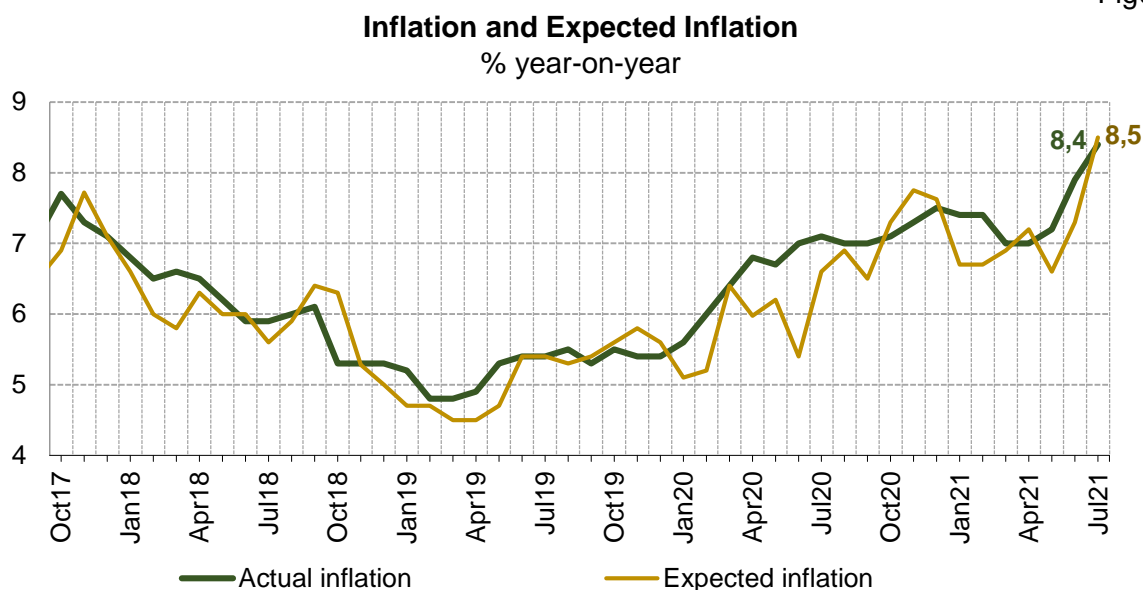


Comment on households' inflation expectations in July 2021 by Denis Chernyavskiy, Deputy Director of Monetary Policy Department of the NBK

Results of July survey have revealed an increase in inflation expectations amid escalating prices for certain types of food, mounting prices for fuels and lubricants and construction materials as well as for some paid services for the population. Deterioration of the epidemiological situation and repeated tightening of quarantine restrictions also contributed to the increase in inflation expectations. Quantitative assessment of inflation expectations for a year ahead in July 2021 account for 8.5% (Figure 1).

Figure 1



Source: National Statistics Bureau of the Agency of Strategic Planning and Reforms of the Republic of Kazakhstan, FusionLab

Inflation perception remains at an elevated level. In July 2021, an ever high share of respondents indicated a rapid price boost. According to the bulk of respondents, food prices are growing the fastest of all. In particular, July witnessed a steep increase in the number of respondents who underlined an outstripping growth in prices (as compared to other groups of goods and services) in the category 'fruits and vegetables'. Moreover, share of respondents who estimated the growth of prices for the past and for the next 12 months at a rate of more than 20% significantly rose.

Consumer sentiment of the population got worse in July. Consumer sentiment index, which consists of five sub-indices (current and future financial position, willingness to make large purchases, expectations for prospects of economic development for 1 and 5 years), in July fell by 7.1 points to 99.2, staying in a negative zone for the first time since September 2020. The largest drop was reported for components of a current and future financial situation.