Türkiye Household Inflation Expectations Survey (TEBA) Results[1]

August'24

- Annual inflation expectations as of August 2024: **113%** (**Previous: 113 %**)
- Year-end inflation expectations: **96 %** (**Previous 93 %**)
- 12-month forward inflation expectations: **101%** (**Previous 100 %**)

Summary Statistics

		I Annual inflation expectations	II Year-end inflation expectations	III Year-ahead inflation expectations
		How much do you think prices have increased on average from August 2023 to this August?	*By the end of 2024, what percentage increase will prices have experienced from January to December?*	*What is your year-ahead inflation expectation from August 2024 to August 2025?*
1.	**Mean**	113	96	101
2.	**Median**	100	100	100
3.	**Inter Quartile Range (IQR)**	45	40	40
4.	**Standard Deviation**	62	57	74

* We exclude the outliers that are three standard deviations away from the mean.

In August, **TEBA's annual inflation expectations** remained unchanged from the previous month. Year-end and **12-month inflation expectations** increased slightly to 96% and 101% respectively.

The change in 12-month forward expectations aligns with the Central Bank of Turkey's (CBRT) sectoral inflation expectations survey released in August.[2] Over the past two months, a similar rise in household expectations has been noted in the CBRT survey. However, the expectation levels in the TEBA survey remain higher.

Although headline inflation dropped by 10 points compared to the previous month, inflation expectations have not eased accordingly. This suggests that respondents are more influenced by the ongoing monthly inflation trend and perceived inflation rather than by the effects of base-level changes.

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[1] The next release is scheduled for September 30, 2024.
[2] https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Istatistikler/Egilim+Anketleri/Sektorel+Enflasyon+Beklentileri/

Analyzing the trend of inflation expectations implied by TEBA, the survey results indicate a 17-point decrease from August 2024 to December 2024. However, year-ahead expectations suggests a slight upward trend in inflation during the first half of 2025.

The average inflation expectations for annual inflation (1st column) is higher than the median value, indicating a right-skewed distribution. This implies that there are more respondents expecting annual inflation below 113% than above. Conversely, for year-end and 12-month inflation forecasts, the average and median values are close, indicating a symmetrical distribution.

The interquartile range (IQR) value (3rd row), which measures the variability of responses among participants, shows the difference in expectations between the 25th and 75th percentiles. This value has decreased for the first two questions, indicating increased consensus on year-end inflation estimates. For the third question, however, we observe an increase in uncertainty, as reflected in the standard deviation.

Another question in the survey asks, "Is now a good time to buy durable consumer goods such as refrigerators and electronics, or would you prefer to wait and buy them in six months?" 91% of participants answered yes. Those who answered yes had average year-end inflation expectations around 101%, while those who preferred to wait had inflation expectations that are about 4 points lower.
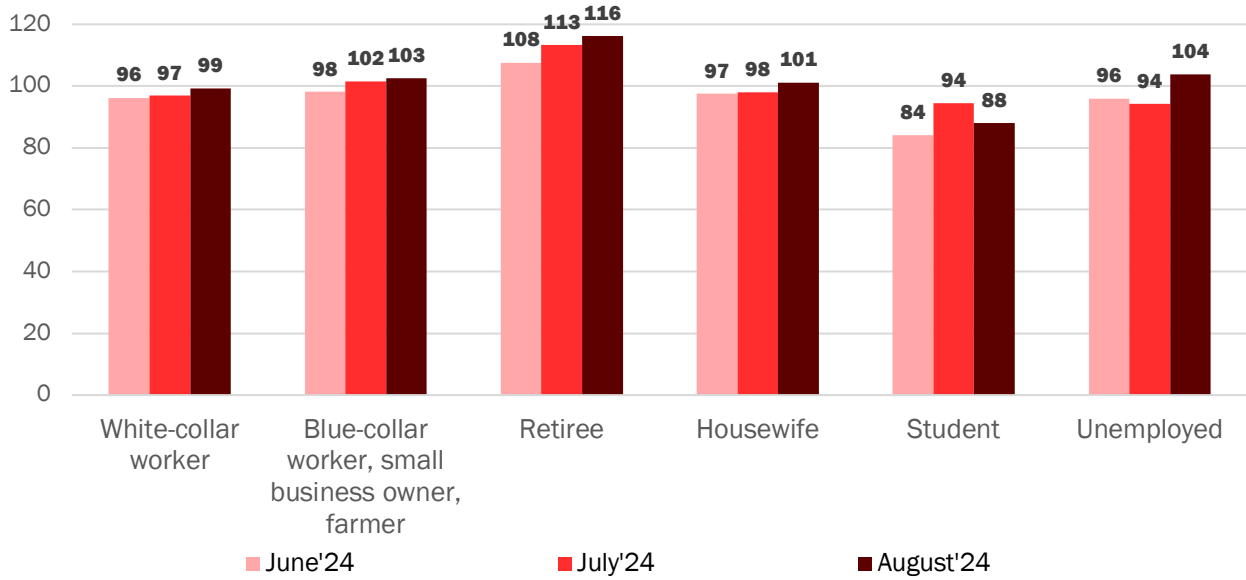
Approximately half of the survey participants (54%) answered "yes" to the question, "Do you know the annual inflation rate announced by TUİK?" The average response from this group remained steady at 65% compared to the previous month. Interestingly, both groups—those who claimed to know the official inflation rate and those who did not—had remarkably similar year-end and 12-month inflation expectations, indicating little difference in outlook regardless of their awareness of the official figure.

Demographic Analysis

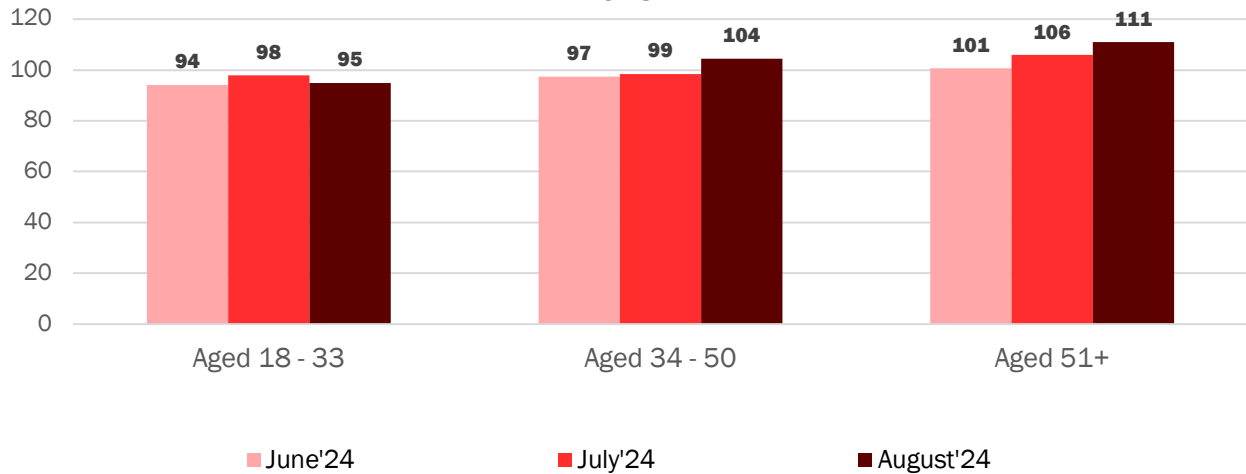In this section, year-end household inflation expectations are examined according to demographic characteristics.

1) When examining according to the working status of the interviewees, it is observed that the 12-month forward inflation expectations are highest among the retired group, approximately 15 points above the general average. It is notable that the retired group is the one that reports the most difficulty in making ends meet.

What is your year-ahead inflation expectation from July 2024 to July 2025?

Categories (left to right): White-collar worker; Blue-collar worker, small business owner, farmer; Retiree; Housewife; Student; Unemployed

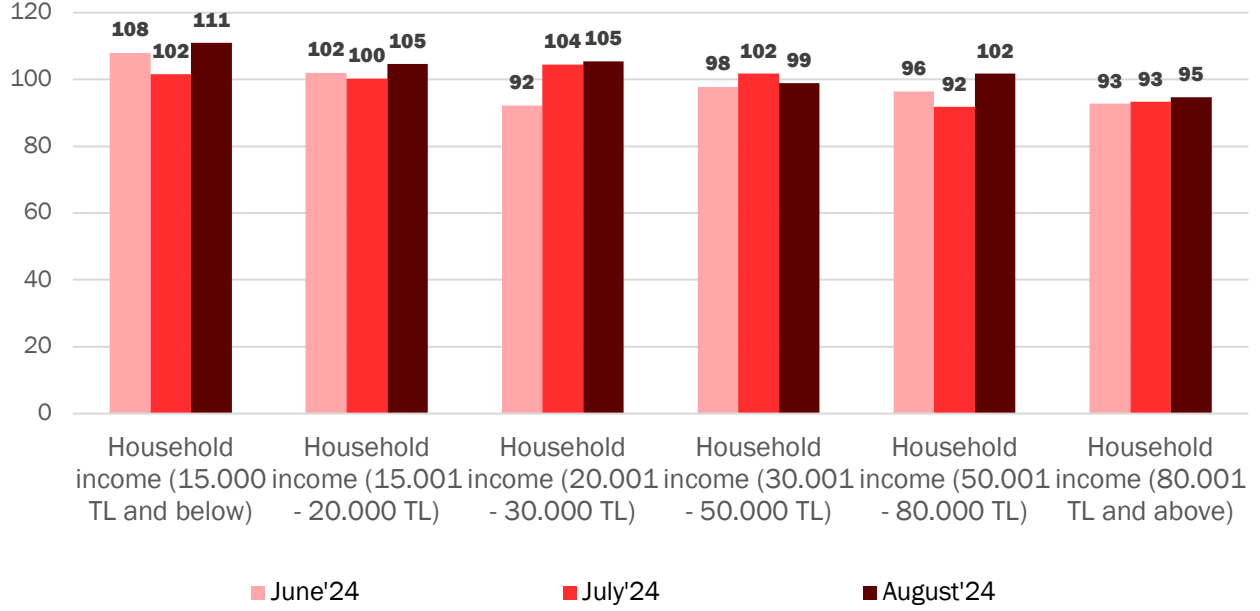| Category	June'24	July'24	August'24
White-collar worker	96	97	99
Blue-collar worker, small business owner, farmer	98	102	103
Retiree	108	113	116
Housewife	97	98	101
Student	84	94	88
Unemployed	96	94	104

2) When analyzing by age groups, it is observed that 12-month forward inflation expectations tend to increase with age. Individuals over 50, who hold the highest inflation expectations, likely allocate a larger portion of their consumption to services such as education and healthcare. The 104% annual rise in education services reported in the official numbers for July could be a significant factor behind this group's elevated inflation expectations, as they are more likely to have school-aged children, influencing their perceptions compared to other age groups.

What is your year-ahead inflation expectation from July 2024 to July 2025?

Category	June'24	July'24	August'24
Aged 18 - 33	94	98	95
Aged 34 - 50	97	99	104
Aged 51+	101	106	111

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3) When grouped by total income, a significant deterioration in inflation expectations is observed in the lowest income bracket compared to the previous month, while the expectations of higher-income groups have converged since July.

What is your year-ahead inflation expectation from July 2024 to July 2025?

Legend: June'24, July'24, August'24

Household income bracket	June'24	July'24	August'24
15.000 TL and below	108	102	111
15.001 - 20.000 TL	102	100	105
20.001 - 30.000 TL	92	104	105
30.001 - 50.000 TL	98	102	99
50.001 - 80.000 TL	96	92	102
80.001 TL and above	93	93	95

KONDA August 2024 Household Inflation Expectations Survey Credits

This report and the underlying research data were produced by KONDA Research and Consultancy Inc. for Koç University.

This research aims to measure the inflation expectations of the population aged 18 and over in Turkey.

The research was conducted through phone calls with individuals who agreed to participate in the KONDA Mediated Panel on August 15-19, 2024. Panelists voluntarily joined our panel system. Each panelist conducts the survey through a mediator affiliated with KONDA. 2943 individuals were interviewed in this study, living in 1469 different neighborhoods across 75 provinces.

The research was designed and implemented to determine and monitor trends and changes in the preferences of subjects representing the adult population aged 18 and over in Turkey. The margin of error for the research findings is +/- 1.81 at a 95% confidence level and +/- 2.37 at a 99% confidence level.

The sample was prepared by layering the population sizes and education levels of neighborhoods and villages based on ADNKS (Address-Based Population Registration System) data and the results of the May 14, 2023 General Elections. Settlements were initially categorized as rural/ urban/ metropolitan and the sample was determined based on 12 regions.