

Press Release
For immediate release
Tuesday 16 March 2004

Interest Rates still on the way up despite Inflation fall, says IoD

As latest figures show a fall in all the key inflation measures between January and February, the Institute of Directors (IoD) said it still expected interest rates to rise.

Graeme Leach, Chief Economist at the IoD, said:

"Inflation is down but interest rates are still on the way up. The Bank of England is more concerned with what inflation might be next year rather than what it was last month. The latest inflation figures do not change the interest rate story. Interest rates will rise further, but today's figures give us a little more confidence that base rates may only need to peak at 4.5%."

Figures released today show CPI inflation fell from 1.4% (yr-on-yr) to 1.3% (yr-on-yr) in February while RPIX inflation fell from 2.4% to 2.3% in February and RPIY fell from 2% to 1.9% in February. However, the IoD was keen to point out that services inflation is at 3.2% and the latest month-on-month movement in the CPI was 0.3% - an annualised rate of 3.7%.

Ends
27.2.04 No.240

/2...

/2....

Contact Points:

Richard Taylor, Press Officer, tel. 020 7451 3264

Mobile and out of hours. 07721 734886

David Marshall, Director of Public Affairs, tel: 020 7451 3263
Mobile and out of hours: 07764 883420
Email. Press@iod.com

<mailto:press@iod.com>

Web. www.iod.com <http://www.iod.com>

Notes to editors

1. The IoD (Institute of Directors), founded by Royal Charter in 1903, 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>>

Richard Taylor
Press Officer
Institute of Directors
116 Pall Mall
London SW1Y 5ED
* 020 7451 3264 Fax: 020 7930 8040
Mobile: 07721 734886
* <mailto:press@iod.com> i <http://www.iod.com/>