Bank of England keeps its base rate at 0.5pc by DavidVila

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Again The Bank of England has changed its base price and now it can be entertained at the rate of 0.5 per cent and it has been continuing for the 34thsuccessive month. The bank has not announced any changes in its Money-Creation Programme. Besides, the bank has also announced to print some more money Worthing seventy five pounds. Now letâ€™s compare the situation created when the base rate remains low and the situation when it is set above the previous base point.

Low base rate â€“ A lower base rate of the bank carries a lot of importance for all the households. If you own a tracker loan when the interest rate walks in line along with the base point, you are living appealing. You are not going to pay any extra interest rate. On the other side, if you are availing floating interest rate for loan when the rate doesnâ€™t obviously pathway the base rate, you must not accept that the interest rate would remain unchanged. A lot of loan rate are there in which the mortgagees can change their Standard Variable Rate (SVR) as per the financial condition.

Investors â€“ The news of base rate may be unpleasant one for the people who invest in the banks. Here, the difference between the inflation and base rate can be seen higher than the normal which makes it very difficult to guarantee that the value of your investment would be up along with the growing prices. Santander has introduced a new scheme that has been designed to combat inflation. If you are wishing to fix your money for 5 to 6 years, its Inflation Linked Savings Bond would offer you very smart returns which equals to the increase in inflation estimating 5 to 5.5 per cent.

Now, when you come to examine the current status of economy, you would find that all of us are living as losers and we all are enjoying very low base rate. If you are compensating very low interest rate on loan, you are still breathing and working in such state where the financial status is undoubtedly going to tussle for many times to get recovered, which is really not very good situation for any nation. If we think nation wise then this situation is very tough and has to be resolved as soon as possible in order to make its economy stable.

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