

# Don't bank on drastic interest rate cuts, says fairinvestment.co.uk

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With intense speculation continually surrounding the fluctuating Bank of England base rate, research carried out by fairinvestment.co.uk found that 56 per cent of people believe the rate will fall below the five per cent mark by the time the year is out.

Indeed, 29 per cent expect the rate to fall from the current 5.25 per cent to 4.75 per cent by the year end, while a further 27 per cent are anticipating a rate of 4.5 per cent or below.

"Many people see further rate cuts as a necessary means of easing pressure on household budgets," stated fairinvestment.co.uk (<http://www.fairinvestment.co.uk/>) director, James Caldwell. "The Fed has slashed rates dramatically in the US, and some people believe this should be replicated in the UK, particularly for those struggling with high mortgage (<http://www.fairinvestment.co.uk/mortgage.aspx>) payments."

Meanwhile, 21 per cent believe interest rates will fall just 0.25 per cent to five per cent by the end of 2008, while nine per cent are hedging their bets on the rate remaining flat at 5.25 per cent.

Mr Caldwell commented: "The Monetary Policy Committee's decision is not as straightforward as people might think when it comes to setting the base rate. Inflation must be taken into consideration, as must the country's general economic condition. Therefore, it is likely that rates will be cut with an air of caution if there are to be further reductions this year."

By contrast, a small minority of respondents actually expect to see a rise in the base rate. Four per cent believe the rate will return to 5.5 per cent by the end of the year. Moreover, 10 per cent can see the last two cuts being cancelled out, with rates rising to 5.75 per cent, the same level as in November 2007.

"If the rate is increased, this will be good news for those with savings accounts ([http://www.fairinvestment.co.uk/savings\\_accounts.aspx](http://www.fairinvestment.co.uk/savings_accounts.aspx)); however, homeowners are likely to feel the pinch," said Mr Caldwell.

The next Bank of England interest rate decision will be announced on April 10.

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About Fair Investment

- fairinvestment.co.uk, is an independent online finance portal, providing financial comparison (<http://www.fairinvestment.co.uk/>) tools, news, reviews and information on a wide range of financial products and services, including insurance, credit cards, mortgages, loans, savings and investments.

- Fair Investment Company is a leading internet player that sees 400,000 unique users per month, sells over £5 billion worth of mortgage enquiries and is a Hitwise 100 Banks and Financial Institutions site.

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