



**BANK OF ENGLAND**

# News release

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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 August 2007.

### **Highlights from the survey**

**Question 1:** Asked to give the current rate of inflation, respondents gave a median answer of 2.8%; this compares with 3.1%, a series high, in the May 2007 survey.

**Question 2:** Median expectations of the rate of inflation over the coming year were 2.7%, the same as in May and equal to the series high.

**Question 3:** By a margin of 55% 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:** 56% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 20% and 12% respectively. These outturns are broadly in line with those of recent years.

**Question 5:** 77% of respondents, the same proportion as the series high in May 2007, said that interest rates had risen over the past 12 months - the survey was undertaken after the 25 basis point increase in Bank Rate in July. 2% of respondents thought that interest rates had fallen over the past 12 months, compared with 1% in May.

**Question 6:** When asked about the future path of interest rates, 69% expected rates to rise in the next 12 months, compared with 71% in May. 4% of respondents thought interest rates might fall in the next 12 months, compared with 3% in May.

**Question 7:** Asked what would be 'best for the economy' - higher interest rates, lower rates or no change - 12% thought rates should 'go up', compared with 11% in May. 33% of respondents, a series high, thought

that interest rates should 'go down', compared with 32% in May. 35% thought interest rates should 'stay where they are', the same proportion as in May.

**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; 45% of respondents, a series high, said it would be better for them if interest rates were to 'go down'. This compares with 41% in May 2007, which was the previous series high.

**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 32%, compared with 36% in May. This was the lowest net satisfaction index outturn since May 2000, when it was 30%.

### **Notes to Editors**

GfK NOP interviewed a quota sample of 2,050 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 16 and 21 August 2007. 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 2007 Quarterly Bulletin examined the pick up in the general public's inflation expectations since 2005 and the factors that may have contributed to that rise. This also included the responses to the five annual questions.