mni

All Signal, No Noise

MARKET ANALYSIS

BoE Preview: June 2025

Statement/Minutes release: 12:00BST, Thursday 19 June
There is no MPR / press conference at this meeting
Summary/Minutes: https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/june-2025

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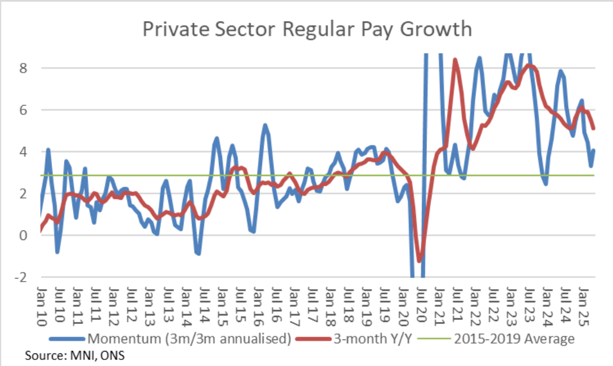
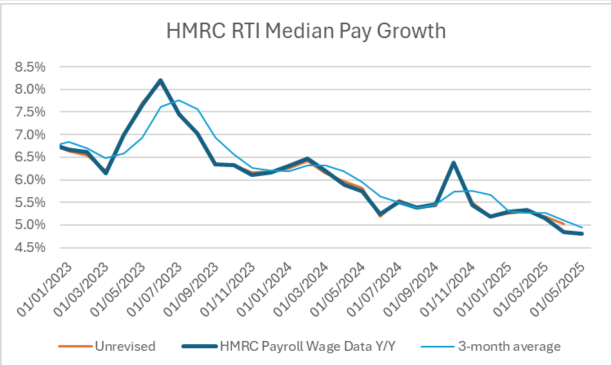
MNI View: It's All About the Vote and Minutes

Tim Davis, 18 June

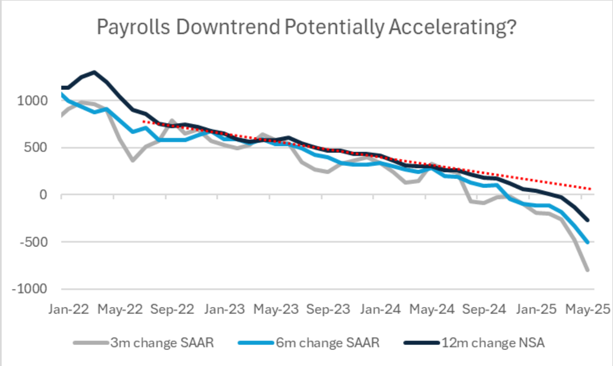
- The June MPC meeting will be a surprise to markets if the outcome is anything other than an on hold decision with unchanged official guidance.
- Expectations are relatively strongly pointing towards a 7-2 vote split with both Dhingra and Taylor likely to follow up their votes for a 50bp cut in May with a vote for a sequential cut (the magnitude of which is unlikely to elicit a market reaction).
- The main focus is on whether the dataflow has been enough to convince any other members of the MPC to vote for sequential cuts – with Breeden making the most dovish comments since the May meeting in our view, but Ramsden over the past few months showing the most willingness to change his vote based on labour market developments (which have been the datapoint to have deteriorated the most since the May meeting). We also think that Greene sounds a lot less hawkish than she has in the past so wouldn't completely rule out her dovishly dissenting here.
- The Minutes will be closely watched, again mostly for discussion around the labour market and how widespread the view is amongst those who did not vote for a cut at this meeting that the labour market is deteriorating.





Labour Market Data Softening Quickly

Starting with the labour market private regular average weekly earnings (AWE) came in at 5.51%Y/Y in Q1 which is 0.25ppt below the BOE's May MPR forecast. Q2 private regular AWE data appears on track to miss even more, however. The BOE forecast 5.20%Y/Y and the last two single month prints of 4.85%Y/Y in March and 4.78%Y/Y in April (i.e. the first month of Q2) are both at least 0.35ppt below the forecast. Both the April and (flash) May RTI PAYE data are below 5%, too. Putting all of this into context, these pay numbers are still higher



than levels that would be more consistent with the Bank's 2% target, but with so many pay settlements occurring in Q1/April we have seen a meaningful downside surprise in our view.

Elsewhere the HMRC payrolls data (despite issues with reliability of the flash prints) is also pointing to increasing slack in the labour market while the unemployment rate ticked up too. This appears evident without looking at the flash datapoint, entirely. Other survey measures (e.g. KPMG-REC Report on Jobs) are showing that the UK labour market is slowing, too. As is the ONS's LFS survey with the unemployment rate now up to the highest level since summer 2021.

Bailey and Breeden Both Pointed to the Importance of HMRC RTI Data at the TSC

Also, we know that opinions of the usefulness of the HMRC RTI data differ but we would note the following quotes from Governor Bailey and Deputy Governor Breeden in their testimony ahead of the Treasury Select Committee on 3 June:

- Bailey: "We're having to do more of that to compensate for the Labour Force Survey. So for instance, I mean, we're putting more weight, for instance, on the HMRC data in the area of employment, which obviously does give us a read on employment. We use other surveys. We say we use our own Agents. So yes, we are doing more in that field."
- Breeden: "I do think that's where the other data sources really come into play. So whilst being unable to rely on the LFS, we do have the data from HMRC about what's happening to employment, and speaking personally that and the survey data has been a helpful contributor to how I've thought about policy."

GDP Disappoints, but Maybe Not as Much for the MPC as for the Market

Outside of the disappointing labour market data, GDP data was disappointing for April but came on the back of a Q1 print that came in above the BOE's forecast so we don't think the BOE will be as concerned as some market participants were by the print, and the Minutes may even describe the evolution as broadly in line with the forecast (it appears to us as though Q2 is tracking closer to 0% than the BOE's 0.1% forecast).

Inflation surprise unlikely to be a magnitude large enough to be significant for the MPC

Inflation is the other elephant in the room, with May data having been available to the MPC from Monday morning. April and May are particularly important prints as a number of annual price resets occur in these months. As we noted in our May CPI preview, when adjusting for the ONS' error in calculating VED (road tax) there would have been a 0.17ppt upside surprise to services CPI, but core CPI would have surprised to the downside by 0.10ppt (due to a large downside surprise in core goods). This would have led to the BOE's headline CPI projections being very close (0.03ppt lower than the adjusted outturn) with petrol prices lower than the Bank had expected but food prices higher. With some one-off Easter effects impacting services CPI, we think that there are downside risks to the consensus and BOE forecasts for both headline and services CPI, albeit we think there are upside risks to food prices and risks of a smaller negative surprise in core goods than we saw in April.

Either way, we aren’t convinced that there will be a surprise with a magnitude large enough to be seen as significant by the MPC at this juncture.

Looking at individual members

Dhingra and Taylor both voted for 50bp cuts in May and the Committee only voted to enact a 25bp cut – and with no hawkish developments in the data we would think that there is little chance that either of these members decide to not vote for a cut in June.

Breeden seems like the most dovish other member when she testified ahead of the Treasury Select Committee. On balance, we don't think that there has been enough of a deterioration in the domestic economic data to convince her that sequential cuts are required yet. However she seems very likely to be voting for a cut come the August meeting.

The wildcard here is Deputy Governor **Ramsden**. He has shown that he is willing to change his stance when facts change in the labour market data. For example late in 2024 it was expected that the Agents’ Pay Survey would indicate that pay settlements for 2025 would be between 2-4 percent. In December this estimate was updated to between 3 and 4%. However by February when this full survey was published the expectation had risen towards the top of the range at 3.7%. This was enough for Ramsden to suggest that wage growth was not coming down quite as quickly as he had thought it might and in March he did not vote for a cut. With AWE and the HMRC RTI payrolls data having disappointed as much as they have there is a chance that Ramsden will once again switch to voting for sequential 25 basis points cuts, possibly as soon as this meeting. We haven't heard explicitly from him, particularly since the last labour market release, and so we don't quite know how dovishly Ramsden interprets the data.

Regarding **Greene**, we think that she has become more dovish than she previously was based on her recent comments and we wouldn't completely rule out a dovish descent from her either.

Governor Bailey was one of the members who would have potentially not voted for a May cut had it not been for international developments. We think that the deterioration Anne labour market data will have been enough 2 bring Bailey over the line to vote for another cut in August, but we don't think that the domestic data has deteriorated enough for him to seriously contemplate a sequential cut at the upcoming meeting.

Lombardelli seemed more hawkish (less dovish) than either Breeden or Bailey and therefore we would be extremely surprised if she was to vote for a cut at the June meeting.

Chief economist Huw **Pill**’s recent speech showed that he was still taking into account the fact that he voted to maintain Bank rate at its peak level for higher than the rest of the committee and suggested that he thought a shallower pace of rate cuts than 25bp per quarter was a little faster than he thought appropriate. Given that he did not see the need to vote for a cut at a quarterly meeting (where the bar to cutting in this cycle has been a lot lower than that of non-quarterly meetings) we would be stunned if he voted for a cut at this meeting.

Another wildcard is **Mann**. Like Pill, she voted to maintain Bank rate rather than cut at the May MPC meeting. Given her unpredictable voting patterns there is a chance that Mann flips back to the more dovish side of the Committee.

Any additional dissenter (to bring the total to three or four dovish dissents) would elicit a strong market reaction in our view.

Assuming no vote surprise the focus is on how the labour market surprise appears in Minutes

Assuming we do get a 7-2 vote split and assuming that there is unchanged guidance the main focus will be on how the recent labour market statistics have been viewed by the wider Committee. If there is a part of the minutes outside of the member discussion area that points to weakness in the labour market data we think that this would be seen by the market to increase the probability of quicker cuts. If it made it into the opening statement that would be more surprising and have a larger market impact.

We think that the most likely outcome is that differing expectations of the impact of the labour market weakness are attributed to groups within the “on hold” camp.

APF Sales Schedule for Q3 Due Friday

Turning away from the Bank Rate decision and Thursday releases the BOE will publish its APF sales schedule for Q3 at 16:30BST on Friday. The main question here is whether there are two long dated operations in the quarter alongside one medium dated operation or will there be one operation of each bucket in the quarter. We haven't seen strong opinions on this yet.

On the wider APF we don’t expect to see any guidance on whether or not active QT will definitely continue past the upcoming quarter nor on the potential size of the sales programme. This will not be announced until the September MPC meeting but balance sheet focus is increasing in prominence as a speech topic recently, suggesting it is on the MPC’s minds.

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.

June Questions (for MNI Bullets / Chat)

1. Was the Bank Rate changed, and if so by how much?
2. Number of members voting for unchanged Bank 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 2-4 we will name the dissenters (and the direction / magnitude of dissent)
6. Did the MPC drop reference to a “gradual approach” from its guidance?
7. Did the MPC drop reference to “careful” in the guidance?
8. Did the MPC drop reference to “restrictive” from 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 March policy statement?

Summary of Analyst Views

- All of the analyst previews that we have read look for Bank Rate to be held at 4.25% in June.
- For the vote split, a large majority of sell side analysts (20/22, 91%) expect a 7-2 vote split. Only Barclays and Morgan Stanley expect 6-3 as a base case however there are a number of previews that we have read that have flagged the risks of a 6-3 vote.
- In terms of a third dissenter Ramsden was mentioned more than Breeden as a possibility.
- None of the previews that we have read look for any formal changes to the guidance, with the changes expected to be confined to the Minutes – where the focus is on how labour market developments are described.
- 21/22 analysts (95%) look for the next cut in August with Berenberg expecting the next cut in Q3-26 after a prolonged pause.
- In terms of 2025 outlook, over 70% of analysts (16/22) expect a further 50bp of cuts in H2 to 3.75% at year-end. Only Berenberg (which looks for no further cuts this year) looks for fewer than 50bp of cuts in the remainder of the year. 5/22 (23%) analysts look for faster than quarterly cuts with 2/22 (9%) looking for 3.50% while Citi, Goldman Sachs and Morgan Stanley look for 3.25%.
- In terms of terminal rate, the majority of analysts 21/22 (86%) have their base case in a 2.75-3.75% range, almost evenly split. The mean expected terminal rate is now 3.24%.

Institution	Post-May	Pre-June
Berenberg	"Our base case is that the cut in interest rates from 4.50% to 4.25% today will be the last of the year." "When inflation abates and as fiscal consolidation weighs on demand in 2026, the MPC may cut once or twice more."	7-2 vote (Dhingra and Taylor voting for cut). "Expect cost-push inflation to force the BoE to keep bank rate at 4.25% until the end of the year." 25bp cuts in Q3-26 and Q4-26 to terminal 3.75%.
RBC	"We retain call for two more 25bps rate cuts this year at the August and November MPR meetings for a terminal rate of 3.75%."	7-2 vote with Dhingra and Taylor voting for 25bp cuts. Unch guidance. Continue to expect 25bp cuts in Aug25 and Nov25.
Jefferies	"We think the BoE will remain on hold at its next meeting in June. We expect the BoE to deliver 50bps of cuts this year in August and November."	"Still expect the BoE to deliver two more cuts this year, in August and November, bringing Bank Rate to 3.75% by end-2025."
NatWest Markets	Continue to expect 25bp cuts in Aug25 and Nov25 to terminal 3.75%. "Balance of risks around this terminal forecast remain to the downside, though near-term domestically-generated inflation... will limit the BoE's leeway to ease policy"	7-2 vote with Dhingra and Taylor voting for 50bp cuts. Unch guidance. Continue to expect 25bp cuts in Aug25 and Nov25 to terminal 3.75% . "The risks are tilted towards greater easing – more likely ongoing gradual easing in H1 2026 rather than accelerated cuts in H2 2025."
Nomura	"We retain our view that the Bank will cut rates 75bp more (quarterly 25bp cuts at forecast meetings), for an early-2026 terminal rate of 3.50%. The vote split suggests the downside risks to our rate view may be less significant."	7-2 vote (Dhingra and Taylor voting for 25bp cut). Unch guidance. "We continue to see weaker growth and slowing inflation allowing the Bank to cut rates to 3.50% by early 2026." Think 3.50% is the upper end of the neutral range.
BNP Paribas	"decision is supportive of a once-per-quarter tempo of rate cuts. We continue to expect a terminal rate of 3.50% to be reached in Q1 2026." "The case for an acceleration in rate cuts has become less compelling."	7-2 vote with Dhingra and Taylor voting for 25bp (or potentially 50bp) cut. Guidance unchanged. Continue to expect quarterly cuts to 3.50% by Feb26.
JP Morgan	June "does not appear to be the BoE's base case for the next cut, but weaker inflation outturns before then could yet change their mind. We continue to expect the next cut in August, with rates at 3.5% by year end."	**7-2 vote with unchanged guidance; Breeden most likely to join the dovish dissenters. Statement to "characterise some parts of the data more dovishly." Removed Sep25 cut after mid-May tariff changes to look for quarterly cuts to 3.50% by Feb26.**
Santander	Cut to 3.50% by end 2025	**7-2 vote; risk others vote for cut e.g. Ramsden. "Gradual and careful" to remain. Base case for quarterly cuts to 3.50% in Feb26. Risk of Sep25 cut if labour market loosens decisively. Risks also skewed towards more easing in 2026.**
Barclays	"We think the implied optionality leaves the June meeting live and data developments should allow a 25bp cut at the next meeting." Sequential cuts to 3.50% by Sep25.	**6-3 vote (Dhingra, Taylor, Ramsden dissent) with risk of 3 more internals voting for a cut in a decision to cut to 4.00%. Minutes to acknowledge softer labour market. Base case quarterly cuts to 3.50% by Feb26 but risk of pivot to more front-loaded easing in H2-25.**
ING	Base case quarterly cuts. See downside risks to Apr/May services CPI: "If we're right... small chance" of June cut. "Bank will become less nervous about inflation as the year wears on, and that will enable it to eventually cut rates a little closer to 3% than markets" price.	At a minimum Dhingra, Taylor to dissent. Vote "may well be 6-3". Guidance unch. More optimistic about the inflation outlook than BOE expect cuts in Aug26, Nov26 and two in 2026 to terminal 3.25%.
Daiwa	Forecast quarterly cuts to 3.25% by Q2-26 with a further 25bp cut in 2027 to 3.00%.	7-2 vote with majority of the MPC waiting to Aug to decide whether to cut again. Base case for quarterly cuts to 3.25% by Q2-26 with a further 25bp cut in 2027 to 3.00%.
HSBC	"Continue to expect 25bps cuts every quarter through to August 2026, taking Bank Rate to 3.00%." For June, market" implied probability stands at 20% - which feels a little closer to us. June does seem too soon for a follow-up given where the MPC appear to see the risks"	Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts.
Rabobank	"Our baseline forecast remains quarterly cuts" to 3.50% by Feb26 (3.00% terminal rate). "A very soft April CPI print might just push them over the edge" for a June cut.	7-2 vote with Dhingra and Taylor voting for 25bp cuts. Unch guidance. Continue to expect 25bp cuts in Aug25 and Nov25 with 3.00% terminal rate in 2026.
TD Securities	"We delay our anticipated June rate cut, and expect the MPC to cut Bank Rate by 25bps in August, September, and November." Look for 50bp of cuts in Q2-26 to neutral 3.00%.	**7-2 vote with unchanged guidance. Base case for quarterly cuts to 3.00% by Jul26. Downside surprises to services inflation and wage growth not enough for sequential cuts (due to high levels). Global uncertainty "could shift future sentiment dovish."**
Société Générale	"Two more 25bp cuts in 2025 and continue easing in 2026 to 3.0%." "Still believe there is a risk the Committee could deliver even more aggressive easing in 2H25, as we forecast a sharper rise in unemployment and a faster normalisation in inflation."	7-2 vote (Dhingra and Taylor for 25bp cut - possibly 50bp but that "doesn't matter". "Risk that either Ramsden or Breeden could also vote for a 25bp cut." Continue to look for quarterly cuts to 3.00% in Jul26.
UBS	"Outcome reinforces our expectations of a gradual quarterly pace of cuts." If econ damage greater than exp "would not rule out" pace increasing "to every meeting rather than quarterly." In 2026, we expect the Bank to cut rates three times (Feb/May/Aug) to a terminal rate of 3.0%."	Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts. Baseline for quarterly cuts to 3.00% by Jul26. "Uncertainty about the damage from US tariffs implies uncertainty for our GDP and BoE rate projections."
Danske	Communication " supports our call of a continuous gradual approach to the cutting cycle with the BoE highlighting the wide outcome space and minimal changes to its growth forecast." "Potential for BoE to deliver more easing in 2025 than what we currently expect."	7-2 vote with risks tilted to 6-3 and unch guidance. Continue to expect quarterly cuts to 3.25% 12-months ahead (end of forecast horizon but previously noted 2.75% end-2026 Bank Rate).
Deutsche	"we retain our call for three more rate cuts this year with the MPC continuing on a quarterly pace until Q4-25. And, we see one more rate cut in early 2026" to terminal 3.25%. In "in late 2025: confirmation that 2026 pay settlements are converging to target-consistent levels."	7-2 with Dhingra and Taylor for 25bp cut (Taylor potentially 50bp) and risk of a third dissenter (most likely Ramsden). Guidance unchanged. Some MPC members to talk up vigilance re labour market. 25bp cuts Aug25, Nov25, Dec25, Feb25 to terminal 3.25%; risks skewed dovishly.
Bank of America	"Cut in August and acceleration in the [h2-25] once the near-term hump in inflation from higher employment costs and rising energy bills is out of the way and the disinflationary/growth impact of tariffs is clearer." Further cuts Sep25 and Nov25 to terminal 3.50%.	7-2 vote with unchanged guidance but Minutes emphasising progress in underlying inflation is continuing. Base case cuts in Aug25, Sep25, Nov25 to terminal 3.50%. Domestic inflation puts Sep25 cut at risk, but bar is high to cutting at a slower than quarterly pace.
Goldman Sachs	"Maintain our view that a weaker economy... will push the MPC into faster rate cuts in H2... expect a pause in June but maintain our forecast for sequential 25bp rate cuts from August to an unchanged terminal rate of 2.75% in March 2026."	**7-2 vote (Dhingra and Taylor for 25bp cut). Unch guidance. Expect sequential cuts to a terminal of 3% in Feb26.**
Morgan Stanley	"We struggle to maintain our call for a June cut. We remove it from our base case, and move it instead into December this year. Hence, we continue to look for consecutive cuts this year from August, with the year-end rate at 3.25%, and the terminal rate at 2.75% in 1H26."	6-3 vote with Breeden more likely than Ramsden to join Taylor and Dhingra. Unch guidance but dovish Minutes. Base case sequential cuts Aug-Dec25 with terminal 2.75%. If don't see "dovish tilt" in Minutes "would be minded to rethink our near-term Bank Rate forecasts."
Citi	"Maintain our view of the next cut coming in August, with sequential cuts from September on." "We think the BoE's assessment on both might be too sanguine, and a hawkish lean means that more policy support will eventually become necessary. "	7-2 vote split. Most guidance could change would be to emphasise two-sided risks rather than one with a hawkish bias. BOE to remain cautious for now with deeper cuts in 2026.

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

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cut.
- BofA expects unchanged guidance.
- "Barring big upside surprises in [May CPI and BOE Ipsos Inflation Expectations], we expect the minutes to imply that a summer skip to quarterly cuts is less likely. This could be by emphasizing that progress in underlying inflation is continuing amid looser labour market and lower pay awards, one-off price rises are not expected to lead to second round effects and tariffs are negative for growth and mildly disinflationary."
- "Continue to expect cuts in August, September and November to 3.5%, with a dovish pivot and small acceleration in H2, once the near-term hump in inflation is out of the way and the disinflationary /growth hit from tariffs is more evident… see scope for inflation to be lower than the BoE... Even though we do acknowledge that elevated domestic inflation puts our call for September cut at risk, we think the bar for the BoE to cut less than the quarterly path is high."

Barclays

- Expect 6-3 vote with Dhingra and Taylor joined by Ramsden in voting for 25bp cuts.
- "Ramsden has shown himself to be sympathetic to concerns around a loosening labour market and arguments around getting ahead of a slowing economy."
- "There is a risk that the three dissenters are joined by three more of the internals (Breeden, Bailey and Lombardelli, who we think likely to move as a bloc) and Bank Rate is reduced to 4%."
- "Expect the minutes to acknowledge that labour market data have been softer than expected, but to frame headline inflation and activity data as "broadly in line" with the May forecast."
- "Expect the minutes to show that, for some in the majority bloc, the decision was finely balanced, indicating a shift in the balance of risks, as viewed by the decisive voter, towards a more disinflationary scenario as the labour market loosens and activity slows."
- "All members of the MPC have put the labour market at the centre of their deliberations and assessment of the appropriate pace of easing. The fact that wage growth is now at risk of undershooting the committee's May MPR forecast for Q2 by 0.5pp, and by more than 1pp relative to its February forecast, should shift the balance of risks in committee members' minds."
- "Retain our call for quarterly 25bp cuts in August, November and February… given the committee's current communication."
- (Note had looked for sequential cuts to 3.50% in September as base case ahead of the April CPI print).
- "Were we to see a continued softening of data relative to the MPC's expectation in the months immediately after the June meeting, then we see a risk that the majority of the

committee pivots to viewing a faster, more front-loaded easing as appropriate in the second half of 2025."

Berenberg

- Expect 7-2 vote. "Soft labour market data will likely ensure that two members vote for a cut (Swati Dhingra and Alan Taylor)."
- "We expect cost-push inflation to force the BoE to keep bank rate at 4.25% until the end of the year. Healthy household finances, increasing real incomes and rising government expenditures will ensure that domestic spending growth remains robust so that companies can pass on the large increase in their costs to customers in the form of higher prices… government expenditure is already providing substantial support to demand. A prolonged period of above-target inflation risks eroding the resistance to price rises from buyers and price setters that helped keep inflation low and stable in the past."
- "Expect the BoE to wait until government spending growth wanes in 2026 before proceeding with further rate cuts. Admittedly, if demand turns out softer than we anticipate, the MPC would become more confident that inflation will come down and be able to press ahead with another rate cut this year. However, we suspect that the recent weakness in surveys of retail sales and buyer demand in the housing market will turn out to be temporary."
- Expect "two more 25bp interest rate reductions in 2026."

BNP

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cut "or even potentially another 50bp reduction".
- Expect unchanged guidance.
- "Continue to expect a terminal rate of 3.50% in Q1 2026, with the next rate cut coming in August."
- "Do not expect the June BoE meeting to provide any insight with regards to quantitative tightening, but the BoE's increased discussion of the topic supports our non-consensus view that active QT is likely to end from October."

Citi

- Expect 7-2 vote split.
- "Don't think this is sufficient yet to meaningfully alter the debate in the MPC. At most, we could expect a recalibration towards "gradual and careful" approach that emphasises two-sides risks, rather than one with a hawkish bias."
- "The BoE may remain cautious, for now, allowing weak data to accumulate rather than react with timeliness. This together with the fiscal outlook/timetable (with a tax raising package likely in late-2025) adds to faster/later. We like to position for deeper cuts in 2026."

Daiwa

- Expect 7-2 vote with Dhingra and Taylor favouring cuts.
- “Majority on the MPC will want to await another cycle of data, clarity on events in the Middle East and their consequences for energy prices, and updated staff projections before deciding in August whether to cut rates again.”
- Expect quarterly cuts to 3.25% by Q2-26 with a further cut to 3.00% in 2027.

Danske

- “We expect the vote split to be 7-2 with the majority voting for an unchanged decision and Dhingra and Taylor voting for a 25bp cut. Risks are tilted towards a 6-3 vote split.”
- “Expect the BoE to stick to its previous guidance.”
- “Expect the BoE to stick to quarterly cuts, leaving the Bank Rate at 3.75% by YE 2025.” Look for 3.25% 12-months ahead (end of forecast horizon but has previously published 2026 forecast at 2.75%).
- “The risk is skewed towards a swifter cutting cycle in 2025 and 2026 given the downside risks to growth.”

Deutsche Bank

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts (risk of 50bp from Taylor).
- “See increased risk of a third dissent with Deputy Governor Dave Ramsden feeling more emboldened to cut rates on the back of the weaker labour market data.”
- “Don’t expect any changes to the MPC’s forward guidance.”
- “Despite uncertainty in the recent labour market news, we expect some members in the committee to talk up vigilance in assessing the ongoing loosening in the labour market.”
- “Stick to our call for three quarter-point rate cuts this year (Aug, Nov, Dec), and one final rate cut in February, taking Bank Rate to 3.25%. Risks are skewed in a more dovish direction, particularly if the labour market continues to look shaky and inflation expectations start to recede from their elevated levels.”

Goldman Sachs

- “Expect a 7-2 vote split, with only Dhingra and Taylor preferring a 25bp cut.”
- “The guidance will likely reiterate that a “gradual and careful” approach to policy easing remains appropriate and that policy is not on a pre-set path.”
- “Continue to think that the Committee will vote to lower Bank Rate in August and our confidence in further cuts has risen.”
- “Maintain our forecast for sequential cuts in H2 to a terminal rate of 3% in February 2026.” (Note that GS removed the March cut from its baseline in mid-May).

HSBC

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts.
- Note the following was published on Tuesday 11 June: “Our sense from the TSC is that the governor is minded to continue on the gradual easing path, as things stand, but won’t do so if the incoming data are not conducive. Our base case is that today’s wage data and next

week's inflation print will allow for an August cut. But like the rest of the market, we will be watching keenly for clues in the language next week."

ING

- "At a minimum… we're looking at a 7-2 vote in favour of keeping rates on hold this time. It may well be 6-3."
- "History shows us that these vote splits don't carry a particularly reliable signal about future policy changes."
- Expect guidance to be reiterated.
- "We're more optimistic about the inflation outlook than the Bank. And we think that will increasingly be reflected in the BoE's thinking over the coming months."
- "At 4.25%, Bank Rate is still very much in restrictive territory, which offers the Bank plenty of scope to keep lowering it. We expect a further cut in November and two more moves in 2026, taking the terminal rate to 3.25%."

Jefferies

- '"Still expect the BoE to deliver two more cuts this year, in August and November, bringing Bank Rate to 3.75% by end-2025."

JP Morgan

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts; assume not 50bp dissents "given the committee last month already voted to give them half of what they were asking for."
- "There is a chance that more members dissent dovishly next week, but among the block of five that supported a cut in May, we think only Breeden would be close to doing so."
- "We would also expect the statement to characterise some parts of the data more dovishly, particularly the labour market, which would highlight the likelihood of an August cut if these trends continue."
- JP Morgan changed its BOE forecasts the week following the May MPC meeting: "We now remove the 25bp September BoE cut we put in the forecast after Liberation Day, so that the BoE now continues to cut only at a quarterly pace in 2H25. That leaves us with year-end rates at 3.75% and a terminal rate of 3.5% by 1Q26... We see growth and inflation coming in lower than the BoE's forecasts. This could yet prompt the Bank to speed up its easing this year. But owing to its hawkish tone [at the May MPC meeting]… we expect them to remain in a gradual easing mode."

Lloyds

- Expect 7-2 vote
- "Expect the June meeting minutes to reiterate that a "gradual and careful approach to the further withdrawal of monetary policy restraint remained appropriate" as stated in May, maintaining the prospect of additional cuts in the second half of the year."
- "The trend in employment is becoming clearer (see chart) and this should feature in a signal from the June MPC minutes that it is reasonable to expect a majority to vote for an August

cut. One way this could happen is with reference to the scenarios presented in the May MPR."

Morgan Stanley

- Expect a 6:3 vote "with Breeden more likely than Ramsden to join Taylor and Dhingra in voting for a 25bp cut."
- "We anticipate dovish minutes, albeit with likely unchanged guidance."
- "We think that in June there could be three camps among those voting for a hold… the first one could argue that downside risks to inflation are becoming more prominent… likely encompasses Ramsden and, should she not vote for a cut, Breeden. The second camp – Pill and Mann … risks to inflation are still tilted to the upside… Bailey, Greene and Lombardelli ("most members") – would see risks as two-sided."
- "The most dovish outcome is the one where it is made clear that a majority now sees risks to the inflation forecast as skewed more to the downside; the most hawkish outcome is one where no members see risks as skewed to the downside."
- "The most plausible dovish outcome would be a 5:4 vote for a hold, and a messaging addendum signalling that a majority of the MPC is ready for a rethink of the pace of cuts in August."
- "If we don't sense any dovish tilt in next week's minutes – following the string of recent soft data releases – we would be minded to rethink our near-term Bank Rate forecasts (consecutive cuts between August and December this year)."
- "Our year-end Bank Rate forecast stands at 3.25%, and terminal rate at 2.75%. We are not even that bearish on the demand side of the UK economy – but think the BoE is far too bearish on the supply side."

NatWest Markets

- "Expect a 7-2 vote in June, with Dhingra and Taylor dissenting in favour of a cut (probably -50bp)."
- "Among the five 'centrists', we view Ramsden and Breeden as leaning slightly more dovishly."
- "Expect a reiteration of the existing policy guidance."
- "The NatWest forecast is for 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."
- "We remain wary about the extent to which the BoE can cut rates given that services CPI inflation remains ~2% points above CPI target-consistent levels. Our forecasts for services inflation are grounded in the surprising strength of UK household disposable income in recent years and the associated shoring-up of savings."

Nomura

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts.
- "Don't expect any of the Bank's guidance to be adjusted."

- "We continue to see weaker growth and slowing inflation allowing the Bank to cut rates to 3.50% by early 2026."
- "While this is a modestly faster cutting pace than markets see, the end point is the same. We think a 3.50% terminal rate would be at the upper end of the neutral range."

Rabobank

- Expect 7-2 vote with Dhingra and Taylor voting for 25bp cuts.
- "The MPC is split, but has no reason to change its guidance of "gradual but careful" rate cuts."
- "We maintain our forecast that the MPC will cut rates 25bp in August. We also still expect a cut in November."
- "We still view a 3.75% nominal rate as restrictive... That means the bar for continuing to cut this year isn't especially high.
- "Our terminal rate forecast remains at 3.00%, reached in 2026. There are two key conditions. First, the inflation anchor must hold, and expectations of price-setters in particular need to keep drifting lower… Second, markets mustn't get ahead of themselves. Too much easing priced into the medium term could undermine the Bank's stance."

RBC

- "We look for an 7-2 vote in favour with two dissenting votes in favour of a 25bps rate cut" (Dhingra and Taylor).
- Expect "gradual" to remain.
- "Expect the MPC to deliver two further rate cuts this year at its August and November meetings."

Santander

- Expect 7-2 vote (Dhingra and Taylor voting for cut) "flag the risk that others, such as the BoE's Ramsden – who is known for being more front-footed than the rest of the MPC – also press for a June easing in response to the weakening jobs market data."
- "Labour market data should result in a somewhat more dovish tone to the MPC's communications next week, but will not be enough to swing it in favour of a June cut, given the inflationary origins (jump in labour costs) of the weakening labour market."
- "The phrase "careful and gradual" remains appropriate for now, given, as the governor has said, this captures two-sided risks and heightened uncertainty."
- "Our base case after August sees two further cuts, in November 2025 and February 2026, taking Bank Rate to 3.50%. We maintain this base case, given the inflationary origins of the labour market pressures."
- (Note had looked for cut to 3.50% in 2025 ahead of the April CPI print).
- "If the labour market continues to loosen decisively, a September hold is not an open-and-shut case"
- "Risks around that view are firmly to the downside, should a more pernicious and self-reinforcing downturn in the jobs market set in. We judge that that would be enough to allay

concerns about inflation persistence, given the accompanying squeeze in demand it would bring”
- “For 2026, having a decisive view is challenging, given the volatile geopolitical backdrop, in particular. But our view is that the risks are skewed towards more easing, as the hit from global trade pressure continues to weigh and the UK’s domestic inflationary pressures fade.”

Societe Generale

- Expect 7-2 vote. “Taylor and Dhingra are likely to vote for a 25bp cut. They could vote for 50bp again, but the difference between a 25bp and 50bp cut doesn’t matter.”
- “There is a risk that either Ramsden or Breeden could also vote for a 25bp cut, as we believe both are on the dovish side of the median voter based on their voting history and recent comments.”
- “Our more pessimistic view on growth and the labour market relative to the BoE should mean the MPC looks through the current strength in inflation and will deliver two more 25bp cuts (August and November) this year and three 25bp cuts in 2026, taking Bank Rate to 3%.”
- On balance “we believe the risks are tilted towards more aggressive easing.”

TD Securities

- 7-2 vote (Dhingra and Taylor dissenting).
- “Expect the language around "gradual and careful approach to the further withdrawal of monetary policy restraint" to remain at this meeting, suggesting a further cut in August should the data allow.”
- “As services inflation and wage growth remain sticky and well above levels conducive to the BoE target… even downside surprises on these measures would prevent the MPC members from signalling sequential cuts. On the other hand, seeing global uncertainty flow through to negative growth in the UK could shift future sentiment dovish, especially if May GDP data surprises significantly to the downside again.”
- TDS changed its forecast to quarterly cuts following the April CPI release to a terminal 3.00% by July 2026.

UBS

- “Expect the vote split to be 7-2, with Dhingra and Taylor likely voting for another rate cut.”
- “Absent major downside surprises, we expect the majority of the Committee to remain cautious.”
- “Expect the Bank to deliver another two 25bp rate cuts this year (Aug and Nov) bringing Bank Rate to 3.75% by end-25. Our baseline of quarterly cuts represents a compromise between sticky services inflation on the one hand and on the other hand the likely slowdown in growth lying ahead and disinflationary pressure caused by US tariffs. However, uncertainty about the damage from US tariffs implies uncertainty for our GDP and BoE rate projections.
- “In 2026, we expect the Bank to cut rates three times (Feb/May/Aug) to a terminal rate of 3.0%”

MNI POLICY TEAM INSIGHT

Seen On Hold; Number, Names Of Dissenters Key

By David Robinson, 17 June

The Bank of England is widely expected to leave its policy rate on hold at 4.25% at its June meeting and to keep its guidance unchanged, with many analysts expecting a seven-two decision on the Monetary Policy Committee, though with a possibility of a narrower margin.

In May the MPC split three ways over that month's 25-basis-point cut, with five backing the decision, two voting for no change and externals Swati Dhingra and Alan Taylor voting for 50bps. This time Dhingra and Taylor are widely expected to call for a 25bp reduction, though cooling GDP and labour market data might prompt one or both them to vote for 50bp again, while another member, such as Deputy Governor Sarah Breeden, could prefer another 25bp reduction.

At the post-May-decision hearing with lawmakers on the Treasury Select Committee the splits on the MPC were clear, with Dhingra saying "we have held policy too tight."

Governor Andrew Bailey was only convinced of the case for a cut because of adverse international developments while Breeden, on the other hand, said she would have backed a cut regardless.

GRADUALISM

Typically, MPC members who have voted in the minority against a cut do not then seek to reverse it by backing a hike and if there is a surprise in the vote it is much more likely to be on the easing side.

May's guidance, which stated that a "gradual and careful approach to the further withdrawal of monetary policy restraint remained appropriate", looks unlikely to be materially changed, with most MPC members still supportive of gradualism. (See MNI POLICY: Perceptions Gap Between BOE Projections And MPC)

External MPC member Catherine Mann has repeatedly stated that she favours activism over gradualism, but guidance does not require unanimous backing.

Aside from the vote, the MPC looks likely to accept that the bulk of evidence, including falling vacancies and softer pay awards, supports the view that there is growing slack in the labour market and that the underlying disinflationary process is on track, despite some disparities across surveys and official data. (See MNI INTERVIEW: Employment Law Hit To UK Productivity - Haskel)
