



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

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Bank of England Raises Interest Rates by 0.25 Percentage Points to 4.5%

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 is continuing. In the United Kingdom, official data and business surveys suggest that output growth remains around, or above, trend. Household spending, public consumption and investment have all grown strongly and the housing market remains buoyant. The labour market has tightened further.

CPI inflation has been below the 2% target, but cost pressures are rising. As indicated in the May Inflation Report, a small and diminishing margin of spare capacity means that inflationary pressures are likely to continue building. Against that background, the Committee judged that a further increase of 0.25 percentage points in the repo rate to 4.50% was necessary to keep CPI inflation on track to meet the target in the medium term.

The minutes of the meeting will be published at 9.30am on Wednesday 23 June.

Note to Editors

The previous change in interest rates was an increase of 0.25 percentage points to 4.25% on 6 May 2004.