# Türkiye Household Inflation Expectations Survey (TEBA) Results

## December'24

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- Annual inflation expectations as of December 2024: **105%** (Previous: 110%)
- Year-end inflation expectations: **98%** (Previous: 97%)
- 12-month forward inflation expectations: **99%** (Previous: 102%)

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## Summary Statistics

| | I<br>Annual inflation expectations | II<br>Year-end inflation expectations | III<br>Year-ahead inflation expectations |
|---|---|---|---|
| | *How much do you think prices have increased on average from December 2023 to this December?* | *By the end of 2024, what percentage increase will prices have experienced from January to December?* | *What is your year-ahead inflation expectation from December 2024 to December 2025?* |
| 1.  Mean | 105 | 98 | 99 |
| 2.  Median | 100 | 100 | 100 |
| 3.  Inter Quartile Range (IQR) | 30 | 40 | 40 |
| 4.  Standard Deviation | 55 | 52 | 56 |

*\* We exclude the outliers that are three standard deviations away from the mean.*
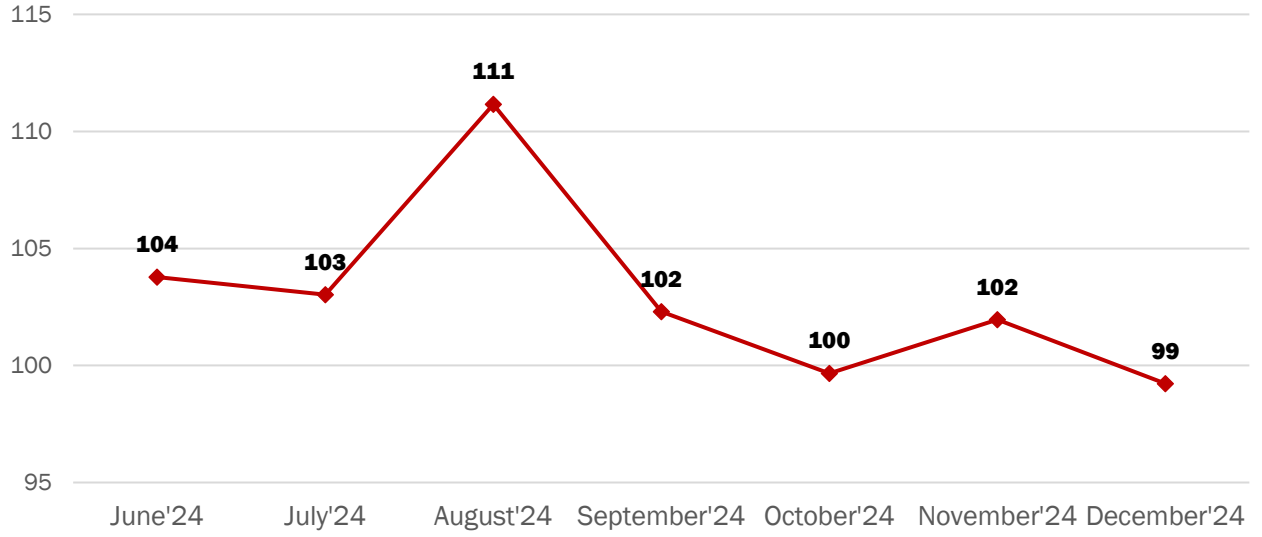
The average value of inflation expectations is higher than the median for annual inflation forecasts (first column), indicating a right-skewed distribution. This implies that the number of respondents with annual inflation expectations below 105% exceeds those with higher expectations. Conversely, for year-end and 12-month forward 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 statistic remained unchanged compared to the previous month.

When examining the trend of 12-month forward expectations for the period following June 2024, a notable downward trajectory emerges after the increase observed in July. This trend aligns with the results of the household inflation expectations survey published by the CBRT, both in terms of the rise in July and the subsequent decline.[1] However, TEBA continues to remain at comparatively higher levels.

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[1] https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Istatistikler/Egilim+Anketleri/Sektorel+Enflasyon+Beklentileri/
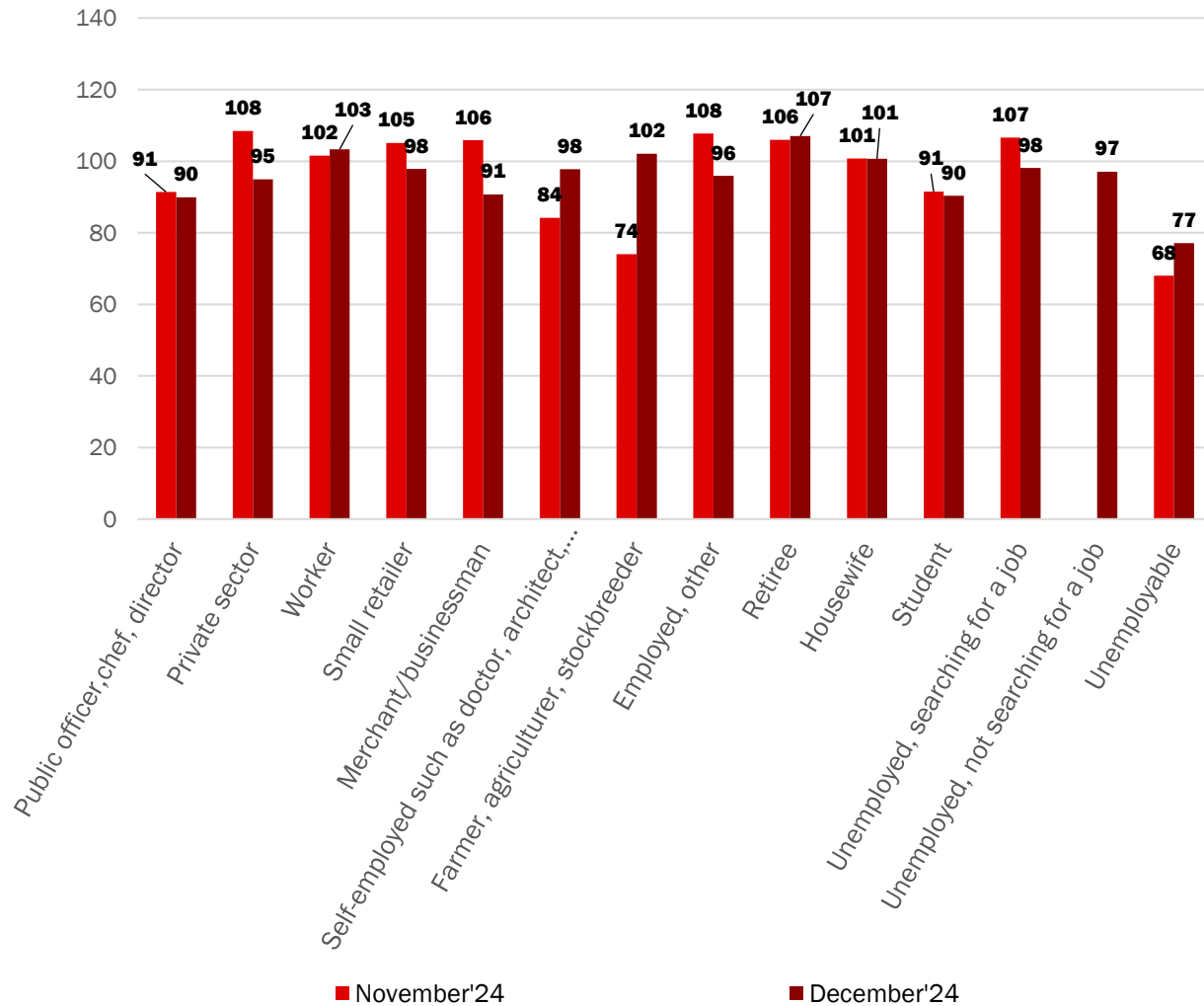
# 1 year-ahead inflation expectation



| | June'24 | July'24 | August'24 | September'24 | October'24 | November'24 | December'24 |
|---|---|---|---|---|---|---|---|
| Value | 104 | 103 | 111 | 102 | 100 | 102 | 99 |

**Demographic Analysis**

In this section, 12-month forward household inflation expectations are examined according to demographic characteristics.
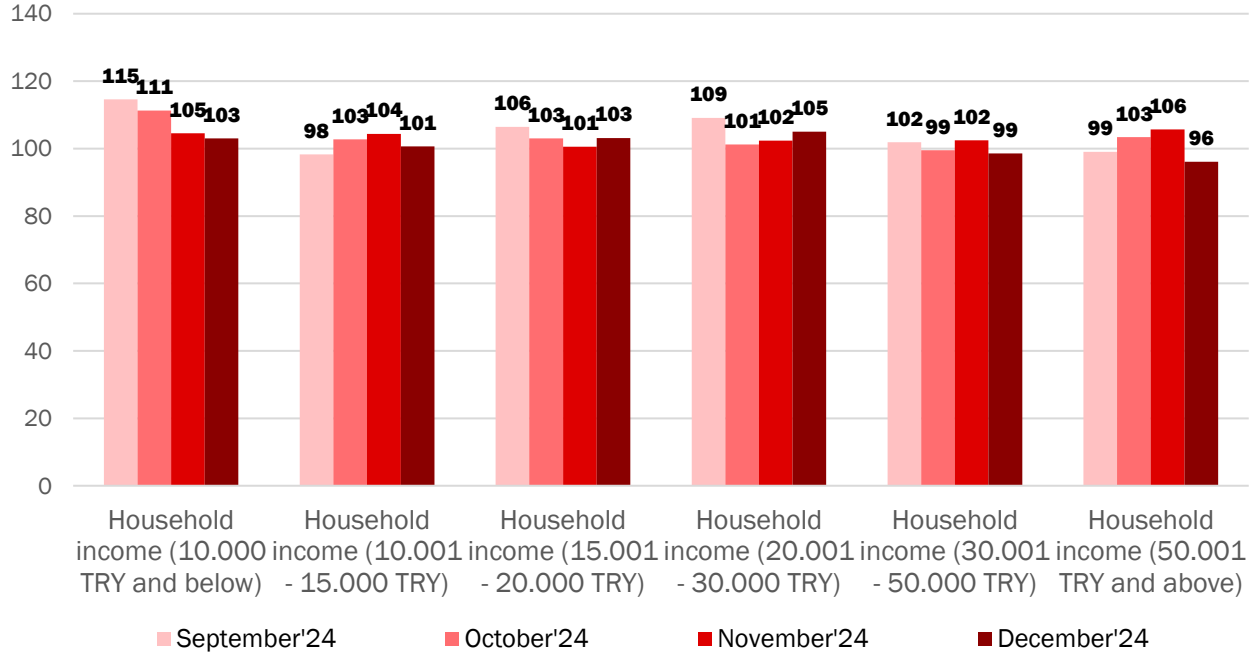
1) A detailed breakdown of respondents by occupational groups reveals that retirees continue to represent the group with the highest forward-looking inflation expectations at 107%, consistent with previous months. They are followed by the worker group at 103%. This month's survey includes a more granular analysis by occupational groups. According to this breakdown, the average inflation expectation observed in the merchant and businessperson category is 91%, which is 8 percentage points below the overall average. This segmentation, valuable for shedding light on the inflation expectations of price setters, aligns with the CBRT's findings, which indicate that the real sector has lower inflation expectations compared to households in sectoral inflation surveys.

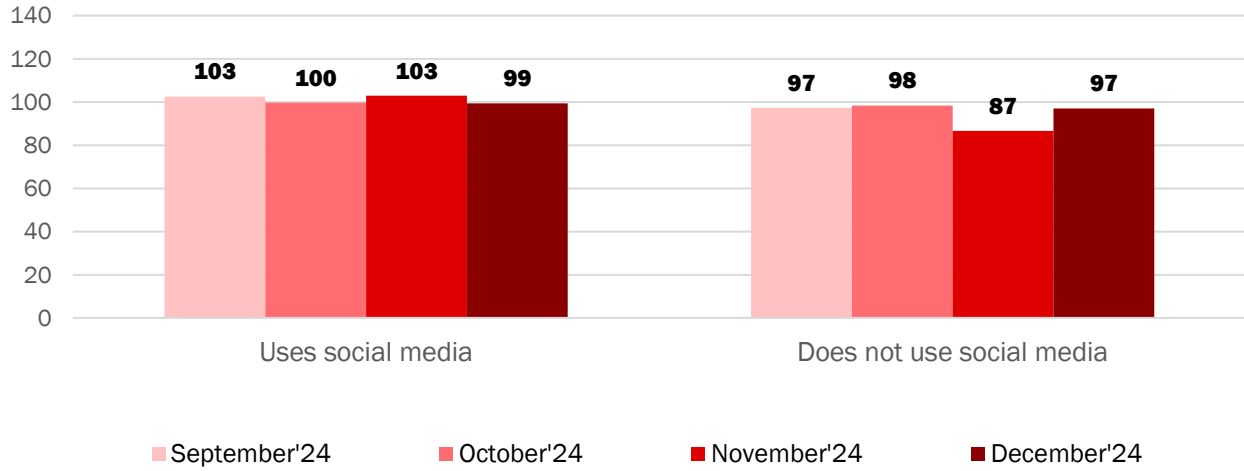**1 year-ahead inflation expectation**



■ November'24        ■ December'24

2) When segmented by income levels, the 12-month forward inflation expectations of the highest income groups decline to 96%, while perceptions of inflation are notably higher among lower income groups. This finding suggests that inflation sentiment is closely tied to perceptions of the cost of living and financial hardships.

**1 year-ahead inflation expectation**



| | September'24 | October'24 | November'24 | December'24 |
|---|---|---|---|---|
| Household income (10.000 TRY and below) | 115 | 111 | 105 | 103 |
| Household income (10.001 - 15.000 TRY) | 98 | 103 | 104 | 101 |
| Household income (15.001 - 20.000 TRY) | 106 | 103 | 101 | 103 |
| Household income (20.001 - 30.000 TRY) | 109 | 101 | 102 | 105 |
| Household income (30.001 - 50.000 TRY) | 102 | 99 | 102 | 99 |
| Household income (50.001 TRY and above) | 99 | 103 | 106 | 96 |

3) Social media usage appears to have a limited upward impact on inflation expectations. Existing literature highlights that social media particularly influences the inflation expectations of younger participants.[2] The TEBA findings are consistent with these observations.

**1 year-ahead inflation expectation**



Legend: September'24, October'24, November'24, December'24

### 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 December 20-23, 2024. Panelists voluntarily joined our panel system. Each panelist conducts the survey through a mediator affiliated with KONDA. 2682 individuals were interviewed in this study, living in 1427 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 +/- 1.89 at a 95% confidence level and +/- 2.49 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.

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[2]Heikkinen, Joni and Heimonen, Kari, Media Tone: The Role of News and Social Media on Heterogeneous Inflation Expectations (September 04, 2024). Bank of Finland Research Discussion Paper No. 8/2024