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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 latest quarterly survey of public attitudes to inflation, undertaken in August 2005.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.4%, a rise of 0.4 percentage points on the response given in the May survey and the highest response since February 2004.

Question 2: The median expectation of the rate of inflation over the coming year was 2.2%, higher than the 2.0% response in May, but the same response as in February.

Question 3: By a margin of 49% to 9%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster, similar to the margin in the May survey. The proportion of respondents that thought it would 'make little difference' to the economy if prices started to rise faster was 24%, the lowest proportion since February 2004.

Question 4: 56% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' and 'too low' were 19% and 9% respectively. There has been little variation in these proportions over the past eighteen months.

Question 5: 37% of said that interest rates had risen over the past 12 months, compared with 51% in May and 58% in February 2005. Some 23% of respondents thought interest rates had fallen over the past year, compared with 8% in the May survey. There responses might reflect the fact that, although interest rates were raised on five occasions up to August 2004, they were then unchanged until the reduction to 4.5% on 4 August 2005.

Question 6: When asked about the future path of interest rates, 34% expected rates to rise in the next 12 months, compared with 52% in May. 28% of respondents expected rates to stay 'about the same' compared

with 24% in May, and 18% thought interest rates might fall in the next twelve months, compared with 8% in the May survey.

Question 7: Asked what would be best for the economy – higher interest rates, lower rates or no change – 10% thought rates should go up, the lowest response since May 2001, though only slightly below the May 2005 level. 29% of respondents thought interest rates should go down, the highest response since May 2000, and up from 23% in May. 34% thought interest rates should be unchanged, the lowest response since February 2001.

Question 8: When asked what would be ‘best for you personally’, 19% said interest rates should ‘go up’, compared with 18% in May. 37% of respondents said it would be better for them if interest rates were to ‘go down’, compared with 39% in May.

Questions 9-13 are 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 48%, compared with 51% in May.

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 2005 Quarterly Bulletin examined the trends seen in the five surveys up to and including February 2005, and included the responses to the five annual questions.

In the August 2005 survey, NOP interviewed a quota sample of 2,061 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 11 and 16 August 2005. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary Table of Results - August 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesaug05.xls>

Public Attitudes to Inflation - Quarterly Bulletin Article, Summer 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/quarterlybulletin/qb050207.pdf>