

## Melbourne Institute Survey of Consumer Inflationary Expectations

# Inflationary expectations rose in May

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, rose by 0.2 percentage points to 4.4 per cent in May from 4.2 per cent in April.\*

*\*Please note that the calculation of the expected inflation rate has been revised to correct a downward bias in the previous approach. The measure of consumer expected inflation rate now reported is the 30 per cent symmetric trimmed mean (utilising all responses except for the 'don't know' responses). This measure has broader coverage and will be more robust to structural shifts in the underlying distribution of responses.*

According to Dr. Viet Nguyen, a Research Fellow at the Melbourne Institute, "about 72.8 percent of respondents (excluding the 'don't know's) expected the inflation rate to fall within the 0-5 per cent range in May, up from 68.4 per cent in April (Table 3). Despite this increase, the weighted mean of responses within the 0-5 per cent range decreased slightly to 2.9 per cent from 3.0 per cent in April, because the shift in the responses within the 0-5 per cent range was towards 3 per cent (from 11.5 per cent in April to 14.5 per cent in May) and away from 5 per cent (from 25.0 per cent to 23.4 per cent)."

The June 2014 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday 12 June 2014.

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*The Melbourne Institute Survey of Consumer Inflationary Expectations measures are designed to represent the average householder's expected rate of consumer price changes over the coming 12 months. Further information can be found by visiting: [www.melbourneinstitute.com/miaesr/publications/indicators/cie.html](http://www.melbourneinstitute.com/miaesr/publications/indicators/cie.html)*

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