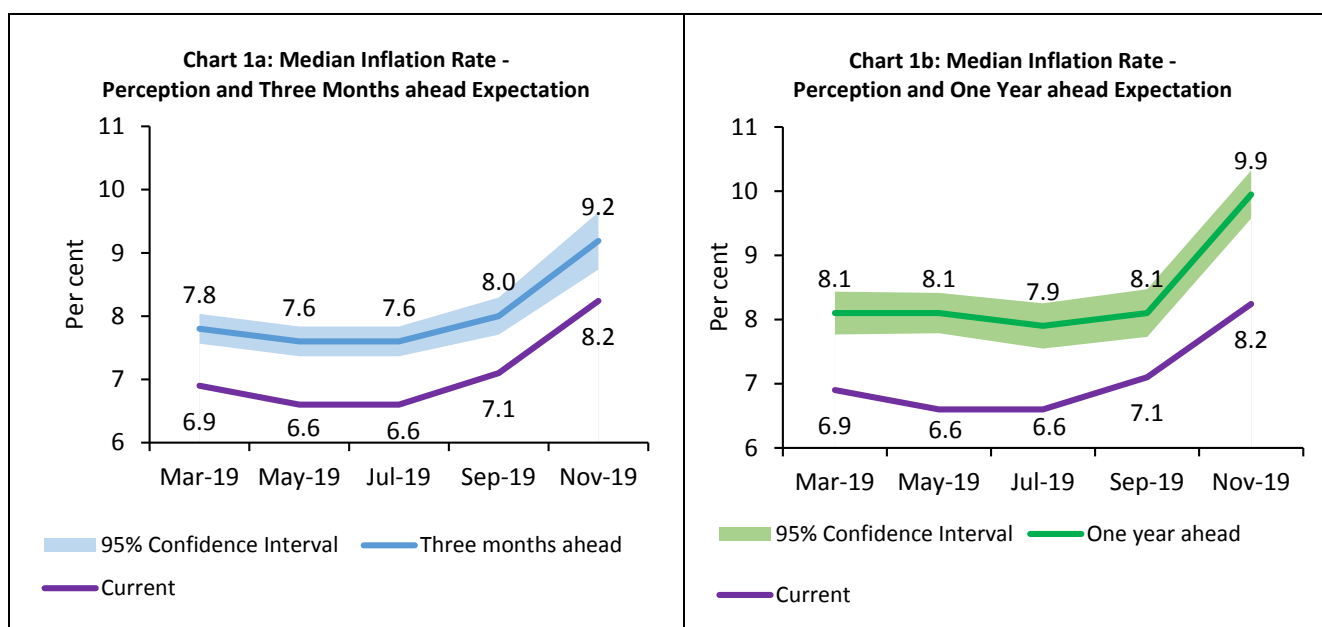# Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the November 2019 round of the Inflation Expectations Survey of Households (IESH)[1]. The survey was conducted in 18 major cities and the results are based on responses from 5,805 urban households.

Highlights:

i.   Households' inflation perceptions and expectations increased sharply in the November 2019 round on top of the pick-up in the previous round. Three months ahead and one year ahead median inflation expectations increased by 120 basis points and 180 basis points, respectively (Chart 1a, 1b, Table 2).

ii. More households expect higher inflation across all product groups over both three months ahead and one year ahead horizons *vis-à-vis* the previous round of the survey (Table 1b).

Chart 1a: Median Inflation Rate - Perception and Three Months ahead Expectation

Chart 1b: Median Inflation Rate - Perception and One Year ahead Expectation

Note: Please see the excel file for time series data.

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[1] The survey is conducted at bi-monthly intervals by the Reserve Bank of India. It provides directional information on near-term inflationary pressures as expected by the respondents and may reflect their own consumption patterns. Hence, they should be treated as households' sentiments on inflation.

Table 1(a): Product-wise Expectations of Prices for Three Months ahead

(Percentage of Respondents)

Survey period ended	Nov-18		May-19		Jul-19		Sep-19		Nov-19	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	77.9	0.91	78.3	1.01	77.9	0.95	79.3	0.94	80.7	0.90
Price increase more than current rate	47.4	1.12	50.0	1.22	49.8	1.15	49.0	1.23	52.4	1.22
Price increase similar to current rate	25.6	1.00	25.6	1.01	24.7	0.98	25.1	1.04	23.4	0.96
Price increase less than current rate	4.9	0.59	2.8	0.32	3.4	0.38	5.2	0.51	4.9	0.55
No changes in prices	19.2	0.87	18.4	0.96	18.5	0.88	18.6	0.92	17.3	0.84
Decline in prices	2.9	0.33	3.3	0.35	3.6	0.39	2.1	0.29	1.9	0.26
Food Product										
Prices will increase	77.2	0.89	78.5	0.87	80.0	0.87	81.4	0.86	81.8	0.80
Price increase more than current rate	46.4	1.03	48.5	1.13	48.5	1.09	52.9	1.14	54.8	1.14
Price increase similar to current rate	23.6	0.91	24.7	0.94	25.7	1.01	21.4	0.88	21.0	0.85
Price increase less than current rate	7.3	0.63	5.4	0.46	5.8	0.47	7.1	0.59	6.0	0.54
No changes in prices	16.9	0.81	15.0	0.77	13.8	0.75	13.2	0.78	12.3	0.65
Decline in prices	5.9	0.46	6.5	0.47	6.2	0.52	5.4	0.45	5.9	0.48
Non- Food Product										
Prices will increase	75.8	0.90	75.8	0.91	73.8	0.97	74.7	0.95	75.3	0.93
Price increase more than current rate	45.2	1.07	45.2	1.15	43.1	1.14	45.5	1.16	48.0	1.14
Price increase similar to current rate	24.1	0.94	25.3	0.91	25.2	0.93	21.8	0.90	21.1	0.86
Price increase less than current rate	6.5	0.61	5.4	0.44	5.5	0.46	7.3	0.57	6.1	0.53
No changes in prices	18.5	0.79	18.1	0.81	20.4	0.90	20.8	0.88	20.5	0.83
Decline in prices	5.8	0.48	6.0	0.47	5.8	0.48	4.5	0.42	4.3	0.39
Household Durables										
Prices will increase	57.9	1.06	61.3	1.12	57.9	1.07	56.2	1.07	55.2	1.09
Price increase more than current rate	33.8	1.03	37.0	1.12	33.7	1.05	33.9	1.11	35.4	1.06
Price increase similar to current rate	18.9	0.80	19.9	0.85	19.6	0.81	17.3	0.80	15.2	0.73
Price increase less than current rate	5.2	0.50	4.3	0.41	4.6	0.41	4.9	0.45	4.6	0.44
No changes in prices	29.7	0.98	27.2	1.01	28.2	0.96	28.5	0.96	29.1	0.93
Decline in prices	12.4	0.66	11.5	0.64	13.9	0.67	15.4	0.73	15.8	0.73
Cost of Housing										
Prices will increase	68.7	0.96	70.9	1.06	68.6	1.01	68.1	1.10	68.5	1.09
Price increase more than current rate	44.5	1.05	46.9	1.13	45.2	1.04	45.2	1.23	48.3	1.19
Price increase similar to current rate	19.0	0.83	19.8	0.83	19.4	0.82	17.9	0.81	16.4	0.77
Price increase less than current rate	5.2	0.51	4.2	0.39	4.0	0.38	5.0	0.44	3.8	0.41
No changes in prices	23.7	0.88	21.7	0.96	22.8	0.90	23.1	0.98	24.0	0.99
Decline in prices	7.6	0.54	7.3	0.52	8.6	0.58	8.7	0.59	7.4	0.53
Cost of Services										
Prices will increase	68.2	0.99	68.6	1.03	66.1	1.03	63.5	1.04	65.8	1.05
Price increase more than current rate	40.4	1.06	42.6	1.14	39.8	1.07	40.2	1.15	43.6	1.14
Price increase similar to current rate	22.4	0.86	21.7	0.89	21.6	0.83	18.1	0.76	17.7	0.79
Price increase less than current rate	5.3	0.48	4.3	0.41	4.7	0.42	5.3	0.45	4.5	0.46
No changes in prices	28.8	0.97	27.7	0.99	28.7	0.94	31.6	1.00	29.5	1.01
Decline in prices	3.0	0.35	3.8	0.37	5.3	0.46	4.8	0.42	4.7	0.43

Note:

1. The table provides estimates and standard errors for qualitative responses.

2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 1(b): Product-wise Expectations of Prices for One Year ahead

(Percentage of Respondents)

Survey period ended	Nov-18		May-19		Jul-19		Sep-19		Nov-19	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	89.7	0.65	86.3	0.77	83.8	0.87	87.0	0.78	89.1	0.71
Price increase more than current rate	60.0	1.11	58.5	1.19	56.8	1.15	57.3	1.29	64.0	1.25
Price increase similar to current rate	26.4	0.97	24.9	1.03	24.1	1.01	25.1	1.07	21.5	0.96
Price increase less than current rate	3.4	0.43	3.0	0.32	2.9	0.35	4.6	0.47	3.6	0.44
No changes in prices	7.6	0.57	10.2	0.70	12.6	0.78	10.6	0.73	8.9	0.64
Decline in prices	2.7	0.33	3.5	0.37	3.6	0.40	2.4	0.31	2.0	0.28
Food Product										
Prices will increase	85.4	0.73	83.1	0.76	81.9	0.80	83.0	0.86	86.2	0.74
Price increase more than current rate	52.3	1.14	50.4	1.19	49.3	1.16	52.2	1.23	58.9	1.24
Price increase similar to current rate	27.5	0.96	27.6	0.97	27.7	0.98	25.4	0.96	22.4	0.90
Price increase less than current rate	5.7	0.51	5.1	0.43	4.8	0.42	5.4	0.53	5.0	0.49
No changes in prices	9.4	0.60	11.4	0.64	12.0	0.67	11.9	0.76	9.4	0.61
Decline in prices	5.2	0.45	5.5	0.43	6.1	0.49	5.2	0.43	4.4	0.39
Non- Food Product										
Prices will increase	82.4	0.78	81.3	0.81	78.1	0.89	78.6	0.94	81.0	0.82
Price increase more than current rate	51.6	1.10	49.7	1.18	46.1	1.11	48.1	1.25	53.5	1.23
Price increase similar to current rate	25.2	0.90	26.8	0.99	27.1	0.97	24.4	0.98	22.6	0.92
Price increase less than current rate	5.6	0.50	4.9	0.44	4.9	0.44	6.1	0.52	4.9	0.51
No changes in prices	12.7	0.68	13.7	0.72	16.6	0.80	16.6	0.85	15.5	0.72
Decline in prices	4.9	0.43	5.0	0.43	5.3	0.47	4.8	0.43	3.6	0.36
Household Durables										
Prices will increase	70.1	0.98	68.8	1.04	66.2	1.01	64.1	1.04	65.4	1.00
Price increase more than current rate	43.0	1.10	42.9	1.14	39.8	1.08	39.0	1.17	42.7	1.16
Price increase similar to current rate	22.0	0.88	21.9	0.88	22.0	0.91	19.4	0.82	18.1	0.80
Price increase less than current rate	5.1	0.47	4.0	0.40	4.3	0.39	5.6	0.49	4.6	0.46
No changes in prices	20.4	0.85	21.5	0.91	23.0	0.89	24.2	0.90	22.5	0.84
Decline in prices	9.6	0.61	9.7	0.59	10.9	0.61	11.8	0.64	12.1	0.62
Cost of Housing										
Prices will increase	80.6	0.79	79.8	0.84	76.9	0.89	77.3	0.89	80.0	0.92
Price increase more than current rate	53.8	1.04	54.3	1.05	52.1	1.00	51.8	1.15	57.1	1.20
Price increase similar to current rate	22.5	0.91	21.9	0.84	21.5	0.83	20.6	0.85	19.1	0.85
Price increase less than current rate	4.3	0.44	3.6	0.37	3.4	0.34	4.8	0.45	3.9	0.41
No changes in prices	13.3	0.68	14.3	0.77	15.3	0.75	15.5	0.73	13.9	0.76
Decline in prices	6.1	0.50	5.9	0.45	7.8	0.55	7.2	0.53	6.1	0.48
Cost of Services										
Prices will increase	83.3	0.75	80.9	0.83	77.1	0.93	79.0	0.93	80.9	0.87
Price increase more than current rate	52.2	1.11	50.3	1.12	47.2	1.12	50.0	1.23	53.7	1.23
Price increase similar to current rate	25.7	0.92	25.3	0.94	25.2	0.95	22.7	0.93	22.3	0.86
Price increase less than current rate	5.4	0.48	5.3	0.49	4.6	0.43	6.3	0.51	4.9	0.51
No changes in prices	13.5	0.68	15.5	0.77	17.8	0.82	17.2	0.85	15.9	0.77
Decline in prices	3.1	0.34	3.6	0.36	5.2	0.47	3.8	0.38	3.2	0.36

Note:

1. The table provides estimates and standard errors for qualitative responses.

2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 2: Inflation Expectations of Various Groups: November 2019

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Overall	9.1	0.10	8.2	0.17	9.8	0.11	9.2	0.23	9.7	0.12	9.9	0.19
Gender-wise												
Male	9.1	0.13	8.3	0.19	9.7	0.14	9.3	0.29	9.4	0.18	9.4	0.36
Female	9.1	0.15	8.2	0.24	9.9	0.15	9.1	0.28	9.9	0.17	10.1	0.18
Category-wise												
Financial Sector Employees	7.9	0.37	7.3	0.51	8.4	0.41	7.7	0.64	8.5	0.47	8.3	0.49
Other Employees	9.0	0.20	8.4	0.29	9.7	0.21	9.1	0.40	10.0	0.22	10.0	0.33
Self Employed	9.5	0.20	9.1	0.47	10.1	0.21	10.0	0.28	9.7	0.26	10.0	0.33
Homemaker	9.1	0.17	8.3	0.25	10.0	0.17	9.3	0.33	9.9	0.20	10.1	0.18
Retired Persons	9.6	0.33	9.6	0.67	10.3	0.36	10.1	0.34	9.8	0.45	10.0	0.44
Daily Workers	9.4	0.26	8.9	0.53	10.4	0.27	10.2	0.26	9.8	0.34	10.2	0.29
Other category	8.4	0.24	7.6	0.32	9.2	0.24	8.5	0.33	9.4	0.27	9.0	0.40
Age Group-wise												
Up to 25 years	8.4	0.18	7.7	0.24	9.1	0.19	8.6	0.28	9.5	0.23	9.4	0.38
25 to 30 years	9.0	0.18	8.1	0.31	9.8	0.19	9.1	0.34	9.9	0.22	9.9	0.30
30 to 35 years	8.8	0.20	8.0	0.33	9.6	0.21	8.8	0.37	9.5	0.25	9.9	0.32
35 to 40 years	9.3	0.20	8.6	0.36	10.1	0.20	9.6	0.37	9.8	0.26	10.1	0.24
40 to 45 years	9.1	0.24	8.3	0.29	9.8	0.25	9.2	0.41	9.5	0.29	9.7	0.46
45 to 50 years	9.3	0.26	8.6	0.58	10.1	0.27	9.8	0.47	9.7	0.32	9.8	0.51
50 to 55 years	9.4	0.27	8.6	0.51	10.2	0.28	9.8	0.52	9.6	0.35	9.8	0.67
55 to 60 years	9.7	0.31	9.6	0.55	10.4	0.33	10.1	0.33	10.1	0.39	10.4	0.24
60 years and above	9.4	0.30	8.8	0.55	10.1	0.30	9.9	0.47	9.4	0.39	9.7	0.69
City-wise												
Ahmedabad	9.8	0.29	9.8	0.46	10.6	0.32	10.3	0.29	10.1	0.41	10.4	0.33
Bengaluru	7.1	0.37	5.8	0.26	8.3	0.37	7.3	0.45	8.6	0.39	8.0	0.48
Bhopal	8.0	0.63	6.5	0.71	9.1	0.66	8.4	0.91	9.3	0.64	9.5	0.90
Bhubaneswar	7.3	0.65	6.1	0.53	8.1	0.71	7.2	0.85	7.3	1.51	7.2	2.10
Chennai	10.4	0.55	10.1	0.52	11.3	0.56	11.0	0.99	11.9	0.42	12.8	1.36
Delhi	8.2	0.20	7.1	0.38	8.9	0.22	8.0	0.34	9.1	0.26	8.8	0.49
Guwahati	6.8	0.77	6.0	0.54	6.9	0.83	6.0	0.66	7.0	1.17	6.7	1.07
Hyderabad	11.0	0.47	10.8	0.57	12.2	0.43	13.0	1.10	12.7	0.36	14.7	0.92
Jaipur	8.4	0.38	7.7	0.40	8.9	0.39	8.2	0.47	8.4	0.71	8.6	0.76
Kolkata	9.8	0.30	9.1	0.68	10.4	0.32	9.9	0.48	10.5	0.34	10.1	0.55
Lucknow	10.4	0.52	10.2	0.48	11.2	0.65	11.5	1.27	10.3	0.88	11.0	1.42
Mumbai	10.0	0.25	9.8	0.37	10.3	0.33	10.2	0.31	9.1	0.41	9.9	0.53
Nagpur	8.8	0.55	7.5	0.77	10.1	0.46	9.3	0.69	10.3	0.56	10.1	0.44
Patna	7.1	0.29	6.9	0.44	7.5	0.33	7.3	0.47	7.7	0.45	7.8	0.57
Thiruvananthapuram	6.4	0.45	5.6	0.33	7.9	0.60	6.9	0.68	9.8	0.67	9.1	0.89
Chandigarh	8.7	0.86	8.1	1.02	8.8	0.74	8.5	0.80	8.7	0.79	8.5	0.89
Ranchi	6.5	0.55	5.8	0.42	6.2	0.59	5.8	0.61	5.9	1.11	5.8	0.97
Raipur	9.0	0.63	8.0	1.13	9.3	0.66	8.3	1.14	7.2	0.76	6.5	1.05

Note: The table provides estimates and standard errors for quantitative responses for the November 2019 round.

Table 3: Household Inflation Expectations – Current Perception, Three Months and One Year Ahead Expectations

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Nov-18	9.1	0.11	8.2	0.18	9.7	0.12	9	0.22	9.6	0.12	9.8	0.25
May-19	7.8	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.4	0.12	8.1	0.16
Jul-19	7.9	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.3	0.13	7.9	0.18
Sep-19	8.2	0.12	7.1	0.18	8.9	0.12	8	0.15	8.6	0.13	8.1	0.19
Nov-19	9.1	0.10	8.2	0.17	9.8	0.11	9.2	0.23	9.7	0.12	9.9	0.19

Note: The table provides estimates and standard errors for quantitative responses.

Table 4: Households Expecting General Price Movements in Coherence with Movements in Price Expectations of Various Product Groups: Three Months Ahead and One Year Ahead

(Percentage of Respondents)

Survey period ended	Food	Non-Food	Households durables	Housing	Cost of services
Three Months Ahead					
Nov-18	65.6	66.8	56.5	61.4	66.2
May-19	66.4	65.4	56.8	62.0	66.2
Jul-19	66.1	65.5	55.3	60.8	65.0
Sep-19	62.7	62.1	50.2	56.8	61.2
Nov-19	64.7	65.1	51.0	60.7	63.1
One Year Ahead					
Nov-18	73.5	72.3	62.7	67.7	73.2
May-19	71.6	71.3	62.7	70.7	72.5
Jul-19	72.3	71.2	61.5	70.0	72.4
Sep-19	70.7	67.5	56.8	65.5	70.0
Nov-19	73.9	70.9	57.8	69.7	72.3

Note: Figures are based on sample observations

Table 5(a): Cross-tabulation of Number of Respondents by Current Inflation Perception and Three Months Ahead Inflation Expectations: November 2019

Current Inflation Rate (per cent)	Three Months Ahead Inflation Rate (per cent)																		Total
	<1	1-<2	2-<3	3-<4	4-<5	5-<6	6-<7	7-<8	8-<9	9-<10	10-<11	11-<12	12-<13	13-<14	14-<15	15-<16	>=16	No idea	
<1	8	1	6	3	0	1	1	0	0	0	0	0	0	0	0	0	0	0	20
1-<2	2	29	12	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45
2-<3	3	7	96	52	36	9	6	0	0	0	0	0	0	0	0	0	0	0	209
3-<4	3	2	8	124	55	48	24	2	0	0	0	0	0	0	0	0	0	0	266
4-<5	1	1	8	15	160	87	55	12	8	0	3	0	0	0	0	0	0	0	350
5-<6	4	6	20	28	16	509	172	196	85	14	70	1	0	0	0	5	1	1	1128
6-<7	1	2	2	3	2	9	199	73	65	10	16	1	0	0	0	0	0	0	383
7-<8	0	0	2	2	6	8	3	185	105	69	51	3	4	1	3	3	1	1	447
8-<9	1	0	1	1	3	6	10	2	159	81	99	9	12	4	1	6	4	0	399
9-<10	0	0	1	0	0	1	0	1	4	89	51	20	11	1	3	3	2	0	187
10-<11	0	0	4	3	3	30	6	18	23	6	426	67	149	46	12	163	65	3	1024
11-<12	0	0	0	0	0	0	0	0	0	0	1	19	27	5	3	8	2	1	66
12-<13	0	0	0	0	0	2	0	0	1	2	2	0	43	10	9	23	7	0	99
13-<14	0	0	0	0	0	0	0	0	0	0	1	0	0	8	10	9	5	0	33
14-<15	0	0	0	0	0	0	1	0	0	1	0	0	0	1	10	9	13	0	35
15-<16	0	0	1	1	1	1	0	0	0	1	7	0	1	1	0	83	103	1	201
>=16	0	0	0	0	1	7	0	2	0	0	15	0	0	0	0	18	857	13	913
Total	23	48	161	234	283	718	477	491	450	273	742	120	247	77	51	330	1060	20	5805

Note: Figures are based on sample observations

Table 5(b): Cross-tabulation of Number of Respondents by Current Inflation Perception and One Year Ahead Inflation Expectations: November 2019

Current Inflation Rate (per cent)	One Year Ahead Inflation Rate (per cent)																		Total
	<1	1-<2	2-<3	3-<4	4-<5	5-<6	6-<7	7-<8	8-<9	9-<10	10-<11	11-<12	12-<13	13-<14	14-<15	15-<16	>=16	No idea	
<1	6	2	5	5	0	1	0	0	0	1	0	0	0	0	0	0	0	0	20
1-<2	6	18	11	8	1	1	0	0	0	0	0	0	0	0	0	0	0	0	45
2-<3	39	3	49	38	36	27	10	2	2	0	3	0	0	0	0	0	0	0	209
3-<4	42	0	4	58	44	58	29	12	12	3	2	0	1	0	0	1	0	0	266
4-<5	45	0	5	3	86	53	79	29	23	14	8	1	3	0	0	0	1	0	350
5-<6	123	3	8	9	10	286	126	197	102	32	161	9	12	3	0	34	11	2	1128
6-<7	50	0	3	0	1	4	115	55	70	17	45	5	9	1	3	4	1	0	383
7-<8	44	0	2	1	0	4	2	106	88	56	93	12	12	2	6	11	6	2	447
8-<9	34	0	1	1	1	4	5	2	84	49	126	17	37	9	4	13	12	0	399
9-<10	16	0	0	0	0	0	0	1	1	49	39	20	22	6	10	14	9	0	187
10-<11	101	0	1	0	0	20	4	8	9	4	264	46	108	43	26	239	149	2	1024
11-<12	9	0	0	0	0	0	0	0	0	0	2	7	13	13	6	6	10	0	66
12-<13	17	0	0	0	0	1	0	0	0	1	4	0	17	8	13	21	17	0	99
13-<14	3	0	0	0	0	0	0	0	0	0	1	0	0	2	7	8	12	0	33
14-<15	5	0	0	0	0	0	0	0	0	0	0	0	0	0	4	10	15	1	35
15-<16	9	0	0	1	0	0	0	1	0	1	1	0	1	1	0	55	131	0	201
>=16	86	0	0	0	0	3	0	0	0	0	6	0	1	0	0	14	793	10	913
Total	635	26	89	124	179	462	370	413	391	227	755	117	236	88	79	430	1167	17	5805

Note: Figures are based on sample observations