



Inflation Expectations

June 2023

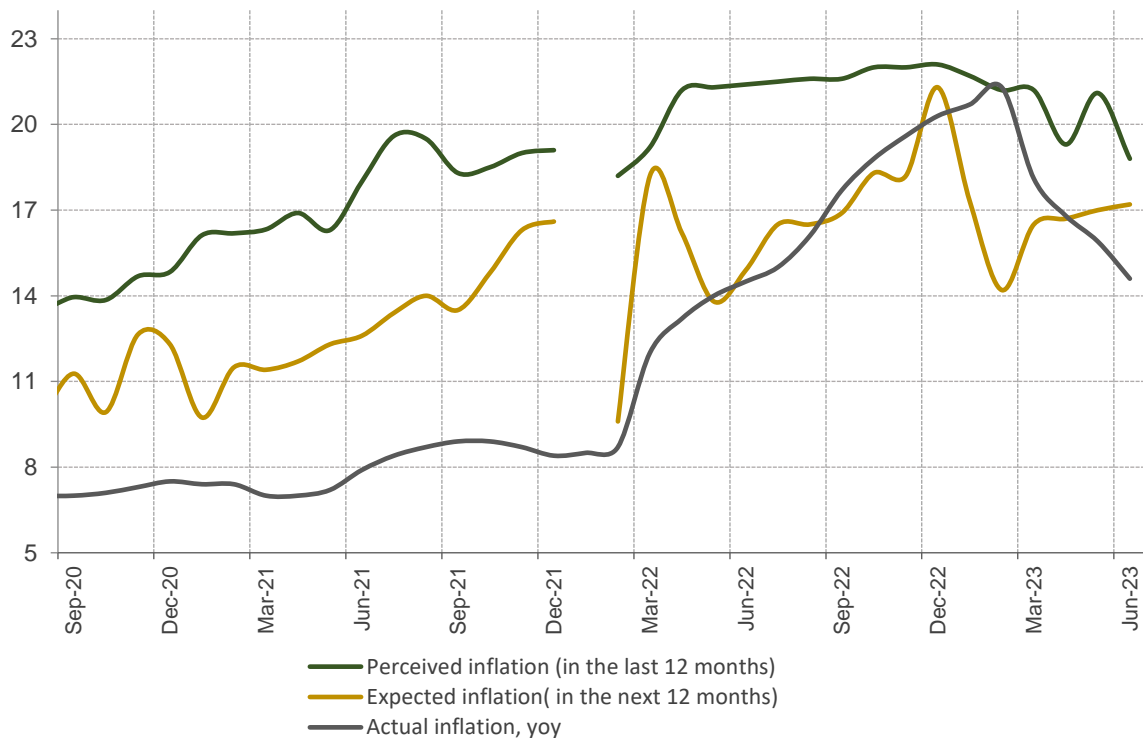
- The median estimate of expected inflation has slightly increased
- Consumer sentiment declined slightly, but remained in the positive area

Inflation expectations

The share of respondents, expecting faster price growth on the horizon of one year, went down to 17% in June 2023 (25% in May 2023).

The median estimate¹ of expected inflation increased to 17.2% (17.0%), perceived inflation decreased to 18.8% (21,1%) (Figure 1).

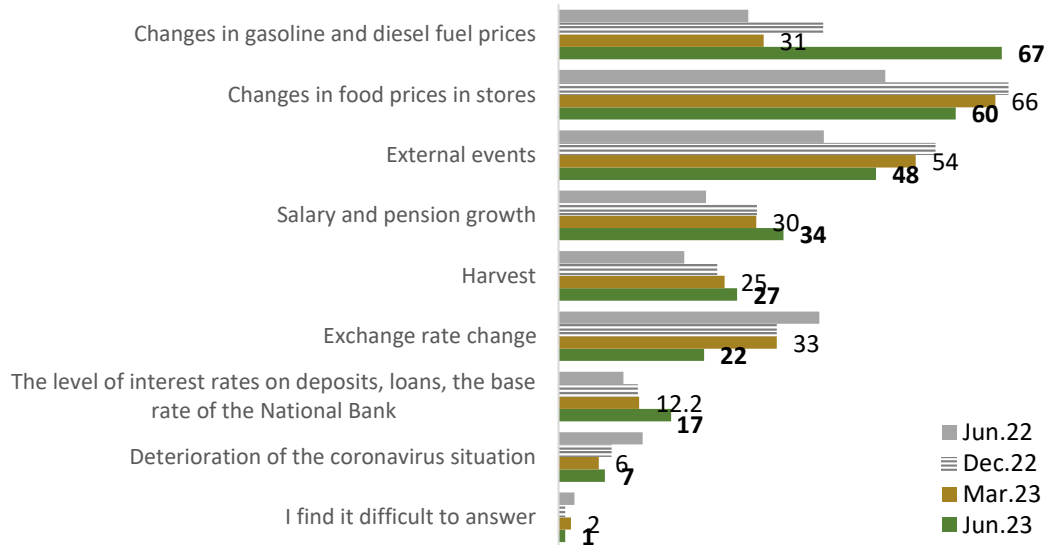
Figure 1. Inflation and Median inflation expectations, %



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

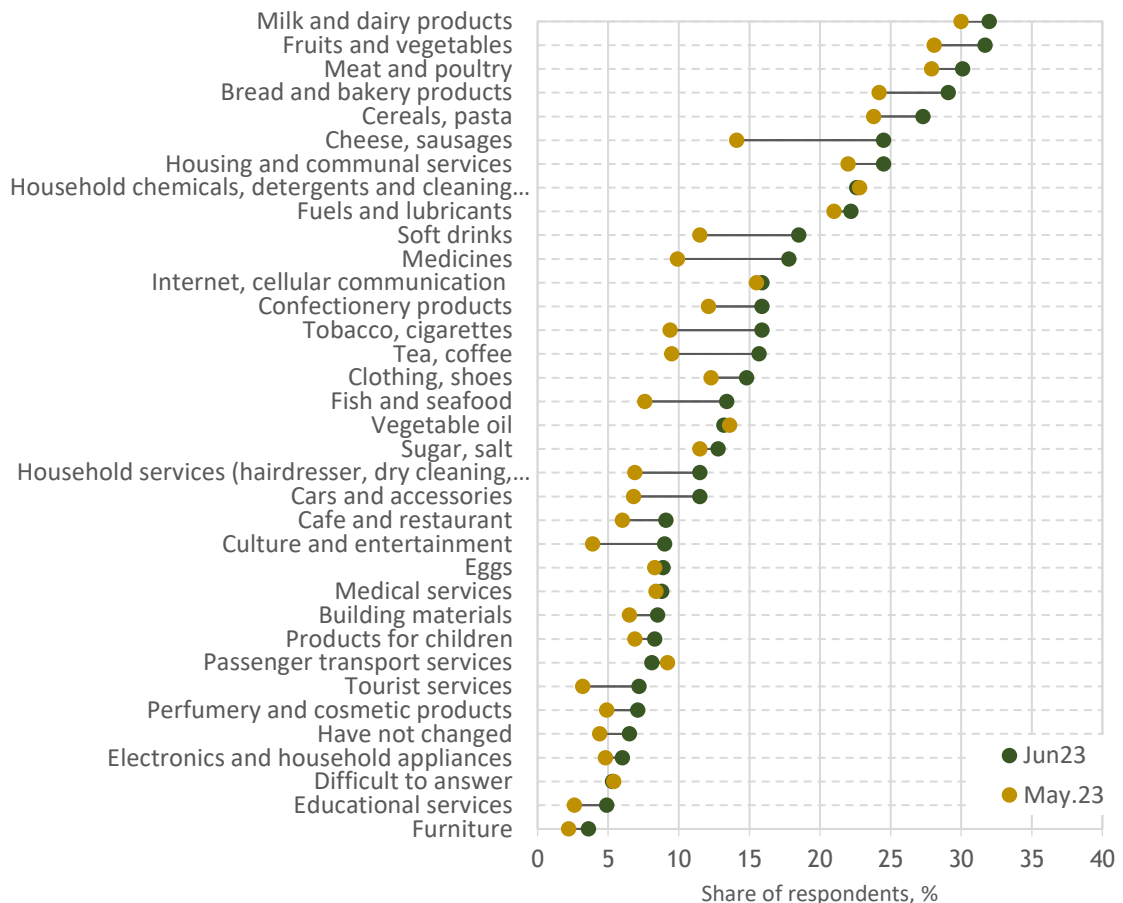
Respondents expecting an increase in prices on the horizon of one year, mainly attribute this to changes in prices for fuel and food, to a lesser extent – external events, growth in wages and pensions, and other factors (Figure 2).

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



In June 2023, the share of respondents who noted an increase in food prices continued to decline (the share – 74%), while the share of those who noted an increase in prices for non-food products (11%) and paid services (7.7%) slightly increased. Respondents noticed a faster rise in the cost of food (dairy, meat, fruit and vegetable products), housing and communal services, household chemicals, fuel and lubricants (Figure 3).

Figure 3. Frequently mentioned goods and services



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

Consumer sentiments

Consumer sentiment deteriorated slightly, although remaining in the positive area. The consumer sentiment index fell to 103.2 in June 2023 (104.8 in May 2023). The decline was mainly observed in estimates of expectations.

In particular, estimates of the country's development prospects in the coming year (by 10.3 points) and in 5 years (by 6.4 points) have significantly decreased, as well as estimates of personal financial situation in a year (by 3.7 points).

In the assessments of the current situation, estimates of personal financial situation over the past year (by 3.6 points) and readiness for large purchases have increased (by 5.2 points).

Figure 4. Index² of Consumer Sentiment

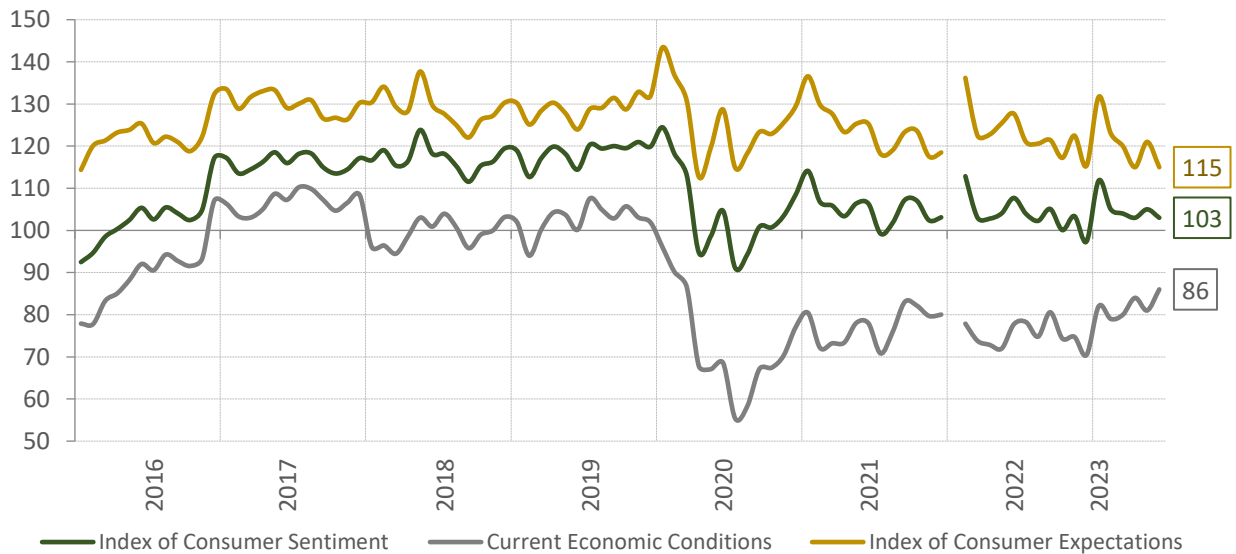


Figure 5. Current Conditions

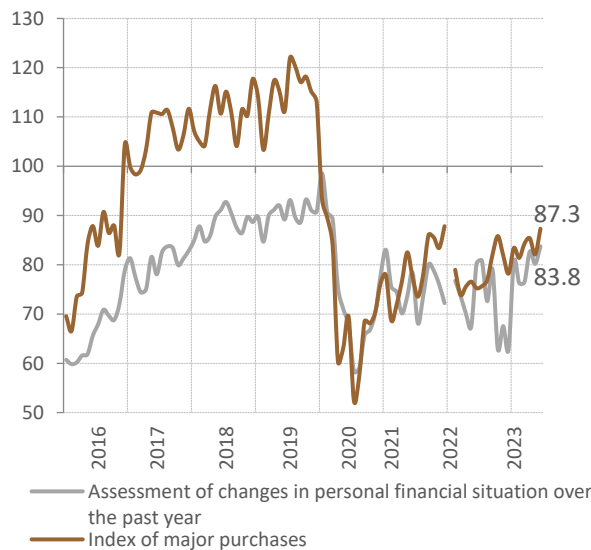
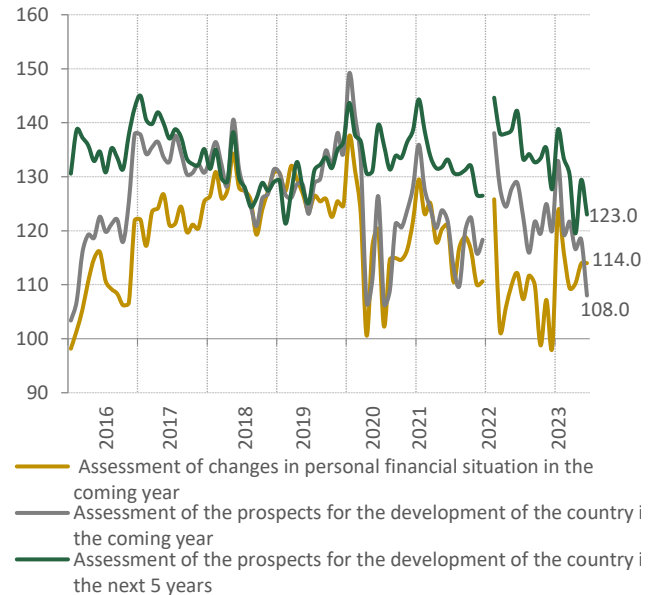


Figure 6. Consumer Expectations



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

NOTES

1 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