

The Bank of England is wrong to keep selling bonds at big losses

The Bank of England decided this week to get rid of £100bn of bonds over the next year, £20bn more than last. I agree they should not buy more bonds to replace the ones that mature, like the ECB. I strongly disagree with their aggressive policy of selling bonds at big losses which would lose us less money if they held them to maturity. They have notched up £24 bn of losses, all paid for by the Treasury, this year since April. They have provided no good reason why they do this.

Maybe they want to qualify as one of the worst bond managers in the world. They certainly paid sky high prices for the bonds when rates were near zero. They then hiked rates and sold bonds to force the prices down so they could make colossal losses. They defend the rate rises on the good grounds they needed to do that for monetary policy purposes, as their bond buying and low rates had proved very inflationary. They tell us selling the bonds has little impact on anything, so why do it?

It is difficult to believe what they say. They say buying the bonds at ultra high prices was essential to buttress the economy and help output, but apparently selling them does not do the opposite! Buying stimulates, selling does nothing!

They say their sales, large and low priced as they are, does not depress the market. Of course it does. They point out the prices do not particularly dip on the days of the sales. That is because the sales have been well heralded in advance and are carried out to a stated timetable, so they are in the price. Last autumn when they first announced a big £80 bn bond reduction programme it was followed by bond meltdown, exacerbated by the LDI collapse it helped trigger. The Bank had to reverse policy and buy bonds again to stabilise the market. This showed Bank buying and selling has a big impact as they are the dominant presence in this market.

The public finances ex Bank of England are badly damaged by the extent of the losses, which the needless selling makes worse. As the Bank does not think the sales make any difference, why do them when their balance sheet will come down as the bonds mature? More likely these sales have raised longer term interest rates, have weakened bond prices further and very visibly have worsened the public spending and borrowing figures ex Bank of England. Why do other MPs ignore £24 bn of losses so far this year with so many more to come?

Visit to Barclays Bank in Bradbury Centre Wokingham

I recently visited the centre and spoke to the Barclays staff member present. I renewed the case for Wokingham based arrangements for banking services in person. I was told few people are visiting the Bradbury facility, which is mainly designed to offer help for those who have had problems accessing services on line. Barclays does not offer paying in or cash withdrawal services at the Centre.

Wokingham Borough Council

I was disappointed today that Wokingham Borough Council cancelled their meeting with me scheduled for this afternoon. Today was the first date they could give me over a seven week period when I had considerable flexibility over dates and times, and it has been reserved in my diary all that time. I am available to meet with them when I do not have to be in Parliament. Parliament was in recess throughout August and is in recess again today. I represent them to government over a range of matters from planning to budgets and find it easier to do so when I know their case. I can also meet with them on line from Parliament for anything urgent when Parliament is meeting.

Answers to my Written Parliamentary Questions – tax on electric vehicles

Treasury has provided the following answer to your written parliamentary question (198583):

Question:

To ask the Chancellor of the Exchequer, whether he has plans to introduce new taxes on the (a) purchase and (b) running costs of electric vehicles.
(198583)

Tabled on: 11 September 2023

Answer:

Gareth Davies:

In his 2022 Autumn Statement, the Chancellor announced that from April 2025 electric cars, vans and motorcycles will begin to pay Vehicle Excise Duty in the same way as petrol and diesel vehicles. Electric cars with a list price of £40,000 or more will also be liable to pay the Expensive Car Supplement.

As with all taxes, VED is kept under review and any changes are considered and announced by the Chancellor.

The answer was submitted on 19 Sep 2023 at 13:42.

Comment The answer fails to address lost petrol and diesel duty which some say will mean some tax per mile on EVs or a tax on electricity through rechargers.

[Answers to my Written Parliamentary Questions – offshore wind power](#)

Department for Energy Security and Net Zero provided the following answer to your written parliamentary question (198578):

Question:

To ask the Secretary of State for Energy Security and Net Zero, whether she has an estimate of how much CO₂ was produced in the (a) manufacture and (b) installation of one gigawatt of offshore wind power within the UK in the last 12 months. (198578)

Tabled on: 11 September 2023

Answer:

Graham Stuart:

The Department does not publish information related to this request directly, however, the IPCC and UNECE have published estimates related to this request here:

https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-iii.pdf#page=7

<https://unece.org/sed/documents/2021/10/reports/life-cycle-assessment-electricity-generation-options>

Both estimates demonstrate that the lifecycle CO₂ impact of generating electricity from offshore wind is significantly lower than fossil fuels.

The answer was submitted on 19 Sep 2023 at 11:30.