

Soaring house and jobs market ups pressure on Bank of England

FIRM evidence that the [economy](#) was performing strongly before the emergence of the [Omicron](#) variant emerged today, giving [Bank of England](#) policy makers another headache.


The Bank is weighing up whether it dare put up interest rates to head-off soaring [inflation](#). It remains concerned that doing so would hit the economic recovery.

Today there were strong signals from the banking, [housing](#) and [recruitment](#) sectors that the [UK](#) was booming, at least until very recently.

Halifax reported that house prices are rising at the fastest rate since 2006; 1% in November alone and 3.4% in the last quarter.

Russell Galley, managing director of Halifax, said: “This is the fifth straight month that average house prices have risen, with typical values up by almost £13,000 since June, and more than £20,000 since this time last year.”

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Buy to let mortgage specialist Paragon had a record year, with profits up 62% to £194 million. That allows it to almost double the dividend to 26.1p a share and launch a £50 million share buyback plan.

Chief executive Nigel Terrington said: "We have delivered an outstanding performance. We enter 2022 with strong pipelines at near record levels."

And recruitment firm Page Group bumped up profit expectations from £155 million to £165 million for the year, assuming that "unexpected events" don't hit trade.

All of which leaves the Bank of England's decision at the meeting of its Monetary Policy Committee on December 16 finely balanced.

Many in the City think it should already have put rates up from historic lows of 0.1%.

Ben Broadbent, one of the Bank's deputy governors, said yesterday that the booming jobs market confirmed by Page today poses a significant inflation risks.

He said this is an "extremely challenging period for monetary policy" with inflation heading a "a long way north" of the 2% target.

Stock markets rose smartly today as investors bet that Omicron will be at least manageable and won't lead to another lockdown that hits the economy hard.