

BoE Review: February 2026

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More Than One Swing Voter

Tim Davis, 6 February 2026

The MPC voted to maintain Bank Rate at 3.75%, but that was the only expected part of the decision, with everything else in a dovish direction. The vote split was 5-4 (with Ramsden and Breeden both preferring to vote for cuts now, rather than wait); the Agents' Pay Survey came in at 3.4% (below the 3.5% expected); the medium-term inflation forecasts were lower than expected; and very significantly Mann seems to have joined Bailey as a swing voter on the MPC. Governor Bailey later said in an interview that 50/50 seems roughly appropriate for the March decision.

Between now and the March meeting we will receive two further labour market reports, one more CPI print, one more DMP survey and one more flash PMI. These will be the key data Governor Bailey and external member Mann are monitoring. If these come in broadly in line with expectations, there is a good chance at least one of these two members will flip their vote and support a cut at the March meeting. Any upside surprises to inflation or wage growth may well see April as the likelier meeting. At present markets price around a 60% probability of a March cut (up from around 20% prior to the meeting) while 73% of sellside reviews we have read look for a March cut (up from 55% prior to this meeting).

Looking further ahead, it is clear that for the median members of the MPC there is comfort that the current wage numbers are on the right track and there is a lot less concern in the report about inflation persistence. This has probably been helped by the Autumn Budget's measures that will trim inflation from April and the Bank hopes will contain inflation expectations further.

The word "gradual" was removed from the guidance paragraph. This is a word that has become synonymous with a quarterly cutting path. So by removing it, it does suggest the MPC is giving itself more optionality over the future. But there remains a downside bias.

Two Swing Voters: It's Not All About Bailey

The fact that Bailey and Mann are grouped together in the "immediate policy decision" paragraph (with Greene, Lombardelli and Pill as a separate group) is significant in our view and makes a near-term cut more likely (in addition to the 5-4 vote split which hence needs just one more member to switch). In our [preview](#), we had noted Mann's "finely balanced" language in December, but had also pointed out that this wasn't very prevalent in many sell side previews. While that language was not repeated today, it's crystal clear that there's now two swing members who could trigger the next cut. It's not just Bailey, it is Mann or Bailey. Despite some call changes on the sellside, a number of the sell side reviews that we read still put much more emphasis on Bailey's view than Mann's. We

think that equal importance should be placed on both. It is very possible a cut could be voted through without Bailey's support, particularly as Mann has a history of voting surprises.

Bailey's paragraph reads as a question of when to cut rather than if...:

Bailey's individual paragraph states that "Overall, the risks from inflation persistence appear to have continued to reduce. I therefore see scope for some further easing of policy. This does not mean that I expect to cut Bank Rate at any particular meeting. I will go into the coming meetings asking whether a cut is justified."

We read this as non-committal on timing for the next cut but it seems very much a question of when rather than if. He was even more explicit in the press conference, where he said that "We are moving into a more settled world where the sort of thinking that you were outlining about, you know, where might the sort of the neutral rate B becomes much more relevant. So I'm not going to endorse 3.25% but I think... it is a reasonable sort of market curve at the moment, but we'll see where it ends up... that's the best thing to say at the moment."

Mann didn't describe here decision as "finely balanced" but could also support a near-term cut

Mann's paragraph noted that : "New analysis and current developments have moved the appropriate time for a cut in Bank Rate closer... The degree of restrictiveness varies over the time horizon and whether the focus is on real or nominal rates. A cut now would overweight the importance of the near-term mechanical disinflation and risk higher term premia. I look forward to incoming assessments of the constellation of surveys and data ahead of upcoming meetings."

The hardest thing for us is that given that Mann seems to be de-emphasizing "near-term mechanical disinflation" and pointing towards surveys and data ahead. It's hard to know what exactly we should be watching to see if she changes her view. We look ahead to her upcoming speeches.

Key points from the hawks:

Pill still prefers further withdrawal of restriction but at a slower pace. Lombardelli and Greene seem furthest from favouring cuts as they see more harm from too many cuts over too few.

Pill: "I remain concerned that inflationary pressures stemming from an overly rapid withdrawal of policy restriction over the past two years still need to be contained and eliminated. In that light, I continue to favour a cautious withdrawal of policy restriction, guided by longerterm trends rather than shortterm news."

Lombardelli: "I am more concerned about the costs of cutting rates too quickly than too slowly, including the risks to credibility from any potential policy reversal that is not in response to a new shock."

Greene: "I continue to think the monetary policy stance is not materially restrictive. Finally, I believe the cost of a policy error is greater if Bank Rate follows the market path and we end up with inflation persistence versus weaker demand."

Key points from the doves:

Both Ramsden and Taylor point to a 3% neutral rate. Breeden and Dhingra both prefer a faster pace of cuts than the market path:

Breeden: "The significant amount of evidence since December has led to a finely balanced decision. New analysis, rather than new data, has further supported my view that upside risks to inflation have diminished... I place greater weight on downside risks, particularly in the near term, including those from an elevated household saving rate and a weakening labour market. I can see a case for taking out some insurance against these downside risks to inflation and think policy should be eased a little faster than implied by the current market path."

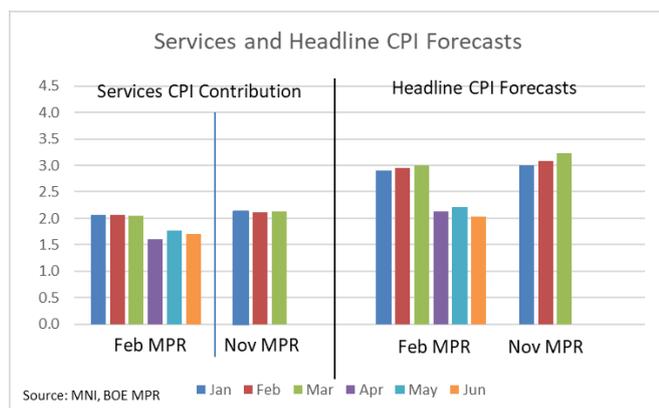
Ramsden: "I see risks to the latest central projection for inflation as now tilted to the downside... I do not discount upside risks to inflation nor various ongoing uncertainties. However, with my starting point for an estimate of the neutral rate of around 3%, I judge that policy should be less restrictive in order to meet the 2% target sustainably in the medium term."

Taylor: "If we expect to be at or below the target with significant slack emerging in about six months, a neutral rate of 3% should be in our sights now."

Dhingra: "My inflation outlook is broadly consistent with the central projection, pointing to continued disinflation... The market-implied path for Bank Rate looks too tight. The costs of making a policy mistake seem much higher on the downside, especially given weak labour demand. And the reverse strategy of holding Bank Rate then cutting aggressively would be no panacea were there to be a sharp downturn in activity and employment."

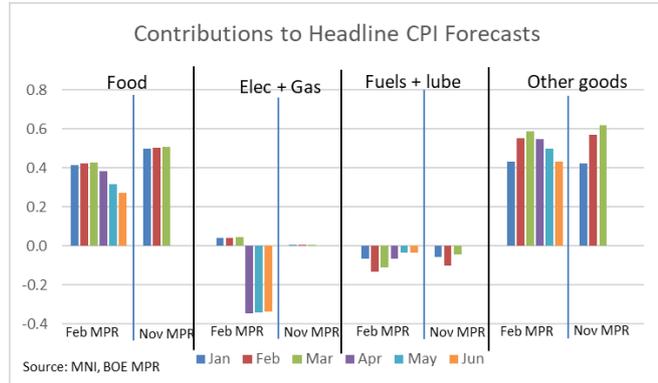
Near-term CPI Forecasts Drivers and Changes

- Looking at the near-term CPI forecasts, the biggest downward revision over the next 3-months (Jan-Mar) is due to food.
- The roughly 0.8ppt downside surprise seen in both November and December CPI forecasts has broadly been marked to market with downward revisions of 0.7 to 0.8ppt over the upcoming three readings. This knocks around 0.08ppt off of headline CPI in each month.
- Fuels and lubricants have been revised lower while electricity and gas higher over the upcoming three prints. Together these leave energy having a -0.03 to +0.03ppt change in contribution over the period.
- The other downside revisions are to both "other goods" and services. Services are expected 0.1ppt lower in both January and February, and 0.2ppt lower in March (contributing -0.04 to -0.08ppt to headline CPI). "Other goods" are expected broadly



unchanged in January but 0.1ppt lower in both January and February, contributing 0.02-0.03ppt to headline CPI.

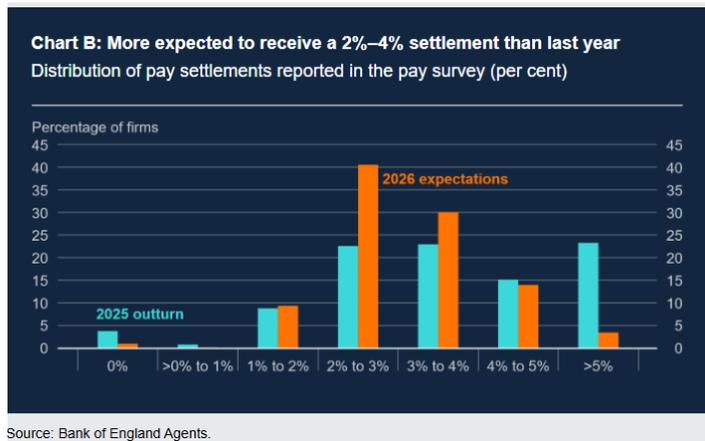
- All in all, this leaves headline CPI 0.100ppt lower in January at 2.90%Y/Y, 0.134 ppt lower at 2.95%Y/Y in February and 0.220ppt lower at 3.01%Y/Y in March.
- For the next forecasts in April to June, electricity and gas contributes around 0.38ppt downside to headline CPI, with contributions from services dropping around 0.3-0.4ppt. This leaves headline CPI at 2.13%Y/Y in April, 2.21%Y/Y in May and 2.04%Y/Y in June.
- Looking further ahead the 1/2/3-year CPI forecasts are 1.7% / 1.8% / 2.0% - lower than expected (previous 1/2/3-year: 2.5% / 2.0% / 2.1%. Previous Q1-27/28: 2.2% / 2.1%).



3.25% wage growth is target consistent:

There is a box in the MPR (Box A) which discusses estimates of "target-consistent wage growth". The outturn in aggregate is that around 3.25% is target consistent. This is one of the biggest pieces of analysis that is being cited by MPC members in their more dovish transitions.

The Agents' Pay Survey coming in at 3.4% for 2026 (rather than the 3.5% expected) is therefore significant as it is not far off this level. It is also below last year's survey number of 3.7% and last year's outturn for settlements of 3.9%. The DMP survey of year-ahead wage expectations also ticked back down to 3.6%Y/Y (on a 3-month basis) and 3.5%Y/Y on a single month-basis.



Private Regular Pay Projections Trough Below CPI Target-Consistent Levels:

- The BOE has revised down Q4-25 and Q1-26 private sector regular pay forecasts by around 0.1ppt (Q4-25 to 3.43%Y/Y from 3.51%Y/Y and Q1-26 from 3.56%Y/Y to 3.47%Y/Y).
- It has left its Q2-26 forecast broadly unchanged, however, at 3.24%Y/Y (November forecast 3.25%Y/Y).
- For the first time it has also published private regular wage forecasts until the end of its wider projection period (Q1-29).
- Notably, private regular pay is projected at 3.25% in Q4-26 - which is exactly in line with the BOE's MPR commentary for where target consistent wage growth is. This is also below the 3.4% seen in the Agents' Pay Survey and the 3.7% seen in the DMP data.

- In 2027, pay growth then slows further to a trough of 2.70%Y/Y in Q4-27 before increasing back up to 3.15%Y/Y by Q1-29.
- There are two takeaways for us here: 1) The Q4-25 tracking seems broadly in line with data so far so seems broadly appropriate. 2) If wages are projected to be coming below target-consistent levels, that opens the door up for Bank Rate not just to be brought to neutral, but maybe even a little lower.
- We think, therefore, that these forecasts are on the dovish side.

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.

February Questions (and Answers) (for MNI Bullets / Chat)

1. Was the Bank Rate changed, and if so by how much? **No - hold at 3.75%**
2. Number of members voting for unchanged rate? **5 - Bailey, Greene, Lombardelli, Mann, Pill**
3. Number of members voting for 25bp cut? **4 - Breeden, Dhingra, Ramsden, Taylor**
4. Number of members voting for other rate decision? **Zero**
NB: On questions 2-4 we will name the dissenters (and the direction / magnitude of dissent)
5. Did the MPC keep reference to a "the risk from greater inflation persistence has become somewhat less pronounced since the previous meeting" in its guidance? **Yes**
6. Did the MPC keep reference to "the risk to medium-term inflation from weaker demand remains" in its guidance? **Yes**
7. Did the MPC keep reference to Bank Rate is "likely to continue on a gradual downward path?" in its guidance? **No - "On the basis of current evidence, Bank Rate is likely to be reduced further." - Removal of the word "gradual" here.**
8. Did the MPC again say the "judgements around further policy easing will become (continue to be) a closer call"? **Yes**
9. Were there any additional phrases or sentences added to the guidance paragraphs? **No - though we note that Bank Rate being on a "gradual downward path" was removed.**
10. Did any members state that their decision was "finely balanced" at this meeting? **Yes - Breeden: "The significant amount of evidence since December has led to a finely balanced**

decision. New analysis, rather than new data, has further supported my view that upside risks to inflation have diminished."

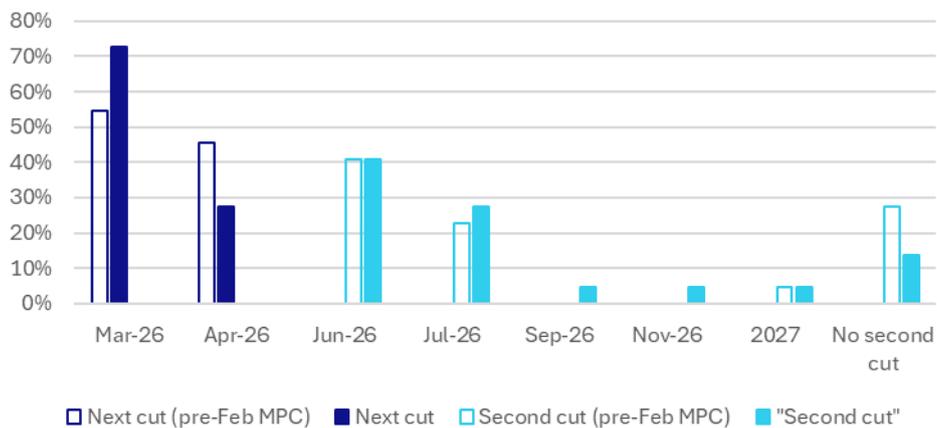
11. What was the Agents' Pay Survey expectation for 2026 wage growth? **3.4%** - "with contacts citing a looser labour market, concerns about profit/affordability, and relatively weak demand."
12. UK CPI central projection in 1/2/3 years time? **1.7% / 1.8% / 2.0%**
Previous: 2.5% / 2.0% / 2.1%. Previous Q1-27/28: 2.2% / 2.1%
13. UK GDP central projection (2025/2026/2027/2028)? **1.2%/1.1% / 1.8% / 1.9%**
Previous 1.5%/1.2%/1.6%/1.8%

Comment from Governor Bailey: "We now think that inflation will fall back to around the 2% target by spring ... All going well, there should be scope for some further reduction in Bank Rate this year."

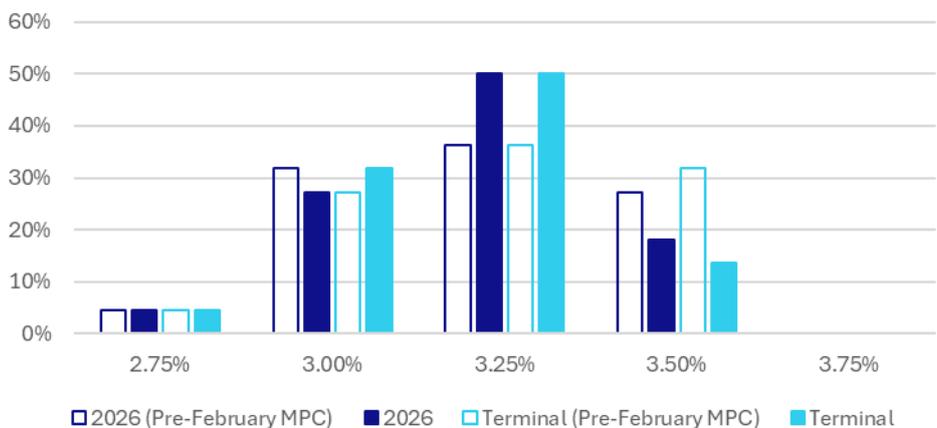
Summary of Analyst Views

- 16/22 (73%) of the analysts reviews that we have read look for a 25bp cut in March. This is up from 12/22 (55%) prior to the February meeting. Daiwa, Jefferies, Nomura and RBC have all shifted their base case from April to March. The remaining analysts all look for an April cut.
- 11/22 analysts look for two cuts in 2026 to 3.25% while 6/22 look for three cuts to 3.00% and UniCredit looks for four cuts to 2.75%. There are now only 4 analysts with a base case for one further 2026 cut (Barclays, BNP Paribas and TD Securities in March and NatWest Markets in April).
- In terms of terminal rate, half (11/22) of analysts also look for 3.25% (up from 8/22 prior to the meeting). 7/22 (32%) expect 3.00% (unchanged from ahead of the meeting) while 3/22 (14%) expect 3.50% (down from 6/22 ahead of the meeting). UniCredit still looks for 2.75%.

Analyst Forecasts of Next Cuts Timing



Analyst Forecasts of End-Year Bank Rate



Summary of Analyst Views (Sorted by Hawkish to Dovish)



Institution	Pre-February MPC	Post-February MPC
NatWest Markets	"We maintain our forecast for a terminal Bank Rate of 3.5%, with the final -25bp coming in April." "The risks remain tilted slightly to the downside (to 3.25%) on more aggressive and/or persistent layoffs in the labour market."	"Risks of a March cut have increased (~35% probability)... Political risks perhaps provide a clearer window for a Bank Rate reduction prior to the 7th May local elections and we stick with our forecast for one further 25bp cut to a terminal 3.5% in April." "The macroeconomic fundamentals around domestically-generated inflation and wage pressures caution against expecting more extensive monetary policy easing."
Danske	"More disinflationary momentum is needed as rates are closing in on neutral and we call for the next and final rate cut in April. We think recent data has supported this call but continue to see the risk skewed for a second cut during the remainder of 2026."	"Timing of the next rate cut is coming down to Governor Bailey... The timing will hinge on incoming data, and we expect the bar for cutting further has been raised as the Bank Rate has closed in on neutral levels. We continue to aim for the next rate cut in April and pencil in another one in November."
Santander	"Our base case remains one further cut in April, taking Bank Rate to 3.50%, though a sharper deterioration in the jobs market and ongoing disinflation could lead the BoE to lower rates again later in the year to 3.25%."	"We now judge that the BoE's growing confidence in disinflation, and the broadening evidence of disinflationary momentum that we see, will embolden the BoE to cut further this year. We hold our forecast for an April cut but also add a September cut, taking Bank Rate to 3.25%."
Berenberg	"Early data covering 2026 hint at stronger demand and stickier inflation than we had expected... We have thus pushed back the three 25bp reductions in Bank Rate we project for this year by one calendar quarter. We now expect the next move at the 30 April meeting."	Expect "75bp reduction in bank rate this year... March, may be too soon for the next cut... inflation is likely to remain close to 2% from Q2 onwards. This will allow the BoE to shift its focus to stabilising employment with three more 25bp interest rate cuts."
HSBC	"The Committee does not appear to be in a hurry and we do not expect it to resume easing until April."	"While there remain upside risks, we continue to see three more cuts from here, in April, July and November."
Société Générale	"We forecast 75bp of cuts in 2026, consistent with the BoE's weak demand scenario, with the next move in April." Then look for sequential cuts in Jun26 and Jul26.	"The larger accumulation of data by April, coupled with April being a forecast round, leads us to maintain our call for an April cut. That said, we agree March is 50-50." Then "expect the MPC to cut rates at a quarterly pace (April, July, and November)."
TD Securities	"Maintain our view for a March cut at the moment, but recognise the risks at play between the two spring meetings. The two members to watch on February 5th for a clue into March will once again be Bailey and Breenen."	"Four dissents and the balanced wavering of Bailey and Mann at this meeting continue to anchor us on a final March cut... we see the likelihood of at least one of these members deciding that there is enough evidence to deliver a cut. Ultimately, this will depend almost entirely on January's inflation numbers."
Barclays	By March sufficient softening in wage data for MPC "to have sufficient confidence" to cut 25bp. "Given the caution on the committee that rates at [3.50%] may no longer be restrictive, we think the MPC will then enter wait-and-see mode" at terminal 3.50% (base case).	"We retain our baseline that March will be the final cut of this cycle, leaving Bank rate at 3.5%, but we acknowledge that the more dovish tone of this meeting's minutes and worse labour market forecast increase the risk that another cut beyond March is needed."
BNP Paribas	"We think it is unlikely the MPC will use the February meeting to signal a conditional cut... probably won't be a re-run of November's meeting." Mar26 cut remains base case but risk of waiting to Apr26. Then expect pause before cuts in Q1-27 and mid-27 to terminal 3.00%.	The meeting "reinforces our conviction that policy remains on a downward trajectory," expect Mar26 cut. "Retain high conviction in a terminal rate of 3.00%... see more risks around the exact timing... the rate cuts we project from Q1 2027 could come slightly earlier, potentially near end-2026."
RBC	"We now don't expect the MPC to deliver the next cut to Bank Rate until the April MPR meeting with a second cut not coming until the following MPR meeting in August."	"The hurdle for a cut in March is lower now... the benign results of the Agents pay survey, the potential for two MPC members to switch their vote... we pull forward our expectation for the MPC to deliver the next cut in Bank Rate" in March. Leave final cut to "the August MPR meeting."
Daiwa	"Expect the BoE to maintain that cautious tone." 25bp cuts in April and July to terminal 3.25%.	"It is certainly not a done deal, we have brought forward our... next 25bps cut... to March... Continue to expect one further rate cut to 3.50% before the autumn. And we still certainly do not rule out the possibility of a further cut to reach a terminal Bank Rate of 3.00% by year-end."
JP Morgan	Base case for Mar26 next cut but this has "become a closer call due to renewed signs of stickiness in underlying inflation and ongoing resilience in confidence and spending." If there is a pause "then its not obvious that waiting until the April MPR will be sufficient."	Meeting "support our existing non-consensus call for a March cut. But... both March and April are in play for the next cut. The incoming data will still have significant sway in determining which meeting." "Final follow-up cut in June, subject to clear wage and CPI improvements in the April data."
Deutsche	Base case for Mar26 and Jun26 cuts "With the economy picking up momentum, and survey data pointing to elevated underlying prices, the likelihood of a Q1-26 'skip' has risen... We will reassess our call following the February decision. But risks are skewed to a slower dial down of restrictive policy." Expect guidance "unchanged from December." "Risks are tilted towards a dovish surprise, which keeps the door open for a near term cut." "Our base case is for cuts in March/ June to 3.25%." Risks of delays to cut and upside risks to terminal from wage expectations and caution around neutral.	"We stick to our call for the next Bank Rate cut to come in March and a final rate cut to come in June taking Bank Rate to 3.25% – broadly consistent with our estimates of neutral. Risks are still skewed to a slower pace of rate cuts. But we remain confident that Bank Rate will be cut twice this year."
Bank of America	"Risks are tilted towards a dovish surprise, which keeps the door open for a near term cut." "Our base case is for cuts in March/ June to 3.25%." Risks of delays to cut and upside risks to terminal from wage expectations and caution around neutral.	"Dovish vote, pay settlements lower than 3.5% and dovish forecasts keep us comfortable with our base case of the next cut in March and... [June] to 3.25%... risks of a delay/ slower pace haven't gone away... now feel more confident about our call that the BoE is likely to cut twice this year."
ING	"Highly doubt the Bank will change its forward guidance." Next cut Mar26 when two more rounds of data evidencing that "upside risks to inflation are abating". ING then looks for a final cut in June to 3.25%.	"Our base case is unchanged. We expect cuts in March and June, taking rates down to 3.25%." Today's meeting "unquestionably boosts the chances of a March rate cut, which is a bit of a surprise."
Nomura	"We maintain our forecast for a terminal Bank Rate of 3.5%, with the final -25bp coming in April." "The risks remain tilted slightly to the downside (to 3.25%) on more aggressive and/or persistent layoffs in the labour market"	There is a growing sense that the MPC will need to cut not only more quickly but more than we had been expecting." Brought forward next cut to Mar26 and added Jun26. "Terminal rate to 3.25%... which we see as broadly in the middle of our view of a 3.00-3.50% neutral range."
Rabobank	"We now see March and June as the most likely windows for 25 bp cuts, although the timing remains highly data-dependent rather than conviction-driven." Terminal "3.25%, with downside risks if labour market slack widens further"	"Markets have moved significantly closer to our view of two rate cuts in March and June. We stress that timing remains more of a data-dependent than a conviction call." "We also forecast a final cut to 3.25% in June." "If the labour market continues to weaken, we'll include more cuts in our forecast."
UBS	Expect Mar26 cut "at which point the MPC will have the January inflation print, which we expect to show the first significant step down in inflation (UBS: 3% y/y)... cut once more on 18 June to a 3.25% terminal rate. However, we see the risks to our terminal rate forecast as skewed to the downside"	"The outcome of the meeting... reinforce the call for a cut in March, in our view. We then expect the MPC to cut once more on 18 June to a 3.25% terminal rate" "As before, we see the risks to our terminal rate forecast as skewed to the downside; i.e. the Bank cutting to below 3.25%."
Jefferies	"We continue to believe the MPC will ultimately deliver more easing than markets currently price, and we expect the BoE to cut around 75bps this year."	"We now expect the first cut of the year in March, earlier than our previous call for April, followed by a deeper easing cycle through 2026. Our baseline remains that Bank Rate will fall to 3% this year."
Morgan Stanley	"Risks a bit more skewed towards a 5-4 vote split than a 7-2 one." "Terminal rate could fall to 3%, with cuts in March, July and November. A faster global growth uptick than projected by Morgan Stanley, as well as a sharp change in fiscal policy direction in the UK, remain key risks to that view."	"The BoE's framework is shifting, as there is more confidence that the economy is leaving the recent period of supply-side shocks with its inflationary process largely intact. We continue to look for cuts in March, July and November."
Goldman Sachs	Guidance "largely unchanged". Bailey to "refrain from offering specific guidance on the next meeting in March." "Continue to think that weaker labour market data will push the MPC to cut in March, June, and September to a 3% terminal rate" close to neutral. Firmer data could see "more drawn out" easing.	"We believe the MPC will gradually cut Bank Rate to a neutral level, which we estimate at around 3% in nominal terms. We therefore maintain our forecast for two further cuts in June and September, although the exact timing will depend on the data."
UniCredit	"We still see the next rate cut in March and a quarterly pace of rate cuts throughout this year."	"We still expect four rate cuts in total this year, including one at the next meeting on 19 March." Reflects judgement that neutral is around 2.75%. "We see the risks as skewed towards more rate cuts, given that the deterioration of the labour market may warrant a period of rates slightly below neutral."

Source: Analyst Reviews and MNI

Note: Sorted by timing of next cut, then end-2026 rate, then timing of next two subsequent cuts, then terminal rate, then date reached, then balance of risks (if specified).

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