

Embargoed until 0001 GMT (0001 UTC) 25 November 2021

## UK Household Interest Rate Expectations Index

### Households' expectations of bank rate rise hold close to survey high ahead of December MPC meeting

#### Key points:

- Households' expectations of imminent Bank of England rate rise remain close to eight-year survey high in November (net balance +38%)
- Around 44% of UK households expect the bank rate to rise in the next three months, down only slightly from 47% in October
- Forecasts skew towards six-month horizon following November's rate decision, with record 66% expecting rate hike by May 2022

November data were collected 11-17 November 2021.

#### UK Households' Interest Rate Expectations



Source: IHS Markit  
\*Net balance of those expecting a rate hike within the next 3 months, minus those expecting a cut at some time.

UK households' expectations of an imminent rise in the Bank of England (BoE) base rate remained among the highest on record in November, according to the latest representative survey of 1,500 UK households compiled by IHS Markit.

Around 44% of households expect interest rates to rise in the next three months, down only slightly from October's eight-year survey high of 47%.

At the same time, just 6% of UK households anticipate a rate cut at some time in the future, the lowest since May 2018.

The resulting net balance, at +38%, was the second-highest since data collection began in July 2013,

falling only slightly from October's reading of +40%, reflecting a minor easing of interest rate expectations following November's rate decision. Nonetheless, the data suggest that many households continue to prepare for an imminent rate rise ahead of the last MPC meeting of 2021, with the announcement scheduled for 12pm on 16<sup>th</sup> December.

Moreover, a firm majority of UK households anticipate a rate hike by May 2022. Around two-thirds of households (66%) forecast rates to rise within the next six months, up from 65% in October and the highest reading in the survey's eight-year history.

Looking to a 12-month horizon, over four-in-five UK households expect rates to rise (82%), the strongest majority recorded since June 2014.

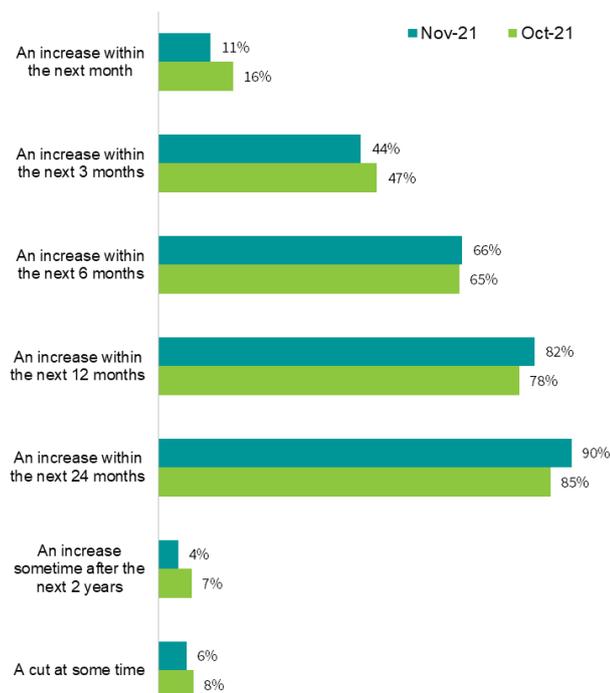
Across the 12 monitored UK areas, households in Yorkshire & Humber again recorded the greatest net balance in November (+51%). This was followed closely by Northern Ireland (+47%) and the West Midlands (+41%) although each saw the net balance dip slightly on the month.

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

**Lewis Cooper, Economist at IHS Markit, said:**

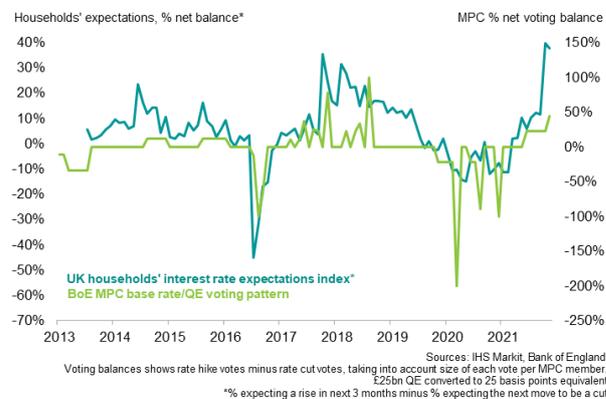
*"Interest rate expectations are still running hot, according to the latest survey data. The net balance of UK households expecting an imminent rate rise was knocked back slightly following a no-change decision in November, but at 38% is still the second-highest since data collection began in mid-2013. This suggests that households in general continue to prepare for a rate hike ahead of the next policy decision in December, with higher borrowing costs in the next six months firmly baked-in by the vast majority of households."*

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

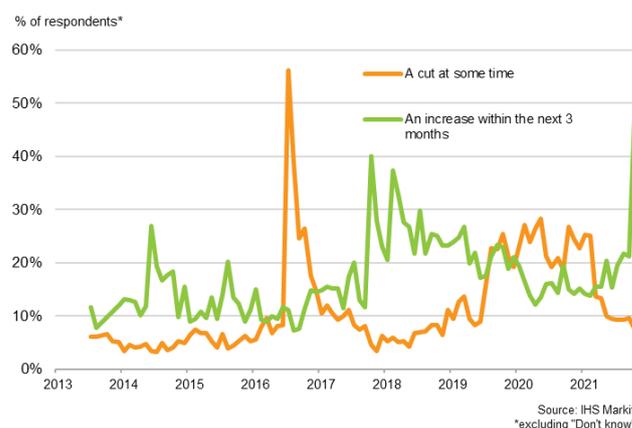


Source: IHS Markit  
 \*\*The interest rate set by the Bank of England is currently 0.1%. Please let us know when and how you think the Bank will next change interest rates by choosing one of the options below. Please choose only one answer.† Figures are cumulative % of respondents excluding "don't know".

## Household interest rate expectations and MPC voting history



## Households' Interest Rate Expectations - breakdown



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## Notes to editors:

### About the Household Interest Rate Expectations Index

The IHS Markit 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 (November survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between November 11<sup>th</sup> – 17<sup>th</sup> 2021. 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 GB 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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