



# Inflation Expectations

September 2022

- Median estimate of expected inflation increased to 16.9%
- 54% of respondents expect faster or maintain the current rate of price growth over a one-year horizon
- The consumer sentiment of the population has slightly improved due to an increase in estimates for the current situation

## Qualitative estimates of expectations have slightly increased

The quantified estimate of inflation expected in a year rose to **16.5%**<sup>1</sup> (16% in August).

The share of respondents expecting the current prices to remain the same or faster growth slightly decreased to **54%** (55% in August).

## Median expected inflation rises, perceived inflation remains at historically high level

The median inflation expectations in a year in August 2022 rose to **16.9%** (16.5% in August this year).

The median estimate of perceived inflation over the past 12 months remain unchanged compared to August of this year and amounted to **21.6%**.

Figure 1. Quantified value of expected inflation

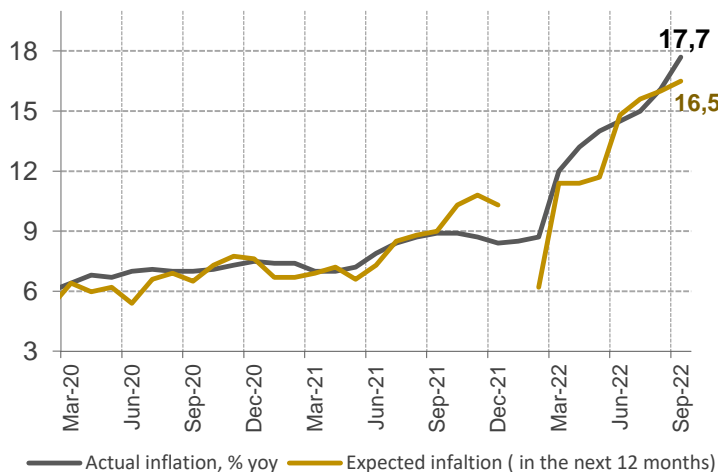
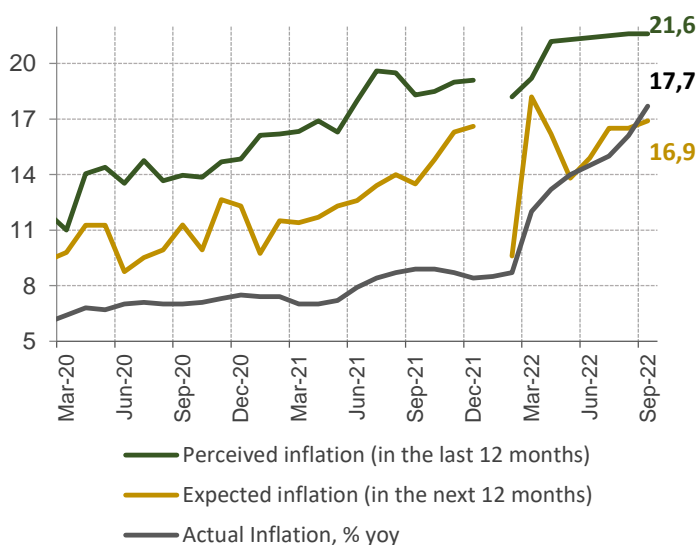


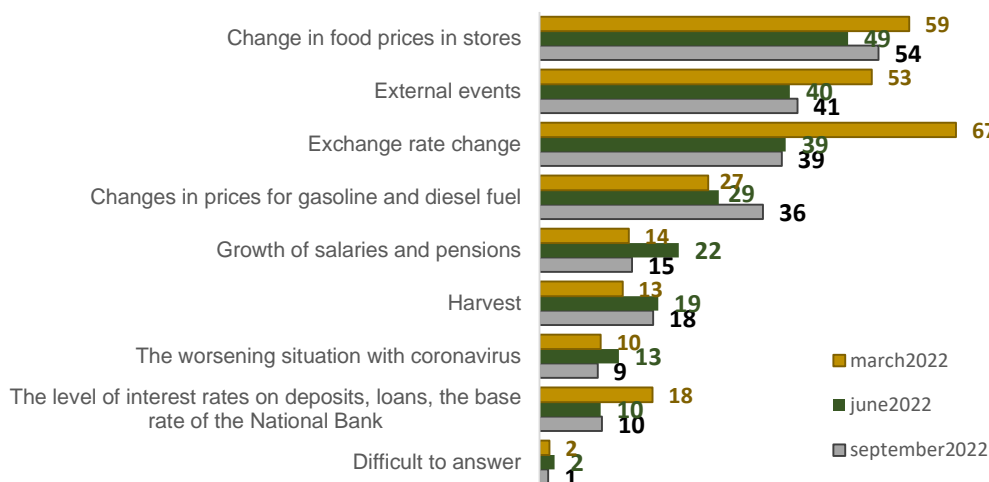
Figure 2. Median inflation expectations, %



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

According to respondents, future price increases are mainly due to the expected change in food prices. 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 external events and changes in the exchange rate. The share of respondents linking future price growth with changes in prices for gasoline and diesel fuel has increased.

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



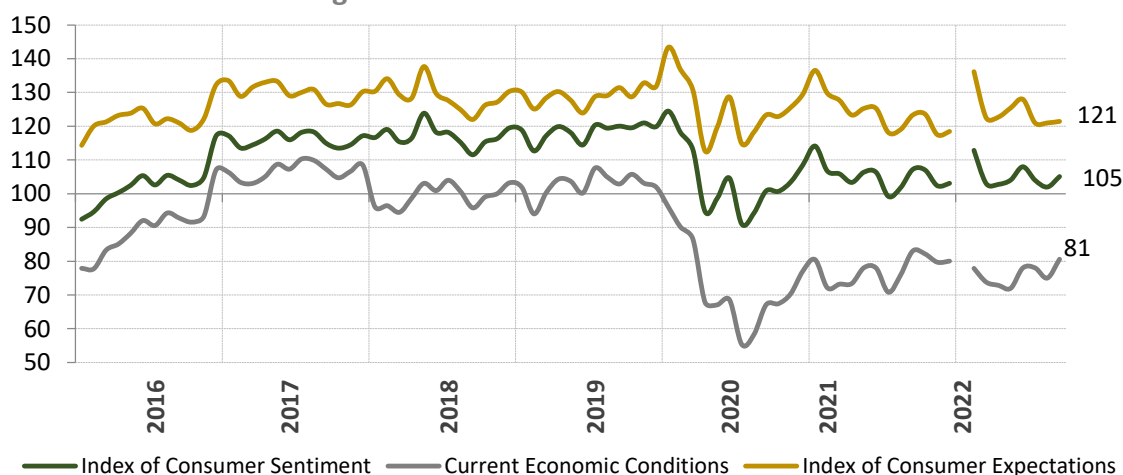
Source: Results of a telephone survey of the population, Fusion Lab

### The consumer sentiment of the households improved due to an increase in assessments of personal financial situation and readiness for large purchases

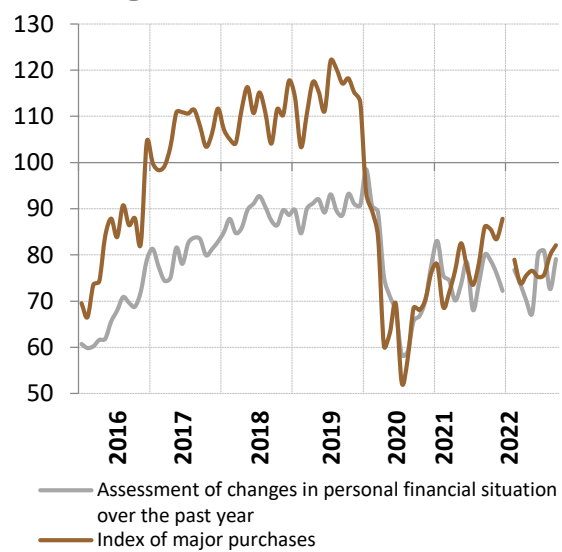
There is some improvement in consumer sentiment due to improved assessments of the current state. The consumer sentiment index improved in September 2022 and amounted to 105.1 (in August 2022 - 102.3).

In particular, assessments of personal financial situation have improved over the past year (the index has increased from 72.6 to 79.1). Readiness for large purchases also increased in September (the index rose from 76.9 to 82.1), but continues to be in the negative area. The prospects for economic development for the year ahead improved (the index rose from 115.9 to 121.7), while long-term estimates of economic development (for 5 years ahead) and estimates of changes in personal financial situation for the year ahead slightly decreased.

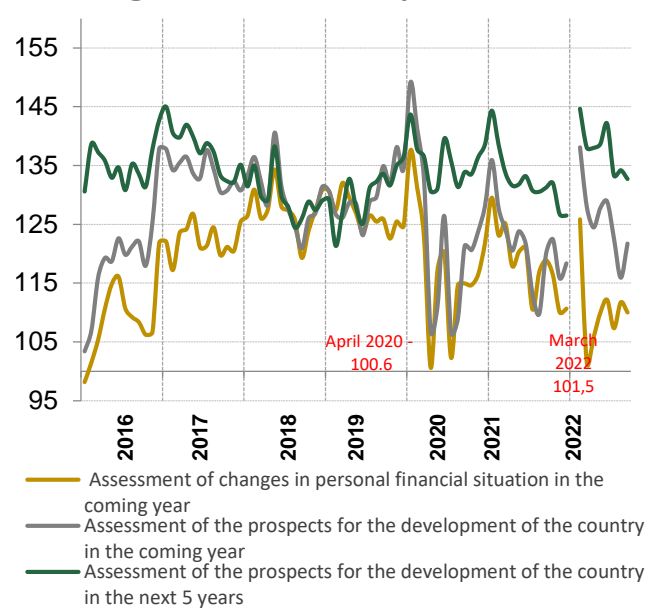
**Figure 4. Index<sup>2</sup> of Consumer Sentiment**



**Figure 5. Current Conditions**



**Figure 6. 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