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Bank of England keeps base rate at 0.5% for seventh month

Seamour Rathore

The Bank of England has held the base rate at 0.5% for the seventh month running.

It will also continue its £175billion programme of quantitative easing in an attempt to kick-start the economy.

Meanwhile a survey of property investors by portfolio managers Young Group suggests they expect the base rate to be 1.2% by the third quarter of 2010.

“Property investors expect the base rate to be 1.2% late next year”

Neil Young, chief executive officer of Young Group, said: “Investors expect the uplift to be gradual, as you would perhaps expect when emerging from an economic downturn.”

Ray Boulger, mortgage expert at broker John Charcol (www.charcol.co.uk), issued a warning about house prices, however.

He said: “I expect the the Nationwide house price index to end 2009 with a rise of around 7.5%, but for the rate of increase [in house prices] to slow down in the New Year.

“However, if house prices were to continue increase next year at the current rate, there would be a serious risk of an earlier than expected increase in the bank rate.”