



Lloyds TSB

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Lloyds TSB Comments On Base Rate Decision

Commenting on today's decision by the Bank of England Monetary Policy Committee (MPC) to increase base rate to 5.25 per cent, Trevor Williams, chief economist, Lloyds TSB Corporate Markets, said:

“The timing of the rise is a surprise but the decision isn't. Many forecasters were expecting a move in February so while this is a month earlier than anticipated, it isn't a complete shock.

“The decision is driven by concerns about inflation growing above its target while growth in the economy is strong, with manufacturing output and services output expanding. The Bank of England is concerned that the pace of activity, with inflation above target, could induce further pay growth in the round of wage negotiations between January and April. So this move is intended to warn that the Bank of England is serious about keeping price inflation low.”

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Notes to editors:

Trevor Williams, chief economist, Lloyds TSB Corporate Markets, is available for interview.

For more information:

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