



BOX I.5:

Publication and dissemination of the results of the Survey on Price Determinants and Expectations

In its constant effort to strengthen the available economic information, the Central Bank will begin publishing the Survey on Price Determinants and Expectations (EDEP). This survey has information available since November 2021 and will be launched in May 2023, the data will be reported on a monthly basis and its results will be uploaded to the [Central Bank's website](#) and [Statistical Database](#).

The EDEP's objective consists of investigating the pricing dynamics of the companies. For this purpose, the survey contains indicators that allow characterizing their perceptions on the performance of their operations, and how the movement of the different factors and costs of the company affect their pricing pressures. At the same time, the survey inquires about the firms' economic expectations, including those for inflation at 12 and 24 months.

As noted by [Muñoz *et al.* \(2023\)](#), the survey and consideration of inflation expectations and their determinants, both in businesses and consumers, is a matter of growing relevance among the different central banks of the world. The importance of these expectations lies in the fact that they are the basis for the agents' economic decisions, especially those related to investment, hiring, pricing and/or wage setting in the case of companies, and, for households, those linked to consumption and savings dynamics are particularly important.

In the case of business surveys, evidence shows (see [Muñoz *et al.* \(2023\)](#)) that their inflation expectations tend to have greater similarities with those of consumers than with those of experts. This implies that, when contrasting their expectations with the actual movements of inflation indicators, they tend to overestimate the movement of final price indexes such as the CPI.

This difference is due to several reasons, among which is that the expectations of business managers, in general, do not necessarily follow the paradigm of full-information rational expectations (FIRE). Rather, these expectations are formed with incomplete information, to the extent that agents do not necessarily monitor the data that characterize the macroeconomic scenario on a regular basis, or do not analyze it with the same depth as an expert in the field would. At the same time, several authors (see [Muñoz *et al.* \(2023\)](#)) report the existence of significant heterogeneity in the inflation expectations of these agents, associated with the sociodemographic conditions of the respondents and the characteristics of the economic units they lead.

All this suggests that a relevant interpretation of firms' inflation expectations requires a careful analysis that considers the specificity of the type of respondent and the nature of the data collected. This implies considering not only the point estimates, but also the movement of the series, as well as the stability and persistence of these expectations.

From the methodological point of view, the EDEP is composed of a rotating panel of approximately 450 firms that are surveyed monthly, but reported on a rolling quarterly basis. These firms were selected through a semi-probabilistic design, with a benchmark universe of large companies with commercial legal status, excluding firms in primary activities and electricity, gas and water companies.



As for the variables that will be published, ten indicators will be reported monthly:

- **Perception and expectations of input costs in the last three and next 12 months:** Prevalence of companies that have perceived that their input costs have increased, decreased or remained the same. Expectations of these variations for the next 12 months are also reported.
- **Perception and expectations of sales prices in the last three and the next 12 months:** Prevalence of companies that have perceived that their sales prices have risen, fallen, or remained the same. Expectations of these variations for the next 12 months are also reported.
- **Perception and expectations of factors and costs of companies in the last and next three months:** Diffusion index that indicates the variations in the availability of inputs, profit margins, sales levels, sales prices, machinery and technology costs, fixed costs, labor costs and input prices. Expectations of these variations for the next three months are also reported.
- **Perception of the influence of factors and costs of the firms on the selling price in the last three months:** Diffusion index that indicates whether the influence of the variation of the factors and costs of the firm is upward or downward on prices. The exchange rate is added to the factors considered in the above indicator.
- **Inflation expectations for the next 12 and 24 months:** Mean and median of the expected percentage change in cumulative inflation for the next 12 months, and for the 12 months thereafter.

Results will be available as of 4 May 4, 2023 and future publications will be made on the following dates:

Last moving quarter	Published on
JFM	4 May 2023
FMA	5 June 2023
MAM	5 July 2023
AMJ	3 August 2023
MJJ	4 September 2023
JJA	4 October 2023
JAS	6 November 2023
ASO	5 December 2023