



BANK OF ENGLAND

News release

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Bank of England/NOP Inflation Attitudes Survey

This news release describes the main results of the Bank of England's quarterly survey of public attitudes to inflation, undertaken in August 2002. A Summary table of results is attached.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents give a median answer of 2.2%. This is slightly down on May, and close to the average of 2.1 in the previous 11 surveys in this series.

Question 2: Median expectations of inflation over the coming year are 2.1%, down from 2.3% in May, and slightly lower than perceived current inflation of 2.2%.

Question 3: By a margin of 50 to 7%, people think that Britain's economy would end up weaker rather than stronger if prices started to rise faster.

Question 4: 57% of respondents think the 2.5% inflation target is about right. This is down slightly since May (61%), but in line with the three-year average.

Question 5: 38% recognise that interest rates have fallen over the last 12 months, while 19% think they have risen. This compares with 44 and 18% in May, 55 and 15% in February and 66 and 10% last November, suggesting that for many people, memories of the timing of the post-September-11 rate cuts have become imprecise.

Question 6: 49% of respondents now expect interest rates to rise over the next 12 months, the same proportion as in February but down from 52% in May.

Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change. The proportion saying they should go up has risen once again to a new "high" of 19%. For the second consecutive survey, the number approving a rise just outnumbers those preferring a fall (17%). Significantly more people recommended a fall rather than a rise in every survey in this series, until last November.

Question 8: When asked what would be best "for you personally", 22% say "go up", the same proportion as in May, while 30% say "go down". The proportion saying "go down" is similar to that in the previous two surveys, and a little lower than the 32-36% recorded in the previous eight surveys.

Questions 9-13 are asked only once a year in February.*

Question 14: Respondents were asked to assess the way the Bank of England was "doing its job to set interest rates to control inflation". While the satisfaction ratings of the Bank of England remain high, with 57% satisfied, the rating has fallen again from 59% in May and 61% in February. 10% of respondents said they were dissatisfied, compared to 8% for the last 5 surveys.

Notes to Editors

*Although the main survey is conducted quarterly, the February survey each year includes five extra questions, the answers to which have been shown to change slowly over time, and it has also double the sample size of the other surveys. An article in the summer Quarterly Bulletin examined the trends seen in the four surveys up to and including February, and included the responses to the five annual questions.

In the August survey, NOP interviewed a quota sample of 2,045 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 8 and 13 August, 2002. The raw data was weighted to match the demographic profile of Great Britain as a whole.