

UK inflation hits 11.1 percent, highest in 41 years



A shopping cart is pushed around a supermarket in London [File: Stefan Wermuth/Reuters]

London, November 17 (RHC)-- British inflation has accelerated to the highest level for 41 years, driven by soaring energy, food and transport prices in a worsening cost-of-living crisis, according to official data.

The Consumer Prices Index hit 11.1 percent in October, reaching the highest level since 1981, the Office for National Statistics (ONS) said in a statement this week. That compared with 10.1 percent in September, which matched the level in July and was the highest in 40 years.

Domestic fuel bills rocketed further despite the UK government's energy price freeze as the market faced new fallout from key producer Russia's invasion of Ukraine. The October figure beat market expectations of 10.7 percent and was higher than the Bank of England's forecast peak. "Rising gas and electricity prices drove headline inflation to its highest level for over 40 years, despite the Energy Price Guarantee," said ONS chief economist Grant Fitzner.

During the last year, gas prices have leapt by 130 percent and electricity prices by 66 percent, according to the ONS. Food prices and transport costs also propelled inflation higher. Runaway inflation comes despite Britain's energy support, which sought to limit annual energy bills at an average of 2,500 British pounds (nearly \$2,970) per year.

The Bank of England (BoE) this month sprang its biggest interest rate rise since 1989 to combat sky-high inflation – and warned the UK economy may experience a record-long recession until mid-2024. The BoE said it was lifting borrowing costs by 0.75 percentage points to 3 percent – the highest level since the 2008 global financial crisis – to cool UK inflation that it saw peaking at nearly 11 percent.

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