INTEREST RATE FORECAST

	Mar 19 %	Jun 19 %	Sep 19 %	Dec 19 %	Mar 20 %	Jun 20 %	Sep 20 %	Dec 20 %	Mar 21 %	Jun 21 %	Sep 21 %	Dec 21 %	Mar 22 %
Bank Rate	**0.75**	**0.75**	**0.75**	**1.00**	**1.00**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**
3-mth Money Market	**0.90**	**0.90**	**0.95**	**1.20**	**1.25**	**1.35**	**1.40**	**1.40**	**1.40**	**1.40**	**1.40**	**1.40**	**1.40**
1-yr Money Market	**1.20**	**1.20**	**1.25**	**1.50**	**1.60**	**1.75**	**1.75**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**
5-yr Gilt Yield	**0.95**	**0.95**	**1.00**	**1.25**	**1.30**	**1.45**	**1.45**	**1.40**	**1.40**	**1.40**	**1.40**	**1.40**	**1.40**
10-yr Gilt Yield	**1.30**	**1.35**	**1.40**	**1.65**	**1.75**	**1.90**	**1.85**	**1.85**	**1.85**	**1.85**	**1.85**	**1.85**	**1.85**
20-yr Gilt Yield	**1.70**	**1.75**	**1.80**	**2.00**	**2.05**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**
50-yr Gilt Yield	**1.65**	**1.70**	**1.75**	**1.95**	**2.00**	**2.15**	**2.15**	**2.15**	**2.15**	**2.15**	**2.15**	**2.15**	**2.15**

The forecast is based on the following underlying assumptions:

- The Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon. The forecast incorporates the likelihood of the MPC raising interest rates in the last quarter of 2019 after an extended period of uncertainty or a delay to Brexit

- The increase in the magnitude of political and economic risks facing the UK economy means maintaining significant downside risks to the forecasts, despite the potential for stronger growth following an extension to Article 50 or a withdrawal agreement as business investment / general confidence recovers. The potential for severe economic outcomes in the short term has increased. It is expected that the Bank of England will hold at or reduce interest rates from current levels if Brexit risks materialise.

- The UK economic environment appears relatively soft, despite seemingly strong labour market data. Uncertainty surrounding Brexit and global growth is damaging consumer and business sentiment. Whilst GDP growth recovered in the middle quarters of 2018, more recent data suggests the economy slowed markedly in Q4 2018 / Q1 2019. The UK economy faces a challenging outlook as the country exits the European Union and Eurozone / global economic growth softens.

- Global economic growth has eased and the economic / political outlook has prompted central banks to reduce expectations for on-going monetary tightening. Both the Federal Reserve and the European Central Bank have backed away from or diluted previous forward guidance on monetary tightening. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

- Gilt yields have remained at low levels. There is expectation of some upward movement from current levels based on a Brexit transitionary period. However, projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.