



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 May 2008.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 4.9%, a series high and compared with 3.9% in February 2008, the previous series high.

Question 2: Median expectations of the rate of inflation over the coming year were 4.3%, also a series high and compared with 3.3% in February, the previous series high.

Question 3: By a margin of 70% to 5%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster. This margin was the widest since the survey began in November 1999.

Question 4: 42% of respondents, a series low, thought the inflation target was 'about right', while the proportions saying the target was 'too high' or 'too low' were 25% and 21% respectively. The proportion of respondents saying the inflation target was 'too low' was the highest since the survey began.

Question 5: 59% of respondents said that interest rates had risen over the past 12 months, compared with 58% in February. 12% of respondents thought that interest rates had fallen over the past 12 months, compared with 10% in February.

Question 6: When asked about the future path of interest rates, 48% expected rates to rise over the next 12 months, compared with 43% in February. 17% of respondents expected interest rates to fall over the next 12 months, compared with 20% in February.

Question 7: Asked what would be 'best for the economy' - higher interest rates, lower rates or no change - 8% thought rates should 'go up', compared with 7% in February. 45% of respondents thought that interest rates should 'go down', compared with 35% in February. 26% thought interest rates should 'stay where they are', compared with 30% in February.

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. 44% of respondents said it would be better for them if interest rates were to 'go down', compared with 37% in February.

Question 9*: When asked how strongly respondents agreed or disagreed whether a rise in interest rates would make prices in the high street rise more slowly in the short term and medium term, the net response was 14% and 18% respectively, which was broadly similar to the responses given in February 2007.

Question 10*: When asked if a choice had to be made either to raise interest rates to try to keep inflation down or to keep interest rates down and allow prices in shops to rise faster, 52% of respondents said interest rates should rise whilst 17% said prices should be allowed to rise, compared with 56% and 21% in February 2007. These responses will be examined in an article on inflation expectations in the Quarterly Bulletin to be published on 16 June.

Questions 11-13*: The responses to these questions - which ask respondents about which organisation is responsible for setting the basic interest rate - are broadly similar to the responses given in February 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 22%, compared with 30% in February. This was the lowest net satisfaction index outturn since the survey began.

Notes to Editors

GfK NOP interviewed a quota sample of 2,011 people aged 15 and over in 175 randomly-selected enumeration districts throughout Great Britain between 8-13 May 2008. 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.

Summary Results – May 2008

<http://www.bankofengland.co.uk/statistics/Documents/nop/inflationattitudesmay08.xls>

Detailed Survey Tables – May 2008

<http://www.bankofengland.co.uk/statistics/Documents/nop/nopmay08.xls>

Public Attitudes to Inflation and Interest Rates – Quarterly Bulletin Article, Q2 2007

<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb070201.pdf>