

Bank of England policymaker urges 'steady-as-she-goes' approach to rate cuts



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A [Bank](#) of England policymaker has called for a gradual approach to future interest rate cuts because of the potential for persistently high inflation across the economy.

Megan Greene, an external member of the Bank's monetary policy committee, said: "I believe a cautious, steady-as-she-goes approach to monetary policy easing is appropriate."

Ms Greene was one of the eight policymakers who voted to hold the base interest rate at 5% at the Bank's September meeting, after it was cut by a quarter point in August.

Explaining the policy, she cited a scenario in which inflation remains above the Bank of England's 2% target.

She pointed to faster-than-expected price rises in the

services sector and higher wage growth this year as evidence that this is still a risk.

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Andrew Bailey

Speaking at the North East Chambers of Commerce in [Newcastle](#), Ms Greene said she is looking for data which suggests the risk of this “is diminishing”.

She said: “Given this risk, I believe it is appropriate to take a gradual approach to removing restrictiveness.”

[Inflation](#) was hovering at 2.2% in July and August, just above the Bank’s 2% target, after falling from a high of 11.1% in October 2022.

A recent business survey may have provided some of the evidence she is looking for, after [British](#) firms reported waning price pressures in the services sector.

The S&P Global flash UK composite purchasing managers’ index data on Monday indicated that price inflation eased to a 42-month low across the private sector, driven by a weaker rise in prices charged by companies in the services sector.

Ms Greene’s comments echo statements by the Bank’s governor, [Andrew Bailey](#), who urged caution while speaking to local newspaper the Kent Messenger.

He said that while inflation has “come down a long way ... we still have to get it sustainably at the target and we have quite an unbalanced mix of components of inflation at the moment.

“But I’m very encouraged that the path is downwards therefore I do think the path for interest rates will be downwards, gradually.”

The next MPC meeting is in November, when many experts think the Bank could cut rates again.