# [The Bank of England twists and turns]

I thought the interest rate cut some weeks after the Brexit vote was needless last summer. The economy was speeding up at the time, credit growth was lively, house prices and home building were on the up, new cars sales growing strongly and unemployment coming down. The Bank had all the wrong forecasts , arguing that unemployment would rise, jobs would fall, house prices would fall and confidence would crash.  Instead of looking at the data the Bank trusted its own wrong forecasts and cut rates!

Yesterday the Bank did the opposite. The data shows house prices slowing, car sales falling, credit growth slowing and money growth retreating. The Bank should know that because it has deliberately brought it about by ordering a credit tightening under its macro prudential powers.  The latest retail sales figures, growth figures and house prices figures are showing much slower rates of growth than in the summer of 2016. So what does the Bank do? It puts rates up!

Its argument is s sloppy one. It says we are getting close to capacity, and cites the fall in unemployment. This it says requires a rate rise to bring inflation back to target though it has previously always said the inflation spike this autumn is a one off which will subside.

It is odd that the MPC in its explanation of the economy refers to Brexit several times and makes no reference to the Bank's own monetary tightening, reduction of credit growth and tax attacks on housing and cars by the government. The Bank seems to have lost its impartial interest in the figures and gained an unhealthy wish to blame Brexit for anything adverse. If Brexit is such an all pervasive influence why doesn't it get the credit for the strong jobs growth, the rise in housebuilding and the strong manufacturing performance over the last year?

If you look at a graph of car sales they rise strongly up to March 2017, with no effect from the vote or the Article 50 letter but a big effect from the budget and government statements on diesels. If you look at a graph of BTL investment you see it takes big hit in April 2016 before the vote when the government introduced big tax rises. I suggest people look at the evidence instead of trotting out alleged Brexit effects for bad news, and saying despite Brexit for good news.