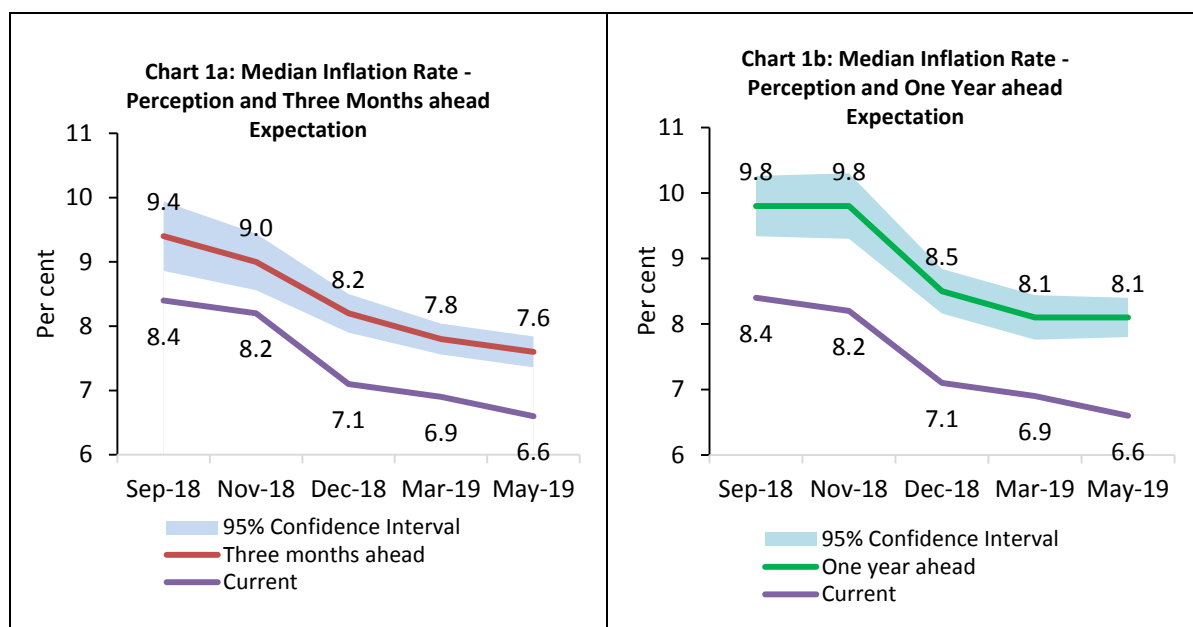


Households' Inflation Expectations Survey

Today, the Reserve Bank released the results of the May 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 5,714 urban households.

Highlights:

- i. While three months ahead median inflation expectations of households declined by 20 basis points (bps), one year ahead median inflation expectations remained unchanged from the March 2019 round (Chart 1a, 1b, Table 2); median inflation expectations three months ahead and one year ahead have been on a declining trajectory since the September 2018 round.
- ii. The median perception of current inflation dropped by 30 bps and consequently, the gap between households' current perceptions and future expectations widened in this round for both time horizons referred to earlier.
- iii. An increased proportion of households expect a higher rate of price rise across various product groups for both three months ahead and one year ahead (Table 1a, 1b).



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

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

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

(Percentage of Respondents)

Survey period ended	May-18	Nov-18		Dec-18		Mar-19		May-19	
General		Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	82.3	77.9	0.91	72.9	1.04	74.8	1.02	78.3	1.01
Price increase more than current rate	50.5	47.4	1.12	46.2	1.14	44.1	1.08	50.0	1.22
Price increase similar to current rate	25.1	25.6	1.00	23.3	0.96	26.9	0.97	25.6	1.01
Price increase less than current rate	6.7	4.9	0.59	3.4	0.39	3.8	0.41	2.8	0.32
No changes in prices	16.0	19.2	0.87	21.2	0.98	21.9	0.98	18.4	0.96
Decline in prices	1.7	2.9	0.33	5.8	0.46	3.4	0.36	3.3	0.35
Food Product									
Prices will increase	82.0	77.2	0.89	70.7	0.98	73.7	0.96	78.5	0.87
Price increase more than current rate	48.3	46.4	1.03	42.7	1.08	43.6	1.06	48.5	1.13
Price increase similar to current rate	24.5	23.6	0.91	22.4	0.87	24.1	0.88	24.7	0.94
Price increase less than current rate	9.3	7.3	0.63	5.7	0.48	6.0	0.49	5.4	0.46
No changes in prices	13.5	16.9	0.81	17.2	0.79	17.5	0.84	15.0	0.77
Decline in prices	4.5	5.9	0.46	12.0	0.65	8.8	0.56	6.5	0.47
Non- Food Product									
Prices will increase	78.4	75.8	0.90	67.6	1.00	71.3	0.94	75.8	0.91
Price increase more than current rate	45.8	45.2	1.07	40.8	1.08	41.0	1.02	45.2	1.15
Price increase similar to current rate	24.0	24.1	0.94	21.6	0.89	24.5	0.86	25.3	0.91
Price increase less than current rate	8.6	6.5	0.61	5.3	0.47	5.7	0.48	5.4	0.44
No changes in prices	18.1	18.5	0.79	20.5	0.85	21.9	0.87	18.1	0.81
Decline in prices	3.6	5.8	0.48	11.9	0.63	6.8	0.47	6.0	0.47
Household Durables									
Prices will increase	63.2	57.9	1.06	56.8	1.08	59.5	1.05	61.3	1.12
Price increase more than current rate	36.7	33.8	1.03	34.8	1.08	35.2	0.99	37.0	1.12
Price increase similar to current rate	19.9	18.9	0.80	17.9	0.85	19.3	0.79	19.9	0.85
Price increase less than current rate	6.6	5.2	0.50	4.1	0.39	5.0	0.41	4.3	0.41
No changes in prices	26.8	29.7	0.98	24.8	0.91	27.7	0.96	27.2	1.01
Decline in prices	10.0	12.4	0.66	18.4	0.77	12.8	0.62	11.5	0.64
Cost of Housing									
Prices will increase	71.6	68.7	0.96	69.1	1.03	68.1	0.98	70.9	1.06
Price increase more than current rate	47.6	44.5	1.05	46.5	1.06	44.2	0.97	46.9	1.13
Price increase similar to current rate	18.2	19.0	0.83	18.2	0.79	19.5	0.76	19.8	0.83
Price increase less than current rate	5.8	5.2	0.51	4.5	0.41	4.4	0.41	4.2	0.39
No changes in prices	20.8	23.7	0.88	22.2	0.94	22.4	0.88	21.7	0.96
Decline in prices	7.7	7.6	0.54	8.6	0.57	9.5	0.60	7.3	0.52
Cost of Services									
Prices will increase	72.0	68.2	0.99	65.7	1.10	66.4	1.02	68.6	1.03
Price increase more than current rate	42.9	40.4	1.06	40.2	1.11	39.2	1.00	42.6	1.14
Price increase similar to current rate	22.6	22.4	0.86	21.2	0.82	21.9	0.84	21.7	0.89
Price increase less than current rate	6.6	5.3	0.48	4.3	0.41	5.3	0.45	4.3	0.41
No changes in prices	25.6	28.8	0.97	28.2	1.02	28.9	0.99	27.7	0.99
Decline in prices	2.4	3.0	0.35	6.1	0.45	4.7	0.42	3.8	0.37

1. The table provides estimates and standard errors for qualitative responses from the November 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	May-18	Nov-18		Dec-18		Mar-19		May-19	
General		Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
Prices will increase	91.1	89.7	0.65	83.8	0.82	84.4	0.90	86.3	0.77
Price increase more than current rate	62.6	60.0	1.11	57.5	1.15	54.6	1.08	58.5	1.19
Price increase similar to current rate	23.4	26.4	0.97	23.3	1.00	26.6	0.93	24.9	1.03
Price increase less than current rate	5.0	3.4	0.43	3.0	0.37	3.2	0.38	3.0	0.32
No changes in prices	6.5	7.6	0.57	11.3	0.73	12.6	0.83	10.2	0.70
Decline in prices	2.4	2.7	0.33	4.9	0.43	3.0	0.33	3.5	0.37
Food Product									
Prices will increase	85.6	85.4	0.73	80.0	0.82	80.1	0.87	83.1	0.76
Price increase more than current rate	53.4	52.3	1.14	50.6	1.08	47.2	1.06	50.4	1.19
Price increase similar to current rate	25.2	27.5	0.96	24.7	0.93	28.0	0.88	27.6	0.97
Price increase less than current rate	7.0	5.7	0.51	4.7	0.43	5.0	0.44	5.1	0.43
No changes in prices	9.4	9.4	0.60	12.1	0.68	14.0	0.76	11.4	0.64
Decline in prices	5.0	5.2	0.45	7.9	0.52	5.9	0.45	5.5	0.43
Non- Food Product									
Prices will increase	82.7	82.4	0.78	76.4	0.92	78.2	0.89	81.3	0.81
Price increase more than current rate	51.1	51.6	1.10	47.5	1.09	45.7	1.05	49.7	1.18
Price increase similar to current rate	25.3	25.2	0.90	24.2	0.92	27.5	0.89	26.8	0.99
Price increase less than current rate	6.3	5.6	0.50	4.7	0.43	5.0	0.41	4.9	0.44
No changes in prices	13.2	12.7	0.68	15.8	0.78	16.9	0.80	13.7	0.72
Decline in prices	4.1	4.9	0.43	7.7	0.54	5.0	0.41	5.0	0.43
Household Durables									
Prices will increase	72.5	70.1	0.98	66.9	1.02	68.3	0.99	68.8	1.04
Price increase more than current rate	45.2	43.0	1.10	42.0	1.09	41.3	1.02	42.9	1.14
Price increase similar to current rate	21.5	22.0	0.88	20.4	0.84	22.6	0.81	21.9	0.88
Price increase less than current rate	5.8	5.1	0.47	4.5	0.40	4.4	0.41	4.0	0.40
No changes in prices	19.2	20.4	0.85	20.1	0.91	21.9	0.89	21.5	0.91
Decline in prices	8.3	9.6	0.61	13.0	0.69	9.8	0.57	9.7	0.59
Cost of Housing									
Prices will increase	79.8	80.6	0.79	79.6	0.85	77.6	0.86	79.8	0.84
Price increase more than current rate	55.2	53.8	1.04	55.9	1.00	51.0	1.01	54.3	1.05
Price increase similar to current rate	19.6	22.5	0.91	19.8	0.78	22.9	0.77	21.9	0.84
Price increase less than current rate	5.0	4.3	0.44	3.9	0.39	3.8	0.36	3.6	0.37
No changes in prices	13.9	13.3	0.68	13.7	0.74	15.2	0.75	14.3	0.77
Decline in prices	6.3	6.1	0.50	6.7	0.50	7.2	0.53	5.9	0.45
Cost of Services									
Prices will increase	84.2	83.3	0.75	77.9	0.88	78.8	0.87	80.9	0.83
Price increase more than current rate	52.9	52.2	1.11	49.0	1.11	47.5	1.02	50.3	1.12
Price increase similar to current rate	24.4	25.7	0.92	24.1	0.90	26.4	0.87	25.3	0.94
Price increase less than current rate	6.9	5.4	0.48	4.8	0.44	4.8	0.42	5.3	0.49
No changes in prices	13.5	13.5	0.68	17.1	0.82	17.4	0.81	15.5	0.77
Decline in prices	2.4	3.1	0.34	5.0	0.44	3.9	0.37	3.6	0.36

1. The table provides estimates and standard errors for qualitative responses from the November 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: May 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	7.8	0.10	6.6	0.15	8.6	0.10	7.6	0.12	8.4	0.12	8.1	0.16
Gender-wise												
Male	7.8	0.13	6.6	0.16	8.5	0.13	7.5	0.16	8.3	0.16	7.8	0.20
Female	8.0	0.15	6.6	0.23	8.8	0.15	7.8	0.17	8.7	0.17	8.4	0.21
Category-wise												
Financial Sector Employees	7.2	0.40	6.2	0.27	7.8	0.45	6.9	0.34	7.7	0.67	7.0	0.49
Other Employees	7.7	0.18	6.7	0.29	8.5	0.19	7.6	0.26	8.1	0.22	7.7	0.28
Self Employed	7.8	0.19	6.9	0.26	8.5	0.19	7.6	0.23	8.2	0.23	7.7	0.28
Homemaker	7.9	0.18	6.5	0.25	8.7	0.17	7.8	0.19	8.7	0.20	8.4	0.23
Retired Persons	8.3	0.33	7.3	0.55	9.2	0.34	8.8	0.69	8.9	0.40	8.9	0.84
Daily Workers	8.0	0.23	6.7	0.29	8.8	0.24	7.9	0.34	8.7	0.28	8.6	0.36
Other category	7.0	0.20	6.1	0.22	7.8	0.22	6.8	0.29	7.8	0.27	7.5	0.34
Age Group-wise												
Up to 25 years	7.2	0.17	6.1	0.18	8.1	0.18	7.2	0.19	8.1	0.21	7.8	0.25
25 to 30 years	7.7	0.17	6.6	0.27	8.5	0.18	7.6	0.20	8.3	0.21	8.0	0.25
30 to 35 years	7.9	0.20	6.9	0.30	8.7	0.21	7.7	0.23	8.7	0.25	8.4	0.38
35 to 40 years	7.7	0.18	6.6	0.32	8.6	0.19	7.8	0.22	8.4	0.24	8.2	0.29
40 to 45 years	8.3	0.24	7.0	0.41	9.0	0.24	7.7	0.32	8.6	0.29	8.4	0.30
45 to 50 years	8.2	0.25	6.8	0.38	9.1	0.25	8.1	0.34	8.7	0.28	8.4	0.32
50 to 55 years	8.0	0.28	6.6	0.38	8.7	0.28	7.8	0.40	8.3	0.37	7.9	0.47
55 to 60 years	8.6	0.31	7.7	0.45	9.5	0.33	8.6	0.64	8.8	0.36	8.5	0.68
60 years and above	8.0	0.29	6.8	0.43	8.8	0.30	8.2	0.47	8.5	0.34	8.1	0.46
City-wise												
Ahmedabad	7.2	0.33	6.4	0.43	8.2	0.29	7.6	0.32	7.5	0.37	7.5	0.34
Bengaluru	6.5	0.36	5.3	0.24	7.6	0.32	6.3	0.33	8.5	0.28	7.9	0.50
Bhopal	8.6	0.50	7.8	0.89	9.5	0.67	8.9	0.97	8.3	0.69	8.5	1.27
Bhubaneswar	5.6	0.66	5.1	0.37	6.7	0.77	6.1	0.52	7.9	0.73	7.5	0.61
Chennai	8.7	0.34	8.5	0.51	10.0	0.43	10.0	0.58	11.0	0.49	11.4	0.89
Delhi	7.0	0.20	5.9	0.15	7.5	0.22	6.6	0.29	7.0	0.27	6.6	0.40
Guwahati	5.8	0.52	5.2	0.38	5.7	0.50	5.1	0.52	5.6	0.59	5.2	0.53
Hyderabad	8.4	0.39	6.7	0.48	9.7	0.42	8.4	0.62	10.4	0.49	10.2	0.76
Jaipur	5.9	0.25	5.7	0.14	6.5	0.27	6.2	0.38	5.9	0.43	6.0	0.44
Kolkata	10.4	0.46	10.0	0.51	11.1	0.45	10.9	0.72	10.9	0.49	11.2	0.99
Lucknow	8.5	0.41	8.5	0.49	9.7	0.45	9.5	0.60	9.9	0.69	10.3	0.48
Mumbai	8.4	0.25	7.6	0.31	9.2	0.27	8.7	0.52	8.1	0.37	8.1	0.54
Nagpur	6.5	0.36	5.3	0.26	6.6	0.39	5.5	0.37	5.5	0.68	4.8	1.44
Patna	6.3	0.31	5.8	0.20	6.6	0.34	5.9	0.35	6.8	0.40	6.6	0.67
Thiruvananthapuram	6.0	0.61	5.3	0.35	7.4	0.65	6.8	0.71	9.5	0.86	9.1	1.02
Chandigarh	7.8	0.66	7.3	1.07	7.4	0.65	6.8	0.81	7.3	0.73	7.3	0.76
Ranchi	6.9	0.20	6.8	0.19	7.3	0.33	7.4	0.23	6.8	0.51	7.6	0.23
Raipur	7.9	0.48	6.9	1.08	6.8	0.62	6.1	0.79	5.0	0.96	3.2	1.95

Note: The table provides estimates and standard errors for quantitative responses for the May 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
May-18	8.7	--	7.9	--	9.4	--	8.7	--	9.7	--	9.9	--
Nov-18	9.1	0.11	8.2	0.18	9.7	0.12	9.0	0.22	9.6	0.12	9.8	0.25
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

'--' 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					
May-18	67.5	65.6	56.6	60.0	65.0
Nov-18	65.6	66.8	56.5	61.4	66.2
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
One Year Ahead					
Mar-18	72.4	70.8	62.5	67.4	72.1
Nov-18	73.5	72.3	62.7	67.7	73.2
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

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: May 2019

Three Months Ahead Inflation Rate (per cent)																					
Current 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	
	<1	24	5	4	2	2	3	0	0	0	0	1	0	0	0	0	0	1	0	42	
	1-<2	4	38	15	8	1	4	0	0	0	0	0	0	0	0	0	0	0	0	70	
	2-<3	10	9	129	68	47	27	1	0	0	0	1	0	0	0	0	0	0	0	292	
	3-<4	0	1	24	178	118	94	16	3	0	0	3	0	0	0	0	0	0	0	437	
	4-<5	1	5	9	20	255	109	87	22	10	0	4	0	0	0	0	0	0	0	522	
	5-<6	6	7	12	28	31	579	190	210	71	13	66	0	1	0	0	10	0	1	1225	
	6-<7	4	0	0	5	8	13	210	123	65	15	16	0	4	0	0	0	0	0	463	
	7-<8	0	1	1	1	7	11	4	198	130	60	43	3	6	0	1	0	0	1	467	
	8-<9	0	0	0	3	2	7	6	6	141	65	111	9	10	3	1	1	1	0	366	
	9-<10	1	0	0	2	0	2	2	0	1	84	39	22	10	1	2	3	1	1	171	
	10-<11	1	0	4	1	0	22	0	7	18	4	347	51	137	37	8	107	41	0	785	
	11-<12	0	0	1	0	0	1	1	0	0	0	2	23	13	10	2	7	5	0	65	
	12-<13	0	0	0	0	0	0	0	0	1	1	1	1	23	6	21	25	5	0	84	
	13-<14	0	0	0	0	0	0	0	0	0	0	0	0	0	6	3	8	3	0	20	
	14-<15	0	0	0	0	0	0	0	0	0	0	1	0	0	1	8	6	12	0	28	
	15-<16	0	0	0	0	0	1	0	2	0	0	6	0	3	2	0	54	72	0	140	
	>=16	2	0	0	0	0	0	2	0	0	0	1	6	0	2	0	1	12	508	3	537
	Total	53	66	199	316	471	875	517	571	437	243	647	109	209	66	47	233	649	6	5714	

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: May 2019

One Year Ahead Inflation Rate (per cent)																					
Current 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	
	<1	22	3	4	3	1	5	1	0	0	0	1	0	0	0	0	0	2	0	42	
	1-<2	18	18	15	6	2	3	0	3	1	0	1	0	0	0	0	1	0	2	70	
	2-<3	58	3	65	39	60	44	9	8	0	1	1	0	1	0	0	2	0	1	292	
	3-<4	70	1	1	102	48	102	55	29	13	3	9	0	1	1	0	1	0	1	437	
	4-<5	96	1	3	5	134	77	80	47	39	11	21	3	2	0	1	2	0	0	522	
	5-<6	168	2	4	5	16	346	109	167	149	42	161	8	9	1	1	18	18	1	1225	
	6-<7	62	0	0	1	4	4	125	89	74	40	41	7	6	0	1	8	1	0	463	
	7-<8	64	1	0	1	1	2	5	117	88	81	67	8	16	1	5	8	2	0	467	
	8-<9	49	0	0	0	1	5	0	5	87	31	114	23	21	12	0	12	6	0	366	
	9-<10	21	0	0	0	0	2	1	1	1	58	21	28	20	5	5	4	4	0	171	
	10-<11	76	0	0	0	0	5	3	10	7	2	227	26	94	34	26	154	120	1	785	
	11-<12	5	0	0	0	0	1	0	0	1	0	2	17	6	14	4	8	7	0	65	
	12-<13	7	0	0	0	0	0	0	0	0	0	0	0	20	6	8	24	18	1	84	
	13-<14	0	0	0	0	0	0	0	0	0	0	0	0	0	5	3	6	6	0	20	
	14-<15	1	0	0	0	0	0	0	0	0	0	1	0	1	0	6	3	16	0	28	
	15-<16	18	0	0	0	0	0	0	0	1	0	1	3	0	2	1	0	37	77	0	140
	>=16	59	1	0	0	0	0	0	0	0	1	0	3	0	0	0	1	7	461	4	537
	Total	794	30	92	162	267	596	388	477	461	270	673	120	199	80	61	295	738	11	5714	

Note: Figures are based on sample observations