



Inflation Expectations

November 2022

- Median estimate of expected inflation was 18.2%, still close to historical highs
- 62% of respondents expect a faster or constant price growth rate over a one-year horizon
- Consumer sentiment has improved due to higher assessments of consumer expectations

Qualitative estimates of expectations have increased

The quantified estimate of inflation expected in a year rose to **21.6%**¹ (19% in October), which is the maximum value since the beginning of the survey. The share of respondents expecting the current prices to remain the same or faster growth slightly increased to **62%** (59% in October).

Median expected inflation rises, perceived inflation remains at the high level

The median inflation expectations in a year in 2022 slightly decreased to **18.2%** (18.3% in October this year). The median estimate of perceived inflation **over the past 12 months** remain unchanged compared to October of this year and amounted to **22%**.

Figure 1. Quantified value of expected inflation

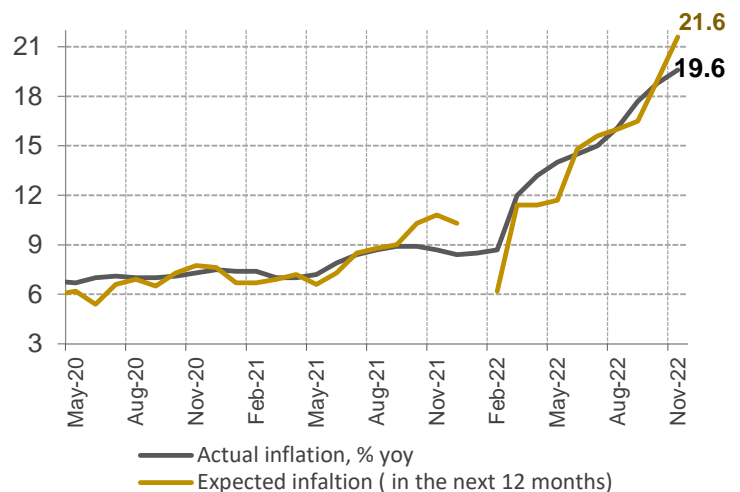
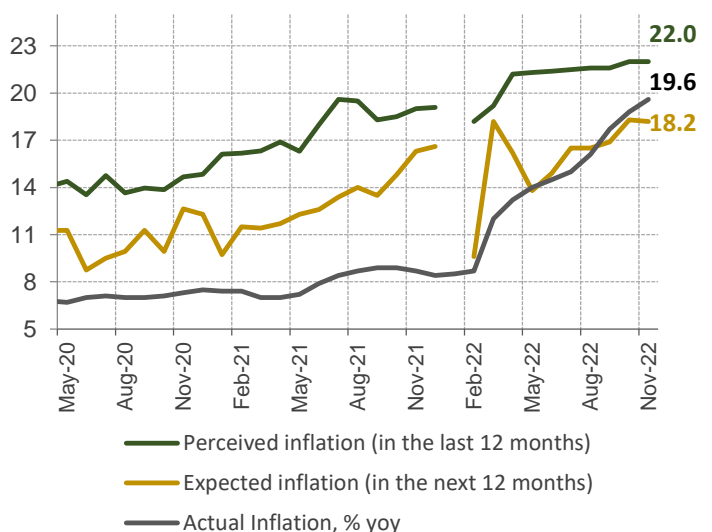


Figure 2. Median inflation expectations, %



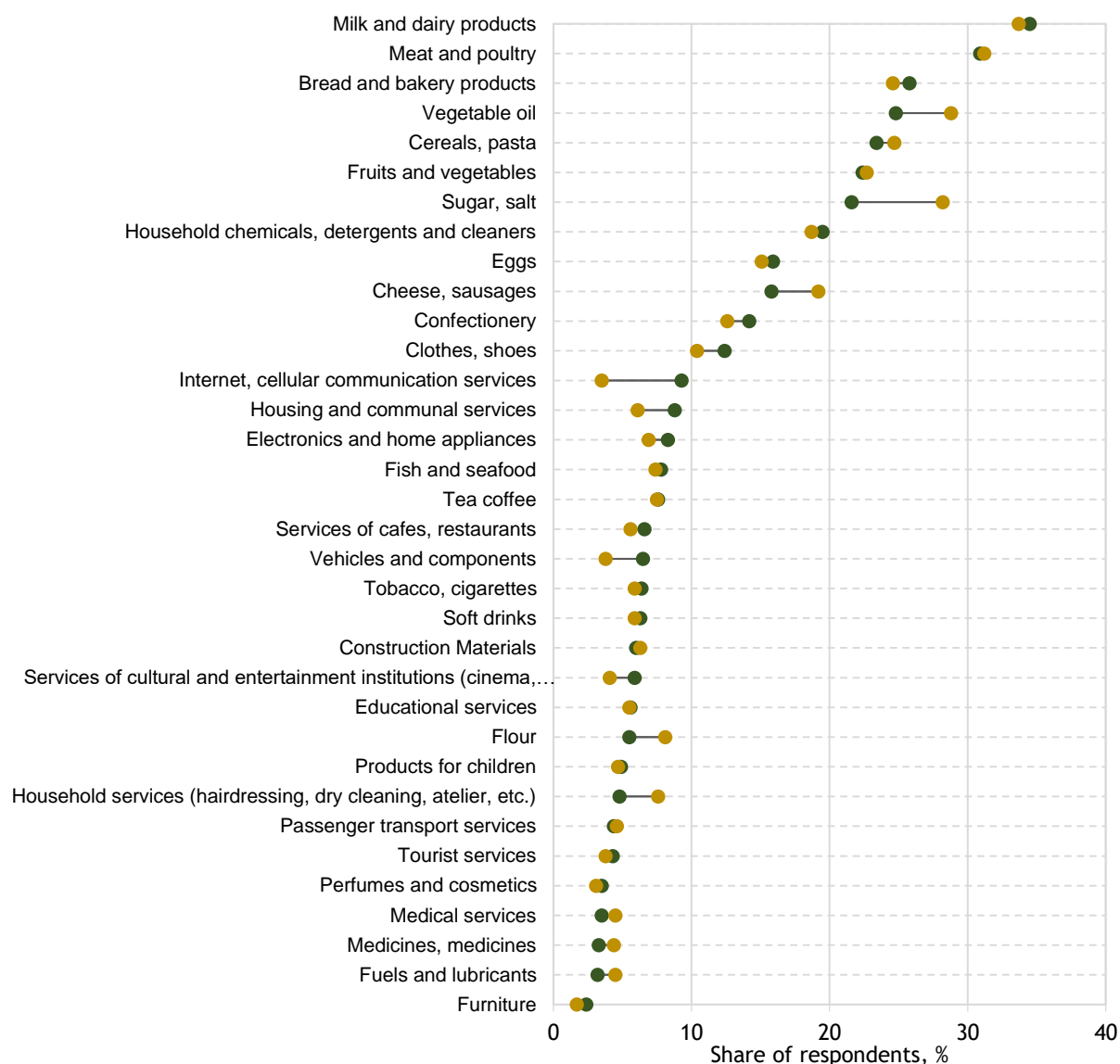
Source: Results of a telephone survey of the population, Fusion Lab

In the context of food products, the most noticeable increase in prices were for dairy products (35%), meat products (31%) (chart 3). At the same time, the share of respondents who noted an increase in sugar prices continues to decline (to 22% from 64% in July 2022). A significant proportion of respondents noted an increase in prices for vegetable oil (25%), bakery products (26%), cereals and pasta (23%).

Among non-food products, there was an increase in prices for household chemicals (20%), clothing and footwear (12%), cars and components (7%).

Among the services, there was an increase in prices for housing and utility services (9%), cellular communication and Internet services (7%), services of entertainment and leisure (6%).

Chart 3. Frequently mentioned goods and services
Oct.22-Nov. 22



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

Consumer sentiment has improved, in particular with regard to future wealth and economic prospects

The consumer sentiment index in November 2022 improved slightly and amounted to 103.4 (in October 2022 – 100.1).

In particular, assessments of personal financial situation over the past year have improved (the index increased by 4.7 points to 67.6). Meanwhile, the readiness for large purchases has slightly decreased (the index fell from 85.8 to 81.9) and continues to be in the negative zone.

Both long-term economic development estimates improved (up 1.9 points to 135.3) and short-term estimates (by 5.5 points from 119.5 to 125). Estimates of the change in personal status for the year ahead have increased (the index has increased from 98.8 to 107.2).

Figure 4. Index² of Consumer Sentiment

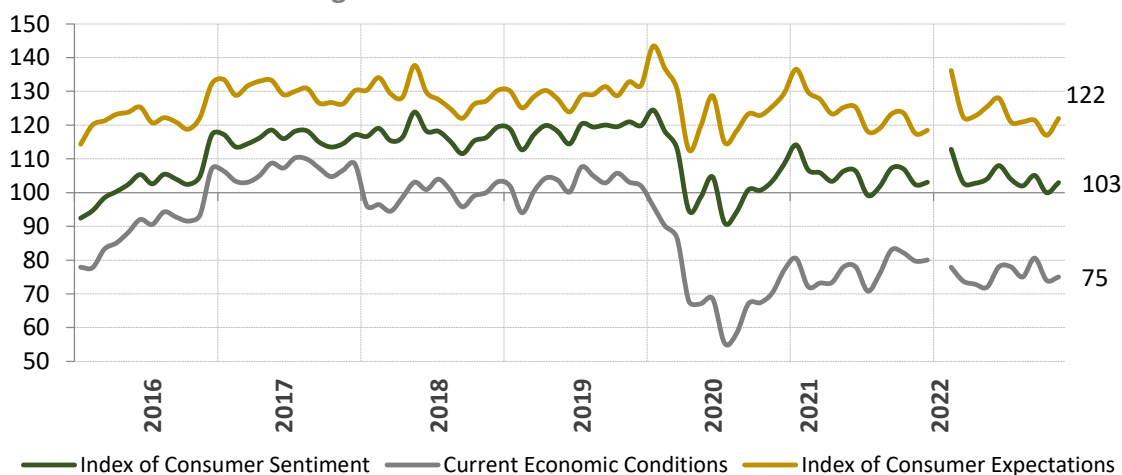


Figure 5. Current Conditions

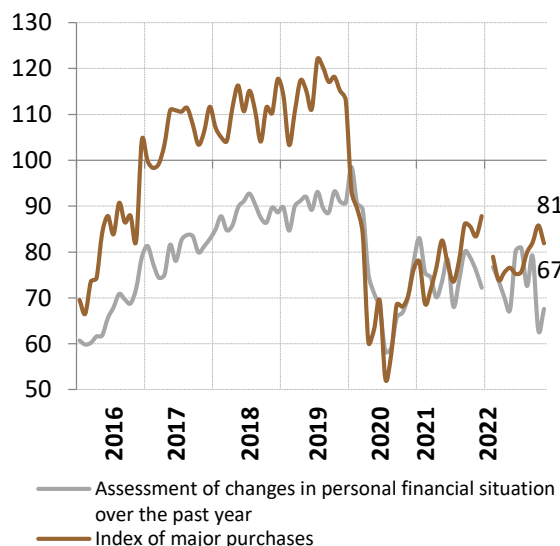
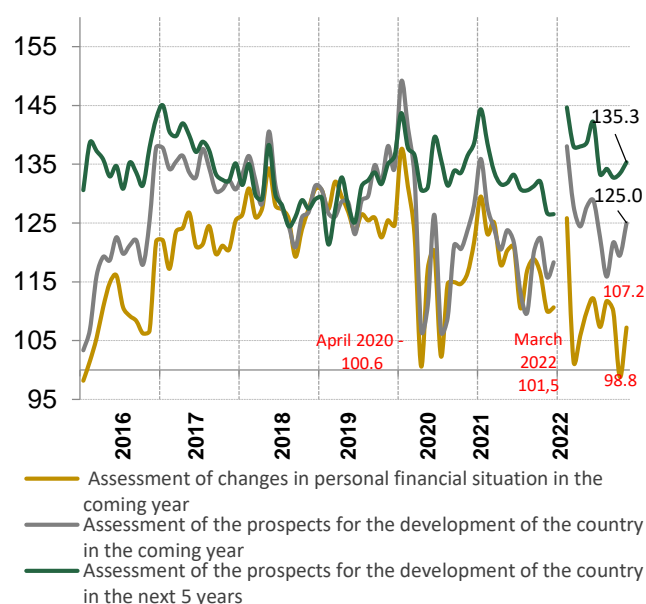


Figure 6. Consumer Expectations



Source: Results of a telephone survey of the population, FusionLab

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