



# **Inflation Expectations Survey<sup>1</sup>**

## **(IES)**

**Survey Month: May 2022**

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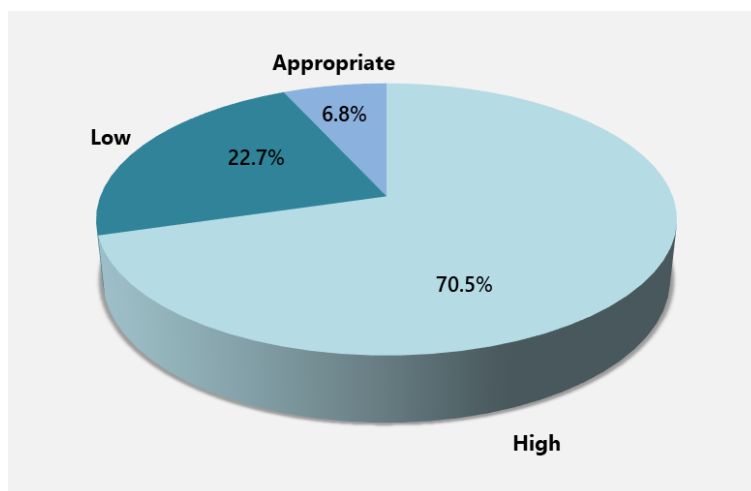
<sup>1</sup>The reported survey findings represent the views of respondents.

1. The Bank carried out its 55<sup>th</sup> Inflation Expectations Survey in May 2022. Of the 50 stakeholders chosen from the financial and real sectors of the economy, 44 responded to the survey. The findings of the survey are thus based on these 44 responses.
2. With regard to the headline inflation<sup>2</sup> rate of 7.0 per cent in April 2022, 70.5 per cent of respondents considered this rate as being high while 22.7 per cent viewed the rate to be low. The remaining 6.8 per cent viewed the rate as being appropriate.
3. With regard to the factors underpinning the current inflation environment, the majority of respondents viewed external factors and the rupee exchange rate as the most important drivers of inflation.
4. Respondents were requested to provide their expectations of headline inflation for December 2022, a year ahead (April 2023), June 2023 and 5-year ahead.
  - **December 2022:** 9.3 per cent of respondents are expecting the inflation rate to be below 7.0 per cent, while 90.7 per cent are anticipating the inflation rate to exceed 7.0 per cent.
  - **A year ahead:** 33.3 per cent of respondents are expecting the inflation rate to be below 7.0 per cent, while 66.7 per cent are anticipating the inflation rate to exceed 7.0 per cent.
  - **June 2023:** 41.9 per cent of respondents are expecting the inflation rate to be below 7.0 per cent, while 58.1 per cent are anticipating the inflation rate to exceed 7.0 per cent.
  - **5-year ahead:** 82.1 per cent of respondents are expecting the inflation rate to be below 7.0 per cent, while 17.9 per cent are anticipating the inflation rate to exceed 7.0 per cent.
5. Respondents expected the headline inflation rates to be on average at 9.1 per cent for December 2022, 8.6 per cent a year ahead, 8.2 per cent for June 2023 and 5.3 per cent for the 5-year ahead.

<sup>2</sup> 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 **April 2022 was 7.0 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
Change in interest rates	0	0	2
Domestic supply shocks	0	1	13
Change in aggregate demand	0	3	19
Change in rupee exchange rate	12	27	3
External factors	32	11	1
Fiscal policy	0	2	4
Wage policy	0	0	1
Other	0	0	1

**Q1.3.** What is your expectation of headline inflation in **(a) December 2022 (b) A year ahead (April 2023) (c) June 2023 and (d) 5-year ahead?**

