

Inflation

and the value of your money



Inflation is about rising prices. It's the Bank of England's job to preserve the **value** of your money by keeping inflation low.



The prices of individual products rise and fall all the time. **Inflation** occurs when the prices of goods and services generally are rising.



If the prices of most goods and services are rising, the value of your money falls. **Your money buys less.**



The rate at which prices are rising reflects the amount of **spending** in the economy compared with what can be produced, and the pressure this puts on company costs and prices. If spending increases too quickly, prices will tend to rise.



Inflation in Britain has averaged about **2%** since 1997.