



BANK OF ENGLAND

News release

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Bank of England Raises Bank Rate by 0.25 Percentage Points to 5.75%

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 5.75%.

In the United Kingdom, output growth has remained firm and appears to be evolving in line with the Committee's most recent projections. Credit and broad money continue to grow rapidly. The pace of expansion of the world economy remains robust.

CPI inflation fell back to 2.5% in May. Lower gas and electricity prices mean that CPI inflation is likely to continue to fall back to around the 2% target in the course of this year. Although pay pressures remain muted, the margin of spare capacity in businesses appears limited and most indicators of pricing pressure remain elevated.

The Committee judged that, relative to the 2% target, the balance of risks to the outlook for inflation in the medium term continued to lie to the upside. Against that background, it further judged that an increase in Bank Rate of 0.25 percentage points to 5.75% was necessary to meet the 2% target for CPI inflation in the medium term.

The minutes of the meeting will be published at 9.30am on Wednesday 18 July.

Note to Editors

The previous change in Bank Rate was an increase of 0.25 percentage points to 5.5% on 10 May 2007.