



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 May 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 2.3%. This compares with 2.4% in the February survey and 2.5% in November 2003.

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

Question 3: By a margin of 45% to 8%, 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 49% to 10% in the February survey. The proportion of respondents who think it would 'make little difference' to Britain's economy if prices started to rise faster was 28%, compared with 22% in the February survey, the highest since May 2002.

Question 4: 56% of respondents thought the inflation target was 'about right'. This compares with 57% in the February survey. The proportion saying the target was 'too high' was 20%, compared with 19% in the February survey.

Question 5: 60% of respondents said interest rates had risen over the past 12 months, up from 54% in the February survey and 35% in November 2003. This is the highest percentage since the series began. 7% of respondents thought interest rates had fallen over the past year, the lowest since the series began and compared with 13% in the February survey and 23% in November 2003.

Question 6: Asked about the future path of interest rates, 71% expected rates to rise in the next 12 months, little changed from 69% in the February survey and 71% in November 2003.

Question 7: Asked what would be best for the British economy - higher interest rates, lower or no change - 21% thought they should go up, compared with 23% in the February survey. 17% of respondents thought interest rates should go down, compared with 15% in the February survey and in November 2003.

Question 8: When asked what would be best 'for you personally', 19% said interest rates should 'go up', compared with 22% in the February survey. 34% of respondents said it would be better for them if interest rates were to 'go down' compared with 31% in the February survey.

The results of questions 9-13, which are asked once a year in February, are published as part of the full annual analysis of the opinion polls in the Bank's summer Quarterly Bulletin, also released today.*

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 41% in May, broadly in line with the figures recorded in each of the previous seven 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 May survey, NOP interviewed a quota sample of 1,974 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 13 and 18 May 2004. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary table of Results - May 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesmay04.xls>