



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 2010.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 3.6%, compared with 3.3% in February 2010.

Question 2: Median expectations of the rate of inflation over the coming year were 3.3%, compared with 2.5% in February (the last time it was 3.3% or higher was in August 2008 when it was 4.4%).

Question 3: By a margin of 56% to 11%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster, compared with 60% to 9% in February.

Question 4: 56% of respondents thought the inflation target was 'about right', a slightly higher proportion than in recent quarters, while 17% said the target was 'too high' and 15% said it was 'too low'.

Question 5: 34% of respondents thought that interest rates had fallen over the past 12 months, compared with 41% in February, while 23% of respondents said that interest rates had risen over the past 12 months, the same as in February.

Question 6: When asked about the future path of interest rates, 52% of respondents expected rates to rise over the next 12 months, compared with 54% in February, and 6% of respondents expected interest rates to fall over the next 12 months, similar to the last couple of quarters.

Question 7: Asked what would be 'best for the economy' - higher interest rates, lower interest rates or no change in interest rates - the picture was broadly unchanged from recent quarters: 25% of respondents thought interest rates should 'go up', 15% of respondents thought that interest rates should 'go down', and 37% thought interest rates should 'stay where they are'.

Question 8: When asked what would be 'best for you personally', 25% of respondents said interest rates should 'go up', compared with 28% in February, while 26% of respondents said it would be better for them if interest rates were to 'go down', compared with 25% in February.

Question 9*: When asked how strongly respondents agreed or disagreed that a rise in interest rates would make prices rise more slowly in the short term, the net response was +15% in February 2010, compared with +14% in February 2009. When asked how strongly respondents agreed or disagreed that a rise in interest rates would make prices rise more slowly in the medium term, the net response was +24%, compared with +26% in February 2009

Question 10*: When asked in February if a choice had to be made either to raise interest rates to try and keep inflation down, or to keep interest rates lower and allow prices to rise faster, 66% of respondents said interest rates should rise, while 17% said prices should be allowed to rise. These compared with 66% and 13% in February 2009.

Questions 11-13*: The responses to these questions - which ask respondents about which organisation is responsible for setting interest rates - are broadly similar to the responses given in February 2009.

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 +29%, compared with +28% in February.

Notes to Editors

GfK NOP interviewed a quota sample of 2,055 people aged 15 and over in 175 randomly-selected enumeration districts throughout the United Kingdom between 13 - 18 May 2010. The raw data were weighted to match the demographic profile of the UK 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 Q2 Quarterly Bulletin, published on 14 June, will include an article on public attitudes to inflation drawing on the results of this opinion poll.

Key Resources

Summary Results - May 2010

<http://www.bankofengland.co.uk/statistics/Documents/nop/inflationattitudesmay10.xls>

Detailed Survey Tables - May 2010

<http://www.bankofengland.co.uk/statistics/Documents/nop/nopmay10.xls>

Long-Run Summary Results data - November 1999 - present

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