



BANK OF ENGLAND

News release

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Meeting of Monetary Policy Committee, 18 September 2001 ,Bank of England Reduces Interest Rates by 0.25% to 4.75%

A special meeting of the Monetary Policy Committee was convened this morning by the Governor. At that meeting, the Committee voted to reduce the Bank's repo rate by 0.25% to 4.75%.

The Committee considered the reaction of financial markets to the tragic events of last week; it considered the Federal Reserve's decision to reduce interest rates yesterday, and the responses of other central banks to that move. Falls in stock markets around the world, and the likely impact on confidence, suggest a weaker outlook for global activity than appeared likely at the Committee's meeting earlier this month. It is too early to make an informed judgment about the scale of the impact on the UK economy. But the direction of that impact and the associated risks are clear. The Committee decided that an immediate reduction of interest rates was, therefore, appropriate. The Committee will have an opportunity at its scheduled meeting in October to assess more fully the impact of recent events and the prospect of meeting the inflation target in the medium term.

The minutes of today's meeting will be published, together with the minutes of the October meeting, on 17 October.

Notes to Editors

The meeting was convened by the Governor under the provisions of paragraph 10(2) of Schedule 3 to the Bank of England Act 1998.

The most recent change in interest rates was a reduction of 0.25% to 5.0% on 2 August 2001.

The minutes of the meeting held on 5 and 6 September will be published tomorrow at 9.30am.