

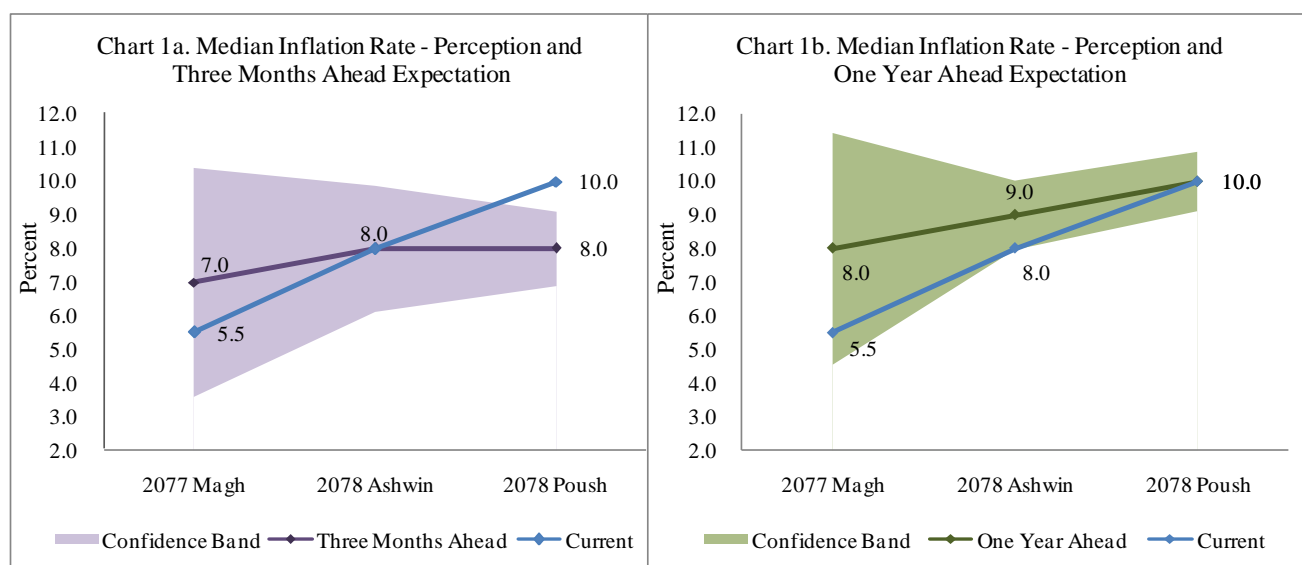


**Nepal Rastra Bank**  
**Economic Research Department**  
Baluwatar, Kathmandu  
**Inflation Expectations Survey<sup>1</sup>**

Nepal Rastra Bank has released the results of Inflation Expectations Survey (IES) for the second quarter of FY 2078/79. The survey was conducted during Poush 21 to Poush 27, 2078 among individual respondents from 17 market areas of fourteen cities through field interviews. The results are based on responses from 720 urban individuals.

**Highlights:**

- i. 91.9 percent of respondents have expected price level to increase in next three months. Likewise, 97.1 percent of respondents have expected price level to increase over the next one year. The share of respondents expecting higher inflation has slightly increased from Ashwin, 2078 [Table 1a and 1b].
- ii. The share of respondents expecting price increase in next three months across product groups- Cereal grains, pulses, sugar and Spices; Fish, Meat, Milk, Ghee and Oil; and Real Estate (Housing) declined from Ashwin, 2078 [Table 1a ].
- iii. The share of respondents expecting price increase in one year ahead across product groups- Vegetables and Fruit; Fish, Meat, Milk, Ghee and Oil; Drinks and Tobacco; Hotel and restaurant; Real Estate (Housing) declined from Ashwin, 2078 [Table 1b ].
- iv. Median inflation perception for three months ahead is 8 percent, which is lower than the current perception of 10 percent. Median inflation expectations for one year ahead and current perception is 10 percent, which is same. Households expected inflation to decrease in the near term and remain at current level in the medium term. [Chart 1a and 1b; Table 2; Table 3].



<sup>1</sup> Methodology of the survey is explained in detail in the first report released on July 18, 2021



**Table 1a: Product-wise Expectations of Prices for Three Months Ahead**

		Percentage of Respondents					
S.N.	Survey Period ended	2078 Paush		2078 Ashwin		2077 Magh	
1	General	Estimate	SE	Estimate	SE	Estimate	SE
	<b>Price increases</b>	<b>91.9</b>	<b>3.37</b>	<b>87.1</b>	<b>4.07</b>	<b>86.9</b>	<b>1.71</b>
	At more than current rate	24.6	6.76	19.6	6.39	35.9	4.20
	At similar to current rate	46.0	6.47	47.4	5.14	36.9	3.31
	At less than current rate	21.4	3.54	20.2	5.24	14.1	1.97
	<b>No changes in prices</b>	<b>7.9</b>	<b>3.37</b>	<b>11.5</b>	<b>3.91</b>	<b>10.2</b>	<b>2.06</b>
	<b>Decline in prices</b>	<b>0.1</b>	<b>0.10</b>	<b>1.4</b>	<b>0.42</b>	<b>2.9</b>	<b>0.92</b>
<b>1.1</b>	<b>Food Product</b>						
	<b>Price increases</b>	<b>93.3</b>	<b>1.93</b>	<b>89.2</b>	<b>5.00</b>	<b>86.1</b>	<b>1.20</b>
	At more than current rate	15.4	3.29	12.5	2.47	20.3	3.38
	At similar to current rate	57.1	4.62	48.9	6.58	41.9	2.75
	At less than current rate	20.8	3.18	27.8	2.95	23.9	2.51
	<b>No changes in prices</b>	<b>6.7</b>	<b>1.93</b>	<b>9.6</b>	<b>4.55</b>	<b>13.1</b>	<b>1.33</b>
	<b>Decline in prices</b>	-	-	<b>1.2</b>	<b>1.12</b>	<b>0.8</b>	<b>0.43</b>
<b>1.1.1</b>	<b>Cereal grains, pulses, sugar and Spices</b>						
	<b>Price increases</b>	<b>87.4</b>	<b>3.08</b>	<b>89.0</b>	<b>2.48</b>	<b>81.5</b>	<b>2.04</b>
	At more than current rate	18.8	4.15	23.7	5.63	30.1	3.63
	At similar to current rate	51.8	3.80	43.1	5.67	36.3	2.59
	At less than current rate	16.8	3.13	22.3	5.06	15.1	1.79
	<b>No changes in prices</b>	<b>11.8</b>	<b>2.89</b>	<b>7.8</b>	<b>1.70</b>	<b>16.6</b>	<b>2.49</b>
	<b>Decline in prices</b>	<b>0.8</b>	<b>0.46</b>	<b>3.1</b>	<b>2.13</b>	<b>1.9</b>	<b>0.67</b>
<b>1.1.2</b>	<b>Vegetables and Fruits</b>						
	<b>Price increases</b>	<b>84.0</b>	<b>4.01</b>	<b>77.5</b>	<b>9.26</b>	<b>84.4</b>	<b>1.36</b>
	At more than current rate	17.4	3.56	19.8	5.71	38.2	4.02
	At similar to current rate	40.4	4.91	37.6	6.38	29.3	3.16
	At less than current rate	26.3	3.51	20.2	4.16	17.0	1.62
	<b>No changes in prices</b>	<b>9.0</b>	<b>2.07</b>	<b>8.8</b>	<b>2.70</b>	<b>10.4</b>	<b>1.04</b>
	<b>Decline in prices</b>	<b>6.9</b>	<b>2.21</b>	<b>13.7</b>	<b>7.50</b>	<b>5.2</b>	<b>1.05</b>
<b>1.1.3</b>	<b>Fish, Meat, Milk, Ghee and Oil</b>						
	<b>Price increases</b>	<b>74.0</b>	<b>5.68</b>	<b>80.4</b>	<b>3.51</b>	<b>73.0</b>	<b>2.10</b>
	At more than current rate	17.2	4.72	20.2	4.02	26.8	2.80
	At similar to current rate	34.7	3.49	39.7	5.14	32.2	1.73
	At less than current rate	22.1	3.97	20.5	3.43	14.1	1.62
	<b>No changes in prices</b>	<b>25.3</b>	<b>5.67</b>	<b>17.4</b>	<b>3.50</b>	<b>20.3</b>	<b>1.45</b>
	<b>Decline in prices</b>	<b>0.7</b>	<b>0.35</b>	<b>2.2</b>	<b>0.66</b>	<b>6.6</b>	<b>1.39</b>



		Percentage of Respondents					
S.N.	Survey Period ended	2078 Paush		2078 Ashwin		2077 Magh	
		Estimate	SE	Estimate	SE	Estimate	SE
<b>1.1.4</b>	<b>Drinks and Tobacco</b>						
	<b>Price increases</b>	<b>62.8</b>	<b>5.64</b>	<b>62.4</b>	<b>4.89</b>	<b>66.6</b>	<b>5.67</b>
	At more than current rate	19.0	3.49	13.3	3.08	31.5	4.98
	At similar to current rate	23.2	2.99	28.6	3.34	26.3	1.27
	At less than current rate	20.6	3.79	20.5	2.83	8.7	0.95
	<b>No changes in prices</b>	<b>36.4</b>	<b>5.61</b>	<b>36.6</b>	<b>5.09</b>	<b>32.4</b>	<b>6.12</b>
	<b>Decline in prices</b>	<b>0.8</b>	<b>0.22</b>	<b>1.0</b>	<b>0.34</b>	<b>1.0</b>	<b>0.52</b>
<b>1.1.5</b>	<b>Hotel and restaurant</b>						
	<b>Price increases</b>	<b>57.8</b>	<b>5.22</b>	<b>54.6</b>	<b>5.22</b>	<b>71.8</b>	<b>4.91</b>
	At more than current rate	13.1	3.72	11.2	4.23	35.5	6.64
	At similar to current rate	24.4	2.79	27.6	3.70	24.3	3.32
	At less than current rate	20.3	2.54	15.9	1.87	12.0	1.33
	<b>No changes in prices</b>	<b>38.5</b>	<b>5.15</b>	<b>44.8</b>	<b>5.03</b>	<b>24.1</b>	<b>3.45</b>
	<b>Decline in prices</b>	<b>3.8</b>	<b>1.89</b>	<b>0.6</b>	<b>0.23</b>	<b>4.1</b>	<b>1.78</b>
<b>1.2</b>	<b>Non-Food and Services</b>						
	<b>Price increases</b>	<b>78.8</b>	<b>3.52</b>	<b>66.1</b>	<b>8.28</b>	<b>78.0</b>	<b>3.17</b>
	At more than current rate	9.3	2.37	3.3	1.69	33.8	4.39
	At similar to current rate	41.1	5.00	37.4	6.44	31.5	1.67
	At less than current rate	28.3	3.72	25.4	3.72	12.7	1.72
	<b>No changes in prices</b>	<b>20.1</b>	<b>3.60</b>	<b>33.5</b>	<b>8.02</b>	<b>19.7</b>	<b>3.38</b>
	<b>Decline in prices</b>	<b>1.1</b>	<b>0.52</b>	<b>0.4</b>	<b>0.31</b>	<b>2.3</b>	<b>0.88</b>
<b>1.3</b>	<b>Real Estate (Housing) prices</b>						
	<b>Price increases</b>	<b>76.4</b>	<b>8.97</b>	<b>79.1</b>	<b>10.56</b>	<b>76.1</b>	<b>7.42</b>
	At more than current rate	31.8	7.30	35.6	11.23	43.6	7.37
	At similar to current rate	30.0	5.08	29.4	5.96	23.4	3.92
	At less than current rate	14.6	3.73	14.1	7.05	9.1	1.58
	<b>No changes in prices</b>	<b>21.3</b>	<b>8.20</b>	<b>19.8</b>	<b>9.80</b>	<b>19.1</b>	<b>5.84</b>
	<b>Decline in prices</b>	<b>2.4</b>	<b>1.13</b>	<b>1.2</b>	<b>0.84</b>	<b>4.8</b>	<b>1.65</b>



**Table 1b: Product-wise Expectations of Prices for One Year Ahead**

Percentage of Respondents							
S.N.	Survey Period ended	2078 Paush		2078 Ashwin		2077 Magh	
1	General	Estimate	SE	Estimate	SE	Estimate	SE
	<b>Price increases</b>	<b>97.1</b>	<b>1.08</b>	<b>96.3</b>	<b>2.33</b>	<b>94.0</b>	<b>1.59</b>
	At more than current rate	34.3	7.67	36.8	7.14	48.3	2.19
	At similar to current rate	45.0	4.59	38.7	4.46	36.7	3.85
	At less than current rate	17.8	5.97	20.7	4.40	8.9	1.89
	<b>No changes in prices</b>	<b>2.6</b>	<b>1.09</b>	<b>3.5</b>	<b>2.40</b>	<b>3.3</b>	<b>0.84</b>
	<b>Decline in prices</b>	<b>0.3</b>	<b>0.14</b>	<b>0.2</b>	<b>0.12</b>	<b>2.7</b>	<b>0.84</b>
<b>1.1</b>	<b>Food Product</b>						
	<b>Price increases</b>	<b>97.2</b>	<b>0.83</b>	<b>97.3</b>	<b>1.83</b>	<b>95.2</b>	<b>1.35</b>
	At more than current rate	30.0	6.21	22.3	3.96	31.3	2.76
	At similar to current rate	49.3	4.60	53.6	5.34	46.5	2.58
	At less than current rate	17.9	5.22	21.3	4.57	17.4	2.60
	<b>No changes in prices</b>	<b>2.6</b>	<b>0.81</b>	<b>2.7</b>	<b>1.83</b>	<b>3.7</b>	<b>0.95</b>
	<b>Decline in prices</b>	<b>0.1</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>0.48</b>
<b>1.1.1</b>	<b>Cereal grains, pulses, sugar and Spices</b>						
	<b>Price increases</b>	<b>96.3</b>	<b>1.11</b>	<b>96.3</b>	<b>2.20</b>	<b>94.2</b>	<b>1.62</b>
	At more than current rate	27.6	5.22	34.8	5.01	39.4	3.80
	At similar to current rate	48.2	4.05	44.0	3.10	40.5	3.60
	At less than current rate	20.4	5.08	17.4	4.90	14.3	2.79
	<b>No changes in prices</b>	<b>3.5</b>	<b>1.08</b>	<b>3.5</b>	<b>2.00</b>	<b>3.3</b>	<b>0.84</b>
	<b>Decline in prices</b>	<b>0.3</b>	<b>0.20</b>	<b>0.2</b>	<b>0.22</b>	<b>2.5</b>	<b>0.81</b>
<b>1.1.2</b>	<b>Vegetables and Fruits</b>						
	<b>Price increases</b>	<b>92.2</b>	<b>1.98</b>	<b>93.9</b>	<b>1.96</b>	<b>89.8</b>	<b>2.54</b>
	At more than current rate	26.7	3.58	25.4	3.58	35.9	3.51
	At similar to current rate	44.0	4.01	45.4	4.52	38.6	3.20
	At less than current rate	21.5	5.05	23.1	5.62	15.4	1.88
	<b>No changes in prices</b>	<b>6.1</b>	<b>1.66</b>	<b>5.3</b>	<b>2.11</b>	<b>7.3</b>	<b>1.84</b>
	<b>Decline in prices</b>	<b>1.7</b>	<b>0.51</b>	<b>0.8</b>	<b>0.31</b>	<b>2.7</b>	<b>1.01</b>
<b>1.1.3</b>	<b>Fish, Meat, Milk, Ghee and Oil</b>						
	<b>Price increases</b>	<b>88.1</b>	<b>3.43</b>	<b>93.7</b>	<b>2.24</b>	<b>91.5</b>	<b>1.24</b>
	At more than current rate	26.3	5.79	24.5	4.89	36.1	3.08
	At similar to current rate	38.6	3.59	42.5	3.47	40.2	2.93
	At less than current rate	23.2	4.60	26.8	5.95	15.1	2.64
	<b>No changes in prices</b>	<b>11.3</b>	<b>3.46</b>	<b>5.9</b>	<b>2.33</b>	<b>6.8</b>	<b>0.79</b>
	<b>Decline in prices</b>	<b>0.7</b>	<b>0.42</b>	<b>0.4</b>	<b>0.24</b>	<b>1.7</b>	<b>0.67</b>



Percentage of Respondents							
S.N.	Survey Period ended	2078 Paush		2078 Ashwin		2077 Magh	
		Estimate	SE	Estimate	SE	Estimate	SE
<b>1.1.4</b>	<b>Drinks and Tobacco</b>						
	<b>Price increases</b>	<b>84.9</b>	<b>3.97</b>	<b>88.3</b>	<b>1.70</b>	<b>91.3</b>	<b>1.58</b>
	At more than current rate	29.9	3.57	27.6	6.49	52.9	2.55
	At similar to current rate	35.6	3.93	38.7	5.66	29.0	3.34
	At less than current rate	19.4	2.92	21.9	3.36	9.3	1.19
	<b>No changes in prices</b>	<b>14.3</b>	<b>3.60</b>	<b>11.7</b>	<b>1.70</b>	<b>7.5</b>	<b>1.45</b>
	<b>Decline in prices</b>	<b>0.8</b>	<b>0.53</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>0.68</b>
<b>1.1.5</b>	<b>Hotel and restaurant</b>						
	<b>Price increases</b>	<b>81.3</b>	<b>5.43</b>	<b>85.9</b>	<b>1.63</b>	<b>90.9</b>	<b>2.08</b>
	At more than current rate	16.3	3.51	14.3	3.81	46.7	3.93
	At similar to current rate	39.9	4.14	42.3	3.30	31.5	4.26
	At less than current rate	25.1	4.17	29.4	3.81	12.7	2.18
	<b>No changes in prices</b>	<b>15.7</b>	<b>4.73</b>	<b>13.7</b>	<b>1.59</b>	<b>7.9</b>	<b>1.62</b>
	<b>Decline in prices</b>	<b>3.1</b>	<b>2.03</b>	<b>0.4</b>	<b>0.24</b>	<b>1.0</b>	<b>0.55</b>
<b>1.2</b>	<b>Non-Food and Services</b>						
	<b>Price increases</b>	<b>94.2</b>	<b>1.52</b>	<b>91.8</b>	<b>2.41</b>	<b>90.9</b>	<b>1.21</b>
	At more than current rate	17.4	4.05	14.1	5.55	39.6	3.14
	At similar to current rate	46.8	4.50	44.4	4.06	39.0	3.54
	At less than current rate	30.0	6.82	33.3	6.03	12.2	1.21
	<b>No changes in prices</b>	<b>5.1</b>	<b>1.44</b>	<b>8.2</b>	<b>2.41</b>	<b>6.6</b>	<b>0.77</b>
	<b>Decline in prices</b>	<b>0.7</b>	<b>0.43</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>0.74</b>
<b>1.3</b>	<b>Real Estate (Housing) prices</b>						
	<b>Price increases</b>	<b>82.8</b>	<b>9.32</b>	<b>95.5</b>	<b>1.80</b>	<b>91.3</b>	<b>4.16</b>
	At more than current rate	50.4	10.74	54.6	11.47	62.0	7.10
	At similar to current rate	24.0	4.59	25.6	3.66	20.5	3.49
	At less than current rate	8.3	2.52	15.3	7.71	8.7	2.17
	<b>No changes in prices</b>	<b>14.0</b>	<b>7.89</b>	<b>4.3</b>	<b>1.79</b>	<b>6.8</b>	<b>3.60</b>
	<b>Decline in prices</b>	<b>3.2</b>	<b>1.55</b>	<b>0.2</b>	<b>0.23</b>	<b>1.9</b>	<b>0.64</b>



**Table 2: Inflation Expectations of Various Groups: 2078 Poush**

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
<b>Overall</b>	<b>10.4</b>	<b>0.82</b>	<b>10.0</b>	<b>1.03</b>	<b>9.2</b>	<b>0.88</b>	<b>8.0</b>	<b>1.10</b>	<b>11.4</b>	<b>0.94</b>	<b>10.0</b>	<b>0.88</b>
<b>Gender-wise</b>												
Male	10.6	0.94	10.0	1.21	9.3	1.03	9.0	1.81	11.6	1.10	10.0	1.13
Female	10.1	0.85	10.0	1.18	8.9	1.00	8.0	1.41	11.1	0.97	10.0	1.00
<b>Employment sector-wise</b>												
Financial	8.9	0.80	8.8	1.47	7.6	0.75	8.0	1.29	9.4	0.82	10.0	1.60
Industrial	8.3	0.83	8.0	1.04	7.2	1.13	5.3	1.11	9.9	1.24	9.0	1.94
Agriculture	10.7	1.44	10.0	1.57	9.2	1.50	8.5	1.98	11.9	1.56	10.0	1.82
Education	9.9	0.69	10.0	1.30	8.6	0.73	7.0	0.88	10.7	0.74	10.0	1.06
Health	8.5	1.44	8.0	1.60	7.6	0.96	6.0	1.41	9.3	1.38	9.0	1.48
Other sector	12.9	1.40	11.0	1.60	10.3	0.90	10.0	1.28	14.0	1.27	14.0	1.57
Self-employed	9.7	0.94	10.0	1.70	8.9	0.93	8.0	1.11	10.7	1.03	10.0	1.25
Retired	10.8	1.38	10.0	1.99	8.1	0.89	7.0	1.09	10.8	1.13	10.0	1.41
Unemployed	12.1	1.17	12.0	0.74	12.4	1.73	12.0	0.85	14.5	1.66	14.0	1.30
<b>Age group-wise</b>												
Up to 25 years	11.9	1.42	10.0	1.43	11.4	2.12	12.0	1.23	13.9	1.86	14.0	1.36
26 to 35 years	9.8	0.77	9.0	0.95	9.1	0.83	9.0	1.20	10.8	0.85	10.0	1.05
36 to 45 years	9.9	0.86	10.0	1.65	8.4	0.82	7.0	0.99	11.1	0.98	10.0	1.15
46 to 55 years	10.3	1.09	9.0	1.11	9.1	1.17	8.0	0.90	10.7	1.06	10.0	1.12
More than 56 yrs	10.9	1.17	10.0	1.36	8.0	1.18	7.0	1.43	11.9	1.34	10.0	1.49
<b>City-wise</b>												
Biratnagar	14.2	0.58	13.0	0.52	15.0	0.61	16.0	0.52	16.5	0.90	15.0	0.39
Birgunj	7.7	0.35	8.0	0.65	8.1	0.34	8.0	0.52	8.7	0.33	8.0	0.46
Kathmandu	10.4	0.35	10.0	0.31	9.8	0.36	9.0	0.52	11.7	0.37	10.0	0.52
Pokhara	6.7	0.11	7.0	0.14	4.1	0.13	4.0	0.13	6.9	0.17	7.0	0.26
Nepalgunj	4.5	0.03	4.5	0.06	5.0	0.03	4.9	0.05	5.1	0.04	5.0	0.06
Birendranagar	12.1	1.41	10.0	6.57	14.2	1.67	15.0	4.96	14.2	1.64	15.0	6.28
Dhangadhi	11.1	0.61	12.0	0.88	12.6	0.40	13.0	0.44	11.9	0.62	12.0	0.73
Ilam	9.5	0.22	10.0	0.29	3.7	0.32	3.0	0.15	10.0	0.20	10.0	0.15
Janakpur	17.4	2.35	15.0	2.19	9.9	1.03	10.0	1.46	13.0	1.20	10.0	1.75
Bharatpur	11.0	0.65	10.0	1.02	8.3	0.78	8.0	1.02	13.8	1.02	12.0	0.73
Beni- Myagdi	19.1	4.14	20.0	0.44	9.7	0.55	9.0	0.73	19.1	4.14	20.0	0.44
Taulihawa	11.5	0.32	11.0	0.58	12.4	0.23	12.0	0.29	13.6	0.55	13.0	0.73
Narayan	5.3	0.30	4.5	0.48	5.3	0.32	5.0	0.40	5.8	0.33	5.0	0.61
Amargadhi	15.1	1.95	15.0	2.04	8.3	1.04	5.0	1.61	15.8	2.09	15.0	2.19



**Table 3: Household Inflation Expectations - Current Perception, Three Months and One Year Ahead Expectations**

	Current Perception				Three Months ahead Expectation				One Year ahead Expectation			
	Mean		Median		Mean		Median		Mean		Median	
	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE	Estimate	SE
2078 Paush	10.4	0.82	10.0	1.03	9.2	0.88	8.0	1.10	11.4	0.94	10.0	0.88
2078 Ashwin	9.4	0.71	8.0	1.42	8.7	1.04	8.0	1.87	10.3	0.73	9.0	1.03
2077 Magh	8.0	2.85	5.5	2.32	8.7	2.68	7.0	3.40	10.0	2.72	8.0	3.44