



BANK OF ENGLAND

News release

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Bank of England Raises Interest Rates by 0.25 Percentage Points to 3.75%

The Bank of England's Monetary Policy Committee today voted to raise the Bank's repo rate by 0.25 percentage points.

The global economic recovery appears to be gathering momentum, though the pattern is uneven. After slowing at the start of the year, growth in the United Kingdom has picked up and credit growth remains strong. Business surveys suggest the recovery is becoming more broad-based. Neither household spending nor the housing market have slowed by as much as the Committee expected. Underlying inflationary pressures are therefore likely to build gradually as demand strengthens and sterling's depreciation earlier this year feeds through. Against that background, the Committee judged that a modest increase of 0.25 percentage points in official interest rates was required to keep prospective RPIX inflation in line with the target of 2.5%.

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

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

Note for Editors

The previous change in interest rates was a reduction of 0.25 percentage points to 3.5% on 10 July 2003.