

British central bank cuts 2013 growth forecast to 1%

LONDON, Nov. 14 (Xinhua) -- Bank of England, Britain's central bank, on Wednesday halved its forecast for the country's economic growth in 2013 to one percent from a previous prediction of two percent in August.

In its latest quarterly Inflation Report, the Bank said Britain's economic recovery would remain "slow and protracted" in a zig-zag pattern, and output would remain below pre-financial crisis levels for the next three years, mainly due to global economic fragility and eurozone problems.

It also expected that Britain's inflation rate to fall back to the target of 2 percent by the second half of next year, instead of in the first half of 2013 as previously thought.

On the same day, official data showed Britain's unemployment rate in the July-September period dropped to 7.8 percent from the 8 percent of the previous three months.

Central bank Governor Mervyn King hailed the upbeat job figures in a news briefing, but said that did not change the whole weak picture.

"Growth in the July-September period was boosted by one-off factors and gave an overly optimistic impression of the underlying trend," he commented on the one-percent rebound of GDP growth in the third quarter.

"Continuing the recent zig-zag pattern, output growth is likely to fall back sharply in Q4 as the boost from the Olympics in the summer is reversed. Indeed, output may shrink a little this quarter," he said.

Commenting on whether there would be further quantitative easing policies, King did not rule out the possibility, adding that the central bank had not "lost faith" in asset purchases as a policy instrument.