

5 November 2009

Expect no significant base rate change for the foreseeable future

The Bank of England's Monetary Policy Committee (MPC) is widely expected to announce an expansion to its programme of Quantitative Easing today indicating that there is still work to be done before interest rates will be raised.

Neil Young, CEO - Young Group, believes that Bank of England's rate setting committee is unlikely to make any significant change to base rate until the economy is firmly back on track; *"Given current indicators pointing to the slow pace of the UK's economic recovery, it comes as no surprise that the Bank of England is considering an additional stimulus in the form of an extension to its quantitative easing programme.*

"The MPC has previously acted decisively in a bid to stimulate the economy and lending markets. However, there is clearly still some way to go in getting the economy back on its feet.

"Despite some positive economic news beginning to filter through, the impact of the MPC's policy of quantitative easing has not yet crystallised; demonstrated by the consensus view that the MPC will announce plans to extend its programme by purchasing an additional £25bn to £50bn of assets. Until there are clear signs of stability and a steady return to growth, the MPC is unlikely to move towards a rise in base rate."