

# UK inflation falls below 8% in a first in over a year

**BLOOMBERG**

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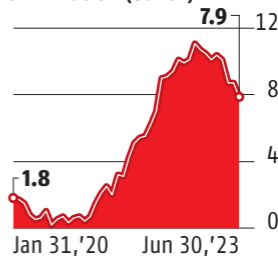
Britain's inflation rate dropped to the lowest in 15 months, fueling hopes among investors and economists of a shift away from the worst price spiral in the Group of Seven nations.

Official data showed that annual consumer price growth cooled sharply to 7.9 per cent in June from 8.7 per cent the previous month, marking the first time in five months that the headline reading came in lower than expected. Underlying pressures also retreated from their highest in three decades.

Markets pared back bets for sharp increases in interest rates following the data, ruling out scenarios where the Bank of England would have to push borrowing costs near 7

## SIGN OF RELIEF

CPI inflation (% YoY)



Source: Bloomberg

per cent by the end of this year. It's a relief for BoE Governor Andrew Bailey and Prime Minister Rishi Sunak, who were feeling the heat from the struggle to get a grip of the worst cost-of-living crisis in generations. It could also ease the pressure on homeowners after a sharp surge in mortgage rates that threatened to be politically damaging for Sunak.