

Bank voted 8-1 for no rate change

The decision to keep interest rates on hold at 4.75% earlier this month was passed 8-1 by the Bank of England's rate-setting body, minutes have shown.

One member of the Bank's Monetary Policy Committee (MPC) - Paul Tucker - voted to raise rates to 5%. The news surprised some analysts who had expected the latest minutes to show another unanimous decision. Worries over growth rates and consumer spending were behind the decision to freeze rates, the minutes showed. The Bank's latest inflation report, released last week, had noted that the main reason inflation might fall was weaker consumer spending.

However, MPC member Paul Tucker voted for a quarter point rise in interest rates to 5%. He argued that economic growth was picking up, and that the equity, credit and housing markets had been stronger than expected.

The Bank's minutes said that risks to the inflation forecast were "sufficiently to the downside" to keep rates on hold at its latest meeting. However, the minutes added: "Some members noted that an increase might be warranted in due course if the economy evolved in line with the central projection". Ross Walker, UK economist at Royal Bank of Scotland, said he was surprised that a dissenting vote had been made so soon. He said the minutes appeared to be "trying to get the market to focus on the possibility of a rise in rates". "If the economy pans out as they expect then they are probably going to have to hike rates." However, he added, any rate increase is not likely to happen until later this year, with MPC members likely to look for a more sustainable pick up in consumer spending before acting.