



BANK OF ENGLAND

News release

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Bank of England/NOP Inflation Attitudes Survey

This news release describes the full results of the Bank of England's latest quarterly survey of public attitudes to inflation. Each year in February, the survey's sample size is doubled and is conducted in two waves. Owing to a delay in carrying out the second-wave sample, the data from the first wave was published separately on 20 March. In this release, the aggregate results of the two samples are therefore published in the same format in which the data is normally released in March each year.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.8%, compared with 2.3% in the November survey. This is the highest outturn for this question to date. The previous highest outturn was 2.6% in May 2000.

Question 2: Median expectations of the rate of inflation over the coming year were 2.7%, compared with 2.2% in November. This was the highest outturn for this question. The previous series high for this question was 2.6% in November 2003.

Question 3: By a margin of 54% to 8%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster. These outturns are similar to the November survey.

Question 4: 56% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 21% and 11% respectively. These outturns are broadly in line with the outturns for 2004 and 2005.

Question 5: 41% of respondents said that interest rates had risen over the past 12 months, compared to 39% in November. 11% of respondents recognised that interest rates had fallen in the past 12 months, compared with 23% in August (immediately after the 25 basis point interest rate cut) and 16% in the November survey.

Question 6: When asked about the future path of interest rates, 47% expected rates to rise in the next 12 months, compared with 46% in November and a 4-year low of 34% in August. 7% of respondents thought interest rates might fall in the next twelve months, compared with 11% in November and 18% in the August survey. 28% expected rates to stay 'about the same', in line with the previous two surveys.

Question 7: Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 11% thought rates should 'go up', compared with 12% in November. 26% of respondents thought interest rates should 'go down', the same as in November. 38% thought interest rates should 'stay where they are', compared to 39% in the November survey.

Question 8: When asked what would be 'best for you personally', 18% 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', compared with 38% in November and 37% in August.

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 49%, down from 53% in November and 48% in the August survey.

Notes to Editors

NOP interviewed a quota sample of 3,939 people aged 15 and over in 350 randomly-selected enumeration districts throughout Great Britain between 16 February and 14 March 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. It is carried out in two equal size waves and this news release contains the combined survey data.

Further information and previous survey results are available from the Inflation Attitudes Survey pages.

Key Resources

Summary Table of Results (Full Sample) - February 2006

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesfeb06b.xls>

Summary Table of Results (1st wave sample data) - February 2006 published 20 March 2006

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesfeb06.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>