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# Rate Rise Fears return after "bad news" inflation figure

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19 October 2023





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There are growing fears of yet another Bank of England base rate rise next month following the surprise inflation figure released by

The annual rate of inflation stayed stubbornly at 6.7 per cent according to official figures yesterday - the same rate as a month ago.

## There had been a prediction of a small fall.

A significant drop in the inflation rate is tipped for next month when shifts in the energy price cap will be reflected in the data - however, this will be confirmed some days after the Bank of England's next monetary policy committee decides on base rate.

Ranald Mitchell of Charwin Private Clients, a financial consultancy, says: "This is bad news for everyone ... Fuel prices are on the march, wage growth is strong and consumers are still spending. There looks like little choice now than further base rate rises to combat the ongoing, and lengthy battle against stubborn inflation."

Gary Bush, a financial adviser at MortgageShop, comments: "The sticky inflation problem highlights yet again that, post-pandemic, the Bank of England was asleep at the wheel. Threadneedle Street should have expected an uptick of this nature once the lockdowns ended. Sadly the Ukrainian war added further fuel to the fire that we are now all battling with for such an elongated period."

And John Choong, a senior equity analyst at Investing Reviews, adds: "Markets were always being too optimistic hoping for inflation to fall to 6.5 per cent in September, especially when oil prices rose to as high as \$91 last month. This hasn't been helped by current geopolitical tensions, the risk of oil hitting \$100 per barrel, and the recent spike in gas prices. Given that markets were only pricing in a final [interest rate] hike, the renewed possibility of another couple could now have unfavourable repercussions for sectors such as housebuilders and banks."









Sarah Coles - the influential head of personal finance at business consultancy Hargreaves Lansdown - says: After such a tight [5:4] vote at the last Monetary Policy  $\label{lem:committee} Committee \ meeting, \ we \ were \ hoping \ for \ another \ fall \ in \ inflation, \ which \ would \ weight$ the scales in favour of another rate pause at the next meeting on November 2.

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"Stubborn inflation isn't necessarily a sign we're set for a rate hike, but it may well mean rates stay higher for longer, and if we get more signs that pressure on prices isn't easing, it will strengthen the argument around the table that one more hike might be needed."

TAGS: Base Rate Interest Rates Inflation



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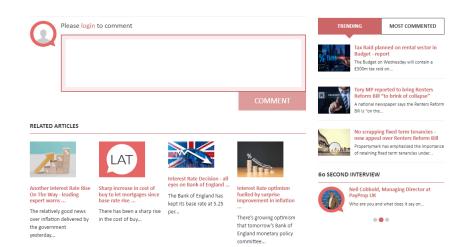
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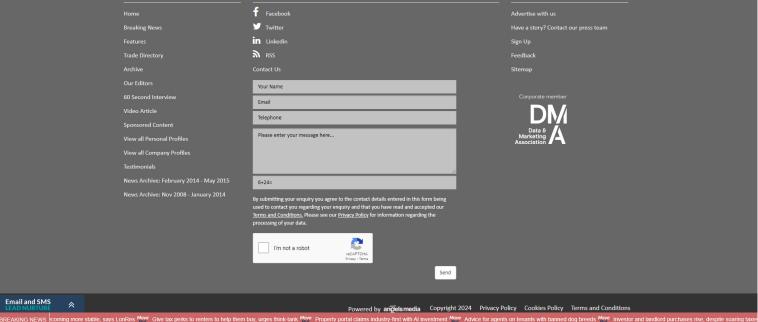
think we can all agree that the National



It doesn't mean that at all, more likely that rates remain where they are until the Spring, everyone acknowegdes that the current base rate hasnt really had time to filter down to households yet. Underlying inflation also did drop by 0.1% if you strip out all the volatile stuff, and fuel has only increased because of OPEC greed to cut supply, not becasue there are global influences driving fiscal or monetrary decisions.



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