



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 May 2005.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.0%, lower than in recent surveys and the same as Bank's target for inflation.

Question 2: Median expectations of the rate of inflation over the coming year were 2.0%, the lowest outturn since August 2003 and down from 2.2% in the February survey.

Question 3: By a margin of 49% to 8%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster, compared with a margin of 48% to 8% in the February survey. The proportion of respondents that thought it would 'make little difference' to the economy if prices started to rise faster was 27%, the same as in the previous three surveys.

Question 4: 62% of respondents thought the inflation target was 'about right', the highest response rate for this question since the survey began. The proportion saying the target was 'too high' was 17% 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: 51% of respondents recognised that interest rates had risen over the past 12 months, compared with 58% in February 2005, 64% in November 2004 and 70% in August. Some 8% of respondents thought interest rates had fallen over the past year.

Question 6: When asked about the future path of interest rates, 52% expected rates to rise in the next 12 months, compared to the 56% recorded in February. 24% of respondents expected rates to stay 'about the same', compared with 23% in February. 8% thought interest rates might fall in the next twelve months, compared to 5% in the February survey.

Question 7: Asked what would be best for the economy – higher interest rates, lower rates or no change – 11 % thought rates should go up, the lowest response since May 2001 and compared with 13% in February. 23% of respondents thought interest rates should go down, compared to 21% in February, and 42% thought interest rates should be unchanged, the highest response since November 2000.

Question 8: When asked what would be ‘best for you personally’, 18% said interest rates should ‘go up’, compared with 19% in February. 39% of respondents said it would be better for them if interest rates were to ‘go down’, the highest since the survey began, compared with 35% in February.

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 survey, in the Bank’s Summer Quarterly Bulletin, to be published on 20 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 51%, up from 47% in February, to stand at its highest level since May 2002.

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. The 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 May 2005 survey, NOP interviewed a quota sample of 1,971 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 12 and 17 May 2005. The raw data were weighted to match the demographic profile of Great Britain as a whole.

Key Resources

Summary Table of Results - May 2005

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesmay05.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>