



Inflation Expectations

July 2022

- Inflationary expectations have increased
- Consumer sentiment has slightly worsened

Qualitative estimates of expectations have risen

The quantified estimate of inflation expected in a year rose significantly to **15.6%**¹ (14.8% in June). The share of respondents expecting the current prices to remain the same or faster growth increased to **54%** (51% in June).

Median estimates of expected inflation have risen

The **median** inflation expectations in a year in July 2022 was **16.5%**, up from 14.9% in June this year.

The median estimate of perceived inflation **over the past 12 months** has slightly increased compared to June of this year and amounted to **21.5%**.

Figure 1. Quantified value of expected inflation

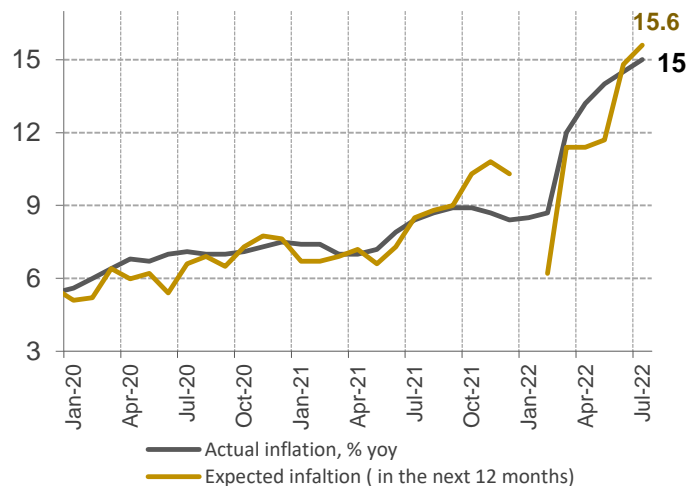
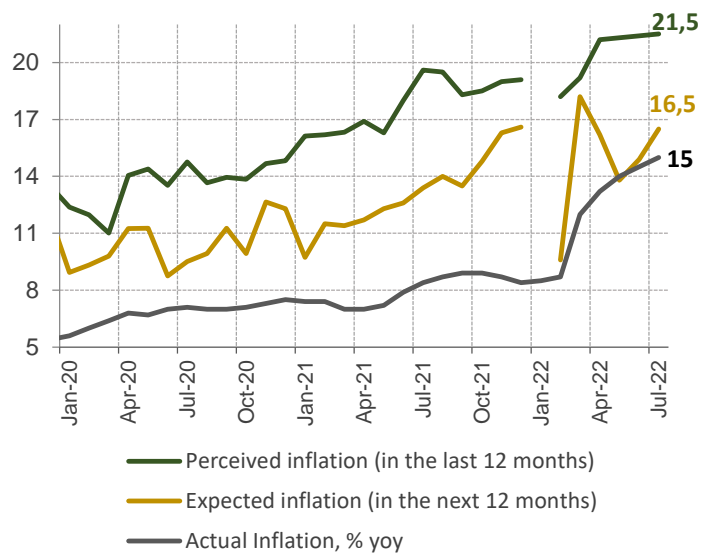


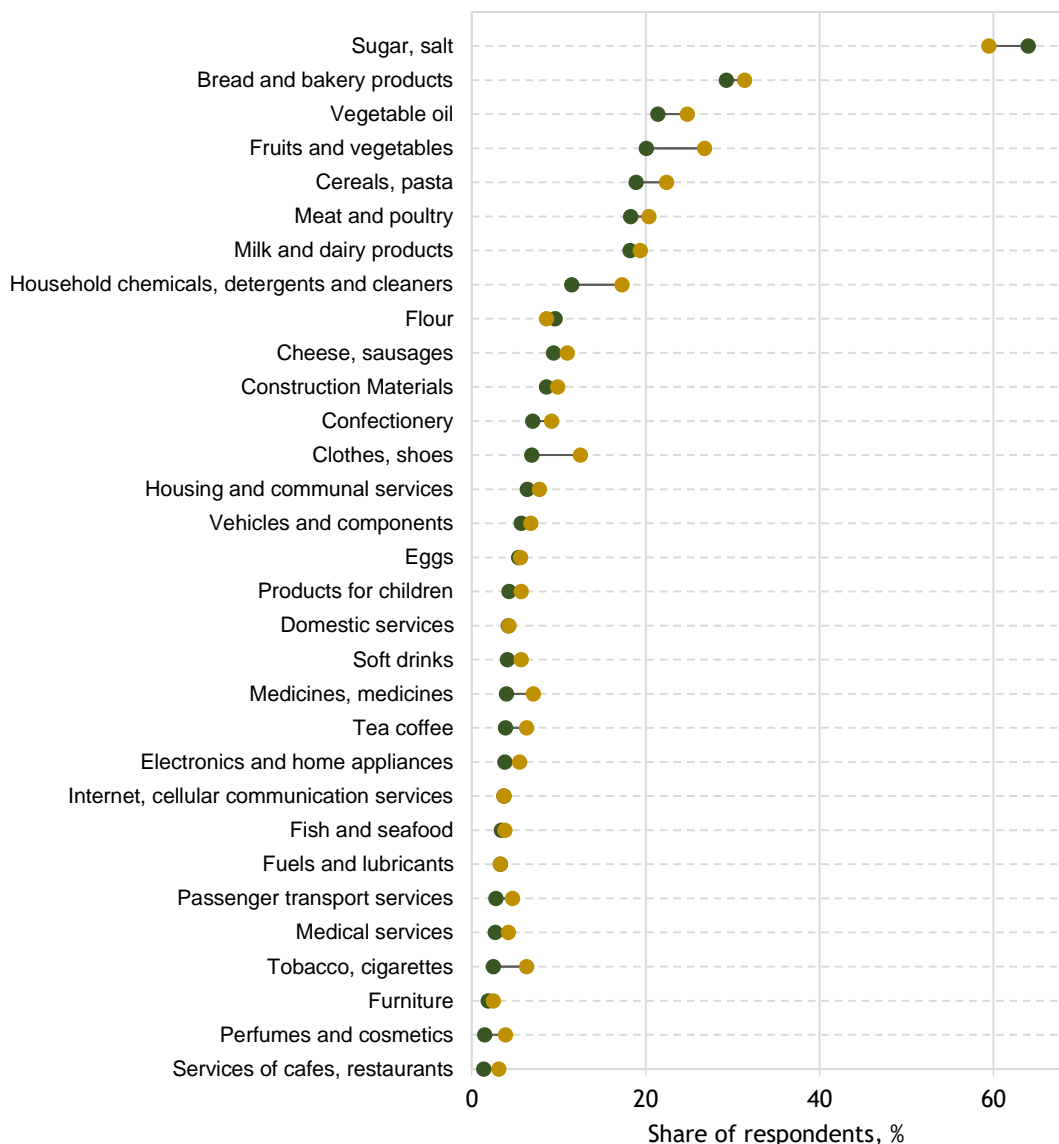
Figure 2. Median inflation expectations, %



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 88% (86% in June this year). The majority of respondents who noted a price increase over the past month, note a rise in the price of **food products** – 87%. 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 (64%). Following sugar, survey participants also point to a rise in the price of bread and bakery products (29%), vegetable oil (21%), fruits and vegetables (20%), cereals, pasta (19%), meat and poultry (18%), milk and dairy products (18%), household chemicals, detergents and cleaners (14%), flour (8%), cheese, sausages (7%), construction materials (6%), confectionery (5%), clothes, shoes (5%), housing and communal services (4%), vehicles and components (4%), eggs (3%), products for children (3%), domestic services (2%), soft drinks (2%), medicines, medicines (2%), tea coffee (2%), electronics and home appliances (2%), internet, cellular communication services (1%), fish and seafood (1%), fuels and lubricants (1%), passenger transport services (1%), medical services (1%), tobacco, cigarettes (1%), furniture (1%), perfumes and cosmetics (1%), services of cafes, restaurants (1%).

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



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

Consumer sentiment have worsened, continuing to remain in the positive area

The consumer sentiment index in July 2022, after a long improvement, slightly decreased and amounted to 103.9. Deterioration of estimates was noted in terms of expectations.

Estimates of the financial situation over the past year continued to remain in the negative zone: 36% of respondents record its deterioration, 45% - unchanged. Readiness for large purchases is also at a low level - in July 40% of respondents rated the current time negatively. The share of population with savings did not change and amounted to 16%.

Estimates of both long-term and short-term development of the country have slightly decreased. The share of respondents who positively assess the country's development prospects for the year and 5 years ahead is 42% and 41%, respectively. Estimates of the future personal financial situation also slightly worsened compared to June, remaining in the positive area.

Figure 4. Index² of Consumer Sentiment

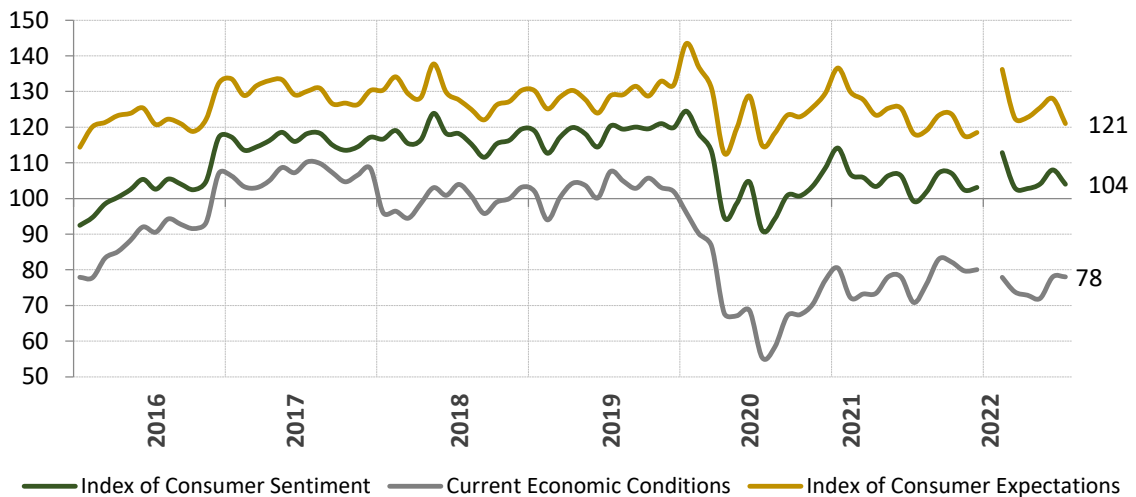


Figure 5. Current Conditions

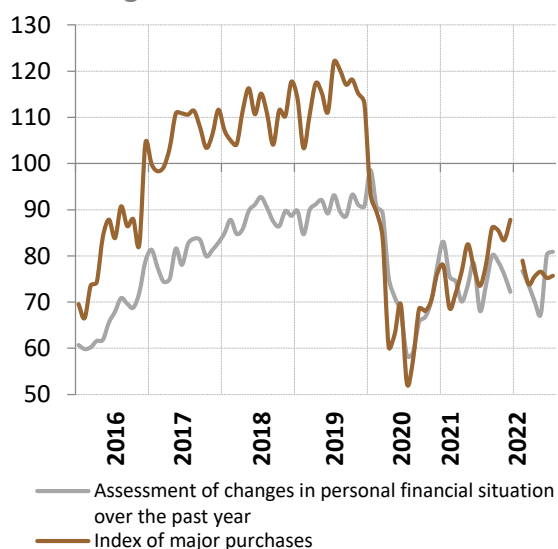
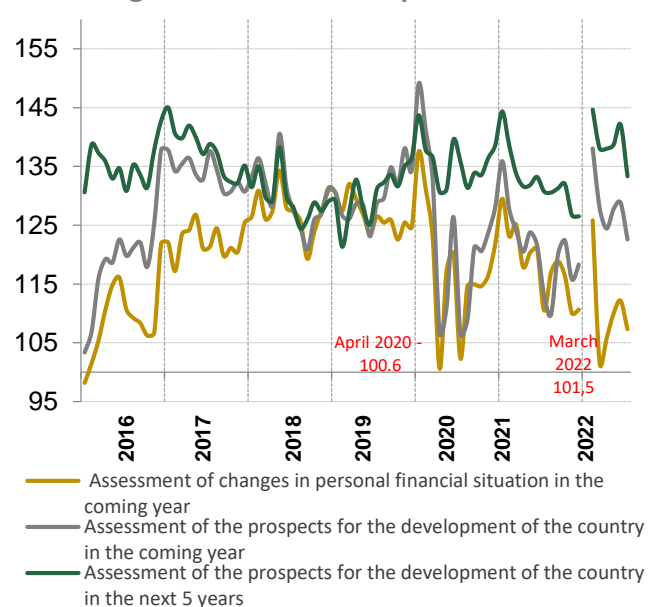


Figure 6. Consumer Expectations



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

NOTES

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