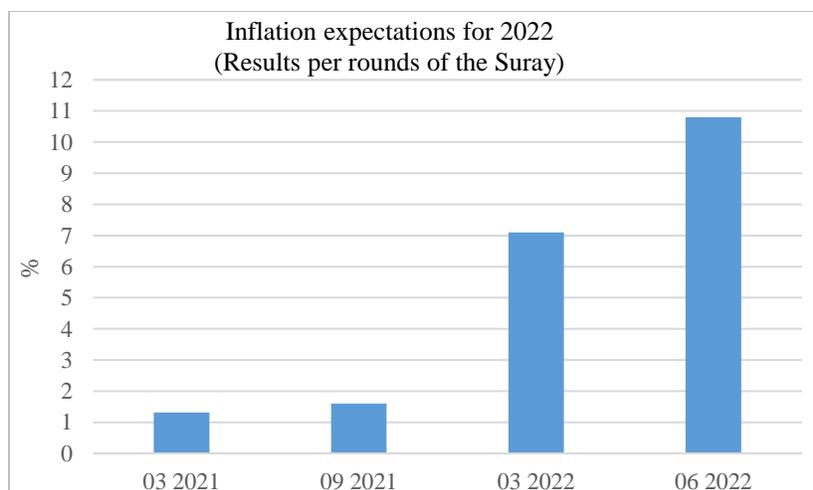


THE CENTRAL BANK OF BOSNIA AND HERZEGOVINA
Statistics and Publication Department

Information on the Results of Inflation Expectations Survey from June 2022

Management and stabilisation of inflation expectations have an important effect on price stability and reflect confidence in monetary policy measures, credibility and efficiency of monetary authorities. Therefore, since March 2019, the CBBH has regularly conducted, as an important segment of its communication strategy, semi-annual Inflation Expectations Survey, with the aim to analyse and continually follow up with inflation expectations of economic entities. Participants of the Survey are representatives of financial sector, commercial banks and insurance companies. Current acceleration of inflation, and interest of local and foreign institutions additionally draw attention to the results of the mentioned research, so the Survey has been conducted on quarterly basis since 2022.

The results of the Survey conducted in June 2022 show a visible increase of short-term inflation expectations for the current year. Expected inflation for the current year amounts to 10.8%, having increased compared to the level of 7.1%, recorded in the Survey carried out in March of this year. Accelerated growth of inflation expectations for 2022, compared to the previous year's forecasts, when the expectations had been at the level of around 2%, shows that financial institutions are rather surprised by such inflation pressures, which is to a considerable extent directly related to sudden disturbances related to the war in Ukraine, which were not entirely perceived during the earlier rounds of the Survey. The pressures related to the growth of prices of energy, food and other goods, transport services, interruptions in global supply chains and uncertain political events are not decreasing, with external shocks prevailing due to synchronisation of business cycles at the global level. Therefore, the results of the Survey further indicate that increased inflation is not expected to end soon, with the expected inflation rate for 2023 increasing quickly and amounting to 8.6% compared to the level of 4.8%, which was recorded in March of the current year. The mentioned data confirm negative risks and challenges related to the projection of further inflation trends and the possible effect on the trends of some aggregate demand components, firstly spending.



Source: Inflation Expectations Survey, June 2022