



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 2003.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.0%. This is the same as in May, but slightly lower than in the previous four surveys.

Question 2: Median expectations of inflation over the coming year were 2.2 %. This is up from 2.0% in May, but is in line with the four-year average.

Question 3: By a margin of 48% to 7%, people thought that Britain's economy would end up weaker rather than stronger if prices started to rise faster. This is in line with previous surveys.

Question 4: 52% of respondents thought the 2.5% inflation target was about right. This is slightly lower than the four-year average and compares with a peak of 61% recorded in three surveys between May 2001 and May 2002.

Question 5: 52% of respondents thought interest rates had fallen over the last 12 months, while 15% thought they had risen. This compares with 43% and 18% in May. The increase in the number saying "fallen" is unsurprising, given the cut in the repo rate in July to 3.5%.

Question 6: Asked about the future path of interest rates, the proportion expecting them to rise has slipped to 36%, from 38% in May and 41% in February. The proportion expecting rates to fall remains low at 10%. 33 % expect rates to remain unchanged, the same as in May.

Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - 17% thought they should go up, in line with the average since the beginning of 2002, while only 15% now think it would be best for the economy if rates fell further.

Question 8: When asked what would be best "for you personally", 23% said interest rates should "go up", while 28% said "go down". The proportion saying "go down" is the lowest since this series began, though it is only a little below the average of 29% for the last 5 surveys.

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

Question 14: Respondents were asked to assess the way the Bank of England is "doing its job to set interest rates to control inflation". The 'net satisfaction index' (the proportion satisfied minus the proportion dissatisfied) was 44% in August, slightly down on the 46% in May and 45% in February.

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 2,077 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 14 and 19 August 2003. The raw data was weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary table of Results - August 2003

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesaug03.xls>

Please see corrected data for the median answer in Question 1.

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/survey0803.htm>