



BANK OF ENGLAND

News release

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20 September 2004

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 2004. The responses are little changed from the May survey.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.3%. This compares with 2.3% in the May survey and 2.4% in February 2004.

Question 2: Median expectations of inflation over the coming year were 2.3%. This compares with 2.4% in both the May and February surveys.

Question 3: By a margin of 47% to 9%, people believe that Britain's economy would end up weaker rather than stronger if prices started to rise faster. This compares with a margin of 45% to 8% in the May survey. The proportion of respondents that think it would 'make little difference' to Britain's economy if prices started to rise faster was 27%, compared with 28% in the May survey.

Question 4: 55% of respondents thought the inflation target was 'about right', compared with 56% in the May survey. The proportion saying the target was 'too high' was 23% (20% in May) and the proportion saying the target was 'too low' was 10% (10% in May).

Question 5: 70% of respondents said interest rates had risen over the past 12 months, up from 60% in the May survey and 54% in February 2004. This is the highest percentage since the series began. 4% of respondents thought interest rates had fallen over the past year, compared with 7% in the May survey and 13% in February 2004. This is the lowest percentage since the series began.

Question 6: Asked about the future path of interest rates, 73% expected rates to rise in the next 12 months, little changed from 71% in the May survey and 69% in February 2004.

Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - 20% thought they should go up, compared with 21% in the May survey and 23% in February 2004. 20% of respondents thought interest rates should go down, compared with 17% in the May survey and 15% in February 2004.

Question 8: When asked what would be best 'for you personally', 21% said interest rates should 'go up', compared with 19% in the May survey. 37% of respondents said it would be better for them if interest rates were to 'go down' compared with 34% in the May survey.

Questions 9-13 are only asked 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 38% in August, compared with 41% in May and 44% in February 2004.

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 has double the sample size of the other surveys. An article in the summer Quarterly Bulletin examines the trends seen in the four surveys up to and including February, and includes the responses to the five annual questions.

In the August survey, NOP interviewed a quota sample of 2,190 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 12 and 17 August 2004. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Further information and previous survey results are available from the Inflation Attitudes Survey Main Page.

Key Resources

Summary table of Results - August 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesaug04.xls>