



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 latest quarterly survey of public attitudes to inflation, undertaken in February/March 2005.

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 last three surveys.

Question 2: Median expectations of the rate of inflation over the coming year were 2.2%, the lowest outturn since August 2003 and down from 2.4% in the November survey.

Question 3: By a margin of 48% to 8%, 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 49% to 7% in the November 2004 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 in the previous two surveys.

Question 4: 58% of respondents thought the inflation target was 'about right', compared with 57% in the November survey. This is the highest response rate for this question since May 2002. The proportion saying the target was 'too high' was 18% and the proportion saying the target was 'too low' was 9%. There has been little variation in these proportions over the past year.

Question 5: 58% of respondents recognised that interest rates had risen over the past 12 months, compared with 64% in November, 70% in August and 60% in May 2004. Some 7% of respondents thought interest rates had fallen over the past year.

Question 6: When asked about the future path of interest rates, 56% expected rates to rise in the next 12 months, only slightly down from the 57% recorded in November.

23% of respondents expected rates to stay 'about the same'- the highest outturn since August 2003 - compared with 20% in November. 5% thought interest rates might fall in the next twelve months, compared to 4% in November 2004.

Question 7: Asked what would be best for the British economy - higher interest rates, lower rates or no change - 13% thought rates should go up, the lowest response since August 2001. 21% of respondents thought interest rates should go down, the same response as November, and 41% thought interest rates should be unchanged, the highest response since May 2002.

Question 8: When asked what would be 'best for you personally', 19% said interest rates should 'go up', compared with 18% in November. 35% of respondents said it would be better for them if interest rates were to 'go down', the same as in November 2004.

Questions 9-13 are only asked once a year in February*. The results of the responses to these questions will be published as part of the full analysis of the opinion poll, 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 47%, up from 42% in November 2004 to stand at its highest level since November 2003.

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 will examine the trends seen in the five surveys up to and including February, and include the responses to the five annual questions.

In the February survey, NOP interviewed a quota sample of 3,842 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 17 February and 8 March 2005. 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 - February/March 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesfeb05.xls>