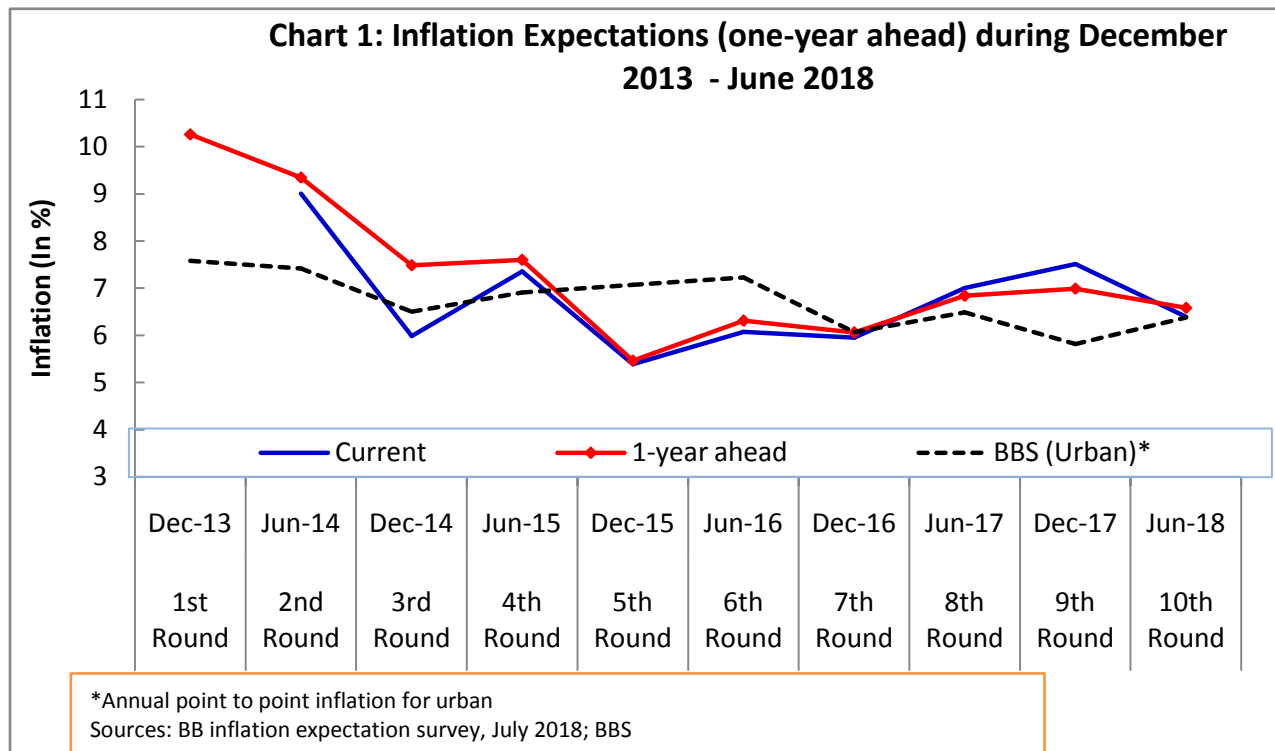


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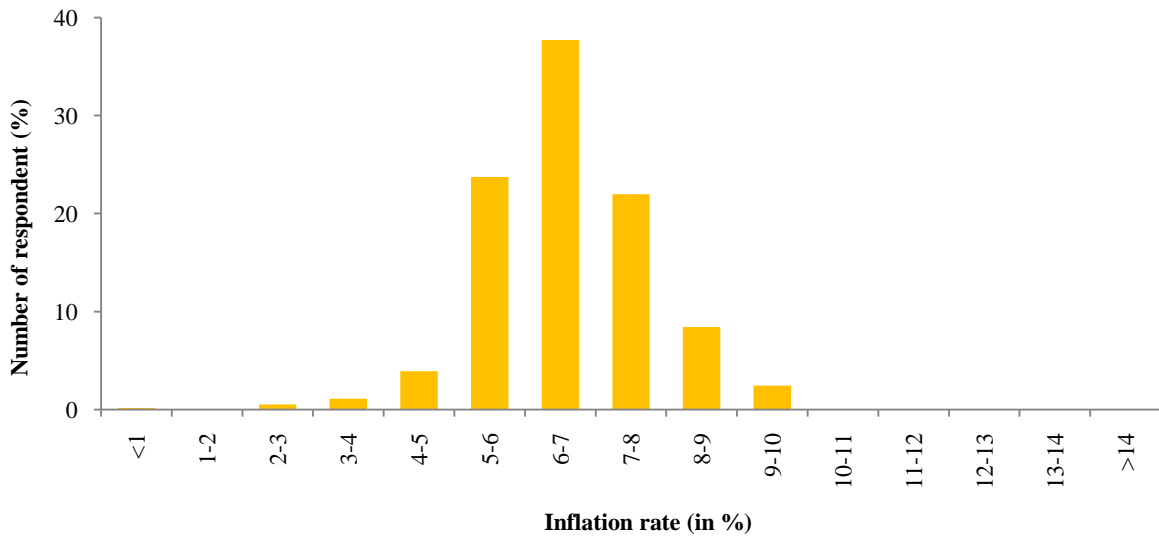
On Estimating Inflation Expectations in Bangladesh ²

This box presents the findings of Inflation Expectation Survey of Households (IESH) for June 2018. Bangladesh Bank has been conducting IESH since 2013 on a half-yearly basis. The survey covers 1300 respondents across eight cities and it sheds light on the inflation expectations for the respondents' consumption baskets. The IESH provides useful directional information on the near-term inflationary pressures to better gauge how expectations can drive inflationary dynamics. BB considers the findings of the survey to prepare Monetary Policy Statement (MPS).



² Md. Abdul Wahab, Deputy General Manager of Research Department is team leader of the survey. The detailed report will be published in the forthcoming Monetary Policy Review, 2018. The views expressed in the report are authors' own and do not reflect those of Bangladesh Bank.

Chart 2: Distribution of inflation expectations *



* One year ahead general inflation
Source: BB inflation expectation survey, July 2018

The survey findings from the latest round in July 2018 indicate that households expect inflation to rise more from the current level over the next one year (Chart 1). It also indicates that around 70 percent of the respondents expect one-year-ahead average inflation to be above 6 percent. Household's inflation expectations are mainly influenced by the movements in prices of food items, reflecting their consumption basket.