

Current versus Pre-Pandemic Long-Run Inflation Expectations

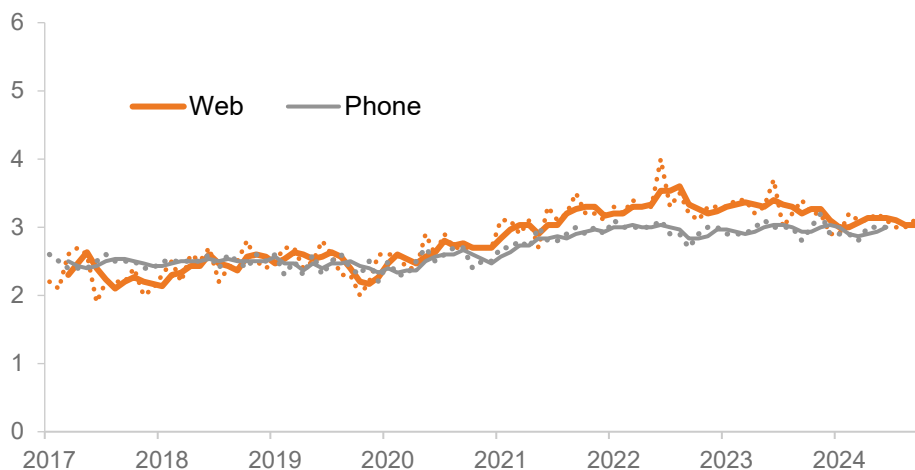
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This report follows up on “[Interpreting Recent Trends in Long-Run Inflation Expectations](#)” (July 12, 2024), which showed that the observed wedge between median and mean long-run inflation in mid-2024 was unlikely to reflect a fundamental deterioration in consumers’ inflation expectations. Furthermore, the elevated level of mean long-run expectations was amplified by the [methodological transition](#) that began in April 2024. To fully contextualize current inflation expectations relative to pre-pandemic expectations, this report presents results from seven years of parallel data collection via web. This monthly time series from 2017 onward facilitates a comparison of current and pre-pandemic inflation expectations based only on web interviews. The data, available in the appendix to this report, show that **different features of long-run inflation expectations exhibit very similar characteristics over time. Expectations were stable in the years leading into the pandemic; they worsened through mid-2022 and have softened since then. As of October 2024, long-run expectations remain slightly elevated relative to the two years pre-pandemic.**

Figure 1 displays median long-run inflation expectations drawn from web interviews (in orange; dots represent monthly data, the solid line displays the three-month-moving average). Phone interviews in gray are shown for comparison purposes. In both modes, median long run expectations have been relatively stable. **After beginning to rise around 2021, median expectations reached a peak in mid-2022 and have softened since. Median expectations are currently slightly elevated relative to the period prior to the pandemic.** Throughout 2024, expectations based on web interviews have remained within a narrow 2.9 to 3.2% range. In comparison, between January 2017 and February 2020 just prior to the pandemic, expectations based on web interviews ranged between 1.9 and 2.8; note that some variability during this period stems from smaller sample sizes, particularly in 2017, due to the experimental nature of the data collection during this period.

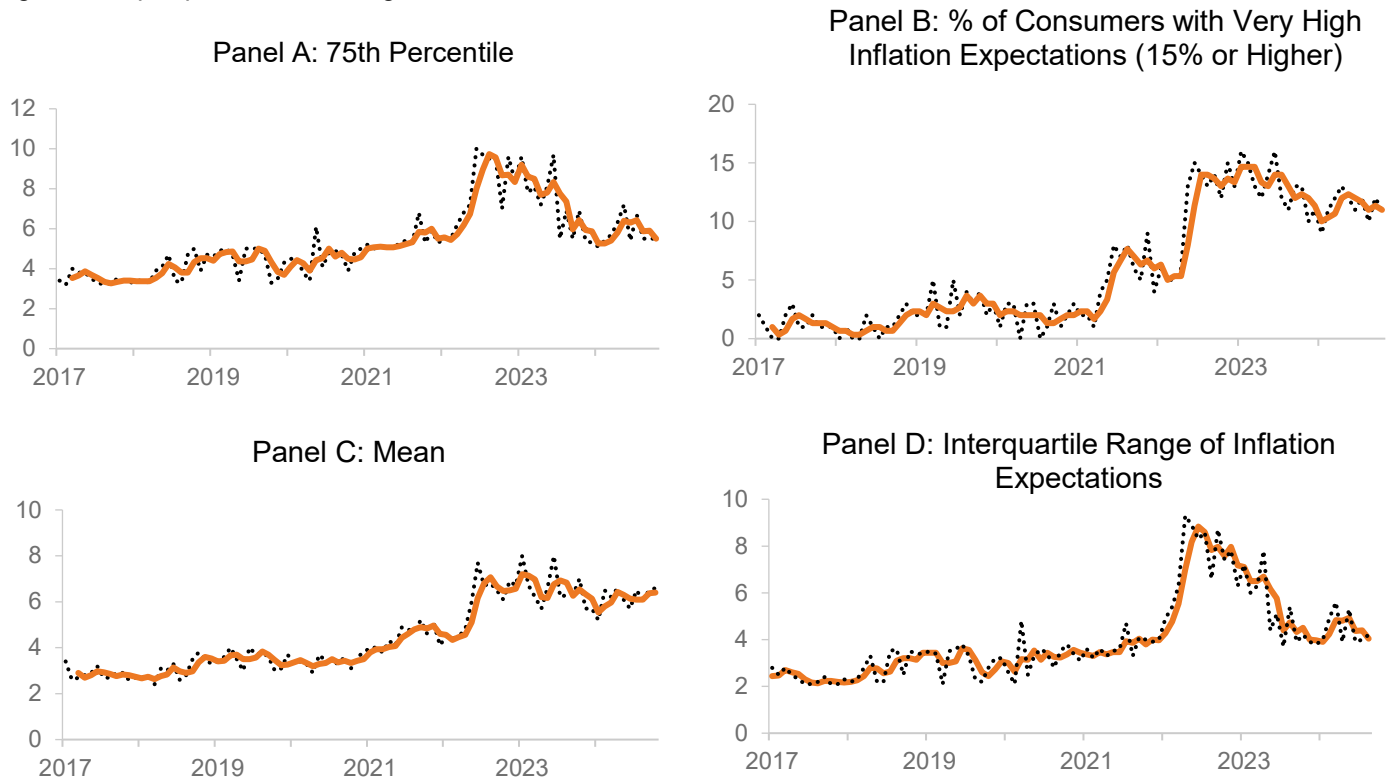
Figure 1: Median long-run inflation expectations are stable and are currently slightly above pre-pandemic readings



The median is the headline and preferred measure of inflation expectations. Other features of expectations measured via web surveys exhibit similar properties as the median, as seen in Figure 2 (next page). The 75th percentile of responses, shown in Panel A, shows the same contour over time as the median; stability in the years preceding the pandemic, rising to about 10% in 2022, followed by a softening in 2023. In 2024, the 75th percentile has leveled off to about 6%, still somewhat higher than the 4% seen prior to the pandemic.

Panel B shows the share of consumers reporting extremely high inflation expectations of 15% per year or more. In the two years prior to the pandemic (February 2018 through February 2020), this share averaged 2%. The share increased to 14% in July 2022 and remained fairly level for the next year, after which it began to ease. This year, the share has leveled off at around 11%. This is substantially higher than the pre-pandemic readings, though again lower than the highs seen in 2022, reflecting some persistence in the belief that high inflation remains a possibility among a minority of consumers.

Figure 2: Various features of long-run inflation expectations measured via web all share a similar pattern: stability between 2017 through to the onset of the pandemic, escalation in 2022, followed by an easing; however, 2024 readings remain higher than pre-pandemic readings



The mean is not our preferred measure of inflation expectations due to its sensitivity to extremely high responses, but is displayed in Panel C for completeness. Unsurprisingly, the contour for the mean closely follows that of extremely high responses in Panel B. Mean expectations are currently below 2022 peaks and have been remarkably stable throughout 2024; there is little evidence that mean expectations have accelerated this year.

Finally, Panel D displays the dispersion of responses as reflected in the interquartile range, which is sometimes interpreted as a measure of uncertainty over inflation expectations. Again, the dispersion widened in 2022, narrowed, thereafter, and has been relatively stable in 2024.

All of these features of inflation expectations collected via web consistently show that inflation expectations have moderated since 2022 – in terms of the median, the share of consumers expecting tail inflation, and the dispersion – but as of October 2024 have not returned to pre-pandemic levels.

Appendix

The monthly inflation expectations data collected via the web can be viewed below or downloaded from our website. Data between January 2017 and March 2024 should be considered experimental data; users should note the column of case counts, as sample sizes varied and were sometimes quite small. Data from April 2024 onward were incorporated into the official Surveys of Consumers data releases.

Survey questions, as viewed on a mobile phone

What about the outlook for prices over the next 5 to 10 years? Do you think that prices in general will go up, go down, or stay where they are now?

Prices will go up in the next 5-10 years

Prices will go up at the same rate as now

Prices will be unchanged

Prices will go down in the next 5-10 years

By about what percent per year do you expect prices to go up, on the average, during the next 5 to 10 years?
(Please report a number from 0.1 to 100)

. % increase in prices per year in the next 5-10 years

The screen above appears if the respondent selected “prices will go up” or “prices will go up at the same rate as now.” If a response of 5% or higher is entered, the screen to the right will appear.

By about what percent per year do you expect prices to go up, on the average, during the next 5 to 10 years?
(Please report a number from 0.1 to 100)

. % increase in prices per year in the next 5-10 years

To confirm, you expect prices to go up per year during the next 5 to 10 years by 8%. Is that correct?

Yes No

Analogously, the screens below appear if the respondent selects “Prices will go down in the next 5-10 years.”

By about what percent per year do you expect prices to go down, on the average, during the next 5 to 10 years?
(Please report a number from 0.1 to 100)

. % decrease in prices per year in the next 5-10 years

By about what percent per year do you expect prices to go down, on the average, during the next 5 to 10 years?
(Please report a number from 0.1 to 100)

. % decrease in prices per year in the next 5-10 years

To confirm, you expect prices to go down per year during the next 5 to 10 years by 15%. Is that correct?

Yes No

EXPECTED CHANGE IN PRICES DURING THE NEXT 5 YEARS

Estimates from parallel web interviews, 2017-2024

Beginning in 2017, web interviews were conducted as part of a parallel data collection effort alongside the official phone-based data collection. Web interviews were phased into the official estimates beginning in April 2024. Starting July 2024, all official estimates were based on web interviews only. Data users should take note of the case counts; because the web data collection was performed on an experimental basis for most of this period, sample sizes varied by month.

[Please refer to the special report "Current versus Pre-Pandemic Long-Run Inflation Expectations" for more details.](#)

Date of Survey	Year	Median	PERCENT TO GO UP BY										PERCENTILES						Cases	
			Down	Same	1-2	3-4	5	6-9	10-14	15+	DK Up	DK,NA	Total	Median	25th	75th	Rng	Mean		Variance
January	2017	2.2	3	5	38	22	6	0	7	2	14	3	100	2.2	1.1	3.4	2.4	3.4	20	43
February	2017	2.1	4	8	34	20	3	2	2	1	26	0	100	2.1	1.0	3.2	2.1	2.6	7	118
March	2017	2.6	2	5	31	28	11	0	2	0	21	0	100	2.6	1.2	4.0	2.8	2.7	4	68
April	2017	2.7	3	4	31	30	7	2	4	0	18	1	100	2.7	1.3	3.8	2.5	2.8	5	137
May	2017	2.6	1	9	29	24	11	0	2	2	21	1	100	2.6	1.0	3.8	2.8	2.9	8	89
June	2017	1.9	3	4	38	16	4	0	8	3	22	2	100	1.9	1.0	3.5	2.5	3.2	14	160
July	2017	2.2	1	5	40	25	7	2	4	1	14	1	100	2.2	1.1	3.3	2.3	2.7	6	276
August	2017	2.2	2	3	43	22	6	2	3	1	16	2	100	2.2	1.2	3.2	2.1	2.7	7	247
September	2017	2.2	2	4	40	20	8	1	3	2	19	1	100	2.2	1.2	3.3	2.1	2.9	8	230
October	2017	2.4	1	3	38	23	9	3	2	1	18	2	100	2.4	1.3	3.5	2.2	2.9	6	221
November	2017	2.0	1	7	35	13	11	1	3	1	26	2	100	2.0	1.0	3.4	2.4	2.6	8	175
December	2017	2.1	2	4	45	20	6	2	5	1	14	1	100	2.1	1.2	3.3	2.1	2.7	8	269
January	2018	2.3	3	3	37	23	6	2	4	0	21	1	100	2.3	1.3	3.4	2.1	2.7	7	199
February	2018	2.5	1	8	32	29	5	1	4	1	19	0	100	2.5	1.1	3.4	2.3	2.8	8	204
March	2018	2.2	1	5	40	21	9	3	1	0	20	0	100	2.2	1.1	3.3	2.2	2.4	5	147
April	2018	2.6	1	2	31	23	9	1	5	0	24	4	100	2.6	1.6	3.9	2.3	3.1	8	194
May	2018	2.5	3	5	30	20	12	2	2	2	23	1	100	2.5	1.3	4.1	2.8	3.0	8	192
June	2018	2.7	2	2	35	22	12	3	7	1	14	2	100	2.7	1.4	4.7	3.3	3.3	8	197
July	2018	2.2	1	5	40	23	8	2	3	0	17	1	100	2.2	1.2	3.4	2.2	2.6	5	154
August	2018	2.4	1	7	34	27	6	1	3	1	19	1	100	2.4	1.2	3.3	2.2	2.8	8	235
September	2018	2.5	1	5	31	17	9	2	8	1	23	3	100	2.5	1.2	4.7	3.5	3.5	12	187
October	2018	2.8	3	2	31	20	10	3	9	2	19	1	100	2.8	1.4	5.0	3.6	3.8	12	188
November	2018	2.5	2	2	37	23	8	1	5	3	19	0	100	2.5	1.4	3.9	2.5	3.5	12	182
December	2018	2.4	2	4	37	15	11	3	6	2	19	1	100	2.4	1.2	4.7	3.5	3.3	12	226
January	2019	2.5	2	9	34	20	8	4	7	2	14	0	100	2.5	1.2	4.6	3.4	3.4	15	218
February	2019	2.7	0	2	38	17	16	2	7	2	16	0	100	2.7	1.5	4.9	3.4	3.6	9	188
March	2019	2.7	1	2	34	16	12	4	4	5	21	1	100	2.7	1.4	5.0	3.5	4.0	18	184
April	2019	2.4	1	3	39	18	6	5	10	1	16	1	100	2.4	1.3	4.7	3.4	3.5	12	201
May	2019	2.5	2	3	37	24	7	2	6	1	17	1	100	2.5	1.3	3.4	2.1	3.0	10	248
June	2019	2.8	2	1	32	22	12	2	6	5	17	1	100	2.8	1.5	5.0	3.5	4.0	19	201
July	2019	2.6	1	4	34	18	10	2	9	2	19	1	100	2.6	1.4	5.0	3.6	3.7	13	233
August	2019	2.3	1	4	41	12	11	2	7	4	17	1	100	2.3	1.2	5.0	3.8	3.8	17	201
September	2019	2.3	2	4	39	15	10	3	6	3	17	1	100	2.3	1.4	4.7	3.3	3.6	14	206
October	2019	2.0	3	6	40	18	8	1	3	4	17	0	100	2.0	1.0	3.3	2.3	3.0	18	190
November	2019	2.2	2	4	42	18	9	2	5	2	15	1	100	2.2	1.2	3.5	2.2	3.1	11	248
December	2019	2.6	1	1	38	23	7	4	5	3	18	0	100	2.6	1.5	4.3	2.8	3.7	13	193
January	2020	2.6	1	4	34	22	10	4	5	1	18	1	100	2.6	1.4	4.5	3.2	3.3	9	243
February	2020	2.6	3	6	32	20	9	3	4	3	20	0	100	2.6	1.2	4.5	3.2	3.4	14	212
March	2020	2.4	3	5	36	21	6	2	8	3	16	0	100	2.4	1.2	3.8	2.6	3.3	15	263
April	2020	2.4	2	4	33	22	5	3	5	0	25	1	100	2.4	1.3	3.4	2.1	2.9	8	87
May	2020	2.9	3	4	30	22	13	0	12	3	9	4	100	2.9	1.3	6.1	4.8	3.7	20	88
June	2020	2.6	1	4	32	23	9	4	3	3	18	3	100	2.6	1.6	4.1	2.5	3.4	12	80
July	2020	2.9	3	3	28	21	11	3	7	0	24	0	100	2.9	1.5	4.8	3.3	3.4	11	358
August	2020	2.7	6	4	27	19	13	4	6	1	17	3	100	2.7	1.3	4.9	3.6	3.3	13	397
September	2020	2.7	5	3	29	19	9	1	8	3	22	1	100	2.7	1.3	4.7	3.4	3.6	17	460
October	2020	2.7	4	6	28	25	9	2	6	1	18	1	100	2.7	1.2	3.9	2.8	3.1	9	268
November	2020	2.7	3	7	24	18	6	4	7	2	26	3	100	2.7	1.3	4.8	3.5	3.6	13	219
December	2020	2.7	5	4	28	16	10	3	7	3	21	3	100	2.7	1.3	5.0	3.8	3.8	16	239
January	2021	3.1	3	3	26	15	13	5	9	2	24	0	100	3.1	1.8	5.2	3.4	4.0	13	326
February	2021	3.1	1	3	23	23	11	2	9	2	25	1	100	3.1	1.9	5.0	3.1	4.0	12	407

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			Down	Same	1-2	3-4	5	6-9	10-14	15+	DK Up	DK,NA	Total	Median	25th	75th	Rng	Mean	Variance	
March	2021	2.9	2	3	29	20	11	3	10	1	19	2	100	2.9	1.5	5.1	3.6	3.8	12	430
April	2021	3.1	1	2	22	25	9	2	9	4	24	2	100	3.1	1.9	5.1	3.2	4.3	17	432
May	2021	2.7	3	3	31	16	9	4	5	5	23	1	100	2.7	1.5	5.0	3.6	4.1	20	354
June	2021	3.3	3	2	22	22	14	2	8	8	17	2	100	3.3	2.0	5.3	3.3	4.9	23	300
July	2021	3.1	3	3	23	21	11	3	9	7	18	2	100	3.1	1.8	5.4	3.5	4.8	29	454
August	2021	3.2	4	3	23	21	15	2	8	8	15	1	100	3.2	1.7	5.3	3.6	4.7	27	422
September	2021	3.5	3	3	20	21	14	4	11	6	17	1	100	3.5	2.1	6.8	4.7	5.2	28	515
October	2021	3.2	3	5	18	26	13	6	7	5	16	1	100	3.2	2.0	5.3	3.3	4.6	25	450
November	2021	3.2	5	2	23	18	9	4	6	9	22	2	100	3.2	1.8	5.9	4.1	5.1	35	365
December	2021	3.1	6	8	19	19	13	4	8	4	16	3	100	3.1	1.3	5.3	4.0	4.1	28	439
January	2022	3.3	7	6	16	22	11	6	8	6	16	2	100	3.3	1.6	5.5	3.9	4.5	33	372
February	2022	3.2	8	6	19	17	13	6	8	5	16	2	100	3.2	1.4	5.5	4.0	4.4	33	536
March	2022	3.4	10	7	14	17	12	6	9	5	17	3	100	3.4	1.3	6.2	4.9	4.5	33	481
April	2022	3.3	8	6	18	20	10	7	9	6	14	2	100	3.3	1.4	6.8	5.4	4.8	46	531
May	2022	3.3	15	6	14	19	10	5	7	13	10	1	100	3.3	0.9	7.2	6.3	6.0	111	379
June	2022	4.0	13	10	10	14	12	4	8	15	10	4	100	4.0	0.7	10.0	9.3	7.7	180	456
July	2022	3.3	13	10	13	17	10	5	10	14	7	1	100	3.3	0.7	9.7	8.9	6.7	133	546
August	2022	3.5	12	8	16	17	9	8	10	13	6	1	100	3.5	1.2	9.5	8.3	6.8	134	399
September	2022	3.2	12	10	17	16	11	5	9	14	5	1	100	3.2	0.9	9.5	8.6	6.5	125	387
October	2022	3.1	15	11	13	17	11	6	7	12	6	2	100	3.1	0.4	7.0	6.6	6.1	152	371
November	2022	3.3	12	9	15	19	11	4	10	15	3	2	100	3.3	0.9	9.6	8.7	6.9	127	395
December	2022	3.3	11	9	15	20	11	6	9	13	5	1	100	3.3	1.0	8.4	7.4	6.7	131	443
January	2023	3.3	7	9	15	26	10	3	8	16	6	0	100	3.3	1.9	9.6	7.8	8.0	163	467
February	2023	3.4	9	7	16	22	13	6	7	15	5	0	100	3.4	1.5	7.8	6.3	6.7	112	455
March	2023	3.4	12	10	14	20	10	5	9	13	6	1	100	3.4	0.9	8.1	7.2	6.2	109	478
April	2023	3.2	9	11	17	19	11	6	7	12	8	0	100	3.2	1.1	7.2	6.0	5.7	80	407
May	2023	3.3	7	5	22	22	12	3	9	14	6	0	100	3.3	1.8	8.1	6.3	6.6	97	433
June	2023	3.7	6	6	18	22	12	3	11	16	6	0	100	3.7	1.9	9.7	7.8	8.0	139	484
July	2023	3.0	7	10	23	20	11	5	6	12	5	1	100	3.0	1.1	5.5	4.4	6.2	120	503
August	2023	3.2	7	7	18	28	10	6	7	11	5	1	100	3.2	1.8	6.9	5.1	6.3	96	439
September	2023	3.4	8	5	19	25	14	5	6	13	5	0	100	3.4	1.8	5.5	3.7	6.3	103	509
October	2023	3.2	5	10	21	22	9	6	7	13	7	0	100	3.2	1.5	6.9	5.4	7.0	138	389
November	2023	3.2	9	6	18	25	14	5	7	10	6	0	100	3.2	1.5	5.4	3.9	5.7	102	462
December	2023	2.9	9	5	25	24	8	5	6	11	6	1	100	2.9	1.2	5.3	4.2	5.7	108	495
January	2024	2.9	7	9	20	26	10	4	4	9	9	2	100	2.9	1.2	5.1	3.9	5.2	88	644
February	2024	3.2	7	6	19	25	9	3	6	11	12	2	100	3.2	1.6	5.4	3.8	6.5	121	818
March	2024	3.1	6	7	20	22	12	4	7	12	9	1	100	3.1	1.7	5.7	4.0	6.2	99	874
April	2024	3.1	8	6	18	25	9	4	6	13	9	2	100	3.1	1.4	6.3	4.9	6.6	118	792
May	2024	3.2	9	6	17	27	8	4	8	12	8	1	100	3.2	1.6	7.2	5.6	6.1	98	813
June	2024	3.1	6	8	19	24	12	4	6	11	9	1	100	3.1	1.5	5.4	3.9	5.7	86	982
July	2024	3.0	7	8	20	25	7	6	7	12	7	1	100	3.0	1.4	6.7	5.3	6.5	128	862
August	2024	3.0	8	8	20	25	8	4	7	10	9	1	100	3.0	1.6	5.5	3.9	6.1	119	1166
September	2024	3.1	8	7	20	25	9	4	6	12	8	1	100	3.1	1.4	5.5	4.0	6.5	135	953
October	2024	3.0	7	7	24	22	9	5	7	11	7	1	100	3.0	1.3	5.5	4.2	6.6	138	948