank rate from our current forecast of 3.5%."	Look for Dec25 cut as "slower wage growth and services price increases than the central bank anticipated since will likely convince" Bailey. "Our central forecast is that the BoE reduces interest rates once more in Q1 2026 to 3.50%."
Jefferies	"We continue to expect a rate cut in December, followed by a deeper easing cycle in 2026, with Bank Rate falling to 3% by mid-year."	Expect 5-4 vote for 25bp cut.
ING	"Barring any major upsets in the two inflation releases between now and December's meeting – and assuming no surprises in the Autumn Budget – then it sounds like Bailey will vote for a cut at that meeting. That's our base case – and we're more convinced of that following the latest decision."	Expect 5-4 vote for 25bp cut. "We currently expect further cuts in February and April next year, taking the policy rate down to 3.25%, though it's possible those moves come a meeting or so later than we expect."
RBC	"Now see the MPC delivering a 25bps rate cut at its December meeting rather than in February." "While the path of Bank Rate is still 'gradually downward' the MPC now seems to be suggesting that the end of the current cycle is near, in line with our own view."	Expect 5-4 vote for 25bp cut. "Didn't see any evidence" of Lombardelli or Greene changing view in their appearances. Changed call in Outlook to remain 3.25% with cuts in Feb26 and Apr26.
UBS	Given dovish meeting, expected CPI below BOE forecast in Oct25 and Budget "creating the conditions for BoE rate cuts, we shift our forecast for the next rate cut from February to December. We expect the MPC to cut twice more in 2026 – in February and April to 3.25%."	25bp cut with Bailey and "possibly" Lombardelli voting in favour. Assuming inflation continues to ease, call remains for cuts in Feb26 and Apr26 to terminal 3.25%.
Rabobank	"Continue to expect two more 25bp cuts and are still eyeing February and April 2026. We'll consider bringing that forward if inflation data comes in soft and if fiscal consolidation is front-loaded."	25bp cut with "yet another split vote, along familiar lines. Next cuts in February and April but notes "timing is uncertain, particularly right now, but the rationale is clear: inflation has peaked, and the labour market is cooling fast." Downside risks to 3.25% terminal if slack deepens.
Goldman Sachs	"Bailey's comments indicate that he would likely support a cut at the next meeting if the upcoming inflation data evolve in line with our forecasts and if the Budget turns out as we expect" so expect 25bp cut in Dec25. Expect 3% terminal by Jul26.	6-3 vote for 25bp cut with Bailey and Lombardelli switching but formal guidance unchanged. Continue to expect cuts in Feb26, Apr26 and Jul26 "if the labour market data deteriorate as we expect... more drawn-out cutting cycle is possible if the incoming data do not surprise" as much as GS forecasts.
HSBC	6-3 vote on hold with risk of 5-4. Bailey "has firmly pointed to a November pause, in our view. Given this consistent line, the bar to changing tack abruptly in November is probably quite high." "Base case has no further easing until 30 April... MPC could open the door to a cut in February or even December."	5-4 vote for a cut but "the news since November doesn't make a cut a slam dunk." Expect another three cuts in Feb26, Apr26 and Jul26 to terminal 3.00%. Think that "a 3.50-3.75% range is too high for the UK neutral rate given its sluggish productivity growth."
Morgan Stanley	"Governor Bailey is seemingly shifting away from Chief Economist Pill's view of the world. We move the first projected cut from February to December, and stick with our view of consecutive cuts thereafter." Look for 2.75% terminal reached by Jun26.	5-4 vote for 25bp cut "with broadly unchanged messaging. We see risks skewed towards more dovish messaging and a 6-3 vote." Expect further cuts in Feb26, Apr26 and Jun26 to terminal 3.00%.
UniCredit	"Expect the MPC to cut rates in December, followed by a quarterly pace of rate cuts next year to 2.75%."	Expect 6-3 vote for 25bp cut. "Expect the MPC to cut rates another four times next year, taking the bank rate to 2.75%, a level we judge to be broadly neutral."

Source: Analyst Reviews and MNI

Analysts' Key Comments (A-Z)

Bank of America

- 5-4 vote for 25bp cut. "There is a small risk of Taylor voting for a 50bps cut but given the complications/double vote that this led to in August, we think he would vote for 25bps cut so there is a majority for a 25 bps cut."
- "Gradual guidance and potential pushback to back-to-back cut in Feb. But we expect more confidence on disinflation progress."
- "Guidance on cuts in MPR/non MPR meetings will be key too - we expect cuts in December, March and June to 3.25% but see risks of December/April/July."

Barclays

- 5-4 vote for 25bp cut.
- "Think the tone of the guidance will remain cautious."
- "Expect little change in the guidance offered by the communal part of the December minutes. We think the committee will aim to deliver a cautious cut and can do so using the language it has already established in November."
- "We think a hawkish cut at this meeting will leave the committee with sufficient optionality that it would not feel constrained should it wish to cut Bank Rate in February if data deteriorate. However, based on our own forecasts for the macroeconomy, we do not think there will be sufficient weakness apparent in the data available at the time of the February meeting to motivate a sequential cut, especially as Bank Rate approaches neutral, and therefore the most likely outcome is a cut in March."
- "As Bank Rate is approaching neutral, we think the MPC will have a higher bar for further cuts but, based on our current outlook, conditions should validate one more 25bp cut in March 2026."

Berenberg

- "'Slower wage growth and services price increases than the central bank anticipated since will likely convince' Bailey."
- "Bring forward the next 25bp cut in our policy rate forecast to 17 December."
- "After December, 'will likely skip alternate meetings. But as the labour market continues to weaken and after the April inflation print brings CPI inflation within 0.5ppt of the central bank's target, it will likely gain the confidence to move faster. We now expect that bank rate will trough at 3.00% in July, down from 3.50% previously."

BNP Paribas

- 5-4 vote for a 25bp cut. "The primary risk... is that Clare Lombardelli shifts to voting for a cut, leading to a 6-3 split."
- "Although we expect official guidance to remain broadly unchanged, we think overall MPC communications will lean hawkish, emphasising data dependence and a higher bar for cuts as policy approaches neutral."

- “See potential for a tweak to, or removal of, the final sentence from the November guidance: “if progress on disinflation continues, Bank Rate is likely to continue on a gradual downward path”.”
- “Keep our long-held view that Bank Rate will be cut only once more in 2026, likely in Q1, before a prolonged pause at a marginally restrictive 3.50%.”
- “Risks to our view tilt to a Q1 cut not materialising, or being delayed.
- “Expect the BoE to resume rate cuts in 2027 and forecast a terminal rate of 3.00%, conditional on signs of improvement in the supply-side of the economy, including in productivity.”

Citi

- 5-4 vote for 25bp cut.
- “It is not a foregone conclusion”
- “There have been few, if any, data points that should guide the governor to a more hawkish position in December than he was in November and the major risk event, the budget, was a relatively non-event for monetary policy. As such we place great emphasis on his vote not just for the outcome of the meeting, but also for the credibility of the new communication framework.”
- “Expect a cut without much further guidance around the trajectory ahead.”
- After December, look for next cut in April. Last view update we have seen then looks for further cuts in July, September and November to 2.75% by end-2026.

Danske

- 5-4 vote for 25bp cut.
- “A significantly hawkish surprise is needed to put a rate cut in jeopardy.”
- “With a divided MPC, we will need more disinflationary signs before we get the final rate cut in April. This will also most likely be reiterated in the guidance.”
- “See neither Lombardelli, Pill, Mann or Greene voting for a rate cut any time soon... Ramsden, who voted for cut in November, has also stressed the need for gradual cuts to borrowing costs. We think Bailey will take a cautious approach and listen to both sides when timing the next rate cut and that a majority will vote for a final rate cut at the April meeting.”

Deutsche Bank

- 5-4 vote for 25bp cut.
- “Expect the core MPC to simplify its collective forward guidance.”
- “The MPC may be minded to drop any reference to ‘gradual’ rate cuts.” As we approach neutral and would also remove association with quarterly cuts (allowing more flexibility).
- Risk that “The MPC flags any further reductions would require “a greater accumulation of evidence that underlying inflationary pressures were easing sustainably”, raising the bar in maintaining a quarterly pace of rate cuts.””

- “Stick to our call for two further rate cuts in 2026 - one in March, and another in June, taking Bank Rate to a terminal rate of 3.25% - broadly consistent with our current estimates of neutral. We see risks skewed to a slightly slower but deeper easing cycle in 2026. That said, as we recently noted, the conditions for a more rapid easing cycle are emerging - though not our base case.”

Goldman Sachs

- Expect a 6-3 vote with Bailey and Lombardelli supporting a cut.
- “Expect the formal guidance language to be little changed.”
- “Think that Bailey will acknowledge the recent labour market weakness and suggest that he expects further policy easing if the data come in line with expectations but refrain from offering specific guidance on the next meeting in February.”
- “Risks around our baseline for the communications are two-sided. On the dovish side, the main risk is that the Monetary Policy Summary could note a further shift in the balance of risks around the inflation path on the back of the weaker labour market data or the disinflationary impact of the Budget. On the hawkish side, one risk would be that the Summary emphasises that policy decisions will become more finely balanced going forward or indicates that an accumulation of evidence over time is needed before further reducing Bank Rate. Another hawkish risk is that the MPC could further alter the language around policy restrictiveness. That said, we think it is less likely that the Summary entirely drops references to policy restrictiveness or removes the easing bias from the guidance.”
- “continue to expect three further cuts next year to a 3% terminal rate, below market pricing. That said, the exact timing of cuts will depend heavily on the incoming data... Our baseline remains that the MPC lowers Bank Rate in February, April, and July if the labour market data deteriorate as we expect. But a more drawn-out cutting cycle is possible if the incoming data do not surprise the Committee by as much as our forecasts imply.”

HSBC

- “We now expect the UK MPC to cut by 25bps on 18 December (previously on hold).” Expect 5-4 vote split.
- “The news since November doesn’t make a cut a slam dunk”
- “See another three 25bp Bank Rate cuts in 2026 (at the February, April and July MPR meetings). And we keep our sub-market terminal rate forecast of 3.00%. We think that policy will be returned to a neutral stance, and that a 3.50-3.75% range is too high for the UK neutral rate given its sluggish productivity growth.”

ING

- Expect 5-4 vote for 25bp cut.
- “We currently expect further cuts in February and April next year, taking the policy rate down to 3.25%, though it’s possible those moves come a meeting or so later than we expect.”

JP Morgan

- “We look for a 25bp cut next week in a 5-4 vote, although the outcome is not as close as the vote alone would suggest.”
- “We expect the Bank will not want to signal an easing at the following meeting in February, unless there is indeed a large downside surprise in its latest pay survey.”
- “Comfortable with our forecast of a continued quarterly cutting pace at non-MPR meetings through to June. The BoE has shifted onto non-MPR cuts partly as a result of specific events rather than by design. However, this pattern seems intuitive given the large steps down in inflation that we anticipate over the coming months (in January and in April) will first be available to the MPC in the run up to non-MPR meetings (in March and June).”

Morgan Stanley

- “We expect a 5:4 vote for a rate cut, with broadly unchanged messaging. We see risks skewed towards more dovish messaging and a 6:3 vote.”
- “Going into the TSC hearing, we thought that the recent string of poor data might lead Deputy Governor Lombardelli to soften her stance on inflation risks, and to vote for a rate cut next week... struggle to call for her voting for a cut next week after that hearing. We see her vote as the closest one to call, and softer data [this] week could help to just about tip her into voting for a cut.”
- “We expect a broadly unchanged tone in the minutes, leaning perhaps mildly dovishly, with further emphasis on the underlying disinflationary process.”
- “High chance that the BoE reduces its near-term inflation forecasts by more than 50bp in the February MPR, we see a cut in February.”
- “Purely on the evolution of the inflation and pay data, as well as what looks to be a stubborn jobless rate in our forecasts, we still think that the BoE can deliver two more rate cuts in 1H, in April and June.”

NatWest Markets

- Expect 25bp cut and “put roughly equal probabilities on 5-4, 6-3 and 7-2 votes.”
- “Four hawkish dissenting votes would probably push full pricing of an additional quarter-point cut further into late summer 2026, whereas a mere two would bolster the probabilities of a cut in March or April.”
- Mann and Greene most likely to vote for hold.
- “The Governor remains very much primus inter pares (as the probable sole swing-voter) and his comments in the Minutes are likely to drive the market reaction.”
- “We look for the final cut in March but slippage to the late April meeting is perfectly possible.” NatWest Markets then forecasts no further cuts through the end of its forecast horizon (to Q2-27).
- “A terminal rate closer to, certainly below, 3.0% would require a more acute deterioration in employment in the near-term.”
- “A lower (3%, or even 2½%) ‘terminal’ Bank Rate would be a more plausible expectation once CPI had actually sustained target-like levels.”

Nomura

- 6-3 vote for 25bp cut with “Bailey and Greene switching”.
- “There is a wide range of possibilities for the voting split, with significant uncertainty about how many of those voting for rates on hold in November could switch to a cut.”
- “Lombardelli’s comments at the Treasury Committee that she is less convinced than others that policy is restrictive, and her being more worried by upside inflation risks, makes her a likely contender to hold rates too.”
- “Expect an adjustment to guidance – specifically moving towards a ‘one-meeting-at-a-time’ approach. At the November meeting, the Bank imposed conditionality on future rate cuts, a continuation of disinflation being required for further removal of restriction.”
- “The explicit promise of further rate cuts may be removed altogether, though we expect the Bank to retain some kind of implicit easing bias.”
- “We expect a final cut from the Bank in April to take rates to a terminal level of 3.50%, where we think they will remain for some time.”

Rabobank

- Expect 25bp cut with “yet another split vote, along familiar lines... The swing vote lies with Governor Bailey... he now has what he needs.”
- “We forecast a terminal rate of 3.25% in 2026, with downside risks if slack deepens. Fiscal and political uncertainty could complicate the central bank’s outlook later in the year.”
- Rabobank expects the next cuts in February and April but notes “timing is uncertain, particularly right now, but the rationale is clear: inflation has peaked, and the labour market is cooling fast.”

RBC

- Expect 25bp cut with 5-4 vote.
- “We didn’t see any evidence from Lombardelli’s testimony, however, to suggest that a shift in her vote is imminent... Similarly, Megan Greene in an interview with CNBC earlier this month seemed to downplay to some extent developments in the labour market.”
- “With no press conference at this meeting the vote split is likely to be in focus for this meeting.”
- “In our 2026 Outlook we changed our BoE call to the MPC delivering two further rate cuts in H1 2026 to take Bank Rate to 3.25% which we penciled in for the February and April meetings.”

Santander

- Expect 5-4 vote but “would not be surprised to see two rounds of voting as we did in August, as external member Taylor worries more about the weak jobs market.”
- “We expect the November guidance to serve the BoE well again in December and to be repeated.”
- “Our base case calls for just one further cut in April, taking Bank Rate to 3.50%, broadly consistent with neutral, with a risk of an additional cut next year taking Bank Rate to 3.25%.”

Societe Generale

- Expect 5-4 vote for 25bp cut.
- "The main guidance is unlikely to be changed... The term "gradual" has often been interpreted as implying a quarterly pace of cuts. If the MPC cuts in December, this will mean the Committee has delivered a cut every quarter in the current easing cycle, suggesting a cut in 1Q26 is a possibility."
- "We consider a rate cut in 1Q26 (February or March) as unlikely. A back-to-back cut in February would represent an aggressive move rather than a gradual approach."
- "Believe the next rate cut is likely in April... this is largely due to the guidance that a higher accumulation of evidence would be needed for further cuts as Bank Rate approaches neutral, combined with the limited data available between the December and March meetings (only two CPI reports). By contrast, two additional CPI releases will be published ahead of the April meeting, which should provide sufficient evidence of disinflation for the MPC to cut again."
- "Thereafter, our expectation that growth remains below potential; the labour market continues to loosen well above estimates of the NAIRU; and inflation moves within touching distance of 2% by April, helped by softer annual price resets of administered items and government measures to reduce energy bills, supports a more aggressive easing cycle, with cuts in June and July, until Bank Rate reaches our estimate of the neutral level at 3%."

TD Securities

- Expect 5-4 vote for 25bp cut.
- "The statement will likely maintain reference to a "gradual downward path," with inflation risks continuing to be assessed as balanced."
- Forecast a final cut to 3.50% in March. "Weak growth and softening labour market will then balance with sticky inflation to keep Bank Rate at 3.50% for remainder of 2026."

UBS

- Expect 25bp cut with "Governor Bailey and possibly Claire Lombardelli to join the four MPC members who voted for a cut in November."
- "Our call for 2026 remains for the MPC to deliver two more 25bp rate cuts - in February and April - to a terminal rate of 3.25%. We acknowledge that cutting back-to-back in December and February could be viewed as going against the MPC's guidance for a "gradual" approach to easing. However, assuming that inflation continues to ease (helped by a 0.3pp drag from the cut in energy bills), we think the MPC should be able to cut at the subsequent meetings."

UniCredit

- Expect 6-3 vote for 25bp cut.
- "Expect the MPC to cut rates another four times next year, taking the bank rate to 2.75%, a level we judge to be broadly neutral."

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