

The Central Bank of Bosnia and Herzegovina

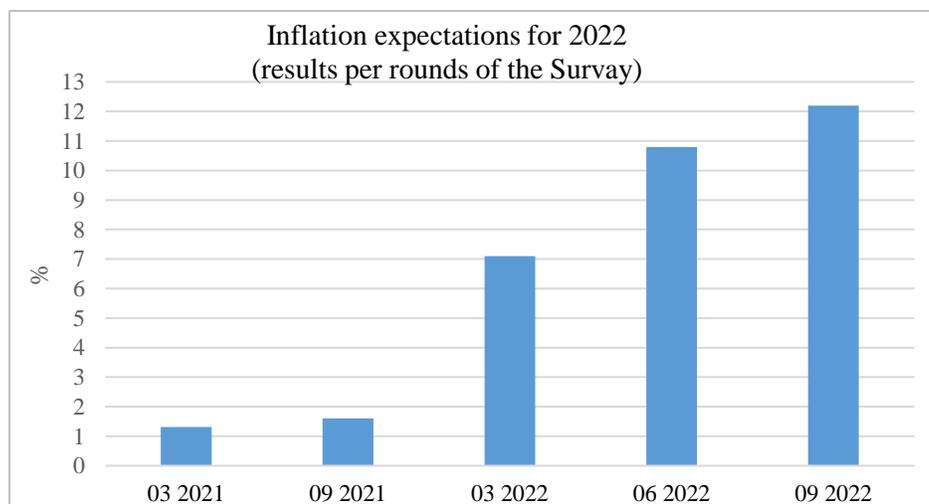
Statistics and Publication Department

Information on the Results of Inflation Expectations Survey from September 2022

Management and stabilisation of inflation expectations have an important effect on price stability and reflect confidence in monetary policy measures, credibility and efficiency of monetary authorities. Therefore, since March 2019, the CBBH has regularly conducted, as an important segment of its communication strategy, Inflation Expectations Survey, with the aim to analyse and continually follow up with inflation expectations of economic entities. Participants of the Survey are representatives of financial sector, commercial banks and insurance companies. Current acceleration of inflation, and interest of local and foreign institutions additionally draw attention to the results of the mentioned research, so the Survey has been conducted on quarterly basis since 2022.

The results of the Survey conducted in September 2022 still do not indicate stabilisation of short-term inflation expectations for the current year. Expected aggregate inflation for the current year amounts to 12.2%, having increased compared to the level of 10.8%, recorded in the Survey carried out in June of this year, i.e. by more than 10 percentage points compared to the same period of the previous year. This wave of inflation was obviously a considerable surprise for market participants. The trend of mitigation of inflationary pressures, according to financial sector representatives, is not expected by the end of the year. Although there are some improvements in international supply chains, a prolonged effect of shocks is felt in the local environment. Challenge for the medium term inflation trend certainly includes energy prices due to geopolitical trends, and also food prices.

Results of the Survey also indicate that expected inflation rate for 2023 shows signs of stabilisation amounting to 6.7% compared to the level of 8.6% which was recorded in June of the current year. The mentioned data confirm continuing presence of risks and further challenges related to projection of inflationary trends in circumstances of slower economic growth.



Source: Inflation Expectation Survey, September 2022