

## Türkiye Household Inflation Expectations Survey (TEBA) Results<sup>1</sup>

**June'24**

- Annual inflation expectations as of June 2024: **117%** (Previous: 115%)
- Year-end inflation expectations: **95%** (Previous: 94%)
- 12-month forward inflation expectations: **104%**

### 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 June 2023 to this June?</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 June 2024 to June 2025?</i>
1. Mean	117	95	104
2. Median	100	100	100
3. Inter Quartile Range (IQR)	70	40	40
4. Standard Deviation	61	53	61

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

In June, TEBA's **annual and year-end inflation expectations** showed a slight uptick compared to the previous month. The peak value of headline inflation in May, combined with the deterioration in economic confidence might have been influential in shaping household inflation expectations this month. The deterioration in overall economic sentiment seems to have halted the decline in TEBA observed in the previous month.

**TEBA's 12-month inflation expectations, which are released for the first time this month,** are slightly higher than the year-end expectations.

**Analyzing the trend of inflation expectations implied by TEBA,** the survey results indicate a 22-point decrease from June 2024 to December 2024. However, year-ahead expectations suggest the re-emergence of an upward trend in inflation during the first half of 2025.

The average value of inflation expectations is higher than the median for both annual and 12-month forward inflation expectations. This indicates a right-skewed distribution. In other words, the number of respondents with annual inflation expectations below 117% is greater than those with expectations

<sup>1</sup> This report has been updated to reflect the revisions made to the weighting system as of December 2024.

above this level. Similarly, for 12-month forward projections, the number of estimates below 104% exceeds those above it. In contrast, the average and median values for year-end inflation forecasts are close to each other, suggesting a symmetric distribution.

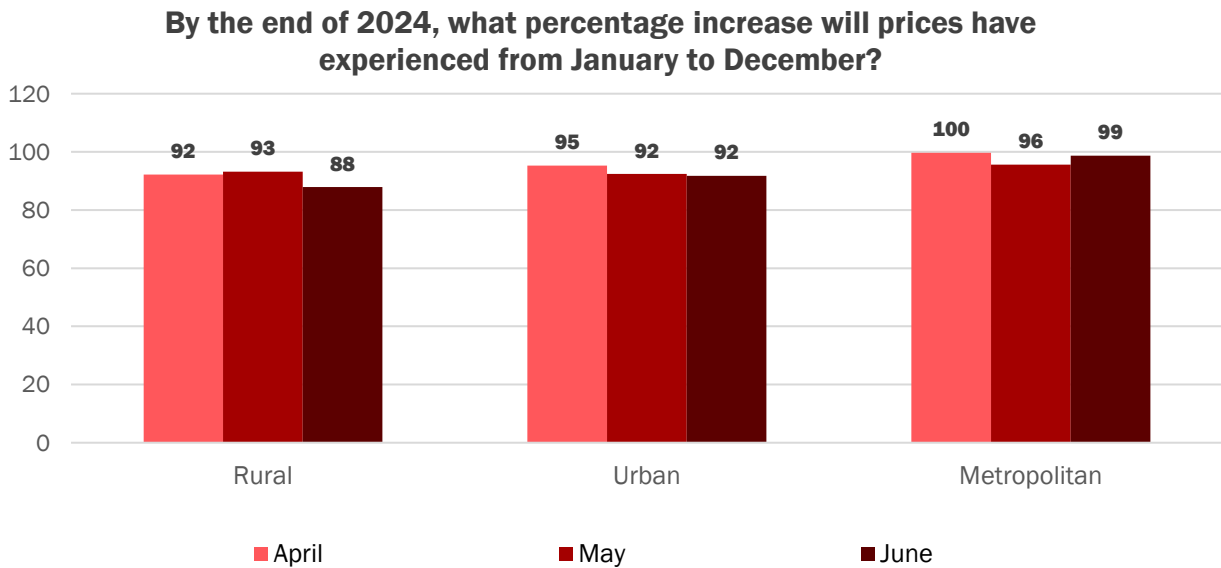
The interquartile range (IQR) value (3rd row), which measures the variability of responses among participants, shows the difference in expectations between the 25th and 75th percentiles. For year-end inflation, this value decreased by 10 points from the previous month to 40. The fact that this variability has been decreasing over the last two months indicates increased consensus on year-end inflation estimates.

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?" 88% of participants answered yes. Those who answered yes had average year-end inflation expectations around 92%, while those who preferred to wait had inflation expectations that are about 10 points lower.

## Demographic Analysis

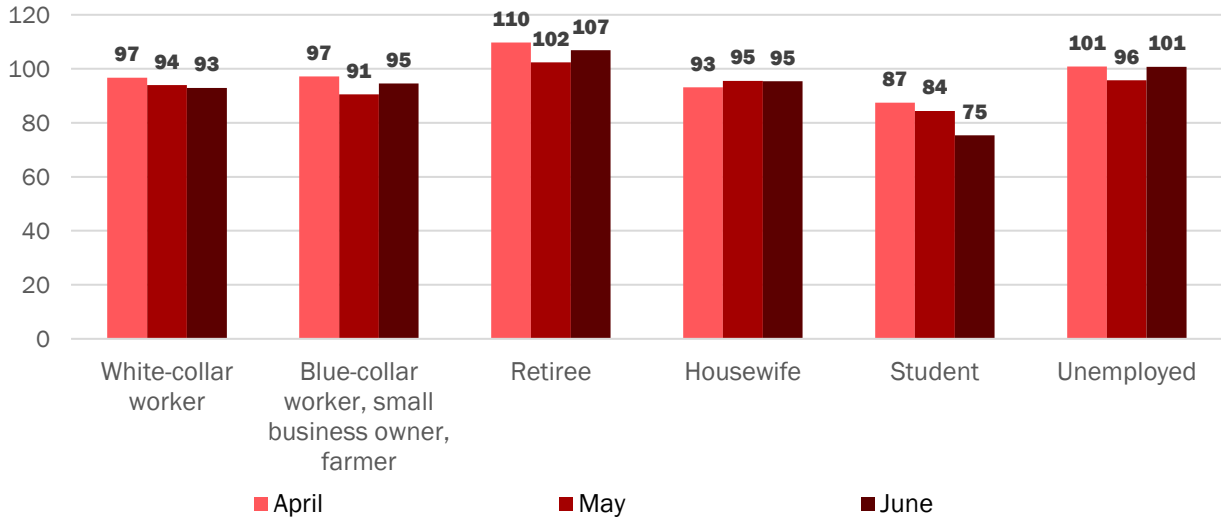
In this section, year-end household inflation expectations are examined according to demographic characteristics.

- 1) When individuals are categorized by where they live—rural, urban, or metropolitan—we notice a growing expectation of price increases as we move from rural to metropolitan areas. Currently, over half the population lives in cities.



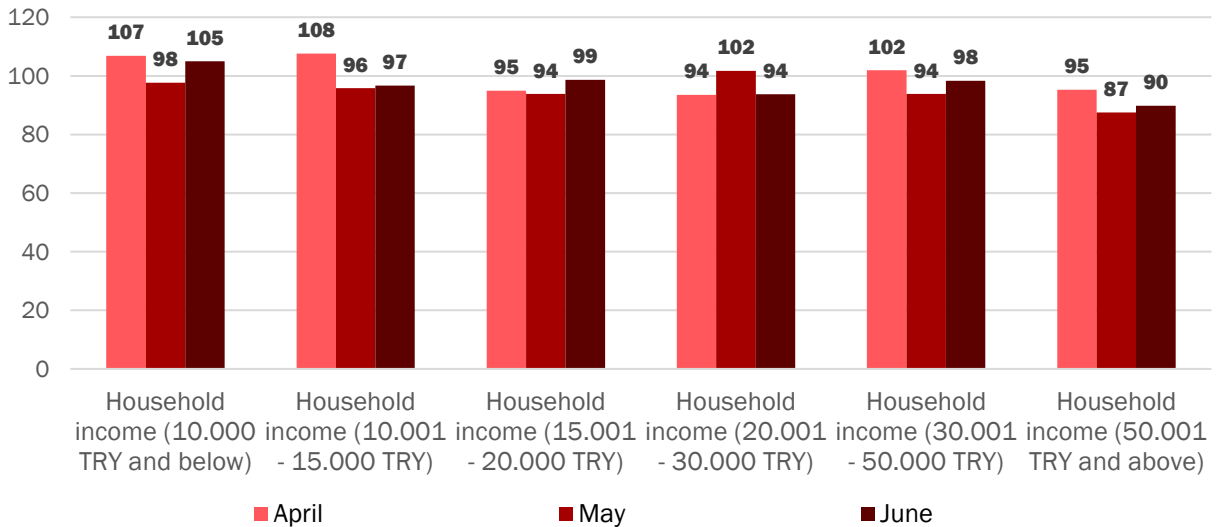
- 2) An analysis based on the employment status of respondents reveals that the retired group has the highest inflation expectations, approximately 10 points above the overall average. Conversely, the student group, with the lowest inflation expectations, is about 20 points below the general average. Notably, retirees stand out as the group reporting the greatest financial hardship in meeting their living expenses.

**By the end of 2024, what percentage increase will prices have experienced from January to December?**



- 3) When households are grouped by total declared income, a pattern emerges for the low income groups: as income decreases, year-end inflation expectations tend to increase.

**By the end of 2024, what percentage increase will prices have experienced from January to December?**



### **KONDA 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 June 20-23, 2024. Panelists voluntarily joined our panel system. Each panelist conducts the survey through a mediator affiliated with KONDA. 2547 individuals were interviewed in this study, living in 1348 different neighborhoods across 73 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 +/- 1.94 at a 95% confidence level and +/- 2.55 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.