



BANK OF ENGLAND

News release

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Bank of England Reduces Interest Rates by 0.25% to 4.5%

The Bank of England's Monetary Policy Committee today voted to reduce the Bank's repo rate by 0.25% to 4.50%.

The Committee reviewed the information about economic and financial developments which had become available since its scheduled meeting on 5-6 September and the impact of the terrorist attacks in the United States on 11 September, taking into account its decision at the special meeting on Tuesday 18 September to reduce interest rates by 0.25%.

It now appears that, even before the terrorist attacks, the prospects for global activity were somewhat weaker than projected. In the United Kingdom, revised data show that consumption and final domestic demand in the first half of this year had been growing faster than previously thought, and remain stronger than in many other countries. Looking ahead, the consequences of the terrorist attacks for the UK and the world economy are still unclear. Early indications are that the direct impact on the UK economy will be less severe than in the United States. But the weaker world outlook and increased uncertainty have set back UK business and consumer confidence, and may, for a time, restrain business and household spending.

Against that background, the Committee concluded that a further reduction in interest rates of 0.25% was warranted to meet the inflation target.

The minutes of the meeting will be published at 9.30am on Wednesday 17 October, together with the minutes of the special meeting held on Tuesday 18 September.

Note for Editors

The previous change in interest rates was a reduction of 0.25% to 4.75% on 18 September 2001.