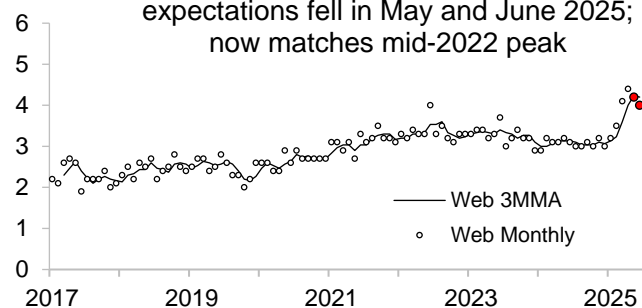


June 2025 Update: Current versus Pre-Pandemic Long-Run Inflation Expectations

Joanne Hsu, PhD, Director

June 27, 2025

Figure 1: Median long-run inflation expectations fell in May and June 2025; now matches mid-2022 peak



This report updates the charts in [“Current versus Pre-Pandemic Long-Run Inflation Expectations” \(October 25, 2024\)](#), which presented results from seven years of parallel data collection via web to fully contextualize current inflation expectations relative to pre-pandemic expectations. The historical data, available in the appendix to the October 2024 report, showed 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 softened thereafter through October 2024. This update adds

eight additional months of data to the charts. **After four months of sharp increases to start 2025, long-run expectations fell in May and June. June’s median now matches the peak reading from mid-2022, but the three-month-moving average remains above mid-2022. Expectations exhibit substantial uncertainty, particularly in light of ongoing developments and changes with economic policy.**

Figure 1 displays median long-run inflation expectations drawn from web interviews (dots represent monthly data with May and June 2025 in red; the solid line displays the three-month-moving average). In 2025, median expectations jumped four consecutive months to 4.4 in April, before ticking down in both May and June, declining to 4.0 this month. Similarly, mean expectations (Figure 2 Panel C) climbed between December 2024 and April 2025; the mean ticked down in May and June 2025 but remains just above the highs seen in 2022 and 2023. Meanwhile, the interquartile range, a measure of inflation uncertainty (Figure 2 Panel D) has eased the past two months and is now modestly below to mid-2022 readings. These ranges remain high, likely reflecting ongoing uncertainty over the economic policy and the consequences thereof.

After climbing since the start of the year, the 75th percentile (Panel A) and the share of consumers expecting tail inflation (Panel B) leveled off and ticked down, respectively, in May and June 2025. On a three-month-moving-average basis, the former is comparable to mid-2022 peaks when realized inflation was higher, while the latter now exceeds that time period.

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

