Transcript of the Governor's pooled broadcast interview given on 17 September 2026

Following the publication of the Monetary Policy Summary and minutes of the Monetary Policy Committee meeting

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Transcript

ITV News - So obviously rates have been held today. And the Federal Reserve and the European Central Bank have raised rates in the last week. Is the Bank of England in danger of missing the boat again leaving households exposed to higher inflation than they need to see?

Governor Andrew Bailey - Well we obviously spend a lot of time thinking through this very carefully. And we think there are two things that we focus on. One is the direct impact of energy prices and obviously the impact of what we're seeing in the Gulf. And that has obviously had a serious effect, and it continues to do so. And then we have to look at how that is feeding through into general inflation and the economy. It's still early days. So I'm not going to give you any firm judgment of what's going to happen. So far that feed through has been quite subdued. But it is early days.

Now, unfortunately, the longer these high energy prices go on, the more difficult this becomes. And we've flagged this very clearly today. The final thing I'd say is that monetary conditions in this country have tightened quite a bit this year because we were expected to cut rates and we haven't. And that's, I think, obviously necessary. And I'll give you the best example of this, which I think many, many viewers will probably associate with. Mortgage rates in this country since the end of February when this conflict began have gone up by nearly 1%. So that's a substantial tightening of monetary conditions. And we take that into account. But it's going to get more difficult with these decisions the longer this problem of this conflict goes on.

ITV News – Are you putting yourself in the position where you're being accused of being too slow to act? Given what's happening, as you say, with energy prices and now inflation is likely to continue rising over the coming months?

Governor – The important thing is that we stay very focused on the impact of energy prices on inflation across the economy, and that's what we will do. So it's early days yet, but so far we've seen quite a subdued pass through. We're watching this very carefully and we'll continue to do so. We've given a very, very clear message today. The longer this goes on, the more difficult this becomes.

ITV News – Markets have been betting for up to four rate rises next year. Are they getting carried away? You said before they're getting ahead of themselves?

Governor – Well markets have to reach a view but I would say this. I'm afraid the situation in the world is too unpredictable at the moment. So we are certainly not, I can tell you that we had a lot of discussion, obviously, we always have a lot of discussion leading up to a monetary policy decision. We had a lot of discussion this time, and we did not discuss the prospect of raising interest rates four times. But markets have to reach a view. That's what they should do. But the world is hugely unpredictable at the moment.

ITV News – What conditions would now be needed for a rate drop, which millions of mortgage customers have been hoping for?

Governor – The simple answer to that question would be an end of conflict in the Middle East. To be honest with you, and with energy prices coming really back to where they were before this conflict began. Unfortunately, we've not seen any progress in that direction. It seems to me, since we had our last meeting back at the end of July, but I think if you ask me for a simple answer on that question, I would have to go to that answer.

ITV News – It's a complex decision, but doesn't your change in quantitative tightening policy benefit the Government by making it easier for them to borrow money?

Governor – Well, let me be clear. I think we've made a major announcement today because we've set out the path to the end point with quite a large part of our gilt holding that we're not going to sell. There is a part that we are going to sell, and we've set out how we're going to sell that between now and 2034. And that gives markets a lot of information and a lot of assurance on what we're going to do. They can now go forwards on that expectation. Now we've been planning and working on this for a long time. I can assure you this work did not start when we had a change of Government back in the early summer. We've been working on this with the Treasury, with the Debt Management Office. We were working on it with the previous Governments. We’re working on it with this Government. I'm very grateful to both Rachel Reeves and John Healey for the work they've done with us.

So there's no question of in any sense of favouring a particular Government. We have to make our decisions at the right time as we see it. And in the right way. And that's what we do.

ITV News – Are you aware that this looks like you're helping the Government amid market turmoil?

Governor - We've had to make this decision after a lot of work. So it hasn't been made on the basis of saying markets look disturbed. We were planning this work well before the conflict broke out in the Middle East. So it's not a reaction to market conditions at all. The important thing is that we've now reached a point in this process where we felt we had enough certainty on what we could do going forward, that we could give clarity on how to get to the end point. And that's important for markets.