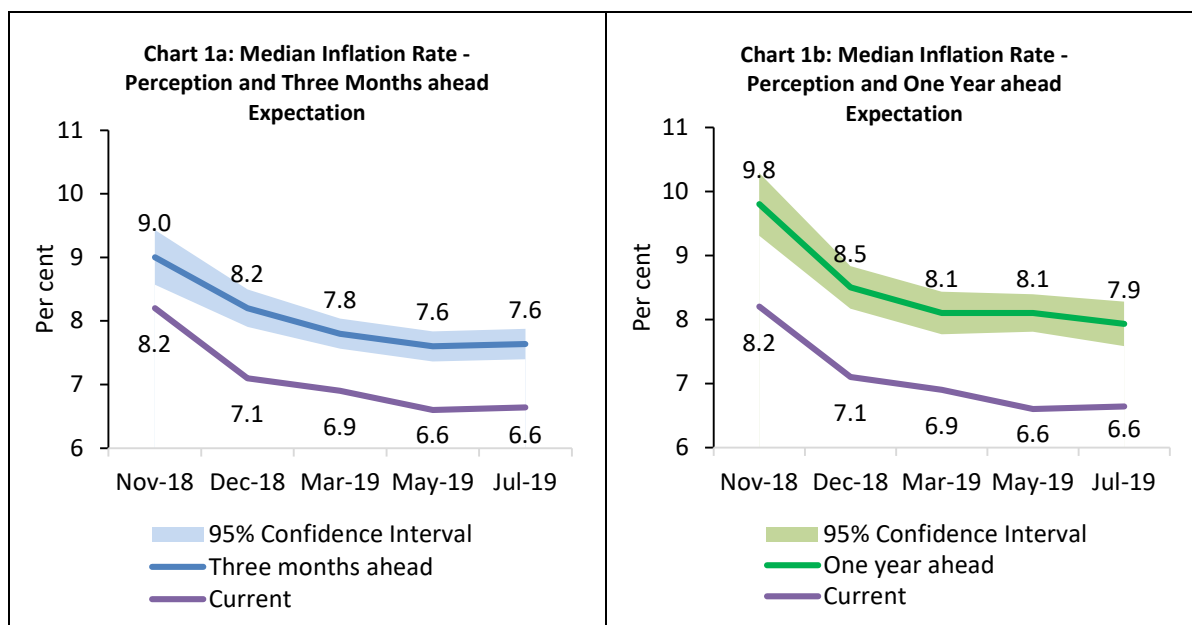


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the July 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 5,870 urban households.

Highlights:

- i. Three months ahead median inflation expectations of households remained unchanged at 7.6 per cent *i.e.*, the same as in the May 2019 round of the survey; one year ahead median inflation expectations moderated by 20 basis points to 7.9 per cent (Chart 1a, 1b, Table 2).
- ii. Fewer households expect inflation to rise over the year ahead than in May 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	Jun-18	Dec-18		Mar-19		May-19		Jul-19	
General		Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	83.8	72.9	1.04	74.8	1.02	78.3	1.01	77.9	0.95
Price increase more than current rate	50.1	46.2	1.14	44.1	1.08	50.0	1.22	49.8	1.15
Price increase similar to current rate	26.4	23.3	0.96	26.9	0.97	25.6	1.01	24.7	0.98
Price increase less than current rate	7.3	3.4	0.39	3.8	0.41	2.8	0.32	3.4	0.38
No changes in prices	14.6	21.2	0.98	21.9	0.98	18.4	0.96	18.5	0.88
Decline in prices	1.6	5.8	0.46	3.4	0.36	3.3	0.35	3.6	0.39
Food Product									
Prices will increase	81.4	70.7	0.98	73.7	0.96	78.5	0.87	80.0	0.87
Price increase more than current rate	47.8	42.7	1.08	43.6	1.06	48.5	1.13	48.5	1.09
Price increase similar to current rate	24.8	22.4	0.87	24.1	0.88	24.7	0.94	25.7	1.01
Price increase less than current rate	8.7	5.7	0.48	6.0	0.49	5.4	0.46	5.8	0.47
No changes in prices	13.3	17.2	0.79	17.5	0.84	15.0	0.77	13.8	0.75
Decline in prices	5.3	12.0	0.65	8.8	0.56	6.5	0.47	6.2	0.52
Non- Food Product									
Prices will increase	78.2	67.6	1.00	71.3	0.94	75.8	0.91	73.8	0.97
Price increase more than current rate	44.5	40.8	1.08	41.0	1.02	45.2	1.15	43.1	1.14
Price increase similar to current rate	24.4	21.6	0.89	24.5	0.86	25.3	0.91	25.2	0.93
Price increase less than current rate	9.3	5.3	0.47	5.7	0.48	5.4	0.44	5.5	0.46
No changes in prices	17.7	20.5	0.85	21.9	0.87	18.1	0.81	20.4	0.90
Decline in prices	4.1	11.9	0.63	6.8	0.47	6.0	0.47	5.8	0.48
Household Durables									
Prices will increase	58.7	56.8	1.08	59.5	1.05	61.3	1.12	57.9	1.07
Price increase more than current rate	32.6	34.8	1.08	35.2	0.99	37.0	1.12	33.7	1.05
Price increase similar to current rate	19.1	17.9	0.85	19.3	0.79	19.9	0.85	19.6	0.81
Price increase less than current rate	7.1	4.1	0.39	5.0	0.41	4.3	0.41	4.6	0.41
No changes in prices	30.9	24.8	0.91	27.7	0.96	27.2	1.01	28.2	0.96
Decline in prices	10.4	18.4	0.77	12.8	0.62	11.5	0.64	13.9	0.67
Cost of Housing									
Prices will increase	71.6	69.1	1.03	68.1	0.98	70.9	1.06	68.6	1.01
Price increase more than current rate	45.3	46.5	1.06	44.2	0.97	46.9	1.13	45.2	1.04
Price increase similar to current rate	19.9	18.2	0.79	19.5	0.76	19.8	0.83	19.4	0.82
Price increase less than current rate	6.4	4.5	0.41	4.4	0.41	4.2	0.39	4.0	0.38
No changes in prices	20.7	22.2	0.94	22.4	0.88	21.7	0.96	22.8	0.90
Decline in prices	7.7	8.6	0.57	9.5	0.60	7.3	0.52	8.6	0.58
Cost of Services									
Prices will increase	70.8	65.7	1.10	66.4	1.02	68.6	1.03	66.1	1.03
Price increase more than current rate	40.8	40.2	1.11	39.2	1.00	42.6	1.14	39.8	1.07
Price increase similar to current rate	22.8	21.2	0.82	21.9	0.84	21.7	0.89	21.6	0.83
Price increase less than current rate	7.3	4.3	0.41	5.3	0.45	4.3	0.41	4.7	0.42
No changes in prices	26.5	28.2	1.02	28.9	0.99	27.7	0.99	28.7	0.94
Decline in prices	2.6	6.1	0.45	4.7	0.42	3.8	0.37	5.3	0.46

Note:

1. The table provides estimates and standard errors for qualitative responses from the December 2018 round onwards. For earlier rounds, the results are based on sample proportions.
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	Jun-18	Dec-18		Mar-19		May-19		Jul-19	
General		Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	91.6	83.8	0.82	84.4	0.90	86.3	0.77	83.8	0.87
Price increase more than current rate	59.8	57.5	1.15	54.6	1.08	58.5	1.19	56.8	1.15
Price increase similar to current rate	25.8	23.3	1.00	26.6	0.93	24.9	1.03	24.1	1.01
Price increase less than current rate	6.0	3.0	0.37	3.2	0.38	3.0	0.32	2.9	0.35
No changes in prices	6.5	11.3	0.73	12.6	0.83	10.2	0.70	12.6	0.78
Decline in prices	1.9	4.9	0.43	3.0	0.33	3.5	0.37	3.6	0.40
Food Product									
Prices will increase	85.1	80.0	0.82	80.1	0.87	83.1	0.76	81.9	0.80
Price increase more than current rate	51.4	50.6	1.08	47.2	1.06	50.4	1.19	49.3	1.16
Price increase similar to current rate	26.5	24.7	0.93	28.0	0.88	27.6	0.97	27.7	0.98
Price increase less than current rate	7.1	4.7	0.43	5.0	0.44	5.1	0.43	4.8	0.42
No changes in prices	9.7	12.1	0.68	14.0	0.76	11.4	0.64	12.0	0.67
Decline in prices	5.3	7.9	0.52	5.9	0.45	5.5	0.43	6.1	0.49
Non- Food Product									
Prices will increase	83.3	76.4	0.92	78.2	0.89	81.3	0.81	78.1	0.89
Price increase more than current rate	49.1	47.5	1.09	45.7	1.05	49.7	1.18	46.1	1.11
Price increase similar to current rate	26.6	24.2	0.92	27.5	0.89	26.8	0.99	27.1	0.97
Price increase less than current rate	7.6	4.7	0.43	5.0	0.41	4.9	0.44	4.9	0.44
No changes in prices	12.7	15.8	0.78	16.9	0.80	13.7	0.72	16.6	0.80
Decline in prices	4.0	7.7	0.54	5.0	0.41	5.0	0.43	5.3	0.47
Household Durables									
Prices will increase	70.6	66.9	1.02	68.3	0.99	68.8	1.04	66.2	1.01
Price increase more than current rate	41.6	42.0	1.09	41.3	1.02	42.9	1.14	39.8	1.08
Price increase similar to current rate	21.8	20.4	0.84	22.6	0.81	21.9	0.88	22.0	0.91
Price increase less than current rate	7.2	4.5	0.40	4.4	0.41	4.0	0.40	4.3	0.39
No changes in prices	21.2	20.1	0.91	21.9	0.89	21.5	0.91	23.0	0.89
Decline in prices	8.2	13.0	0.69	9.8	0.57	9.7	0.59	10.9	0.61
Cost of Housing									
Prices will increase	81.0	79.6	0.85	77.6	0.86	79.8	0.84	76.9	0.89
Price increase more than current rate	53.0	55.9	1.00	51.0	1.01	54.3	1.05	52.1	1.00
Price increase similar to current rate	21.5	19.8	0.78	22.9	0.77	21.9	0.84	21.5	0.83
Price increase less than current rate	6.5	3.9	0.39	3.8	0.36	3.6	0.37	3.4	0.34
No changes in prices	13.3	13.7	0.74	15.2	0.75	14.3	0.77	15.3	0.75
Decline in prices	5.7	6.7	0.50	7.2	0.53	5.9	0.45	7.8	0.55
Cost of Services									
Prices will increase	84.1	77.9	0.88	78.8	0.87	80.9	0.83	77.1	0.93
Price increase more than current rate	49.5	49.0	1.11	47.5	1.02	50.3	1.12	47.2	1.12
Price increase similar to current rate	26.6	24.1	0.90	26.4	0.87	25.3	0.94	25.2	0.95
Price increase less than current rate	8.0	4.8	0.44	4.8	0.42	5.3	0.49	4.6	0.43
No changes in prices	13.7	17.1	0.82	17.4	0.81	15.5	0.77	17.8	0.82
Decline in prices	2.2	5.0	0.44	3.9	0.37	3.6	0.36	5.2	0.47

Note:

1. The table provides estimates and standard errors for qualitative responses from the December 2018 round onwards. For earlier rounds, the results are based on sample proportions.
2. Constituent items may not add up to the corresponding total, due to rounding off.

Table 2: Inflation Expectations of Various Groups: July 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	7.9	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.3	0.13	7.9	0.18
Gender-wise												
Male	8.0	0.13	6.9	0.19	8.8	0.14	7.9	0.16	8.4	0.16	8.0	0.23
Female	7.9	0.13	6.5	0.20	8.7	0.14	7.6	0.15	8.4	0.17	8.0	0.21
Category-wise												
Financial Sector Employees	8.4	0.47	8.1	0.70	9.7	0.62	8.7	0.71	9.1	0.83	8.9	0.90
Other Employees	7.9	0.19	6.7	0.18	8.6	0.20	7.7	0.19	8.2	0.23	7.9	0.28
Self Employed	8.2	0.19	7.0	0.32	8.9	0.21	7.9	0.33	8.5	0.25	8.3	0.38
Homemaker	7.8	0.15	6.4	0.22	8.6	0.16	7.6	0.16	8.3	0.18	7.9	0.23
Retired Persons	8.7	0.35	8.0	0.50	9.4	0.37	8.8	0.47	9.2	0.43	9.7	0.59
Daily Workers	8.1	0.27	7.1	0.51	8.8	0.28	8.2	0.29	8.5	0.30	8.2	0.37
Other category	7.5	0.21	6.6	0.27	8.4	0.23	7.6	0.25	8.3	0.29	8.2	0.34
Age Group-wise												
Up to 25 years	7.3	0.16	6.2	0.20	8.2	0.17	7.3	0.17	8.1	0.22	7.7	0.25
25 to 30 years	7.7	0.19	6.4	0.22	8.4	0.20	7.4	0.23	8.4	0.23	8.0	0.26
30 to 35 years	7.9	0.20	6.7	0.25	8.6	0.20	7.6	0.18	8.1	0.24	7.6	0.35
35 to 40 years	7.9	0.19	6.6	0.31	8.7	0.20	7.6	0.20	8.1	0.23	7.7	0.31
40 to 45 years	8.1	0.21	7.0	0.34	8.9	0.21	7.9	0.26	8.5	0.25	8.1	0.34
45 to 50 years	8.2	0.22	7.1	0.45	8.8	0.23	7.9	0.25	8.5	0.27	8.3	0.36
50 to 55 years	8.3	0.28	6.9	0.37	9.0	0.28	7.8	0.37	8.0	0.34	7.3	0.38
55 to 60 years	7.8	0.26	6.6	0.38	8.7	0.28	7.6	0.34	8.3	0.32	7.8	0.56
60 years and above	8.4	0.29	7.4	0.46	9.0	0.30	8.4	0.37	8.8	0.34	8.9	0.67
City-wise												
Ahmedabad	7.7	0.31	6.7	0.55	8.9	0.38	8.0	0.45	8.6	0.43	7.9	0.52
Bengaluru	6.0	0.26	5.3	0.17	7.2	0.25	6.3	0.33	8.0	0.32	7.7	0.49
Bhopal	7.3	0.42	6.5	0.51	8.5	0.47	7.9	0.67	8.4	0.49	9.4	0.83
Bhubaneswar	6.2	0.46	5.8	0.35	7.1	0.60	6.8	0.48	8.0	1.19	8.1	1.02
Chennai	8.8	0.47	8.2	0.89	9.9	0.50	9.5	0.90	10.8	0.55	11.2	1.27
Delhi	7.5	0.20	6.4	0.24	7.9	0.23	6.9	0.29	6.9	0.32	6.4	0.39
Guwahati	6.1	0.42	5.7	0.32	6.9	0.58	6.9	0.94	6.8	0.83	6.8	1.24
Hyderabad	10.9	0.44	11.0	1.12	12.1	0.40	14.2	1.69	12.7	0.34	15.4	1.08
Jaipur	6.3	0.51	6.2	0.55	6.8	0.60	6.8	0.82	6.1	0.98	6.2	1.91
Kolkata	9.2	0.31	8.6	0.50	10.1	0.34	9.4	0.57	10.1	0.38	10.2	0.49
Lucknow	8.3	0.57	8.0	0.67	9.3	0.69	9.2	0.67	9.0	0.88	9.6	0.89
Mumbai	8.1	0.28	6.9	0.43	8.6	0.31	7.6	0.36	6.7	0.36	6.3	0.60
Nagpur	5.5	0.55	4.6	0.61	6.2	0.49	5.4	0.33	6.0	0.59	5.7	0.41
Patna	7.0	0.31	6.6	0.53	7.2	0.33	6.8	0.58	7.3	0.50	6.9	0.64
Thiruvananthapuram	6.1	0.46	5.5	0.41	7.6	0.50	6.9	0.82	9.6	0.58	9.5	0.89
Chandigarh	7.8	0.82	6.5	0.94	7.5	0.68	6.4	0.66	7.4	0.88	6.5	0.72
Ranchi	6.6	0.46	6.5	0.62	6.9	0.47	6.8	0.62	5.5	0.70	6.3	0.77
Raipur	6.7	0.56	5.6	0.49	7.0	0.46	5.8	0.56	5.5	0.74	5.1	0.64

Note: The table provides estimates and standard errors for quantitative responses for the July 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
Jun-18	8.9	--	8.1	--	9.5	--	8.9	--	9.8	--	10.1	--
Dec-18	8.3	0.11	7.1	0.18	9.1	0.11	8.2	0.15	8.6	0.13	8.5	0.17
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

'--' Calculation of Standard Error was initiated from the September 2018 round onwards.

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					
Jun-18	65.6	64.7	53.8	60.0	63.7
Dec-18	62.9	64.0	55.3	62.4	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
One Year Ahead					
Jun-18	71.9	71.4	60.9	67.4	71.9
Dec-18	72.5	71.7	62.5	70.3	72.9
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

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: July 2019

		Three Months Ahead Inflation Rate (per cent)																	No idea	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		
Current Inflation Rate (per cent)	<1	33	3	5	0	1	4	0	0	0	0	2	0	0	0	0	0	1	0	49
	1-<2	2	36	22	6	1	2	0	0	0	0	0	0	0	0	0	0	0	0	69
	2-<3	1	12	155	95	64	21	1	0	1	0	0	0	0	0	0	0	0	0	350
	3-<4	1	4	18	180	102	86	14	5	3	0	0	0	0	0	0	0	0	0	413
	4-<5	0	1	15	32	260	129	75	15	8	1	1	0	1	0	0	1	0	0	539
	5-<6	1	3	15	24	26	569	217	243	68	7	67	1	0	1	0	3	1	0	1246
	6-<7	0	0	0	3	8	9	218	120	80	19	19	1	1	0	0	0	1	0	479
	7-<8	0	0	2	3	2	17	11	216	84	49	35	4	6	0	1	0	0	1	431
	8-<9	0	0	0	2	3	1	5	2	196	61	87	9	13	2	0	3	5	0	389
	9-<10	0	0	0	0	1	0	1	2	8	59	41	15	9	3	1	8	2	0	150
	10-<11	1	1	1	2	0	22	4	8	21	7	369	56	141	45	7	131	41	0	857
	11-<12	0	0	0	0	0	0	0	0	0	0	2	34	16	6	4	2	1	0	65
	12-<13	0	0	0	0	0	1	0	0	0	0	3	0	21	8	11	16	8	0	68
	13-<14	0	0	0	0	0	0	0	1	0	0	1	0	0	2	3	8	3	0	18
	14-<15	0	0	0	0	0	0	0	1	0	1	0	0	0	0	6	7	10	0	25
	15-<16	0	0	0	1	0	5	0	0	1	0	5	0	1	0	0	82	92	1	188
	>=16	2	0	0	1	0	4	0	0	0	0	12	0	1	1	1	12	498	2	534
	Total	41	60	233	349	468	870	546	613	470	204	644	120	210	68	34	273	663	4	5870

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: July 2019

		One Year Ahead Inflation Rate (per cent)																No idea	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
Current Inflation Rate (per cent)	<1	28	4	3	1	1	3	4	0	0	0	5	0	0	0	0	0	0	0	49
	1-<2	12	26	12	9	5	2	1	0	1	0	1	0	0	0	0	0	0	0	69
	2-<3	69	3	84	34	67	59	13	7	6	0	6	0	0	0	0	1	0	1	350
	3-<4	95	0	3	82	31	115	44	19	10	2	10	0	2	0	0	0	0	0	413
	4-<5	130	1	3	11	131	67	93	37	34	7	17	1	2	0	2	2	1	0	539
	5-<6	175	0	3	11	15	358	135	172	118	46	158	11	11	5	1	18	9	0	1246
	6-<7	73	1	0	0	4	0	119	72	80	36	62	6	15	0	3	6	2	0	479
	7-<8	75	0	0	2	1	4	3	127	51	68	52	10	16	5	5	5	7	0	431
	8-<9	62	0	0	0	0	2	3	2	104	35	98	14	35	5	4	11	14	0	389
	9-<10	19	0	0	1	0	0	0	2	1	32	34	21	16	2	0	14	8	0	150
	10-<11	85	0	1	0	1	3	3	3	4	3	279	30	82	27	24	161	146	5	857
	11-<12	15	0	0	0	0	0	0	0	0	0	2	14	16	3	1	8	6	0	65
	12-<13	9	0	0	0	0	0	0	0	0	0	0	0	10	5	6	11	27	0	68
	13-<14	4	0	0	0	0	0	0	0	0	0	0	0	0	2	0	7	5	0	18
	14-<15	4	0	0	0	0	0	0	1	0	0	0	0	0	0	1	5	13	1	25
	15-<16	18	0	0	0	0	0	0	0	0	0	3	0	1	0	0	63	103	0	188
	>=16	53	0	0	0	0	2	1	0	0	0	8	0	2	1	0	6	455	6	534
Total	926	35	109	151	256	615	419	442	409	229	735	107	208	55	47	318	796	13	5870	

Note: Figures are based on sample observations