



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 May 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 2.3% in May, compared with 2.0% in February. This is the highest figure since November 2000.

Question 2: Median expectations of inflation over the coming year are the same as those for current inflation, at 2.3%, and compare with 2.2% in February.

Question 3: By a margin of 44 to 9% people think that Britain's economy would end up weaker rather than stronger if prices started to rise faster.

Question 4: 61% of respondents think the 2.5% inflation target is about right. This is unchanged since February.

Question 5: 44% recognise that interest rates have fallen over the previous 12 months, while 18% think they have risen. This compares with 55% and 15% in February.

Question 6: A majority (52%) of respondents now expect interest rates to rise over the next 12 months; this compares with 49% in February and 36% last November. Only 6% expect rates to fall further.

Question 7: Asked what would be best for the British economy - higher interest rates, lower interest rates or no change - the proportion saying they should go up has risen to 17%. Although this is still low and only a very small increase on the February figure (16%), it is the first time the number approving a rise have outnumbered those preferring a fall (16%). In February the two numbers were equal at 16%.

Question 8: When asked what would be best "for you personally", 22% say "go up", the same proportion as in February, while 29% say "go down", the lowest since the series began, down from 30% in February and 32% in November last year.

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, the proportion satisfied fell from 61% in February to 59% in May. 8% said they were dissatisfied.

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, also published today, examines the trends seen in the four surveys up to and including February, and includes the responses to the five annual questions.

In the May survey, NOP interviewed a quota sample of 2,100 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 16 and 2 May, 2002. The raw data was weighted to match the demographic profile of Great Britain as a whole.