

Globalisation and Inflation

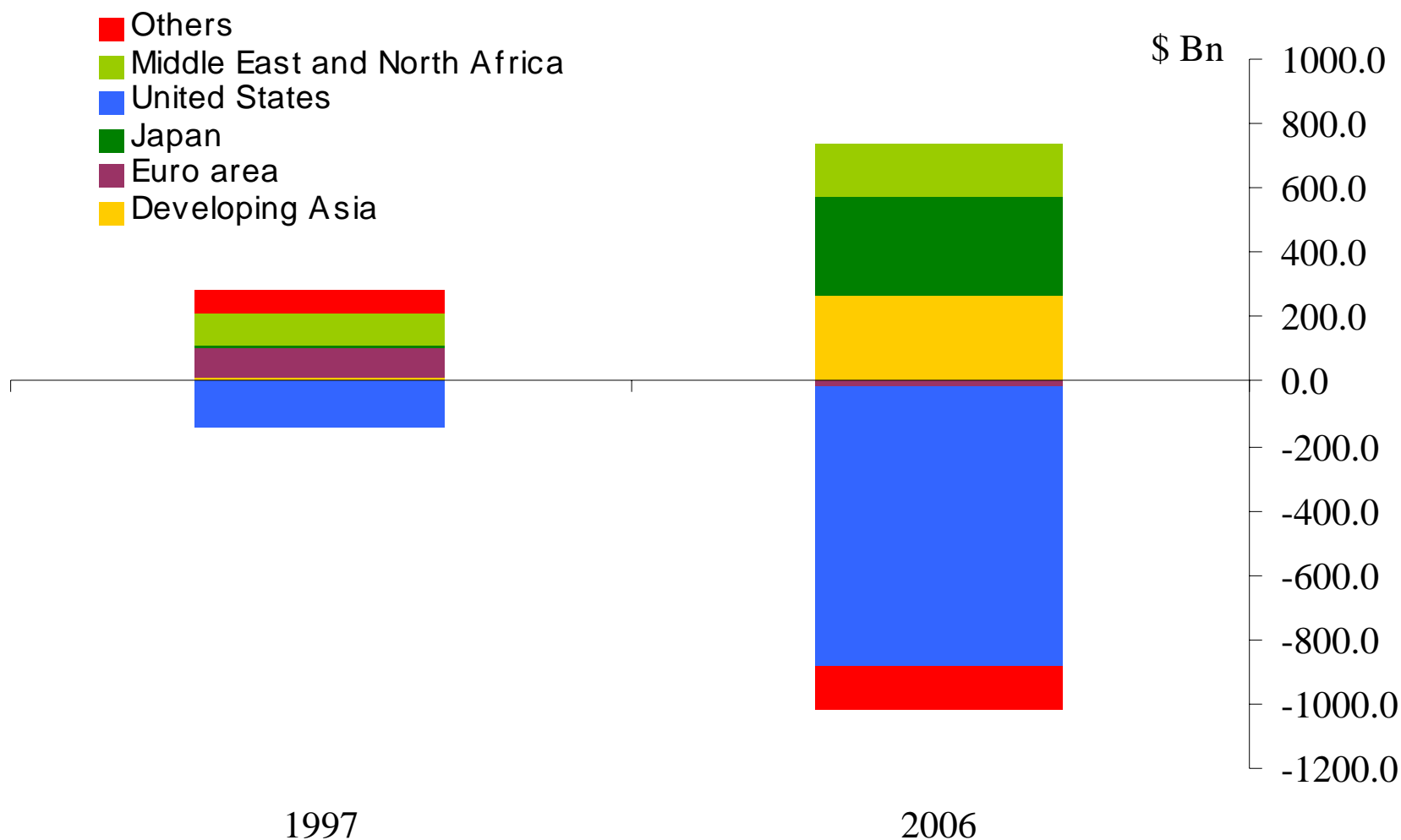
Charlie Bean

Executive Director and Chief Economist
Bank of England



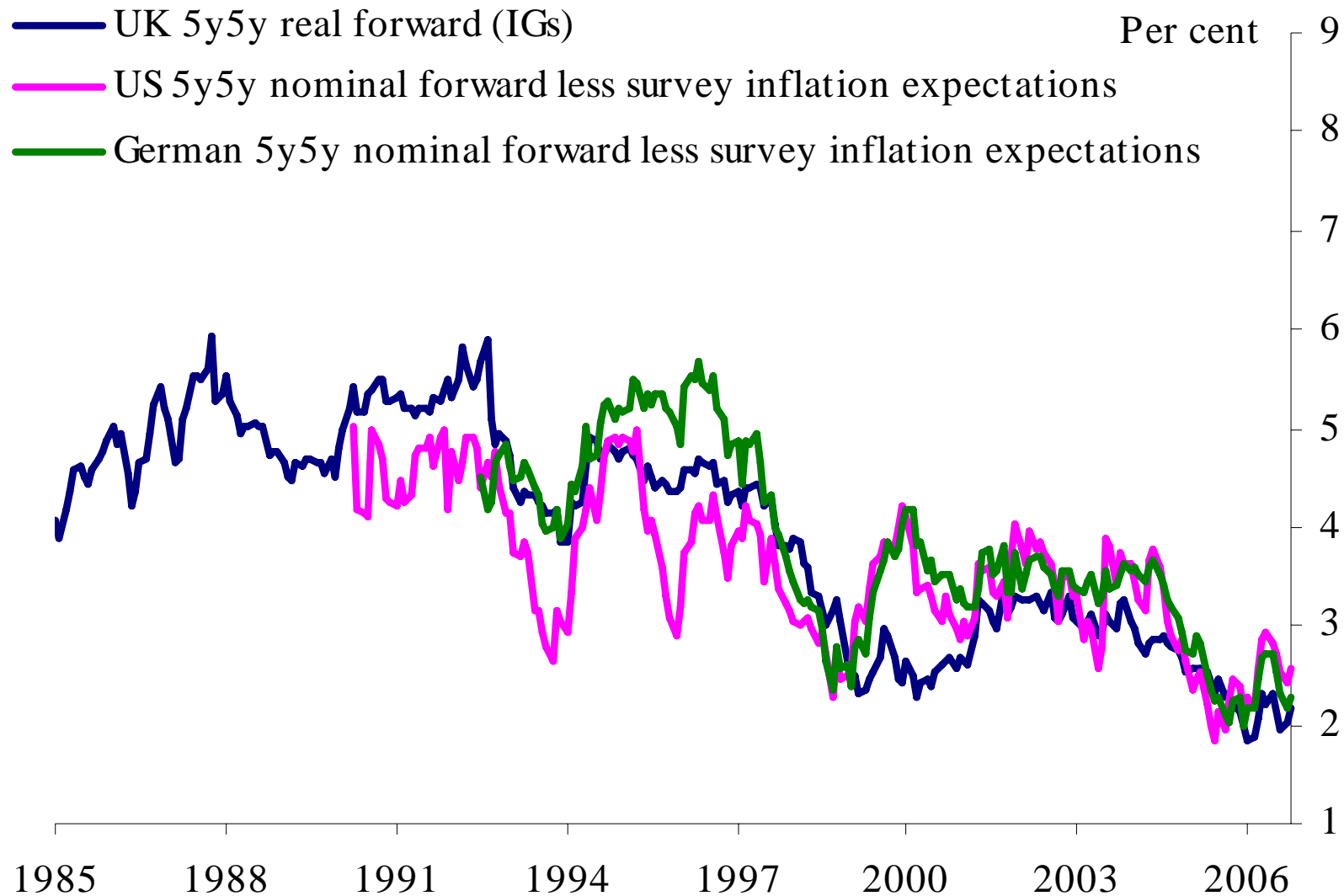
London School of Economics
24 October 2006

1. Current accounts

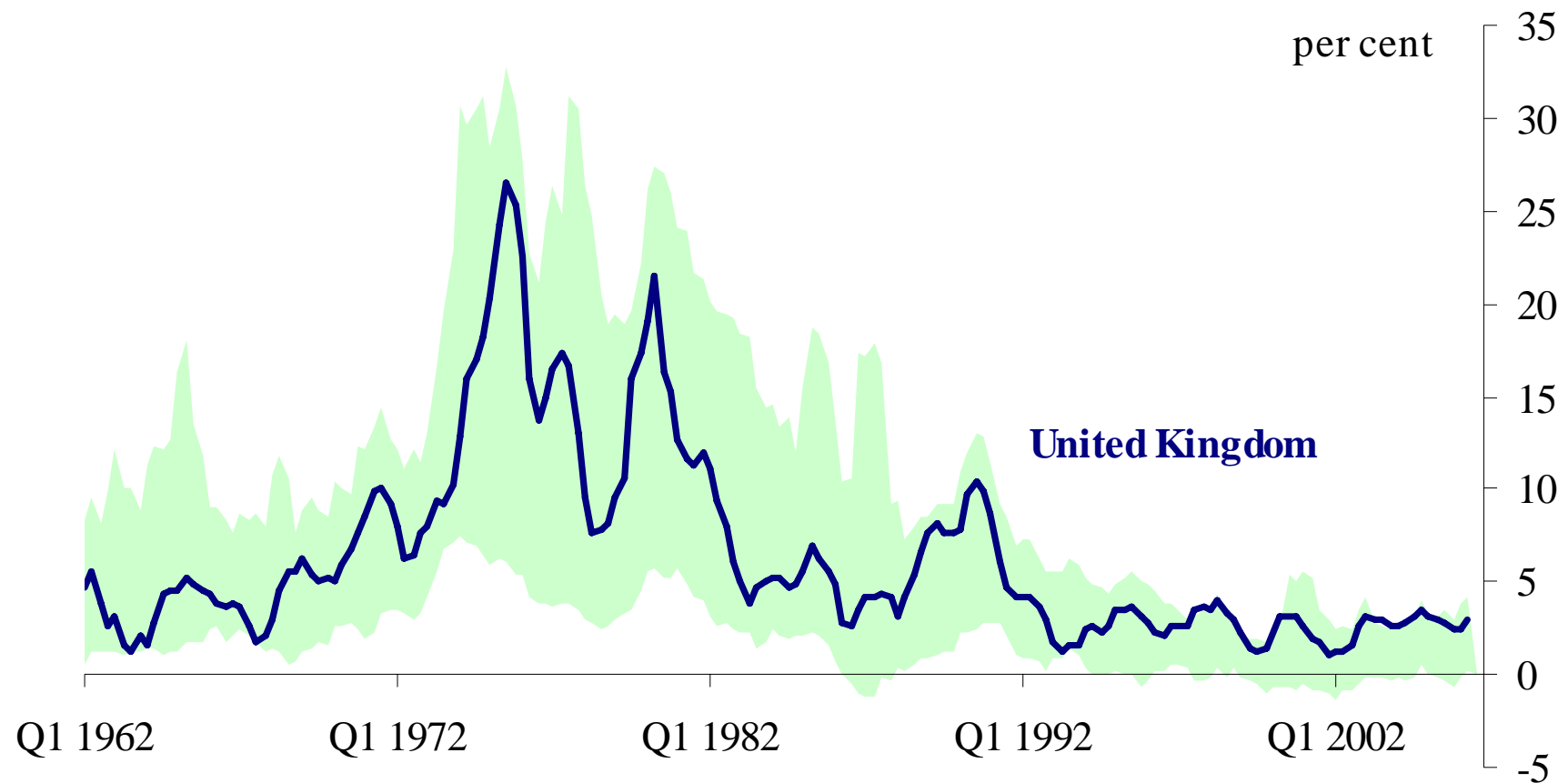


Source: IMF

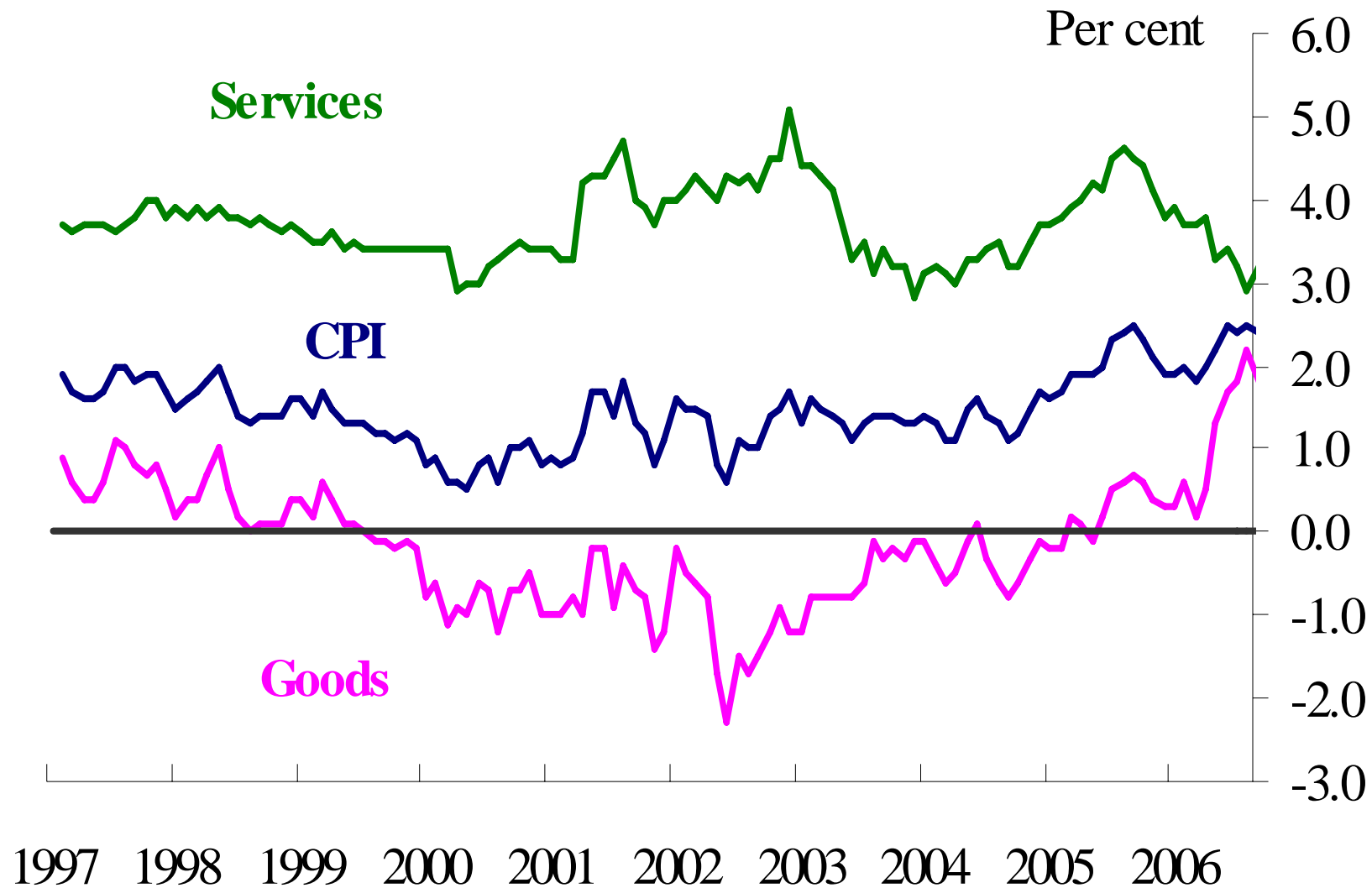
2. Long-term real interest rates



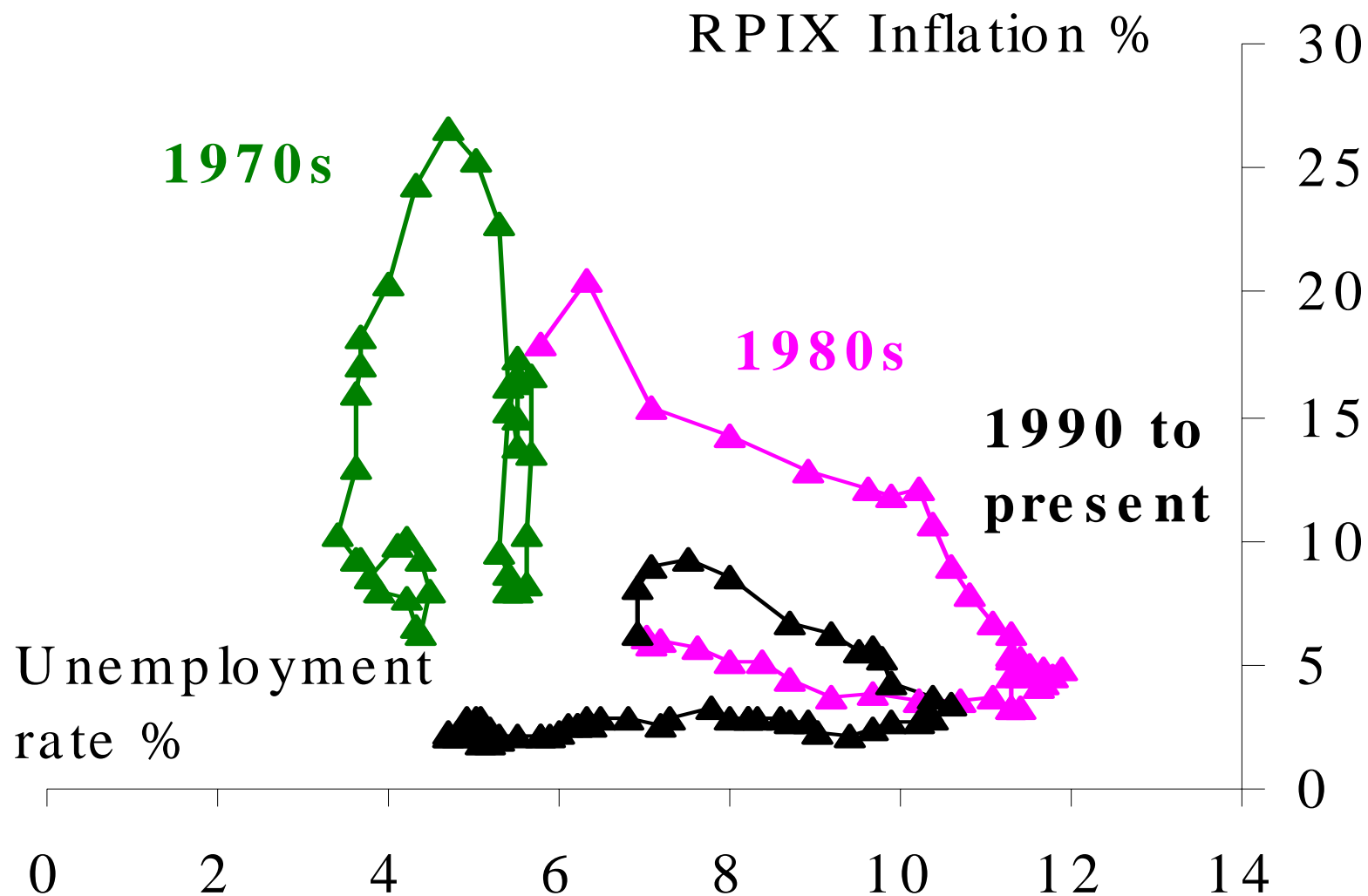
3. Inflation in industrialised countries



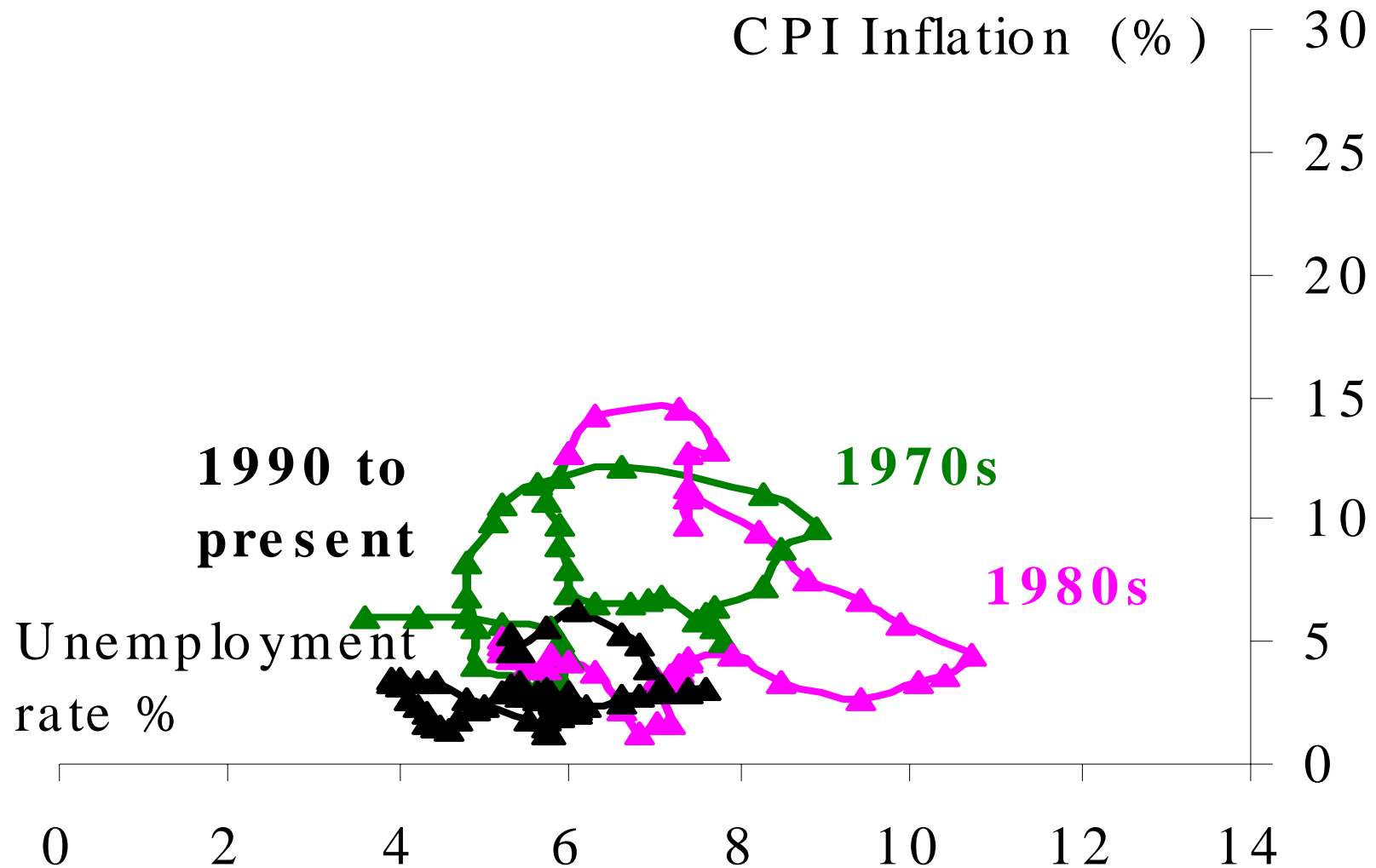
4. Goods and services inflation



5. UK Phillips Curve



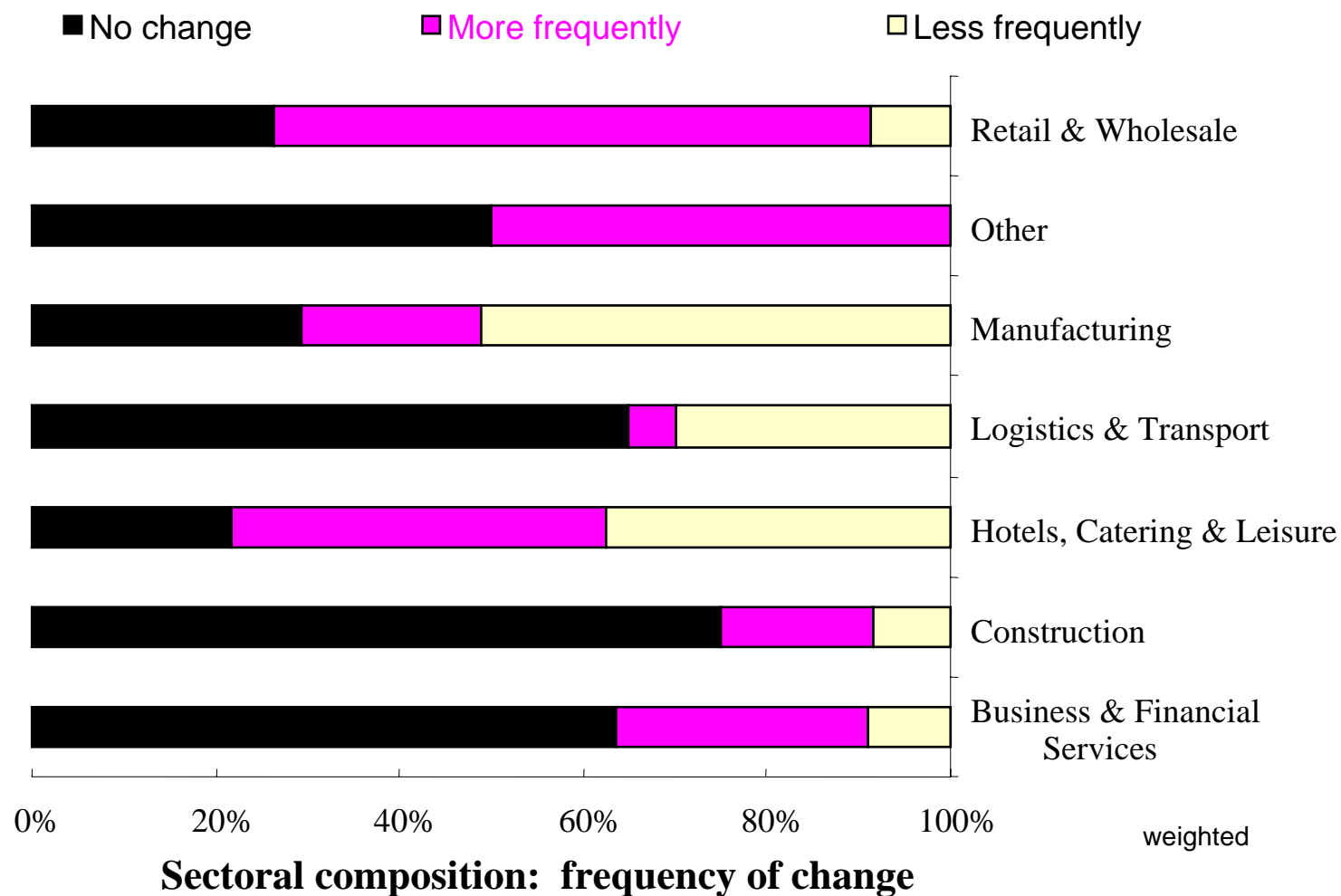
6. US Phillips Curve



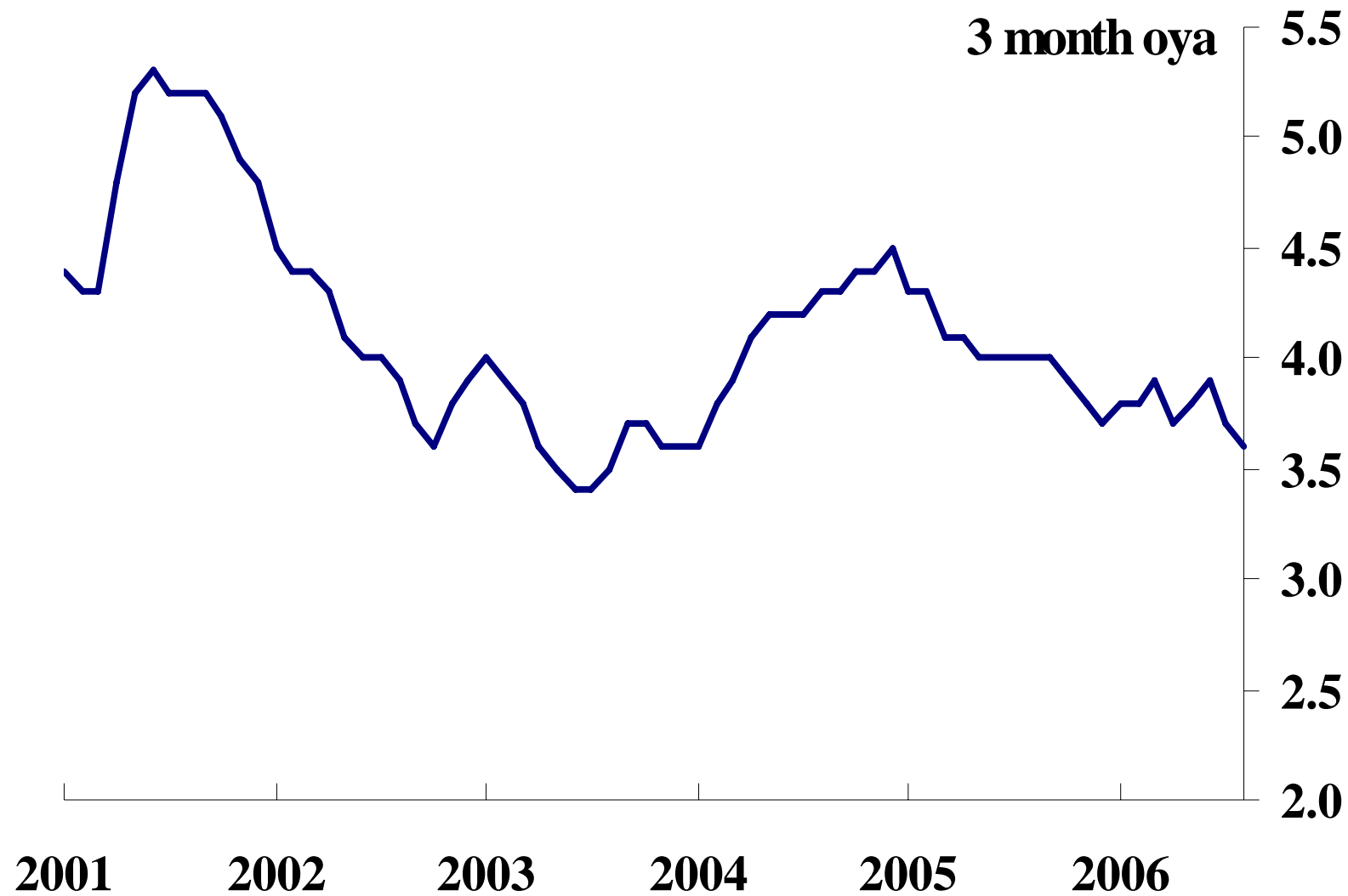
7. UK inflation expectations since 1995



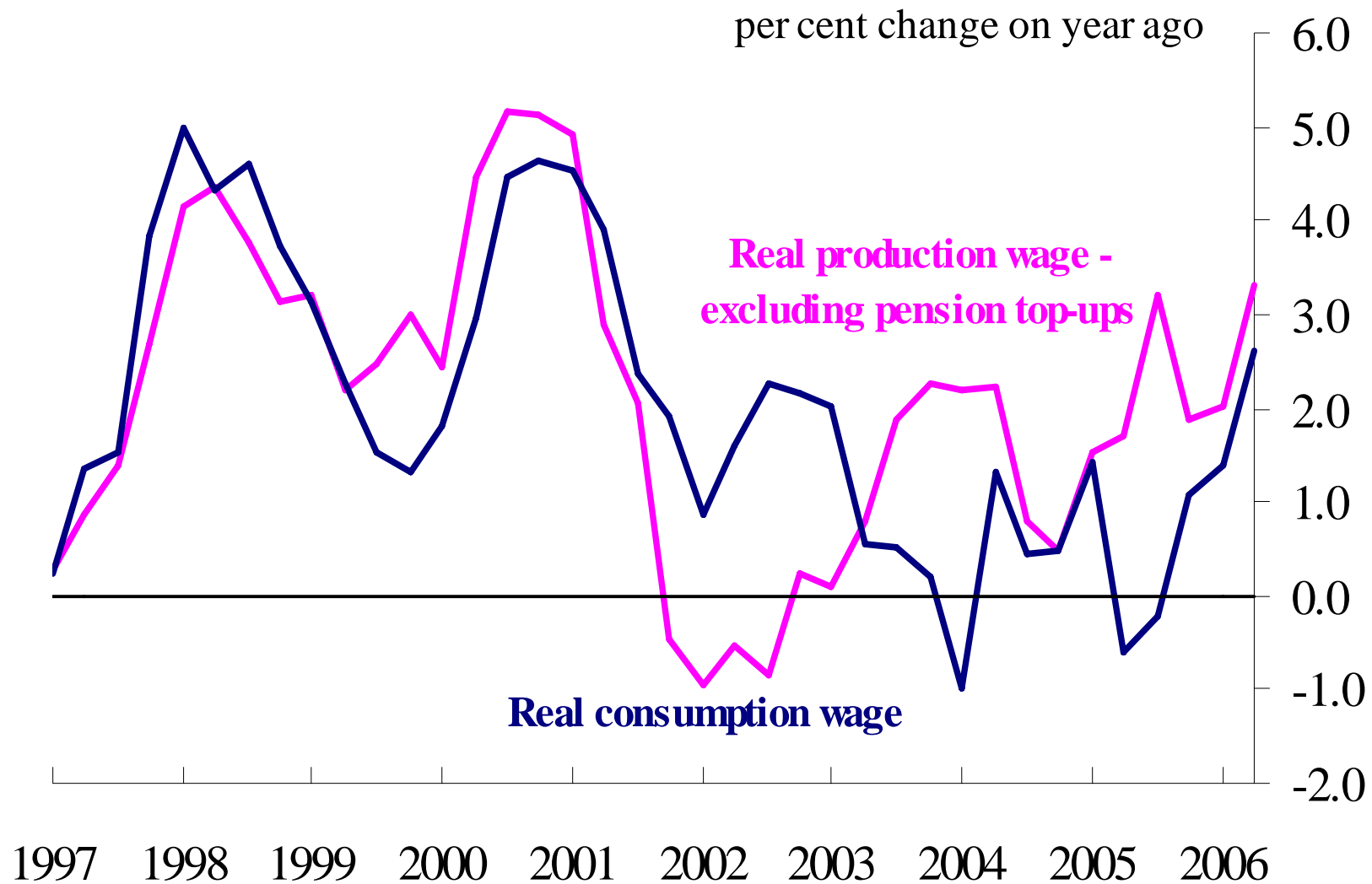
8. Frequency of price changes



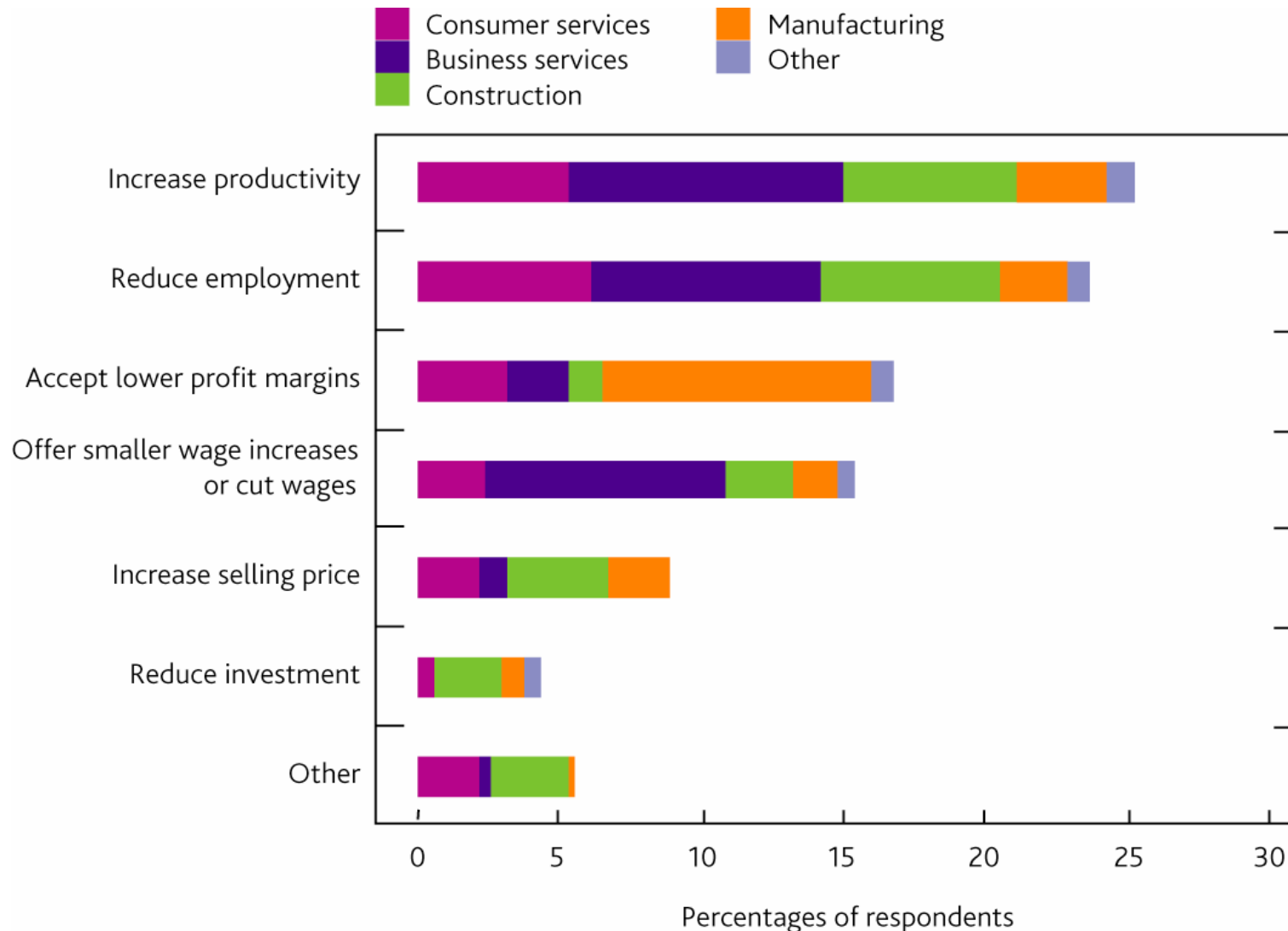
9. Regular pay growth



10. Real wages

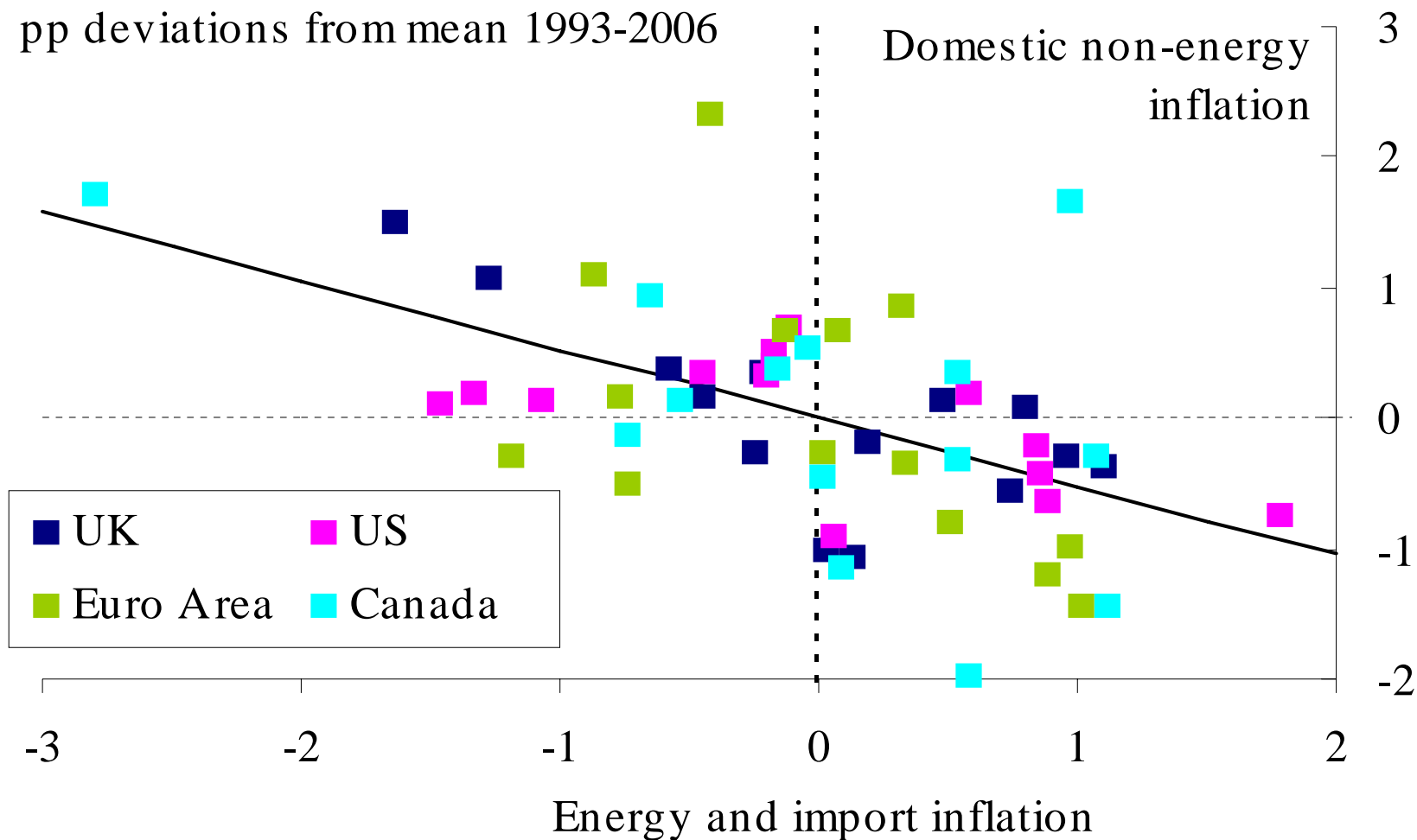


11. Response to lower profit margins



12. Domestic non-energy inflation v. energy and import inflation (contributions to CPI)

Contribution to annual CPI inflation,
pp deviations from mean 1993-2006



Globalisation and Inflation

THE END



www.bankofengland.co.uk