

Four more rate hikes this year, warns City as inflation takes toll

THEY will be at least four more interest rate rises this year and a surge of insolvencies as [inflation](#) takes its toll on an increasingly shaky UK [economy](#).

That's the latest City betting on the day inflation went to a 40% year high, jumping from 7% to 9% for the year to April.

In response [Bank of America](#) told clients to expect [interest rates](#) to double from 1%. The [Bank of England](#) will now raise rates by 0.25 percentage points in June, August, September and November.

There could be more rate rises than that. "In our view the risks to our Bank Rate call are skewed up," it said in a note.

It added: "This rate profile will, we think, mean a weak economy. We forecast just 0.4% growth in 2023, the weakest in the consensus panel and not far from the BoE's -0.25%. But weak growth, in our view, will be necessary to attempt to keep expectations anchored. Unfortunately, we think the risks are skewed towards an even weaker economy now being needed to bring inflation back to target."

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[soared in April](#)

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Meanwhile, Allianz Trade said business insolvencies will increase by 37% this year.

Maxime Lemerle, head of insolvency research at Allianz Trade, said: "Our forecasts paint a difficult picture for UK businesses, despite the resilience shown in recent years. In a sense, this year's anticipated uptick in insolvencies is a case of the inevitable after the extensive government support provided since March 2020, but it also shines a light on some of the macro challenges facing the economy."

Some in the City now say the hit to the economy is so severe that inflation has, in fact, peaked. It could be back to the Bank of England's 2% target by the end of 2023.

ING said today: "While there are plenty of upside risks to UK inflation, we suspect April's 9% figure will mark the peak. Certain goods categories will start to pull down the headline rate, even if further pressure in food and services is yet to come. The key thing for the Bank of England is that inflation is likely to be below target by the end of 2023."

There are growing calls for more government help for the most vulnerable in society.

Citizens Advice said "the warning lights could not be flashing brighter".