

13 April 2009

INTEREST RATES

No change in base rate this month

The usual clamour over interest rates was overshadowed last week as all eyes were on the Bank of England for an update on its £75bn quantitative easing programme.

The Bank kept rates on hold at 0.5% and pledged to continue with its quantitative easing programme, buying up government bonds. It has made some £26bn worth of purchases so far, and has a further two months to spend the remaining £49bn.

Chancellor Alistair Darling has given the Bank the go-ahead to spend a total £150bn on measures to boost money supply.

Neil Young, chief executive of property portfolio manager Young Group, says: "The economy is crying out for liquidity. Time will tell if lenders will loosen their grip on mortgage funds and if quantitative easing is the panacea that the Treasury and the Bank hope."