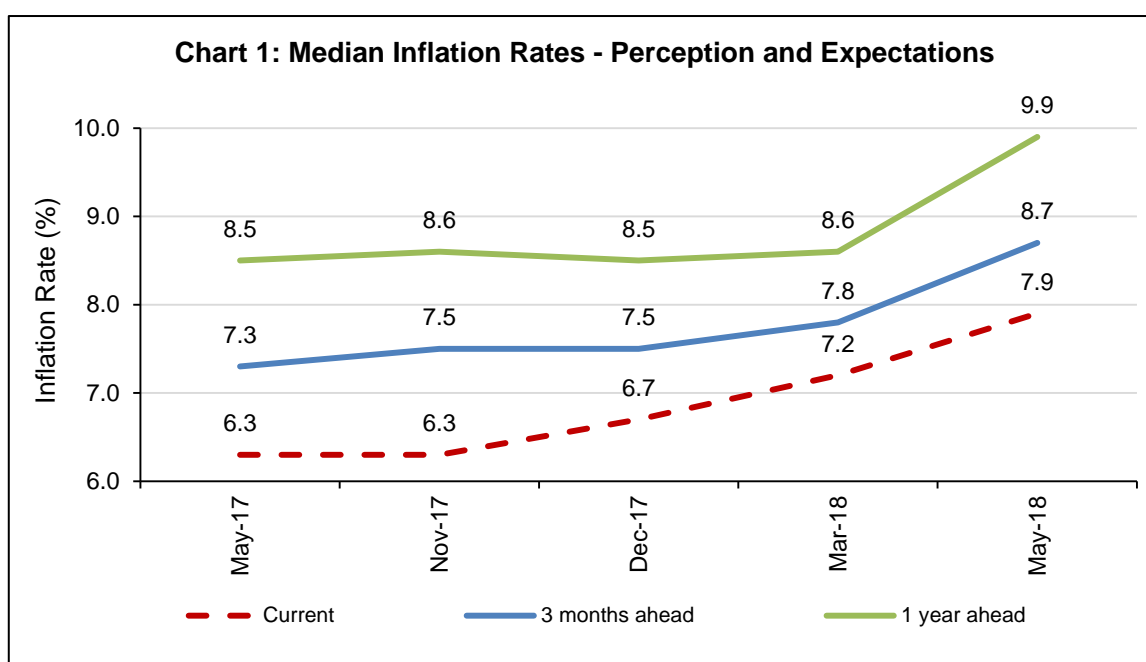


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the May 2018 round of its Inflation Expectations Survey of Households (IESH)¹. The survey was conducted in 18 cities and the results are based on responses from 5,289 urban households covering various occupational categories (Table 1).

Highlights:

- i. The proportion of respondents expecting prices to increase at more than the current rate in the next three months and over the year ahead rose in the May 2018 round after falling in the previous two rounds (Table 2).
- ii. Three months ahead and one year ahead median inflation expectations rose by 90 basis points (bps) and 130 bps, respectively, as compared with the March 2018 round (Chart 1, Table 4).
- iii. Three months ahead and one year ahead median inflation expectations increased by 140 bps each when compared with the May 2017 round.



Note: [Please see the excel file for time series data](#)

¹ The survey, which is conducted at regular intervals by the Reserve Bank, provides useful directional information on near-term inflationary pressures and supplements other economic indicators. Inflation expectations canvassed in the survey are formed by respondents and may reflect their own consumption patterns. Hence, these should not be treated as benchmarks for official measures of inflation.

Table 1: Respondents' Profile (Category): Share in Total Sample – May 2018

Category of Respondents	Share in Total (%)	Target Share (%)
Financial Sector Employees	9.3	10.0
Other Employees	15.5	15.0
Self-employed	20.3	20.0
Homemakers	29.4	30.0
Retired Persons	9.2	10.0
Daily Workers	10.4	10.0
Others	6.0	5.0

Table 2: Product-wise Expectations of Prices for Three Months ahead and One Year ahead

(Percentage of Respondents)

Round	May-17	Nov-17	Dec-17	Mar-18	May-18	May-17	Nov-17	Dec-17	Mar-18	May-18
Options: General	Three Months Ahead					One Year Ahead				
Prices will increase	70.2	81.4	80.5	80.2	82.3	80.9	92.7	92.7	90.8	91.1
Price increase more than current rate	35.9	53.2	49.8	45.4	50.5	46.3	64.1	63.0	56.7	62.6
Price increase similar to current rate	25.0	23.1	24.6	27.2	25.1	26.4	23.8	23.9	28.0	23.4
Price increase less than current rate	9.3	5.1	6.1	7.5	6.7	8.2	4.8	5.8	6.2	5.0
No change in prices	25.2	16.3	17.4	17.8	16.0	14.3	5.5	5.3	7.0	6.5
Decline in prices	4.6	2.3	2.0	2.1	1.7	4.8	1.8	2.0	2.2	2.4
Options: Food Product	Three Months Ahead					One Year Ahead				
Prices will increase	73.7	80.3	78.1	79.6	82.0	79.8	85.7	85.0	85.0	85.6
Price increase more than current rate	38.6	50.4	45.8	44.0	48.3	42.1	54.0	52.1	47.4	53.4
Price increase similar to current rate	23.6	23.2	23.4	24.9	24.5	27.2	25.2	24.9	28.9	25.2
Price increase less than current rate	11.5	6.7	8.9	10.7	9.3	10.6	6.5	8.1	8.7	7.0
No change in prices	18.2	12.9	15.5	15.4	13.5	11.9	9.0	10.4	10.2	9.4
Decline in prices	8.1	6.8	6.4	5.0	4.5	8.2	5.3	4.6	4.8	5.0
Options: Non-Food Product	Three Months Ahead					One Year Ahead				
Prices will increase	66.3	75.7	73.3	75.0	78.4	73.9	81.4	80.5	80.0	82.7
Price increase more than current rate	32.4	47.1	41.2	39.6	45.8	37.1	51.2	48.8	44.2	51.1
Price increase similar to current rate	23.4	21.9	23.3	25.4	24.0	25.7	23.5	23.7	26.8	25.3
Price increase less than current rate	10.6	6.7	8.8	10.0	8.6	11.1	6.7	7.9	9.0	6.3
No change in prices	26.9	19.5	21.9	20.8	18.1	19.1	14.4	15.4	15.8	13.2
Decline in prices	6.8	4.8	4.8	4.2	3.6	7.0	4.2	4.2	4.3	4.1
Options: Household Durables	Three Months Ahead					One Year Ahead				
Prices will increase	51.1	61.9	60.0	63.7	63.2	62.1	71.0	68.8	71.1	72.5
Price increase more than current rate	25.1	38.6	35.0	34.7	36.7	31.9	44.5	42.3	40.1	45.2
Price increase similar to current rate	17.1	17.4	18.6	20.7	19.9	21.5	20.7	19.8	23.4	21.5
Price increase less than current rate	8.9	5.8	6.4	8.3	6.6	8.8	5.8	6.7	7.7	5.8
No change in prices	33.6	26.8	28.8	26.2	26.8	24.9	20.3	21.7	19.9	19.2
Decline in prices	15.3	11.3	11.3	10.1	10.0	13.0	8.7	9.5	9.0	8.3
Options: Housing Prices	Three Months Ahead					One Year Ahead				
Prices will increase	57.3	70.5	69.5	70.0	71.6	69.7	78.8	78.3	80.2	79.8
Price increase more than current rate	33.2	48.4	45.9	43.9	47.6	39.7	54.5	53.3	50.9	55.2
Price increase similar to current rate	17.0	17.0	18.0	18.8	18.2	22.7	19.4	19.2	22.5	19.6
Price increase less than current rate	7.1	5.0	5.6	7.3	5.8	7.3	4.9	5.9	6.8	5.0
No change in prices	26.4	20.1	21.0	22.3	20.8	17.4	13.6	14.0	13.9	13.9
Decline in prices	16.2	9.5	9.5	7.7	7.7	12.9	7.7	7.6	5.9	6.3
Options: Cost of Services	Three Months Ahead					One Year Ahead				
Prices will increase	61.3	71.1	71.5	70.2	72.0	75.5	83.4	82.8	82.6	84.2
Price increase more than current rate	29.4	44.3	41.4	38.3	42.9	37.3	51.5	50.5	45.3	52.9
Price increase similar to current rate	21.7	20.7	23.2	23.5	22.6	26.8	25.2	24.3	28.6	24.4
Price increase less than current rate	10.2	6.2	6.8	8.3	6.6	11.4	6.7	8.0	8.7	6.9
No change in prices	33.0	25.8	25.6	26.6	25.6	19.1	14.0	14.2	14.9	13.5
Decline in prices	5.7	3.1	3.0	3.3	2.4	5.5	2.6	3.0	2.5	2.4

Note: Constituent items may not add up to totals, due to rounding off.

Table 3: 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					
May-17	59.8	59.7	51.0	52.5	60.3
Nov-17	66.6	67.4	57.1	60.3	65.7
Dec-17	64.9	64.1	55.5	58.4	63.8
Mar-18	63.7	63.2	55.6	57.8	62.7
May-18	67.5	65.6	56.6	60.0	65.0
One Year Ahead					
May-17	66.8	64.4	56.4	58.7	67.3
Nov-17	72.7	70.5	60.9	66.2	71.3
Dec-17	70.1	69.0	58.8	65.1	70.5
Mar-18	69.0	66.3	59.6	64.3	69.2
May-18	72.4	70.8	62.5	67.4	72.1

Table 4: Household Inflation Expectations – Current, Three Months and One Year Ahead

Survey Period Ended	Inflation rate in Per cent								
	Current			Three Months Ahead			One Year Ahead		
	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.
May-17	7.5	6.3	4.0	8.1	7.3	4.2	9.2	8.5	4.3
Nov-17	7.7	6.3	4.1	8.4	7.5	4.2	8.9	8.6	4.6
Dec-17	7.9	6.7	4.2	8.4	7.5	4.3	8.9	8.5	4.8
Mar-18	8.2	7.2	4.0	8.6	7.8	4.1	8.9	8.6	4.7
May-18	8.7	7.9	4.3	9.4	8.7	4.4	9.7	9.9	5.1

Table 5: Factors that Explain the Total Variability

Survey Period Ended	Current	Three Months Ahead	One Year Ahead
May-17	City, Gender, Category	City, Category	City, Category
Nov-17	City, Category, Age-Group	City, Category	City, Category
Dec-17	City, Category, Age-Group, Gender	City, Category, Age-Group	City, Category
Mar-18	City, Age-Group, Gender	City, Category, Age-Group, Gender	City, Category
May-18	City, Category, Age-Group	City, Category	City, Gender, Category

Table 6: Various Group-wise Inflation Expectations: May 2018

	Current			Three Months Ahead			One Year Ahead		
	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	Mean	Median	Std. Dev.
Overall	8.7	7.9	4.3	9.4	8.7	4.4	9.7	9.9	5.1
Gender-wise									
Male	8.7	7.9	4.4	9.3	8.7	4.5	9.4	9.4	5.2
Female	8.7	7.9	4.2	9.5	8.8	4.3	10.0	10.2	4.9
Category-wise									
Financial Sector Employees	8.3	7.2	4.3	8.8	7.7	4.4	9.1	8.3	5.0
Other Employees	8.7	7.8	4.4	9.3	8.7	4.5	9.7	9.6	5.1
Self Employed	8.9	8.4	4.4	9.5	9.0	4.5	9.5	10.0	5.3
Homemakers	8.8	8.0	4.2	9.5	8.9	4.3	10.0	10.2	4.9
Retired Persons	8.9	8.1	4.7	9.7	9.3	4.8	9.6	9.7	5.4
Daily Workers	8.8	8.3	4.2	9.4	9.0	4.3	9.9	10.3	4.9
Other category	8.0	6.8	3.7	8.6	7.7	3.9	9.0	8.8	4.6
Age Group-wise									
Up to 25 years	7.9	6.9	4.0	8.6	7.9	4.1	9.2	9.1	4.8
25 to 30 years	8.3	7.7	4.0	9.0	8.5	4.1	9.5	9.7	4.8
30 to 35 years	8.7	8.0	4.2	9.4	8.7	4.4	9.8	10.1	5.1
35 to 40 years	8.7	7.9	4.2	9.4	8.9	4.3	9.8	10.1	5.0
40 to 45 years	9.3	8.7	4.5	9.8	9.4	4.5	9.8	10.2	5.3
45 to 50 years	9.3	8.6	4.6	9.8	9.2	4.6	9.8	10.1	5.2
50 to 55 years	9.1	8.3	4.6	9.7	9.2	4.7	9.9	10.1	5.3
55 to 60 years	9.3	8.4	4.4	10.0	9.5	4.6	9.9	9.7	5.2
60 years and above	9.0	8.3	4.5	9.7	9.3	4.6	9.6	10.0	5.3
City-wise									
Ahmedabad	9.7	8.9	4.3	10.6	10.2	4.3	10.9	10.5	4.4
Bengaluru	4.2	3.9	1.9	5.2	4.9	2.3	5.3	5.2	2.8
Bhopal	7.4	5.8	4.7	7.9	6.9	4.6	7.6	8.1	5.4
Bhubaneswar	8.4	8.1	3.6	10.0	10.2	3.8	11.8	12.2	3.8
Chennai	10.9	10.5	4.0	12.2	12.6	4.0	13.4	15.4	3.9
Delhi	8.4	7.7	3.9	9.1	8.5	4.1	9.8	9.5	4.4
Guwahati	10.7	10.8	5.1	9.4	9.3	5.2	9.5	9.9	5.7
Hyderabad	7.8	6.9	3.2	8.5	7.9	3.1	9.8	9.0	3.8
Jaipur	9.4	9.3	4.7	9.8	10.2	4.7	9.6	10.4	5.9
Kolkata	9.7	9.6	4.4	10.3	10.2	4.4	10.6	10.4	4.7
Lucknow	8.5	8.3	3.2	9.6	9.3	3.5	10.2	10.3	4.3
Mumbai	10.1	10.1	4.3	10.6	10.4	4.3	10.4	10.6	5.1
Nagpur	7.6	6.3	3.9	8.0	7.1	4.1	7.3	7.0	5.1
Patna	7.7	6.8	3.7	8.2	7.6	3.9	8.6	8.7	4.6
Thiruvananthapuram	10.0	10.2	4.6	11.2	10.7	4.5	11.5	12.5	5.4
Chandigarh	7.7	6.7	3.9	7.9	7.1	3.9	8.2	7.4	4.3
Ranchi	7.5	6.6	3.5	8.1	7.4	3.7	7.4	7.8	5.0
Raipur	6.2	5.6	2.8	6.8	5.9	3.1	6.3	6.0	4.4

Table 7: Cross-tabulation of Current and Three Months Ahead Inflation Expectations: May 2018

(Number of Respondents)

		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	
Current Inflation Rate (per cent)	<1	36	1	6	4	1	2	0	0	0	0	0	0	0	0	0	0	0	0	50
	1-<2	0	24	15	4	0	1	0	0	0	0	0	0	0	0	0	0	0	0	44
	2-<3	0	9	123	50	32	4	2	0	0	0	0	0	1	0	0	0	0	1	222
	3-<4	1	2	11	114	69	50	6	0	1	1	2	0	0	0	0	0	0	1	258
	4-<5	0	2	10	13	212	74	45	9	3	0	5	0	0	0	0	0	0	0	373
	5-<6	0	4	10	16	14	455	130	159	59	6	41	0	2	0	0	2	1	2	901
	6-<7	0	1	3	2	3	9	223	91	62	7	11	0	5	0	1	0	1	0	419
	7-<8	0	3	2	2	4	8	5	185	105	62	42	2	4	1	0	0	2	0	427
	8-<9	0	0	2	2	1	2	1	4	160	73	120	9	14	3	0	1	0	0	392
	9-<10	0	0	0	1	3	2	0	1	2	91	52	35	13	3	8	2	1	3	217
	10-<11	0	0	1	1	2	20	3	4	11	10	392	54	159	25	11	114	28	3	838
	11-<12	0	0	0	0	2	1	0	1	1	0	0	39	15	13	6	10	1	0	89
	12-<13	0	1	0	0	1	0	0	1	0	1	2	0	41	20	24	12	5	0	108
	13-<14	0	0	1	0	0	0	0	1	0	0	1	0	0	9	5	11	1	0	29
	14-<15	0	0	1	0	0	1	0	0	0	1	1	0	1	3	21	7	11	3	50
	15-<16	0	1	0	1	0	1	0	2	1	0	7	0	1	1	1	84	97	0	197
	>=16	0	0	0	0	1	3	3	2	2	1	14	0	1	0	1	21	612	14	675
	Total	37	48	185	210	345	633	418	460	407	253	690	139	257	78	78	264	760	27	5289

Table 8: Cross-tabulation of Current and One Year Ahead Inflation Expectations: May 2018

(Number of Respondents)

		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	
Current Inflation Rate (per cent)	<1	33	3	5	4	1	2	0	0	0	0	0	0	0	0	0	0	1	1	50
	1-<2	10	6	16	8	3	1	0	0	0	0	0	0	0	0	0	0	0	0	44
	2-<3	33	2	64	42	49	20	3	1	1	1	4	1	0	0	0	0	1	0	222
	3-<4	30	0	2	67	51	60	16	8	3	3	9	0	1	0	0	0	3	5	258
	4-<5	51	0	4	6	120	78	47	27	28	3	6	0	2	0	0	0	0	1	373
	5-<6	87	2	4	8	14	249	92	149	79	33	122	5	15	2	0	23	11	6	901
	6-<7	36	0	1	2	3	2	98	88	72	32	45	10	14	1	2	3	1	9	419
	7-<8	31	1	1	4	0	1	6	112	61	60	70	19	32	7	5	13	2	2	427
	8-<9	26	0	0	1	0	1	2	2	87	42	107	32	56	7	4	18	5	2	392
	9-<10	10	0	0	0	0	0	0	0	0	67	35	24	23	18	13	9	14	4	217
	10-<11	48	0	0	3	0	6	2	2	9	4	254	23	100	31	28	156	165	7	838
	11-<12	3	0	0	0	1	1	0	0	1	0	2	22	9	14	7	10	16	3	89
	12-<13	5	0	0	0	0	0	0	0	0	0	2	0	21	4	15	38	22	1	108
	13-<14	1	0	1	0	0	0	0	0	0	1	0	0	0	5	2	8	11	0	29
	14-<15	5	0	0	0	1	0	0	0	1	0	1	0	0	1	15	3	20	3	50
	15-<16	14	0	0	0	0	1	0	1	2	0	5	0	3	1	1	46	120	3	197
	>=16	43	0	0	0	0	1	1	0	0	0	4	0	2	2	1	15	582	24	675
	Total	466	14	98	145	243	423	267	390	344	246	666	136	278	93	93	342	974	71	5289