

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

September'24

- Annual inflation expectations as of September 2024: **111%** (Previous: 114%)
- Year-end inflation expectations: **96%** (Previous 101%)
- 12-month forward inflation expectations: **102%** (Previous 111%)

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	111	96	102
2. Median	100	100	100
3. Inter Quartile Range (IQR)	20	40	40
4. Standard Deviation	58	56	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.³ 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 111% than those expecting higher rates. Conversely, for

¹ The next release is scheduled for October 31, 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/>

the 12-month ahead inflation forecast (column 3), the average value is lower than the median, suggesting a left-skewed distribution. This means fewer respondents expect inflation below 96% over the next 12 months compared to those with higher expectations.

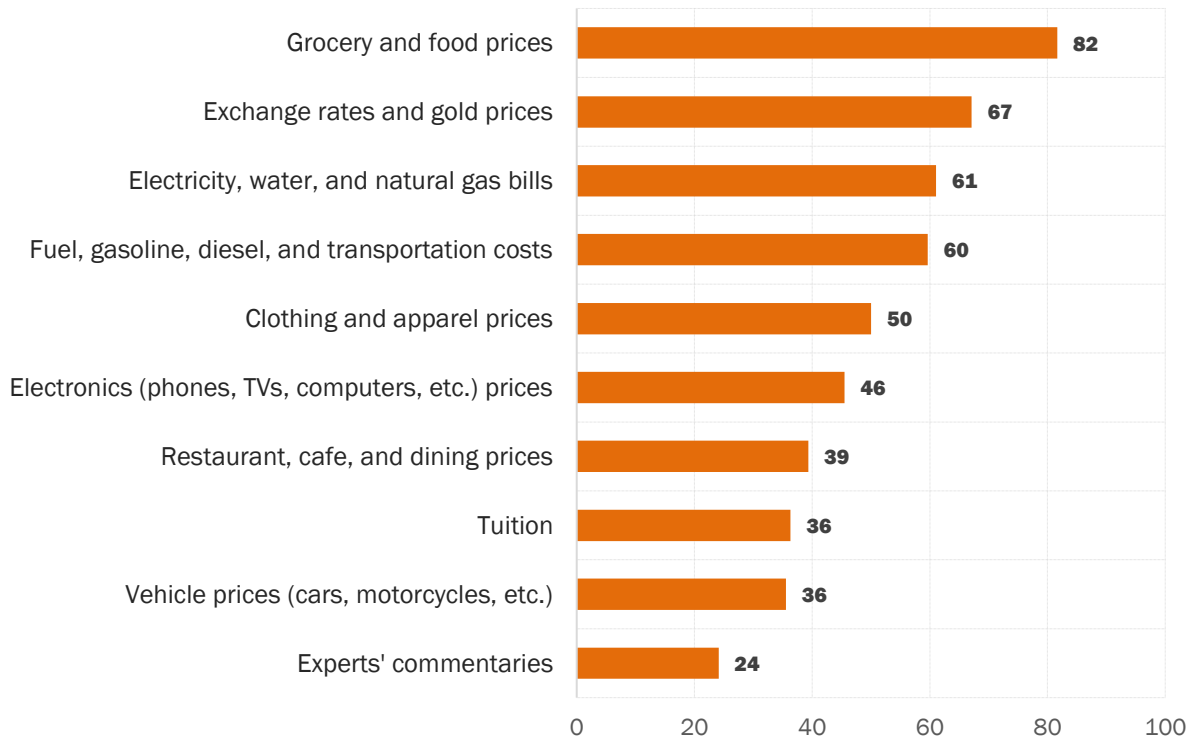
The interquartile range (IQR) value (3rd row), which measures the variability of responses among participants, shows the difference in expectations between the 25th and 75th percentiles. This value has decreased for the first question, indicating increased consensus on annual inflation estimates.

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%.

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.

What factors do you consider when determining your inflation expectations for the next month or year?

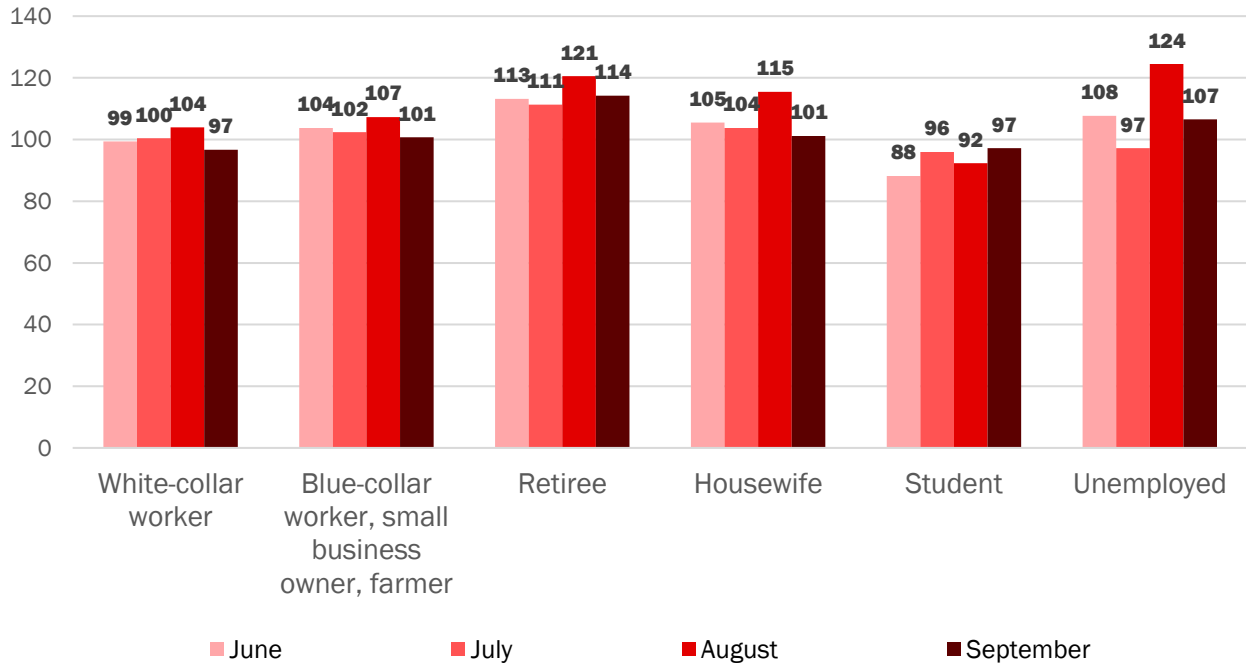


Demographic Analysis

In this section, 12-month forward household inflation expectations are examined according to demographic characteristics.

- 1) An analysis based on the employment status of respondents shows that the retired group has the highest 12-month forward inflation expectations, approximately 12 points above the overall average. Conversely, the student group, with the lowest expectations, is about 5 points below the average. Notably, a decline in inflation expectations among white-collar workers this month stands out. Additionally, the differences between demographic groups have narrowed slightly compared to previous months.

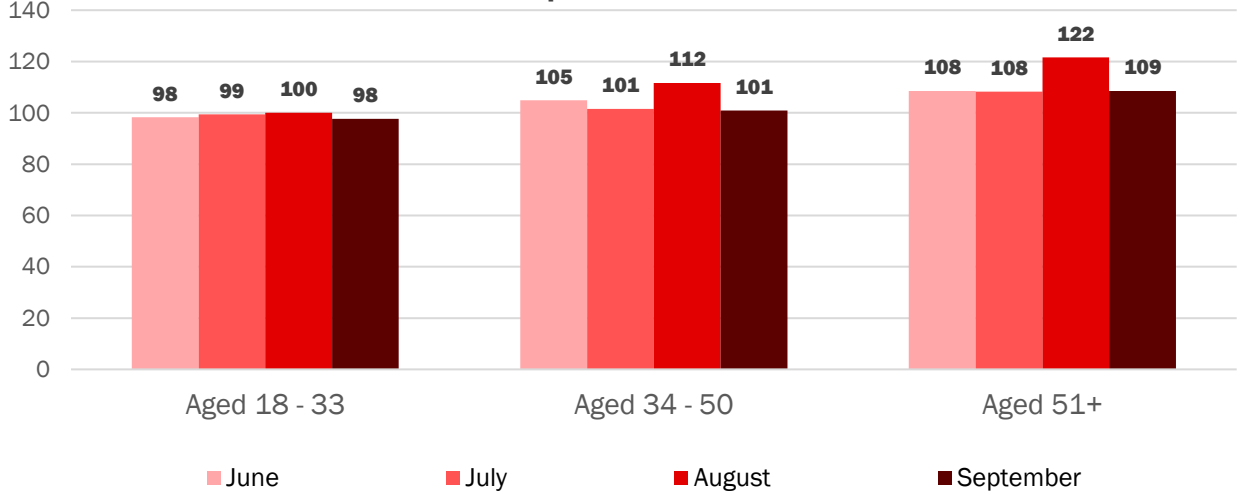
What is your year-ahead inflation expectation from September 2024 to September 2025?



- 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.⁴

⁴Ulrike Malmendier and Stefan Nagel, Learning from Inflation Experiences, Quarterly Journal of Economics, Volume 131, Issue 1, February 2016, Pages 53–87.

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



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.