

Economists welcome fall in British inflation

LONDON, May 21 (Xinhua) - Britain's inflation rate falls to 2.4 percent in April from 2.8 percent in March and it was "very welcome," said local experts Tuesday. The Office for National Statistics (ONS) has announced that British consumer price index (CPI), a main gauge of inflation, dropped to 2.4 percent in the year to April, down from 2.8 percent in March. British economist George Buckley told Xinhua, "It is very encouraging to see it come down." Buckley said that the numbers have released recently, including figures on GDP and survey data and now the CPI, are all pointing in the right direction for the Bank of England (BOE)", the central bank. "We are looking at better economic growth outlook and lower inflation as opposed to the previous scenario of higher inflation and weaker economic growth," he added. Buckley said the question now was did this fall in inflation give the central bank more room for maneuver in its Quantitative Easing (QE) policy. However, he did not agree that it is the moment for the central bank should ease the monetary policy. Howard Archer of IHS Global Insight said, "This was the first time that inflation had fallen back since last September and gives incoming central bank's governor Mark Carney greater scope for maneuver on monetary policy." Despite the fall in inflation, Archer believes the figure of 2.4 percent growth of inflation rate still puts "an appreciable squeeze on household purchasing power." Downward pressures on inflation came from lower transport costs, largely pushed by falling fuel prices and also a fall in air fares, something which regularly happens after the Easter holidays, which fell at the beginning of April this year. Samuel Tombs, of London-based Capital Economics, said, "Inflation still looks set to climb again in the coming months as we reach the anniversary of a period of falling petrol prices and deep discounting on the high street." He predicted that the CPI may reach the peak probably in June to 3 percent, which is not as high as 3.5 percent as some economists had expected beforehand.