Bank of England chief hints at bigger interest rate rises

The Bank of England's chief economist has hinted at bigger interest rate hikes to come in a bid to tackle soaring inflation.

Huw Pill said he would be open to voting for a larger move than the 0.25 percentage point increases implemented so far if warranted.

Speaking at a banking conference, he expressed his "willingness to adopt a faster pace of tightening", but emphasised that this would depend on "the data that we see and my interpretation of it".

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He stressed that "much remains to be resolved before we vote on our August policy decision".

Mr Pill reiterated the **Bank's pledge in June** to "act forcefully" to tackle the threat of long-term high inflation.

However, he also said he preferred a "steady-handed" approach for now, warning that "one-off bold moves" can be "disturbing in terms of their impact on financial markets".

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If the Bank lifted rates from 1.25% to 1.75% in August, it would mark the biggest single rise since it gained independence in 1997.

Financial markets see a 60% chance of this happening and if it did, it would echo similar moves by the US central bank.

Deputy governor Sir Jon Cunliffe said the Bank would take action to bring inflation levels back down to the Bank’s target of 2%.

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"We will do whatever is necessary to ensure that as this period of inflation goes through the economy, it does not leave us with a persistent domestically generated inflation problem," he told BBC Radio 4's Today programme.

"We will act to make sure that doesn't happen."

Inflation hit a new **40-year high of 9.1%** in May and is forecast to reach 11% in the autumn.

Sir Jon said he expects that the cost of living squeeze will counteract inflation as people cut back on spending and slowing demand reins in price increases.