The UK’s productivity growth challenge

Dave Ramsden
Deputy Governor for Markets and Banking
Babraham Hall, Cambridge
23rd February 2018
1. UK GDP growth

Sources: ONS and Bank of England
2. UK business investment cycles

Vertical axis is indexed to 100 at time 0. Horizontal axis shows the quarters prior to, and since, the peak level of business investment.

* Dashed blue line shows the MPC’s February 2018 *Inflation Report* projection

Sources: ONS and Bank of England
3. UK annual productivity growth (GDP per hour worked)

Annual growth, three-year moving average, per cent

Source: ONS
4. Sectoral contributions to productivity growth

Contributions to hourly labour productivity growth*

Sources: ONS and Bank calculations

* Annual averages. Sectoral output per hour is calculated as gross value added divided by hours worked.
5. News-based policy uncertainty indices


* Constructed using newspapers from France, Germany, Italy, Spain and the UK.
6. UK annual productivity growth (GDP per hour worked)*

*Diamonds show the MPC’s February 2018 Inflation Report projection (three year moving average)

Sources: ONS and Bank of England
7. The MPC’s February 2018 GDP projection*

Sources: ONS and Bank of England

* Based on market interest rate expectations, other policy measures as announced
8. The Bank and new technologies

CENTRAL BANKING

Initiative of the year: Bank of England’s FinTech Accelerator

The UK central bank has embraced fintech service providers in a controlled manner to bolster its cyber-security and payments capabilities.

FINANCIAL TIMES

BoE to develop ‘next generation’ payments system

Bank of England successfully tests new payment method

‘Interledger’ programme synchronises transactions between two central banks.