



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

9 November 2006

Bank of England Raises Bank Rate by 0.25 Percentage Points to 5.0%

The Bank of England's Monetary Policy Committee today voted to raise the official Bank Rate paid on commercial bank reserves by 0.25 percentage points to 5.0%.

The UK economy has recorded its fourth consecutive quarter of firm growth. Household spending has been volatile, but the underlying picture appears to be one of moderate expansion. The recovery in business investment has been maintained. The outlook for growth in the United Kingdom's main export markets remains positive. Credit and broad money growth remain rapid, and asset prices have continued to rise.

Although unemployment has continued to edge up, the margin of spare capacity within businesses appears limited. Oil prices have dropped back, but there are signs that other pricing pressures have picked up. CPI inflation was 2.4% in September. It is likely that inflation will rise further above the target in the near term, but then fall back as energy and import price inflation abate.

Against that background, the Committee judged that an increase in Bank Rate of 0.25 percentage points to 5.0% was necessary to bring CPI inflation back to the target in the medium term.

The Committee's latest inflation and output projections will appear in the Inflation Report to be published on Wednesday 15 November.

The minutes of the meeting will be published at 9.30am on Wednesday 22 November.

Note to Editors

The previous change in Bank Rate was an increase of 0.25 percentage points to 4.75% on 3 August 2006.