МОНГОЛБАНК
МОНГОЛ УЛСЫН ТӨВ БАНК

CONSUMER INFLATION EXPECTATIONS SURVEY

Third quarter of 2025

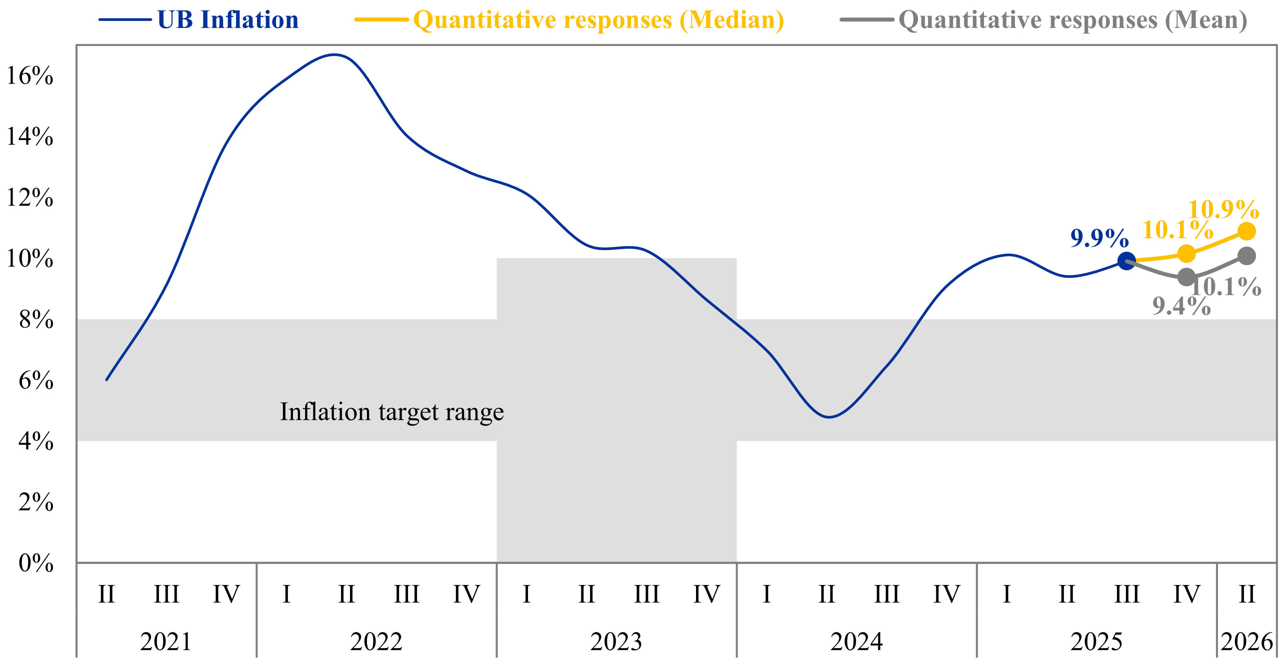
October 2025

I. SUMMARY

The “Consumer Inflation Expectation Survey” was conducted between October 10th and 13th, 2025,with a total of 987 individuals representing Ulaanbaatar’s population across geographical location, gender, age group, and household income structure. The collected data has been analyzed, and a brief overview of the survey findings is presented below:

- **Demographics**: The majority of respondents (59%) were female, aged 26–45, and held tertiary qualifications. Residents of the Bayanzurkh and Songino-Khairkhan districts made up 33.9% of the total respondents.
- **Inflation expectations**: Based on the survey responses, inflation expectations are expected to remain close to the current level for the next three months, and to increase slightly over the next twelve months(Figure 1).
- **Household Finance:** Expectations for household income and expenditure remained broadly unchanged from the previous quarter, while expectations for household savings declined.
- **Employment Outlook**: Employment expectations remains weak, with respondents anticipating a continued decline in employment, an economic slowdown, and a depreciation of the tugrug.
- **Loan Rates**: Respondents expect loan interest rates to increase in the next quarter.

Figure 1. Inflation expectations



Source: “Consumer Inflation Expectations Survey” BOM

II. INFLATION EXPECTATION

Qualitative responses indicate that perceived inflation over the three- and twelve-month horizons remained largely stable. However, perceptions indicate a slight increase in the reporting quarter compared to the previous quarter, while still remaining within the "inflation increased" territory (Figure 2).

The inflation expectations index for the upcoming periods has decreased slightly from the previous quarter for both three-month and twelve-month horizons. Expectation index in the reporting quarter remain within the "Inflation increasing" territory (Figure 3).

Figure 2. Inflation Perception Index[1]

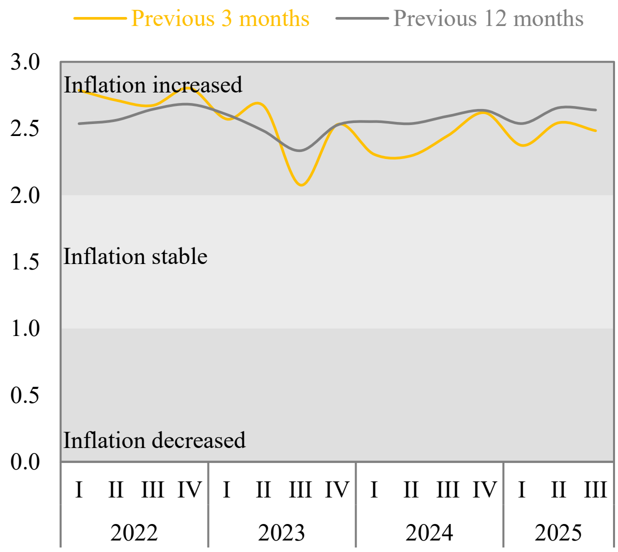
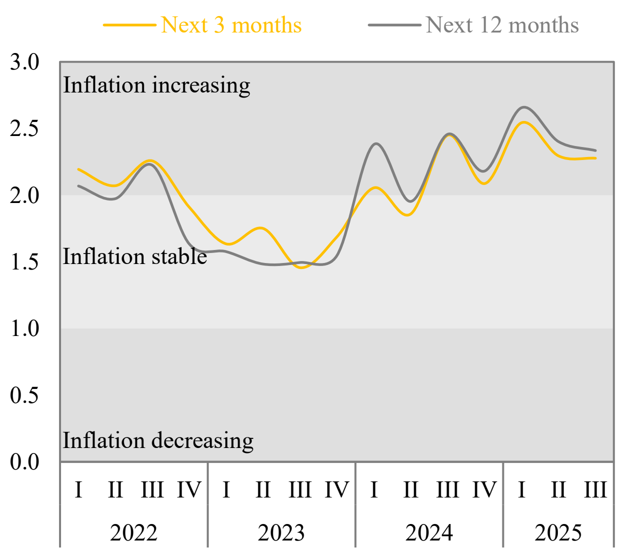


Figure 3. Inflation Expectation Index



Source: "Consumer Inflation Expectations Survey" BOM

Findings from the inflation expectations survey indicate that the mean inflation rate is expected to be **9.4%** for Q4 2025, a decrease of 0.4 percentage points from the previous quarter. The mean expected inflation rate for Q3 2026 also declined by 0.8 percentage points to **10.1%** (Figure 4). Median[2] inflation expectations for Q4 2025 fell by 0.1 percentage points from the previous quarter to **10.1%**, while the median expectation for Q3 2026 declined by 0.4 percentage points to **10.9%** (Figure 5). After three consecutive quarters of increases in inflation expectations since the second quarter of 2024, expectations have declined slightly over the last two quarters.

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[1] Respondents were surveyed about how the general level of prices for goods and services has changed compared to the previous period, with answers categorized as 'increased significantly,' 'increased moderately,' 'increased gradually,' 'remained the same,' and 'decreased.' These responses were normalized using a scale of [3;-1], and a diffusion index was calculated.

[2] The distribution and median values of numerical expectations were calculated applying Nicholas J. Cox (2009) methodologies of the 'Mid-Distribution Function' and 'Symmetric Linear Interpolation Median'.

Figure 4. Inflation Expectations: Mean and Median ***(next 3 months)***

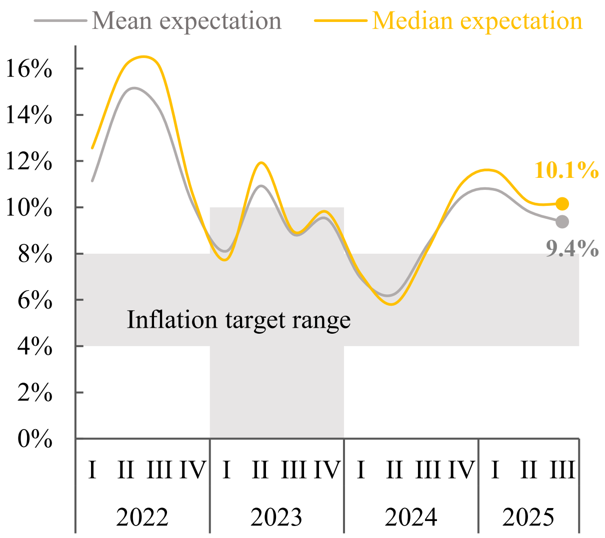
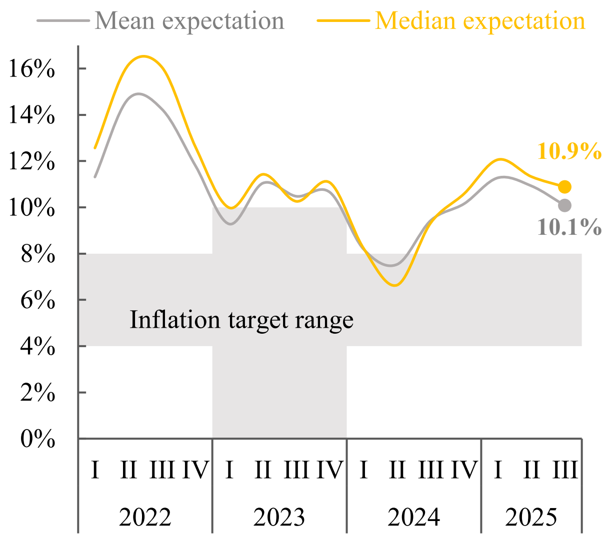


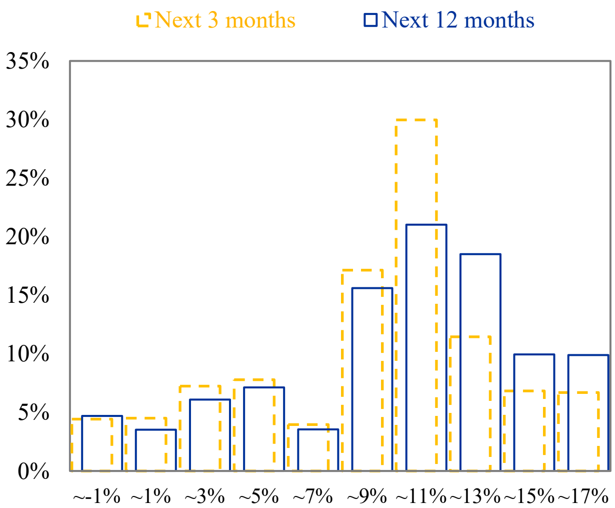
Figure 5. Inflation Expectations: Mean and Median ***(next 12 months)***



Source: "Consumer Inflation Expectations Survey" BOM

Quantitative responses regarding inflation expectations exhibit a right-skewed distribution, indicating an expected increase from the current inflation for both the three-month and twelve-month periods (Figure 6).

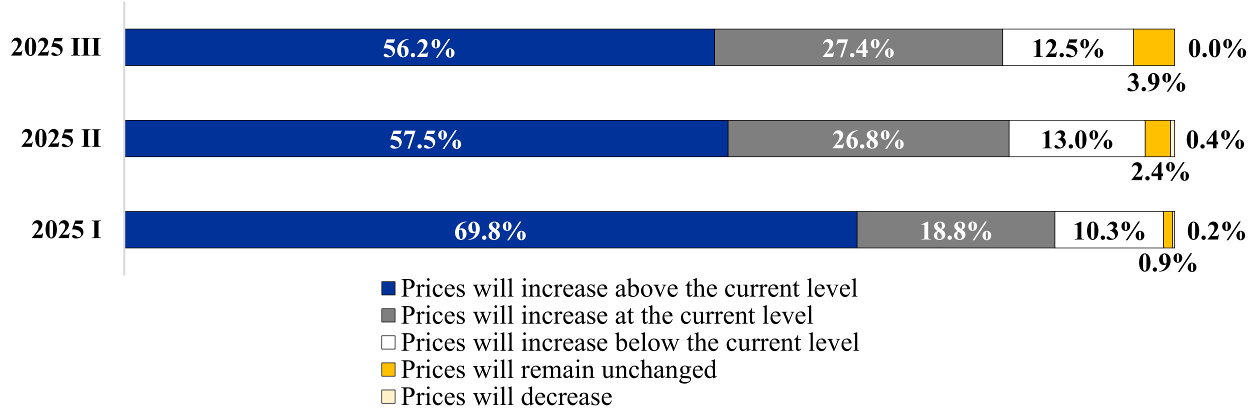
Figure 6. Distribution of Quantitative Inflation Expectations



Source: "Consumer Inflation Expectations Survey" BOM

The distribution of qualitative responses on future expectations indicates that respondents expecting prices to increase above the current level by Q4 2025 decreased by 1.3 percentage points from the previous quarter to **56.2%**. Respondents expecting prices to increase at the current level rose by 0.6 percentage points to **27.4%**, while those expecting prices to increase below the current level decreased by 0.5 percentage points to **12.5%** (Figure 7).

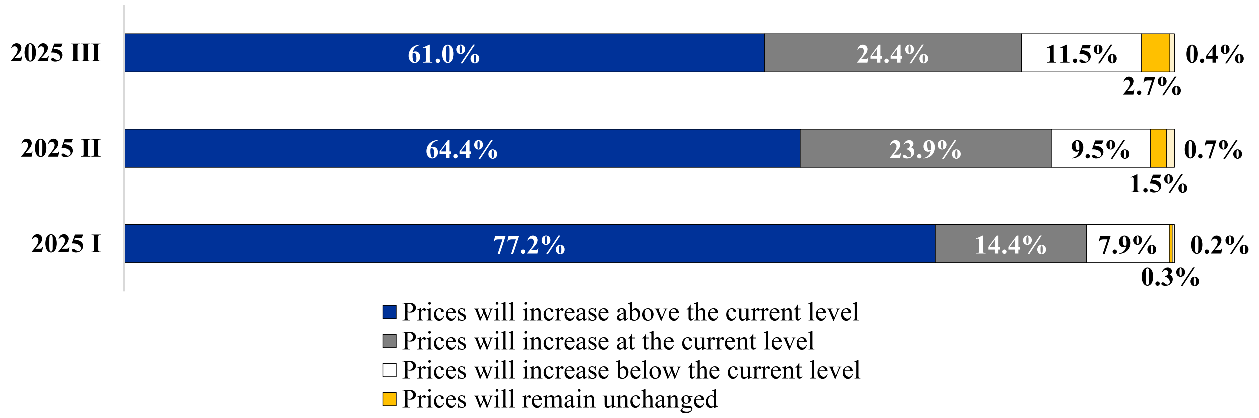
Figure 7. Inflation expectations, distribution of qualitative responses ***(next 3 months)***



Source: "Consumer Inflation Expectations Survey" BOM

The distribution of qualitative responses on future expectations indicates that respondents expecting prices to increase above the current level by Q3 2026 decreased by 3.4 percentage points from the previous quarter to **61.0%**. Respondents expecting prices to increase at the current level rose by 0.5 percentage points to **24.4%**, while those expecting prices to increase below the current level increased by 2.0 percentage points to **11.5%** (Figure 8).

Figure 8. Inflation expectations, distribution of qualitative responses ***(next 12 months)***



Source: "Consumer Inflation Expectations Survey" BOM

Inflation expectations for the fourth quarter of 2025, by age group, indicate that respondents aged 55 and above decreased their expectations by 1.1 percentage points to **9.3%**, those aged 36 to 55 decreased their expectations by 0.1 percentage points to **9.6%**, and respondents aged under 36 decreased their expectations by 0.7 percentage points to **8.9%** (Figure 9). Inflation expectations for the third quarter of 2026, by age group, indicate that respondents aged 55 and above decreased their expectations by 1.3 percentage points to **9.9%**, those aged 36 to 55 decreased their expectations by 0.8

percentage points to **10.2%**, and respondents aged under 36 decreased their expectations by 1.0 percentage points to **9.6%** (Figure 10).

Figure 9. Inflation Expectations, by age group
(next 3 months)

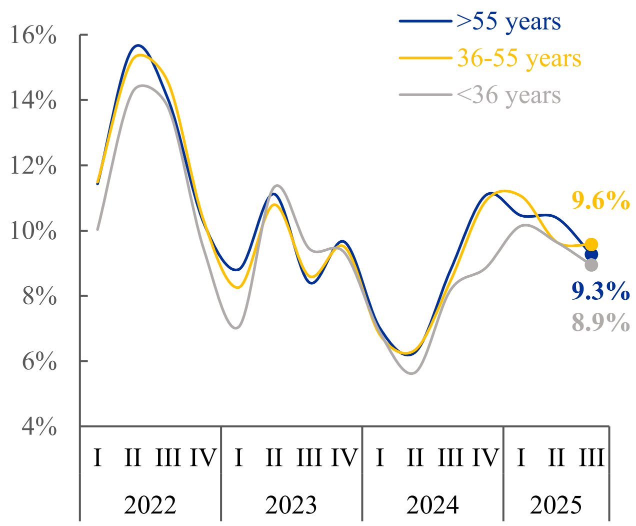
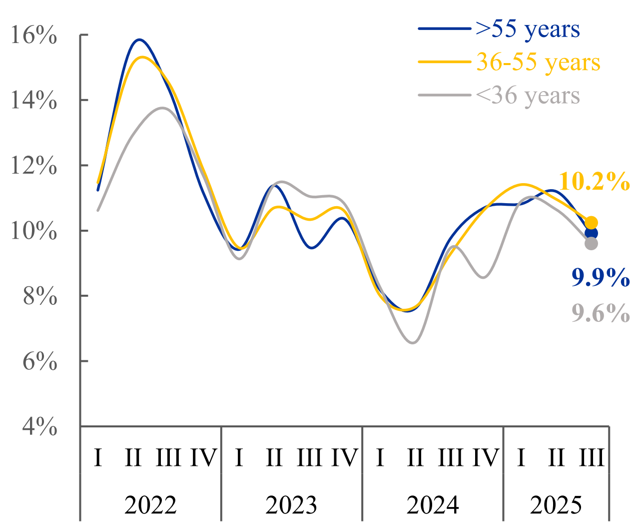


Figure 10. Inflation Expectations, by age group
(next 12 months)



Source: "Consumer Inflation Expectations Survey" BOM

Inflation expectations for the fourth quarter of 2025, by income group, indicate that respondents with incomes above ₮3.0 million decreased their expectations by 0.7 percentage point to **9.6%**, those with incomes between ₮1.6-₮3.0 million decreased their expectations by 0.4 percentage point to **9.2%**, and respondents with incomes below ₮1.6 million decreased their expectations by 0.3 percentage points to **9.2%** (Figure 11). For the third quarter of 2026, respondents with incomes above ₮3.0 million decreased their expectations by 1.1 percentage points to **10.3%**, those with incomes between ₮1.6-₮3.0 million decreased their expectations by 0.6 percentage points to **10.2%**, and respondents with incomes below ₮1.6 million decreased their expectations by 0.6 percentage points to **9.4%** (Figure 12).

Figure 11. Inflation Expectations, by income group
(next 3 months)

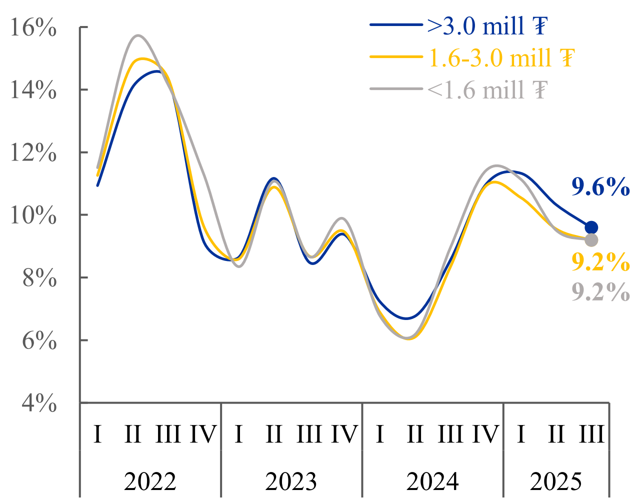
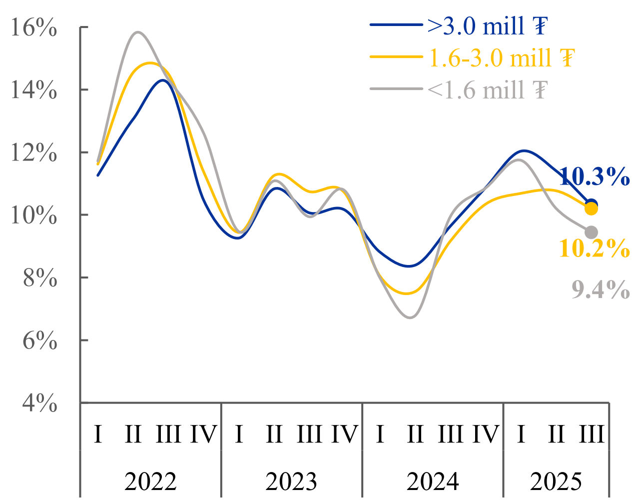


Figure 12. Inflation Expectations, by income group
(next 12 months)



Source: "Consumer Inflation Expectations Survey" BOM

III. FINANCIAL OUTLOOK FOR HOUSEHOLDS

Household income expectations for the third quarter of 2025 rose by 0.07 units from the previous quarter to 0.04, shifting into the expantionary territory (Figure 13). Meanwhile, household expenditure expectations for the upcoming quarter remain relatively unchanged from the previous quarter (Figure 14). Notably, household expenditure growth is still expected to outpace income growth.

Figure 13. Household Income Expectations, ***(next 3 months)***

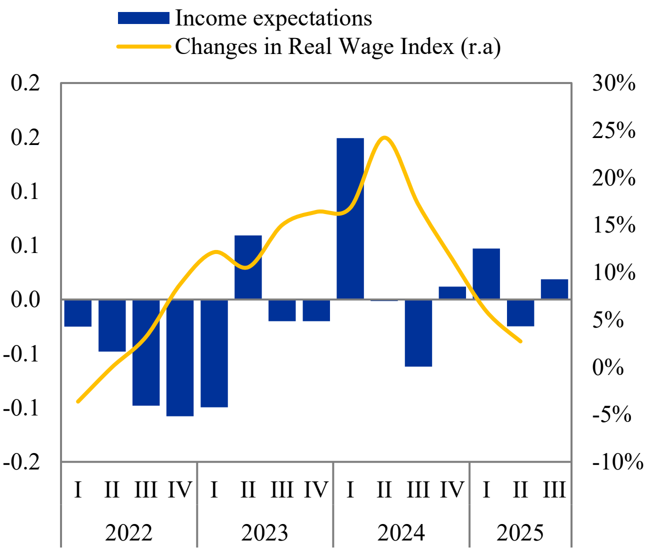
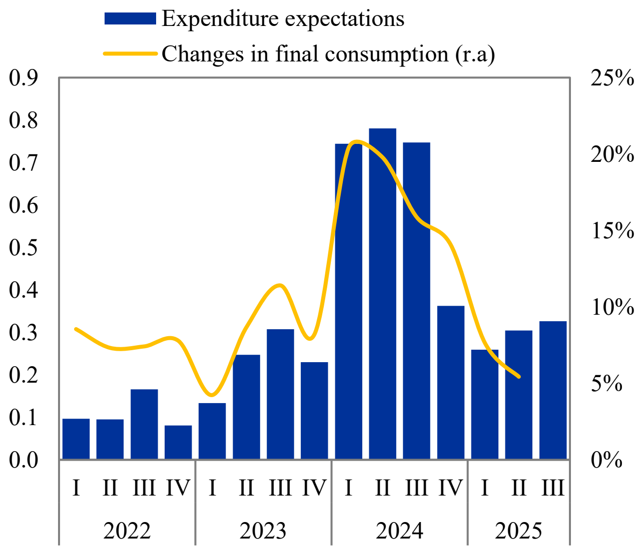


Figure 14. Household Expenditure Expectations, ***(next 3 months)***



Source: "Consumer Inflation Expectations Survey" BOM, NSO

Household saving expectations have remained low for the sixth consecutive quarter, reaching (−0.15) units for the second quarter of 2025, reflecting a increase of 0.09 units in the previous quarter (Figure 15). The survey also assessed households' ability to plan their finances, with the majority of respondents indicating that they found it difficult or challenging in the reporting quarter (Figure 16).

Figure 15. Household Saving Expectations, ***(next 3 months)***

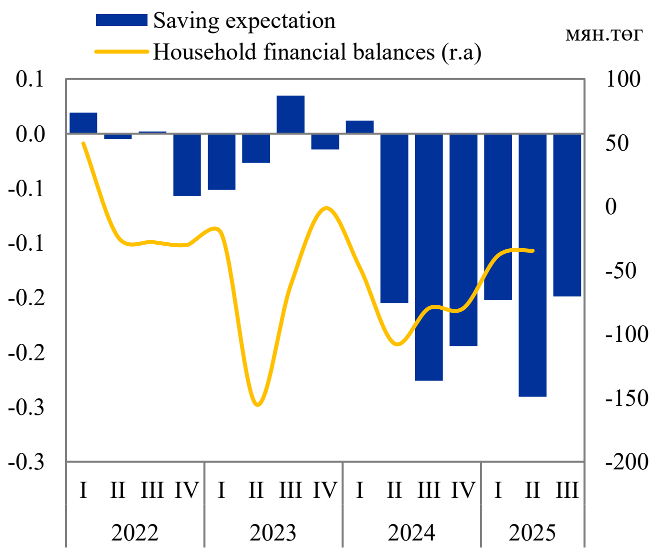
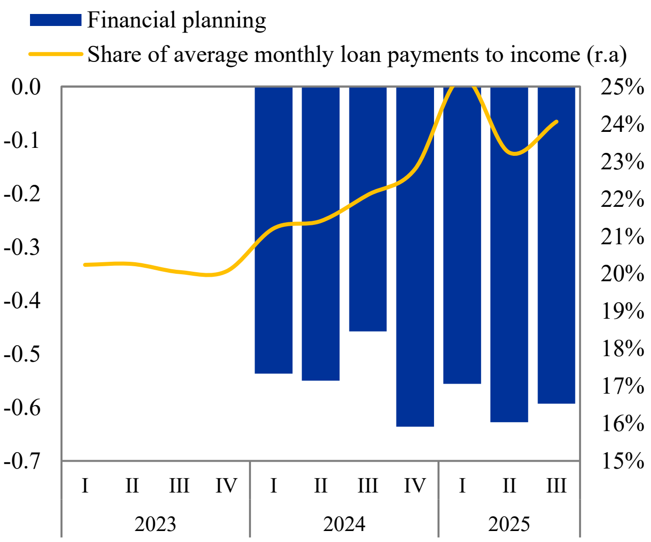


Figure 16. Household Financial Planning, ***(next 3 months)***



Source: "Consumer Inflation Expectations Survey" BOM, NSO

As of September 2025, the average monthly loan payment was estimated at 707.0 thousand MNT, based on the outstanding balance of consumer loans. This payment accounts for 23.9% of the average nominal monthly household income and has been rising steadily over the past year.

IV. MACROECONOMIC EXPECTATIONS FOR HOUSEHOLDS

Employment expectations for the third quarter of 2025 declined by -0.01 units from the previous quarter to -0.14, remaining within the contractionary territory (Figure 17). The economic growth expectation index rose by 0.05 units from the previous quarter to -0.31 in the reporting quarter, remaining within the contractionary territory (Figure 18).

Figure 17. Employment Expectations,
(next 3 months)

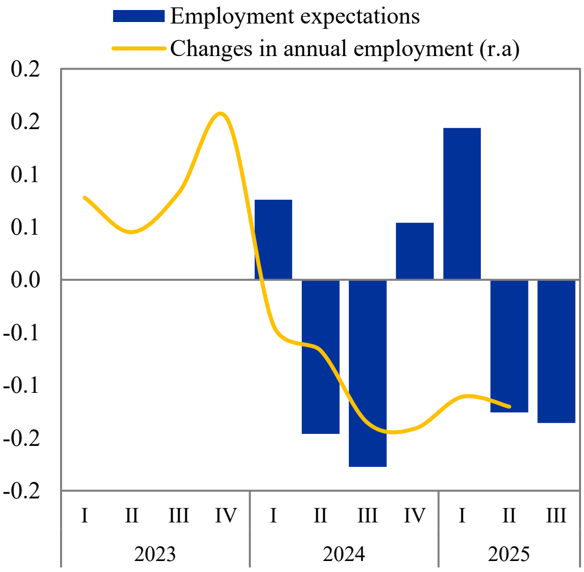
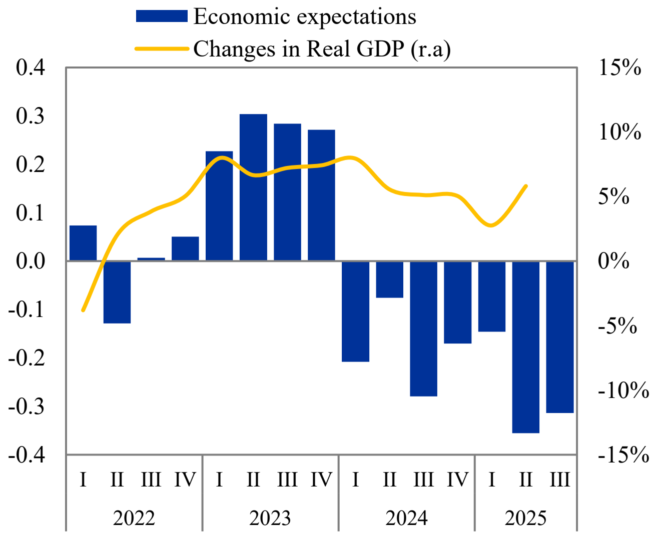


Figure 18. Economic Growth Expectations,
(next 3 months)



Source: "Consumer Inflation Expectations Survey" BOM, NSO

In the third quarter of 2025, the exchange rate of one U.S. dollar averaged 3,592.8 MNT, depreciating by 6.3% compared to the same period last year. The majority of respondents expect further depreciation of the MNT in the upcoming quarter (Figure 19).

The survey assessed expectations for interest rates, with the majority of respondents anticipating an increase. This expectation has increased slightly from the previous quarter, by 0.03 units (Figure 20). The weighted average interest rate on consumer loans issued by banks has remained relatively stable over the past two years, standing at 17.3% in the third quarter of 2025.

Figure 19. Exchange Rate Expectations,
(next 3 months)

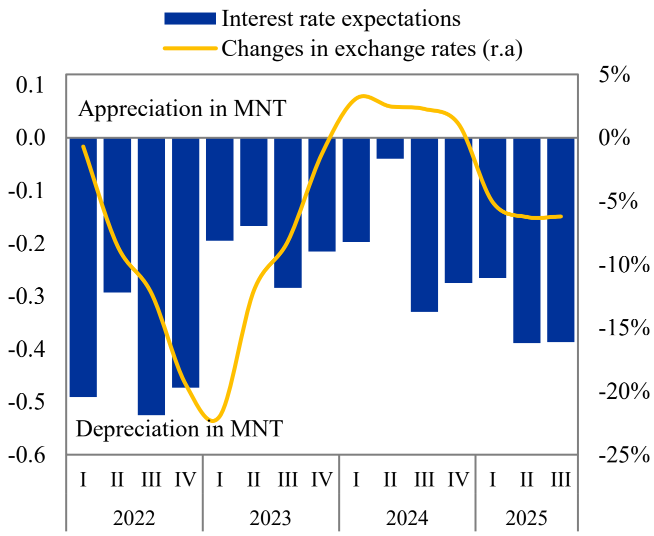
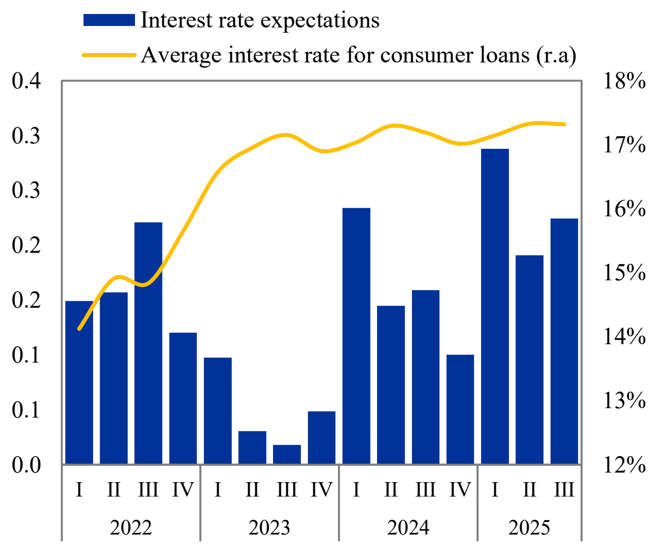


Figure 20. Interest Rate Expectations,
(next 3 months)



Source: "Consumer Inflation Expectations Survey" BOM, BOM

V. APPENDIX

The "Consumer Expectations Survey" was conducted from October 6th to 13th, 2025. Of the total **990 participants**, 785 were residents of Ulaanbaatar who had participated in previous survey rounds. An additional 205 responses were collected through probabilistic sampling (RDD[3]), which involved generating random phone numbers and distributing mass messages. After removing duplicate responses, the final sample comprised 987 unique respondents, ensuring representativeness of the target population. In particular, the residential distribution of respondents aligns proportionally with the demographic structure of Ulaanbaatar's adult population in 2024, as reported by the National Statistics Office of Mongolia (Figure 21). Residents from Bayanzurkh and Songino-Khairkhan districts accounted for 33.8% of the total respondents, while the gender distribution of participants was 59% female and 41% male (Figure 22).

Figure 21. Residential Address of Survey Respondents

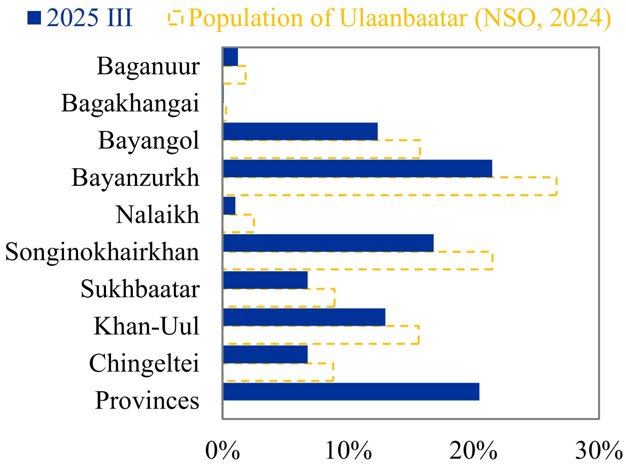
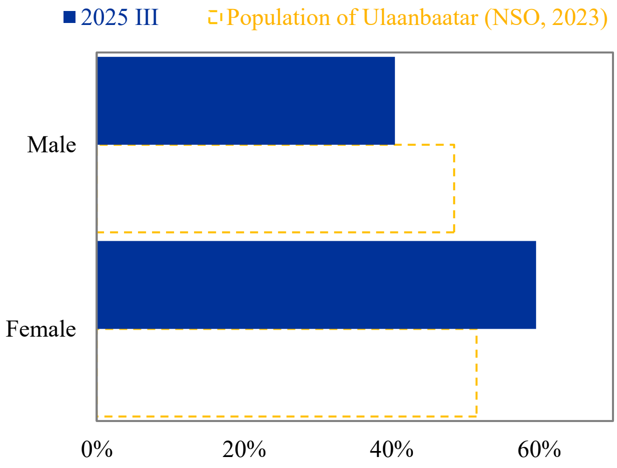


Figure 22. Gender Distribution of Survey Rrespondents



Source: "Consumer Inflation Expectations Survey" BOM, NSO

By age group, respondents aged 26–55, accounted for 69.2% of the total participants. In terms of education, most respondents had tertiary or secondary education (Figure 23-Figure 24).

[3] The "Random Digit Dialing" (RDD) method has been introduced starting from the second quarter of 2025 consumer inflation expectation survey. By using this approach to generate a portion of the sample, it offers several advantages: updating respondent information, recruiting new participants, expanding the database, increasing the likelihood of participation among younger age groups, and reducing the time and cost of data collection. Currently, the aim is to collect data for up to 20 percent of the total sample using this method.

Figure 23. Age Distribution of Survey Respondents

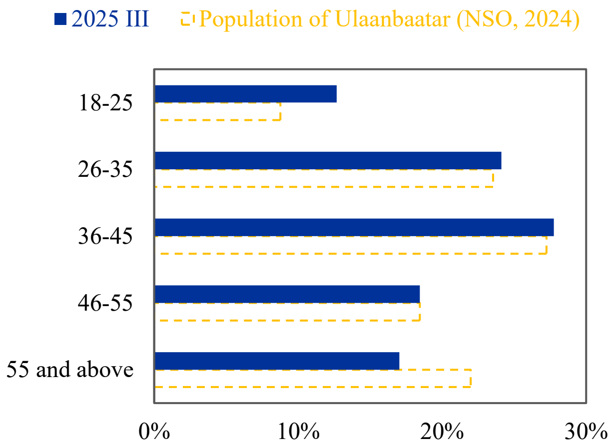
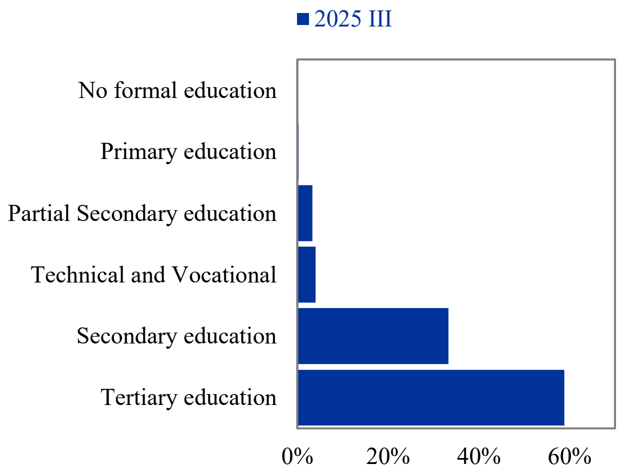


Figure 24. Education Background of Survey Respondents



Source: "Consumer Inflation Expectations Survey" BOM, NSO

The survey primarily consisted of employees in private organizations and government organization (Figure 25). The household income distribution of respondents aligns with the most recent results from the "Household Socio-Economic Survey" conducted by the National Statistics Office of Mongolia, specifically the survey from the second quarter of 2025 (Figure 26).

Figure 25. Employment Status of Survey Respondents

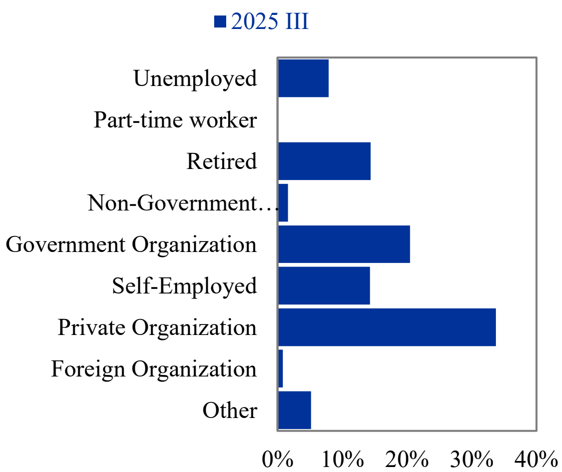
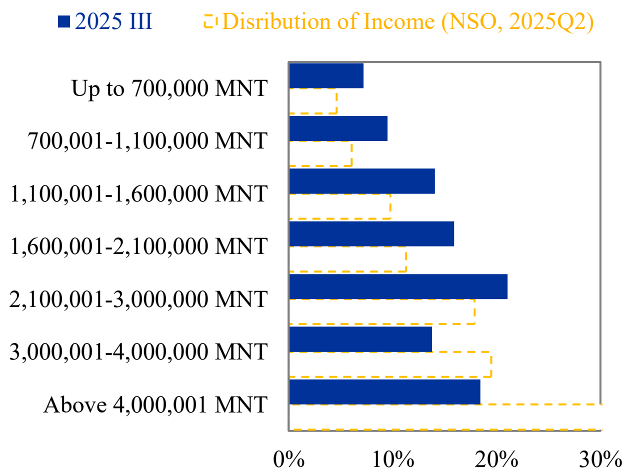


Figure 26. Income Distributions of Survey Respondents



Source: "Consumer Inflation Expectations Survey" BOM, NSO