



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 November 2003. A summary table of results is attached.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.5%. This compares with 2.2% in both May and August and 2.4% in the February survey.

Question 2: Median expectations of inflation over the coming year were 2.6%. This compares with 2.2% in both the May and August and 2.5% in the February survey.

Question 3: By a margin of 48% to 8%, 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: 51% of respondents thought the inflation target was 'about right'. This compares with 52% in August. This proportion has been falling gradually over recent surveys, from a peak of 61% recorded in three surveys between May 2001 and May 2002.

Question 5: 23% of respondents recognised that interest rates had fallen over the past 12 months, while 35% thought they had risen. Given the proximity of the 0.25% interest rate rise at the November MPC meeting, after the 0.25% rate cut in July, the confusion about the direction of net change over the past twelve months is perhaps unsurprising.

Question 6: Asked about the future path of interest rates, the proportion expecting them to rise has risen to 71% - a marked change from the August survey. Only 5% thought interest rates would fall.

Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - 22% thought they should go up, the highest in the series and compared with a series average of 14%. The proportion saying that rates should go down was 15%, the same as in August.

Question 8: When asked what would be best "for you personally", 20% said interest rates should "go up" compared with 23% in August; and 30% said it would be better for them if rates went down, this compared with 28% in August and is similar to outturns during 2002 and 2003.

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 47% in November, up from 44% in August and higher than any of the surveys since August 2002.

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 November survey, NOP interviewed a quota sample of 1,961 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 13 and 18 November 2003. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary table of Results

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesnov03.xls>