

Bank of England governor still thinks inflation will fall sharply next year

The governor of the Bank of England has said he still thinks inflation will fall sharply next year.

The Bank is due to start working on forecasts that will be released with its next interest rate decision on 4 August.

Andrew Bailey told the treasury select committee on Monday afternoon that he expected inflation would likely stay broadly in line with the Bank's last forecasts in May.

He added: "I always go into forecasts with an open mind, and that's critical, but I think the basic fundamentals of that profile remain in place today."

Inflation is expected to be back to its 2% target in around two years' time, he said, although pressure on gas prices following the war in Ukraine could change that.

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A fall in inflation would come as welcome news to millions of Britons who are struggling with higher energy bills and food costs, a national insurance increase and council tax rises.

The Bank has previously said inflation was likely to peak at just over 11% in October.

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Latest figures showed that it [reached a 40-year high of 9.1% in May](#), up from 9% in April.

The inflationary pressure has resulted in the Bank raising interest rates five times since December, and it is expected to raise them again next month.