Sebastian Walsh: We'll go to questions. First, Joumanna. CNBC.

Joumanna: Thank you. If you look at market inflation expectations, so the metric that people often refer to as five-year five-year inflation. Those stand at a decade high now and yet the Bank of England continues to hold rates at a record low and pursue an expansionary QE policy. How closely are you watching those inflation expectations and does it alarm you that inflation markets are testing the Bank's credibility at achieving the 2% inflation target?

Andrew: We do watch them very closely. I would say if you stand back and look at the overall movement in markets since the last report we've seen actually a larger movement in what we call real rates, which of course reflects expectations of growth and some pick up in the inflation components and that's true actually across major economies. Put into the longer-run context, I would say that is not certainly something at all, it's not at all alarming actually. I wouldn't in any sense want to endorse that. It's a point of note and something we watch carefully continually. Ben or Dave may want to come in on this as well.

Dave: Yes, could I come in Andrew? It's Dave.

Andrew: Yes, Dave, yes.

Dave: I mean just to reiterate really what you've said and to reassure Joumanna, just to show how closely we look at it. Chart 2.25 in the report highlights what has been a move up in five-year five-year forwards in the UK, the euro area and the US. But as you've emphasised Andrew, we think that inflation expectations across the various measures including this one remain well anchored. And something else that we stress and indeed there's a chart, I think it's chart 2.5 in the report, makes clear that when you look at the increase in bond yields that we've seen since the February MPR, across the major jurisdictions, the large part of the increase in UK yields has been in real rates with some pick-up in inflation compensation. And again, so that I think gives the context to what we've seen in market moves, both in bond yields but also in risky assets, that they're being driven by improved economic prospects. I'll stop there.

Ben: Sorry to weigh in as well. I just point, there is a table where you can compare the level of these things with longer term averages. The five-year five-year is fractionally above the average over the last ten years.

Andrew: Yes, yes.

Ben: So it's pretty close, frankly. I mean there are bigger moves at the short end which is partly an energy story but that medium term maturity of five to ten years, they're very close to the historical averages, actually.

Sebastian Walsh: Thanks Ben. Next question, I think, Faisal, BBC

Faisal: Yes. Thanks there Ben. Good afternoon, Governor. Can I just ask, how would you characterise, obviously seven and a quarter is a very punchy number historically. How would you characterise that? Is it just a sort of natural rebound, arithmetically, from having lost 10% of our output during the pandemic last year? Or does it have a character of being a self-sustaining, stable recovery?

Andrew: Well, it's a very good question and I think it's important to, as you say, give it proper context because it's sort of got both components to it. Now look, given the fact that we had such a large fall in output last year, of course it is good news that we're getting a recovery this year. So you know, there is very strong and good news in the state of the economy at the moment, as represented in the forecast in the reports. However, as you rightly say, let's not get carried away. It takes us back, by the end of this year, to the level of output that we had essentially at the end of 2019, pre-Covid. So that is good news in the context of where we've been but it still means, of course, another way of expressing that is two years of output growth are lost to date. So I would give this a balanced message. There is good news, clearly very good news, given what we've been through. But let's put it into that sense of perspective, and so you're right, Faisal, that when we see an annual growth number for this year of a bit over 7%, that is of course an extremely strong number by historical standards but it is, of course, a bounce back, in that sense, to use your framework.

Sebastian Walsh: Thanks Andrew. Chris Charles, FT.

Chris Charles: Thanks. The forecast, as far as I can see, predicts that such a rapid demand growth this year that there is excess demand by the end of 2021. People are going to worry about inflation in those circumstances yet the Bank says, 'This excess demand is definitively temporary.' What makes you so sure the excess demand will be temporary and how will you judge whether you are right about this in real time later this year?

Andrew: Well, we pointed to a number of things in the report, in the forecast which we see as easing off. Now part of that of course is obviously as I was just saying to Faisal, it is the bounce back. Part of it of course is the path of policy and particularly the path of fiscal policy which was laid out in the budget. So those are all, I think, supporting factors behind this path that we have which shows a strong bounce back and then an easing off, and that of course lies behind the inflation forecast as well, and the fact that it settles down at target. But of course, we will watch this, as we always do by the way, but we will watch it extremely carefully. And if I could just make one more point on that, there are a lot of uncertainties, we talk about the uncertainty in the context of Covid and of course we're right to do that. There are of course also important uncertainties beyond that point if you like, about the path of supply and demand. I talked in the opening remarks about the whole question of the spending from the unanticipated saving but I would also add on more on the supply side. Obviously, very big questions which again we pointed to in the report about how many of the sort of changes in the structure of the economy and our working practices and our spending practices again that persist and how many are not. And as we all know from our own lives there is an enormous amount of uncertainty around that so I would also point to that, so we will have to watch this very carefully, Chris. Ben, did you want to come in on that?

Ben: Sure, thanks Andrew. Just to fill in the details on the fiscal side. I think there are two aspects of the path of fiscal policy which provide identifiably temporary boosts over the next year or so. And then more negative effects later on in the forecast. One is simply the overall profile of the deficit. You can see that in a chart in a box on page 28. I think it's chart B. The other is the specifics of the investment tax credit which to some degree has the effect of bringing forward investment that would have taken place later and that too gives you this hump-shaped effect to fiscal policy. So there are two material and identifiable things, we think, that would lead you to believe that at least some of what's going to happen over the next year is temporary but as Andrew says, obviously we'll continue to watch things in real time, including other measures we have of spare capacity and their effects on wage and price growth as we go ahead.

Andrew: Just to have a last word on that, if you don't mind Chris. Of course, it's also important to add the point that we've lowered the supply effect, the so-called scarring effect over time, and that is also related to the path of fiscal policy and it goes back to the points I made about unemployment. But that obviously is also relevant to this balance.

Sebastian Walsh: Thanks Andrew. Ed, at Sky.

Ed: Oh, hello governor. Just to follow on from what Faisal was asking about how one characterises this and I know you are a student of history.

Andrew: So are you, as well actually.

Ed: Yes, but far inferior but there we are. It looks like this is the strongest growth just for a single year since the 1930s and '40s. Do you have any good comparisons in history for this? Obviously what we've been through is pretty unprecedented but what we're going through now feels unusual as well. So is this the roaring 20s post general strike, or is there anything you can cast your mind back and say, 'This is what we're about to experience?'

Andrew: I think it is. It's funny you say that because I was reading some of the commentary earlier this week after there had been some speculation on this growth number. I'm always strongly of the view that one should study history but one shouldn't be too literal about it. So clearly the 1941 number is obviously heavily influenced by wartime conditions. I don't think we've had a bounce back quite of this nature certainly in modern times. I think we possibly saw some of those effects during the earlier part of, during the industrial revolution, possibly. I would say that as I did my PhD on that period. But not in modern times. I think there was one or two quite strong numbers in the 1870s but I think the important point to make is the one I made to Faisal which is this is a bounce back. And of course we should, in a way, thank goodness because let's remember this time last year when we were having this session we were talking about the largest fall in GDP possibly since the early part of the 18th Century, 1709 if I remember rightly, not that we have a great hold on the statistics for 1709. So I think it's important as I was saying to Faisal to bear in mind this point about the bounce back, but also to be clear, given what we've all been through, given what the economy has been through, this is of course not to be underestimated. It is good news.

Sebastian Walsh: Thanks Andrew. Larry at The Guardian.

Larry: Good afternoon, Governor. Can I just take that on, that point? If you'd have been told a year ago when we were having those forecasts of the economy crashing by 10%, 15% in 2020, and you'd been told then that the economy would still be suffering from lockdown restrictions a year later, you probably would have taken the idea that the economy would bounce back to its pre-Covid levels by the end of 2021, wouldn't you? And I just wondered what do you think is different about this recession from the previous one, because it looks like this is going to be much less severe with much less scarring than the one at the end of the 2000s.

Andrew: Well, a few thoughts on that. Others may want to come in. First of all, I do remember quite a bit of, work being done and research being done which points to the fact that recessions that are linked to financial crises do tend to have a longer-lasting impact and are more severe in that sense. This one does not have that context and thank goodness. Let's just remember another of the good news stories of this last year. We have not had a financial crisis. The reforms of the post-financial crisis have stood the test in that sense, so that's helpful. I mea, by the way, it's worth remembering a year ago when we were sitting here doing this, of course we didn't even have a forecast. We only had a simulation because we were so uncertain about the outlook. It's just worth remembering that point.

But I remember over the summer of last year that there was a lot of debate, I'm not keen on scribing letters to shapes of GDP, but there was a lot of debate around the so-called V shape and let's face it, I'm not pointing fingers at anybody at this point by the way, there was some criticism that we were assumed to be too optimistic on the V shape. And of course, you know, if you look at it from the perspective of today, I would draw two points out. I think the basic mechanics, if you like, of that sort of shape of recovery have in a sense remained reasonably strong, obviously on the back of a hugely successful vaccination programme and on the success of the restrictions that have been in place particularly. What of course none of us could predict at that point and why we obviously didn't get it right a year ago, was obviously the path of Covid itself and that it was going to take quite a bit longer than certainly I think any of us expected this time last year, to get to this point. And that unfortunately and sadly has obviously been a reflection of the incidence of Covid and the return of Covid. Ben and Dave, did you want to come in on that?

Ben: Yes, Andrew, I might, we have often said actually that this is not anything like a conventional economic cycle and if I had to pick up two big differences, there would be one, the very rapid dynamics of the pandemic itself, in both directions which gives rise to these violent moves in economic activity and two, the fact that when you get down swings related to the pandemic economic activity, they are not propagated in the normal way they are, or lengthened, because fundamentally of the furlough scheme which has interrupted the feedback loop between output and incomes and spending. And that's essentially what underlay our view this time last year, that conditional on the fading of the pandemic, the recovery would be quite rapid. A lot of things have happened in the pandemic but that's essentially the same story going on now. I just want to emphasise the point Andrew made about the level. There's a chart right at the beginning of the report that sets out the level of GDP and that of course remains below where we were forecasting it to be prior to the pandemic. So the way one describes this forecast depends on whether you were thinking of things prior the pandemic or relative to the worst expectations in the middle of it. But the nature of the link between swings and the pandemic and rapid swings in output, fundamentally in a way that view has not changed, the view that we have had about it, at least over the last year or so. Thanks.

Dave: Could I just add, just to reinforce your point Andrew, on the big difference in terms of the position of the financial sector where the financial sector, banks in particular have been able to be and remain part of the solution and should be supporting the recovery, whereas during the financial crisis they were the problem and intensified the recession. And then just to Ben's point, we've also, we do need to recognise and this was our approach and it was certainly the Treasury's approach so it was the authority's approach that we were trying to bridge across the period of the pandemic to get to the recovery phase with our policy interventions, and obviously we've been doing what we can and we're continuing with the QE programme, but there has been, you know, the furlough is a very significant part of it, the furlough scheme, but there has been a very, very significant fiscal intervention in order to provide that bridging and that has been possible because of, as Ben said, the nature of the shock. The furlough scheme was able to be an almost real-time reaction to that which means you haven't got those feedbacks into unemployment and the labour market, and also then as we've reassessed, you don't get so much longer term scarring either through those effects or through the effects from the reduction in credit supply that we saw because of banks being part of the problem in the financial crisis. So that also meant that the scarring after that earlier crisis that we've all worked through looks as if it will have been much greater. However, as you stressed Andrew, there's still uncertainties about some of these longer-term judgments. We will have to see as we progress through this year and into next.

Sebastian Walsh: Thanks Dave. Phil at The Times.

Phil: The conditioning path for market rates is now that there will be one rate rise within 18 months and then a further one by the end of 2024. Back in February we were going to have a rate cut into negative territory. You're saying you really want to see the whites of the eyes, inflation in the whites of its eyes before you'll raise rates. I'm just wondering if the market forecast is too aggressive for that whites of the eyes or are we looking at potentially two rates rises in the next three years?

Andrew: Well, it's probably worth noting that if you look as we do at both the market profile forecast and the constant rates profile forecast, keeping it at today's setting, the difference is pretty small. To my mind, it's in my mind well within any sort of margin of error. And I think that tells us that these are, well, they're pretty fine judgments. We never validate a path of markets rate without forecast. We use it as a conditioning assumption. We don't validate the path of rates and then of course when we come to the policy decision, that's always a discussion we have as to how the forecast with that conditioning fits into our view, our broader view of policy setting. So I'm certainly not here today, and none of us are here today, to validate a path of rates based on the market curve but I would say, just to re-emphasise this point, that the difference between the two is very fine, so I would not over interpret it. Going back to the first question that Joumanna asked actually, I would not in a sense also put too much, overemphasise the elements of this movement in markets. The biggest element I think as Dave was saying earlier in the movements in February is the movements in real rates which reflects the change in the growth assumption which is in many ways not at all surprising. Dave or Ben, did you want to come in?

Dave: No, nothing to add, Andrew.

Ben: Not from me, thanks Andrew.

Andrew: Thanks.

Sebastian Walsh: Thanks. Lucy, at The Mail.

Lucy: I just wanted to ask on inflation obviously. You have lifted the expectations for the amount of household savings that are going to be spent for 5% to 10%.

Obviously, as you flag inflation is going to be volatile over the next few months. Are you worried at all in terms of how that will affect you know, perhaps those lower income households or people who haven't managed to store away savings throughout the pandemic and how they will cope with any rise in inflation?

Andrew: Well, I think of course the important thing there is we think, we know there are some so-called base effects built in already. So we can be pretty confident that inflation is going to pick up towards target over the course of this quarter because probably the largest base effect, as we highlighted in this report, is energy prices, thinking back to where we were this time last year and as those effects drop out. So no surprise there. By the way, the fact that it goes over target is because again, we've got a range of base effects going on throughout the course of the next two quarters certainly, some of which are due to some of the policy measures adopted last year, such as the VAT cuts which as I say, all of those are temporary. So we know those things in a sense. I think the key judgment for people is will it persist? Obviously inflation becomes much more difficult in that context and our judgment at the moment as the forecast sets out is that we don't see that happening. We don't see that there is any good line of argument which says those base effects are going to translate into embedded inflation. Now, we've looked at this carefully as we always do because obviously there have been what I would call some straws in the wind over the last quarter of a slightly different nature which is a variety of trade effects, we've got a few things going on around the world, we've got a shortage of microchips, we've had a blockage in the Suez Canal. All of these things have caused input prices to move quite a bit but we're not seeing it come through into output prices and it's interesting, our agents who have their ear to the ground very closely and we've asked them obviously, we've always asked them but we've asked them particularly with these things going on to do that, have come back and said they're not seeing that at the moment. But we're going to have to watch this very carefully as the economy opens up. I don't want to underestimate. This is going to be something we are going to watch extremely carefully. In my view, it is one of the things we have to keep a very close eye on.

Sebastian Walsh: Thanks Andrew. Bill Schomberg at Reuters.

Bill Schomberg: Yes. Just looking at the unemployment forecasts, so compared with some of the forecasts in recent monetary policy reports, they're looking pretty good. There's really not much of an increase forecast at all now, a few decimal points perhaps. Can you tell us how much of this is to do with the success of the furlough scheme, how much is less scarring from the crisis and is there a risk of perhaps more inflation pressure coming from the labour markets quite soon, especially in the light of Brexit. I've spoken to lots of employers who say that they're a bit worried about the supply of skilled and semi-skilled workers after the departure from the EU single market on January 1st.

Andrew: Well that's again, I'll hand over to Ben in a moment but it's something we also keep a very close watch on and our agents do, on this question of labour supply. Let me say this. It is good news. The previous unemployment profile which obviously had quite a spike, it wasn't a long-lived spike but it was a spike, nobody wants to see that. You always have to bear in mind that any increase in unemployment is not something we in any sense desire. So it is a major change in the profile of unemployment and there are a number of important drivers behind that and I'm just going to hand over to Ben because Ben's very well placed to just describe those.

Ben: Thanks Andrew. Bill, the most important change since February is the extension of the furlough scheme. This was always a forecast. It was a forecast in February in which demand and supply had been heavily affected by the pandemic and by the measures to restrict it, and also by furlough. So you can think of the furlough scheme as something which in a way removes the supply of labour just as also demand is also being removed from the economy. And when they come back, they come back in pretty large magnitude and obviously any difference in the phasing of those two things makes a very large difference to the gap between them. And as Andrew said in his introductory remarks, in February we were conditioning the forecast on what was then government policy, an end to the furlough scheme at the end of April, and at that point in the forecast, GDP was over 8% below it's pre-Covid level. Now with the extension of that scheme it's barely 1% below it because you're getting very rapid growth and demand in the intervening period. So essentially what's happened in this forecast relative to February is that more of the people who were on furlough and who might have been eventually employed but only after a period of unemployment, more of those people were able to go directly back into employment. So that's why you get such a big difference in the unemployment profile. Just on the question of wages, we still think there's spare capacity in the labour market and there will be for much of this year. Normally one way to judge that would be wage growth. Unfortunately, just as has been the case for much of the past year, in the next few months those wage numbers will be moved around a lot by a big compositional shifts in the labour market, by big base effects, we're going to get very strong readings for AWE growth in the next two months but that won't really tell you about underlying wage growth, and we would expect later in the year those AWE growth numbers to fall back because employment recovery will be concentrated in low wage jobs. In other words you'll see some of the compositional shifts in the last year being reversed. So obviously we will try, we will do our best to read what's going on with underlying wage pressure but it's just a warning that the headline numbers will continue to be distorted by these effects for some time to come.

Sebastian Walsh: Thanks Ben. Ben Chu, for The Independent one last time, I think.

Ben Chu: Thank you, yes. Governor, I wonder if you could just clarify a little bit on the Bank's thinking on excess demand because the report says you see excess demand coming in at the end of this year but you also see supply rising to meet it, as companies work their resources harder and increase hiring. So if excess demand isn't leading to inflation and doesn’t need interest rises to get rid of it, in what sense is it really excess? Isn't it just demand which is met by supply and we don't need to worry about it?

Andrew: Well, again, I think that's really a comment more on the short run profile of movements and supply and demand. I'd emphasise a point again a comment I made in the opening remarks. I made this point in the speech I gave at the Resolution Foundation a month or two ago. One of the things that is very unusual I think, about this sort of cycle if you like, is that it has involved very big movements in both supply and demand. It's what we've tended to call, there are two big moving parts going on here. It's not just a story about weak demand against a much-less changed supply capacity. Both have been moving and obviously we see that every day with the closing of the economy. So this question about the balance and recovery of supply and demand and at what point there is going to be excess of one or excess of another and the context in which I would encourage that to be taken is very much the short run plans. And just drawing on what Ben was just saying about it. This pattern has changed quite a lot in the last three months, in good part because of the furlough scheme, that we think the path of recovery, particularly in the supply capacity, will be different. We think the path of the labour market will be different but we do think that there will be, given the scale of the movements and both of the moving parts, supply and demand, that there will be these periods, very short term periods of imbalance. Ben, did you want to come in on that?

Ben: No, not much. I mean you can see these pictures that as you say of imbalances globally I think in some senses. You referred a moment ago to some of the bottle necks in some traded goods. It's a similar point in a way, so it will be, I suspect, quite bumpy but as I say, the big change in respect of unemployment which is a measure or one component of spare capacity, is this shift in the phasing between the end of restrictions and the end of furlough so you know, the demand recovery and the release of supply. Beyond that, I should say, two or three years ahead, the forecast is obviously much less different than it was in February.

Sebastian Walsh: Thanks Ben. David Goodman at Bloomberg.

David Goodman: Hello governor. Can we take from today's forecast that there is a sign that you are confident you've done enough to support the economy through the recovery from the pandemic, and does the vote split on your QE target tell us anything about the way in which the BOE intends to wind down stimulus in the future? Are you expecting to reduce your stock of bonds before you consider rate heights?

Andrew: Well, I think you can take from what we've announced and released today that as of today, as of the conditions we see today, the forecast we have and the judgements we've made, we think that the setting of policy is appropriate, therefore the stock of support we're providing into the market is appropriate for those conditions. And also bearing in mind the guidance, the forward guidance that we've got in place. Please don't read anything into any views on what will happen in the future and this question of when we get to, I'm sure when, it's not if, but when, when we get to the point when there will be tightening our policy because eventually there will be, we haven't yet undertaken and completed the review that we said we would do. Bear in mind we've got guidance that the Committee agreed earlier in 2018 on this question of the balance between raising rates and withdrawing, reducing the stock of QE. We haven't got to any conclusion on that. I just would re-emphasise on that point that one very important reason to my mind for undertaking that review of course, is that the world has changed hugely since the start of 2018 in terms of what we, and indeed we're not the only central bank, but what we have had to do. So it's appropriate to review that again, but there is no message in today's announcement to be taken on that.

Sebastian Walsh: Thanks Andrew. Russ at The Telegraph

Russ: Just a follow on from the previous question actually. Obviously I know you were saying that the stance of policy is appropriate but you've slightly tweaked the guidance, you've slowed the pace of purchases and obviously you've had a vote as well today for a slowing of the QE. I know the review is ongoing but are there any initial thoughts on how you're going to manage that transition away from the emergency support without actually causing some kind of taper tantrum or something?

Andrew: No, we haven't got any thoughts on that front. I would just emphasise that the decision we've taken in parallel today on the pace of purchasing, I made this point in my introductory remarks but if you don't mind I'll just underline it. Of course it is not a tapering decision for the reason I set out. We're not doing open-ended QE. We're doing fixed amounts of QE. We haven't changed the fixed amount. Obviously there was an 8-1 vote and obviously Andy Haldane will explain it. There is a paragraph in the minutes which will essentially set out that position but I'm sure he will also find an opportunity to explain that. But it doesn't change our position on that at all and I just emphasise that bit earlier, we said when we announced the £150 billion programme back in November that we expected it to run until the end of this calendar year. We telegraphed, sorry for that pun, I shouldn't say telegraphed to you, we set out that we were starting at a higher pace because of the conditions that we saw at that time, and therefore it was appropriate therefore to keep it under review and to take this decision to adjust the pace down so that we hit that end of year target. And there's nothing more to it than that, because our view is that the announcement of the stock of QE is an important part of the, if you like, the impact and transmission of QE and we haven't changed that stock.

Sebastian Walsh: Thanks, Andrew. Holly at Press Association.

Holly: Just wondering really, obviously there is an expectation for Covid cases to rise over the summer at some stage. I'm just wondering what you factored into your forecast in terms of any third wave or rise in cases and secondly, actually changing the subject briefly if I may, I'm just wondering what your thoughts are on the potential for a Scottish referendum and what impact that might have on the pound?

Andrew: Right, let me take them in reverse order and I'm afraid I'm going to be very clear. I will not comment obviously on politics, referendums and elections on any day of the year, so it's not for me to comment on a Scottish referendum and I certainly wouldn't consider doing it on the day of a Scottish election, but I wouldn't actually do it on any day of the year, so please, don't expect that I would answer the question on a day when there isn't an election. It's really not appropriate for me to comment on that. Let me go to the first question. If you don't mind, it's an opportunity for me to actually thank somebody. We are enormously grateful to Chris Whitty, because over the last three forecast rounds, the MPC has had the chance to have an hour of Chris Whitty's time in each round to quiz him, asking questions like the one you've just asked me. It's a better question to ask him than me because I'm not remotely expert in his world, but we have had the benefit of his expertise and I am enormously grateful to him.

I don't think he will mind me saying because I think he has said it in public many times. He has cautioned us that yes, of course, there is as we read regularly and hear regularly the risk of a new strain of Covid or a new version of Covid emerging. The way I read and interpret the evidence and certainly the discussions we have had, I wouldn't put too much emphasis on the summer. I certainly looked at the work that was published, I think it was an Imperial, maybe it was an Imperial paper, I can't remember. I think Ed actually featured it on his slot on Sky, and I thought it had a very large confidence band on it in terms of that projection and the statistics that lay behind that projection of the summer pick-up. It had a very large confidence band on it. I mean there is a second argument which is that there is some seasonal pattern to Covid, and if we're going to get it, it may be more likely to come in the winter than the summer. But the point is, in terms of the forecast that is one reason why we still have a reasonably large short-run downside risk on the forecast because sadly of course there is the possibility, I'm not going to put it stronger than that, that we could get a variant and of course then there is the question about how it relates to the coverage of the existing vaccines. We don't know so we benefit from those expert conversations. It's a factor in the risks we put into the forecast, yes. That's as far as it goes at the moment.

Sebastian Walsh: Thanks, Andrew. Eshe at the New York Times.

Eshe: Hi, good afternoon. I want to ask a question about the consumer spending forecast on excess savings. Can you just say a little bit more about why that expectation was doubled from 5% to 10% and how much of that explains the increase in your forecast going forward?

Andrew: Yes, I'll get Ben to come in. But essentially since February, we've been able to benefit from some more survey evidence. And again, I would emphasise I think a point I made back in February. It's a very unusual situation, so we've obviously had a very big build-up in unanticipated savings. It's not evenly distributed. It's obviously concentrated in those parts of the population that have had particularly, in the sense, supported incomes and often also those parts of the populations who have had much-reduced chances to spend. So it is concentrated in the better off and the elderly, particularly. That's an important factor. I think the other thing that I would note and I think we said this back in February, is that of course the evidence that we can draw on from the past and the statistical analysis, the econometrics we've got, are all in a sense lead to an estimate of what you might call the marginal propensity to consume out of wealth, in more normal circumstances. So smaller increases in wealth in more normal conditions. Well, there's nothing normal about this and it's not a small increase. So we have to be very cautious about interpreting that evidence so we were cautious back in February. I think we mentioned those studies. By the way, the studies in normal time suggested that the propensity to consume out of wealth for those who are better off but it is small. We had a little bit of evidence from some other economies that were further ahead in the Covid cycle which didn't suggest big increases in consumption. Now, the survey evidence that we've had since then suggests that 5% was an underestimate and based on what people's feeling is now, it could be higher. But you know, there obviously remains a lot of uncertainty around it. Ben, did you want to come in?

Ben: Yes, thanks Andrew. I'll just say there's a chart in there which shows you the change in those survey results that Andrew was referring to. It's on page 20, I think. Also, just to point to be careful not to think this is the only influence and the only thing going on in consumption. I mean frankly the main thing going on is not the expenditure of the accumulated stock of savings but just the fall in the flow. The effect of lockdown is to raise the rate of saving, and much of the consumption growth, most of it actually, comes from simply that rate of saving declining, rather than people eating into this accumulated stock. And yes, it has some effect on the level of consumer spending further out but if you think of the scale of these, I mean, it depends how you define these excess savings but maybe somewhere between 10% and 20% of annual consumption, and if you shift your share of what's spent out of that from 5% to 10%, you're making a difference to the level of consumption of maybe you know, between half and 1%. It's not enormous. It has some impact but the bigger driver, certainly in the short run, of the growth of consumption, is simply the fall in the rate of saving, not people eating massively into their stock.

Sebastian Walsh: Thanks, Ben. Matei at Politico.

Matei: Thank you. Governor, I have a question about Brexit. A few weeks ago you made your displeasure known that the officials on the EU side were putting exceeding pressure on firms in the UK to move staff and functions out of the UK in a way that made your job a lot harder, and I wonder if there is an update to that, if that trend is still continuing or what is the latest in that conflict that you had? Thank you.

Andrew: I don't think I really have any update on that process. I mean, I made a point that I think one has to draw a very clear difference between what we call equivalence and what I call a location policy. Equivalence relates to where your own residents, if you like, do business. Location is the rest of the world and that's a big step beyond. I don't think that's in the interest of our financial markets. I don't think it's in the interest of financial stability. Since the financial crisis we have put a lot of effort in globally, all of us, EU, UK, US, everybody, to having safe, open markets and you know, I think it's important that we don't move away from that and I will say no more than that at this stage. Sorry, Russell, do you want to come back in?

Russ: It was just on the savings point. Apologies if it is in the document, I haven't seen it. Has the Bank got any updated estimate of the stock of savings? I think it was 120 or 125 last time.

Andrew: Yes, Ben may want to come in on that. Do you want to come in, Ben?

Ben: No, we haven't put one in. As I say, it depends exactly how you define it but I mean we said in February it would go up, and we think it has probably to something on that same basis, something over 200. I'll just repeat what I said earlier. If you upgrade from five to ten percent of that number, you're looking at an increase of I don't know, maybe ten billion say, but that is, relative to the aggregate stock of spending and relative to the increase we're getting from the rundown and the saving rate, certainly that's not the only thing going on. So I wouldn't pick this out as the critical thing that has boosted our forecast. I'm not sure that's the case.

Andrew: Just to add, Russell, I think it's probably likely that the rate of increase has reduced, and there's a bit of evidence to support that from the data on household deposits into banks. The reason I think it would be reasonable to think it's probably reduced is simply that it's the flip side if you like, of the increase in spending and of course what that reflects, and it's going back to the points I made in the introductory remarks about the first quarter GDP prospect is that, you know, one of the interesting things, I think about the last year is that you look at the impact of the first lockdown on economic activity and you look at the impact of the third lockdown and they're very different. So you know, it has attenuated a lot. I mean we've all, if you like, found ways to do things and spend money in ways that we needed a bit of time to exercise our imagination because we weren't doing it this time last year.

Sebastian Walsh: Oscar, at Yahoo.

Oscar: Do you have any view as to what sectors might benefit from this up-tick in spending as we reopen and just checking, obviously the mandate was changed in March's budget to include green goals. Can you talk a little bit about what that means on the ground at the Bank of England?

Andrew: Well, I'm going to ask Dave to come in on the second question, on the green portfolio question. I don't honestly have a strong view on the structural composition of what the spending might be. I don't know, Ben, did you want to come in on that?

Ben: Well, only to say that we don't have a specific forecast but I think one of the reasons I think it would be reasonable to expect that you know, the sectors that saw the very weakest growth during lockdown would see the strongest growth coming out of it. That was certainly the case last summer. And if that's the case, as I say, one impact will be that they will have a depressive compositinal effect on the average wages and average productivity. Another effect is actually that it might mean less mismatch in the labour market and less scarring and it's probably one reason why we've lowered slightly those longer run estimates at the impact of the pandemic. Thanks.

Andrew: Dave?

Dave: Yes, so just on the second point, so yes, as you flagged, when the remit was updated back in March, we welcomed that and we've been working on a framework for the corporate bond purchase scheme to take account for the climate impact of the issuers of the bonds that are held in the CBPS since then, and bank staff briefed the MPC on that in this round because we're going to be providing an update, quite a significant update in terms of a discussion paper on the proposed framework later in the month. We want to then have a kind of outreach period, and a decent, a sustained outreach period, getting feedback on the calibration of the framework before we implement it in time for the next scheduled round of reinvestments that we'll be doing for the CPS in Q4, and that's actually-, you'll find all that, para 63 of the minutes, setting out clearly what we're doing and what the next steps are. Thanks.

Sebastian Walsh: Thanks Dave. This is the last question. Harry, who's been very patient, at Business Insider.

Harry: Great. Just over a year ago, we were dealing with crashing financial markets and bond market uncertainty and now some people are warning that there might be bubbles in financial markets. It's been quite a volatile start to the year and now we're seeing Bitcoin score and cryptocurrencies and people ploughing their money into all sorts of crazy things. What do you think cryptocurrency says about the current state of financial markets and do you have any concerns about the impact of ultra loose monetary policy on markets?

Andrew: Well, obviously markets are something we watch very carefully and the next press conference we'll be holding if things go to plan will be the FPC press conference for the Financial Stability Report at the end of June, I think if I've got my memories right. And that is, in a sense, the natural territory of the FPC in terms of looking at liquidity and leverage in financial markets. You're right of course, there have been a number of developments over the last few months. I wouldn't say any of them on their own should be taken in their own right to be a financial stability risk but the FPC will be looking very carefully at the sort of collective sum of the evidence of that, and of course if, you know, there is some issue that goes across the two committees, we can handle that quite well within our governance. You mentioned cryptocurrency. I don't like using that phrase and I'm afraid currency and crypto are two words that don't go together for me so I'm trying to use the more neutral crypto-assets. I would only emphasise what I've said quite a few times in recent years. I'm afraid they have no intrinsic value. That doesn't mean to say people don't put value on them because they can have extrinsic value but they have no intrinsic value so I'm sorry, I'm going to say this very bluntly again, you know, buy them only if you're prepared to lose all your money.

Sebastian Walsh: Thank you very much, Andrew. And thanks ever so much, everyone, for joining us today.