

Embargoed until 0001 UTC (0101 BST) 15 June 2022

S&P Global UK Household Interest Rate Expectations Index

UK households expect further rate hike, according to latest survey data

Key findings:

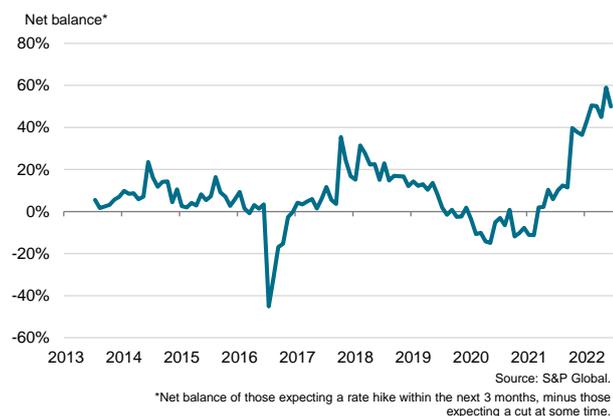
A near-record 56% of UK households expect central bank to hike rates in next 3 months...

... with three-quarters of households anticipating a hike by the end of the year

Fewer than one in ten (6%) believe the next move by the central bank will be a cut

Data were collected 1-8 June

UK Households' Interest Rate Expectations



UK households maintained hawkish expectations towards interest rates in June, and continue to expect an imminent rise in the Bank of England base rate, according to the latest representative survey of 1,500 UK households compiled by S&P Global.

At 56% in June, the proportion of UK households expecting a rate hike within the next 3 months was the second-highest on record, lower only than May's reading of 65%.

Conversely, just 6% of those surveyed expect the next move by the central bank to be a rate cut, amongst the lowest on record.

The resulting net balance in June, at 50%, was the fourth-highest recorded since data collection began in July 2013, and signalled a sustained expectation that the UK's central bank will raise the base rate of interest to temper inflation, despite ongoing uncertainty towards the macroeconomic outlook and deteriorating household finances amid the cost of living crisis.

That said, the latest net balance was down from 59% in May, suggesting that expectations of an imminent interest

rate hike have cooled, if only slightly.

The proportion of UK households anticipating higher interest rates within the next six months also edged down from May's figure of 79%. Nonetheless, a quarter of households expect the Bank of England to hike rates again by the end of 2022, with that figure rising to around nine in ten for the 12-month (85%) and 24-month (89%) time horizons.

The data suggest little-tempering of expectations at UK households of higher interest rates in the short term, ahead of the next Monetary Policy Committee decision at midday on Thursday 16th June.

Lewis Cooper, Economist at S&P Global said:

"UK households are braced for a fifth interest rate hike, according to the latest survey data, with the net balance of those expecting an imminent increase in the base rate amongst the highest on record, despite cooling slightly from May. Moreover, households views remained aligned with financial markets, which have priced in further hikes by the central bank ahead of the upcoming June meeting.

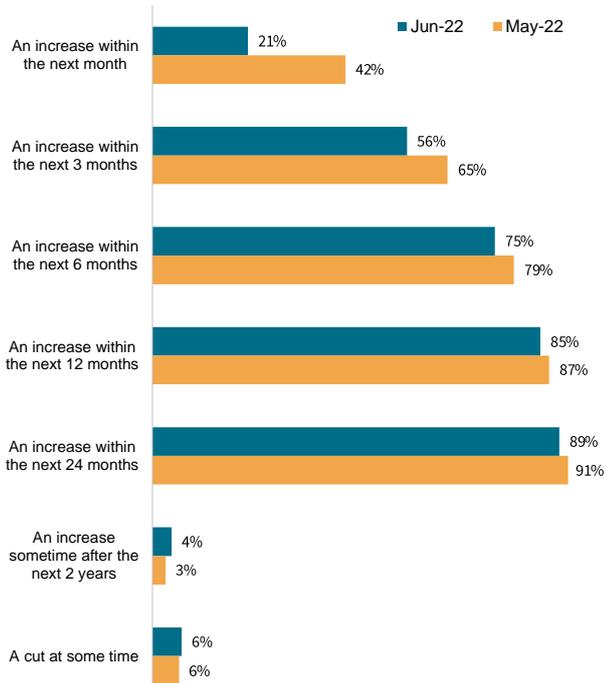
"The survey data also suggest that expectations of higher rates remain baked in to households forecasts, with a quarter of survey respondents expecting a rate hike by the end of 2022, and a firm majority of 85% within the next 12 months.

"It's clear that UK households expect the central bank to take further action to tackle strong inflation and hawkish expectations appear to be little dampened by ongoing macroeconomic concerns and the cost of living crunch. Nonetheless, recent business survey data which highlighted a further slowdown in growth across the UK is likely to also be top of mind for the Bank of England."

The UK Household Interest Rate Expectations Index is released ahead of each MPC meeting. For release dates, please email economics@ihsmarkit.com.

News Release

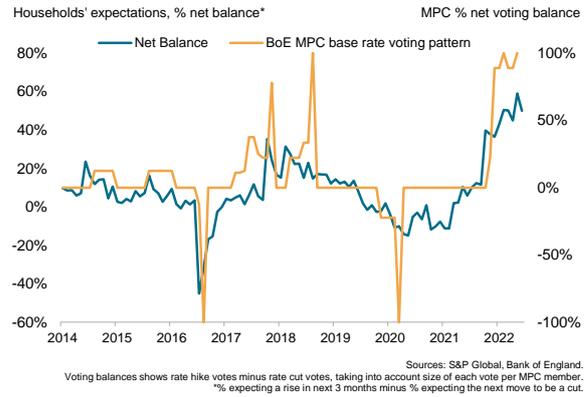
UK households' views on next change in Bank of England base rate*



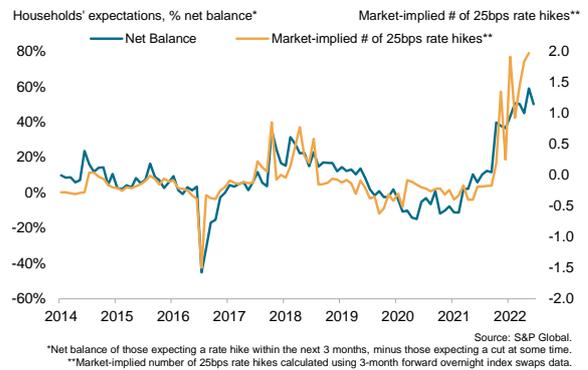
Source: S&P Global

**The interest rate set by the Bank of England is currently 0.1%. Please let us know when and how you think the Bank will next change interest rates by choosing one of the options below: Please choose only one answer.* Figures are cumulative % of respondents excluding "don't know".

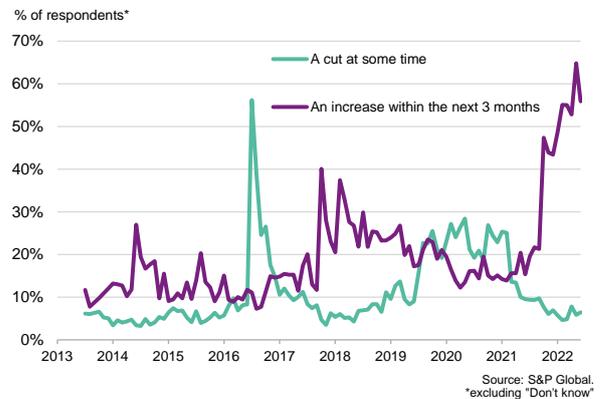
Household interest rate expectations and MPC voting history



Household versus market interest rate expectations



Households' Interest Rate Expectations – breakdown



Contact

S&P Global Market Intelligence
Chris Williamson
Chief Business Economist
Email: chris.williamson@spglobal.com

Lewis Cooper
Economist
Email: lewis.cooper@spglobal.com

News Release

Note to Editors

About the Household Interest Rate Expectations Index

The S&P Global UK Household Interest Rate Expectations Index is a single figure indicator of households' interest rate expectations, designed to give a timely gauge of the extent to which the BoE has managed households' expectations.

The survey is based on monthly responses from approximately 1,500 individuals in the UK, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Index numbers

The index is calculated as the percentage net balance of those expecting the next move in interest rates by the Bank of England to be a hike within three months less those anticipating a decline at some time in the future.

Ipsos MORI technical details (June survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across the United Kingdom from its online panel of respondents. Interviews were conducted online between June 1st – 8th 2022. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known UK profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 S&P Global Ltd. All rights reserved. www.spglobal.com

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.