

When will interest rates start to fall?

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As [the FT noted](#) yesterday:

Jay Powell under pressure to set out plan for US interest rate cuts

Federal Reserve chair faces communication challenge as investors think cooling economy means tightening is over

Investors are right. It is time that the central banks of the world - including the Bank of England - said what they are going to do with interest rates.

Those banks put up rates without need to tackle an inflationary episode that interest rate rises could never address, and now we are apparently stuck with interest rates that are well in excess of those that economies, let alone people and businesses, can afford to bear, and nothing is being said about what happens next.

Markets are undoubtedly cooling. In the light of the full frontal assault that they have had from central banks that is hardly surprising.

The big fear is that central banks have massively over-done that attack. The likelihood - most especially in the UK where the transmission mechanism from interest rate rises into the real economy is very slow because we have so many fixed-rate mortgages - is that the chance of a dramatic overshoot, with interest rate rises already in place now likely to cause considerable economic harm, is high.

So, what we want to know is when will rates start falling, and by how much, over what period? As an economy, we need to know that. People need to know that. Businesses need to know that. And if the Bank of England does not have the answer to that question, it should not be in charge of setting interest rates.