

Türkiye Household Inflation Expectations Survey (TEBA) Results^{1,2}

July'24

- Annual inflation expectations as of July 2024: **115%** (Previous: 117 %)
- Year-end inflation expectations: **95%** (Previous 95 %)
- 12-month forward inflation expectations: **103%** (Previous 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 July 2023 to this July?</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 July 2024 to July 2025?</i>
1. Mean	115	95	103
2. Median	100	90	100
3. Inter Quartile Range (IQR)	50	45	40
4. Standard Deviation	58	52	58

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

In July, **TEBA's annual inflation expectations** decreased by two points compared to the previous month, while year-end inflation expectations remained unchanged. Meanwhile, 12-month forward inflation expectations saw a decline of one point.

Analyzing the trend of inflation expectations implied by TEBA, the survey results indicate a 20-point decrease from July 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 115% than above. Conversely, for year-end and 12-month inflation forecasts, the average and median values are close, indicating a symmetrical distribution.

¹ The next release is scheduled for August 29, 2024.

² This report has been updated to reflect the revisions made to the weighting system as of December 2024.

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. The decline in this statistic 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?" 90% of participants answered yes.

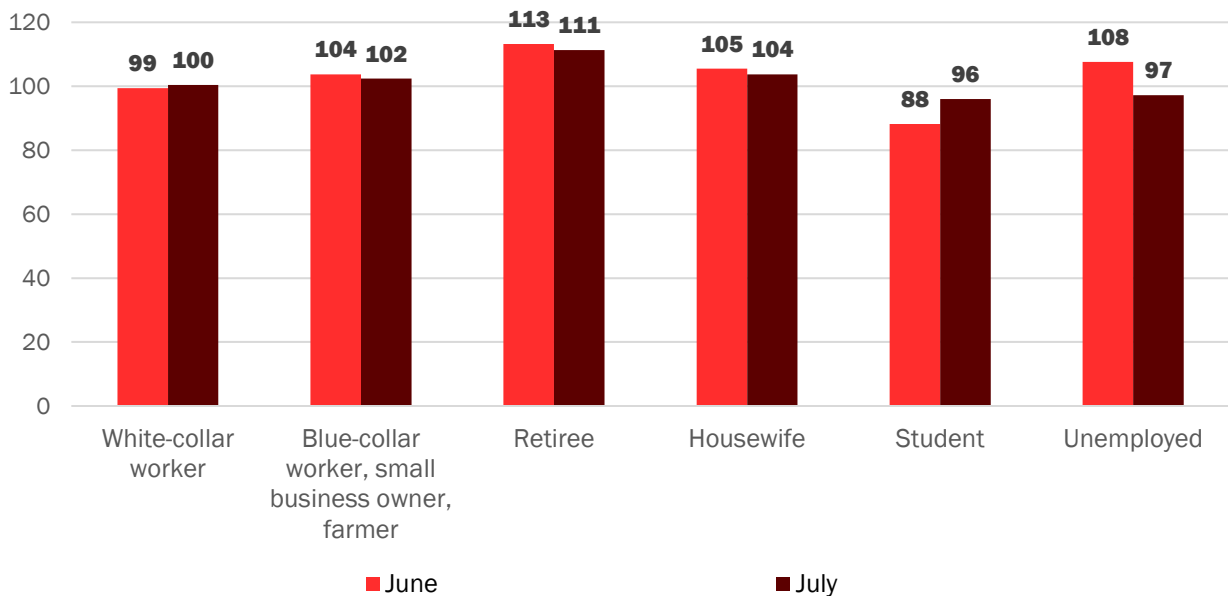
Approximately half of the survey participants answered "yes" to the question "Do you know the annual inflation rate announced by TÜİK?" The average response from this group was slightly below the headline inflation rate at 65%. On the other hand, the year-end and 12-month forward inflation expectations of the two groups—those who said they knew the official inflation rate and those who said they didn't—are quite close to each other.

Demographic Analysis

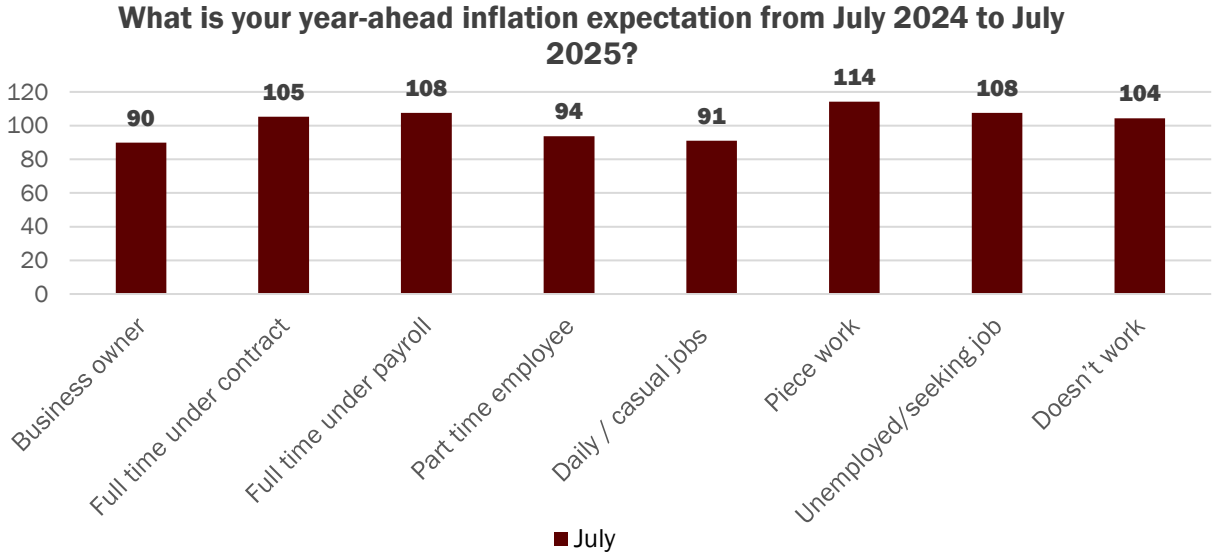
In this section, year-end household inflation expectations are examined according to demographic characteristics.

- 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 8 points above the general average, while the expectations are lowest among students and the unemployed, approximately 7 points below the general average. It is notable that the retired group is the one that reports the most difficulty in making ends meet.

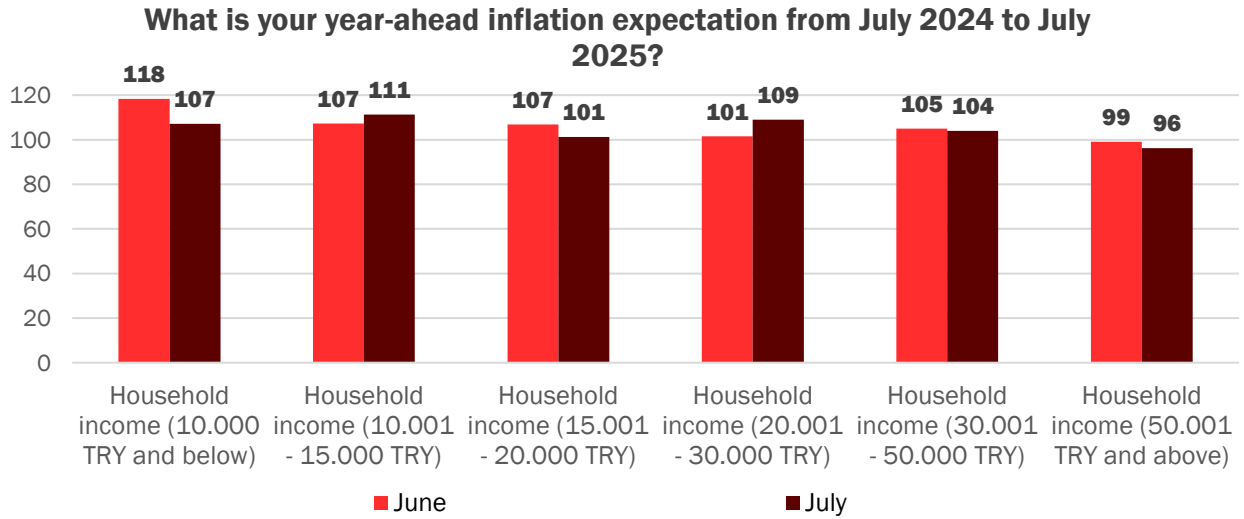
What is your year-ahead inflation expectation from July 2024 to July 2025?



- 2) When a different grouping of working groups is made, it is observed that those with the highest 12-month forward inflation expectations are pieceworkers, at 114%, while the lowest expectations belong to business owners, at 90%. The relatively lower expectations of business owners compared to other households are also observed in the sectoral inflation expectation survey results published by the CBRT.³



- 3) When grouped by total income, a significant improvement in inflation expectations is observed in the lowest income bracket compared to the previous month, while the expectations of the middle-income group has deteriorated since June.



³ <https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en/search+results?search-query=sectoral+inflation>

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 July 19-22, 2024. Panelists voluntarily joined our panel system. Each panelist conducts the survey through a mediator affiliated with KONDA. 2716 individuals were interviewed in this study, living in 1383 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 +/- 1.88 at a 95% confidence level and +/- 2.47 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.