INTEREST RATE FORECAST

	Mar 21 %	Jun 21 %	Sep 21 %	Dec 21 %	Mar 22 %	Jun 22 %	Sep 22 %	Dec 22 %	Mar 23 %	Jun 23 %	Sep 23 %	Dec 23 %	Mar 24 %
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3-mth Money Market	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
1-yr Money Market	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
5-yr Gilt Yield	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
10-yr Gilt Yield	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
20-yr Gilt Yield	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
50-yr Gilt Yield	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80

The forecast is based on the following underlying assumptions:

- The medium-term global economic outlook has improved with the approval and distribution of vaccines. However, the emergence of several variants of the Coronavirus and the recent upsurge in the number of cases has seen economic prospects worsened over the short term.
- Various restrictions and lockdowns are likely to continue, both in the UK and Europe, until the majority of the populations is vaccinated, likely to be the second half of 2021. The recovery period is forecast to be the following spring, but will potentially take longer.
- Even before the second lockdown and Tier 4 restrictions there were signs that the UK economic recovery was slowing as seen in monthly GDP data. Employment is also falling, despite the Government extending support packages.
- The need to support economic recoveries will likely result in central banks maintaining low economic rates for the medium term.
- The impact of the UK's departure from the EU will continue to have an impact on the UK economy. This combined with the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation.
- Longer-term yields will also remain depressed if low central bank interest rates are maintained, with the potential that interest rates could fall lower, and the longer-term expectations for inflation. The situation on yields could change depending on how growth and inflation are perceived by investors.