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# BoE’s Pill Signals Slower Pace for Future Rate Cuts

*August 9, 2025*
*— Categories: Economics*


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Interest rates in the United Kingdom may not fall as quickly or as sharply as previously expected, according to Bank of England Chief Economist Huw Pill. The warning comes amid signs that inflation could rise again in the coming months.

The Bank's Monetary Policy Committee (MPC) voted on Thursday to cut the base rate by 0.25 percentage points to 4 %. This move followed months of gradual reductions from the 15-year high of 5.25 % recorded in 2023. However, the Bank's latest forecasts indicate inflation could climb to around 4 % from next month, double its official target of 2 %.

Speaking to business leaders in an online presentation on Friday, Mr Pill cautioned that the path for further rate cuts was becoming less predictable.

Mr Pill has consistently taken a more cautious stance than some of his MPC colleagues. He has voted to hold rates steady at the last four meetings.

The decision to cut rates this week was supported by a majority of MPC members, but four, including Mr Pill, voted for no change. Analysts say the divergence reflects uncertainty over whether inflationary pressures will ease or resurface, particularly with energy costs and wages remaining elevated.

The Bank's actions are closely watched by households and businesses, as changes in interest rates influence borrowing costs, mortgage payments, and consumer spending. Slower rate cuts could mean higher repayment costs for longer, affecting the housing market and economic growth prospects.

With the next MPC meeting due in September, attention will be on incoming inflation and economic data to determine whether the Bank continues its cautious approach or resumes a quicker pace of rate reductions.