



Bank of Russia



# INFLATION EXPECTATIONS AND CONSUMER SENTIMENT

No. 6 (102) • June 2025

Information and analytical commentary

25 June 2025

## INFLATION EXPECTATIONS AND CONSUMER SENTIMENT (JUNE 2025)

In June 2025, the indicators of inflation expectations were predominantly decreasing, while staying elevated. The median estimate of inflation expected by households in the next 12 months fell to 13.0%, as shown by InFOM's survey. Households' long-term inflation expectations for the next five years were also down to 11.4%, hitting a 10-month low. Companies' price expectations for the next three months continued to decline. Breakeven inflation for inflation-indexed federal government bonds (OFZ-IN) maturing in 2028 barely changed and came in at 3.9%. According to the Bank of Russia's forecast, given the current monetary policy stance, annual inflation will return to 4.0% in 2026 and will remain at the target further on.

### INDICATORS OF INFLATION EXPECTATIONS

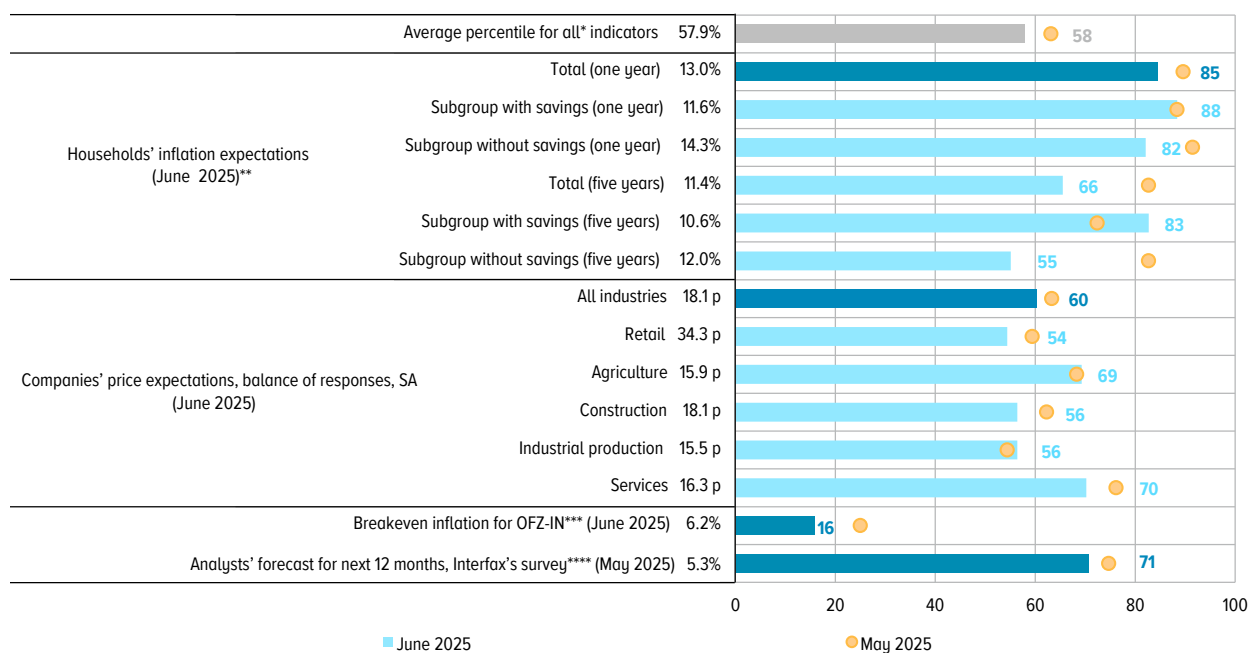
	Expectations horizon	2022 average	2023 average	2024 average	2024 Q4 average	2025 Q1 average	April 2025	May 2025	June 2025	Average over past three months
Inflation, %		13.8	5.9	8.5	9.0	10.1	10.2	9.9		
<b>Inflation observed by households, Public Opinion Foundation, %</b>										
Median	previous 12 months	19.6	14.5	14.9	15.5	16.5	15.9	15.5	15.7	15.7
Subgroup with savings	previous 12 months	16.8	13.0	13.2	14.0	14.2	14.2	14.0	14.0	14.1
Subgroup without savings	previous 12 months	22.0	15.9	16.5	16.6	18.2	17.4	16.8	17.0	17.1
<b>Households' inflation expectations for one year, Public Opinion Foundation, %</b>										
Median	next 12 months	12.9	11.5	12.4	13.6	13.6	13.1	13.4	13.0	13.2
Subgroup with savings	next 12 months	11.3	10.2	10.9	12.2	11.6	12.4	11.6	11.6	11.9
Subgroup without savings	next 12 months	14.2	12.7	13.8	14.8	15.2	13.9	15.0	14.3	14.4
<b>Households' inflation expectations for five years, Public Opinion Foundation, %</b>										
Median	next five years		10.5	10.8	11.9	12.2	11.5	11.8	11.4	11.6
Subgroup with savings	next five years		9.7	9.9	10.5	10.6	11.0	10.5	10.6	10.7
Subgroup without savings	next five years		11.4	11.8	13.4	13.8	11.9	13.1	12.0	12.3
<b>Companies' price expectations, Bank of Russia's monitoring of businesses, balance of responses, p, SA*</b>										
Companies, total	next three months	21.7	19.6	22.2	25.6	23.4	19.2	18.3	18.1	18.5
Retail	next three months	38.9	38.6	41.1	45.7	43.0	37.7	35.9	34.3	36.0
<b>Breakeven inflation for OFZ-IN (monthly average), %</b>										
OFZ-IN 52002, February 2028	next three-year average	6.3	7.2	7.0	6.4	5.0	4.1	3.8	3.9	3.9
OFZ-IN 52003, July 2030	next five-year average	6.5	7.4	6.8	6.3	5.8	5.1	5.2	4.8	5.0
OFZ-IN 52004, March 2032	next seven-year average	6.7	7.6	7.2	6.8	6.6	6.1	6.1	5.9	6.0
OFZ-IN	2028–2030 average	6.7	7.9	6.6	6.2	6.7	6.2	6.6	5.7	6.2
OFZ-IN	2030–2032 average	7.6	8.5	8.5	8.2	9.0	9.2	9.2	9.1	9.1
<b>Analysts, %</b>										
Survey by Bank of Russia	2025	4.0	4.0	4.6	5.7	6.9	7.1	7.1		
Interfax	2025			5.0	6.1	7.0	7.1	6.9		
Survey by Bank of Russia	2026		4.0	4.1	4.3	4.7	4.8	4.6		
Interfax	2026					4.7	4.8	4.9		
Survey by Bank of Russia	2027			4.0	4.0	4.0	4.0	4.2		

\* 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, for one year ahead), companies' price expectations (all industries), breakeven inflation for OFZ-IN, and analysts' forecast for the next 12 months.

\*\* The distribution of values of households' inflation expectations for the next five years since January 2023.

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

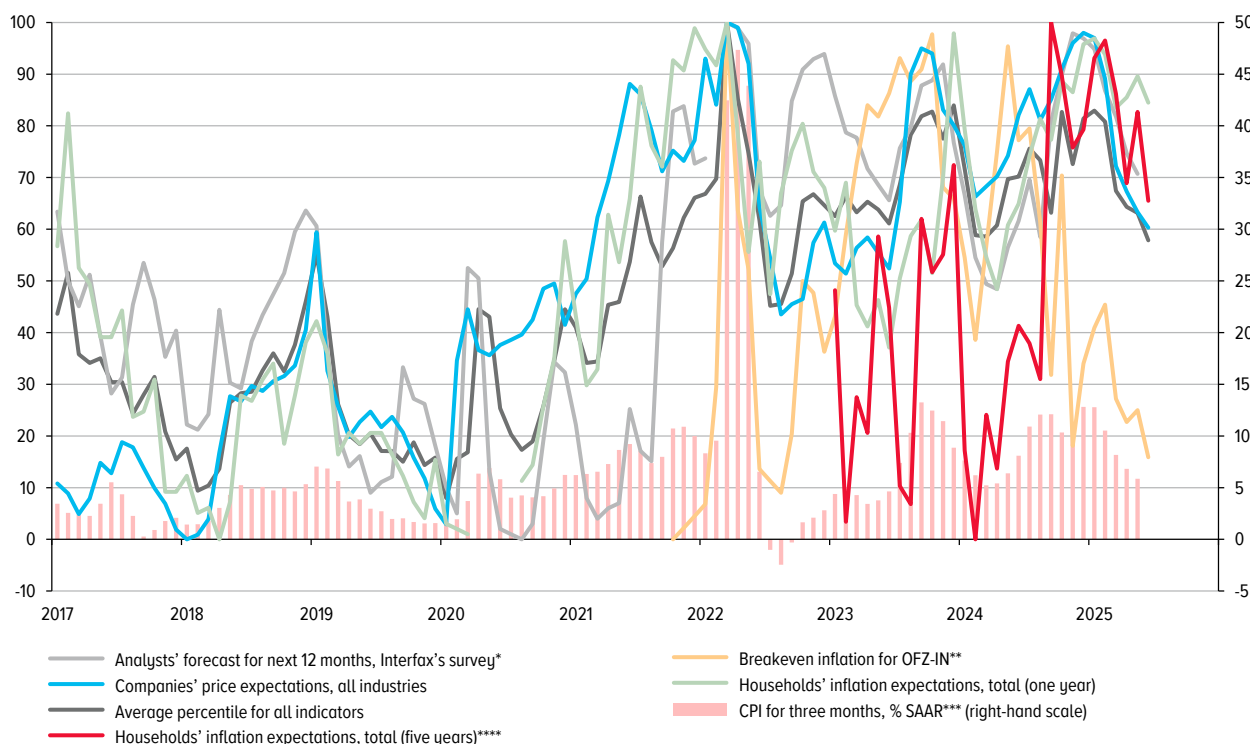
\*\*\*\* Analysts' forecast for the next 12 months was calculated based on the forecasts for 2025 and 2026, taking into account actual inflation since the beginning of 2025.

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 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 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.

\*\*\*\* The distribution of values of households' inflation expectations for the next five years since January 2023.

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.<sup>1</sup> 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.*

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

## Households' inflation expectations decreased

In June 2025, the median estimate of inflation expectations for the next 12 months was down to 13.0% (-0.4 pp MoM; +1.1 pp YoY), as shown by [InFOM's survey](#) (Charts 3 and 4). Households' inflation expectations remained elevated, as compared with the values observed between 2017 and 2019, when inflation was low, and had not demonstrated any notable downward trend over the past few months, fluctuating between 12.9% and 13.4% since March 2025. In June, respondents without savings lowered their expectations to 14.3 pp (-0.7 pp MoM; +1.2 pp YoY). The expectations of those with savings remained unchanged (11.6%; +1.3 pp YoY) (Chart 5).

Inflation observed by households edged up in June to 15.7% (+0.2 pp MoM; +1.3 pp YoY), fuelled by the estimates of respondents without savings. Households with savings did not change their estimates of observed inflation. The gap between the estimate of observed inflation and the annual growth of the consumer price index (CPI) expanded to 5.8 pp (observed inflation and its average deviation over 2022–2024 were 1.6 times and 2.1 times as high as the annual CPI growth rate, respectively).

Answering the question about growth in prices for certain goods and services,<sup>2</sup> respondents complained about higher prices for most goods and services included in the questionnaire less frequently in June than in May. Concerns about higher prices for eggs, milk and dairy products, fish and seafood, medicines and medical products as well as clothes, footwear, and leather goods subsided most notably (Chart 6).

The qualitative assessments of inflation trends expected in a month and in a year edged down in June.<sup>3</sup> The said assessments of inflation observed over the past month increased,<sup>4</sup> and those of inflation observed over the past year declined<sup>5</sup> (Chart 7).

Long-term inflation expectations for the next five years<sup>6</sup> dropped to 11.4% in June (-0.4 pp MoM; +0.7 pp YoY), hitting a ten-month low. Similar to short-term inflation expectations, they decreased among respondents without savings (12.0%; -1.1 pp MoM; +0.3 pp YoY) and barely changed among those with savings (10.6%; +0.1 pp MoM; +0.6 pp YoY). The proportion of respondents believing that the price growth rate would notably surpass 4% in three years was down to 57% (-2 pp MoM; +8 pp YoY) in June (Chart 8).

## The consumer sentiment index was down

In June 2025, the consumer sentiment index declined to 104.0 p (-3.1 p MoM; -5.9 p YoY) (Chart 9). Respondents' estimates of the present situation and expectations worsened but remained within the ranges observed since early 2023.

The expectations index equalled 112.0 p in June (-3.7 p MoM; -5.8 p YoY). The values of all its components (the respondents' estimates of Russia's development prospects for the next year and the next five years and their expectations about their personal financial standing for the next year) decreased.

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<sup>2</sup> For details on inflation in May, see the information and analytical commentary [Consumer Price Dynamics](#) No. 5 (113), May 2025.

<sup>3</sup> That is, the portions of respondents who said that prices would rise considerably and would be rising faster than now were lower than in the previous month.

<sup>4</sup> That is, the portion of respondents who said that prices had risen considerably was higher than in the previous month.

<sup>5</sup> That is, the portion of respondents who said that prices were rising faster than in the past was lower than in the previous month.

<sup>6</sup> The question 'Could you even roughly estimate price growth in five years, that is, annual inflation by around 2030?'. The percentage 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 47% in June (vs 46% in May).

The present situation index equalled 92.1 p in June (-2.1 p MoM; -5.9 p YoY). Respondents considered the present situation to be less favourable for making large purchases and became more pessimistic about changes in their personal financial standing over the past year.

In June, their propensity to save decreased. The percentage of respondents opting to save rather than purchase expensive goods came in at 51.4% (-1.5 pp MoM; -0.4 pp YoY) (Chart 10), staying below the average value since early 2016 (54.0%). The portion of those preferring to spend rose to 29.9% (+1.6 pp MoM; -0.3 pp YoY). When asked about preferable forms of savings, more households opted for cash, accounting for 29% of all respondents (+2 pp MoM; unchanged YoY). The percentage of those choosing bank accounts contracted to 44% (-3 pp MoM; +2 pp YoY).

## Companies' price expectations declined

According to the Bank of Russia's monitoring of businesses carried out in June 2025, companies' price expectations (the balance of responses) for the next three months continued to decline for the sixth consecutive month (Chart 11).<sup>7</sup> The current value of this indicator had been at its lowest level since June 2023 but remained elevated as compared with the figures observed between 2017 and 2019, when inflation was low. The decline in price expectations was accompanied by a decrease in the estimates of current and future demand and a slower rise in costs observed for the fourth consecutive month (Table 1).

Price expectations were changing diversely across industries. They decreased in construction, trade, services and manufacturing and increased in energy and water supply, transportation and storage as well as in agriculture. Price expectations in mining and quarrying barely changed.

Construction companies lowered their price expectations most notably amid a slower rise in costs and regardless of a slight increase in their expectations of future demand. Retailers became significantly more pessimistic about actual and future demand than companies in other industries and substantially decreased their price expectations.

Transportation and storage enterprises remained positive about future demand and therefore raised their price expectations.

As for agriculture, price expectations edged up amid higher estimates of actual demand as companies stayed optimistic about future demand. However, the dynamics of price expectations in this sector were constrained by slower costs growth.

Higher price expectations in energy and water supply were largely associated with the upcoming indexation of utility rates.

In June 2025, the average price growth rate expected in the next three months,<sup>8</sup> measuring businesses' price expectations, equalled 4.5% in annualised terms (+0.1 pp MoM; -0.9 pp YoY) (Chart 12). The average price growth rate expected by retailers in the next three months continued to go down and equalled 6.5% in annualised terms (-0.7 pp MoM; -1.8 pp YoY).

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<sup>7</sup> In June 2025, the Bank of Russia surveyed 13,500 companies (more detailed results of the monitoring are available in the information and analytical commentary [Monitoring of Businesses: Assessments, Expectations and Comments](#)).

<sup>8</sup> Not seasonally adjusted.



## Breakeven inflation – 3.9% until 2028

As estimated by the Bank of Russia,<sup>9</sup> average breakeven inflation for the next three years, until February 2028, calculated based on the ratio of yields on fixed coupon federal government bonds (OFZ-PD) to those on OFZ-IN with the same maturity dates barely changed in June. It averaged 3.9% over the period from 1 to 20 June 2025 (+0.1 pp MoM; -4.0 pp YoY) (Chart 13). Breakeven inflation for 2028–2030 declined to 5.7% (-0.9 pp MoM; -1.2 pp YoY) and for 2030–2032, it equalled 9.1% (-0.1 pp MoM; +0.5 pp YoY).

## Analysts expect inflation of 7.1% in 2025

In May 2025, analysts' inflation forecasts barely changed. According to the findings of the [macroeconomic survey undertaken by the Bank of Russia](#) in May 2025, analysts' inflation forecasts for the end of 2025 and the end of 2026 equalled 7.1% (unchanged MoM; +2.9 pp YoY) and 4.6% (-0.2 pp MoM; +0.6 pp YoY), respectively. The analysts surveyed by the Bank of Russia expect inflation to slow down to 4.2% in 2027 (+0.2 pp MoM) (Chart 14). As shown by Interfax's survey, in May 2025, analysts' consensus forecast of inflation for the end of 2025 and the end of 2026 was 6.9% (-0.2 pp MoM; +2.3 pp YoY) and 4.9% (+0.1 pp MoM), respectively.

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

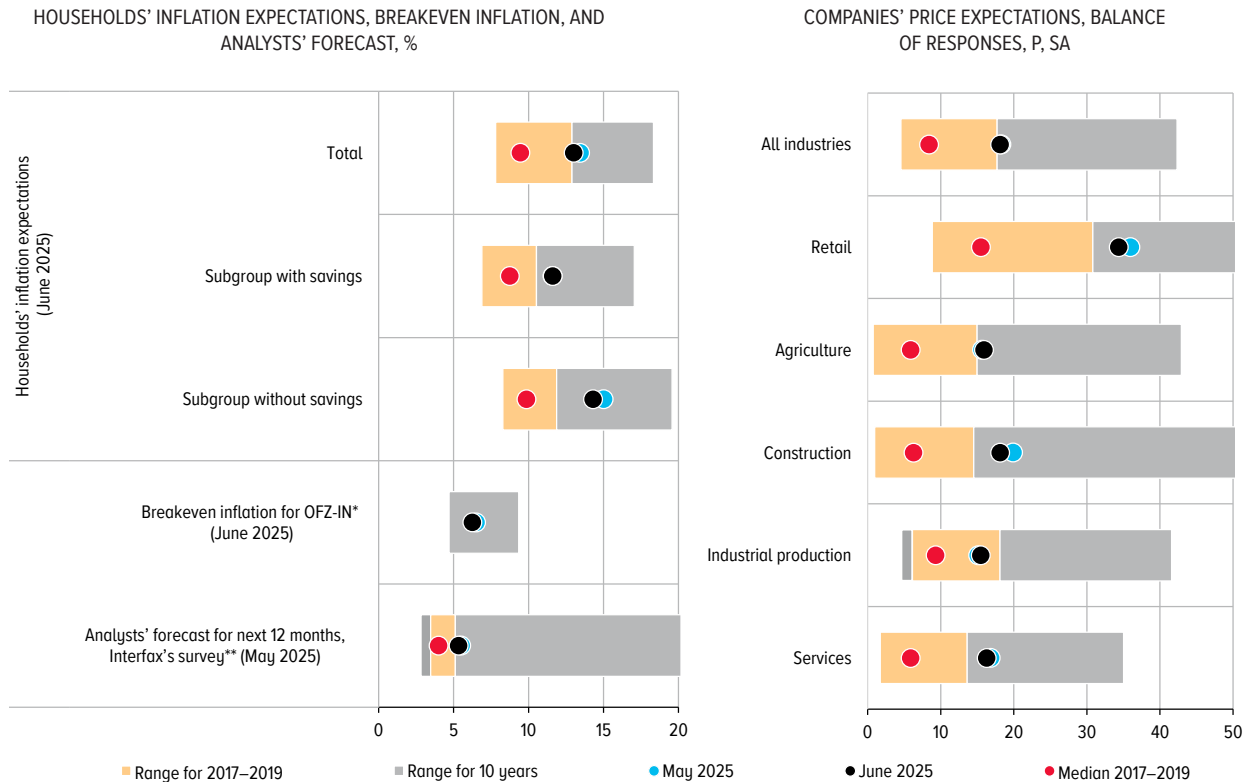
The Bank of Russia will keep monetary conditions as tight as is required to return inflation to the target in 2026. This means that monetary policy will be tight for a long period. According to the Bank of Russia's forecast, given the current monetary policy stance, annual inflation will return to 4.0% in 2026 and will remain at the target further on.

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<sup>9</sup> The estimates are based on the comparison of expected yields on OFZ-IN and nominal OFZ (OFZ-PD), taking into account the lag between the nominal value indexation and seasonally adjusted inflation. [Calculation method](#).

## INDICATORS OF INFLATION EXPECTATIONS AND DISTRIBUTION OF THEIR VALUES OVER 10 YEARS

Chart 3



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

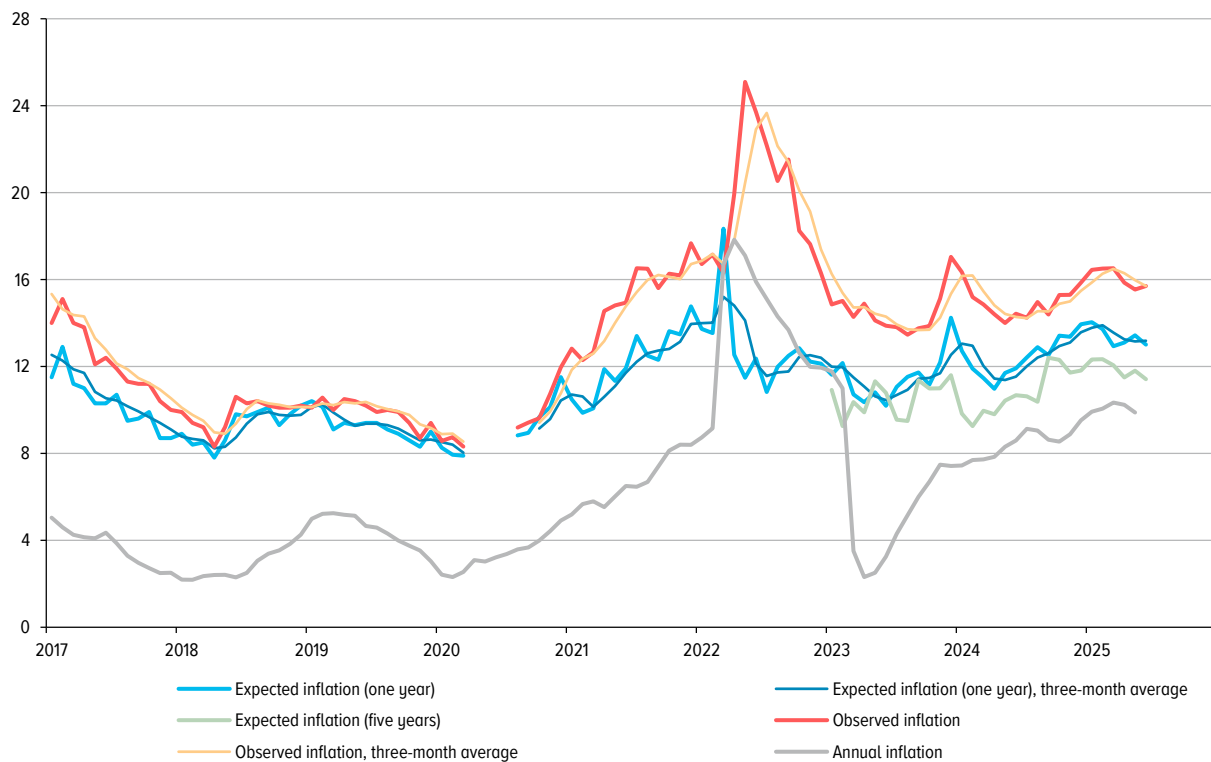
\*\* Analysts' forecast for the next 12 months is based on forecasts for 2025 and 2026, taking into account actual inflation since the beginning of 2025.

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

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

Chart 4

(%)

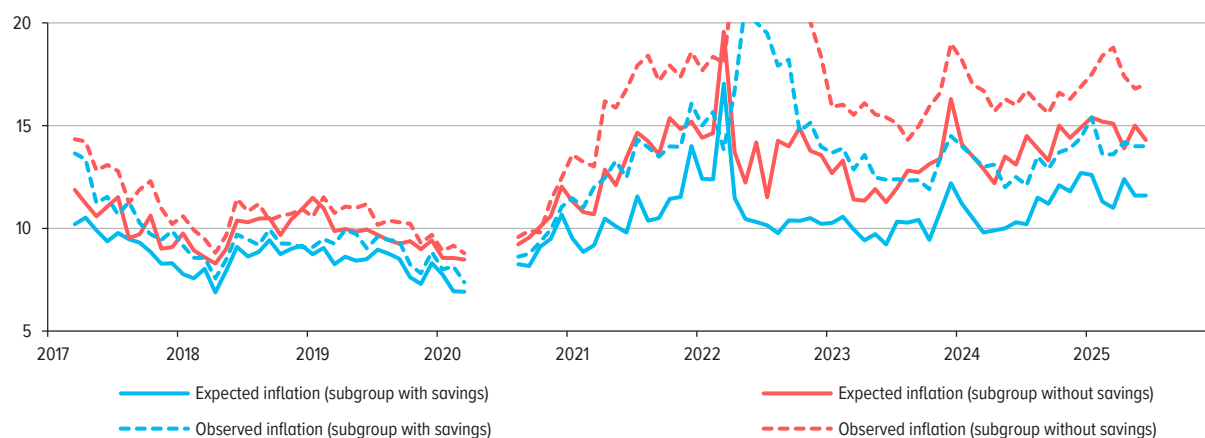


Sources: InFOM, Rosstat, Bank of Russia calculations.



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

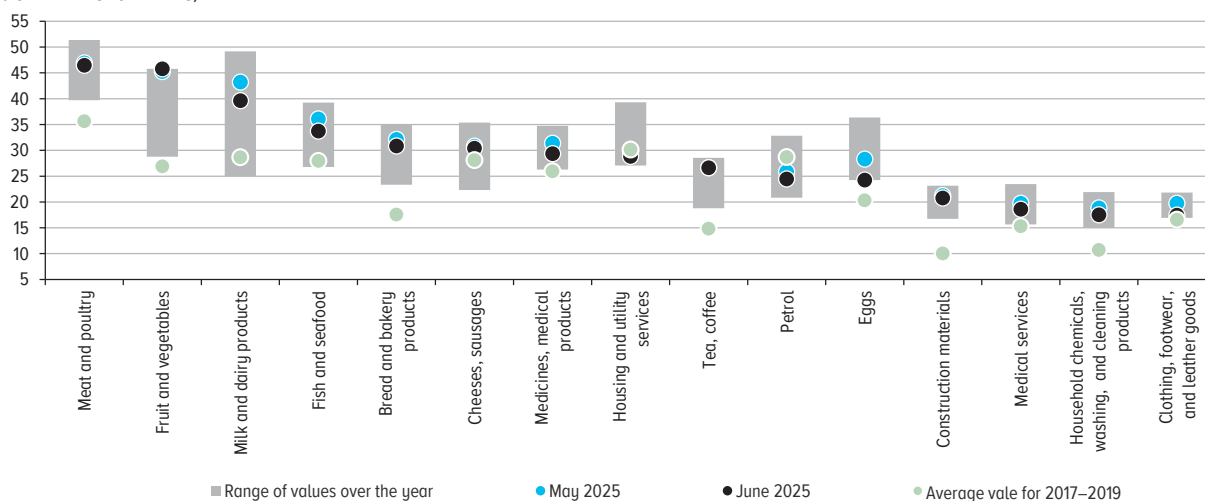
Chart 5



Source: InFOM.

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

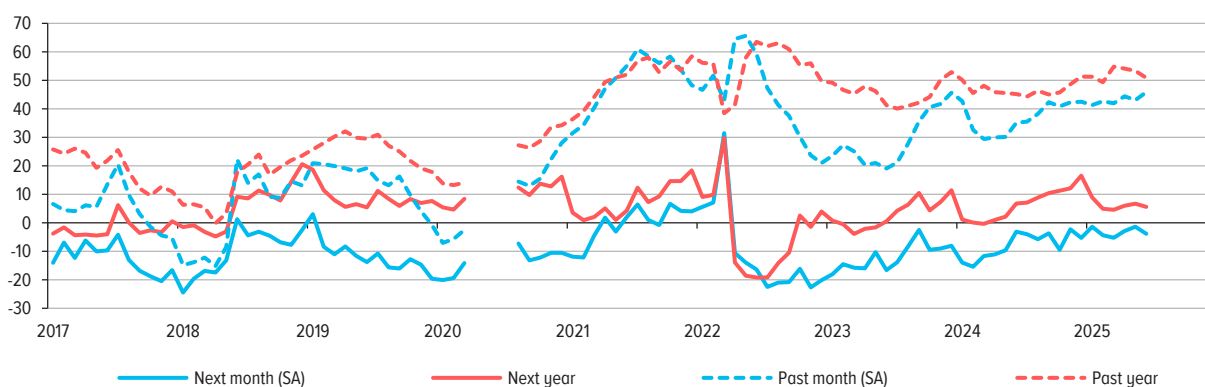
Chart 6



Sources: InFOM, Bank of Russia calculations.

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

Chart 7

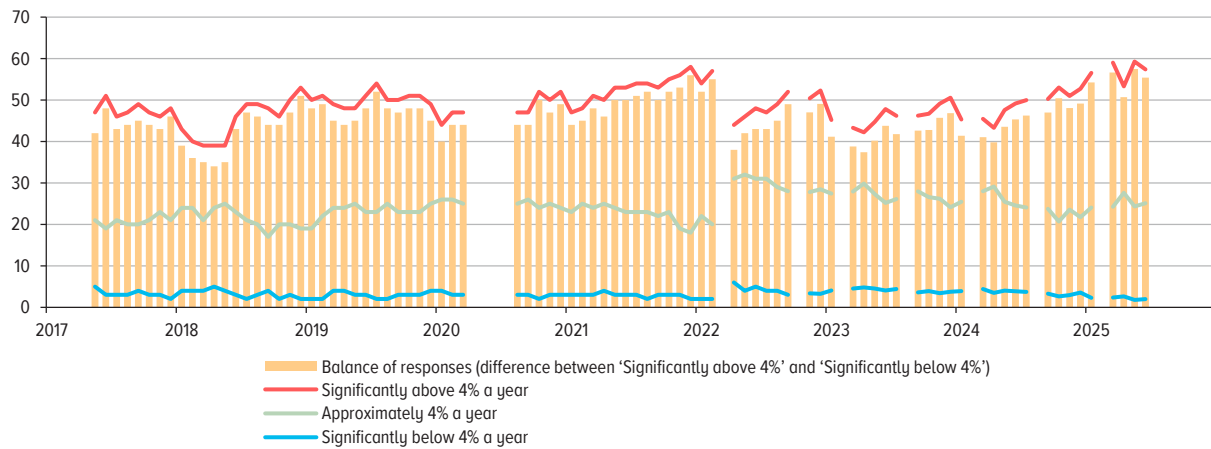


\* The balance of responses to the questions 'How will prices for food products, non-food goods, and services change overall next month, in your opinion?', 'How will prices be changing overall over the next 12 months (year), in your opinion?', 'How did prices for food products, non-food goods, and services 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 QUESTION 'WILL ANNUAL PRICE GROWTH BE ABOVE OR BELOW 4% IN THREE YEARS, IN YOUR OPINION?'**  
(% OF ALL RESPONDENTS)

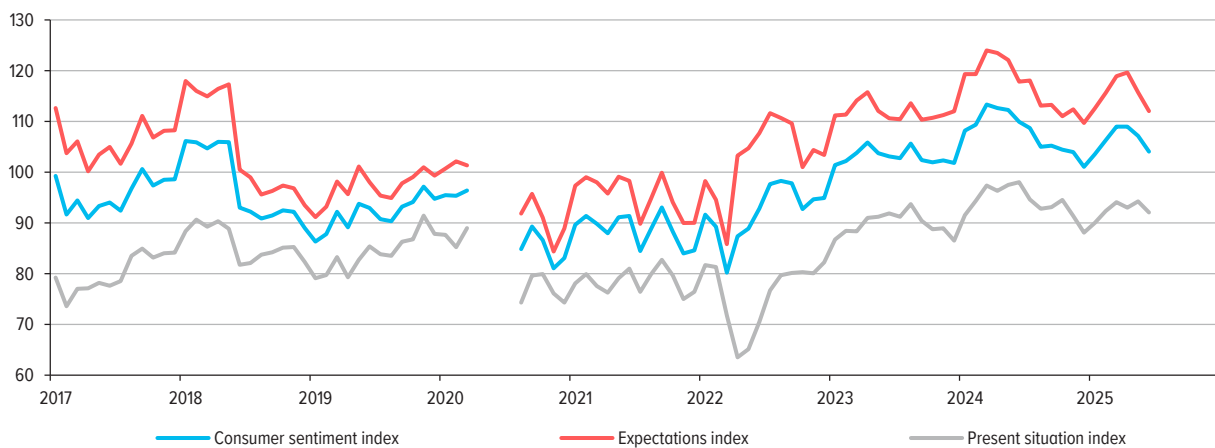
Chart 8



Sources: InFOM, Bank of Russia calculations.

**CONSUMER SENTIMENT INDEX**  
(P)

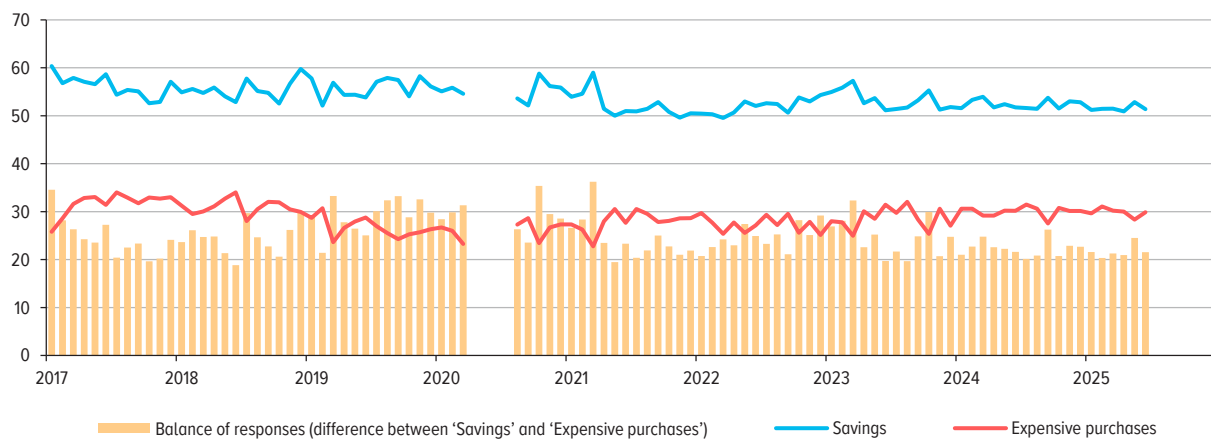
Chart 9



Source: InFOM.

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

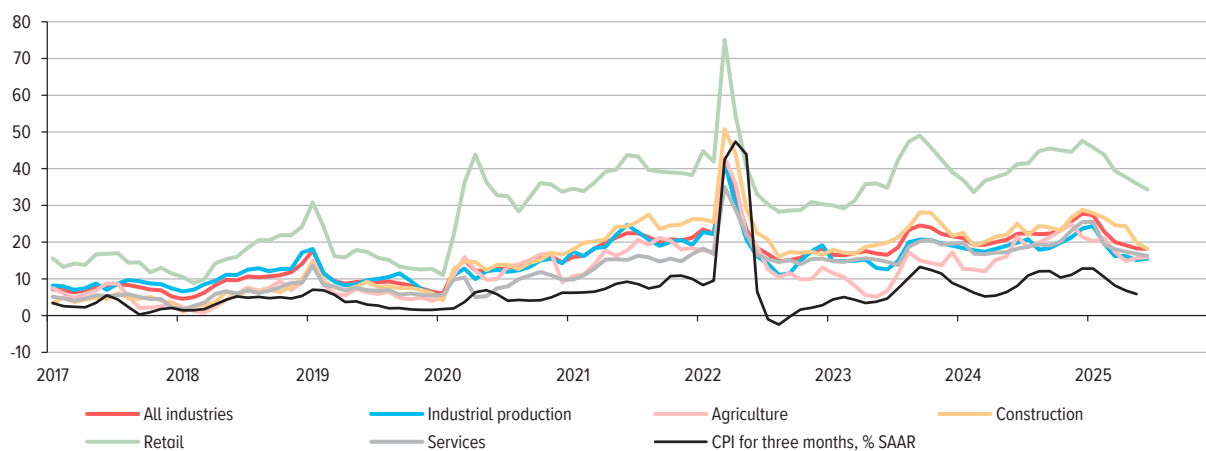
Chart 10



Sources: InFOM, Bank of Russia calculations.

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

Chart 11



Sources: Bank of Russia, Rosstat.

ESTIMATES OF DEMAND, COSTS, AND PRICE EXPECTATIONS OF COMPANIES MONITORED BY BANK OF RUSSIA  
(BALANCE OF RESPONSES, P, SA)

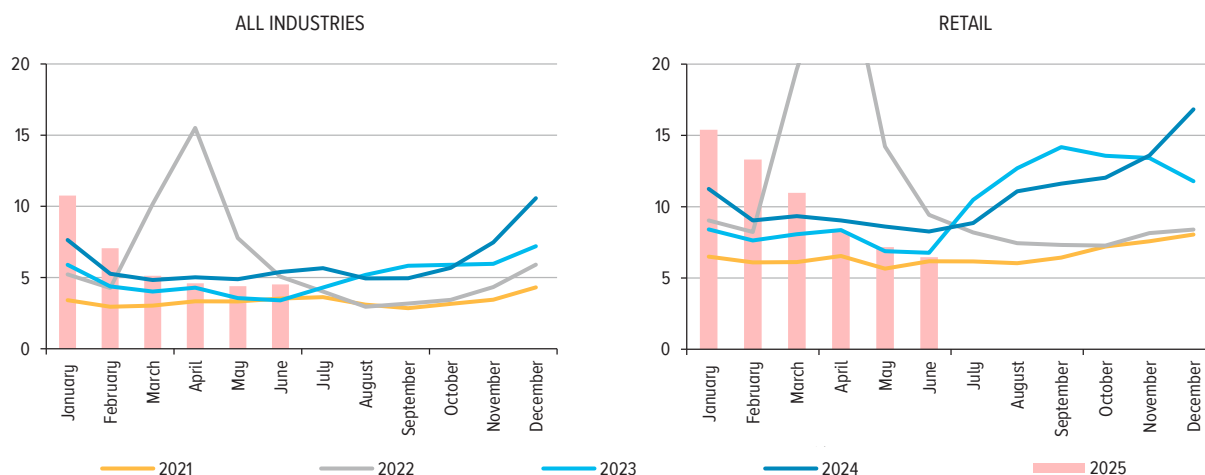
Table 1

	Demand						Costs (actual)			Prices					
	actual			expectations						actual			expectations		
	April 2025	May 2025	June 2025	April 2025	May 2025	June 2025	April 2025	May 2025	June 2025	April 2025	May 2025	June 2025	April 2025	May 2025	June 2025
All industries	-3.0	-1.3	-3.3	12.7	9.9	8.4	35.4	33.9	31.3	12.3	11.9	9.7	19.2	18.3	18.1
Industrial production	-1.5	-4.9	-6.5	11.4	6.1	6.2	32.3	31.7	28.6	1.6	3.5	-0.6	16.2	15.1	15.5
Mining and quarrying	2.2	-6.4	-2.0	8.4	-3.3	-1.1	28.1	24.4	22.6	-11.4	-6.7	-13.1	11.2	9.1	9.1
Manufacturing	-6.1	-5.5	-11.7	14.2	13.0	11.5	37.1	38.6	34.9	11.7	10.9	8.2	20.4	18.5	18.2
Electric power, gas and steam supply	6.6	5.3	1.1	10.4	10.2	9.1	25.2	25.7	20.6	8.8	9.7	7.2	17.0	23.6	28.9
Water supply	0.1	2.7	0.8	10.5	11.1	10.9	31.2	29.6	25.6	8.1	8.0	8.4	16.2	23.8	29.9
Agriculture	7.1	9.1	9.7	21.3	22.6	22.6	41.9	43.4	41.4	7.0	5.3	4.9	14.8	15.6	15.9
Construction	-10.2	-8.1	-8.0	3.9	1.3	3.5	44.8	40.3	38.6	22.4	20.5	18.9	24.3	19.9	18.1
Trade	-8.4	-6.3	-9.2	18.3	12.9	7.8	41.1	39.2	36.5	26.8	25.0	21.4	30.4	30.8	30.0
sale of motor vehicles	-14.0	-13.2	-14.3	13.0	6.6	6.7	35.9	33.5	34.2	14.5	13.4	13.9	30.1	28.0	28.9
wholesale	-7.5	-7.6	-9.9	18.6	13.9	7.2	40.3	39.6	35.9	23.8	22.9	17.7	26.6	28.2	27.7
retail	-8.9	-2.2	-6.6	18.9	12.8	9.1	43.8	40.0	38.2	35.3	31.7	29.9	37.7	35.9	34.3
Transportation and storage	-4.7	-0.8	-4.8	10.8	11.0	10.9	37.1	35.2	31.5	9.7	9.2	9.1	18.1	16.4	18.0
Services	-1.8	3.1	1.0	12.5	11.7	9.2	33.6	31.8	29.8	15.3	13.7	12.9	17.4	16.8	16.3

Source: Bank of Russia.

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

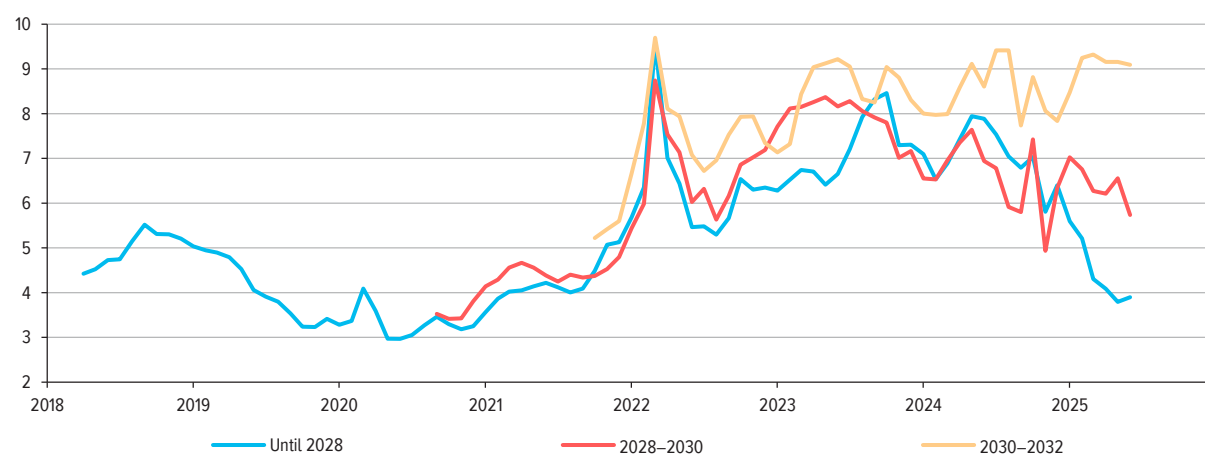
Chart 12



Source: Bank of Russia.

BREAKEVEN INFLATION FOR OFZ-IN  
(%)

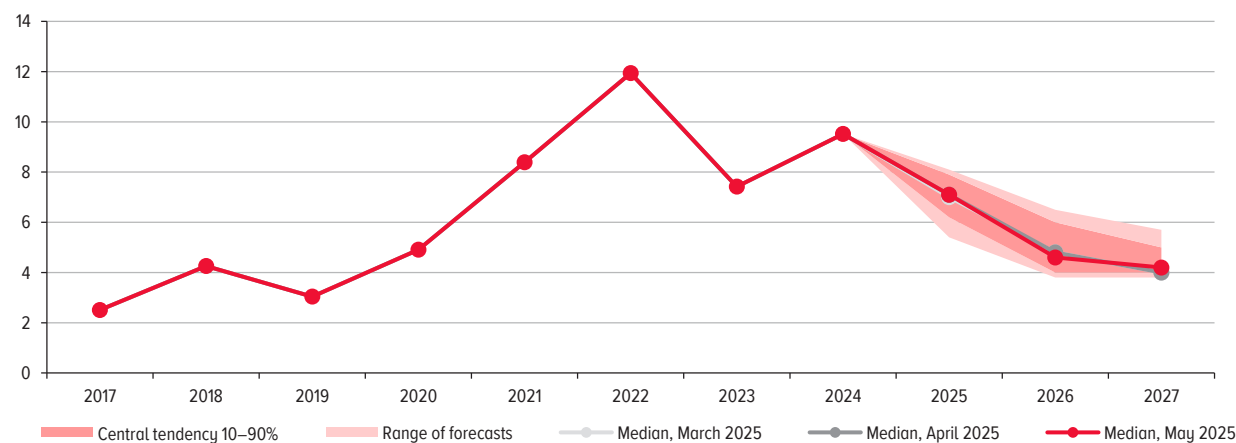
Chart 13



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

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

Chart 14



Sources: Bank of Russia, Rosstat.

The data cut-off date – 23 June 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](mailto: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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