



Interest rates and inflation

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Section Economic Policy and Statistics Section

This note provides data on the interest rate decisions of the Bank of England's Monetary Policy Committee (MPC) and on the Consumer Prices Index (CPI) – the measure of inflation chosen as the Bank of England's inflation target.

Key points:

- On 7 March, the Bank of England announced that interest rates would be kept on hold at 0.5%. Interest rates have been unchanged for forty-eight months (since March 2009). The next interest rate announcement will be on 4 April.
- With interest rates at such low levels, the focus of monetary policy has been on the Bank's measures to boost the money supply ("quantitative easing"). For more information, see the Bank's [website](#). A Library [note](#) on quantitative easing (SN/EP/4997) is also available.
- Inflation (measured by the change in the CPI) showed inflation at 2.7% in January 2013 for the fourth consecutive month and above the Bank of England's 2% target for the thirty-eighth successive month. The next inflation figures (for February 2013) are due to be published on 19 March.

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1 Interest rates and inflation data

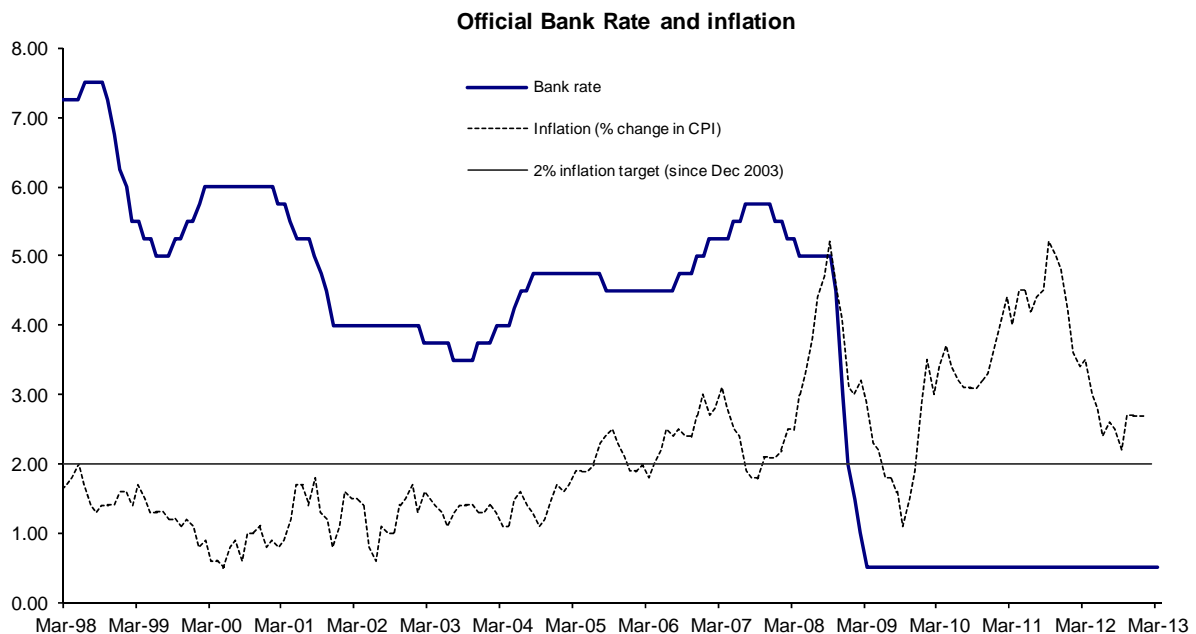
The table below shows inflation and the Bank of England's Official Bank Rate since the last rate change. The chart (and Appendix 1) shows the Bank Rate and inflation since March 1998. Inflation is measured by the 12 month change in the Consumer Prices Index (CPI), the measure used for the Bank's inflation target. Since December 2003, this has been 2%:

Table 1
Official Bank Rate and Inflation

	MPC decision	New Bank Rate (%)	Inflation (%) (a)		MPC decision	New Bank Rate (%)	Inflation (%) (a)		MPC decision	New Bank Rate (%)	Inflation (%) (a)
Mar-09	-0.50%	0.50	2.9	Aug-10	hold	0.50	3.1	Jan-12	hold	0.50	3.6
Apr-09	hold	0.50	2.3	Sep-10	hold	0.50	3.1	Feb-12	hold	0.50	3.4
May-09	hold	0.50	2.2	Oct-10	hold	0.50	3.2	Mar-12	hold	0.50	3.5
Jun-09	hold	0.50	1.8	Nov-10	hold	0.50	3.3	Apr-12	hold	0.50	3.0
Jul-09	hold	0.50	1.8	Dec-10	hold	0.50	3.7	May-12	hold	0.50	2.8
Aug-09	hold	0.50	1.6	Jan-11	hold	0.50	4.0	Jun-12	hold	0.50	2.4
Sep-09	hold	0.50	1.1	Feb-11	hold	0.50	4.4	Jul-12	hold	0.50	2.6
Oct-09	hold	0.50	1.5	Mar-11	hold	0.50	4.0	Aug-12	hold	0.50	2.5
Nov-09	hold	0.50	1.9	Apr-11	hold	0.50	4.5	Sep-12	hold	0.50	2.2
Dec-09	hold	0.50	2.9	May-11	hold	0.50	4.5	Oct-12	hold	0.50	2.7
Jan-10	hold	0.50	3.5	Jun-11	hold	0.50	4.2	Nov-12	hold	0.50	2.7
Feb-10	hold	0.50	3.0	Jul-11	hold	0.50	4.4	Dec-12	hold	0.50	2.7
Mar-10	hold	0.50	3.4	Aug-11	hold	0.50	4.5	Jan-13	hold	0.50	2.7
Apr-10	hold	0.50	3.7	Sep-11	hold	0.50	5.2	Feb-13	hold	0.50	..
May-10	hold	0.50	3.4	Oct-11	hold	0.50	5.0	Mar-13	hold	0.50	..
Jun-10	hold	0.50	3.2	Nov-11	hold	0.50	4.8				
Jul-10	hold	0.50	3.1	Dec-11	hold	0.50	4.2				

Sources: Office for National Statistics, Bank of England

Note (a): % change in Consumer prices index (CPI), ONS series D7G7



2 Summary of MPC voting

The table below summarises the voting of the MPC since the last rate change. The votes of the individual members are shown in Appendix 2:

Table 2
Monetary Policy Committee Voting Summary

	No of members voting for:		
	Increase	Hold	Decrease
Mar-09	0	0	9
Apr-09	0	9	0
May-09	0	9	0
Jun-09	0	9	0
Jul-09	0	9	0
Aug-09	0	9	0
Sep-09	0	9	0
Oct-09	0	9	0
Nov-09	0	9	0
Dec-09	0	9	0
Jan-10	0	9	0
Feb-10	0	9	0
Mar-10	0	9	0
Apr-10	0	9	0
May-10	0	9	0
Jun-10	1	7	0
Jul-10	1	7	0
Aug-10	1	8	0
Sep-10	1	8	0
Oct-10	1	8	0
Nov-10	1	8	0
Dec-10	1	8	0
Jan-11	2	7	0
Feb-11	3	6	0
Mar-11	3	6	0
Apr-11	3	6	0
May-11	3	6	0
Jun-11	2	7	0
Jul-11	2	7	0
Aug-11	0	9	0
Sep-11	0	9	0
Oct-11	0	9	0
Nov-11	0	9	0
Dec-11	0	9	0
Jan-12	0	9	0
Feb-12	0	9	0
Mar-12	0	9	0
Apr-12	0	9	0
May-12	0	9	0
Jun-12	0	9	0
Jul-12	0	9	0
Aug-12	0	9	0
Sep-12	0	9	0
Oct-12	0	9	0
Nov-12	0	9	0
Dec-12	0	9	0
Jan-13	0	9	0
Feb-13	0	9	0

Source: Bank of England

3 Updates

Updates				
	MPC decisions	CPI data	MPC minutes	Inflation Report
2013		19-Mar	20-Mar	
	04-Apr	16-Apr	17-Apr	
	09-May	21-May	22-May	15-May
	06-Jun	18-Jun	19-Jun	
	04-Jul	16-Jul	17-Jul	
	01-Aug	13-Aug	14-Aug	07-Aug
	05-Sep	17-Sep	18-Sep	
	10-Oct	15-Oct	23-Oct	
	07-Nov	12-Nov	20-Nov	13-Nov
	05-Dec	17-Dec	18-Dec	

Source: Bank of England and Office for National Statistics

4 Links to further information

CPI data: www.statistics.gov.uk/statbase/tsdataset.asp?vlnk=7174

OBR, *Economic and Fiscal Outlook*, March 2011

HM Treasury, *Forecast for the UK Economy: A comparison of independent forecasts*:
www.hm-treasury.gov.uk/data_forecasts_index.htm

Historic prices data: HC Library, *The Value of the Pound 1750-1998*, RP 99/20:
www.parliament.uk/documents/commons/lib/research/rp99/rp99-020.pdf

MPC decisions: www.bankofengland.co.uk/monetarypolicy/decisions.htm

Bank of England Inflation Reports:
www.bankofengland.co.uk/publications/inflationreport/index.htm

Appendix 1: Interest rates and inflation since May 1997

Official Bank Rate and Inflation (%) (a)

	Bank rate	Inflation		Bank rate	Inflation		Bank rate	Inflation		Bank rate	Inflation		Bank rate	Inflation
May-97	6.25	1.6	Aug-00	6.00	0.6	Nov-03	3.75	1.3	Feb-07	5.25	2.8	May-10	0.50	3.4
Jun-97	6.50	1.7	Sep-00	6.00	1.0	Dec-03	3.75	1.3	Mar-07	5.25	3.1	Jun-10	0.50	3.2
Jul-97	6.75	2.0	Oct-00	6.00	1.0	Jan-04	3.75	1.4	Apr-07	5.25	2.8	Jul-10	0.50	3.1
Aug-97	7.00	2.0	Nov-00	6.00	1.1	Feb-04	4.00	1.3	May-07	5.50	2.5	Aug-10	0.50	3.1
Sep-97	7.00	1.8	Dec-00	6.00	0.8	Mar-04	4.00	1.1	Jun-07	5.50	2.4	Sep-10	0.50	3.1
Oct-97	7.00	1.9	Jan-01	6.00	0.9	Apr-04	4.00	1.1	Jul-07	5.75	1.9	Oct-10	0.50	3.2
Nov-97	7.25	1.9	Feb-01	5.75	0.8	May-04	4.25	1.5	Aug-07	5.75	1.8	Nov-10	0.50	3.3
Dec-97	7.25	1.7	Mar-01	5.75	0.9	Jun-04	4.50	1.6	Sep-07	5.75	1.8	Dec-10	0.50	3.7
Jan-98	7.25	1.5	Apr-01	5.50	1.2	Jul-04	4.50	1.4	Oct-07	5.75	2.1	Jan-11	0.50	4.0
Feb-98	7.25	1.6	May-01	5.25	1.7	Aug-04	4.75	1.3	Nov-07	5.75	2.1	Feb-11	0.50	4.4
Mar-98	7.25	1.7	Jun-01	5.25	1.7	Sep-04	4.75	1.1	Dec-07	5.50	2.1	Mar-11	0.50	4.0
Apr-98	7.25	1.8	Jul-01	5.25	1.4	Oct-04	4.75	1.2	Jan-08	5.50	2.2	Apr-11	0.50	4.5
May-98	7.25	2.0	Aug-01	5.00	1.8	Nov-04	4.75	1.5	Feb-08	5.25	2.5	May-11	0.50	4.5
Jun-98	7.50	1.7	Sep-01	4.75	1.3	Dec-04	4.75	1.7	Mar-08	5.25	2.5	Jun-11	0.50	4.2
Jul-98	7.50	1.4	Oct-01	4.50	1.2	Jan-05	4.75	1.6	Apr-08	5.00	3.0	Jul-11	0.50	4.4
Aug-98	7.50	1.3	Nov-01	4.00	0.8	Feb-05	4.75	1.7	May-08	5.00	3.3	Aug-11	0.50	4.5
Sep-98	7.50	1.4	Dec-01	4.00	1.1	Mar-05	4.75	1.9	Jun-08	5.00	3.8	Sep-11	0.50	5.2
Oct-98	7.25	1.4	Jan-02	4.00	1.6	Apr-05	4.75	1.9	Jul-08	5.00	4.4	Oct-11	0.50	5.0
Nov-98	6.75	1.4	Feb-02	4.00	1.5	May-05	4.75	1.9	Aug-08	5.00	4.7	Nov-11	0.50	4.8
Dec-98	6.25	1.6	Mar-02	4.00	1.5	Jun-05	4.75	2.0	Sep-08	5.00	5.2	Dec-11	0.50	4.2
Jan-99	6.00	1.6	Apr-02	4.00	1.4	Jul-05	4.75	2.3	Oct-08	4.50	4.5	Jan-12	0.50	3.6
Feb-99	5.50	1.4	May-02	4.00	0.8	Aug-05	4.50	2.4	Nov-08	3.00	4.1	Feb-12	0.50	3.4
Mar-99	5.50	1.7	Jun-02	4.00	0.6	Sep-05	4.50	2.5	Dec-08	2.00	3.1	Mar-12	0.50	3.5
Apr-99	5.25	1.5	Jul-02	4.00	1.1	Oct-05	4.50	2.3	Jan-09	1.50	3.0	Apr-12	0.50	3.0
May-99	5.25	1.3	Aug-02	4.00	1.0	Nov-05	4.50	2.1	Feb-09	1.00	3.2	May-12	0.50	2.8
Jun-99	5.00	1.3	Sep-02	4.00	1.0	Dec-05	4.50	1.9	Mar-09	0.50	2.9	Jun-12	0.50	2.4
Jul-99	5.00	1.3	Oct-02	4.00	1.4	Jan-06	4.50	1.9	Apr-09	0.50	2.3	Jul-12	0.50	2.6
Aug-99	5.00	1.2	Nov-02	4.00	1.5	Feb-06	4.50	2.0	May-09	0.50	2.2	Aug-12	0.50	2.5
Sep-99	5.25	1.2	Dec-02	4.00	1.7	Mar-06	4.50	1.8	Jun-09	0.50	1.8	Sep-12	0.50	2.2
Oct-99	5.25	1.1	Jan-03	4.00	1.3	Apr-06	4.50	2.0	Jul-09	0.50	1.8	Oct-12	0.50	2.7
Nov-99	5.50	1.2	Feb-03	3.75	1.6	May-06	4.50	2.2	Aug-09	0.50	1.6	Nov-12	0.50	2.7
Dec-99	5.50	1.1	Mar-03	3.75	1.5	Jun-06	4.50	2.5	Sep-09	0.50	1.1	Dec-12	0.50	2.7
Jan-00	5.75	0.8	Apr-03	3.75	1.4	Jul-06	4.50	2.4	Oct-09	0.50	1.5	Jan-13	0.50	2.7
Feb-00	6.00	0.9	May-03	3.75	1.3	Aug-06	4.75	2.5	Nov-09	0.50	1.9	Feb-13	0.50	..
Mar-00	6.00	0.6	Jun-03	3.75	1.1	Sep-06	4.75	2.4	Dec-09	0.50	2.9	Mar-13	0.50	..
Apr-00	6.00	0.6	Jul-03	3.50	1.3	Oct-06	4.75	2.4	Jan-10	0.50	3.5			
May-00	6.00	0.5	Aug-03	3.50	1.4	Nov-06	5.00	2.7	Feb-10	0.50	3.0			
Jun-00	6.00	0.8	Sep-03	3.50	1.4	Dec-06	5.00	3.0	Mar-10	0.50	3.4			
Jul-00	6.00	0.9	Oct-03	3.50	1.4	Jan-07	5.25	2.7	Apr-10	0.50	3.7			

Sources: Office for National Statistics, Bank of England

Note: (a) % change in Consumer prices index (CPI), ONS series D7G7

Appendix 2: Voting record of individual members of the MPC

Monetary Policy Committee Voting Record

	Mervyn King (a)	Kate Barker (b)	Charles Bean (d)	Tim Besley (b)	David Blanchflower (b)	Spencer Dale (c)	Paul Fisher (c)	David Miles (b)	Adam Posen (b)	Andrew Sentance (b)	Paul Tucker (d)	Martin Weale (b)	Ben Broadbent (b)	Ian McCafferty (b)
Mar-09	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	..	..	-0.50%	-0.50%	..	..	..
Apr-09	hold	hold	hold	hold	hold	hold	hold	..	..	hold	hold	..	..	..
May-09	hold	hold	hold	hold	hold	hold	hold	..	..	hold	hold	..	..	..
Jun-09	hold	hold	hold	hold	..	hold	hold	hold	..	hold	hold	..	..	..
Jul-09	hold	hold	hold	hold	..	hold	hold	hold	..	hold	hold	..	..	..
Aug-09	hold	hold	hold	hold	..	hold	hold	hold	..	hold	hold	..	..	..
Sep-09 to May-10	hold	hold	hold	..	..	hold	hold	hold	hold	hold	hold	..	..	..
Jun-10	hold	..	hold	..	..	hold	hold	hold	hold	+0.25%	hold	..	..	..
Jul-10	hold	..	hold	..	..	hold	hold	hold	hold	+0.25%	hold	..	..	..
Aug-10 to Dec-10	hold	..	hold	..	..	hold	hold	hold	hold	+0.25%	hold	hold	..	..
Jan-11	hold	..	hold	..	..	hold	hold	hold	hold	+0.25%	hold	+0.25%	..	..
Feb-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	+0.50%	hold	+0.25%	..	..
Mar-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	+0.50%	hold	+0.25%	..	..
Apr-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	+0.50%	hold	+0.25%	..	..
May-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	+0.50%	hold	+0.25%	..	..
Jun-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	..	hold	+0.25%	hold	..
Jul-11	hold	..	hold	..	..	+0.25%	hold	hold	hold	..	hold	+0.25%	hold	..
Aug-11 to Jul-12	hold	..	hold	..	..	hold	hold	hold	hold	..	hold	hold	hold	..
Aug-12	hold	..	hold	..	..	hold	hold	hold	hold	..	hold	hold	hold	..
Sep-12	hold	..	hold	..	..	hold	hold	hold	..	..	hold	hold	hold	hold
Oct-12 to Feb-13	hold	..	hold	..	..	hold	hold	hold	..	..	hold	hold	hold	hold

Source: Bank of England

Notes: (a) Governor of the Bank of England

(b) External members

(c) Bank of England Executive Directors

(d) Deputy Governors of the Bank of England. Bean became a Deputy Governor in July 2008 and Tucker in March 2009. Previously, they were Executive Directors of the Bank.