



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 2012.

Highlights from the survey

Question 1: Asked to give the current rate of inflation, respondents gave a median answer of 4.8%, compared with 5.0% in November.

Question 2a: Median expectations of the rate of inflation over the coming year were 3.5%, compared with 4.1% in November, and the lowest outturn since August 2010.

Question 2b: Asked about expected inflation in the twelve months after that, respondents gave a median answer of 2.9%, compared with 3.4% in November.

Question 2c: Asked about expectations of inflation in the longer term, say in five years time, respondents gave a median answer of 3.2%, compared with 3.5% in November.

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, compared with 68% to 4% in November.

Question 4: 49% of respondents thought the inflation target was 'about right', broadly unchanged from November, while the proportions saying the target was 'too high' or 'too low' were 22% and 14% respectively.

Question 5: 19% of respondents thought that interest rates had fallen over the past 12 months, compared with 22% in November, while 25% of respondents said that interest rates had risen over the past 12 months, compared with 27% in November.

Question 6: When asked about the future path of interest rates, 35% of respondents expected rates to rise over the next 12 months, compared with 39% in November. 7% of respondents expected interest rates to fall over the next 12 months, broadly unchanged from November. As a result, the net balance – those expecting rates to rise less those expecting them to fall – was +28%, the lowest since February 2009.

Question 7: Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 16% thought rates should 'go up', compared with 15% in November. 19% of respondents thought that interest rates should 'go down', compared with 20% in November. 37% thought interest rates should 'stay where they are', compared with 35% in November.

Question 8: When asked what would be 'best for you personally', 24% of respondents said interest rates should 'go up', compared with 22% in November. 23% of respondents said it would be better for them if interest rates were to 'go down', compared with 28% in November.

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 +8% in February 2012, compared with +11% in February 2011. 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 +15%, compared with +24% in February 2011. This is the lowest recorded outturn since the survey began.

Question 10*: When asked in February 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 to rise faster, 59% of respondents said interest rates should rise, while 16% said prices should be allowed to rise faster. These compare with figures of 66% and 16% in February 2011.

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 previous surveys.

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 balance – the proportion satisfied minus the proportion dissatisfied – was +20%, sharply higher than the outturn in November (+9%).

Question 15:** Asked how they were likely to react to changes in their expectations of inflation over the next twelve months: 69% of respondents said they would shop around for better value goods and services, compared with 65% in February 2011. The other results were broadly unchanged from the previous survey; 54% said they would cut back on spending and save more; 23% said they would look for a different or second job, or work more hours; 12% said they would move savings out of banks and building societies and into other assets; 8% said they would push for increased pay in their current jobs; and 6% said they would bring forward major purchases.

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Notes to Editors

GfK NOP interviewed a quota sample of 3,789 people aged 16 and over in 175 randomly selected output areas throughout the United Kingdom in two waves, between 9 – 14 and 16 – 21 February 2012. 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.

** This question was added to the February 2011 survey.