



Bank of Russia



INFLATION EXPECTATIONS AND CONSUMER SENTIMENT

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Information and analytical commentary

26 March 2025

INFLATION EXPECTATIONS AND CONSUMER SENTIMENT (MARCH 2025)

In March 2025, the indicators of inflation expectations were decreasing, while staying elevated. The median estimate of households' inflation expectations for the next 12 months equalled 12.9%, according to InFOM's survey. Companies reduced their price expectations for the next three months. Breakeven inflation for inflation-indexed federal government bonds (OFZ-IN) maturing in 2028 went down. In March, analysts slightly raised their forecasts for 2026, namely from 4.6% to 4.8%. The Bank of Russia forecasts that, given the current monetary policy stance, annual inflation will lower to 7.0–8.0% in 2025, return to 4.0% in 2026, and stay at the target further on.

INDICATORS OF INFLATION EXPECTATIONS

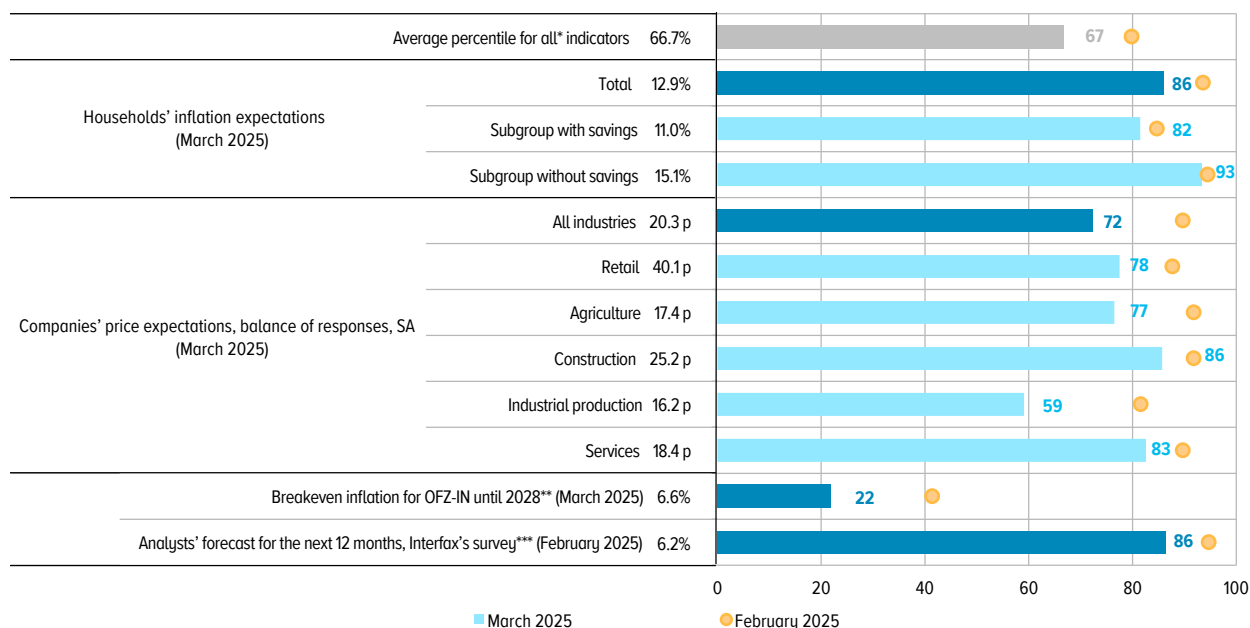
	Expectations horizon	2022 average	2023 average	2024 average	2024 Q3 average	2024 Q4 average	January 2025	February 2025	March 2025	Average over the past three months
Inflation, %		13.8	5.9	8.4	8.9	9.0	9.9	10.1		
Inflation observed by households, Public Opinion Foundation, %										
Median	previous 12 months	19.6	14.5	14.9	14.5	15.5	16.4	16.5	16.5	16.5
Subgroup with savings	previous 12 months	16.8	13.0	13.2	12.8	14.0	15.4	13.6	13.6	14.2
Subgroup without savings	previous 12 months	22.0	15.9	16.5	16.1	16.6	17.5	18.4	18.8	18.2
Households' inflation expectations, Public Opinion Foundation, %										
Median	next 12 months	12.9	11.5	12.4	12.6	13.6	14.0	13.7	12.9	13.6
Subgroup with savings	next 12 months	11.3	10.2	10.9	11.0	12.2	12.6	11.3	11.0	11.6
Subgroup without savings	next 12 months	14.2	12.7	13.8	13.9	14.8	15.4	15.2	15.1	15.2
Median for the next five years	next five years		10.5	10.8	11.1	11.9	12.3	12.3	12.1	12.2
Companies' price expectations, Bank of Russia's monitoring of businesses, balance of responses, p, SA*										
Companies, total	next three months	21.8	19.5	22.1	22.0	25.6	27.5	23.1	20.3	23.6
Retail	next three months	38.9	38.6	41.1	43.8	45.9	46.0	44.1	40.1	43.4
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	5.6	5.2	4.4	5.1
OFZ-IN 52003, July 2030	next five-year average	6.5	7.4	6.8	6.7	6.3	6.3	5.9	5.3	5.8
OFZ-IN 52004, March 2032	next seven-year average	6.7	7.6	7.2	7.2	6.8	6.8	6.7	6.3	6.6
OFZ-IN	2028–2030 average	6.7	7.9	6.6	6.2	6.2	7.0	6.8	6.2	6.7
OFZ-IN	2030–2032 average	7.6	8.5	8.5	8.9	8.2	8.5	9.2	9.3	9.0
Analysts, %										
Survey by the Bank of Russia	2025	4.0	4.0	4.6	4.7	5.7		6.8	7.0	
Interfax	2025			5.0	5.0	6.1	6.9	7.1		
Survey by the Bank of Russia	2026		4.0	4.1	4.0	4.3		4.6	4.8	
Interfax	2026						4.6	4.7		
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 the percentiles of households' inflation expectations (total), companies' price expectations (all industries), breakeven inflation for OFZ-IN, and analysts' forecast for the next 12 months.

** The average for the issues maturing in 2028, 2030, and 2032. The distribution of values since October 2021.

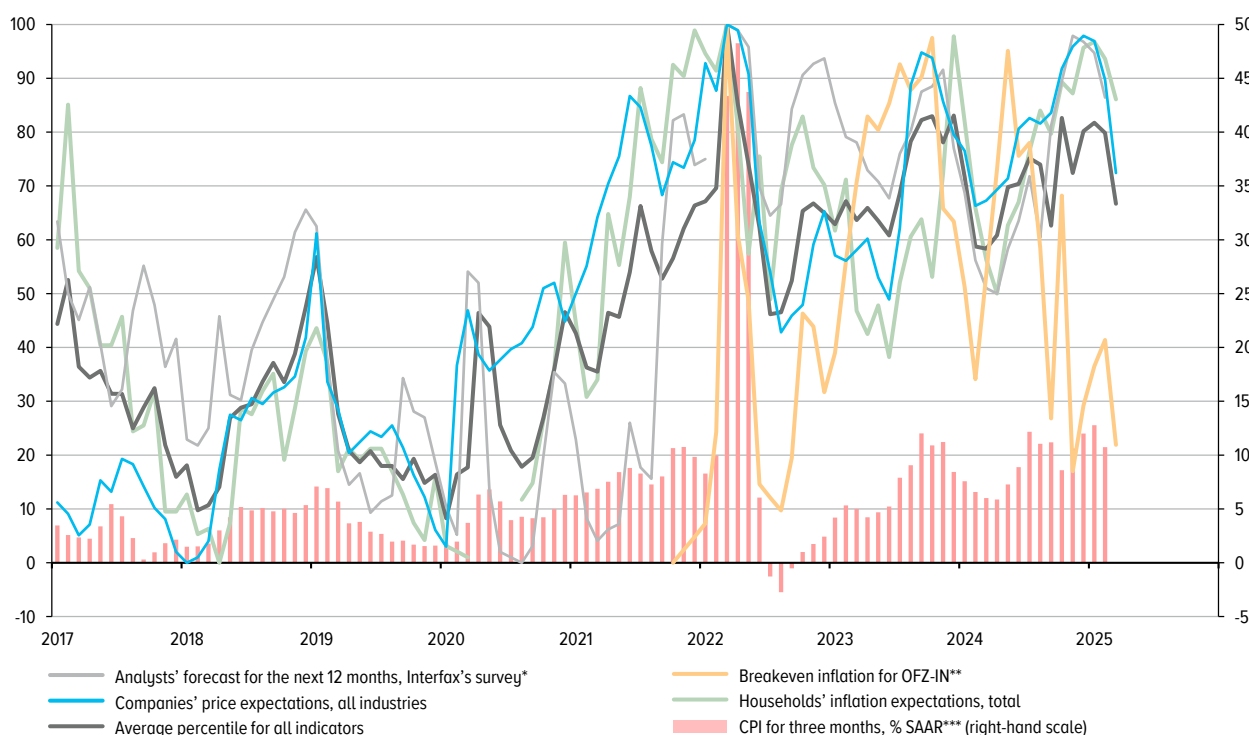
*** Analysts' forecast for the next 12 months was calculated based on the forecasts for 2025 and 2026, taking into account actual inflation since the beginning of 2025.

Note. The chart shows the percentiles of the indicators of inflation expectations for the current and previous months in the distribution observed since January 2017. The percentile as of the previous date is 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 calculated based on the forecasts for 2025 and 2026, taking into account actual inflation since the beginning of 2025.

** The average for the issues maturing in 2028, 2030, and 2032. The distribution of values since October 2021.

*** 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 edged down

In March 2025, the median estimate of inflation expectations for the next 12 months lowered to 12.9% (-0.8 pp MoM; +1.4 pp YoY), as shown by [InFOM's survey](#) (Charts 3 and 4). This level is the lowest since September 2024 but is still in the range recorded over 2022–2024, even exceeding the 2024 average of 12.4%. Respondents with savings decreased their inflation expectations to 11.0 pp (-0.3 pp MoM; +1.2 pp YoY), while the proportion of these respondents was up from 33% in February to 37% in March. Inflation expectations among respondents without savings remained nearly the same at 15.1% (-0.1 pp MoM; +2.2 pp YoY) (Chart 5).

Inflation observed by households stayed unchanged in March at 16.5% (+1.7 pp YoY). Respondents without savings increased their estimates of observed inflation, whereas the group with savings kept their estimates unchanged. The gap between the estimate of observed inflation and the annual growth of the consumer price index (CPI) shrank slightly to 6.4 pp (observed inflation is 1.6 times as high as the annual growth rate of the CPI).

In March, when answering the question about increases in prices for certain goods and services,² much fewer respondents complained about more expensive eggs, housing and utility services, cheeses, and sausages than in February. However, a higher number of respondents reported rising prices for fish and seafood as well as vegetable oils (Chart 6).

The estimates of inflation trends expected in a month and in a year remained nearly the same in March. The judgements about inflation observed over the past month and the past year increased³ (Chart 7).

Long-term inflation expectations for the next five years⁴ dropped to 12.1% in March (-0.2 pp MoM; +2.1 pp YoY). In particular, this indicator declined to 13.7% among respondents without savings (-0.3 pp MoM; +3.4 pp YoY), while rising to 10.5% in the group with savings (+0.3 pp MoM; +0.8 pp YoY). The percentage of respondents considering that the price growth rate three years later will notably surpass 4.0% increased in March vs January, specifically to 59% (+2 pp on January; +14 pp YoY) (Chart 8).

The consumer sentiment index was up

In March 2025, the consumer sentiment index had been rising for the third consecutive month, reaching 109.0 points (+2.7 p MoM; -4.3 p YoY), which is close to the level observed in July 2024 (Chart 9). Respondents increased both their estimates of the present situation and expectations.

The present situation index equalled 94.1 points in March (+1.8 p MoM; -3.3 p YoY). This index comprises 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. The former were up and the latter remained unchanged.

The expectations index equalled 118.9 points in March (+3.3 p MoM; -5.1 p YoY). Respondents became more optimistic about the prospects of the country's development in the next year and next five

² For details on inflation in February, refer to the information and analytical commentary [Consumer Price Dynamics](#) No. 2 (110), February 2025.

³ That is, the percentages of respondents who said that prices had risen considerably and had been rising faster than before were higher than in the previous month.

⁴ The question 'Could you even roughly estimate price growth in Russia in five years, that is, annual inflation by around 2030?'. The proportion of respondents who gave a meaningful response to this question (other than the answers such as 'I have no idea what will happen to prices in five years' and 'It is hard to say') was 52% in March (vs 49% in February).

years, whereas their expectations about their personal financial standing for the next year declined somewhat.

Respondents' propensity to save remained nearly the same in March. The percentage of respondents opting to save rather than purchase expensive goods equalled 51.5% (+0.1 pp MoM; -2.4 pp YoY) (Chart 10), staying below the average recorded since early 2016 (54.0%). The proportion of those preferring to make purchases was 30.2% (-0.9 pp MoM; +1.0 pp YoY). The distribution of responses to the question about the preferred forms of savings remained almost the same in March. In particular, the percentage of those opting to keep their money in bank accounts equalled 46% (+1 pp MoM; +3 pp YoY), while the share of respondents preferring cash holdings was 29% (unchanged MoM; +1 pp YoY).

Companies' price expectations lowered

According to the Bank of Russia's monitoring of businesses carried out in March 2025, companies' price expectations (the balance of responses) for the next three months declined again (Chart 11).⁵ However, they are still heightened and stay at the level of May 2024. The decrease in price expectations was accompanied by a slowdown in the growth of costs, including because of a stronger ruble and lower assessments of actual demand.

Businesses' price expectations decreased in almost all industries, except water supply and waste management where pricing policies largely depend on government regulation.

Price expectations declined most notably in trade: respondents from all segments of the industry reported a contraction of sales more frequently than in the previous month.

Price expectations in manufacturing, transportation and storage, as well as services were primarily affected by a slower rise in costs. Another reason for a decrease in mining and quarrying enterprises' price expectations was lower global prices for commodities.

Price expectations in agriculture were going down due to common factors, namely the deceleration of the rise in costs and lower assessments of current demand.

Construction companies not only lowered their price expectations but also became less optimistic about current and future demand. The growth of costs slowed down in this industry as well.

In March 2025, the average price growth rate expected in the next three months,⁶ measuring businesses' price expectations, equalled 5.2% in annualised terms (-1.9 pp MoM; +0.4 pp YoY) (Chart 12). The average price growth rate expected by retailers in the next three months⁶ equalled 11.0% in annualised terms (-2.3 pp MoM; +1.7 pp YoY).

Breakeven inflation – 4.4% until 2028

As estimated by the Bank of Russia,⁷ average breakeven inflation for the next three years, until February 2028, calculated based on the ratio between yields on OFZ-PD (fixed coupon federal government bonds) and OFZ-IN with the same maturity dates decreased again in March 2025.

⁵ In March 2025, the Bank of Russia surveyed 15,700 companies (more detailed results of the monitoring are available in the information and analytical commentary [Monitoring of Businesses: Assessments, Expectations and Comments](#)).

⁶ Not seasonally adjusted.

⁷ The estimates are based on the comparison of expected yields on OFZ-IN and nominal OFZ (OFZ-PD), taking into account the lag in the nominal value indexation and seasonally adjusted inflation. [Calculation method](#).

It averaged 4.4% over the period from 1 to 21 March 2025 (-0.8 pp MoM; -2.5 pp YoY) (Chart 13). Breakeven inflation for 2028–2030 declined to 6.2% (-0.6 pp MoM; -0.8 pp YoY), while staying nearly the same for 2030–2032, specifically 9.3% (+0.1 pp MoM; +1.3 pp YoY).

Analysts expect inflation to decrease to 7.0% in 2025

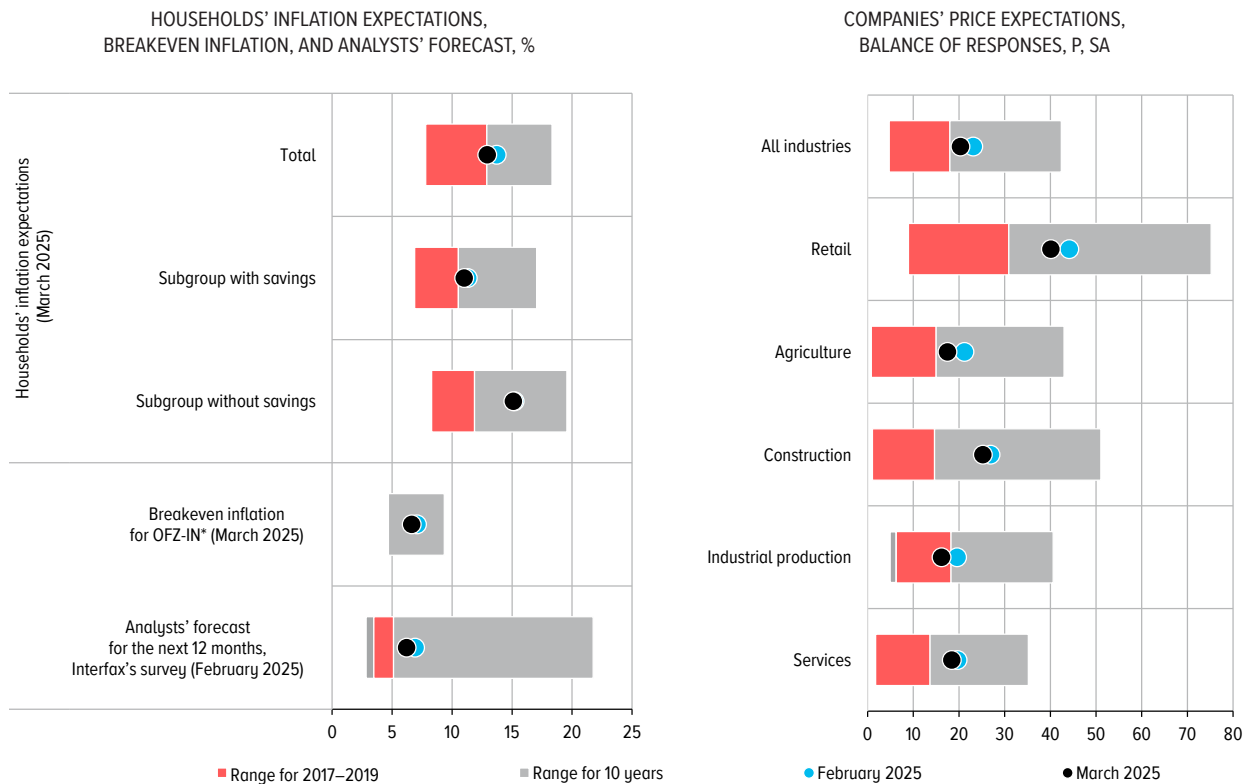
Analysts slightly raised their inflation forecasts in February–March 2025. According to the findings of the [macroeconomic survey](#) undertaken by the Bank of Russia in March 2025, analysts increased their inflation forecasts for the end of 2025 and the end of 2026 to 7.0% (+0.2 pp MoM; +2.9 pp YoY) and 4.8% (+0.2 pp MoM; +0.8 pp YoY), respectively. The 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 February 2025, analysts' consensus forecast of inflation for the end of 2025 and the end of 2026 rose to 7.1% (+0.2 pp MoM; +2.6 pp YoY) and 4.7% (+0.1 pp MoM), respectively.

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

To achieve the inflation target, it is necessary to maintain tight monetary conditions in the economy for a long period. The Bank of Russia forecasts that, given the current monetary policy stance, annual inflation will lower to 7.0–8.0% in 2025, return to 4.0% in 2026, and stay at the target further on.

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

Chart 3

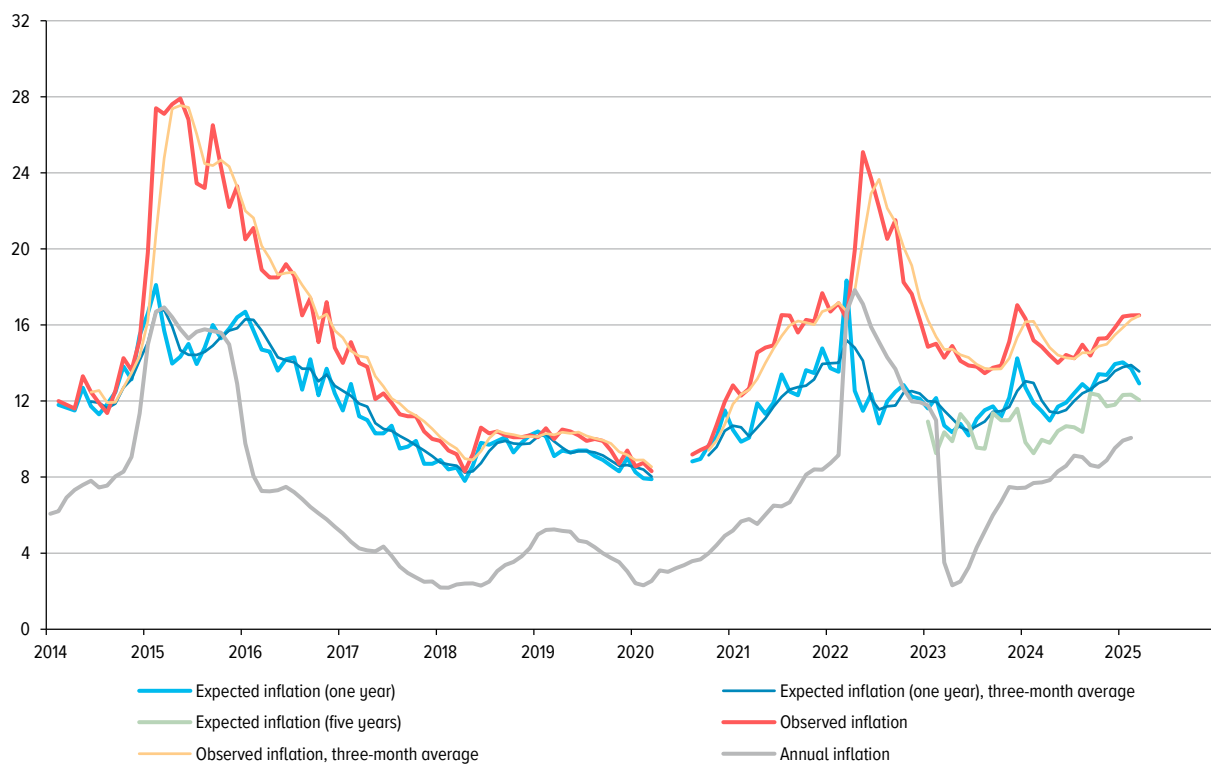


* The average for the issues maturing in 2028, 2030, and 2032. The distribution of values since October 2021.
Sources: InFOM, Bank of Russia, Interfax, Moscow Exchange.

INFLATION OBSERVED AND EXPECTED BY HOUSEHOLDS (MEDIAN ESTIMATE)

Chart 4

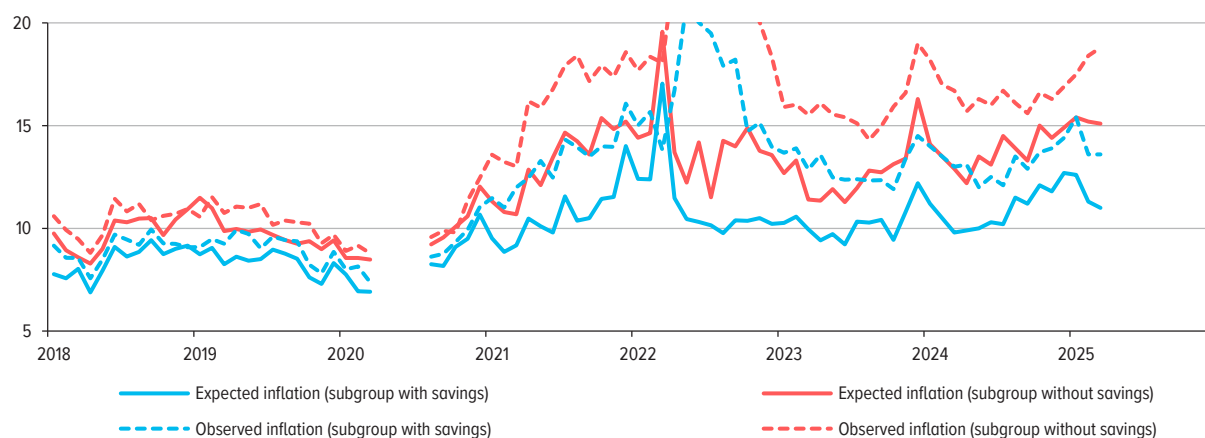
(%)



Sources: InFOM, Rosstat, Bank of Russia calculations.

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

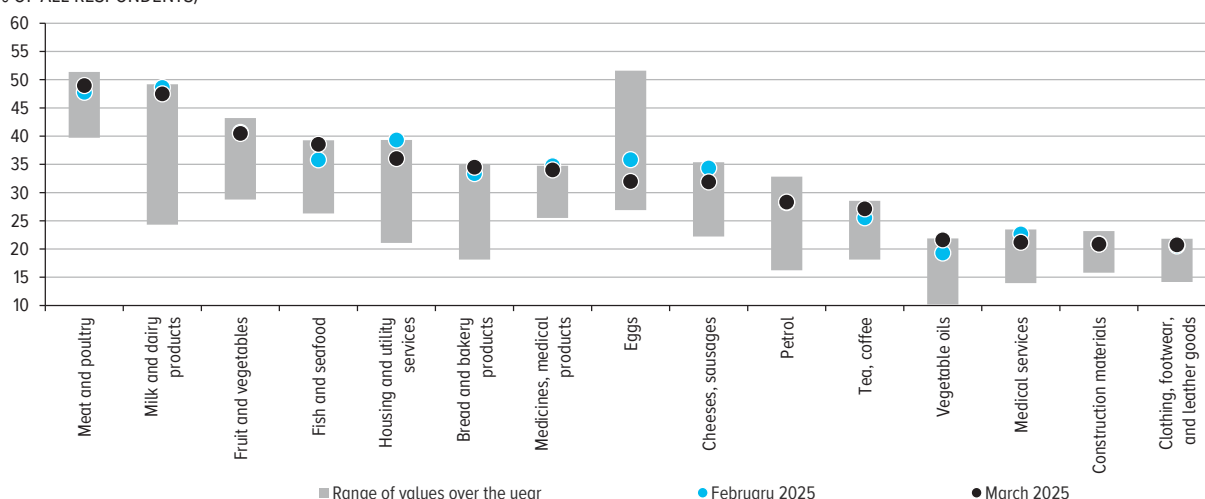
Chart 5



Source: InFOM.

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)

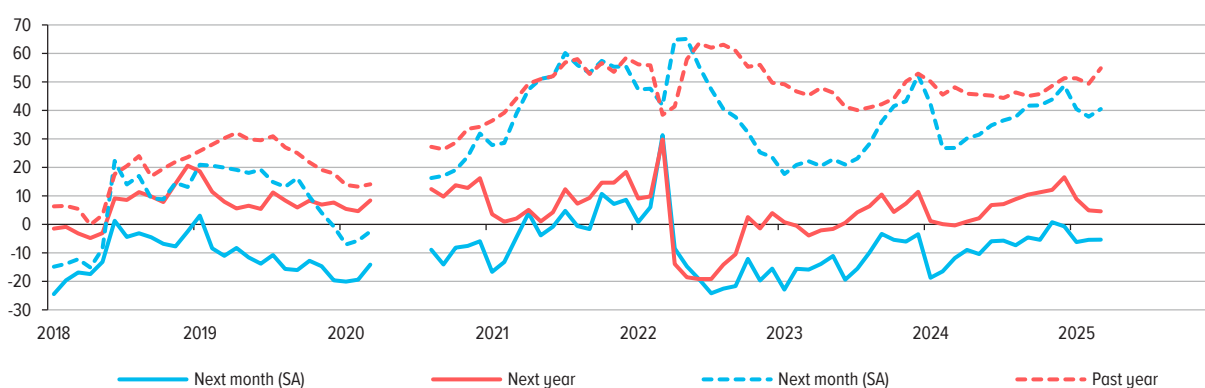
Chart 6



Sources: InFOM, Bank of Russia calculations.

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

Chart 7

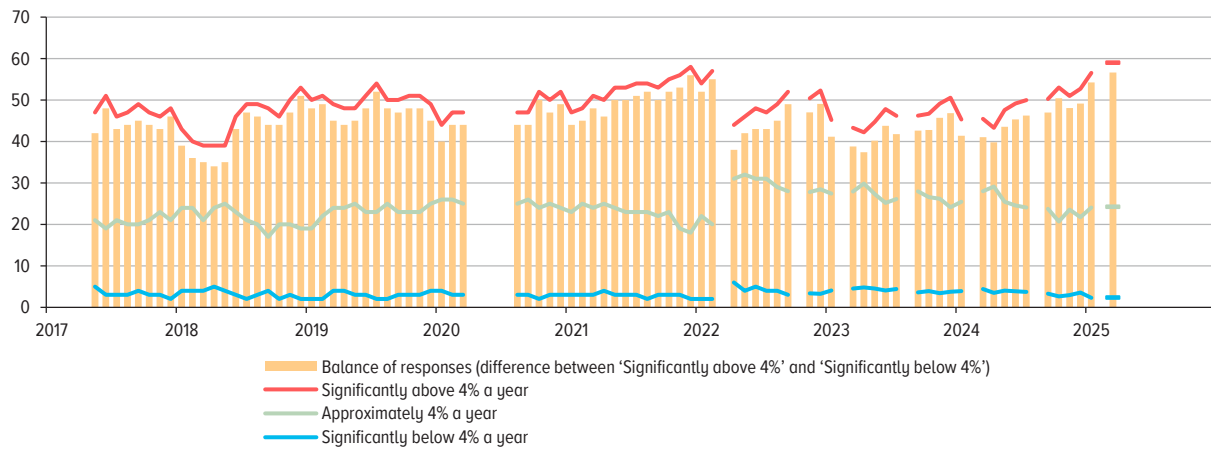


* The balance of responses to the questions 'How will prices for food products, non-food goods, and services change overall next month, in your opinion?', 'How will prices be changing overall over the next 12 months (year), in your opinion?', 'How did prices for food products, non-food goods, and services 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?'
(% OF ALL RESPONDENTS)

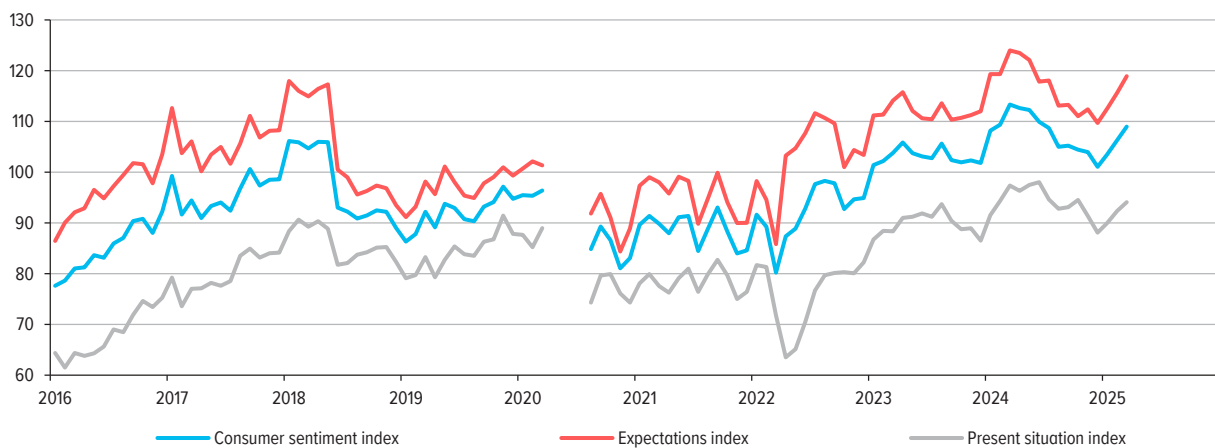
Chart 8



Sources: InFOM, Bank of Russia calculations.

CONSUMER SENTIMENT INDEX
(P)

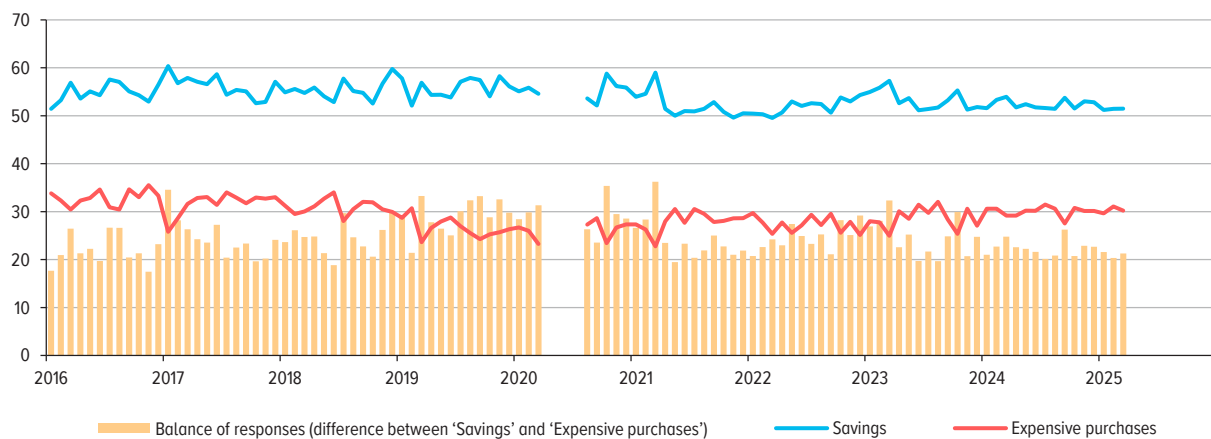
Chart 9



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?'
(% OF ALL RESPONDENTS)

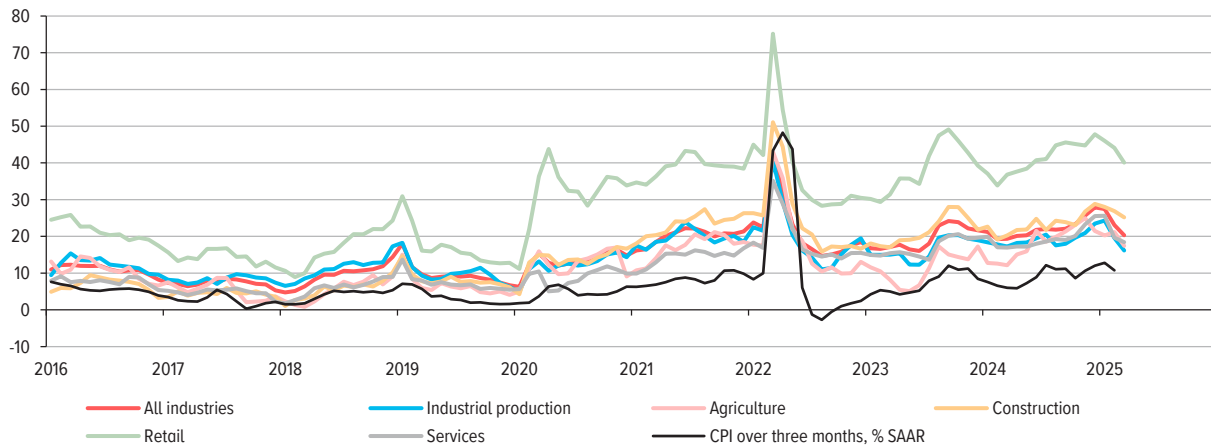
Chart 10



Sources: InFOM, Bank of Russia calculations.

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

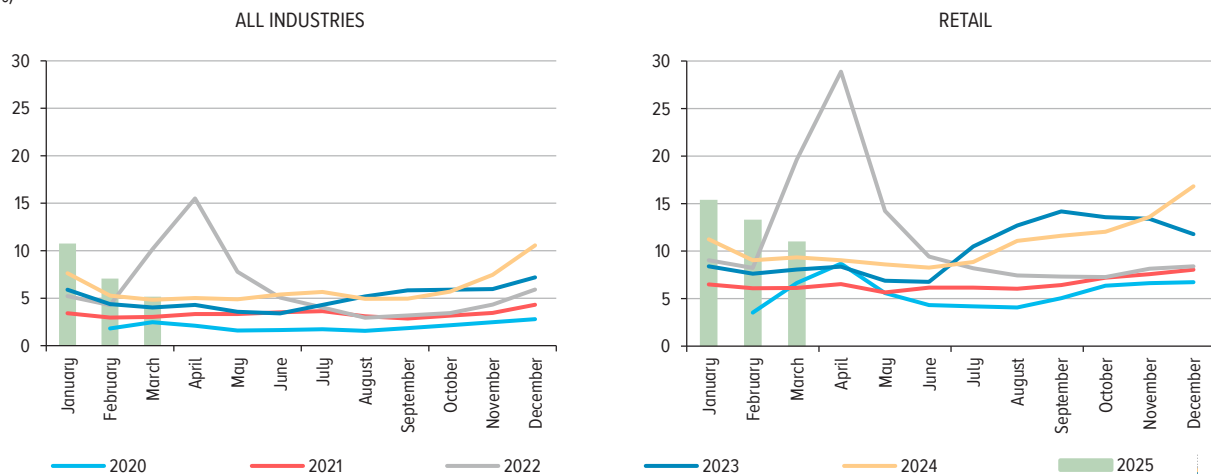
Chart 11



Sources: Bank of Russia, Rosstat.

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

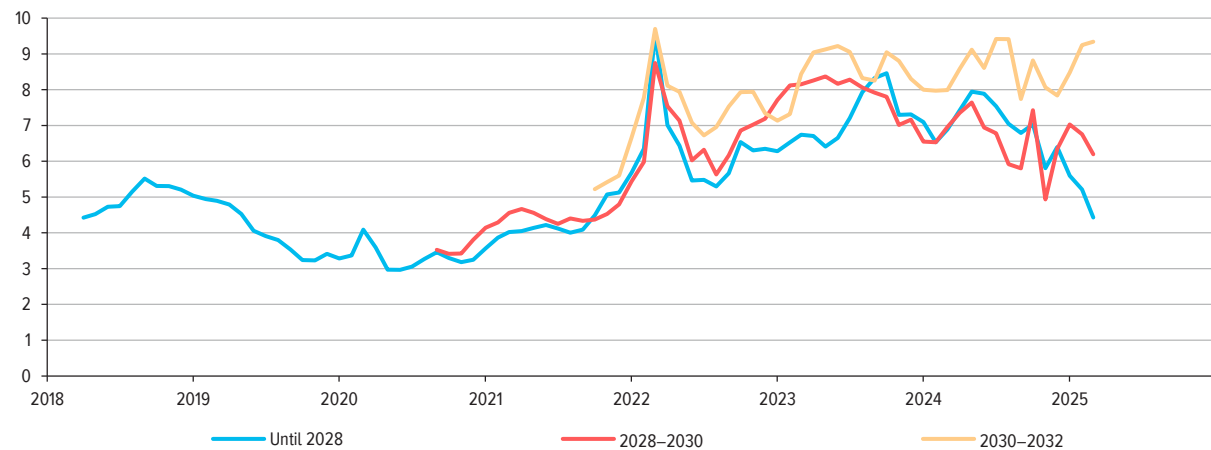
Chart 12



Source: Bank of Russia.

BREAKEVEN INFLATION FOR OFZ-IN
(%)

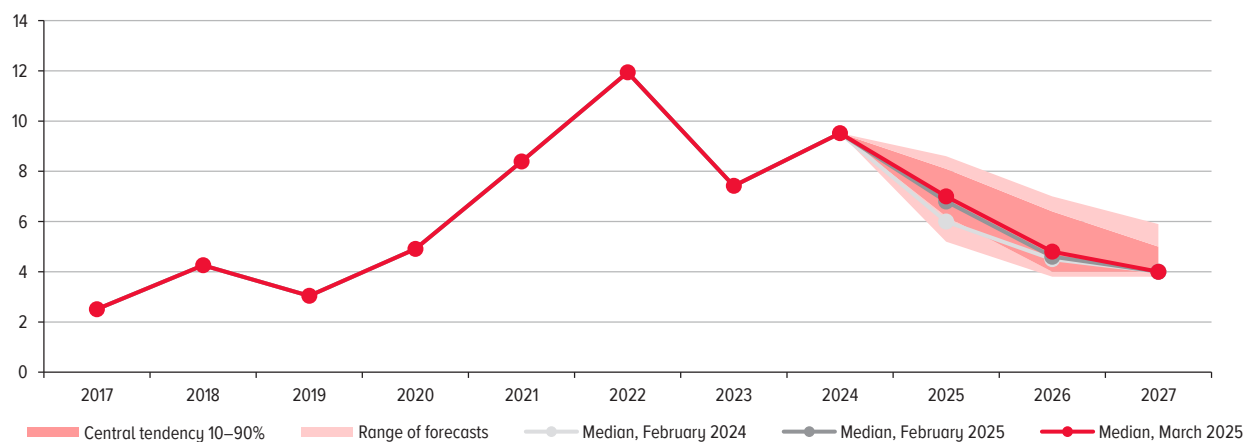
Chart 13



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 March 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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