

Central bank predicts better economic outlook for Britain

LONDON, May 15 (Xinhua) -- The British central bank on Wednesday predicted slightly stronger economic growth and weaker inflation than it expected three months ago. Delivering its final quarterly inflation report, Bank of England Governor Mervyn King said the central bank had upgraded its GDP expectations in the current quarter to 0.5 percent. This is the first time that the central bank has raised its forecast for the British economy since the 2008 financial crisis. "But this is no time to be complacent. We must press on to ensure a recovery and bring down unemployment," said King, who will step down to be replaced by Canadian central bank chief Mark Carney in July. "This hasn't been a typical recession and it won't be a typical recovery. Nevertheless, a recovery is in sight," King added. "The combination of above 2 percent inflation target and depressed output has characterized the economic landscape since 2008, reflecting the lingering impact of the banking crisis, the subsequent fall in sterling, and increases in commodity prices," he said. The report predicted a "modest and sustained" recovery but warned that downside risks remained, especially from the continuing crisis in the eurozone. Inflation, the report said, would remain stubbornly high until at least the end of 2015. But price increases are expected to peak at 3.2 percent in the summer because of higher energy, food and university tuition bills, less than initially thought. These factors "are likely to push up on inflation over much of the forecast period, making the challenge of bringing CPI inflation back to 2 percent more difficult, King said. He added the central bank's economic stimulus measures including the credit-boosting funding for lending scheme and 375 billion pounds (570 billion U.S. dollars) of quantitative easing will support the recovery. Reflecting on his career as central bank governor, King said, "I have had my say. Now it is over to the next generation to have theirs."