



**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 2004. 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 2.4%. This compares with 2.5 % in the November survey and 2.2% in both May and August 2003.

**Question 2:** Median expectations of inflation over the coming year were 2.4 %. This compares with 2.6% in the November survey and 2.2% in both May and August 2003.

**Question 3:** By a margin of 49% to 10%, 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 48% to 8% in November last year.

Two additional questions were asked on this occasion of half the sample surveyed, to try to determine the level of knowledge and understanding of the change in the Government's inflation target in December from 2.5% on the RPIX measure to 2.0% on the CPI measure (Consumer Prices Index). When asked unprompted what they thought the Government's inflation target was this year, 23% chose the correct option of 'up by 1.5% but less than 2.5%'; 18% chose the option of 'up by 2.5% but less than 3.5%' and 44% said they did not know.

When asked whether the current figure used for the inflation target was higher, lower or the same as last year's, 12% identified it as lower; 36% thought the target figure was higher and 27% of respondents thought the target figure was the same as it had been last year.

**Question 4:** 57% of respondents thought the inflation target was 'about right'. This compares with 51% in November, who thought the then target of 2.5% (RPIX) was 'about right'. The proportion saying the target was 'too high' fell to 19% from 23% in November 2003.

**Question 5:** 54% of respondents said interest rates had risen over the past 12 months, up from 35% in November. Only 13% thought interest rates had fallen over the past year, compared with 23% in November 2003.

**Question 6:** Asked about the future path of interest rates, 69% expected rates to rise in the next 12 months, little changed from the 71% who had that expectation in November.

**Question 7:** Asked what would be best for the British economy - higher interest rates, lower or no change - 23% thought they should go up, the highest outturn since the series began. The proportion saying that rates should go down remained at 15% for the third consecutive survey.

**Question 8:** When asked what would be best 'for you personally', 22% said interest rates should 'go up', compared with 20% in November last year. 31% said it would be better for them if interest rates 'go down'.

The results of questions 9-13, which are asked only once a year in February, will be published as part of the full annual analysis of the opinion polls in the Bank's summer Quarterly Bulletin to be published in June.\*

**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 February, very similar to the figures recorded in each of the previous six quarterly 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 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 February survey, NOP interviewed a quota sample of 3,960 people aged 15 and over in 350 randomly-selected enumeration districts throughout Great Britain between 12 and 24 February 2004. The raw data were weighted to match the demographic profile of Great Britain as a whole. The two additional questions on the target were asked of half the respondents.

### **Key Resources**

Summary table of Results - February 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesfeb04.xls>