

Embargoed until 0101 UTC (0101 GMT) 31 October 2022

## S&P Global UK Household Interest Rate Expectations Index

### Bank of England expected to continue hawkish stance, according to latest survey of UK Households

#### Key findings:

Net balance of UK households expecting imminent rate hike hits fresh peak of +64%

Proportion expecting rates to rise within next 3 months hits series record of 69%

Just 5% of households think the central bank will cut rates

Data were collected 13-18 October

#### UK Households' Interest Rate Expectations



The latest representative survey data of UK households, compiled by S&P Global, point to sustained expectations of further imminent rate hikes by the UK's central bank.

The proportion of UK households surveyed in October expecting interest rates to rise in the next three months hit a fresh survey peak of 69%, up from 66% in September.

Conversely, just 5% of households are expecting the next move by the BoE to be a rate cut, unchanged on the month and amongst the smallest proportion on record.

The resulting net balance rose jumped further from +61% in September to +64% in October, the highest reading since data were first compiled in 2013 to signal the most hawkish expectations amongst UK households on record.

Moreover, expectations towards the base rate grew more hawkish in October across multiple time horizons. A survey record 81% of households anticipate a hike within the next 6 months.

Expectations amongst UK households remain closely aligned to financial markets, which are anticipating a 75 basis point hike by the UK's central bank ahead of the next decision from the BoE's MPC, published at 12 noon on 3<sup>rd</sup> November.

Lewis Cooper, Economist at S&P Global Market Intelligence said:

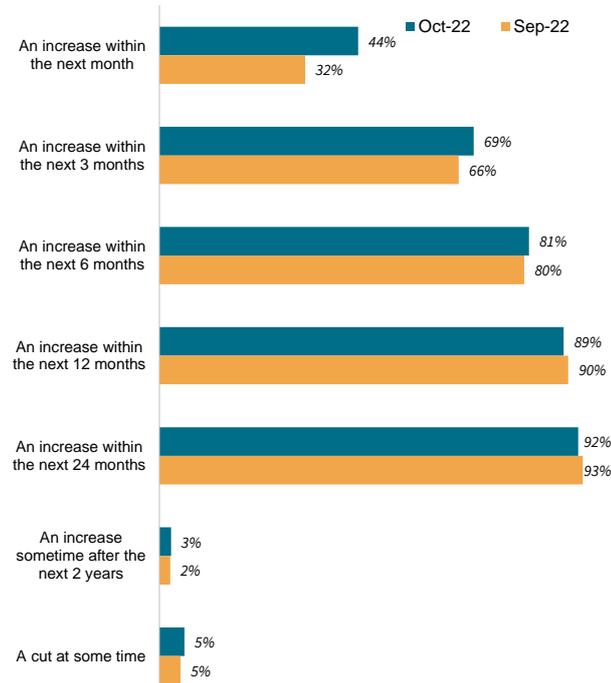
*"Latest survey data showed UK households growing increasingly hawkish in October. The net balance expecting an imminent rate hike hit a fresh survey peak of +64%, up from +61% in September. The proportion of households anticipating the central bank to hike within the next six months hit a survey record high of 81% in October.*

*"It's clear from the survey data that households remain steadfast in expectations the Bank of England will adopt an aggressive monetary policy stance in order to combat rising inflation. However, the peak of the rate hike cycle is less clear, with latest PMI business survey data pointing to an intensifying economic downturn in the UK, albeit with inflationary pressures sharply elevated, suggesting that higher borrowing costs are already having a significant negative impact on business and consumer demand."*

**The UK Household Interest Rate Expectations Index is released ahead of each MPC meeting. For release dates, please email [economics@spglobal.com](mailto:economics@spglobal.com).**

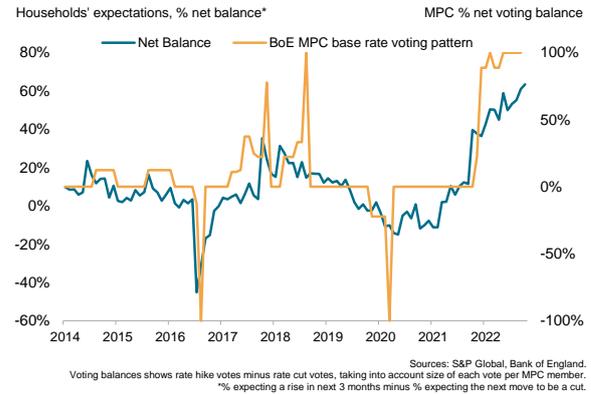
# News Release

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

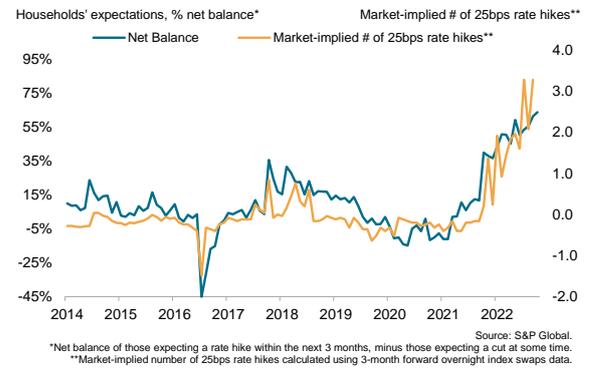


Source: S&P Global  
 \*\*The interest rate set by the Bank of England is currently 1%. Please let us know when and how you think the Bank will next change interest rates by choosing one of the options below. Please choose only one answer.  
 \*Figures are cumulative % of respondents excluding "don't know".

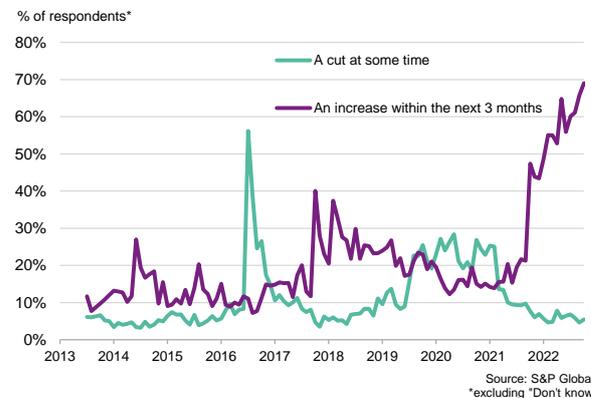
## Household interest rate expectations and MPC voting history



## Household versus market interest rate expectations



## Households' Interest Rate Expectations – breakdown



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# 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 (October survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across the United Kingdom from its online panel of respondents. Interviews were conducted online between October 13<sup>th</sup> – 18<sup>th</sup> 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.

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