



Bank of Russia



INFLATION EXPECTATIONS AND CONSUMER SENTIMENT

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Information and analytical commentary

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INFLATION EXPECTATIONS AND CONSUMER SENTIMENT (FEBRUARY 2025)

In February 2025, inflation expectations indicators declined for the most part but remained high. The median estimate of one-year-ahead household inflation expectations equalled 13.7%, as shown by InFOM's survey. Companies' price expectations for the next three months plummeted for the first time since 2024 Q1, while staying elevated. Breakeven inflation for inflation-indexed federal government bonds (OFZ-IN) maturing in 2028 decreased to 5.3%. Analysts raised their forecasts in February 2025, specifically to 6.8% for the end of 2025 and 4.6% for the end of 2026. The Bank of Russia forecasts that, given the monetary policy pursued, annual inflation will decline to 7.0–8.0% in 2025, return to 4.0% in 2026, and stay at the target further on.

INDICATORS OF INFLATION EXPECTATIONS

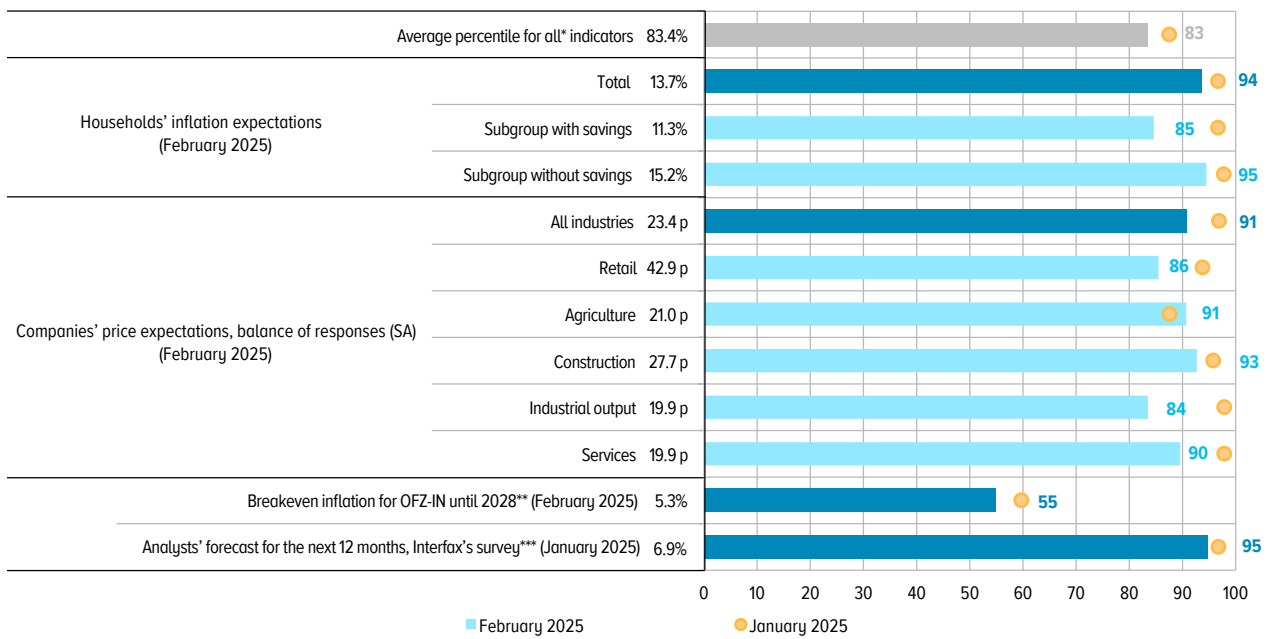
	Expectations horizon	2022 average	2023 average	2024 average	2024 Q3 average	2024 Q4 average	December 2024	January 2025	February 2025	Average over the past three months
Inflation, %		13.8	5.9	8.4	8.9	9.0	9.5	9.9		
Inflation observed by households, Public Opinion Foundation, %										
Median	previous 12 months	19.6	14.5	14.9	14.5	15.5	15.9	16.4	16.5	16.3
Subgroup with savings	previous 12 months	16.8	13.0	13.2	12.8	14.0	14.4	15.4	13.6	14.5
Subgroup without savings	previous 12 months	22.0	15.9	16.5	16.1	16.6	16.9	17.5	18.4	17.6
Households' inflation expectations, Public Opinion Foundation, %										
Median	next 12 months	12.9	11.5	12.4	12.6	13.6	13.9	14.0	13.7	13.9
Subgroup with savings	next 12 months	11.3	10.2	10.9	11.0	12.2	12.7	12.6	11.3	12.2
Subgroup without savings	next 12 months	14.2	12.7	13.8	13.9	14.8	14.9	15.4	15.2	15.2
Median for the next five years	next five years		10.5	10.8	11.1	11.9	11.8	12.3	12.3	12.2
Companies' price expectations, Bank of Russia's monitoring of businesses, balance of responses, p, SA*										
Companies, total	next three months	21.7	19.5	22.1	21.9	25.8	28.1	27.8	23.4	26.5
Retail	next three months	38.9	38.6	41.1	43.9	46.1	47.9	46.2	42.9	45.7
Breakeven inflation for OFZ-IN (monthly average), %										
OFZ-IN 52002, February 2028	next three-year average	6.3	7.2	7.0	7.1	6.4	6.4	5.6	5.3	5.8
OFZ-IN 52003, July 2030	next five-year average	6.5	7.4	6.8	6.7	6.3	6.4	6.3	6.1	6.2
OFZ-IN 52004, March 2032	next seven-year average	6.7	7.6	7.2	7.2	6.8	6.7	6.8	6.8	6.8
OFZ-IN	2028–2030 average	6.7	7.9	6.6	6.2	6.2	6.3	7.0	6.9	6.8
OFZ-IN	2030–2032 average	7.6	8.5	8.5	8.9	8.2	7.8	8.5	9.3	8.5
Analysts, %										
Survey by the Bank of Russia	2025	4.0	4.0	4.6	4.7	5.7	6.0		6.8	
Interfax	2025			5.0	5.0	6.1	6.5	6.9		
Survey by the Bank of Russia	2026		4.0	4.1	4.0	4.3	4.5		4.6	
Interfax	2026							4.6		
Survey by the Bank of Russia	2027			4.0	4.0	4.0	4.0		4.0	

* SA – seasonally adjusted.

Sources: Rosstat, InFOM, Bank of Russia, Interfax, Moscow Exchange.

INDICATORS OF INFLATION EXPECTATIONS IN PERCENTILES RELATIVE TO DISTRIBUTION OF VALUES SINCE 2017

Chart 1



* The average of percentiles of households' inflation expectations (total), companies' price expectations (all industries); breakeven inflation for OFZ-IN until 2028 and analysts' forecast for the next 12 months.

** Percentiles for breakeven inflation are specified relative to the distribution of values since April 2018.

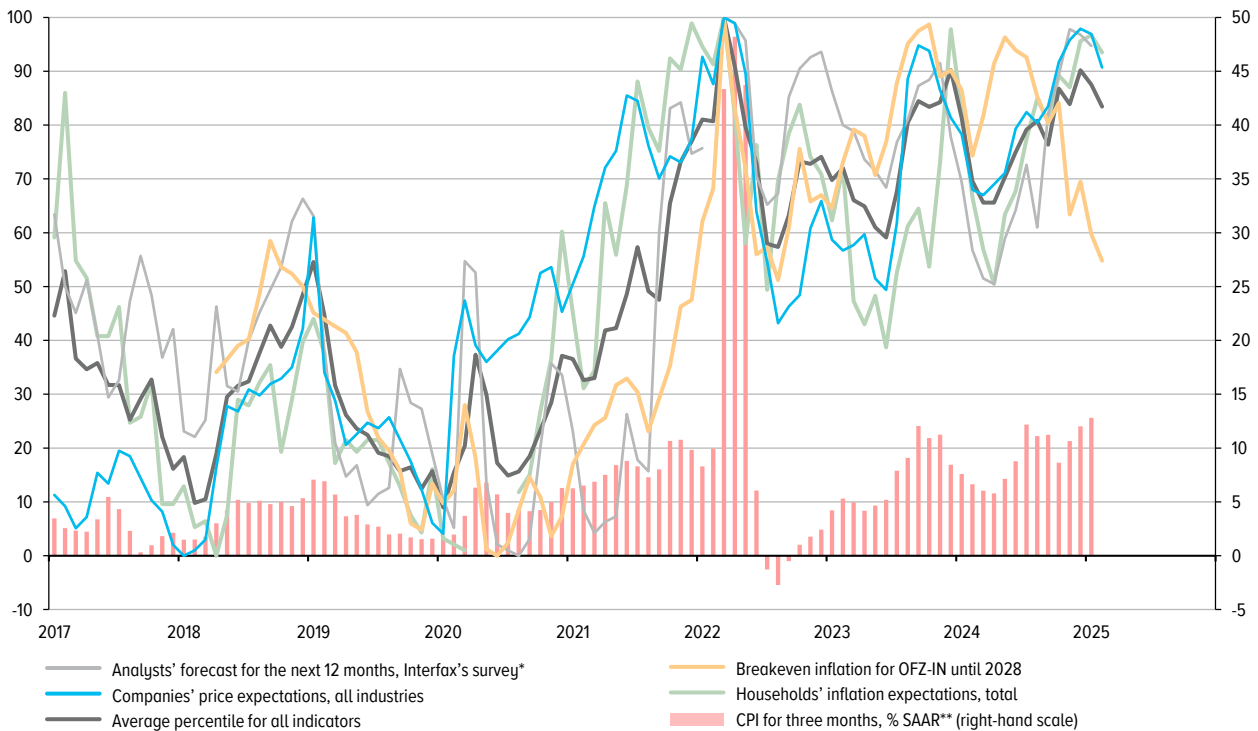
*** Analysts' forecast for the next 12 months was made using forecasts for this and subsequent years, taking into consideration actual inflation since the beginning of this year.

Note. The chart shows the percentiles of inflation expectation indicators for the current and previous months in the distribution observed since January 2017. The percentiles as of the previous date are highlighted in yellow, and the percentiles as of the current date are shown as the grey, blue and light blue bars. A shift in the indicator to the left relative to the previous date means lower inflation expectations, and its shift to the right – higher inflation expectations.

Sources: InFOM, Bank of Russia, Interfax, Moscow Exchange.

PERCENTILES OF INDICATORS OF INFLATION EXPECTATIONS RELATIVE TO DISTRIBUTION OF VALUES SINCE 2017

Chart 2



* Analysts' forecast for the next 12 months was made using forecasts for this and subsequent years, taking into consideration actual inflation since the beginning of this year.

** SAAR – seasonally adjusted annualised rate.

Sources: InFOM, Rosstat, Bank of Russia, Interfax, Moscow Exchange.

Monetary policy and inflation expectations

Inflation expectations of economic agents influence how effectively monetary policy will be able to control inflation.¹ This is because companies, credit institutions, and households make their decisions on consumption, savings and investment, price products, and set credit and deposit rates, being guided by their expectations about future inflation, among other factors. The performance of the Bank of Russia's monetary policy in turn impacts inflation expectations. Achieving the inflation target and maintaining inflation at a consistently low level help anchor inflation expectations and reduce their volatility and sensitivity to one-off and short-term spikes in prices for some products or services.

Estimates of inflation expectations and observed inflation based on household surveys in Russia and abroad almost always exceed actual inflation rates. This difference is ascribed to certain perception patterns: people tend to notice and actively respond to price growth, whereas declining or stable prices usually attract less attention. Therefore, people estimate inflation, being guided primarily by those product prices that have increased most significantly. Despite this systematic bias in the absolute values of inflation expectations, their change and relative level compared to the historical range are essential indicators showing possible changes in households' economic behaviour. These changes in turn influence future underlying inflation.

Unlike households' inflation expectations, companies' price expectations are measured as the balance of responses to the question about the expected change in output prices in the next three months rather than the median of price growth expected in the next 12 months. A positive balance of responses means that more respondents expect prices to increase; whereas a negative balance means that more respondents expect prices to decrease. The change in the balance of responses compared to the previous month reflects the qualitative features of the process, such as direction and intensity. For example, an increase in the positive balance of responses suggests higher expected price growth, while a decrease implies its slowdown. However, businesses' price expectations do not reflect the level of expected price changes.

¹ The monetary policy transmission mechanism is detailed in Appendix 1 to the [Monetary Policy Guidelines for 2025–2027](#).

Households' inflation expectations lowered

In February 2025, the median estimate of inflation expectations for the next 12 months decreased to 13.7% (-0.3 pp MoM; +1.8 YoY), as shown by [InFOM's survey](#) (Charts 3 and 4). Despite the reduction, its current level remains high, significantly exceeding the averages of 2024 (12.4%). The expectations of respondents with savings lowered most notably, namely to 11.3 pp (-1.3 pp MoM; +0.8 pp YoY). Inflation expectations among respondents without savings decreased to 15.2% (-0.2 pp MoM; +1.7 pp YoY) (Chart 6).

Inflation observed by households remained virtually unchanged in February, equalling 16.5% (+0.1 pp MoM; +1.3 pp YoY). The estimates of observed inflation rose among respondents without savings and declined among those with savings. The gap between the estimate of observed inflation and the annual growth of the consumer price index (CPI) slightly narrowed to 6.6 pp (observed inflation was 1.7 times higher than the annual CPI growth).

Answering the question about growth in prices for certain goods and services,² respondents noted higher prices for all goods and services, included in the questionnaire, less frequently in February than in January. Respondents tended to be much less anxious about rising prices for petrol and some food products, namely meat and poultry, fish and seafood, tea and coffee. Contrastingly, respondents began to mention more frequently that housing and utility services had become more expensive (Chart 5).

In February, the qualitative measures of inflation expected in a month did not actually change, whereas those of inflation expected in a year decreased.³ The qualitative measures of inflation observed over the past month and the past year⁴ were down as well (Chart 7).

Five-year-ahead inflation expectations⁵ remained generally unchanged in February month on month, staying at 12.3% (+3.0 pp YoY). They decreased to 10.2% among respondents with savings (-0.8 pp MoM; +1.5 pp YoY) and edged up to 14.0% among those without savings (+0.2 pp MoM; +4.1 pp YoY).

Consumer sentiment index went up

In February 2025, the consumer sentiment index had been rising for the second month in a row, reaching 106.3 p (+2.4 p MoM; -4.7 p YoY) (Chart 9). Respondents' present situation estimates and expectations were up as well.

The present situation index equalled 92.3 p in February (+2.3 p MoM; -2.0 p YoY). Its components, i.e. the estimates of changes in personal financial standing over the past year and the estimates of the suitability of the current period for large purchases, increased.

The expectations index was 115.6 p in February (+3.0 p MoM; -3.7 p YoY). The estimates of all its components went up, including expectations regarding changes in personal financial standing for a year ahead and the country's development prospects for one and five years ahead.

² For details on inflation in January, refer to the information and analytical commentary [Consumer Price Dynamics](#) No. 1 (109), January 2025.

³ That is, the percentage of respondents who said that prices would be rising faster in the future was lower than in the previous month.

⁴ That is, the percentages of respondents who said that prices rose considerably and were rising faster than before were lower than in the previous month.

⁵ The question 'Could you even roughly estimate inflation, price growth in Russia in five years, that is, annual inflation by around 2030?'. The percentage of respondents who gave a meaningful response to this question (excluding the answers such as 'I have no idea what will happen to prices in five years' and 'It is hard to say') was 49% in February (vs 51% in January).

Respondents' propensity to save remained virtually the same in February. The percentage of respondents opting to save rather than purchase expensive goods was 51.4% (+0.2 pp MoM; -1.9 pp YoY) (Chart 10). It stayed below the average recorded since 2016 (54.1%). The proportion of those preferring to make purchases was 31.1% (+1.5 pp MoM; +0.5 pp YoY). As to preferred forms of savings, the proportions of those opting for bank accounts and cash holdings edged up to 45% (+2 pp MoM; +2 pp YoY) and 29% (+2 pp MoM; +1 pp YoY), respectively. Contrastingly, the percentages of those who believed it more reasonable to keep savings partly in bank accounts and partly in cash, as well as those undecided, were down.

Companies' price expectations decreased

According to the monitoring of businesses carried out by the Bank of Russia in February 2025, companies' price expectations (the balance of responses) for the next three months significantly dropped for the first time since 2024 Q1 but remain elevated (Chart 11).⁶ The estimates of cost dynamics in the economy as a whole stay high.

Price expectations declined in most industries, except agriculture, electric power, and water supply where they remained almost unchanged.

In trade, price expectations had been decreasing for the second consecutive month. A decline was observed in all segments and was most notable among car dealers and retailers who became less optimistic about future demand.

In the mining and quarrying sector and manufacturing, a reduction in price expectations was accompanied by slower cost growth.

Service companies decreased their price expectations and reported that prices had already been significantly increased in the previous month.

Transport companies lowered their expectations about price growth and became slightly more moderate in the estimates of the demand for their services in the next three months.

Price expectations among electric power and water supply companies went up amid faster price growth in these industries.

Higher price expectations in agriculture were also accompanied by accelerated cost growth. In addition, agricultural companies began to assess current demand more positively. Among the agricultural enterprises planning to raise their output prices, more respondents than in the previous month explained this by higher costs of raw materials, components and supplies (including motor fuels) as well as changes in the demand for their products.

In February, the average price growth rate expected in the next three months,⁷ measuring companies' price expectations, equalled 7.1% in annualised terms (-3.7 pp MoM; +1.8 pp YoY) (Chart 12). The average price growth rate expected by retailers in the next three months⁷ equalled 12.9% in annualised terms (-2.3 pp MoM; +3.9 pp YoY).

⁶ In February 2025, the Bank of Russia surveyed 12,400 companies (more detailed results of the monitoring are available in the information and analytical commentary [Monitoring of Businesses: Assessments, Expectations and Comments](#)).

⁷ Seasonally adjusted data.

Breakeven inflation to be 5.3% until 2028

As estimated by the Bank of Russia,⁸ average breakeven inflation in the next three years until February 2028, calculated based on the ratio between yields on OFZ-IN and OFZ-PD (fixed coupon federal government bonds) with the same maturity dates, decreased again in February 2025. Over the period from 1 to 21 February, it averaged 5.3% (-0.3 pp MoM; -1.2 pp YoY) (Chart 13). Breakeven inflation for 2028–2030 remained virtually unchanged at 6.9% (-0.1 pp MoM; +0.4 pp YoY). For 2030–2032, it grew to 9.3% (+0.8 pp MoM; +1.3 pp YoY).

Analysts expect inflation at 6.8% in 2025

In January–February 2025, analysts' inflation forecasts increased. According to the findings of the [Bank of Russia's macroeconomic survey](#) carried out in February 2025, analysts raised their inflation forecasts to 6.8% for the end of 2025 (+0.8 pp vs December 2024; +2.8 pp YoY) and 4.6% for the end of 2026 (+0.1 pp vs December 2024; +0.6 pp YoY). Analysts surveyed by the Bank of Russia expect that inflation will slow down to 4.0% in 2027 (Chart 14). As shown by Interfax's survey, in January 2025, analysts raised their consensus forecast of inflation to 6.9% for the end of 2025 (+0.4 pp MoM; +2.6 pp YoY) and to 4.6% for the end of 2026.

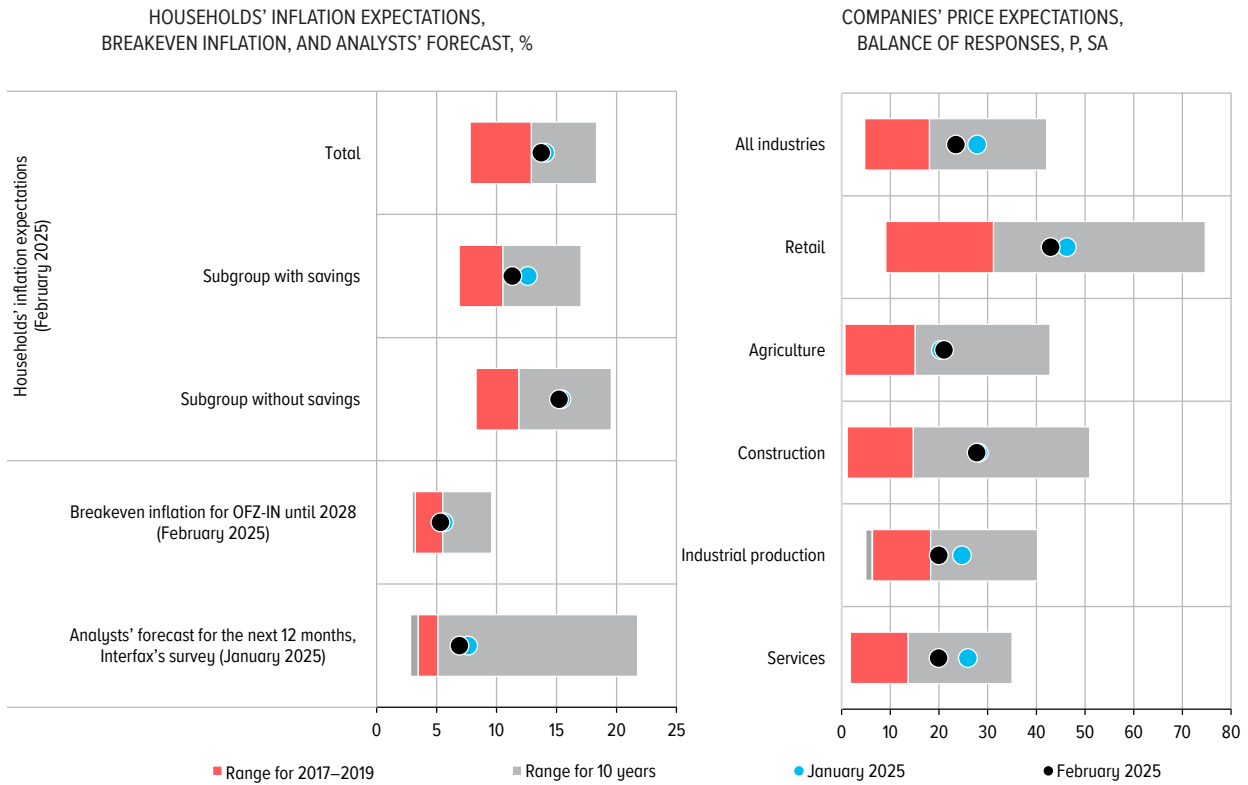
The Bank of Russia forecasts that inflation will return to 4.0% in 2026

To bring inflation back to the target, monetary conditions in the economy should remain tight for a longer period than expected before. The Bank of Russia forecasts that, given the monetary policy pursued, annual inflation will decline to 7.0–8.0% in 2025, return to 4.0% in 2026, and stay at the target further on.

⁸ The estimates are based on the comparison of expected yields on inflation-indexed federal government bonds (OFZ-IN) and nominal OFZ bonds (OFZ-PD), considering the lag between the nominal value indexation and seasonally adjusted inflation. [Calculation method.](#)

INDICATORS OF INFLATION EXPECTATIONS AND DISTRIBUTION OF THEIR VALUES OVER TEN YEARS

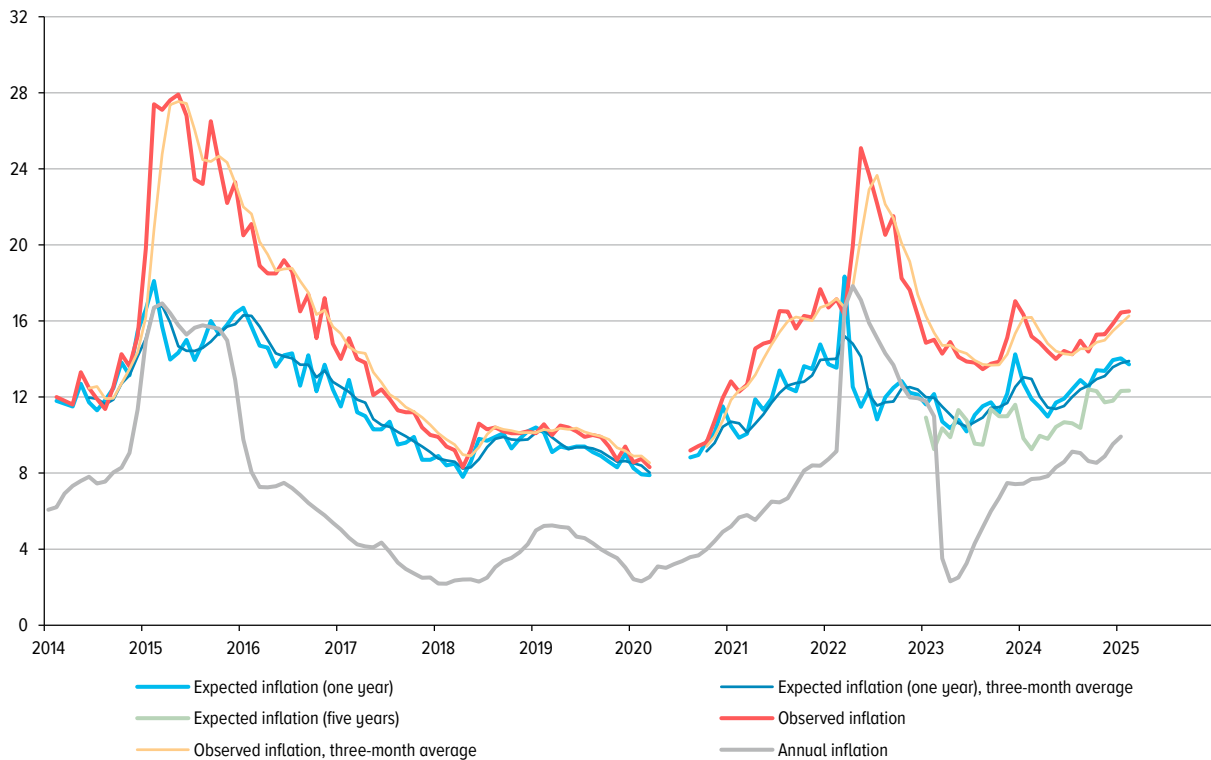
Chart 3



Sources: InFOM, Bank of Russia, Interfax, Moscow Exchange.

INFLATION OBSERVED AND EXPECTED BY HOUSEHOLDS (MEDIAN ESTIMATE)
(%)

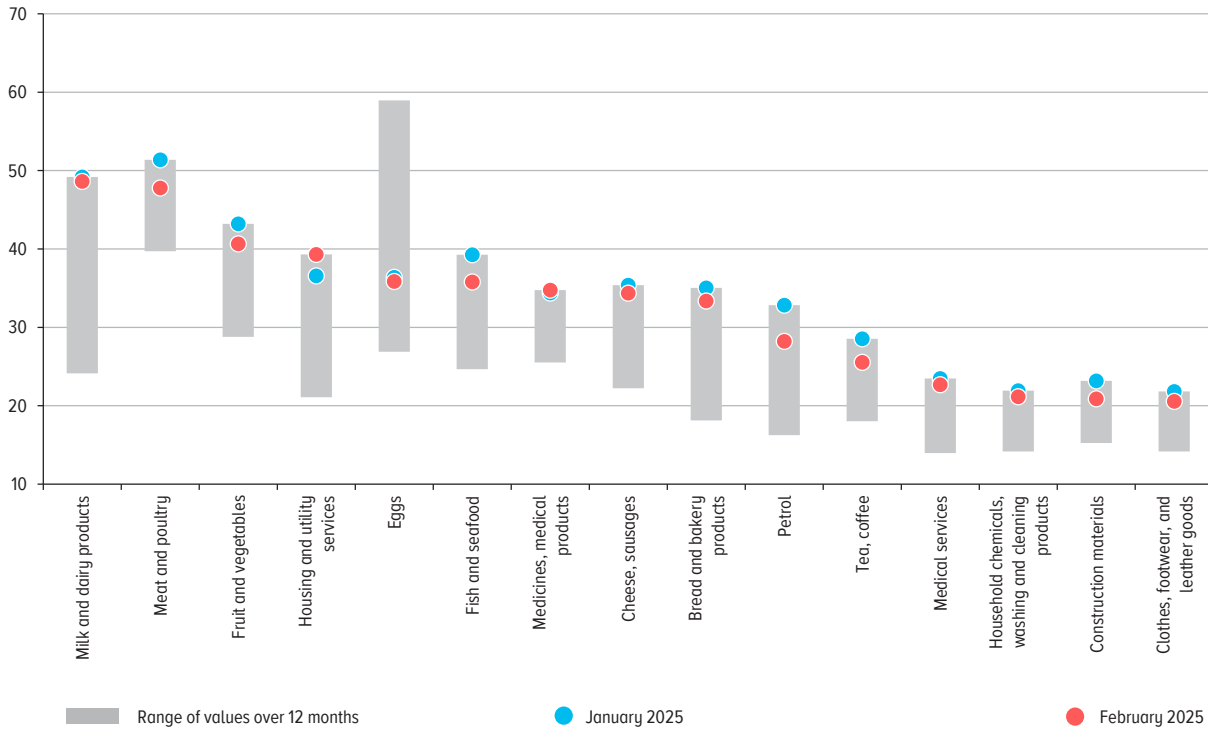
Chart 4



Sources: InFOM, Rosstat, Bank of Russia calculations.

DISTRIBUTION OF RESPONSES TO THE QUESTION 'WHAT MAIN PRODUCTS, GOODS, AND SERVICES SHOWED VERY HIGH PRICE GROWTH RATES OVER THE PAST MONTH?' (% OF ALL RESPONDENTS)

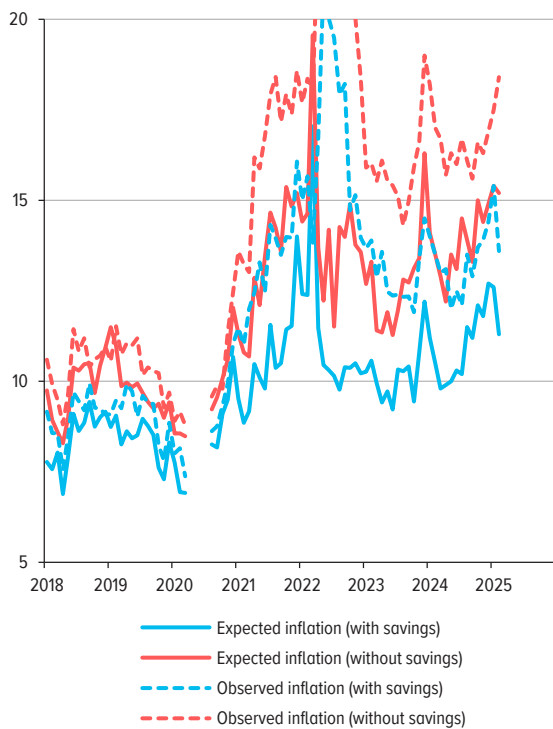
Chart 5



Sources: InFOM, Bank of Russia calculations.

EXPECTED AND OBSERVED INFLATION BY RESPONDENT SUBGROUP (MEDIAN ESTIMATE) (%)

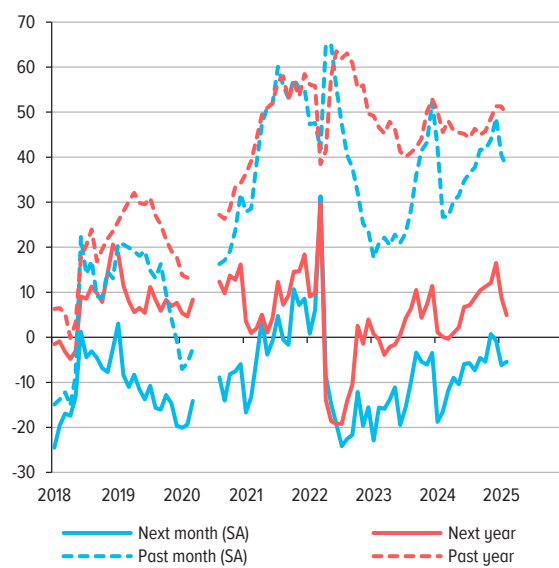
Chart 6



Source: InFOM.

INDICATORS OF PRICE MOVEMENTS* (BALANCE OF RESPONSES, PP)

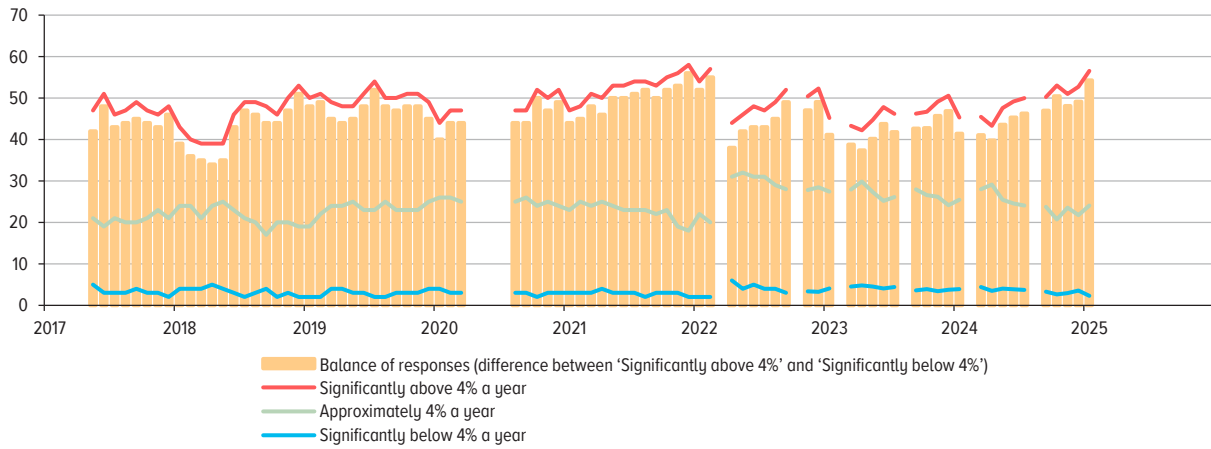
Chart 7



* The balance of responses to the questions 'How will prices for food products, non-food goods, and services change overall next month, in your opinion?'; 'How will prices be changing overall over the next 12 months (year), in your opinion?'; 'How did prices for food products, non-food goods, and services change overall over the past month, in your opinion?'; 'How were prices changing overall over the past 12 months (year), in your opinion?'. For questions about price changes in the past and next months, prices are seasonally adjusted.

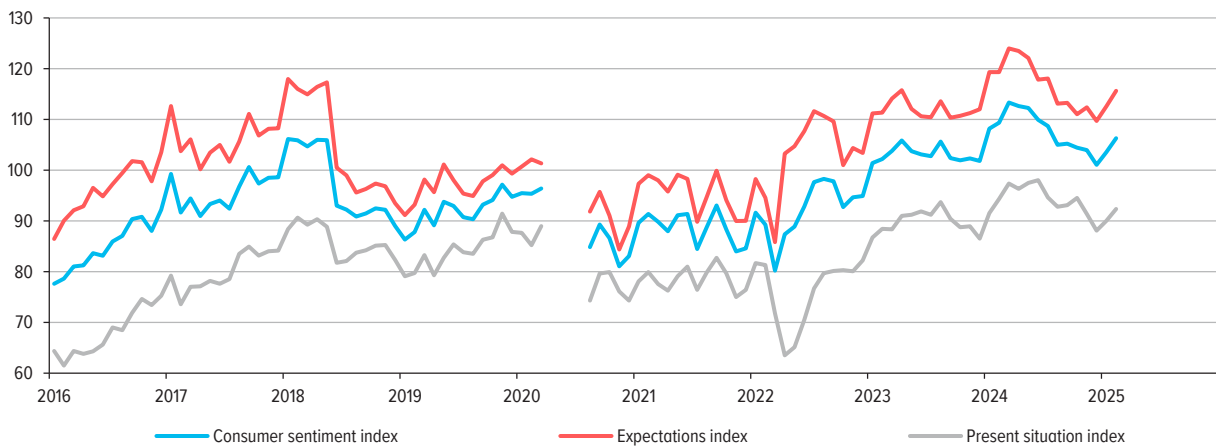
Sources: InFOM, Bank of Russia calculations.

DISTRIBUTION OF RESPONSES TO THE QUESTION 'WILL ANNUAL PRICE GROWTH BE ABOVE OR BELOW 4% IN THREE YEARS, IN YOUR OPINION?' (Chart 8)
(% OF ALL RESPONDENTS)



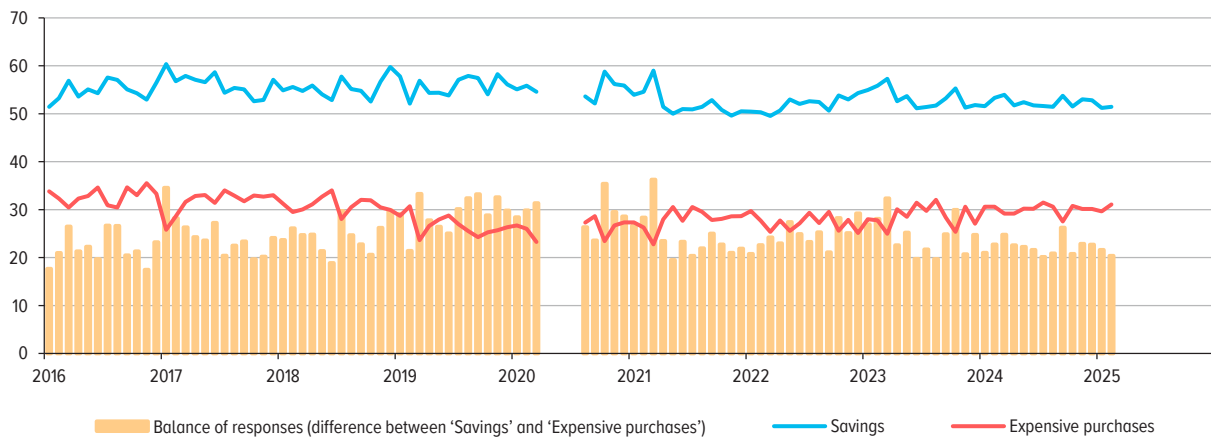
Sources: InFOM, Bank of Russia calculations.

CONSUMER SENTIMENT INDEX (P) (Chart 9)



Source: InFOM.

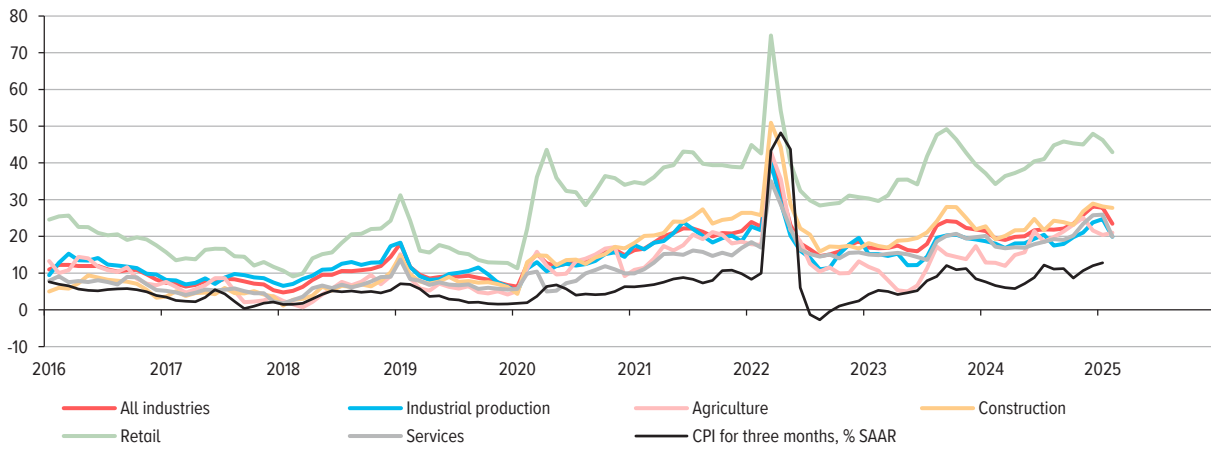
DISTRIBUTION OF RESPONSES TO THE QUESTION 'WHAT IS YOUR OPINION ABOUT THE BEST WAY TO USE AVAILABLE MONEY: MAKE SAVINGS OR PURCHASE EXPENSIVE GOODS?' (Chart 10)
(% OF ALL RESPONDENTS)



Sources: InFOM, Bank of Russia calculations.

COMPANIES' PRICE EXPECTATIONS BY KEY INDUSTRY
(BALANCE OF RESPONSES, P, SA)

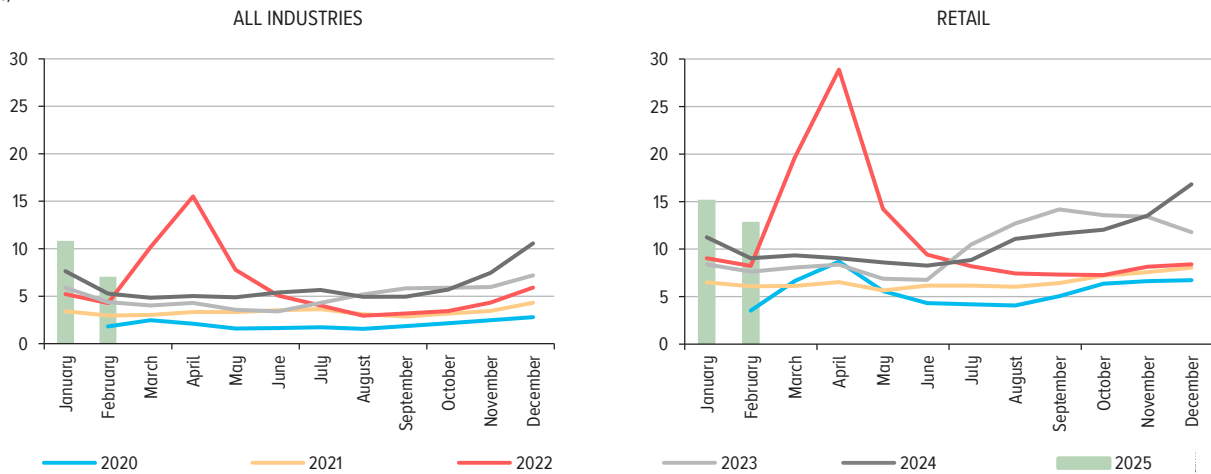
Chart 11



Sources: Bank of Russia, Rosstat.

AVERAGE PRICE GROWTH EXPECTED BY COMPANIES IN THE NEXT THREE MONTHS
(IN ANNUALISED TERMS)
(%)

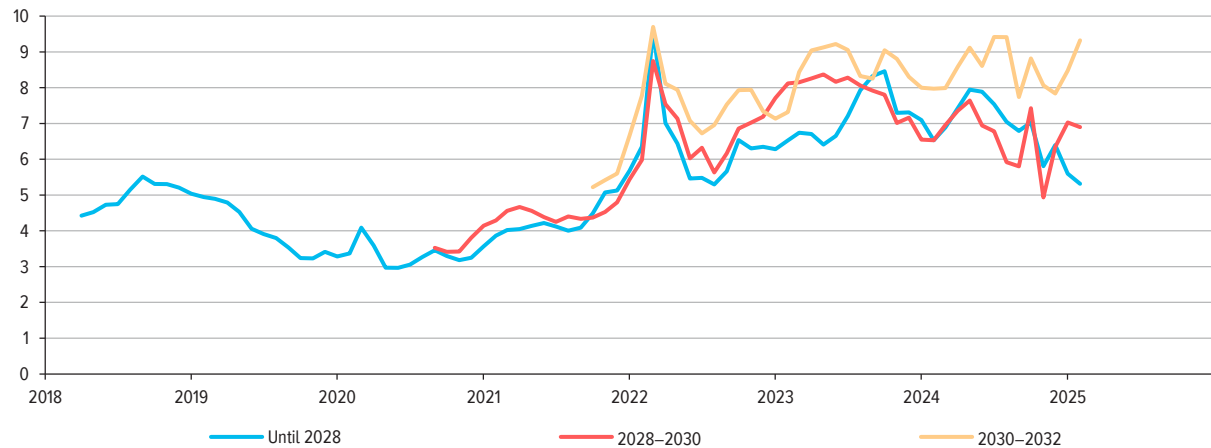
Chart 12



Source: Bank of Russia.

BREAKEVEN INFLATION FOR OFZ-IN
(%)

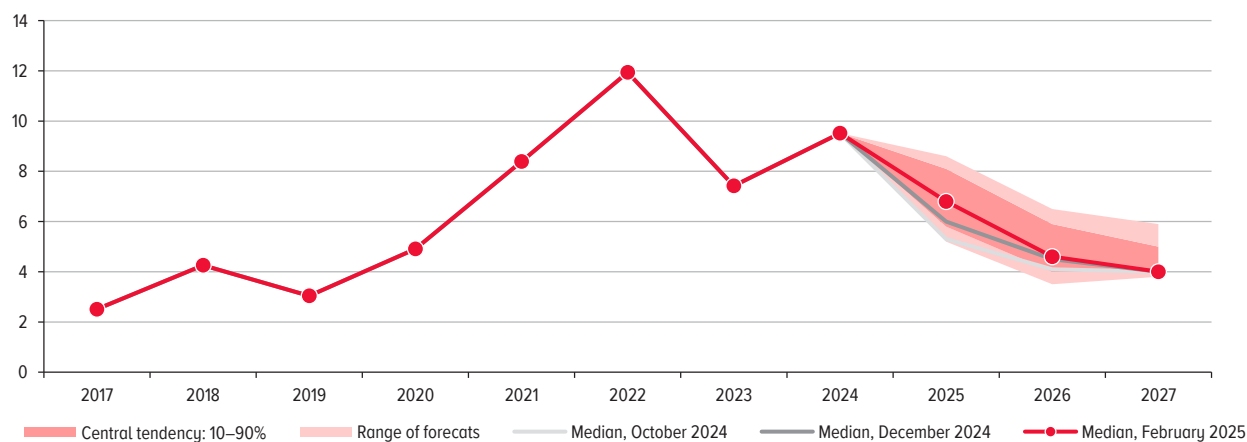
Chart 13



Sources: Moscow Exchange, Rosstat, Bank of Russia calculations.

RESULTS OF THE BANK OF RUSSIA'S MACROECONOMIC SURVEY, INFLATION FORECAST
(% IN DECEMBER YOY)

Chart 14



Sources: Bank of Russia, Rosstat.

The data cut-off date – 24 February 2025.

The electronic version of the [information and analytical commentary](#) is available on the Bank of Russia website.Please send your comments and suggestions to svc_analysis@cbr.ru.

This commentary was prepared by the Monetary Policy Department together with the Irkutsk Regional Division of the Siberian Main Branch of the Central Bank of the Russian Federation.

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Bldg V, 12 Neglinnaya Street, Moscow, 107016

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