



# Inflation Expectations

May 2024

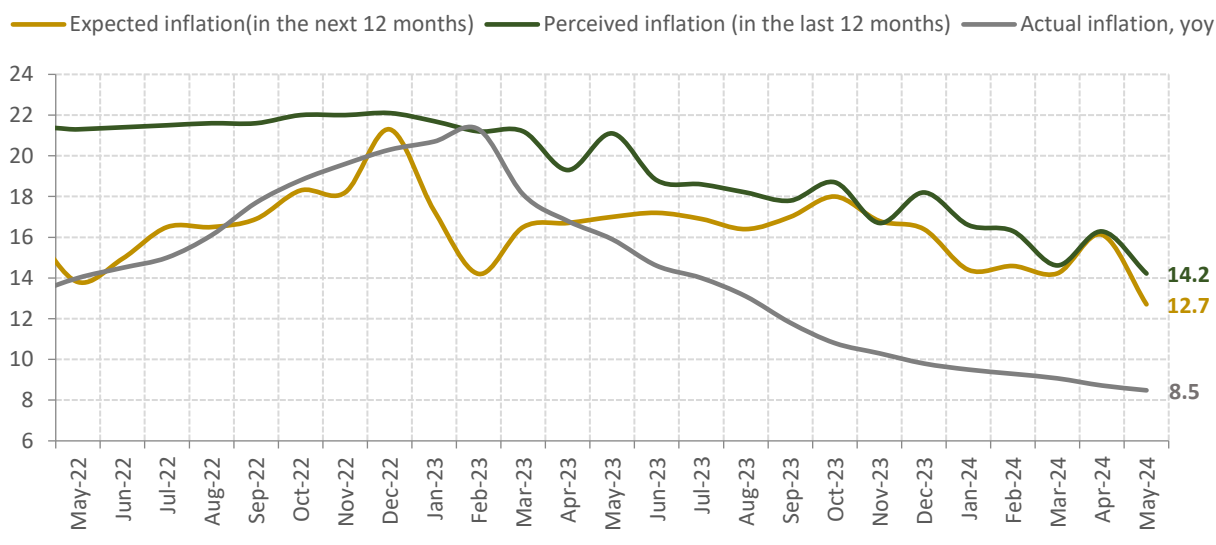
- Inflation expectations of the population decreased in May 2024
- Consumer sentiment improved due to an increase in the assessment of personal financial situation in a year, assessments of the country's development prospects
- Enterprises expect a slowdown in the growth of prices for their products

## Inflation expectations of the population

In May 2024, the median estimate<sup>1</sup> of expected inflation in the next 12 months after an increase in April decreased again, amounting to 12.7% (April 2024 – 16.1%) (Figure 1). In the structure of expectations for the year ahead, the share of low inflation expectations increased to 13.5% (8.5%).

At the same time, the median estimate of perceived inflation over the past 12 months has also decreased to 14.2% (16.3%).

Figure 1. Inflation and median estimates, %



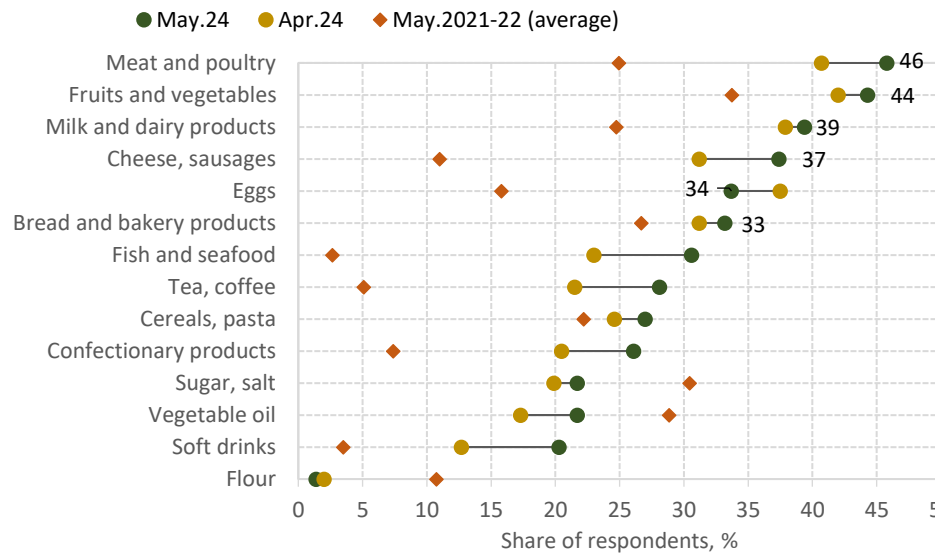
Source: Results of the population survey, Fusion Lab

In May 2024, the share of respondents who noted an increase in food prices decreased to 77% (April 2024 – 77.9%). At the same time, the share of those who noted an increase in prices for non-food products increased to 10.6% (8.1%).

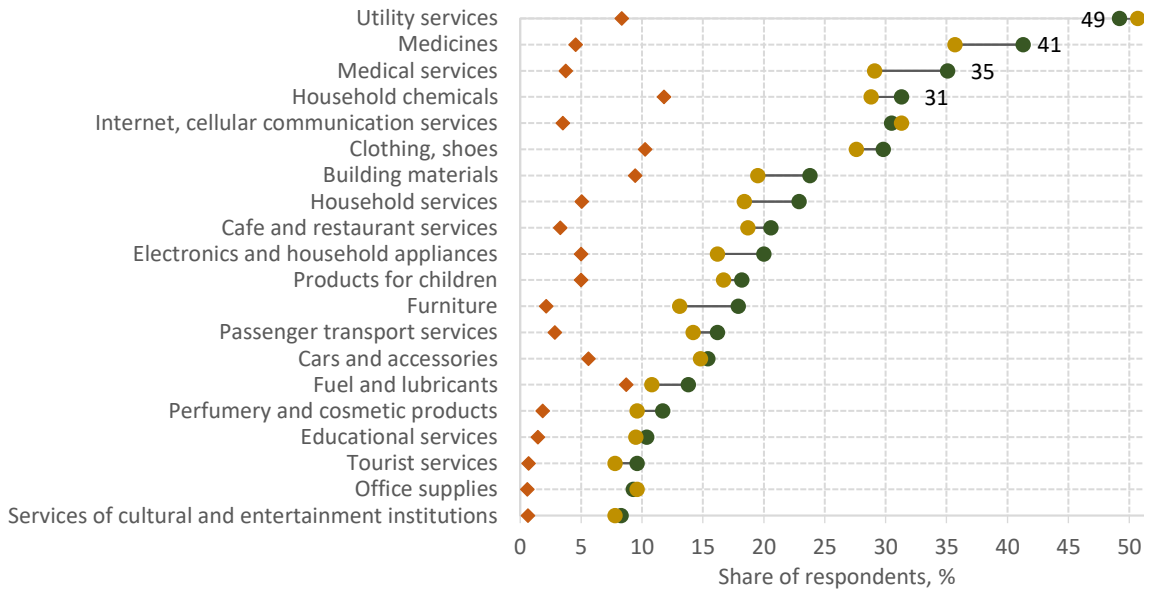
Among the food products, respondents note an increase in prices for meat and dairy products, fruits and vegetables, cheese and sausages. In the structure of non-food products, the population pointed to an increase in the cost of medicines, household chemicals, clothing and footwear. Among paid services, respondents most noted an increase in prices of housing and communal services, medical services, Internet and cellular communications (Figure 2).

Figure 2. Frequently mentioned goods and services

Food products



Non-food products and services



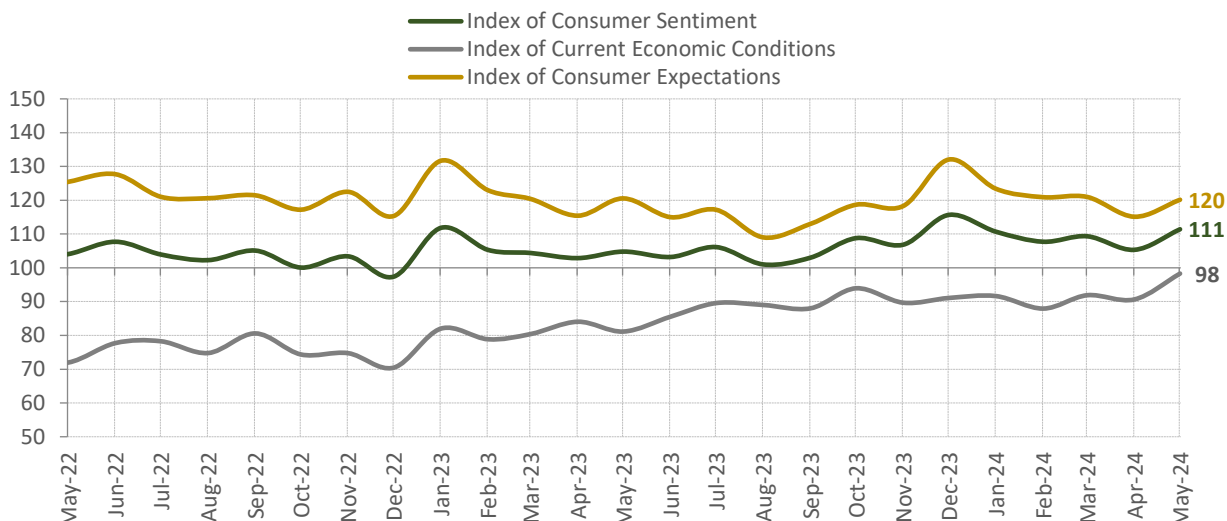
Source: Results of the population survey, Fusion Lab

**Consumer sentiment of the population**

The consumer sentiment index in May 2024 increased to 111.4 (April 2024 – 105.3) (Figures 3,4,5). In particular, estimates of the country's development prospects in the coming year (by 12.7 points) and estimates of the country's development prospects in 5 years (by 0.8 points) increased. The assessment of personal financial situation in the coming year has also increased (by 1.5 points).

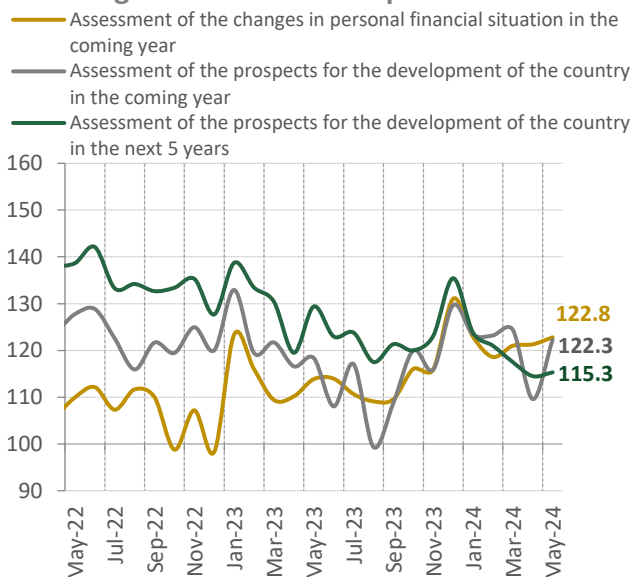
In the estimates of the current situation, the assessment of personal financial situation has increased over the past year (by 7.4 points), as well as readiness for large purchases (by 7.9 points).

**Figure 3. Index<sup>2</sup> of Consumer Sentiment**



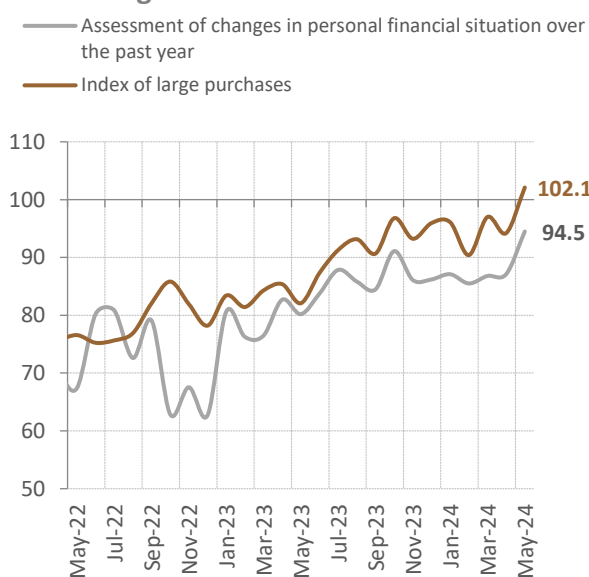
Source: Results of the population survey, Fusion Lab

**Figure 4. Consumer Expectations**



Source: Results of the population survey, Fusion Lab

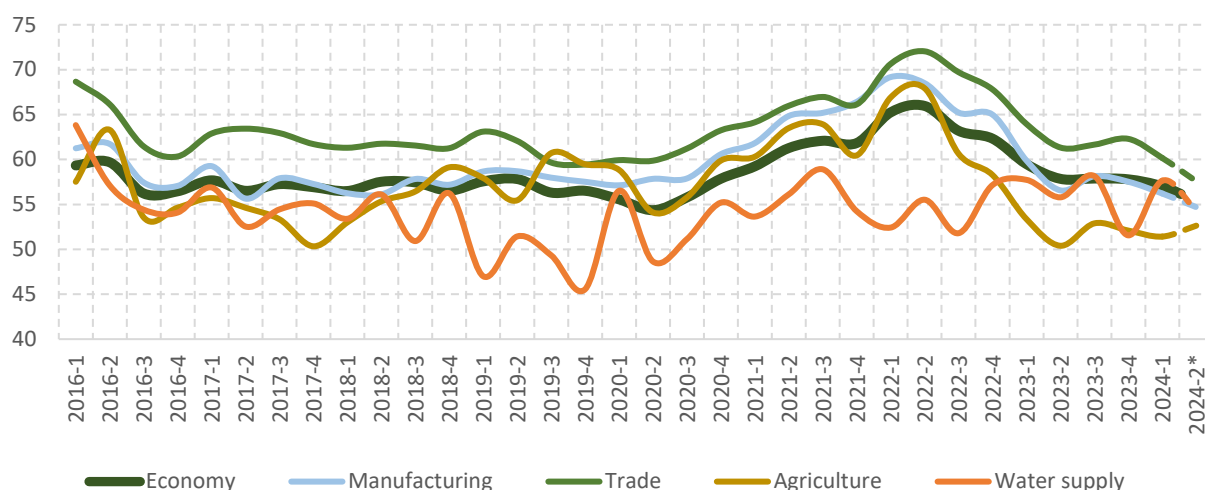
**Figure 5. Current Conditions**



**The price expectations of enterprises continue to slowdown gradually**

In the 1st quarter of 2024, the growth rate of prices for products and services of enterprises in the economy slowed down, the slowdown was noted in all sectors except water and electricity supply. In the 2nd quarter of 2024, enterprises in most industries expect a slowdown in the growth of prices for their products, while enterprises of agriculture and real estate operations expect a slight increase in growth rates (Figure 6).

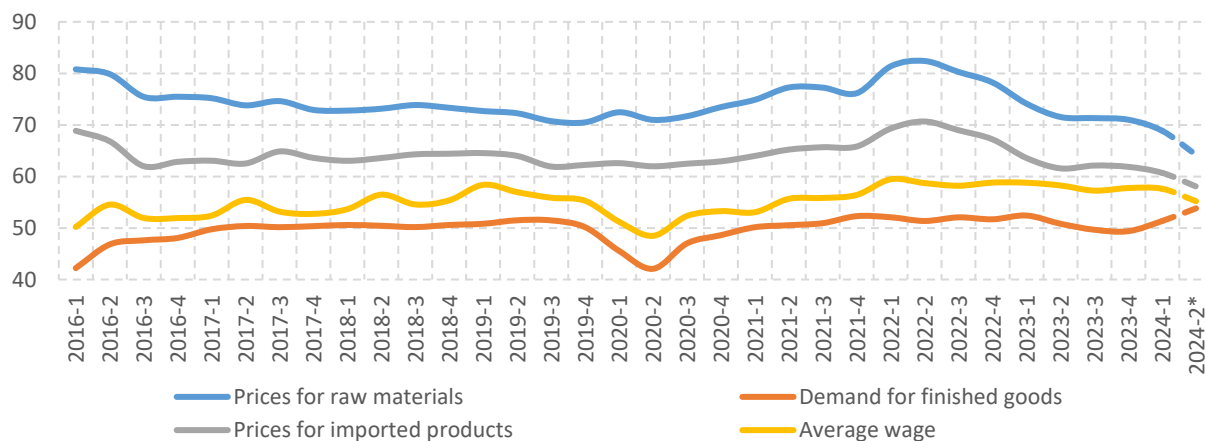
**Figure 6. Dynamics of changes in prices for finished products of enterprises, diffusion index<sup>3</sup>**



Source: Results of monitoring of Real Sector Enterprises, National Bank  
The survey of enterprises is conducted on a **quarterly** basis

For the vast majority of enterprises, the most important factors in setting prices for finished products are the prices of raw materials (for 80.3% of enterprises), demand (79.0%) and labor costs (67.0%). According to enterprise estimates, demand for finished products increased in the 1st quarter of 2024, while the growth rate of other factors slowed down slightly. The trend is expected to continue in the 2nd quarter of 2024 (Figure 7).

**Figure 7. Dynamics of factors of setting prices for finished products of enterprises, diffusion index<sup>3</sup>**



Source: Results of monitoring of Real Sector Enterprises, National Bank  
The survey of enterprises is conducted on a **quarterly** basis

## NOTES

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**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.

**3** The diffusion index (CI) is calculated as the sum of positive responses and half of the responses unchanged. CI is a generalized indicator that characterizes the dynamics of changes in the indicator under consideration. A value above level 50 means an increase, below level 50 – a decrease. The further (higher or lower) the CI value is from the level of 50, the higher the rate of change (increase or decrease) of the indicator. Number of respondents: 3,388 enterprises. Seasonally-cleared data. The companies answered the question: «How have the selling prices for finished products of your company changed/will change? »

\*For the 2nd quarter of 2024, the expectations of enterprises are given