

# Funding the Future

## The Bank of England needs to stop playing silly games w...

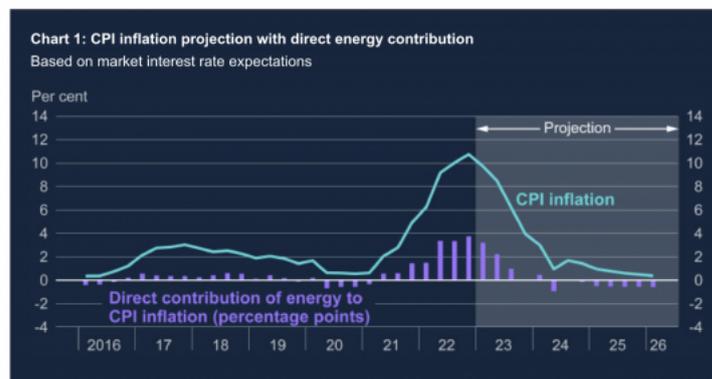
Published: January 12, 2026, 9:33 pm

Andrew Bailey, the Governor of the Bank of England, [delivered a speech](#) this morning on the cost of living. His conclusion was:

My reading of the evidence since our February meeting – the data we have had for economic activity, the labour market, and inflation – is that the economy is evolving much as we expected it to. Inflation has been slightly weaker, and activity and wages slightly stronger, though I would emphasise 'slightly' in both cases. A further set of data will be coming in before our next monetary policy decision later this month.

At this stage, I would caution against suggesting either that we are done with increasing Bank Rate, or that we will inevitably need to do more. Some further increase in Bank Rate may turn out to be appropriate, but nothing is decided. The incoming data will add to the overall picture of the economy and the outlook for inflation, and that will inform our policy decisions.

However, the first chart that supported his speech was this:



If you go behind this chart what you can actually find is a prediction by the Bank that there will, with 25% confidence, be deflation by 2024.

I have in that case a simple question. If this chart reflects what the Bank thinks then why aren't they cutting interest rates, fast, now? After all, they are saying inflation is beaten.

My alternative question is, if you think rate rises are still required why aren't the Bank

reworking the chart to explain why that is necessary?

My point is, you can't publish that chart and talk about rate rises when they so obviously are no longer required (if they ever were) which I doubt. That is tautologically impossible.

It's time for the Bank to stop playing about on this issue and either say they are failing on inflation, and hence need rate rises, or they are winning and start cutting rates.