BoE Review: August 2025

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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MNI View: November Cut Not a Done Deal

Tim Davis, 9 August

- Despite the expected 25bp cut to 4.00%, the vote split was more hawkish than expected with four members preferring to maintain Bank Rate on hold.
- The MNI Markets team sees a very high bar to any of these four dissenters favouring a November cut.
- A September cut looks extremely unlikely even and we assign a subjective 2/3 probability of a November 25bp cut with a cumulative 80% probability to a cut in either November or December.
- Governor Bailey seems to be the median voter in our view, but any comments from any comments from Breeden, Dhingra and Ramsden take on added significance in the near-term as all are likely to be needed to reach quorum for a November cut.
- If the near-term data show even a small overshoot for headline CPI or some stabilisation in the labour market, a December cut may start to look more likely than November. By December we will have seen the impact of the Budget as well as have more information on the impact of the peak of inflation on consumer inflation expectations and on pay settlements for 2026.
- Bailey is next due to speak at Jackson Hole while both Lombardelli and Bailey (and probably two others) are likely to testify ahead of the Treasury Select Committee in the first week of September.
- There was acknowledgement that there had been a steepening of the yield curve in the discussion on QT (albeit without QT having been seen as such a factor). We would continue to favour a 25/26 target reduction in the APF stock of GBP60-65bln (the median in the MaPS survey expects GBP72bln). The MPC will decide on this in September.

The 25bp cut delivered by the MPC was expected, but the vote was not. In what was a first for the MPC, there was a two stage vote with Bailey, Breeden, Dhingra and Ramsden all favouring a 25bp cut, Taylor favouring a 50bp cut while Greene, Lombardelli, Mann and Pill preferred to maintain Bank Rate on hold. In order to pass the vote with a majority, Governor Bailey narrowed the options to either maintaining Bank Rate on hold or a 25bp cut, which saw Taylor support a 25bp cut (and reach the quorum of 5 members required for the decision). Technically Governor Bailey could have used his position as Governor to get the decision over the line in the first instance, but he preferred to hold a second vote as it was clear that this would be supported.

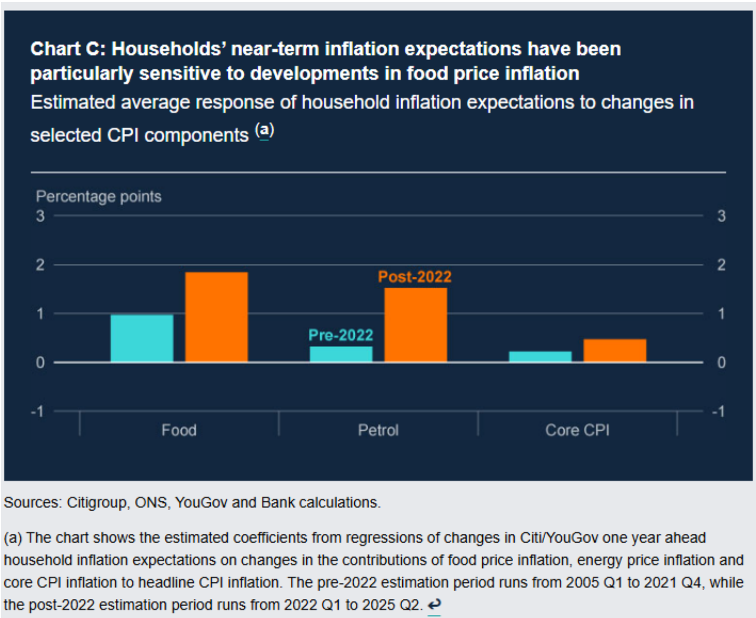
Pill and Mann were widely expected to vote to maintain Bank Rate on hold (14/20 of the sellside previews that we had read had expected them both to dissent). We had flagged the risks of both Greene and Lombardelli hawkishly dissenting in our preview, but it was not our base case. Only 4/20 of the sellside previews that we had read expected a third dissent in their based case and none expected four. This was therefore a genuine surprise and does call into question the pace of cuts in the future.

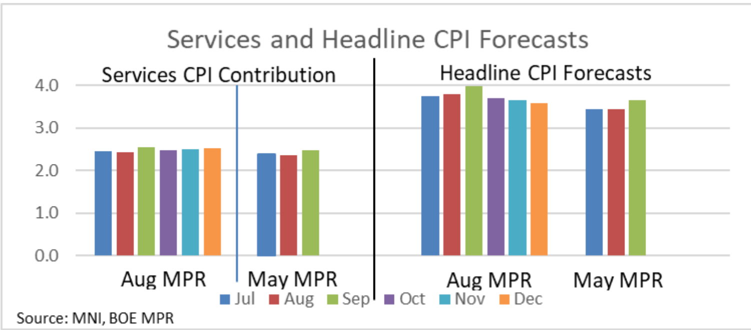
The rationale given for the dissent wasn't in itself that surprising. The members on hold are concerned about near-term inflation impacting consumer inflation expectations and hence the risks of second-round inflationary impacts which would then keep inflation above target for a more prolonged period of time.

Near-term CPI may boost inflation expectations 0.5ppt more than expected in May

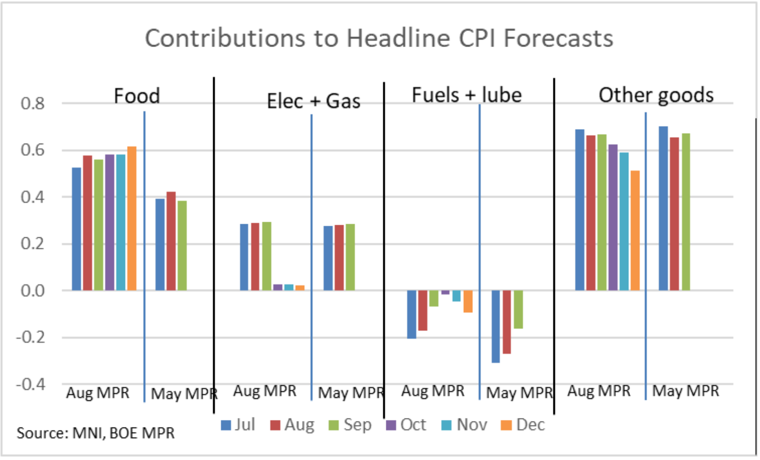
We have long argued that MPC members are more focused on headline inflation and that recent communications have continued to highlight that research has shown that the weekly supermarket shop, petrol prices and energy prices have an outsized impact on inflation expectations. Indeed, there is a whole box on food prices in the MPR and it includes the estimates that a 1.0ppt change in food prices have increased inflation expectations by 1.8ppt since 2022 while a 1.0ppt change in petrol prices has increased inflation expectations by 1.5ppt. Core CPI in contrast has seen a 1.0ppt increase only increase inflation expectations by 0.5ppt.

The BOE's near-term inflation projections now see CPI peak at 3.99%Y/Y in September, 34bp higher than the May MPR peak. Of this 34bp, 17bp is due to food while 9bp is due to fuel prices and a more negligible 6bp due to services. This upward increase in CPI is a bit more than had been expected – the previews that we had read saw an increase to closer to 3.9%, but isn't a huge surprise in itself. However, in a rather crude way if we plug those inputs into the coefficients estimated above, that would suggest that inflation expectations could be boosted by around 0.5ppt relative to levels that would be suggested from the May MPR forecasts.





These concerns on inflation expectations were given a bigger weighting in their reaction function than the softening labour market than most market participants expected. While quantities data can perhaps be partly explained away, the downside surprise that we have seen to average earnings since the May MPR we thought would have been given a greater weight by more MPC members.



Private wage growth downside revision for Q3/Q4 to see smaller surprise than in Q2

Labour market data for the 3-months to June is due for release on Tuesday but the May MPR had forecast private regular wage growth at 5.20%Y/Y. The print to the 3-months of May had been 4.88%Y/Y with most of consensus expecting a small down tick to a rounded 4.8% next week which would be 4 tenths below the May MPR forecast. The August MPR did not include an updated projection for this number but the downward revision to its Q3 projection was only 9bp (from 4.71% to 4.62%) and for Q4 a downward revision of 18bp to 3.66%Y/Y. What is clear here is that despite the larger-than-expected near-term downward surprise, the Bank's forecast do not expect a surprise of this magnitude to be maintained in the quarters ahead.

CPI projected to be little higher than consensus expected and wage growth a bit stickier

So there are two things going on here: the BOE forecasts CPI to peak a little higher than was expected and it also forecasts wage growth to remain a bit stickier than had been expected. When looking through this perspective it is a little less surprising that there was less of an imperative for MPC members to vote for a cut.

MPR also points to spare capacity being influenced by population growth

Furthermore, the MPR states that:

"Relative to the May baseline projection, there is expected to be a slightly smaller margin of spare capacity throughout most of the forecast period, in part reflecting the Committee's judgement that the lower assumed path of population growth will put slightly more downward pressure on supply than on demand over coming years."

This was not really something that was hugely discussed ahead of the decision, but which is likely to take on greater prominence in the future – and helps to partly explain why the CPI projections at 2/3 years were increased by 0.1ppt to 2.0% from the 1.9% levels seen in the May MPR.

Maybe we shouldn't have been so surprised that those who saw May as "finely balanced" didn't vote for a cut in August

The final point on the vote breakdown is that with the benefit of hindsight maybe we shouldn't have expected by such a hawkish outcome. Mann and Pill were merely maintaining their view from May (and they hadn't wanted to vote for cuts even when we were at peak tariff uncertainty). While both Greene and Lombardelli were in the "finely balanced" camp in May and had been potentially tipped into voting for a cut due to the global trade uncertainty.

The bar looks very high for the hawkish dissenters to support a November cut…

With the exception of perhaps Mann (who we find very difficult to read in recent months), we still think that most of the other hawkish dissenters at this meeting still think that Bank Rate will be lowered in the future – just that the urgency to maintain a quarterly pace may not be as necessary. For these members, however, we are a little sceptical that unless inflation surprises notably to the downside by November (by which time we will have received the "peak" September CPI print) or the deterioration of the labour market picks up to a substantially higher pace that they will have seen enough to be sure that consumer inflation expectations will come down more sustainably.

… But we will have more information on the Agents pay survey (albeit probably not enough)…

However, there are two more wildcard events that we will have at least some more information on by the time of the November MPC decision. First, there will be more colour on the Agents' Pay survey ahead of the important wave of settlements in Jan-April 2026. At the moment the most information we have from the Agents quoted in the August MPR is that wage growth will fall to around 3.5-4.0% by the end of this year – which is broadly in line with the 3.7% point estimate published alongside the February MPR. The results of the Agents' 2025 survey were initially estimated at 2-4% in the November 2024 MPR, narrowed to 3-4% in the December MPS before being finalized at 3.7% in February 2025. The August MPR includes the following on 2026 pay settlements from Agents:

"Most contacts are not yet able to give a figure for 2026, but some report that they see pressures easing further and are budgeting for settlements in the 2%–4% range with a rough average of 3%–3.5%. Potential upside risks to this include the impact of the current period of above-target CPIU inflation, unions bargaining for higher increases, and next year's increase in the National Living Wage (NLW)."

Pay growth is a lagging indicator but will taken into account both the relatively tightness of the labour market as well as to some extent inflation expectations. If there is a notable downtick in pay settlement expectations from the Agents' Survey this may well help to bring some of the hawkish dissenters back on side. However, in many ways these members may think that there is not enough information to make a decision before the range is narrowed in December or even in February when the full survey comes out and there has been more time to judge the impact of the peak of inflation on consumer inflation expectations.

…And the fiscal tightening in the Budget may factor into decision making

Secondly, there is a fiscal tightening coming. The scale and focus of this is still quite unclear at this stage. We previously estimated that the most likely date for the Autumn Budget would be 5 November (the day that the MPC would be holding its vote before the Bank Rate decision was published on the following day). We do see some scope for the Budget to be held a week earlier on 29 October but recent media reports have suggested that Chancellor Reeves may favour delaying the Budget later in the year in the hope that the economic data improves. This would open up dates of 19 November or 26 November (parliament in in recess on 12 November and we think a delay into December looks less likely). Whichever of these dates are chosen the November MPR is extremely unlikely to be able to take any of the fiscal news into account, but an earlier Budget (and the likely policy leaks that we will see beforehand) may allow some MPC members to take this into consideration at the November vote. However, even here we think that for the current dissenters more information available in December or even waiting for the February MPR may be more preferable.

Not enough conviction that inflation expectations won't increase by November for dissenters

So in essence, based on the reaction functions for these four members we think the bar is going to be extremely high for them to vote for a further cut before December at the earliest. We will of course be watching their upcoming speeches carefully. Pill had already said that he favoured a quarterly skip (and given that has still not been delivered the bar is very high here for him to change his mind, given his August vote). Lombardelli said in the MPR press conference that she would not elaborate on her personal view until she testified ahead of the Treasury Select Committee in the first week of September. As we discussed previously, Mann is an "activist" member so may change her mind without much warning. While Greene has no current upcoming speeches scheduled.

What to expect from the other members of the Committee?

Taylor seems pretty straightforward. He would have preferred a 50bp cut in August and has previously said he favours 5 (25bp) cuts across 2025 as a whole. It would be a surprise for him to not support a cut in September, let along November.

One important communication point is that the views of the remaining four members who favoured the 25bp cut were not described in the Minutes as "finely balanced." And assuming that Taylor and these four members continue to vote for quarterly cuts, those quarterly cuts can continue whatever the four more hawkish MPC members think. But will these members all continue to favour 25bp cuts? The view of the group in the Minutes was described as follows:

"There had been sufficient progress in underlying disinflation albeit, for some of these members, with a risk that this momentum could slow. There remained greater signs of disinflation from labour market quantities and wages, than from developments in domestic prices. Activity remained weak. The pace of disinflation from here would help inform these members' views on how quickly to remove remaining policy restraint. On the one hand, higher food prices could raise inflation expectations and generate greater inflation persistence. On the other hand, signs of weaker demand, for example as a result of the impact of continued high saving on consumption, could lead to a more rapid opening up of slack in the labour market."

There's lots to unpack here but it seems that any upside surprise to headline CPI or increase in consumer inflation expectations could be enough to derail at least one further vote for a 25bp cut in November. While given that there are "greater signs of disinflation from labour market quantities and wages" if we do not see these data soften at least in line with expectations we would also likely lose another member from a quarterly cut path in November.

We haven't heard too much from Dhingra recently; Ramsden places weight on labour market

We haven't heard a great deal from Dhingra recently on her views. She is still considered to be one of the most dovish members and we would be surprised if she did not support a November cut while Ramsden we think is more focused on the slowing in the labour market than on the CPI side, so we would be surprised if anything other than the Agents' pay settlements survey or a stabilization in the labour market derailed him from voting for a November cut. We will be watching any communications from both of these members closely ahead of the September meeting. We don't think it is necessarily a straightforward decision that they will both dovishly dissent again in September – but if they do there appears very little that would detract them from a November cut vote.

Breeden and Bailey likely the swing voters and Breeden seems a little more dovish than Bailey

In our view this really leaves Governor Bailey and Deputy Governor Breeden as the swing voters – with both of their votes required for a further cut in November (and both extremely unlikely to support an increase in the pace of cuts by voting for a cut in September). The last time she spoke, Breeden seemed to lean a bit more dovishly than Bailey and until we hear from her again we will maintain that assumption. So Governor Bailey's communications take on even more importance.

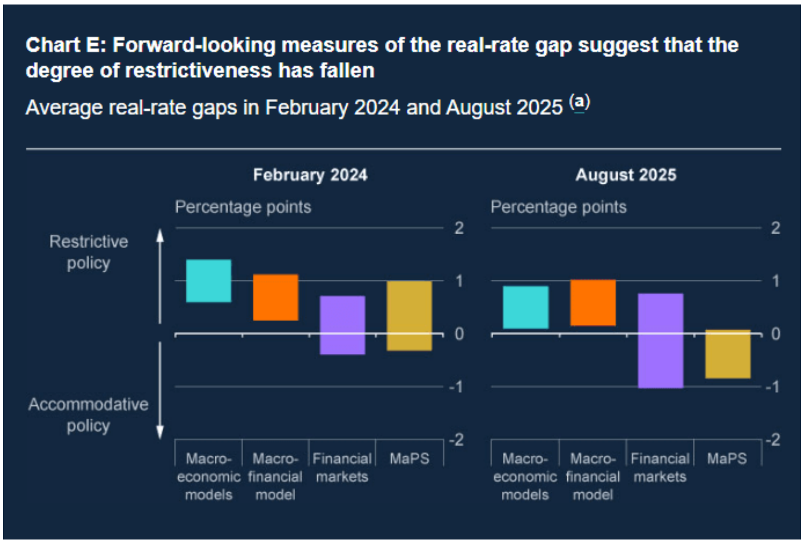
Governor Bailey's next scheduled appearance will be on a panel at Jackson Hole, but he will almost certainly testify alongside Lombardelli ahead of the Treasury Select Committee in the first week of September so we will be watching both of these appearances with interest for more information on whether he elaborates on how he emphasizes the balance of risks between labour and inflation data.

We assign a subjective 2/3 probability of a November cut and 80% prob to cut by December

Of course, in many ways, we think this would all be a bit of a moot point if either the labour, CPI or consumer inflation expectations data surprise unfavourably against a rate cut. Our working assumption until we hear move would be that a November cut is probably favoured by the 5 members who voted for an August cut. It may, however, be possible that just as we outlined above if any of these five members need a bit more reassurance that the next cut could be delayed until December when we have more information on the fiscal outlook, more information about 2026 pay settlement expectations and more information on whether consumer inflation expectations have been impacted by the September CPI peak. Subjectively we would put around a 2/3 probability of a November 25bp cut with around an 80% probability of a cut at either the November or December meeting.

Model-based neutral rate around 3.5%, but lack of conviction across the MPC

A box in the MPR looks in more detail as to whether rates are still restrictive. The key takeaway is that the macroeconomic models still point to Bank Rate still being restrictive (with the real-rate gap somewhere between 0.1-0.9ppt. The midpoint of this would suggest that the Bank's macroeconomic models suggest that 3.50% is neutral - which is still broadly in line with terminal rate



expectations. Based on macrofinancial models the midpoint is around 3.6% and based on financial markets and MaPS estimates the real rate gap is generally expected to be lower.

However, Ramsden played down the value of this as he responded to a question in the press conference on the terminal rate, noting that “"Some MPC members have been explicit about their views of where they think this notion of r star... what markets tend to call the terminal rate, in terms of how they're interpreting things might be, but... I wouldn't draw the conclusion that you have based on that range... it's a broad range. And there are... different MPC members have used, but we don't have a collective position on that."

Evolution of the guidance: Not expected but consistent with vote split

New guidance:

“A gradual and careful approach to the further withdrawal of monetary policy restraint remains appropriate. The restrictiveness of monetary policy has fallen as Bank Rate has been reduced. The timing and pace of future reductions in the restrictiveness of policy will depend on the extent to which underlying disinflationary pressures continue to ease. Monetary policy is not on a pre-set path, and the Committee will remain responsive to the accumulation of evidence.”

Old guidance:

“There remain two-sided risks to inflation. Given the outlook, and continued disinflation, a gradual and careful approach to the further withdrawal of monetary policy restraint remains appropriate. Monetary policy is not on a pre-set path. At this meeting, the Committee voted to maintain Bank Rate at 4.25%.

The Committee will continue to monitor closely the risks of inflation persistence and what the evidence may reveal about the balance between aggregate supply and demand in the economy. Monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further. The Committee will decide the appropriate degree of monetary policy restrictiveness at each meeting.”

A few observations on this. First, the buzzwords “gradual” and “careful” both remain. The phrase that “monetary policy is not on a pre-set path” also remains. Monetary policy is still described as restrictive, but with the acknowledgement that restrictiveness has fallen but there is no longer the phrase that Bank Rate needs to remain restrictive for “sufficiently long”. And rather than deciding the degree of restrictiveness at each meeting, the MPC will “remain responsive to the accumulaton of evidence.” The other addition to the language also puts further data dependence in that it states that “The timing and pace of future reductions in the restrictiveness of policy will depend on the extent to which underlying disinflationary pressures continue to ease.” Guidance was broadly expected to remain largely unchanged so these changes are more wholesale than had been anticipated, but the new guidance fits in with the vote split, the increased cautiousness of MPC members as well as discussion in the MPR on expectations of the neutral rate.

MPR didn’t give too much away about the upcoming 25/26 QT decision but QT is now estimated to have had a larger impact than thought last year

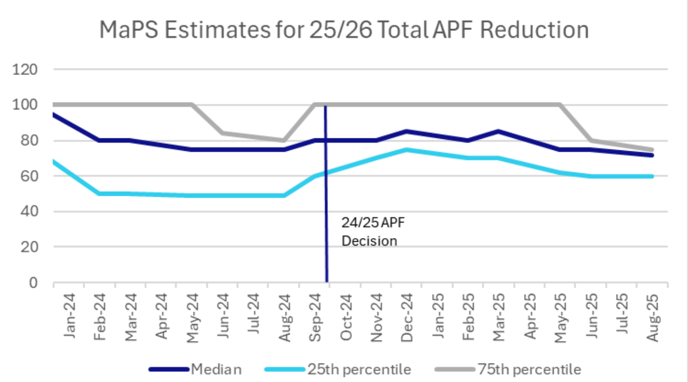
The MPR didn't have too much on the September QT decision but it did estimate that the impact of QT on gilts was higher now than last year (15-25bp rather than 10-20bp). But it also said that the steepening of the 10s30s curve has now been impacted by QT and that the QT impacts on 30-year gilts are similar to those on 10-year gilts. See highlights below:

"New analysis by Bank staff points to an estimated total increase in 10-year gilt rates from cumulative QT to date of 15–25 basis points. "

"Bank staff's most recent estimate of the impact of QT on term premia is slightly higher than in the 2024 QT review when the estimated range was 10–20 basis points."

"Long-term gilt yields, such as those for 30-year gilts, have risen by more than 10-year gilt yields. Bank staff analysis suggests that the larger increase in longer-term rates has been driven primarily by global factors, rather than being attributable to QT. Furthermore, analysis of changes in term premia for 30-year gilts, based on the same model used for the estimated range above, suggests that QT impacts have been similar to those for 10-year gilts."

MaPS Survey Shows Median Expectation for APF Target Reduction is GBP72bln we would favour no increase in active sales with a GBP60-65bln target



Source: MNI, Bank of England Market Participants Survey

The MaPS survey showed that the median expectation (ahead of the August meeting) was for a GBP72bln target reduction in the APF scheme in the year from October 2025 to September 2026. This is a marginal reduction from the GBP75bln expected the prior month. As we have argued before we favour active sales staying broadly unchanged from this year's pace, which would imply a slightly smaller target of GBP60-65bln (the 25th percentile remained at GBP60bln in the survey). We also noted that we preferred this pace with a tweaking of the buckets so that the long-dated bucket was redefined as 15+ years (to re-align with the DMO definition) rather than the 20+ year definition the BOE currently uses. Any pickup in the pace of active sales beyond this year's GBP13bln pace would probably need to be skewed away from longs. The MPC will make its decision on the 2025/26 APF target reduction at its September meeting while the Bank Executive decide the modalities of the programmes (including buckets, number of operations etc) on a quarterly basis.

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 Preview document.
- We aim to publish the answers within a few seconds of the embargo being released via the MNI Bullets and our interactive chat.
- No need to scroll through 30 newswire headlines.
- All of the tradable info you need delivered concisely straight to the your bullet feed or the chat.
- Gives you the confidence that you can quickly trade at the announcement time.

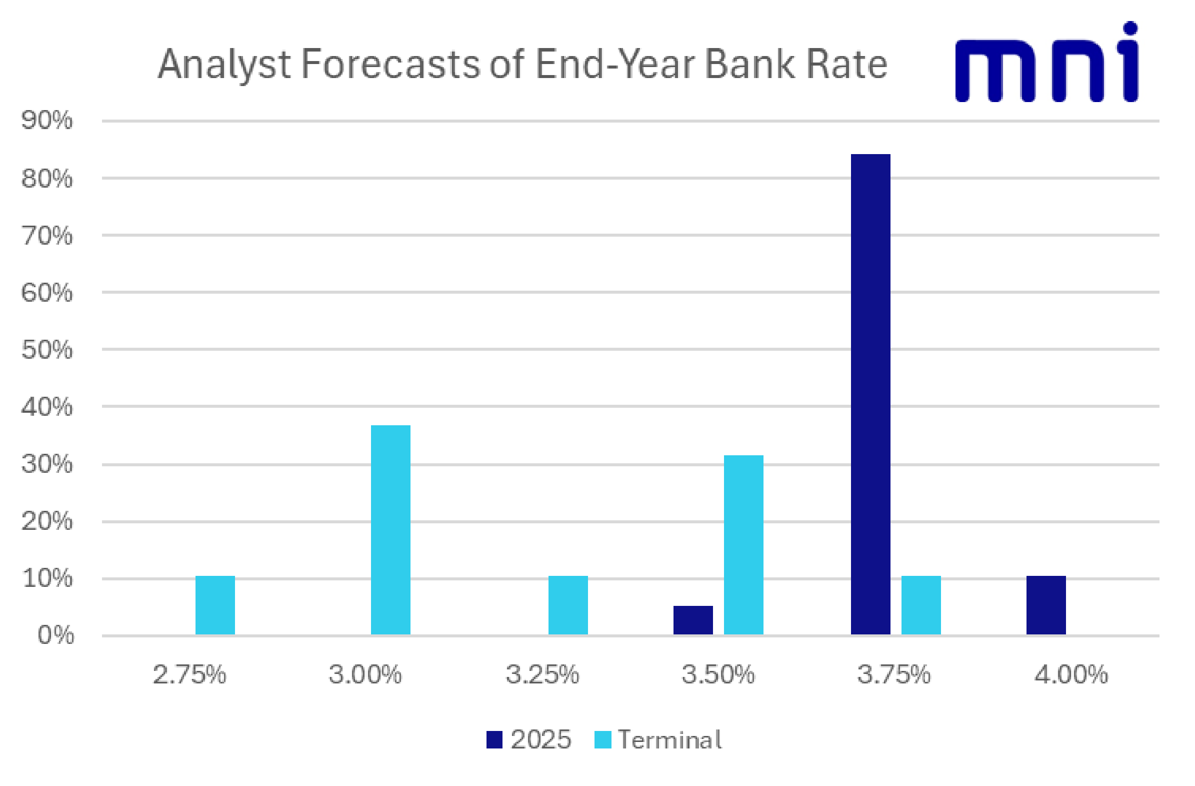
August Questions (and Answers)

1. Was the Bank Rate changed, and if so by how much? Yes - Cut to 4.00% after a second vote. This was the first ever MPC decision that required a second vote.
2. Number of members unchanged Bank Rate? 4 in both votes - Greene, Lombardelli, Mann, Pill
3. Number of members voting for 25bp cut? 5 in second vote - Taylor initially voted for a 50bp cut, but switched to 25bp in the second vote
4. Number of members voting for 50bp cut? Zero in second vote. Taylor voted for 50bp cut in first vote.
5. Number of members voting for other rate decision? None
   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? Yes
7. Did the MPC keep reference to "careful" in its guidance? Yes
8. Did the MPC keep reference to "sufficiently restrictive for sufficiently long" in its guidance? No - "the timing and pace of future reductions in the restrictiveness of policy will depend on the extent to which underlying disinflation pressures continue to ease".
9. Did the MPC again say it will "decide the appropriate degree of monetary policy restrictiveness at each meeting"? No - "Monetary policy is not a pre-set path, and the Committee will remain responsive to the accumulation of evidence".
10. Did the MPC leave its guidance paragraph materially unchanged versus the previous policy statement? No
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%): **2.0% / 2.0%**
12. UK CPI forecast in 3 years time at market rates (mode / mean)?
    Previous: 1.9% / 1.9%: **2.0% / 2.0%**
13. UK GDP modal forecasts at market rates (2025/2026/2027)?
    Previous 1.0%/1.25%/1.5%: **2025: 1.25%; 2026: 1.25%; 2027: 1.5%**
    Note: Q13 to nearest 0.25ppt
14. Was any guidance given for the September APF decision? **No**

Press comment from Governor Bailey provided to reporters in the lock-up: "We've cut interest rates today, but it was a finely balanced decision. Interest rates are still on a downward path, but any future rate cuts will need to be made gradually and carefully".

Summary of Analyst Views

- Only three of the analyst reviews that we have read changed their base case versus their expectations ahead of the meeting.
- Santander has shifted its expectation of the next cut to February 2026 (it had flagged the potential that it might review its November call in its preview). Santander maintains its terminal rate expectation of 3.50% but reached in April rather than February 2026.
- Both Deutsche Bank and Goldman Sachs had expected cuts in both November and December. Deutsche Bank now sees one cut in Q4 (but sees it as close to 50-50 as to which meeting it is delivered in) before cuts in Q1-26 and Q2-26 to terminal 3.25%. Goldman Sachs expects a November cut before cuts in February, March and April.
- 16/19 analysts look for the next cut in November. Deutsche look for 50/50 for Nov/Dec while both Berenberg and Santander expect the next cut in 2026.
- Morgan Stanley remain alone in expected two further 25bp cuts this year.
- In terms of terminal rate, there have been no changes in views post-decision that we have seen. 15/19 analysts expect a 3.00-3.50% range (7 for 3.00%, 2 for 3.25% and 6 for 3.50%). Danske Bank and Morgan Stanley both expect 2.25% while NatWest Markets and RBC expect only one further cut to 3.75%.



Summary of Analyst Views (Sorted by Hawkish to Dovish)

Institution	Pre-August	Post-August
Berenberg	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%.	"The BoE indicated that there are still more cuts to come, but pauses are likely. That suits our call that the BoE will keep interest rates on hold for the remainder of the year before delivering a two final 25bp reductions to 3.50% in 1H 2026."
Santander	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.	**"See inflation optics as too ugly for the BoE to press on and lower Bank Rate below 4.00%this year. So we have removed our November cut and expect Bank Rate to end the year at 4.00%." "We still see Bank Rate getting to 3.50% next year, but by April, rather than February."**
Deutsche	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 accelleration to cuts (Nov25, Dec26, Feb26) to terminal 3.25%. APF reduction: Bank to match market exp of GBP75bln.	**"The odds of further rate cuts have fallen – particularly in Q4-25. The path for near-term rate cuts has inexplicably narrowed. While the path of Bank Rate remains down, in our view, the next few months mark a murkier path on the scale and pace of tightening."**
RBC	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.	"Retain our call for the MPC to deliver one more 25bps cut at the next MPR meeting in November... the balance of risks is that terminal is closer to our call of 3.75% than the current market pricing of around 3.5%."
NatWest Markets	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 titlted towards" cut to 3.50% in 2026. Bailey's comments make "less confident that active sales will continue."	"Guidance appears to have evolved from... cuts were on a form of autopilot... to something more conditional and data-dependent... forecast for -25bp in November [with] reduced conviction (~70% probability) and for a 3.75% terminal rate (still with modest downside risks to 3.5% in Q1 2026)."
Barclays	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.	"A November cut is still our base case, although probability of a hold has risen." APF discussion "will allow the MPC the freedom to change the overall quantum of QT to £75-80bn, and shift the maturity profile of active sales."
Nomura	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)".	"Raises the bar for further rate cuts, but our view of a loosening labour market and weaker domestically generated inflation should allow... cuts in November and February (3.50% terminal rate)." "Highlighted the risk of less gilt-based QT at next month's meeting... stick with our £100bn view."
BNP Paribas	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."	"Supports our long-held view that the MPC will continue to cut at a once-per-quarter tempo until it reaches a terminal rate of 3.50% in Q1 2026 and that the bar to accelerate the pace of cuts is relatively high." "MPC is likely to announce at least a reduction in the QT envelope in September."
JP Morgan	2-5-2 vvote 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.	"Stick to our forecast for quarterly cuts but the risks of a hold in November have risen." On QT: the MPR box "present a case for expecting the pace to slow from £100bn (to around £75bn, in our forecast) and for the BoE to skew some of the sales away from the long end."
ING	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.	"Base case has for some time been that the Bank would cut rates again in November and twice more next year... We're sticking to our call, but were the next couple of inflation reports to surprise to the upside, or if the recent falls in private-sector employment start to ease off, then we'll be rethinking"
HSBC	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."	"Our base case is that this evidence will come through, allowing the BoE to reduce Bank Rate at a continued 25bps-per-quarter pace, until it gets to 3.00% in Q3 2026. After all, the May vote split opened up the prospect of an August pause too... However, of course, there are risks to that."
TD Securities	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.	"Continue to expect another cut this year, but today's decision opens up uncertainty over whether that comes in Nov vs Dec."
UBS	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.	Communication "implies some risk to our call for a November cut." "Reiterate our call for more cuts in 2026, when we expect the Bank to lower rates three times (Feb/May/Jul) to a terminal rate of 3.0%... timing of cuts might be delayed if we were to see further upside surprises in inflation."
Daiwa	"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."	"Maintain our expectation that Bank Rate will be cut by 25bps in each of November, February and May to settle at 3.25% by next summer. But there are two-sided risks to that view... vote, as well as the BoE's updated projections, suggest that the risks to that rate path are skewed to the upside."
Société Générale	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.	"Maintain our view that the Committee will cut at a quarterly pace until Bank Rate reaches 3%, with the next cut in November. However, after today's meeting, the probability of sequential cuts this year has greatly diminished."
Danske	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.	"Continue to expect the BoE to deliver the next cut in the Bank Rate in November, followed by quarterly rate cuts next year leaving the Bank Rate at 2.75% by end-2026... the risk is that the cutting cycle will come to an end earlier than previously thought."
Goldman Sachs	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.	**"Maintain our expectation for the next rate cut in November, and we remain comfortable with our forecast for a 3% terminal rate. That said, we now expect quarterly cuts to extend for longer and look for the terminal rate to be reached in April (vs March before)."**
Jefferies	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%.	"Continue to see one more cut this year in November, bringing Bank Rate to 3.75% by year-end. We think despite the ongoing caution the Bank will be forced to ease faster in 2026 as inflation eases more materially and growth slows lowering rates to 3% in H1 2025."
Morgan Stanley	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	"leave our modal (base case) rate path forecast unchanged (3.5% by year-end, 2.75% terminal), but accept that our near-term mean rate expectation has shifted higher."

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).