



**BANK OF ENGLAND**

# News release

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17 September 2001

## **Public Attitudes to Inflation**

This release describes some of the main results of the Bank of England's August 2001 survey of public attitudes to inflation, highlighting the changes since May. The survey comprises nine questions, which are asked every February, May, August and November. The February 2001 survey, described in an article in the Summer issue of the Quarterly Bulletin, included an additional five questions that will be asked once a year (every February) because the answers are likely to change only slowly.

### **August 2001 Survey Results:**

- Question 1: Asked to give the current rate of inflation, respondents give a median answer of 2.1%, the same as in May and slightly below the 2.2 - 2.3% found in the previous three surveys.
- Question 2: Median expectations of inflation over the coming year are 2.2%, which is much the same as in every survey since the beginning of last year.
- Question 3: By 48% to 9% people think that Britain's economy would end up weaker rather than stronger if prices started to rise faster.
- Question 4: 55% think the 2.5% inflation target is about right.
- Question 5: 54% think interest rates have fallen over the last 12 months, while 15% think they have risen. These are almost identical to the figures found in May. Among mortgage-payers, 65% say interest rates have fallen.
- Question 6: Expectations of future interest rate movements have shifted since May, with 36% now expecting them to rise over the next 12 months while just 17% expect them to fall. This compares with 28% to 22% in May and 28% to 26% in February. However, the proportion expecting rates to rise is still well short of the 66% recorded in February 2000.

- Question 7: Asked what would be best for the British economy - higher interest rates, lower interest rates or no change - the proportion saying interest rates should go up, 13%, is higher than in any previous survey. However, the proportion saying interest rates should fall, 24%, still outnumbered the proportion saying interest rates should rise by almost two-to-one.
- Question 8: When asked what would be best "for you personally", the answers are similar to those found in the previous four surveys. There is still a sharp generational difference, with 25-44 year-olds favouring lower over higher interest rates by around six-to-one, and over-65s favouring higher interest rates by around four-to-one. In responses to the question about what is "best for economy" (Question 7), the generational differences are less pronounced.
- Question 14: Satisfaction with the Bank of England remains high, with a net rating of plus 47%, a little below the plus 50% recorded in May.

### **Notes to Editors**

NOP interviewed a quota sample of 2,001 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 9 and 14 August, 2001. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Updated table of past results with August survey responses to Questions 1 - 8 and 14.

### **Key Resources**

August Table

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesaug01.xls>