



**BANK OF ENGLAND**

# News release

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6 September 2013

## **Bank of England/GfK NOP Inflation Attitudes Survey - August 2013**

This news release describes the results of the Bank of England's latest quarterly survey of public attitudes to inflation, undertaken between 8th and 13th of August 2013. Because the survey was taken immediately after the MPC's forward guidance was announced, the response to Question 6 on expectations of future interest rates may be of interest.

### **Highlights from the survey**

**Question 1:** Asked to give the current rate of inflation, respondents gave a median answer of 4.0%, compared with 4.5% in May.

**Question 2a:** Median expectations of the rate of inflation over the coming year were 3.2%, compared with 3.6% in May.

**Question 2b:** Asked about expected inflation in the twelve months after that, respondents gave a median answer of 3.0%, compared with 3.3% in May.

**Question 2c:** Asked about expectations of inflation in the longer term, say in five years time, respondents gave a median answer of 3.5%, compared with 3.6% in May.

**Question 3:** By a margin of 64% to 8%, survey respondents believed that the economy would end up weaker rather than stronger if prices started to rise faster, compared with 68% to 6% in May.

**Question 4:** 46% of respondents thought the inflation target was 'about right', compared with 48% in May, while the proportions saying the target was 'too high' or 'too low' were 24% and 16% respectively.

**Question 5:** 16% of respondents thought that interest rates had fallen over the past 12 months, compared with 20% in May, while 23% of respondents said that interest rates had risen over the past 12 months, the same as in May.

**Question 6:** When asked about the future path of interest rates, 29% of respondents expected rates to rise over the next 12 months, down from 34% in May. The response in August is the lowest response since November 2008, the height of the financial crisis. The survey began in 1999 and there have only been three occasions when fewer respondents expected interest rates to rise (February and May 2001 and November 2008). 5% of respondents expected interest rates to fall over the next 12 months, the same as in May.

**Question 7:** Asked what would be 'best for the economy' – higher interest rates, lower rates or no change – 15% thought rates should 'go up', compared with 16% in May. 19% of respondents thought that interest rates should 'go down', compared with 20% in May. 41% thought interest rates should 'stay where they are', compared to 35% in May.

**Question 8:** When asked what would be 'best for you personally', 22% of respondents said interest rates should 'go up', the same as in May. 26% of respondents said it would be better for them if interest rates were to 'go down', compared with 27% in May.

**Questions 9-13:** These questions are asked only once a year, in February.\*

**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 +15%, compared with 17% in May.

#### **Note to Editors**

GfK NOP interviewed a quota sample of 2050 people aged 16 and over in 175 randomly selected output areas throughout the United Kingdom between 8 and 13 August 2013. 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.