



**BANK OF ENGLAND**

# News release

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14 June 2007

## **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 2007.

### **Highlights from the survey**

**Question 1:** Asked to give the current rate of inflation, respondents gave a median answer of 3.1%, which was the highest outturn since the survey began in 1999. This compares with 2.9% in the February 2007 survey, which was the previous series high.

**Question 2:** Median expectations of the rate of inflation over the coming year were 2.7%, the same as in February 2007 and equal to the series high.

**Question 3:** By a margin of 57% to 7%, 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 20% and 12% respectively. These outturns are broadly in line with those of recent years.

**Question 5:** 77% of respondents, a series high, 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 May. This compared with 72% in the February survey, which was undertaken after the 25 basis point rise in January. 1% of respondents, a series low, thought that interest rates had fallen over the past 12 months, compared with 2% in February.

**Question 6:** When asked about the future path of interest rates, 71% expected rates to rise in the next 12 months, compared with 68% in February. 3% of respondents thought interest rates might fall in the next 12 months, the same as in February.

**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 13% in February; 32% of respondents thought interest

rates should 'go down', compared with 27% in February and the highest proportion since the survey began in 1999. 35% thought interest rates should 'stay where they are', compared with 36% in February.

**Question 8:** When asked what would be 'best for you personally', 17% said interest rates should 'go up', similar to responses over the past few years; 41% of respondents said it would be better for them if interest rates were to 'go down', compared with 39% in February. This was equal to the series high in November 2006.

**Questions 9-13** are only asked once a year in February\*. 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 18 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 36%, compared with 37% in February. 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 1,997 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 10 and 15 May 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.