

BCC comments on Bank of England inflation report

Commenting on the Bank of England inflation report and interest rate decision published on 'Super Thursday', Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"The Bank of England's latest forecasts paint a much more optimistic picture of the UK's growth prospects compared to their previous post-EU referendum predictions. Although the central bank is slightly less concerned over price growth, inflation is still expected to breach the 2% target for a prolonged period. This means that MPC's attempts to combat rising inflation and support growth is likely to remain a challenging balancing act through the forecast period.

"However, with the Bank of England still expecting below trend growth over the medium term and considerable uncertainty over the impact of Brexit, we predict that the MPC will continue to 'look through' the expected rises in inflation and opt for an extended period of monetary stability. As a consequence, we expect that interest rates will remain on hold through 2017.

"With the monetary policy tools at the MPC's disposal largely exhausted, it is vital that the government uses the upcoming Spring Budget to boost the UK's long-term growth prospects by doing more to support business investment, including action to tackle the escalating burden of upfront business costs."

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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