

[text] **Source:** [ACFX Forex Broker \(Review and Forex Cashback\)](#) This morning at 9:30 am CET, the Office for National Statistics we will release the UK Consumer Price Index, which it is considered a benchmark for the U.K. economy inflation gauge as it measures the change in the goods and services purchased by the consumers. The CPI is used for the Bank of England inflation target, which is currently set at 2%. The inflation rate is significant to a currency valuation because the rising consumer prices lead to the rising country's interest rate. The index inspects the weighted average of prices of a given basket, compounded out of consumer goods and services, which include items such food, medical services and transportation. The CPI is calculated by averaging the prices of the basket items, before categorising them by their importance. The CPI number was steadily declining since the second half of 2011, when inflation hit the top of 5.2% in July. Last March the United Kingdom has officially entered "no growth zone" with the release coming to 0.0% for the first time in the index history. The May release disappointed the markets even further when it was published at -0.1%, entering the phase of deflation and prolonging the long-awaited interest rate hike further. Even though since then the data is steadily fluctuating between -0.1% to 0.1%, the analysts expect the inflation indicator to drop even lower in the near future. The British economy however still remains less susceptible to the economic slowdown than the rest of its European neighbours, since keeping own currency allows UK for more freedom in market adjustments as

well as to some extent prevents the spread of contagion from the destabilized recently Eurozone. GBPUSD is fluctuating in 1.5670-1.5460 range for the fifth consecutive week after it reconfirmed the breach of the upward trendline in the middle of July. The CPI is projected to come out without changes at 0.0%, with the numbers coming lower than projected could likely have a weakening effect on the British Pound. [/text]