



# Inflation Expectations

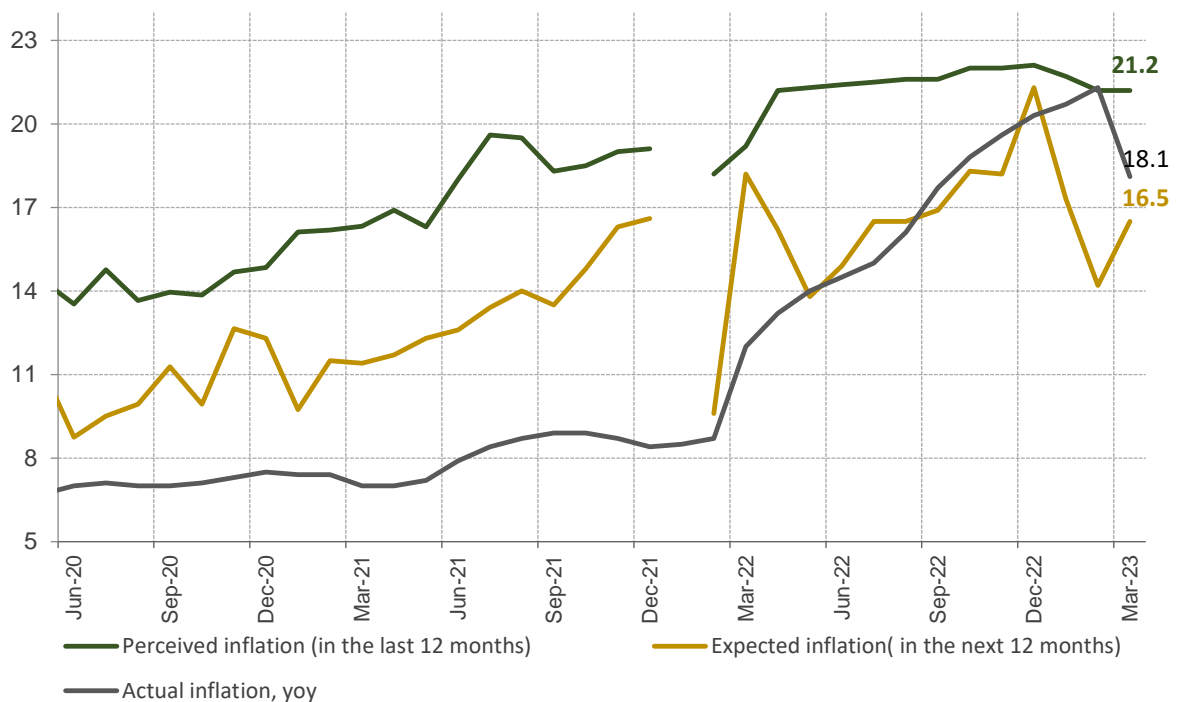
March 2023

- Median estimates of expected inflation increased after a decline in January-February
- Consumer sentiment, despite a decline for the second month in a row, continues to remain in the positive zone

**The median of expected inflation has slightly increased after slowing down at the beginning of the year**

The share of respondents expecting the current prices to remain or a faster increase remained unchanged – 53.5% in March 2023 (53.3% in February 2023). The median estimate<sup>1</sup> of expected inflation increased to 16.5% (14.2%), perceived inflation remained at the same level – 21.2% (Figure 1).

Figure 1. Median inflation expectations, %

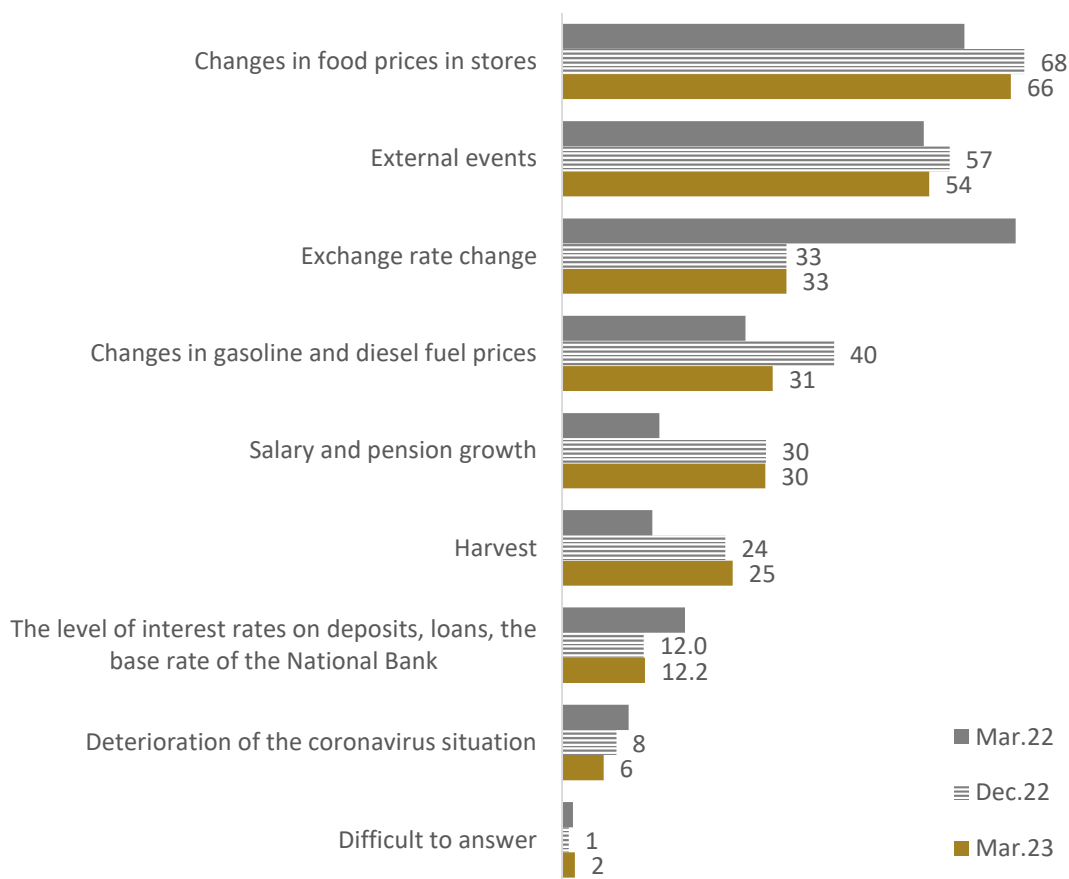


Source: Results of a telephone survey of the population, Fusion Lab

The future price increase is mainly due to the expected change in food prices. Respondents expecting an increase in prices on the horizon of one year mainly attribute this to changes in food prices, to a lesser extent – external events, changes in fuel prices, changes in the exchange rate, growth of salaries and pensions (Figure 2).

The main source for assessing future inflation among the population remains the personal experience of shopping in stores. According to the survey results, the majority of respondents rely more on personal shopping experience and conversations with family/friends when assessing inflationary processes.

**Figure 2. Factors of price growth in the future**  
(in % of respondents expecting a price increase for the year ahead)

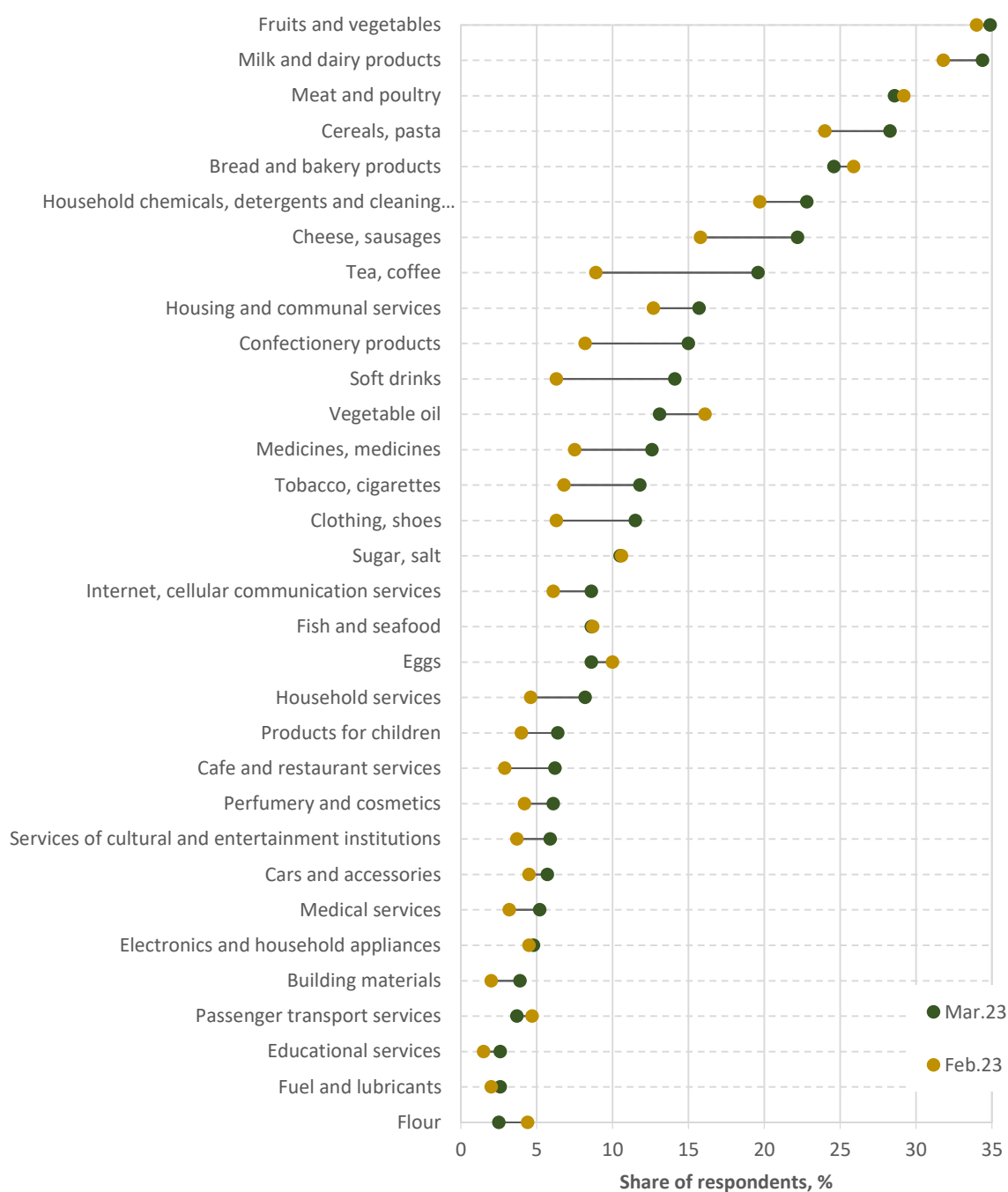


In March 2023, the share of respondents who noted an increase in food prices decreased (82%), while the share of those who noted an increase in prices for non-food products increased.

Among the food products over the past month, an increase in prices for fruits and vegetables, meat and dairy products and other products (confectionery, soft drinks, cheese and sausages, tea/coffee) was noticed.

Among non-food products, respondents noted an increase in prices for clothing, household chemicals, perfumes and cosmetics, and goods for children. Among paid services for the population, household services, personal care, entertainment industry, communications/Internet, restaurants have risen the most, according to respondents (Figure3).

**Figure 3. Frequently mentioned goods and services**  
(% of respondents expecting prices to rise next year)



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

**Consumer sentiment continues to remain in the positive area, despite a decline for the second month in a row**

The consumer sentiment index in March 2023 was 104.4 (in February 2023 – 105.3). The decline was observed mainly in the sub-indices of consumer expectations.

In particular, estimates of personal financial situation in a year have significantly decreased (by 6.6 points) as well as long-term estimates of the country's development (by 3.4 points). At the same time, estimates of changes in the country's development prospects in the coming year have improved (by 2.3 points).

Estimates of personal financial situation have hardly changed over the past year, readiness for large purchases has slightly increased (by 2.9 points), while both indicators continue to be in the negative area.

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

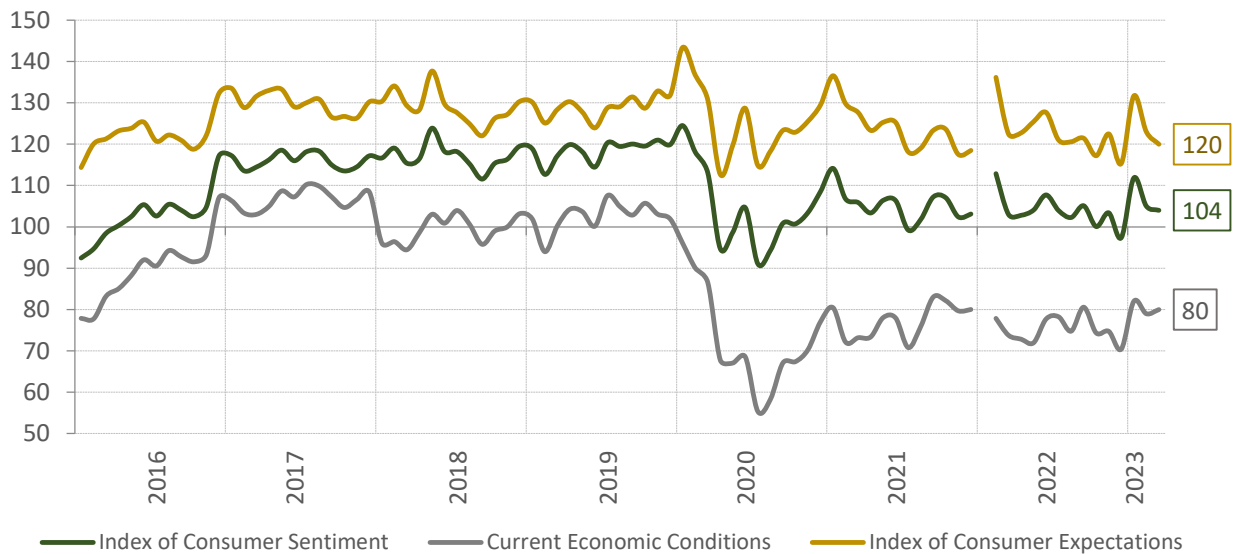


Figure 5. Current Conditions

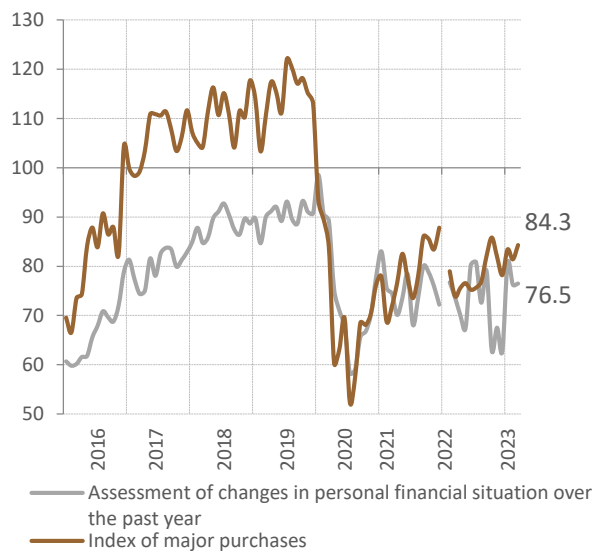
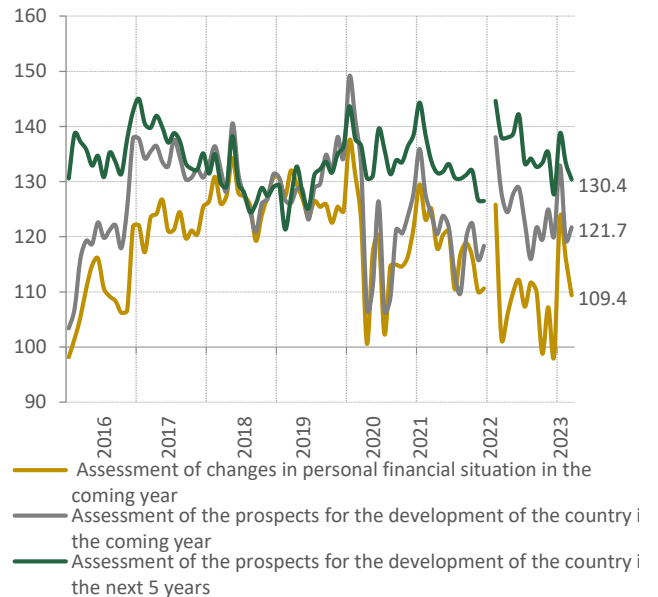


Figure 6. Consumer Expectations



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

## 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