

# Interest rates may not rise as much as expected, says Bank of England economist

October 21 2022, by Laura Singleton

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The Deputy Governor of Monetary Policy at the Bank of England, has questioned whether UK interest rates need to rise as much as markets predict.

In a speech at Imperial College Business School on Thursday 20 October, Dr. Ben Broadbent said: "Whether official interest rates have to rise by quite as much as currently priced in [financial markets](#) remains to be seen."

Dr. Broadbent was outlining the inflationary consequences of real shocks to an audience of staff, [students](#) and alumni at the Business School.

A full copy of Dr. Broadbent's speech can be accessed online.

He argued how the combined impact of the COVID-19 pandemic and Russia's invasion of Ukraine had inflicted significant damage on the UK's national income. He set out to make the link between "these extraordinary shocks", the subsequent high rates of inflation and the Bank of England's monetary policy response.

Outlining the impact of rising inflation and the external "shocks" that the UK economy has experienced over the past two years he said that "the pandemic raised the global demand for goods and reduced their supply; Russia has cut back severely its supply of gas to Europe. These have had dramatic effects on relative prices."

He said that import prices had risen significantly compared with the price of UK output. This had "unavoidably depressed real incomes: the volume of output may have just about recovered to pre-COVID levels, but it's consumption value has not."

**More information:** Full copy of speech:  
[www.bankofengland.co.uk/-/medi ... 49A71B04FF37A2D62C74](http://www.bankofengland.co.uk/-/medi...49A71B04FF37A2D62C74)

Provided by Imperial College London

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