



PRESS STATEMENT

23 September 2021

Kevin Brown, savings specialist, comments on the latest BoE interest rate announcement

“The Bank of England’s latest rate announcement is littered with caveats and what ifs. It appears to fail to account for the real situation on the ground, where people are experiencing rocketing prices on a range of core needs.

“The price of gas, for instance, has soared in recent weeks, to the point where it is collapsing energy firms. The Bank seems blind to the fact that people aren’t going to feel this in their wallets today, but will most certainly feel it in three months when the weather is a lot colder and the heating needs to be ramped up.

“Reading between the lines, what is really raised here is the prospect of stagflation – a toxic economic condition for the country to be in where inflation rockets thanks to supply constraints but economic activity collapses nonetheless.

“With prices soaring – we think nearer 5%, rather than the BoE’s 4% prediction – people are going to largely batten down the spending hatches and this is going to kill off the recovery in its relative infancy.

“The Bank warns itself that consumer confidence and therefore growth is already buckling. This is but the green shoots of a much bigger and more pernicious problem yet to come. That the MPC has voted to continue to do nothing at all is worrying to say the least.

“For savers, the trick is to move quickly. Savings rates have stabilised but remain low and if inflation ticks upwards then your cash is going to steadily lose value. To limit the damage, people should shop around to find the best deal they can. Even if you can’t beat inflation it’s worth trying to minimise your losses.

“Also, it’s worth remembering that if you don’t need ready access to your cash and want to save for the long-term, then stocks and shares can offer greater growth potential.”

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About Scottish Friendly

Scottish Friendly is a leading UK mutual life and investments organisation. It provides investors and their families with a wide range of investment and protection solutions and provides life and investment products and services to other financial organisations.



Scottish Friendly has roots stretching back to 1862. Established as the City of Glasgow Friendly Society, its name changed in October 1992 when it took over Scottish Friendly Assurance.

In recent years Scottish Friendly has significantly restructured its business. The Group has flourished through a three-part growth strategy of organic growth, mergers and acquisitions, and business process outsourcing.

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