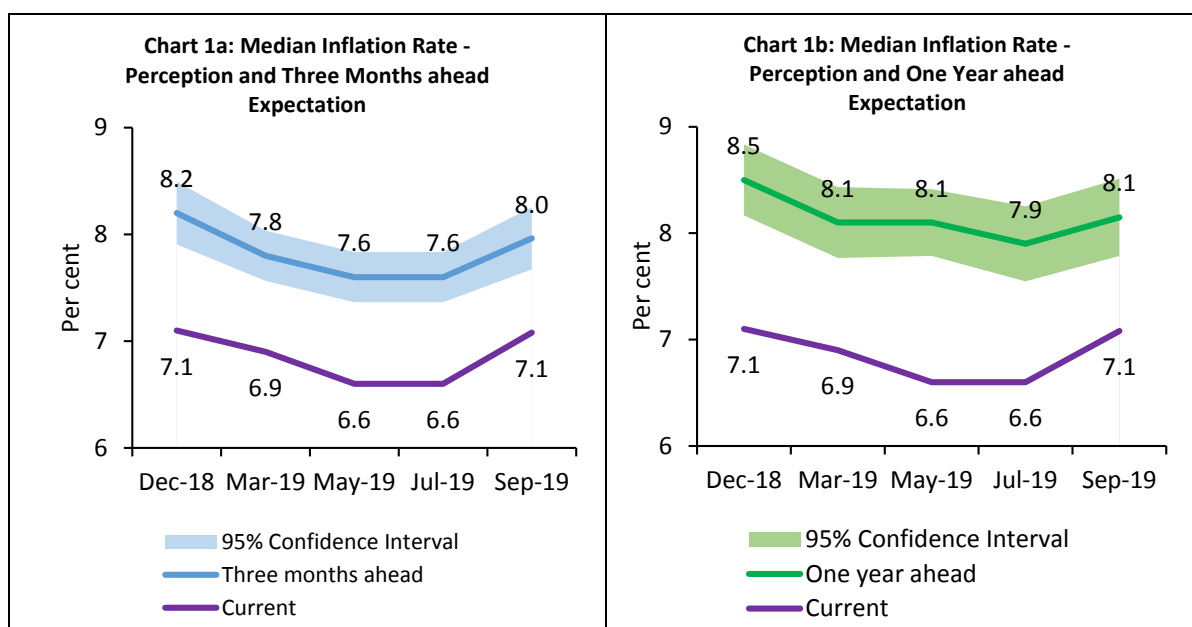


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the September 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 5,810 urban households.

Highlights:

- i. After 5 rounds of either declining or remaining stable, three months ahead median inflation expectations of households hardened to 8.0 per cent in the September 2019 round from 7.6 per cent in the July 2019 round of the survey; meanwhile, one year ahead median inflation expectations picked up by 20 basis points to 8.1 per cent (Chart 1a, 1b, Table 2).
- ii. More households expect general prices to rise over the three months ahead and a year ahead horizons than in July 2019. (Table 1b).



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

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	Sep-18		Mar-19		May-19		Jul-19		Sep-19	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	80.4	0.92	74.8	1.02	78.3	1.01	77.9	0.95	79.3	0.94
Price increase more than current rate	49.1	1.15	44.1	1.08	50.0	1.22	49.8	1.15	49.0	1.23
Price increase similar to current rate	27.6	1.00	26.9	0.97	25.6	1.01	24.7	0.98	25.1	1.04
Price increase less than current rate	3.7	0.38	3.8	0.41	2.8	0.32	3.4	0.38	5.2	0.51
No changes in prices	17.4	0.88	21.9	0.98	18.4	0.96	18.5	0.88	18.6	0.92
Decline in prices	2.2	0.31	3.4	0.36	3.3	0.35	3.6	0.39	2.1	0.29
Food Product										
Prices will increase	79.5	0.89	73.7	0.96	78.5	0.87	80.0	0.87	81.4	0.86
Price increase more than current rate	48.9	1.12	43.6	1.06	48.5	1.13	48.5	1.09	52.9	1.14
Price increase similar to current rate	24.5	0.91	24.1	0.88	24.7	0.94	25.7	1.01	21.4	0.88
Price increase less than current rate	6.1	0.48	6.0	0.49	5.4	0.46	5.8	0.47	7.1	0.59
No changes in prices	15.5	0.82	17.5	0.84	15.0	0.77	13.8	0.75	13.2	0.78
Decline in prices	4.9	0.40	8.8	0.56	6.5	0.47	6.2	0.52	5.4	0.45
Non- Food Product										
Prices will increase	78.9	0.87	71.3	0.94	75.8	0.91	73.8	0.97	74.7	0.95
Price increase more than current rate	47.5	1.11	41.0	1.02	45.2	1.15	43.1	1.14	45.5	1.16
Price increase similar to current rate	25.3	0.91	24.5	0.86	25.3	0.91	25.2	0.93	21.8	0.90
Price increase less than current rate	6.1	0.48	5.7	0.48	5.4	0.44	5.5	0.46	7.3	0.57
No changes in prices	17.1	0.81	21.9	0.87	18.1	0.81	20.4	0.90	20.8	0.88
Decline in prices	4.0	0.38	6.8	0.47	6.0	0.47	5.8	0.48	4.5	0.42
Household Durables										
Prices will increase	56.6	1.05	59.5	1.05	61.3	1.12	57.9	1.07	56.2	1.07
Price increase more than current rate	32.4	1.05	35.2	0.99	37.0	1.12	33.7	1.05	33.9	1.11
Price increase similar to current rate	19.5	0.80	19.3	0.79	19.9	0.85	19.6	0.81	17.3	0.80
Price increase less than current rate	4.7	0.41	5.0	0.41	4.3	0.41	4.6	0.41	4.9	0.45
No changes in prices	30.8	0.98	27.7	0.96	27.2	1.01	28.2	0.96	28.5	0.96
Decline in prices	12.5	0.66	12.8	0.62	11.5	0.64	13.9	0.67	15.4	0.73
Cost of Housing										
Prices will increase	67.1	0.92	68.1	0.98	70.9	1.06	68.6	1.01	68.1	1.10
Price increase more than current rate	45.2	1.02	44.2	0.97	46.9	1.13	45.2	1.04	45.2	1.23
Price increase similar to current rate	17.9	0.78	19.5	0.76	19.8	0.83	19.4	0.82	17.9	0.81
Price increase less than current rate	4.0	0.40	4.4	0.41	4.2	0.39	4.0	0.38	5.0	0.44
No changes in prices	24.1	0.87	22.4	0.88	21.7	0.96	22.8	0.90	23.1	0.98
Decline in prices	8.8	0.59	9.5	0.60	7.3	0.52	8.6	0.58	8.7	0.59
Cost of Services										
Prices will increase	67.7	1.04	66.4	1.02	68.6	1.03	66.1	1.03	63.5	1.04
Price increase more than current rate	41.8	1.15	39.2	1.00	42.6	1.14	39.8	1.07	40.2	1.15
Price increase similar to current rate	21.0	0.89	21.9	0.84	21.7	0.89	21.6	0.83	18.1	0.76
Price increase less than current rate	5.0	0.43	5.3	0.45	4.3	0.41	4.7	0.42	5.3	0.45
No changes in prices	29.6	1.01	28.9	0.99	27.7	0.99	28.7	0.94	31.6	1.00
Decline in prices	2.7	0.33	4.7	0.42	3.8	0.37	5.3	0.46	4.8	0.42

Note:

1. The table provides estimates and standard errors for qualitative responses from the September 2018 round onwards.
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	Sep-18		Mar-19		May-19		Jul-19		Sep-19	
General	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	88.3	0.77	84.4	0.90	86.3	0.77	83.8	0.87	87.0	0.78
Price increase more than current rate	59.7	1.15	54.6	1.08	58.5	1.19	56.8	1.15	57.3	1.29
Price increase similar to current rate	25.3	0.97	26.6	0.93	24.9	1.03	24.1	1.01	25.1	1.07
Price increase less than current rate	3.3	0.35	3.2	0.38	3.0	0.32	2.9	0.35	4.6	0.47
No changes in prices	9.1	0.69	12.6	0.83	10.2	0.70	12.6	0.78	10.6	0.73
Decline in prices	2.6	0.32	3.0	0.33	3.5	0.37	3.6	0.40	2.4	0.31
Food Product										
Prices will increase	84.8	0.78	80.1	0.87	83.1	0.76	81.9	0.80	83.0	0.86
Price increase more than current rate	52.5	1.16	47.2	1.06	50.4	1.19	49.3	1.16	52.2	1.23
Price increase similar to current rate	27.0	0.96	28.0	0.88	27.6	0.97	27.7	0.98	25.4	0.96
Price increase less than current rate	5.3	0.45	5.0	0.44	5.1	0.43	4.8	0.42	5.4	0.53
No changes in prices	9.7	0.64	14.0	0.76	11.4	0.64	12.0	0.67	11.9	0.76
Decline in prices	5.5	0.45	5.9	0.45	5.5	0.43	6.1	0.49	5.2	0.43
Non- Food Product										
Prices will increase	82.3	0.79	78.2	0.89	81.3	0.81	78.1	0.89	78.6	0.94
Price increase more than current rate	51.0	1.18	45.7	1.05	49.7	1.18	46.1	1.11	48.1	1.25
Price increase similar to current rate	26.1	0.91	27.5	0.89	26.8	0.99	27.1	0.97	24.4	0.98
Price increase less than current rate	5.2	0.44	5.0	0.41	4.9	0.44	4.9	0.44	6.1	0.52
No changes in prices	13.1	0.70	16.9	0.80	13.7	0.72	16.6	0.80	16.6	0.85
Decline in prices	4.6	0.40	5.0	0.41	5.0	0.43	5.3	0.47	4.8	0.43
Household Durables										
Prices will increase	67.5	0.97	68.3	0.99	68.8	1.04	66.2	1.01	64.1	1.04
Price increase more than current rate	40.7	1.10	41.3	1.02	42.9	1.14	39.8	1.08	39.0	1.17
Price increase similar to current rate	22.0	0.83	22.6	0.81	21.9	0.88	22.0	0.91	19.4	0.82
Price increase less than current rate	4.8	0.42	4.4	0.41	4.0	0.40	4.3	0.39	5.6	0.49
No changes in prices	22.6	0.84	21.9	0.89	21.5	0.91	23.0	0.89	24.2	0.90
Decline in prices	10.0	0.58	9.8	0.57	9.7	0.59	10.9	0.61	11.8	0.64
Cost of Housing										
Prices will increase	77.9	0.89	77.6	0.86	79.8	0.84	76.9	0.89	77.3	0.89
Price increase more than current rate	52.9	1.08	51.0	1.01	54.3	1.05	52.1	1.00	51.8	1.15
Price increase similar to current rate	21.0	0.87	22.9	0.77	21.9	0.84	21.5	0.83	20.6	0.85
Price increase less than current rate	4.0	0.38	3.8	0.36	3.6	0.37	3.4	0.34	4.8	0.45
No changes in prices	15.1	0.74	15.2	0.75	14.3	0.77	15.3	0.75	15.5	0.73
Decline in prices	7.0	0.52	7.2	0.53	5.9	0.45	7.8	0.55	7.2	0.53
Cost of Services										
Prices will increase	82.0	0.81	78.8	0.87	80.9	0.83	77.1	0.93	79.0	0.93
Price increase more than current rate	49.7	1.18	47.5	1.02	50.3	1.12	47.2	1.12	50.0	1.23
Price increase similar to current rate	27.3	0.96	26.4	0.87	25.3	0.94	25.2	0.95	22.7	0.93
Price increase less than current rate	5.0	0.44	4.8	0.42	5.3	0.49	4.6	0.43	6.3	0.51
No changes in prices	15.6	0.76	17.4	0.81	15.5	0.77	17.8	0.82	17.2	0.85
Decline in prices	2.4	0.29	3.9	0.37	3.6	0.36	5.2	0.47	3.8	0.38

Note:

1. The table provides estimates and standard errors for qualitative responses from the September 2018 round onwards.
2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 2: Inflation Expectations of Various Groups: September 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	8.2	0.12	7.1	0.18	8.9	0.12	8.0	0.15	8.6	0.13	8.1	0.19
Gender-wise												
Male	8.4	0.14	7.2	0.23	9.0	0.14	8.1	0.20	8.5	0.17	8.1	0.23
Female	8.0	0.15	6.7	0.25	8.8	0.15	7.8	0.19	8.7	0.18	8.2	0.24
Category-wise												
Financial Sector Employees	8.0	0.60	6.6	0.76	8.3	0.57	6.8	0.78	7.6	0.59	6.2	0.72
Other Employees	7.9	0.19	6.9	0.28	8.6	0.19	7.7	0.23	8.3	0.21	7.9	0.25
Self Employed	8.5	0.20	7.6	0.31	9.1	0.21	8.2	0.24	8.5	0.25	8.1	0.31
Homemaker	8.0	0.17	6.6	0.26	8.7	0.16	7.8	0.19	8.7	0.20	8.2	0.25
Retired Persons	9.2	0.31	9.1	0.72	9.8	0.34	9.8	0.62	9.0	0.40	9.1	0.87
Daily Workers	8.1	0.27	7.0	0.55	8.8	0.28	8.2	0.42	8.6	0.32	8.3	0.50
Other category	8.1	0.26	7.0	0.33	8.7	0.26	7.8	0.30	8.7	0.29	8.3	0.38
Age Group-wise												
Up to 25 years	7.8	0.19	6.5	0.25	8.4	0.20	7.5	0.23	8.4	0.24	7.9	0.24
25 to 30 years	7.8	0.20	6.9	0.33	8.7	0.21	7.9	0.25	8.6	0.24	8.5	0.27
30 to 35 years	8.0	0.20	6.8	0.28	8.7	0.21	7.7	0.23	8.8	0.24	8.1	0.32
35 to 40 years	8.4	0.21	7.1	0.35	8.9	0.21	7.8	0.28	8.6	0.25	8.0	0.35
40 to 45 years	8.2	0.21	6.7	0.32	8.9	0.22	7.7	0.32	8.5	0.26	8.1	0.36
45 to 50 years	8.3	0.24	7.6	0.33	8.9	0.24	8.3	0.33	8.6	0.29	8.3	0.45
50 to 55 years	8.5	0.28	7.8	0.43	9.0	0.29	8.1	0.36	8.6	0.34	8.1	0.49
55 to 60 years	8.8	0.31	7.7	0.47	9.6	0.30	8.9	0.44	8.7	0.36	8.4	0.44
60 years and above	8.8	0.28	7.9	0.57	9.3	0.30	8.5	0.49	8.7	0.33	8.3	0.49
City-wise												
Ahmedabad	9.5	0.42	8.8	0.95	10.5	0.48	10.0	0.84	9.9	0.51	9.8	0.80
Bengaluru	7.0	0.34	5.8	0.14	8.0	0.32	7.1	0.31	8.1	0.34	7.6	0.33
Bhopal	8.1	0.63	6.7	0.98	9.3	0.64	8.6	1.12	8.8	0.51	8.8	0.96
Bhubaneswar	6.3	0.47	5.5	0.20	7.1	0.64	6.3	0.68	7.4	0.82	6.9	0.78
Chennai	11.8	0.45	11.6	1.07	12.7	0.44	14.4	1.09	12.8	0.49	15.8	0.62
Delhi	7.4	0.29	6.1	0.30	7.7	0.28	6.6	0.33	7.5	0.32	6.6	0.38
Guwahati	5.8	1.05	5.2	0.98	5.9	1.14	5.3	1.06	5.6	1.33	4.9	1.20
Hyderabad	9.2	0.76	8.6	1.52	9.9	0.73	9.6	1.26	9.9	0.73	9.8	1.24
Jaipur	7.1	0.27	6.7	0.47	7.9	0.32	7.5	0.40	7.8	0.66	7.8	0.63
Kolkata	9.2	0.24	8.7	0.47	9.9	0.25	9.4	0.34	9.9	0.26	9.7	0.36
Lucknow	9.0	0.73	8.6	1.42	9.6	0.71	9.2	1.09	9.8	0.74	9.8	1.10
Mumbai	7.6	0.24	6.8	0.35	8.1	0.24	7.5	0.27	6.7	0.37	6.8	0.62
Nagpur	8.7	0.62	7.8	0.81	9.7	0.65	9.1	0.80	9.1	0.60	9.4	0.83
Patna	6.5	0.28	6.0	0.19	6.8	0.29	6.2	0.25	6.7	0.37	6.3	0.35
Thiruvananthapuram	6.1	0.47	5.3	0.29	7.2	0.47	6.1	0.54	8.6	0.56	7.9	0.63
Chandigarh	8.2	0.50	8.2	0.72	8.0	0.43	7.6	0.38	8.2	0.61	8.3	0.45
Ranchi	6.2	0.38	5.6	0.19	7.5	0.48	7.0	0.39	7.9	0.77	7.7	0.70
Raipur	8.1	0.54	7.1	1.12	8.4	0.73	7.3	1.16	8.4	0.91	8.8	1.88

Note: The table provides estimates and standard errors for quantitative responses for the September 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
Sep-18	9.2	0.12	8.4	0.19	9.9	0.12	9.4	0.27	9.6	0.14	9.8	0.23
Mar-19	8.0	0.09	6.9	0.14	8.7	0.10	7.8	0.12	8.3	0.12	8.1	0.17
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	0.15	8.6	0.13	8.1	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					
Sep-18	64.4	65.3	52.8	58.6	64.3
Mar-19	62.6	62.3	54.9	58.8	63.4
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
One Year Ahead					
Sep-18	72.2	71.5	60.0	66.5	71.4
Mar-19	70.2	68.8	61.8	66.0	69.9
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

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: September 2019

		Three Months Ahead Inflation Rate (per cent)																			
		<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	Total	
Current Inflation Rate (per cent)	<1	24	5	2	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	34
	1-<2	5	64	49	6	1	1	0	0	0	0	0	0	0	0	0	0	0	1	0	127
	2-<3	3	11	150	75	38	17	0	2	1	0	0	0	0	0	0	0	0	0	0	297
	3-<4	0	3	13	159	71	64	16	3	1	1	2	0	0	1	0	0	1	0	0	335
	4-<5	3	1	12	11	217	91	45	13	4	2	3	1	1	0	0	0	1	1	1	406
	5-<6	2	3	15	30	34	622	205	204	78	13	54	2	3	2	0	3	0	0	0	1270
	6-<7	0	2	2	0	7	6	227	83	62	15	11	0	4	0	0	0	0	2	0	421
	7-<8	0	1	1	3	4	5	12	194	108	46	39	1	2	0	2	2	0	1	1	421
	8-<9	0	2	0	1	3	5	3	3	167	71	75	6	8	1	1	4	0	0	0	350
	9-<10	0	0	0	0	0	4	0	4	7	114	46	20	12	3	3	4	1	1	1	219
	10-<11	0	0	4	2	5	22	5	13	5	7	374	62	114	38	10	131	42	2	2	836
	11-<12	0	0	0	0	0	0	0	1	1	1	1	27	23	18	4	8	4	0	0	88
	12-<13	0	0	0	0	1	0	0	0	0	0	2	0	34	12	16	17	10	0	0	92
	13-<14	0	0	1	0	0	0	0	0	0	0	0	1	0	8	10	6	6	0	0	32
	14-<15	0	0	0	0	0	0	0	0	0	0	4	1	0	0	15	10	11	0	0	41
	15-<16	0	0	0	0	0	1	1	1	2	1	3	0	2	1	0	88	88	4	4	192
	>=16	0	0	0	2	2	5	0	2	0	2	23	0	1	0	1	10	589	12	12	649
	Total	37	92	249	289	384	845	514	523	436	273	637	121	204	84	62	283	754	23	23	5810

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: September 2019

		One Year Ahead Inflation Rate (per cent)																			
		<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	Total	
Current Inflation Rate (per cent)	<1	17	6	2	3	0	4	0	0	1	0	1	0	0	0	0	0	0	0	0	34
	1-<2	24	27	24	33	12	5	1	0	0	0	0	1	0	0	0	0	0	0	0	127
	2-<3	59	3	78	48	53	36	8	4	4	1	2	0	1	0	0	0	0	0	0	297
	3-<4	41	1	5	84	61	79	31	9	10	2	6	1	0	2	0	1	2	0	0	335
	4-<5	59	1	7	7	129	81	56	27	19	8	8	0	0	0	1	0	2	1	1	406
	5-<6	183	2	7	7	16	376	147	209	109	38	128	2	11	5	3	14	11	2	2	1270
	6-<7	68	0	2	1	1	3	140	57	72	23	28	6	14	1	0	1	2	2	2	421
	7-<8	56	0	2	2	0	7	7	114	77	54	73	4	11	3	3	6	2	0	0	421
	8-<9	41	2	0	0	2	4	4	2	97	43	92	9	27	4	7	10	6	0	0	350
	9-<10	23	0	0	1	1	0	1	6	3	78	39	19	24	6	4	7	7	7	0	219
	10-<11	75	0	1	0	0	10	4	9	6	2	251	31	98	32	18	181	116	2	2	836
	11-<12	2	0	0	0	0	1	0	0	0	0	0	21	14	19	4	15	11	1	1	88
	12-<13	7	0	0	0	0	1	0	0	0	0	1	1	20	8	11	13	30	0	0	92
	13-<14	1	0	0	1	0	0	0	0	0	0	1	0	0	3	6	9	11	0	0	32
	14-<15	3	0	0	0	0	1	0	0	0	0	0	1	0	1	9	10	16	0	0	41
	15-<16	20	0	0	0	0	2	0	1	2	0	3	0	2	0	1	57	101	3	3	192
	>=16	61	0	0	0	1	3	0	0	0	0	15	0	2	1	3	6	542	15	15	649
	Total	740	42	128	187	276	613	399	438	400	249	648	96	224	85	70	330	859	26	26	5810

Note: Figures are based on sample observations