



BANK OF ENGLAND

News release

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19 March 2002

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 February 2002.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents' median answer was 2.0% in February, compared with 1.7% in November (the survey does not specify a particular measure of inflation).

Question 2: Median expectations of inflation over the coming year are similar to those perceived for current inflation and are also up slightly to 2.2%, from 1.9% in November.

The median answers to Questions 1 & 2 have fluctuated very little during the past two years - from 1.7% to 2.3% and 1.9% to 2.3% respectively. These variations are within sampling errors.

Question 3: By a margin of 48 to 8%, people believe that Britain's economy would end up weaker rather than stronger if prices started to rise faster. This difference is the same as in November and similar to earlier surveys.

Question 4: 61% of respondents think the 2.5% inflation target is about right, compared with 60% in November, and 58% in February 2001.

Question 5: 55% recognised that interest rates had fallen in the previous 12 months compared with 66% in November, while 15% thought they had risen, compared with 10% in November. This confirms the finding of previous surveys - that memories of interest rate changes fade fairly quickly.

Question 6: Expectations of future interest rate changes have shifted significantly since August. 49% expect a rise over the next 12 months compared with 36% in November, while only 8% expect a fall over the next 12 months, compared with 18% in November.

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 again, though at 16% the proportion is still low.

Question 8: When asked what would be best "for you personally", 22% say interest rates should go up (compared with 24% in November), while 30% per cent say they should go down (compared with 32% in November). The net 8% saying down rather than up is the same as in November, and that level is the lowest since the series began. It compares with 13% in August and 15% a year ago.

The results of questions 9-13, which are asked only once a year, will be published as part of the full annual analysis of the opinion polls, in the Bank's summer Quarterly Bulletin.*

Question 14: Respondents were asked to assess the way the Bank of England was "doing its job to set interest rates to control inflation". 61% were satisfied, while 8% were dissatisfied. This has hardly changed from the 62% rating in November, which was the peak. Since the series began, the answers to this question have confirmed that satisfaction with the Bank is inversely related to perceptions of interest rate movements.

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 also has double the sample size of the other surveys. The extra sample size allows analysis by sub-groups of the population. The Summer Quarterly Bulletin article will include some detail on that, as well as results and analysis of the five annual questions.

NOP interviewed a quota sample of 3,981 people aged 15 and over in 350 randomly-selected enumeration districts throughout Great Britain between 14 and 26 February, 2002. The raw data was weighted to match the demographic profile of Great Britain as a whole.