



8 June 2001

## Public Attitudes to Inflation

This release describes the results of the Bank of England's May 2001 survey of attitudes to inflation. The results of an earlier survey in February, as well as those of previous trial surveys carried out quarterly since November 1999, are also published today, in the Summer issue of the Bank of England Quarterly Bulletin.

The notes below about the May results highlight the changes since February, and should be read in conjunction with the Quarterly Bulletin article, which went to press too early for the May results. The survey in May comprises nine questions, which will be asked every May, August and November from now on. The February 2001 survey, described in the Quarterly Bulletin, includes an additional five questions that will be asked only once a year because the answers are likely to change only slowly.

### May 2001 survey results

- Question 1: Asked to give the current rate of inflation, respondents in May gave a median answer of 2.1%, slightly below the 2.2 - 2.3% found in the previous three surveys. The decline is too small to be certain that it is not the result of sampling fluctuations.
- Question 2: Median expectations of inflation over the coming year were also 2.1%, the same as in February.
- Question 3: By 47 to 8%, people thought that Britain's economy would end up weaker rather than stronger if prices started to rise faster; this is in line with all previous surveys. (February 2001, 47 to 7%.)
- Question 4: 61% thought the 2.5% inflation target was about right - the highest figure found in this series. In February 2001 it was 58 %. The proportion saying the target was too high was 20%. In February 2001 it was 22 %.
- Question 5: 55% thought interest rates had fallen over the last 12 months, while 14% thought they had risen, a significant change from previous surveys. In February 2001, the figures were 36 and 22 per cent respectively.
- Question 6: Expectations of future interest rate movements were little changed on February, with a small net balance of 6% (Feb 2001 2%) expecting a rise over the next 12 months.

- Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - respondents gave answers that were broadly in line with previous surveys. (See attached table.)
- Question 8: When asked what would be best "for you personally", the proportion wanting rates to rise was the highest yet found. The overall figure was 22% (18% in February 2001.) This rose to 42% among over 55s, and 47% among those who own their own homes outright, without a mortgage. In February 2001, these proportions were 35 and 42 % respectively.

Questions 9 - 13 were not asked in May.

- Question 14: Satisfaction with the Bank of England has continued to increase to a net rating of plus 50, which compares with plus 24 in February 2000. As discussed in the Summer Quarterly Bulletin Article, the answers to this question may be affected by changes in interest rates and so should be treated with care. Over 55s and outright home-owners rate the Bank's performance in much the same way as everyone else, despite the rising proportion of these groups wanting rates to rise (Question 8).

For the May survey, NOP interviewed a quota sample of 2,052 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 17 and 22 May, 2001. The raw data was weighted to match the demographic profile of Great Britain as a whole.

Attachment: updated spreadsheet of past results, with May survey responses to Questions 1 - 8 and 14.

This release, the Summer Quarterly Bulletin article, the updated spreadsheet and the detailed results of the February and May surveys are available on the Bank of England's website: <http://www.bankofengland.co.uk>

#### Key Resources

Survey Results - May 2001

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesmay01.xls>