

Interest rates will not need to rise because of Israeli...

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Israel's attacks on Iran are utterly unjustified, [as I have explained this morning](#).

One of the potential consequences of the attacks is that international oil prices might rise. Almost certainly, that will be entirely unnecessary, but there is nothing that financial markets like more than the creation of a little stress as an opportunity for extracting additional profit out of people. There might be inflation as a result.

What I am already hearing is commentary suggesting that this will mean that UK interest rates cannot fall further, and might even need to increase, because that is, supposedly, the necessary action that must be taken to counter any inflationary risk. This, of course, is total nonsense. The creation of inflationary pressure as a result of an external event over which the UK either has no direct control, or over which has chosen to have no influence, can never be an occasion that creates the need for a change in interest rate policy to tackle the resulting inflation, on which interest rate policy can never have an impact.

We should have learnt our lesson on this from the supposed threat to oil supplies created by the war in Ukraine, and the consequent hike in both oil prices and inflation, and so interest rates. It did not take long for oil prices to return to their pre-war levels. Inflation, as a result, automatically dissipated because it was all based upon hype created by financial market traders, but we still have the exceptionally damaging consequences of high interest rates.

To be blunt, there are occasions when the Bank of England's Monetary Policy Committee needs to realise that they need to keep their nose out of things, and this will be one such occasion. There will be no need to punish UK households for Netanyahu's neo-fascist aggression.