



# Inflation Expectations

June 2022

- Inflation expectations accelerated, reflecting food supply shocks and exchange rate movements
- Consumer sentiment of the households is gradually recovering

## Qualitative estimates of expectations have risen

51% of respondents expect the current or faster rates of price growth to remain (45% in May this year).

The quantified estimate of inflation expected in a year rose to 14.8%<sup>1</sup> (11.7% in May this year).

## Median estimates of expected inflation have risen

The median inflation expectations in a year in May 2022 was 14.9%, down from 13.8% in May this year.

The median estimate of perceived inflation over the past 12 months has slightly increased compared to May of this year and amounted to 21.4%.

Figure 1. Quantified value of expected inflation

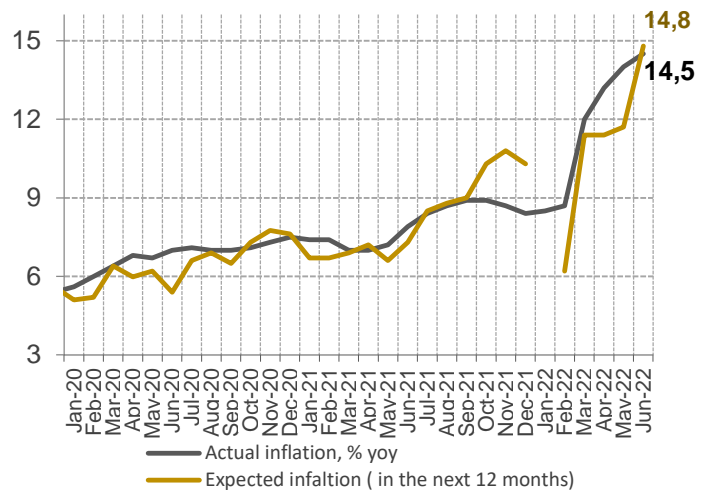
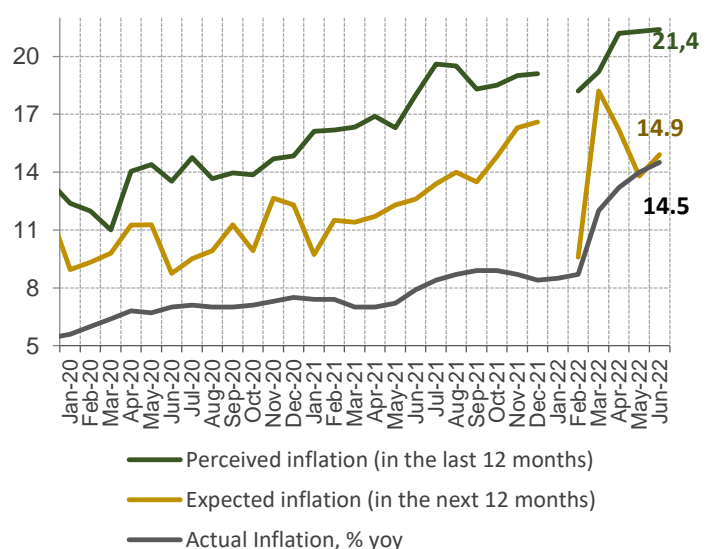


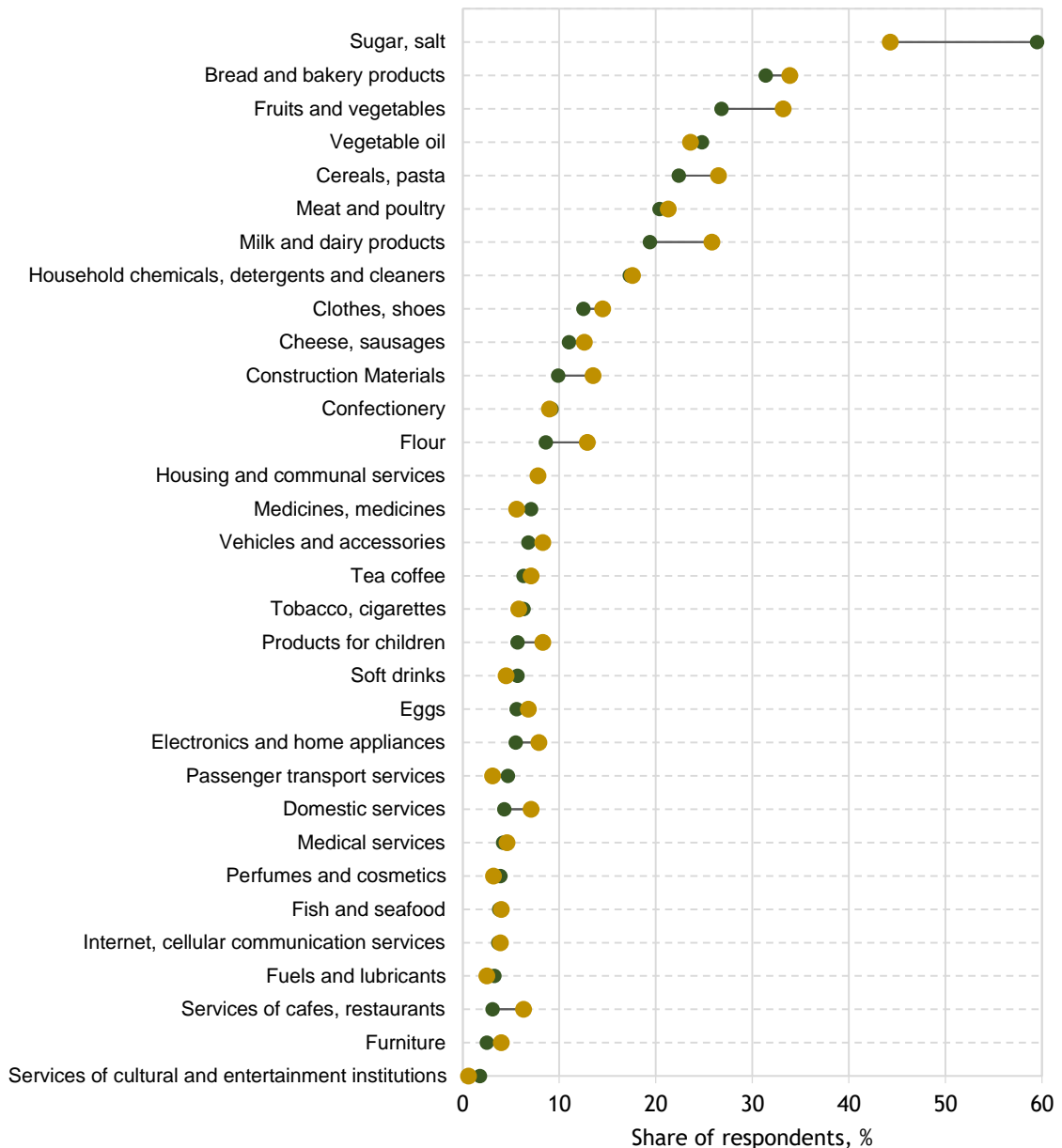
Figure 2. Median inflation expectations, %



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

In the household's estimates of price changes over the past 12 months, the share of respondents who noted a **faster and the same as before price growth** was 86% (87% in May this year). The majority of respondents who noted a price increase over the past month, note a rise in the price of **food products** – 88%. In general, for many positions, the share of the population that noted a strong rise in prices in June of this year, decreased. At the same time, respondents continue to note an increase in sugar prices (60%). Following sugar, survey participants also point to a rise in the price of bread and bakery products (31%), fruits and vegetables (27%).

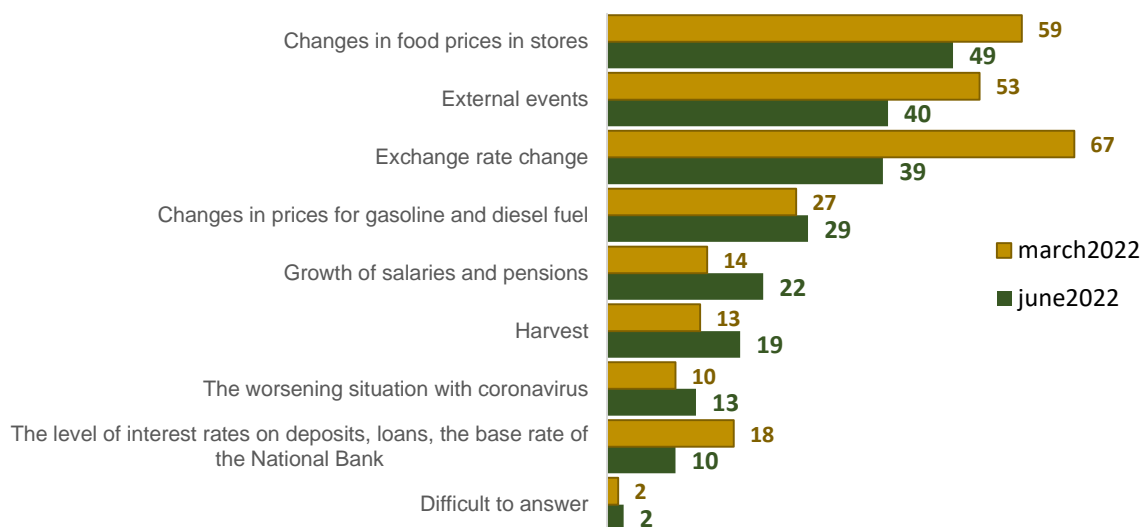
**Figure 3. Frequently called types of goods and services  
2022-June 2022**



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

Respondents who expect prices to rise over a one-year horizon mainly attribute this to changes in food prices, and to a lesser extent to changes in the exchange rate and external factors. The share of respondents linking the rise in prices to the worsening situation with the coronavirus, crop failure and rising wages and pensions has increased.

**Figure 4. Factors of price growth in the future**  
(in % of respondents who expect prices to rise a year ahead)



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

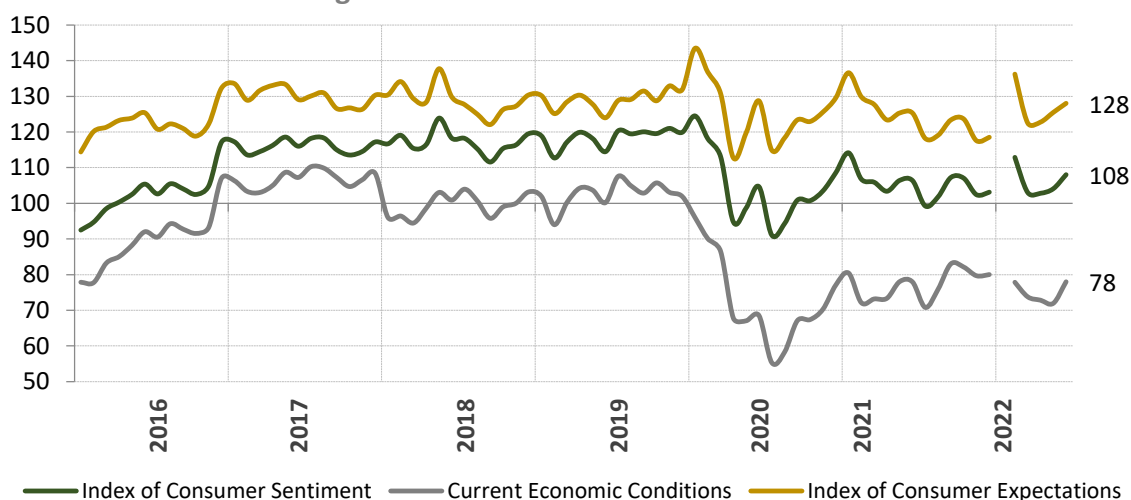
### Consumer sentiment of the households is gradually recovering

The consumer sentiment index continued to improve in June 2022 and amounted to 107.7. The improvement of estimates was noted both in terms of the current situation and expectations.

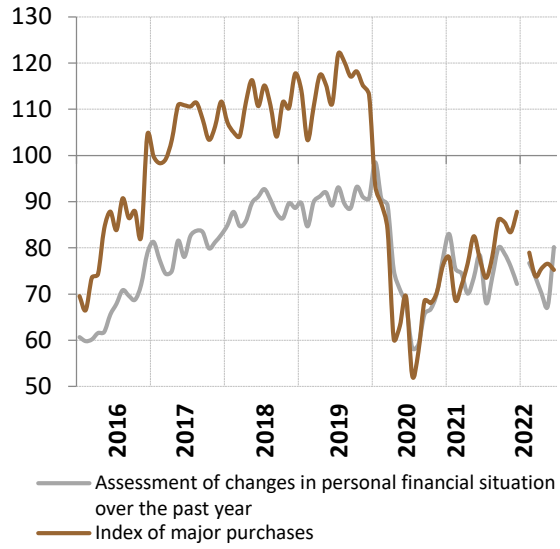
In particular, assessments of the current financial situation have improved, while continuing to remain in the negative area: 36% of respondents record its deterioration, 46% – unchanged. Readiness for major purchases is also at a low level – in June this year, 44% of respondents rated the current time negatively.

Estimates of both the country's long-term development and short-term development have improved. The share of respondents who positively assess the country's development prospects for the year and 5 years ahead is 47% and 48%, respectively. Estimates of future personal condition continued to improve.

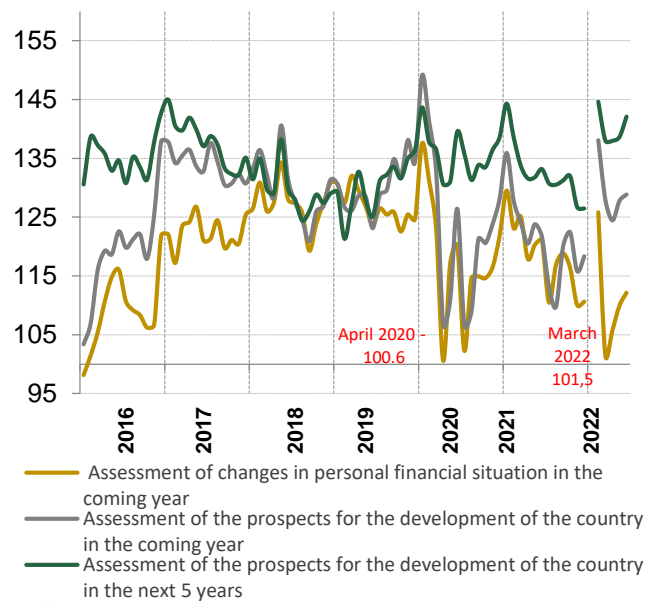
**Figure 5. Index<sup>2</sup> of Consumer Sentiment**



**Figure 6. Current Conditions**



**Figure 7. Consumer Expectations**



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

## NOTES

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**1** The methodology for calculating the quantified value of inflation expectations is available on the Internet resource of the National Bank

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