

# News Release

**EMBARGOED UNTIL: 00:01 (UK Time) 21 July 2013**

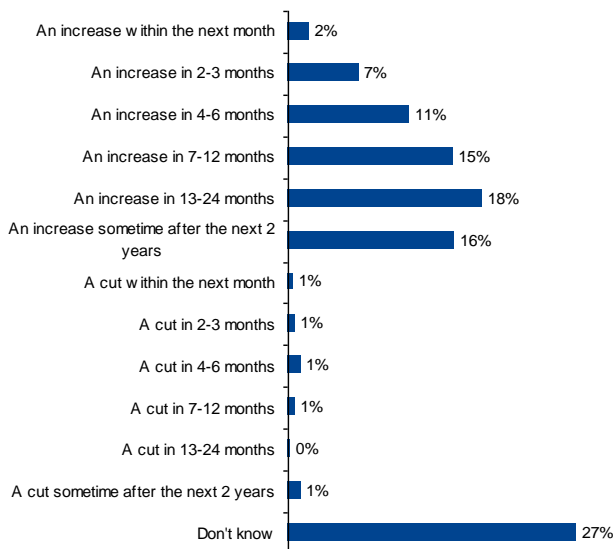
## UK economy

### One-in-three households expect interest rates to rise in the next 12 months

- Some 53% of households think the Bank of England will start to raise interest rates in the next two years
- 35% expect a rise within the next year
- 16% anticipate rates staying at 0.5% for at least another two years
- 5% expect to see a further cut

#### Households' views on interest rates

The interest rate set by the Bank of England is currently 0.5%. Please let us know when and how you think the Bank will next change interest rates by choosing one of the options below..



Survey data collected by Ipsos MORI on behalf of Markit suggest that just over half of all households expect the Bank of England to raise interest rates within the next two years. Just over one-in-three expect rates to start rising within the next 12 months and one-in-five expect to see an increase by the end of 2013.

Only 2% thought that rates would increase *within the next month*.

Only 16% think that rates will only start to rise again after at least two years. A small minority, 5%,

consider it most likely that the Bank will cut rates again to a new record low to stimulate the economy.

The survey data were collected between 10-15 July. The survey results are available for regions, household ownership and demographic categories on request.

**Commenting on the survey, Chris Williamson, Chief Economist at Markit, noted that:**

“The survey results suggest that the ‘forward guidance’ given by the Bank of England after its July policy meeting has yet to filter through to households.

“After its July monetary policy meeting, the first under new governor Mark Carney, the Bank of England’s Monetary Policy Committee took the unusual step of publishing a statement designed to reassure the markets, businesses and households that rates are likely to follow that path outlined in its latest forecast, which indicated that rates will not start rising for another three years. The Bank Rate has been stuck at an all-time low of 0.5% since March 2009. The majority of households are clearly not convinced.

“On one hand, the survey results present the Bank of England with the challenge of better communicating the prospect of an extended period of low interest than the statement which accompanied the last policy meeting.

“On the other hand, the survey also shows that an effective communication of the scope for interest rates to stay long for over a year could have a material impact on consumer behaviour, providing welcome reassurance that borrowers will continue to see low debt servicing costs, especially for mortgages, for longer than many thought likely.

”Alongside low pay growth and high inflation, the survey suggests that the spectre of higher interest rates is a key factor restraining many of the UK’s 11 million mortgage holders from feeling comfortable about increasing their current spending.”

- Ends -

**Markit's Household Finance Index (HFI) survey will be released at 00:01 (UK Time) on 22<sup>nd</sup> July 2013.**

**For further information, please contact:**

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**Note to Editors:**

**About the survey**

The survey is based on monthly responses from approximately 1,500 individuals in Great Britain, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

**Ipsos MORI technical details (July survey)**

Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between 10<sup>th</sup> – 15<sup>th</sup> July 2013. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known GB profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

**About Markit**

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see [www.markit.com](http://www.markit.com)

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