



Inflation Expectations Survey¹

(IES)

Survey Month: February 2022

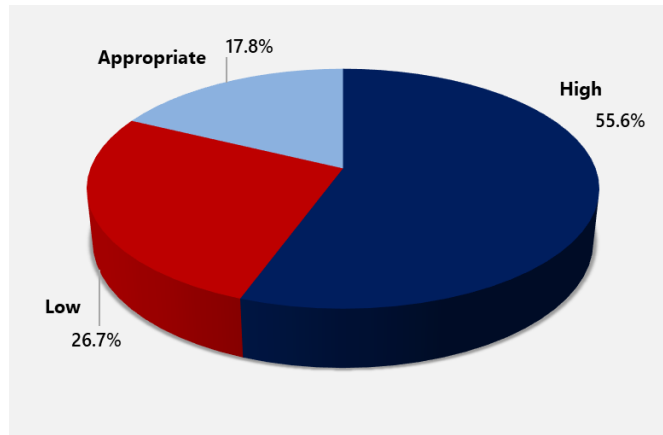
¹The reported survey findings represent the views of respondents.

1. The Bank carried out its 54th Inflation Expectations Survey in February 2022. Of the 50 stakeholders chosen from the financial and real sectors of the economy, 45 responded to the survey. The findings of the survey are thus based on these 45 responses.
2. With regard to the headline inflation² rate of 4.6 per cent in January 2022, 55.6 per cent of respondents considered this rate as being high while 26.7 per cent viewed the rate to be low. The remaining 17.8 per cent viewed the rate as being appropriate.
3. With regard to the factors underpinning the current inflation environment, the majority of respondents viewed the rupee exchange rate and external factors as the most important drivers of inflation.
4. Respondents were requested to provide their expectations of headline inflation for June 2022, December 2022, and a year ahead (January 2023)
 - **June 2022:** 11.1 per cent of the respondents are expecting the inflation rate to be below 4.0 per cent, while 84.5 per cent of them are anticipating the inflation rate to be between 4.0 per cent and 6.0 per cent. 4.4 per cent of respondents reported that the inflation rate would exceed 6.0 per cent.
 - **December 2022:** 11.1 per cent of the respondents are expecting the inflation rate to be below 4.0 per cent, while 73.3 per cent of them are anticipating the inflation rate to be between 4.0 per cent and 6.0 per cent. 15.6 per cent of respondents reported that the inflation rate would exceed 6.0 per cent.
 - **A year ahead (January 2023):** 15.6 per cent of the respondents are expecting the inflation rate to be below 4.0 per cent, while 71.1 per cent of them are anticipating the inflation rate to be between 4.0 per cent and 6.0 per cent. 13.3 per cent of respondents reported that the inflation rate would exceed 6.0 per cent.
5. Respondents expected the headline inflation rates to be on average at 5.1 per cent for June 2022, 5.2 per cent December 2022, and 5.0 per cent a year ahead (i.e. January 2023).

² Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

Graphical representation of responses

Q1.1. Headline inflation for the month of **January 2022 was 4.6 per cent.** Do you perceive this rate to be.....?



Note: Figures in chart may not sum to 100 due to rounding

Q1.2. Which of the following factors account for the current inflation pattern? (Ranking in order of importance starting with 1 for most important)

Factors	Rank (starting with 1 for most important)		
	1	2	3
Fiscal policy	1	1	5
Change in interest rates	0	0	3
Change in rupee exchange rate	26	15	3
External factors	17	25	0
Change in aggregate demand	0	1	23
Wage policy	0	1	4
Domestic supply shocks	1	2	7
Other	0	0	0

Q1.3. What is your expectation of headline inflation in **(a) June 2022, (b) December 2022** and **(c) A year ahead (January 2023)?**

