



# Press Release

**For immediate release  
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## **Consumers will respond to higher rates, says IoD**

Commenting on today's decision to raise interest rates by 0.25%, Graeme Leach, Chief Economist at the Institute of Directors said:

“A back-to-back interest rate rise was always likely given the continued strength of household spending and house prices. The IoD has argued that consumers will respond to higher interest rates, despite the limited evidence to date. First, because total debt servicing costs (including all interest charges and repayments of principal), are now relatively high, not low. Second, the relationship between house prices and consumption appears to be weaker in this economic cycle, suggesting the potential spending boost from greater housing wealth can be brought under control.”

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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](http://www.iod.com)