

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

August'24

- Annual inflation expectations as of August 2024: **114%** (Previous: 115%)
- Year-end inflation expectations: **101%** (Previous 95%)
- 12-month forward inflation expectations: **111%** (Previous 103 %)

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 August 2023 to this August?</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 August 2024 to August 2025?</i>
1. Mean	114	101	111
2. Median	100	100	100
3. Inter Quartile Range (IQR)	70	40	35
4. Standard Deviation	62	61	70

* 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 to 101% and 111% respectively.

The change in 12-month forward expectations aligns with the Central Bank of Turkey's (CBRT) sectoral inflation expectations survey released in August.³ 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.

¹ The next release is scheduled for September 30, 2024.

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

³<https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Istatistikler/Eglim+Anketleri/Sektorel+Enflasyon+Beklentileri/>

Analyzing the trend of inflation expectations implied by TEBA, the survey results indicate a 13-point decrease from August 2024 to December 2024. However, this improvement is expected to deteriorate significantly in the first half of 2025.

The average value of inflation expectations exceeds the median for both annual and 12-month forward projections, indicating a right-skewed distribution. In contrast, for year-end inflation forecasts, the average and median values are closely aligned, suggesting a more 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. This value has decreased for the second and third questions. For the third question, 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.

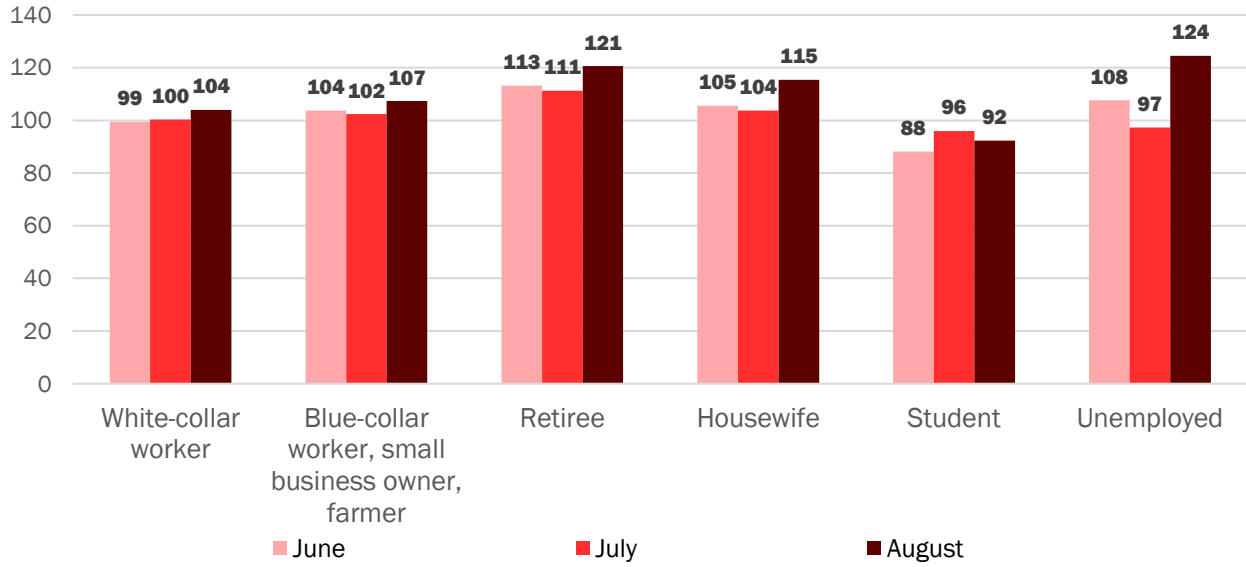
Approximately half of the survey participants (54%) answered "yes" to the question, "Do you know the annual inflation rate announced by TÜİK?" The average response from this group remained steady at 65% compared to the previous month. Interestingly, both groups—those who claimed to know the official 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.

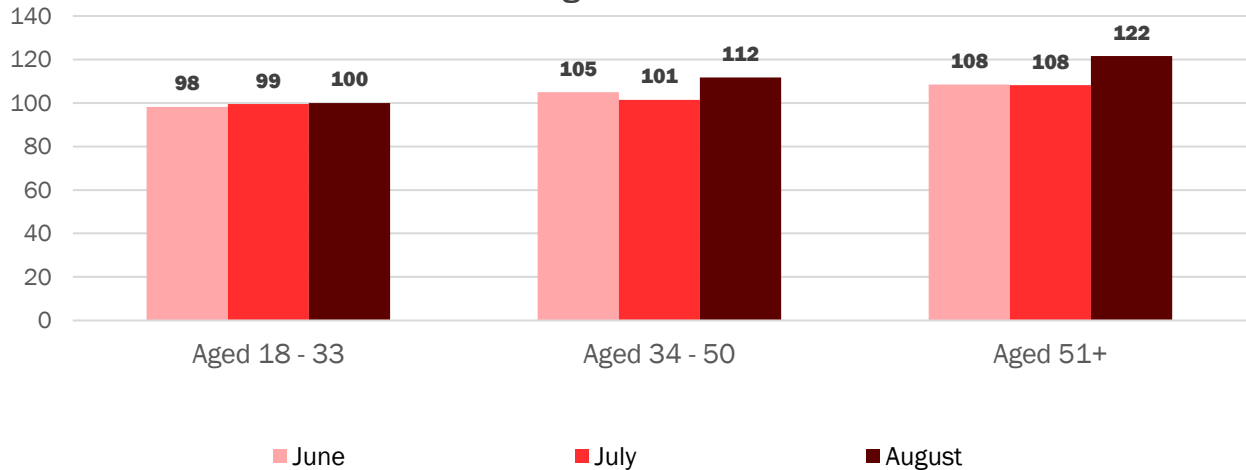
- 1) When examining according to the working status of the interviewees, it is observed that the 12-month forward inflation expectations are highest among the retired group, approximately 10 points above the general average. It is notable that the retired group is the one that reports the most difficulty in making ends meet.

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



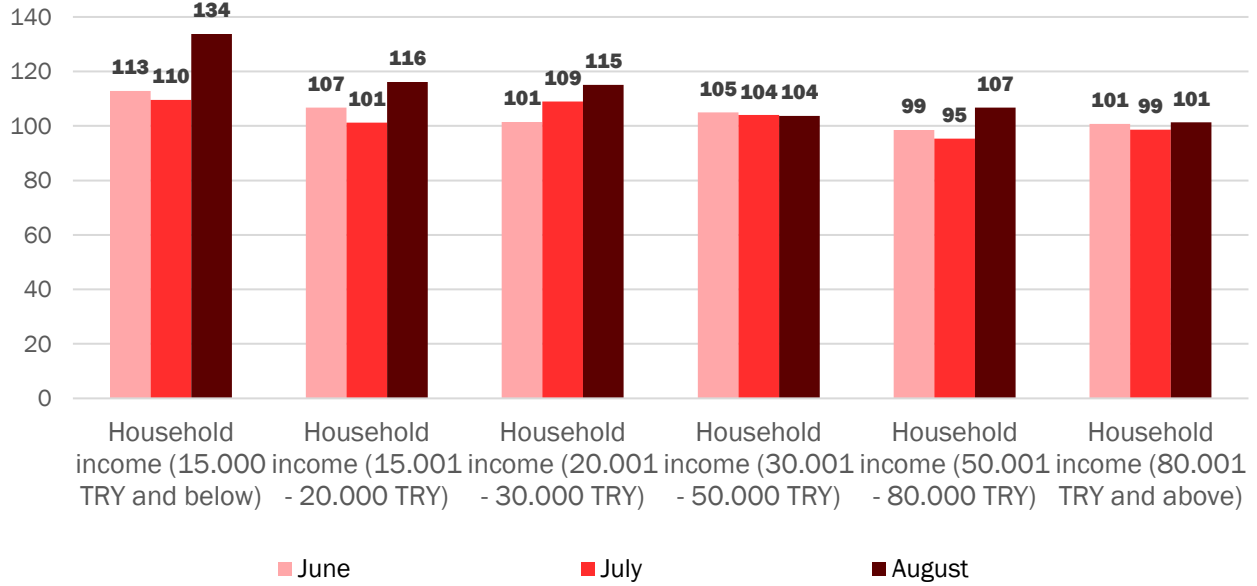
2) When analyzing by age groups, it is observed that 12-month forward inflation expectations tend to increase with age. Individuals over 50, who hold the highest inflation expectations, likely allocate a larger portion of their consumption to services such as education and healthcare. The 104% annual 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 August 2024 to August 2025?



- 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 August 2024 to August 2025?



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 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.