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As pound tumbles, UK faces sharp return of inflation

PRICES are going to rise in Britain. The only question now is by how much.

The prospect that much-loved brands like Marmite spread and PG Tips tea might vanish from Tesco supermarkets is the first taste of what economists say will be rising inflation. Next up, the cost of fuel is likely to rise later this month. The resilience of consumers since June's shock vote to leave the European Union will be tested in the coming months by the Brexit-induced fall in the value of the pound which hit an all-time low against a range of currencies on Wednesday.

Yields on long-dated British government bonds have jumped higher in recent days as markets brace for the return of inflation which briefly sank be-

low zero in 2015. Economists at some leading banks are predicting a leap to around 3 or nearly 4 percent by the end of next year, up from 0.6 percent in August.

A Reuters poll of economists on Thursday showed a wide range of forecasts for consumer price growth next year, but all agreed inflation will rise significantly from current levels.

"Rising inflation is rarely good news for consumers. But in a world of sluggish ... wage growth and low rates of return on savings, it is especially bad," Kallum Pickering, an economist at Berenberg Bank, said.

The poll's median forecast showed consumer price inflation will average 2.3 percent next year, above the Bank of England's 2 percent target. Economists think it will top 1



percent by the end of this year.

But predicting the path of inflation with much accuracy is something that forecasters - not least at the BoE - have struggled with over the years.

While there are established models showing how much a fall in the value of currencies will pass through into inflation, the variables surrounding the pound's plunge complicate the outlook, including oil prices which hit a one-year high this week.

Analysts expect further increases next year when the Organization of the Petroleum Exporting Countries plans, potentially with non-OPEC producer Russia, to cut production in a bid to rein in a global glut.

Some elements behind the expected rise in inflation are crystal clear.

New proposal to outlaw bullfighting in Balearics: See Page Seven



After 950 years, Battle of Hastings plays out again

London.— Arrows flew and swords clanged as thousands re-enacted the Battle of Hastings on its 950th anniversary yesterday at a sold-out event marking a bloody day that changed the course of English history.

The victory in 1066 by Duke William of Normandy, known as William the Conqueror, over Anglo-Saxon King Harold was the start of the Norman conquest which transformed England's language, laws, customs and architecture. A re-enactment takes place annually at the site of the clash, in a small town called Battle near the port of Hastings, but interest in this anniversary year has been exceptionally high, according to English Heritage, which runs the site. Celebrations included displays of falconry, medieval music and spectacular battle scenes re-enacted by thousands of enthusiasts.