



BANK OF ENGLAND

News release

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Bank of England Reduces Interest Rates by 0.25% to 3.75%

The Bank of England's Monetary Policy Committee today voted to reduce the Bank's repo rate by 0.25% to 3.75%.

The Committee reviewed monetary and economic developments in the light of its latest quarterly projections for output and inflation, to be published in the February Inflation Report.

RPIX inflation has, as expected, moved a little above target, but this is the result of temporarily large contributions from petrol prices and from housing depreciation. These influences on inflation will persist for some time but are expected to unwind further ahead.

Over the next two years, the prospects for demand, both globally and domestically, are somewhat weaker than previously anticipated. In order to keep inflation on track to meet the target over the medium term, the Committee judged that it was necessary to reduce interest rates by 0.25%.

The Committee's latest inflation and output projections will appear in the Inflation Report to be published on Wednesday 12 February.

The minutes of the meeting will be published at 9.30am on Wednesday 19 February.

Note for Editors

The previous change in interest rates was a reduction of 0.50% to 4.0% on 8 November 2001.