

Türkiye Household Inflation Expectations Survey (TEBA) Results¹

September'24

- Annual inflation expectations as of September 2024: **109%** (Previous: 113%)
- Year-end inflation expectations: **94%** (Previous 96%)
- 12-month forward inflation expectations: **96%** (Previous 101%)

Summary Statistics

	I Annual inflation expectations	II Year-end inflation expectations	III Year-ahead inflation expectations
	<i>How much do you think prices have increased on average from September 2023 to this September?</i>	<i>By the end of 2024, what percentage increase will prices have experienced from January to December?</i>	<i>What is your year-ahead inflation expectation from September 2024 to September 2025?</i>
1. Mean	109	94	96
2. Median	100	90	100
3. Inter Quartile Range (IQR)	30	40	50
4. Standard Deviation	58	49	60

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

In September, **TEBA inflation expectations** declined across all three indicators compared to the previous month. The survey data suggest that the drop in headline inflation figures has begun to influence household expectations.

The change in 12-month forward expectations aligns with the Central Bank of Turkey's (CBRT) sectoral inflation expectations survey.² The CBRT survey recorded a decline in household expectations in September, following the increases seen in July and August, with a similar trend observed in the TEBA survey. However, the average expectation level in the TEBA survey remains significantly higher.

The average inflation expectations for both annual and year-end figures (columns 1 and 2) are higher than the median values, indicating a right-skewed distribution. In other words, there are more respondents expecting annual inflation below 109% than those expecting higher rates. Conversely, for the 12-month ahead inflation forecast (column 3), the average value is lower than the median,

¹ The next release is scheduled for October 31, 2024.

²<https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Istatistikler/Eglim+Anketleri/Sektorel+Enflasyon+Beklentileri/>

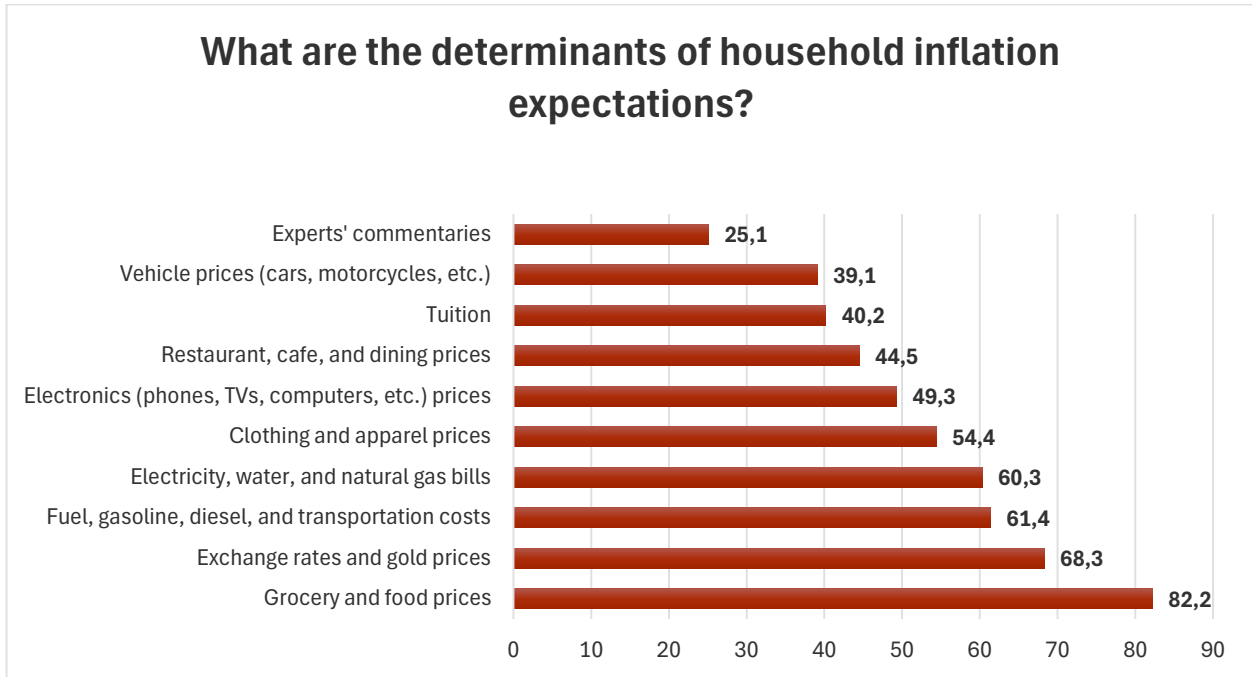
suggesting a left-skewed distribution. This means fewer respondents expect inflation below 96% over the next 12 months compared to those with higher expectations.

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 all three questions, indicating increased consensus on year-end inflation estimates.

Another question in the survey asks, “Is now a good time to purchase durable goods such as refrigerators and electronics, or would you prefer to wait and buy them in six months?” Last month, 91% of participants answered "yes," while this month the figure dropped to 87.5%. The average 12-month forward inflation expectation of those who responded "yes" was measured at 96%, whereas the inflation expectation of those who preferred to wait was about 3 percentage points lower.

Factors Shaping Inflation Expectations

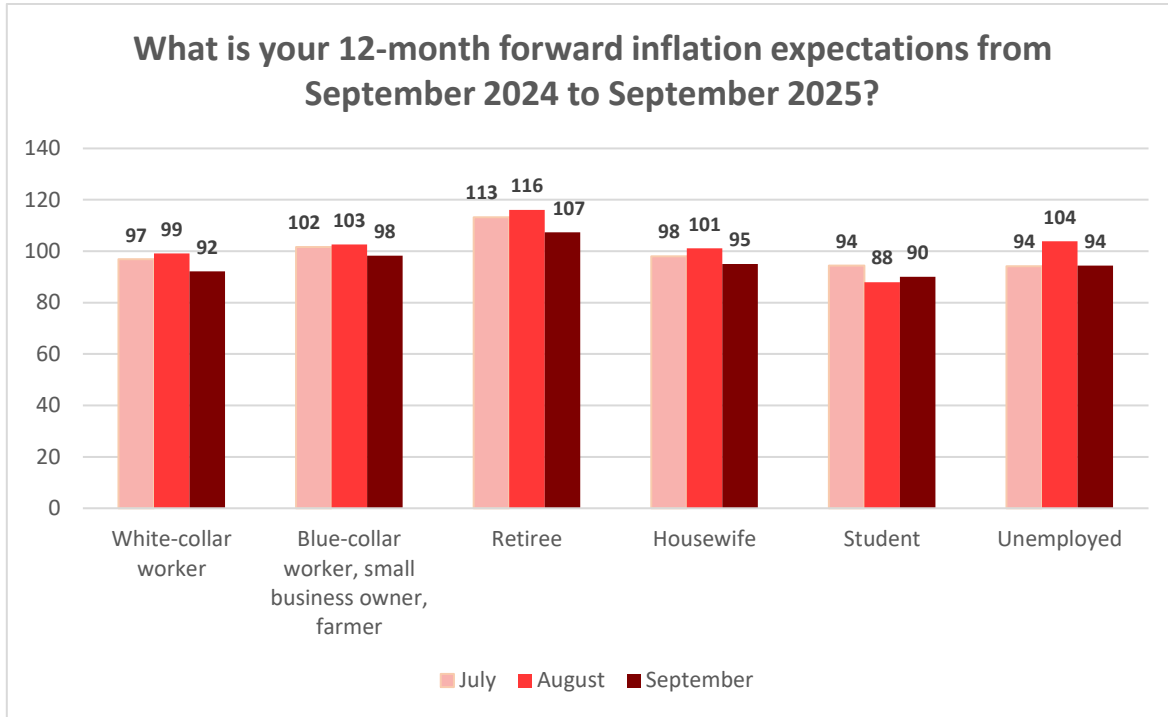
This month’s survey included a question on the criteria participants use to form their inflation expectations. The most prominent factor was grocery and food prices, with 82% of respondents stating that these play a significant role in shaping their expectations. This was followed by the exchange rate and gold prices. Items such as tuition and prices at restaurants, cafes, and eateries had a relatively smaller impact. Experts’ commentaries had the least influence, with only 25% of participants citing it as a significant factor.



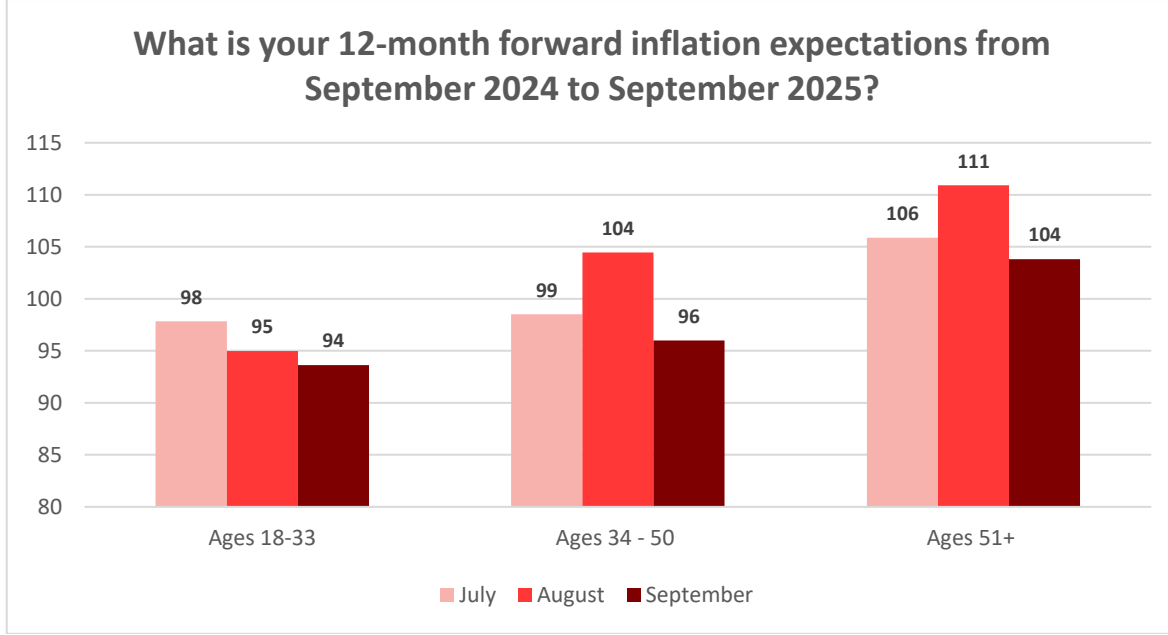
Demographic Analysis

In this section, 12-month forward 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 the 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.



- 2) Analyzing the data by age groups reveals that 12-month forward inflation expectations tend to rise along with increasing age. This finding may suggest that the weaker performance of past disinflation policies has made a more lasting impression on the memories of older age groups.³



KONDA 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 September 18-22, 2024. Panelists voluntarily joined our panel system. Each panelist conducts the survey through a mediator affiliated with KONDA. 2917 individuals were interviewed in this study, living in 1459 different neighborhoods across 74 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 +/- 2.38 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.

³Ulrike Malmendier and Stefan Nagel, Learning from Inflation Experiences, Quarterly Journal of Economics, Volume 131, Issue 1, February 2016, Pages 53–87.