

Will the Bank of England base rate tumble in 2026?

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This comes from [The Telegraph this morning](#):

The Bank of England will slash interest rates to their lowest level in more than three years as Britain battles an unemployment crisis, a Swiss lender has claimed.

Rates will fall from the present level of 3.75pc to 2.75pc after the summer, according to Lombard Odier. The figure would be the Bank Rate's lowest point since November 2022.

The suggestion is that this will be driven by "ructions in the employment market" because of a "collapse in job vacancies to below pre-pandemic levels and a rising unemployment rate".

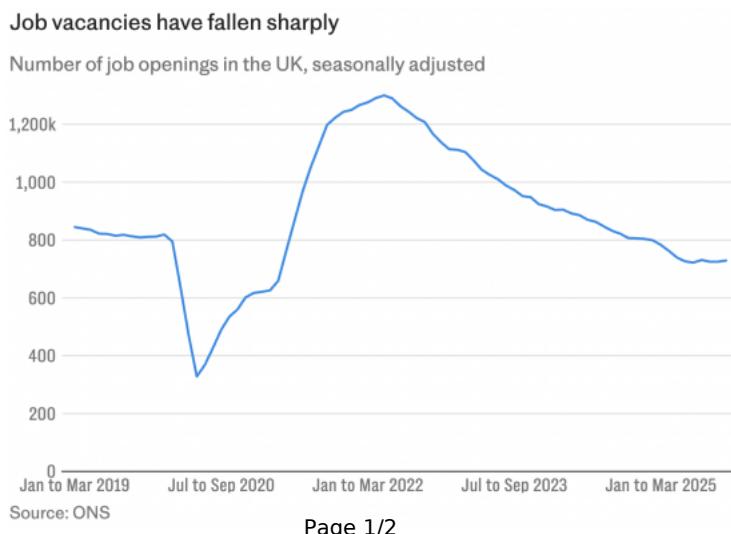
As the Telegraph notes:

The jobs market has been worsening, with unemployment standing above 5pc in the three months to October, according to the Office for National Statistics (ONS).

They added:

Meanwhile, private sector pay growth slumped to 3.9pc in the three months to October, its weakest level since early 2021.

This is the data:



The suggestion does have evidence to back it. The result would be a bank base rate close to neutral. In other words, it would be running at around the rate of inflation, assuming that continues its current downward trend.

Is this possible? Not in the opinion of the Bank of England. They predict nothing less than 3.5% next year, but they ignore the very real risk of a recession. So, yes, I think this is plausible, and much more so than anything the Bank of England suggests, especially if, as I suspect, AI fails to deliver for stock markets and does hike inflation, [as I note is possible this morning](#).

2026 is not, in other words, going to be an easy ride as antisocial neoliberalism continues to hold us in its death throes.

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