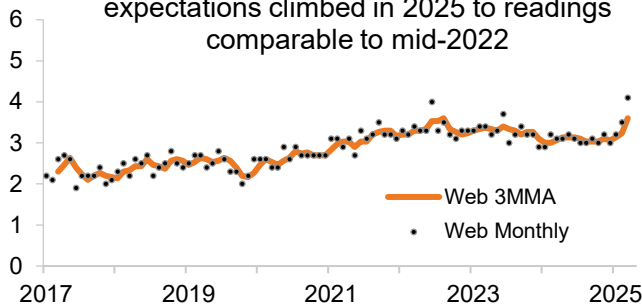


March 2025 Update: Current versus Pre-Pandemic Long-Run Inflation Expectations

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Figure 1: Median long-run inflation expectations climbed in 2025 to readings comparable to mid-2022



four additional months of data to the charts. **As of March 2025, long-run expectations have climbed sharply for three consecutive months and are now comparable to the peak readings from the post-pandemic inflationary episode. They exhibit substantial uncertainty, particularly in light of frequent developments and changes with economic policy.**

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). Between October 2024 and January 2025, median expectations vacillated, coming in at 3.0, 3.2, 3.0 and 3.2, before jumping to 3.5 in February and surging further to 4.1 this month. Similarly, mean expectations (Figure 2 Panel C) have risen for three straight months, with current readings comparable to the highs seen in 2022 and 2023. Meanwhile, the interquartile range, a measure of inflation uncertainty (Figure 2 Panel D) has increased considerably. This likely reflects ongoing uncertainty over the White House’s economic policy and the consequences thereof. Still, the interquartile range is just shy of 2022 readings.

The 75th percentile (Panel A) and the share of consumers expecting tail inflation (Panel B) both ticked up between October 2024 and March 2025. On a three-month-moving-average basis, both are below peak readings when realized inflation was higher. Like the median, these measures are clearly on an upward trajectory.

Figure 2: Various features of long-run inflation expectations measured via web

