



**Methodological Changes in the
“Survey of Expectations”**

Department of Statistics

Real Sector Data Division

The "Survey of Expectations" questions are revised and conducting procedures are changed periodically in line with economic and financial developments as well as changes in the monetary policy of the Central Bank of the Republic of Turkey (CBRT). In this regard;

The Survey, which used to be conducted ***in the first and the third week of each month*** from ***August 2001 to December 2012***, has been conducted ***once a month*** starting from ***January 2013***.

The revisions in questions made from the beginning of the survey can be summarized as follows:

1) April 2006 Revisions

The questions were revised in order to reflect longer-term expectations considering the requirements of the fully-fledged inflation targeting which became effective as of 2006. The revisions of the survey questions made in ***April 2006*** were as follows:

- "*Next month*" and "*twenty four months ahead*" horizons were added to "*expectation of consumer inflation*" which was asked for the "*current month*", "*the second month ahead*", "*end of the current year*" and "*twelve months ahead*".
- In line with the borrowing strategy of 2006 announced by the Undersecretariat of Treasury, "*expectation of annually compounded interest rate of the auction for the three month treasury bills*" asked for "*end of the current month*" and "*end of the current year*" horizons was replaced with "*expectation of annually compounded interest rate of the auction for the six month treasury bills*" asked for "*three months ahead*" and "*twelve months ahead*" horizons.
- For measuring longer-term expectations in interest rates, "*expectation of annually compounded interest rate of the auction for the five year TRY denominated government bond with semi-annual coupon payments*" for "*three months ahead*" and "*twelve months ahead*" was added.
- "*Twelve months ahead*" horizon was added to "*expectation of the US Dollar rate in the interbank foreign exchange market*" asked for the "*end of the current month*" and "*end of the current year*".
- "*Three months ahead*" and "*twelve months ahead*" horizons were added and "*end of the current year*" horizon was excluded from "*expectation of the money market*".

overnight annual simple interest rate”, asked for the *“end of the current month”* and *“end of the current year”*.

- *“Next year”* horizon was added to *“expectation of GDP growth rate”* asked for the *“current year”*.

2) June 2010 Revisions

In line with the Monetary Policy Exit Strategy which was put into implementation in 2010, one-week repo auction interest rate of CBRT has been declared to be the policy interest rate by the end of May 2010. Accordingly, starting from the first survey period of **June 2010**;

- *“Expectation of one-week CBRT repo auction interest rate”* for the *“end of the current month”*, *“three months ahead”* and *“twelve months ahead”* was added.

3) January 2011 Revisions

- *“Six months ahead”* and *“twenty four months ahead”* horizons were added to *“expectation of one-week CBRT repo auction interest rate”*.
- *“Expectation of the money market overnight annual simple interest rate”* for the *“end of the current month”*, *“three months ahead”* and *“twelve months ahead”* was replaced with *“expectation of the Istanbul Stock Exchange (ISE) repo and reverse repo market overnight interest rate”* for the *“end of the current month”*.
- *“Expectation of annually compounded interest rate of the auction for the six month treasury bills”* for *“three months ahead”* and *“twelve months ahead”* was replaced with *“expectation of annually compounded interest rate of TRY denominated Government Domestic Debt Securities with maturity of about six months”* and asked for the same forecast horizons.
- *“Expectation of annually compounded interest rate of the auction for five year TRY denominated government bond with semi-annual coupon payments”* asked for *“three months ahead”* and *“twelve months ahead”* horizons was replaced with *“expectation of secondary market annually compounded interest rate of fixed rate TRY denominated Government Domestic Debt Securities with maturity of about five years”* asked for *“twelve months ahead”* horizon.
- *“Next year”* horizon was added to *“expectation of the annual current account balance”* asked for the *“current year”*.

4) January 2013 Revisions

- In order to measure uncertainty regarding consumer inflation expectations, density forecasts were asked jointly with point forecasts of *"twelve months ahead consumer inflation rate"* and *"twenty four months ahead consumer inflation rate"*.
- *"Expectation of weighted average cost of the CBRT funding"* for the *"current month"* was added.
- *"Expectation of annually compounded interest rate of TRY denominated Government Domestic Debt Securities with maturity of about six months"* asked for *"three months ahead"* and *"twelve months ahead"* horizons was excluded.
- *"Expectation of annually compounded interest rate of TRY denominated Government Domestic Debt Securities with maturity of about three months"* covering forecast horizons of *"end of the current month"*, *"one month ahead"*, *"three months ahead"*, *"six months ahead"*, *"twelve months ahead"* and *"twenty four months ahead"* was added.
- *"Expectation of annually compounded interest rate of fixed rate TRY denominated Government Domestic Debt Securities with maturity of about ten years"* for *"twelve months ahead"* was added.

5) November 2017 Revisions

- *"Five years ahead"* and *"ten years ahead"* horizons were added to the *"expectation of consumer inflation"* which was asked for *the "current month"*, *"next month"*, *the second month ahead"*, *"end of the current year"*, *"twelve months ahead"* and *"twenty four months ahead"*.
- *"Three months ahead"* and *"twelve months ahead"* horizons were added to the *"expectation of weighted average cost of the CBRT funding"* which was asked for the *"current month"*.
- The format of the probability distribution question of *"expectation of consumer inflation for the next twenty four months"* was changed. In this regard, intervals for filling the probability distributions of expectations were started to be determined according to the point forecasts of the respondents, while they were kept constant before.