



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

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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 May 2006.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.7%, compared with 2.8% in the February survey. The previous highest outturn was 2.6% in May 2000.

Question 2: Median expectations of the rate of inflation over the coming year were 2.5%, compared with 2.7% in February. The previous series high for this question was 2.6% in November 2003.

Question 3: By a margin of 55% to 7%, 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 February and November surveys.

Question 4: 57% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 20% and 10% respectively. These outturns are broadly in line with those of recent years.

Question 5: 36% of respondents said that interest rates had risen over the past 12 months, compared with 41% in February. 10% of respondents recognised that interest rates had fallen in the past 12 months, compared with 23% in August 2005 (immediately after the 25 basis point interest rate cut) and 11% in the February survey.

Question 6: When asked about the future path of interest rates, 48% expected rates to rise in the next 12 months, compared with 47% in February and a 4-year low of 34% in August 2005. 4% of respondents thought interest rates might fall in the next twelve months, compared with 7% in February and 11% in November 2005. 28% expected rates to stay 'about the same', in line with the previous three 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', the same response as in February. 22% of respondents thought interest rates should 'go down', compared with 26% in February. 41% thought interest rates should 'stay where they are', compared with 38% in the February 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', the same response rate as in February and similar to the responses of the past few years.

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 on 19 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 45%, down from 49% in February and 53% in November.

Notes to Editors

NOP interviewed a quota sample of 1,961 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 11 and 16 May 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. The article in the summer 2006 Quarterly Bulletin will examine the trends seen in the previous five surveys up to and including the February one, and include the responses to the five annual questions.

Key Resources

Summary Table of Results – May 2006

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/statistics/nop/inflationattitudesmay06.xls>

Public Attitudes to Inflation - Quarterly Bulletin Article, Summer 2006

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/publications/quarterlybulletin/qb060205.pdf>