

# Economic Expectations Survey

## *Methodology and Results*

Statistics and Data Division

# The Agenda

- Background
- The methodology of the EES
- Results and dissemination
- Uses of the EES
- Conclusions

# Background

- The Economic Expectations Survey (EES) has been conducted by the Central Bank of Chile (BCCh) since February 2000.
- The purpose of this survey is to collect information relevant to the Bank's monetary policy decisions.
- In particular, it asks about expectations at different horizons for key macroeconomic variables such as inflation, the monetary policy interest rate (MPR), growth, the exchange rate, and others.
- The goal of this presentation is to show the methodology of the EES and some results.
- In addition, the mechanisms for disseminating the results as well as the uses of these data will be presented.

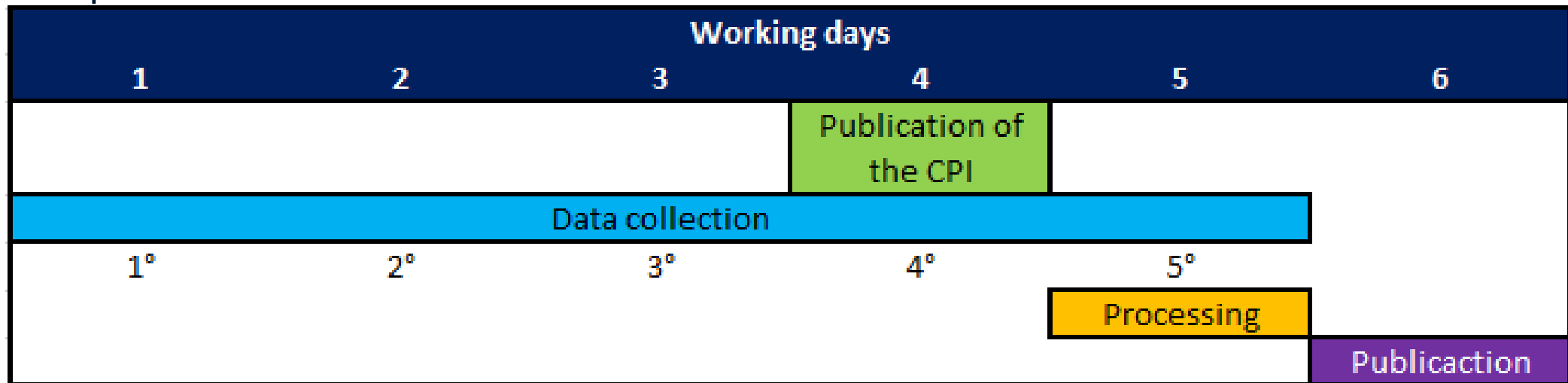
# The methodology of the EES



# The methodology of the EES

## EES Key Features

- The EES is a survey of a select group of economists, including academics, independent consultants, chief economists, executives and advisors from various private sector institutions.



National Bureau of Statistics.

- The survey **ends** one working day after the publication of the CPI, and processing takes place on the same day.
- The results are published the day after processing.

# The methodology of the EES

## Sample

- The EES sample is non-probabilistic. The sample design is purposive or judgmental.
- The economists that are part of this sample are selected according to the expert criteria of the BCCh researchers, in order to maintain the representativeness of the private sector that makes projections and macroeconomic analysis of the Chilean market, and of each of the three interest groups:
  - (1) Consultants and academics
  - (2) Banks and other financial institutions, and
  - (3) Non-financial institutions.
- The sample is reviewed and updated annually to ensure a list of between 60 and 70 informants, in order to obtain a minimum number of responses from each interest group.

# The methodology of the EES

## Sample

Group	Sample	Target
Consultants and Academics	21	12
Banks and Other Financial Institutions	33	25
Non-Financial Institutions	14	8
Total, Directory, and Effective Response Target	68	45

# The methodology of the EES

## Questionnaire

- The questionnaire asks about expectations for the following variables:
  1. Inflation
  2. Monetary policy interest rate (MPR)
  3. Exchange rate
  4. Monthly Index of Economic Activity (IMACEC)
  5. Gross Domestic Product (GDP)
  6. Final Consumption of Households and other non-profit institutions
  7. Gross Fixed Capital Formation



# The methodology of the EES

## Questionnaire

- The questionnaire asks about expectations at different forecast horizons, depending on the nature of each variable.

### **Moving horizons:**

- Short term: current month, 1, 3 and 6 months forward
- Medium term: 12 and 18 months ahead
- Long term: 24 and 36 months forward

### **Fixed horizons:**

- December of current year
- December next year
- December in two years

# The methodology of the EES

## Questionnaire - Example: Inflation

What is your expectation for the variation of the consumer price index (CPI) in the periods indicated (variation rates in %)?

1. Current month (monthly variation)
2. Next month (monthly variation)
3. To December of the current year (12-month variation)
4. In 11 months (12-month variation)
5. To December of the following year (12-month variation)
6. In 23 months (12-month variation)
7. In 35 months (12-month variation)

# The methodology of the EES

## Questionnaire - Example: Monetary policy interest rate (MPR)

What is your expectation for the level of the monetary policy interest rate (Central Bank's target for the overnight interbank operations rate) (end of month; 360-day basis: nominal)?

1. At the next Board meeting
2. At the subsequent Board meeting
3. In 5 months
4. To December of the current year
5. In 11 months
6. In 17 months
7. In 23 months

# The methodology of the EES

## Data Collection

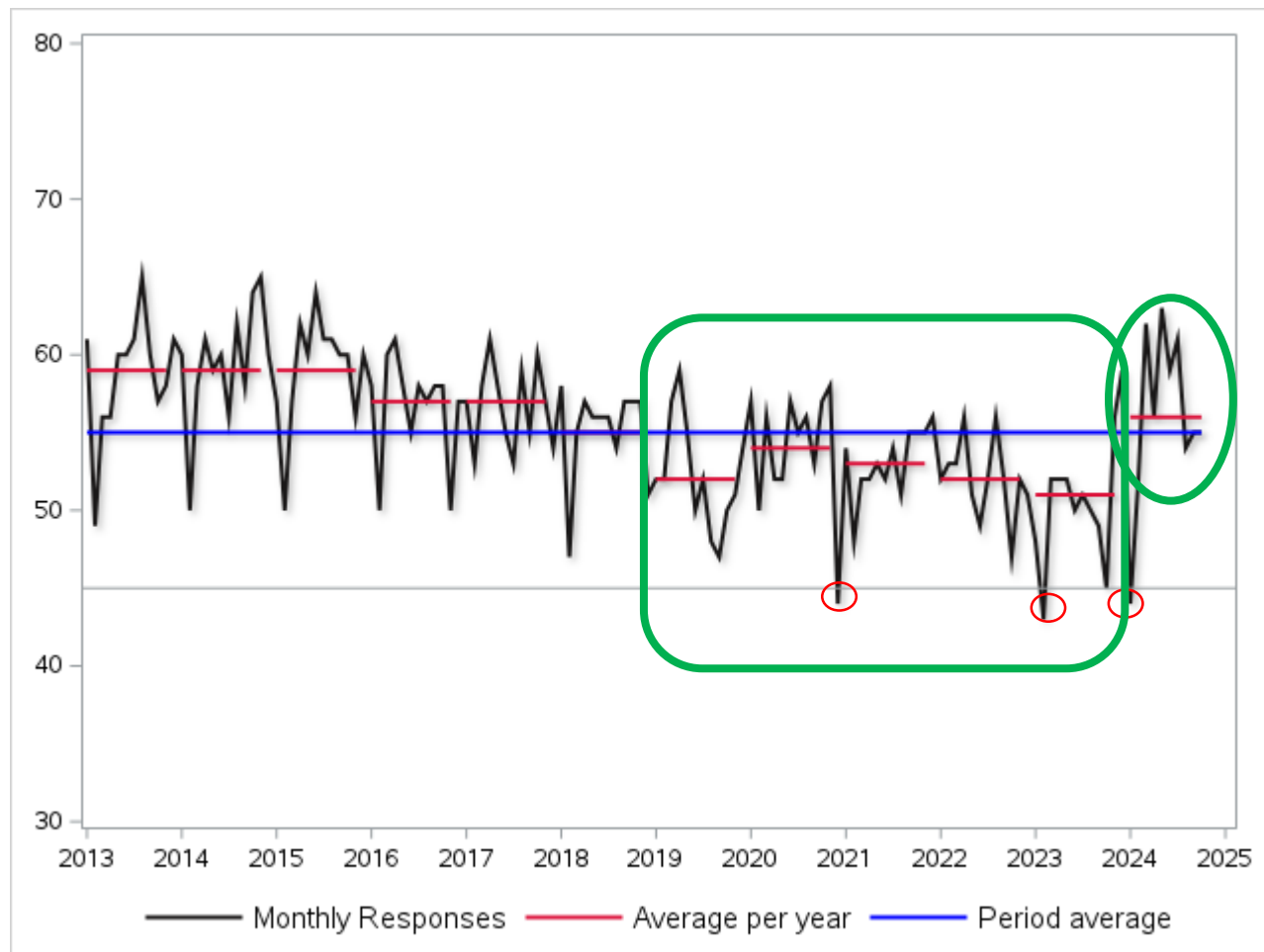
- The data collection is done through a web platform to protect the security of the information and the anonymity of the informants.
- Each informant accesses the platform with a username and password.
- From the platform, the data are stored in an institutional repository and then extracted for processing by SAS.

A glass globe with a grid pattern, resting on a circular base. The background is a light blue grid with a faint red line graph. The text "Results: Participation" is overlaid on the globe, followed by a vertical orange bar.

# Results: Participation

# Results

## Participation (number of answers)



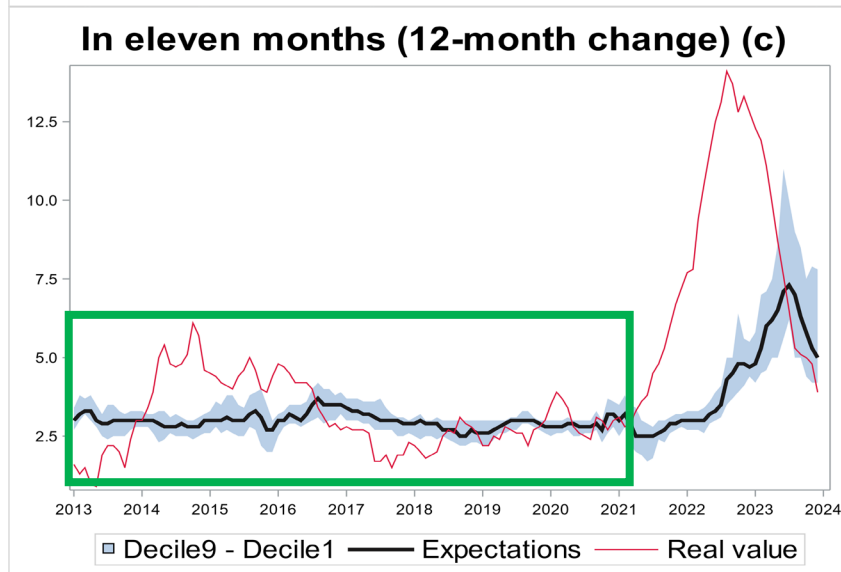
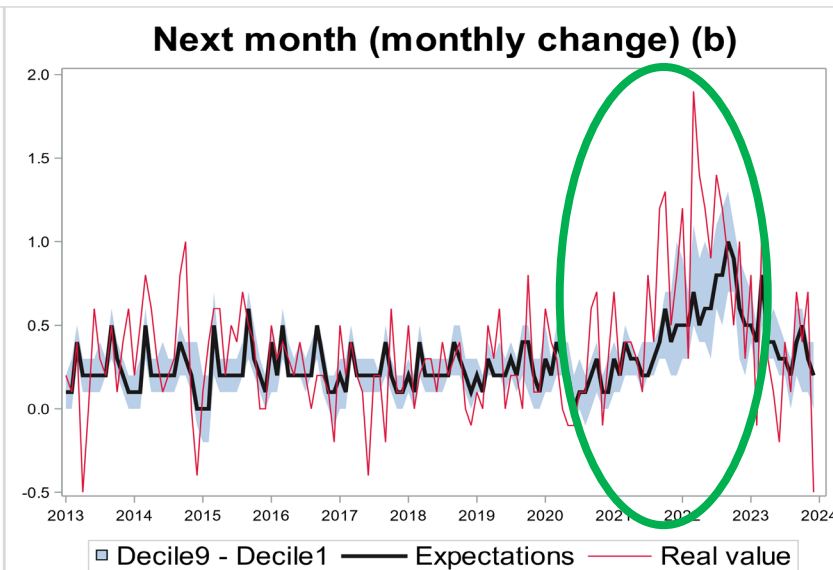
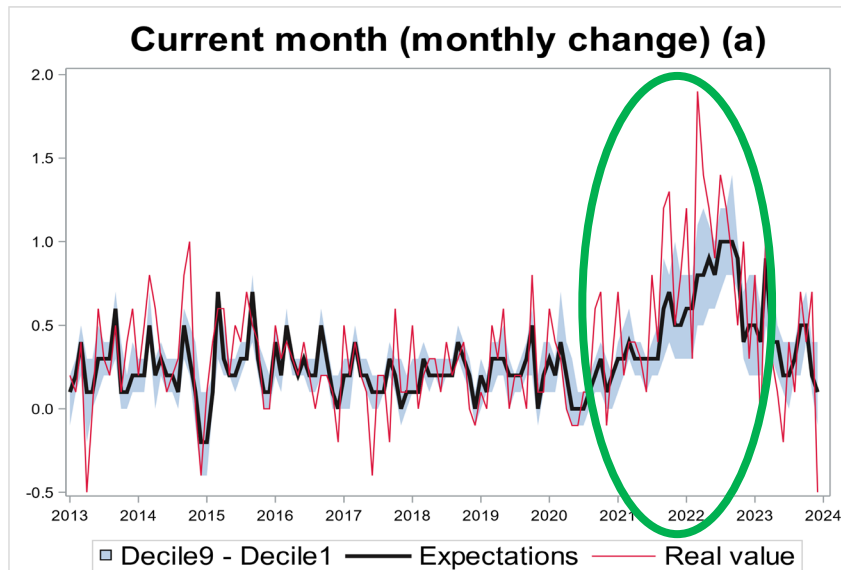
- Over the past 12 years, there has been an average of 55 responses per month, with a minimum of 43 and a maximum of 65.
- From 2013 to date, with the exception of three months, the target of 45 responses per month has always been exceeded.
- A lower participation is observed between August 2019 and December 2023, probably explained by the social outburst and the pandemic, due to the situation of uncertainty and volatility that could have affected the predictive power of the models used by the experts.
- A change in trend is observed from 2024 onwards.

Results: Short-term predictions |





# Inflation expectations (% change in CPI)

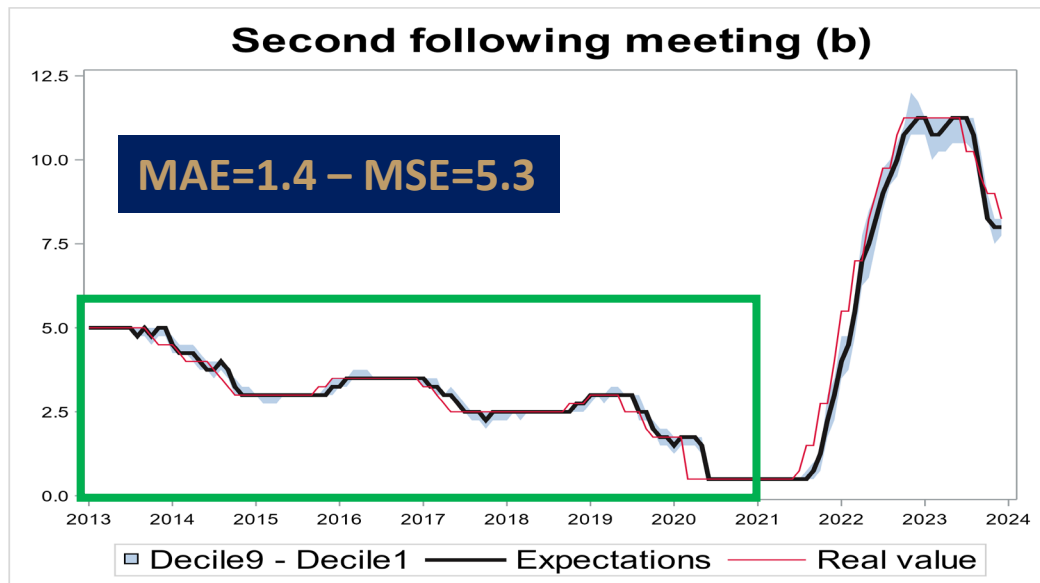
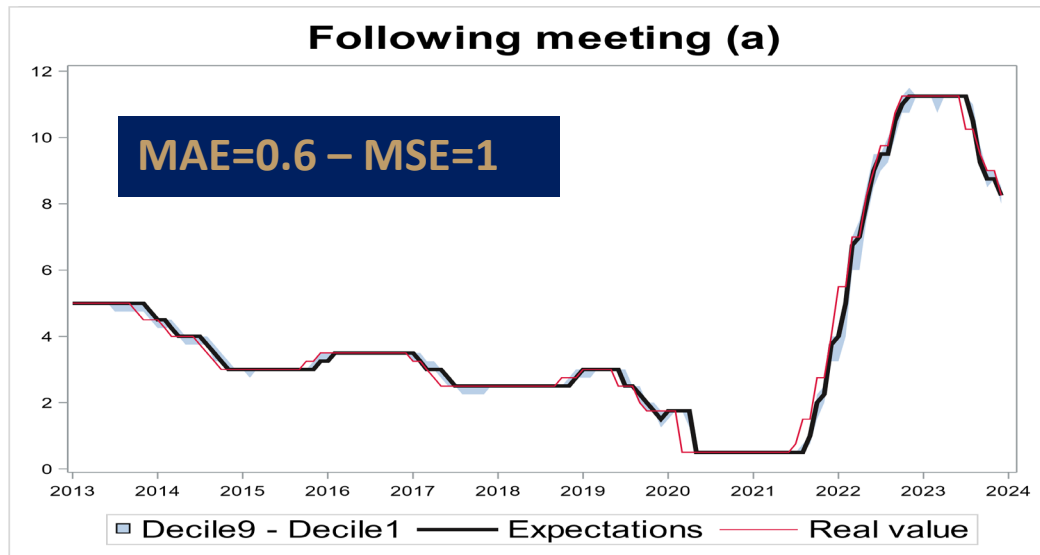


Serie	MAE	MSE
Current month	0.2	0.1
Next month	0.2	0.1
In eleven months	1.8	8.4

- In general, the predictions of the monthly % change in the CPI (monthly inflation) for the current month and the following month are accurate. Indeed, the MAE is 0.2 percentage points, with a small variance (MSE) of 0.1.
- The 11-month forecasts for the 12-month % change in the CPI (annual inflation) are less accurate. The MAE is 1.8 percentage point with a high variance (MSE) of 8.4.
- This is mainly explained by the pandemic: if we exclude the period between 2021 and 2023, the indicators for the assessment of the forecasts improve significantly, with an MAE of 0.9 and an MSE of 1.5.



# Monetary policy Interest rate expectations



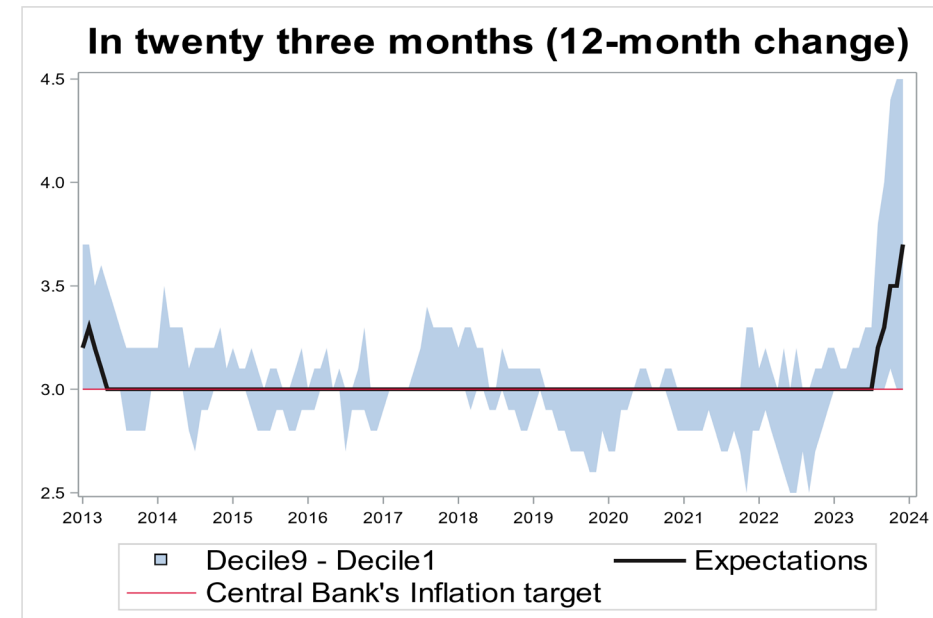
- In general, the predictions for the MPR of the next and subsequent meetings are accurate.
  - The MAE for the prediction of the next meeting MPR is 0.1 with a variance (MSE) of 0.1.
  - The MAE for predicting the next meeting MPR is 0.2 with a variance (MSE) of 0.2.
- The 5-month MPR forecasts continue to show a good level of accuracy, with an MAE of 0.6 and an MSE of 1.
- Finally, the 11-month MPR forecasts are less accurate and have a high variance: the MAE indicates that the average error of the 11-month MPR forecast is 1.4 percentage points, with a variance (MSE) of 5.3.
- This is mainly explained by the pandemic; if we exclude the period between 2021 and 2023, the indicators for the assessment of the predictions improve significantly, with an MAE of 0.6 and an MSE of 0.6.

Results: Long-term predictions |



# Inflation expectations (12-months % change in CPI)

- For most of the period between 2013 and 2023, the median of the 23-month inflation expectations is in line with the central bank's inflation target (3%).
- However, it should be noted that the forecasts for 2023 (made two years earlier) are between 3.5% and 4%, which is consistent with the global inflationary pressures stemming from the post-pandemic economic recovery.
- Indeed, in 2021, inflationary pressures were strong, with observed values (in the second half of the year) above the 3% target and with short-term expectations of high inflation. And inflation in 2023 ended up being well above the projection and the Bank's inflation target.



# Results dissemination



 [Statistics Database](#)

→ Statistics

# Economic Expectations Survey Monitor

## Principales resultados de octubre 2024



Inflación			Tasa de Política Monetaria		
<b>0,6</b>	<b>0,3</b>	<b>4,5</b>	<b>5,25</b>	<b>5,00</b>	<b>5,00</b>
Variación mensual (%) octubre de 2024	Variación mensual (%) noviembre de 2024	Variación 12 meses (%) a diciembre 2024	Porcentaje (%) siguiente reunión	Porcentaje (%) subsiguiente reunión	Porcentaje (%) a diciembre 2024
<b>3,7</b>	<b>3,0</b>	<b>3,5</b>	<b>4,25</b>	<b>4,25</b>	<b>4,25</b>
Variación 12 meses (%) en 11 meses	Variación 12 meses (%) en 23 meses	Variación 12 meses (%) a diciembre 2025	Porcentaje (%) septiembre de 2025	Porcentaje (%) marzo de 2026	Porcentaje (%) septiembre de 2026



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# Uses of the EES |

# Uses of the EES

- The Economic Expectations Survey is used by both the central bank and external researchers.
- In the case of the Bank, the EEE, together with other sources and economic indicators, constitutes an input of information to support monetary policy decisions. This is due to the influence that agents' expectations have on their own decisions, which in turn have an impact on fluctuations in the business cycle.
- Researchers use the EES, among other things, to compare with their forecasting models and to plan their investments in the local market.

# Average monthly visits to the Economics Surveys section and average monthly downloads of EES results

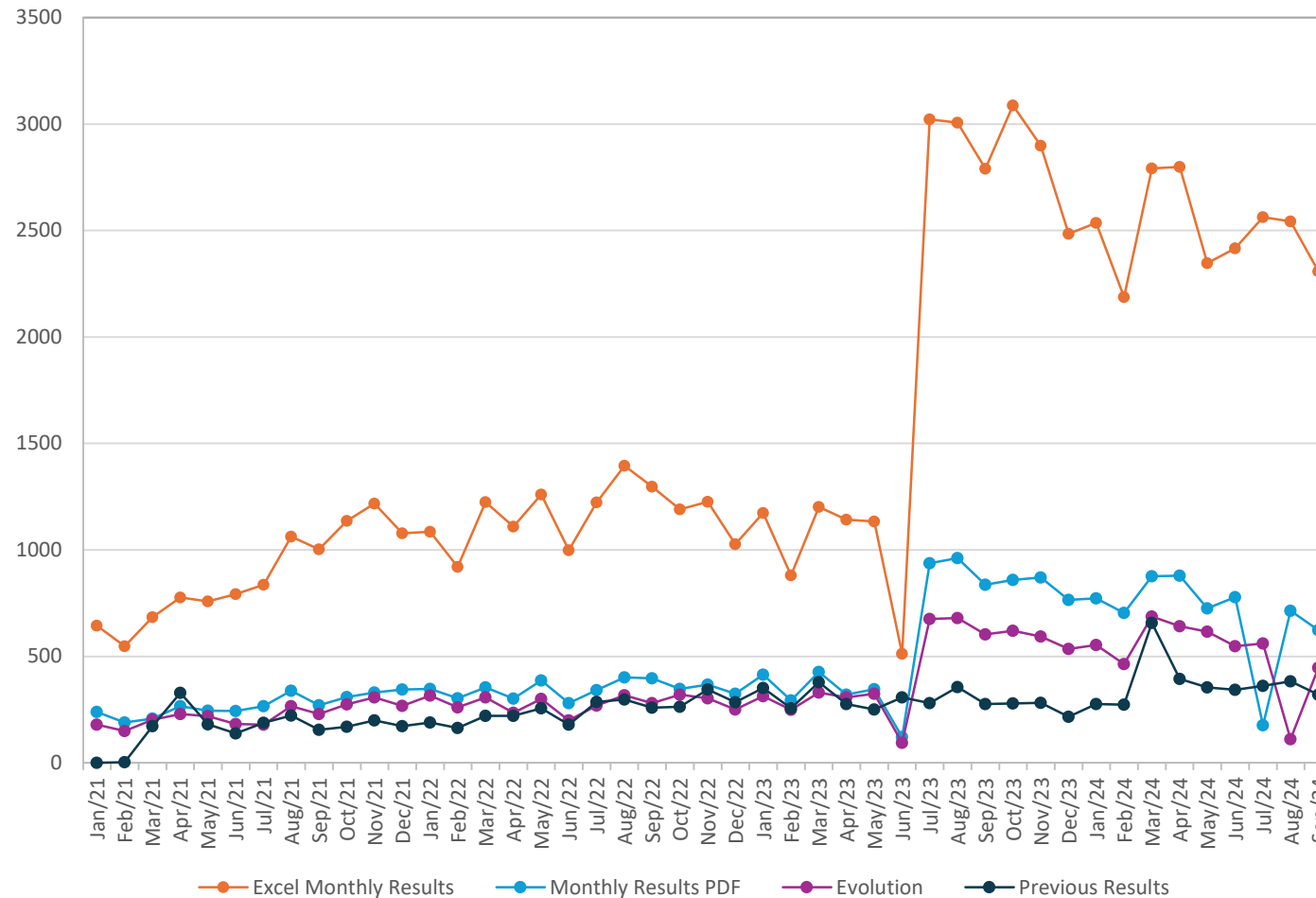
Year	Average monthly visits to the Economic Surveys section	Average monthly downloads of EES results	Average relevance of the EES with respect to monthly visits to the Economic Surveys section
2021	2729	879	32%
2022	3910	1163	30%
2023	4970	1944	38%
2024	5724	2499	44%
Average	4241	1563	35%



# Average monthly visits to the tables of the EEE chapter in the Statistical Database (BDE)

BDE Table	Año			
	2021	2022	2023	2024
Inflation	5729	20367	22320	22390
Inflation without volatiles	-	-	170	458
Monetary Policy Rate	996	3192	3777	3509
Exchange rate	61	177	182	162
Monthly Activity Index and GDP	1041	3183	3492	3110
Components of Demand	196	532	622	474
Structural parameters	47	123	127	107

# Monthly downloads of the different formats of EES results on the Economic Surveys section of the Bank's website



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# Conclusions |

# Conclusions

- The information collected by the Economic Expectations Survey is an important input for both the Central Bank and external researchers.
- The results presented show that the predictions obtained from the EES are close to the actual observed values, especially those predicted in the short term.
- In pandemic and especially post-pandemic periods, when inflationary pressures were present, the forecasts tended to systematically underestimate the actual values observed.
- Long-term forecasts show that the Central Bank of Chile's inflation target is credible to economic agents.