



# News release

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18 September 2006

## **Bank of England/GfK NOP Inflation Attitudes Survey**

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken in August 2006.

### **Highlights from the survey**

**Question 1:** Asked to give the current rate of inflation, respondents gave a median answer of 2.8%, compared with 2.7% in the May survey. This was the same as the previous highest outturn, 2.8%, in February 2006.

**Question 2:** Median expectations of the rate of inflation over the coming year were 2.5%, the same as in May. The previous series high was 2.7% in February 2006.

**Question 3:** By a margin of 53% to 8%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster. These outturns are in line with responses since November 2005.

**Question 4:** 55% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 23% and 11% respectively. These outturns are broadly in line with those of recent years.

**Question 5:** 55% of respondents said that interest rates had risen over the past 12 months – the survey was undertaken after the 25 basis point increase in August. This compared with 36% in May. 5% of respondents thought that interest rates had fallen in the past 12 months, compared with 10% in the May survey.

**Question 6:** When asked about the future path of interest rates, 65% expected rates to rise in the next 12 months, compared with 48% in May. This was the highest response since August 2004, when it was 73%. 2% of respondents thought interest rates might fall in the next 12 months, compared with 4% in May. This was the lowest response since August 2004, when it was also 2%. 17% expected rates to stay 'about the same', compared with 28% in May. This was the lowest response since August 2004, when it was 11%.

**Question 7:** Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 15% thought rates should 'go up', compared with 11% in both May and February. 24% of respondents thought interest rates should 'go down', compared with 22% in May and 26% in February. 37% thought interest rates should 'stay where they are', compared with 41% in May and 38% in February.

**Question 8:** When asked what would be 'best for you personally', 19% said interest rates should 'go up', similar to responses over the past few years. 36% of respondents said it would be better for them if interest rates were to 'go down', the same response rate as in May and also similar to the responses of the past few years.

**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 42%, down from 45% in May. This was lowest net satisfaction index response since November 2004, when it was also 42%.

#### **Notes to Editors**

NOP interviewed a quota sample of 2,092 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 17 and 22 August 2006. The raw data were weighted to match the demographic profile of Great Britain as a whole.

\*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 is double the sample size of the other surveys. An article in the summer 2006 Quarterly Bulletin examined the trends seen in the previous five surveys up to and including the February and included the responses to the five annual questions.

Summary Table of Results

<http://www.bankofengland.co.uk/statistics/nop/inflationattitudesaug06.xls>

Public Attitudes to Inflation – Quarterly Bulletin Article, Summer 2006

<http://www.bankofengland.co.uk/publications/quarterlybulletin/qb060205.pdf>