



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 2004.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.3%, the same as in the May and August 2004 surveys.

Question 2: Median expectations of inflation over the coming year were 2.4% which compared with 2.3% in the August survey and 2.4% in February and May.

Question 3: By a margin of 49% to 7%, people believed that Britain's economy would end up weaker, rather than stronger, if prices started to rise faster. This compares with a margin of 47% to 9% in the August survey. The proportion of respondents that thought it would 'make little difference' to Britain's economy if prices started to rise faster was 27%, the same as the August 2004 survey but slightly above responses between August 2002 and February 2004.

Question 4: 57% of respondents thought the inflation target was 'about right', compared with 55% in the August survey. This measure has fluctuated between 51% and 57% since February 2003 and has averaged 56% since the survey began in November 1999. The proportion saying the target was 'too high' was 18%, compared with 23% in August; and the proportion saying the target was 'too low' was 10%, the same as in August. There has been little variation in these proportions over the past year.

Question 5: 64% of respondents recognised that interest rates had risen over the past 12 months compared with 70% in August and 60% in May 2004. However, 6% of respondents thought interest rates had fallen over the past year, compared with 4% in August.

Question 6: When asked about the future path of interest rates, 57% expected rates to rise in the next 12 months, down from the 73% recorded in August and the lowest level since August 2003. 20% of respondents expected rates to stay 'about the same', compared with 11% in August.

Question 7: Asked what would be best for the British economy - higher interest rates, lower rates or no change - 14% thought they should go up, the lowest response since May 2003. This compares with 20% in the August 2004 survey. 21% of respondents thought interest rates should go down, compared with 20% in the August survey; and 39% thought interest rates should stay unchanged, in line with previous survey results.

Question 8: When asked what would be 'best for you personally', 18% said interest rates should 'go up', the lowest proportion since February 2001 and compared with 21% in the August survey. 35% of respondents said it would be better for them if interest rates were to 'go down', compared with 37% in August.

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 slightly higher at 42% in November, compared with 38% in August.

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 examined the trends seen in the four surveys up to and including February, and includes the responses to the five annual questions.

In the November survey, NOP interviewed a quota sample of 2,034 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 18 and 23 November 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 - November 2004

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesnov04.xls>