



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 February 2003.

Highlights from the survey

- Question 1: Asked to give the current rate of inflation, respondents' median answer was 2.4%. This is a modest rise in perceptions of the current rate of inflation from 2.1% in November and is the highest since May 2000.
- Question 2: Median expectations of inflation over the coming year have also risen, to 2.5% from 2.1% in November, the highest outturn since this series began in November 1999.
- Question 3: By a margin of 53 to 7%, people believe that Britain's economy would end up weaker rather than stronger if prices started to rise faster. The number who think higher inflation would make Britain's economy weaker is the highest yet recorded - up from 48% in November 2002, and from a low of 44% in May 2002.
- Question 4: 54% think the Government's 2.5% inflation target is about right, down from a peak of 61% recorded in February and May 2002.
- Question 5: 49% recognise that interest rates have fallen over the past 12 months (the 0.25% cut in the repo rate to 3.75% in February was the only change in rates in the 12 month period in question).
- Question 6: Asked about the future path of interest rates, 41% expect them to rise, in line with the outturn in November of 40%. 13% of respondents expect rates to fall in the next twelve months, up from 10% in November. The proportion saying "don't know" has fallen back to 18%, in line with the series average, after jumping to 22% in November.

- Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - equal proportions (17% each in this survey) say interest rates should go up as say go down; this is the same as in the November survey.
- Question 8: Asked to say what would be best for them personally, 24% say higher rates, while 29% say lower rates. This 5 point difference between the two views is the narrowest recorded in this series. (The widest gap, 19 points, was found in November 2000.)
- 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: 55% of people were satisfied with the way the Bank is 'doing its job to set interest rates to control inflation'. This is virtually the same as in the previous two surveys, but remains lower than the peak of 62% recorded following the post-9/11 cuts in interest rates. Only 10% of respondents were dissatisfied, the same as in the last two 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 will examine the trends seen in the four surveys up to and including February, and will include the responses to the five annual questions.

NOP interviewed a quota sample of 3,999 people aged 15 and over in 350 randomly-selected enumeration districts throughout Great Britain between 13 and 25 February, 2003. The raw data was weighted to match the demographic profile of Great Britain as a whole.