



## **Future for Interest Rates – 18<sup>th</sup> September 2008**

Interest rates have now been on hold for five months and many feared the next move would be upwards. However, that was before the events of this week changed the complexion somewhat.

The Consumer Price Index is now 4.7% - more than double the Bank of England's 2% target. UK GDP is zero (and may now, in reality, be negative), the oil price has fallen back and the housing market has completely stalled. Couple this with investment bank failures, the nationalisation of a US insurance company and now the merger between HBOS and Lloyds and the outlook is looking bleak.

A interest rate cut is perhaps back on the agenda; such a cut would be welcomed by both consumers and business and if it materialises would hopefully give a little relief from the current economic woes being experienced by all.