

## **BCC comments on MPC decision**

Commenting on today's interest rate decision by the Bank of England's Monetary Policy Committee, Mike Spicer, Director of Economics at the British Chambers of Commerce (BCC), said:

"Our preferred outcome was for a further period of monetary stability, with interest rates steady over the near term. Today's quarter point rise may have little effect on most companies, but many will view this as the first step in a longer policy movement – not as a simple reversal of last year's cut.

"These are challenging times for monetary policymakers. The MPC had the unenviable task of weighing future risks to inflation, from a tight – and tightening – labour market, pass-through from a weaker pound and rising commodity prices. Against this, they needed to consider the future risks to under-shooting the inflation target from weak growth, fragile business confidence, and the effects of uncertainty.

"These are finely-balanced judgements: while interest rates will need to return to historic averages at some point, it should be done slowly and with reference to the ever-changing economic context.

"With the Bank of England's latest forecasts of sluggish growth for the next few years, the government must use the upcoming Autumn Budget to boost business confidence and investment, and reduce the pressure on prices from policy decisions such as the forthcoming hike in business rates."

**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](http://www.britishchambers.org.uk)

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