



Press Release

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Interest rates to rise by 0.25%, say business leaders

The Bank of England's Monetary Policy Committee will almost certainly raise interest rates by a quarter point this week, the Institute of Directors (IoD) said today. Continued strong household spending, borrowing and house price growth are likely to push up interest rates even though the weak manufacturing sector and the level of the pound suggest otherwise, the IoD said.

Graeme Leach, Chief Economist at the IoD, said:

"The performance of the UK economy over recent months does not suggest interest rates have had any significant impact as yet. Consequently the Bank of England needs to squeeze a little tighter. When UK households begin to feel more pain we should then begin to see the economic gain as the economy re-balances."

Ends

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Notes to editors

1. The IoD (Institute of Directors) was founded in 1903 and obtained a Royal Charter in 1906. The IoD is a non-party political organisation with upwards of 54,000 members in the United Kingdom. Membership includes directors from right across the business spectrum - from media to manufacturing, e-business to the public and voluntary sectors. Members include CEOs of large corporations as well as entrepreneurial directors of start-up companies.
2. The IoD offers a wide range of business services which include business centre facilities (including six regional centres), conferences, networking events, issues-led guides and literature as well as information services and free access to a comprehensive business library and enquiry service. The IoD places great emphasis on director development and has established a certified qualification for directors - Chartered Director - as well as running specific board-level and director-level training and individual career mentoring programmes.
3. In addition, the IoD provides an effective voice to represent the interests of its members to government and key opinion-formers at the highest levels. These include ministers, constituency MPs, Select Committee members and senior civil servants. IoD policies and views are actively promoted to the national, regional and trade media.
4. For further information, visit our website: www.iod.com