

Research [in] Brief

# Indirect Consumer Inflation Expectations in the UK Following the September 2022 Budgetary Proposal



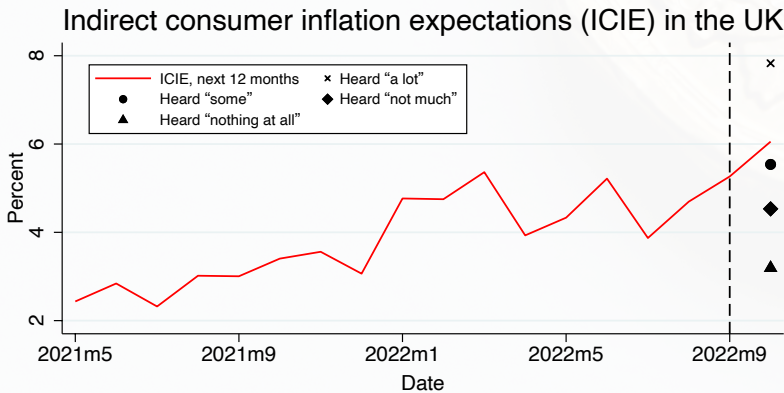
## Primary issue

Survey evidence suggests that consumers in the United Kingdom who were closely following the late-September budget proposal to reduce taxes expected higher inflation over the next year than those who were not following the news closely.



## Key findings

Consumers' expectations for inflation over the next year have been trending up in the UK in our international panel of indirect consumer inflation expectations. Based on a supplementary survey conducted by Morning Consult October 14–18, 2022, these expectations rose again, from 5.1% in September to 6.0% in mid-October. This most recent increase comes on the heels of the late-September “mini-budget” proposal to reduce UK taxes and is consistent with the view that consumers are especially attuned to events that could raise inflation. Consumers who said they had seen, read, or heard “a lot” about the proposal reported higher inflation expectations than consumers who said they knew “not much” or “nothing at all” about the proposal.



Responses to the supplemental question “How much have you seen, read, or heard about Prime Minister Liz Truss’s and former Chancellor of the Exchequer Kwasi Kwarteng’s ‘mini-budget’ released at the end of September, which led to a large selloff of the British pound?”



## The bottom line

Indirect consumer inflation expectations moved up in mid-October in the UK, and relatively informed consumers reported higher expected inflation rates.

**WANT TO FIND OUT MORE?** See “Indirect Consumer Inflation Expectations” by Ina Hajdini, Edward S. Knotek II, John Leer, Mathieu Pedemonte, Robert W. Rich, Raphael S. Schoenle for more on this measure of inflation expectations at [doi.org/10.26509/frbc-ec-202203](https://doi.org/10.26509/frbc-ec-202203). Future updates on indirect consumer inflation expectations in the UK are available at [cebra.org/programs/idd/intlicie](https://cebra.org/programs/idd/intlicie).

