



Inflation Expectations

August 2023

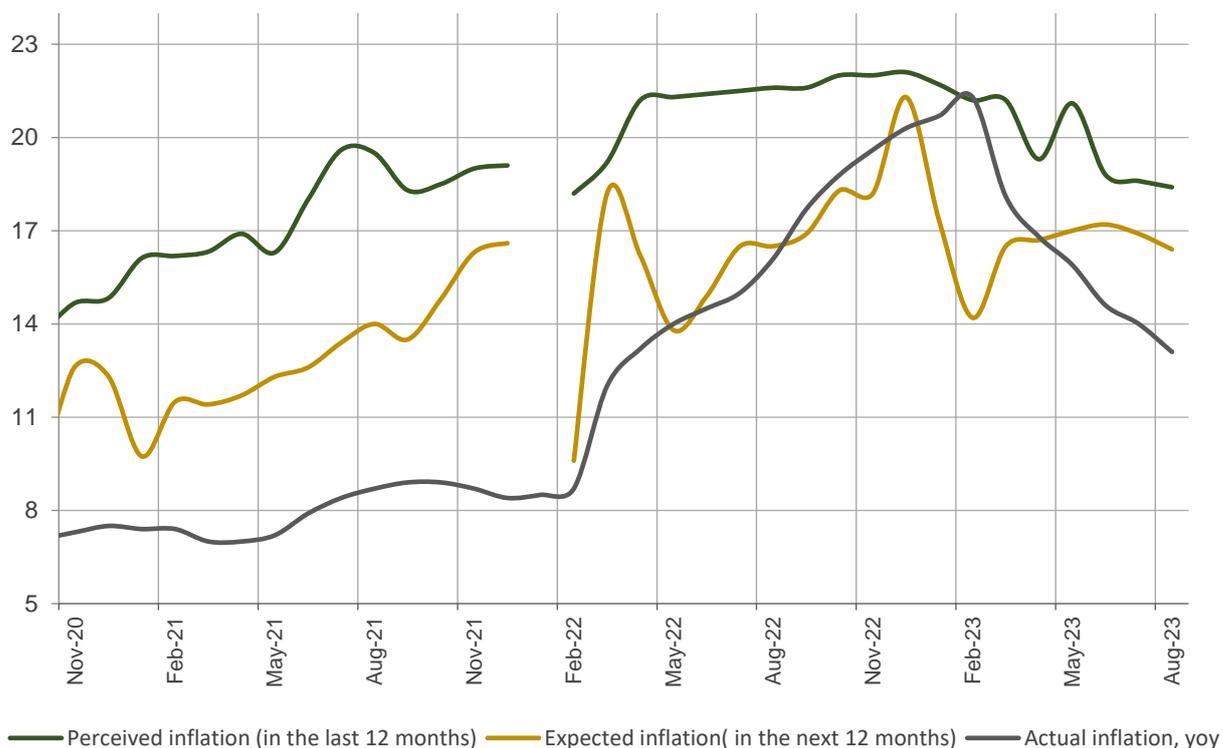
- Inflation expectations continue to decline, but remain high
- Consumer sentiment worsened due to lower estimates of the country's development prospects in the coming year

Inflation expectations

The median estimate¹ of expected inflation decreased to 16.4% in August 2023 (16.9% in July 2023), perceived inflation to 18.4% (18.6%) (Figure 1).

The share of respondents, expecting the current prices to remain or a faster increase, rose to 26% in August 2023 (17% in July 2023).

Figure 1. Median inflation expectations, %



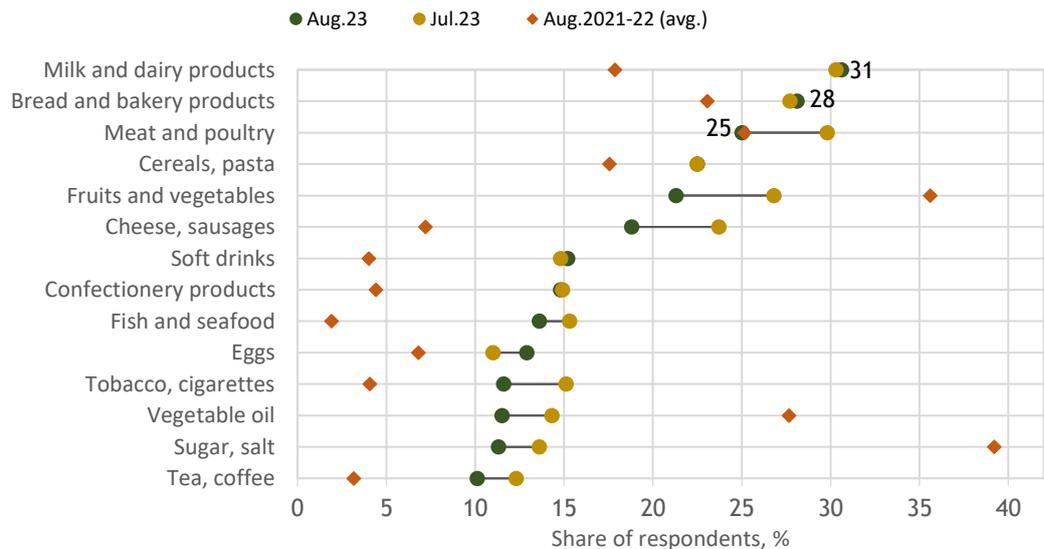
Source: Results of a telephone survey of the population, Fusion Lab

In August 2023, the historically low share of respondents who noted an increase in food prices remained (66% – at least since 2016). At the same time, the share of those who noted an increase in prices for services increased slightly (11%).

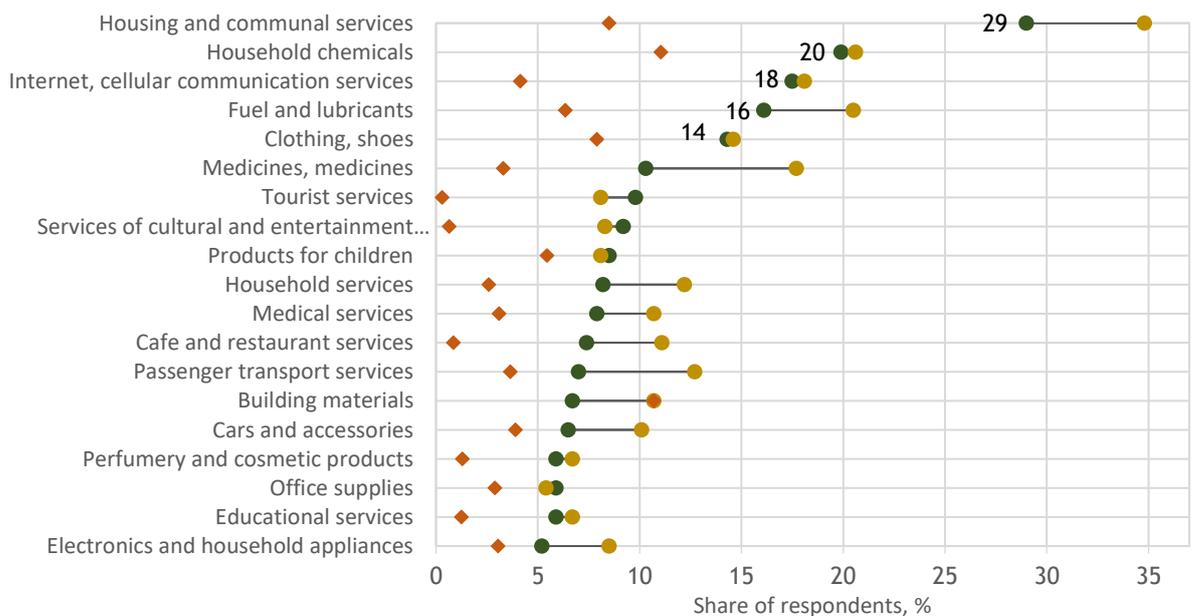
Among the food products, respondents noted dairy, meat products, bakery products. In addition, respondents most noticed an increase in the cost of housing utility services, Internet services, household chemicals, fuel and lubricants (Figure 2).

Figure 2. Frequently mentioned goods and services

Food products



Non-food products and services



Consumer sentiments

The consumer sentiment index in August 2023 decreased to 101.0 (in July 2023 – 106.1).

In particular, estimates of the country's development prospects in the coming year have significantly decreased (by 17.7 points), reaching the lowest level for all years of the survey, and in 5 years (by 6.3 points), as well as estimates of personal financial situation in a year (by 1.6 points). In the estimates of the current situation, the assessment of personal financial situation has decreased over the past year (by 2.0 points), but the readiness for large purchases has increased (by 1.9 points).

Figure 3. Index² of Consumer Sentiment

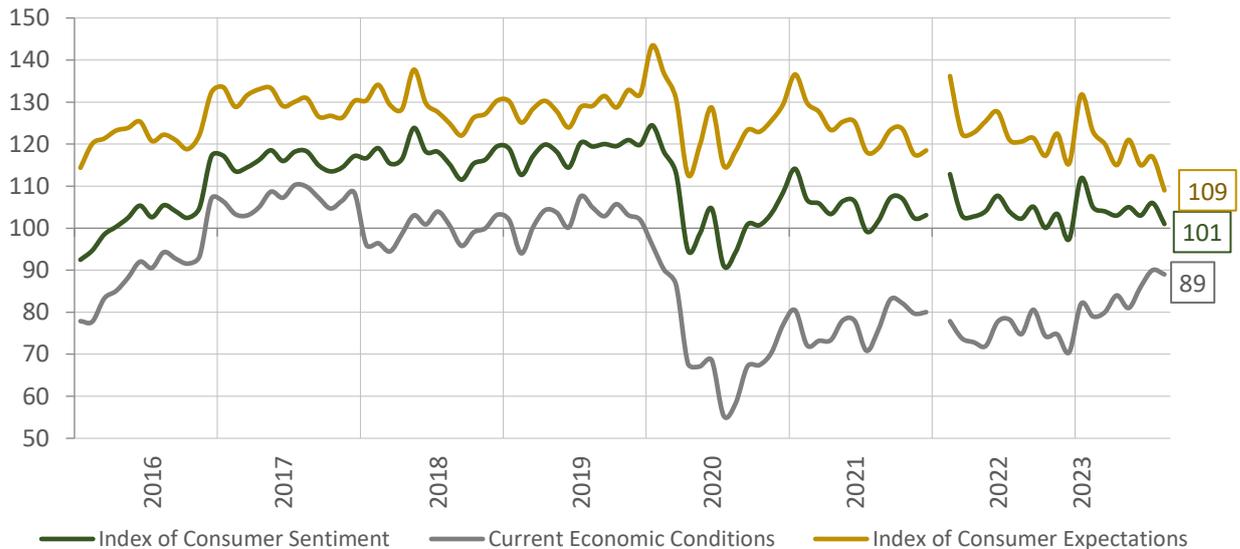


Figure 4. Current Conditions

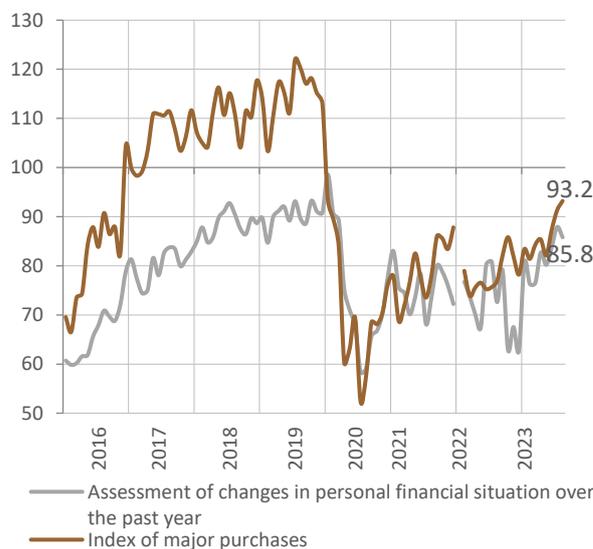
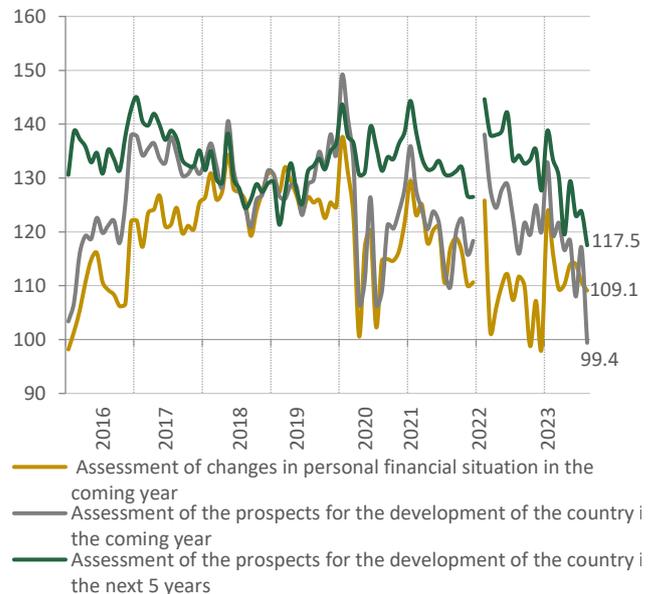


Figure 5. Consumer Expectations



Source: Results of a telephone survey of the population, FusionLab

NOTES

1 A quantitative assessment of inflation expectations/median estimates for January 2022 has not been published, because the results of the survey in January 2022 were influenced by January events in the country, which affected the smaller sample size and incompatibility with previous data

Median estimate of perceived inflation based on the survey results: How much exactly do you think the prices of goods and services have increased over the past 12 months? Median estimate of expected inflation based on the question: How much exactly do you think prices for goods and services will rise in the next 12 months?

2 Consumer sentiment index: The average value of private indices - changes in personal financial situation over the past year; changes in personal financial situation in the coming year; prospects for the development of the country in the coming year; prospects for the development of the country in the next 5 years; large purchases.

Current status index: The average value of private indices - changes in personal financial situation over the past year; the index of large purchases.

Consumer expectations index: The average value of private indices - changes in personal financial situation in the coming year; prospects for the development of the country in the coming year; prospects for the development of the country in the next 5 years.

The numerical value represents the balance of responses, which is calculated as the difference between the proportion of positive and negative responses + 100. Index values can vary from 0 to 200. A value above 100 indicates the predominance of positive estimates, below 100 – negative estimates