



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 February 2007.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 2.9%, the same as in the November 2006 survey, which was the highest outturn since the survey began in 1999.

Question 2: Median expectations of the rate of inflation over the coming year were 2.7%, the same as in November and equal to the previous series high in February 2006.

Question 3: By a margin of 56% 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: 53% of respondents thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 21% and 12% respectively. These outturns are broadly in line with those of recent years.

Question 5: 72% of respondents said that interest rates had risen over the past 12 months – the survey was undertaken after the 25 basis point increase in the Bank rate in January. This compared with 68% in the November survey, which was undertaken after the 25 basis point rise in November. 2% of respondents thought that interest rates had fallen in the past 12 months, the same as in November.

Question 6: When asked about the future path of interest rates, 68% expected rates to rise in the next 12 months, compared with 72% in November. 3% of respondents thought interest rates might fall in the next 12 months, compared with 2% in November.

Question 7: Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 13% thought rates should 'go up', compared with 14% in November; 27% of respondents thought interest

rates should 'go down', compared with 26% in November; 36% thought interest rates should 'stay where they are', the same as in November.

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; 39% of respondents said it would be better for them if interest rates were to 'go down', compared with 41% in November.

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 2007.

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 37%, compared with 43% in November. This was the lowest net satisfaction index outturn since November 1999, when it was also 37%.

Notes to Editors

GfK NOP interviewed a quota sample of 3,967 people aged 15 and over in 350 randomly-selected enumeration districts throughout Great Britain between 8 and 20 February 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.

Further information and previous survey results are available from the Bank's website.