

## Household Disagreement about Expected Inflation

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This paper surveys the major facts from research on disagreement between households on what they expect inflation to be. We document them using figures and correlations that capture: the statistical regularities on the observable drivers of disagreement, the measurement of residual disagreement, the usefulness of disagreement to forecast inflation, the response of disagreement to shocks, the disagreement between households and professionals, and the relation between disagreement, risk, and uncertainty.

The list of facts is:

- On average, women, the poorer, married, and the less educated expect higher inflation.
- Until the mid to the end of the 1990s, the older expected lower inflation but less so every year. Between 2000 and 2020 there was no age effect, but since 2021, the old have started expecting higher inflation.
- The extent of disagreement is likely understated in the data because of don't know / not available answers.
- We can measure residual disagreement with one statistic of the second moment of the distribution of answers, and one statistic for third (or higher) moments. Two moments are important, but which particular pair of measures is used seems less important.
- Disagreement measures carry information that is not in statistics for the first moment of inflation expectations. They significantly improve the forecasting performance of surveys for realised inflation.
- Measures of disagreement are especially informative at the tails of inflation realisations, and around large inflation disasters.
- Disagreement is systematically affected by identified shocks. Second moments rise for 1-2 quarters after either positive or negative shocks.
- The expectations of professionals are not informative about disagreement with or by households.
- Disagreement does not have a clear stable relation with risk in markets for inflation, or with self-reported uncertainty by households.