



МОНГОЛБАНК  
МОНГОЛ УЛСЫН ТӨВ БАНК

## CONSUMER INFLATION EXPECTATIONS SURVEY

First quarter of 2025

April 2025



## I. SUMMARY

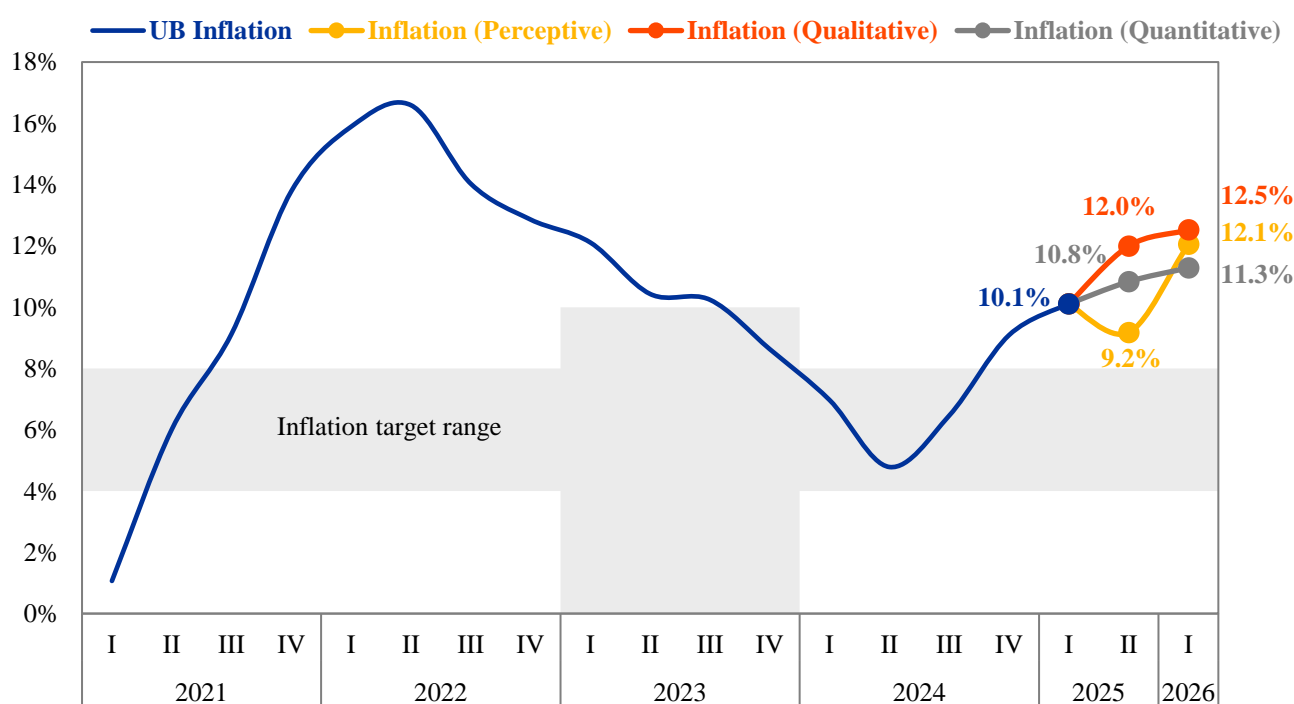
The data collection for the “Consumer Inflation Expectation Survey” was conducted between April 02 and 15, 2025. A total of 1,000 individuals participated, representing Ulaanbaatar’s population across geographical location, gender, age group, and household income structure. The collected data has been analyzed, and a brief overview of the survey findings is presented below:

- **Demographics:** The majority of respondents were aged 26-55 and held higher education qualifications. The gender distribution was 55% female and 45% male. Residents of the Bayanzurkh and Songino-khairkhan districts made up 42% of the total respondents.
- **Inflation expectations:** Based on the survey responses, inflation expectations are summarized as follows (Figure 1):

Inflation expectations	by the end of 2025Q2	by the end of 2026Q1
<b>Perception-based inflation</b>	<b>9.2%</b>	<b>12.1%</b>
<b>Qualitative responses</b>	<b>12.0%</b>	<b>12.5%</b>
<b>Quantitative responses</b>	<b>10.8%</b>	<b>11.3%</b>

- **Household Income and Expenditure:** Both household income and expenditure expectations for the upcoming quarter are projected to rise, with expenditure growth anticipated to outpace income growth. As a result, concerns over household financial stability and savings have decreased, with the majority of respondents finding financial planning for the next quarter challenging.
- **Employment Outlook:** Employment expectations for the next quarter have improved compared to the previous quarter and are expected to rise further. However, most respondents anticipate an economic slowdown and a depreciation of the tugrug against foreign currencies.
- **Loan Rates:** Respondents expect loan rates to increase in the next quarter.

Figure 1. Inflation expectations



Source: Consumer Inflation Expectations Survey

## II. INFLATION EXPECTATION

Based on the qualitative responses, perceived inflation over the past three and twelve months has remained largely stable. However, perceptions indicate a slight decline 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 declined slightly from the previous quarter for both three-month and twelve-month expectations. Also, expectations in the reporting quarter remain slightly lower compared to the same period last year (Figure 3).

Figure 2. Inflation Perception Index<sup>1</sup>

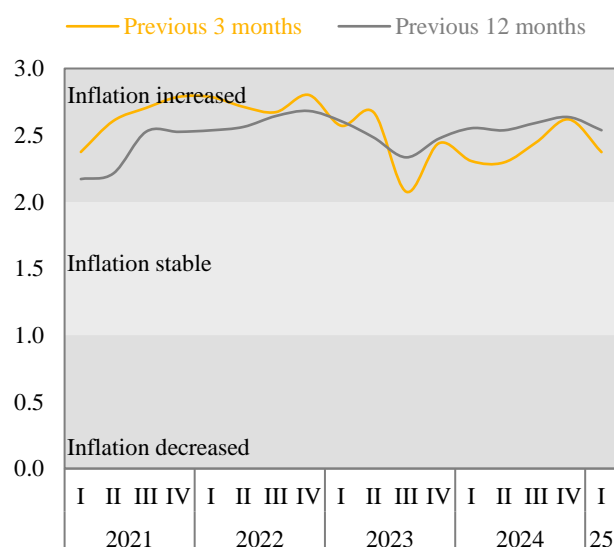
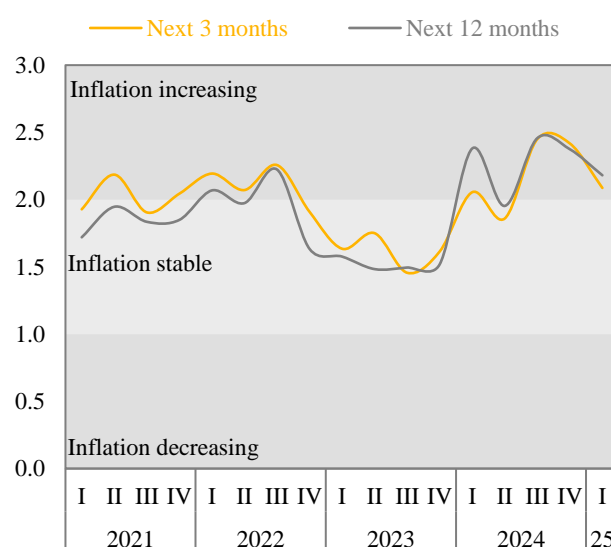


Figure 3. Inflation Expectation Index



Source: Consumer Inflation Expectations Survey

Findings from the inflation expectations and perception questionnaires indicate that the perceived inflation<sup>2</sup> rate is expected to be **9.2%** by the end of the second quarter of 2025 and to up to **12.1%** by the end of the first quarter of 2026 (Figure 4). The qualitative responses indicate an expected inflation<sup>3</sup> of **12.0%** for the next three months, and **12.5%** for the next twelve months (Figure 5). Quantitative responses indicate lower expected rates of **10.8%** for the next three months and **11.2%** for the next twelve months, or by the end of the first quarter of 2026 (Figure 6).

Taking all three approaches into account, inflation at the end of the second quarter of 2025 is expected to increase in price growth compared to the current level. After declining for six consecutive quarters since 2023, overall expectations have risen sharply in the last three quarters.

<sup>1</sup> 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.

<sup>2</sup> The perceived inflation was calculated based on the method developed by Forsells and Kenny (2002).

<sup>3</sup> The expectations values were calculated based on the method developed by Carlson and Parkin (1975), which relies on qualitative survey responses to assess inflation expectations.

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 7).

Figure 4. Inflation Expectations (perceptive)

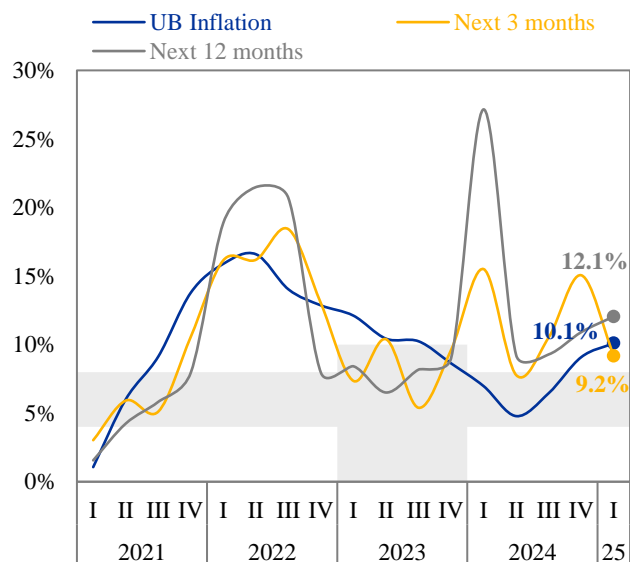


Figure 5. Inflation Expectations (qualitative)

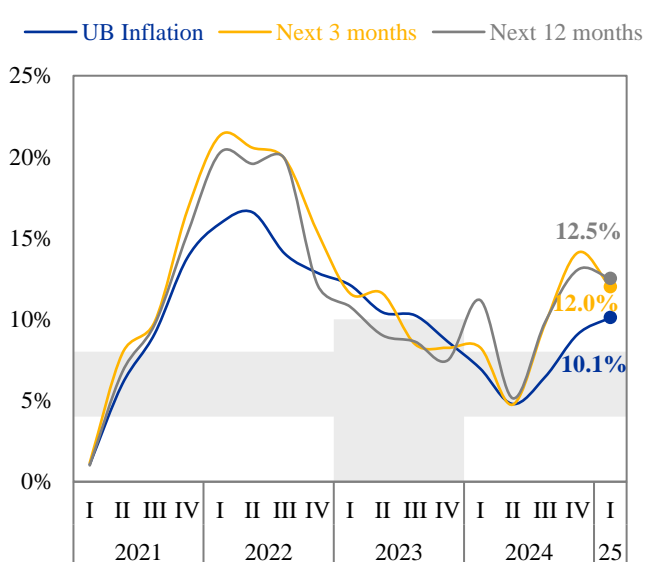


Figure 6. Inflation Expectations (quantitative)

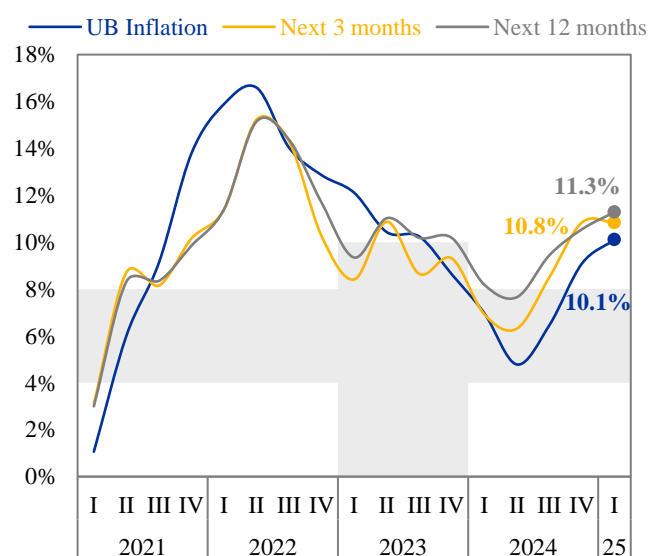
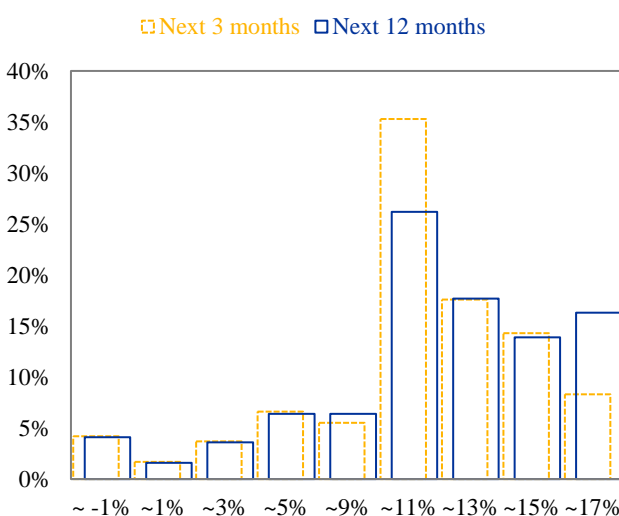


Figure 7. Distributions for Inflation Expectations (quantitative)



Source: Consumer Inflation Expectations Survey

### III. FINANCIAL OUTLOOK FOR HOUSEHOLDS

In the second quarter of 2025, household income expectations rose by 0.03 units from the previous quarter, maintaining positive territory for two consecutive quarters and signaling moderate growth (Figure 8). Meanwhile, household expenditure expectations for the upcoming quarter remain positive but are significantly lower than in the past four quarters, suggesting a slowdown in spending growth (Figure 9). Notably, household expenditure growth is still expected to outpace income growth.

Figure 8. Household Income Expectations, next 3 months

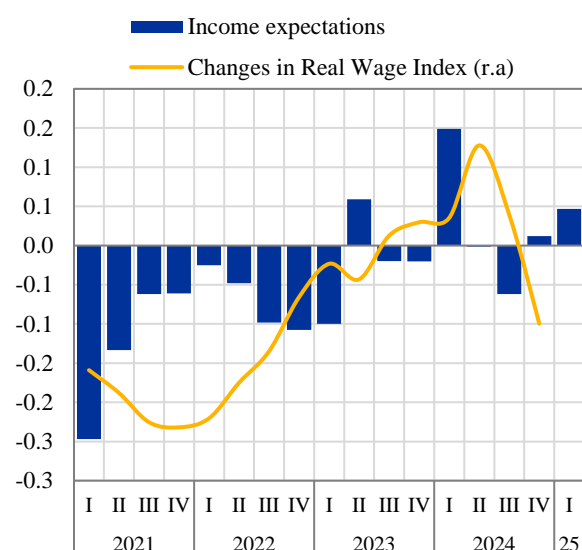
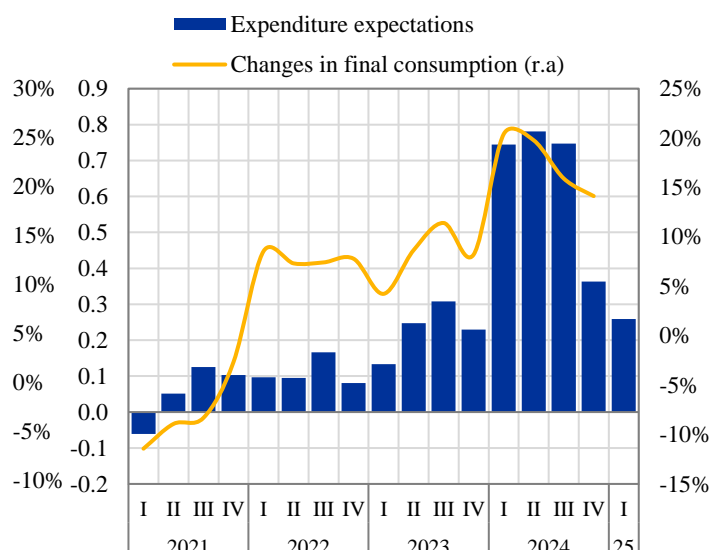


Figure 9. Household Expenditure Expectations, next 3 months



Source: Consumer Inflation Expectations Survey, National Statistics Office of Mongolia

Household saving expectations have remained low for the fourth consecutive quarter, reaching  $-0.15$  units in the second quarter of 2025, a slight improvement from  $-0.19$  units in the previous quarter (Figure 10). 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 11).

Figure 10. Household Saving Expectations, next 3 months

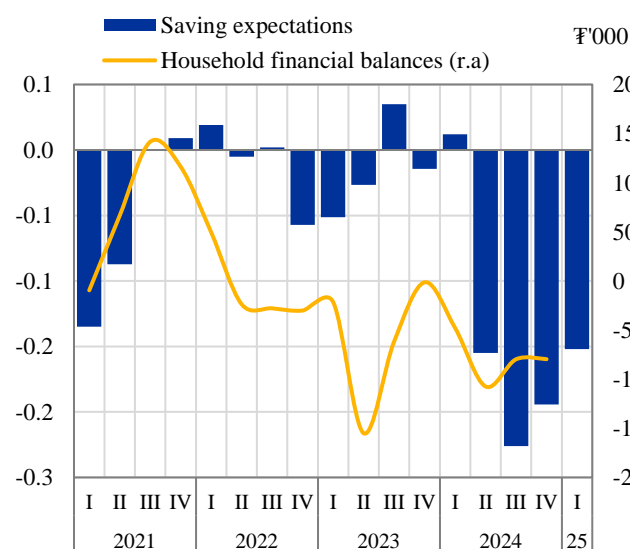
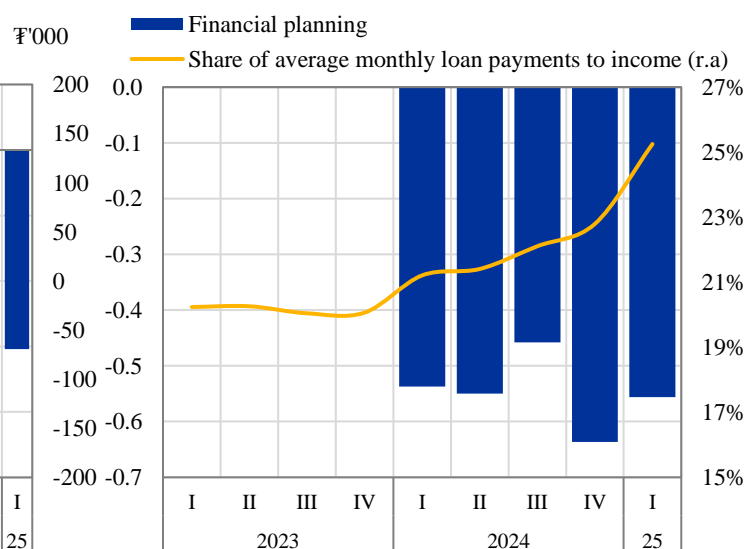


Figure 11. Household Financial Planning, next 3 months



Source: Consumer Inflation Expectations Survey, NSO

As of the first quarter of 2025, the average monthly loan payment was estimated at 667.0 thousand MNT, based on the outstanding balance of consumer loans, the weighted average interest rates and maturity. This payment accounts for 25% of the average nominal monthly household income and has been rising steadily over the past year.

#### IV. MACROECONOMIC EXPECTATIONS FOR HOUSEHOLDS

Employment expectations rose sharply in the reporting quarter, increasing a significant from the previous quarter (Figure 12). Despite this, employment growth reported by the National Statistics Office (NSO) declined for the fourth consecutive quarter. Similarly, the economic growth expectation index remained low at -0.15 in the first quarter, reflecting concerns about an economic contraction, while showing a slight improvement from the previous quarter (Figure 13).

Figure 12. Employment Expectations, next 3 months

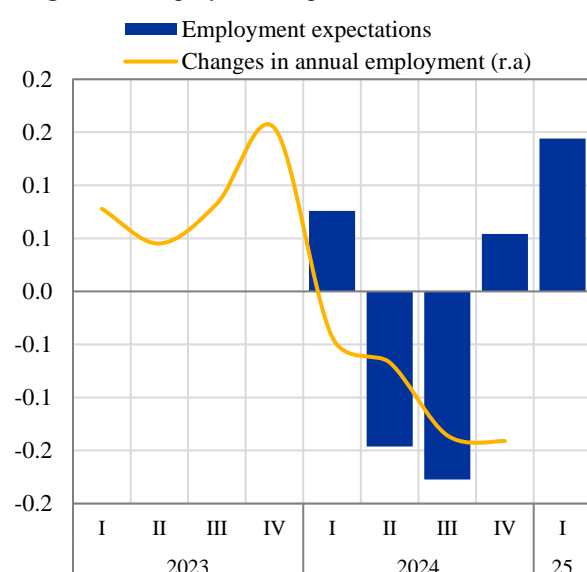
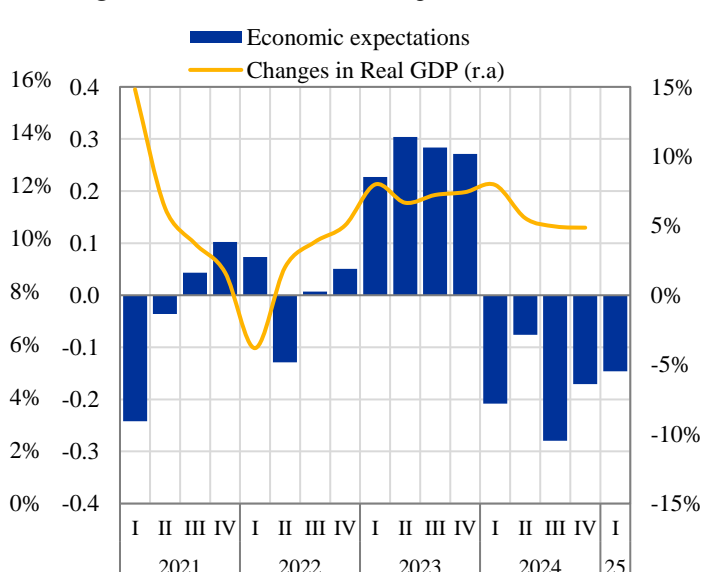


Figure 13. Economic Growth Expectations, next 3 months



Source: Consumer Inflation Expectations Survey, NSO

In the first quarter of 2025, the exchange rate of one U.S. dollar averaged 3,455 MNT, depreciating by 2% compared to the same period last year. The majority of respondents expect further depreciation of the MNT in the upcoming quarter (Figure 14).

The survey assessed interest rate expectations, with the majority of respondents anticipating an increase. Also, this expectation has sharply increased from the previous quarter (Figure 15). The weighted average interest rate on consumer loans issued by banks has remained relatively unchanged over the past two years, standing at 17.1% in the first quarter of 2025.

Figure 14. Exchange Rate Expectations, next 3 months

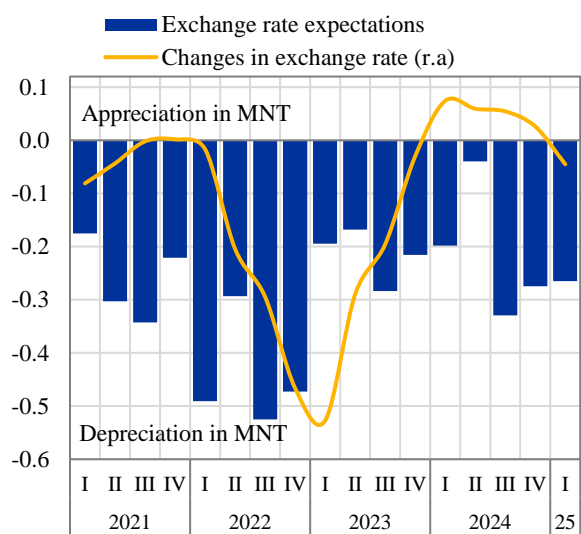
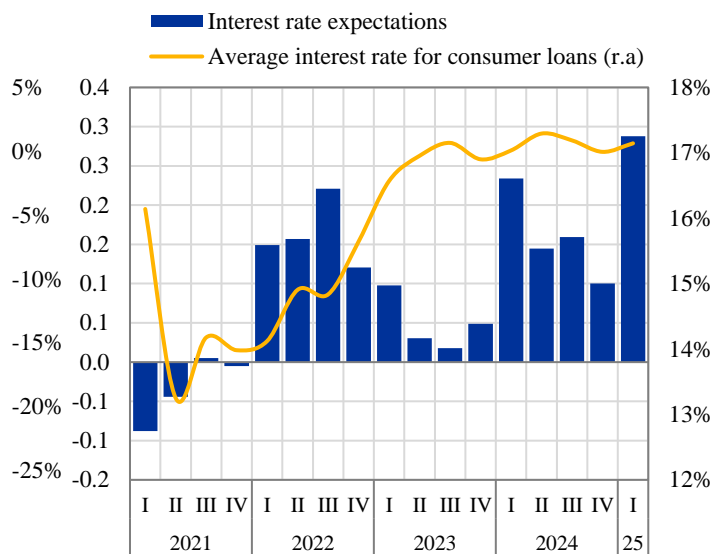


Figure 15. Interest Rate Expectations, next 3 months



Source: Consumer Inflation Expectations Survey, Bank of Mongolia

## V. APPENDIX

The “Consumer Expectations Survey” was conducted from April 02 to 15, 2025, via telephone interviews with residents of Ulaanbaatar city. A total of 1,001 individuals were surveyed, and after removing duplicate responses, the final sample consisted of 1,000 respondents, ensuring full representativeness of the target population. Specifically, the residential distribution of respondents aligns proportionally with the demographic structure of Ulaanbaatar’s adult population in 2023, as reported by the National Statistics Office of Mongolia (Figure 16). Residents from Bayanzurkh and Songino-Khairkhan districts accounted for 42% of the total respondents, while the gender distribution of participants was 55% female and 45% male (Figure 17).

Figure 16. Residential Address of Survey Respondents

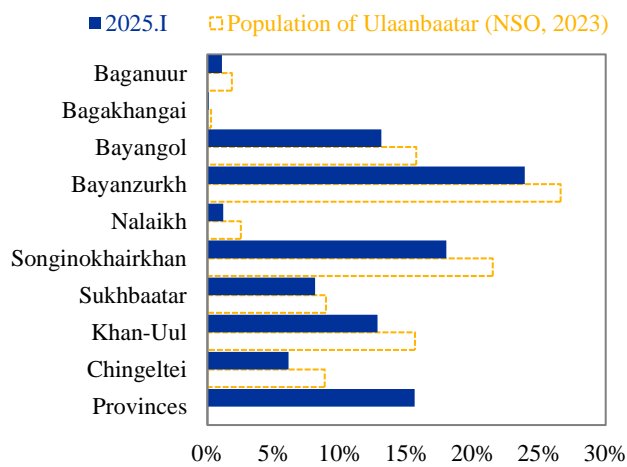
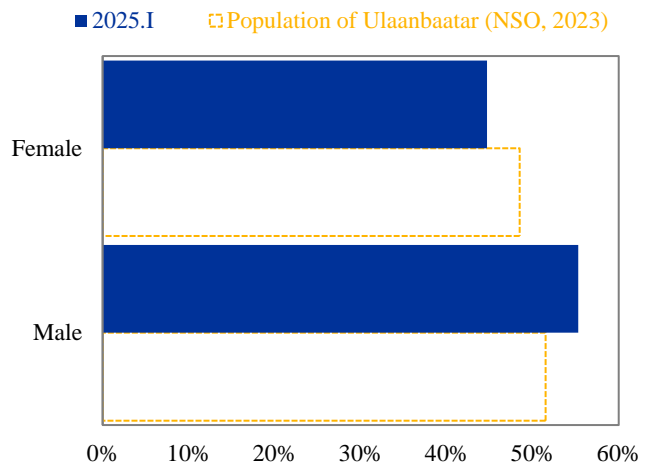


Figure 17. Gender Distribution of Survey Respondents



Source: Consumer Inflation Expectations Survey, NSO

By age group, respondents aged 36-45, as well as those aged 46-55, accounted for 54% of the total participants. In terms of education, most respondents had tertiary or secondary education (Figure 18 and Figure 19).

Figure 18. Age Distribution of Survey Respondents

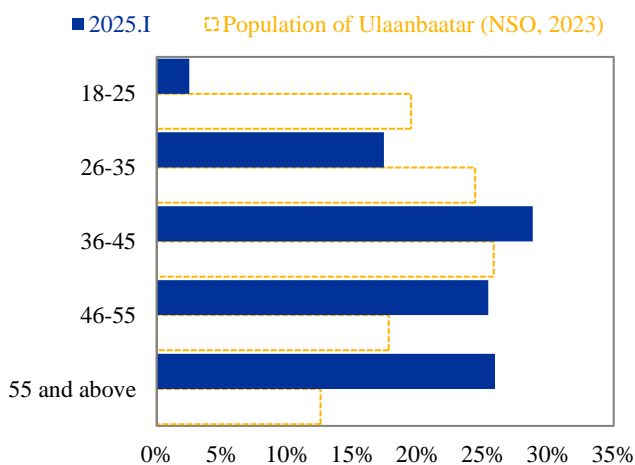
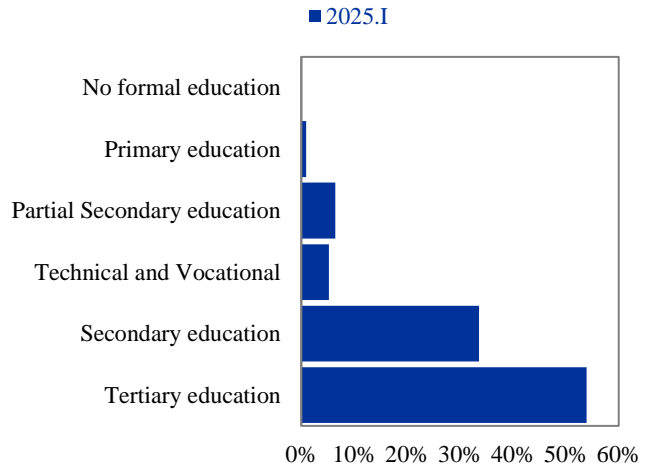


Figure 19. Education Distribution of Survey Respondents



Source: Consumer Inflation Expectations Survey, NSO

The survey primarily consisted of employees in private organizations and retirees (Figure 20). 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 fourth quarter of 2024 (Figure 21).

Figure 20. Employment Status of Survey Respondents

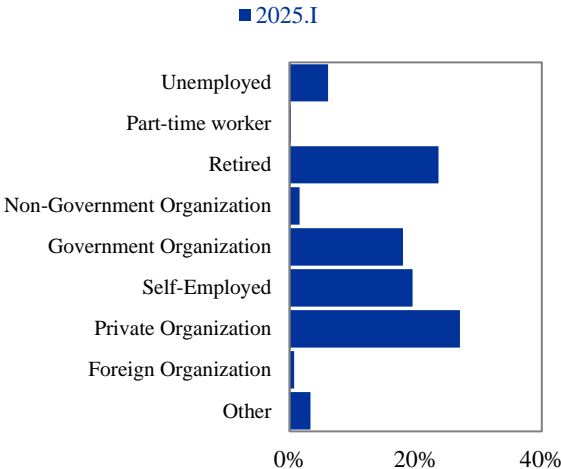
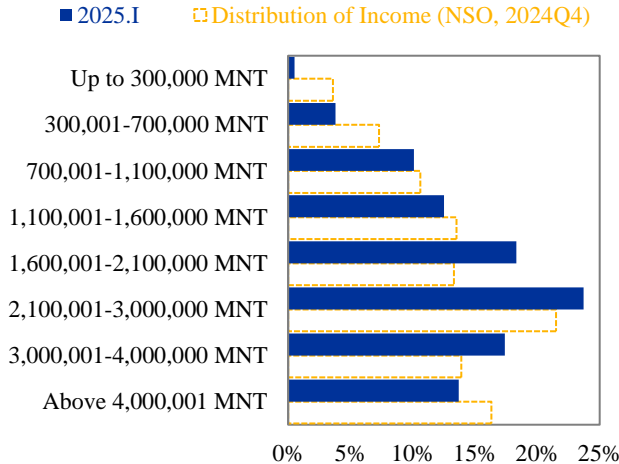


Figure 21. Income Distributions of Survey Respondents



Source: Consumer Inflation Expectations Survey, NSO